

Alaska Retirement Management Board

Agenda
September 21-23, 2011

Wednesday, September 21, 2011			
I.	9:30 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.		<p>1. Sustainability/Unfunded Liability Review</p> <p>A. Options to Address Sustainability/Unfunded Liability Issue</p> <p>B. Discussion: Outline Pros, Cons and Risks of Each Option</p> <p>C. Direction to Staff <i>Commissioner Becky Hultberg, Deputy Commissioner Mike Barnhill, Department of Administration; John Boucher, Office of Management & Budget</i></p> <p>2. PERS/TRS FY 2013 Contribution Rates Review/Adopt Resolution 2011-09 PERS and Resolution 2011-12 TRS</p> <p>3. National Guard Naval Militia Actuarial Valuation Report</p> <p>A. Action: Board Acceptance of NGNMRS Actuarial Valuation Report</p> <p>B. Action: Adopt Resolution 2011-19 NGNMRS FY2013 Contribution Amount</p> <p>4. Judicial Retirement System FY2013 Rate - Information</p>	<p>Buck- Alaska_itr071511dhs_Level_Dollar_Res</p> <p>GRS Review AlaskaAmortizationAnalysis</p> <p>Action-Res 2011-09_12 PERS TRS FY2013 Contrib Rates</p> <p>Action - Acceptance of Actuarial Valuation Report - Alaska NGNMRS</p> <p>Action - NGNMRS FY13 Contribution Amount and Res 2011-19.pdf</p> <p>Information Memo - FY 2013 JRS Contribution Rate</p>
	3:00	Recess (Audit Committee meeting to follow)	
	9:00 am	Thursday, September 22, 2011 Call to Order	
VII.		Approval of Minutes - June 16-17, 2011	June 16-17, 2011 ARMB Board Meeting Minutes (draft)
VIII.	9:05	<p>Reports</p> <p>1. Chair Report</p> <p>2. Committee Reports</p> <p>A. Audit Committee, <i>Martin Pihl, Chair</i></p> <p>B. Budget Committee, <i>Gail Schubert, Chair</i></p> <p>3. Director's Report</p> <p>A. Membership Statistics (informational)</p> <p>B. Buck Consulting Invoices (informational) <i>Director Jim Puckett</i></p> <p>4. Treasury Division Report</p> <p>A. FY13 Budget - Action <i>Commissioner Bryan Butcher</i></p> <p>5. Chief Investment Officer Report, <i>Gary Bader</i></p>	<p>DRB Report</p> <p>Action-ARMB Budget FY2013</p> <p>CIO Report</p>
		6. Fund Financial Report - Cash Flow Update <i>Pamela Leary, Comptroller, Dept of Revenue</i>	Fund Financial-CashFlows

		<i>Teresa Kesey, CFO, Dept of Administration</i>	
		7. Cash Overlay Report <i>Gary Bader, Chief Investment Officer</i>	CashOverlayUpdate1107
10:00-10:45		8. Real Estate FY12 Annual Plan Real Estate Guidelines Policies and Procedures <i>Steve Sikes, State Investment Officer</i>	Real Estate FY12 Annual Plan - Board
10:45		BREAK - 15 Minutes	
11:00-11:40		9. Consultant Evaluation of Real Estate Plan Diversification, Compliance & Performance Measurement <i>Micolyn Magee, Townsend Group</i>	Townsend Final
11:40-12:00		10. Adoption: Action: Real Estate FY12 Annual Plan - Resolution 2011-15 Action: Real Estate Policies-Procedures - Resolution 2011-16 <i>Steve Sikes, State Investment Officer</i>	Action-Res 2011-15 RE Annual Plan Action-Res 2011-16 RE Guidelines
12:00-1:15		LUNCH - 12:00 - 1:15 pm	
1:15-2:15		11. Performance Measurement - 2nd Quarter <i>Michael O'Leary, Callan Associates, Inc.</i>	Callan Q2-11 IMS final (2) Callan-akdc12 Callan-akdefcontr12 Callan-alaskasbs12 Callan-armbpr12
2:20-2:50		12. Educational Presentation - Prisma Capital Partners <i>Eric Wolfe and Helenmarie Rodgers</i>	Prisma-Event Sector_Prisma Capital
2:50-3:00		BREAK - 10 Minutes	
3:00-3:30		13. Educational Presentation - Mariner Investment Group <i>William Turchyn and Ellen Rachlin</i>	Mariner Edu. Presentation_Sept 2011
3:35-3:45 3:45-3:55		14. Prisma Capital Partners <i>Eric Wolfe and Helenmarie Rodgers</i> Board Questions/Discussion	PrismaSummary0911 Prisma Polar Bear Fund LP Account Review_Final
4:00-4:10 4:10-4:20		15. Mariner Investment Group <i>William Turchyn and Ellen Rachlin</i> Board Questions/Discussion	MarinerSummary0911 Arctic Bear Fund Portfolio Update - Sept 2011
4:25-4:35 4:35-4:45		16. Global Asset Management <i>David Smith and Kathryn Cicoletti</i> Board Questions/Discussion	GAMSummary0911 GAM Presentation
		<i>End of Meeting Day - Recess</i>	
		Friday, September 23, 2011	
9:00 am		Call to Order	
9:00-9:20		17. Risk Overview <i>Gary Bader, Chief Investment Officer</i>	Risk Overview Sept 2011 Final

	9:25-9:45	18. Small Cap Manager Search <i>Gary Bader, Chief Investment Officer</i> <i>Michael O'Leary, Callan Associates, Inc.</i>	
	9:45-10:15	A. Victory Capital Management Inc. <i>Geroge Matthews and Brian Haskin</i>	Victory Final 92311 Final
	10:25-10:55	B. Frontier Capital Management Co. LLC <i>T.J. Duncan and Leigh Anne Yoo</i>	Frontier (Small Cap Value)
	11:00-11:15	C. Board Discussion and Selection	Action-Small Cap Value Victory and Frontier
	11:15	19. IFS Action Items B.1.b #7 Specify Minimum Credit Ratings in TIPS Guidelines B.1.b #8 Update Language in TIPS Guidelines re Barclays (#7 and #8 addressed in Resolution 2011-17) B.1.b #9 Address use of Credit Default Swaps in High Yield Guidelines B.1.b #10 Modify Language in High Yield Guidelines re Purchase of Common Stock Securities (#9 and #10 addressed in Resolution 2011-18)	IFS Actions
		20. Investment Actions A. Cash Equitization Using Futures/ETFs <i>Gary Bader, Chief Investment Officer</i>	Action-Res 2011-20 Equity Guidelines.ppt
	11:30	21. Trustee Discussion: Meeting Format Evaluation	
		22. Executive Session	
VIII.		Unfinished Business 1. Disclosure Reports, <i>Judy Hall, Liaison Officer</i> 2. Meeting Schedule 3. Legal Report	Disclosures091211 2011-12 Meeting Schedule-Updated
IX.		New Business	
X.		Other Matters to Properly Come Before the Board	
XI.		Public/Member Comments	
XII.		Investment Advisory Council Comments	
XIII.		Trustee Comments	
XIV.		Future Agenda Items	
XV.		Adjournment	
(Times are approximate. Every attempt will be made to stay on schedule; however, adjustments may be made.)			

July 15, 2011

VIA EMAIL

Mr. Jim Puckett
Director
Division of Retirement and Benefits
Department of Administration
State of Alaska
333 Willoughby Avenue
6th Floor State Office Building
Juneau, AK 99811-0208

**Re: State of Alaska – Actuarial Study of the Level Dollar Amortization Method for PERS and TRS
as of June 30, 2010**

Dear Jim:

As requested, we have calculated the actuarial impact to the State of Alaska Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) plans as of June 30, 2010 had the level dollar amortization method been used to amortize the unfunded liability from 2006 to 2010. We have also included a projection of the State assistance amount using the level dollar amortization method for PERS and TRS based on the June 30, 2010 valuation results, and applied the level dollar amortization method in each future year only.

SUMMARY OF RESULTS

As of June 30, 2010, if the level percent of pay amortization method had not been adopted in 2006, the total employer contribution rate would have been 5.96% higher for PERS and 10.36% higher for TRS. Over the next 30 years, if the level dollar amortization method is used for the June 30, 2010 valuation and beyond, the State assistance will decrease by about \$541 million for PERS and about \$894 million for TRS. A full description of the results can be found in the attachments.

DATA, ASSUMPTIONS, METHODS AND PROVISIONS

The data, assumptions, plan provisions and methods used for the DB plan costs are described in the valuation report for each respective valuation year. We have assumed that any additional contribution amounts due to increased contribution rates were contributed at the beginning of the applicable fiscal year and received the market value rate of investment return for that year. We have also assumed a 20% rate of investment return for FY11 for the projection, and a rate of 8% thereafter.

Please let us know if you have any questions or if we can be of further assistance.

Sincerely,



David H. Slushinsky, ASA, EA, MAAA
Principal, Consulting Actuary

/mlp

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Attachment

c: Mr. Michael Barnhill, State of Alaska (DOA)
Mr. Chris Hulla, Buck Consultants
Ms. Kyla Kaltenbach, Buck Consultants
Ms. Judy Hall, State of Alaska (DOR)

1200 17th Street, Suite 1200 • Denver, CO 80202
720.359.7700 • 720.359.7701 (fax)

**State of Alaska
Public Employees' Retirement System
Level Dollar Amortization Back to 2006**

Results as of June 30, 2006

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 178,660	\$ 165,924	\$ 344,584
Total Salaries	1,676,318	1,676,318	1,676,318
Normal Cost Rate	10.66%	9.90%	20.56%
Average Member Contribution Rate	6.84%	0.00%	6.84%
Employer Normal Cost Rate	3.82%	9.90%	13.72%
Past Service Rate			
Actuarial Accrued Liability	\$ 8,094,043	\$ 6,294,370	\$14,388,413
Actuarial Value of Assets	<u>6,331,065</u>	<u>2,709,843</u>	<u>9,040,908</u>
Unfunded Liability	\$ 1,762,978	\$ 3,584,527	\$ 5,347,505
Past Service Cost Amortization Payment	162,040	329,467	491,507
Total Salaries	1,676,318	1,676,318	1,676,318
Past Service Rate	9.67%	19.65%	29.32%
Total FY09 Employer/ State Contribution Rate	13.49%	29.55%	43.04%

Results as of June 30, 2007

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 168,420	\$ 118,202	\$ 286,622
Total Salaries	1,805,298	1,805,298	1,805,298
Normal Cost Rate	9.33%	6.55%	15.88%
Average Member Contribution Rate	6.42%	0.00%	6.42%
Employer Normal Cost Rate	2.91%	6.55%	9.46%
Past Service Rate			
Actuarial Accrued Liability	\$ 8,662,324	\$ 5,908,609	\$14,570,933
Actuarial Value of Assets	<u>6,739,004</u>	<u>3,161,956</u>	<u>9,900,960</u>
Unfunded Liability	\$ 1,923,320	\$ 2,746,653	\$ 4,669,973
Past Service Cost Amortization Payment	178,863	260,791	439,654
Total Salaries	1,805,298	1,805,298	1,805,298
Past Service Rate	9.91%	14.45%	24.36%
Total FY10 Employer/ State Contribution Rate	12.82%	21.00%	33.82%

This exhibit is an attachment to a letter dated July 15, 2011.

**State of Alaska
Public Employees' Retirement System
Level Dollar Amortization Back to 2006**

Results as of June 30, 2008

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 164,812	\$ 125,538	\$ 290,350
Total Salaries	1,879,117	1,879,117	1,879,117
Normal Cost Rate	8.77%	6.68%	15.45%
Average Member Contribution Rate	6.12%	0.00%	6.12%
Employer Normal Cost Rate	2.65%	6.68%	9.33%
Past Service Rate			
Actuarial Accrued Liability	\$ 9,154,282	\$ 6,733,859	\$15,888,141
Actuarial Value of Assets	<u>7,210,772</u>	<u>3,829,334</u>	<u>11,040,106</u>
Unfunded Liability	\$ 1,943,510	\$ 2,904,525	\$ 4,848,035
Past Service Cost Amortization Payment	183,738	279,668	463,406
Total Salaries	1,879,117	1,879,117	1,879,117
Past Service Rate	9.78%	14.88%	24.66%
Total FY11 Employer/ State Contribution Rate	12.43%	21.56%	33.99%

Results as of June 30, 2009

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 166,056	\$ 115,299	\$ 281,355
Total Salaries	2,003,141	2,003,141	2,003,141
Normal Cost Rate	8.29%	5.76%	14.05%
Average Member Contribution Rate	5.77%	0.00%	5.77%
Employer Normal Cost Rate	2.52%	5.76%	8.28%
Past Service Rate			
Actuarial Accrued Liability	\$ 9,702,086	\$ 6,877,285	\$16,579,371
Actuarial Value of Assets	<u>6,154,843</u>	<u>4,228,517</u>	<u>10,383,360</u>
Unfunded Liability	\$ 3,547,243	\$ 2,648,768	\$ 6,196,011
Past Service Cost Amortization Payment	328,908	262,641	591,549
Total Salaries	2,003,141	2,003,141	2,003,141
Past Service Rate	16.42%	13.11%	29.53%
Total FY12 Employer/ State Contribution Rate	18.94%	18.87%	37.81%

This exhibit is an attachment to a letter dated July 15, 2011.

**State of Alaska
Public Employees' Retirement System
Level Dollar Amortization Back to 2006**

Results as of June 30, 2010

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 169,799	\$ 129,443	\$ 299,242
Total Salaries	2,116,283	2,116,283	2,116,283
Normal Cost Rate	8.02%	6.12%	14.14%
Average Member Contribution Rate	5.47%	0.00%	5.47%
Employer Normal Cost Rate	2.55%	6.12%	8.67%
Past Service Rate			
Actuarial Accrued Liability	\$ 10,371,672	\$ 7,760,820	\$18,132,492
Actuarial Value of Assets	<u>6,569,976</u>	<u>4,860,078</u>	<u>11,430,054</u>
Unfunded Liability	\$ 3,801,696	\$ 2,900,742	\$ 6,702,438
Past Service Cost Amortization Payment	351,015	286,399	637,414
Total Salaries	2,116,283	2,116,283	2,116,283
Past Service Rate	16.59%	13.53%	30.12%
Total FY13 Employer/ State Contribution Rate	19.14%	19.65%	38.79%

Summary of Total Employer/State Contribution Rates for Past Five-Year Period

Valuation Date	Fiscal Year	Level Percent of Pay	Level Dollar	Difference
June 30, 2006	FY09	35.22%	43.04%	+7.82%
June 30, 2007	FY10	27.65%	33.82%	+6.17%
June 30, 2008	FY11	27.96%	33.99%	+6.03%
June 30, 2009	FY12	30.76%	37.81%	+7.05%
June 30, 2010	FY13	32.83%	38.79%	+5.96%

This exhibit is an attachment to a letter dated July 15, 2011.

**State of Alaska
Teachers' Retirement System
Level Dollar Amortization Back to 2006**

Results as of June 30, 2006

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 70,133	\$ 38,640	\$ 108,773
Total Salaries	603,035	603,035	603,035
Normal Cost Rate	11.63%	6.41%	18.04%
Average Member Contribution Rate	8.67%	0.00%	8.67%
Employer Normal Cost Rate	2.96%	6.41%	9.37%
Past Service Rate			
Actuarial Accrued Liability	\$ 4,859,336	\$ 2,370,515	\$ 7,229,851
Actuarial Value of Assets	<u>3,296,934</u>	<u>844,766</u>	<u>4,141,700</u>
Unfunded Liability	\$ 1,562,402	\$ 1,525,749	\$ 3,088,151
Past Service Cost Amortization Payment	144,312	140,926	285,238
Total Salaries	603,035	603,035	603,035
Past Service Rate	23.93%	23.37%	47.30%
Total FY09 Employer/ State Contribution Rate	26.89%	29.78%	56.67%

Results as of June 30, 2007

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 67,135	\$ 29,920	\$ 97,055
Total Salaries	612,856	612,856	612,856
Normal Cost Rate	10.96%	4.88%	15.84%
Average Member Contribution Rate	8.25%	0.00%	8.25%
Employer Normal Cost Rate	2.71%	4.88%	7.59%
Past Service Rate			
Actuarial Accrued Liability	\$ 5,043,448	\$ 2,145,955	\$ 7,189,403
Actuarial Value of Assets	<u>3,441,867</u>	<u>982,532</u>	<u>4,424,399</u>
Unfunded Liability	\$ 1,601,581	\$ 1,163,423	\$ 2,765,004
Past Service Cost Amortization Payment	150,189	111,257	261,446
Total Salaries	612,856	612,856	612,856
Past Service Rate	24.51%	18.15%	42.66%
Total FY10 Employer/ State Contribution Rate	27.22%	23.03%	50.25%

This exhibit is an attachment to a letter dated July 15, 2011.

**State of Alaska
Teachers' Retirement System
Level Dollar Amortization Back to 2006**

Results as of June 30, 2008

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 66,297	\$ 31,788	\$ 98,085
Total Salaries	635,696	635,696	635,696
Normal Cost Rate	10.43%	5.00%	15.43%
Average Member Contribution Rate	7.87%	0.00%	7.87%
Employer Normal Cost Rate	2.56%	5.00%	7.56%
Past Service Rate			
Actuarial Accrued Liability	\$ 5,231,654	\$ 2,387,524	\$ 7,619,178
Actuarial Value of Assets	<u>3,670,086</u>	<u>1,266,890</u>	<u>4,936,976</u>
Unfunded Liability	\$ 1,561,568	\$ 1,120,634	\$ 2,682,202
Past Service Cost Amortization Payment	149,345	109,635	258,980
Total Salaries	635,696	635,696	635,696
Past Service Rate	23.49%	17.25%	40.74%
Total FY11 Employer/ State Contribution Rate	26.05%	22.25%	48.30%

Results as of June 30, 2009

(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 67,345	\$ 28,170	\$ 95,515
Total Salaries	678,887	678,887	678,887
Normal Cost Rate	9.92%	4.15%	14.07%
Average Member Contribution Rate	7.50%	0.00%	7.50%
Employer Normal Cost Rate	2.42%	4.15%	6.57%
Past Service Rate			
Actuarial Accrued Liability	\$ 5,463,987	\$ 2,383,527	\$ 7,847,514
Actuarial Value of Assets	<u>3,155,681</u>	<u>1,396,316</u>	<u>4,551,997</u>
Unfunded Liability	\$ 2,308,306	\$ 987,211	\$ 3,295,517
Past Service Cost Amortization Payment	218,254	100,161	318,415
Total Salaries	678,887	678,887	678,887
Past Service Rate	32.15%	14.75%	46.90%
Total FY12 Employer/ State Contribution Rate	34.57%	18.90%	53.47%

This exhibit is an attachment to a letter dated July 15, 2011.

**State of Alaska
Teachers' Retirement System
Level Dollar Amortization Back to 2006**

Results as of June 30, 2010

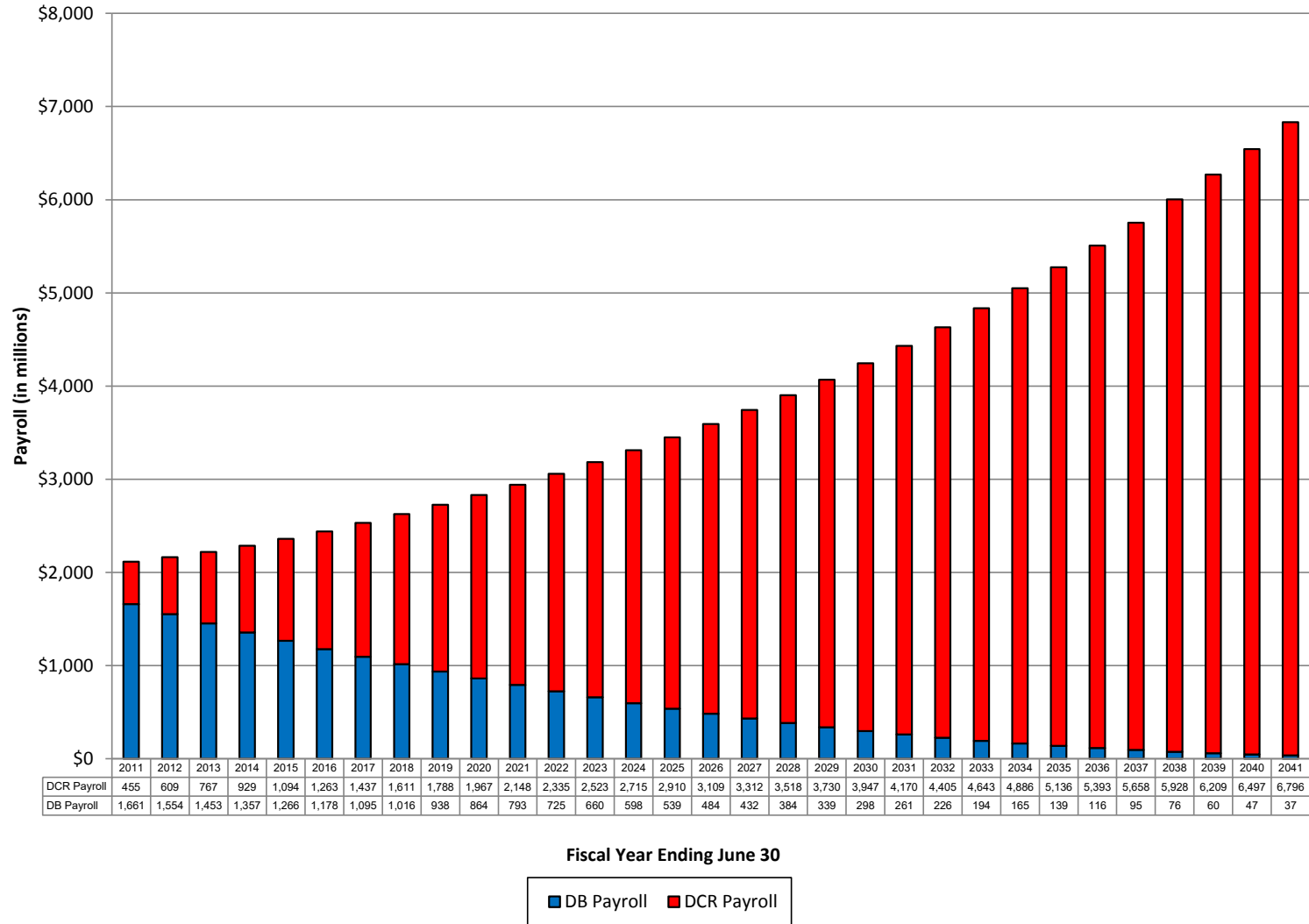
(\$ in thousands)	Pension	Healthcare	Total
Normal Cost Rate			
Total Normal Cost	\$ 74,064	\$ 31,055	\$ 105,119
Total Salaries	718,463	718,463	718,463
Normal Cost Rate	10.31%	4.32%	14.63%
Average Member Contribution Rate	7.16%	0.00%	7.16%
Employer Normal Cost Rate	3.15%	4.32%	7.47%
Past Service Rate			
Actuarial Accrued Liability	\$ 6,006,981	\$ 2,840,807	\$ 8,847,788
Actuarial Value of Assets	<u>3,344,393</u>	<u>1,551,100</u>	<u>4,895,493</u>
Unfunded Liability	\$ 2,662,588	\$ 1,289,707	\$ 3,952,295
Past Service Cost Amortization Payment	249,473	127,356	376,829
Total Salaries	718,463	718,463	718,463
Past Service Rate	34.72%	17.73%	52.45%
Total FY13 Employer/ State Contribution Rate	37.87%	22.05%	59.92%

Summary of Total Employer/State Contribution Rates for Past Five-Year Period

Valuation Date	Fiscal Year	Level Percent of Pay	Level Dollar	Difference
June 30, 2006	FY09	44.17%	56.67%	+12.50%
June 30, 2007	FY10	39.53%	50.25%	+10.72%
June 30, 2008	FY11	38.56%	48.30%	+9.74%
June 30, 2009	FY12	42.61%	53.47%	+10.86%
June 30, 2010	FY13	49.56%	59.92%	+10.36%

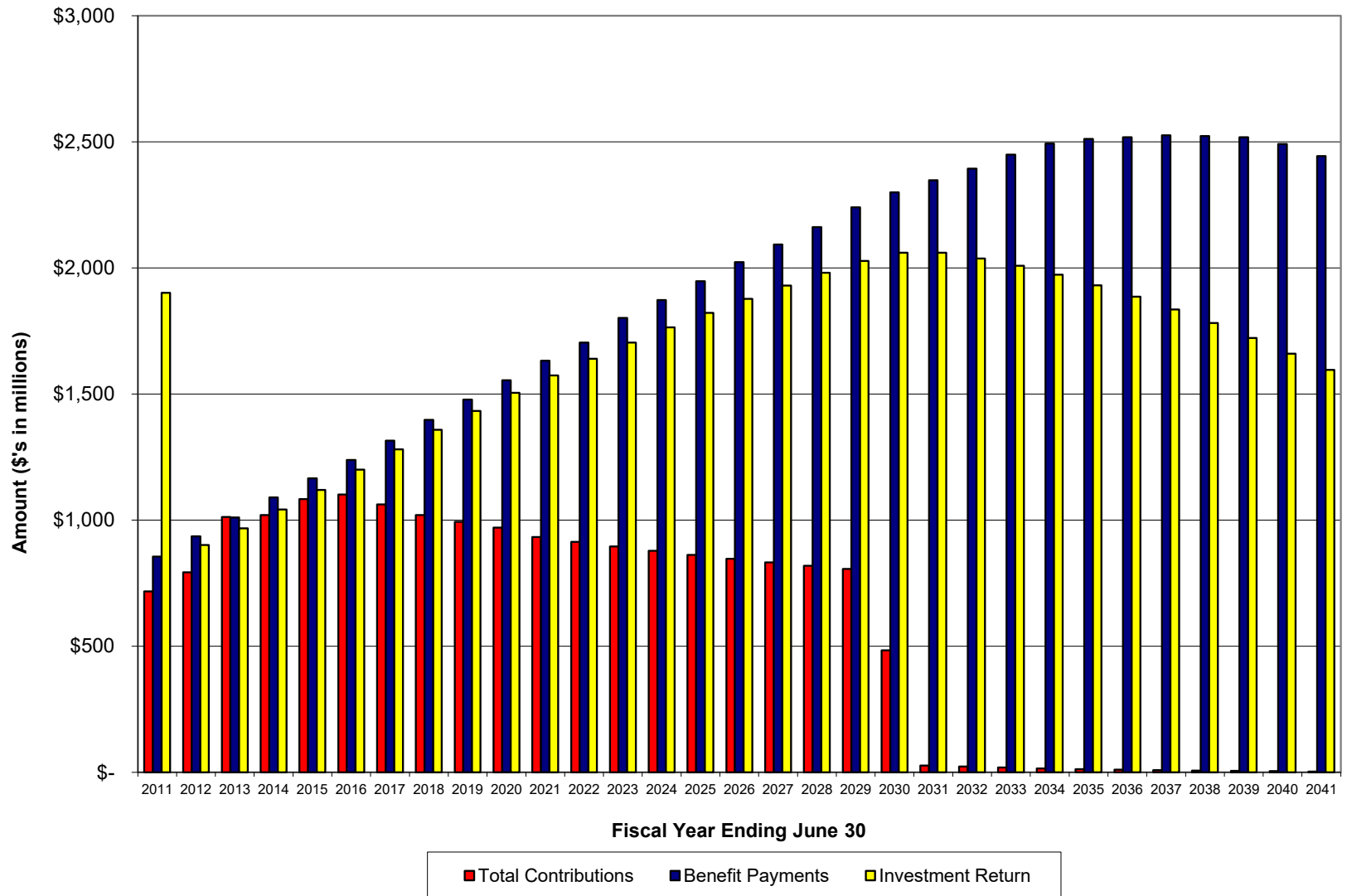
This exhibit is an attachment to a letter dated July 15, 2011.

Alaska PERS Projected DB and DCR Payroll Level Dollar Amortization for 2010 and Beyond



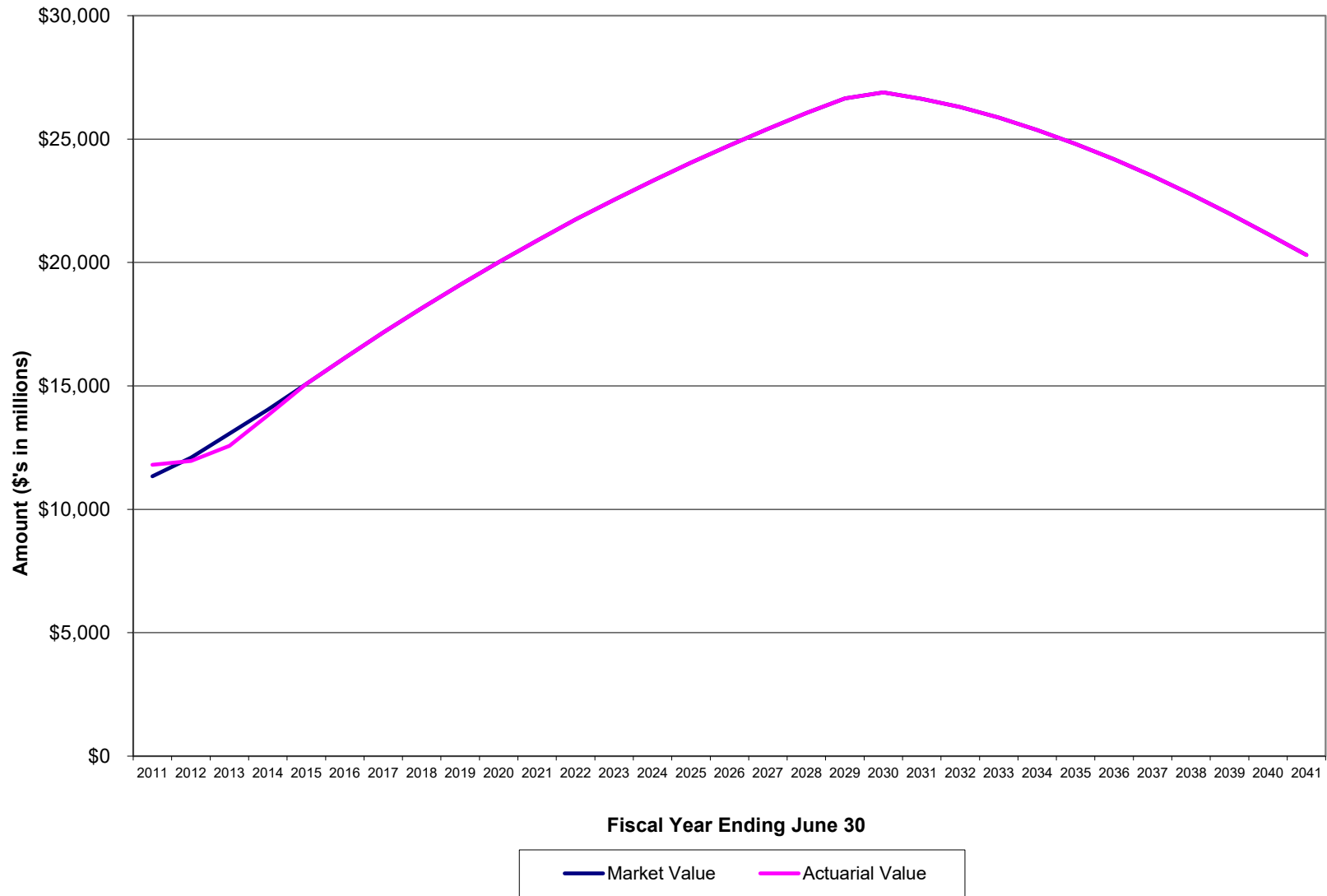
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**Alaska PERS
Projection of Cash Flow
Level Dollar Amortization for 2010 and Beyond**



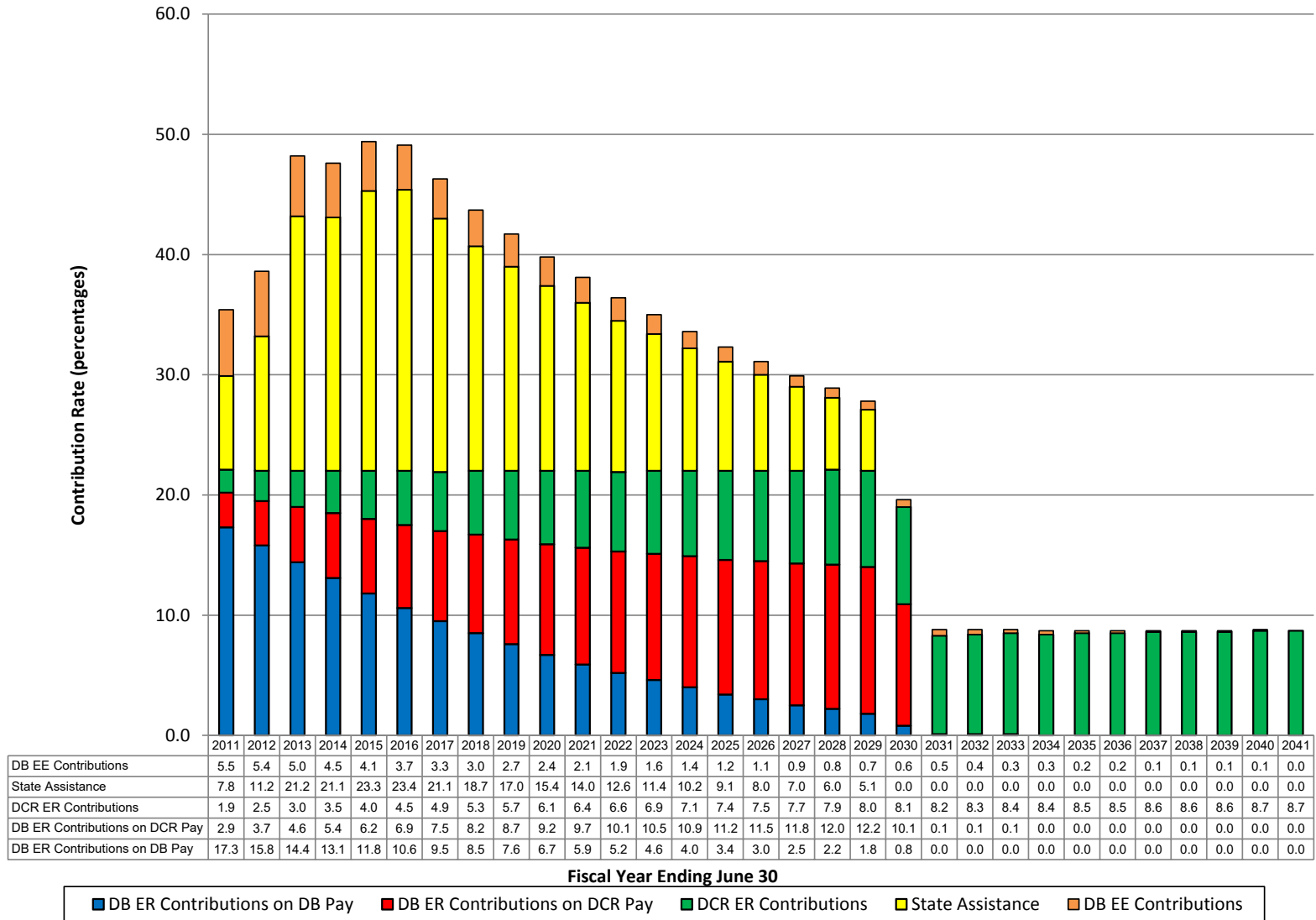
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**Alaska PERS
 Projection of Fund Balances
 Level Dollar Amortization for 2010 and Beyond**



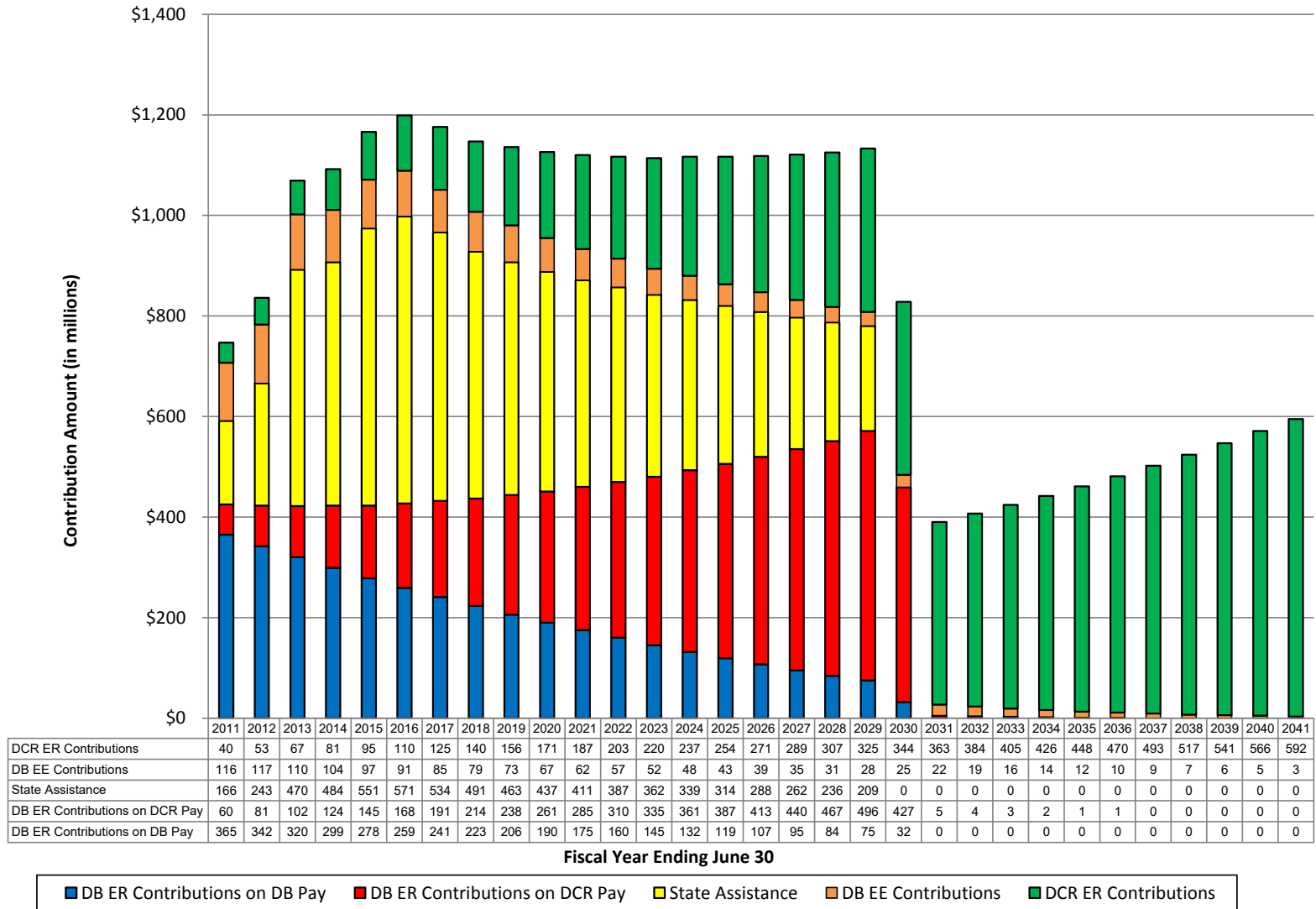
This exhibit is an attachment to a letter dated July 15, 2011.

Alaska PERS Projection of Expected Employer/State Contribution Rates Level Dollar Amortization for 2010 and Beyond



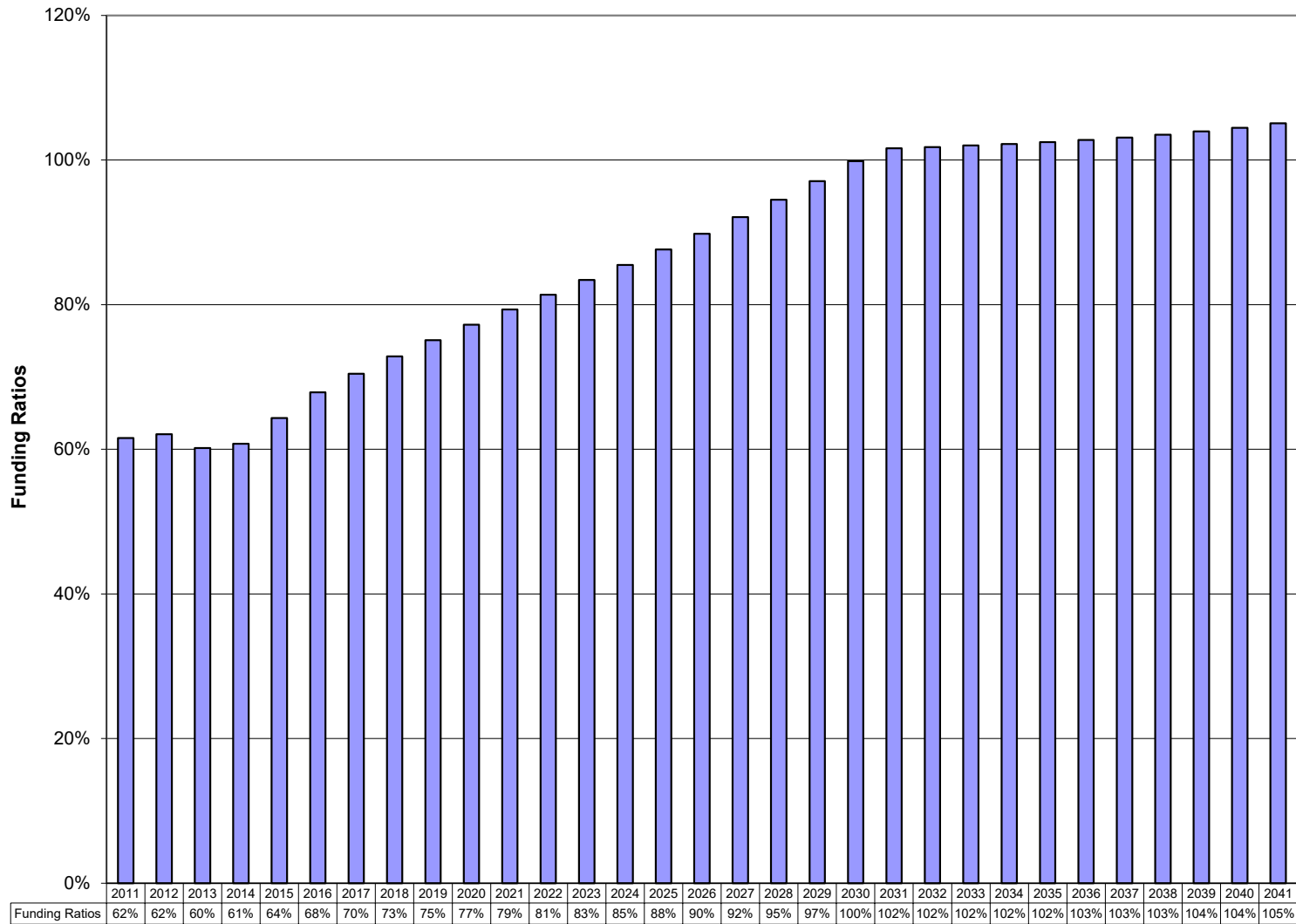
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Alaska PERS Projection of Expected Employer/State Contribution Amounts Level Dollar Amortization for 2010 and Beyond



This exhibit is an attachment to a letter dated July 15, 2011.

Alaska PERS Projected Funded Ratios Level Dollar Amortization for 2010 and Beyond



Fiscal Year Ending June 30

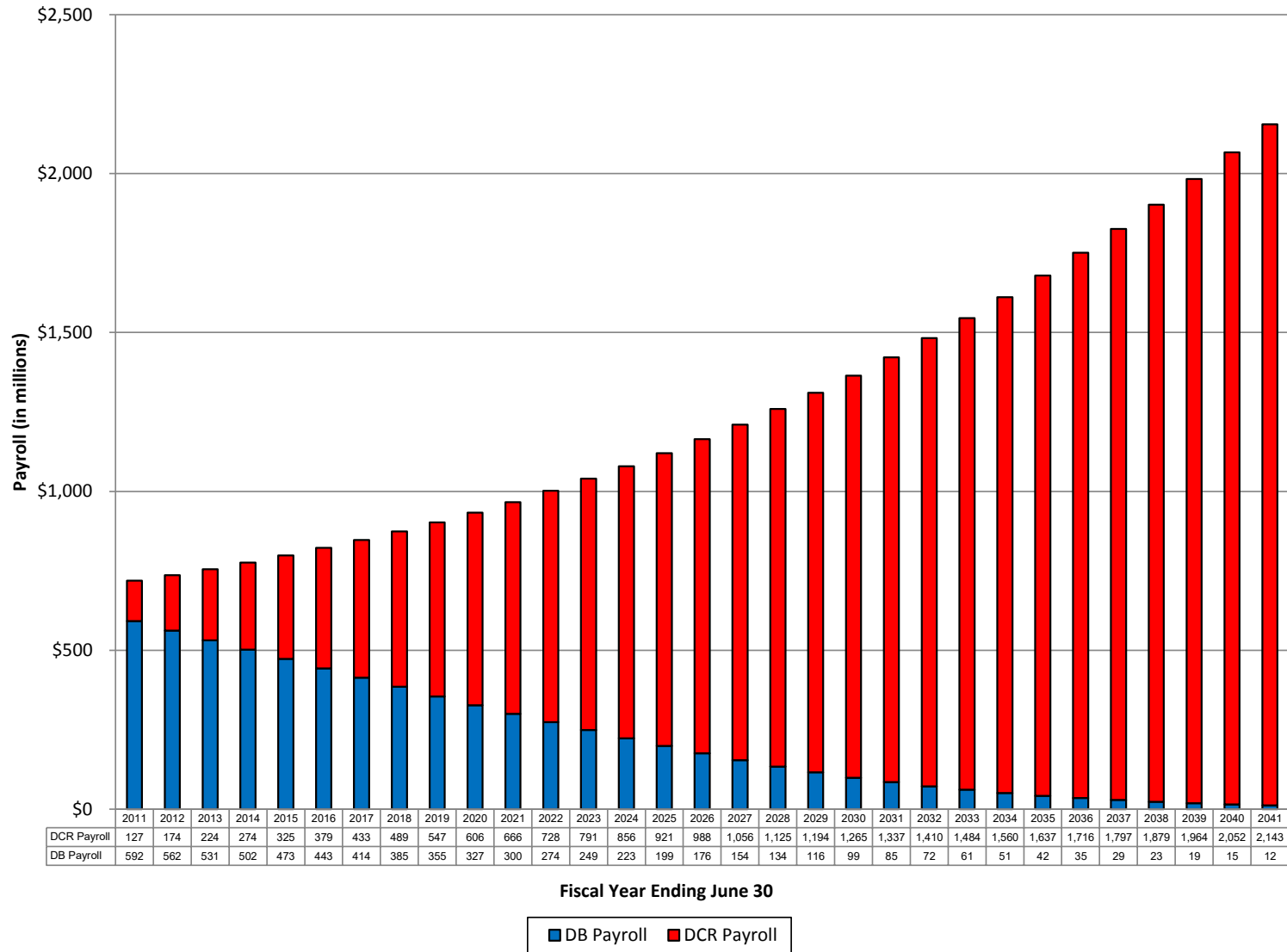
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**Alaska PERS
Financial Projections (in Thousands)
Level Dollar Amortization for 2010 and Beyond**

Fiscal Year End	Investment Return: 8.00%				Flow Amounts During Following 12 Months										Recognized Asset Gain/(Loss)	Ending Actuarial Assets
	Valuation Amounts on July 1 (Beginning of Fiscal Year)				Total Salaries	Employer/State Ctb Rate	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings			
	Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)												
2011	\$11,157,464	\$18,132,492	61.53%	(\$6,975,028)	\$2,116,283	27.96%	\$425,951	\$165,762	\$125,985	\$717,698	\$855,083	(\$137,385)	\$760,419	\$25,500	\$11,805,998	
2012	11,805,998	19,020,359	62.07%	(7,214,361)	2,163,104	30.76%	422,853	242,518	127,593	792,964	935,688	(142,724)	901,331	(604,647)	11,959,958	
2013	11,959,958	19,874,900	60.18%	(7,914,942)	2,220,393	40.15%	421,695	469,793	120,946	1,012,434	1,010,973	1,461	967,676	(354,635)	12,574,460	
2014	12,574,460	20,694,410	60.76%	(8,119,950)	2,286,349	39.61%	422,098	483,525	114,641	1,020,264	1,090,340	(70,076)	1,042,401	261,720	13,808,505	
2015	13,808,505	21,471,153	64.31%	(7,662,648)	2,360,140	41.29%	423,949	550,553	108,569	1,083,071	1,165,328	(82,257)	1,119,709	228,198	15,074,155	
2016	15,074,155	22,208,629	67.88%	(7,134,474)	2,441,232	40.90%	427,081	571,383	102,658	1,101,122	1,238,738	(137,616)	1,200,533	0	16,137,072	
2017	16,137,072	22,908,402	70.44%	(6,771,330)	2,531,164	38.14%	431,778	533,608	97,172	1,062,558	1,314,993	(252,435)	1,281,062	0	17,165,699	
2018	17,165,699	23,565,882	72.84%	(6,400,183)	2,626,570	35.35%	437,565	490,927	91,734	1,020,226	1,397,850	(377,624)	1,358,441	0	18,146,516	
2019	18,146,516	24,173,055	75.07%	(6,026,539)	2,725,919	33.27%	444,033	462,880	86,849	993,762	1,477,975	(484,213)	1,432,725	0	19,095,028	
2020	19,095,028	24,727,339	77.22%	(5,632,311)	2,830,678	31.39%	451,487	437,063	81,785	970,335	1,555,051	(584,716)	1,504,663	0	20,014,975	
2021	20,014,975	25,231,232	79.33%	(5,216,257)	2,941,121	29.62%	459,972	411,188	62,058	933,218	1,632,541	(699,323)	1,573,763	0	20,889,415	
2022	20,889,415	25,677,946	81.35%	(4,788,531)	3,059,904	27.99%	469,816	386,651	57,220	913,687	1,704,084	(790,397)	1,640,145	0	21,739,163	
2023	21,739,163	26,061,531	83.41%	(4,322,368)	3,183,734	26.48%	480,603	362,450	52,213	895,266	1,801,241	(905,975)	1,703,591	0	22,536,779	
2024	22,536,779	26,362,504	85.49%	(3,825,725)	3,313,293	25.08%	492,409	338,565	47,711	878,685	1,872,244	(993,559)	1,763,964	0	23,307,184	
2025	23,307,184	26,601,703	87.62%	(3,294,519)	3,449,466	23.75%	505,345	313,903	43,118	862,366	1,947,532	(1,085,166)	1,822,003	0	24,044,021	
2026	24,044,021	26,772,139	89.81%	(2,728,118)	3,593,164	22.49%	519,609	288,494	38,806	846,909	2,022,837	(1,175,928)	1,877,389	0	24,745,482	
2027	24,745,482	26,868,846	92.10%	(2,123,364)	3,744,438	21.29%	535,171	262,020	34,823	832,014	2,093,277	(1,261,263)	1,930,158	0	25,414,377	
2028	25,414,377	26,890,900	94.51%	(1,476,523)	3,902,018	20.18%	551,840	235,587	31,216	818,643	2,162,213	(1,343,570)	1,980,441	0	26,051,248	
2029	26,051,248	26,835,431	97.08%	(784,183)	4,069,212	19.14%	570,158	208,689	27,671	806,518	2,239,927	(1,433,409)	2,027,866	0	26,645,705	
2030	26,645,705	26,688,727	99.84%	(43,022)	4,245,380	10.81%	458,926	0	24,623	483,549	2,300,102	(1,816,553)	2,060,392	0	26,889,544	
2031	26,889,544	26,460,186	101.62%	429,358	4,431,182	0.11%	4,874	0	21,713	26,587	2,348,048	(2,321,461)	2,060,091	0	26,628,174	
2032	26,628,174	26,159,445	101.79%	468,729	4,630,810	0.08%	3,705	0	18,986	22,691	2,393,506	(2,370,815)	2,037,246	0	26,294,605	
2033	26,294,605	25,780,608	101.99%	513,997	4,837,034	0.06%	2,902	0	16,446	19,348	2,449,046	(2,429,698)	2,008,250	0	25,873,157	
2034	25,873,157	25,312,332	102.22%	560,825	5,051,271	0.03%	1,515	0	14,144	15,659	2,493,168	(2,477,509)	1,972,659	0	25,368,307	
2035	25,368,307	24,756,652	102.47%	611,655	5,274,924	0.01%	527	0	12,132	12,659	2,511,011	(2,498,352)	1,931,453	0	24,801,408	
2036	24,801,408	24,134,009	102.77%	667,399	5,508,498	0.01%	551	0	9,915	10,466	2,517,896	(2,507,430)	1,885,745	0	24,179,723	
2037	24,179,723	23,452,991	103.10%	726,732	5,752,257	0.00%	0	0	8,628	8,628	2,525,344	(2,516,716)	1,835,646	0	23,498,653	
2038	23,498,653	22,706,901	103.49%	791,752	6,004,211	0.00%	0	0	6,605	6,605	2,523,262	(2,516,657)	1,781,162	0	22,763,158	
2039	22,763,158	21,901,051	103.94%	862,107	6,268,788	0.00%	0	0	5,642	5,642	2,518,453	(2,512,811)	1,722,474	0	21,972,821	
2040	21,972,821	21,034,788	104.46%	938,033	6,544,252	0.00%	0	0	4,581	4,581	2,491,761	(2,487,180)	1,660,252	0	21,145,893	
2041	21,145,893	20,125,739	105.07%	1,020,154	6,832,610	0.00%	0	0	3,416	3,416	2,443,580	(2,440,164)	1,595,942	0	20,301,671	
							\$ 9,366,413	\$ 7,215,559	\$ 1,599,599	\$ 18,181,571						

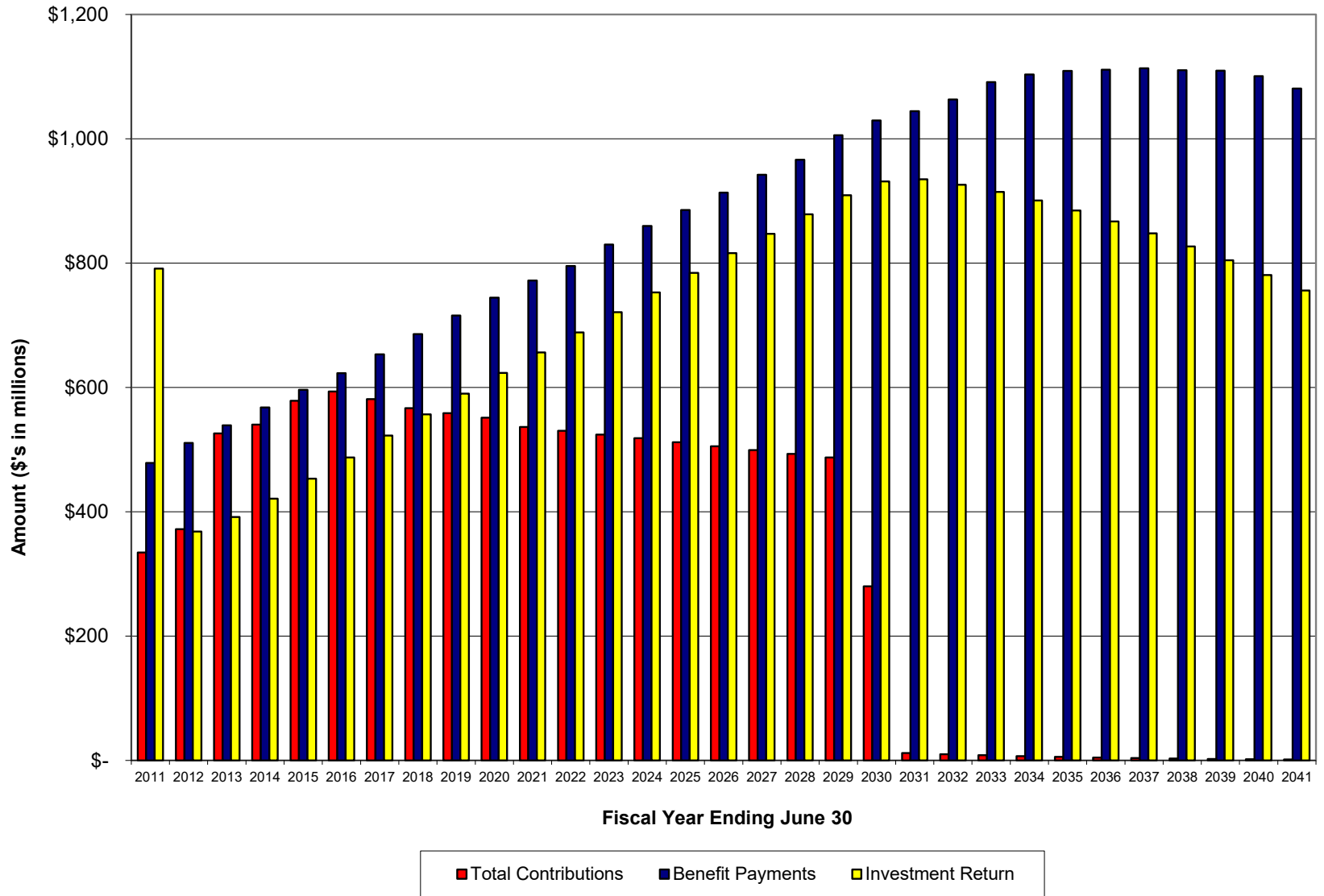
This exhibit is an attachment to a letter dated July 15, 2011.

Alaska TRS Projected DB and DCR Payroll Level Dollar Amortization for 2010 and Beyond



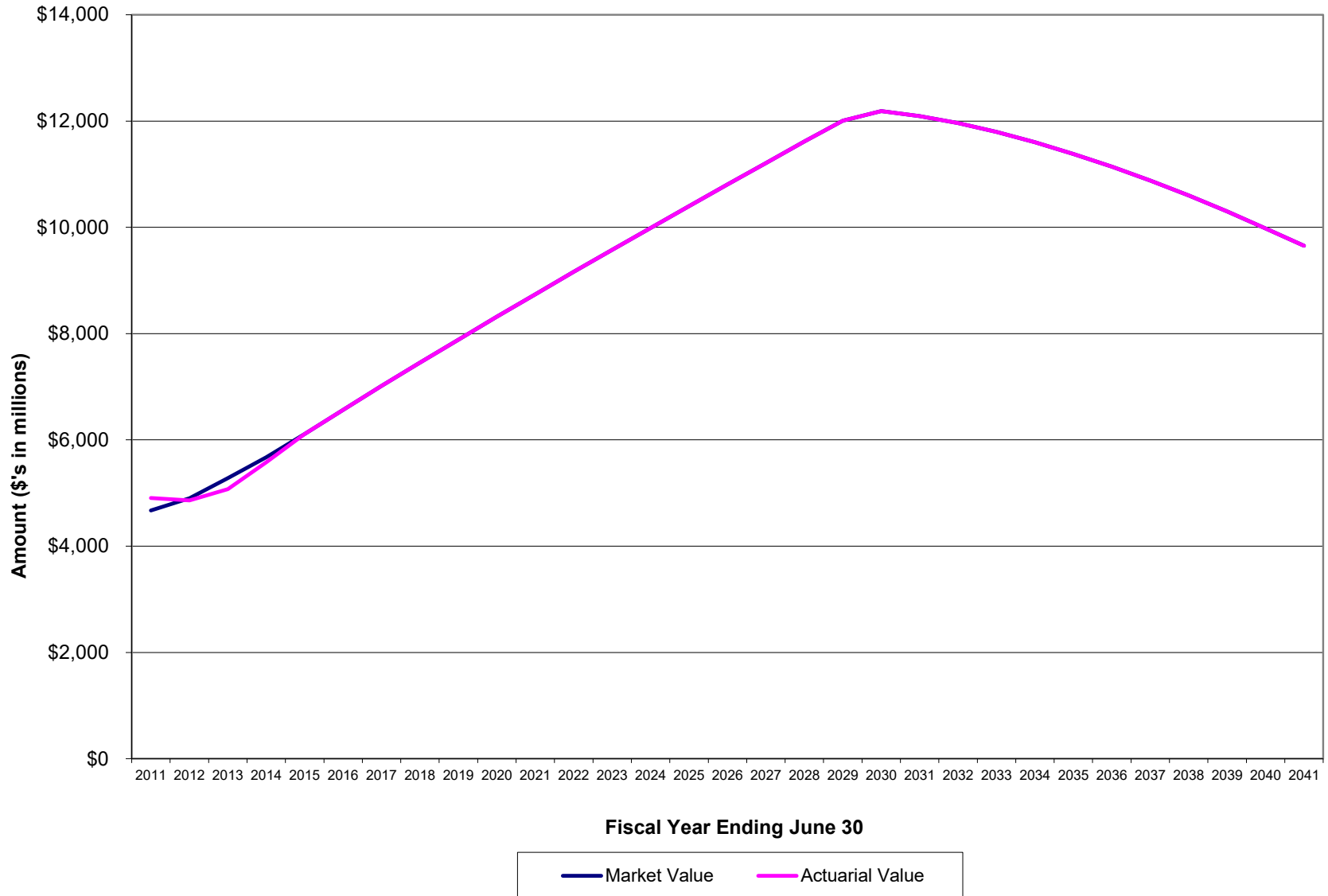
This exhibit is an attachment to a letter dated July 15, 2011.

Alaska TRS Projection of Cash Flow Level Dollar Amortization for 2010 and Beyond



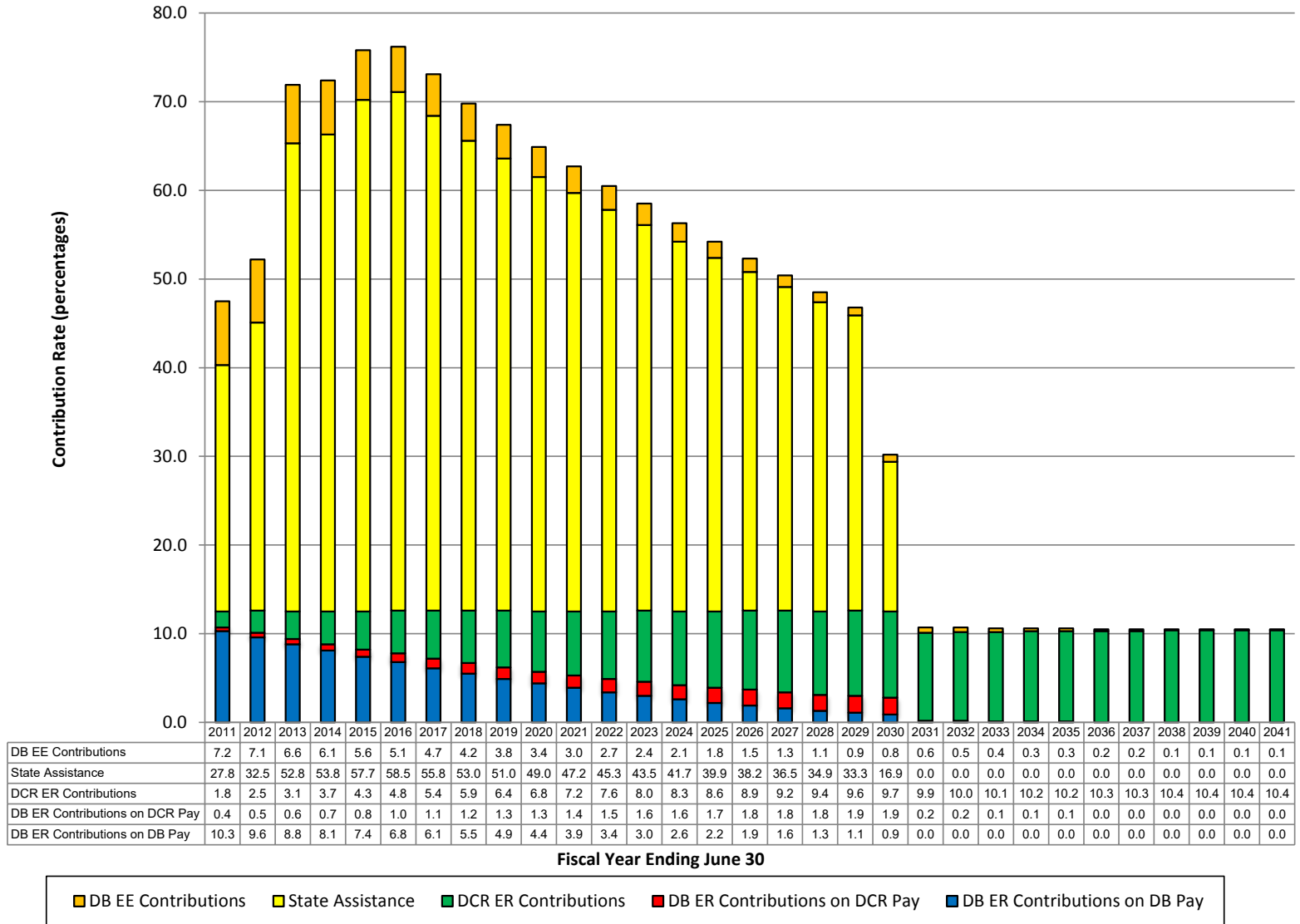
This exhibit is an attachment to a letter dated July 15, 2011.

**Alaska TRS
 Projection of Fund Balances
 Level Dollar Amortization for 2010 and Beyond**



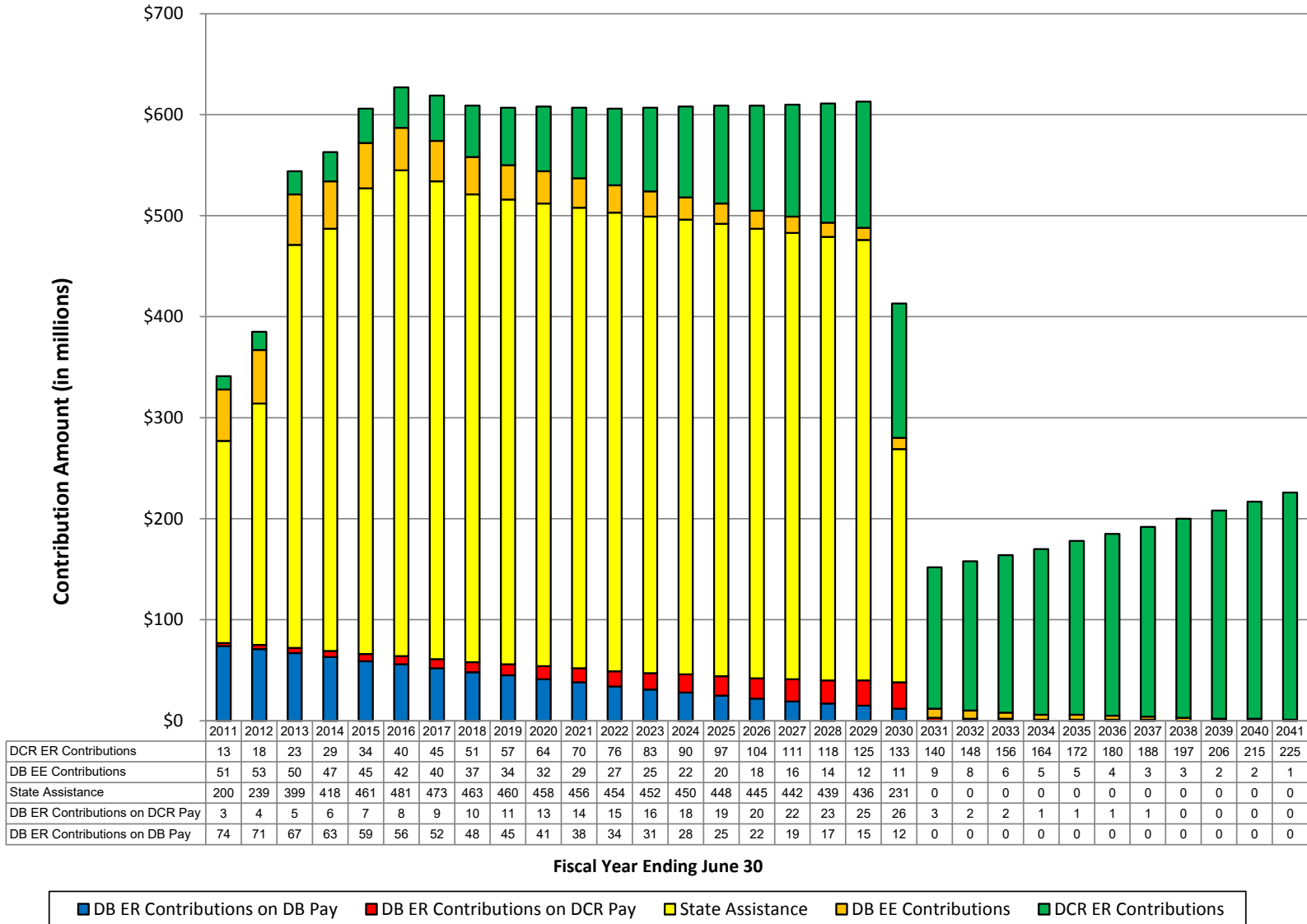
This exhibit is an attachment to a letter dated July 15, 2011.

Alaska TRS Projection of Expected Employer/State Contribution Rates Level Dollar Amortization for 2010 and Beyond



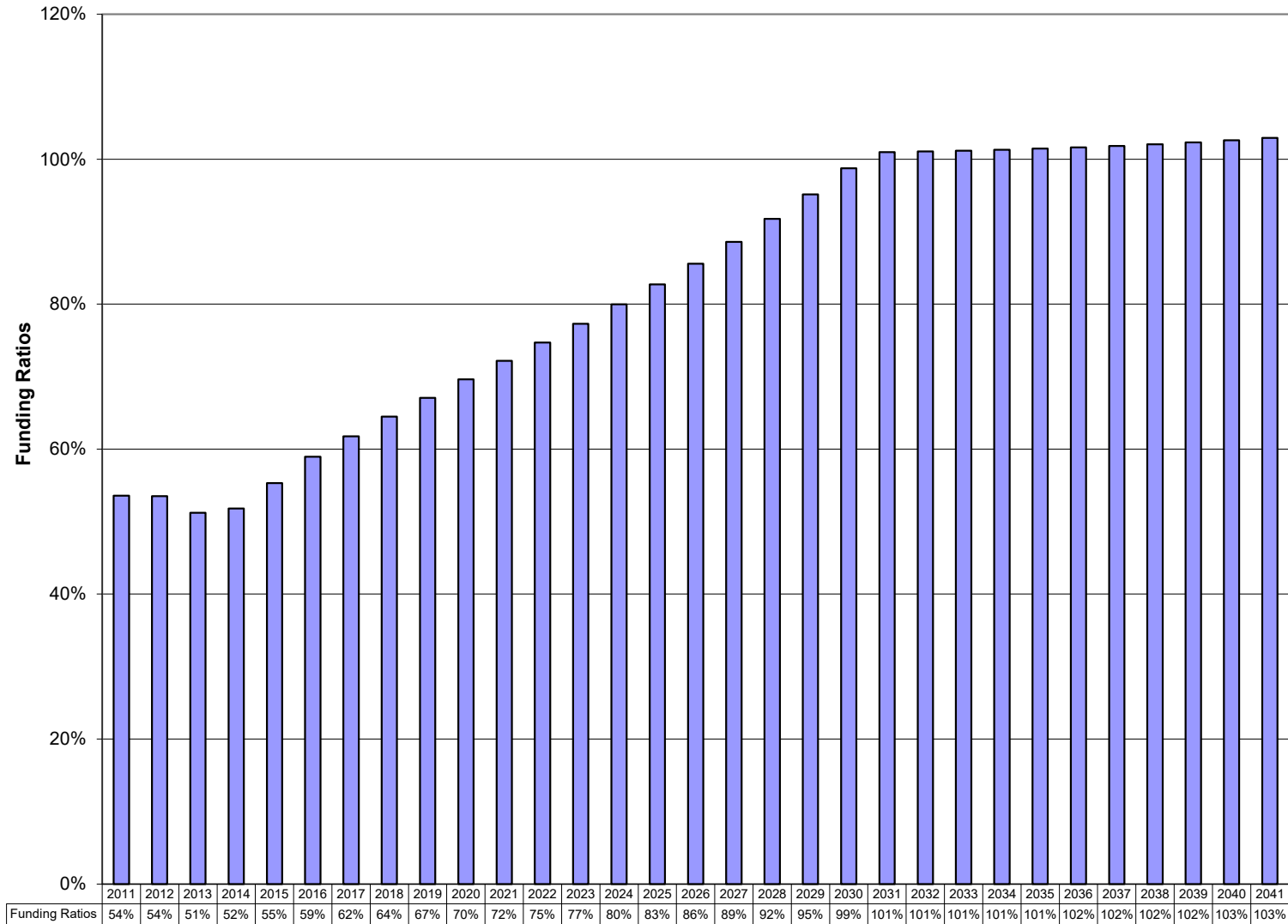
This exhibit is an attachment to a letter dated July 15, 2011.

Alaska TRS Projection of Expected Employer/State Contribution Amounts Level Dollar Amortization for 2010 and Beyond



This exhibit is an attachment to a letter dated July 15, 2011.

Alaska TRS Projected Funded Ratios Level Dollar Amortization for 2010 and Beyond



Fiscal Year Ending June 30

This exhibit is an attachment to a letter dated July 15, 2011.

**Alaska TRS
Financial Projections (in Thousands)
Level Dollar Amortization for 2010 and Beyond**

Fiscal Year End	Investment Return 8.00%				Flow Amounts During Following 12 Months									Recognized Asset Gain/(Loss)	Ending Actuarial Assets
	Valuation Amounts on July 1 (Beginning of Fiscal Year)				Total Salaries	Employer/State Ctb Rate	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings		
	Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)											
2011	\$4,739,128	\$8,847,788	53.56%	(\$4,108,660)	\$718,463	38.56%	\$76,967	\$200,072	\$57,427	\$334,466	\$478,378	(\$143,912)	\$316,290	(\$3,990)	\$4,907,516
2012	4,907,516	9,172,454	53.50%	(4,264,938)	736,010	42.61%	74,147	239,467	58,484	372,098	510,621	(138,523)	368,276	(277,053)	4,860,216
2013	4,860,216	9,487,261	51.23%	(4,627,045)	754,867	62.25%	71,342	398,563	56,172	526,077	539,116	(13,039)	391,579	(166,221)	5,072,535
2014	5,072,535	9,791,124	51.81%	(4,718,589)	775,692	62.69%	68,703	417,578	53,796	540,077	567,787	(27,710)	421,287	112,181	5,578,293
2015	5,578,293	10,083,092	55.32%	(4,504,799)	798,173	66.03%	66,113	460,921	51,549	578,583	596,264	(17,681)	453,167	94,963	6,108,742
2016	6,108,742	10,362,384	58.95%	(4,253,642)	822,076	66.20%	63,538	480,676	49,330	593,544	623,107	(29,563)	487,539	0	6,566,718
2017	6,566,718	10,630,018	61.78%	(4,063,300)	847,476	63.04%	61,019	473,230	47,056	581,305	653,294	(71,989)	522,513	0	7,017,242
2018	7,017,242	10,881,688	64.49%	(3,864,446)	874,243	59.68%	58,460	463,288	44,794	566,542	685,941	(119,399)	556,695	0	7,454,538
2019	7,454,538	11,114,009	67.07%	(3,659,471)	902,665	57.18%	55,959	460,185	42,556	558,700	715,777	(157,077)	590,201	0	7,887,662
2020	7,887,662	11,326,775	69.64%	(3,439,113)	933,147	54.78%	53,604	457,574	40,258	551,436	744,445	(193,009)	623,441	0	8,318,094
2021	8,318,094	11,522,617	72.19%	(3,204,523)	966,229	52.49%	51,459	455,715	29,373	536,547	772,182	(235,635)	656,203	0	8,738,662
2022	8,738,662	11,698,386	74.70%	(2,959,724)	1,002,069	50.24%	49,478	453,961	26,956	530,395	795,528	(265,133)	688,692	0	9,162,221
2023	9,162,221	11,852,156	77.30%	(2,689,935)	1,039,611	48.05%	47,593	451,940	24,639	524,172	829,812	(305,640)	720,987	0	9,577,568
2024	9,577,568	11,975,907	79.97%	(2,398,339)	1,079,021	45.96%	45,776	450,142	22,336	518,254	859,762	(341,508)	752,808	0	9,988,868
2025	9,988,868	12,075,682	82.72%	(2,086,814)	1,120,478	43.88%	44,089	447,577	20,169	511,835	885,411	(373,576)	784,454	0	10,399,746
2026	10,399,746	12,150,958	85.59%	(1,751,212)	1,164,327	41.86%	42,583	444,804	17,931	505,318	913,563	(408,245)	815,964	0	10,807,465
2027	10,807,465	12,199,985	88.59%	(1,392,520)	1,210,528	39.93%	41,219	442,145	15,858	499,222	942,254	(443,032)	847,217	0	11,211,650
2028	11,211,650	12,218,528	91.76%	(1,006,878)	1,258,797	38.07%	40,093	439,131	13,847	493,071	966,172	(473,101)	878,372	0	11,616,921
2029	11,616,921	12,210,934	95.14%	(594,013)	1,310,150	36.29%	39,262	436,191	12,053	487,506	1,005,570	(518,064)	909,030	0	12,007,887
2030	12,007,887	12,158,429	98.76%	(150,542)	1,364,411	19.76%	38,678	230,930	10,506	280,114	1,029,420	(749,306)	931,235	0	12,189,816
2031	12,189,816	12,073,093	100.97%	116,723	1,421,780	0.21%	2,986	0	8,957	11,943	1,044,600	(1,032,657)	934,673	0	12,091,832
2032	12,091,832	11,963,836	101.07%	127,996	1,482,242	0.16%	2,372	0	7,708	10,080	1,063,325	(1,053,245)	926,027	0	11,964,614
2033	11,964,614	11,824,252	101.19%	140,362	1,545,220	0.12%	1,854	0	6,490	8,344	1,091,332	(1,082,988)	914,683	0	11,796,309
2034	11,796,309	11,642,620	101.32%	153,689	1,610,886	0.09%	1,450	0	5,477	6,927	1,103,436	(1,096,509)	900,688	0	11,600,488
2035	11,600,488	11,432,252	101.47%	168,236	1,679,296	0.07%	1,176	0	4,534	5,710	1,109,280	(1,103,570)	884,745	0	11,381,663
2036	11,381,663	11,197,558	101.64%	184,105	1,750,771	0.05%	875	0	3,852	4,727	1,111,181	(1,106,454)	867,126	0	11,142,335
2037	11,142,335	10,940,968	101.84%	201,367	1,825,252	0.04%	730	0	3,103	3,833	1,113,400	(1,109,567)	847,858	0	10,880,626
2038	10,880,626	10,660,578	102.06%	220,048	1,902,306	0.02%	380	0	2,663	3,043	1,110,492	(1,107,449)	827,004	0	10,600,181
2039	10,600,181	10,359,971	102.32%	240,210	1,982,775	0.01%	198	0	2,181	2,379	1,109,739	(1,107,360)	804,572	0	10,297,393
2040	10,297,393	10,035,441	102.61%	261,952	2,066,738	0.01%	207	0	1,653	1,860	1,100,655	(1,098,795)	780,685	0	9,979,283
2041	9,979,283	9,693,836	102.94%	285,447	2,154,341	0.01%	215	0	1,293	1,508	1,080,924	(1,079,416)	755,996	0	9,655,863
								\$1,102,525	\$8,304,090	\$743,001	\$10,149,616				

This exhibit is an attachment to a letter dated July 15, 2011.

August 8, 2011

Mr. Gary Bader
Chief Investment Officer
Department of Revenue, Treasury Division
Alaska Retirement Management Board
P.O. Box 110405
Juneau, AK 99811-0405

Subject: Actuarial Review of the July 15, 2011 Actuarial Study of the Level Dollar Amortization Method for PERS and TRS

Dear Gary:

We have performed an actuarial review of the July 15, 2011 Actuarial Study of the Level Dollar Amortization Method for PERS and TRS. In particular, we have:

- Verified the main actuarial results against the historical reports:
 - Total Normal Cost
 - Total Salaries
 - Normal Cost Rate
 - Average Member Contribution Rate
 - Employer Normal Cost Rate
 - Actuarial Accrued Liability
 - Actuarial Value of Assets (prior to FY 2009)
 - Unfunded Liability (prior to FY 2009)
- Replicated the rollforward of the Actuarial Value of Assets using contributions as calculated under the level-dollar amortization method as of June 30, 2009 and June 30, 2010
- Replicated the level-dollar amortizations of the unfunded liabilities
- Reviewed the 30-year financial projections for reasonableness
 - Payroll grows smoothly for the open group (DB and DCR) at an appropriate rate.
 - Benefit payments increase smoothly until around 2037.
 - Funded ratios smoothly approach 100% (some gradual trend upward past 100% due to contribution timing lag).
 - Assets grow at an appropriate rate given stated cashflows and 8.00% investment returns after fiscal year 2011.
 - Liabilities follow a smooth pattern consistent with a closed group.

Findings:

We were able to replicate the contribution rates developed by Buck to within 1 basis point (0.01% of payroll). The results of the replication are shown below:

Public Employees' Retirement System:				
Valuation Date	Applies to Fiscal Year	Buck Level-Dollar	GRS Replicate	Change
June 30, 2006	FY 06	43.04%	43.04%	0.00%
June 30, 2007	FY 07	33.82%	33.81%	-0.01%
June 30, 2008	FY 08	33.99%	33.99%	0.00%
June 30, 2009	FY 09	37.81%	37.81%	0.00%
June 30, 2010	FY 10	38.79%	38.79%	0.00%

Teachers' Retirement System:				
Valuation Date	Applies to Fiscal Year	Buck Level-Dollar	GRS Replicate	Change
June 30, 2006	FY 06	56.67%	56.67%	0.00%
June 30, 2007	FY 07	50.25%	50.25%	0.00%
June 30, 2008	FY 08	48.30%	48.30%	0.00%
June 30, 2009	FY 09	53.47%	53.47%	0.00%
June 30, 2010	FY 10	59.92%	59.92%	0.00%

Through the replication process, we did find that Buck used a simplification in the development of the Actuarial Value of Assets at June 30, 2009 and June 30, 2010. To develop the Actuarial Value of Assets at June 30, 2009, the additional contributions paid under the level-dollar amortization method were added to the original or baseline Actuarial Value of Assets at June 30, 2009. No adjustment for investment returns that would have been earned on those amounts was made, and the contributions were not incorporated into the smoothing method used to develop the Actuarial Value of Assets. A similar process was used at June 30, 2010.

The most rigorous methodology would include the additional contributions as if they were paid at the same time as regular employer contributions and earned similar investment returns. It would also incorporate the additional contributions into the asset smoothing method. We have determined what the contribution rates would have been if this methodology had been used. The results under the simplified and more rigorous methodologies are shown below.

Public Employees' Retirement System:				
Valuation Date	Applies to Fiscal Year	GRS Replicate	GRS Recommended	Change
June 30, 2006	FY 06	43.04%	43.04%	0.00%
June 30, 2007	FY 07	33.81%	33.81%	0.00%
June 30, 2008	FY 08	33.99%	33.99%	0.00%
June 30, 2009	FY 09	37.81%	37.76%	-0.05%
June 30, 2010	FY 10	38.79%	38.75%	-0.04%

Teachers' Retirement System:				
Valuation Date	Applies to Fiscal Year	GRS Replicate	GRS Recommended	Change
June 30, 2006	FY 06	56.67%	56.67%	0.00%
June 30, 2007	FY 07	50.25%	50.25%	0.00%
June 30, 2008	FY 08	48.30%	48.30%	0.00%
June 30, 2009	FY 09	53.47%	53.39%	-0.08%
June 30, 2010	FY 10	59.92%	59.82%	-0.10%

The difference between the two methodologies proved modest, and we conclude that the simplification used by Buck was reasonable.

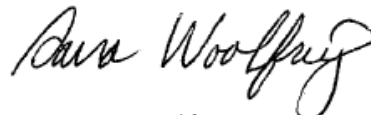
All other methods used were reasonable and the study was performed in accordance with generally recognized actuarial methods.

Sincerely,

Gabriel, Roeder, Smith & Company



Leslie L. Thompson, FSA, FCA, EA, MAAA
Senior Consultant



Dana L. Woolfrey, ASA, EA, MAAA
Consultant

cc: Ms. Judy Hall

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 13 PERS Employer Contribution Rate ACTION: X
Tier I - III
DATE: September 21, 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.

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 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, 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 Fairbanks, Alaska this _____ day of September, 2011.

Chair

ATTEST:

Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	FY 13 TRS Employer Contribution Rate	ACTION:	X
	Tier I - II		
DATE:	September 21, 2011	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.

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 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, 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 Fairbanks, Alaska this _____ day of September, 2011.

Chair

ATTEST:

Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Acceptance of Actuarial Valuation ACTION: X
Report - NGNMRS
DATE: September 22, 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 actuarial valuation of the National Guard and Naval Militia Retirement System as of June 30, 2010 and the report has been presented to the Board.

Gabriel Roeder Smith & Company (GRS), the Board’s actuary, has reviewed the actuarial valuation and has provided their report to the Board.

RECOMMENDATION:

That the Alaska Retirement Management Board accepts the actuarial valuation report prepared by Buck Consultants for the National Guard and Naval Militia Retirement System as of June 30, 2010 in order to set the actuarially determined contribution amount.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	FY 13 Alaska National Guard and Naval Militia Contribution Amount	ACTION:	X
DATE:	September 21, 2011	INFORMATION:	

BACKGROUND:

AS 26.05.226 requires that “(a) The Department of Military and Veterans’ Affairs (DMVA) shall contribute to the Alaska National Guard and Alaska Naval Militia retirement system the amounts determined by the Alaska Retirement Management Board as necessary to (1) fund the system based on the actuarial requirements of the system as established by the Alaska Retirement Management Board; and (2) administer the system. (b) The amount required for contributions from the Department of Military and Veterans' Affairs under (a) of this section shall be included in the annual appropriations made to the Department of Military and Veterans' Affairs.”

STATUS:

The Division of Retirement & Benefits’ (Division’s) actuary, Buck Consultants, has completed the actuarial valuation of the Alaska National Guard and Naval Militia Retirement System (NGNMRS) as of June 30, 2010. The valuation has been reviewed by the Alaska Retirement Management Board’s (Board) actuary, Gabriel, Roeder, Smith & Co. (GRS) and then certified and accepted by the Board.

According to the NGNMRS June 30, 2010 actuarial valuation report, and confirmed by GRS, the Fiscal Year 2013 actuarially determined contribution amount should be \$431,367.

For FY 2012, the Alaska Legislature took an approach to separately fund the NGNMRS normal cost from the past service cost. For Fiscal Year 2012, the Legislature appropriated the normal cost in House Bill (HB) 108, Section 1 in DMVA’s operating budget and in HB 108, Section 29 appropriated the past service cost of the actuarially determined contribution amount . HB 108, Section 29 (c) appropriated from the General Fund to DMVA “for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system for the purpose of funding the Alaska National Guard and Alaska Naval militia retirement system under AS 26.05.226 for the fiscal year ending June 30, 2012.” The Division anticipates a similar approach for FY 2013.

RECOMMENDATION:

That the Alaska Retirement Management Board set the Fiscal Year 2013 NGNMRS annual actuarially determined contribution amount consistent with its fiduciary duty, as set out in the attached form of Resolution 2011-19.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2013 Actuarially Determined Contribution Amount
For the Alaska National Guard and Naval Militia Retirement System

Resolution 2011-19

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for 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, 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;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2013 actuarially determined contribution amount for the State of Alaska, Department of Military and Veterans' Affairs to the Alaska National Guard and Naval Militia Retirement System is set at \$431,367, composed of the contribution amount for the normal cost of \$605,097, past service cost of (\$307,730), and expense load cost of \$134,000.

DATED at Fairbanks, Alaska this _____ day of September, 2011.

Chair

ATTEST:

Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY 13 JRS Employer Contribution Rate

ACTION: _____

DATE: September 22, 2011

INFORMATION: X

BACKGROUND:

AS 22.25.046 states in part that:

(a) The state court system shall contribute to the judicial retirement system at the rate established by the commissioner of administration. The contribution rate shall be based on the results of an actuarial valuation of the judicial retirement system. The results of the actuarial valuation shall be based on actuarial methods and assumptions adopted by the commissioner of administration.

(b) The contribution rate shall be a percentage which, when applied to the covered compensation of all active members of the judicial retirement system, will generate sufficient money to support, along with contributions from members, the benefits of the judicial retirement system.

(c) Employer contributions shall be separately computed for benefits provided by AS 22.25.090 and shall be deposited in the Alaska retiree health care trust established under AS 39.30.097(a)."

Discussion at prior Alaska Retirement Management Board (Board) meetings noted that Alaska Statutes state the Commissioner of Administration shall establish the employer contribution rate for JRS. However, AS 37.10.220(a)(8) states that the board shall "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."

STATUS:

The Division of Retirement & Benefits' consulting actuary, Buck Consultants, has completed the actuarial valuation of the Alaska Judicial Retirement System (JRS) as of June 30, 2010.

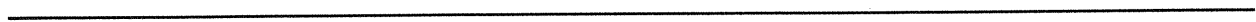
According to the JRS actuarial valuation report as of June 30, 2010, the Fiscal Year 2013 employer contribution rate should be 69.48 percent based on the following table:

	Pension	Post-Employment Health Care	Total
Normal Cost Rate	34.82%	5.48%	40.30%
Past Service Cost Rate	28.14%	1.04%	29.18%
Total Employer Contribution Rate	62.96%	6.52%	69.48%

However, since that time, the Alaska Legislature has established in both FY 2011 and 2012 operating budget language that explicitly addresses past service costs for the JRS separate from the normal costs. Normal costs are charged to the Alaska Court System's operating budget and past service costs are funded separately in retirement section language similar to that of PERS and TRS. An amount for the systems' past service cost will be computed and reflected in the operating budget and will be deposited in the JRS pension benefit and retiree healthcare benefit trusts during FY 2012 and 2013.

RECOMMENDATION:

Per AS 22.25.046(a), the Commissioner of Administration has established the Fiscal Year 2013 JRS annual employer contribution rate at 40.30% (the normal cost rate for FY 2013), according to the attached memorandum dated August 29, 2011.



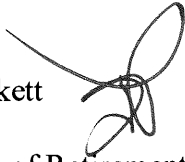
MEMORANDUM

STATE OF ALASKA DEPARTMENT OF ADMINISTRATION

To: Becky Hultberg
Commissioner
Department of Administration

Date: August 29, 2011

From: Jim Puckett
Director
Division of Retirement and Benefits
Department of Administration



Phone: 465-4471

Subject: FY 2013 Contribution Rate for
the Judicial Retirement System

BACKGROUND

AS 22.25.046 (a) states, "The state court system shall contribute to the judicial retirement system at the rate established by the Commissioner of Administration. The contribution rate shall be based on the results of an actuarial valuation of the judicial retirement system. The results of the actuarial valuation shall be based on actuarial methods and assumptions adopted by the Commissioner of Administration."

DISCUSSION

At the request of the Division of Retirement & Benefits (Division), Buck Consultants, a Xerox Company, completed an actuarial valuation as of June 30, 2010, for the Judicial Retirement System (JRS). The DRAFT actuarial valuation report dated April 8, 2011 is attached for your review.

Traditionally, actuarial valuations for the JRS are completed every even fiscal year (e.g. 2008, 2010, and 2012) to calculate the actuarially required contribution rate for the fiscal year three years forward (in this case, Fiscal Year 2013). In the odd fiscal years (e.g. 2007, 2009, and 2011), an analysis is prepared using data from the previous year's actuarial valuation report, with financial data and assumptions rolled forward to calculate the actuarially required contribution rate.

As stated in the valuation report, the valuation is based on the provisions of the JRS as well as employee and financial data as of June 30, 2010. The valuation report reflects a funding ratio of 72.9%; down from the funding ratio reflected in the June 30, 2009, roll-forward valuation report of 81.2%.

The Alaska Court System will pay the normal cost percentage as part of their operating budget. The Legislature is expected to fund "Past Service" via a separate appropriation, much like that seen in Fiscal Years 2010, 2011 and 2012.

When setting the budget for FY 2013 the Alaska Court System should request legislative authorization and appropriation to pay only the employer normal cost rate of 40.3% for FY 2013. The Department of Administration will ask for a direct appropriation in the amount of \$3,785,571 for FY 2013 to fund the past service rate cost.

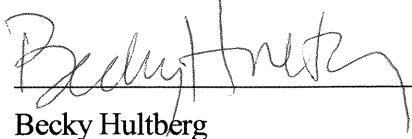
RECOMMENDATION

The attached JRS actuarial valuation report recommends an employer normal cost contribution rate of 40.3% for Fiscal Year 2013, an increase from the Fiscal Year 2012 employer normal cost contribution rate of 29.79%. The report recommends a past service cost employer contribution rate of 29.18%, an increase from the Fiscal Year 2012 past service cost employer contribution rate of 17.79%. The total employer contribution rate for Fiscal year 2013 is 69.48%, an increase from the Fiscal Year 2012 total employer contribution rate of 47.58%.

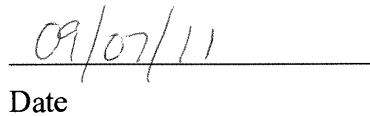
Please note your approval or disapproval of the Fiscal Year 2013 Judicial Retirement System's employer normal cost contribution rate of 40.3%, contingent on the Alaska State legislature separately appropriating an amount for the past service cost percentage of 29.18%, or \$3,785,571, below:

Approve

Disapprove



Becky Hultberg
Commissioner



Date

Attachments:

Judicial Retirement System Actuarial Valuation Report as of June 30, 2010

Judicial Retirement System Allocation of the Additional State Contributions for FY 13 dated June 6, 2011

cc: Michael Barnhill, Deputy Commissioner
Kathy Lea, Deputy Director
Teresa Kesey, Chief Financial Officer
Bernadette Blankenship, Retirement Manager
Tim Adair, Administrative Manager
Christina Maiquis, Accounting Supervisor

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

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	<u>5.77%</u>	<u>28.14%</u>
(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	<u>0.49%</u>	<u>1.04%</u>
(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	<u>6.26%</u>	<u>29.18%</u>
(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.

June 6, 2011

VIA EMAIL

Mr. Jim Puckett
Director
Division of Retirement and Benefits
Department of Administration
State of Alaska
333 Willoughby Avenue
6th Floor State Office Building
Juneau, AK 99811-0208

Re: Alaska PERS, TRS, and JRS – Allocation of the Additional State Contributions for FY13

Dear Jim:

As requested, we have calculated the allocation between the pension and healthcare funds of the Additional State Contributions for FY13 for the State of Alaska Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS) and Judicial Retirement System (JRS).

SUMMARY OF RESULTS

The enclosed exhibit summarizes the allocation of the State of Alaska employer relief funds to the pension and healthcare funds for PERS and TRS. Please note that all contribution rate determinations for PERS and TRS are based on total payroll (Defined Benefit (DB) and Defined Contribution Retirement (DCR) payrolls combined). We have also included the projected FY11 and FY13 annual salaries for PERS and TRS split by employer in the attached spreadsheet.

The allocation of the past service cost rate between pension and healthcare contributions for JRS is shown below:

	JRS		
	FY13 Projected Pay	Past Service Cost Rate	FY13 Past Service Contribution Amount
Pension Plan	\$ 12,973,171	28.14%	\$ 3,650,650
Healthcare Plan	12,973,171	1.04%	134,921
Total	\$ 12,973,171	29.18%	\$ 3,785,571

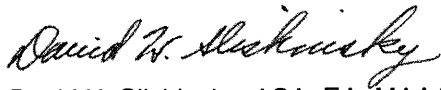
Mr. Jim Puckett
June 6, 2011
Page 2

DATA, ASSUMPTIONS, METHODS AND PROVISIONS

The data, assumptions, plan provisions and methods used for the DB and DCR plan costs are described in the draft June 30, 2010 valuation reports. For PERS and TRS, the allocation of the contribution between pension and healthcare is based on the past service portion of the contribution rate.

Please let us know if you have any questions or if we can be of further assistance.

Sincerely,



David H. Sliskinsky, ASA, EA, MAAA
Principal, Consulting Actuary

/mlp

Attachment

c: Mr. Michael Barnhill, State of Alaska
Ms. Teresa Kesey, State of Alaska
Mr. Chris Hulla, Buck Consultants
Ms. Kyla Kaltenbach, Buck Consultants

State of Alaska
Allocation of Projected FY13 Employer and State Assistance Contributions
Based on June 30, 2010 Valuation

	PERS	TRS
Projected FY13 DB Payroll *	\$1,453,264,000	\$531,139,000
Projected FY13 DCR Payroll *	<u>\$ 767,129,000</u>	<u>\$223,728,000</u>
Projected Total FY13 Payroll *	\$2,220,393,000	\$754,867,000

	Percent of Total Payroll		Dollar Amount	Percent of Total Payroll		Dollar Amount
<u>Employer Contributions</u>						
DB Plan	8.06%		\$178,963,676	4.44%		\$33,516,095
DB Healthcare Plan	10.93%		242,688,954	5.01%		37,818,837
DCR Plan	3.01% ***		66,833,829	3.11% ***		23,476,364
Total	<u>22.00%</u>		<u>\$488,486,459</u>	<u>12.56%</u>		<u>\$94,811,296</u>
<u>State Assistance Contributions to DB</u>						
DB Plan	7.39% **		\$164,087,043	26.09% **		\$196,944,800
DB Healthcare Plan	6.45% **		143,215,349	14.02% **		105,832,353
Total	<u>13.84%</u>		<u>\$307,302,392</u>	<u>40.11%</u>		<u>\$302,777,153</u>
<u>Total DB</u>						
DB Plan	15.45%		\$343,050,719	30.53%		\$230,460,895
DB Healthcare Plan	17.38%		385,904,303	19.03%		143,651,190
Total	<u>32.83% *</u>		<u>\$728,955,022</u>	<u>49.56% *</u>		<u>\$374,112,085</u>

* Based on projections from June 30, 2010 valuation.

** Contribution was allocated based on the past service portion of the contribution rate as of June 30, 2010 for pension and healthcare.

***Based on total payroll.

Data, assumptions, plan provisions and methods used for the DB plan costs are described in the draft actuarial valuation reports as of June 30, 2010.

Data, assumptions, plan provisions and methods used for the DCR plan costs are described in the draft actuarial valuation reports and are as of June 30, 2010.

This exhibit is an attachment to the June 3, 2011 letter.

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

Location of Meeting
K'enakatnu Board Room
Dena'Ina Convention Center
600 W. 7th Avenue
Anchorage, Alaska

**MINUTES OF
June 16-17, 2011**

Thursday, June 16, 2011

CALL TO ORDER

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

ROLL CALL

Five ARMB trustees were present at roll call to form a quorum, and Gail Schubert joined the meeting at 9:15 a.m.

Board Members Present

Gail Schubert, *Chair*
Sam Trivette, *Vice Chair*
Gayle Harbo, *Secretary*
Commissioner Bryan Butcher
Martin Pihl
Tom Richards
Mike Williams (June 17)

Board Members Absent

Kristin Erchinger
Commissioner Becky Hultberg
Mike Williams (June 16)

Investment Advisory Council Members Present

Dr. William Jennings
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
Steve Sikes, State Investment Officer

Department of Administration Staff Present

Mike Barnhill, Deputy Commissioner
Jim Puckett, Division Director, Retirement & Benefits
Teresa Kesey, Chief Financial Officer, Division of Retirement & Benefits

Consultants, Invited Participants, and Others Present

Robert Johnson, ARMB legal counsel
Michael O'Leary, Callan Associates, Inc.
Paul Erlendson, Callan Associates, Inc.
David Slishinsky, Buck Consultants
Aaron Jurgaitis, Buck Consultants
Leslie Thompson, Gabriel Roeder Smith & Co.
Dana Woolfrey, Gabriel Roeder Smith & Co.
Tom Newby, Lexington Partners
Ned Notzon, T. Rowe Price
Charles Shriver, T. Rowe Price
Tony Luna, T. Rowe Price
Bob Birch, T. Rowe Price
Dr. Craig Wisen, University of Alaska Fairbanks
David Teal, Legislative Audit Division
John Alcantra, NEA Alaska

PUBLIC MEETING NOTICE

GARY BADER confirmed that proper public meeting notice requirements had been met.

APPROVAL OF AGENDA

The agenda was approved on a motion made by MS. HARBO and seconded by COMMISSIONER BUTCHER.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

Chief Investment Officer GARY BADER reported that staff responded to one communication saying that the Defined Contribution Committee would consider a

request for changes in the menu of options in the defined contribution plans.

There was no one present or on the telephone who wished to address the Board.

APPROVAL OF MINUTES

MS. HARBO moved to approve the minutes of the April 28-29, 2011 meeting as written. COMMISSIONER BUTCHER seconded. The motion passed without objection.

REPORTS

1. **Chair Report** - None.

2. **Committee Reports**

2(a). Audit Committee

Committee chair MARTIN PIHL reported on the committee's June 15 meeting, at which they received a presentation from KPMG on the 2011 audit plan, a report from the Revenue and Administration Departments on efforts to facilitate the audit, and a report on compliance work. They also received a more detailed report on employer audits, including statistics on the types and frequency of reporting errors. As an example of how complicated the field of employers is to audit, staff has worked on forty-six audits this fiscal year, covering over 25,000 employees, and 15,000 of the employees are not in the retirement systems. The Committee is very pleased with the progress on employer audits. *[The minutes of the June 15, 2011 Audit Committee meeting are on file at the ARMB office.]*

3. **Retirement & Benefits Division Report**

3(a). Buck Consultants Invoices

Monthly invoices and a summary for the fiscal year were included in the packet.

3(b). Health Care Contract

MR. PUCKETT reported that the Commissioner of Administration had decided to unbundle the third party administrator (TPA) request for proposal (RFP) for the AlaskaCare retiree health plan and the employee health plan. He said the Division of Retirement and Benefits will have the current TPA until June 20, 2013, because one of the one-year contract extensions was exercised. During the additional one-year time frame the division will prepare to do an RFP for a wellness vendor, a third party administrator, and a pharmacy benefit manager. This unbundling is following the industry best practices and is also a recommendation from Buck Consultants. The division believes it will allow it to provide more comprehensive and better services, which should lead to higher

quality health care and results.

Responding to MR. TRIVETTE, MR. PUCKETT said the division would communicate more with members and the public as it settles on the details, that today's announcement was to give the Board a heads-up.

MR. TRIVETTE mentioned that the transition process [to new third party administrators] has been a problem historically, and he hoped that lessons learned would help the process go smoothly next time.

4. Treasury Division Report

Department of Revenue Deputy Commissioner JERRY BURNETT used a one-page chart to help answer an often-asked question of how the Alaska retirement system compares to other pension systems, given its uniqueness in funding. He said that adjusted for a number of factors for comparison purposes, such as health care funding and the five-year smoothing methodology, the Fitch rating agency would move the Public Employees' Retirement System up from a 63% funded ratio to a 81% ratio. He said staff is working with Standard & Poors on a similar type question, because their analysts look at things a little differently. Moody's rating agency is very favorable on Alaska.

MR. BURNETT stated that he planned to attend a special meeting at the Pew Center in Washington, D.C. next week on pensions and funding. He would bring any pertinent materials back for the Board.

5. Chief Investment Officer Report

Chief Investment Officer GARY BADER referred to the written report in the packet. The report included details of rebalancings and transfers that staff transacted since the last board meeting. He announced the resignation of investment officer Jie Shao and the employment of Joy Wilkinson to replace her. He is currently interviewing candidates to fill two other vacancies.

MR. BADER requested that the Board remove Relational Investors from the watch list. While Relational has had a rocky time as an ARMB investment manager, fiscal year-to-date their return is about 41%, more than enough to get them in good stead. He said the Board's patience with Relational has paid off.

MR. PIHL moved that the Alaska Retirement Management Board remove Relational Investors from the Watch List. MS. HARBO seconded.

The motion passed unanimously, 5-0, with trustees Schubert, Trivette, Harbo, Pihl and Richards present. [Trustee Butcher was out of the room.]

MR. BADER recommended that the Board place Lord Abbett's small cap mandate on the watch list. Lord Abbett's three-year return is 5.07%, while the Russell 2000 Index has returned 8.57%. Year-to-date, they are outperforming the index, but the move is still warranted. He has advised Lord Abbett of his pending recommendation to place them on the watch list.

MS. HARBO moved that the Alaska Retirement Management Board place Lord Abbett small cap on the Watch List. MR. RICHARDS seconded.

The motion passed unanimously, 5-0, with trustees Schubert, Trivette, Harbo, Pihl and Richards present. [Trustee Butcher was out of the room.]

MR. BADER informed trustees that private equity gatekeeper Abbott Capital had exceeded \$1.0 billion in assets returned to the ARMB since they were hired, which is a significant milestone in the relationship.

MR. BADER reported that style preferences seem to persist longer than three years in the market, but the ARMB watch list is a three-year test. The Board discussed at its retreat looking at the watch list criteria. He distributed a chart of ARMB domestic large capitalization and small capitalization equity returns and the large cap and small cap indices. While the performance numbers were unaudited, it was interesting to see the 125-basis-point lead for the ARMB large cap composite (which includes the index funds in it) over the S&P 500 Index fiscal year to date. The portfolio has benefitted from having the buy-write index and the convertible bond index products as part of the large cap composite. The ARMB small cap composite is also leading the Russell 2000 Index slightly fiscal year to date and has done better since the beginning of the calendar year.

6. Fund Financial Report

State Comptroller PAMELA LEARY presented the retirement system financial statements for the nine-month fiscal year period ended March 31, 2011. The ending investment assets were \$19.5 billion, an increase of about 20% for the fiscal year-to-date. The change due to the investment income was just shy of 18%. She also presented figures for the month of March. She indicated that all the asset allocations were well within targets.

Chief Financial Officer TERESA KESEY briefly reviewed the Division of Retirement and Benefits supplement to the Treasury report. It showed the details of the net contributions and withdrawals for the nine months ending March 31, 2011.

7. Performance Measurement - Periods Ended March 31, 2011

MICHAEL O'LEARY, Executive Vice President of Callan Associates, Inc., reported on the investment performance of the Alaska retirement systems. *[A copy of Callan's slides is on file at the ARMB office.]* He said that, with another European currency crisis and

an earthquake and nuclear meltdown in Japan in the first quarter, people would not have expected equity markets to produce positive returns, but they did. Another wild card in the first quarter was a spike in many commodity prices, including cotton, oil, and copper. It was a mixed quarter for fixed income, although spreads narrowed during the quarter, so that helped returns in many fixed income categories.

MR. O'LEARY said there were signs that the growth rate in the economy was below what had been expected early in the quarter. There was concern that some of the emerging economies might be overheating and that inflation was becoming more of an issue, and that the resultant policy tightening measures could further slow growth. The concerns about the first quarter came largely after the earthquake and nuclear meltdown in Japan, and as people began to think about the effects of just-in-time inventory on supply chains and how it could affect the U.S. and European economies. That concern has extended to the June quarter, which people expect to be potentially slower than the first quarter of the year.

MR. O'LEARY stated that QE2 (Quantitative Easing Two) ends by June 30, and he did not think that most major bond managers would have expected treasury rates to be lower. During the quarter there were greater gains in credit instruments than in non-credit instruments. That has changed subsequent to the end of March as some spreads widened out slightly. He also presented a graph of emerging market yield spreads by region.

The 12-month period through March 31 was great for stock returns and okay for bonds, and the March quarter had a big preference for equities. The quarter was one of the few quarters in the last several years where emerging markets underperformed both the U.S. stock market and other developed markets.

MR. O'LEARY stated that Treasury rates cannot fall significantly from the current levels. If one believes that rates are not going lower, it takes away one of the support elements for the stock market. It is a fact that people have moved a lot of money into equity types of investments (including real estate) because they are so dissatisfied with the return that they can get from bonds. As a consequence, people who are investing the majority of their assets in equities have to think that the price they are paying for equities is reasonable. Stocks are dependent on growth to increase in value: the presumption is that over time there will be real growth, and owners in a positive growth era tend to do better than lenders. If there was no growth or profitless growth, people might be better off earning next to nothing in bonds.

DR. JENNINGS commented that other committees he is involved with have avoided making interest rate calls and repositioning the bond portfolio. Instead, the focus is more on other parts of the portfolio, having the safe assets stay safe, and possibly taking the opportunity to invest in more inflation hedges. Even if the broad sense is that

interest rates in the longer term have to rise, bonds still have a role in the portfolio, by providing liquidity, diversification, and a margin of safety. He said the other committees he referenced are not shortening durations or doing any kind of strategies built around the idea that rates will eventually go up.

MR. O'LEARY said his purpose in raising the point was to say that it is important to constantly monitor the levels of valuation in all markets and to be sure that the ARMB is not getting caught up in increasing equity allocations for the wrong reason. Based on absolute valuation measures for the S&P 500 Index at the end of March (taken from the J.P. Morgan Guide to Markets Q2 2011), it does not appear overvalued — and some would say it was undervalued. Many of the valuation measures are based on projections, which raises the question of whether the projections are accurate, or if people are getting caught up in the great profit recovery experienced over the last two years and over-projecting.

MR. BADER reminded the Board that it has a policy regarding interest rates. Staff is prohibited from making big bets on interest rates because the policy states that staff will be plus or minus 20% of the duration of the appropriate benchmark. Staff follows that, and since he has been CIO he did not think they had been more than 5% away from the benchmark. They have done that for all the reasons just cited. The ARMB has also gone to a Treasury portfolio to preserve liquidity.

MR. O'LEARY said that because the retirement fund's total fixed income allocation is very small, it is critical that it provide maximum diversification given its size. Having the government bond emphasis in the fixed income category provides more diversification bang for the buck.

Deleveraging has occurred in the economy among consumers, companies, and some state and local governments — everywhere except the federal government.

MR. RICHARDS asked what would happen to stock prices when the economy begins to pick up and if interest rates rise a bit. He wondered if corporations with a buildup of cash on the balance sheets might spend it for growth.

MR. O'LEARY responded that the stock market is great in forecasting recessions that actually happen and those that do not happen, and it is also great at forecasting recoveries that happen and that do not happen. He added that generally the market today is acting largely on expectations of the cyclical short term (the next six to 12 months). If inflation is high but price increases can be passed along to the consumers, that is not necessarily bad for profits. He showed graphs to illustrate the performance of financial markets in rising inflation and falling inflation scenarios since 1971.

MR. O'LEARY stated that the real estate market had done well recently, as measured

by NCREIF. However, it has a long way to go when comparing the 10-year returns for direct property (7.48%) and REITs (11.52%). He said that for the last year and a half he has reported that the ARMB's real estate performance was seriously affected by the valuation lags in illiquid investments. It was notable last year as private real estate began to have positive valuations, and now it is a wind at the retirement fund's back. The same sort of situation exists with private equity, except that private equity valuations have been a bit faster in responding than real estate.

MR. WILSON pointed out that when comparing the REIT databases to the NCREIF database the REITs typically have 30% to 40% leverage in them. Over long periods of time, if NCREIF unleveraged properties are adjusted for leverage, it would result in returns that are very close to NAREIT. So assuming comparable portfolios, the Board should not care too much whether its real estate is in NAREIT or in direct properties.

MR. O'LEARY remarked that it all depends on what the ARMB is trying to get out of real estate. MR. WILSON agreed, saying that REITs have a lot of short-term volatility.

MR. O'LEARY reviewed the actual asset allocation compared to the target asset allocation at March 31. Because equities were strong during the quarter and bonds had modest returns, the retirement fund was slightly overweight in equities. It was underweight in real assets, primarily direct real estate. Absolute return was underweight because it has not been performing as well. The overweight in private equity has been persistent since the market meltdown because of the "denominator effect." He also reviewed the ARMB asset allocation compared to Callan universe of other public funds.

Turning to performance, MR. O'LEARY stated that it was a good quarter for the fund: up 4.08% versus the target index return of 3.65%. Managers in aggregate outperformed their targets, and asset allocation relative to the targets was a slightly positive contributor. Over the trailing 12 months, the return was 13.37% versus the target index at 13.26%. He noted that private equity hurt returns for much of last year relative to public equities, but for the full 12 months ended March 31 private equity exceeded a public equity measure of return. Real assets were essentially at the target return for the one-year period. He characterized it as a marvelous 12-month period for ARMB performance.

MR. O'LEARY pointed out that the trailing five-year returns include the market meltdown, so the portfolio is still behind target. The biggest culprit is the real asset category - and specifically real estate. Compared to peers, the total retirement fund had a strong quarter, the one-year return was essentially at median, and the three-year number is still significantly affected by the timing factors in valuation because illiquid assets were not marked down quickly enough. This helped the fund in 2008, hurt in 2009 as things were marked down, and now it is shifting back to where the illiquid assets are beginning to catch up with the public assets.

MR. O'LEARY stated that Treasuries have not done as well as credit bonds during the last year. The ARMB's fixed income component is, in aggregate, significantly higher credit quality than other plans generally. The in-house bond portfolio performance should not be notably different from the Barclays Intermediate Treasury Index return, and that was borne out over the first three quarters of the fiscal year.

Mondrian has done a great job for the ARMB over the long term relative to other international bond managers. MR. O'LEARY said that Mondrian's ability to invest in emerging market debt was expanded very recently.

Lazard manages an emerging markets income fund that has done reasonably well relative to its target.

MacKay Shields is now the ARMB's only high yield bond manager, and they have underperformed the high yield target over most of the last five years. MR. O'LEARY said he is happy that the ARMB has high yield exposure because high yield bonds have produced a greater return than the aggregate index, even through the market meltdown. However, the relative underperformance of MacKay Shields is getting to the point of being troublesome. Part of the high yield market that has done exceedingly well in the recovery has been the lowest credit quality junk bonds, and he could understand and accept that MacKay Shields is underperforming a broad index of the high yield market. But they need to find an environment in which they are going to do better than average, because the Board is paying them an active management fee.

MR. O'LEARY reported that the total domestic equity pool did better than the total broad domestic equity market over the trailing 12 months ended March 31. The large cap domestic equity pool was slightly behind the Russell 1000 Index for the last year, and fiscal year to date it is above the index. Over the three-year period, the large cap equity pool outperformed. There is no pronounced style bias in the large cap pool, but a narrow market where mega-cap, high-quality companies outperformed everything else would probably be the environment in which the large cap pool would do less well than the measures of the market.

The domestic small cap equity pool in aggregate was a positive contributor to total performance, even though it underperformed its target, because its returns were better than the large cap pool. MR. O'LEARY mentioned that at the last meeting the Board approved shifting some money from small cap indexing to an active manager, in order to reduce the over-reliance on the small cap value index. The Board also approved a manager search for another small cap equity manager and placed Lord Abbett on the watch list. Lord Abbett is the reason that the small cap pool underperformed its target in both the fiscal year to date and the trailing 12 months, while the other active managers outperformed.

The long-term record of the ARMB international equity portfolio is very good relative to other public funds. The one-year return was above the benchmark, but the nine months of the fiscal year to date lagged the peer group. The international developed markets managers outperformed the developed markets index for the trailing 12 months. Capital Guardian was the best performing large cap manager for the year. The weak performers for the one-year period were Brandes and the international piece of Lazard's global portfolio.

MR. O'LEARY said all three managers in the emerging markets pool (Capital Guardian, Eaton Vance & Lazard) underperformed the emerging markets benchmark for the year, with Lazard being the weakest. There is a value tilt to the emerging markets pool. The Eaton Vance product has frontier markets exposure, which tends to be more volatile than emerging markets, and it has meaningful exposure to the Middle East.

Lazard's global portfolio had weak performance for the year, but their returns over three years have been very strong. Their performance relative to their target over a very long period has been very competitive. MR. O'LEARY said he was not troubled by Lazard's underperformance for the one-year period, and with their long-term record comfortably above the benchmark there is no reason to watch list them.

MR. O'LEARY mentioned that the total energy funds that are part of the real assets category have made a nice contribution to the overall portfolio for a long time. He noted that ARMB is one of the few funds that has had money invested in farmland for a meaningful period of time, and he wished it were possible to have a larger allocation. Unfortunately, both UBS Agrivest and Hancock Agricultural have queues to get money invested in farmland. Regarding REITs, he looked forward to the internally managed portfolio being off the watch list at a future meeting, as time passes and the three-year return number loses some of the bad quarters. Lastly, the internally managed TIPS portfolio return was right on top of the index for the 12 months ended March 31.

MR. O'LEARY reported that over the last two years the absolute return composite has done better than the target but well below the absolute return hedge fund of funds median. Although 4.9% for the last 12 months is not an impressive number for the composite, it was essentially at median. Crestline has been an absolute return manager for the ARMB the longest and has done the best of the managers. GAM and PRISMA are very new managers for the ARMB, so their record is not meaningful. Mariner has a meaningful record for the ARMB and has a fixed income orientation; they were added to the watch list in December for organization issues and performance.

MR. O'LEARY referred to a two-page summary that listed investment managers with strong relative performance, as well as managers with disappointing performance, over one year and longer-term periods (slides 44-45). He said that a consistent feature of the

stock market recovery has been companies reporting earnings higher than analysts were predicting. He thought companies were at a transition point in profit growth and that there would be a greater incidence of earnings disappointment. Some of that will be due to legitimate impacts from the supply consequences associated with the Japanese earthquake and tsunami tragedy in March, and some of it will be because analysts were getting too bullish about the outlook. In that kind of environment there is more rotation within the market. By reasonable measures, stocks do not appear to be overvalued. However, people do have to educate themselves that a 4% or 5% return from investment-grade bonds would be marvelous if they could get it.

MR. O'LEARY stated that Callan conducts a lot of manager searches in a year and they have many public fund clients. They see people going in all sorts of different directions. A reasonably common takeaway is that people seem to be embracing real assets, which they have not done up until now. Callan sees fear manifesting itself in people investing in blended products at firms, such as Capital Guardian and PIMCO, that can use their multiple capabilities to time when to emphasize emerging market debt over emerging market equity or vice versa. Callan sees the same sort of case in the real assets area; Wellington has a product called Diversified Inflation Hedges, where they buy energy stocks, REITs, commodities, and TIPS. It remains to be seen whether any of these managers will be successful. Lastly, a tremendous amount of money is being allocated to hedge funds.

Noting that T. Rowe Price would be making a presentation later, MR. O'LEARY said he was pleased with how the individually managed account programs the firm manages were performing.

MR. BADER asked Mr. O'Leary if his comment about people migrating to hedge funds included the absolute return product the ARMB invests in.

MR. O'LEARY said absolute return was a subset of the hedge fund universe. When Crestline made a presentation to the Board in April they mentioned that in order to fit into the absolute return subset they have to be very conservative, and if they had a bit more flexibility they could do better. He said he did not dispute that in Crestline's case.

MR. BADER remarked that staff would be talking about hedge funds and absolute return later in the meeting, and he wanted to make the point that absolute return was a limited subset.

CHAIR SCHUBERT thanked Mr. O'Leary and called a scheduled break from 10:55 a.m. to 11:10 a.m.

8. Lexington Partners - Private Equity

TOM NEWBY gave a report on the Lexington Capital Partners VII Fund in which the

ARMB is invested. *[A copy of the slides for this presentation is on file at the ARMB office.]* He started with an overview of the firm, its focus on secondary private equity transactions, and its presence around the world. At Mr. O'Leary's request, he also spent a few minutes explaining why a limited partner would want to sell an interest in a private equity investment. He said they have never put any leverage at the fund level, and they have generated a net IRR of over 20% for the limited partners since inception.

MR. NEWBY reviewed information about the secondary market in general, including the growth in secondary transaction volume over the last 20 years. He said the weighted average age of the private equity partnerships that Lexington is acquiring today is 5.5 years, meaning 2004-2005 vintage funds. These are typically mature funds that are through the investment period, so Lexington has good visibility into the assets and can see how those investments are performing and the future potential.

MR. JOHNSON and MR. NEWBY briefly discussed accounting for unfunded commitments or limited partner clawbacks.

MR. NEWBY explained that the turnover rate is increasing every year, so it is becoming more accepted for limited partners to be selling into the secondary market. He said Lexington is largely buying from the 2005-2009 vintage year group for Lexington Partners Fund VII, a period when a total of \$1.6 trillion was raised by private equity groups. They are also buying in the 2000-2004 time frame.

MR. NEWBY talked about the purchase price discounts to net asset value over different time periods, and highlighted the peak in discounts in 2002 and 2009. He said things are not as bad from a seller's perspective today as they were in 2009, and they are seeing discounts in the 15%-30% range, which is essentially within historical ranges. There are a number of transactions getting done today at fairly thin discounts; those are typically smaller transactions but in mega buyouts. They have been very surprised at how well mega buyout funds have fared throughout the slow economic recovery.

MR. NEWBY reviewed Lexington Capital Partners VII (LCP VII) that is focused globally on mature secondary interests. The final close of the fund will be June 30, with an expected capitalization of \$6.0 billion. They have committed to 16 secondary transactions, including three of the largest 10 secondary purchases in 2010. About half are domestic assets and about 70% are buyout interests. They have committed to invest about \$2.0 billion, and they have been able to acquire those interests at a 28% discount to market value. Rapid distribution activity is a benefit of a secondary fund, and about \$220 million from Fund VII will be distributed to the limited partners in July. The deal pipeline is quite strong for deploying the fund, and Lexington is currently working on \$14 billion worth of transactions. The sellers are a mix of financial services, pension funds, endowments, sovereign wealth funds, and family offices.

MR. NEWBY stated that the ILPA scorecard for LCP VII is important to Lexington, that they are limited partners as well as a general partners, and alignment of interest matters a lot to them.

MR. NEWBY answered a couple of questions before CHAIR SCHUBERT thanked him for the presentation and recessed the meeting for lunch at 11:48 a.m.

The meeting reconvened at 1:02 p.m.

9. T. Rowe Price - Portfolio Review

MR. BADER provided some background on the State's nearly 20-year relationship with T. Rowe Price. He said Ned Notzon, who was there at the beginning in 1991, was retiring, and he would miss him a lot. The relationship has been very positive and he has always liked Mr. Notzon's candor. The firm manages over \$2.0 billion for the Alaska retirement funds.

NED NOTZON, CHARLES SHRIVER, TONY LUNA, and ROBERT BIRCH of T. Rowe Price made a multiple-part presentation on the suite of investment options they manage for the ARMB in the defined contribution plans. *[A copy of the slides used in the presentation is on file at the ARMB office.]*

MR. BIRCH stated that, upon Mr. Notzon's retirement on October 1, Charles Shriver would become co-manager of the relationships for the State of Alaska, along with Rich Whitney. He gave a brief update on the firm and noted that there had been no changes to any of the portfolio management assignments for the underlying building block portfolios since they last met with the Board.

MR. NOTZON talked about the popularity of preconstructed portfolios and said the most successful one in many ways was the Alaska Balanced Fund that started in 1991. That fund has a 35% allocation to stocks and has earned 7.5% annually; if the stock allocation had been greater than that the fund would not have done as well. He noted that Alaska's is the most conscientious group he works with, in terms of people trying to understand what is happening and expressing their value systems through the investments that are chosen. He said he hired Mr. Shriver 12 years ago, and he became the number two person on all the portfolios. Last year he turned \$5.0 billion in assets over to Mr. Shriver to manage as the lead manager, and he has done very well with all of them. During the remainder of the year he will turn over management of the remaining \$23.0 billion to Mr. Shriver.

MR. NOTZON reviewed the asset allocation team. He stressed that T. Rowe Price has a long-term reputation for being very down-side sensitive; they are conservative and do not want bad things to happen. They have found that being second quartile forever is a very good place to be and oftentimes eventually gets them to first quartile. T. Rowe

Price missed the tech bubble by underweighting stocks for two years before the bubble burst and shifting stocks primarily to the value area. They missed the subordinated debt crisis with mortgages because their research analysts figured out that it was not a sustainable market. They sleep well at night because they err on the side of caution, and that is very compatible with the Board's investment values and philosophy.

MR. SHRIVER gave an overview of the investment options, both the separate accounts — including the array of target date trusts, and the common trust funds at the building block level. He noted that the Alaska Target 2010 Fund will end June 30, 2011, and distributions will go into the State Street Institutional Money Market Fund. He described the glide path for the Alaska target date trusts that range from 2010 to 2055. The asset allocation between stocks and bonds starts at 90% equities when investors begin working and automatically gets more conservative over time until it reaches 55% equities at retirement and continues to get more conservative through retirement until it has a 20% allocation to equities 30 years into retirement. The point is to distribute risk along the lifetime of the investor such that they take a greater risk when they can most afford it, as they continue to contribute to the plan.

MR. NOTZON described the development of the investment options over 19 years. He said the decisions that improved the retirement plans included the State allowing participants to leave their money in the plan after retirement; turning the funds into trusts; and providing the same basic offerings in the Supplemental Benefit System (SBS), PERS and TRS, so people have a consistent framework.

MR. SHRIVER reviewed the attributes of the Alaska retirement plans, which were custom designed through working with the Board and staff over time to meet Alaska's investment and risk objectives.

MR. O'LEARY mentioned that 20% of the equity percentage of a particular target date fund being in non-U.S. equity is perceived as comparatively low. He said the international equity allocations in typical multi-asset category funds have increased. He asked about the probability of the international equity allocation being changed upward again in the T. Rowe Price target date funds over the next couple of years.

MR. SHRIVER replied that international equity moved to a neutral allocation of 20% of total equity in 2009 based on the increasing global economic contribution to corporate earnings and GDP. It would be reasonable to continue to increase that allocation, and they have adopted that profile within other T. Rowe Price portfolios to increase international equity to 20% and ultimately to 30%. He clarified that the international equity allocation in the Alaska plan is a developed markets portfolio and does not include emerging markets.

MR. NOTZON stated that two changes T. Rowe Price intended to start discussions with

Mr. Bader and his staff about are the 20% versus 30% exposure to international equity and adding some emerging market equity exposure. He remarked that it is not as cheap to buy emerging market stocks; however, it would be a tiny percentage of the whole portfolio.

MR. SHRIVER reviewed the current asset allocation to stocks, bonds and cash in the target date and balanced portfolios. He also reviewed the sector diversification in the stock trust, the bond trust, and the money market trust.

MR. SHRIVER stated that T. Rowe Price has the ability to overweight and underweight stocks versus bonds, or U.S. versus non-U.S. equities, in the Balanced Trust and Long-Term Balanced Trust. Currently, they are overweighting equities within the portfolio, which is consistent with the view of the T. Rowe Price's asset allocation committee of senior investment managers that meets on a monthly basis to look at relative valuations across the global marketplace, generally taking a six to 18-month view. Some of the rationale for overweighting stocks is based upon an economic outlook of moderate growth that is characterized by a gradually improving economy that is coming along at an uneven pace. Their chief economist sees stronger growth in the second half the year, as some of the headwinds seen in the first half begin to abate (high energy prices, and the slow-down in manufacturing influenced by disruption of the supply chain from Japan). The 2011 GDP expectations are about 2.8%. Jobs are critical to the picture. Unemployment has bumped back over 9%, following steady improvement in the February to April period. Based on the chief economist's projections, T. Rowe Price expects the unemployment rate to gradually work down to 8.6% by the end of the year. Corporate profits have been strong in the recovery, and margins have been historically high as corporations cut back on capital expenditures and employees over the course of the recession. As productivity begins to abate, it is likely that corporations will invest some of that money first into extending the work week and ultimately into hiring and increasing capital expenditures, getting close to replacement rates.

MR. SHRIVER said T. Rowe Price believes equity valuations are reasonable relative to history, so they are overweight equities at this point. While it was not part of their decision, they looked at what rates will do. Rates may remain lower for longer in the current economic environment, but the likely trend over time is going to be modest upward pressure, in particular because of the significant supply of treasuries that will come due given the debt situation, and with the abatement of the Federal Reserve's quantitative easing program at the end of June. These are factors that would put upward pressure on rates — both from the supply side and from demand — over an intermediate term period.

MR. SHRIVER presented performance numbers that were net of fees and expenses:

- Alaska Balanced Trust, 9.41% for one year ended March 31, 2011.

- Alaska Long-Term Balanced Trust, 12.15% for one year.
- Target Retirement 2010 Trust through 2025 Trust have higher equity allocations so they had more significant absolute returns over the year but slightly underperformed the custom index in the one-year period. The three-year and five-year records have been strong relative to the weighted benchmark.
- The longer-dated Retirement Trusts 2030 to 2055 all have a fairly common equity allocation. They had similar performance in the 14%-15% total return range and underperformed the weighted benchmark over the one-year period.
- The Aggregate Bond Trust, 5.17%, modestly outperformed the benchmark for the year.
- The U.S. Equity Market Trust, 17.29%, modestly underperformed the benchmark.
- The International Trust, 10.75% for the year, also underperformed the benchmark slightly.

MR. SHRIVER remarked that it has been a very strong rally off the stock market lows, so it is not unexpected that the market would take a pause. He went into detail on the return attribution, using the Alaska Balanced Trust as a proxy for all the funds.

MR. LUNA spoke on the two stable value separate accounts he manages: the Deferred Compensation Plan Interest Income Fund, and the Supplemental Annuity Plan Stable Value Fund. He said that coming out of the financial crisis the stable value industry is going through an evolution. The performance of the two accounts was very strong over the one-year period and longer.

Stable value is typically a substitute for a money market option. The three primary objectives are principal preservation, to provide a premium over a traditional money market fund, and to be more stable than a traditional money market fund. MR. LUNA explained how stable value is constructed of cash reserves and synthetic investment contracts (derivatives). For a wrap fee, a counterparty wraps a bond portfolio to absorb the volatility of the underlying bond portfolio, and they provide a zero percent floor for participants to preserve principal. Lastly, a contingent insurance is that participants always have a book value guarantee if the market value of the bonds is less than par.

Responding to MR. O'LEARY, MR. LUNA said that if a plan sponsor makes changes to the plan that impact participant behavior and significantly impact the cash flows of a stable value fund, etc., there would still be some insurance but it would not be as black and white.

MR. O'LEARY mentioned that in an environment where the yield differential is as great as it appears to be between money markets and stable value funds, a lot of money would come into the stable value fund that would be invested in today's interest rate environment. That would dilute the return available to people who had already put their

balances in there. He said those dynamics are very important.

MR. LUNA agreed that the yield from stable value is impacted by new cash flows coming in.

MR. WILSON commented that the insurance company aspect is very important. MR. LUNA explained how synthetic investment contracts mitigate the risk of having direct counterparty exposure because the plan owns the underlying collateral, unlike the guaranteed investment contract products of the early 1990s. He added that currently the market-to-book is at about 105 or 106 for their stable value funds, so the actual economic exposure to the counterparties is zero. If everything went under, and T. Rowe Price had to liquidate the assets, the participants would actually realize an instantaneous 5% or 6% gain to their portfolios. MR. WILSON said stable value will work very well when market conditions are stable, but people get nervous when market conditions get like 2008 when a lot of pieces are under water.

Referencing Mr. O'Leary's question about interest rates being dragged down, MR. LUNA explained the equity wash provision at the plan level that is designed to protect the long-term stable value investors, as well as the wrap providers. The provision prevents participants from transferring directly from stable value to money markets in order to arbitrage rates; instead, participants must first take some kind of market risk for 90 days.

MR. LUNA reported that there is a lack of wrap capacity and a consolidation among stable value managers. Many stable value funds are currently yielding 1.0% and have market-to-book ratios that are under par. These funds have wrap providers that are exiting the partnerships, and some firms have closed their funds in the last six months.

MR. O'LEARY asked for comment on regulatory uncertainty that directly affects stable value. MR. LUNA said the Dodd-Frank Wall Street Reform and Consumer Protection Act basically gave the CFTC (Commodity Futures Trading Commission) and the SEC (Securities & Exchange Commission) the mandate to evaluate derivative contracts and systematic risk, and stable value funds got swept into that. The CFTC and the SEC have quickly identified that stable value wrap contracts do not represent systematic risk. It seems that they are not going to necessarily issue an opinion in the 18-month timeframe they were given, and T. Rowe Price will wait to see the official outcome. The CFTC and the SEC have the authority to change how stable value contracts are defined, without going back through the legislative process.

MR. BADER requested comment on the index the underlying bond funds are managed to and its relevance to the volatility of a stable value fund. MR. LUNA said the current strategy is the Barclays Intermediate Aggregate Index that has a duration of about 3-1/2 years historically. Over time, the return of the Intermediate Aggregate Index will get

passed on to the participants, net the wrap fee. The wrap fee absorbs the volatility of the index over time and provides a zero percent floor.

In response to Mr. O'Leary, MR. LUNA stated that stable value funds used to be considered a safe harbor option under ERISA, but on reconsideration the Department of Labor determined that stable value would not satisfy the requirements for a qualified default option. He thought it was bad timing because it happened right before the market turmoil of 2008.

MR. LUNA said he hears the question of whether stable value is appropriate going forward, given the level of interest rates. The difference between stable value and money market yields is at historic wides of 300-400 basis points. T. Rowe Price does not have an instantaneous 300 or 400-basis point interest rate rise built into their forecasts as a base case. They believe that stable value will provide some kind of premium over money market funds and is a very good investment option.

MR. LUNA stated that bad investment management in stable value has a lot of people working through the problems. He noted that in 2007 the performance of Alaska's two stable value funds was a bit below median. But the Hueler Index returns were bunched very close together, and the difference between median and below median was probably only 10 basis points of yield. At that time, many of T. Rowe Price's competitors were reaching for yield in AAA-rated subprime assets, so they were getting more yield, and T. Rowe Price's relative performance suffered for it. The impact of the subprime debacle became very recognizable in 2009, and the ramifications are still being felt today. The yields on Alaska's two stable value funds have remained very stable and static in a very volatile market, and T. Rowe Price is proud to have delivered a safe harbor option that delivered competitive returns when participants needed them the most, which was in 2008-2009. Both stable value funds are currently in the top quartile.

MR. LUNA explained that wrap providers were caught off guard by some of the underlying investment management of the assets in the industry. Now, those providers are moving away from certain relationships and reducing their capacity. To date, T. Rowe Price has not had any problems with its stable value portfolios. They feel fortunate that their credit analysts did a good job of steering them away from companies like AIG, which has left the business.

MR. LUNA outlined the issues facing stable value funds. There is little wrap capacity, so not a lot of counterparties to do business with. However, T. Rowe Price has been approached by banks that do have capacity that has been freed up by other funds closing. Wrap providers are de-risking their book of business because of what happened in 2008 — revising their guidelines and becoming more restrictive. That does not impact T. Rowe Price because they have already been running the portfolios appropriately for stable value. Thirdly, the provisions of wrap contracts are changing —

nothing significant that T. Rowe Price has not been able to negotiate away. Lastly, wrap fees are going up. Three years ago the average wrap fee was around eight basis points, and the weighted average now in the Alaska separate account is about 15 basis points. The market is currently pricing wraps at 20 basis points.

MR. LUNA said that all those things together will probably erode stable value premiums over money markets over time. Eventually the more conservative guidelines will be coming T. Rowe Price's way, which could mean a shorter duration in the portfolios. They will keep staff apprised of any changes. Their biggest concern going forward is the headline risk that a manager is going out of business and how that impacts the industry. In his 15 years of working in stable value, he has never seen the industry level issues drive what is happening at the portfolio and security level like now with the new guidelines. He expects that looking back three years from now people will see that it was an evolutionary change in the way stable value is managed.

MR. BIRCH reviewed the Small Cap Stock Trust that is a very broadly diversified portfolio of roughly 300 small growth and value stocks. By investing in both growth and value stocks, the portfolio provides exposure to a wide swath of the small cap market without exposing participants to the sometimes extreme volatility that one might get in either of those areas. The majority of the portfolio is invested in companies with market capitalizations of \$2.0 billion and less. The goal is to add value relative to the Russell 2000 Index and with less volatility than the benchmark.

MR. BIRCH stated that there have been no changes to the small cap investment team. He also talked briefly about the investment process. T. Rowe Price struggled a bit with performance in 2008 during a period when the market was very narrow and more speculative names were leading the way, specifically some of the commodity and energy names. The subsequent period was an environment in which T. Rowe Price was able to position the portfolio in a number of very attractively priced securities, which continue to benefit the portfolio's performance. Over the one-year period ended March 31, 2011, the portfolio returned 32.1%, net of fees, which was approximately 630 basis points in excess of the benchmark return.

MR. BIRCH explained a graph of rolling three-year returns for the Small Cap Stock Trust. He said that environments where the market returns were greater (usually more aggressive markets) tended to be the environments where the portfolio did not do quite as well. Conversely, those periods where the market returns were a little sloppier were the times when the Small Cap Stock Trust tended to outperform. The returns tend not to differ by extraordinary margins from the benchmark, as this is intended to be a more conservative offering within the small cap arena. He said the Board was concerned about the relative performance of the small cap product in 2008, and T. Rowe Price appreciated the Board's patience and hoped the participants felt similarly.

MR. TRIVETTE asked what issues T. Rowe Price thought the ARMB should be looking at over the next two to three years. MR. SHRIVER replied that, working with the Board, they built a good lineup of investment options. He anticipated a continuing dialogue on fine-tuning the sector exposures; a starting point would be international and emerging markets, as mentioned earlier, and that the discussion would identify other elements that make sense.

CHAIR SCHUBERT thanked Mr. Notzon for his service to the Board and to Alaska and wished him well.

There was a scheduled break from 2:45 p.m. to 3:00 p.m.

10. Actuarial Review

MR. BADER referenced an April 19, 2011 memorandum signed by Commissioner Becky Hultberg approving changes to assumptions for the Judicial Retirement System effective with the June 30, 2010 actuarial valuation report. *[on file at the ARMB office]*.

10(a). Judicial Retirement System National Guard Naval Militia Retirement System Certification of Actuarial Valuation Review - FY10

LESLIE THOMPSON of Gabriel Roeder Smith & Company (GRS), the ARMB's auditing actuary, introduced her colleague, DANA WOOLFREY, a consultant who works closely with her on Alaska's account.

[A copy of the GRS audit report is on file at the ARMB office.]

MS. THOMPSON reported that the only finding for the National Guard Naval Militia Retirement System (NGNMRS) was very minor and had to do with the age for the deferral of the disability benefit. Buck agreed that disability benefits commence immediately, and they will fix that for the next valuation.

MS. THOMPSON pointed out that the chart of Buck's liabilities by benefit type against what GRS determines using their parallel procedure showed matching almost to the dollar for NGNMRS.

MS. THOMPSON next presented the GRS test case results for the Judicial Retirement System (JRS). It was a very close match on the pension side and a broader but still very good match on the retiree medical side. There was nothing to cause any concern, and GRS considered it a very clean audit on both plans. GRS spent more time than they normally do on this audit to ensure that the changes in assumptions were truly implemented and included in the calculations.

MR. PIHL had a brief exchange with MS. THOMPSON about the \$300,000 per year cost of pension and health benefits for the test case judge based on 5.6

years of service.

MS. HARBO pointed out that the report conclusion indicated the JRS system was closed, but it is not a closed system. MS. THOMPSON indicated she would fix that wording.

MS. HARBO asked if it was significant that COLA (cost-of-living adjustment) was not included in the Buck valuation report. MS. THOMPSON said GRS was simply recommending that Buck add that disclosure to the report.

**10(b). Actuarial Valuation - FY10
Judicial Retirement System and
National Guard Naval Militia Retirement System**

DAVID SLISHINSKY and AARON JURGAITIS of Buck Consultants presented the results of the 2010 actuarial valuations for the Judicial Retirement System (JRS) and the National Guard Naval Militia Retirement System (NGNMRS). The actuarial valuation is prepared every other year in the even years for these two systems. In the odd years, Buck does a roll-forward valuation. *[A copy of Buck's report is on file at the ARMB office.]*

MR. SLISHINSKY said there were no changes in the benefit provisions for JRS and NGNMRS, nor any changes in the valuation methodology. However, there were significant changes in the actuarial assumptions that came out of the experience analysis that Buck performed last year, which were incorporated into the valuations for fiscal year 2010. The health care base claim cost rate methodology for JRS was unchanged except for the lag for medical claims that was also applied to the Public Employees' and Teachers Retirement Systems in April.

MR. PIHL noted that the investment return assumption for JRS was also changed to 8.0% from 8.25%.

MR. JURGAITIS explained that the health care base claim cost rate for PERS, TRS and JRS is calculated by aggregating all the claims together. In future valuation reports Buck will start accounting for the Cadillac tax, a piece of the health care reform legislation that was developed to help fund provisions of the health care reform. In 2018 a tax will be levied on the high cost plans to raise money and to dissuade plans from offering their retirees overly rich health plans. When determining the impact of the Cadillac tax, the legislation allows the plans to blend the pre-Medicare retirees and the Medicare retirees together. The annual claims cost for the pre-Medicare retirees is significantly higher than for the Medicare retirees. Blending the two groups together results in a much lower average cost. Under the Cadillac tax, the threshold is being set at \$10,200 per

person or \$27,500 per family. Any costs above that will be taxed at 40%, and the tax is borne solely by the employer or the plan sponsor. Blending will push the effective date out quite a bit; otherwise the tax would apply to Alaska's pre-Medicare retirees around 2018. Future valuation reports will include an estimate of what the cost will be, the impact on the liability, and when Buck estimates the Cadillac tax will start taking effect for Alaska's plans.

MR. SLISHINSKY reviewed the member data for the Judicial System, followed by an explanation of how Buck developed the actuarial value of assets. He also described the determination of the employer contribution amounts. The calculations included the changes in the assumptions, so the value of the accrued liability that was \$148.7 million in 2008 increased to \$184 million in 2010 due to accrual of benefits and the change in assumptions. Subtracting the actuarial value of assets of \$134 million left an unfunded liability of a bit more than \$50 million for JRS. That compares to \$7.5 million in 2008. The funded ratio dropped from 95% in 2008 to about 73% in 2010.

MR. SLISHINSKY said the 2010 employer contribution for JRS is \$8.4 million, or 69.48% of pay. It is a large change from 2008: the roll forward calculation last year was 47.5% of pay, and that included asset losses from 2008 to 2009. The changes in assumptions included a change in mortality that increased the employer rate a bit less than 5% of pay; retirement rates were change that resulted in almost 6% of pay; salary scale added another 2% to the employer rate; and the change in the interest rate from 8.25% to 8.0% increased the employer rate about another 3.3%. All those assumption changes increased the employer contribution rate a little over 16% of pay.

MR. BARNHILL asked what the normal cost contribution rate was. MR. SLISHINSKY said the total was 38% of pay. He added that, with a turnover of 12 in the active judges group, the average entry age increased from 45 to 47. The higher the entry age of the group, the higher the normal cost rate is for the benefits because there is a shorter period of time to fund those benefits. That increased the normal cost rate almost 4% of pay. The actuarial assumptions applied in the valuation this year increased that normal cost rate of 38% an additional 7% of pay, up to 45% of pay. That does not include the member contributions.

MR. SLISHINSKY reviewed the history of the JRS total employer contribution rate, the history of the actuarial accrued liability split between pension and health care, and the funding ratio fluctuations over the years.

MR. TRIVETTE said he did not realize that any of the assumptions the Board made were going to result in a 16% increase in the liability. He thought it was

imperative for a committee to do some work on some of the key things Buck was talking about that were not in the slide presentation but that might be embedded in the body of the report.

MR. SLISHINSKY referred Mr. Trivette to the September 2010 Buck presentation to the Board, where they presented the experience analysis results. He said page 76 of that report showed the breakdown of the changes in the employer contribution rate due to the demographic changes. Buck had also showed a scenario #3 that showed the impact of decreasing the discount rate from 8.25% down to 8.0%.

MS. HARBO recalled that the State made a lump sum contribution to the Judicial System in 2007. MR. SLISHINSKY said the State's payment was to pay off the unfunded liability. He added that a lot of the issue of making a large payment into the pension fund is timing. In this case, it was right before poor investment returns. It actually created more unfunded liability by paying it off than it would have if the State had waited and paid over time.

MR. SLISHINSKY reviewed the member data for the military system compared to the last valuation done in 2008 and the roll forward in 2009. He also explained the development of the actuarial value of assets, and the actuarial contribution calculation. The actuarial value of assets exceeded the accrued liability by close to \$2 million, so the funded ratio was 106.5%. Normal cost was \$605,000. The total required actuarial contribution was \$431,000. There have been contributions to the system in excess of what was actuarially calculated.

The valuation interest rate used for NGNMRS in 2008 was 7.25%, and that was reduced to 7.0% in 2010, consistent with the other economic changes that were made to the other plans. In addition, the mortality table was changed, which actually increased the employer contribution by about \$7,000. Termination rates were increased, which reduced the contribution by \$193,000. Retirement rates were changed, which reduced the contribution by \$164,000. And some disability changes decreased it by about \$11,000. In total, the demographic changes decreased the contribution by \$361,000.

MR. SLISHINSKY reviewed the history of the NGNMRS total contribution amounts and the funding ratio history.

He then walked through what contributed to the increase in the unfunded liability for JRS from 2009 to 2010, as well as the sources of the drop in the unfunded liability for NGNMRS that resulted in a plan surplus for the same period.

MR. SLISHINSKY referred to a one-page summary of all the employer

contribution rates and amounts for FY13, as well as the State assistance amounts for PERS and TRS (slide 21). He said Buck was asked to calculate the level dollar amount amortization rates - what the contribution rates would be if they had used a level dollar amount for PERS and TRS in amortizing the unfunded liability, instead of the level percentage of pay approach. The level dollar amortization amount on PERS was 40.15% and on TRS was 62.26%. The amount of the State's level dollar contribution on PERS would be \$469.8 million (versus \$307.3 million under level percentage of pay). For TRS, the State's assistance amount under level dollar amortization would be \$398.6 million (versus \$302.8 million under level percentage of pay). The total State assistance for PERS and TRS would be \$868.4 million, an increase of 42% over the \$610.1 million — a significant difference by changing the amortization to a level dollar amount.

10(c). Board Discussion/Questions

MR. PIHL sought confirmation from Buck that if the Board stayed with the level percentage of pay approach — meaning a PERS employer rate of 32.83% for FY13 and a 49.56% rate for TRS — that the unfunded liability would continue to increase. MR. SLISHINSKY said yes. He added that there are still losses that are delayed for recognition of the actuarial value of assets. So, to the extent that those losses over the next four years are incorporated in the actuarial value, there will be losses on the assets side, unless there are significant investment returns in that period to offset those losses.

MR. TRIVETTE said he thought the Trustee Study Group addressing unfunded liability issues had requested additional information on where the retirement systems would be today if the Board had been using level dollar amount amortization rates since 2006 [when the change was made to the level percentage of pay method]. He wondered how that would affect the plans long term if the Board made that change now.

MR. SLISHINSKY said Buck had not been asked to do those calculations, but they would be happy to present those results at the September meeting, if the Board wanted them.

MR. PIHL bemoaned the impact on the unfunded liability of changing the amortization methodology to percentage of payroll on both defined benefit and defined contribution. He said the approach takes credit for dollars that are not coming into the system until way late in the game of trying to retire the unfunded liability. He felt that the liability would continue to grow for five more years if the process continued on the current path, until the defined contribution payroll and the defined benefit payroll become more even.

MR. PIHL moved 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. MR. RICHARDS seconded.

The motion carried 5-0, with trustees Trivette, Harbo, Pihl, Richards and Schubert voting.

MR. TRIVETTE moved that the Alaska Retirement Management Board accept the actuarial valuation reports prepared by Buck Consultants for the Public Employees' Defined Benefit, Teachers' Defined Benefit, Public Employees' Defined Contribution (for Occupational Death and Disability and Retiree Medical Benefits), and Teachers' Defined Contribution (for Occupational Death and Disability and Retiree Medical Benefits) retirement systems as of June 30, 2010, in order to set the actuarially determined contribution rates attributable to employers. MS. HARBO seconded.

MR. BARNHILL made it clear that the recommendation only put before the Board the actuarial valuation reports that were presented at the last meeting and not the JRS and NGNMRS valuation reports. He added that under statute the commissioner of the Department of Administration is charged with adopting assumptions and rates for the Judicial Retirement System.

The motion passed unanimously, 5-0, with trustees Trivette, Harbo, Pihl, Richards and Schubert present.

RECESS FOR THE DAY

CHAIR SCHUBERT recessed the meeting at 4:16 p.m.

Friday, June 17, 2011

CALL BACK TO ORDER

The meeting convened for the second day at 9:03 a.m. Trustees Schubert, Trivette, Harbo, Richards, and Williams were present. Commissioner Butcher arrived mid-morning.

REPORTS (Continued)

11. IFS Report - Action Items

MR. BADER said that Independent Fiduciary Services (IFS) had conducted an independent review of the Board's investment policies and the performance consultant and had presented its final report at the December 2010 board meeting, including a list of recommendations. At each meeting staff had presented responses to the IFS recommendations related to board policies, and had covered 16 so far. He was continuing that systematic review now by reviewing recommendations relative to absolute return:

IFS Task Area B.4, Recommendation #1
IFS Task Area B.4, Recommendation #2
IFS Task Area B.4, Recommendation #3
Correlation/Beta Change

State Investment Officer ZACHARY HANNA, who manages absolute return investments for the ARMB, reviewed the IFS recommendations and staff's suggested responses for the Board to act upon. He reviewed the action memorandum from staff, along with the redline version of the Absolute Return Investment Policies and Procedures *[both included in the meeting packet]*. The Policies and Procedures were revised to:

- More explicitly allow for strategy specific guidelines to be tailored (by contract or written ARMB staff direction) to particular investment mandates and styles.
- Provide more granular strategy exposures using the Dow Jones Credit Suisse Hedge Fund Index categories.
- More permissively allow for risk hedging at the portfolio level with staff approval.
- Change the ARMB's diversification measurement from a correlation maximum, which takes into account the direction of returns, to a beta target, which better takes into account the direction and the magnitude of the relationship between the absolute return of returns and various market indices. It is a target that managers can manage to more easily.

MR. O'LEARY remarked that a 0.25 beta maximum seemed like a low beta target, and he wondered if the change begat much discussion with the managers. MR. HANNA replied that managers did not have a lot of heartache with it, for the most part. It is the softest of the guidelines; it is a target and not an absolute mandate, and it is over a three-year rolling period. The portfolios are very absolute return oriented and not very directional; most of the managers target a beta of 0.15 or 0.2, so actually lower than the proposed target, and they do not anticipate this becoming an issue. Staff is looking at adding some additional long/short equity exposure to the Crestline portfolio, and that might cause them to be on the higher end.

MR. WILLIAMS moved that the Alaska Retirement Management Board adopt Resolution 2011-08 approving the Absolute Return Investment Policies and Procedures revised to reflect the staff recommendations. MS. HARBO seconded. The motion passed 5-0, with trustees Harbo, Trivette, Richards, Williams and Schubert present.

12. Contribution Rates for Fiscal Year 2013

MR. BARNHILL suggested taking up the hybrid defined benefit plan rates first, followed by the PERS and TRS FY13 contributions rates.

Resolution 2011-10 and 2011-11

MS. HARBO moved that the Alaska Retirement Management Board set fiscal year 2013 rates for the Public Employees' Defined Contribution Retirement Plan Retiree Major Medical Insurance and the Public Employees' Defined Contribution Retirement Plan Occupational Death and Disability Benefit, as set forth in Resolution 2011-10 and Resolution 2011-11. MR. TRIVETTE seconded. The motion carried 5-0, with trustees Trivette, Richards, Harbo, Williams and Schubert present.

Resolution 2011-13 and 2011-14

MR. TRIVETTE moved that the Alaska Retirement Management Board set fiscal year 2013 rates for the Teachers' Defined Contribution Retirement Plan Retiree Major Medical Insurance and the Teachers' Defined Contribution Retirement Plan Occupational Death and Disability Benefit, as set forth in Resolution 2011-13 and Resolution 2011-14. MR. WILLIAMS seconded. The motion passed 5-0, with trustees Williams, Richards, Harbo, Trivette and Schubert present.

Resolution 2011-09

MR. RICHARDS moved that the Alaska Retirement Management Board set fiscal year 2013 Public Employees' Retirement System actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set out in Resolution 2011-09. Seconded by MR. WILLIAMS.

MR. TRIVETTE stated that this was a fairly complicated issue, and the Board heard further testimony from Buck on it yesterday. He apologized that he did not bring the information from the September 2010 meeting with him, and said he did not feel prepared to make a final decision on this. He also noted a minimum quorum of the Board present. He said he wanted to pull out the records of the September meeting, as well as some records from a 2006 meeting. He also wanted all the trustees to have the information from this meeting's minutes in hand before making a decision.

CHAIR SCHUBERT asked deputy commissioner Barnhill if there was any impact

from the Board delaying the action until the next meeting. MR. BARNHILL said there was not. CHAIR SCHUBERT said she would entertain a motion to table the motion.

MR. RICHARDS moved to table the adoption of Resolution 2011-09 and 2011-12 until the next meeting. MR. WILLIAMS seconded. The motion carried unanimously.

13. Investment Actions - Private Equity Investment

MR. BADER reviewed the staff memorandum in the packet regarding a \$50 million commitment the Board made to Lexington Capital Partners VII, a private equity manager that invests in secondary private equity partnerships, in December 2009. Lexington has done a very good job of investing the money in that short period. He explained staff's recommendation to allocate another \$25 million commitment to Lexington, if the firm has the capacity to accept it. *[memo on file at the ARMB office]*. Tom Newby from Lexington gave the Board a report on the first day of this meeting.

MR. TRIVETTE moved that the Alaska Retirement Management Board approve an additional \$25 million in private equity commitment to Lexington Capital Partners VII, L.P. MS. HARBO seconded.

For the benefit of Mr. Williams, who did not get to hear Lexington's presentation, MR. TRIVETTE said he was extremely happy with their report. Lexington was a great find by Callan Associates and the ARMB staff, and he was very comfortable with the decision to allocate another \$25 million.

MR. BADER described the process whereby Mr. Gary Robertson of Callan and Mr. Hanna are constantly watching for potential private equity investments where the ARMB could be a direct investor with a partnership. Mr. Hanna brings the firm's name to Mr. Bader, and they read the offering memorandum and other important documents. If Mr. Bader, Mr. Hanna and Mr. Robertson are in agreement that it looks like a potential investment, then they do an on-site visit where they thoroughly review the internal controls and processes used by the investment manager. When they decide they are about to make a commitment, they notify the board chair, and absent any caution to the contrary they then proceed with the commitment. He stressed that these investments are not made lightly.

MR. WILLIAMS asked if an additional commitment to Lexington fit well within the targets for private equity in terms of meeting the Board's goals. MR. BADER responded that currently private equity is slightly over the target allocation for this fiscal year. The allocation to private equity will increase by 1.0% on July 1, the beginning of the next fiscal year, and private equity will be very close to target at that time. Once a commitment is made, the ARMB will be called upon for the money at some point, but it

does not necessarily mean that Lexington will invest all the money immediately. At best, the commitments are an estimate of what the total retirement fund assets will be and what will happen in the equity market, and things of that nature. This is an attractive investment, but \$25 million is not going to move the needle much.

Noting that Lexington had invested about \$18 million of the ARMB's first \$50 million commitment, MR. WILLIAMS asked if staff anticipated that the ARMB was going to get to the full investment. MR. BADER said he believed Lexington would get fully invested because there is a lot of opportunity, however, he could not say how soon that would happen.

CHAIR SCHUBERT asked if this request was coming to the Board because it exceeded the \$50 million limit placed on the chief investment officer's discretionary authority. MR. BADER said the item was coming to the Board because there was time to discuss this potential investment at a board meeting, and he would much prefer to have full disclosure of what staff was planning to do, rather than act strictly under the CIO authorization.

CHAIR SCHUBERT asked Mr. Bader if the \$50 million authority the Board granted to the CIO for private equity investments was sufficient or if it should be raised. MR. BADER replied that if the authority were raised to \$75 million, there was no requirement for him to commit to \$75 million. However, granting staff greater authority to act seems to be the trend in a lot of funds. He uses the authority granted by the ARMB sparingly. He suggested reviewing that particular policy the next time the Board reviewed its policies. CHAIR SCHUBERT said she was actually thinking of \$100 million.

MR. JOHNSON stated that where that cutoff might be is probably in the eye of the beholder. But the Board's mandate under the statutes provides that "the board invests," unlike the Alaska Permanent Fund statutes where "the Corporation invests." The APFC statute distinguishes between corporation versus board when talking about their duties. He suggested, under the scenario of the Permanent Fund, that there is probably greater range for delegation of some of the core responsibilities. From the ARMB's perspective, he suggested caution in terms of a delegation of the statutory mandate that it is the board that invests.

CHAIR SCHUBERT remarked that the retirement fund is a \$20 billion fund, and \$100 million is not a huge amount.

When called upon to vote, the motion carried unanimously, 5-0.

14. Investment Advisory Council Appointment

The Board prepared to interview Dr. Craig Wisen and Dr. William Jennings for a seat on the ARMB Investment Advisory Council. MR. BADER reviewed the search process that

led to the selection of the two finalists.

MR. JOHNSON mentioned the case law that provides that the interview is public but that board deliberations comparing one candidate with another could, if the Board chose, be done in executive session. The vote on selection should be done in public.

Board members Schubert, Trivette, Harbo, Richards, Butcher and Williams interviewed first Dr. Jennings and then Dr. Wisen, asking them a series of prepared questions. *[The interviews were recorded and the record is on file at the ARMB office.]*

14(a). Executive Session

MR. WILLIAMS moved that the Board enter into executive session for the purposes of personnel matters, and that the executive session be limited to board members and staff of various State agencies. MS. HARBO seconded. The motion passed unanimously.

The teleconference was disconnected, and members of the public left the room while the Board deliberated.

The executive session started at 10:42 a.m., and the regular session reconvened at 10:56 a.m.

14(b). Board Selection/Appointment

MR. TRIVETTE moved that the Alaska Retirement Management Board hire Dr. William Jennings on the Investment Advisory Council for a three-year term beginning July 1, 2011. MS. HARBO seconded. The motion carried unanimously, 6-0.

UNFINISHED BUSINESS

1. Meeting Calendar

MR. RICHARDS moved to adopt the ARMB 2012 meeting calendar as proposed. MS. HARBO seconded.

MS. HARBO made sure that everyone understood the version of the calendar being adopted showed April 19-20, 2012 as the April meeting date.

The motion carried unanimously, 6-0.

2. Disclosure Reports

CHAIR SCHUBERT indicated that the disclosure memo listing financial disclosures was included in the meeting packet.

3. Legal Report

MR. JOHNSON said he had nothing to report.

NEW BUSINESS

MR. BADER stated that the Sustainability Committee had scheduled a meeting the day before the September board meeting in Fairbanks. He asked members of other committees that are scheduled to meet that day to look at their calendars in case there was a conflict.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD - None.

PUBLIC/MEMBER COMMENTS - None.

INVESTMENT ADVISORY COUNCIL COMMENTS

The Chair had excused the one IAC member at 10:00 a.m., and the other left following his interview.

TRUSTEE COMMENTS

MR. TRIVETTE apologized to fellow trustees and the Department of Administration for disrupting the process of approving the contribution rates the first day of the meeting and deferring action until September. He said he appreciated the work done at the planning session last week and looked forward to making the meetings more productive through some changes that were discussed. Lastly, he preferred to have all the Anchorage meetings at the Convention Center, as opposed to the customary hotel, because it was more comfortable and had better acoustics.

FUTURE AGENDA ITEMS

MR. BADER stated that Barbara Sheinberg, who facilitated the Board's planning session last week, would be transmitting a draft copy of her report to staff within a week or two. Staff would then provide that report to the Board. Staff plans to implement as much as possible the board-suggested changes at the September meeting, and he hoped shorter manager presentations and expanded educational items on the agenda would meet with trustee approval.

MR. TRIVETTE asked Mr. Barnhill to request additional information from Buck Consultants in writing that they provided verbally during yesterday's actuarial valuation report, and that trustees be provided that information prior to the next meeting. MR. BARNHILL indicated he had asked Buck to provide the level dollar figures going forward and not a recast, but he would do that.

ADJOURNMENT

There being no objection and no further business to come before the board, the meeting was adjourned at 11:00 a.m. on June 17, 2011, on a motion made by MS. HARBO and seconded by MR. WILLIAMS.

Chair of the Board of Trustees
Alaska Retirement Management Board

ATTEST:

Corporate Secretary

Note: An outside contractor 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: PERS / TRS Membership Statistics
QUARTERLY INFORMATION ONLY
DATE: September 22, 2011

ACTION: _____
INFORMATION: X

BACKGROUND:

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

STATUS:

Quarterly membership information from March 31, 2011 to June 30, 2011:

PERS Defined Benefit Plan:

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	21	14	9	31	359
Tier II	37	7	5	87	133
Tier III	88	7	10	249	95

TRS Defined Benefit Plan:

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	0	0	2	31	256
Tier II	3	0	0	193	137

PERS Defined Contribution Plan:

<u>Tier IV</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	997	955	268	145
Converted members	0	1	1	

TRS Defined Contribution Plan:

<u>Tier III</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	21	447	31	14
Converted members	0	0	0	

AS 39.35.940 – Transfer into DCR Plan by nonvested members of DB Plan **Employers participating in the conversion option: 4**

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

LEGEND

PERS / TRS DEFINED BENEFIT PLAN

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

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

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

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

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

PERS / TRS DEFINED CONTRIBUTION PLAN

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

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

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

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

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

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: PERS / TRS Membership Statistics
CUMULATIVE Information

DATE: September 22, 2011

ACTION: _____

INFORMATION: X

BACKGROUND:

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

STATUS:

Cumulative membership information from July 1, 2006 through June 30, 2011:

PERS Defined Benefit Plan:

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	1,925	1,611	664	958	3,318
Tier II	1,744	996	244	1,738	1,236
Tier III	3,901	1,211	186	7,013	678

TRS Defined Benefit Plan:

	<u>Returned</u>	<u>With Indebtedness</u>	<u>Paid on Indebt</u>	<u>Terminated</u>	<u>Retired</u>
Tier I	352	129	38	101	1,343
Tier II	1,387	252	33	1,419	474

PERS Defined Contribution Plan:

<u>Tier IV</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	18,821	7,565	2,999	2,183
Converted members	44	32	24	

TRS Defined Contribution Plan:

<u>Tier III</u>	<u>Enrolled</u>	<u>Terminated</u>	<u>Refunded</u>	<u>Opted out of Managed Accounts</u>
New members	4,401	1,644	500	414
Converted members	13	9	4	

AS 39.35.940 – Transfer into DCR Plan by nonvested members of DB Plan
Employers participating in the conversion option: 4

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

LEGEND

PERS / TRS DEFINED BENEFIT PLAN

Returned = Number of members returning to the Plan during the timeframe of this report
With Indebtedness = Number of members who returned to the Plan with an indebtedness balance
(Indicates prior PERS or TRS service that was refunded and could be repaid)
Paid on Indebtedness = Number of members who returned to Plan and have paid on their
indebtedness balance
Terminated = Total members who terminated from the Plan during the timeframe of this report
Retired = Total Plan members who retired during the timeframe of this report

PERS / TRS DEFINED CONTRIBUTION PLAN

Enrolled = Number of new members enrolled into Plan during the timeframe of this report
Terminated = Number of members who terminated from Plan during the timeframe of this report
Refunded = Number of members who refunded their contributions from Plan during the timeframe
of this report
Opted out of Managed Accounts = Number of members who opted out of the Managed Accounts
option at Great West and chose an alternate investment option
Converted members = Members who converted from the Defined Benefit Plan to the Defined
Contribution Plan (From PERS Tier III to Tier IV and TRS Tier II to Tier III)

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Invoices & Summary of Billings - ACTION: _____
Buck Consultants, a Xerox Company

DATE: September 22, 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 April, May and June 2011.

Attached are the summary totals for the fiscal year ended June 30, 2011.

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

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

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>AHF</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 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

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>AHF</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 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 Three Months Ended June 30, 2011**

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>AHF</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 604	604	-	7,452	1,188	-	-	\$ 9,848
ARMB Presentation	-	-	5,928	8,731	-	-	-	14,659
State Employer Relief Breakout (FY12 & FY13)	5,371	4,247	728	-	-	-	-	10,346
Projection of State Assistance	4,841	-	-	-	-	-	-	4,841
Review of GASB Pension and OPEB Disclosure	3,960	3,072	-	-	-	-	-	7,032
60 Yr. Projections - 2010 Valuation	15,575	12,345	-	-	-	-	-	27,920
SB 121	16,418	12,663	-	-	-	-	-	29,081
Other consulting	21,475	9,012	17	-	-	-	-	30,503
Termination cost study questions	865	-	-	-	-	-	-	865
TOTAL	\$ 69,109	41,943	6,673	16,183	1,188	-	-	\$ 135,095

**Buck Consultants
Billing Summary
Through the Twelve Months Ended June 30, 2011**

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>AHF</u>	<u>RHF</u>	<u>TOTAL</u>
Actuarial Valuations	\$ 188,564	\$ 120,464	\$ 25,509	\$ 14,128	\$ 11,483	\$ -	\$ -	\$ 360,148
ARMB Presentations	10,843	5,637	5,928	8,731	-	-	-	31,139
November Board Workshop	46,627	18,372	-	-	-	-	-	64,999
State Employer Relief Breakout (FY12 & FY13)	6,633	5,331	1,606	-	-	-	-	13,570
Past Service Rate Projections	2,490	990	-	-	-	-	-	3,480
Projection of State Assistance	6,432	633	-	-	-	-	-	7,065
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
Review of GASB Pension and OPEB Disclosure	3,960	3,072	-	-	-	-	-	7,032
60 Yr. Projections - 2010 Valuation	15,575	12,345	-	-	-	-	-	27,920
SB 38, SB 100, SB 121 and HB 151	31,319	12,663	-	-	-	-	-	43,982
Other consulting	24,556	10,219	17	-	-	-	-	34,792
Termination cost study questions	4,610	-	-	-	-	-	-	4,610
Audit Request	4,651	1,887	46	-	-	230	1,175	7,990
TOTAL	\$ 388,554	208,781	46,267	22,872	11,483	230	1,175	\$ 679,362

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A Xerox Company

May 20, 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 #: 2076874

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

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 April 1 through April 30, 2011 (see attached):

\$49,631.00

*Ok to process
Teresa Kesey 6/1/11*

State of Alaska
April 2011 Invoice for Actuarial Services

	Regular Services Under Contract		Fiscal Year to Date July 2010 - June 2011	
	Services	April 2011 Expenses	Services	Expenses
		Total		Total
Work in process on 2010 actuarial valuations				
- PERS	\$ 0	604		604
- TRS	0	604		604
- JRS	0	0		0
- NGMIRS	6,083	0		6,083
- EPORS	668	0		668
Subtotal	\$ 6,750	\$ 1,208	\$ 343,328	\$ 2,782
		7,958		346,110
Non-Regular Services				
Work in process on 60 year projections for the 2010 actuarial valuations				
- PERS	\$ 7,920	0		7,920
- TRS	5,975	0		5,975
Work in process on the 30 year projections of DB/DC Choice under SB 121 requested by Mike Barnhill				
- PERS	7,827	0		7,827
- TRS	5,754	0		5,754
Study of the Fiscal Impact of SB 121, including the actuarial study to determine the transfer amount from General Funds to pay for past service for DCR members electing DB benefits				
- PERS	4,220	0		4,220
- TRS	3,183	0		3,183
Discussions regarding the Early Retiree Reinsurance Program	1,178	0		1,178
Discussions and research regarding the GASB Pension & OPEB disclosures prepared by KPMG for the 2010 CAFR				
- PERS	2,140	0		2,140
- TRS	1,614	0		1,614
Miscellaneous emails and phone calls	2,063	0		2,063
Subtotal	\$ 41,873	\$ 0	\$ 247,643	\$ 145
Grand Total	\$ 48,423	\$ 1,208	\$ 580,971	\$ 2,927
		49,631		593,898

Staff Member	April 2011	Fiscal Year-to-Date
	Hours	July 2010 - June 2011 Hours
- Aaron Jurgaitis	2.50	34.00
- Becky Soderfelt	0.00	1.00
- Chris Hulla	3.00	31.50
- Colin Wein	61.75	590.00
- David Slishinsky	31.50	230.25
- Doug Fiddler	0.00	1.75
- Karen Hancock	1.00	28.00
- Kathy Recchiuti	1.50	11.25
- Kyla Kaltenbach	42.25	439.50
- Melissa Bissett	0.75	50.75
- Michelle DeLange	0.00	200.50
- Michelle Pritchard	29.00	241.75
- Monica DeGraff	0.00	1.00
- Robin Simon	0.50	3.00
- Tammy Ringel	0.00	89.75
- William Detweiler	0.00	18.25
	173.75	1972.25

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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**

June 21, 2011

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

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

Client #: 00019732
Invoice #: 2079199

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 May 1 through May 31, 2011 (see attached):

\$ 33,988.00

Ok to process
Teresa Kesey 6/21/11

State of Alaska
May 2011 Invoice for Actuarial Services

	May 2011		Fiscal Year to Date	
	Services	Expenses	Services	Expenses
Regular Services Under Contract				
Work in process on 2010 actuarial valuations				
- PERS	\$ 0	0		0
- TRS	0	0		0
- JRS	0	0		0
- INGMRS	1,370	0		1,370
- EPORS	520	0		520
Subtotal	\$ 1,890	\$ 0	\$ 345,218	\$ 2,782
				348,000
Non-Regular Services				
Work in process on 60 year projections for the 2010 actuarial valuations				
- PERS	\$ 5,350	0		5,350
- TRS	4,484	0		4,484
Completion of the 30 year projections of DB/DC Choice under SB 121 requested by Mike Barnhill, sent May 9th				
- PERS	4,572	0		4,572
- TRS	3,726	0		3,726
Projections showing the breakdown of FY13 contribution rates allocated between normal cost and payment to unfunded liability sent May 12th				
- PERS	3,856	0		3,856
- TRS	2,926	0		2,926
Research and discussions regarding requirements and procedures for PERS termination cost studies				
	865	0		865
Discussions regarding the University of Alaska Optional Retirement Program				
	524	0		524
Discussions and research regarding the GASB Pension & OPEB disclosures prepared by KPMG for the 2010 CAFR				
- PERS	1,820	0		1,820
- TRS	1,458	0		1,458
Miscellaneous emails and phone calls				
	2,517	0		2,517
Subtotal	\$ 32,098	\$ 0	\$ 279,741	\$ 145
Grand Total	\$ 33,988	\$ 0	\$ 624,959	\$ 2,927
				279,886
				627,886

Staff Member	May 2011	Fiscal Year-to-Date
	Hours	July 2010 - June 2011 Hours
- Aaron Jurgaitis	24.75	58.75
- Becky Soderfelt	0.00	1.00
- Chris Hulla	1.00	32.50
- Colin Wein	63.00	653.00
- David Siishinsky	26.50	256.75
- Doug Fiddler	0.00	1.75
- Karen Hancock	2.50	30.50
- Kathy Recchiuti	1.50	12.75
- Kyla Kaltenbach	36.50	476.00
- Melissa Bissett	0.00	50.75
- Michelle DeLange	0.00	200.50
- Michelle Pritchard	23.75	265.50
- Monica DeGraff	0.00	1.00
- Robin Simon	0.00	3.00
- Tammy Ringel	0.00	89.75
- William Detweiler	0.00	18.25
	179.50	2151.75

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July 21, 2011

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

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

Client #: 00019732
Invoice #: 2082156

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**

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 June 1 through June 30, 2011 (see attached):

\$51,476.00

*OK to process
Teresa Kesey 7/27/11*

State of Alaska
June 2011 Invoice for Actuarial Services

	June 2011		Fiscal Year to Date	
	Services	Expenses	Services	Expenses
Regular Services Under Contract				
Work in process on 2010 actuarial valuations				
- PERS	\$ 0	0		0
- TRS	0	0		0
- JRS	0	0		0
- NGNIRS	0	0		0
- EPORS	0	0		0
Subtotal	\$ 0	0	\$ 345,218	2,782
Non-Regular services				
Completion of 60 year projections for the 2010 actuarial valuations				
- PERS	\$ 2,305	0		2,305
- TRS	1,888	0		1,888
Work in process on special funding projections for state assistance contributions for SB 125 based on 8.25% and 8.5% returns and 25-30 year amortization periods				
- PERS	3,349	0		3,349
- TRS	2,740	0		2,740
Completion of allocation of accrued liabilities and assets between state employers, submitted June 7th				
	6,537	0		6,537
Work in process on special funding projections for state assistance contributions using state contributions to a reserve fund to fund the state assistance contributions required under SB 125 for PERS				
	4,841	0		4,841
Work in process on actuarial study on retrospective application of level dollar amortization method of determining contribution rates from 2008-2010 and prospective 30-year projection of change to level dollar amortization requested by the ARM Board				
- PERS	3,294	0		3,294
- TRS	2,864	0		2,864
Completion of allocation of state assistance contributions under SB 125 for FY13, submitted June 7th				
- PERS	1,515	0		1,515
- TRS	1,321	0		1,321
- JRS	728	0		728
Research, discussions, and preparation of presentation to the ARM Board on June 16th				
	7,217	0		7,217
Attendance and presentation to the ARM Board on June 16th				
	5,690	1,602		7,442
Research and discussions regarding the IRC 416(b) benefit limitation, including tables of 2011 applicable benefit limitations				
	2,544	0		2,544
Research and discussions regarding benefit calculations for PERS members with combined peace officer and other service, list of recent termination cost studies, and information requested by rating agencies				
	1,245	0		1,245
Miscellaneous emails and phone calls				
	2,948	0		2,948
Subtotal	\$ 49,674	1,602	\$ 328,415	1,647
Grand Total	\$ 49,674	1,602	\$ 674,633	4,729

331,382
675,392

Staff Member	June 2011	Fiscal Year-to-Date
	Hours	July 2010 - June 2011 Hours
- Aaron Jurgaitis	17.00	75.75
- Becky Soderfelt	0.00	1.00
- Chris Hulla	2.50	35.00
- Colin Wein	47.25	700.25
- David Slishinsky	36.50	293.25
- Doug Fiddler	1.50	3.25
- Karen Hancock	1.50	32.00
- Kathy Recchituti	1.00	13.75
- Kyla Kaltenbach	29.50	505.50
- Melissa Bissett	2.50	53.25
- Michelle DeLange	0.00	200.50
- Michelle Pritchard	32.00	297.50
- Monica DeGraff	0.00	1.00
- Robin Simon	1.25	4.25
- Tammy Ringel	0.00	89.75
- William Detweiler	0.00	18.25
	172.50	2324.25

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY2013 ARMB Budget Proposal

ACTION: X

DATE: September 22, 2011

INFORMATION: _____

BACKGROUND:

Pursuant to its charter, the Alaska Retirement Management Board (ARMB) Budget Committee meets annually to review the actual expenditures in the immediately preceding fiscal year budget; consider and review the current fiscal year budget as approved by the legislature; and develop a proposed budget for the next fiscal year and make appropriate recommendations for action to the Board. The Budget Committee met September 9, 2011 and completed this review.

The Alaska Retirement Management Board (ARMB) budgets asset management related pension expenditures in the Alaska Budget System (ABS) as follows: the Alaska Retirement Management Board component and the Alaska Retirement Management Board – Custody and Management component. For presentation purposes, the attached schedule combines these into one schedule for FY2008 through FY2013 budget information.

STATUS:

Staff to the ARMB

The ARMB purchases personal services from the Treasury Division each year. The FY2013 budget includes \$220,134 for personal services increases. Additional funds for salary increases will be included in the budget proposal during discussions with OMB and the Legislature.

Investment Management Fees

Investment manager fees are charged as a percent of the market value of investments under management. Treasury staff compile the actual assets in each manager's account and apply a growth rate to them through the end of the budget period. Actual market values of assets under management for the prior year are projected using the earnings assumption rate adopted by ARMB. The actual contractual fee rates of each manager are applied to the projected assets. The individual fees are added to arrive at a total projected cost of external management and an additional amount is added in the event financial markets actually perform higher than expected or additional managers are added. Authorization in excess of actual fees lapses and these funds remain unspent. Some investment management fees are not paid directly by Treasury administrative staff; these expenses are netted from investment income. Total estimated investment management and custody fees in FY13 are \$35,002,900.

RECOMMENDATION:

The ARMB Budget Committee and staff recommend that the ARMB adopt the FY13 Proposed Budget as attached, with the understanding that salary increases will be included during review by OMB and the Legislature.

Attachment: Budget Work Sheet

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	FY13 ARMB Working Budget														
2															
3															
4				FY11 Totals		Variance Auth v Actual				FY12	FY13 Proposed	\$ Change	% change	Remarks	
	FY08 Actual	FY09 Actual	FY10 Actual	Authorized	Actual	\$	%age	Projected	FY13 Proposed	\$ Change	% change				
5	Personal Services	2,962,900	3,064,082	2,729,563.24	3,589,000	2,885,912	(703,088)	-19.6%	3,668,900	3,889,034	220,134	6.0%			
6	Travel														
7	Staff	162,172	139,543	142,530.58	160,000	148,529	(11,471)	-7.2%	160,000	160,000					
8	Board	54,301	61,057	55,951.23	60,000	57,658	(2,342)	-3.9%	60,000	60,000					
9		193,844	200,600	198,482	220,000	206,188	(13,812)	-6.3%	220,000	220,000	0	0.0%			
10	Contractuals														
11	Investment Management and Custody Fees														
12	Money Management	27,366,579	20,575,195	22,005,044.00	33,872,900	24,591,935	(9,280,965)	-27.4%	33,872,900	33,872,900					
13	Custody	1,364,385	1,084,391	1,123,221.40	1,120,000	1,126,639	6,639	0.6%	1,130,000	1,130,000					
14	Amount Reserved in budget for add'l unanticipated fees	1,500	0	0	0	0	0	0.0%	0	0					
15		28,732,464	21,659,586	23,128,265	34,992,900	25,718,574	(9,274,326)	-26.5%	35,002,900	35,002,900	0	0.0%			
16															
17	Investment Consulting														
18	General consultant and performance measurement	522,027	520,303	595,000.00	650,000	493,500	(156,500)	-24.1%	650,000	650,000					
19	Real Estate	100,000	102,960	101,665.00	150,000	100,000	(50,000)	-33.3%	150,000	110,000					
20	Investment Advisory Council	116,241	104,718	94,178.69	150,000	107,305	(42,695)	-28.5%	150,000	150,000					
21		738,268	727,981	790,844	950,000	700,805	(249,195)	-26.2%	950,000	910,000	-40,000	0.0%			
22	Investment Information Services														
23	Bloomberg	193,164	293,987	257,362.09	300,000	262,757	(37,243)	-12.4%	300,000	300,000					
24	Factset	132,300	154,795	185,206.98	200,000	189,876	(10,124)	-5.1%	200,000	200,000					
25	Yieldbook	54,782	88,791	47,969.67	31,000	29,515	(1,485)	-4.8%	31,000	31,000					
26	SSB Private Edge	0	0	0.00	100,000	0	(100,000)	-100.0%	100,000	100,000					
27	SSB Risk Management Module	0	0	0.00	120,000	113,349	(6,651)	-5.5%	200,000	200,000					
28	Standard & Pooors	58,255	112,842	32,502.39	50,000	86,798	36,798	73.6%	90,000	90,000					
29	Moody's	38,187	38,746	40,644.88	10,000	8,997	(1,003)	-10.0%	10,000	10,000					
30	Credit Sights	18,000	18,000	18,000.00	10,000	8,820	(1,180)	-11.8%	10,000	10,000					
31	Trade Web	23,184	18,161	8,200.78	15,000	4,196	(10,804)	-72.0%	5,000	5,000					
32	Trepp CMBS	40,000	72,700	60,000.00	74,000	60,000	(14,000)	-18.9%	74,000	60,000					
33	Institutional Investor Proxy Service for REIT Portfolio	6,000	6,506	6,506.00	7,000	6,506	(494)	-7.1%	7,000	7,000					
34	Zach Investments Research	0	0	40,000.00	40,000	40,000	0	0.0%	40,000	40,000					
35	FTSE International				0	14,135	14,135	100.0%	15,000	15,000					
36	Fitch Ratings				0	0	0	0.0%	14,000	14,000					
37	Other	12,712	60,398	19,239.94	25,000	9,098	(15,902)	-63.6%	25,000	10,000					
38		576,584	864,925	715,633	982,000	834,048	(147,952)	-15.1%	1,121,000	1,092,000	-29,000	-2.6%			
39	Inter and Intra Departmental Charges														
40	Legal	158,798	153,600	171,364.17	160,000	122,134	(37,866)	-23.7%	160,000	160,000					
41	DOR Admin Services	51,383	54,394	79,089.00	85,000	120,165	35,165	41.4%	120,000	120,000					
42	DOR Commissioner's Office				0	21,250	21,250	100.0%	22,000	22,000					
43	Building Maintenance	9,529	0	0.00	0	268	268	100.0%	1,600	0					
44	Building Lease	76,858	100,955	143,278.71	140,000	94,409	(45,591)	-32.6%	100,000	100,000					
45	DOA Human Resources	19,159	21,825	16,387.24	25,000	17,707	(7,293)	-29.2%	25,000	20,000					
46	ETS - Telecommunications & Computer Services	47,459	54,952	47,528.26	55,000	49,708	(5,292)	-9.6%	55,000	50,000					
47	Mail	3,309	5,829	5,588.62	7,000	6,430	(570)	-8.1%	7,000	7,000					
48	DOA Finance (AKSAS & AKPAY)				0	30,279	30,279	100.0%	30,000	30,000					
49	Other	15,788	47,428	5,213.37	15,000	3,762	(11,238)	-74.9%	15,000	5,000					
50		382,283	438,982	468,449	487,000	466,112	(20,888)	-4.3%	535,600	514,000	-21,600	0.0%			
51	Other professional services														
52	Actuarial Services	156,021	135,942	98,390.03	140,000	182,070	42,070	30.0%	140,000	140,000					
53	Peer Review of Actuarial Experience Study (Aon)	0	135,000	0.00	0	0	0	0.0%	0	135,000					
54	Performance consultant audit - IFS	0	0	0.00	135,000	121,000	(14,000)	-10.4%	0	0					
55	Other	0	68,675	4,059.00	5,000	1,000	(4,000)	-80.0%	5,000	5,000					
56	Financial Audit	77,695	67,670	83,900.00	86,650	86,650	0	0.0%	89,400	92,000					
57		233,716	407,287	186,349	366,650	390,720	24,070	6.6%	234,400	372,000	137,600	58.7%			
58	Subscriptions, training and other expenses														
59	Subscriptions	1,319	25,606	2,214.05	3,000	1,365	(1,635)	-54.5%	2,000	2,000					
60	Training, memberships and conferences	36,630	50,898	55,628.44	65,000	53,510	(11,490)	-17.7%	60,000	55,000					
61	Courier and express services	6,878	10,252	4,666.89	10,000	4,033	(5,967)	-59.7%	10,000	5,000					
62	Phone and telecommunications	31,646	35,410	25,805.71	40,000	24,821	(15,179)	-37.9%	30,000	30,000					
63	Board meeting related expenses	52,515	57,959	61,641.88	65,000	74,534	9,534	14.7%	75,000	60,000					
64	Software & Software Support	16,912	23,458	111,314.69	35,000	15,578	(19,422)	-55.5%	20,000	15,000					
65	Advertising	19,427	7,653	6,473.00	20,000	9,025	(10,975)	-54.9%	10,000	10,000					
66	Honoraria	52,929	47,768	61,124.22	74,800	62,842	(11,958)	-16.0%	74,800	74,800					
67	Other	25,393	118,910	5,162.62	55,350	43,649	(11,701)	-21.1%	57,000	50,000					
68		243,651	377,913	334,032	368,150	289,356	(78,794)	-21.4%	338,800	301,800	-37,000	-10.9%			
69	Contractuals	30,907,006	24,476,674	25,623,571.72	38,146,700	28,399,615	(9,747,085)	-25.6%	38,182,700	38,192,700	10,000	0.0%			
70	Supplies and equipment	69,548	155,044	61,307.37	71,700	67,437	(4,263)	-5.9%	70,000	60,000	-10,000	-14.3%			
71	Personal Services & Travel	3,156,744	3,264,682	2,928,045.05	3,809,000	3,092,100	-716,900	-19%	3,888,900	4,109,034	220,134	6%			
72	Total all Expenses	33,971,339	27,896,401	28,612,924	42,027,400	31,559,151	(10,468,249)	-24.9%	42,141,600	42,361,734	220,134	0.5%			
73															
74	Investment fees and custody	28,732,464	21,659,586	23,128,265.40	34,992,900	25,718,574	(9,274,326)	-26.5%	35,002,900	35,002,900	0	0.0%			
75	Operations	5,238,875	6,236,814	5,484,658.74	7,034,500	5,840,577	(1,193,923)	-17.0%	7,138,700	7,358,834	220,134	3.1%			
76	Total all Expenses	33,971,339	27,896,401	28,612,924	42,027,400	31,559,151	(10,468,249)	-24.9%	42,141,600	42,361,734	220,134	0.5%			

ARMB FY2013 Working Budget
Investment Management and Custody Fees

Type Manager	FY2011 Actuals	Asset Value as of 6/30/11	Projected Asset Value as of 6/30/12	Fees in Basis Points	Basis Points	FY12 Projected	FY2013 Proposed
CB Advent Capital Convertible Bond	563,636	94,124,587	101,654,554	0.005988	59.88	608,727	657,425
DomFI MacKay Shields	1,535,576	406,149,137	438,641,068	0.003781	37.81	1,658,422	1,791,096
HY Rogge Global Partners	188,894						
Intl Brandes Investment Partners, L.P.	3,206,804	838,253,893	905,314,204	0.003826	38.26	3,463,348	3,740,416
Intl Cap Guardian	2,103,534	643,629,866	695,120,255	0.003268	32.68	2,271,816	2,453,562
Intl Lazard - AY58	578,451	464,326,193	501,472,289	0.001246	12.46	624,727	674,705
Intl Mckinley Capital	1,720,981	355,033,008	383,435,648	0.004847	48.47	1,858,659	2,007,352
Intl SSgA MSCI All Country World	196,948	392,536,274	423,939,176	0.000502	5.02	212,704	229,721
IntlFI Mondrian	769,436	376,463,573	406,580,659	0.002044	20.44	830,991	897,470
IntlSC Mondrian	667,922	121,530,596	131,253,044	0.005496	54.96	721,356	779,065
IntlSC Schroder	764,719	124,855,954	134,844,430	0.006125	61.25	825,896	891,968
LC Analytic	49,783	103,006,186	111,246,681	0.000483	4.83	53,766	58,067
LC SSgA - Buy Write	4,576	98,966,549	106,883,873	0.000046	0.46	4,942	5,337
LC Barrow Hanley Mewhinney & Strauss	621,711	145,850,374	157,518,404	0.004263	42.63	671,448	725,164
LC Lazard	817,047	349,910,834	377,903,701	0.002335	23.35	882,411	953,004
LC Mckinley Capital	1,243,030	394,642,473	426,213,871	0.003150	31.50	1,342,472	1,449,870
LC Quantitative Management Associates	487,199	139,307,765	150,452,386	0.003497	34.97	526,175	568,269
LC RCM - AY38	1,182,502	419,940,129	453,535,339	0.002816	28.16	1,277,102	1,379,270
LC RCM - AY4Y	158,325	101,943,979	110,099,497	0.001553	15.53	170,991	184,670
LC SSgA - Futures Large Cap	17,408	18,343,858	19,811,367	0.000949	9.49	18,801	20,305
LC SSgA Russell 1000 Growth Index Fund	91,853	612,133,637	661,104,328	0.000150	1.50	99,202	107,138
LC SSgA 1000 Value Index Fund	158,484	943,768,595	1,019,270,083	0.000168	1.68	171,163	184,856
LC SSgA 200 Index Fund	40,200	368,658,018	398,150,660	0.000109	1.09	43,416	46,890
PE Abbott Capital Management	1,806,784	688,362,417	743,431,410	0.002625	26.25	1,951,327	2,107,433
PE Pathway	2,180,000	699,066,204	754,991,500	0.003118	31.18	2,354,400	2,542,752
SC Barrow Hanley Mewhinney & Strauss	45,185	99,649,007	107,620,928	0.000453	4.53	48,800	52,704
SC De Prince	215,288	72,450,691	78,246,746	0.002972	29.72	232,511	251,112
SC Jennison Associates LLC	1,086,160	164,975,590	178,173,638	0.006584	65.84	1,173,053	1,266,897
SC Lord Abbet & Co. - AY4Z	186,167	74,602,315	80,570,500	0.002495	24.95	201,060	217,145
SC Lord Abbett & Co. - AY4H	1,109,167	186,218,761	201,116,262	0.005956	59.56	1,197,901	1,293,733
SC Luther King Cap. Mgmt	612,270	134,342,883	145,090,314	0.004558	45.58	661,252	714,152
SC SSgA 2000 Index Fund	32,670	59,759,024	64,539,746	0.000547	5.47	35,284	38,107
SC SSgA Russell 2000 Value Index Fund	139,477	92,028,674	99,390,968	0.001516	15.16	150,635	162,686
SC SSgA - Futures Small Cap	8,968	9,989,911	10,789,104	0.000898	8.98	9,686	10,460
FYU/ Invoices	779						
Total Management Fees	24,591,935					26,354,444	28,462,799
Potential POB Assets						4,982,687	5,381,302
Total Potential Management Fees			2,000,000,000			31,337,131	33,844,101
CB Convertible Bond	563,636						
DomFI Domestic Fixed Income	1,535,576						
HY High Yield	188,894						
IntlSC International Equities Small Cap	1,432,641						
Intl International Equities	7,806,718						
IntlFI International Fixed Income	769,436						
LC Domestic Equity Large Cap	4,872,119						
PE Private Equity	3,986,784						
SC Domestic Equity Small Cap	3,435,353						
FY07 Invoices	779						
Total Management Fees	24,591,935						
Total Management Fees	24,591,935					1,130,000	1,130,000
Total Custody Fees ARMB C&M	1,126,639						
Actual	25,718,574					Projected 32,467,131	34,974,101
Authorized	34,992,900					Authorized 35,002,900	n/a
Lapse	9,274,326						

CHIEF INVESTMENT OFFICER REPORT

1. Rebalance pension, health, and DC Plans June 24th, July 12th, and August 19th 2011.
2. Reduced Lazard Global fund \$115 million.
3. Increased Lazard Emerging Market Equity Fund \$42 million.
4. Increased Russell 1000 Growth Index Account \$20 million.
5. Increased US Intermediate Treasury Fund \$53 million.
6. Increased commitment to Hancock Agricultural Investment Group by \$40 million.
7. Request to assign contract from The Townsend Group to Aligned Asset Managers.



Alaska Retirement Management Board

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

June 24, 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 June 30, 2011 to bring PERS, TRS pension plans and the DC Plans allocations closer to target.

AY6G & AY6W		AYX2 & AYX4		AYY3 & YYY5	
Large Cap Pool	80,834	Large Cap Pool	172,735	Large Cap Pool	412,455
Small Cap Pool	10,410	Small Cap Pool	22,450	Small Cap Pool	51,188
International Equity Pool	63,558	International Equity Pool	138,474	International Equity Pool	299,005
International Small Cap	6,529	International Small Cap	13,980	International Small Cap	32,718
Emerging Markets Equity	4,830	Emerging Markets Equity	7,529	Emerging Markets Equity	43,235
Private Equity	(15,039)	Private Equity	(40,083)	Private Equity	(9,389)
Intermediate Treasury	13,406	Intermediate Treasury	22,636	Intermediate Treasury	117,280
High Yield Pool	1,054	High Yield Pool	1,161	High Yield Pool	14,738
Emerging Markets Debt Pool	1,418	Emerging Markets Debt Pool	2,019	Emerging Markets Debt Pool	15,970
International Fixed Income	2,437	International Fixed Income	4,404	International Fixed Income	19,304
AK TIPS Pool	2,918	AK TIPS Pool	4,754	AK TIPS Pool	27,704
Energy Pool A	483	Energy Pool A	884	Energy Pool A	3,208
Farmland Pool A	(2,050)	Farmland Pool A	(5,840)	Farmland Pool A	2,352
REIT Pool A	887	REIT Pool A	1,882	REIT Pool A	4,604
Timber Pool A	477	Timber Pool A	468	Timber Pool A	7,229
AK Real Estate Pool	(12,209)	AK Real Estate Pool	(34,847)	AK Real Estate Pool	14,305
Absolute Return	10,461	Absolute Return	21,282	Absolute Return	62,701
Cash	(170,180)	Cash	(333,900)	Cash	(1,118,605)
	-		-		-
AY6H & AY6X		AYY2 & YYY4		AYZ1 & AYZ4	
Large Cap Pool	42,149	Large Cap Pool	937,436	Large Cap Pool	(1,238,585.00)
Small Cap Pool	5,328	Small Cap Pool	118,792	Small Cap Pool	(156,524)
International Equity Pool	31,748	International Equity Pool	715,068	International Equity	(938,220)
International Small Cap	3,372	International Small Cap	75,121	International Small Cap	(99,023)
Emerging Markets Equity	3,481	Emerging Markets Equity	70,155	Emerging Markets Equity Pool	(98,752)
Private Equity	(4,281)	Private Equity	(117,598)	Private Equity	140,748
Intermediate Treasury	9,874	Intermediate Treasury	173,972	Intermediate Treasury	(254,742)
High Yield Pool	1,067	High Yield Pool	19,894	High Yield	(28,413)
Emerging Markets Debt Pool	1,226	Emerging Markets Debt Pool	23,508	Emerging Markets Debt Pool	(33,110)
International Fixed Income	1,653	International Fixed Income	33,823	International Fixed Income	(46,284)
AK TIPS Pool	2,237	AK TIPS Pool	44,116	AK TIPS Pool	(61,340)
Energy Pool A	287	Energy Pool A	6,030	Energy Pool A	(8,166)
Farmland Pool A	(355)	Farmland Pool A	(13,363)	Farmland Pool A	14,573
REIT Pool A	466	REIT Pool A	10,333	REIT Pool A	(13,659)
Timber Pool A	518	Timber Pool A	9,418	Timber Pool A	(13,572)
AK Real Estate Pool	(2,105)	AK Real Estate Pool	(79,048)	AK Real Estate Pool	86,242
Absolute Return	5,975	Absolute Return	128,554	Absolute Return	(173,380)
Cash	(102,458)	Cash	(2,156,209)	Cash	2,918,187
	-		-		-
AY6I & AY6Y		AYX3 & AYX5		AYZ2 & AYZ5	
Large Cap Pool	27,915	Large Cap Pool	102,415	Large Cap Pool	(539,354.00)
Small Cap Pool	3,664	Small Cap Pool	12,954	Small Cap Pool	(68,270)
International Equity Pool	22,448	International Equity Pool	77,139	International Equity	(409,218)
International Small Cap	2,294	International Small Cap	8,189	International Small Cap	(43,190)
Emerging Markets Equity	1,499	Emerging Markets Equity	8,423	Emerging Markets Equity Pool	(42,200)
Private Equity	(5,611)	Private Equity	(10,146)	Private Equity	61,389
Intermediate Treasury	5,353	Intermediate Treasury	23,528	Intermediate Treasury	(111,109)
High Yield Pool	311	High Yield Pool	2,581	High Yield	(12,393)
Emerging Markets Debt Pool	441	Emerging Markets Debt Pool	2,969	Emerging Markets Debt Pool	(14,441)
International Fixed Income	814	International Fixed Income	4,007	International Fixed Income	(20,178)
AK TIPS Pool	942	AK TIPS Pool	5,425	AK TIPS Pool	(28,754)
Energy Pool A	155	Energy Pool A	700	Energy Pool A	(3,561)
Farmland Pool A	(801)	Farmland Pool A	(872)	Farmland Pool A	6,356
REIT Pool A	311	REIT Pool A	1,134	REIT Pool A	(5,958)
Timber Pool A	137	Timber Pool A	1,248	Timber Pool A	(5,919)
AK Real Estate Pool	(4,763)	AK Real Estate Pool	(5,191)	AK Real Estate Pool	37,816
Absolute Return	5,497	Absolute Return	14,532	Absolute Return	(75,622)
Cash	(60,804)	Cash	(249,035)	Cash	1,272,804
	-		-		-



Alaska Retirement Management Board

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

June 24, 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 June 30, 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	305,300	-279,800	-25,500
Domestic Equity - Sm Cap	135,200	-122,900	-12,300
International Equities	408,100	-369,300	-38,800
International Small Cap	37,500	-34,100	-3,400
Emerging Markets	177,000	-162,600	-14,400
AY77 - Dom. Fixed Inc.	109,100	-96,800	-12,300
Intermediate Treasury	-5,095,600	5,020,000	75,600
International Fixed Income	60,400	-55,000	-5,400
High Yield	536,600	-528,200	-8,400
Emerging Market Debt	-447,200	447,100	100
Real Estate	1,700	-2,700	1,000
Real Estate Pool B	1,530,200	-1,524,200	-6,000
Farmland Pool A	-2,721,600	2,764,900	-43,300
Energy Pool A	30,900	-28,200	-2,700
Timber Pool A	25,700	-23,400	-2,300
REIT Pool	31,100	-28,100	-3,000
TIPS	270,300	-242,000	-28,300
Total Private Equity	701,900	-626,400	-75,500
Absolute Return	115,000	-103,000	-12,000
AY70 - Short Term Pool	3,788,400	-4,005,300	216,900
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader
Chief Investment Officer

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

June 24, 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 June 30, 2011 to bring PERS, TRS and JRS Retirement Health Plans allocations closer to target.

	AYW2 & AYW5	AYW3 & AYW6	AYW4 & AYW7
Domestic Equity - Lg Cap	-264,300	273,900	-9,600
Domestic Equity - Sm Cap	-37,900	40,900	-3,000
International Equities	-94,100	103,800	-9,700
International Small Cap	-7,300	8,200	-900
Emerging Markets	-2,600	6,800	-4,200
AY77 - Dom. Fixed Inc.	52,400	-50,100	-2,300
Intermediate Treasury	-904,300	876,700	27,600
International Fixed Income	-10,000	11,400	-1,400
High Yield	265,100	-262,600	-2,500
Emerging Market Debt	-276,200	275,900	300
Real Estate	3,800	2,800	-6,600
Farmland Pool A	3,133,000	-3,178,100	45,100
Energy Pool A	-1,609,600	1,615,200	-5,600
Timber Pool A	-5,100	5,700	-600
REIT Pool	-5,600	6,400	-800
TIPS	-6,000	6,800	-800
Total Private Equity	244,700	-228,600	-16,100
Absolute Return	-26,600	29,500	-2,900
AY70 - Short Term Pool	-449,400	455,400	-6,000
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader
Chief Investment Officer

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

June 24, 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 June 30, 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	4,554,283.13	Large Cap Pool	(4,554,283.13)
Small Cap Pool	548,088.95	Small Cap Pool	(548,088.95)
International Equity Pool	1,480,575.37	International Equity Pool	(1,480,575.37)
International Small Cap	131,199.25	International Small Cap	(131,199.25)
Emerging Markets Equity	775,531.54	Emerging Markets Equity	(775,531.54)
Private Equity	(3,886,812.09)	Private Equity	3,886,812.09
Domestic Fixed Income	46,710.01	Domestic Fixed Income	(46,710.01)
Intermediate Treasury	(16,487,287.93)	Intermediate Treasury	16,487,287.93
International Fixed Income	262,531.35	International Fixed Income	(262,531.35)
Emerging Markets Debt	22,791.51	Emerging Markets Debt	(22,791.51)
High Yield Pool	366,513.98	High Yield Pool	(366,513.98)
Real Estate Pool	(500,276.88)	Real Estate Pool	500,276.88
Energy Pool A	959,788.34	Energy Pool A	(959,788.34)
Fossil Fuel Pool A	(1,888,534.14)	Fossil Fuel Pool A	1,888,534.14
REIT Pool A	118,445.25	REIT Pool A	(118,445.25)
Timber Pool A	137,375.34	Timber Pool A	(137,375.34)
TIPS Pool	223,184.48	TIPS Pool	(223,184.48)
Absolute Return	450,224.97	Absolute Return	(450,224.97)
Cash	12,487,669.59	Cash	(12,487,669.59)
	0.00		(0.00)
TRS Retirement Health	AYW3 & AYW6	TRS Pension	AY22 & AY95
Large Cap Pool	1,745,878.48	Large Cap Pool	(1,745,878.48)
Small Cap Pool	209,496.83	Small Cap Pool	(209,496.83)
International Equity Pool	579,042.99	International Equity Pool	(579,042.99)
International Small Cap	51,816.26	International Small Cap	(51,816.26)
Emerging Markets Equity	294,841.67	Emerging Markets Equity	(294,841.67)
Private Equity	(1,470,302.98)	Private Equity	1,470,302.98
Domestic Fixed Income	17,717.10	Domestic Fixed Income	(17,717.10)
Intermediate Treasury	(6,218,375.05)	Intermediate Treasury	6,218,375.05
International Fixed Income	100,067.53	International Fixed Income	(100,067.53)
Emerging Markets Debt	9,261.27	Emerging Markets Debt	(9,261.27)
High Yield Pool	138,777.72	High Yield Pool	(138,777.72)
Real Estate Pool	(839,090.49)	Real Estate Pool	839,090.49
Energy Pool A	(1,052,044.95)	Energy Pool A	1,052,044.95
Fossil Fuel Pool A	3,922,128.42	Fossil Fuel Pool A	(3,922,128.42)
REIT Pool A	41,914.89	REIT Pool A	(41,914.89)
Timber Pool A	55,180.31	Timber Pool A	(55,180.31)
TIPS Pool	(27,565.22)	TIPS Pool	27,565.22
Absolute Return	173,713.39	Absolute Return	(173,713.39)
Cash	2,267,941.80	Cash	(2,267,941.80)
	0.00		(0.00)
JRS Retirement Health	AYW4 & AYW7	JRS Pension	AY23 & AY96
Large Cap Pool	31,230.32	Large Cap Pool	(31,230.32)
Small Cap Pool	3,760.37	Small Cap Pool	(3,760.37)
International Equity Pool	11,587.72	International Equity Pool	(11,587.72)
International Small Cap	1,095.62	International Small Cap	(1,095.62)
Emerging Markets Equity	5,037.22	Emerging Markets Equity	(5,037.22)
Private Equity	(24,174.76)	Private Equity	24,174.76
Domestic Fixed Income	228.42	Domestic Fixed Income	(228.42)
Intermediate Treasury	(100,081.73)	Intermediate Treasury	100,081.73
International Fixed Income	1,897.95	International Fixed Income	(1,897.95)
Emerging Markets Debt	224.36	Emerging Markets Debt	(224.36)
High Yield Pool	2,339.83	High Yield Pool	(2,339.83)
Real Estate Pool	(3,295.06)	Real Estate Pool	3,295.06
Energy Pool A	4,688.64	Energy Pool A	(4,688.64)
Fossil Fuel Pool A	(42,970.62)	Fossil Fuel Pool A	42,970.62
REIT Pool A	834.16	REIT Pool A	(834.16)
Timber Pool A	807.38	Timber Pool A	(807.38)
TIPS Pool	(3,052.37)	TIPS Pool	3,052.37
Absolute Return	3,222.83	Absolute Return	(3,222.83)
Cash	106,820.12	Cash	(106,820.12)



Alaska Retirement Management Board

P.O. Box 110405

Juneau, Alaska 99811-0405

(907) 465-3749

July 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 July 14, 2011 to bring PERS, TRS pension plans and the DC Plans allocations closer to target.

AY6G		AYX2		AYY3	
Large Cap Pool	(124,786)	Large Cap Pool	(295,610)	Large Cap Pool	(375,959)
Small Cap Pool	(4,580)	Small Cap Pool	(11,217)	Small Cap Pool	(9,438)
International Equity Pool	43,944	International Equity Pool	99,209	International Equity Pool	183,263
International Small Cap	(54,702)	International Small Cap	(127,591)	International Small Cap	(182,974)
Emerging Markets Equity	8,503	Emerging Markets Equity	18,971	Emerging Markets Equity	38,166
Private Equity	68,202	Private Equity	157,558	Private Equity	245,538
Intermediate Treasury	18,281	Intermediate Treasury	40,557	Intermediate Treasury	86,573
High Yield Pool	3,402	High Yield Pool	7,586	High Yield Pool	15,272
Emerging Markets Debt Pool	(49,804)	Emerging Markets Debt Pool	(116,152)	Emerging Markets Debt Pool	(166,666)
International Fixed Income	2,132	International Fixed Income	4,827	International Fixed Income	11,040
AK TIPS Pool	(59,819)	AK TIPS Pool	(139,634)	AK TIPS Pool	(196,788)
Energy Pool A	11,151	Energy Pool A	25,887	Energy Pool A	38,678
Farmland Pool A	77,432	Farmland Pool A	179,836	Farmland Pool A	267,667
REIT Pool A	(560)	REIT Pool A	(1,359)	REIT Pool A	(1,291)
Timber Pool A	2,151	Timber Pool A	4,849	Timber Pool A	9,112
AK Real Estate Pool	(4,108)	AK Real Estate Pool	(11,073)	AK Real Estate Pool	3,333
Absolute Return	62,825	Absolute Return	145,211	Absolute Return	224,763
Cash	316	Cash	18,345	Cash	(188,309)
	-		-		-
AY6H		AYY2		AYZ1	
Large Cap Pool	(49,986)	Large Cap Pool	(1,253,335)	Large Cap Pool	1,576,047.00
Small Cap Pool	(1,547)	Small Cap Pool	(43,642)	Small Cap Pool	52,530
International Equity Pool	20,997	International Equity Pool	465,115	International Equity	(613,987)
International Small Cap	(23,143)	International Small Cap	(556,233)	International Small Cap	710,816
Emerging Markets Equity	4,253	Emerging Markets Equity	91,152	Emerging Markets Equity Pool	(121,960)
Private Equity	30,024	Private Equity	701,859	Private Equity	(906,543)
Intermediate Treasury	9,452	Intermediate Treasury	198,728	Intermediate Treasury	(267,789)
High Yield Pool	1,701	High Yield Pool	36,481	High Yield	(48,780)
Emerging Markets Debt Pool	(21,073)	Emerging Markets Debt Pool	(506,542)	Emerging Markets Debt Pool	647,105
International Fixed Income	1,185	International Fixed Income	23,573	International Fixed Income	(32,312)
AK TIPS Pool	(25,216)	AK TIPS Pool	(607,762)	AK TIPS Pool	775,616
Energy Pool A	4,811	Energy Pool A	114,070	Energy Pool A	(148,496)
Farmland Pool A	33,339	Farmland Pool A	791,638	Farmland Pool A	(1,016,163)
REIT Pool A	(198)	REIT Pool A	(5,405)	REIT Pool A	6,586
Timber Pool A	1,039	Timber Pool A	22,781	Timber Pool A	(30,201)
AK Real Estate Pool	(589)	AK Real Estate Pool	(33,602)	AK Real Estate Pool	33,221
Absolute Return	27,548	Absolute Return	646,205	Absolute Return	(833,550)
Cash	(12,577)	Cash	(85,041)	Cash	218,040
	-		-		-
AY8I		AYX3		AYZ2	
Large Cap Pool	(42,103)	Large Cap Pool	(121,701)	Large Cap Pool	687,413.00
Small Cap Pool	(1,255)	Small Cap Pool	(3,762)	Small Cap Pool	22,911
International Equity Pool	18,156	International Equity Pool	51,072	International Equity	(267,789)
International Small Cap	(19,636)	International Small Cap	(58,281)	International Small Cap	309,944
Emerging Markets Equity	3,745	Emerging Markets Equity	10,344	Emerging Markets Equity Pool	(53,164)
Private Equity	25,731	Private Equity	73,031	Private Equity	(395,400)
Intermediate Treasury	8,021	Intermediate Treasury	22,977	Intermediate Treasury	(116,800)
High Yield Pool	1,498	High Yield Pool	4,136	High Yield	(21,276)
Emerging Markets Debt Pool	(17,864)	Emerging Markets Debt Pool	(51,247)	Emerging Markets Debt Pool	282,243
International Fixed Income	1,037	International Fixed Income	2,832	International Fixed Income	(14,094)
AK TIPS Pool	(21,348)	AK TIPS Pool	(61,323)	AK TIPS Pool	338,284
Energy Pool A	4,097	Energy Pool A	11,696	Energy Pool A	(63,896)
Farmland Pool A	28,367	Farmland Pool A	81,078	Farmland Pool A	(443,212)
REIT Pool A	(183)	REIT Pool A	(482)	REIT Pool A	2,672
Timber Pool A	913	Timber Pool A	2,528	Timber Pool A	(13,172)
AK Real Estate Pool	(243)	AK Real Estate Pool	(1,429)	AK Real Estate Pool	14,490
Absolute Return	23,566	Absolute Return	68,995	Absolute Return	(363,563)
Cash	(12,539)	Cash	(30,484)	Cash	94,229
	-		-		-



Alaska Retirement Management Board

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

July 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 July 14, 2011 to bring the **Public Employees Retirement System, Teachers Retirement System and Judicial Retirement System** pension plan allocations closer together.

	AY21	AY22	AY23
Domestic Equity - Lg Cap	1,128,600	-1,070,200	-58,400
Domestic Equity - Sm Cap	209,800	-203,200	-6,600
International Equities	622,200	-597,600	-24,600
International Small Cap	56,700	-54,300	-2,400
Emerging Markets	235,100	-228,000	-7,100
AY77 - Dom. Fixed Inc.	10,000	-9,600	-400
Intermediate Treasury	-4,767,700	4,679,100	88,600
International Fixed Income	87,200	-84,500	-2,700
High Yield	100,500	-97,200	-3,300
Emerging Market Debt	24,100	-23,700	-400
Real Estate	810,100	-796,500	-13,600
Real Estate Pool B	-1,482,900	1,475,400	7,500
Farmland Pool A	1,198,800	-1,168,900	-29,900
Energy Pool A	-1,720,300	1,755,200	-34,900
Timber Pool A	46,900	-45,200	-1,700
REIT Pool	36,900	-36,600	-300
TIPS	-110,200	90,600	19,600
Total Private Equity	-109,900	65,600	44,300
Absolute Return	165,500	-159,800	-5,700
AY70 - Short Term Pool	3,458,600	-3,490,600	32,000
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader
Chief Investment Officer

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

July 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 July 14, 2011 to bring **PERS, TRS and JRS Retirement Health Plans** allocations closer to target.

	AYW2	AYW3	AYW4
Domestic Equity - Lg Cap	226,200	-212,100	-14,100
Domestic Equity - Sm Cap	27,100	-25,000	-2,100
International Equities	80,600	-73,400	-7,200
International Small Cap	7,600	-6,900	-700
Emerging Markets	37,000	-34,700	-2,300
AY77 - Dom. Fixed Inc.	1,900	-1,800	-100
Intermediate Treasury	-798,000	768,300	29,700
International Fixed Income	12,700	-11,800	-900
High Yield	17,200	-16,200	-1,000
Emerging Market Debt	1,400	-1,200	-200
Real Estate	-521,800	523,200	-1,400
Farmland Pool A	3,339,500	-3,388,700	49,200
Energy Pool A	-1,026,400	1,031,400	-5,000
Timber Pool A	8,200	-7,700	-500
REIT Pool	3,800	-3,600	-200
TIPS	-78,800	75,200	3,600
Total Private Equity	-199,700	192,500	7,200
Absolute Return	21,500	-19,700	-1,800
AY70 - Short Term Pool	-1,160,000	1,212,200	-52,200
Total Asset Allocation	0	0	0

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

Sincerely,

Gary M. Bader
Chief Investment Officer

- cc: Gail Schubert, Chair ARMB
 Jerry Burnett, Deputy Commissioner
 Bob Mitchell, 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

July 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 July 14, 2011 to bring PERS, TRS and JRS pension plans and health retirement plans closer to target.

PERS Retirement Health	AYW2	PERS Pension	AY21
Large Cap Pool	4,650,900.00	Large Cap Pool	(4,650,900.00)
Small Cap Pool	894,100.00	Small Cap Pool	(894,100.00)
International Equity Pool	2,295,200.00	International Equity Pool	(2,295,200.00)
International Small Cap	552,800.00	International Small Cap	(552,800.00)
Emerging Markets Equity	875,100.00	Emerging Markets Equity	(875,100.00)
Private Equity	943,000.00	Private Equity	(943,000.00)
Domestic Fixed Income	36,800.00	Domestic Fixed Income	(36,800.00)
Intermediate Treasury	(15,801,200.00)	Intermediate Treasury	15,801,200.00
International Fixed Income	338,100.00	International Fixed Income	(338,100.00)
Emerging Markets Debt	409,500.00	Emerging Markets Debt	(409,500.00)
High Yield Pool	360,500.00	High Yield Pool	(360,500.00)
Real Estate Pool	586,100.00	Real Estate Pool	(586,100.00)
Energy Pool A	(198,700.00)	Energy Pool A	198,700.00
Fairland Pool A	(1,343,200.00)	Fairland Pool A	1,343,200.00
REIT Pool A	167,000.00	REIT Pool A	(167,000.00)
Timber Pool A	163,700.00	Timber Pool A	(163,700.00)
TIPS Pool	506,200.00	TIPS Pool	(506,200.00)
Absolute Return	309,500.00	Absolute Return	(309,500.00)
Cash	4,054,600.00	Cash	(4,054,600.00)
	-		-
TRS Retirement Health	AYW3	TRS Pension	AY22
Large Cap Pool	1,722,200.00	Large Cap Pool	(1,722,200.00)
Small Cap Pool	336,500.00	Small Cap Pool	(336,500.00)
International Equity Pool	879,600.00	International Equity Pool	(879,600.00)
International Small Cap	193,600.00	International Small Cap	(193,600.00)
Emerging Markets Equity	333,000.00	Emerging Markets Equity	(333,000.00)
Private Equity	375,400.00	Private Equity	(375,400.00)
Domestic Fixed Income	13,900.00	Domestic Fixed Income	(13,900.00)
Intermediate Treasury	(5,884,400.00)	Intermediate Treasury	5,884,400.00
International Fixed Income	128,200.00	International Fixed Income	(128,200.00)
Emerging Markets Debt	140,900.00	Emerging Markets Debt	(140,900.00)
High Yield Pool	137,100.00	High Yield Pool	(137,100.00)
Real Estate Pool	220,600.00	Real Estate Pool	(220,600.00)
Energy Pool A	(71,900.00)	Energy Pool A	71,900.00
Fairland Pool A	1,885,400.00	Fairland Pool A	(1,885,400.00)
REIT Pool A	62,900.00	REIT Pool A	(62,900.00)
Timber Pool A	62,400.00	Timber Pool A	(62,400.00)
TIPS Pool	174,600.00	TIPS Pool	(174,600.00)
Absolute Return	134,700.00	Absolute Return	(134,700.00)
Cash	(844,700.00)	Cash	844,700.00
	-		-
JRS Retirement Health	AYW4	JRS Pension	AY23
Large Cap Pool	24,100.00	Large Cap Pool	(24,100.00)
Small Cap Pool	5,300.00	Small Cap Pool	(5,300.00)
International Equity Pool	15,700.00	International Equity Pool	(15,700.00)
International Small Cap	1,400.00	International Small Cap	(1,400.00)
Emerging Markets Equity	5,700.00	Emerging Markets Equity	(5,700.00)
Private Equity	8,300.00	Private Equity	(8,300.00)
Domestic Fixed Income	200.00	Domestic Fixed Income	(200.00)
Intermediate Treasury	(94,800.00)	Intermediate Treasury	94,800.00
International Fixed Income	2,200.00	International Fixed Income	(2,200.00)
Emerging Markets Debt	700.00	Emerging Markets Debt	(700.00)
High Yield Pool	2,300.00	High Yield Pool	(2,300.00)
Real Estate Pool	3,500.00	Real Estate Pool	(3,500.00)
Energy Pool A	(800.00)	Energy Pool A	800.00
Fairland Pool A	(43,800.00)	Fairland Pool A	43,800.00
REIT Pool A	1,000.00	REIT Pool A	(1,000.00)
Timber Pool A	1,100.00	Timber Pool A	(1,100.00)
TIPS Pool	1,000.00	TIPS Pool	(1,000.00)
Absolute Return	4,200.00	Absolute Return	(4,200.00)
Cash	62,500.00	Cash	(62,500.00)
	-		-

Alaska Retirement Management Board

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

August 19, 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 August 24, 2011, to bring PERS, TRS pension plans and the DC Plans allocations closer to target.

AY6G

Large Cap Pool	111,009
Small Cap Pool	22,630
International Equity Pool	61,212
International Small Cap	4,988
Emerging Markets Equity	23,102
Private Equity	(22,848)
Intermediate Treasury	(40,219)
High Yield Pool	(1,010)
Emerging Markets Debt Pool	(1,760)
International Fixed Income	(6,551)
AK TIPS Pool	(9,556)
Energy Pool A	252
Farmland Pool A	(8,106)
REIT Pool A	1,107
Timber Pool A	(1,742)
AK Real Estate Pool	(28,209)
Absolute Return	(362)
Cash	(103,937)
	<hr/>

AY6H

Large Cap Pool	40,273
Small Cap Pool	8,775
International Equity Pool	21,036
International Small Cap	1,845
Emerging Markets Equity	8,369
Private Equity	(12,179)
Intermediate Treasury	(21,127)
High Yield Pool	(1,035)
Emerging Markets Debt Pool	(1,054)
International Fixed Income	(3,407)
AK TIPS Pool	(4,684)
Energy Pool A	(42)
Farmland Pool A	(4,385)
REIT Pool A	382
Timber Pool A	(1,052)
AK Real Estate Pool	(14,918)
Absolute Return	(1,995)
Cash	(14,802)
	<hr/>

AY6I

Large Cap Pool	45,138
Small Cap Pool	8,750
International Equity Pool	25,195
International Small Cap	1,984
Emerging Markets Equity	9,267
Private Equity	(6,945)
Intermediate Treasury	(12,629)
High Yield Pool	(19)
Emerging Markets Debt Pool	(466)
International Fixed Income	(2,035)
AK TIPS Pool	(3,127)
Energy Pool A	181
Farmland Pool A	(2,436)
REIT Pool A	454
Timber Pool A	(465)
AK Real Estate Pool	(8,741)
Absolute Return	876
Cash	(54,982)
	<hr/>

AYX2

Large Cap Pool	260,551
Small Cap Pool	52,864
International Equity Pool	143,670
International Small Cap	11,652
Emerging Markets Equity	54,106
Private Equity	(52,574)
Intermediate Treasury	(92,426)
High Yield Pool	(2,193)
Emerging Markets Debt Pool	(4,016)
International Fixed Income	(15,089)
AK TIPS Pool	(22,091)
Energy Pool A	619
Farmland Pool A	(18,624)
REIT Pool A	2,596
Timber Pool A	(3,971)
AK Real Estate Pool	(64,836)
Absolute Return	(329)
Cash	(249,909)
	<hr/>

AYY2

Large Cap Pool	1,249,413
Small Cap Pool	245,016
International Equity Pool	704,404
International Small Cap	55,786
Emerging Markets Equity	259,219
Private Equity	(195,550)
Intermediate Treasury	(348,956)
High Yield Pool	(878)
Emerging Markets Debt Pool	(13,244)
International Fixed Income	(57,439)
AK TIPS Pool	(88,005)
Energy Pool A	4,936
Farmland Pool A	(68,691)
REIT Pool A	12,700
Timber Pool A	(13,104)
AK Real Estate Pool	(245,154)
Absolute Return	24,044
Cash	(1,524,497)
	<hr/>

AYX3

Large Cap Pool	99,471
Small Cap Pool	21,509
International Equity Pool	52,118
International Small Cap	4,539
Emerging Markets Equity	20,638
Private Equity	(29,236)
Intermediate Treasury	(50,672)
High Yield Pool	(2,403)
Emerging Markets Debt Pool	(2,508)
International Fixed Income	(8,173)
AK TIPS Pool	(11,278)
Energy Pool A	(73)
Farmland Pool A	(10,493)
REIT Pool A	946
Timber Pool A	(2,502)
AK Real Estate Pool	(35,767)
Absolute Return	(4,513)
Cash	(41,603)
	<hr/>

AYY3

Large Cap Pool	336,152
Small Cap Pool	71,795
International Equity Pool	177,687
International Small Cap	15,420
Emerging Markets Equity	69,726
Private Equity	(92,785)
Intermediate Treasury	(161,356)
High Yield Pool	(7,105)
Emerging Markets Debt Pool	(7,843)
International Fixed Income	(26,046)
AK TIPS Pool	(36,180)
Energy Pool A	(24)
Farmland Pool A	(33,335)
REIT Pool A	3,222
Timber Pool A	(7,851)
AK Real Estate Pool	(114,363)
Absolute Return	(12,781)
Cash	(174,333)
	<hr/>

AYZ1

Large Cap Pool	(1,491,477.00)
Small Cap Pool	(300,341)
International Equity	(825,340)
International Small Cap	(66,994)
Emerging Markets Equity Pool	(309,455)
Private Equity	286,957
Intermediate Treasury	506,478
High Yield	10,196
Emerging Markets Debt Pool	21,509
International Fixed Income	82,679
AK TIPS Pool	121,797
Energy Pool A	(4,073)
Farmland Pool A	101,709
REIT Pool A	(14,906)
Timber Pool A	21,367
AK Real Estate Pool	356,497
Absolute Return	(3,440)
Cash	1,506,837
	<hr/>

AYZ2

Large Cap Pool	(650,530.00)
Small Cap Pool	(130,998)
International Equity	(359,982)
International Small Cap	(29,220)
Emerging Markets Equity Pool	(134,972)
Private Equity	125,160
Intermediate Treasury	220,907
High Yield	4,447
Emerging Markets Debt Pool	9,382
International Fixed Income	36,061
AK TIPS Pool	53,124
Energy Pool A	(1,776)
Farmland Pool A	44,361
REIT Pool A	(6,501)
Timber Pool A	9,320
AK Real Estate Pool	155,491
Absolute Return	(1,500)
Cash	657,226
	<hr/>

Alaska Retirement Management Board

P.O. Box 110405

Juneau, Alaska 99811-0405

(907) 465-3749

August 19, 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 August 24, 2011, to bring PERS, TRS and JRS pension plans and health retirement plans closer to target.

PERS Retirement Health	AYW2
Large Cap Pool	(438,300.00)
Small Cap Pool	(59,800.00)
International Equity Pool	(125,600.00)
International Small Cap	(4,000.00)
Emerging Markets Equity	(47,300.00)
Private Equity	264,300.00
Domestic Fixed Income	4,400.00
Intermediate Treasury	(6,080,700.00)
International Fixed Income	84,300.00
Emerging Markets Debt	24,100.00
High Yield Pool	51,900.00
Real Estate Pool	578,100.00
Energy Pool A	(1,700.00)
Farmland Pool A	(1,539,600.00)
REIT Pool A	8,200.00
Timber Pool A	25,700.00
TIPS Pool	80,200.00
Absolute Return	76,200.00
Cash	7,099,600.00

TRS Retirement Health	AYW3
Large Cap Pool	(131,300.00)
Small Cap Pool	(15,400.00)
International Equity Pool	(27,000.00)
International Small Cap	100.00
Emerging Markets Equity	(10,400.00)
Private Equity	94,800.00
Domestic Fixed Income	1,700.00
Intermediate Treasury	(2,364,700.00)
International Fixed Income	30,500.00
Emerging Markets Debt	8,700.00
High Yield Pool	19,900.00
Real Estate Pool	214,400.00
Energy Pool A	(600.00)
Farmland Pool A	1,716,300.00
REIT Pool A	3,500.00
Timber Pool A	9,400.00
TIPS Pool	27,900.00
Absolute Return	29,500.00
Cash	392,700.00

JRS Retirement Health	AYW4
Large Cap Pool	1,400.00
Small Cap Pool	500.00
International Equity Pool	1,500.00
International Small Cap	100.00
Emerging Markets Equity	600.00
Private Equity	800.00
Domestic Fixed Income	-
Intermediate Treasury	(38,200.00)
International Fixed Income	300.00
Emerging Markets Debt	100.00
High Yield Pool	300.00
Real Estate Pool	2,500.00
Energy Pool A	-
Farmland Pool A	(47,400.00)
REIT Pool A	100.00
Timber Pool A	100.00
TIPS Pool	200.00
Absolute Return	500.00
Cash	76,600.00

PERS Pension	AY21
Large Cap Pool	438,300.00
Small Cap Pool	59,800.00
International Equity Pool	125,600.00
International Small Cap	4,000.00
Emerging Markets Equity	47,300.00
Private Equity	(264,300.00)
Domestic Fixed Income	(4,400.00)
Intermediate Treasury	6,080,700.00
International Fixed Income	(84,300.00)
Emerging Markets Debt	(24,100.00)
High Yield Pool	(51,900.00)
Real Estate Pool	(578,100.00)
Energy Pool A	1,700.00
Farmland Pool A	1,539,600.00
REIT Pool A	(8,200.00)
Timber Pool A	(25,700.00)
TIPS Pool	(80,200.00)
Absolute Return	(76,200.00)
Cash	(7,099,600.00)

TRS Pension	AY22
Large Cap Pool	131,300.00
Small Cap Pool	15,400.00
International Equity Pool	27,000.00
International Small Cap	(100.00)
Emerging Markets Equity	10,400.00
Private Equity	(94,800.00)
Domestic Fixed Income	(1,700.00)
Intermediate Treasury	2,364,700.00
International Fixed Income	(30,500.00)
Emerging Markets Debt	(8,700.00)
High Yield Pool	(19,900.00)
Real Estate Pool	(214,400.00)
Energy Pool A	600.00
Farmland Pool A	(1,716,300.00)
REIT Pool A	(3,500.00)
Timber Pool A	(9,400.00)
TIPS Pool	(27,900.00)
Absolute Return	(29,500.00)
Cash	(392,700.00)

JRS Pension	AY23
Large Cap Pool	(1,400.00)
Small Cap Pool	(500.00)
International Equity Pool	(1,500.00)
International Small Cap	(100.00)
Emerging Markets Equity	(600.00)
Private Equity	(800.00)
Domestic Fixed Income	-
Intermediate Treasury	38,200.00
International Fixed Income	(300.00)
Emerging Markets Debt	(100.00)
High Yield Pool	(300.00)
Real Estate Pool	(2,500.00)
Energy Pool A	-
Farmland Pool A	47,400.00
REIT Pool A	(100.00)
Timber Pool A	(100.00)
TIPS Pool	(200.00)
Absolute Return	(500.00)
Cash	(76,600.00)

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

August 19, 2011

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

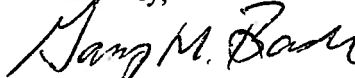
Dear Mr. McElligott:

Please make the following pool level transactions on August 24, 2011 to bring **PERS, TRS and JRS Retirement Health Plans** allocations closer to target.

	AYW2	AYW3	AYW4
Domestic Equity - Lg Cap	-6,087,800	6,188,600	-100,800
Domestic Equity - Sm Cap	-1,285,800	1,307,600	-21,800
International Equities	-4,114,800	4,185,700	-70,900
International Small Cap	-369,600	374,700	-5,100
Emerging Markets	-1,490,200	1,515,700	-25,500
AY77 - Dom. Fixed Inc.	-67,300	68,400	-1,100
Intermediate Treasury	-3,988,200	4,008,100	-19,900
International Fixed Income	-657,900	669,100	-11,200
High Yield	-679,000	690,600	-11,600
Emerging Market Debt	-216,000	218,500	-2,500
Real Estate	-2,206,400	2,242,600	-36,200
Farmland Pool A	682,600	-712,500	29,900
Energy Pool A	-214,000	216,600	-2,600
Timber Pool A	-324,100	329,700	-5,600
REIT Pool	-264,300	268,800	-4,500
TIPS	-345,800	350,200	-4,400
Total Private Equity	-2,560,000	2,605,400	-45,400
Absolute Return	-1,180,300	1,201,700	-21,400
AY70 - Short Term Pool	25,368,900	-25,729,500	360,600
Total Asset Allocation	0	0	0

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

Sincerely,



Gary M. Bader
Chief Investment Officer



Alaska Retirement Management Board

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

August 17, 2011

Mr. Anthony J. Dote
Lazard Asset Management
30 Rockefeller Plaza
New York, NY 10020

Dear Mr. Dote:

The Alaska Retirement Management Board (ARMB) is in the process of rebalancing its asset allocation. In order to work towards ARMB's target allocation, I direct you to make the following liquidations:

Lazard Global (AY47+AY58) <\$115,000,000>

I direct Lazard to liquidate the appropriate amount in each account (AY47 and AY58) in order to raise a total of \$115,000,000 while maintaining the current Lazard Global allocation. Furthermore, the Emerging Markets portion of the Lazard International (AY58) liquidation shall be transferred in-kind to the Lazard Emerging Markets Equity Fund (AY6P). When the amounts to be transferred are determined, please convey them to our contact, Michael McElligott, at State Street Bank.

I grant the portfolio manager full discretion to sell securities to effect this liquidation and transfer when in his/her best judgment it is most advantageous to the ARMB, but in any event, the funds should be available for transfer on Thursday, August 25, 2011.

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

Sincerely,

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

Gary M. Bader
Chief Investment Officer



Alaska Retirement Management Board

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

August 17, 2011

Mr. Anthony J. Dote
Lazard Asset Management
30 Rockefeller Plaza
New York, NY 10020

Dear Mr. Dote:

The Alaska Retirement Management Board (ARMB) is in the process of rebalancing its asset allocation. In order to work towards the Board's target allocation, I direct you to invest an additional \$42,000,000 in the Lazard Emerging Markets Equity Fund (AY6P) through a combination of an in-kind transfer from the Lazard Global liquidation and a cash purchase. The amount to be invested in cash will be determined by the in-kind transfer and together will total \$42,000,000. When the amounts are determined, please convey them to our contact, Michael McElligott, at State Street Bank. On Thursday, August 25, 2011, the cash portion will be transferred to the following account:

ABA# 011000028
State Street Bank and Trust Company
Boston, Massachusetts
Custody and Shareholder Services Division
DDA 9905-2375
Attention: Lazard Emerging Markets Equity – Institutional Class / Fund 638
The Lazard Funds Inc.
Ref: Alaska Retirement Management Board / Account #1001660075

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

Sincerely,

A handwritten signature in blue ink that reads "Gary M. Bader".

Gary M. Bader
Chief Investment Officer



Alaska Retirement Management Board

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

August 17, 2011

State Street Global Advisors
State Street Financial Center
One Lincoln Street
Boston, MA 02111

<input type="checkbox"/>	Revision
<input type="checkbox"/>	Cancellation

Attention: SSgA Boston Shareholder Services – (617) 204 0088

Dear State Street Global Advisors:

The Alaska Retirement Management Board _____ is writing to advise SSgA of our intent to make the below contribution to our separately managed account:

TRADE DATE:	August 25, 2011
TRANSACTION:	Contribution
SSgA ACCOUNT NAME:	Russell 1000 Growth Index Separate Account
SSgA ACCOUNT CODE:	AY4L
AMOUNT:	\$20,000,000
CURRENCY:	USD

Special Instructions:

We understand that SSgA will buy securities on Trade Date in the portfolio on the basis of the instructions provided in this letter. We agree to work with our custodian to ensure funds are deposited in a timely fasion and understand SSgA will not be responsible for any overdraft charge or impact that results from a delay in payment.

We also understand that this letter should be faxed to SSgA Shareholder Services Team at the following fax number at least 2 business days before the Trade Date.

(617) 204 0088

Sincerely yours,

Mary M. Baden

Authorized Signature

Date: 8/16/2011



Alaska Retirement Management Board

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

August 17, 2011

Mr. Bob Mitchell
333 Willoughby Ave., 11th Floor SOB
Juneau, AK 99801

Dear Mr. Mitchell:

The Alaska Retirement Management Board (ARMB) is in the process of rebalancing its asset allocation. In order to work towards the Board's target allocation, I direct you to invest an additional \$53,000,000 in the US Intermediate Treasury Fund (AY1A). This amount will be available for investment on Thursday, August 25, 2011.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Gary M. Bader".

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
Charles Colton, State Investment Officer
Victor Djajalie, State Investment Officer
Nicholas Orr, State Investment Officer
Elizabeth Walton, State Investment Officer
Steve Sikes, State Investment Officer

GMB/smh



Alaska Retirement Management Board

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

June 21, 2011

Jeffrey A. Conrad, CFA
President
Hancock Ag. Investment Group
99 High Street – 26th Floor
Boston, MA 02110-2320

Dear Mr. Conrad:

This letter authorizes Hancock Agricultural Investment Group to invest an additional \$40,000,000 on behalf of the Alaska Retirement Management Board (ARMB). Effective immediately, the total allocation to Hancock Agricultural Investment Group is therefore increased from \$205,250,000 to \$245,250,000.

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

Sincerely,

A handwritten signature in black ink that reads "Gary M. Bader".

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair
Jerry Burnett, Deputy Commissioner

GMB/sjc

The Townsend Group

Skylight Office Tower, 1660 West Second Street, Suite 450
Cleveland, Ohio 44113 ▪ Telephone 216-781-9090 ▪ Facsimile 216-781-1407
www.townsendgroup.com

August 29, 2011

Gary Bader
Alaska Retirement Management Board
333 Willoughby Avenue, 11th Floor
Department of Revenue
P.O. Box 110405
Juneau, AK 99801
Gary_Bader@revenue.state.ak.us

Dear Gary:

We are pleased to inform you that The Townsend Group ("Townsend") has entered into an agreement with Aligned Asset Managers ("Aligned"), a firm specializing in making investments in financial services and investment management companies. Under this agreement, Aligned will acquire a 70% interest in a new jointly-owned entity.

Since the inception of our firm more than 25 years ago, initially the founders, and subsequently the broader team of owners, have consistently invested their capital to further the development of our platform with the goal of always providing our clients with the highest quality of thought leadership. During that period of time real estate has evolved to become a truly global asset class spanning the private and public markets, and the debt and equity markets, with a continuum of strategies that range from 'bond-like' core to 'venture capital-like' opportunistic. To meet the ever increasing demands of the asset class, we continued to add senior and experienced investment professionals and opened offices in San Francisco, London and Hong Kong in addition to our original office in Cleveland.

As we reviewed our goals for the future we understood the following. First, we were excited about the investment possibilities and opportunities in the asset class of real estate and in the broader real asset sector. Second, we recognized that to maintain the highest level of thought leadership it would require continued meaningful investment in our global platform. Third, we were extremely pleased with the investment professionals on our team, and we wanted to provide them not only with the opportunity to add value to our clients' programs, but also the ability to participate in our firm's success. Fourth, we wanted both for our clients and our team a platform that would ensure sustainability and continuity into the future.

For those of you who know us, you understand that we believe a key to our success as an investment team is our culture. Over the years we have been approached by a number of parties seeking to acquire, partner or joint venture with us. While such overtures were a great compliment, we were never comfortable with our ability to maintain that culture. For the past year we have had discussions with

Hong Kong
Tel +852 22518250
Fax +852 22511818

London
Tel +44 203 170 6008
Fax +44 207 958 9090

San Francisco
Tel 415-362-2025
Fax 415-362-2026

Aligned and their private equity partner - GTCR. We have taken that opportunity to understand them and their goals, and to share with them our values. We believe that they provide us with a unique opportunity to achieve our goals and to maintain our culture, our management, our team and our offices. They provide us with a partner who understands the strategic value we place upon both our consulting and investment practices, and a partner that does not create any conflicts of interests with the services we provide to our clients.

Each client should rest assured that it will continue to receive our best service without interruption. There will be no changes to the people who manage the firm, to the people who service each client's respective account or to the people who support our client service and investment teams. Each client should take further comfort that our interests will continue to be aligned with its interests. We are very pleased that through a 10% profits interests and through a 30% direct equity ownership the employees of Townsend will effectively own 37% of the future of the firm. We believe this amount of ownership compares very favorably with other recent transactions in the real estate sector. We are also excited to confirm that concurrent with this transaction the equity participation in Townsend by its employees will expand from eight people to thirteen.

We view this partnership as a critical next step in creating a global real estate platform capable of not only keeping pace in an ever-changing real asset investment market, but possessing the independent culture and thought leadership necessary to continue our mission. We hope you share our enthusiasm for our new partners and the benefits they provide for our platform and for you, our clients.

Sincerely,
The Townsend Group

A handwritten signature in black ink, appearing to read "Terry Ahern", written in a cursive style.

Terry Ahern
President and CEO

The Townsend Group

Skylight Office Tower, 1660 West Second Street, Suite 450
Cleveland, Ohio 44113 ▪ Telephone 216-781-9090 ▪ Facsimile 216-781-1407
www.townsendgroup.com

August 29, 2011

Gary Bader
Alaska Retirement Management Board
333 Willoughby Avenue, 11th Floor
Department of Revenue
P.O. Box 110405
Juneau, AK 99801
Gary_Bader@revenue.state.ak.us

Re: Investment Advisory Agreement

Dear Gary:

We are pleased to inform you that The Townsend Group, Inc. ("Townsend") has entered into an agreement with Aligned Asset Managers LLC ("Aligned"), a firm specializing in making investments in financial services and investment management companies. Under this agreement Aligned will acquire a 70% interest in a newly formed subsidiary of Townsend, Townsend Holdings LLC ("Townsend Holdings"), immediately expand the current number of employee equity holders, and put into place a structure that enables efficient expansion of the number of employee equity holders over time.

The existing shareholders of Townsend have worked with the management team of Aligned for nearly a year in an effort to implement a long-term plan that accomplishes several goals including: 1) making certain that Townsend employees will retain direct equity ownership and proper alignment of interest; 2) implementation of a comprehensive incentive compensation plan that allows Townsend to continue to recruit and retain the best investment talent; and 3) allowing Townsend to continue to focus on bringing world-class real estate investment solutions to our clients without the non-value-adding influences that potentially come from being part of a larger multi-asset class investment or advisory firm.

To facilitate this transaction, on August 26, 2011 Townsend and Townsend Holdings entered into an agreement with Aligned, under which Aligned will purchase 70% of the equity of Townsend Holdings (the "Transaction"), which will result in a change in control of Townsend Holdings. Prior to the consummation of, and in order to facilitate, the Transaction, Townsend intends to contribute substantially all of its assets and liabilities to Townsend Holdings, including the investment advisory agreement you have with Townsend.

While the ultimate ownership of Townsend Holdings will change as a result of the transaction, our business relationships, and most importantly, our commitment to our clients, will not change. Upon

Hong Kong
Tel +852 22518250
Fax +852 22511818

London
Tel +44 203 170 6008
Fax +44 207 958 9090

San Francisco
Tel 415-362-2025
Fax 415-362-2026

completion of the Transaction, your account will continue to be served by the same advisory team, we will have the same executive leadership and our research team will continue to produce best-in-class real estate investment advice.

By signing below, you (i) consent to the Transaction and the assignment of your contract(s) with Townsend occurring in connection with the Transaction, (ii) acknowledge your receipt of this letter and confirm that no other notice or documentation is required under your contract(s) with Townsend in connection with the Transaction or, if additional notice or documentation is required, hereby waive any such requirement, (iii) acknowledge and agree that the Transaction and the assignment of your contract(s) with Townsend shall not be deemed to constitute, or be construed as, a breach of such contract(s) and (iv) acknowledge and agree that, except as explicitly modified herein, neither this consent to the assignments of your contract(s) with Townsend nor the Transaction itself, will be construed to modify, waive or affect any of the terms of such contract(s) or any rights or obligations thereunder, all of which shall remain in full force and effect.

Please fax or email a copy of this consent to the attention of Joe Olszak at 216.781.1407 / jolszak@townsendgroup.com.

We very much appreciate the opportunity you have given us to serve you in the past, and we look forward to continuing to serve you in the future. If you have any questions concerning this letter, please call Joe Olszak at (216) 781-9090.

Sincerely,



Terry Ahern
President and CEO
The Townsend Group, Inc.
Townsend Holdings LLC

ACKNOWLEDGED AND ACCEPTED

Name, Title

Date

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

As of July 31, 2011

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

	Beginning Invested Assets	Investment Income ⁽¹⁾	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income ⁽²⁾
<u>Public Employees' Retirement System (PERS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	\$ 6,264,552,684	\$ (50,108,892)	\$ 96,493,657	\$ 6,310,937,449	0.74%	-0.79%
Retirement Health Care Trust	5,134,162,802	(40,559,366)	102,828,901	5,196,432,337	1.21%	-0.78%
Total Defined Benefit Plans	<u>11,398,715,486</u>	<u>(90,668,258)</u>	<u>199,322,558</u>	<u>11,507,369,786</u>	0.95%	-0.79%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	180,109,444	(3,541,495)	1,810,282	178,378,231	-0.96%	-1.96%
Health Reimbursement Arrangement	53,935,537	(309,666)	920,145	54,546,016	1.13%	-0.57%
Retiree Medical Plan	12,298,211	(70,903)	151,944	12,379,252	0.66%	-0.57%
Defined Benefit Occupational Death and Disability:						
Public Employees	5,286,780	(30,413)	71,350	5,327,717	0.77%	-0.57%
Police and Firefighters	1,917,717	(10,915)	41,385	1,948,187	1.59%	-0.56%
Total Defined Contribution Plans	<u>253,547,689</u>	<u>(3,963,392)</u>	<u>2,995,106</u>	<u>252,579,403</u>	-0.38%	-1.55%
Total PERS	<u>11,652,263,175</u>	<u>(94,631,650)</u>	<u>202,317,664</u>	<u>11,759,949,189</u>	0.92%	-0.81%
<u>Teachers' Retirement System (TRS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	3,118,844,542	(25,466,186)	135,121,676	3,228,500,032	3.52%	-0.80%
Retirement Health Care Trust	1,614,432,210	(12,886,538)	72,959,205	1,674,504,877	3.72%	-0.78%
Total Defined Benefit Plans	<u>4,733,276,752</u>	<u>(38,352,724)</u>	<u>208,080,881</u>	<u>4,903,004,909</u>	3.59%	-0.79%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	81,208,363	(1,643,056)	1,585,963	81,151,270	-0.07%	-2.00%
Health Reimbursement Arrangement	17,780,154	(102,111)	470,561	18,148,604	2.07%	-0.57%
Retiree Medical Plan	5,433,467	(31,345)	112,567	5,514,689	1.49%	-0.57%
Defined Benefit Occupational Death and Disability	2,234,171	(12,885)	45,142	2,266,428	1.44%	-0.57%
Total Defined Contribution Plans	<u>106,656,155</u>	<u>(1,789,397)</u>	<u>2,214,233</u>	<u>107,080,991</u>	0.40%	-1.66%
Total TRS	<u>4,839,932,907</u>	<u>(40,142,121)</u>	<u>210,295,114</u>	<u>5,010,085,900</u>	3.52%	-0.81%
<u>Judicial Retirement System (JRS)</u>						
Defined Benefit Plan Retirement Trust	110,498,974	(890,376)	1,715,334	111,323,932	0.75%	-0.80%
Defined Benefit Retirement Health Care Trust	20,475,723	(162,125)	86,800	20,400,398	-0.37%	-0.79%
Total JRS	<u>130,974,697</u>	<u>(1,052,501)</u>	<u>1,802,134</u>	<u>131,724,330</u>	0.57%	-0.80%
<u>National Guard/Naval Militia Retirement System (MRS)</u>						
Defined Benefit Plan Retirement Trust	32,995,190	(127,885)	(122,849)	32,744,456	-0.76%	-0.39%
<u>Other Participant Directed Plans</u>						
Supplemental Annuity Plan	2,552,981,709	(11,959,496)	(430,513)	2,540,591,700	-0.49%	-0.47%
Deferred Compensation Plan	596,689,747	(5,314,132)	(1,017,705)	590,357,910	-1.06%	-0.89%
Total All Funds	<u>\$ 19,805,837,425</u>	<u>\$ (153,227,785)</u>	<u>\$ 412,843,845</u>	<u>\$ 20,065,453,485</u>	1.31%	-0.77%

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.

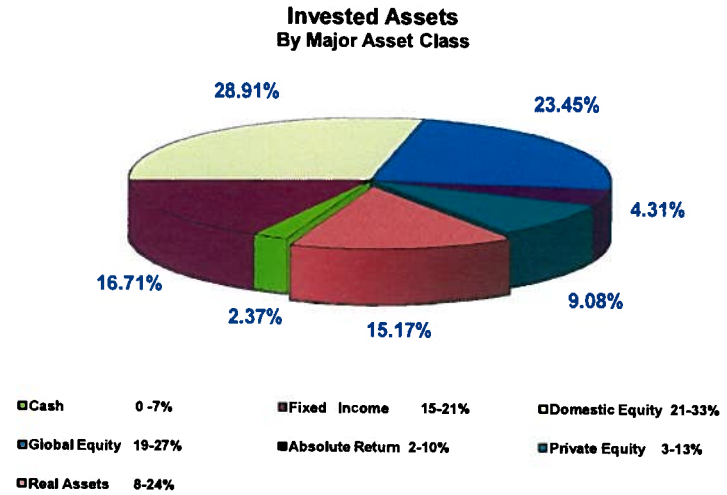
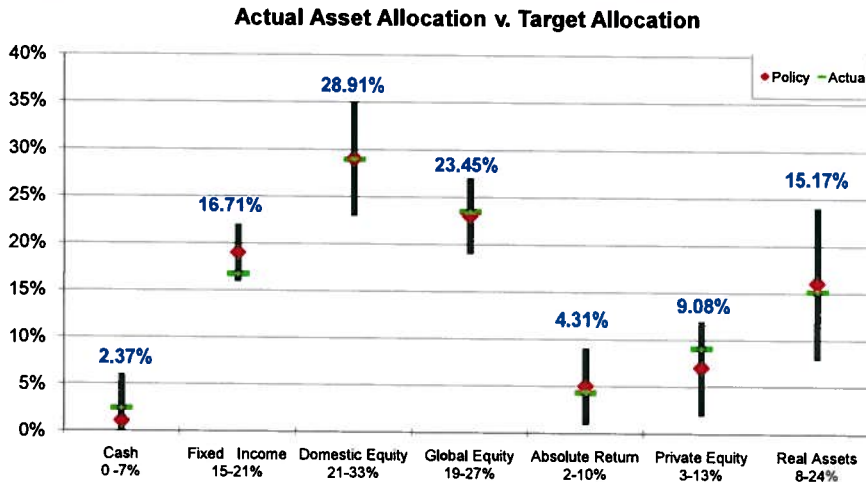
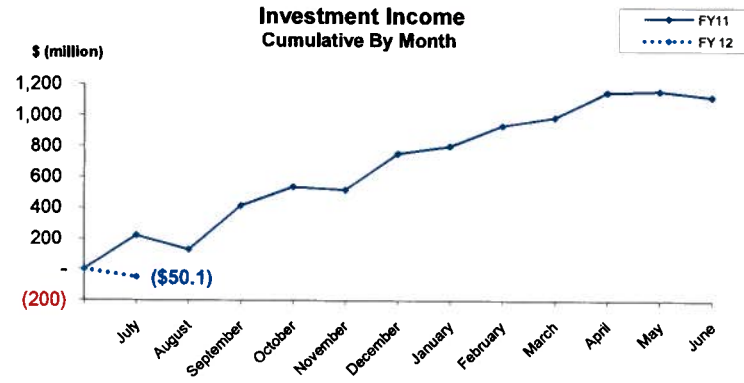
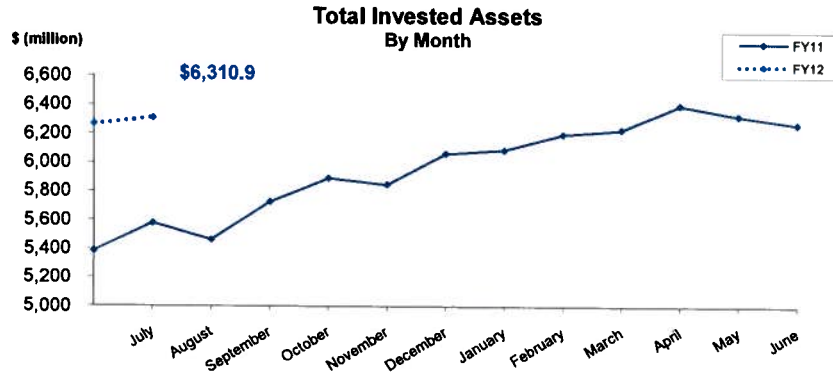
ALASKA RETIREMENT MANAGEMENT BOARD
Schedule of Investment Income and Changes in Invested Assets by Fund
For the Month Ended July 31, 2011

	Beginning Invested Assets	Investment Income ⁽¹⁾	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income ⁽²⁾
<u>Public Employees' Retirement System (PERS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	\$ 6,264,552,684	\$ (50,108,892)	\$ 96,493,657	\$ 6,310,937,449	0.73%	-0.79%
Retirement Health Care Trust	5,134,162,802	(40,559,366)	102,828,901	5,196,432,337	1.20%	-0.78%
Total Defined Benefit Plans	<u>11,398,715,486</u>	<u>(90,668,258)</u>	<u>199,322,558</u>	<u>11,507,369,786</u>	0.94%	-0.79%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	180,109,444	(3,541,495)	1,810,282	178,378,231	-0.97%	-1.96%
Health Reimbursement Arrangement	53,935,537	(309,666)	920,145	54,546,016	1.12%	-0.57%
Retiree Medical Plan	12,298,211	(70,903)	151,944	12,379,252	0.65%	-0.57%
Defined Benefit Occupational Death and Disability:						
Public Employees	5,286,780	(30,413)	71,350	5,327,717	0.77%	-0.57%
Police and Firefighters	1,917,717	(10,915)	41,385	1,948,187	1.56%	-0.56%
Total Defined Contribution Plans	<u>253,547,689</u>	<u>(3,963,392)</u>	<u>2,995,106</u>	<u>252,579,403</u>	-0.38%	-1.55%
Total PERS	<u>11,652,263,175</u>	<u>(94,631,650)</u>	<u>202,317,664</u>	<u>11,759,949,189</u>	0.92%	-0.81%
<u>Teachers' Retirement System (TRS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	3,118,844,542	(25,466,186)	135,121,676	3,228,500,032	3.40%	-0.80%
Retirement Health Care Trust	1,614,432,210	(12,886,538)	72,959,205	1,674,504,877	3.59%	-0.78%
Total Defined Benefit Plans	<u>4,733,276,752</u>	<u>(38,352,724)</u>	<u>208,080,881</u>	<u>4,903,004,909</u>	3.46%	-0.79%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	81,208,363	(1,643,056)	1,585,963	81,151,270	-0.07%	-2.00%
Health Reimbursement Arrangement	17,780,154	(102,111)	470,561	18,148,604	2.03%	-0.57%
Retiree Medical Plan	5,433,467	(31,345)	112,567	5,514,689	1.47%	-0.57%
Defined Benefit Occupational Death and Disability	2,234,171	(12,885)	45,142	2,266,428	1.42%	-0.57%
Total Defined Contribution Plans	<u>106,656,155</u>	<u>(1,789,397)</u>	<u>2,214,233</u>	<u>107,080,991</u>	0.40%	-1.66%
Total TRS	<u>4,839,932,907</u>	<u>(40,142,121)</u>	<u>210,295,114</u>	<u>5,010,085,900</u>	3.40%	-0.81%
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Deferred Compensation Plan	596,689,747	(5,314,132)	(1,017,705)	590,357,910	-1.07%	-0.89%
Total All Funds	<u>\$ 19,805,837,425</u>	<u>\$ (153,227,785)</u>	<u>\$ 412,843,845</u>	<u>\$ 20,065,453,485</u>	1.29%	-0.77%

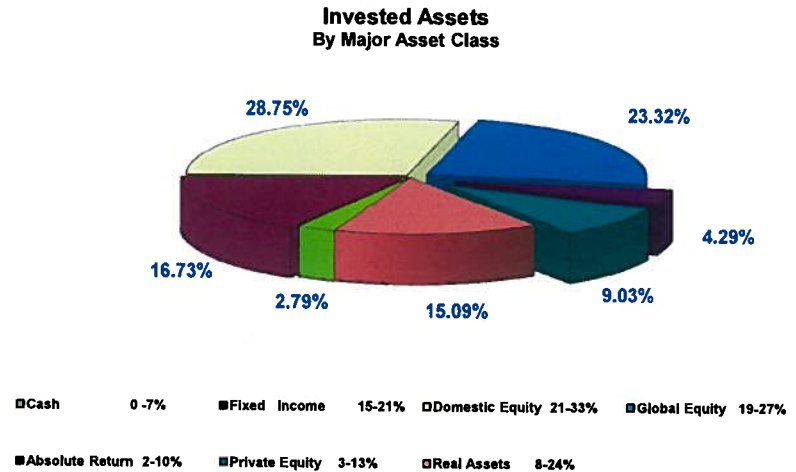
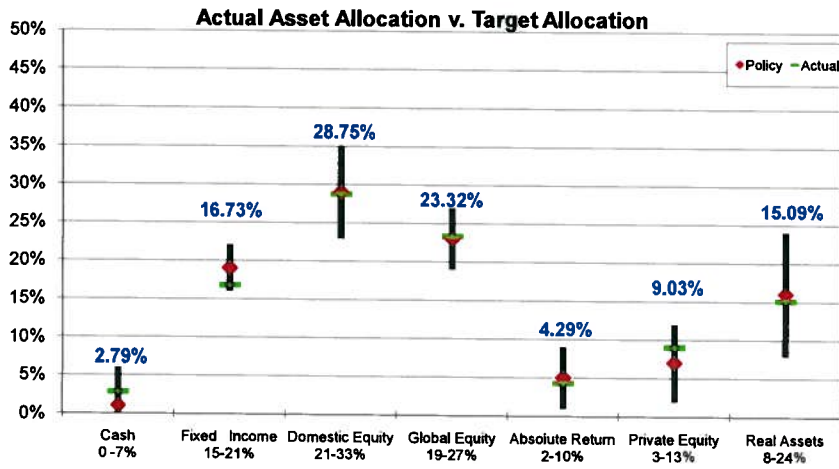
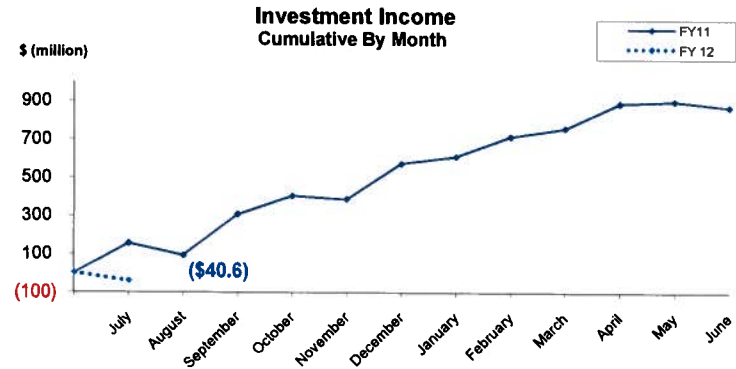
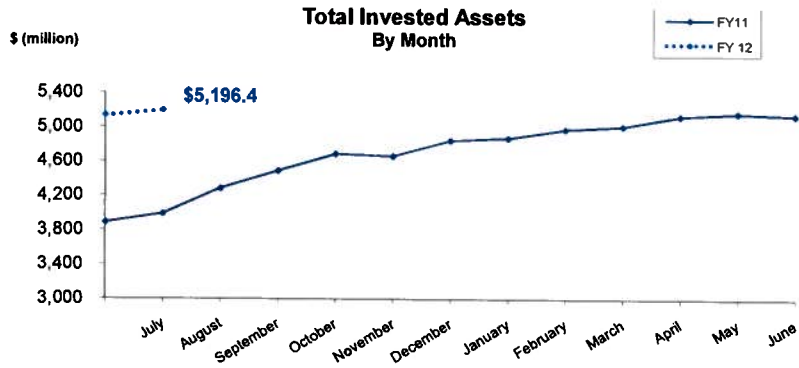
Notes:

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

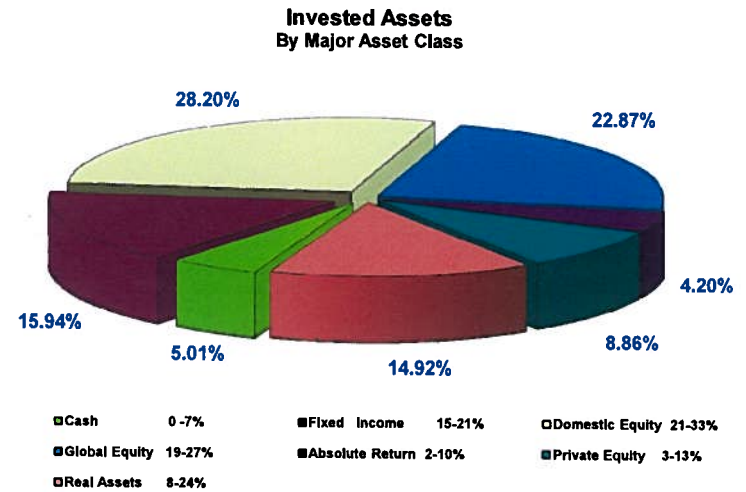
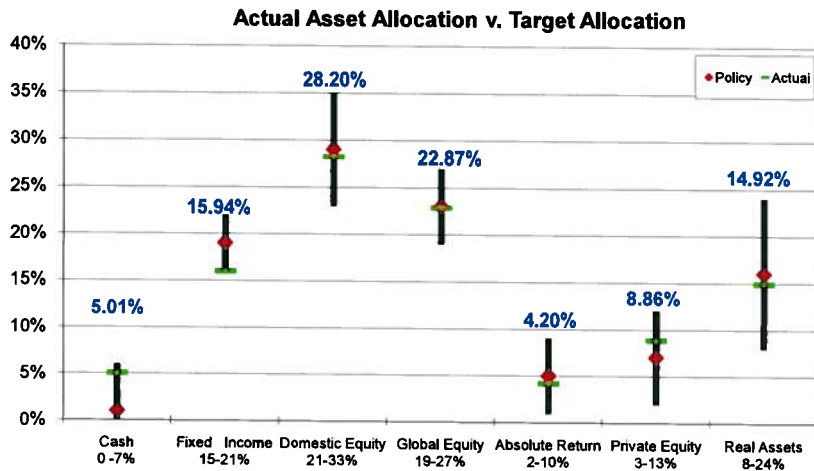
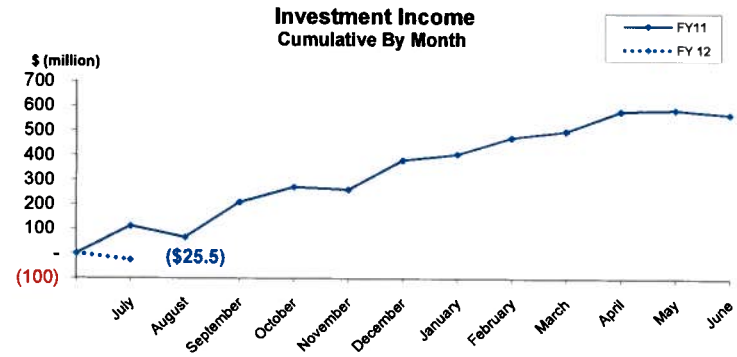
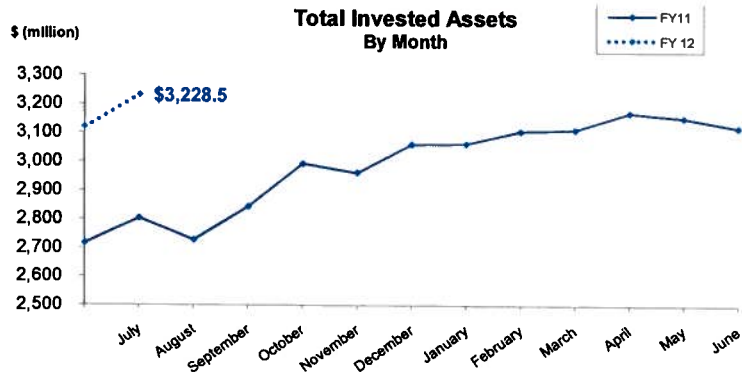
PUBLIC EMPLOYEES' RETIREMENT TRUST FUND As of July 31, 2011



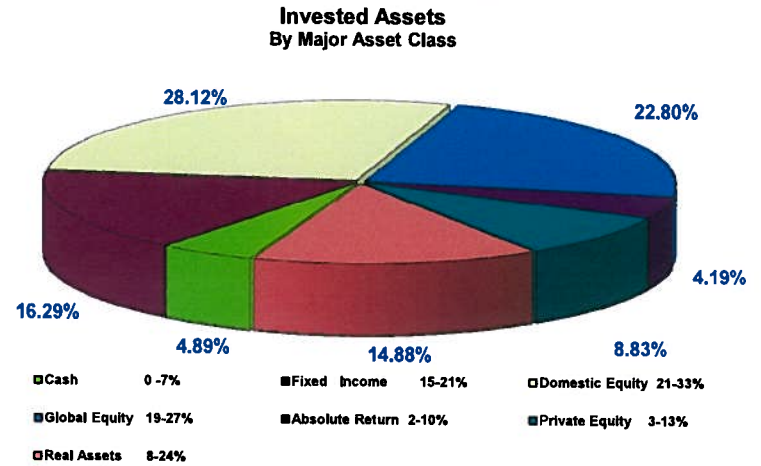
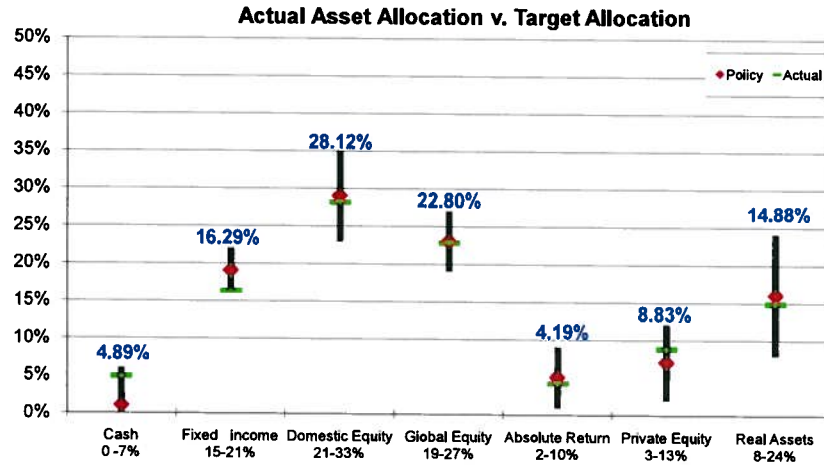
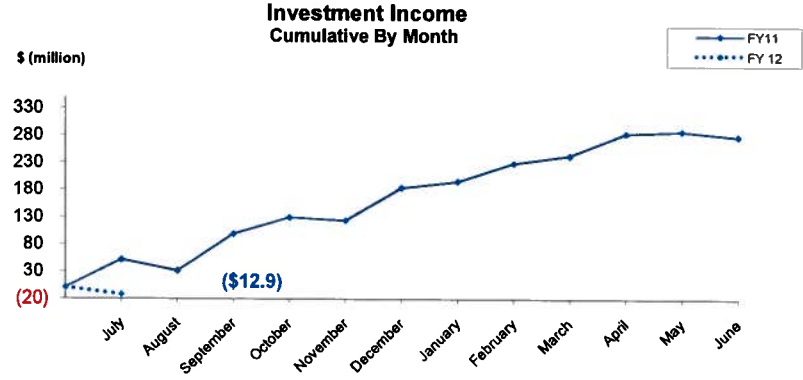
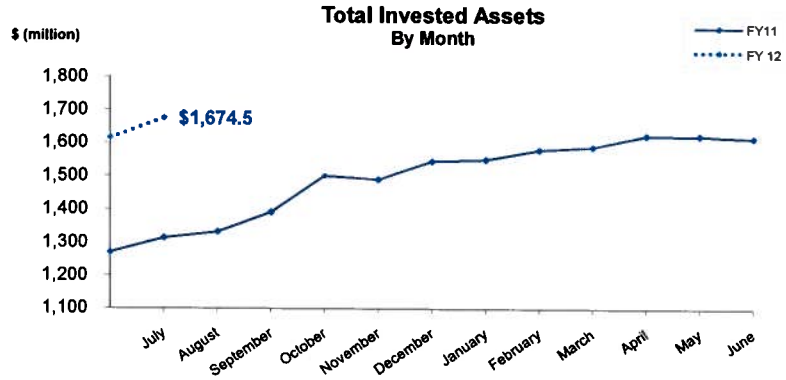
PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND As of July 31, 2011



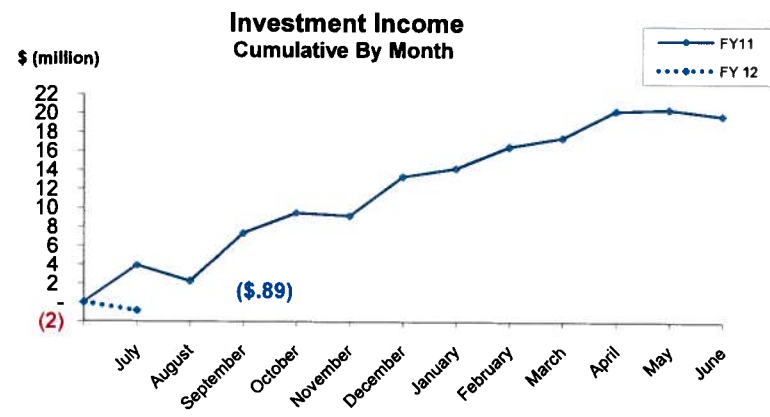
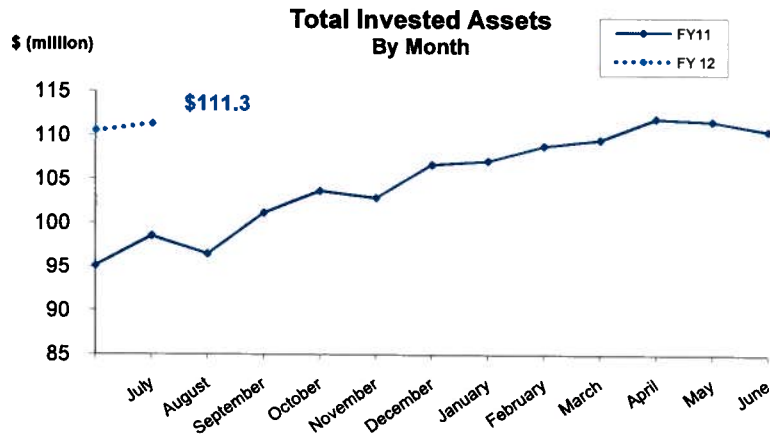
TEACHERS' RETIREMENT TRUST FUND As of July 31, 2011



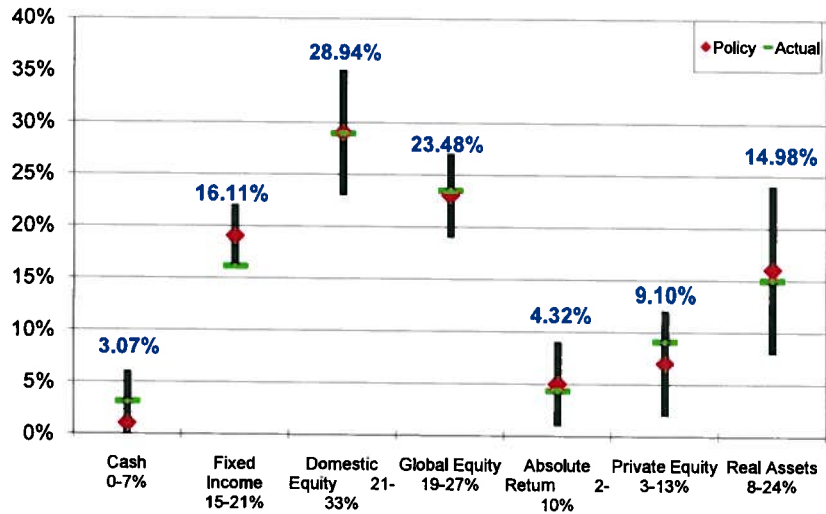
TEACHERS' RETIREE HEALTH CARE TRUST FUND As of July 31, 2011



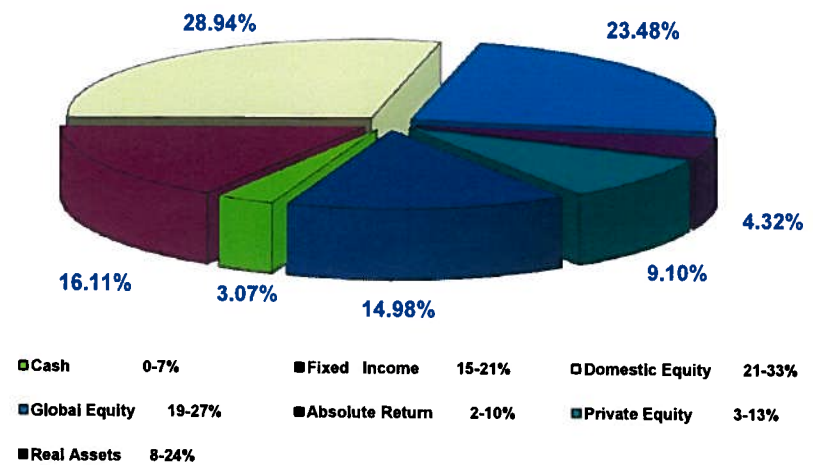
JUDICIAL RETIREMENT TRUST FUND As of July 31, 2011



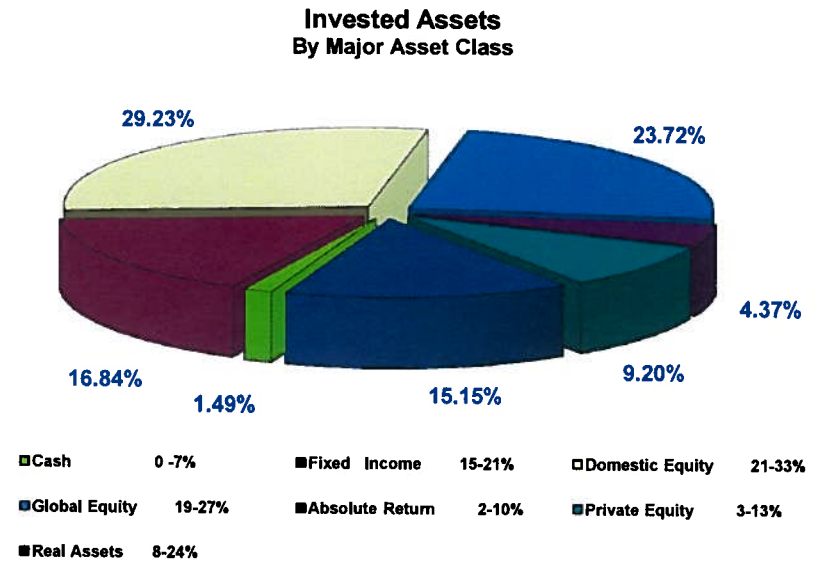
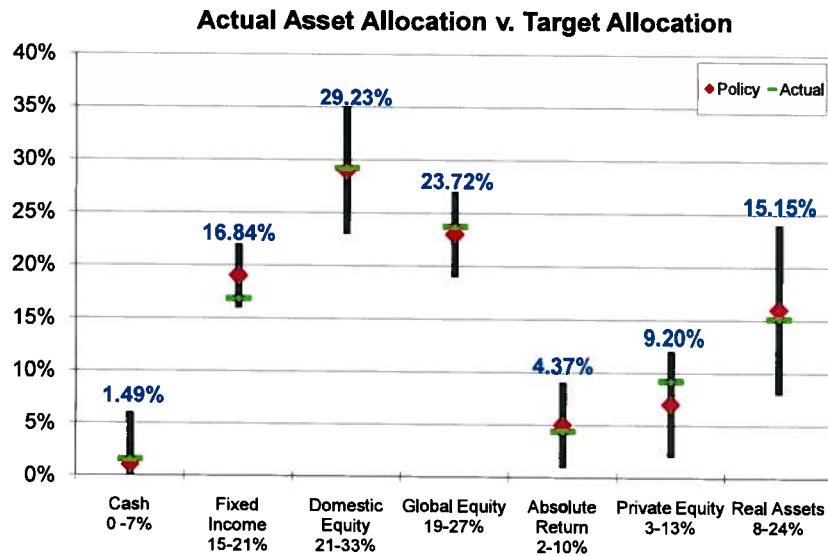
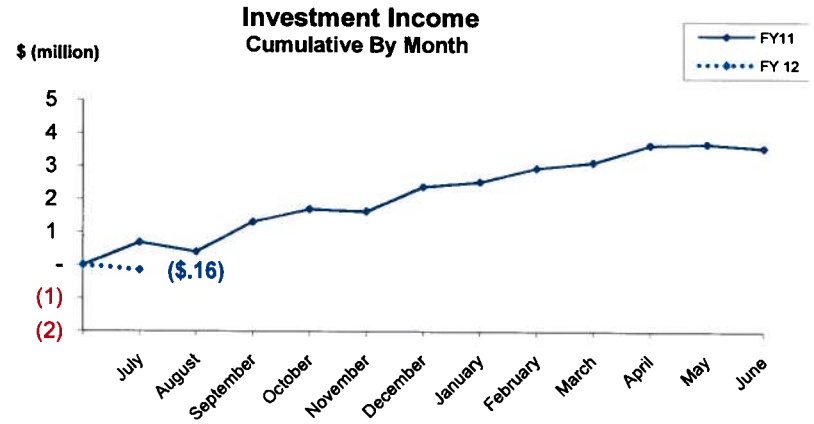
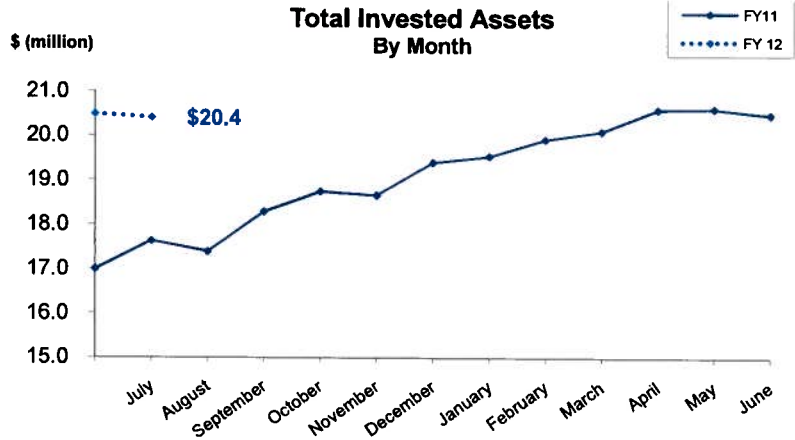
Actual Asset Allocation v. Target Allocation



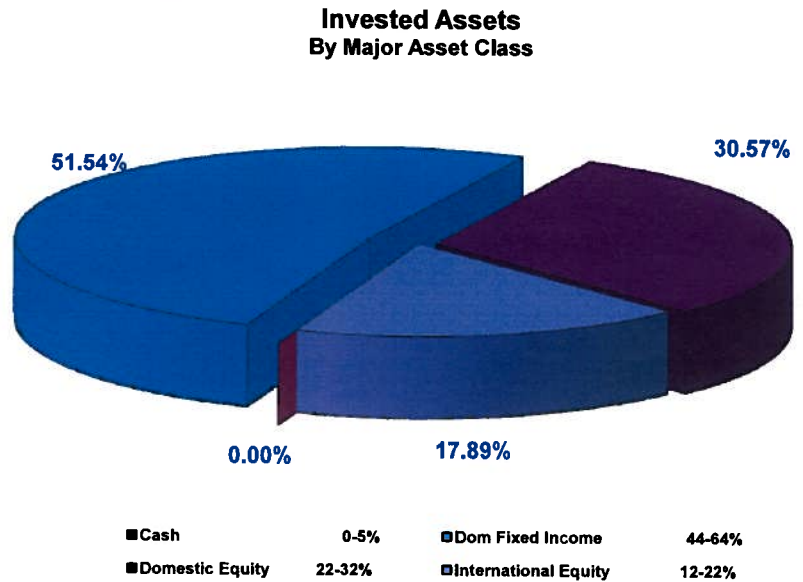
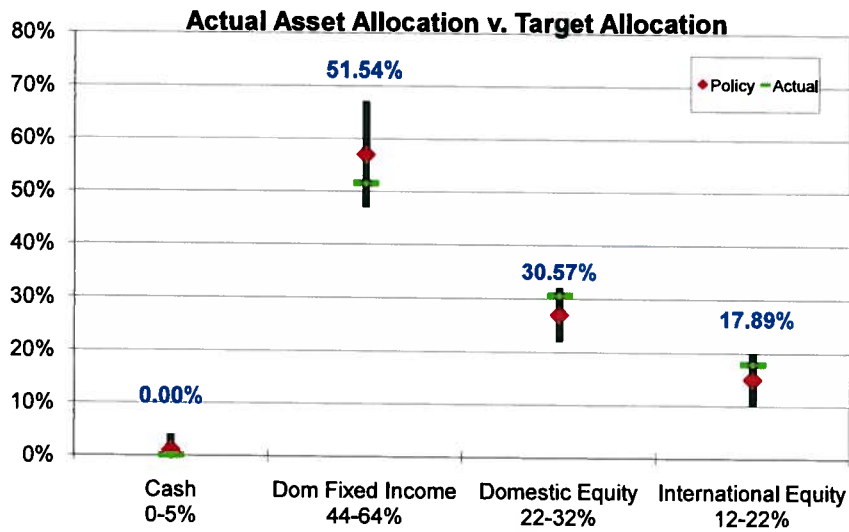
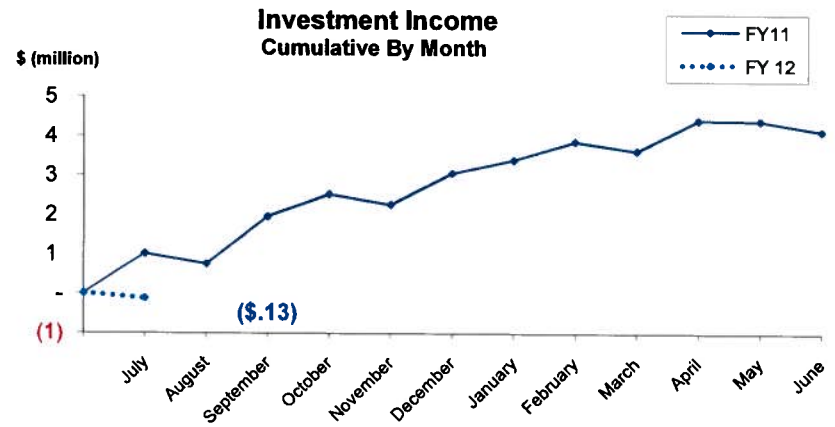
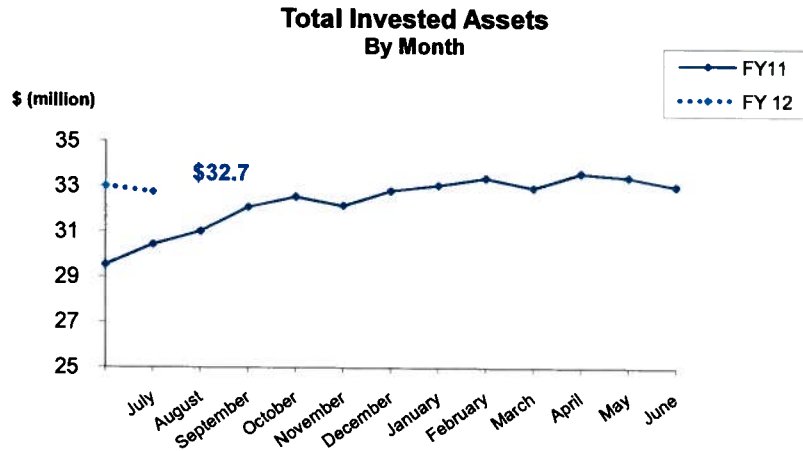
Invested Assets By Major Asset Class



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



MILITARY RETIREMENT TRUST FUND As of July 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 July 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	\$ 113,752,175	\$ 2,657	\$ 431,653,928	\$ 545,408,760	379.47%
	Total Cash	<u>113,752,175</u>	<u>2,657</u>	<u>431,653,928</u>	<u>545,408,760</u>	<u>379.47%</u>
	Fixed Income					
1A	US Treasury Fixed Income	<u>1,796,257,226</u>	<u>24,961,972</u>	<u>(20,254,386)</u>	<u>1,800,964,812</u>	<u>0.26%</u>
77	Internal Fixed Income Investment Pool	<u>40,500,499</u>	<u>(18,097)</u>	<u>-</u>	<u>40,482,402</u>	<u>-0.04%</u>
	International Fixed Income Pool					
63	Mondrian Investment Partners	<u>376,463,573</u>	<u>9,329,509</u>	<u>-</u>	<u>385,793,082</u>	<u>2.48%</u>
	High Yield Pool					
9P	MacKay Shields, LLC	<u>406,149,137</u>	<u>5,986,102</u>	<u>-</u>	<u>412,135,239</u>	<u>1.47%</u>
	Total High Yield	<u>406,149,137</u>	<u>5,986,102</u>	<u>-</u>	<u>412,135,239</u>	<u>1.47%</u>
	Emerging Debt Pool					
5M	Lazard Emerging Income	<u>128,388,232</u>	<u>1,359</u>	<u>-</u>	<u>128,389,591</u>	<u>0.00%</u>
	Total Fixed Income	<u>2,747,758,667</u>	<u>40,260,845</u>	<u>(20,254,386)</u>	<u>2,767,765,126</u>	<u>0.73%</u>
	(cont.)					

Alaska Retirement Management Board
All Non-Participant Directed Plans by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended July 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	59,759,024	(2,347,777)	57,411,247	-3.93%
4P	SSgA Russell 2000 Value	92,028,674	(2,262,476)	69,766,198	-24.19%
	Total Passive	<u>151,787,698</u>	<u>(4,610,253)</u>	<u>127,177,445</u>	<u>-16.21%</u>
Actively Managed					
4D	Turner Investment Partners	-	-	-	
4E	DePrince, Race & Zollo Inc.- Micro Cap	72,450,691	(1,441,868)	71,008,823	-1.99%
4F	Luther King Capital Management	134,342,883	(2,583,801)	131,759,082	-1.92%
4G	Jennison Associates, LLC	164,975,590	(6,251,086)	158,724,504	-3.79%
6A	SSgA Futures Small Cap	6,437,894	(372,138)	6,065,756	-5.78%
4H	Lord Abbett & Co.	186,218,761	(6,638,245)	179,580,516	-3.56%
4Q	Barrow, Haney, Mewhinney & Strauss	99,649,008	(8,073,482)	111,575,526	11.97%
4Z	Lord Abbett & Co.- Micro Cap	74,602,315	(3,083,267)	71,519,048	-4.13%
	Total Active	<u>738,677,142</u>	<u>(28,443,887)</u>	<u>730,233,255</u>	<u>-1.14%</u>
	Total Small Cap	<u>890,464,840</u>	<u>(33,054,140)</u>	<u>857,410,700</u>	<u>-3.71%</u>
Large Cap Pool					
Passively Managed					
4L	SSgA Russell 1000 Growth	612,133,637	(5,883,227)	606,250,410	-0.96%
4M	SSgA Russell 1000 Value	943,768,595	(30,532,319)	913,236,276	-3.24%
4R	SSgA Russell 200	368,658,018	(5,650,779)	363,007,239	-1.53%
	Total Passive	<u>1,924,560,250</u>	<u>(42,066,325)</u>	<u>1,882,493,925</u>	<u>-2.19%</u>
Actively Managed					
47	Lazard Freres	349,910,834	(6,986,583)	342,924,251	-2.00%
48	McKinley Capital Mgmt.	394,642,473	(4,430,405)	390,212,068	-1.12%
4U	Barrow, Haney, Mewhinney & Strauss	145,850,374	(7,002,154)	138,848,220	-4.80%
4V	Quantitative Management Assoc.	139,307,765	(4,617,959)	134,689,806	-3.31%
4W/4X	Analytic Buy Write Account	103,070,502	(610,111)	102,460,391	-0.59%
4Y	RCM Buy Write Account	101,943,979	(1,048,855)	100,895,124	-1.03%
38	RCM	420,306,447	(6,469,947)	413,836,500	-1.54%
6B	SSgA Futures large cap	8,135,641	(384,316)	7,751,325	-4.72%
4J	Relational Investors, LLC	318,900,536	(18,687,179)	309,872,813	-2.83%
	Total Active	<u>1,982,068,551</u>	<u>(50,237,509)</u>	<u>1,941,490,498</u>	<u>-2.05%</u>
	Total Large Cap	<u>3,906,628,801</u>	<u>(92,303,834)</u>	<u>3,823,984,423</u>	<u>-2.12%</u>

(cont.)

Alaska Retirement Management Board
All Non-Participant Directed Plans by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended July 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	94,124,587	(1,449,849)	92,674,738	-1.54%
	Total Convertible Bond Pool	94,124,587	(1,449,849)	92,674,738	-1.54%
	Total Domestic Equity	4,891,218,228	(126,807,823)	4,774,069,861	-2.40%
Global Equities Ex US					
Small Cap Pool					
5B	Mondrian Investment Partners	121,530,596	(2,971,088)	118,559,508	-2.44%
5D	Schroder Investment Management	124,855,954	(1,607,565)	123,248,389	-1.29%
	Total Small Cap	246,386,550	(4,578,653)	241,807,897	-1.86%
Large Cap Pool					
65	Brandes Investment Partners	838,253,893	(23,184,299)	815,069,594	-2.77%
58	Lazard Freres	464,326,193	(2,227,881)	462,098,312	-0.48%
67	Cap Guardian Trust Co	643,629,866	(9,677,403)	633,952,463	-1.50%
68	State Street Global Advisors	392,536,274	(4,581,112)	387,955,162	-1.17%
6D	SSgA Futures International	118,882	35	118,917	0.03%
69	McKinley Capital Management	355,033,008	2,175,015	357,208,023	0.61%
	Total Large Cap	2,693,898,116	(37,495,645)	2,656,402,471	-1.39%
Emerging Markets Equity Pool A ⁽¹⁾					
6P	Lazard Asset Management	304,859,071	(280,717)	304,578,354	-0.09%
6Q	Eaton Vance	226,249,092	(1,417,601)	224,831,491	-0.63%
62	The Capital Group Inc.	449,120,147	(5,879,720)	443,240,427	-1.31%
	Total Emerging Markets Pool A	980,228,310	(7,578,038)	972,650,272	-0.77%
	Total Global Equities	3,920,512,976	(49,652,336)	3,870,860,640	-1.27%
Private Equity Pool					
7Z	Merit Capital Partners	3,408,500	-	3,408,500	0.00%
98	Pathway Capital Management LLC	699,066,204	997,579	699,031,243	-0.01%
85	Abbott Capital	688,362,417	2,175,946	688,252,505	-0.02%
8A	Blum Capital Partners-Strategic	24,759,179	-	24,759,179	0.00%
8P	Lexington Partners	22,349,285	24,906	18,991,993	-15.02%
8Q	Onex Partnership III	6,134,791	8	6,360,811	3.68%
8W	Warburg Pincus X	23,395,419	-	23,395,419	0.00%
8X	Angelo, Gordon & Co.	32,048,286	-	32,048,286	0.00%
	Total Private Equity	1,499,524,081	3,198,439	1,496,247,936	-0.22%

(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 July 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.	143,712,131	(1,485,560)	-	142,226,571	-1.03%
8N	Prisma Capital Partners	151,286,798	(1,842,771)	-	149,444,027	-1.22%
9D	Mariner Investment Group, Inc.	201,649,204	(2,308,378)	-	199,340,826	-1.14%
9E	Cadogan Management LLC	610,500	(2,157)	-	608,343	-0.35%
9F	Crestline Investors, Inc.	222,447,066	(1,909,113)	-	220,537,953	-0.86%
	Total Absolute Return Investments	719,705,699	(7,547,979)	-	712,157,720	-1.05%
Real Assets						
Farmland Pool A						
9B	UBS Agrinvest, LLC	325,394,797	-	-	325,394,797	0.00%
9G	Hancock Agricultural Investment Group	206,259,395	-	-	206,259,395	0.00%
	Total Farmland Pool A	531,654,192	-	-	531,654,192	0.00%
Farmland Water Pool						
8Y	Hancock Water PPTY	8,415,662	-	-	8,415,662	0.00%
8Z	UBS Arginvest, LLC	19,338,039	-	-	19,338,039	0.00%
	Total Farmland Water Pool	27,753,701	-	-	27,753,701	0.00%
Timber Pool A						
9Q	Timberland INVT Resource LLC	116,600,399	-	-	116,600,399	0.00%
9S	Hancock Natural Resource Group	74,248,750	-	-	74,248,750	0.00%
	Total Timber Pool A	190,849,149	-	-	190,849,149	0.00%
Energy Pool A						
5A	EIG Energy Fund XV	2,737,488	231,644	-	2,969,132	8.46%
9A	EIG Energy Fund XD	16,118,419	(1,306,291)	(850,113)	13,962,015	-13.38%
9Z	EIG Energy Fund XIV-A	68,588,491	1,090,571	-	69,679,062	1.59%
	Total Energy Pool A	87,444,398	15,924	(850,113)	86,610,209	-0.95%
REIT Pool						
9H	REIT Holdings	165,539,135	1,764,937	-	167,304,072	1.07%
Treasury Inflation Proof Securities						
6N	TIPS Internally Managed Account (cont.)	193,193,865	8,038,590	-	201,232,455	4.16%

Alaska Retirement Management Board
All Non-Participant Directed Plans by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended July 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	167,709,467	(46,974)	(1,931,009)	165,731,484	-1.18%
7B	UBS Trumbull Property Fund	69,111,033	-	(552,666)	68,558,367	-0.80%
	Total Core Commingled	<u>236,820,500</u>	<u>(46,974)</u>	<u>(2,483,675)</u>	<u>234,289,851</u>	<u>-1.07%</u>
Core Separate Accounts						
7D	Cornerstone Real Estate Advisers Inc.	162,744,045	(20)	(280,006)	162,464,019	-0.17%
7E	LaSalle Investment Management	191,649,885	(26)	(1,012,963)	190,636,896	-0.53%
7F	Sentinel Separate Account	98,566,479	(8)	(282,834)	98,283,637	-0.29%
7G	UBS Realty	234,371,434	38	(885,453)	233,486,019	-0.38%
	Total Core Separate	<u>687,331,843</u>	<u>(16)</u>	<u>(2,461,256)</u>	<u>684,870,571</u>	<u>-0.36%</u>
Non-Core Commingled Accounts						
7H	Coventry	21,101,323	-	-	21,101,323	0.00%
7J	Lowe Hospitality Partners	3,553,944	-	-	3,553,944	0.00%
7M	Cornerstone Rotational	-	4,153	(4,153)	-	0.00%
7N	ING Clarion Development Ventures II	17,523,256	-	-	17,523,256	0.00%
7P	Silverpeak Legacy Pension Partners II, L.P. ⁽³⁾	91,598,333	-	-	91,598,333	0.00%
7Q	Rothschild Five Arrows Realty Securities IV	45,540,420	-	-	45,540,420	0.00%
7R	Tishman Speyer Real Estate Venture VI	51,086,984	-	-	51,086,984	0.00%
7X	Tishman Speyer Real Estate Venture VII	15,012,443	-	-	15,012,443	0.00%
7S	Rothschild Five Arrows Realty Securities V	12,864,403	3	3,829,809	16,694,215	29.77%
7V	ING Clarion Development Ventures III	8,239,808	-	-	8,239,808	0.00%
7W	Silverpeak Legacy Pension Partners III, L.P. ⁽⁴⁾	10,708,882	-	-	10,708,882	0.00%
8R	BlackRock Diamond Property Fund	22,295,805	(4)	(18,008)	22,277,793	-0.08%
8S	Colony Investors VIII, L.P.	30,242,424	(26)	(1,483,391)	28,759,007	-4.91%
8U	LaSalle Medical Office Fund II	21,500,696	3	(217,809)	21,282,890	-1.01%
8V	Cornerstone Apartment Venture III	30,520,833	-	-	30,520,833	0.00%
	Total Non-Core Commingled	<u>381,789,554</u>	<u>4,129</u>	<u>2,106,448</u>	<u>383,900,131</u>	<u>0.55%</u>
	Total Real Estate	<u>1,305,941,897</u>	<u>(42,861)</u>	<u>(2,838,483)</u>	<u>1,303,060,553</u>	<u>-0.22%</u>
	Total Real Assets	<u>2,502,376,337</u>	<u>9,776,590</u>	<u>(3,688,596)</u>	<u>2,508,464,331</u>	<u>0.24%</u>
	Totals	<u>\$ 16,394,848,162</u>	<u>\$ (130,769,606)</u>	<u>\$ 410,895,818</u>	<u>\$ 16,674,974,374</u>	<u>1.71%</u>

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
July 31, 2011

Interim Transit Account Treasury Division ⁽¹⁾	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Cash and Cash Equivalents	\$ 9,048,144	\$ 782	\$ (457,297)	\$ -	\$ 8,591,629
Participant Options ⁽²⁾					
T. Rowe Price					
Stable Value Fund	294,882,693	817,704	(843,420)	12,840,806	307,697,783
Small-Cap Stock Fund	94,966,733	(3,050,572)	130,731	(1,803,889)	90,243,003
Alaska Balanced Fund	1,083,762,145	679,799	(1,617,373)	(1,077,218)	1,081,747,353
Long Term Balanced Fund	329,512,182	(2,729,230)	2,036,503	(1,052,209)	327,767,246
AK Target Date 2010 Trust	6,372,350	(44,784)	(328,562)	647,910	6,646,914
AK Target Date 2015 Trust	86,223,700	(776,573)	32,069	(1,009,669)	84,469,527
AK Target Date 2020 Trust	35,970,649	(385,742)	214,631	(1,387,785)	34,411,753
AK Target Date 2025 Trust	15,789,369	(217,720)	430,682	(131,292)	15,871,039
AK Target Date 2030 Trust	5,119,549	(86,855)	149,196	134,061	5,315,951
AK Target Date 2035 Trust	5,199,119	(91,331)	144,108	(53,355)	5,198,541
AK Target Date 2040 Trust	4,327,340	(82,141)	217,125	(24,188)	4,438,136
AK Target Date 2045 Trust	3,891,324	(73,619)	205,126	(51,617)	3,971,214
AK Target Date 2050 Trust	3,980,818	(77,048)	263,181	(94,431)	4,072,520
AK Target Date 2055 Trust	2,176,127	(33,879)	188,195	(388,640)	1,941,803
Total Investments with T. Rowe Price	<u>1,972,174,098</u>	<u>(6,151,991)</u>	<u>1,222,192</u>	<u>6,548,484</u>	<u>1,973,792,783</u>
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst	35,391,394	2	(1,112,963)	3,451,699	37,730,132
S&P 500 Stock Index Fund Series A	232,806,152	(4,669,841)	(179,106)	(3,499,377)	224,457,828
Russell 3000 Index	12,260,664	(290,689)	50,140	45,457	12,065,572
US Real Estate Investment Trust Index	24,450,464	457,681	(26,719)	(591,708)	24,289,718
World Equity Ex-US Index	12,617,622	(178,326)	25,875	(72,376)	12,392,795
Long US Treasury Bond Index	9,077,753	309,802	(749)	(3,112,679)	6,274,127
US Treasury Inflation Protected Securities Index	16,249,432	642,175	(64,392)	538,567	17,365,782
World Government Bond Ex-US Index	5,535,336	118,956	(28,151)	(4,116)	5,622,025
Global Balanced Fund	52,715,830	(130,494)	(230,289)	(734,778)	51,620,269
Total Investments with SSGA	<u>401,104,647</u>	<u>(3,740,734)</u>	<u>(1,566,354)</u>	<u>(3,979,311)</u>	<u>391,818,248</u>
Barclays Global Advisors					
Government Bond Fund	50,267,606	967,956	(27,724)	(947,087)	50,260,751
Intermediate Bond Fund	12,530,923	155,167	15,092	(829,772)	11,871,410
Total Investments with Barclays Global Investors	<u>62,798,529</u>	<u>1,123,123</u>	<u>(12,632)</u>	<u>(1,776,859)</u>	<u>62,132,161</u>
Brandes Institutional					
International Equity Fund Fee	77,789,753	(2,258,783)	301,413	(923,178)	74,909,205
RCM					
Sustainable Opportunities Fund	30,066,538	(931,893)	82,165	130,864	29,347,674
Total Externally Managed Funds	<u>2,543,933,565</u>	<u>(11,960,278)</u>	<u>26,784</u>	<u>-</u>	<u>2,532,000,071</u>
Total All Funds	<u>\$ 2,552,981,709</u>	<u>\$ (11,959,496)</u>	<u>\$ (430,513)</u>	<u>\$ -</u>	<u>\$ 2,540,591,700</u>

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

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

<u>Invested Assets (At Fair Value)</u>	<u>July</u>
Investments with Treasury Division	
Cash and cash equivalents	\$ 8,592
Investments with T. Rowe Price	
Stable Value Fund	307,698
Small-Cap Stock Fund	90,243
Alaska Balanced Fund	1,081,747
Long Term Balanced Fund	327,767
AK Target Date 2010 Trust	6,647
AK Target Date 2015 Trust	84,469
AK Target Date 2020 Trust	34,412
AK Target Date 2025 Trust	15,871
AK Target Date 2030 Trust	5,316
AK Target Date 2035 Trust	5,199
AK Target Date 2040 Trust	4,438
AK Target Date 2045 Trust	3,971
AK Target Date 2050 Trust	4,072
AK Target Date 2055 Trust	1,942
Investments with State Street Global Advisors	
State Street Treasury Money Market Fund - Inst	37,730
S&P 500 Stock Index Fund Series A	224,458
Russell 3000 Index	12,066
US Real Estate Investment Trust Index	24,290
World Equity Ex-US Index	12,393
Long US Treasury Bond Index	6,274
US Treasury Inflation Protected Securities Index	17,366
World Govt Bond Ex	5,622
Global Balanced Fund	51,620
Investments with Barclays Global Investors	
Government Bond Fund	50,261
Intermediate Bond Fund	11,871
Investments with Brandes Investment Partners	
International Equity Fund Fee	74,909
Investments with RCM	
Sustainable Opportunities Fund	29,348
Total Invested Assets	\$ 2,540,592
<u>Change in Invested Assets</u>	
Beginning Assets	\$ 2,552,982
Investment Earnings	(11,959)
Net Contributions (Withdrawals)	(431)
Ending Invested Assets	\$ 2,540,592

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

	<u>Beginning Invested Assets</u>	<u>Investment Income</u>	<u>Net Contributions (Withdrawals)</u>	<u>Transfers in (out)</u>	<u>Ending Invested Assets</u>
Participant Options					
T. Rowe Price					
Interest Income Fund	\$ 167,709,168	\$ 494,770	\$ (560,151)	\$ 5,090,165	\$ 172,733,952
Small Cap Stock Fund	73,887,981	(2,394,526)	(154,941)	(244,042)	71,094,472
Long Term Balanced Fund	35,286,508	(286,478)	(68,812)	(197,660)	34,733,558
Alaska Balanced Trust	5,649,853	2,785	(124,435)	181,959	5,710,162
AK Target Date 2010 Trust	1,482,625	(7,587)	5,127	(293,779)	1,186,386
AK Target Date 2015 Trust	3,616,585	(30,799)	14,666	(170,034)	3,430,418
AK Target Date 2020 Trust	2,881,255	(27,931)	68,337	(374,449)	2,547,212
AK Target Date 2025 Trust	1,428,383	(19,753)	19,553	(2,387)	1,425,796
AK Target Date 2030 Trust	835,354	(13,277)	15,160	(31,808)	805,429
AK Target Date 2035 Trust	923,909	(15,255)	7,913	(5,343)	911,224
AK Target Date 2040 Trust	451,334	(8,176)	12,908	(4,508)	451,558
AK Target Date 2045 Trust	119,175	(2,290)	9,642	-	126,527
AK Target Date 2050 Trust	257,943	(4,614)	4,844	(70,758)	187,415
AK Target Date 2055 Trust	827,790	(14,747)	1,267	4,000	818,310
Total Investments with T. Rowe Price	<u>295,357,863</u>	<u>(2,327,878)</u>	<u>(748,922)</u>	<u>3,881,356</u>	<u>296,162,419</u>
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	6,755,991	-	4,374	148,972	6,909,337
Russell 3000 Index	4,950,099	(113,247)	10,867	(8,612)	4,839,107
US Real Estate Investment Trust Index	8,053,409	140,708	(50,711)	625,145	8,768,551
World Equity Ex-US Index	4,868,004	(70,066)	5,967	(61,847)	4,742,058
Long US Treasury Bond Index	2,968,966	100,960	11,580	(985,645)	2,095,861
US Treasury Inflation Protected Securities Index	7,311,029	291,378	(32,024)	292,493	7,862,876
World Government Bond Ex-US Index	2,053,736	44,303	(30,836)	36,754	2,103,957
Global Balanced Fund	38,261,630	(95,969)	38,477	(137,901)	38,066,237
Total Investments with SSGA	<u>75,222,864</u>	<u>298,067</u>	<u>(42,306)</u>	<u>(90,641)</u>	<u>75,387,984</u>
Barclays Global Investors					
S&P 500 Index Fund	124,462,111	(2,478,635)	(200,277)	(2,618,627)	119,164,572
Government/Credit Bond Fund	30,842,619	595,280	(89,341)	(85,834)	31,262,724
Intermediate Bond Fund	15,904,099	202,680	(33,475)	(225,020)	15,848,284
Total Investments with Barclays Global Investors	<u>171,208,829</u>	<u>(1,680,675)</u>	<u>(323,093)</u>	<u>(2,929,481)</u>	<u>166,275,580</u>
Brandes Institutional					
International Equity Fund Fee	43,971,475	(1,272,741)	58,067	(706,052)	42,050,749
RCM					
Sustainable Core Opportunities Fund	10,928,716	(330,905)	38,549	(155,182)	10,481,178
Total All Funds	<u>\$ 596,689,747</u>	<u>\$ (5,314,132)</u>	<u>\$ (1,017,705)</u>	<u>\$ -</u>	<u>\$ 590,357,910</u>

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
July 31, 2011
\$ (Thousands)

	July
<u>Invested Assets (at fair value)</u>	
Investments with T. Rowe Price	
Interest Income Fund	
Cash and cash equivalents	\$ 14,523
Synthetic Investment Contracts	158,211
Small Cap Stock Fund	71,095
Long Term Balanced Fund	34,734
Alaska Balanced Trust	5,710
AK Target Date 2010 Trust	1,186
AK Target Date 2015 Trust	3,430
AK Target Date 2020 Trust	2,547
AK Target Date 2025 Trust	1,426
AK Target Date 2030 Trust	805
AK Target Date 2035 Trust	911
AK Target Date 2040 Trust	452
AK Target Date 2045 Trust	127
AK Target Date 2050 Trust	187
AK Target Date 2055 Trust	818
State Street Global Advisors	
State Street Treasury Money Market Fund - Inst	6,909
Russell 3000 Index	4,839
US Real Estate Investment Trust Index	8,769
World Equity Ex-US Index	4,742
Long US Treasury Bond Index	2,096
US Treasury Inflation Protected Securities Index	7,863
World Government Bond Ex-US Index	2,104
Global Balanced Fund	38,066
Investments with Barclays Global Investors	
S&P 500 Index Fund	119,165
Government/Credit Bond Fund	31,263
Intermediate Bond Fund	15,848
Investments with Brandes Institutional	
International Equity Fund Fee	42,051
Investments with RCM	
Sustainable Opportunities Fund	10,481
Total Invested Assets	\$ 590,358
 <u>Change in Invested Assets</u>	
Beginning Assets	\$ 596,690
Investment Earnings	(5,314)
Net Contributions (Withdrawals)	(1,018)
Ending Invested Assets	\$ 590,358

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
July 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	\$ 7,591,694	\$ 858	\$ (1,474,448)	\$ -	\$ 6,118,104
Participant Options ⁽²⁾					
T. Rowe Price					
Alaska Money Market	3,922,731	241	29,329	34,776	3,987,077
Small-Cap Stock Fund	31,700,252	(1,063,096)	321,125	(21,387)	30,936,894
Long Term Balanced Fund	11,910,847	(92,903)	100,351	(560,460)	11,357,835
Alaska Balanced Fund	331,567	119	9,161	(2,039)	338,808
AK Target Date 2010 Trust	320,855	(2,182)	16,439	-	335,112
AK Target Date 2015 Trust	1,316,956	(12,991)	69,588	-	1,373,553
AK Target Date 2020 Trust	2,351,237	(28,783)	122,254	3,000	2,447,708
AK Target Date 2025 Trust	3,095,629	(45,978)	188,308	(646)	3,237,313
AK Target Date 2030 Trust	3,236,734	(54,233)	175,104	-	3,357,605
AK Target Date 2035 Trust	3,378,046	(62,763)	169,407	(12,426)	3,472,264
AK Target Date 2040 Trust	5,330,721	(101,009)	290,215	(7,605)	5,512,322
AK Target Date 2045 Trust	5,223,023	(100,184)	328,902	(8)	5,451,733
AK Target Date 2050 Trust	6,023,475	(114,329)	339,723	(17,919)	6,230,950
AK Target Date 2055 Trust	1,719,235	(33,836)	148,427	-	1,833,826
Total Investments with T. Rowe Price	<u>79,861,308</u>	<u>(1,711,927)</u>	<u>2,308,333</u>	<u>(584,714)</u>	<u>79,873,000</u>
State Street Global Advisors					
Money Market	316,496	-	(20,352)	30,745	326,889
S&P 500 Stock Index Fund Series A	32,611,071	(668,470)	351,006	(218,951)	32,074,656
Russell 3000 Index	282,644	(8,076)	23,804	24,886	323,258
US Real Estate Investment Trust Index	456,794	7,470	11,972	(19,622)	456,614
World Equity Ex-US Index	302,079	(4,458)	12,544	9,517	319,682
Long US Treasury Bond Index	148,066	6,211	4,524	(5,984)	152,817
US Treasury Inflation Protected Sec Index	237,298	8,305	6,525	(27,232)	224,896
World Government Bond Ex-US Index	164,156	3,879	8,057	(7,872)	168,220
Global Balanced Fund	2,595,071	(8,300)	20,132	700,314	3,307,217
Total Investments with SSGA	<u>37,113,675</u>	<u>(663,439)</u>	<u>418,212</u>	<u>485,801</u>	<u>37,354,249</u>
Barclays					
Government Bond Fund	9,371,117	183,755	44,093	(53,241)	9,545,724
Intermediate Bond Fund	232,523	3,089	8,594	-	244,206
Total Investments with Barclays Global Investors	<u>9,603,640</u>	<u>186,844</u>	<u>52,687</u>	<u>(53,241)</u>	<u>9,789,930</u>
Brandes Institutional					
International Equity Fund Fee	43,725,828	(1,277,930)	480,908	(125,551)	42,803,255
RCM					
Sustainable Opportunities Fund	2,213,299	(75,901)	24,590	277,705	2,439,693
Total Externally Managed Funds	<u>172,517,750</u>	<u>(3,542,353)</u>	<u>3,284,730</u>	<u>-</u>	<u>172,260,127</u>
Total All Funds	<u>\$ 180,109,444</u>	<u>\$ (3,541,495)</u>	<u>\$ 1,810,282</u>	<u>\$ -</u>	<u>\$ 178,378,231</u>

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
July 31, 2011
\$ (Thousands)

	July
<u>Invested Assets (At Fair Value)</u>	
Investments with Treasury Division	
Cash and cash equivalents	\$ 6,118
Investments with T. Rowe Price	
Alaska Money Market	3,987
Small-Cap Stock Fund	30,937
Long Term Balanced Fund	11,358
Alaska Balanced Fund	339
AK Target Date 2010 Trust	335
AK Target Date 2015 Trust	1,373
AK Target Date 2020 Trust	2,448
AK Target Date 2025 Trust	3,237
AK Target Date 2030 Trust	3,358
AK Target Date 2035 Trust	3,472
AK Target Date 2040 Trust	5,512
AK Target Date 2045 Trust	5,452
AK Target Date 2050 Trust	6,231
AK Target Date 2055 Trust	1,834
Investments with State Street Global Advisors	
Money Market	327
S&P 500 Stock Index Fund Series A	32,075
Russell 3000 Index	323
US Real Estate Investment Trust Index	456
World Equity Ex-US Index	320
Long US Treasury Bond Index	153
US Treasury Inflation Protected Sec Index	225
World Government Bond Ex-US Index	168
Global Balanced Fund	3,307
Investments with Barclays	
Government Bond Fund	9,546
Intermediate Bond Fund	244
Investments with Brandes Investment Partners	
International Equity Fund Fee	42,803
Investments with RCM	
Sustainable Opportunities Fund	2,440
Total Invested Assets	\$ <u>178,378</u>
<u>Change in Invested Assets</u>	
Beginning Assets	\$ 180,109
Investment Earnings	(3,541)
Net Contributions (Withdrawals)	1,810
Ending Invested Assets	\$ <u>178,378</u>

Defined Contribution Retirement - Participant Directed TRS
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
July 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	\$ 2,115,739	\$ 278	\$ (124,159)	\$ -	\$ 1,991,858
Participant Options ⁽²⁾					
T. Rowe Price					
Alaska Money Market	1,631,849	103	26,617	57,881	1,716,450
Small-Cap Stock Fund	13,995,497	(470,696)	180,336	(56,823)	13,648,314
Long Term Balanced Fund	5,000,270	(39,161)	44,025	(237,939)	4,767,195
Alaska Balanced Fund	86,167	44	4,087	(2,215)	88,083
AK Target Date 2010 Trust	206,063	(1,467)	13,520	(2,278)	215,838
AK Target Date 2015 Trust	669,178	(6,129)	(10,078)	(13,509)	639,462
AK Target Date 2020 Trust	1,021,661	(12,356)	39,361	(7,566)	1,041,100
AK Target Date 2025 Trust	1,176,257	(17,938)	91,065	-	1,249,384
AK Target Date 2030 Trust	1,162,611	(19,622)	58,148	-	1,201,137
AK Target Date 2035 Trust	2,088,566	(39,198)	108,577	(4,768)	2,153,177
AK Target Date 2040 Trust	2,261,588	(43,322)	98,680	789	2,317,735
AK Target Date 2045 Trust	4,183,252	(80,682)	253,726	(6,108)	4,350,188
AK Target Date 2050 Trust	5,300,766	(101,130)	255,356	1,973	5,456,965
AK Target Date 2055 Trust	177,859	(3,682)	17,560	5,919	197,656
Total Investments with T. Rowe Price	<u>38,961,584</u>	<u>(835,236)</u>	<u>1,180,980</u>	<u>(264,644)</u>	<u>39,042,684</u>
State Street Global Advisors					
Money Market	14,661	-	764	-	15,425
S&P 500 Stock Index Fund Series A	13,801,136	(284,558)	182,541	(115,912)	13,583,207
Russell 3000 Index	133,376	(3,511)	4,515	10,155	144,535
US Real Estate Investment Trust Index	123,996	2,021	4,548	8,135	138,700
World Equity Ex-US Index	52,767	(681)	2,109	(3,608)	50,587
Long US Treasury Bond Index	18,729	806	162	(594)	19,103
US Treasury Inflation Protected Sec Index	99,891	4,009	4,249	789	108,938
World Government Bond Ex-US Index	8,623	361	494	(130)	9,348
Global Balanced Fund	1,538,163	(5,872)	24,789	361,231	1,918,311
Total Investments with SSGA	<u>15,791,342</u>	<u>(287,425)</u>	<u>224,171</u>	<u>260,066</u>	<u>15,988,154</u>
Barclays					
Government Bond Fund	4,032,979	79,772	32,557	3,146	4,148,454
Intermediate Bond Fund	67,752	885	1,235	-	69,872
Total Investments with Barclays Global Investors	<u>4,100,731</u>	<u>80,657</u>	<u>33,792</u>	<u>3,146</u>	<u>4,218,326</u>
Brandes Institutional					
International Equity Fund Fee	18,989,926	(560,243)	257,499	(103,177)	18,584,005
RCM					
Sustainable Opportunities Fund	1,249,041	(41,087)	13,680	104,609	1,326,243
Total Externally Managed Funds	<u>79,092,624</u>	<u>(1,643,334)</u>	<u>1,710,122</u>	<u>-</u>	<u>79,159,412</u>
Total All Funds	<u>\$ 81,208,363</u>	<u>\$ (1,643,056)</u>	<u>\$ 1,585,963</u>	<u>\$ -</u>	<u>\$ 81,151,270</u>

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
July 31, 2011
\$ (Thousands)

	July
<u>Invested Assets (At Fair Value)</u>	
Investments with Treasury Division	
Cash and cash equivalents	\$ 1,992
Investments with T. Rowe Price	
Alaska Money Market	1,717
Small-Cap Stock Fund	13,648
Long Term Balanced Fund	4,767
Alaska Balanced Fund	88
AK Target Date 2010 Trust	216
AK Target Date 2015 Trust	639
AK Target Date 2020 Trust	1,041
AK Target Date 2025 Trust	1,249
AK Target Date 2030 Trust	1,201
AK Target Date 2035 Trust	2,153
AK Target Date 2040 Trust	2,318
AK Target Date 2045 Trust	4,350
AK Target Date 2050 Trust	5,457
AK Target Date 2055 Trust	198
Investments with State Street Global Advisors	
Money Market	15
S&P 500 Stock Index Fund Series A	13,583
Russell 3000 Index	145
US Real Estate Investment Trust Index	139
World Equity Ex-US Index	51
Long US Treasury Bond Index	19
US Treasury Inflation Protected Sec Index	109
World Government Bond Ex-US Index	9
Global Balanced Fund	1,918
Investments with Barclays	
Government Bond Fund	4,149
Intermediate Bond Fund	70
Investments with Brandes Investment Partners	
International Equity Fund Fee	18,584
Investments with RCM	
Sustainable Opportunities Fund	1,326
Total Invested Assets	\$ 81,151
<u>Change in Invested Assets</u>	
Beginning Assets	\$ 81,208
Investment Earnings	(1,643)
Net Contributions (Withdrawals)	1,586
Ending Invested Assets	\$ 81,151

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

(Supplement to the Treasury Division Report)

As of July 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 One Month Ending July 31, 2011

	Contributions				Expenditures				Net Contributions/ (Withdrawals)
	Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds	Admin- istrative	Total Expenditures	
Public Employees' Retirement System (PERS)									
Defined Benefit Plans:									
Retirement Trust	15,377,405	130,911,946	4,170	146,293,521	(45,038,260)	(1,458,221)	(3,303,383)	(49,799,864)	96,493,657
Retirement Health Care Trust	11,338,150	111,697,451	8,572,939	131,608,540	(27,915,456)	-	(864,183)	(28,779,639)	102,828,901
Total Defined Benefit Plans	26,715,555	242,609,397	8,577,109	277,902,061	(72,953,716)	(1,458,221)	(4,167,566)	(78,579,503)	199,322,558
Defined Contribution Plans:									
Participant Directed Retirement	3,578,280	-	-	3,578,280	-	(1,251,921)	(516,077)	(1,767,998)	1,810,282
Health Reimbursement Arrangement (a)	920,145	-	-	920,145	-	-	-	-	920,145
Retiree Medical Plan (a)	151,944	-	-	151,944	-	-	-	-	151,944
Occupational Death and Disability:									
Public Employees	71,350	-	-	71,350	-	-	-	-	71,350
Police and Firefighters	45,333	-	-	45,333	(3,948)	-	-	(3,948)	41,385
Total Defined Contribution Plans	4,767,052	-	-	4,767,052	(3,948)	(1,251,921)	(516,077)	(1,771,946)	2,995,106
Total PERS	31,482,607	242,609,397	8,577,109	282,669,113	(72,957,664)	(2,710,142)	(4,683,643)	(80,351,449)	202,317,664
Teachers' Retirement System (TRS)									
Defined Benefit Plans:									
Retirement Trust	8,483,265	157,387,504	177	165,870,946	(29,031,982)	(276,769)	(1,440,519)	(30,749,270)	135,121,676
Retirement Health Care Trust	834,101	77,129,829	3,336,986	81,300,916	(8,095,832)	-	(245,879)	(8,341,711)	72,959,205
Total Defined Benefit Plans	9,317,366	234,517,333	3,337,163	247,171,862	(37,127,814)	(276,769)	(1,686,398)	(39,090,981)	208,080,881
Defined Contribution Plans:									
Participant Directed Retirement	2,629,744	-	-	2,629,744	-	(912,043)	(131,738)	(1,043,781)	1,585,963
Health Reimbursement Arrangement (a)	470,561	-	-	470,561	-	-	-	-	470,561
Retiree Medical Plan (a)	112,567	-	-	112,567	-	-	-	-	112,567
Occupational Death and Disability: (a)	45,142	-	-	45,142	-	-	-	-	45,142
Total Defined Contribution Plans	3,258,014	-	-	3,258,014	-	(912,043)	(131,738)	(1,043,781)	2,214,233
Total TRS	12,575,380	234,517,333	3,337,163	250,429,876	(37,127,814)	(1,188,812)	(1,818,136)	(40,134,762)	210,295,114
Judicial Retirement System (JRS)									
Defined Benefit Plan Retirement Trust	339,461	2,205,898	1	2,545,360	(789,323)	-	(40,703)	(830,026)	1,715,334
Defined Benefit Retirement Health Care Trust	45,521	125,827	26,832	198,180	(109,166)	-	(2,214)	(111,380)	86,800
Total JRS	384,982	2,331,725	26,833	2,743,540	(898,489)	-	(42,917)	(941,406)	1,802,134
National Guard/Naval Militia Retirement System (NGNMRS)									
Defined Benefit Plan Retirement Trust (a)	-	-	-	-	(94,432)	-	(28,417)	(122,849)	(122,849)
Other Participant Directed Plans									
Supplemental Annuity Plan	12,758,230	-	-	12,758,230	-	(12,932,690)	(256,053)	(13,188,743)	(430,513)
Deferred Compensation Plan	1,842,583	-	-	1,842,583	-	(2,775,674)	(84,614)	(2,860,288)	(1,017,705)
Total All Funds	59,043,782	479,458,455	11,941,105	550,443,342	(111,078,399)	(19,607,318)	(6,913,780)	(137,599,497)	412,843,845

(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 July 31, 2011

	Contributions				Expenditures				Net Contributions/ (Withdrawals)
	Contribution	State of Alaska	Other	Total	Benefits	Refunds	Admin-	Total	
	EE and ER			Contributions			istrative	Expenditures	
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Retirement Trust	15,377,405	130,911,946	4,170	146,293,521	(45,038,260)	(1,458,221)	(3,303,383)	(49,799,864)	96,493,657
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Health Reimbursement Arrangement (a)	920,145	-	-	920,145	-	-	-	-	920,145
Retiree Medical Plan (a)	151,944	-	-	151,944	-	-	-	-	151,944
Occupational Death and Disability:									
Public Employees	71,350	-	-	71,350	-	-	-	-	71,350
Police and Firefighters	45,333	-	-	45,333	(3,948)	-	-	(3,948)	41,385
Total Defined Contribution Plans	4,767,052	-	-	4,767,052	(3,948)	(1,251,921)	(516,077)	(1,771,946)	2,995,106
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Total Defined Contribution Plans	45,142	-	-	45,142	-	-	-	-	45,142
Total TRS	3,258,014	-	-	3,258,014	-	(912,043)	(131,738)	(1,043,781)	2,214,233
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Total JRS	384,982	2,331,725	26,833	2,743,540	(898,489)	-	(42,917)	(941,406)	1,802,134
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(a) Employer only contributions
Prepared by the Division of Retirement and Benefits

Cash Overlay Program Update

**Gary Bader
Chief Investment Officer
Alaska Retirement Management Board**

Cash Overlay Rationale

- ARMB public equity managers typically hold 1-5% in uninvested cash. In the aggregate, this results in over \$100 million of cash in the equity portfolios.
- This cash can be equitized using futures and/or forwards with the goal of earning the return spread between equities and cash.
- Long-term gains on this excess cash could be:

\$5.2 million per year = \$100 million x 5.2% (8.2% equity return – 3% cash return)

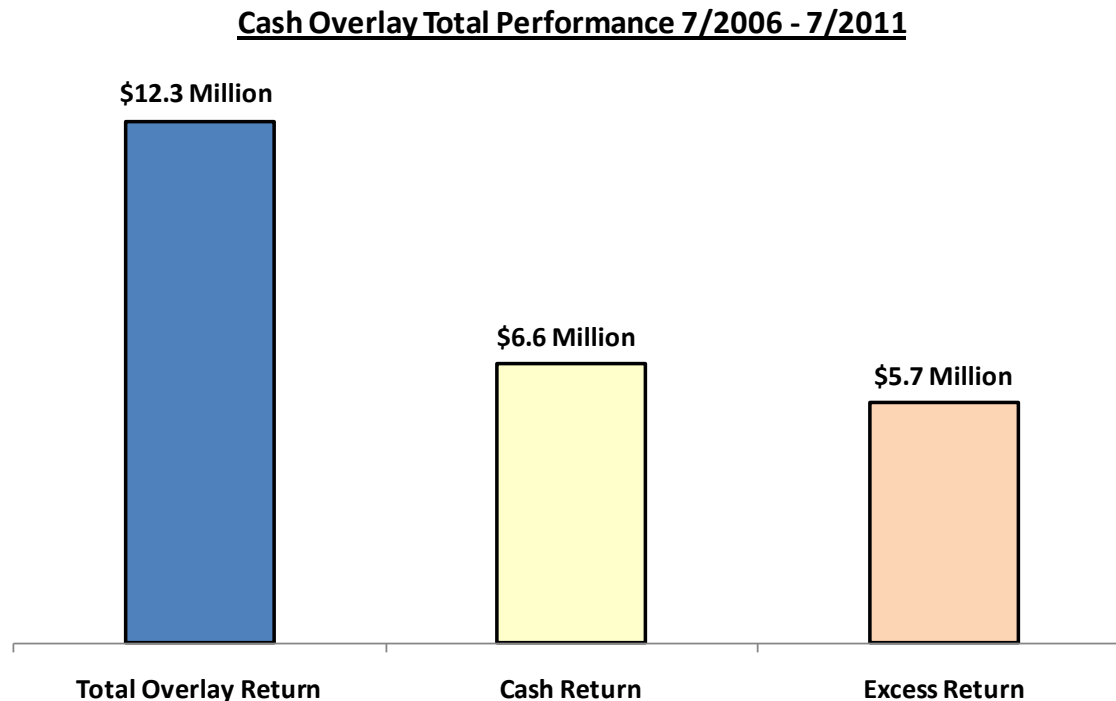
- The overlay program gives staff greater control over asset class exposure by more fully investing cash without impacting the trading and management style of ARMB investment managers.
 - An additional benefit is that staff, trustees, and fund accounting become familiar transacting in futures and/or forwards.
-
-

Cash Overlay Implementation

- We elected to use an overlay manager (SSgA) for implementation, but have discretion to bring the program in-house.
- For domestic equity, we are using futures for exposure to the S&P 500 and the Russell 2000.
- International equity cash is not currently equitized.
- The program was implemented in July of 2006.

Cash Overlay Performance

- Despite the difficult time period for equities, the performance of the overlay program has generated \$12.3 million, \$5.7 million in excess of what the cash return would have been.



Alaska Retirement Management Board

Real Estate Fiscal Year 2012 Investment Plan

September 2011

Steve Sikes, Manager of Real Assets Investments

Part I. Role of Real Estate in Portfolio

Part II. Market Update

Part III. Fiscal Year 2011 Evaluation

Part IV. Fiscal Year 2012 Plan

Part V. Appendix

Appendix A: Separate Account Properties

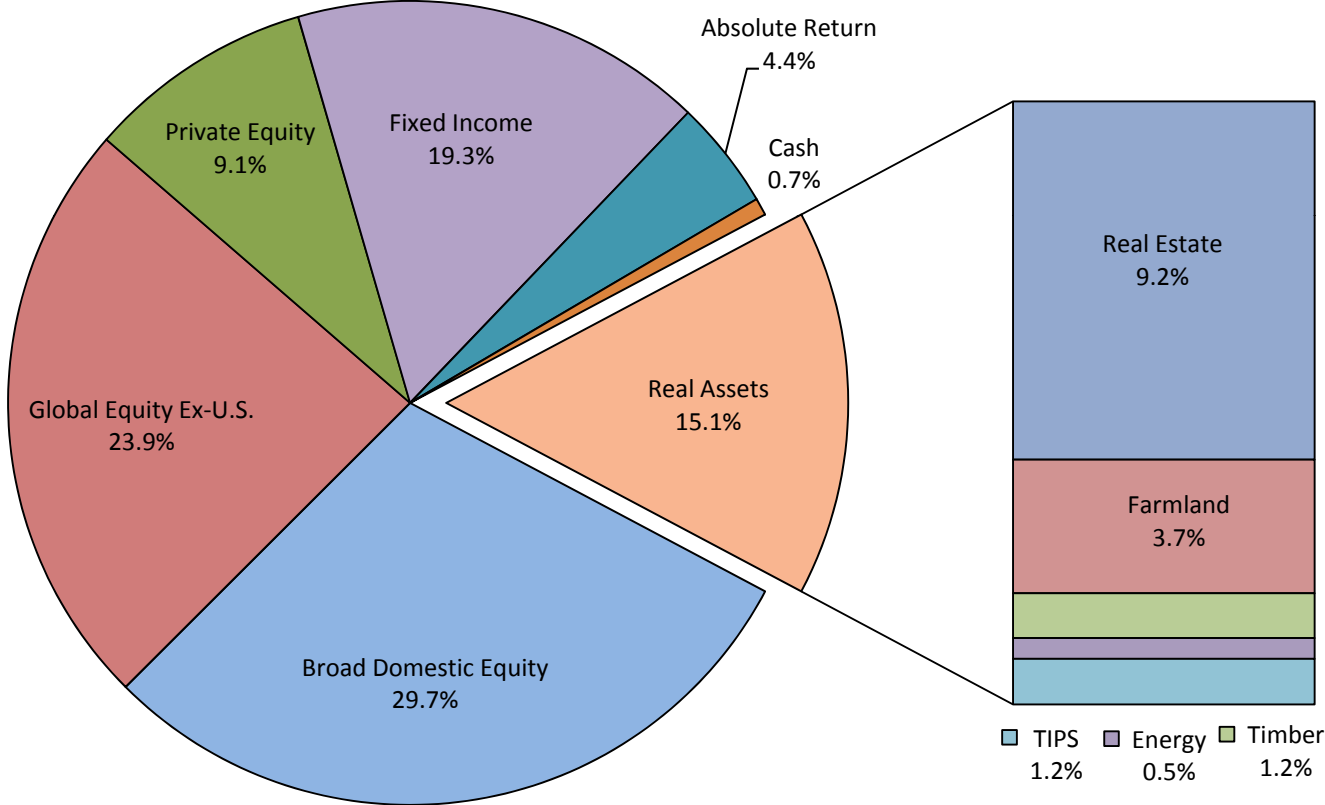
Appendix B: Glossary of Terms

Part I. Role of Real Estate in Portfolio

Role of Real Estate

Real Estate is a Component of the Real Assets Allocation

**ARMB Actual Asset Allocation
June 30, 2011**

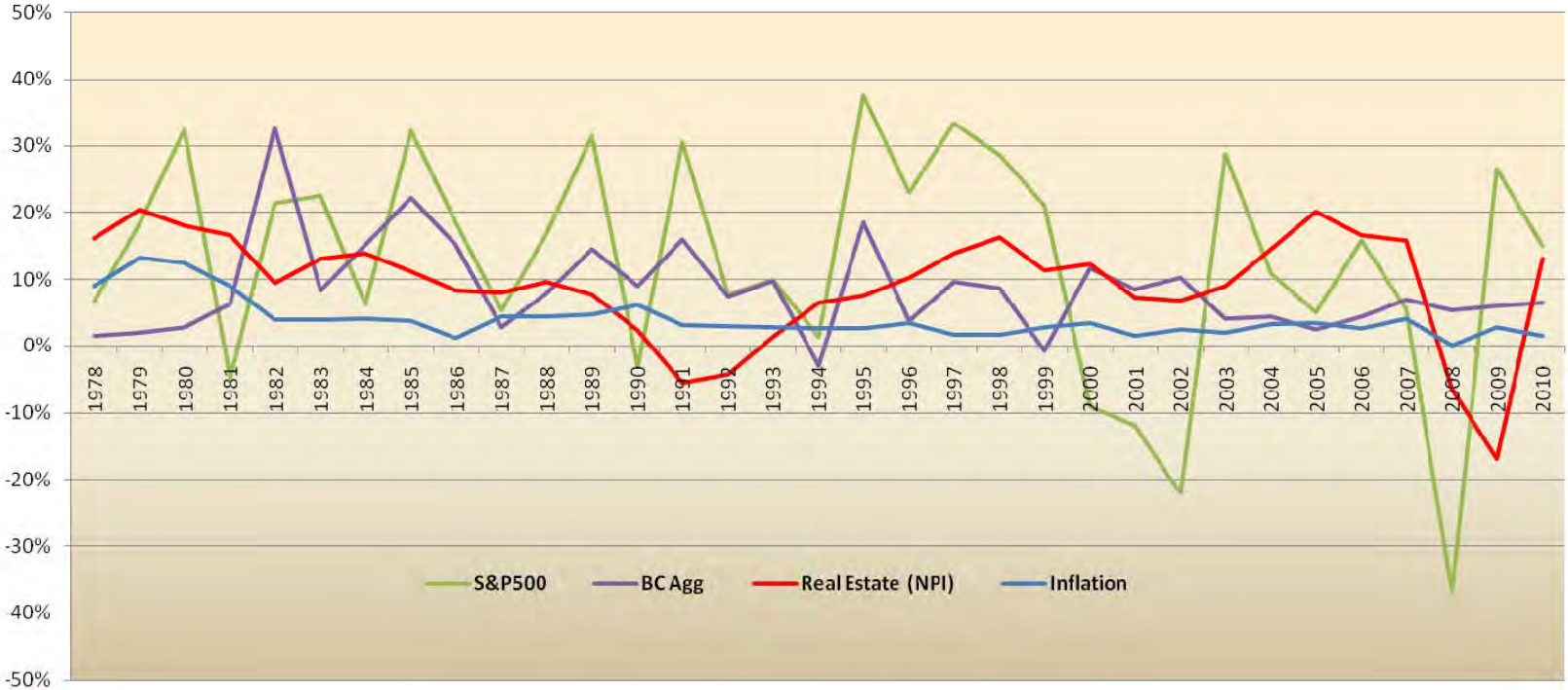


Source: State Street Bank and Trust Company and The Townsend Group. Percentages reflect combined PERS, TRS, and JRS pension and health care portfolios as of June 30, 2011.

Role of Real Estate

Inflation Hedge

Annual Returns 1978 thru 2010



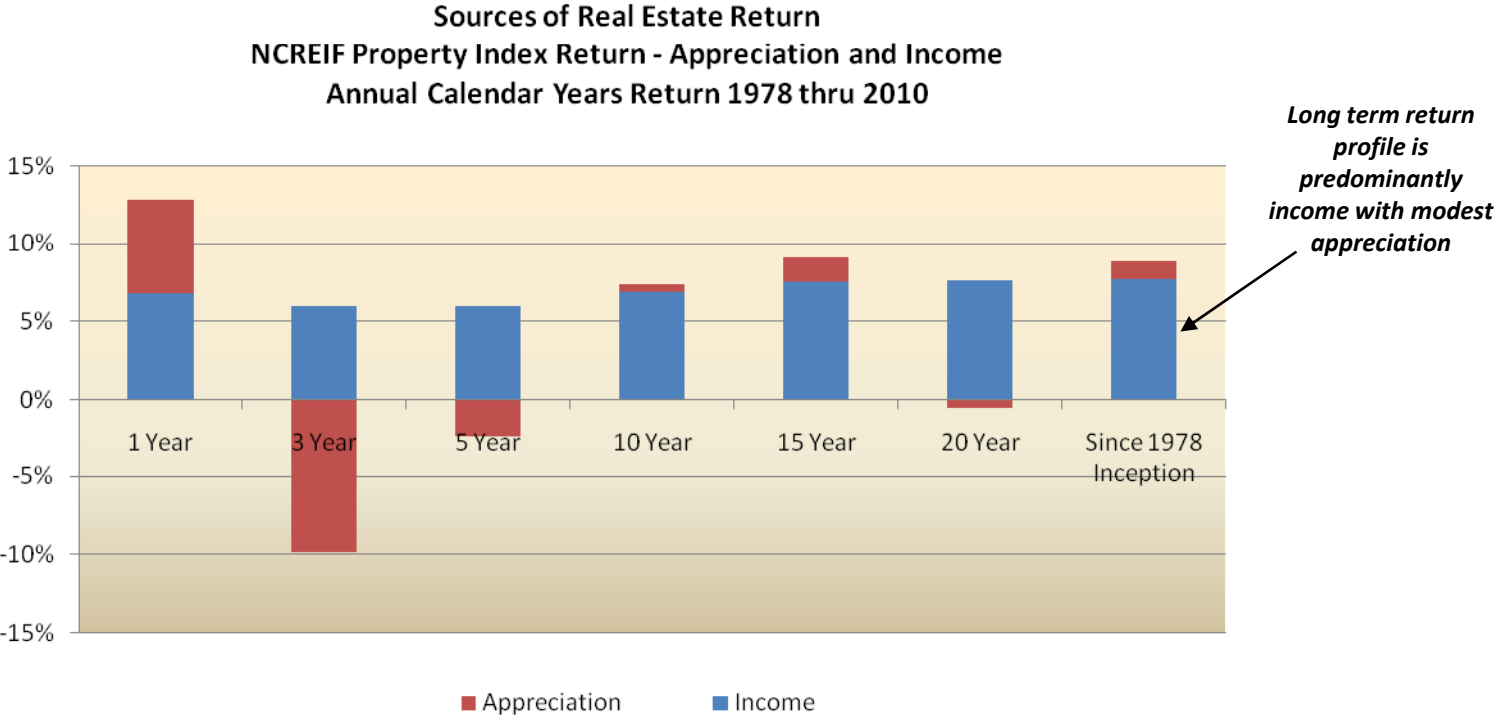
	NCREIF Property Index	S&P 500 Index	Barclays Aggregate Bond Index	CPI Inflation Index
Annualized Return	8.90%	11.41%	8.27%	3.89%
Standard Deviation	8.20%	17.10%	7.05%	2.96%
Correlation with Real Estate		0.14	-0.14	0.41

Source: Bloomberg & NCREIF

Role of Real Estate

Stable Income Component

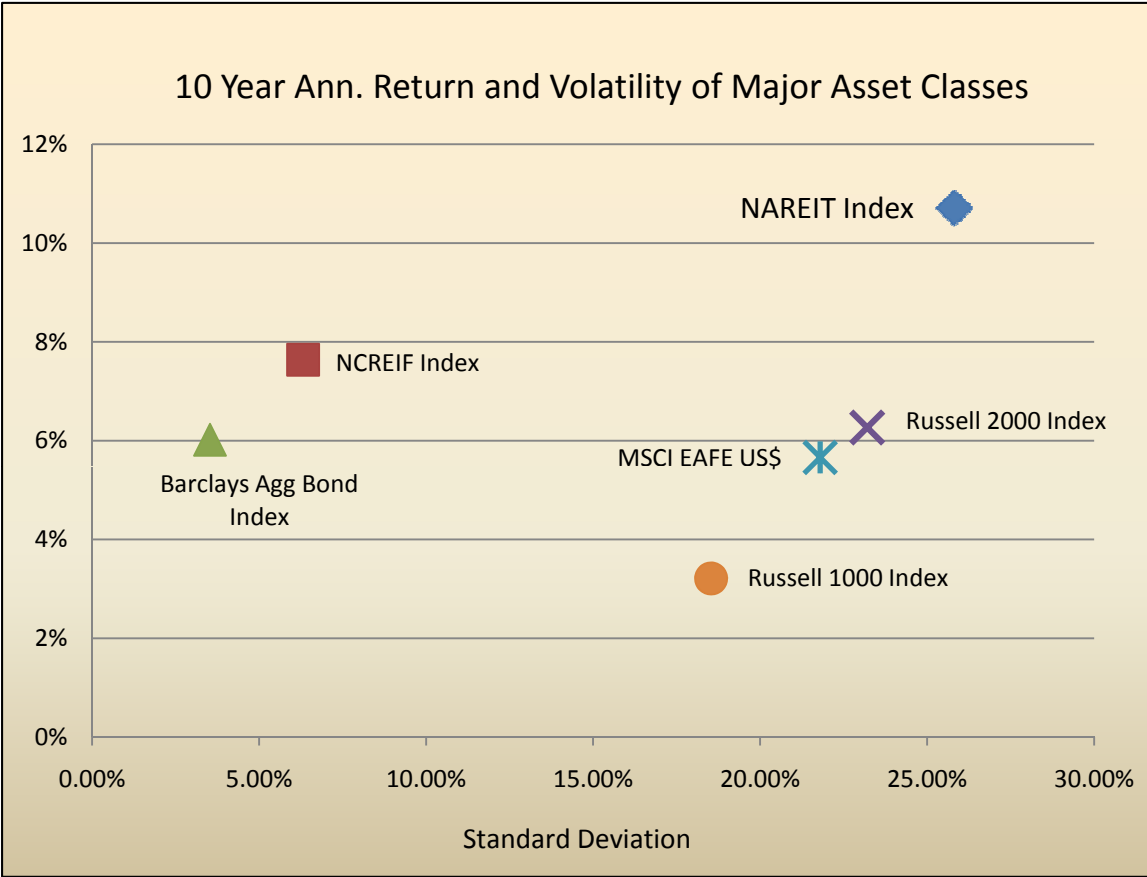
High Percentage of Income to Total Return



Source: NCREIF

Role of Real Estate

Attractive risk/return profile compared to other asset classes over time



10 Year Annualized	NAREIT	NCREIF	Barclays Agg	Russell 2000	MSCI EAFE US\$	Russell 1000
Sharpe Ratios	0.33	0.87	1.10	0.18	0.16	0.06

Return and volatility data reflects quarterly data annualized from June 30, 2001 through June 30, 2011.

Source: Callan PEP and Bloomberg

Role of Real Estate

Real Estate Investment Program Return Objectives

Total Return: Portfolio expected to generate a minimum total real rate of return (net of investment management fees) of 5%.

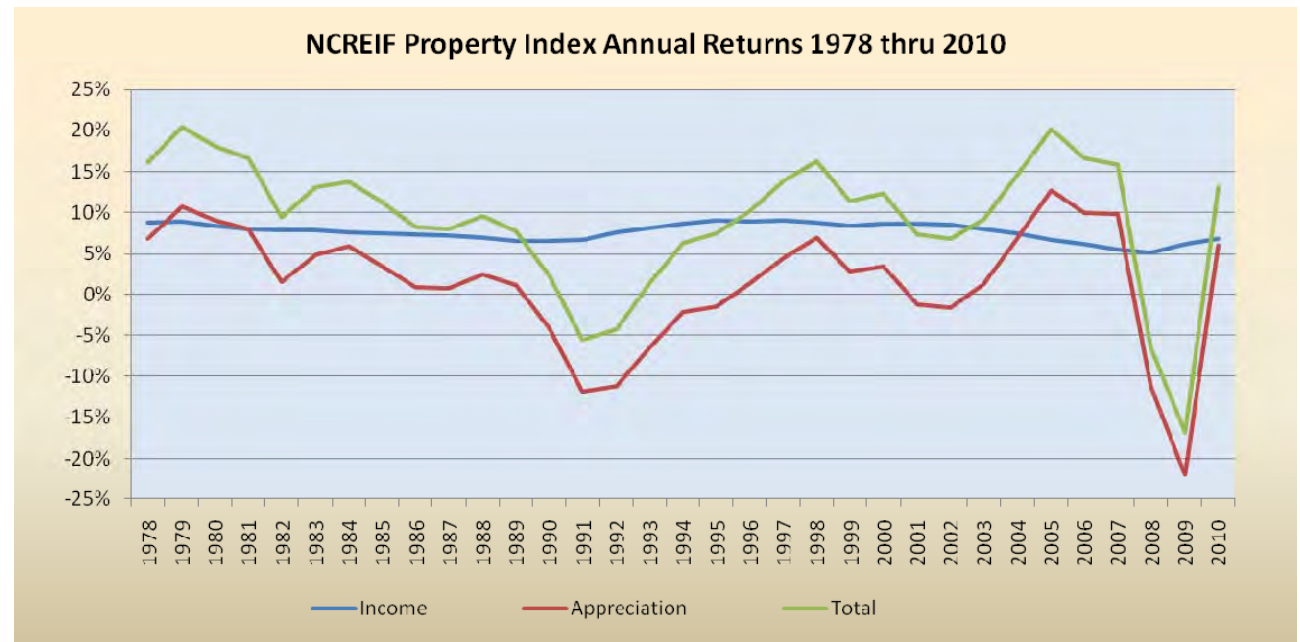
Income Return: Cash distributed from the real estate portfolio is expected to produce 50-60% of the total return over rolling five-year periods.

Index: The overall portfolio is expected to exceed the target index comprised of 90% NCREIF Property Index and 10% NAREIT Equity Index.

Part II. Market Update

Real Estate Beginning to Recover from Historic Losses

- Private real estate as represented by the NCREIF Property Index (NPI) recovered in 2010 and through June 30, 2011 reversing the downward trend of 2008 and 2009 caused by the recession and credit crisis that occurred in late 2008 and early 2009.
- The NPI's positive returns in 2010 were supported by improving economic and market fundamentals, increased transaction volume (up 113% from 2009) and increases in available credit (led by base rates close to historic lows) and lenders prospects to experience good risk adjusted returns.
- In the first part of 2011, real estate transaction volume continued to increase across all property sectors and most markets but still far below peak volume. More recently, volume has begun to slow again.



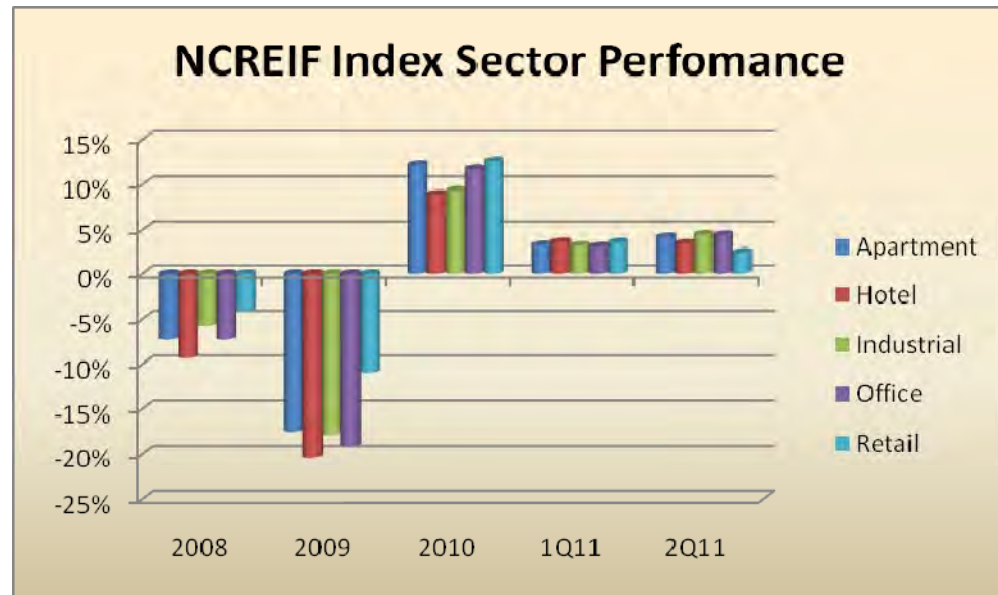
Source: NCREIF

2011:

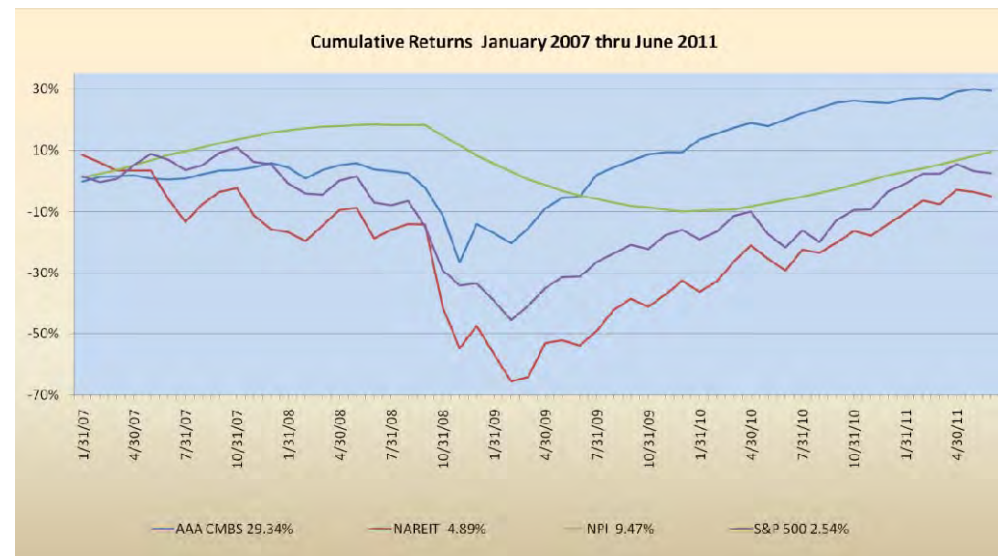
<u>NPI</u>	<u>Total Return</u>	<u>Appreciation</u>	<u>Income</u>
1Q11 (3/31/11)	3.36%	1.84 %	1.52%
2Q11 (6/30/11)	3.94%	2.40%	1.54%
1 year as of June 30, 2011	16.72%	9.81%	6.44%

Real Estate Relative Returns

- All real estate sectors are producing positive returns .
 - Capital Market recovery has benefited all sectors.
 - Real fundamental improvement is still fairly isolated within major CBD markets and within the apartment and hotel sectors.
 - Lack of new supply in the near term is expected to help improve fundamentals across sectors as absorption outpaces new deliveries.



- Real Estate assets across the markets have bounced back strongly from the losses of 2008 -2009.

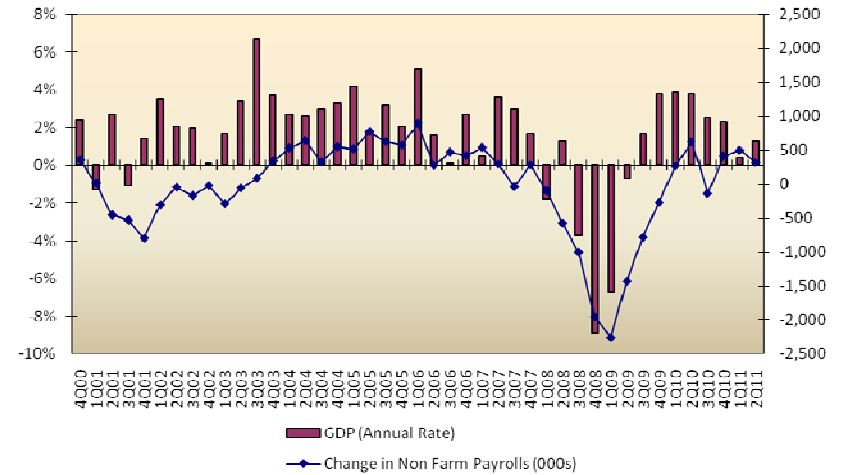


Source: Bloomberg, NCREIF

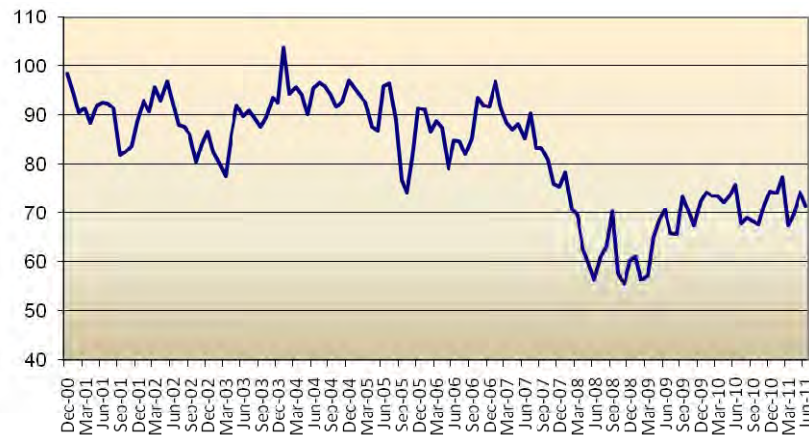
U.S. Economy

- The U.S. economy initially bounced back nicely after the 2008 -2009 recession but now appears to be losing some momentum.
- GDP and the employment outlook are both still positive although recent forecasts suggest considerable growth slowing.
- Consumer confidence still relatively low compared to pre-crisis levels.
- Housing market has yet to show recovery.

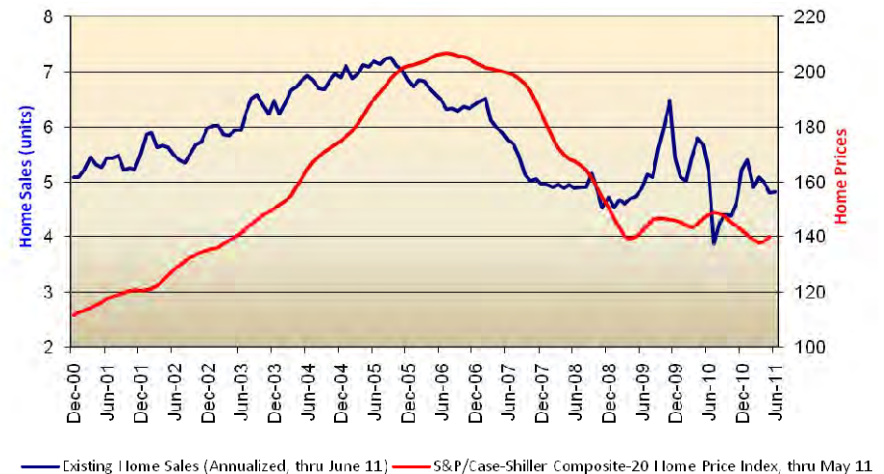
Quarterly GDP and Changes in Non Farm Payrolls
December 2000 through June 2011



University of Michigan Survey of Consumer Confidence Sentiment
December 2000 through July 2011



Existing Home Sales (millions) and Home Price Index
December 2000 through May/June 2011

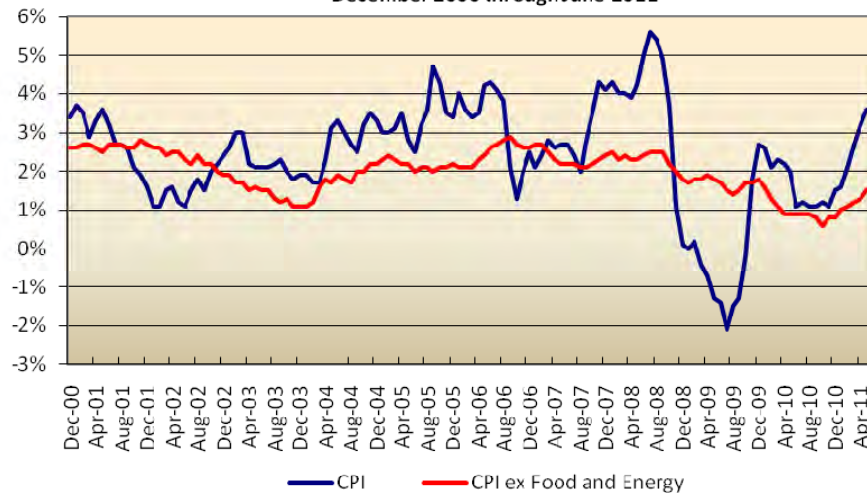


Source: Bloomberg

Interest Rates Remain Relatively Low

- The Federal Open Market Committee (FOMC) continues to maintain a 0-25% Fed Funds Target Rate where it has been since December 2008. The FOMC remains primarily concerned with risks to economic growth and not inflation.
- CPI data reflects an increasing level of inflation pressures. The market currently expects approximately 2.00% inflation over the next 10 years as implied by the difference between US Treasury nominal yields and US TIPS real yields.
- The relatively low yield environment is one factor which has stimulated some recovery in the commercial real estate market as investors search and compete for acceptable returns. The nominal 10yr Treasury yield is now at approximately the same level as its lowest point after the Lehman Brothers bankruptcy. On a spread basis, commercial real estate is priced at historically wide levels to this basis.

Consumer Price Trends
CPI Year over Year Change
December 2000 through June 2011



US Treasury 10 Year Yields
January 1, 2007 through June, 2011



Source: Bloomberg

Stock and Bond Risk Measures Have Substantially Recovered

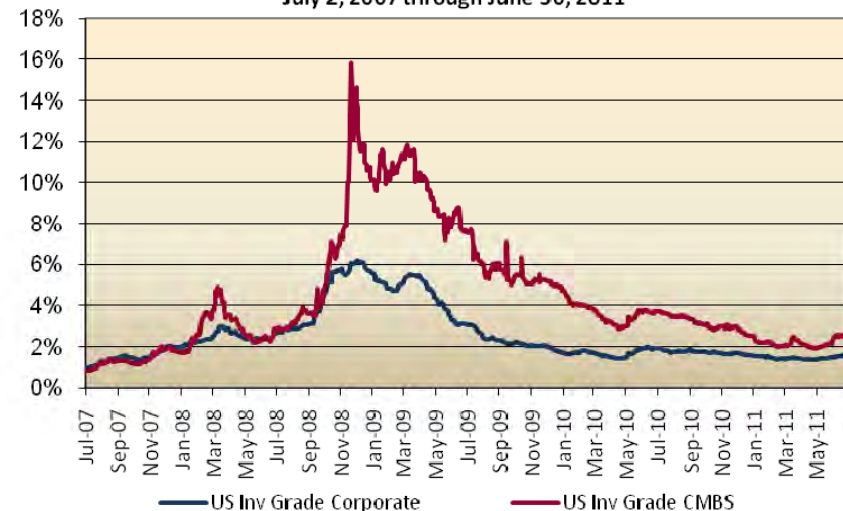
- The S&P500 VIX Index, a measure of expected future stock volatility has trended lower since the credit crisis and recession but continued concerns over sovereign debt levels and the resulting implications for world growth continues to increase equity market volatility.

S&P 500 VIX Index
June 30, 2007 through August 19, 2011



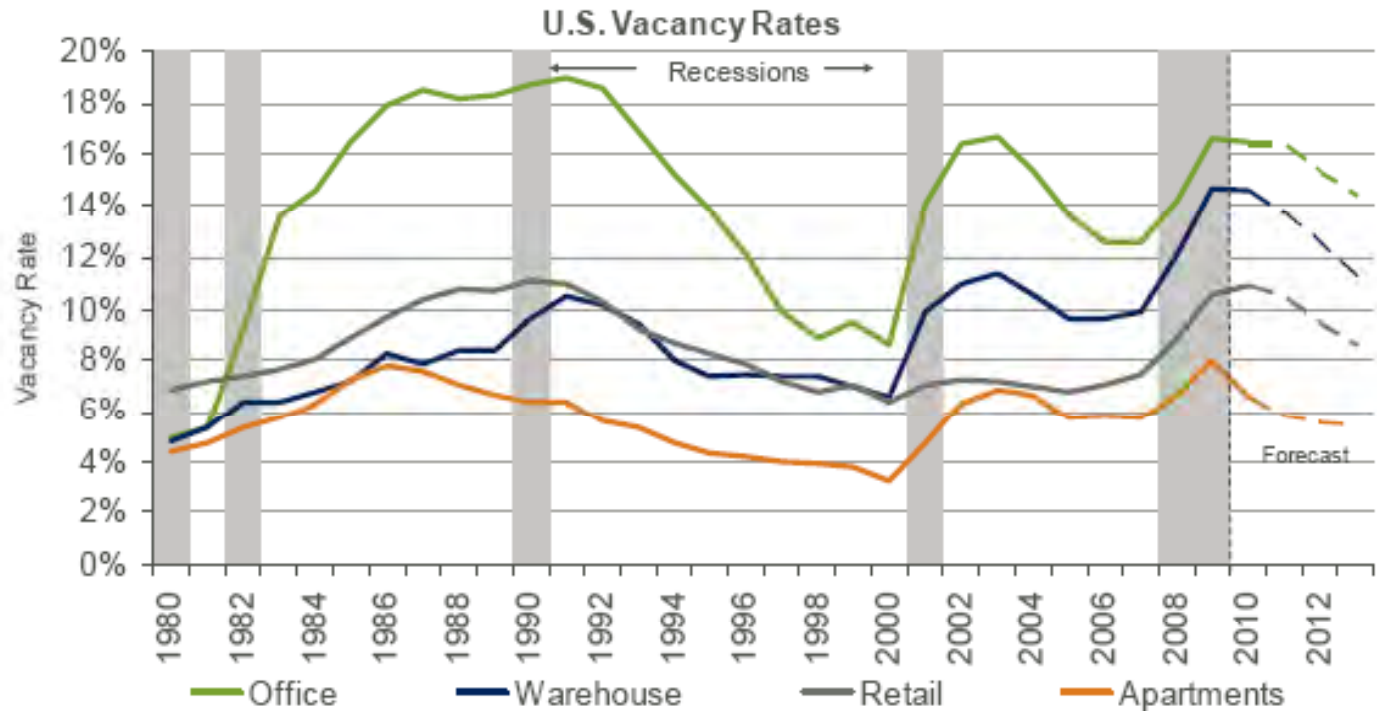
- Spread levels for investment grade corporate and CMBS bonds show almost a full recovery to pre-credit crisis and recession levels .

Changes in Barclays Capital U.S. Aggregate Corporate and Commercial Mortgage Backed Spreads
July 2, 2007 through June 30, 2011



Source: Barclays Capital

Real Estate Fundamentals Dependent on Economic Growth



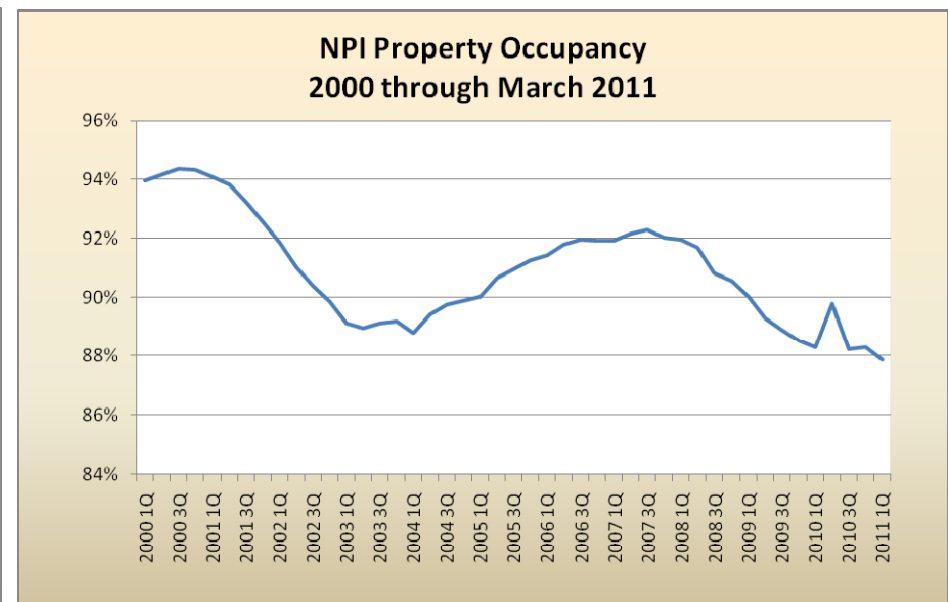
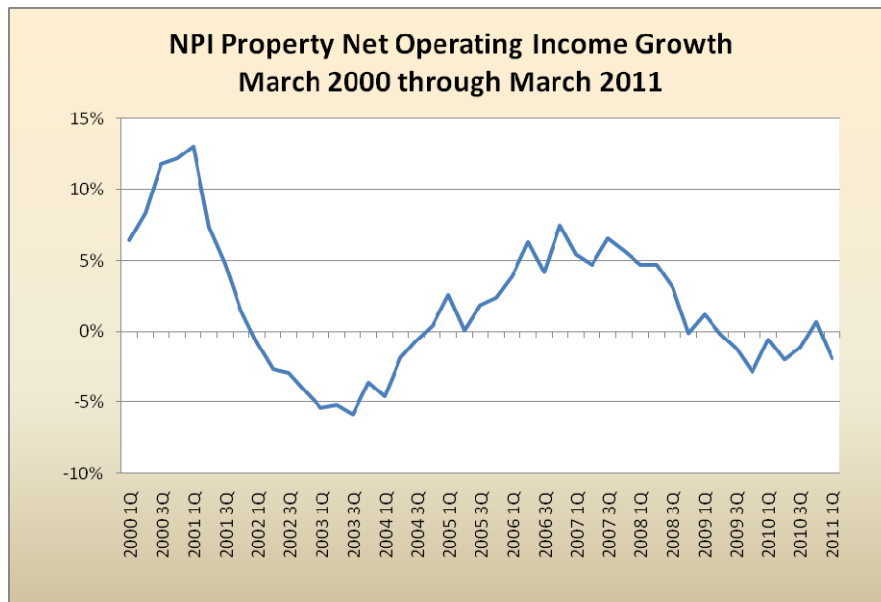
Sources: Toigo Wheaton Research, REIS (US Top 50 Metros), Jones Lang LaSalle, LaSalle Investment Management Research

Data as of 1Q 2011

- Other than Apartments, real estate sectors are still operating at relatively high vacancy levels.

Real Estate Income and Occupancy Lower

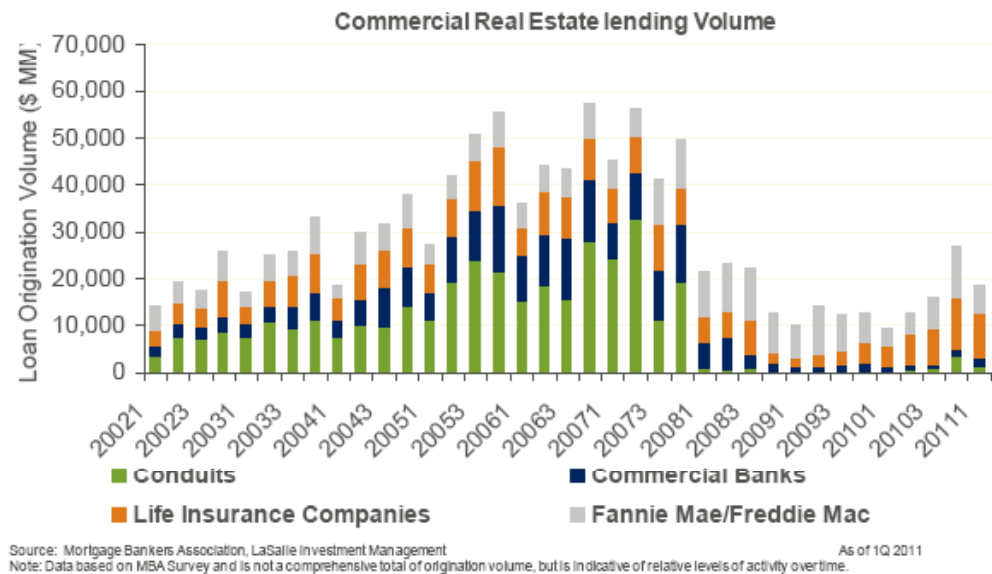
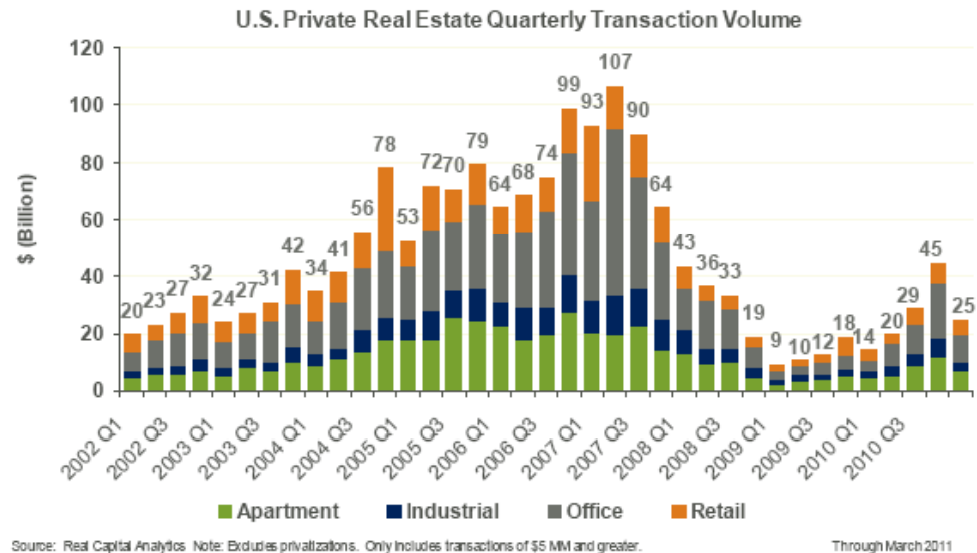
- Fundamental metrics such as property income and occupancy have not shown broad improvement yet. Anecdotally, improvement is occurring in major markets in the highest quality properties. The combination of lower rent and lower occupancy has a pronounced negative impact on the economic productivity of real estate.



Source: NCREIF

Capital Markets Conditions Improving

- Transaction volume has improved but still primarily reflective of core real estate market activity. Transactions related to value add and opportunistic real estate investments are still fairly muted.
- Lending markets are open for real estate with stable, healthy cash flow. Concerns related to massive commercial real estate defaults have subsided but the real estate market remains vulnerable until a broader fundamental recovery presents.



Part III. Fiscal Year 2011 Evaluation

FY 2011 ARMB Real Estate Portfolio Performance

Total Real Estate Portfolio

- 20.9% net return for the year ending June 30, 2011. ARMB benchmark return was 18.4%. Outperformance attributed primarily to recovery in Non-core portfolio.

Core Portfolio

- 17.8% net return for the year ending June 30, 2011. NCREIF Property Index returned 16.7% for the same period.
- Portfolio generated strong income return of 6.8% and appreciation of 11.3%.
- UBS sold one apartment property during the year. No acquisitions occurred.
- Longer term returns: 5 year 2.2% net, since inception 7.0% net.

Non-Core Portfolio

- 26.5% net return for the year ending June 30, 2011.
- Non-core portfolio performance driven primarily by improvement in market pricing and the high level of leverage employed by these strategies.
- Modest amount of acquisition and disposition activity during the year.
- 3 year return of -24.7% indicates more improvement required to recover from 2008 and 2009 write downs.

REIT Portfolio

- 35.5% return for the year ending June 30, 2011. NAREIT All Equity REITs Index returned 34.1%.

ARMB Real Estate Portfolio Performance as of June 30, 2011

Returns (%) ^{1,2}	Market Value (\$)	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR ⁶	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Core Portfolio																						
Cornerstone I.M.A.	167,303,995	1.1	1.9	3.0	2.8	6.4	8.5	15.2	14.4	6.4	-10.9	-5.0	-5.7	6.1	-3.6	2.3	1.6	7.0	6.3	1Q04	6.1	1.4
JP Morgan Strategic Property Fund	167,709,467	1.4	3.9	5.3	5.1	6.1	12.2	18.9	17.9	6.0	-11.7	-6.2	-7.0	5.7	-4.4	1.2	0.3	8.6	7.7	1Q98	8.6	2.1
LaSalle I.M.A.	197,123,791	1.6	1.4	3.0	2.8	7.3	16.7	24.9	24.0	7.3	-7.6	-0.8	-1.5	6.9	-2.7	4.1	3.4	7.8	7.0	4Q03	7.2	1.3
Sentinel I.M.A.	102,825,598	1.5	3.0	4.5	4.3	6.4	11.2	18.1	17.4	6.1	-8.0	-2.3	-2.9	5.9	-3.1	2.6	2.1	9.4	8.8	4Q00	8.7	1.5
UBS Realty I.M.A. - ARMB 1997	244,384,150	1.7	2.7	4.4	4.2	7.4	9.1	17.1	16.2	7.1	-9.2	-2.6	-3.2	6.7	-2.9	3.6	3.0	8.5	7.8	2Q98	12.8	2.1
UBS Trumbull Property Fund ("UBS-TPF")	71,518,021	1.4	2.3	3.7	3.5	6.1	10.4	17.0	16.0	6.4	-9.6	-3.7	-4.5	5.9	-3.4	2.4	1.4	8.4	7.4	4Q80	8.1	2.4
Core Portfolio	950,865,022	1.5	2.5	4.0	3.8	6.8	11.3	18.7	17.8	6.7	-9.5	-3.4	-4.1	6.3	-3.3	2.9	2.2	8.1	7.0	4Q80	9.1	1.8
Non-Core Portfolio																						
BlackRock Diamond Property Fund	22,991,198	0.5	3.0	3.5	3.2	3.6	26.2	30.4	29.0	2.2	-33.6	-32.2	-33.2					-19.6	-20.8	1Q07	-26.6	0.3
Colony Investors VIII	29,231,357	0.1	-2.9	-2.8	-3.3	0.4	20.0	20.4	17.5	1.0	-28.4	-27.7	-31.6					-33.9	-37.7	4Q07	-25.1	0.4
Cornerstone Apartment Venture III	32,501,058	0.9	5.8	6.7	6.4	1.7	35.7	37.9	36.1	2.0	-6.3	-4.3	-6.0					-5.6	-7.2	3Q07	1.2	1.0
Coventry Real Estate Fund II ⁴	21,055,239																			2Q04	-17.9	0.5
Five Arrows Fund IV	46,093,771	1.5	0.0	1.5	1.2	5.9	-4.0	1.7	1.9	7.2	-2.0	5.0	5.3	7.2	5.8	13.3	10.9	12.3	8.6	1Q05	8.9	1.3
Five Arrows Fund V	13,165,550	2.3	0.1	2.5	2.5	9.3	-2.6	6.5	5.7	8.7	2.2	11.1	4.4					10.7	3.8	2Q08	3.2	1.0
ING Clarion Development Ventures II	16,534,700	-4.5	-0.6	-5.1	-5.5	-8.5	-4.5	-12.7	-14.1	-20.1	-14.4	-32.7	-33.7	-7.2	-8.9	-16.3	-17.0	-12.2	-12.9	3Q05	-13.7	0.7
ING Clarion Development Ventures III ³	7,908,365	-4.9	1.6	-3.3	-3.9	-16.4	0.2	-15.7	-18.2											3Q09	-30.7	0.7
LaSalle Medical Office Fund II	21,952,792	2.3	0.2	2.5	2.1	9.4	-10.1	-1.4	-3.0	8.9	-10.0	-1.7	-4.6					2.1	-4.7	1Q07	-3.0	0.9
Lowe Hospitality Investment Partners	3,684,112	4.0	0.0	4.0	3.6	30.7	7.6	41.1	37.3	11.9	-56.2	-54.0	-56.7	9.3	-36.3	-33.1	-35.7	-25.5	-28.5	3Q04	-31.3	0.5
Silverpeak Legacy Partners II (Lehman)	91,286,221	0.4	-0.8	-0.3	-0.3	3.3	18.8	23.3	23.3	1.8	-16.1	-14.4	-15.3	1.4	-4.6	-3.2	-4.4	4.8	2.7	4Q05	-0.9	1.0
Silverpeak Legacy Partners III (Lehman)	10,948,565	-0.2	2.4	2.2	2.2	-6.3	7.4	1.7	1.7	-3.8	-28.3	-31.3	-34.3					-29.3	-32.2	2Q08	-23.1	0.5
Tishman Speyer Real Estate Venture VI	63,922,678	-0.1	25.6	25.5	25.1	-0.2	65.6	65.4	62.5	4.3	-36.5	-33.6	-30.1	3.2	-13.2	-10.3	-10.2	-5.4	-5.8	1Q05	2.1	1.0
Tishman Speyer Real Estate Venture VII	15,983,013	-0.1	7.5	7.3	6.7	-1.0	36.7	35.5	29.2	-3.3	-54.1	-56.2	-63.8					-56.3	-63.5	2Q08	-28.6	0.5
Non-Core Portfolio	397,258,619	0.3	10.1	10.4	10.2	2.2	25.1	27.7	26.5	0.9	-24.6	-24.1	-24.7	2.0	-9.5	-7.9	-9.6	4.8	3.2	1Q98	-1.5	1.0
ARMB Private Real Estate	1,348,123,641	1.2	4.6	5.8	5.6	5.5	15.0	21.1	20.1	5.2	-13.4	-8.8	-9.4	5.2	-4.8	0.2	-0.8	7.8	6.6	4Q80		
Public Investments																						
ARMB REIT	165,539,135	0.9	2.1	2.9	2.9	3.8	30.9	35.5	35.5	5.2	-2.4	3.3	3.3	5.0	-4.3	0.9	0.9	3.9	3.9	1Q05		
Public Investments	165,539,135	0.9	2.1	2.9	2.9	3.8	30.9	35.5	35.5	5.2	-2.4	3.3	3.3	5.0	-4.3	0.9	0.9	3.9	3.9	1Q05		
Total Portfolio																						
ARMB Real Estate Portfolio	1,513,662,776	1.1	4.4	5.5	5.3	5.4	15.8	21.8	20.9	5.1	-12.8	-8.2	-8.8	5.2	-4.7	0.2	-0.7	7.7	6.6	4Q80		
Indices																						
NCREIF Property Index		1.5	2.4	3.9		6.4	9.8	16.7		6.2	-8.4	-2.6		6.0	-2.4	3.4		8.2		4Q80		
CPI				0.4				3.4				1.0				2.1		3.2		4Q80		
FTSE NAREIT Equity REITs				2.9				34.1				5.4				2.6		12.2		4Q80		
ARMB Custom Benchmark⁵				3.9				18.4				-1.1				3.9		8.3		4Q80		

NOTES:

¹ Does not include partial periods.

² Private real estate performance calculated quarterly. Public performance provided from State Street and calculated monthly.

³ Due to prior negative or zero market values, since inception returns can not be calculated at this time for this investment.

⁴ Coventry Real Estate Fund II began investment in 2Q04 and suffered significant value losses beginning in 4Q08. At the request of ARMB, Fund II was written down to \$0 in 2Q09. ARMB has requested that the Fund II values be adjusted and added back into the portfolio as of 2Q11 due to Fund II recovery. As a result, Coventry Real Estate Fund II has a series of returns from 2Q04-4Q08, a stub quarter to add the Fund value back into the portfolio and a series of returns beginning in 2Q11 which will reflect actual quarterly returns. All quarterly returns are included in the total Portfolio but they are not meaningful due to the gaps in quarterly returns.

⁵ 90% NPI/10% NAREIT since 1/1/2005, 100% NPI back to inception.

⁶ IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period and reporting date. Total Composite Level IRRs exclude partial cashflows from core liquidated investments

* Equity multiple is the sum of total distributions and current market value divided by total contributions.

Source: The Townsend Group, June 30, 2011 Performance Report

Portfolio Overview

Real Estate Investment Profile – Core Separate Accounts, Core Open End Funds, and REITs (as of June 30, 2011)

Investment Vehicle	Advisors	Market Value (\$ millions)	Number of Investments	Remaining Allocation	Strategy
Core Separate Accounts (Appendix A)	UBS Realty Investors LLC	\$244	11	\$46	High quality, well leased properties primarily in barrier to entry markets. Advisors have discretion to select properties within guidelines and annual plan approved by ARMB. U.S. domestic only.
	LaSalle Investment Management	\$197	7	\$6	
	Cornerstone Real Estate Advisers LLC	\$167	3	\$2	
	Sentinel Real Estate Corporation	<u>\$103</u>	<u>3</u>	<u>\$5</u>	
	TOTAL	\$711	24	\$59	
Core Open End Commingled Funds	JPMorgan Strategic Property Fund	\$168	(\$14.1 billion NAV) 159	\$0	Diversified portfolio of high quality, well leased properties. Typically includes small value-add exposure. U.S. domestic only.
	UBS Trumbull Property Fund	<u>\$72</u>	<u>(\$9.3 billion NAV) 171</u>	<u>\$0</u>	
	TOTAL	\$240	330	\$0	
REITs	Internally Managed	\$166	90-100 stocks in portfolio	\$0	Primarily passive strategy with small allocation to active strategy.

Portfolio Overview

Real Estate Investment Profile: Non-Core Commingled Funds (as of June 30, 2011)

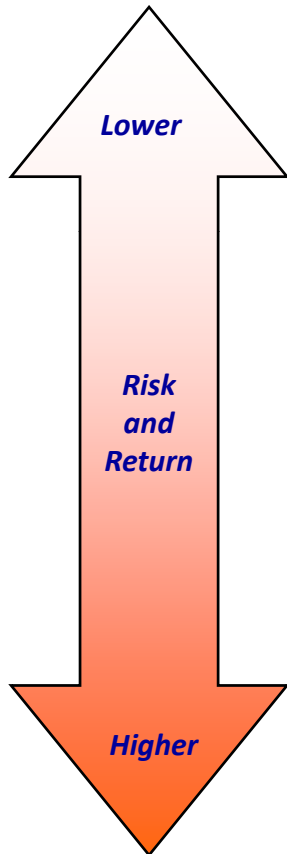
(\$ in millions)

Investment Vehicle	Advisors	Remaining Commitment	Number of Investments	Strategy
Non-Core Commingled Funds	BlackRock Diamond Property Fund	\$0	24	All Sectors Value Add
	Colony Investors VIII	\$1	14	Global Opportunistic
	Cornerstone Apartment Venture III	\$18	8	Apartment Development
	Coventry Real Estate Fund II	\$0	11	Retail Value-Add
	ING Clarion Development Ventures II	\$11	16	Development/Reposition
	ING Clarion Development Ventures III	\$18	22	
	LaSalle Medical Office Fund II	\$5	12	Medical Office Buildings
	Silverpeak Legacy Partners II	\$20	46	Global Opportunistic
	Silverpeak Legacy Partners III	\$28	29	
	Lowe Hospitality Investment Partners	\$0	5	Hospitality
	Rothschild Five Arrows Realty Securities IV	\$1	6	Entity Level Investing
	Rothschild Five Arrows Realty Securities V	\$11	5	
	Tishman Speyer Real Estate Ventures VI	\$4	12	Office Value Add
	Tishman Speyer Real Estate Ventures VII	\$1	14	
TOTAL		\$118	224	

All Non-Core investments are closed-end commingled funds with the exception of the BlackRock Diamond Property Fund, which is an open-end fund. Funds in green remain within investment period and can invest remaining commitments in new investments.

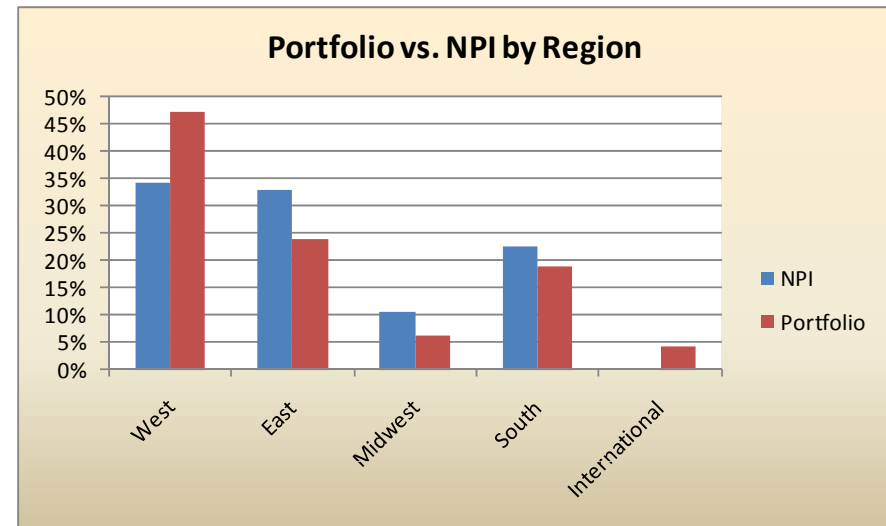
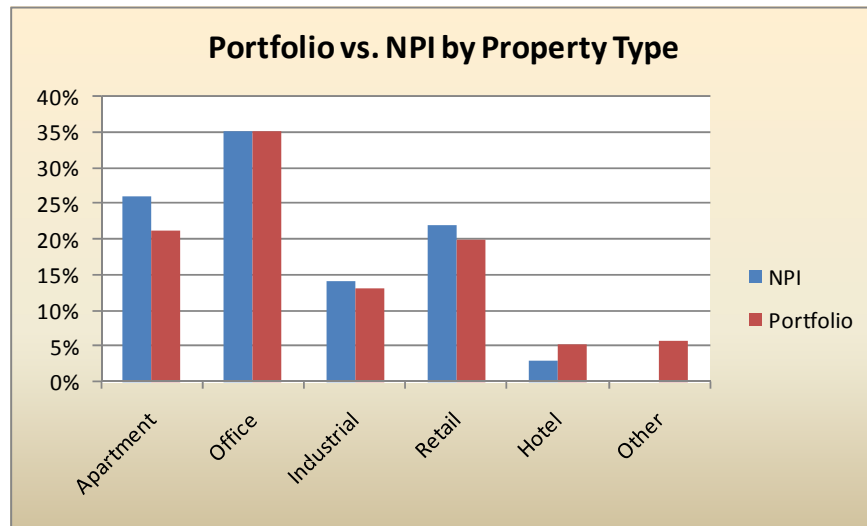
Portfolio Overview

Real Estate Investment Profile – Investment Attributes



Investment Vehicle	Liquidity	Leverage	ARMB Policy Level Control	Ownership Structure	Fees
Core Separate Accounts (Appendix A)	Good	None	Yes	Typically owns 100% of asset equity through limited liability corporation	~80bps
Core Open-End Commingled Funds	Typically good but exposed to withdrawal constraints	Moderate 10% -30%	No but can withdraw from fund	Interest in commingled vehicle	~120bps
REITs	Excellent	None at portfolio level. At the company level ~40% - 60%.	No but can sell stock	Shares of Stock	Very low – internally managed
Non-Core Open-End Commingled Fund & Closed-End Commingled Funds	Poor for Closed-End Funds Good for Open-End Fund but exposed to withdrawal constraints	High 65%-80%	No but control exists through fund selection	Limited Partnerships, Private REITs, Limited Liability Corporations with 5-10 year investment horizons for Closed-End Funds	~125+bps flat fee with manager participation in returns above specified IRR

Property Type and Geographic Diversification



Source: The Townsend Group June 30, 2011 Performance Report, NCREIF

- Private real estate portfolio is well diversified based on comparison to NCREIF Property Index (NPI) property type and geographic location.
- The portfolio is relatively neutral on a property type basis. Geographically, the portfolio is underweight the East region which is attributed to the large size of the properties in the Northeast and difficulty to invest core separate accounts in these properties without increasing asset specific concentration. Positions in open-end and closed-end funds help provide large asset and Northeast exposure.
- REIT exposure, which is not included in this chart, also increases Northeast exposure through positions in large asset markets such as NYC.
- The overweight in the West region is primarily attributable to separate account investments in California.

REIT Portfolio

- Internally managed portfolio launched in November 2004.
- June 30, 2011 market value is approximately \$165.5 million. REITs represent approximately 11% of ARMB's total real estate portfolio as of June 30, 2011.
- Strategy is primarily passive with a small % allocated to alpha seeking objectives.
- Market and portfolio performed well in FY 2011.

Performance as of June 30, 2011	YTD	FYTD	Annualized ITD (11/17/2004) (1)
ARMB REIT Portfolio	10.77%	35.51%	4.58%
NAREIT Equity Index	10.62%	34.09%	6.17%
Difference	0.15%	1.42%	-1.59%

(1) Reflects initial partial period. Townsend and Callan don't begin to calculate inception returns until 1Q05, the first full quarter.

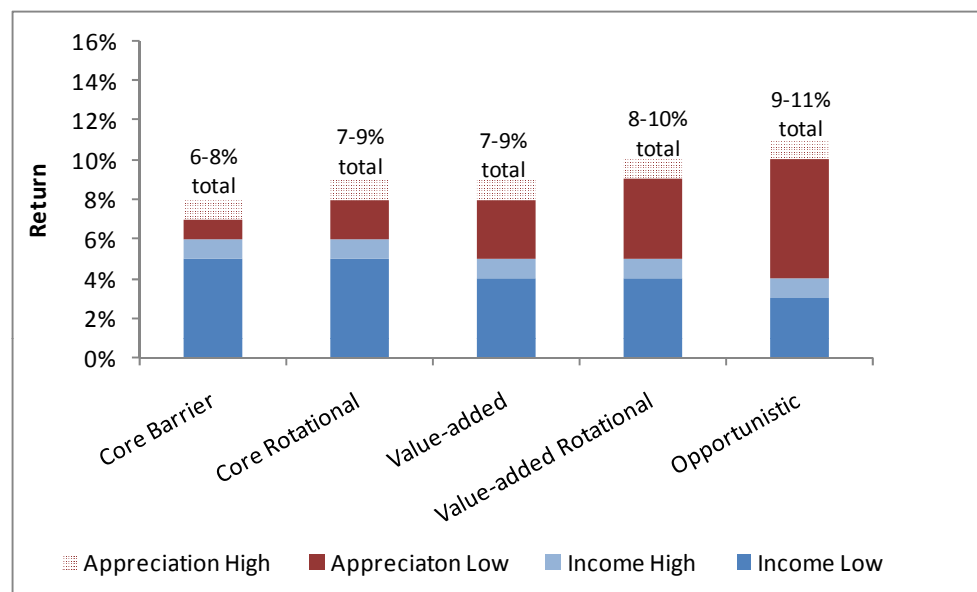
Part IV. Fiscal Year 2012 Plan

Fiscal Year 2012 Strategy Themes

- The Real Estate portfolio is currently within the ARMB's target allocation range. No new investments necessary to meet the allocation target.
- Core real estate managers are doing a good job. No apparent deficiencies in current portfolio structure.
- Continue to focus on core real estate investments and deemphasize new investments in non-core real estate going forward.
- REITs are volatile but appropriately sized at ~11% of real estate portfolio.
- Real Estate is part of the Real Assets asset class. The Real Assets Committee will be considering the relative target weights of the Real Asset's constituents in the near future which may impact future Real Estate investment targets.

Prospective Return Estimates for New Investments

Unlevered real estate investment return expectations for the next three to five years appear relatively attractive and would meet ARMB return requirements. Estimates generated by Cornerstone Real Estate Advisers LLC as of August 2011.



Definitions:

- Core:** Major markets and property types, stabilized properties, well-leased with staggered lease roll, low to no leverage, longer term hold (ten year average)
- Value-added:** May have lease-up risk, minor redevelopment/repositioning and/or leverage up to 60-65%, shorter term hold (three to five years)
- Opportunistic:** May include properties in development, lease-up, major repositioning and/or leverage up to 85%, shortest term hold (one to three years)
- Barrier:** Major markets with above-average constraints on new development
- Rotational:** Investment in major markets or specific property types with above average potential for growth due to current market cycle, limited barriers to new supply, sale discipline required

Projected Allocation

At 9%, real estate is currently under its 10% strategic target but within the bands of 10% +/- 4%. The actual allocation is expected to increase in FY12 and then decrease over time as a result of cash flows related to non-core closed-end fund investments.

Asset	Target	6/30/11	FY12	FY13	FY14	FY15	FY16
Private Real Estate							
Core	75 +/- 10	70%	71%	75%	84%	87%	93%
Non-Core	25 +/- 10	30%	29%	25%	26%	13%	7%
Total Private Real Estate	100%	100%	100%	100%	100%	100%	100%
Public Real Estate							
Private Real Estate		89%	89%	88%	86%	86%	84%
Public Real Estate		11%	11%	12%	14%	14%	16%
Total Real Estate		100%	100%	100%	100%	100%	100%
Total Real Estate %	10% +/- 4%	9.3%	10.1%	9.9%	8.8%	8.3%	7.7%

- Total pension fund assets based on projections in June 30, 2010 Actuarial Valuation.
- Cash flow expectations based on manager and staff estimates.
- Projections include no future allocations or commitments.
- Schedule includes changes in real estate market value based on expected returns.

Core Strategy

Core Portfolio

- No new investment allocations as real estate allocation is within target. If additional capacity becomes available during the year, increase allocations to separate account managers. With the exception of UBS, separate account portfolio is essentially fully invested as remaining commitments are not large enough to acquire institutional quality property.
- \$150 million CIO discretionary allocation permits flexibility should an advisor present a very compelling opportunity that existing manager allocation capacity does not accommodate.
- LaSalle and Cornerstone are currently executing sales in their respective portfolios. Separate account advisors should continue to take advantage of opportunities to sell non-strategic assets at attractive prices and improve the quality and income stability of the portfolio. Proceeds from sales should be reinvested in assets located in markets which exhibit high barriers to entry. Encourage advisors to target the Northeast region due to portfolio underweight but don't preclude investment in other regions due to asset size barrier that exists in the Northeast markets.
- Maintain investments in core open-end funds UBS Trumbull Property Fund and JPM Strategic Property Fund.

Non-Core and REIT Strategy

Non-Core Portfolio

- Continue to consider commitments under CIO discretionary authority to attractive real estate investments that complement ARMB's current real estate portfolio.
- No new commitments were made to non-core real estate in FY09, FY10, or FY11.

REIT Portfolio

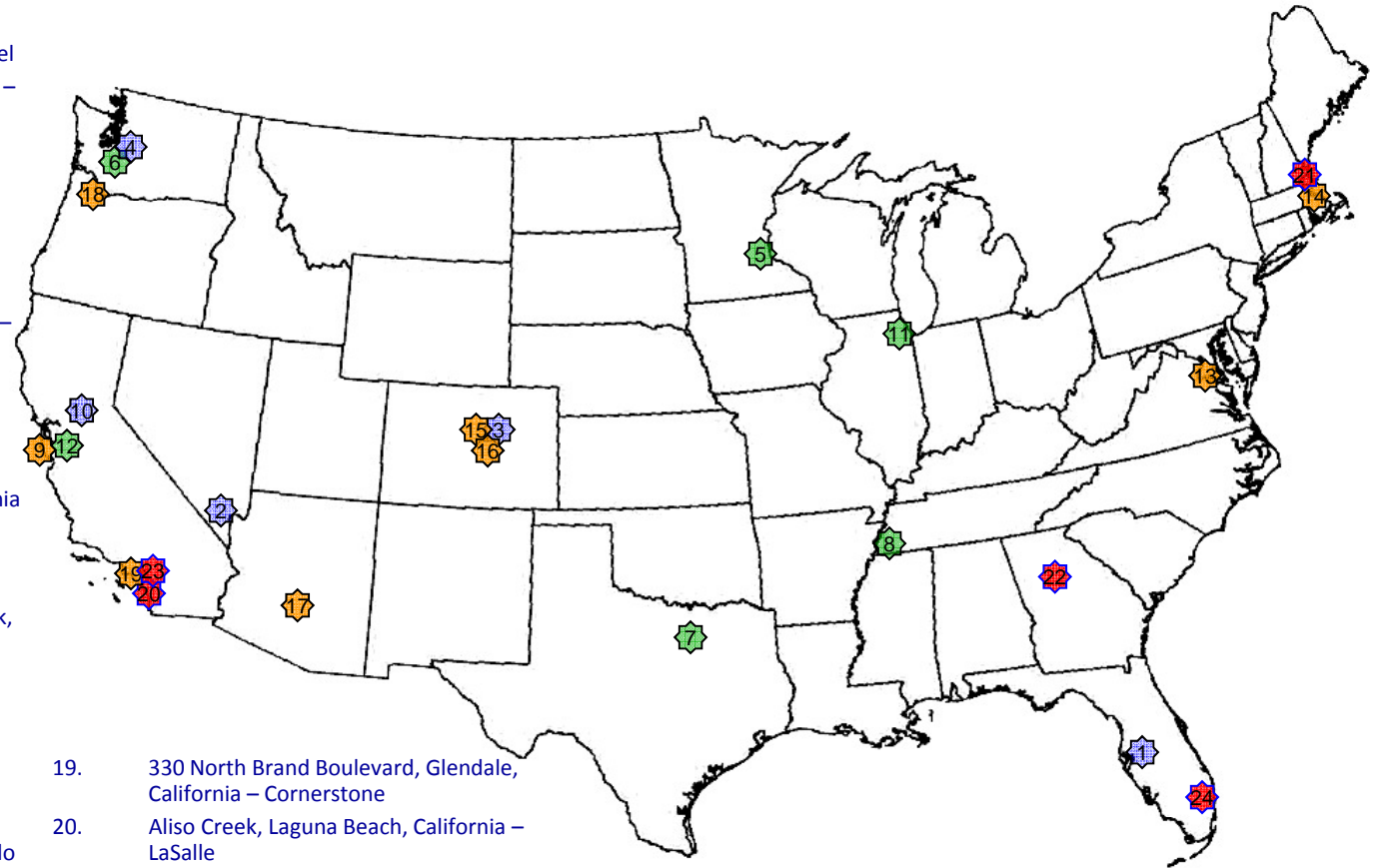
- No additional allocation. Utilize REITs tactically as way to achieve target allocation at CIO discretion.

Part V. Appendix

Appendix A: Separate Account Properties

Property List

1. Versant Place, Brandon, Florida - Sentinel
2. Vintage at the Lakes, Las Vegas, Nevada – Sentinel
3. Remington at Lone Tree, Denver, Colorado – UBS
4. Springbrook Apartments, Renton, Washington – UBS
5. Arden Hills Distribution Complex, Arden Hills, Minnesota – Cornerstone
6. Rainier Industrial, Sumner, Washington – LaSalle
7. Gateway Distribution Center, Roanoke, Texas – UBS
8. Memphis Industrial Park, Memphis, Tennessee – UBS
9. 1195 West Fremont, Sunnyvale, California – LaSalle
10. Glacier/Preserve Blue Ravine Inc., Folsom, CA – Sentinel
11. West 55th Street Industrial Park, McCook, Illinois – UBS
12. Winton Industrial Center, Hayward, California – UBS
13. Virginia Square, Arlington, Virginia – LaSalle
14. 400 Crown Colony, Quincy, Massachusetts - UBS
15. One Maroon Circle, Englewood, Colorado – UBS
16. Two Maroon Circle, Englewood, Colorado – UBS
17. Broadway 101, Tempe, Arizona – LaSalle
18. Amber Glen, Hillsboro, Oregon – LaSalle



19. 330 North Brand Boulevard, Glendale, California – Cornerstone
20. Aliso Creek, Laguna Beach, California – LaSalle
21. Westford Valley Marketplace, Westford, Massachusetts – UBS
22. Shallowford Corners, Roswell, Georgia – LaSalle
23. Cerritos Towne Center, Cerritos, California – Cornerstone
24. Winston Park Shopping Center, Coconut Creek Florida - UBS

<u>Legend</u>		
Apartments	Blue	
Industrial	Green	
Office	Orange	
Retail	Red	

Appendix B: Glossary of Terms

Allocation	The total amount of investments a Separate Account Manager is authorized to make on behalf of the ARMB.
Barrier to Entry	Broad term used to describe a market environment that is supply constrained due to one or more factors such as zoning, lack of developable real estate, geography, etc.
Cap Rate	Capitalization Rate. One measure of expected return determined by dividing the first year expected annual net operating income from the property by the purchase price.
Closed-End Fund	A commingled fund that has a finite life. Investors ability to invest is limited to a certain time period at the inception of the fund. An investor's ability to sell the fund is often limited. Structures include limited partnerships, limited liability companies, and REITs.
Core Real Estate	Substantially leased, multi-tenant properties, greater than \$5 million in size, in major metropolitan areas, with little or no mortgage debt. Makes up the largest share of most pension fund portfolios.
Commitment	The total amount of investment a commingled fund is authorized to make on behalf of the ARMB.
Internal Rate of Return (IRR)	The discount rate which causes the present value of investment cash inflows minus the present value of investment cash outflows to equal zero.
Open-End Fund	A commingled fund that has an infinite life. An investor may buy and sell shares of the fund. Similar to a mutual fund.
NAREIT Equity Index	National Association of Real Estate Investment Trusts, the REIT trade organization. The NAREIT Equity index is a market capitalization weighted index of REITs investing in real estate equity. Currently comprised of 122 stocks.
NCREIF - NPI Index	National Council of Real Estate Investment Fiduciaries - NCREIF Property Index. The NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment. As of June 30, 2011, the index contained over 6,300 properties valued at over \$262 billion.
Net Asset Value	Total asset value – total liabilities = net asset value. In the context of REITs, net asset value is the value of real estate owned by the company less all debt owed by the company.
Non-Core Real Estate	Value-add or opportunistic real estate strategies involving higher risk than core investing. Investment strategies include relatively substantial redevelopment or releasing, buying distressed assets, new property development, and high leverage.
REIT	Real Estate Investment Trust – A company that owns and operates income producing real estate such as apartments, shopping centers, offices, hotels, and warehouses. A REIT must distribute at least 90% of taxable income to its shareholders annually. A REIT is a creation of the Internal Revenue Code which allows companies, who elect and meet stringent requirements, to avoid paying taxes on income passed through to shareholders.
Separate Account	An account with an investment manager that is invested exclusively for the ARMB and is not commingled with other client funds. Investments are made at the discretion of the Separate Account manager within the policy parameters approved by ARMB.

Alaska Retirement Management Board
Portfolio and Manager Performance Report
Second Quarter 2011

The Townsend Group

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ARMB REAL ESTATE PORTFOLIO

Second Quarter 2011

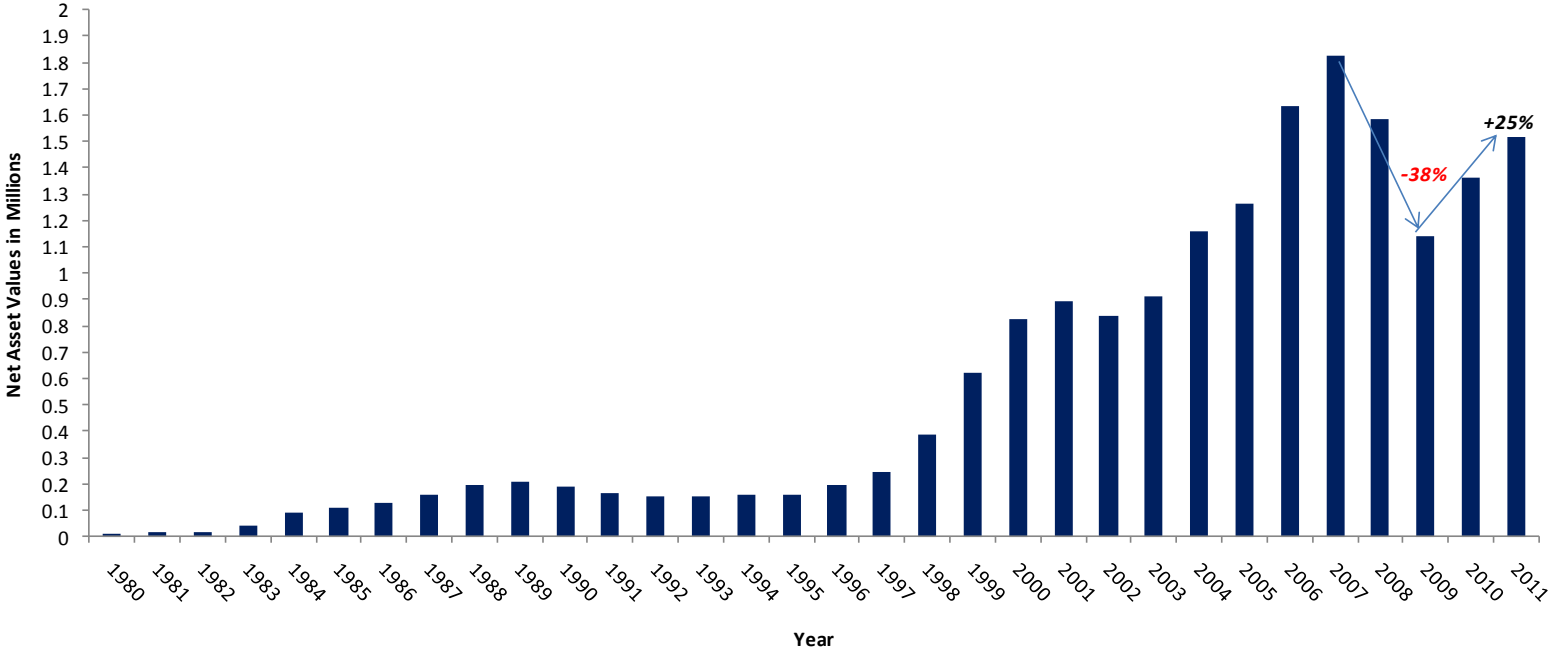
The Townsend Group

Introduction

The real estate market stabilized in 2009 and began a slow but steady recovery. Not surprisingly, the recovery was led by the public markets followed by improvements in the private markets.

ARMB has participated in the recovery regaining 25% off its trough valuation in 2009.

Fiscal Years Ending June 30th



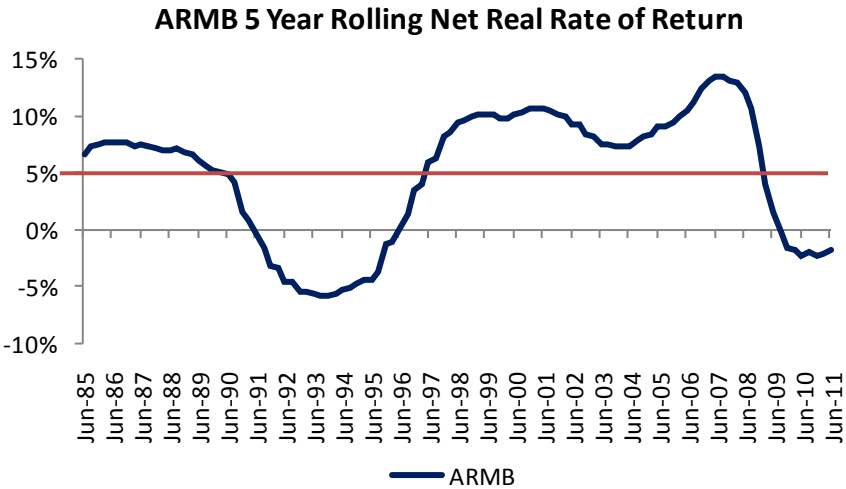
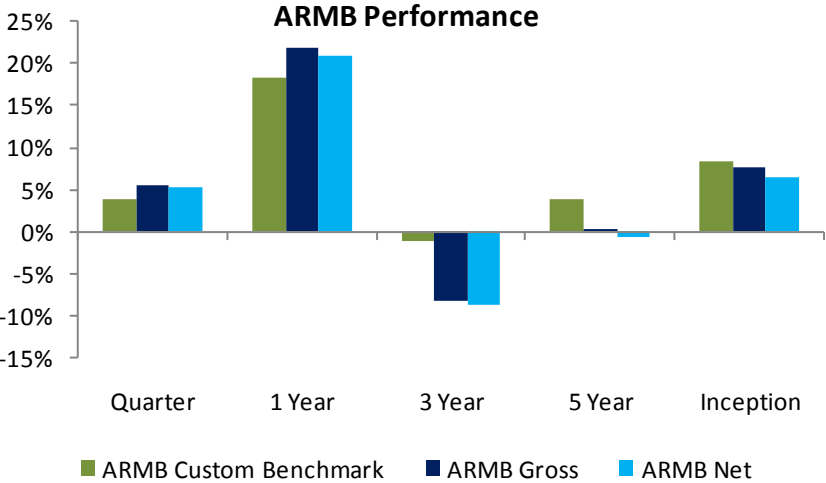
Portfolio Overview

Second Quarter 2011

Portfolio Overview: Performance Objectives

As of June 30, 2011 the ARMB portfolio exceeded its blended benchmark on a gross and net basis for the one quarter and one year period but continued to lag over longer periods which reflect substantial volatility and valuations declines suffered in the 2008 Global Financial Crisis ('GFC').

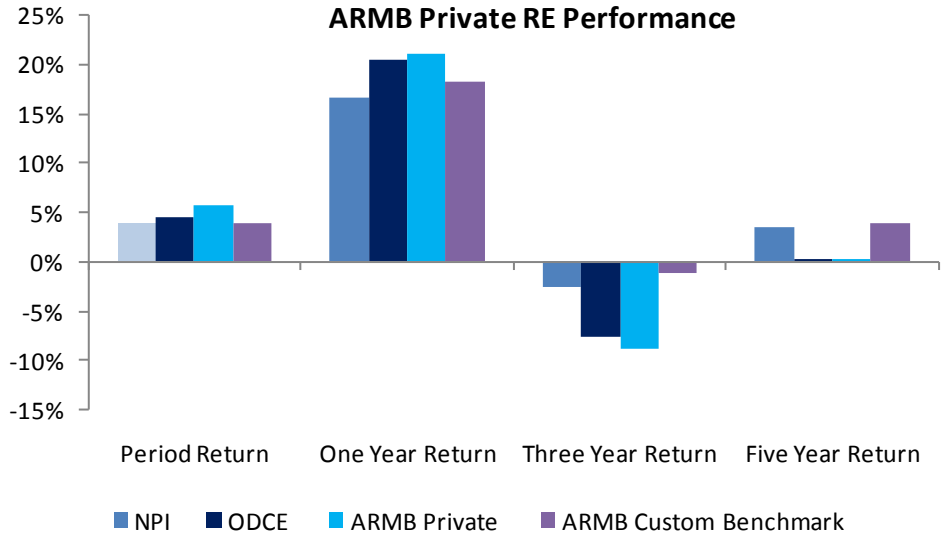
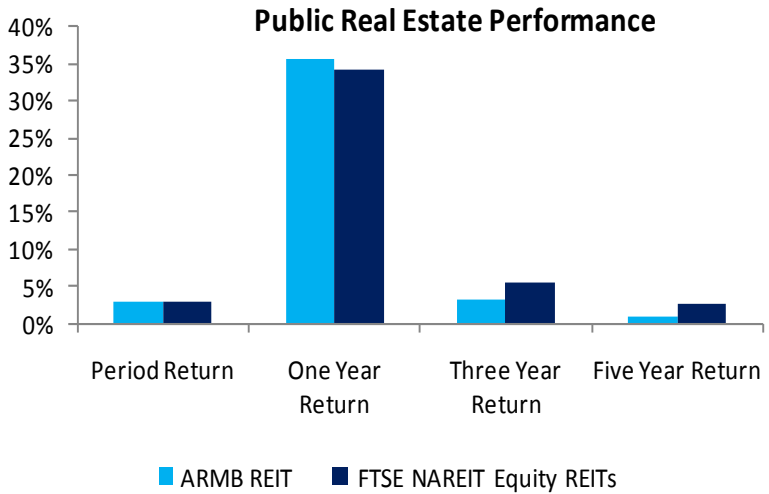
The ARMB rolling five year Real Rate of Return continues to be below the 5% target return however performance is trending upward.



Portfolio Overview: Real Estate Performance

As of June 30, 2011, the portfolio sectors within the ARMB real estate portfolio generated returns in excess of the quarterly and one year indices, but underperformed over three and five year periods.

Continued volatility in the public sector may limit continued strong performance but stable to improving performance in the private sector should buffer most of the volatility.



Portfolio Overview: Strategic Objectives

Objective	Status
1. Core Portfolio: Consider additional commitments under CIO discretionary authority if capacity and opportunity presents	No new commitments have been made to the Core Portfolio.
2. Non-Core Portfolio: Consider commitments under CIO discretionary authority and closely monitor existing investments	ARMB has elected not to use its non-discretionary Contingent Allocation to make new investments. Staff continues to actively monitor existing investments as well as evaluate opportunities for new investment.
3. Public Portfolio: Consider an additional allocation to REITs	This objective was intended to allow for investment in non-core real estate through the REIT program. Additional allocations were made in August and October of 2010 for 30M and 50M respectively .

While the coming vintage years are expected to be strong performers, the recover is scattered and fragile enough to justify a cautious and deliberate investment strategy in 2011 and 2012.

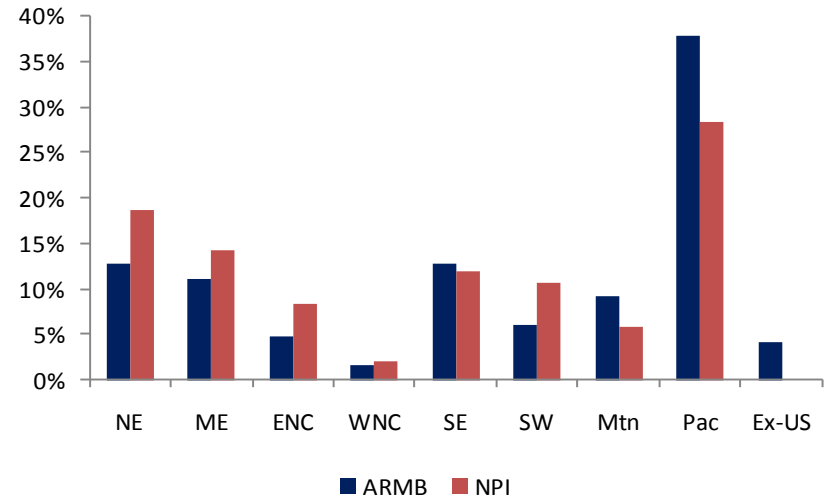
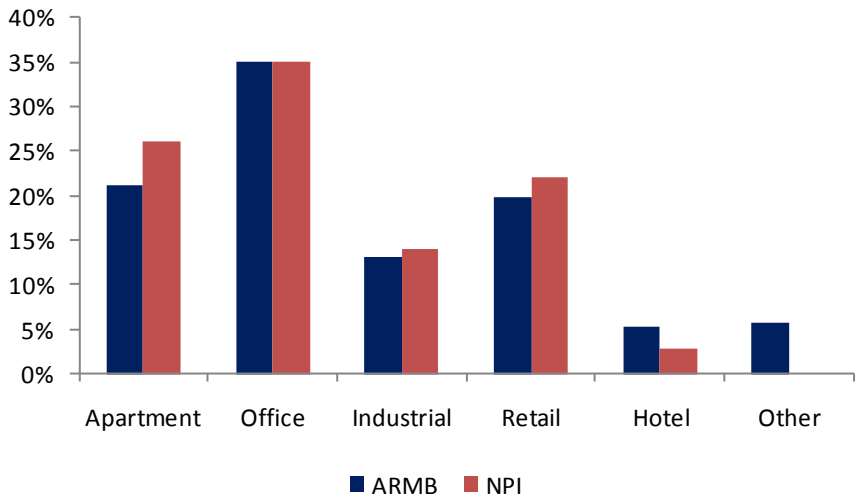
The portfolio remains in compliance with all ARMB Real Estate Policies, Procedures and Guidelines.

Portfolio Overview: Diversification

As of June 30, 2011, ARMB was diversified both with respect to geography and property type.

While Hotels were amongst the hardest hit in the market decline, they have begun to garner more than their share of the recovery and should contribute to going forward returns given the ARMB exposure.

Similar benefits should be derived from the weighting to 'other' property types which includes debt, securities, public/private strategies and alternative property types like student housing.



Core Portfolio
Second Quarter 2011

Core Portfolio: Performance

Core manager returns highlighted in red underperformed the NPI for the designated period return. Current quarter performance indicates signs of stabilization in the ARMB portfolio consistent with the market.

With Core assets representing 63% of the total real estate portfolio, above market returns for the quarter and one year demonstrate a strong recovery in the base of the portfolio supported by stable income returns

ARMB Core Real Estate Portfolio As of June 30, 2011

Returns (%) ^{1,2}	Market Value (\$)	Quarter				1 Year		3 Year		5 Year		Inception	
		INC	APP	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio													
Cornerstone I.M.A.	167,303,995	1.1	1.9	3.0	2.8	15.2	14.4	-5.0	-5.7	2.3	1.6	7.0	6.3
JP Morgan Strategic Property Fund	167,709,467	1.4	3.9	5.3	5.1	18.9	17.9	-6.2	-7.0	1.2	0.3	8.6	7.7
LaSalle I.M.A.	197,123,791	1.6	1.4	3.0	2.8	24.9	24.0	-0.8	-1.5	4.1	3.4	7.8	7.0
Sentinel I.M.A.	102,825,598	1.5	3.0	4.5	4.3	18.1	17.4	-2.3	-2.9	2.6	2.1	9.4	8.8
UBS Realty I.M.A. - ARMB 1997	244,384,150	1.7	2.7	4.4	4.2	17.1	16.2	-2.6	-3.2	3.6	3.0	8.5	7.8
UBS Trumbull Property Fund	71,518,021	1.4	2.3	3.7	3.5	17.0	16.0	-3.7	-4.5	2.4	1.4	8.4	7.4
Core Portfolio	950,865,022	1.5	2.5	4.0	3.8	18.7	17.8	-3.4	-4.1	2.9	2.2	8.1	7.0
NCREIF Property Index				3.9		16.7		-2.6		3.4		8.2	

Notes:

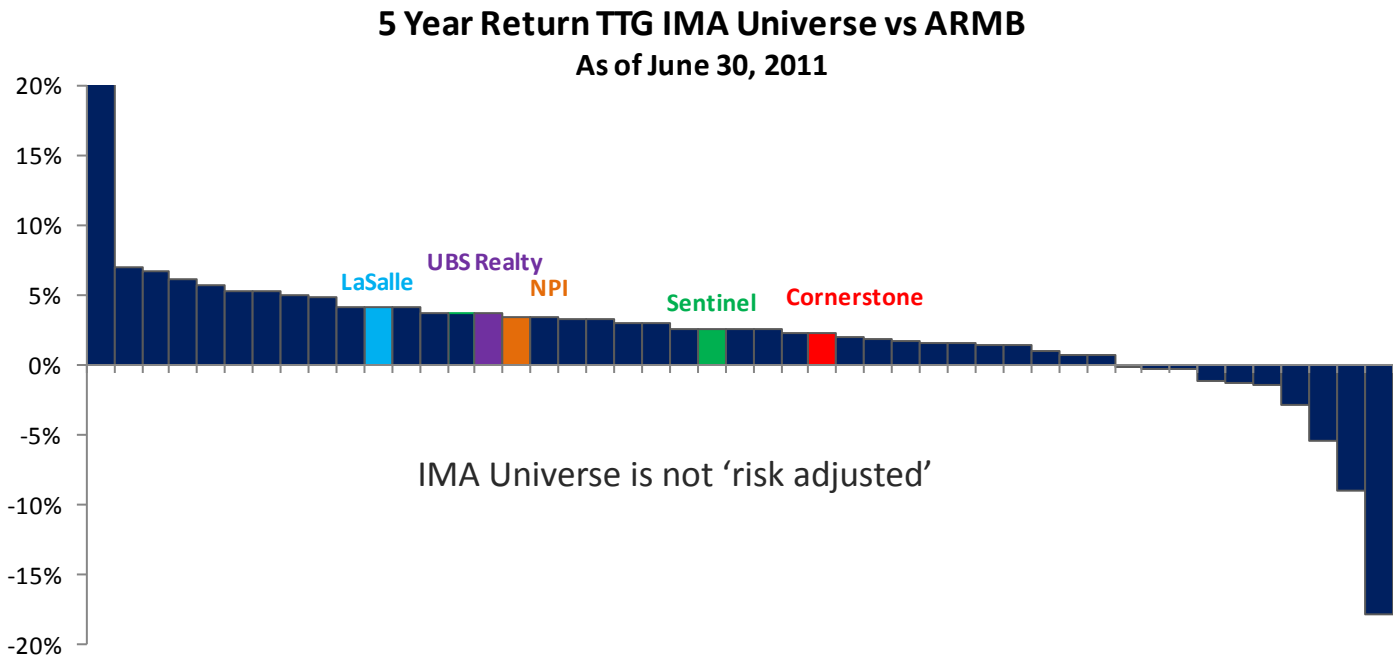
¹ Does not include partial periods.

² Private real estate performance calculated quarterly. Public performance provided from State Street and calculated monthly.

Core Portfolio: ARMB Core IMA Performance vs. Universe

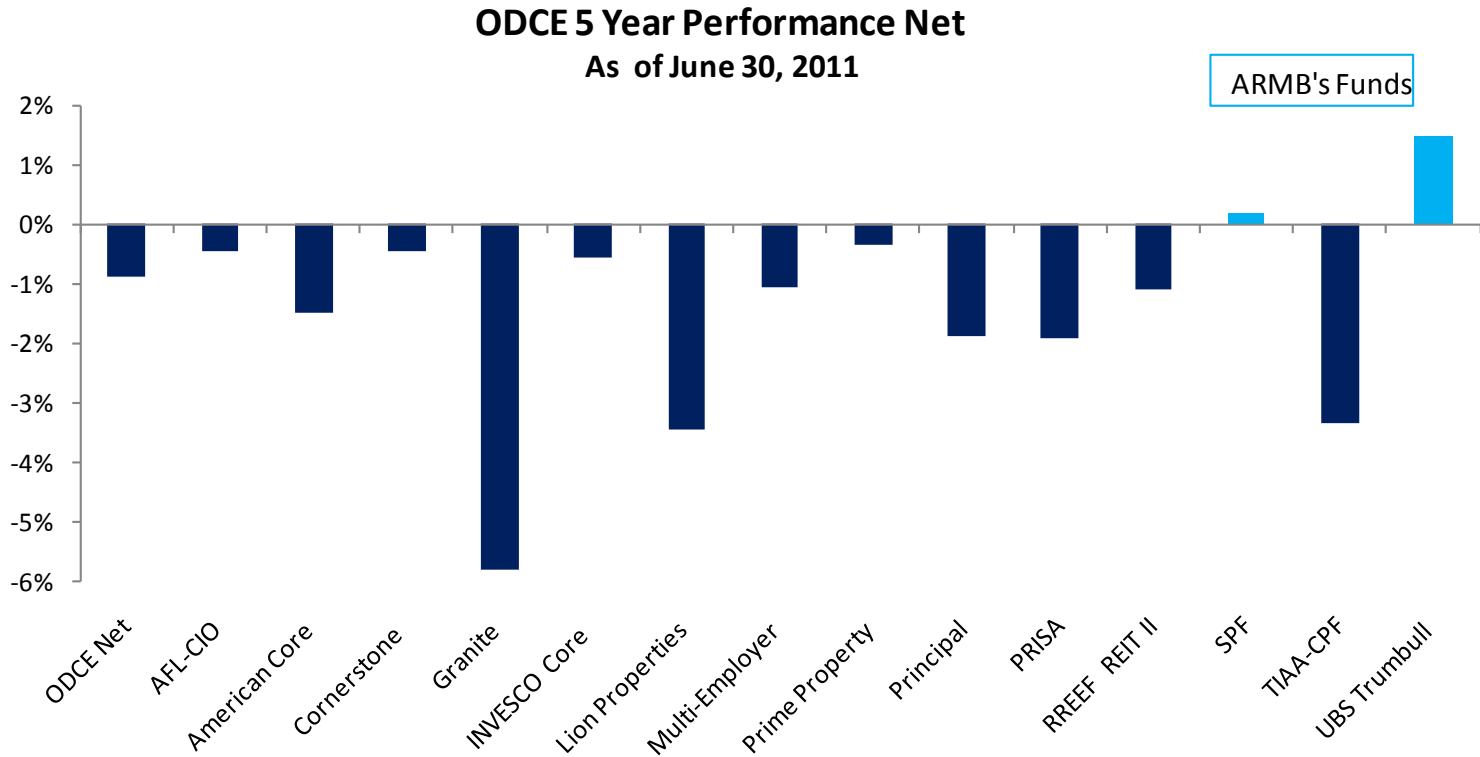
For the five year period ending June 30, 2011, Sentinel and Cornerstone underperformed the NPI, while LaSalle and UBS Realty exceeded the NPI.

IMA Universe is not risk adjusted.



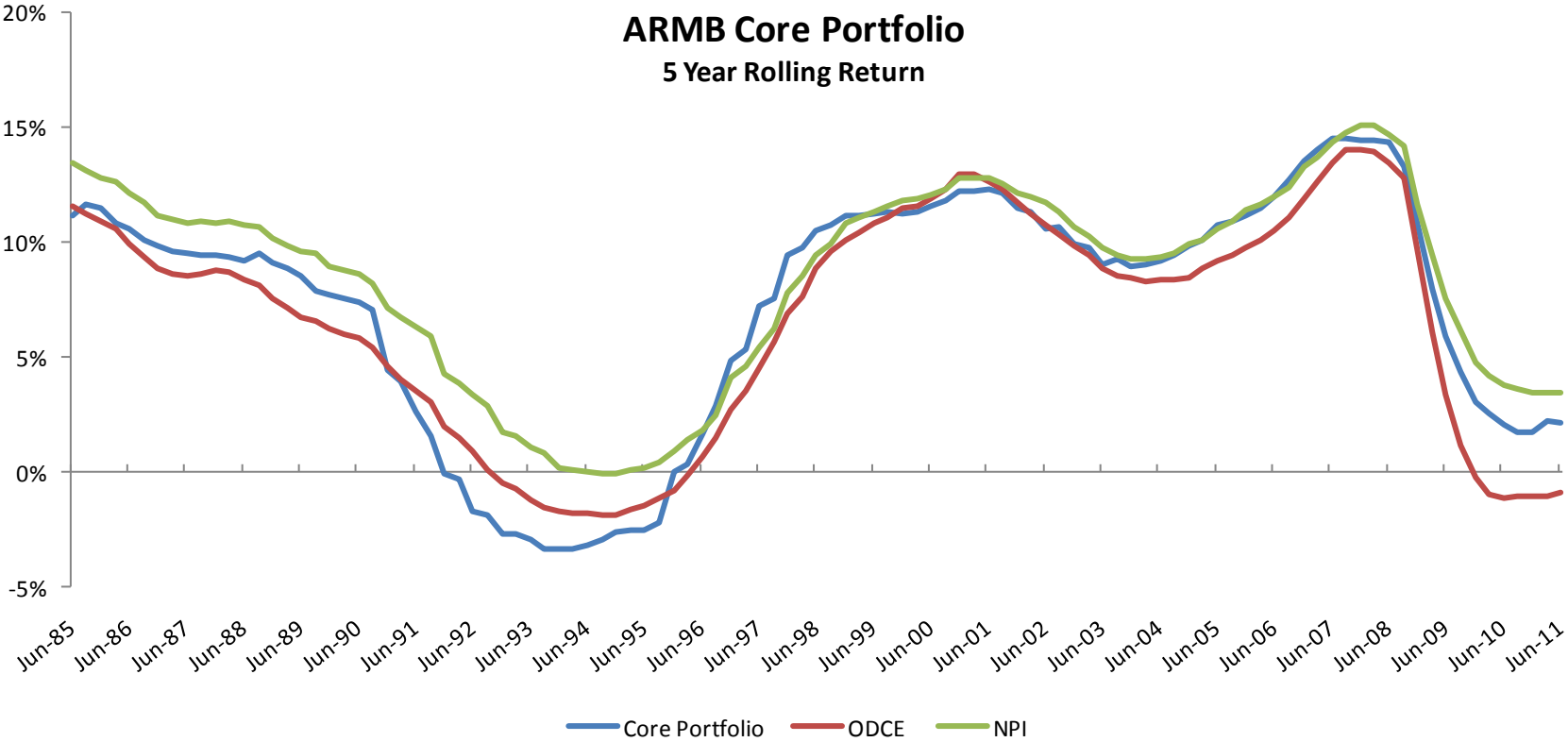
Core Portfolio: ARMB Open-End Core funds vs. ODCE

For the five year period ending June 30, 2011 ARMB's two open-end core fund managers were the best performers relative to all peers and the aggregate ODCE ("Open-end Diversified Core Equity).



Core Portfolio: 5 yr Rolling Net Return

On a rolling 5 year basis, the ARMB Core portfolio has performed with high correlations to both NPI and ODCE.



Non-Core Portfolio

Second Quarter 2011

Non-Core Portfolio: Performance

Non-Core manager returns highlighted in red underperformed the NPI for for the designated period return. Current quarter performance suggests, like the Core Portfolio, that values are beginning to stabilize.

As of June 30, 2011

Returns (%) ^{1,2}	Market Value (\$)	Quarter				1 Year		3 Year		5 Year	
		INC	APP	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Non-Core Portfolio											
BlackRock Diamond Property Fund	22,991,198	0.5	3.0	3.5	3.2	30.4	29.0	-32.2	-33.2		
Colony Investors VIII	29,231,357	0.1	-2.9	-2.8	-3.3	20.4	17.5	-27.7	-31.6		
Cornerstone Apartment Venture III	32,501,058	0.9	5.8	6.7	6.4	37.9	36.1	-4.3	-6.0		
Coventry Real Estate Fund II ⁴	21,055,239										
Five Arrows Fund IV	46,093,771	1.5	0.0	1.5	1.2	1.7	1.9	5.0	5.3	13.3	10.9
Five Arrows Fund V	13,165,550	2.3	0.1	2.5	2.5	6.5	5.7	11.1	4.4		
ING Clarion Development Ventures II	16,534,700	-4.5	-0.6	-5.1	-5.5	-12.7	-14.1	-32.7	-33.7	-16.3	-17.0
ING Clarion Development Ventures III ³	7,908,365	-4.9	1.6	-3.3	-3.9	-15.7	-18.2				
LaSalle Medical Office Fund II	21,952,792	2.3	0.2	2.5	2.1	-1.4	-3.0	-1.7	-4.6		
Lowe Hospitality Investment Partners	3,684,112	4.0	0.0	4.0	3.6	41.1	37.3	-54.0	-56.7	-33.1	-35.7
Silverpeak Legacy Partners II (Lehman)	91,286,221	0.4	-0.8	-0.3	-0.3	23.3	23.3	-14.4	-15.3	-3.2	-4.4
Silverpeak Legacy Partners III (Lehman)	10,948,565	-0.2	2.4	2.2	2.2	1.7	1.7	-31.3	-34.3		
Tishman Speyer Real Estate Venture VI	63,922,678	-0.1	25.6	25.5	25.1	65.4	62.5	-33.6	-30.1	-10.3	-10.2
Tishman Speyer Real Estate Venture VII	15,983,013	-0.1	7.5	7.3	6.7	35.5	29.2	-56.2	-63.8		
Non-Core Portfolio	397,258,619	0.3	10.1	10.4	10.2	27.7	26.5	-24.1	-24.7	-7.9	-9.6
NCREIF Property Index				3.9		16.7		-2.6		3.4	

Notes:

¹ Does not include partial periods.

² Private real estate performance calculated quarterly. Public performance provided from State Street and calculated monthly.

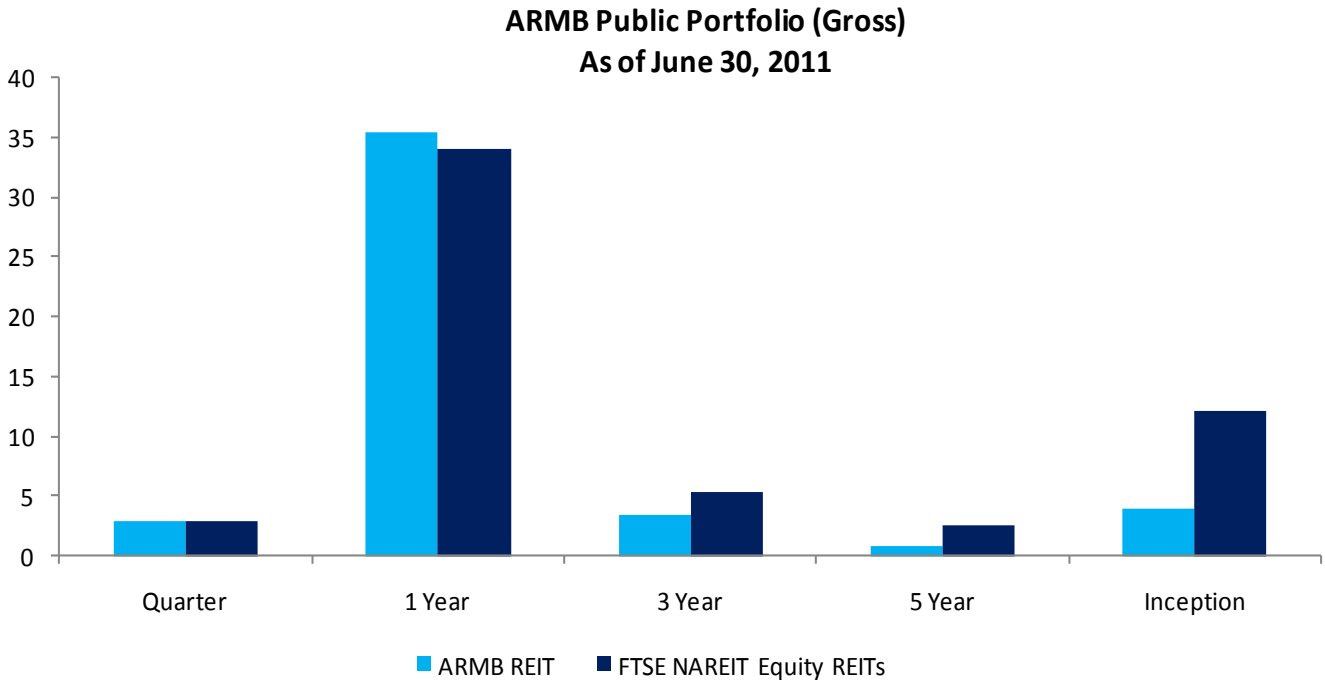
³ Due to prior negative or zero market values, since inception returns can not be calculated at this time for this investment.

⁴ Coventry Real Estate Fund II began investment in 2Q04 and suffered significant value losses beginning in 4Q08. At the request of ARMB, Fund II was written down to \$0 in 2Q09. ARMB has requested that the Fund II values be adjusted and added back into the portfolio as of 2Q11 due to Fund II recovery. As a result, Coventry Real Estate Fund II has a series of returns from 2Q04-4Q08, a stub quarter to add the Fund value back into the portfolio and a series of returns beginning in 2Q11 which will reflect actual quarterly returns. All quarterly returns are included in the total Portfolio

Public Portfolio
Second Quarter 2011

Public Portfolio: Performance

As of June 30, 2011, the ARMB REIT portfolio matched NAREIT on a quarterly basis at 2.9%, exceeded the NAREIT index for one year period by 1.4%, but underperformed the NAREIT index for the three, five and Since Inception time periods by -2%, -1.8% and -8.2% respectively.



Alternative Non-Core Benchmarks

Second Quarter 2011

Alternative Non-Core Benchmarks

As presented last year, new tools for evaluating Non-Core performance are now available through the publication of the NCREIF/Townsend Value Added and NCREIF/Townsend Opportunistic Indices.

Below is a comparison between the NCREIF/Townsend Value Added Index and ARMB investments classified as value added.

NCREIF/Townsend Value Added Index As of June 30, 2011

Returns (%)	Market Value (\$)	Quarter		1 Year		3 Year		5 Year	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Value Added									
BlackRock Diamond Property Fund	22,991,198	3.5	3.2	30.4	29.0	-32.2	-33.2		
Five Arrows Fund IV	46,093,771	1.5	1.2	1.7	1.9	5.0	5.3	13.3	10.9
Five Arrows Fund V	13,165,550	2.5	2.5	6.5	5.7	11.1	4.4		
LaSalle Medical Office Fund II	21,952,792	2.5	2.1	-1.4	-3.0	-1.7	-4.6		
Value Added	104,203,311	2.2	2.0	7.4	6.8	-14.6	-15.6	-0.5	-3.4
NCREIF Property Index		3.9		16.7		-2.6		3.4	
Difference		-1.7		-9.4		-12.1		-3.9	
NCREIF/Townsend Value Added Index		6.6	6.3	22.4	20.4	-15.5	-16.8	-4.8	-6.3
Difference		-4.4	-4.3	-15.0	-13.6	0.9	1.1	4.3	2.9

Alternative Non-Core Benchmarks

The table below provides a comparison of the NCREIF/Townsend Opportunistic Index and ARMB investments classified as opportunistic.

NCREIF/Townsend Opportunistic Index
As of June 30, 2011

Returns (%)	Market Value (\$)	Quarter		1 Year		3 Year		5 Year	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic									
Colony Investors VIII	29,231,357	-2.8	-3.3	20.4	17.5	-27.7	-31.6		
Cornerstone Apartment Venture III	32,501,058	6.7	6.4	37.9	36.1	-4.3	-6.0		
Coventry Real Estate Fund II	21,055,239								
ING Clarion Development Ventures II	16,534,700	-5.1	-5.5	-12.7	-14.1	-32.7	-33.7	-16.3	-17.0
ING Clarion Development Ventures III	7,908,365	-3.3	-3.9	-15.7	-18.2				
Lowe Hospitality Investment Partners	3,684,112	4.0	3.6	41.1	37.3	-54.0	-56.7	-33.1	-35.7
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Silverpeak Legacy Partners III (Lehman)	10,948,565	2.2	2.2	1.7	1.7	-31.3	-34.3		
Tishman Speyer Real Estate Venture VI	63,922,678	25.5	25.1	65.4	62.5	-33.6	-30.1	-10.3	-10.2
Tishman Speyer Real Estate Venture VII	15,983,013	7.3	6.7	35.5	29.2	-56.2	-63.8		
Opportunistic	293,055,308	13.7	13.4	36.9	35.3	-27.4	-27.9	-10.5	-12.0
NCREIF Property Index		3.9		16.7		-2.6		3.4	
Difference		9.7		20.2		-24.9		13.9	
NCREIF/Townsend Opportunistic Index		4.9	4.0	26.4	23.0	-15.7	-17.0	0.6	-2.2
Difference		8.7	9.4	10.5	12.3	-11.7	-10.8	-11.1	-9.8

Non-Core Vintage Year Analysis

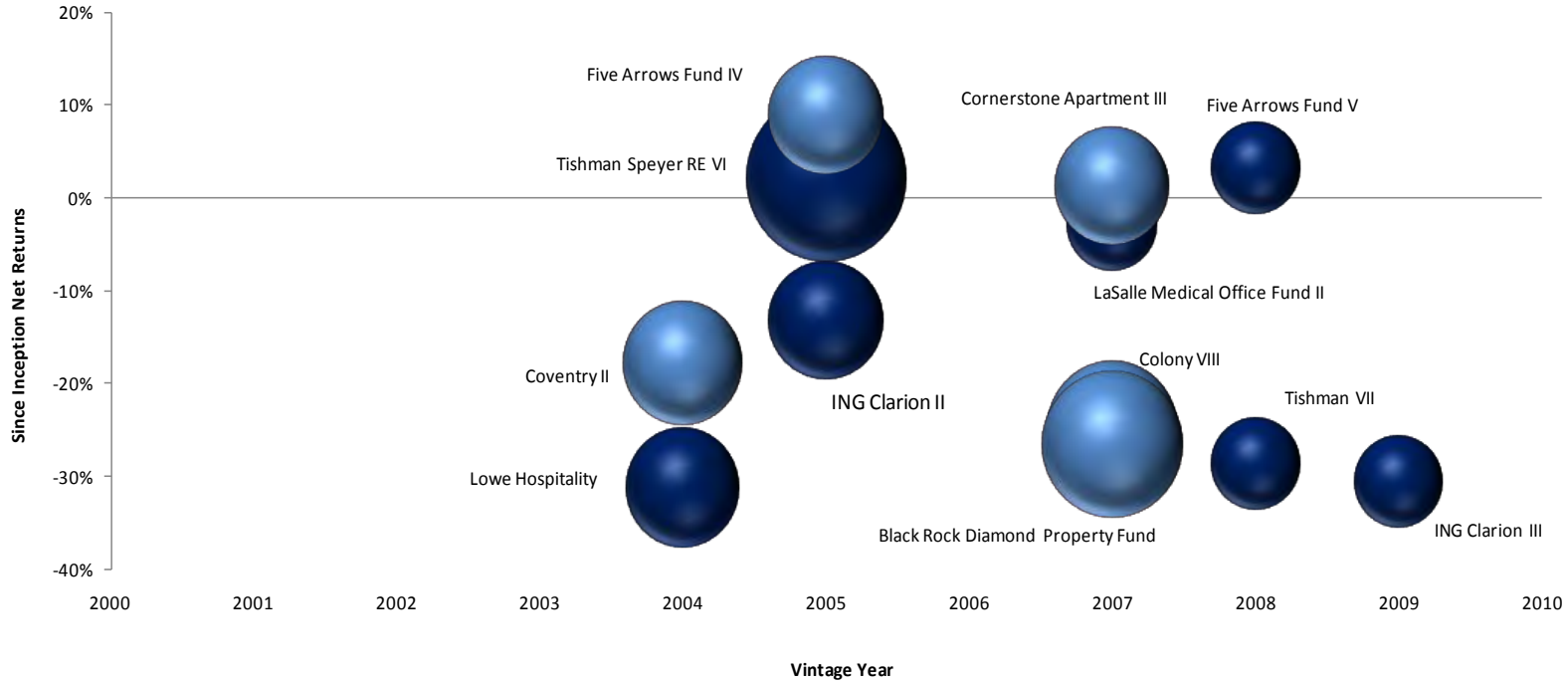
Second Quarter 2011

Non-Core Vintage Year Analysis

The vintage year of an investment plays a significant role in its return profile as can the relative weighting of any single investment allocation. The indices used for Non-Core evaluation also allow for vintage year analysis.

The graph below shows the relative weighting and performance of each allocation by vintage year on a Since Inception Basis.

While still early, it is expected that 2005, 2006 and 2007 may be three of the worse vintage years of the last decade.



Global Market Overview

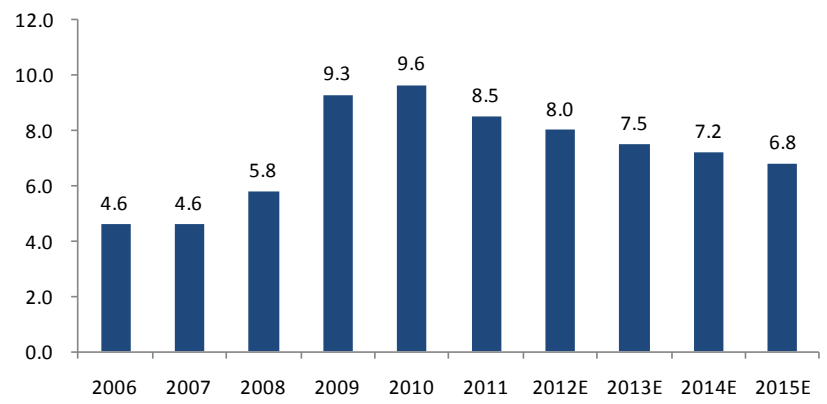
Second Quarter 2011

MACRO OVERVIEW: US RECOVERY CONTINUES

Economic Recovery is Fragile

- Consumer and business spending is leading the way
- Economic stimulus coming to an end
- Hiring is happening among 25-34 year cohort
 - Unemployment is under 4% for college grads
 - 63% of new jobs have gone to 20-34 year olds
- Unemployment expected to trend downward as government benefits burn off and workers accept lower paying jobs than those held before the crises

Unemployment as a % of Total Labor Force

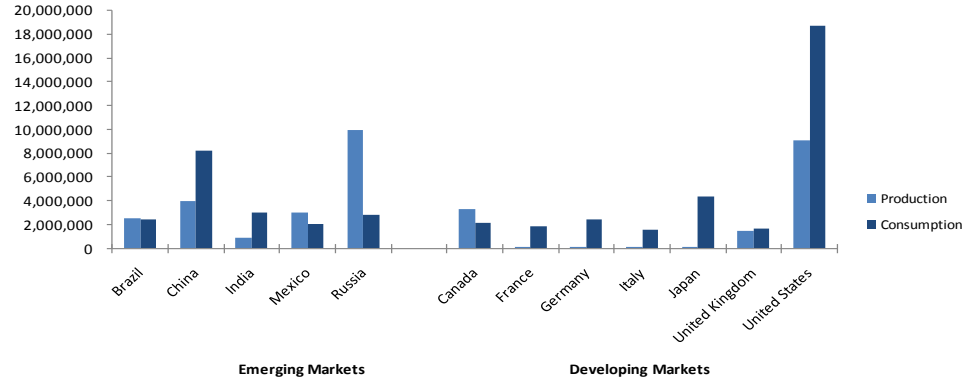


Source: Thomson Reuters, Economist Intelligence Unit

Concerns/Key Risks

- Increases in prices, particularly oil
 - Lack of real wage growth
- Continued weakness in the housing market
- Looming tax changes at state and municipal levels
- Long-term budget deficits and unfunded liabilities

Oil Production and Consumption



Source CIA World Factbook

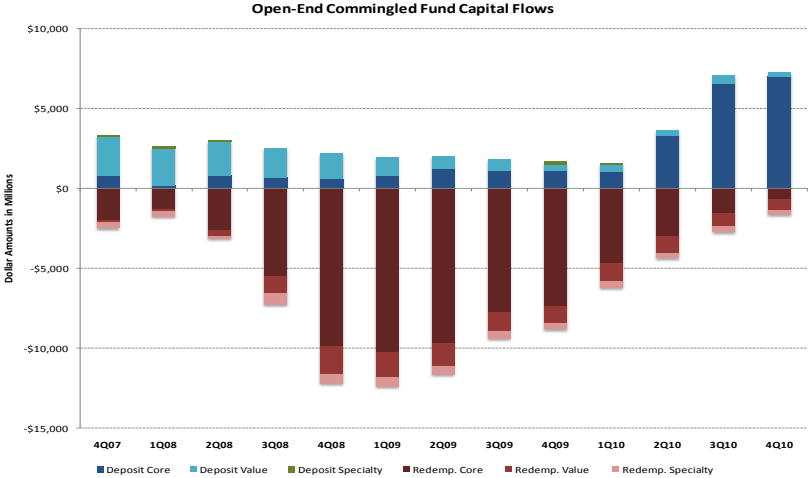
US COMMERCIAL REAL ESTATE OVERVIEW: BUYERS ARE BACK

Real Estate Fundamental Entering a Recovery Phase

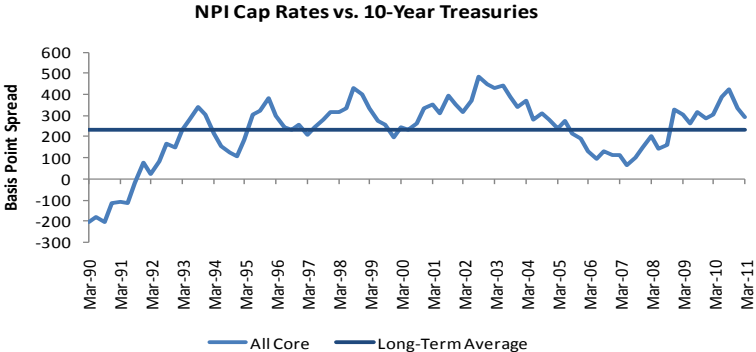
- Vacancies are declining in most markets
 - Multifamily occupancies have improved almost everywhere
- Limited new supply
 - Varies substantially by market and sector
- Financing readily available for core investments
 - Private equity stepping in to reform broken capital stacks
- Transaction volume has markedly increased
- Development being considered in gateway markets

Real Estate Pricing is Attractive

- Cap rate spreads to treasuries above the long-term trend line
 - Private market returns were positive in 2010
- Apartments have had the biggest recovery in values and have the narrowest spread over the risk-free rate (200 bps)



Source: The Townsend Group



Source: NCREIF, Townsend

US COMMERCIAL REAL ESTATE OVERVIEW: CAPITAL MARKETS

REITs Appear Fully Valued

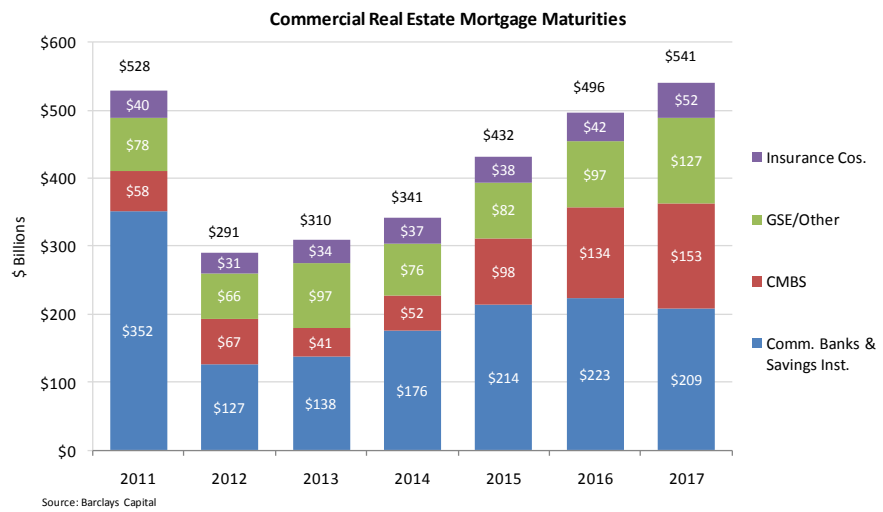
- 171% share price appreciation trough to current
 - 245% share price appreciation in the apartment sector
- Trading at a premium to underlying real estate value

Debt Maturities Should Provide Opportunity

- Mortgage maturities pushed out
- Lenders dealing with borrowers backed by fresh equity
- Special servicers still difficult to reach directly
 - Use of brokers to clear deals
 - Teaming up with private equity

Credit Markets Open

- Banks teaming up with private equity
 - Planned securitization exits
- Development dollars for apartments



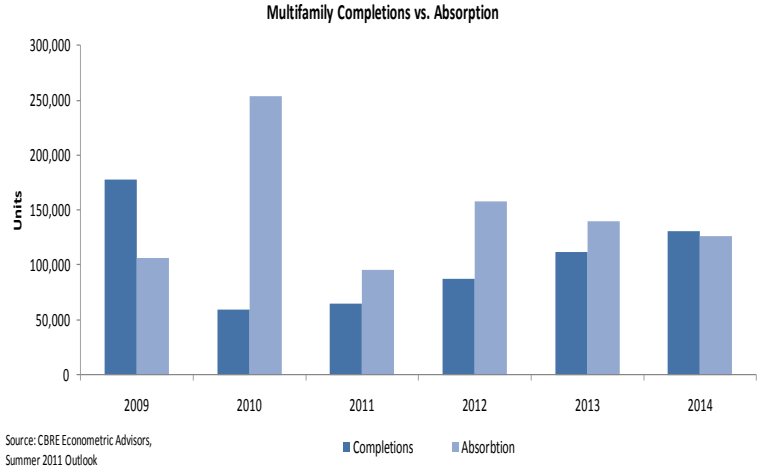
MULTI FAMILY OVERVIEW: CONCERNS ABOUT A BUBBLE

Overview

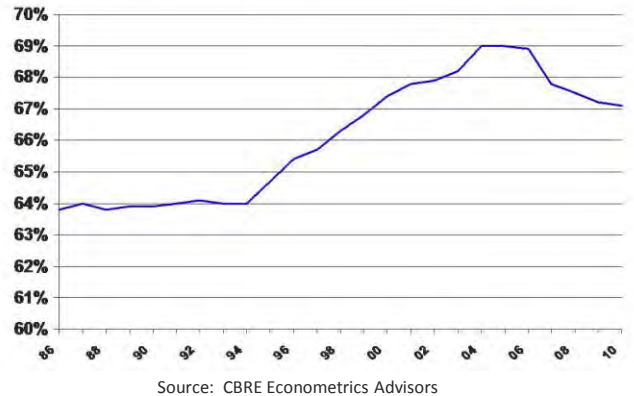
- Bubble may be developing
- Pricing has come back strongest of the property types
 - Development underway in many markets, leading to supply concerns
 - For-sale housing is becoming more affordable
 - No accounting for uncertain GSE future
- Market is pricing in rent growth and increase occupancy in every market in 2011
- Strongest growth has been in markets the hardest hit or with limited new supply

Investment Strategy

- First-to-market development in the best markets
 - Pick off lower performing REIT assets
- Improve to core strategy
- Invest in cyclical recovery markets exhibiting positive employment
 - Exit before significant development (Houston, Austin, Dallas, Denver)



Homeowner Proportion of Total Households



OFFICE OVERVIEW: TALE OF FEW CITIES

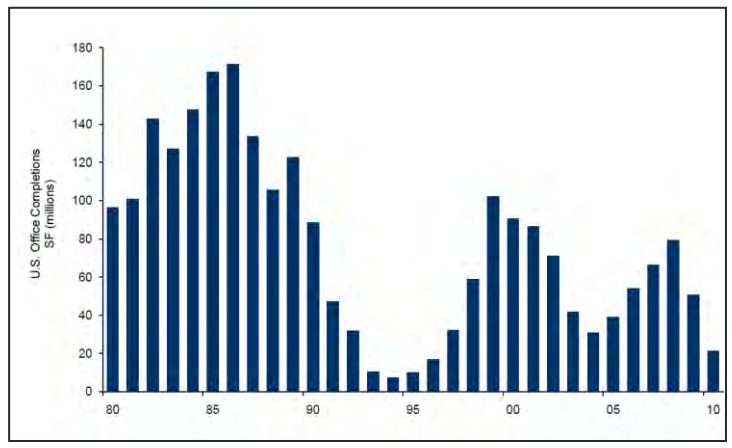
Overview

- New York and DC lead in leasing and buyer interest
 - New supply contemplated in both markets
- Silicon Valley office roars back on strength of venture capital funding for tech companies
 - Cyclical market, room to run, but will overheat
- Some primary cities ahead of others in recovery
 - Seattle, San Francisco, Dallas, San Diego further along in recovery
 - Phoenix, Miami, Atlanta, Orange County have a ways to go

Investment Strategy

- Buy from lenders, with or without current owner in tow
- Invest with skilled operators who know their markets
 - Do not price for perfection

US Office Completion



Source: Townsend

*Savanna II's first deal:
5 Hanover Square, New York
New York.*



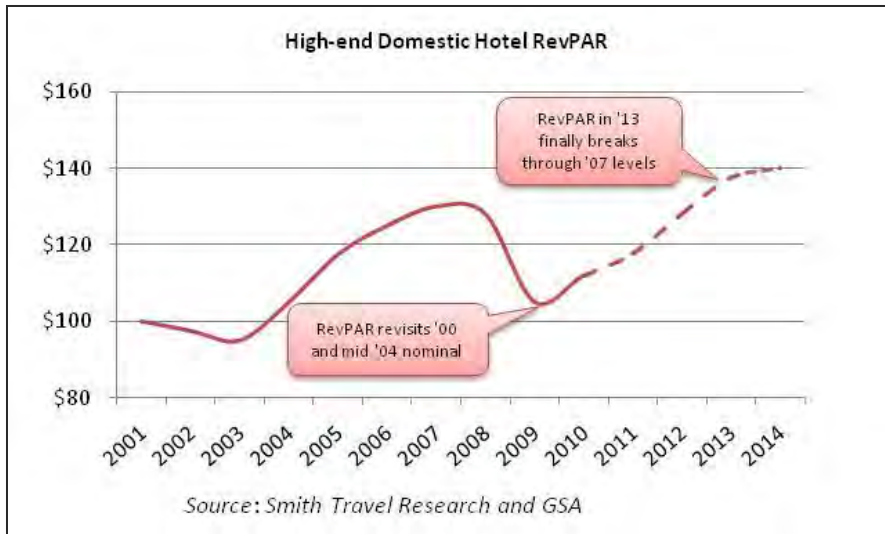
HOSPITALITY OVERVIEW: CAPITAL CHASING TROPHY DEALS

Overview

- Opportunity Funds have been out in front
- Buying at historically low prices per key in major markets
- Significant improvement in Average Daily Rate
 - Good liquidity for trophy assets
 - Interest from ex-US investors
 - Lenders willing to make deals
 - Do not want these assets back
 - Are the best deals already taken?

Investment Strategy

- Invest with GPs who understand cyclical nature of asset class and have the discipline to exit
- Avoid getting ahead of fundamentals in underwriting
 - Occupancies back but only beginning to see increase in Average Daily Rates



Source:

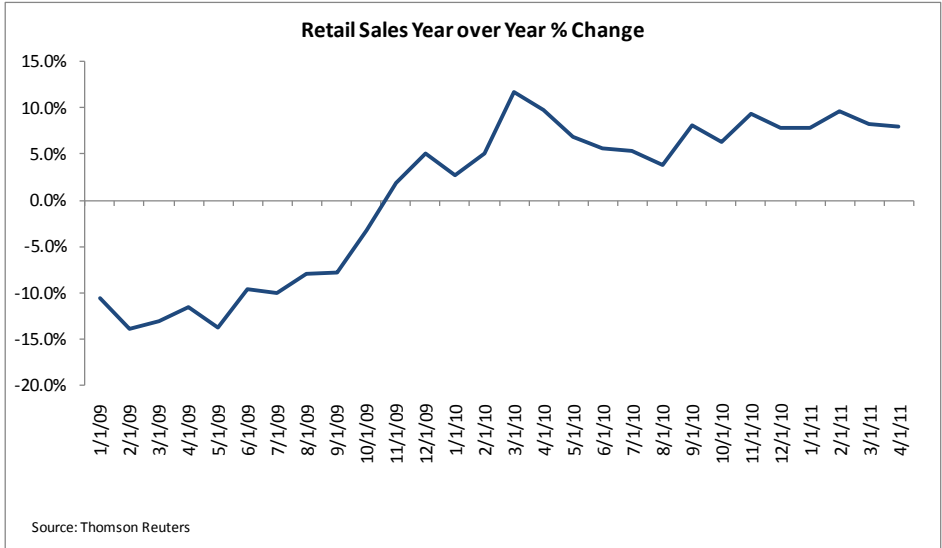
RETAIL OVERVIEW: DON'T DEPEND ON ROOFTOPS

Overview

- Deleveraging of households continues
 - Largest percentage through charge-backs
- Lifestyle centers dependent upon rooftops continue to struggle
- In line space lacks credit and term
- Rent relief coming to an end
- Bubble pricing in strip centers

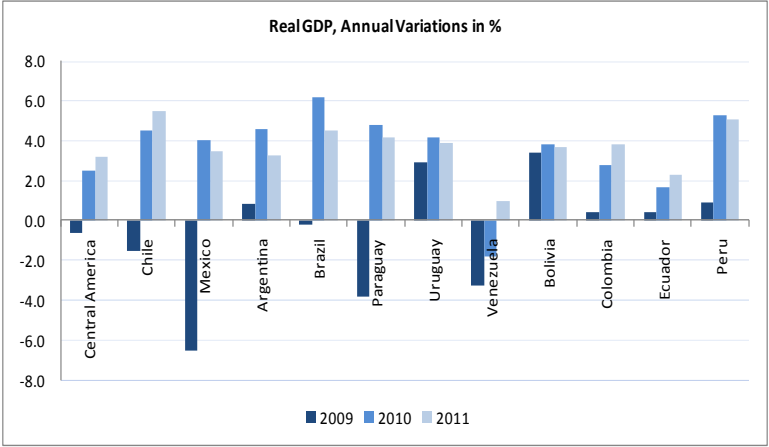
Investment Strategy

- Need fully integrated partners able to buy distress
 - Many bids chasing few deals in desirable locations
 - Avoid secondary and tertiary locations
- Lower in-place rents should provide some upside
- Utilize longer-term financing at attractive rates once stabilized

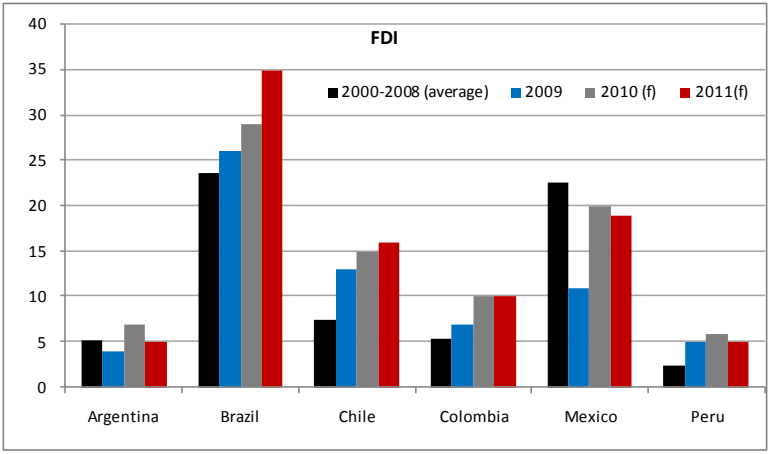


LATIN AMERICA: MACRO OVERVIEW

- Defying historical patterns, Latin America survived the global crisis and economies are growing again. The pace and magnitude of the recovery varies across the region
 - ✓ Commodities are important economic drivers, but not the entire story
- Employment levels continue to improve boosted by increased industrial production and growing consumer demand
- Inflationary pressures and the impact on fiscal and monetary policy must continue to be monitored
- Perception of risk has changed. Credit spreads have declined and FDI inflows are accelerating
- Favorable long term structural fundamentals remain unchanged
 - ✓ Youthful demographic
 - ✓ Growing middle class
 - ✓ Expanding availability of credit



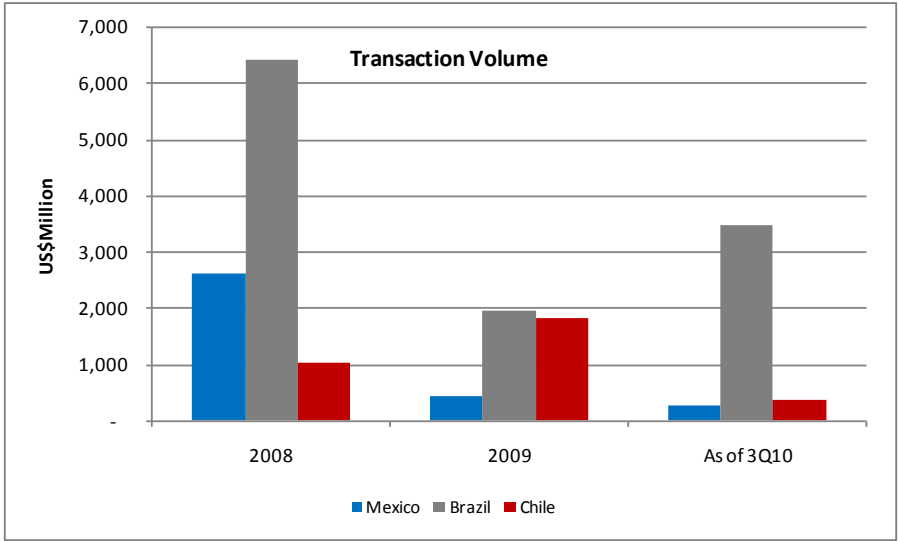
Source: Focus Economics 2010



Source: EIU, PREI

LATIN AMERICA: PROPERTY MARKETS

- Capital markets have rebounded. Stock market indices have risen, equity and debt capital can once again be obtained
- Real estate transaction activity remains varied across the region with significant investor interest primarily in Brazil
 - ✓ Limited opportunities for distressed buying (market void of leverage). Still mostly a development model
- Within Latin America we currently view Brazil as the most compelling real estate investment opportunity
 - ✓ Strong fundamentals
 - ✓ Still favorable pricing
- Mexico is in many ways contrarian and could present select near term opportunities, albeit likely to be limited
 - ✓ Headline risk very relevant and must be considered
- Chile is closest to resembling a developed economy and doesn't offer the desired return premium
- Peru and Colombia attractive but small and hard to execute



Source: RCA, PREI

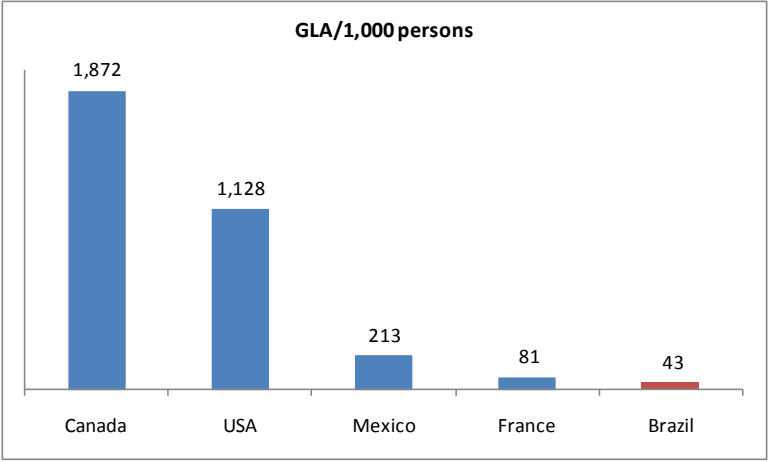
BRAZIL: PROPERTY MARKETS – RESIDENTIAL AND RETAIL

RETAIL / RESIDENTIAL:

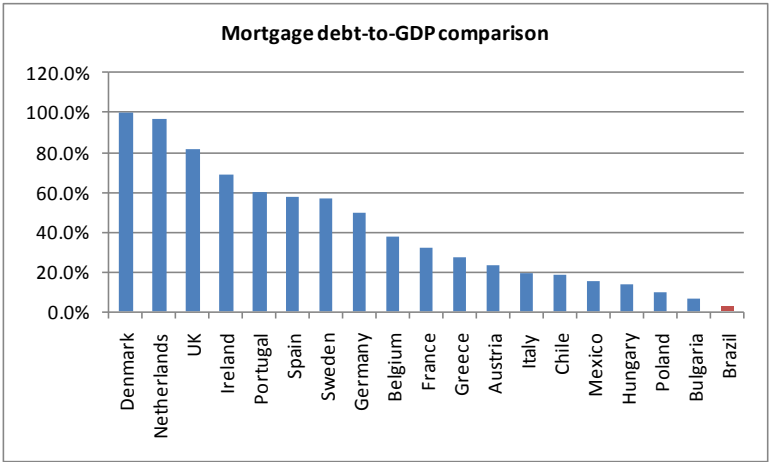
- Growing middle class with improved access to credit and mortgage financing
- Brazil is under-retailed (GLA/population) and suffers from a large housing deficit (5-7 million units); pent-up demand exists in under-supplied areas
- Strong fundamentals- Retail CAGR of 12% since 2000; shopping center vacancy at 2.5% and falling
- Expansion of residential mortgage financing. Government subsidy programs affecting new residential development

Target Strategies:

- Hypermarket anchored / shopping centers in under-retailed, secondary markets
- Low and middle income high-rise development
- Residential subdivision entitlement and lot sales



Source: Abrasce



Source: Brazilian Central Bank, Asociacion Hipotecario Espanola, ABECIP 2009

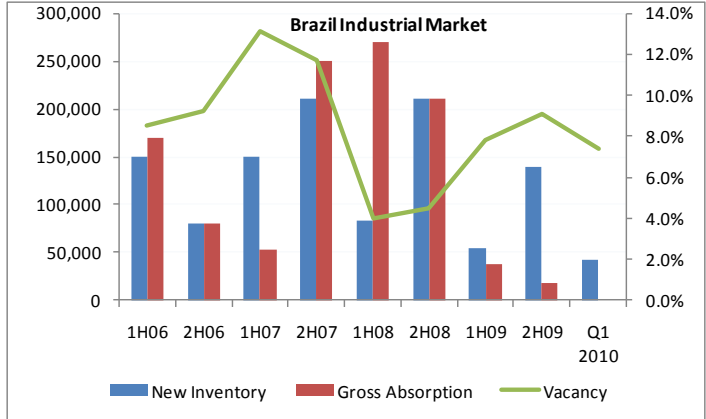
BRAZIL: PROPERTY MARKETS – INDUSTRIAL AND OFFICE

OFFICE/LOGISTICS:

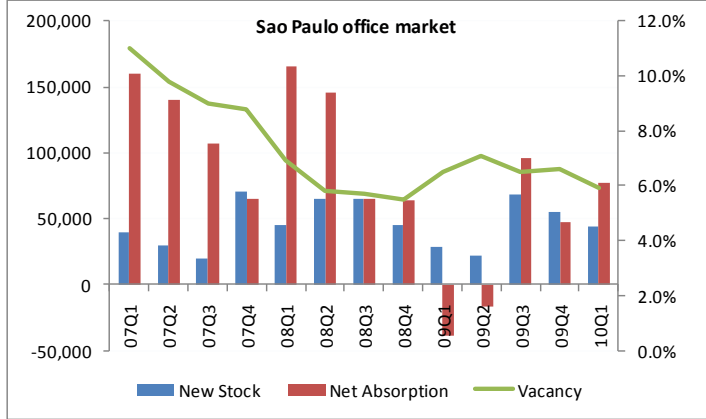
- Chronic lack of institutional quality product
- Sustained economic growth and historic low vacancy in primary metropolitan areas with moderate expected additions to existing stock suggests increasing lease rates and valuations
- Fragmented industry with no clearly defined leader

Target Strategies:

- Industrial land aggregation and development (speculative and BTS) in Sao Paulo, Rio de Janeiro, Campinas business triangle
- Proprietary parcel aggregation/office development at land basis significantly below retail market price
- Redevelopment of strata title ownership where delivery/exit is possible prior to 2013



Source: CBRE and VBI Real Estate



Source: CBRE and VBI Real Estate

SUMMARY

- We maintain a favorable view on Brazilian real estate investment and focus primarily on the development of the traditional property sectors- residential, retail, followed by industrial then office
- Strong growth coupled with insufficient past development has created supply vs. demand imbalance across most property sectors
- Development (limited acquisition) investment focus across all property sectors
- Limited opportunities for distressed buying (market void of leverage)
- Primary investment focus:
 - ✓ Opportunistic real estate returns
 - ✓ Low / middle income residential development
 - ✓ Retail shopping center development in under-supplied areas
 - ✓ Selective office and industrial
- Target mostly primary fund investments. Co-investment and secondaries when available

Risks

Increased capital flows thus increased competition and pricing concerns

- Foreign direct investment
- Local pensions
- REITs

Late cycle economic country risk

- Rising interest rates
- Reduced fiscal spending
- “Soft-landing?”

Development Exposure

Emerging markets concerns

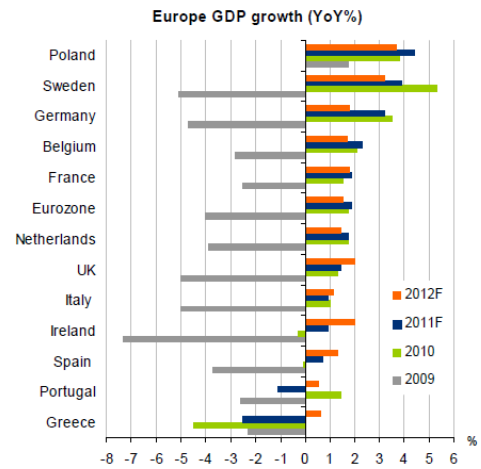
- Currency fluctuations
- Political concerns
- Inflation risks

European Market Overview

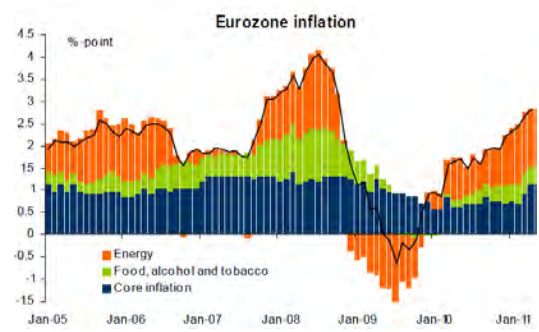
EUROPE: MACRO OVERVIEW

- “Has Europe got its mojo back?”
 - North – south divide
 - Sovereign woes are not over yet
 - Germany has supported the European Union to stabilise the peripheral countries and have forced policy harmonisation
 - European bank re-structuring remains unresolved

- Investment and consumer confidence is returning with unemployment stabilising, low inflation and interest rates
 - Inflation is expected to accelerate which is positive for countries which have inflation linked leases
 - fiscal tightening likely



Source : Thomson Reuters, ING Economics

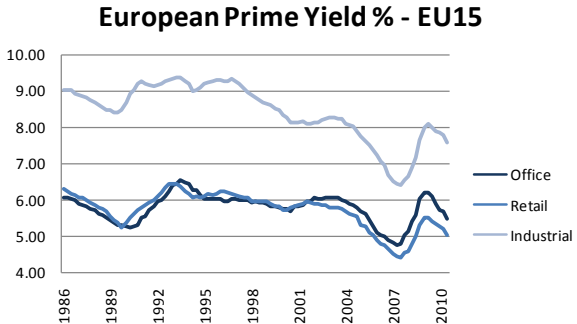


Source : ING Economics

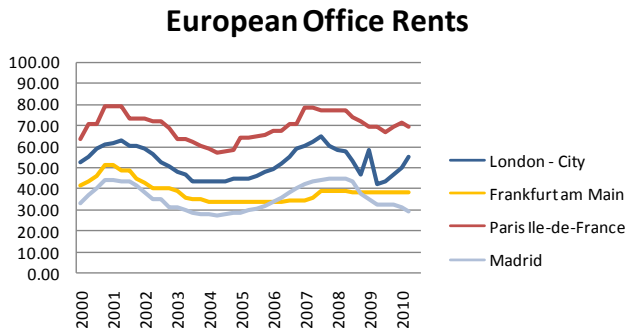
EUROPE: REAL ESTATE MARKETS

- There is a bifurcation in the property markets between prime and secondary as investors look to mitigate property specific risk. We have seen yields across Europe compress by 25bps for prime and A Grade property driven by two types of buyers:
 - Full equity with a very low cost of capital, and
 - Cheap or historic debt finance

- Rents are starting to grow in selective locations:
 - Primarily in prime, but secondary property is expected to weaken further in the short term
 - A business led recovery is seeing office rents grow first, helped by low levels of new supply
 - Industrial should follow but weakness in consumer spending will hold back retail



Source : CBRE Investors



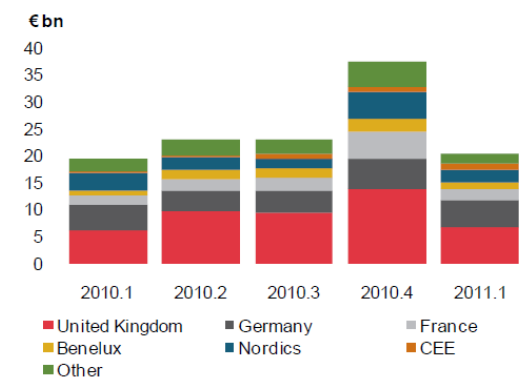
Source : CBRE Research

EUROPE: REAL ESTATE CAPITAL MARKETS

- Transaction volumes are strong
 - 2010 Transaction volume €102 billion
 - 2011 Q1 Transaction volume €21bn
 - London, Paris, Munich, Stockholm

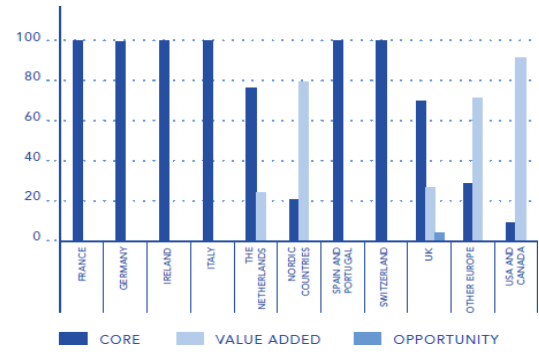
- Behavioral change of investors
 - Back to basics strong demand for Core
 - Inter-regional and international diversification
 - Require low leverage, central CBD locations, well leased
 - Low demand for risk is seeing secondary values weaken

Quarterly European transaction volumes



Source: DTZ Research; Propertydata

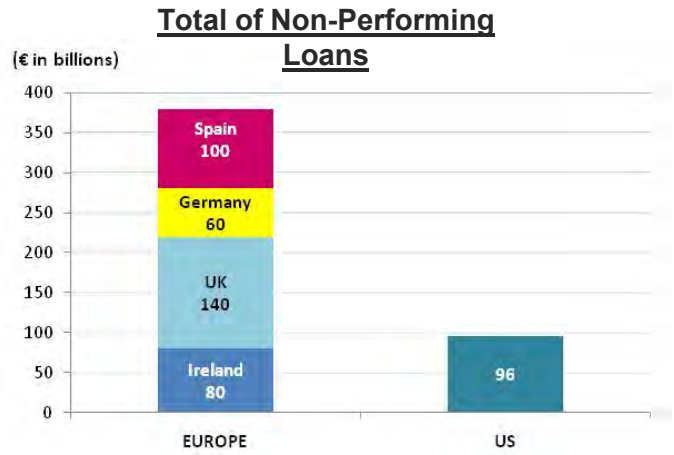
European Investment Demand 2010



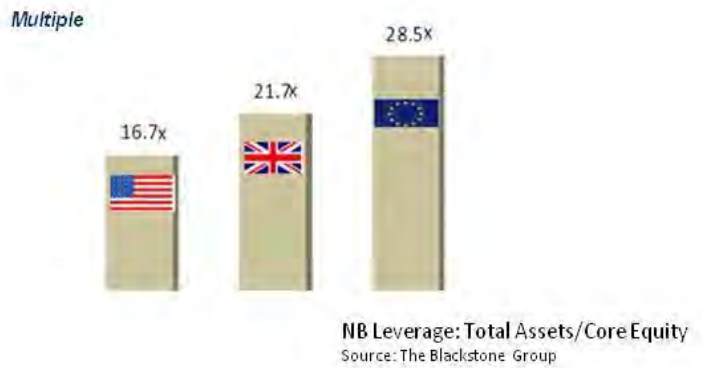
Source: INREV, Investment Intention Survey 2011

EUROPE: COMMERCIAL REAL ESTATE DEBT MARKETS

- Estimated that there is €950bn of CRE loans outstanding in Europe. Currently, €380bn is non-performing
- Increased regulation, Basel II & III and Solvency II + further stress tests are forcing lenders to de-gear, reducing loan availability
- Many European banks are returning home, further reducing available options
- Keep your eye on Germany – there is much to come out



Comparison of US, UK and Continental European Bank Leverage



UK REAL ESTATE – CURRENT MARKET OUTLOOK

- Bank of England shied away from increasing bank rates in May, sighting concerns over economic recovery
- Inflation fears have eased a little but still c. 4.0%
- Sterling continues to weaken against the Euro, but strengthened against the dollar
- Unemployment currently stabilised at 8%
- Capital growth in real estate is trending down and now broadly zero. Current risk on the downside as the pace of losses on poor assets increases

Borrowing yield gap*		336 bps ↓
Risk yield gap**		317 bps ↓
Investment purchases (2011)		£10.9bn
Of which from UK institutions		14%
All Property void rate		10.1% ↑
	Initial Yield	20yr average
Retail	6.1%	6.3%
Office	6.3%	7.3%
Industrial	7.1%	8.0%

Source: IPD, FT, Property Data, Knight Frank Research

* 5 yr Swap rates to All Property initial yield

** Gilt redemption yield to All Property equivalent yield
IPD and matching data as at end March 2011

LONDON – A SAFE HAVEN IN A TROUBLED WORLD?

- During the last quarter, 69% of all purchases by value and 44% by number in Central London were bought by overseas investors
- Since October 2010, Asian investors have bought £961m of Central London assets
- The penthouse at No 1 Hyde Park was recently sold for £135m, equivalent to £5,440 psf – a record!
- 45 flats sold in the recently launched development at an aggregate price of £963m. Buyers are primarily overseas, inc. Russian, Middle Eastern and Chinese



Aviva Tower recently acquired by Indonesian Investors for £288.25m – 5.24%



No. 1 Hyde Park - Penthouse

UK - A TALE OF TWO MARKETS

- Pricing at the prime end of the market has recovered significantly
- The flight to quality is most pronounced in the Office and Industrial markets where the gap between prime and everything else continues to widen
- Reduced finance availability is likely to materially affect the regional markets
- In contrast, international money continues to drive prime pricing, particularly in Central London

Investment strategy

- Exploit pricing arbitrage in regional markets initially using equity before subsequently refinancing

Prime vs Average UK Core

	Equiv. % 07		Equiv. % 11	
	Prime	Average	Prime	Average
High Street Retail	4.00%	5.35%	4.75%	8.75%
Retail Warehouse	4.00%	5.25%	5.00%	8.50%
Office	4.25%*	5.25%	5.75%*	10.50%
Industrial	5.00%	6.50%	5.75%	11.00%

*Prime Office = City of London
Source: CBRE



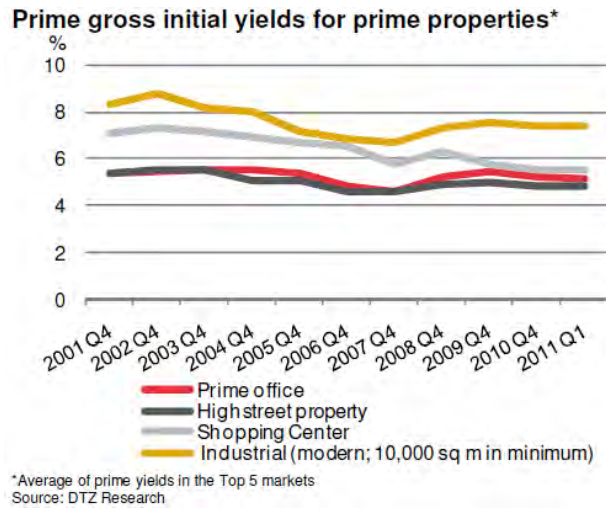
Regional centres will offer core opportunities

GERMANY: REAL ESTATE MARKET

- Major themes:
 - Positive economic outlook
 - Strong capital flows to “core”
- Office - continued new supply and negative absorption continues to put pressure on rents
- Retailers are still expanding with strong demand for city centre and prime shopping centers. Investment volumes continue to increase reflecting strong demand although yield compression is now slowing
- Logistics has low supply and has had strong take-up in 2010 due to the increased economic activity and local consumer demand. Pricing looks attractive with prime yields between 7.25% to 7.5%

Investment Strategy

- Despite appearing fully priced, strategic investors should consider Germany, given low volatility and positive outlook over the medium term
- For tactical investments and higher return strategies we see better value investing into offices with leasing and lifecycle risk with specialist local managers



Centro, Oberhausen

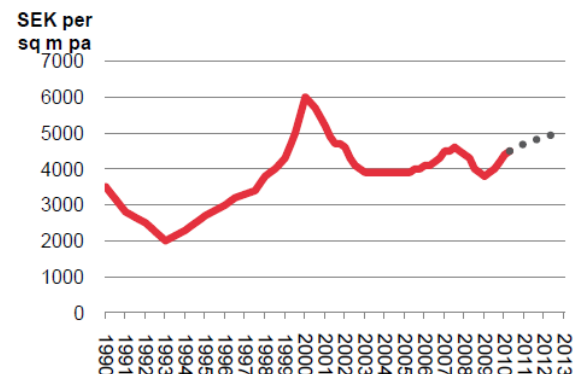
SWEDEN (NORDICS): REAL ESTATE MARKET

- Nordics have strong economic prospects, significantly above Eurozone average
 - Increased economic activity has caused growing demand for labor which is driving retail sales and the requirement for office space
 - Risk that growth could fuel inflation and monetary tightening, placing pressure on yields
- Office market generally in balance, however rental growth already priced in to Core (Prime yields 4.9% - 5.8%)
 - Low development pipeline for office
 - Vacancy reducing in CBD (9.4% to 7% over past 12 months) may result in overflow to outside of the CBD and regional offices where rents and housing are more affordable
 - Higher projected rental growth (7%)
- Retail rents have been stable since 2009 but are expected to increase as a result of improved demand and decreasing occupancy costs (Prime yields 5.2% - 6%)

Investment Strategy

- Obsolete office buildings with a low cost basis are providing opportunities for modernisation into a rising rental market or redevelopment into alternative higher and better use

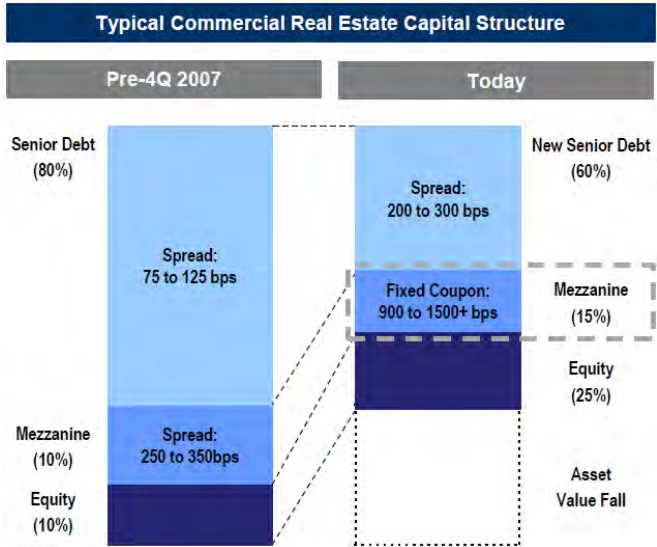
Prime office rent, Stockholm CBD



Svea Artlieri, Stockholm
Vasakronnen

EUROPEAN DEBT MARKETS – AN OPPORTUNITY

- Mezzanine activity only just gearing up in Europe – significant funding gap between 65-80% LTV estimated €80bn
- Current coupon looks attractive around 8-9%
- Total return for the 60-80% piece around 10-15%
- Non-performing loans
 - High barriers to entry with low number of markets participants
 - Banks looking for sophisticated partners



Source: Duet and Townsend



288 Bishopsgate
Recently the subject of a mezzanine finance deal

Asian Market Overview

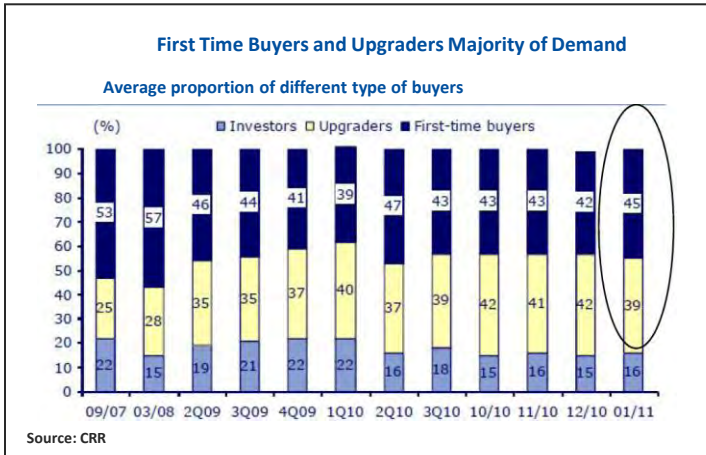
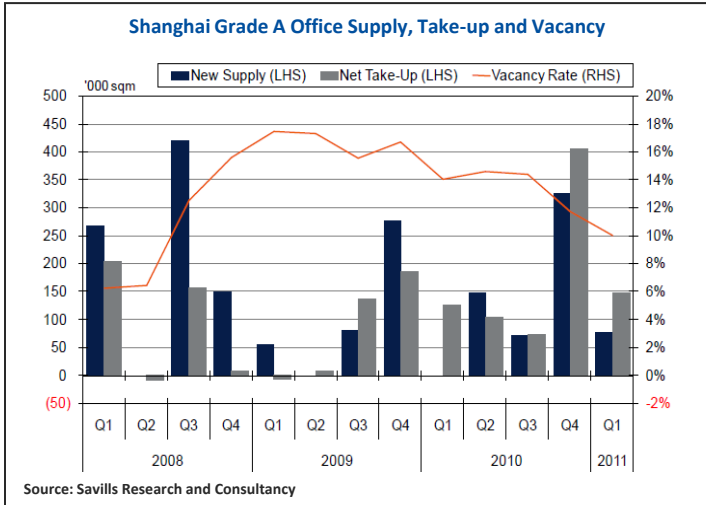
CHINA: MACRO OVERVIEW

- The Chinese economy continues to register impressive growth. Real GDP grew by 9.7% on a year-over-year basis in Q1 2011, mainly led by urban fixed asset investment which rose by 25% in the same period
- Inflation remains elevated and remains high on the government agenda. CPI rose by 5.4% in March 2011
- Mounting inflation drives Peoples' Bank of China to tighten monetary policy with benchmark one-year lending rate raised by four consecutive times since October 2010 for 100 bps from 5.31% to 6.31%. Notwithstanding the increase, the combination of a low base effect, high global commodity prices and rising service costs is expected to push inflation toward three-year high in Q2 2011
- A New Five Year Plan was announced which focuses on:
 - Rebalancing the economy towards private consumption
 - Increasing the urbanization rate from 47.5% in 2010 to 51.5% by 2015



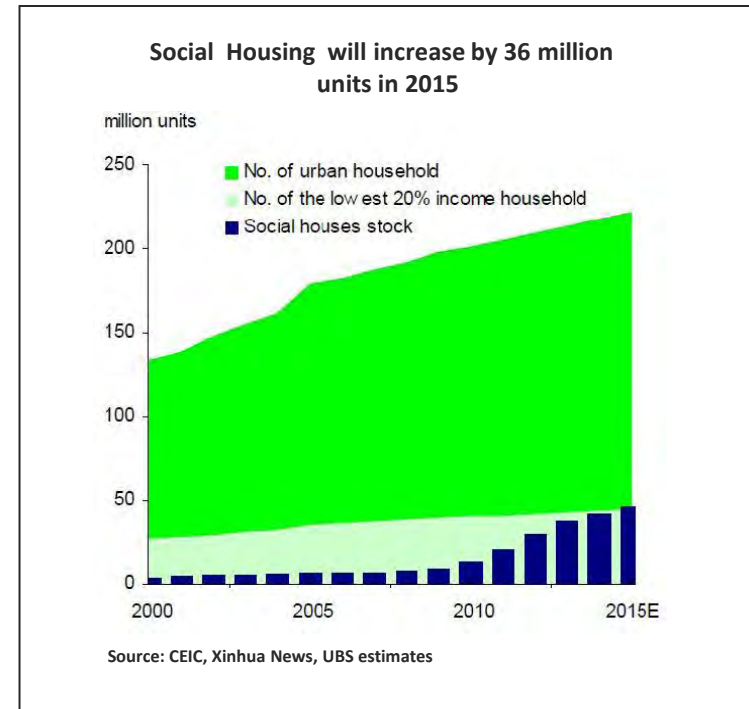
CHINA: PROPERTY MARKET

- Strong economy resulted in rising rentals and a sharp drop in vacancy rate for office space in Shanghai and Beijing
- Demand for retail continued to be robust with rents displaying limited growth
- The luxury residential market has slowed somewhat, affected by government measures to cool housing price growth. Investors and developers have shifted their focus to 2nd and 3rd tier cities which are still dominated by upgraders and first time buyers and supported by the rapid development of high-speed rail network to accelerate regional development, improve accessibility and encourage people to move away from over-crowded 1st tier cities
- The logistics market remained bullish underpinned by the government's priority to boost domestic consumption which leads to increasing demand for modern logistics facilities in inland cities



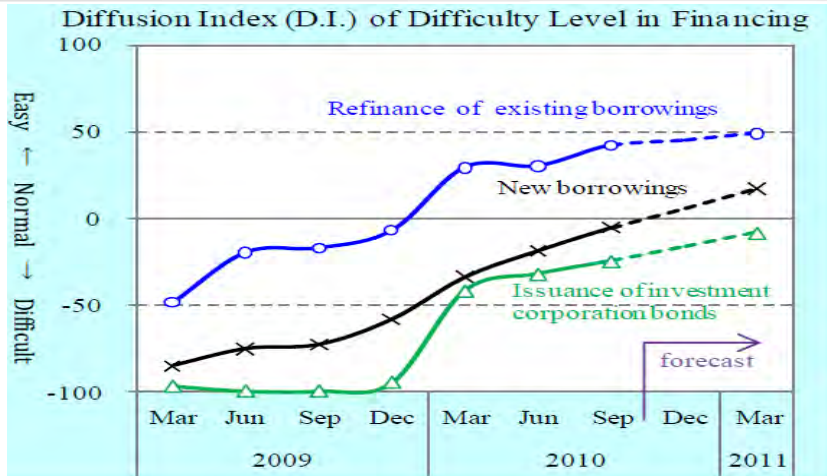
CHINA: INVESTMENT STRATEGY

- Retail continued to be the tactical pick backed by the strong growth of China's domestics consumption versus underserved market. Retail sector further benefited from the government's 12th Five Year Plan (2011-15) which clearly outlines to make improvement of domestics consumption a top priority
- In light of the government measure to cool residential market coupling with tightened credit environment, investments in low-mid range residential sector in 2nd and 3rd tier cities could be considered through:
 - Working with developers who encounter cashflow shortage as a result of slower sale and having difficulties in sourcing financing at market rate
 - Investing in offshore structured mezzanine loan products that offer attractive risk-adjusted return with downside protection
- In line with the government policy to construct more social housings (the government plans to increase social housing by 36 million units by 2015), increasing activities and investment opportunities in this area are expected with one of the largest property developers in South East Asia contemplating launching a property fund focusing on social housing development in China

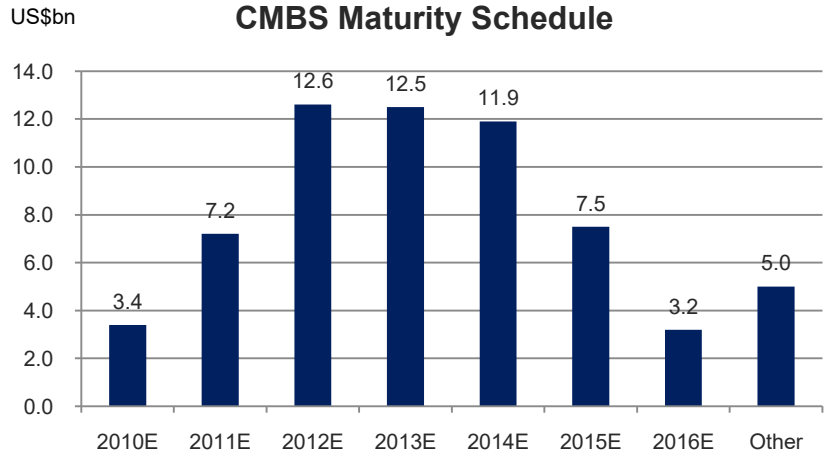


JAPAN: MACRO OVERVIEW

- Following the tragic Tohoku earthquake and ensuing tsunami on March 11, it was no surprise that the Japanese economy contracted an annualized 3.7% in Q1 2011 against Q4 2010
- Subsequently, the government revised Japan’s GDP growth for the fiscal year ending March 2012 from 1.5% to no more than 0.7%, despite the government introducing a rebuilding budget of JPY4 trillion (US\$49 billion)
- Today, engineers are still battling to plug radiation leaks and bring the plant, 240 kilometers northeast of Tokyo, under control more than two months after the disaster
- Tokyo Electric Power (Tepco) reported record net loss of US\$15 billion and its share price lost more than 80% since the disaster. Besides, it faces compensation liabilities topping US\$100 billion. It is expected to unload ~US\$5 billion worth of real estate. More importantly, the government may force some of the banks to take “haircuts” on Tepco’s loans
- Before the disaster, the Japanese debt market had been gradually improving with LTV raised and loan spread narrowed. However, Japanese banks are expected to return to their cautious ways following the earthquake and Tepco. Many CMBSs will also be maturing in the next few years



Source: ARES



Source: Japan Securities Dealers Association
Note: Includes 2 year tail period.

JAPAN: INVESTMENT STRATEGY

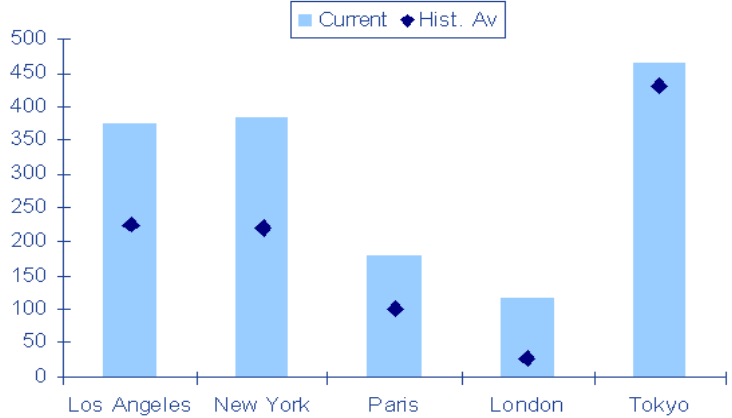
- Post earthquake, many transactions have been delayed/cancelled because underwriting assumptions such as rental growth, absorption rate, etc. have become more conservative, while the following notable deals have been closed:
 - Mitsui Fudosan acquired an office building at Otemachi, and a retail development site in Omotesando, both in Tokyo
 - Mitsubishi Estate bought an office building in Akasaka in Tokyo

- While many developed markets have rebounded strongly from their troughs, the Tokyo market has experienced minimal pick-up and therefore continues to offer great value for longer-term investors, as evidenced by the historic high spreads relative to benchmark rates when compared to other 24/7 gateway cities

- Our top pick for this market remains distressed opportunities irrespective of sectors. The Tepco situation should enhance the pipeline available in the market – yielding core/core plus-type properties at opportunistic returns

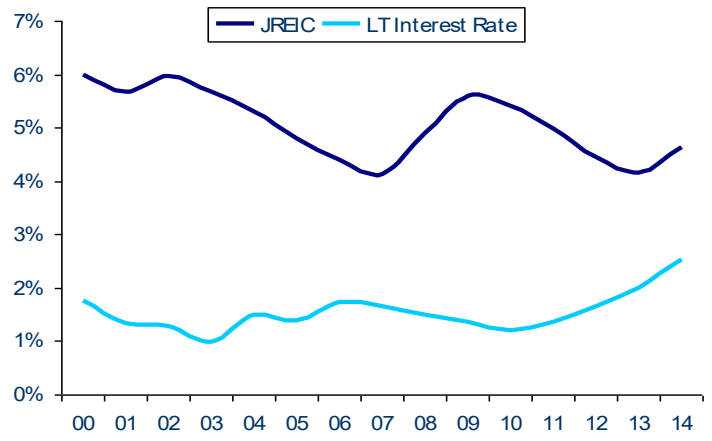
- Fundamentally, the Greater Tokyo Grade A logistics market remains attractive, especially on the back of the disaster, in which many tenants are now seeking. The continued evolution of third party logistics providers (3PLs) is expected to continue and driving demand

Spreads to Benchmark Rates at Historic Highs



Source: PPR, PMA, JREIC, Global Insight

Spread btw Cap Rates & LT Bond Rates (bps)



Source: JREIC, Global Insight

Indices Defined

- The NCREIF Property Index ("NPI") is a de-levered property level Index comprised of 6,067 apartment, office, retail, industrial and hotel properties as of 3/31/2010.
- The NCREIF Farmland Index contains only agriculture assets and reports on a de-levered basis.
- The NCREIF Timberland Index contains only timberland assets, 80% or greater fee simple and reports on a de-levered basis.
- The NCREIF Open-Ended Diversified Core Equity ("ODCE") Index contains 16 open-ended infinite life vehicles comprised entirely of core assets. Core assets are direct investments in operating, fully leased properties using approximately 30% leverage.
- The NCREIF/Townsend Value Added Funds Index is comprised of 139 open and closed end vehicles. Value Added fund vehicles invest in core returning property types that take on additional risk from one or more of the following sources: leasing; re-development, exposure to non-traditional property types.
- The NCREIF/Townsend Opportunistic Funds Index is comprised of 339 Opportunistic closed end vehicles. Opportunistic funds include investments that take on considerable additional risk in order to achieve higher returns. Typical sources of risk are: development, debt, land investing, operating company investing, international exposure and distressed properties.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Real Estate Annual Plan for FY 2012

ACTION: X

DATE: September 22, 2011

INFORMATION: _____

BACKGROUND

The Real Estate Investment Policies, Procedures, and Guidelines require preparation and approval of an Annual Investment Plan.

STATUS

Staff, with the assistance of The Townsend Group and ARMB's real estate advisors, has developed the Real Estate Annual Investment Plan for Fiscal Year 2012.

The Annual Investment Plan includes a review and analysis of Fiscal Year 2011 performance, program compliance with Policies, Procedures, and Guidelines, a review of the current real estate market, and Fiscal Year 2012 investment strategy.

RECOMMENDATION

The ARMB approve Resolution 2011-15 which adopts the Real Estate Annual Investment Plan for Fiscal Year 2012.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Real Estate Annual Investment Plan

Resolution 2011-15

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 real estate assets for the Public Employees' Retirement System, Teachers' Retirement System, and Judicial Retirement System, including investments for those systems in the State of Alaska Retirement and Benefit Plans Trust; and

WHEREAS, the Board will establish, and on an annual basis review, an investment plan for real estate;

NOW THEREFORE, BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the **Real Estate Annual Investment Plan** for Fiscal Year 2012, attached hereto and made a part hereof. This resolution replaces Resolution 2010-16, which is hereby repealed.

DATED at Fairbanks, Alaska this 22nd day of September, 2011.

Chair

ATTEST:

Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Changes to the Real Estate Investment
Policies, Procedures and Guidelines

ACTION: X

DATE: September 22, 2011

INFORMATION:

BACKGROUND

The ARMB Real Estate Investment Policies, Procedures and Guidelines (Guidelines) were most recently revised and adopted by the Board on September 23, 2010. As part of the annual planning process for real estate, proposed changes to the Guidelines are recommended by staff and ARMB's real estate consultant (The Townsend Group) for approval by the Board.

STATUS

Staff is not recommending any material changes to the Guidelines at this time.

RECOMMENDATION

The ARMB approve Resolution 2011-16 which adopts the revised Real Estate Investment Policies, Procedures and Guidelines.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Real Estate Investment Policies, Procedures and Guidelines

Resolution 2011-16

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 real estate assets for the Public Employees' Retirement System, Teachers' Retirement System, and Judicial Retirement System, including investments for those systems in the State of Alaska Retirement and Benefit Plans Trust; and

WHEREAS, the Board establishes and from time to time as necessary, modifies investment policies, procedures, and guidelines for real estate;

NOW THEREFORE, BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the revised **Real Estate Investment Policies, Procedures and Guidelines**, attached hereto and made a part hereof. This resolution replaces Resolution 2010-17, which is hereby repealed.

DATED at Fairbanks, Alaska this 22nd day of September, 2011

Chair

ATTEST:

Secretary

**ALASKA RETIREMENT MANAGEMENT BOARD
REAL ESTATE INVESTMENT
POLICIES, PROCEDURES AND GUIDELINES**

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ATTACHMENTS

Attachment 1 – Delegation of Responsibilities

[I:\EQUITY\REAL ESTATE\Planning & Budgeting\FY 2012\Board Packet Material\ARMB RE Guidelines Sept 11 Redline.docx](#); [I:\EQUITY\REAL ESTATE\Planning & Budgeting\FY 2012\Board Packet Material\ARMB RE Guidelines Sept 11 Redline.docx](#); [I:\EQUITY\REAL ESTATE\Planning & Budgeting\FY 2011\RE-Committee Materials\ARMB RE Guidelines Sept 10 RE-Committee.docx](#)

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**ALASKA RETIREMENT MANAGEMENT BOARD
REAL ESTATE INVESTMENT
POLICIES, PROCEDURES AND GUIDELINES**

I. INVESTMENT OBJECTIVES

A. Investments in Real Estate and Other Real Estate Related Assets

The Alaska Retirement Management Board (ARMB) will invest in real estate with the goals of portfolio diversification and attaining the optimum return on the portfolio, consistent with the assumption of prudent risk and safety of principal. ARMB recognizes the need to use active investment management in order to obtain the highest attainable total investment return (measured as income plus appreciation) within ARMB's framework of prudence and managed risk.

ARMB will select Separate Account Investment Managers who have the discretion to invest in publicly traded equity and/or privately placed equity sectors, subject to ARMB's approval of an Annual Strategic/Tactical Plan and an Annual Investment Plan. In order for real estate investments to be considered, the Separate Account Investment Manager must demonstrate that it is able to: add value through its real estate knowledge, experience and strategy; underwrite the risks of the investment which is contemplated; and comply with the intent of the Real Estate Investment Policies, Procedures and Guidelines (**Guidelines**).

Single property and multi property strategies will be considered.

B. Asset Allocation

The ARMB allocation to real estate investments shall be determined by the Board of Trustees and reviewed annually. The target allocation is 10% +/- 4% of ARMB's total Assets, based on market value.

Allocated capital to Separate Account Investment Managers will be defined as invested capital based on ARMB's cost.

C. Portfolio Return Objective

1. Total Return

Over rolling 5 year periods, the equity real estate investment portfolio is expected to generate a minimum total real rate of return (net of investment management fees) of 5% using a time-weighted rate of return calculation. The inflation index used to calculate the actual real rate of return is the CPI All Urban.

2. Income Return

Income, which is defined as cash distributed to ARMB, is expected to produce 50-60% of the total return over rolling five-year periods.

3. Index

The overall portfolio is expected to exceed the target index. The target index is composed of 90% NCREIF Property Index and 10% NAREIT Equity Index.

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II. PROGRAM RISK MANAGEMENT AND IMPLEMENTATION

The selection and management of assets in the real estate portfolio of the ARMB will be guided by the principles of preserving investment capital, attaining the optimum return on the portfolio consistent with the assumption of prudent risk, generating current income, being sensitive to inflation, maintaining diversification of assets and diversification of management responsibility.

In real estate investment, there is an inherent risk that the actual income and return of capital will vary from the amounts expected. The ARMB will manage the investment risk associated with real estate in several ways:

A. Institutional Quality

All assets must be of institutional investment quality as evidenced by a precedent of institutional investment in similar properties; expert analysis which supports the economic viability of the market; high quality construction and design features; and a potential competitive position within the property's immediate market area.

B. Diversification

The real estate portfolio will be diversified as to style group, property type, industry sector, life cycle, economic driver, investment manager and geographical location. Diversification reduces the impact on the portfolio of any one investment or any single manager's investment style to the extent that an adversity affecting any one particular area will not impact a disproportionate share of the total portfolio. Portfolios for core investment managers and non-core or value added investment managers will carry the diversification characteristics set forth in the allocations and definitions set out below. Diversification compliance will be monitored on a quarterly basis for compliance with ARMB's Guidelines by staff and the real estate consultant.

For purposes of calculating diversification compliance, the overall real estate portfolio size will be considered the product of the greater of projected or target real estate allocation times the projected fiscal year-end overall plan assets as established in the Annual Investment Plan. The projected fiscal year-end overall plan assets will take into account the target allocations and projected returns of all asset classes in which plan assets are invested, and estimated net pay-outs to plan beneficiaries. Unless exceptional circumstances justify a deviation, the maximum percentage of the real estate portfolio investment for each of the identified categories is as follows:

Controlled Investments: <i>(ARMB can liquidate within 180 days)</i>	85 %
Non-Controlled Investments: <i>(ARMB cannot liquidate within 180 days)</i>	50%
Core Investments (See definition below):	85 %
Non-Core Investments (See definition below):	50%
Single Manager Limit: <i>(value of both Separate Account and Commingled Fund combined, if applicable)</i>	35 %
Public Equity:	50 %
Public Debt:	0 %
Private Equity:	100 %
Private Debt:	0 %

Geographic:

ARMB will avoid over-concentration in areas of similar real estate performance. The consultant will monitor ARMB's concentrations in this area, considering indicators such as NCREIF sub-region, metropolitan areas and economic drivers. The consultant will report its conclusions regarding the acceptability of ARMB's concentration limits quarterly.

Outside United States:	20 %
Single Property Investment: <i>(acquisition cost plus projected capital additions and improvements)</i>	5 %
Single-Tenant (any one firm):	10 %
Property Type:	40 %

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Manager Allocation – It is understood that Separate Account Investment Managers may exceed their Board-approved allocations by up to 5% for the purposes of capital improvements on existing assets and/or for the completion of an acquisition. A core Separate Account Investment Manager’s portfolio may be invested up to 15% in core-plus style properties to assemble a core portfolio. A value-added Separate Account Investment Manager’s portfolio shall include 70%-100% in value-added style properties, and may include up to 30% in opportunistic style properties.

Subject to CIO approval, upon the sale of a property held by a Separate Account Investment Manager in which the net sales proceeds are in excess of the property’s cumulative basis, the advisor’s allocation will increase in an amount equal to the lesser of the excess of the net sales proceeds over the property’s cumulative basis or the aggregate portfolio net asset value over the aggregate portfolio cumulative basis adjusted to reflect actual sale proceeds. The CIO will also consider whether an allocation increase should be adjusted for any past realized losses incurred by the Separate Account Investment Manager. The intent of this provision is to allow a Separate Account Investment Manager to reinvest realized gains but only to the extent gains are greater than losses which have been experienced in other property investments in the Separate Account Investment Manager’s portfolio.

Exceptional circumstances justifying a deviation – When circumstances arise of a temporary nature, such as an unexpected re-valuation of assets, a transfer of assets among managers, or an event in which it would be in the fiduciary interest of the ARMB to do so, the limits set forth in paragraph II.B of ARMB Policies may be exceeded provided that ARMB concurs.

Contingent Allocation – The authority of the CIO to exercise discretion in allocating funds within investment bands shall include authority to add funds to the allocation of real estate Separate Account Investment Managers. Exercise of this discretion shall be for:

- (i) acquisition of a particular real estate asset which is, in the opinion of the CIO, attractive and the acquisition of which is constrained by the allocation to the investment Separate Account Investment Manager;
- (ii) not exceed \$150 MM for acquisitions in high barrier markets and not exceed the single property investment limit (Section IIB) for acquisitions in other markets. High barrier markets exhibit constraints (i.e. physical, political, financial) on supply growth that restrict new construction and therefore create an environment conducive to real rent growth in response to increasing space demand. High barrier markets tend to be located in both coasts of the United States. Low barrier markets lack supply constraints and are typically prone to over supply as developers can quickly react to anticipated demand growth. Low barrier markets dominate in the Midwest, South, and Mountain states.
- (iii) not exceed \$150 MM in any fiscal year period.

The CIO may also exercise the following discretion pertaining to real estate investments:

- (i) Commit to investments up to \$100 million with existing managers, and former managers in good standing;
- (ii) Commit to investments related to co-investment opportunities, up to \$100 million, with existing managers; and,
- (iii) Commit to investments with new managers up to \$75 million, with the concurrence of ARMB’s real estate consultant.

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The CIO will provide prior notification to the chairs of the ARMB and Real Estate Committee 7 days before committing to any real estate investments under this authority.

Definitions

Core Investments

- Primary Characteristics:
- Fully or substantially leased (85% occupancy or greater)
 - Inconsequential turnover near term
 - Inconsequential physical issues or renovation required
 - Credit tenants
 - Primary markets
 - Quality property
 - Income produces 50% or more of expected return
 - Typically longer term holds
 - Properties in markets with stable or improving economic conditions

Core-plus Investments

- Primary Characteristics:
- Limited renovation, primarily deferred maintenance, limited physical issues or repositioning needed
 - Modest near term lease roll over; modest vacant lease up
 - Expected growth through increasing rents
 - Poor prior management
 - A- to B- quality
 - Income produces 50% or more of expected return

Non-Core Investments

Value-Added Investments

- Primary Characteristics:
- Asset renovation – lobbies, corridors, deferred maintenance
 - Intermediate term (6-9 months) physical issues
 - Current vacancies or rent loss
 - Near term roll over exposure
 - Repositioning, re-tenanting
 - Distressed prior management
 - Purchase of adjacent land to develop
 - Alternative, turnaround markets and property types

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- Income produces 50% or less of total return

Opportunistic Investments – These investments involve significant redevelopment risk, high leasing risk, and high development risk.

Primary Characteristics:

- Empty Buildings
- High near term turnover
- New development – spec or limited pre-leasing
- Significant rehabilitation and leasing, redevelopment into alternative uses
- Capital displacement in maligned markets: lack of investment capital due to level of risk
- Non-traditional asset type (mezzanine debt, land, etc.)
- Wide ranging investment structures
- Investing in non-performing notes
- Cross-border investing
- Holding periods typically 1 to 5 years
- Income produces less than 50% of total return

Note: *Properties within a multi-property investment will be categorized as either core or non-core.*

C. Implementation Approach

The ARMB will implement an investment process for real estate which will, over time, include a minimum of three (3) qualified Separate Account Investment Managers who have been selected on a competitive basis. The ARMB will endeavor to allocate specific funds to qualified managers on a separate account basis. Selected managers will seek real estate investment opportunities in publicly-traded equity and/or privately-placed equity sectors. Investments will be made on a discretionary basis subject to Staff approval of the Annual Strategic/Tactical Plans prepared by Separate Account Investment Managers and ARMB’s approval of the Annual Investment Plan prepared by Staff. In addition to separate accounts, ARMB will selectively consider investments in “pooled/commingled” investment vehicles.

All allocation of funds to a manager (including additional investment with existing accounts) and investment strategy must be recommended to ARMB by Staff and the Real Estate Consultant and be accompanied by an investment report which, at a minimum, includes the following: market information; investment alternatives; fee structure and comparison to other alternatives; demonstration of compliance with Guidelines and the then current Annual Investment Plan; historical performance of Separate Account Investment Manager (cash-based internal rates of return and industry standard); projected

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returns (income and appreciation); and positive and negative attributes of the investment strategy.

On a selective basis, a member of ARMB may visit the site of a real estate investment for the purpose of rendering a report to ARMB supplementing reports provided by Staff, the Real Estate Consultant, or others.

D. Prudent Leverage

The total amount of leverage placed on the aggregate separate account assets will not exceed thirty five percent (35%) of the total market value of the real estate separate account portfolio. Directly-owned properties will not be leveraged by the Separate Account Investment Manager. Property encumbered by debt at the time of purchase, if justified on a risk-return basis by the Separate Account Investment Manager, may be acquired subject to Chief Investment Officer approval. With authorization by the ARMB, the Chief Investment Officer may place leverage on a pool of existing core real estate assets held in ARMB's separate account portfolio in a manner consistent with the ARMB's Guidelines.

E. Lease Structure

Multi-tenant and single tenant properties will be considered. When acquiring single tenant properties, consideration will be given to avoid multiple single-tenant exposure to any firm if those single tenant properties constitute more than 10% of the portfolio. A staggered lease structure for commercial properties will be emphasized.

F. Separate Account Investment Manager Business Plan; Annual Strategic/Tactical Plan; Disposition/Exit Strategy

A Business Plan (including property operating budgets) will be completed by each manager for each asset under its management. The Business Plan will identify the current and anticipated competitive position for each property in order to set tactical and strategic objectives and will prescribe in appropriate detail a disposition and exit strategy respecting the particular investments. Part of this process is to evaluate the potential timing of dispositions. A property is considered for sale when it is believed that the equity in the existing investment can achieve a higher return in another real estate investment of similar risk. The Annual Strategic/Tactical Plan will describe the expectation of the manager with respect to acquisitions and dispositions.

G. Fee Structure

Involvement in any venture will be done on a fee basis that is competitive. The preferred method of calculating manager fees will be based upon a formula, which considers both 1) the cost basis of assets under management and 2) investment performance. All fee structures will be approved by ARMB. For core managers, the return-based portion of a fee will emphasize actual cash available for distribution to ARMB.

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H. Single Asset Ownership Structure (Applies to Separate Accounts Only)

Provided that the goals of these guidelines are followed, ARMB may invest in separate, specific real estate assets. However, such investments will be undertaken in a fashion structured to limit ARMB's liability to the amount of its investment.

I. Reporting System

Staff and the Real Estate Consultant will develop and implement a comprehensive and responsive reporting and monitoring system for the entire portfolio, individual investments and individual managers. The reporting and monitoring system will endeavor to identify under-performing investments, controlled portfolio diversification deficiencies and inherent conflicts of interest, thereby facilitating active portfolio management. A cash-based internal rate of return (IRR) will be used when evaluating the long-term performance of an investment. Time-weighted returns will be used to measure comparative performance.

J. Distribution of Current Income

All separate account income will be distributed immediately to ARMB or its designee and not automatically reinvested in the account.

K. Lines of Responsibility

Well defined lines of responsibility and accountability will be required of all participants in ARMB's real estate investment program. Participants are identified as:

ARMB – The fiduciaries appointed by the Governor to represent the beneficiaries' interest which shall retain final authority over all real estate investment decisions.

Real Estate Committee – Comprised of at least three (3) members of ARMB who continually review the role and performance of real estate.

Staff – Investment professionals on the staff of the Department of Revenue and assigned ARMB responsibilities who will assist in the Real Estate equity investment program's design, policy implementation and administration.

Real Estate Consultant – Professionals retained to support Staff and ARMB through the provision of expert real estate strategic planning, implementation and performance monitoring support.

Separate Account Investment Managers – Qualified entities who provide institutional real estate investment management services and maintain a discretionary relationship with ARMB subject to Staff's approval of Annual Business Plans and Annual Strategic/Tactical plans, prepared by Separate Account Investment Managers, and ARMB's approval of the Annual Investment Plan.

Commingled Fund Managers – Qualified entities who provide institutional real estate investment management services through open-end and closed-end real estate pools and other pooled/commingled vehicles.

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III. CONFLICTS OF INTEREST

In real estate investment, separate and distinct from other asset classes, the Manager of a Separate Account or Commingled Fund may have direct or significant control over the operations of the assets. This inherent or potential conflict of interest if openly described and regulated may contribute to the lower volatility associated with the asset class, but it also creates a need for a higher oversight standard by the plan sponsor. Staff and ARMB will maintain this oversight in at least the following ways:

A. Property Valuation

The Separate Account Investment Manager will provide ARMB with annual appraisal valuations for all properties for which it has asset management responsibility as of the quarter ending March 31. Unless otherwise directed by ARMB, the appraisal will be prepared by a qualified independent third party entity in accordance with industry standards. Staff may waive the appraisal requirement for recent acquisitions or pending dispositions following a recommendation by the Separate Account Investment Manager that such appraisal would not be a cost effective exercise. For development assets, appraisals are to be conducted in the manner described above after substantial completion payment by ARMB is made. In addition, the Separate Account Investment Manager will mark each asset to market each quarter based on asset conditions and leasing, operations and capital market conditions for comparable properties in that market.

B. Property Management

The selection of on-site property management will generally be left to the discretion of the Separate Account Investment Manager. It is expected that the Separate Account Investment Manager will retain the highest caliber, market rate property management service either through a third party fee manager or the Separate Account Investment Manager's affiliated property management division. This business relationship will be periodically reviewed by Staff, the Real Estate Consultant and ARMB.

IV. INSURANCE COVERAGE

The Separate Account Investment Manager will obtain insurance for the physical properties and assets under its control. The coverage will be in such amounts and against such risks as, in the Separate Account Investment Manager's professional judgment, shall be in accordance with sound institutional practices applicable to such properties or assets in the specific geographic area. It is expected that such insurance will include, but not be limited to, casualty loss, including where deemed appropriate by the Separate Account Investment Manager, earthquake, flood and any other disaster-type insurance coverage; comprehensive general liability; and title insurance. Separate Account Investment Managers will provide proof of insurance to Staff annually.

V. UNRELATED BUSINESS INCOME TAX

Prior to entering into any transaction, the Manager will assess whether income generated from the property under consideration could qualify as unrelated business taxable income. If this risk exists, the Manager will provide ARMB with an opinion of counsel satisfactory to

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ARMB that the transaction will not generate unrelated business taxable income under the federal income tax law or any other tax provisions that could affect ARMB's tax-exempt status existing at the time. The Manager shall investigate as to whether ARMB shall be entitled to any property tax exemptions. Managers will provide letters of opinion on UBIT and property tax exemptions to Staff.

VI. ENVIRONMENTAL EVALUATIONS

As a standard procedure during the pre-acquisition analysis, the Separate Account Investment Manager will initiate a formal evaluation for each property through the selection of an environmental consultant. In carrying out the review, appropriate procedures based on standards of the locale and conditions known to exist in the locale shall be undertaken and such procedures should at a minimum include:

- Appointment of an environmental consultant with specific experience in testing and removal of asbestos and other environmental hazards.
- A site survey will be conducted to determine from the available evidence whether hazardous chemicals or environmentally dangerous materials exist or have existed on the subject property, including, at a minimum, a Phase I report.

ARMB may invest in properties, which contain asbestos and other toxic substances, only if the following conditions are met:

- The substance and potential risks are thoroughly disclosed.
- The property is not in violation of any federal, state or local law, ordinance, or regulation relating to the property's environmental condition.
- The estimated cost of the removal or containment programs will be reflected in the purchase assumptions.
- The substance can be properly contained or removed in accordance with the then current Environmental Protection Agency Standards.
- The leasing rollover pattern in the property will accommodate a removal program in the future.

Separate Account Investment Managers will provide the environmental evaluation reports to staff

VII. PROCEDURES FOR INVESTMENT

A. Delegation of Responsibilities

The real estate investment program will be implemented and monitored through the coordinated efforts of the ARMB; the Real Estate Committee; Staff; the Real Estate Consultant and; the qualified Manager(s). Delegation of responsibilities for each participant is described in the following sections: A summary of the delegation is attached:

1. ARMB

ARMB will retain final authority over all real estate investment strategy decisions except for Business Plan variances as set forth in the Guidelines Section VIII;

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approve the Guidelines, the Annual Investment Plan and any periodic revisions to these documents which ARMB deems to be appropriate and prudent for the investment of ARMB assets; retain qualified investment managers and real estate consultants; and set investment limits.

2. Real Estate Committee

Review and report the status of real estate portfolio annually to ARMB; participate in the selection of real estate consultants and investment managers; serve as ARMB's liaison with the Real Estate Consultant; recommend revisions to the Guidelines; review and recommend the Annual Investment Plan to Board for approval; and attend industry conferences at least every other year in order to keep abreast of industry trends.

3. Staff

Staff will coordinate program compliance among all participants and communicate the investment policies, objectives and performance criteria to the Separate Account Investment Managers and monitor diversification compliance on a quarterly basis. Staff will also coordinate the receipt and distribution of capital. Staff, in cooperation with the Real Estate Consultant, will periodically review the Separate Account Investment Managers' and portfolio's performance in relation to target returns; review and approve the Separate Account Investment Manager's Annual Business Plan and Annual Strategic/Tactical Plan; review and recommend investments in commingled vehicles; prepare and recommend an Annual Investment Plan; and recommend revisions to the Real Estate Investment Policy Procedures and Guidelines. Staff will also review and approve the detailed property operating budgets prior to the start of each fiscal year and revisions to the property operating budgets in accordance with Section VIII of these Guidelines.

4. Real Estate Consultant

In cooperation with Staff and as deemed appropriate by the Real Estate Committee and ARMB, the Real Estate Consultant will ensure program compliance; assist in the implementation of a multiple manager program; review all program documentation and management relationships; conduct manager searches when requested; provide performance measurement analysis of the portfolio; review the Annual Investment Plan as set forth in the Investment Procedures outlined below; and provide special project research pertaining to technical real estate issues.

The Real Estate Consultant will, as requested by ARMB, provide periodic reports for the real estate program including a performance evaluation of the total portfolio to include both ARMB's commingled fund investments and ARMB's separate account investments. The analysis will include both income and capital accounting; comparison to industry performance benchmarks (such as NCREIF); Manager reviews, and effects of "Pooled Leverage" on the real estate portfolio. The Real Estate Consultant will prepare a quarterly performance analysis report which will provide after-fee realized and unrealized gains/losses; monitor and report quarterly diversification compliance and the geographic concentration limits; time weighted returns including both current quarter returns and annualized returns since portfolio inception; and internal rates of return since inception based on actual cash flow from and to ARMB.

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Additional responsibilities may include developing selection criteria in manager search efforts, coordinating/conducting manager searches, conducting manager reviews, and other special projects.

5. Managers

Separate Account Investment Managers will acquire and manage real estate investments on behalf of ARMB and in accordance with the then current and approved Annual Business, Annual Strategic/Tactical Plans, and the objectives set forth in the Annual Investment Plan and the Guidelines. Managers will prepare Annual Business (including property operating budgets) and Annual Strategic/Tactical Plans for Staff review and approval.

Commingled fund investment managers will acquire and manage real estate investments on behalf of ARMB and in accordance with the terms of any and all agreements between each respective Manager and ARMB.

B. Investment Procedure

Real estate investments, in compliance with ARMB's Policies, shall be acquired through the following process:

1. Separate Accounts:

Annually, Staff will prepare an Investment Plan after reviewing the Annual Business and Strategic/Tactical Plans of the Separate Account Investment Managers. This document will recommend, as appropriate, revisions to the ARMB Guidelines, additional allocations to existing managers, and revisions to the Annual Business and Strategic/Tactical Plans of each respective Separate Account Investment Manager. Any searches that may be recommended will be outlined. The Investment Plan will then be reviewed by the consultant and submitted, along with the Real Estate Committee's recommendations to ARMB for final approval. Staff and the Real Estate Consultant shall review the Separate Account Investment Manager's Annual Business Plans and Annual Strategic/Tactical Plans for consistency with the Annual Investment Plan. Staff will approve all Plans prepared by Separate Account Investment Managers.

Investments will be made on a discretionary basis by Separate Account Investment Managers in accordance with their approved Annual Business and Strategic/Tactical Plans. Separate Account Investment Managers must provide staff with copies of their internal "Investment Committee" reports for each asset purchased on ARMB's behalf.

2. Commingled Funds:

Investments in commingled funds will be recommended by Staff and the Real Estate Consultant on an individual fund basis in accordance with the Annual Investment Plan and the ARMB Guidelines.

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VIII. DELEGATION OF AUTHORITY

ARMB shall delegate authority to Staff to approve the following:

- Each Separate Account Investment Manager's detailed property operating budgets for each fiscal year;
- Annual Business Plans and Annual Tactical/Strategic Plans prepared by ARMB's Separate Account Investment Managers;
- Revised property operating budgets and variances in approved Annual Business Plans for unanticipated, significant leasing activity; and
- Line item variances in approved capital expenditure budgets in amounts up to \$300,000 with a cumulative fiscal year maximum of \$3,000,000 per Separate Account Investment Manager for other capital expenditures not related to leasing activity (such as repairs for building damage or defects).

IX. CONFIDENTIALITY

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by Manager(s) or Consultant(s) which is reasonably designated by 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 Part II section I (Reporting System) of these Guidelines shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by Manager(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of Manager(s) or ARMB to manage, lease, market or sell such property or Assets.

X. REVISIONS

This document replaces and consolidates the policies, procedures, and guidelines as of ~~September~~^{October} 22, 2011~~09~~. This document is to be reviewed no less than annually and revised as appropriate.

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XI. REAL ESTATE SEPARATE ACCOUNT INVESTMENT MANAGERS

The following investment managers acquire institutional-grade properties on a discretionary basis for the Alaska Retirement Management Board:

UBS Realty Investors LLC

Property type – Core/apartments, industrial, retail and office
Contact - Jeffrey G. Maguire
Managing Director
242 Trumbull Street
Hartford, CT 06103-1212
Telephone: 860-616-9086
Fax: 860-616-9104
E-mail: jeffrey.maguire@ubs.com
Web site: www.ubs.com

Sentinel Realty Advisors Corp.

Property type – Core/apartments only
Contact – David Weiner
Managing Director
1251 Avenue of the Americas
New York, NY 10020
Telephone: 212-408-2913
Fax: 212-603-5961
E-mail: weiner@sentinelcorp.com
Web site: www.sentinelcorp.com

LaSalle Investment Management

Property type – Core/apartments, industrial, retail and office (includes Takeover Assets)
Attn: George Duke
Managing Director
100 East Pratt Street, 20th Floor
Baltimore, MD 21202
Telephone: (410) 878-4810
Facsimile: (410) 878-4910
E-mail: George.Duke@lasalle.com
Web site: www.lasalle.com

Cornerstone Real Estate Advisers LLC

Property type – Core/apartments, industrial, retail and office
Attn: Denise Stake
Portfolio Manager
One Financial Plaza, Suite 1700
Hartford, CT 06103-2604
Telephone: (860) 509-2311
Facsimile: (860) 509-2296
Email: dstake@Cornerstoneadvisers.com
Web site: www.cornerstoneadvisers.com

XII. REAL ESTATE COMMINGLED ACCOUNT INVESTMENT MANAGERS

UBS Realty Investors LLC

Contact: Thomas J. Anathan,
Managing Director
242 Trumbull Street
Hartford, CT 06103-1212
Telephone: 860-616-9128;
Facsimile: 860-616-9104
E-mail: thomas.anathan@ubs.com

J.P. Morgan Asset Management

Contact: Anne S. Pfeiffer, VP & Portfolio
Manager, Strategic Property Fund
522 Fifth Avenue, 9th Floor
New York, NY 10036
Telephone: 212-837-1240
Facsimile: 212-837-1696
anne.pfeiffer@jpmorganfleming.com

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~~ING~~ Clarion Partners

Contact: Bill Krauch
Managing Director
230 Park Avenue
New York, NY 10169
Telephone: 212-883-2602
Facsimile: 212-883-2902
E-mail:
bill.krauch@~~ing~~clarionpartners.com

Tishman Speyer Properties

Contact: Julie Lurie
45 Rockefeller Plaza, 7th Floor
New York, NY 10020
Telephone: 212-715-0329
Facsimile: 212-895-0129
E-mail: JRLurie@tishmanspeyer.com

Rothschild Realty Inc.

Contact: John Ryan, Director
600 Abbey Court
Alpharetta, GA 30004
Telephone: 770-442-8020
Facsimile: 770-442-8034
E-mail: john.ryan@us.rothschild.com

Colony Capital, LLC

Contact: Brent Elkins
Two International Place
Suite 2500
Boston, MA 02110
Telephone: 617-235-6310
Facsimile: 617-235-6999
E-mail: belkins@colonyinc.com

LaSalle Investment Management

Contact: Steve Bolen, President
100 East Pratt Street, 20th Floor
Baltimore, MD 21202
Telephone: 410-347-0660
Facsimile: 410-347-0612 fax
E-mail: steve.bolen@lasalle.com

**~~Lehman Brothers Real Estate~~ Silverpeak
Legacy Partners**

Contact: Tanya M. Tarar-Oblak,
Managing Director
~~1330271~~ Avenue of the Americas, Suite 120046th
Floor
New York, NY 1001920
Telephone: 212-716-2025
Facsimile: (646) 285-9271
E-mail:
investorrelations@silverpeakre.com ~~to@lehmanho~~
~~ldings.com~~

Cornerstone Real Estate Advisers LLC

Contact: Patrick T. Kendall, Vice President
One Financial Plaza, Suite 1700
Hartford, CT 06103
Telephone: 310-234-2525
Facsimile: 949-852-9804
E-mail: pkendall@Cornerstoneadvisors.com

Coventry Real Estate Fund II, LLC

Contact: Peter Henkel
888 Seventh Avenue, 12th Floor
New York, NY 10019
Telephone: 212-699-4109
Facsimile: 212-699-4124
E-mail: phenkel@coventryadvisors.com

BlackRock, Inc.

Contact: Ted Koros, Managing Director
50 California Street, Suite 300
San Francisco, CA 94111
Telephone: 415-670-6210
Facsimile: 646-521-4982
E-mail: theodore.koros@blackrock.com

Lowes Hospitality Investment Partners, LLC

Contact: Bleecker P. Seaman, Executive VP
11777 San Vicente Boulevard, Suite 900
P.O. Box 49021
Los Angeles, CA 90049-6615
Telephone: 310-571-4263
Facsimile: 310-207-1132
bseaman@loweenterprises.com

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Attachment 1

REAL ESTATE INVESTMENT POLICY and PROCEDURES - Delegation of Responsibilities Attachment

	Frequency	Separate Account Investment Managers	Consultant	Staff	Real Estate Committee	Board
Real State Investment Policy, Procedures, and Guidelines			R	P&R	R	A
Review and Revise	Annually		R	R	R	A
Separate Account Investment Manager Selection	Periodically		G&R	G&R	G&R*	A
Request For Proposal (RFP)			P&R	P&R	R	A
Real Estate Consultant Selection	Tri-Annually			G&R	G&R*	A
Request For Proposal (RFP)				P&R	R	A
Commingled Fund Selection**	Periodically		R	R	R	A
Real Estate Investment Plan**	Annually		R	P&R	R	A
Separate Account Business Plan**	Annually	P	R	R&A	RT	
Detailed Property Operating Budget	Annually	P	R	R&A		
Separate Account Strategic/Tactical Plan**	Annually	P	R	R&A	RT	RT
Quarterly Performance	Quarterly		P	RT		RT
Portfolio/Property Diversification Compliance	Quarterly		M	M		
Geographic Concentration Limit	Quarterly		M	RT		

A = Approves
 G = Grade
 P = Prepares
 R = Recommends

RT = Reported To
 M = Monitor

* Grade Semi-finalists only
 ** Investment Decision (Shaded)

**ALASKA RETIREMENT MANAGEMENT BOARD
REAL ESTATE INVESTMENT
POLICIES, PROCEDURES AND GUIDELINES**

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ATTACHMENTS

Attachment 1 – Delegation of Responsibilities

**ALASKA RETIREMENT MANAGEMENT BOARD
REAL ESTATE INVESTMENT
POLICIES, PROCEDURES AND GUIDELINES**

I. INVESTMENT OBJECTIVES

A. Investments in Real Estate and Other Real Estate Related Assets

The Alaska Retirement Management Board (ARMB) will invest in real estate with the goals of portfolio diversification and attaining the optimum return on the portfolio, consistent with the assumption of prudent risk and safety of principal. ARMB recognizes the need to use active investment management in order to obtain the highest attainable total investment return (measured as income plus appreciation) within ARMB's framework of prudence and managed risk.

ARMB will select Separate Account Investment Managers who have the discretion to invest in publicly traded equity and/or privately placed equity sectors, subject to ARMB's approval of an Annual Strategic/Tactical Plan and an Annual Investment Plan. In order for real estate investments to be considered, the Separate Account Investment Manager must demonstrate that it is able to: add value through its real estate knowledge, experience and strategy; underwrite the risks of the investment which is contemplated; and comply with the intent of the Real Estate Investment Policies, Procedures and Guidelines (**Guidelines**).

Single property and multi property strategies will be considered.

B. Asset Allocation

The ARMB allocation to real estate investments shall be determined by the Board of Trustees and reviewed annually. The target allocation is 10% +/- 4% of ARMB's total Assets, based on market value.

Allocated capital to Separate Account Investment Managers will be defined as invested capital based on ARMB's cost.

C. Portfolio Return Objective

1. Total Return

Over rolling 5 year periods, the equity real estate investment portfolio is expected to generate a minimum total real rate of return (net of investment management fees) of 5% using a time-weighted rate of return calculation. The inflation index used to calculate the actual real rate of return is the CPI All Urban.

2. Income Return

Income, which is defined as cash distributed to ARMB, is expected to produce 50-60% of the total return over rolling five-year periods.

3. Index

The overall portfolio is expected to exceed the target index. The target index is composed of 90% NCREIF Property Index and 10% NAREIT Equity Index.

II. PROGRAM RISK MANAGEMENT AND IMPLEMENTATION

The selection and management of assets in the real estate portfolio of the ARMB will be guided by the principles of preserving investment capital, attaining the optimum return on the portfolio consistent with the assumption of prudent risk, generating current income, being sensitive to inflation, maintaining diversification of assets and diversification of management responsibility.

In real estate investment, there is an inherent risk that the actual income and return of capital will vary from the amounts expected. The ARMB will manage the investment risk associated with real estate in several ways:

A. Institutional Quality

All assets must be of institutional investment quality as evidenced by a precedent of institutional investment in similar properties; expert analysis which supports the economic viability of the market; high quality construction and design features; and a potential competitive position within the property's immediate market area.

B. Diversification

The real estate portfolio will be diversified as to style group, property type, industry sector, life cycle, economic driver, investment manager and geographical location. Diversification reduces the impact on the portfolio of any one investment or any single manager's investment style to the extent that an adversity affecting any one particular area will not impact a disproportionate share of the total portfolio. Portfolios for core investment managers and non-core or value added investment managers will carry the diversification characteristics set forth in the allocations and definitions set out below. Diversification compliance will be monitored on a quarterly basis for compliance with ARMB's Guidelines by staff and the real estate consultant.

For purposes of calculating diversification compliance, the overall real estate portfolio size will be considered the product of the greater of projected or target real estate allocation times the projected fiscal year-end overall plan assets as established in the Annual Investment Plan. The projected fiscal year-end overall plan assets will take into account the target allocations and projected returns of all asset classes in which plan assets are invested, and estimated net pay-outs to plan beneficiaries. Unless exceptional circumstances justify a deviation, the maximum percentage of the real estate portfolio investment for each of the identified categories is as follows:

Controlled Investments: <i>(ARMB can liquidate within 180 days)</i>	85 %
Non-Controlled Investments: <i>(ARMB cannot liquidate within 180 days)</i>	50%
Core Investments (See definition below):	85 %
Non-Core Investments (See definition below):	50%
Single Manager Limit: <i>(value of both Separate Account and Commingled Fund combined, if applicable)</i>	35 %
Public Equity:	50 %
Public Debt:	0 %
Private Equity:	100 %
Private Debt:	0 %
Geographic:	
ARMB will avoid over-concentration in areas of similar real estate performance. The consultant will monitor ARMB's concentrations in this area, considering indicators such as NCREIF sub-region, metropolitan areas and economic drivers. The consultant will report its conclusions regarding the acceptability of ARMB's concentration limits quarterly.	
Outside United States:	20 %
Single Property Investment: <i>(acquisition cost plus projected capital additions and improvements)</i>	5 %
Single-Tenant (any one firm):	10 %
Property Type:	40 %

Manager Allocation – It is understood that Separate Account Investment Managers may exceed their Board-approved allocations by up to 5% for the purposes of capital improvements on existing assets and/or for the completion of an acquisition. A core Separate Account Investment Manager’s portfolio may be invested up to 15% in core-plus style properties to assemble a core portfolio. A value-added Separate Account Investment Manager’s portfolio shall include 70%-100% in value-added style properties, and may include up to 30% in opportunistic style properties.

Subject to CIO approval, upon the sale of a property held by a Separate Account Investment Manager in which the net sales proceeds are in excess of the property’s cumulative basis, the advisor’s allocation will increase in an amount equal to the lesser of the excess of the net sales proceeds over the property’s cumulative basis or the aggregate portfolio net asset value over the aggregate portfolio cumulative basis adjusted to reflect actual sale proceeds. The CIO will also consider whether an allocation increase should be adjusted for any past realized losses incurred by the Separate Account Investment Manager. The intent of this provision is to allow a Separate Account Investment Manager to reinvest realized gains but only to the extent gains are greater than losses which have been experienced in other property investments in the Separate Account Investment Manager’s portfolio.

Exceptional circumstances justifying a deviation – When circumstances arise of a temporary nature, such as an unexpected re-valuation of assets, a transfer of assets among managers, or an event in which it would be in the fiduciary interest of the ARMB to do so, the limits set forth in paragraph II.B of ARMB Policies may be exceeded provided that ARMB concurs.

Contingent Allocation – The authority of the CIO to exercise discretion in allocating funds within investment bands shall include authority to add funds to the allocation of real estate Separate Account Investment Managers. Exercise of this discretion shall be for:

- (i) acquisition of a particular real estate asset which is, in the opinion of the CIO, attractive and the acquisition of which is constrained by the allocation to the investment Separate Account Investment Manager;
- (ii) not exceed \$150 MM for acquisitions in high barrier markets and not exceed the single property investment limit (Section IIB) for acquisitions in other markets. High barrier markets exhibit constraints (i.e. physical, political, financial) on supply growth that restrict new construction and therefore create an environment conducive to real rent growth in response to increasing space demand. High barrier markets tend to be located in both coasts of the United States. Low barrier markets lack supply constraints and are typically prone to over supply as developers can quickly react to anticipated demand growth. Low barrier markets dominate in the Midwest, South, and Mountain states.
- (iii) not exceed \$150 MM in any fiscal year period.

The CIO may also exercise the following discretion pertaining to real estate investments:

- (i) Commit to investments up to \$100 million with existing managers, and former managers in good standing;
- (ii) Commit to investments related to co-investment opportunities, up to \$100 million, with existing managers; and,
- (iii) Commit to investments with new managers up to \$75 million, with the concurrence of ARMB’s real estate consultant.

The CIO will provide prior notification to the chairs of the ARMB and Real Estate Committee 7 days before committing to any real estate investments under this authority.

Definitions

Core Investments

Primary
Characteristics:

- Fully or substantially leased (85% occupancy or greater)
- Inconsequential turnover near term
- Inconsequential physical issues or renovation required
- Credit tenants
- Primary markets
- Quality property
- Income produces 50% or more of expected return
- Typically longer term holds
- Properties in markets with stable or improving economic conditions

Core-plus Investments

Primary
Characteristics:

- Limited renovation, primarily deferred maintenance, limited physical issues or repositioning needed
- Modest near term lease roll over; modest vacant lease up
- Expected growth through increasing rents
- Poor prior management
- A- to B- quality
- Income produces 50% or more of expected return

Non-Core Investments

Value-Added Investments

Primary
Characteristics:

- Asset renovation – lobbies, corridors, deferred maintenance
- Intermediate term (6-9 months) physical issues
- Current vacancies or rent loss
- Near term roll over exposure
- Repositioning, re-tenanting
- Distressed prior management
- Purchase of adjacent land to develop
- Alternative, turnaround markets and property types
- Income produces 50% or less of total return

Opportunistic Investments – These investments involve significant redevelopment risk, high leasing risk, and high development risk.

Primary
Characteristics:

- Empty Buildings
- High near term turnover
- New development – spec or limited pre-leasing
- Significant rehabilitation and leasing, redevelopment into alternative uses
- Capital displacement in maligned markets: lack of investment capital due to level of risk
- Non-traditional asset type (mezzanine debt, land, etc.)
- Wide ranging investment structures
- Investing in non-performing notes
- Cross-border investing
- Holding periods typically 1 to 5 years
- Income produces less than 50% of total return

Note: *Properties within a multi-property investment will be categorized as either core or non-core.*

C. Implementation Approach

The ARMB will implement an investment process for real estate which will, over time, include a minimum of three (3) qualified Separate Account Investment Managers who have been selected on a competitive basis. The ARMB will endeavor to allocate specific funds to qualified managers on a separate account basis. Selected managers will seek real estate investment opportunities in publicly-traded equity and/or privately-placed equity sectors. Investments will be made on a discretionary basis subject to Staff approval of the Annual Strategic/Tactical Plans prepared by Separate Account Investment Managers and ARMB's approval of the Annual Investment Plan prepared by Staff. In addition to separate accounts, ARMB will selectively consider investments in "pooled/commingled" investment vehicles.

All allocation of funds to a manager (including additional investment with existing accounts) and investment strategy must be recommended to ARMB by Staff and the Real Estate Consultant and be accompanied by an investment report which, at a minimum, includes the following: market information; investment alternatives; fee structure and comparison to other alternatives; demonstration of compliance with Guidelines and the then current Annual Investment Plan; historical performance of Separate Account Investment Manager (cash-based internal rates of return and industry standard); projected returns (income and appreciation); and positive and negative attributes of the investment strategy.

On a selective basis, a member of ARMB may visit the site of a real estate investment for the purpose of rendering a report to ARMB supplementing reports provided by Staff, the Real Estate Consultant, or others.

D. Prudent Leverage

The total amount of leverage placed on the aggregate separate account assets will not exceed thirty five percent (35%) of the total market value of the real estate separate account portfolio. Directly-owned properties will not be leveraged by the Separate Account Investment Manager. Property encumbered by debt at the time of purchase, if justified on a risk-return basis by the Separate Account Investment Manager, may be acquired subject to Chief Investment Officer approval. With authorization by the ARMB, the Chief Investment Officer may place leverage on a pool of existing core real estate assets held in ARMB's separate account portfolio in a manner consistent with the ARMB's Guidelines.

E. Lease Structure

Multi-tenant and single tenant properties will be considered. When acquiring single tenant properties, consideration will be given to avoid multiple single-tenant exposure to any firm if those single tenant properties constitute more than 10% of the portfolio. A staggered lease structure for commercial properties will be emphasized.

F. Separate Account Investment Manager Business Plan; Annual Strategic/Tactical Plan; Disposition/Exit Strategy

A Business Plan (including property operating budgets) will be completed by each manager for each asset under its management. The Business Plan will identify the current and anticipated competitive position for each property in order to set tactical and strategic objectives and will prescribe in appropriate detail a disposition and exit strategy respecting the particular investments. Part of this process is to evaluate the potential timing of dispositions. A property is considered for sale when it is believed that the equity in the existing investment can achieve a higher return in another real estate investment of similar risk. The Annual Strategic/Tactical Plan will describe the expectation of the manager with respect to acquisitions and dispositions.

G. Fee Structure

Involvement in any venture will be done on a fee basis that is competitive. The preferred method of calculating manager fees will be based upon a formula, which considers both 1) the cost basis of assets under management and 2) investment performance. All fee structures will be approved by ARMB. For core managers, the return-based portion of a fee will emphasize actual cash available for distribution to ARMB.

H. Single Asset Ownership Structure (Applies to Separate Accounts Only)

Provided that the goals of these guidelines are followed, ARMB may invest in separate, specific real estate assets. However, such investments will be undertaken in a fashion structured to limit ARMB's liability to the amount of its investment.

I. Reporting System

Staff and the Real Estate Consultant will develop and implement a comprehensive and responsive reporting and monitoring system for the entire portfolio, individual investments and individual managers. The reporting and monitoring system will

endeavor to identify under-performing investments, controlled portfolio diversification deficiencies and inherent conflicts of interest, thereby facilitating active portfolio management. A cash-based internal rate of return (IRR) will be used when evaluating the long-term performance of an investment. Time-weighted returns will be used to measure comparative performance.

J. Distribution of Current Income

All separate account income will be distributed immediately to ARMB or its designee and not automatically reinvested in the account.

K. Lines of Responsibility

Well defined lines of responsibility and accountability will be required of all participants in ARMB's real estate investment program. Participants are identified as:

ARMB – The fiduciaries appointed by the Governor to represent the beneficiaries' interest which shall retain final authority over all real estate investment decisions.

Real Estate Committee – Comprised of at least three (3) members of ARMB who continually review the role and performance of real estate.

Staff – Investment professionals on the staff of the Department of Revenue and assigned ARMB responsibilities who will assist in the Real Estate equity investment program's design, policy implementation and administration.

Real Estate Consultant – Professionals retained to support Staff and ARMB through the provision of expert real estate strategic planning, implementation and performance monitoring support.

Separate Account Investment Managers – Qualified entities who provide institutional real estate investment management services and maintain a discretionary relationship with ARMB subject to Staff's approval of Annual Business Plans and Annual Strategic/Tactical plans, prepared by Separate Account Investment Managers, and ARMB's approval of the Annual Investment Plan.

Commingled Fund Managers – Qualified entities who provide institutional real estate investment management services through open-end and closed-end real estate pools and other pooled/commingled vehicles.

III. CONFLICTS OF INTEREST

In real estate investment, separate and distinct from other asset classes, the Manager of a Separate Account or Commingled Fund may have direct or significant control over the operations of the assets. This inherent or potential conflict of interest if openly described and regulated may contribute to the lower volatility associated with the asset class, but it also creates a need for a higher oversight standard by the plan sponsor. Staff and ARMB will maintain this oversight in at least the following ways:

A. Property Valuation

The Separate Account Investment Manager will provide ARMB with annual appraisal valuations for all properties for which it has asset management responsibility as of the quarter ending March 31. Unless otherwise directed by ARMB, the appraisal will be prepared by a qualified independent third party entity in accordance with industry standards. Staff may waive the appraisal requirement for recent acquisitions or pending dispositions following a recommendation by the Separate Account Investment Manager that such appraisal would not be a cost effective exercise. For development assets, appraisals are to be conducted in the manner described above after substantial completion payment by ARMB is made. In addition, the Separate Account Investment Manager will mark each asset to market each quarter based on asset conditions and leasing, operations and capital market conditions for comparable properties in that market.

B. Property Management

The selection of on-site property management will generally be left to the discretion of the Separate Account Investment Manager. It is expected that the Separate Account Investment Manager will retain the highest caliber, market rate property management service either through a third party fee manager or the Separate Account Investment Manager's affiliated property management division. This business relationship will be periodically reviewed by Staff, the Real Estate Consultant and ARMB.

IV. INSURANCE COVERAGE

The Separate Account Investment Manager will obtain insurance for the physical properties and assets under its control. The coverage will be in such amounts and against such risks as, in the Separate Account Investment Manager's professional judgment, shall be in accordance with sound institutional practices applicable to such properties or assets in the specific geographic area. It is expected that such insurance will include, but not be limited to, casualty loss, including where deemed appropriate by the Separate Account Investment Manager, earthquake, flood and any other disaster-type insurance coverage; comprehensive general liability; and title insurance. Separate Account Investment Managers will provide proof of insurance to Staff annually.

V. UNRELATED BUSINESS INCOME TAX

Prior to entering into any transaction, the Manager will assess whether income generated from the property under consideration could qualify as unrelated business taxable income. If this risk exists, the Manager will provide ARMB with an opinion of counsel satisfactory to ARMB that the transaction will not generate unrelated business taxable income under the

federal income tax law or any other tax provisions that could affect ARMB's tax-exempt status existing at the time. The Manager shall investigate as to whether ARMB shall be entitled to any property tax exemptions. Managers will provide letters of opinion on UBIT and property tax exemptions to Staff.

VI. ENVIRONMENTAL EVALUATIONS

As a standard procedure during the pre-acquisition analysis, the Separate Account Investment Manager will initiate a formal evaluation for each property through the selection of an environmental consultant. In carrying out the review, appropriate procedures based on standards of the locale and conditions known to exist in the locale shall be undertaken and such procedures should at a minimum include:

- Appointment of an environmental consultant with specific experience in testing and removal of asbestos and other environmental hazards.
- A site survey will be conducted to determine from the available evidence whether hazardous chemicals or environmentally dangerous materials exist or have existed on the subject property, including, at a minimum, a Phase I report.

ARMB may invest in properties, which contain asbestos and other toxic substances, only if the following conditions are met:

- The substance and potential risks are thoroughly disclosed.
- The property is not in violation of any federal, state or local law, ordinance, or regulation relating to the property's environmental condition.
- The estimated cost of the removal or containment programs will be reflected in the purchase assumptions.
- The substance can be properly contained or removed in accordance with the then current Environmental Protection Agency Standards.
- The leasing rollover pattern in the property will accommodate a removal program in the future.

Separate Account Investment Managers will provide the environmental evaluation reports to staff

VII. PROCEDURES FOR INVESTMENT

A. Delegation of Responsibilities

The real estate investment program will be implemented and monitored through the coordinated efforts of the ARMB; the Real Estate Committee; Staff; the Real Estate Consultant and; the qualified Manager(s). Delegation of responsibilities for each participant is described in the following sections: A summary of the delegation is attached:

1. ARMB

ARMB will retain final authority over all real estate investment strategy decisions except for Business Plan variances as set forth in the Guidelines Section VIII; approve the Guidelines, the Annual Investment Plan and any periodic revisions to these documents which ARMB deems to be appropriate and prudent for the

investment of ARMB assets; retain qualified investment managers and real estate consultants; and set investment limits.

2. Real Estate Committee

Review and report the status of real estate portfolio annually to ARMB; participate in the selection of real estate consultants and investment managers; serve as ARMB's liaison with the Real Estate Consultant; recommend revisions to the Guidelines; review and recommend the Annual Investment Plan to Board for approval; and attend industry conferences at least every other year in order to keep abreast of industry trends.

3. Staff

Staff will coordinate program compliance among all participants and communicate the investment policies, objectives and performance criteria to the Separate Account Investment Managers and monitor diversification compliance on a quarterly basis. Staff will also coordinate the receipt and distribution of capital. Staff, in cooperation with the Real Estate Consultant, will periodically review the Separate Account Investment Managers' and portfolio's performance in relation to target returns; review and approve the Separate Account Investment Manager's Annual Business Plan and Annual Strategic/Tactical Plan; review and recommend investments in commingled vehicles; prepare and recommend an Annual Investment Plan; and recommend revisions to the Real Estate Investment Policy Procedures and Guidelines. Staff will also review and approve the detailed property operating budgets prior to the start of each fiscal year and revisions to the property operating budgets in accordance with Section VIII of these Guidelines.

4. Real Estate Consultant

In cooperation with Staff and as deemed appropriate by the Real Estate Committee and ARMB, the Real Estate Consultant will ensure program compliance; assist in the implementation of a multiple manager program; review all program documentation and management relationships; conduct manager searches when requested; provide performance measurement analysis of the portfolio; review the Annual Investment Plan as set forth in the Investment Procedures outlined below; and provide special project research pertaining to technical real estate issues.

The Real Estate Consultant will, as requested by ARMB, provide periodic reports for the real estate program including a performance evaluation of the total portfolio to include both ARMB's commingled fund investments and ARMB's separate account investments. The analysis will include both income and capital accounting; comparison to industry performance benchmarks (such as NCREIF); Manager reviews, and effects of "Pooled Leverage" on the real estate portfolio. The Real Estate Consultant will prepare a quarterly performance analysis report which will provide after-fee realized and unrealized gains/losses; monitor and report quarterly diversification compliance and the geographic concentration limits; time weighted returns including both current quarter returns and annualized returns since portfolio inception; and internal rates of return since inception based on actual cash flow from and to ARMB.

Additional responsibilities may include developing selection criteria in manager search efforts, coordinating/conducting manager searches, conducting manager reviews, and other special projects.

5. Managers

Separate Account Investment Managers will acquire and manage real estate investments on behalf of ARMB and in accordance with the then current and approved Annual Business, Annual Strategic/Tactical Plans, and the objectives set forth in the Annual Investment Plan and the Guidelines. Managers will prepare Annual Business (including property operating budgets) and Annual Strategic/Tactical Plans for Staff review and approval.

Commingled fund investment managers will acquire and manage real estate investments on behalf of ARMB and in accordance with the terms of any and all agreements between each respective Manager and ARMB.

B. Investment Procedure

Real estate investments, in compliance with ARMB's Policies, shall be acquired through the following process:

1. Separate Accounts:

Annually, Staff will prepare an Investment Plan after reviewing the Annual Business and Strategic/Tactical Plans of the Separate Account Investment Managers. This document will recommend, as appropriate, revisions to the ARMB Guidelines, additional allocations to existing managers, and revisions to the Annual Business and Strategic/Tactical Plans of each respective Separate Account Investment Manager. Any searches that may be recommended will be outlined. The Investment Plan will then be reviewed by the consultant and submitted, along with the Real Estate Committee's recommendations to ARMB for final approval. Staff and the Real Estate Consultant shall review the Separate Account Investment Manager's Annual Business Plans and Annual Strategic/Tactical Plans for consistency with the Annual Investment Plan. Staff will approve all Plans prepared by Separate Account Investment Managers.

Investments will be made on a discretionary basis by Separate Account Investment Managers in accordance with their approved Annual Business and Strategic/Tactical Plans. Separate Account Investment Managers must provide staff with copies of their internal "Investment Committee" reports for each asset purchased on ARMB's behalf.

2. Commingled Funds:

Investments in commingled funds will be recommended by Staff and the Real Estate Consultant on an individual fund basis in accordance with the Annual Investment Plan and the ARMB Guidelines.

VIII. DELEGATION OF AUTHORITY

ARMB shall delegate authority to Staff to approve the following:

- Each Separate Account Investment Manager's detailed property operating budgets for each fiscal year;
- Annual Business Plans and Annual Tactical/Strategic Plans prepared by ARMB's Separate Account Investment Managers;
- Revised property operating budgets and variances in approved Annual Business Plans for unanticipated, significant leasing activity; and
- Line item variances in approved capital expenditure budgets in amounts up to \$300,000 with a cumulative fiscal year maximum of \$3,000,000 per Separate Account Investment Manager for other capital expenditures not related to leasing activity (such as repairs for building damage or defects).

IX. CONFIDENTIALITY

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by Manager(s) or Consultant(s) which is reasonably designated by 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 Part II section I (Reporting System) of these Guidelines shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by Manager(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of Manager(s) or ARMB to manage, lease, market or sell such property or Assets.

X. REVISIONS

This document replaces and consolidates the policies, procedures, and guidelines as of September 22, 2011. This document is to be reviewed no less than annually and revised as appropriate.

XI. REAL ESTATE SEPARATE ACCOUNT INVESTMENT MANAGERS

The following investment managers acquire institutional-grade properties on a discretionary basis for the Alaska Retirement Management Board:

UBS Realty Investors LLC

Property type – Core/apartments, industrial, retail and office
Contact - Jeffrey G. Maguire
Managing Director
242 Trumbull Street
Hartford, CT 06103-1212
Telephone: 860-616-9086
Fax: 860-616-9104
E-mail: jeffrey.maguire@ubs.com
Web site: www.ubs.com

Sentinel Realty Advisors Corp.

Property type – Core/apartments only
Contact – David Weiner
Managing Director
1251 Avenue of the Americas
New York, NY 10020
Telephone: 212-408-2913
Fax: 212-603-5961
E-mail: weiner@sentinelcorp.com
Web site: www.sentinelcorp.com

LaSalle Investment Management

Property type – Core/apartments, industrial, retail and office (includes Takeover Assets)
Attn: George Duke
Managing Director
100 East Pratt Street, 20th Floor
Baltimore, MD 21202
Telephone: (410) 878-4810
Facsimile: (410) 878-4910
E-mail: George.Duke@lasalle.com
Web site: www.lasalle.com

Cornerstone Real Estate Advisers LLC

Property type – Core/apartments, industrial, retail and office
Attn: Denise Stake
Portfolio Manager
One Financial Plaza, Suite 1700
Hartford, CT 06103-2604
Telephone: (860) 509-2311
Facsimile: (860) 509-2296
Email: dstake@Cornerstoneadvisers.com
Web site: www.cornerstoneadvisers.com

XII. REAL ESTATE COMMINGLED ACCOUNT INVESTMENT MANAGERS

UBS Realty Investors LLC

Contact: Thomas J. Anathan,
Managing Director
242 Trumbull Street
Hartford, CT 06103-1212
Telephone: 860-616-9128;
Facsimile: 860-616-9104
E-mail: thomas.anathan@ubs.com

J.P. Morgan Asset Management

Contact: Anne S. Pfeiffer, VP & Portfolio
Manager, Strategic Property Fund
522 Fifth Avenue, 9th Floor
New York, NY 10036
Telephone: 212-837-1240
Facsimile: 212-837-1696
anne.pfeiffer@jpmorganfleming.com

Clarion Partners

Contact: Bill Krauch
Managing Director
230 Park Avenue
New York, NY 10169
Telephone: 212-883-2602
Facsimile: 212-883-2902
E-mail:
bill.krauch@clarionpartners.com

Tishman Speyer Properties

Contact: Julie Lurie
45 Rockefeller Plaza, 7th Floor
New York, NY 10020
Telephone: 212-715-0329
Facsimile: 212-895-0129
E-mail: JRLurie@tishmanspeyer.com

Rothschild Realty Inc.

Contact: John Ryan, Director
600 Abbey Court
Alpharetta, GA 30004
Telephone: 770-442-8020
Facsimile: 770-442-8034
E-mail: john.ryan@us.rothschild.com

ColonyCapital, LLC

Contact: Brent Elkins
Two International Place
Suite 2500
Boston, MA 02110
Telephone: 617-235-6310
Facsimile: 617-235-6999
E-mail: belkins@colonyinc.com

LaSalle Investment Management

Contact: Steve Bolen, President
100 East Pratt Street, 20th Floor
Baltimore, MD 21202
Telephone: 410-347-0660
Facsimile: 410-347-0612 fax
E-mail: steve.bolen@lasalle.com

Silverpeak Legacy Partners

Contact: Tanya M. Tarar-Oblak,
Managing Director
1330 Avenue of the Americas, Suite 1200
New York, NY 10019
Telephone: 212-716-2025
Facsimile: (646) 285-9271
E-mail: investorrelations@silverpeakre.com

Cornerstone Real Estate Advisers LLC

Contact: Patrick T. Kendall, Vice President
One Financial Plaza, Suite 1700
Hartford, CT 06103
Telephone: 310-234-2525
Facsimile: 949-852-9804
E-mail: pkendall@Cornerstoneadvisors.com

Coventry Real Estate Fund II, LLC

Contact: Peter Henkel
888 Seventh Avenue, 12th Floor
New York, NY 10019
Telephone: 212-699-4109
Facsimile: 212-699-4124
E-mail: phenkel@coventryadvisors.com

BlackRock, Inc.

Contact: Ted Koros, Managing Director
50 California Street, Suite 300
San Francisco, CA 94111
Telephone: 415-670-6210
Facsimile: 646-521-4982
E-mail: theodore.koros@blackrock.com

Lowe Hospitality Investment Partners, LLC

Contact: Bleecker P. Seaman, Executive VP
11777 San Vicente Boulevard, Suite 900
P.O. Box 49021
Los Angeles, CA 90049-6615
Telephone: 310-571-4263
Facsimile: 310-207-1132
bseaman@loweenterprises.com

Attachment 1

REAL ESTATE INVESTMENT POLICY and PROCEDURES - Delegation of Responsibilities Attachment

	Frequency	Separate Account Investment Managers	Consultant	Staff	Real Estate Committee	Board
Real State Investment Policy, Procedures, and Guidelines			R	P&R	R	A
Review and Revise	Annually		R	R	R	A
Separate Account Investment Manager Selection	Periodically		G&R	G&R	G&R*	A
Request For Proposal (RFP)			P&R	P&R	R	A
Real Estate Consultant Selection	Tri-Annually			G&R	G&R*	A
Request For Proposal (RFP)				P&R	R	A
Commingled Fund Selection**	Periodically		R	R	R	A
Real Estate Investment Plan**	Annually		R	P&R	R	A
Separate Account Business Plan**	Annually	P	R	R&A	RT	
Detailed Property Operating Budget	Annually	P	R	R&A		
Separate Account Strategic/Tactical Plan**	Annually	P	R	R&A	RT	RT
Quarterly Performance	Quarterly		P	RT		RT
Portfolio/Property Diversification Compliance	Quarterly		M	M		
Geographic Concentration Limit	Quarterly		M	RT		

A = Approves
G = Grade
P = Prepares
R = Recommends

RT = Reported To
M = Monitor

* Grade Semi-finalists only
** Investment Decision (Shaded)



ARMB Board Meeting Investment Performance Periods Ended June 30, 2011

**Michael J. O'Leary CFA
Executive Vice President**

**Paul Erlendson
Senior Vice President**

Preliminary Real Estate Returns are used in this report
Prepared August 30, 2011



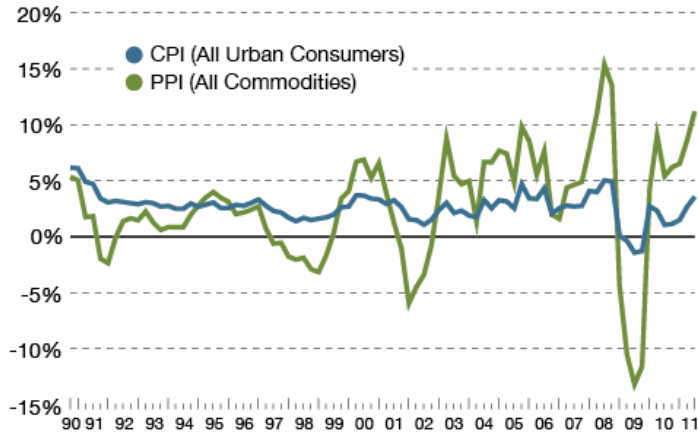
Agenda

- **Market review**
- **DB Plan Performance - Total Plan**
- **DB Plans Major Asset Categories**
- **DC Performance Update**
- **Comments regarding subsequent developments**



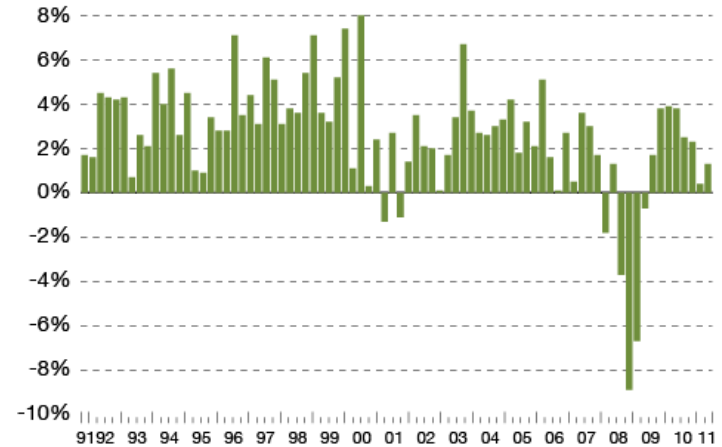
Recovery continued at a moderate pace

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

Quarterly Real GDP Growth* (20 Years)



Source: U.S. Department of Labor

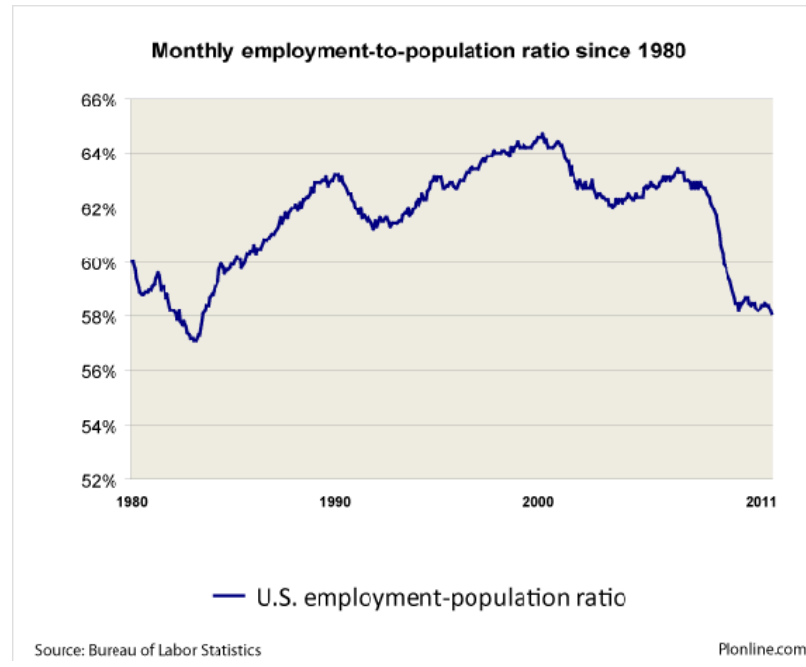
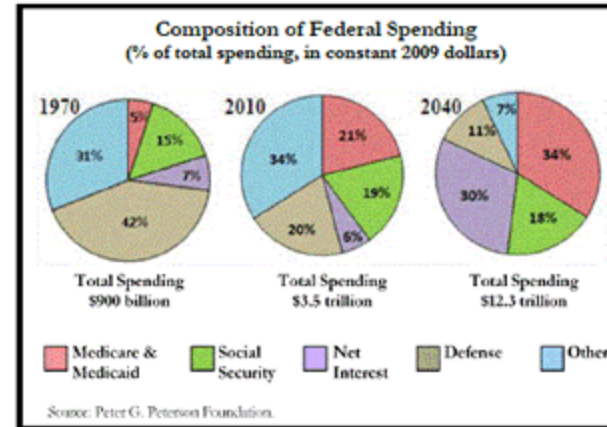
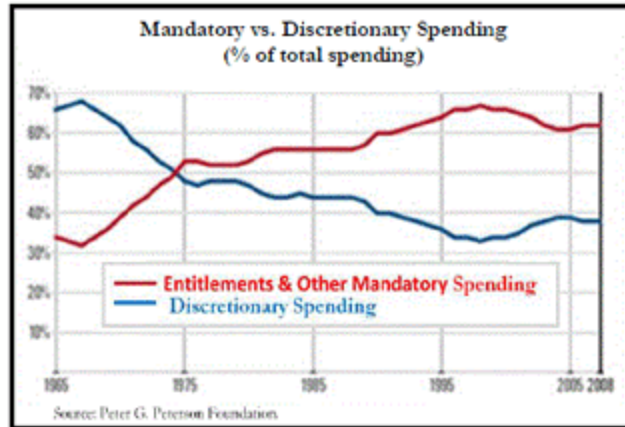
Recent Quarterly Indicators

Economic Indicators (seasonally adjusted)	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
CPI-All Urban Consumers (year-over-year)	-1.29	2.72	2.31	1.05	1.14	1.50	2.68	3.56
PPI-All Commodities (year-over-year)	-11.58	4.21	9.04	5.40	6.20	6.51	8.62	11.17
Employment Cost-Total Compensation Growth	1.5	1.8	2.6	1.8	1.8	2.2	2.1	1.8
Nonfarm Business-Productivity Growth	6.5	6.7	4.6	-1.7	2.3	2.9	1.8	-0.3
GDP Growth*	1.7	3.8	3.9	3.8	2.5	2.3	0.4	1.3
Manufacturing Capacity Utilization (level %)	66.2	67.7	69.4	71.4	72.6	73.3	74.4	74.5
Consumer Sentiment Index (1966=1.000)	68.4	70.2	73.9	73.9	68.3	71.3	73.1	71.9

*The GDP estimates released on June 29, 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



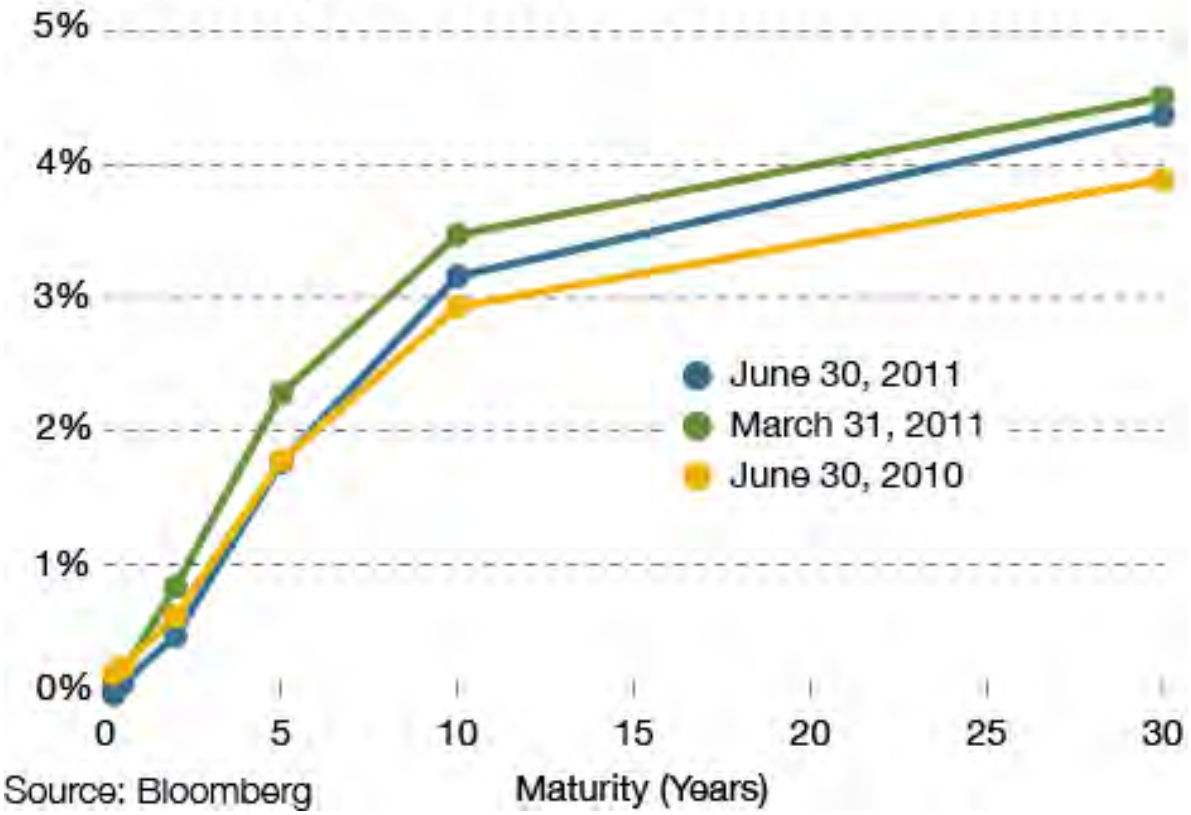
Key issues





Treasury Yields Decreased During Quarter

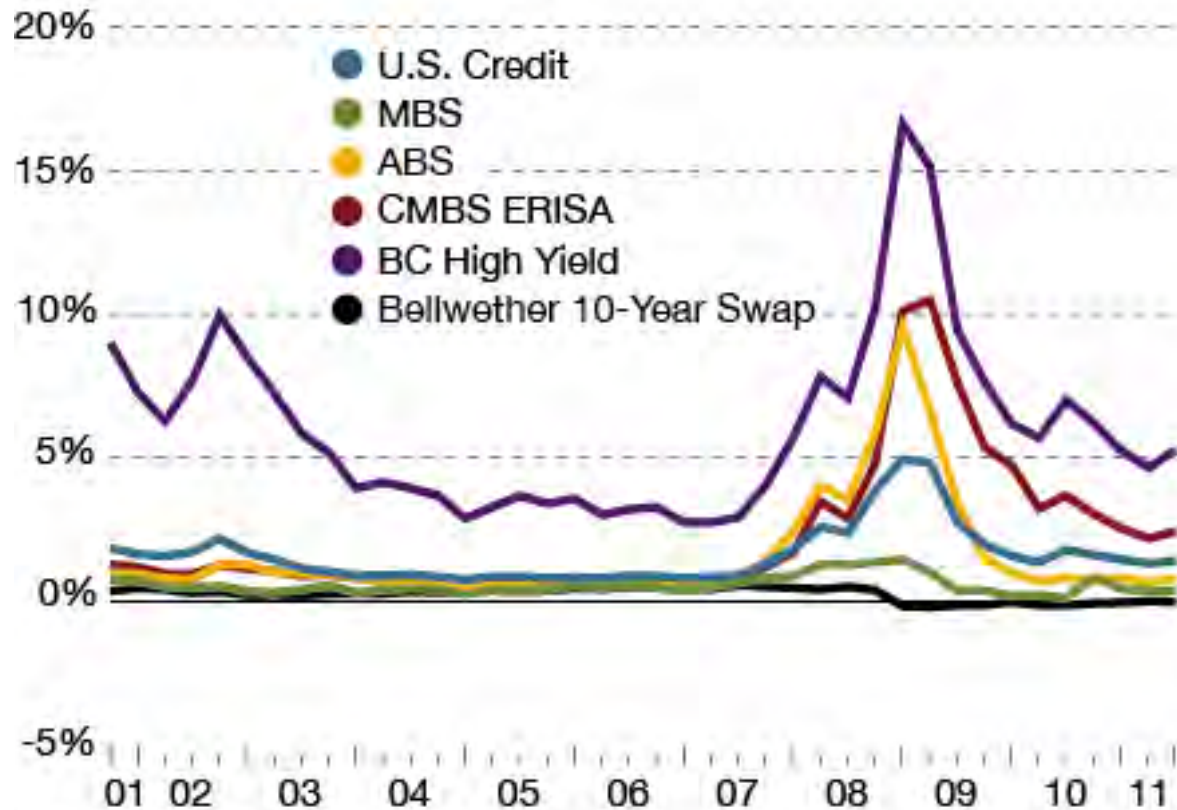
U.S. Treasury Yield Curves





Fixed Income

Effective Yield Over Treasuries

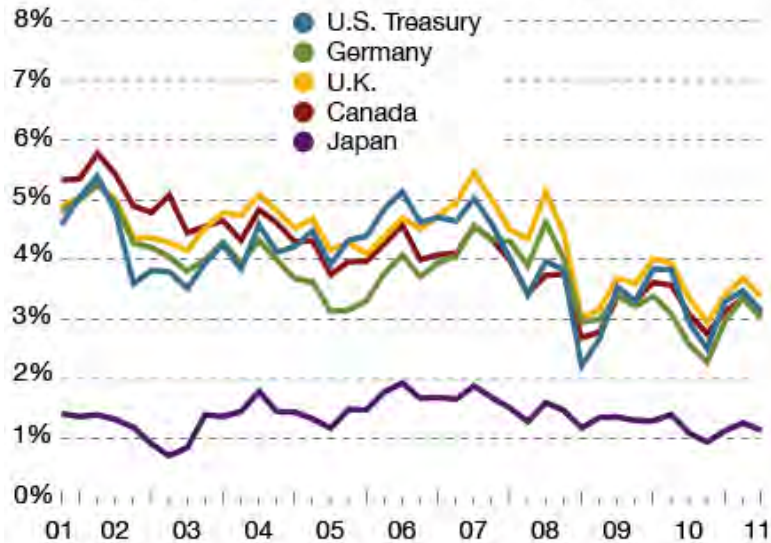


Source: Barclays Capital Inc.

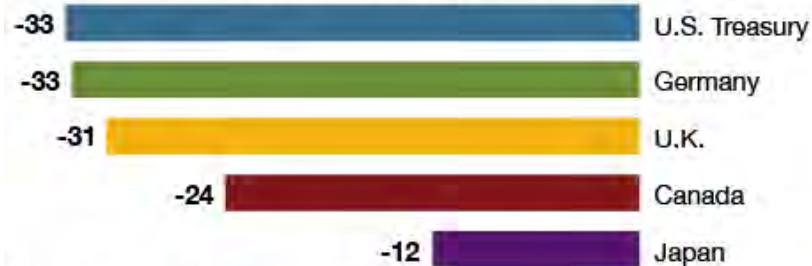


More Spread Info

10-Year Global Government Bond Yields

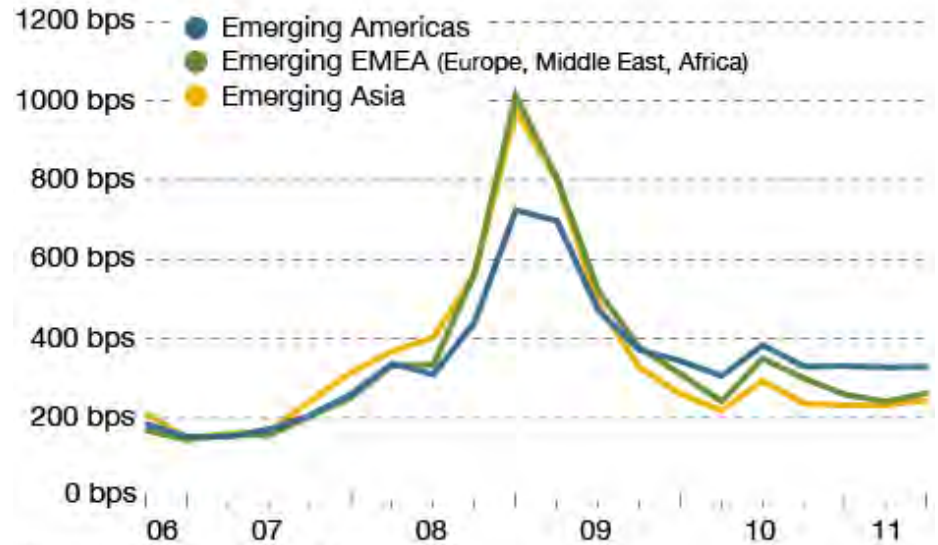


Change in 10-Year Yields from 1Q11 to 2Q11 (bps)



Source: Citigroup

Emerging Spreads by Region



Source: Barclays Capital Inc.



Asset Class Performance

Periods ending June 30, 2011

Periodic Table of Investment Returns
for Periods Ended June 30, 2011

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
BC:Aggr Bd 2.3%	Russell:3000 Index 32.4%	BC:Aggr Bd 6.5%	MSCI:Emer Markets 11.8%	MSCI:Emer Markets 16.5%
MSCI:EAFE US\$ 1.6%	MSCI:EAFE US\$ 30.4%	MSCI:Emer Markets 4.5%	BC:Aggr Bd 6.5%	BC:Aggr Bd 5.7%
3 Month T-Bill 0.0%	MSCI:Emer Markets 28.2%	Russell:3000 Index 4.0%	Russell:3000 Index 3.4%	MSCI:EAFE US\$ 5.7%
Russell:3000 Index 0.0%	BC:Aggr Bd 3.9%	3 Month T-Bill 0.4%	3 Month T-Bill 2.0%	Russell:3000 Index 3.4%
MSCI:Emer Markets (1.0%)	3 Month T-Bill 0.2%	MSCI:EAFE US\$ (1.8%)	MSCI:EAFE US\$ 1.5%	3 Month T-Bill 2.1%

For Quarter:

- Bonds on top
- Emerging Markets negative

For Year:

- Equities far exceeded Bonds
- US beat non-US

Last 3 years:

- Bonds beat Equities
- Developed Intl Equities negative

Last 5 years:

- Cash beat Developed Intl Equities

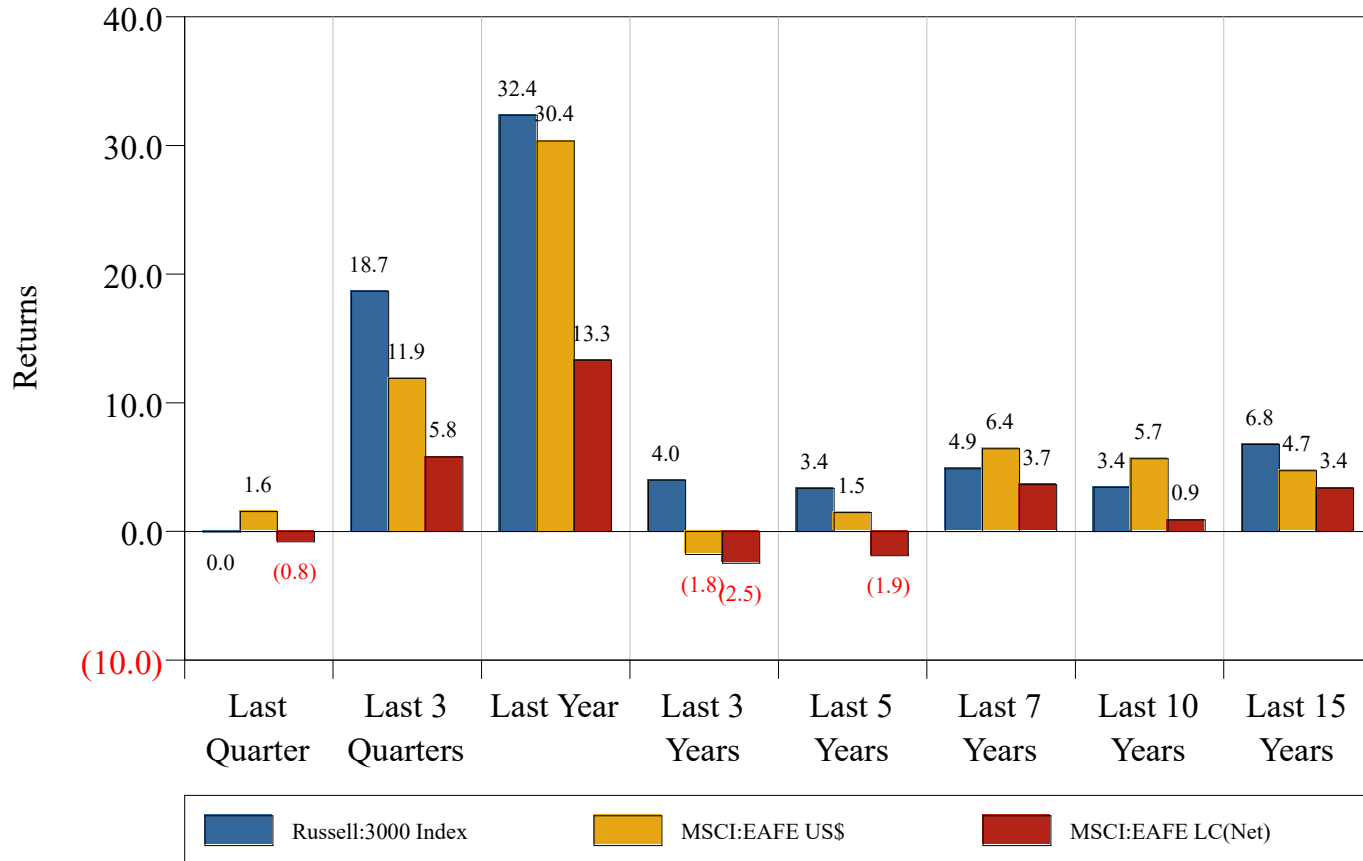
Last 10 years:

- Emerging Markets best



Local versus Dollar Returns

Returns for Various Periods
Current Quarter Ending June 30, 2011





Real Estate – further improvement

Style Median and Index Returns* for Periods ended June 30, 2011

Private Real Estate	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Real Estate Database (net of fees)	3.14	7.68	18.31	-6.91	-0.32	5.56
NCREIF Property**	3.94	7.43	16.73	-2.57	3.44	7.64
Public Real Estate	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
REIT Database	3.98	11.15	35.21	6.57	3.57	11.61
FTSE NAREIT Equity REITs Index	3.63	10.20	33.58	5.25	2.53	10.64
Global Real Estate	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
REIT Global Database	3.98	11.15	35.21	6.57	3.57	11.61
FTSE EPRA/NAREIT Developed	2.94	6.07	33.36	2.27	1.49	10.40

*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

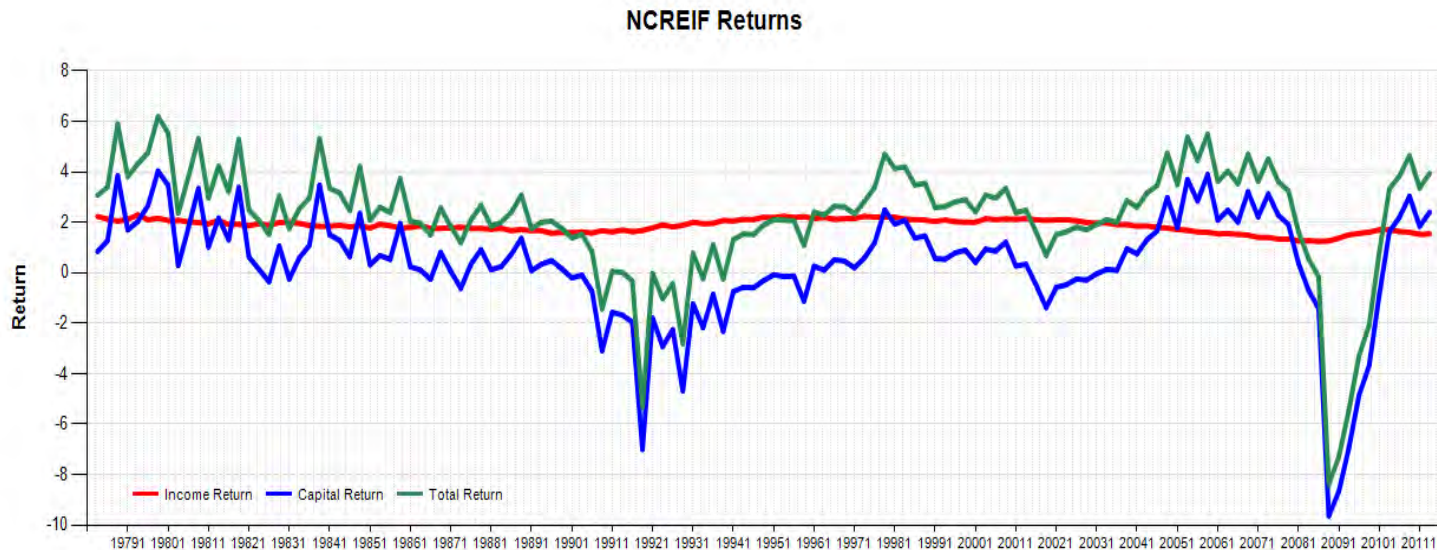
Sector	2Q11	1Q11	2Q10
Apartment	5.26%	5.26%	5.72%
Industrial	6.15%	6.30%	7.28%
Office	5.76%	5.90%	6.82%
Retail	6.26%	6.32%	6.76%

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

Source: NCREIF



Real Estate – Continued improvement



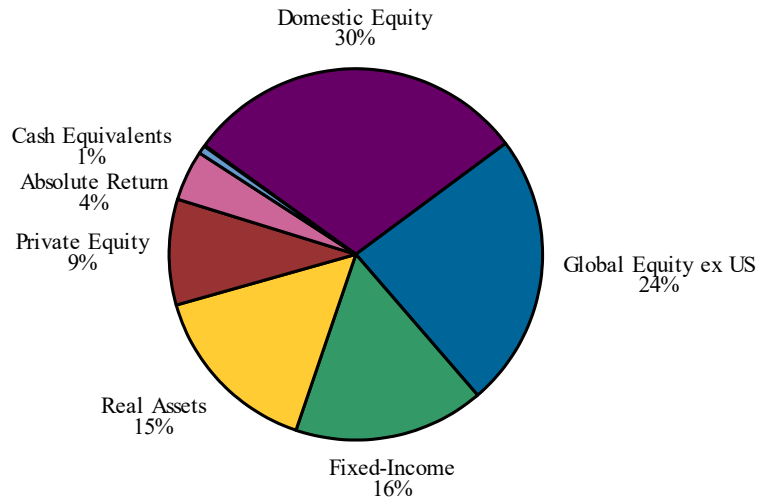
- **Unlevered real estate enjoyed another positive quarterly return. NCREIF index trailing 4 quarter return = 16.7%.**
- **REITS began their recovery along with the stock market in early 2009. Over the trailing 12 months, FTSE NAREIT Index up 33.6%.**
- **Over trailing three years NCREIF Property Index has a -2.6% return which compares unfavorably to REITS (+5.3%) and domestic equity indices (Russell 3000 +4.0%).**



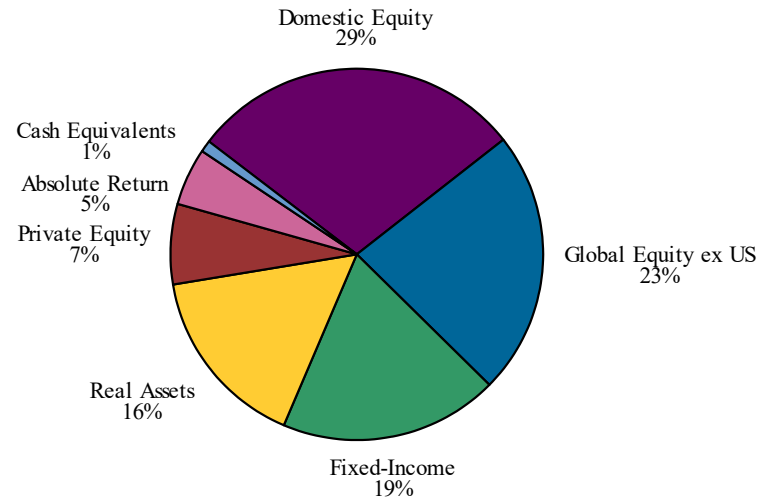
Asset Allocation – PERS

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

Actual Asset Allocation



Target Asset Allocation



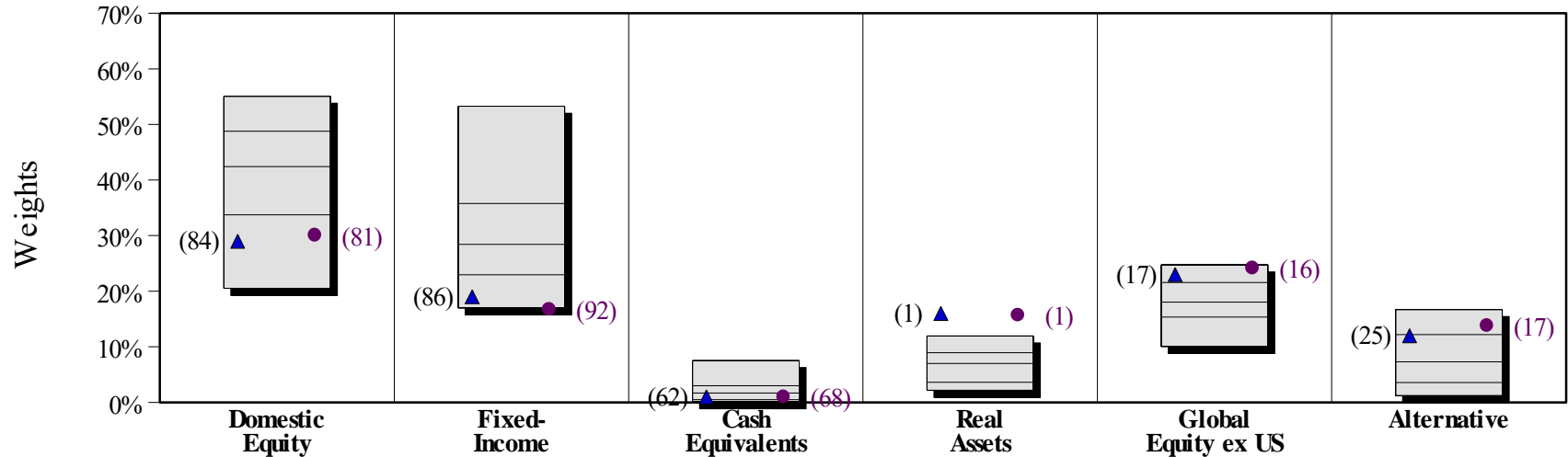
Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,872,013	29.8%	29.0%	0.8%	51,549
Global Equity ex US	1,501,524	23.9%	23.0%	0.9%	57,708
Fixed-Income	1,035,395	16.5%	19.0%	(2.5%)	(157,322)
Real Assets	969,793	15.4%	16.0%	(0.6%)	(34,600)
Private Equity	576,318	9.2%	7.0%	2.2%	136,902
Absolute Return	275,813	4.4%	5.0%	(0.6%)	(38,060)
Cash Equivalents	46,603	0.7%	1.0%	(0.3%)	(16,172)
Total	6,277,460	100.0%	100.0%		



Asset Allocation Versus Public Funds

Callan Public Fund Database

Asset Class Weights vs CAI Public Fund Sponsor Database



10th Percentile	55.08	53.27	7.55	11.96	24.74	16.71
25th Percentile	48.79	35.76	2.99	8.94	21.56	12.20
Median	42.41	28.44	1.69	7.00	18.04	7.30
75th Percentile	33.72	22.98	0.50	3.64	15.38	3.59
90th Percentile	20.51	16.99	0.12	2.17	10.06	1.23
Fund ●	29.82	16.49	0.74	15.45	23.92	13.57
Target ▲	29.00	19.00	1.00	16.00	23.00	12.00
% Group Invested	97.75%	98.88%	67.42%	48.31%	88.76%	48.31%

■ Total fixed income is below target while 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 June Quarter

PERS

Relative Attribution Effects for Quarter ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	0.13%	(0.03%)	0.05%	(0.01%)	0.04%
Fixed-Income	17%	19%	2.28%	2.25%	0.00%	(0.02%)	(0.02%)
Real Assets	15%	16%	5.28%	3.31%	0.29%	(0.02%)	0.27%
Global Equity ex US	24%	23%	0.92%	0.61%	0.08%	(0.01%)	0.07%
Private Equity	9%	7%	6.79%	0.02%	0.60%	(0.02%)	0.58%
Absolute Return	5%	5%	0.35%	1.29%	(0.04%)	(0.00%)	(0.04%)
Cash Equivalents	1%	1%	0.09%	0.04%	0.00%	0.00%	0.00%
Total			2.06%	= 1.15%	+ 0.98%	+ (0.08%)	0.90%

- Real assets, particularly real estate, improved and aided performance. Real estate, as reported by Townsend, returned 5.72% for the quarter versus a target of 3.84%.



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	29%	29%	33.37%	32.37%	0.28%	(0.01%)	0.28%
Fixed-Income	17%	19%	5.46%	5.06%	0.07%	0.23%	0.30%
Real Assets	15%	16%	15.25%	12.66%	0.43%	0.04%	0.47%
Global Equity ex US	24%	23%	28.27%	30.27%	(0.45%)	(0.12%)	(0.57%)
Private Equity	9%	7%	20.14%	32.93%	(1.18%)	0.22%	(0.96%)
Absolute Return	5%	5%	5.98%	5.16%	0.04%	0.00%	0.05%
Cash Equiv	1%	1%	0.47%	0.16%	0.00%	0.04%	0.04%
Total			21.22%	=21.62%	+ (0.81%)	+ 0.40%	(0.41%)



PERS Intermediate Term Performance

Five Year Annualized Relative Attribution Effects

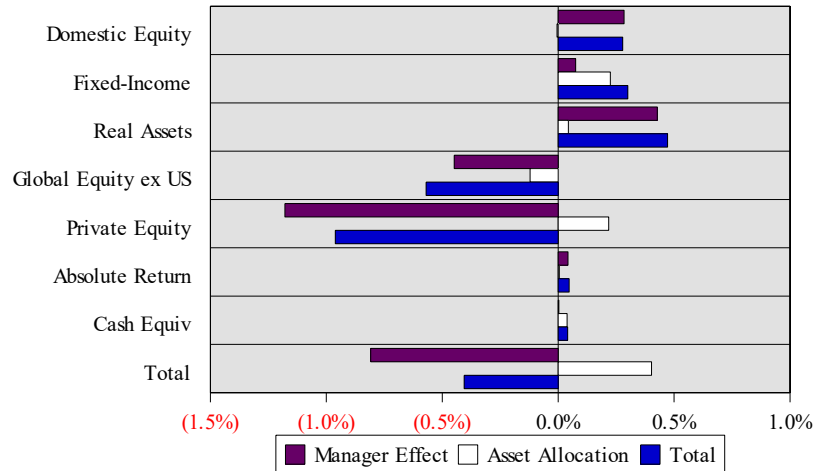
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	33%	3.22%	3.09%	0.03%	0.07%	0.10%
Fixed-Income	18%	19%	6.53%	6.80%	(0.06%)	0.04%	(0.02%)
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	14%	13%	2.87%	4.88%	(0.37%)	(0.07%)	(0.44%)
International Equity	20%	19%	4.16%	3.43%	0.08%	(0.02%)	0.06%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	(0.00%)
Private Equity	8%	7%	9.69%	3.00%	0.35%	(0.05%)	0.31%
Absolute Return	4%	5%	1.99%	6.81%	(0.19%)	(0.08%)	(0.28%)
Other	0%	1%	-	-	0.03%	0.01%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%

Total	4.33% = 4.57% + (0.14%) + (0.10%)						(0.24%)
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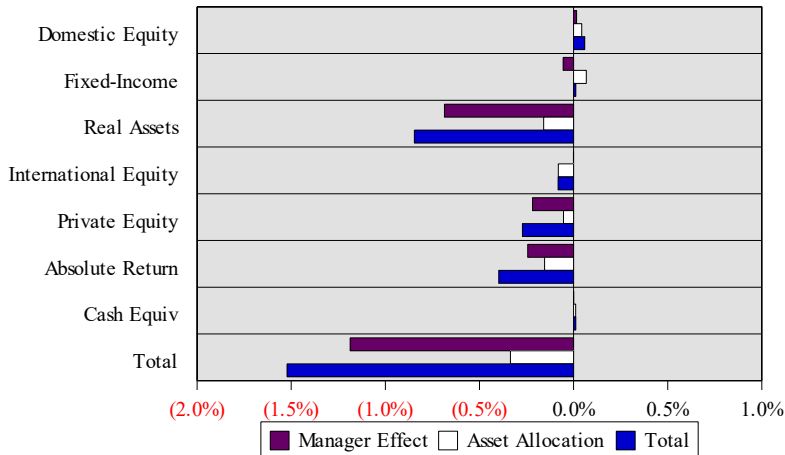


Performance Relative To Target Attribution Analysis

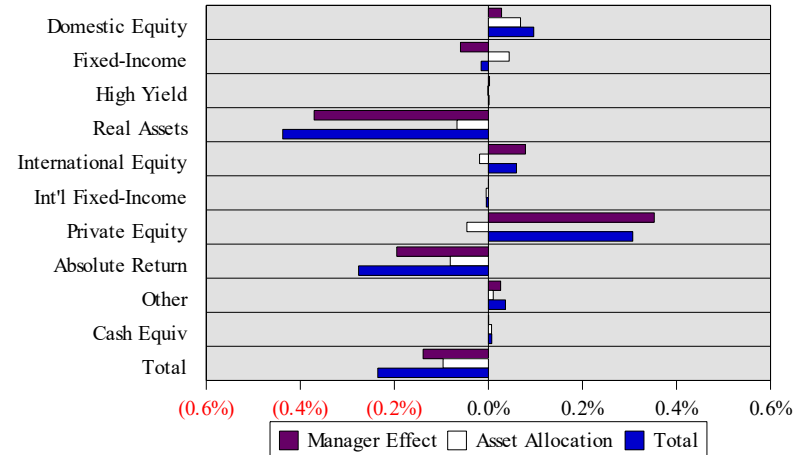
One Year Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

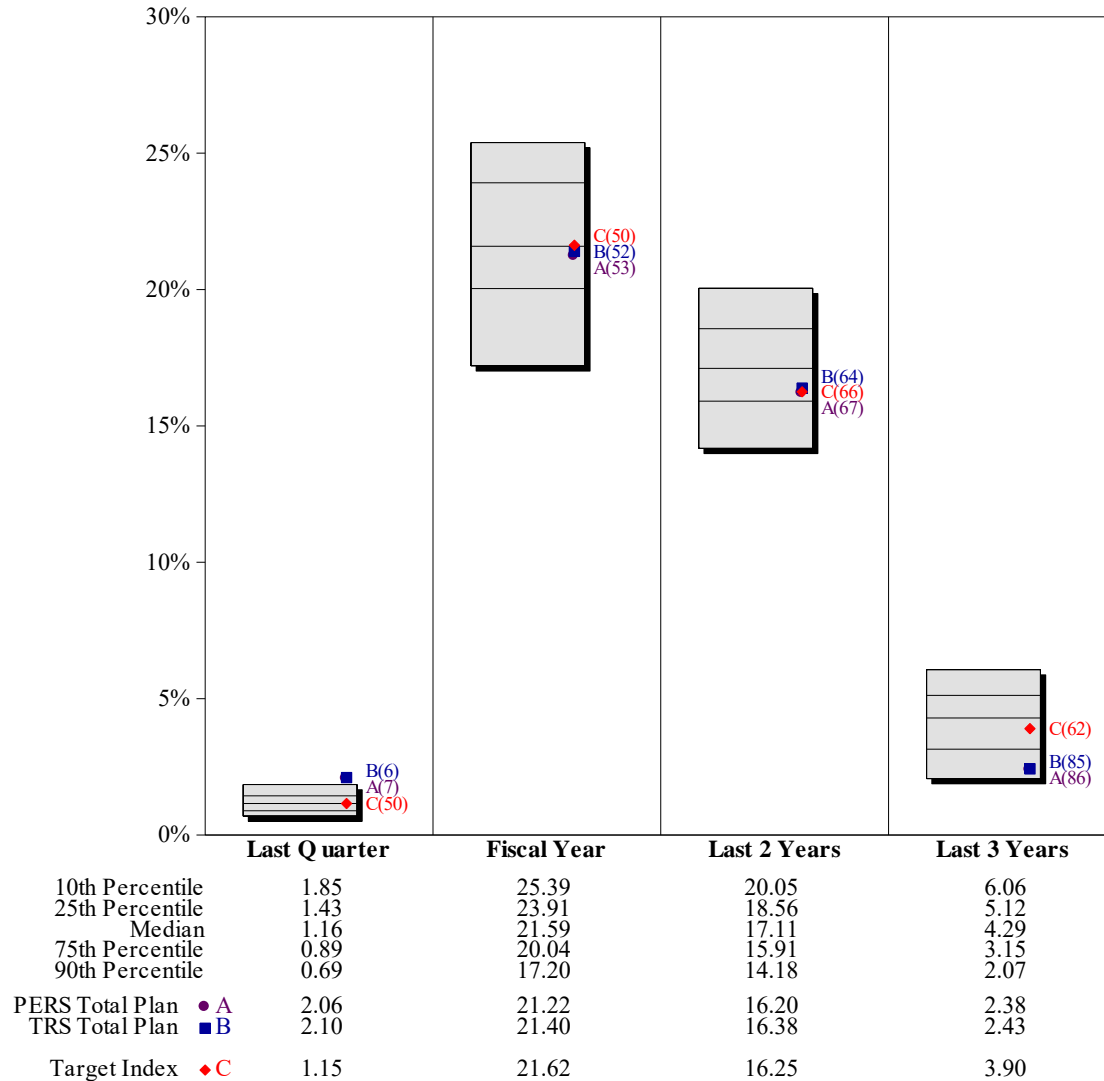


Five Year Annualized Relative Attribution Effects



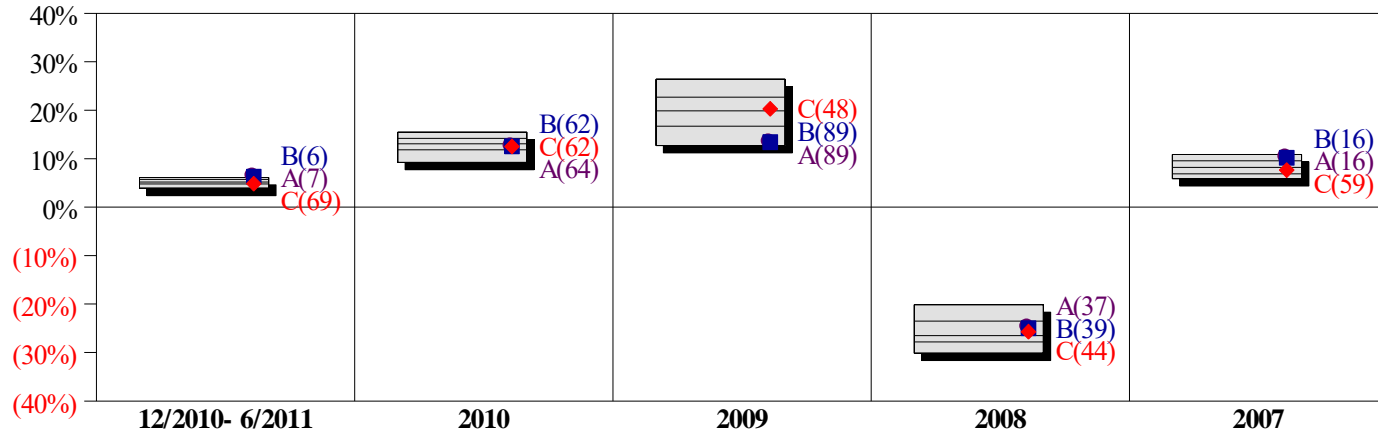


Cumulative Total Fund Returns





Calendar Period Performance Relative to Public Fund Database



	12/2010- 6/2011	2010	2009	2008	2007
10th Percentile	6.14	15.48	26.40	(20.14)	10.87
25th Percentile	5.73	14.21	22.70	(23.53)	9.57
Median	5.16	13.06	19.91	(26.49)	8.20
75th Percentile	4.77	11.83	16.71	(27.81)	6.86
90th Percentile	3.91	9.26	12.73	(30.14)	5.88
PERS Total Plan (A)	6.22	12.45	13.31	(24.91)	10.17
TRS Total Plan (B)	6.30	12.55	13.40	(24.98)	10.20
Target Index (C)	4.84	12.51	20.28	(25.71)	7.64

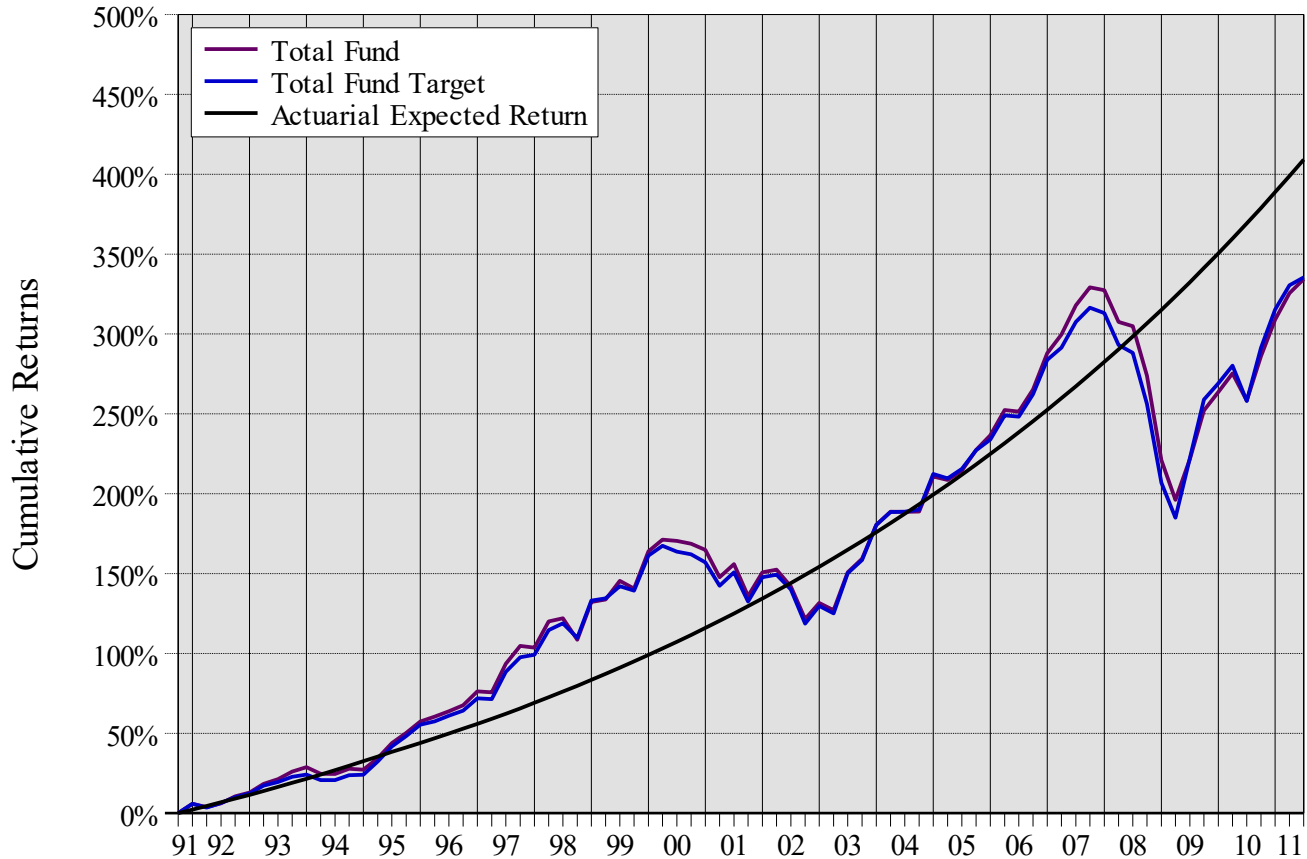
- ARMB's performance was heavily influenced by the valuation of illiquid investments. Evaluation of real estate and private equity resulted in relatively strong 2008 & weak 2009. Size of RE & poor results through meltdown had a significant effect on relative performance.
- After detracting from total fund performance, real estate is now contributing positively both absolutely and relative to its benchmark.



Long-term Return Relative to Target

PERS

Cumulative Returns Actual vs Target

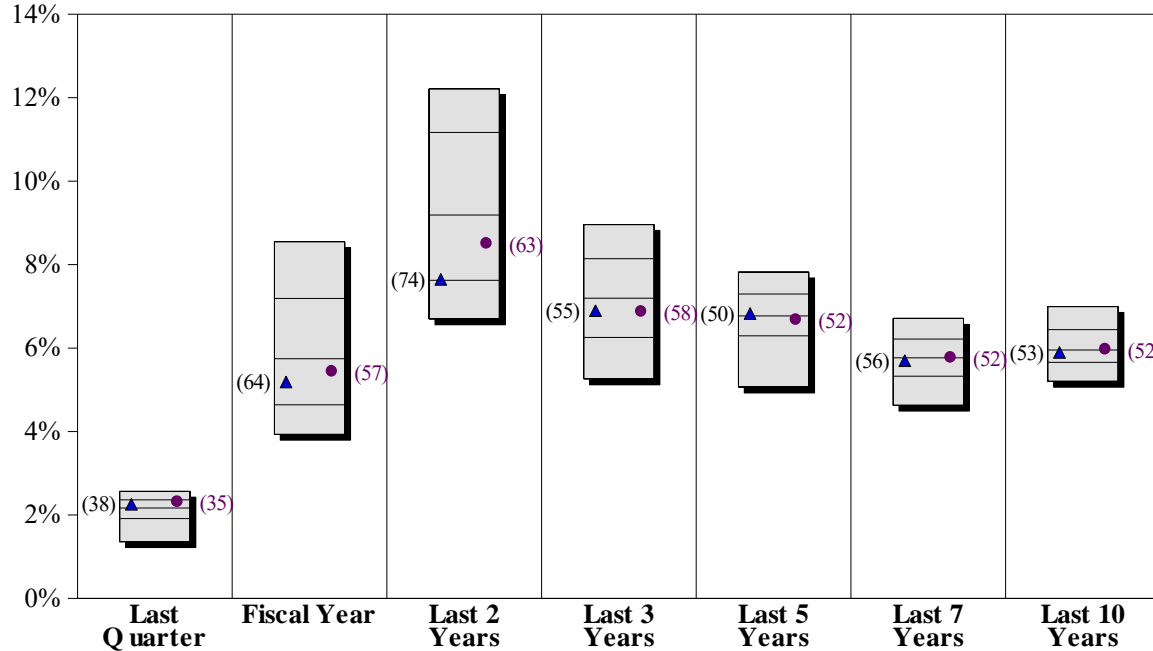




Total Bond Performance

(includes in-house & external portfolios)

Performance vs Public Fund - Domestic Fixed (Gross)

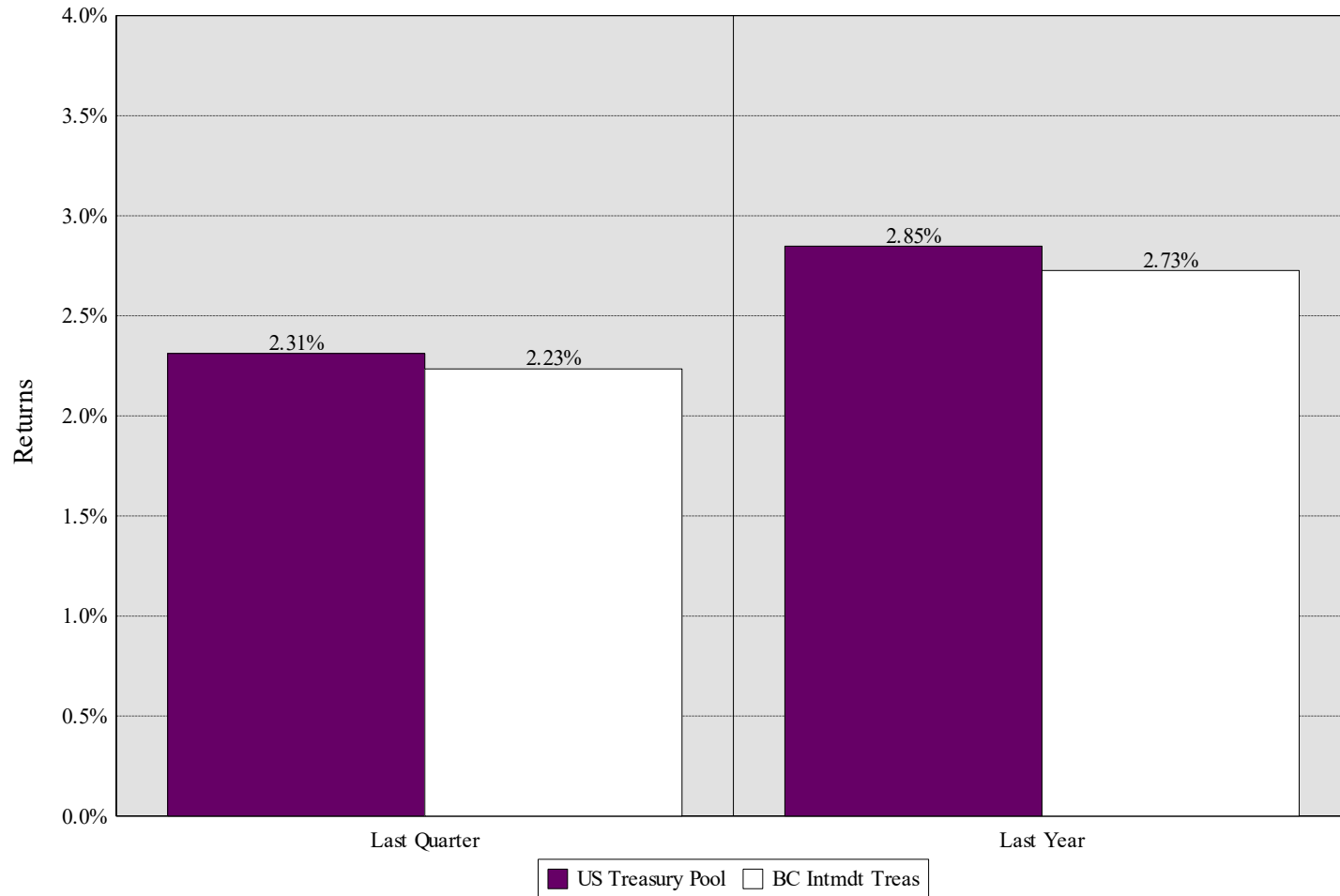


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.57	8.55	12.22	8.96	7.82	6.71	6.99
25th Percentile	2.36	7.19	11.17	8.14	7.30	6.22	6.44
Median	2.17	5.74	9.19	7.19	6.77	5.77	5.95
75th Percentile	1.91	4.64	7.62	6.25	6.30	5.33	5.66
90th Percentile	1.36	3.93	6.70	5.26	5.06	4.63	5.20
Total Fixed-Income Pool ●	2.29	5.42	8.48	6.85	6.66	5.75	5.94
Total Fixed-Income Target ▲	2.26	5.19	7.65	6.90	6.83	5.70	5.90

■ 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.



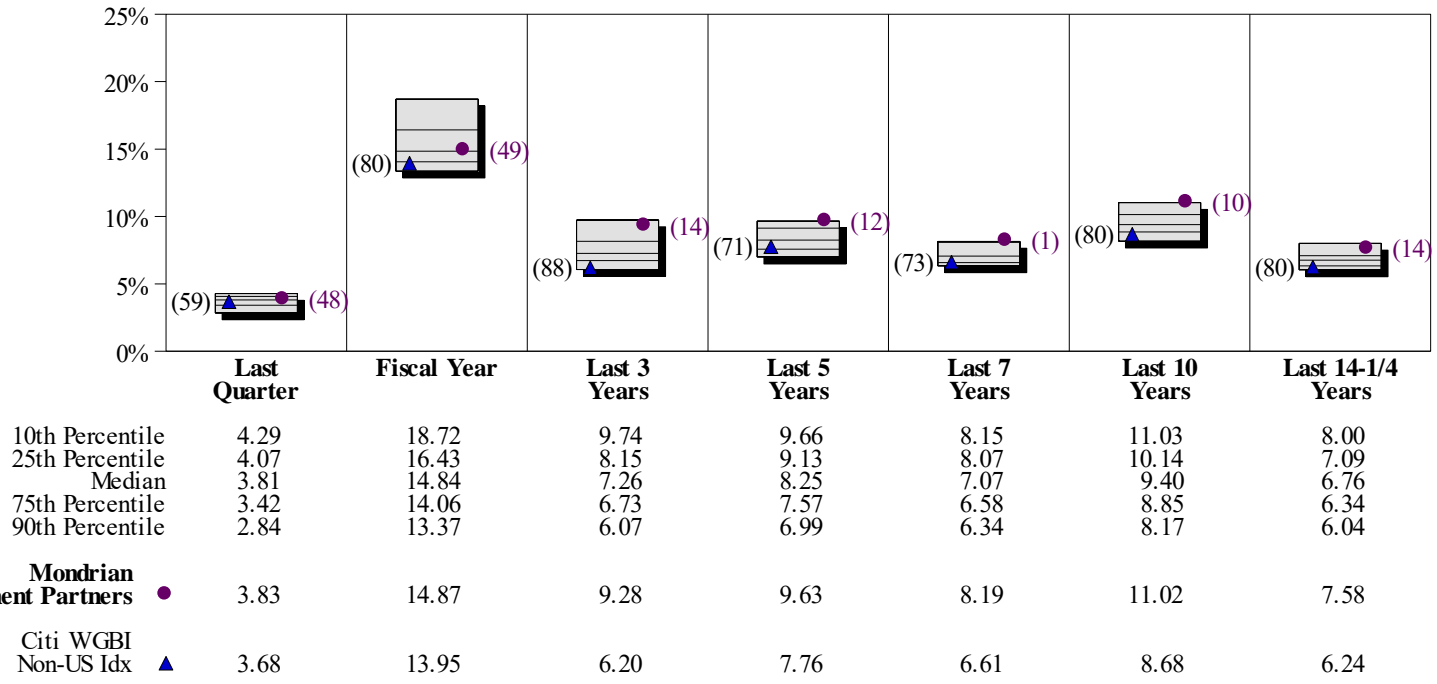
In-house Portfolio – Compared to BC Intermediate Treasury Index





Non-US Fixed Income – Mondrian

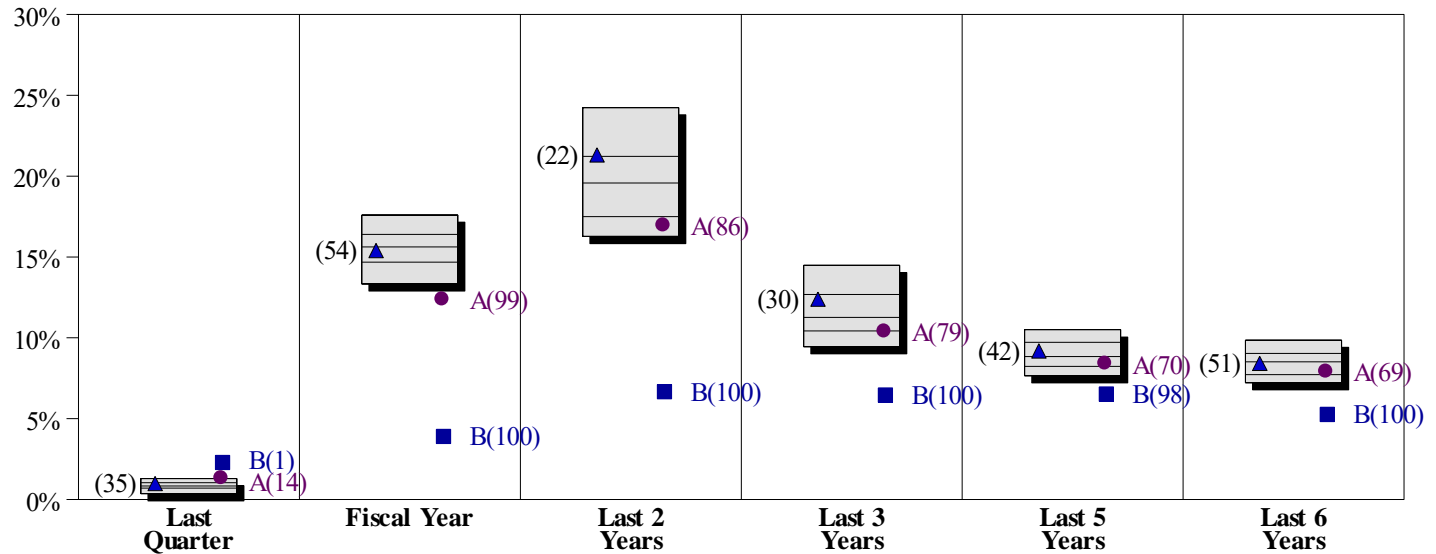
Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)





High Yield Bonds – MacKay Shields

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

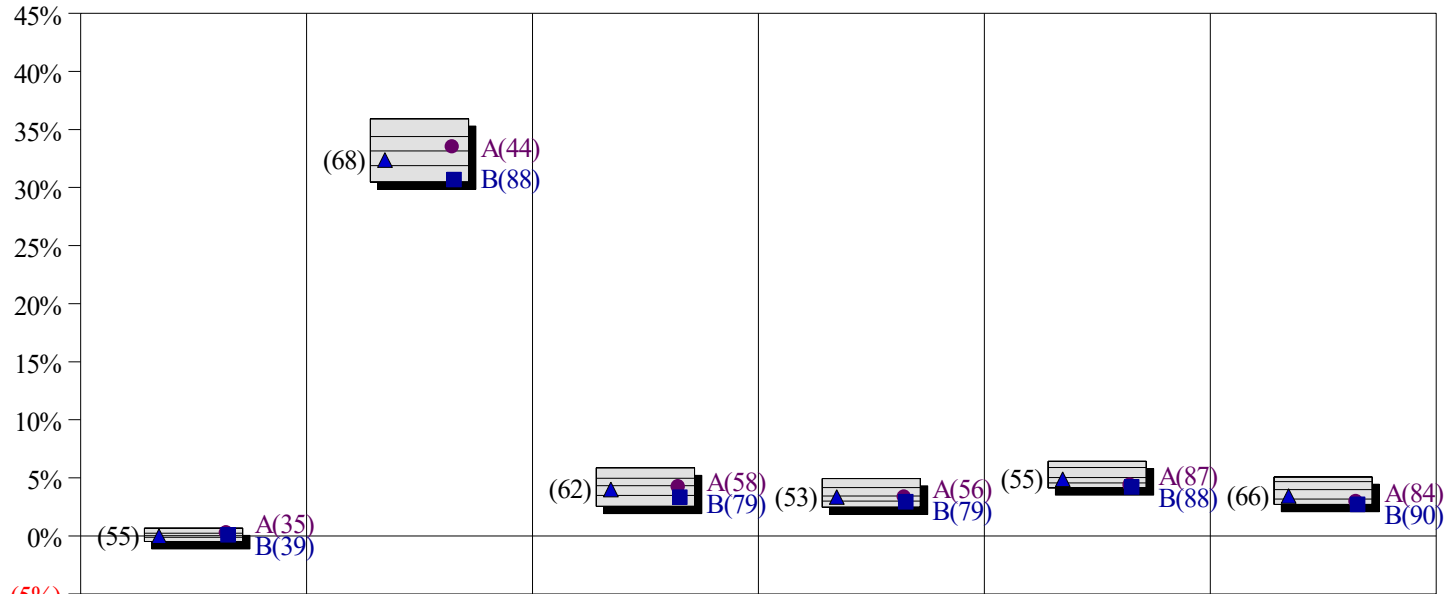


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6 Years
10th Percentile	1.30	17.59	24.24	14.48	10.50	9.85
25th Percentile	1.04	16.39	21.23	12.68	9.73	9.03
Median	0.84	15.62	19.58	11.27	8.84	8.51
75th Percentile	0.70	14.68	17.50	10.43	8.24	7.72
90th Percentile	0.36	13.34	16.27	9.45	7.65	7.22
MacKay Shields A	1.25	12.31	16.89	10.32	8.34	7.85
BC Aggregate B	2.29	3.90	6.66	6.46	6.52	5.26
High Yield Target	0.99	15.40	21.31	12.39	9.19	8.42



Total Domestic Equity

Performance vs Public Fund - Domestic Equity (Gross)

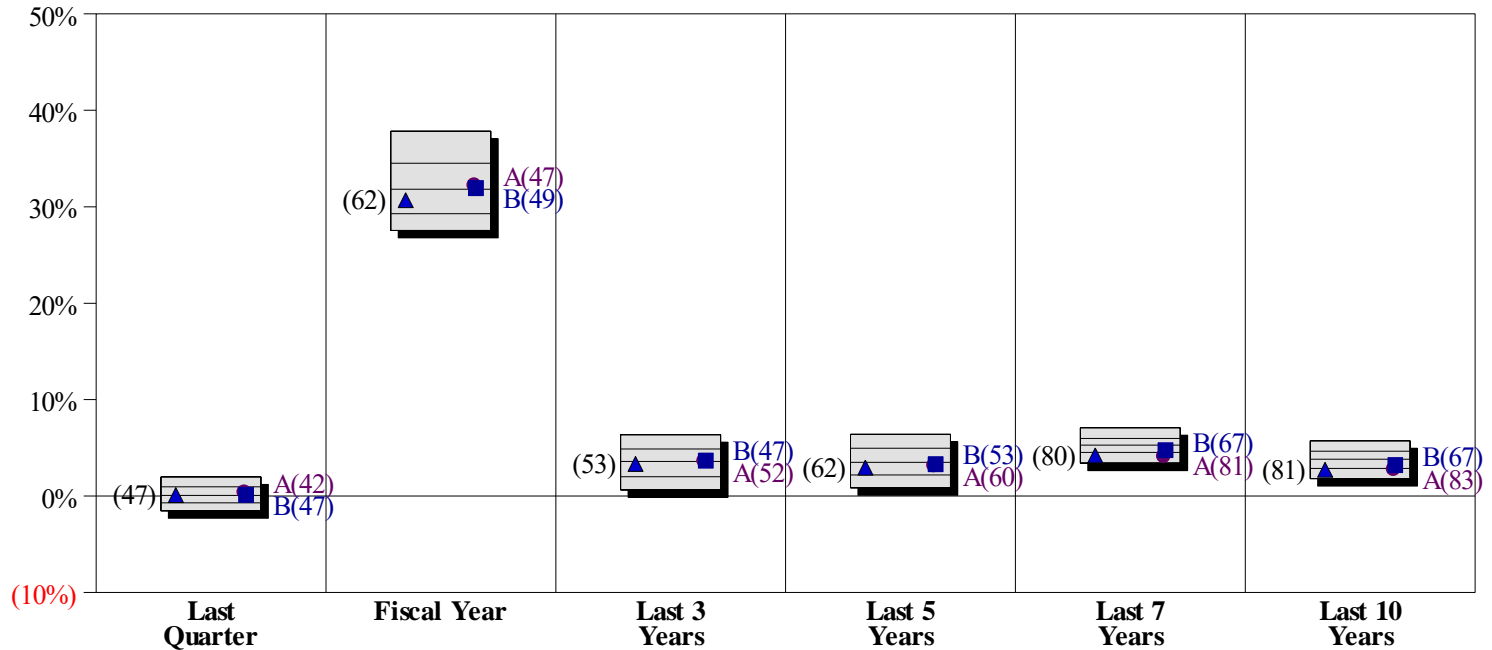


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	
10th Percentile	0.67	35.92	5.85	4.94	6.43	5.08	
25th Percentile	0.23	34.39	4.97	4.17	5.88	4.68	
Median	0.02	33.15	4.33	3.44	5.04	3.99	
75th Percentile	(0.12)	31.89	3.48	3.00	4.56	3.18	
90th Percentile	(0.48)	30.47	2.55	2.47	4.14	2.71	
Domestic Equity Pool Standard & Poor's 500	● A ■ B	0.13 0.10	33.37 30.69	4.10 3.34	3.22 2.94	4.24 4.22	2.83 2.72
Russell 3000 Index	▲	(0.03)	32.37	4.00	3.35	4.88	3.44



Large Cap Domestic Equity Pool

Performance vs CAI Large Capitalization Style (Gross)

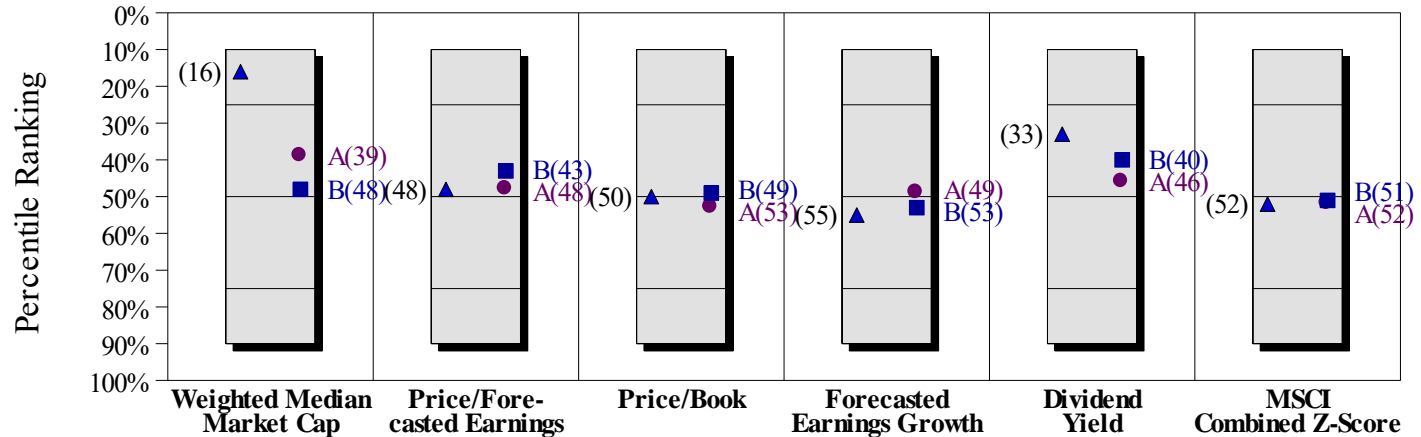


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	1.98	37.84	6.35	6.41	7.09	5.73
25th Percentile	0.94	34.52	4.89	4.95	5.99	4.64
Median	0.06	31.81	3.58	3.50	5.28	3.82
75th Percentile	(0.71)	29.27	2.01	2.18	4.53	2.87
90th Percentile	(1.53)	27.55	0.64	0.84	3.41	1.81
Large Cap Pool ● A	0.22	32.06	3.47	2.99	3.95	2.59
Russell 1000 ■ B	0.12	31.93	3.68	3.30	4.76	3.21
S&P 500 Index ▲	0.10	30.69	3.34	2.94	4.22	2.72



Large Cap Total Equity Characteristics

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Capitalization Style
as of June 30, 2011



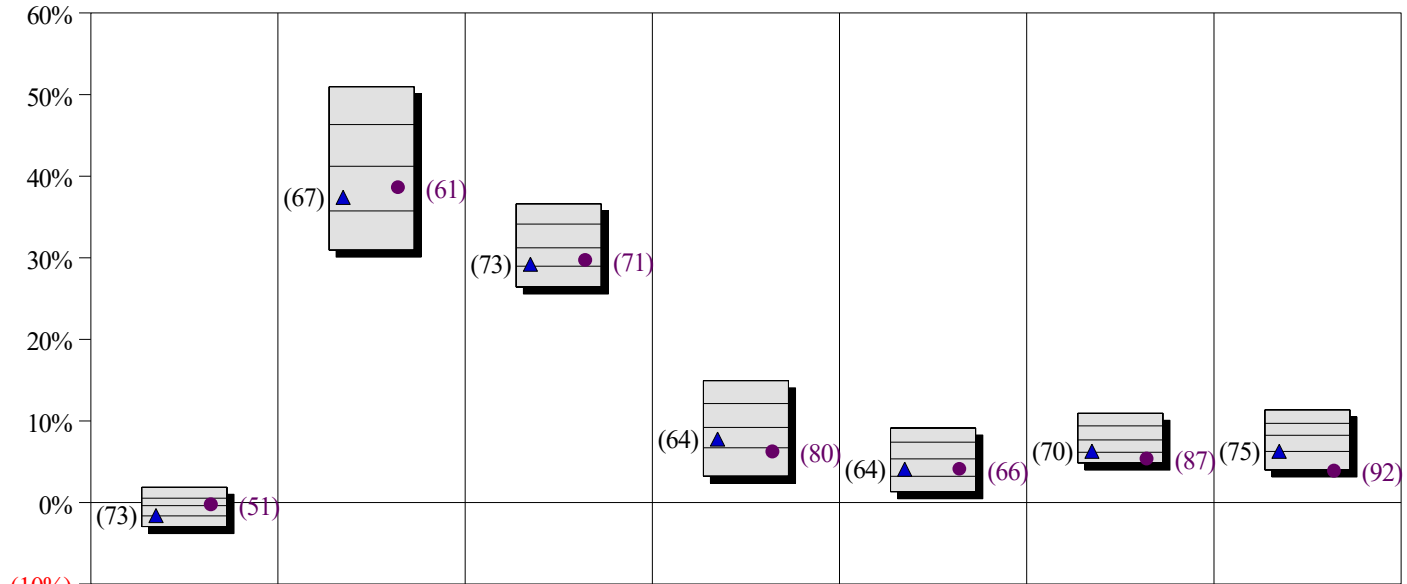
10th Percentile	57.00	16.47	3.92	16.48	2.48	1.28
25th Percentile	45.48	14.37	3.20	14.14	2.11	0.79
Median	34.74	12.34	2.18	11.43	1.71	0.01
75th Percentile	25.75	11.15	1.73	9.62	1.05	(0.52)
90th Percentile	19.49	10.54	1.54	8.86	0.80	(0.75)
Large Cap Pool	● A 38.78	12.44	2.14	11.54	1.80	(0.02)
Russell 1000	■ B 36.23	12.83	2.19	11.28	1.88	(0.00)
S&P 500 Index	▲ 49.71	12.43	2.18	11.12	1.99	(0.03)

- Total large cap pool does not exhibit either a value or growth bias.



Small Cap Pool

Performance vs CAI Small Capitalization Style (Gross)

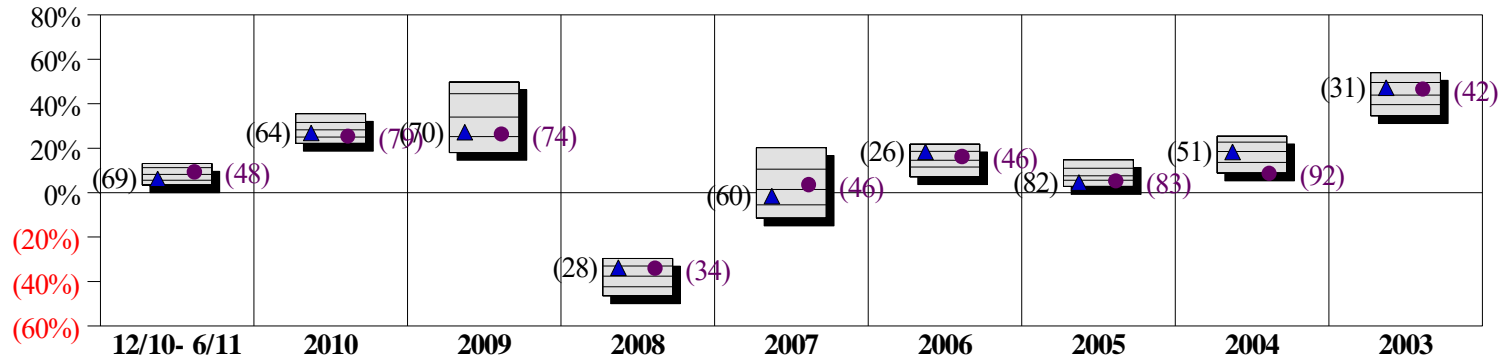


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	1.87	50.97	36.61	14.92	9.13	10.93	11.36
25th Percentile	0.53	46.33	34.11	12.12	7.39	9.39	9.70
Median	(0.39)	41.22	31.22	9.20	5.35	7.68	8.24
75th Percentile	(1.66)	35.73	28.95	6.72	3.21	6.16	6.25
90th Percentile	(2.95)	30.94	26.42	3.23	1.31	4.84	3.99
Small Cap Pool ●	(0.46)	38.40	29.47	5.98	3.88	5.14	3.65
Russell 2000 Index ▲	(1.61)	37.41	29.20	7.77	4.08	6.28	6.27



Small Cap Performance – calendar periods

Performance vs CAI Small Capitalization Style (Gross)

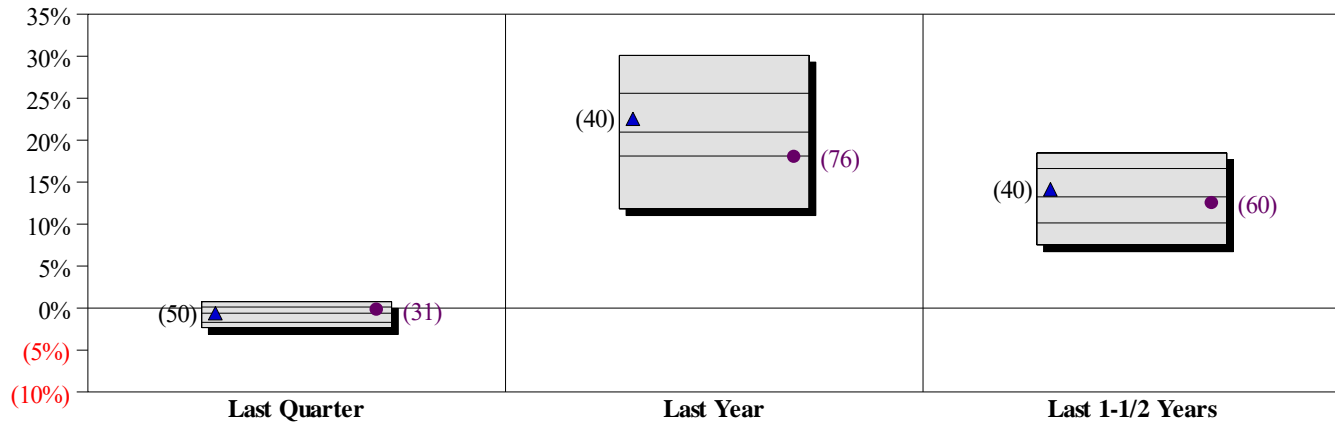


	12/10- 6/11	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	13.11	35.55	49.83	(29.58)	20.20	21.82	14.77	25.44	54.03
25th Percentile	11.22	31.53	44.57	(33.03)	10.55	18.62	10.97	22.73	49.55
Median	8.27	28.24	33.98	(37.57)	1.39	14.59	7.55	18.56	43.84
75th Percentile	5.57	24.99	25.24	(42.30)	(5.47)	11.58	5.55	13.61	39.60
90th Percentile	3.46	22.15	18.02	(46.48)	(11.43)	7.13	2.77	8.83	34.55
Small Cap Pool ●	8.36	24.35	25.40	(34.97)	2.53	15.24	4.28	7.65	45.62
Russell 2000 Index ▲	6.21	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25



Convertible Bond Portfolio

Performance vs CAI Convertible Bonds Database (Gross)



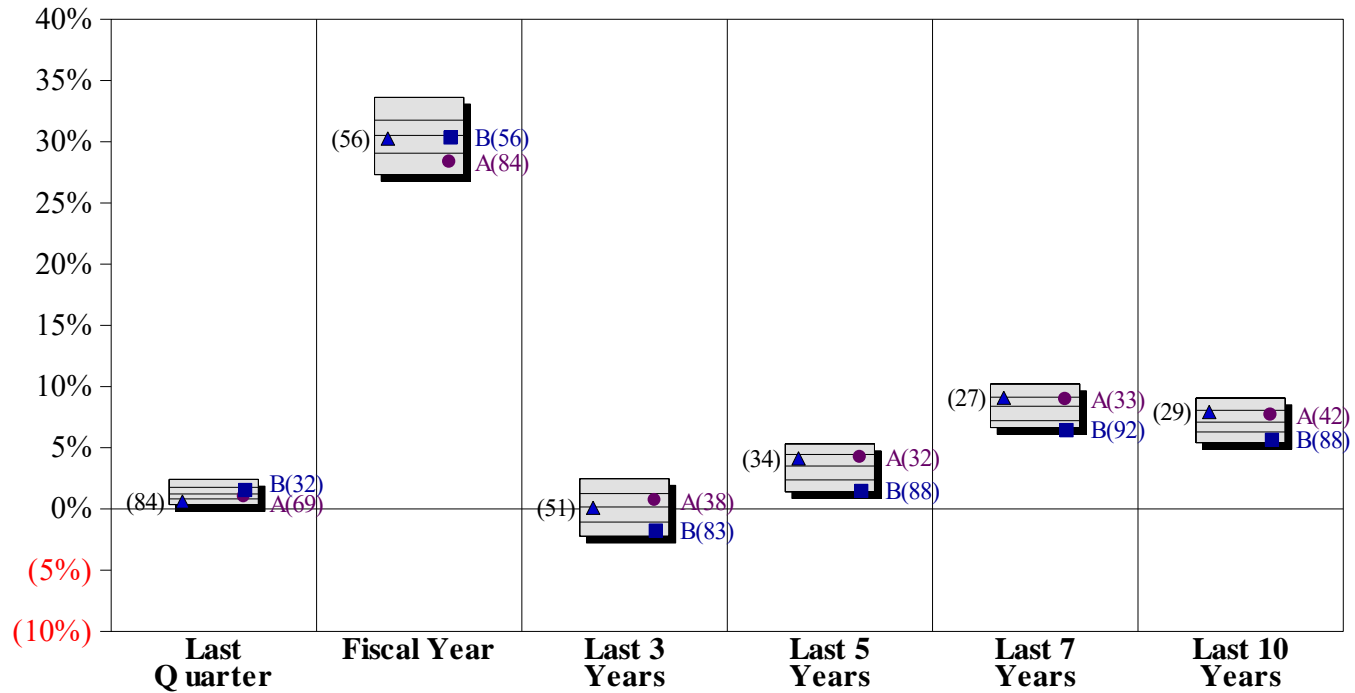
	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	0.76	30.10	18.49
25th Percentile	0.12	25.60	16.62
Median	(0.62)	20.96	13.24
75th Percentile	(1.70)	18.12	10.13
90th Percentile	(2.34)	11.83	7.52
Advent Capital ●	(0.36)	17.83	12.35
ML All Conv ▲	(0.62)	22.54	14.14

- 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)

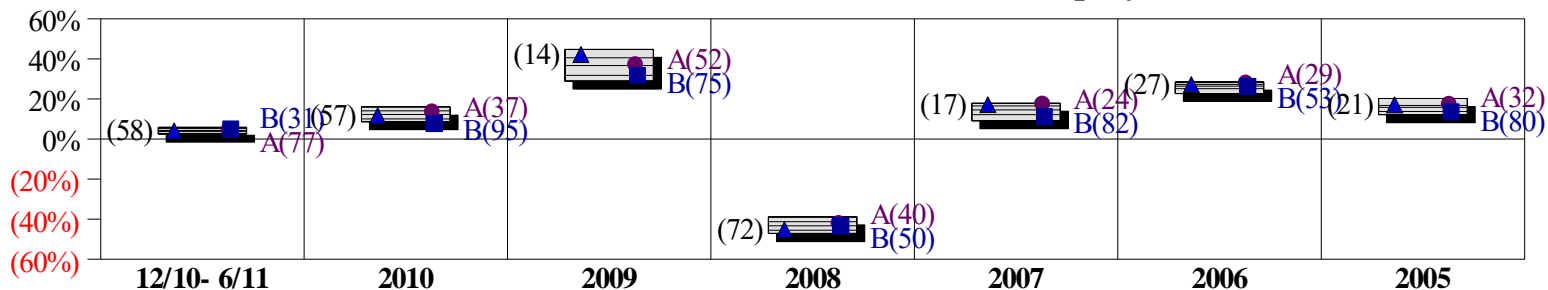


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	
10th Percentile	2.41	33.62	2.48	5.31	10.21	9.06	
25th Percentile	1.77	31.77	1.27	4.46	9.13	8.06	
Median	1.23	30.52	0.16	3.51	8.40	7.10	
75th Percentile	0.82	29.06	(1.07)	2.38	7.22	6.29	
90th Percentile	0.36	27.32	(2.23)	1.41	6.65	5.42	
Employees' Total Int'l Equity	● A	0.92	28.27	0.62	4.16	8.88	7.59
MSCI EAFE Index	■ B	1.56	30.36	(1.77)	1.48	6.44	5.66
MSCI ACWI ex-US Index	▲	0.61	30.27	0.11	4.14	9.09	7.92



International - Calendar Periods

Performance vs Public Fund - International Equity (Gross)



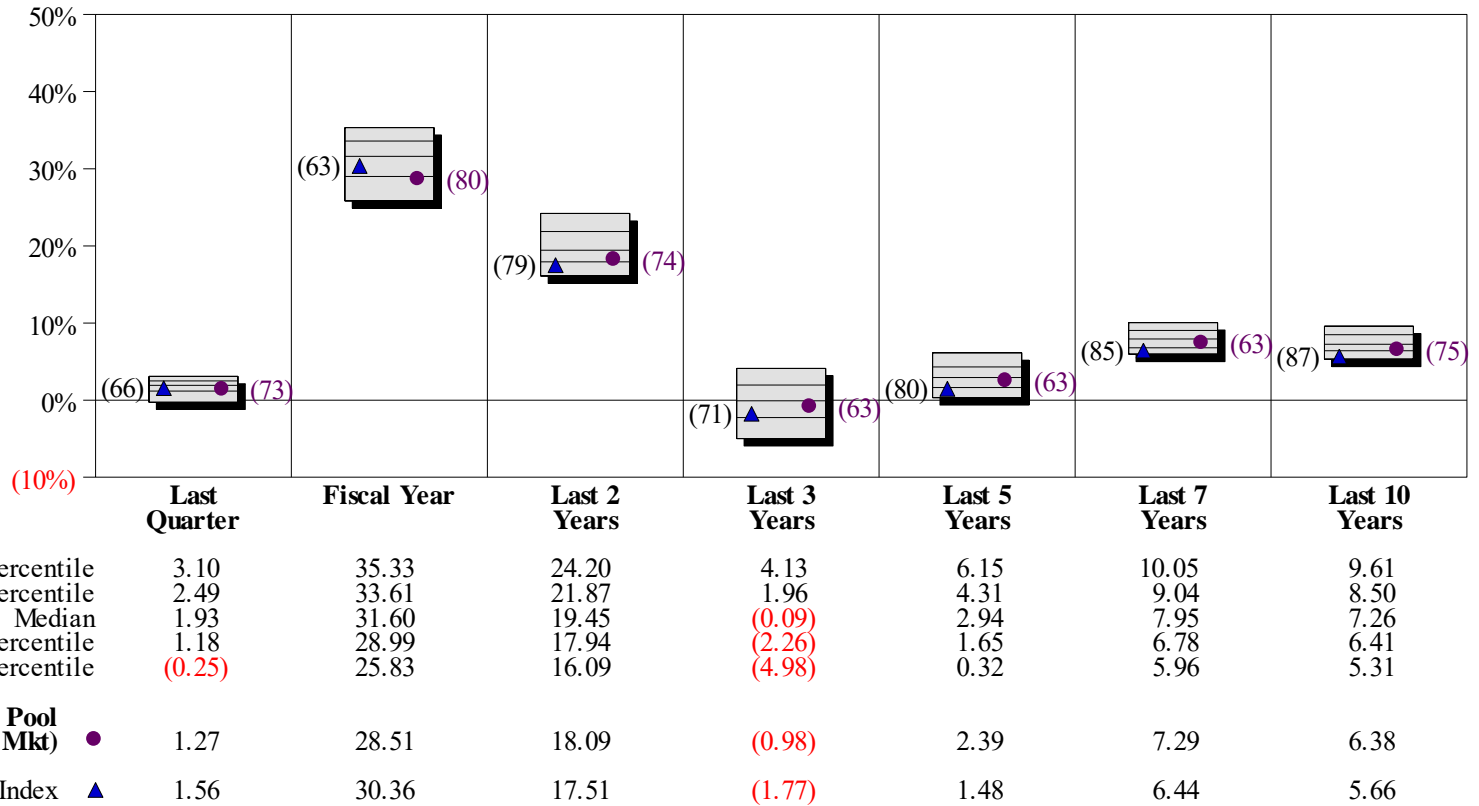
	12/10- 6/11	2010	2009	2008	2007	2006	2005
10th Percentile	5.89	16.00	44.73	(38.84)	17.89	28.48	20.22
25th Percentile	5.25	14.14	40.60	(41.28)	16.50	27.22	16.81
Median	4.27	12.21	36.65	(43.30)	14.59	26.44	15.89
75th Percentile	3.70	9.99	31.74	(45.51)	12.13	25.15	13.76
90th Percentile	2.49	8.66	28.92	(47.15)	9.11	22.70	12.19

	12/10- 6/11	2010	2009	2008	2007	2006	2005
Total International Equity	● A 3.63	12.70	36.35	(43.03)	16.61	27.06	16.53
MSCI EAFE Index	■ B 4.98	7.75	31.78	(43.38)	11.17	26.34	13.54
MSCI ACWI ex-US Index	▲ 4.11	11.60	42.14	(45.24)	17.12	27.16	17.11



International ex EM versus Managers

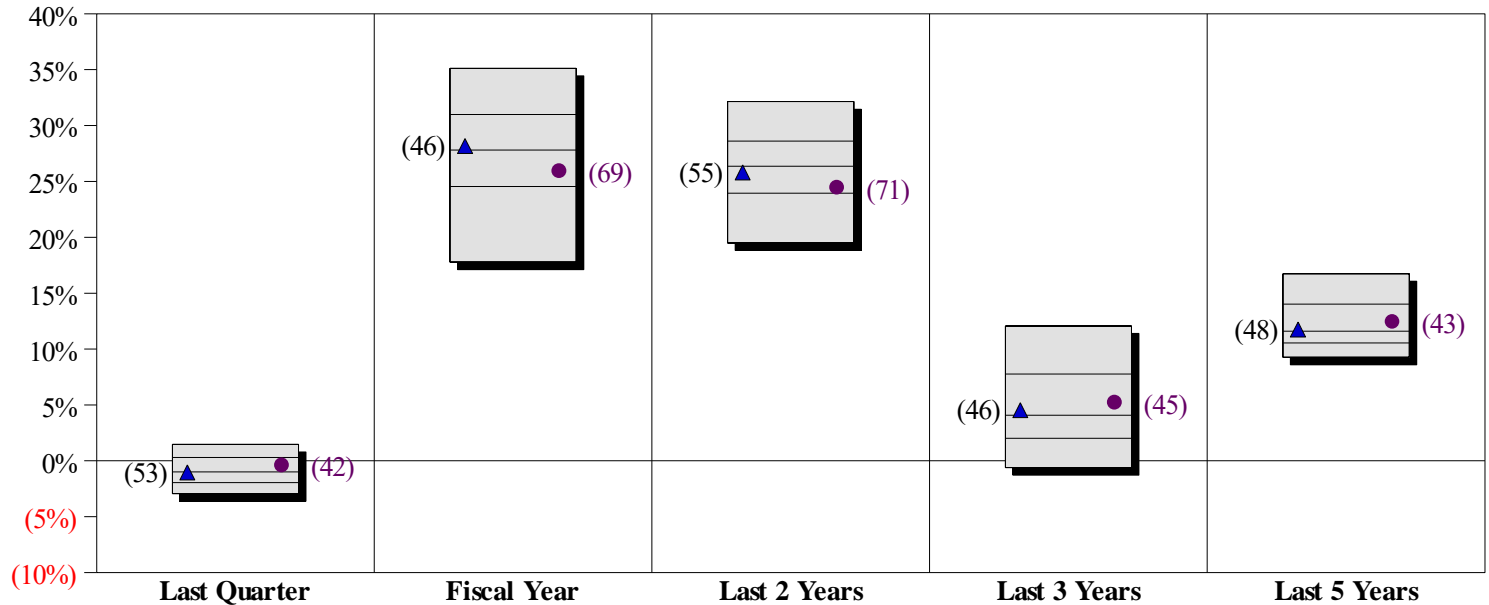
Performance vs CAI Non-U.S. Equity Style (Gross)





Emerging Markets Pool

Performance vs CAI Emerging Markets Equity DB (Gross)



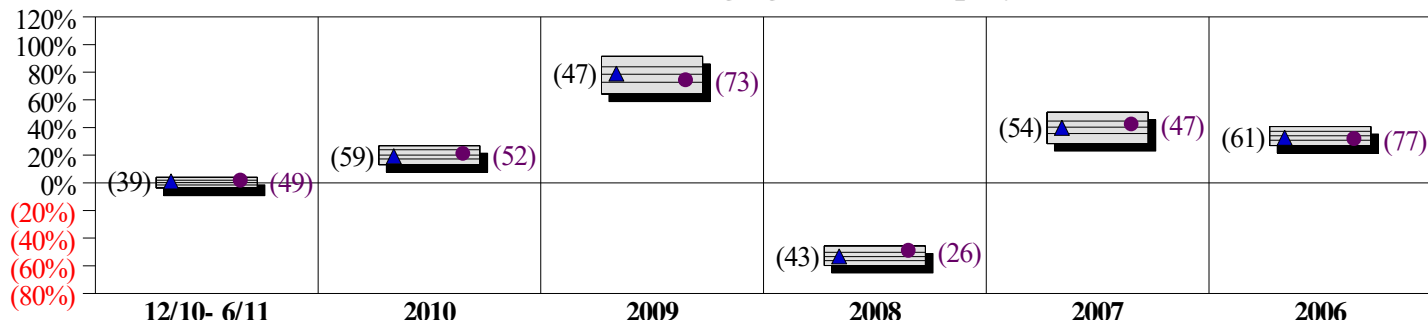
	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.47	35.11	32.14	12.07	16.74
25th Percentile	0.30	30.99	28.61	7.78	14.02
Median	(0.99)	27.81	26.36	4.09	11.60
75th Percentile	(1.95)	24.54	23.94	2.01	10.54
90th Percentile	(2.94)	17.78	19.50	(0.61)	9.27

Emerging Markets Pool ●	(0.55)	25.78	24.30	5.05	12.27
MSCI Emerging Mkts Idx ▲	(1.04)	28.17	25.80	4.53	11.75



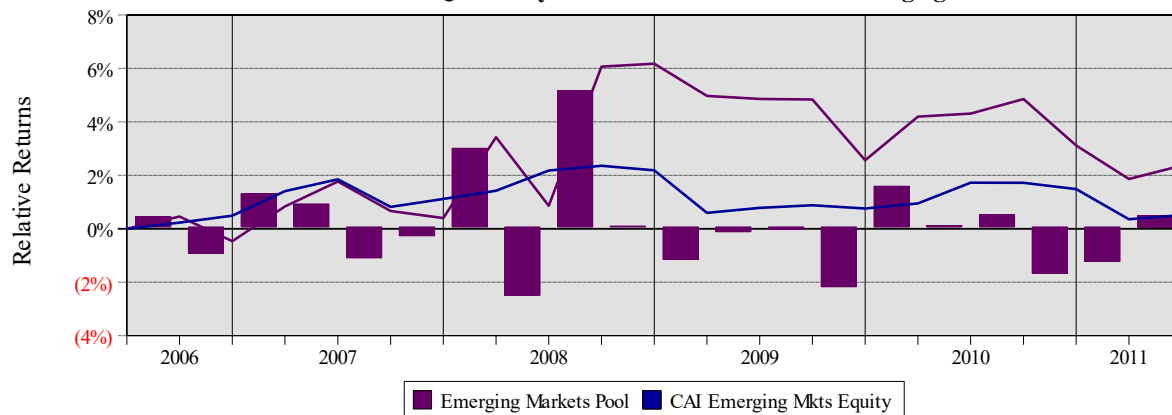
Emerging Markets Pool – Calendar Periods

Performance vs CAI Emerging Markets Equity DB (Gross)



10th Percentile	3.98	26.82	91.46	(45.62)	51.10	40.75
25th Percentile	1.84	23.92	83.92	(50.30)	44.64	37.25
Median	0.24	19.99	78.52	(53.37)	40.26	34.00
75th Percentile	(1.57)	17.27	72.71	(56.18)	35.71	30.78
90th Percentile	(3.76)	13.08	64.25	(59.73)	28.34	26.94
Emerging Markets Pool	0.30	19.83	72.93	(50.49)	40.99	30.55
MSCI Emerging Mkts Idx	1.03	19.20	79.02	(53.18)	39.78	32.59

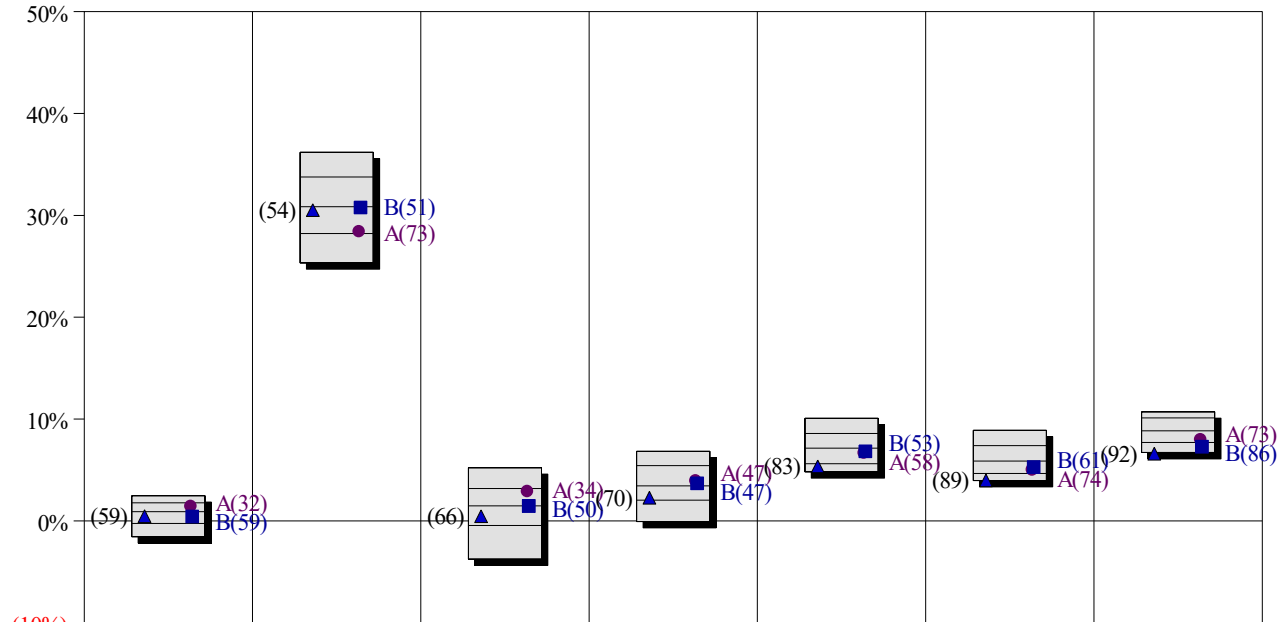
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx





Global (Lazard)

Performance vs CAI Global Equity Broad Style (Gross)



	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 18 Years
10th Percentile	2.48	36.19	5.23	6.83	10.07	8.90	10.71
25th Percentile	1.78	33.77	3.18	5.42	8.58	7.39	10.11
Median	0.92	30.85	1.48	3.45	7.15	5.88	8.85
75th Percentile	(0.25)	28.21	(0.44)	2.04	5.62	4.66	7.70
90th Percentile	(1.54)	25.34	(3.75)	(0.05)	4.82	3.97	6.72
Lazard Global	● A	28.26	2.77	3.79	6.54	4.87	7.85
MSCI ACWI Idx	■ B	30.77	1.47	3.70	6.83	5.30	7.29
MSCI World Index	▲	30.51	0.47	2.28	5.35	3.99	6.61



Real Assets Category

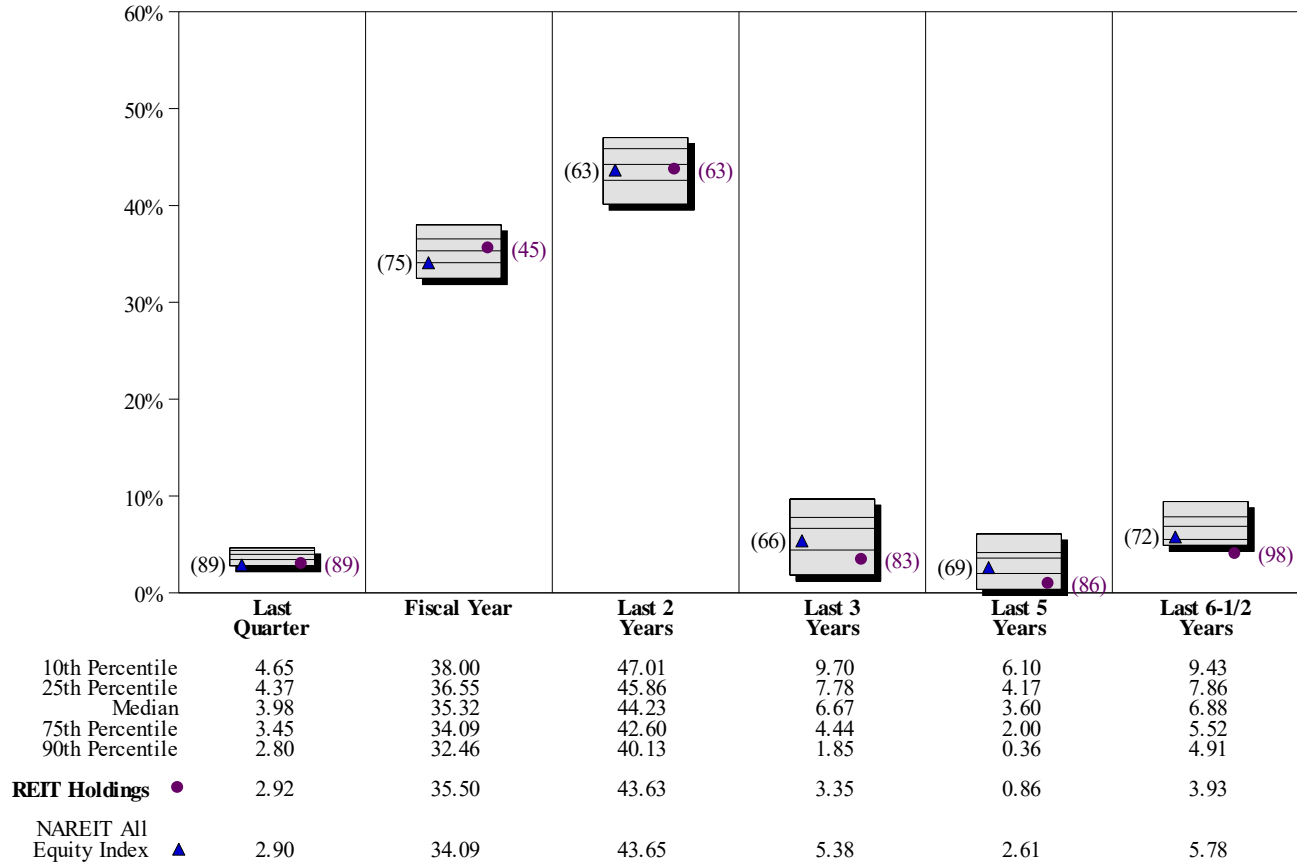
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Real Assets(Prelim)	5.31%	15.28%	(3.36%)	-
Real Assets Target (1)	3.31%	12.66%	0.55%	5.43%
Real Estate Pool(Prelim)	5.72%	21.41%	(8.43%)	(0.44%)
Real Estate Target (2)	3.84%	18.41%	(1.08%)	3.86%
Private Real Estate	6.10%	20.71%	(9.31%)	(0.73%)
NCREIF Total Index	3.94%	16.73%	(2.57%)	3.44%
REIT Internal Portfolio	2.92%	35.50%	3.35%	0.86%
NAREIT Equity Index	2.90%	34.09%	5.38%	2.61%
Total Farmland	0.98%	9.91%	7.08%	9.67%
UBS Agrivest	1.21%	10.99%	6.59%	9.93%
Hancock Agricultural	0.61%	8.23%	8.24%	9.78%
ARMB Farmland Target (3)	1.94%	10.21%	8.94%	12.05%
Total Timber	(0.64%)	4.61%	-	-
Timberland Investment Resources	(0.86%)	3.26%	-	-
Hancock Timber	(0.30%)	6.90%	-	-
NCREIF Timberland Index	0.66%	0.51%	0.02%	6.08%
TIPS Internal Portfolio	4.16%	8.06%	5.44%	-
BC US TIPS Index	3.66%	7.74%	5.28%	6.91%
Total Energy Funds *	(2.60%)	8.62%	5.63%	13.46%
CPI + 5%	2.39%	9.06%	6.12%	7.30%

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



REIT Portfolio – positive quarter & very strong trailing year

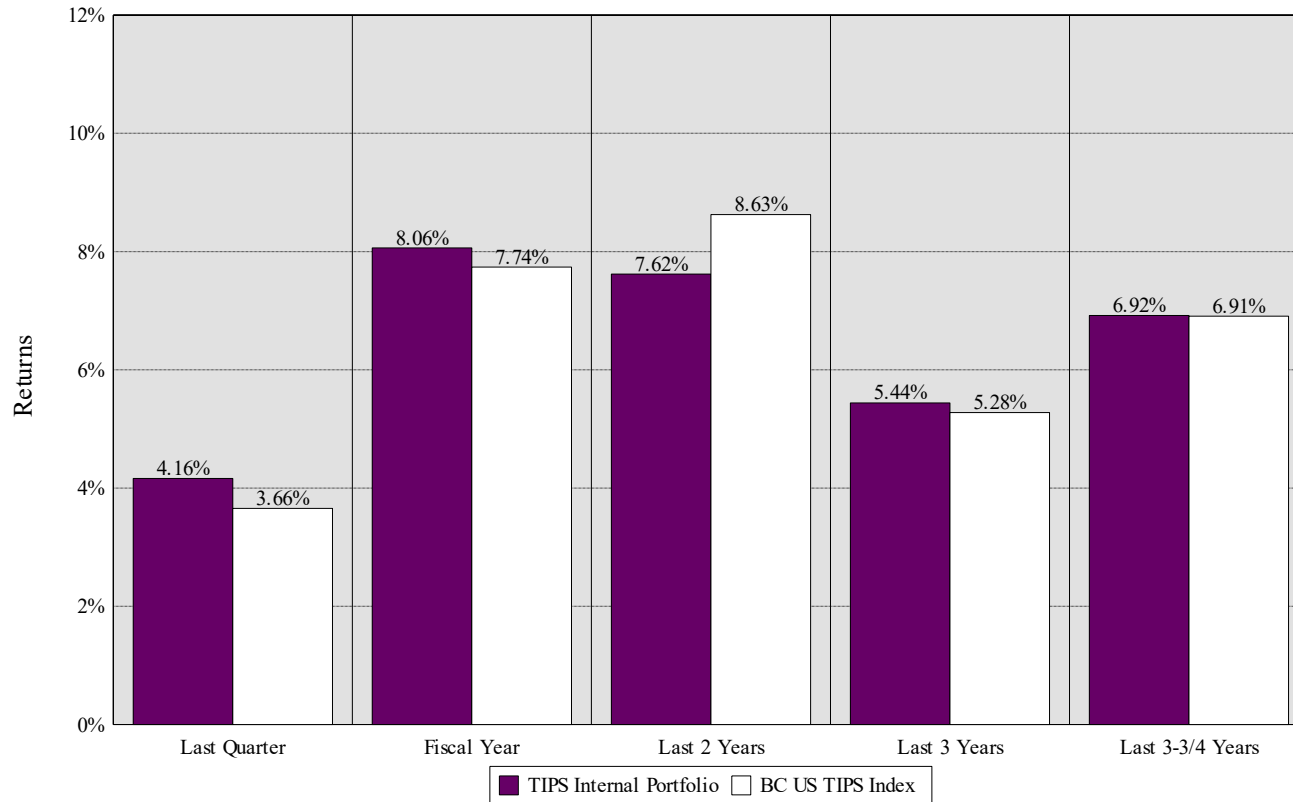
Performance vs CAI Real Estate-REIT DB (Gross)



- Excellent fiscal year to date performance.
- Portfolio increase during the current fiscal year was very timely.



Internally Managed TIPS Portfolio



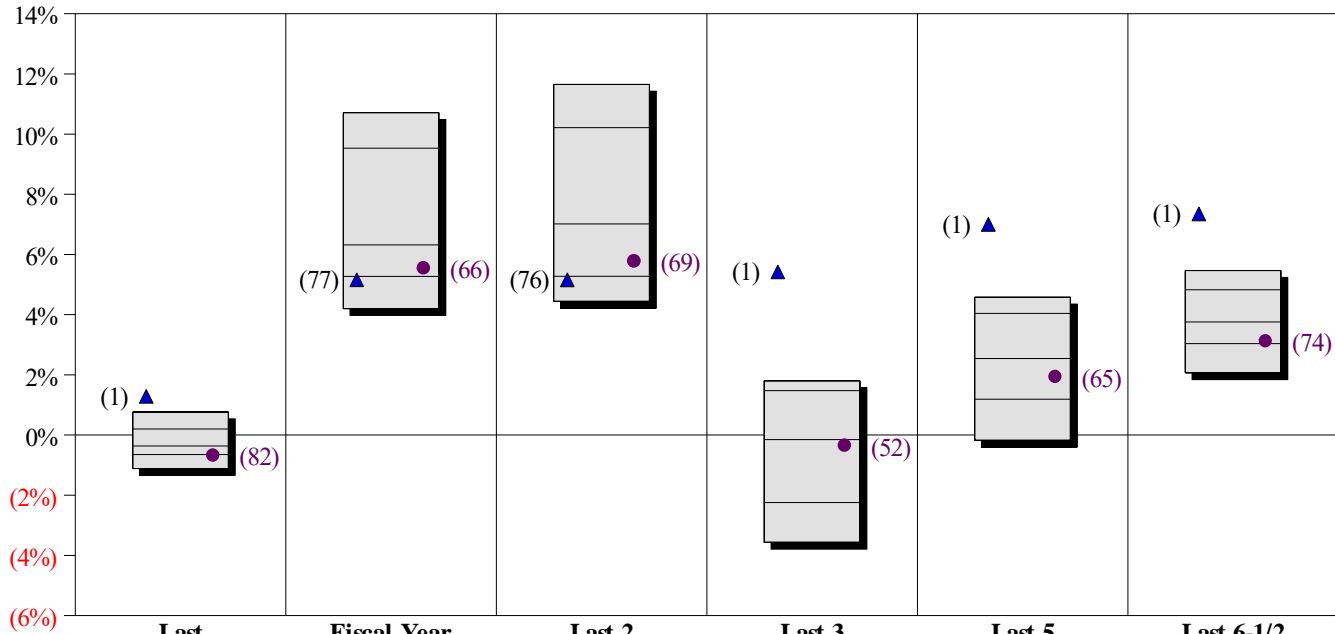
- Index performance at minimal cost.



Absolute Return Composite

Note – reflects June 30 values, while SS data used to calculate total fund is lagged 1-month

Performance vs Absolute Return Hedge FoFs Style (Net)



	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	0.77	10.71	11.65	1.80	4.58	5.47
25th Percentile	0.20	9.53	10.22	1.48	4.04	4.83
Median	(0.36)	6.32	7.02	(0.15)	2.54	3.76
75th Percentile	(0.65)	5.27	5.27	(2.24)	1.19	3.04
90th Percentile	(1.11)	4.20	4.45	(3.57)	(0.17)	2.07
Absolute Return Composite ●	(0.73)	5.50	5.72	(0.40)	1.88	3.07
T-Bills + 5% ▲	1.29	5.16	5.16	5.42	7.00	7.35



Summary Manager – Strong Relative Performance for both 1-year and 5-year (or since inception)

- **LC Domestic Equity**
 - Barrow Hanley, Quantitative, and Relational – Large Cap Value
 - McKinley & RCM – Large Cap Growth
- **SC Domestic Equity**
 - Jennison Associates
 - Luther King
- **International Fixed**
 - Mondrian
- **International Equity**
 - Capital Guardian good 5-year return, with a flat 1-year return relative to benchmark
 - Schroder & Mondrian – Intl SC – too early but both good through 3 quarters
- **Absolute Return**
 - Crestline has the strongest 1-year results but close to median for 5-years
 - PRISMA strong so far (through 5 quarters of performance)



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

■ Domestic Equity

- McKinley & RCM – Large Cap Growth – trail target for both time periods
- Lord Abbett SC Equity – good quarter could not save year; 5-year above 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 but registered a good quarter

■ 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 returns
- GAM – poor quarter pulled trailing 1-year return to 96th percentile



Summary

- **A slightly positive quarter but strong year despite numerous shocks (Japan, Mideast, debt “crises” in U.S. & Europe, etc.)**
- **Earnings growth will be harder to achieve & analysts may be overestimating pace.**
- **Fixed income spreads increased during the quarter. Still hard 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. Also increased interest in “low volatility” approaches.**
- **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)	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 CAI Mt Fd: Dom Bal Style Passive Target	\$1,090	13.4 98	6.0 12	5.8 11	5.6 20	7.5 99		0.2 3	0.7 99	0.5 1
		13.3 98	5.9 12	5.7 11	5.5 21	7.2 99				0.5 1
Long Term Balanced Fund CAI Mt Fd: Dom Bal Style Passive Target	\$382	20.4 65	5.3 22	5.0 21	5.4 23	12.5 84		0.0 20	0.7 99	0.2 20
		20.3 66	5.4 21	5.0 21	5.4 23	12.2 87				0.2 19
Target 2010 Fund CAI Tgt Date 2010 Custom Index	\$0	0.6 100	0.8 94	2.8 88	3.2 94	2.5 99		2.2 1	0.2 100	0.3 25
		0.6 100	0.4 94	2.4 97	2.9 97	2.5 99				0.2 61
Target 2010 Trust CAI Tgt Date 2010 Custom Index	\$8	18.3 41								
		18.6 36								
Target 2015 Trust CAI Tgt Date 2015 Custom Index	\$92	20.9 32	7.3 1	6.4 1	6.3 6	9.5 86		0.7 1	0.5 100	0.5 6
		21.3 31	7.0 1	6.1 1	6.1 8	9.7 86				0.4 6
Target 2020 Trust CAI Tgt Date 2020 Custom Index	\$42	23.3 28	4.6 20	4.4 28	5.6 12	14.7 78		0.3 9	0.6 100	0.2 25
		23.8 23	4.5 22	4.2 35	5.5 13	14.8 76				0.2 32
Target 2025 Trust CAI Tgt Date 2025 Custom Index	\$21	25.3 30	3.5 44	3.3 39		17.6 53		0.1 32	0.5 100	0.1 39
		25.9 17	3.4 47	3.2 39		17.7 53				0.1 39
Target 2030 Trust CAI Tgt Date 2030 Custom Index	\$10	27.2 25								
		27.6 19								
Target 2035 Trust CAI Tgt Date 2035 Custom Index	\$12	28.6 35								
		29.1 17								
Target 2040 Trust CAI Tgt Date 2040 Custom Index	\$12	28.6 42								
		29.1 26								
Target 2045 Trust CAI Tgt Date 2040 Custom Index	\$13	28.7 40								
		29.1 26								
Target 2050 Trust CAI Tgt Date 2050 Custom Index	\$16	28.7 64								
		29.1 49								
Target 2055 Trust CAI Tgt Date 2055 Custom Index	\$5	28.6 84								
		29.1 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



Passive Options (Gross & Net of Fee)

Investment Manager	Market Value (\$mm)	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Q 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) CAI Large Cap Core Style S&P 500 Index	\$233	30.7 67	3.4 55	3.0 77	4.3 89	19.6 42		0.6 11	0.1 100	0.1 77
		30.7 68	3.3 56	2.9 78	4.2 90	19.7 41				0.0 78
Russell 3000 Index (i) CAI Large Cap Style Russell 3000 Index	\$12	32.3 45								
		32.4 45	4.0 40	3.4 53	4.9 64	20.2 48				0.1 52
World Eq Ex-US Index (i) CAI Non-U.S. Equity Style MSCI ACWI x US (Net)	\$13	29.5 72								
		29.7 70	-0.3 53	3.7 37	8.6 32	25.2 26				0.1 39
Long US Treasury Bond Index (i) CAI Extended Mat FI Style BC Long Treas	\$9	-1.3 92								
		-1.1 92	5.9 92	7.3 89	6.5 85	12.9 11				0.4 92
US Treasury Infl Prtcd SEC (i) CAI Real Return BC US TIPS Index	\$16	7.5 48								
		7.7 21	5.3 66	6.9 67	6.0 74	5.5 29				0.9 75
World Gov't Bond Ex-US Indx (i) CAI Non-U.S. F-I Style Citi WGBI Non-US Idx	\$6	13.9 81								
		13.9 80	6.2 88	7.8 71	6.6 73	10.3 46				0.6 76
US Real Estate Invmnt Trust (i) CAI Real Estate-REIT DB US Select REIT Index	\$24	34.5 73								
		34.9 57	4.7 70	1.7 81	8.6 78	35.2 16				-0.0 81

Investment Manager	Market Value (\$mm)	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Q quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
Index Funds (Net of Fee)										
BlackRock Govt/Credit Bond Fund (i) CAI Core Bond Mut Fds BC Govt/Credit Bd	\$50	3.5 81	5.8 74	6.2 48	5.2 50	4.7 49		-0.9 98	0.2 100	0.9 66
		3.7 80	6.2 48	6.3 45	5.3 48	4.6 52				0.9 64
Intermediate Bond Fund (i) CAI Intermediate F-I Mut BC Gov Inter	\$13	2.5 64	4.8 76	5.8 53	4.7 48	4.2 23		-0.1 72	0.2 99	0.9 74
		2.7 57	4.9 75	5.9 49	4.8 46	4.1 26				0.9 66

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

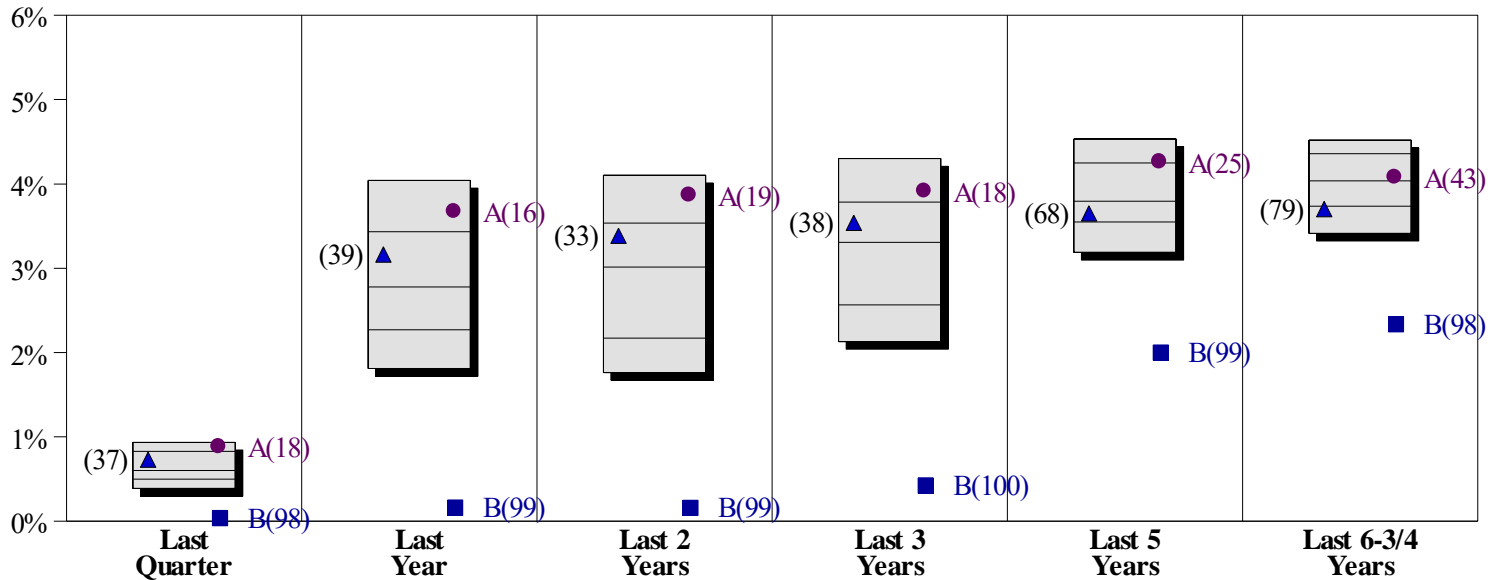


Supplement Exhibits



SBS Stable Value Option (\$295 million)

Performance vs CAI Stable Value Database (Gross)



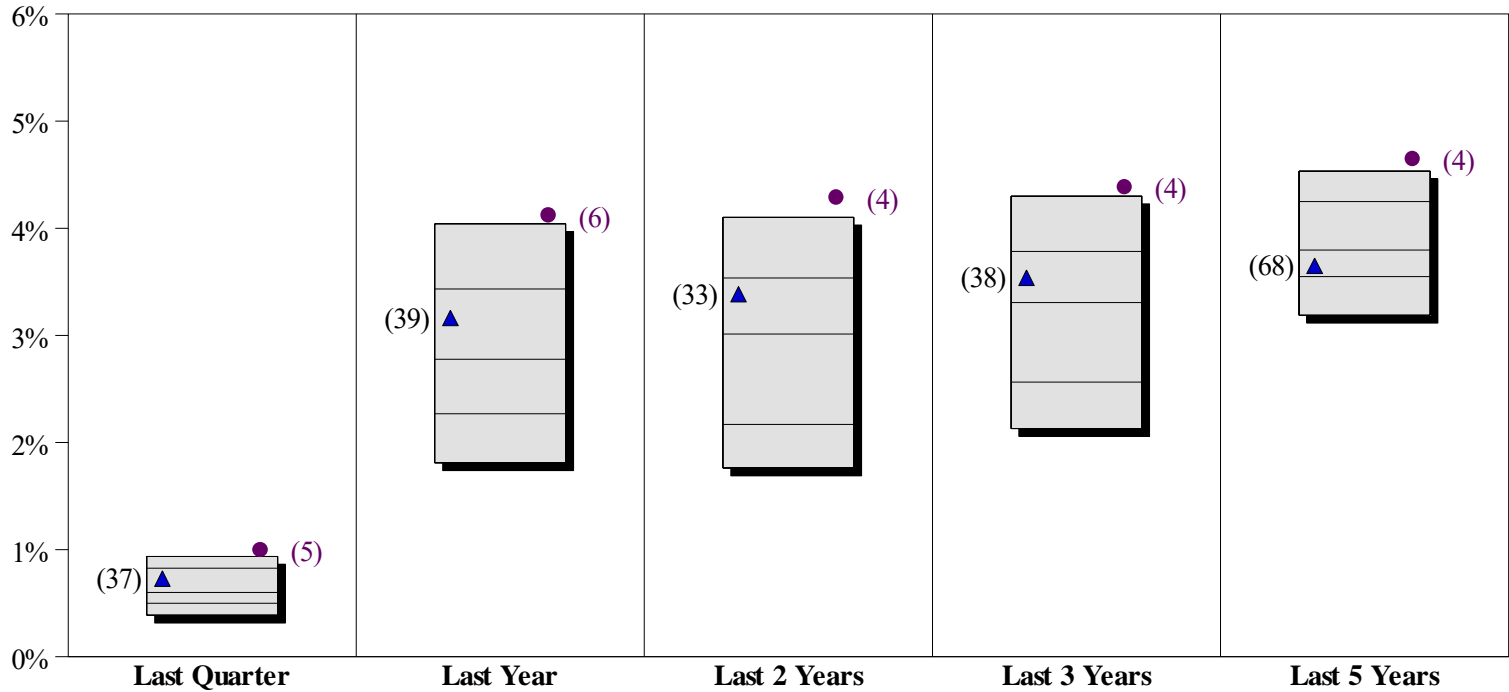
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	0.94	4.04	4.10	4.30	4.53	4.52
25th Percentile	0.83	3.43	3.54	3.78	4.25	4.36
Median	0.60	2.78	3.01	3.31	3.80	4.04
75th Percentile	0.50	2.27	2.17	2.57	3.55	3.74
90th Percentile	0.39	1.81	1.76	2.13	3.19	3.41

		Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-3/4 Years
T. Rowe Price Stable Value Fund	● A	0.87	3.66	3.85	3.90	4.25	4.07
3-month Treasury Bill	■ B	0.04	0.16	0.16	0.42	2.00	2.33
5 Yr US Treas Rolling	▲	0.73	3.16	3.38	3.54	3.65	3.70



Deferred Compensation Plan – Interest Income (\$168 million)

Performance vs CAI Stable Value Database (Gross)

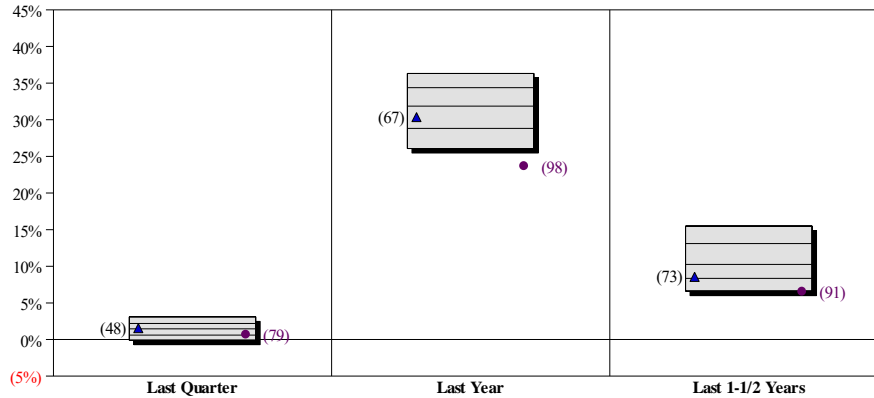


10th Percentile	0.94	4.04	4.10	4.30	4.53
25th Percentile	0.83	3.43	3.54	3.78	4.25
Median	0.60	2.78	3.01	3.31	3.80
75th Percentile	0.50	2.27	2.17	2.57	3.55
90th Percentile	0.39	1.81	1.76	2.13	3.19
Interest Income Fund ●	0.98	4.11	4.27	4.37	4.63
5 Yr US Treas Rolling ▲	0.73	3.16	3.38	3.54	3.65



SBS Active Options

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



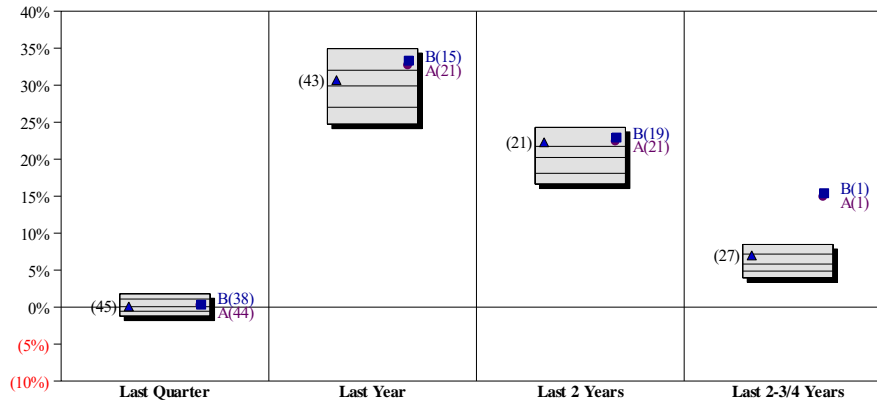
10th Percentile
25th Percentile
Median
75th Percentile
90th Percentile

Brandes Int'l Fund ●
MSCI EAFE Index ▲

Last Quarter Last Year Last 1-1/2 Years

Brandes
International Equity

Performance vs CAI MF - Core Equity Style (Net)



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

RCM - Net ● A
RCM - Gross ■ B
S&P 500 Index ▲

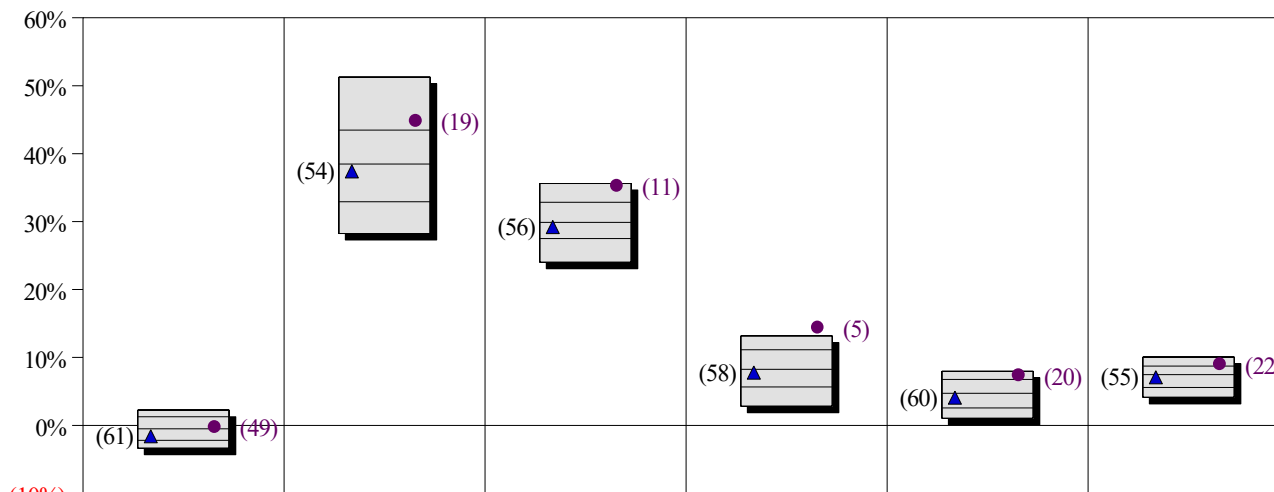
Last Quarter Last Year Last 2 Years Last 2-3/4 Years

RCM – Socially Responsible
Large Cap Domestic Equity



T. Rowe Price Small Cap Equity

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



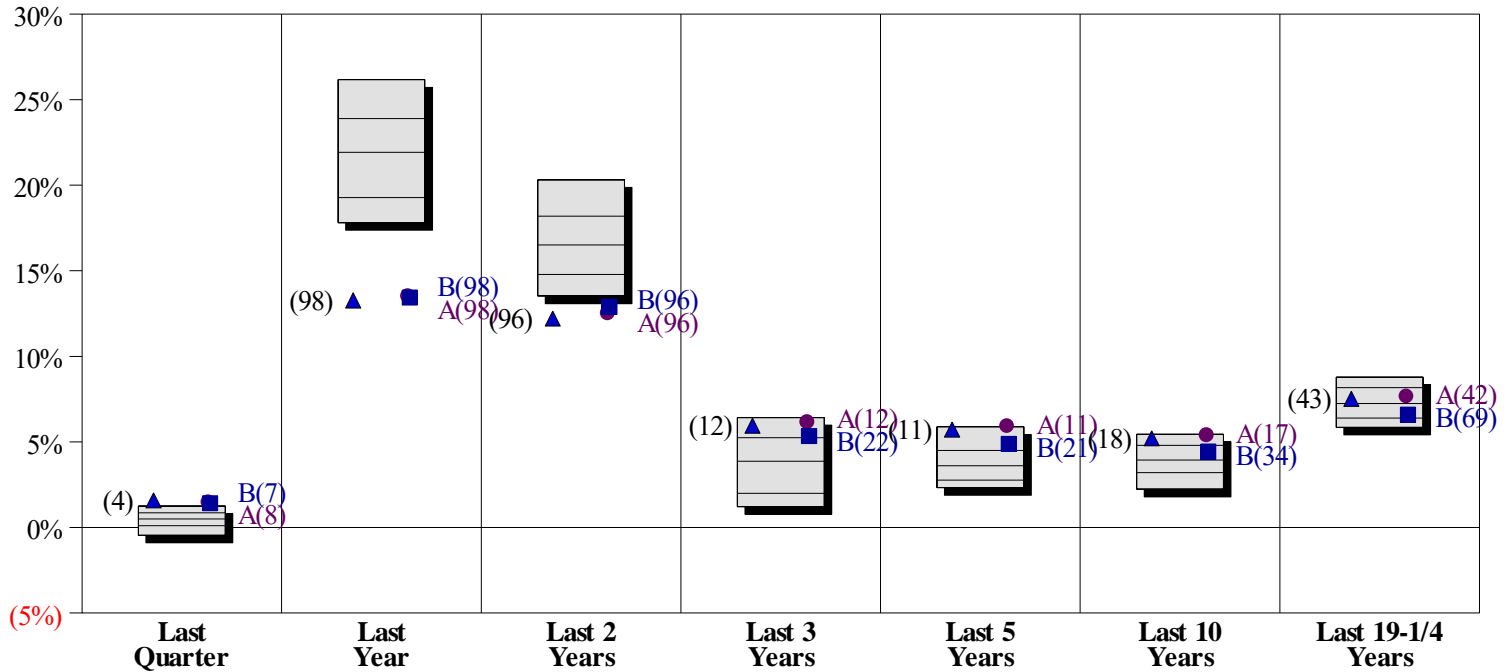
(10%)

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/2 Years
10th Percentile	2.24	51.26	35.62	13.17	7.97	10.05
25th Percentile	1.27	43.45	32.84	11.12	6.77	8.73
Median	(0.51)	38.46	29.88	8.25	4.73	7.48
75th Percentile	(2.21)	32.91	27.50	5.67	2.56	5.58
90th Percentile	(3.37)	28.26	24.01	2.81	1.06	4.12
T. Rowe Price Small-Cap Stock Trust ●	(0.44)	44.62	35.08	14.20	7.17	8.80
Russell 2000 Index ▲	(1.61)	37.41	29.20	7.77	4.08	7.08



Balanced - \$1.09 Billion

Performance vs CAI MF - Domestic Balanced Style (Net)



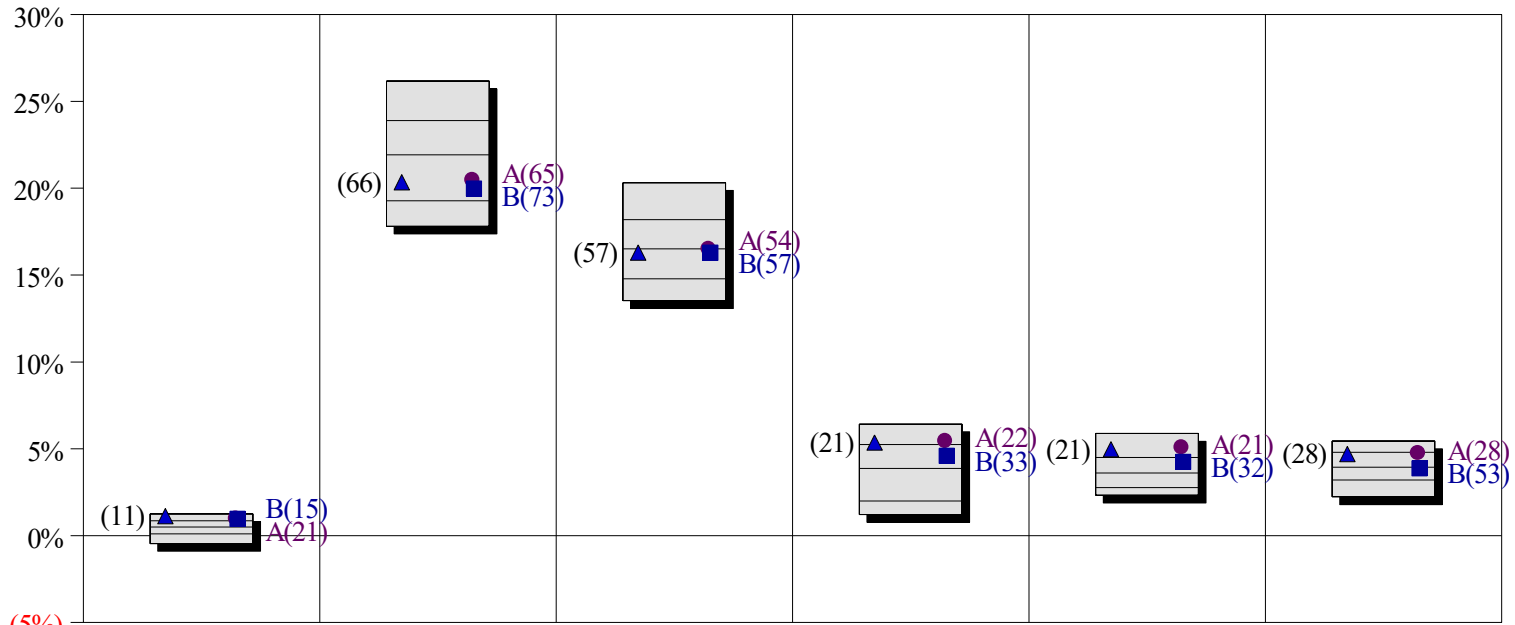
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 19-1/4 Years
10th Percentile	1.24	26.17	20.31	6.42	5.88	5.44	8.78
25th Percentile	0.85	23.90	18.19	5.25	4.50	4.80	8.17
Median	0.50	21.93	16.51	3.87	3.60	3.94	7.23
75th Percentile	0.09	19.28	14.79	1.99	2.77	3.20	6.40
90th Percentile	(0.46)	17.81	13.53	1.21	2.32	2.23	5.85

	Alaska	Balanced Fund	Active Target	Passive Target
● A	1.38	13.41	12.41	6.05
■ B	1.42	13.44	12.90	5.34
▲	1.58	13.27	12.21	5.95
				5.72
				5.21
				7.57
				6.59



Long-Term Balanced - \$382 million

Performance vs CAI MF - Domestic Balanced Style (Net)



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.24	26.17	20.31	6.42	5.88	5.44
25th Percentile	0.85	23.90	18.19	5.25	4.50	4.80
Median	0.50	21.93	16.51	3.87	3.60	3.94
75th Percentile	0.09	19.28	14.79	1.99	2.77	3.20
90th Percentile	(0.46)	17.81	13.53	1.21	2.32	2.23

	● A	■ B	▲
Long Term Balanced Fund	0.89	20.38	16.42
Active Target	0.97	19.98	16.28
Passive Target	1.12	20.35	16.30



Subsequent Market Results QTD and YTD Through 8/29/11

Barclays Index Data

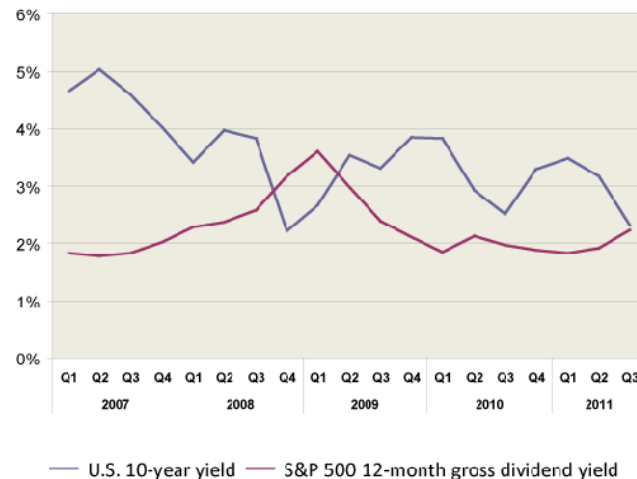
Index	QTD	YTD
Barclays Aggregate	2.75%	5.55%
US Treasury	4.44%	6.76%
1-3 Year Treasury	0.62%	1.47%
7-10 Year Treasury	7.61%	11.46%
US Credit	2.16%	5.65%
High Yield	-3.84%	0.95%

Stock & Commodity Returns

Index	QTD	YTD
S&P 500	-8.06%	-2.52%
Russell 2000	-12.28%	-6.84%
MSCI EAFE	-12.89%	-8.56%
MSCI Emerging Markets	-11.76%	-14.13%
Dow Jones UBS Commodity Index*	-2.62%	-3.14%

* DJ UBS Commodity Index is through 8/11/11

S&P 500 dividend yield vs. 10-year U.S. Treasury yield



Source: Bloomberg LP

Plonline.com



Market Performance after sharp drops

EXHIBIT 1: MARKETS USUALLY REBOUND AFTER WATERFALL DECLINES



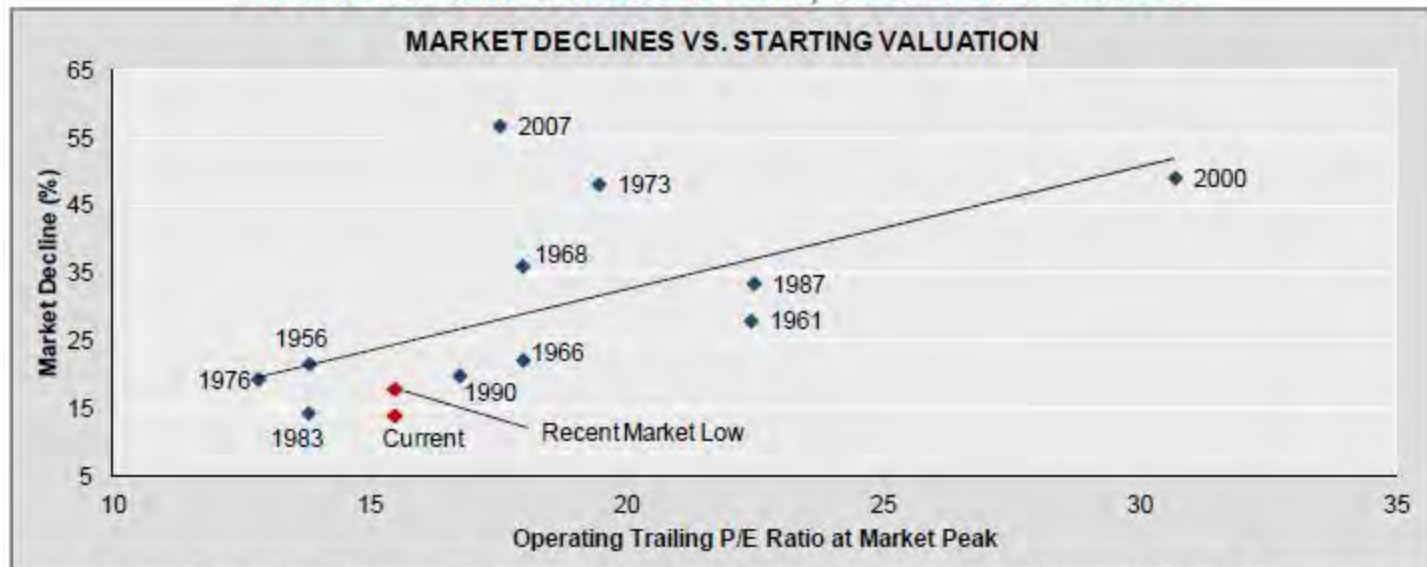
Source: Bloomberg, Northern Trust Global Investments. Observation period: 1/1/1928 – 8/11/2011.

Chart Concept: Ned Davis Research.

Reproduced from Northern Trust Company



EXHIBIT 2: LOWER VALUATIONS, SMALLER DECLINES



Source: Federal Reserve, U.S. Treasury, Bloomberg, Northern Trust Global Investments. Data as of 8/11/2011.
 Chart Concept: BCA Research. Current is as of 8/11/2011; "Recent Market Low" is as of 8/8/2011.

EXHIBIT 3: FINANCIAL SYSTEM MUCH STRONGER THAN 2008 AND 2009

U.S. FINANCIAL MARKET STRESS INDICATORS						
Market Indicator		Current	3/2/2009	+/-	10/6/2008	+/-
Money Market Indicators	3 Month TED Spread	0.27	1.03	+	3.82	+
	Libor-Overnight Index Swaps Spread	0.19	1.02	+	2.88	+
	Commercial Paper/T-bill Spread	0.22	0.35	+	3.56	+
Bond Market Indicators	Investment Grade Option Adj. Spreads	1.73	4.57	+	4.14	+
	High Yield Option Adj. Spreads	7.25	15.81	+	11.99	+
	Municipal Bond/Treasury Spread	0.40	0.58	+	1.00	+
Stock Market Indicators	S&P 500 Index (3 Month Price Return)	-12.6	-19.5	+	-15.6	+
	KBW Bank Index (3 Month Price Return)	-23.7	-49.7	+	15.6	-
	S&P 500 Volatility Index	39.0	52.7	+	52.1	+

"+/-" columns indicate whether current environment is more (+) or less (-) healthy.
 Source: Bloomberg, Northern Trust Global Investments. Data as of 8/11/2011.

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

**State of Alaska
Deferred Compensation Plan
June 30, 2011**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2011 by Callan Associates Inc.



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The Deferred Compensation Plan is comprised of several different Barclays Global Investors Funds (28.7 %), an RCM Socially Responsible Fund (1.8%), a T. Rowe Price Small Cap Fund (12.4%), a Brandes Instl International Equity Fund (7.4%), a T Rowe Price Long Term Balanced Fund and Target Date Funds (9.0%) the Interest Income Fund (28.1%) and SSgA Funds (12.6%).

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

Second quarter of 2011 performance is shown below.

	<i>Market Value</i>	<i>Annualized Gross Underlying Asset Crediting Rate</i>	<i>Performance</i>
BC Intermediate Aggregate	\$167.7 mil	3.948%	2.13%

Investment Fund Balances

The table below compares the fund's investment fund balances as of June 30, 2011 with that of March 31, 2011.

Asset Distribution Across Investment Funds

	June 30, 2011		March 31, 2011	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Fund	5,649,853	0.95%	4,956,880	0.84%
Long Term Balanced Fund	35,286,508	5.91%	34,166,445	5.79%
Target 2010 Trust	1,482,625	0.25%	1,556,078	0.26%
Target 2015 Trust	3,616,585	0.61%	3,228,340	0.55%
Target 2020 Trust	2,881,255	0.48%	2,207,120	0.37%
Target 2025 Trust	1,428,383	0.24%	1,290,069	0.22%
Target 2030 Trust	835,354	0.14%	814,143	0.14%
Target 2035 Trust	923,909	0.15%	805,709	0.14%
Target 2040 Trust	451,334	0.08%	333,968	0.06%
Target 2045 Trust	119,175	0.02%	161,490	0.03%
Target 2050 Trust	257,943	0.04%	276,141	0.05%
Target 2055 Trust	827,790	0.14%	818,580	0.14%
Domestic Equity Funds				
Large Cap Equity	124,462,111	20.86%	127,275,324	21.57%
RCM Socially Responsible	10,928,716	1.83%	11,380,202	1.93%
Russell 3000 Index	4,950,099	0.83%	5,261,212	0.89%
Small Cap Equity	73,887,981	12.38%	74,354,682	12.60%
International Equity Funds				
International Equity Fd	43,971,475	7.37%	44,594,591	7.56%
World Eq Ex-US Index	4,868,004	0.82%	4,627,954	0.78%
Fixed-Income Funds				
Govt/Credit Fd	30,842,619	5.17%	29,773,000	5.05%
Intermediate Bond Fund	15,904,099	2.67%	16,215,074	2.75%
Long US Treasury Bond	2,968,966	0.50%	1,837,385	0.31%
US TIPS	7,311,029	1.23%	6,558,620	1.11%
World Gov't Bond Ex-US	2,053,736	0.34%	1,468,810	0.25%
Global Balanced Funds				
SSgA Global Balanced	38,261,630	6.41%	38,196,681	6.47%
Real Estate Funds				
US REITS	8,053,409	1.35%	7,227,893	1.22%
Short Term Funds				
Interest Income Fund	167,709,168	28.11%	164,337,328	27.85%
SSgA Inst Trsry MM	6,755,991	1.13%	6,346,489	1.08%
Total Fund	\$596,689,747	100.0%	\$590,070,208	100.0%

INTEREST INCOME FUND PERIOD ENDED JUNE 30, 2011



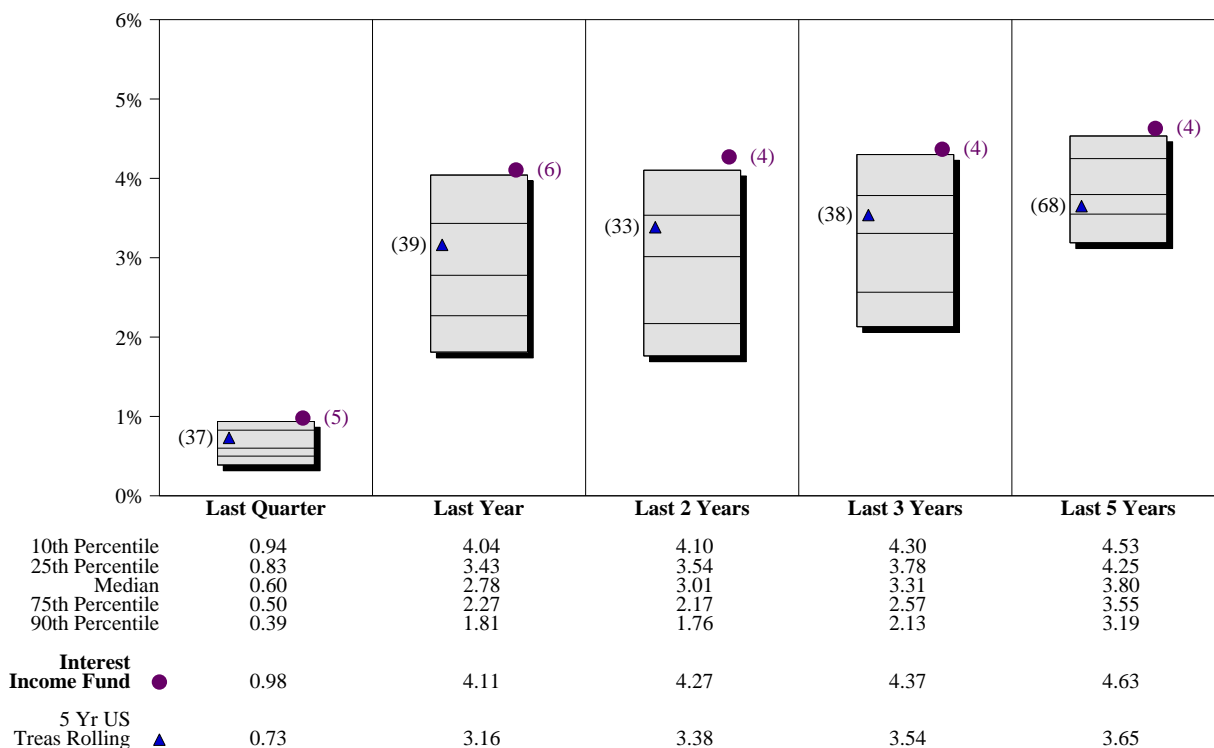
Investment Philosophy

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.

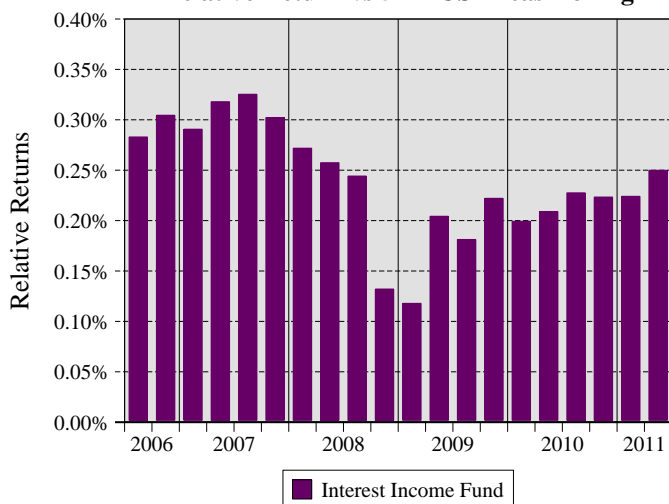
Quarterly Summary and Highlights

- Interest Income Fund's portfolio posted a 0.98% return for the quarter placing it in the 5 percentile of the CAI Stable Value Database group for the quarter and in the 6 percentile for the last year.
- Interest Income Fund's portfolio outperformed the 5 Yr US Treas Rolling by 0.25% for the quarter and outperformed the 5 Yr US Treas Rolling for the year by 0.94%.

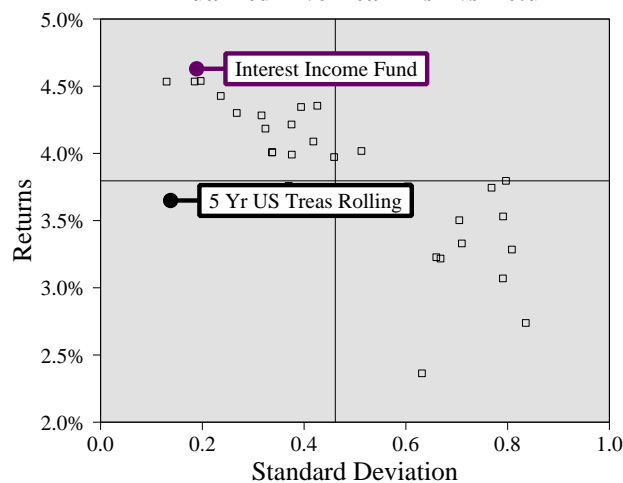
Performance vs CAI Stable Value Database (Gross)



Relative Return vs 5 Yr US Treas Rolling



CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return



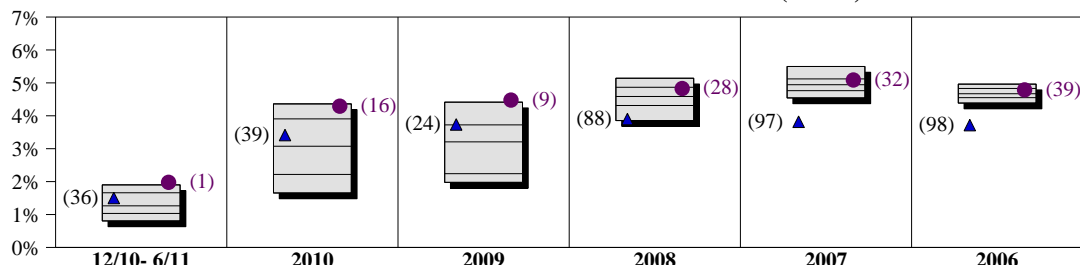


INTEREST INCOME FUND RETURN ANALYSIS SUMMARY

Return Analysis

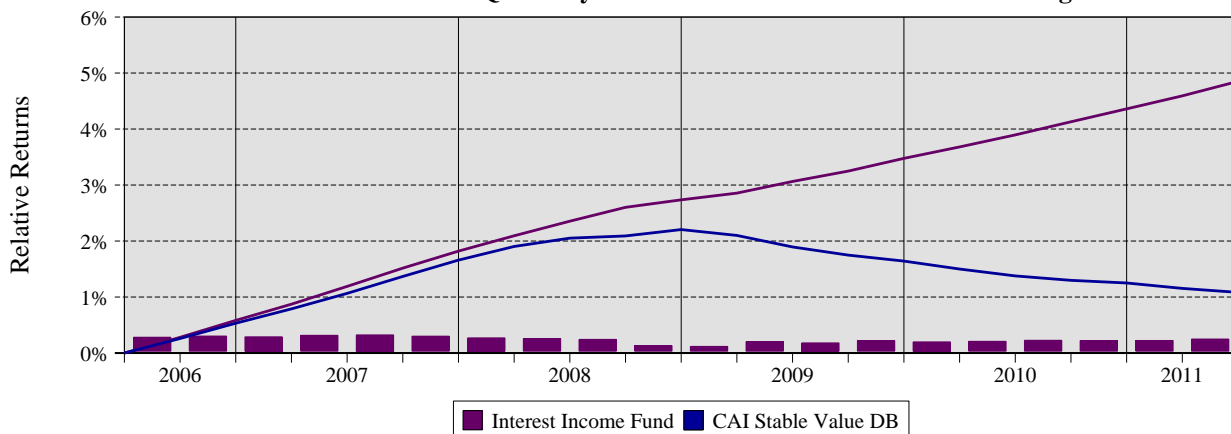
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

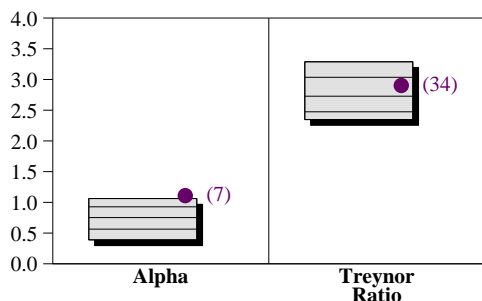


10th Percentile	1.90	4.36	4.41	5.14	5.50	4.96
25th Percentile	1.66	3.91	3.72	4.87	5.12	4.83
Median	1.26	3.07	3.21	4.59	4.94	4.67
75th Percentile	1.03	2.22	2.24	4.31	4.76	4.55
90th Percentile	0.81	1.65	1.98	3.85	4.54	4.39
Interest Income Fund ●	1.98	4.29	4.48	4.83	5.09	4.79
5 Yr US Treas Rolling ▲	1.50	3.41	3.74	3.90	3.82	3.72

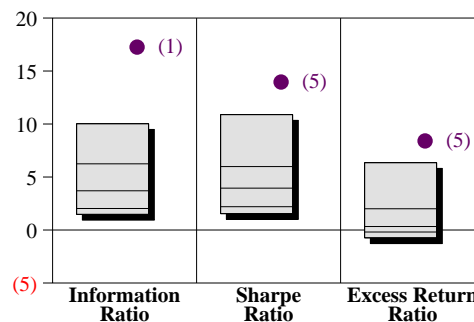
Cumulative and Quarterly Relative Return vs 5 Yr US Treas Rolling



**Risk Adjusted Return Measures vs 5 Yr US Treas Rolling
Rankings Against CAI Stable Value Database (Gross)
Five Years Ended June 30, 2011**



10th Percentile	1.06	3.29
25th Percentile	0.93	3.04
Median	0.75	2.73
75th Percentile	0.56	2.47
90th Percentile	0.39	2.35
Interest Income Fund ●	1.11	2.90



10th Percentile	10.03	10.89	6.35
25th Percentile	6.24	5.99	2.00
Median	3.70	3.95	0.33
75th Percentile	2.03	2.20	(0.19)
90th Percentile	1.47	1.54	(0.74)
Interest Income Fund ●	17.26	13.96	8.40

BLACKROCK INTERMEDIATE AGGREGATE PERIOD ENDED JUNE 30, 2011



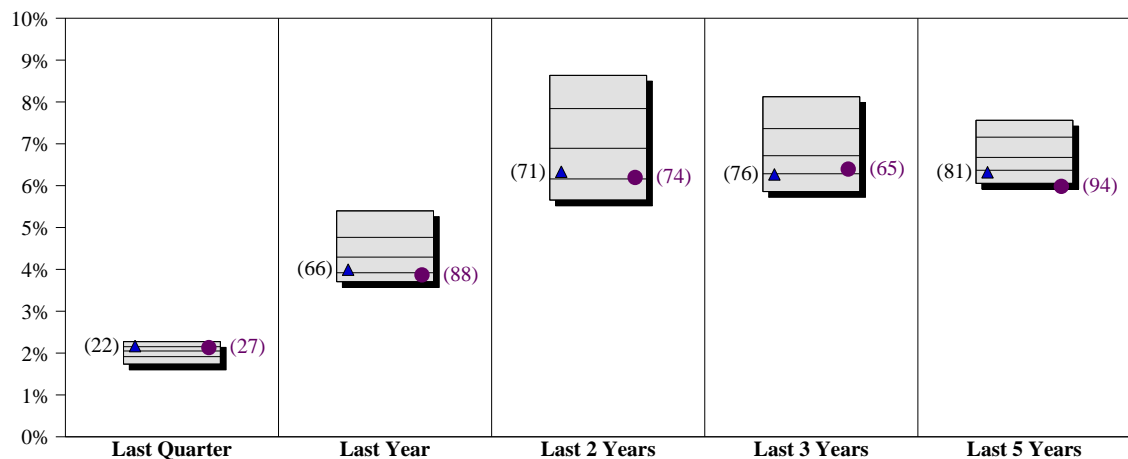
Investment Philosophy

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

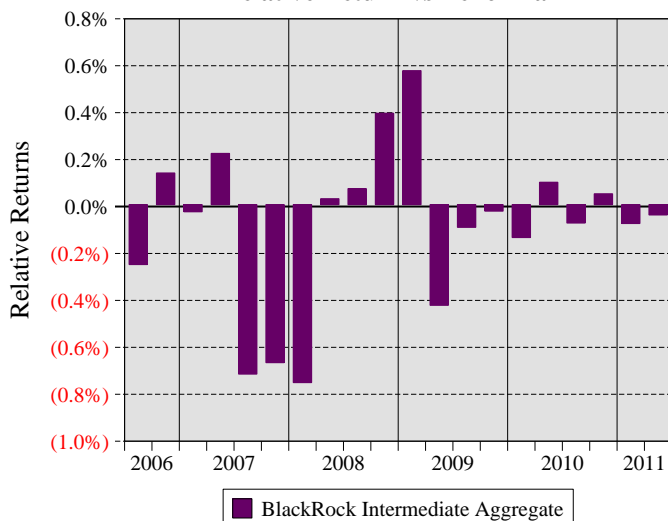
- BlackRock Intermediate Aggregate's portfolio posted a 2.13% return for the quarter placing it in the 27 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 88 percentile for the last year.
- BlackRock Intermediate Aggregate's portfolio underperformed the Benchmark by 0.04% for the quarter and underperformed the Benchmark for the year by 0.13%.

Performance vs CAI Intermediate Fixed-Inc Style (Gross)

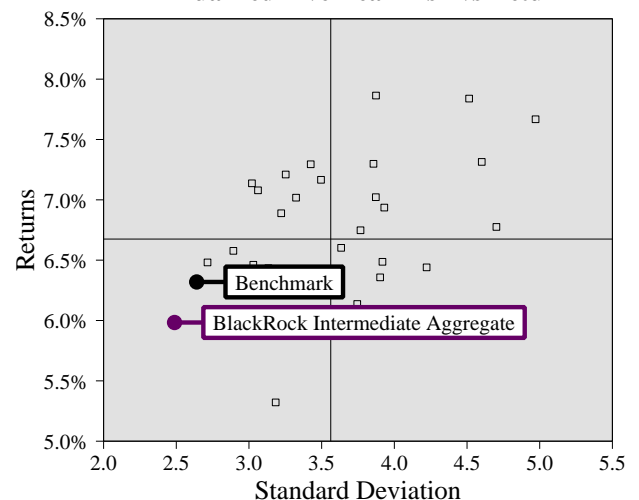


10th Percentile	2.27	5.40	8.63	8.12	7.56
25th Percentile	2.15	4.76	7.84	7.36	7.16
Median	2.05	4.29	6.89	6.72	6.67
75th Percentile	1.91	3.92	6.16	6.28	6.37
90th Percentile	1.74	3.71	5.66	5.86	6.06
BlackRock Intermediate Aggregate	2.13	3.87	6.20	6.40	5.98
Benchmark	2.17	3.99	6.33	6.27	6.32

Relative Return vs Benchmark



CAI Intermediate Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



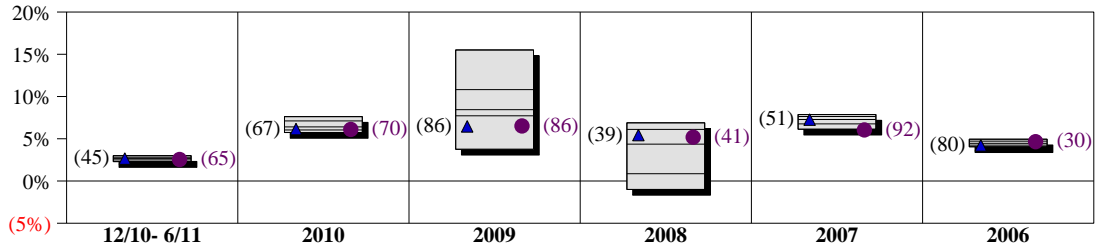
BLACKROCK AGGREGATE INTERMEDIATE RETURN ANALYSIS SUMMARY



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)

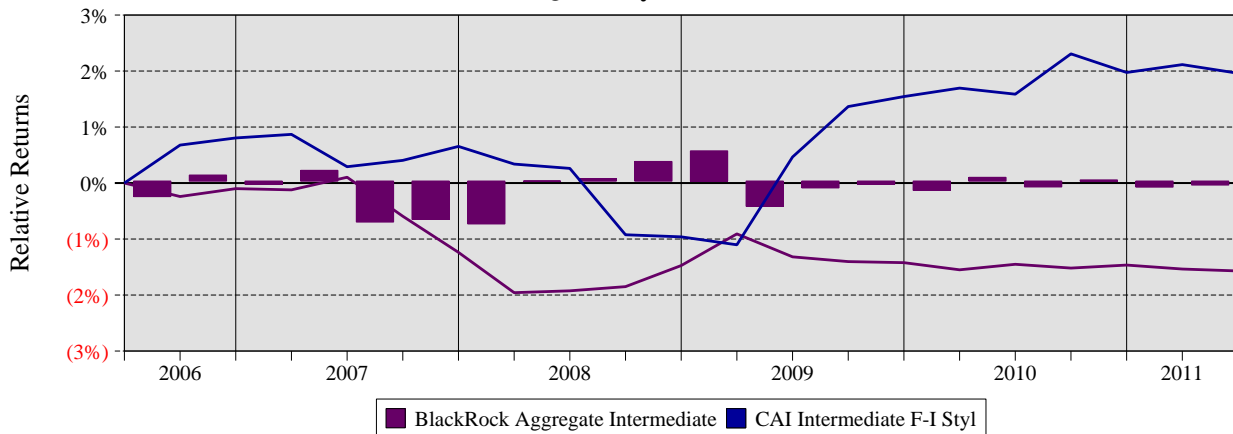


	12/10-6/11	2010	2009	2008	2007	2006
10th Percentile	3.00	7.62	15.51	6.89	7.86	4.95
25th Percentile	2.81	7.11	10.82	6.11	7.64	4.72
Median	2.65	6.40	8.44	4.36	7.28	4.46
75th Percentile	2.49	6.04	7.72	0.86	6.76	4.25
90th Percentile	2.30	5.74	3.75	(1.00)	6.13	4.05

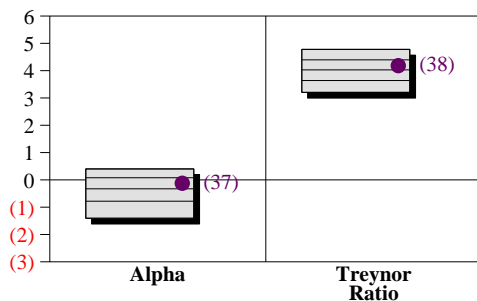
BlackRock Aggregate Intermediate ●

Benchmark ▲

Cumulative and Quarterly Relative Return vs Benchmark



Risk Adjusted Return Measures vs Benchmark Rankings Against CAI Intermediate Fixed-Inc Style (Gross) Five Years Ended June 30, 2011

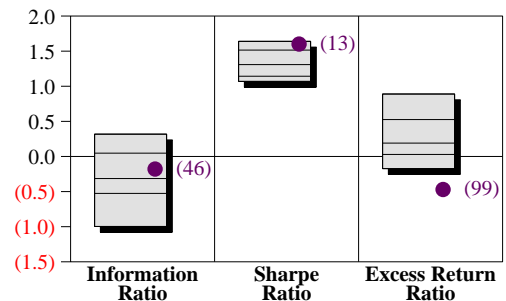


	Alpha	Treynor Ratio
10th Percentile	0.40	4.78
25th Percentile	0.08	4.40
Median	(0.33)	4.03
75th Percentile	(0.78)	3.64
90th Percentile	(1.41)	3.20

BlackRock Aggregate Intermediate ●

(0.12)

4.18



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.32	1.64	0.89
25th Percentile	0.05	1.52	0.53
Median	(0.31)	1.31	0.19
75th Percentile	(0.53)	1.14	0.03
90th Percentile	(1.00)	1.07	(0.17)

BlackRock Aggregate Intermediate ●

(0.18)

1.60

(0.47)

INTERMEDIATE GOVT BOND FUND PERIOD ENDED JUNE 30, 2011



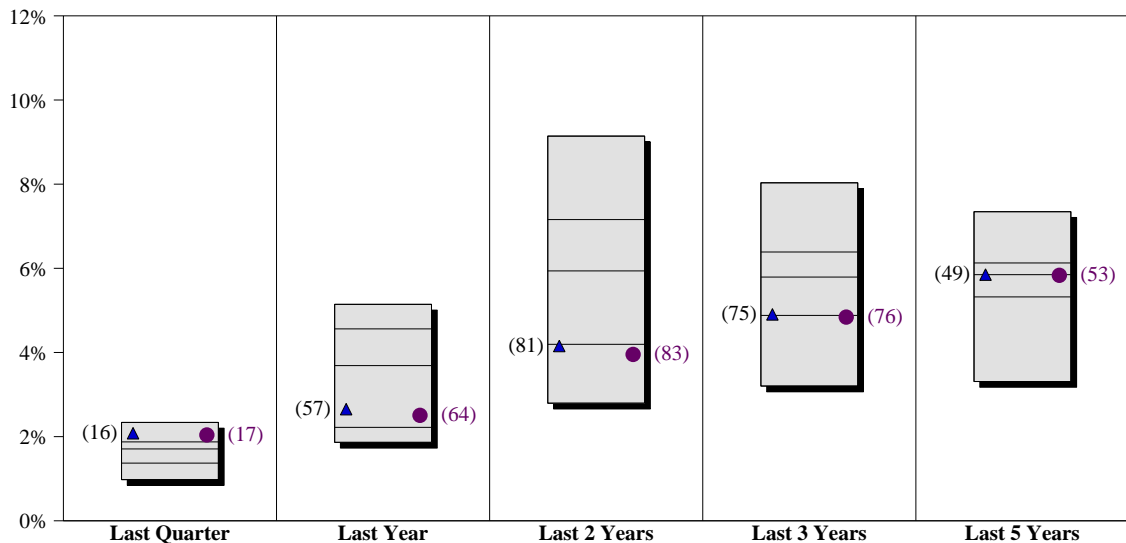
Investment Philosophy

The Intermediate Govt Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

Quarterly Summary and Highlights

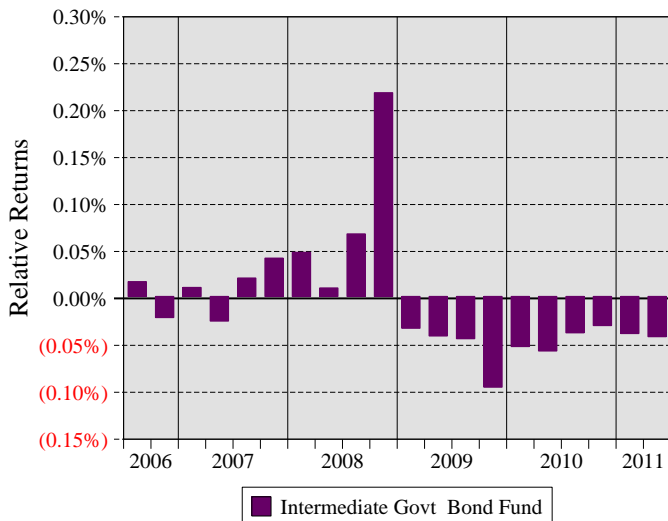
- Intermediate Govt Bond Fund's portfolio posted a 2.04% return for the quarter placing it in the 17 percentile of the CAI MF - Intermediate Style group for the quarter and in the 64 percentile for the last year.
- Intermediate Govt Bond Fund's portfolio underperformed the BC Gov Inter by 0.04% for the quarter and underperformed the BC Gov Inter for the year by 0.15%.

Performance vs CAI MF - Intermediate Style (Net)

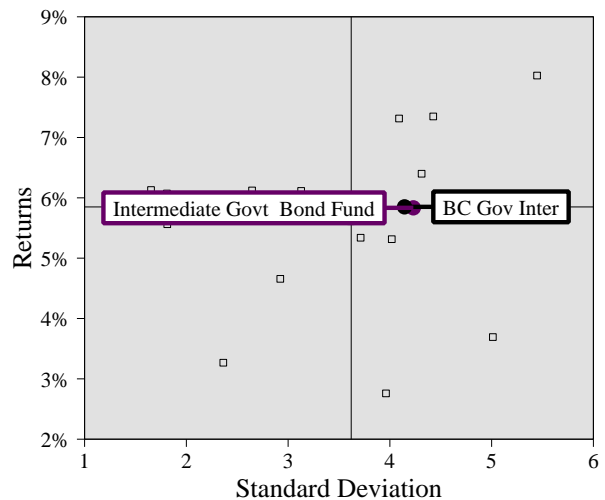


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	2.34	5.14	9.14	8.03	7.35
25th Percentile	1.87	4.56	7.16	6.39	6.13
Median	1.71	3.69	5.94	5.79	5.85
75th Percentile	1.37	2.22	4.19	4.88	5.32
90th Percentile	0.98	1.86	2.79	3.20	3.31
Intermediate Govt Bond Fund (●)	2.04	2.51	3.95	4.84	5.83
BC Gov Inter (▲)	2.08	2.65	4.15	4.91	5.85

Relative Return vs BC Gov Inter



CAI MF - Intermediate Style (Net) Annualized Five Year Risk vs Return



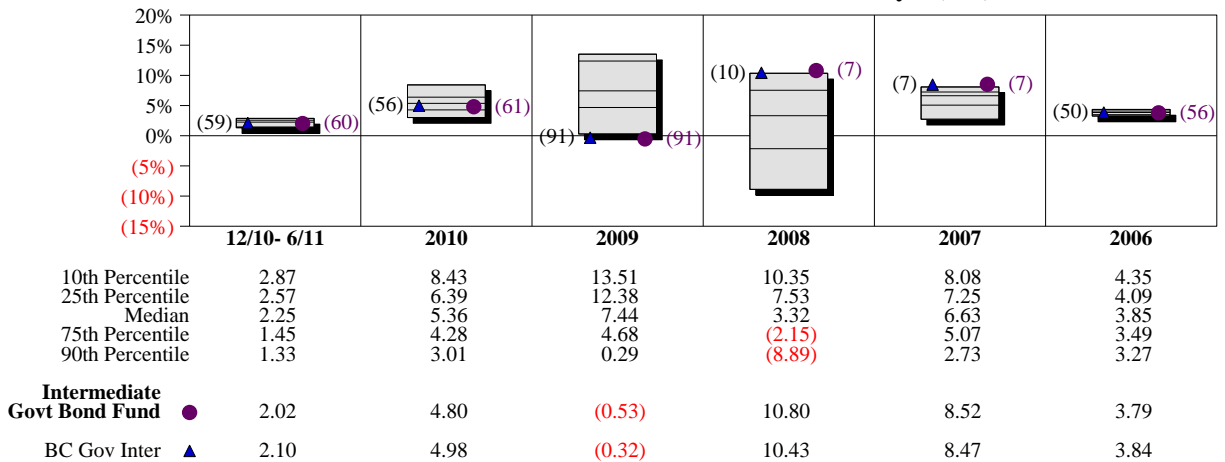
INTERMEDIATE GOVT BOND FUND RETURN ANALYSIS SUMMARY



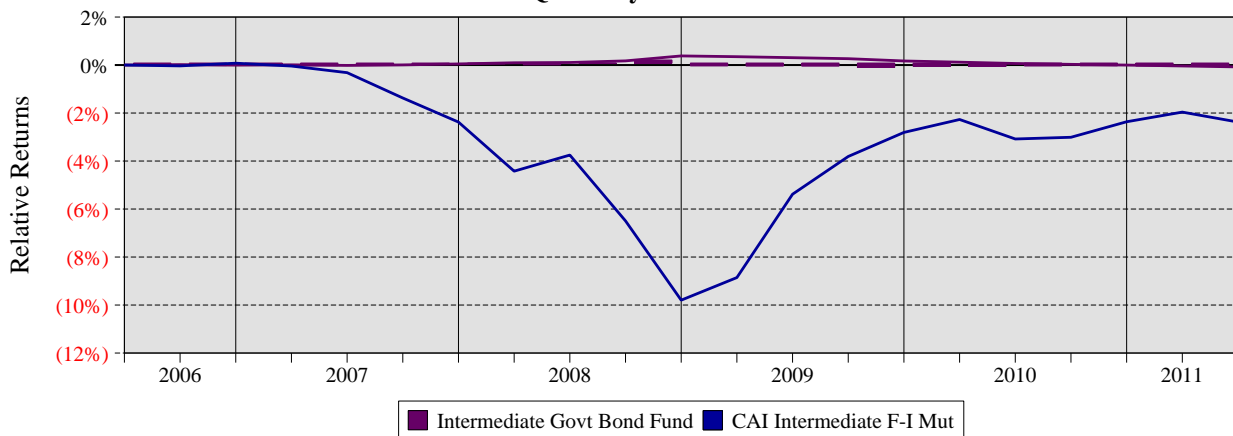
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

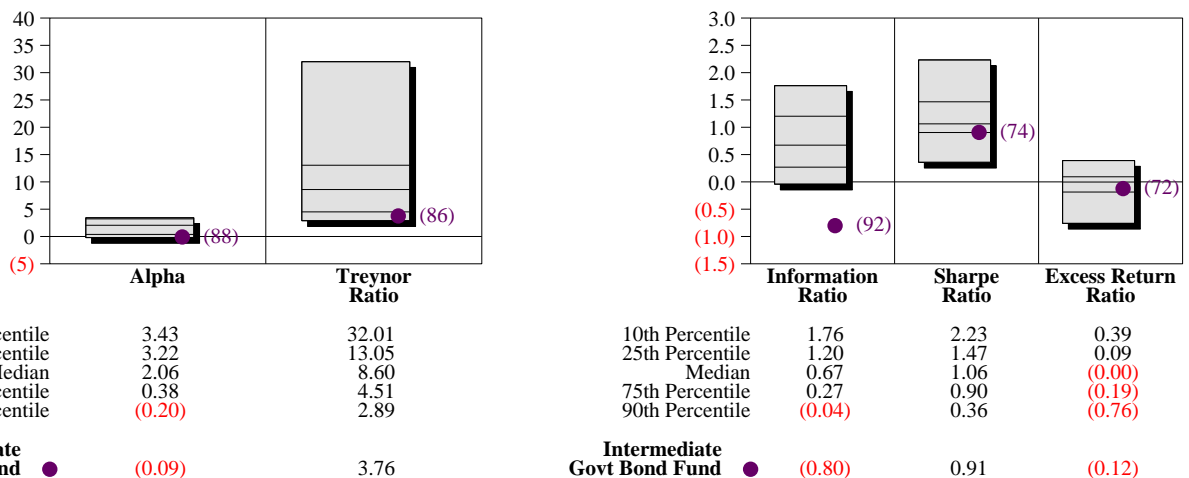
Performance vs CAI MF - Intermediate Style (Net)



Cumulative and Quarterly Relative Return vs BC Gov Inter



Risk Adjusted Return Measures vs BC Gov Inter Rankings Against CAI MF - Intermediate Style (Net) Five Years Ended June 30, 2011



GOVT/CREDIT BOND FUND PERIOD ENDED JUNE 30, 2011



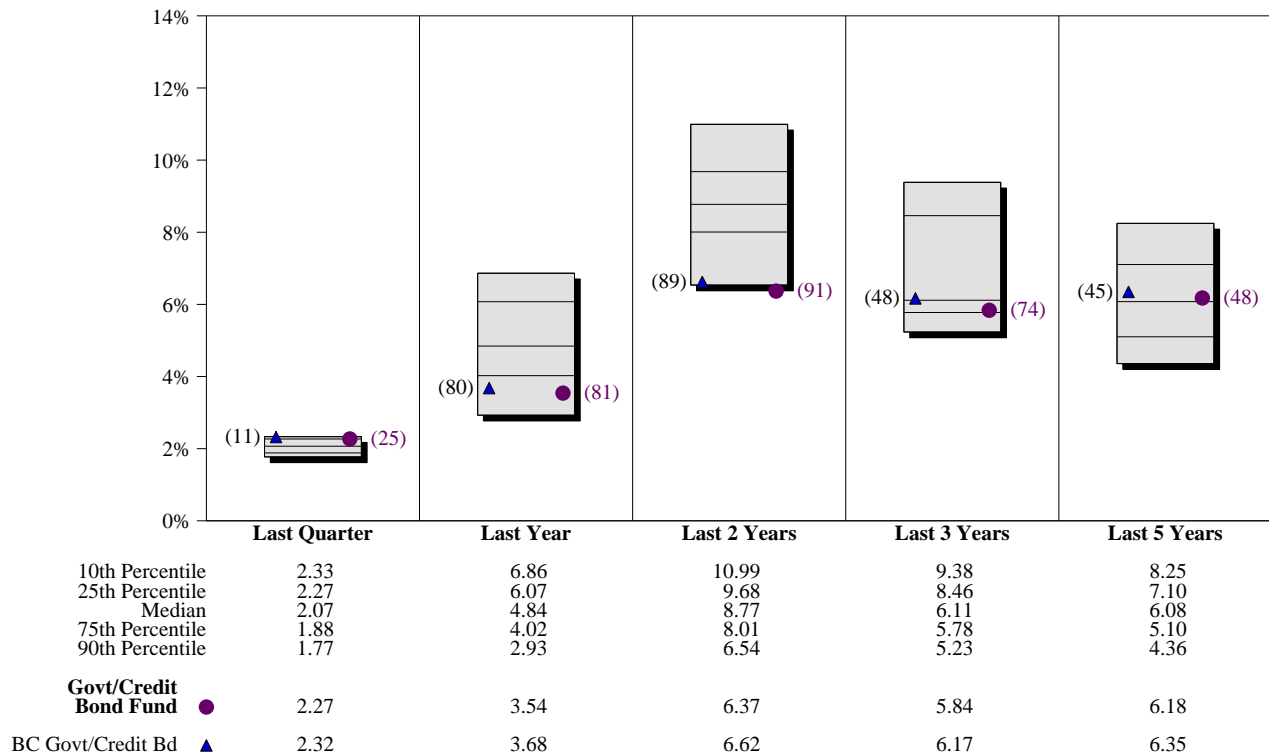
Investment Philosophy

The Govt/Credit Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

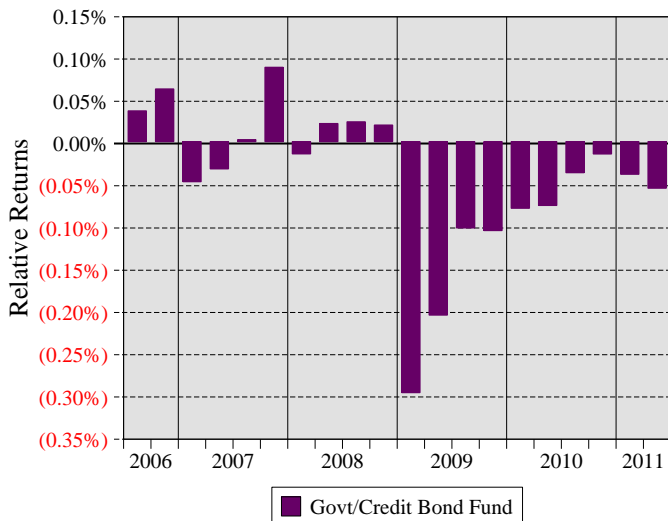
Quarterly Summary and Highlights

- Govt/Credit Bond Fund's portfolio posted a 2.27% return for the quarter placing it in the 25 percentile of the CAI MF - Core Bond Style group for the quarter and in the 81 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.05% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.14%.

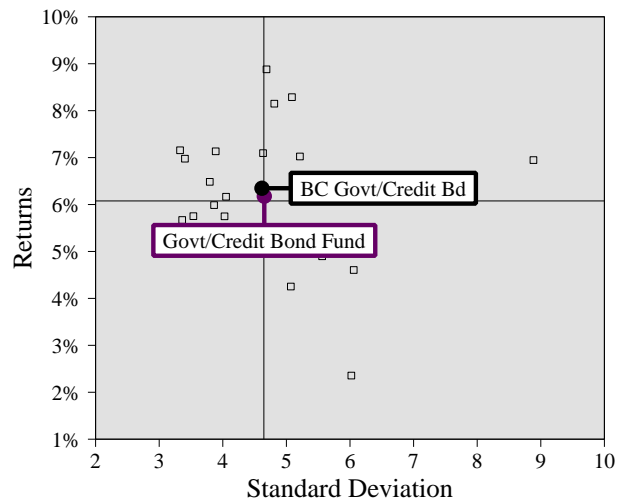
Performance vs CAI MF - Core Bond Style (Net)



Relative Return vs BC Govt/Credit Bd



CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return



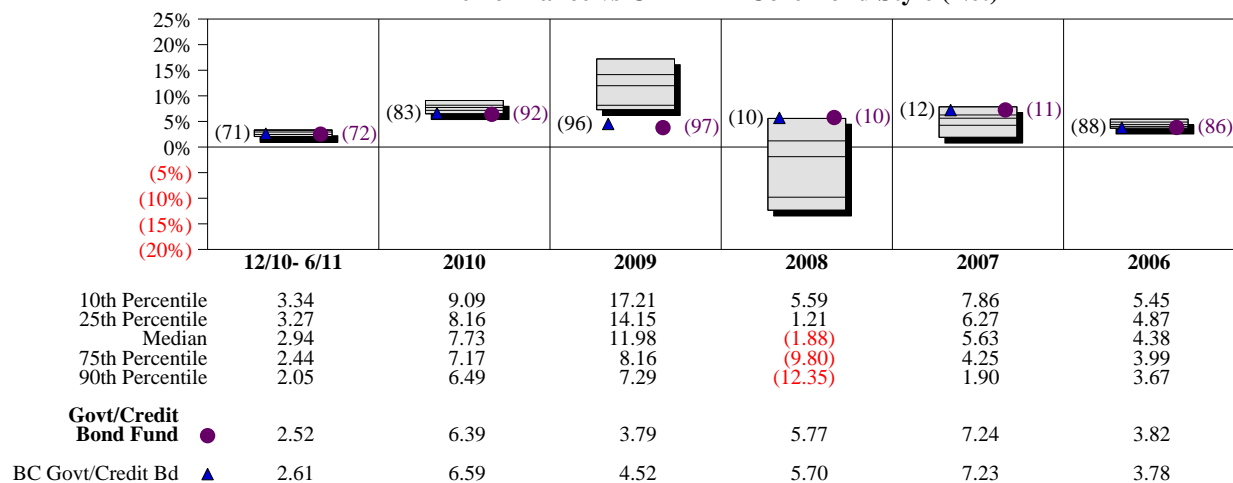


GOVT/CREDIT BOND FUND RETURN ANALYSIS SUMMARY

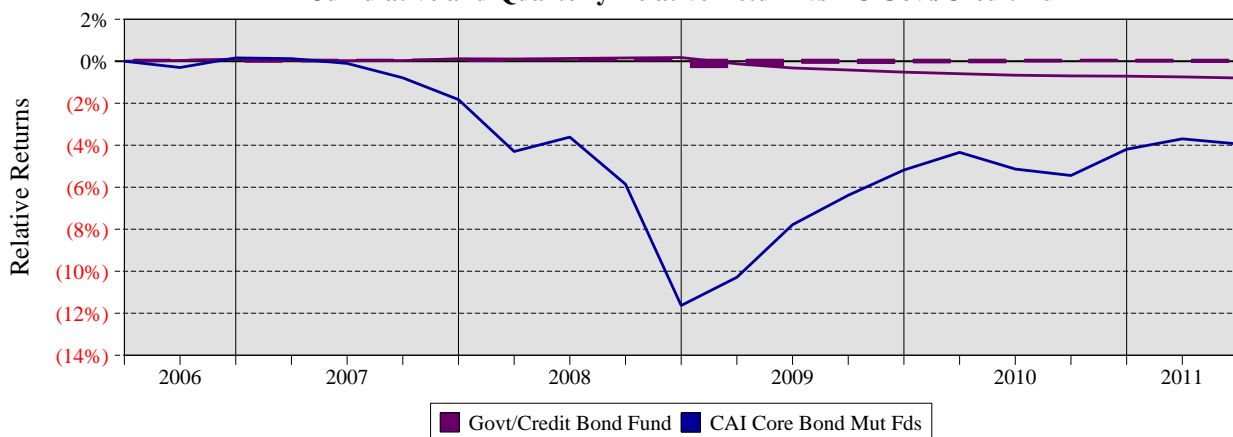
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

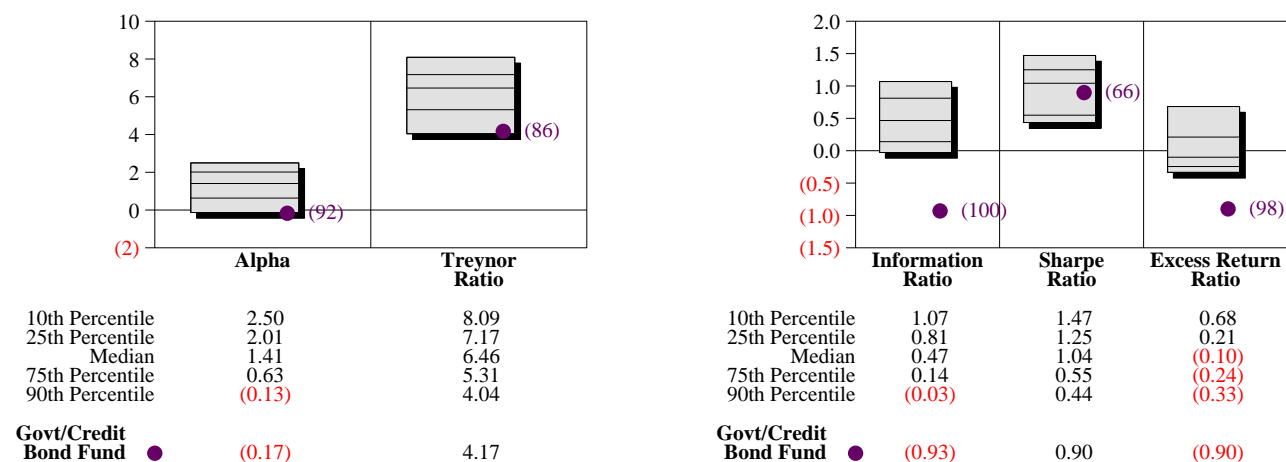
Performance vs CAI MF - Core Bond Style (Net)



Cumulative and Quarterly Relative Return vs BC Govt/Credit Bd



Risk Adjusted Return Measures vs BC Govt/Credit Bd Rankings Against CAI MF - Core Bond Style (Net) Five Years Ended June 30, 2011



US TIPS INDEX PERIOD ENDED JUNE 30, 2011

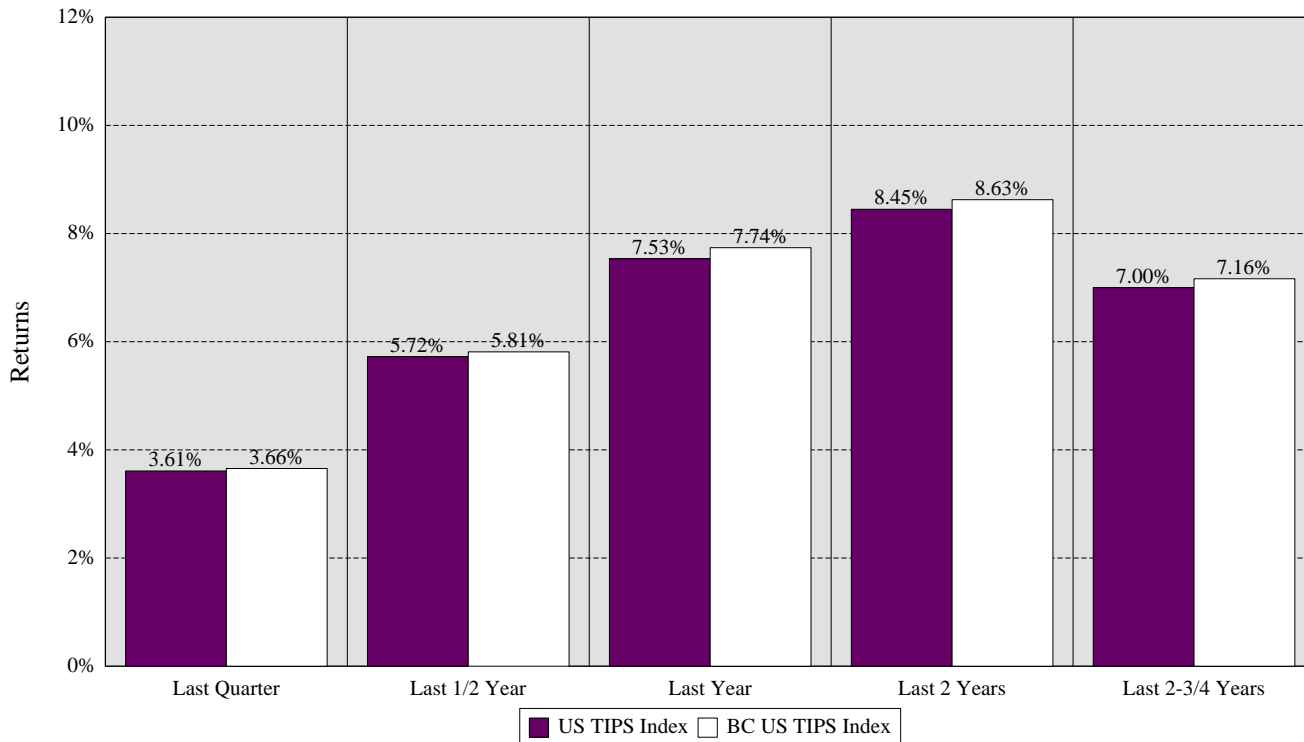


Investment Philosophy

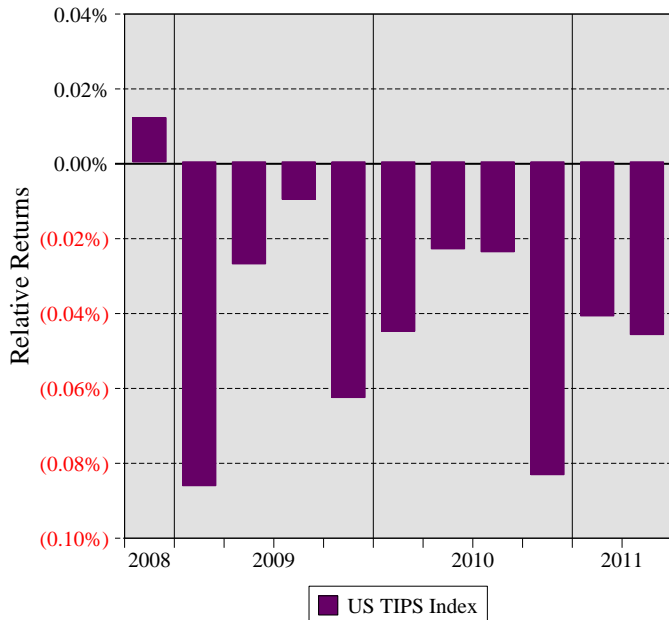
The US TIPS Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

Quarterly Summary and Highlights

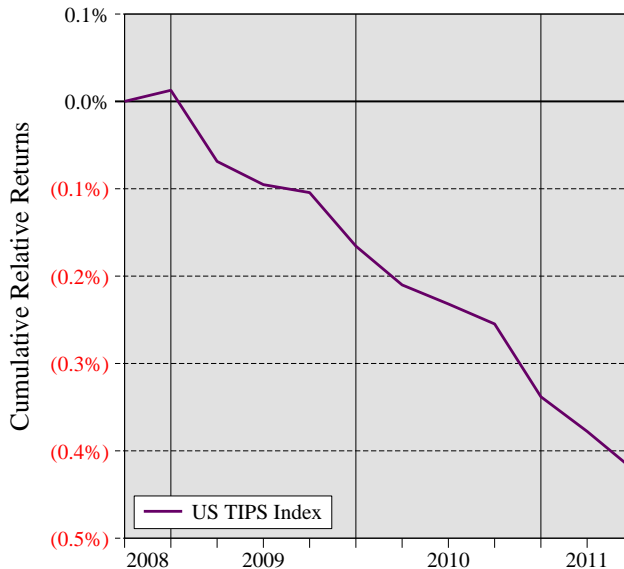
- US TIPS Index's portfolio underperformed the BC US TIPS Index by 0.05% for the quarter and underperformed the BC US TIPS Index for the year by 0.20%.



Relative Return vs BC US TIPS Index



Cumulative Returns vs BC US TIPS Index



LONG US TREASURY INDEX PERIOD ENDED JUNE 30, 2011



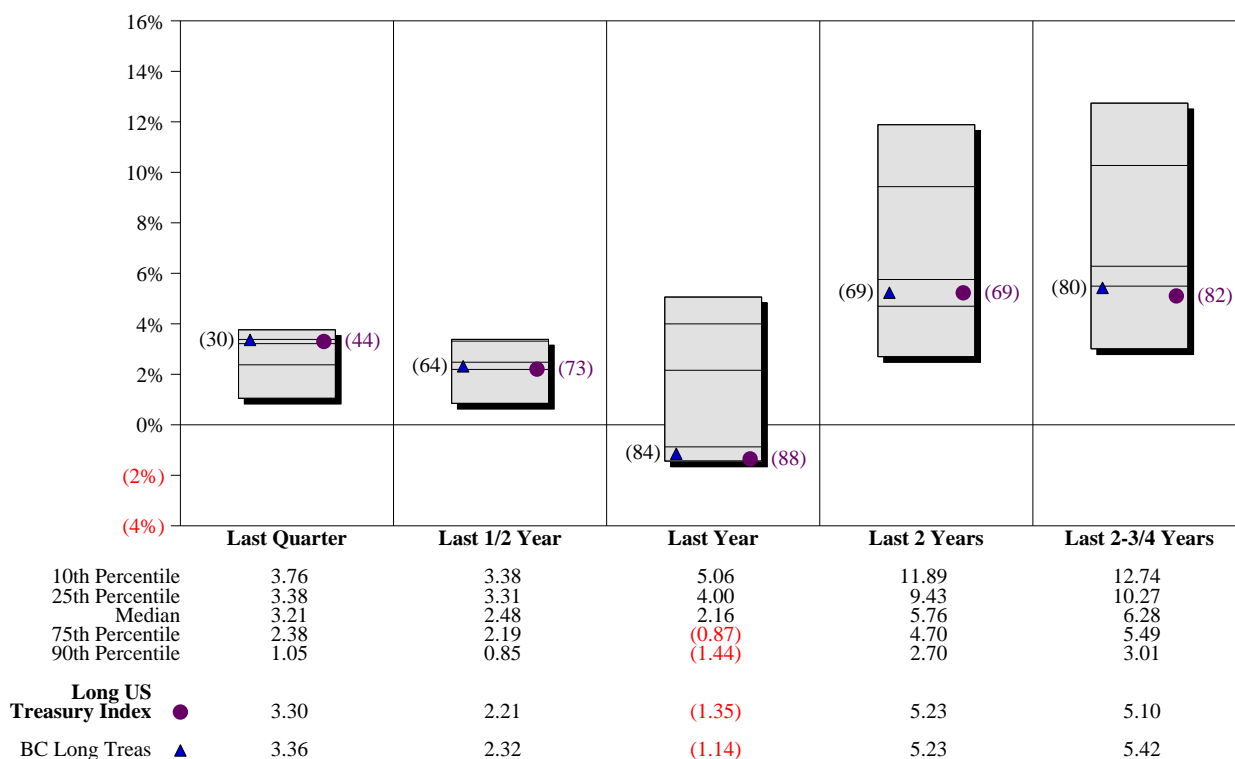
Investment Philosophy

The Long US Treasury Index is managed by SSgA. Annual fees are 7 basis points. Passively managed.

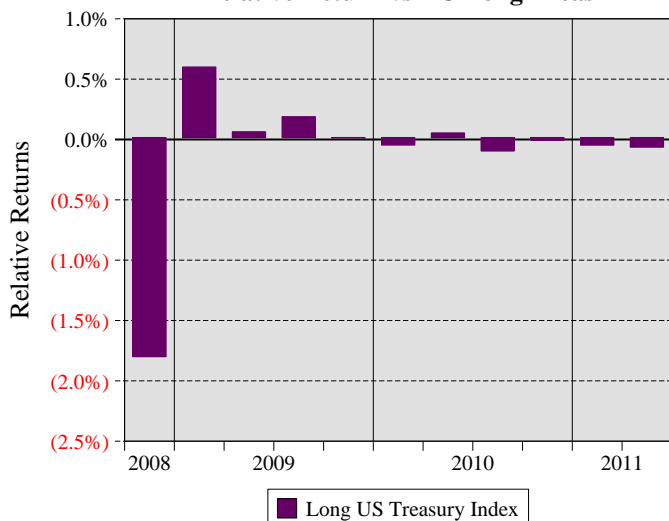
Quarterly Summary and Highlights

- Long US Treasury Index's portfolio posted a 3.30% return for the quarter placing it in the 44 percentile of the CAI MF - Extended Maturity group for the quarter and in the 88 percentile for the last year.
- Long US Treasury Index's portfolio underperformed the BC Long Treas by 0.06% for the quarter and underperformed the BC Long Treas for the year by 0.21%.

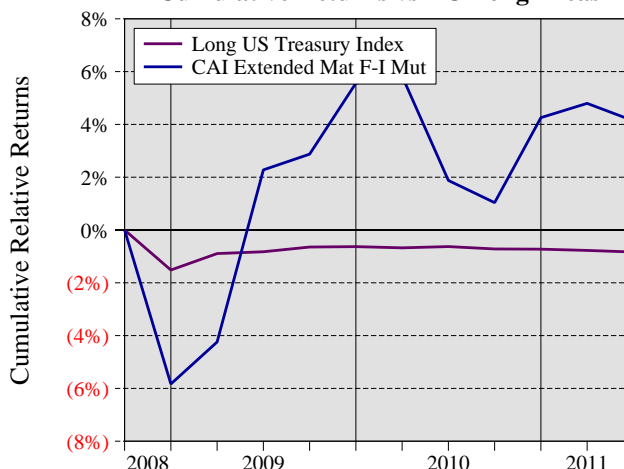
Performance vs CAI MF - Extended Maturity (Gross)



Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



WORLD GOVT BOND EX US PERIOD ENDED JUNE 30, 2011



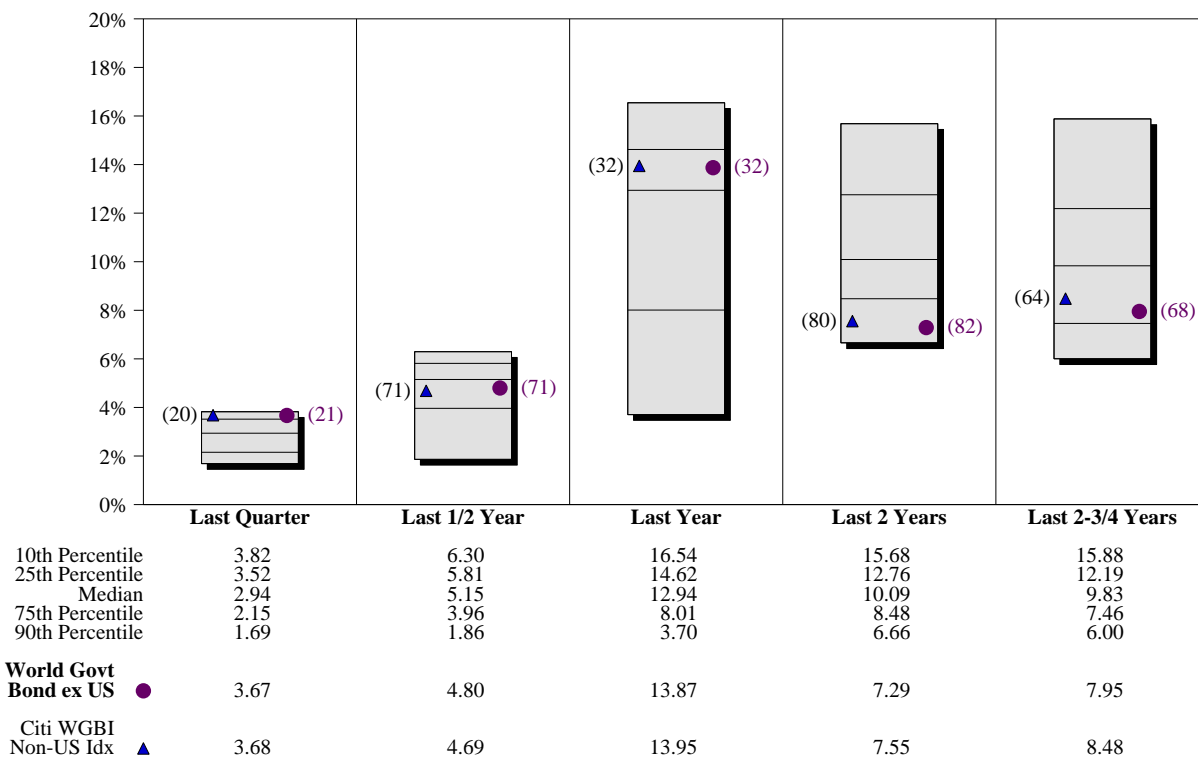
Investment Philosophy

The World Govt Bond ex US Index Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

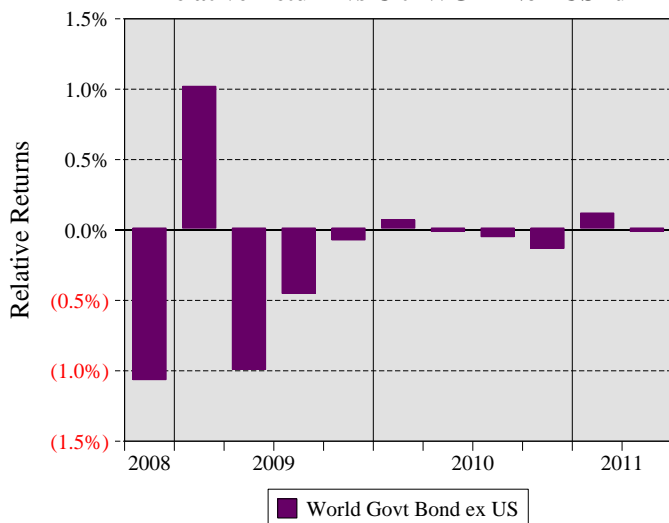
Quarterly Summary and Highlights

- World Govt Bond ex US's portfolio posted a 3.67% return for the quarter placing it in the 21 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 32 percentile for the last year.
- World Govt Bond ex US's portfolio underperformed the Citi WGBI Non-US Idx by 0.01% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.07%.

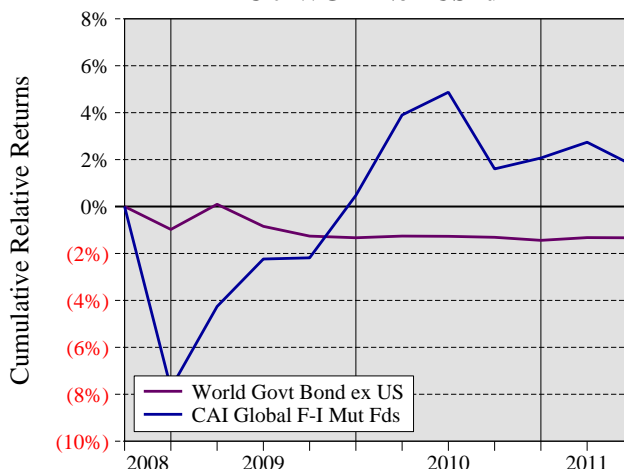
Performance vs CAI MF - Global Fixed Income Style (Gross)



Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx



S&P 500 STOCK INDEX FUND PERIOD ENDED JUNE 30, 2011



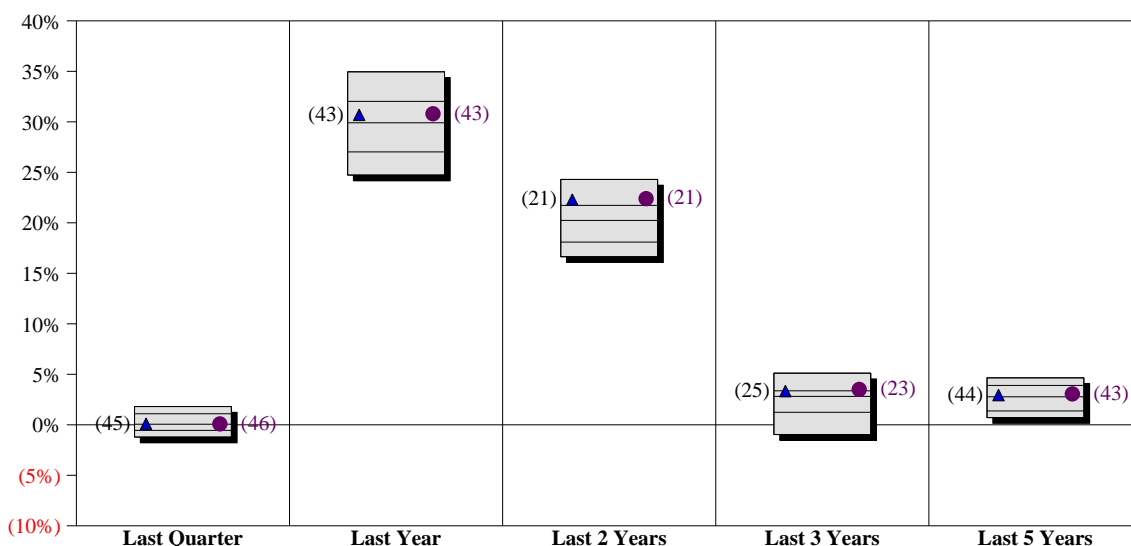
Investment Philosophy

The S&P 500 Stock Index Fund is managed by BlackRock. Annual fees are 3.5 basis points. Passively managed.

Quarterly Summary and Highlights

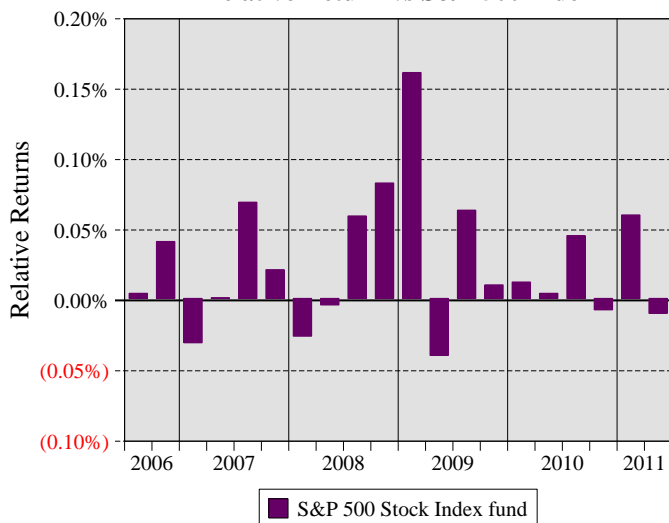
- S&P 500 Stock Index fund's portfolio posted a 0.09% return for the quarter placing it in the 46 percentile of the CAI MF - Core Equity Style group for the quarter and in the 43 percentile for the last year.
- S&P 500 Stock Index fund's portfolio underperformed the S&P 500 Index by 0.01% for the quarter and outperformed the S&P 500 Index for the year by 0.11%.

Performance vs CAI MF - Core Equity Style (Net)

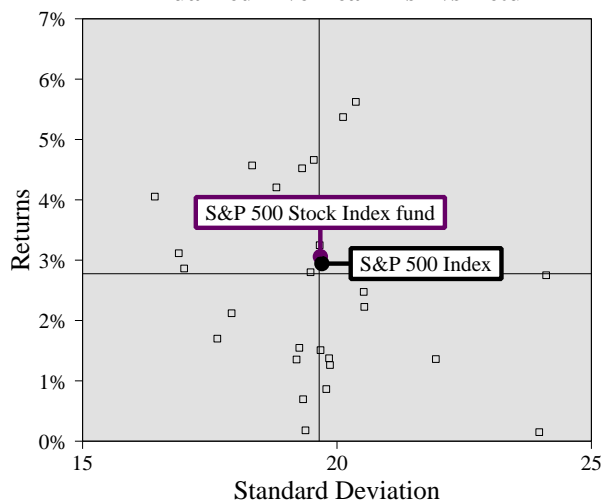


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.81	34.95	24.30	5.11	4.65
25th Percentile	1.09	32.03	21.73	3.37	3.90
Median	0.06	29.90	20.24	2.81	2.78
75th Percentile	(0.55)	27.02	18.09	1.24	1.37
90th Percentile	(1.21)	24.73	16.64	(0.96)	0.71
S&P 500 Stock Index fund	0.09	30.80	22.39	3.50	3.06
S&P 500 Index	0.10	30.69	22.29	3.34	2.94

Relative Return vs S&P 500 Index



CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return



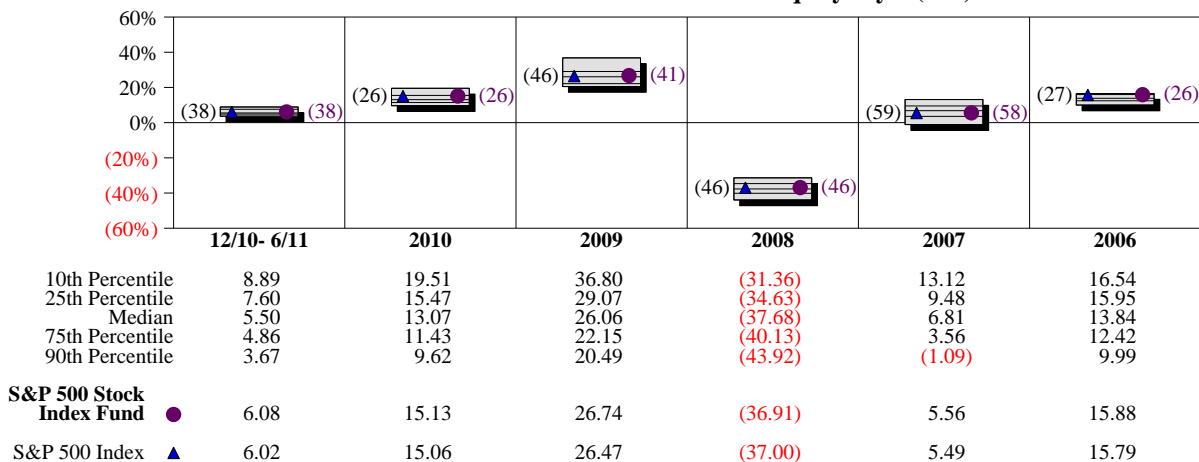


S&P 500 STOCK INDEX FUND RETURN ANALYSIS SUMMARY

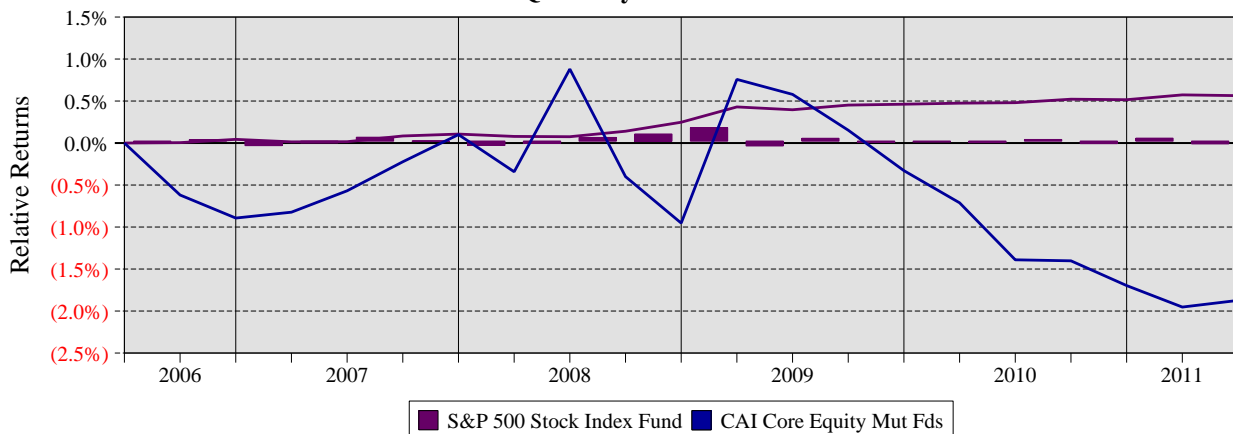
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

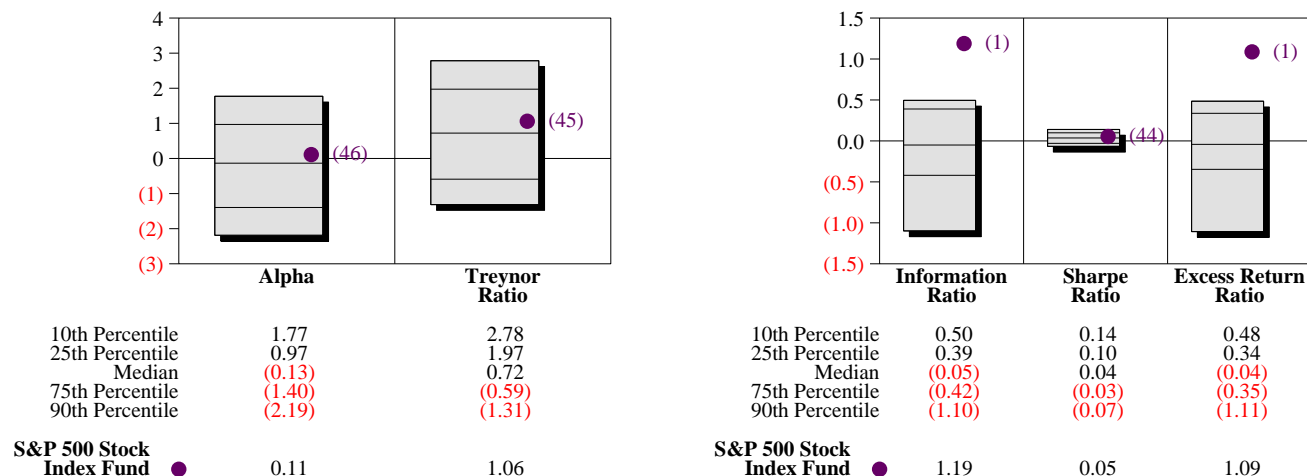
Performance vs CAI MF - Core Equity Style (Net)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Core Equity Style (Net) Five Years Ended June 30, 2011



SMALL CAP STOCK TRUST PERIOD ENDED JUNE 30, 2011



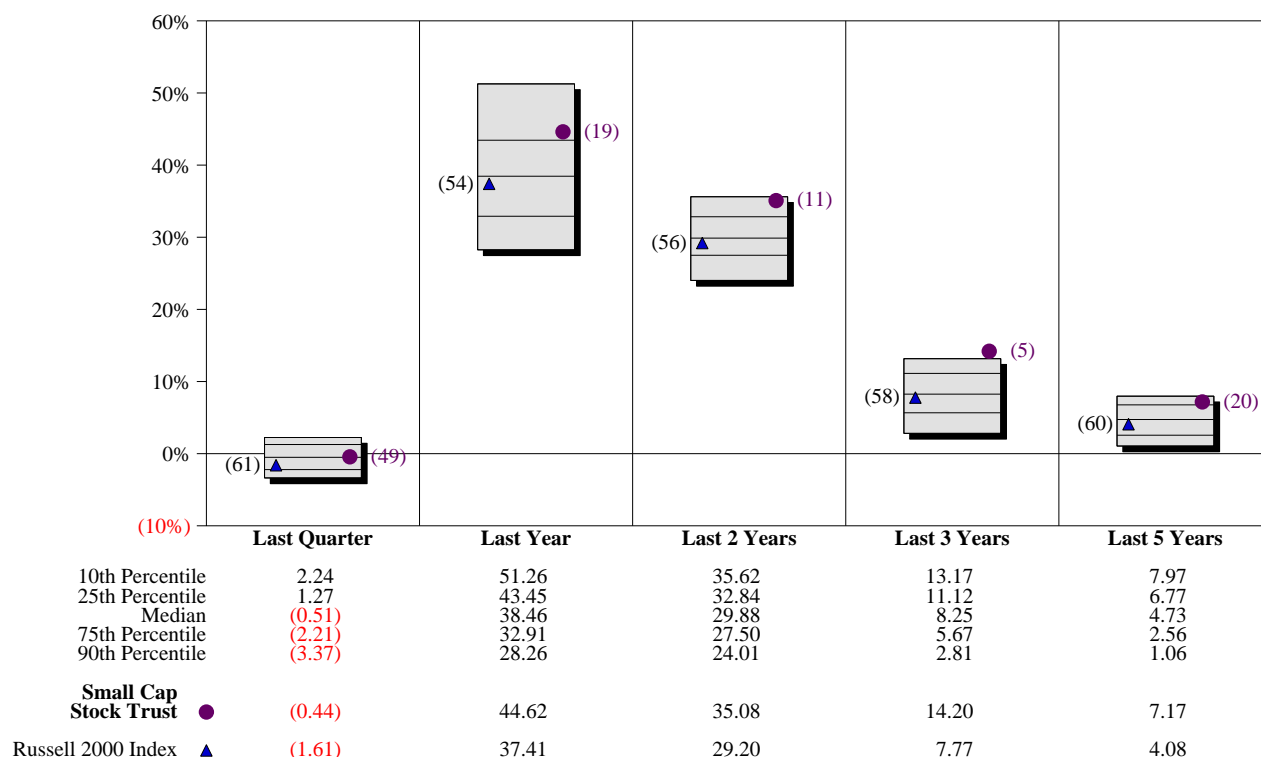
Investment Philosophy

The Small Cap Stock Trust is managed by T. Rowe Price. The annual fees are 70 basis points. Actively managed.

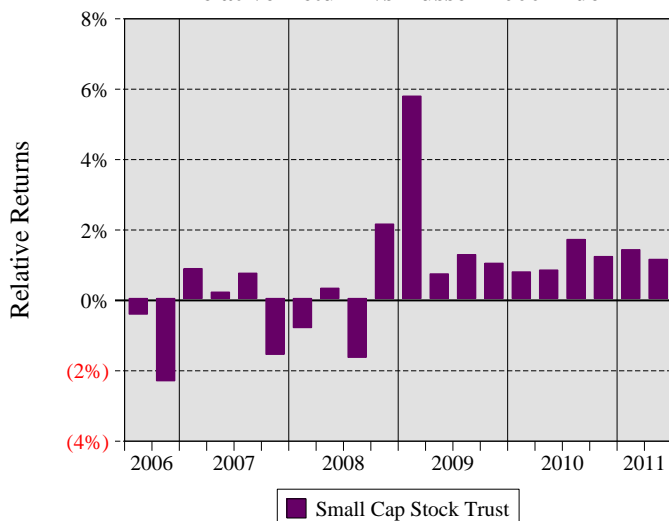
Quarterly Summary and Highlights

- Small Cap Stock Trust's portfolio posted a (0.44)% return for the quarter placing it in the 49 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 19 percentile for the last year.
- Small Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 1.17% for the quarter and outperformed the Russell 2000 Index for the year by 7.21%.

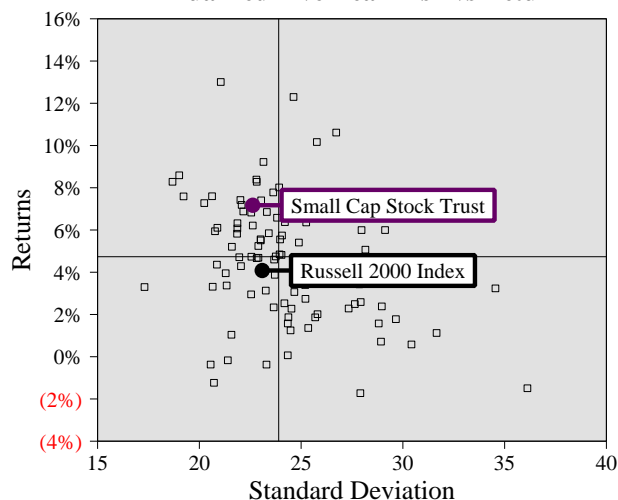
Performance vs CAI MF - Small Cap Broad Style (Net)



Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net) Annualized Five Year Risk vs Return



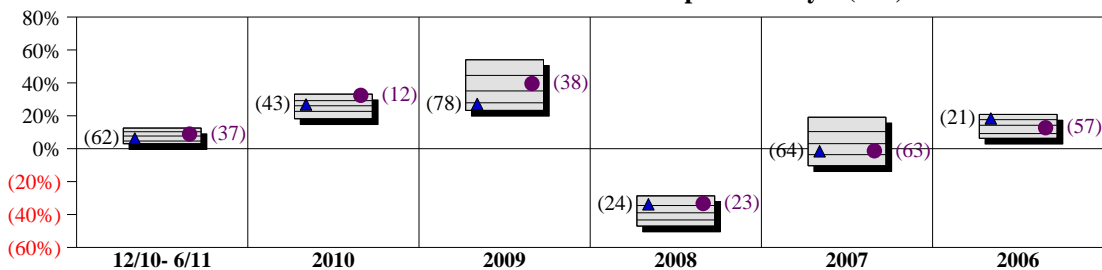


SMALL CAP STOCK TRUST RETURN ANALYSIS SUMMARY

Return Analysis

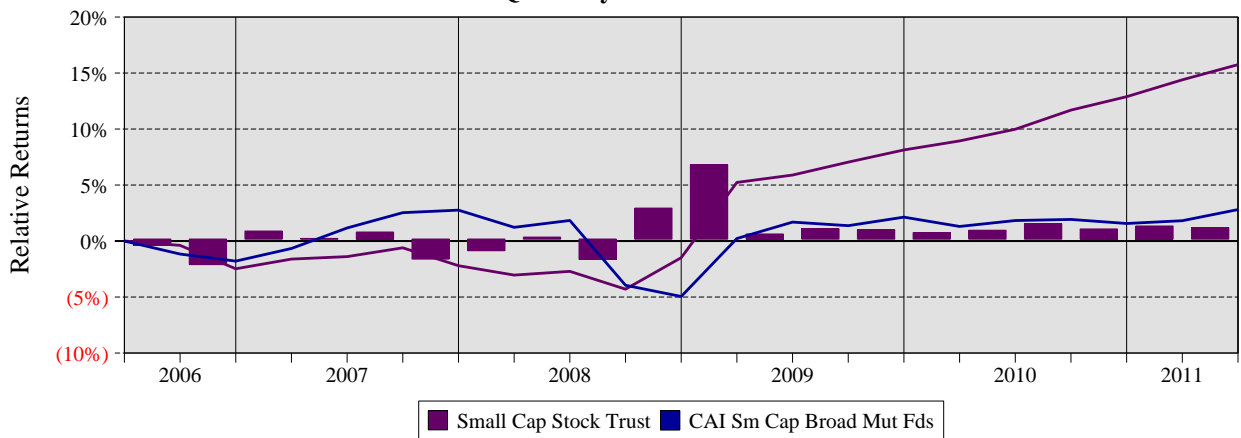
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

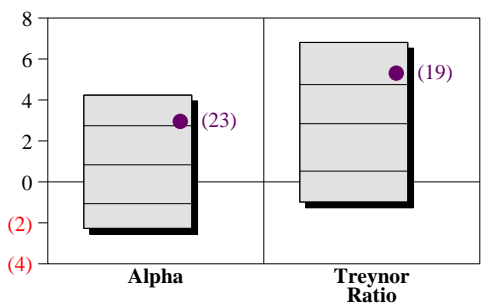


	12/10- 6/11	2010	2009	2008	2007	2006
10th Percentile	12.54	33.15	54.04	(28.66)	19.12	20.83
25th Percentile	10.31	29.20	44.52	(34.53)	10.39	17.65
Median	7.69	26.10	35.11	(38.94)	3.07	14.23
75th Percentile	4.66	22.70	27.89	(43.30)	(3.60)	9.19
90th Percentile	3.01	18.19	23.27	(47.03)	(10.37)	6.31
Small Cap Stock Trust ●	8.90	32.43	39.59	(33.30)	(1.29)	12.74
Russell 2000 Index ▲	6.21	26.85	27.17	(33.79)	(1.57)	18.37

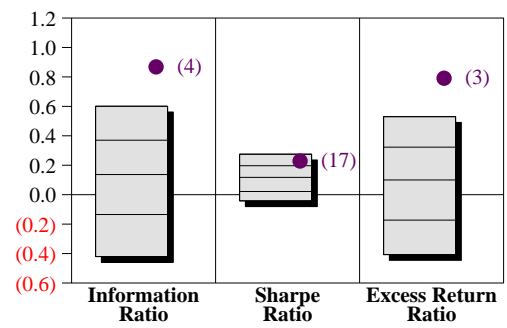
Cumulative and Quarterly Relative Return vs Russell 2000 Index



**Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI MF - Small Cap Broad Style (Net)
Five Years Ended June 30, 2011**



	Alpha	Treynor Ratio
10th Percentile	4.24	6.81
25th Percentile	2.74	4.75
Median	0.83	2.84
75th Percentile	(1.06)	0.53
90th Percentile	(2.27)	(0.99)
Small Cap Stock Trust ●	2.95	5.31



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.60	0.28	0.53
25th Percentile	0.37	0.20	0.32
Median	0.14	0.12	0.10
75th Percentile	(0.13)	0.02	(0.17)
90th Percentile	(0.42)	(0.04)	(0.41)
Small Cap Stock Trust ●	0.87	0.23	0.79

RUSSELL 3000 INDEX FUND PERIOD ENDED JUNE 30, 2011



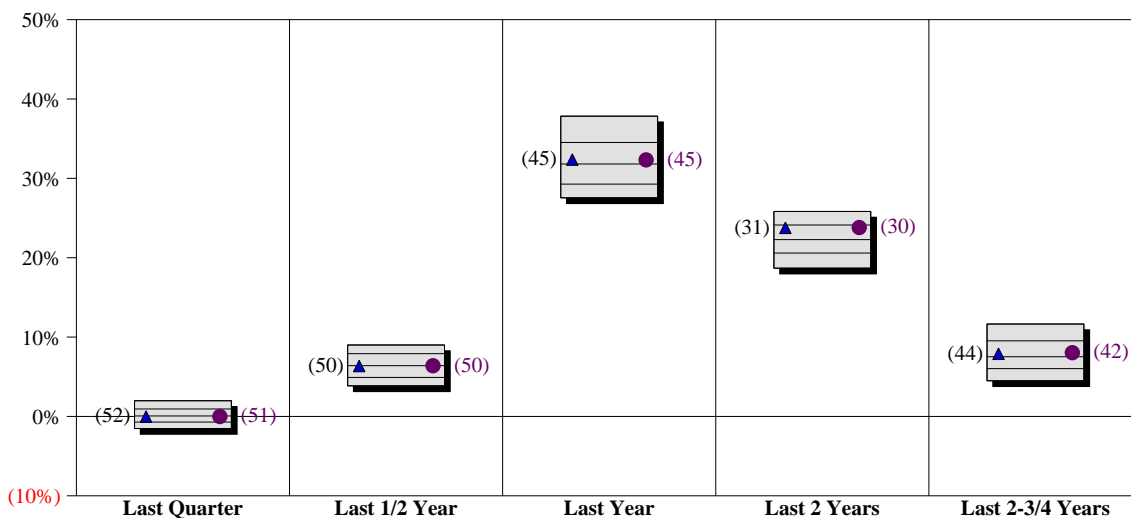
Investment Philosophy

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

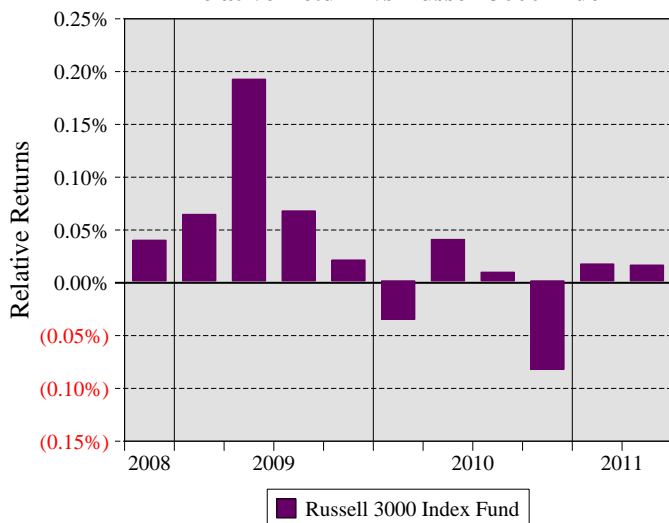
- Russell 3000 Index Fund's portfolio posted a (0.01)% return for the quarter placing it in the 51 percentile of the CAI Large Capitalization Style group for the quarter and in the 45 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.02% for the quarter and underperformed the Russell 3000 Index for the year by 0.04%.

Performance vs CAI Large Capitalization Style (Gross)

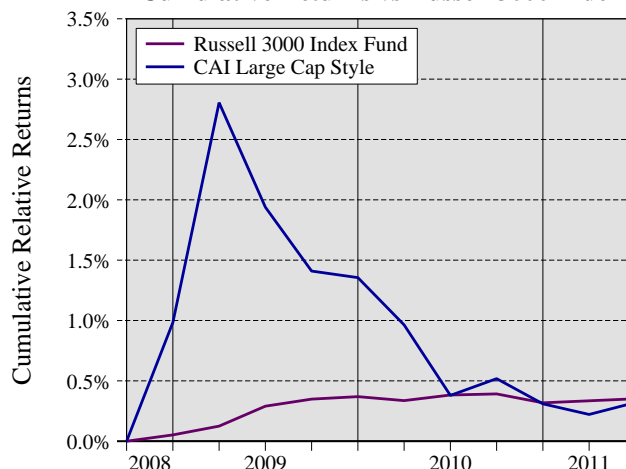


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	1.98	9.00	37.84	25.83	11.65
25th Percentile	0.94	7.91	34.52	24.12	9.53
Median	0.06	6.40	31.81	22.28	7.52
75th Percentile	(0.71)	4.92	29.27	20.59	6.02
90th Percentile	(1.53)	3.85	27.55	18.68	4.49
Russell 3000 Index Fund	● (0.01)	6.39	32.33	23.80	8.03
Russell 3000 Index	▲ (0.03)	6.35	32.37	23.76	7.90

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



RCM SOCIALLY RESP(NET) PERIOD ENDED JUNE 30, 2011



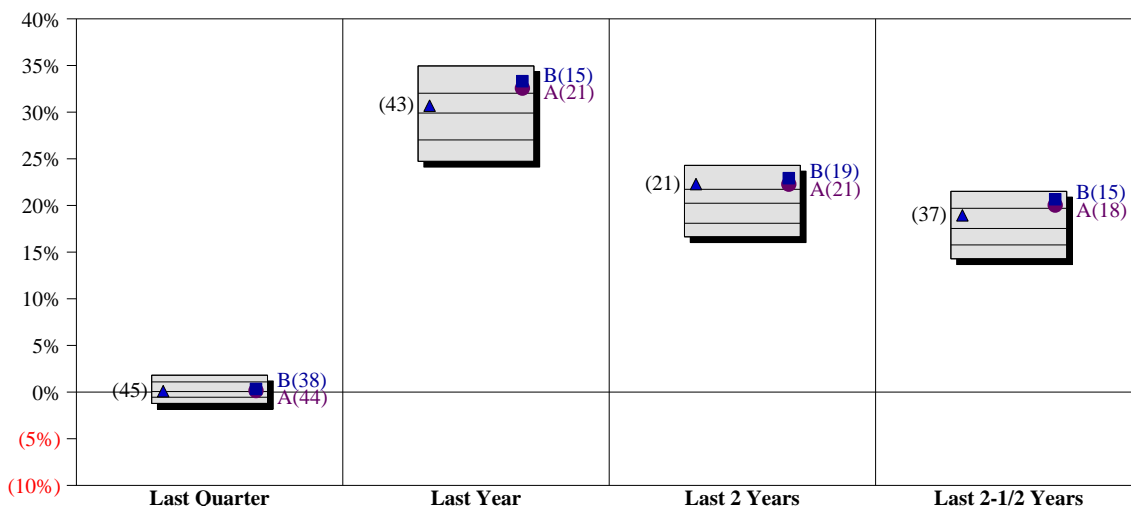
Investment Philosophy

The RCM Socially Responsible Inv. Fd is actively managed. Annual fees are 50 basis points.

Quarterly Summary and Highlights

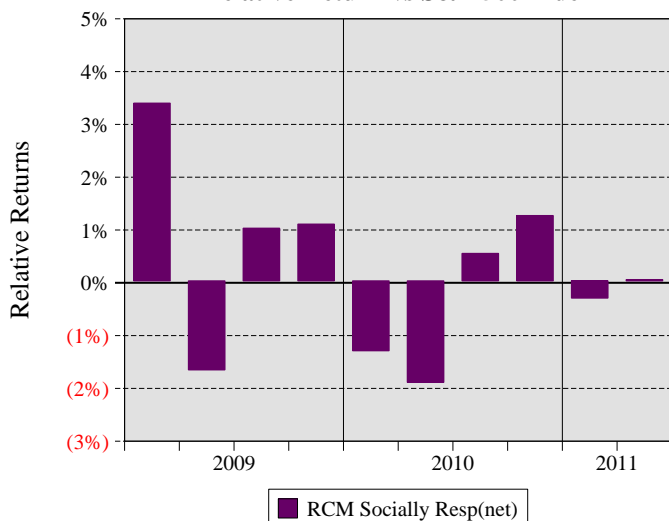
- RCM Socially Resp(net)'s portfolio posted a 0.16% return for the quarter placing it in the 44 percentile of the CAI MF - Core Equity Style group for the quarter and in the 21 percentile for the last year.
- RCM Socially Resp(net)'s portfolio outperformed the S&P 500 Index by 0.06% for the quarter and outperformed the S&P 500 Index for the year by 1.88%.

Performance vs CAI MF - Core Equity Style (Net)

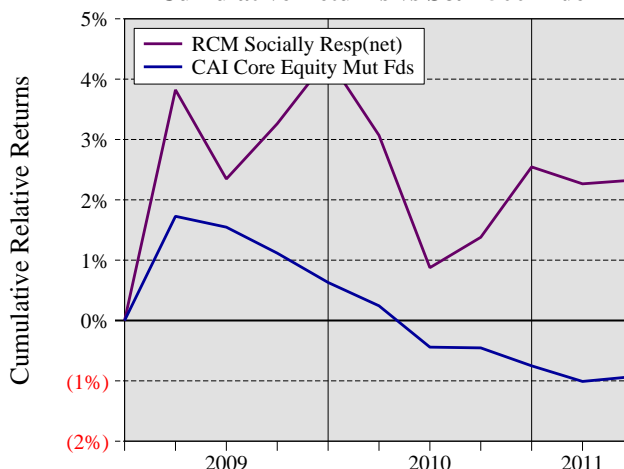


10th Percentile	1.81	34.95	24.30	21.51
25th Percentile	1.09	32.03	21.73	19.70
Median	0.06	29.90	20.24	17.54
75th Percentile	(0.55)	27.02	18.09	15.77
90th Percentile	(1.21)	24.73	16.64	14.29
RCM Socially Resp(net)	● A	0.16	32.57	22.28
RCM Socially Resp(gross)	■ B	0.34	33.32	22.92
S&P 500 Index	▲	0.10	30.69	22.29

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



INTERNATIONAL EQUITY FUND PERIOD ENDED JUNE 30, 2011



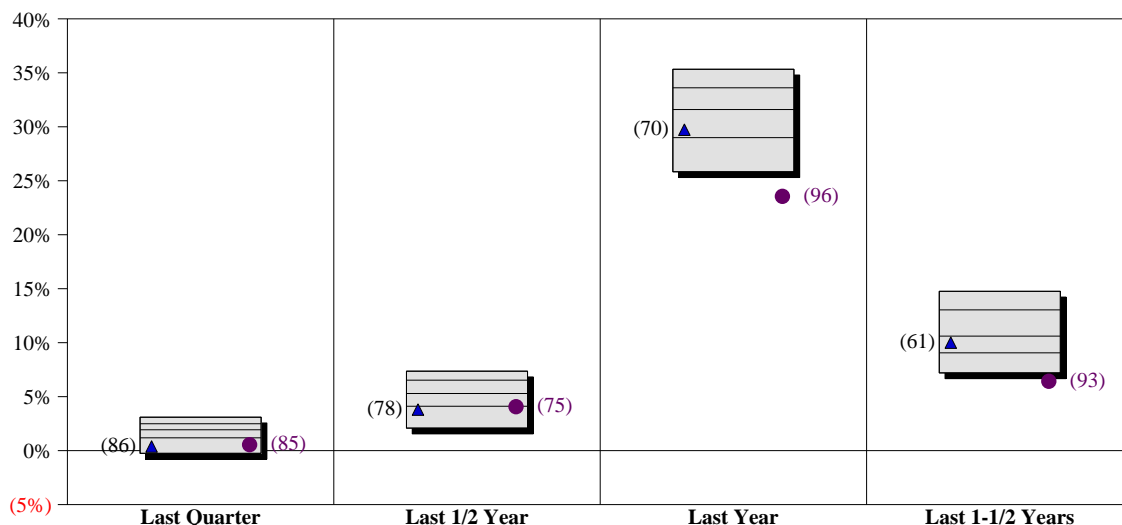
Investment Philosophy

The International Equity fund is managed by Brandes. It is actively managed. Annual fees are 50 basis points.

Quarterly Summary and Highlights

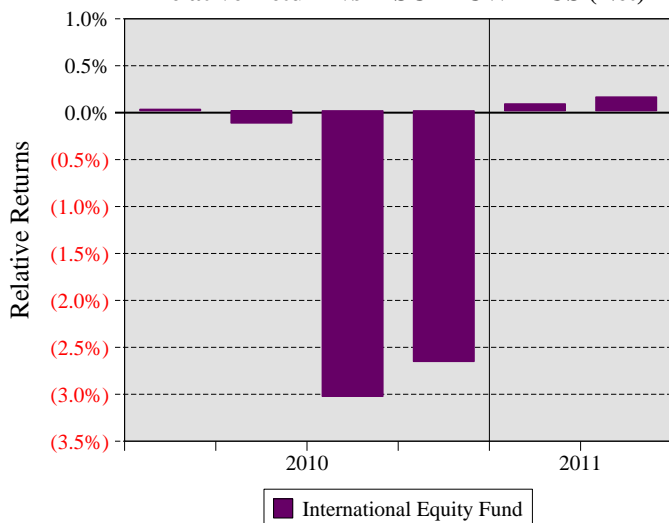
- International Equity Fund's portfolio posted a 0.55% return for the quarter placing it in the 85 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 96 percentile for the last year.
- International Equity Fund's portfolio outperformed the MSCI ACWI x US (Net) by 0.17% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 6.17%.

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

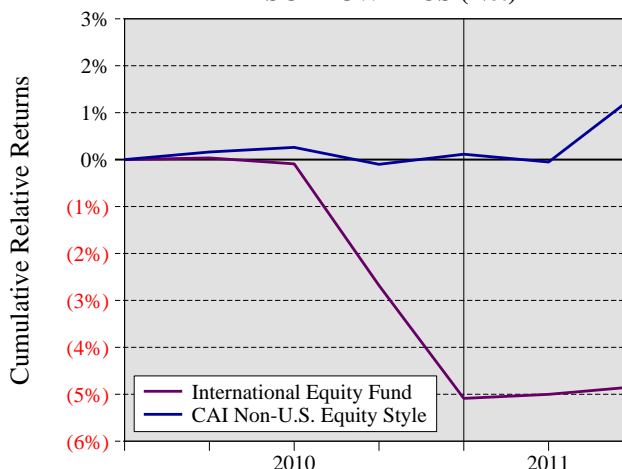


	Last Quarter	Last 1/2 Year	Last Year	Last 1-1/2 Years
10th Percentile	3.10	7.36	35.33	14.76
25th Percentile	2.49	6.53	33.61	13.04
Median	1.93	5.29	31.60	10.61
75th Percentile	1.18	4.11	28.99	9.06
90th Percentile	(0.25)	2.09	25.83	7.20
International Equity Fund ●	0.55	4.07	23.56	6.42
MSCI ACWI x US (Net) ▲	0.38	3.80	29.73	10.01

Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



WORLD EQUITY EX-US PERIOD ENDED JUNE 30, 2011



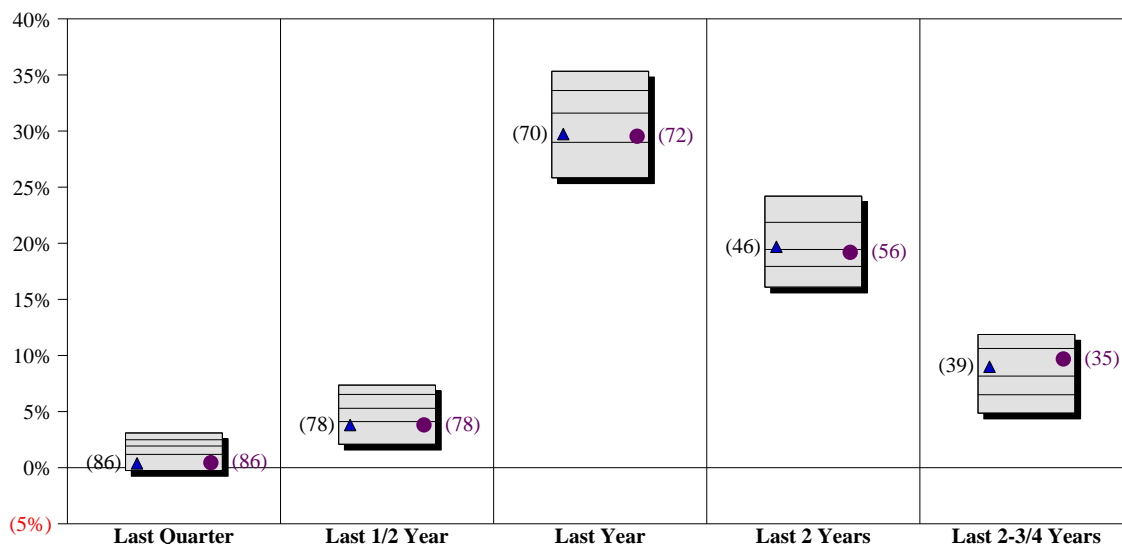
Investment Philosophy

The World Equity ex US fund is managed by SSgA. It is passively managed. Annual fees are 17 basis points.

Quarterly Summary and Highlights

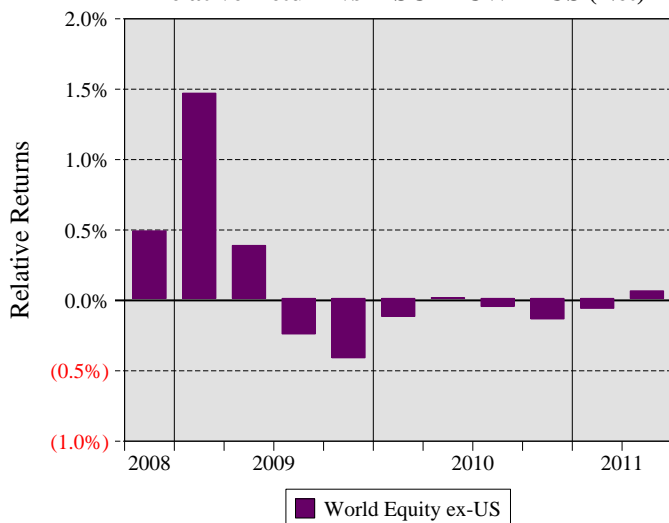
- World Equity ex-US's portfolio posted a 0.45% return for the quarter placing it in the 86 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 72 percentile for the last year.
- World Equity ex-US's portfolio outperformed the MSCI ACWI x US (Net) by 0.07% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.19%.

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

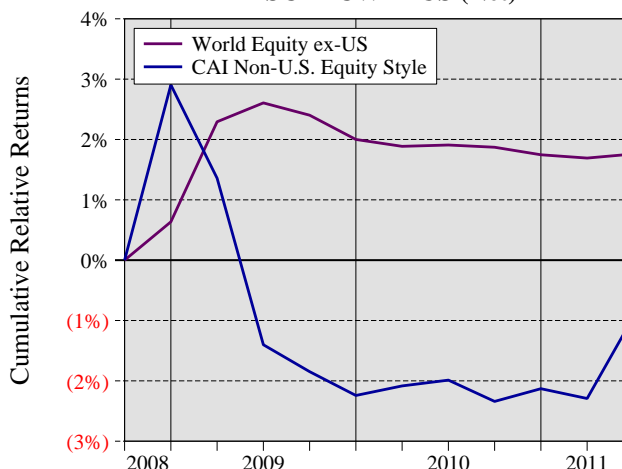


10th Percentile	3.10	7.36	35.33	24.20	11.87
25th Percentile	2.49	6.53	33.61	21.87	10.63
Median	1.93	5.29	31.60	19.45	8.16
75th Percentile	1.18	4.11	28.99	17.94	6.50
90th Percentile	(0.25)	2.09	25.83	16.09	4.86

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 JUNE 30, 2011



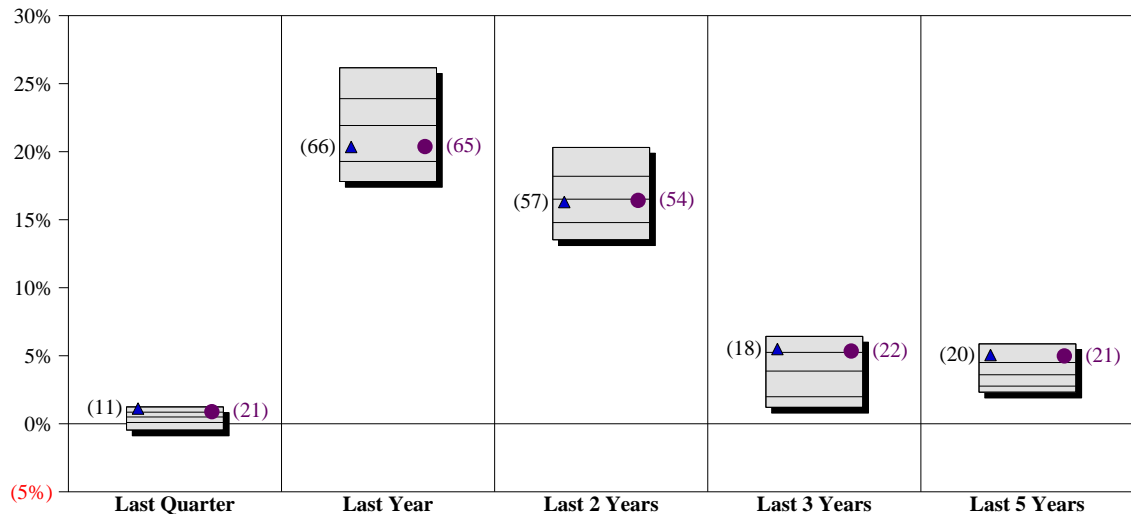
Investment Philosophy

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 0.89% return for the quarter placing it in the 21 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 65 percentile for the last year.
- Long Term Balanced Trust's portfolio underperformed the Benchmark by 0.23% for the quarter and outperformed the Benchmark for the year by 0.03%.

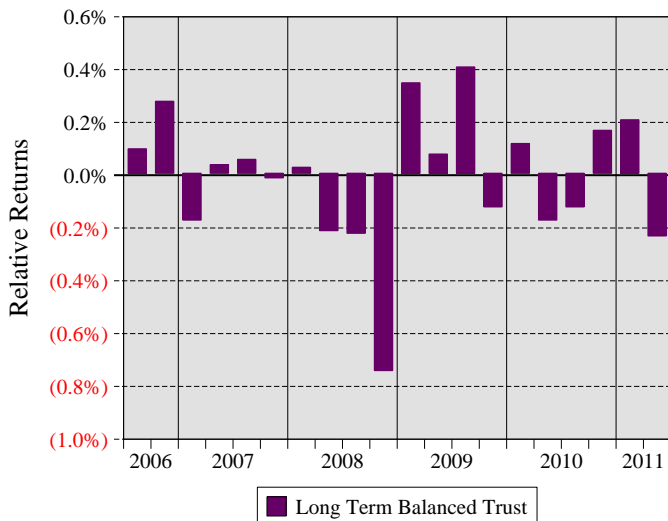
Performance vs CAI MF - Domestic Balanced Style (Net)



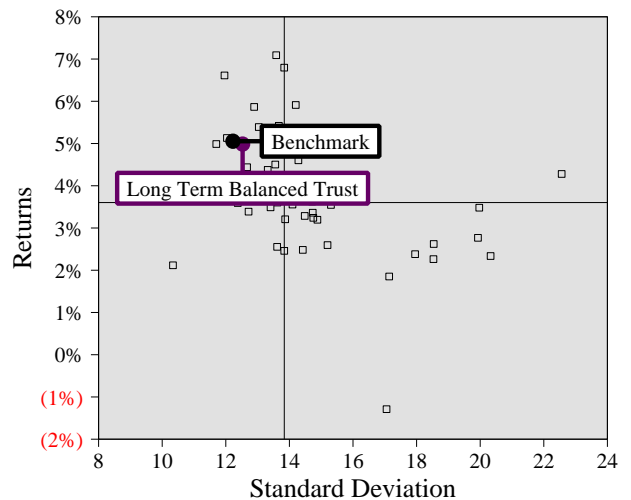
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.24	26.17	20.31	6.42	5.88
25th Percentile	0.85	23.90	18.19	5.25	4.50
Median	0.50	21.93	16.51	3.87	3.60
75th Percentile	0.09	19.28	14.79	1.99	2.77
90th Percentile	(0.46)	17.81	13.53	1.21	2.32

Long Term Balanced Trust	●	0.89	20.38	16.42	5.35	4.99
Benchmark	▲	1.12	20.35	16.30	5.50	5.05

Relative Return vs Benchmark



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



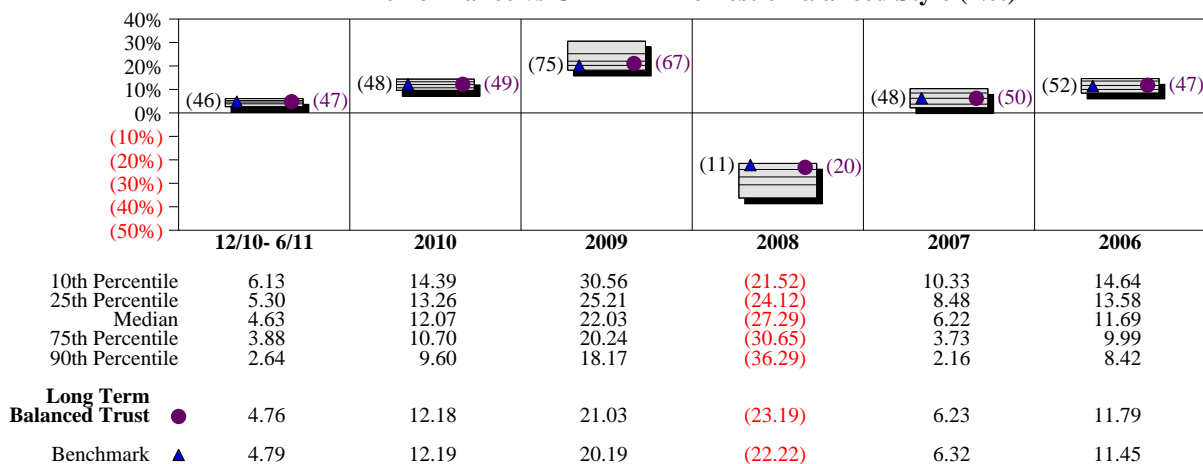


LONG TERM BALANCED TRUST RETURN ANALYSIS SUMMARY

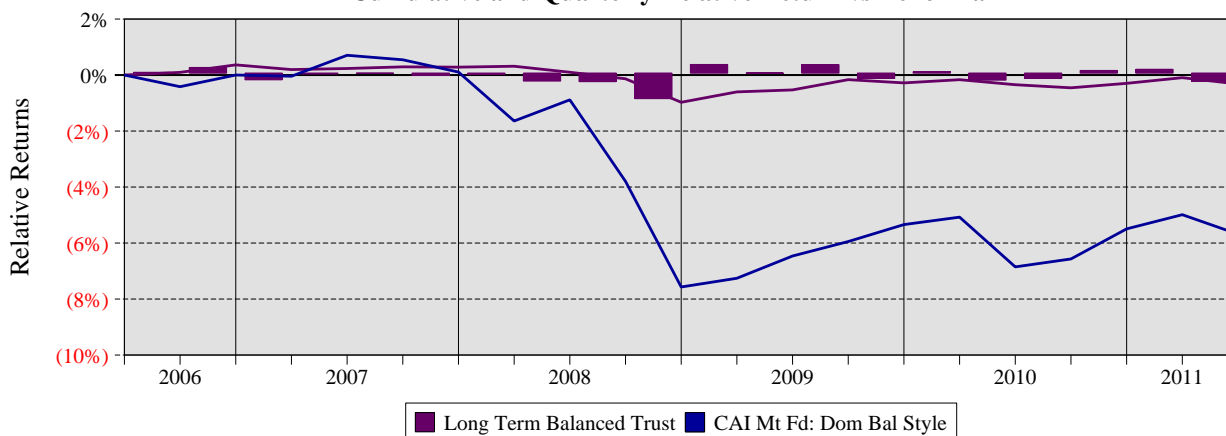
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

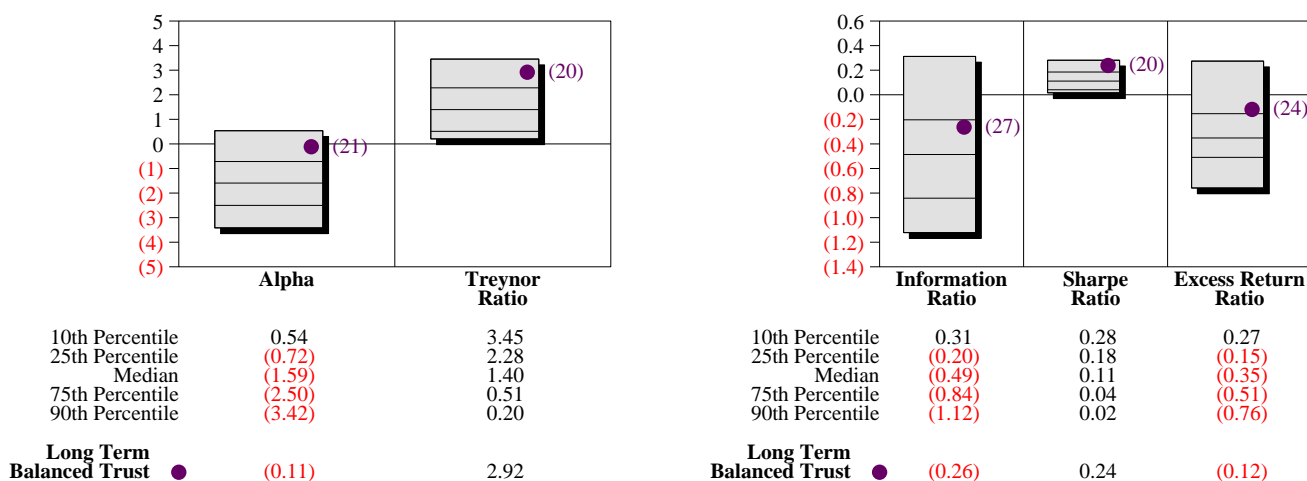
Performance vs CAI MF - Domestic Balanced Style (Net)



Cumulative and Quarterly Relative Return vs Benchmark



Risk Adjusted Return Measures vs Benchmark Rankings Against CAI MF - Domestic Balanced Style (Net) Five Years Ended June 30, 2011





TARGET 2010 PERIOD ENDED JUNE 30, 2011

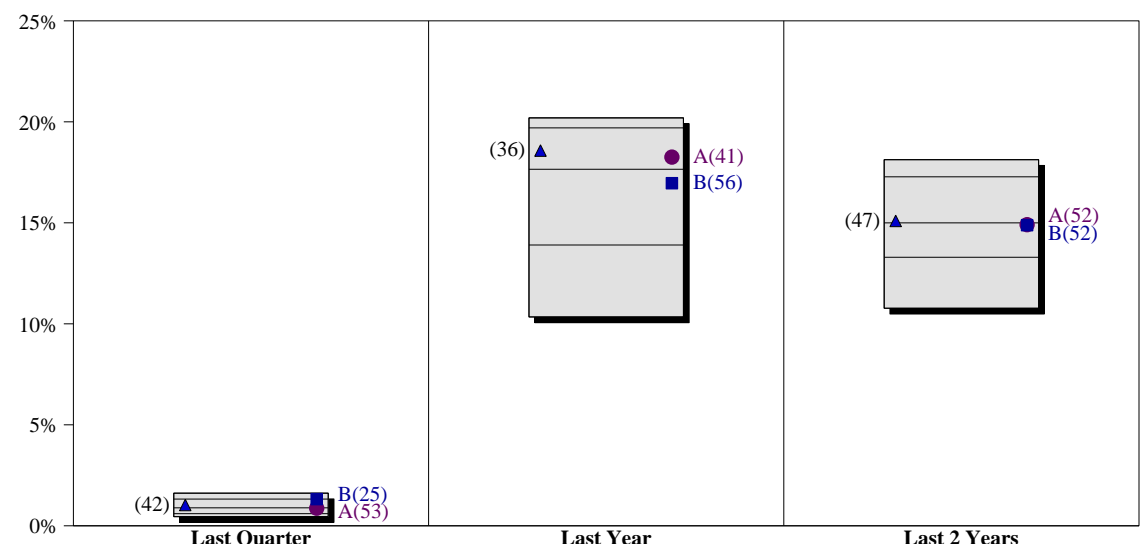
Investment Philosophy

Annual fees are 13 basis points.

Quarterly Summary and Highlights

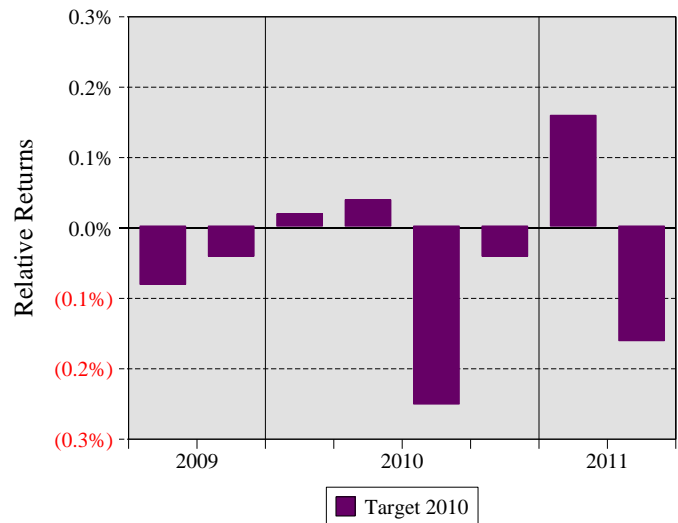
- Target 2010's portfolio posted a 0.87% return for the quarter placing it in the 53 percentile of the CAI Target Date 2010 group for the quarter and in the 41 percentile for the last year.
- Target 2010's portfolio underperformed the Custom Index by 0.16% for the quarter and underperformed the Custom Index for the year by 0.32%.

Performance vs CAI Target Date 2010 (Net)

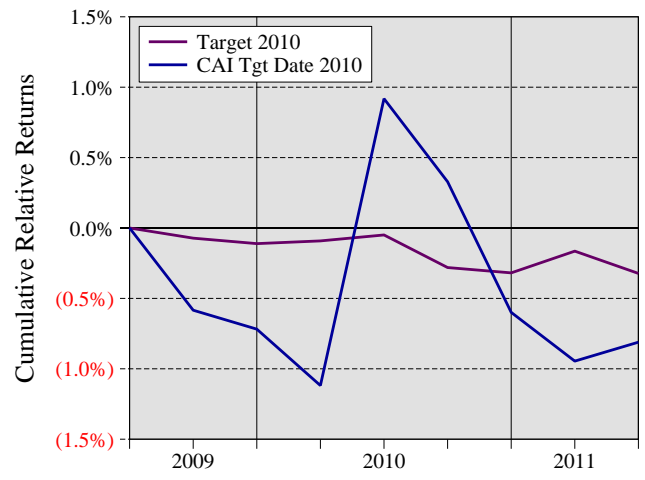


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.62	20.20	18.13
25th Percentile	1.32	19.70	17.28
Median	0.89	17.65	15.00
75th Percentile	0.60	13.90	13.29
90th Percentile	0.45	10.34	10.77
Target 2010 ● A	0.87	18.25	14.91
CAI Tgt Dt Idx 2010 ■ B	1.32	16.96	14.88
Custom Index ▲	1.03	18.58	15.09

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



TARGET 2015 TRUST PERIOD ENDED JUNE 30, 2011



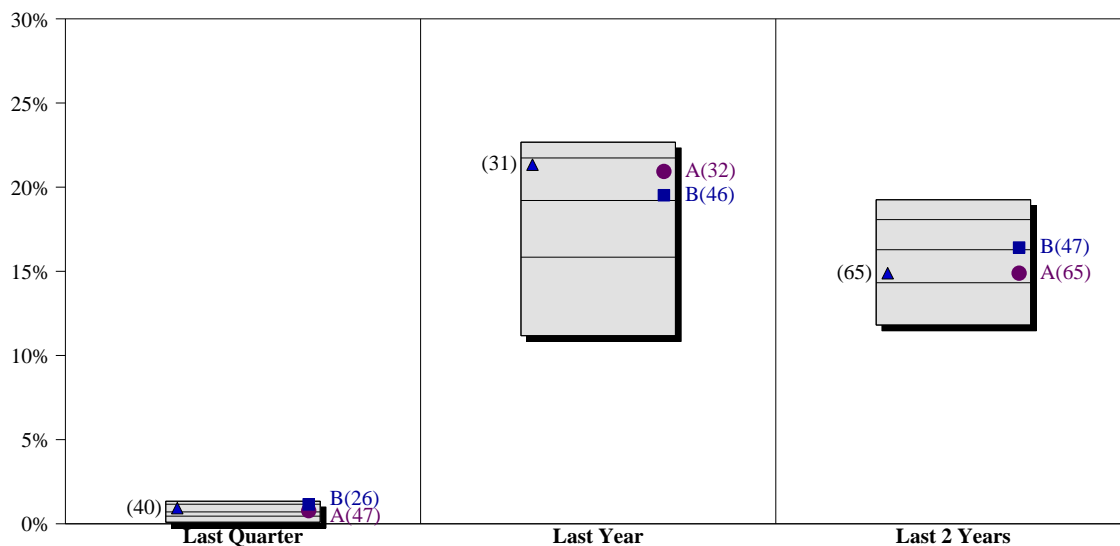
Investment Philosophy

Annual fees are 13 basis points.

Quarterly Summary and Highlights

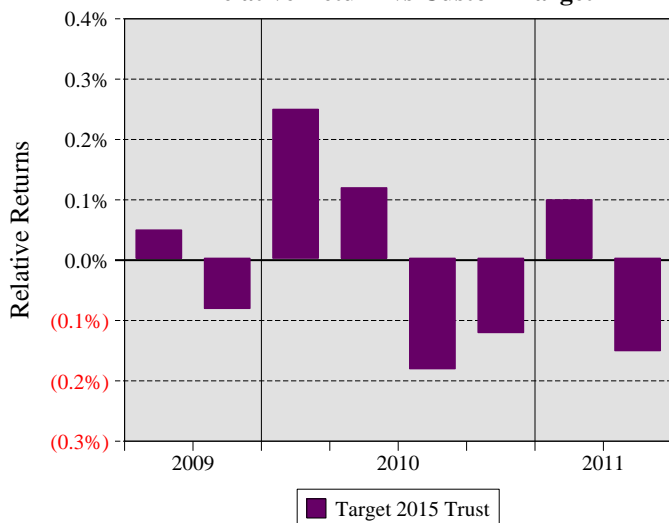
- Target 2015 Trust's portfolio posted a 0.78% return for the quarter placing it in the 47 percentile of the CAI Target Date 2015 group for the quarter and in the 32 percentile for the last year.
- Target 2015 Trust's portfolio underperformed the Custom Target by 0.15% for the quarter and underperformed the Custom Target for the year by 0.40%.

Performance vs CAI Target Date 2015 (Net)

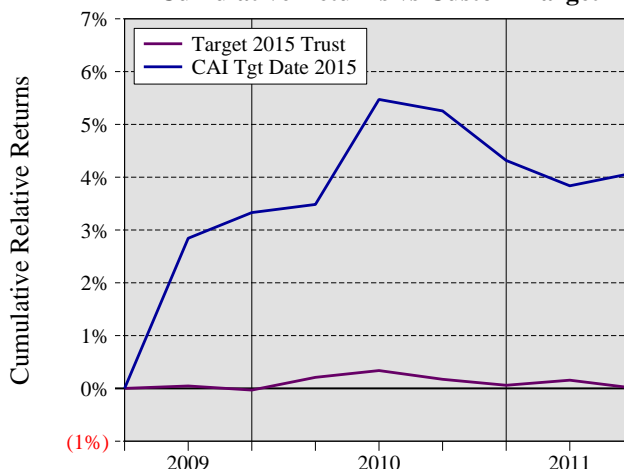


10th Percentile	1.34	22.67	19.25
25th Percentile	1.16	21.74	18.07
Median	0.71	19.21	16.28
75th Percentile	0.45	15.84	14.32
90th Percentile	0.09	11.17	11.81
Target 2015 Trust ● A	0.78	20.93	14.89
CAI Tgt Dt Idx 2015 ■ B	1.15	19.52	16.41
Custom Target ▲	0.93	21.33	14.89

Relative Return vs Custom Target



Cumulative Returns vs Custom Target





TARGET 2020 TRUST PERIOD ENDED JUNE 30, 2011

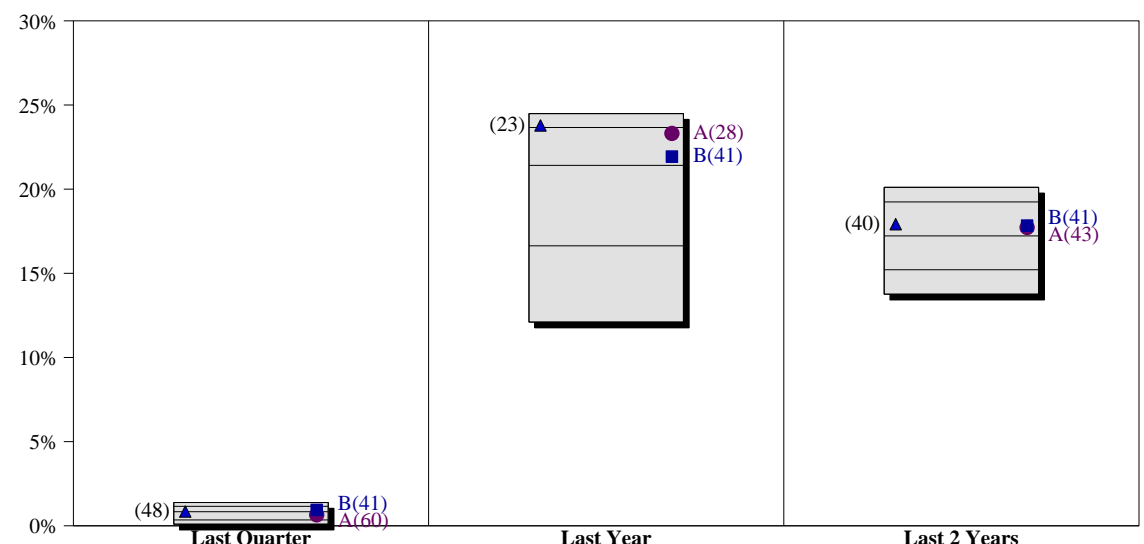
Investment Philosophy

Annual fees are 14 basis points.

Quarterly Summary and Highlights

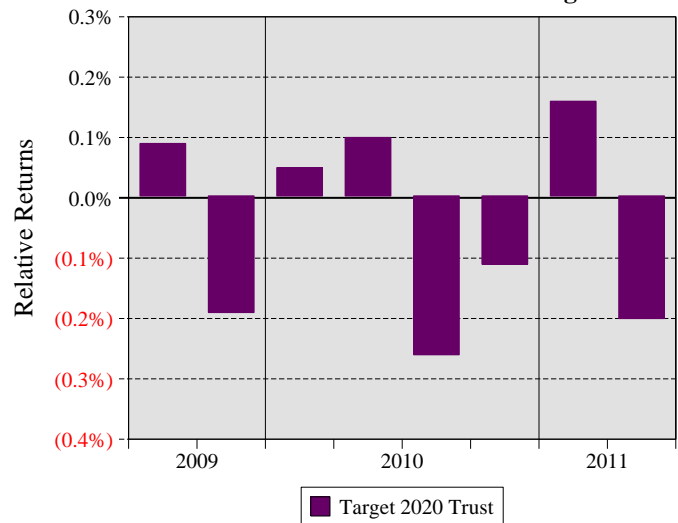
- Target 2020 Trust's portfolio posted a 0.65% return for the quarter placing it in the 60 percentile of the CAI Target Date 2020 group for the quarter and in the 28 percentile for the last year.
- Target 2020 Trust's portfolio underperformed the Custom Target by 0.20% for the quarter and underperformed the Custom Target for the year by 0.48%.

Performance vs CAI Target Date 2020 (Net)

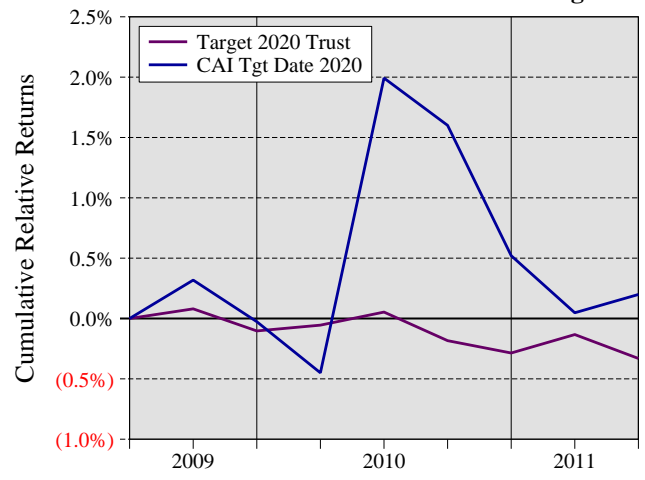


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.38	24.49	20.11
25th Percentile	1.16	23.66	19.24
Median	0.84	21.41	17.22
75th Percentile	0.35	16.63	15.21
90th Percentile	0.10	12.10	13.76
Target 2020 Trust ● A	0.65	23.31	17.72
CAI Tgt Dt Idx 2020 ■ B	0.95	21.94	17.84
Custom Target ▲	0.85	23.79	17.92

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2025 TRUST PERIOD ENDED JUNE 30, 2011

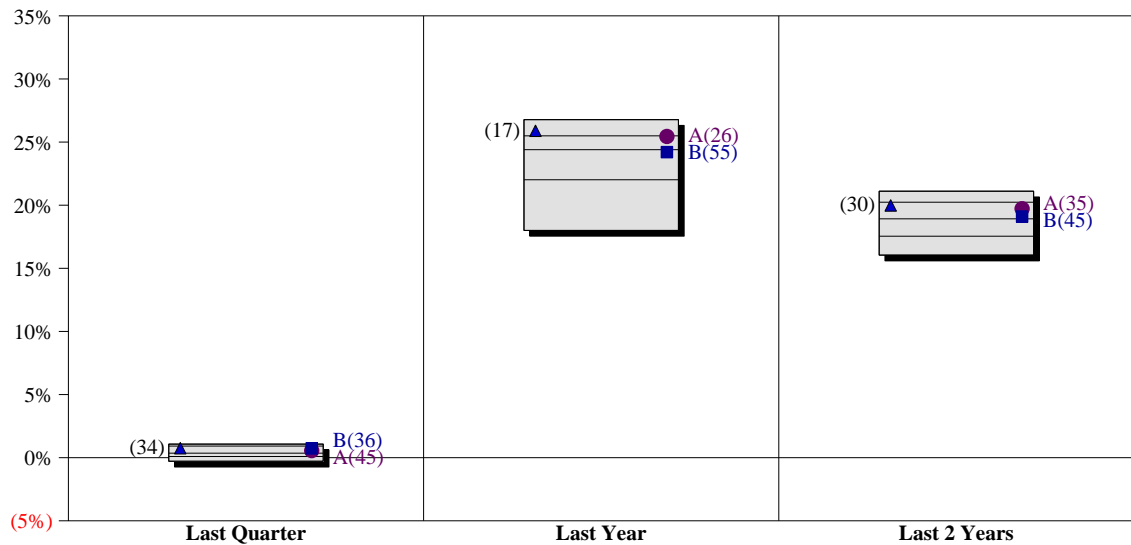
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

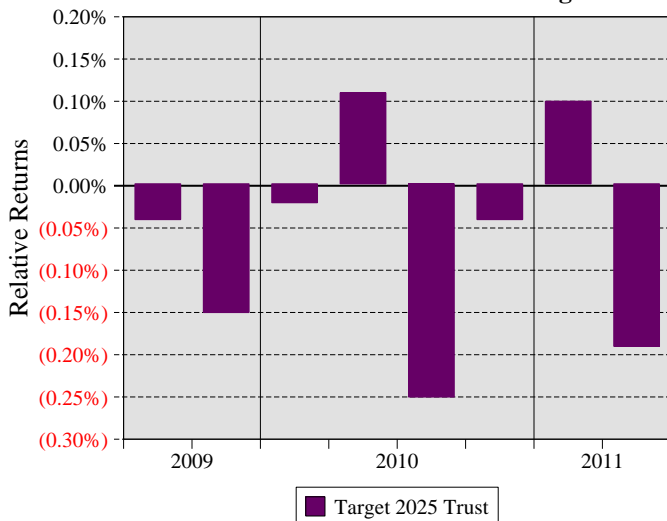
- Target 2025 Trust's portfolio posted a 0.56% return for the quarter placing it in the 45 percentile of the CAI Target Date 2025 group for the quarter and in the 26 percentile for the last year.
- Target 2025 Trust's portfolio underperformed the Custom Target by 0.19% for the quarter and underperformed the Custom Target for the year by 0.45%.

Performance vs CAI Target Date 2025 (Net)

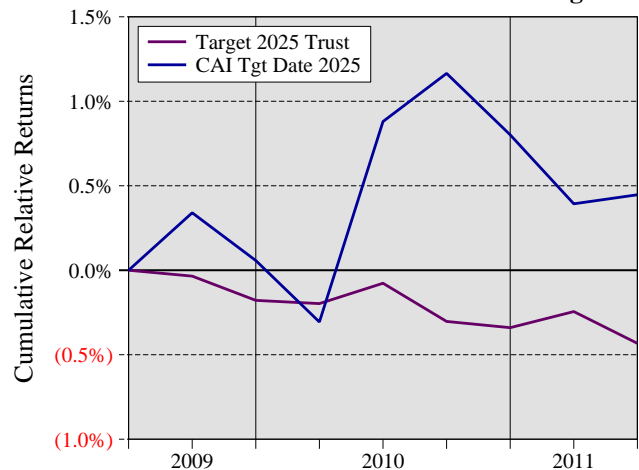


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.08	26.78	21.11
25th Percentile	0.92	25.49	20.24
Median	0.36	24.40	18.92
75th Percentile	0.09	22.02	17.54
90th Percentile	(0.28)	18.00	16.04
Target 2025 Trust (A)	0.56	25.45	19.72
CAI Tgt Dt Idx 2025 (B)	0.73	24.20	19.10
Custom Target (A)	0.75	25.89	19.98

Relative Return vs Custom Target



Cumulative Returns vs Custom Target





TARGET 2030 TRUST PERIOD ENDED JUNE 30, 2011

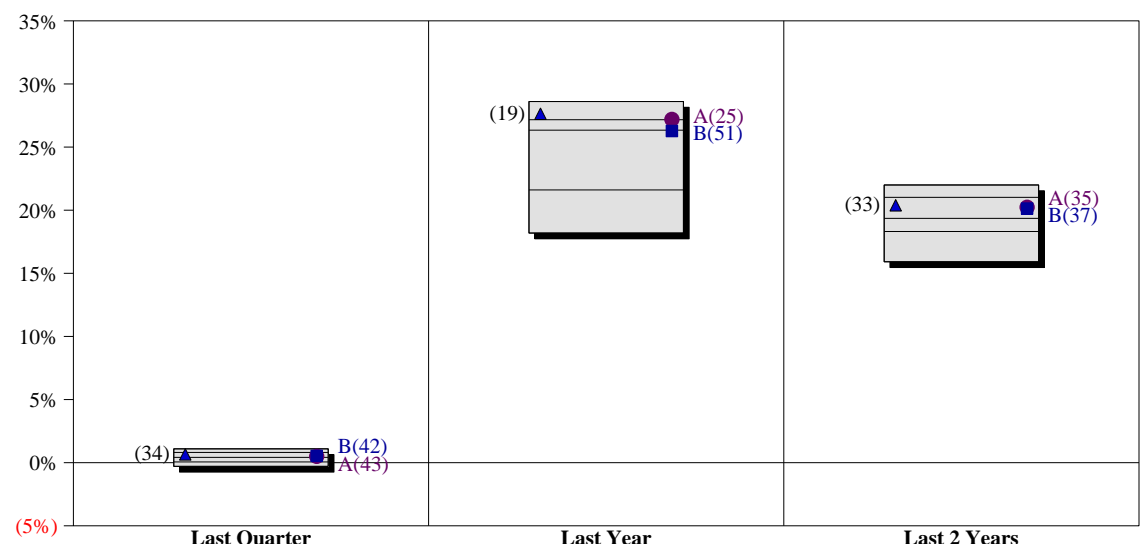
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

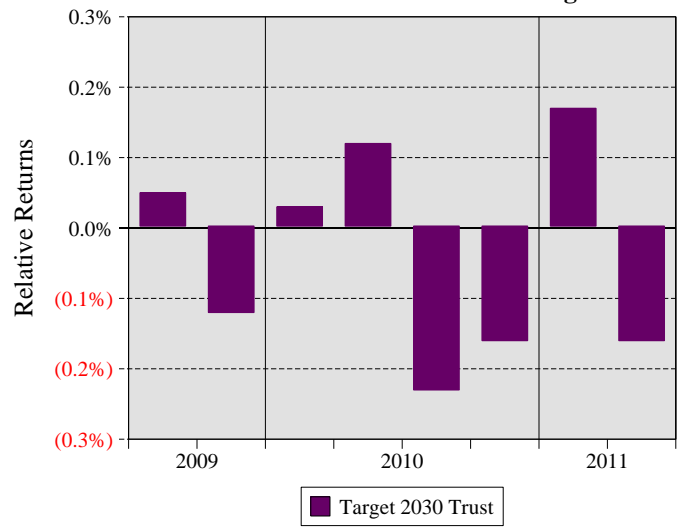
- Target 2030 Trust's portfolio posted a 0.50% return for the quarter placing it in the 43 percentile of the CAI Target Date 2030 group for the quarter and in the 25 percentile for the last year.
- Target 2030 Trust's portfolio underperformed the Custom Target by 0.16% for the quarter and underperformed the Custom Target for the year by 0.45%.

Performance vs CAI Target Date 2030 (Net)

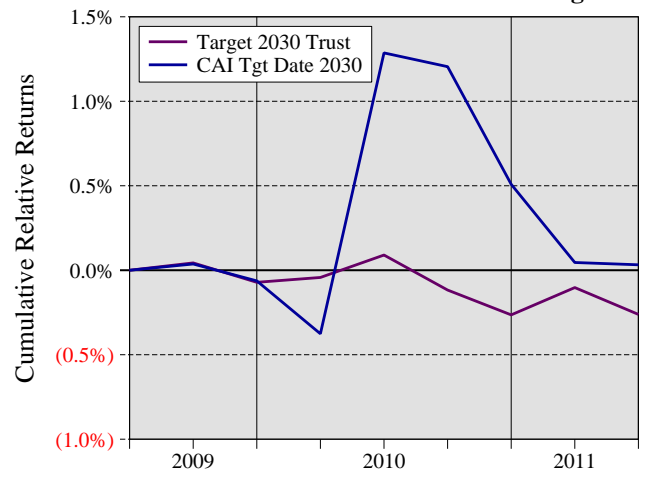


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.10	28.61	22.00
25th Percentile	0.81	27.17	21.02
Median	0.42	26.34	19.35
75th Percentile	0.06	21.61	18.31
90th Percentile	(0.29)	18.19	15.91
Target 2030 Trust ● A	0.50	27.19	20.23
CAI Tgt Dt Idx 2030 ■ B	0.54	26.27	20.13
Custom Target ▲	0.66	27.64	20.39

Relative Return vs Custom Target



Cumulative Returns vs Custom Target





TARGET 2035 TRUST PERIOD ENDED JUNE 30, 2011

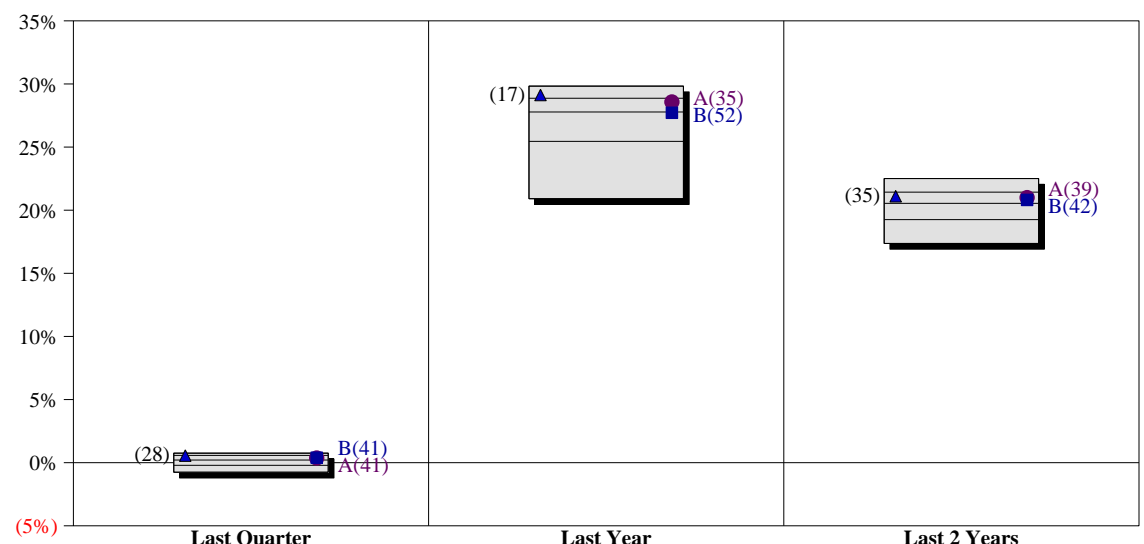
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

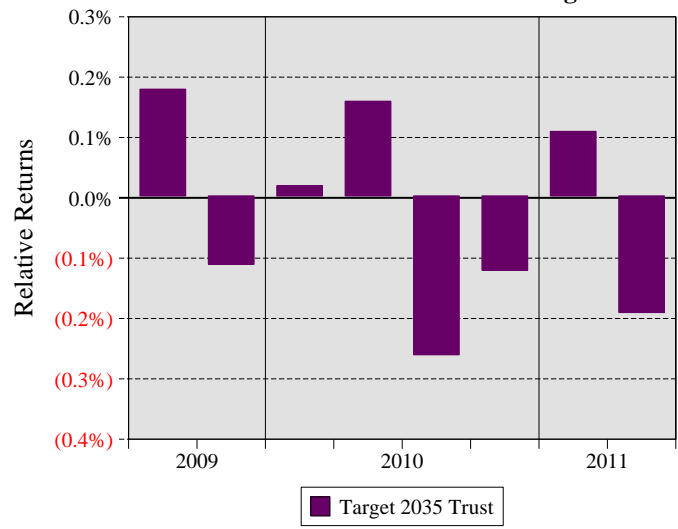
- Target 2035 Trust's portfolio posted a 0.37% return for the quarter placing it in the 41 percentile of the CAI Target Date 2035 group for the quarter and in the 35 percentile for the last year.
- Target 2035 Trust's portfolio underperformed the Custom Target by 0.19% for the quarter and underperformed the Custom Target for the year by 0.55%.

Performance vs CAI Target Date 2035 (Net)

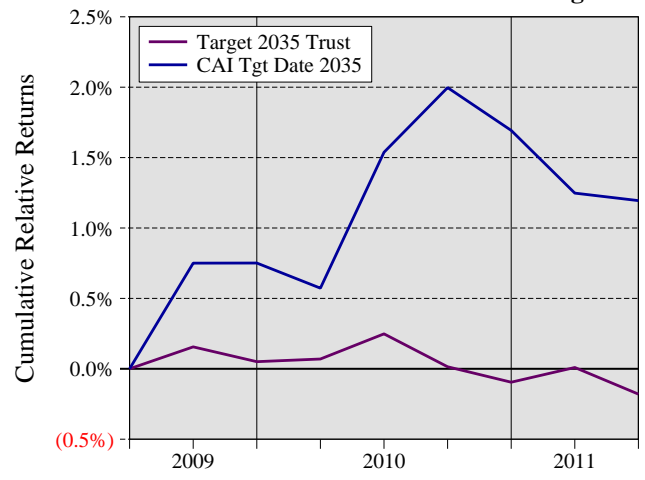


	Last Quarter	Last Year	Last 2 Years
10th Percentile	0.75	29.83	22.51
25th Percentile	0.58	28.87	21.43
Median	0.21	27.78	20.54
75th Percentile	(0.21)	25.45	19.26
90th Percentile	(0.76)	20.91	17.37
Target 2035 Trust ● A	0.37	28.57	21.00
CAI Tgt Dt Idx 2035 ■ B	0.39	27.72	20.81
Custom Target ▲	0.56	29.13	21.11

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



TARGET 2040 TRUST PERIOD ENDED JUNE 30, 2011



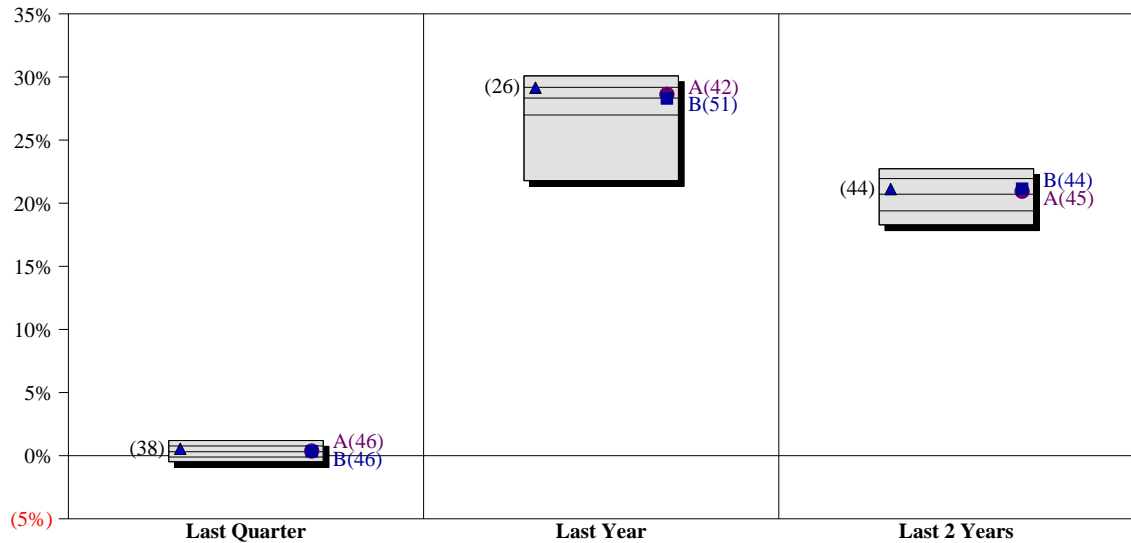
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

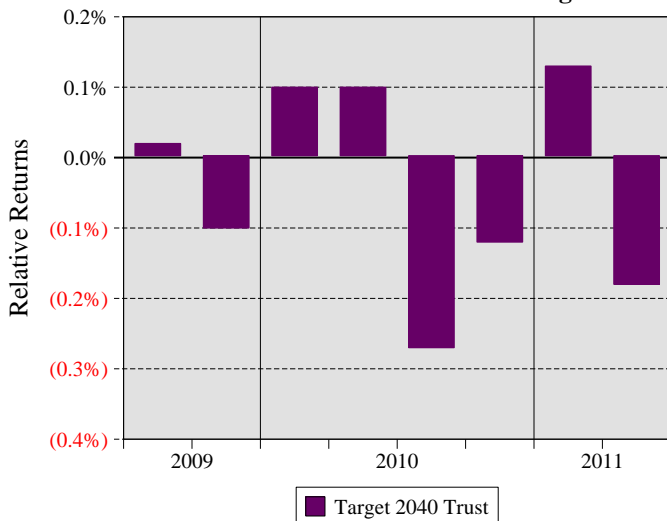
- Target 2040 Trust's portfolio posted a 0.37% return for the quarter placing it in the 46 percentile of the CAI Target Date 2040 group for the quarter and in the 42 percentile for the last year.
- Target 2040 Trust's portfolio underperformed the Custom Target by 0.18% for the quarter and underperformed the Custom Target for the year by 0.53%.

Performance vs CAI Target Date 2040 (Net)

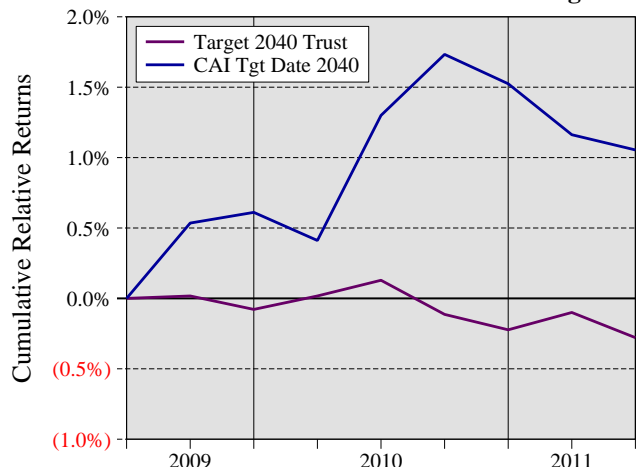


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.20	30.09	22.73
25th Percentile	0.77	29.18	21.95
Median	0.31	28.33	20.71
75th Percentile	(0.11)	26.99	19.39
90th Percentile	(0.48)	21.78	18.29
Target 2040 Trust ● A	0.37	28.62	20.95
CAI Tgt Dt Idx 2040 ■ B	0.35	28.30	21.15
Custom Target ▲	0.55	29.15	21.12

Relative Return vs Custom Target



Cumulative Returns vs Custom Target

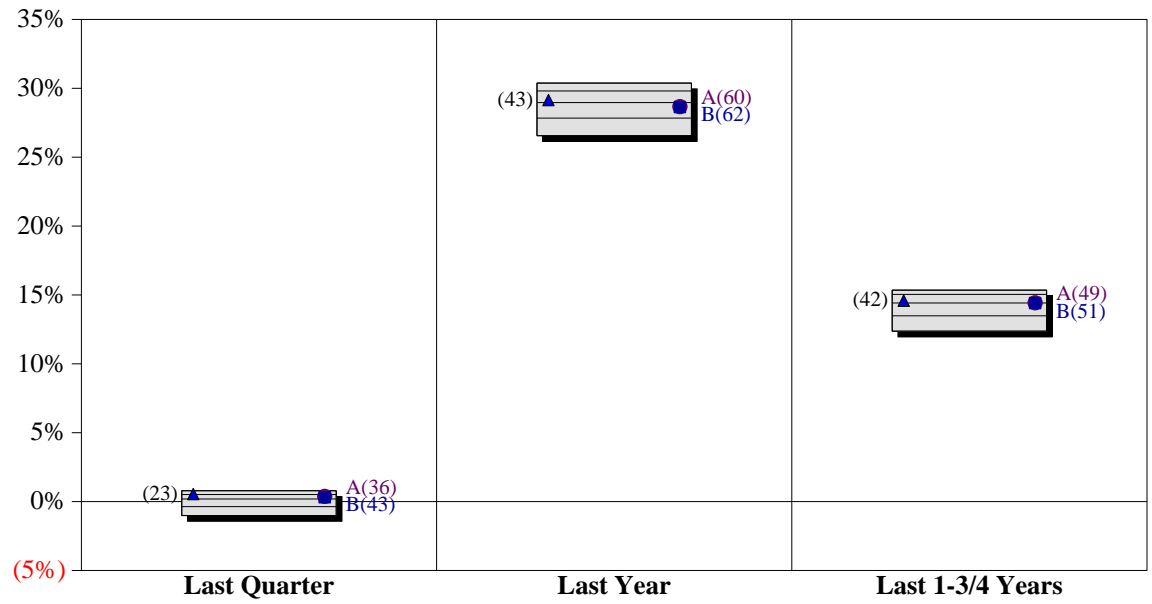




TARGET 2045 TRUST PERIOD ENDED JUNE 30, 2011

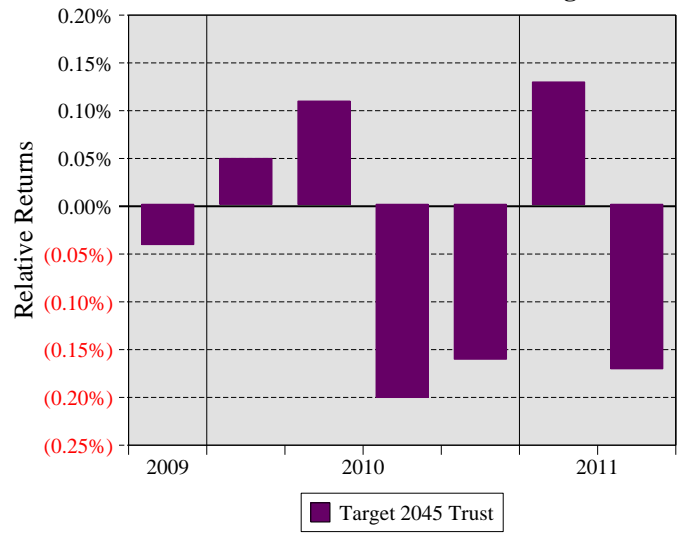
- ### Quarterly Summary and Highlights
- Target 2045 Trust's portfolio posted a 0.38% return for the quarter placing it in the 36 percentile of the CAI Target Date 2045 group for the quarter and in the 60 percentile for the last year.
 - Target 2045 Trust's portfolio underperformed the Custom Target by 0.17% for the quarter and underperformed the Custom Target for the year by 0.48%.

Performance vs CAI Target Date 2045 (Net)

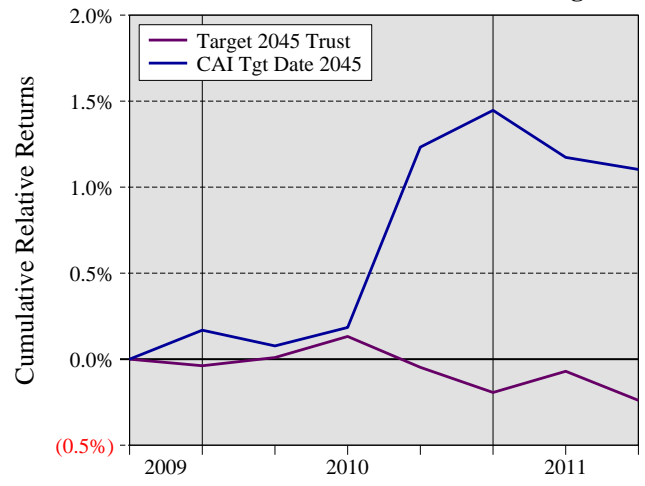


10th Percentile	0.79	30.38	15.35
25th Percentile	0.51	29.81	15.04
Median	0.19	28.96	14.42
75th Percentile	(0.37)	27.84	13.49
90th Percentile	(1.01)	26.56	12.37
Target 2045 Trust ● A	0.38	28.67	14.43
CAI Tgt Dt Idx 2045 ■ B	0.31	28.64	14.41
Custom Target ▲	0.55	29.15	14.59

Relative Return vs Custom Target



Cumulative Returns vs Custom Target

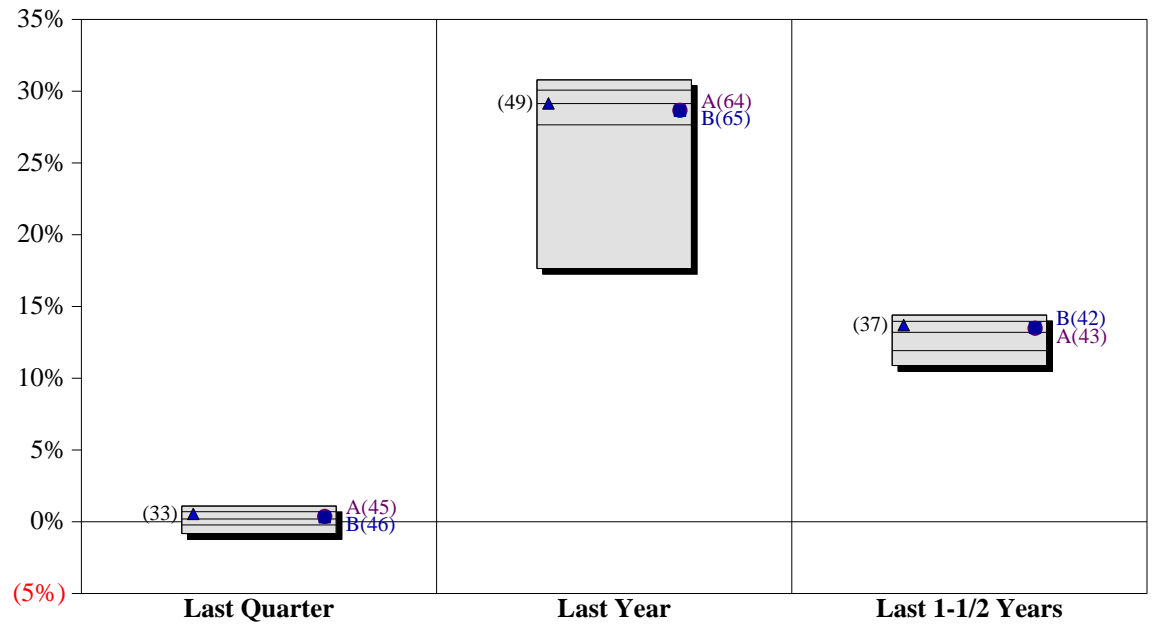




TARGET 2050 PERIOD ENDED JUNE 30, 2011

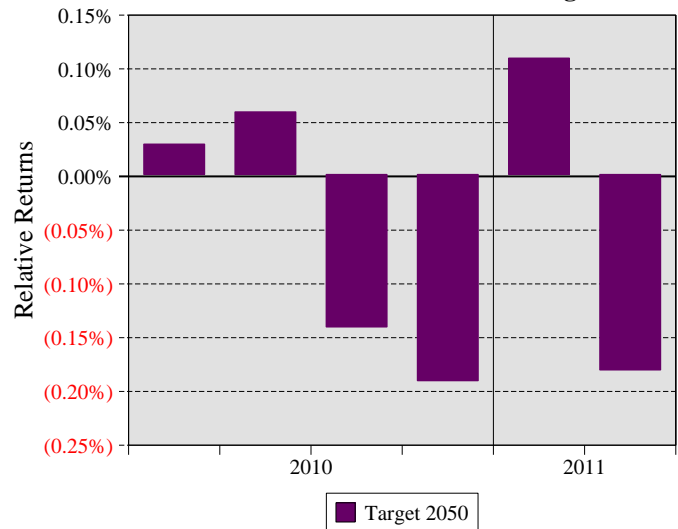
- ### Quarterly Summary and Highlights
- Target 2050's portfolio posted a 0.37% return for the quarter placing it in the 45 percentile of the CAI Target Date 2050 group for the quarter and in the 64 percentile for the last year.
 - Target 2050's portfolio underperformed the Custom Target by 0.18% for the quarter and underperformed the Custom Target for the year by 0.48%.

Performance vs CAI Target Date 2050 (Net)

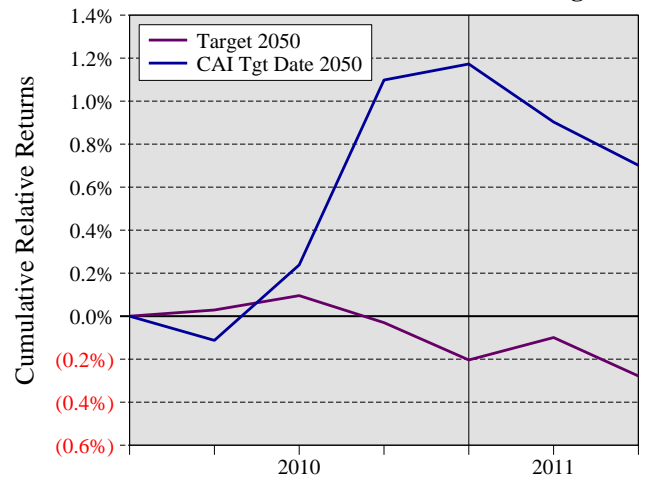


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	1.09	30.79	14.40
25th Percentile	0.70	30.07	13.97
Median	0.19	29.14	13.20
75th Percentile	(0.22)	27.66	11.92
90th Percentile	(0.82)	17.64	10.89
Target 2050 ● A	0.37	28.67	13.49
CAI Tgt ■ B	0.31	28.64	13.52
Custom Target ▲	0.55	29.15	13.70

Relative Return vs Custom Target



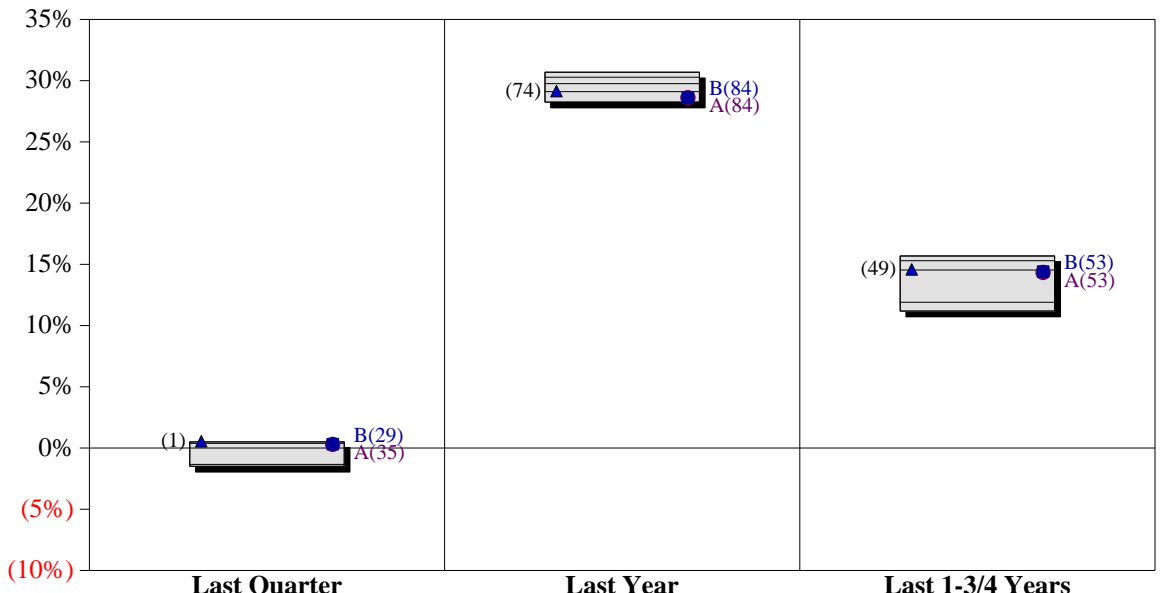
Cumulative Returns vs Custom Target



TARGET 2055 TRUST PERIOD ENDED JUNE 30, 2011

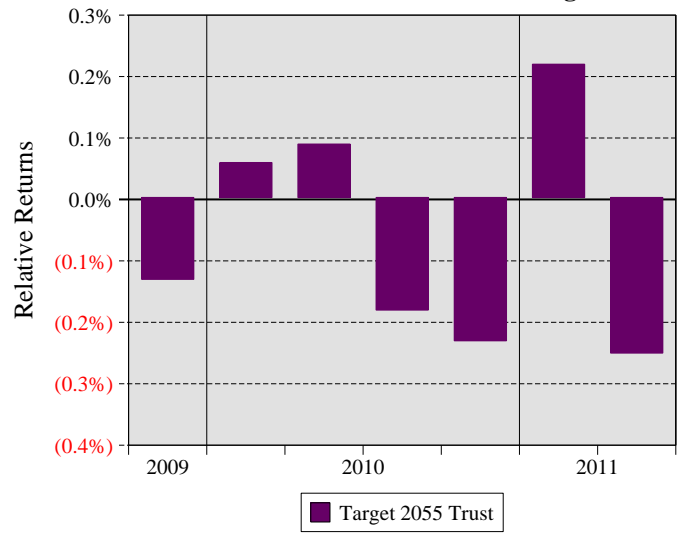
- ### Quarterly Summary and Highlights
- Target 2055 Trust's portfolio posted a 0.30% return for the quarter placing it in the 35 percentile of the CAI Target Date 2055 group for the quarter and in the 84 percentile for the last year.
 - Target 2055 Trust's portfolio underperformed the Custom Target by 0.25% for the quarter and underperformed the Custom Target for the year by 0.53%.

Performance vs CAI Target Date 2055 (Net)

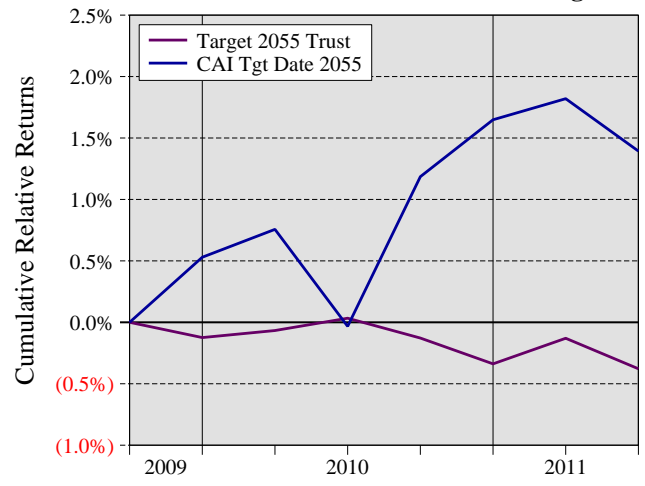


10th Percentile	0.50	30.69	15.68
25th Percentile	0.38	30.28	15.30
Median	(0.00)	29.76	14.54
75th Percentile	(1.34)	29.10	11.90
90th Percentile	(1.49)	28.25	11.18
Target 2055 Trust	● A	0.30	28.62
CAI Tgt Dt Idx 2045	■ B	0.31	28.64
Custom Target	▲	0.55	29.15

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



US REAL ESTATE INV TRUST PERIOD ENDED JUNE 30, 2011



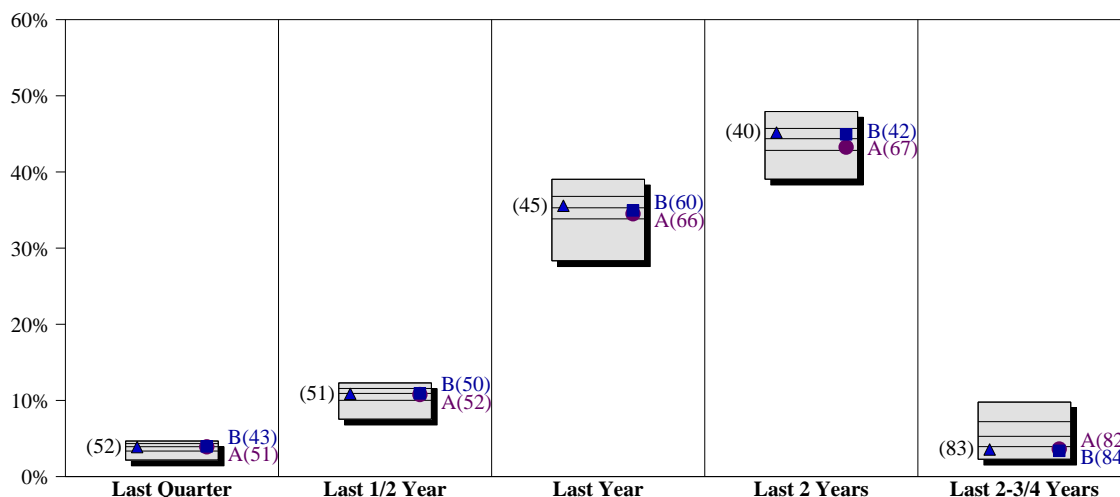
Investment Philosophy

The US Real Estate Investment Trust Index Fund is managed by SSgA. Passively managed. Annual fees are 17 basis points.

Quarterly Summary and Highlights

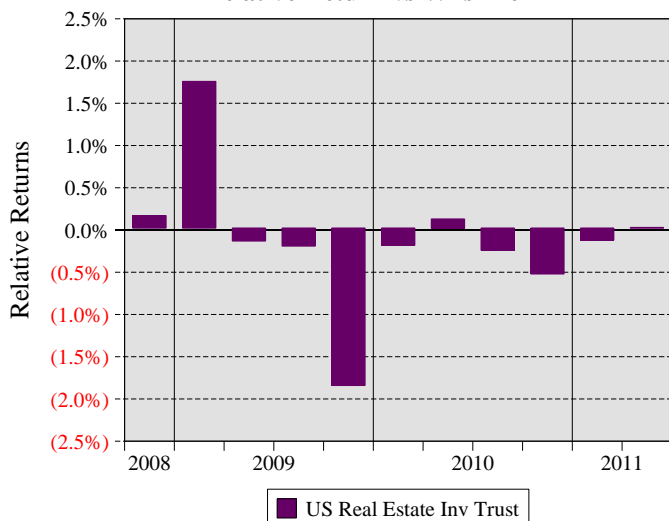
- US Real Estate Inv Trust's portfolio posted a 3.91% return for the quarter placing it in the 51 percentile of the Real Estate Mut Fds group for the quarter and in the 66 percentile for the last year.
- US Real Estate Inv Trust's portfolio outperformed the Wilshire REIT by 0.03% for the quarter and underperformed the Wilshire REIT for the year by 1.05%.

Performance vs Real Estate Mut Fds (Gross)

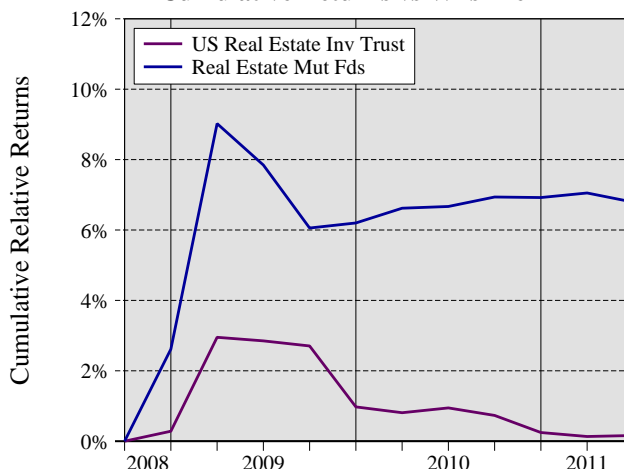


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	4.67	12.30	39.04	47.93	9.78
25th Percentile	4.34	11.57	36.79	45.72	7.21
Median	3.92	10.92	35.29	44.37	5.29
75th Percentile	3.35	10.01	33.84	42.83	3.94
90th Percentile	2.17	7.54	28.34	39.05	2.28
US Real Estate Inv Trust	3.91	10.78	34.51	43.26	3.62
US Select REIT Index	3.97	10.93	34.95	44.95	3.38
Wilshire REIT	3.88	10.87	35.56	45.17	3.56

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

Why Plan Sponsors Invest in Private Equity

Gary Robertson

Domestic Equity Benchmark Review: Year End 2010

Jacki Hoagland, Stephanie Meade

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

Publications

DC Observer and Callan DC Index™ – 1st Quarter 2011

Hedge Fund Monitor – 1st Quarter 2011

Capital Market Review – 2nd Quarter 2011

Quarterly Performance Data – 2nd Quarter 2011

Private Markets Trends – Spring 2011

Surveys

2011 Callan Target Date Fund Survey – June 2011

2011 DC Trends Survey – January 2011

2010 Alternative Investments Survey – November 2010



RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Presentation: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Upcoming Educational Programs

October 2011 Regional Breakfast Workshops

October 25 in New York City

October 26 in Chicago

Subject TBA – Detailed information will be sent to you in August.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

SECOND 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.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or college@callan.com.

The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com

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 06/30/11, 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	
AQR Capital Management	Y	
Artio Global Management (fka, Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
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	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Crestline Investors	Y	Y
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		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
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		Y
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
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 America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Login Circle	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Man Investments	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y

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Manager Name	Educational Services	Consulting Services
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
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)	Y	
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	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	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
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y

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Manager Name	Educational Services	Consulting Services
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
Tradewind Global Investors	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
June 30, 2011**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2011 by Callan Associates Inc.

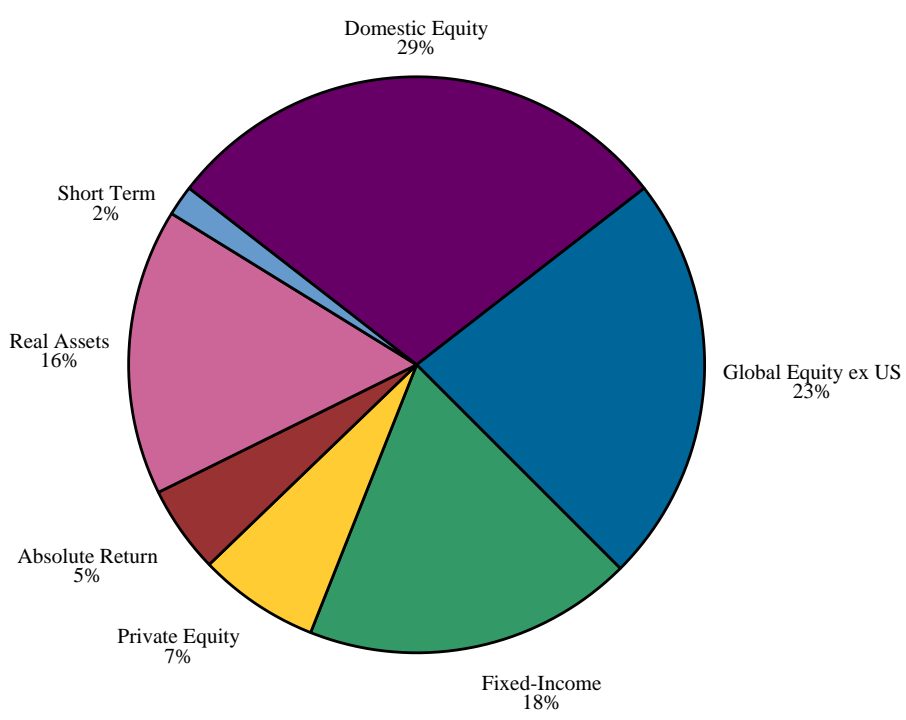


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Actual Asset Allocation
 ARMB PERS Retiree Medical allocation as of June 30, 2010.

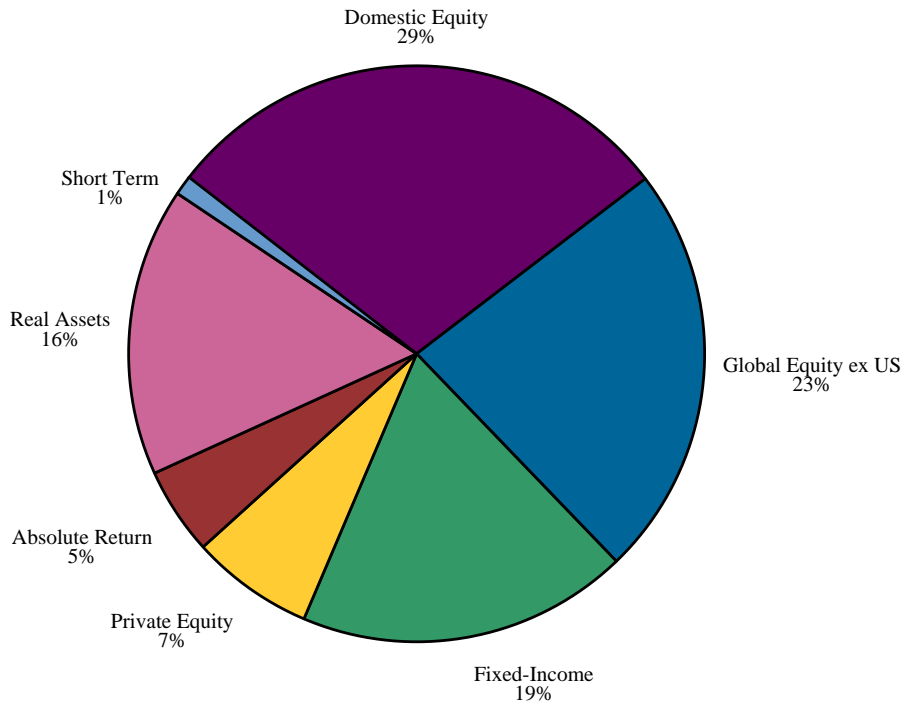
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	3,576,972	29.0%
Global Equity ex US	2,840,380	23.0%
Fixed-Income	2,276,409	18.5%
Private Equity	843,504	6.8%
Absolute Return	599,820	4.9%
Real Assets	1,987,958	16.1%
Short Term	212,415	1.7%
Total	12,337,458	100.0%

Actual Asset Allocation
 ARMB TRS Retiree Medical allocation as of June 30, 2010.

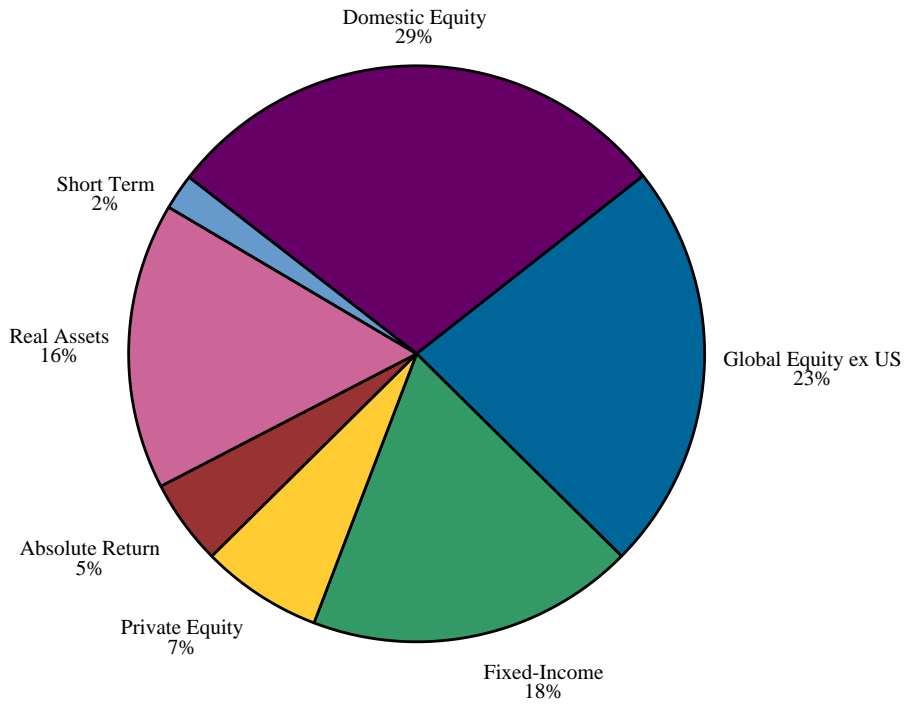
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	1,589,288	29.2%
Global Equity ex US	1,261,939	23.2%
Fixed-Income	1,011,900	18.6%
Private Equity	374,963	6.9%
Absolute Return	266,586	4.9%
Real Assets	883,664	16.2%
Short Term	62,575	1.1%
Total	5,450,914	100.0%

Actual Asset Allocation
 ARMB PERS Health Reimbursement allocation as of June 30, 2010.

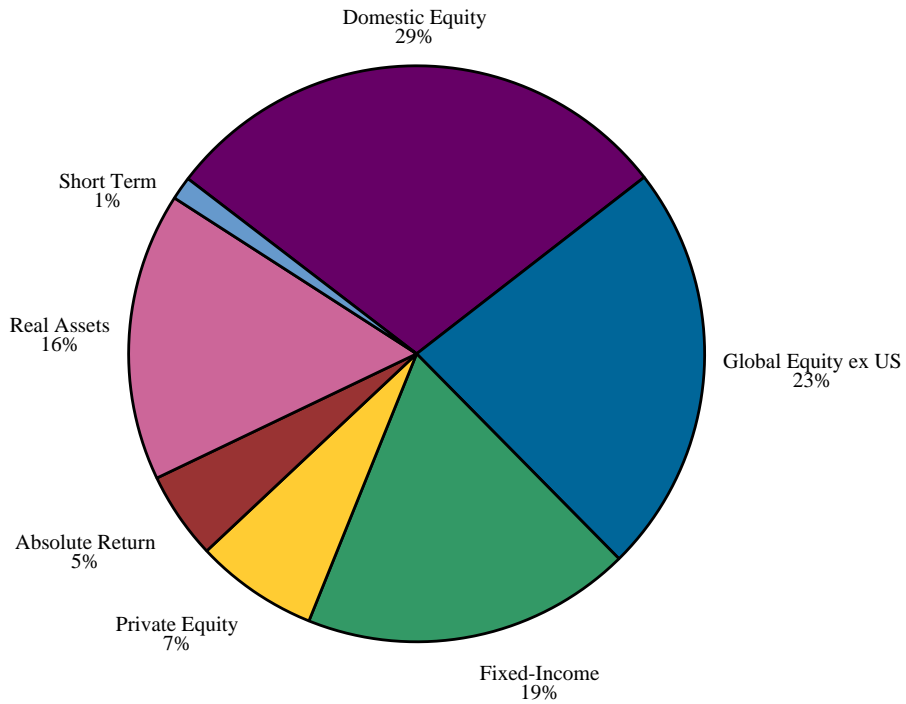
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	15,647,423	28.9%
Global Equity ex US	12,422,649	23.0%
Fixed-Income	9,959,400	18.4%
Private Equity	3,690,546	6.8%
Absolute Return	2,624,018	4.8%
Real Assets	8,697,637	16.1%
Short Term	1,065,571	2.0%
Total	54,107,243	100.0%

Actual Asset Allocation
 ARMB TRS Health Reimbursement allocation as of June 30, 2010.

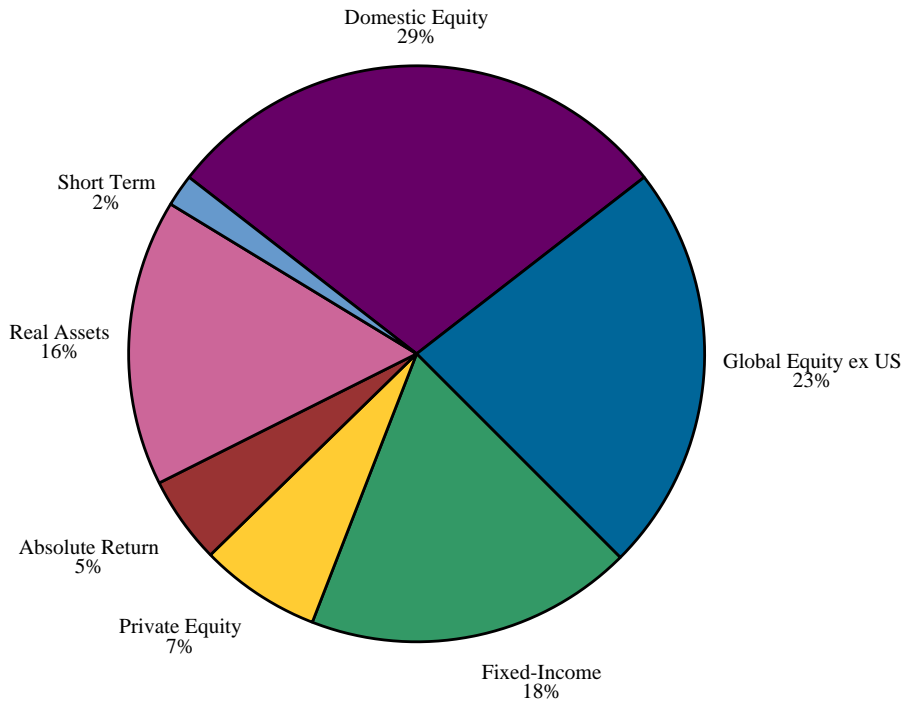
Actual Asset Allocation



<u>Asset Class</u>	<u>\$Dollars Actual</u>	<u>Percent Actual</u>
Domestic Equity	5,194,608	29.1%
Global Equity ex US	4,123,874	23.1%
Fixed-Income	3,308,069	18.5%
Private Equity	1,225,883	6.9%
Absolute Return	871,445	4.9%
Real Assets	2,889,036	16.2%
Short Term	224,277	1.3%
Total	17,837,192	100.0%

Actual Asset Allocation
 ARMB PERS ODD allocation as of June 30, 2010.

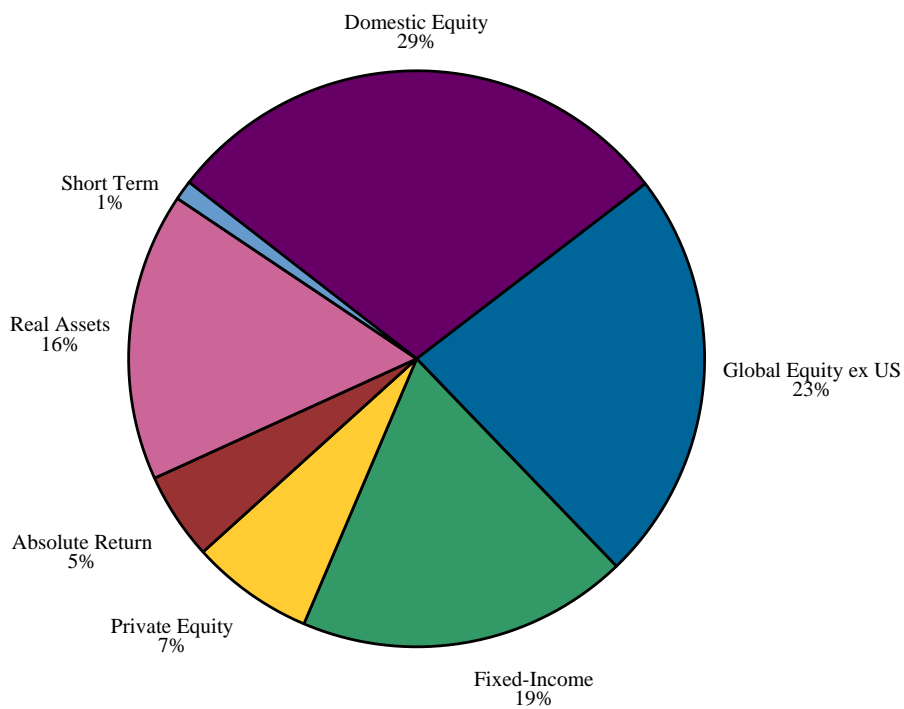
Actual Asset Allocation



Asset Class	\$Dollars Actual	Percent Actual
Domestic Equity	1,535,705	29.0%
Global Equity ex US	1,219,487	23.0%
Fixed-Income	977,602	18.4%
Private Equity	362,199	6.8%
Absolute Return	257,552	4.9%
Real Assets	853,637	16.1%
Short Term	97,447	1.8%
Total	5,303,628	100.0%

Actual Asset Allocation
ARMB TRS ODD allocation as of June 30, 2010.

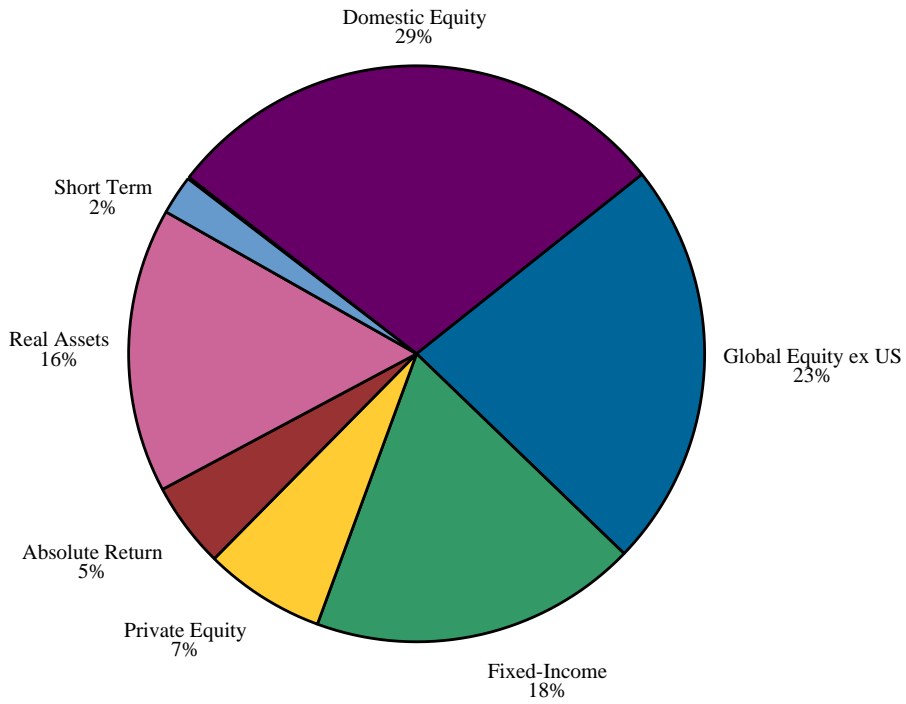
Actual Asset Allocation



Asset Class	\$Dollars Actual	Percent Actual
Domestic Equity	653,492	29.2%
Global Equity ex US	518,904	23.2%
Fixed-Income	416,074	18.6%
Private Equity	154,159	6.9%
Absolute Return	109,617	4.9%
Real Assets	363,357	16.2%
Short Term	25,736	1.1%
Total	2,241,340	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	554,574	28.8%
Global Equity ex US	440,734	22.9%
Fixed-Income	353,876	18.4%
Private Equity	130,896	6.8%
Absolute Return	93,067	4.8%
Real Assets	308,492	16.0%
Short Term	42,174	2.2%
Total	1,923,814	100.0%



Investment Fund Returns

The table below details the rates of return for the Sponsor's investment funds over various time periods ended June 30, 2011. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended June 30, 2011

	Last Quarter	Last 1-1/2 Years	Last Year	Last 2 Years	Last 4-1/2 Years
Total Retiree Medical Plan	2.13%	12.18%	20.86%	15.62%	1.42%
Retiree Medical PERS	2.13%	12.20%	20.90%	15.60%	-
Retiree Medical TRS	2.12%	12.16%	20.78%	15.68%	-
Benchmark	1.15%	11.66%	21.65%	16.26%	1.20%
Total Health Reimbursement	2.13%	11.98%	20.57%	15.48%	1.53%
Health Reimbursement PERS	2.13%	11.97%	20.55%	15.45%	-
Health Reimbursement TRS	2.11%	12.02%	20.60%	15.56%	-
Benchmark	1.15%	11.66%	21.65%	16.26%	1.20%
ODD PERS	2.15%	12.09%	20.72%	15.64%	1.40%
Benchmark	1.15%	11.66%	21.65%	16.26%	1.20%
ODD TRS	2.13%	12.16%	20.82%	15.85%	-
Benchmark	1.15%	11.66%	21.65%	16.26%	1.20%
DC ODD P&F	2.09%	11.89%	20.53%	-	-
Benchmark	1.15%	11.66%	21.65%	16.26%	1.20%

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

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2011, with the distribution as of March 31, 2011.

Asset Distribution Across Investment Managers

	June 30, 2011		March 31, 2011	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Trust	331,567	0.19%	289,943	0.18%
Alaska Long-Term Balanced	11,910,847	6.90%	7,963,306	5.01%
2010 Trust	320,855	0.19%	250,069	0.16%
2015 Trust	1,316,956	0.76%	1,070,417	0.67%
2020 Trust	2,351,237	1.36%	1,893,298	1.19%
2025 Trust	3,095,629	1.79%	2,456,323	1.55%
2030 Trust	3,236,734	1.88%	2,601,933	1.64%
2035 Trust	3,378,046	1.96%	2,744,442	1.73%
2040 Trust	5,330,721	3.09%	4,374,702	2.75%
2045 Trust	5,223,023	3.03%	4,161,937	2.62%
2050 Trust	6,023,475	3.49%	4,713,949	2.97%
2055 Trust	1,719,235	1.00%	1,293,791	0.81%
Domestic Equity Funds				
S&P 500 Stock Index Fd	32,611,071	18.90%	29,920,070	18.83%
RCM Socially Resp Inv Fd	2,213,299	1.28%	5,635,082	3.55%
Russell 3000 Index Fd	282,644	0.16%	276,142	0.17%
T. Rowe Small Cap	31,700,252	18.38%	30,582,331	19.24%
International Equity Funds				
Brandes Intl Equity	43,725,828	25.35%	42,849,997	26.96%
World Equity ex US	302,079	0.18%	273,088	0.17%
Fixed-Income Funds				
BlackRock Govt/Credit	9,371,117	5.43%	7,164,637	4.51%
Long US Treasury Bd	148,066	0.09%	109,399	0.07%
Intermediate Bond Fund	232,523	0.13%	214,642	0.14%
US TIPS	237,298	0.14%	200,715	0.13%
World Govt Bd ex US	164,156	0.10%	137,806	0.09%
Global Balanced Funds				
SSgA Global Balanced	2,595,071	1.50%	3,243,725	2.04%
Real Estate Funds				
US REIT Index	456,794	0.26%	404,582	0.25%
Short Term Funds				
Money Market	3,922,731	2.27%	3,885,947	2.45%
SSgA Treas Money Mkt Fd	316,496	0.18%	217,063	0.14%
Total	\$172,517,750	100.0%	\$158,929,336	100.0%



Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2011, with the distribution as of March 31, 2011.

Asset Distribution Across Investment Managers

	June 30, 2011		March 31, 2011	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Trust	86,167	0.11%	75,388	0.11%
Alaska Long-Term Balanced	5,000,270	6.32%	3,488,545	4.93%
2010 Trust	206,063	0.26%	164,908	0.23%
2015 Trust	669,178	0.85%	539,321	0.76%
2020 Trust	1,021,661	1.29%	790,330	1.12%
2025 Trust	1,176,257	1.49%	912,389	1.29%
2030 Trust	1,162,611	1.47%	903,294	1.28%
2035 Trust	2,088,566	2.64%	1,643,742	2.32%
2040 Trust	2,261,588	2.86%	1,813,884	2.56%
2045 Trust	4,183,252	5.29%	3,283,566	4.64%
2050 Trust	5,300,766	6.70%	4,071,559	5.75%
2055 Trust	177,859	0.22%	130,138	0.18%
Domestic Equity Funds				
S&P 500 Stock Index Fd	13,801,136	17.45%	12,150,703	17.15%
RCM Socially Resp Inv Fd	1,249,041	1.58%	2,718,739	3.84%
Russell 3000 Index Fd	133,376	0.17%	117,835	0.17%
T. Rowe Small Cap	13,995,497	17.70%	13,032,060	18.40%
International Equity Funds				
Brandes Intl Equity	18,989,926	24.01%	18,119,242	25.58%
World Equity ex US	52,767	0.07%	50,924	0.07%
Fixed-Income Funds				
BlackRock Govt/Credit	4,032,979	5.10%	2,985,182	4.21%
Long US Treasury Bd	18,729	0.02%	38,293	0.05%
Intermediate Bond Fund	67,752	0.09%	62,305	0.09%
US TIPS	99,891	0.13%	73,884	0.10%
World Govt Bd ex US	8,623	0.01%	6,489	0.01%
Global Balanced Funds				
SSgA Global Balanced	1,538,163	1.94%	1,945,609	2.75%
Real Estate Funds				
US REIT Index	123,996	0.16%	95,373	0.13%
Short Term Funds				
Alaska Money Market	1,631,849	2.06%	1,590,030	2.24%
SSgA Money Mkt	14,661	0.02%	26,760	0.04%
Total	\$79,092,624	100.0%	\$70,830,492	100.0%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 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 June 30, 2011

	Last Quarter	Fiscal Year	Last 3 Years	Last 4-3/4 Years
S&P 500 Stock Index Fd	0.08%	30.71%	3.45%	2.00%
RCM Socially Responsible Inv(1)	0.16%	32.57%	-	-
S&P 500 Index	0.10%	30.69%	3.34%	1.91%
Russell 3000 Index Fund	(0.01%)	32.33%	-	-
Russell 3000	(0.03%)	32.37%	4.00%	2.55%
T. Rowe Price Small-Cap Stock Tr	(0.44%)	44.62%	14.20%	7.55%
Russell 2000	(1.61%)	37.41%	7.77%	4.21%
Brandes International Equity Fund	0.55%	23.56%	-	-
MSCI EAFE Index	1.56%	30.36%	(1.77%)	0.73%
World Equity ex US	0.45%	29.54%	-	-
MSCI ACWI x US (Net)	0.38%	29.73%	(0.35%)	3.04%
SSgA Global Balanced	1.27%	20.57%	-	-
Global Balanced Target	1.20%	20.33%	-	-
BlackRock Govt/Credit Bond Fund(2)	2.27%	3.54%	5.84%	5.67%
BC Govt/Credit Bd	2.32%	3.68%	6.17%	5.83%
Long US Treasury Bond	3.30%	(1.35%)	-	-
BC Long Treasury	3.36%	(1.14%)	5.94%	6.25%
Intermediate Bond Fund	2.04%	2.51%	-	-
BC Govt Intermediate	2.08%	2.65%	4.91%	5.53%
US TIPS	3.61%	7.53%	-	-
BC US TIPS Index	3.66%	7.74%	5.28%	6.50%
World Govt Bond ex US	3.67%	13.87%	-	-
Citi Non-US Gvt Bd Idx	3.68%	13.95%	6.20%	7.99%
Alaska Balanced Trust	1.38%	13.41%	6.05%	5.19%
Alaska Balanced Benchmark	1.58%	13.27%	5.95%	5.11%
Alaska Long-Term Balanced Tr	0.89%	20.38%	5.35%	4.25%
Alaska Long-Term Bal. Benchmark	1.12%	20.35%	5.36%	4.25%
Target 2010 Trust	0.87%	18.25%	-	-
Target 2010 Benchmark	1.03%	18.58%	-	-
Target 2015 Trust	0.78%	20.93%	-	-
Target 2015 Benchmark	0.93%	21.33%	-	-
Target 2020 Trust	0.65%	23.31%	-	-
Target 2020 Benchmark	0.85%	23.79%	-	-

(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 June 30, 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 June 30, 2011

	Last Quarter	Fiscal Year	Last 3 Years	Last 4-3/4 Years
Target 2025 Trust	0.56%	25.45%	3.55%	2.46%
Target 2025 Benchmark	0.75%	25.89%	3.43%	2.37%
Target 2030 Trust	0.50%	27.19%	-	-
Target 2030 Benchmark	0.66%	27.64%	-	-
Target 2035 Trust	0.37%	28.57%	-	-
Target 2035 Benchmark	0.56%	29.13%	-	-
Target 2040 Trust	0.37%	28.62%	-	-
Target 2040 Benchmark	0.55%	29.15%	-	-
Target 2045 Trust	0.38%	28.67%	-	-
Target 2045 Benchmark	0.55%	29.15%	-	-
Target 2050 Trust	0.37%	28.67%	-	-
Target 2050 Benchmark	0.55%	29.15%	-	-
Target 2055 Trust	0.30%	28.62%	-	-
Target 2055 Benchmark	0.55%	29.15%	-	-
US Real Estate Inv Trust	3.91%	34.51%	-	-
US Select REIT Index	3.97%	34.95%	4.71%	(0.09%)
Alaska Money Market Trust	0.11%	0.32%	0.78%	2.20%
Citigroup 90-day T-Bill	0.02%	0.14%	0.35%	1.70%
SSgA Treas Mny Mkt	0.00%	0.02%	-	-
Citigroup 90-day T-Bill	0.02%	0.14%	0.35%	1.70%

S&P 500 STOCK INDEX FD PERIOD ENDED JUNE 30, 2011



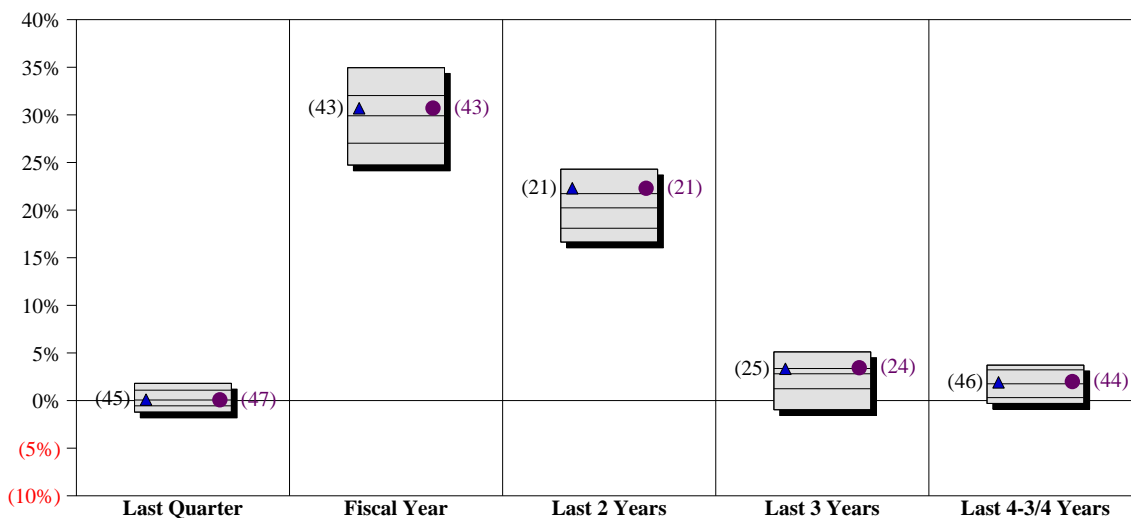
Investment Philosophy

State Street believes that their passive investment strategy can provide market-like returns with minimal transaction costs.

Quarterly Summary and Highlights

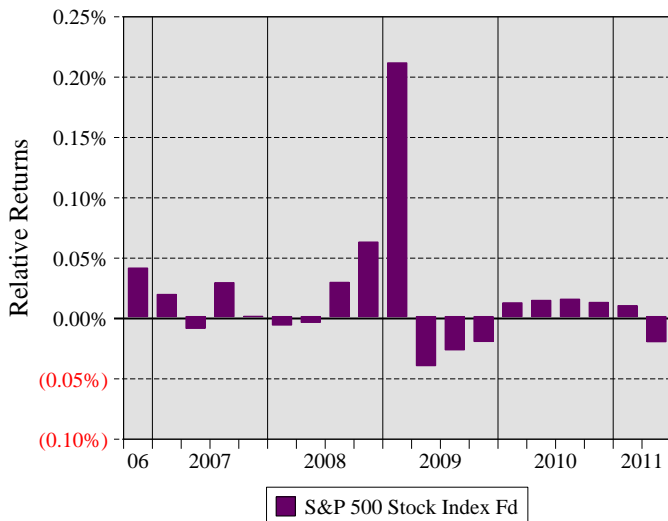
- S&P 500 Stock Index Fd's portfolio posted a 0.08% return for the quarter placing it in the 47 percentile of the CAI MF - Core Equity Style group for the quarter and in the 43 percentile for the last year.
- S&P 500 Stock Index Fd's portfolio underperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.02%.

Performance vs CAI MF - Core Equity Style (Net)

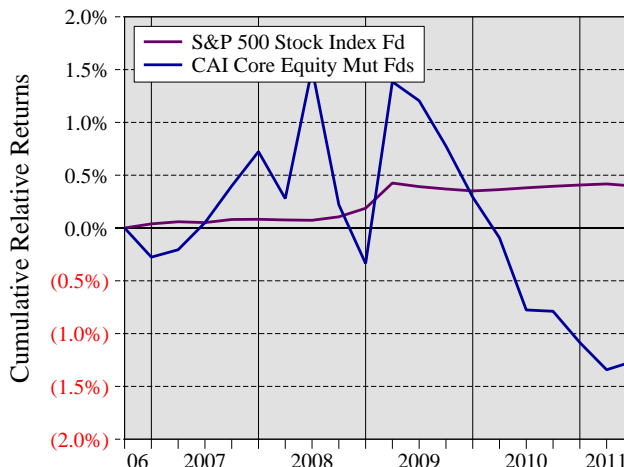


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
S&P 500 Stock Index Fd ●	0.08	30.71	22.30	3.45	2.00
S&P 500 Index ▲	0.10	30.69	22.29	3.34	1.91

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index

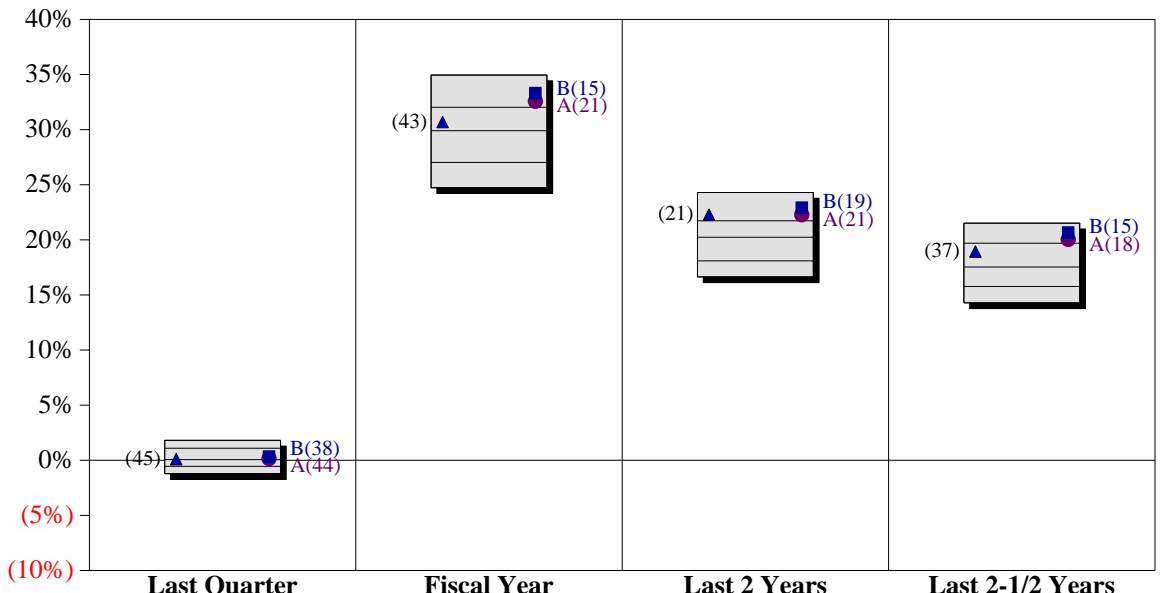




RCM SOCIALLY RESP.(NET) PERIOD ENDED JUNE 30, 2011

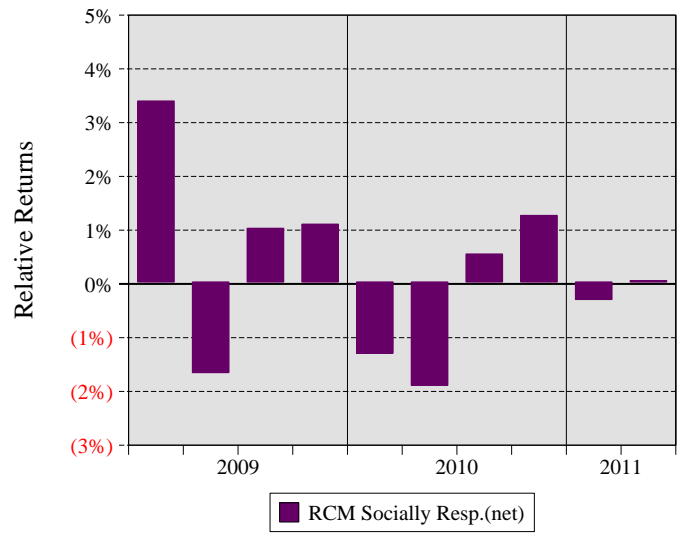
- ### Quarterly Summary and Highlights
- RCM Socially Resp.(net)'s portfolio posted a 0.16% return for the quarter placing it in the 44 percentile of the CAI MF - Core Equity Style group for the quarter and in the 21 percentile for the last year.
 - RCM Socially Resp.(net)'s portfolio outperformed the S&P 500 Index by 0.06% for the quarter and outperformed the S&P 500 Index for the year by 1.88%.

Performance vs CAI MF - Core Equity Style (Net)

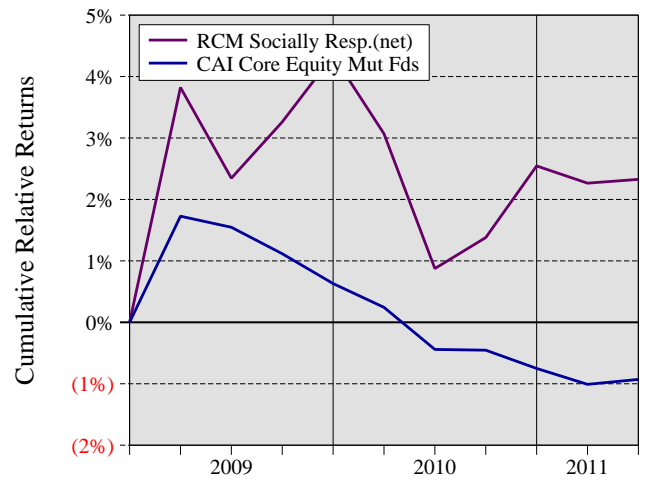


	Last Quarter	Fiscal Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	1.81	34.95	24.30	21.51
25th Percentile	1.09	32.03	21.73	19.70
Median	0.06	29.90	20.24	17.54
75th Percentile	(0.55)	27.02	18.09	15.77
90th Percentile	(1.21)	24.73	16.64	14.29
RCM Socially Resp.(net) ● A	0.16	32.57	22.28	20.04
RCM Socially Resp.(gross) ■ B	0.34	33.32	22.92	20.67
S&P 500 Index ▲	0.10	30.69	22.29	18.94

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



RUSSELL 3000 INDEX FUND PERIOD ENDED JUNE 30, 2011



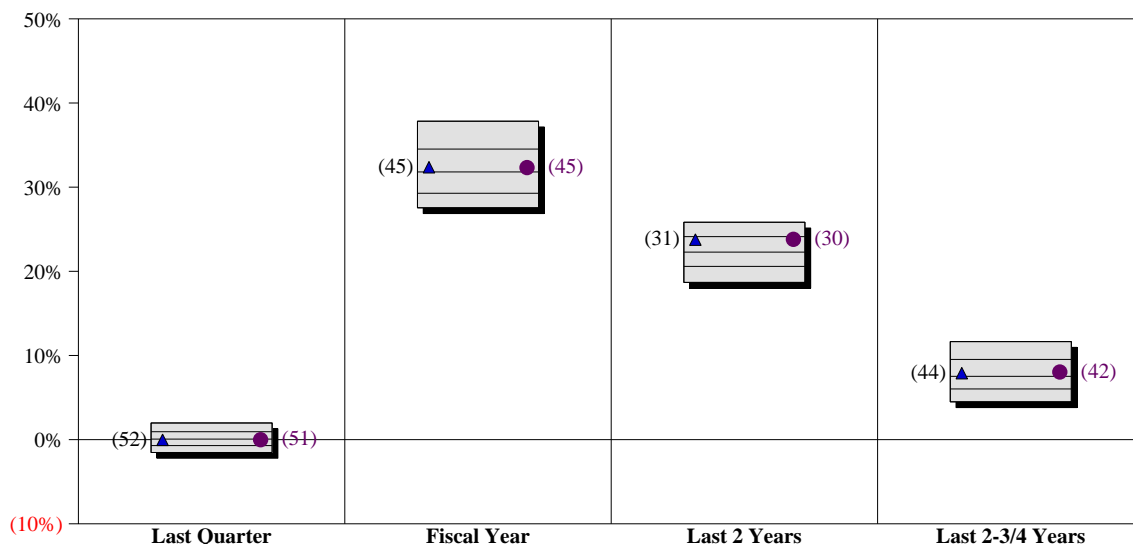
Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index. .

Quarterly Summary and Highlights

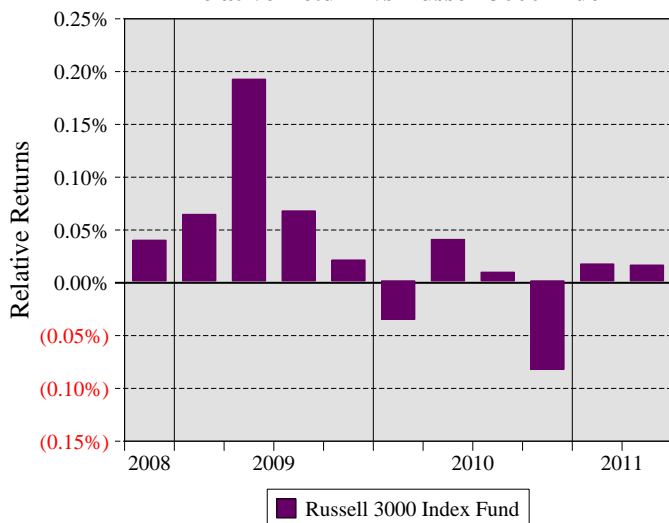
- Russell 3000 Index Fund's portfolio posted a (0.01)% return for the quarter placing it in the 51 percentile of the CAI Large Capitalization Style group for the quarter and in the 45 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.02% for the quarter and underperformed the Russell 3000 Index for the year by 0.04%.

Performance vs CAI Large Capitalization Style (Gross)

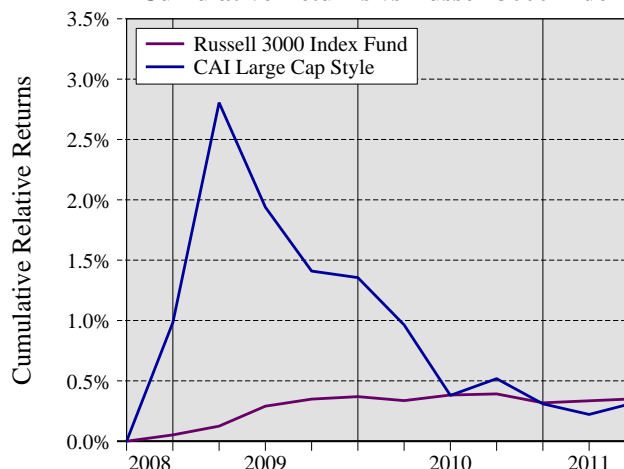


	Last Quarter	Fiscal Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	1.98	37.84	25.83	11.65
25th Percentile	0.94	34.52	24.12	9.53
Median	0.06	31.81	22.28	7.52
75th Percentile	(0.71)	29.27	20.59	6.02
90th Percentile	(1.53)	27.55	18.68	4.49
Russell 3000 Index Fund ●	(0.01)	32.33	23.80	8.03
Russell 3000 Index ▲	(0.03)	32.37	23.76	7.90

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



T. ROWE PRICE SMALL-CAP PERIOD ENDED JUNE 30, 2011



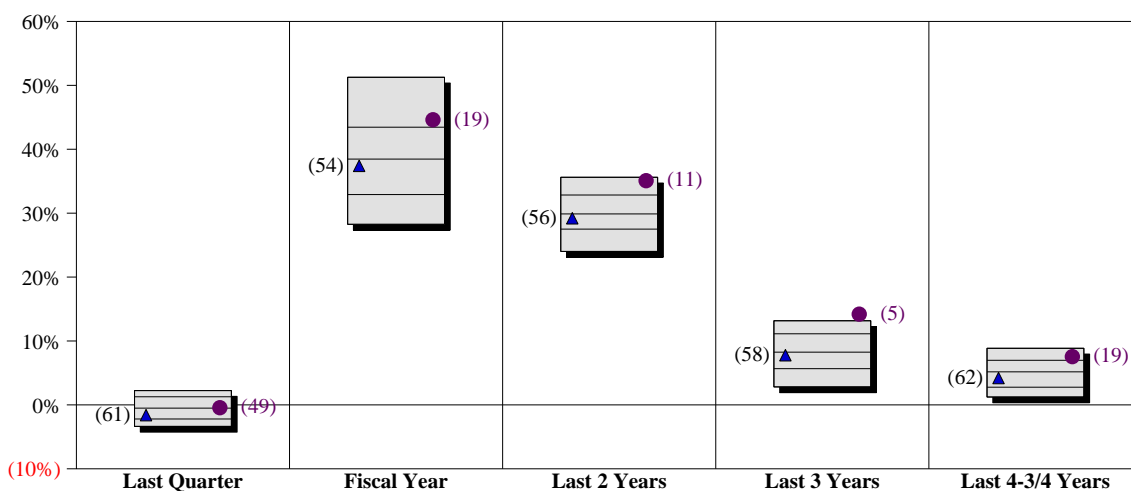
Investment Philosophy

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

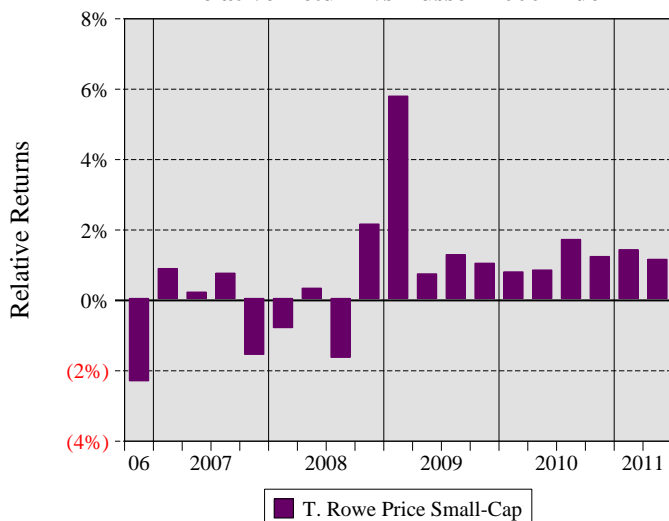
- T. Rowe Price Small-Cap's portfolio posted a (0.44)% return for the quarter placing it in the 49 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 19 percentile for the last year.
- T. Rowe Price Small-Cap's portfolio outperformed the Russell 2000 Index by 1.17% for the quarter and outperformed the Russell 2000 Index for the year by 7.21%.

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

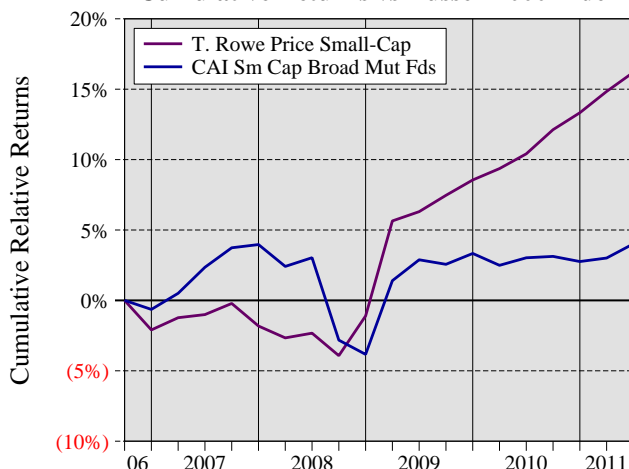


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	2.24	51.26	35.62	13.17	8.86
25th Percentile	1.27	43.45	32.84	11.12	6.98
Median	(0.51)	38.46	29.88	8.25	5.17
75th Percentile	(2.21)	32.91	27.50	5.67	2.77
90th Percentile	(3.37)	28.26	24.01	2.81	1.23
T. Rowe Price Small-Cap	● (0.44)	44.62	35.08	14.20	7.55
Russell 2000 Index	▲ (1.61)	37.41	29.20	7.77	4.21

Relative Return vs Russell 2000 Index



Cumulative Returns vs Russell 2000 Index



BRANDES INTERNATIONAL EQUITY FUND PERIOD ENDED JUNE 30, 2011



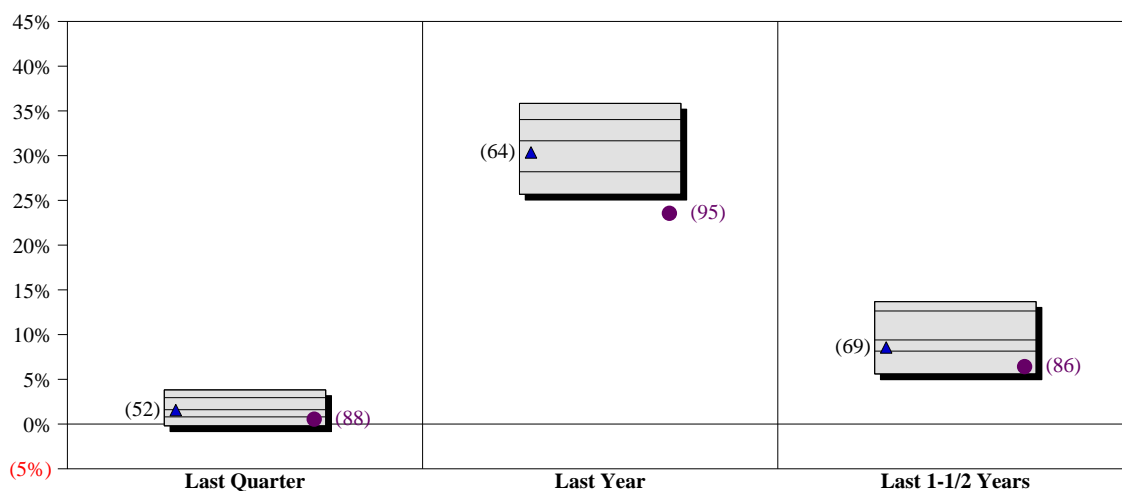
Investment Philosophy

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 0.55% return for the quarter placing it in the 88 percentile of the CAI MF - Intl Core Equity Style group for the quarter and in the 95 percentile for the last year.
- Brandes International Equity Fund's portfolio underperformed the MSCI EAFE Index by 1.01% for the quarter and underperformed the MSCI EAFE Index for the year by 6.80%.

Performance vs CAI MF - Intl Core Equity Style (Net)

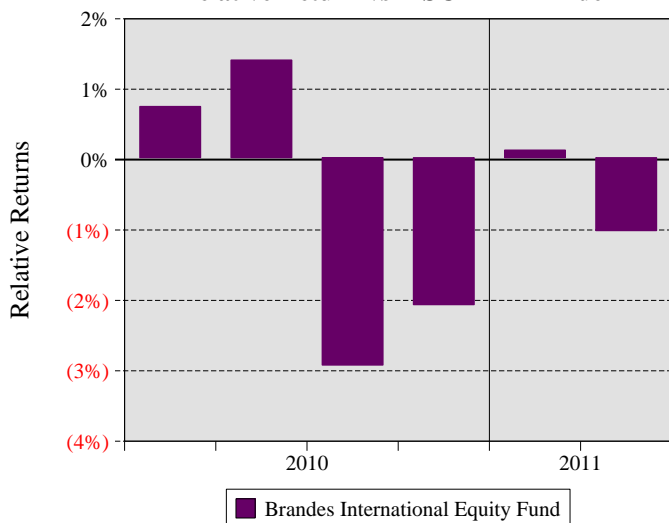


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	3.82	35.84	13.68
25th Percentile	2.95	34.03	12.64
Median	1.60	31.66	9.40
75th Percentile	0.80	28.20	8.15
90th Percentile	(0.20)	25.68	5.60

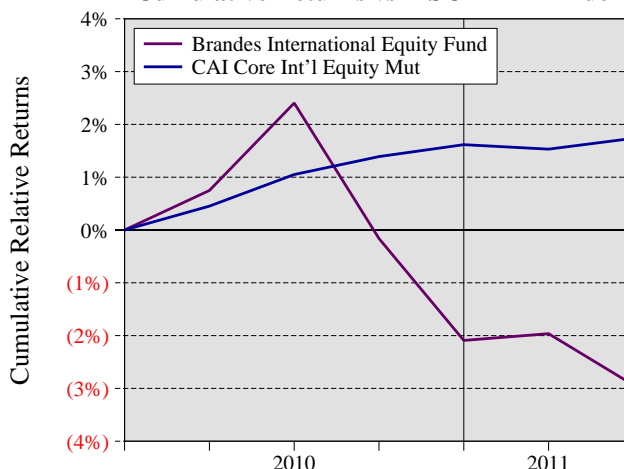
Brandes International Equity Fund ●

MSCI EAFE Index ▲

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



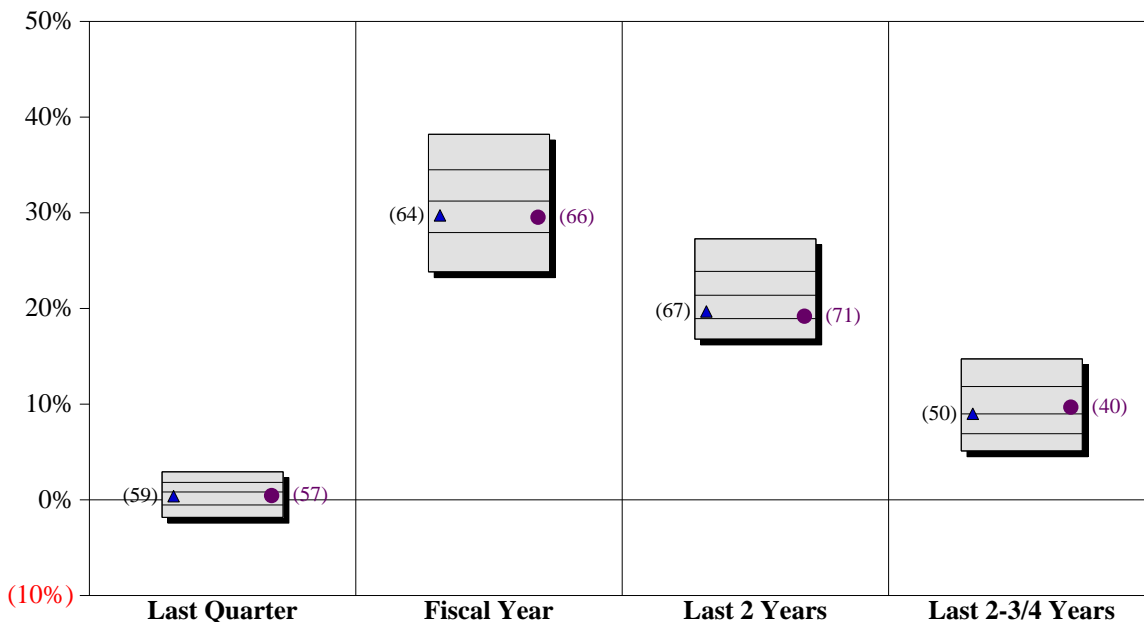
**WORLD EQUITY EX US
PERIOD ENDED JUNE 30, 2011**



Quarterly Summary and Highlights

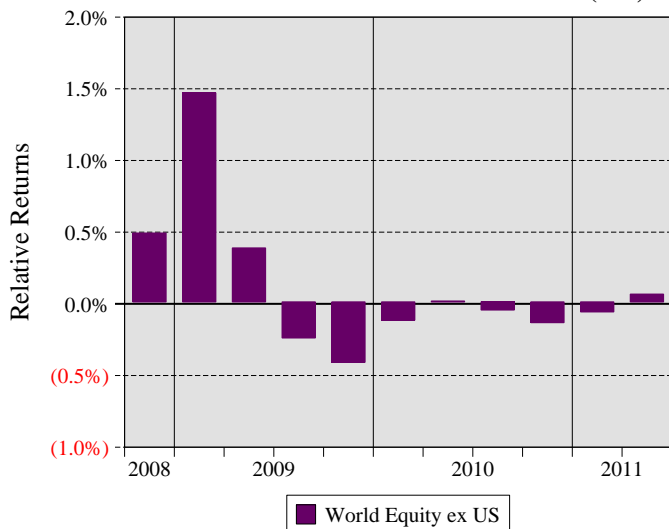
- World Equity ex US's portfolio posted a 0.45% return for the quarter placing it in the 57 percentile of the CAI Global Equity Database group for the quarter and in the 66 percentile for the last year.
- World Equity ex US's portfolio outperformed the MSCI ACWI x US (Net) by 0.07% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 0.19%.

Performance vs CAI Global Equity Database (Gross)

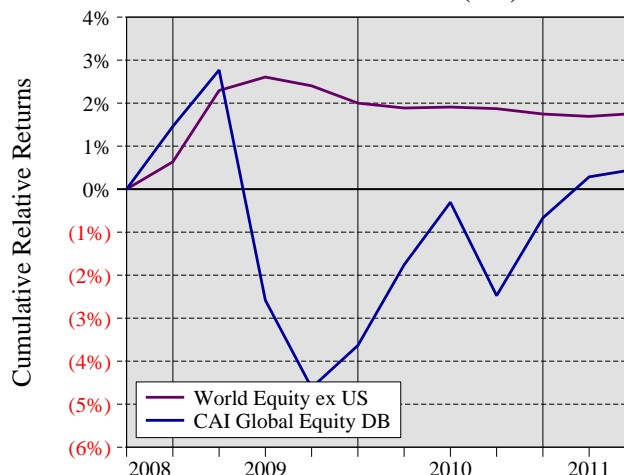


	Last Quarter	Fiscal Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	2.93	38.21	27.28	14.73
25th Percentile	1.82	34.50	23.88	11.84
Median	0.82	31.23	21.38	8.98
75th Percentile	(0.54)	27.94	18.94	6.91
90th Percentile	(1.83)	23.83	16.79	5.11
World Equity ex US ●	0.45	29.54	19.19	9.69
MSCI ACWI x US (Net) ▲	0.38	29.73	19.69	9.00

Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



GOVT/CREDIT BOND FUND PERIOD ENDED JUNE 30, 2011



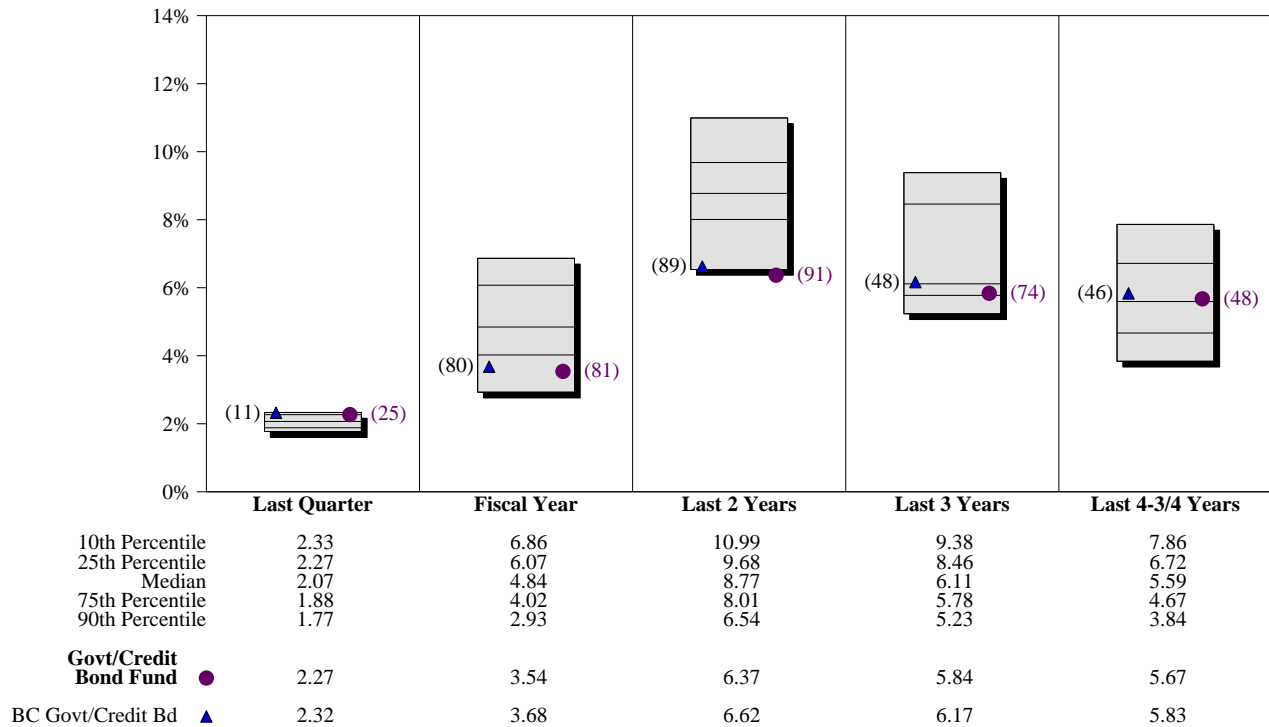
Investment Philosophy

The objective of the Government/Credit Bond Index Fund is to track the performance of its Benchmark, the BC Govt/Credit Bond Index.

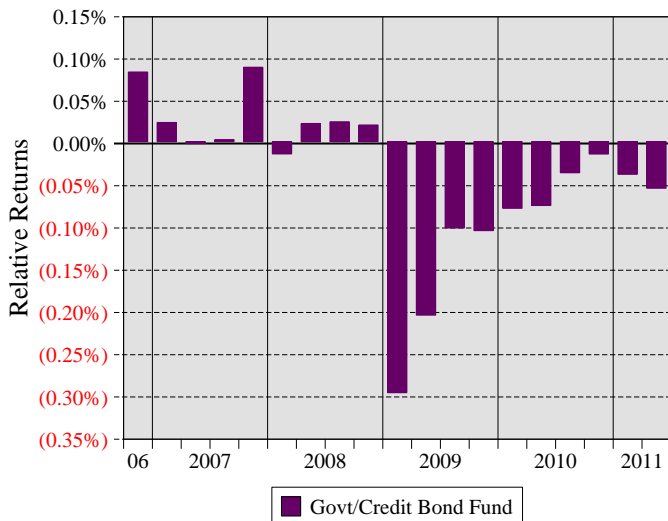
Quarterly Summary and Highlights

- Govt/Credit Bond Fund's portfolio posted a 2.27% return for the quarter placing it in the 25 percentile of the CAI MF - Core Bond Style group for the quarter and in the 81 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the BC Govt/Credit Bd by 0.05% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.14%.

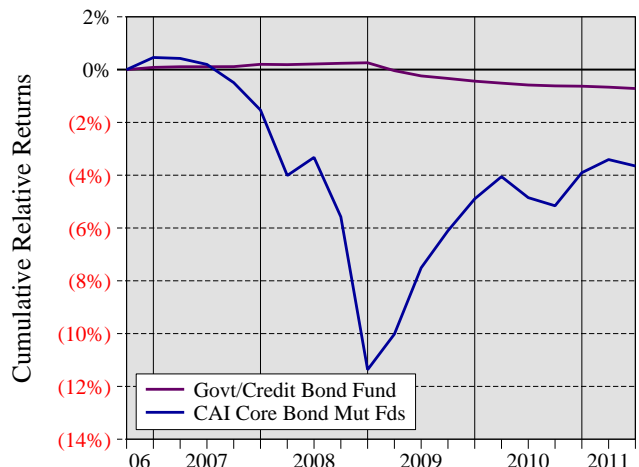
Performance vs CAI MF - Core Bond Style (Net)



Relative Return vs BC Govt/Credit Bd



Cumulative Returns vs BC Govt/Credit Bd



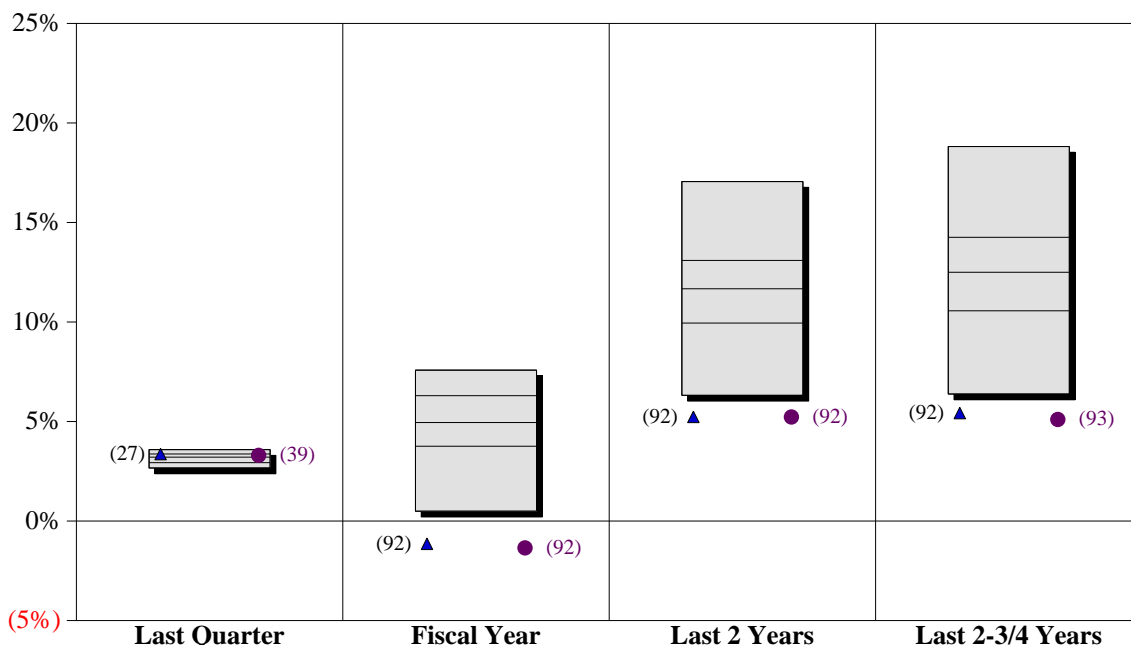


LONG US TREASURY BOND PERIOD ENDED JUNE 30, 2011

Quarterly Summary and Highlights

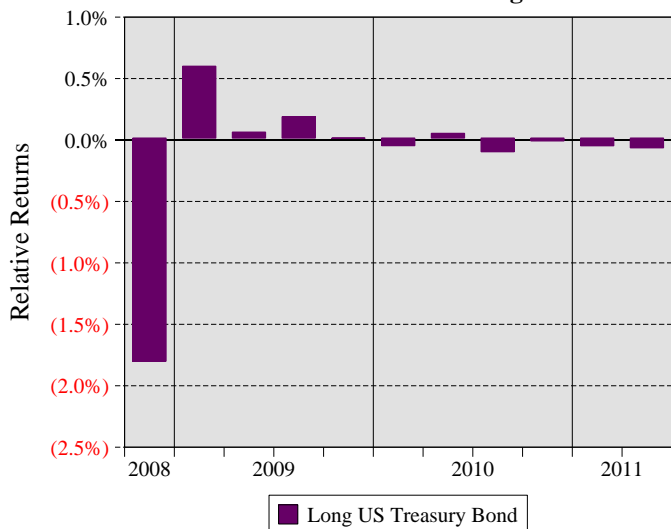
- Long US Treasury Bond's portfolio posted a 3.30% return for the quarter placing it in the 39 percentile of the CAI Extended Maturity Fixed-Inc Style group for the quarter and in the 92 percentile for the last year.
- Long US Treasury Bond's portfolio underperformed the BC Long Treas by 0.06% for the quarter and underperformed the BC Long Treas for the year by 0.21%.

Performance vs CAI Extended Maturity Fixed-Inc Style (Gross)

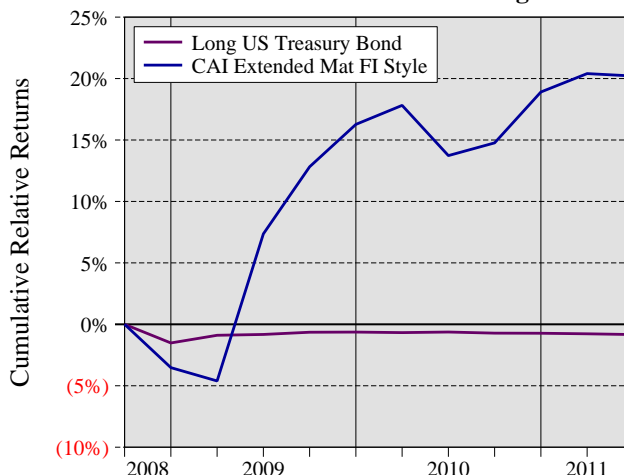


	Last Quarter	Fiscal Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	3.59	7.58	17.05	18.82
25th Percentile	3.37	6.30	13.09	14.25
Median	3.21	4.95	11.67	12.50
75th Percentile	2.93	3.76	9.95	10.56
90th Percentile	2.66	0.49	6.32	6.38

Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



INTERMEDIATE BOND FUND PERIOD ENDED JUNE 30, 2011



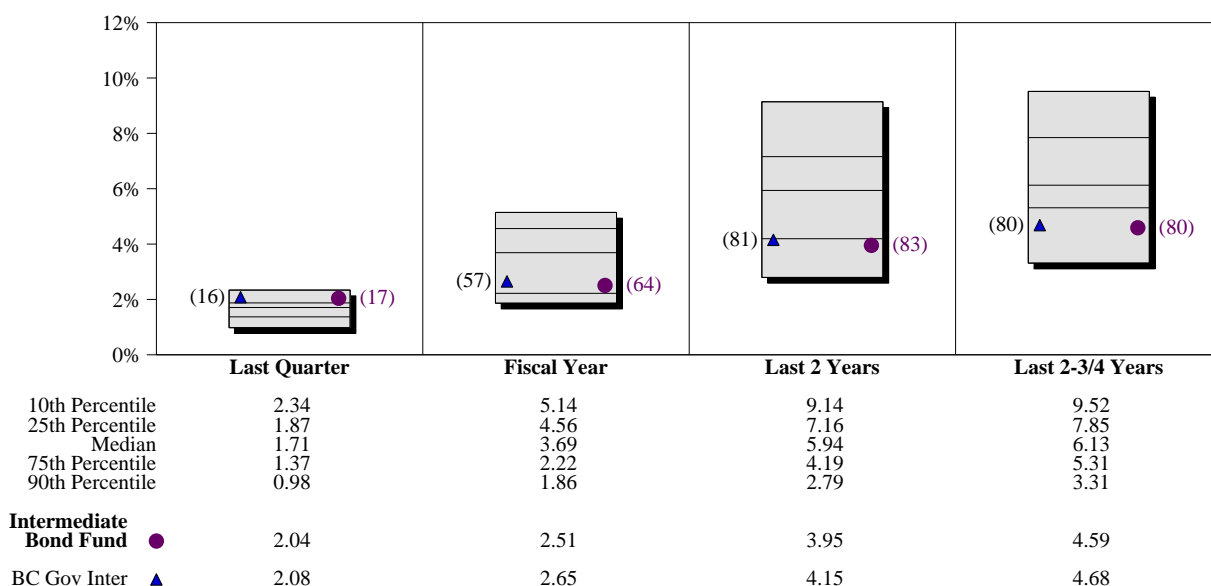
Investment Philosophy

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.

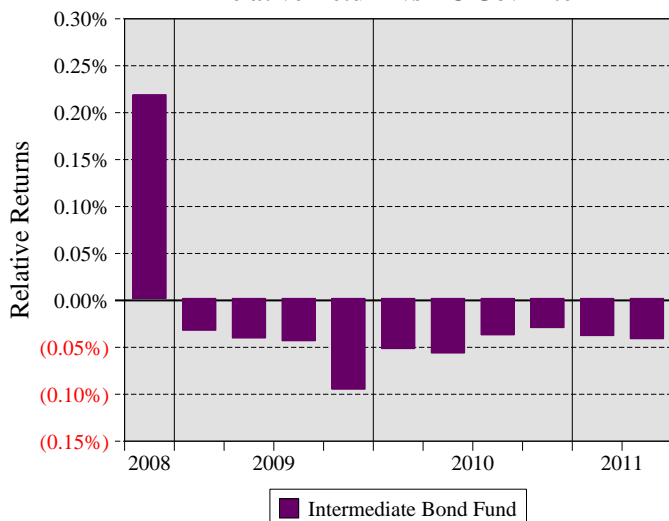
Quarterly Summary and Highlights

- Intermediate Bond Fund's portfolio posted a 2.04% return for the quarter placing it in the 17 percentile of the CAI MF - Intermediate Style group for the quarter and in the 64 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 0.15%.

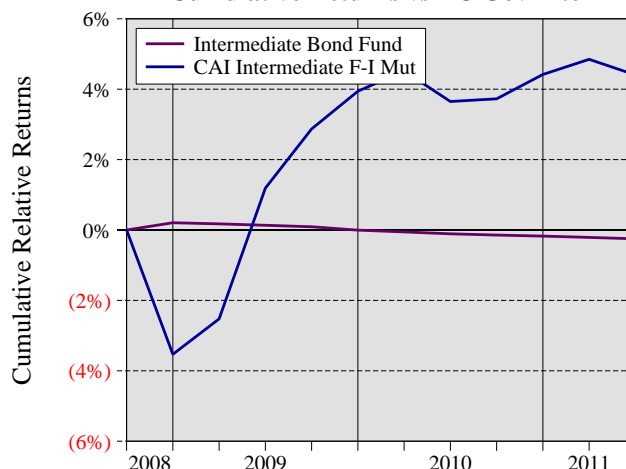
Performance vs CAI MF - Intermediate Style (Net)



Relative Return vs BC Gov Inter



Cumulative Returns vs BC Gov Inter





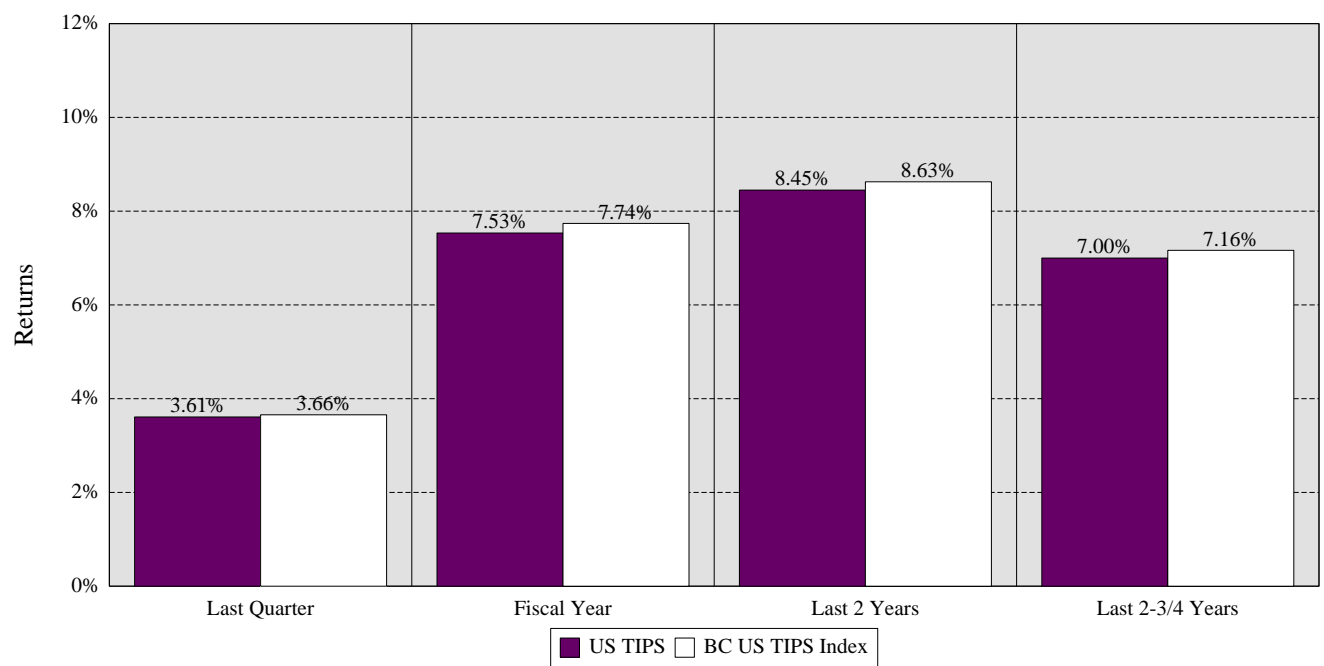
US TIPS PERIOD ENDED JUNE 30, 2011

Investment Philosophy

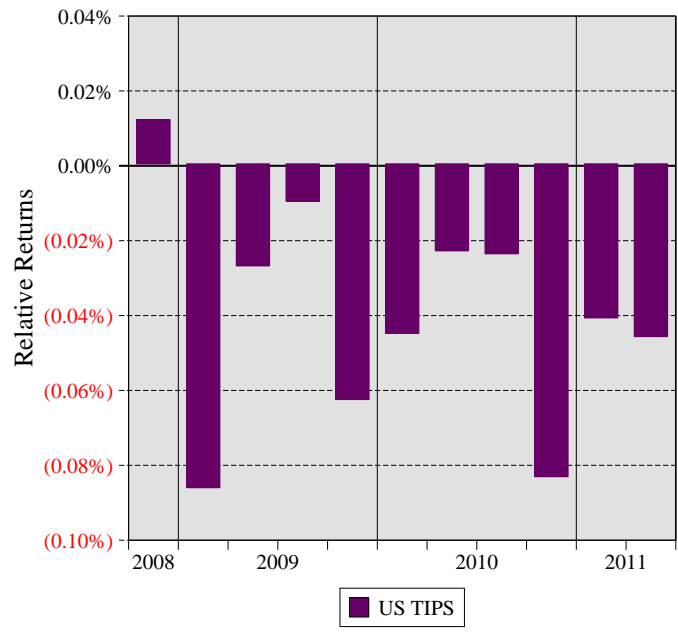
The Passive Treasury Inflation Protected Securities Strategy seeks to match the total rate of return of the BC Inflation Notes Index by investing in a portfolio of US Treasury inflation protected securities. It is managed duration neutral to the Index at all times. Overall sector and security weightings 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

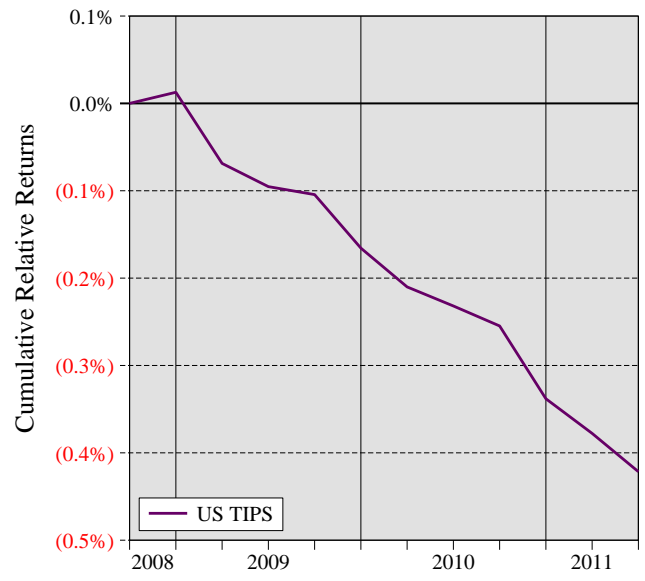
- US TIPS's portfolio underperformed the BC US TIPS Index by 0.05% for the quarter and underperformed the BC US TIPS Index for the year by 0.20%.



Relative Return vs BC US TIPS Index



Cumulative Returns vs BC US TIPS Index



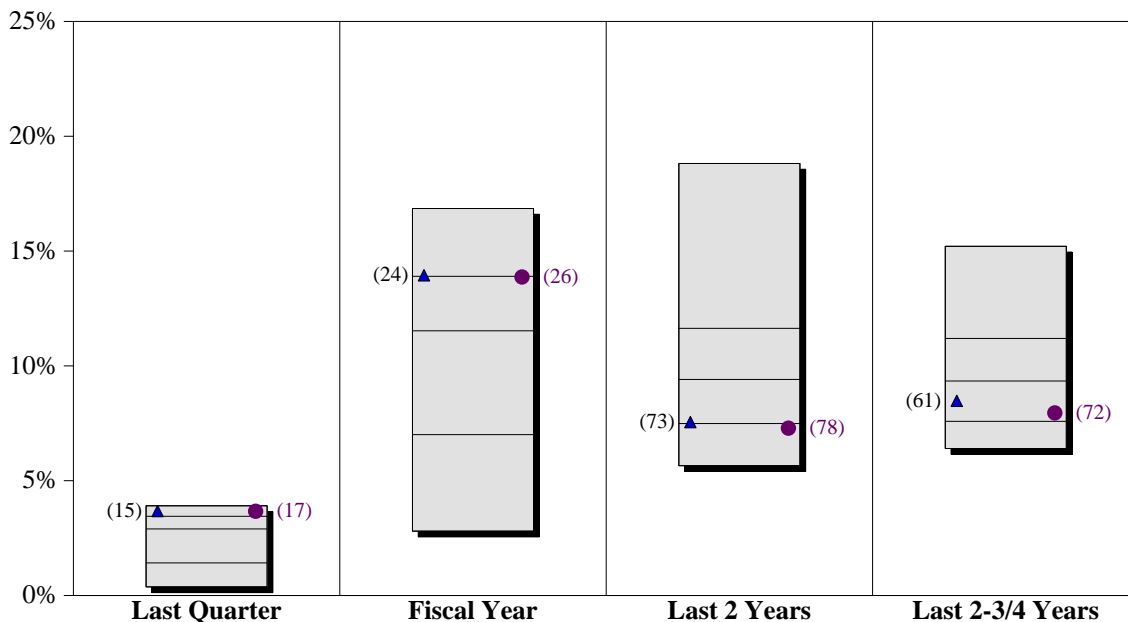
WORLD GOVT BOND EX US PERIOD ENDED JUNE 30, 2011



Quarterly Summary and Highlights

- World Govt Bond ex US's portfolio posted a 3.67% return for the quarter placing it in the 17 percentile of the CAI Global Fixed-Income Database group for the quarter and in the 26 percentile for the last year.
- World Govt Bond ex US's portfolio underperformed the Citi WGBI Non-US Idx by 0.01% 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)

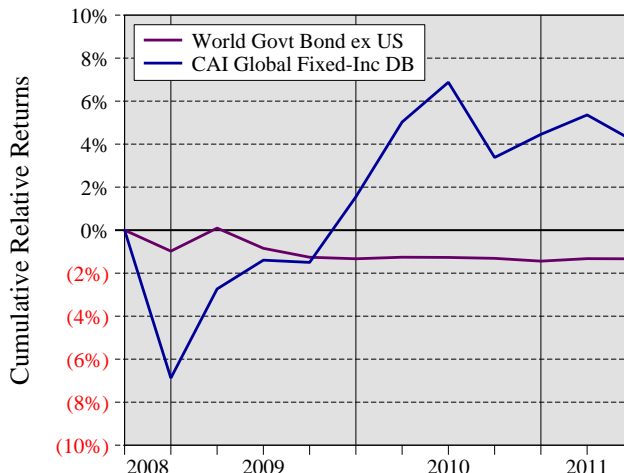


	Last Quarter	Fiscal Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	3.91	16.85	18.81	15.21
25th Percentile	3.45	13.90	11.64	11.19
Median	2.90	11.53	9.41	9.34
75th Percentile	1.42	7.01	7.49	7.59
90th Percentile	0.38	2.80	5.65	6.40
World Govt Bond ex US ●	3.67	13.87	7.29	7.95
Citi WGBI Non-US Idx ▲	3.68	13.95	7.55	8.48

Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx



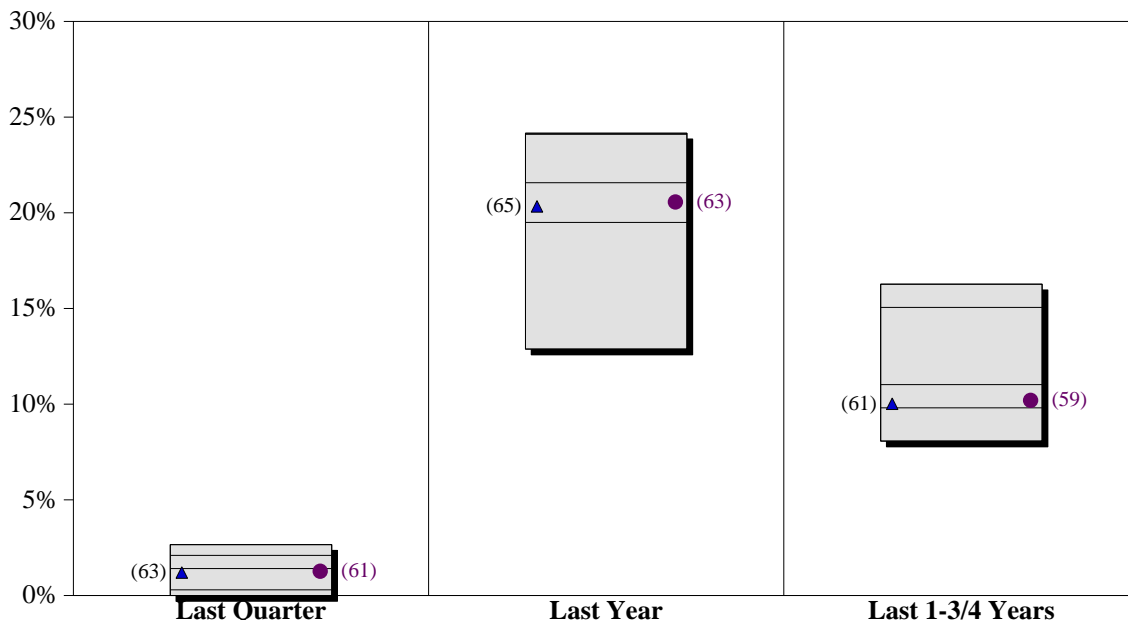
SSGA GLOBAL BALANCED PERIOD ENDED JUNE 30, 2011



Quarterly Summary and Highlights

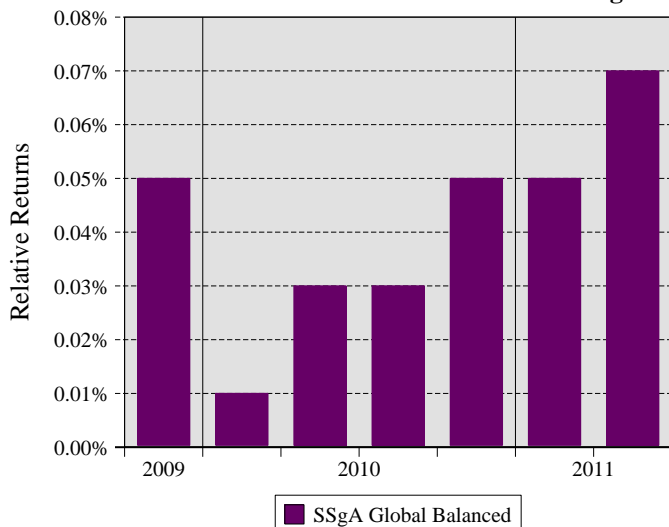
- SSgA Global Balanced's portfolio posted a 1.27% return for the quarter placing it in the 61 percentile of the CAI MF - Global Balanced Style group for the quarter and in the 63 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Global Balanced Target by 0.07% for the quarter and outperformed the Global Balanced Target for the year by 0.23%.

Performance vs CAI MF - Global Balanced Style (Net)

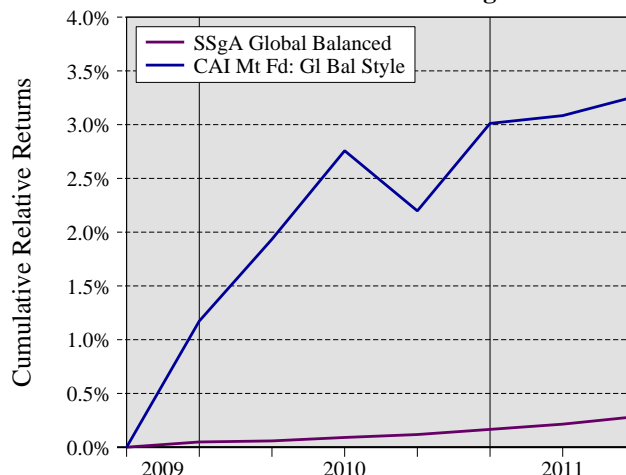


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	2.66	24.16	16.27
25th Percentile	2.10	24.10	15.06
Median	1.41	21.57	11.02
75th Percentile	0.30	19.50	9.81
90th Percentile	0.00	12.88	8.07
SSgA Global Balanced ●	1.27	20.57	10.20
Global Balanced Target ▲	1.20	20.33	10.02

Relative Return vs Global Balanced Target



Cumulative Returns vs Global Balanced Target



ALASKA BALANCED TRUST PERIOD ENDED JUNE 30, 2011



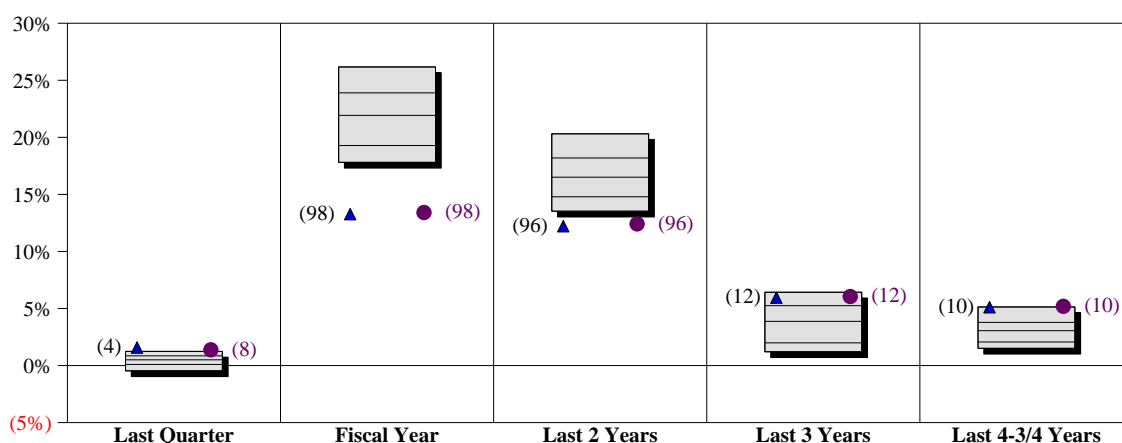
Investment Philosophy

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 Aggregate Bond, 29.6% Russell 3000, 7.4% MSCI EAFE and 3.0% TBIL.

Quarterly Summary and Highlights

- Alaska Balanced Trust's portfolio posted a 1.38% return for the quarter placing it in the 8 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 98 percentile for the last year.
- Alaska Balanced Trust's portfolio underperformed the Alaska Balanced Benchmark by 0.20% for the quarter and outperformed the Alaska Balanced Benchmark for the year by 0.14%.

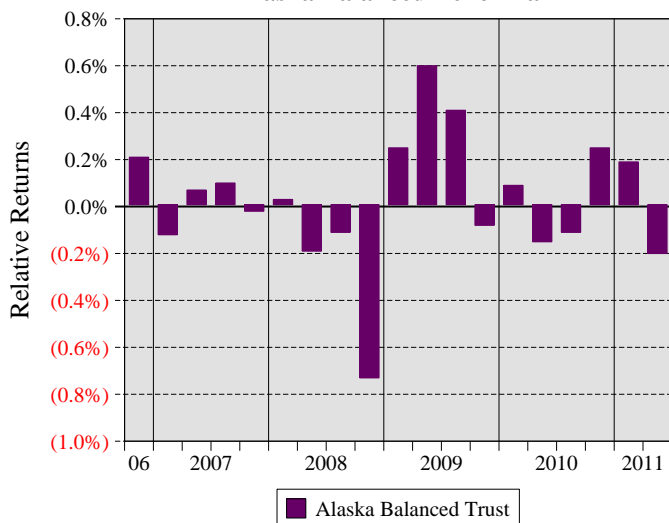
Performance vs CAI MF - Domestic Balanced Style (Net)



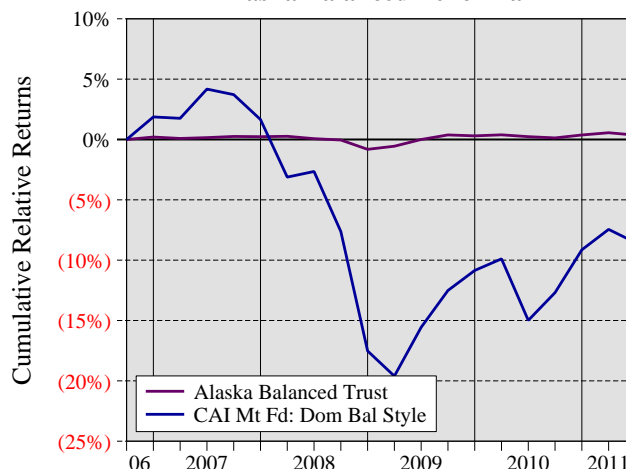
10th Percentile	1.24	26.17	20.31	6.42	5.14
25th Percentile	0.85	23.90	18.19	5.25	3.78
Median	0.50	21.93	16.51	3.87	3.06
75th Percentile	0.09	19.28	14.79	1.99	2.07
90th Percentile	(0.46)	17.81	13.53	1.21	1.51

Alaska Balanced Trust	●	1.38	13.41	12.41	6.05	5.19
Alaska Balanced Benchmark	▲	1.58	13.27	12.21	5.95	5.11

Relative Returns vs Alaska Balanced Benchmark



Cumulative Returns vs Alaska Balanced Benchmark



ALASKA LONG-TERM BALANCED TR PERIOD ENDED JUNE 30, 2011



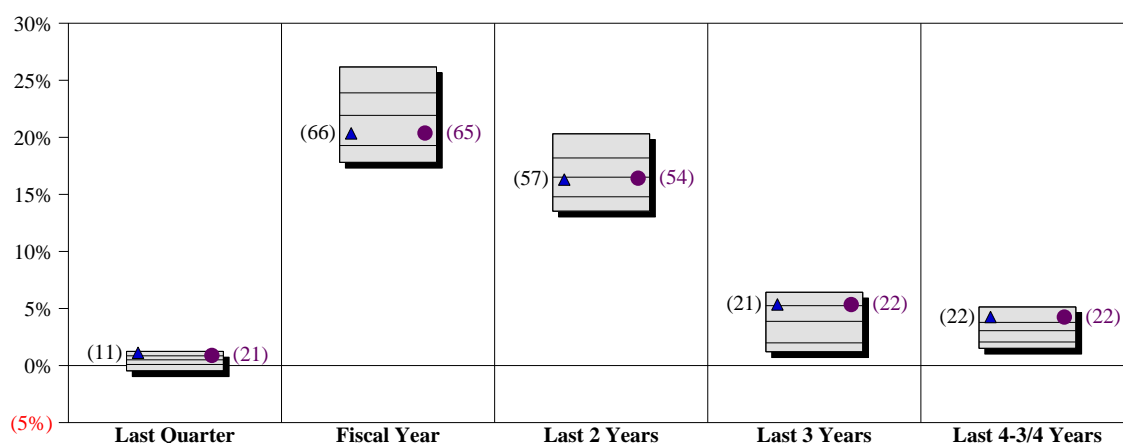
Investment Philosophy

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 Aggregate 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 0.89% return for the quarter placing it in the 21 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 65 percentile for the last year.
- Alaska Long-Term Balanced Tr's portfolio underperformed the Alaska Long-Term Bal. Benchmark by 0.23% for the quarter and outperformed the Alaska Long-Term Bal. Benchmark for the year by 0.03%.

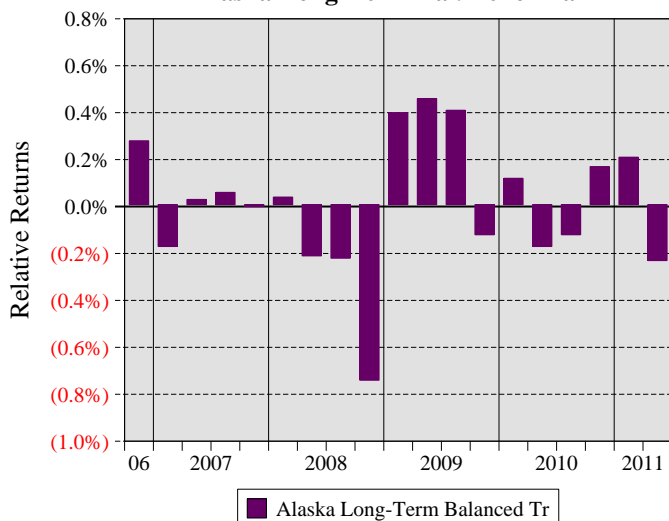
Performance vs CAI MF - Domestic Balanced Style (Net)



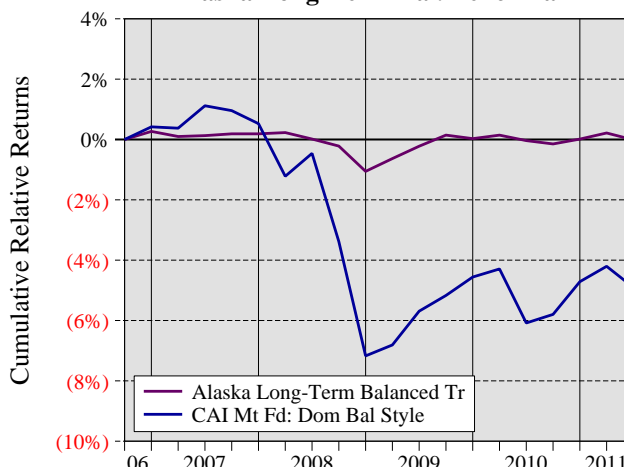
Alaska Long-Term
Balanced Tr ●

Alaska Long-Term
Bal. Benchmark ▲

Relative Returns vs Alaska Long-Term Bal. Benchmark



Cumulative Returns vs Alaska Long-Term Bal. Benchmark





2010 TARGET TRUST PERIOD ENDED JUNE 30, 2011

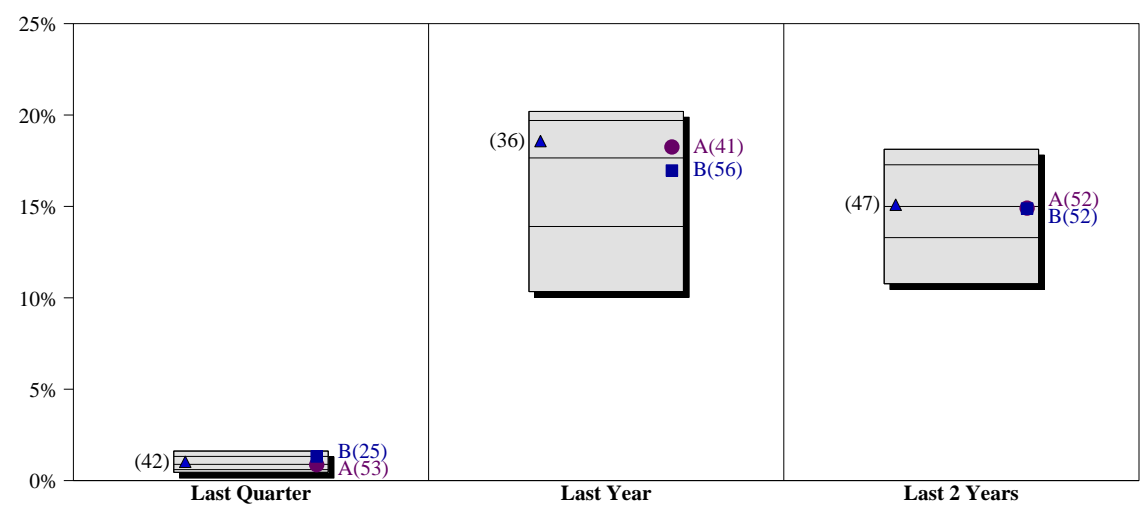
Investment Philosophy

The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches. Benchmark: 35.5% BC Aggregate Bond, 43.0% Russell 3000, 11.0% MSCI EAFE and 10.5% TBIL.

Quarterly Summary and Highlights

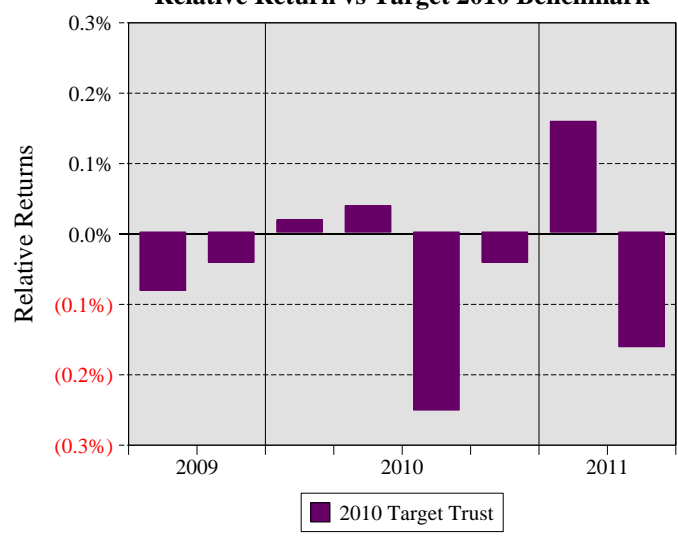
- 2010 Target Trust's portfolio posted a 0.87% return for the quarter placing it in the 53 percentile of the CAI Target Date 2010 group for the quarter and in the 41 percentile for the last year.
- 2010 Target Trust's portfolio underperformed the Target 2010 Benchmark by 0.16% for the quarter and underperformed the Target 2010 Benchmark for the year by 0.32%.

Performance vs CAI Target Date 2010 (Net)

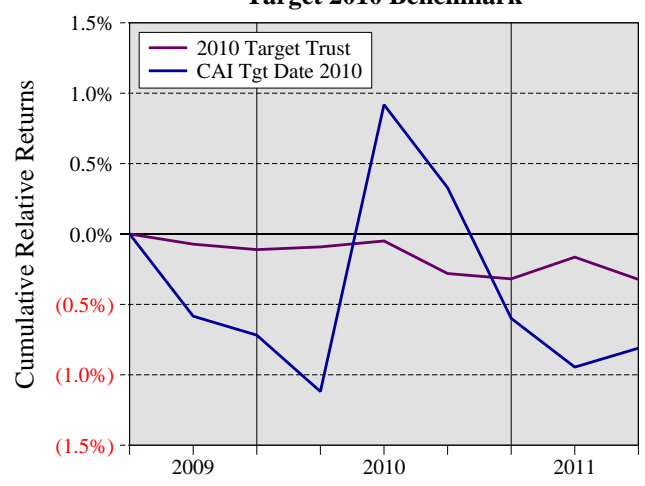


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.62	20.20	18.13
25th Percentile	1.32	19.70	17.28
Median	0.89	17.65	15.00
75th Percentile	0.60	13.90	13.29
90th Percentile	0.45	10.34	10.77
2010 Target Trust	0.87	18.25	14.91
CAI Tgt Dt Idx 2010	1.32	16.96	14.88
Target 2010 Benchmark	1.03	18.58	15.09

Relative Return vs Target 2010 Benchmark



Cumulative Returns vs Target 2010 Benchmark





2015 TARGET TRUST PERIOD ENDED JUNE 30, 2011

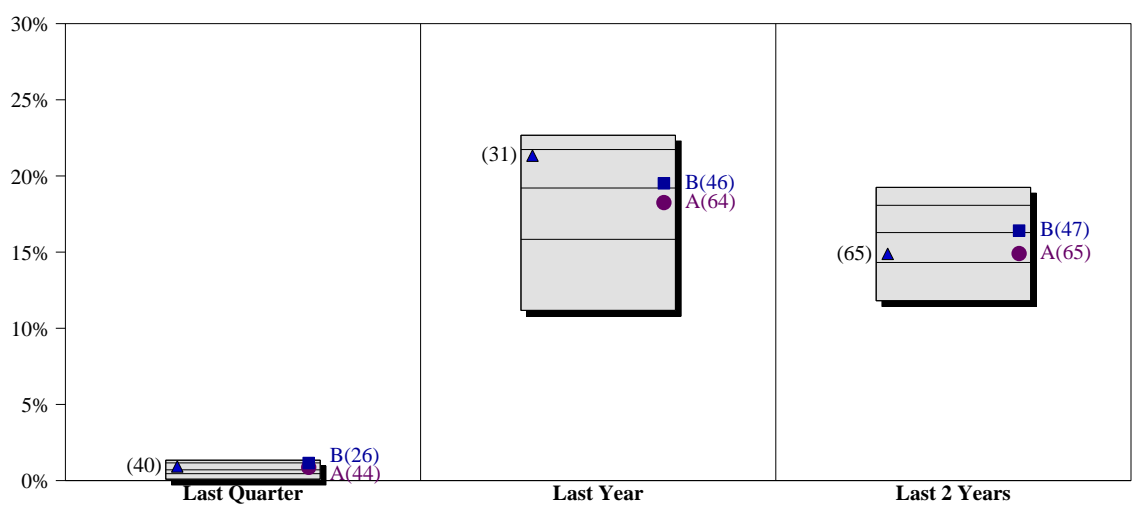
Investment Philosophy

The Trust is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2015 approaches. Benchmark: 30.5% BC Aggegate Bond, 51.0% Russell 3000, 12.5% MSCI EAFE and 6.0% TBIL.

Quarterly Summary and Highlights

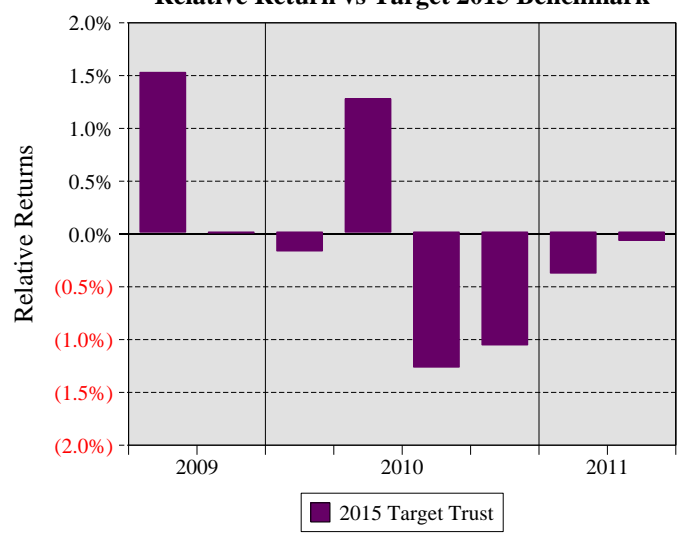
- 2015 Target Trust's portfolio posted a 0.87% return for the quarter placing it in the 44 percentile of the CAI Target Date 2015 group for the quarter and in the 64 percentile for the last year.
- 2015 Target Trust's portfolio underperformed the Target 2015 Benchmark by 0.06% for the quarter and underperformed the Target 2015 Benchmark for the year by 3.08%.

Performance vs CAI Target Date 2015 (Net)

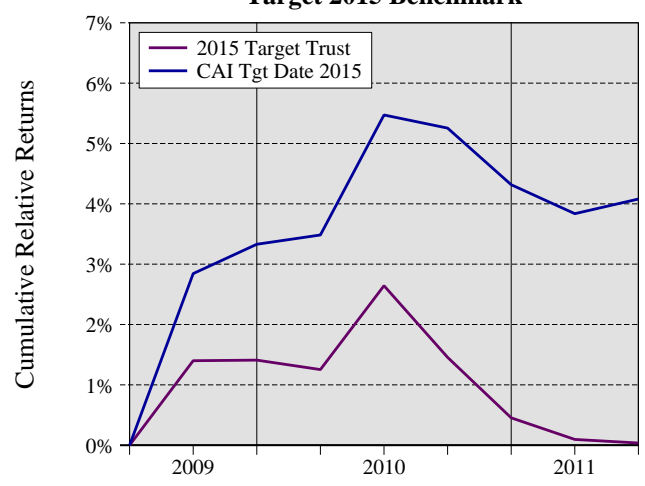


10th Percentile	1.34	22.67	19.25
25th Percentile	1.16	21.74	18.07
Median	0.71	19.21	16.28
75th Percentile	0.45	15.84	14.32
90th Percentile	0.09	11.17	11.81
2015 Target Trust	● A	0.87	18.25
CAI Tgt Dt 2015	■ B	1.15	19.52
Target 2015 Benchmark	▲	0.93	21.33
			14.89

Relative Return vs Target 2015 Benchmark



Cumulative Returns vs Target 2015 Benchmark



2020 TARGET TRUST PERIOD ENDED JUNE 30, 2011

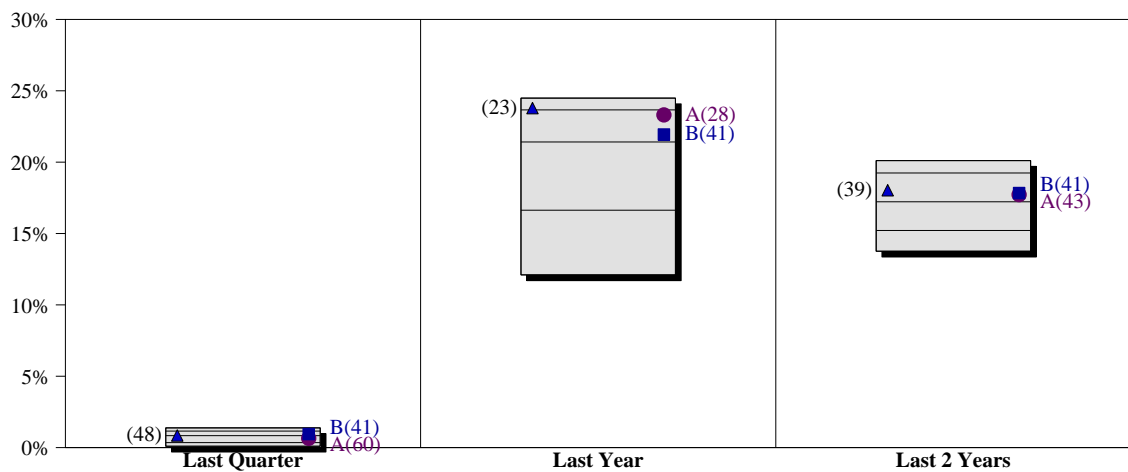
Investment Philosophy

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: 25.5% BC Aggregate Bond, 57.0% Russell 3000, 14.5% MSCI EAFE and 3.0% TBIL.

Quarterly Summary and Highlights

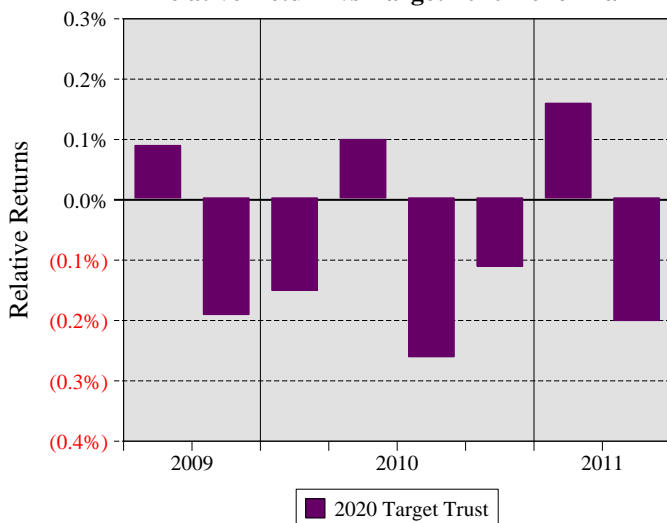
- 2020 Target Trust's portfolio posted a 0.65% return for the quarter placing it in the 60 percentile of the CAI Target Date 2020 group for the quarter and in the 28 percentile for the last year.
- 2020 Target Trust's portfolio underperformed the Target 2020 Benchmark by 0.20% for the quarter and underperformed the Target 2020 Benchmark for the year by 0.48%.

Performance vs CAI Target Date 2020 (Net)

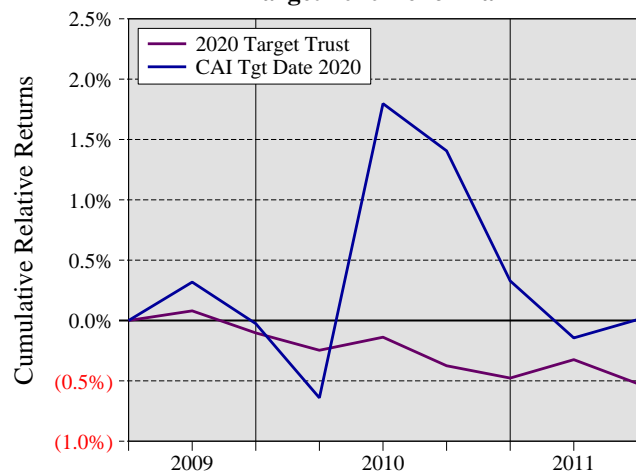


10th Percentile	1.38	24.49	20.11
25th Percentile	1.16	23.66	19.24
Median	0.84	21.41	17.22
75th Percentile	0.35	16.63	15.21
90th Percentile	0.10	12.10	13.76
2020 Target Trust	● A	0.65	23.31
CAI Tgt Dt 2020	■ B	0.95	21.94
Target 2020 Benchmark	▲	0.85	23.79

Relative Return vs Target 2020 Benchmark



Cumulative Returns vs Target 2020 Benchmark



2025 TARGET TRUST PERIOD ENDED JUNE 30, 2011

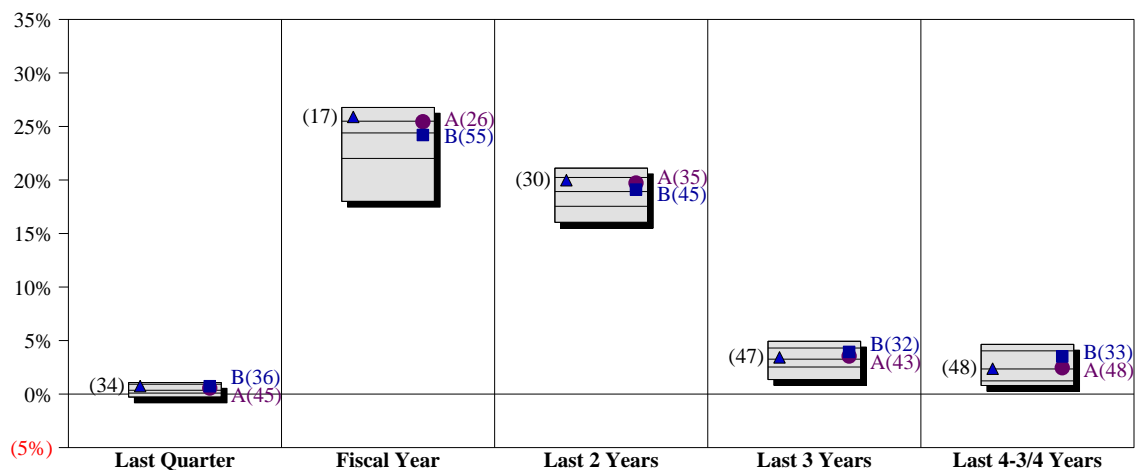
Investment Philosophy

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 Aggregate Bond, 63.0% Russell 3000, 15.5% MSCI EAFE and 1.0% TBIL.

Quarterly Summary and Highlights

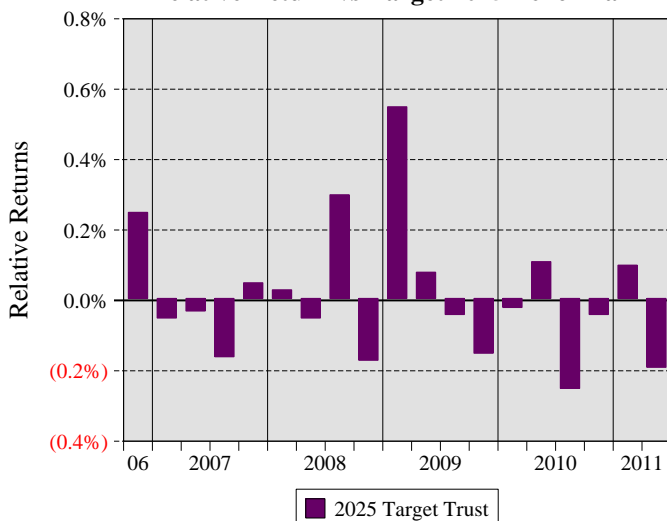
- 2025 Target Trust's portfolio posted a 0.56% return for the quarter placing it in the 45 percentile of the CAI Target Date 2025 group for the quarter and in the 26 percentile for the last year.
- 2025 Target Trust's portfolio underperformed the Target 2025 Benchmark by 0.19% for the quarter and underperformed the Target 2025 Benchmark for the year by 0.45%.

Performance vs CAI Target Date 2025 (Net)

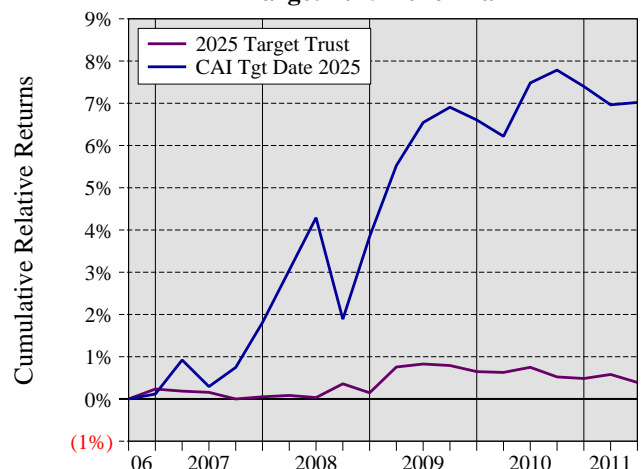


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years	
10th Percentile	1.08	26.78	21.11	4.93	4.64	
25th Percentile	0.92	25.49	20.24	4.30	4.04	
Median	0.36	24.40	18.92	3.26	2.35	
75th Percentile	0.09	22.02	17.54	2.53	1.23	
90th Percentile	(0.28)	18.00	16.04	1.36	0.80	
2025 Target Trust	● A	0.56	25.45	19.72	3.55	2.46
CAI Tgt Dt Idx 2025	■ B	0.73	24.20	19.10	3.94	3.51
Target 2025 Benchmark	▲	0.75	25.89	19.98	3.43	2.37

Relative Return vs Target 2025 Benchmark



Cumulative Returns vs Target 2025 Benchmark





2030 TARGET TRUST PERIOD ENDED JUNE 30, 2011

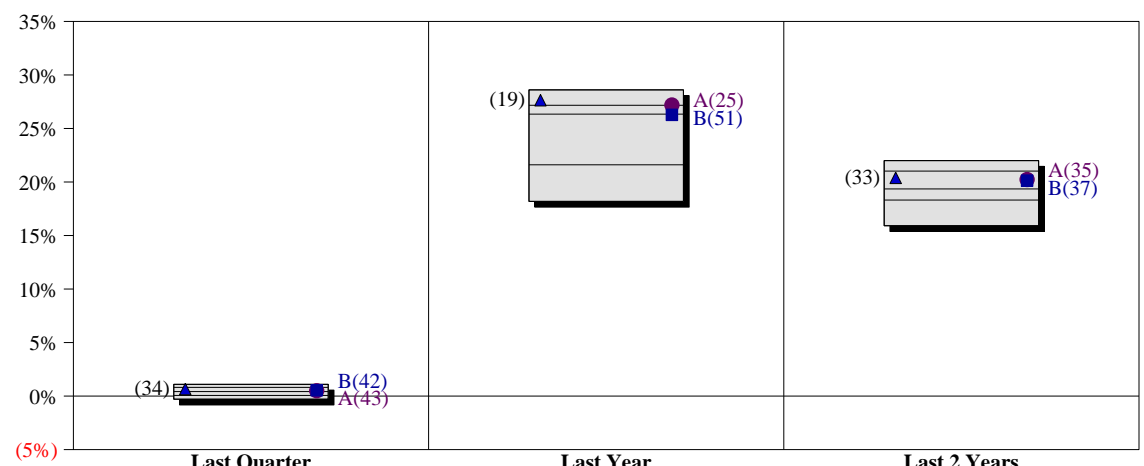
Investment Philosophy

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

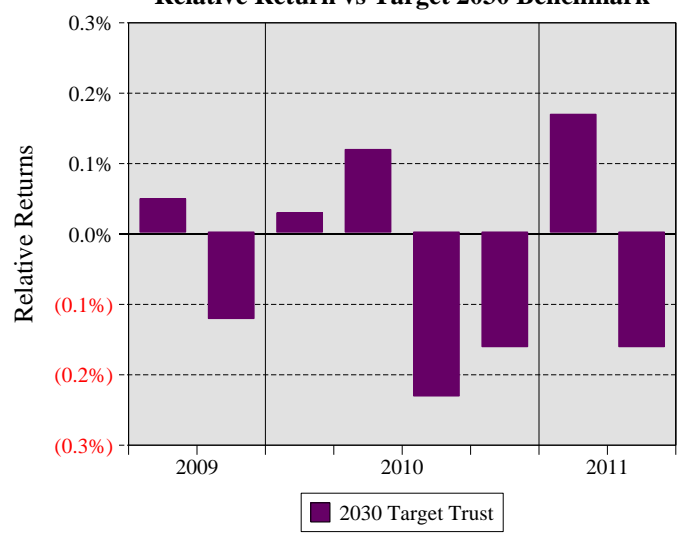
- 2030 Target Trust's portfolio posted a 0.50% return for the quarter placing it in the 43 percentile of the CAI Target Date 2030 group for the quarter and in the 25 percentile for the last year.
- 2030 Target Trust's portfolio underperformed the Target 2030 Benchmark by 0.16% for the quarter and underperformed the Target 2030 Benchmark for the year by 0.45%.

Performance vs CAI Target Date 2030 (Net)

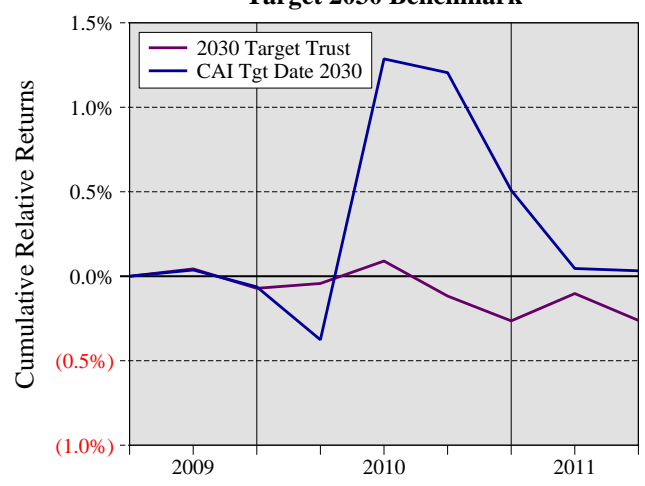


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.10	28.61	22.00
25th Percentile	0.81	27.17	21.02
Median	0.42	26.34	19.35
75th Percentile	0.06	21.61	18.31
90th Percentile	(0.29)	18.19	15.91
2030 Target Trust ● A	0.50	27.19	20.23
CAI Tgt Dt Idx 2030 ■ B	0.54	26.27	20.13
Target 2030 Benchmark ▲	0.66	27.64	20.39

Relative Return vs Target 2030 Benchmark



Cumulative Returns vs Target 2030 Benchmark



TARGET 2035 TRUST PERIOD ENDED JUNE 30, 2011

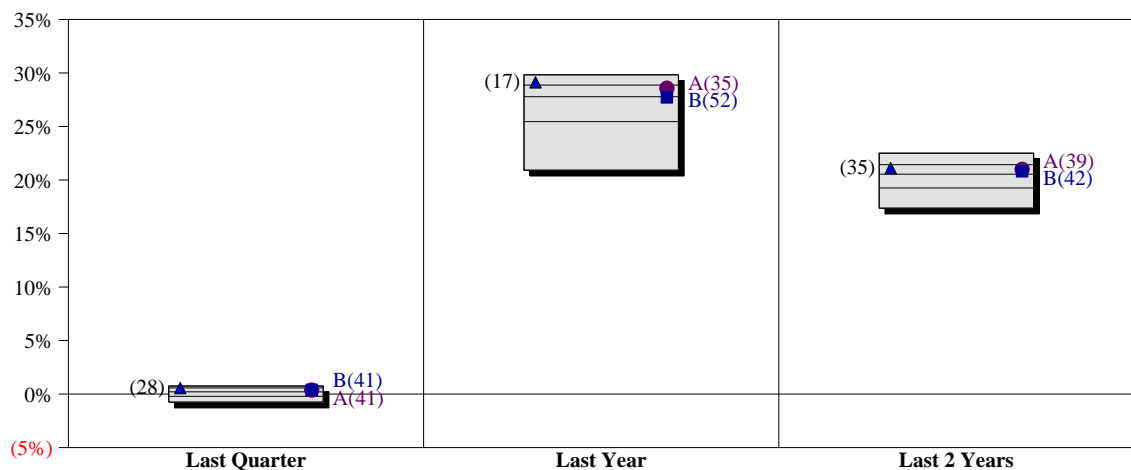
Investment Philosophy

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 Aggregate Bond, 71.5% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

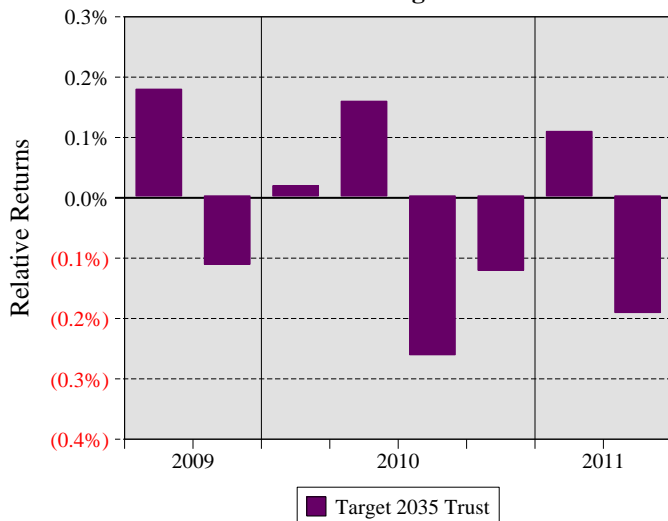
- Target 2035 Trust's portfolio posted a 0.37% return for the quarter placing it in the 41 percentile of the CAI Target Date 2035 group for the quarter and in the 35 percentile for the last year.
- Target 2035 Trust's portfolio underperformed the Target 2035 Benchmark by 0.19% for the quarter and underperformed the Target 2035 Benchmark for the year by 0.55%.

Performance vs CAI Target Date 2035 (Net)

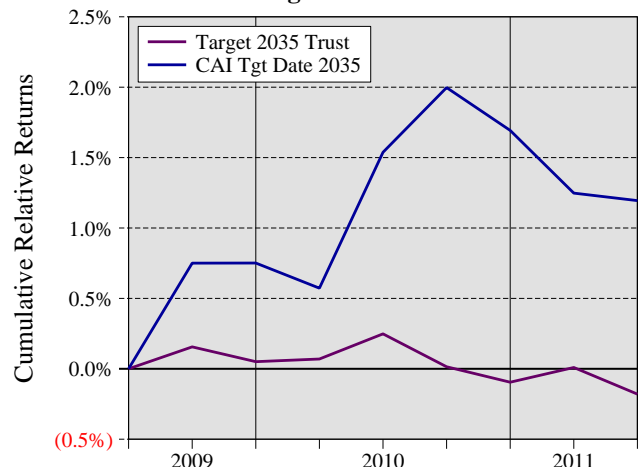


	Last Quarter	Last Year	Last 2 Years
10th Percentile	0.75	29.83	22.51
25th Percentile	0.58	28.87	21.43
Median	0.21	27.78	20.54
75th Percentile	(0.21)	25.45	19.26
90th Percentile	(0.76)	20.91	17.37
Target 2035 Trust ● A	0.37	28.57	21.00
CAI Tgt Dt Idx 2035 ■ B	0.39	27.72	20.81
Target 2035 Benchmark ▲	0.56	29.13	21.11

Relative Return vs Target 2035 Benchmark



Cumulative Returns vs Target 2035 Benchmark





TARGET 2040 TRUST PERIOD ENDED JUNE 30, 2011

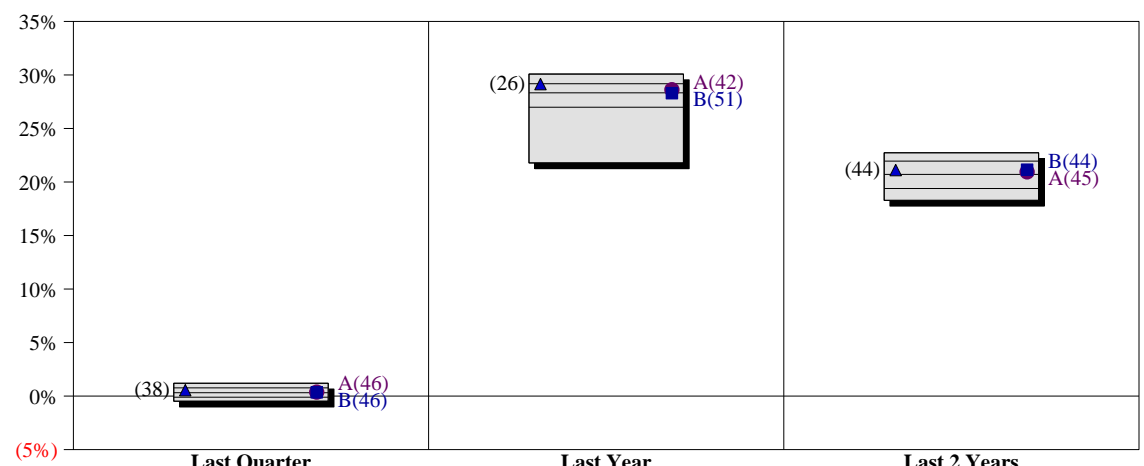
Investment Philosophy

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

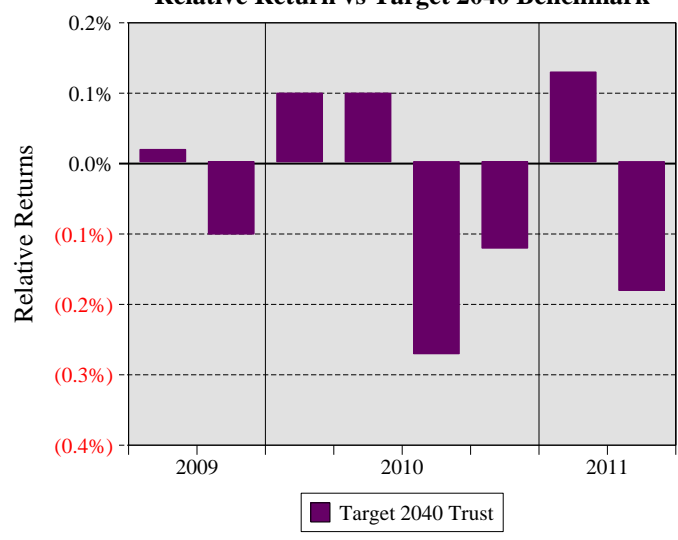
- Target 2040 Trust's portfolio posted a 0.37% return for the quarter placing it in the 46 percentile of the CAI Target Date 2040 group for the quarter and in the 42 percentile for the last year.
- Target 2040 Trust's portfolio underperformed the Target 2040 Benchmark by 0.18% for the quarter and underperformed the Target 2040 Benchmark for the year by 0.53%.

Performance vs CAI Target Date 2040 (Net)

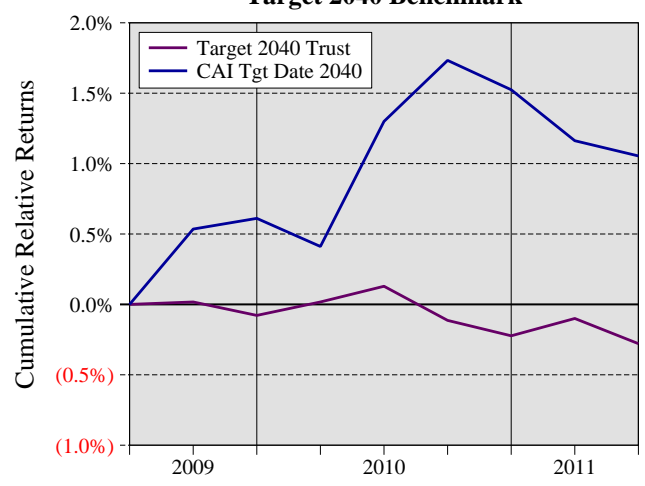


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.20	30.09	22.73
25th Percentile	0.77	29.18	21.95
Median	0.31	28.33	20.71
75th Percentile	(0.11)	26.99	19.39
90th Percentile	(0.48)	21.78	18.29
Target 2040 Trust ● A	0.37	28.62	20.95
CAI Tgt Dt Idx 2040 ■ B	0.35	28.30	21.15
Target 2040 Benchmark ▲	0.55	29.15	21.12

Relative Return vs Target 2040 Benchmark



Cumulative Returns vs Target 2040 Benchmark



TARGET 2045 TRUST PERIOD ENDED JUNE 30, 2011

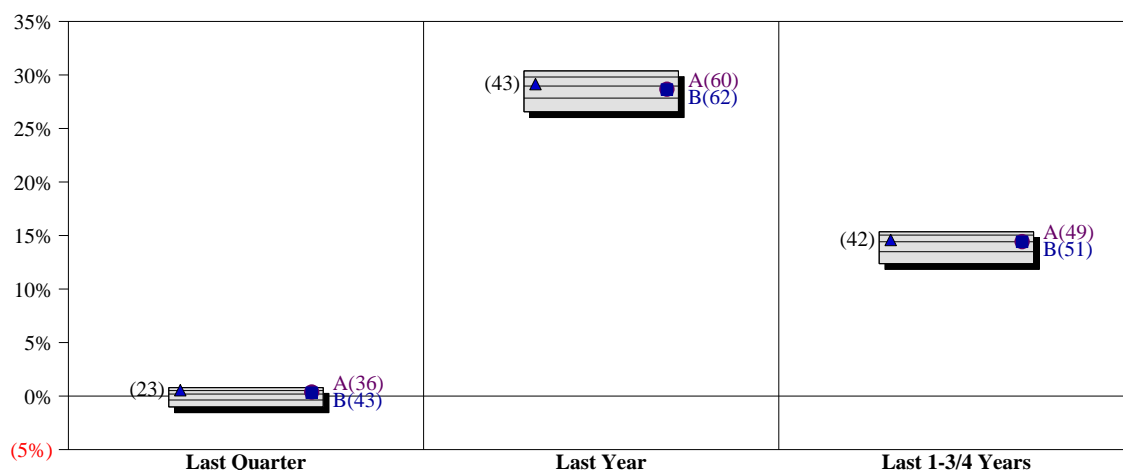
Investment Philosophy

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 Aggeate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

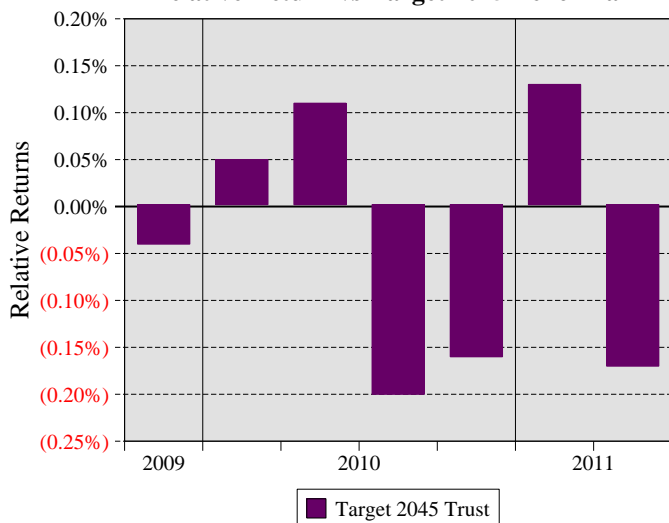
- Target 2045 Trust's portfolio posted a 0.38% return for the quarter placing it in the 36 percentile of the CAI Target Date 2045 group for the quarter and in the 60 percentile for the last year.
- Target 2045 Trust's portfolio underperformed the Target 2045 Benchmark by 0.17% for the quarter and underperformed the Target 2045 Benchmark for the year by 0.48%.

Performance vs CAI Target Date 2045 (Net)

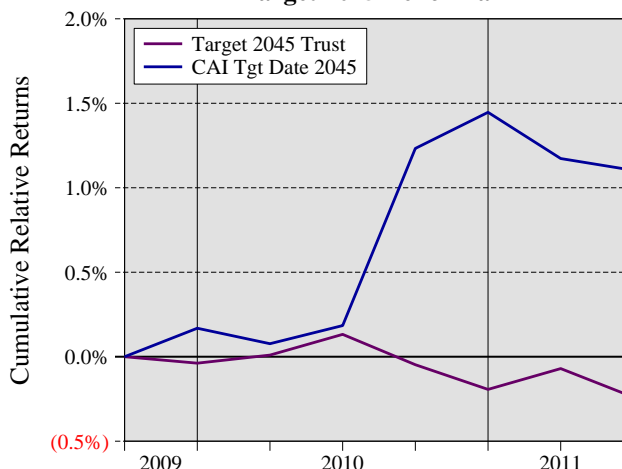


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	0.79	30.38	15.35
25th Percentile	0.51	29.81	15.04
Median	0.19	28.96	14.42
75th Percentile	(0.37)	27.84	13.49
90th Percentile	(1.01)	26.56	12.37
Target 2045 Trust ● A	0.38	28.67	14.43
CAI Tgt Dt Idx 2045 ■ B	0.31	28.64	14.41
Target 2045 Benchmark ▲	0.55	29.15	14.59

Relative Return vs Target 2045 Benchmark



Cumulative Returns vs Target 2045 Benchmark





TARGET 2050 TRUST PERIOD ENDED JUNE 30, 2011

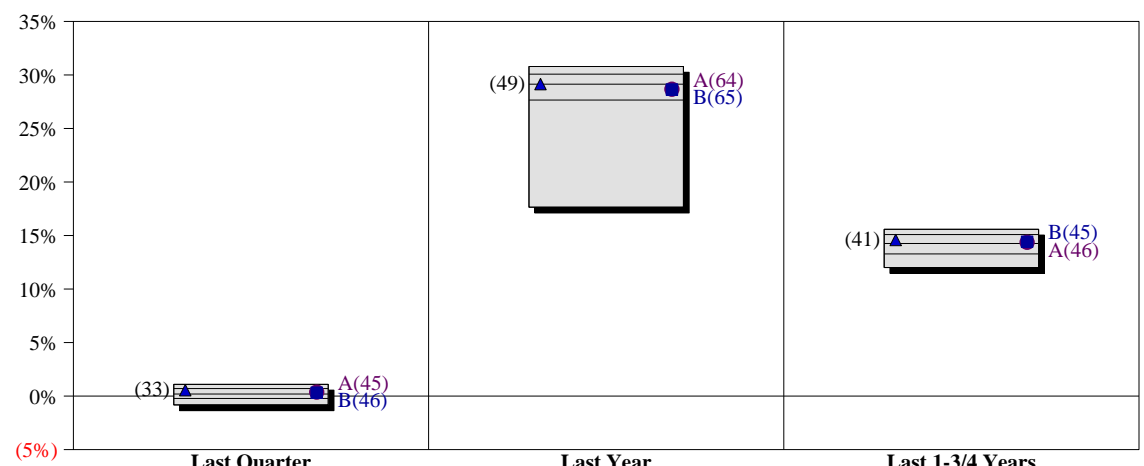
Investment Philosophy

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 Aggeate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

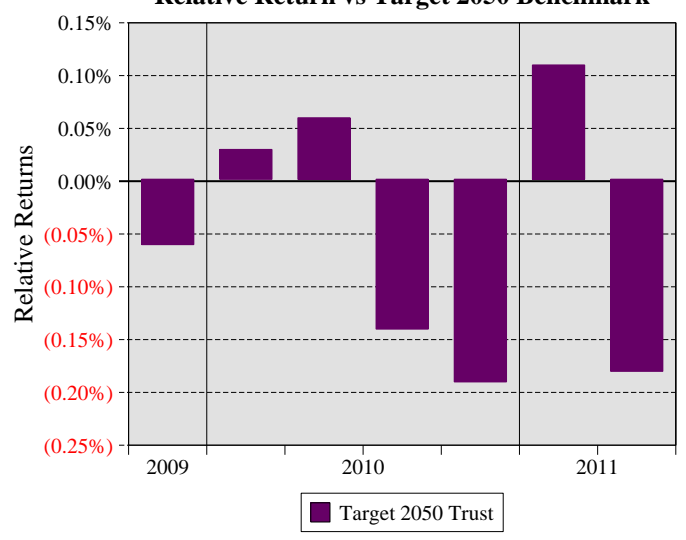
- Target 2050 Trust's portfolio posted a 0.37% return for the quarter placing it in the 45 percentile of the CAI Target Date 2050 group for the quarter and in the 64 percentile for the last year.
- Target 2050 Trust's portfolio underperformed the Target 2050 Benchmark by 0.18% for the quarter and underperformed the Target 2050 Benchmark for the year by 0.48%.

Performance vs CAI Target Date 2050 (Net)

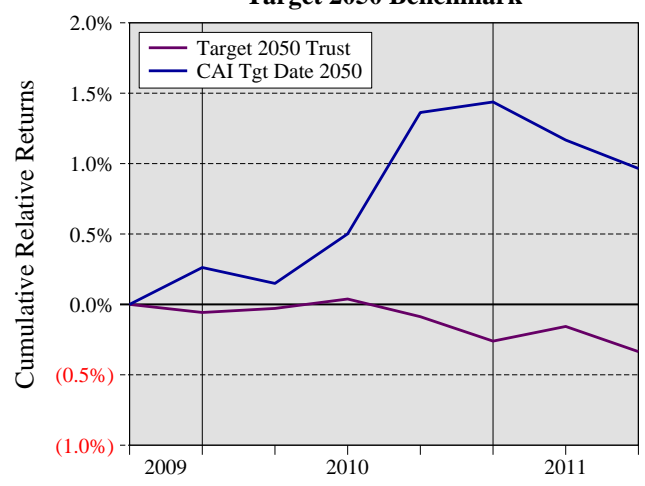


10th Percentile	1.09	30.79	15.58
25th Percentile	0.70	30.07	15.09
Median	0.19	29.14	14.26
75th Percentile	(0.22)	27.66	13.28
90th Percentile	(0.82)	17.64	12.01
Target 2050 Trust (A)	0.37	28.67	14.37
CAI Tgt Dt Idx 2045 (B)	0.31	28.64	14.41
Target 2050 Benchmark (triangle)	0.55	29.15	14.59

Relative Return vs Target 2050 Benchmark



Cumulative Returns vs Target 2050 Benchmark



TARGET 2055 TRUST PERIOD ENDED JUNE 30, 2011

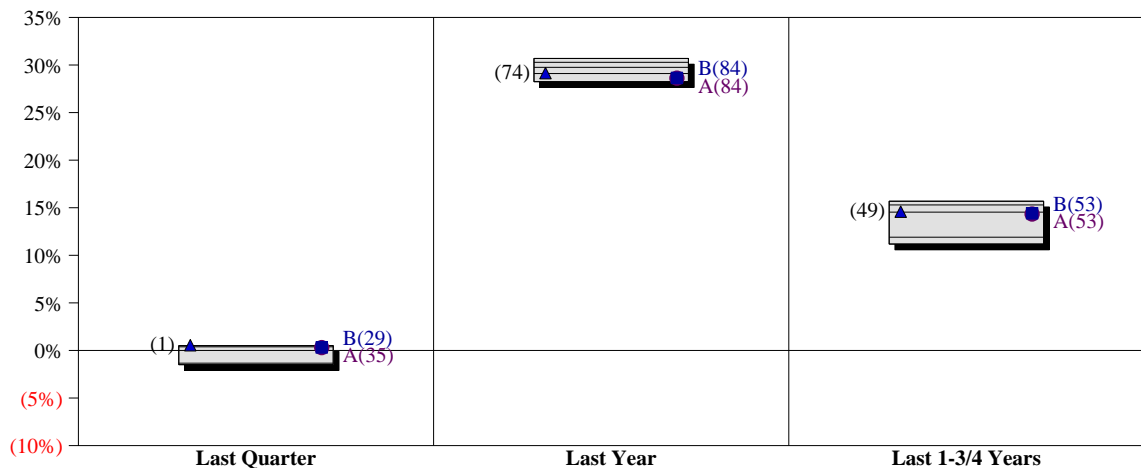
Investment Philosophy

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

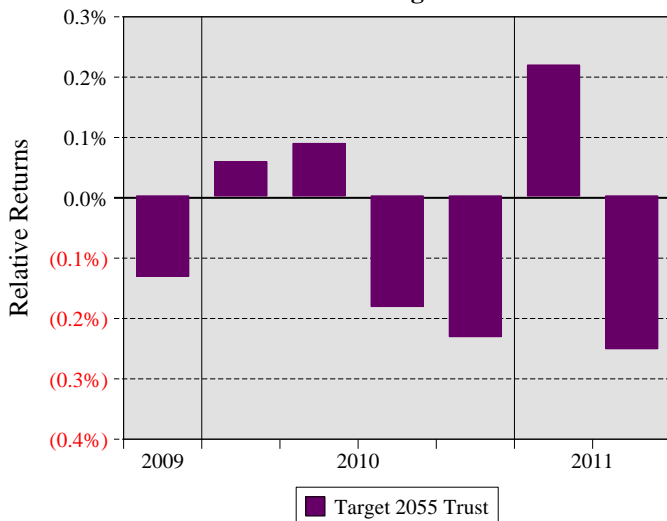
- Target 2055 Trust's portfolio posted a 0.30% return for the quarter placing it in the 35 percentile of the CAI Target Date 2055 group for the quarter and in the 84 percentile for the last year.
- Target 2055 Trust's portfolio underperformed the Target 2055 Benchmark by 0.25% for the quarter and underperformed the Target 2055 Benchmark for the year by 0.53%.

Performance vs CAI Target Date 2055 (Net)

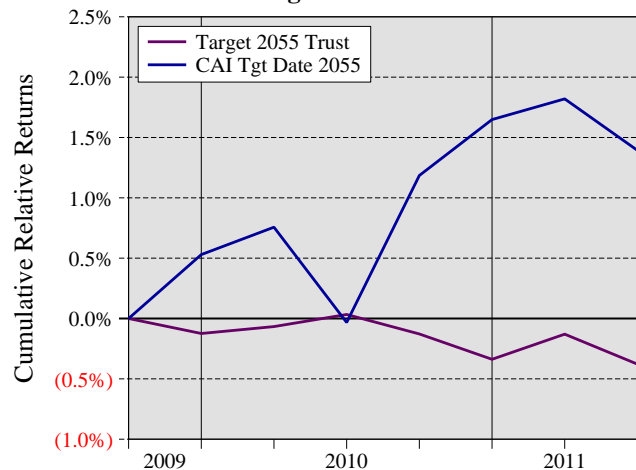


10th Percentile	0.50	30.69	15.68
25th Percentile	0.38	30.28	15.30
Median	(0.00)	29.76	14.54
75th Percentile	(1.34)	29.10	11.90
90th Percentile	(1.49)	28.25	11.18
Target 2055 Trust (A)	0.30	28.62	14.34
CAI Tgt Dt Idx 2045 (B)	0.31	28.64	14.41
Target 2055 Benchmark (Triangle)	0.55	29.15	14.59

Relative Return vs Target 2055 Benchmark



Cumulative Returns vs Target 2055 Benchmark



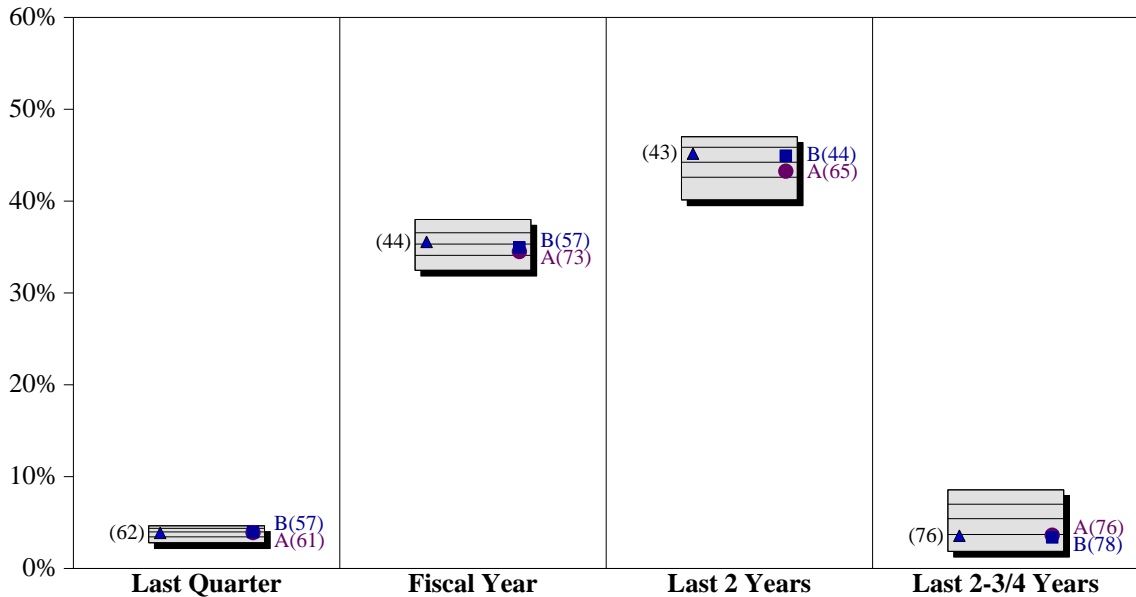
US REAL ESTATE INV TRUST PERIOD ENDED JUNE 30, 2011



Quarterly Summary and Highlights

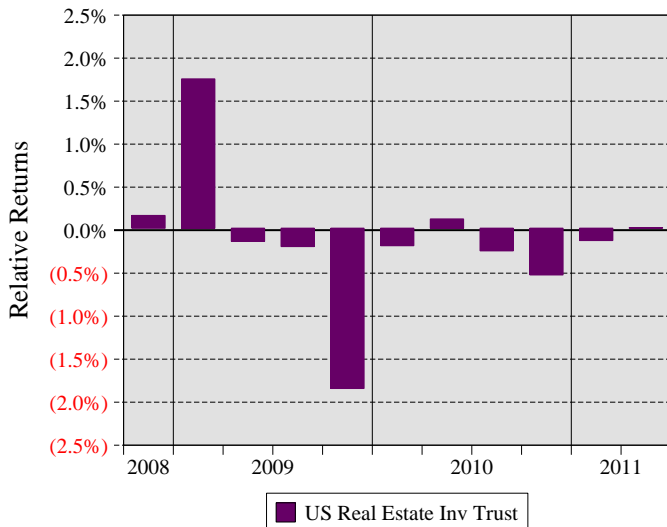
- US Real Estate Inv Trust's portfolio posted a 3.91% return for the quarter placing it in the 61 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 73 percentile for the last year.
- US Real Estate Inv Trust's portfolio outperformed the Wilshire REIT by 0.03% for the quarter and underperformed the Wilshire REIT for the year by 1.05%.

Performance vs CAI Real Estate-REIT DB (Gross)

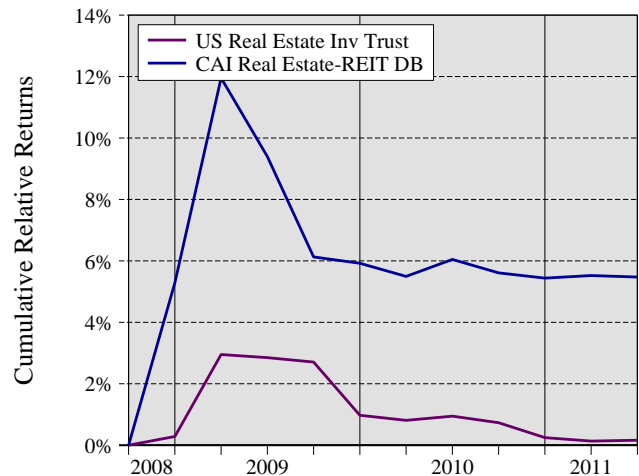


	Last Quarter	Fiscal Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	4.65	38.00	47.01	8.56
25th Percentile	4.37	36.55	45.86	7.00
Median	3.98	35.32	44.23	5.42
75th Percentile	3.45	34.09	42.60	3.70
90th Percentile	2.80	32.46	40.13	1.86
US Real Estate Inv Trust ● A	3.91	34.51	43.26	3.62
US Select REIT Index ■ B	3.97	34.95	44.95	3.38
Wilshire REIT ▲	3.88	35.56	45.17	3.56

Relative Return vs Wilshire REIT



Cumulative Returns vs Wilshire REIT



ALASKA MONEY MKT MASTER TRUST PERIOD ENDED JUNE 30, 2011



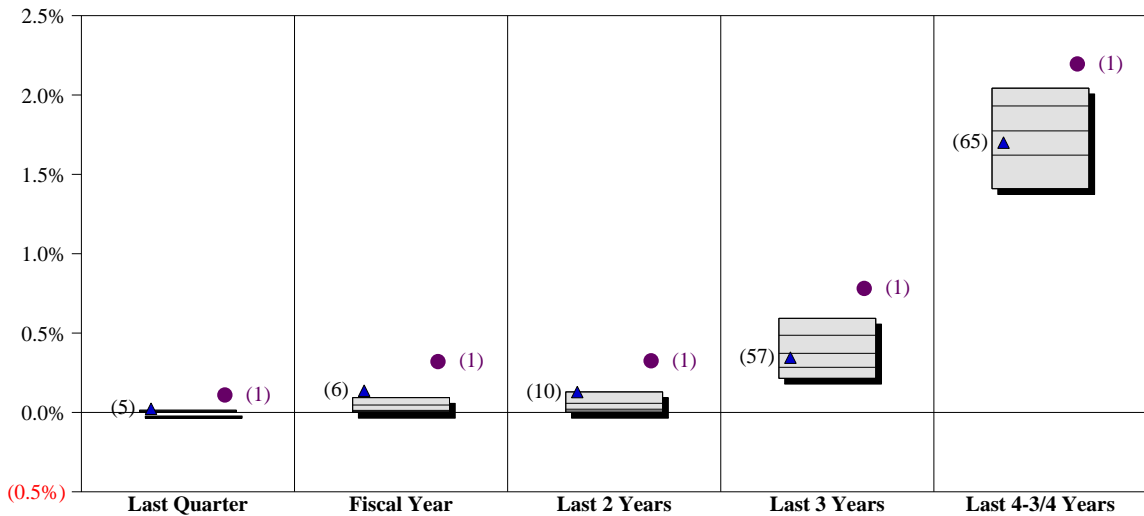
Investment Philosophy

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

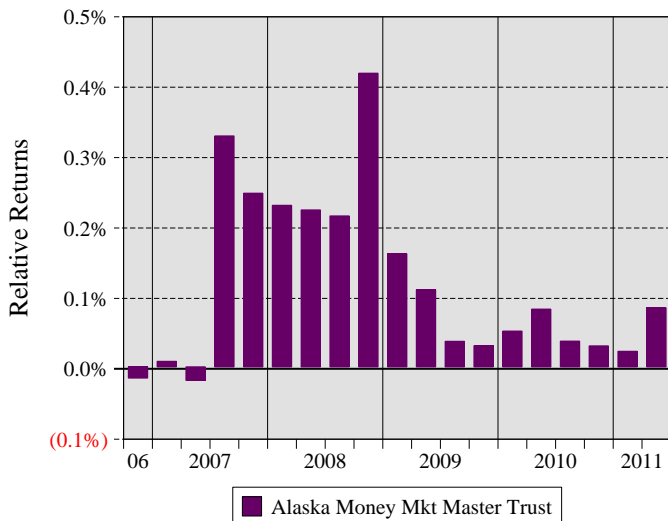
- Alaska Money Mkt Master Trust's portfolio posted a 0.11% return for the quarter placing it in the 1 percentile of the Money Market Funds group for the quarter and in the 1 percentile for the last year.
- Alaska Money Mkt Master Trust's portfolio outperformed the 3mo T-Bills by 0.09% for the quarter and outperformed the 3mo T-Bills for the year by 0.18%.

Performance vs Money Market Funds (Net)

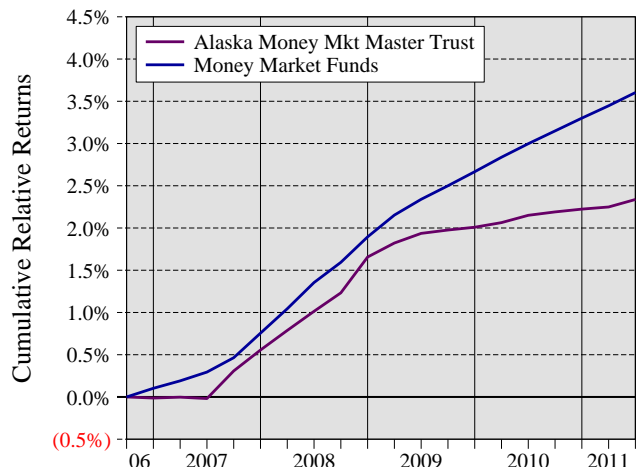


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile	0.01	0.09	0.13	0.59	2.04
25th Percentile	0.01	0.05	0.06	0.49	1.93
Median	0.00	0.01	0.02	0.37	1.77
75th Percentile	0.00	0.01	0.01	0.28	1.62
90th Percentile	0.00	0.00	0.00	0.21	1.41
Alaska Money Mkt Master Trust	0.11	0.32	0.33	0.78	2.20
3mo T-Bills	0.02	0.14	0.13	0.35	1.70

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

Why Plan Sponsors Invest in Private Equity

Gary Robertson

Domestic Equity Benchmark Review: Year End 2010

Jacki Hoagland, Stephanie Meade

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

Publications

DC Observer and Callan DC Index™ – 1st Quarter 2011

Hedge Fund Monitor – 1st Quarter 2011

Capital Market Review – 2nd Quarter 2011

Quarterly Performance Data – 2nd Quarter 2011

Private Markets Trends – Spring 2011

Surveys

2011 Callan Target Date Fund Survey – June 2011

2011 DC Trends Survey – January 2011

2010 Alternative Investments Survey – November 2010



RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Presentation: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Upcoming Educational Programs

October 2011 Regional Breakfast Workshops

October 25 in New York City

October 26 in Chicago

Subject TBA – Detailed information will be sent to you in August.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

SECOND 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.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or college@callan.com.

The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com

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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 06/30/11, 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	
AQR Capital Management	Y	
Artio Global Management (fka, Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
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	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Crestline Investors	Y	Y
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		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
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		Y
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
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 America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Login Circle	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Man Investments	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y

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Manager Name	Educational Services	Consulting Services
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
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)	Y	
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	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	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
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y

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Manager Name	Educational Services	Consulting Services
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
Tradewind Global Investors	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
SBS Fund
June 30, 2011**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2011 by Callan Associates Inc.



SBS Fund

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Investment Fund Balances

The table below compares the fund's investment fund balances as of June 30, 2011 with that of March 31, 2011. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

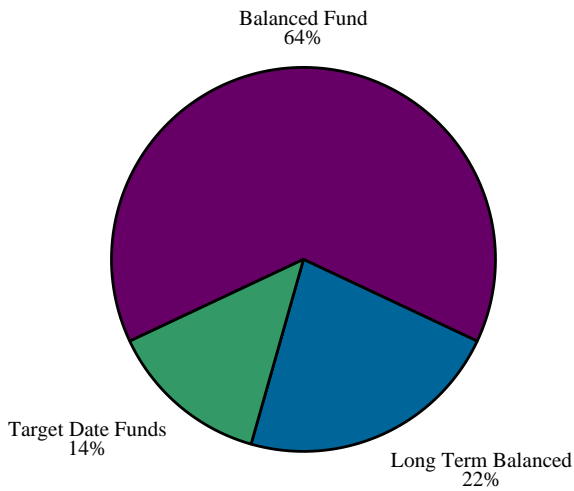
Asset Distribution Across Investment Funds

	June 30, 2011		Net New Inv.	Inv. Return	March 31, 2011	
	Market Value	Percent			Market Value	Percent
Balanced/Target Funds						
Alaska Balanced Fund	1,089,851,162	40.89%	(14,039,570)	15,427,400	1,088,463,332	41.50%
Long Term Balanced Fund	381,777,655	14.32%	6,330,734	9,821,658	365,625,263	13.94%
Target 2010 Fund	-	-	(22,167,500)	(2,824)	22,170,324	0.85%
Target 2010 Trust	8,375,702	0.31%	670,837	264,779	7,440,086	0.28%
Target 2015 Trust	91,847,126	3.45%	(1,230,354)	1,616,110	91,461,370	3.49%
Target 2020 Trust	42,170,272	1.58%	1,561,435	1,486,981	39,121,857	1.49%
Target 2025 Trust	21,490,347	0.81%	609,161	1,103,071	19,778,115	0.75%
Target 2030 Trust	10,340,652	0.39%	605,530	901,430	8,833,692	0.34%
Target 2035 Trust	11,562,449	0.43%	182,750	1,150,954	10,228,745	0.39%
Target 2040 Trust	12,340,786	0.46%	159,928	1,448,625	10,732,233	0.41%
Target 2045 Trust	13,392,161	0.50%	488,750	1,838,980	11,064,431	0.42%
Target 2050 Trust	15,540,352	0.58%	418,712	2,553,722	12,567,917	0.48%
Target 2055 Trust	4,892,793	0.18%	299,536	475,165	4,118,092	0.16%
Domestic Equity Funds						
State Street S&P	232,806,152	8.74%	(1,809,484)	87,187	234,528,449	8.94%
RCM Socially Responsible	30,066,538	1.13%	(1,856,240)	(34,672)	31,957,450	1.22%
Russell 3000 Index	12,260,664	0.46%	(510,787)	(63,717)	12,835,168	0.49%
T. Rowe Price Small Cap	94,966,733	3.56%	(713,685)	(459,653)	96,140,072	3.67%
International Equity Funds						
Brandes Int'l Fund	77,789,753	2.92%	(2,054,578)	445,311	79,399,019	3.03%
World Eq Ex-US Index	12,617,622	0.47%	306,246	69,133	12,242,242	0.47%
Fixed-Income Funds						
BlackRock Govt/Credit Fd	50,267,606	1.89%	5,594,225	990,072	43,683,309	1.67%
Intermediate Bond Fund	12,530,923	0.47%	272,813	232,103	12,026,007	0.46%
Long US Treasury Bond	9,077,752	0.34%	2,364,784	157,593	6,555,376	0.25%
US TIPS	16,249,432	0.61%	1,861,510	505,381	13,882,541	0.53%
World Gov't Bond Ex-US	5,535,336	0.21%	597,200	154,754	4,783,383	0.18%
Global Balanced Funds						
SSgA Global Balanced	52,715,830	1.98%	(478,486)	643,636	52,550,680	2.00%
Real Estate Funds						
US REITS	24,450,464	0.92%	2,214,500	797,161	21,438,802	0.82%
Short Term Funds						
T. Rowe Price Stable Value	294,882,693	11.06%	(1,726,520)	2,412,457	294,196,756	11.22%
SSgA Inst Trsry MM	35,391,394	1.33%	20,123,769	35	15,267,590	0.58%
Total Fund	\$2,665,190,351	100.0%	\$(1,924,784)	\$44,022,834	\$2,623,092,301	100.0%

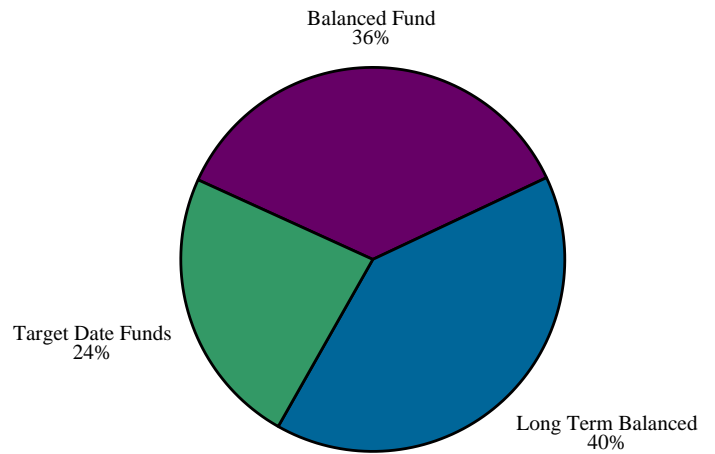
Asset Allocation

The charts below illustrate the historical asset allocation of the fund as well as the historical allocations of contributions to the fund. The pie charts on the top show the most recent allocation of both assets and newly contributed money. The middle chart displays the historical allocation of fund assets. The bottom chart illustrates the historical allocation of contributions.

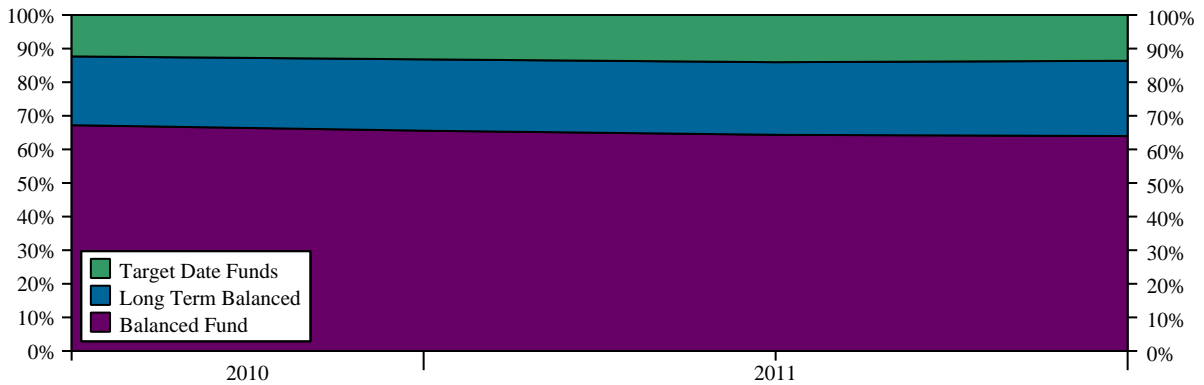
Asset Allocation



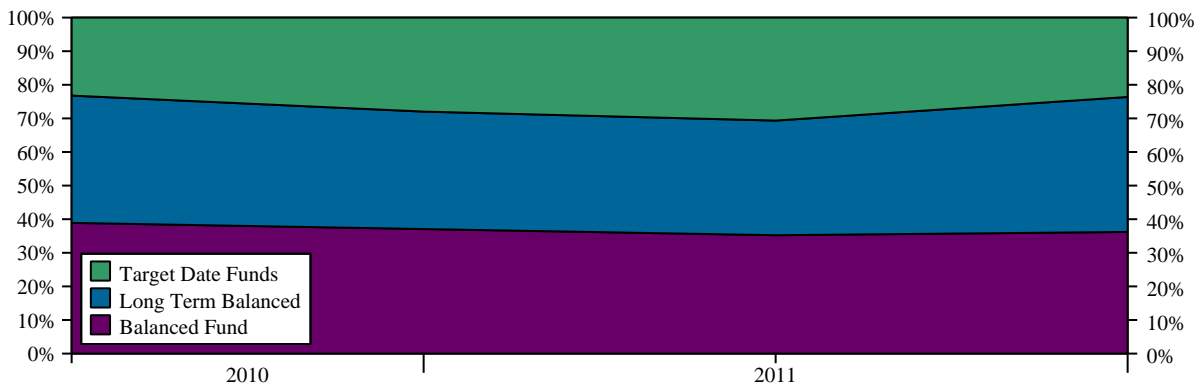
New Contributions



Historical Asset Allocation



Historical Allocation of Contributions

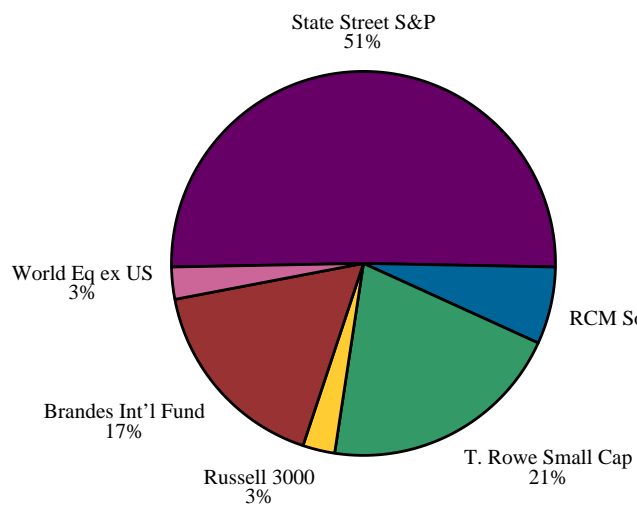




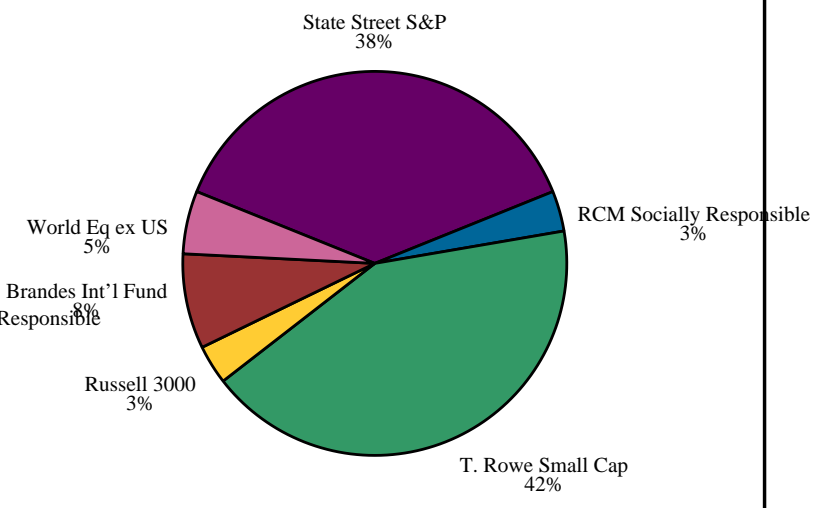
Asset Allocation

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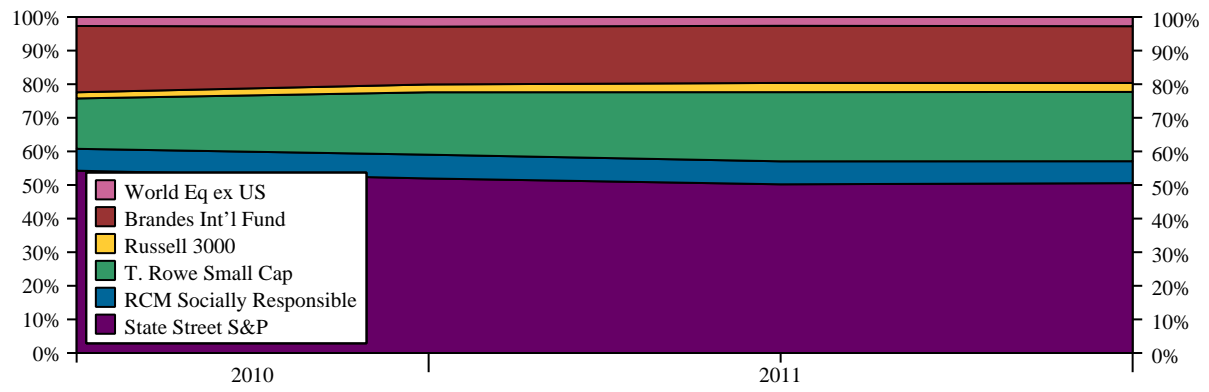
Asset Allocation



New Contributions



Historical Asset Allocation



Historical Allocation of Contributions



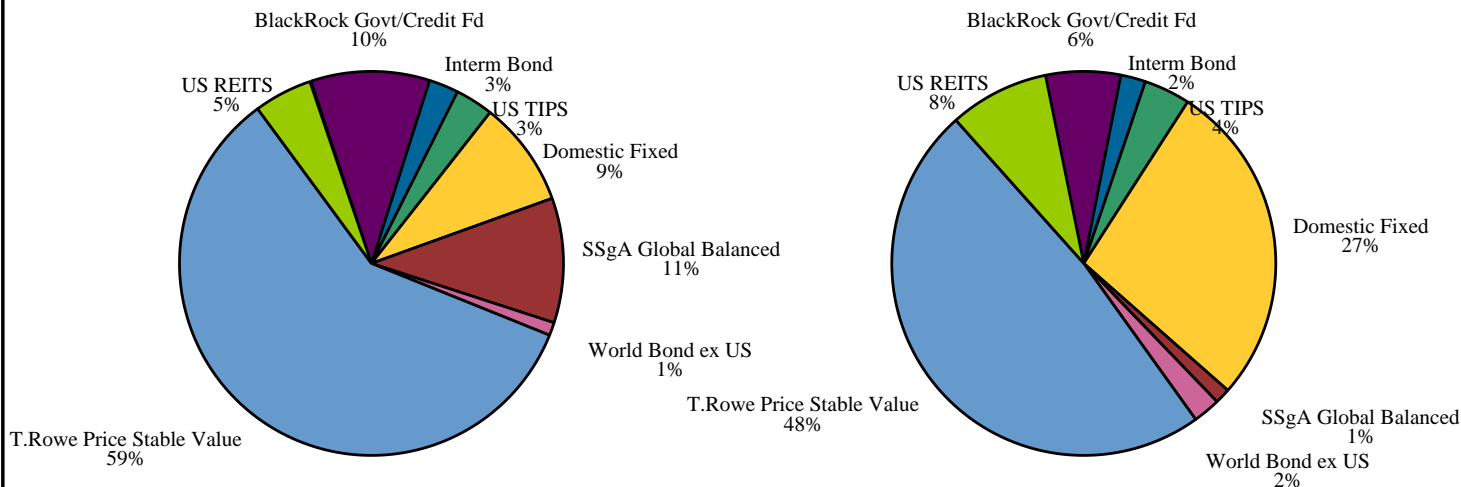


Asset Allocation

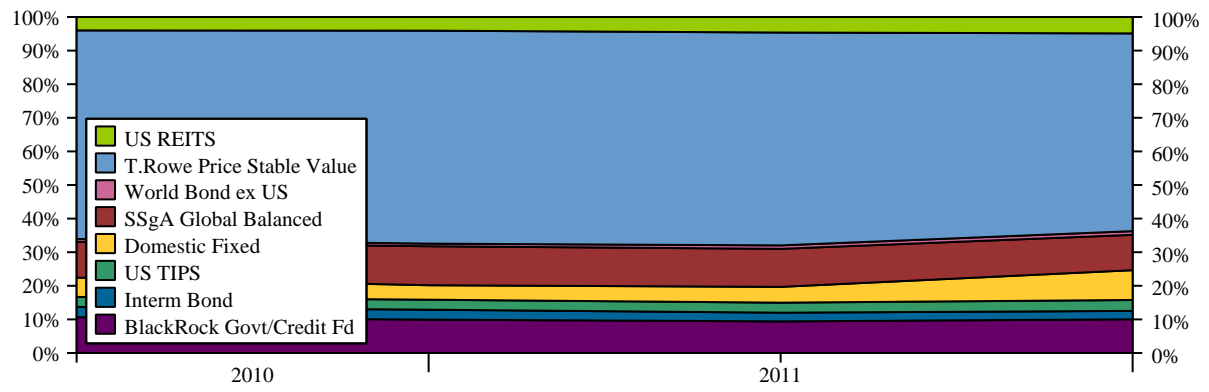
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Asset Allocation

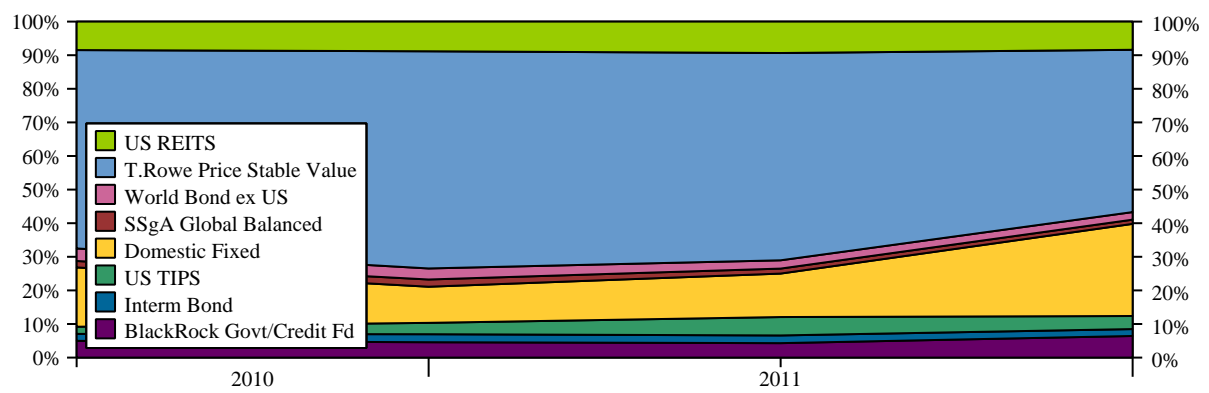
New Contributions



Historical Asset Allocation



Historical Allocation of Contributions



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 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 June 30, 2011

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
Alaska Balanced Fund	1.38%	13.41%	12.41%	6.05%	5.81%
Benchmark	1.58%	13.27%	12.21%	5.95%	5.72%
Long Term Balanced Fund	0.89%	20.38%	16.42%	5.35%	4.99%
Benchmark	1.12%	20.35%	16.30%	5.36%	4.97%
Target 2010 Trust	0.87%	18.25%	14.91%	-	-
Benchmark	1.03%	18.58%	15.09%	-	-
Target 2015 Trust	0.78%	20.93%	14.89%	7.25%	6.42%
Benchmark	0.93%	21.33%	14.89%	6.98%	6.13%
Target 2020 Trust	0.65%	23.31%	17.72%	4.56%	4.37%
Benchmark	0.85%	23.79%	17.92%	4.47%	4.23%
Target 2025 Trust	0.56%	25.34%	19.67%	3.52%	3.30%
Benchmark	0.75%	25.89%	19.98%	3.43%	3.24%
Target 2030 Trust	0.50%	27.19%	20.23%	-	-
Benchmark	0.66%	27.64%	20.39%	-	-
Target 2035 Trust	0.37%	28.57%	21.00%	-	-
Benchmark	0.56%	29.13%	21.11%	-	-
Target 2040 Trust	0.37%	28.62%	20.95%	-	-
Benchmark	0.55%	29.15%	21.12%	-	-
Target 2045 Trust	0.38%	28.67%	-	-	-
Benchmark	0.55%	29.15%	-	-	-
Target 2050 Trust	0.37%	28.67%	-	-	-
Benchmark	0.55%	29.15%	-	-	-
Target 2055 Trust	0.30%	28.62%	-	-	-
Benchmark	0.55%	29.15%	-	-	-
State Street S&P 500 Fund	0.08%	30.71%	22.30%	3.45%	3.02%
Standard & Poor's 500	0.10%	30.69%	22.29%	3.34%	2.94%
Russell 3000 Index Fd	(0.01%)	32.33%	23.80%	-	-
Russell 3000 Index	(0.03%)	32.37%	23.76%	4.00%	3.35%
World Eq ex-US Index	0.45%	29.54%	19.19%	-	-
MSCI ACWI x US (Net Div)	0.38%	29.73%	19.69%	(0.35%)	3.67%
Long US Treasury Bond Index	3.30%	(1.35%)	5.23%	-	-
BC Long Treas	3.36%	(1.14%)	5.23%	5.94%	7.26%
US Treasury Infl Prted Sec	3.61%	7.53%	8.45%	-	-
BC US TIPS Index	3.66%	7.74%	8.63%	5.28%	6.91%
World Gov't Bond ex-US Indx	3.67%	13.87%	7.29%	-	-
Citi Non-US Gvt Bd Idx	3.68%	13.95%	7.55%	6.20%	7.76%
US Real Estate Invmnt Trust	3.91%	34.51%	43.26%	-	-
Wilshire REIT	3.88%	35.56%	45.17%	4.88%	1.77%
US Select REIT Index	3.97%	34.95%	44.95%	4.71%	1.67%
SSgA Instl Trsry MM*	0.00%	0.02%	0.02%	0.16%	-
Citigroup 3 month T-Bills	0.02%	0.14%	0.13%	0.35%	1.87%

*Initially funded in September 2008. Prior returns represent the manager's returns for the index fund State of Alaska S B S Fund



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 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 June 30, 2011

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
BlackRock Govt/Credit Fund*	2.27%	3.54%	6.37%	5.84%	6.18%
BC Govt/Credit Bd	2.32%	3.68%	6.62%	6.17%	6.35%
Intermediate Bond Fund**	2.04%	2.51%	3.95%	4.84%	5.83%
BC Gov Inter	2.08%	2.65%	4.15%	4.91%	5.85%
Brandes Int'l Fund	0.55%	23.56%	-	-	-
MSCI EAFE Index	1.56%	30.36%	17.51%	(1.77%)	1.48%
SSgA Global Balanced	1.27%	20.57%	-	-	-
Custom Benchmark***	1.20%	20.34%	-	-	-
RCM Socially Responsible	0.16%	32.57%	22.28%	-	-
S&P 500 Index	0.10%	30.69%	22.29%	3.34%	2.94%
T. Rowe Price Small-Cap Trust	(0.44%)	44.62%	35.08%	14.20%	7.17%
Russell 2000 Index	(1.61%)	37.41%	29.20%	7.77%	4.08%
T. Rowe Price Stable Value Fund	0.87%	3.66%	3.85%	3.90%	4.25%
3-month Treasury Bill	0.04%	0.16%	0.16%	0.42%	2.00%
5 Yr US Treas Rolling	0.73%	3.16%	3.38%	3.54%	3.65%

*Initially funded in August 2007. Prior returns represent the manager's returns for the index fund

**Initially funded in September 2008. Prior returns represent the manager's returns for the index fund

***Custom Benchmark is 60% MSCI ACWI Index, 30% BarCap US Agg Bond Index, and 10% Citigroup World Gov't Bond ex-US Idx.

Balanced Fund

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Portfolio	2.00%	2.63%
<u>Fixed-Income</u>		
Aggregate Bond	63.00%	59.87%
<u>Equity</u>		
US Equity	28.00%	29.84%
International Portfolio	7.00%	7.66%

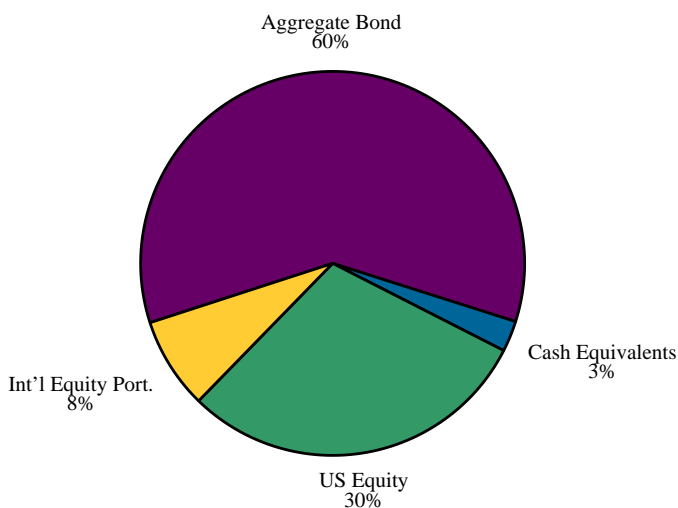
Objectives

To provide a balanced and diversified mix of stocks, bonds and money market instruments for investors with a low to average risk tolerance.

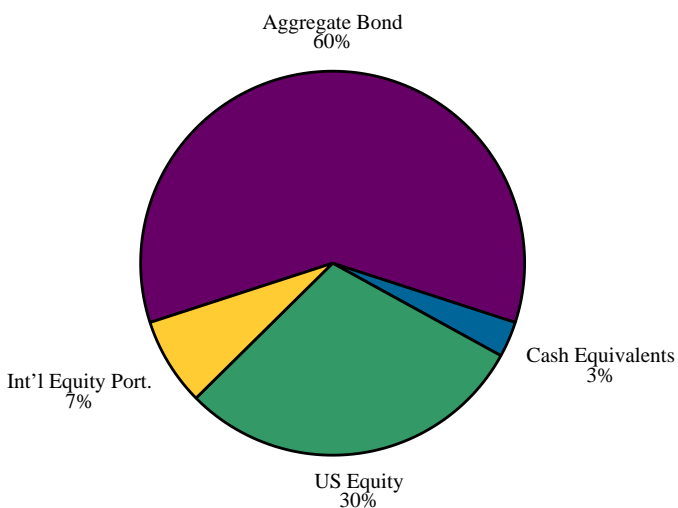
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



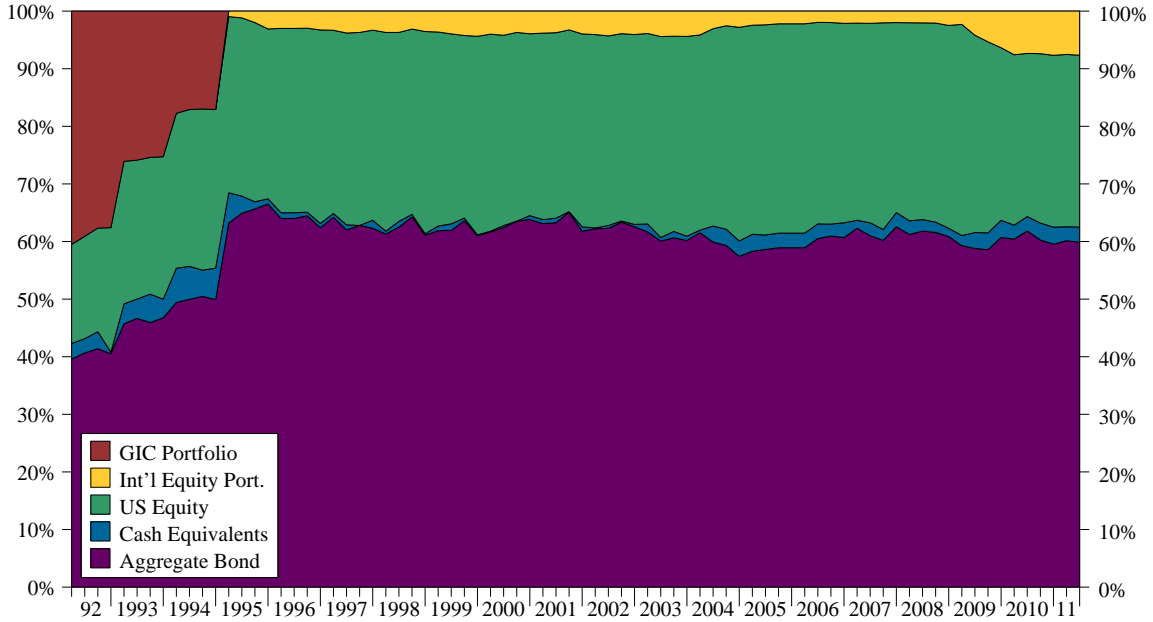
Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	652,494	59.9%	60.0%	(0.1%)	(1,417)
Cash Equivalents	28,663	2.6%	3.0%	(0.4%)	(4,032)
US Equity	325,212	29.8%	29.6%	0.2%	2,616
Int'l Equity Port.	83,483	7.7%	7.4%	0.3%	2,834
Total	1,089,851	100.0%	100.0%		

* Current Quarter Target = 60.0% BC Aggregate Index, 29.6% Russell 3000 Index, 7.4% MSCI EAFE Index and 3.0% 3-month Treasury Bill.

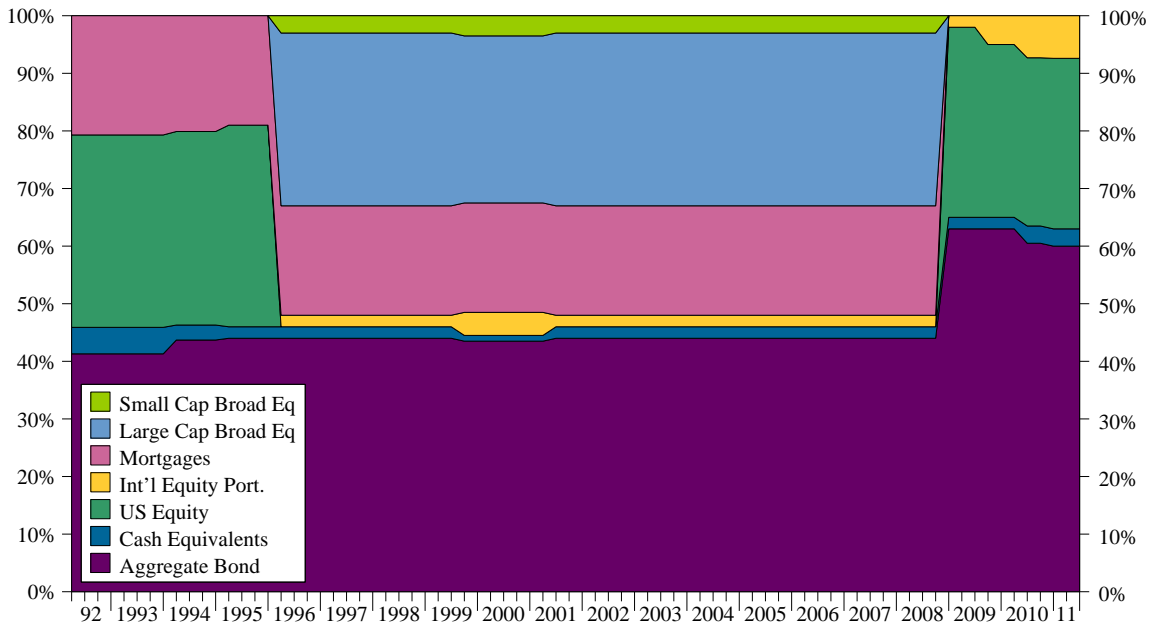
Actual vs Target Historical Asset Allocation

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

Actual Historical Asset Allocation



Target Historical Asset Allocation



* Current Quarter Target = 60.0% BC Aggregate Index, 29.6% Russell 3000 Index, 7.4% MSCI EAFE Index and 3.0% 3-month Treasury Bill.

ALASKA BALANCED FUND PERIOD ENDED JUNE 30, 2011



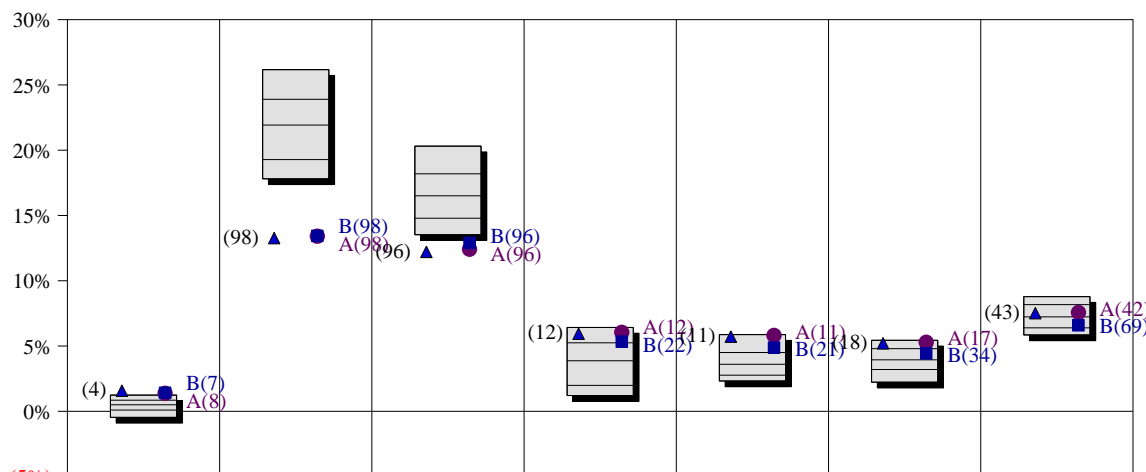
Investment Philosophy

Domestic Balanced Style mutual funds diversify their investments among common stocks, bonds, preferred stocks and money market securities within the U.S.

Quarterly Summary and Highlights

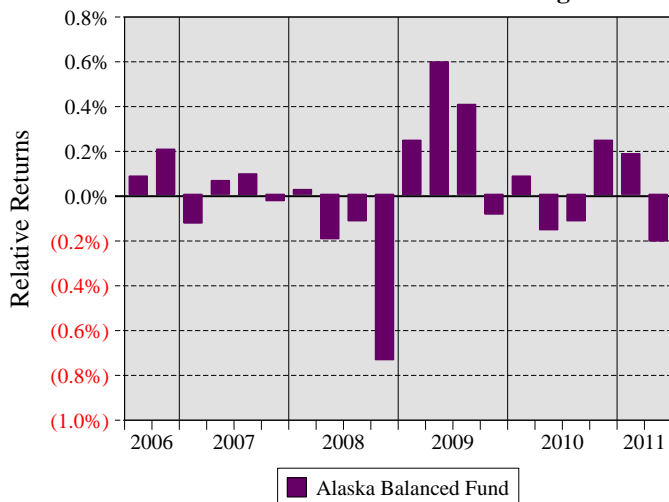
- Alaska Balanced Fund's portfolio posted a 1.38% return for the quarter placing it in the 8 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 98 percentile for the last year.
- Alaska Balanced Fund's portfolio underperformed the Passive Target by 0.20% for the quarter and outperformed the Passive Target for the year by 0.14%.

Performance vs CAI MF - Domestic Balanced Style (Net)

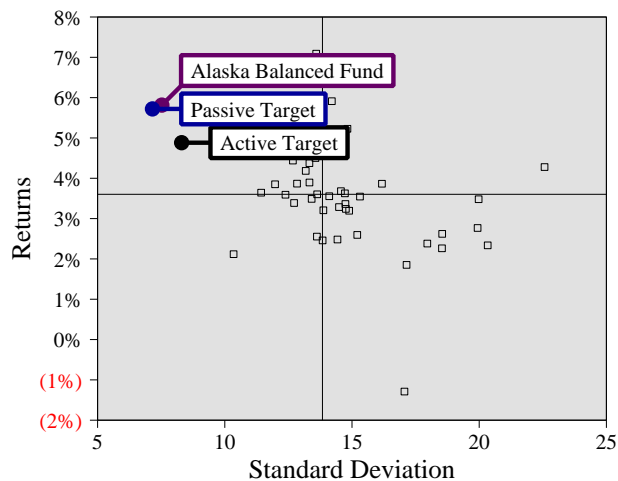


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 19-1/4 Years
10th Percentile	1.24	26.17	20.31	6.42	5.88	5.44	8.78
25th Percentile	0.85	23.90	18.19	5.25	4.50	4.80	8.17
Median	0.50	21.93	16.51	3.87	3.60	3.94	7.23
75th Percentile	0.09	19.28	14.79	1.99	2.77	3.20	6.40
90th Percentile	(0.46)	17.81	13.53	1.21	2.32	2.23	5.85
Alaska Balanced Fund	● A 1.38	13.41	12.41	6.05	5.81	5.29	7.57
Passive Target	■ B 1.42	13.44	12.90	5.34	4.88	4.43	6.59
Passive Target	▲ 1.58	13.27	12.21	5.95	5.72	5.21	7.52

Relative Return vs Passive Target



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



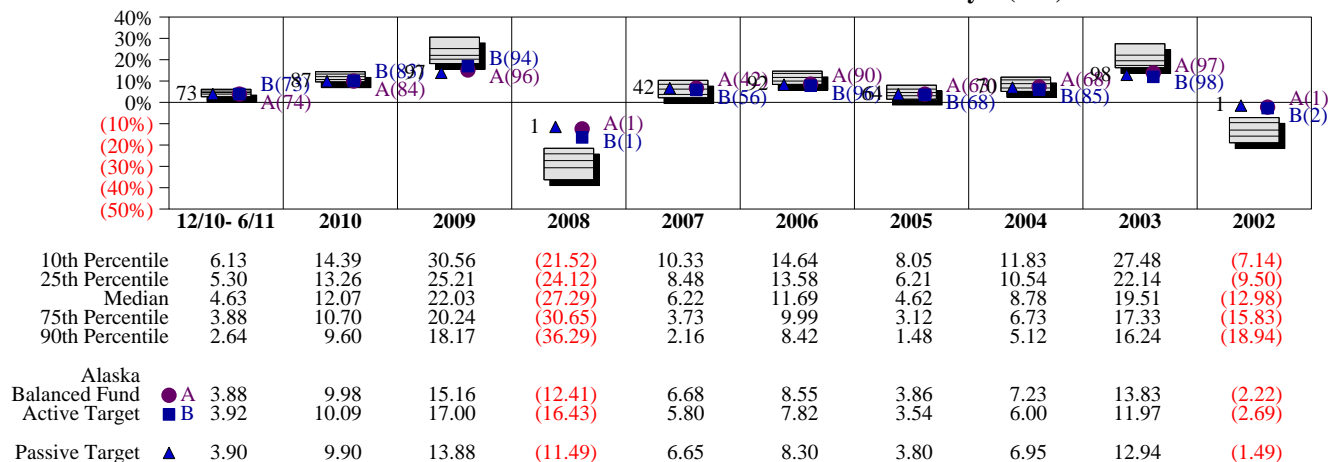


ALASKA BALANCED FUND RETURN ANALYSIS SUMMARY

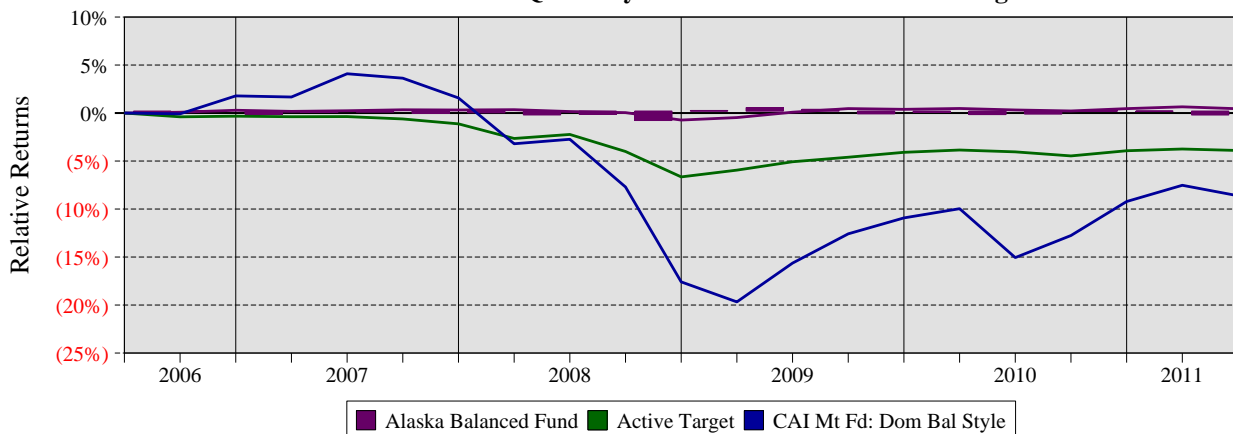
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

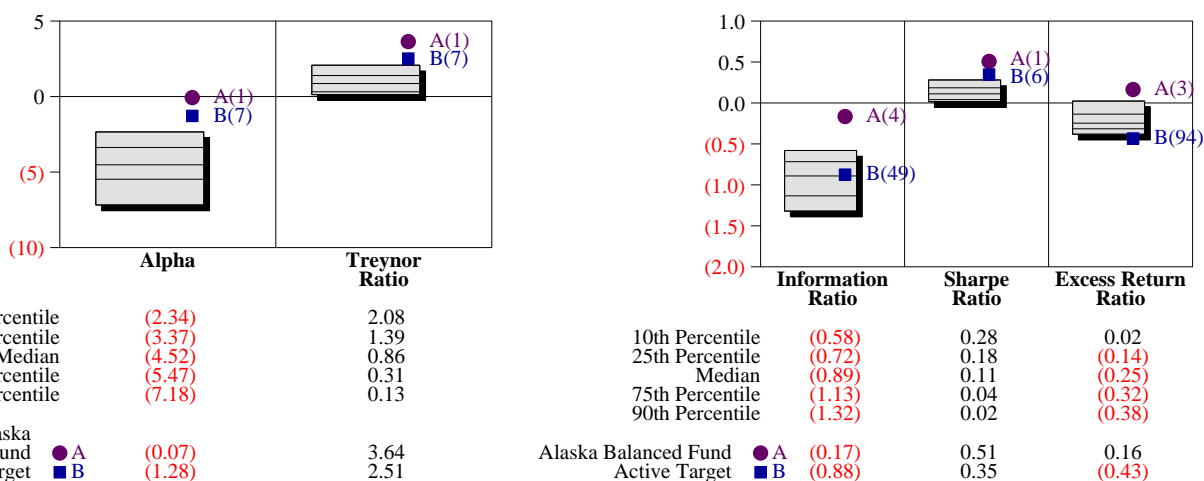
Performance vs CAI MF - Domestic Balanced Style (Net)



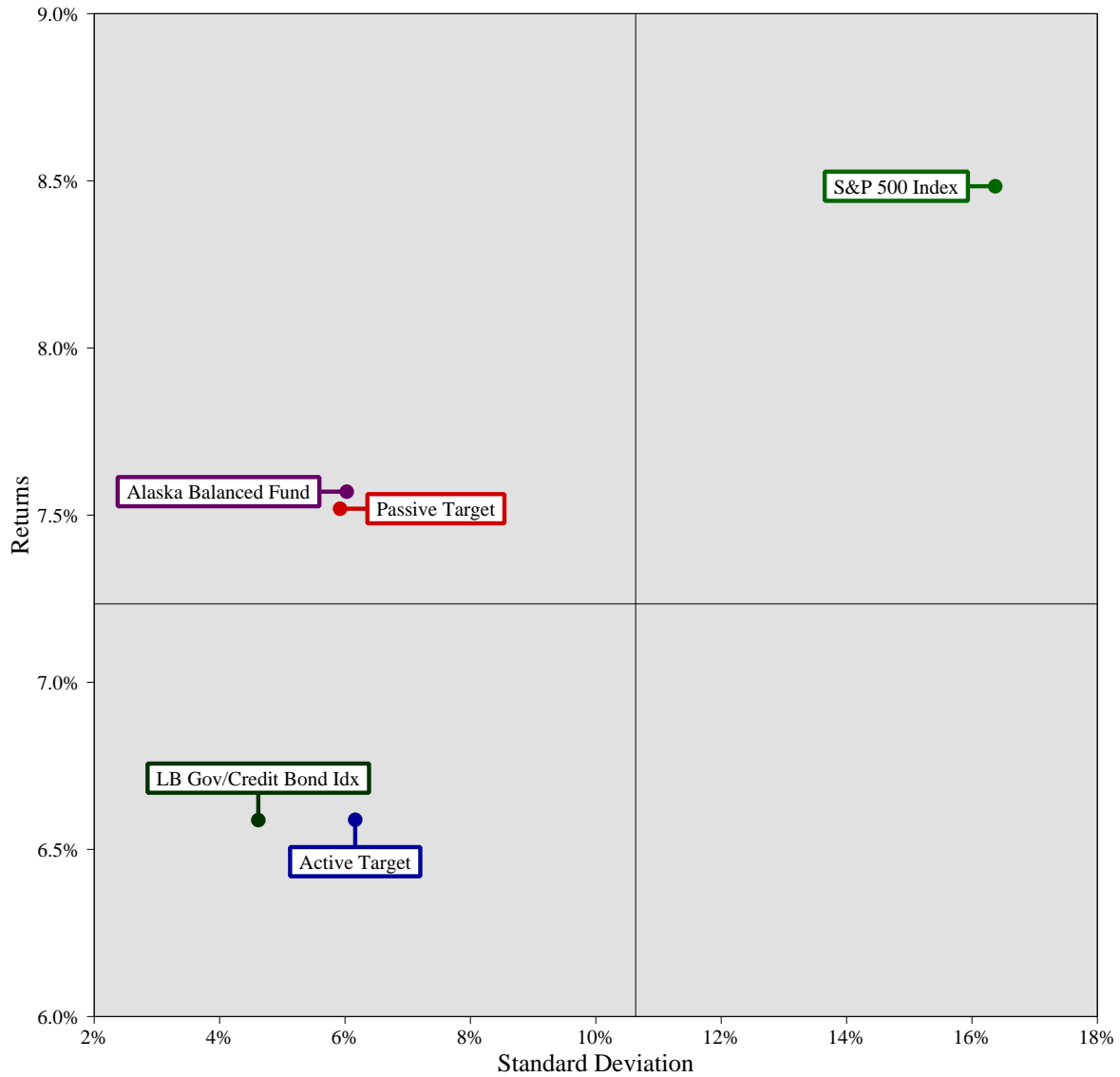
Cumulative and Quarterly Relative Return vs Passive Target



**Risk Adjusted Return Measures vs Passive Target
Rankings Against CAI MF - Domestic Balanced Style (Net)
Five Years Ended June 30, 2011**



**STATE OF ALASKA S B S - ALASKA BALANCED FUND
RISK/REWARD VS CAI MF - DOMESTIC BALANCED STYLE
NINETEEN AND ONE-QUARTER YEARS ENDED JUNE 30, 2011**



Long Term Balanced
Fund

Long-Term Balanced Fund

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Portfolio	1.00%	1.99%
<u>Fixed-Income</u>		
Aggregate Bond	39.00%	35.78%
<u>Equity</u>		
US Equity	48.00%	49.74%
International Portfolio	12.00%	12.50%

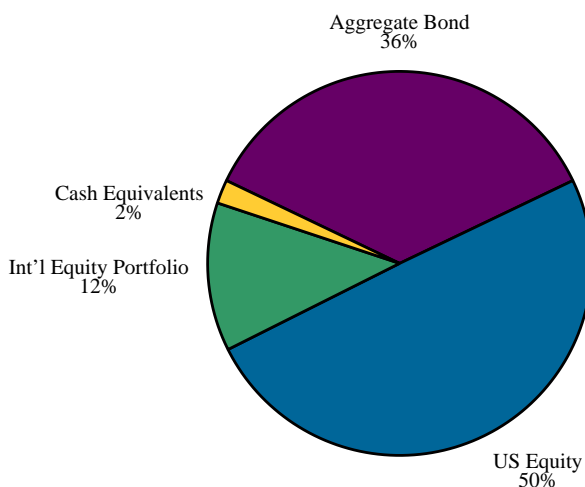
Objectives

To provide a balanced and diversified mix of stocks, bonds, and money market instruments for investors with a moderate risk tolerance.

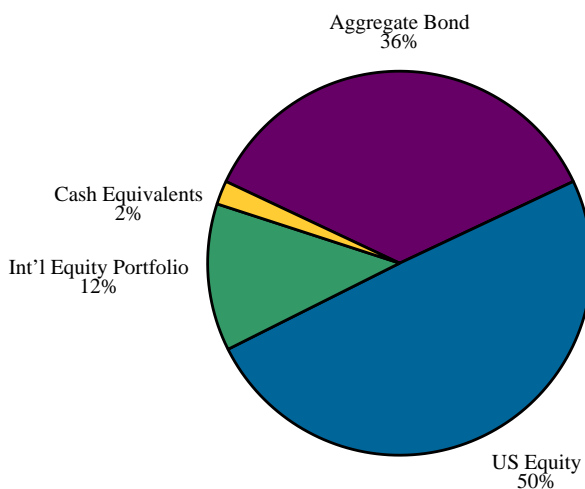
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	136,605	35.8%	36.0%	(0.2%)	(835)
US Equity	189,879	49.7%	49.6%	0.1%	517
Int'l Equity Portfolio	47,704	12.5%	12.4%	0.1%	364
Cash Equivalents	7,589	2.0%	2.0%	0.0%	(46)
Total	381,778	100.0%	100.0%		

* Current Quarter Target = 49.6% Russell 3000 Index, 36.0% BC Aggregate Index, 12.4% MSCI EAFE Index and 2.0% 3-month Treasury Bill.

LONG TERM BALANCED FUND PERIOD ENDED JUNE 30, 2011



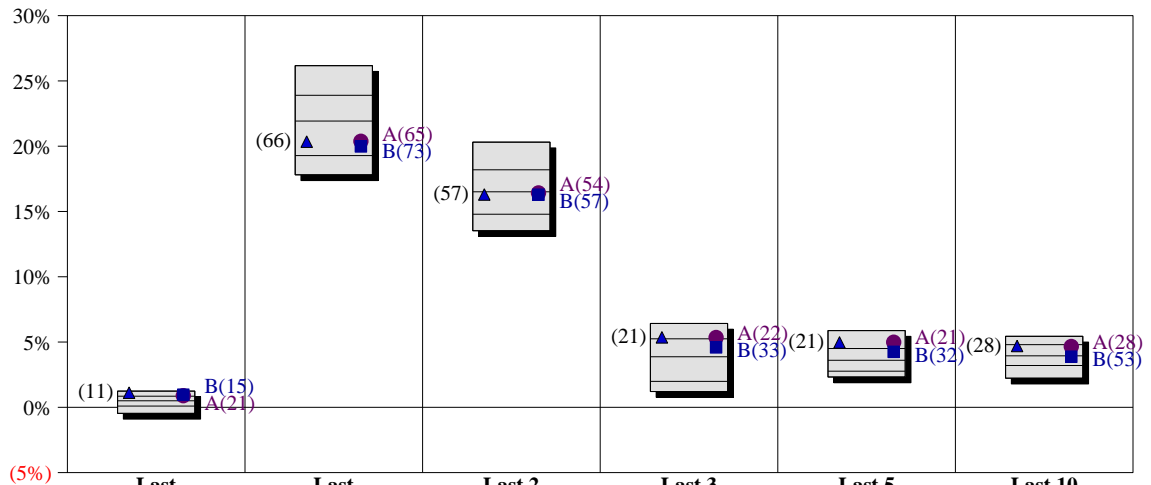
Investment Philosophy

Domestic Balanced Style mutual funds diversify their investments among common stocks, bonds, preferred stocks and money market securities within the U.S.

Quarterly Summary and Highlights

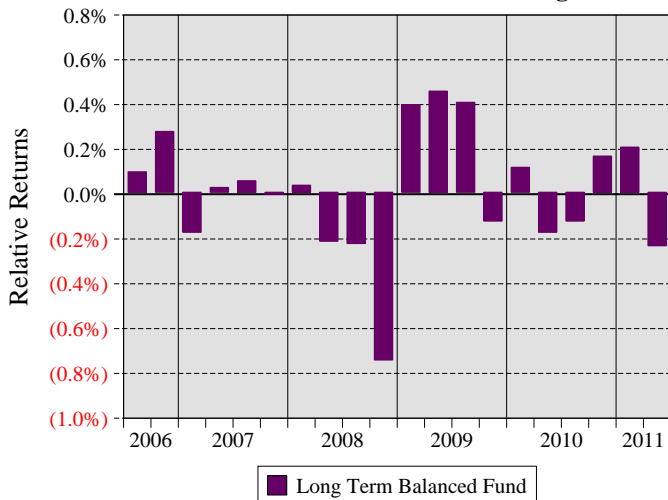
- Long Term Balanced Fund's portfolio posted a 0.89% return for the quarter placing it in the 21 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 65 percentile for the last year.
- Long Term Balanced Fund's portfolio underperformed the Passive Target by 0.23% for the quarter and outperformed the Passive Target for the year by 0.03%.

Performance vs CAI MF - Domestic Balanced Style (Net)

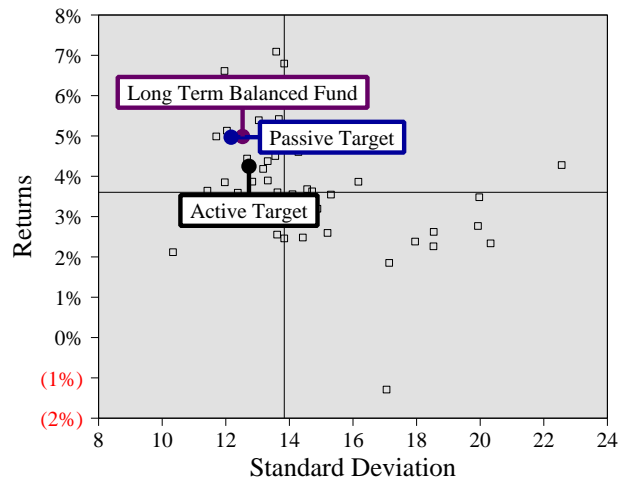


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.24	26.17	20.31	6.42	5.88	5.44
25th Percentile	0.85	23.90	18.19	5.25	4.50	4.80
Median	0.50	21.93	16.51	3.87	3.60	3.94
75th Percentile	0.09	19.28	14.79	1.99	2.77	3.20
90th Percentile	(0.46)	17.81	13.53	1.21	2.32	2.23
Long Term Balanced Fund	● A 0.89	20.38	16.42	5.35	4.99	4.66
Active Target	■ B 0.97	19.98	16.28	4.59	4.25	3.88
Passive Target	▲ 1.12	20.35	16.30	5.36	4.97	4.70

Relative Return vs Passive Target



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return



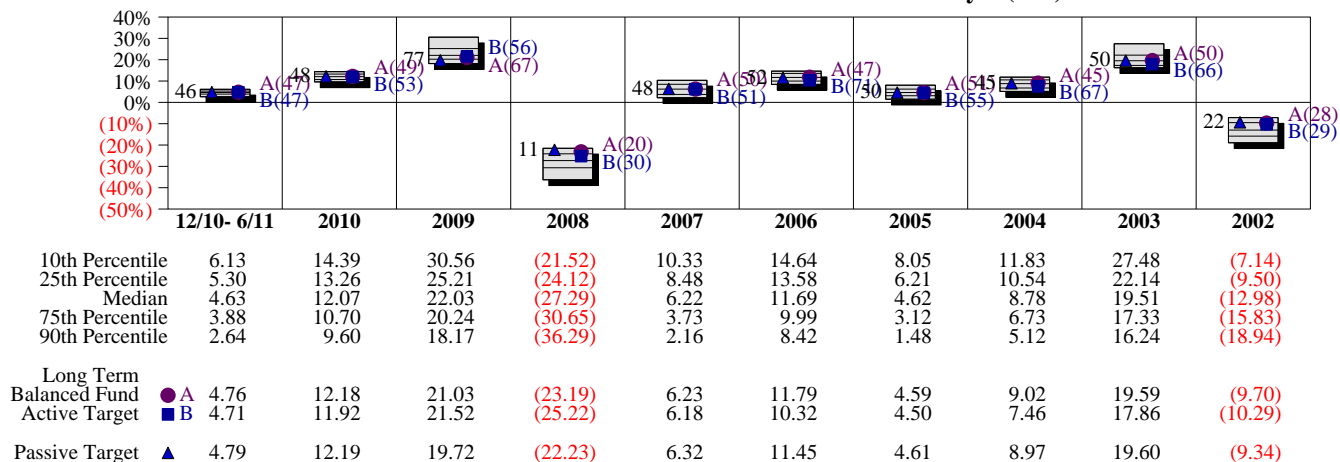


LONG TERM BALANCED FUND RETURN ANALYSIS SUMMARY

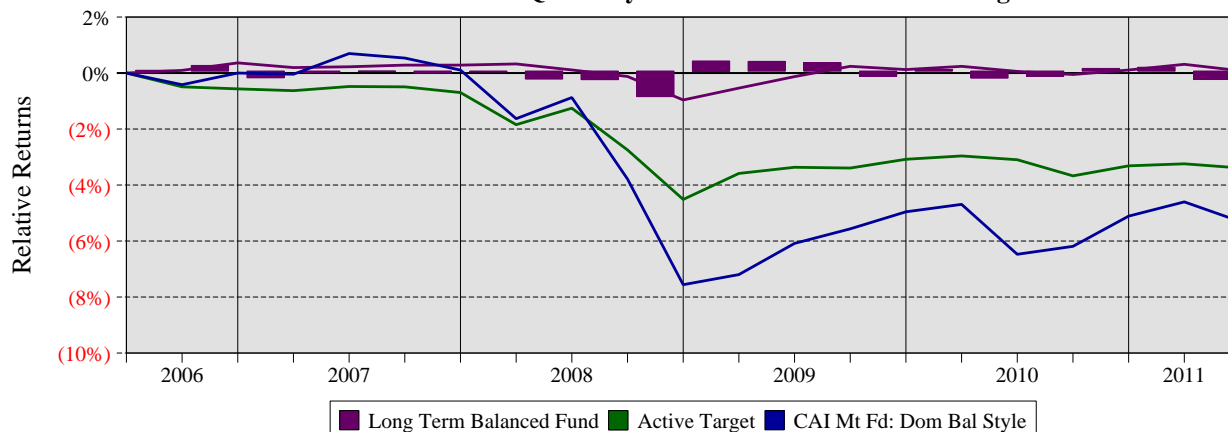
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

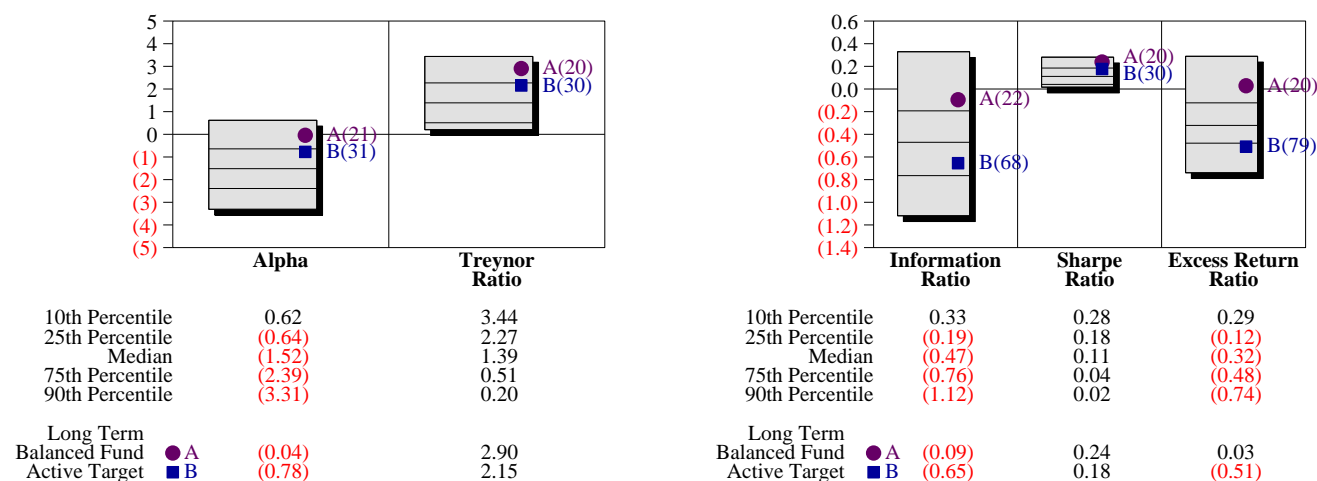
Performance vs CAI MF - Domestic Balanced Style (Net)



Cumulative and Quarterly Relative Return vs Passive Target



Risk Adjusted Return Measures vs Passive Target Rankings Against CAI MF - Domestic Balanced Style (Net) Five Years Ended June 30, 2011



Target 2010 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	10.50%	10.53%
<u>Fixed-Income</u>		
Aggregate Bond	35.50%	35.18%
<u>Equity</u>		
US Equity	43.00%	43.18%
International Fund	11.00%	11.11%

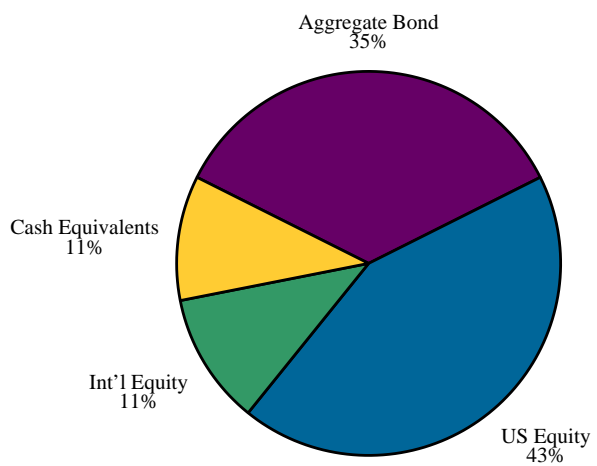
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors and/or investors with a moderate to high tolerance for risk. This fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches.

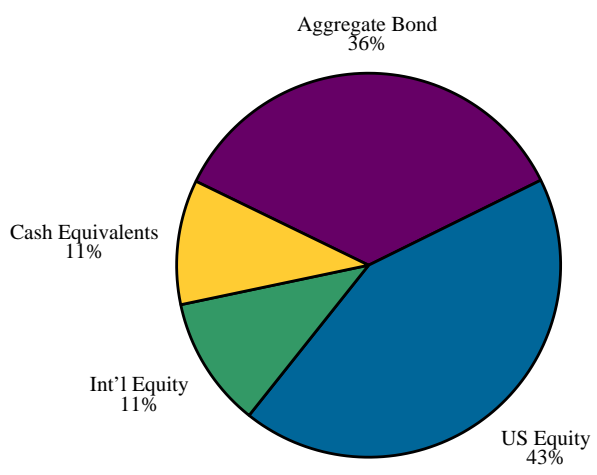
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



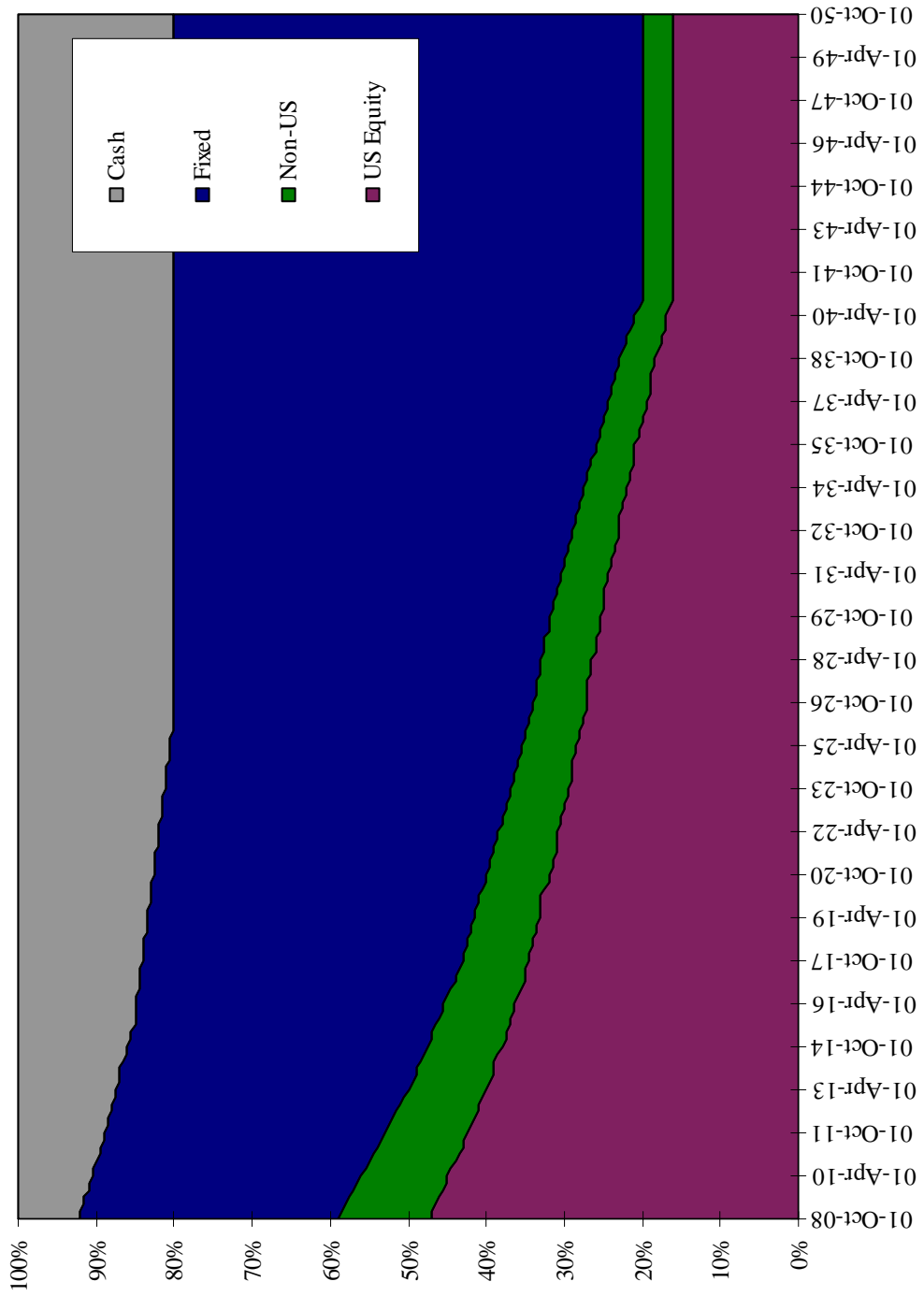
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	2,947	35.2%	35.5%	(0.3%)	(27)
US Equity	3,617	43.2%	43.0%	0.2%	15
Int'l Equity	931	11.1%	11.0%	0.1%	9
Cash Equivalents	882	10.5%	10.5%	0.0%	3
Total	8,376	100.0%	100.0%		

* Current Quarter Target = 43.0% Russell 3000 Index, 35.5% BC Aggregate Index, 11.0% MSCI EAFE Index and 10.5% 3-month Treasury Bill.

**Target 2010 Trust
Schedule of Benchmark Allocation Changes**

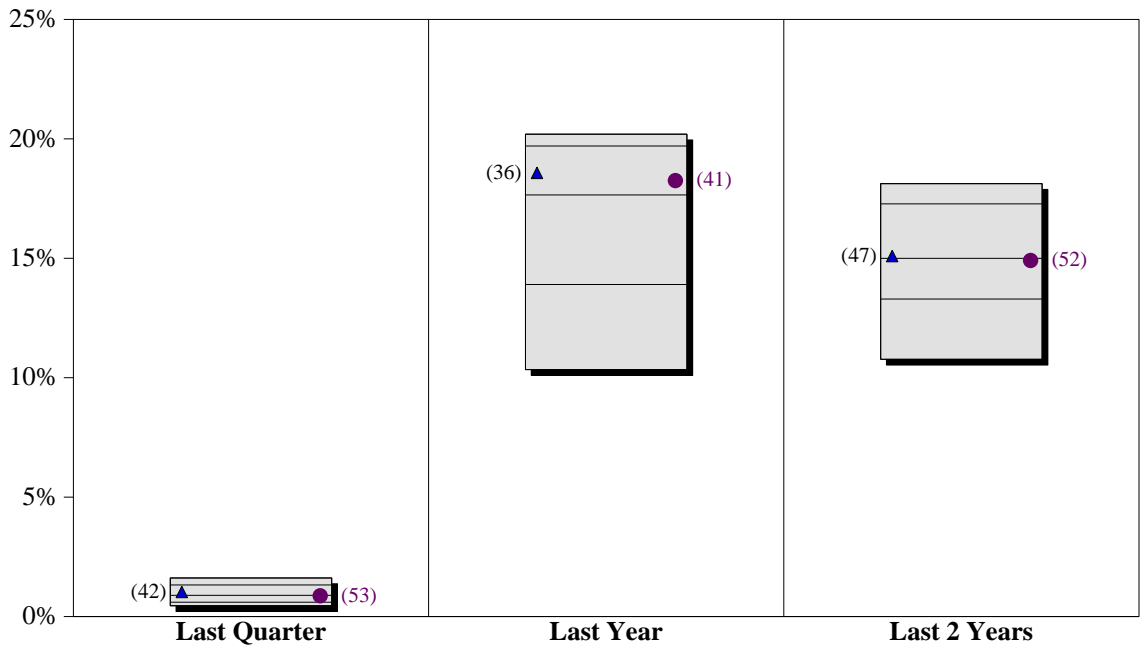


TARGET 2010 TRUST PERIOD ENDED JUNE 30, 2011

Quarterly Summary and Highlights

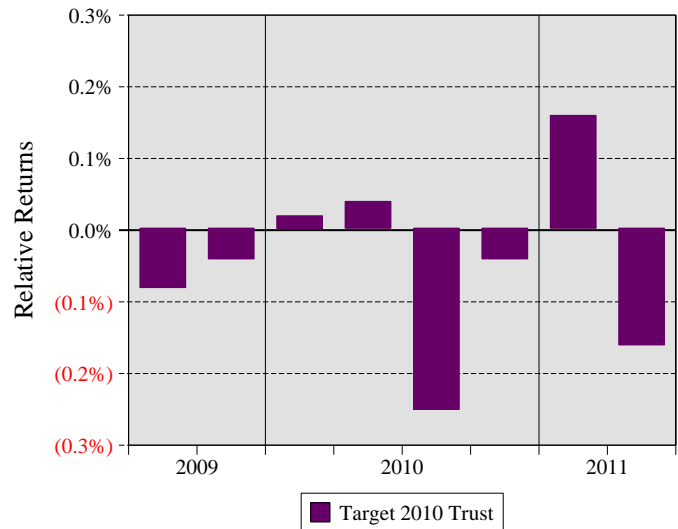
- Target 2010 Trust's portfolio posted a 0.87% return for the quarter placing it in the 53 percentile of the CAI Target Date 2010 group for the quarter and in the 41 percentile for the last year.
- Target 2010 Trust's portfolio underperformed the Custom Index by 0.16% for the quarter and underperformed the Custom Index for the year by 0.32%.

Performance vs CAI Target Date 2010 (Net)

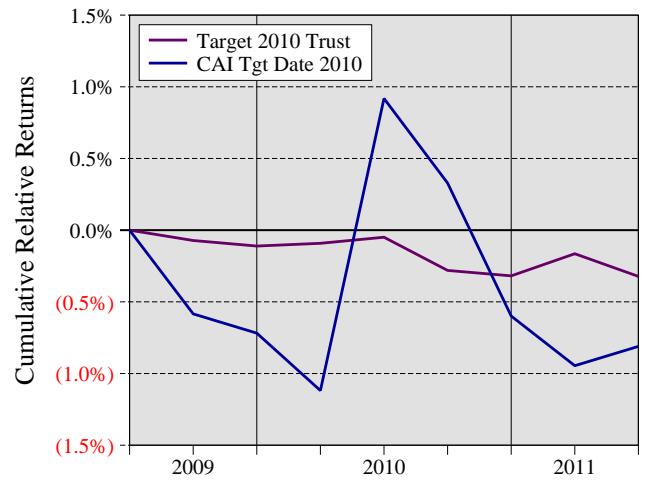


	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.62	20.20	18.13
25th Percentile	1.32	19.70	17.28
Median	0.89	17.65	15.00
75th Percentile	0.60	13.90	13.29
90th Percentile	0.45	10.34	10.77
Target 2010 Trust ●	0.87	18.25	14.91
Custom Index ▲	1.03	18.58	15.09

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2015 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	6.00%	6.01%
<u>Fixed-Income</u>		
Aggregate Bond	30.50%	30.25%
<u>Equity</u>		
US Equity	51.00%	50.62%
International Fund	12.50%	13.12%

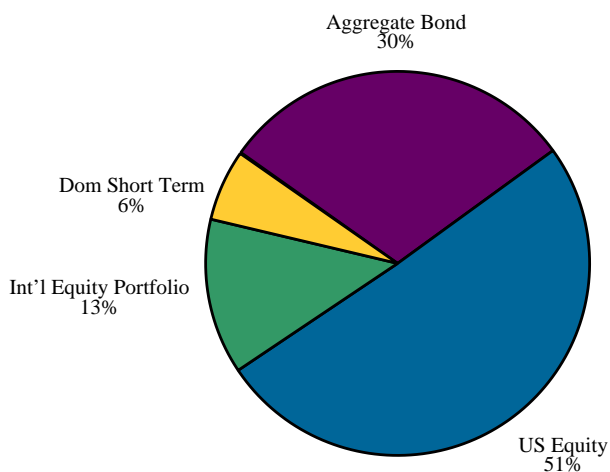
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with a higher tolerance for risk. This fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2015 approaches.

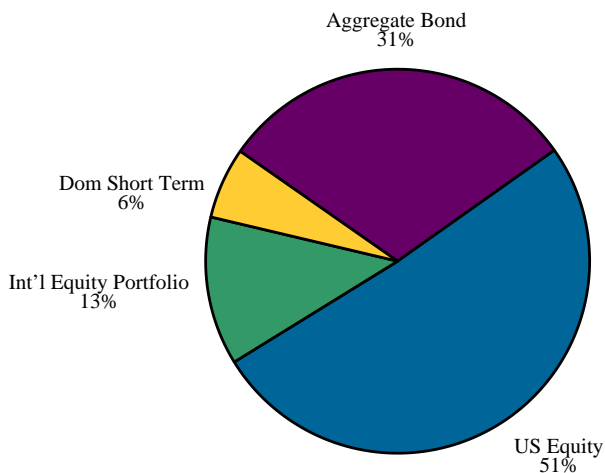
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



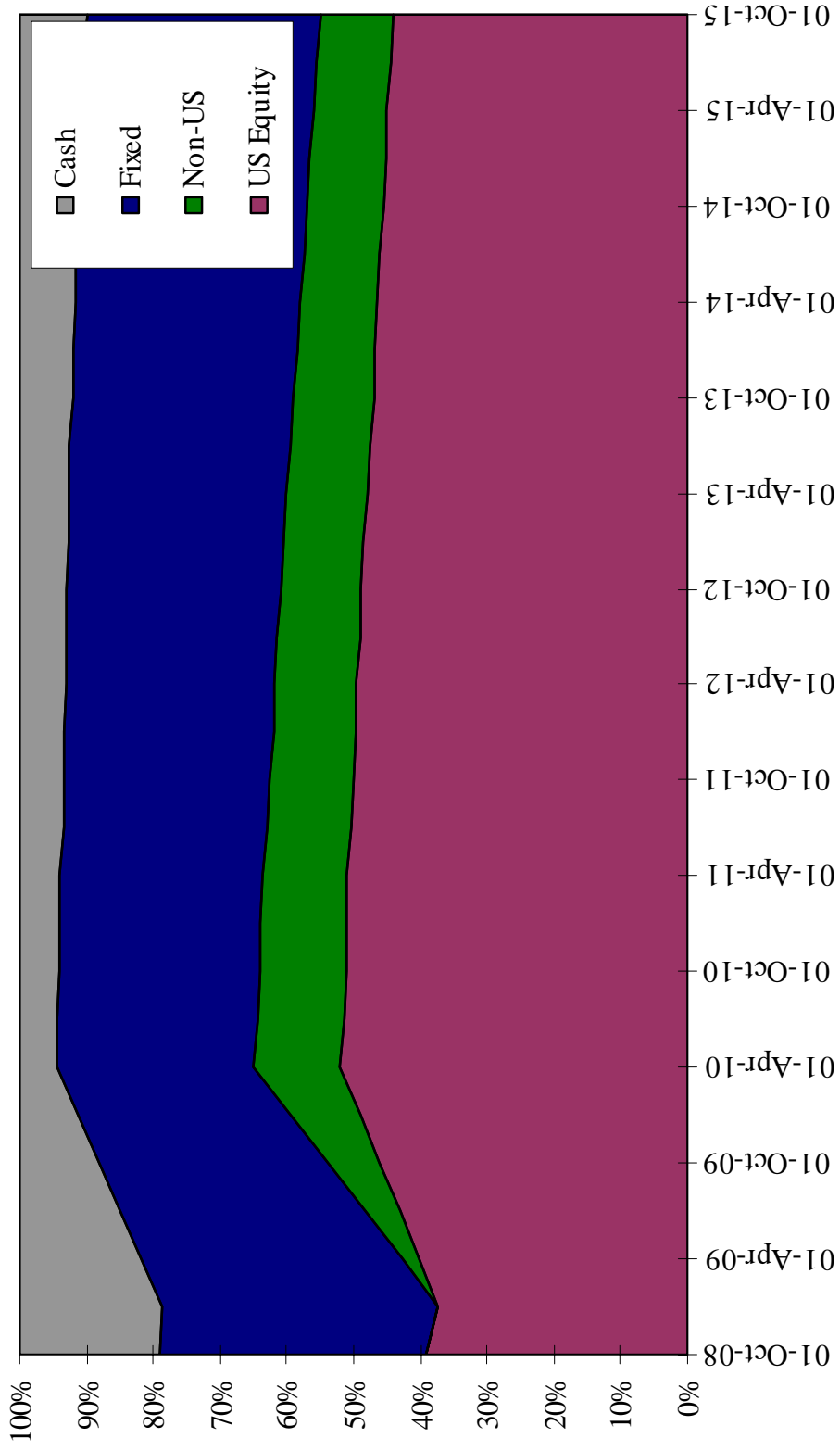
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	27,784	30.3%	30.5%	(0.2%)	(230)
US Equity	46,493	50.6%	51.0%	(0.4%)	(349)
Int'l Equity Portfolio	12,050	13.1%	12.5%	0.6%	569
Dom Short Term	5,520	6.0%	6.0%	0.0%	9
Total	91,847	100.0%	100.0%		

* Current Quarter Target = 51.0% Russell 3000 Index, 30.5% BC Aggregate Index, 12.5% MSCI EAFE Index and 6.0% 3-month Treasury Bill.

**Target 2015 Trust
Schedule of Benchmark Allocation Changes**



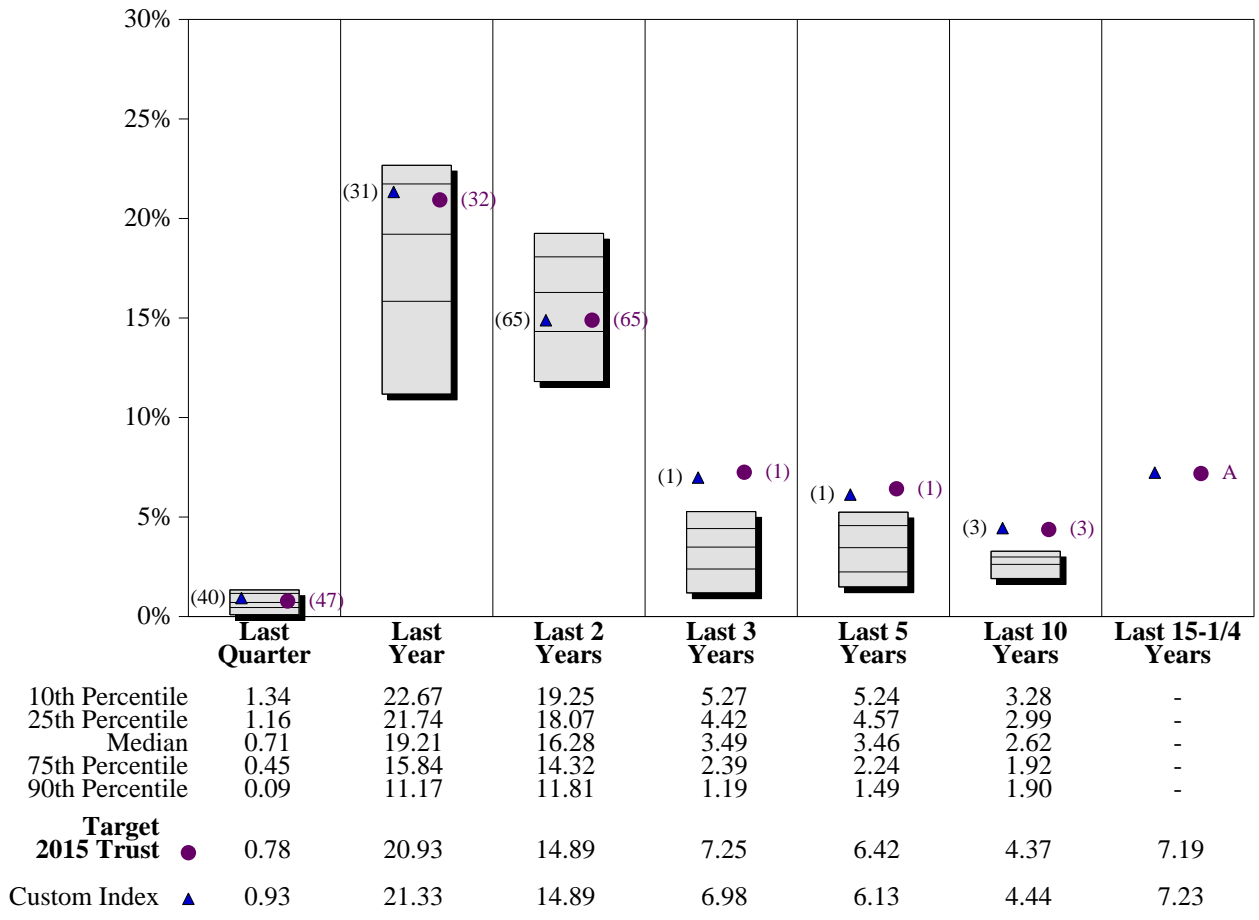


TARGET 2015 TRUST PERIOD ENDED JUNE 30, 2011

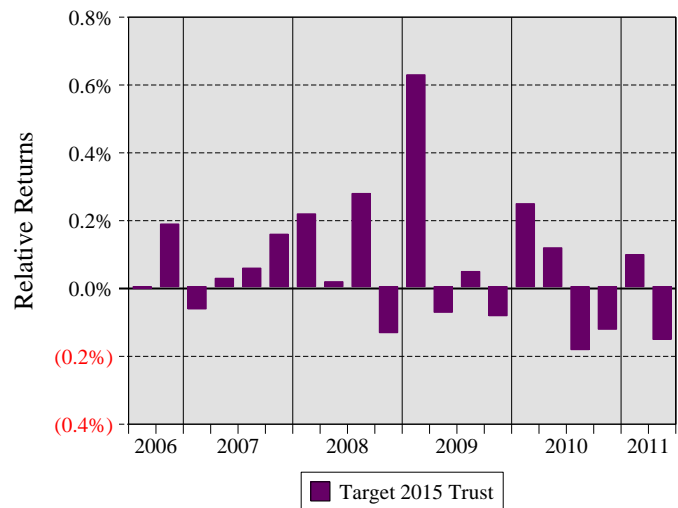
Quarterly Summary and Highlights

- Target 2015 Trust's portfolio posted a 0.78% return for the quarter placing it in the 47 percentile of the CAI Target Date 2015 group for the quarter and in the 32 percentile for the last year.
- Target 2015 Trust's portfolio underperformed the Custom Index by 0.15% for the quarter and underperformed the Custom Index for the year by 0.40%.

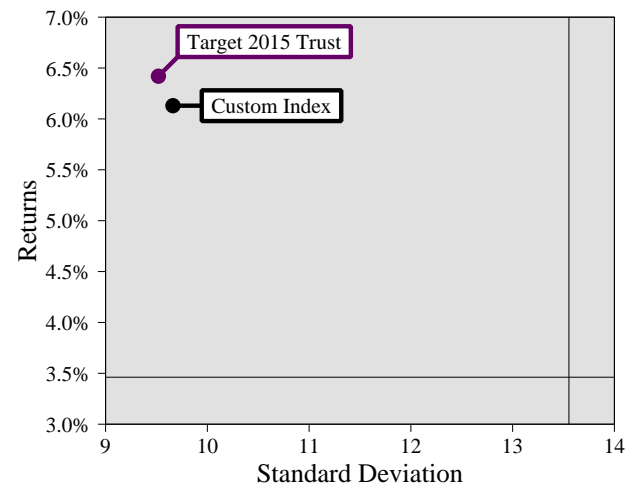
Performance vs CAI Target Date 2015 (Net)



Relative Return vs Custom Index



CAI Target Date 2015 (Net) Annualized Five Year Risk vs Return



Target 2020 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	3.00%	2.69%
<u>Fixed-Income</u>		
Aggregate Bond	25.50%	25.65%
<u>Equity</u>		
US Equity	57.00%	57.07%
International Fund	14.50%	14.59%

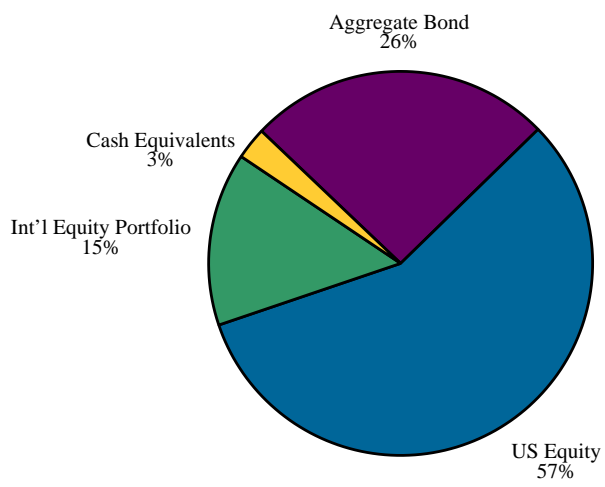
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with a higher tolerance for risk. The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2020 approaches.

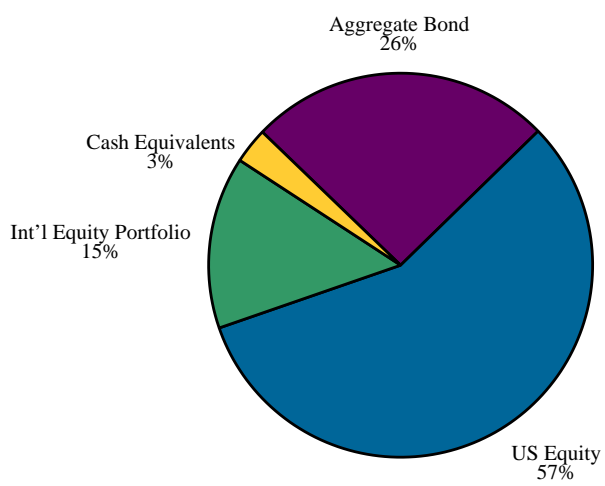
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



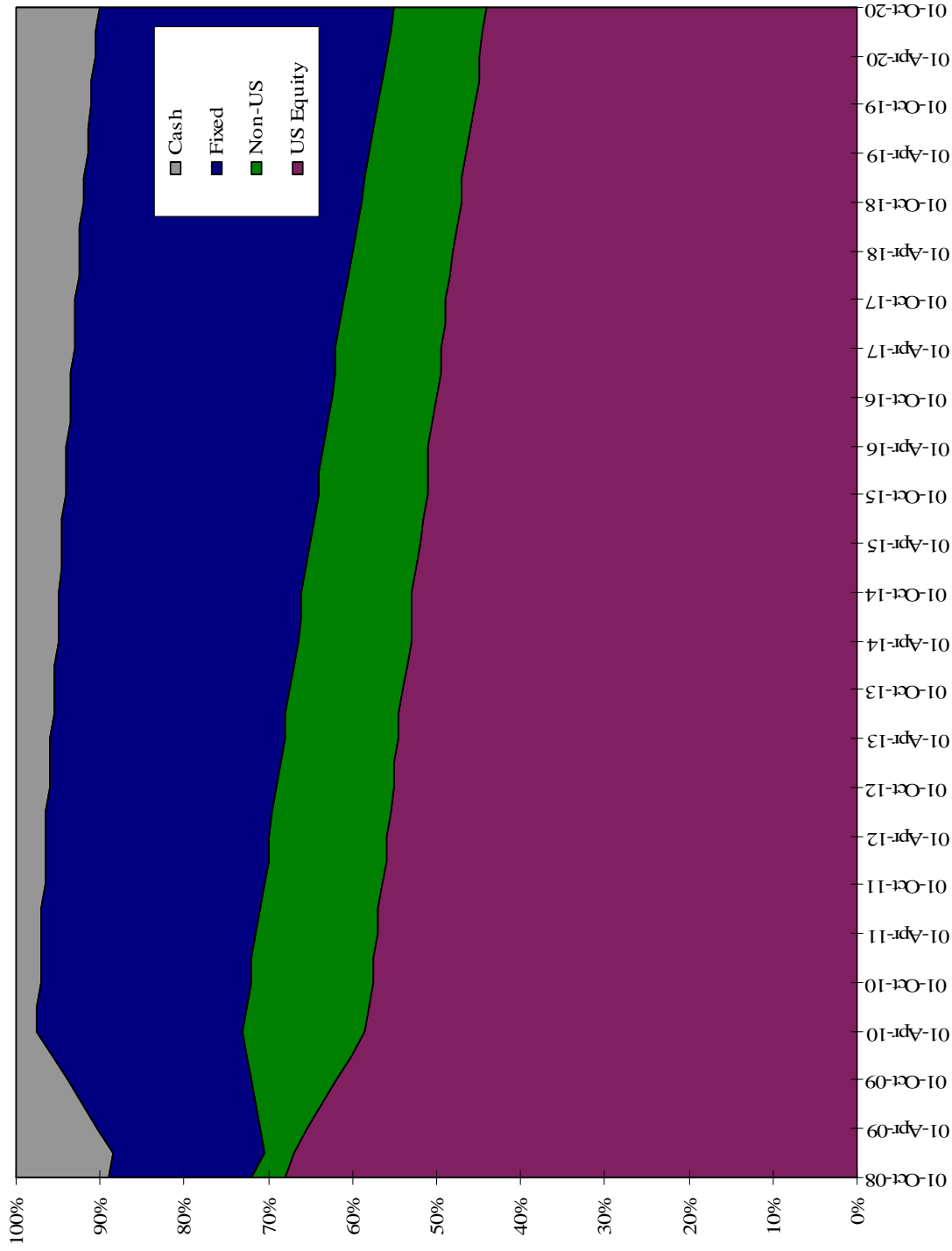
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	10,817	25.7%	25.5%	0.2%	63
US Equity	24,067	57.1%	57.0%	0.1%	30
Int'l Equity Portfolio	6,153	14.6%	14.5%	0.1%	38
Cash Equivalents	1,134	2.7%	3.0%	(0.3%)	(131)
Total	42,170	100.0%	100.0%		

* Current Quarter Target = 57.0% Russell 3000 Index, 25.5% BC Aggregate Index, 14.5% MSCI EAFE Index and 3.0% 3-month Treasury Bill.

**Target 2020 Trust
Schedule of Benchmark Allocation Changes**



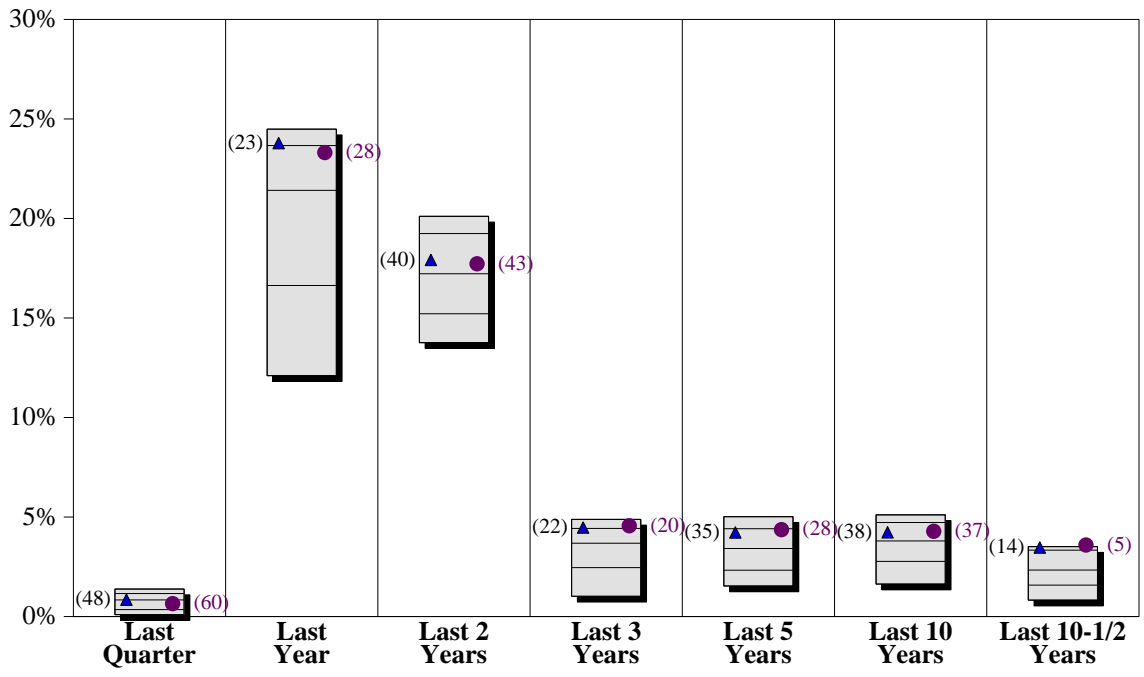


TARGET 2020 TRUST PERIOD ENDED JUNE 30, 2011

Quarterly Summary and Highlights

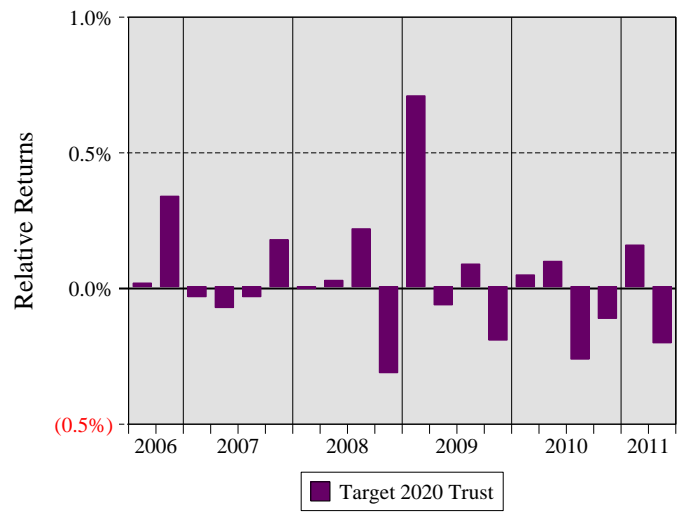
- Target 2020 Trust's portfolio posted a 0.65% return for the quarter placing it in the 60 percentile of the CAI Target Date 2020 group for the quarter and in the 28 percentile for the last year.
- Target 2020 Trust's portfolio underperformed the Custom Index by 0.20% for the quarter and underperformed the Custom Index for the year by 0.48%.

Performance vs CAI Target Date 2020 (Net)

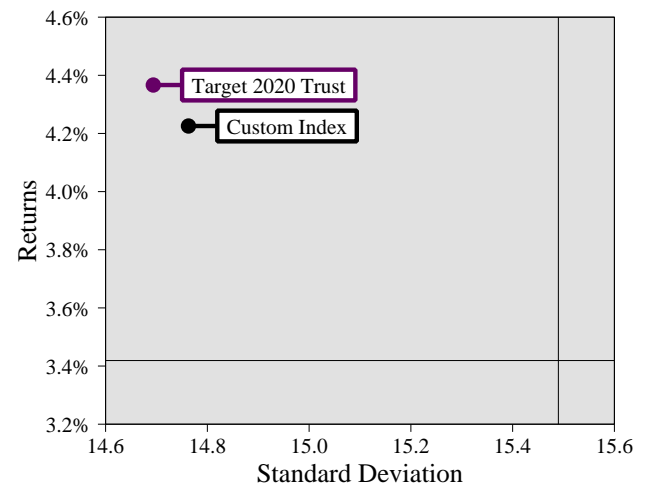


10th Percentile	1.38	24.49	20.11	4.88	5.02	5.11	3.51
25th Percentile	1.16	23.66	19.24	4.43	4.41	4.73	3.34
Median	0.84	21.41	17.22	3.68	3.42	3.80	2.34
75th Percentile	0.35	16.63	15.21	2.46	2.33	2.77	1.58
90th Percentile	0.10	12.10	13.76	1.02	1.54	1.63	0.83
Target 2020 Trust ●	0.65	23.31	17.72	4.56	4.37	4.28	3.59
Custom Index ▲	0.85	23.79	17.92	4.47	4.23	4.23	3.47

Relative Return vs Custom Index



CAI Target Date 2020 (Net) Annualized Five Year Risk vs Return



Target 2025 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	1.00%	0.98%
<u>Fixed-Income</u>		
Aggregate Bond	20.50%	20.61%
<u>Equity</u>		
US Equity	63.00%	62.82%
International Fund	15.50%	15.59%

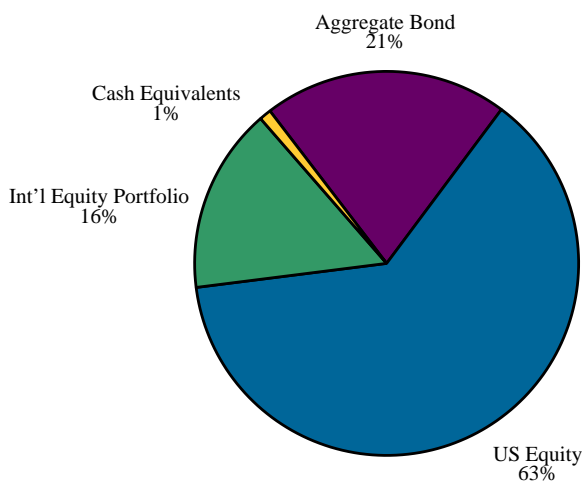
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2025 approaches.

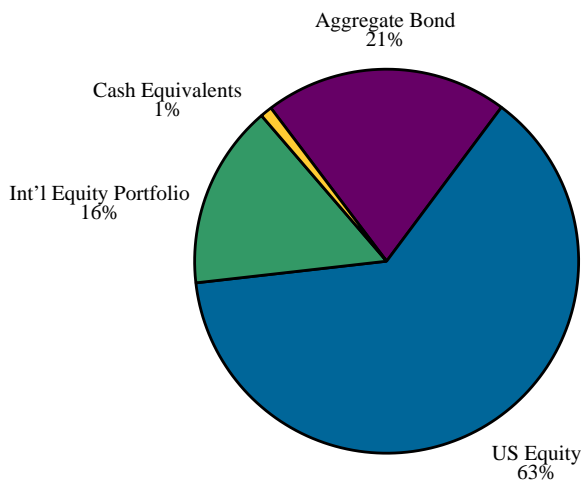
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



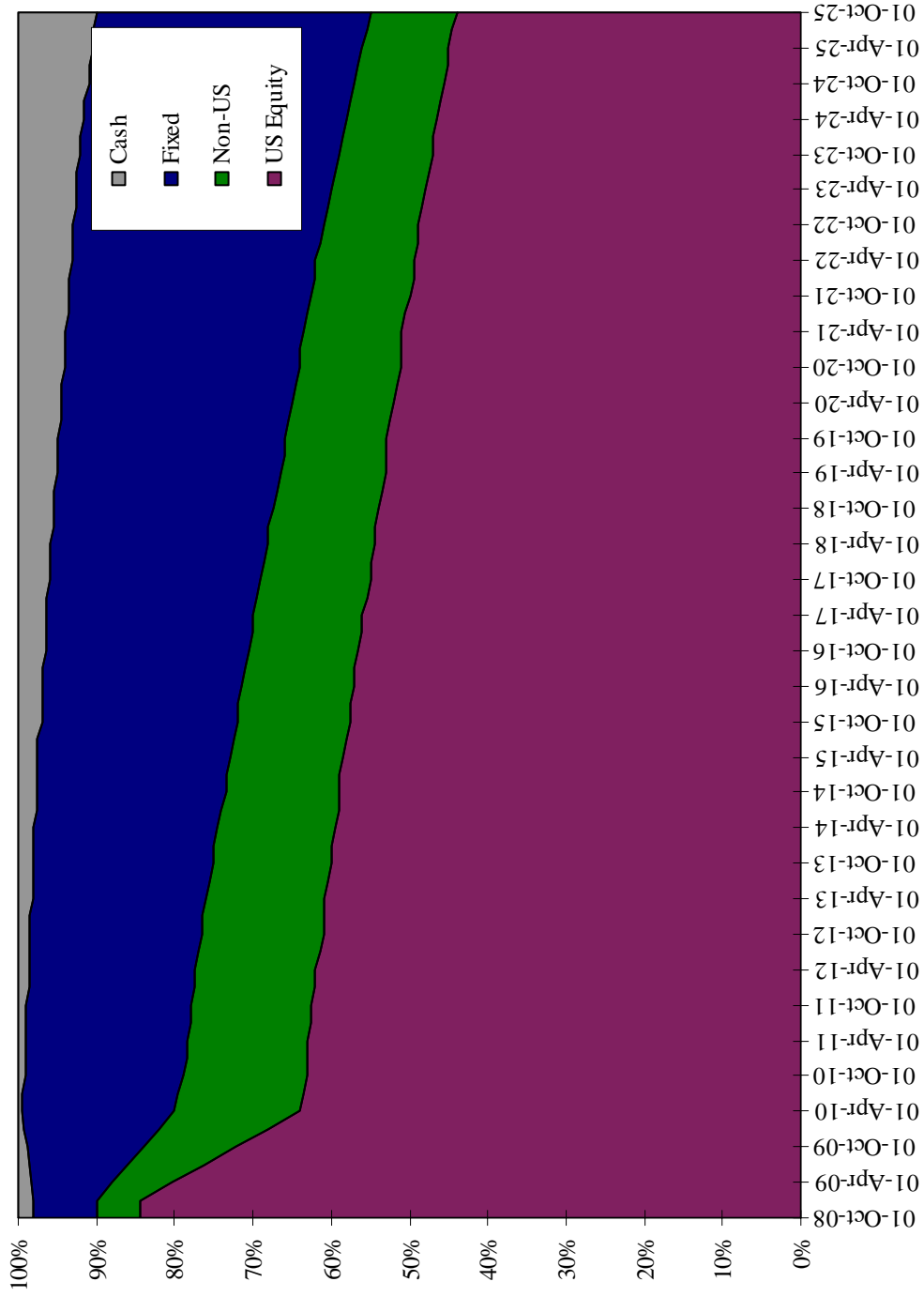
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	4,429	20.6%	20.5%	0.1%	24
US Equity	13,500	62.8%	63.0%	(0.2%)	(39)
Int'l Equity Portfolio	3,350	15.6%	15.5%	0.1%	19
Cash Equivalents	211	1.0%	1.0%	0.0%	(4)
Total	21,490	100.0%	100.0%		

* Current Quarter Target = 63.0% Russell 3000 Index, 20.5% BC Aggregate Index, 15.5% MSCI EAFE Index and 1.0% 3-month Treasury Bill.

**Target 2025 Trust
Schedule of Benchmark Allocation Changes**



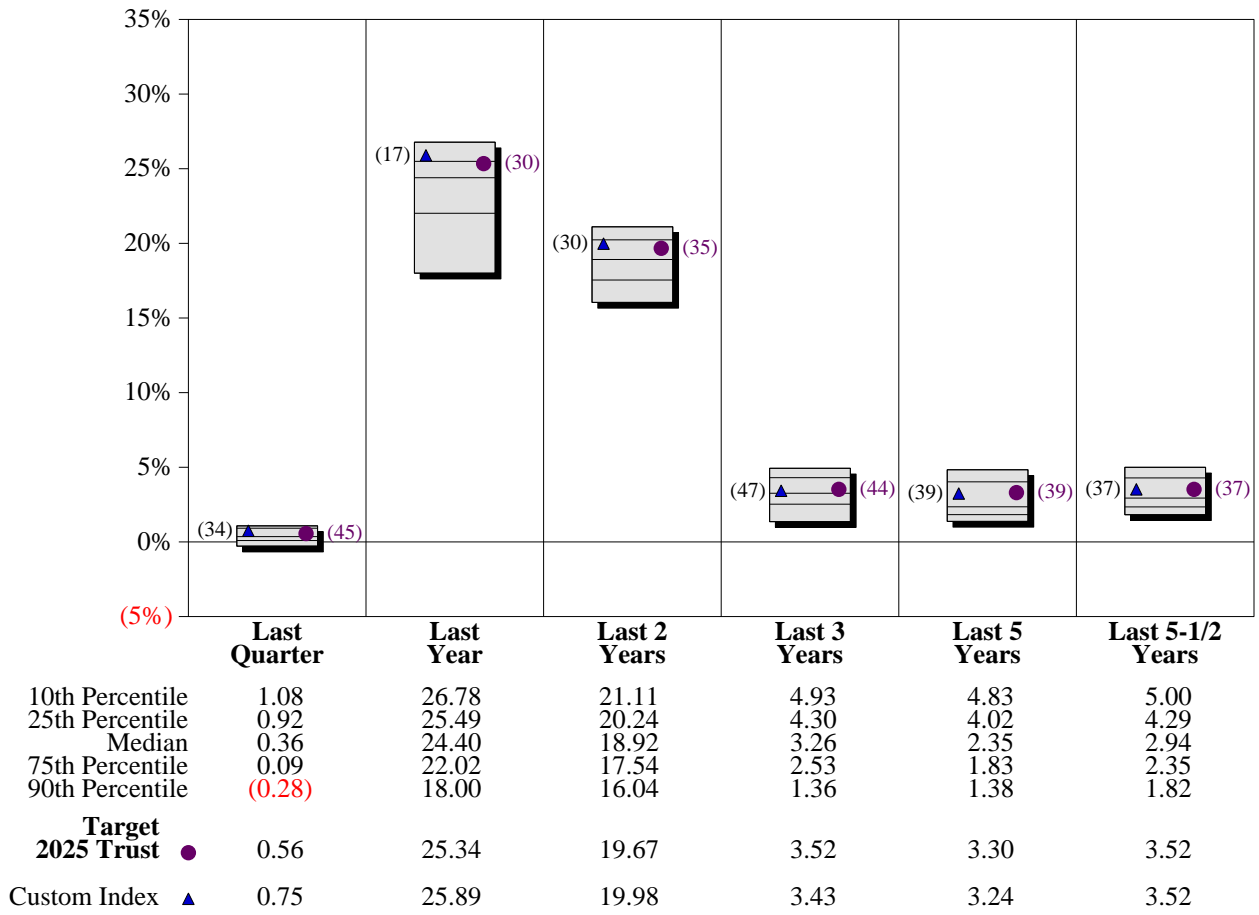


TARGET 2025 TRUST PERIOD ENDED JUNE 30, 2011

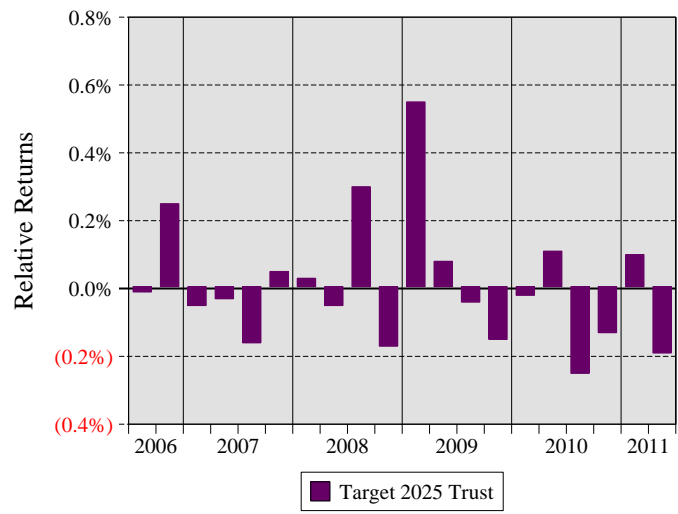
Quarterly Summary and Highlights

- Target 2025 Trust's portfolio posted a 0.56% return for the quarter placing it in the 45 percentile of the CAI Target Date 2025 group for the quarter and in the 30 percentile for the last year.
- Target 2025 Trust's portfolio underperformed the Custom Index by 0.19% for the quarter and underperformed the Custom Index for the year by 0.55%.

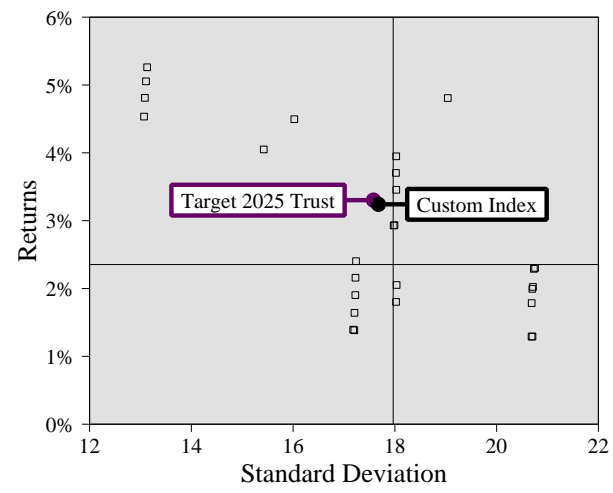
Performance vs CAI Target Date 2025 (Net)



Relative Return vs Custom Index



CAI Target Date 2025 (Net) Annualized Five Year Risk vs Return



Target 2030 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	15.50%	15.59%
<u>Equity</u>		
US Equity	67.50%	67.31%
International Fund	17.00%	17.10%

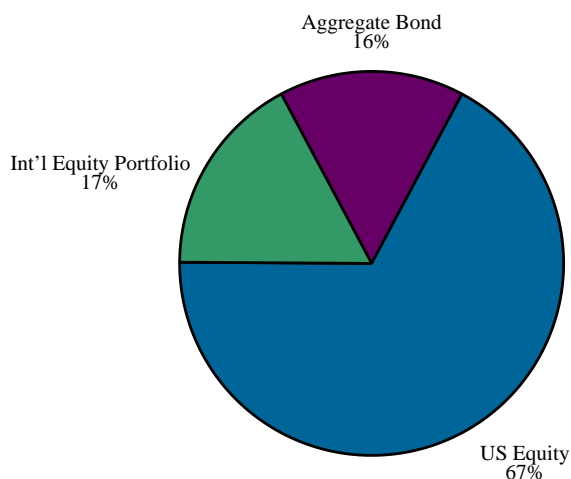
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2030 approaches.

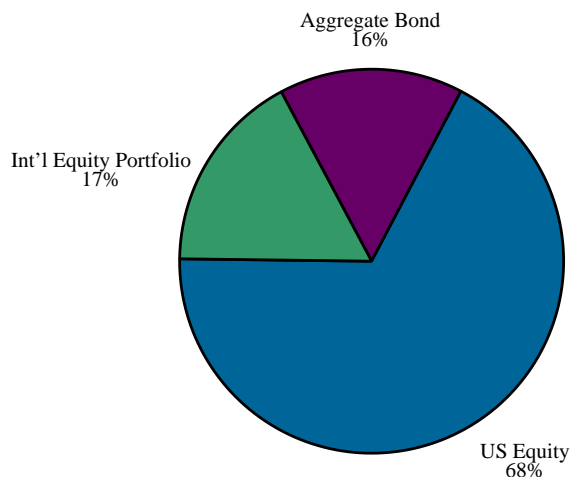
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



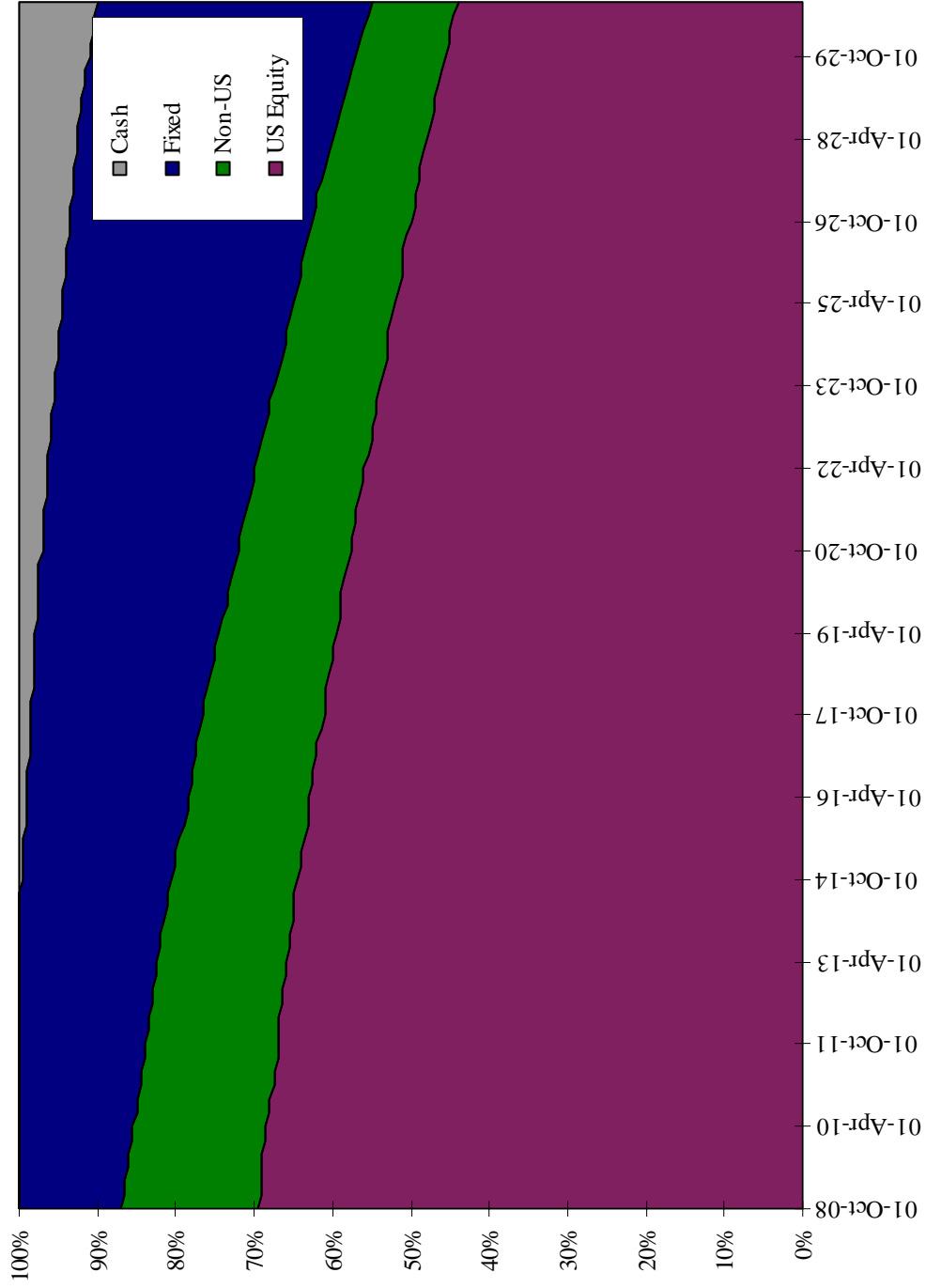
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,612	15.6%	15.5%	0.1%	9
US Equity	6,960	67.3%	67.5%	(0.2%)	(20)
Int'l Equity Portfolio	1,768	17.1%	17.0%	0.1%	10
Total	10,341	100.0%	100.0%		

* Current Quarter Target = 67.5% Russell 3000 Index, 17.0% MSCI EAFE Index and 15.5% BC Aggregate Index.

Target 2030 Trust Schedule of Benchmark Allocation Changes



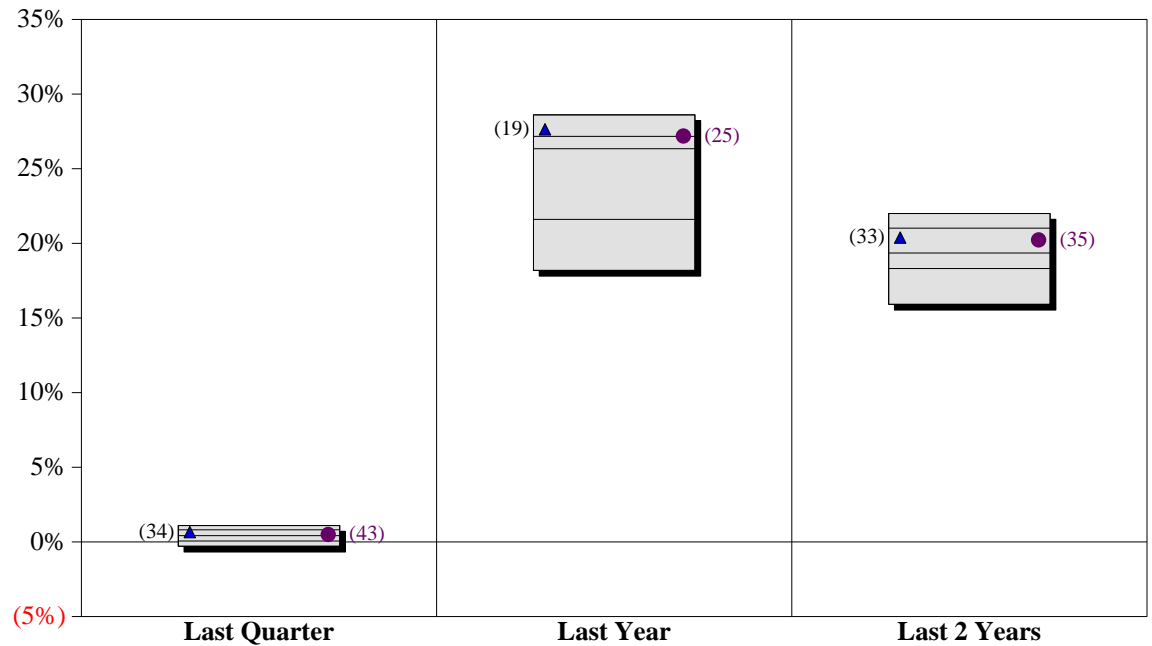


TARGET 2030 TRUST PERIOD ENDED JUNE 30, 2011

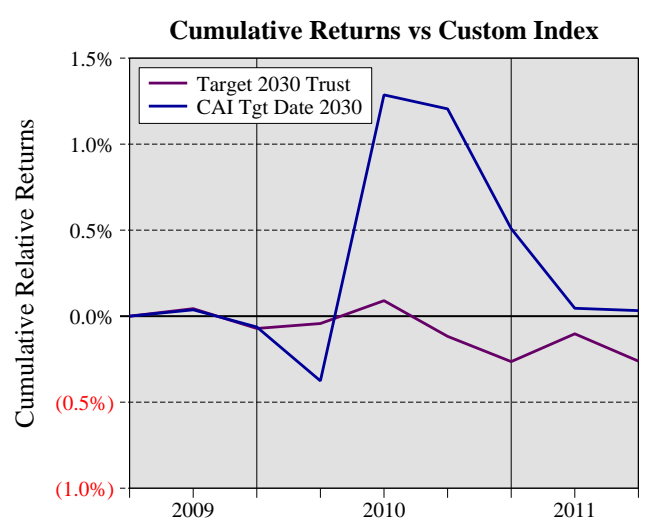
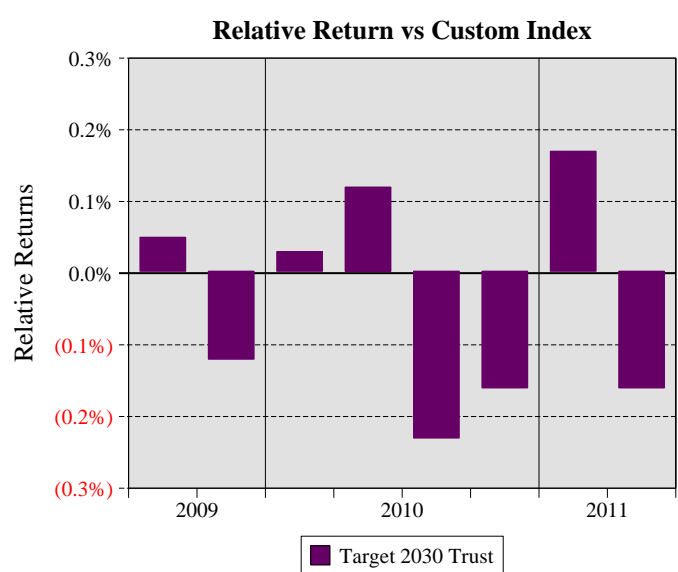
Quarterly Summary and Highlights

- Target 2030 Trust's portfolio posted a 0.50% return for the quarter placing it in the 43 percentile of the CAI Target Date 2030 group for the quarter and in the 25 percentile for the last year.
- Target 2030 Trust's portfolio underperformed the Custom Index by 0.16% for the quarter and underperformed the Custom Index for the year by 0.45%.

Performance vs CAI Target Date 2030 (Net)



	Last Quarter	Last Year	Last 2 Years
10th Percentile	1.10	28.61	22.00
25th Percentile	0.81	27.17	21.02
Median	0.42	26.34	19.35
75th Percentile	0.06	21.61	18.31
90th Percentile	(0.29)	18.19	15.91
Target 2030 Trust ●	0.50	27.19	20.23
Custom Index ▲	0.66	27.64	20.39



Target 2035 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.50%	10.54%
<u>Equity</u>		
US Equity	71.50%	71.37%
International Fund	18.00%	18.09%

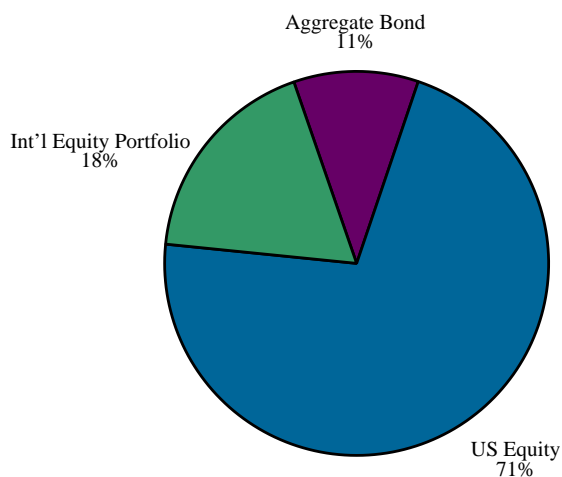
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2035 approaches.

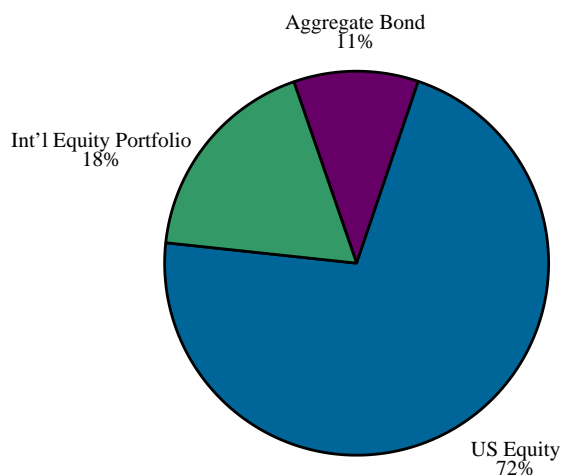
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



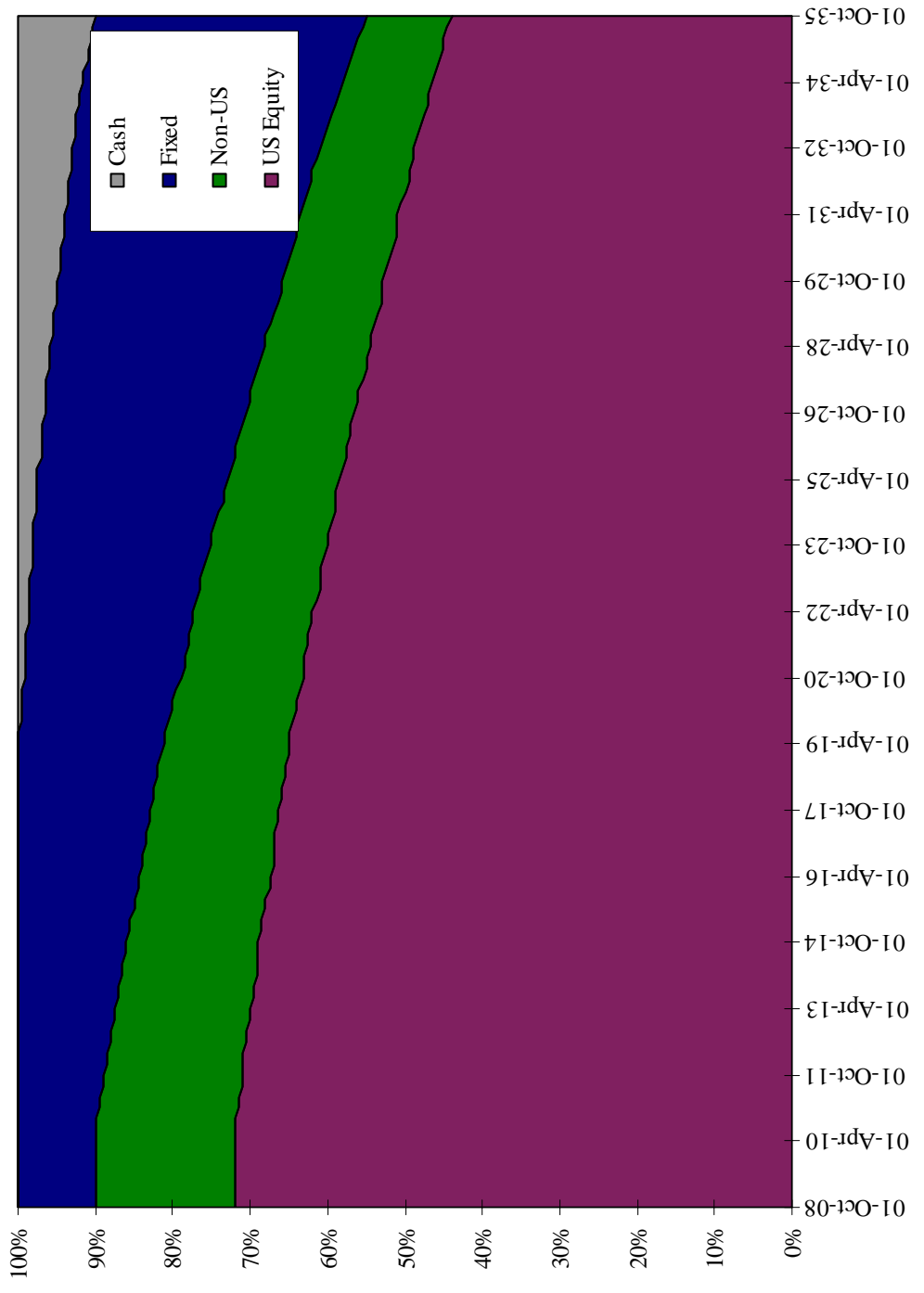
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,219	10.5%	10.5%	0.0%	5
US Equity	8,252	71.4%	71.5%	(0.1%)	(15)
Int'l Equity Portfolio	2,092	18.1%	18.0%	0.1%	10
Total	11,562	100.0%	100.0%		

* Current Quarter Target = 71.5% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.5% BC Aggregate Index.

**Target 2035 Trust
Schedule of Benchmark Allocation Changes**



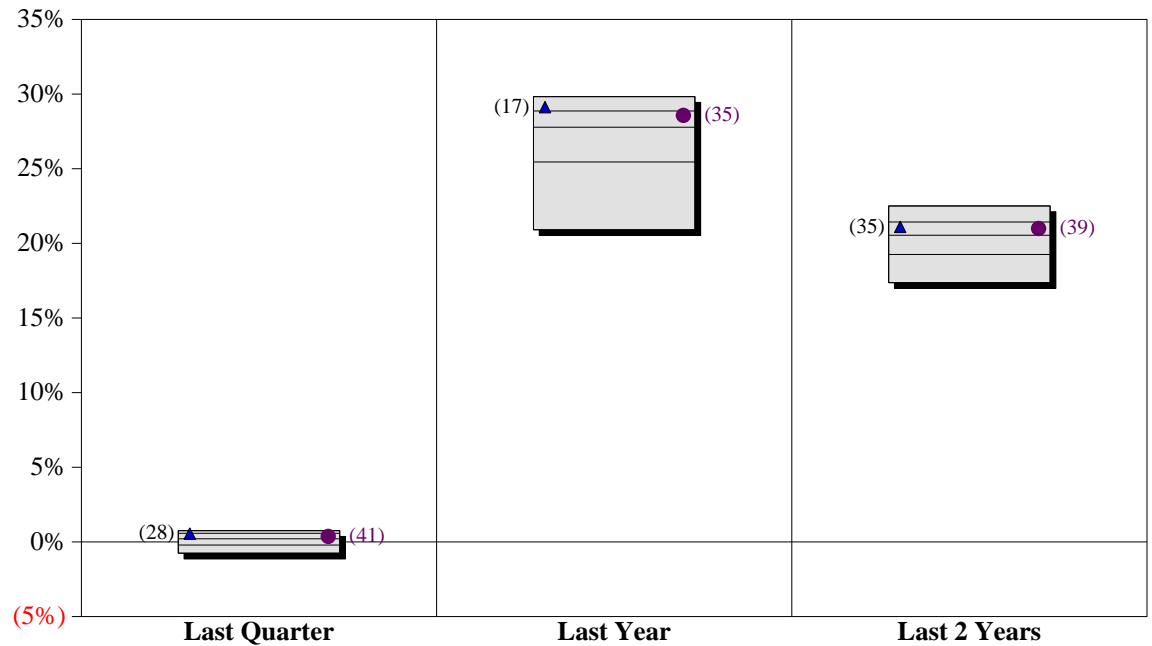


TARGET 2035 TRUST PERIOD ENDED JUNE 30, 2011

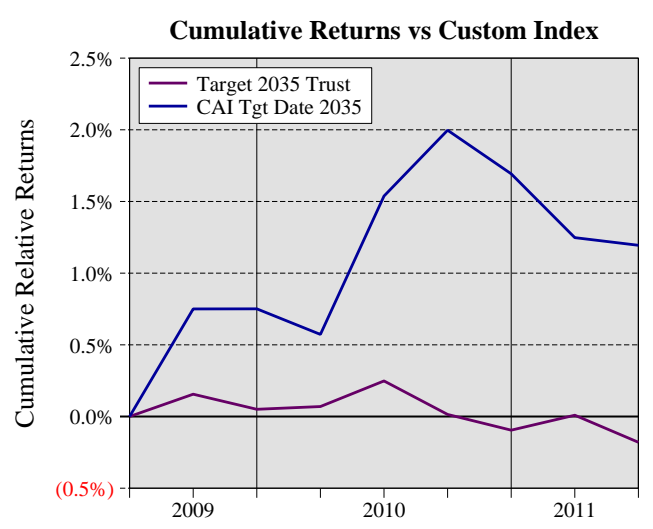
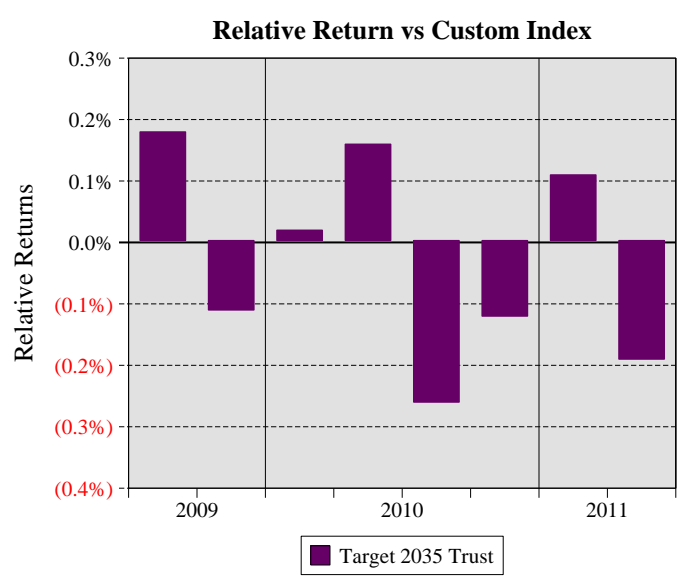
Quarterly Summary and Highlights

- Target 2035 Trust's portfolio posted a 0.37% return for the quarter placing it in the 41 percentile of the CAI Target Date 2035 group for the quarter and in the 35 percentile for the last year.
- Target 2035 Trust's portfolio underperformed the Custom Index by 0.19% for the quarter and underperformed the Custom Index for the year by 0.55%.

Performance vs CAI Target Date 2035 (Net)



	Last Quarter	Last Year	Last 2 Years
10th Percentile	0.75	29.83	22.51
25th Percentile	0.58	28.87	21.43
Median	0.21	27.78	20.54
75th Percentile	(0.21)	25.45	19.26
90th Percentile	(0.76)	20.91	17.37
Target 2035 Trust ●	0.37	28.57	21.00
Custom Index ▲	0.56	29.13	21.11



Target 2040 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	10.07%
<u>Equity</u>		
US Equity	72.00%	71.84%
International Fund	18.00%	18.09%

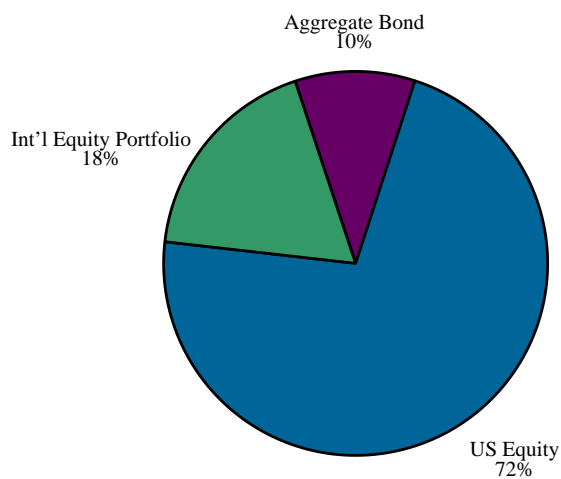
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2040 approaches.

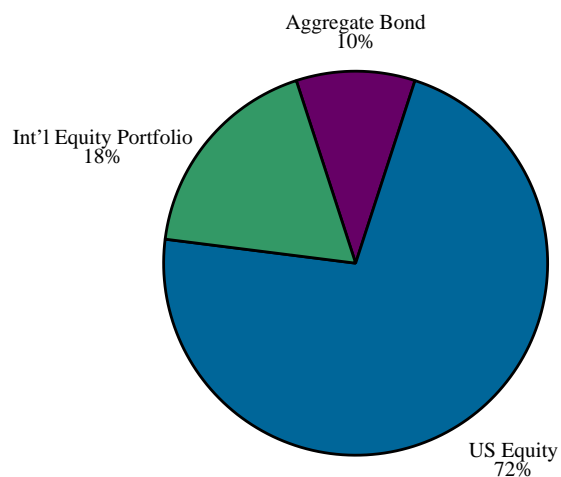
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



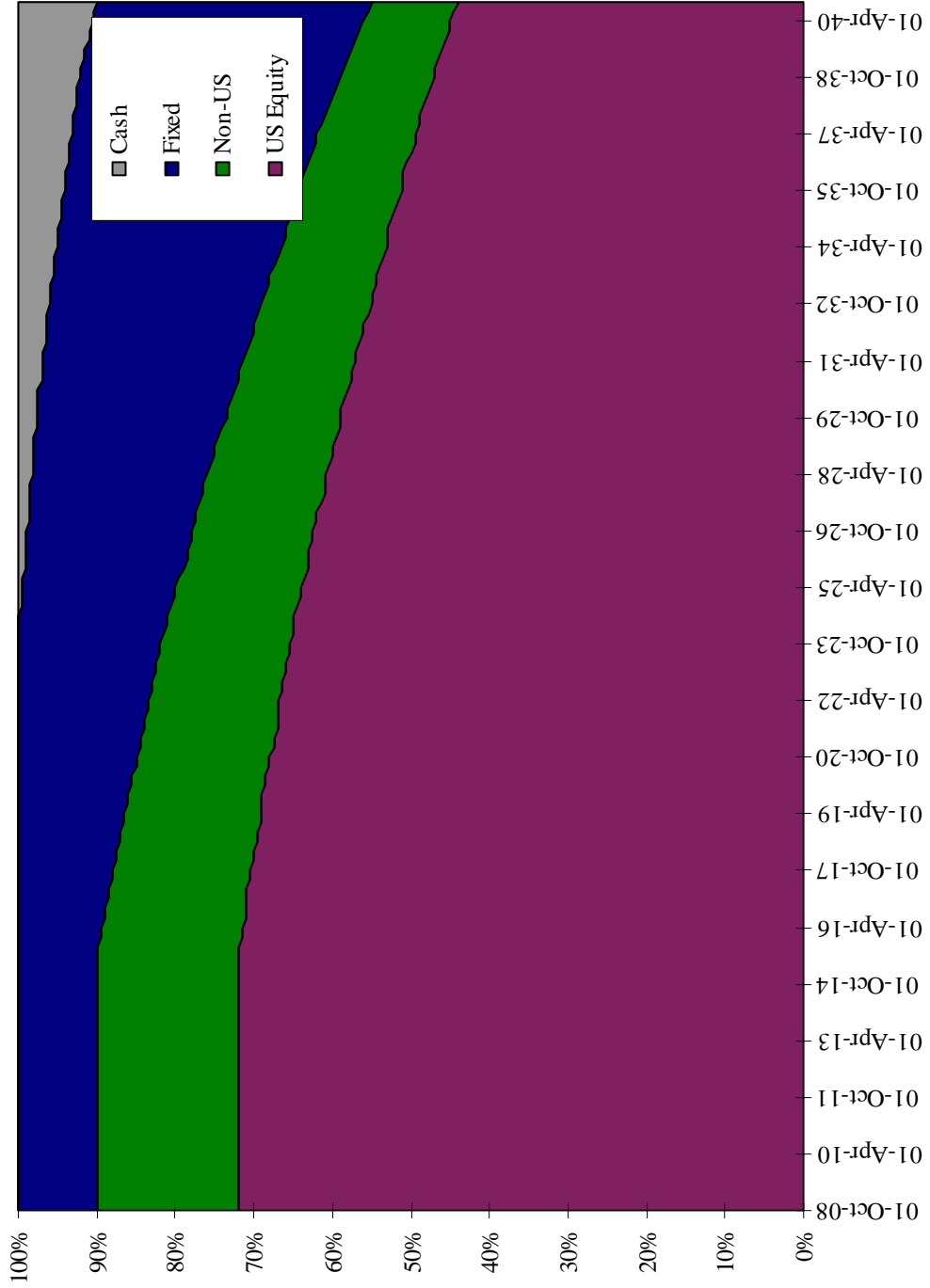
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,243	10.1%	10.0%	0.1%	9
US Equity	8,866	71.8%	72.0%	(0.2%)	(20)
Int'l Equity Portfolio	2,232	18.1%	18.0%	0.1%	11
Total	12,341	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

Target 2040 Trust Schedule of Benchmark Allocation Changes

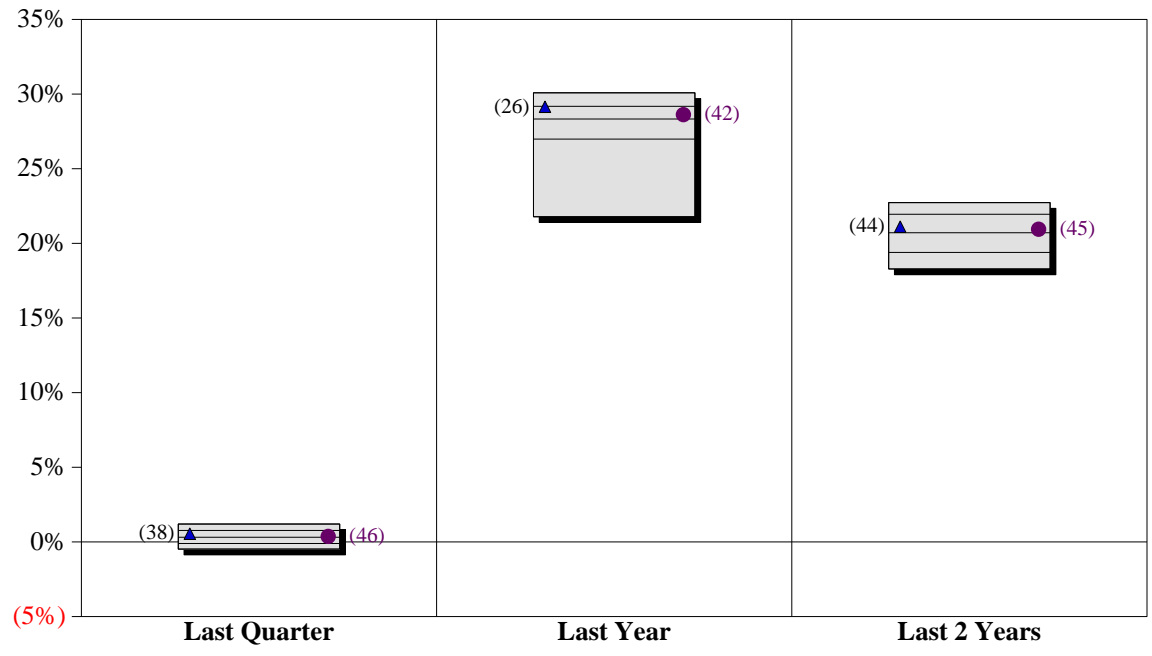


TARGET 2040 TRUST PERIOD ENDED JUNE 30, 2011

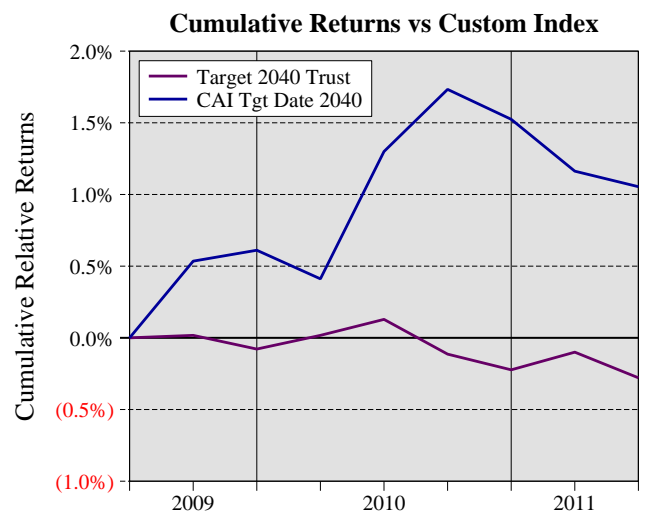
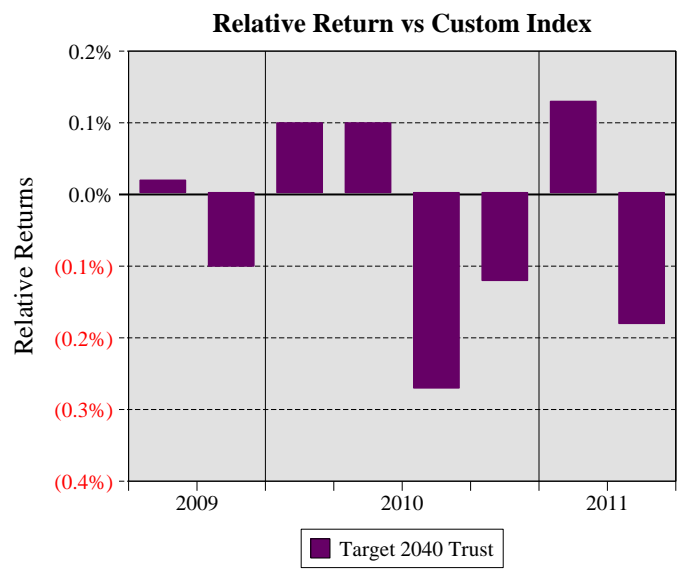
Quarterly Summary and Highlights

- Target 2040 Trust's portfolio posted a 0.37% return for the quarter placing it in the 46 percentile of the CAI Target Date 2040 group for the quarter and in the 42 percentile for the last year.
- Target 2040 Trust's portfolio underperformed the Custom Index by 0.18% for the quarter and underperformed the Custom Index for the year by 0.53%.

Performance vs CAI Target Date 2040 (Net)



10th Percentile	1.20	30.09	22.73
25th Percentile	0.77	29.18	21.95
Median	0.31	28.33	20.71
75th Percentile	(0.11)	26.99	19.39
90th Percentile	(0.48)	21.78	18.29
Target 2040 Trust ●	0.37	28.62	20.95
Custom Index ▲	0.55	29.15	21.12



Target 2045 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	10.05%
<u>Equity</u>		
US Equity	72.00%	71.86%
International Fund	18.00%	18.09%

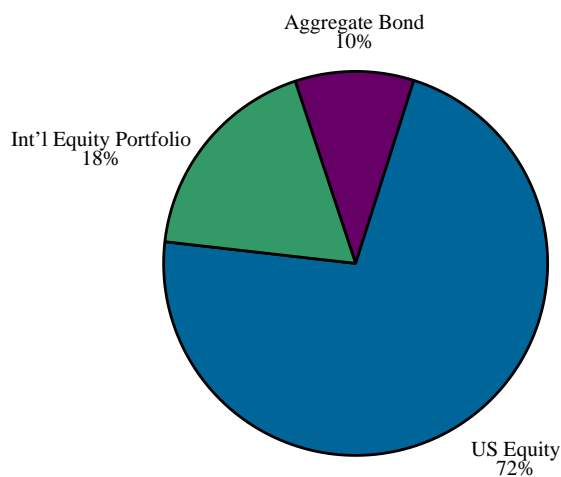
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2045 approaches.

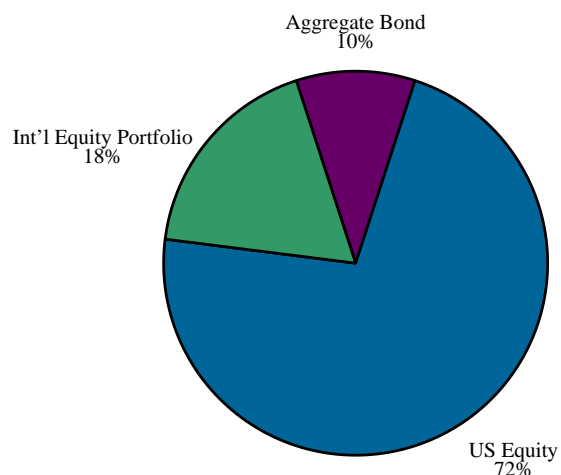
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



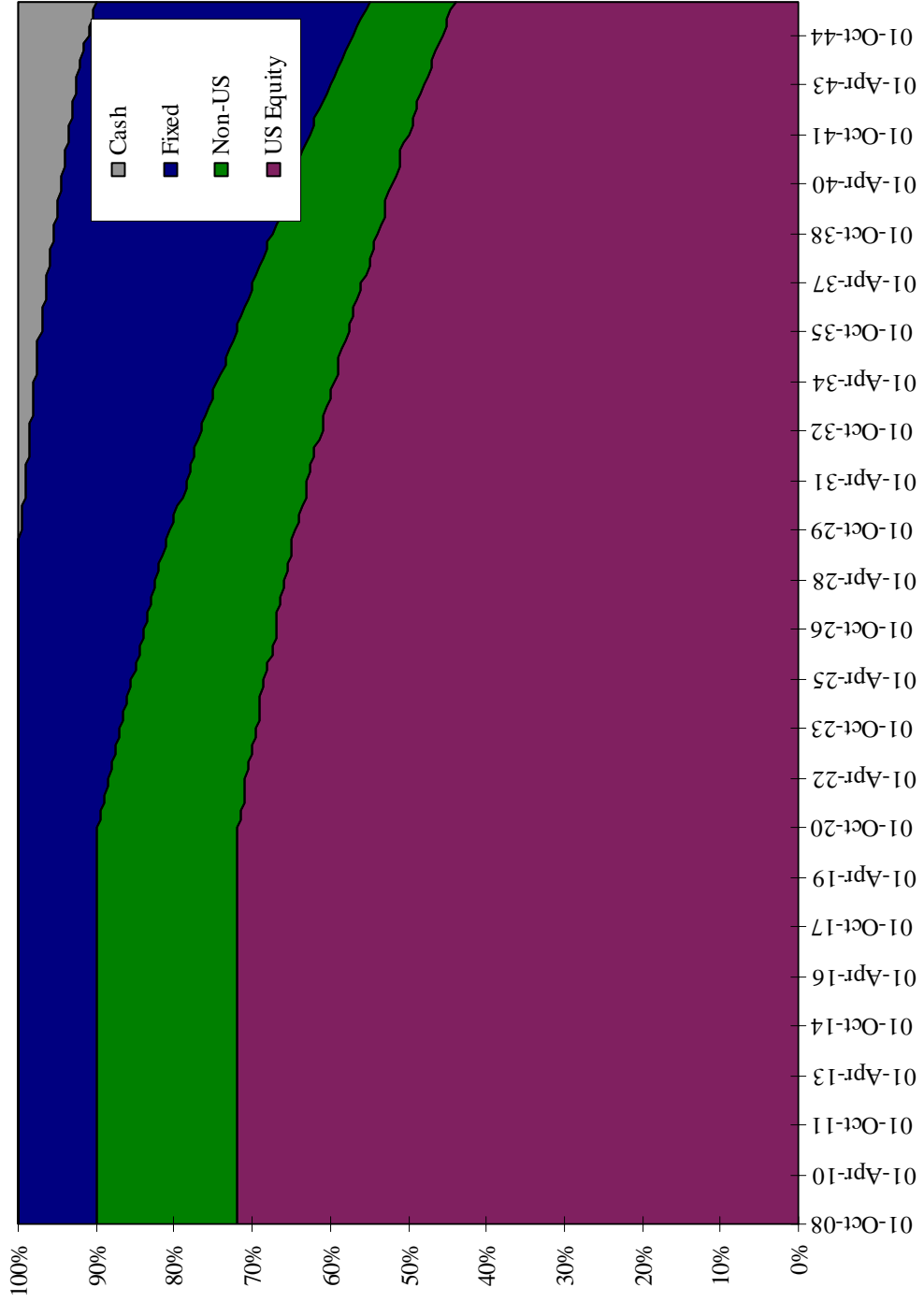
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,346	10.1%	10.0%	0.1%	7
US Equity	9,624	71.9%	72.0%	(0.1%)	(19)
Int'l Equity Portfolio	2,423	18.1%	18.0%	0.1%	12
Total	13,392	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

**Target 2045 Trust
Schedule of Benchmark Allocation Changes**



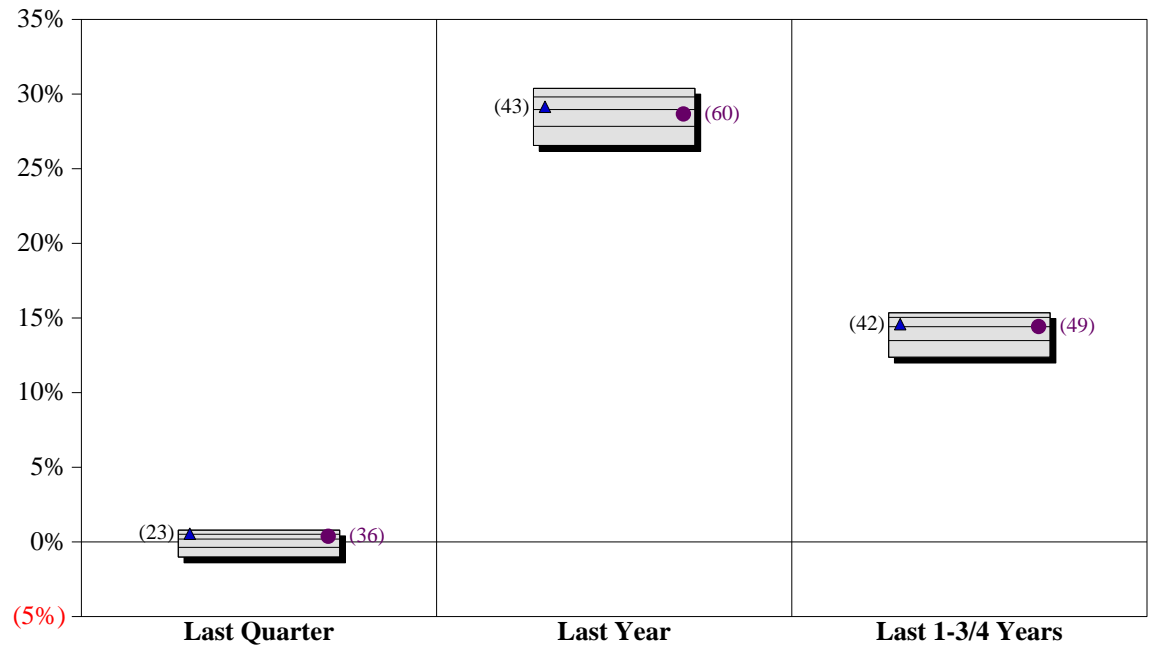


TARGET 2045 TRUST PERIOD ENDED JUNE 30, 2011

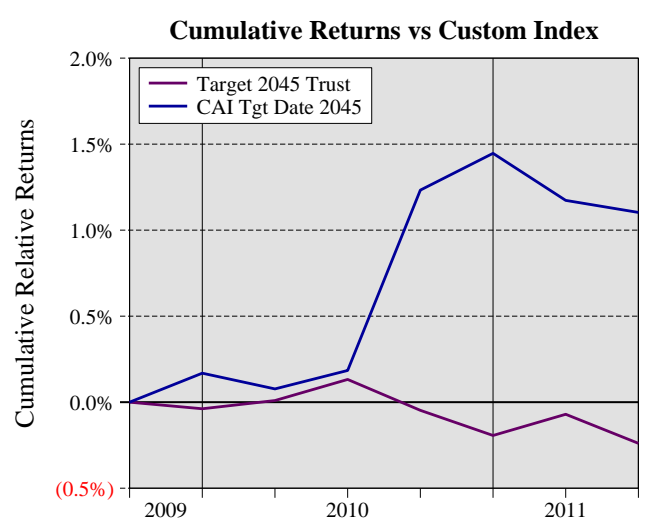
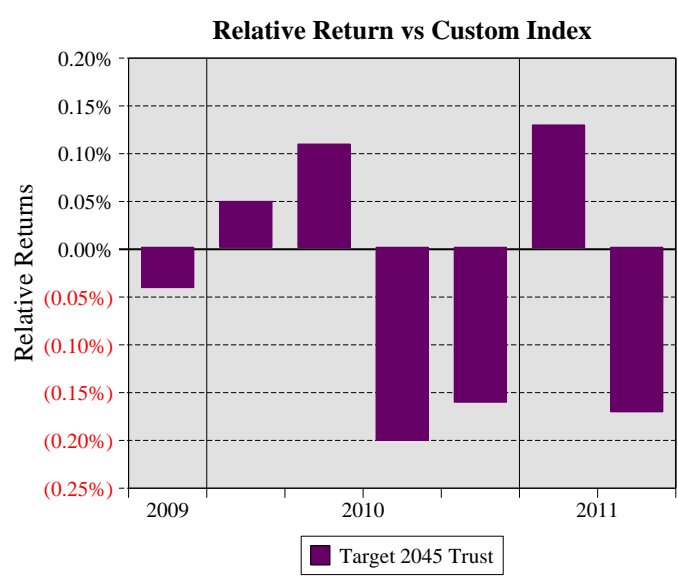
Quarterly Summary and Highlights

- Target 2045 Trust's portfolio posted a 0.38% return for the quarter placing it in the 36 percentile of the CAI Target Date 2045 group for the quarter and in the 60 percentile for the last year.
- Target 2045 Trust's portfolio underperformed the Custom Index by 0.17% for the quarter and underperformed the Custom Index for the year by 0.48%.

Performance vs CAI Target Date 2045 (Net)



	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	0.79	30.38	15.35
25th Percentile	0.51	29.81	15.04
Median	0.19	28.96	14.42
75th Percentile	(0.37)	27.84	13.49
90th Percentile	(1.01)	26.56	12.37
Target 2045 Trust ●	0.38	28.67	14.43
Custom Index ▲	0.55	29.15	14.59



Target 2050 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	10.05%
<u>Equity</u>		
US Equity	72.00%	71.85%
International Fund	18.00%	18.10%

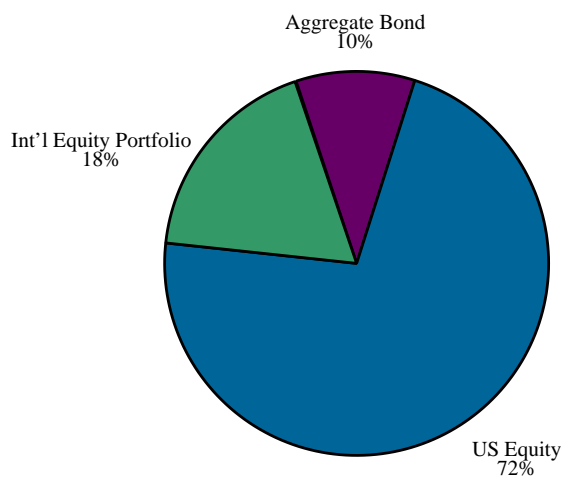
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with a higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2050 approaches.

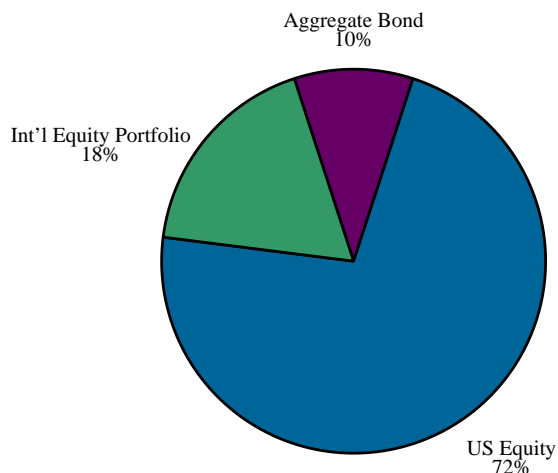
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



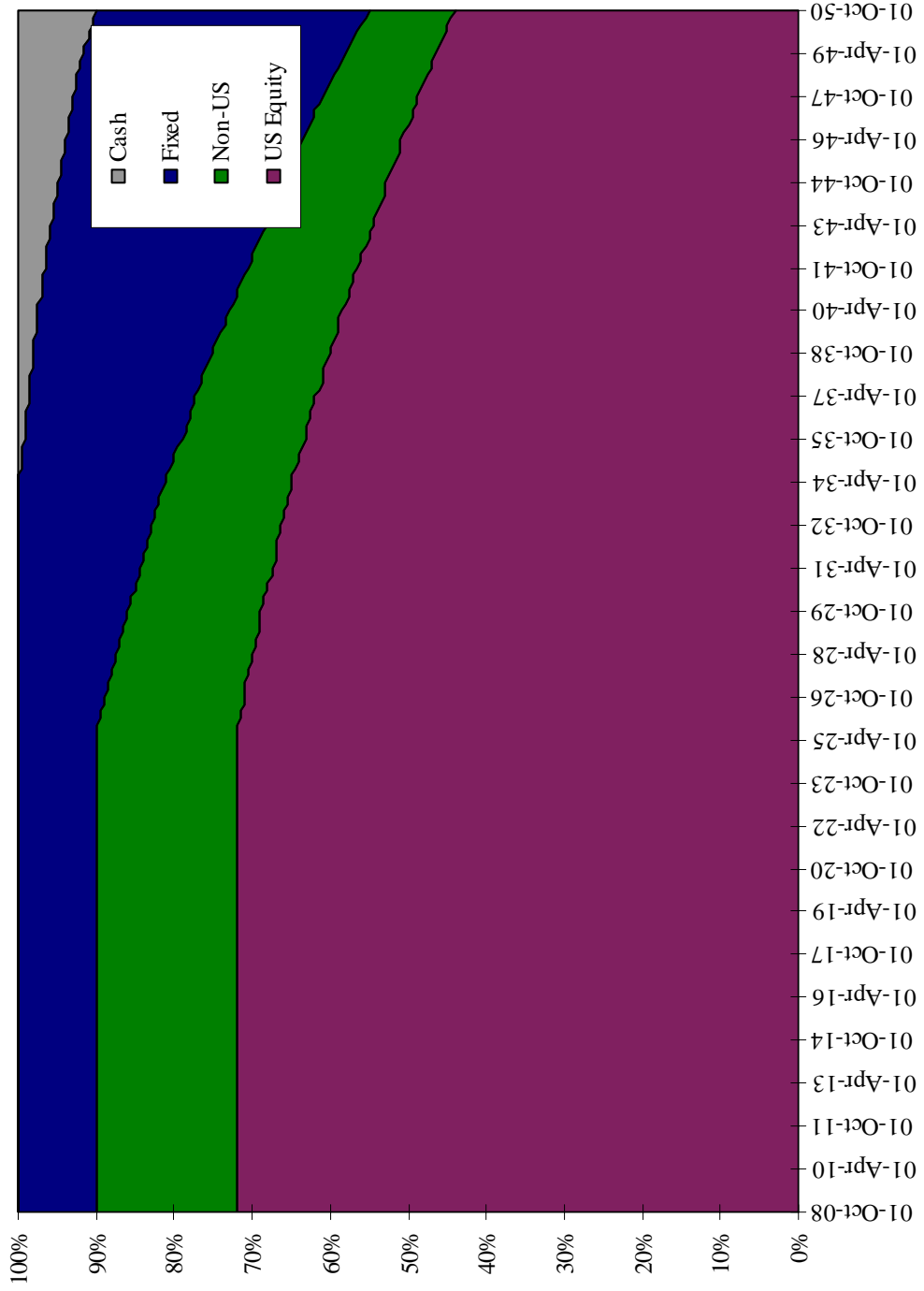
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	1,562	10.1%	10.0%	0.1%	8
US Equity	11,166	71.8%	72.0%	(0.2%)	(23)
Int'l Equity Portfolio	2,813	18.1%	18.0%	0.1%	16
Total	15,540	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

**Target 2050 Trust
Schedule of Benchmark Allocation Changes**

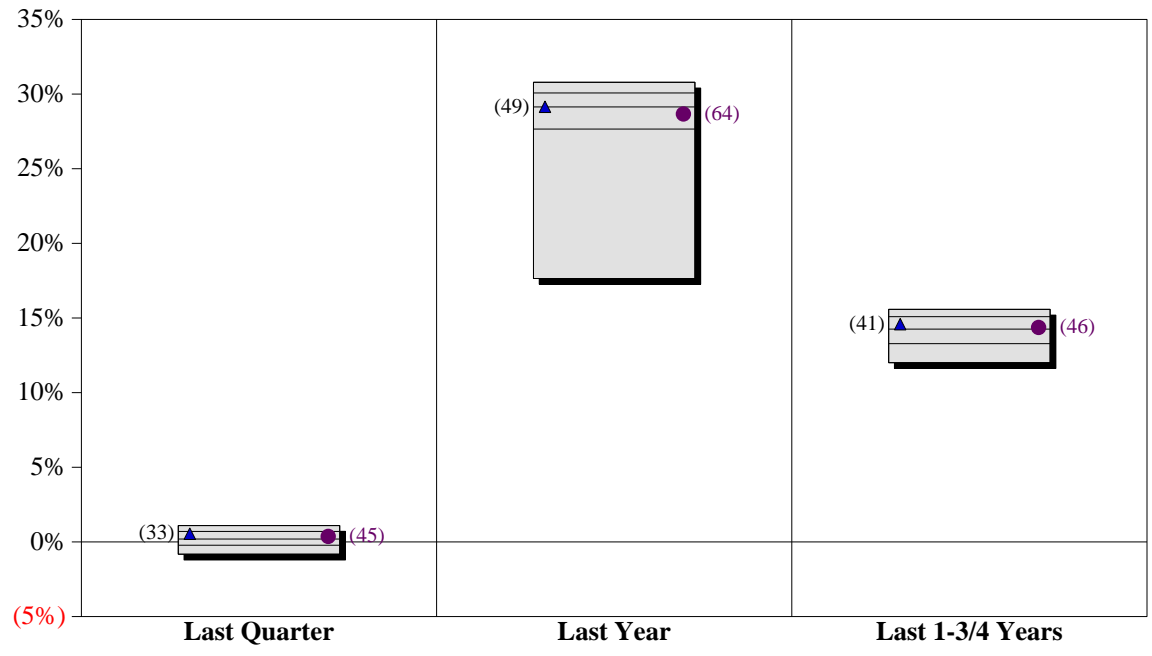


TARGET 2050 TRUST PERIOD ENDED JUNE 30, 2011

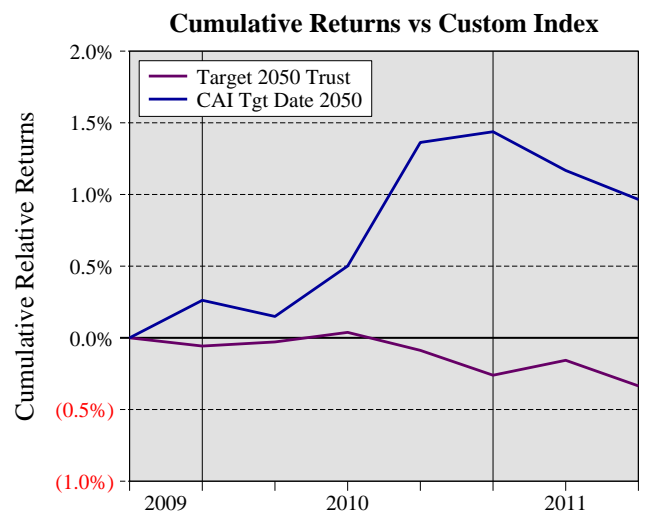
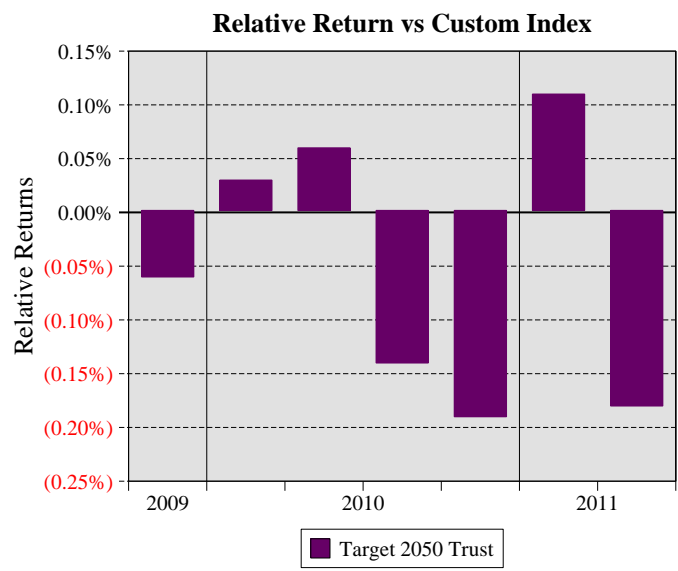
Quarterly Summary and Highlights

- Target 2050 Trust's portfolio posted a 0.37% return for the quarter placing it in the 45 percentile of the CAI Target Date 2050 group for the quarter and in the 64 percentile for the last year.
- Target 2050 Trust's portfolio underperformed the Custom Index by 0.18% for the quarter and underperformed the Custom Index for the year by 0.48%.

Performance vs CAI Target Date 2050 (Net)



	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	1.09	30.79	15.58
25th Percentile	0.70	30.07	15.09
Median	0.19	29.14	14.26
75th Percentile	(0.22)	27.66	13.28
90th Percentile	(0.82)	17.64	12.01
Target 2050 Trust ●	0.37	28.67	14.37
Custom Index ▲	0.55	29.15	14.59



Target 2055 Trust

Asset Allocation

	<u>Strategic</u>	<u>Actual</u>
<u>Cash</u>		
Money Market Fund	0.00%	0.00%
<u>Fixed-Income</u>		
Aggregate Bond	10.00%	10.06%
<u>Equity</u>		
US Equity	72.00%	71.82%
International Fund	18.00%	18.12%

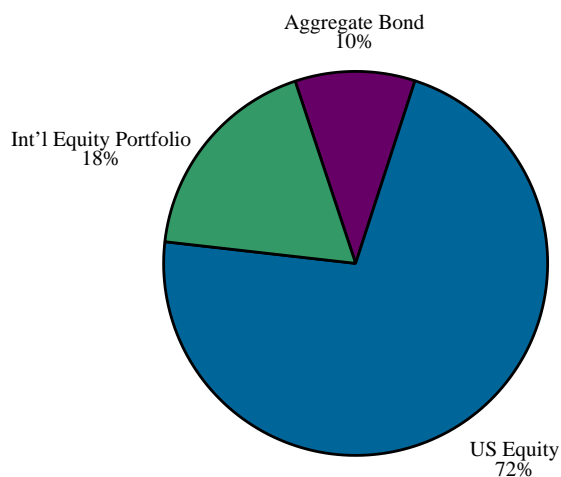
Objective

To provide a diversified mix of stocks, bonds, and cash for long-term investors with higher tolerance for risk. The trust is designed to gradually invest more conservatively, as the year 2055 approaches.

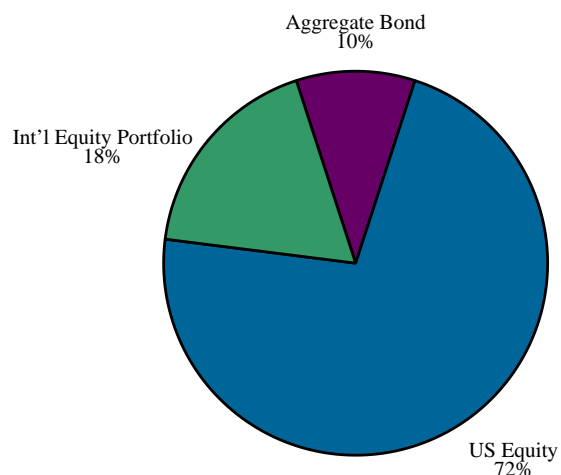
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of June 30, 2011. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



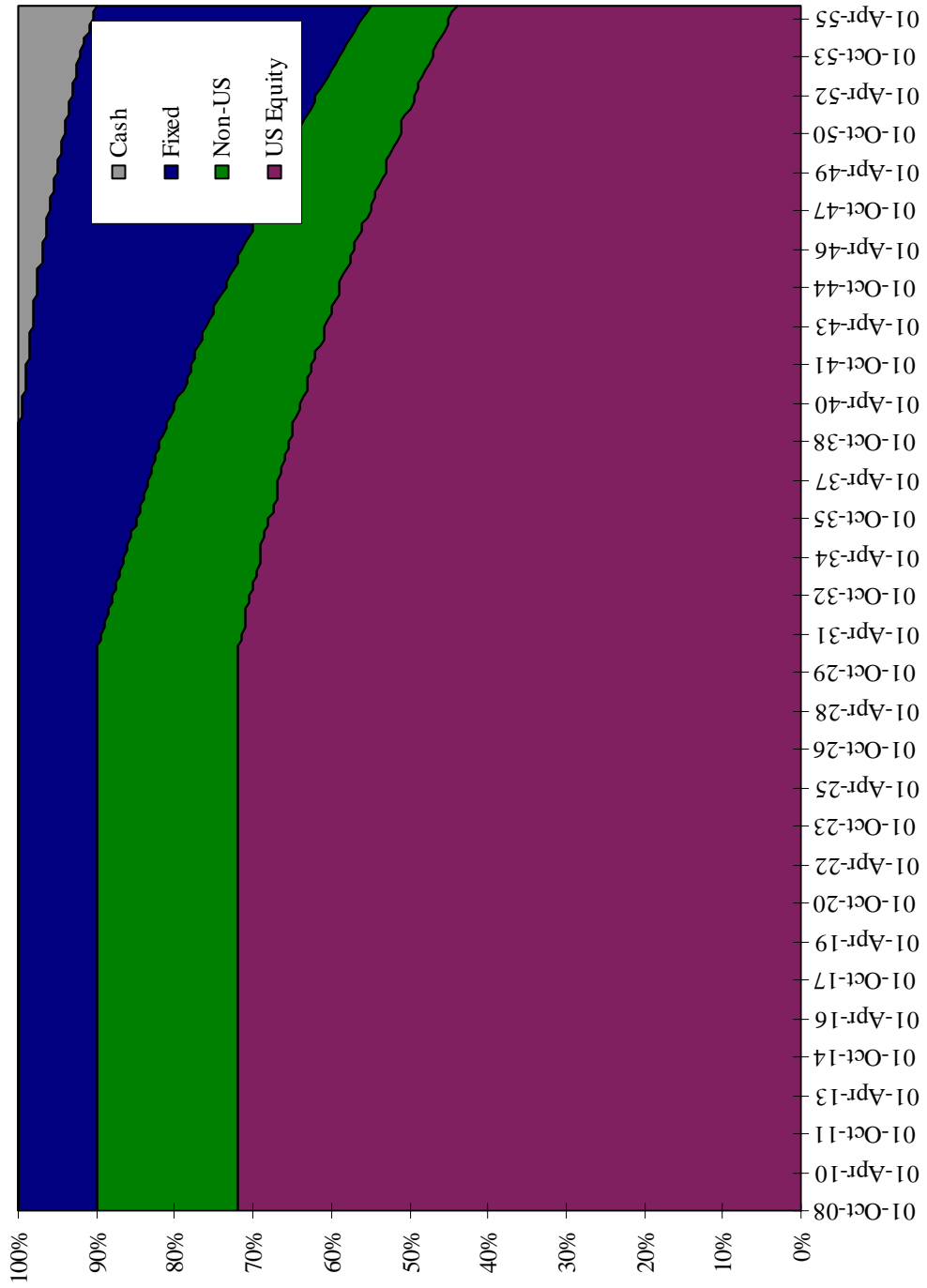
Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Aggregate Bond	492	10.1%	10.0%	0.1%	3
US Equity	3,514	71.8%	72.0%	(0.2%)	(9)
Int'l Equity Portfolio	887	18.1%	18.0%	0.1%	6
Total	4,893	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% BC Aggregate Index.

**Target 2055 Trust
Schedule of Benchmark Allocation Changes**



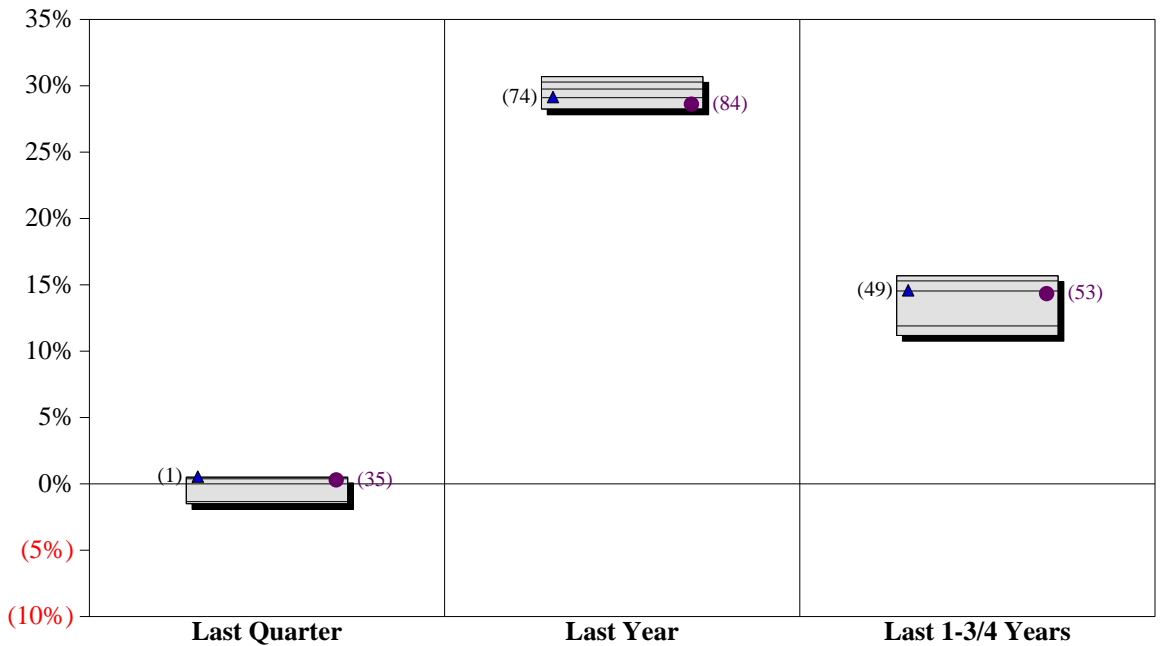


TARGET 2055 TRUST PERIOD ENDED JUNE 30, 2011

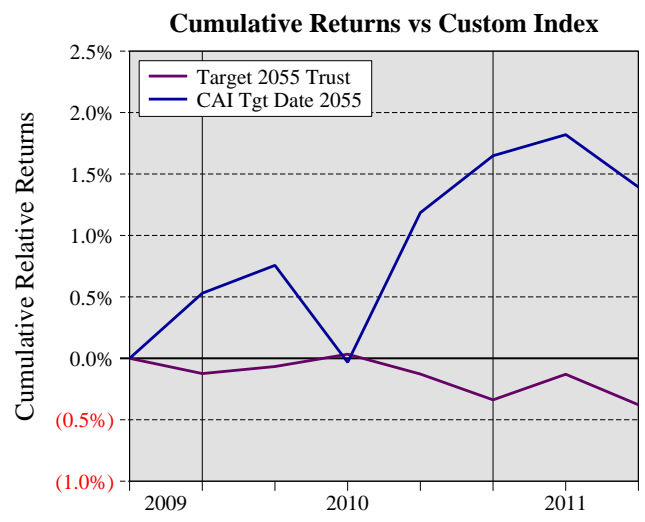
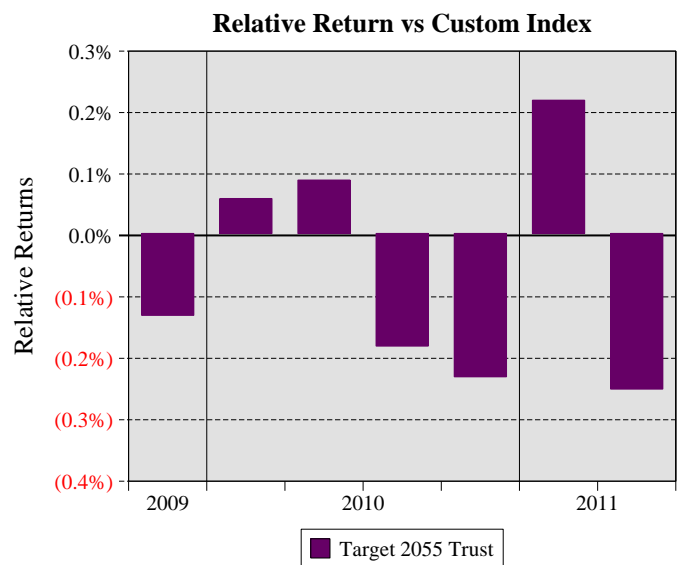
Quarterly Summary and Highlights

- Target 2055 Trust's portfolio posted a 0.30% return for the quarter placing it in the 35 percentile of the CAI Target Date 2055 group for the quarter and in the 84 percentile for the last year.
- Target 2055 Trust's portfolio underperformed the Custom Index by 0.25% for the quarter and underperformed the Custom Index for the year by 0.53%.

Performance vs CAI Target Date 2055 (Net)



10th Percentile	0.50	30.69	15.68
25th Percentile	0.38	30.28	15.30
Median	(0.00)	29.76	14.54
75th Percentile	(1.34)	29.10	11.90
90th Percentile	(1.49)	28.25	11.18
Target 2055 Trust	0.30	28.62	14.34
Custom Index	0.55	29.15	14.59



T ROWE US EQUITY TRUST PERIOD ENDED JUNE 30, 2011



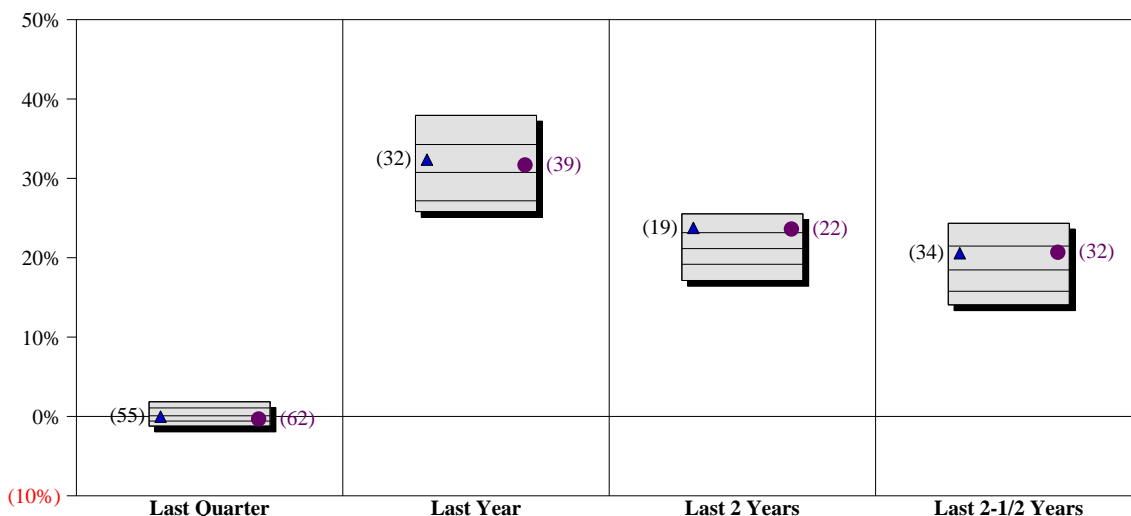
Investment Philosophy

Large Capitalization managers concentrate their holdings in large market capitalization domestic equity securities regardless of style (growth, value or core) orientation.

Quarterly Summary and Highlights

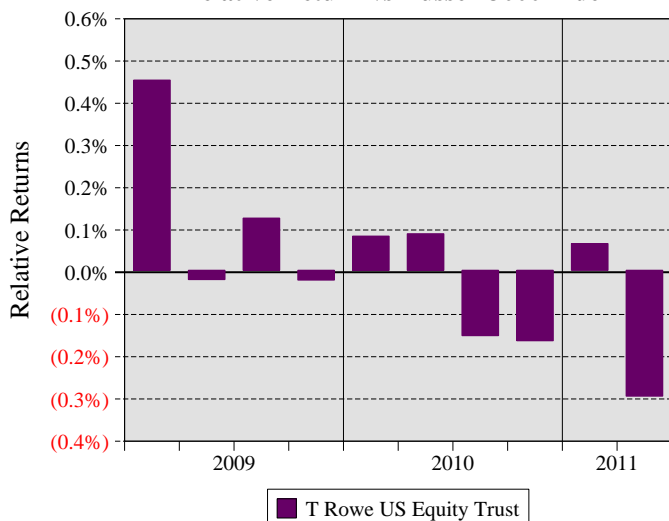
- T Rowe US Equity Trust's portfolio posted a (0.32)% return for the quarter placing it in the 62 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 39 percentile for the last year.
- T Rowe US Equity Trust's portfolio underperformed the Russell 3000 Index by 0.29% for the quarter and underperformed the Russell 3000 Index for the year by 0.67%.

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

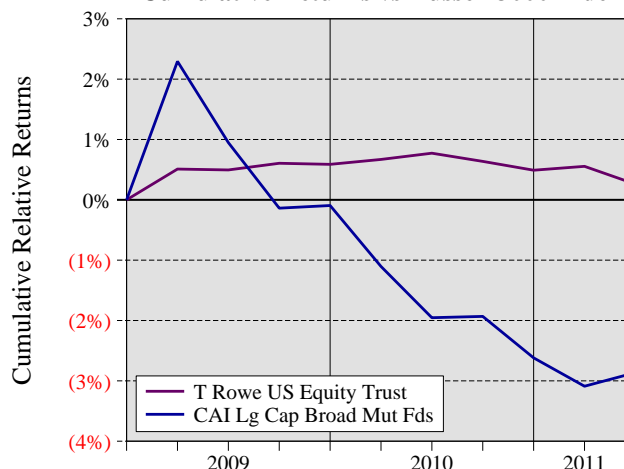


	Last Quarter	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	1.85	37.94	25.53	24.34
25th Percentile	1.07	34.26	23.16	21.47
Median	0.08	30.75	21.15	18.46
75th Percentile	(0.58)	27.17	19.17	15.77
90th Percentile	(1.22)	25.81	17.13	14.06
T Rowe US Equity Trust	(0.32)	31.69	23.62	20.69
Russell 3000 Index	(0.03)	32.37	23.76	20.56

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



T. ROWE AGGREGATE BOND TRUST PERIOD ENDED JUNE 30, 2011



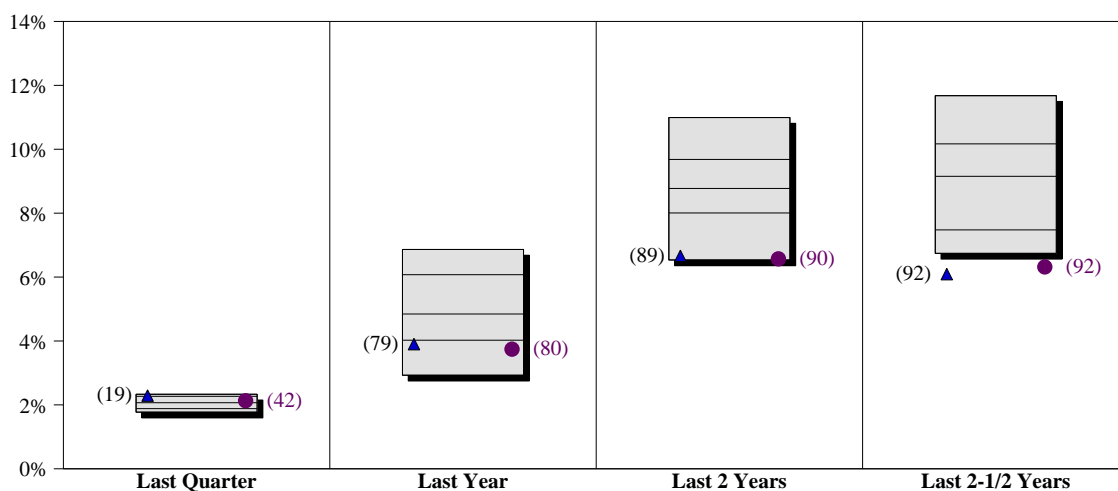
Investment Philosophy

Core Bond Style mutual funds aim to achieve value added from sector and/or issue selection. Funds are constructed to approximate the investment results of the Barclays Capital Gov/Corp Index or the BC Aggregate Index with little duration variability around the index.

Quarterly Summary and Highlights

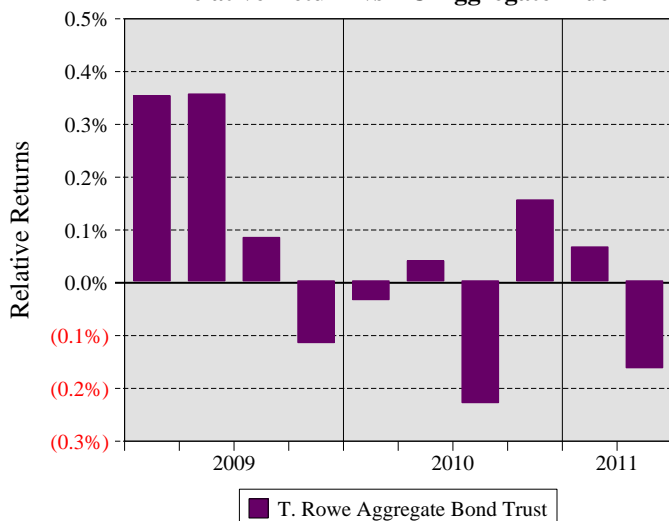
- T. Rowe Aggregate Bond Trust's portfolio posted a 2.13% return for the quarter placing it in the 42 percentile of the CAI MF - Core Bond Style group for the quarter and in the 80 percentile for the last year.
- T. Rowe Aggregate Bond Trust's portfolio underperformed the BC Aggregate Index by 0.16% for the quarter and underperformed the BC Aggregate Index for the year by 0.16%.

Performance vs CAI MF - Core Bond Style (Net)

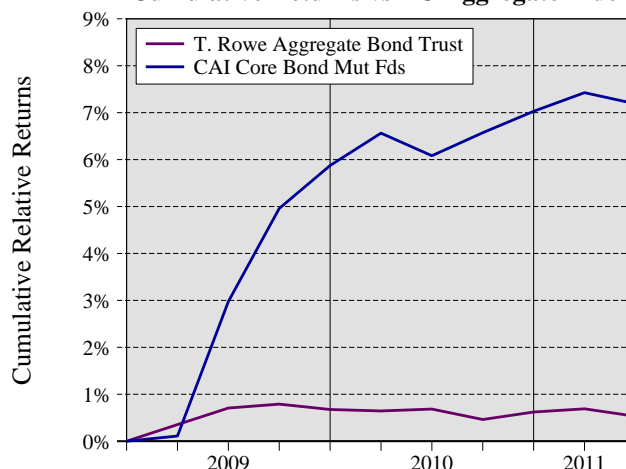


10th Percentile	2.33	6.86	10.99	11.68
25th Percentile	2.27	6.07	9.68	10.17
Median	2.07	4.84	8.77	9.15
75th Percentile	1.88	4.02	8.01	7.48
90th Percentile	1.77	2.93	6.54	6.74
T. Rowe Aggregate Bond Trust	2.13	3.74	6.57	6.32
BC Aggregate Index	2.29	3.90	6.66	6.09

Relative Return vs BC Aggregate Index



Cumulative Returns vs BC Aggregate Index





T. ROWE PRICE INTL EQUITY PERIOD ENDED JUNE 30, 2011

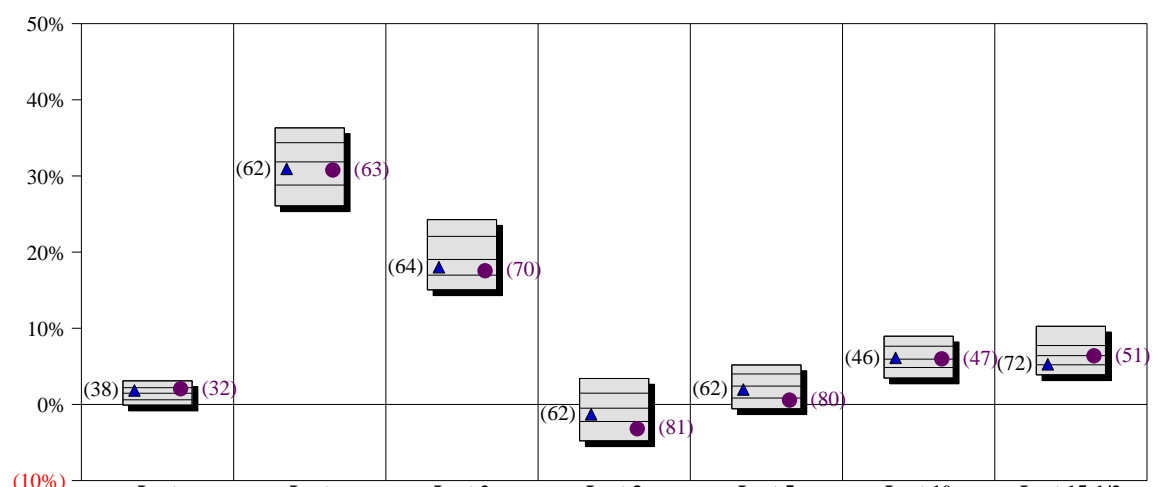
Investment Philosophy

Non-U.S. Equity Style mutual funds invest in only non-U.S. equity securities. This style group excludes regional and index funds.

Quarterly Summary and Highlights

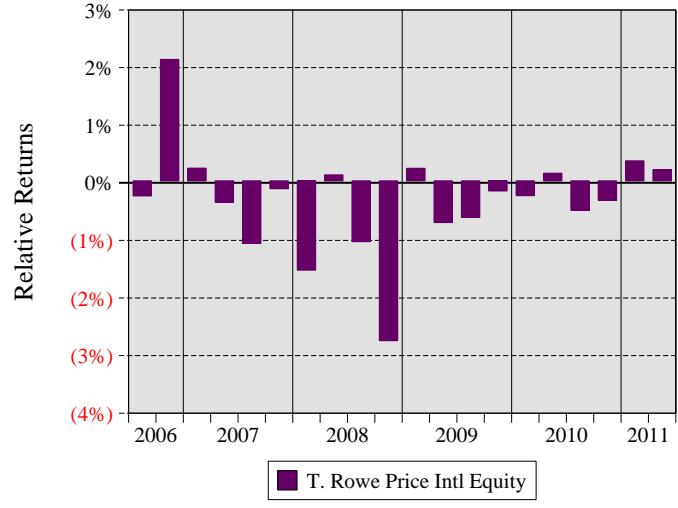
- T. Rowe Price Intl Equity's portfolio posted a 2.06% return for the quarter placing it in the 32 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 63 percentile for the last year.
- T. Rowe Price Intl Equity's portfolio outperformed the MSCI EAFE US\$ Gross Div by 0.23% for the quarter and underperformed the MSCI EAFE US\$ Gross Div for the year by 0.14%.

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

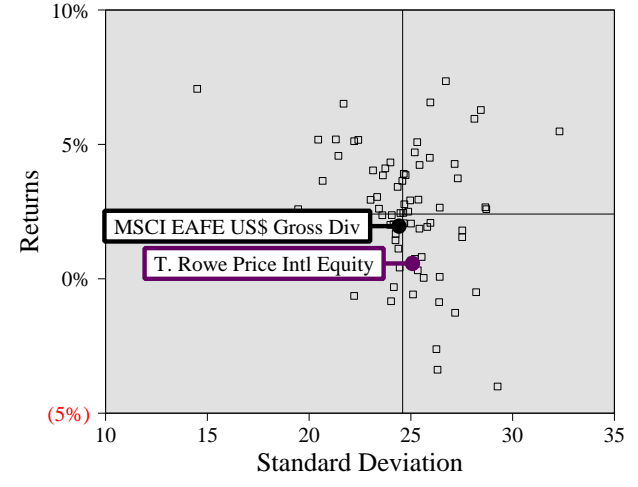


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 15-1/2 Years
10th Percentile	3.10	36.32	24.27	3.41	5.18	8.96	10.26
25th Percentile	2.20	34.37	22.07	1.48	4.00	7.64	7.73
Median	1.47	31.85	19.04	(0.49)	2.41	5.95	6.41
75th Percentile	0.61	28.81	16.98	(2.24)	0.84	4.85	5.21
90th Percentile	(0.09)	26.07	15.05	(4.78)	(0.57)	3.46	3.89
T. Rowe Price Intl Equity ●	2.06	30.79	17.56	(3.19)	0.57	5.99	6.39
MSCI EAFE US\$ Gross Div ▲	1.83	30.93	18.01	(1.30)	1.96	6.12	5.27

Relative Return vs MSCI EAFE US\$ Gross Div



CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return



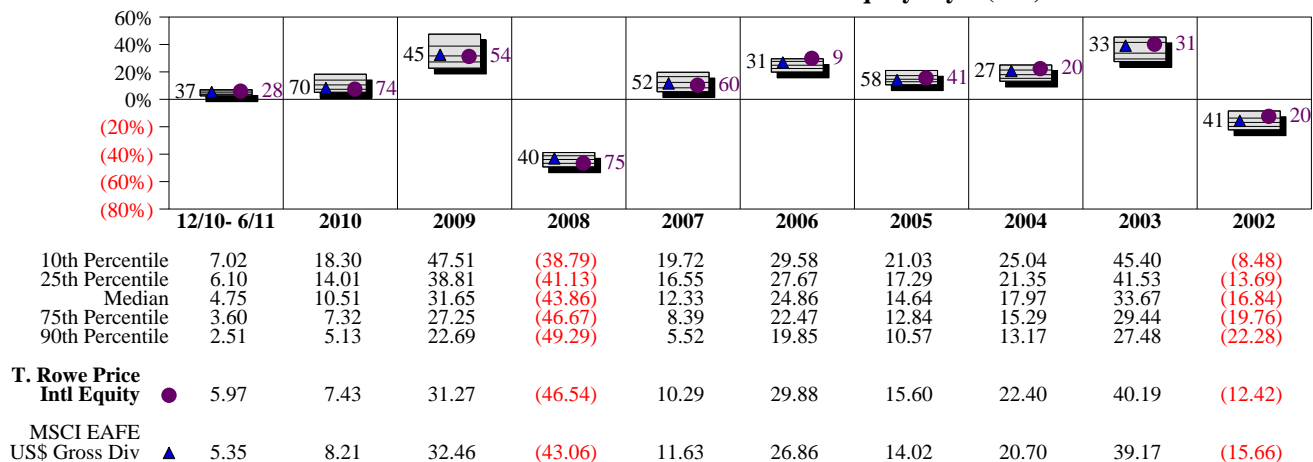


T. ROWE PRICE INTL EQUITY RETURN ANALYSIS SUMMARY

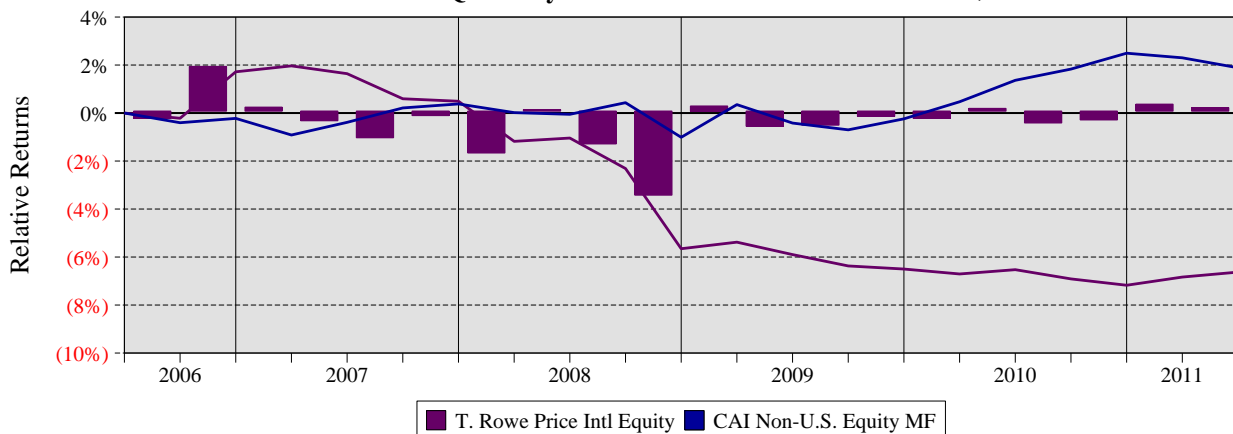
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

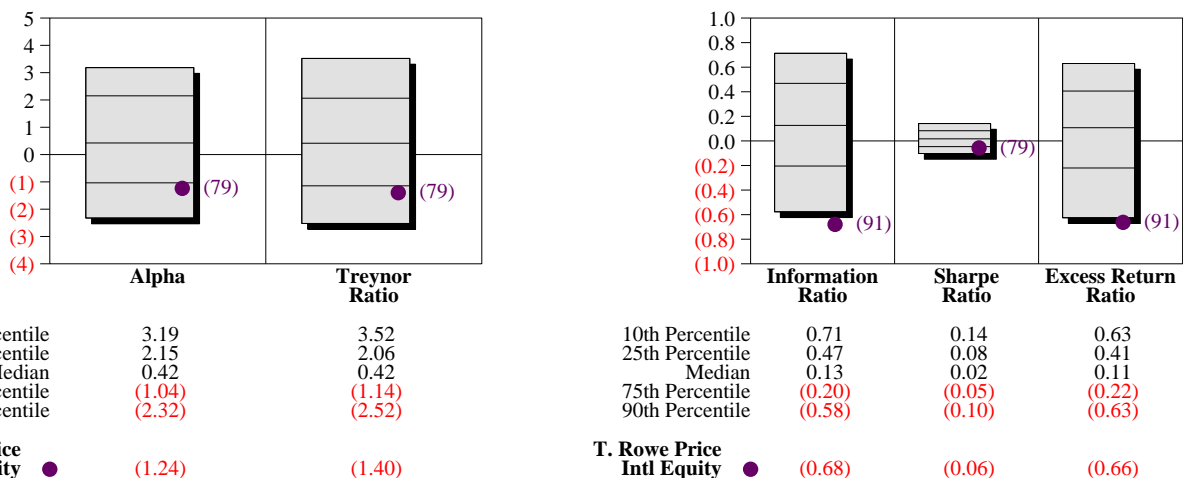
Performance vs CAI MF - Non-US Equity Style (Net)



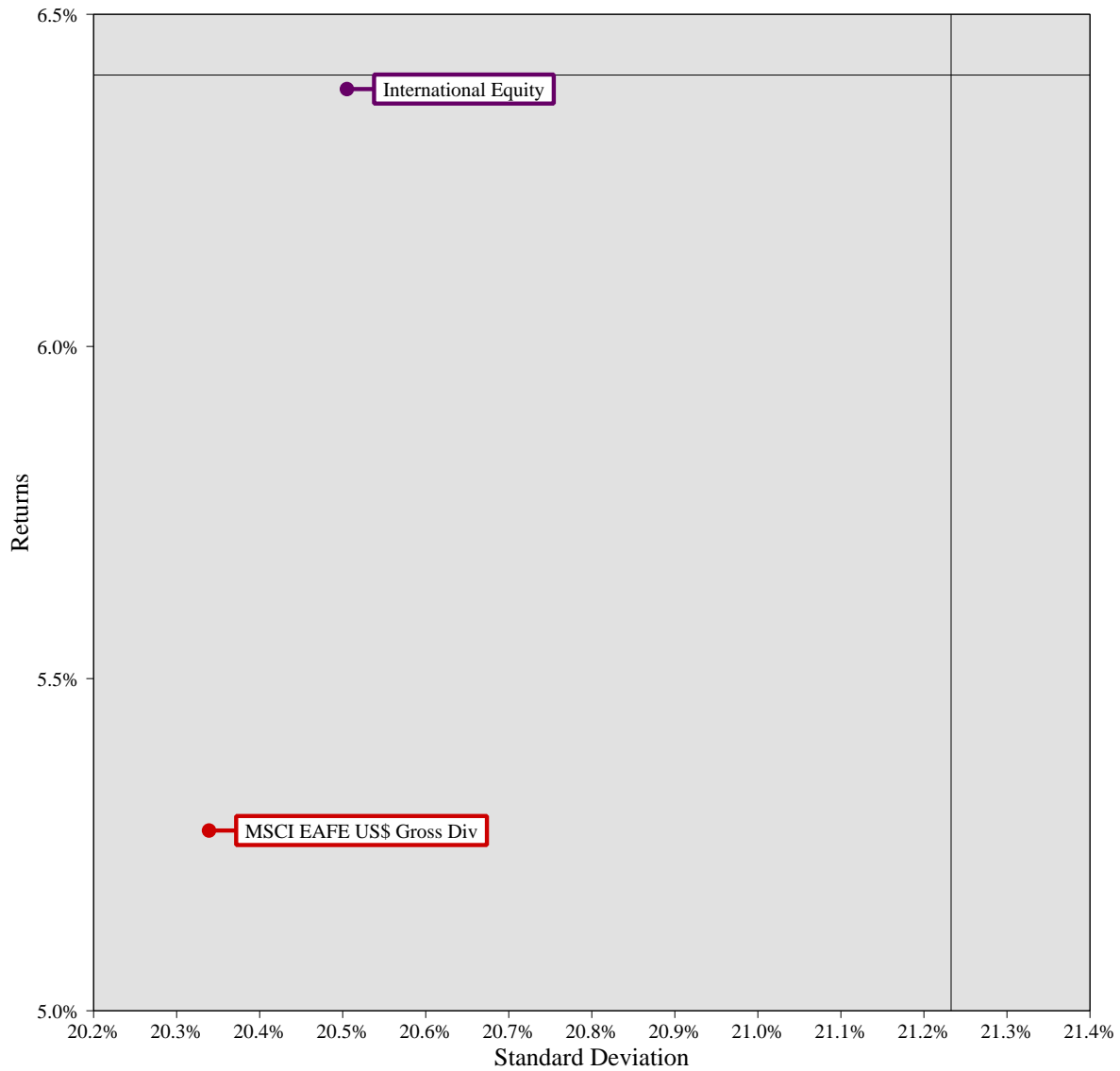
Cumulative and Quarterly Relative Return vs MSCI EAFE US\$ Gross Div



Risk Adjusted Return Measures vs MSCI EAFE US\$ Gross Div Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended June 30, 2011



STATE OF ALASKA S B S - T. ROWE PRICE INTL EQUITY
RISK/REWARD VS CAI MF - NON-US EQUITY STYLE
FIFTEEN AND ONE-HALF YEARS ENDED JUNE 30, 2011





T. ROWE PRICE MM PERIOD ENDED JUNE 30, 2011

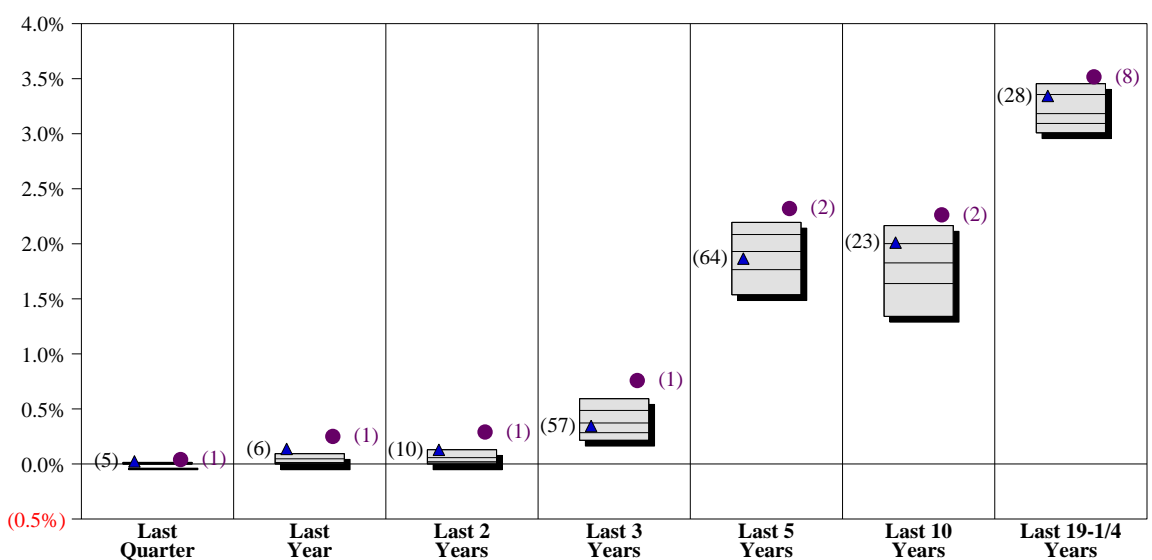
Investment Philosophy

Fund invests in high quality financial instruments rated in top two grades with dollar-weighted average maturities of less than 90 days. Intend to keep a constant NAV.

Quarterly Summary and Highlights

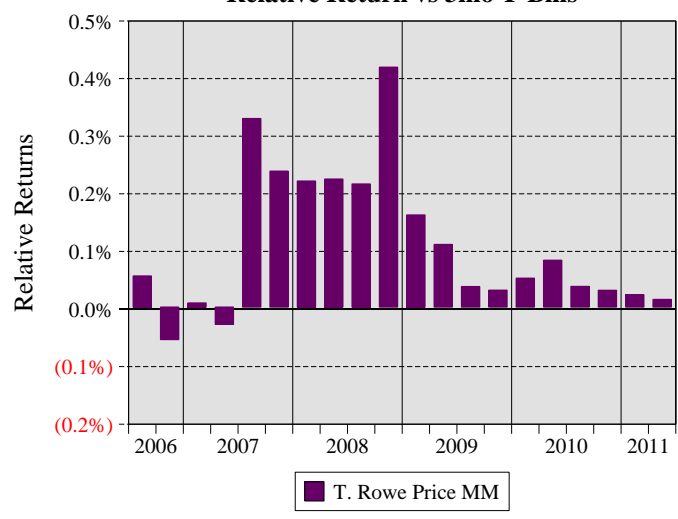
- T. Rowe Price MM's portfolio posted a 0.04% return for the quarter placing it in the 1 percentile of the Money Market Funds group for the quarter and in the 1 percentile for the last year.
- T. Rowe Price MM's portfolio outperformed the 3mo T-Bills by 0.02% for the quarter and outperformed the 3mo T-Bills for the year by 0.11%.

Performance vs Money Market Funds (Net)

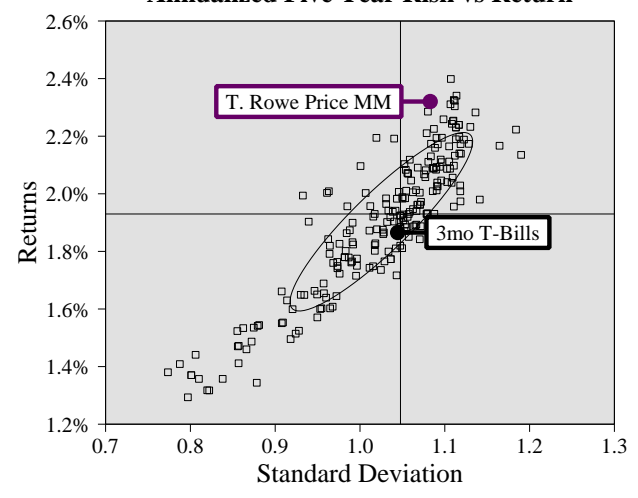


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 19-1/4 Years
10th Percentile	0.01	0.09	0.13	0.59	2.19	2.17	3.45
25th Percentile	0.01	0.05	0.06	0.49	2.08	2.00	3.36
Median	0.00	0.01	0.02	0.37	1.93	1.83	3.18
75th Percentile	0.00	0.01	0.01	0.28	1.77	1.64	3.09
90th Percentile	0.00	0.00	0.00	0.21	1.54	1.34	3.01
T. Rowe Price MM	0.04	0.25	0.29	0.76	2.32	2.26	3.52
3mo T-Bills	0.02	0.14	0.13	0.35	1.87	2.01	3.34

Relative Return vs 3mo T-Bills



Money Market Funds (Net) Annualized Five Year Risk vs Return

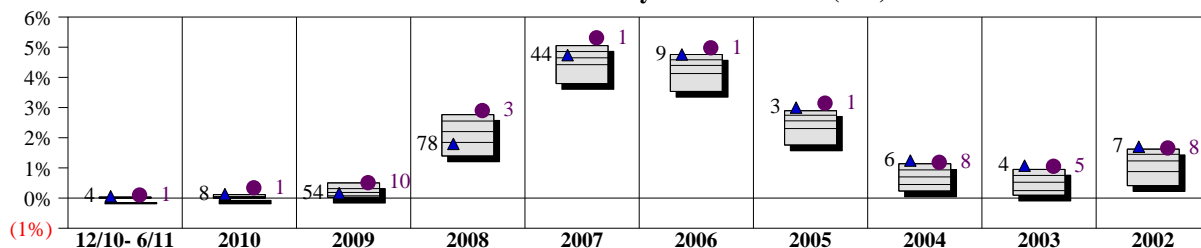


T. ROWE PRICE MM RETURN ANALYSIS SUMMARY

Return Analysis

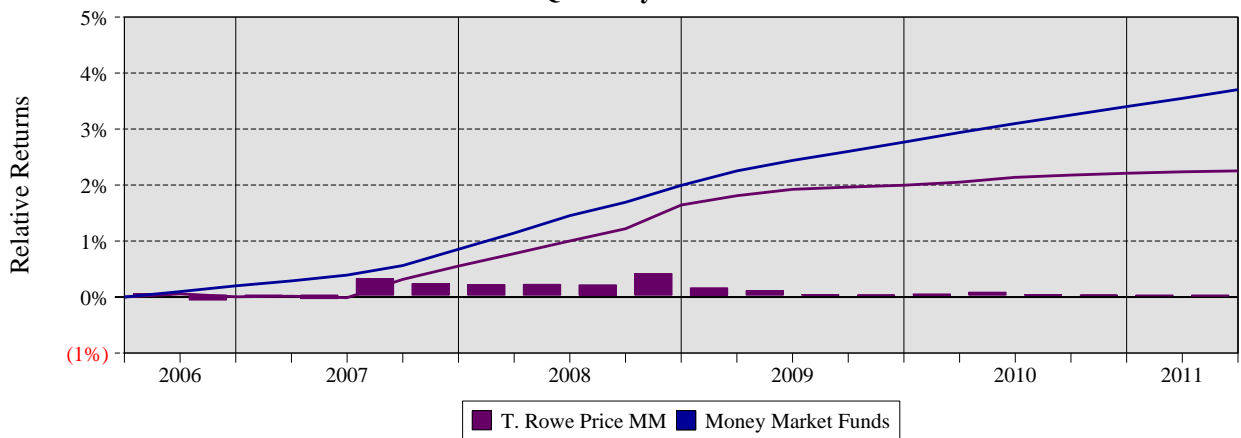
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Money Market Funds (Net)

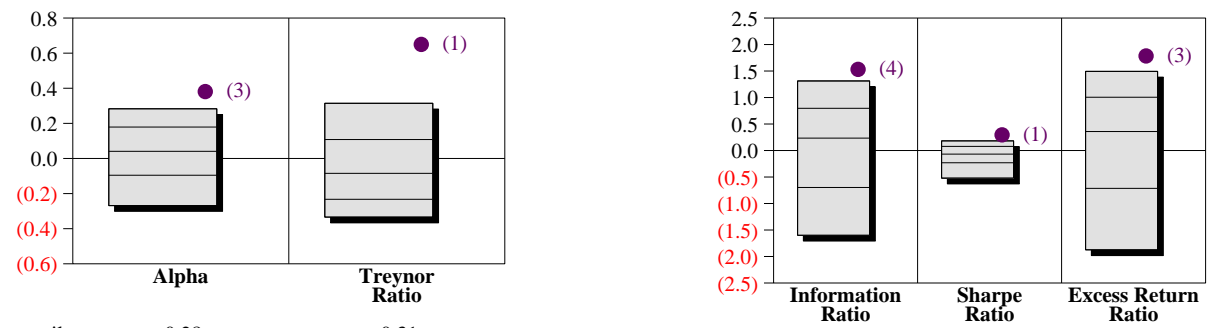


	12/10- 6/11	2010	2009	2008	2007	2006	2005	2004	2003	2002
T. Rowe Price MM ●	0.10	0.34	0.51	2.90	5.31	4.98	3.15	1.18	1.05	1.66
3mo T-Bills ▲	0.06	0.13	0.16	1.80	4.74	4.76	3.00	1.24	1.07	1.70

Cumulative and Quarterly Relative Return vs 3mo T-Bills



Risk Adjusted Return Measures vs 3mo T-Bills Rankings Against Money Market Funds (Net) Five Years Ended June 30, 2011



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.28	0.31	1.31	0.18	1.49
25th Percentile	0.18	0.11	0.80	0.08	1.01
Median	0.04	(0.08)	0.23	(0.07)	0.36
75th Percentile	(0.10)	(0.23)	(0.70)	(0.23)	(0.71)
90th Percentile	(0.27)	(0.33)	(1.60)	(0.52)	(1.87)
T. Rowe Price MM ●	0.38	0.65	1.53	0.30	1.78

STATE STREET S&P FUND PERIOD ENDED JUNE 30, 2011



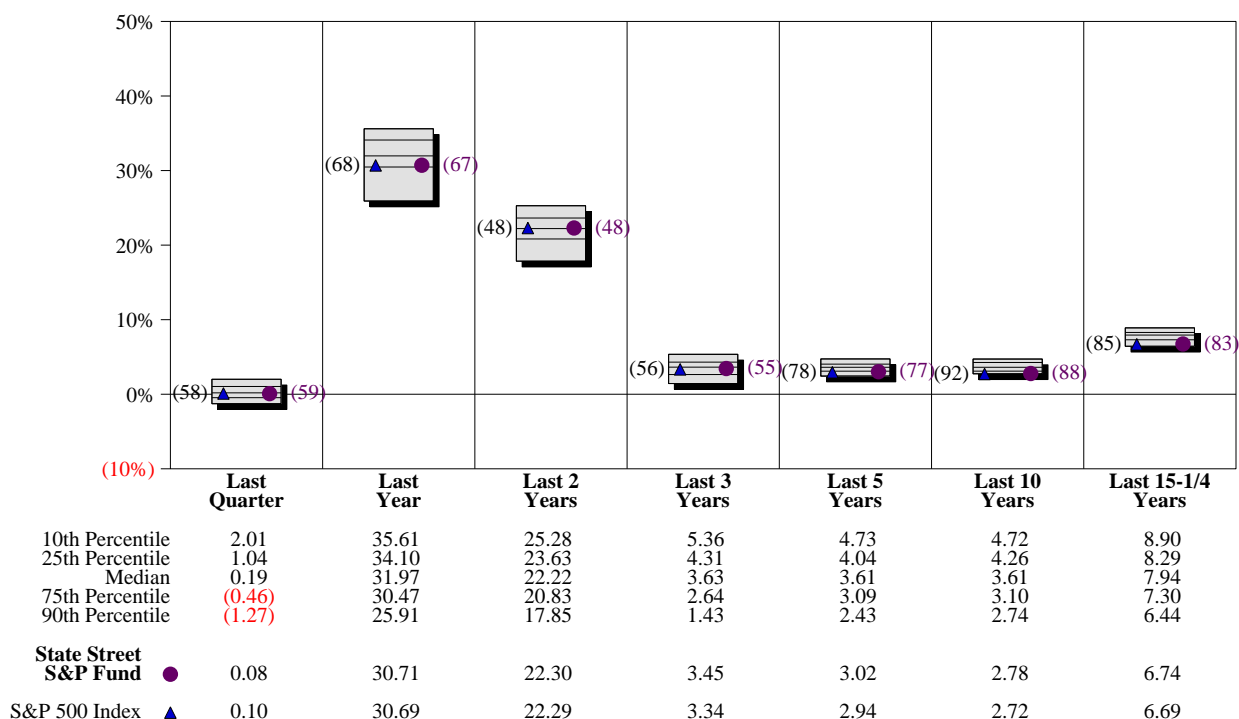
Investment Philosophy

Core Equity Style managers hold portfolios with characteristics similar to that of the broader market as represented by the Standard & Poor's 500 Index. Their objective is to add value over and above the index, typically from sector or issue selection.

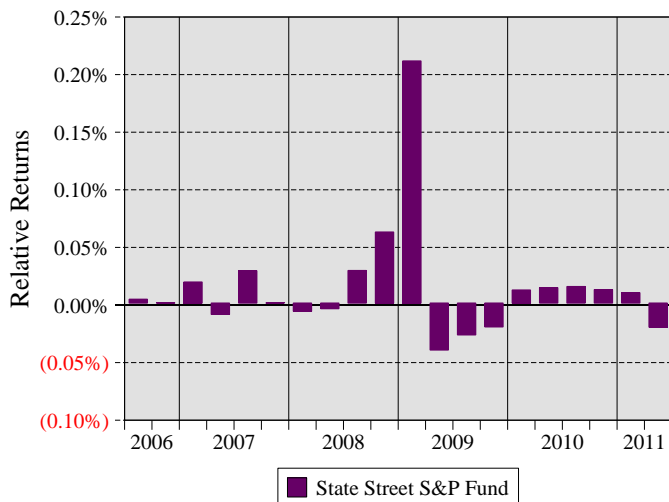
Quarterly Summary and Highlights

- State Street S&P Fund's portfolio posted a 0.08% return for the quarter placing it in the 59 percentile of the CAI Large Cap Core Style group for the quarter and in the 67 percentile for the last year.
- State Street S&P Fund's portfolio underperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.02%.

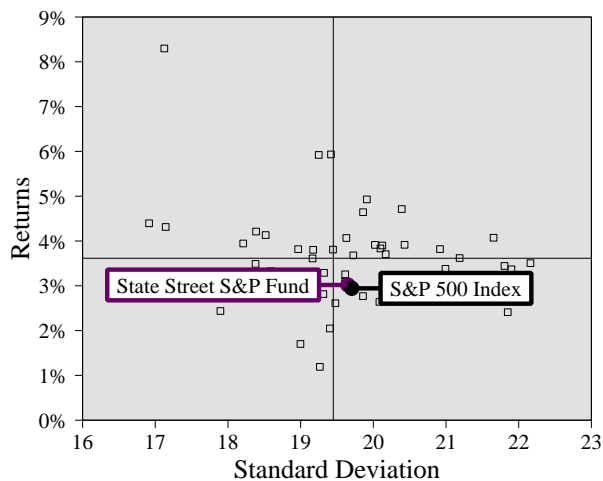
Performance vs CAI Large Cap Core Style (Gross)



Relative Return vs S&P 500 Index



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

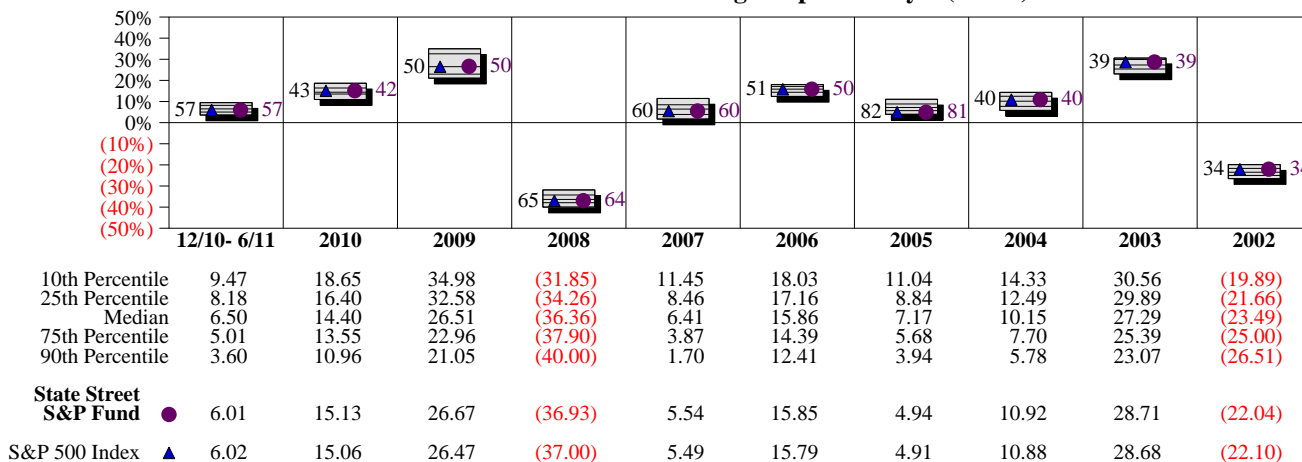


STATE STREET S&P FUND RETURN ANALYSIS SUMMARY

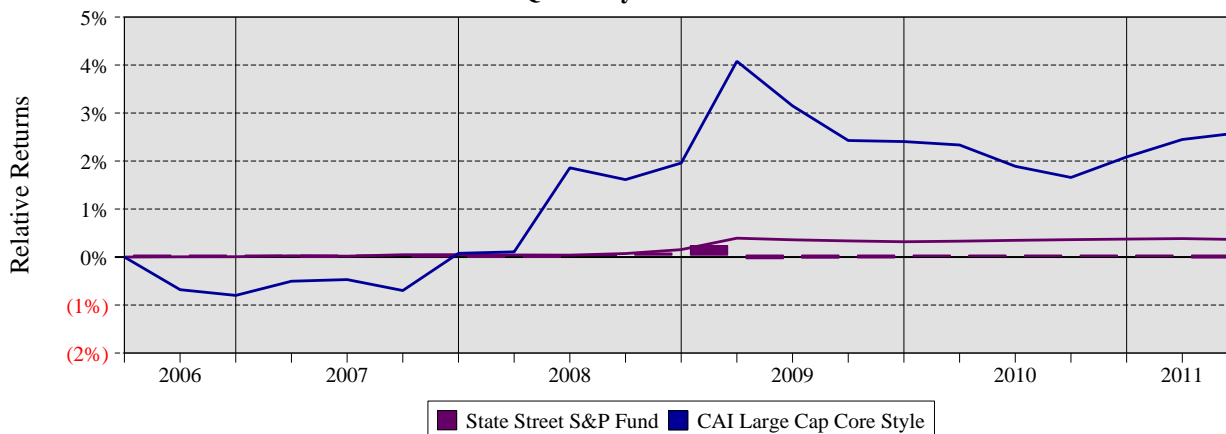
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

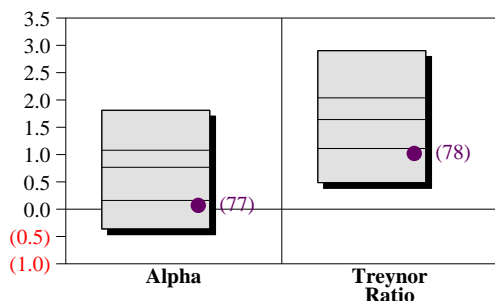
Performance vs CAI Large Cap Core Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index

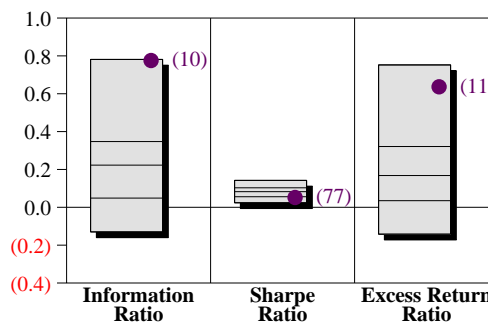


Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Core Style (Gross) Five Years Ended June 30, 2011



10th Percentile	1.81	2.90
25th Percentile	1.08	2.04
Median	0.77	1.64
75th Percentile	0.16	1.11
90th Percentile	(0.36)	0.49

State Street S&P Fund ● 0.07 1.02



10th Percentile	0.78	0.14	0.75
25th Percentile	0.35	0.10	0.32
Median	0.22	0.08	0.17
75th Percentile	0.05	0.06	0.04
90th Percentile	(0.13)	0.02	(0.14)

State Street S&P Fund ● 0.78 0.05 0.64

RUSSELL 3000 INDEX FUND PERIOD ENDED JUNE 30, 2011



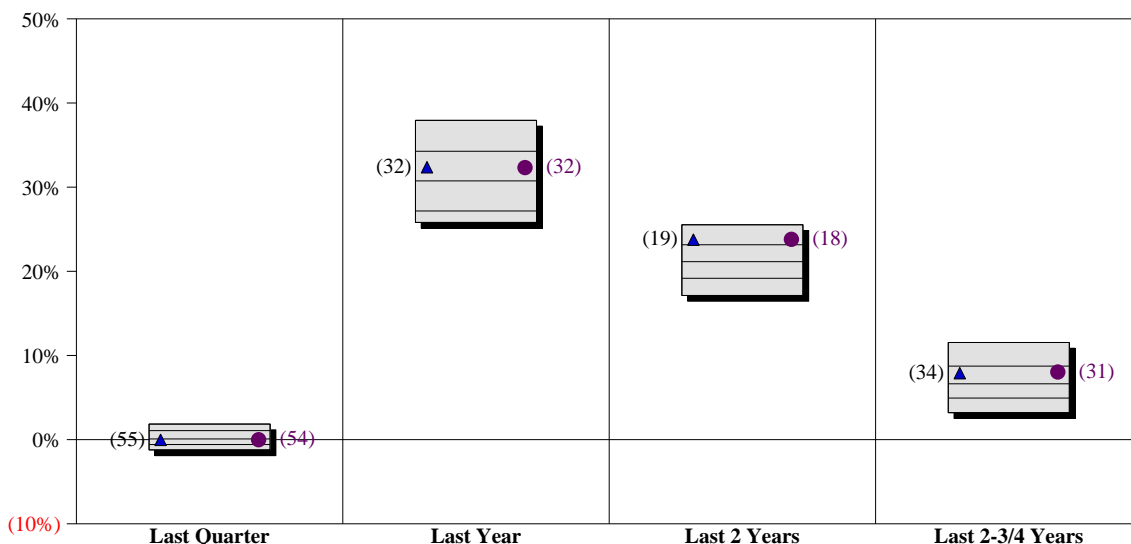
Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index. .

Quarterly Summary and Highlights

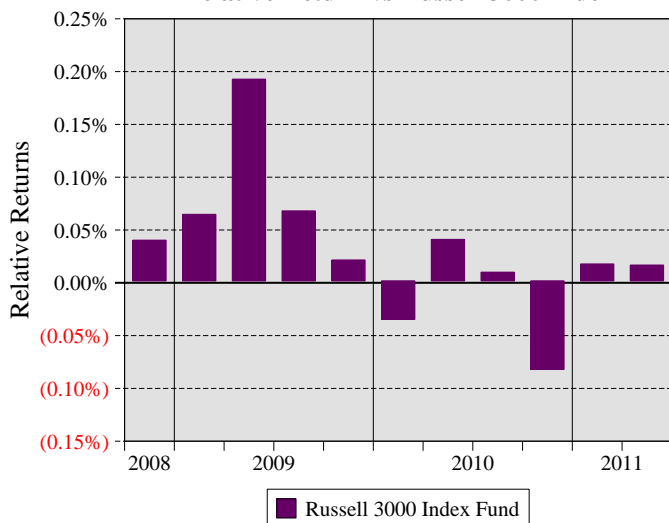
- Russell 3000 Index Fund's portfolio posted a (0.01)% return for the quarter placing it in the 54 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 32 percentile for the last year.
- Russell 3000 Index Fund's portfolio outperformed the Russell 3000 Index by 0.02% for the quarter and underperformed the Russell 3000 Index for the year by 0.04%.

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

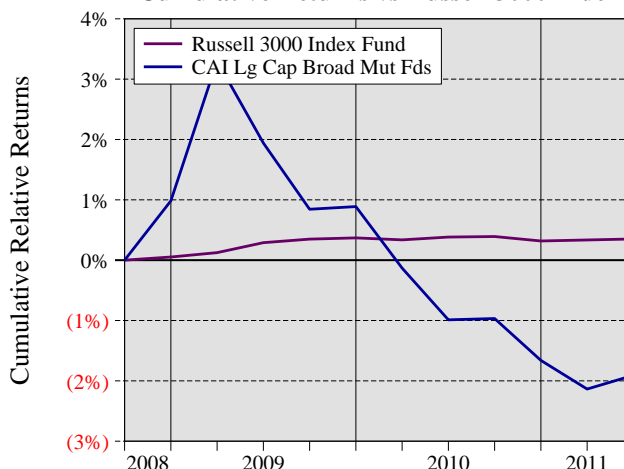


10th Percentile	1.85	37.94	25.53	11.54
25th Percentile	1.07	34.26	23.16	8.74
Median	0.08	30.75	21.15	6.63
75th Percentile	(0.58)	27.17	19.17	4.94
90th Percentile	(1.22)	25.81	17.13	3.20
Russell 3000 Index Fund	● (0.01)	32.33	23.80	8.03
Russell 3000 Index	▲ (0.03)	32.37	23.76	7.90

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



WORLD EQ EX-US INDEX PERIOD ENDED JUNE 30, 2011



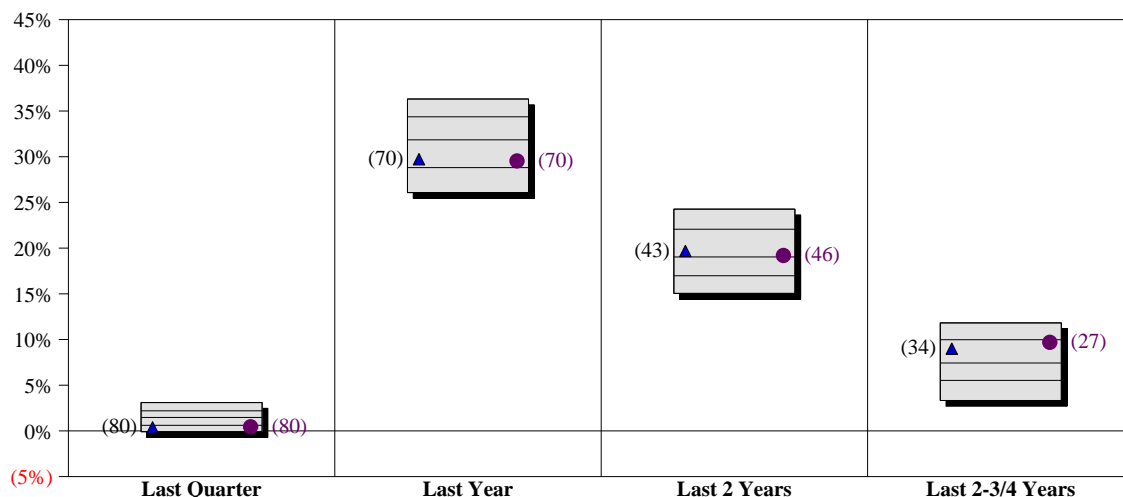
Investment Philosophy

State Street's objective is to provide the most cost-effective implementation with stringent risk control and tracking requirements.

Quarterly Summary and Highlights

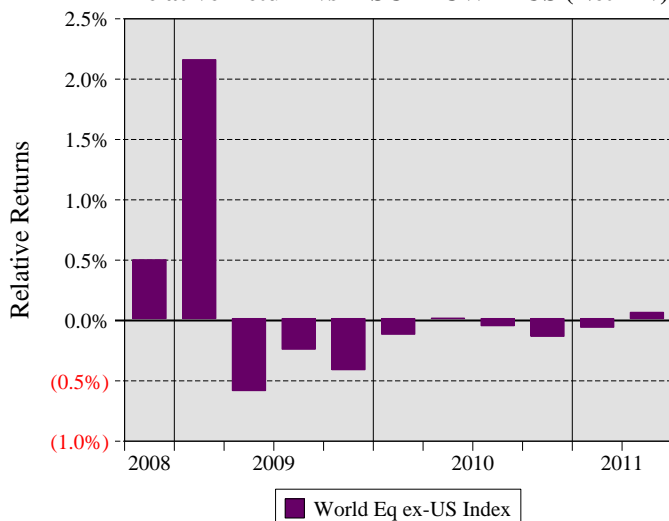
- World Eq ex-US Index's portfolio posted a 0.45% return for the quarter placing it in the 80 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 70 percentile for the last year.
- World Eq ex-US Index's portfolio outperformed the MSCI ACWI x US (Net Div) by 0.07% for the quarter and underperformed the MSCI ACWI x US (Net Div) for the year by 0.19%.

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

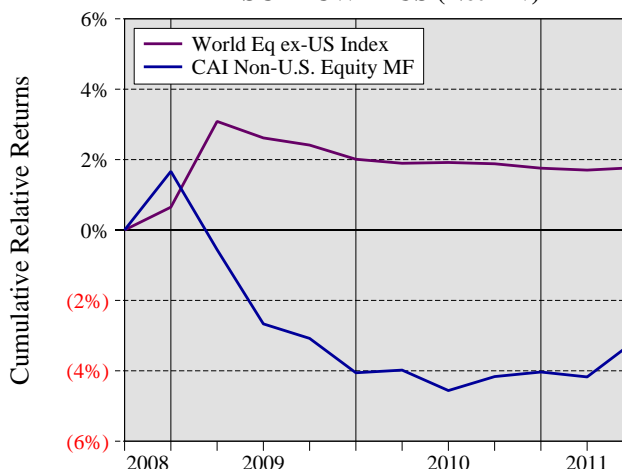


10th Percentile	3.10	36.32	24.27	11.82
25th Percentile	2.20	34.37	22.07	9.98
Median	1.47	31.85	19.04	7.43
75th Percentile	0.61	28.81	16.98	5.53
90th Percentile	(0.09)	26.07	15.05	3.33
World Eq ex-US Index ●	0.45	29.54	19.19	9.70
MSCI ACWI x US (Net Div) ▲	0.38	29.73	19.69	9.00

Relative Return vs MSCI ACWI x US (Net Div)



Cumulative Returns vs MSCI ACWI x US (Net Div)



LONG US TREASURY BOND INDEX PERIOD ENDED JUNE 30, 2011



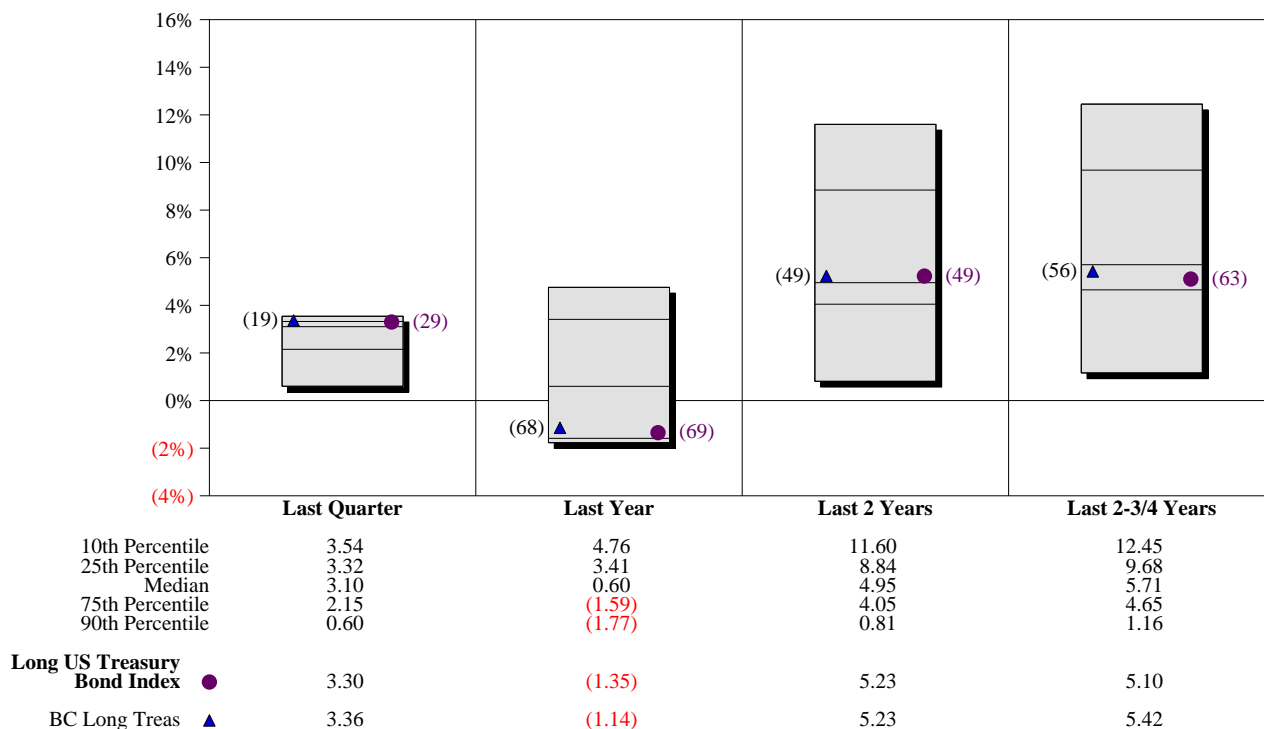
Investment Philosophy

Extended Maturity Style managers construct portfolios with average durations greater than that of the BC Gov/Corp Index. Variations in bond portfolio characteristics are made to enhance performance results

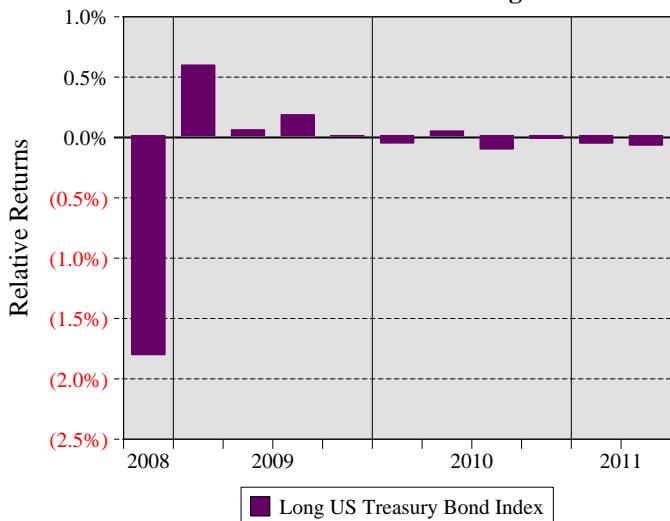
Quarterly Summary and Highlights

- Long US Treasury Bond Index's portfolio posted a 3.30% return for the quarter placing it in the 29 percentile of the CAI MF - Extended Maturity group for the quarter and in the 69 percentile for the last year.
- Long US Treasury Bond Index's portfolio underperformed the BC Long Treas by 0.06% for the quarter and underperformed the BC Long Treas for the year by 0.21%.

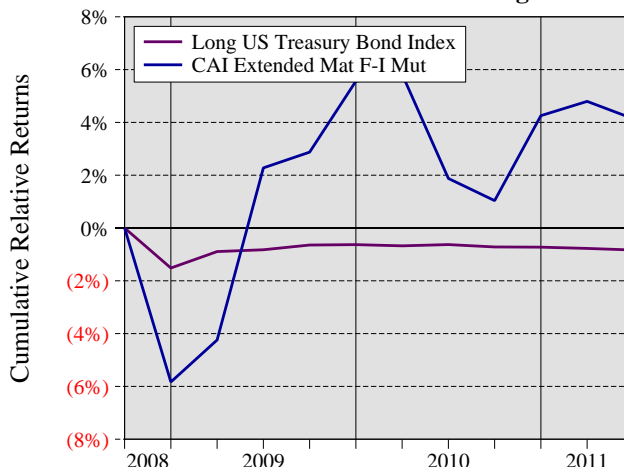
Performance vs CAI MF - Extended Maturity (Net)



Relative Return vs BC Long Treas



Cumulative Returns vs BC Long Treas



US TREASURY INFL PRTECD SEC INDEX PERIOD ENDED JUNE 30, 2011



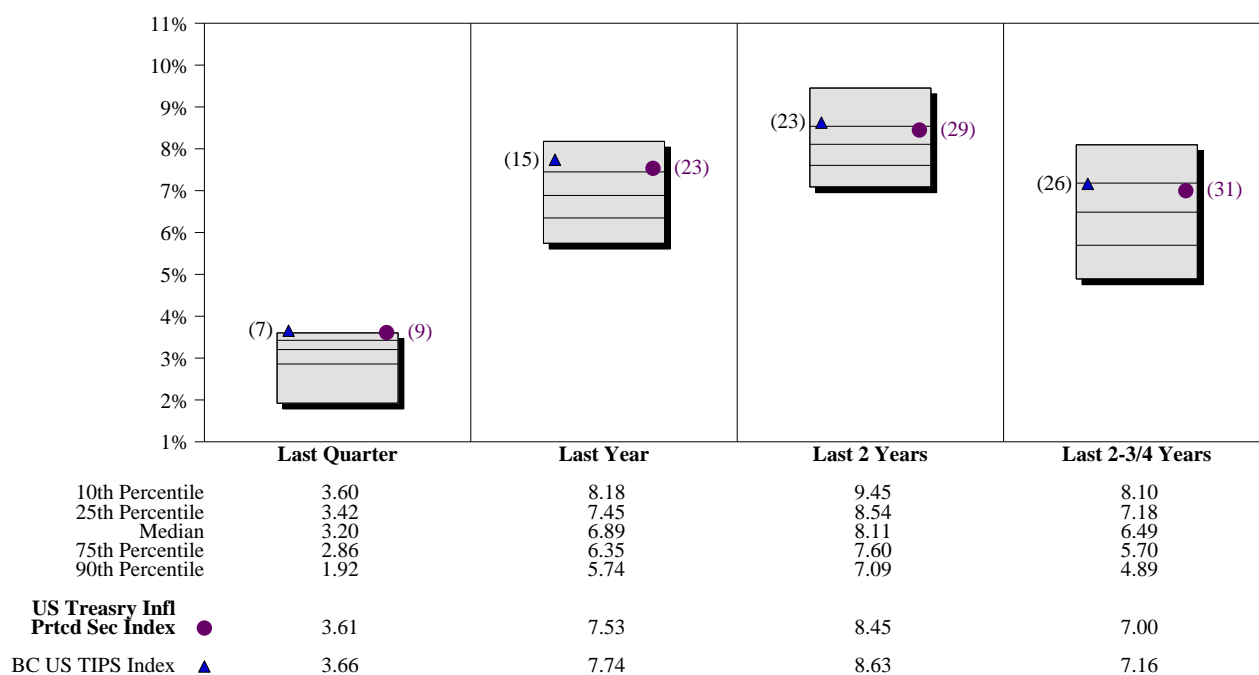
Investment Philosophy

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.

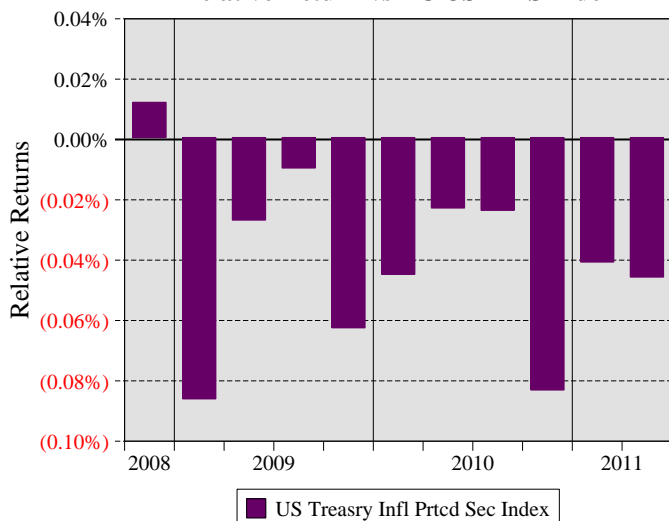
Quarterly Summary and Highlights

- US Treasury Infl Prtcd Sec Index's portfolio posted a 3.61% return for the quarter placing it in the 9 percentile of the Lipper: TIPS Funds group for the quarter and in the 23 percentile for the last year.
- US Treasury Infl Prtcd Sec Index's portfolio underperformed the BC US TIPS Index by 0.05% for the quarter and underperformed the BC US TIPS Index for the year by 0.20%.

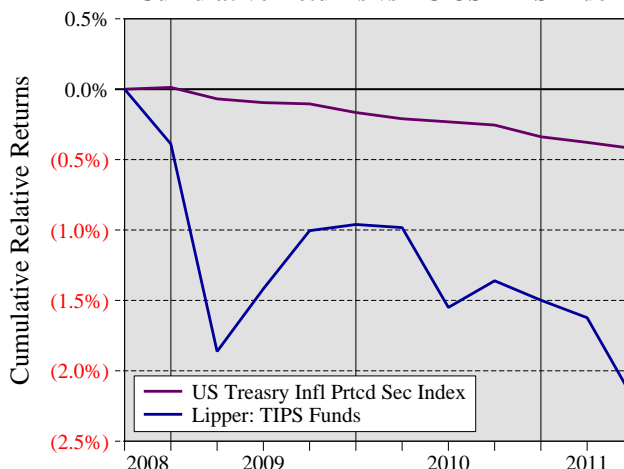
Performance vs Lipper: TIPS Funds (Net)



Relative Return vs BC US TIPS Index



Cumulative Returns vs BC US TIPS Index



WORLD GOV'T BOND EX-US INDEX PERIOD ENDED JUNE 30, 2011



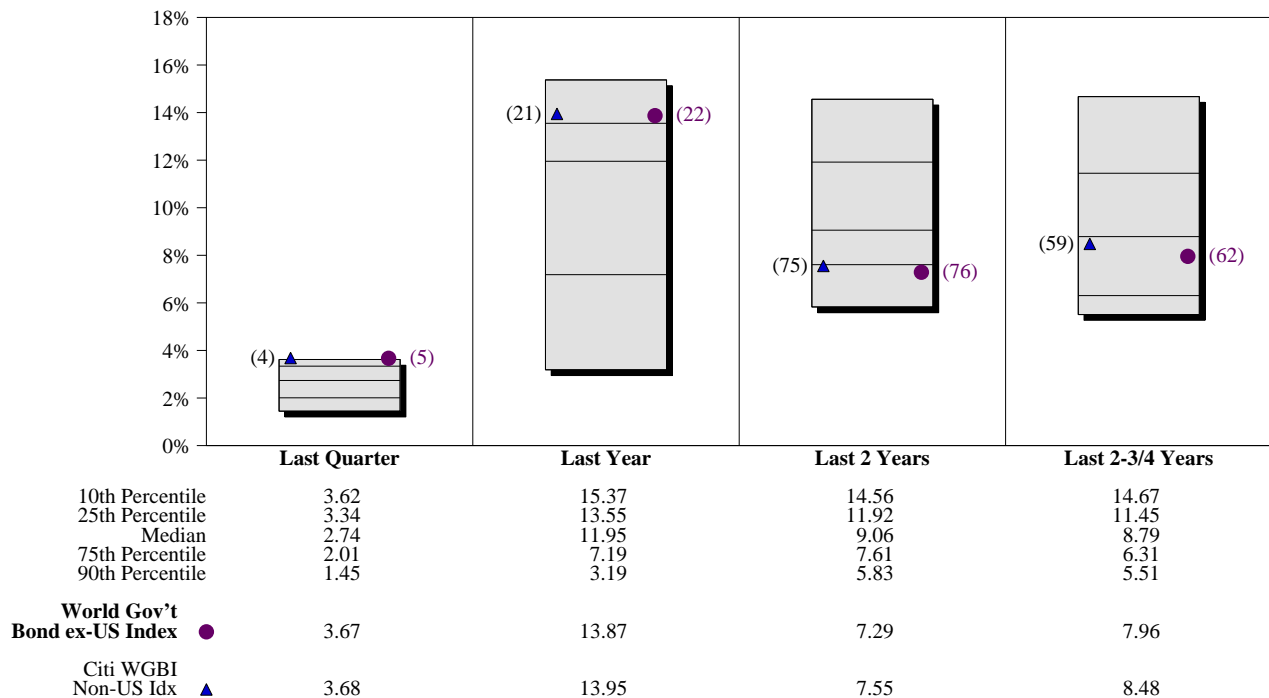
Investment Philosophy

Non-U.S. Fixed-Income Style managers generally invest their assets only in non-U.S. fixed-income securities. These funds seek to take advantage of international currency and interest rate movements, bond yields, and/or international diversification.

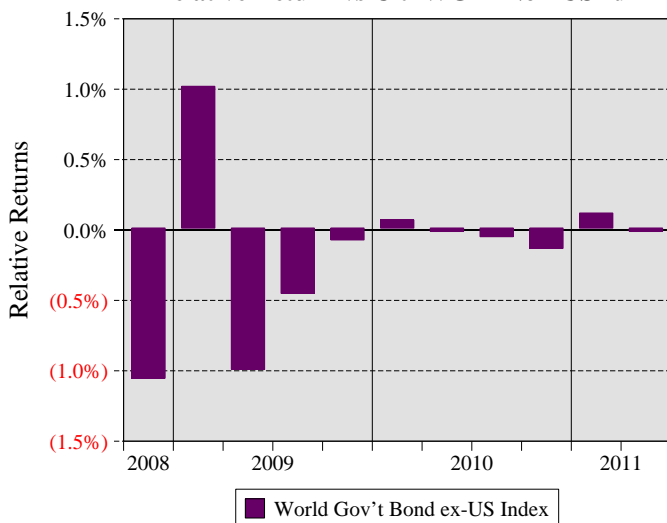
Quarterly Summary and Highlights

- World Gov't Bond ex-US Index's portfolio posted a 3.67% return for the quarter placing it in the 5 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 22 percentile for the last year.
- World Gov't Bond ex-US Index's portfolio underperformed the Citi WGBI Non-US Idx by 0.01% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.07%.

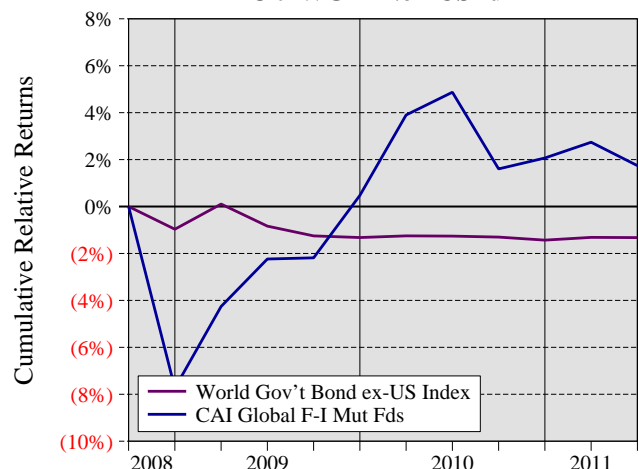
Performance vs CAI MF - Global Fixed Income Style (Net)



Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx



US REAL ESTATE INVMT TR INDEX PERIOD ENDED JUNE 30, 2011



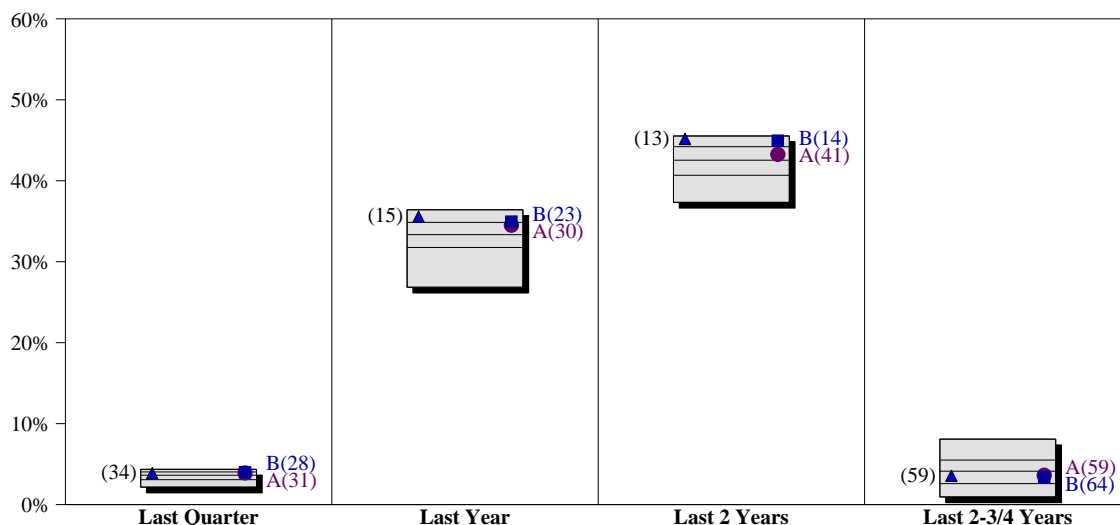
Investment Philosophy

Mutual fund database group consisting of funds that invest in Real Estate Investment Trusts (REITs).

Quarterly Summary and Highlights

- US Real Estate Invmt Tr Index's portfolio posted a 3.91% return for the quarter placing it in the 31 percentile of the MF - Real Estate group for the quarter and in the 30 percentile for the last year.
- US Real Estate Invmt Tr Index's portfolio outperformed the Wilshire REIT by 0.03% for the quarter and underperformed the Wilshire REIT for the year by 1.05%.

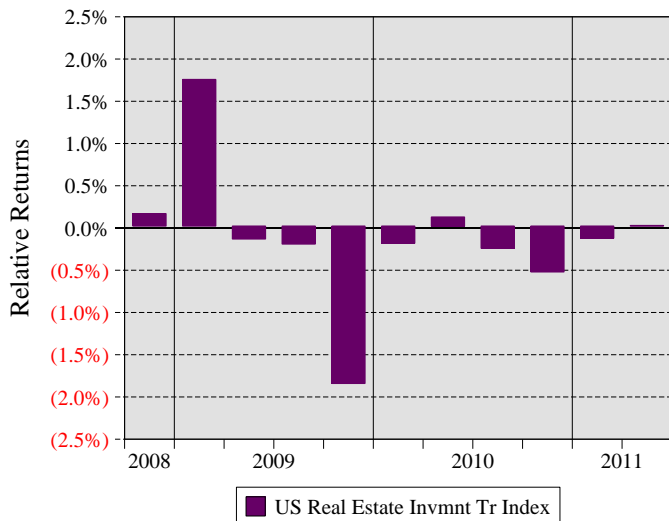
Performance vs MF - Real Estate (Net)



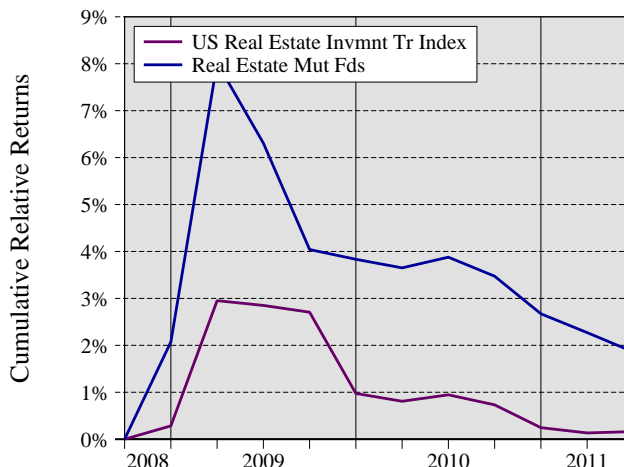
	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	4.36	36.42	45.53	8.08
25th Percentile	4.04	34.86	44.21	5.50
Median	3.63	33.34	42.54	4.12
75th Percentile	3.08	31.76	40.68	2.59
90th Percentile	2.16	26.85	37.33	0.95

	A	B	
US Real Estate Invmt Tr Index	3.91		
US Select REIT Index		3.97	
Wilshire REIT			3.88

Relative Return vs Wilshire REIT



Cumulative Returns vs Wilshire REIT



STATE STREET INST TRSRY MM PERIOD ENDED JUNE 30, 2011



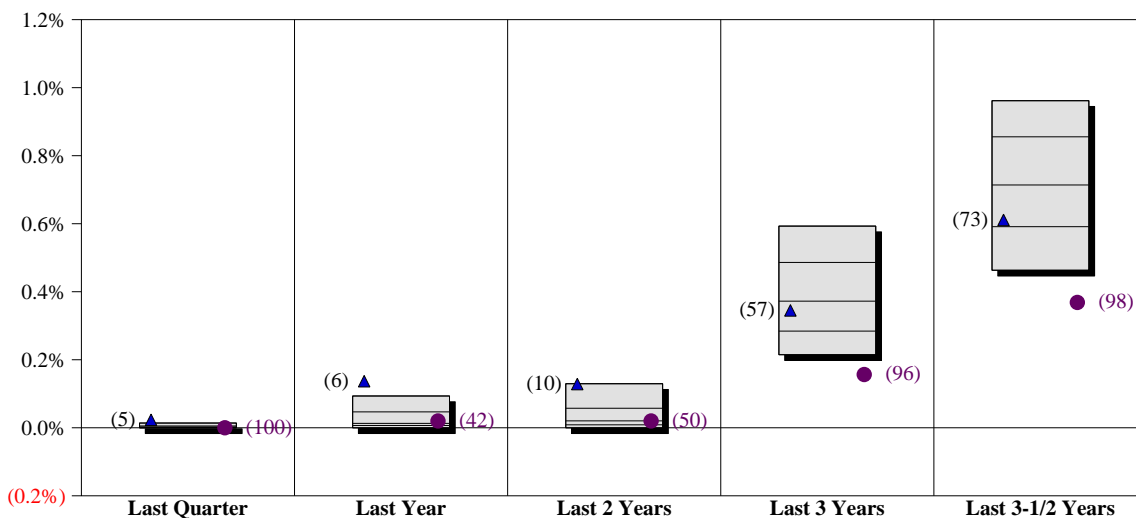
Investment Philosophy

Fund invests in high quality financial instruments rated in top two grades with dollar-weighted average maturities of less than 90 days. Intend to keep a constant NAV.

Quarterly Summary and Highlights

- State Street Inst Trsry MM's portfolio posted a 0.00% return for the quarter placing it in the 100 percentile of the Money Market Funds group for the quarter and in the 42 percentile for the last year.
- State Street Inst Trsry MM's portfolio underperformed the Citigroup 3mo T-Bills by 0.02% for the quarter and underperformed the Citigroup 3mo T-Bills for the year by 0.12%.

Performance vs Money Market Funds (Net)

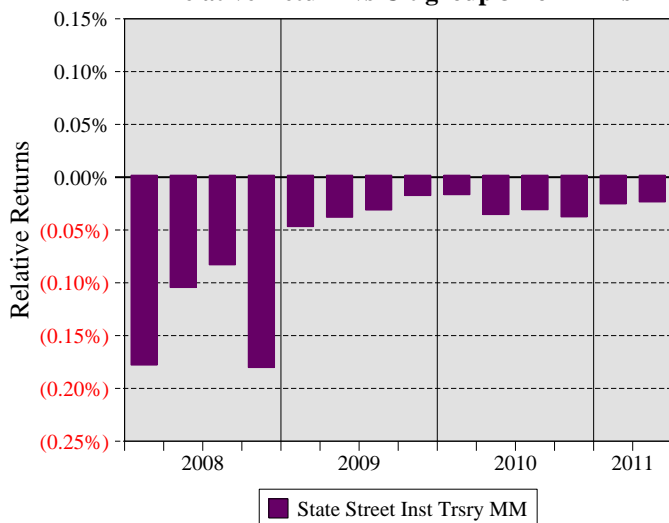


(0.2%)
10th Percentile
25th Percentile
Median
75th Percentile
90th Percentile

State Street Inst Trsry MM ●

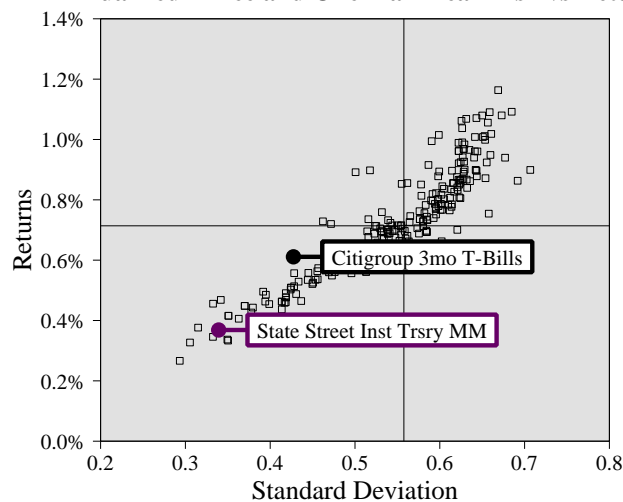
Citigroup 3mo T-Bills ▲

Relative Return vs Citigroup 3mo T-Bills



■ State Street Inst Trsry MM

Money Market Funds (Net) Annualized Three and One-Half Year Risk vs Return



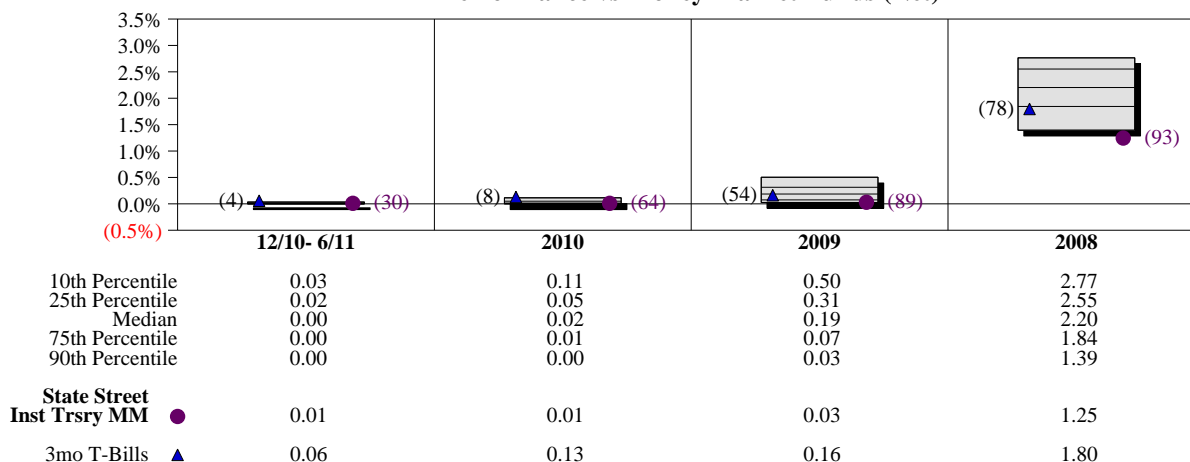
STATE STREET INST TRSRY MM RETURN ANALYSIS SUMMARY



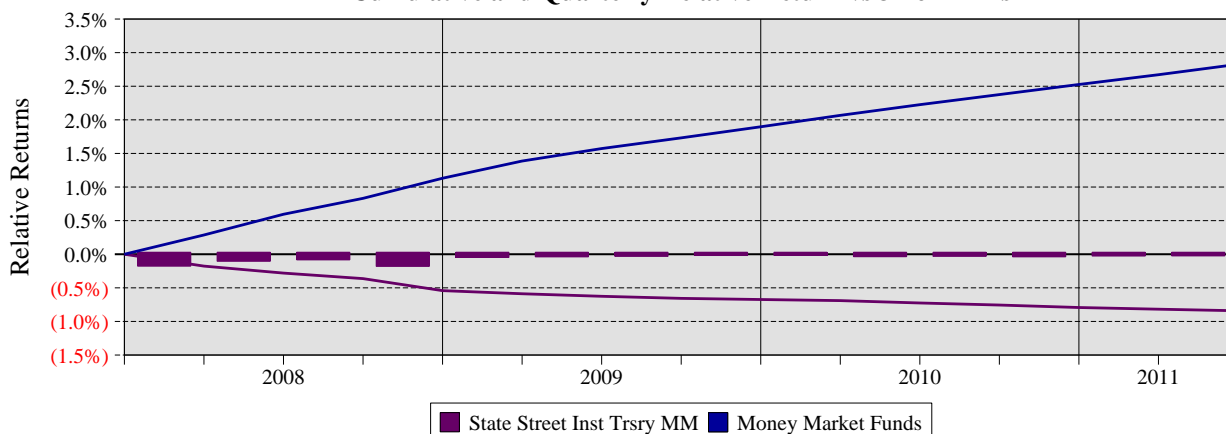
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

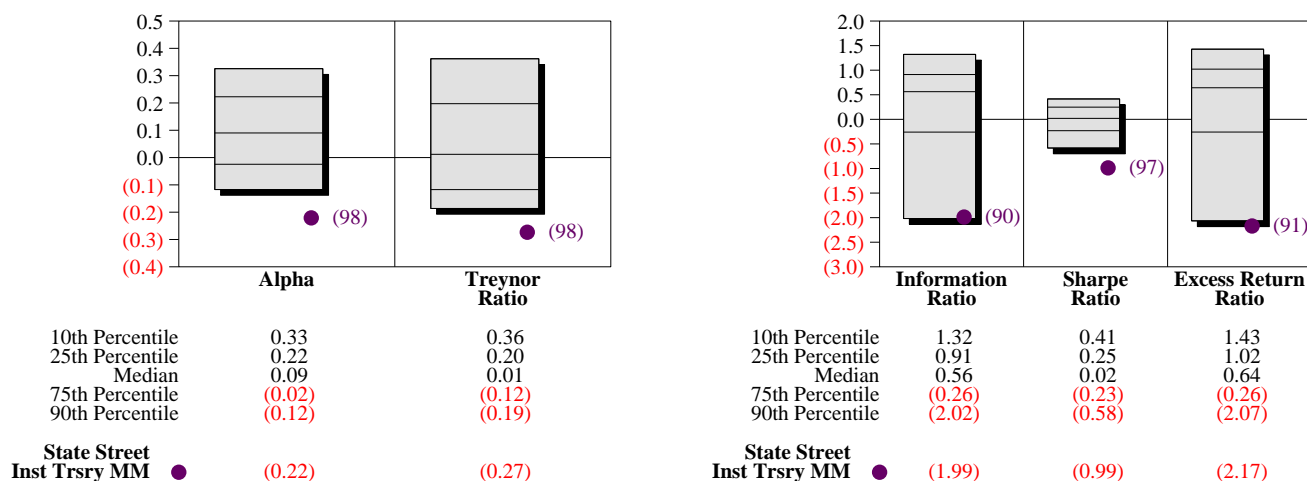
Performance vs Money Market Funds (Net)



Cumulative and Quarterly Relative Return vs 3mo T-Bills



Risk Adjusted Return Measures vs 3mo T-Bills Rankings Against Money Market Funds (Net) Three and One-Half Years Ended June 30, 2011



BLACKROCK GOVT/CREDIT FUND PERIOD ENDED JUNE 30, 2011



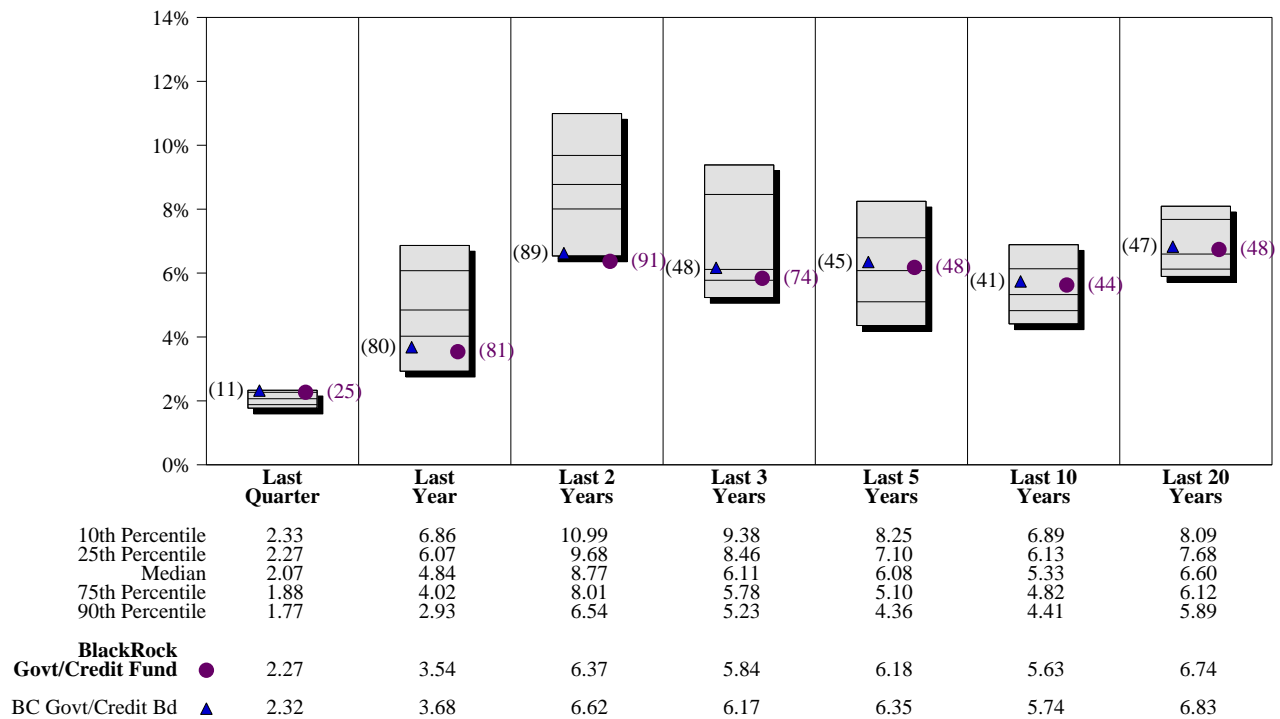
Investment Philosophy

Core Bond Style mutual funds aim to achieve value added from sector and/or issue selection. Funds are constructed to approximate the investment results of the Barclays Capital Gov/Corp Index or the BC Aggregate Index with little duration variability around the index.

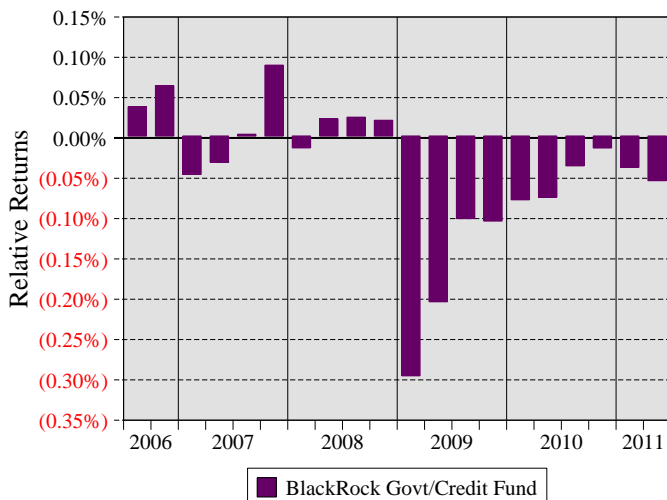
Quarterly Summary and Highlights

- BlackRock Govt/Credit Fund's portfolio posted a 2.27% return for the quarter placing it in the 25 percentile of the CAI MF - Core Bond Style group for the quarter and in the 81 percentile for the last year.
- BlackRock Govt/Credit Fund's portfolio underperformed the BC Govt/Credit Bd by 0.05% for the quarter and underperformed the BC Govt/Credit Bd for the year by 0.14%.

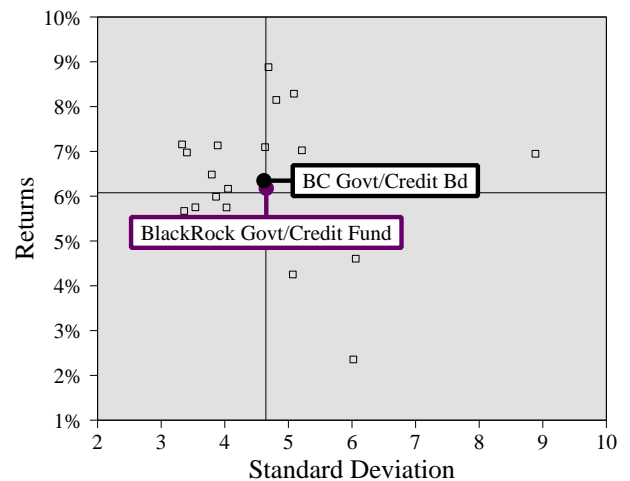
Performance vs CAI MF - Core Bond Style (Net)



Relative Return vs BC Govt/Credit Bd



CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return



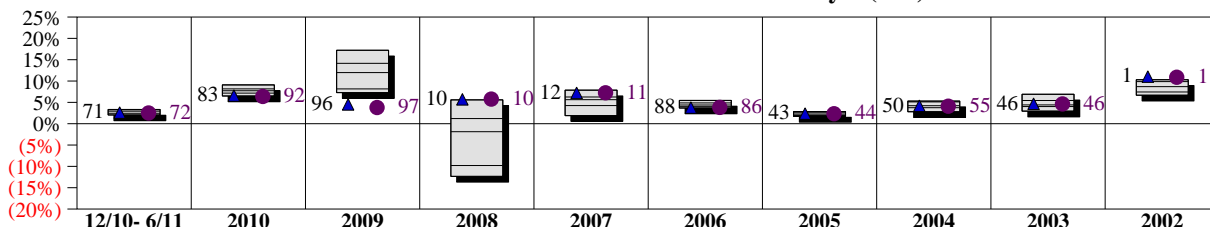
BLACKROCK GOVT/CREDIT FUND RETURN ANALYSIS SUMMARY



Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

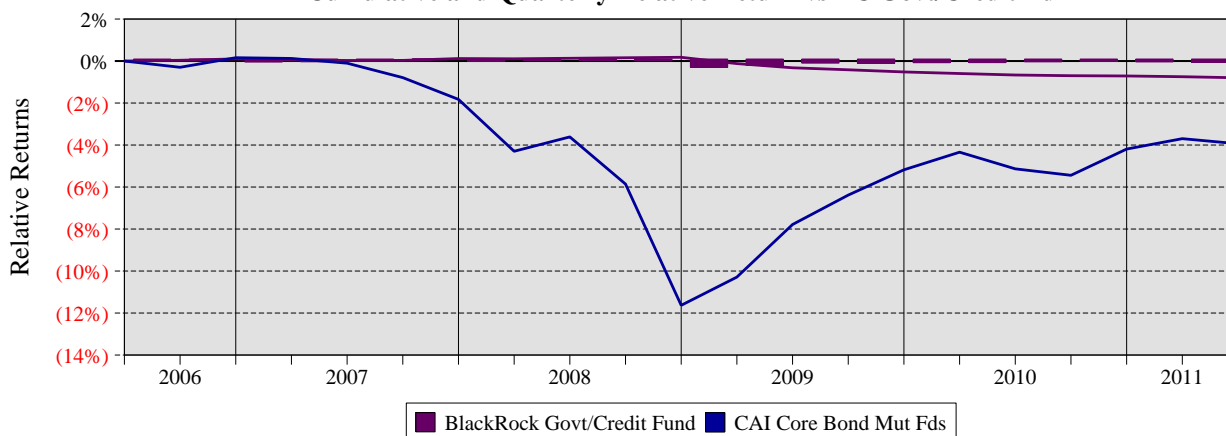
Performance vs CAI MF - Core Bond Style (Net)



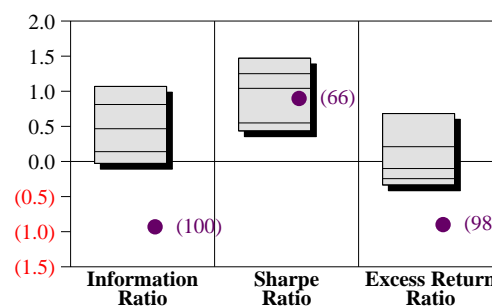
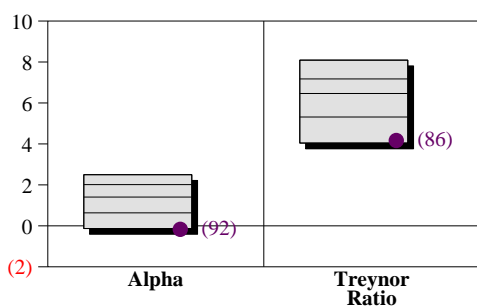
10th Percentile	3.34	9.09	17.21	5.59	7.86	5.45	2.85	5.30	6.90	10.31
25th Percentile	3.27	8.16	14.15	1.21	6.27	4.87	2.57	5.11	5.44	9.87
Median	2.94	7.73	11.98	(1.88)	5.63	4.38	2.24	4.22	4.41	8.69
75th Percentile	2.44	7.17	8.16	(9.80)	4.25	3.99	1.93	3.75	4.02	7.44
90th Percentile	2.05	6.49	7.29	(12.35)	1.90	3.67	1.70	2.81	2.94	6.68

BlackRock Govt/Credit Fund	●	2.52	6.39	3.79	5.77	7.24	3.82	2.34	4.10	4.63	10.89
BC Govt/Credit Bd	▲	2.61	6.59	4.52	5.70	7.23	3.78	2.37	4.19	4.67	11.04

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 June 30, 2011



10th Percentile	2.50	8.09	10th Percentile	1.07	1.47	0.68
25th Percentile	2.01	7.17	25th Percentile	0.81	1.25	0.21
Median	1.41	6.46	Median	0.47	1.04	(0.10)
75th Percentile	0.63	5.31	75th Percentile	0.14	0.55	(0.24)
90th Percentile	(0.13)	4.04	90th Percentile	(0.03)	0.44	(0.33)

BlackRock Govt/Credit Fund	●	(0.17)	4.17	BlackRock Govt/Credit Fund	●	(0.93)	0.90	(0.90)
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INTERMEDIATE BOND FUND PERIOD ENDED JUNE 30, 2011



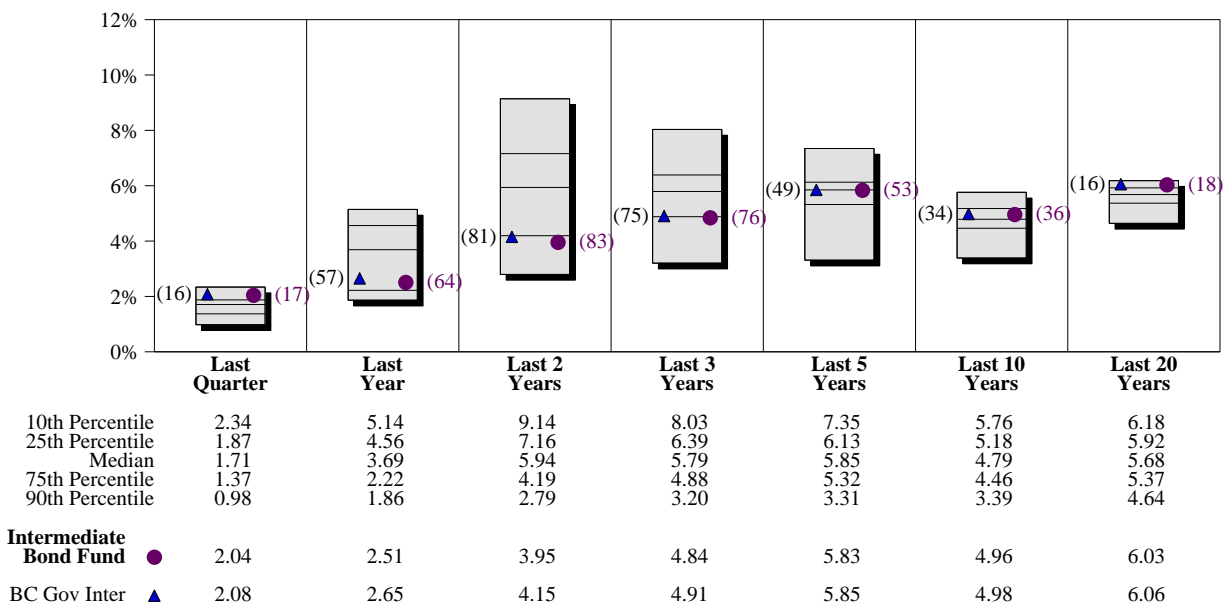
Investment Philosophy

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.

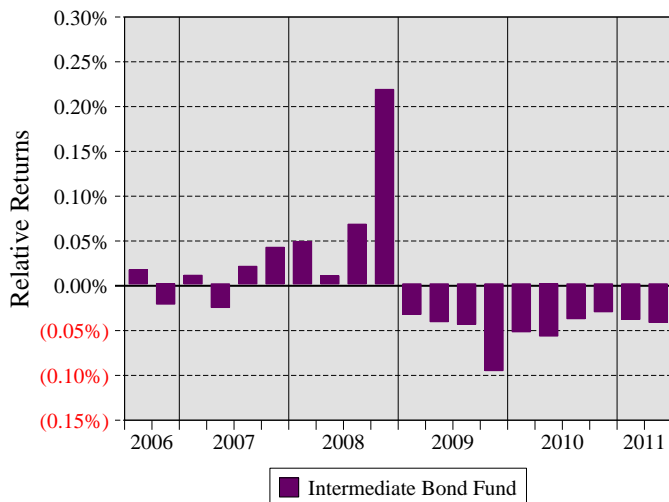
Quarterly Summary and Highlights

- Intermediate Bond Fund's portfolio posted a 2.04% return for the quarter placing it in the 17 percentile of the CAI MF - Intermediate Style group for the quarter and in the 64 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 0.15%.

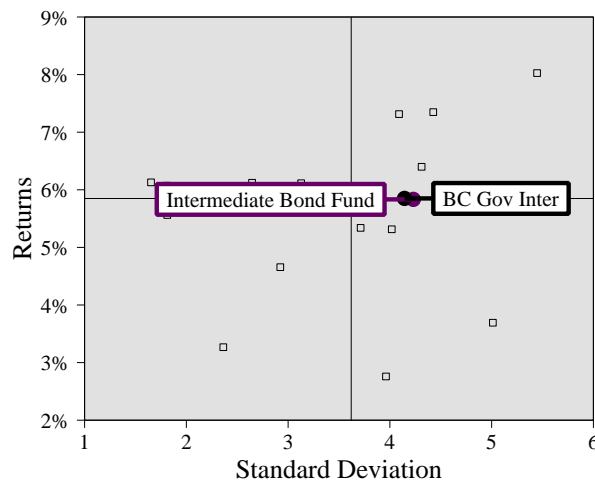
Performance vs CAI MF - Intermediate Style (Net)



Relative Return vs BC Gov Inter



CAI MF - Intermediate Style (Net) Annualized Five Year Risk vs Return



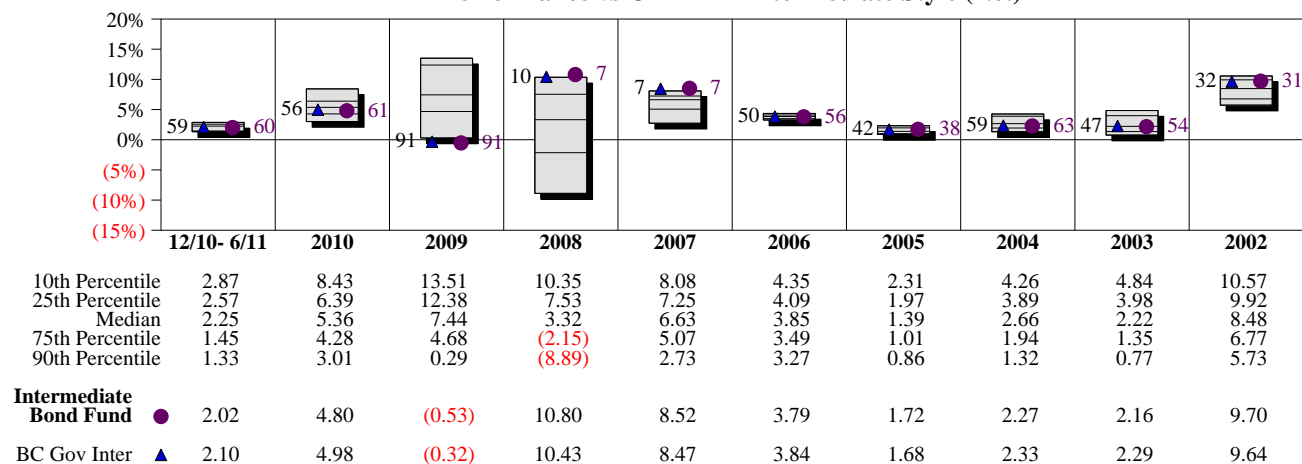


INTERMEDIATE BOND FUND RETURN ANALYSIS SUMMARY

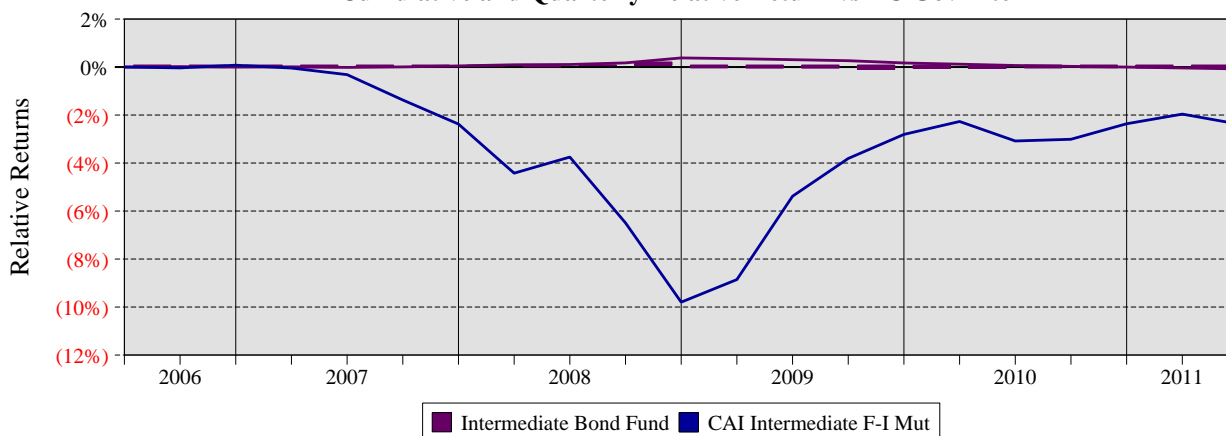
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

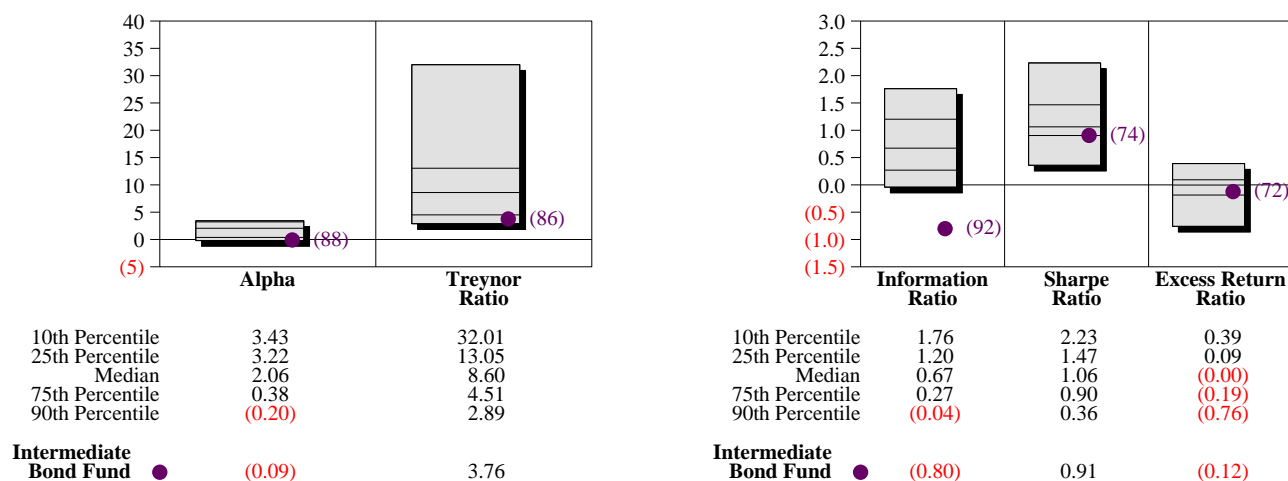
Performance vs CAI MF - Intermediate Style (Net)



Cumulative and Quarterly Relative Return vs BC Gov Inter



**Risk Adjusted Return Measures vs BC Gov Inter
Rankings Against CAI MF - Intermediate Style (Net)
Five Years Ended June 30, 2011**



BRANDES INT'L FUND PERIOD ENDED JUNE 30, 2011



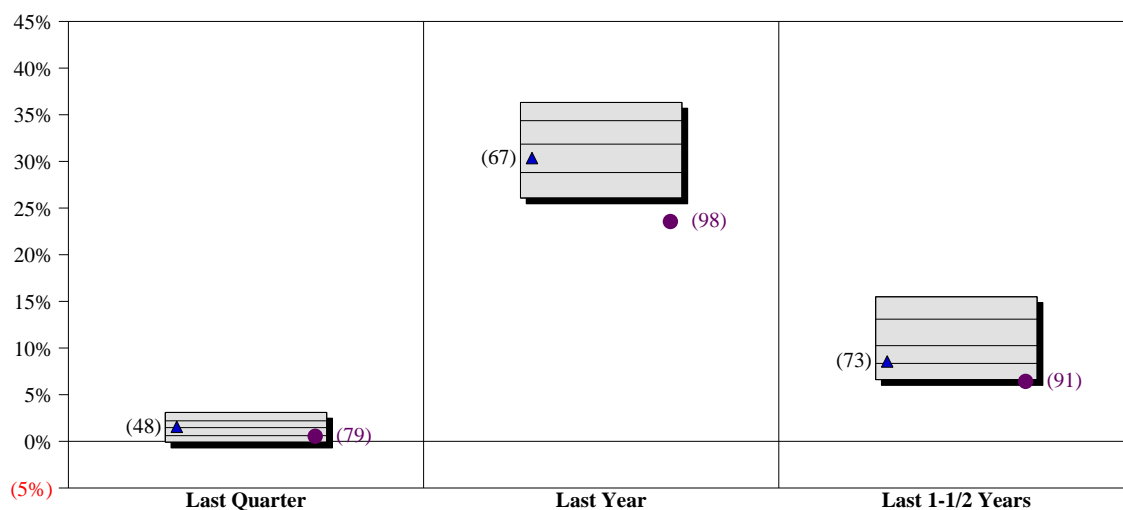
Investment Philosophy

Non-U.S. Equity Style managers invest their assets only in non-U.S. equity securities. This style group excludes regional and index funds. Brandes Inst. Int'l Equity Fund liquidated November 2009 and funded Brandes Int'l Equity Fund Fee.

Quarterly Summary and Highlights

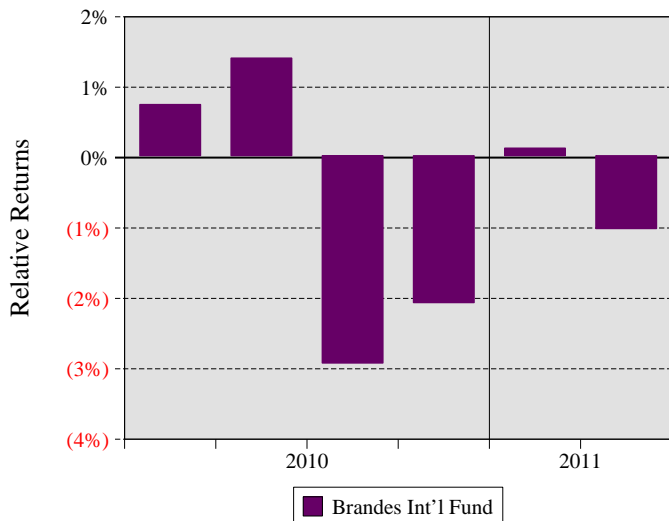
- Brandes Int'l Fund's portfolio posted a 0.55% return for the quarter placing it in the 79 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 98 percentile for the last year.
- Brandes Int'l Fund's portfolio underperformed the MSCI EAFE Index by 1.01% for the quarter and underperformed the MSCI EAFE Index for the year by 6.80%.

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

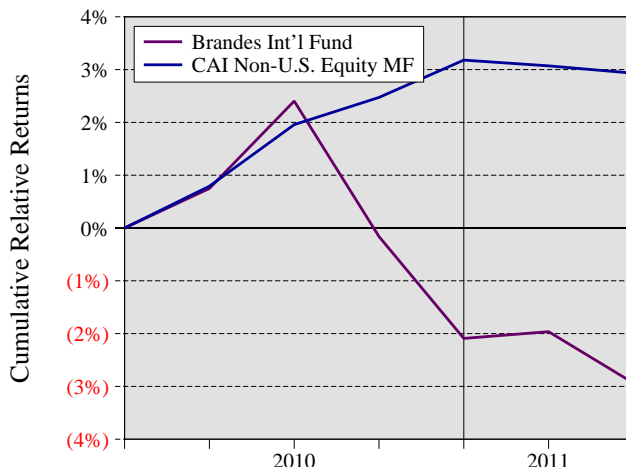


	Last Quarter	Last Year	Last 1-1/2 Years
10th Percentile	3.10	36.32	15.49
25th Percentile	2.20	34.37	13.09
Median	1.47	31.85	10.26
75th Percentile	0.61	28.81	8.35
90th Percentile	(0.09)	26.07	6.61
Brandes Int'l Fund ●	0.55	23.56	6.42
MSCI EAFE Index ▲	1.56	30.36	8.56

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



SSGA GLOBAL BALANCED PERIOD ENDED JUNE 30, 2011



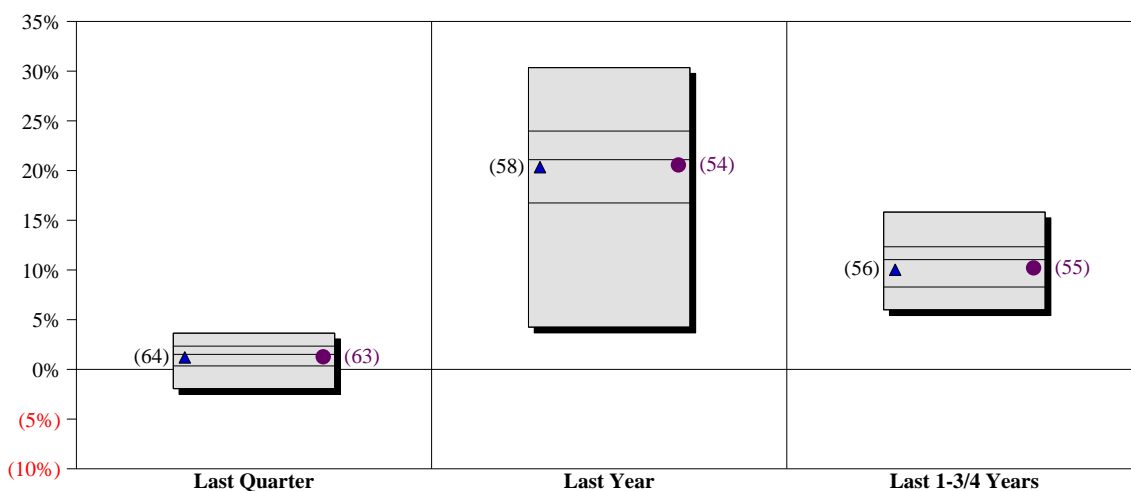
Investment Philosophy

The Global Balanced Database consists of all mutual funds that invest in international and domestic equity and fixed-income securities. Custom Benchmark is 60% MSCI ACWI Index, 30% BarCap US Agg Bond Index, and 10% Citigroup World Gov't Bond ex-US Idx.

Quarterly Summary and Highlights

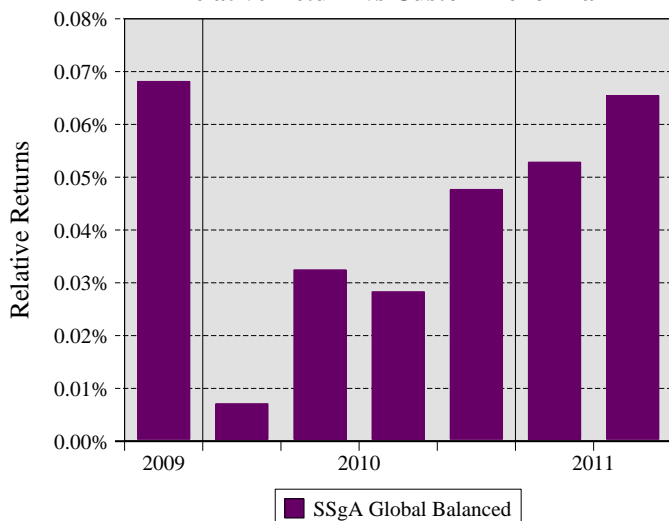
- SSgA Global Balanced's portfolio posted a 1.27% return for the quarter placing it in the 63 percentile of the CAI Int'l/Global Balanced Database group for the quarter and in the 54 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Custom Benchmark by 0.07% for the quarter and outperformed the Custom Benchmark for the year by 0.23%.

Performance vs CAI Int'l/Global Balanced Database (Gross)

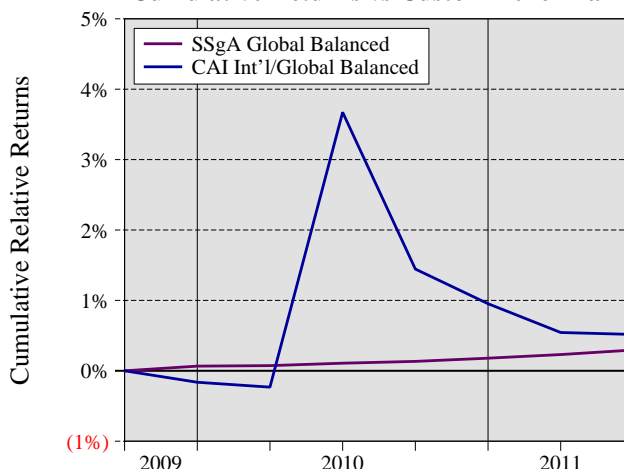


10th Percentile	3.64	30.35	15.82
25th Percentile	2.34	23.97	12.33
Median	1.51	21.10	11.04
75th Percentile	0.35	16.74	8.29
90th Percentile	(1.94)	4.25	6.00
SSgA Global Balanced	1.27	20.57	10.21
Custom Benchmark	1.20	20.34	10.03

Relative Return vs Custom Benchmark



Cumulative Returns vs Custom Benchmark



RCM - NET PERIOD ENDED JUNE 30, 2011



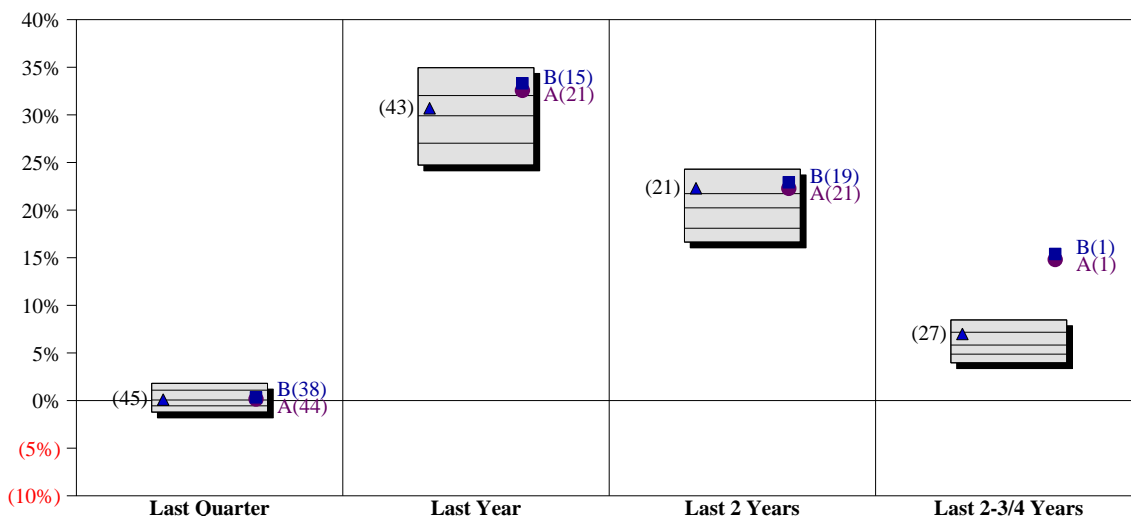
Investment Philosophy

Core Equity Style mutual funds have characteristics similar to those of the broader market as represented by the Standard & Poor's Index. Their objective is to add value over and above the index, typically from sector or issue selection.

Quarterly Summary and Highlights

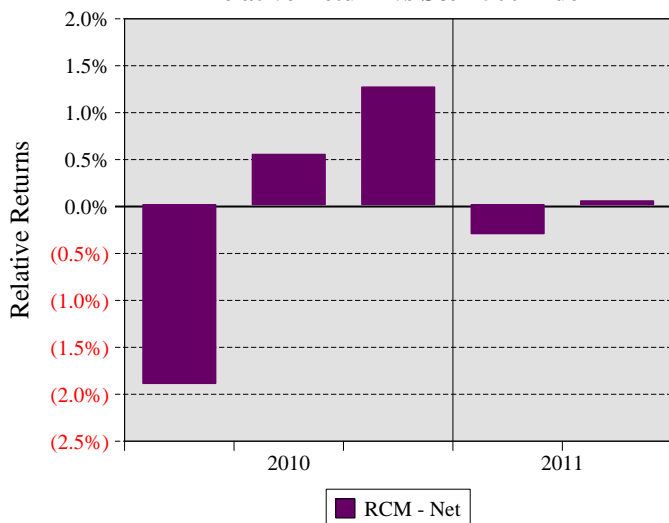
- RCM - Net's portfolio posted a 0.16% return for the quarter placing it in the 44 percentile of the CAI MF - Core Equity Style group for the quarter and in the 21 percentile for the last year.
- RCM - Net's portfolio outperformed the S&P 500 Index by 0.06% for the quarter and outperformed the S&P 500 Index for the year by 1.88%.

Performance vs CAI MF - Core Equity Style (Net)

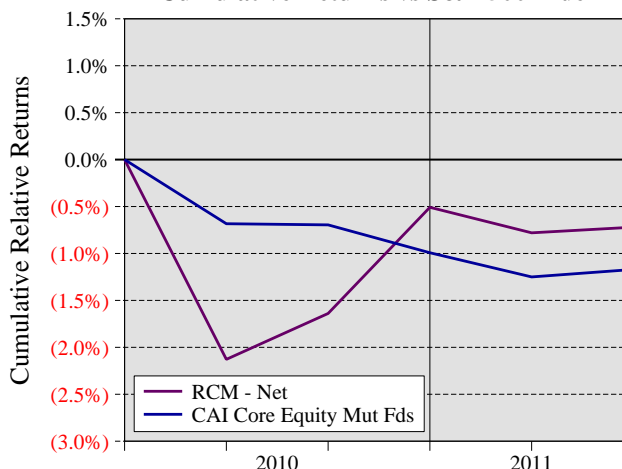


10th Percentile	1.81	34.95	24.30	8.47
25th Percentile	1.09	32.03	21.73	7.17
Median	0.06	29.90	20.24	5.83
75th Percentile	(0.55)	27.02	18.09	4.88
90th Percentile	(1.21)	24.73	16.64	3.96
RCM - Net	0.16	32.57	22.28	14.81
RCM - Gross	0.34	33.32	22.92	15.39
S&P 500 Index	0.10	30.69	22.29	6.99

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



T. ROWE PRICE SMALL-CAP STOCK TRUST PERIOD ENDED JUNE 30, 2011



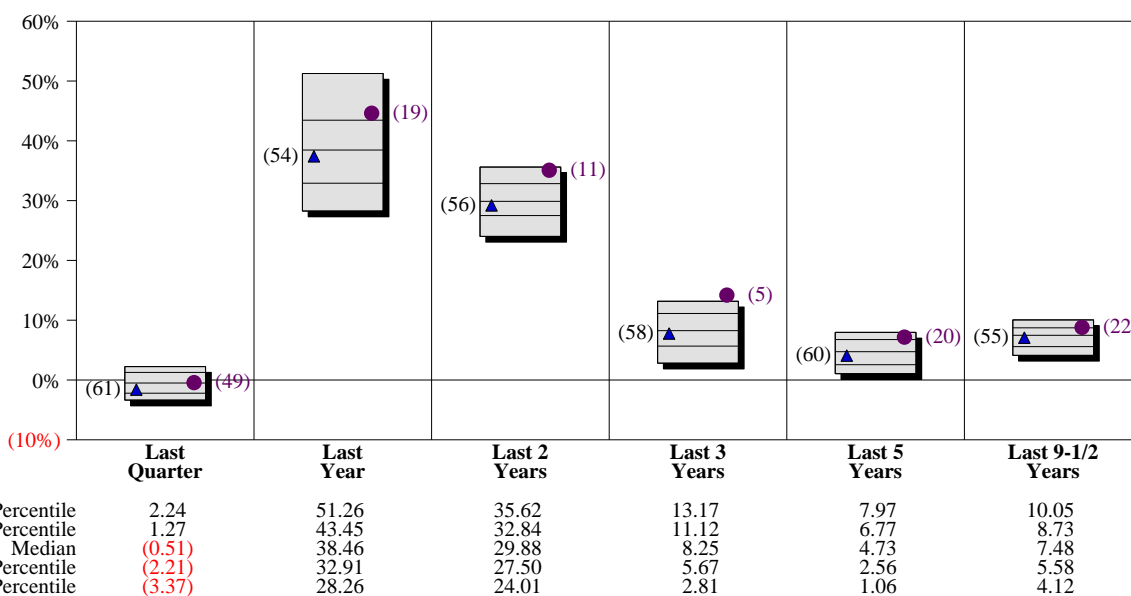
Investment Philosophy

Small Cap Style mutual funds invest in companies with relatively small capitalizations of approximately \$400 million. The companies generally exhibit greater volatility than the broader market, and dividend yields below the broader market.

Quarterly Summary and Highlights

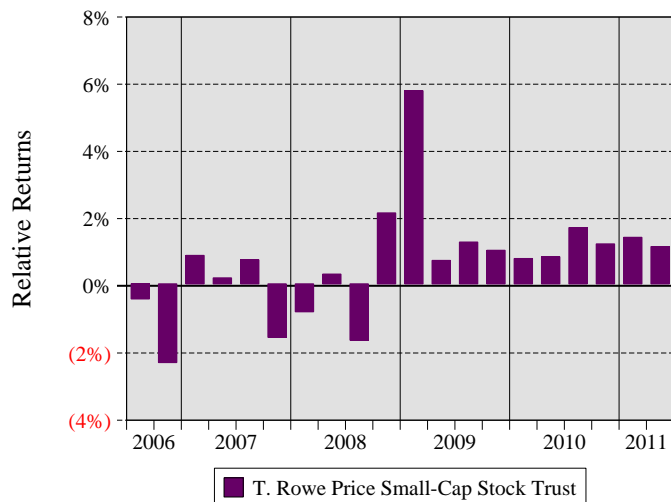
- T. Rowe Price Small-Cap Stock Trust's portfolio posted a (0.44)% return for the quarter placing it in the 49 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 19 percentile for the last year.
- T. Rowe Price Small-Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 1.17% for the quarter and outperformed the Russell 2000 Index for the year by 7.21%.

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

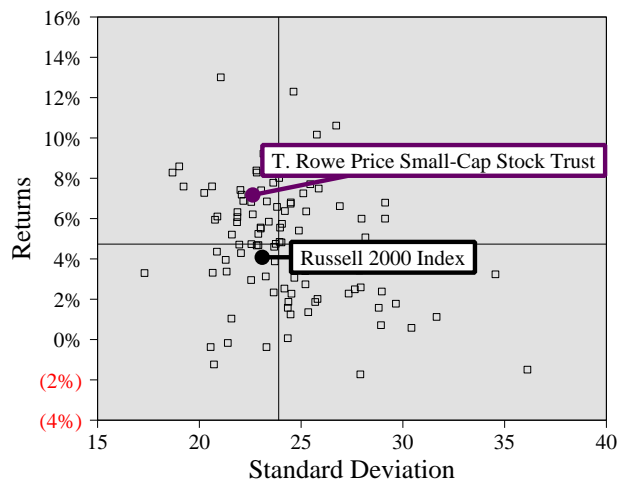


		Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/2 Years
T. Rowe Price Small-Cap Stock Trust	●	(0.44)	44.62	35.08	14.20	7.17	8.80
Russell 2000 Index	▲	(1.61)	37.41	29.20	7.77	4.08	7.08

Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net) Annualized Five Year Risk vs Return



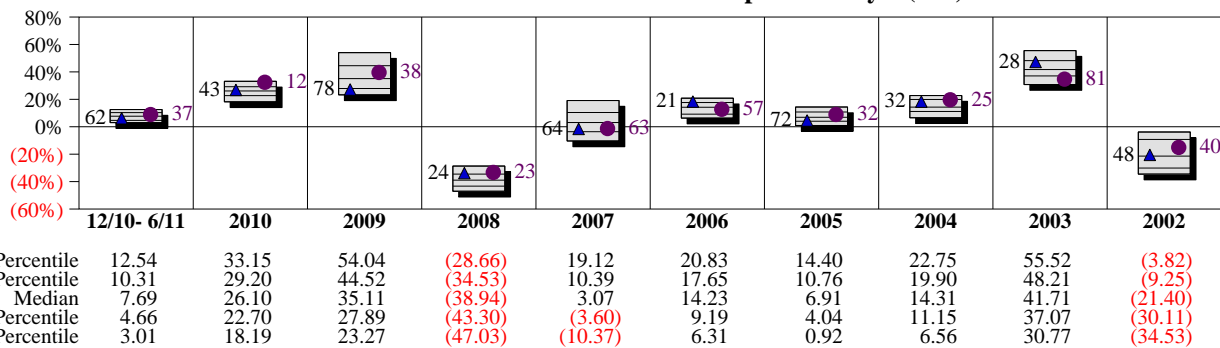


T. ROWE PRICE SMALL-CAP STOCK TRUST RETURN ANALYSIS SUMMARY

Return Analysis

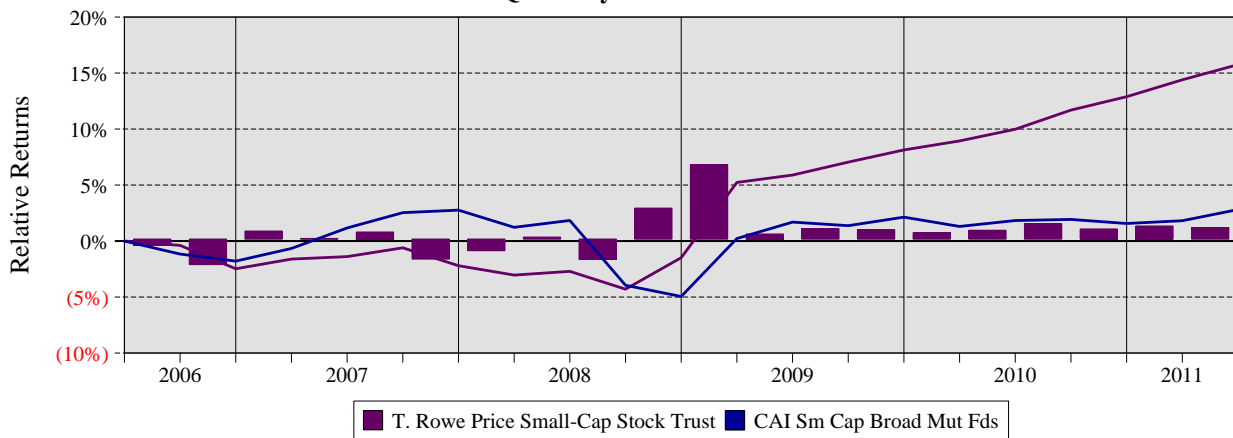
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

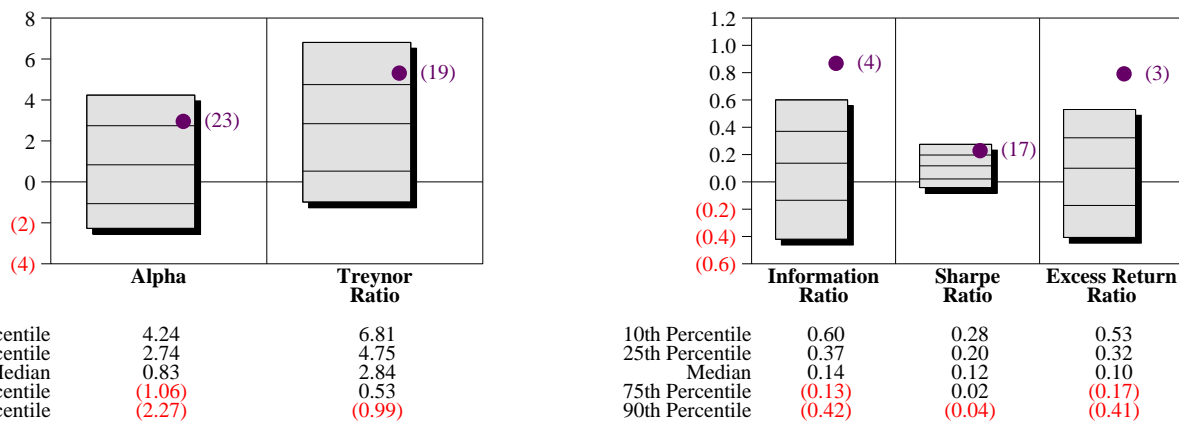


	12/10- 6/11	2010	2009	2008	2007	2006	2005	2004	2003	2002
T. Rowe Price Small-Cap Stock Trust	8.90	32.43	39.59	(33.30)	(1.29)	12.74	8.94	19.67	34.72	(15.06)
Russell 2000 Index	6.21	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25	(20.48)

Cumulative and Quarterly Relative Return vs Russell 2000 Index



**Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI MF - Small Cap Broad Style (Net)
Five Years Ended June 30, 2011**



T. Rowe Price Small-Cap Stock Trust	2.95	5.31	0.87	0.23	0.79
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T. ROWE PRICE STABLE VALUE FUND PERIOD ENDED JUNE 30, 2011

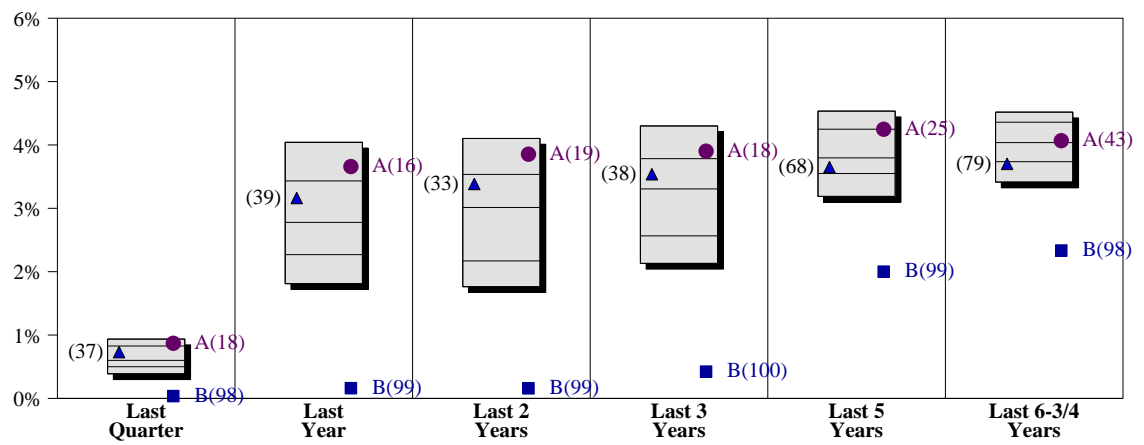
Investment Philosophy

The Stable Value database group is comprised of funds that invest primarily in Guaranteed Investment Contracts (GICs) and Synthetic Investment Contracts (SICs) to provide principal protection, stable book value and a guaranteed rate of return over a contractually specified time period. Common benchmarks for the universe include, but not limited to, the are the Ryan Labs GIC Master indices and the Hueler Stable Value Index.

Quarterly Summary and Highlights

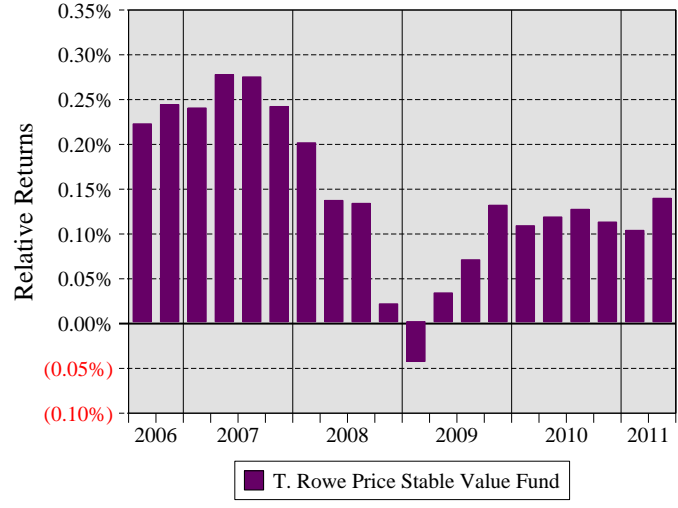
- T. Rowe Price Stable Value Fund's portfolio posted a 0.87% return for the quarter placing it in the 18 percentile of the CAI Stable Value Database group for the quarter and in the 16 percentile for the last year.
- T. Rowe Price Stable Value Fund's portfolio outperformed the 5 Yr US Treas Rolling by 0.14% for the quarter and outperformed the 5 Yr US Treas Rolling for the year by 0.50%.

Performance vs CAI Stable Value Database (Gross)

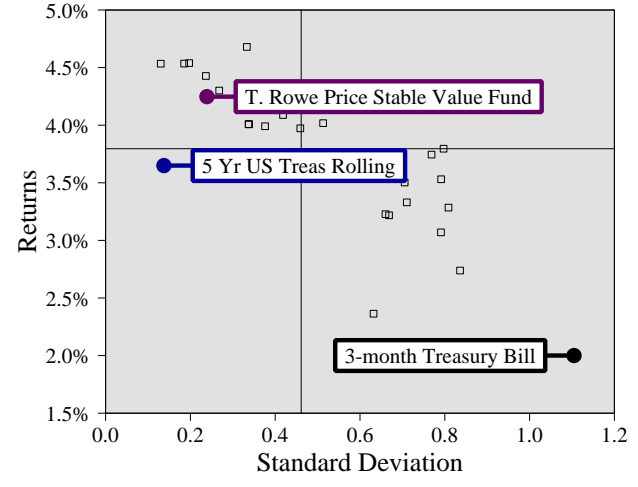


Period	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile	T. Rowe Price Stable Value Fund	3-month Treasury Bill	5 Yr US Treas Rolling
Last Quarter	0.94	0.83	0.60	0.50	0.39	0.87	0.04	0.73
Last Year	4.04	3.43	2.78	2.27	1.81	3.66	0.16	3.16
Last 2 Years	4.10	3.54	3.01	2.17	1.76	3.85	0.16	3.38
Last 3 Years	4.30	3.78	3.31	2.57	2.13	3.90	0.42	3.54
Last 5 Years	4.53	4.25	3.80	3.55	3.19	4.25	2.00	3.65
Last 6-3/4 Years	4.52	4.36	4.04	3.74	3.41	4.07	2.33	3.70

Relative Return vs 5 Yr US Treas Rolling



CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return



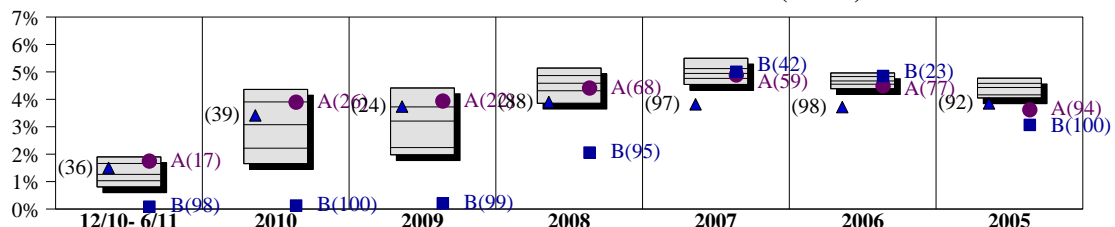


T. ROWE PRICE STABLE VALUE FUND RETURN ANALYSIS SUMMARY

Return Analysis

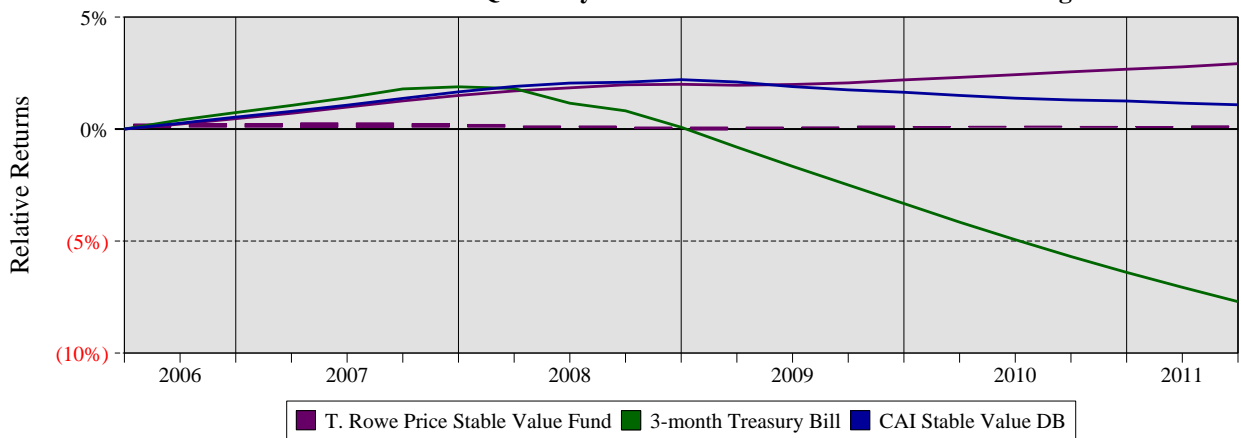
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Stable Value Database (Gross)

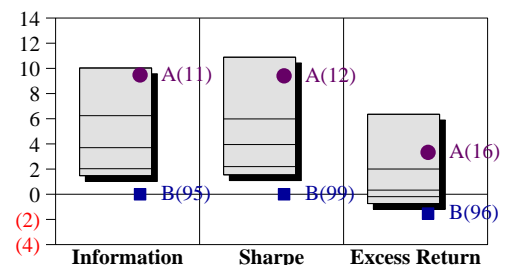
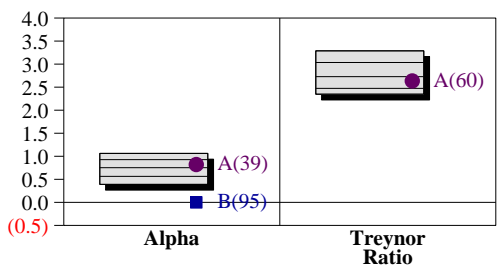


10th Percentile	1.90	4.36	4.41	5.14	5.50	4.96	4.77
25th Percentile	1.66	3.91	3.72	4.87	5.12	4.83	4.58
Median	1.26	3.07	3.21	4.59	4.94	4.67	4.43
75th Percentile	1.03	2.22	2.24	4.31	4.76	4.55	4.16
90th Percentile	0.81	1.65	1.98	3.85	4.54	4.39	4.05
T. Rowe Price Stable Value Fund	● A 1.75	3.90	3.94	4.41	4.89	4.49	3.62
3-month Treasury Bill	■ B 0.09	0.13	0.21	2.06	5.00	4.85	3.07
5 Yr US Treas Rolling	▲ 1.50	3.41	3.74	3.90	3.82	3.72	3.85

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 June 30, 2011**



10th Percentile	1.06	3.29	10th Percentile	10.03	10.89	6.35
25th Percentile	0.93	3.04	25th Percentile	6.24	5.99	2.00
Median	0.75	2.73	Median	3.70	3.95	0.33
75th Percentile	0.56	2.47	75th Percentile	2.03	2.20	(0.19)
90th Percentile	0.39	2.35	90th Percentile	1.47	1.54	(0.74)
T. Rowe Price Stable Value Fund	● A 0.82	2.64	T. Rowe Price Stable Value Fund	● A 9.48	9.41	3.33
3-month Treasury Bill	■ B 0.00	-	3-month Treasury Bill	■ B 0.00	0.00	(1.54)



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

Why Plan Sponsors Invest in Private Equity

Gary Robertson

Domestic Equity Benchmark Review: Year End 2010

Jacki Hoagland, Stephanie Meade

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

Publications

DC Observer and Callan DC Index™ – 1st Quarter 2011

Hedge Fund Monitor – 1st Quarter 2011

Capital Market Review – 2nd Quarter 2011

Quarterly Performance Data – 2nd Quarter 2011

Private Markets Trends – Spring 2011

Surveys

2011 Callan Target Date Fund Survey – June 2011

2011 DC Trends Survey – January 2011

2010 Alternative Investments Survey – November 2010



RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Presentation: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Upcoming Educational Programs

October 2011 Regional Breakfast Workshops

October 25 in New York City

October 26 in Chicago

Subject TBA – Detailed information will be sent to you in August.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

SECOND 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.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or college@callan.com.

The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com

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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 06/30/11, 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	
AQR Capital Management	Y	
Artio Global Management (fka, Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
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	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Crestline Investors	Y	Y
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		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
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		Y
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
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 America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Login Circle	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Man Investments	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y

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Manager Name	Educational Services	Consulting Services
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
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)	Y	
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	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	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
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y

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Manager Name	Educational Services	Consulting Services
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
Tradewind Global Investors	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
Board Report
with Preliminary Real Estate
June 30, 2011**

The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2011 by Callan Associates Inc.



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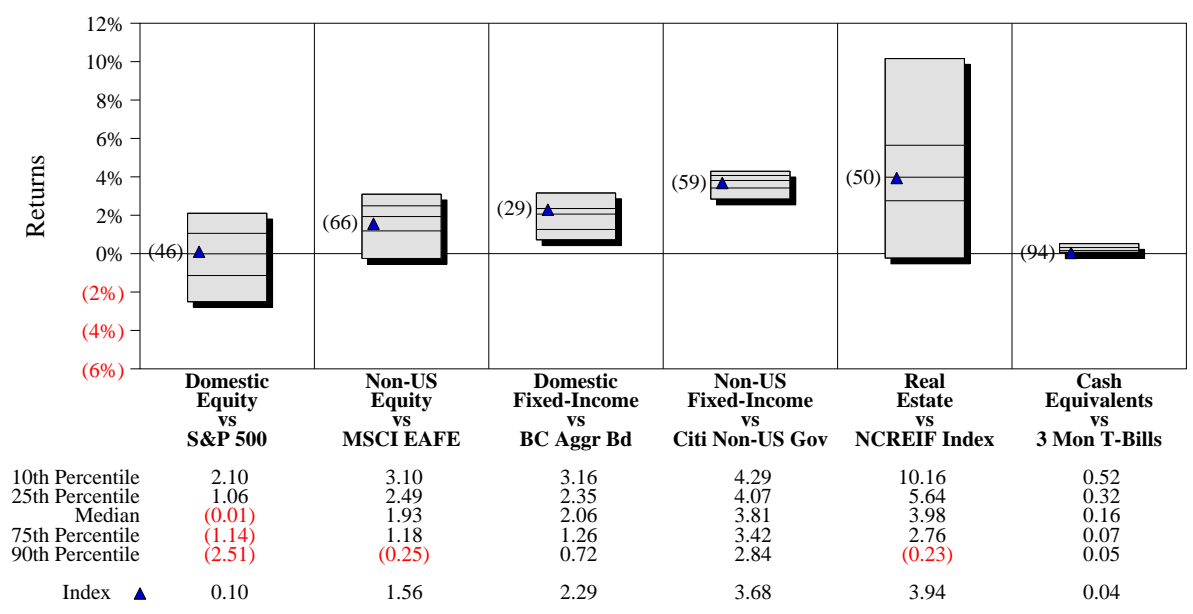
MARKET OVERVIEW

ACTIVE MANAGEMENT VS INDEX RETURNS

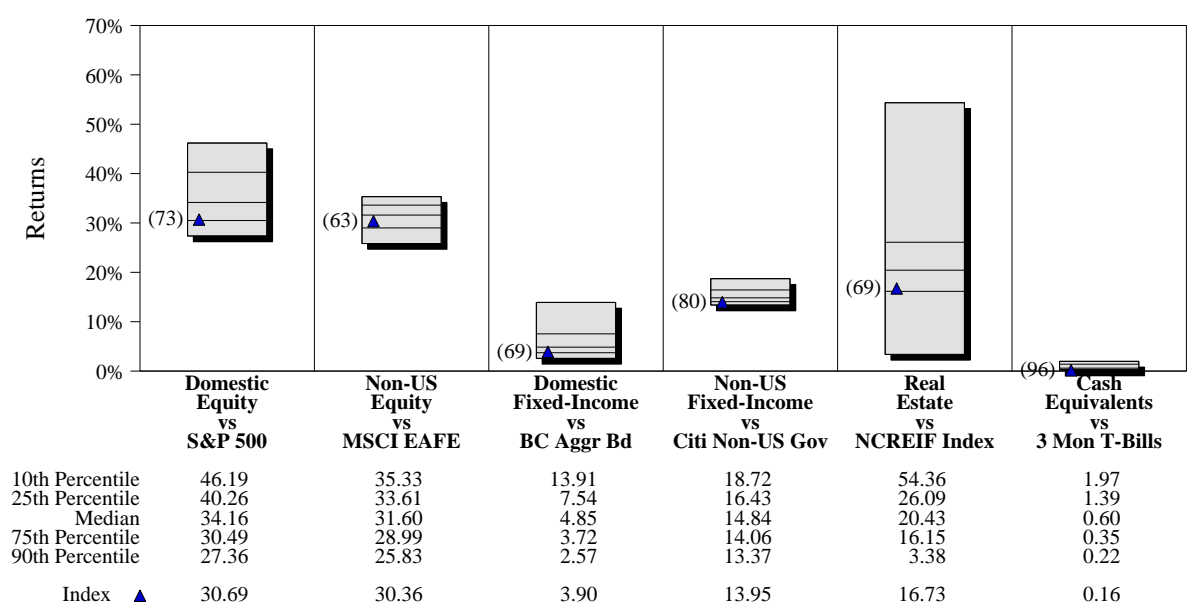
Market Overview

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

Range of Separate Account Manager Returns by Asset Class One Quarter Ended June 30, 2011



Range of Separate Account Manager Returns by Asset Class One Year Ended June 30, 2011



DOMESTIC EQUITY Active Management Overview

Active vs. the Index

After a surprisingly robust first quarter, the second quarter of 2011 delivered fewer gains, primarily influenced by the continuing European sovereign debt concern, slowing growth, and rising inflation in developing markets around the globe, especially China. This "soft patch" in the economy was caused, in part, by sluggish job growth, as well as an increase in initial unemployment claims and the general unemployment rate in the U.S. In addition to these economic maladies, the U.S. also endured a rough spring, teeming with natural disasters and a spike in oil and other commodity prices. However, the tail end of the second quarter showed positive improvements in the equity markets with cooling commodity prices and a rebound in stocks. The S&P 500 managed to finish in the black with a 0.10% return for the quarter ended June 30, 2011. The median Large Cap Core manager posted a 0.19% return, 9 basis points ahead of the S&P 500 index return. The median Mid Cap Broad manager yielded a return of -0.08% for the quarter, 65 basis points ahead of the S&P Mid Cap's return of -0.73%. Finally, the median Small Cap Broad manager finished the quarter with a -0.39% return, falling 23 basis points behind the -0.16% return generated by the S&P 600.

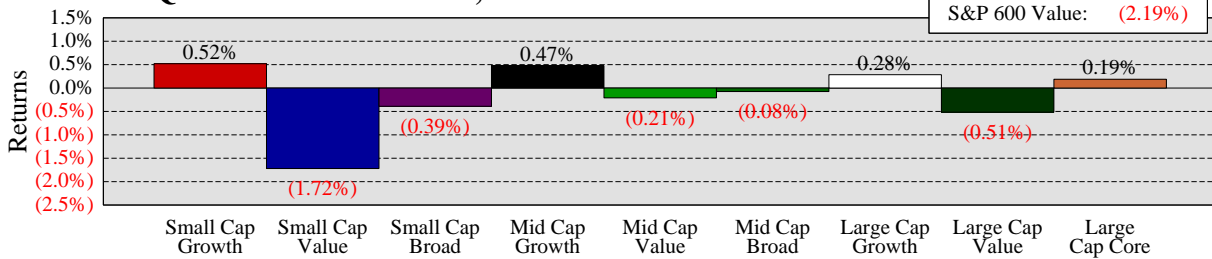
Large Cap vs. Small Cap

The second quarter of 2011 saw a slight shift in the previous trend among the Large, Mid, and Small Cap funds. The median Large Cap manager continued to produce the least volatile returns ranging from -0.51% (Large Cap Value) to 0.28% (Large Cap Growth) or 79 basis points, whereas returns for the median Mid and Small Cap managers were fairly volatile and ranged from -1.72% (Small Cap Value) to 0.52% (Small Cap Growth) or 224 basis points. Small and Mid Cap funds continued to dominate Large Cap funds over the past twelve months as well. For the year ended June 30, 2011, the median Small Cap Broad manager returned 41.22%, or 925 basis points ahead of the median Large Cap Core manager's return of 31.97%. The S&P 600 yielded a return of 37.03% for the same period, well ahead of the S&P 500's return of 30.69%.

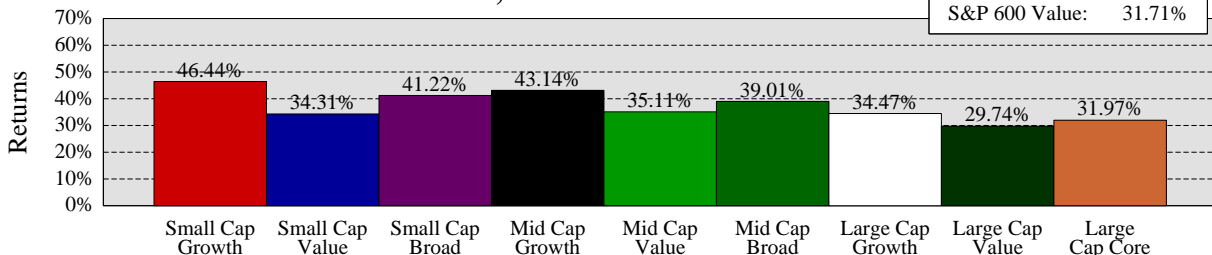
Growth vs. Value

During the second quarter of 2011, growth stocks outperformed value stocks across all capitalizations. The median Small Cap Growth manager returned 0.52%, or 224 basis points ahead of the median Small Cap Value manager's return of -1.72%. Similarly, the median Mid Cap Growth manager outperformed the Mid Cap Value manager, generating a return of 0.47%, or 68 basis points ahead of the -0.21% Mid Cap Value return. The median Large Cap Growth manager posted a return of 0.28%, 79 basis points ahead of Large Cap Value's median fund return of -0.51%. Growth funds continued to outperform Value funds for the year ended June 30, 2011. The largest return difference over the last twelve months was Small Cap, with the median Small Cap Growth manager achieving a remarkable 46.44% return, 1,213 basis points above the median Small Cap Value manager's return of 34.31%.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2011



Separate Account Style Group Median Returns for One Year Ended June 30, 2011





DOMESTIC FIXED-INCOME Active Management Overview

Active vs. the Index

With slowing concerns about the U.S. economy's recovery and the European debt crisis, the domestic fixed-income markets continued its modest, yet positive 2011 performance through the second quarter. The continued positive performance can be linked to investors moving away from the euro and yen and towards U.S. Treasuries. Extended Maturity was the top performer of the quarter, slowing toward the end of June due to the rise in interest rates. The median Core Bond fund posted a return of 2.20%, which was outperformed by the Barclays Capital Aggregate Index by 9 basis points. For the year ended June 30, 2011, the median Core Bond fund finished ahead of the index with a return of 4.87%, 97 basis points ahead of the Barclays Capital Aggregate return of 3.90%.

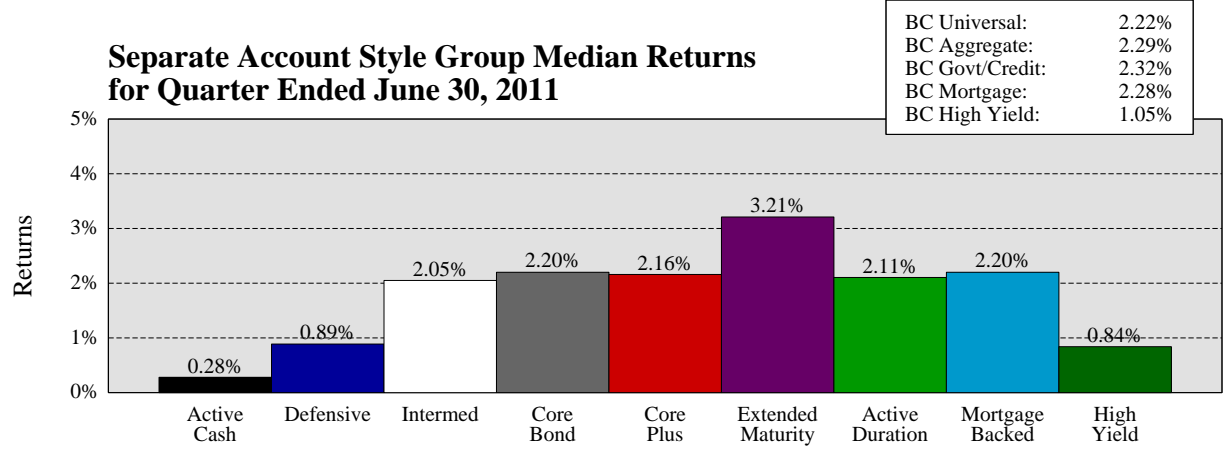
Short vs. Long Duration

Both Extended Maturity and Intermediate bond markets displayed strong second quarter performance recording much higher gains than the first quarter of 2011. The median Extended Maturity Fund gained 3.21% in the quarter ended June 30, 2011, 116 basis points above the median Intermediate Fund which gained 2.05% for the quarter. For the twelve months ended June 30, 2011, the median Extended Maturity fund showed a return of 4.95%, 66 basis points ahead of the median Intermediate Fund's return of 4.29%.

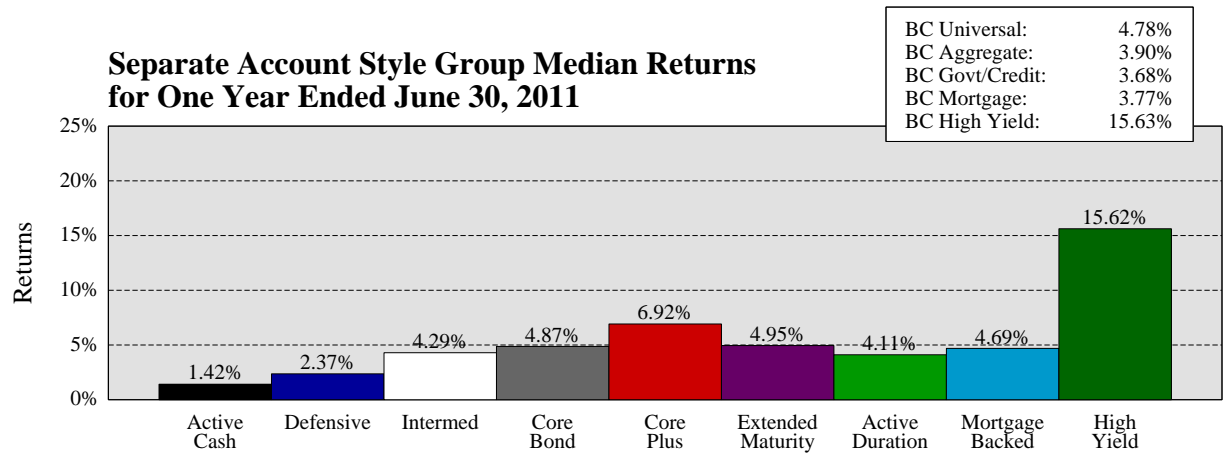
Mortgages and High Yield

The High Yield market was hit the hardest in the second quarter of 2011 as the BC High Yield index fell 97 basis points in June. Housing sales and starts remained at an all-time low despite record low 30 year mortgage rates. The median Mortgage-Backed Fund posted a positive return of 2.20% for the second quarter of 2011, underperforming the Barclays Mortgage Index's return of 2.28% by 8 basis points. For the year ended June 30, 2011, the median Mortgage-Backed Fund outperformed the Barclays Mortgage Index generating a return of 4.69%, 92 basis points higher than the 3.77% index return. High Yield funds were the worst performing group in the second quarter of 2011 with the median fund returning 0.84%, lagging the Barclays High Yield Index by 21 basis points. For the twelve months ended June 30, 2011, the median High Yield Fund produced a healthy return of 15.62%, slightly lagging the Barclays High Yield Index, which returned 15.63%.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2011



Separate Account Style Group Median Returns for One Year Ended June 30, 2011



INTERNATIONAL EQUITY Active Management Overview

Active vs. the Index

International equity markets lost momentum during the second quarter of 2011 with renewed uncertainty about the global economic recovery and continued concerns over European debt, particularly in Greece. Global tightening of monetary policies strained investor confidence as well as the stability of the markets. For the quarter ended June 30, 2011, Europe led the way with a median fund return of 3.23%, while the median Emerging Markets manager slipped into negative territory with a loss of 0.99%. For the one year ended June 30, 2011, the median Europe manager led all groups returning 36.88%, which outperformed the MSCI AC World Index by over 6%.

Europe

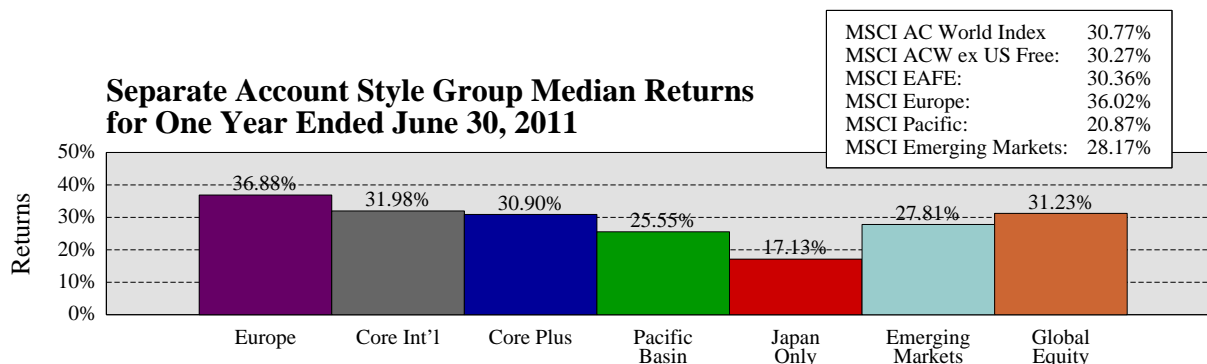
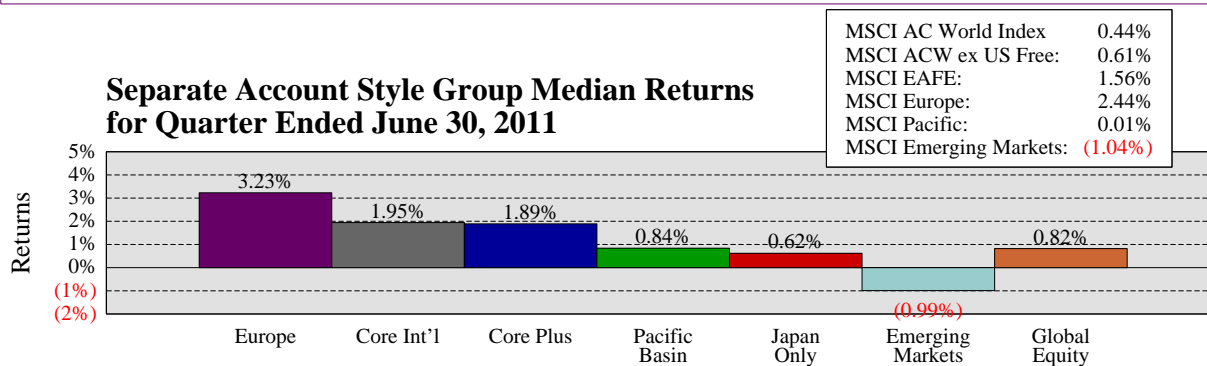
European stocks held the lead of the developed markets during the second quarter despite instability surrounding the sovereign debt crisis and concerns over rising inflation. Expected interest rate increases by the European Central Bank, coupled with recent austerity measures passed by the Greek Parliament to secure further financial aid, helped the euro achieve its second quarterly gain against the U.S. dollar. For the quarter ended June 30, 2011, the median manager gained 3.23%, besting the MSCI Europe Index by 79 basis points. For the one year ended June 30, 2011, the median manager bested the index by 0.86%.

Pacific

Japan rebounded from the devastation of the March earthquake, largely as a result of auto manufacturers restoring their operations at plants affected by the disaster. The median Japan fund return for the second quarter of 2011 showed a gain of 0.62%, beating the MSCI Pacific Index return of 0.01%. For the one year ended June 30, 2011, the median Japan fund yielded 17.13%, underperforming the index's return of 20.87%. In the southern region of the Pacific, Australia suffered from high interest rates, an overvalued Australian dollar, and residual effects from the prior quarter's cyclones and floods. For the quarter ended June 30, 2011, the median Pacific Basin manager was up 0.84%, while the MSCI Pacific Index was flat at 0.01%. For the one year ended June 30, 2011, the median Pacific Basin manager returned 25.55%, outperforming the MSCI Pacific Index by 4.68%.

Emerging Markets

Emerging Markets fell during the quarter amid troubles concerning the debt crisis in Europe and fears of global economic declines. China led the group's descent as speculation about interest rate increases and slow growth forecasts put pressure on Chinese equities. Brazil also declined as interest rates rose for the fourth time this year. Rising oil and commodity prices worldwide further hampered growth in the developing regions. For the quarter ended June 30, 2011, the return for the median manager showed a loss of 0.99%, yet managed to beat the MSCI Emerging Markets Index return of -1.04%. For the one year ended June 30, 2011, the median manager yielded 27.81%, underperforming the index's return of 28.17%.





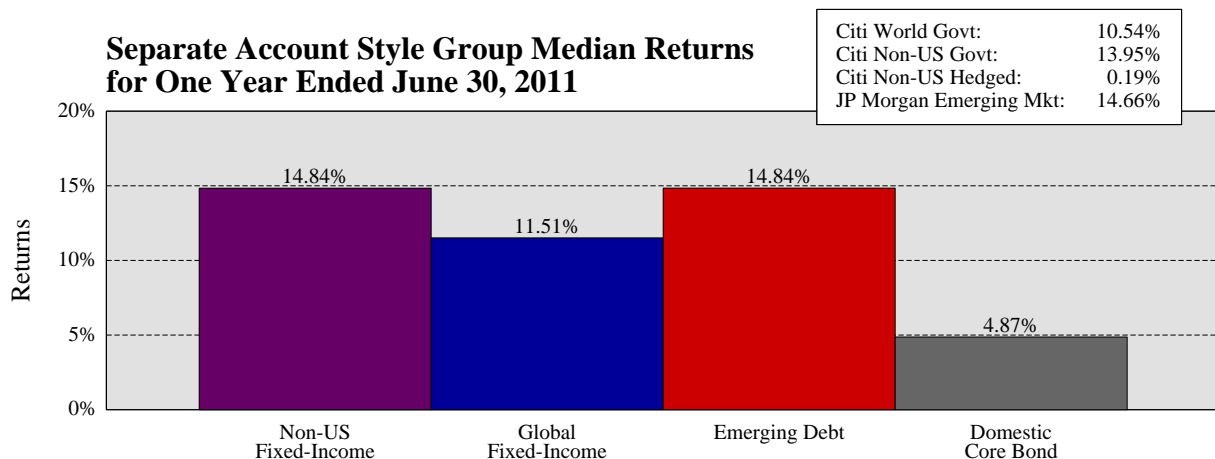
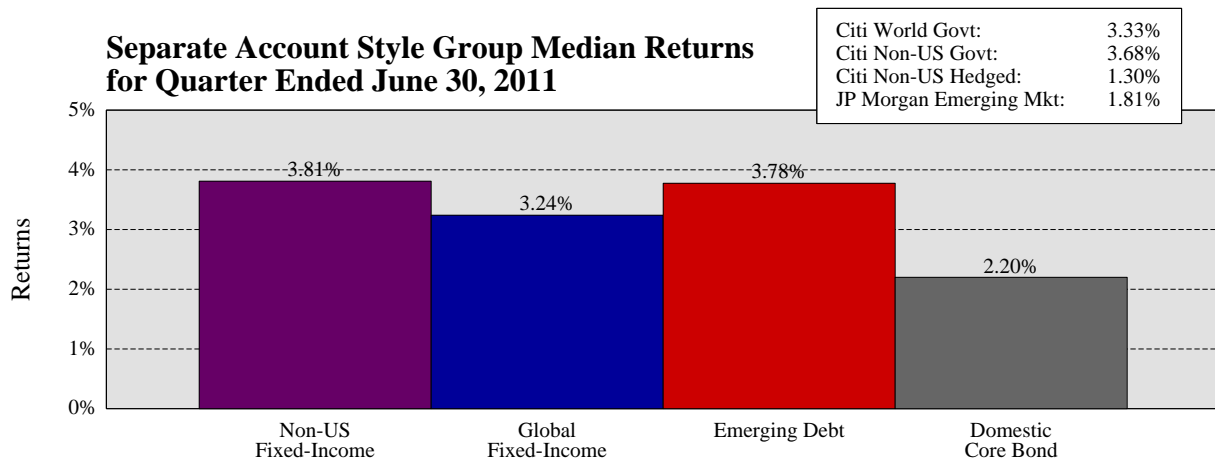
INTERNATIONAL FIXED-INCOME Active Management Overview

Active vs. the Index

Driven by soaring debt issuance in emerging and developed countries alike, global fixed-income markets continued to perform well in the second quarter of 2011. Companies in Germany and France issued the largest volume of international debt securities, together more than offsetting the weakness in the periphery. While there is still much concern around the ongoing debt crisis in Greece, this has not prevented countries such as Latvia and Iceland from returning to the bond markets for the first time since 2008. The U.S. dollar remained relatively stable throughout the second quarter attracting investors to global high-yield debt and setting new records for the monthly volume of international high-yield deals for May. Asian G3 currency bonds registered a record-high volume this quarter, with proceeds coming largely from South Korea, China and the Philippines. In Japan, where growth is slower, current indicators support the notion that a strong recovery is underway as rebuilding efforts take shape. Australian international debt proceeds increased this quarter, coming mainly from the financial sector. For the three months ended June 30, 2011, the median Non-U.S. Fixed Income manager earned a 3.81% return, leading the index by 13 basis points, while the median Global Fixed-Income manager lagged its index by a 0.09%, earning a 3.24% return. For the year ended June 30, 2011, the median Non-U.S. Fixed Income manager beat its index by 89 basis points, and the median Global Fixed-Income manager was 97 basis points ahead of its index.

Emerging Markets

Emerging Market Debt issuance soared this quarter, led by issuers from Brazil, India, Russia and the Philippines. Such countries that have gone through substantial deleveraging and restructuring and are now paying investors a hefty spread to return to the market are gaining more attention than those that remain loaded with debt. Moreover, with developed interest rates still at rock bottom levels, emerging issuers had the incentive to lock in as much funding as possible. For the quarter ended June 30, 2011, the median Emerging Debt manager boasted a 3.78% return, a considerable 1.97% above its index. For the year ended June 30, 2011, the median Emerging Debt manager earned 14.84%, 18 basis points ahead of its index.

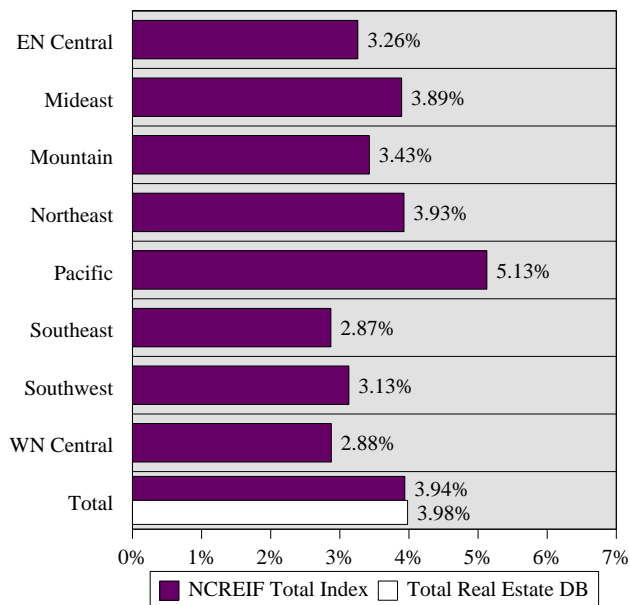




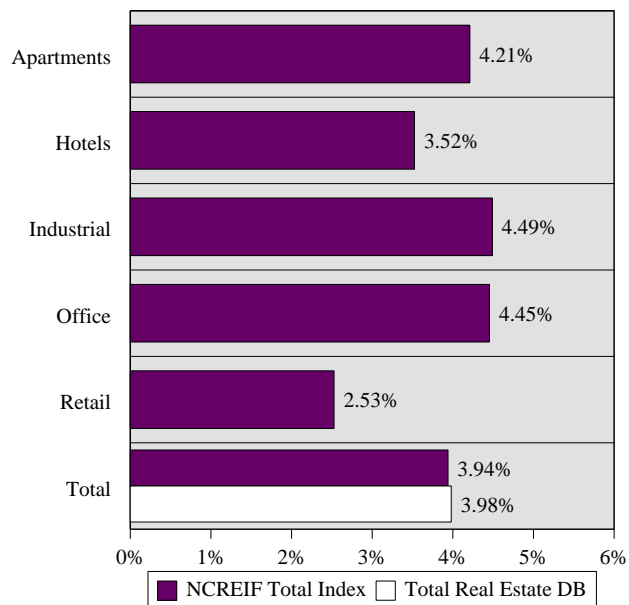
REAL ESTATE MARKET OVERVIEW

The NCREIF Property Index (+3.94%) advanced during the second quarter of 2011. Through the first half of the year, the Index generated a 7.43% total return comprised of a 3.08% income return and a 4.28% appreciation return. Inclusive of the 55.3% leverage level of the Index, NCREIF advanced 7.24% during the second quarter and 13.78% year-to-date. The Industrial sector outperformed all property types during the quarter, recording a 4.49% total return, while the Retail sector lagged with a 2.53% return. The West (+4.83%) led regional performance and the South (+2.99%) lagged. NCREIF recorded 93 transactions totaling \$4.3 billion in real estate assets during the quarter.

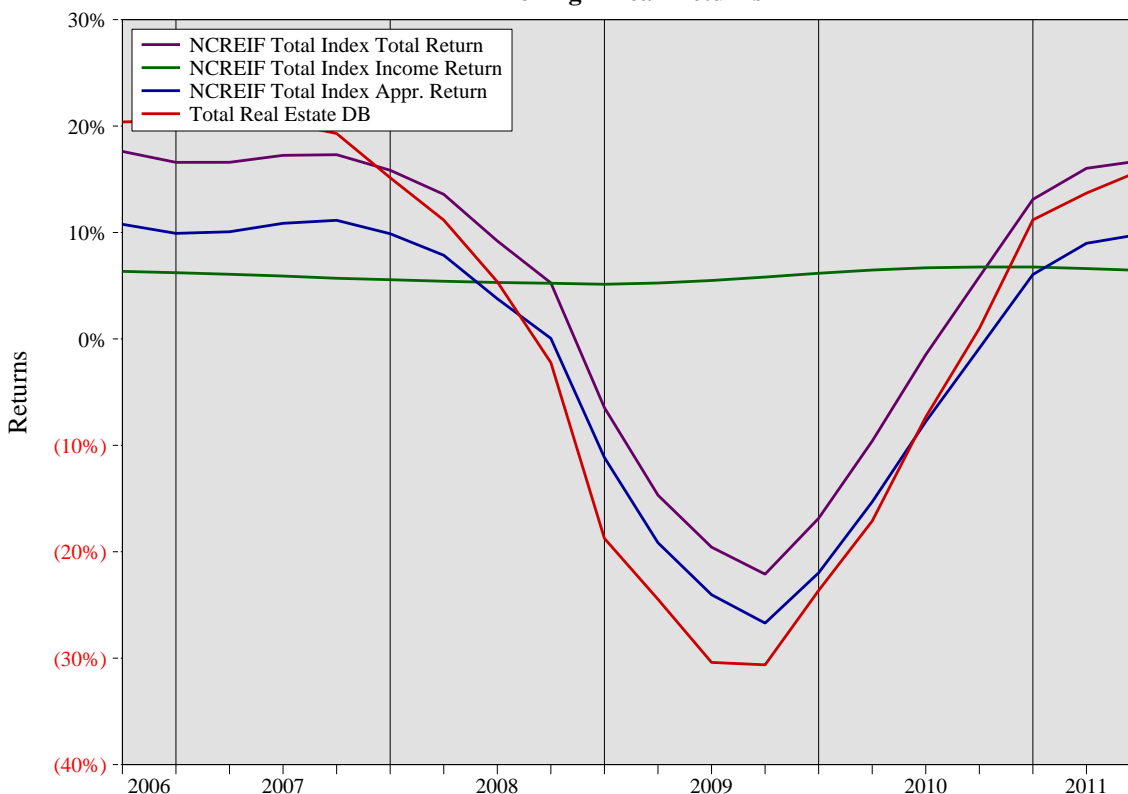
NCREIF Total Index Returns by Geographic Area Quarter Ended June 30, 2011



NCREIF Total Index Returns by Property Type Quarter Ended June 30, 2011



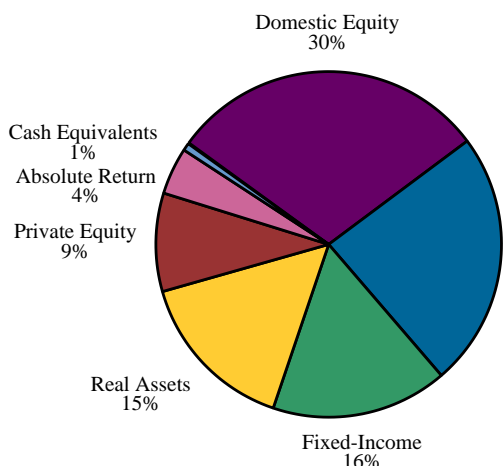
Rolling 1 Year Returns



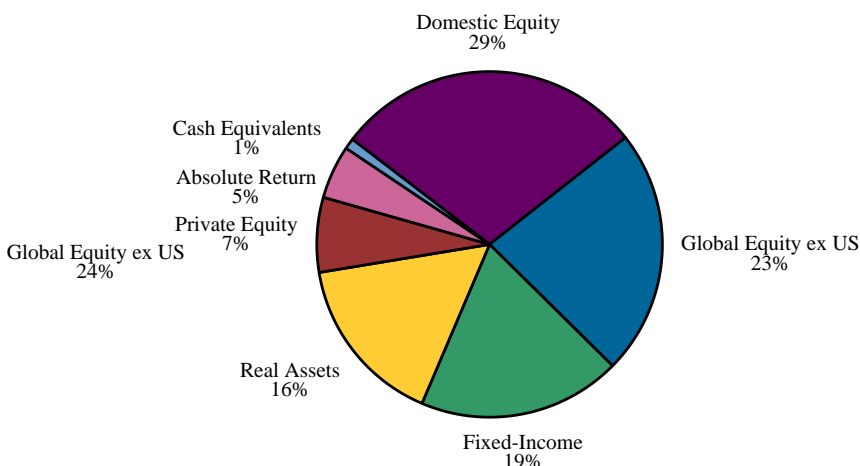
Actual vs Target Asset Allocation

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

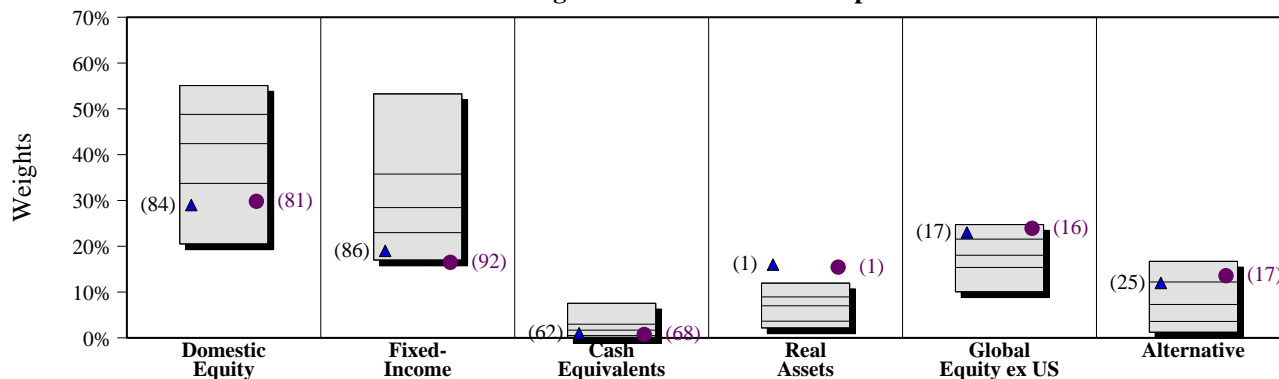


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,872,013	29.8%	29.0%	0.8%	51,549
Global Equity ex US	1,501,524	23.9%	23.0%	0.9%	57,708
Fixed-Income	1,035,395	16.5%	19.0%	(2.5%)	(157,322)
Real Assets	969,793	15.4%	16.0%	(0.6%)	(34,600)
Private Equity	576,318	9.2%	7.0%	2.2%	136,902
Absolute Return	275,813	4.4%	5.0%	(0.6%)	(38,060)
Cash Equivalents	46,603	0.7%	1.0%	(0.3%)	(16,172)
Total	6,277,460	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	55.08	53.27	7.55	11.96	24.74	16.71
25th Percentile	48.79	35.76	2.99	8.94	21.56	12.20
Median	42.41	28.44	1.69	7.00	18.04	7.30
75th Percentile	33.72	22.98	0.50	3.64	15.38	3.59
90th Percentile	20.51	16.99	0.12	2.17	10.06	1.23
Fund ●	29.82	16.49	0.74	15.45	23.92	13.57
Target ▲	29.00	19.00	1.00	16.00	23.00	12.00
% Group Invested	97.75%	98.88%	67.42%	48.31%	88.76%	48.31%

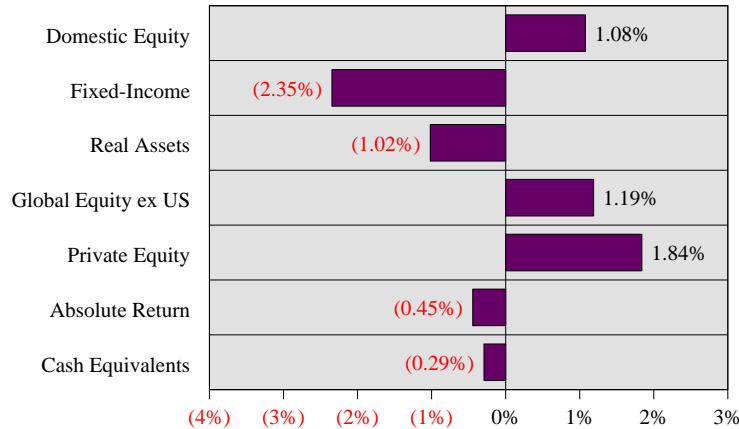
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



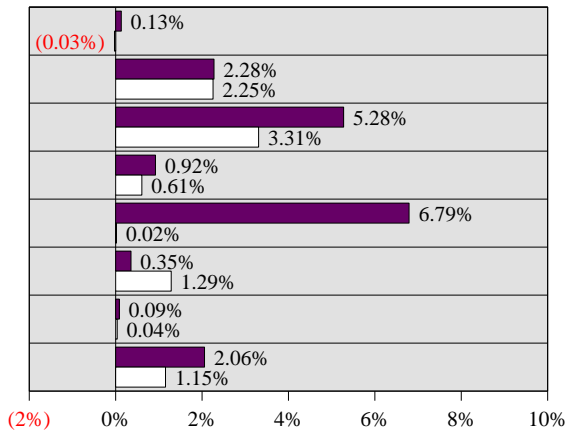
Quarterly Total Fund Relative Attribution - June 30, 2011

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.

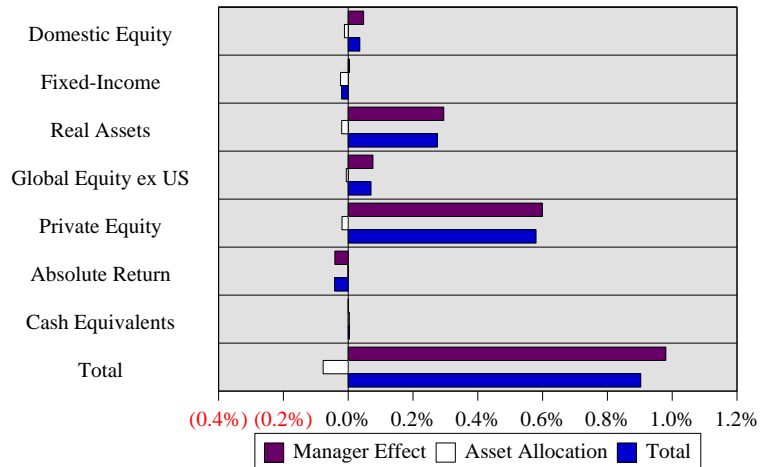
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	0.13%	(0.03%)	0.05%	(0.01%)	0.04%
Fixed-Income	17%	19%	2.28%	2.25%	0.00%	(0.02%)	(0.02%)
Real Assets	15%	16%	5.28%	3.31%	0.29%	(0.02%)	0.27%
Global Equity ex US	24%	23%	0.92%	0.61%	0.08%	(0.01%)	0.07%
Private Equity	9%	7%	6.79%	0.02%	0.60%	(0.02%)	0.58%
Absolute Return	5%	5%	0.35%	1.29%	(0.04%)	(0.00%)	(0.04%)
Cash Equivalents	1%	1%	0.09%	0.04%	0.00%	0.00%	0.00%

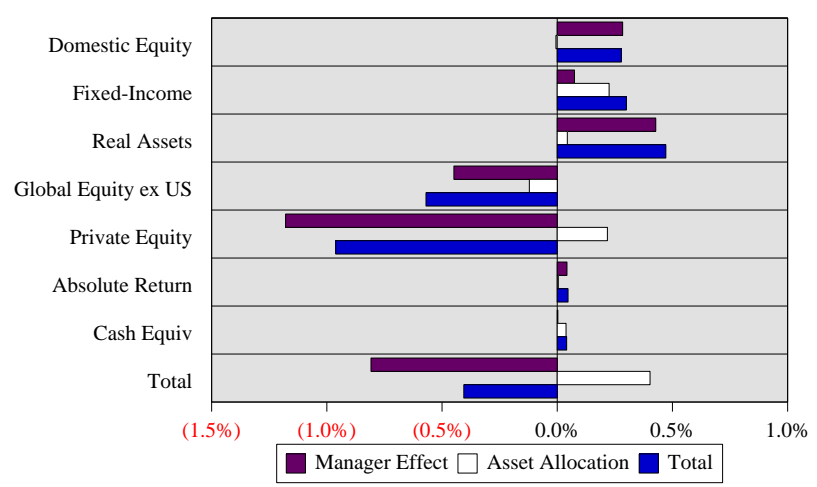
Total $2.06\% = 1.15\% + 0.98\% + (0.08\%)$ **0.90%**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

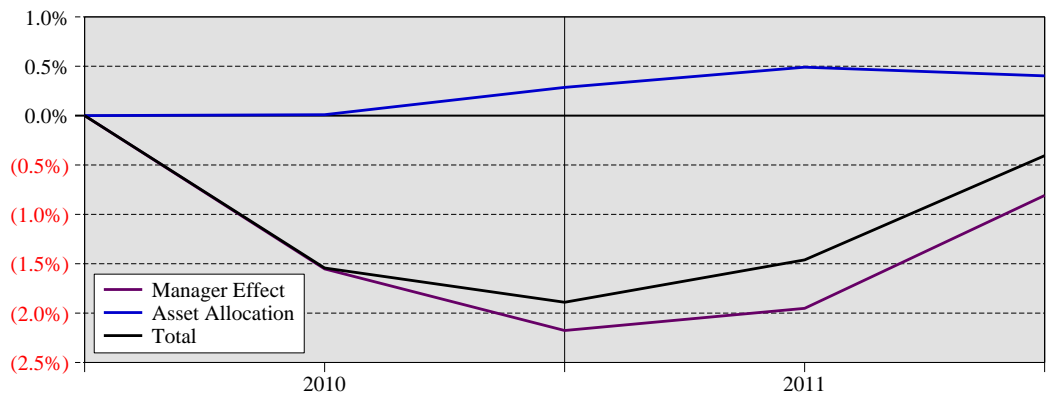
Cumulative Total Fund Relative Attribution - June 30, 2011

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	29%	29%	33.37%	32.37%	0.28%	(0.01%)	0.28%
Fixed-Income	17%	19%	5.46%	5.06%	0.07%	0.23%	0.30%
Real Assets	15%	16%	15.25%	12.66%	0.43%	0.04%	0.47%
Global Equity ex US	24%	23%	28.27%	30.27%	(0.45%)	(0.12%)	(0.57%)
Private Equity	9%	7%	20.14%	32.93%	(1.18%)	0.22%	(0.96%)
Absolute Return	5%	5%	5.98%	5.16%	0.04%	0.00%	0.05%
Cash Equiv	1%	1%	0.47%	0.16%	0.00%	0.04%	0.04%
Total			21.22%	21.62%	(0.81%)	0.40%	(0.41%)

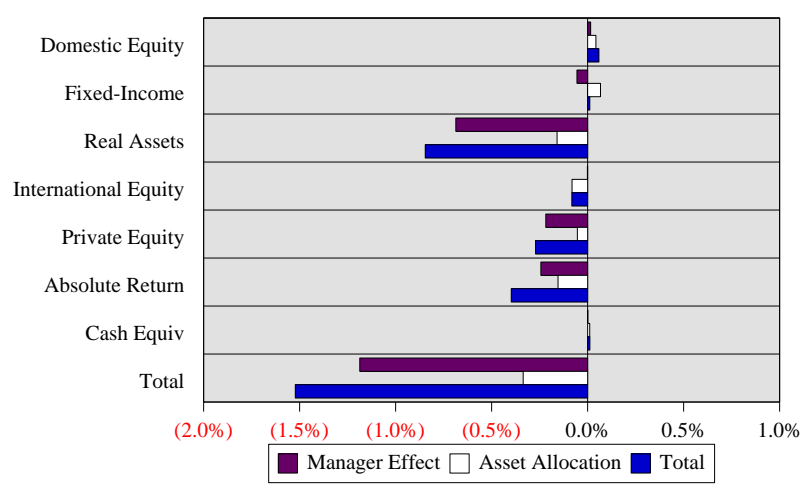
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



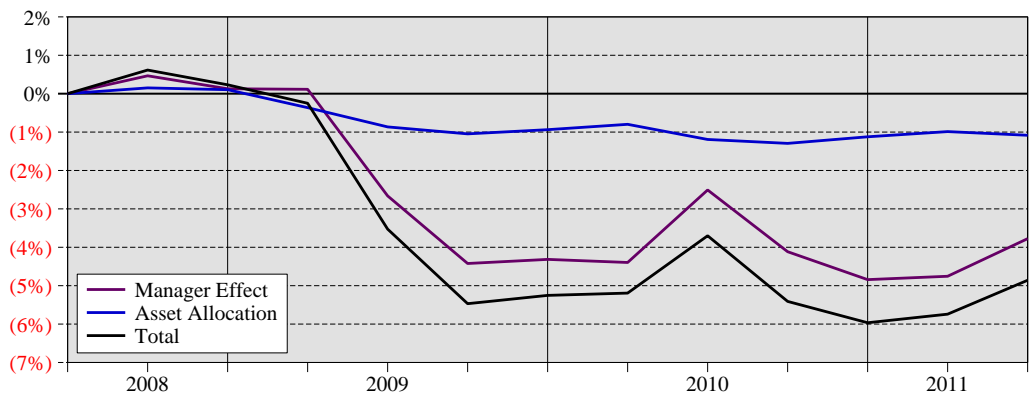
Cumulative Total Fund Relative Attribution - June 30, 2011

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

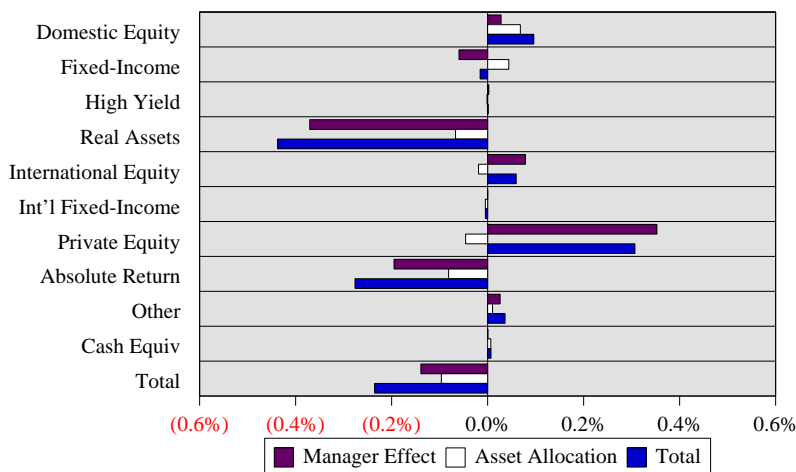
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	31%	4.11%	4.00%	0.02%	0.04%	0.06%
Fixed-Income	18%	19%	6.63%	6.85%	(0.06%)	0.07%	0.01%
Real Assets	16%	16%	(3.30%)	0.55%	(0.69%)	(0.16%)	(0.85%)
International Equity	21%	22%	0.62%	0.11%	(0.00%)	(0.08%)	(0.08%)
Private Equity	9%	7%	2.91%	3.29%	(0.22%)	(0.05%)	(0.27%)
Absolute Return	5%	5%	(0.39%)	5.42%	(0.24%)	(0.15%)	(0.40%)
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			2.38%	3.90%	(1.19%)	(0.34%)	(1.52%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

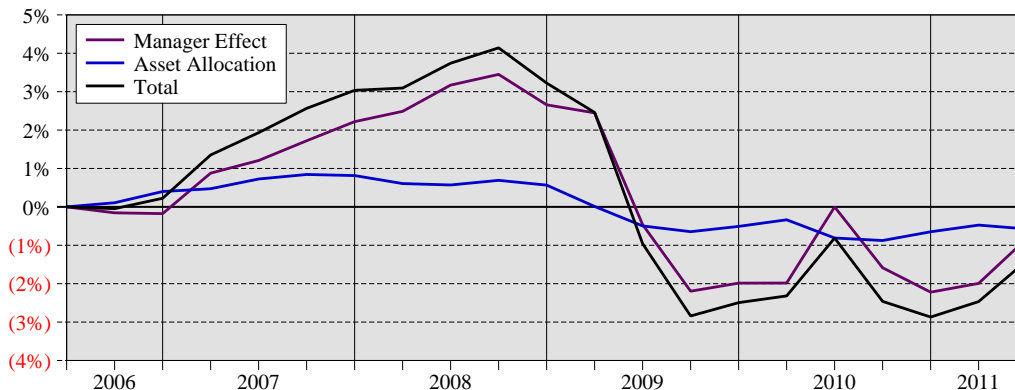
Cumulative Total Fund Relative Attribution - June 30, 2011

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

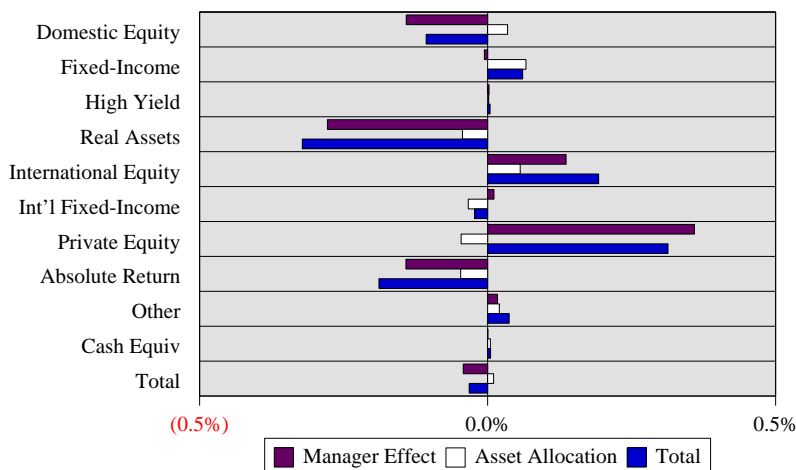
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	33%	3.22%	3.09%	0.03%	0.07%	0.10%
Fixed-Income	18%	19%	6.53%	6.80%	(0.06%)	0.04%	(0.02%)
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	14%	13%	2.87%	4.88%	(0.37%)	(0.07%)	(0.44%)
International Equity	20%	19%	4.16%	3.43%	0.08%	(0.02%)	0.06%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	(0.00%)
Private Equity	8%	7%	9.69%	3.00%	0.35%	(0.05%)	0.31%
Absolute Return	4%	5%	1.99%	6.81%	(0.19%)	(0.08%)	(0.28%)
Other	0%	1%	-	-	0.03%	0.01%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			4.33%	4.57%	(0.14%)	(0.10%)	(0.24%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

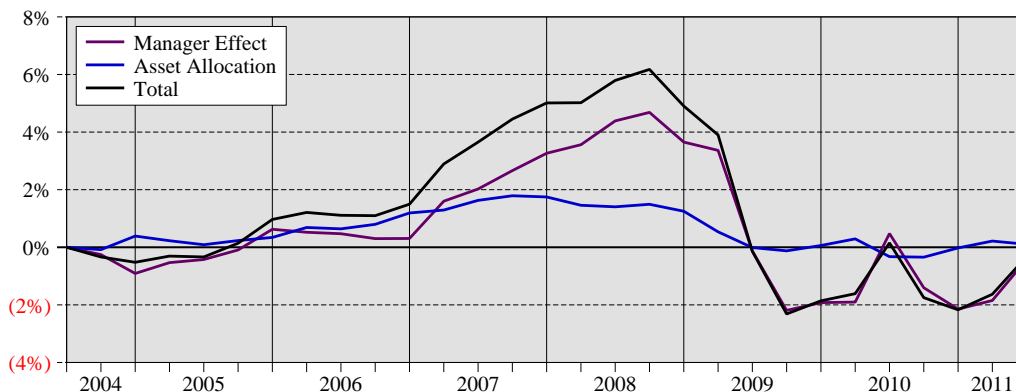
Cumulative Total Fund Relative Attribution - June 30, 2011

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%	4.24%	4.54%	(0.14%)	0.03%	(0.11%)
Fixed-Income	20%	20%	5.66%	5.68%	(0.01%)	0.07%	0.06%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Assets	13%	12%	6.98%	8.58%	(0.28%)	(0.04%)	(0.32%)
International Equity	19%	18%	8.88%	7.90%	0.14%	0.06%	0.19%
Int'l Fixed-Income	2%	1%	-	-	0.01%	(0.03%)	(0.02%)
Private Equity	7%	7%	13.06%	5.80%	0.36%	(0.05%)	0.31%
Absolute Return	4%	4%	3.27%	6.97%	(0.14%)	(0.05%)	(0.19%)
Other	0%	2%	-	-	0.02%	0.02%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.00%	0.01%
Total			6.01%	6.04%	(0.04%)	0.01%	(0.03%)

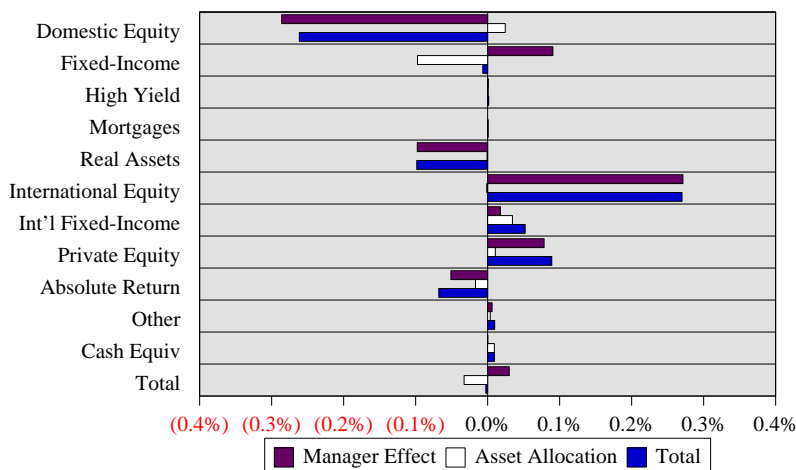
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



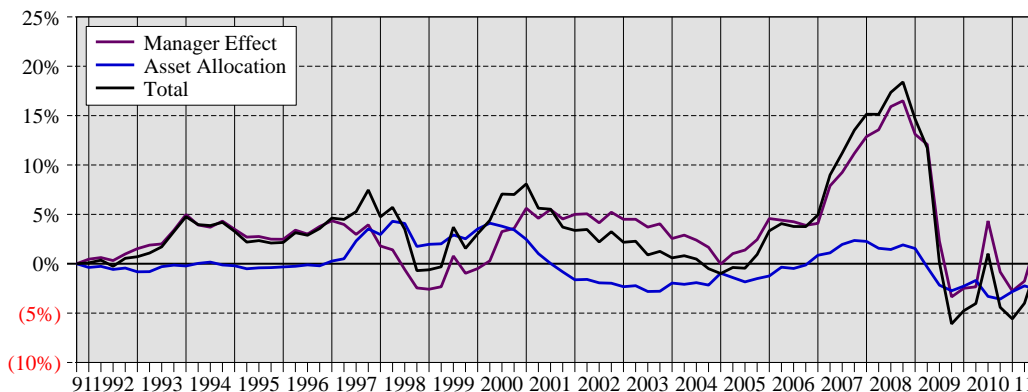
Cumulative Total Fund Relative Attribution - June 30, 2011

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 Three-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Nineteen and Three-Quarter Annualized Relative Attribution Effects

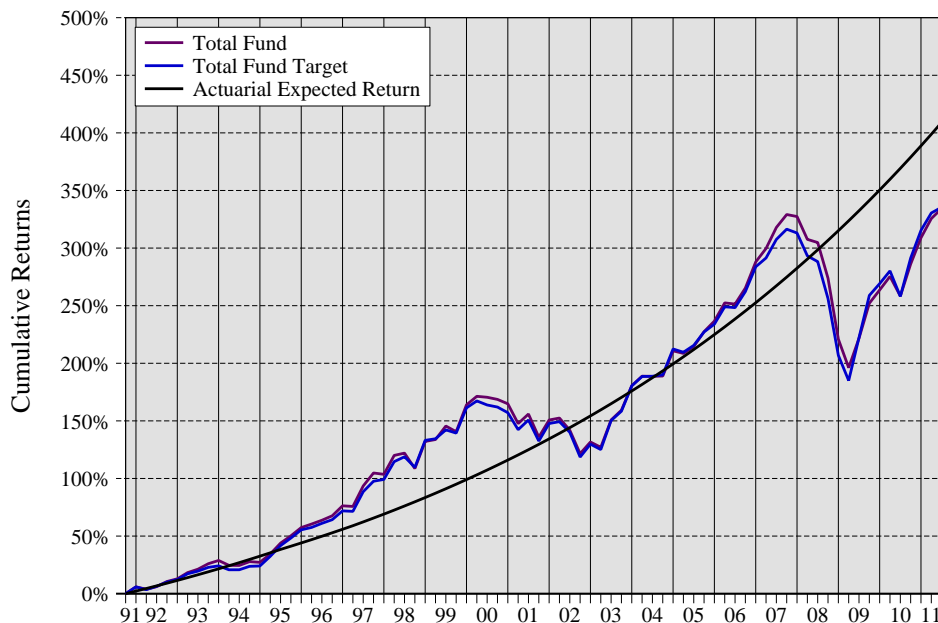
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	38%	8.08%	8.72%	(0.29%)	0.02%	(0.26%)
Fixed-Income	32%	32%	6.88%	6.64%	0.09%	(0.10%)	(0.01%)
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Assets	7%	8%	7.38%	7.71%	(0.10%)	(0.00%)	(0.10%)
International Equity	15%	14%	8.05%	6.17%	0.27%	(0.00%)	0.27%
Int'l Fixed-Income	2%	2%	-	-	0.02%	0.03%	0.05%
Private Equity	3%	3%	-	-	0.08%	0.01%	0.09%
Absolute Return	1%	2%	-	-	(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			7.72%	7.72%	0.03%	(0.03%)	(0.00%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

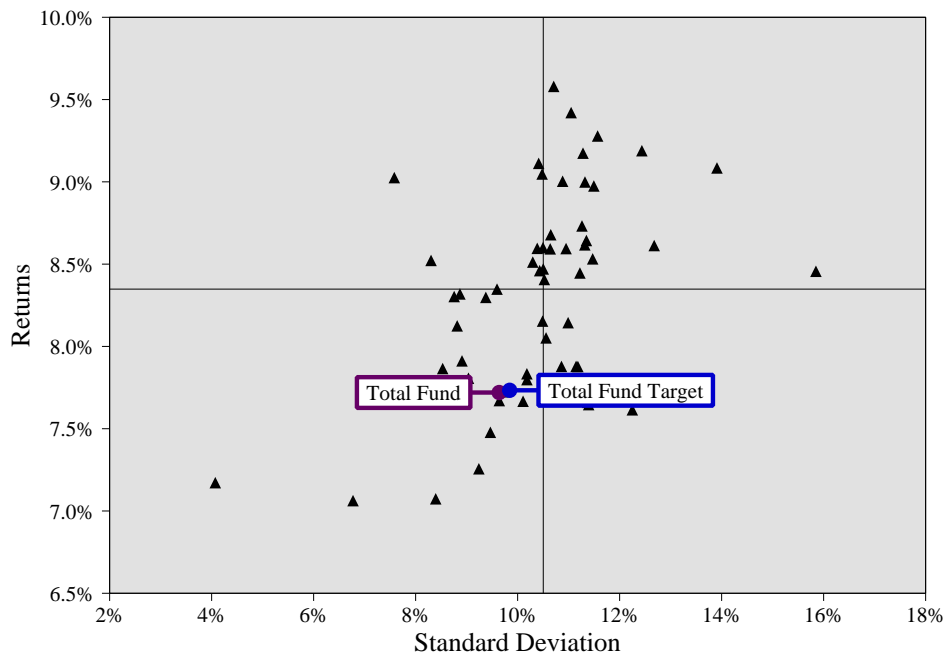
Cumulative Performance Relative to Target

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 Three-Quarter Year Annualized Risk vs Return



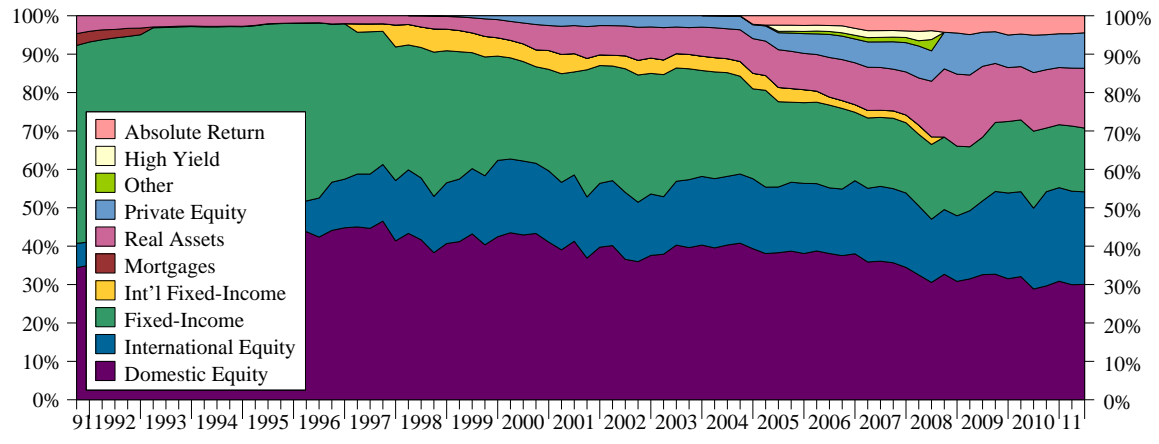
Triangles represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

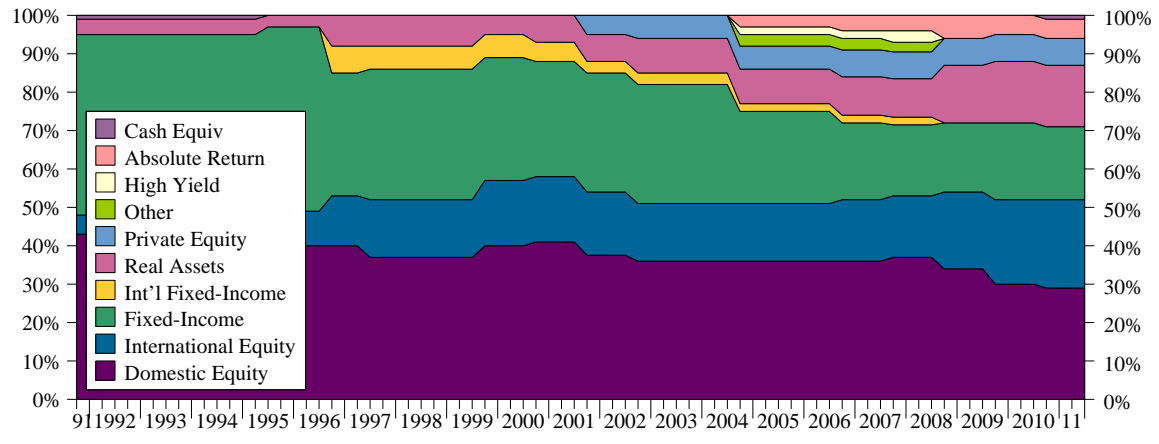
Actual vs Target Historical Asset Allocation

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.

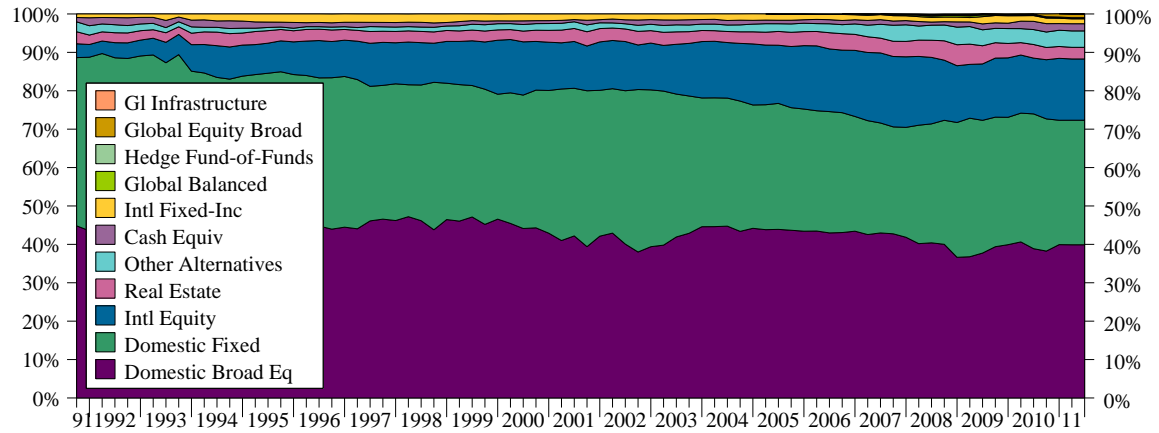
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

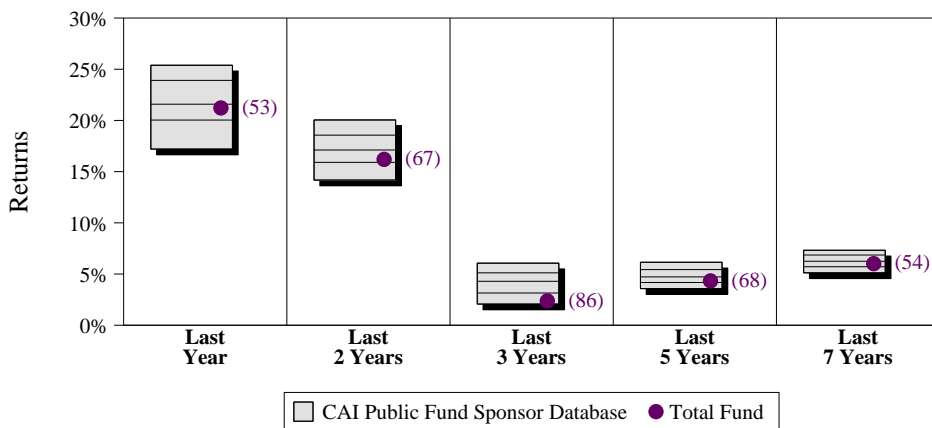


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

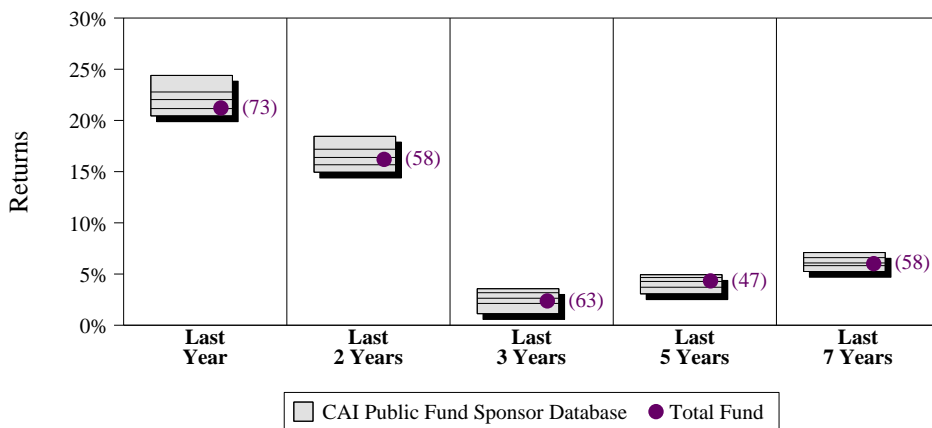
Total Fund Ranking

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 June 30, 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.

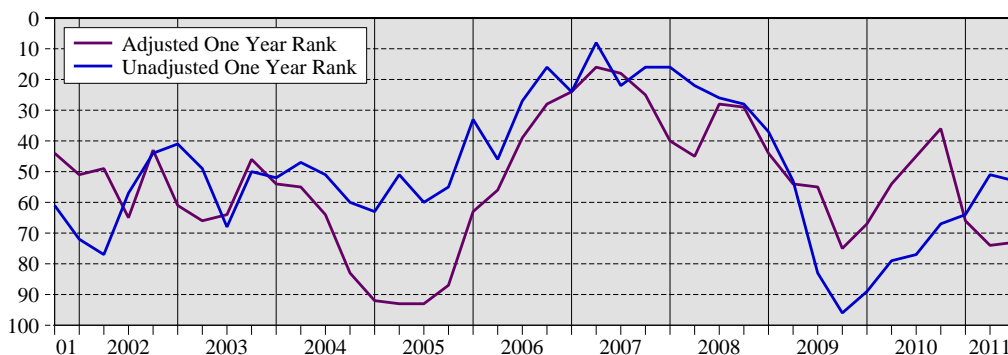
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



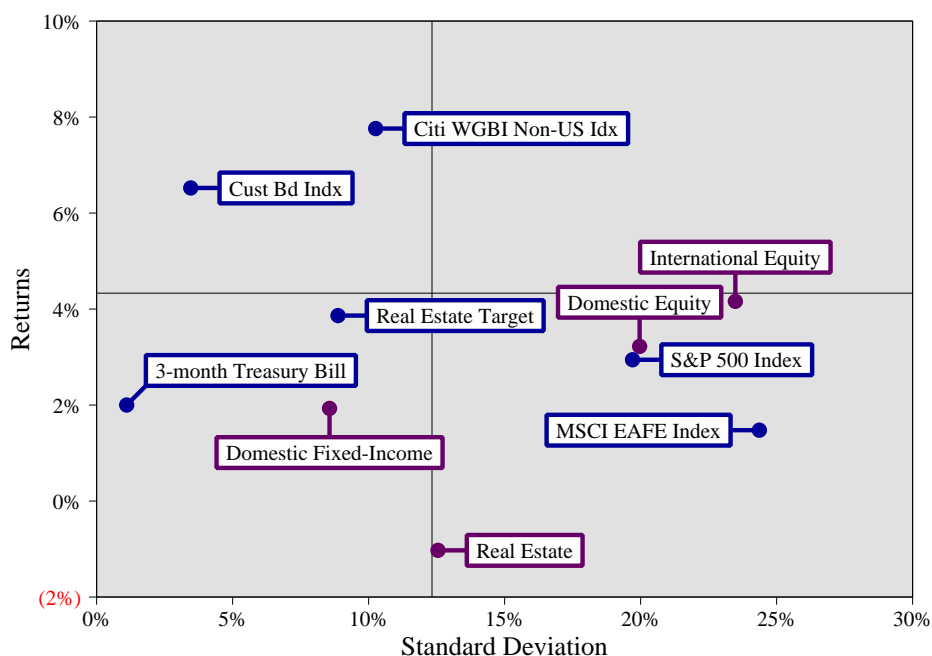
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



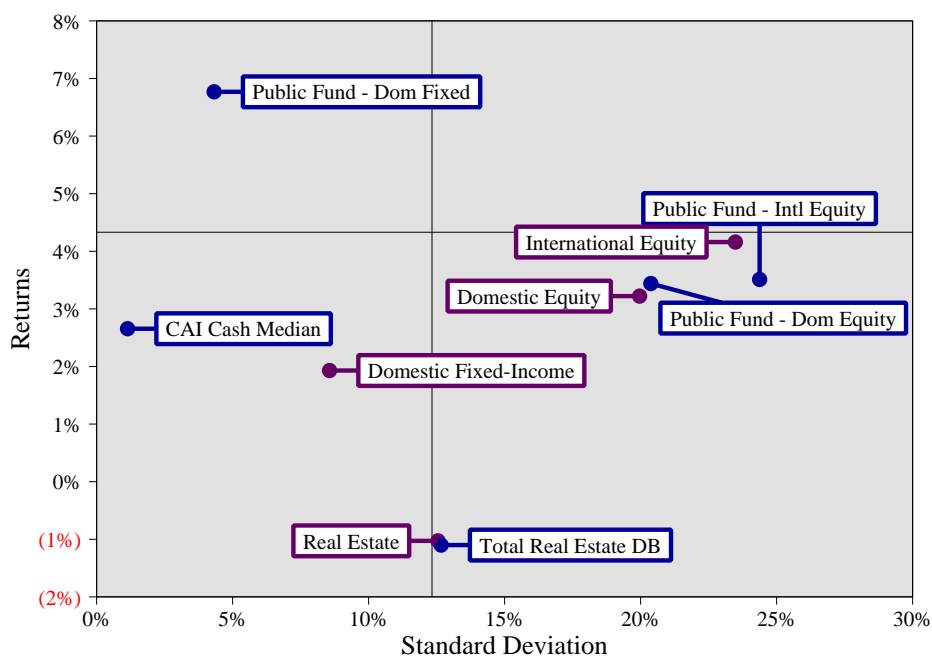
Asset Class Risk and Return

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



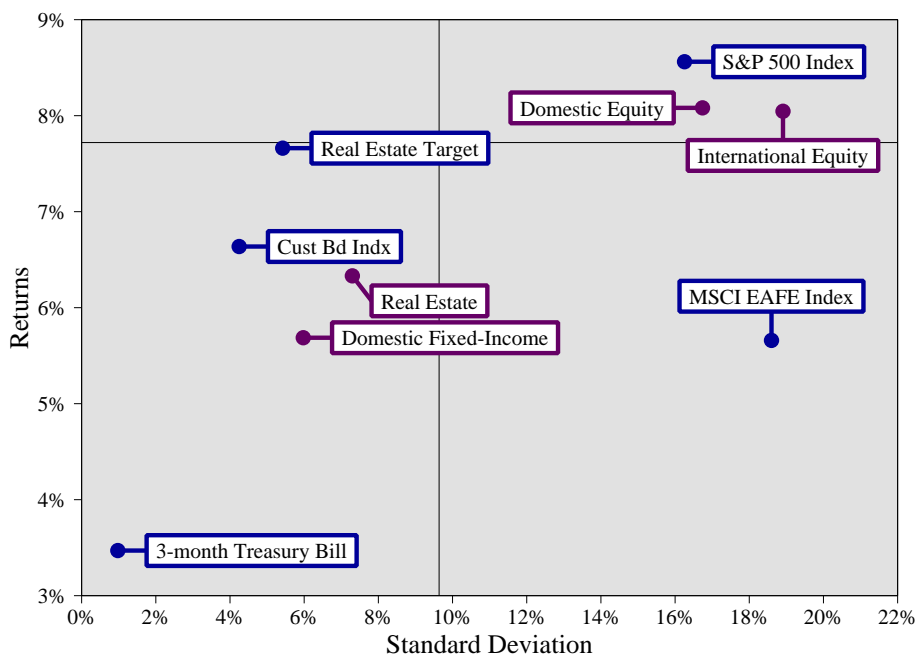
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



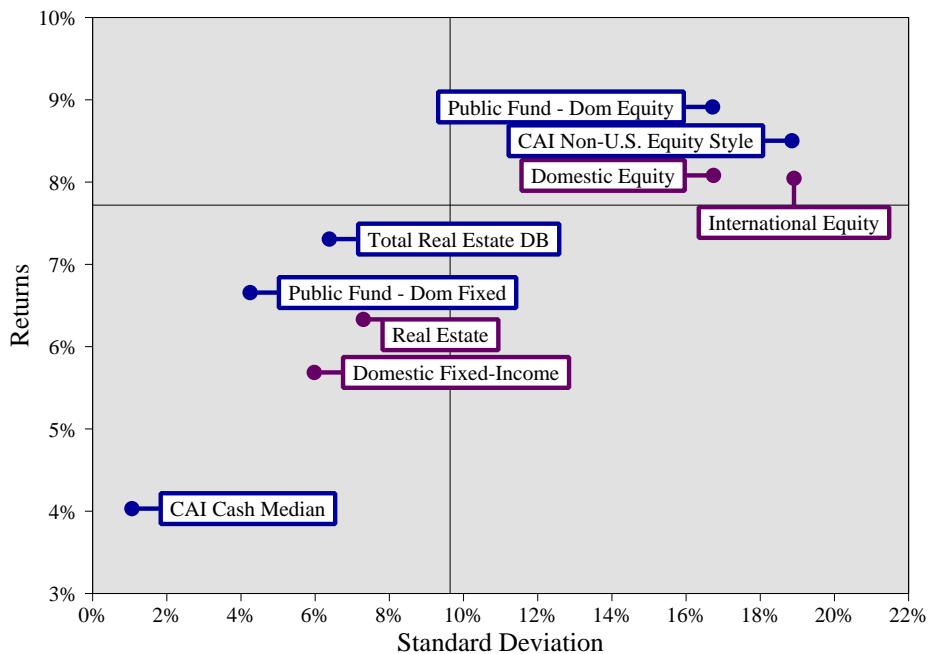
Asset Class Risk and Return

The charts below show the nineteen and 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.

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



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



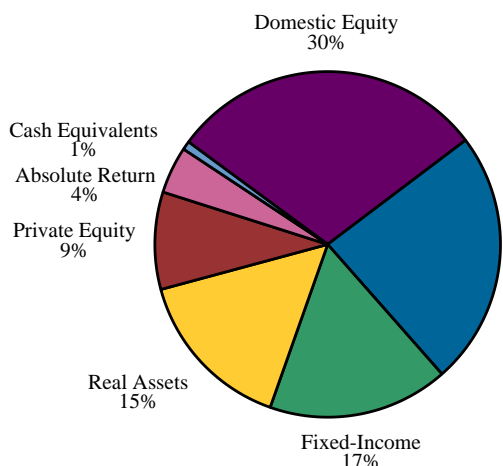


P E R S HEALTH CARE

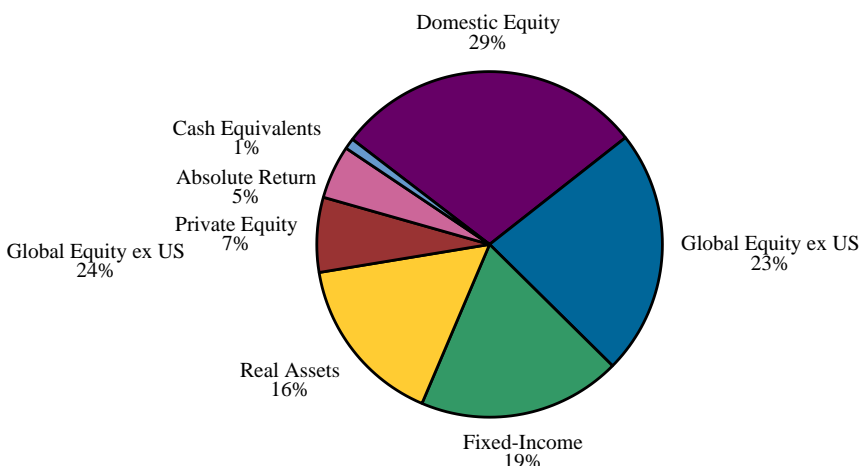
Actual vs Target Asset Allocation

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

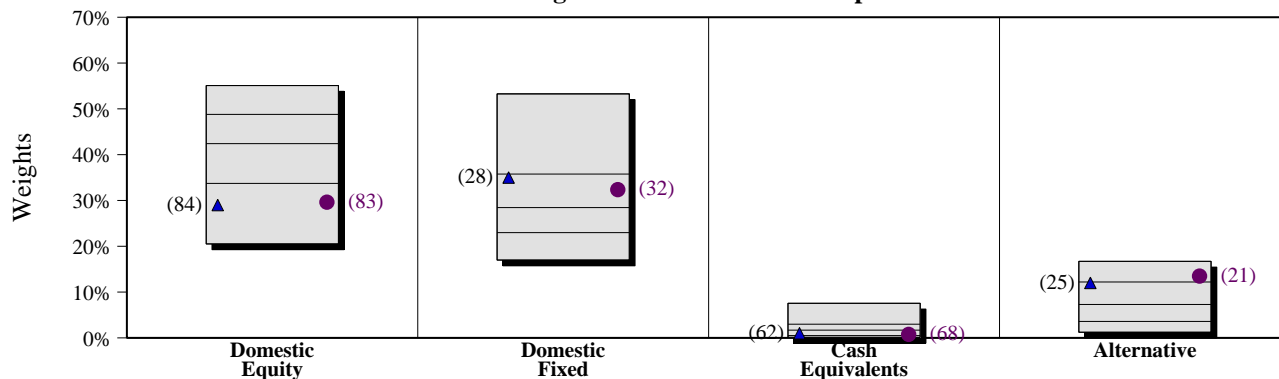


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,525,039	29.6%	29.0%	0.6%	32,201
Global Equity ex US	1,223,277	23.8%	23.0%	0.8%	39,301
Fixed-Income	872,295	16.9%	19.0%	(2.1%)	(105,771)
Real Assets	793,502	15.4%	16.0%	(0.6%)	(30,133)
Private Equity	469,540	9.1%	7.0%	2.1%	109,205
Absolute Return	224,717	4.4%	5.0%	(0.6%)	(32,669)
Cash Equivalents	39,348	0.8%	1.0%	(0.2%)	(12,129)
Total	5,147,719	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



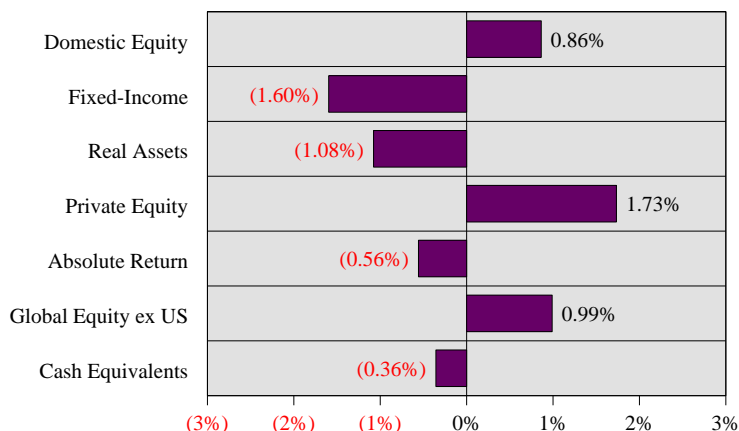
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	55.08	53.27	7.55	16.71
25th Percentile	48.79	35.76	2.99	12.20
Median	42.41	28.44	1.69	7.30
75th Percentile	33.72	22.98	0.50	3.59
90th Percentile	20.51	16.99	0.12	1.23
Fund ●	29.63	32.36	0.76	13.49
Target ▲	29.00	35.00	1.00	12.00
% Group Invested	97.75%	98.88%	67.42%	48.31%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

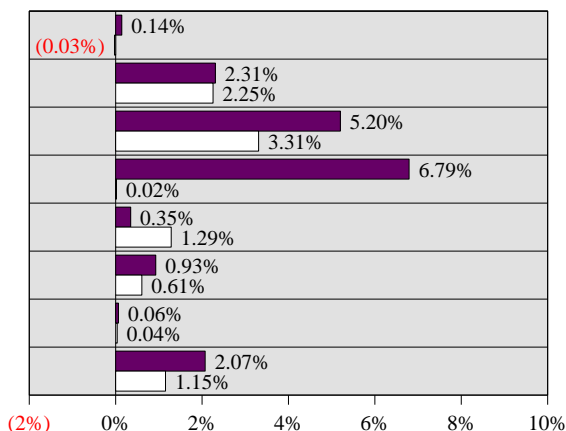
Quarterly Total Fund Relative Attribution - June 30, 2011

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.

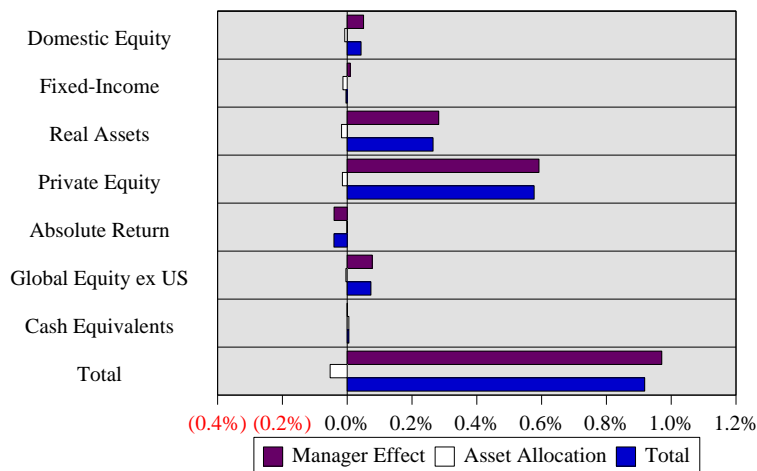
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	0.14%	(0.03%)	0.05%	(0.01%)	0.04%
Fixed-Income	17%	19%	2.31%	2.25%	0.01%	(0.01%)	(0.00%)
Real Assets	15%	16%	5.20%	3.31%	0.28%	(0.02%)	0.27%
Private Equity	9%	7%	6.79%	0.02%	0.59%	(0.01%)	0.58%
Absolute Return	4%	5%	0.35%	1.29%	(0.04%)	(0.00%)	(0.04%)
Global Equity ex US	24%	23%	0.93%	0.61%	0.08%	(0.00%)	0.07%
Cash Equivalents	1%	1%	0.06%	0.04%	0.00%	0.00%	0.01%

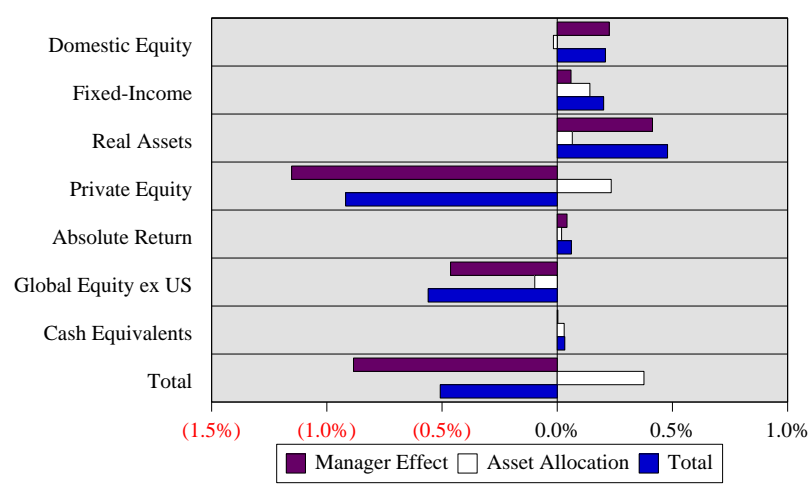
Total $2.07\% = 1.15\% + 0.97\% + (0.05\%)$ **0.92%**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

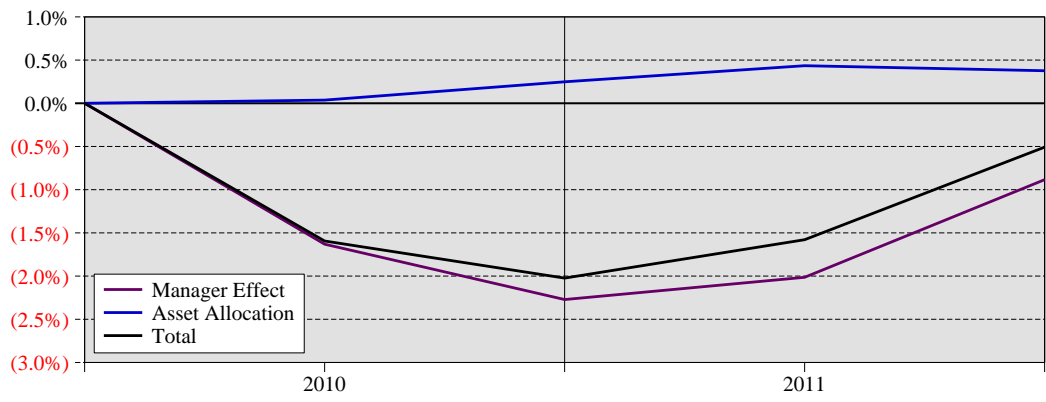
Cumulative Total Fund Relative Attribution - June 30, 2011

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

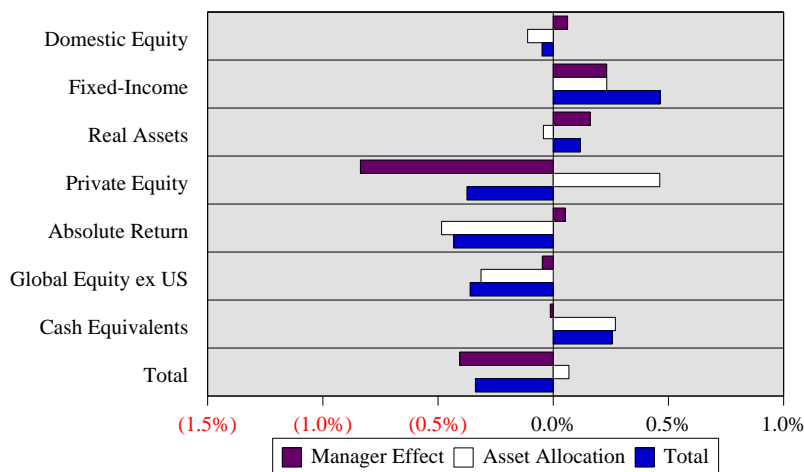
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	33.16%	32.37%	0.23%	(0.02%)	0.21%
Fixed-Income	18%	19%	5.37%	5.06%	0.06%	0.14%	0.20%
Real Assets	15%	16%	15.16%	12.66%	0.41%	0.07%	0.48%
Private Equity	9%	7%	20.20%	32.93%	(1.15%)	0.23%	(0.92%)
Absolute Return	5%	5%	5.98%	5.16%	0.04%	0.02%	0.06%
Global Equity ex US	23%	23%	28.20%	30.27%	(0.46%)	(0.10%)	(0.56%)
Cash Equivalents	1%	1%	0.47%	0.16%	0.00%	0.03%	0.03%
Total			21.12%	21.62%	(0.88%)	0.38%	(0.51%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

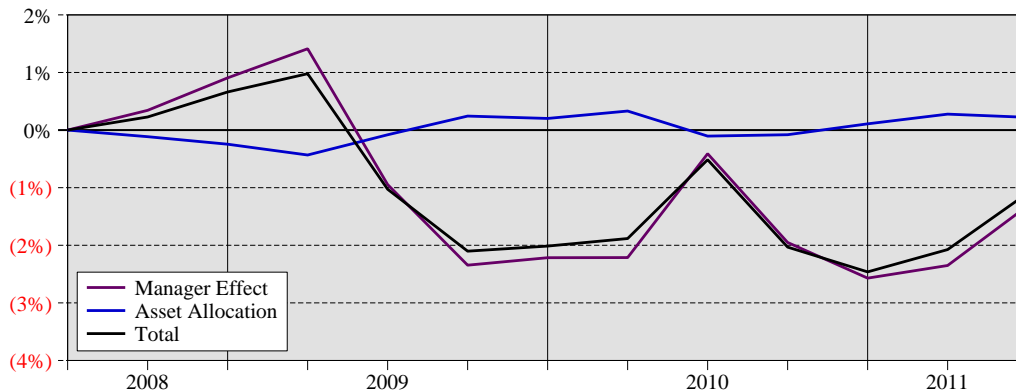
Cumulative Total Fund Relative Attribution - June 30, 2011

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

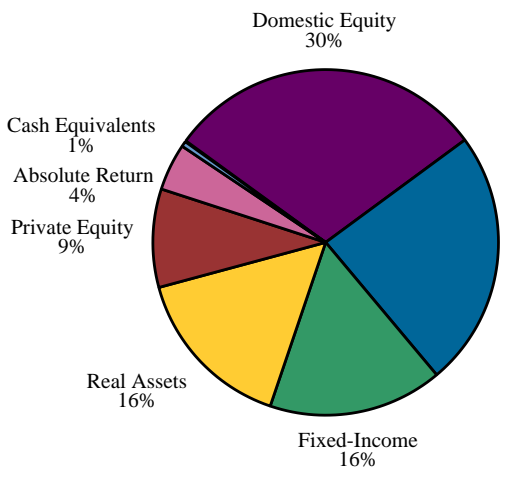
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	32%	4.15%	4.00%	0.06%	(0.11%)	(0.05%)
Fixed-Income	19%	20%	7.81%	6.65%	0.23%	0.23%	0.46%
Real Assets	14%	13%	2.05%	0.55%	0.16%	(0.04%)	0.12%
Private Equity	6%	6%	11.22%	3.29%	(0.84%)	0.46%	(0.37%)
Absolute Return	3%	6%	5.17%	5.42%	0.05%	(0.48%)	(0.43%)
Global Equity ex US	23%	22%	(0.05%)	0.11%	(0.05%)	(0.31%)	(0.36%)
Cash Equivalents	2%	1%	1.03%	0.81%	(0.01%)	0.27%	0.26%
Total			3.73%	4.07%	(0.41%)	0.07%	(0.34%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

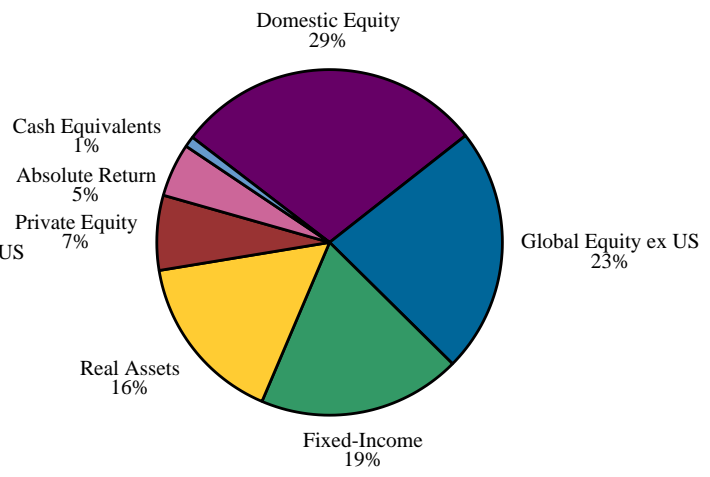
Actual vs Target Asset Allocation

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

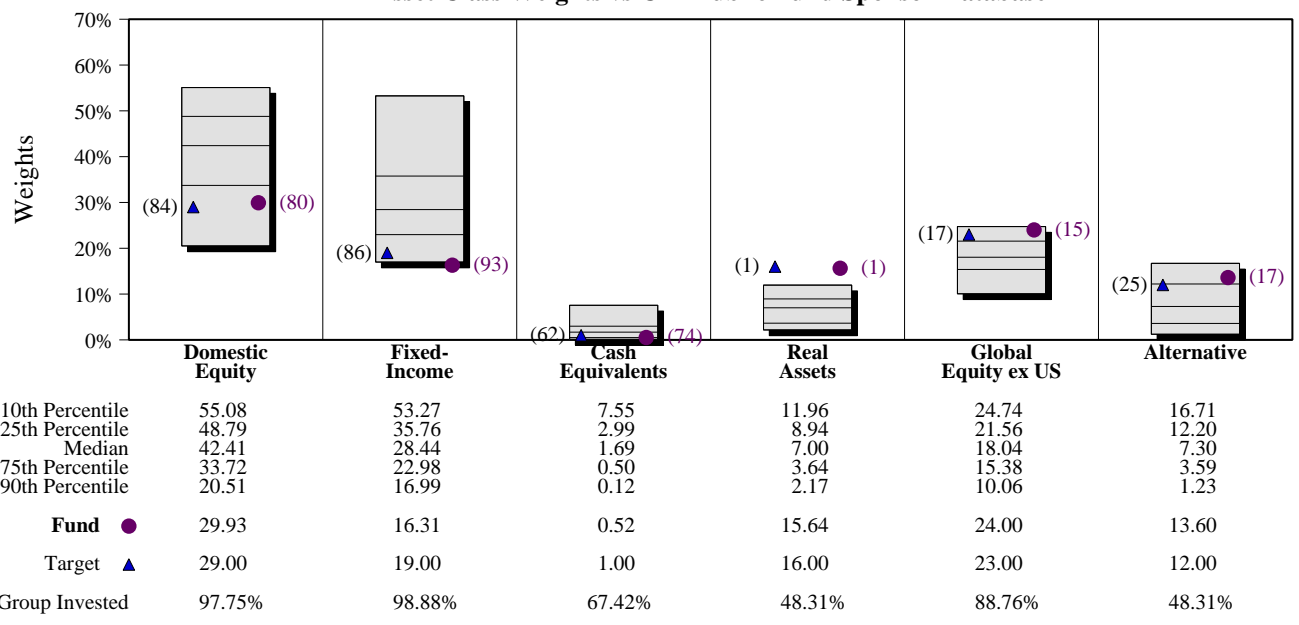


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	935,488	29.9%	29.0%	0.9%	29,144
Global Equity ex US	750,144	24.0%	23.0%	1.0%	31,320
Fixed-Income	509,655	16.3%	19.0%	(2.7%)	(84,156)
Real Assets	488,723	15.6%	16.0%	(0.4%)	(11,329)
Private Equity	287,298	9.2%	7.0%	2.2%	68,528
Absolute Return	137,790	4.4%	5.0%	(0.6%)	(18,477)
Cash Equivalents	16,226	0.5%	1.0%	(0.5%)	(15,028)
Total	3,125,322	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database

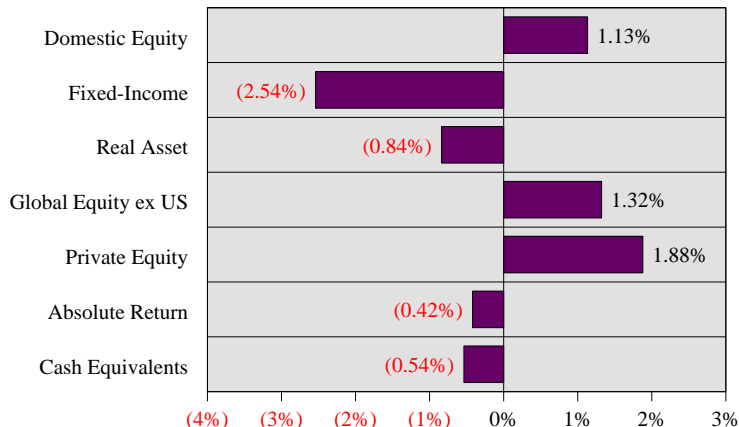


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

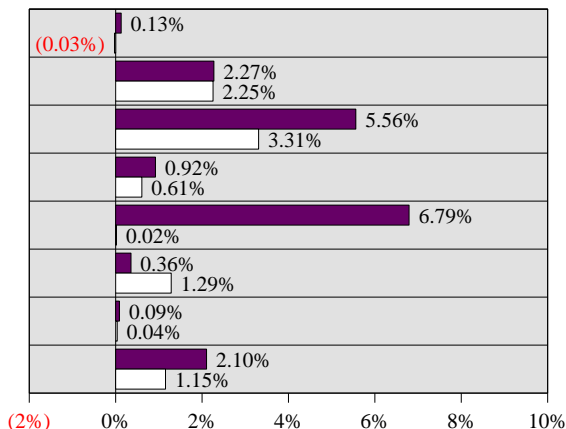
Quarterly Total Fund Relative Attribution - June 30, 2011

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.

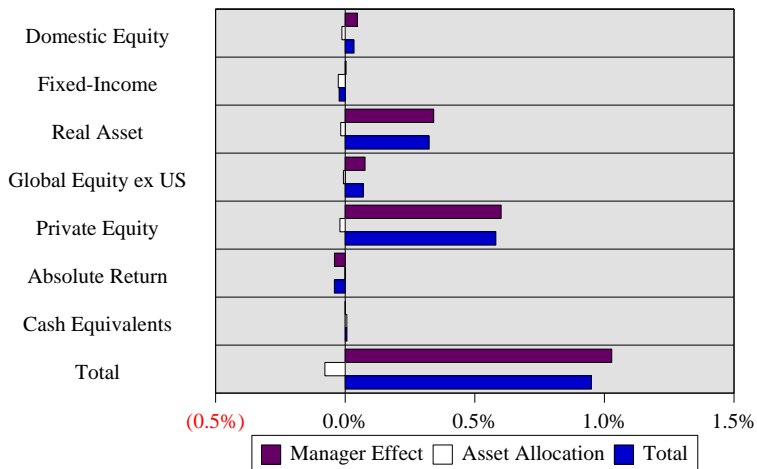
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	0.13%	(0.03%)	0.05%	(0.01%)	0.03%
Fixed-Income	16%	19%	2.27%	2.25%	0.00%	(0.03%)	(0.02%)
Real Asset	15%	16%	5.56%	3.31%	0.34%	(0.02%)	0.32%
Global Equity ex US	24%	23%	0.92%	0.61%	0.08%	(0.01%)	0.07%
Private Equity	9%	7%	6.79%	0.02%	0.60%	(0.02%)	0.58%
Absolute Return	5%	5%	0.36%	1.29%	(0.04%)	(0.00%)	(0.04%)
Cash Equivalents	0%	1%	0.09%	0.04%	0.00%	0.01%	0.01%

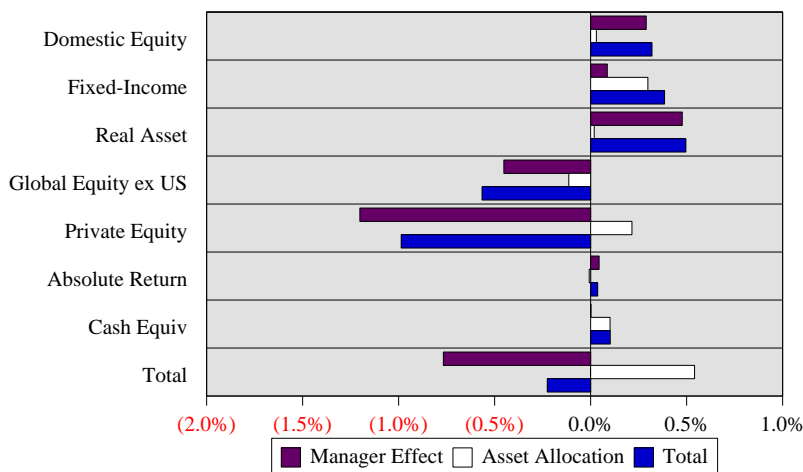
Total $2.10\% = 1.15\% + 1.03\% + (0.08\%)$ **0.95%**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

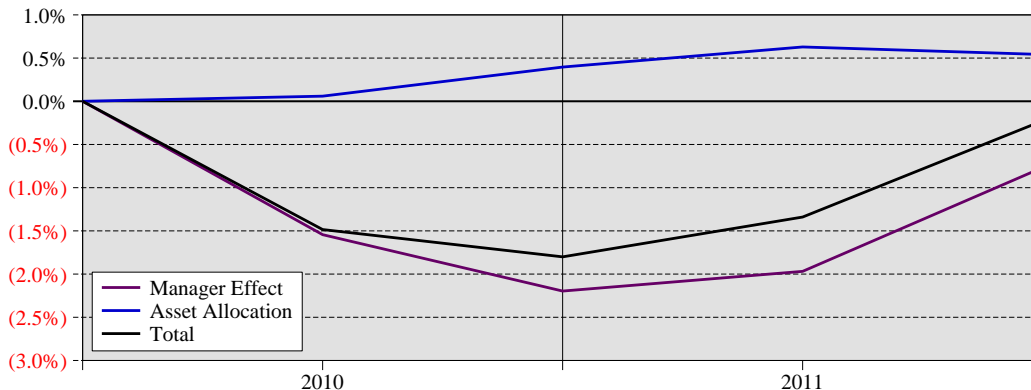
Cumulative Total Fund Relative Attribution - June 30, 2011

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

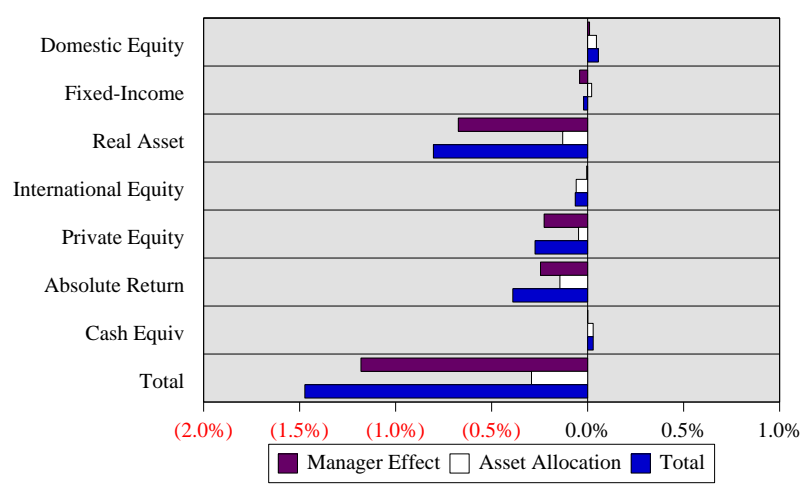
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	33.38%	32.37%	0.29%	0.03%	0.32%
Fixed-Income	17%	19%	5.55%	5.06%	0.09%	0.30%	0.39%
Real Asset	15%	16%	15.51%	12.66%	0.48%	0.02%	0.50%
Global Equity ex US	24%	23%	28.27%	30.27%	(0.45%)	(0.11%)	(0.57%)
Private Equity	9%	7%	20.12%	32.93%	(1.20%)	0.22%	(0.99%)
Absolute Return	5%	5%	5.99%	5.16%	0.04%	(0.01%)	0.04%
Cash Equiv	0%	1%	0.46%	0.16%	0.00%	0.10%	0.10%
Total			21.40%	21.62%	(0.77%)	0.54%	(0.23%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

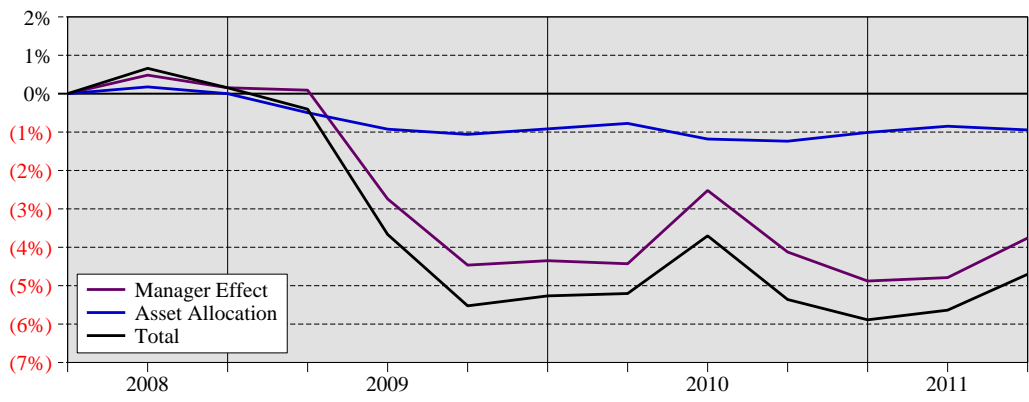
Cumulative Total Fund Relative Attribution - June 30, 2011

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

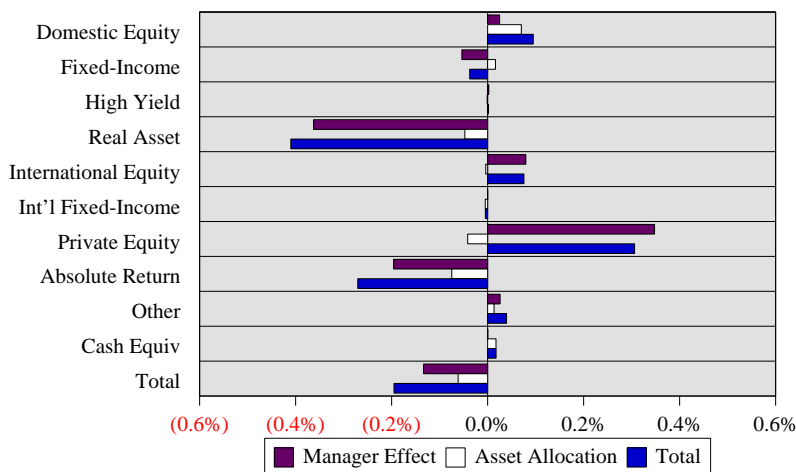
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	31%	4.08%	4.00%	0.01%	0.05%	0.06%
Fixed-Income	17%	19%	6.70%	6.85%	(0.04%)	0.02%	(0.02%)
Real Asset	16%	16%	(3.19%)	0.55%	(0.67%)	(0.13%)	(0.80%)
International Equity	21%	22%	0.62%	0.11%	(0.01%)	(0.06%)	(0.06%)
Private Equity	9%	7%	2.91%	3.29%	(0.23%)	(0.05%)	(0.27%)
Absolute Return	5%	5%	(0.39%)	5.42%	(0.25%)	(0.14%)	(0.39%)
Cash Equiv	0%	0%	-	-	0.00%	0.03%	0.03%
Total			2.43%	3.90%	(1.18%)	(0.29%)	(1.47%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

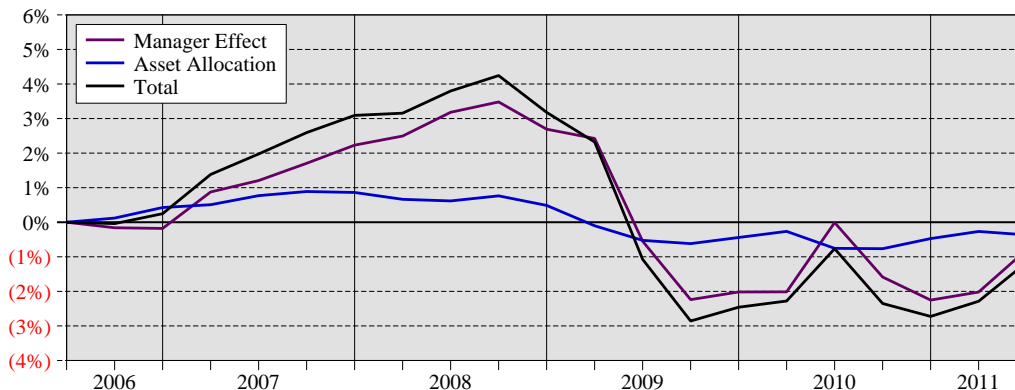
Cumulative Total Fund Relative Attribution - June 30, 2011

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

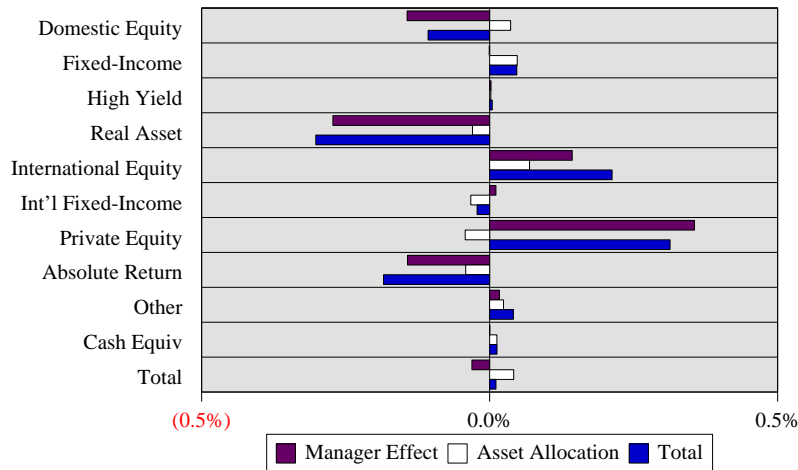
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	33%	3.21%	3.09%	0.02%	0.07%	0.10%
Fixed-Income	18%	19%	6.56%	6.80%	(0.05%)	0.02%	(0.04%)
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Asset	14%	13%	2.94%	4.88%	(0.36%)	(0.05%)	(0.41%)
International Equity	20%	19%	4.17%	3.43%	0.08%	(0.00%)	0.08%
Int'l Fixed-Income	1%	1%	-	-	0.00%	(0.00%)	(0.00%)
Private Equity	8%	7%	9.69%	3.00%	0.35%	(0.04%)	0.31%
Absolute Return	4%	5%	2.00%	6.81%	(0.20%)	(0.07%)	(0.27%)
Other	0%	1%	-	-	0.03%	0.01%	0.04%
Cash Equiv	0%	0%	-	-	0.00%	0.02%	0.02%
Total			4.37%	4.57%	(0.13%)	(0.06%)	(0.20%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

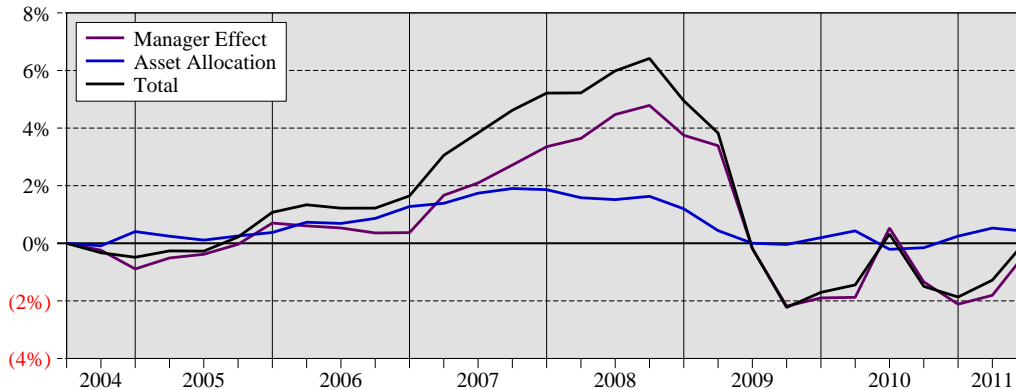
Cumulative Total Fund Relative Attribution - June 30, 2011

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%	4.23%	4.54%	(0.14%)	0.04%	(0.11%)
Fixed-Income	19%	20%	5.68%	5.68%	(0.00%)	0.05%	0.05%
High Yield	1%	1%	-	-	0.00%	0.00%	0.00%
Real Asset	13%	12%	7.03%	8.58%	(0.27%)	(0.03%)	(0.30%)
International Equity	19%	18%	8.93%	7.90%	0.14%	0.07%	0.21%
Int'l Fixed-Income	2%	1%	-	-	0.01%	(0.03%)	(0.02%)
Private Equity	7%	7%	13.06%	5.80%	0.36%	(0.04%)	0.31%
Absolute Return	4%	4%	3.27%	6.97%	(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			6.06%	6.04%	(0.03%)	0.04%	0.01%

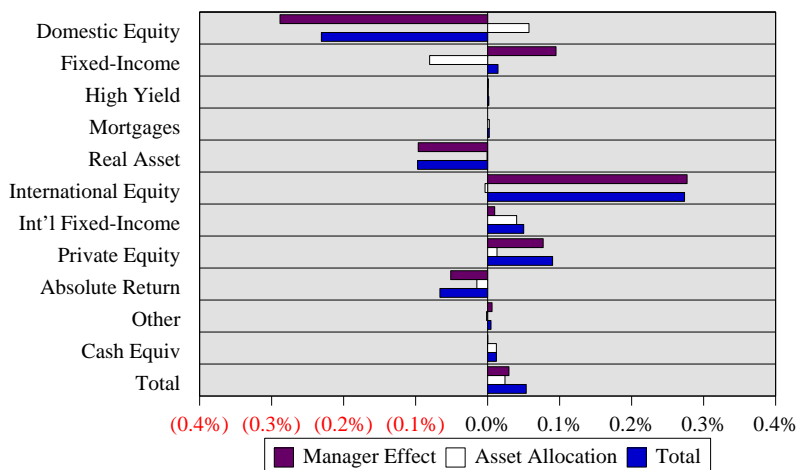
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.



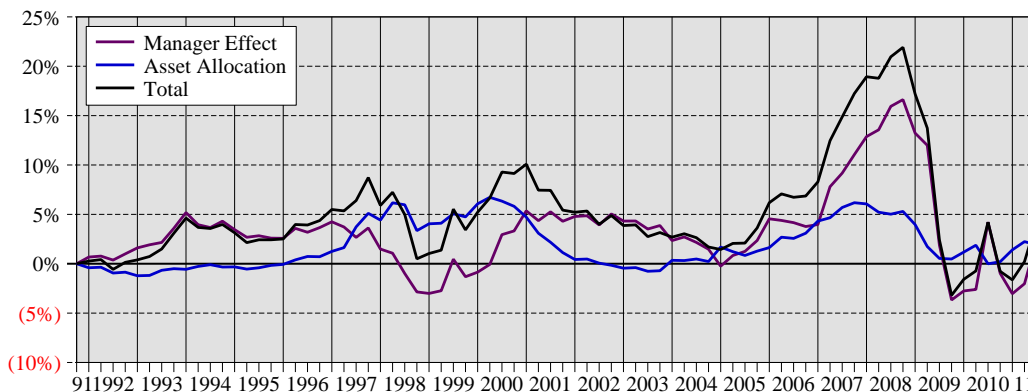
Cumulative Total Fund Relative Attribution - June 30, 2011

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 Three-Quarter Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Nineteen and Three-Quarter Annualized Relative Attribution Effects

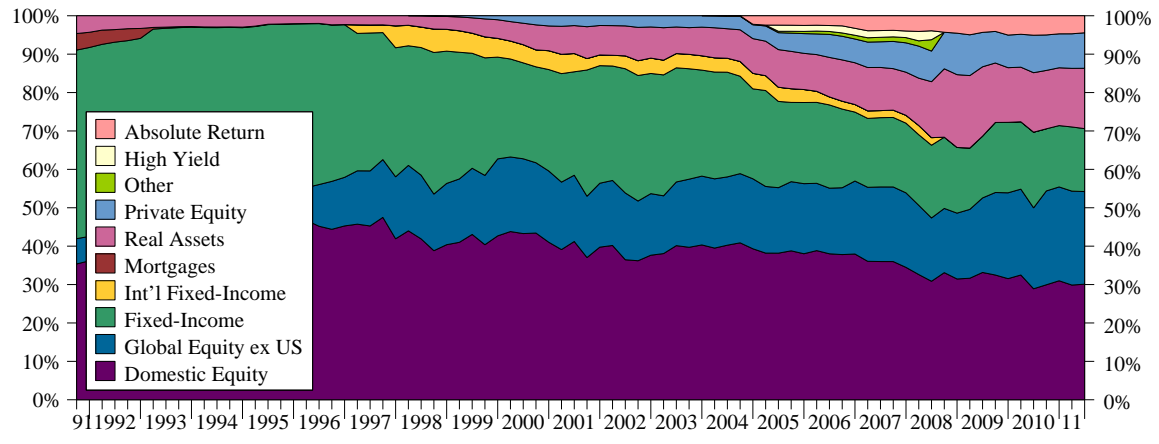
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	8.07%	8.72%	(0.29%)	0.06%	(0.23%)
Fixed-Income	31%	32%	6.89%	6.64%	0.09%	(0.08%)	0.01%
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Asset	7%	8%	7.36%	7.71%	(0.10%)	(0.00%)	(0.10%)
International Equity	15%	14%	8.06%	6.17%	0.28%	(0.00%)	0.27%
Int'l Fixed-Income	2%	2%	-	-	0.01%	0.04%	0.05%
Private Equity	3%	3%	-	-	0.08%	0.01%	0.09%
Absolute Return	1%	2%	-	-	(0.05%)	(0.01%)	(0.07%)
Other	0%	1%	-	-	0.01%	(0.00%)	0.00%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			7.78%	7.72%	+ 0.03%	+ 0.02%	0.05%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

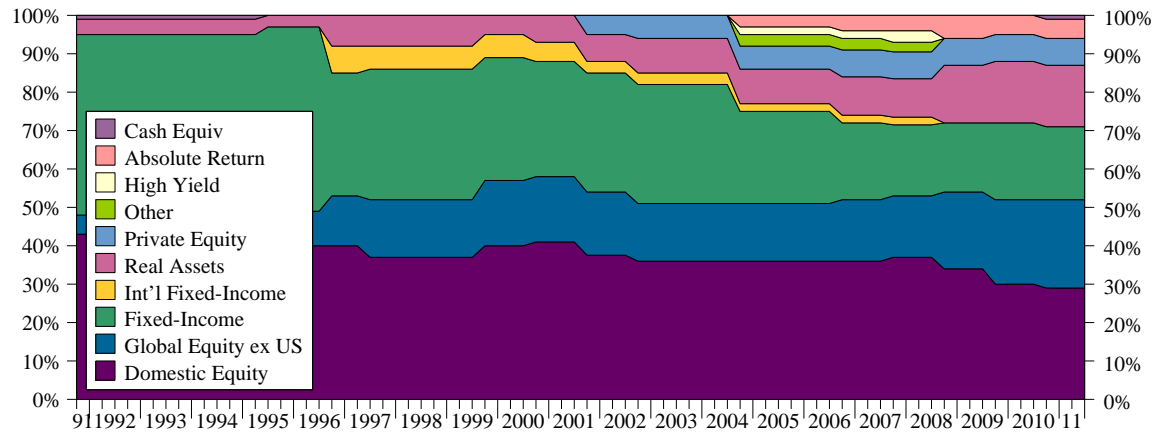
Actual vs Target Historical Asset Allocation

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.

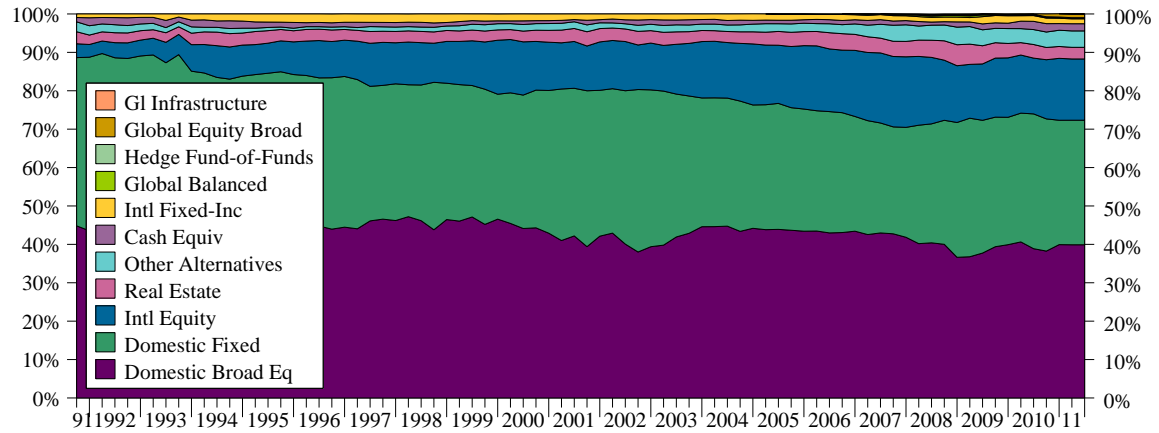
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

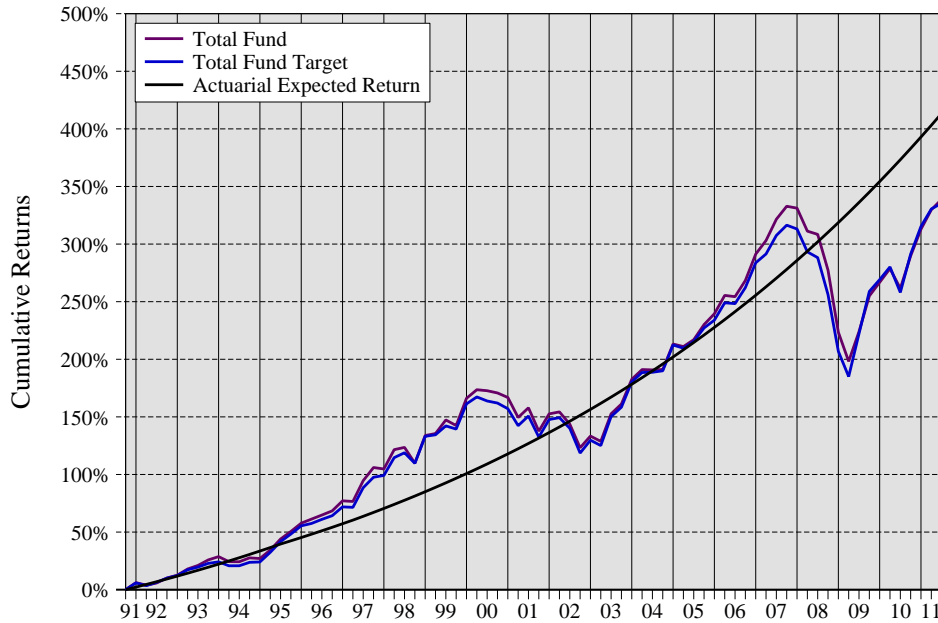


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

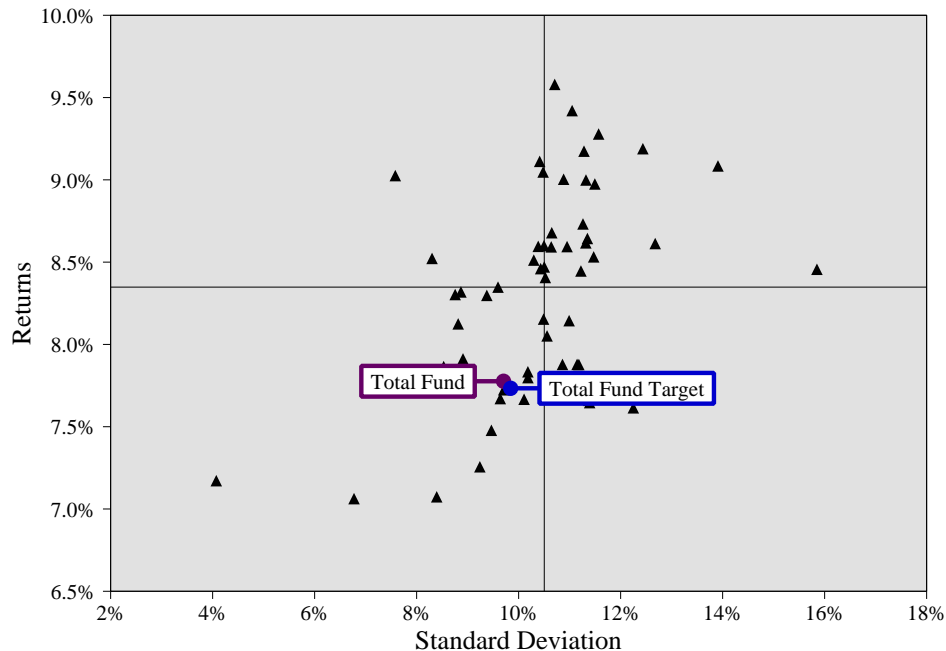
Cumulative Performance Relative to Target

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 Three-Quarter Year Annualized Risk vs Return



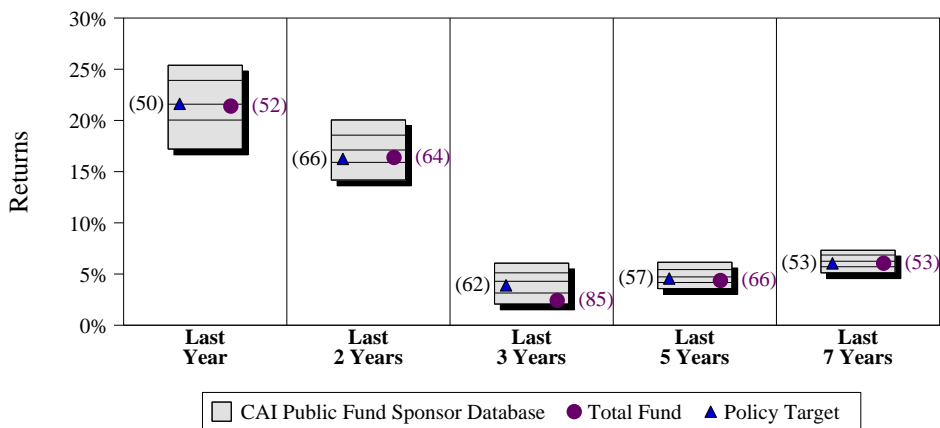
Triangles represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

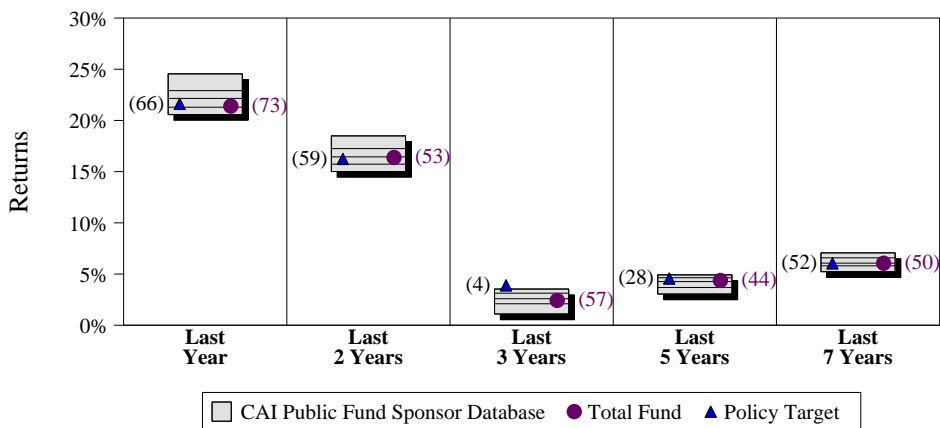
Total Fund Ranking

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 June 30, 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

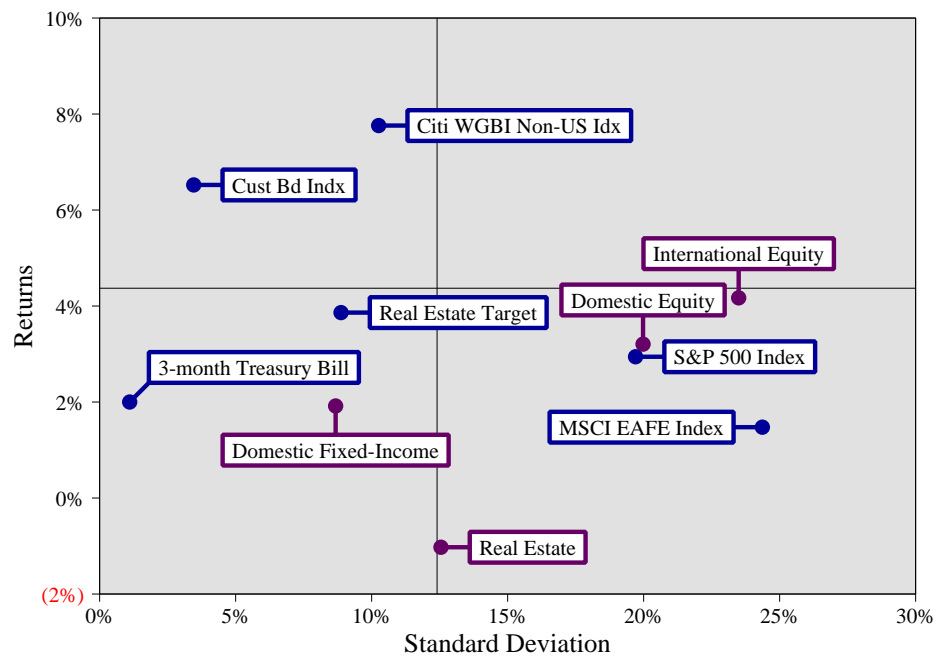


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

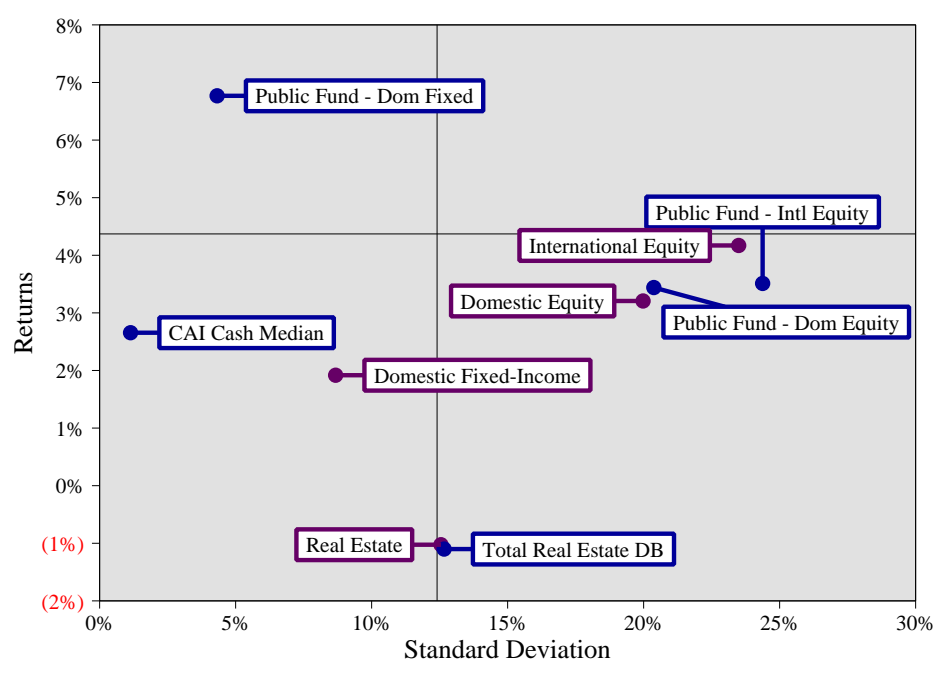
Asset Class Risk and Return

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



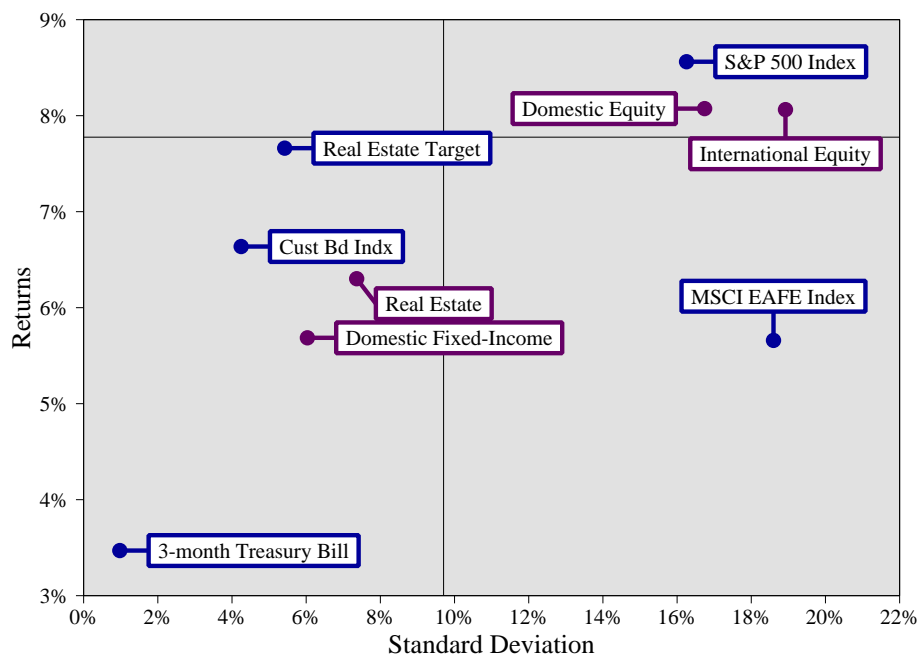
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



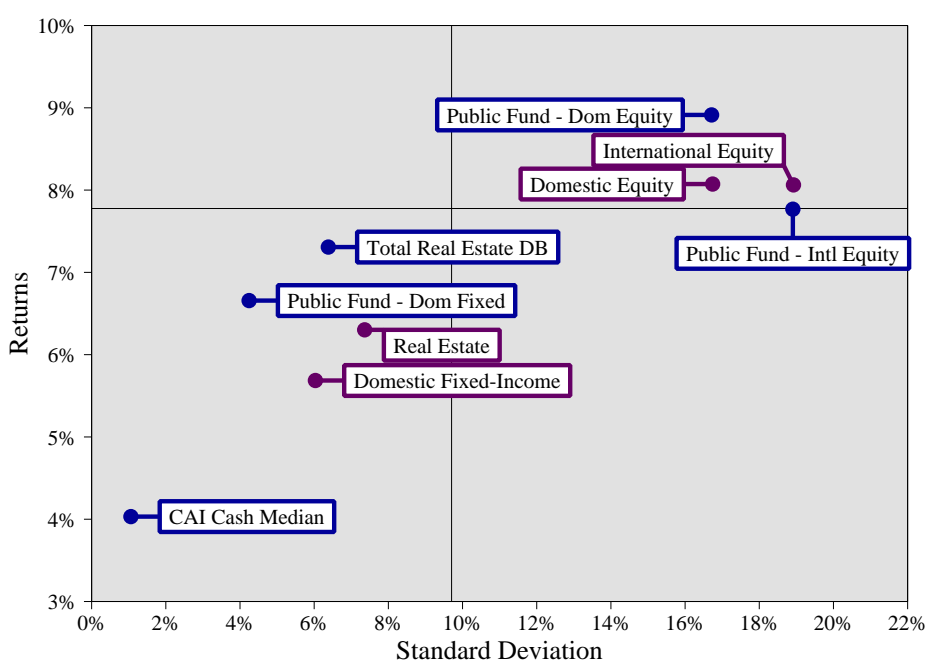
Asset Class Risk and Return

The charts below show the nineteen and 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.

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



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

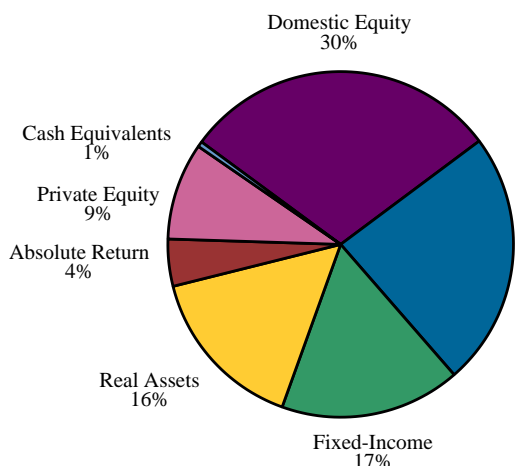


T R S HEALTH CARE

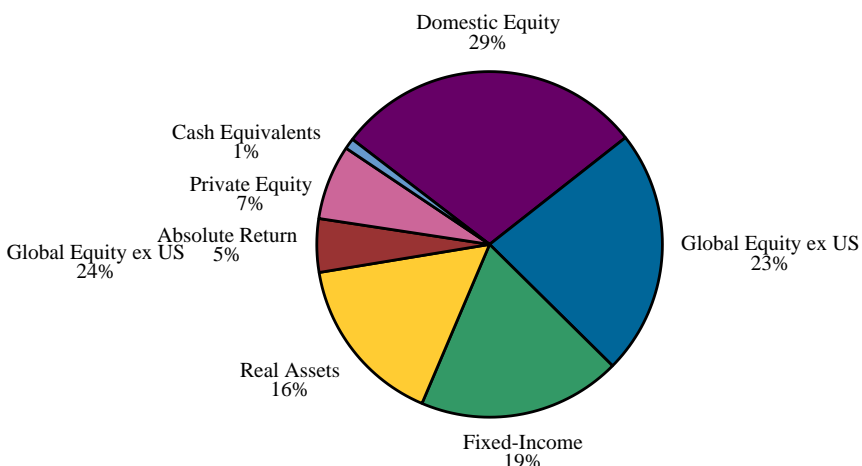
Actual vs Target Asset Allocation

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

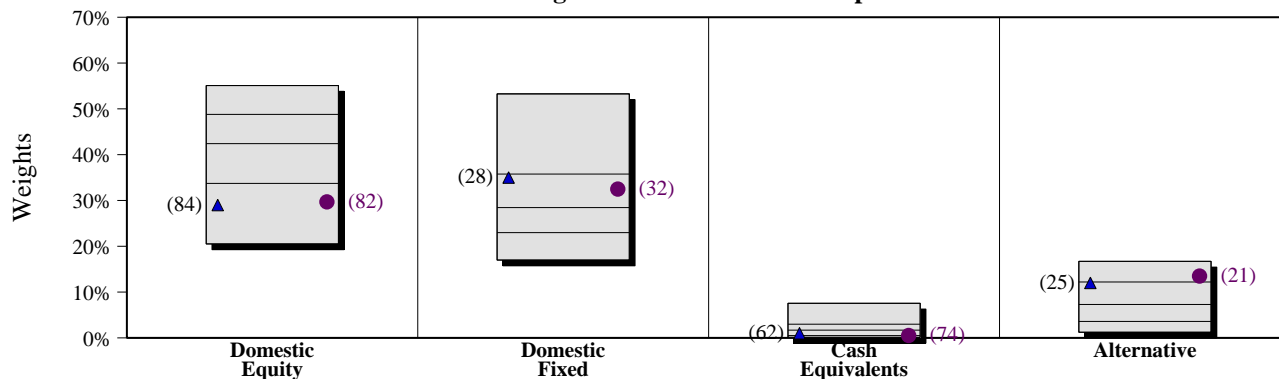


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	480,551	29.7%	29.0%	0.7%	11,134
Global Equity ex US	385,366	23.8%	23.0%	0.8%	13,070
Fixed-Income	273,714	16.9%	19.0%	(2.1%)	(33,835)
Real Assets	252,140	15.6%	16.0%	(0.4%)	(6,848)
Absolute Return	70,792	4.4%	5.0%	(0.6%)	(10,141)
Private Equity	147,604	9.1%	7.0%	2.1%	34,298
Cash Equivalents	8,510	0.5%	1.0%	(0.5%)	(7,677)
Total	1,618,677	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



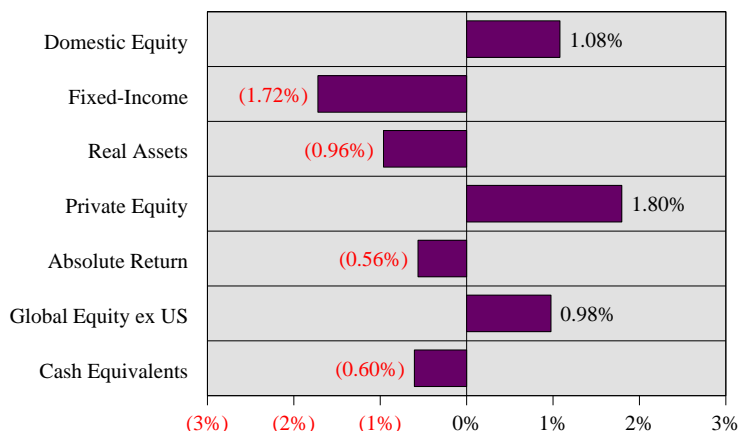
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	55.08	53.27	7.55	16.71
25th Percentile	48.79	35.76	2.99	12.20
Median	42.41	28.44	1.69	7.30
75th Percentile	33.72	22.98	0.50	3.59
90th Percentile	20.51	16.99	0.12	1.23
Fund ●	29.69	32.49	0.53	13.49
Target ▲	29.00	35.00	1.00	12.00
% Group Invested	97.75%	98.88%	67.42%	48.31%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

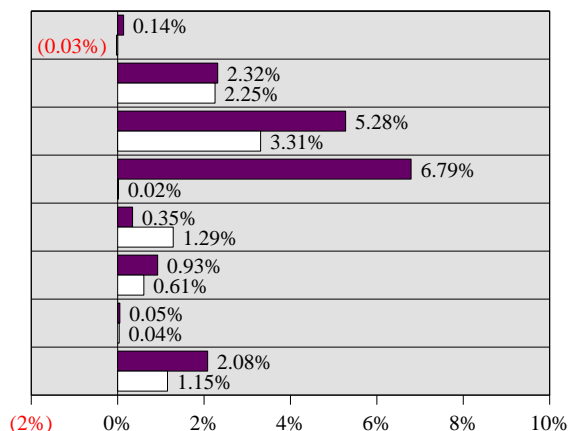
Quarterly Total Fund Relative Attribution - June 30, 2011

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.

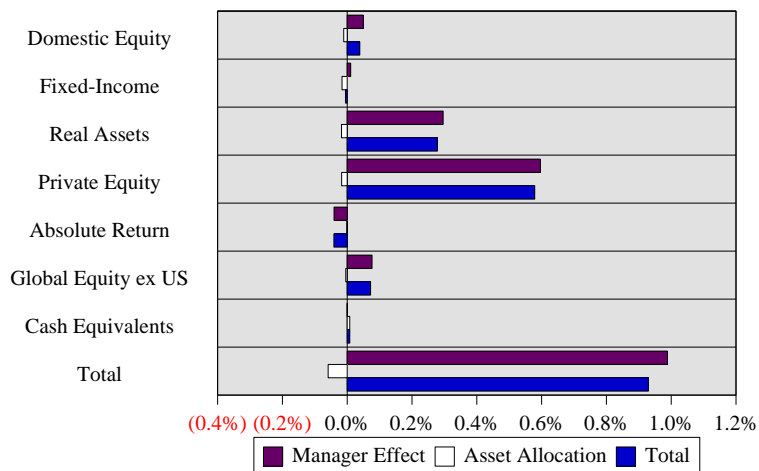
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	0.14%	(0.03%)	0.05%	(0.01%)	0.04%
Fixed-Income	17%	19%	2.32%	2.25%	0.01%	(0.02%)	(0.01%)
Real Assets	15%	16%	5.28%	3.31%	0.30%	(0.02%)	0.28%
Private Equity	9%	7%	6.79%	0.02%	0.60%	(0.02%)	0.58%
Absolute Return	4%	5%	0.35%	1.29%	(0.04%)	(0.00%)	(0.04%)
Global Equity ex US	24%	23%	0.93%	0.61%	0.08%	(0.00%)	0.07%
Cash Equivalents	0%	1%	0.05%	0.04%	0.00%	0.01%	0.01%

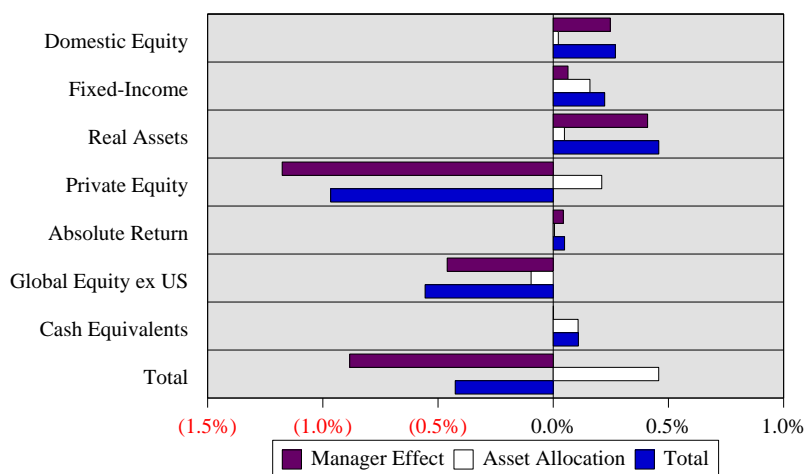
Total **2.08% = 1.15% + 0.99% + (0.06%)** **0.93%**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

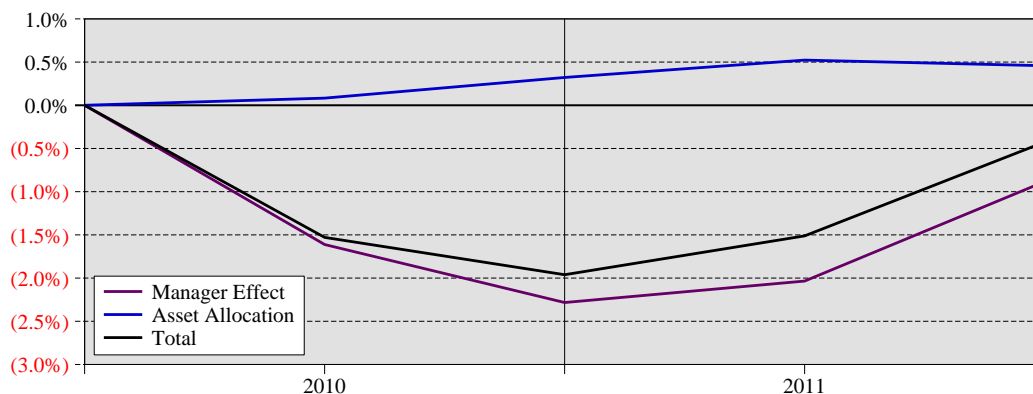
Cumulative Total Fund Relative Attribution - June 30, 2011

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

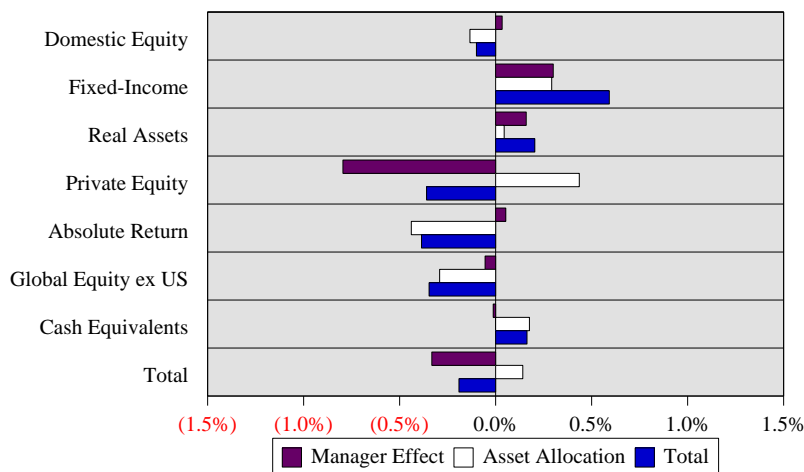
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	33.22%	32.37%	0.25%	0.02%	0.27%
Fixed-Income	18%	19%	5.40%	5.06%	0.06%	0.16%	0.22%
Real Assets	15%	16%	15.09%	12.66%	0.41%	0.05%	0.46%
Private Equity	9%	7%	20.15%	32.93%	(1.18%)	0.21%	(0.97%)
Absolute Return	5%	5%	5.97%	5.16%	0.04%	0.01%	0.05%
Global Equity ex US	24%	23%	28.22%	30.27%	(0.46%)	(0.10%)	(0.56%)
Cash Equivalents	0%	1%	0.44%	0.16%	0.00%	0.11%	0.11%
Total			21.20%	21.62%	(0.88%)	0.46%	(0.43%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

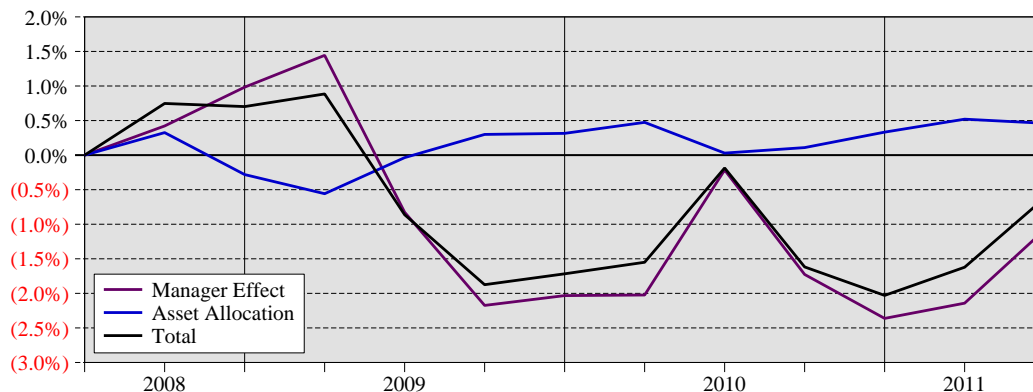
Cumulative Total Fund Relative Attribution - June 30, 2011

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

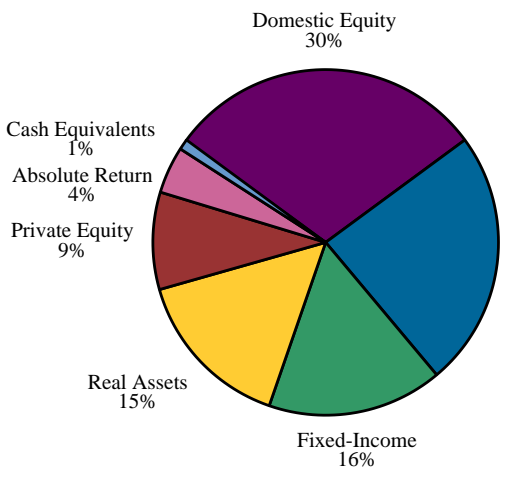
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	32%	4.07%	4.00%	0.03%	(0.13%)	(0.10%)
Fixed-Income	19%	20%	8.12%	6.65%	0.30%	0.29%	0.59%
Real Assets	14%	13%	1.98%	0.55%	0.16%	0.04%	0.20%
Private Equity	6%	6%	11.20%	3.29%	(0.80%)	0.44%	(0.36%)
Absolute Return	4%	6%	5.17%	5.42%	0.05%	(0.44%)	(0.39%)
Global Equity ex US	23%	22%	(0.06%)	0.11%	(0.06%)	(0.29%)	(0.35%)
Cash Equivalents	1%	1%	1.45%	1.44%	(0.01%)	0.18%	0.16%
Total			3.88%	4.07%	(0.33%)	0.14%	(0.19%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

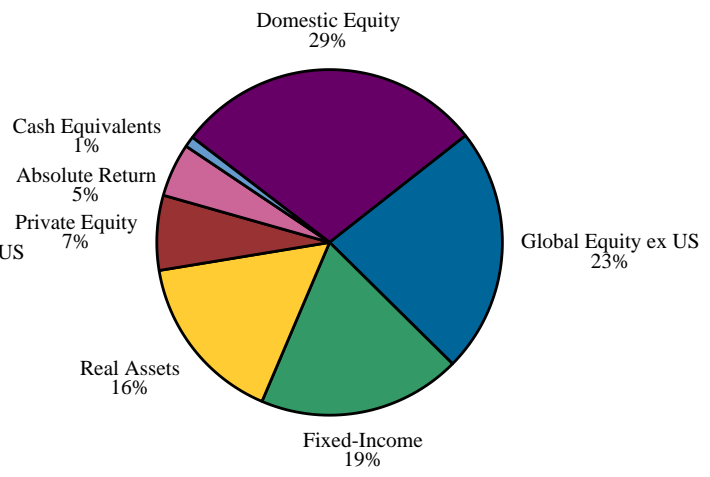
Actual vs Target Asset Allocation

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

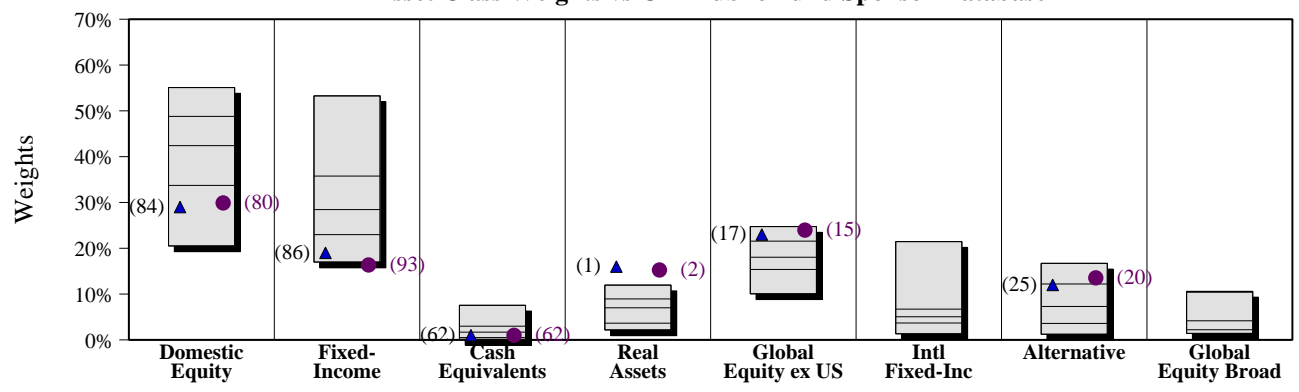


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	33,104	29.9%	29.0%	0.9%	993
Global Equity ex US	26,532	24.0%	23.0%	1.0%	1,065
Fixed-Income	18,105	16.4%	19.0%	(2.6%)	(2,933)
Real Assets	16,892	15.3%	16.0%	(0.7%)	(824)
Private Equity	10,118	9.1%	7.0%	2.1%	2,368
Absolute Return	4,873	4.4%	5.0%	(0.6%)	(663)
Cash Equivalents	1,103	1.0%	1.0%	0.0%	(4)
Total	110,728	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



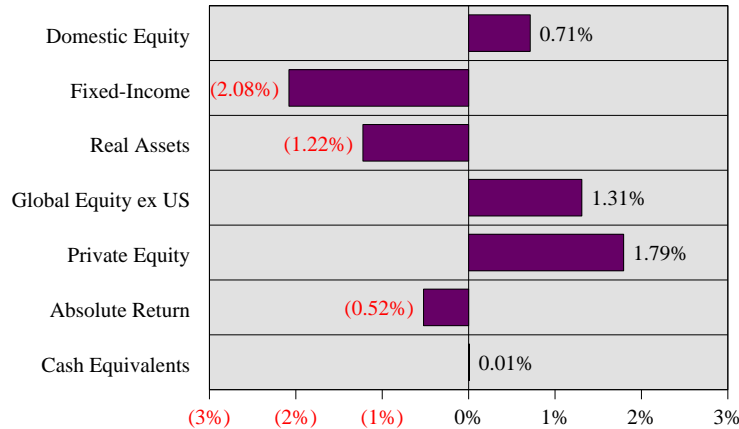
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative	Global Equity Broad
10th Percentile	55.08	53.27	7.55	11.96	24.74	21.46	16.71	10.58
25th Percentile	48.79	35.76	2.99	8.94	21.56	6.71	12.20	10.40
Median	42.41	28.44	1.69	7.00	18.04	5.05	7.30	4.17
75th Percentile	33.72	22.98	0.50	3.64	15.38	3.68	3.59	2.21
90th Percentile	20.51	16.99	0.12	2.17	10.06	1.33	1.23	1.42
Fund ●	29.90	16.35	1.00	15.26	23.96	-	13.54	-
Target ▲	29.00	19.00	1.00	16.00	23.00	-	12.00	-
% Group Invested	97.75%	98.88%	67.42%	48.31%	88.76%	17.98%	48.31%	7.87%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

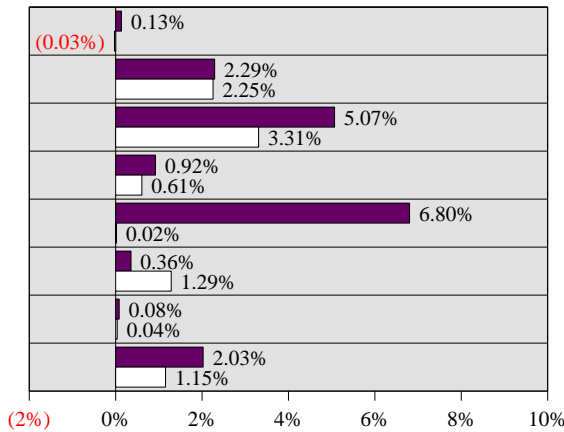
Quarterly Total Fund Relative Attribution - June 30, 2011

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.

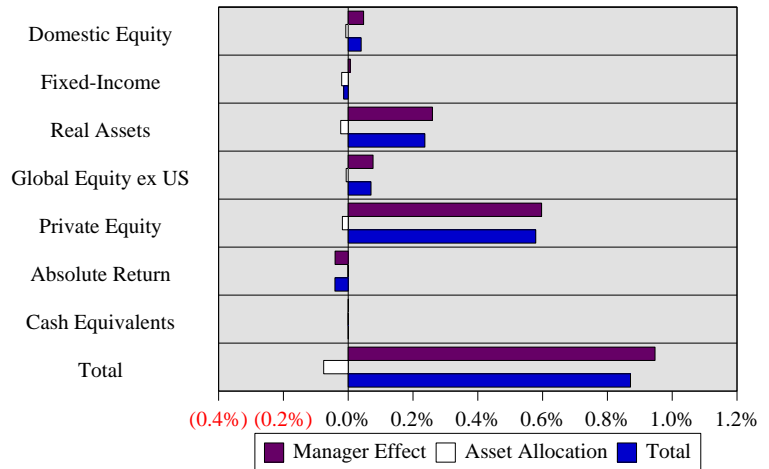
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	0.13%	(0.03%)	0.05%	(0.01%)	0.04%
Fixed-Income	17%	19%	2.29%	2.25%	0.01%	(0.02%)	(0.01%)
Real Assets	15%	16%	5.07%	3.31%	0.26%	(0.02%)	0.24%
Global Equity ex US	24%	23%	0.92%	0.61%	0.08%	(0.01%)	0.07%
Private Equity	9%	7%	6.80%	0.02%	0.60%	(0.02%)	0.58%
Absolute Return	4%	5%	0.36%	1.29%	(0.04%)	(0.00%)	(0.04%)
Cash Equivalents	1%	1%	0.08%	0.04%	0.00%	(0.00%)	0.00%

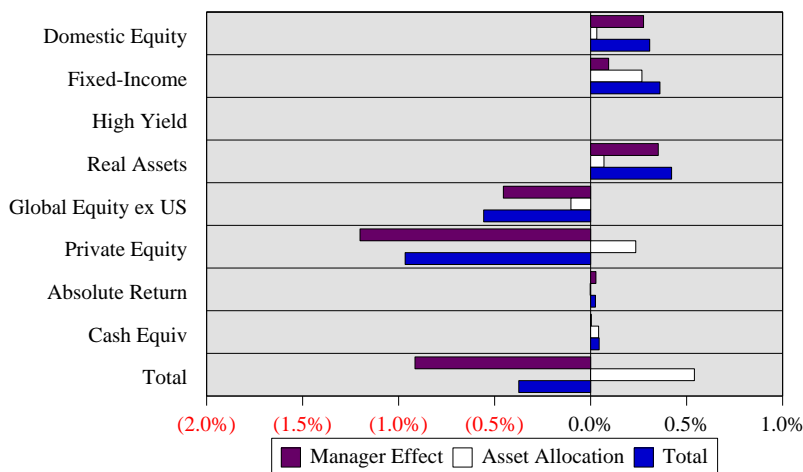
Total $2.03\% = 1.15\% + 0.95\% + (0.08\%)$ **0.87%**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

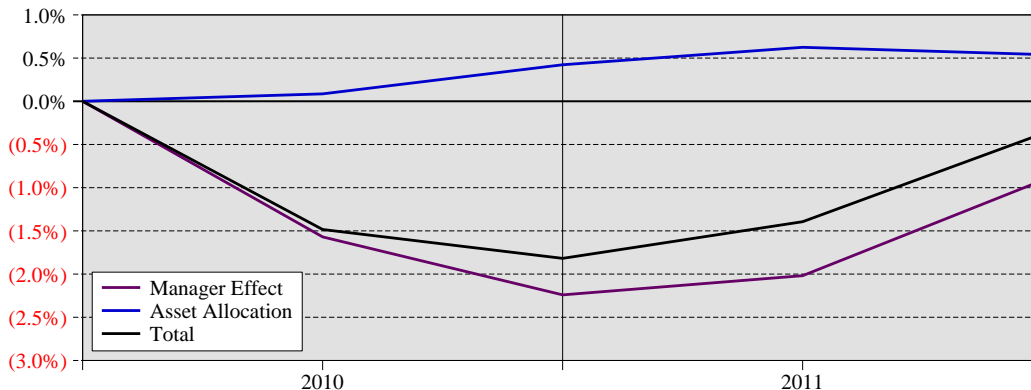
Cumulative Total Fund Relative Attribution - June 30, 2011

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	29%	29%	33.34%	32.37%	0.28%	0.03%	0.31%
Fixed-Income	17%	19%	5.56%	5.06%	0.09%	0.27%	0.36%
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Real Assets	15%	16%	14.80%	12.66%	0.35%	0.07%	0.42%
Global Equity ex US	24%	23%	28.25%	30.27%	(0.45%)	(0.10%)	(0.56%)
Private Equity	9%	7%	20.18%	32.93%	(1.20%)	0.24%	(0.97%)
Absolute Return	5%	5%	5.70%	5.16%	0.03%	(0.00%)	0.03%
Cash Equiv	1%	1%	0.47%	0.16%	0.00%	0.04%	0.04%

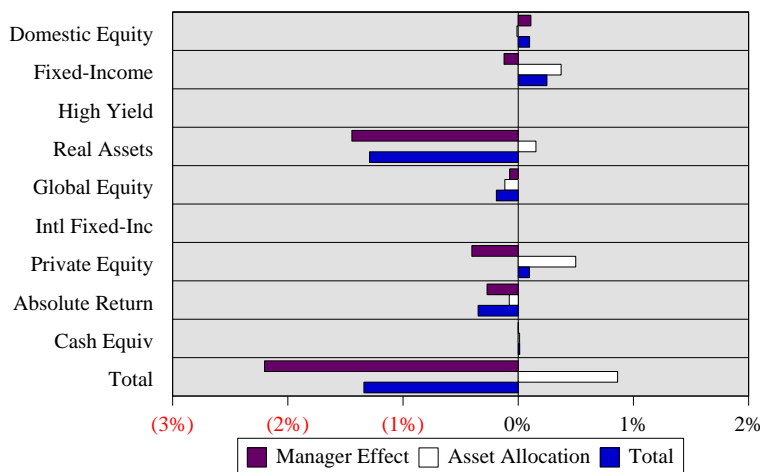
Total **21.25% = 21.62% + (0.91%) + 0.54%** **(0.37%)**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

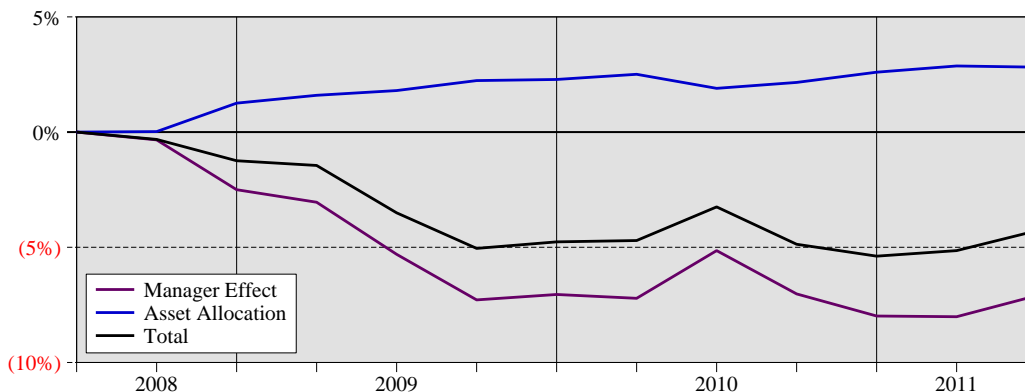
Cumulative Total Fund Relative Attribution - June 30, 2011

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Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

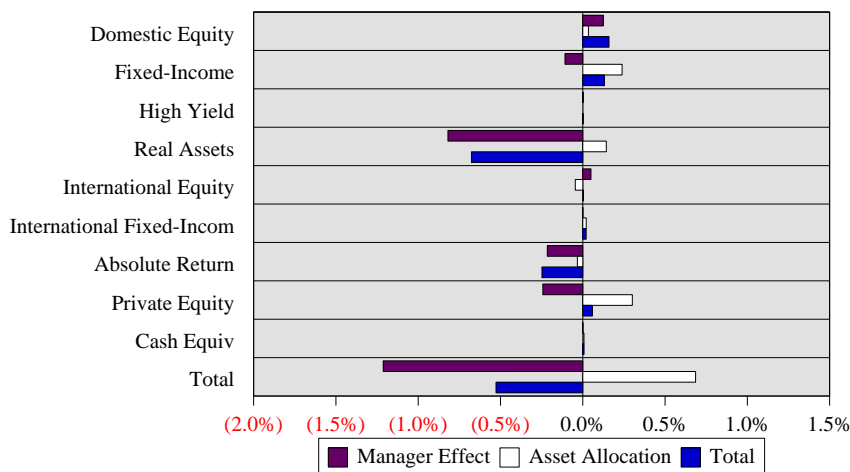
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	32%	31%	4.52%	4.00%	0.11%	(0.01%)	0.10%
Fixed-Income	19%	19%	6.55%	6.85%	(0.12%)	0.37%	0.25%
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Real Assets	16%	16%	(7.10%)	0.55%	(1.44%)	0.15%	(1.29%)
Global Equity	23%	22%	0.48%	0.11%	(0.07%)	(0.12%)	(0.19%)
Intl Fixed-Inc	0%	0%	-	-	0.00%	0.00%	0.00%
Private Equity	6%	7%	11.21%	3.29%	(0.40%)	0.50%	0.10%
Absolute Return	5%	5%	(0.48%)	5.42%	(0.27%)	(0.08%)	(0.35%)
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			2.56%	3.90%	(2.20%)	0.86%	1.34%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

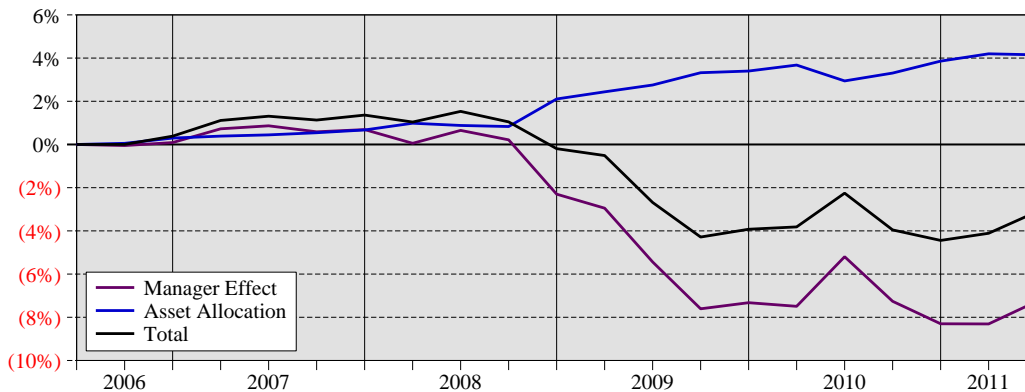
Cumulative Total Fund Relative Attribution - June 30, 2011

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

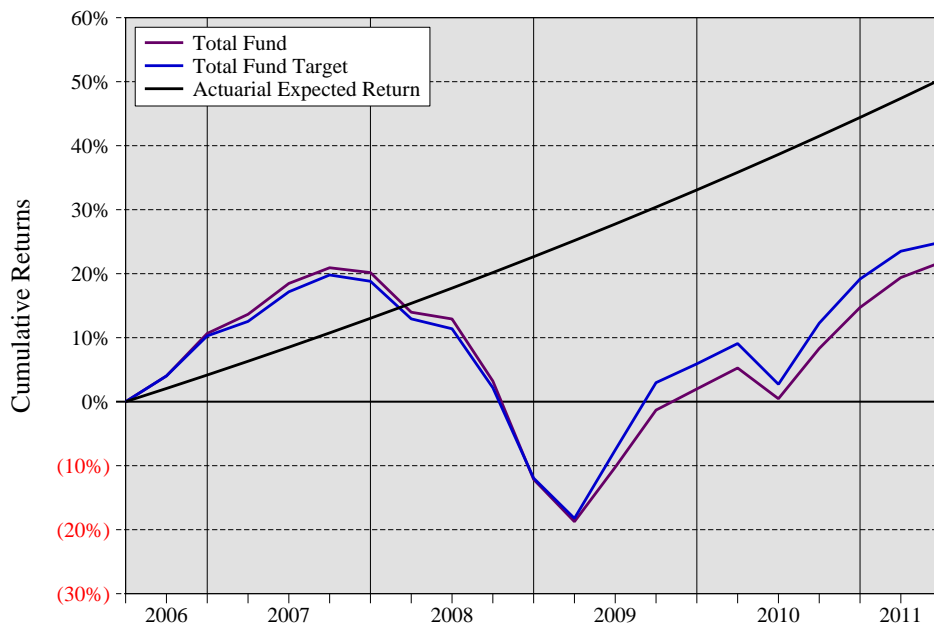
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	35%	35%	3.48%	3.02%	0.13%	0.03%	0.16%
Fixed-Income	19%	19%	6.62%	6.98%	(0.11%)	0.24%	0.13%
High Yield	1%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	14%	13%	0.42%	4.88%	(0.82%)	0.14%	(0.68%)
International Equity	22%	21%	3.95%	3.27%	0.05%	(0.05%)	0.00%
International Fixed-Incom	1%	1%	-	-	(0.00%)	0.02%	0.02%
Absolute Return	4%	5%	1.90%	6.81%	(0.22%)	(0.03%)	(0.25%)
Private Equity	4%	4%	-	-	(0.24%)	0.30%	0.06%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			4.03%	4.55%	(1.21%)	0.69%	(0.53%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

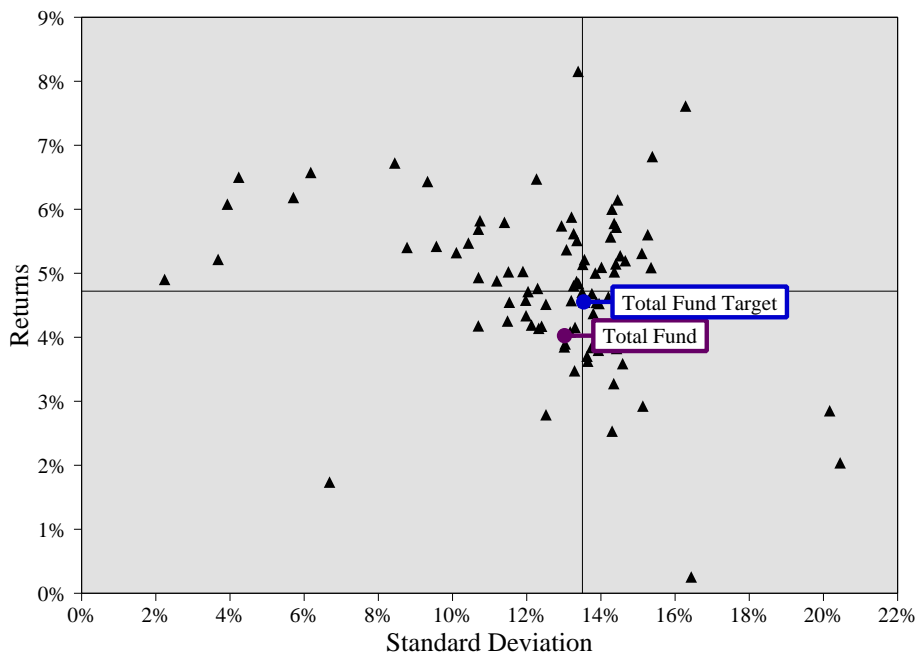
Cumulative Performance Relative to Target

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



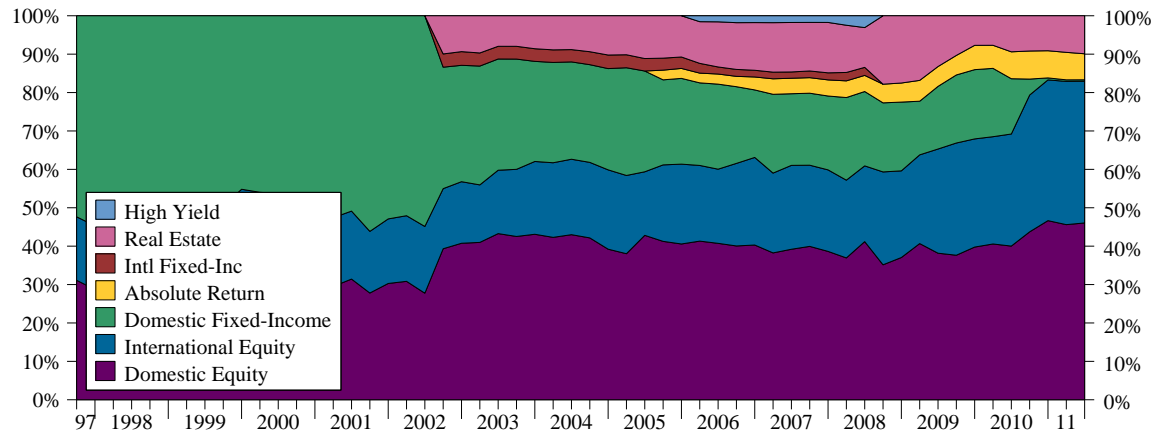
Triangles represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

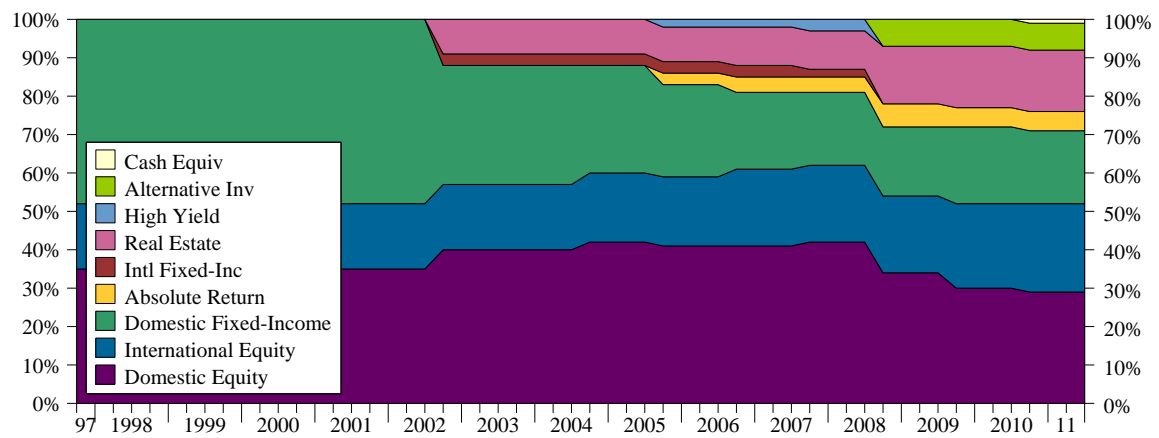
Actual vs Target Historical Asset Allocation

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.

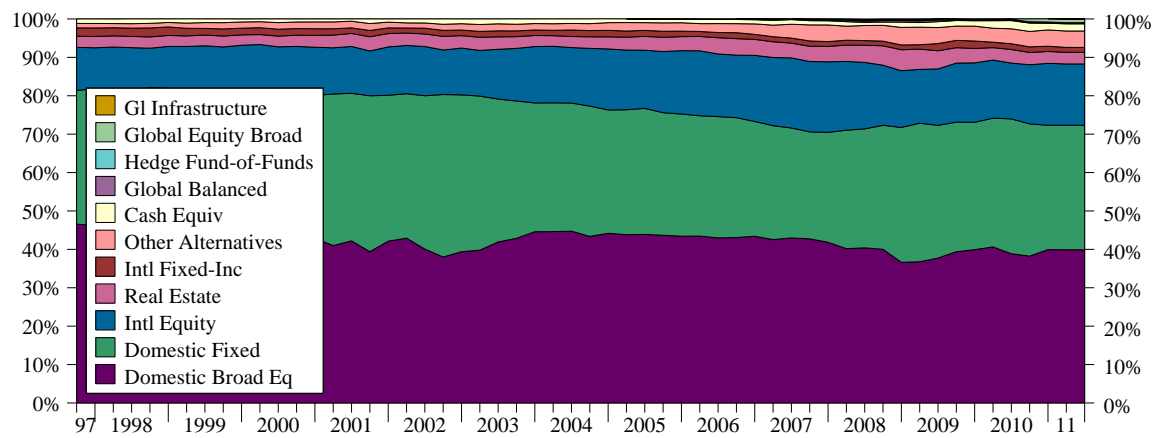
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

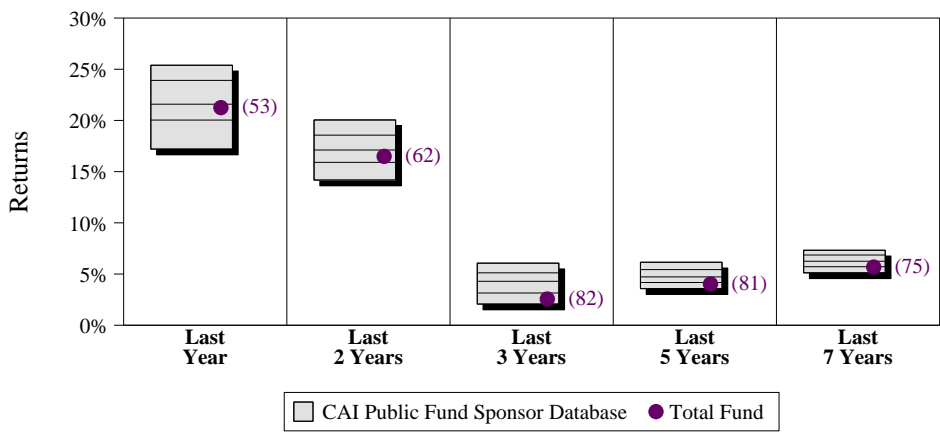


* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

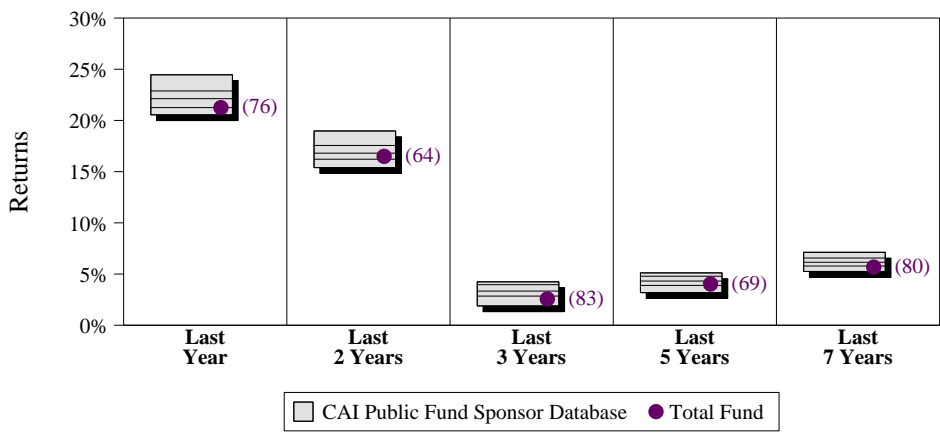
Total Fund Ranking

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 June 30, 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.

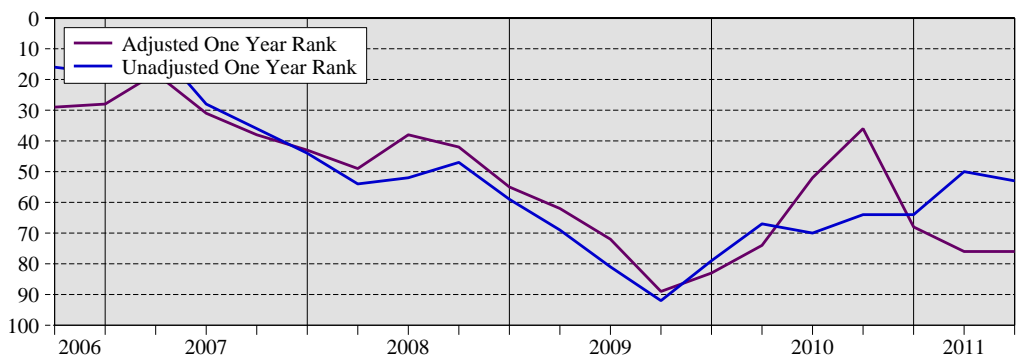
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



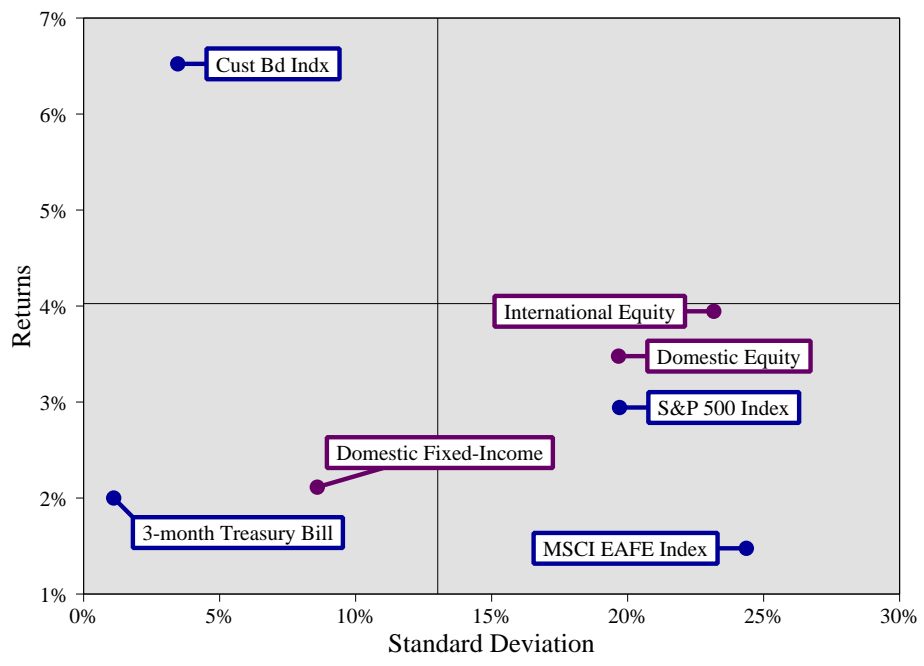
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



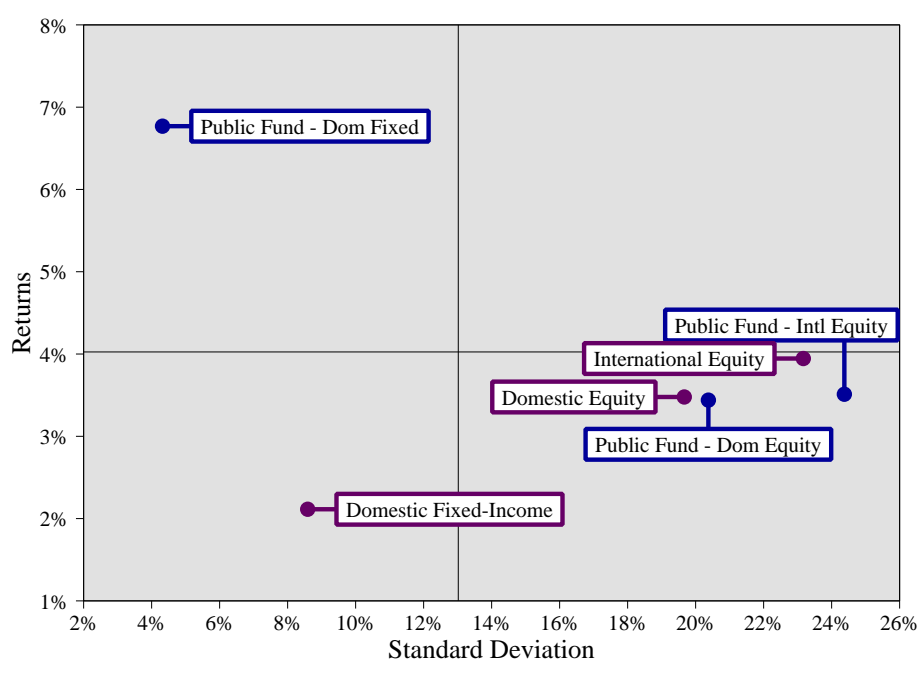
Asset Class Risk and Return

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

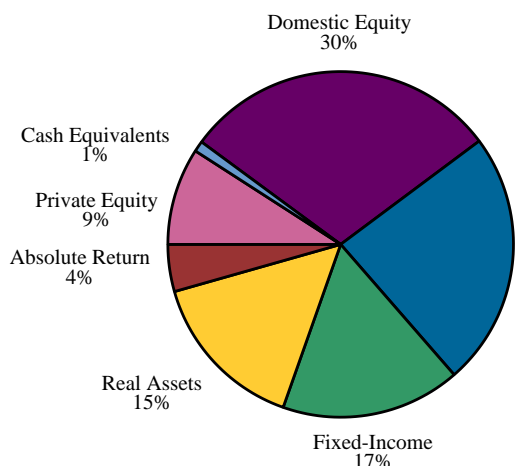


J R S HEALTH CARE

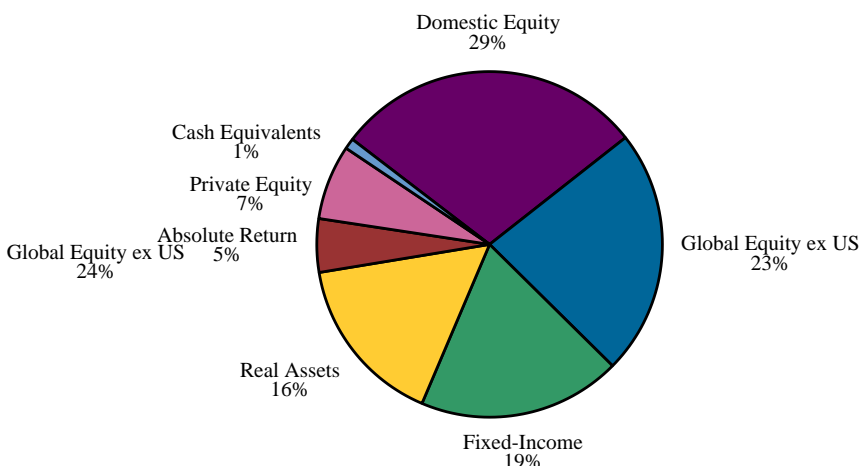
Actual vs Target Asset Allocation

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

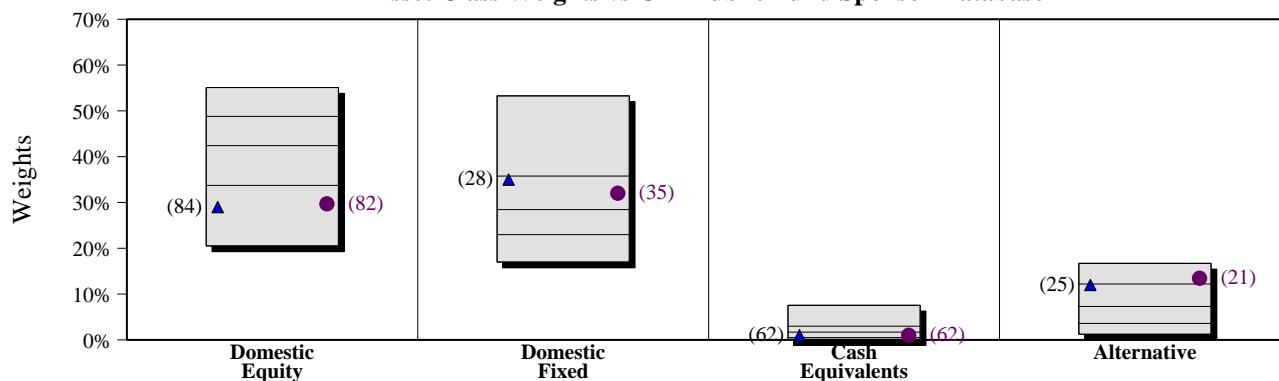


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	6,098	29.7%	29.0%	0.7%	144
Global Equity ex US	4,888	23.8%	23.0%	0.8%	167
Fixed-Income	3,448	16.8%	19.0%	(2.2%)	(452)
Real Assets	3,125	15.2%	16.0%	(0.8%)	(159)
Absolute Return	898	4.4%	5.0%	(0.6%)	(129)
Private Equity	1,864	9.1%	7.0%	2.1%	427
Cash Equivalents	208	1.0%	1.0%	0.0%	2
Total	20,530	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



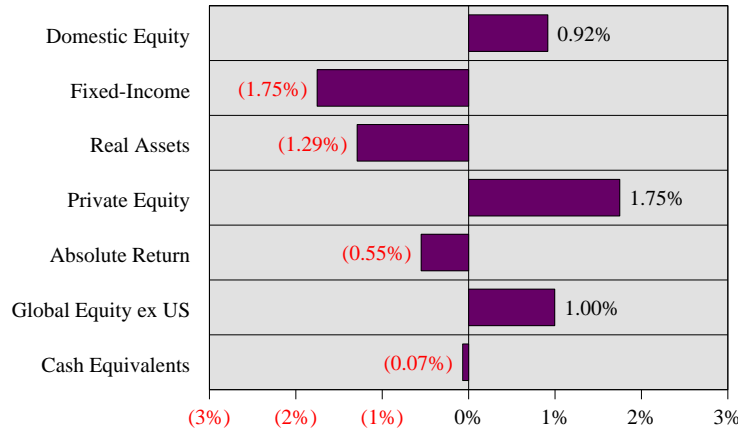
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	55.08	53.27	7.55	16.71
25th Percentile	48.79	35.76	2.99	12.20
Median	42.41	28.44	1.69	7.30
75th Percentile	33.72	22.98	0.50	3.59
90th Percentile	20.51	16.99	0.12	1.23
Fund ●	29.70	32.02	1.01	13.45
Target ▲	29.00	35.00	1.00	12.00
% Group Invested	97.75%	98.88%	67.42%	48.31%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

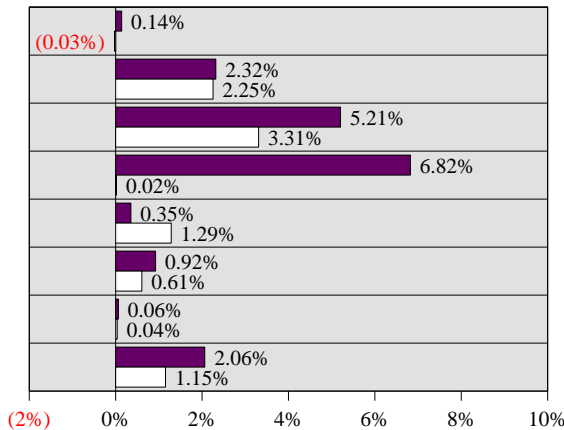
Quarterly Total Fund Relative Attribution - June 30, 2011

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.

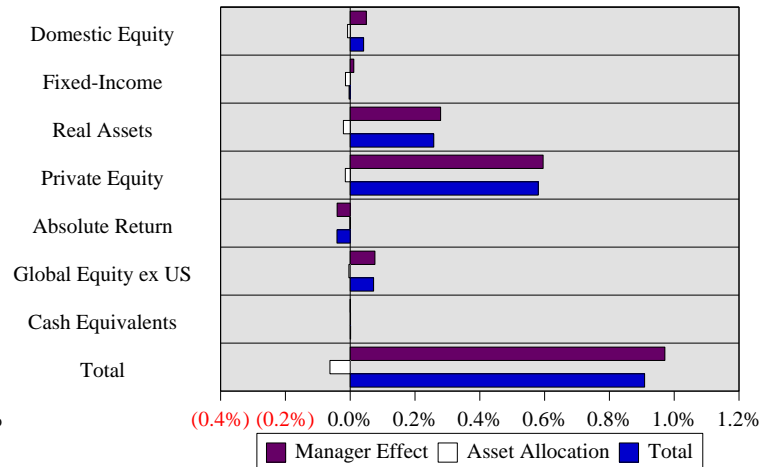
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2011

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	0.14%	(0.03%)	0.05%	(0.01%)	0.04%
Fixed-Income	17%	19%	2.32%	2.25%	0.01%	(0.01%)	(0.00%)
Real Assets	15%	16%	5.21%	3.31%	0.28%	(0.02%)	0.26%
Private Equity	9%	7%	6.82%	0.02%	0.60%	(0.02%)	0.58%
Absolute Return	4%	5%	0.35%	1.29%	(0.04%)	(0.00%)	(0.04%)
Global Equity ex US	24%	23%	0.92%	0.61%	0.08%	(0.00%)	0.07%
Cash Equivalents	1%	1%	0.06%	0.04%	0.00%	0.00%	0.00%

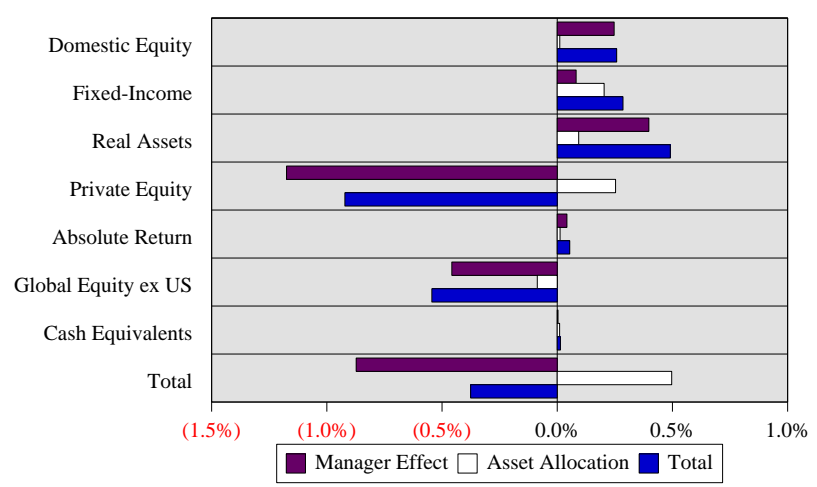
Total $2.06\% = 1.15\% + 0.97\% + (0.06\%)$ **0.91%**

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

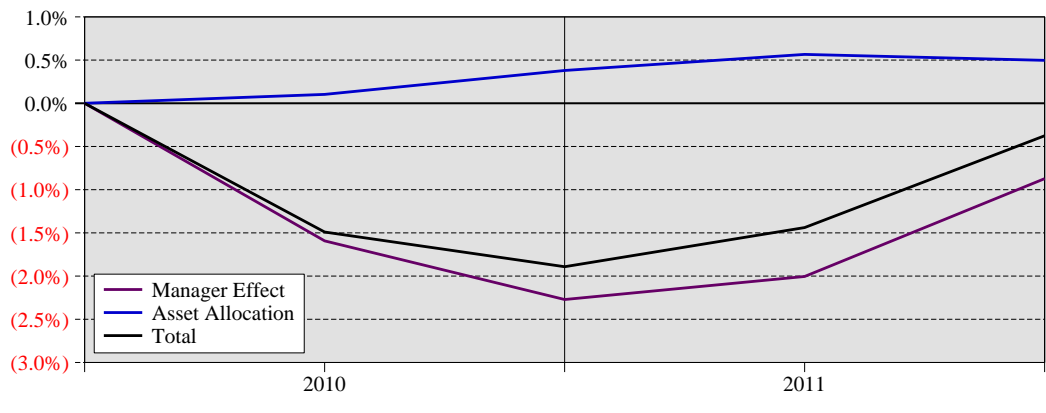
Cumulative Total Fund Relative Attribution - June 30, 2011

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

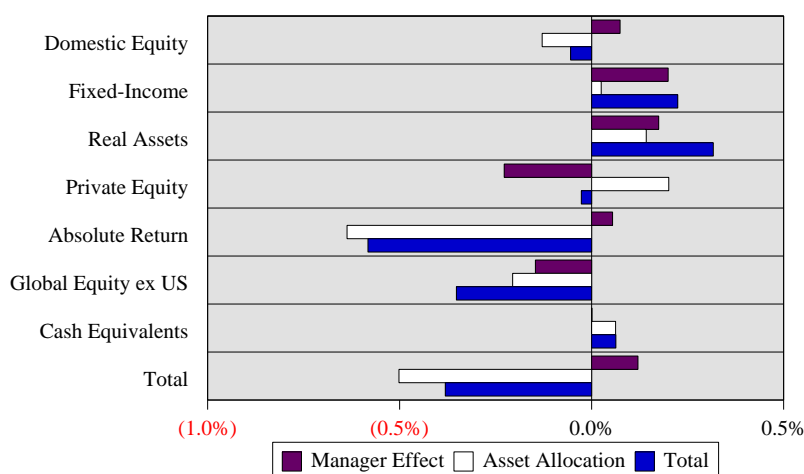
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	29%	33.23%	32.37%	0.25%	0.01%	0.26%
Fixed-Income	18%	19%	5.49%	5.06%	0.08%	0.20%	0.29%
Real Assets	15%	16%	15.09%	12.66%	0.40%	0.09%	0.49%
Private Equity	9%	7%	20.18%	32.93%	(1.17%)	0.25%	(0.92%)
Absolute Return	5%	5%	5.98%	5.16%	0.04%	0.01%	0.05%
Global Equity ex US	23%	23%	28.23%	30.27%	(0.46%)	(0.09%)	(0.54%)
Cash Equivalents	1%	1%	0.48%	0.16%	0.00%	0.01%	0.01%
Total			21.25%	21.62%	(0.87%)	0.50%	(0.38%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

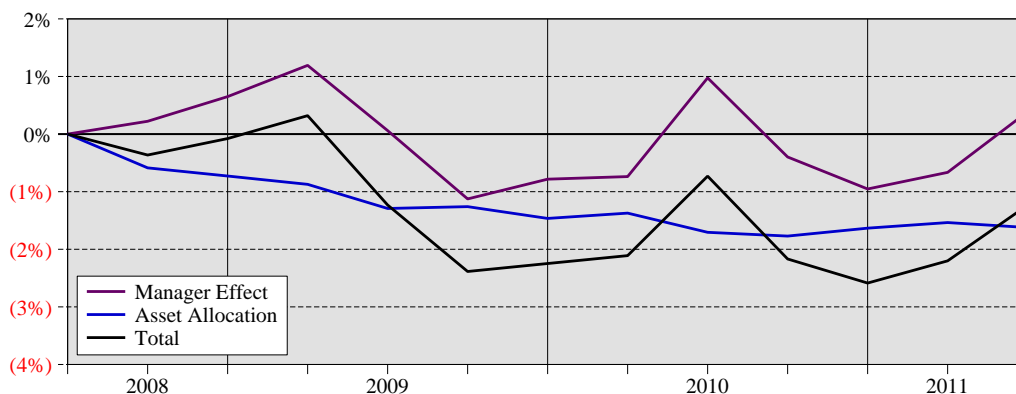
Cumulative Total Fund Relative Attribution - June 30, 2011

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

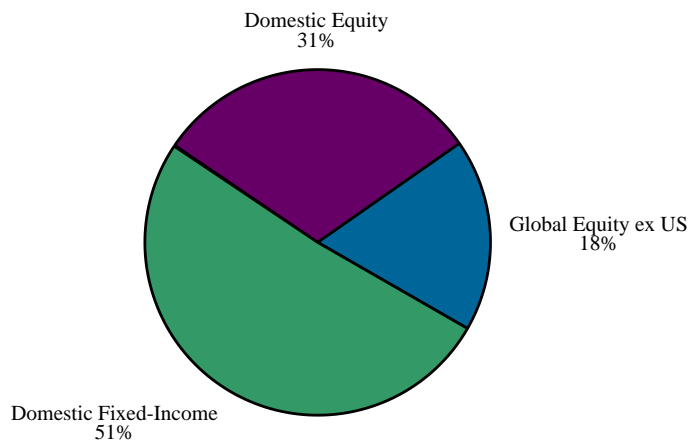
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	32%	4.20%	4.00%	0.07%	(0.13%)	(0.05%)
Fixed-Income	19%	20%	7.67%	6.65%	0.20%	0.02%	0.22%
Real Assets	13%	13%	1.50%	0.55%	0.17%	0.14%	0.32%
Private Equity	6%	6%	11.19%	3.29%	(0.23%)	0.20%	(0.03%)
Absolute Return	4%	6%	5.17%	5.42%	0.05%	(0.64%)	(0.58%)
Global Equity ex US	23%	22%	(0.33%)	0.11%	(0.15%)	(0.21%)	(0.35%)
Cash Equivalents	2%	1%	1.16%	0.83%	0.00%	0.06%	0.06%
Total			3.69%	4.07%	0.12%	(0.50%)	(0.38%)

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

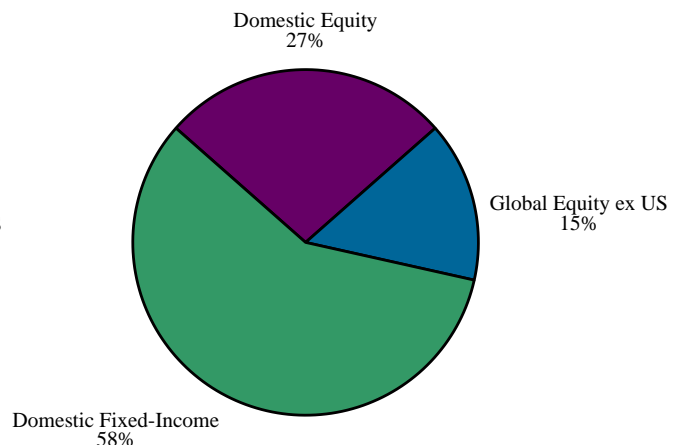
Actual vs Target Asset Allocation

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

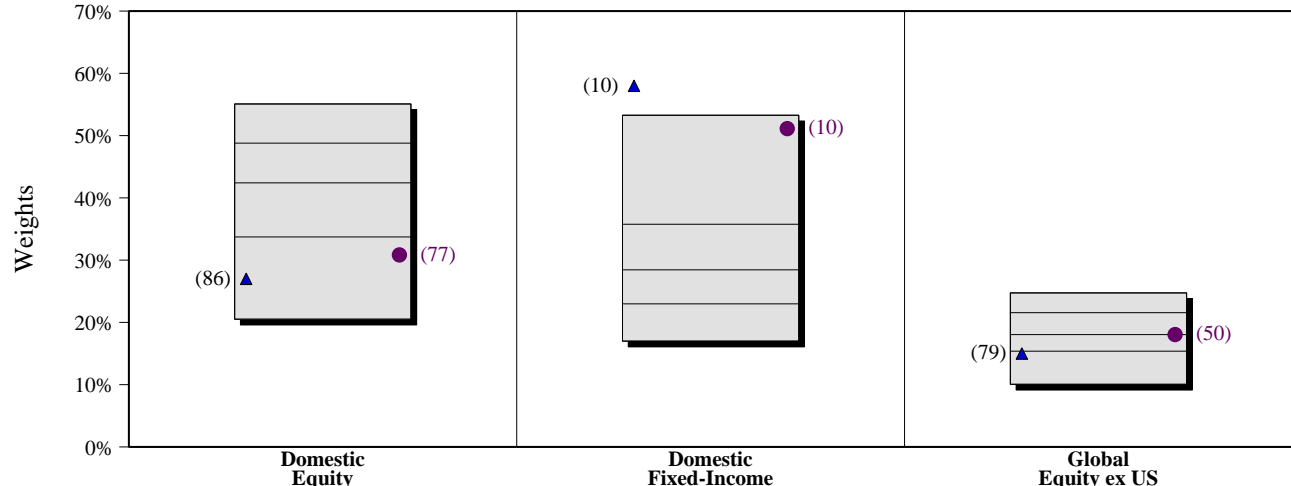


Target Asset Allocation



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	10,175	30.8%	27.0%	3.8%	1,266
Global Equity ex US	5,954	18.0%	15.0%	3.0%	1,004
Domestic Fixed-Income	16,867	51.1%	58.0%	(6.9%)	(2,270)
Total	32,995	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



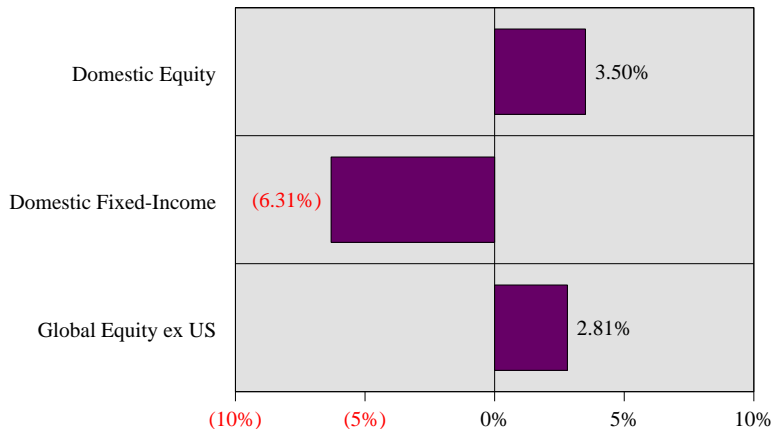
	Domestic Equity	Domestic Fixed-Income	Global Equity ex US
10th Percentile	55.08	53.27	24.74
25th Percentile	48.79	35.76	21.56
Median	42.41	28.44	18.04
75th Percentile	33.72	22.98	15.38
90th Percentile	20.51	16.99	10.06
Fund ●	30.84	51.12	18.04
Target ▲	27.00	58.00	15.00
% Group Invested	97.75%	98.88%	88.76%

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

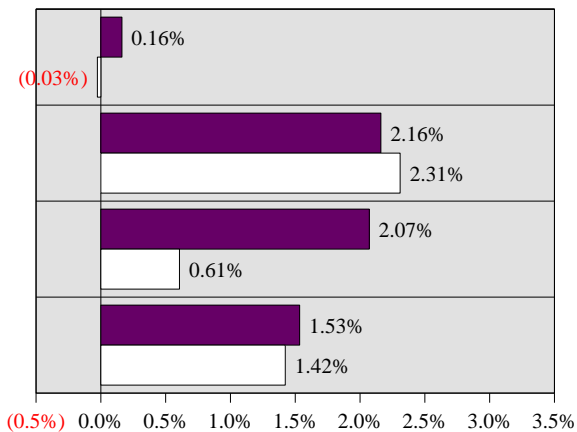
Quarterly Total Fund Relative Attribution - June 30, 2011

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.

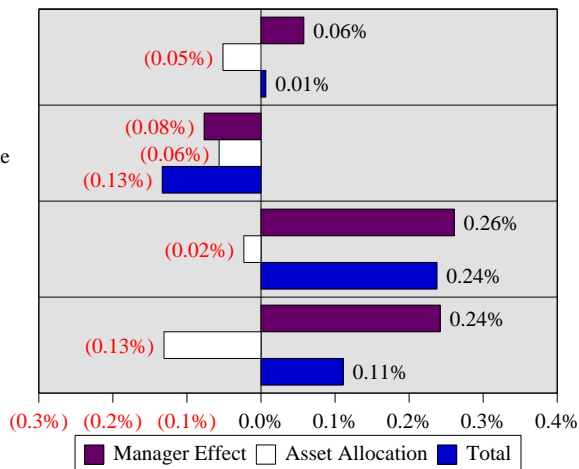
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2011

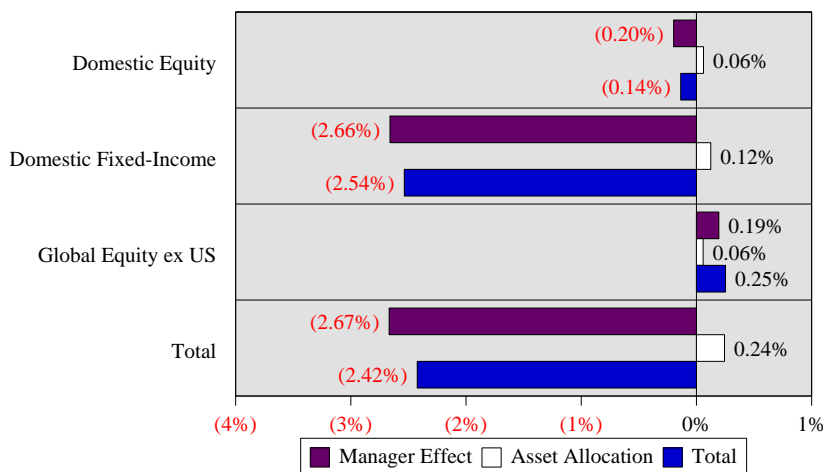
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	27%	0.16%	(0.03%)	0.06%	(0.05%)	0.01%
Domestic Fixed-Income	52%	58%	2.16%	2.31%	(0.08%)	(0.06%)	(0.13%)
Global Equity ex US	18%	15%	2.07%	0.61%	0.26%	(0.02%)	0.24%
Total			1.53%	1.42%	0.24%	(0.13%)	0.11%

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

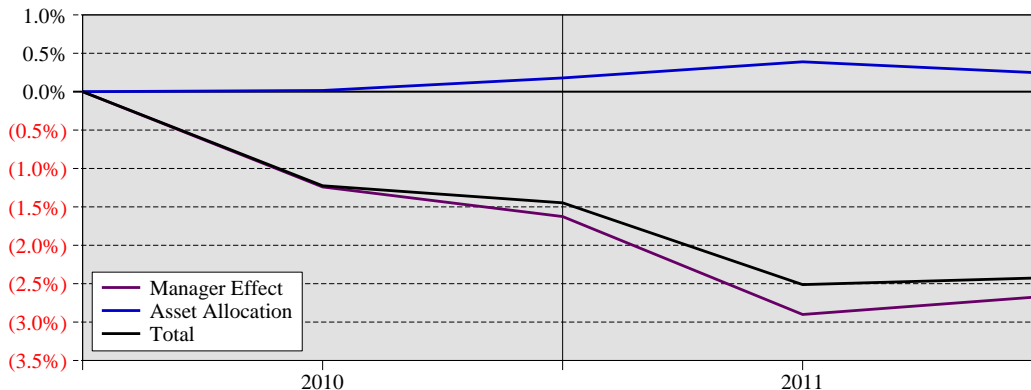
Cumulative Total Fund Relative Attribution - June 30, 2011

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

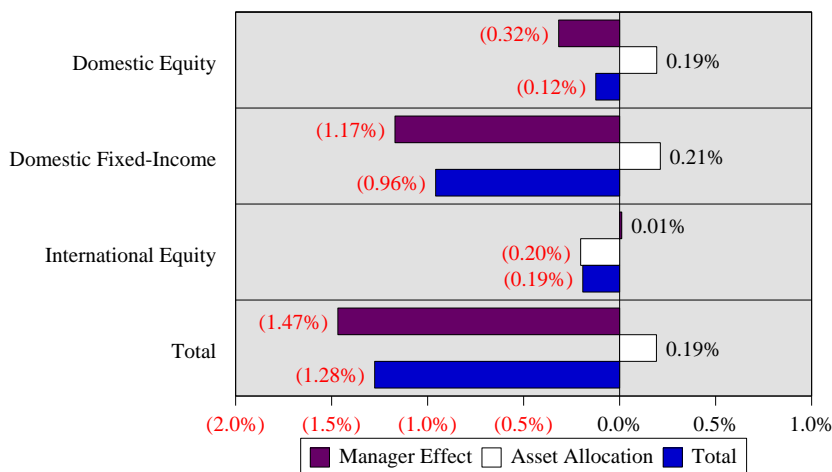
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	27%	31.50%	32.37%	(0.20%)	0.06%	(0.14%)
Domestic Fixed-Income	55%	58%	1.42%	5.85%	(2.66%)	0.12%	(2.54%)
Global Equity ex US	17%	15%	31.36%	30.27%	0.19%	0.06%	0.25%
Total			13.90%	16.32%	(2.67%)	0.24%	(2.42%)

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

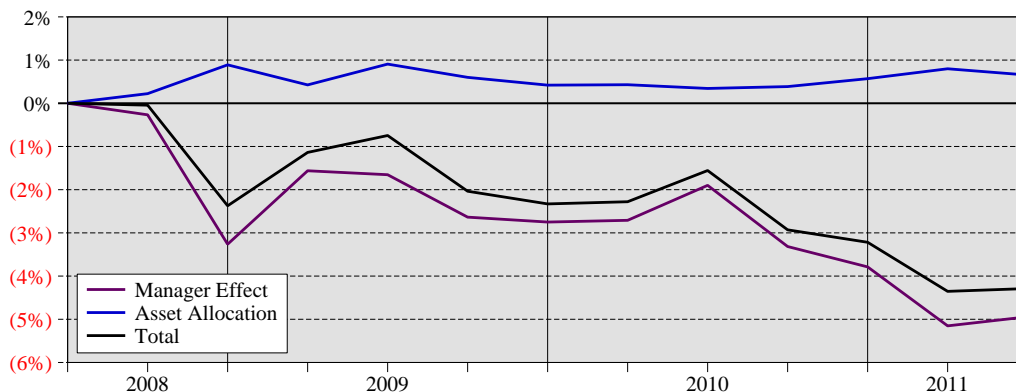
Cumulative Total Fund Relative Attribution - June 30, 2011

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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%	3.48%	4.31%	(0.32%)	0.19%	(0.12%)
Domestic Fixed-Income	58%	59%	5.20%	7.07%	(1.17%)	0.21%	(0.96%)
International Equity	14%	13%	0.38%	(0.29%)	0.01%	(0.20%)	(0.19%)
Total			5.21%	6.48%	(1.47%)	0.19%	(1.28%)

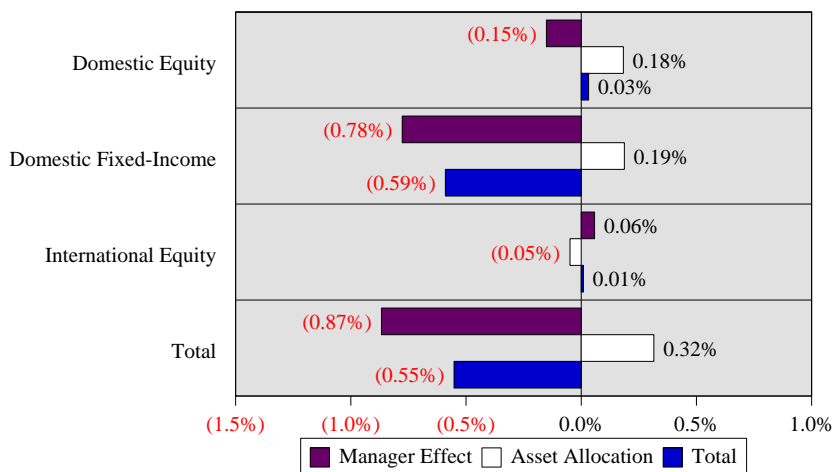
* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.



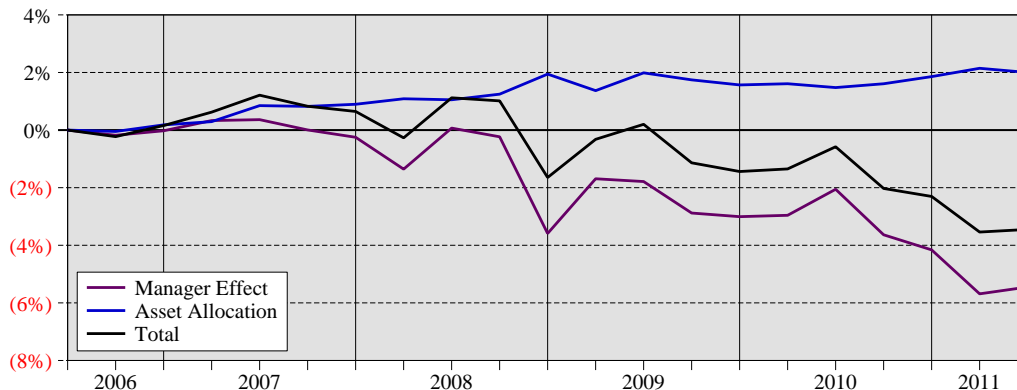
Cumulative Total Fund Relative Attribution - June 30, 2011

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

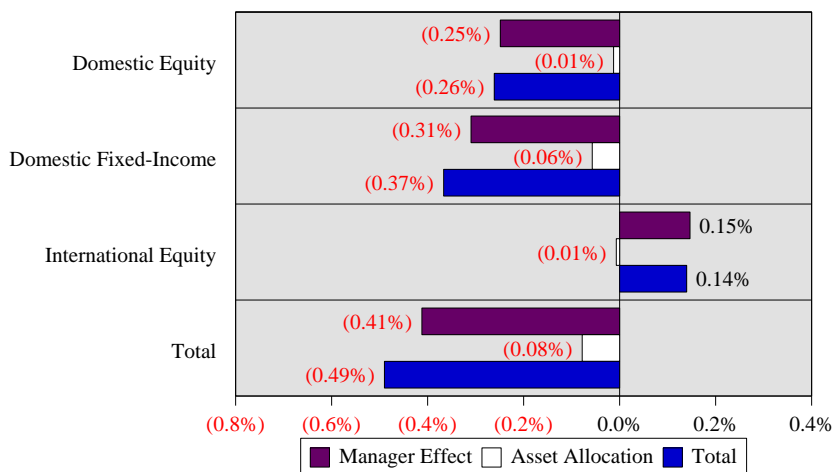
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	29%	2.87%	3.24%	(0.15%)	0.18%	0.03%
Domestic Fixed-Income	58%	59%	5.65%	6.89%	(0.78%)	0.19%	(0.59%)
International Equity	13%	12%	3.23%	2.39%	0.06%	(0.05%)	0.01%
Total			5.45%	6.00%	(0.87%)	0.32%	(0.55%)

* 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.

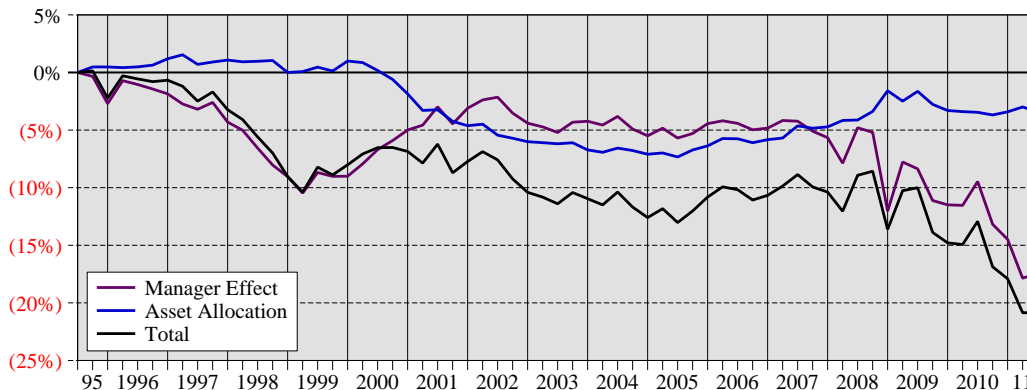
Cumulative Total Fund Relative Attribution - June 30, 2011

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.

Sixteen Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Sixteen Year Annualized Relative Attribution Effects

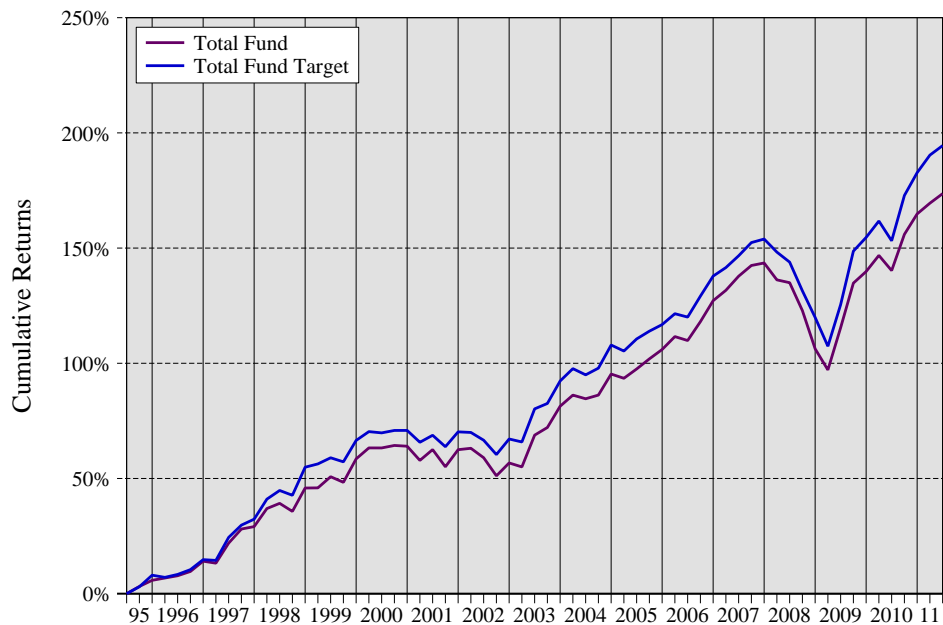
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	28%	6.93%	7.84%	(0.25%)	(0.01%)	(0.26%)
Domestic Fixed-Income	60%	62%	5.91%	6.35%	(0.31%)	(0.06%)	(0.37%)
International Equity	11%	10%	7.23%	5.54%	0.15%	(0.01%)	0.14%
Total			6.49%	6.98%	(0.41%)	(0.08%)	(0.49%)

* 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.

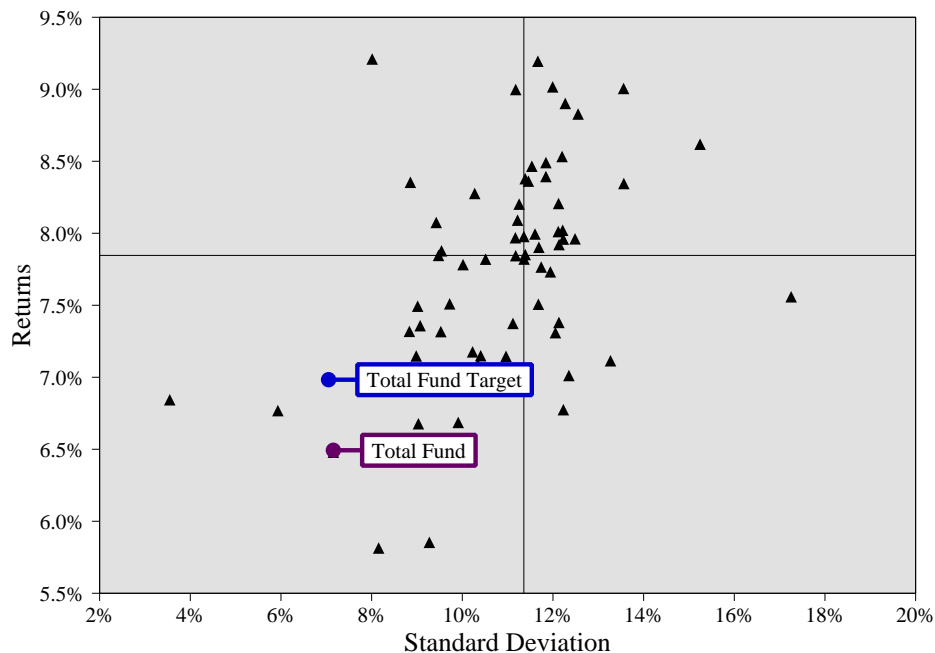
Cumulative Performance Relative to Target

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



Sixteen Year Annualized Risk vs Return



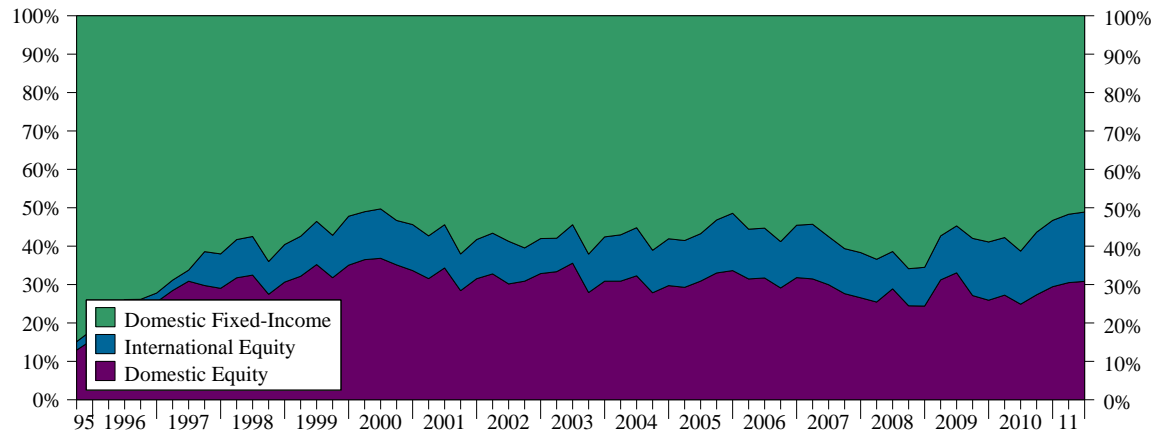
Triangles represent membership of the CAI Public Fund Sponsor Database

* 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.

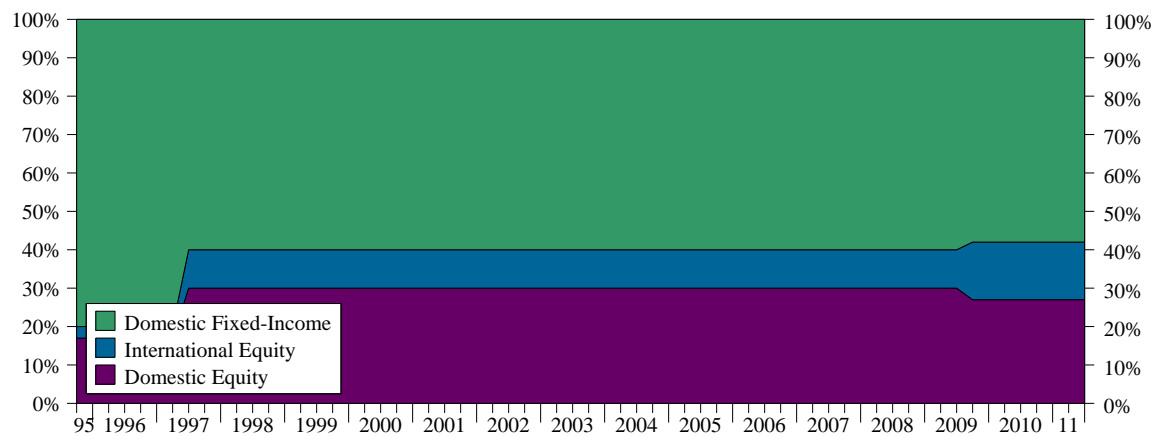
Actual vs Target Historical Asset Allocation

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.

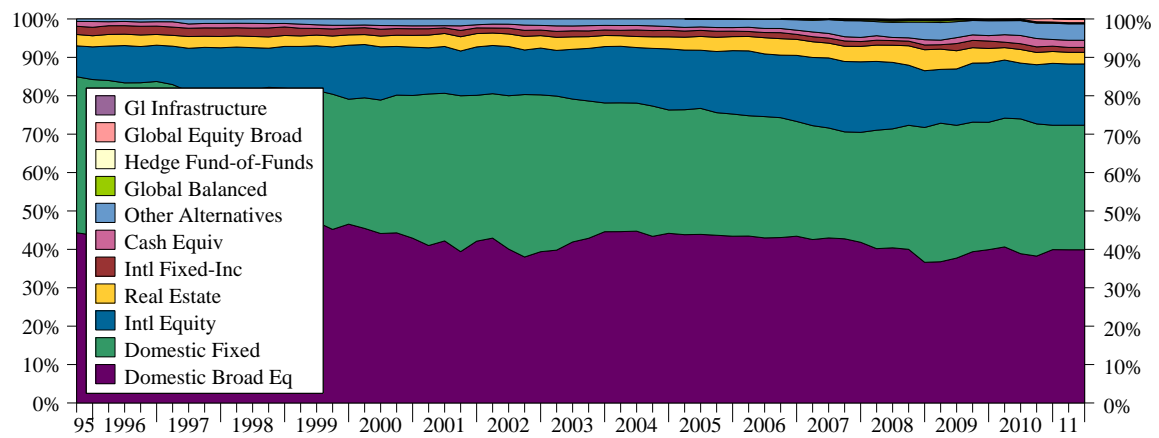
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

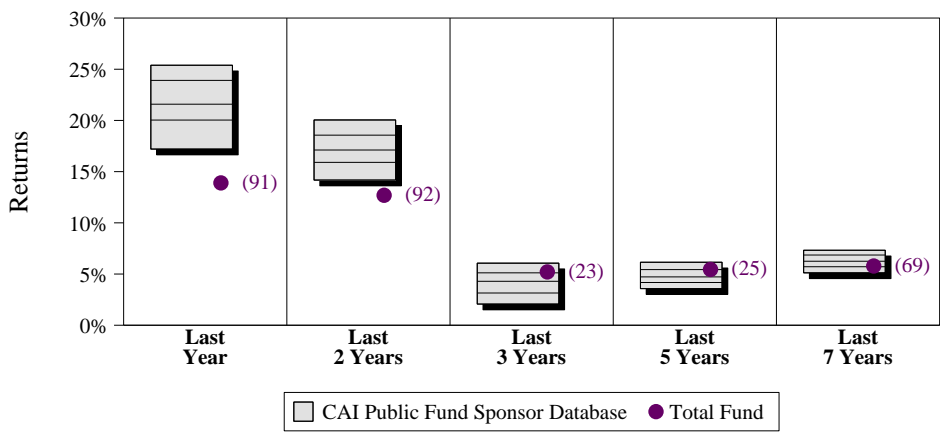


* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

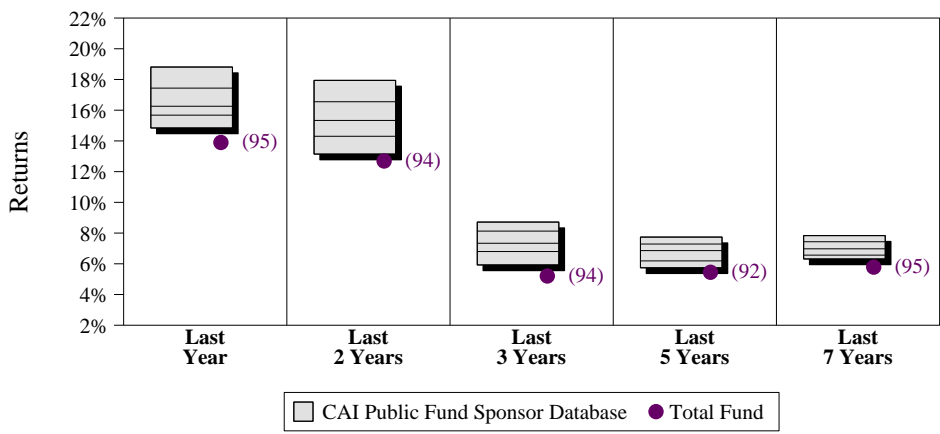
Total Fund Ranking

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 June 30, 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.

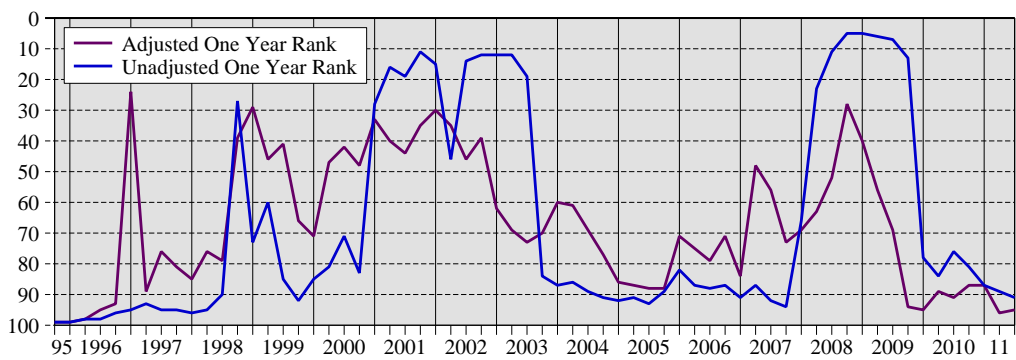
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



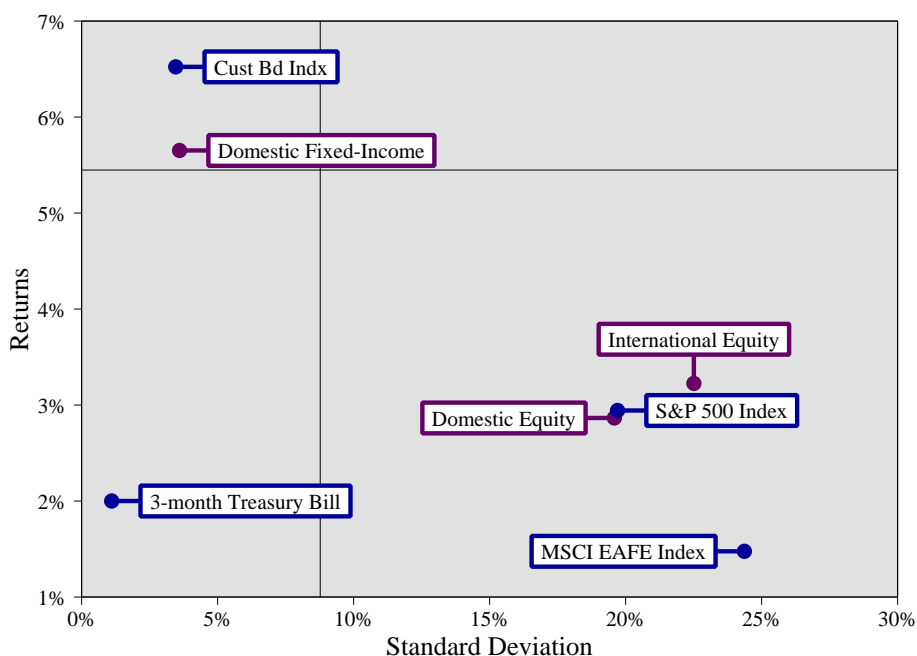
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



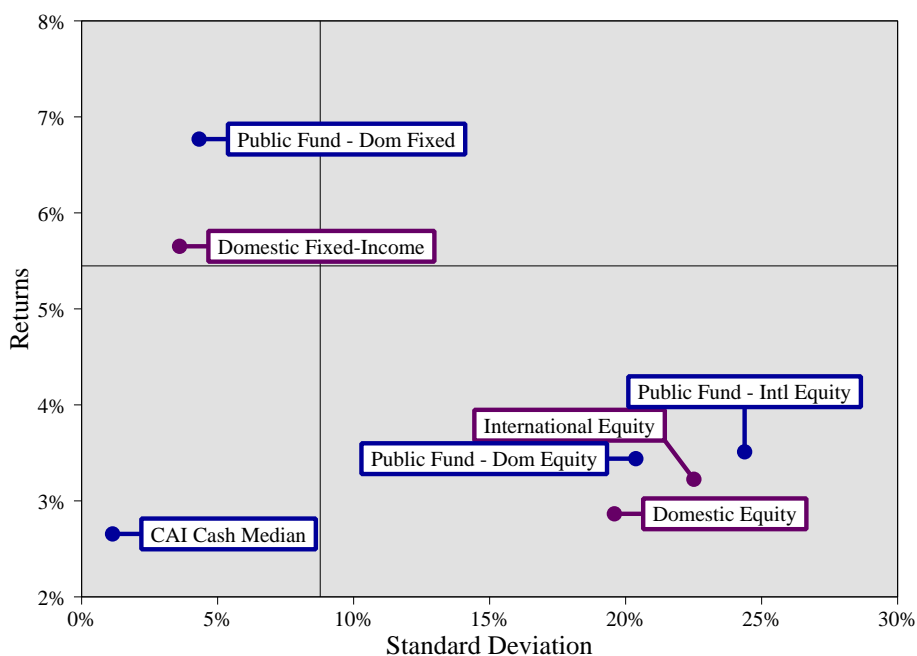
Asset Class Risk and Return

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



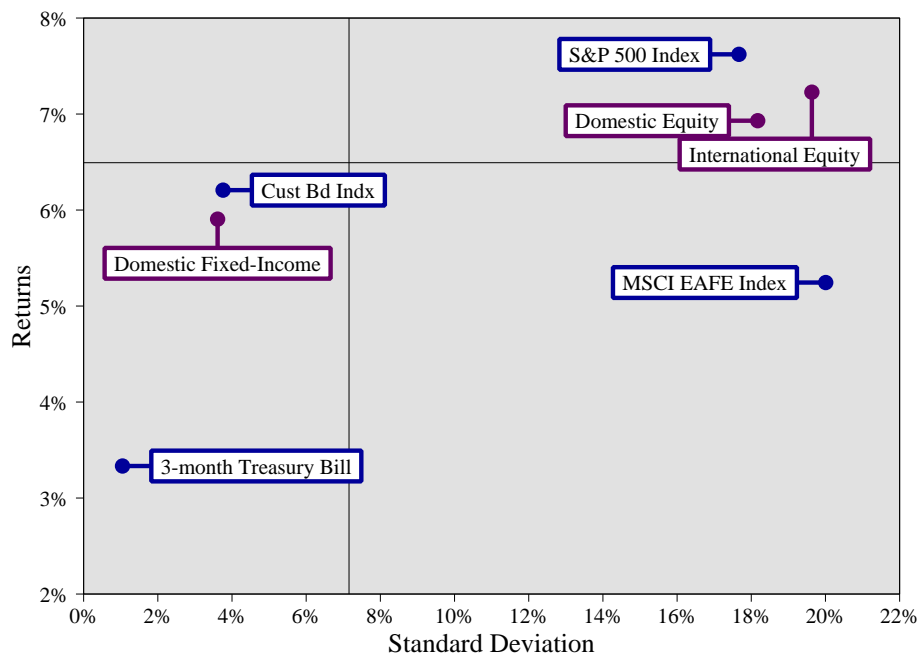
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



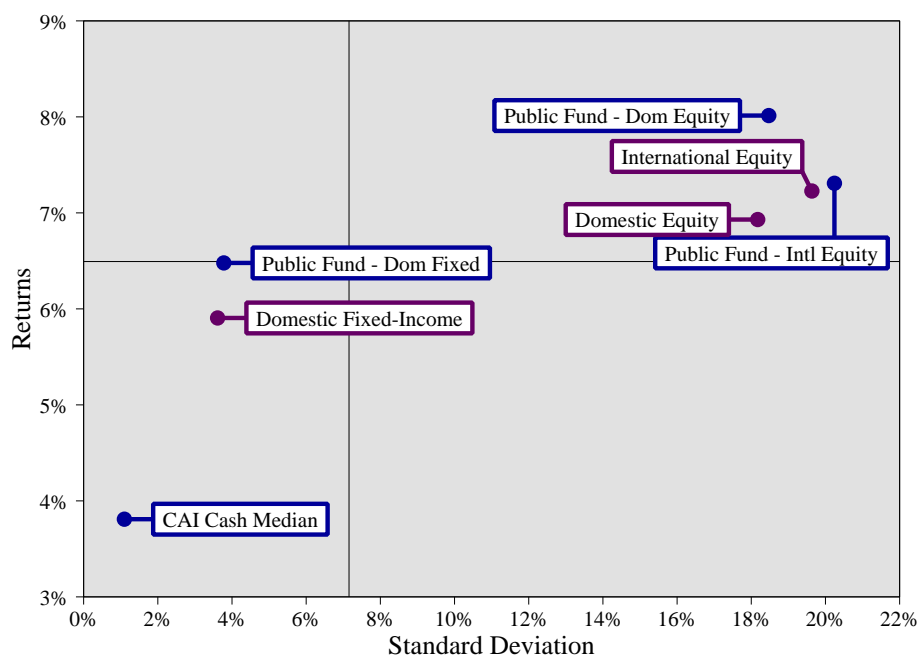
Asset Class Risk and Return

The charts below show the sixteen 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.

Sixteen Year Annualized Risk vs Return Asset Classes vs Benchmark Indices



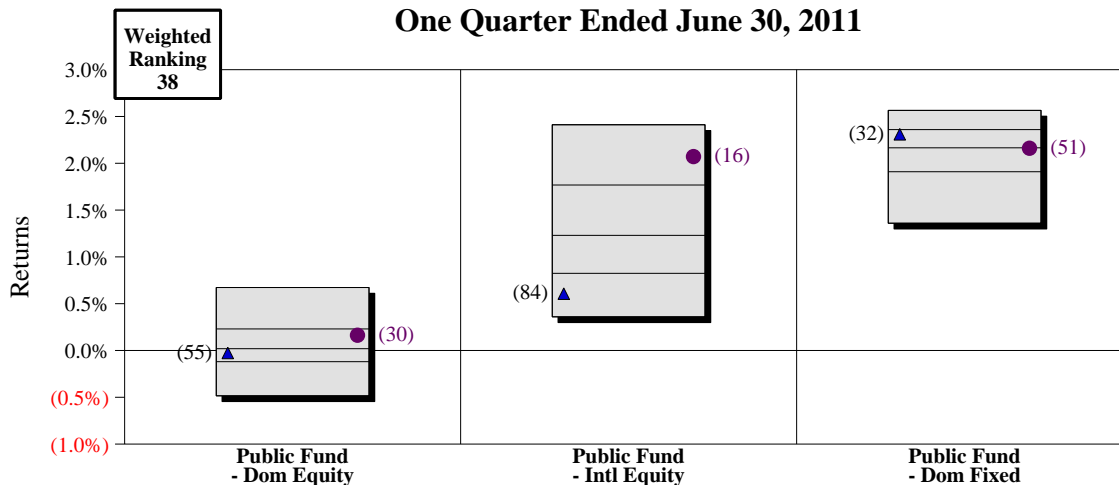
Sixteen Year Annualized Risk vs Return Asset Classes vs Asset Class Median



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.

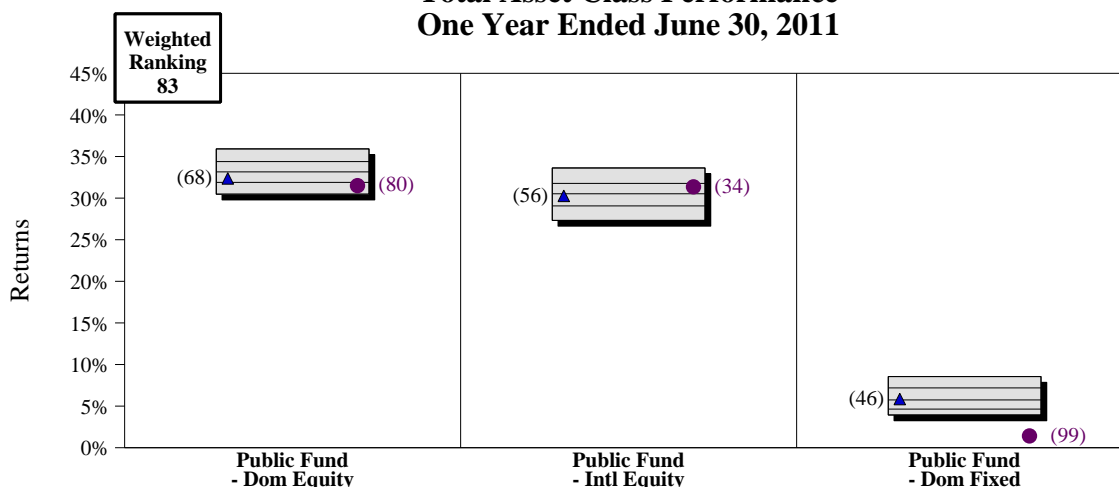
Total Asset Class Performance One Quarter Ended June 30, 2011



10th Percentile	0.67	2.41	2.57
25th Percentile	0.23	1.77	2.36
Median	0.02	1.23	2.17
75th Percentile	(0.12)	0.82	1.91
90th Percentile	(0.48)	0.36	1.36

Asset Class Composite	●	0.16	2.07	2.16
Composite Benchmark	▲	(0.03)	0.61	2.31

Total Asset Class Performance One Year Ended June 30, 2011



10th Percentile	35.92	33.62	8.55
25th Percentile	34.39	31.77	7.19
Median	33.15	30.52	5.74
75th Percentile	31.89	29.06	4.64
90th Percentile	30.47	27.32	3.93

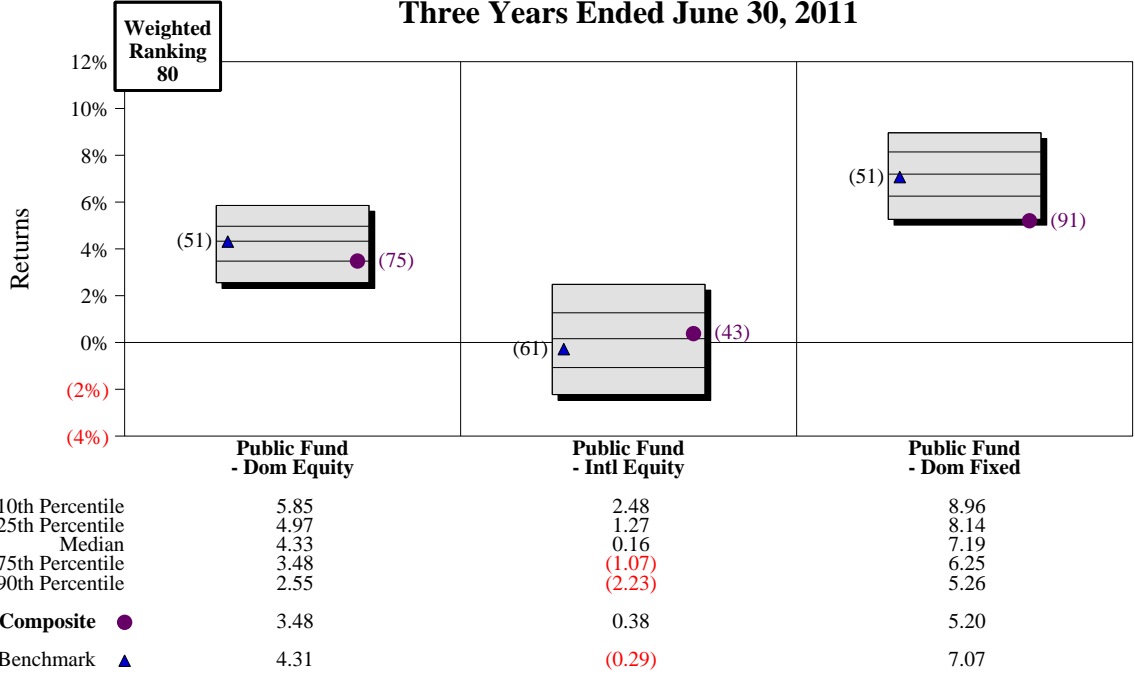
Asset Class Composite	●	31.50	31.36	1.42
Composite Benchmark	▲	32.37	30.27	5.85

* 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.

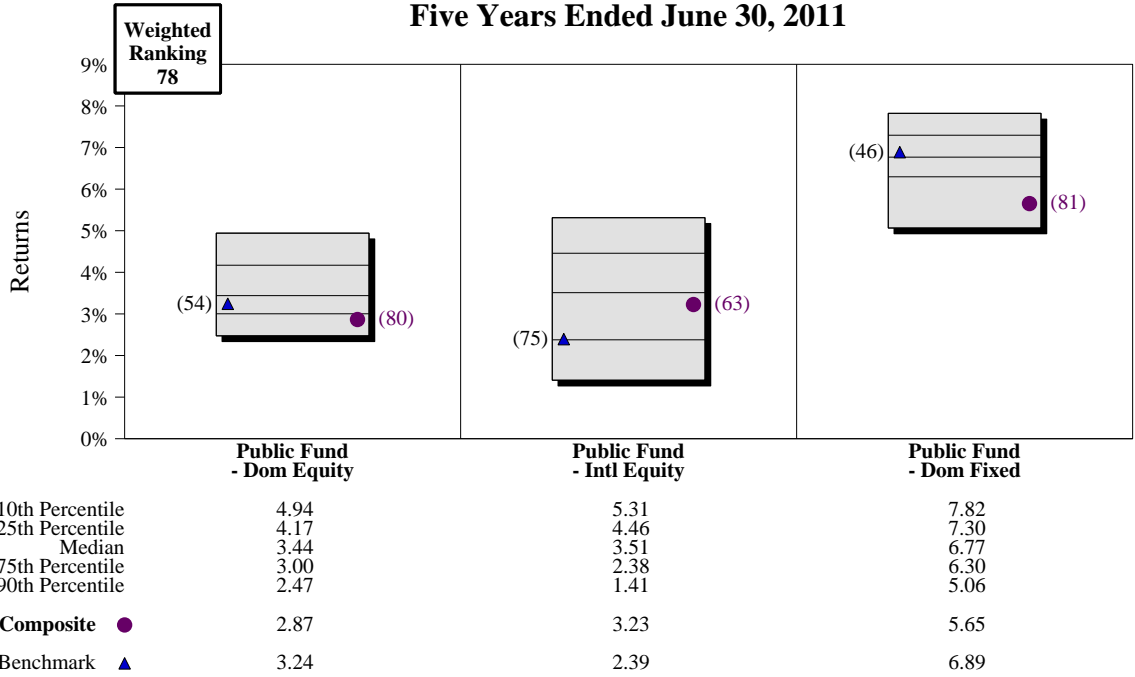
Asset Class Rankings

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 June 30, 2011



Total Asset Class Performance Five Years Ended June 30, 2011



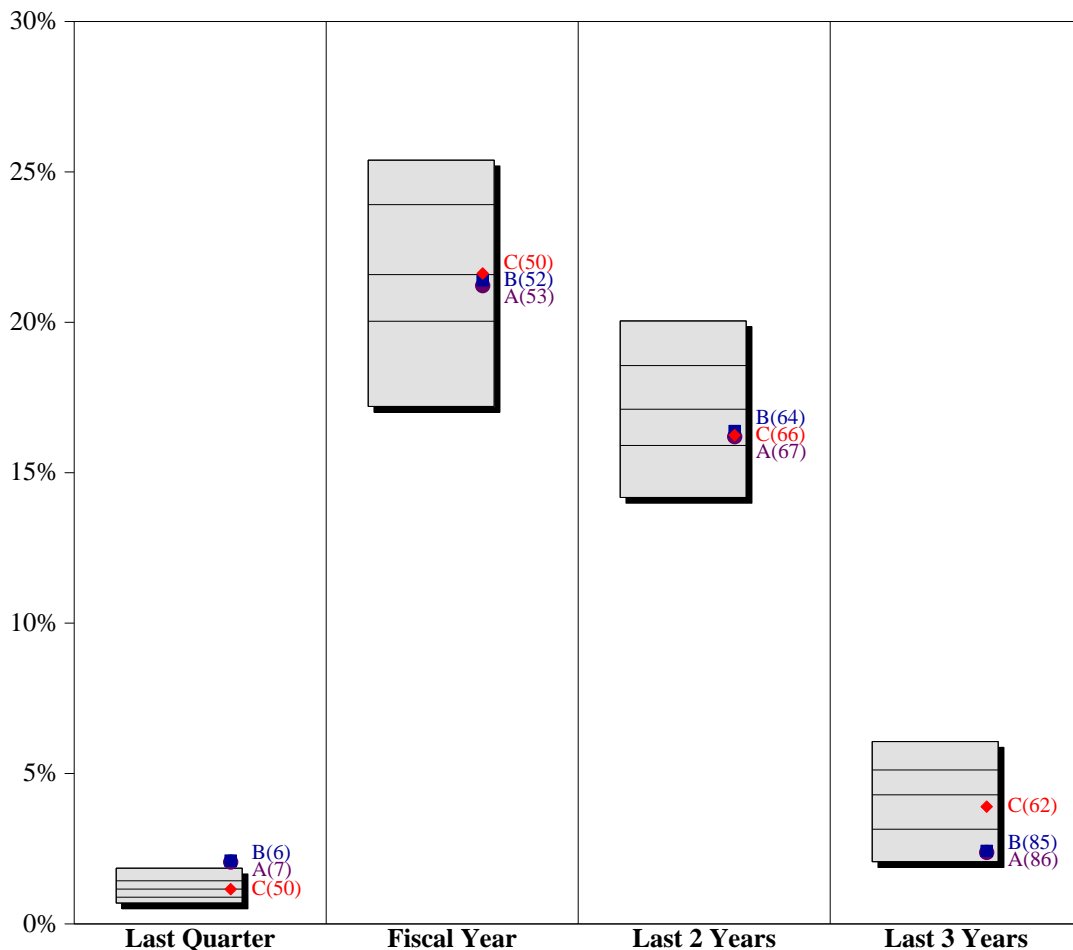
* Current Quarter Target = 40.6% BC Aggregate Index, 27.0% Russell 3000 Index, 15.0% MSCI ACWI ex-US Index, 5.8% BC Treasury, 5.8% Citi WGBI Non-US Idx and 5.8% Hi Yld II Index.

**ALASKA RETIREMENT MANAGEMENT BOARD
PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE
PERIODS ENDED JUNE 30, 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 Quarter	Fiscal Year	Last 2 Years	Last 3 Years
10th Percentile	1.85	25.39	20.05	6.06
25th Percentile	1.43	23.91	18.56	5.12
Median	1.16	21.59	17.11	4.29
75th Percentile	0.89	20.04	15.91	3.15
90th Percentile	0.69	17.20	14.18	2.07
PERS Total Plan ● A	2.06	21.22	16.20	2.38
TRS Total Plan ■ B	2.10	21.40	16.38	2.43
Target Index ◆ C	1.15	21.62	16.25	3.90

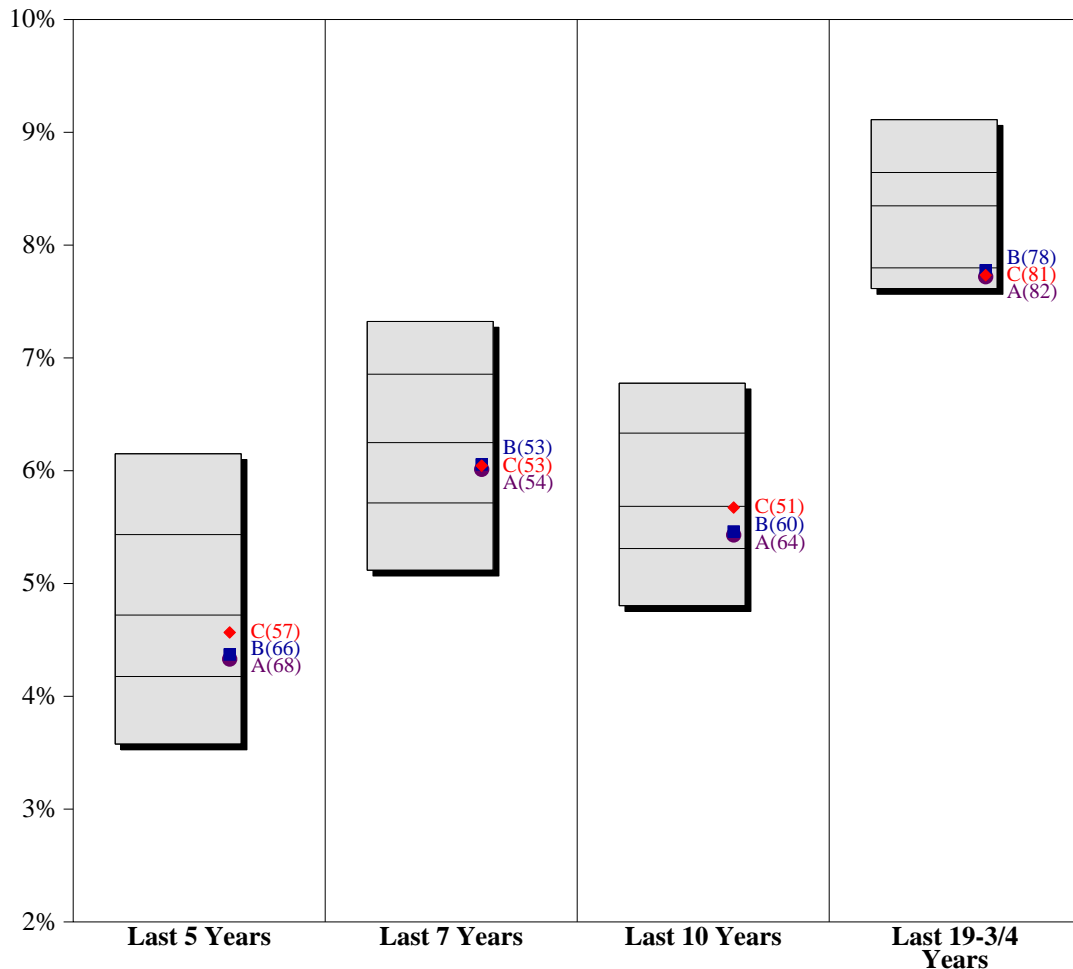
* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% BC Intmdt Treas, 9.6% NCREIF Total Index, 5.0% 3-month Treasury Bill+5.0%, 3.2% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% N

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



10th Percentile	6.15	7.32	6.78	9.11
25th Percentile	5.43	6.86	6.33	8.64
Median	4.72	6.25	5.68	8.35
75th Percentile	4.18	5.71	5.31	7.80
90th Percentile	3.58	5.12	4.80	7.61
PERS Total Plan ● A	4.33	6.01	5.43	7.72
TRS Total Plan ■ B	4.37	6.06	5.46	7.78
Target Index ◆ C	4.57	6.04	5.67	7.73

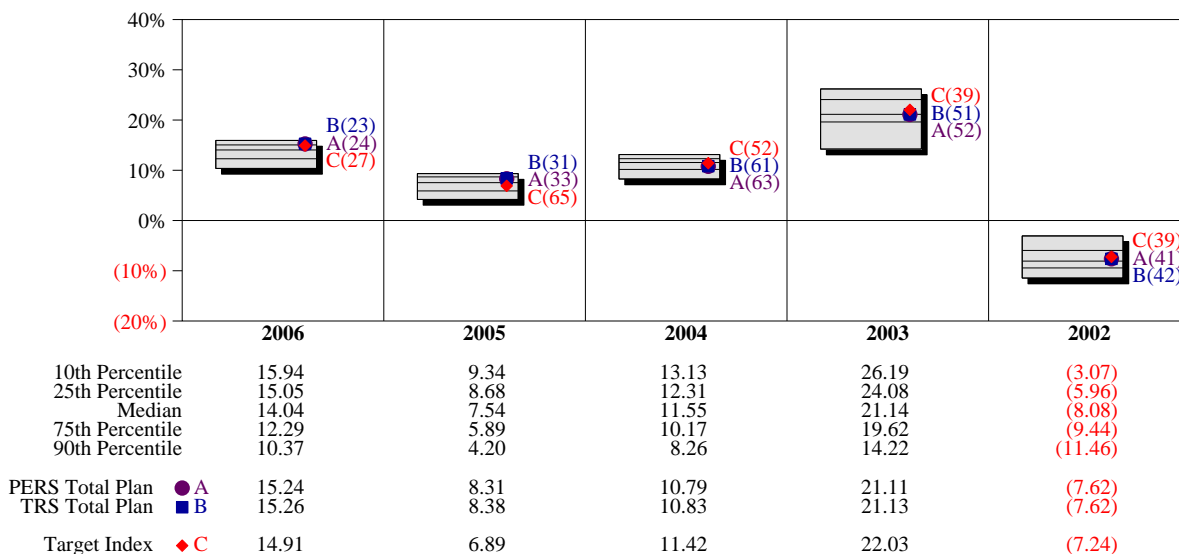
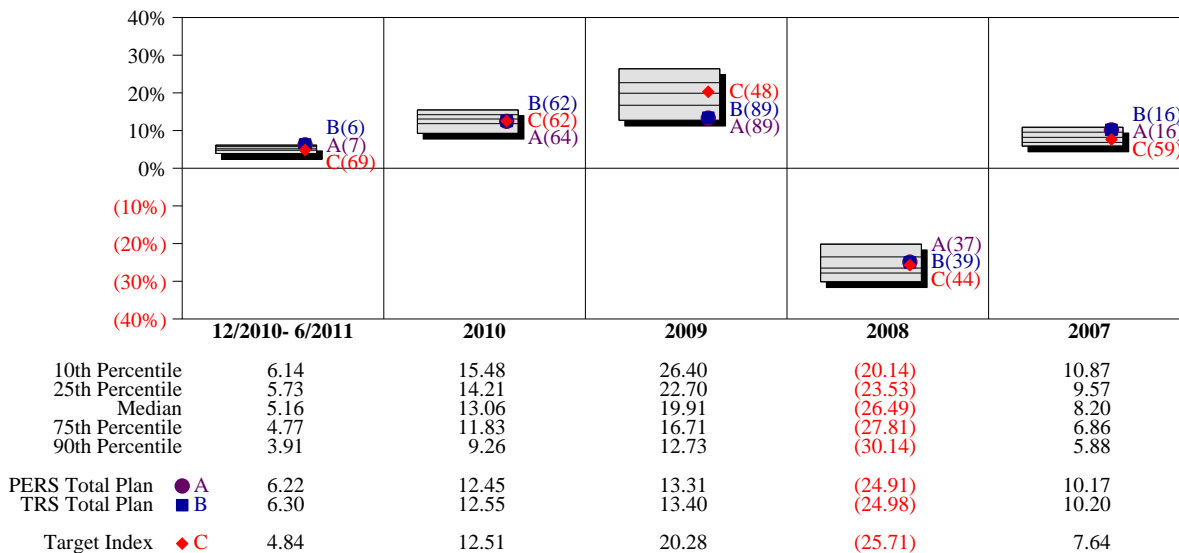
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ALASKA RETIREMENT MANAGEMENT BOARD PERFORMANCE VS CAI PUBLIC FUND SPONSOR DATABASE RECENT PERIODS



Return Ranking

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Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2011, with the distribution as of March 31, 2011.

Asset Distribution Across Investment Managers

	June 30, 2011		March 31, 2011	
	Market Value	Percent	Market Value	Percent
Total Domestic Equity(T)	\$4,877,170,428	29.86%	\$4,835,943,273	29.92%
Large Cap Managers(T)	\$3,694,008,560	22.62%	\$3,667,537,872	22.69%
Barrow, Hanley	145,849,118	0.89%	144,353,680	0.89%
Lazard Asset Mgmt	349,910,833	2.14%	353,928,314	2.19%
McKinley Capital	394,636,370	2.42%	416,661,721	2.58%
Quantitative Mgmt Assoc	139,307,765	0.85%	139,714,287	0.86%
RCM	420,306,449	2.57%	445,559,812	2.76%
Relational Investors	318,900,536	1.95%	300,739,759	1.86%
SSgA Russell 1000 Growth	612,307,578	3.75%	534,756,345	3.31%
SSgA Russell 1000 Value	944,130,045	5.78%	948,243,854	5.87%
SSgA Russell 200	368,659,867	2.26%	383,580,100	2.37%
Other Equity	\$299,139,068	1.83%	\$282,276,241	1.75%
Analytic SSgA	98,966,549	0.61%	98,870,762	0.61%
Analytic Buy Write	4,103,953	0.03%	2,574,945	0.02%
RCM Holding Acct	101,943,979	0.62%	101,304,083	0.63%
Advent Convertible Bond	94,124,587	0.58%	79,526,451	0.49%
Small Cap Managers(T)	\$884,022,800	5.41%	\$886,129,161	5.48%
Jennison Associates	164,975,590	1.01%	165,086,672	1.02%
Lord, Abbett	186,218,761	1.14%	182,143,877	1.13%
Luther King	134,340,292	0.82%	130,862,104	0.81%
SSgA Russell 2000 Growth	59,759,044	0.37%	60,105,414	0.37%
SSgA Russell 2000 Value	92,027,100	0.56%	347,931,093	2.15%
Barrow Hanley Rus 2000 Val	99,649,007	0.61%	-	-
DePrince Race Xollo Rus Micr Gr	72,450,691	0.44%	-	-
RCM Buy Write Micro Value	74,602,315	0.46%	-	-
Fixed-Income (P)	\$2,729,479,803	16.71%	\$2,785,228,511	17.23%
International Fixed-Income Pool(T)	\$376,463,573	2.30%	\$456,614,276	2.82%
Mondrian	376,463,573	2.30%	362,562,022	2.24%
Lazard Emerging Income	-	-	94,052,255	0.58%
High Yield(T)	\$406,149,137	2.49%	\$401,129,880	2.48%
MacKay Shields	406,149,137	2.49%	401,129,880	2.48%
International Equity Pool(T)	\$2,940,165,783	18.00%	\$2,922,488,907	18.08%
Brandes Investment	838,253,893	5.13%	831,390,740	5.14%
Capital Guardian	643,629,866	3.94%	639,595,109	3.96%
Lazard Asset Mgmt	464,326,193	2.84%	449,847,471	2.78%
McKinley Capital	355,033,008	2.17%	372,257,272	2.30%
Mondrian Intl Sm Cap	121,530,596	0.74%	115,997,081	0.72%
SSgA Int'l	392,536,274	2.40%	390,621,761	2.42%
Schroder Investment Mgmt	124,855,954	0.76%	122,779,473	0.76%
Emerging Markets Pool(T)	\$980,228,301	6.00%	\$985,722,260	6.10%
Capital Guardian	449,120,147	2.75%	455,452,153	2.82%
Eaton Vance	226,249,092	1.39%	226,954,981	1.40%
Lazard Emerging	304,859,062	1.87%	303,315,126	1.88%
Real Assets (P) Prelim	\$2,524,176,423	15.45%	\$2,418,049,158	14.96%
Private Equity(P)	\$1,492,741,930	9.14%	\$1,429,374,417	8.84%
Absolute Return(P)	\$714,883,595	4.38%	\$744,818,157	4.61%
Total All Plans(P)	\$16,333,430,454	100.00%	\$16,164,404,206	100.00%
Total Plans	\$16,333,430,454	100.0%	\$16,164,404,206	100.0%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2011, with the distribution as of March 31, 2011.

Asset Distribution Across Investment Managers

	June 30, 2011		March 31, 2011	
	Market Value	Percent	Market Value	Percent
PERS	6,277,459,581	38.43%	6,250,029,951	38.67%
TRS	3,125,322,319	19.13%	3,122,847,310	19.32%
JRS	110,727,565	0.68%	109,903,667	0.68%
Military Total Plan	32,995,187	0.20%	32,925,921	0.20%
PERS Health Care	5,147,718,571	31.52%	5,033,386,378	31.14%
TRS Health Care	1,618,677,473	9.91%	1,595,116,230	9.87%
JRS Health Care	20,529,758	0.13%	20,194,749	0.12%
Total All Plans	\$16,333,430,454	100.0%	\$16,164,404,206	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 June 30, 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 June 30, 2011

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Domestic Equity Pool	0.13%	33.37%	4.10%	3.22%
Large Cap Managers	0.22%	32.06%	3.47%	2.99%
Barrow, Hanley	1.04%	34.09%	6.33%	-
Barrow, Hanley(net)	0.91%	33.59%	5.82%	-
Lazard Asset Mgmt.	(1.14%)	28.63%	4.20%	4.22%
Lazard Asset Mgmt(net)	(1.22%)	28.31%	3.87%	3.90%
McKinley Capital	0.62%	34.72%	2.24%	4.26%
McKinley Capital(net)	0.53%	34.35%	1.86%	3.88%
Quantitative Mgmt Assoc.	(0.29%)	31.76%	4.38%	-
Quantitative Mgmt(net)	(0.38%)	31.38%	3.99%	-
RCM	(0.10%)	31.47%	4.79%	4.98%
RCM(net)	(0.18%)	31.17%	4.47%	4.67%
Relational Investors(net)	3.83%	45.87%	7.53%	3.62%
SSgA Russell 1000 Growth	0.74%	34.90%	5.07%	-
SSgA Russell 1000 Gr(net)	0.73%	34.86%	5.04%	-
SSgA Russell 1000 Value	(0.45%)	28.79%	2.59%	-
SSgA Russell 1000 Val(net)	(0.45%)	28.76%	2.56%	-
SSgA Russell 200	(0.01%)	29.13%	2.61%	-
SSgA Russell 200(net)	(0.02%)	29.09%	2.57%	-
Standard & Poor's 500 Index	0.10%	30.69%	3.34%	2.94%
Other Equity	0.64%	20.03%	-	-
Analytic SSgA	1.60%	-	-	-
RCM Holdings Acct	0.63%	-	-	-
Advent Convertible Bond	(0.36%)	17.83%	-	-
Small Cap Managers	(0.46%)	38.40%	5.98%	3.88%
Jennison Associates	(0.07%)	43.32%	10.02%	7.61%
Jennison Associates(net)	(0.26%)	42.56%	9.25%	6.85%
Lord, Abbett	2.24%	36.42%	3.39%	5.11%
Lord, Abbett(net)	2.07%	35.72%	2.69%	4.42%
Luther King	2.66%	56.00%	11.61%	5.98%
Luther King(net)	2.52%	55.46%	11.07%	5.44%
SSgA Russell 2000 Growth	(0.58%)	44.80%	7.71%	-
SSgA Russell 2000 Gr(net)	(0.59%)	44.75%	7.66%	-
SSgA Russell 2000 Value	(5.88%)	27.65%	6.15%	-
SSgA Russell 2000 Val(net)	(5.89%)	27.61%	6.10%	-
Russell 2000 Index	(1.61%)	37.41%	7.77%	4.08%
International Equity Pool	1.27%	28.51%	(0.98%)	2.39%
Brandes Investment	0.82%	24.74%	0.28%	2.63%
Brandes Investment(net)	0.72%	24.33%	(0.13%)	2.21%
Capital Guardian	0.63%	30.29%	(0.59%)	2.64%
Capital Guardian(net)	0.53%	29.88%	(1.01%)	2.23%
Lazard Asset Intl	3.22%	28.62%	2.15%	3.73%
Lazard Asset Intl(net)	3.14%	28.29%	1.82%	3.40%
McKinley Capital	1.79%	33.50%	(5.92%)	0.72%
McKinley Capital(net)	1.66%	32.98%	(6.45%)	0.21%
SSgA Int'l	0.49%	30.40%	-	-
SSgA Int'l(net)	0.36%	29.88%	-	-
Schroder Inv Mgmt	1.69%	-	-	-
Schroder Inv Mgmt(net)	1.49%	-	-	-
Mondrian Intl Sm Cap	4.77%	-	-	-
Mondrian Intl Sm Cap(net)	4.58%	-	-	-
MSCI EAFE Index	1.56%	30.36%	(1.77%)	1.48%
MSCI ACWI ex-US IMI Index	0.29%	30.26%	0.31%	3.96%
Emerging Markets Pool	(0.55%)	25.78%	5.05%	12.27%
Capital Guardian(net)	(1.39%)	24.29%	5.50%	13.14%
Lazard Emerging(net)	0.51%	26.84%	4.74%	-
Eaton Vance(net)	(0.31%)	27.32%	3.38%	-
MSCI Emerging Mkts	(1.04%)	28.17%	4.53%	11.75%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 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 June 30, 2011

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Total Fixed-Income Pool	2.29%	5.42%	6.85%	6.66%
US Treas Pool	2.31%	2.85%	-	-
BC Govt/Credit Bd	2.32%	3.68%	6.17%	6.35%
BC Aggregate Index	2.29%	3.90%	6.46%	6.52%
BC Intmdt Treas	2.23%	2.73%	4.88%	5.92%
International Fixed-Income Pool	3.69%	13.48%	8.57%	9.20%
Mondrian Investment Partners	3.83%	14.87%	9.28%	9.63%
Mondrian Inv Partners(net)	3.79%	14.67%	9.07%	9.41%
Citi Non-US Gvt Bd Idx	3.68%	13.95%	6.20%	7.76%
High Yield	1.25%	14.28%	10.10%	7.93%
MacKay Shields	1.25%	12.31%	10.32%	8.34%
MacKay Shields(net)	1.14%	11.86%	9.87%	7.89%
High Yield Target(1)	0.99%	15.40%	12.39%	9.19%
Real Assets(Prelim)	5.31%	15.28%	(3.36%)	-
Real Assets Target	3.31%	12.66%	0.55%	5.43%
Real Estate Pool(Prelim)	5.72%	21.41%	(8.43%)	(0.44%)
Real Estate Target	3.84%	18.41%	(1.08%)	3.86%
Private Real Estate	6.10%	20.71%	(9.31%)	(0.73%)
NCREIF Total Index	3.94%	16.73%	(2.57%)	3.44%
REIT Internal Portfolio	2.92%	35.50%	3.35%	0.86%
NAREIT Equity Index	2.90%	34.09%	5.38%	2.61%
UBS Agrinvest(3)	1.21%	10.99%	6.59%	9.93%
Hancock Agricultural(3)	0.61%	8.23%	8.24%	9.78%
Timberland Investment Resources(3)	(0.86%)	3.26%	-	-
Hancock Timber Resource(3)	(0.30%)	6.90%	-	-
TIPS Internal Portfolio	4.16%	8.06%	5.44%	-
Total TCW Energy Funds(2)	(2.60%)	8.62%	5.63%	13.46%
CPI + 5%	2.39%	9.06%	6.12%	7.30%
Private Equity	6.79%	20.15%	2.92%	9.70%
Absolute Return	0.35%	5.98%	(0.38%)	2.00%
Total All Plans	2.07%	21.21%	2.46%	4.38%
Employees' Total Plan	2.06%	21.22%	2.38%	4.33%
Teachers' Total Plan	2.10%	21.40%	2.43%	4.37%
PERS & TRS Policy Target	1.15%	21.62%	3.90%	4.57%
Judicial Total Plan	2.03%	21.25%	2.56%	4.03%
PERS Health PAn	2.07%	21.12%	3.73%	-
TRS Health Plan	2.08%	21.20%	3.88%	-
JRS Health Plan	2.06%	21.25%	3.69%	-
Military Total Plan	1.53%	13.90%	5.21%	5.45%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

(1) ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

(2) Return data supplied by State Street.

(3) Returns supplied by manager and may vary from State Street returns due to timing variations.

Alaska Retirement Management Board

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 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 June 30, 2011

	Last 7 Years	Last 10 Years	Last 19-3/4 Years
Domestic Equity Pool	4.24%	2.83%	8.02%
Large Cap Managers	3.95%	2.59%	8.00%
Lazard Asset Mgmt.	5.17%	3.75%	-
Lazard Asset Mgmt(net)	4.84%	3.42%	-
McKinley Capital	4.74%	1.95%	-
McKinley Capital(net)	4.36%	1.56%	-
RCM	5.42%	2.56%	-
RCM(net)	5.11%	2.26%	-
Standard & Poor's 500 Index	4.22%	2.72%	8.56%
Small Cap Managers	5.14%	3.65%	-
Russell 2000 Index	6.28%	6.27%	9.51%
Fixed-Income Pool	5.75%	5.94%	6.89%
BC Govt/Credit	5.31%	5.74%	6.61%
BC Aggregate	5.48%	5.74%	6.59%
International Fixed-Income Pool	7.88%	10.81%	-
Mondrian Investment Partners	8.19%	11.02%	-
Mondrian Inv Partners(net)	7.98%	10.82%	-
Citi Non-US Gvt Bd Idx	6.61%	8.68%	7.17%
International Equity Pool	7.29%	6.38%	7.59%
Brandes Investment	7.58%	8.03%	-
Brandes Investment(net)	7.15%	7.60%	-
Capital Guardian	7.31%	6.42%	-
Capital Guardian(net)	6.90%	6.00%	-
Lazard Asset Intl	7.98%	6.05%	-
Lazard Asset Intl(net)	7.65%	5.72%	-
MSCI Europe Index	7.05%	6.15%	8.33%
MSCI Pacific ex-Japan	14.39%	13.15%	9.30%
MSCI EAFE Index	6.44%	5.66%	5.66%
Emerging Markets Pool	18.31%	16.06%	-
Capital Guardian(net)	19.27%	16.07%	-
MSCI Emerging Mkts	18.05%	16.54%	10.49%
Citigroup Non-US Govt	6.61%	8.68%	7.17%
Real Estate(Prelim)	4.51%	5.72%	5.95%
Real Estate Target	7.83%	8.27%	7.66%
Total All Plans	6.05%	5.46%	7.74%
Employees' Total Plan	6.01%	5.43%	7.72%
Teachers' Total Plan	6.06%	5.46%	7.78%
PERS & TRS Policy Target	6.04%	5.67%	7.73%
Judicial Total Plan	5.68%	5.50%	7.30%
Military Total Plan	5.78%	5.35%	7.07%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.
Alaska Retirement Management Board

Investment Manager Returns

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

	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Domestic Equity Pool	33.37%	15.46%	(26.74%)	(13.53%)	20.11%
Large Cap Managers	32.06%	13.80%	(26.29%)	(13.48%)	20.88%
Barrow, Hanley	34.09%	17.08%	(23.43%)	(18.85%)	-
Barrow, Hanley(net)	33.59%	16.57%	(23.95%)	(19.35%)	-
Lazard Asset Mgmt.	28.63%	12.73%	(21.99%)	(12.77%)	24.63%
Lazard Asset Mgmt(net)	28.31%	12.41%	(22.31%)	(13.10%)	24.31%
McKinley Capital	34.72%	14.27%	(30.58%)	(1.04%)	16.47%
McKinley Capital(net)	34.35%	13.89%	(30.97%)	(1.40%)	16.09%
Quantitative Mgmt Assoc.	31.76%	16.51%	(25.93%)	(18.02%)	-
Quantitative Mgmt(net)	31.38%	16.12%	(26.33%)	(18.40%)	-
RCM	31.47%	9.14%	(19.81%)	(5.99%)	17.90%
RCM(net)	31.17%	8.82%	(20.14%)	(6.29%)	17.59%
Relational Investors(net)	45.87%	16.06%	(26.56%)	(27.40%)	32.37%
SSgA Russell 1000 Growth	34.90%	13.77%	(24.41%)	(5.79%)	-
SSgA Russell 1000 Gr(net)	34.86%	13.73%	(24.45%)	(5.82%)	-
SSgA Russell 1000 Value	28.79%	17.10%	(28.40%)	(18.68%)	-
SSgA Russell 1000 Val(net)	28.76%	17.06%	(28.44%)	(18.71%)	-
SSgA Russell 200	29.13%	11.39%	(24.90%)	(12.22%)	-
SSgA Russell 200(net)	29.09%	11.35%	(24.93%)	(12.26%)	-
Standard & Poor's 500 Index	30.69%	14.43%	(26.21%)	(13.12%)	20.59%
Small Cap Managers	38.40%	21.11%	(28.98%)	(13.03%)	16.86%
Jennison Associates	43.32%	26.29%	(26.43%)	(11.12%)	21.89%
Jennison Associates(net)	42.56%	25.52%	(27.21%)	(11.84%)	21.17%
Lord, Abbett	36.42%	15.11%	(29.62%)	(4.37%)	21.39%
Lord, Abbett(net)	35.72%	14.41%	(30.33%)	(5.05%)	20.70%
Luther King	56.00%	20.95%	(26.31%)	(16.44%)	15.09%
Luther King(net)	55.46%	20.40%	(26.85%)	(16.97%)	14.56%
SSgA Russell 2000 Growth	44.80%	13.88%	(24.23%)	-	-
SSgA Russell 2000 Gr(net)	44.75%	13.83%	(24.28%)	-	-
SSgA Russell 2000 Value	27.65%	23.98%	(24.43%)	(21.79%)	-
SSgA Russell 2000 Val(net)	27.61%	23.94%	(24.48%)	(21.84%)	-
Russell 2000 Index	37.41%	21.48%	(25.01%)	(16.19%)	16.43%
International Equity Pool	28.51%	8.51%	(30.37%)	(9.36%)	27.85%
Brandes Investment	24.74%	6.05%	(23.76%)	(13.07%)	29.88%
Brandes Investment(net)	24.33%	5.64%	(24.19%)	(13.50%)	29.45%
Capital Guardian	30.29%	10.44%	(31.73%)	(7.66%)	25.60%
Capital Guardian(net)	29.88%	10.03%	(32.16%)	(8.07%)	25.19%
Lazard Asset Intl	28.62%	8.84%	(23.86%)	(8.53%)	23.17%
Lazard Asset Intl(net)	28.29%	8.51%	(24.19%)	(8.85%)	22.85%
McKinley Capital	33.50%	9.26%	(42.91%)	(5.35%)	31.53%
McKinley Capital(net)	32.98%	8.73%	(43.45%)	(5.85%)	31.02%
MSCI Europe Index	36.02%	5.70%	(34.53%)	(11.34%)	32.44%
MSCI Pacific ex-Japan	35.57%	18.43%	(27.66%)	(1.83%)	42.56%
MSCI EAFE Index	30.36%	5.92%	(31.35%)	(10.61%)	27.00%
Emerging Markets Pool	25.78%	22.84%	(24.96%)	3.96%	48.02%
Capital Guardian(net)	24.29%	22.83%	(23.08%)	3.78%	52.08%
Lazard Emerging(net)	26.84%	25.16%	(27.63%)	-	-
Eaton Vance(net)	27.32%	23.02%	(29.47%)	-	-
MSCI Emerging Mkts	28.17%	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 June 30, 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.

	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Total Fixed-Income Pool	5.42%	11.63%	3.65%	6.55%	6.19%
US Treas Pool	2.85%	-	-	-	-
BC Govt/Credit Bd	3.68%	9.65%	5.26%	7.24%	6.00%
BC Aggregate Index	3.90%	9.50%	6.05%	7.12%	6.12%
BC Intmdt Treas	2.73%	5.84%	6.12%	9.76%	5.29%
International Fixed-Income Pool	13.48%	7.54%	4.88%	18.97%	1.97%
Mondrian Investment Partners	14.87%	5.76%	7.43%	18.97%	1.97%
Mondrian Inv Partners(net)	14.67%	5.53%	7.21%	18.76%	1.75%
Citi Non-US Gvt Bd Idx	13.95%	1.52%	3.53%	18.72%	2.19%
High Yield	14.28%	19.67%	(2.40%)	(1.00%)	10.83%
MacKay Shields	12.31%	21.65%	(1.72%)	0.56%	10.54%
MacKay Shields(net)	11.86%	21.20%	(2.17%)	0.11%	10.09%
High Yield Target(1)	15.40%	27.53%	(3.53%)	(2.11%)	11.69%
Real Assets(Prelim)	15.28%	(0.09%)	(21.62%)	-	-
Real Assets Target	12.66%	1.17%	(10.82%)	12.24%	14.18%
Real Estate Pool(Prelim)	21.41%	(3.80%)	(34.26%)	5.11%	21.18%
Real Estate Target	18.41%	3.65%	(21.13%)	6.82%	16.90%
REIT Internal Portfolio	35.50%	52.24%	(46.49%)	(15.72%)	12.18%
NAREIT Equity Index	34.09%	53.90%	(43.29%)	(13.64%)	12.57%
UBS Agrivest(3)	10.99%	4.01%	4.90%	17.04%	13.25%
Hancock Agricultural(3)	8.23%	8.50%	7.99%	13.58%	10.68%
Timberland Investment Resources(3)	3.26%	(3.01%)	-	-	-
Hancock Timber Resource(3)	6.90%	(2.72%)	-	-	-
TIPS Internal Portfolio	8.06%	7.18%	1.22%	-	-
Total TCW Energy Funds(2)	8.62%	12.74%	(3.77%)	33.66%	19.38%
CPI + 5%	9.06%	6.36%	3.02%	10.55%	7.67%
Private Equity	20.15%	18.87%	(23.67%)	13.19%	28.74%
Absolute Return	5.98%	6.60%	(12.49%)	1.52%	10.00%
Total All Plans	21.21%	11.62%	(20.49%)	(3.13%)	18.93%
Employees' Total Plan	21.22%	11.39%	(20.53%)	(3.13%)	18.93%
Teachers' Total Plan	21.40%	11.58%	(20.67%)	(3.12%)	18.97%
PERS & TRS Policy Target	21.62%	11.11%	(17.00%)	(4.73%)	16.99%
Judicial Total Plan	21.25%	11.92%	(20.51%)	(4.69%)	18.48%
PERS Health PLAN	21.12%	11.87%	(17.61%)	-	-
TRS Health Plan	21.20%	12.04%	(17.45%)	-	-
JRS Health Plan	21.25%	11.89%	(17.82%)	-	-
Military Total Plan	13.90%	11.50%	(8.31%)	(1.18%)	13.30%

* Current Quarter Target = 29.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 15.2% 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, 1.9% Citi WGBI Non-US Idx, 1.9% Hi Yld II Index, 1.6% NCREIF Farmland Index, 1.6% NCREIF Timberland Index and 1.0% 3-month Treasury Bill.

(1) ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

(2) Return data supplied by State Street.

(3) Returns supplied by manager and may vary from State Street returns due to timing variations.

Alaska Retirement Management Board

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2006. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002
Domestic Equity Pool	9.23%	4.48%	20.06%	(0.97%)	(16.85%)
Large Cap Managers	7.86%	4.96%	17.97%	0.35%	(16.82%)
Capital Guardian	11.35%	5.28%	21.95%	7.41%	(19.40%)
Capital Guardian(net)	11.11%	5.05%	21.71%	7.16%	(19.64%)
Lazard Asset Mgmt.	8.70%	6.45%	17.78%	(0.29%)	(13.53%)
Lazard Asset Mgmt(net)	8.37%	6.12%	17.45%	(0.65%)	(13.87%)
McKinley Capital	11.29%	0.85%	21.88%	(2.73%)	(26.01%)
McKinley Capital(net)	10.92%	0.47%	21.49%	(3.13%)	(26.41%)
RCM	8.33%	4.71%	12.17%	(1.49%)	(19.42%)
RCM(net)	8.03%	4.40%	11.87%	(1.79%)	(19.72%)
Tukman Capital	4.58%	(4.56%)	14.96%	(2.56%)	(5.16%)
Tukman Capital(net)	4.04%	(5.08%)	14.43%	(3.09%)	(5.69%)
Standard & Poor's 500 Index	8.63%	6.32%	19.11%	0.25%	(17.99%)
Small Cap Managers	15.07%	2.00%	28.29%	(5.41%)	(16.96%)
Jennison Associates	15.99%	-	-	-	-
Jennison Associates(net)	15.26%	-	-	-	-
Lord, Abbett	11.30%	-	-	-	-
Lord, Abbett(net)	10.61%	-	-	-	-
Luther King	21.79%	-	-	-	-
Luther King(net)	21.25%	-	-	-	-
Trust Co. of the West	12.98%	(3.22%)	43.89%	(4.82%)	-
Trust Co. of the West(net)	12.21%	(3.98%)	43.12%	(5.60%)	-
Turner Inv. Partners	16.87%	11.62%	-	-	-
Turner Inv. Partners(net)	16.29%	11.02%	-	-	-
Russell 2000 Index	14.58%	9.45%	33.37%	(1.64%)	(8.60%)
Fixed-Income Pool	0.06%	7.09%	0.61%	10.69%	8.17%
BC Govt/Credit	(1.52%)	7.26%	(0.72%)	13.15%	8.24%
BC Aggregate	(0.81%)	6.80%	0.32%	10.40%	8.63%
International Fixed-Income Pool	(0.26%)	9.84%	7.52%	24.48%	22.56%
Mondrian Inv Partners	(0.26%)	9.84%	7.52%	24.48%	22.56%
Mondrian Inv Partners(net)	(0.45%)	9.67%	7.34%	24.29%	22.36%
Citi Non-US Gvt Bd Idx	(0.01%)	7.75%	7.60%	17.90%	15.73%
International Equity Pool	28.28%	13.37%	31.67%	(5.83%)	(8.54%)
Brandes Investment	27.95%	14.43%	44.21%	(4.37%)	(5.86%)
Brandes Investment(net)	27.52%	14.02%	43.79%	(4.82%)	(6.30%)
Capital Guardian	29.02%	11.52%	29.68%	(6.93%)	(5.81%)
Capital Guardian(net)	28.60%	11.09%	29.25%	(7.37%)	(6.24%)
Lazard Asset Intl	26.44%	12.72%	22.11%	(3.39%)	(10.91%)
Lazard Asset Intl(net)	26.11%	12.39%	21.79%	(3.75%)	(11.25%)
McKinley Capital	34.79%	-	-	-	-
McKinley Capital(net)	34.26%	-	-	-	-
SSgA Intl	28.40%	-	-	-	-
SSgA Intl(net)	27.87%	-	-	-	-
MSCI Europe Index	24.75%	16.87%	28.87%	(5.22%)	(7.71%)
MSCI Pacific ex-Japan	18.05%	33.58%	27.37%	6.58%	(1.14%)
MSCI EAFE Index	26.56%	13.65%	32.37%	(6.46%)	(9.49%)
Emerging Markets Pool	34.49%	35.19%	33.07%	6.11%	(3.20%)
Capital Guardian(net)	37.87%	34.34%	27.88%	7.14%	(5.65%)
MSCI Emerging Mkts	35.91%	34.89%	33.51%	6.96%	1.31%
Citigroup Non-US Govt	(0.01%)	7.75%	7.60%	17.90%	15.73%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2006. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002
Real Estate Pool	18.58%	17.42%	11.55%	8.98%	5.40%
Real Estate Target	18.67%	18.02%	10.83%	7.64%	5.50%
Private Equity	25.89%	18.08%	21.42%	(14.75%)	(17.05%)
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 All 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%



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.

TOTAL DOMESTIC EQUITY POOL PERIOD ENDED JUNE 30, 2011



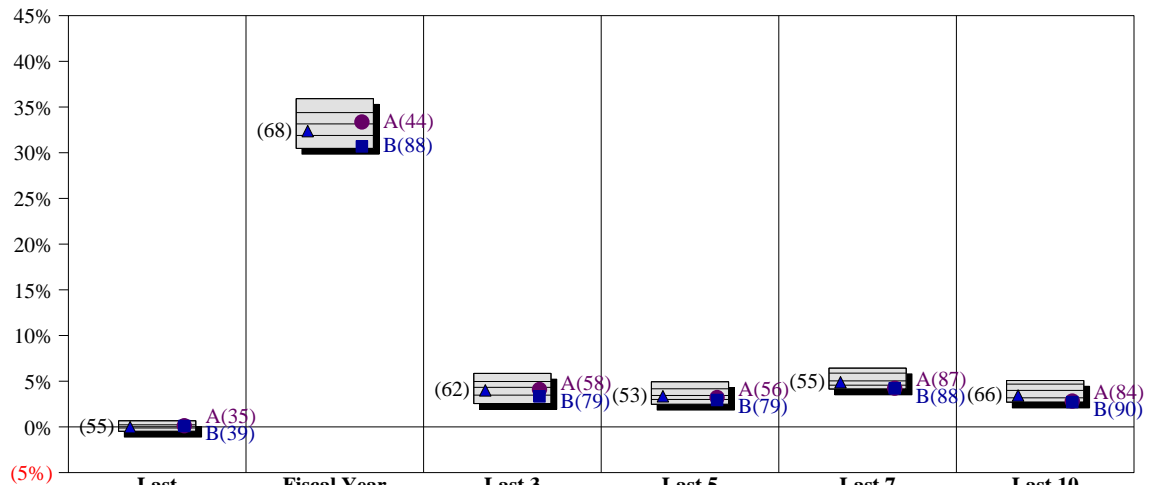
Investment Philosophy

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

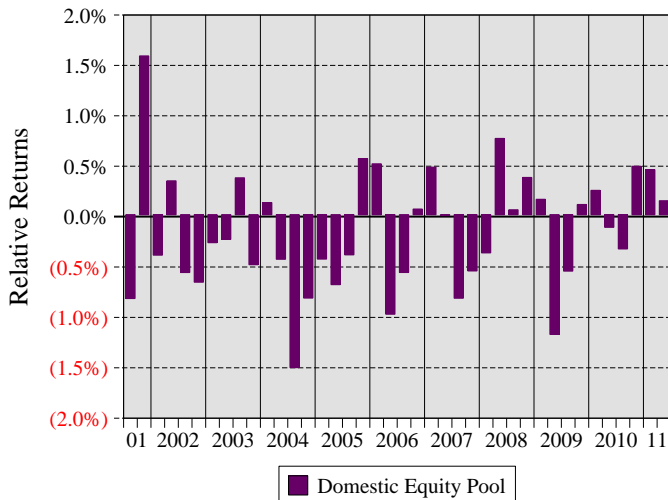
- Domestic Equity Pool's portfolio posted a 0.13% return for the quarter placing it in the 35 percentile of the Public Fund - Domestic Equity group for the quarter and in the 44 percentile for the last year.
- Domestic Equity Pool's portfolio outperformed the Russell 3000 Index by 0.16% for the quarter and outperformed the Russell 3000 Index for the year by 1.00%.

Performance vs Public Fund - Domestic Equity (Gross)

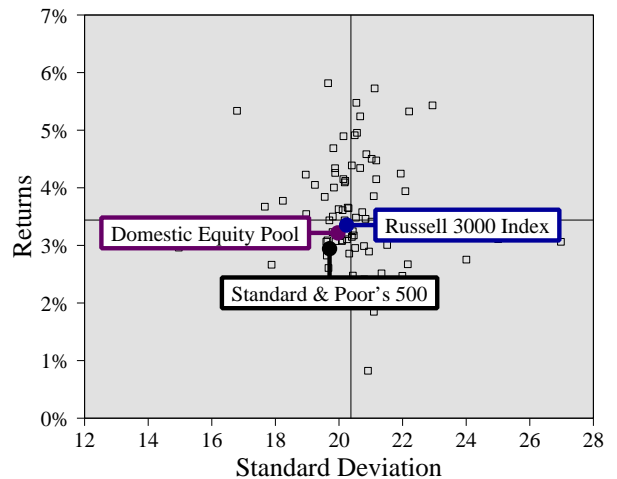


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	0.67	35.92	5.85	4.94	6.43	5.08
25th Percentile	0.23	34.39	4.97	4.17	5.88	4.68
Median	0.02	33.15	4.33	3.44	5.04	3.99
75th Percentile	(0.12)	31.89	3.48	3.00	4.56	3.18
90th Percentile	(0.48)	30.47	2.55	2.47	4.14	2.71
Domestic Equity Pool ● A	0.13	33.37	4.10	3.22	4.24	2.83
Standard & Poor's 500 ■ B	0.10	30.69	3.34	2.94	4.22	2.72
Russell 3000 Index ▲	(0.03)	32.37	4.00	3.35	4.88	3.44

Relative Return vs Russell 3000 Index



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

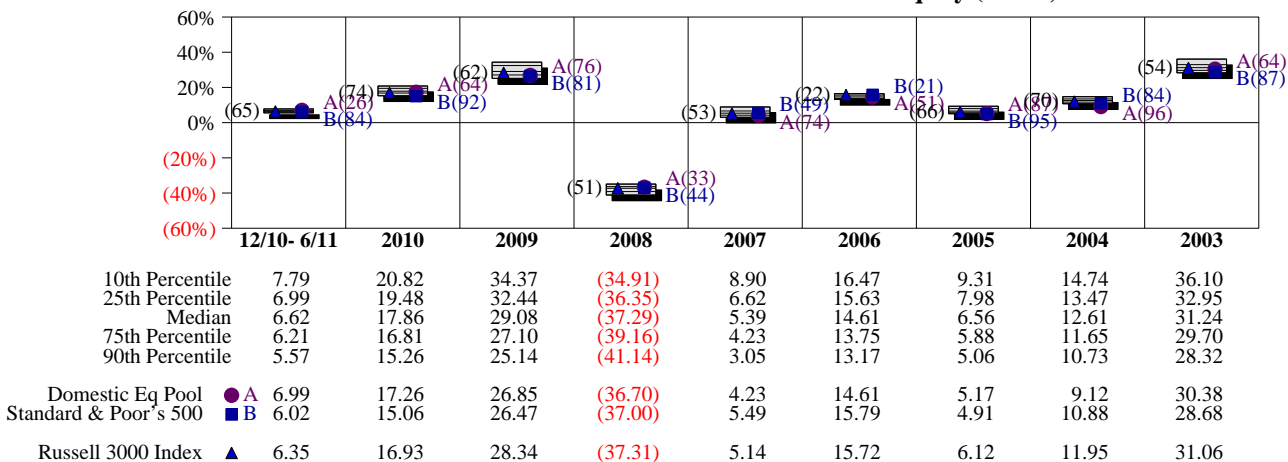


DOMESTIC EQUITY POOL RETURN ANALYSIS SUMMARY

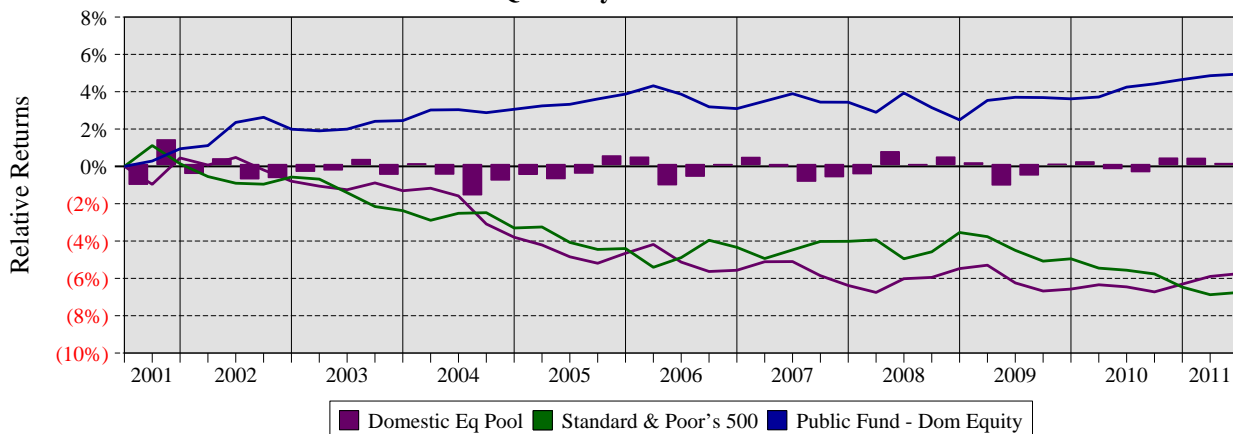
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

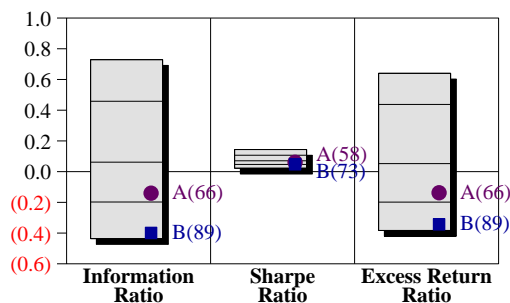
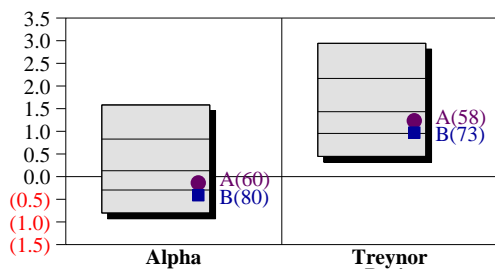
Performance vs Public Fund - Domestic Equity (Gross)



Cumulative and Quarterly Relative Return vs Russell 3000 Index



Risk Adjusted Return Measures vs Russell 3000 Index Rankings Against Public Fund - Domestic Equity (Gross) Five Years Ended June 30, 2011



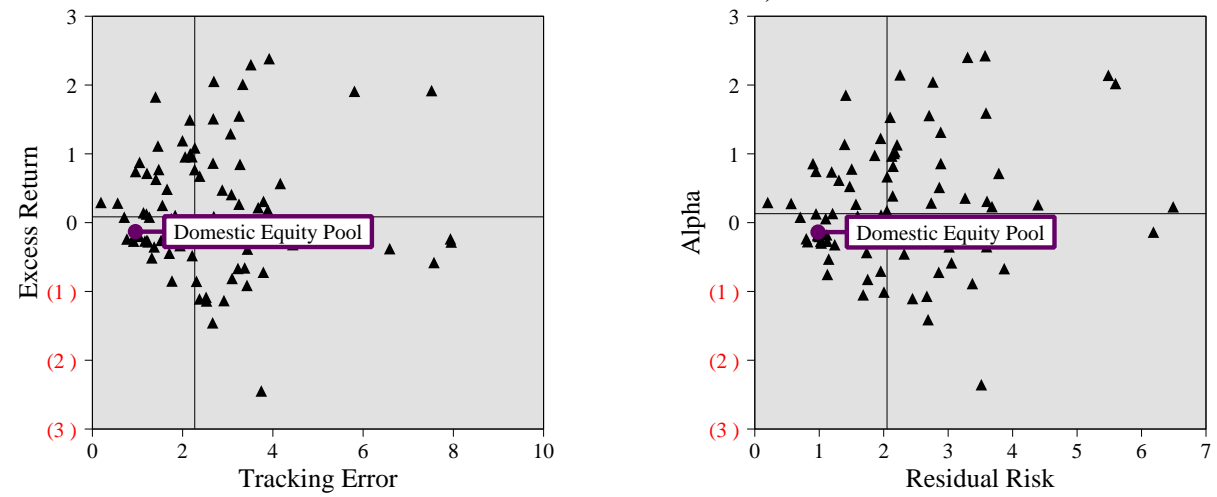


DOMESTIC EQUITY POOL RISK ANALYSIS SUMMARY

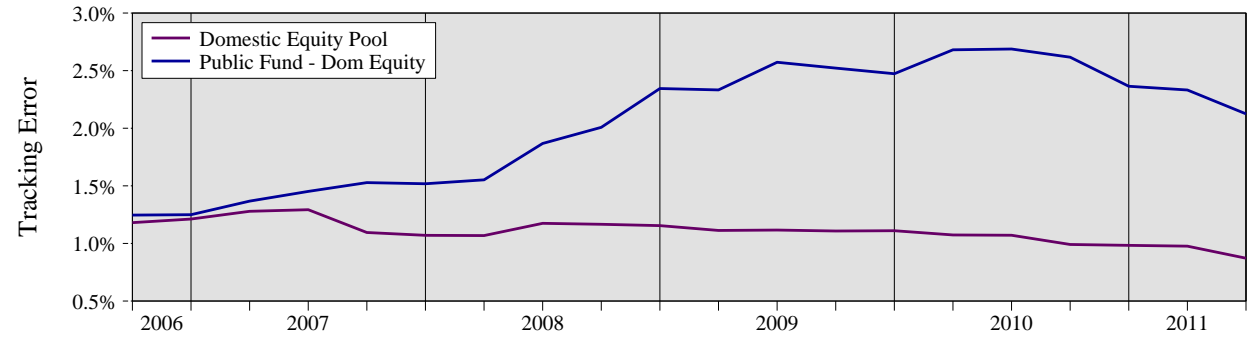
Risk Analysis

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.

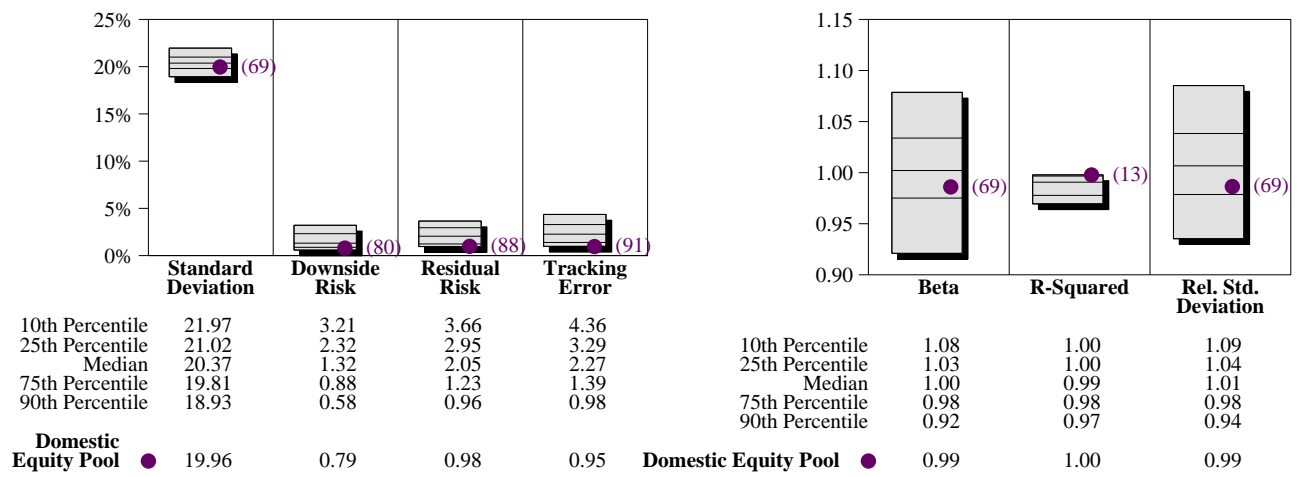
**Risk Analysis vs Public Fund - Domestic Equity (Gross)
Five Years Ended June 30, 2011**



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 June 30, 2011**

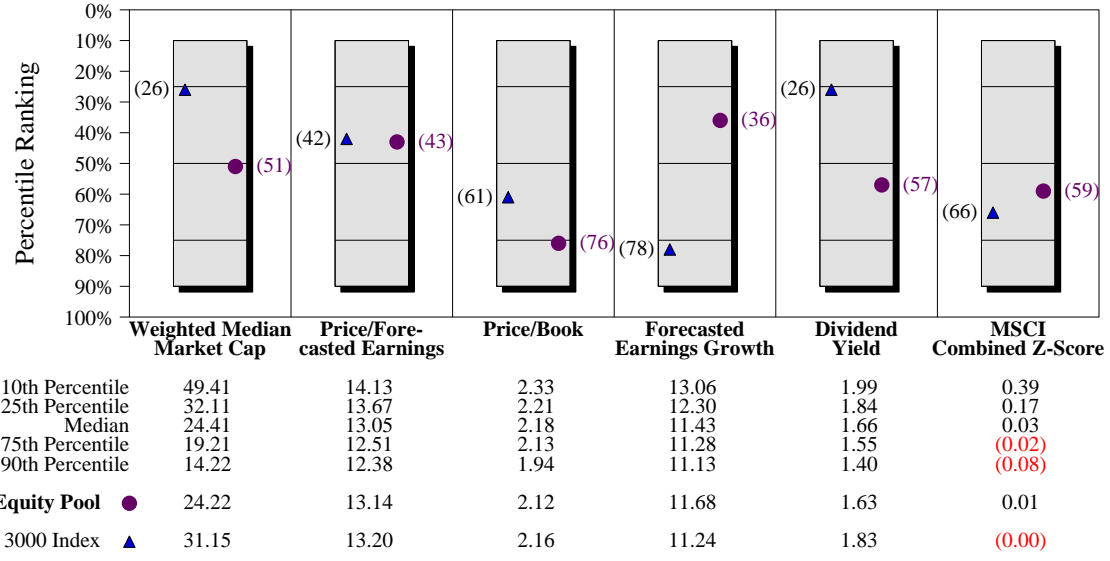


DOMESTIC EQUITY POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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.

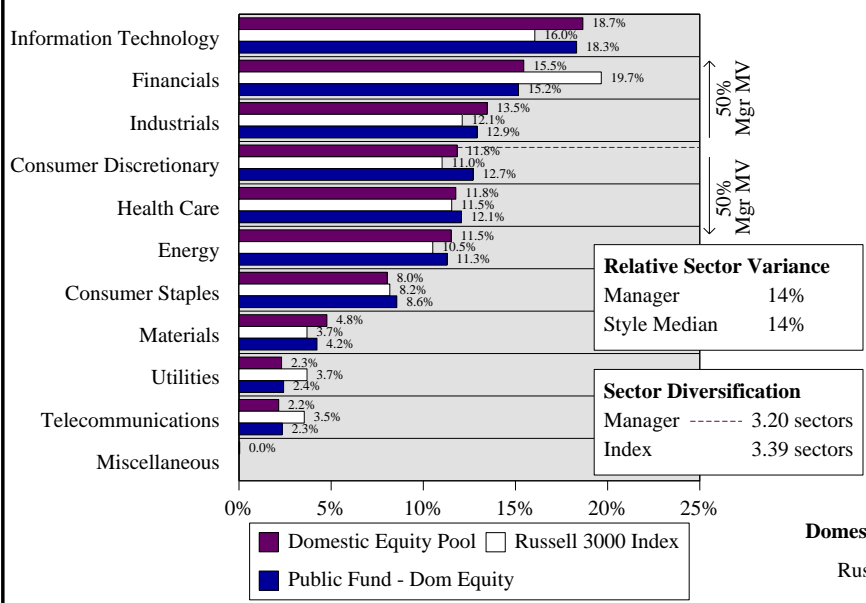
Portfolio Characteristics Percentile Rankings Rankings Against Public Fund - Domestic Equity as of June 30, 2011



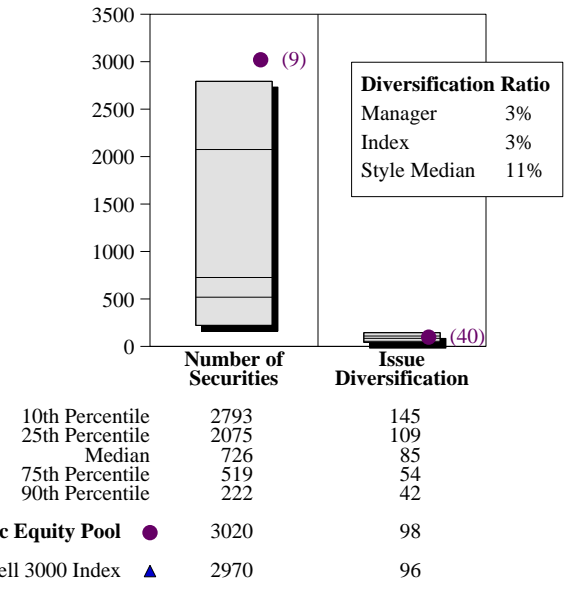
Sector Weights

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 June 30, 2011



Diversification June 30, 2011





LARGE CAP EQUITY POOL PERIOD ENDED JUNE 30, 2011

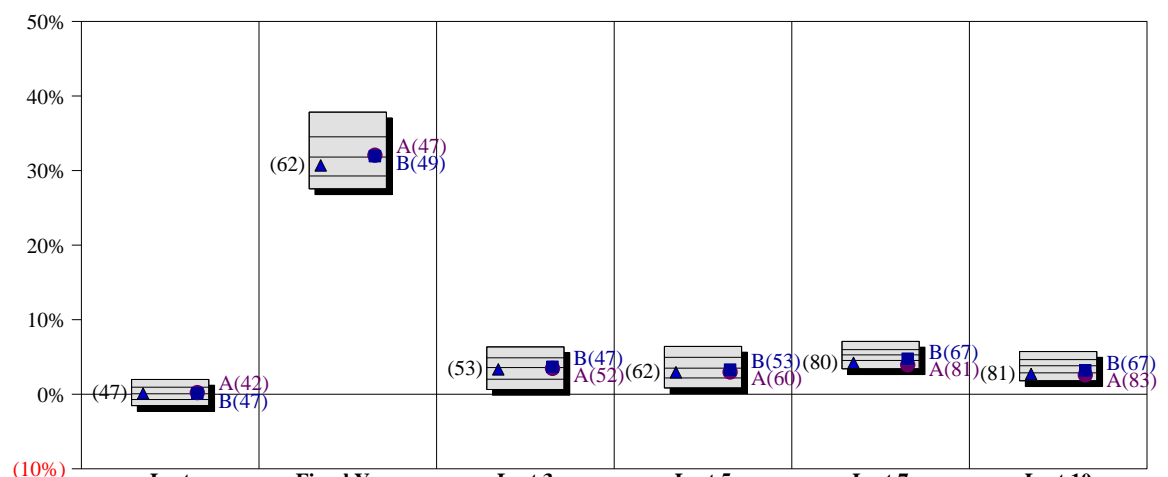
Investment Philosophy

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

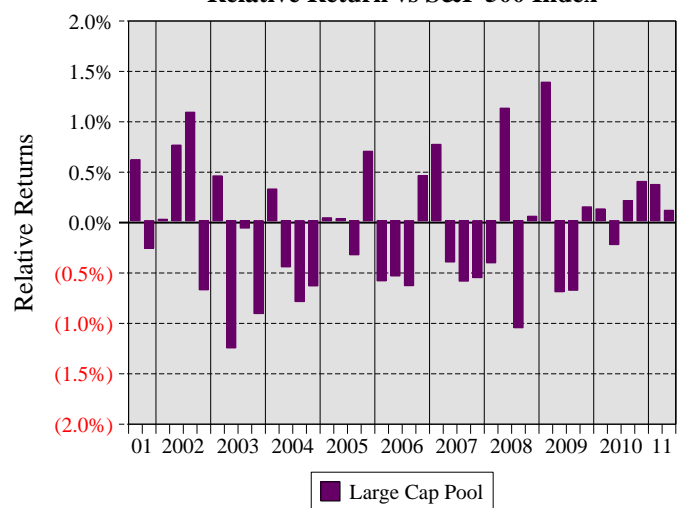
- Large Cap Pool's portfolio posted a 0.22% return for the quarter placing it in the 42 percentile of the CAI Large Capitalization Style group for the quarter and in the 47 percentile for the last year.
- Large Cap Pool's portfolio outperformed the S&P 500 Index by 0.12% for the quarter and outperformed the S&P 500 Index for the year by 1.37%.

Performance vs CAI Large Capitalization Style (Gross)

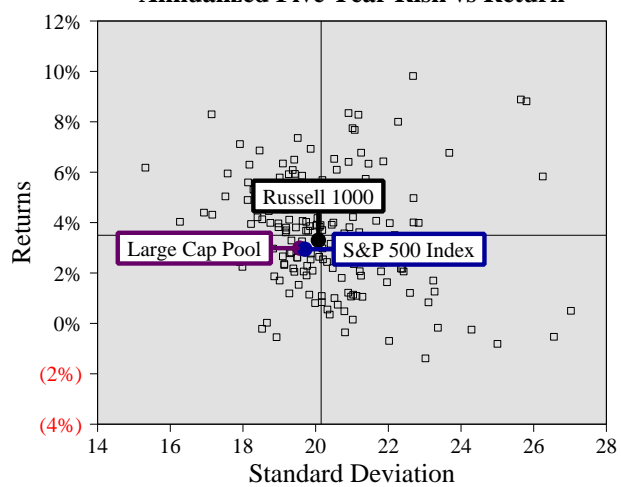


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	1.98	37.84	6.35	6.41	7.09	5.73
25th Percentile	0.94	34.52	4.89	4.95	5.99	4.64
Median	0.06	31.81	3.58	3.50	5.28	3.82
75th Percentile	(0.71)	29.27	2.01	2.18	4.53	2.87
90th Percentile	(1.53)	27.55	0.64	0.84	3.41	1.81
Large Cap Pool	● A 0.22	32.06	3.47	2.99	3.95	2.59
Russell 1000	■ B 0.12	31.93	3.68	3.30	4.76	3.21
S&P 500 Index	▲ 0.10	30.69	3.34	2.94	4.22	2.72

Relative Return vs S&P 500 Index



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



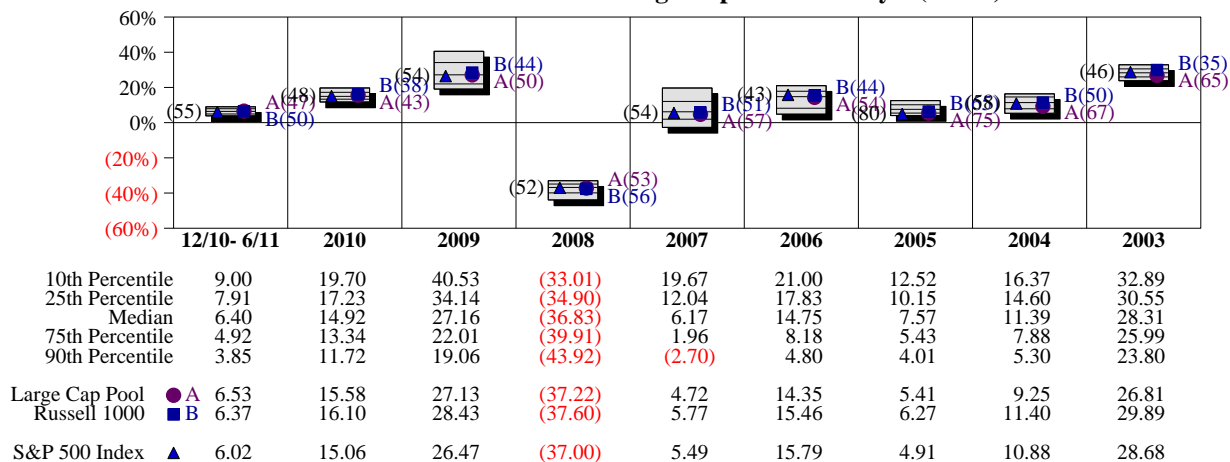


LARGE CAP POOL RETURN ANALYSIS SUMMARY

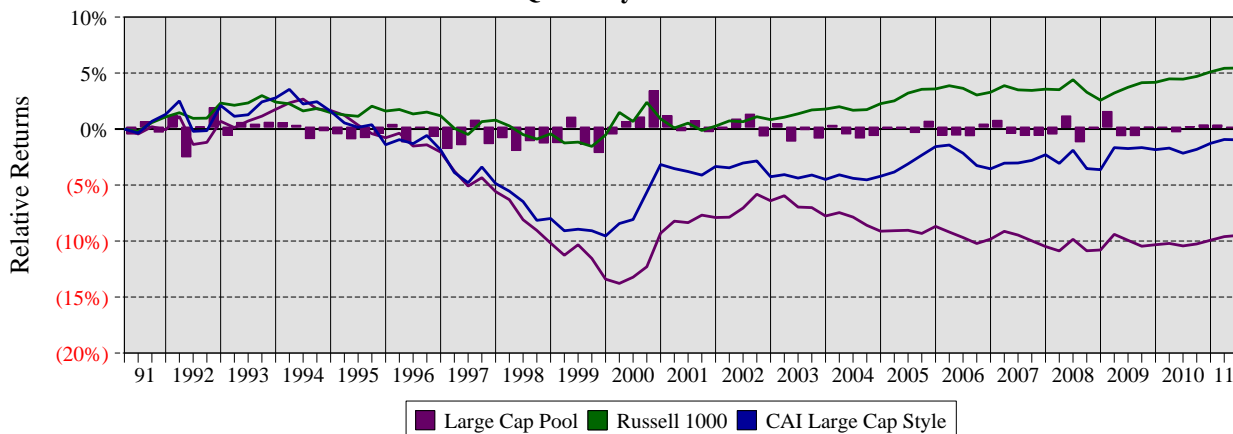
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

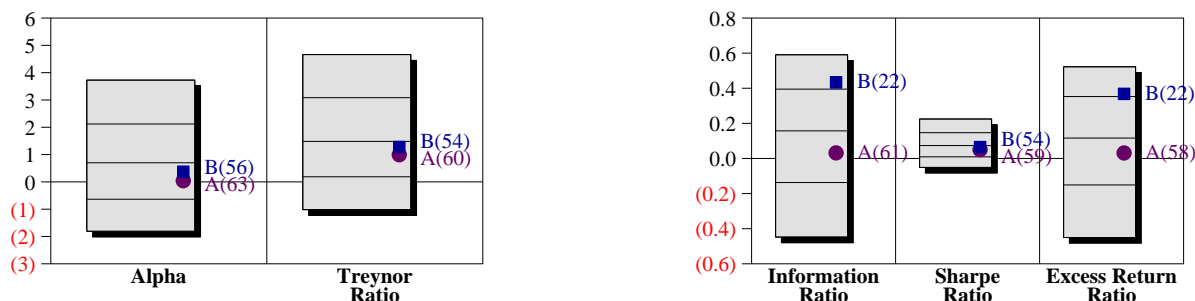
Performance vs CAI Large Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Capitalization Style (Gross) Five Years Ended June 30, 2011

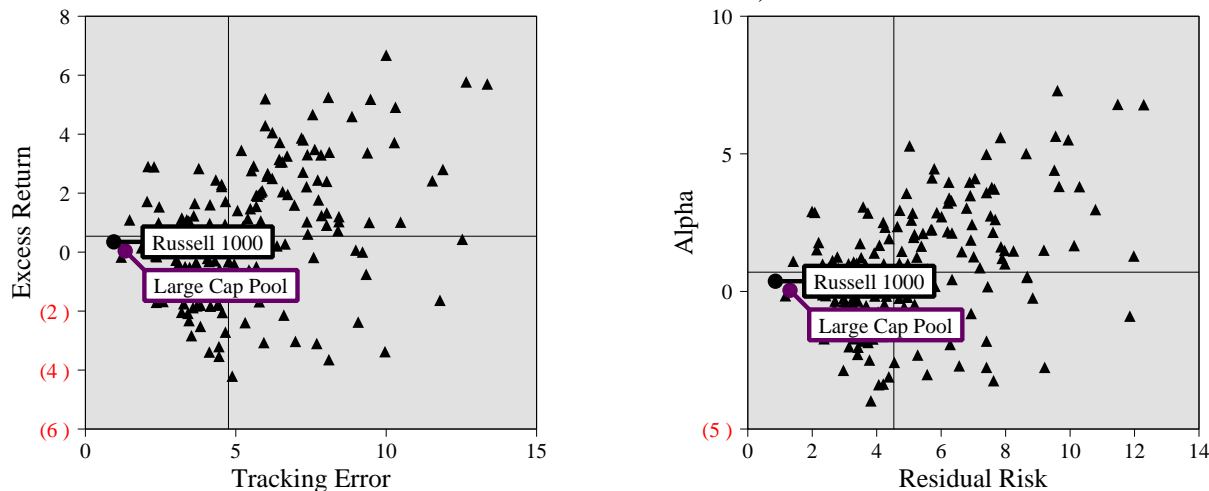


LARGE CAP POOL RISK ANALYSIS SUMMARY

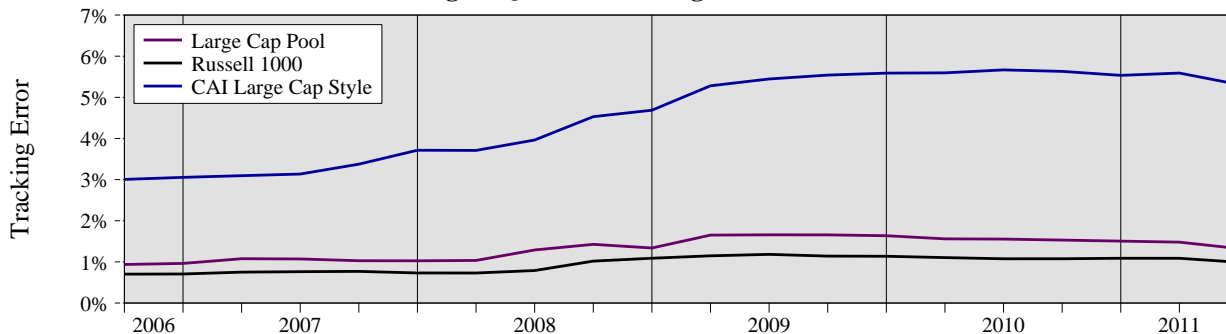
Risk Analysis

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.

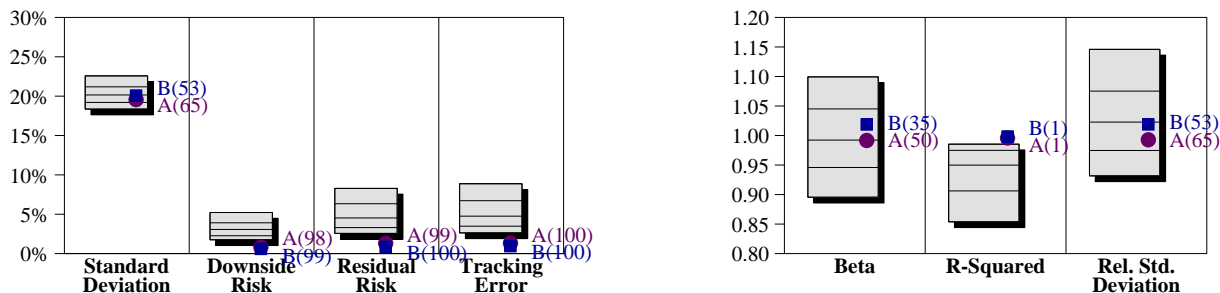
**Risk Analysis vs CAI Large Capitalization Style (Gross)
Five Years Ended June 30, 2011**



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 June 30, 2011**



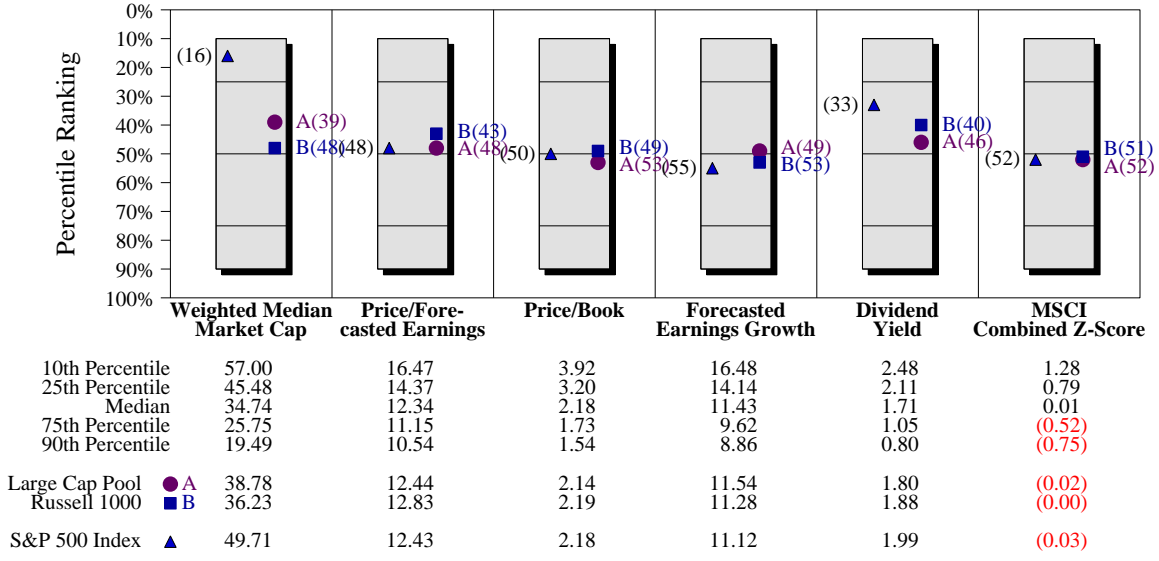
10th Percentile	22.58	5.22	8.28	8.87	10th Percentile	1.10	0.99	1.15
25th Percentile	21.19	3.91	6.34	6.72	25th Percentile	1.05	0.97	1.08
Median	20.15	3.07	4.53	4.76	Median	0.99	0.95	1.02
75th Percentile	19.20	2.27	3.30	3.48	75th Percentile	0.95	0.91	0.97
90th Percentile	18.36	1.75	2.56	2.63	90th Percentile	0.90	0.85	0.93
Large Cap Pool	● A 19.56	0.82	1.31	1.32	Large Cap Pool	● A 0.99	1.00	0.99
Russell 1000	■ B 20.07	0.59	0.86	0.94	Russell 1000	■ B 1.02	1.00	1.02

LARGE CAP POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

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

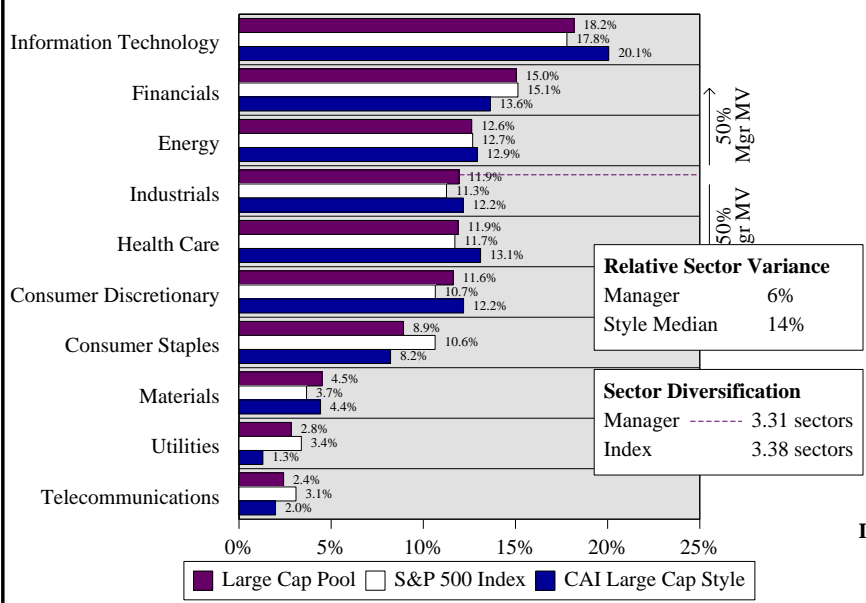
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Capitalization Style as of June 30, 2011



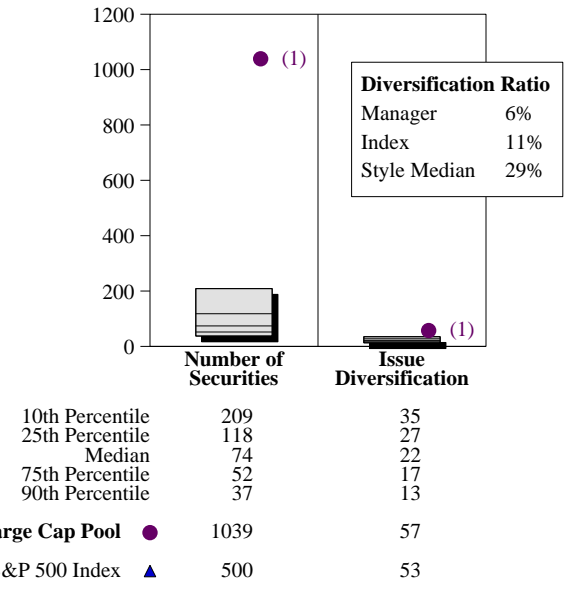
Sector Weights

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 June 30, 2011



Diversification June 30, 2011



BARROW, HANLEY PERIOD ENDED JUNE 30, 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

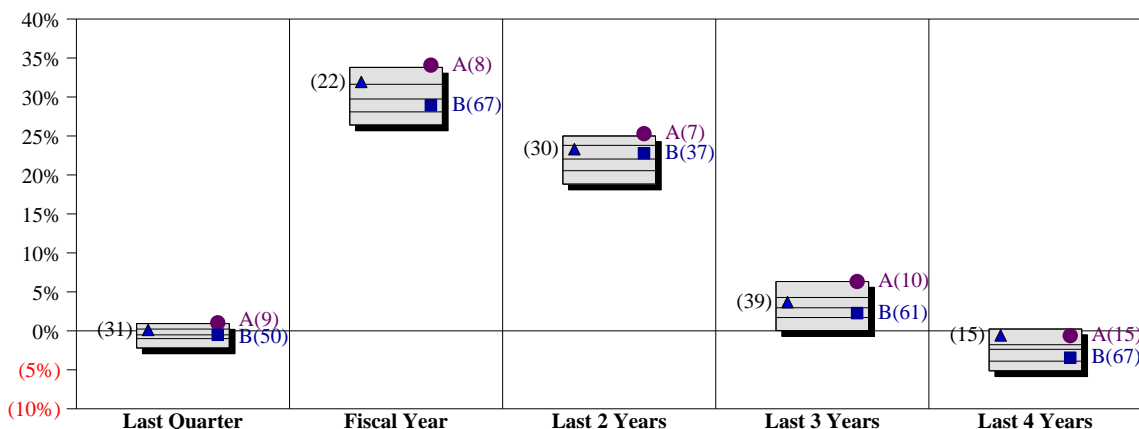
- Barrow, Hanley's portfolio posted a 1.04% return for the quarter placing it in the 9 percentile of the CAI Large Cap Value Style group for the quarter and in the 8 percentile for the last year.
- Barrow, Hanley's portfolio outperformed the Russell 1000 Index by 0.91% for the quarter and outperformed the Russell 1000 Index for the year by 2.16%.

Quarterly Asset Growth

Beginning Market Value	\$144,353,680
Net New Investment	\$0
Investment Gains/(Losses)	\$1,495,438
Ending Market Value	\$145,849,118

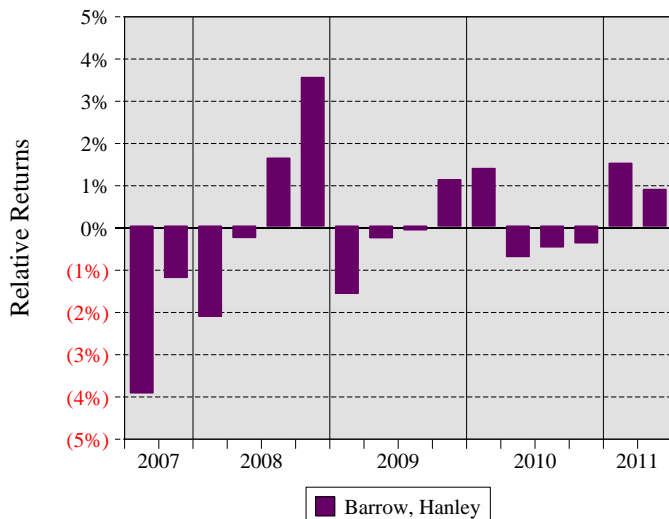
Percent Cash: 2.7%

Performance vs CAI Large Cap Value Style (Gross)

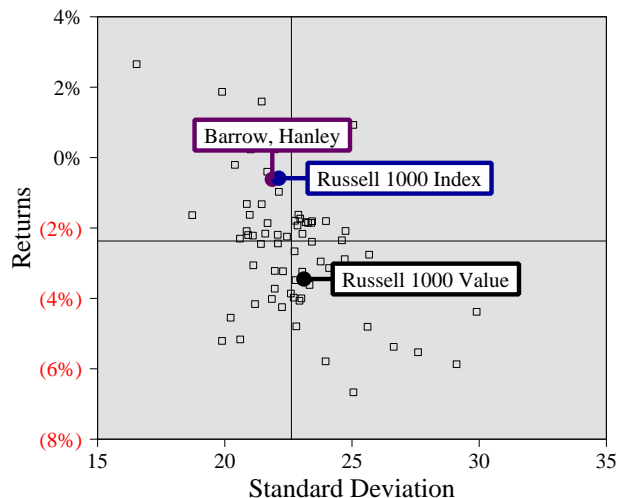


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	0.93	33.80	25.00	6.33	0.23
25th Percentile	0.23	31.63	23.80	4.28	(1.78)
Median	(0.51)	29.74	22.04	2.96	(2.37)
75th Percentile	(1.00)	28.09	20.55	1.71	(3.89)
90th Percentile	(2.20)	26.40	18.82	0.04	(5.13)
Barrow, Hanley (A)	1.04	34.09	25.30	6.33	(0.62)
Russell 1000 Value (B)	(0.50)	28.94	22.78	2.28	(3.45)
Russell 1000 Index (triangle)	0.12	31.93	23.30	3.68	(0.59)

Relative Return vs Russell 1000 Index



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

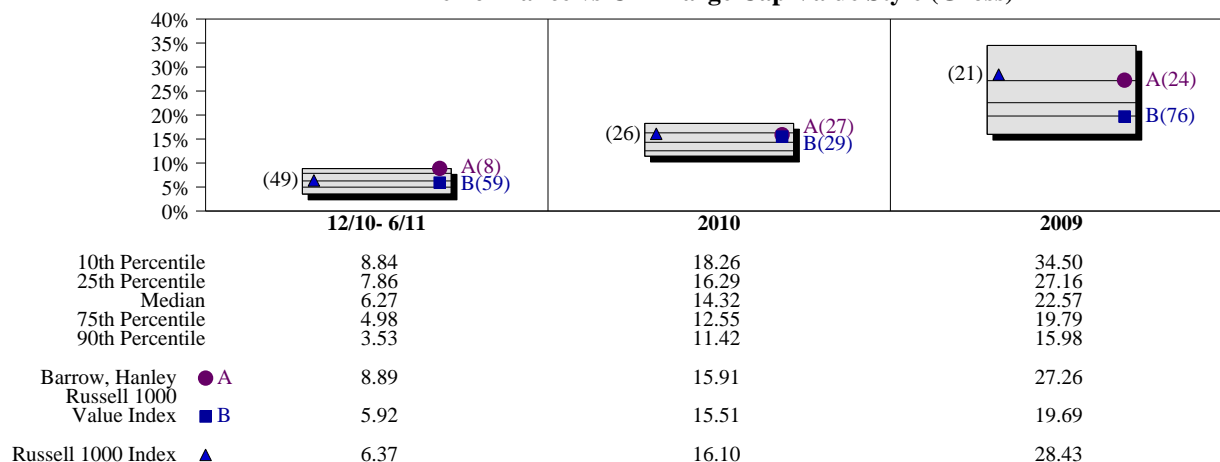


BARROW, HANLEY RETURN ANALYSIS SUMMARY

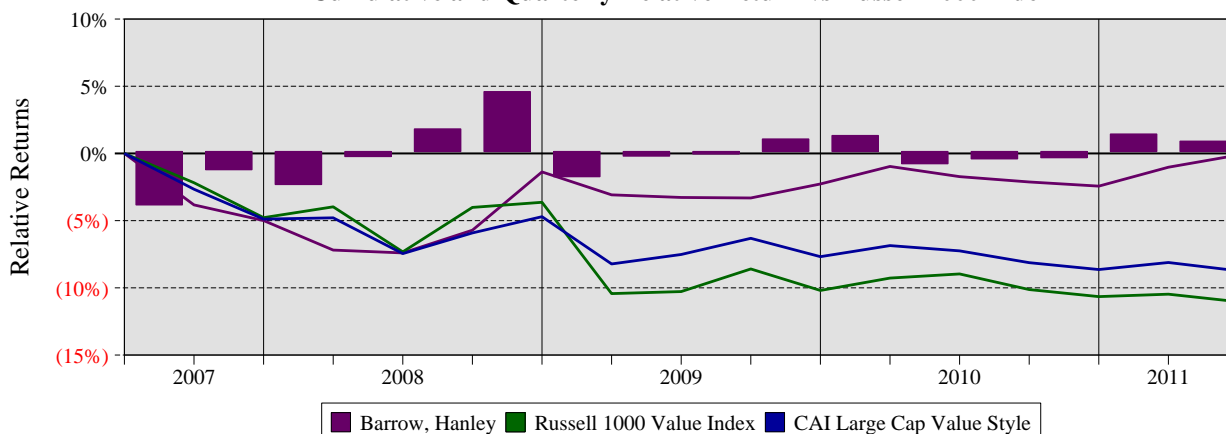
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

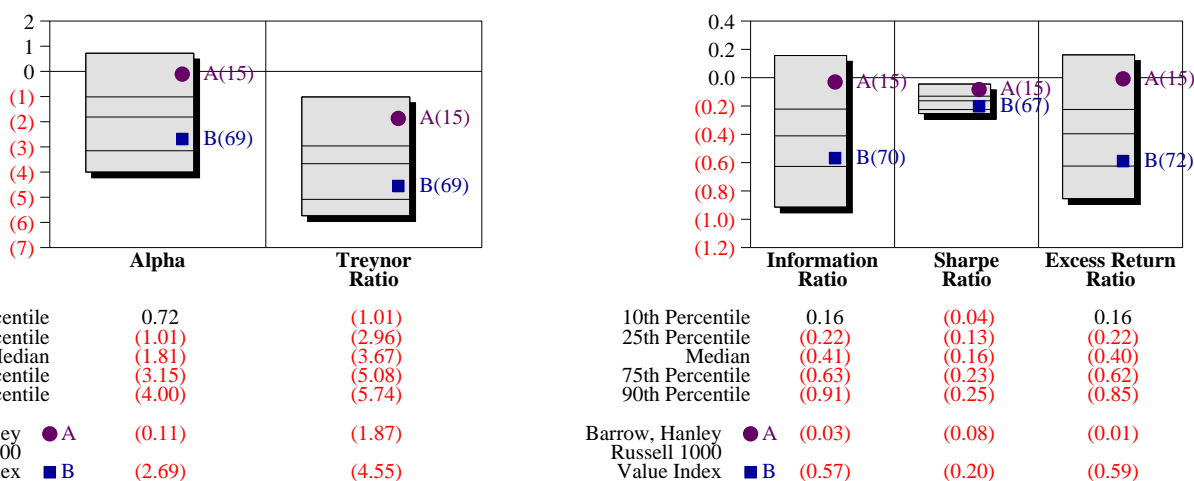
Performance vs CAI Large Cap Value Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 1000 Index



Risk Adjusted Return Measures vs Russell 1000 Index Rankings Against CAI Large Cap Value Style (Gross) Four Years Ended June 30, 2011



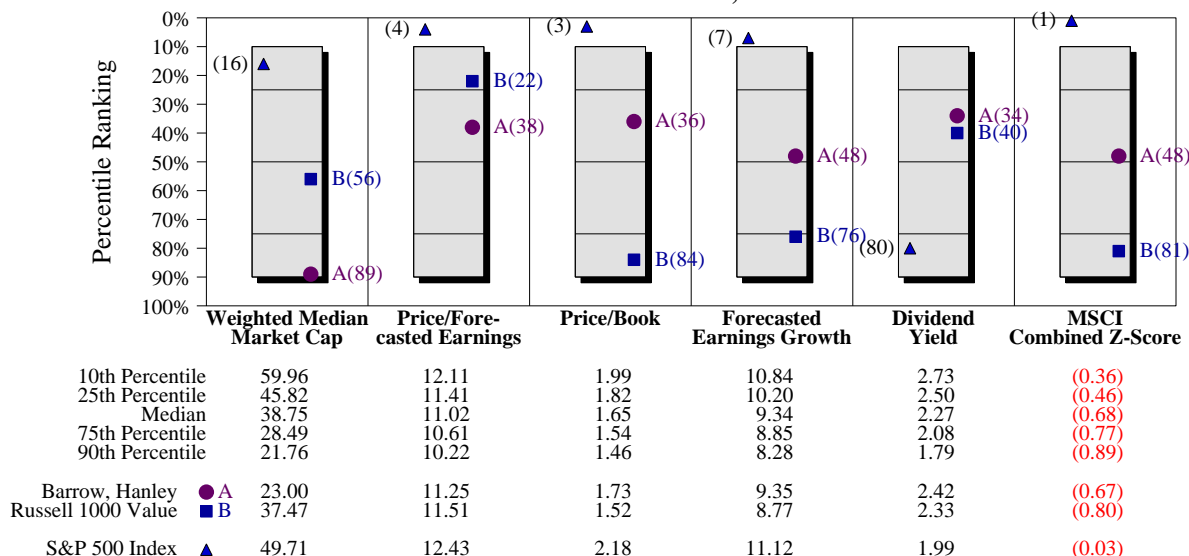
BARROW, HANLEY EQUITY CHARACTERISTICS ANALYSIS SUMMARY



Portfolio Characteristics

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

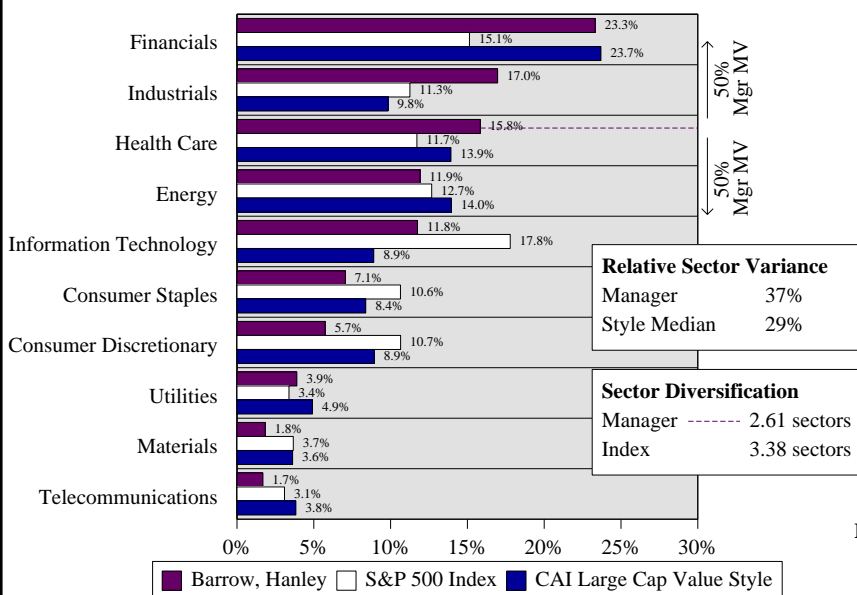
**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of June 30, 2011**



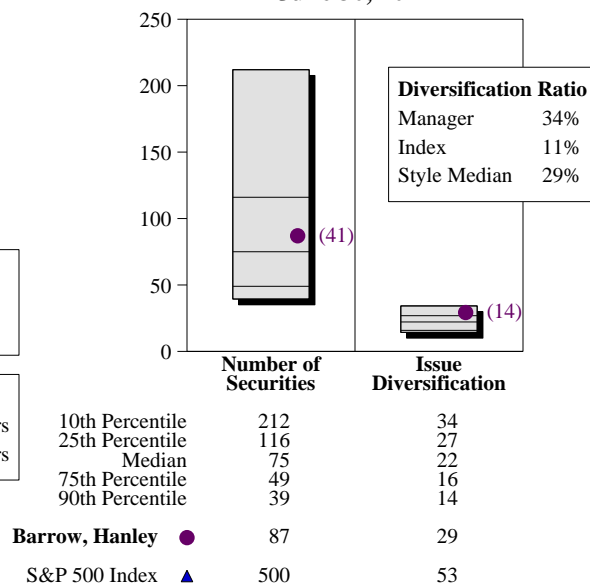
Sector Weights

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
June 30, 2011**



**Diversification
June 30, 2011**



LAZARD ASSET MANAGEMENT PERIOD ENDED JUNE 30, 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

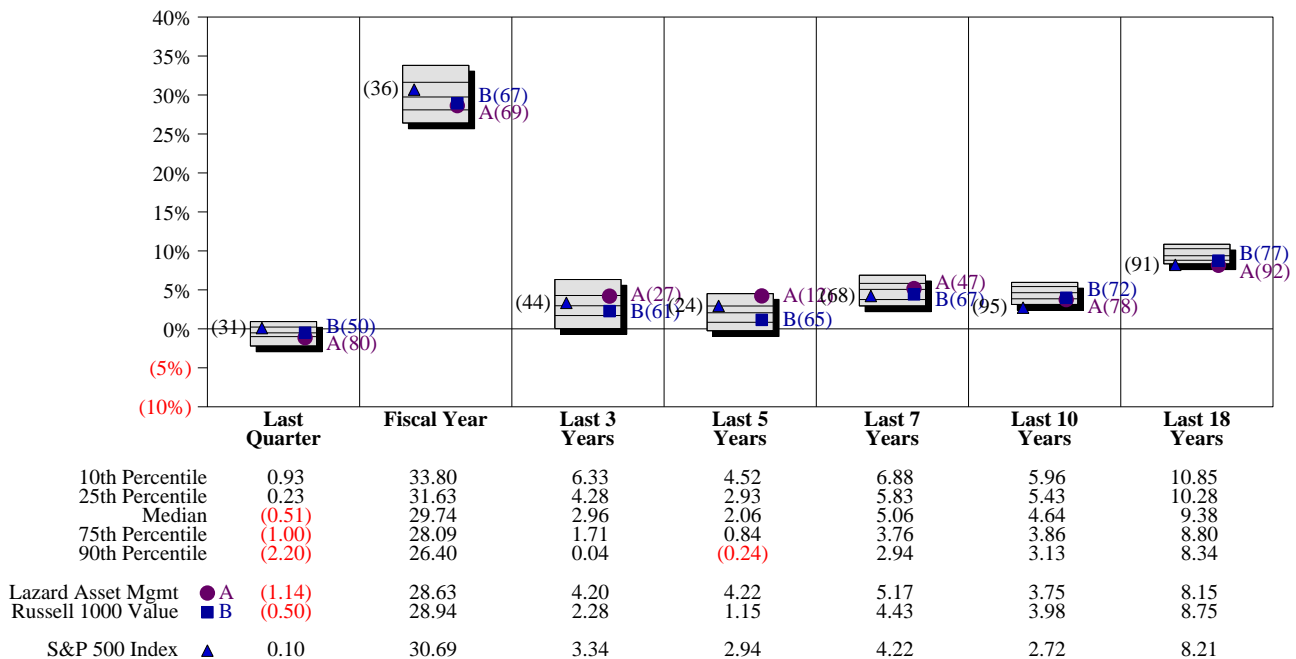
- Lazard Asset Mgmt's portfolio posted a (1.14)% return for the quarter placing it in the 80 percentile of the CAI Large Cap Value Style group for the quarter and in the 69 percentile for the last year.
- Lazard Asset Mgmt's portfolio underperformed the S&P 500 Index by 1.23% for the quarter and underperformed the S&P 500 Index for the year by 2.06%.

Quarterly Asset Growth

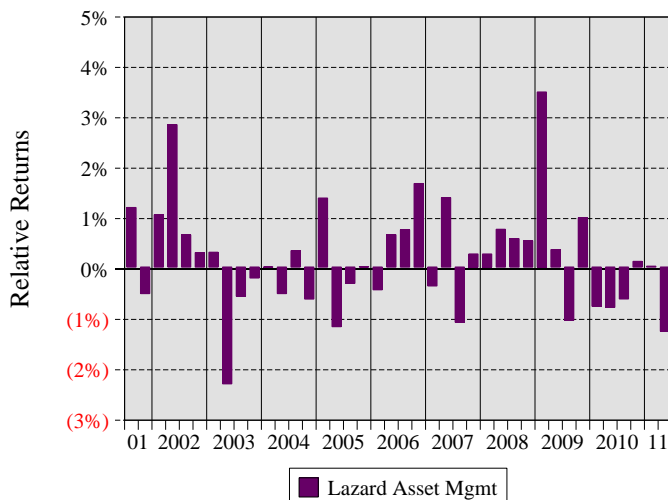
Beginning Market Value	\$353,928,314
Net New Investment	\$0
Investment Gains/(Losses)	\$-4,017,481
Ending Market Value	\$349,910,833

Percent Cash: 5.2%

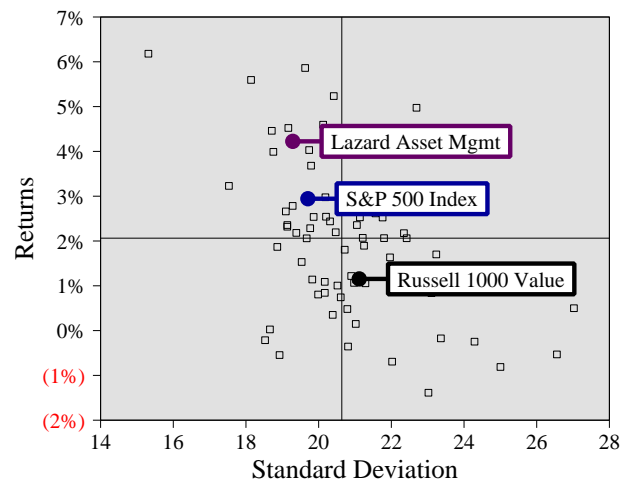
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs S&P 500 Index



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



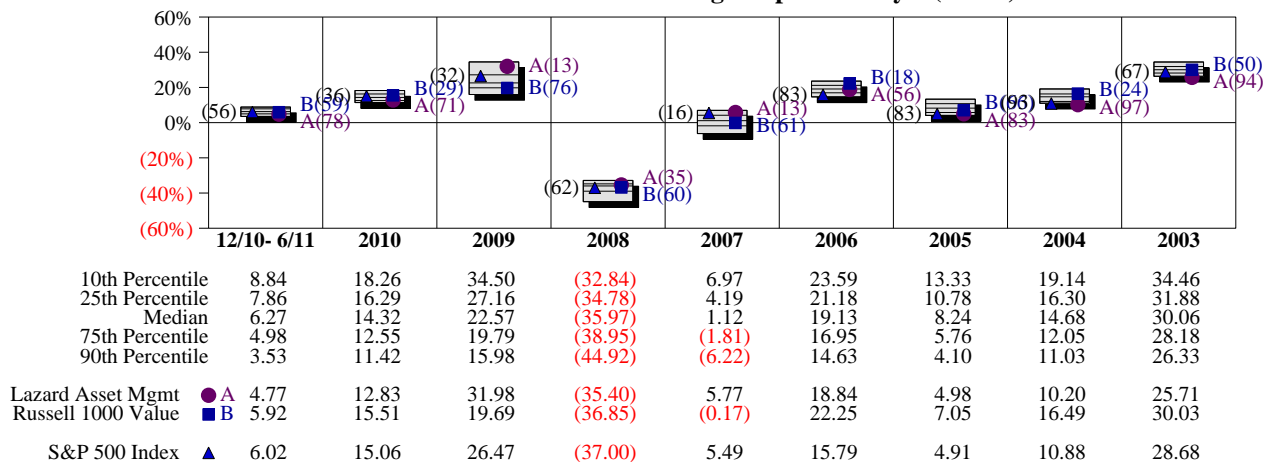
LAZARD ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



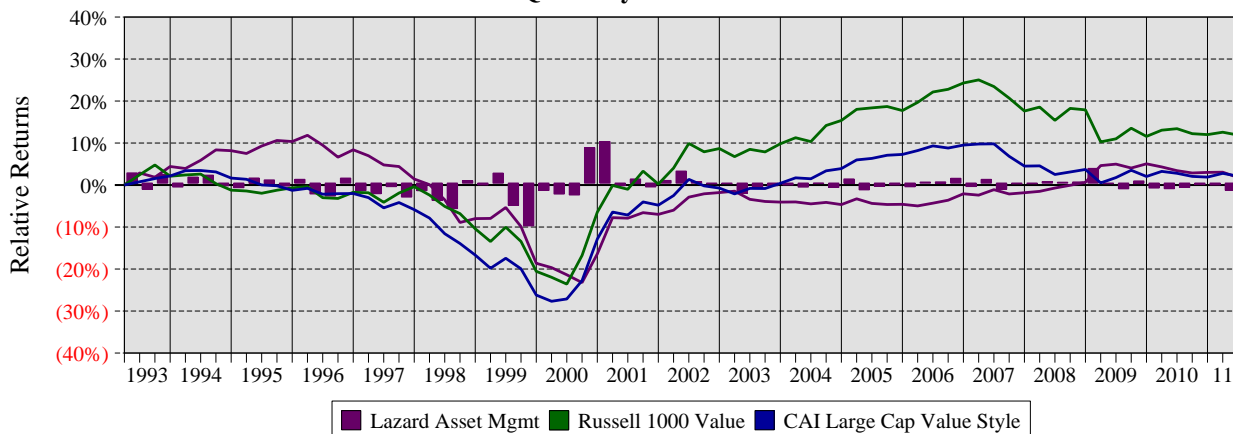
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

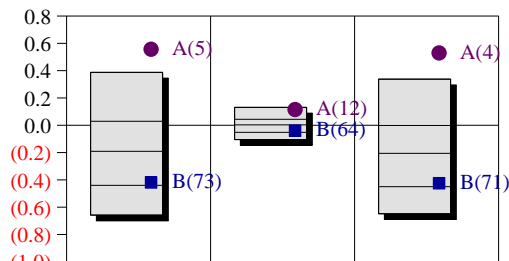
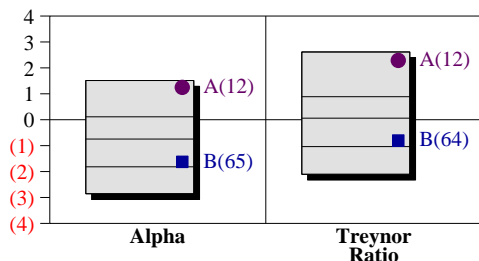
Performance vs CAI Large Cap Value Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Value Style (Gross) Five Years Ended June 30, 2011



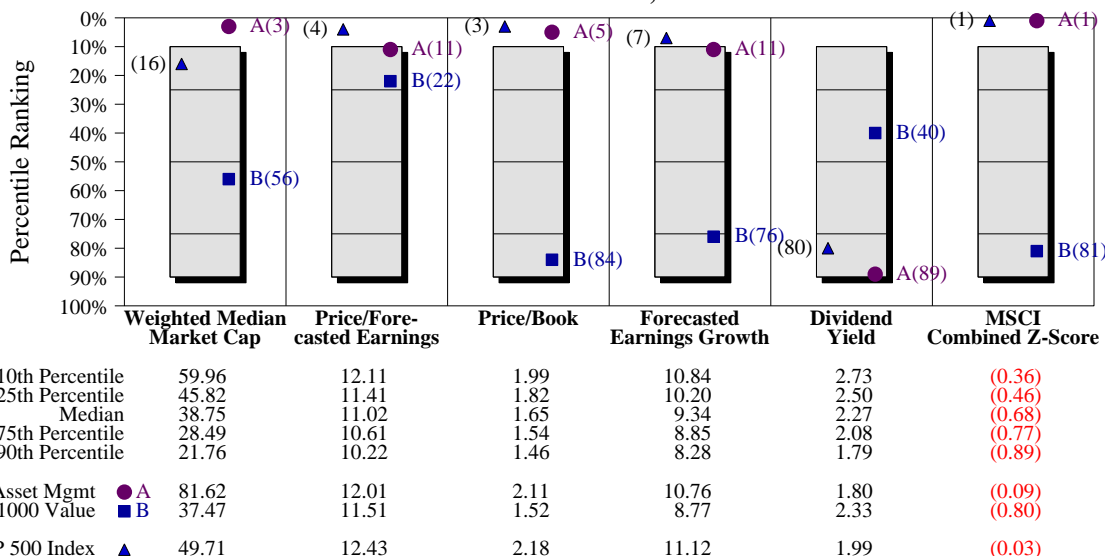
LAZARD ASSET MGMT EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

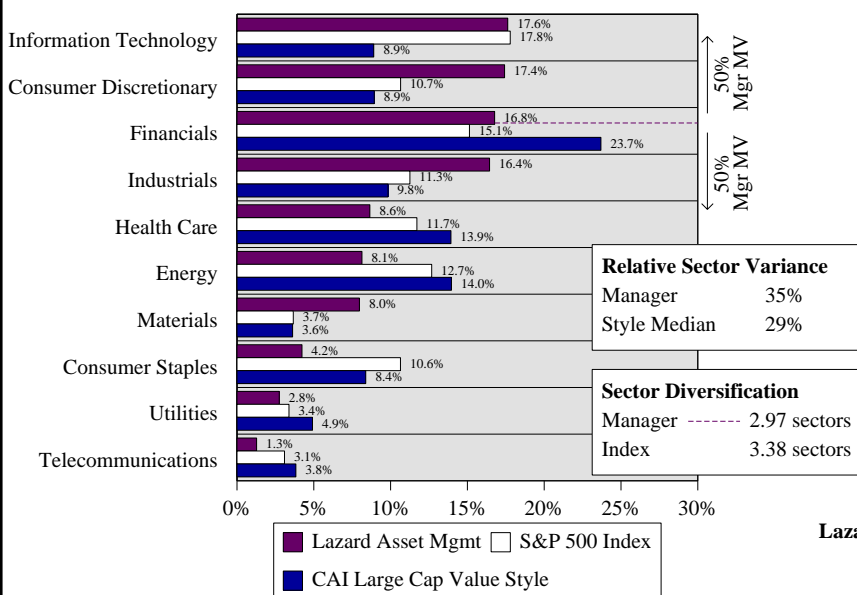
**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of June 30, 2011**



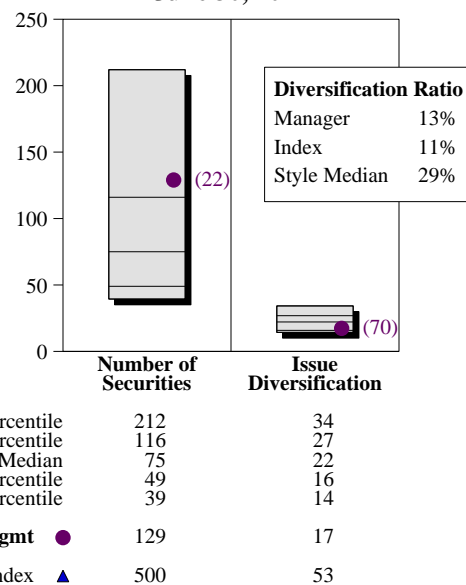
Sector Weights

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
June 30, 2011**



**Diversification
June 30, 2011**





Investment Philosophy

McKinley Capital's investment philosophy is based on the belief that excess market returns can be achieved through the construction and active management of a diversified, fundamentally sound portfolio of inefficiently priced common stocks whose earnings growth rates are accelerating above market expectations.

Quarterly Summary and Highlights

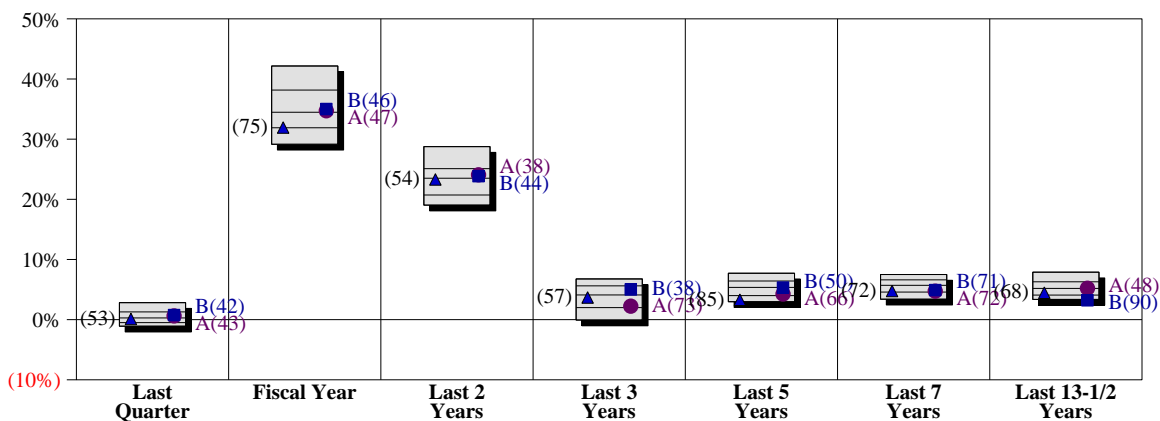
- McKinley Capital's portfolio posted a 0.62% return for the quarter placing it in the 43 percentile of the CAI Large Cap Growth Style group for the quarter and in the 47 percentile for the last year.
- McKinley Capital's portfolio outperformed the Russell 1000 Index by 0.50% for the quarter and outperformed the Russell 1000 Index for the year by 2.78%.

Quarterly Asset Growth

Beginning Market Value	\$416,661,721
Net New Investment	\$-25,000,000
Investment Gains/(Losses)	\$2,974,649
Ending Market Value	\$394,636,370

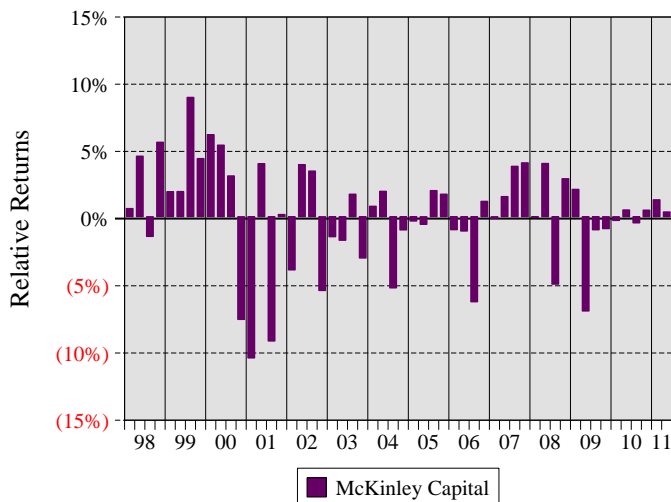
Percent Cash: 1.1%

Performance vs CAI Large Cap Growth Style (Gross)

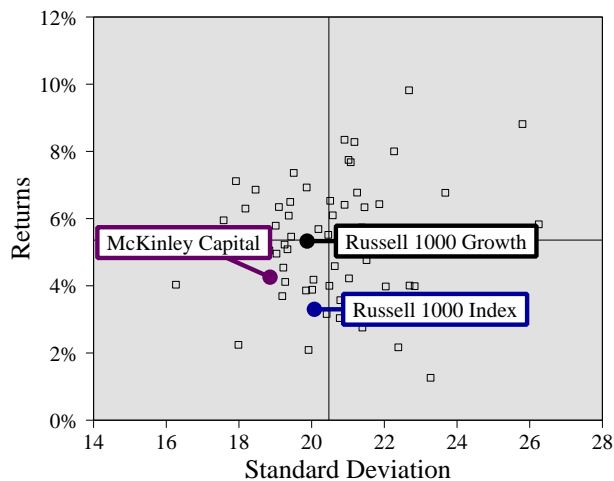


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 13-1/2 Years
10th Percentile	2.83	42.16	28.76	6.76	7.71	7.50	7.89
25th Percentile	1.28	38.16	25.10	5.61	6.43	6.61	6.29
Median	0.28	34.47	23.50	4.10	5.36	5.71	5.19
75th Percentile	(0.50)	31.89	20.72	2.00	3.99	4.58	4.08
90th Percentile	(1.09)	29.15	19.03	(0.07)	2.98	3.40	3.36
McKinley Capital	● A 0.62	34.72	24.08	2.24	4.26	4.74	5.22
Russell 1000 Growth	■ B 0.76	35.01	23.85	5.01	5.33	4.91	3.22
Russell 1000 Index	▲ 0.12	31.93	23.30	3.68	3.30	4.76	4.47

Relative Return vs Russell 1000 Index



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



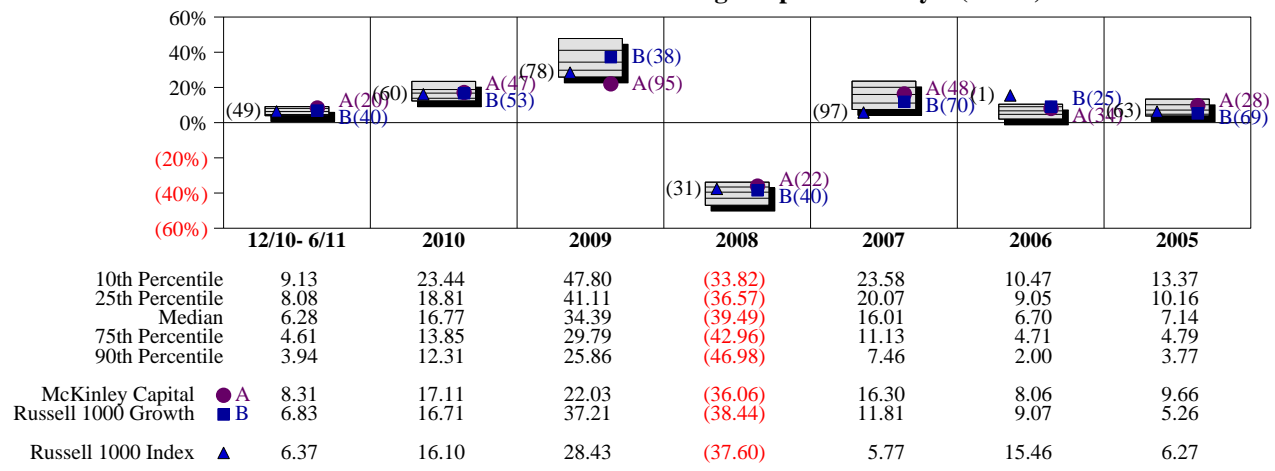


MCKINLEY CAPITAL RETURN ANALYSIS SUMMARY

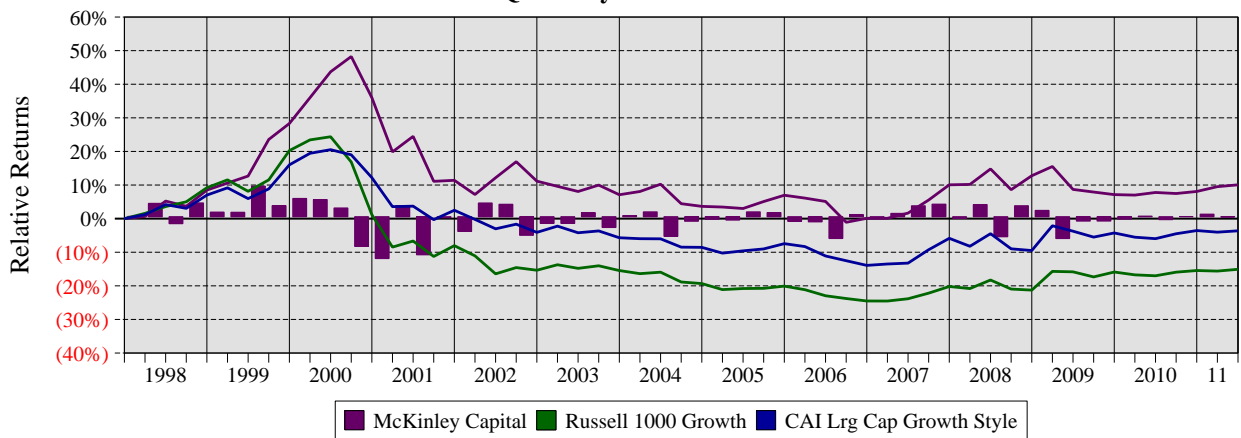
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

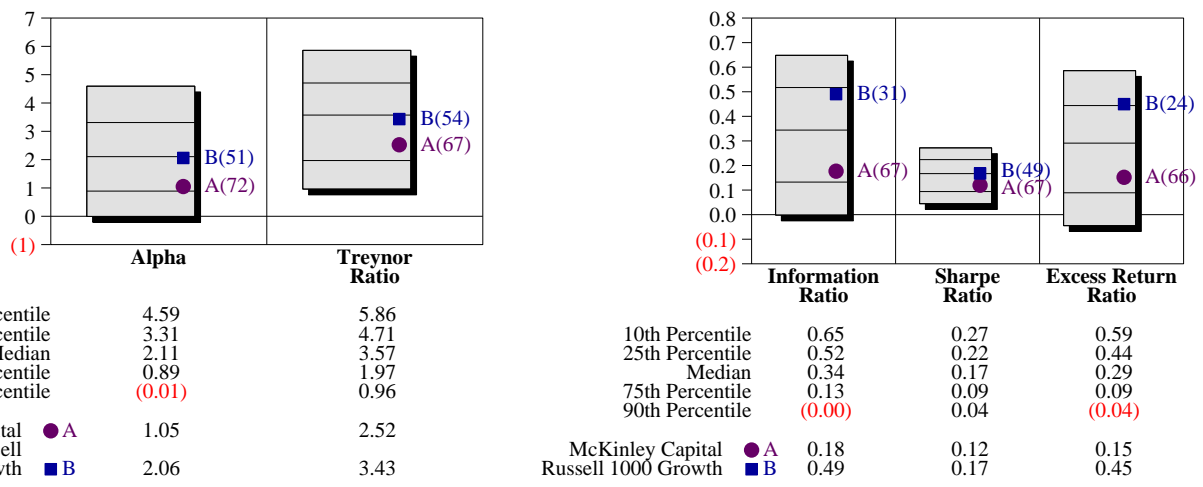
Performance vs CAI Large Cap Growth Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 1000 Index



Risk Adjusted Return Measures vs Russell 1000 Index Rankings Against CAI Large Cap Growth Style (Gross) Five Years Ended June 30, 2011



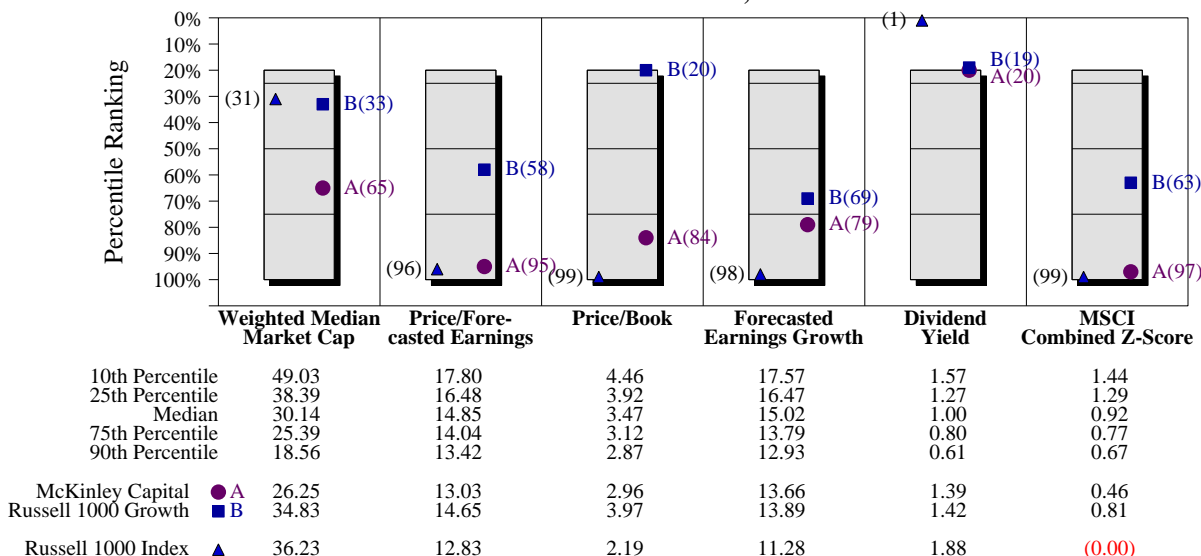
MCKINLEY CAPITAL EQUITY CHARACTERISTICS ANALYSIS SUMMARY



Portfolio Characteristics

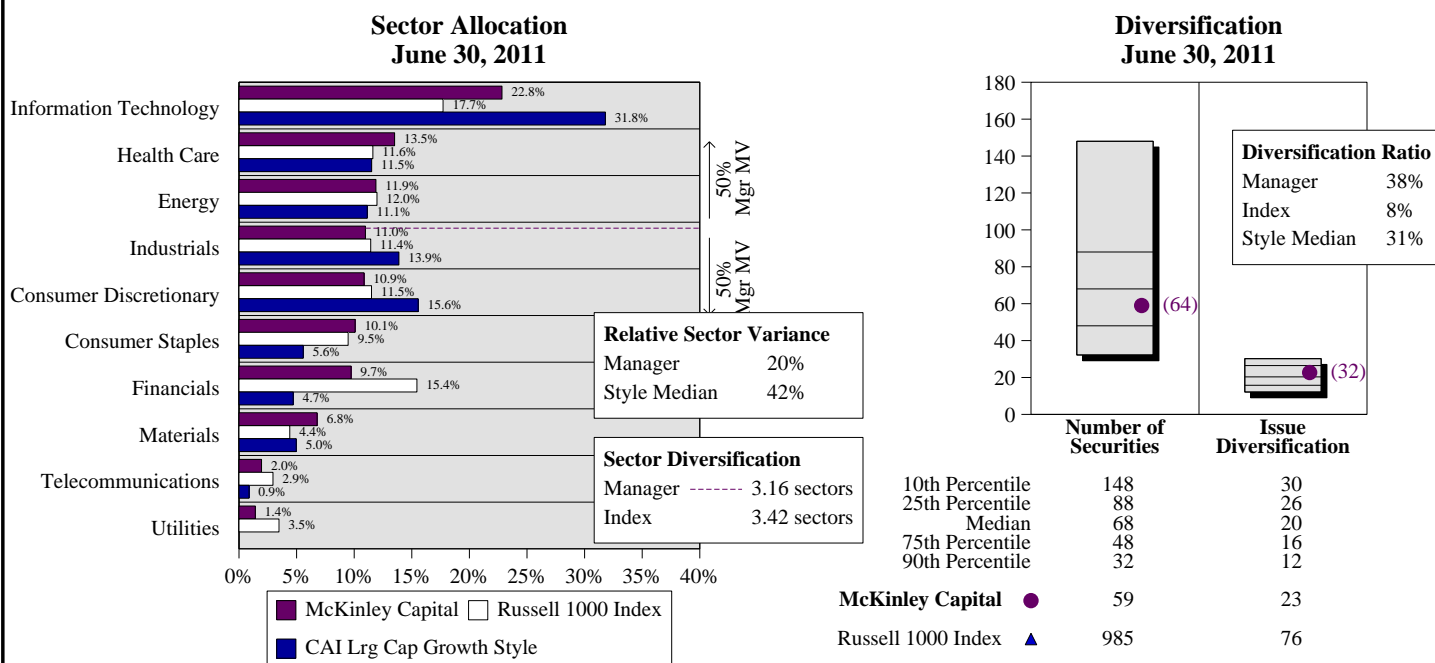
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Style as of June 30, 2011



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.



QUANTITATIVE MGMT ASSOC PERIOD ENDED JUNE 30, 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

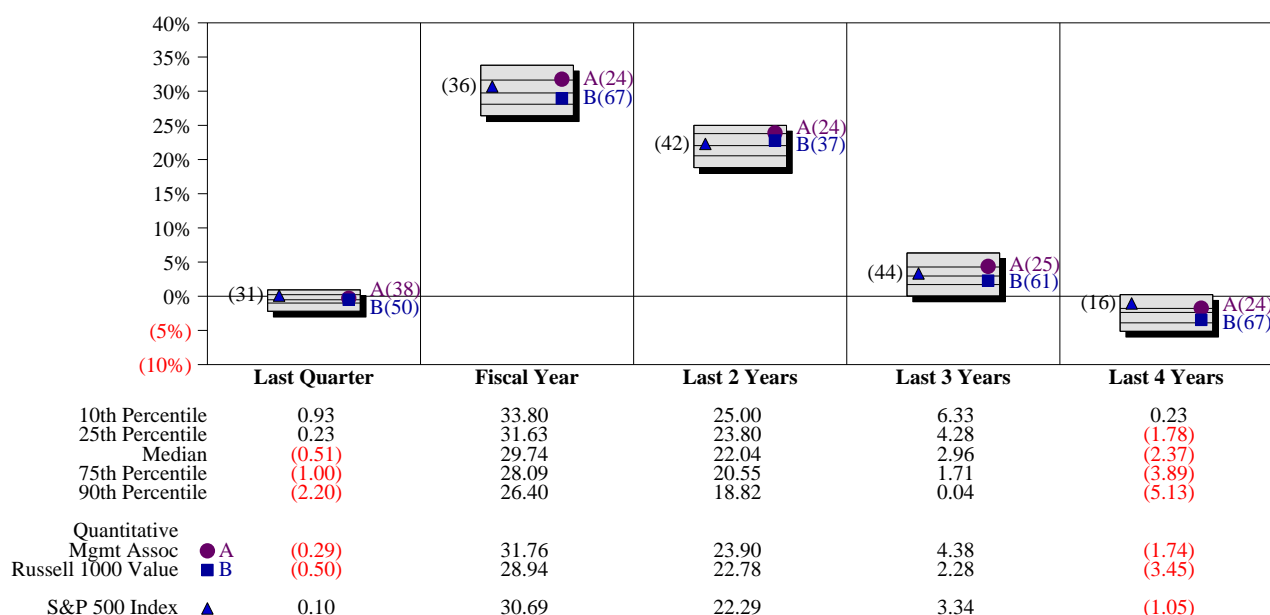
- Quantitative Mgmt Assoc's portfolio posted a (0.29)% return for the quarter placing it in the 38 percentile of the CAI Large Cap Value Style group for the quarter and in the 24 percentile for the last year.
- Quantitative Mgmt Assoc's portfolio underperformed the S&P 500 Index by 0.39% for the quarter and outperformed the S&P 500 Index for the year by 1.07%.

Quarterly Asset Growth

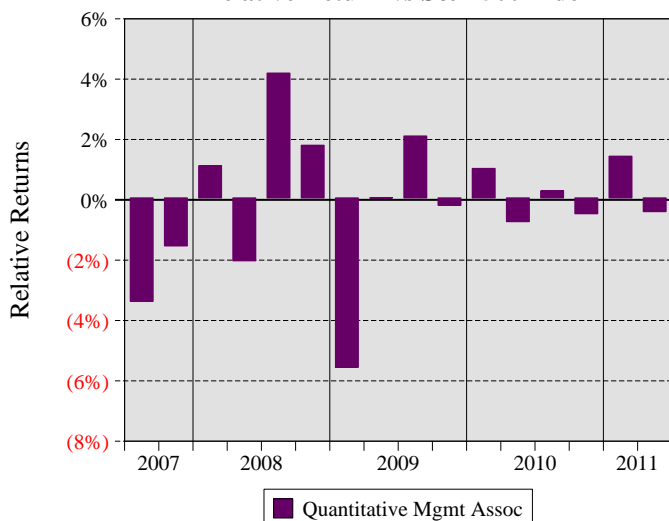
Beginning Market Value	\$139,714,287
Net New Investment	\$0
Investment Gains/(Losses)	\$-406,522
Ending Market Value	\$139,307,765

Percent Cash: 1.1%

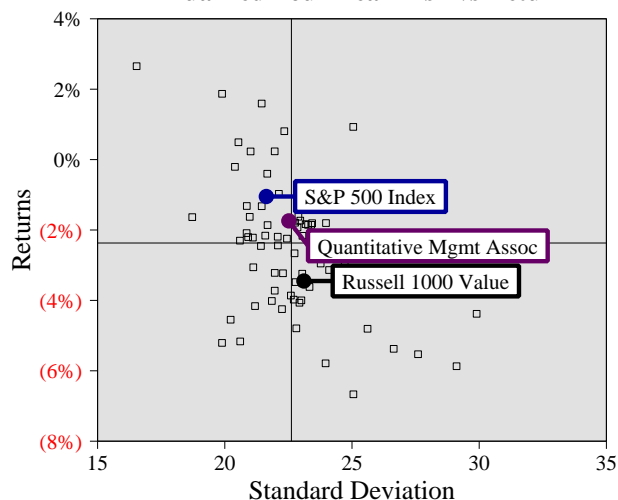
Performance vs CAI Large Cap Value Style (Gross)



Relative Return vs S&P 500 Index



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

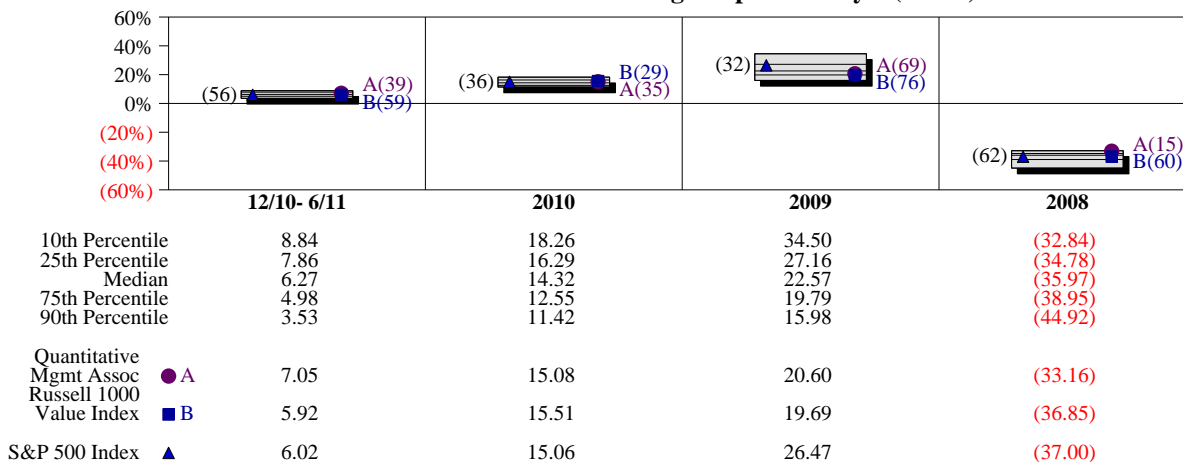


QUANTITATIVE MGMT ASSOC RETURN ANALYSIS SUMMARY

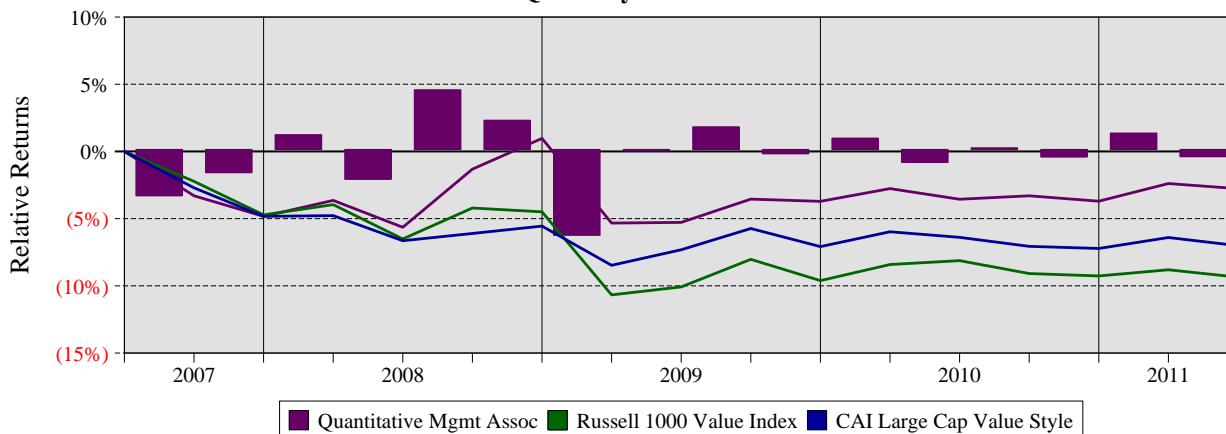
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

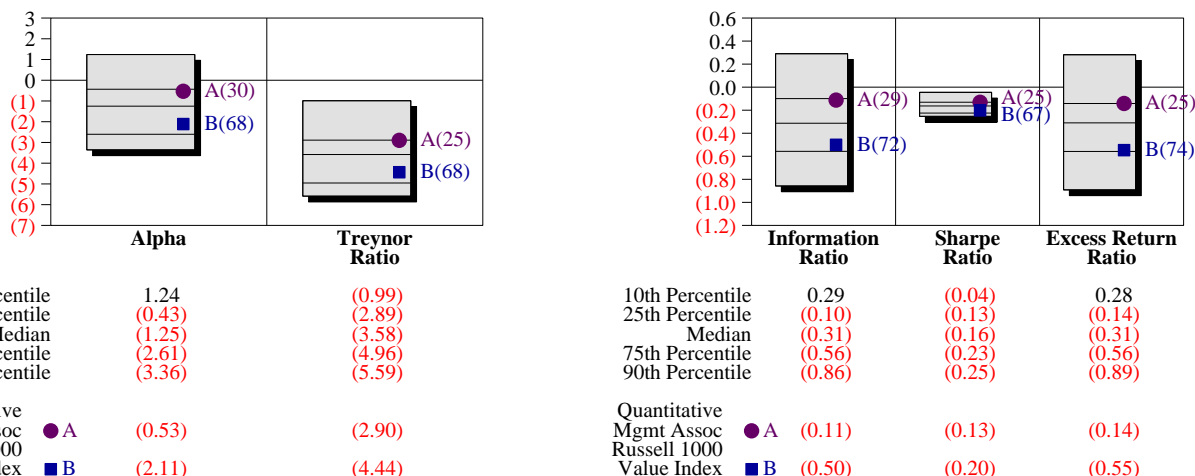
Performance vs CAI Large Cap Value Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Value Style (Gross) Four Years Ended June 30, 2011



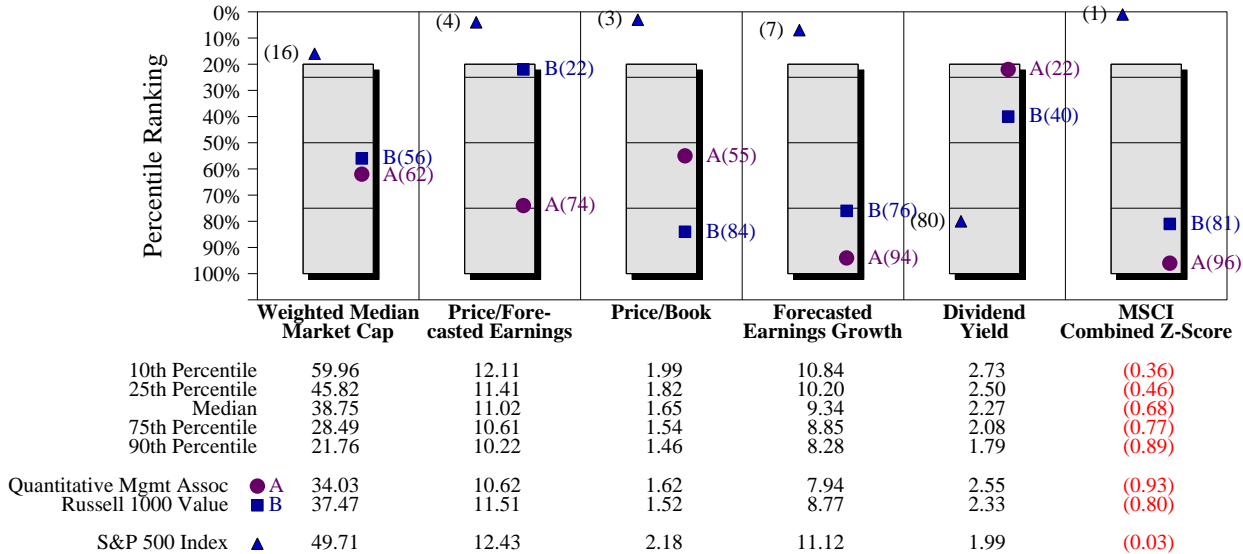
QUANTITATIVE MGMT ASSOC EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

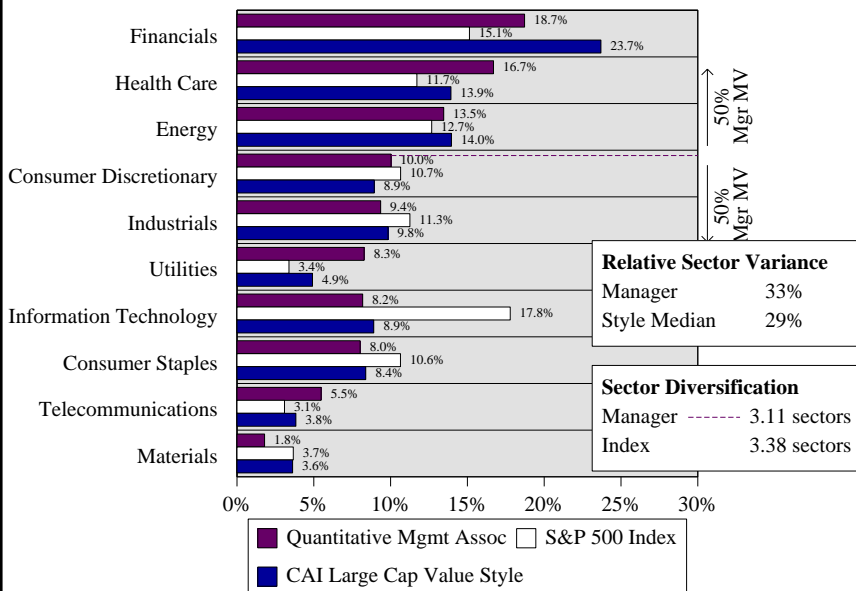
**Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Cap Value Style
as of June 30, 2011**



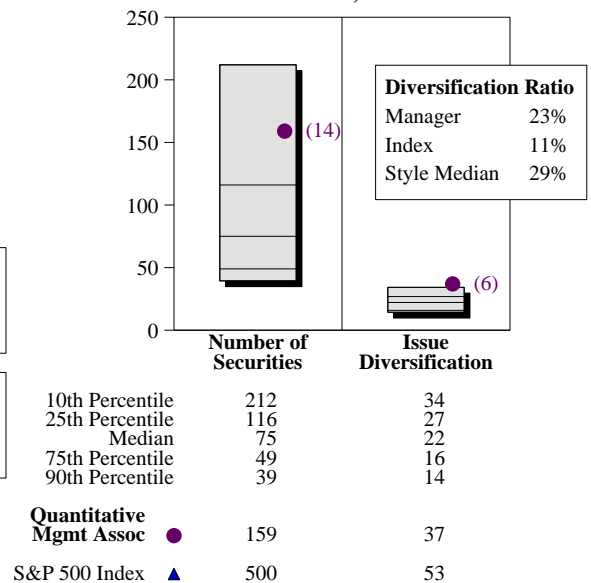
Sector Weights

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
June 30, 2011**



**Diversification
June 30, 2011**





RCM PERIOD ENDED JUNE 30, 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

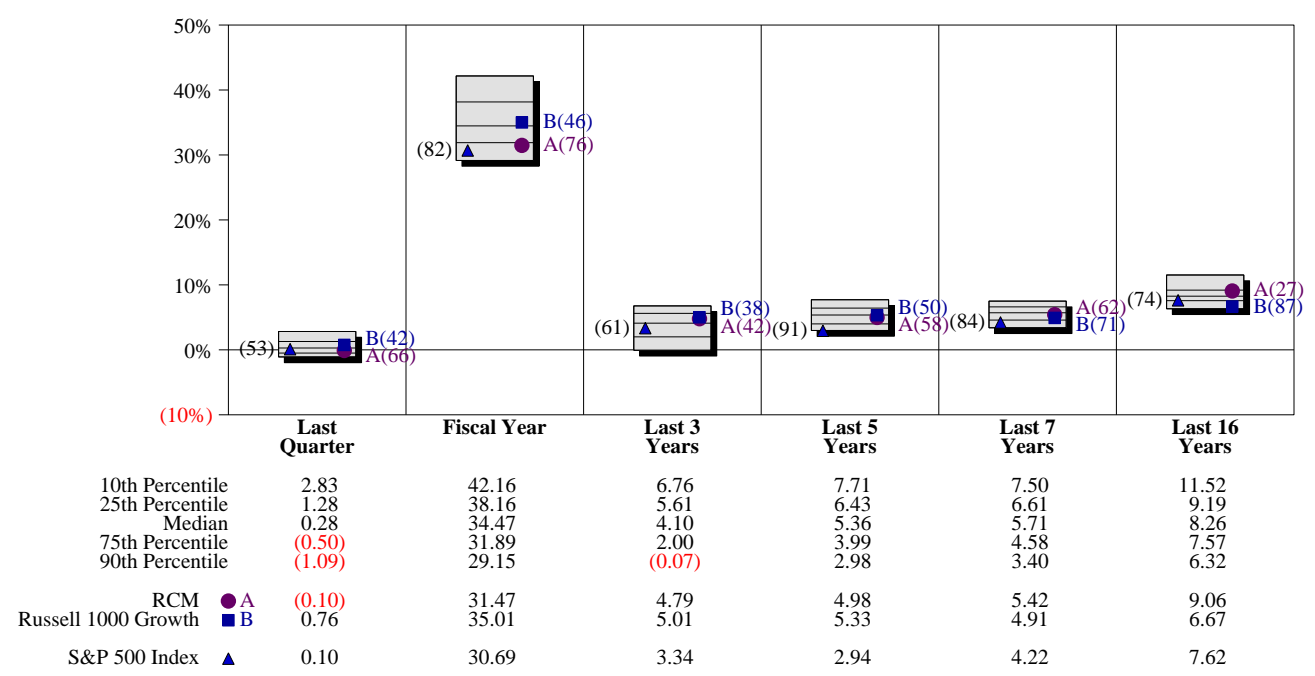
- RCM's portfolio posted a (0.10)% return for the quarter placing it in the 66 percentile of the CAI Large Cap Growth Style group for the quarter and in the 76 percentile for the last year.
- RCM's portfolio underperformed the S&P 500 Index by 0.20% for the quarter and outperformed the S&P 500 Index for the year by 0.78%.

Quarterly Asset Growth

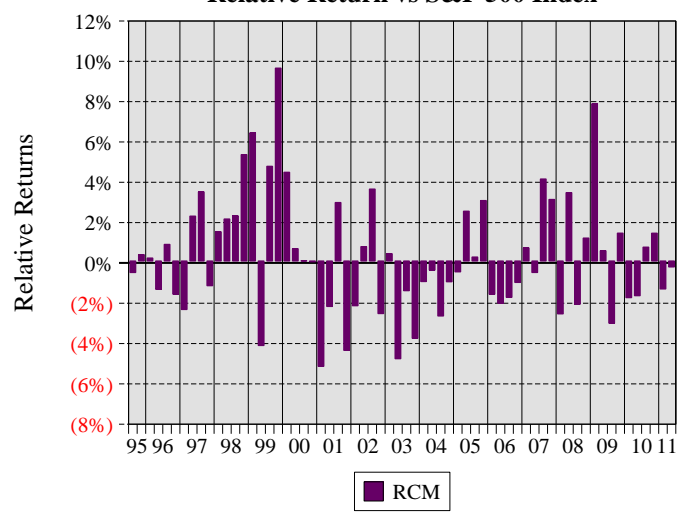
Beginning Market Value	\$445,559,812
Net New Investment	\$-25,000,000
Investment Gains/(Losses)	\$-253,363
Ending Market Value	\$420,306,449

Percent Cash: 1.6%

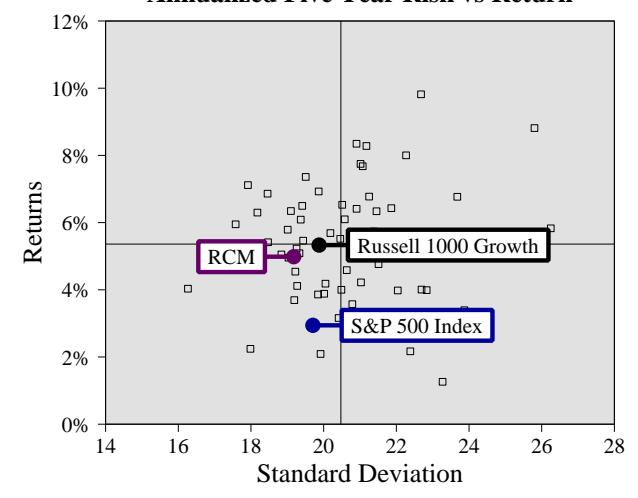
Performance vs CAI Large Cap Growth Style (Gross)



Relative Return vs S&P 500 Index



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



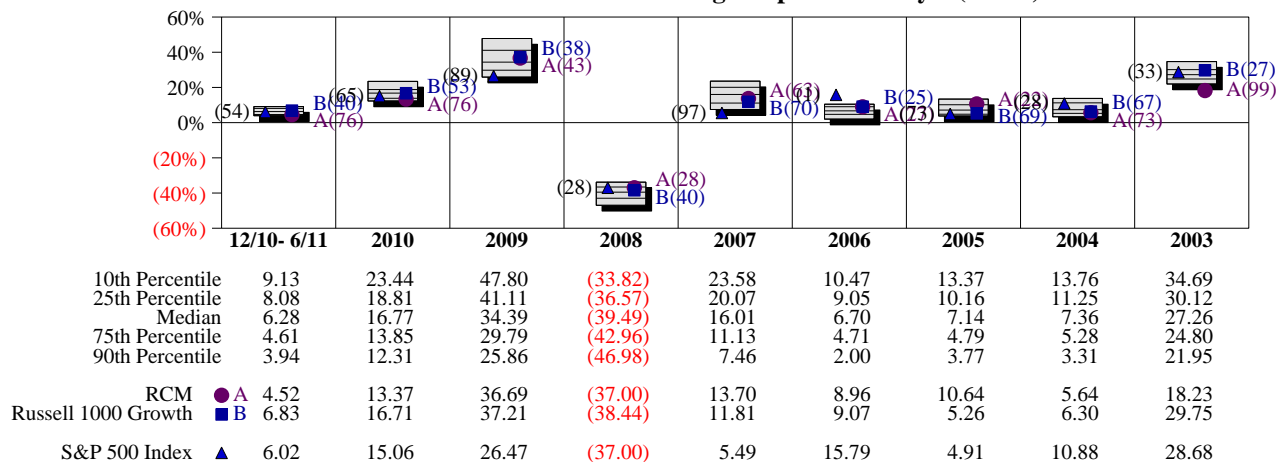


RCM RETURN ANALYSIS SUMMARY

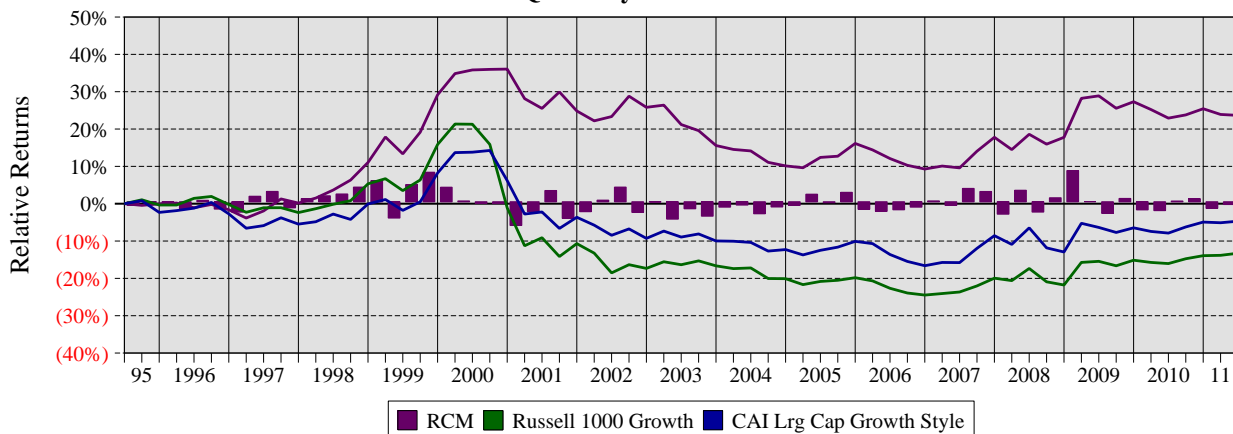
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

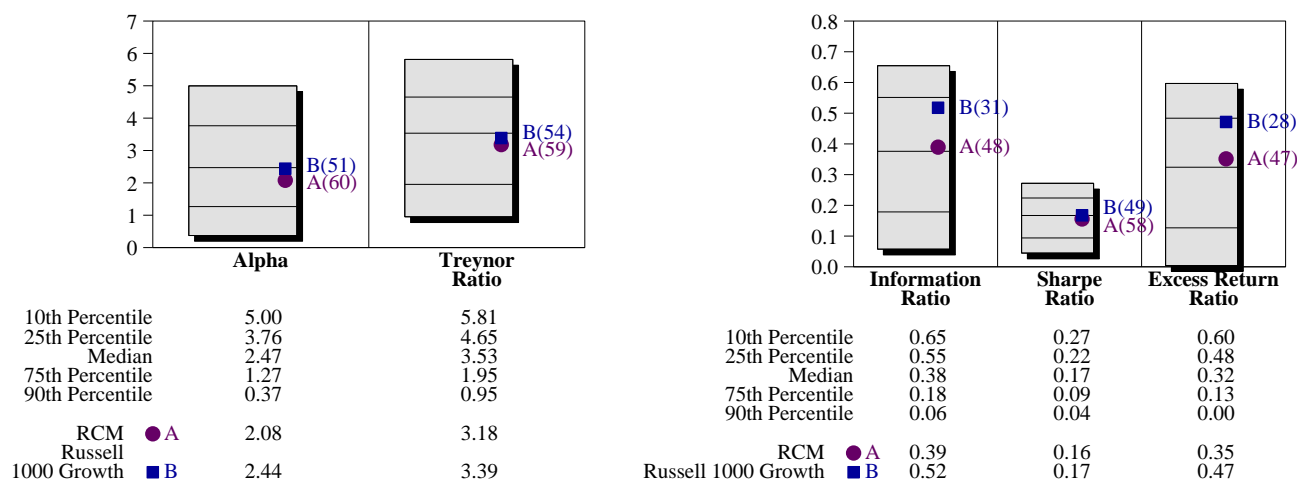
Performance vs CAI Large Cap Growth Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Growth Style (Gross) Five Years Ended June 30, 2011

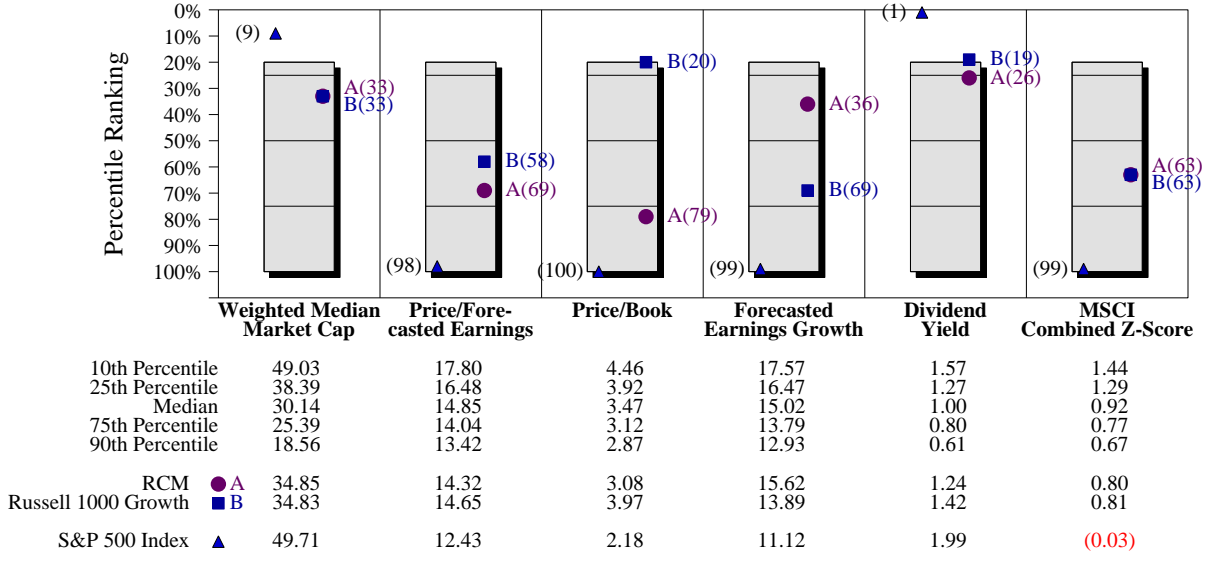


RCM EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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.

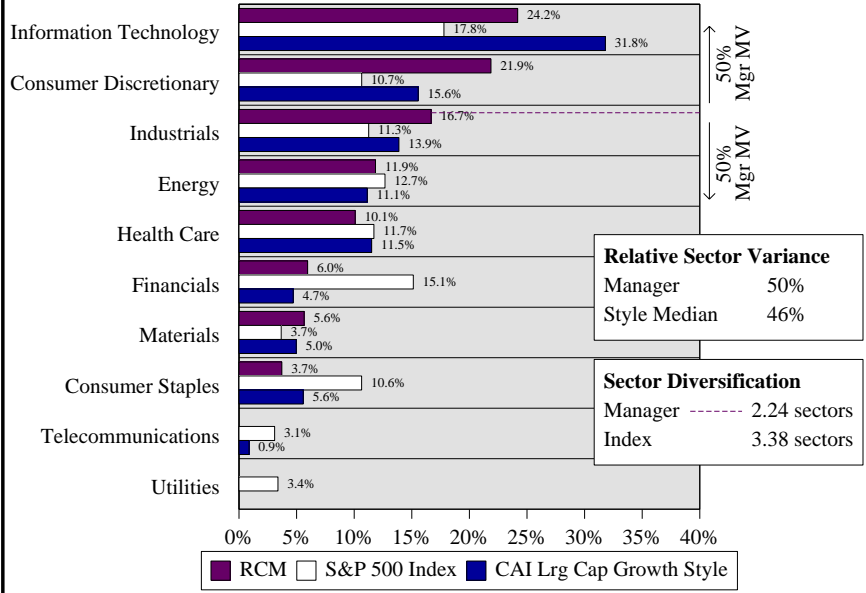
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Style as of June 30, 2011



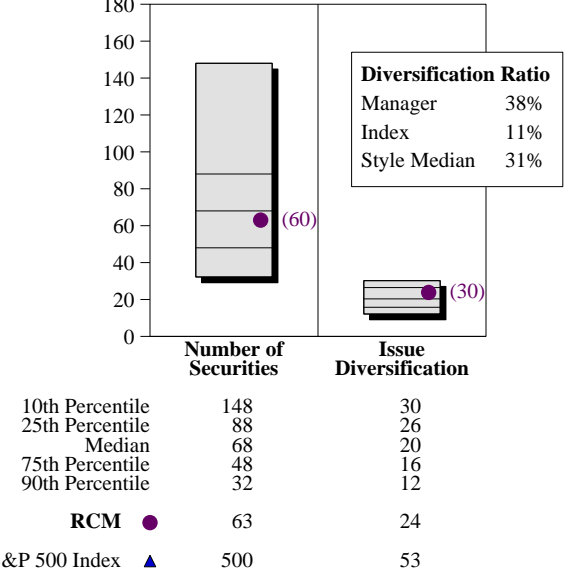
Sector Weights

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 June 30, 2011



Diversification June 30, 2011





RELATIONAL INVESTORS PERIOD ENDED JUNE 30, 2011

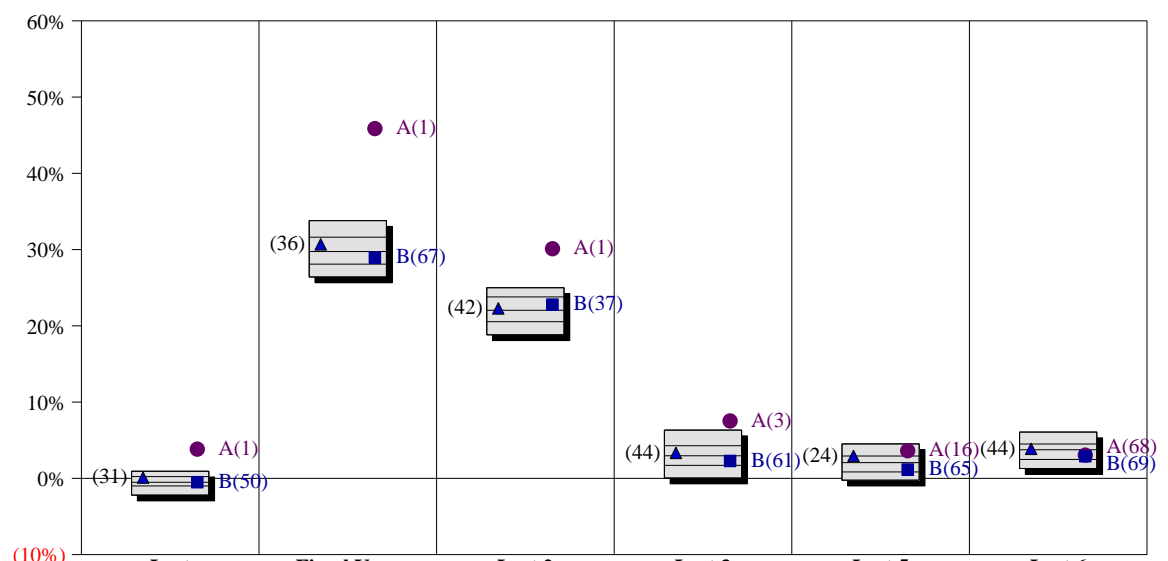
Quarterly Summary and Highlights

- Relational Investors's portfolio posted a 3.83% return for the quarter placing it in the 1 percentile of the CAI Large Cap Value Style group for the quarter and in the 1 percentile for the last year.
- Relational Investors's portfolio outperformed the S&P 500 Index by 3.73% for the quarter and outperformed the S&P 500 Index for the year by 15.17%.

Quarterly Asset Growth

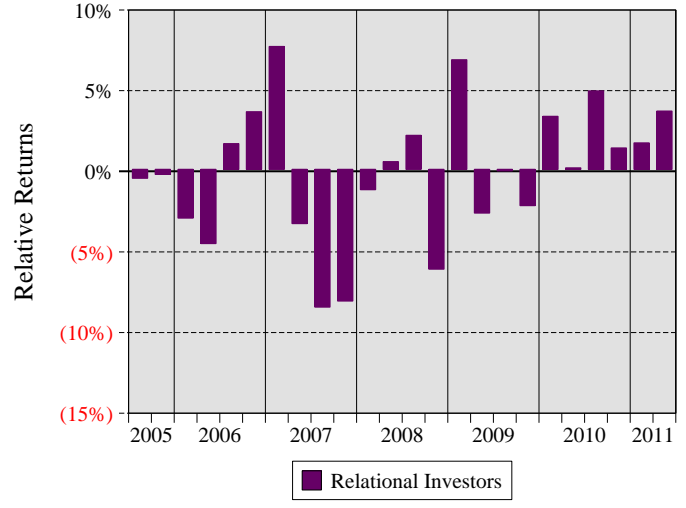
Beginning Market Value	\$300,739,759
Net New Investment	\$9,283,149
Investment Gains/(Losses)	\$8,877,628
Ending Market Value	\$318,900,536

Performance vs CAI Large Cap Value Style (Gross)

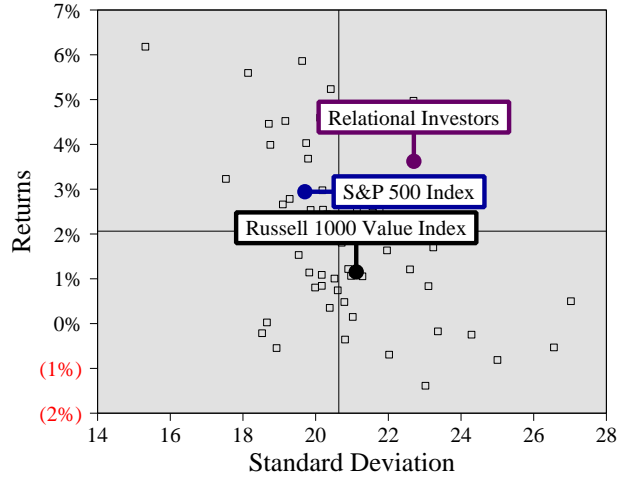


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6 Years
10th Percentile	0.93	33.80	25.00	6.33	4.52	6.07
25th Percentile	0.23	31.63	23.80	4.28	2.93	4.50
Median	(0.51)	29.74	22.04	2.96	2.06	3.75
75th Percentile	(1.00)	28.09	20.55	1.71	0.84	2.48
90th Percentile	(2.20)	26.40	18.82	0.04	(0.24)	1.29
Relational Investors	● A 3.83	45.87	30.11	7.53	3.62	3.04
Russell 1000 Value Index	■ B (0.50)	28.94	22.78	2.28	1.15	2.90
S&P 500 Index	▲ 0.10	30.69	22.29	3.34	2.94	3.87

Relative Return vs S&P 500 Index



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



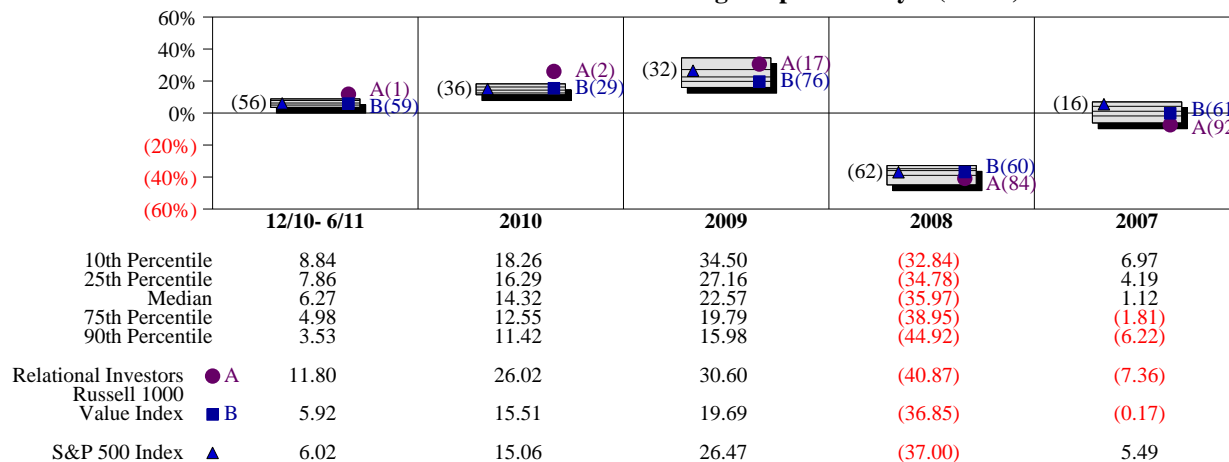


RELATIONAL INVESTORS RETURN ANALYSIS SUMMARY

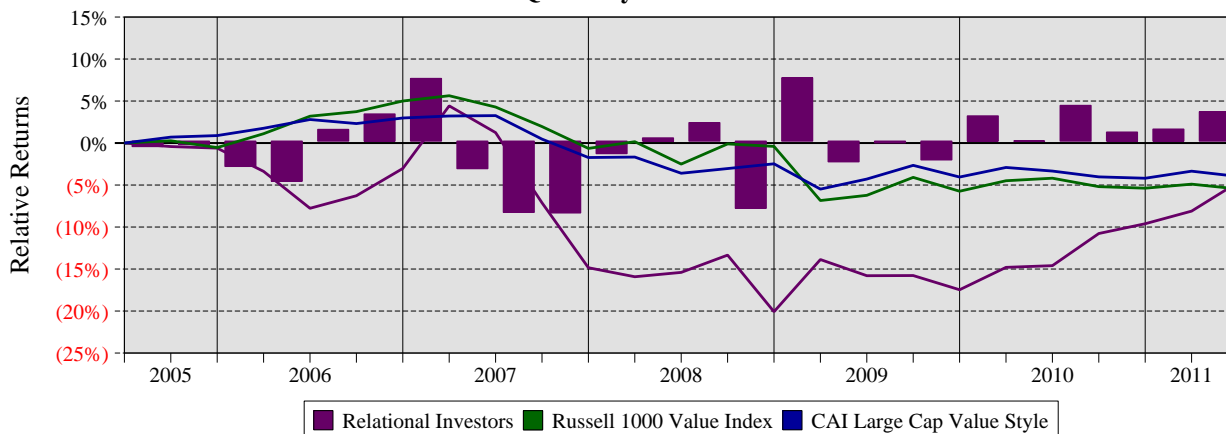
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

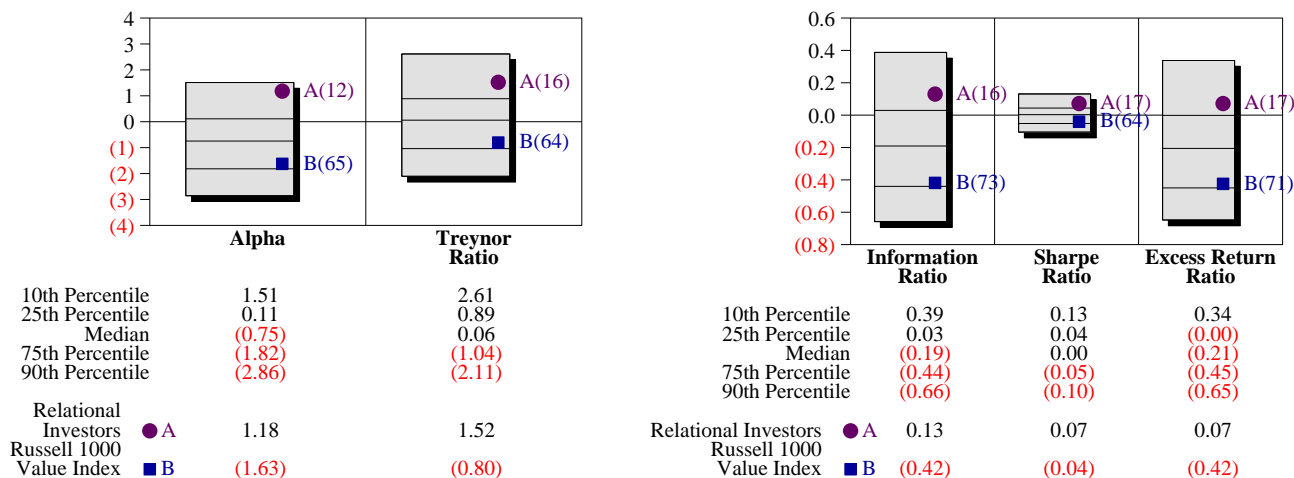
Performance vs CAI Large Cap Value Style (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI Large Cap Value Style (Gross) Five Years Ended June 30, 2011

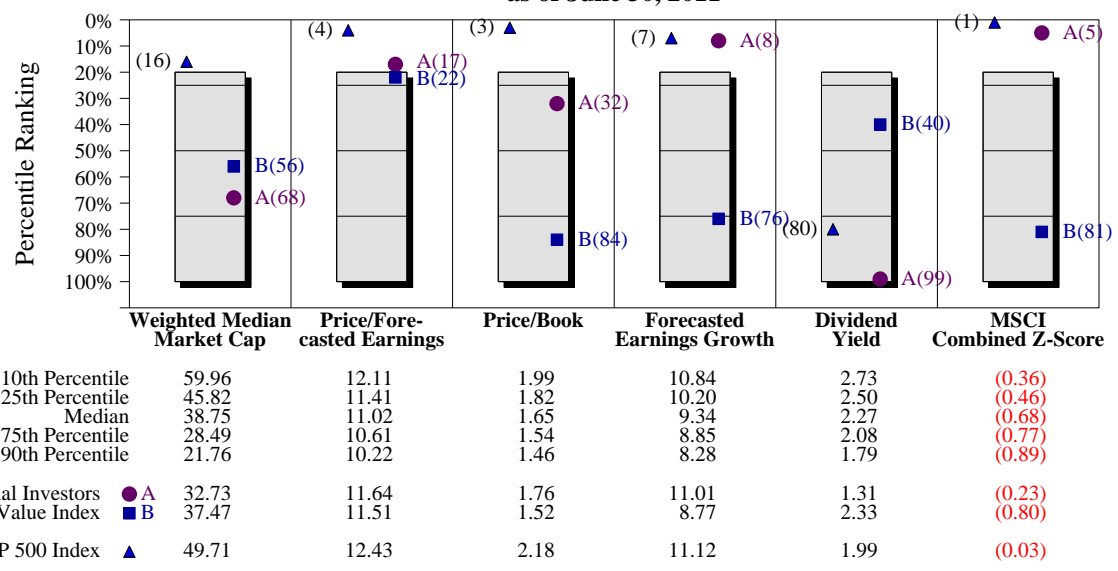


RELATIONAL INVESTORS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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.

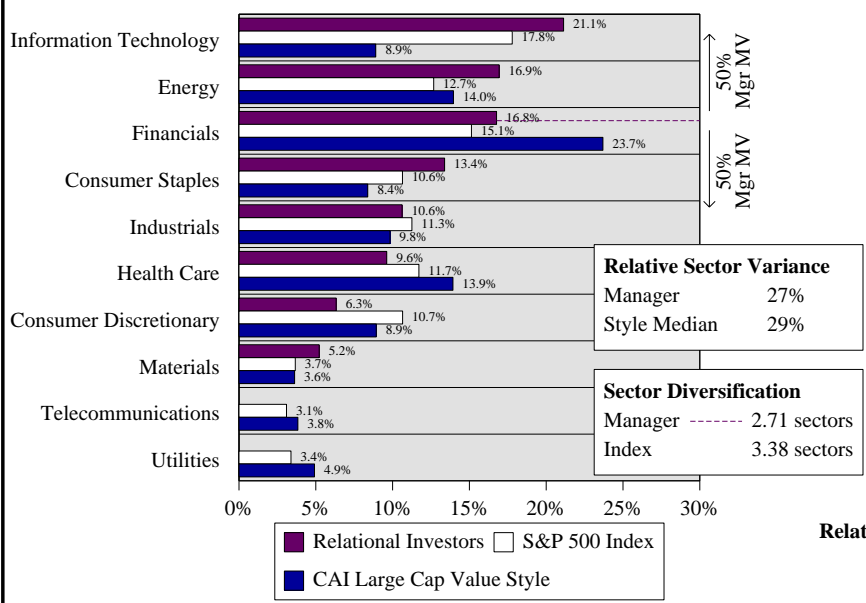
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Value Style as of June 30, 2011



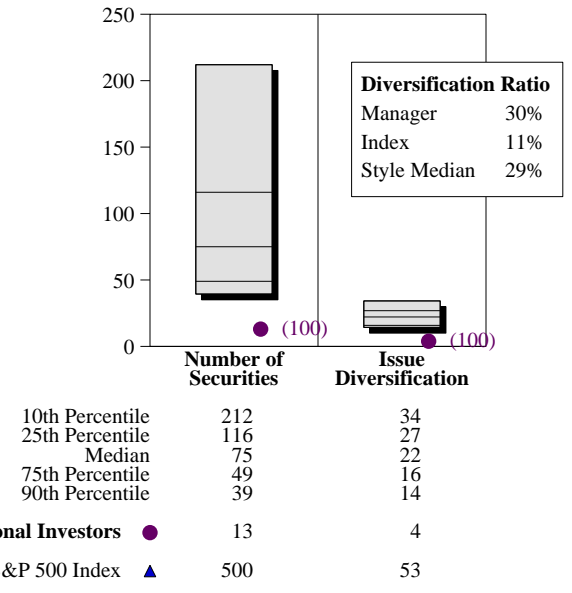
Sector Weights

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 June 30, 2011



Diversification June 30, 2011





SSGA RUSSELL 1000 GROWTH PERIOD ENDED JUNE 30, 2011

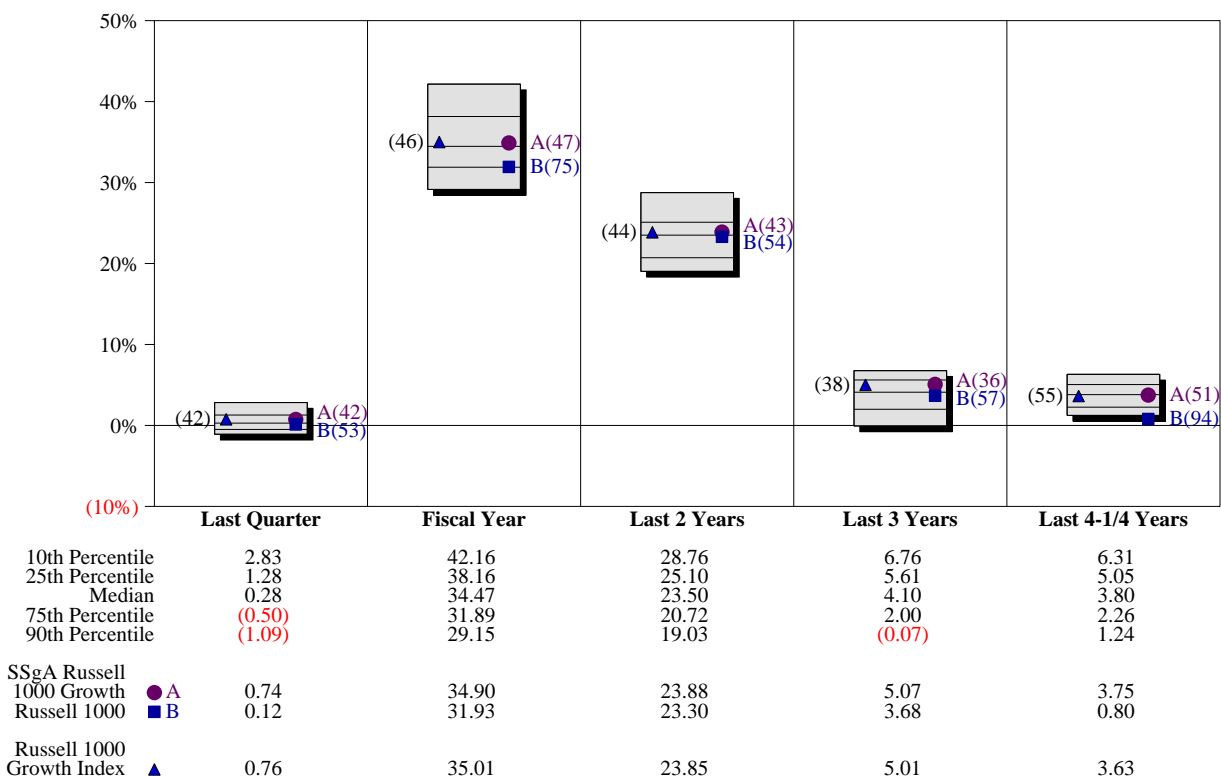
Quarterly Summary and Highlights

- SSgA Russell 1000 Growth's portfolio posted a 0.74% return for the quarter placing it in the 42 percentile of the CAI Large Cap Growth Style group for the quarter and in the 47 percentile for the last year.
- SSgA Russell 1000 Growth's portfolio underperformed the Russell 1000 Growth Index by 0.02% for the quarter and underperformed the Russell 1000 Growth Index for the year by 0.11%.

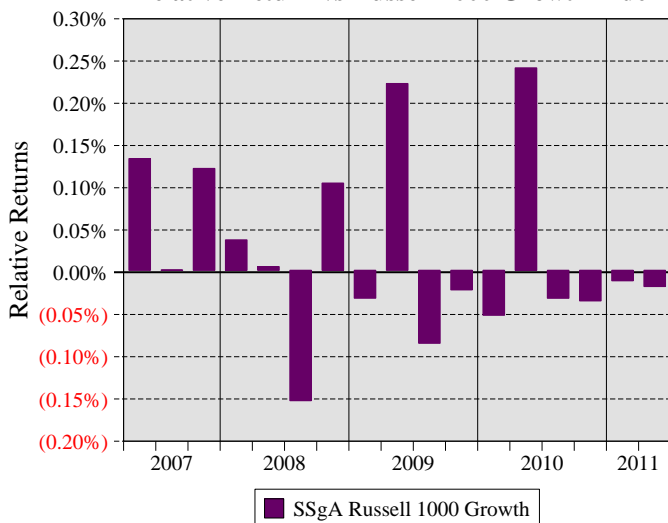
Quarterly Asset Growth

Beginning Market Value	\$534,756,345
Net New Investment	\$75,000,001
Investment Gains/(Losses)	\$2,551,232
Ending Market Value	\$612,307,578

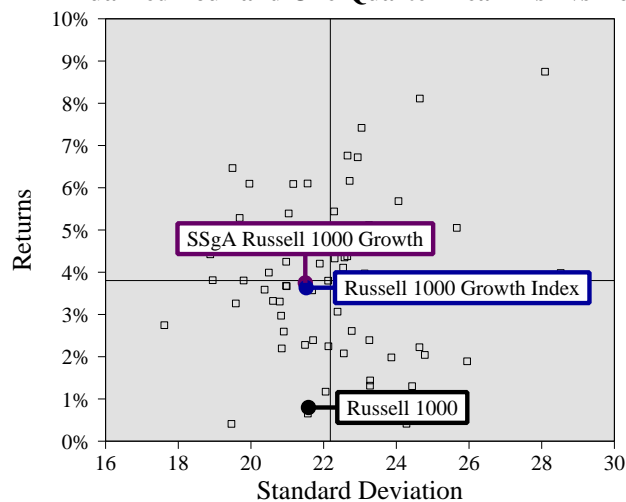
Performance vs CAI Large Cap Growth Style (Gross)



Relative Return vs Russell 1000 Growth Index



CAI Large Cap Growth Style (Gross) Annualized Four and One-Quarter Year Risk vs Return



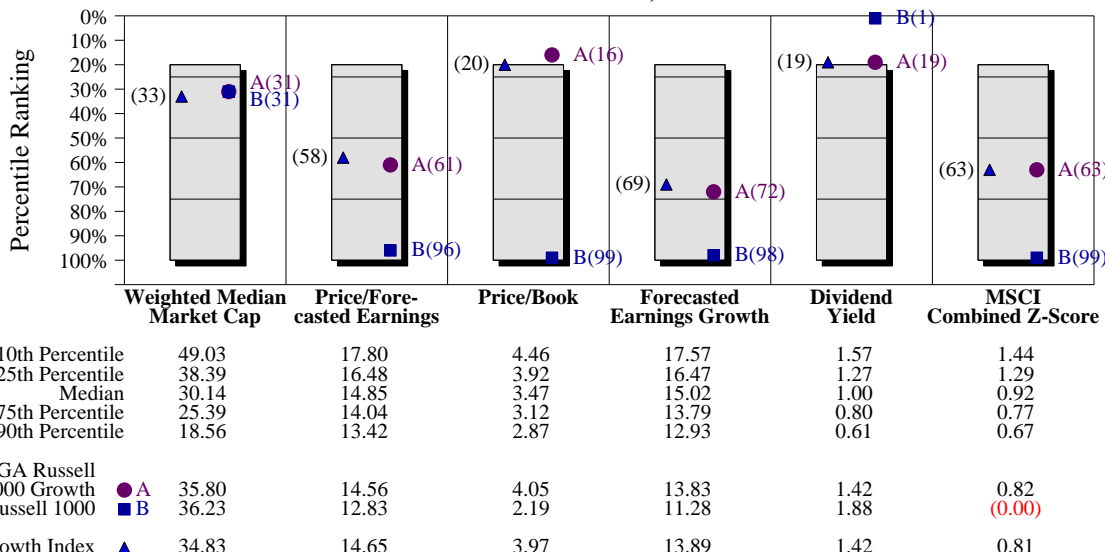
SSGA RUSSELL 1000 GROWTH EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

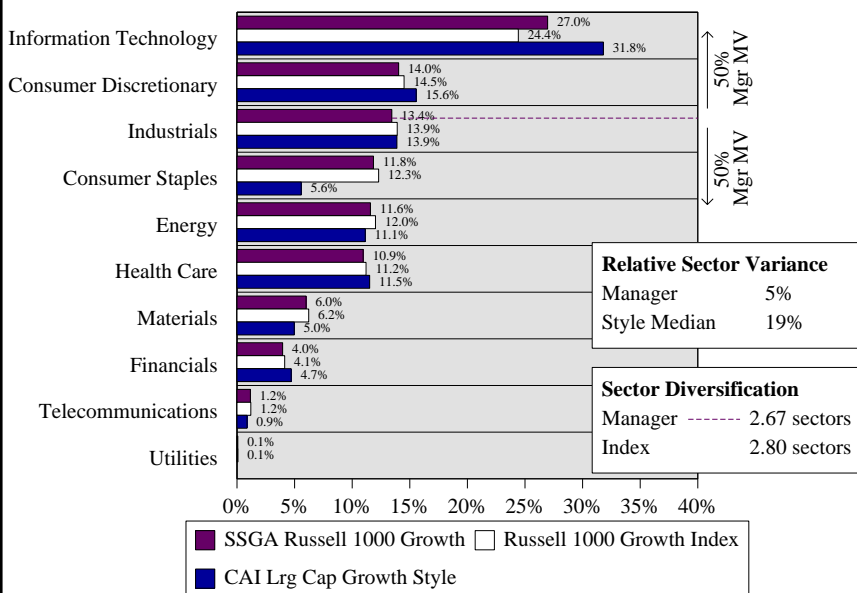
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Cap Growth Style as of June 30, 2011



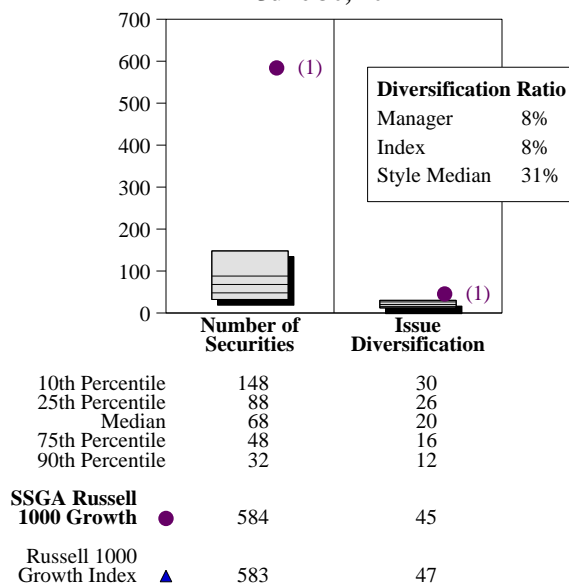
Sector Weights

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 June 30, 2011



Diversification June 30, 2011



SSGA RUSSELL 1000 VALUE PERIOD ENDED JUNE 30, 2011



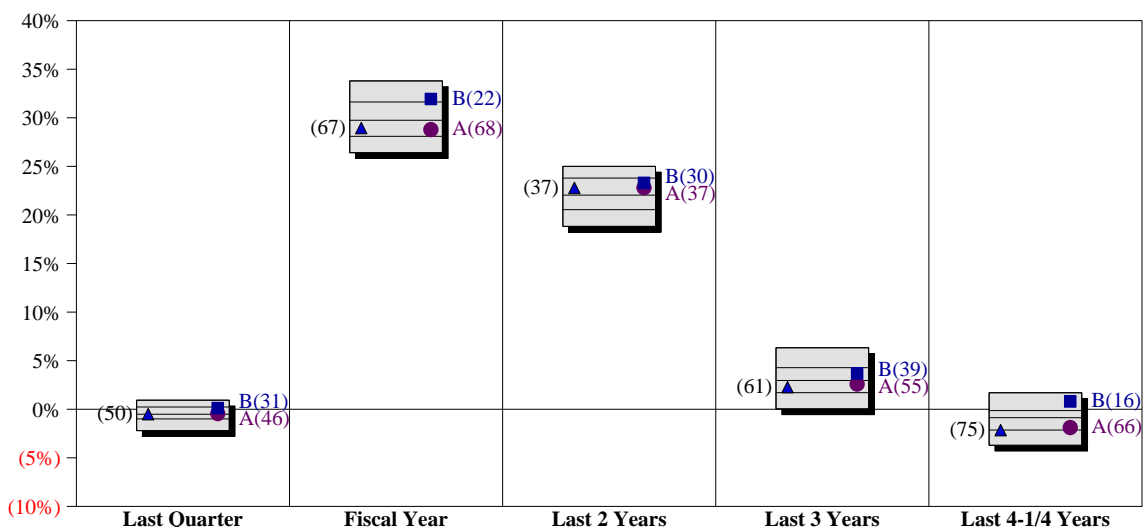
Quarterly Summary and Highlights

- SSgA Russell 1000 Value's portfolio posted a (0.45)% return for the quarter placing it in the 46 percentile of the CAI Large Cap Value Style group for the quarter and in the 68 percentile for the last year.
- SSgA Russell 1000 Value's portfolio outperformed the Russell 1000 Value Index by 0.06% for the quarter and underperformed the Russell 1000 Value Index for the year by 0.16%.

Quarterly Asset Growth

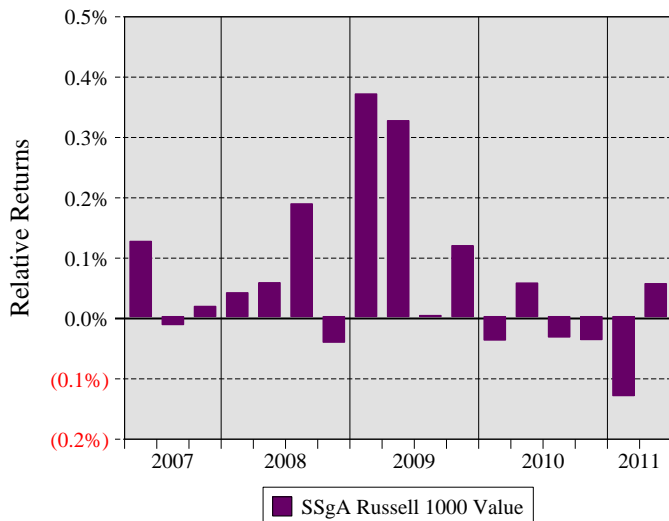
Beginning Market Value	\$948,243,854
Net New Investment	\$123,424
Investment Gains/(Losses)	\$-4,237,234
Ending Market Value	\$944,130,045

Performance vs CAI Large Cap Value Style (Gross)

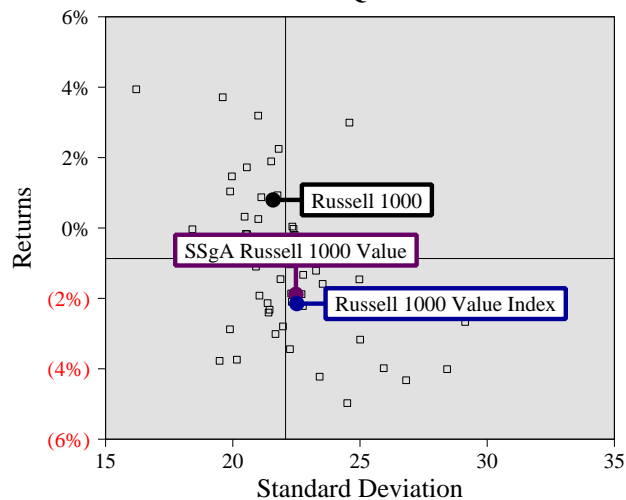


10th Percentile	0.93	33.80	25.00	6.33	1.70
25th Percentile	0.23	31.63	23.80	4.28	(0.13)
Median	(0.51)	29.74	22.04	2.96	(0.87)
75th Percentile	(1.00)	28.09	20.55	1.71	(2.14)
90th Percentile	(2.20)	26.40	18.82	0.04	(3.71)
SSgA Russell 1000 Value	(0.45)	28.79	22.80	2.59	(1.88)
Russell 1000	0.12	31.93	23.30	3.68	0.80
Russell 1000 Value Index	(0.50)	28.94	22.78	2.28	(2.15)

Relative Return vs Russell 1000 Value Index



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



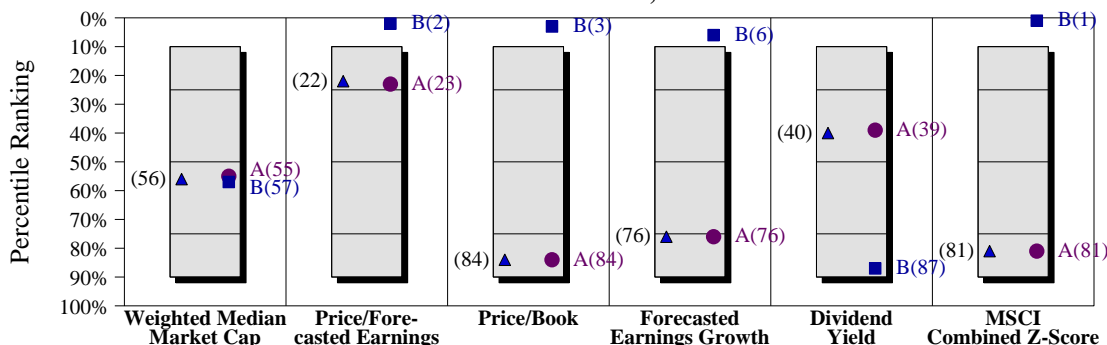
SSGA RUSSELL 1000 VALUE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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 June 30, 2011

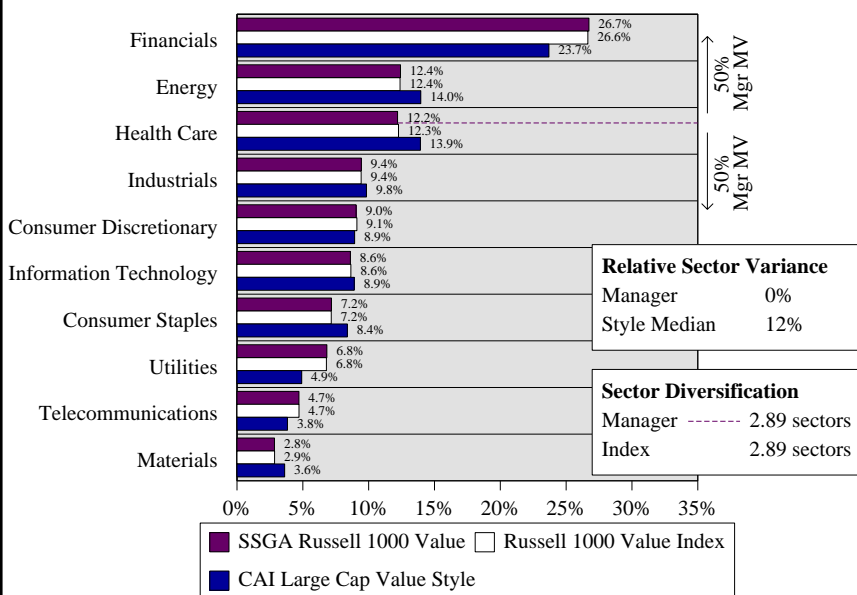


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	59.96	12.11	1.99	10.84	2.73	(0.36)
25th Percentile	45.82	11.41	1.82	10.20	2.50	(0.46)
Median	38.75	11.02	1.65	9.34	2.27	(0.68)
75th Percentile	28.49	10.61	1.54	8.85	2.08	(0.77)
90th Percentile	21.76	10.22	1.46	8.28	1.79	(0.89)
SSGA Russell 1000 Value	● A 37.65	11.49	1.52	8.76	2.33	(0.80)
Russell 1000 Value Index	▲ B 36.23	12.83	2.19	11.28	1.88	(0.00)
Russell 1000 Value Index	▲ 37.47	11.51	1.52	8.77	2.33	(0.80)

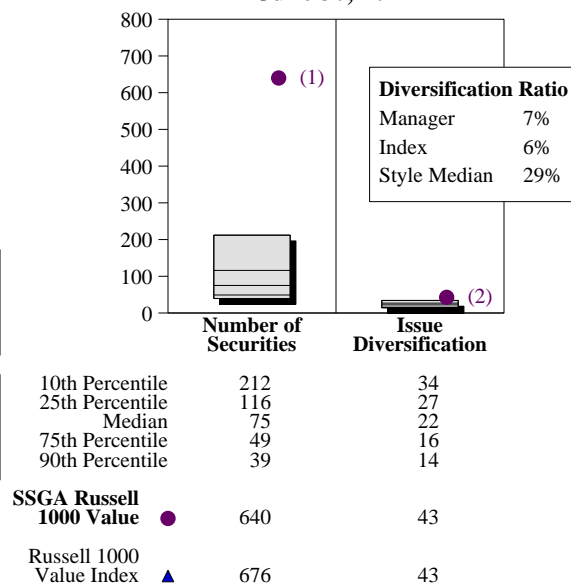
Sector Weights

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 June 30, 2011



Diversification June 30, 2011



SSGA RUSSELL 200 PERIOD ENDED JUNE 30, 2011



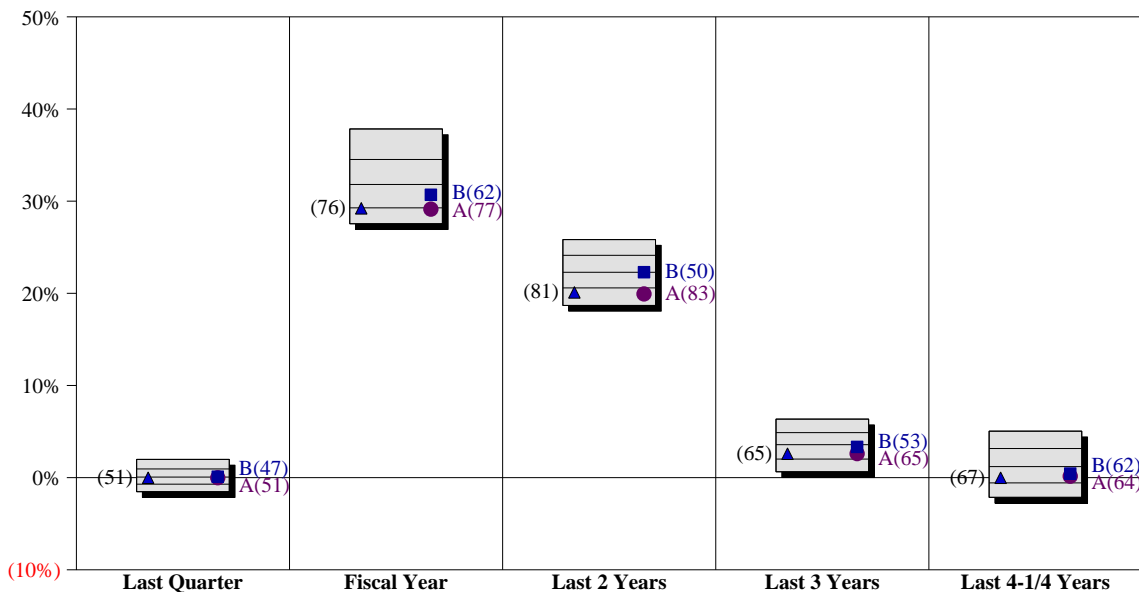
Quarterly Summary and Highlights

- SSgA Russell 200's portfolio posted a (0.01)% return for the quarter placing it in the 51 percentile of the CAI Large Capitalization Style group for the quarter and in the 77 percentile for the last year.
- SSgA Russell 200's portfolio outperformed the Russell Top 200 by 0.00% for the quarter and underperformed the Russell Top 200 for the year by 0.09%.

Quarterly Asset Growth

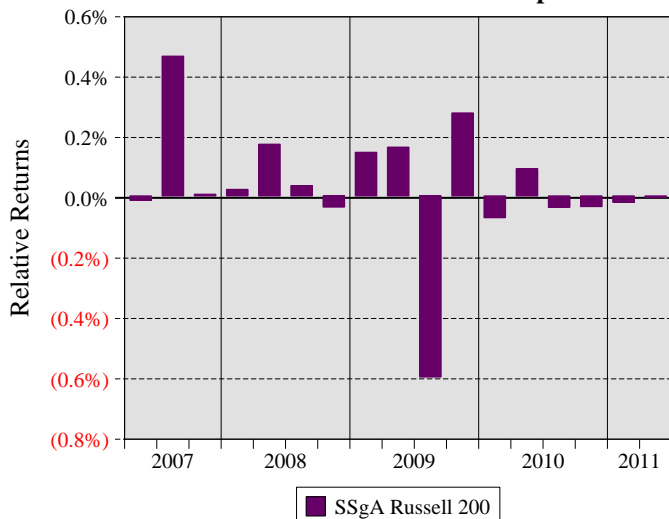
Beginning Market Value	\$383,580,100
Net New Investment	\$-15,000,000
Investment Gains/(Losses)	\$79,767
Ending Market Value	\$368,659,867

Performance vs CAI Large Capitalization Style (Gross)

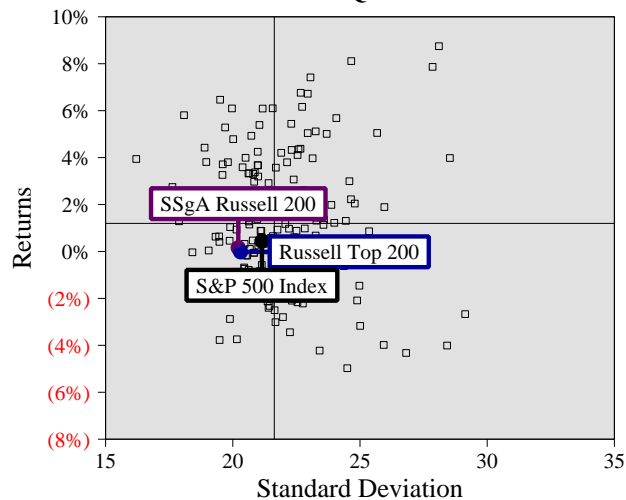


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-1/4 Years
10th Percentile	1.98	37.84	25.83	6.35	5.04
25th Percentile	0.94	34.52	24.12	4.89	3.16
Median	0.06	31.81	22.28	3.58	1.20
75th Percentile	(0.71)	29.27	20.59	2.01	(0.57)
90th Percentile	(1.53)	27.55	18.68	0.64	(2.14)
SSgA Russell 200	● A (0.01)	29.13	19.93	2.61	0.15
S&P 500 Index	■ B (0.10)	30.69	22.29	3.34	0.44
Russell Top 200	▲ (0.01)	29.22	20.10	2.59	(0.01)

Relative Return vs Russell Top 200



CAI Large Capitalization Style (Gross) Annualized Four and One-Quarter Year Risk vs Return

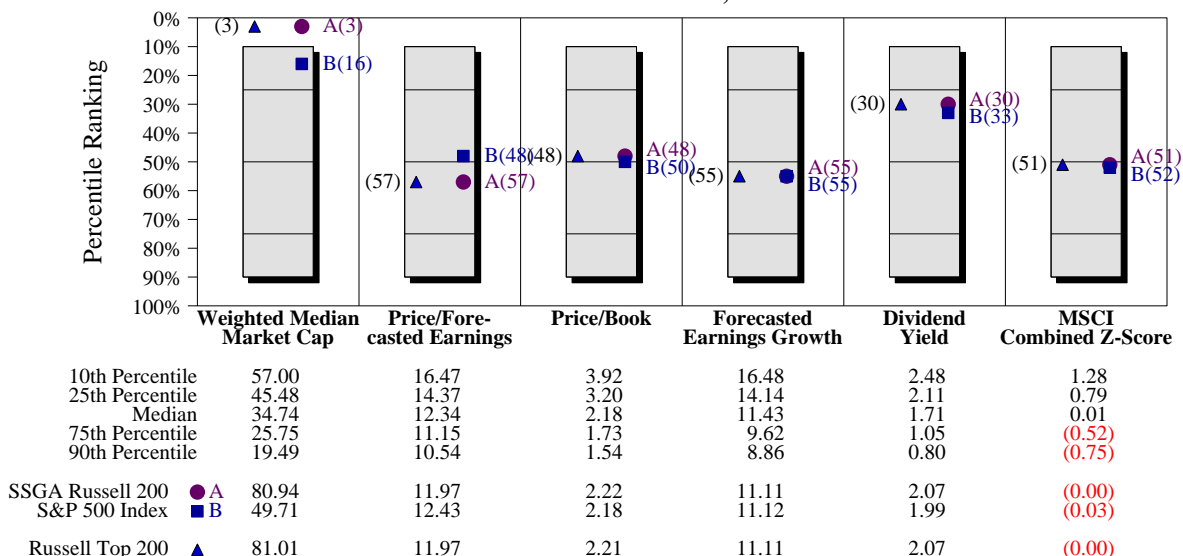


SSGA RUSSELL 200 EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

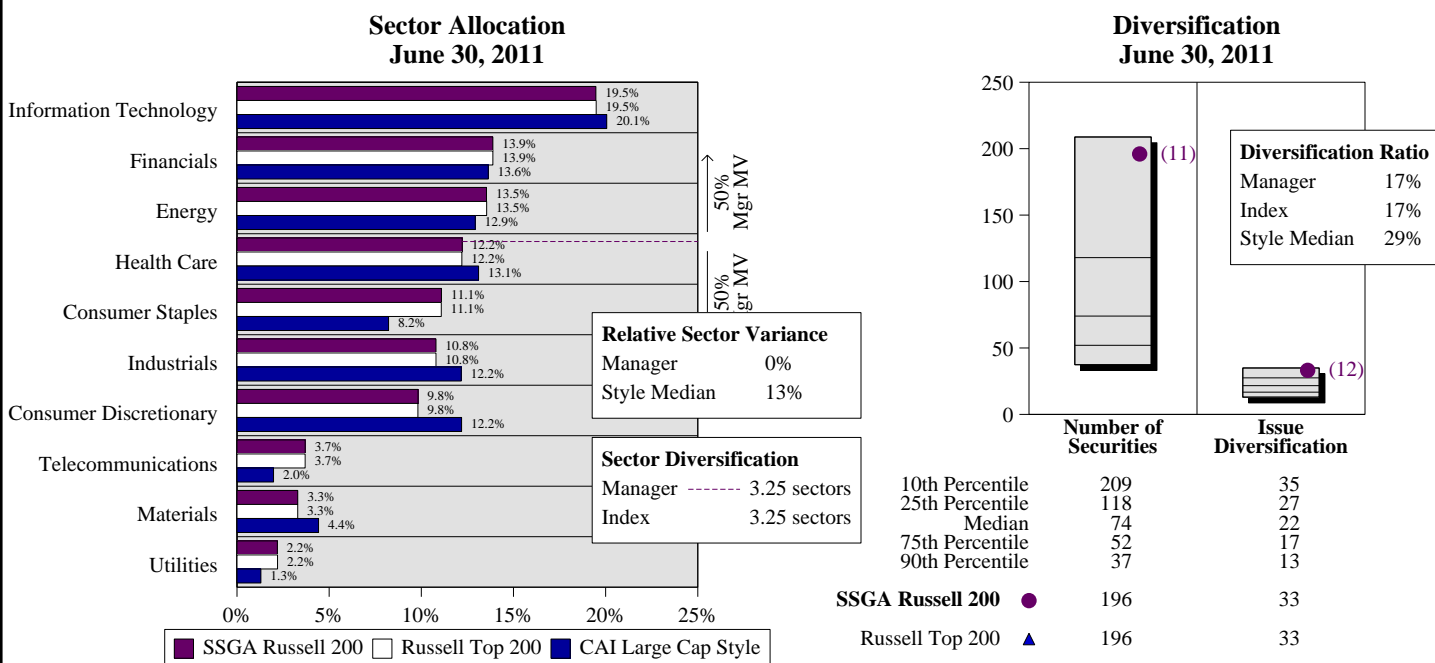
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Capitalization Style
as of June 30, 2011



Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.



SMALL CAP EQUITY POOL PERIOD ENDED JUNE 30, 2011



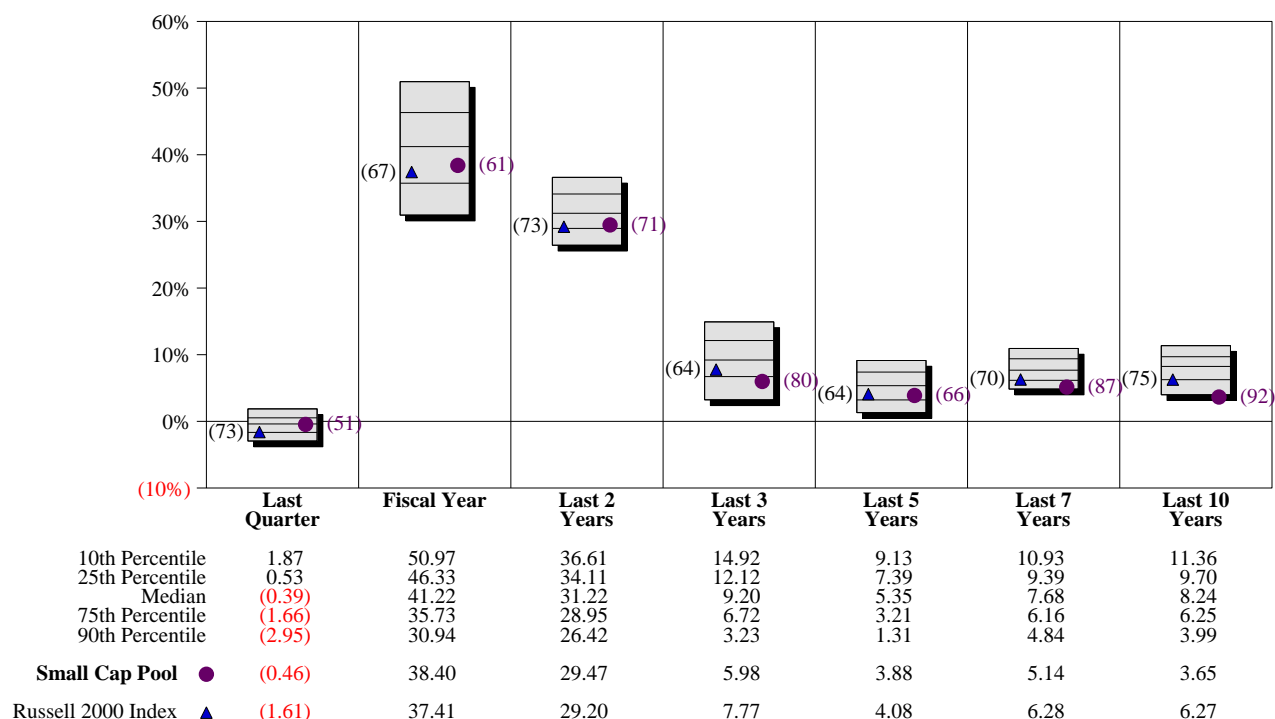
Investment Philosophy

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

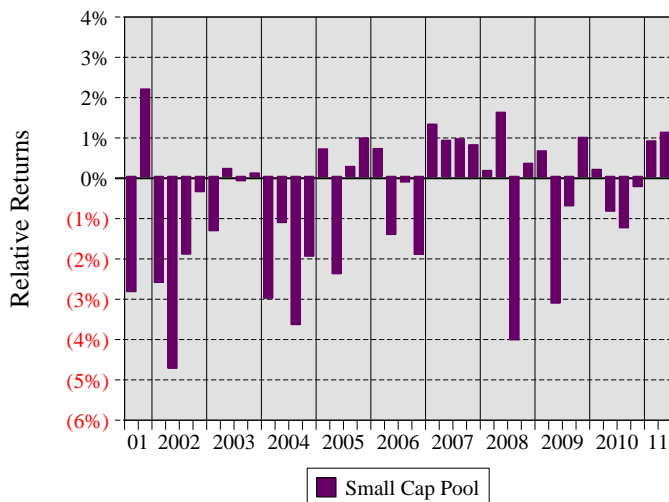
Quarterly Summary and Highlights

- Small Cap Pool's portfolio posted a (0.46)% return for the quarter placing it in the 51 percentile of the CAI Small Capitalization Style group for the quarter and in the 61 percentile for the last year.
- Small Cap Pool's portfolio outperformed the Russell 2000 Index by 1.14% for the quarter and outperformed the Russell 2000 Index for the year by 1.00%.

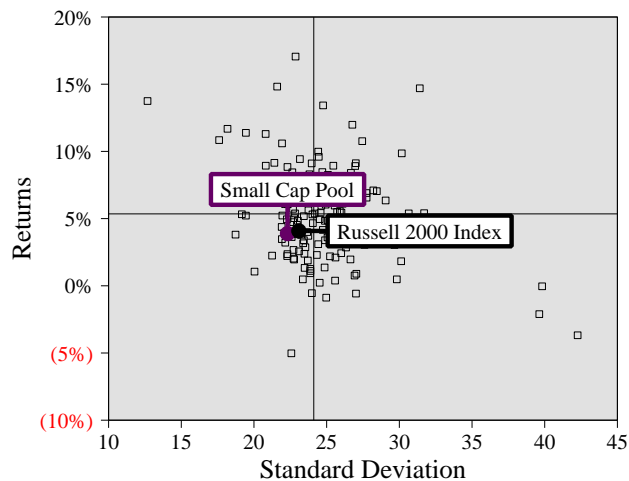
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



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



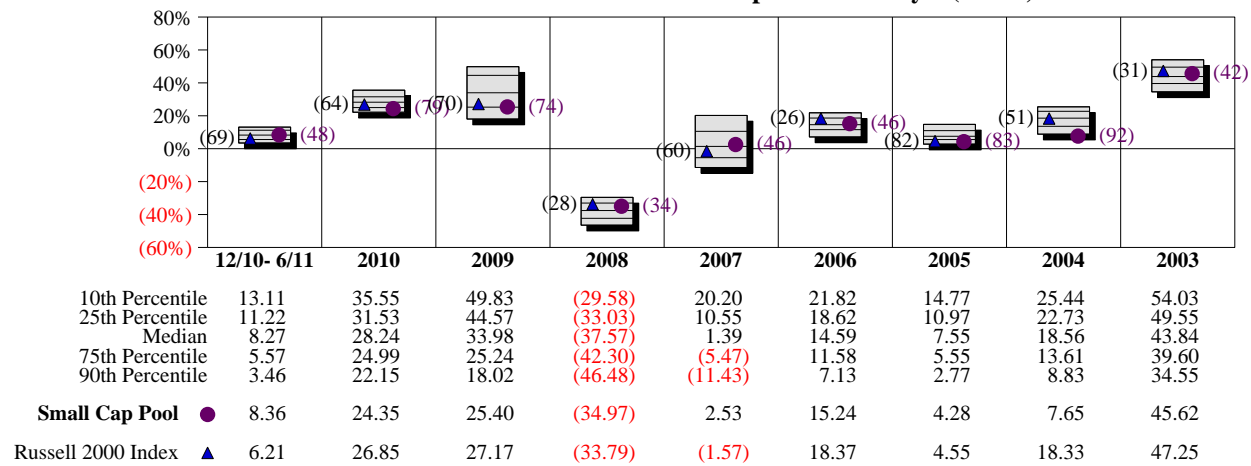


SMALL CAP POOL RETURN ANALYSIS SUMMARY

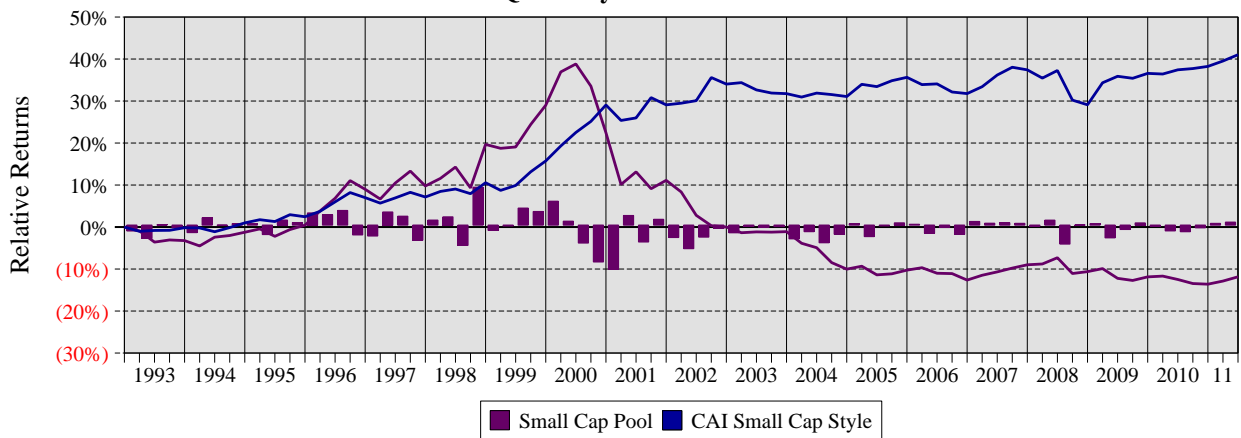
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

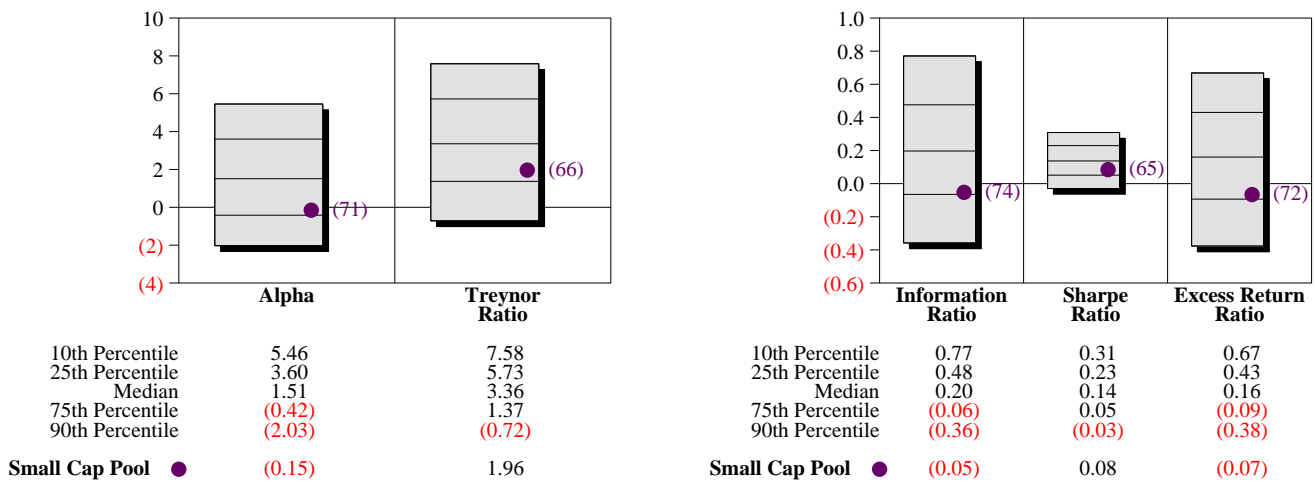
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended June 30, 2011



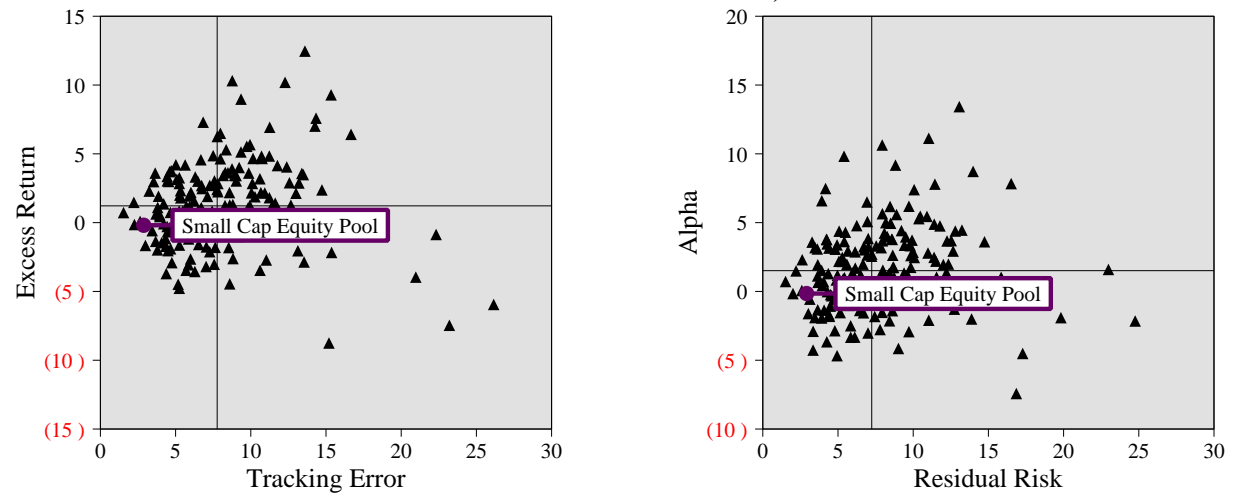


SMALL CAP EQUITY POOL RISK ANALYSIS SUMMARY

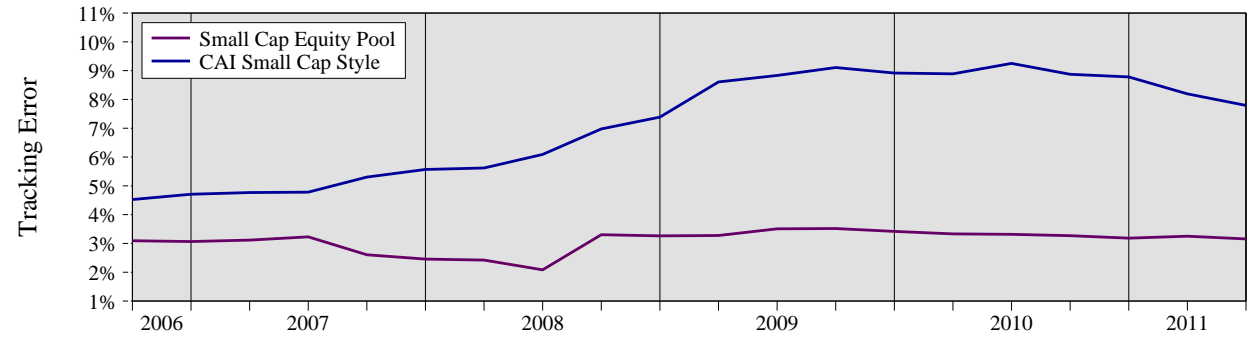
Risk Analysis

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.

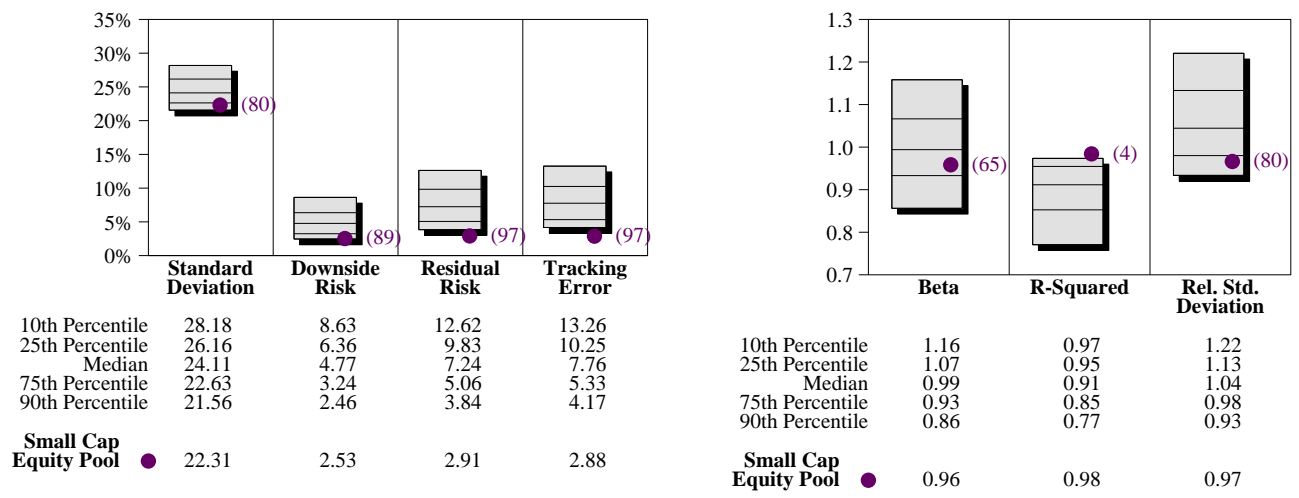
**Risk Analysis vs CAI Small Capitalization Style (Gross)
Five Years Ended June 30, 2011**



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 June 30, 2011**



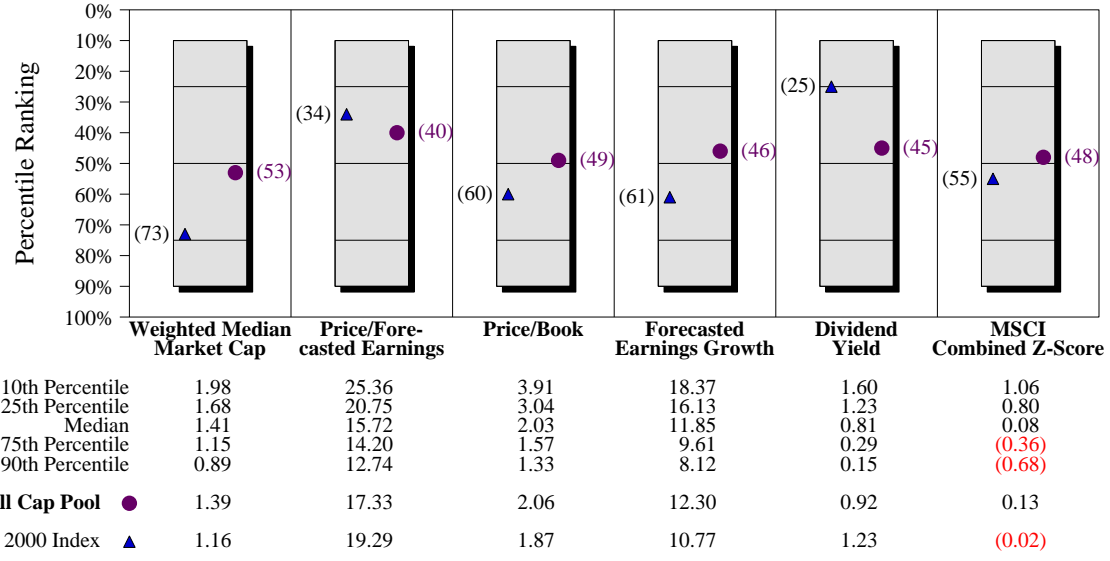


SMALL CAP POOL EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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.

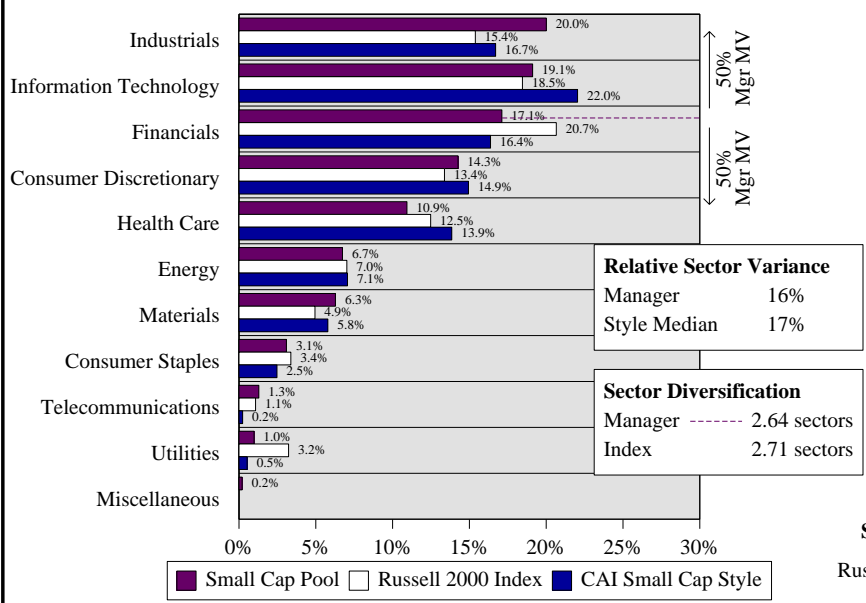
Portfolio Characteristics Percentile Rankings
Rankings Against CAI Small Capitalization Style
as of June 30, 2011



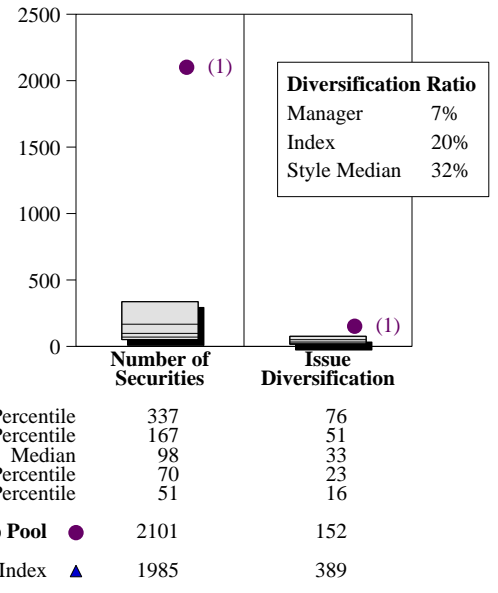
Sector Weights

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
June 30, 2011



Diversification
June 30, 2011



JENNISON ASSOCIATES PERIOD ENDED JUNE 30, 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.

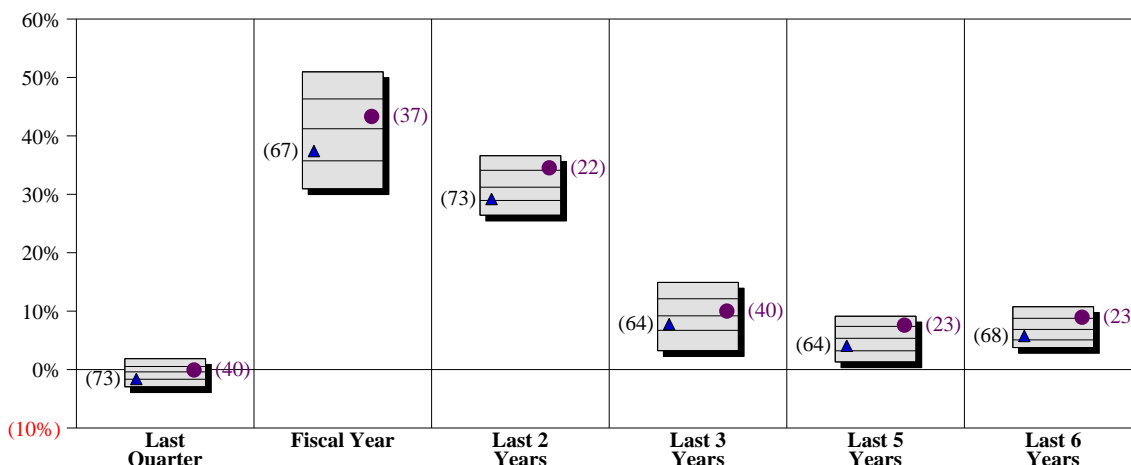
Quarterly Summary and Highlights

- Jennison Associates's portfolio posted a (0.07)% return for the quarter placing it in the 40 percentile of the CAI Small Capitalization Style group for the quarter and in the 37 percentile for the last year.
- Jennison Associates's portfolio outperformed the Russell 2000 Index by 1.54% for the quarter and outperformed the Russell 2000 Index for the year by 5.92%.

Quarterly Asset Growth

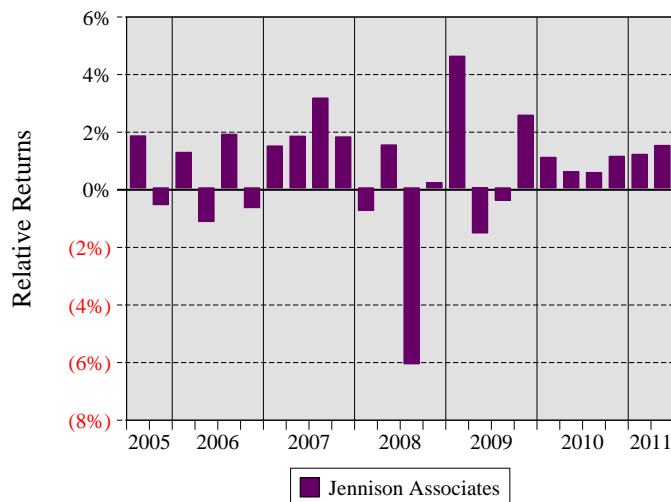
Beginning Market Value	\$165,086,672
Net New Investment	\$0
Investment Gains/(Losses)	\$-111,082
Ending Market Value	\$164,975,590

Performance vs CAI Small Capitalization Style (Gross)

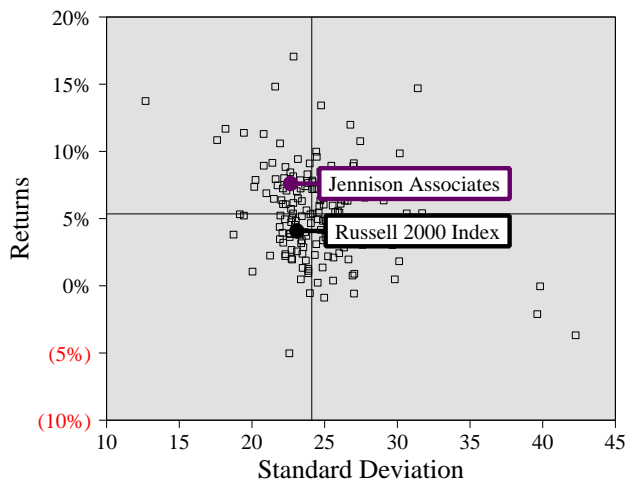


10th Percentile	1.87	50.97	36.61	14.92	9.13	10.76
25th Percentile	0.53	46.33	34.11	12.12	7.39	8.77
Median	(0.39)	41.22	31.22	9.20	5.35	6.87
75th Percentile	(1.66)	35.73	28.95	6.72	3.21	5.08
90th Percentile	(2.95)	30.94	26.42	3.23	1.31	3.77
Jennison Associates ●	(0.07)	43.32	34.54	10.02	7.61	8.96
Russell 2000 Index ▲	(1.61)	37.41	29.20	7.77	4.08	5.76

Relative Return vs Russell 2000 Index



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



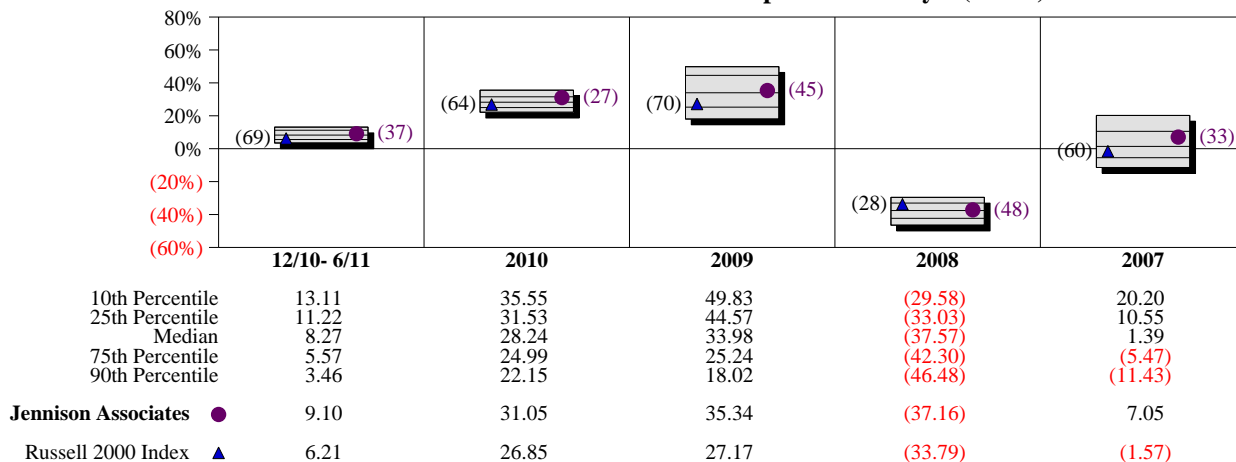
JENNISON ASSOCIATES RETURN ANALYSIS SUMMARY



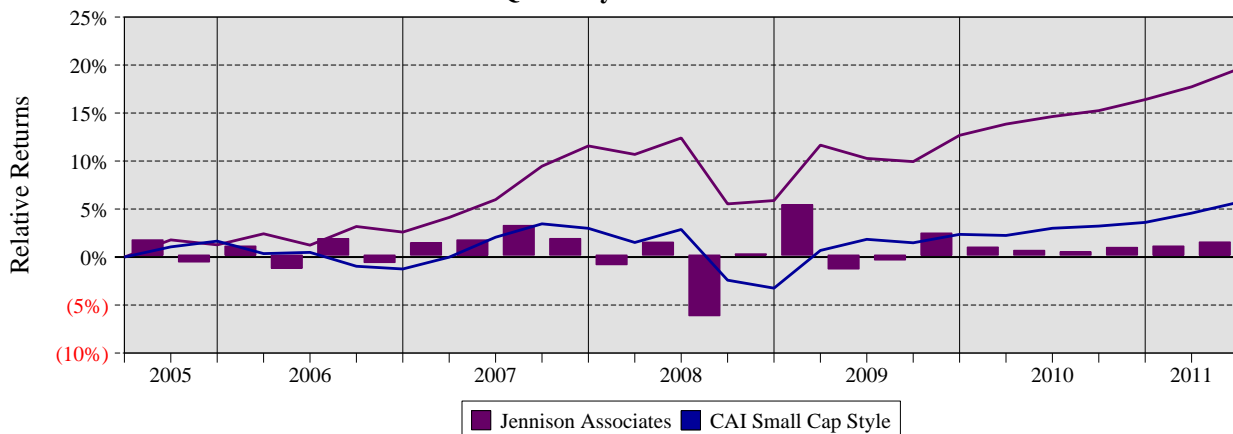
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

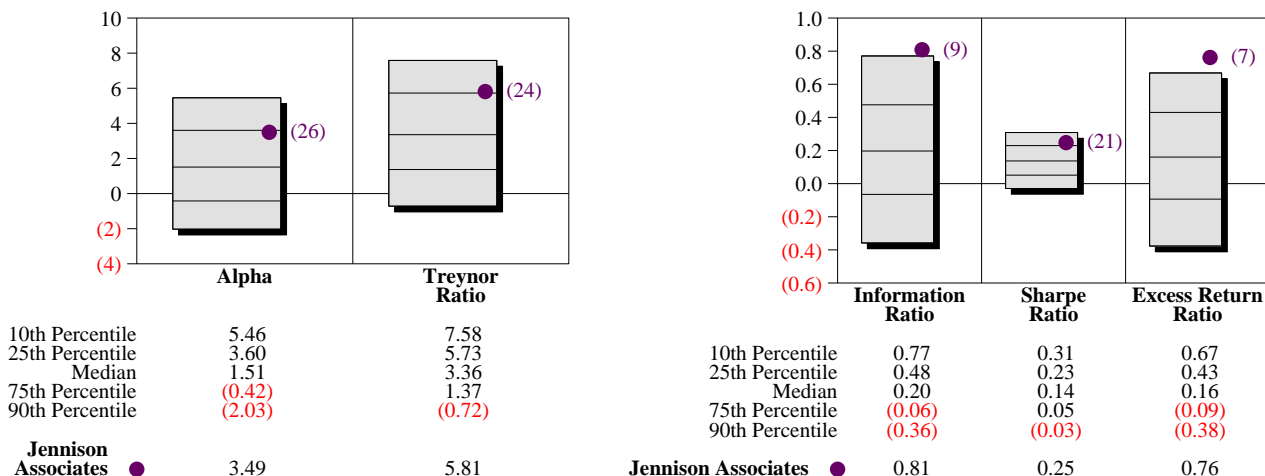
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended June 30, 2011



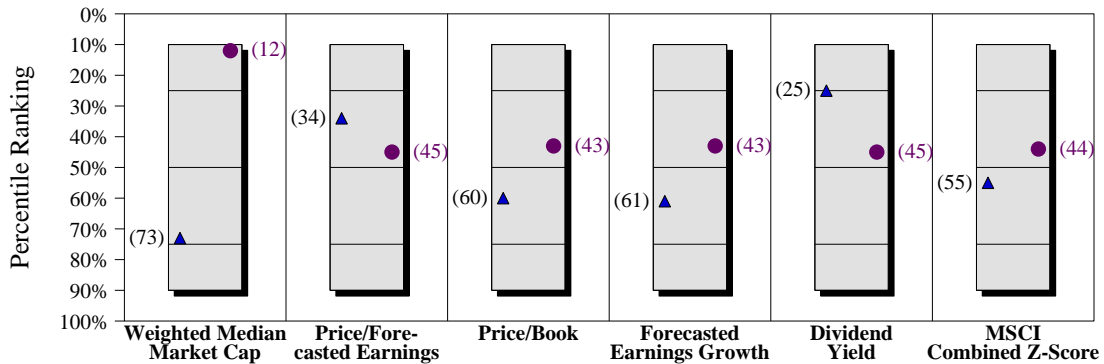
JENNISON ASSOCIATES EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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.

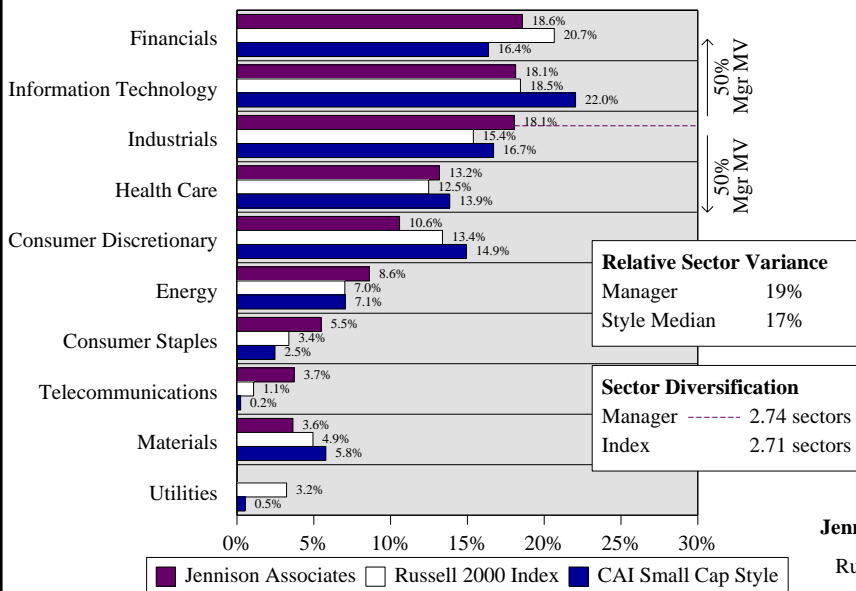
Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization Style as of June 30, 2011



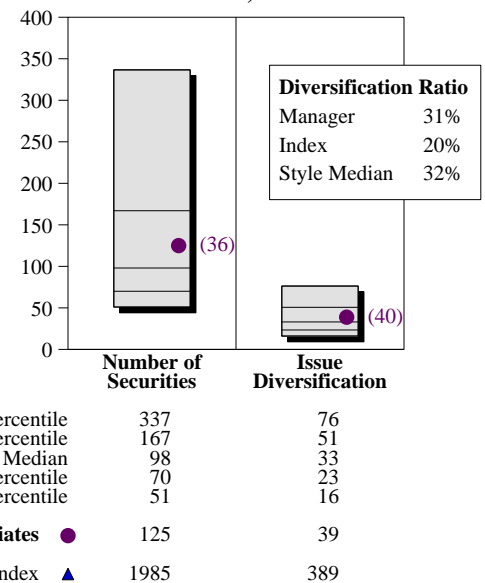
Sector Weights

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 June 30, 2011



Diversification June 30, 2011



LORD, ABBETT PERIOD ENDED JUNE 30, 2011



Investment Philosophy

Lord, Abnett utilizes a disciplined investment process that employs fundamental research in seeking to identify companies whose growth generates superior returns with acceptable levels of volatility.

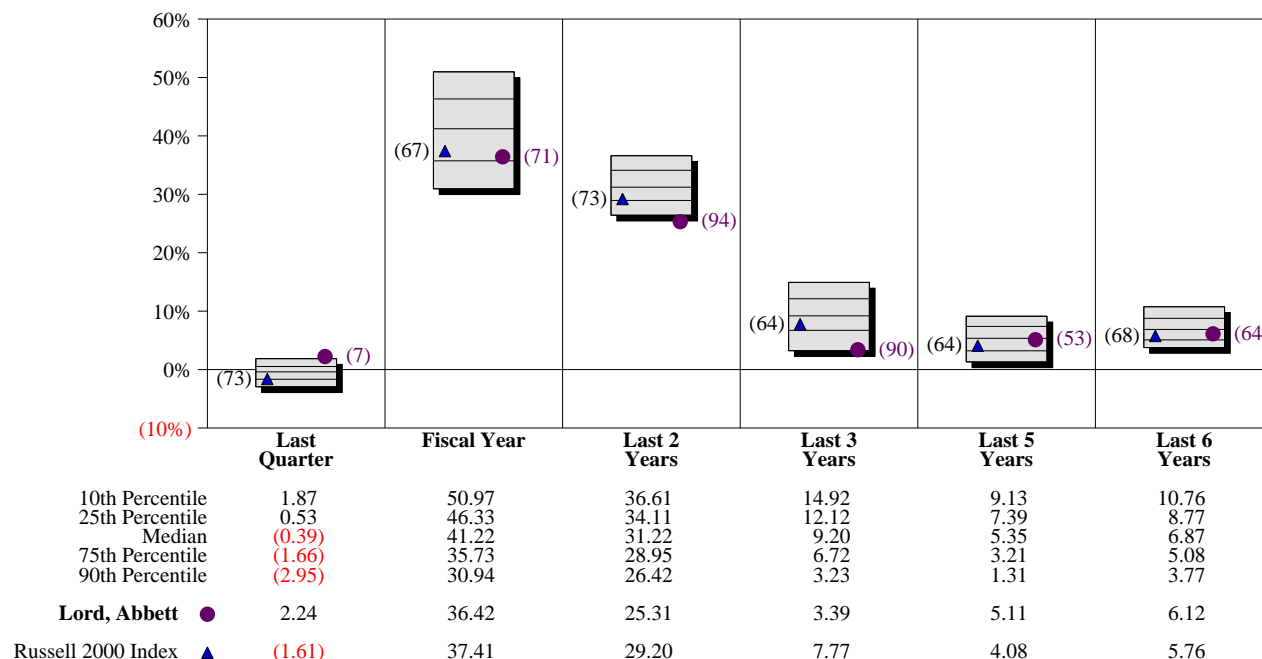
Quarterly Summary and Highlights

- Lord, Abnett's portfolio posted a 2.24% return for the quarter placing it in the 7 percentile of the CAI Small Capitalization Style group for the quarter and in the 71 percentile for the last year.
- Lord, Abnett's portfolio outperformed the Russell 2000 Index by 3.84% for the quarter and underperformed the Russell 2000 Index for the year by 0.99%.

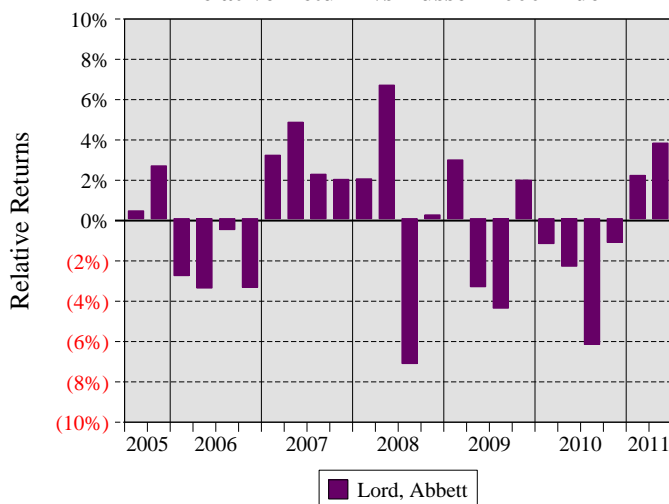
Quarterly Asset Growth

Beginning Market Value	\$182,143,877
Net New Investment	\$0
Investment Gains/(Losses)	\$4,074,884
Ending Market Value	\$186,218,761

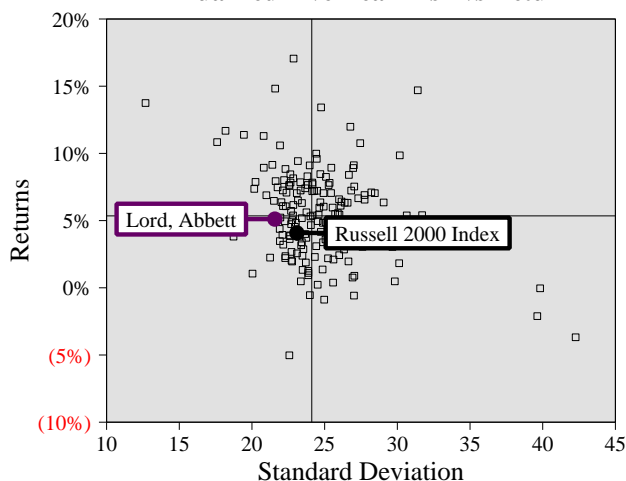
Performance vs CAI Small Capitalization Style (Gross)



Relative Return vs Russell 2000 Index



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



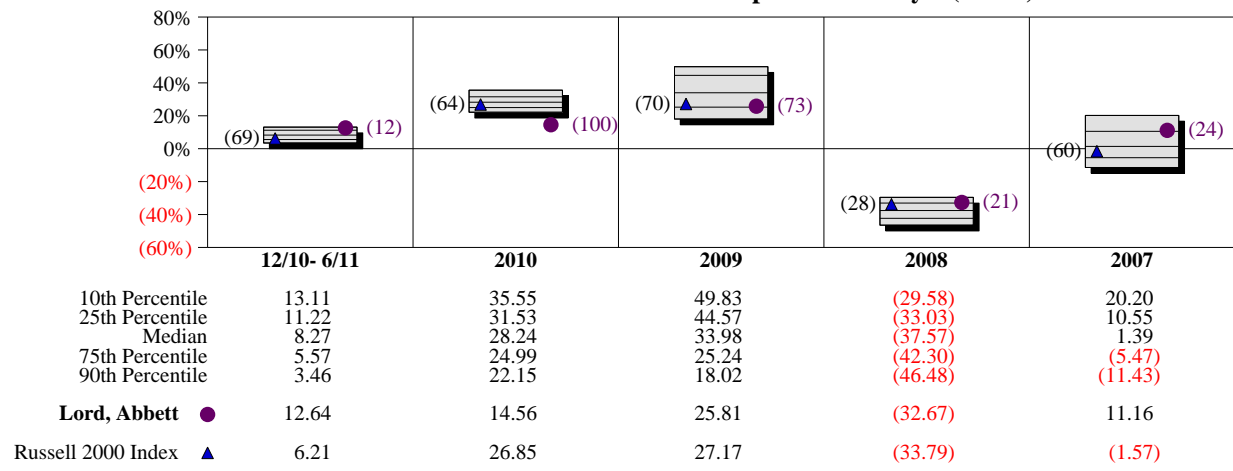


LORD, ABBETT RETURN ANALYSIS SUMMARY

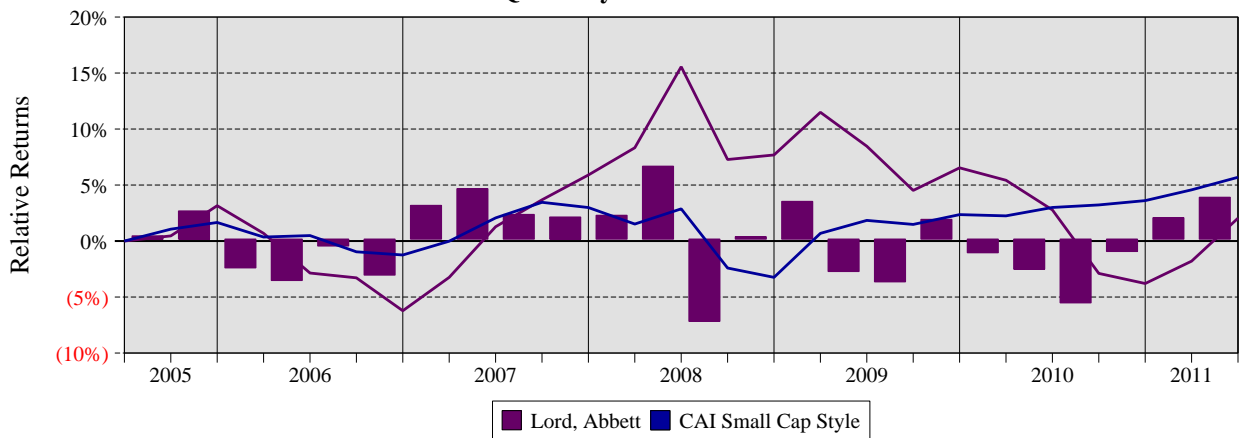
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

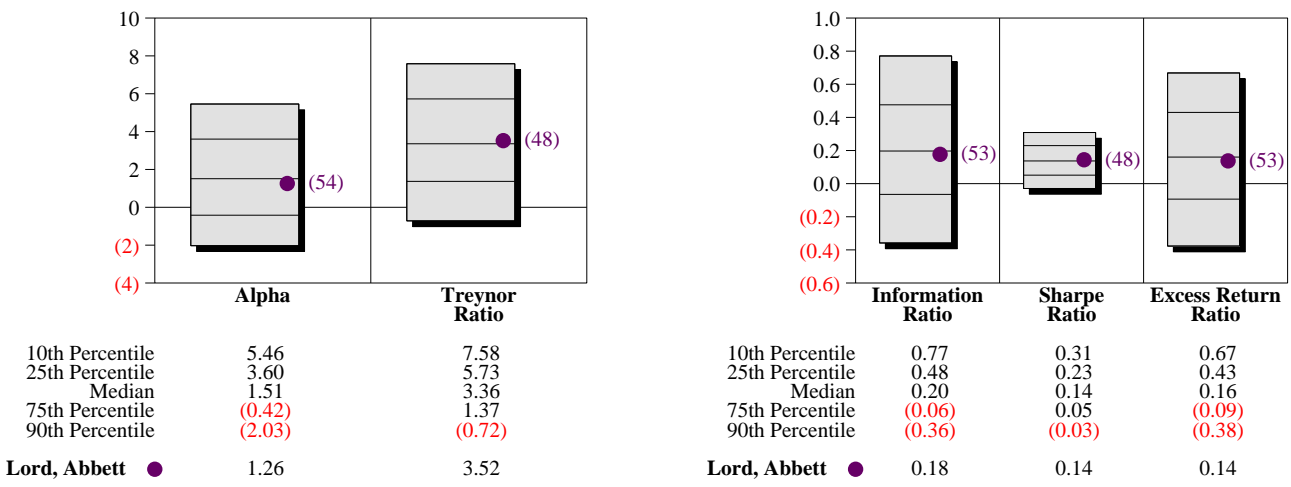
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended June 30, 2011

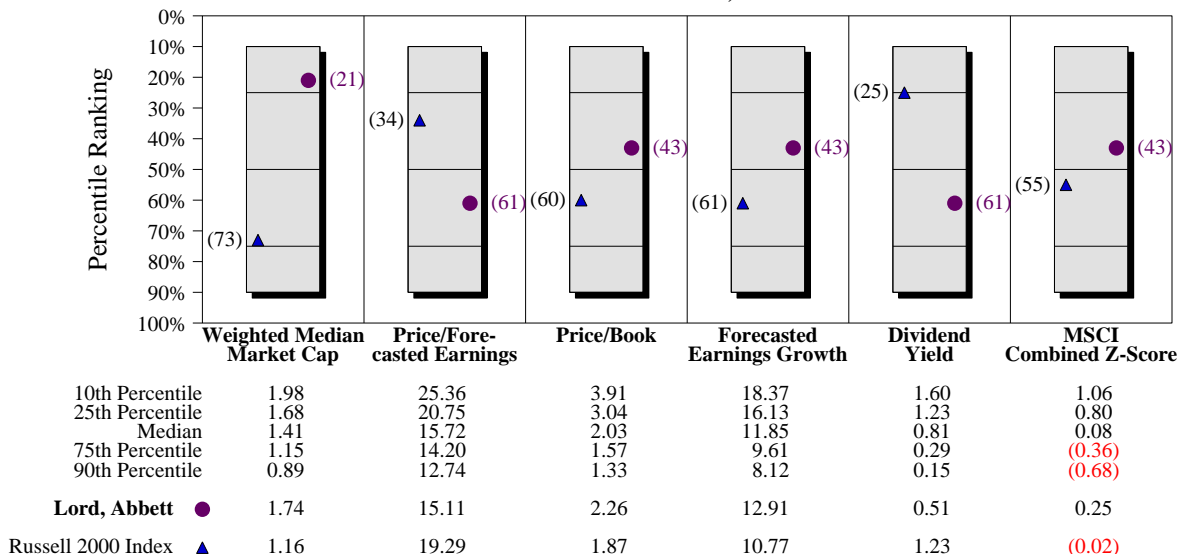


LORD, ABBETT EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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.

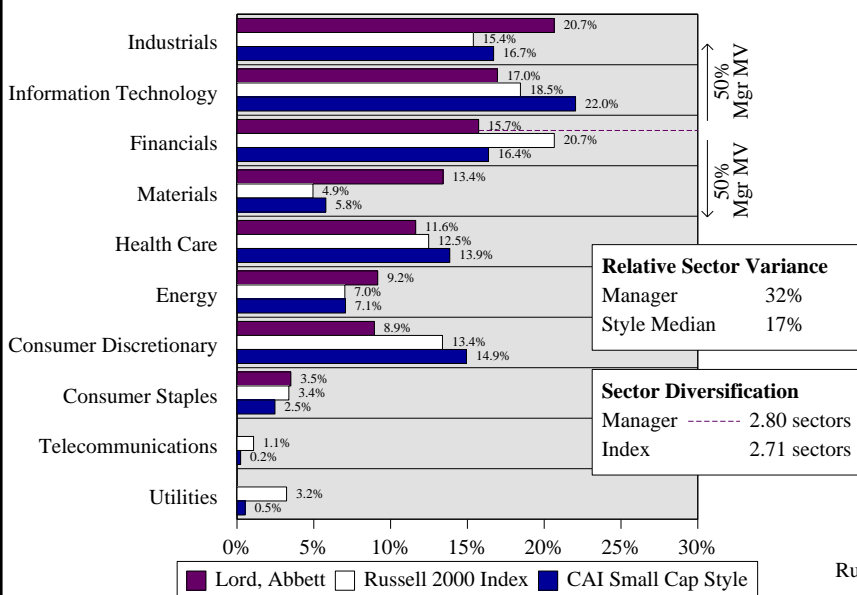
Portfolio Characteristics Percentile Rankings Rankings Against CAI Small Capitalization Style as of June 30, 2011



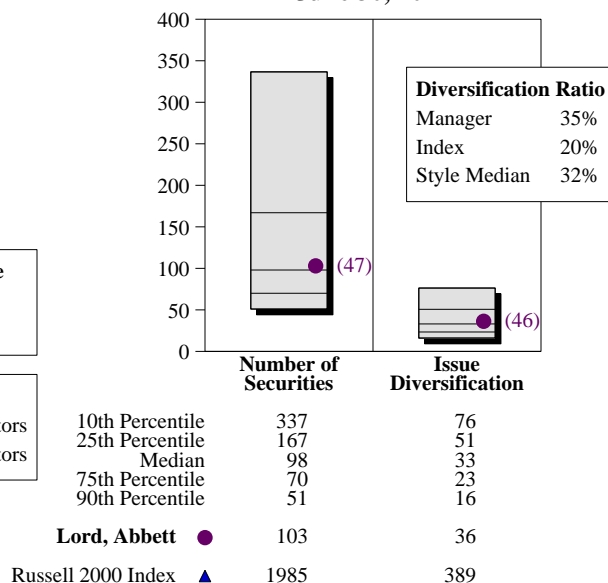
Sector Weights

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 June 30, 2011



Diversification June 30, 2011



LUTHER KING PERIOD ENDED JUNE 30, 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.

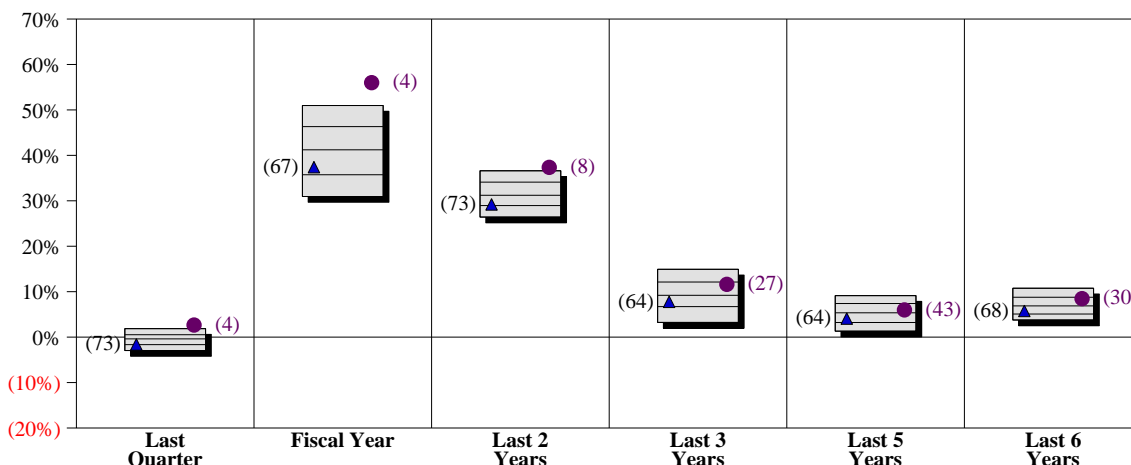
Quarterly Summary and Highlights

- Luther King's portfolio posted a 2.66% return for the quarter placing it in the 4 percentile of the CAI Small Capitalization Style group for the quarter and in the 4 percentile for the last year.
- Luther King's portfolio outperformed the Russell 2000 Index by 4.26% for the quarter and outperformed the Russell 2000 Index for the year by 18.59%.

Quarterly Asset Growth

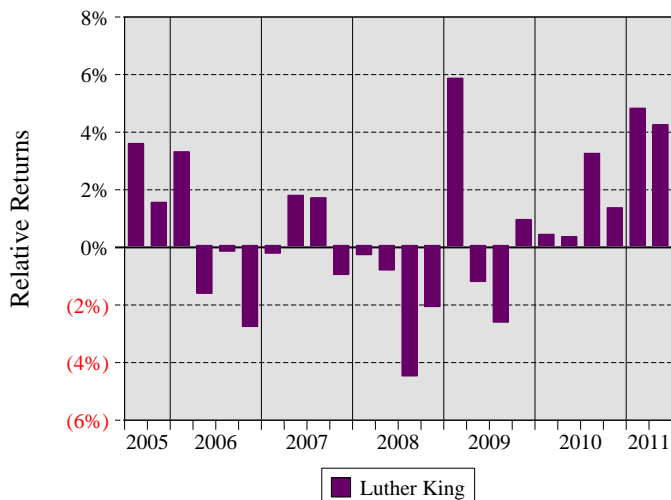
Beginning Market Value	\$130,862,104
Net New Investment	\$0
Investment Gains/(Losses)	\$3,478,188
Ending Market Value	\$134,340,292

Performance vs CAI Small Capitalization Style (Gross)

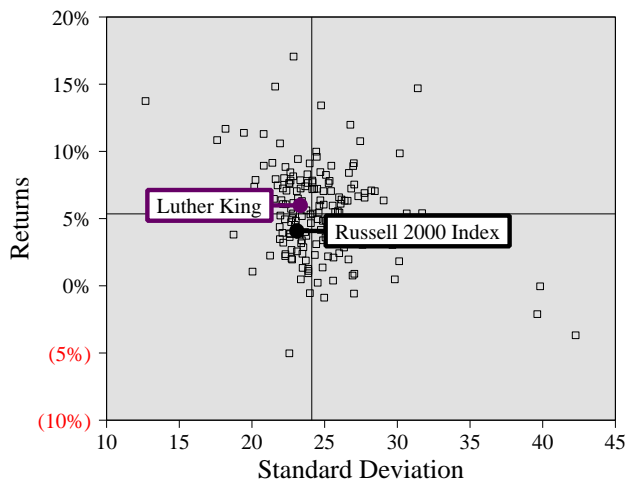


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6 Years
10th Percentile	1.87	50.97	36.61	14.92	9.13	10.76
25th Percentile	0.53	46.33	34.11	12.12	7.39	8.77
Median	(0.39)	41.22	31.22	9.20	5.35	6.87
75th Percentile	(1.66)	35.73	28.95	6.72	3.21	5.08
90th Percentile	(2.95)	30.94	26.42	3.23	1.31	3.77
Luther King ●	2.66	56.00	37.36	11.61	5.98	8.47
Russell 2000 Index ▲	(1.61)	37.41	29.20	7.77	4.08	5.76

Relative Return vs Russell 2000 Index



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



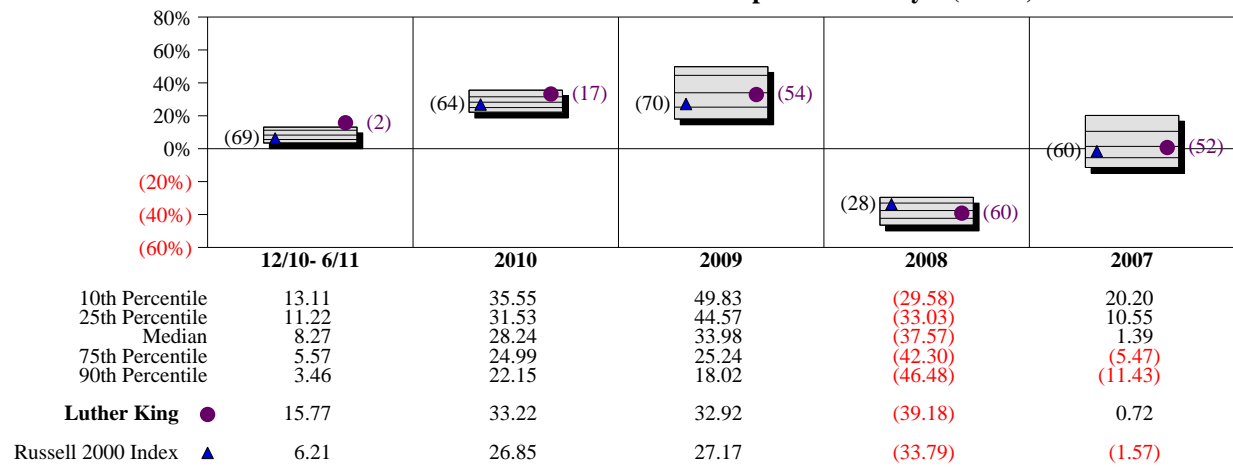


LUTHER KING RETURN ANALYSIS SUMMARY

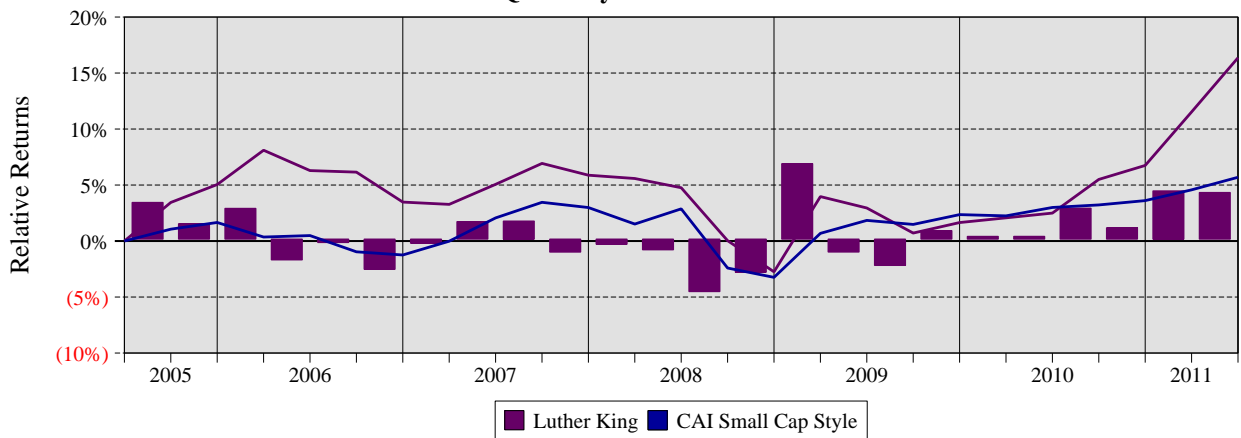
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

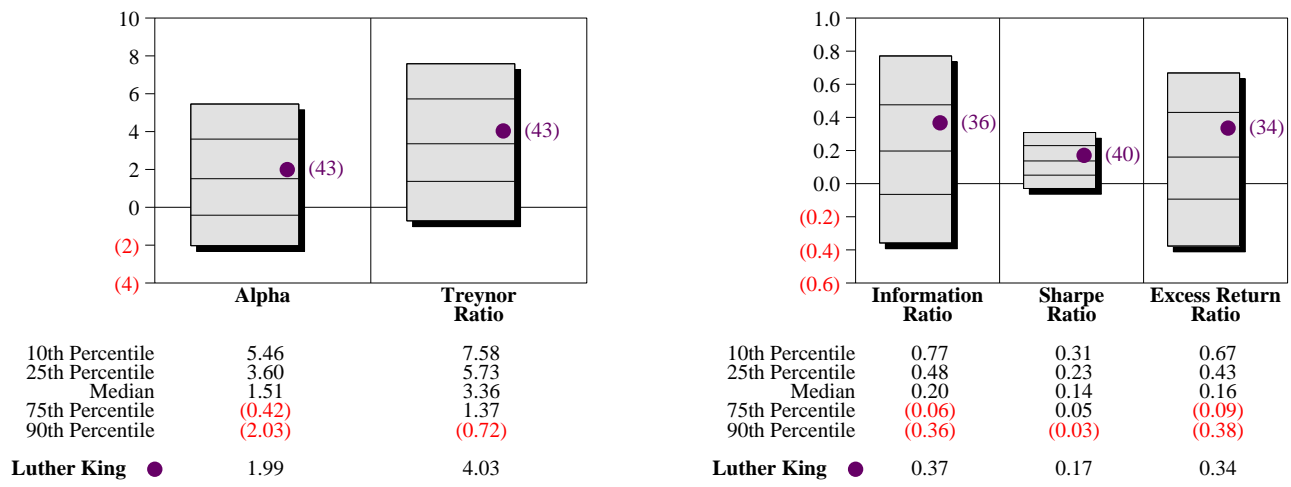
Performance vs CAI Small Capitalization Style (Gross)



Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against CAI Small Capitalization Style (Gross) Five Years Ended June 30, 2011



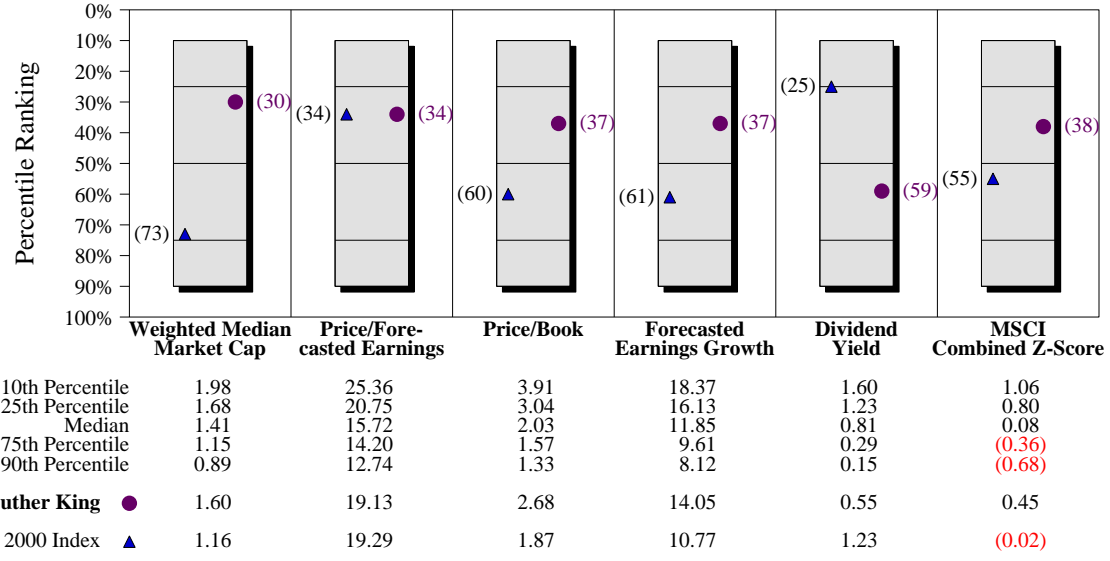


LUTHER KING EQUITY CHARACTERISTICS ANALYSIS SUMMARY

Portfolio Characteristics

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

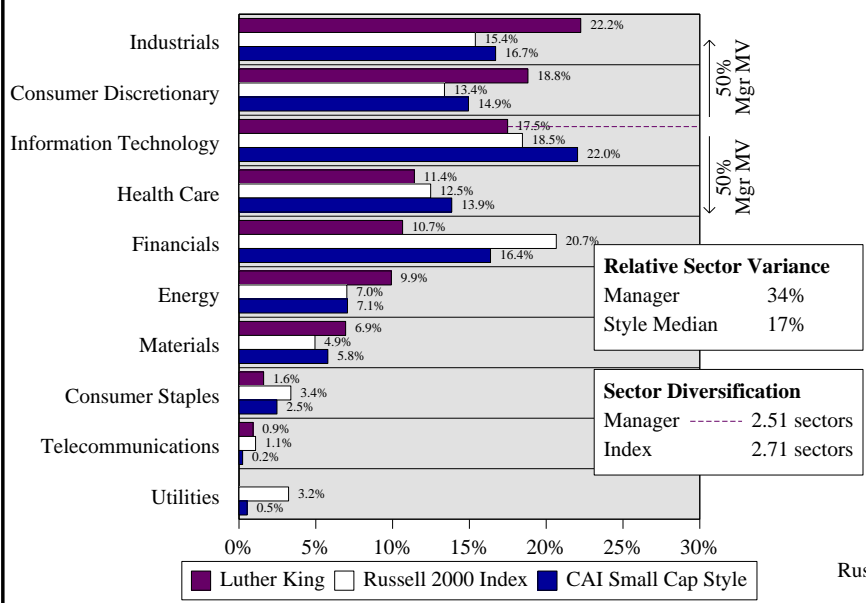
Portfolio Characteristics Percentile Rankings
Rankings Against CAI Small Capitalization Style
as of June 30, 2011



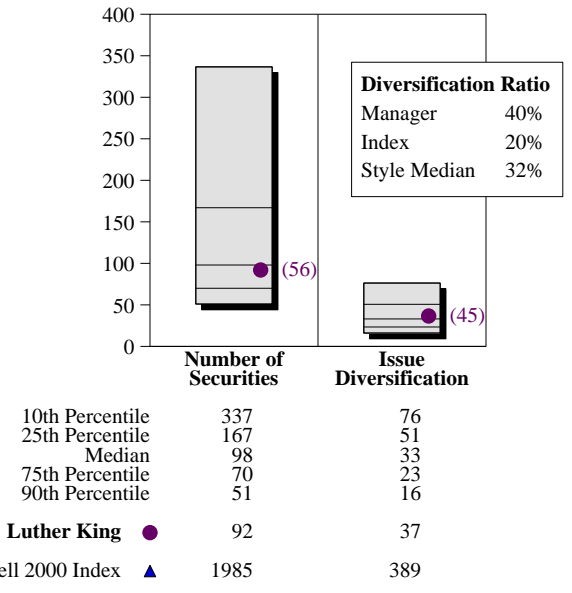
Sector Weights

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
June 30, 2011



Diversification
June 30, 2011





SSGA RUSSELL 2000 GROWTH PERIOD ENDED JUNE 30, 2011

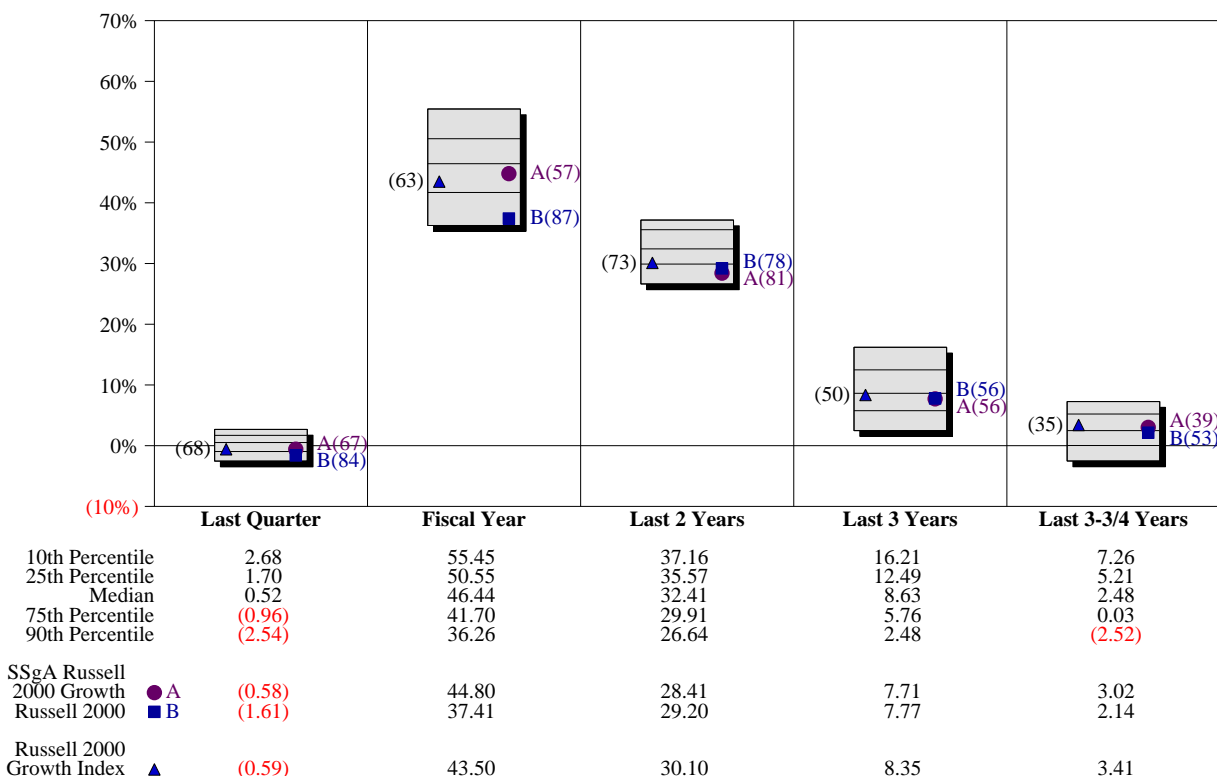
Quarterly Summary and Highlights

- SSgA Russell 2000 Growth's portfolio posted a (0.58)% return for the quarter placing it in the 67 percentile of the CAI Small Cap Growth Style group for the quarter and in the 57 percentile for the last year.
- SSgA Russell 2000 Growth's portfolio outperformed the Russell 2000 Growth Index by 0.01% for the quarter and outperformed the Russell 2000 Growth Index for the year by 1.30%.

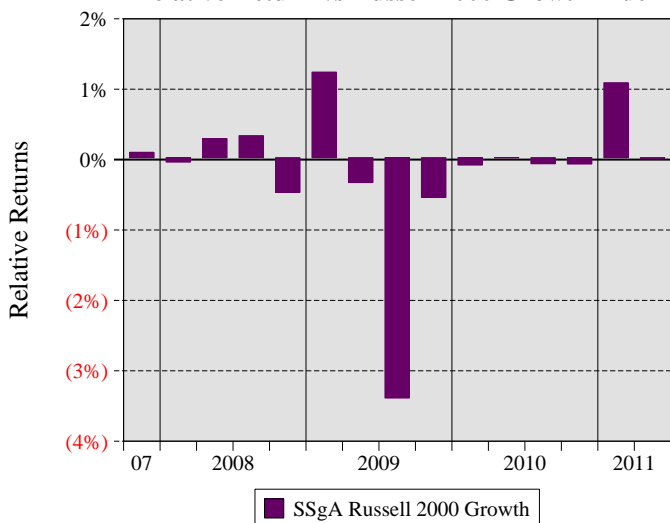
Quarterly Asset Growth

Beginning Market Value	\$60,105,414
Net New Investment	\$0
Investment Gains/(Losses)	\$-346,370
Ending Market Value	\$59,759,044

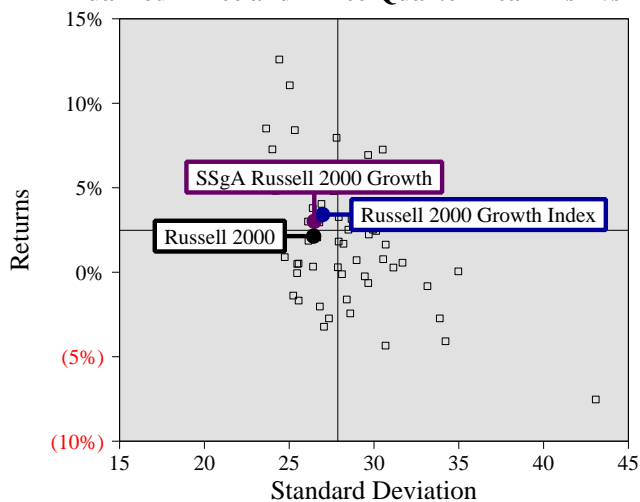
Performance vs CAI Small Cap Growth Style (Gross)



Relative Return vs Russell 2000 Growth Index



CAI Small Cap Growth Style (Gross) Annualized Three and Three-Quarter Year Risk vs Return



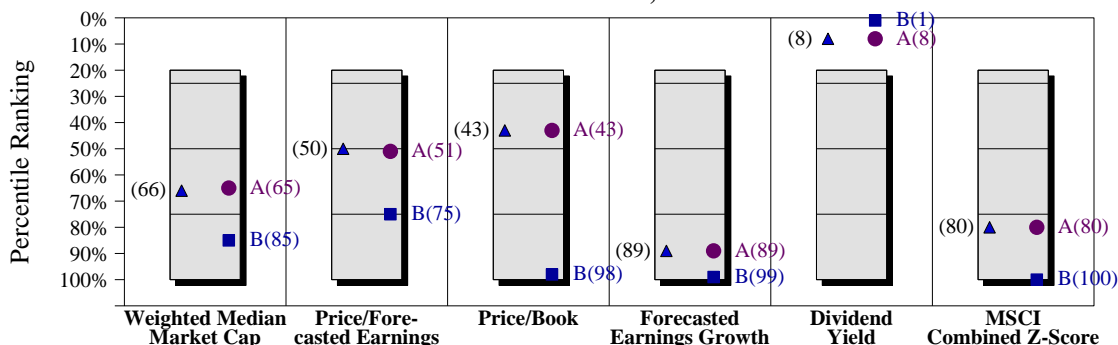
SSGA RUSSELL 2000 GROWTH EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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 June 30, 2011

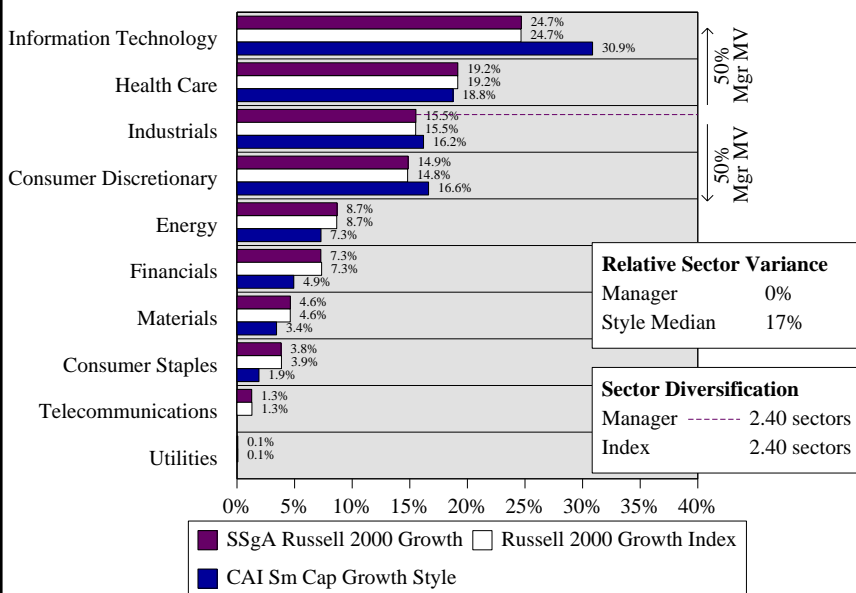


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.36	29.60	4.74	20.18	0.48	1.34
25th Percentile	1.72	25.49	3.97	18.39	0.35	1.08
Median	1.44	22.47	3.27	16.63	0.21	0.92
75th Percentile	1.23	19.37	2.81	15.09	0.15	0.66
90th Percentile	1.06	15.49	2.57	13.32	0.06	0.51
SSgA Russell 2000 Growth	● A 1.40	22.42	3.43	13.66	0.58	0.61
Russell 2000	■ B 1.16	19.29	1.87	10.77	1.23	(0.02)
Russell 2000 Growth Index	▲ 1.40	22.47	3.43	13.49	0.58	0.61

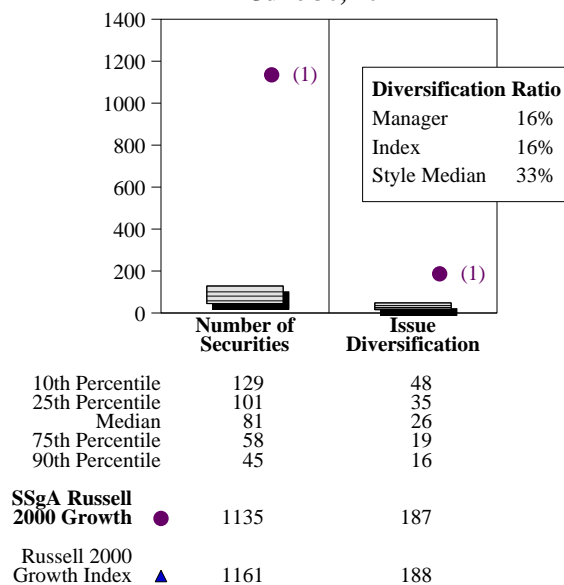
Sector Weights

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
June 30, 2011



Diversification
June 30, 2011



SSGA RUSSELL 2000 VALUE PERIOD ENDED JUNE 30, 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.

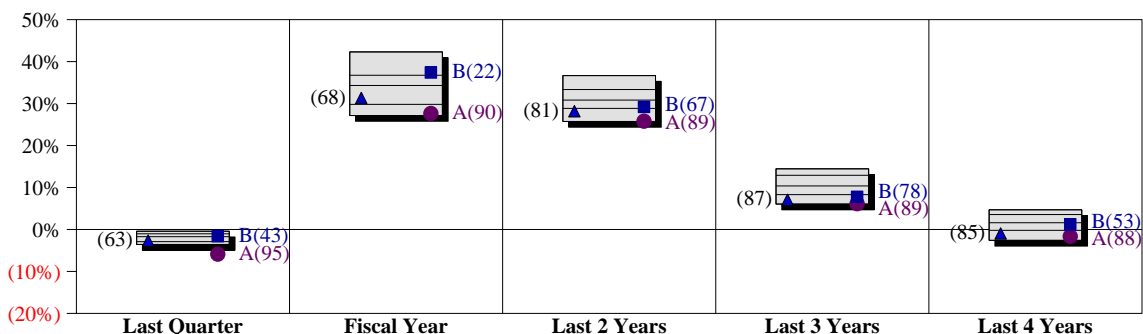
Quarterly Summary and Highlights

- SSgA Russell 2000 Value's portfolio posted a (5.88)% return for the quarter placing it in the 95 percentile of the CAI Small Cap Value Style group for the quarter and in the 90 percentile for the last year.
- SSgA Russell 2000 Value's portfolio underperformed the Russell 2000 Value Index by 3.23% for the quarter and underperformed the Russell 2000 Value Index for the year by 3.70%.

Quarterly Asset Growth

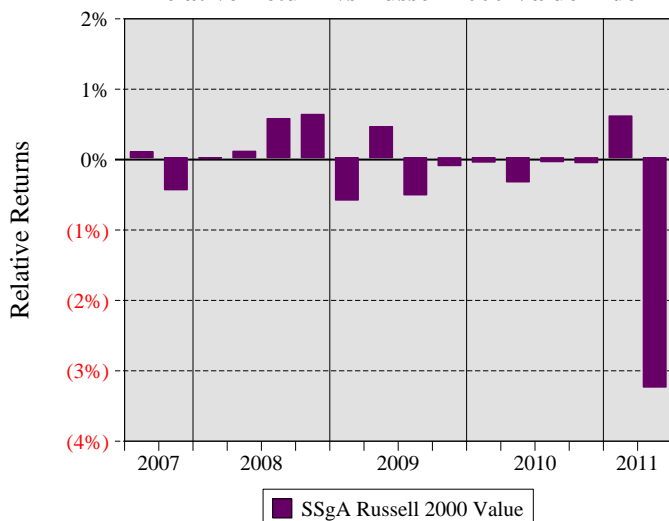
Beginning Market Value	\$347,931,093
Net New Investment	\$-250,000,000
Investment Gains/(Losses)	\$-5,903,993
Ending Market Value	\$92,027,100

Performance vs CAI Small Cap Value Style (Gross)

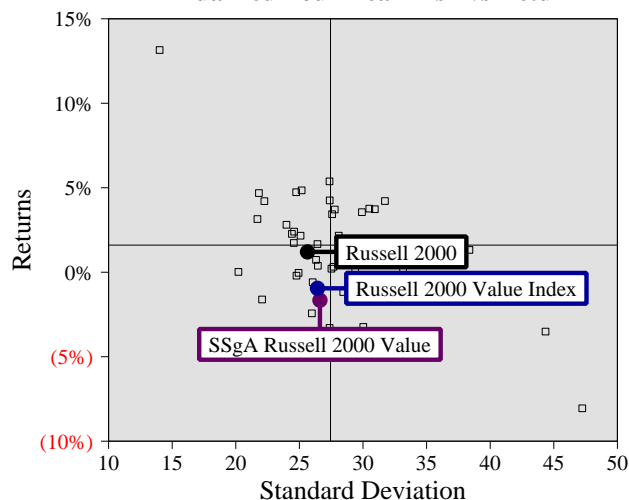


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	(0.41)	42.31	36.67	14.45	4.70
25th Percentile	(1.03)	36.74	33.34	12.91	3.56
Median	(1.72)	34.31	30.83	10.37	1.60
75th Percentile	(2.90)	29.81	28.85	8.30	(0.20)
90th Percentile	(3.58)	27.15	25.73	6.05	(2.59)
SSgA Russell 2000 Value	● A (5.88)	27.65	25.80	6.15	(1.66)
Russell 2000	■ B (1.61)	37.41	29.20	7.77	1.20
Russell 2000 Value Index	▲ (2.65)	31.35	28.17	7.09	(0.95)

Relative Return vs Russell 2000 Value Index



CAI Small Cap Value Style (Gross) Annualized Four Year Risk vs Return



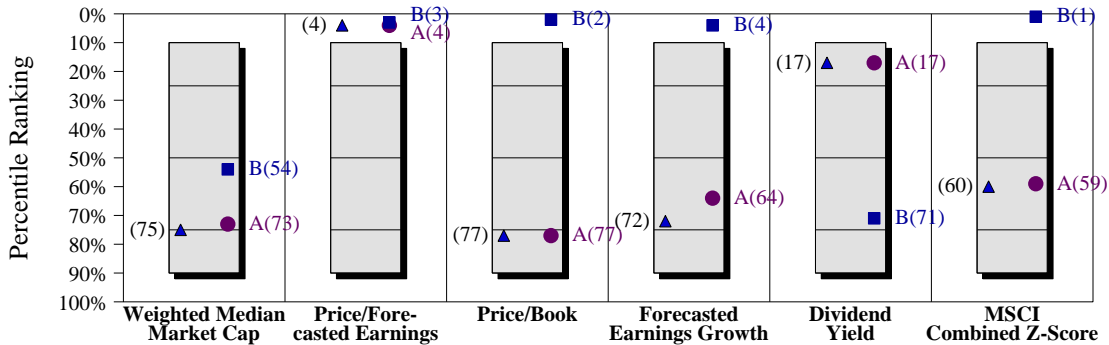
SSGA RUSSELL 2000 VALUE EQUITY CHARACTERISTICS ANALYSIS SUMMARY



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 June 30, 2011**

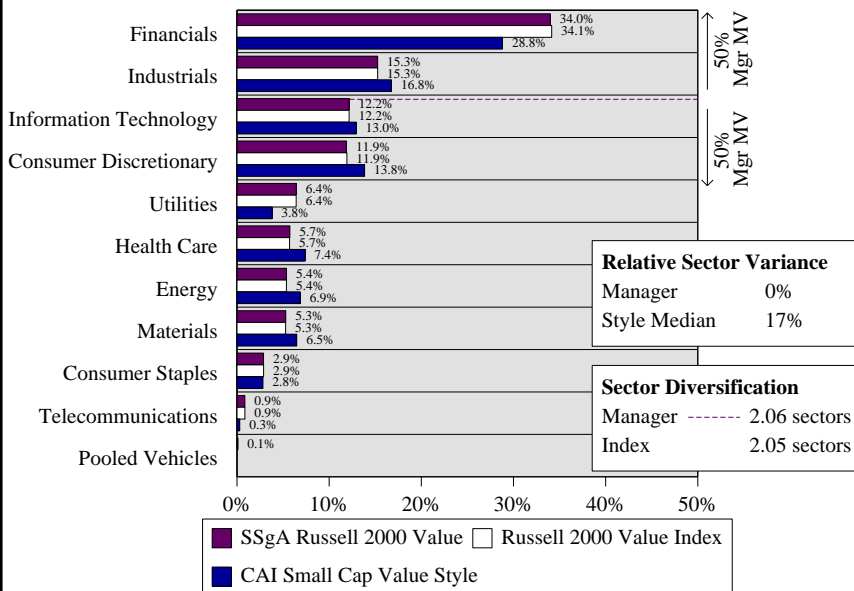


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.90	15.61	1.61	10.18	2.24	(0.34)
25th Percentile	1.45	14.94	1.51	9.57	1.69	(0.48)
Median	1.20	13.65	1.37	8.30	1.46	(0.61)
75th Percentile	1.00	12.74	1.30	8.01	1.10	(0.75)
90th Percentile	0.70	12.03	1.15	6.96	1.02	(0.86)
SSgA Russell 2000 Value	● A 1.00	16.87	1.29	8.12	1.89	(0.66)
Russell 2000 Value Index	■ B 1.16	19.29	1.87	10.77	1.23	(0.02)
Russell 2000 Value Index	▲ 1.00	16.89	1.28	8.03	1.89	(0.67)

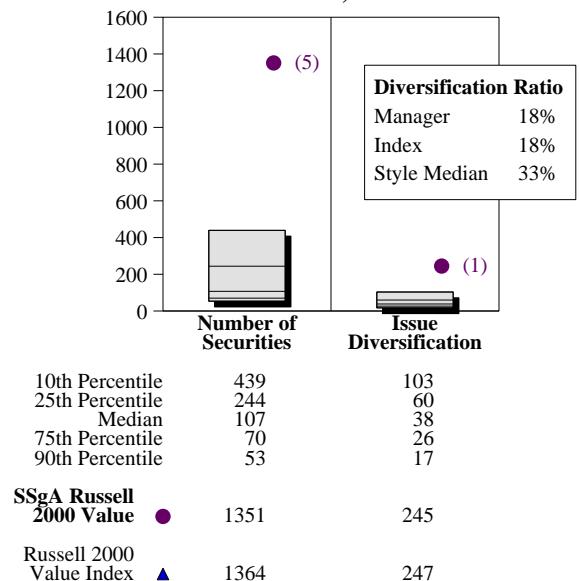
Sector Weights

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
June 30, 2011**



**Diversification
June 30, 2011**

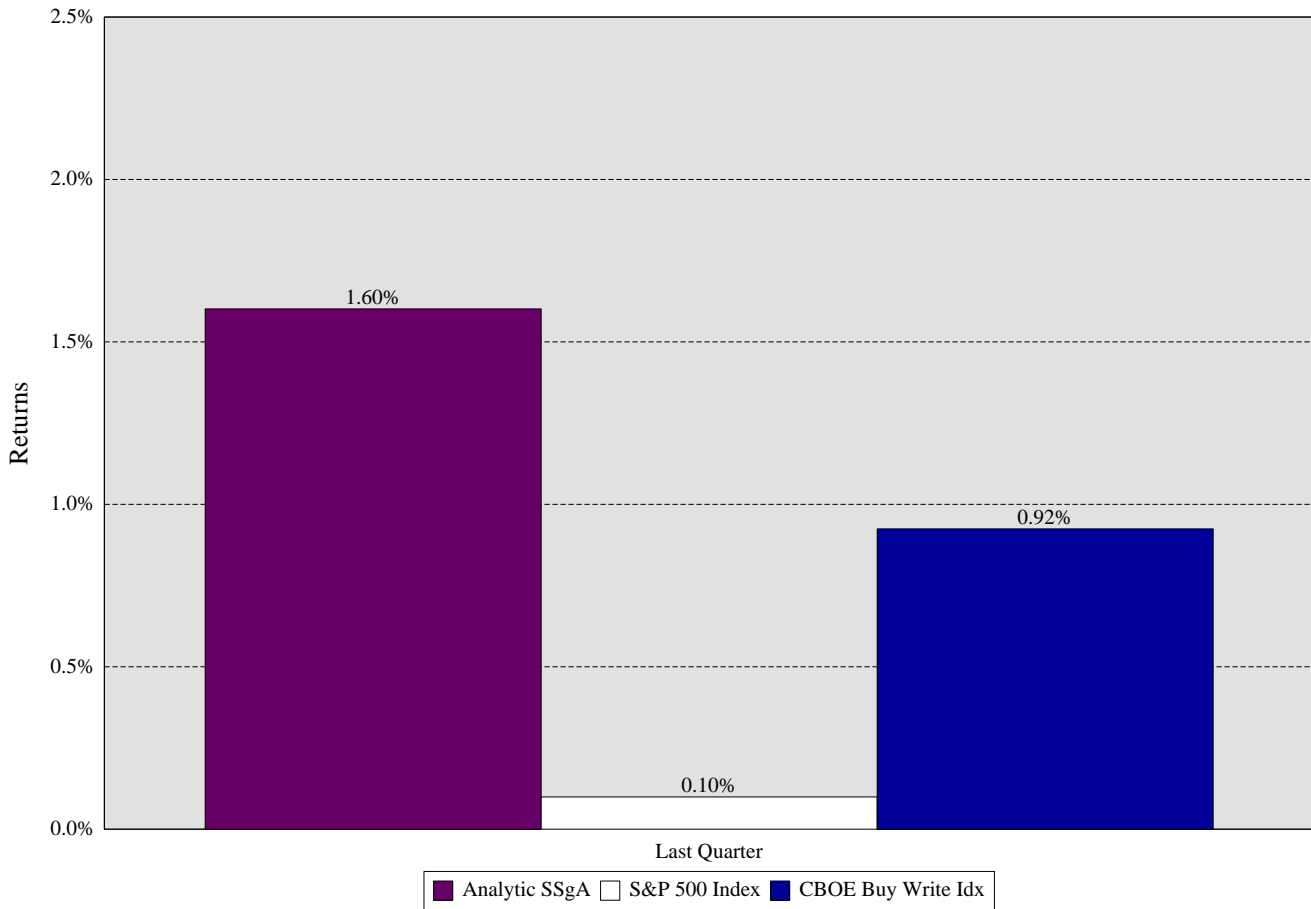


**ANALYTIC SSgA
PERIOD ENDED JUNE 30, 2011**

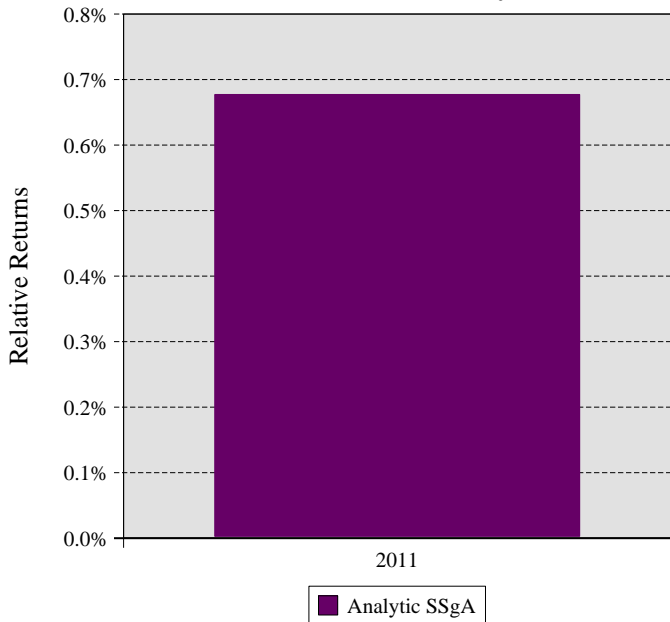


Quarterly Summary and Highlights

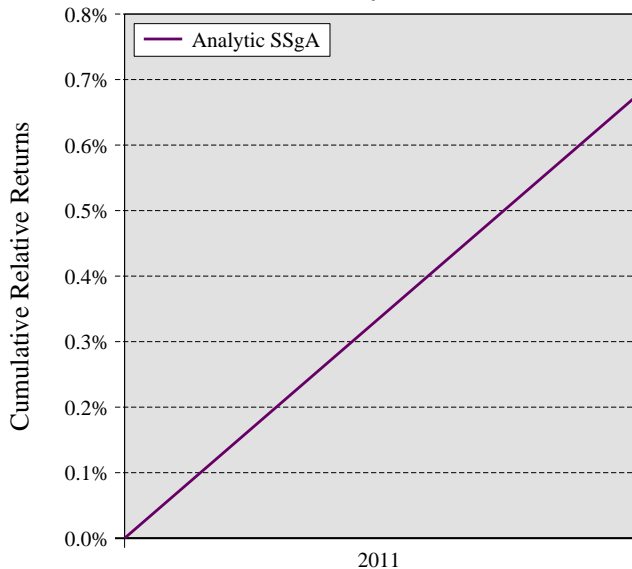
- Analytic SSgA's portfolio outperformed the CBOE Buy Write Idx by 0.68% for the quarter.



Relative Return vs CBOE Buy Write Idx



Cumulative Returns vs CBOE Buy Write Idx

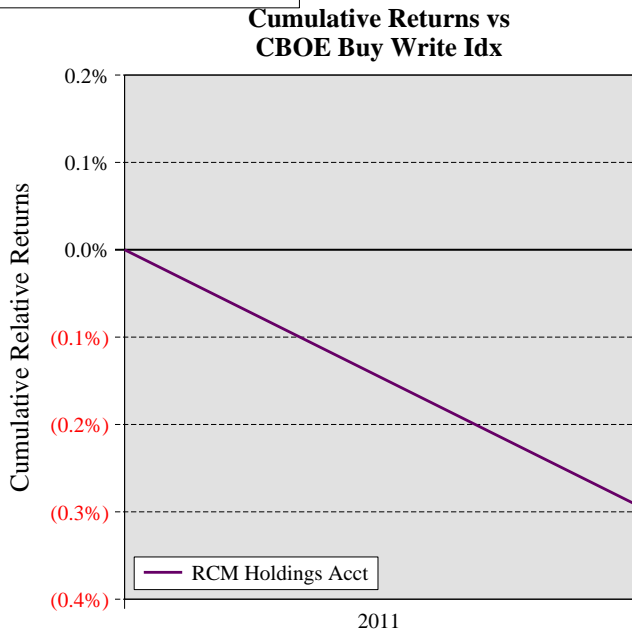
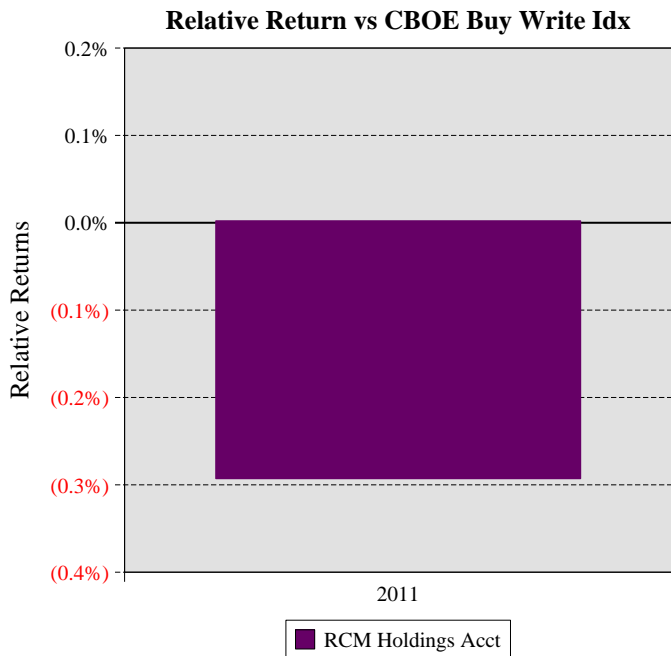
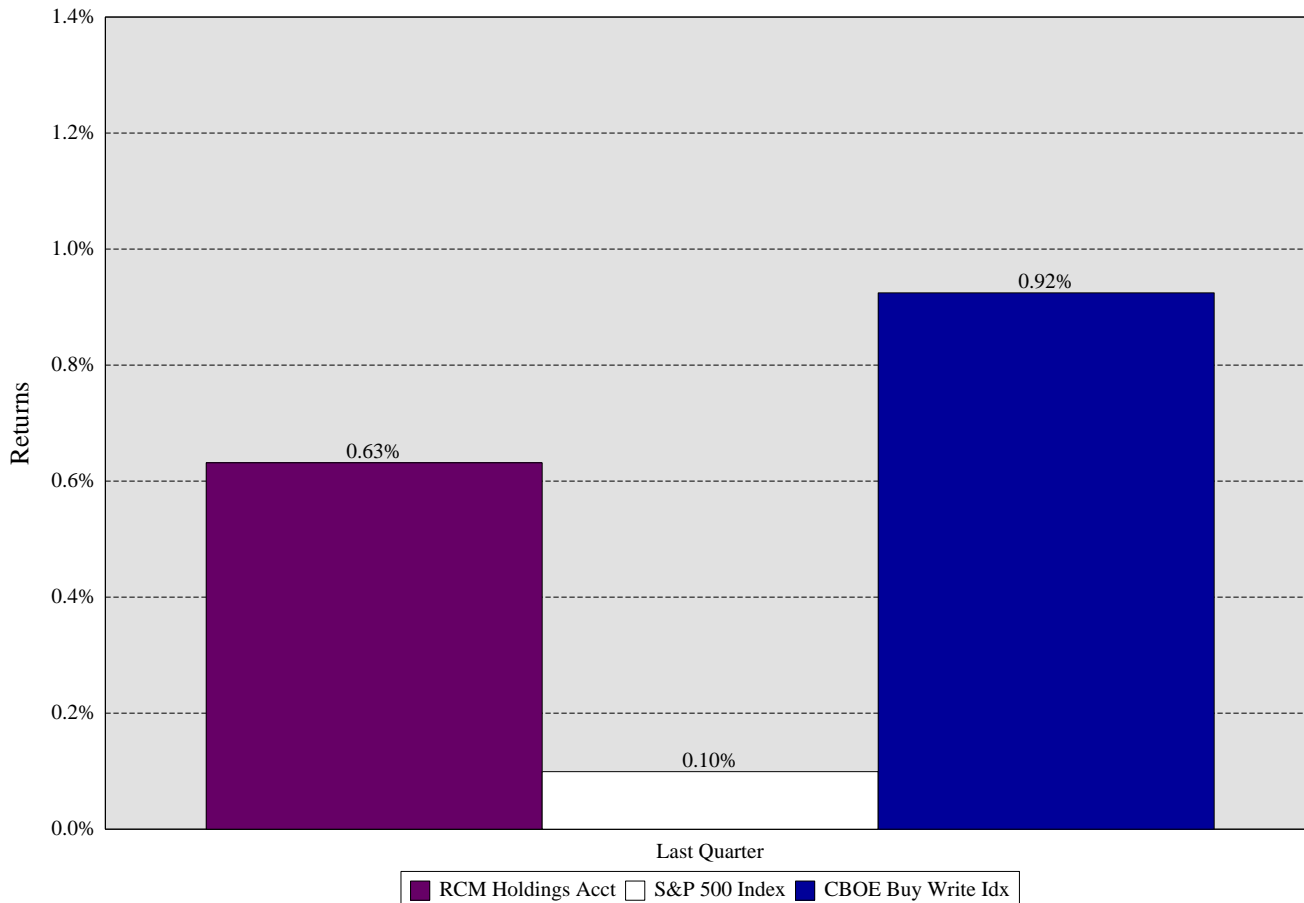


**RCM HOLDINGS ACCT
PERIOD ENDED JUNE 30, 2011**



Quarterly Summary and Highlights

- RCM Holdings Acct's portfolio underperformed the CBOE Buy Write Idx by 0.29% for the quarter.



ADVENT CAPITAL PERIOD ENDED JUNE 30, 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.

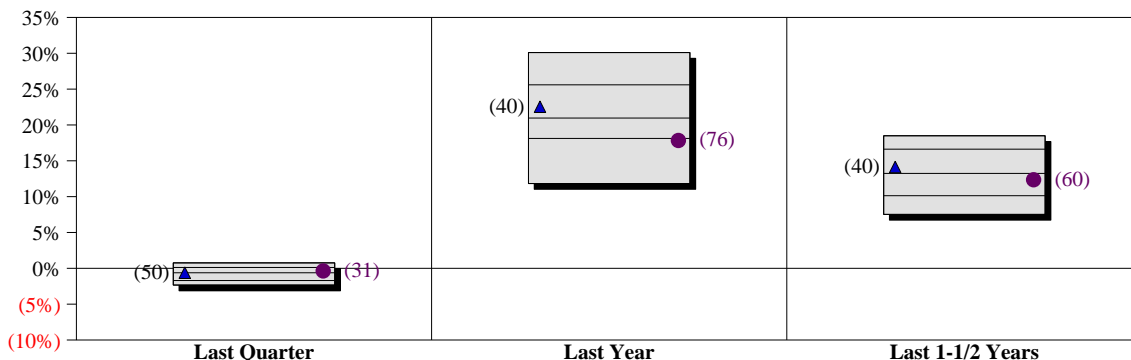
Quarterly Summary and Highlights

- Advent Capital's portfolio posted a (0.36)% return for the quarter placing it in the 31 percentile of the CAI Convertible Bonds Database group for the quarter and in the 76 percentile for the last year.
- Advent Capital's portfolio outperformed the ML All Conv by 0.25% for the quarter and underperformed the ML All Conv for the year by 4.71%.

Quarterly Asset Growth

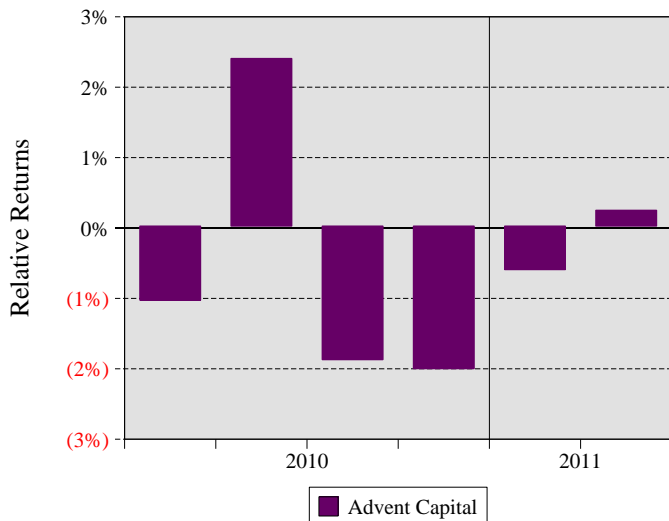
Beginning Market Value	\$79,526,451
Net New Investment	\$15,000,000
Investment Gains/(Losses)	\$-401,864
Ending Market Value	\$94,124,587

Performance vs CAI Convertible Bonds Database (Gross)

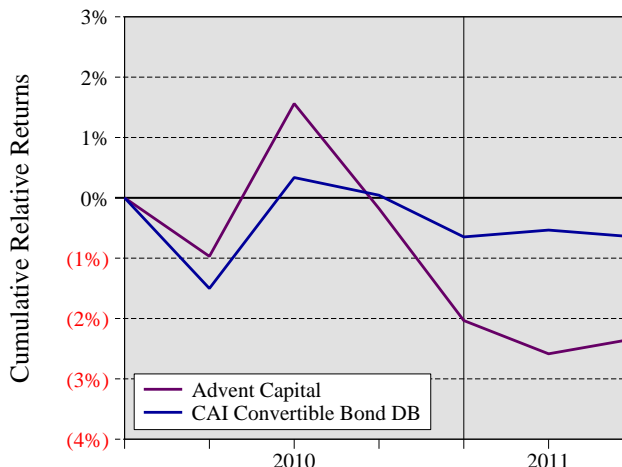


10th Percentile	0.76	30.10	18.49
25th Percentile	0.12	25.60	16.62
Median	(0.62)	20.96	13.24
75th Percentile	(1.70)	18.12	10.13
90th Percentile	(2.34)	11.83	7.52
Advent Capital ●	(0.36)	17.83	12.35
ML All Conv ▲	(0.62)	22.54	14.14

Relative Return vs ML All Conv



Cumulative Returns vs ML All Conv

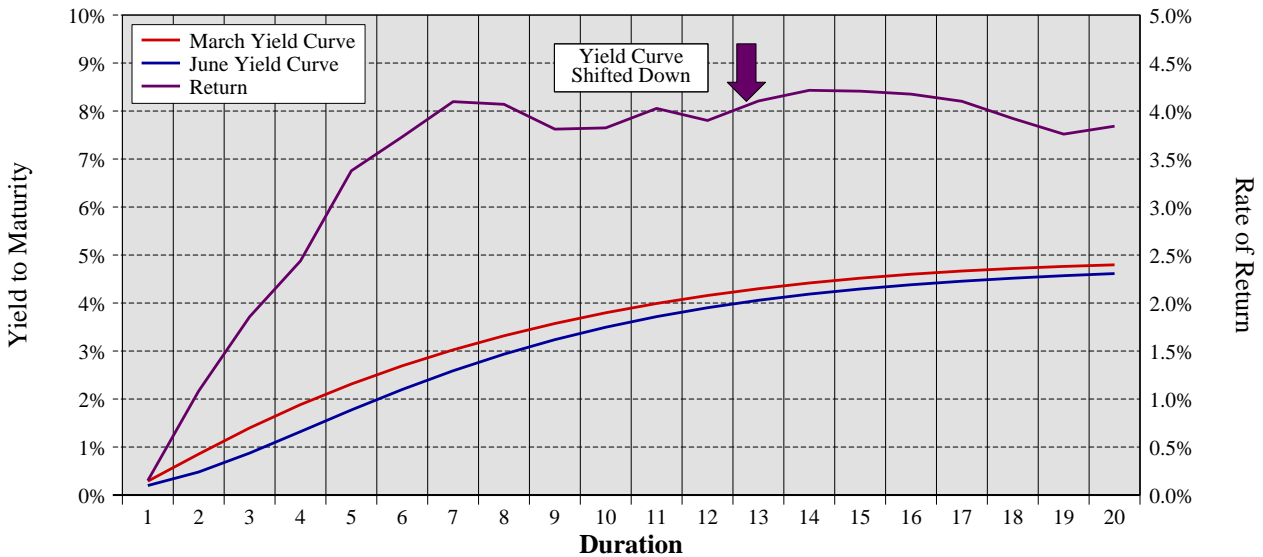


BOND MARKET ENVIRONMENT

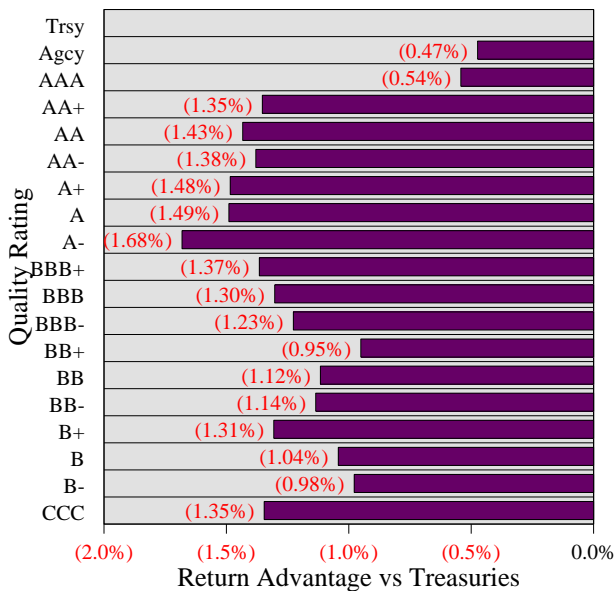
Factors Influencing Bond Returns

The charts below are designed to give you an overview of the factors that influenced bond market returns for the quarter. The first chart shows the shift in the Treasury yield curve and the resulting returns by duration. The second chart shows the average return premium (relative to Treasuries) for bonds with different quality ratings. The final chart shows the average return premium of the different sectors relative to Treasuries. These sector premiums are calculated after differences in quality and term structure have been accounted for across the sectors. They are typically explained by differences in convexity, sector specific supply and demand considerations, or other factors that influence the perceived risk of the sector.

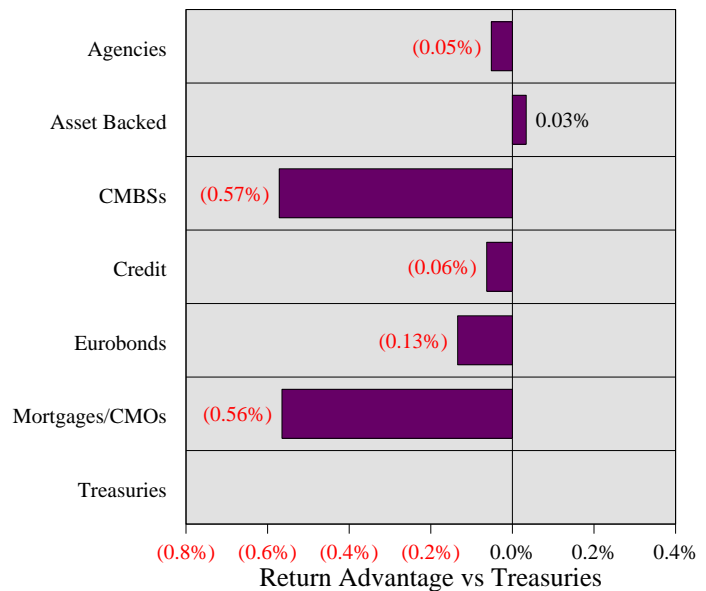
Yield Curve Change and Rate of Return One Quarter Ended June 30, 2011



Duration Adjusted Return Premium to Quality One Quarter Ended June 30, 2011



Quality and Duration Adjusted Return Premium by Sector One Quarter Ended June 30, 2011

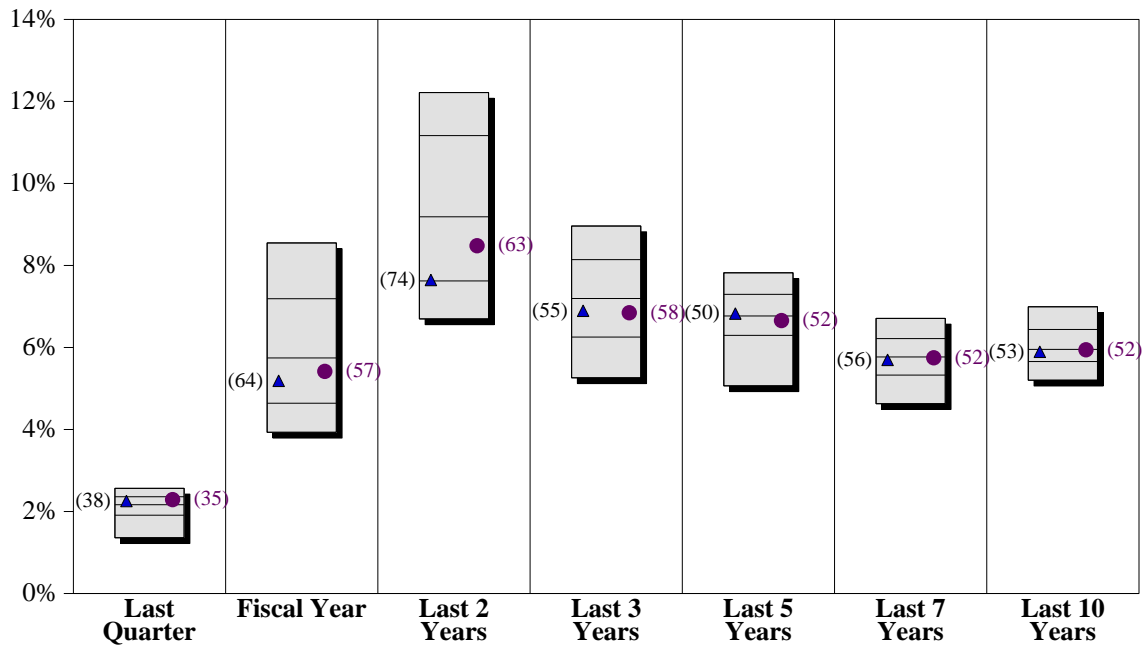




TOTAL FIXED-INCOME PERIOD ENDED JUNE 30, 2011

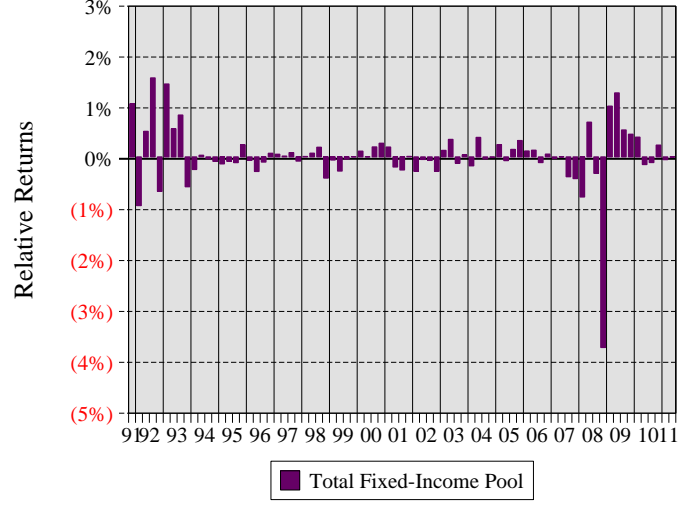
- ### Quarterly Summary and Highlights
- Total Fixed-Income Pool's portfolio posted a 2.29% return for the quarter placing it in the 35 percentile of the Public Fund - Domestic Fixed group for the quarter and in the 57 percentile for the last year.
 - Total Fixed-Income Pool's portfolio outperformed the Fixed-Income Target by 0.03% for the quarter and outperformed the Fixed-Income Target for the year by 0.23%.

Performance vs Public Fund - Domestic Fixed (Gross)

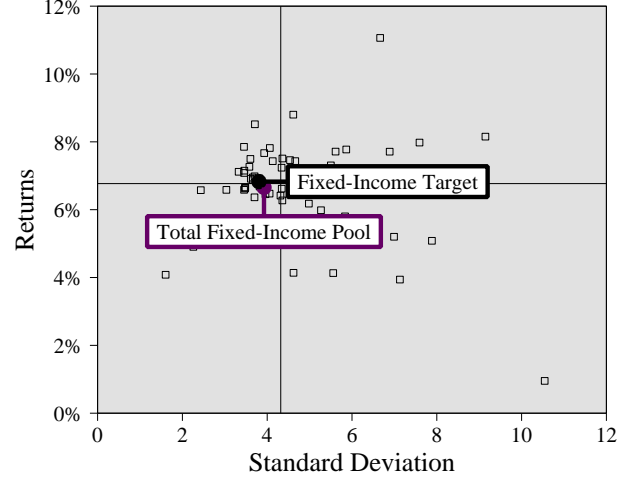


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.57	8.55	12.22	8.96	7.82	6.71	6.99
25th Percentile	2.36	7.19	11.17	8.14	7.30	6.22	6.44
Median	2.17	5.74	9.19	7.19	6.77	5.77	5.95
75th Percentile	1.91	4.64	7.62	6.25	6.30	5.33	5.66
90th Percentile	1.36	3.93	6.70	5.26	5.06	4.63	5.20
Total Fixed-Income Pool ●	2.29	5.42	8.48	6.85	6.66	5.75	5.94
Fixed-Income Target ▲	2.26	5.19	7.65	6.90	6.83	5.70	5.90

Relative Return vs Fixed-Income Target



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



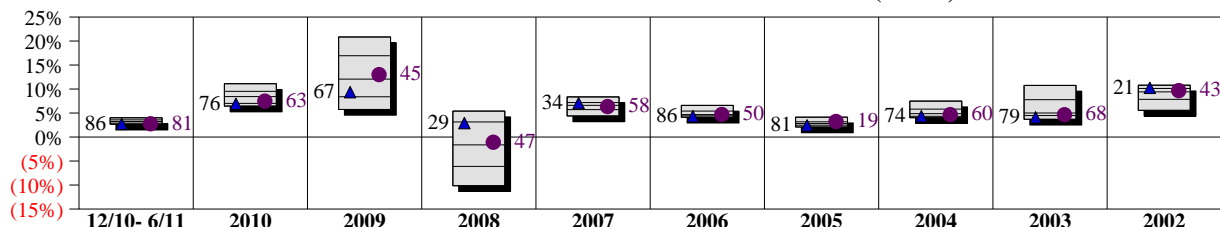


TOTAL FIXED-INCOME POOL RETURN ANALYSIS SUMMARY

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.

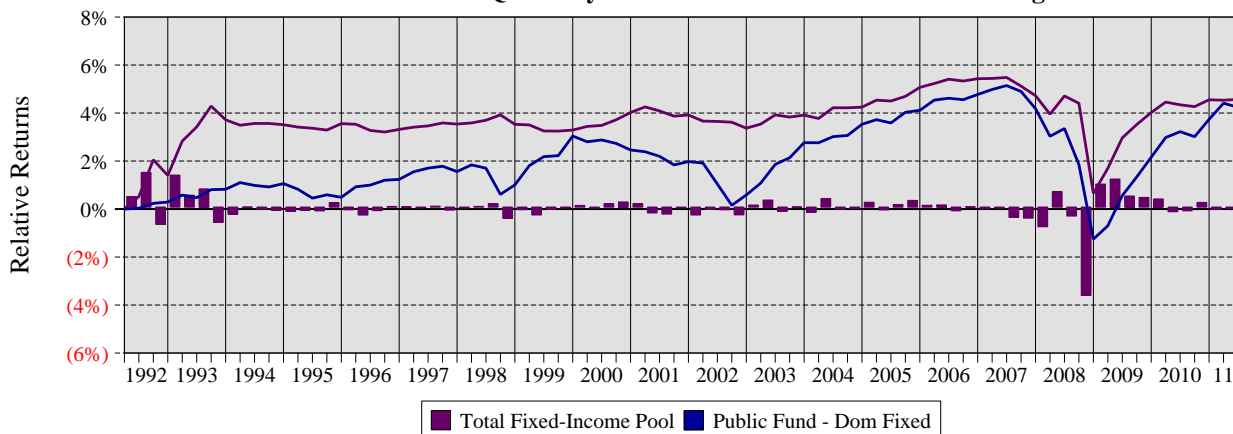
Performance vs Public Fund - Domestic Fixed (Gross)



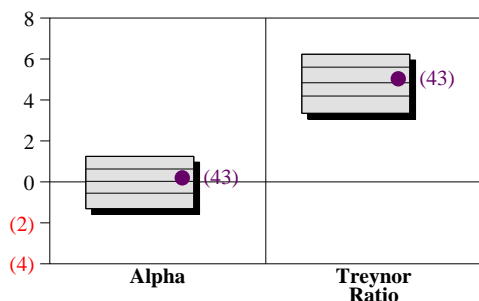
	12/10- 6/11	2010	2009	2008	2007	2006	2005	2004	2003	2002
10th Percentile	4.01	11.11	20.84	5.41	8.36	6.59	4.14	7.49	10.76	10.80
25th Percentile	3.58	9.52	16.94	3.14	7.18	5.41	3.17	5.82	7.78	10.12
Median	3.23	8.43	12.07	(1.64)	6.61	4.68	2.81	4.87	5.01	9.41
75th Percentile	2.89	7.01	8.39	(6.11)	5.71	4.41	2.47	4.32	4.48	7.86
90th Percentile	2.67	6.44	5.75	(10.14)	4.39	4.12	2.09	4.03	3.70	5.56

	12/10- 6/11	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total Fixed-Income Pool ●	2.77	7.48	13.01	(1.09)	6.35	4.69	3.24	4.67	4.65	9.67
Fixed-Income Target ▲	2.75	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

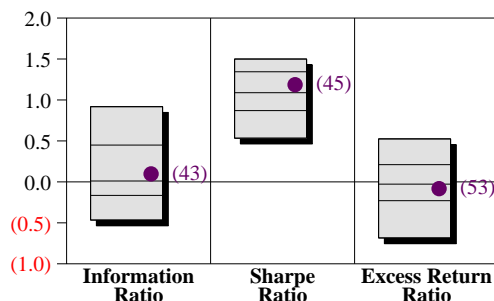


Risk Adjusted Return Measures vs Fixed-Income Target Rankings Against Public Fund - Domestic Fixed (Gross) Five Years Ended June 30, 2011



	Alpha	Treynor Ratio
10th Percentile	1.25	6.23
25th Percentile	0.63	5.60
Median	0.03	4.84
75th Percentile	(0.55)	4.19
90th Percentile	(1.31)	3.35

Total Fixed-Income Pool ●	0.20	5.03
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	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.92	1.50	0.52
25th Percentile	0.45	1.34	0.21
Median	0.01	1.09	(0.03)
75th Percentile	(0.16)	0.87	(0.23)
90th Percentile	(0.47)	0.53	(0.68)

Total Fixed-Income Pool ●	0.10	1.19	(0.08)
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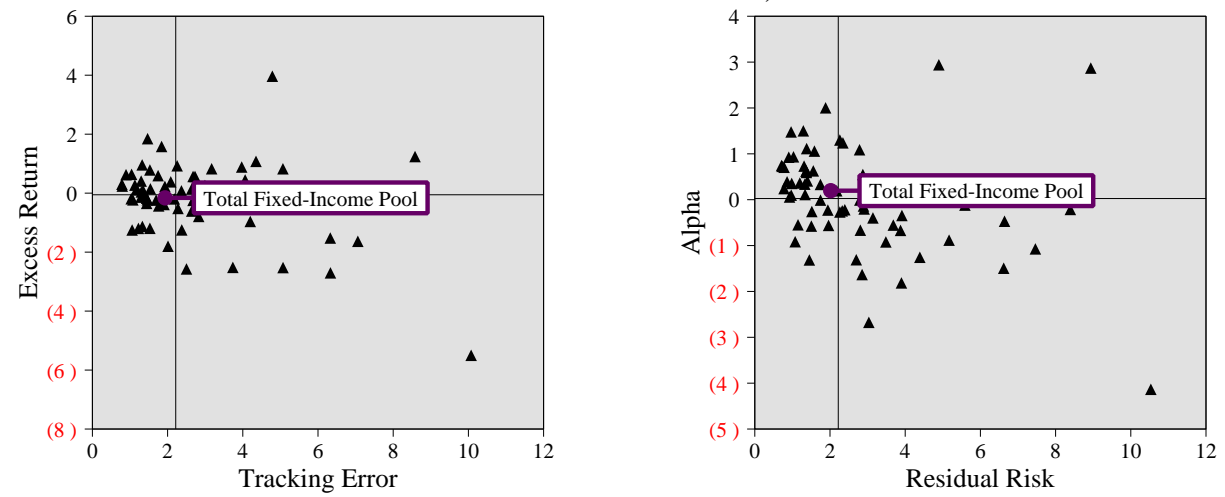


TOTAL FIXED-INCOME POOL RISK ANALYSIS SUMMARY

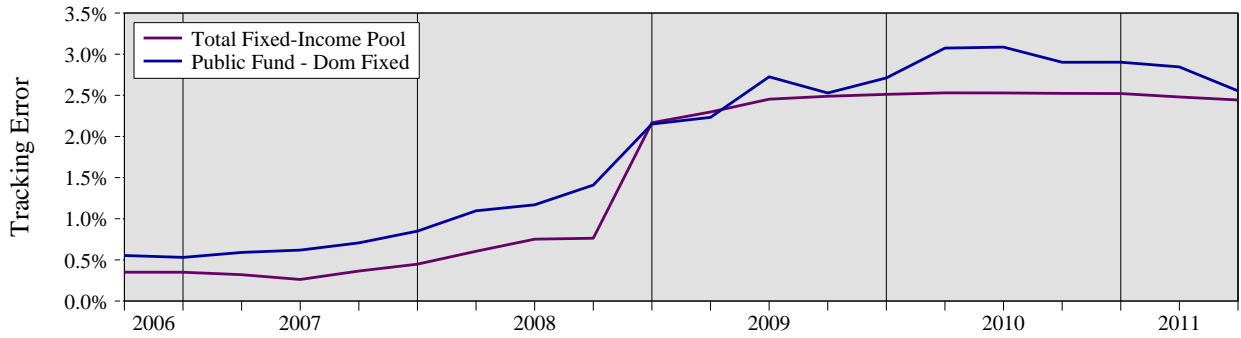
Risk Analysis

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

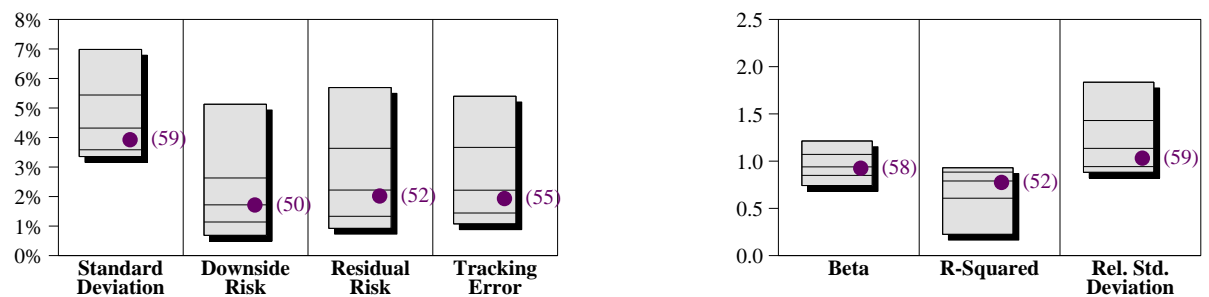
**Risk Analysis vs Public Fund - Domestic Fixed (Gross)
Five Years Ended June 30, 2011**



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 June 30, 2011**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	6.98	5.13	5.69	5.40
25th Percentile	5.44	2.63	3.63	3.67
Median	4.32	1.72	2.22	2.22
75th Percentile	3.58	1.14	1.33	1.44
90th Percentile	3.35	0.69	0.92	1.07

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.21	0.93	1.84
25th Percentile	1.07	0.88	1.43
Median	0.94	0.79	1.14
75th Percentile	0.85	0.61	0.94
90th Percentile	0.74	0.22	0.88

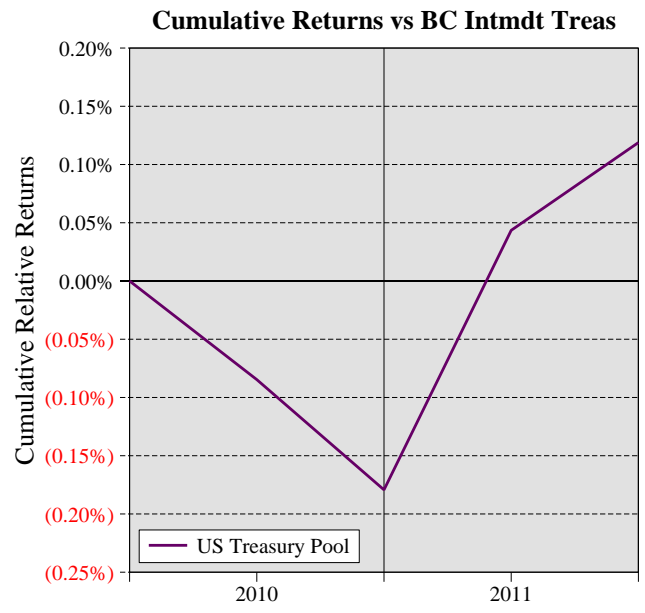
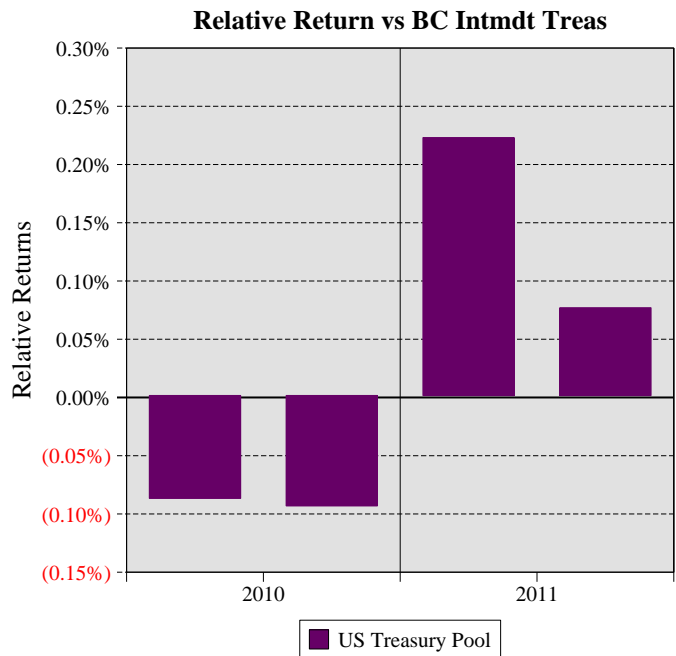
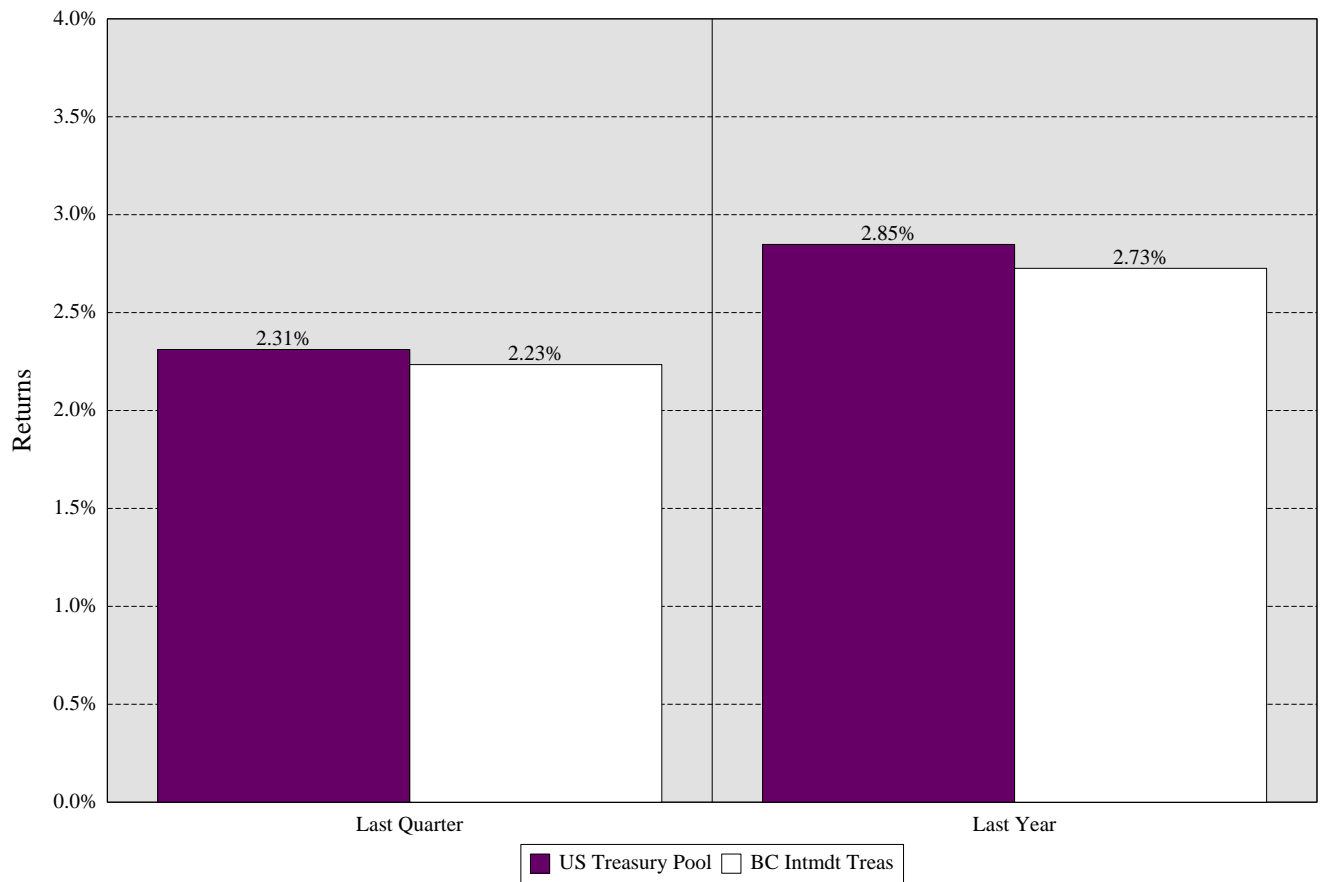
	Standard Deviation	Downside Risk	Residual Risk	Tracking Error	Beta	R-Squared	Rel. Std. Deviation
Total Fixed-Income Pool	3.92	1.71	2.02	1.93	0.93	0.77	1.03



US TREASURY POOL PERIOD ENDED JUNE 30, 2011

Quarterly Summary and Highlights

- US Treasury Pool's portfolio outperformed the BC Intmtd Treas by 0.08% for the quarter and outperformed the BC Intmtd Treas for the year by 0.12%.



MONDRIAN INVESTMENT PARTNERS PERIOD ENDED JUNE 30, 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.

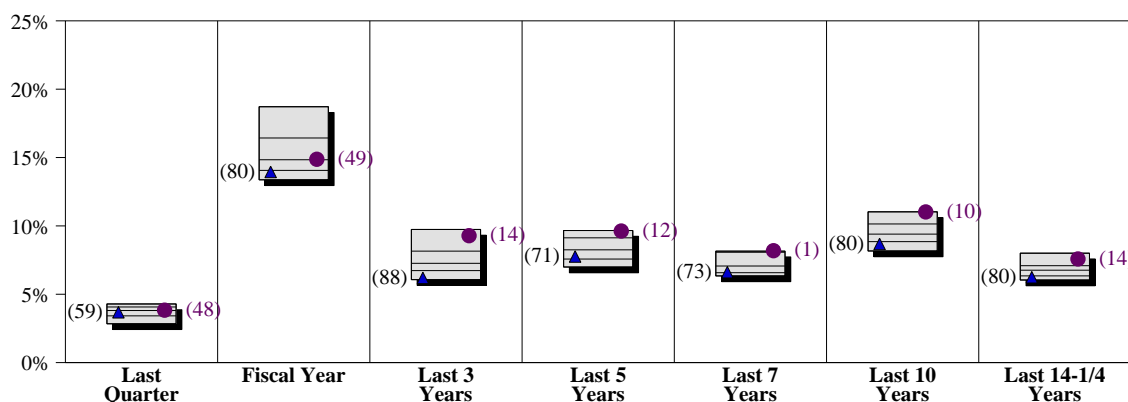
Quarterly Summary and Highlights

- Mondrian Investment Partners's portfolio posted a 3.83% return for the quarter placing it in the 48 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 49 percentile for the last year.
- Mondrian Investment Partners's portfolio outperformed the Citi WGBI Non-US Idx by 0.15% for the quarter and outperformed the Citi WGBI Non-US Idx for the year by 0.93%.

Quarterly Asset Growth

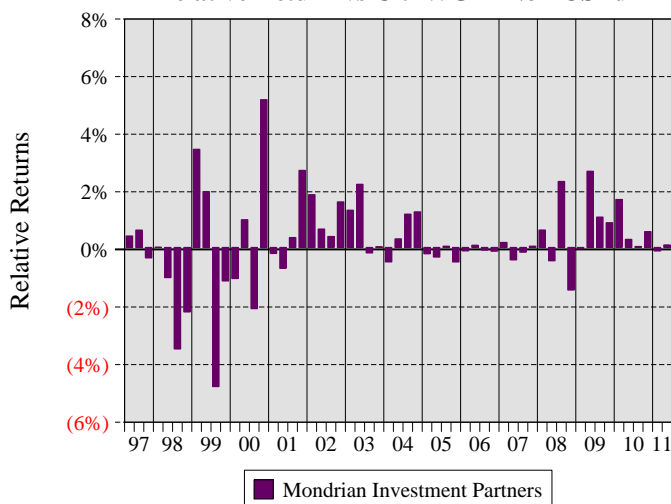
Beginning Market Value	\$362,562,022
Net New Investment	\$0
Investment Gains/(Losses)	\$13,901,551
Ending Market Value	\$376,463,573

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

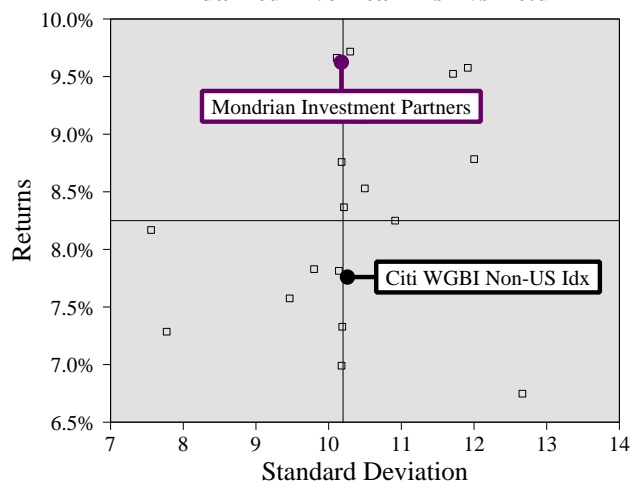


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 14-1/4 Years
10th Percentile	4.29	18.72	9.74	9.66	8.15	11.03	8.00
25th Percentile	4.07	16.43	8.15	9.13	8.07	10.14	7.09
Median	3.81	14.84	7.26	8.25	7.07	9.40	6.76
75th Percentile	3.42	14.06	6.73	7.57	6.58	8.85	6.34
90th Percentile	2.84	13.37	6.07	6.99	6.34	8.17	6.04
Mondrian Investment Partners ●	3.83	14.87	9.28	9.63	8.19	11.02	7.58
Citi WGBI Non-US Idx ▲	3.68	13.95	6.20	7.76	6.61	8.68	6.24

Relative Return vs Citi WGBI Non-US Idx



CAI Non-U.S. Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return



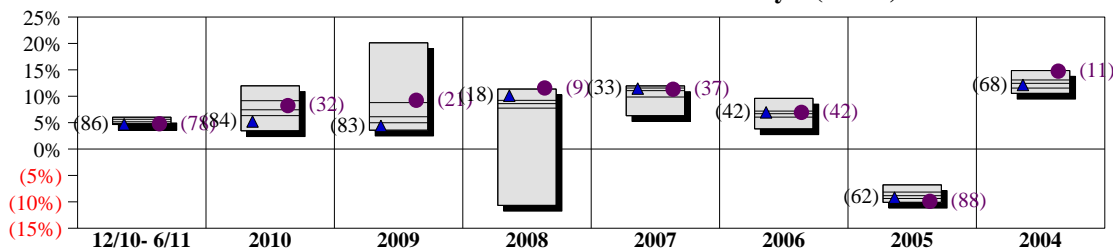
MONDRIAN INVESTMENT PARTNERS RETURN ANALYSIS SUMMARY



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.

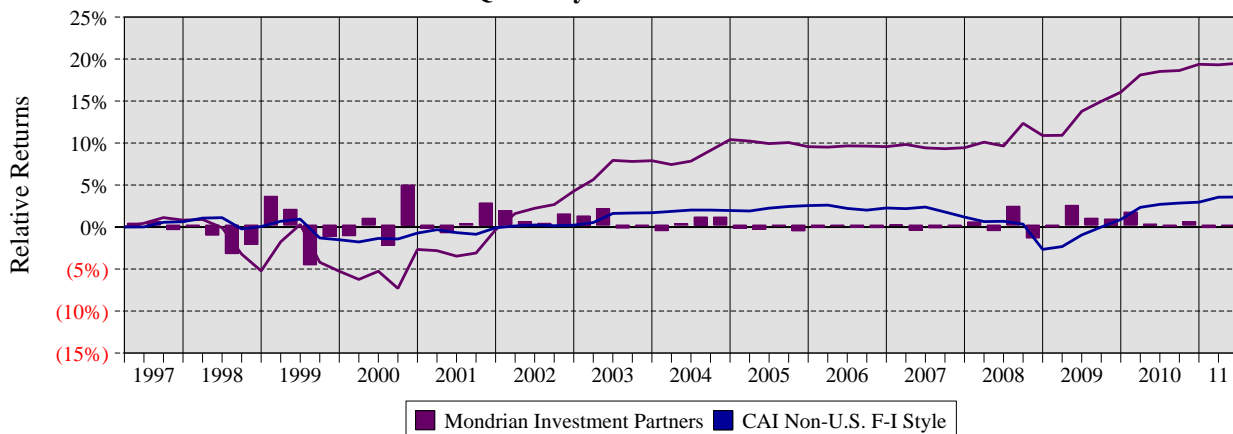
Performance vs CAI Non-U.S. Fixed-Inc Style (Gross)



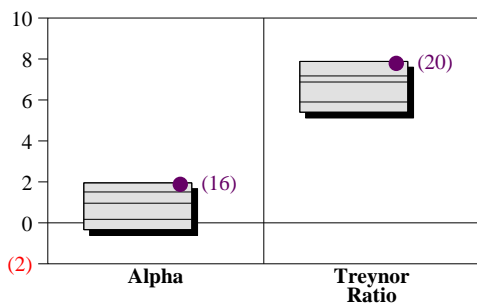
	12/10- 6/11	2010	2009	2008	2007	2006	2005	2004
10th Percentile	6.03	11.97	20.12	11.37	11.96	9.60	(6.78)	14.86
25th Percentile	5.64	9.16	8.79	9.22	11.56	7.18	(8.15)	13.08
Median	5.16	7.43	6.12	8.60	11.06	6.69	(8.83)	12.45
75th Percentile	4.84	6.33	4.98	7.75	9.85	6.04	(9.36)	11.54
90th Percentile	4.64	3.45	3.56	(10.67)	6.31	3.82	(10.09)	10.54

	12/10- 6/11	2010	2009	2008	2007	2006	2005	2004
Mondrian Investment Partners ●	4.79	8.23	9.24	11.57	11.33	6.95	(9.90)	14.75
Citi WGBI Non-US Idx ▲	4.69	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

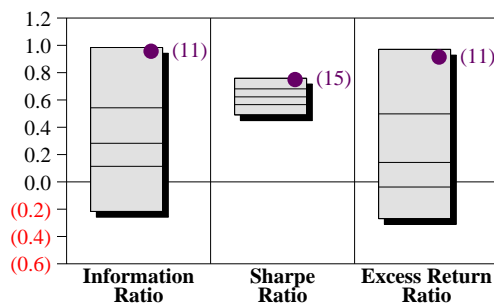


Risk Adjusted Return Measures vs Citi WGBI Non-US Idx Rankings Against CAI Non-U.S. Fixed-Inc Style (Gross) Five Years Ended June 30, 2011



	Alpha	Treynor Ratio
10th Percentile	1.95	7.88
25th Percentile	1.51	7.17
Median	0.96	6.88
75th Percentile	0.17	5.90
90th Percentile	(0.33)	5.40

Mondrian Investment Partners ●	1.88	7.79
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	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.98	0.76	0.97
25th Percentile	0.54	0.68	0.50
Median	0.28	0.62	0.14
75th Percentile	0.11	0.57	(0.04)
90th Percentile	(0.22)	0.49	(0.27)

Mondrian Investment Partners ●	0.96	0.75	0.91
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HIGH YIELD COMPOSITE PERIOD ENDED JUNE 30, 2011

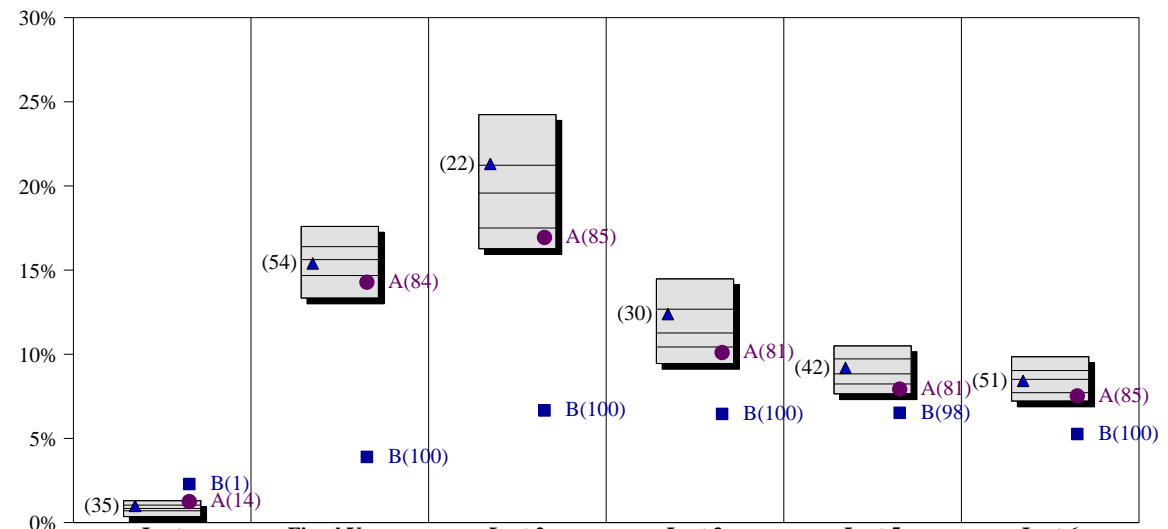
Quarterly Summary and Highlights

- High Yield Composite's portfolio posted a 1.25% return for the quarter placing it in the 14 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 84 percentile for the last year.
- High Yield Composite's portfolio outperformed the High Yield Target by 0.26% for the quarter and underperformed the High Yield Target for the year by 1.12%.

Quarterly Asset Growth

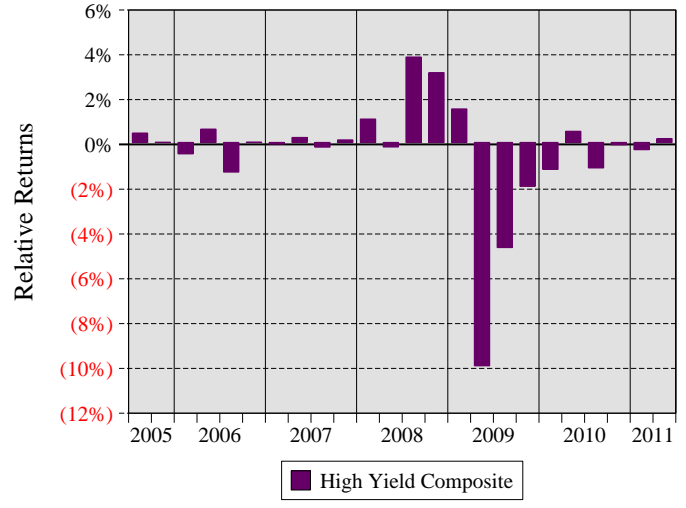
Beginning Market Value	\$401,129,880
Net New Investment	\$0
Investment Gains/(Losses)	\$5,019,257
Ending Market Value	\$406,149,137

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

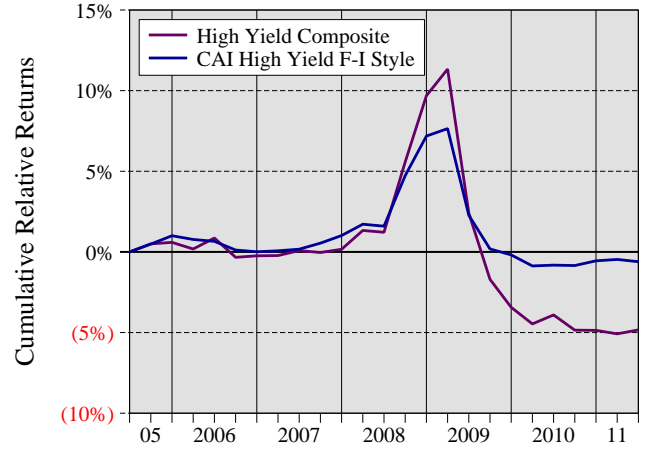


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6 Years
10th Percentile	1.30	17.59	24.24	14.48	10.50	9.85
25th Percentile	1.04	16.39	21.23	12.68	9.73	9.03
Median	0.84	15.62	19.58	11.27	8.84	8.51
75th Percentile	0.70	14.68	17.50	10.43	8.24	7.72
90th Percentile	0.36	13.34	16.27	9.45	7.65	7.22
High Yield Composite	● A 1.25	14.28	16.94	10.10	7.93	7.53
BC Aggregate Index	■ B 2.29	3.90	6.66	6.46	6.52	5.26
High Yield Target	▲ 0.99	15.40	21.31	12.39	9.19	8.42

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target



MACKAY SHIELDS PERIOD ENDED JUNE 30, 2011



Investment Philosophy

Target: ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

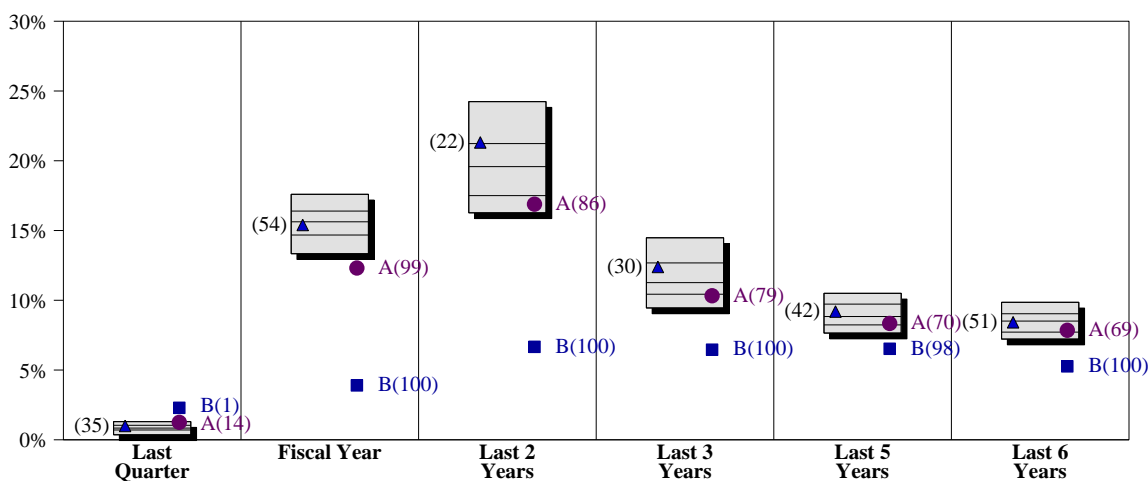
Quarterly Summary and Highlights

- MacKay Shields's portfolio posted a 1.25% return for the quarter placing it in the 14 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 outperformed the High Yield Target by 0.26% for the quarter and underperformed the High Yield Target for the year by 3.09%.

Quarterly Asset Growth

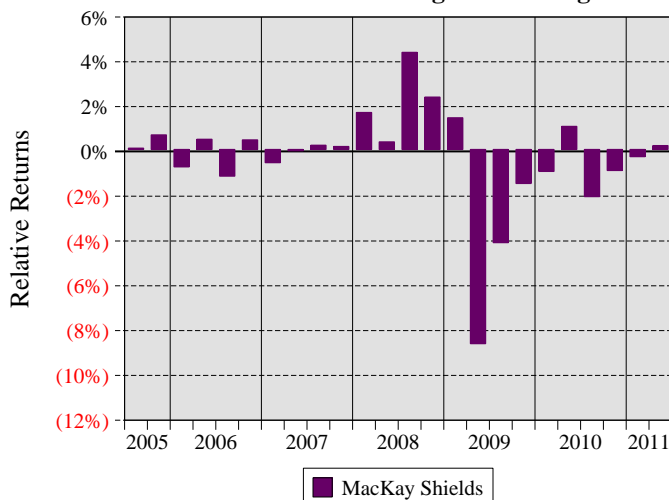
Beginning Market Value	\$401,129,880
Net New Investment	\$0
Investment Gains/(Losses)	\$5,019,257
Ending Market Value	\$406,149,137

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

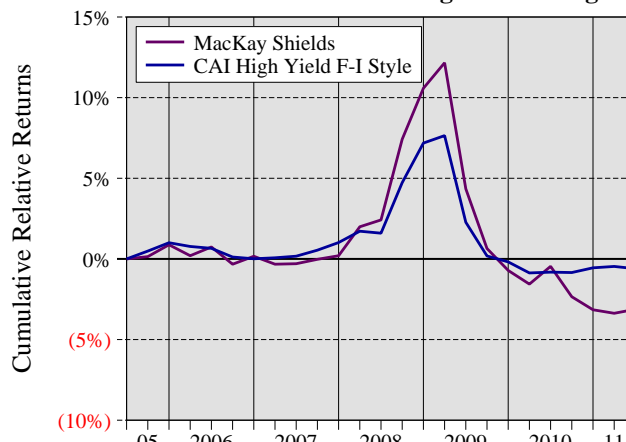


10th Percentile	1.30	17.59	24.24	14.48	10.50	9.85
25th Percentile	1.04	16.39	21.23	12.68	9.73	9.03
Median	0.84	15.62	19.58	11.27	8.84	8.51
75th Percentile	0.70	14.68	17.50	10.43	8.24	7.72
90th Percentile	0.36	13.34	16.27	9.45	7.65	7.22
MacKay Shields	● A	1.25	12.31	10.32	8.34	7.85
BC Aggregate Index	■ B	2.29	3.90	6.46	6.52	5.26
High Yield Target	▲	0.99	15.40	12.39	9.19	8.42

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target

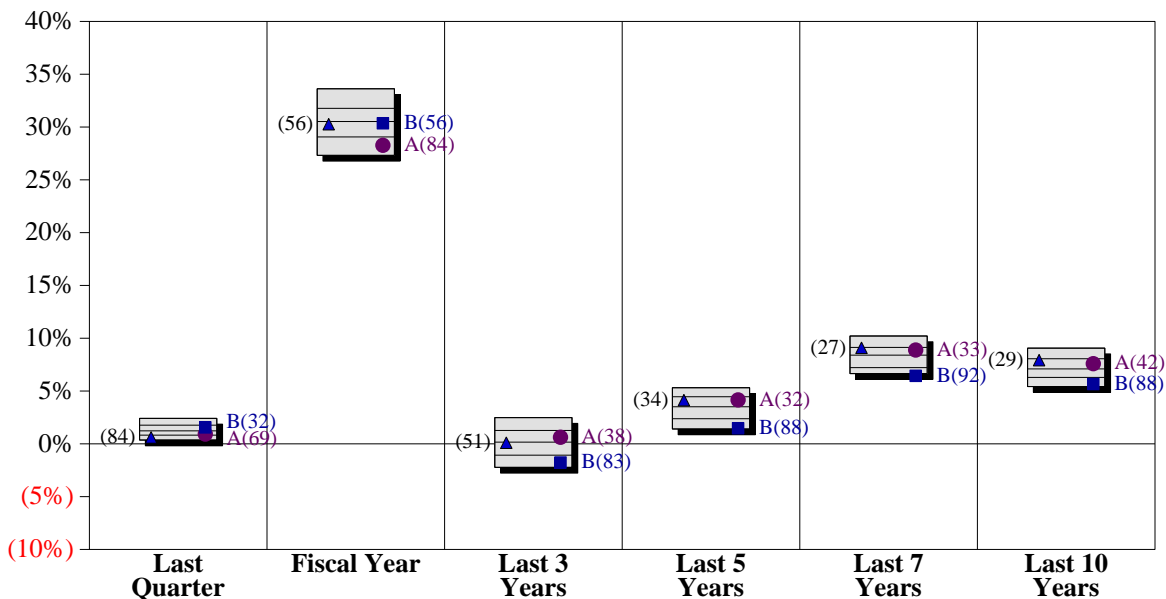




TOTAL INTERNATIONAL EQUITY PERIOD ENDED JUNE 30, 2011

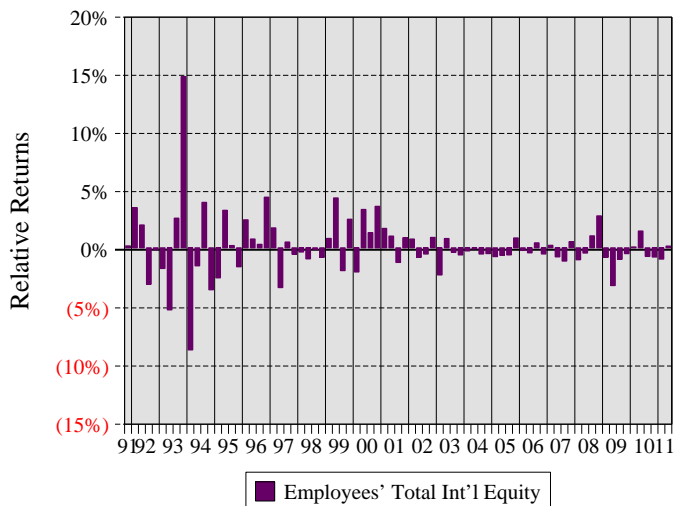
- ### Quarterly Summary and Highlights
- Employees' Total Int'l Equity's portfolio posted a 0.92% return for the quarter placing it in the 69 percentile of the Public Fund - International Equity group for the quarter and in the 84 percentile for the last year.
 - Employees' Total Int'l Equity's portfolio outperformed the MSCI ACWI ex-US Index by 0.32% for the quarter and underperformed the MSCI ACWI ex-US Index for the year by 2.00%.

Performance vs Public Fund - International Equity (Gross)

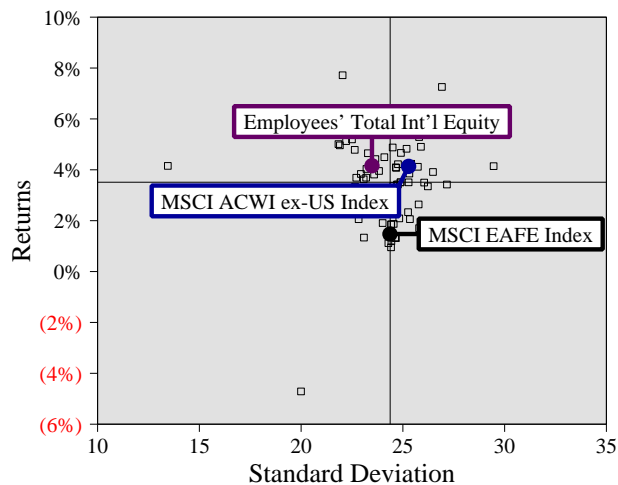


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.41	33.62	2.48	5.31	10.21	9.06
25th Percentile	1.77	31.77	1.27	4.46	9.13	8.06
Median	1.23	30.52	0.16	3.51	8.40	7.10
75th Percentile	0.82	29.06	(1.07)	2.38	7.22	6.29
90th Percentile	0.36	27.32	(2.23)	1.41	6.65	5.42
Employees' Total Int'l Equity MSCI EAFE Index	● A 0.92	28.27	0.62	4.16	8.88	7.59
	■ B 1.56	30.36	(1.77)	1.48	6.44	5.66
MSCI ACWI ex-US Index	▲ 0.61	30.27	0.11	4.14	9.09	7.92

Relative Return vs MSCI ACWI ex-US Index



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

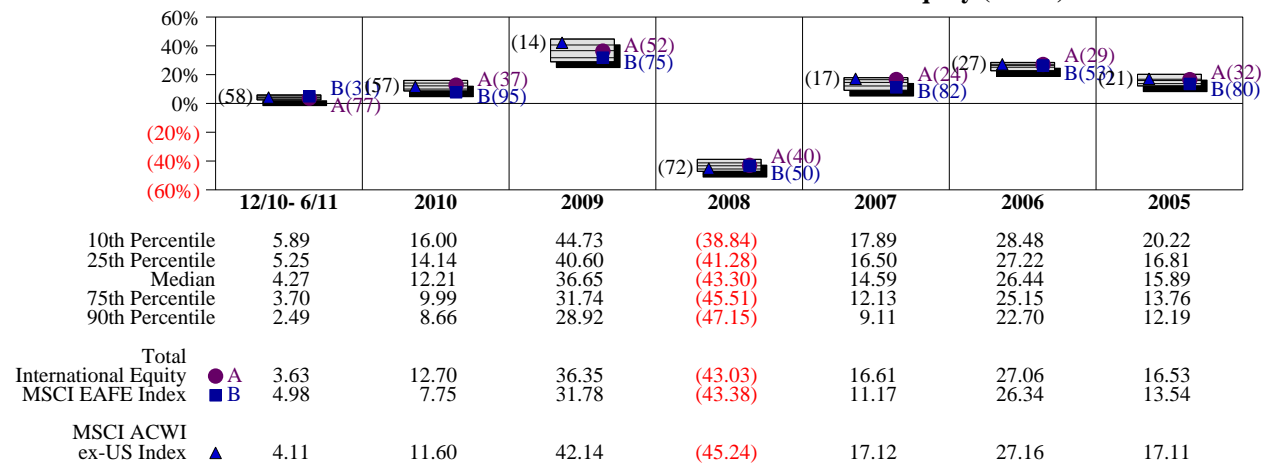


TOTAL INTERNATIONAL EQUITY RETURN ANALYSIS SUMMARY

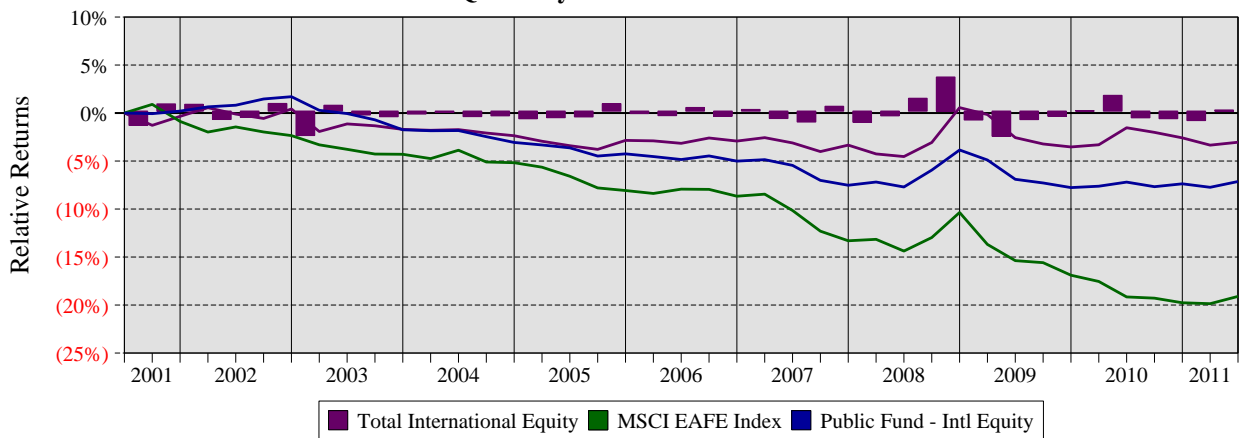
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

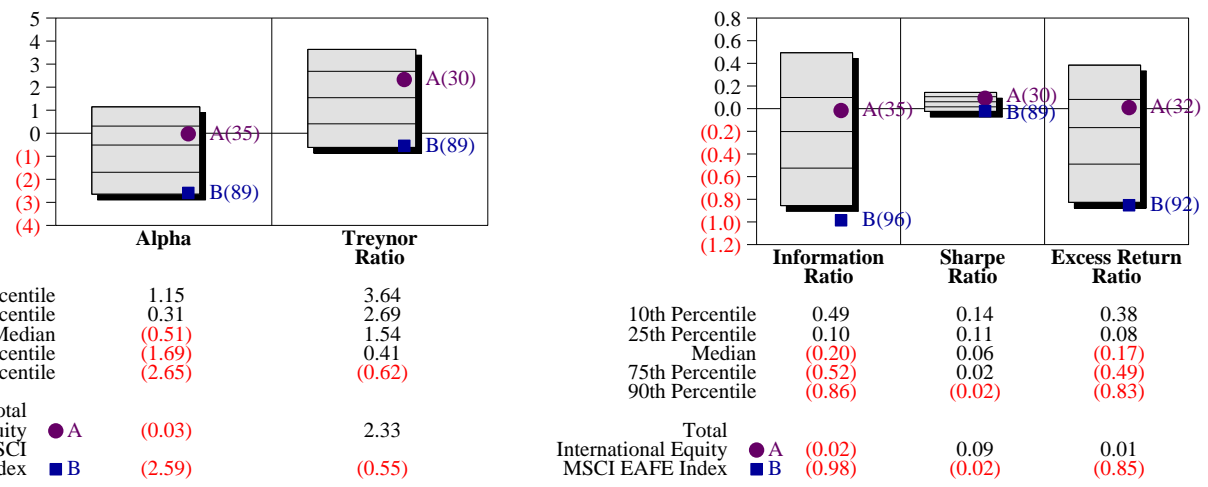
Performance vs Public Fund - International Equity (Gross)



Cumulative and Quarterly Relative Return vs MSCI ACWI ex-US Index



Risk Adjusted Return Measures vs MSCI ACWI ex-US Index Rankings Against Public Fund - International Equity (Gross) Five Years Ended June 30, 2011



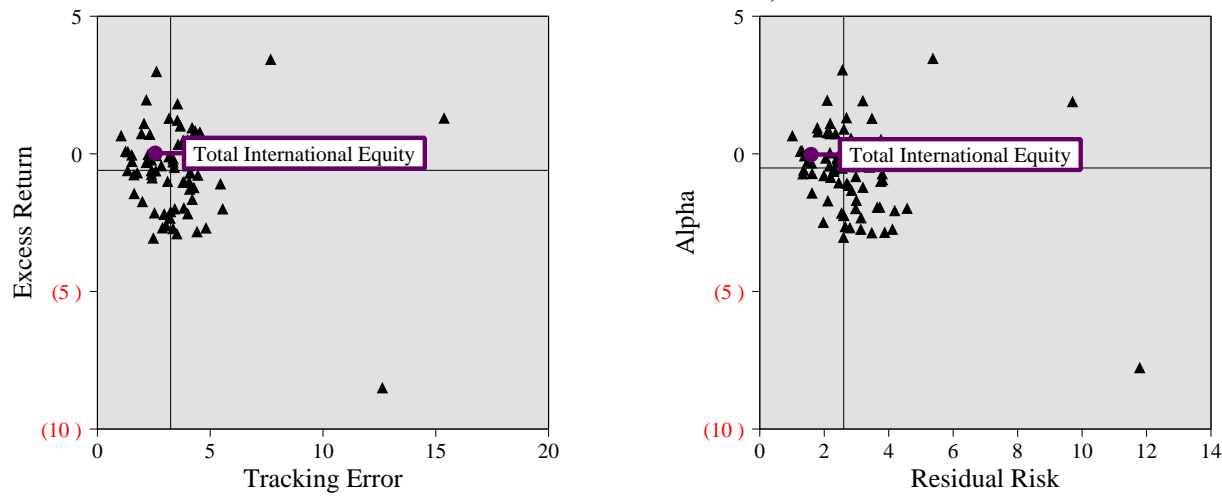


TOTAL INTERNATIONAL EQUITY RISK ANALYSIS SUMMARY

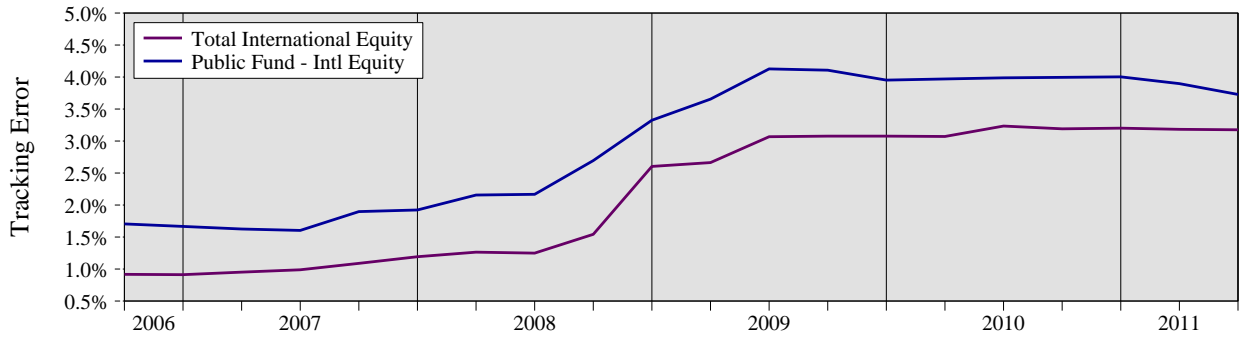
Risk Analysis

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.

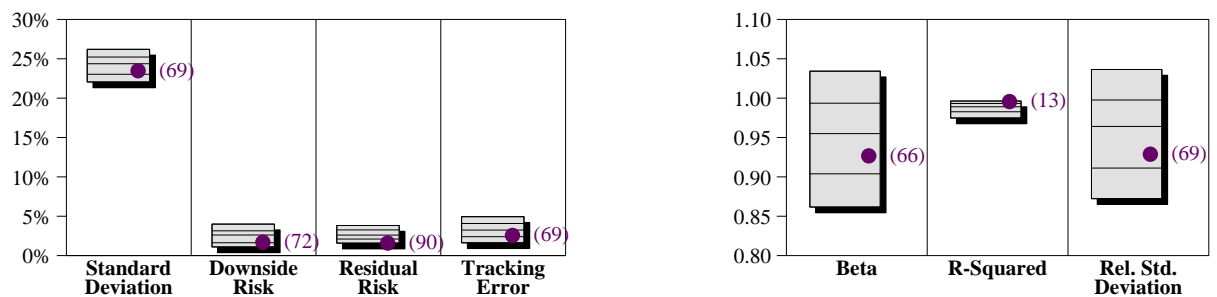
**Risk Analysis vs Public Fund - International Equity (Gross)
Five Years Ended June 30, 2011**



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 June 30, 2011**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	26.20	4.00	3.82	4.94
25th Percentile	25.22	3.15	3.26	4.08
Median	24.37	2.62	2.60	3.25
75th Percentile	23.04	1.63	2.10	2.40
90th Percentile	22.05	1.10	1.58	1.63

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.03	1.00	1.04
25th Percentile	0.99	0.99	1.00
Median	0.95	0.99	0.96
75th Percentile	0.90	0.98	0.91
90th Percentile	0.86	0.97	0.87

Total International Equity ● 23.48 1.69 1.59 2.56

Total International Equity ● 0.93 1.00 0.93

INTERNATIONAL EQUITY (EX EMERGING MARKETS) PERIOD ENDED JUNE 30, 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.

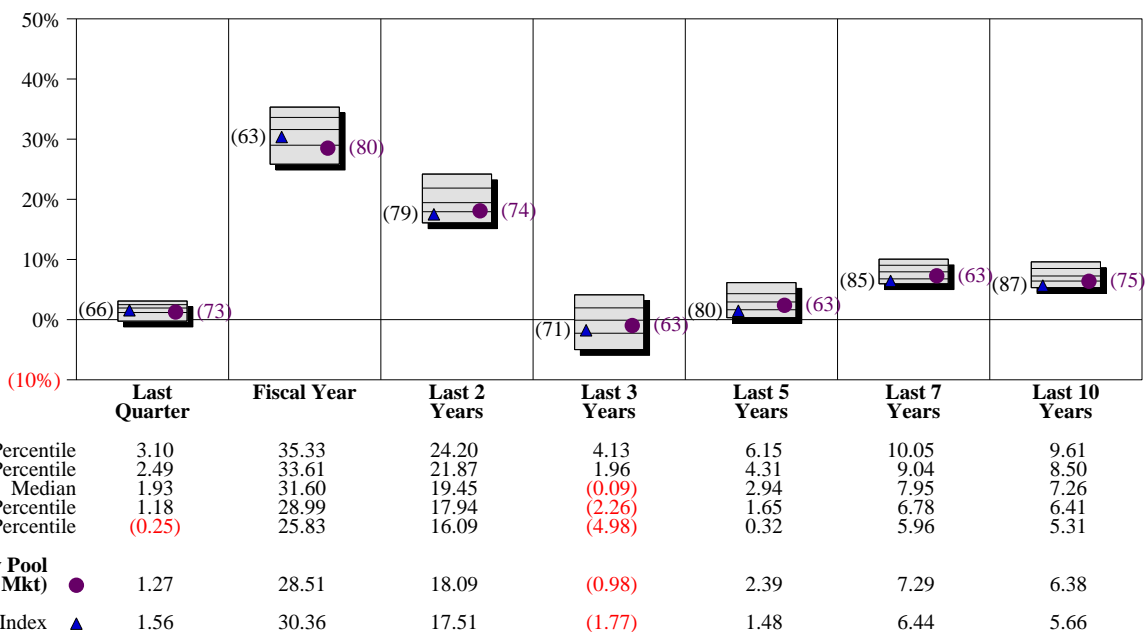
Quarterly Summary and Highlights

- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio posted a 1.27% return for the quarter placing it in the 73 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 80 percentile for the last year.
- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio underperformed the MSCI EAFE Index by 0.29% for the quarter and underperformed the MSCI EAFE Index for the year by 1.85%.

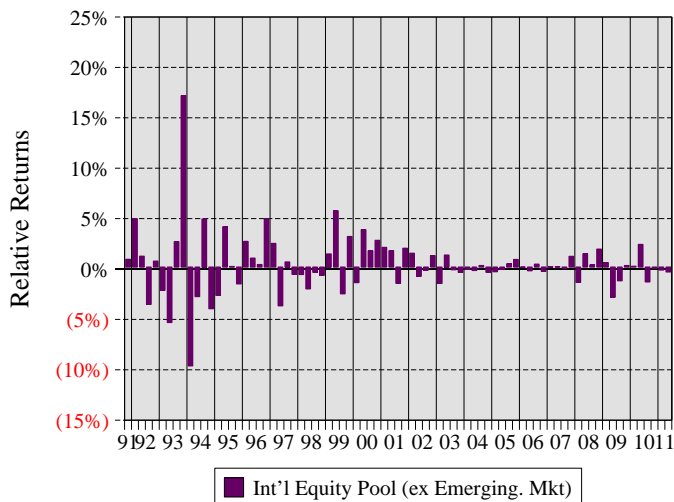
Quarterly Asset Growth

Beginning Market Value	\$1,582,700,274
Net New Investment	\$-34,084,913
Investment Gains/(Losses)	\$20,408,610
Ending Market Value	\$1,569,023,971

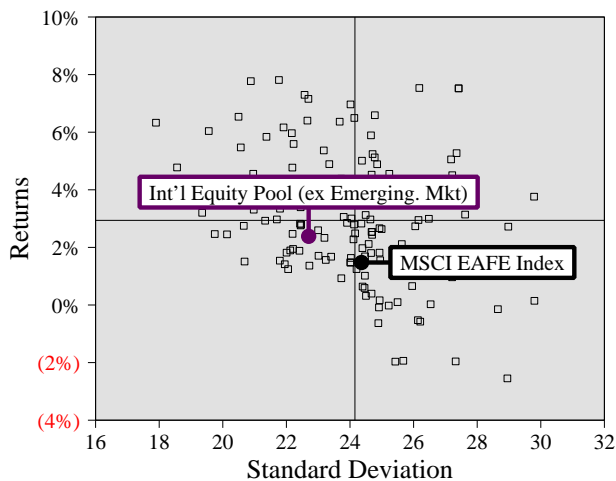
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



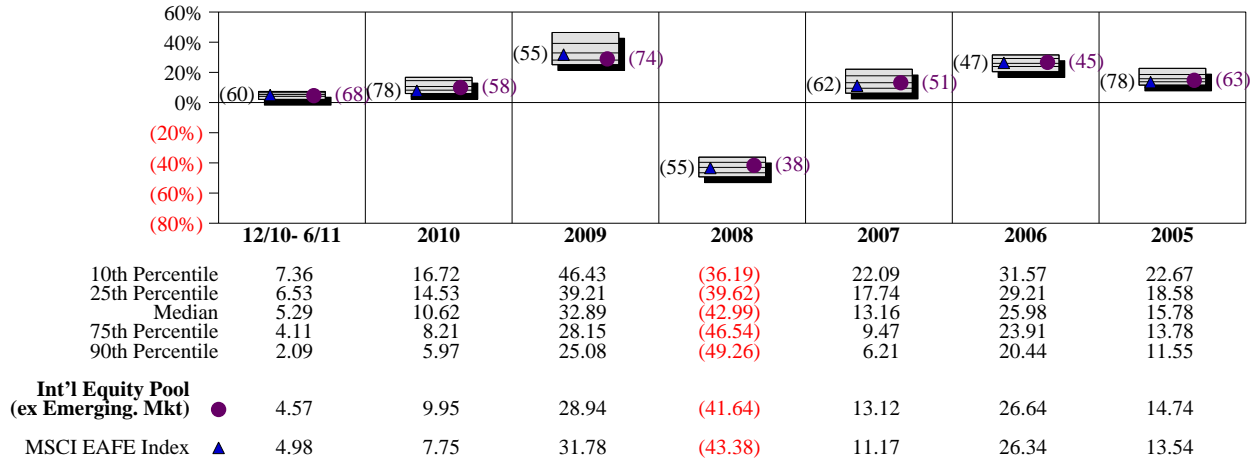
INT'L EQUITY POOL (EX EMERGING. MKT) RETURN ANALYSIS SUMMARY



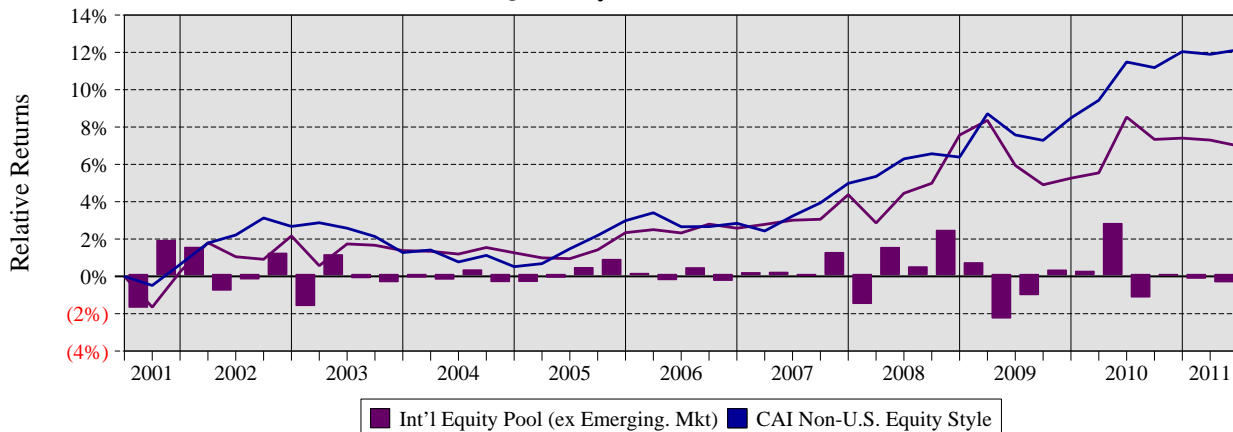
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

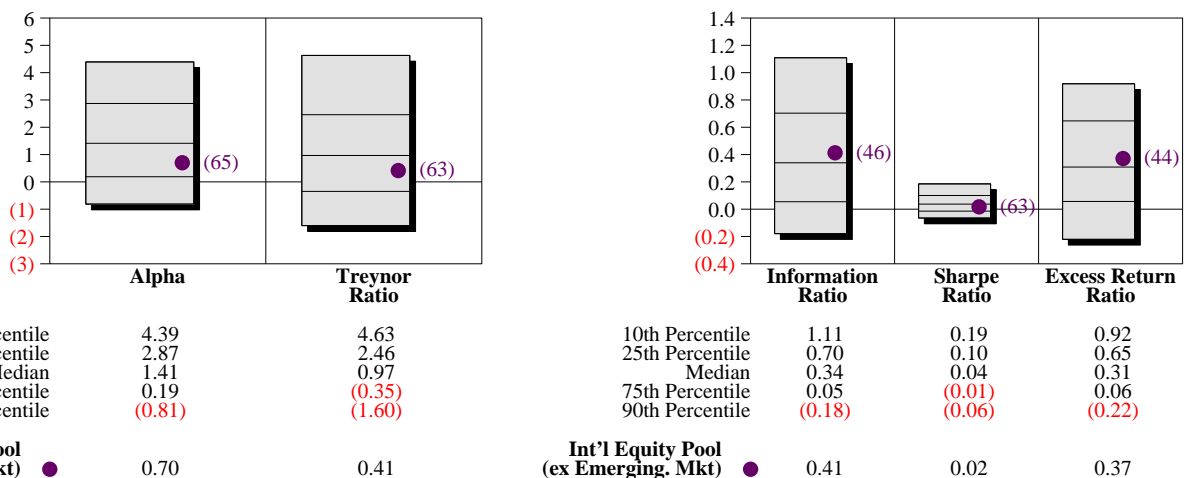
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended June 30, 2011



BRANDES INVESTMENT PARTNERS PERIOD ENDED JUNE 30, 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.

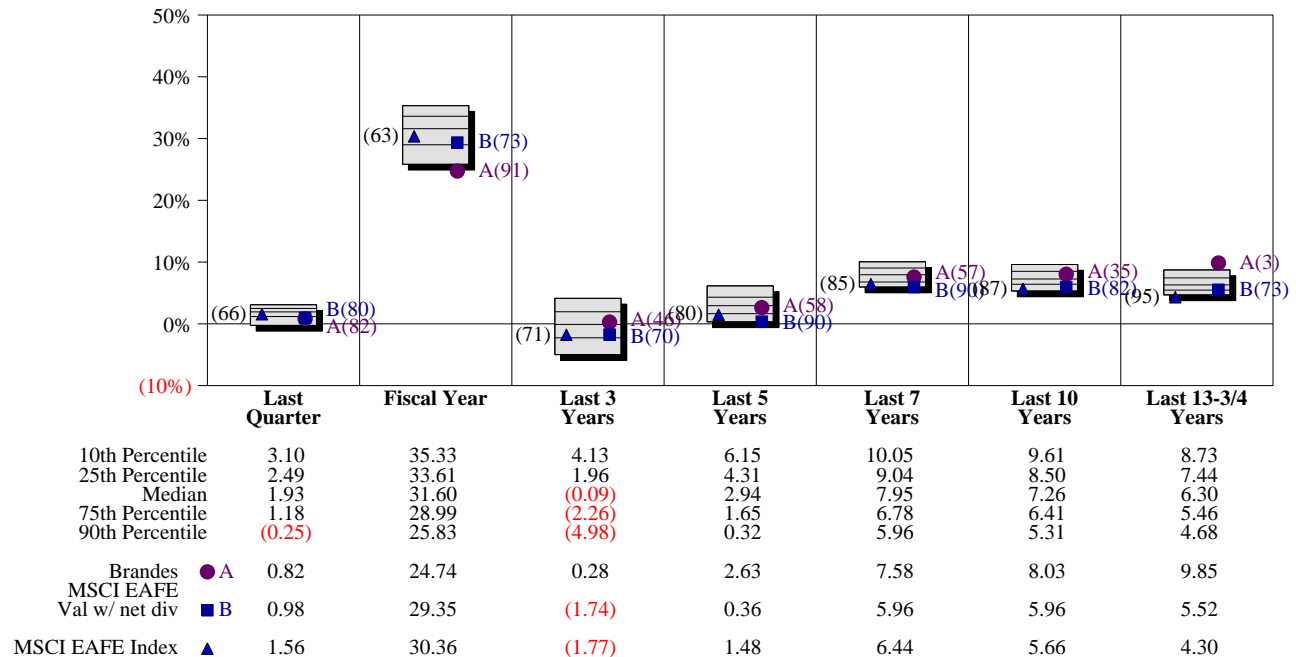
Quarterly Summary and Highlights

- Brandes's portfolio posted a 0.82% return for the quarter placing it in the 82 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 91 percentile for the last year.
- Brandes's portfolio underperformed the MSCI EAFE Index by 0.74% for the quarter and underperformed the MSCI EAFE Index for the year by 5.62%.

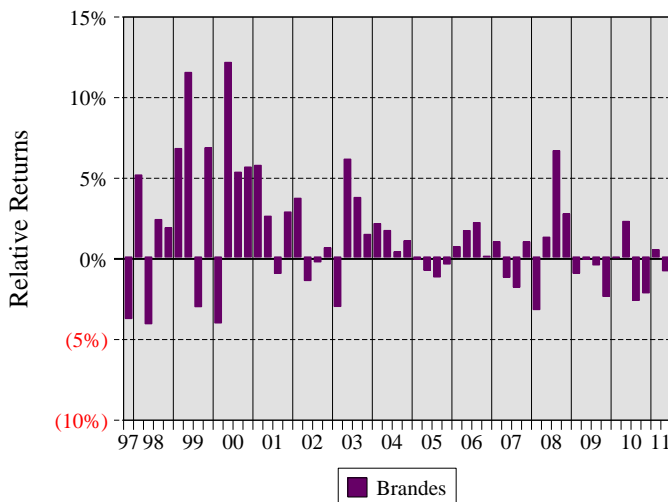
Quarterly Asset Growth

Beginning Market Value	\$831,390,740
Net New Investment	\$32,128
Investment Gains/(Losses)	\$6,831,025
Ending Market Value	\$838,253,893

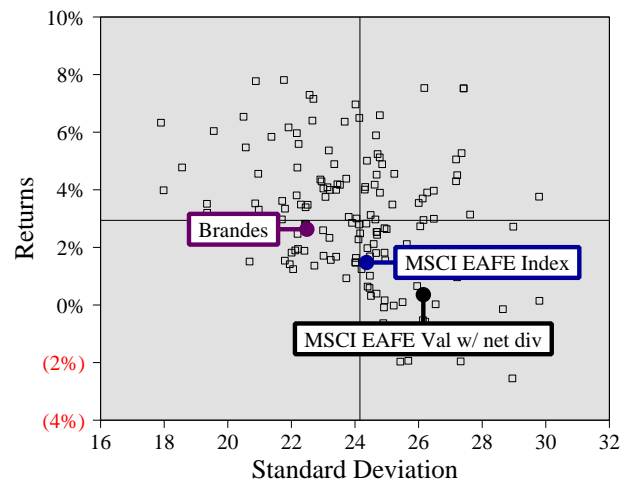
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



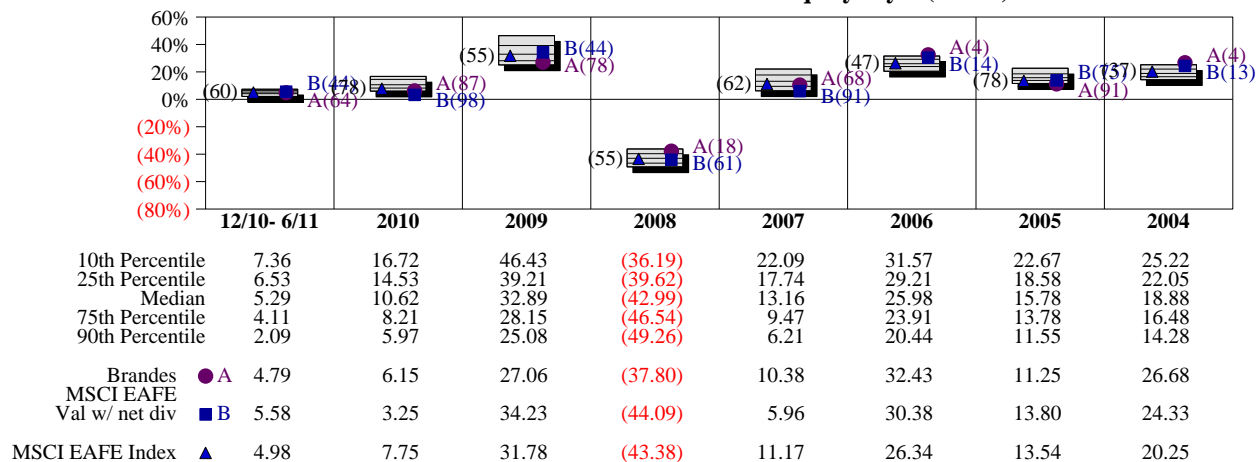


BRANDES RETURN ANALYSIS SUMMARY

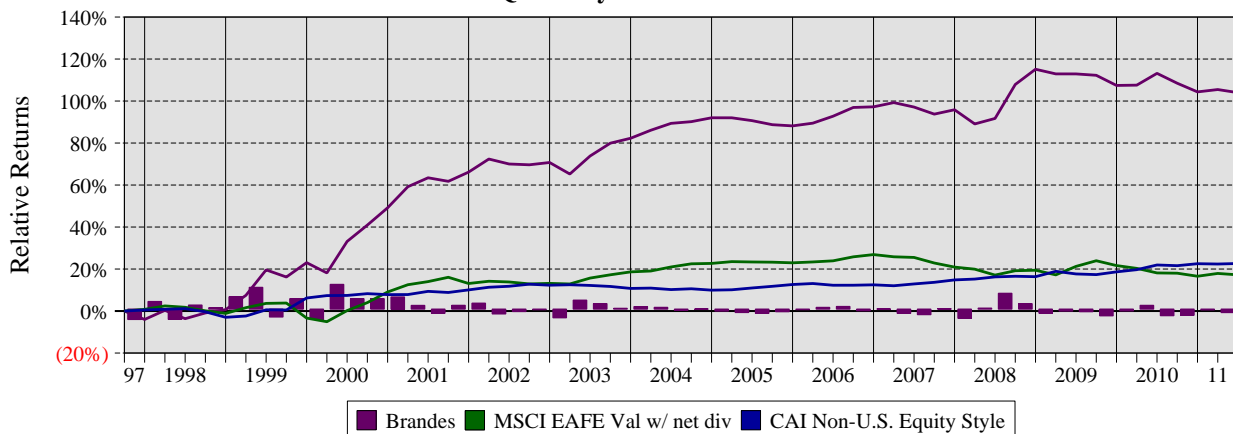
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

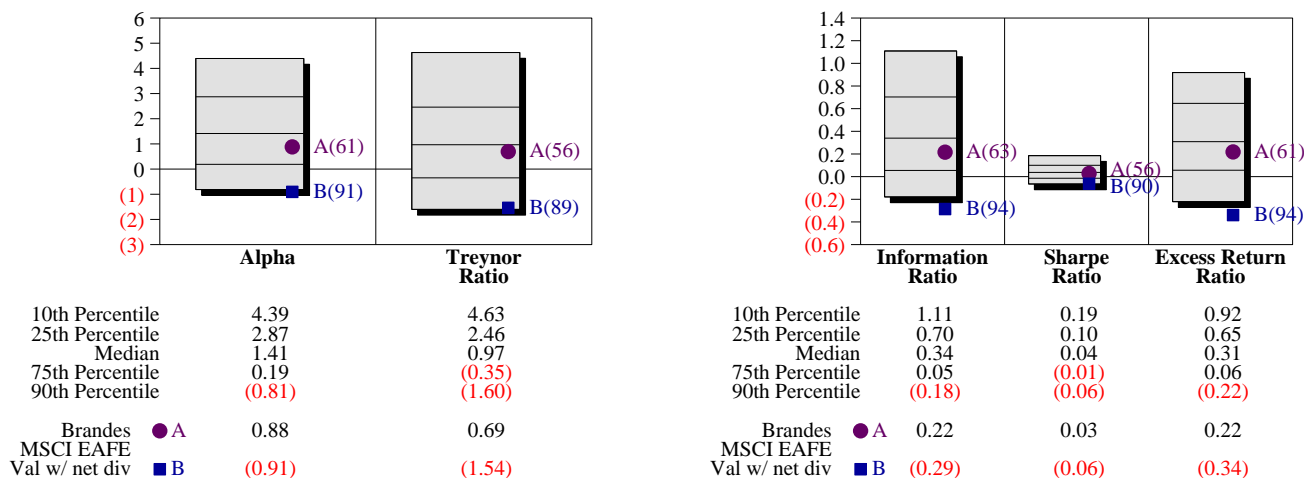
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended June 30, 2011



CAPITAL GUARDIAN PERIOD ENDED JUNE 30, 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.

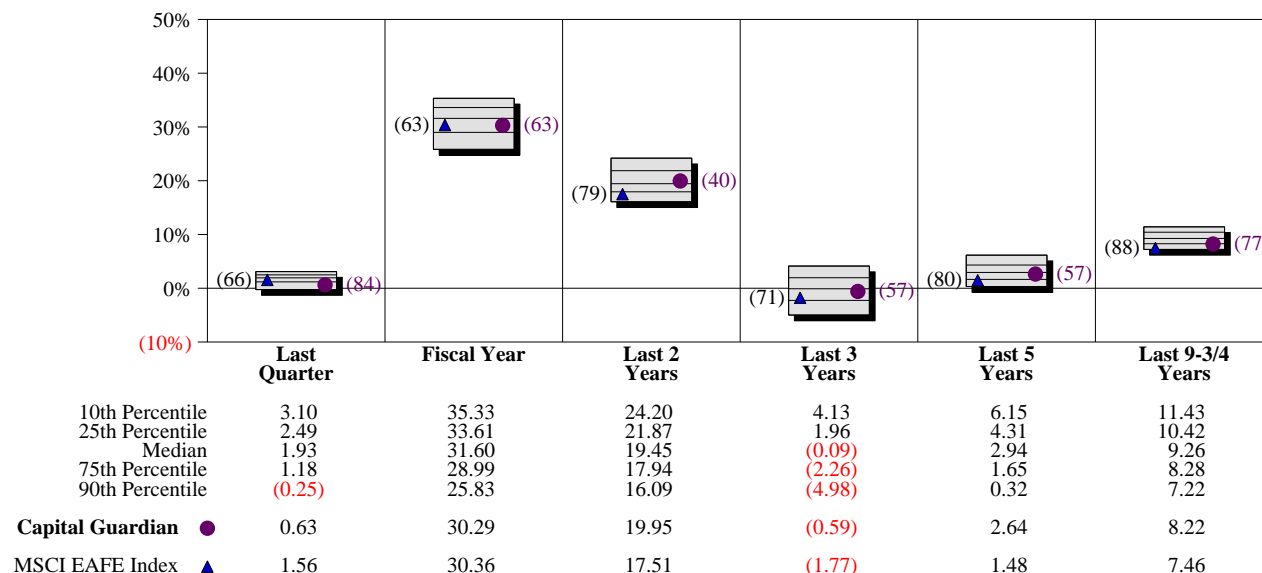
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a 0.63% return for the quarter placing it in the 84 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 63 percentile for the last year.
- Capital Guardian's portfolio underperformed the MSCI EAFE Index by 0.93% for the quarter and underperformed the MSCI EAFE Index for the year by 0.07%.

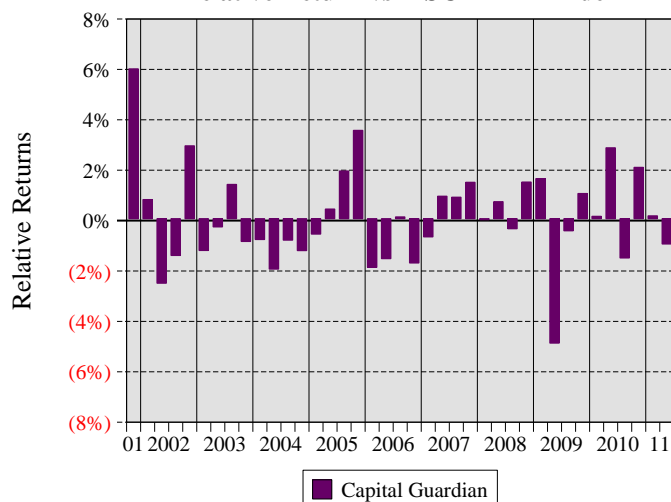
Quarterly Asset Growth

Beginning Market Value	\$639,595,109
Net New Investment	\$0
Investment Gains/(Losses)	\$4,034,757
Ending Market Value	\$643,629,866

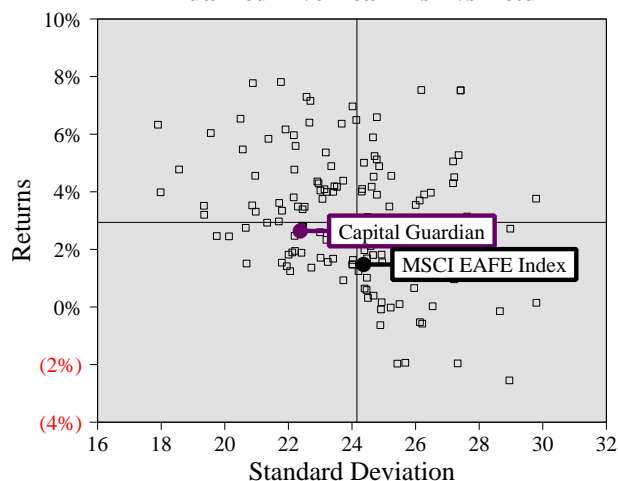
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



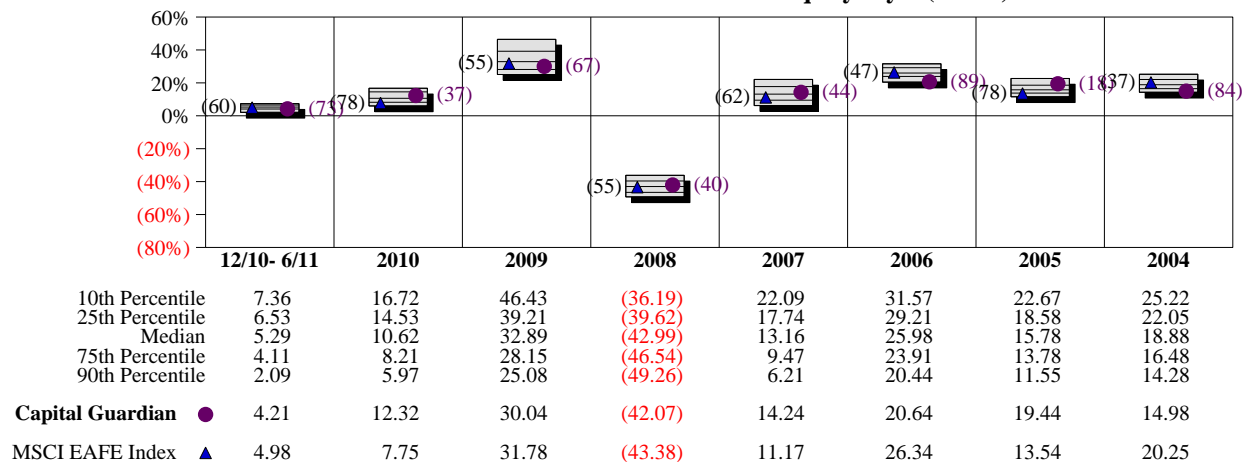


CAPITAL GUARDIAN RETURN ANALYSIS SUMMARY

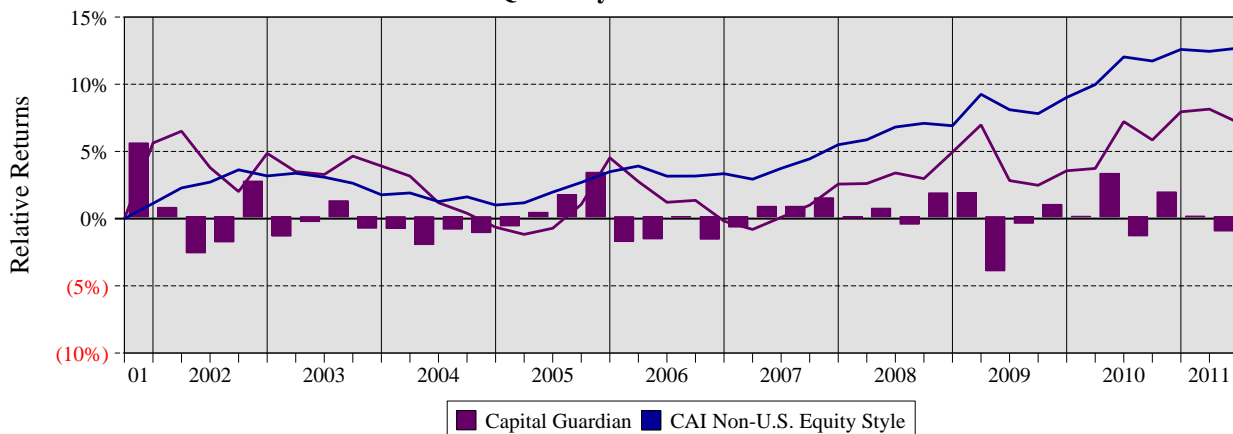
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

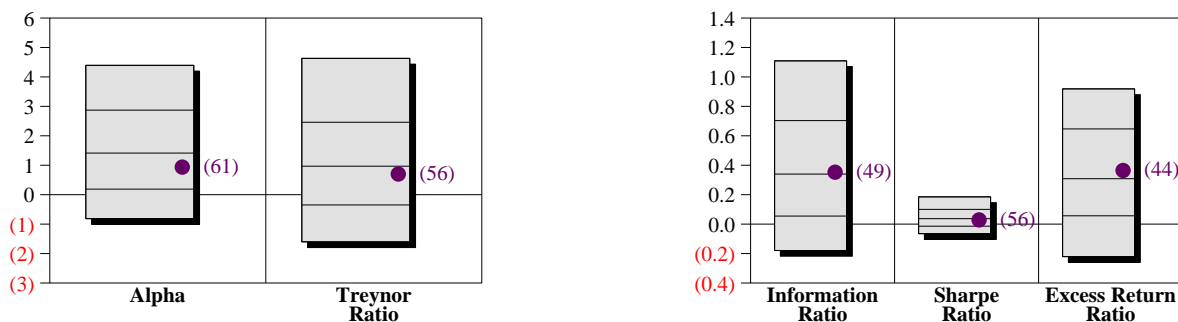
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended June 30, 2011



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.39	4.63	1.11	0.19	0.92
25th Percentile	2.87	2.46	0.70	0.10	0.65
Median	1.41	0.97	0.34	0.04	0.31
75th Percentile	0.19	(0.35)	0.05	(0.01)	0.06
90th Percentile	(0.81)	(1.60)	(0.18)	(0.06)	(0.22)
Capital Guardian	0.94	0.70	0.35	0.03	0.36

LAZARD ASSET MANAGEMENT PERIOD ENDED JUNE 30, 2011



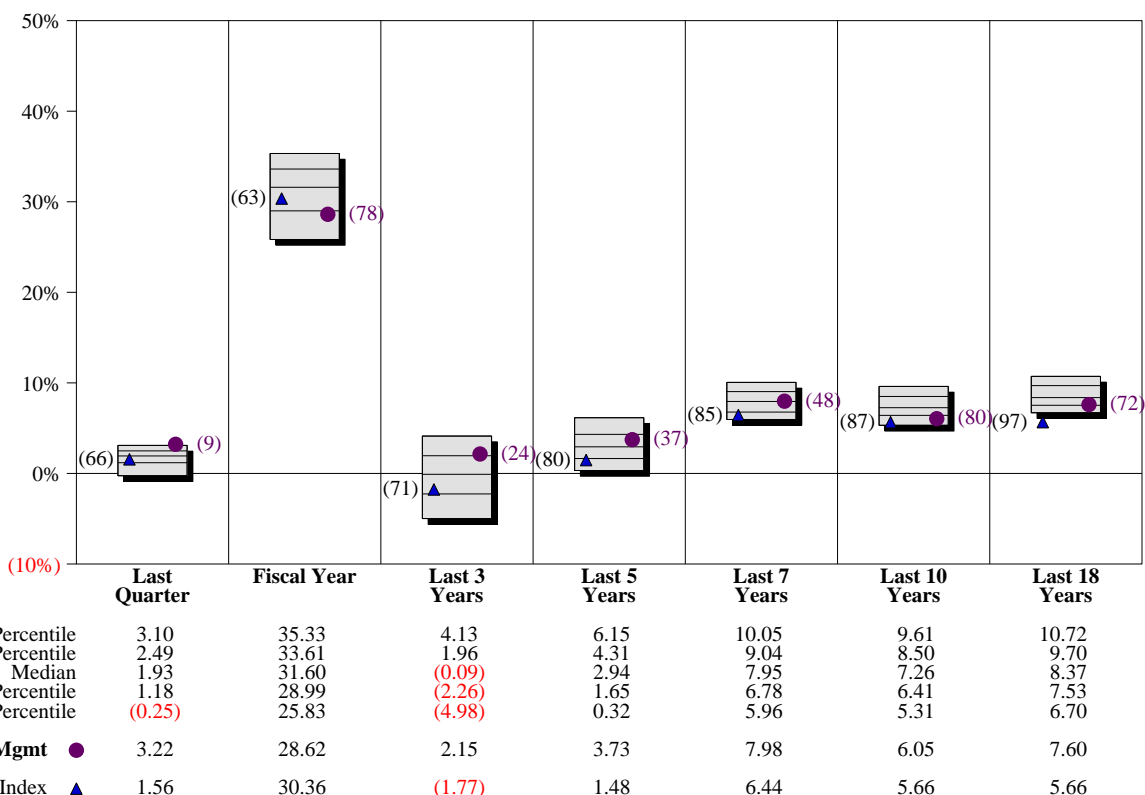
Quarterly Summary and Highlights

- Lazard Asset Mgmt's portfolio posted a 3.22% return for the quarter placing it in the 9 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 78 percentile for the last year.
- Lazard Asset Mgmt's portfolio outperformed the MSCI EAFE Index by 1.66% for the quarter and underperformed the MSCI EAFE Index for the year by 1.74%.

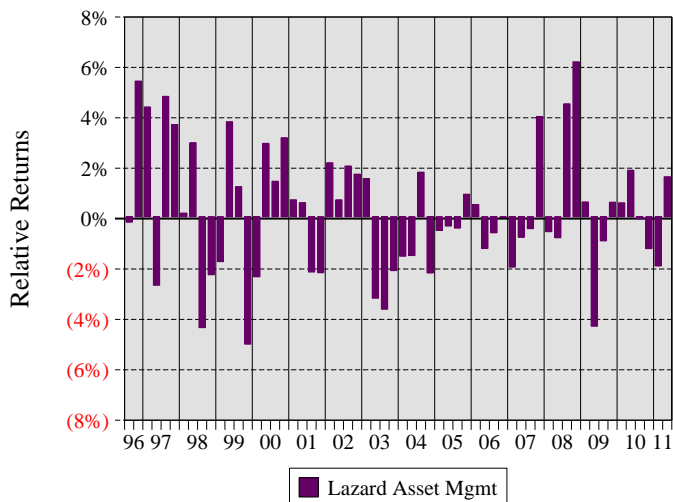
Quarterly Asset Growth

Beginning Market Value	\$449,847,471
Net New Investment	\$0
Investment Gains/(Losses)	\$14,478,723
Ending Market Value	\$464,326,193

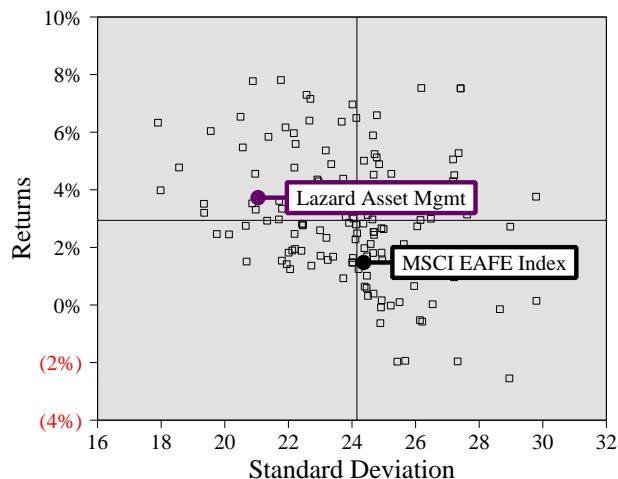
Performance vs CAI Non-U.S. Equity Style (Gross)



Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return



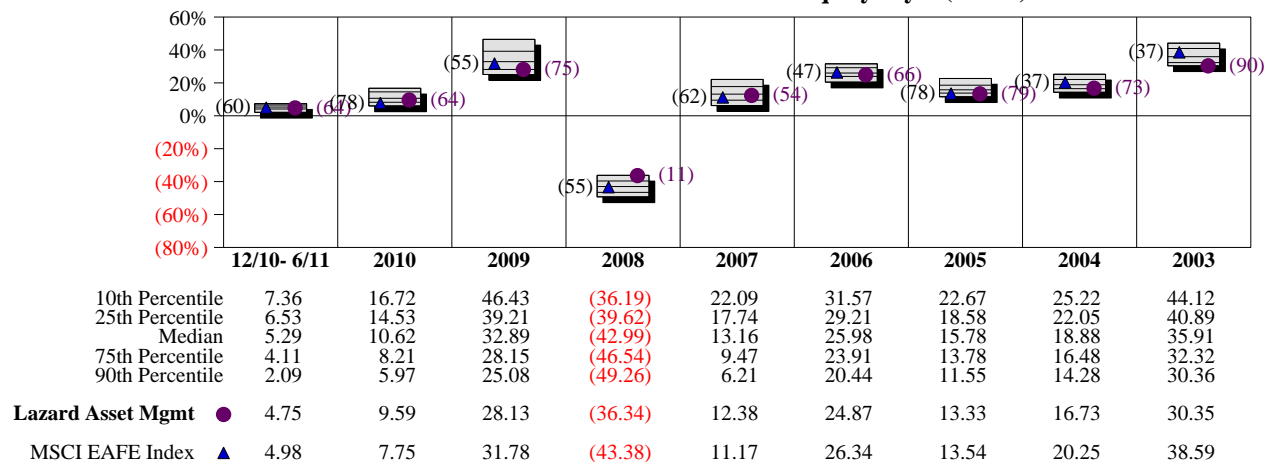
LAZARD ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



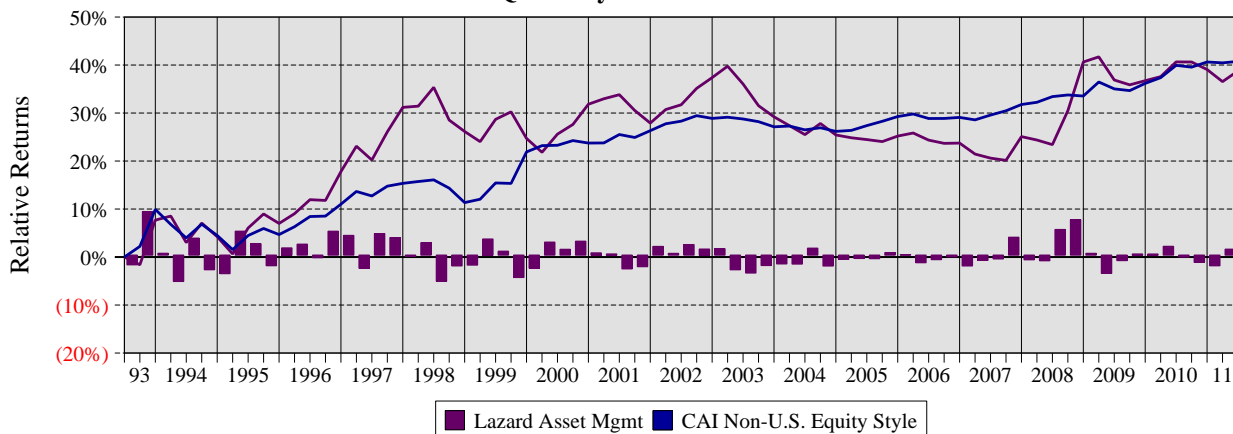
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

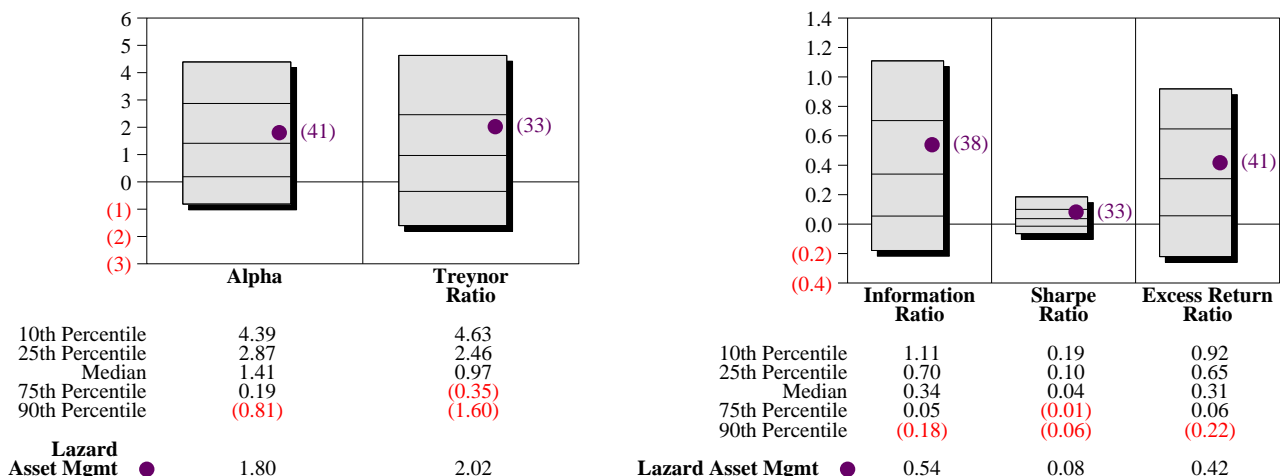
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended June 30, 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.

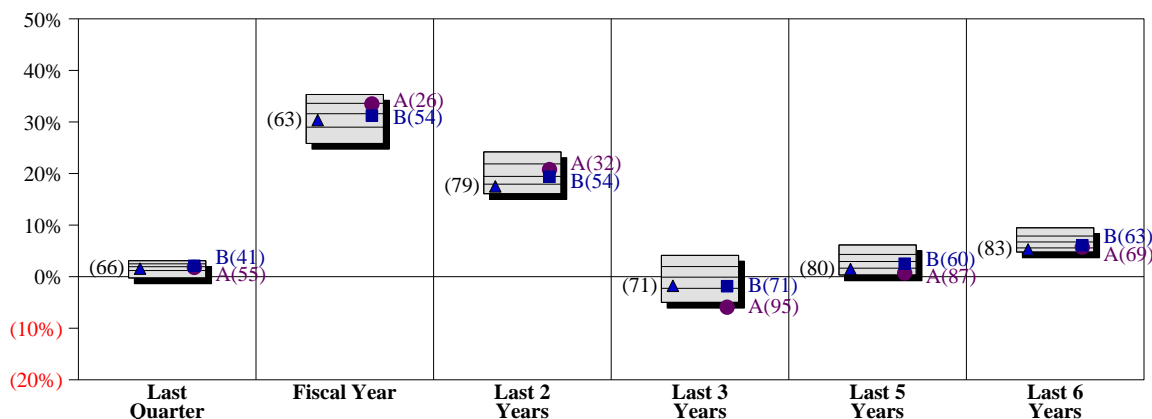
Quarterly Summary and Highlights

- McKinley Capital's portfolio posted a 1.79% return for the quarter placing it in the 55 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 26 percentile for the last year.
- McKinley Capital's portfolio outperformed the MSCI EAFE Index by 0.23% for the quarter and outperformed the MSCI EAFE Index for the year by 3.14%.

Quarterly Asset Growth

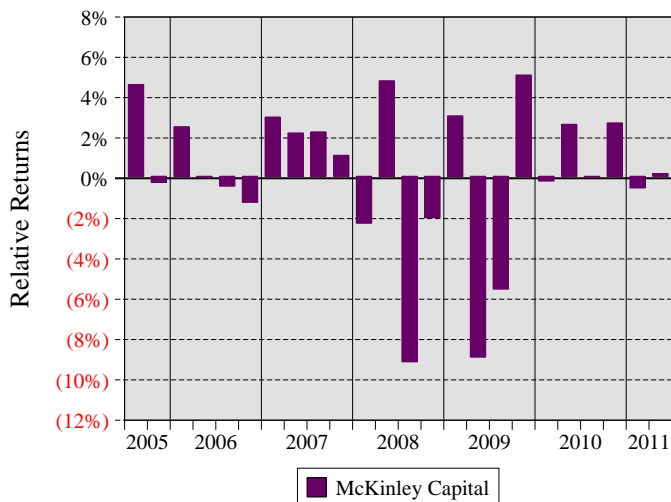
Beginning Market Value	\$372,257,272
Net New Investment	\$-25,000,000
Investment Gains/(Losses)	\$7,775,736
Ending Market Value	\$355,033,008

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

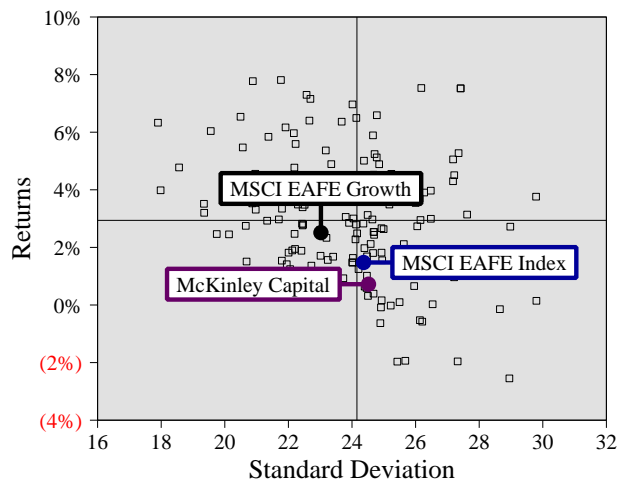


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6 Years
10th Percentile	3.10	35.33	24.20	4.13	6.15	9.48
25th Percentile	2.49	33.61	21.87	1.96	4.31	7.88
Median	1.93	31.60	19.45	(0.09)	2.94	6.73
75th Percentile	1.18	28.99	17.94	(2.26)	1.65	5.58
90th Percentile	(0.25)	25.83	16.09	(4.98)	0.32	4.78
McKinley Capital	● A 1.79	33.50	20.77	(5.92)	0.72	5.73
MSCI EAFE Growth	■ B 2.11	31.25	19.39	(1.85)	2.51	6.10
MSCI EAFE Index	▲ 1.56	30.36	17.51	(1.77)	1.48	5.28

Relative Return vs MSCI EAFE Index



**CAI Non-U.S. Equity Style (Gross)
Annualized Five Year Risk vs Return**



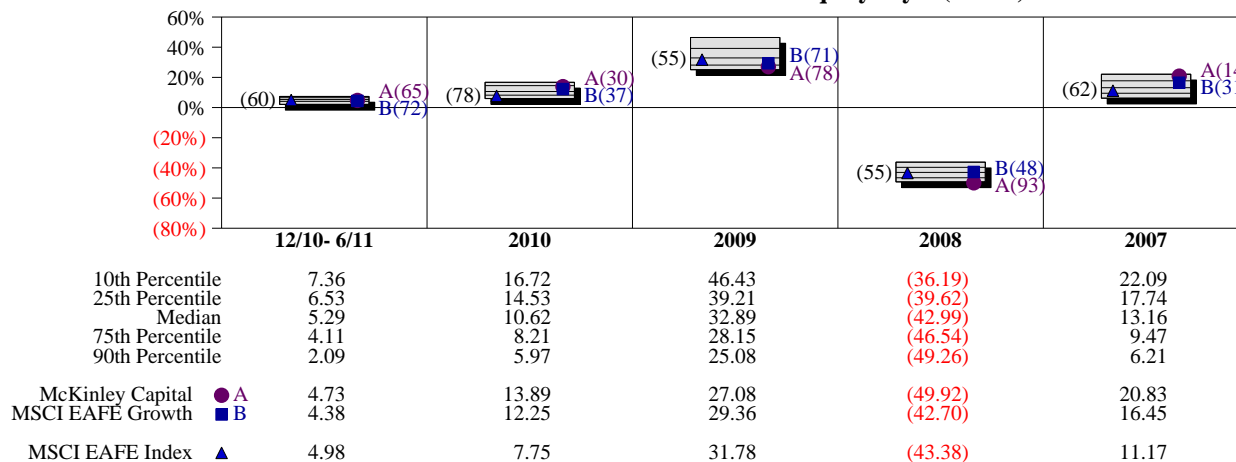
MCKINLEY CAPITAL RETURN ANALYSIS SUMMARY



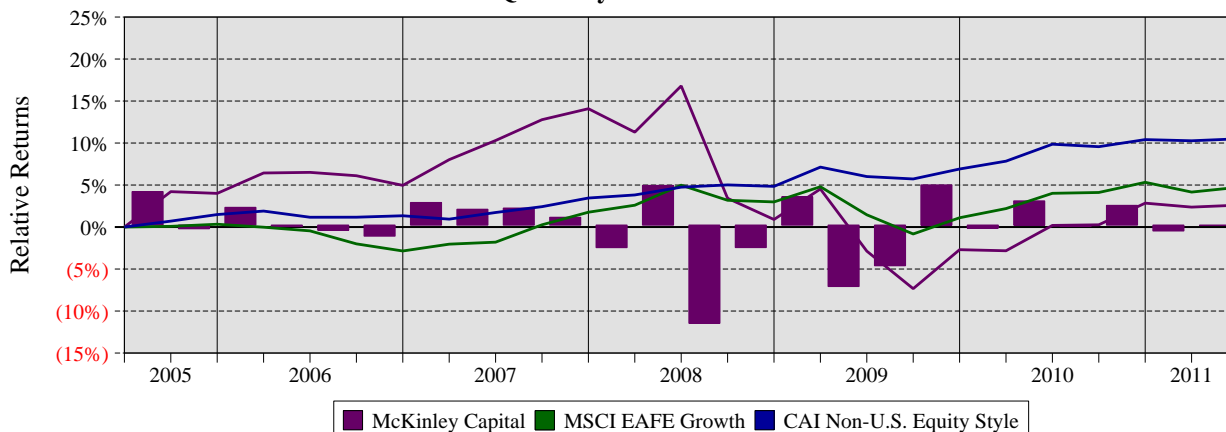
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

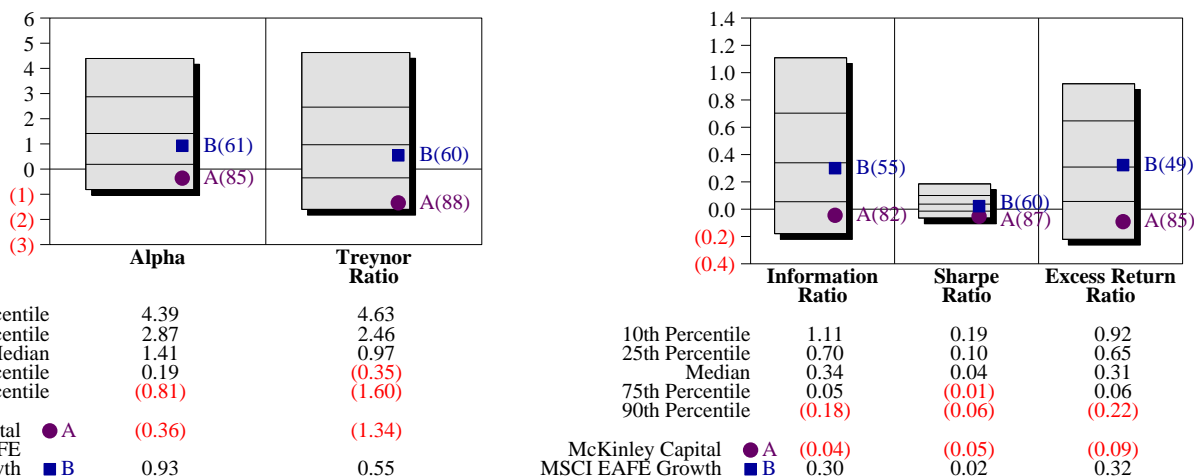
Performance vs CAI Non-U.S. Equity Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index Rankings Against CAI Non-U.S. Equity Style (Gross) Five Years Ended June 30, 2011



**SSGA INTL ACWI EX US
PERIOD ENDED JUNE 30, 2011**



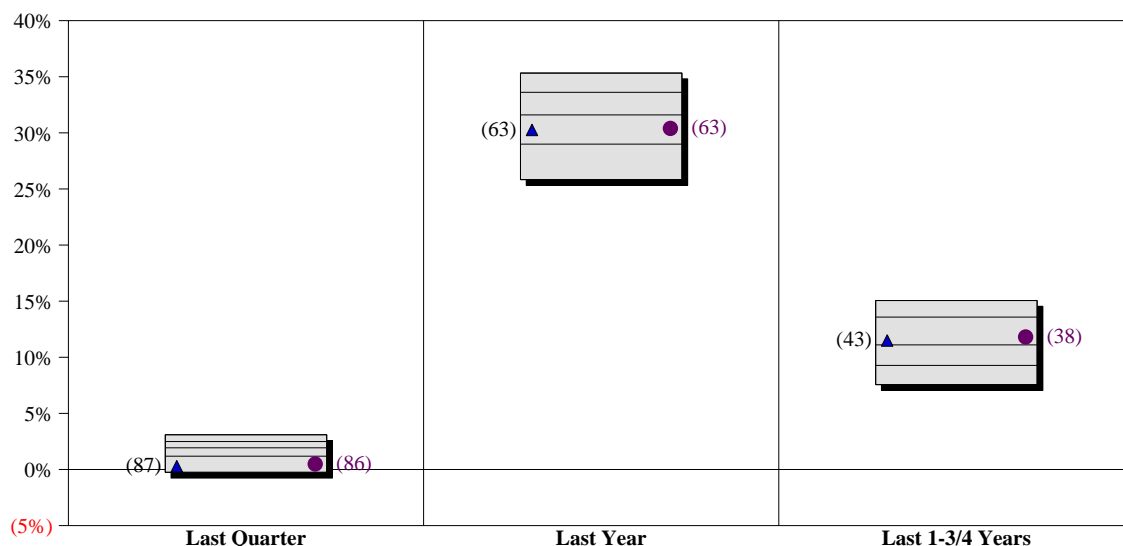
Quarterly Summary and Highlights

- SSgA Intl ACWI ex US's portfolio posted a 0.49% return for the quarter placing it in the 86 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 63 percentile for the last year.
- SSgA Intl ACWI ex US's portfolio outperformed the MSCI ACWI ex-US IMI Index (Net) by 0.20% for the quarter and outperformed the MSCI ACWI ex-US IMI Index (Net) for the year by 0.14%.

Quarterly Asset Growth

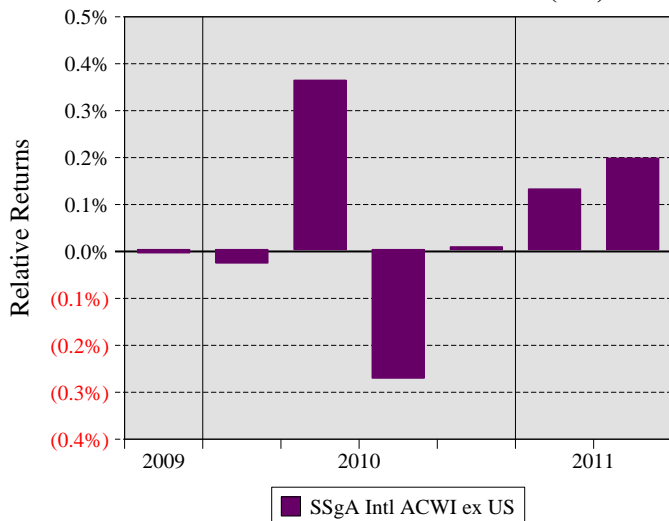
Beginning Market Value	\$390,621,761
Net New Investment	\$0
Investment Gains/(Losses)	\$1,914,512
Ending Market Value	\$392,536,274

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

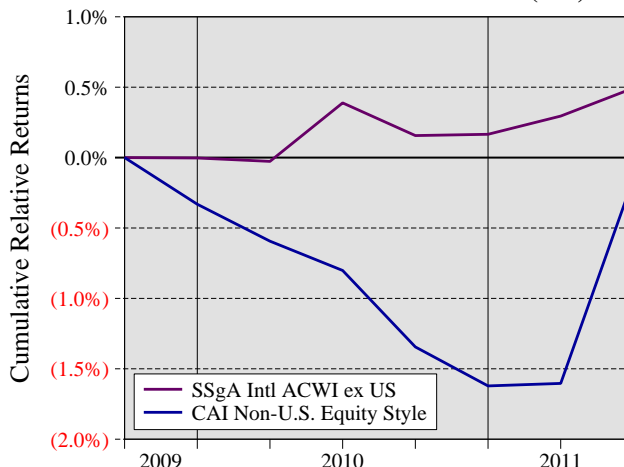


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	3.10	35.33	15.06
25th Percentile	2.49	33.61	13.58
Median	1.93	31.60	11.11
75th Percentile	1.18	28.99	9.28
90th Percentile	(0.25)	25.83	7.56
SSgA Intl ACWI ex US ●	0.49	30.40	11.81
MSCI ACWI ex-US IMI Index (Net) ▲	0.29	30.26	11.50

**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 JUNE 30, 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.

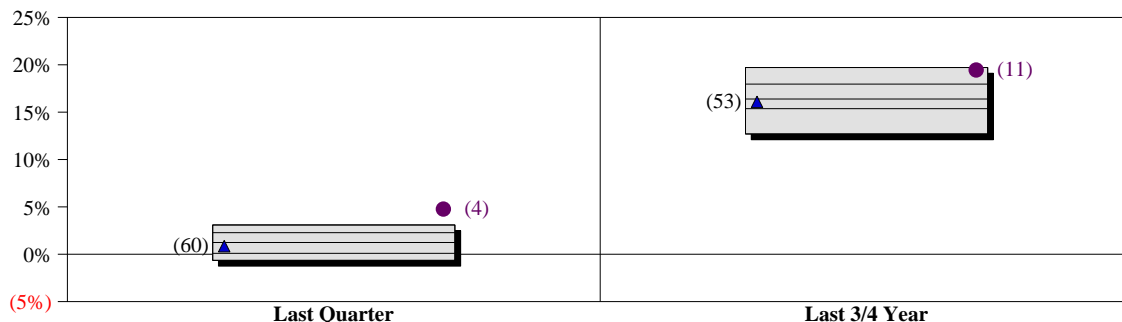
Quarterly Summary and Highlights

- Mondrian Intl Sm Cap's portfolio posted a 4.77% return for the quarter placing it in the 4 percentile of the Mt Fd: Intl Small-Cap Inst Load group for the quarter and in the 11 percentile for the last three-quarter year.
- Mondrian Intl Sm Cap's portfolio outperformed the EAFE Small Cap Index by 3.92% for the quarter and outperformed the EAFE Small Cap Index for the three-quarter year by 3.37%.

Quarterly Asset Growth

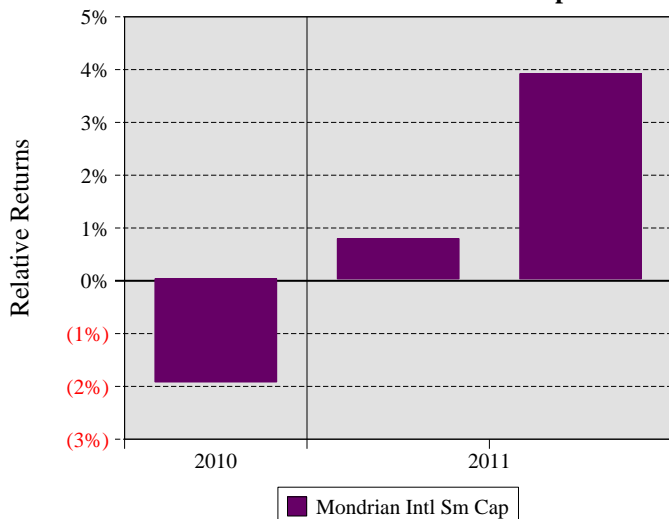
Beginning Market Value	\$115,997,081
Net New Investment	\$0
Investment Gains/(Losses)	\$5,533,515
Ending Market Value	\$121,530,596

Performance vs Mt Fd: Intl Small-Cap Inst Load (Gross)

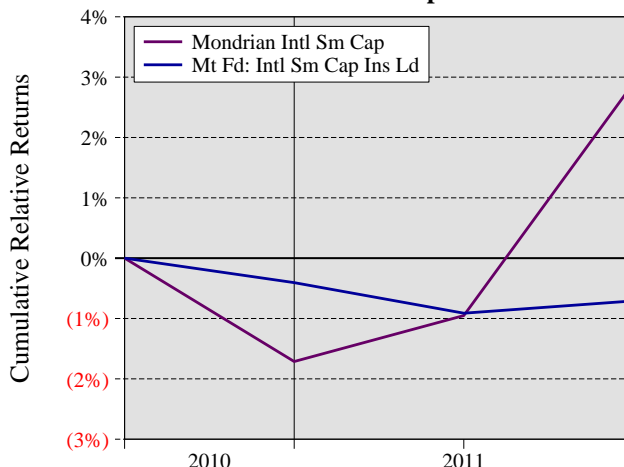


10th Percentile	3.09	19.71
25th Percentile	2.28	17.96
Median	1.24	16.39
75th Percentile	0.09	15.37
90th Percentile	(0.65)	12.70
Mondrian Intl Sm Cap	4.77	19.45
EAFE Small Cap Index	0.85	16.08

Relative Return vs EAFE Small Cap Index



Cumulative Returns vs EAFE Small Cap Index



**SCHRODER INV MGMT
PERIOD ENDED JUNE 30, 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.

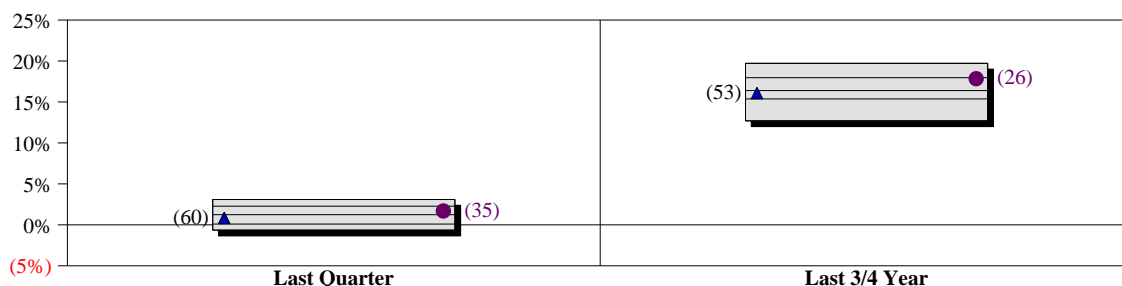
Quarterly Summary and Highlights

- Schroder Inv Mgmt's portfolio posted a 1.69% return for the quarter placing it in the 35 percentile of the Mt Fd: Intl Small-Cap Inst Load group for the quarter and in the 26 percentile for the last three-quarter year.
- Schroder Inv Mgmt's portfolio outperformed the EAFE Small Cap Index by 0.84% for the quarter and outperformed the EAFE Small Cap Index for the three-quarter year by 1.75%.

Quarterly Asset Growth

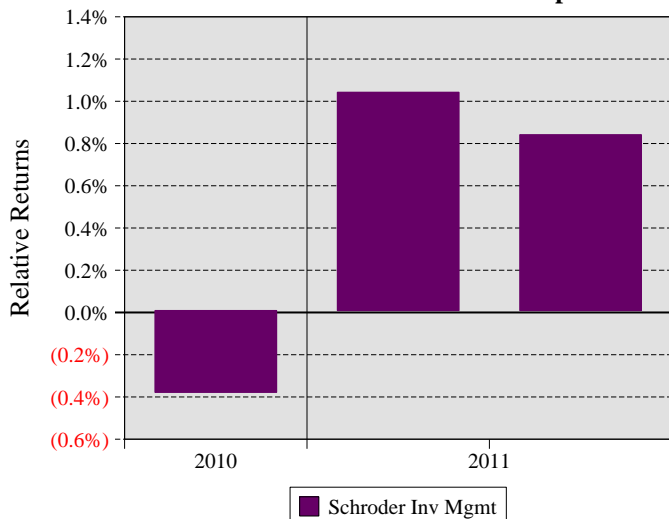
Beginning Market Value	\$122,779,473
Net New Investment	\$0
Investment Gains/(Losses)	\$2,076,480
Ending Market Value	\$124,855,954

Performance vs Mt Fd: Intl Small-Cap Inst Load (Gross)

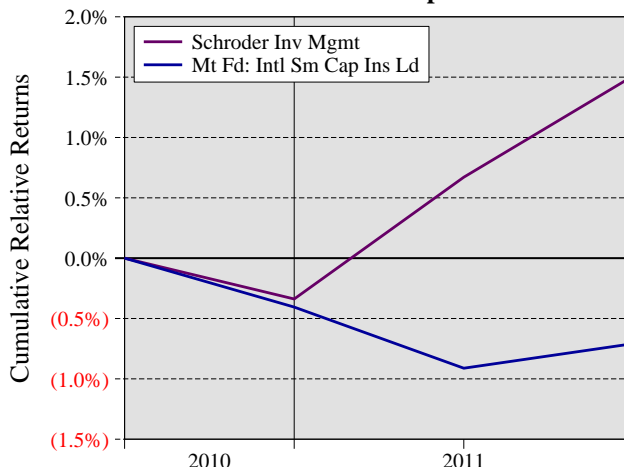


	Last Quarter	Last 3/4 Year
10th Percentile	3.09	19.71
25th Percentile	2.28	17.96
Median	1.24	16.39
75th Percentile	0.09	15.37
90th Percentile	(0.65)	12.70
Schroder Inv Mgmt ●	1.69	17.84
EAFE Small Cap Index ▲	0.85	16.08

Relative Return vs EAFE Small Cap Index



Cumulative Returns vs EAFE Small Cap Index



EMERGING MARKET POOL PERIOD ENDED JUNE 30, 2011



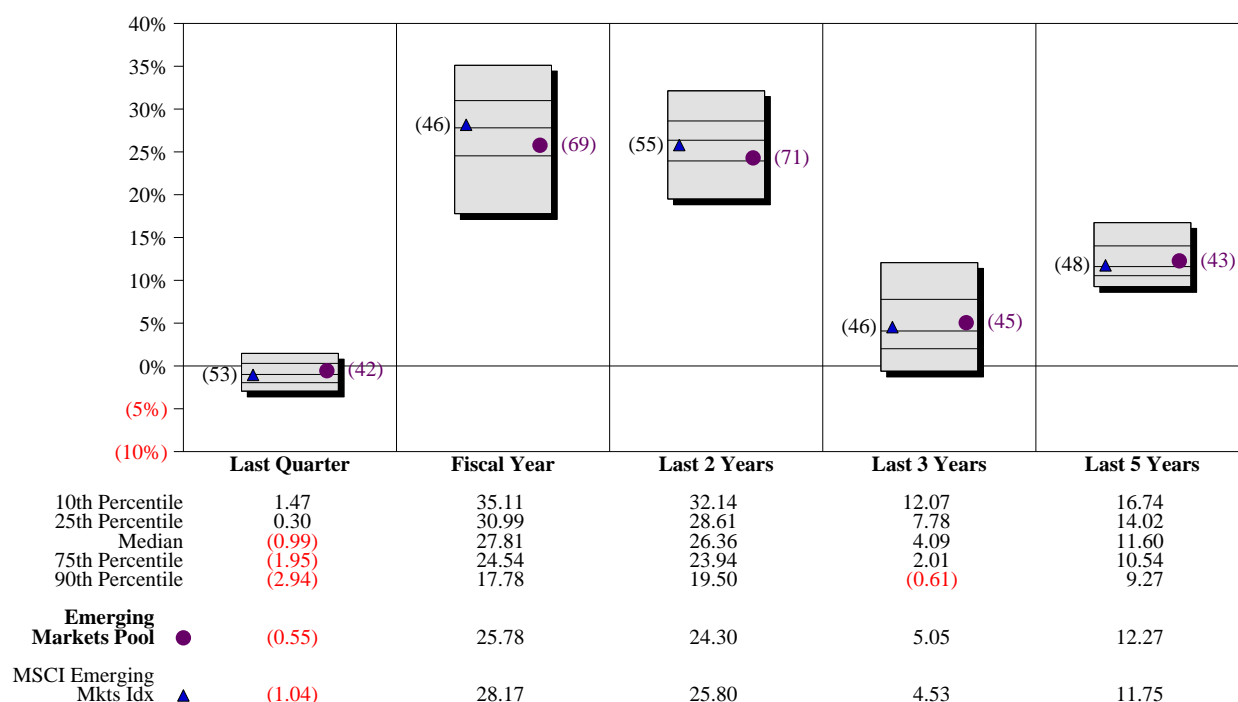
Investment Philosophy

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.

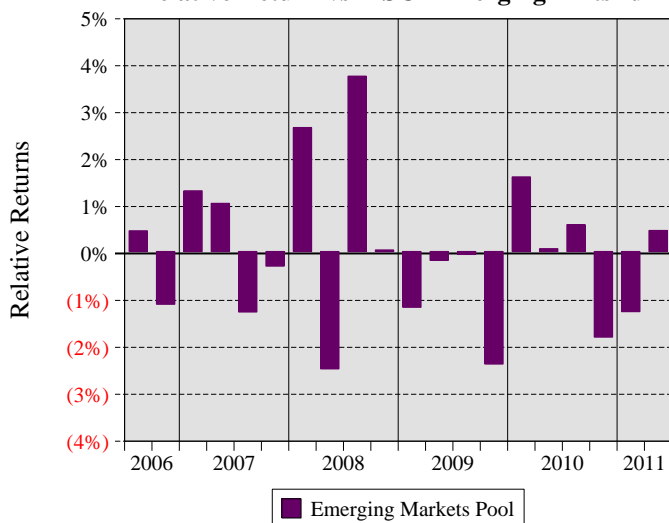
Quarterly Summary and Highlights

- Emerging Markets Pool's portfolio posted a (0.55)% return for the quarter placing it in the 42 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 69 percentile for the last year.
- Emerging Markets Pool's portfolio outperformed the MSCI Emerging Mkts Idx by 0.49% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 2.39%.

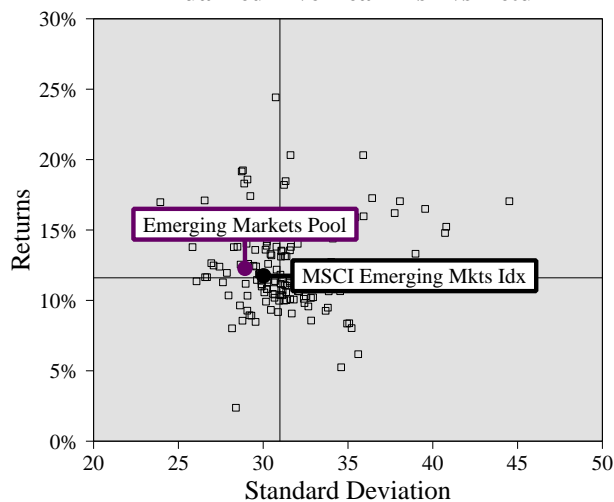
Performance vs CAI Emerging Markets Equity DB (Gross)



Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return

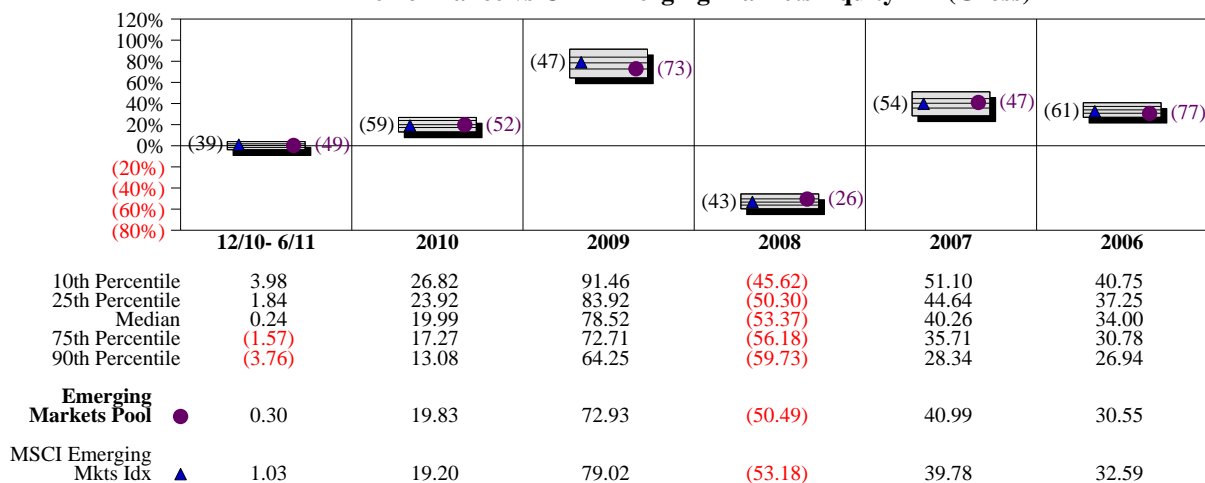


EMERGING MARKETS POOL RETURN ANALYSIS SUMMARY

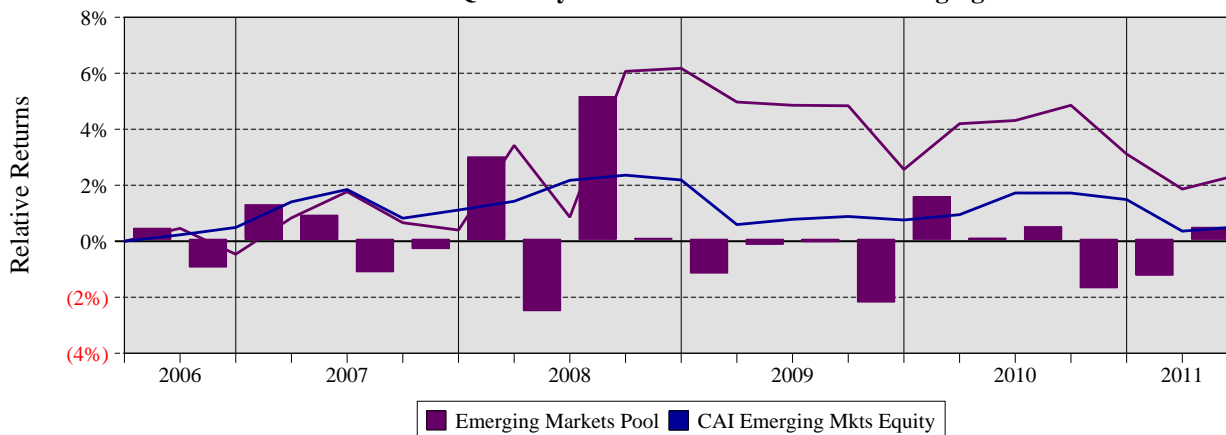
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

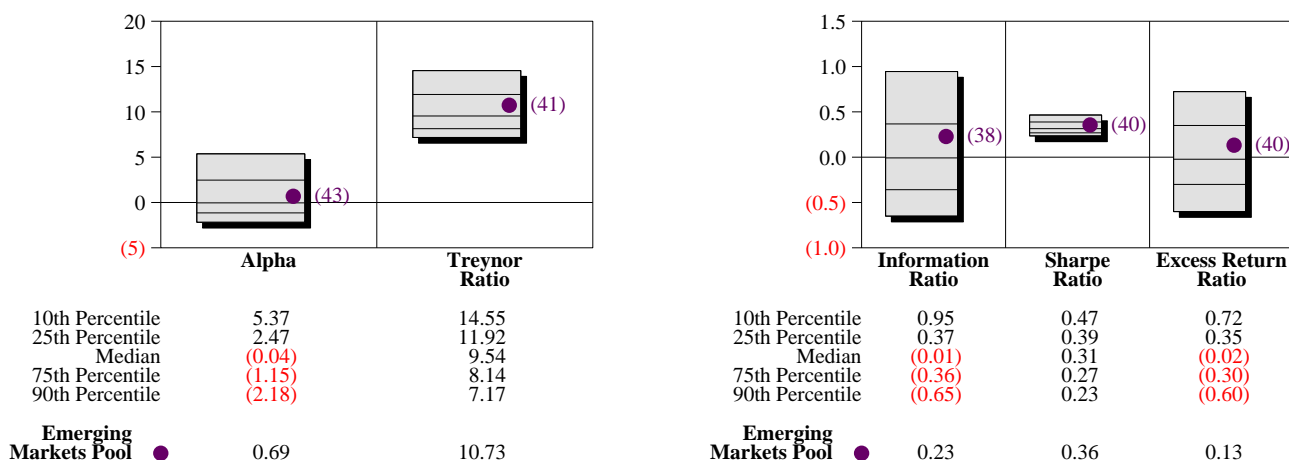
Performance vs CAI Emerging Markets Equity DB (Gross)



Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx Rankings Against CAI Emerging Markets Equity DB (Gross) Five Years Ended June 30, 2011



**CAPITAL GUARDIAN TRUST COMPANY
PERIOD ENDED JUNE 30, 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.

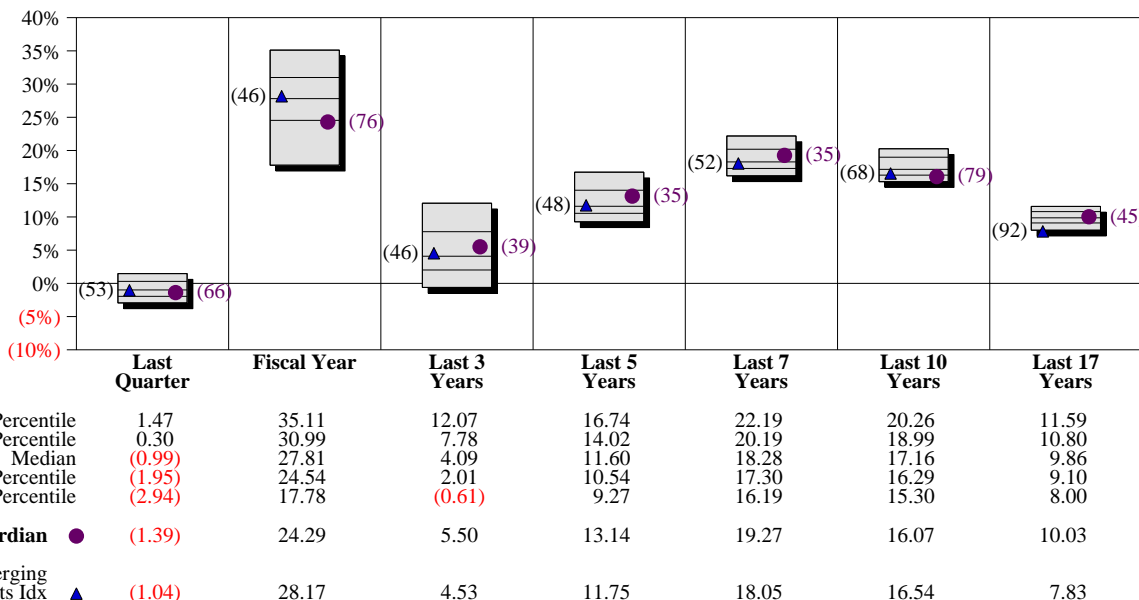
Quarterly Summary and Highlights

- Capital Guardian’s portfolio posted a (1.39)% return for the quarter placing it in the 66 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 76 percentile for the last year.
- Capital Guardian’s portfolio underperformed the MSCI Emerging Mkts Idx by 0.35% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 3.88%.

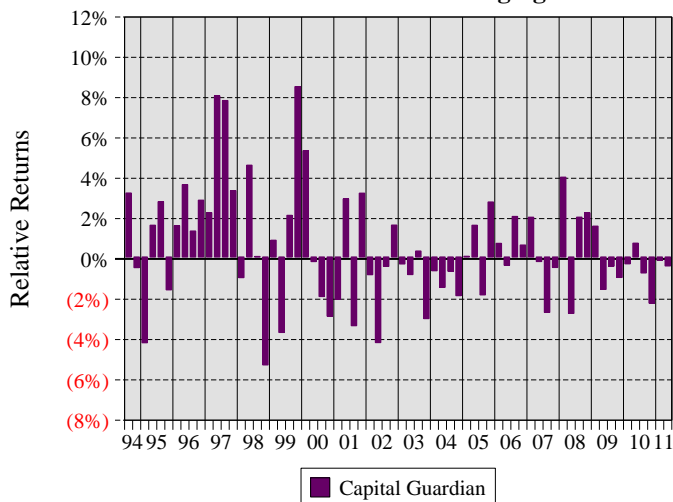
Quarterly Asset Growth

Beginning Market Value	\$455,452,153
Net New Investment	\$0
Investment Gains/(Losses)	\$-6,332,006
Ending Market Value	\$449,120,147

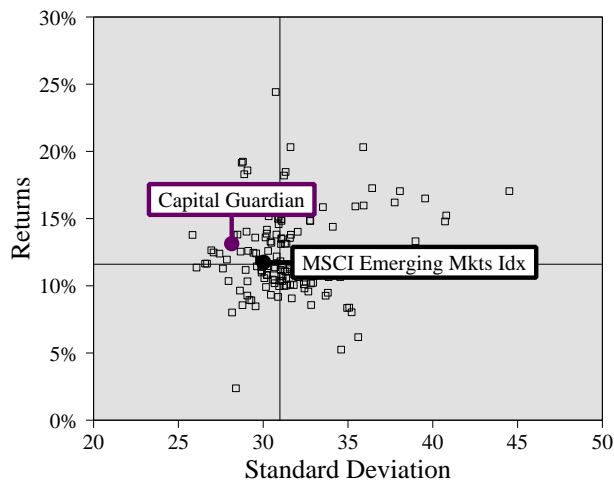
Performance vs CAI Emerging Markets Equity DB (Gross)



Relative Return vs MSCI Emerging Mkts Idx



**CAI Emerging Markets Equity DB (Gross)
Annualized Five Year Risk vs Return**



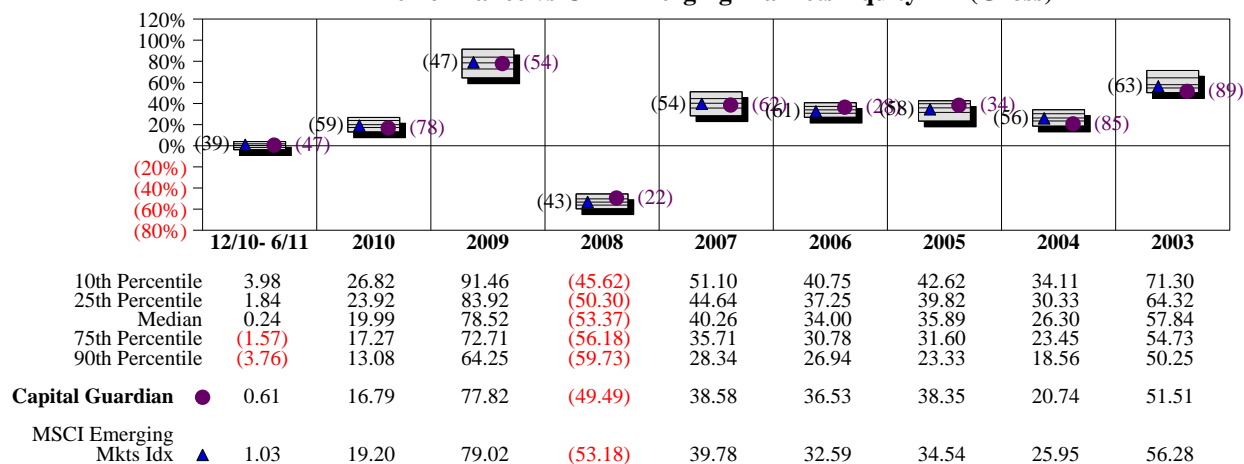
CAPITAL GUARDIAN TRUST COMPANY RETURN ANALYSIS SUMMARY



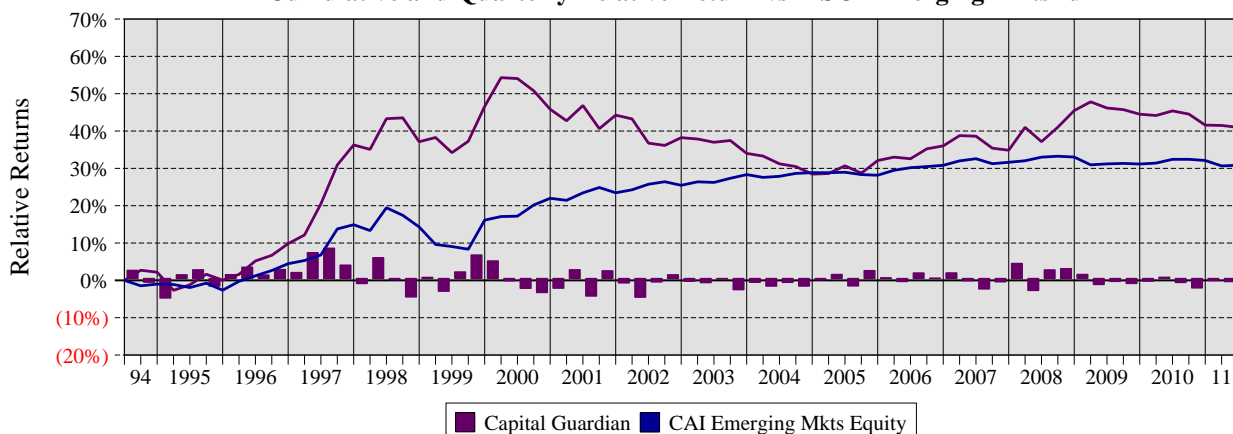
Return Analysis

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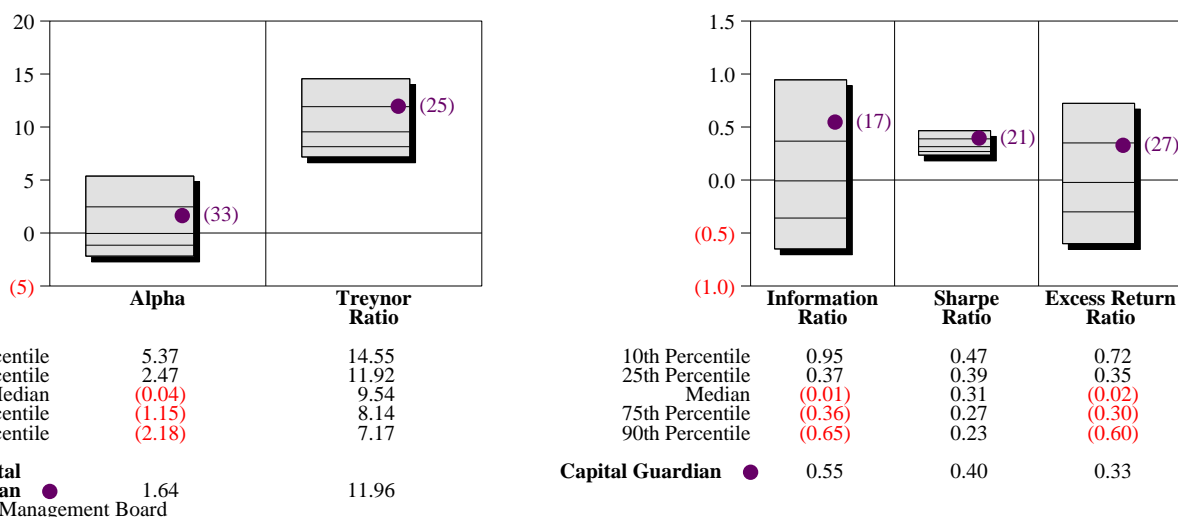
Performance vs CAI Emerging Markets Equity DB (Gross)



Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx Rankings Against CAI Emerging Markets Equity DB (Gross) Five Years Ended June 30, 2011



**EATON VANCE
PERIOD ENDED JUNE 30, 2011**



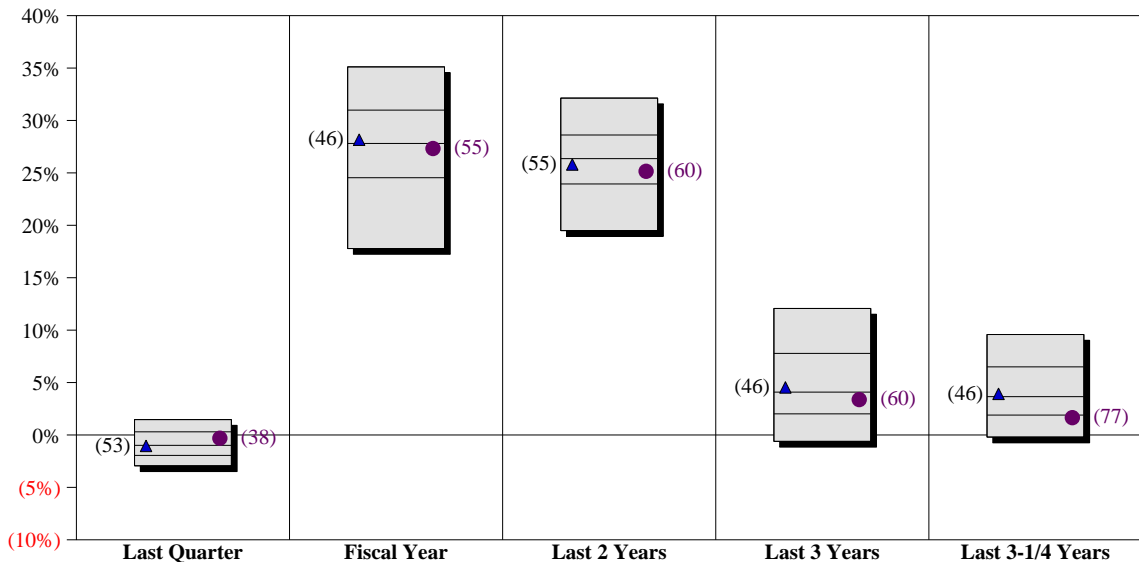
Quarterly Summary and Highlights

- Eaton Vance's portfolio posted a (0.31)% return for the quarter placing it in the 38 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 55 percentile for the last year.
- Eaton Vance's portfolio outperformed the MSCI Emerging Mkts Idx by 0.73% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 0.84%.

Quarterly Asset Growth

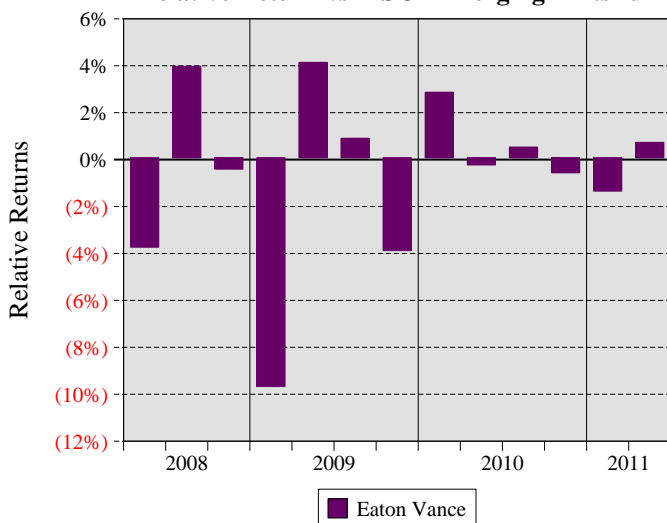
Beginning Market Value	\$226,954,981
Net New Investment	\$0
Investment Gains/(Losses)	\$-705,889
Ending Market Value	\$226,249,092

Performance vs CAI Emerging Markets Equity DB (Gross)

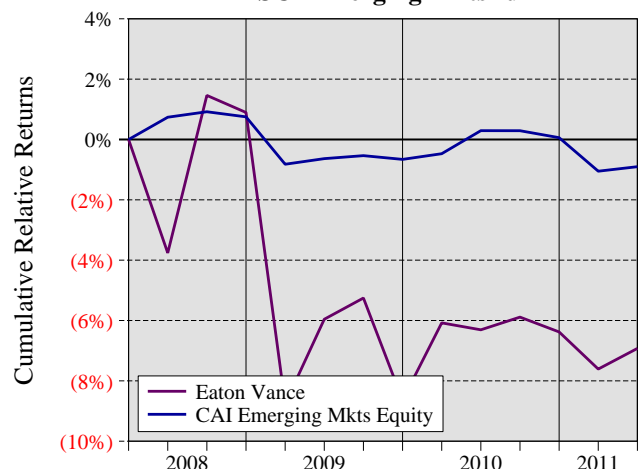


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.47	35.11	32.14	12.07	9.58
25th Percentile	0.30	30.99	28.61	7.78	6.50
Median	(0.99)	27.81	26.36	4.09	3.65
75th Percentile	(1.95)	24.54	23.94	2.01	1.90
90th Percentile	(2.94)	17.78	19.50	(0.61)	(0.20)
Eaton Vance ●	(0.31)	27.32	25.15	3.38	1.65
MSCI Emerging Mkts Idx ▲	(1.04)	28.17	25.80	4.53	3.92

Relative Return vs MSCI Emerging Mkts Idx



Cumulative Returns vs MSCI Emerging Mkts Idx



LAZARD EMERGING PERIOD ENDED JUNE 30, 2011



Investment Philosophy

Lazard employs a bottom-up stock selection process focusing on companies which are financially productive yet inexpensively priced.

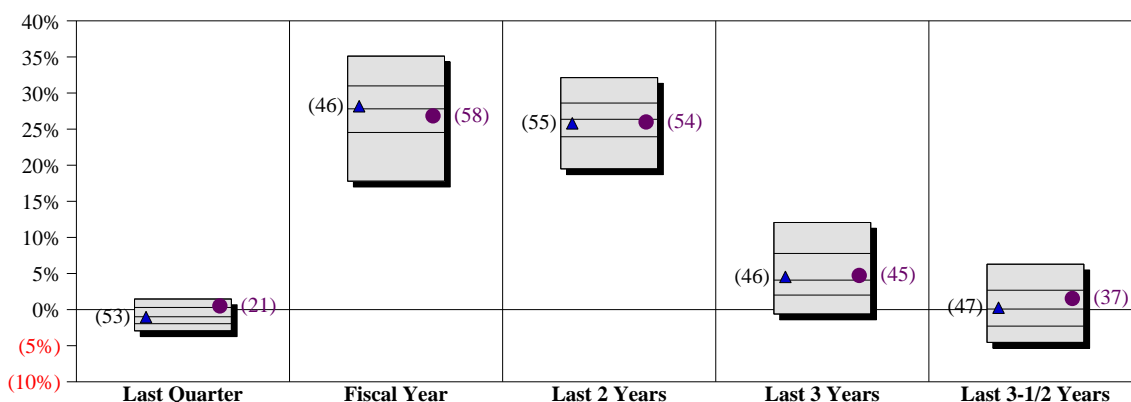
Quarterly Summary and Highlights

- Lazard Emerging's portfolio posted a 0.51% return for the quarter placing it in the 21 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 58 percentile for the last year.
- Lazard Emerging's portfolio outperformed the MSCI Emerging Mkts Idx by 1.55% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 1.33%.

Quarterly Asset Growth

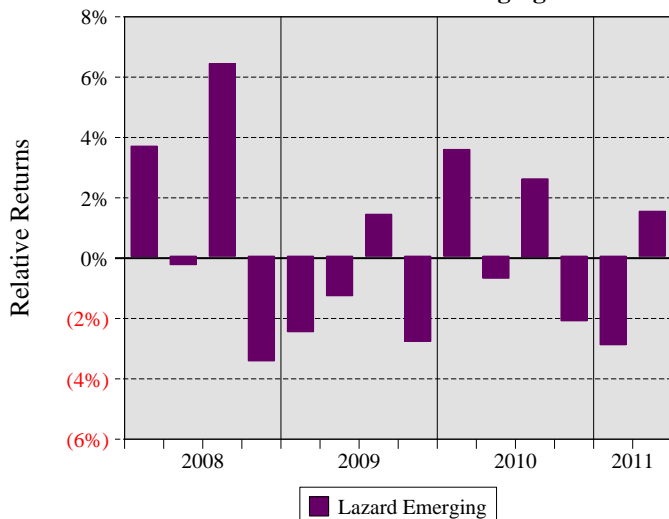
Beginning Market Value	\$303,315,126
Net New Investment	\$0
Investment Gains/(Losses)	\$1,543,936
Ending Market Value	\$304,859,062

Performance vs CAI Emerging Markets Equity DB (Gross)

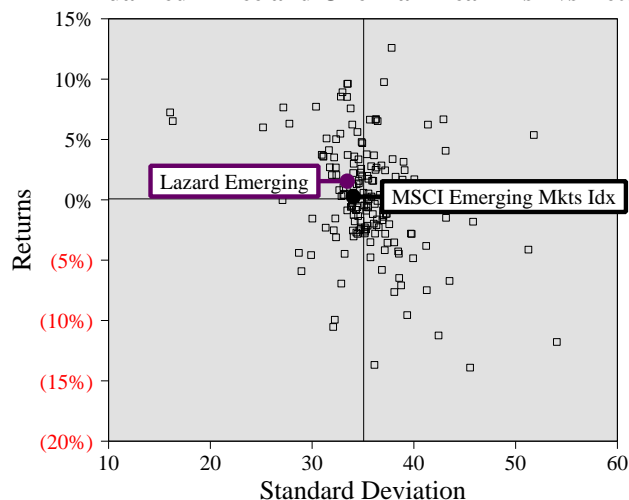


10th Percentile	1.47	35.11	32.14	12.07	6.29
25th Percentile	0.30	30.99	28.61	7.78	2.69
Median	(0.99)	27.81	26.36	4.09	0.08
75th Percentile	(1.95)	24.54	23.94	2.01	(2.29)
90th Percentile	(2.94)	17.78	19.50	(0.61)	(4.55)
Lazard Emerging ●	0.51	26.84	25.99	4.74	1.55
MSCI Emerging Mkts Idx ▲	(1.04)	28.17	25.80	4.53	0.27

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Three and One-Half Year Risk vs Return



LAZARD ASSET MANAGEMENT PERIOD ENDED JUNE 30, 2011



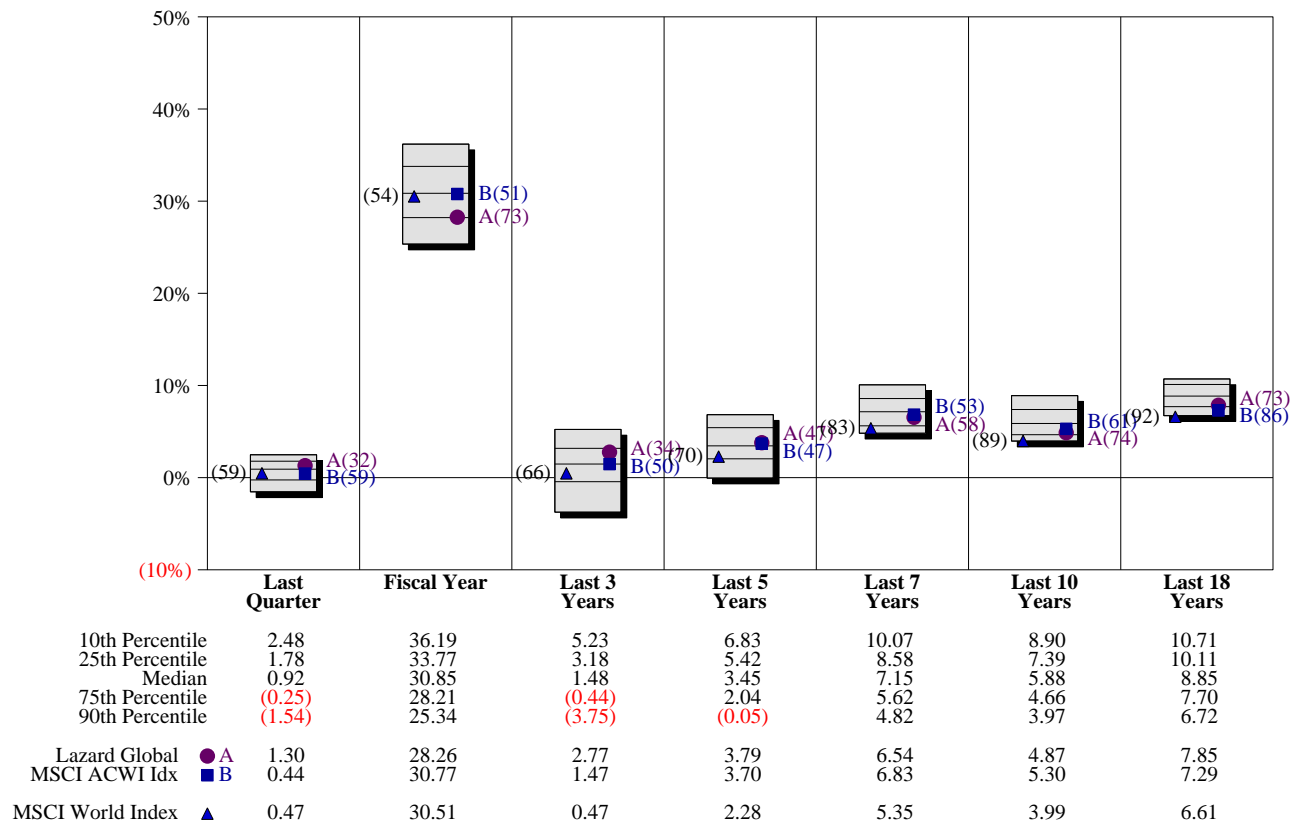
Quarterly Summary and Highlights

- Lazard Global's portfolio posted a 1.30% return for the quarter placing it in the 32 percentile of the CAI Global Equity Broad Style group for the quarter and in the 73 percentile for the last year.
- Lazard Global's portfolio outperformed the MSCI World Index by 0.83% for the quarter and underperformed the MSCI World Index for the year by 2.26%.

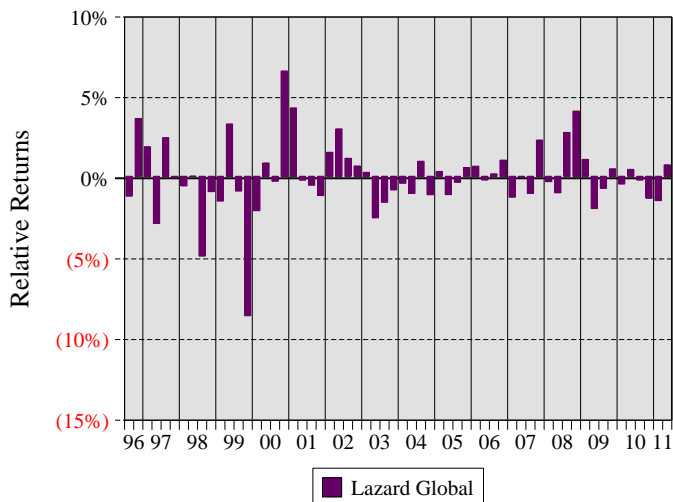
Quarterly Asset Growth

Beginning Market Value	\$803,775,785
Net New Investment	\$0
Investment Gains/(Losses)	\$10,461,242
Ending Market Value	\$814,237,027

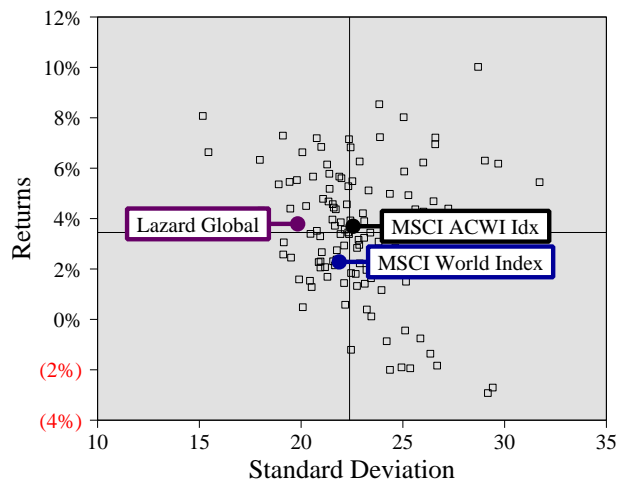
Performance vs CAI Global Equity Broad Style (Gross)



Relative Return vs MSCI World Index



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



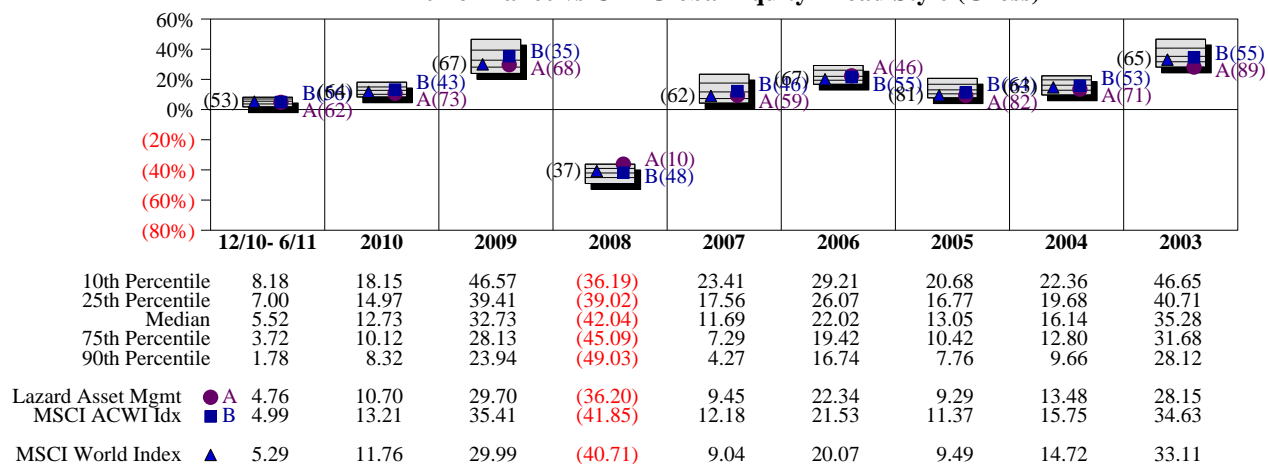
LAZARD ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



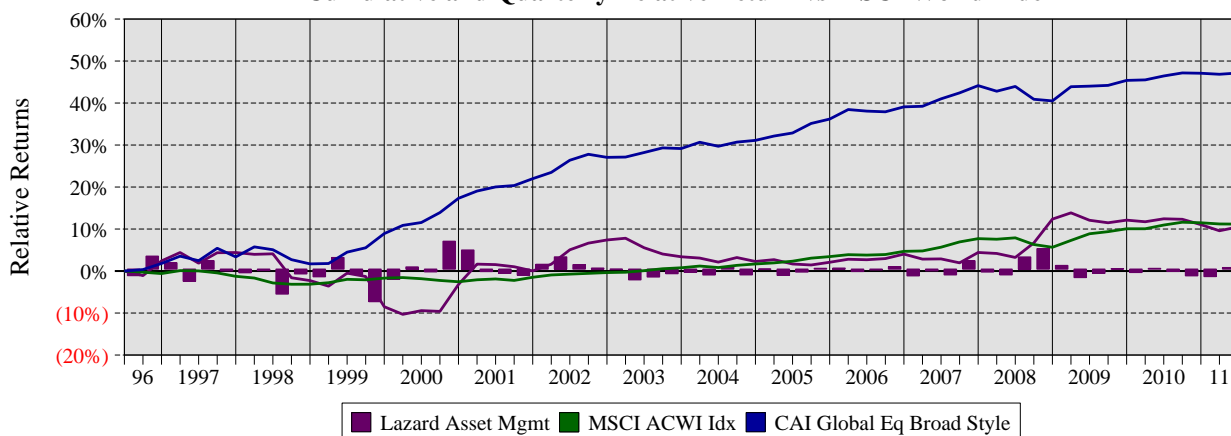
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

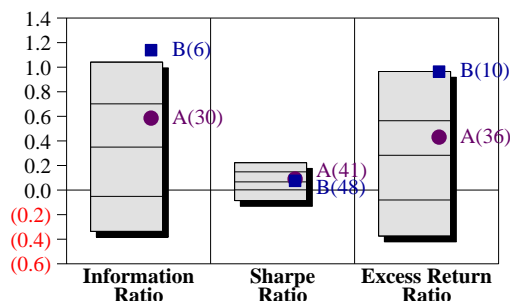
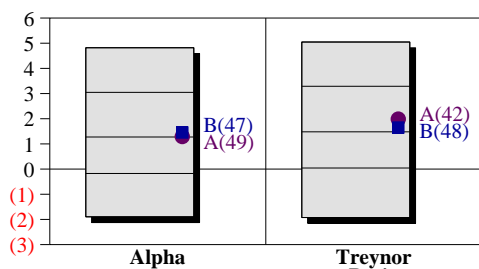
Performance vs CAI Global Equity Broad Style (Gross)



Cumulative and Quarterly Relative Return vs MSCI World Index



Risk Adjusted Return Measures vs MSCI World Index Rankings Against CAI Global Equity Broad Style (Gross) Five Years Ended June 30, 2011



Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 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 June 30, 2011

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Real Assets(Prelim)	5.31%	15.28%	(3.36%)	-
Real Assets Target (1)	3.31%	12.66%	0.55%	5.43%
Real Estate Pool(Prelim)	5.72%	21.41%	(8.43%)	(0.44%)
Real Estate Target (2)	3.84%	18.41%	(1.08%)	3.86%
Private Real Estate	6.10%	20.71%	(9.31%)	(0.73%)
NCREIF Total Index	3.94%	16.73%	(2.57%)	3.44%
REIT Internal Portfolio	2.92%	35.50%	3.35%	0.86%
NAREIT Equity Index	2.90%	34.09%	5.38%	2.61%
Total Farmland	0.98%	9.91%	7.08%	9.67%
UBS Agrivest	1.21%	10.99%	6.59%	9.93%
Hancock Agricultural	0.61%	8.23%	8.24%	9.78%
ARMB Farmland Target (3)	1.94%	10.21%	8.94%	12.05%
Total Timber	(0.64%)	4.61%	-	-
Timberland Investment Resources	(0.86%)	3.26%	-	-
Hancock Timber	(0.30%)	6.90%	-	-
NCREIF Timberland Index	0.66%	0.51%	0.02%	6.08%
TIPS Internal Portfolio	4.16%	8.06%	5.44%	-
BC US TIPS Index	3.66%	7.74%	5.28%	6.91%
Total Energy Funds *	(2.60%)	8.62%	5.63%	13.46%
CPI + 5%	2.39%	9.06%	6.12%	7.30%

(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.

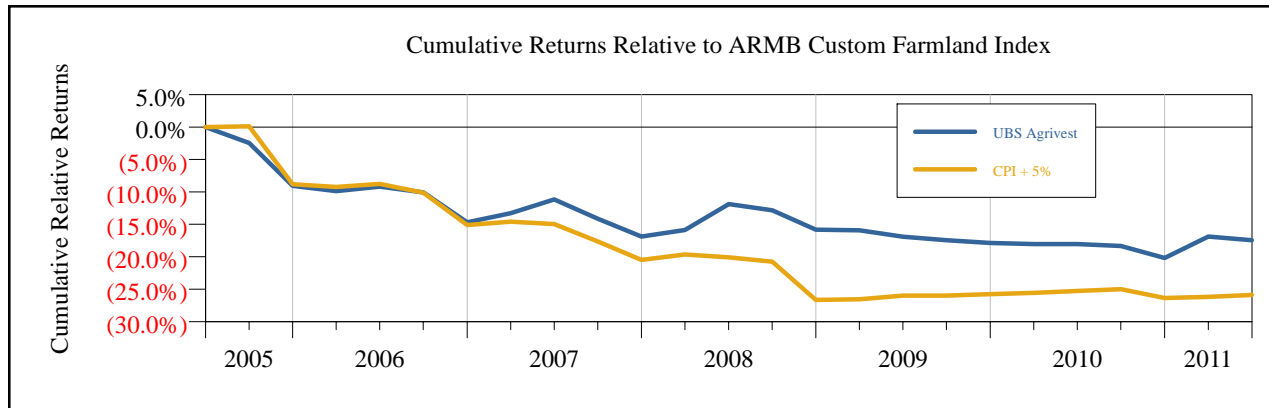
Farmland Manager Summary Page UBS Agrivest

Investment Philosophy: Core US Domestic Farmland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	1.19%	3.85%	4.30%
Appreciation	0.02%	6.93%	4.97%
Total	1.21%	10.99%	9.43%

As of quarter end:

Portfolio Market Value	347,103,297
Number of Properties	64
Acres	95,326
Row Crops % of MV	86%
Permanent Crops % of MV	14%



Region:

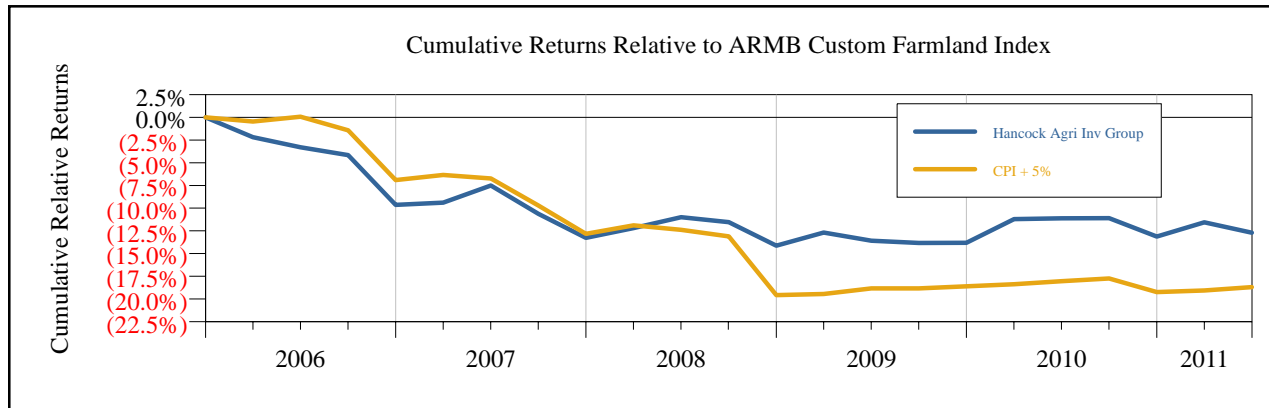
Pacific West	25%
Mountain	25%
Delta	17%
Southern Plains	11%
Corn Belt	10%
Pacific Northwest	7%
Southeast	5%
Total	100.00%

Farmland Manager Summary Page Hancock Agricultural Investment Group

Investment Philosophy: Core US Domestic Farmland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	0.61%	6.54%	5.08%
Appreciation	0.00%	1.63%	3.90%
Total	0.61%	8.23%	9.13%

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%



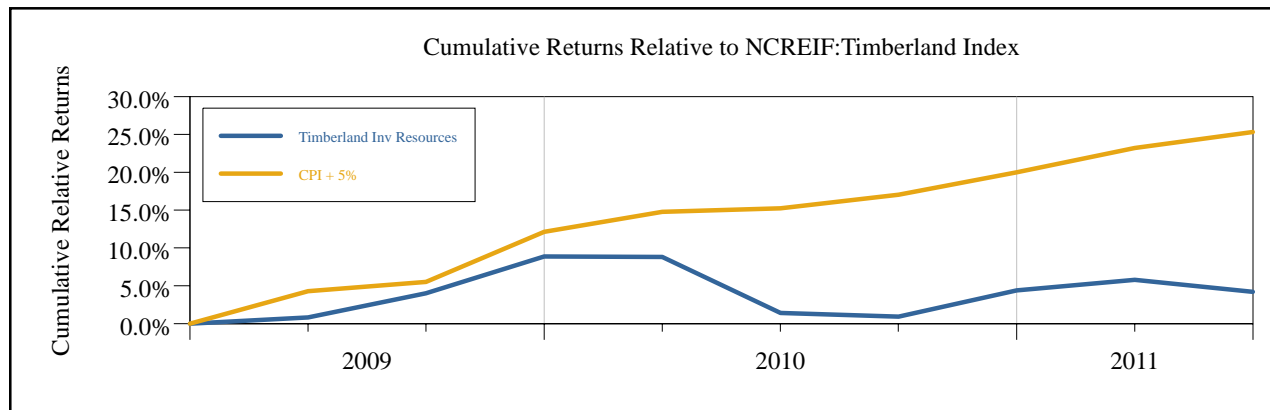
Region:	
Pacific West	18%
Mountain	18%
Delta	18%
Southern Plains	21%
Corn Belt	17%
Pacific Northwest	3%
Southeast	1%
Other	4%
Total	100.00%

Timberland Manager Summary Page Timberland Investment Resources

Investment Philosophy: Core US Domestic Timberland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	(0.39%)	(1.36%)	(1.31%)
Appreciation	(0.47%)	4.67%	5.49%
Total	(0.86%)	3.26%	4.13%

As of quarter end:	
Portfolio Market Value	115,600,000
Number of Properties	6
Acres	73,666
Softwoods % of MV	37% (Excludes MV of
Hardwoods % of MV	10% Land and Cash)



Region:	
South	100%
Pacific Northwest	0%
Northeast	0%
Lake States	0%
Total	100%

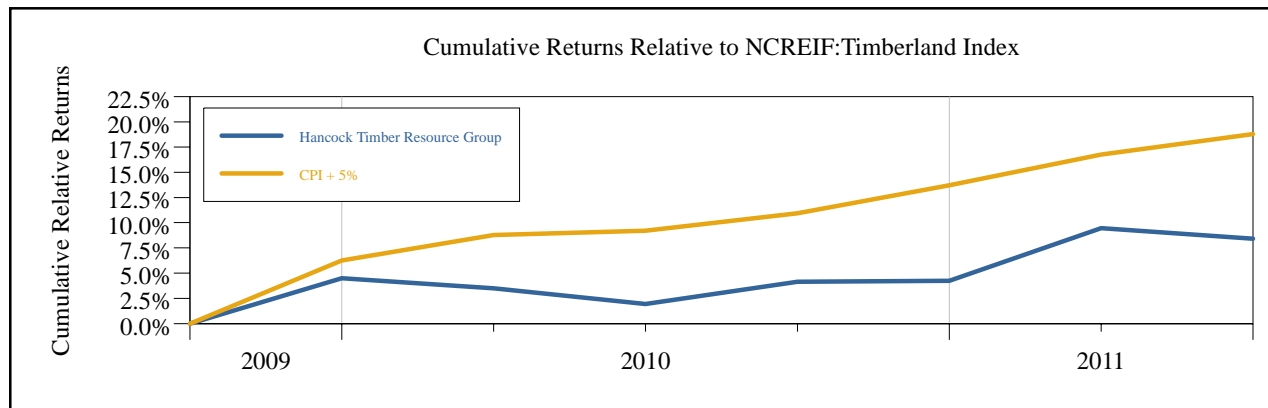
Timberland Manager Summary Page Hancock Timber Resource Group

Investment Philosophy: Core US Domestic Timberland Separate Account

	Last Quarter	Fiscal Year	Since Inception
Income	(0.11%)	(1.65%)	(2.09%)
Appreciation	(0.18%)	8.95%	4.57%
Total	(0.30%)	7.21%	2.42%

As of quarter end:

Portfolio Market Value	74,023,296
Number of Properties	3
Acres	36,524
Softwoods % of MV	19%
Hardwoods % of MV	81%



Region:

South	51%
Pacific Northwest	49%
Northeast	0%
Lake States	0%
Total	100%



REIT HOLDINGS PERIOD ENDED JUNE 30, 2011

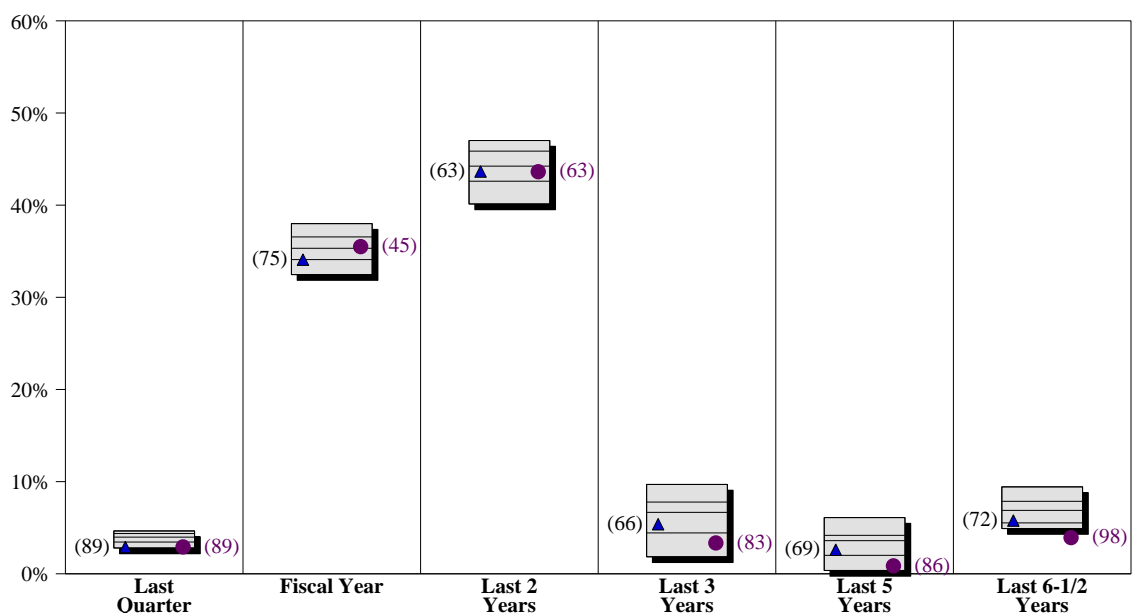
Quarterly Summary and Highlights

- REIT Holdings's portfolio posted a 2.92% return for the quarter placing it in the 89 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 45 percentile for the last year.
- REIT Holdings's portfolio outperformed the NAREIT All Equity Index by 0.01% for the quarter and outperformed the NAREIT All Equity Index for the year by 1.41%.

Quarterly Asset Growth

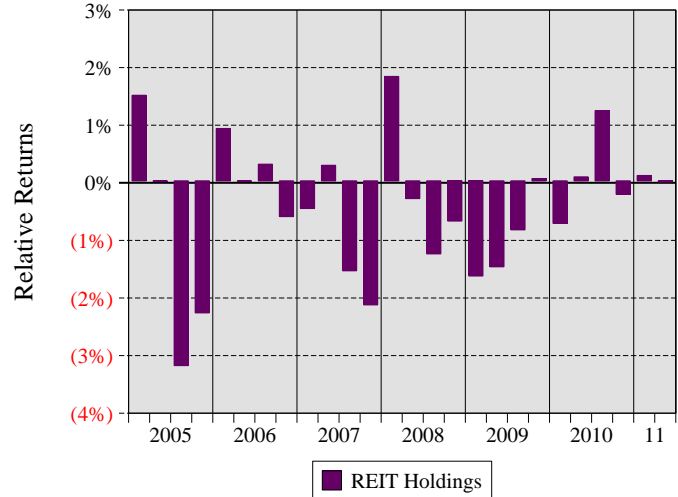
Beginning Market Value	\$160,845,563
Net New Investment	\$0
Investment Gains/(Losses)	\$4,693,573
Ending Market Value	\$165,539,136

Performance vs CAI Real Estate-REIT DB (Gross)

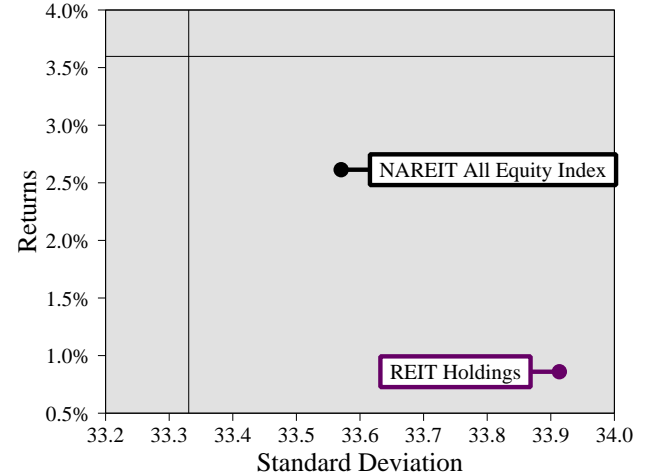


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	4.65	38.00	47.01	9.70	6.10	9.43
25th Percentile	4.37	36.55	45.86	7.78	4.17	7.86
Median	3.98	35.32	44.23	6.67	3.60	6.88
75th Percentile	3.45	34.09	42.60	4.44	2.00	5.52
90th Percentile	2.80	32.46	40.13	1.85	0.36	4.91
REIT Holdings ●	2.92	35.50	43.63	3.35	0.86	3.93
NAREIT All Equity Index ▲	2.90	34.09	43.65	5.38	2.61	5.78

Relative Return vs NAREIT All Equity Index



CAI Real Estate-REIT DB (Gross) Annualized Five Year Risk vs Return

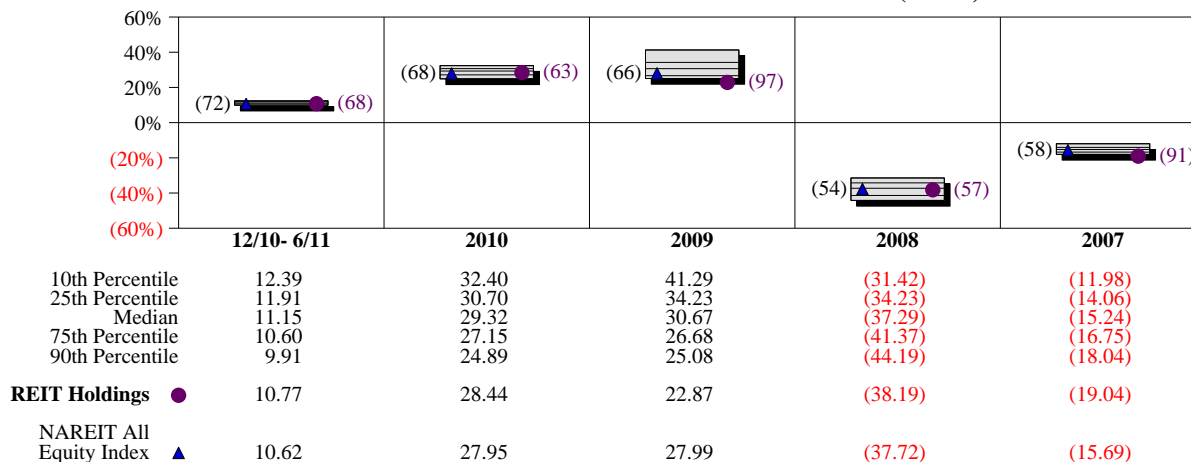


REIT HOLDINGS RETURN ANALYSIS SUMMARY

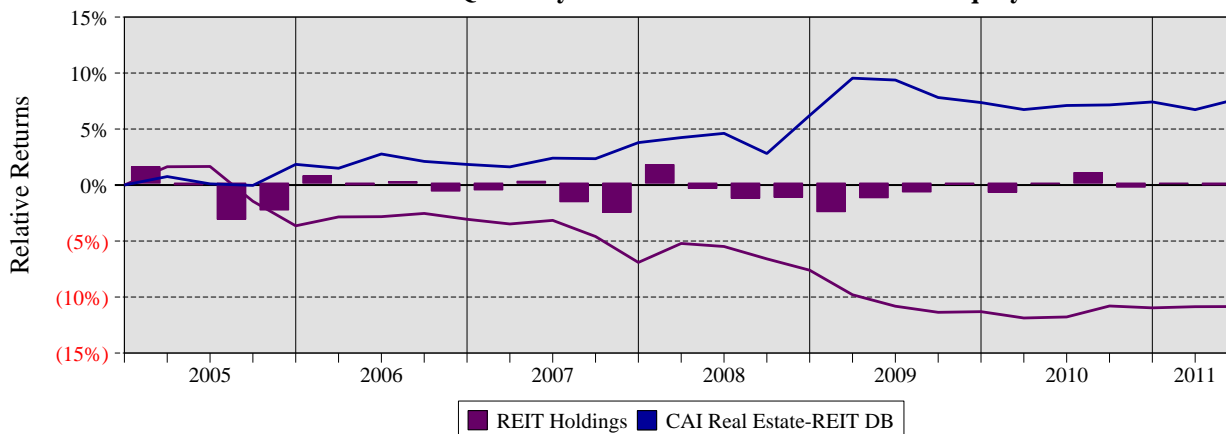
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

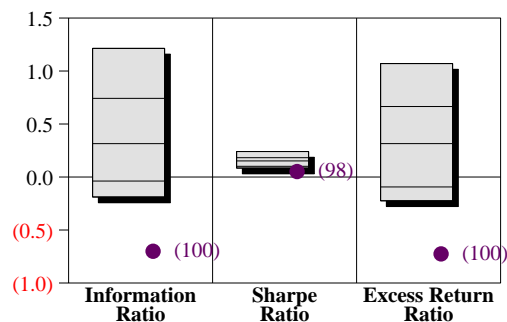
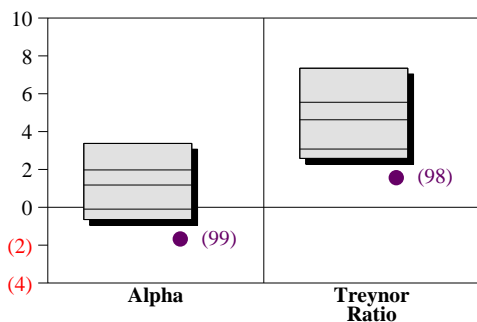
Performance vs CAI Real Estate-REIT DB (Gross)



Cumulative and Quarterly Relative Return vs NAREIT All Equity Index



Risk Adjusted Return Measures vs NAREIT All Equity Index Rankings Against CAI Real Estate-REIT DB (Gross) Six and One-Half Years Ended June 30, 2011



ALASKA RETIREMENT MANAGEMENT BOARD
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS
REIT HOLDINGS
AS OF JUNE 30, 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	\$14,312,679	8.7%	9.21%	34.05	42.73	2.75%	21.40%
Equity Residential	Financials	\$7,416,600	4.5%	6.97%	17.64	55.05	2.25%	5.00%
Vornado Realty Trust	Financials	\$7,212,784	4.4%	7.27%	17.11	39.82	2.96%	5.50%
Prologis Inc Com	Financials	\$6,877,230	4.2%	0.42%	16.29	3584.00	3.13%	(0.17)%
Boston Properties	Financials	\$6,471,514	3.9%	12.46%	15.14	69.84	1.88%	18.55%
Hcp Inc	Financials	\$6,231,796	3.8%	(2.07)%	14.73	24.79	5.23%	10.30%
Public Storage	Financials	\$6,117,777	3.7%	3.67%	19.30	33.53	3.33%	35.00%
Host Hotels & Resorts Inc	Financials	\$5,236,838	3.2%	(3.56)%	11.53	67.80	0.71%	7.50%
Weyerhaeuser Co	Financials	\$4,923,747	3.0%	(10.56)%	11.72	32.63	2.74%	2.50%
Avalonbay Communities	Financials	\$4,734,365	2.9%	7.68%	11.05	57.84	2.78%	7.00%

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
Camden Ppty Tr	Financials	\$1,866,611	1.1%	12.82%	4.44	276.61	3.08%	8.00%
Boston Properties	Financials	\$6,471,514	3.9%	12.46%	15.14	69.84	1.88%	18.55%
Getty Rlty Corp New	Financials	\$247,759	0.2%	12.36%	0.83	20.68	7.61%	5.68%
Taubman Centers	Financials	\$1,199,984	0.7%	11.34%	3.30	51.93	2.96%	0.27%
Pennsylvania RI Estate Invt Sh Ben I	Financials	\$479,478	0.3%	10.83%	0.87	(18.69)	3.82%	-
SI Green Realty Corp	Financials	\$3,168,120	1.9%	10.31%	6.54	41.02	0.48%	6.50%
Essex Property Trust	Financials	\$1,815,592	1.1%	9.95%	4.35	101.72	3.07%	11.50%
Strategic Hotels & Resorts I	Financials	\$557,904	0.3%	9.23%	1.07	(25.29)	0.00%	(0.21)%
Simon Property Group	Financials	\$14,312,679	8.7%	9.21%	34.05	42.73	2.75%	21.40%
Macerich Co	Financials	\$2,926,771	1.8%	9.09%	6.97	84.92	3.74%	0.11%

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
Felcor Lodging Trust	Financials	\$285,635	0.2%	(13.03)%	0.64	(1.82)	0.00%	-
Corporate Office Pptys Tr Sh Ben Int	Financials	\$938,589	0.6%	(12.79)%	2.21	(345.67)	5.30%	6.54%
Potlatch Corp New	Financials	\$612,993	0.4%	(10.96)%	1.41	27.13	5.78%	5.00%
Saul Ctrs Inc	Financials	\$237,795	0.1%	(10.87)%	0.73	56.24	3.66%	(10.53)%
Weyerhaeuser Co	Financials	\$4,923,747	3.0%	(10.56)%	11.72	32.63	2.74%	2.50%
Sunstone Hotel Invs Inc New	Financials	\$500,395	0.3%	(9.03)%	1.09	46.35	0.00%	6.00%
Healthcare Realty Trust	Financials	\$630,865	0.4%	(7.94)%	1.39	114.61	5.82%	6.50%
Investors Real Estate Tr Sh Ben Int	Financials	\$310,288	0.2%	(7.15)%	0.69	123.71	7.92%	4.00%
Franklin Street Pptys Corp	Financials	\$449,913	0.3%	(7.00)%	1.05	27.47	5.89%	0.08%
Plum Creek Timber Co Inc	Financials	\$2,774,152	1.7%	(6.11)%	6.56	27.58	4.14%	2.00%

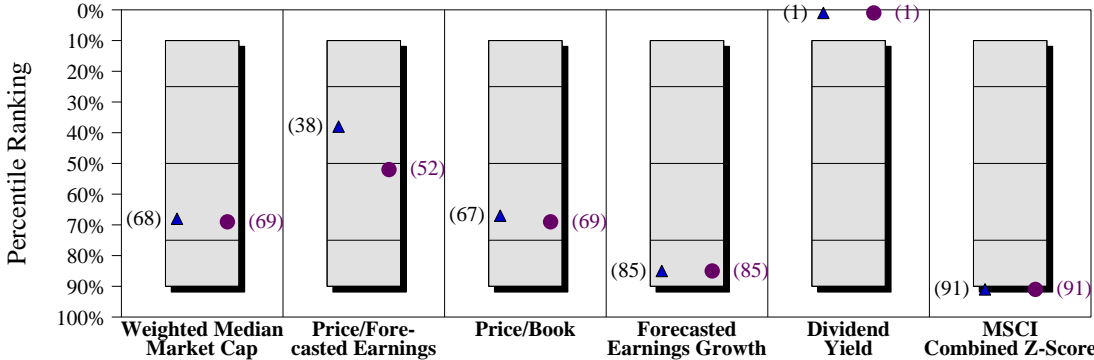


REIT HOLDINGS EQUITY CHARACTERISTICS ANALYSIS SUMMARY

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 June 30, 2011**

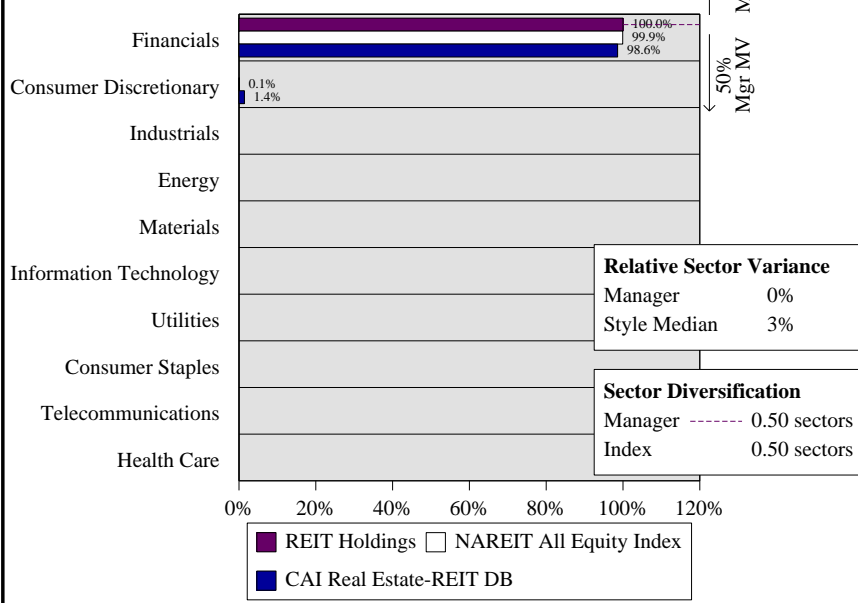


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	13.15	74.58	2.74	10.41	3.33	(0.20)
25th Percentile	11.18	64.29	2.54	9.66	3.18	(0.28)
Median	10.47	58.14	2.47	9.20	3.00	(0.36)
75th Percentile	7.65	50.25	2.35	8.18	2.84	(0.42)
90th Percentile	4.07	44.32	2.21	7.21	2.67	(0.52)
REIT Holdings ●	7.92	56.04	2.37	7.74	3.47	(0.55)
NAREIT All Equity Index ▲	8.02	61.03	2.39	7.79	3.48	(0.54)

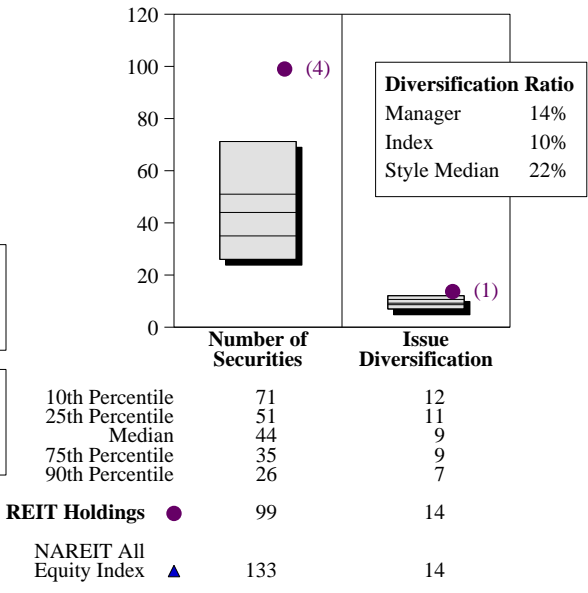
Sector Weights

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
June 30, 2011**



**Diversification
June 30, 2011**

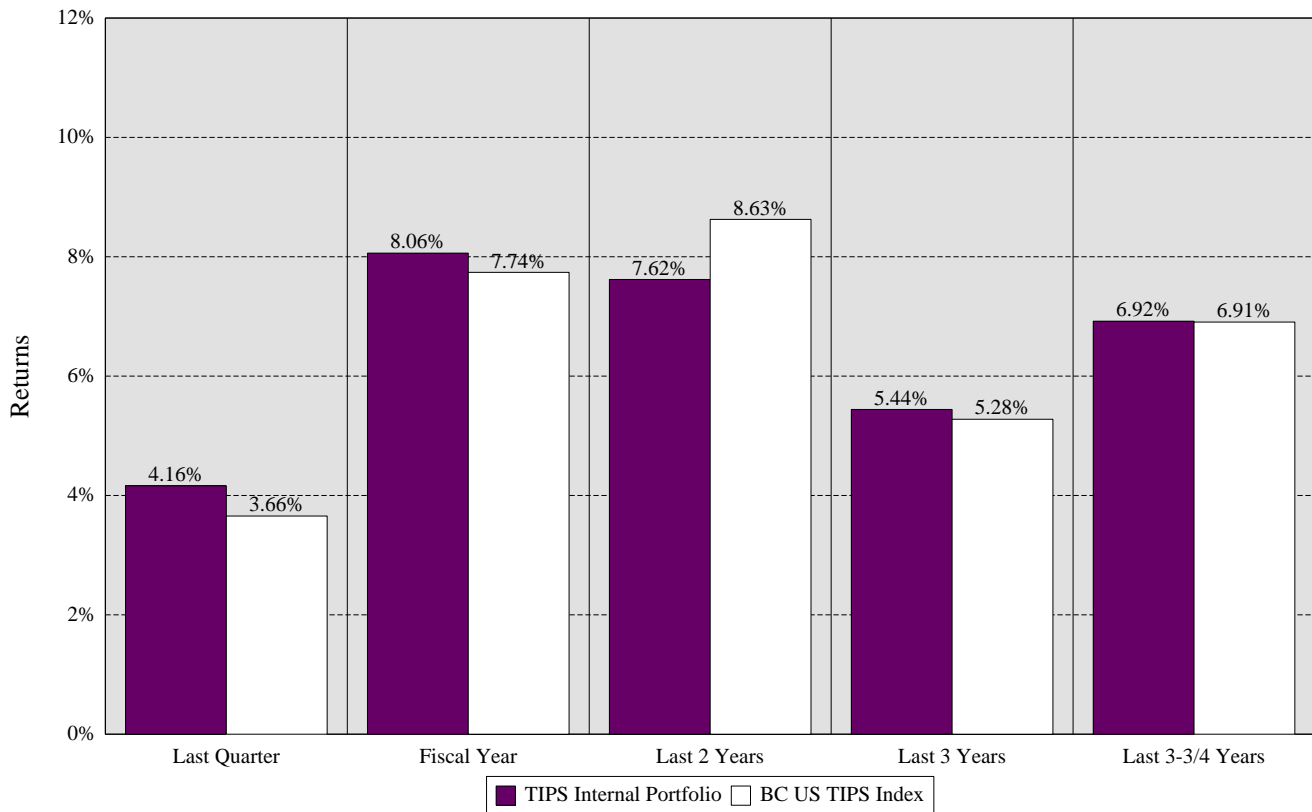




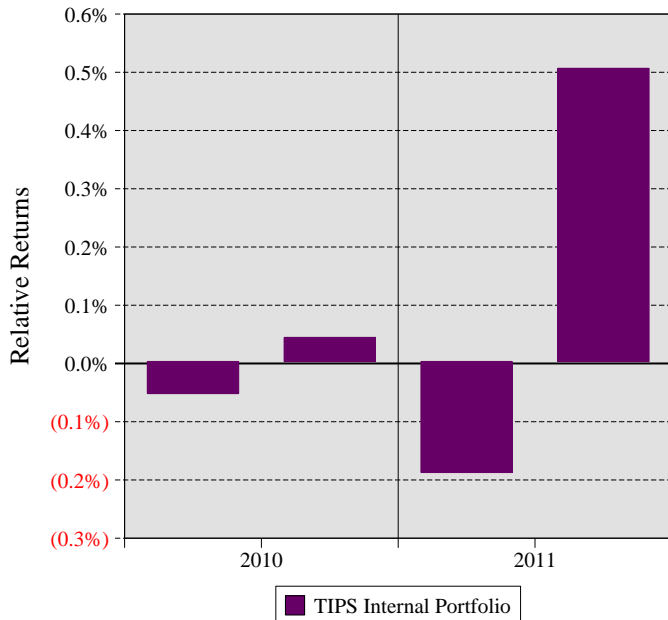
TIPS INTERNAL PORTFOLIO PERIOD ENDED JUNE 30, 2011

Quarterly Summary and Highlights

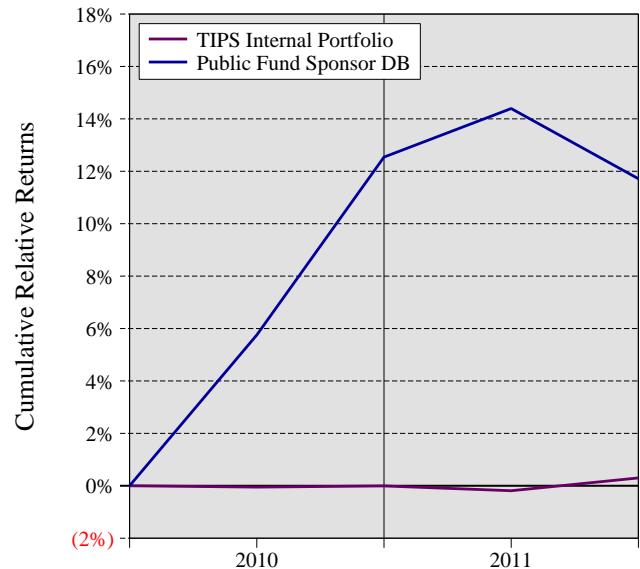
- TIPS Internal Portfolio's portfolio posted a 4.16% return for the quarter placing it in the 1 percentile of the CAI Public Fund Sponsor Database group for the quarter and in the 95 percentile for the last year.
- TIPS Internal Portfolio's portfolio outperformed the BC US TIPS Index by 0.51% for the quarter and outperformed the BC US TIPS Index for the year by 0.32%.



Relative Return vs BC US TIPS Index



Cumulative Returns vs BC US TIPS Index



ABSOLUTE RETURN COMPOSITE PERIOD ENDED JUNE 30, 2011



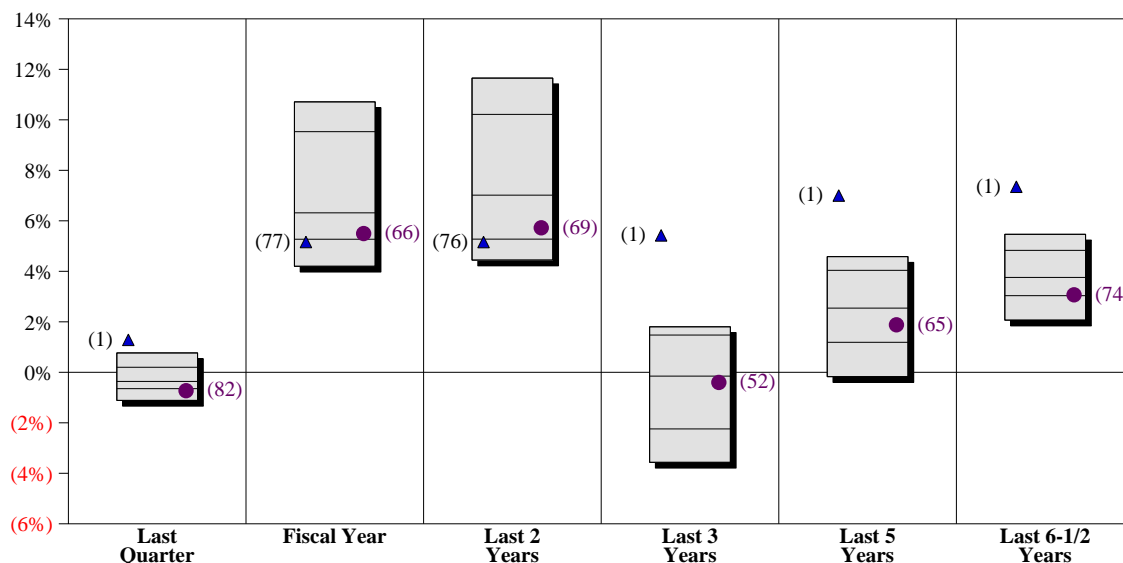
Investment Philosophy

The manager returns below are current through the periods shown.

Quarterly Summary and Highlights

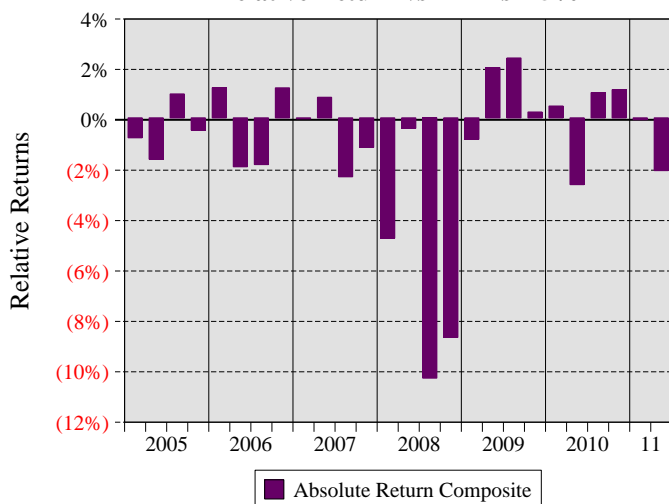
- Absolute Return Composite's portfolio posted a (0.73)% return for the quarter placing it in the 82 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 66 percentile for the last year.
- Absolute Return Composite's portfolio underperformed the T-Bills + 5% by 2.01% for the quarter and outperformed the T-Bills + 5% for the year by 0.33%.

Performance vs Absolute Return Hedge FoFs Style (Net)

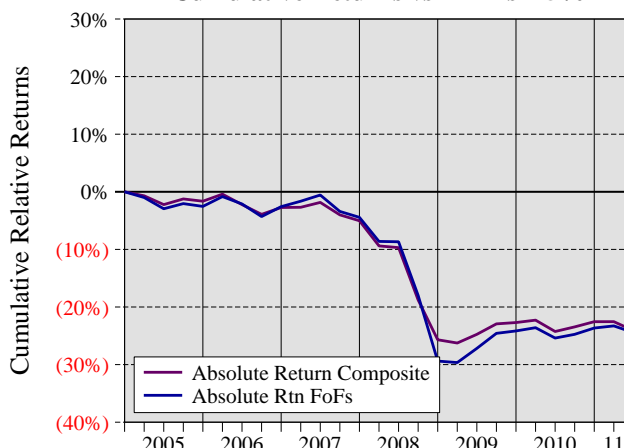


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	0.77	10.71	11.65	1.80	4.58	5.47
25th Percentile	0.20	9.53	10.22	1.48	4.04	4.83
Median	(0.36)	6.32	7.02	(0.15)	2.54	3.76
75th Percentile	(0.65)	5.27	5.27	(2.24)	1.19	3.04
90th Percentile	(1.11)	4.20	4.45	(3.57)	(0.17)	2.07
Absolute Return Composite ●	(0.73)	5.50	5.72	(0.40)	1.88	3.07
T-Bills + 5% ▲	1.29	5.16	5.16	5.42	7.00	7.35

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



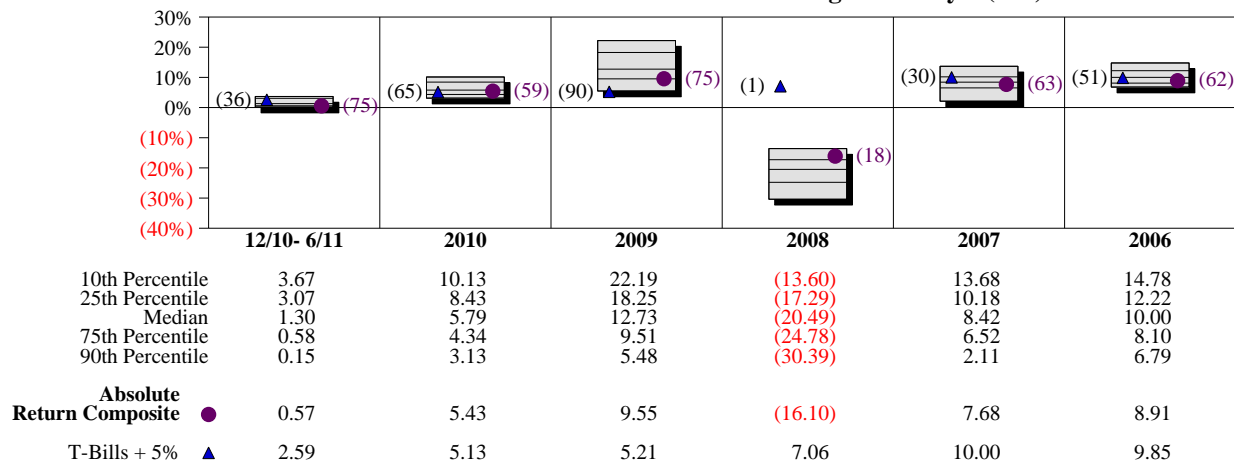


ABSOLUTE RETURN COMPOSITE RETURN ANALYSIS SUMMARY

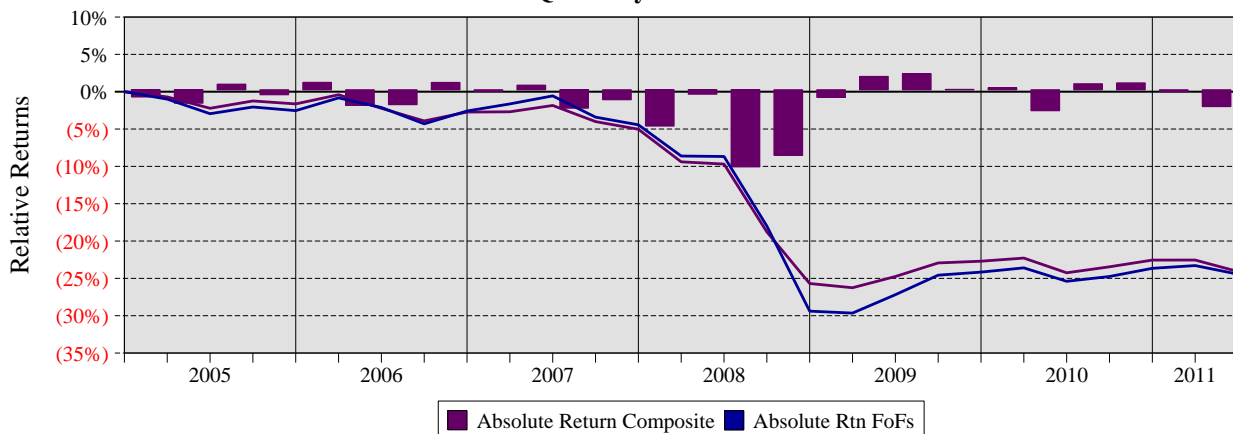
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

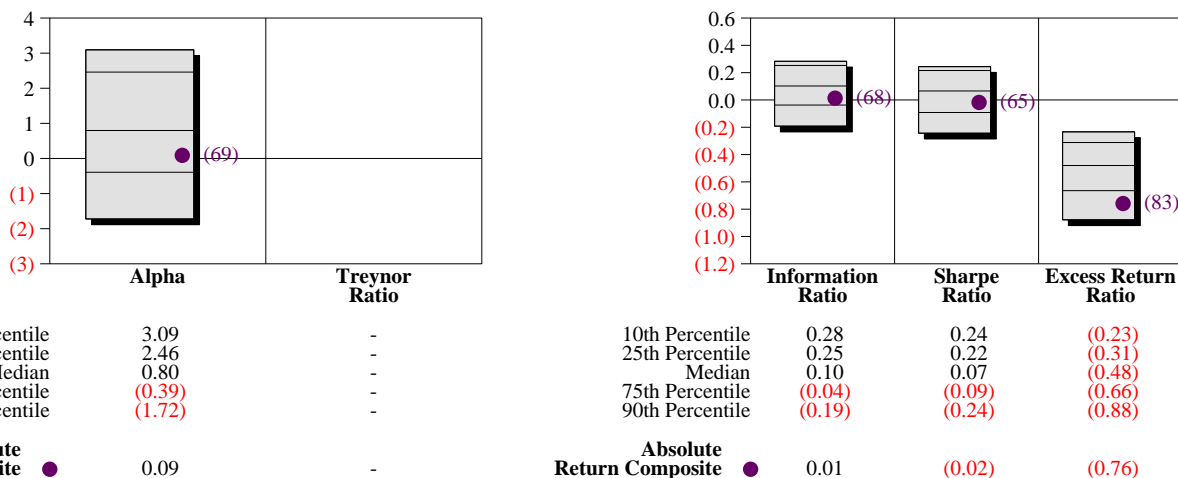
Performance vs Absolute Return Hedge FoFs Style (Net)



Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Absolute Return Hedge FoFs Style (Net) Five Years Ended June 30, 2011



CADOGAN MANAGEMENT PERIOD ENDED JUNE 30, 2011



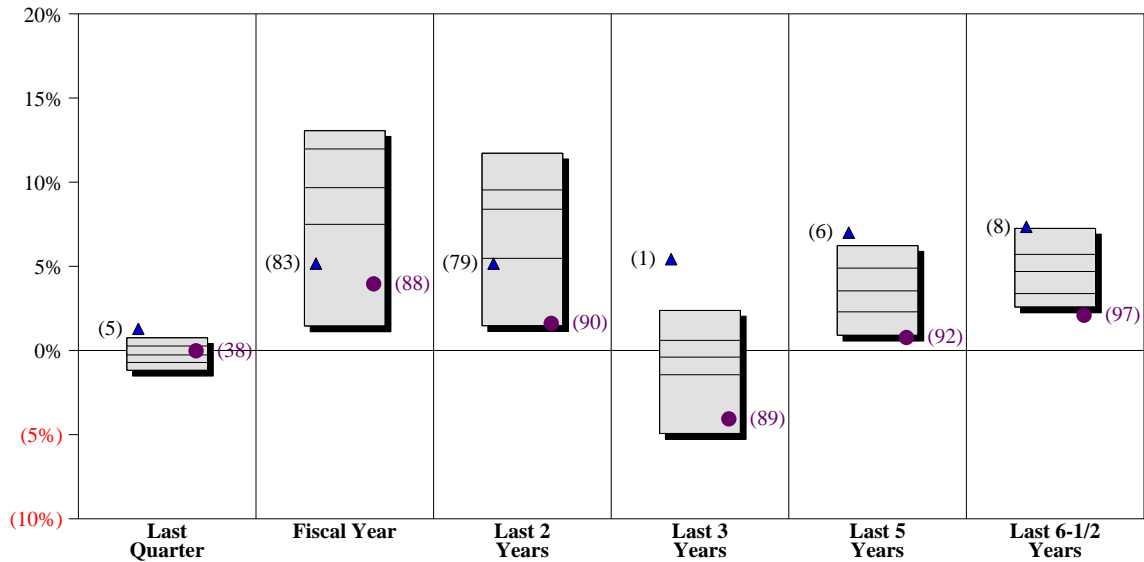
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

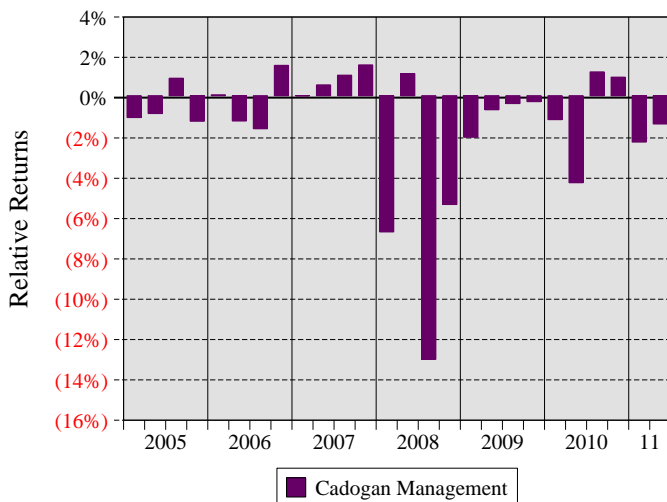
- Cadogan Management's portfolio posted a (0.02)% return for the quarter placing it in the 38 percentile of the Long Short Hedge FoF Style group for the quarter and in the 88 percentile for the last year.
- Cadogan Management's portfolio underperformed the T-Bills + 5% by 1.30% for the quarter and underperformed the T-Bills + 5% for the year by 1.20%.

Performance vs Long Short Hedge FoF Style (Net)

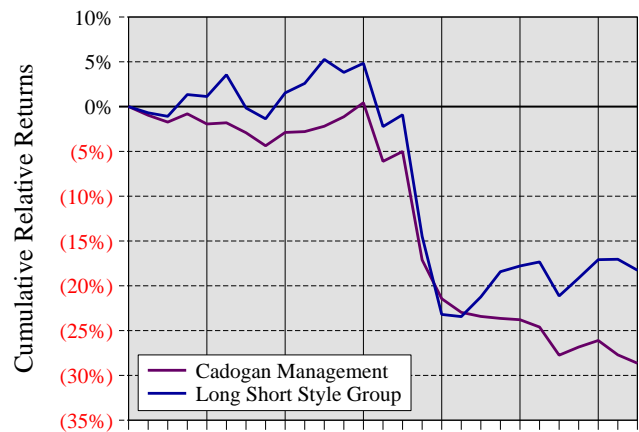


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	0.76	13.06	11.72	2.38	6.23	7.25
25th Percentile	0.27	11.97	9.54	0.60	4.89	5.71
Median	(0.26)	9.67	8.39	(0.39)	3.54	4.69
75th Percentile	(0.71)	7.49	5.47	(1.44)	2.30	3.38
90th Percentile	(1.18)	1.45	1.47	(4.93)	0.90	2.58
Cadogan Management	● (0.02)	3.96	1.61	(4.06)	0.77	2.09
T-Bills + 5%	▲ 1.29	5.16	5.16	5.42	7.00	7.35

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



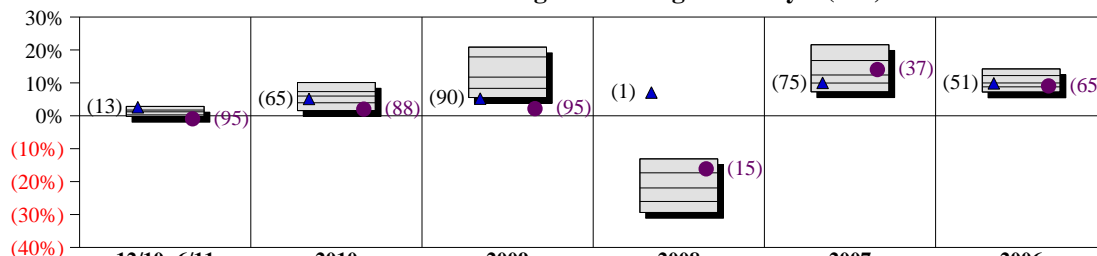
CADOGAN MANAGEMENT RETURN ANALYSIS SUMMARY



Return Analysis

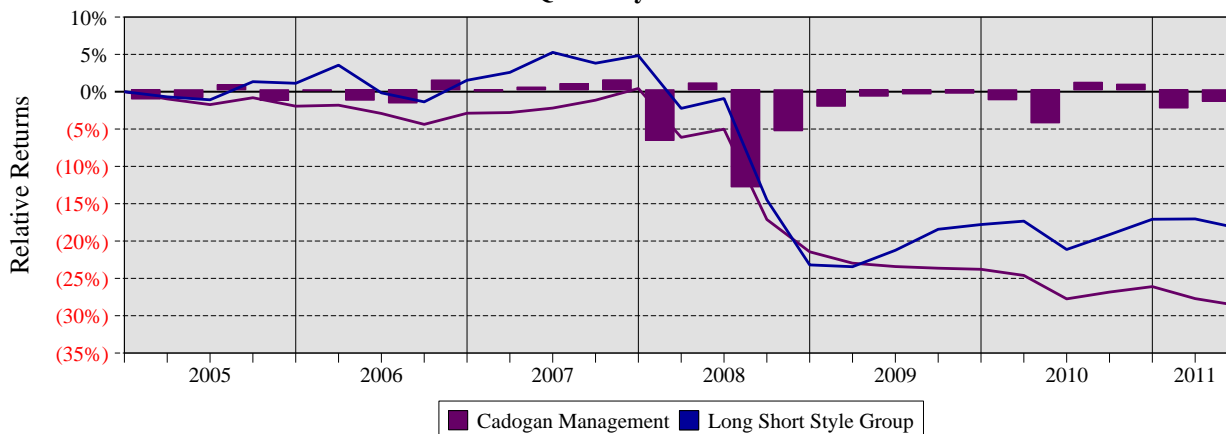
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

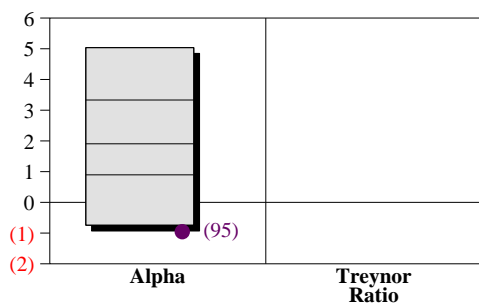


	12/10- 6/11	2010	2009	2008	2007	2006
10th Percentile	2.84	10.11	20.86	(13.09)	21.59	14.24
25th Percentile	1.74	7.35	17.88	(17.33)	16.78	12.22
Median	1.21	5.99	11.74	(21.92)	12.39	9.97
75th Percentile	0.27	3.96	8.34	(26.03)	9.94	8.79
90th Percentile	(0.20)	1.57	5.55	(29.38)	7.28	7.22
Cadogan Management ●	(0.92)	2.03	2.17	(16.12)	14.05	9.07
T-Bills + 5% ▲	2.59	5.13	5.21	7.06	10.00	9.85

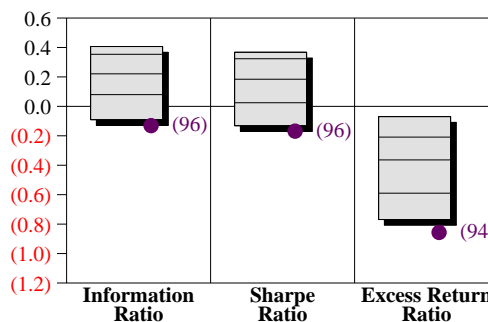
Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Long Short Hedge FoF Style (Net) Five Years Ended June 30, 2011



	Alpha	Treynor Ratio
10th Percentile	5.04	-
25th Percentile	3.33	-
Median	1.91	-
75th Percentile	0.90	-
90th Percentile	(0.74)	-
Cadogan Management ●	(0.96)	-



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.41	0.37	(0.07)
25th Percentile	0.35	0.32	(0.21)
Median	0.22	0.18	(0.36)
75th Percentile	0.08	0.02	(0.59)
90th Percentile	(0.09)	(0.13)	(0.77)
Cadogan Management ●	(0.13)	(0.17)	(0.86)

CRESTLINE INVESTORS PERIOD ENDED JUNE 30, 2011



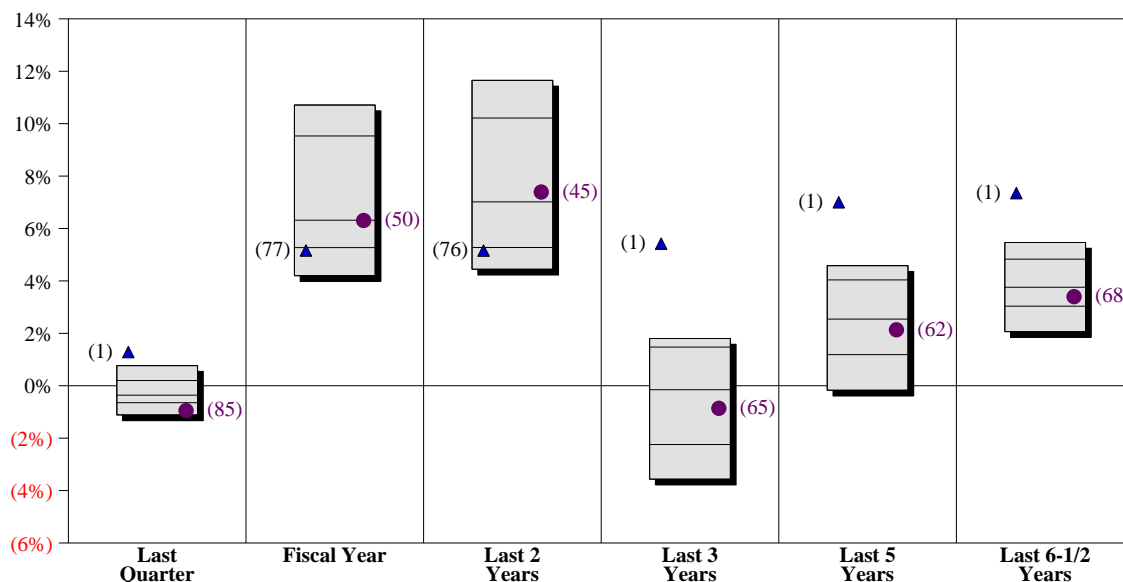
Investment Philosophy

The manager returns below are current through the periods shown.

Quarterly Summary and Highlights

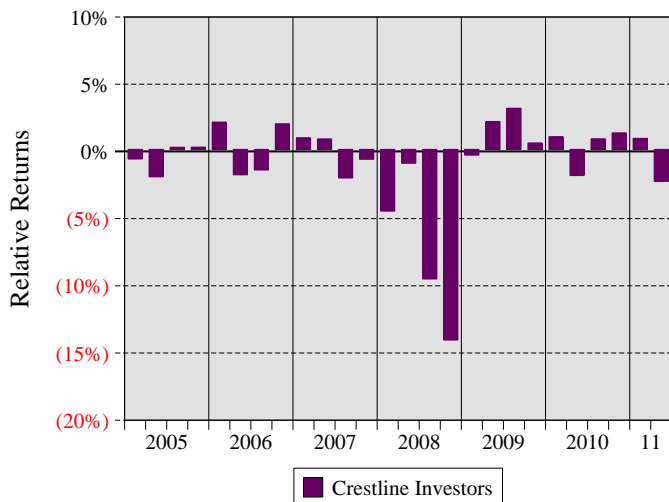
- Crestline Investors's portfolio posted a (0.95)% return for the quarter placing it in the 85 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 50 percentile for the last year.
- Crestline Investors's portfolio underperformed the T-Bills + 5% by 2.23% for the quarter and outperformed the T-Bills + 5% for the year by 1.14%.

Performance vs Absolute Return Hedge FoFs Style (Net)

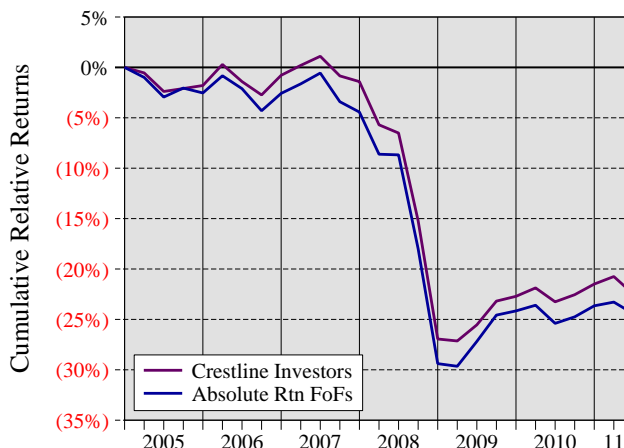


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	0.77	10.71	11.65	1.80	4.58	5.47
25th Percentile	0.20	9.53	10.22	1.48	4.04	4.83
Median	(0.36)	6.32	7.02	(0.15)	2.54	3.76
75th Percentile	(0.65)	5.27	5.27	(2.24)	1.19	3.04
90th Percentile	(1.11)	4.20	4.45	(3.57)	(0.17)	2.07
Crestline Investors ●	(0.95)	6.31	7.39	(0.86)	2.13	3.40
T-Bills + 5% ▲	1.29	5.16	5.16	5.42	7.00	7.35

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



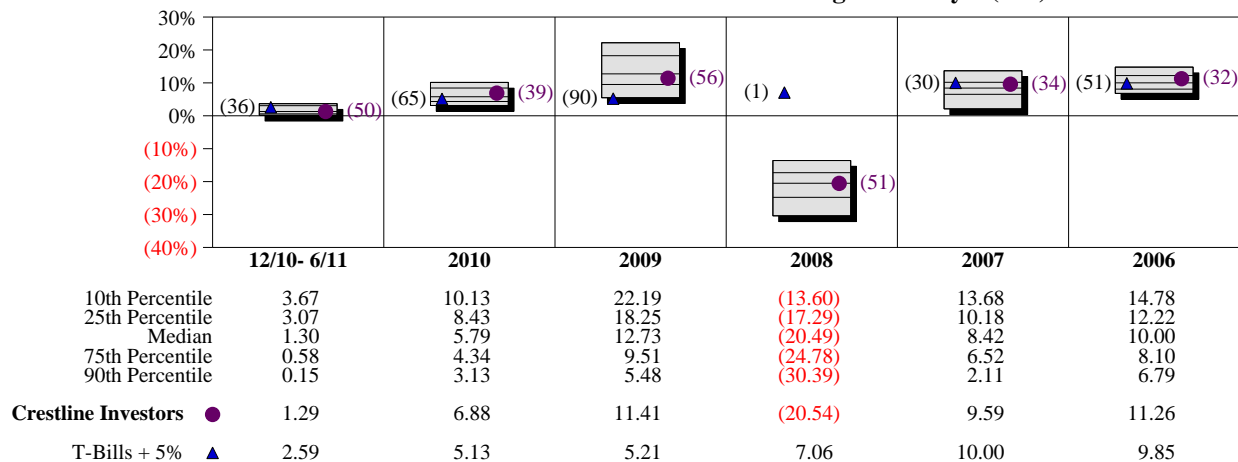
CRESTLINE INVESTORS RETURN ANALYSIS SUMMARY



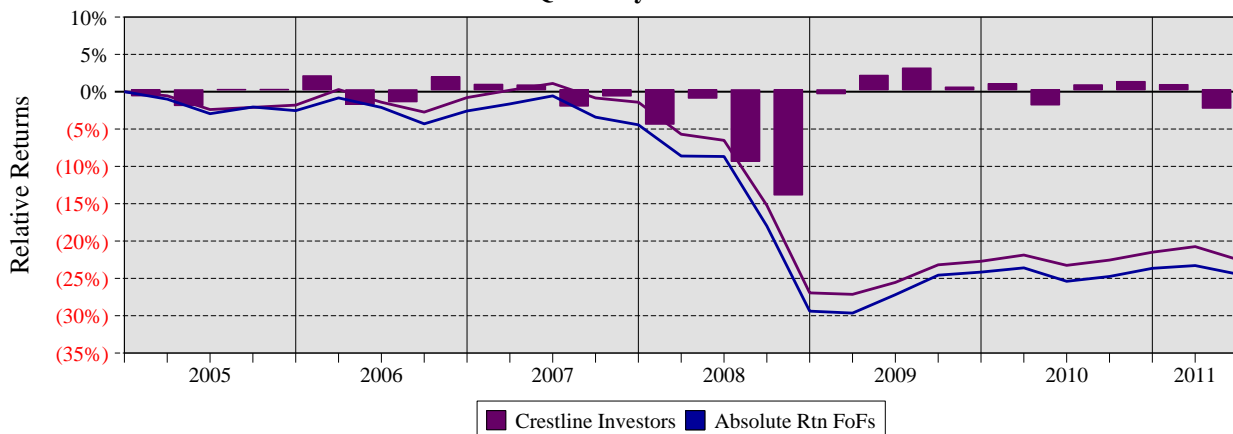
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

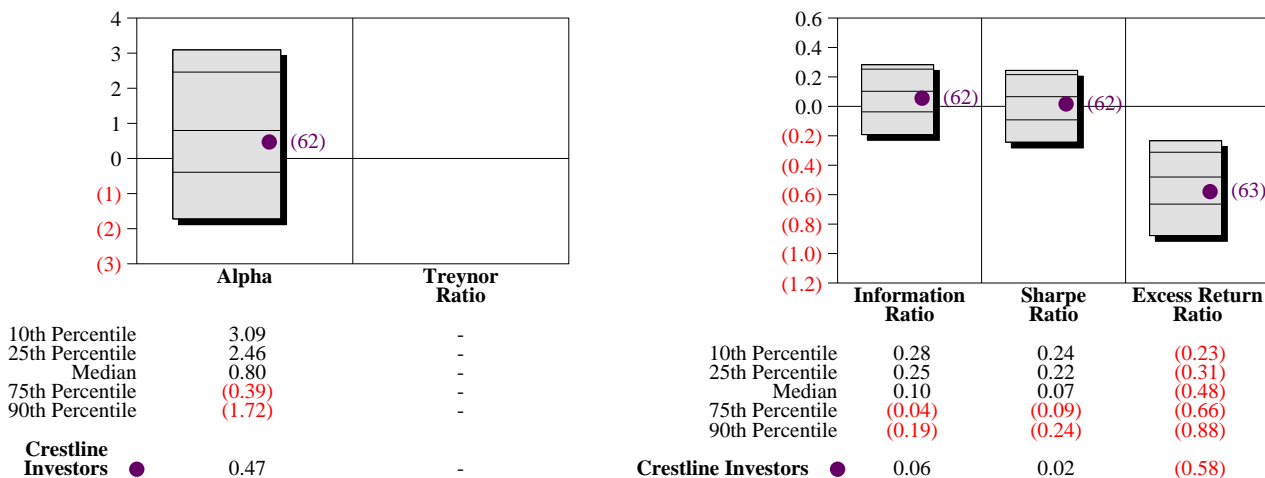
Performance vs Absolute Return Hedge FoFs Style (Net)



Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Absolute Return Hedge FoFs Style (Net) Five Years Ended June 30, 2011



GLOBAL ASSET MANAGEMENT PERIOD ENDED JUNE 30, 2011



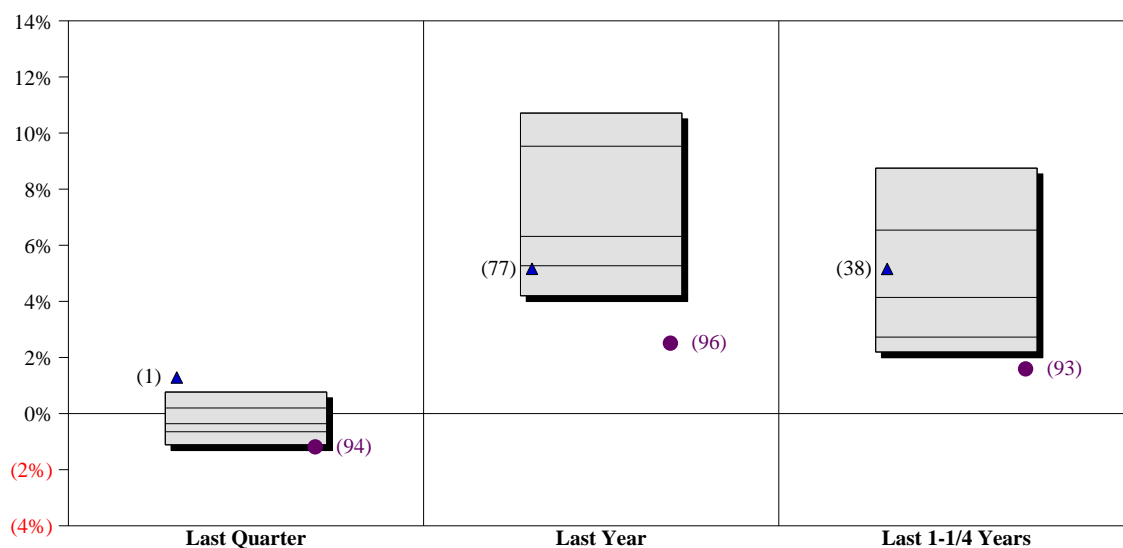
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

- Global Asset Management's portfolio posted a (1.19)% return for the quarter placing it in the 94 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 96 percentile for the last year.
- Global Asset Management's portfolio underperformed the T-Bills + 5% by 2.47% for the quarter and underperformed the T-Bills + 5% for the year by 2.65%.

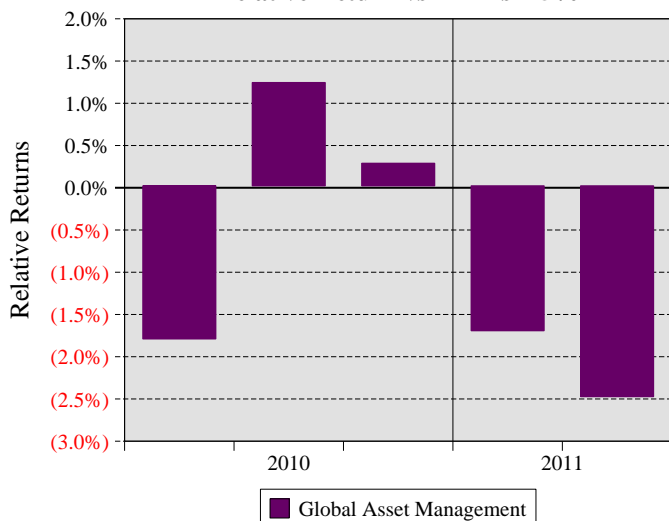
Performance vs Absolute Return Hedge FoFs Style (Net)



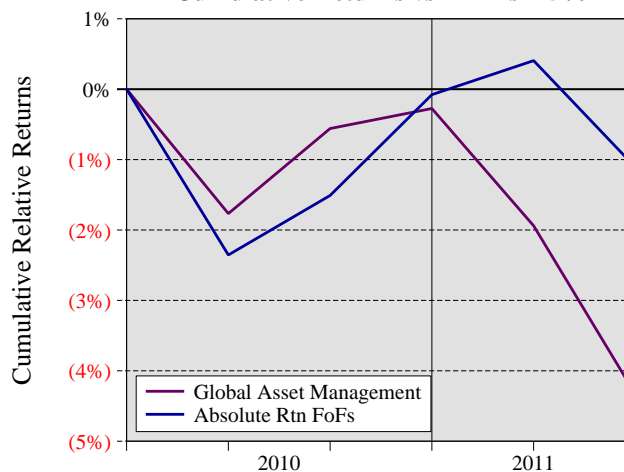
10th Percentile	0.77
25th Percentile	0.20
Median	(0.36)
75th Percentile	(0.65)
90th Percentile	(1.11)

Global Asset Management	(1.19)
T-Bills + 5%	1.29

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



MARINER INVESTMENT GROUP PERIOD ENDED JUNE 30, 2011



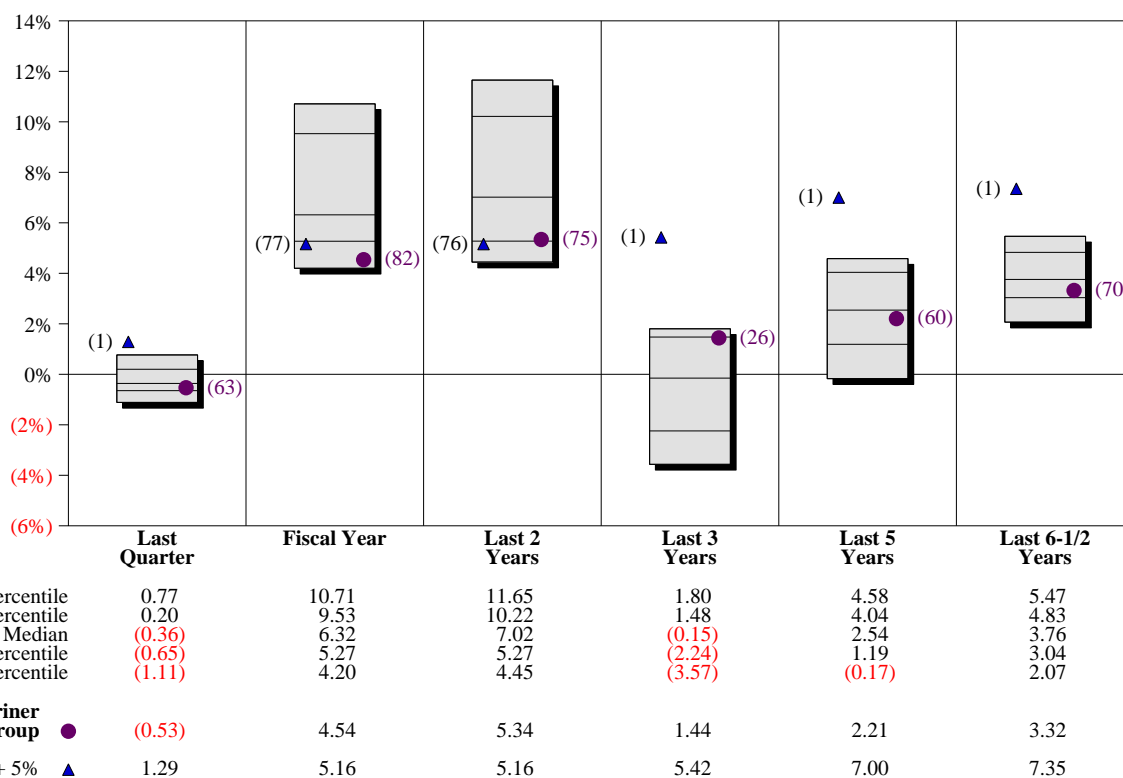
Investment Philosophy

The manager returns below are current through periods shown.

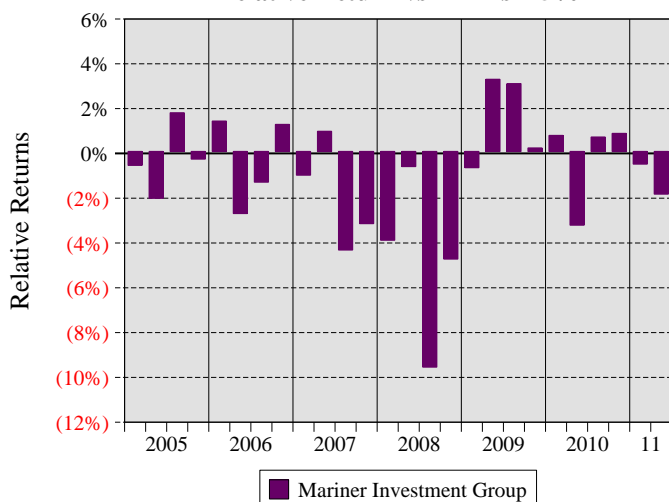
Quarterly Summary and Highlights

- Mariner Investment Group's portfolio posted a (0.53)% return for the quarter placing it in the 63 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 82 percentile for the last year.
- Mariner Investment Group's portfolio underperformed the T-Bills + 5% by 1.82% for the quarter and underperformed the T-Bills + 5% for the year by 0.62%.

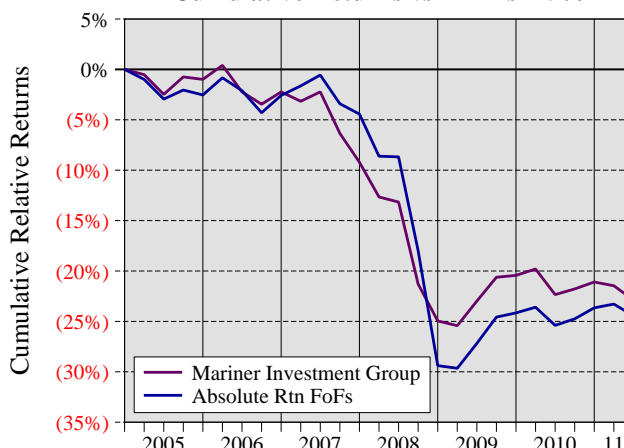
Performance vs Absolute Return Hedge FoFs Style (Net)



Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



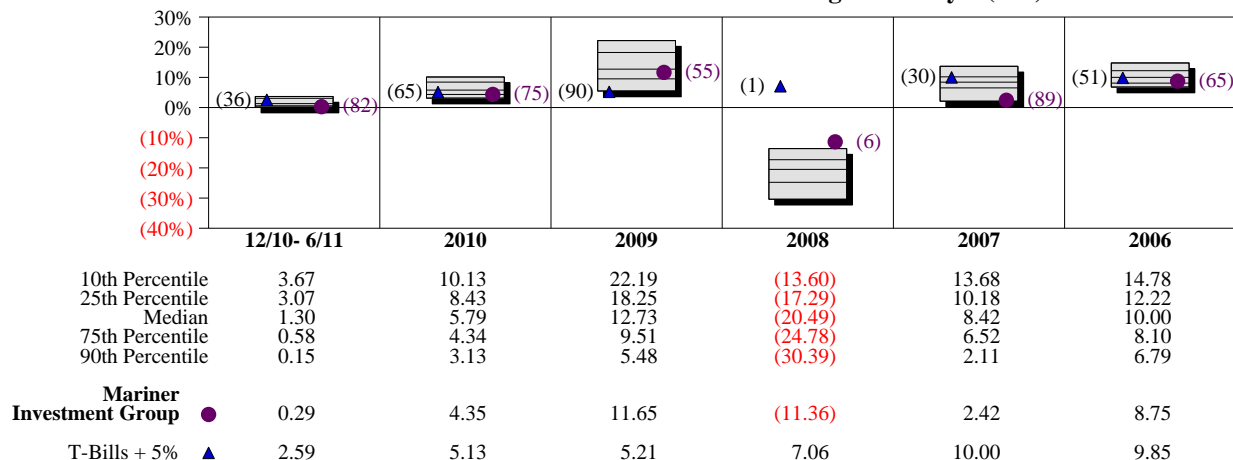
MARINER INVESTMENT GROUP RETURN ANALYSIS SUMMARY



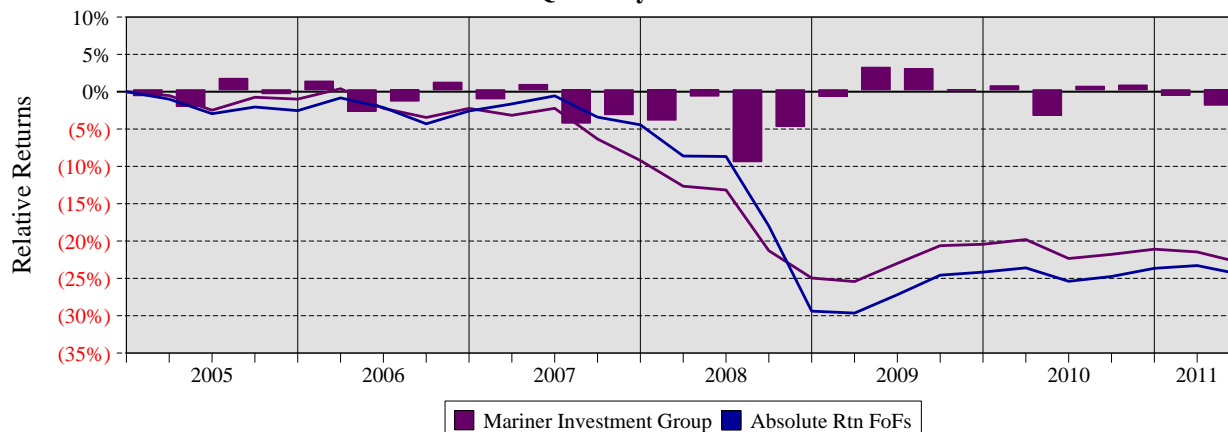
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

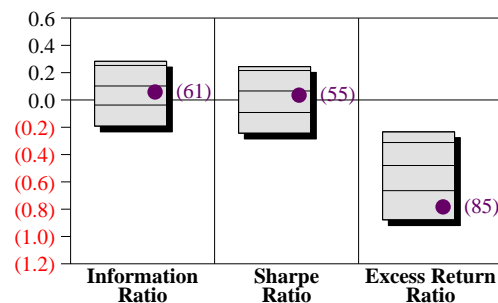
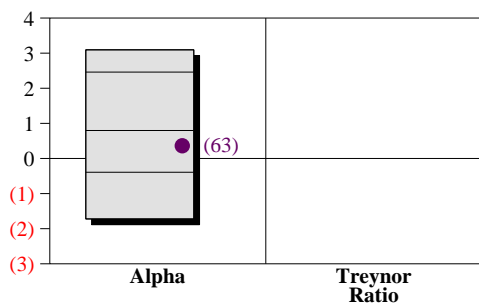
Performance vs Absolute Return Hedge FoFs Style (Net)



Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5% Rankings Against Absolute Return Hedge FoFs Style (Net) Five Years Ended June 30, 2011



10th Percentile 3.09
25th Percentile 2.46
Median 0.80
75th Percentile (0.39)
90th Percentile (1.72)

10th Percentile 0.28
25th Percentile 0.25
Median 0.10
75th Percentile (0.04)
90th Percentile (0.19)

**PRISMA CAPITAL
PERIOD ENDED JUNE 30, 2011**



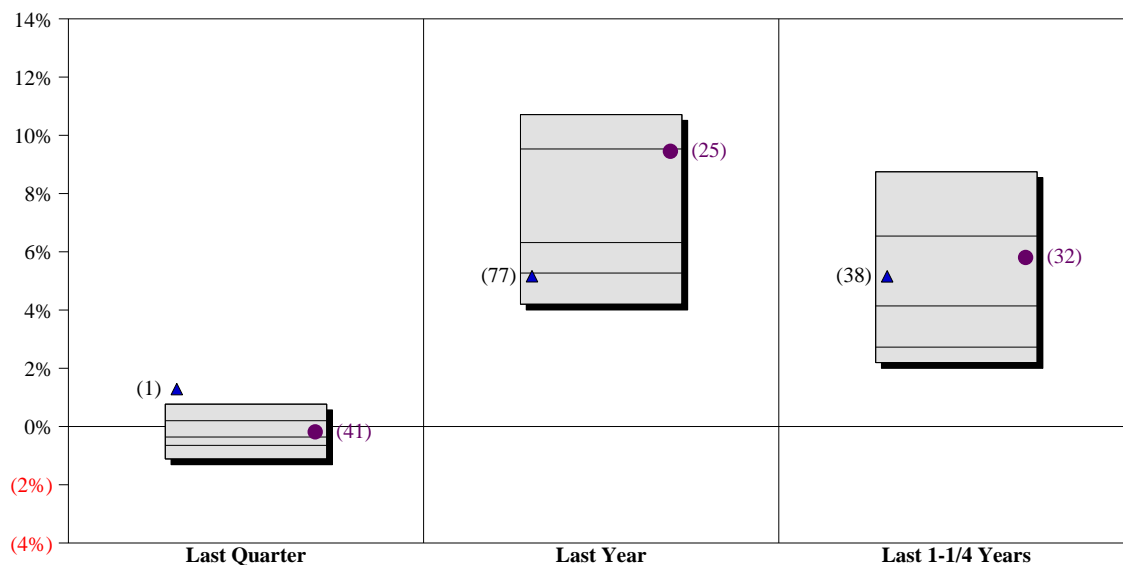
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

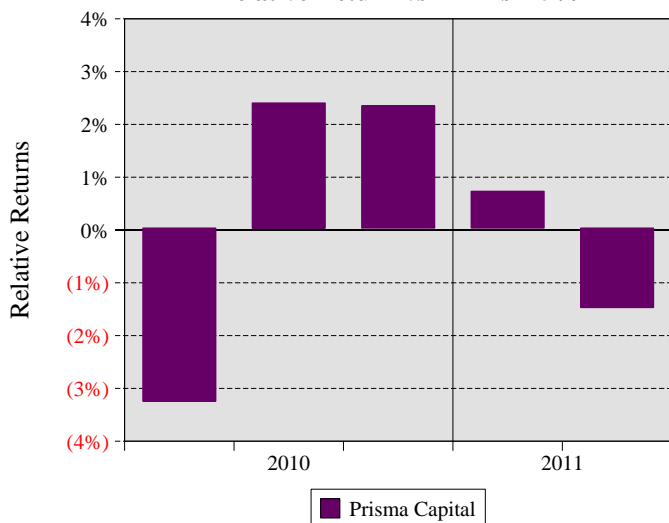
- Prisma Capital's portfolio posted a (0.18)% return for the quarter placing it in the 41 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 25 percentile for the last year.
- Prisma Capital's portfolio underperformed the T-Bills + 5% by 1.47% for the quarter and outperformed the T-Bills + 5% for the year by 4.29%.

Performance vs Absolute Return Hedge FoFs Style (Net)

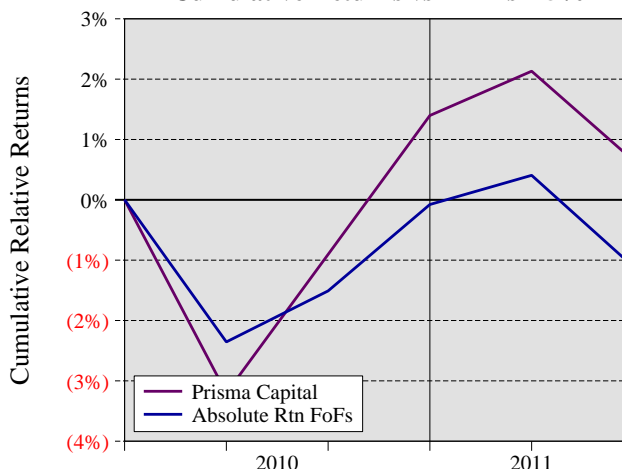


10th Percentile	0.77	10.71	8.75
25th Percentile	0.20	9.53	6.54
Median	(0.36)	6.32	4.14
75th Percentile	(0.65)	5.27	2.73
90th Percentile	(1.11)	4.20	2.20
Prisma Capital	(0.18)	9.45	5.81
T-Bills + 5%	1.29	5.16	5.16

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%





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

Why Plan Sponsors Invest in Private Equity

Gary Robertson

Domestic Equity Benchmark Review: Year End 2010

Jacki Hoagland, Stephanie Meade

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

Publications

DC Observer and Callan DC Index™ – 1st Quarter 2011

Hedge Fund Monitor – 1st Quarter 2011

Capital Market Review – 2nd Quarter 2011

Quarterly Performance Data – 2nd Quarter 2011

Private Markets Trends – Spring 2011

Surveys

2011 Callan Target Date Fund Survey – June 2011

2011 DC Trends Survey – January 2011

2010 Alternative Investments Survey – November 2010



RESEARCH AND UPCOMING PROGRAMS

(continued)

Event Summaries and Presentations

Summary: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Presentation: 2011 Regional Breakfast Workshop - June 2011

“Latest Developments in Asset Allocation for DB and DC Plans”

Upcoming Educational Programs

October 2011 Regional Breakfast Workshops

October 25 in New York City

October 26 in Chicago

Subject TBA – Detailed information will be sent to you in August.

**If you have any questions regarding these programs,
please contact Ray Combs at 415.974.5060 or institute@callan.com.**

The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com



THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

SECOND 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.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or college@callan.com.

The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, www.callan.com

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 06/30/11, 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	
AQR Capital Management	Y	
Artio Global Management (fka, Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
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	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Crestline Investors	Y	Y
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	

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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
Eaton Vance Management	Y	Y
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		Y
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
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 America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Login Circle	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Man Investments	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y

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Manager Name	Educational Services	Consulting Services
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
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)	Y	
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	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	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
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y

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Manager Name	Educational Services	Consulting Services
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
Tradewind Global Investors	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	

▶ Event Sector Opportunities



An Alternative Investment Specialist

Presentation to:

Alaska Retirement Management Board

September 22, 2011

CONFIDENTIAL



PRISMA CAPITAL PARTNERS

Prisma Capital Partners LP: Speaker Biographies ◀

◆ Eric Wolfe, CFA, Senior Portfolio Manager

Mr. Wolfe is a Senior Portfolio Manager and an Investment Committee Member with Prisma Capital Partners LP. Prior to the formation of Prisma, Mr. Wolfe was a Vice President at Safra National Bank of New York as the leading portfolio manager for Hedge Fund of Funds Group.

While at Safra National Bank of New York, he also managed the accounts group and was the head of the research process to source hedge fund investments for fund of hedge funds. Prior to his position at Safra National Bank of New York, Mr. Wolfe was the Chief Financial Officer for Buyroad.com, co-managing a 20 employee team from pre-launch to revenue producing entity for the web design of ASP for the small/medium business market. Earlier in his career, he was Vice President, Global Balanced Portfolio Manager at JPMorgan Asset Management serving as portfolio manager of \$16+ billion global balanced assets and member of the Global Macro Strategy Team. His educational background is as follows: B.A. Economics - Lehigh University, magna cum laude.

◆ Helenmarie Rodgers, Managing Director

Ms. Rodgers is a Managing Director of Client Management with Prisma Capital Partners LP. Prior to the formation of Prisma, Ms. Rodgers was a Managing Director of Institutional Client Management, at J.P. Morgan Alternative Asset Management, a \$6 billion hedge fund of funds manager.

Previously, she was the Managing Director and Head of Worldwide Marketing and Product Development for Chase Alternative Asset Management, the predecessor firm to JPMAAM. Earlier, she was a portfolio specialist for several hedge funds of funds and feeder funds at Union Bancaire Privee, a large Swiss investor in hedge funds. Ms. Rodgers was also a Senior Vice President for the World Gold Council in Geneva, Switzerland. Her educational background is as follows: BA – Tulane; MBA – The Wharton School, University of Pennsylvania.

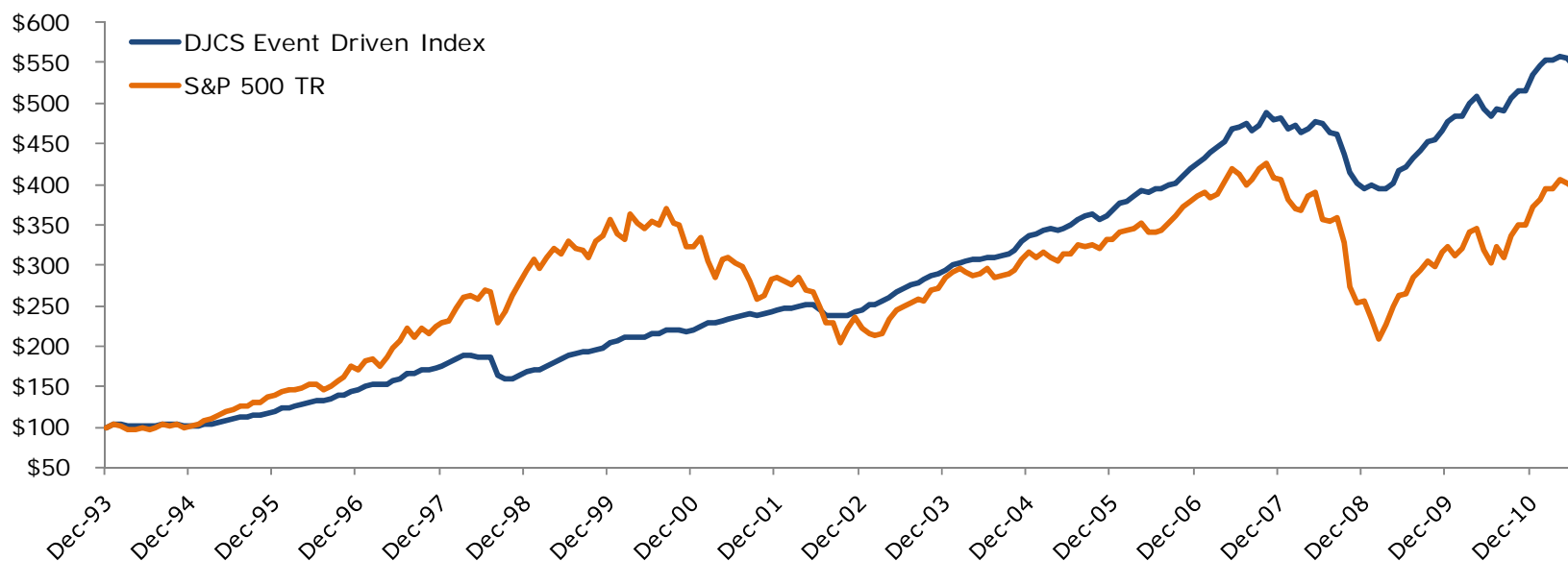
- ◆ Hedge funds are broadly classified into four strategies:
 - ◆ **Long/Short Equity** – Manager is “long” companies that he/she expects to appreciate in value and “short” companies that are expected to decrease in value.
 - ◆ **Global Macro** – These top down managers take a macroeconomic approach to investing opportunistically across global financial markets (e.g., stocks, bonds, currencies, interest rates, etc).
 - ◆ **Relative Value** - Relative value arbitrage is an investment strategy that seeks to take advantage of price differentials between related financial instruments by simultaneously buying and selling the different securities—thereby allowing investors to potentially profit from the “relative value” of the two securities.
 - ◆ **Event Driven** - A hedge fund strategy in which the manager takes significant positions in a certain number of companies with "special situations." These "special situations" could include companies who are subject to distressed stock prices, mergers, takeovers, big news stories, etc.

Hedge funds generally have greater flexibility in their trading style and execution than long-only managers

Historical Performance of the Event Driven Sector ◀

- Historically, the event-driven sector outperformed the equity market and provided capital preservation during periods of market stress.

Growth of \$100: Historical Performance Comparison of the DJCS Event Driven Hedge Fund Index vs. S&P 500 TR



	Historical Annualized Performance (Jan 1994 - Jul 2011)	
	Return	Volatility
DJCS Event-Driven Index	10.1%	6.1%
S&P 500 TR Index	8.0%	15.5%

Note: Past performance is not indicative of future results. Please see important notes at the end of this presentation regarding, among other things, the use of indices

- There are various events in the lifecycle of a corporation which can have a material impact on its valuation.
- Hedge fund managers attempt to capitalize opportunistically on these events.

Event Lifecycle

Pre Event

- ◆ Fundamental value
- ◆ Activist investing
- ◆ Regulatory changes

During Event

- ◆ Announced M&A
- ◆ Tender offers
- ◆ Exchange offers
- ◆ Proxy contests

Post Event

- ◆ Post-restructured equities
- ◆ Liquidations

Event Sector: Diversity of Investment Geography May Increase Diversification Benefits

Geographic Locations of Prisma's Event-Driven Managers



THEMES DRIVING EVENT OPPORTUNITIES

Positive

- Corporate activity
 - Over \$3 trillion in cash on balance sheets globally
 - Shareholder pressure to deploy cash via M&A, buy-backs, dividends
 - Aggressive pursuit of strategic M&A transactions amid slow organic growth environment
 - Transactions occurring across all industries and across borders
 - Corporations have accelerated non-core asset sales
- European and Chinese financial regulatory changes
 - Basel III – a global regulatory standard to increase bank capital liquidity and reduce leverage
 - People's Bank of China ordered banks to hold back more money, as reserves, to curb lending and reduce inflation

Negative

- Diminished CEO confidence due to economic uncertainty
- Sovereign debt issues continue to impact financial institutions

United States, M&A Event-Driven Example ◀

Ticker:

BEC US Equity (Producer of biomedical laboratory instruments)

Entry Event:

- Wall Street Journal reported that Beckman Coulter had put themselves up for sale and shares rose from \$57 to \$72.

Manager Due Diligence:

- The manager analyzed the merger agreement to determine ongoing litigation / FDA issues and their potential impact on the deal.

Trade:

- Buy stock at \$72 and use options to reduce downside risk and forgo some upside.

Realization Event:

- On 2/17/2011, Danaher enters into a definitive merger agreement with BEC to acquire all of BEC's shares for \$83.50 per share.

Beckman Coulter Stock Price: Nov 2010 - Feb 2011



Canadian, Activist Event-Driven Example ◀

Ticker:

UTS CN Equity (Canadian oil sands company)

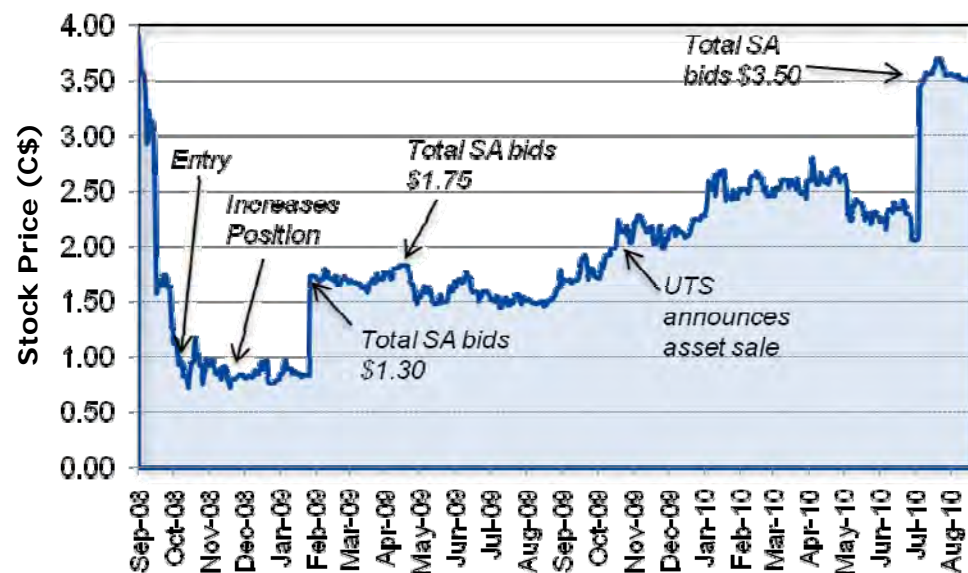
Entry Event:

- Shares collapsed 88% due to:
 - Collapsing oil prices and stock market;
 - Uncertainty over undeveloped resource valuations; and
 - Liquidating funds selling.
- Shares traded at \$0.72 per share despite having:
 - \$0.65 in cash + **NO debt**;
 - \$1.50 in receivables;
 - Potentially 6 barrels of oil sands resource per share (undeveloped oil sands resources have been acquired at an average price of \$0.80 per share from 2005-2009).

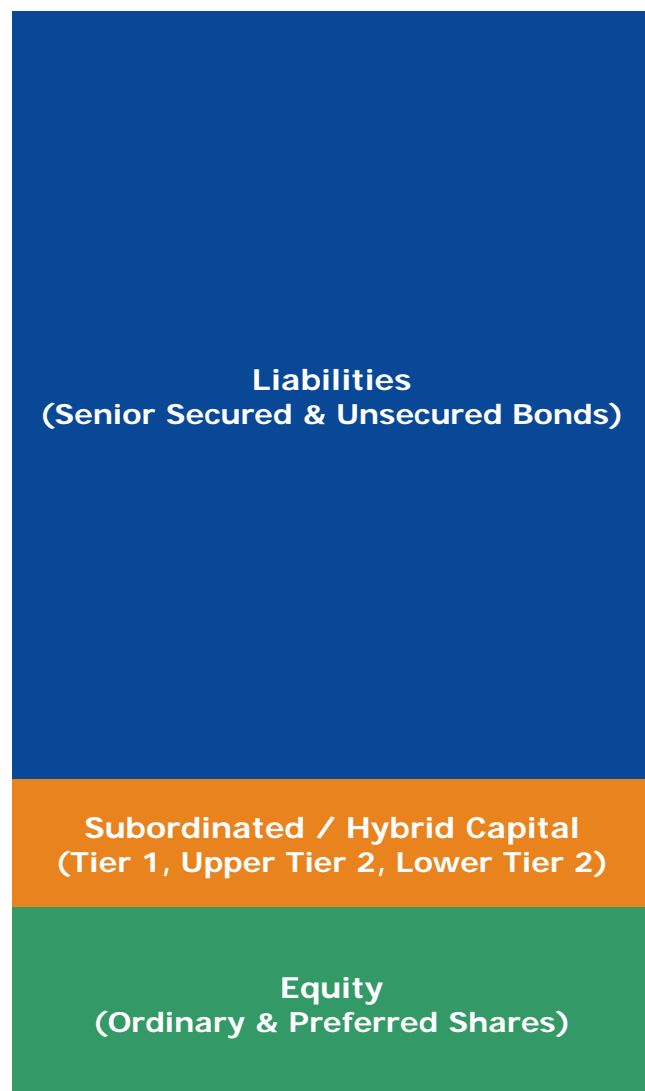
Realization Event:

- TOTAL SA attempted a hostile takeover bid at \$1.30 and \$1.75 per share.
- West Face organized shareholder opposition and encouraged management to realize higher values by asset sales and a strategic review.
- TOTAL SA returned 18 months later with bid valued at \$3.50 per share.

UTS Energy Stock Price: Sep. 2008 – Aug. 2010



Bank Capital – A Complex and Multi-Layered New Market



Basel Committee Guidance:

Impact on Subordinated / Hybrid Capital

- ◆ Phases in higher capital requirements beginning in 2013 through 2019
- ◆ Strengthens the eligibility criteria for Tier 1 inclusion
 - Most immediate impact is to certain bank preferred shares that will no longer be Tier 1 eligible after 2013
- ◆ Capital changes should continue to provide relative value opportunities as the market tries to anticipate which securities are more or less likely to be called
 - Requires deep understanding of bank's balance sheets and their motivations

Note: The information above depicts the type of events in which managers pursuing even-driven strategies may see opportunities. For illustrative purposes only.

European, Regulatory Event-Driven Example ◀

Commerzbank Balance Sheet Restructuring

- ◆ Event 1: To boost its core Tier 1 ratio, on 1/13/2011, Commerzbank announced a debt for equity swap.
 - How our managers profited?: Managers are “long” the preferred bonds which rose in value as investors believe Commerzbank would buyback these bonds at a premium as they are no longer Tier 1 eligible.

- ◆ Event 2: In early April 2011, Commerzbank raised 4.3 billion euros by selling new shares to repay government aid it received in 2008 and to reduce balance sheet liabilities.
 - How our managers profited?: Managers are “short” the common stock and profit as the value per share is diluted with increased supply of stock.

Event 1: Commerzbank 5.012 03-49 Preferred Bond: Jan-Apr 2011



Event 2: Commerzbank Common Stock (GBP): Jan-Apr 2011



Note: The information above depicts the type of events in which managers pursuing even-driven strategies may see opportunities. For illustrative purposes only.

Chart source: Bloomberg and Prisma.

- ◆ Event sector is a broad strategy with multiple opportunities across industry, geography and asset class
- ◆ Events can be complex and therefore skilled managers and strong due diligence may be beneficial
- ◆ The variety of different trades and sub-strategies can potentially benefit portfolio diversification

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Investments in hedge funds and funds of hedge funds are speculative and involve special risks, and there can be no assurance that a fund's investment objectives will be realized or that suitable investments may be identified.

Opinions, estimates and projections in this report constitute the current judgment of Prisma as of the date of this report and are subject to change without notice. Prisma has no obligation to update, modify or amend this report or otherwise notify a reader hereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Forecasts contained herein are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

Indices

The statistical data regarding below indices has been obtained from sources believed to be reliable. The indices referenced herein are broad-based and used for illustrative purposes only. They have been selected as they are well known and are easily recognizable. However, the investment activities of any hedge fund or fund of fund may be considerably more volatile than the performance of any of the referenced indices. Unlike these indices, hedge funds and funds of funds are actively managed. Furthermore, hedge funds and funds of funds generally invest in substantially fewer securities and underlying funds, respectively, than the number of securities or hedge funds comprising each of these indices. It is not possible to invest directly in these indices. These indices are not subject to any of the fees or expenses to which hedge fund or funds of funds are subject. Index returns assume it is reinvestment of dividends and do not reflect any fees or expenses associated with a mutual fund. These indices are being presented for comparison purposes only and should not be relied upon.

The **S&P 500 TR Index** is comprised of a representative sample of 500 large-cap companies. The index is an unmanaged, float-weighted index with each stock's weight in the index in proportion to its float, as determined by Standard & Poors. The S&P 500 is one of the most widely used benchmarks of U.S. equity performance.

The **Dow Jones Credit Suisse Event Driven Hedge Fund Index** is a subset of the Dow Jones Credit Suisse Hedge Fund Index that measures the aggregate performance of event driven funds. Event driven funds typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. Such events can include: mergers, bankruptcies, financial or operational stress, restructurings, asset sales, recapitalizations, spin-offs, litigation, regulatory and legislative changes as well as other types of corporate events. Event driven funds can invest in equities, fixed income instruments (investment grade, high yield, bank debt, convertible debt and distressed), options and various other derivatives. Many event driven fund managers use a combination of strategies and adjust exposures based on the opportunity sets in each subsector.



PRISMA CAPITAL PARTNERS

Prisma Capital Partners LP

One Penn Plaza

Suite 3515

New York, NY 10119

Phone: (212) 590-0800 Fax: (212) 590-0810

www.prismapartners.com

Prisma Capital Management International LLP

6 Chesterfield Gardens

London W1J 5BQ

Phone: +44 (0) 20 7016 6485

Fax: +44 (0) 20 7016 6460





M A R I N E R

Absolute Return Investment Framework

Presentation to Alaska Retirement Management Board

William Turchyn
Partner

Ellen Rachlin
Lead Portfolio Manager

September 2011

Table of Contents

I. Absolute Return Investment Framework

II. Glossary

I. Absolute Return Investment Framework

Portfolio Objectives¹

We believe that the primary portfolio objectives are to seek to create:

- steady, consistent returns
- better risk-adjusted returns or better absolute returns with uncorrelated drawdown periods than the underlying asset classes (equities, commodities, bonds)
- lower volatility to the weighted composite of markets in which the portfolio is invested

1. The portfolio objectives are being provided for educational purposes and shall not be relied upon for any official purpose.

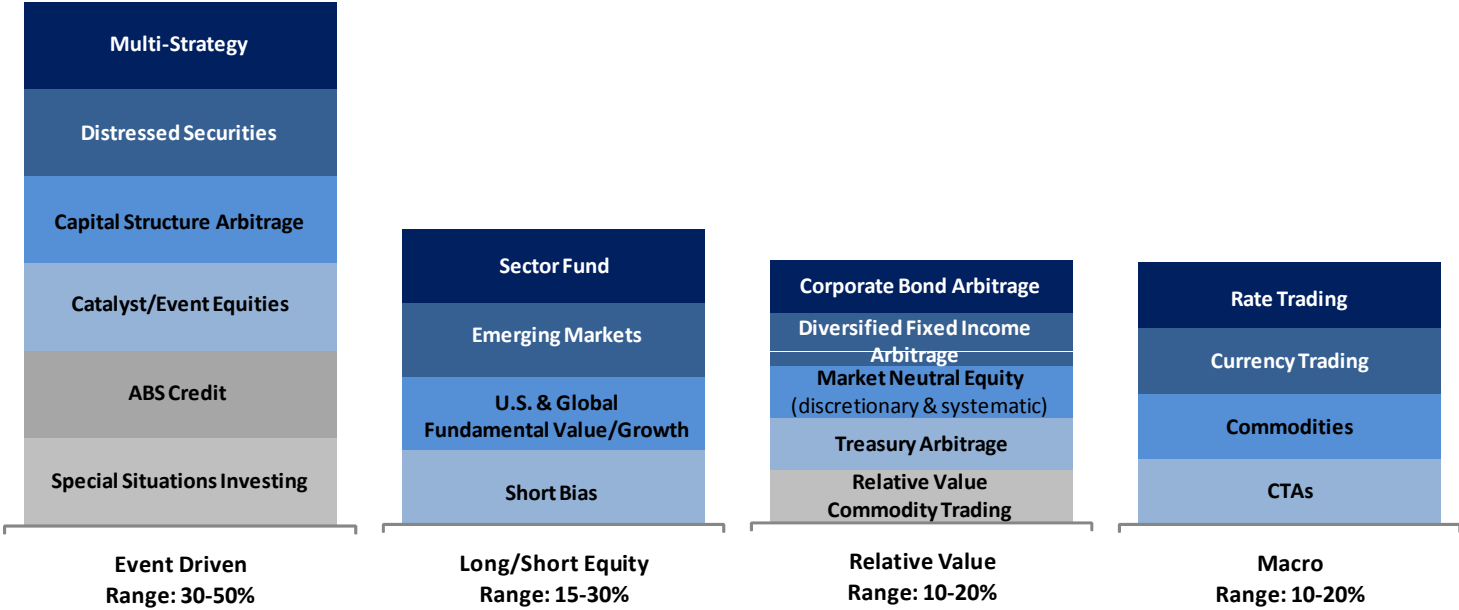
Strategic Asset Allocation

Investment Philosophy and Considerations

- The investable universe should include all hedge funds, regardless of style or size to maximize the opportunity set.
- The manager should seek to include in the portfolio underlying funds that are capable of producing asymmetric positive returns versus their potential one-time maximum drawdown.
- The manager should seek to diversify by number of underlying hedge funds and by strategies in a way that mitigates risk exposures.
- The manager selection process should seek to identify underlying hedge funds with a positive repeatable investment process, avoiding underlying hedge funds that use excessive leverage, illiquid investments, or poor risk management practices.
- The investment process should subject each potential and currently held underlying fund to independent due diligence review for approval or re-approval to be included in the portfolio:
 - Investment
 - Risk systems & infrastructure
 - Operational due diligence
 - Legal & compliance
 - Accounting

Major Strategy Target Allocations^{1,2}

Event Driven, Equity Hedge, Relative Value, Macro



A style of investing, both long and short, in companies that are undergoing or expected to undergo structural or balance sheet changes.

A style of investing that maintains both long and short positions in companies whose longer term prospects for growth are not fully reflected in the current price, according to the portfolio manager's research.

A style of investing that relies on long and short positioning of either similar securities that have diverged or dissimilar securities that have converged to prices that do not reflect fair long term value.

A style of investing that relies on broad economic and business conditions, as well as market trends to determine long and short positions within various equity, debt, interest rate, currency, and commodity markets.

1. Mariner's recommended strategic asset allocation ranges would be based upon specific portfolio objectives and constraints. The ranges are subject to change.
 2. Please see Glossary for further description of major strategies.

Hedge Fund Sizing

Overlaying Portfolio Risk Management

- We believe the portfolio achieves a layer of risk management through thoughtful relative sizing of its underlying hedge funds. Agnostic to strategy (e.g., event-driven, long/short equity, relative value, macro), underlying hedge funds can be expected to have differing risk profiles. The relative sizing of each underlying fund should reflect its risk profile.

Portfolio Composition Based on Underlying Manager Risk/Return Targets¹

45% Target Allocation	45% Target Allocation	10% Target Allocation
Low Max Drawdown Potential: <10%	Moderate Max Drawdown Potential: 10-15%	High Max Drawdown Potential: >15%
Upside Return Potential: 8-12%	Upside Return Potential: 10-15%	Upside Return Potential: >15%
Size per fund: 3-4% for single strategy 4-6% for multi-strategy	Size per fund: 2-3%	Size per fund: 1-2%

1. The underlying manager's drawdown and upside potentials are based upon the universe of underlying hedge funds that Mariner monitors in its proprietary database, in particular, the performance history for the underlying funds. Past performance is not a guide to or otherwise indicative of future results.

Hedge Fund Sizing

Portfolio Composition Based on Underlying Manager Risk/Return Targets¹

■ Objective: Use portfolio construction as risk management

Portfolio construction provides risk management if accurately identified conservative underlying hedge funds are sized larger in the portfolio than less conservative ones. Typically, the collective maximum drawdown of the conservatively managed underlying hedge funds in the portfolio can be expected to be less than the drawdown of the less conservatively managed underlying hedge funds. By sizing according to drawdown potential, we believe the portfolio is more insulated from loss during adverse market conditions than a portfolio of equal weighted funds or “conviction based” weightings. Conservative funds tend to use various techniques such as diversification and stop losses more consistently than less conservative ones.

All underlying hedge funds should be carefully vetted for their potential to achieve greater annual returns than any one-time drawdown potential. Position level transparency aids predictive drawdown assessment.

Underlying managers will be separated into three groups according to which best describes their drawdown and upside potential. Groups will be determined as follows:

1. Low maximum drawdown potential of around 10% or less with an upside potential of 8 to 12%. The funds in this group will range in size from 3 to 4% for single strategy managers. Multi-strategy managers will be included in this group and sized from 4 to 6%. 45% Allocation Target.
2. Moderate maximum drawdown potential of 10 to 15% with an upside potential of 10 to 15%. The funds in this group will range in size from 2 to 3%. 45% Allocation Target.
3. High maximum drawdown potential of over 15% with an upside potential of greater than 15%. The funds in this group will range in size from 1 to 2%. 10% Allocation Target.

1. Please note, the portfolio construction process and philosophy noted above (and throughout) is based upon the opinion of Mariner and there is no guarantee we will be successful in our efforts to construct a portfolio that takes advantage of such perceived opportunities. The underlying manager's drawdown and upside potentials are based upon the universe of underlying hedge funds that Mariner monitors in its proprietary database, in particular, the performance history for the underlying funds. Past performance is not a guide to or otherwise indicative of future results.

Strategy Tilts

Generating Alpha with Tactical Rotation

Philosophy

- Over time, markets will be subject to investment cycles and will have a tendency to price to excess asymmetric risk/return profiles. An opportunistic investment approach can seek to take proactive advantage of these market excesses, as well as adapt to different parts of the investment cycle through strategy rotation for a portion of the overall portfolio.

Tactical Portfolio Allocation: Rotating within Event Driven, Long/Short Equity, Relative Value, and Macro Strategies^{1,2}

- Use all available opportunities to achieve the performance objective: strategy, sub-strategy, manager selection, style, and geographic tilts.
 - Event Driven allocation range of 30%-50%
 - Long/Short Equity allocation range of 15%-30%
 - Relative Value allocation range of 10%-20%
 - Macro allocation range of 10%-20%

1. Mariner's recommended strategic asset allocation ranges are based on stated portfolio objectives and constraints and are subject to change. Manager strategy classification is based upon Mariner's view of the manager's trading style and may be subject to change.
2. Actual strategy allocations within the ranges will be depending upon market cycle location (i.e., economic recovery or contraction) with a greater opportunity set likely in event driven during recoveries and a greater opportunity set likely in relative value and macro during volatile market conditions.

Strategy Tilts

Generating Alpha with Tactical Rotation¹

- Due to the hedge fund style of investing, we believe these sub-strategies can be profitable in all markets; however, our research indicates market conditions may favor certain strategies as reflected below. Also, the portfolio can be tilted to favor strategies in underlying markets that exhibit favorable asymmetric risk/return profiles.

Event Driven lower end of range (30%)
 Macro towards upper end of range (20%)
 Long/Short Equity lower end of range (15%)
 Relative Value constitutes the balance

Event Driven upper end of range (50%)
 Macro lower end of range (10%)
 Long/Short Equity upper end of range (30%)
 Relative Value constitutes the balance

Recession Sub-Strategies

- Market Neutral Equity
- Treasury Arbitrage
- Relative Value Commodity Trading
- Rate Trading
- Currency Trading
- CTAs
- Corporate Bond Arbitrage
- Diversified Fixed Income Arbitrage
- Capital Structure Arbitrage

Recovery Sub-Strategies

- Multi-Strategy
- Distressed Securities
- Value Equities
- ABS Credit
- Special Situations Investing
- Commodities

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Strategy Tilts

Generating Alpha with Tactical Rotation

Tactical Portfolio Allocation: Rotating within Geography, Industry, and Currency

- By using position-level transparency (to the extent it is available) and aggregated risk reporting, the portfolio can be tilted to favor geographic and industry exposures commensurate with the investment forecast. Some of these tilts may reflect expected long term trends and other tilts may reflect trends expected to persist for shorter periods of time.

Tactical Portfolio Allocation: Investment Approach: Opportunistic vs. Value

- Hedge fund managers can be identified as having a predominately value or a predominately opportunistic approach to investing. Managers with a value investing approach tend to be bottom-up focused on the identification of rich and cheap securities, and do not aggressively alter their net exposures in response to the macro investing environment. Managers with an opportunistic approach to investing tend to alter their gross and net exposures in response to their view on the macro investing environment, in addition to a bottom-up investing approach. If points in the market cycle are clearly identifiable, the portfolio can be tilted, tactically, to favor value investing style managers during positive market environments and towards opportunistic ones during stressful markets environments.

Tactical Portfolio Allocation: Manager and Underlying Asset Liquidity

- Some hedge fund styles and managers use less liquid investments than others. Liquidity of the underlying markets can vary depending on general market conditions. Monitoring the potential for illiquidity among managers is another tactical approach that may enhance long term alpha. Rotating away from markets and managers that invest in less liquid opportunities during market cycle peaks may mitigate the potential for gating, side pocket investments and asset write-downs.

Tactical Strategy Shifts Can Enhance Alpha Dispersion of Hedge Fund Annual Returns¹

Total Returns Ranked in Order of Performance for Key Dow Jones Credit Suisse Hedge Fund Indices

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	YTD 2011
	37.1% Global Macro										20.3% Emerging Mkts				
34.5% Emerging Mkts	26.6% Emerging Mkts			25.6% Convert Arb			28.8% Emerging Mkts	15.6% Distressed		20.5% Emerging Mkts	17.4% Global Macro				5.3% Eq Mkt Neutral
25.6% Global Macro	21.5% L/S Equity		47.2% L/S Equity	15.8% Short Bias	20.0% Distressed		25.1% Distressed	12.5% Emerging Mkts	17.4% Emerging Mkts	15.6% Distressed	13.7% L/S Equity		47.4% Convert Arb	13.5% Global Macro	5.0% Multi-Strategy
25.5% Distressed	20.7% Distressed		44.8% Emerging Mkts	15.0% Eq Mkt Neutral	18.4% Global Macro	18.3% Mgd Futures	18.0% Global Macro	11.6% L/S Equity	17.0% Short Bias	14.5% Multi-Strategy	10.1% Multi-Strategy		30.0% Emerging Mkts	12.5% Fixed Inc Arb	4.1% Fixed Inc Arb
17.9% Convert Arb	18.3% Multi-Strategy		22.2% Distressed	14.7% Risk Arb	14.6% Convert Arb	18.1% Short Bias	17.3% L/S Equity	8.5% Global Macro	11.7% Distressed	14.4% L/S Equity	9.3% Eq Mkt Neutral		27.4% Fixed Inc Arb	12.2% Mgd Futures	3.9% Global Macro
17.1% L/S Equity	14.8% Eq Mkt Neutral		16.0% Convert Arb	11.8% Global Macro	9.3% Eq Mkt Neutral	14.7% Global Macro	15.0% Multi-Strategy	7.5% Multi-Strategy	9.7% L/S Equity	14.3% Convert Arb	8.8% Risk Arb		24.6% Multi-Strategy	11.3% Emerging Mkts	3.9% Emerging Mkts
16.6% Eq Mkt Neutral	14.5% Convert Arb	20.6% Mgd Futures	15.3% Eq Mkt Neutral	11.2% Multi-Strategy	8.0% Fixed Inc Arb	7.4% Eq Mkt Neutral	14.1% Mgd Futures	6.9% Fixed Inc Arb	9.2% Global Macro	13.5% Global Macro	8.4% Distressed		21.0% Distressed	11.0% Convert Arb	3.5% Convert Arb
15.9% Fixed Inc Arb	9.8% Risk Arb	17.2% L/S Equity	13.2% Risk Arb	6.3% Fixed Inc Arb	5.8% Emerging Mkts	7.4% Emerging Mkts	12.9% Convert Arb	6.5% Eq Mkt Neutral	7.5% Multi-Strategy	11.2% Eq Mkt Neutral	6.0% Short Bias		19.5% L/S Equity	10.3% Distressed	2.8% Distressed
14.1% Multi-Strategy	9.3% Fixed Inc Arb	13.3% Eq Mkt Neutral	12.1% Fixed Inc Arb	4.2% Mgd Futures	5.7% Risk Arb	6.3% Multi-Strategy	9.0% Risk Arb	6.0% Mgd Futures	6.1% Eq Mkt Neutral	8.7% Fixed Inc Arb	6.0% Mgd Futures		12.0% Risk Arb	9.3% Multi-Strategy	2.1% Risk Arb
13.8% Risk Arb	3.1% Mgd Futures	7.7% Multi-Strategy	9.4% Multi-Strategy	2.1% L/S Equity	5.5% Multi-Strategy	5.8% Fixed Inc Arb	8.0% Fixed Inc Arb	5.5% Risk Arb	3.1% Risk Arb	8.1% Risk Arb	5.2% Convert Arb	18.3% Mgd Futures	11.6% Global Macro	9.3% L/S Equity	0.5% Mgd Futures
12.0% Mgd Futures	0.4% Short Bias	5.6% Risk Arb	5.8% Global Macro	1.9% Distressed	1.9% Mgd Futures	4.0% Convert Arb	7.1% Eq Mkt Neutral	2.0% Convert Arb	0.6% Fixed Inc Arb	8.1% Mgd Futures	3.8% Fixed Inc Arb	14.9% Short Bias	4.1% Eq Mkt Neutral	3.2% Risk Arb	0.3% L/S Equity
-5.5% Short Bias		-1.7% Distressed	-4.7% Mgd Futures	-5.5% Emerging Mkts	-3.6% Short Bias	-0.7% Distressed	-32.6% Short Bias	-7.7% Short Bias	-0.1% Mgd Futures	-6.6% Short Bias		-3.3% Risk Arb	-6.6% Mgd Futures	-0.9% Eq Mkt Neutral	-2.0% Short Bias
		-3.6% Global Macro	-14.2% Short Bias		-3.7% L/S Equity	-1.6% L/S Equity			-2.5% Convert Arb			-4.6% Global Macro	-25.0% Short Bias	-22.5% Short Bias	
		-4.4% Convert Arb				-3.5% Risk Arb						-19.8% L/S Equity			
		-6.0% Short Bias										-20.5% Distressed			
		-8.2% Fixed Inc Arb										-23.6% Multi-Strategy			
		-37.7% Emerging Mkts										-28.8% Fixed Inc Arb			
												-30.4% Emerging Mkts			
												-31.6% Convert Arb			
												-40.3% Eq Mkt Neutral			

1. As of July 31, 2011; Source: Boomerang Capital, Dow Jones Credit Suisse

II. Glossary

Strategy Descriptions¹

Event Driven

Event driven investing seeks to take advantage of both hedge fund investing techniques and value investing. It encompasses a diverse set of investment strategies unique to hedge fund investing such as capital structure arbitrage and merger arbitrage, as well as investing in corporate break-ups, reorganizations, spin-offs, and distressed situations. Frequently, corporate actions create market imbalances which lead to event driven investment opportunities for investors possessing the skill and expertise required to identify and exploit temporary mispricings in the marketplace. The market for securities affected by corporate events tends to be less efficient as broad segments of market participants eschew certain types of investment situations. This strategy is positioned to exploit the advantages of absolute return over total return investing by allowing for negative duration or short selling of weak companies and hedging of unwanted risks in a given value long position in a recovering company. Additionally, with hard catalysts helping to unlock shareholder value, these trades are less sensitive to movements in the broader securities markets.

Equity Hedge

The long/short equity strategy encompasses a variety of equity-based investment focuses including both geography and style. Funds may invest in the equity markets locally, or globally. The main regional choices generally include developed or emerging markets but can include both. Style choices can range from value investing focusing on investments in companies with high cash flow and trading at low valuation multiples, to growth investing focusing on companies with significant prospects for improved earnings, as well as short to long net biases regarding overall exposure. Some funds may focus on specific sectors such as technology or energy.

1. Please note that the strategy descriptions are general in nature and based upon the opinion of Mariner and there is no guarantee that managers will be successful in their efforts to implement investment strategies that take advantage of such perceived opportunities.

Strategy Descriptions¹

Relative Value

Relative values strategies endeavor to capitalize on price differentials between related securities. Managers identify situations where historic price relationships have been distorted by various dislocating forces in the market. They seek to benefit from a reversion to value. Short selling proficiency is essential as trades are structured to profit irrespective of the overall market direction. Relative value trades may pit offsetting corporate securities against one another, may pair a component against its broader index, or may match particular segments of a market against different segments of that same market. These strategies have the capacity to thrive in rising, falling, or non-directional markets and can be good alpha sources.

Macro Strategies

The macro strategies cover a wide investment mandate. Generally, macro investors evaluate macroeconomic factors to identify value and predict movements in the equity, fixed income, currency, and commodity markets. Strategy approaches, whether discretionary or systematic, may be directional, relative value, or a combination of the two. Typically, macro managers are unconstrained in their approach to investing. Macro investors have the ability to shift markets and cross asset classes in search of the best risk/reward investment opportunities. The macro style may involve high trading turnover.

1. Please note that the strategy descriptions are general in nature and based upon the opinion of Mariner and there is no guarantee that managers will be successful in their efforts to implement investment strategies that take advantage of such perceived opportunities.

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This presentation has been prepared solely for informational purposes, to be used in a one-on-one presentation only and may not be relied on in any manner as legal, tax or investment advice or as an offer to sell or the solicitation of an offer to buy an interest in any Fund which can only be made by a private placement memorandum that contains important information about each Fund's risks, fees and expenses (the "Supplemental Disclosure Documents"). Past performance is not a guide to or otherwise indicative of future results. The U.S. Dollar is the currency used to express performance. This presentation should be considered confidential and may not be reproduced in whole or in part, and may not be circulated or redelivered to any person without the prior written consent of Mariner Investment Group, LLC ("MIG").

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Certain information contained herein 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" 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 any fund may differ materially from those reflected or contemplated in such forward-looking statements.

Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. Material aspects of the descriptions contained herein may change at any time. Some information in this presentation reflects proprietary research based upon various data sources. In addition, some information cited in this presentation has been taken from third-party sources that are believed to be reliable but which have not been verified for accuracy or completeness. To the extent permitted by law, Mariner disclaims any and all liability as to the information contained herein or omissions herefrom, including without limitation, any expressed or implied representation or warranty with respect to the information contained herein.

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Disclosure of Risk Factors

An investment in a hedge fund is speculative and involves a significant degree of risk, which each prospective investor must carefully consider. Returns generated from an investment in a hedge fund may not adequately compensate investors for the business and financial risks assumed. An investor in hedge funds could lose all or a substantial amount of his or her investment. While hedge funds are subject to those market risks common to other types of investments, including market volatility, hedge funds employ certain trading techniques, such as, the use of leverage, and other speculative investment practices that may increase the risk of investment loss. Other risks associated with hedge funds include, but are not limited to, high illiquidity and fees (and the higher fees may offset the fund's trading profits), complex tax structures that may delay the distribution of important tax information, no requirement that periodic pricing or valuation reports be provided to investors, lack of the regulatory requirements applied to mutual funds, limited operating history, lack of a secondary market for an investor's interest in the fund and none may be expected to develop, performance that is volatile, restrictions on transferring interests in the fund, and hedge funds may effect a substantial portion of their trades in foreign markets or exchanges. In addition, a hedge fund may have a fund manager who has total trading authority over the fund and the use of advisers applying generally similar trading programs could mean a lack of diversification, and consequentially, higher risk. The foregoing is only a summary of certain risks associated with an investment in hedge funds. Before making an investment in the Funds, prospective investors are advised to thoroughly and carefully review the Supplemental Disclosure Documents with their financial, legal and tax advisors to determine whether an investment is suitable for them.

M A R I N E R

500 Mamaroneck Avenue, 4th Floor • Harrison, NY 10528
Main: (914) 670 4300 • Fax: (914) 670 4320 • email: mariner@marinercapital.com

Prisma Capital Partners LP

Mandate: Absolute Return

Hired: Jan 2010

Firm Information	Investment Approach	Total ARMB Mandate & Fees				
<p>Prisma is a New York based fund of hedge funds manager. It was founded in 2004 as a joint venture with AEGON USA Investment Management, a division of the global insurance carrier AEGON. Prisma has \$6.5 billion in funds under management (at June 30, 2011), sourced primarily from institutional clients. Approximately 70% of assets are managed through segregated accounts. Prisma manages \$149.4 million in an absolute return strategy as of 06/30/11 for ARMB.</p> <p>Prisma is owned approximately 60% by AEGON USA Investment Management and approximately 40% by staff, with staff ownership slated to increase over time as AEGON divests. Employee ownership is broadly spread among key senior employees.</p> <p>Prisma has a focused team of 10 portfolio management/ research staff (with average experience of 17+ years in the asset management industry), seven dedicated risk management and five operational due diligence staff. There have been no senior investment professional departures in over five year.</p> <p>Key Contacts for ARMB: Girish Reddy, Managing Partner Eric Wolfe, Senior Portfolio Manager Helenmarie Rodgers, Managing Director, Primary Client Relationship Representative</p>	<p>Prisma's core investment strategy is to operate a "low beta" approach aimed at deriving an active return with a low beta to traditional asset classes.</p> <p>The investment philosophy is a team oriented approach; manager selection involves three separate layers of due diligence: investment, risk and operations. Professionals from each team conduct onsite due diligence to produce comprehensive evaluation of managers. Each team operates independently with a full veto right over any investment. The decision-making includes a top down strategy allocation process taking into account global credit spreads, interest rates, GDP growth, etc. combined with portfolio manager input to develop outlooks for each of the underlying hedge fund sectors. At the conclusion of the due diligence process, a white paper is written to document the independent assessments of investment, risk management and operational due diligence. The manager receives a quantitative rating from each of the three due diligence teams and each rating much meet or exceed the expectations set forth by the Investment Committee, which makes all investment decisions. The monitoring process is active, comprehensive and characterized by a high level of interaction between managers and each Prisma due diligence team on a monthly and quarterly basis.</p> <p>Benchmark: 3-month T-Bill + 5% over rolling 3-year periods, net of fees.</p>	<p>Assets Managed (FY End)</p> <table> <tr> <td>6/30/10</td> <td style="text-align: right;">\$74.2 mil</td> </tr> <tr> <td>6/30/11</td> <td style="text-align: right;">\$149.4 mil</td> </tr> </table> <p>Fee Schedule: 0.070833% (0.85% annually) of monthly balance in ARMB capital account.</p>	6/30/10	\$74.2 mil	6/30/11	\$149.4 mil
6/30/10	\$74.2 mil					
6/30/11	\$149.4 mil					

Concerns: Growth in assets under management. Prisma has grown from \$3.5 billion in AUM when they first presented to the ARMB in October of 2009 to \$6.5 billion in current AUM.

6/30/2011 Performance (net of fees)

<u>Last Qtr</u>	<u>Last Yr</u>
(0.18)	9.45
Benchmark	
1.29	5.16

▶ Prisma Capital Partners



An Alternative Investment Specialist

Portfolio Review Presentation to:
Alaska Retirement Management Board

September 22, 2011

CONFIDENTIAL



PRISMA CAPITAL PARTNERS

Topic	Page
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Prisma Overview ◀

Experienced Team with a Long Track Record

- Created in 2004 by three former Goldman Sachs partners
- Absorbed the hedge fund assets and investment team of AEGON USA Investment Management, LLC (AUIM), thereby acquiring a performance record from 1997
- Registered Investment Adviser with the SEC in the U.S. Its affiliate, Prisma Capital Management International LLP, is regulated by the FSA in the UK

Stable Asset and Client Base

- Approximately \$6.5 billion in assets under management; over 90% managed on behalf of institutional clients
- Investments from current and new clients have helped broaden and diversify our stable asset base during challenging market environments
- No gating or suspension of redemptions since inception

Strong Absolute and Relative Performance

- The Prisma Low Volatility Composite has consistently outperformed the HFRI Hedge Fund of Funds Index by 343 bps per year and US T-Bills by 470 bps per year since inception
- No frauds or operational blowups since inception
- Awarded the *2011 Large Fund of Hedge Funds Firm of the Year* by Institutional Investor

Stable, Committed Team

- No investment professional departures in five years
- Added resources in all of the last six years, including 2008, 2009, and 2010, encompassing all areas of the business

Note: Data as of July 31, 2011. Performance data regarding the Prisma Low Volatility Composite is net of pro forma fees. Please see important notes at the end of this presentation regarding, among other things, the use of composites and indices.

Exclusive Focus

- Singular focus on fund of hedge funds portfolios
- Helps avoid conflicts of interest

Alignment of Interests

- Significant employee ownership of the firm
- Significant investment by our joint venture partner
- Substantial co-investment in Prisma funds including personal employee investments and deferred compensation

Low Volatility Portfolios

- Over \$4.5 billion of assets are managed in low volatility portfolios
- Broadly diversified low volatility mandates are Prisma's core competency

Seasoned Investment Team ◀

Name	Title	Degree / Designation	Yrs Exp	Joined Prisma	Prior Experience
Founding Partners					
Girish V. Reddy	Managing Partner <i>Chairman of I.C.</i>	MBA, CFA	31	2004	Goldman Sachs (Partner and Co-Head of Equity Derivatives), LOR Asset Management (CIO), Travelers Investment Mgmt (Senior VP of Portfolio Construction)
Gavyn Davies	Board Member & Economist		32	2004	Goldman Sachs (Partner and Chief Economist), British Broadcasting Co. (Chairman), H.M Treasury's Forecasting Panel
Tom Healey	Board Member	MBA, CFA, CRE	34	2004	Goldman Sachs (Partner and Head of Pension Services), Reagan Administration (Ass't Treasury Secretary)
Portfolio Management					
William S. Cook	Senior Portfolio Manager <i>I.C. Member</i>	MBA, CFA	30	2004	AEGON USA (Head of Capital Market Strategies Group, Head of Derivatives Group, Head of Public Fixed Income)
Eric Wolfe	Senior Portfolio Manager <i>I.C. Member</i>	CFA	19	2004	Safra Bank (Portfolio Manager – Fund of Funds), JP Morgan Investment Management (VP, Global Balanced PM & GTAA Model Development)
Donna Heitzman	Portfolio Manager	CFA, CPA	30	2004	AEGON USA (Portfolio Manager – Market Strategies, Portfolio Manager – Private Placements and Credit)
Michael Rudzik	Portfolio Manager	MBA	24	2004	AEGON USA (Portfolio Manager – Equity & Event), Aeon (Chief Operating Officer), Tiedemann Investment Group (Partner, L/S Equity Hedge Funds)
Peter Zakowich	Portfolio Manager	MBA	12	2006	JP Morgan (Associate Portfolio Manager), Edge Capital (Equity Analyst), Putnam Investments (Global Equity Research Associate)
Daniel Lawee	Portfolio Manager	MBA, CFA	16	2008	Northwater Capital Management (Portfolio Manager), TD Canada Trust (VP – Corporate Foreign Exchange)
James Welch	Portfolio Manager		31	2010	Kisco Management Corporation (CEO, Executive Director), JP Morgan Alternative Asset Mgmt (Managing Director, Co-Head of Research and Portfolio Management)
Risk Management					
Shankar Nagarajan	Co-Head of Risk Management <i>I.C. Member</i>	PhD	24	2005	Risk Capital (Managing Partner), LLC, Columbia University (Adjunct Professor)
Emanuel Derman	Co-Head of Risk Management	PhD	26	2004	Columbia University (Professor), Goldman Sachs (Managing Director in Firm-Wide Risk)
Arthur Richardson	Risk Manager	MBA	15	2011	Quattro Global Capital (Portfolio Manager), SG Cowen (Asst. Portfolio Manager), Oaktree Capital (Analyst)
Kartik Patel	VP – Risk & Technology	CFA	13	2005	Wooster Asset Management (Internship), Symbol Technologies
Operational Due Diligence					
Francis J. Conroy	Chief Operating Officer <i>I.C. Member</i>	MBA, CPA	30	2004	Mezzacappa Management (CFO), Lazard Frères & Co. LLC (Director and Senior Vice President), McKinsey & Company (Director of Taxes, Global Tax Planning and Compliance)
Mark DeGaetano	Head of Op. Due Diligence		29	2006	Deutsche Bank Absolute Return (Head of Operations), Citibank Capital Markets LLC (Vice President)
John Brennan	Director of Operations		28	2007	Spear, Leeds, and Kellogg (Limited Partner), Goldman Sachs (Global Head of Futures Operations)
Queenie Chang	VP – Op. Due Diligence	MBA, CPA, CFA	17	2009	Deutsche Bank Absolute Return (Vice President), Julius Baer (Assistant Vice President)
Anne Wynne	General Counsel & Chief Compliance Officer	JD	11	2010	Ivy Asset Management (Senior Counsel and Vice President), Seward & Kissel (Associate), Stroock & Stroock & Lavan (Associate)

Note: The above table includes senior members (defined as Vice President level and above) of Prisma's investment team. Numbers represent the number of years of professional experience as of 6/30/2011.

Firm-Wide: Depth and Breadth of Experience ◀

Founding Partners

Gavyn Davies (32)
Board Member & Economist

Girish V. Reddy, CFA (31)
Board Member & Managing Partner

Tom Healey, CFA (34)
Board Member

Portfolio Management

Girish Reddy, CFA (31)
Managing Partner
Investment Committee Member

William S. Cook, CFA (30)
Senior Portfolio Manager
Investment Committee Member

Eric Wolfe, CFA (19)
Senior Portfolio Manager
Investment Committee Member

Donna Heitzman, CFA, CPA (30)
Portfolio Manager

Michael Rudzik (24)
Portfolio Manager

Daniel Lawee, CFA (16)
Portfolio Manager

Peter Zakowich (12)
Portfolio Manager

James Welch (31)
Portfolio Manager

Jonathan Rin, CFA (6)
Senior Investment Associate

Rahul Mehta (3)
Investment Associate

Ori Hollander (1)
Investment Analyst

Risk Management

Shankar Nagarajan, PhD (24)
Co-Head of Risk Management
Investment Committee Member

Emanuel Derman, PhD (26)
Co-Head of Risk Management

Arthur Richardson (15)
Risk Manager

Kartik Patel, CFA (13)
Vice President – Risk & Technology

Yury Kurchin (16)
Senior Associate – Risk & Technology

Maxim Kovalchuk (4)
Senior Risk Associate

Viviann Chan (1)
Risk Analyst

Operations and Legal

Francis J. Conroy, CPA (30)
Chief Operating Officer
Investment Committee Member

Mark DeGaetano (29)
Head of Due Diligence

John Brennan (28)
Director of Operations

Queenie Chang, CPA, CFA (17)
Vice President – Ops. Due Diligence

Kenneth Eagle, CPA (12)
Vice President & Controller

Anne Wynne, JD (11)
General Counsel & Chief Compliance Officer

Sean Fang (8)
Senior Accountant

Kevin Kornobis, CPA (6)
Senior Accountant

Brandon Diez, CPA (4)
Senior Accountant

Natalie Giugliano, CPA (4)
Senior Accountant

Monica Tesi, CPA (3)
Accountant

RJ Tambellini (1)
Operations Analyst

Client Management

Tony Pennetti (28)
Managing Director

Paul Roberts (26)
Managing Director

Helenmarie Rodgers (25)
Managing Director

John Stimpson (18)
Managing Director

Elizabeth Saracco (10)
Senior Associate

John Diercksen (7)
Senior Associate

Patrick O'Sullivan, FIA, CFA (7)
Senior Associate

Jeffrey Peate (7)
Senior Associate

Emily Mason (3)
Associate

Technology Support

Mike Kerr (8)
IT Manager

AEGON IT

Etisbew Technology Group

Administration

Priscilla Gordon (14)
Vice President

Kim Do

Lydia Edmunds

Maryana Kagalovskaya

Trisha Kennedy

Charlotte Laidman

Abigail Lakes

Amy Lawlor

Nicole Lloyd

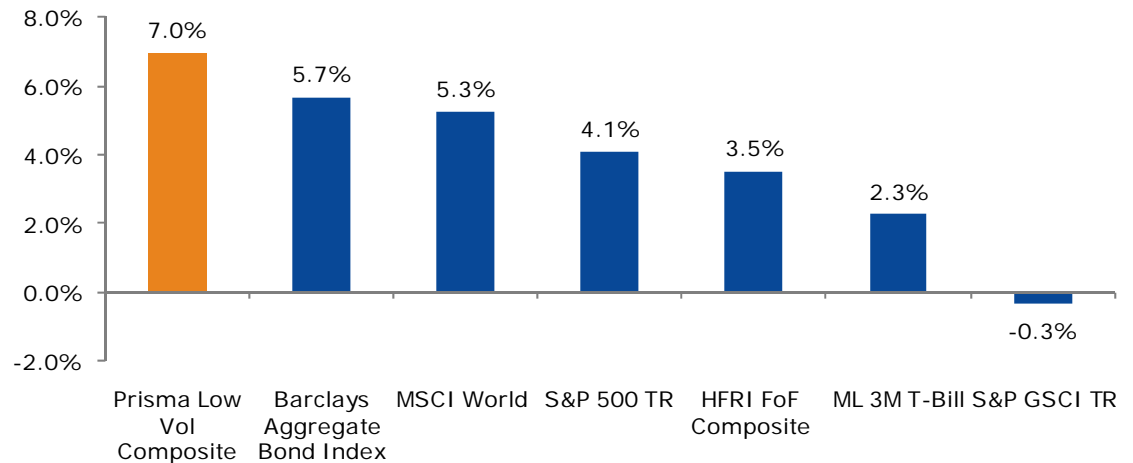
Allison Nelson

Stephanie Pizer

Note: Numbers in parentheses represent the number of years of professional experience as of 6/30/2011.

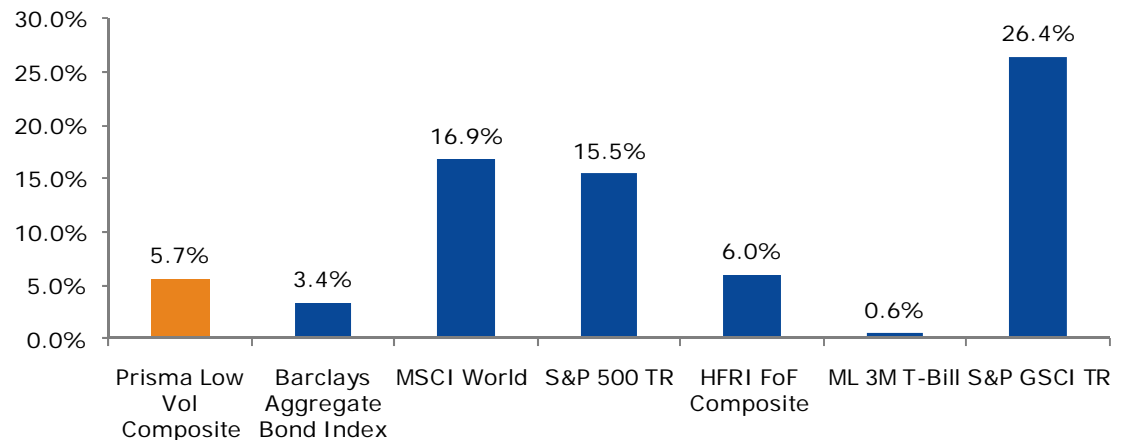
Strong Absolute and Relative Performance With Lower Volatility

**Prisma Low Volatility Composite Annualized Return
(June 2004 – July 2011)**



Outperformed HFRI Fund of Funds Composite Index by 343 bps annualized and US T-Bills (Cash) by 470 bps annualized since inception...

**Prisma Low Volatility Composite Annualized Volatility
(June 2004 – July 2011)**



... with less volatility than most major asset classes

Note: The Low Volatility Composite performance shown above is calculated pro forma net of 1% management fee and 5% performance fee over hurdle rate of 13 Week US T-Bill. Past performance is not necessarily indicative of future results. Please see important notes at the end of this presentation.

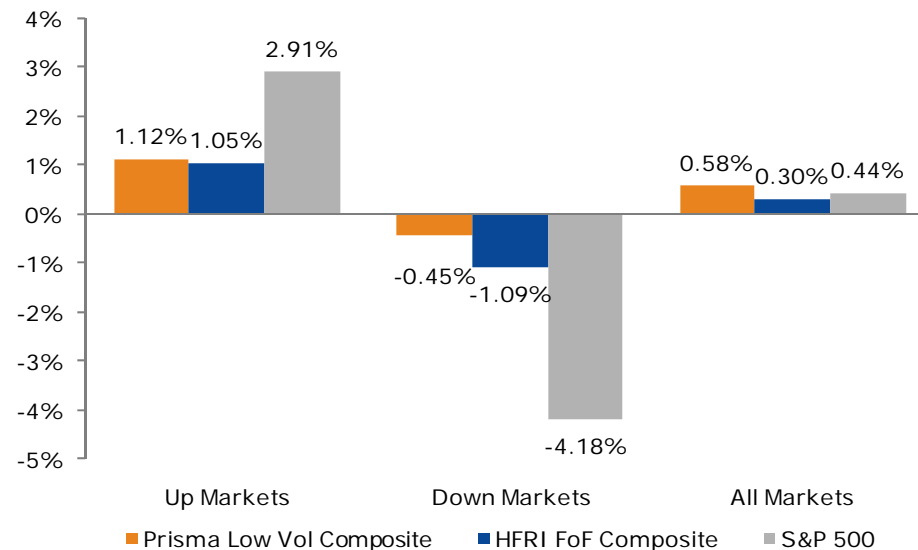
Consistent Risk-Adjusted Returns ◀

Historical Performance (June 2004 – July 2011)

	2011 YTD	1 Year Return	3 Year Return	5 Year Return	Since Inception Return	Since Inception Volatility	Since Inception Sharpe
Prisma Low Volatility Composite	1.8%	8.3%	2.5%	6.1%	7.0%	5.7%	0.83
Fund of Funds (HFRI FoF Composite)	0.4%	6.6%	-0.7%	1.7%	3.5%	6.0%	0.21
Barclays Aggregate Bond Index	4.4%	4.5%	7.1%	6.6%	5.7%	3.4%	1.00
Cash (ML 3-Month T-Bill)	0.1%	0.1%	0.4%	1.9%	2.3%	0.6%	0.00
US Equities (S&P 500 TR)	3.9%	19.7%	2.9%	2.4%	4.1%	15.5%	0.12
World Equities (MSCI World)	3.4%	18.5%	0.7%	1.8%	5.3%	16.9%	0.18

**Strong risk-adjusted returns
spanning multiple time periods**

Average Monthly Performance vs. HFRI FoF Composite and S&P 500* (June 2004 - July 2011)



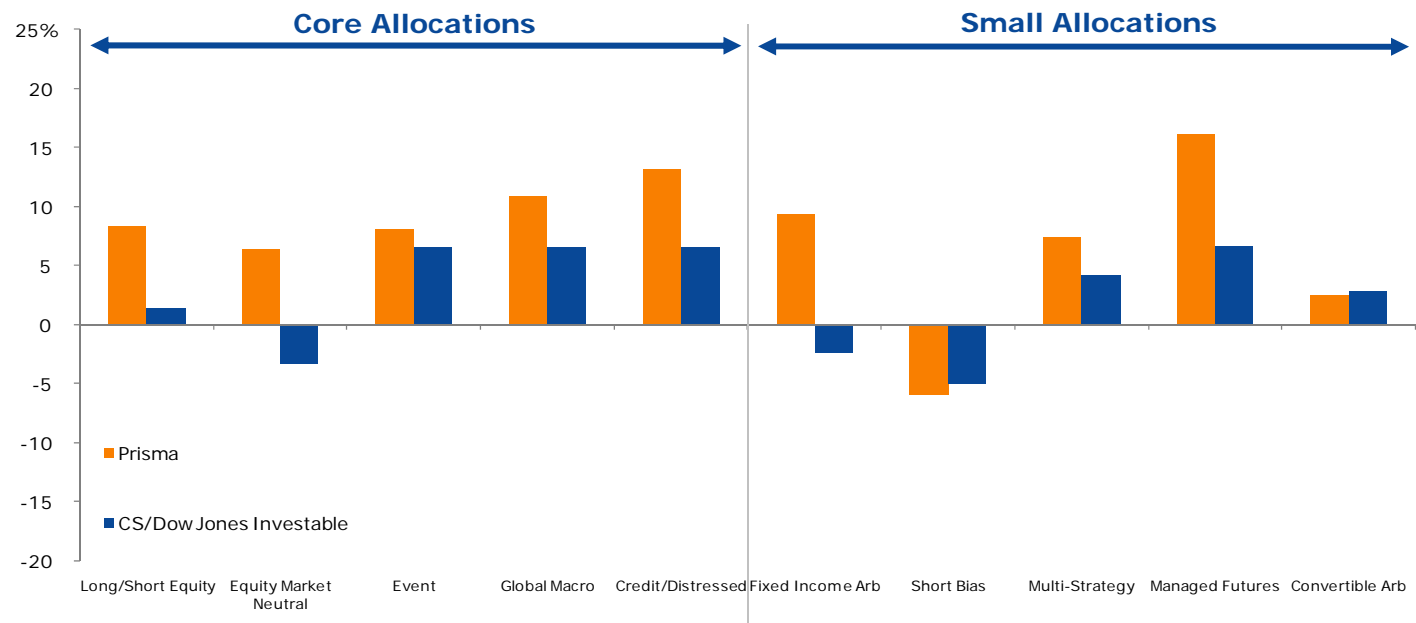
**Greater upside than the HFRI FoF
Composite and less downside than
both the HFRI FoF Composite and
the broad equity market**

Note: The Low Volatility Composite performance shown above is calculated pro forma net of 1% management fee and 5% performance fee over hurdle rate of 13 Week US T-Bill. Past performance is not necessarily indicative of future results. Please see important notes at the end of this presentation regarding, among other things, the use of indices. * "Up Markets" indicate periods when the performance of the S&P 500 was positive. "Down Markets" indicate periods when the performance of the S&P 500 was negative.

Outperformance by Strategy ◀

Outperformance has been driven by core strategy allocations and manager selection

Historical Gross Strategy Performance of All Prisma Funds (June 2004 – June 2011)



Note: The above chart represents gross annualized returns by strategy vs. CS/Dow Jones Hedge Fund Investable Index from June 2004 – June 2011. Strategy returns are inclusive of all Prisma products with assets totaling approximately \$6.5 billion and are asset weighted returns gross of Prisma's fees. CS/Dow Jones Investable does not provide Credit/Distressed strategy index and, therefore, Event Driven strategy index is used as a proxy. Please see important notes at the end of this presentation.

Polar Bear Fund LP: Investment Review ◀



Polar Bear Fund LP: Performance Summary

POLAR BEAR FUND LP: HISTORICAL NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	0.61%	1.17%	0.24%	1.57%	-0.51%	-1.22%	0.20%						2.05%
2010	-0.04%	0.23%	1.84%	1.37%	-2.35%	-0.95%	0.72%	0.68%	2.25%	1.76%	0.45%	1.40%	7.51%

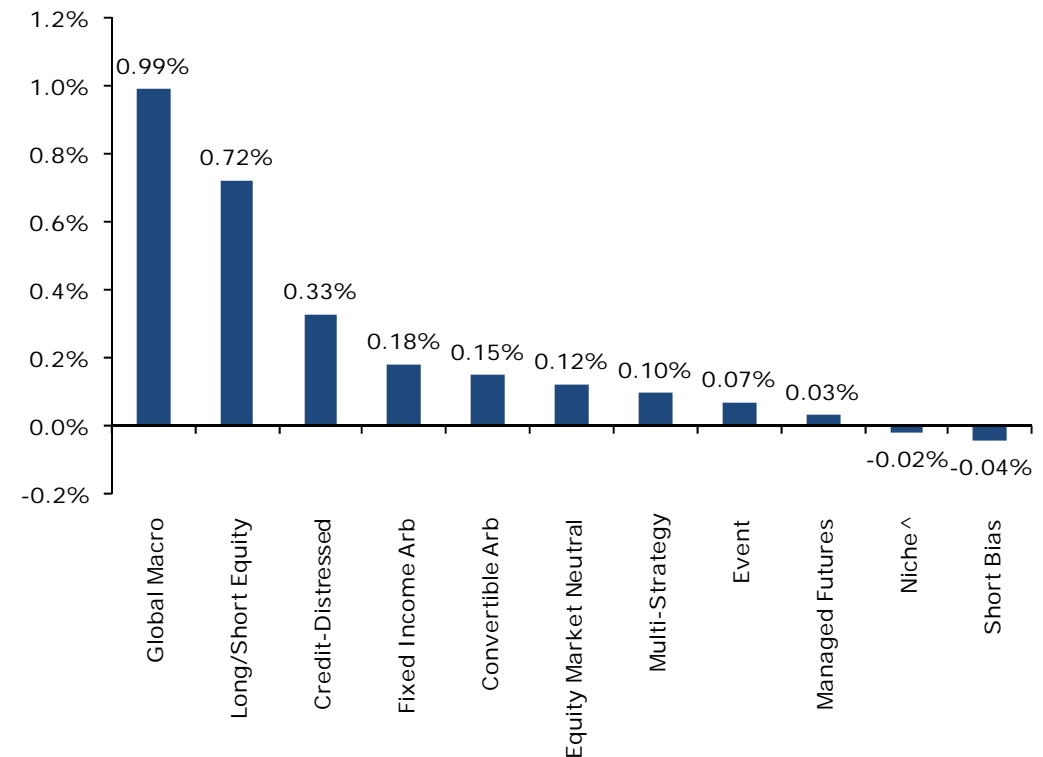
NET PERFORMANCE COMPARISON

	2010	YTD* 2011
Polar Bear Fund LP	7.51%	2.05%
3-Month T-Bills + 5%	5.13%	3.01%
HFRI FoF Composite	5.70%	0.38%

ACCOUNT SUMMARY AS OF AUGUST 2011

Fund Inception Date:	Jan-10
Initial Investment on 1/1/2010:	\$50.0 mln
Total Fund Contributions:	\$91.0 mln
Fund Balance on 8/1/2011 (\$mm):	\$149.8 mln

GROSS STRATEGY ATTRIBUTION: YTD* 2011



Notes: *YTD figures represent monthly data from January 1, 2011 through July 31, 2011. ^Niche strategy reflect partial performance from January 2011 through March 31, 2011. Polar Bear Fund LP is net of 0.85% management fee. Please see important disclaimers at the end of this presentation.

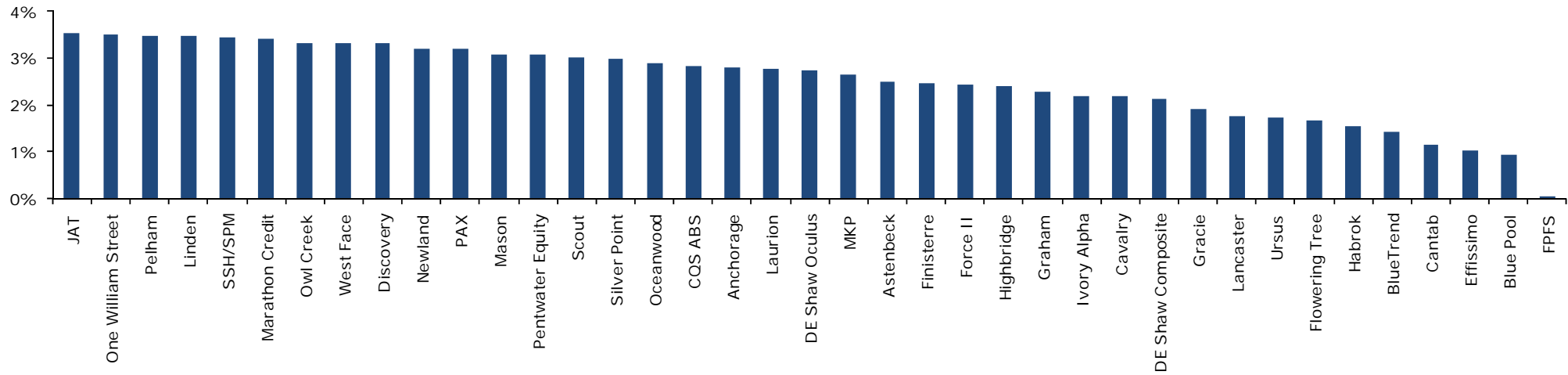
Polar Bear Fund LP: Underlying Holdings as of August 1, 2011

- Underlying hedge fund managers are diversified by strategy, geography and investment style

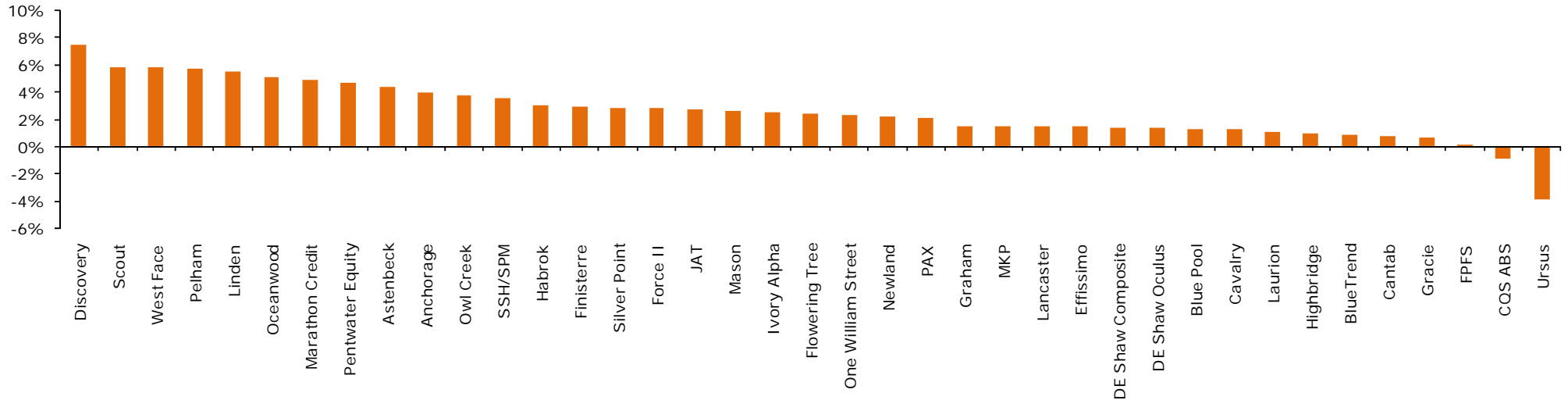
<u>Fund Name</u>	<u>Strategy</u>	<u>Fund Name</u>	<u>Strategy</u>
Linden	Convertible Arb	Astenbeck	Global Macro
Anchorage	Credit-Distressed	Cantab	Global Macro
Gracie	Credit-Distressed	DE Shaw Oculus	Global Macro
Marathon Credit	Credit-Distressed	Discovery	Global Macro
Silver Point	Credit-Distressed	Finisterre	Global Macro
Cavalry	Equity Market Neutral	Blue Pool	Long/Short Equity
FPFS	Equity Market Neutral	Flowering Tree	Long/Short Equity
Highbridge	Equity Market Neutral	Force II	Long/Short Equity
Ivory Alpha	Equity Market Neutral	Habrok	Long/Short Equity
Laurion	Equity Market Neutral	JAT	Long/Short Equity
Effissimo	Event	Lancaster	Long/Short Equity
Mason	Event	Newland	Long/Short Equity
Oceanwood	Event	Pelham	Long/Short Equity
Owl Creek	Event	Scout	Long/Short Equity
PAX	Event	BlueTrend	Managed Futures
Pentwater Equity	Event	Graham	Managed Futures
West Face	Event	DE Shaw Composite	Multi-Strategy
CQS ABS	Fixed Income Arb	Ursus	Short Bias
MKP	Fixed Income Arb		
One William Street	Fixed Income Arb		
SSH/SPM	Fixed Income Arb		

Polar Bear Fund LP: Risk Allocations

MANAGER ALLOCATIONS AS OF AUGUST 2011



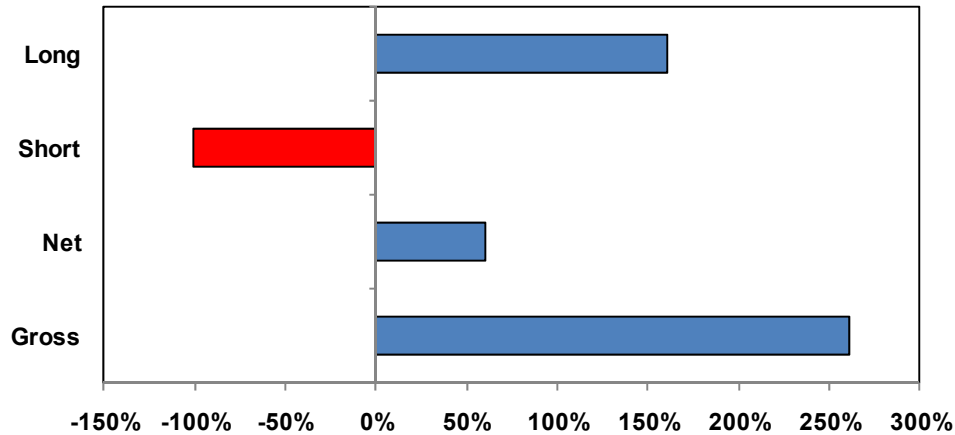
CONTRIBUTION RISK (ROLLING THREE YEARS) AS OF AUGUST 2011



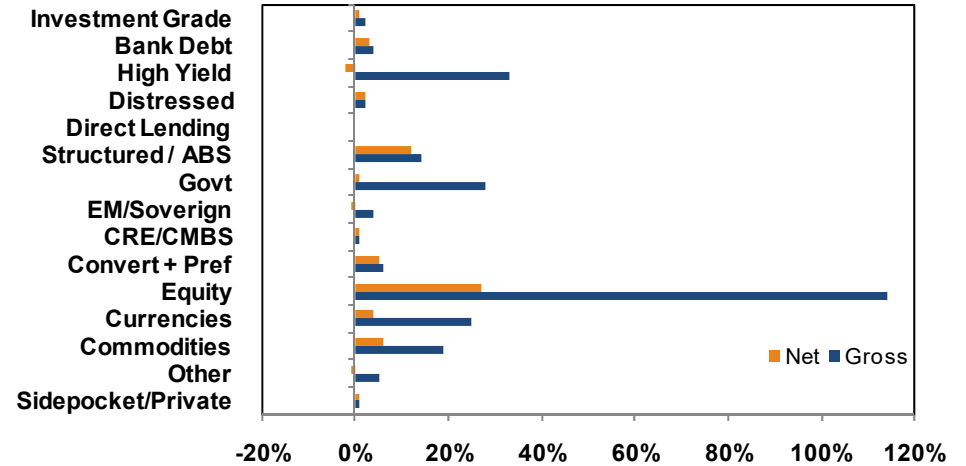
Note: Contribution Risk based on 3 years' forecast performance of underlying managers as well as Prisma's portfolio managers' Q3 2011 projections for volatility.

Polar Bear Fund LP: Risk Exposures as of June 2011

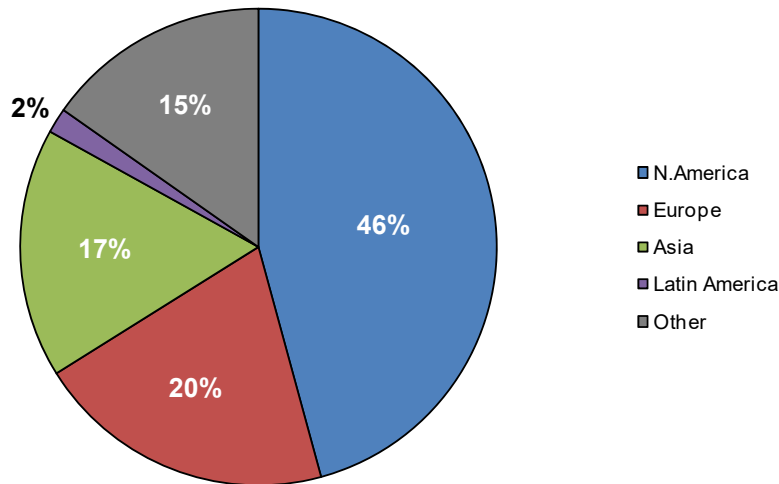
Total Exposures



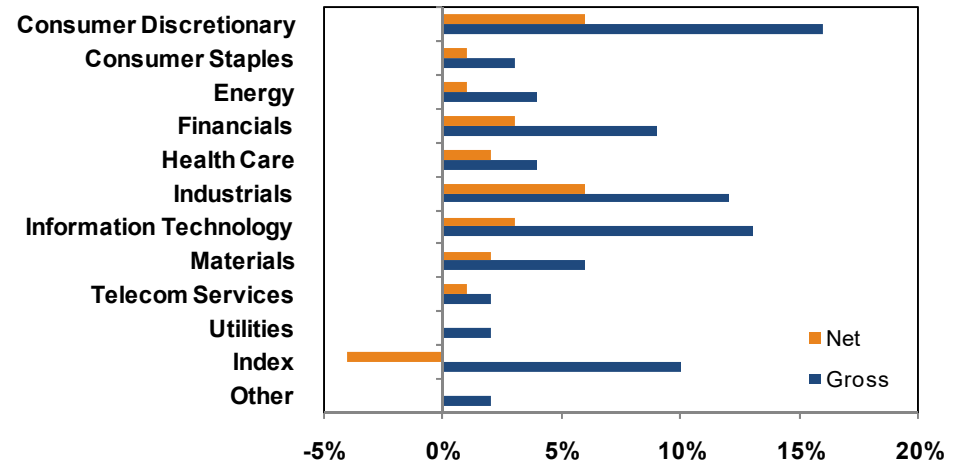
Asset Class



Geographical Exposure (Net)



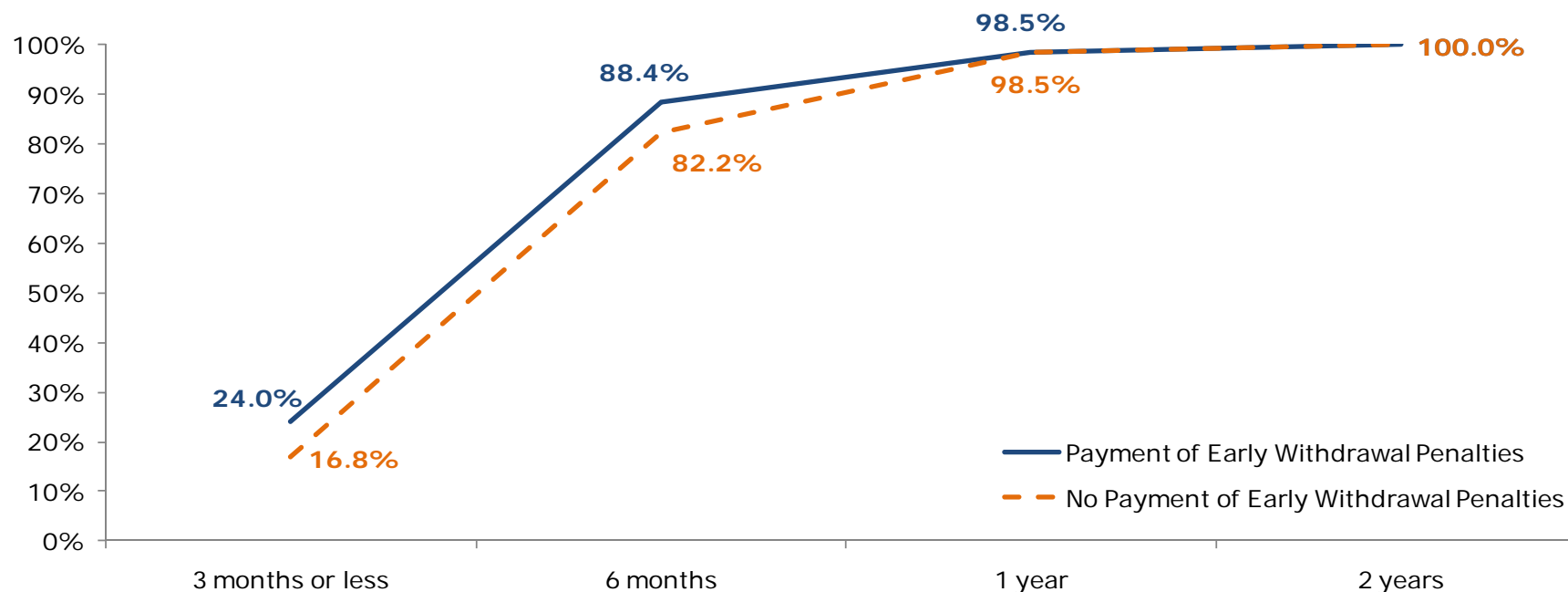
Industry / Sector Class[^]



Note: The information in the above analysis includes the best available data provided to Prisma, as of June 2011, from underlying managers' risk reports, government filings, and Prisma's monthly call/visit with the manager and uses the proposed allocations of each manager to determine total fund exposures.
[^] Industry/Sector Class analysis reflects only the equity portion of the portfolio. Please see important notes at the end of this presentation.

Polar Bear Fund LP: Portfolio Liquidity as of September 30, 2011

TIME NECESSARY TO LIQUIDATE THE PORTFOLIO AS OF SEPTEMBER 2011, INCLUDING PROJECTED ACTIVITY



Paying Early Redemption Fees*

Period	Amount	Percent	Cumulative
3 months or less	\$35,878	24.0%	24.0%
6 months	\$96,449	64.4%	88.4%
1 year	\$15,121	10.1%	98.5%
2 years	\$2,314	1.5%	100.0%
	\$149,762		

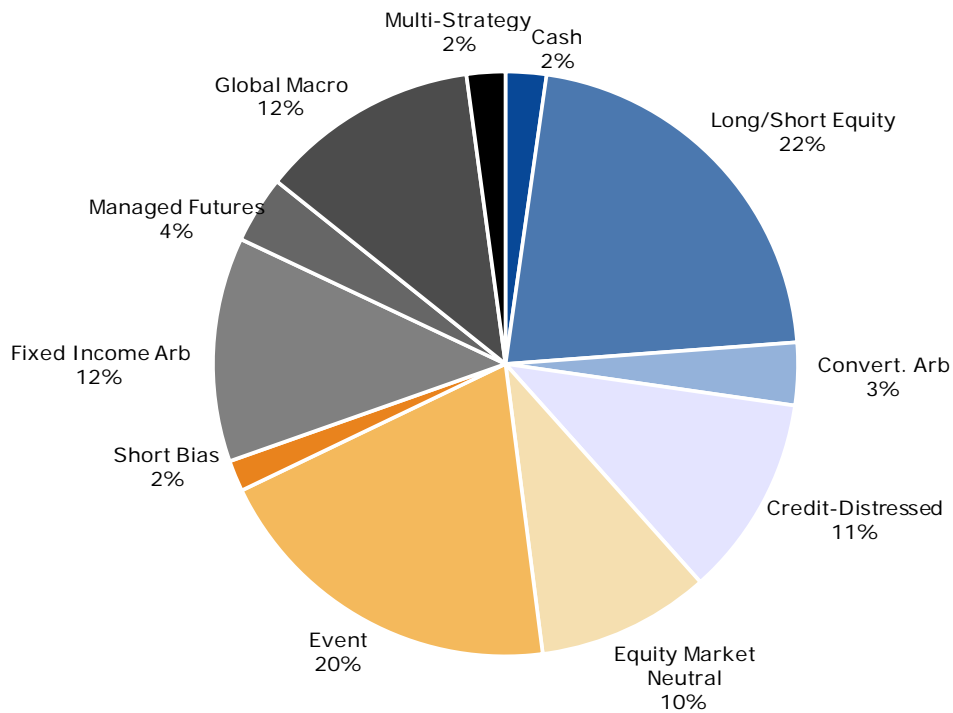
Without Paying Early Redemption Fees*

Period	Amount	Percent	Cumulative
3 months or less	\$25,231	16.8%	16.8%
6 months	\$97,850	65.3%	82.2%
1 year	\$24,367	16.3%	98.5%
2 years	\$2,314	1.5%	100.0%
	\$149,762		

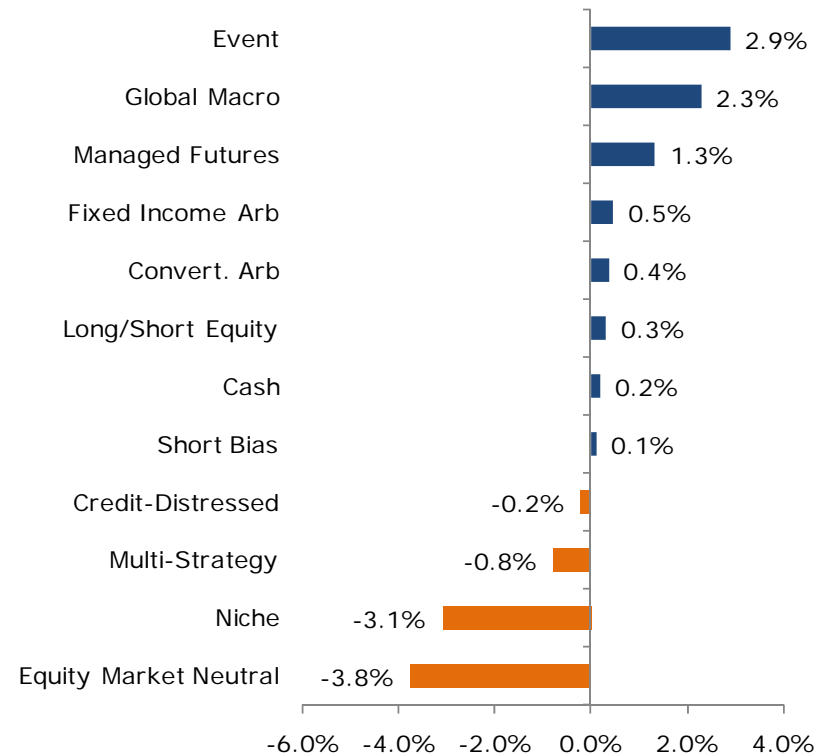
Note: *This analysis is based on projected capital activity in the Fund through 9/30/2011 and includes the liquidity of the underlying funds as stated in their governing documents.

Polar Bear Fund LP: Strategy Allocations and Capital Activity

STRATEGY ALLOCATIONS AS OF AUGUST 1, 2011



YEAR OVER YEAR STRATEGY ALLOCATION SHIFTS (AUG-11 vs. SEP-10)



Note: Year over year capital activity manager list represents new or fully terminated managers and does not represent partial subscriptions or redemptions to underlying managers.

Strategy Outlook and Economic Insights ◀



Market Concerns:

- Economic slowdown has been more persistent and weaker than consensus forecasts indicated earlier in the year
- Economic policies of the Federal Reserve (“Fed”) and European Central Bank (“ECB”) have been uncoordinated
- Austerity and fiscal tightening, by the US and European governments, should not have occurred at this point in the economic cycle and may further weaken economies
- Germany backing out of the euro economic summit, at the end of July, has increased sovereign debt uncertainty
- The probability of a QE3 in the US is low

Prospective Drivers of Economic Growth and Stability:

- If oil prices continue to decline, then the headline rate of inflation should also decline and the growth rates of consumption and GDP should once again rise to higher levels
- If the ECB can buy more Italian and Spanish government bonds, this may be positive for European markets
- The Fed may signal that it will not shrink the balance sheet for an extended period of time in combination with keeping rates low

Source: Forward-looking strategy views may change at any time in Prisma's discretion. Please see important notes at the end of this presentation.

Prisma Capital Partners: Strategy Outlook and Views

PRISMA Q3 2011 STRATEGY OUTLOOK

STRATEGY	GEOGRAPHY		
	North America	Europe	Asia
Convertible Arb	Positive Tilt	No Bias	No Bias
Credit/Distressed	No Bias	No Bias	No Bias
Equity Market Neutral	No Bias	No Bias	No Bias
Event	No Bias	Negative Tilt	No Bias
Fixed Income Arb	No Bias	No Bias	No Bias
Global Macro	No Bias	No Bias	No Bias
Long/Short Equity	No Bias	No Bias	No Bias
Managed Futures	No Bias	No Bias	No Bias
Multi-Strategy	Negative Tilt	Negative Tilt	Negative Tilt
Niche	No Bias	No Bias	No Bias
Short Bias	No Bias	No Bias	Negative Tilt

Color Code: Positive Tilt No Bias Negative Tilt

STRATEGY	STRATEGY ALLOCATION VIEWS
Event and Credit/ Distressed	<ul style="list-style-type: none"> Prisma believes that high corporate cash levels may increase corporate activity We project that the strategy will place an emphasis on equity events and corporate activity, global M&A, etc.
Fixed Income Arb, Convertible Arb	<ul style="list-style-type: none"> Prisma expects high cash flows, wide spreads; high visibility and expectation of returns with clear payoff & short duration. We project that the strategy will place an emphasis on ABS and RMBS
Equity Strategies	<ul style="list-style-type: none"> Prisma believes that equities are undervalued relative to bonds and the equity risk premium is better than the credit risk premium Falling realized correlations may provide a robust environment for stock pickers as leadership shifts from markets to single stocks We favor a shorter-term trading focus with disciplined risk management
Global Macro and Managed Futures	<ul style="list-style-type: none"> Prisma expects that managers with the mandate to be nimble with their investments can do well in this type of environment We project that the strategy will place an emphasis on short-term trading within emerging markets and commodities

Notes: Allocation views are subject to change based on market developments.

Appendix ◀

This information is confidential and is intended solely for the information of the person to whom it has been delivered. This information is for discussion purposes only and is being furnished to you to provide summary information regarding Prisma Capital Partners LP and the investment advisory services it offers. This information is strictly confidential and may not be reproduced or transmitted, in whole or in part, nor may its contents be disclosed to any third parties, without the prior written consent of Prisma Capital Partners LP. All information should be read in conjunction with the endnote herein which is an integral part of this Presentation. Unless otherwise indicated, the information contained herein is believed to be accurate as of August 2011. No representation or warranty is made as to its continued accuracy after such date. Past performance is not necessarily indicative of future results. Any investment decision in connection with Prisma's funds should be made based on the information contained in the Confidential Offering Memorandum of the corresponding fund.

Nothing contained herein constitutes an offer to sell, or the solicitation of an offer to buy, an interest in any fund. Such an offer or solicitation may only be made by delivery of a Confidential Offering Memorandum and subscription documents that contain a more detailed description of all the material terms of such an investment, including discussions of certain specific risk factors, tax considerations, fees and other matters relevant to prospective investors in that fund. The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. You should consult your tax, legal, accounting or other advisers about the matters discussed herein. Notwithstanding the foregoing, any investor in a fund (and each employee, representative or other agent of such investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) such fund and (ii) any transactions described herein, and all materials of any kind (including opinions or other tax analyses) that are provided to the investor relating to such tax treatment and tax structure.

The **Prisma Low Volatility Composite** (the "Composite") contains all fee paying, fully discretionary accounts under management during the period June 2004 through July 2011, regardless of size, and is constructed to be in compliance with GIPS. The accounts that comprise the Composite generally focus on long-term capital appreciation over a several year period with lower volatility than, and low correlation to, broad equity and fixed income indices. The Low Volatility Composite performance shown within is calculated pro forma net of 1% management fee and 5% performance fee over hurdle rate of 13 Week US T-Bill. Performance data as of July 31, 2011 and utilizes July estimates. Portfolio statistics are since Prisma's inception, June 2004.

The performance presented herein regarding **Polar Bear Fund LP** (Polar Bear Fund) represents actual performance. Stated Polar Bear Fund performance is net of 0.85% management and 0% performance fees and applicable expenses at the Fund level. Performance is based on returns provided by the underlying managers, which Prisma believes to be reliable, but makes no representations or warranties as to their accuracy or completeness. Monthly performance is unaudited. Performance for 2010 is audited and 2011 is estimated. Performance data as of July 31, 2011. Allocations to underlying managers may change at any time in Prisma's discretion. **Past performance is no indication or guarantee of future performance.**

The strategy performance is shown for illustrative purposes only. Prisma does not represent that the strategy returns would be similar to what any Prisma-managed fund would have been had it been managed in this manner. Investments in Prisma funds will be made according to different investment strategies and under different economic and market conditions. The time periods presented herein do not necessarily reflect performance in different economic cycles. It should not be assumed that investors will experience returns in the future comparable to the performance presented herein.

Performance results are considered hypothetical. Hypothetical performance results have many inherent limitations. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particularly trading program.

One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, variables such as the ability to adhere to a particular trading program in spite of trading losses as well as maintaining adequate liquidity are material points which can adversely affect actual real trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

The strategy returns are presented gross of any management or performance fees or expenses. The returns are net of underlying manager fees and expenses. In calculating this performance, Prisma relies on the actual unaudited performance returns provided by the underlying managers, which Prisma believes to be reliable, but makes no representations or warranties as to their accuracy or completeness. Allocations vary among underlying managers and strategies at any time, and investment vehicles have been and will be added or eliminated from time to time.

Indices

The statistical data regarding below indices has been obtained from sources believed to be reliable. The indices referenced herein are broad-based and used for illustrative purposes only. They have been selected as they are well known and are easily recognizable. However, the investment activities of any hedge fund or fund of fund may be considerably more volatile than the performance of any of the referenced indices. Unlike these indices, hedge funds and funds of funds are actively managed. Furthermore, hedge funds and funds of funds generally invest in substantially fewer securities and underlying funds, respectively, than the number of securities or hedge funds comprising each of these indices. It is not possible to invest directly in these indices. These indices are not subject to any of the fees or expenses to which hedge fund or funds of funds are subject. Index returns assume reinvestment of dividends and do not reflect any fees or expenses associated with a mutual fund. These indices are being presented for comparison purposes only and should not be relied upon.

The **S&P 500 TR Index ("S&P 500")** is comprised of a representative sample of 500 large-cap companies. The index is an unmanaged, float-weighted index with each stock's weight in the index in proportion to its float, as determined by Standard & Poors. The S&P 500 is one of the most widely used benchmarks of U.S. equity performance.

The **Barclays Capital U.S. Aggregate Index ("Barclays Aggregate Bond Index")** provides a measure of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining to maturity. In addition, the securities must be denominated in US dollars and must be fixed rate, nonconvertible, and taxable.

The **Dow Jones Credit Suisse Hedge Fund Index** is an asset-weighted hedge fund index that tracks more than 5,000 hedge funds across a number of style-based sectors representative of the hedge fund industry. Funds included in the index have a minimum of US \$50 million under management, a minimum one-year track record, and current audited financial statements. Performance data in the index is net of all fees. The index is calculated and rebalanced monthly. Funds are reselected on a quarterly basis as necessary.

The **Dow Jones Credit Suisse Blue Chip Hedge Fund Index** is an asset-weighted hedge fund index derived from the Dow Jones Credit Suisse Hedge Fund Index. The index is comprised of the 60 largest funds across the ten style-based sectors in the broad index and is open for investment. It is rebalanced semi-annually and reflects performance net of all hedge fund component performance fees. The Dow Jones Credit Suisse Blue Chip Hedge Fund Index is a rules-based index fully reflects the performance of a diversified market barometer for the hedge fund industry.

The **Merrill Lynch 3-Month Treasury Bill Index ("ML 3-month T-bills")** tracks the performance of the 3-month U.S. treasury market. The index is unmanaged that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. It is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into a newly selected issue. The issue selected at each month-end re-balancing is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the re-balancing date.

The **HFRI FoF Composite Index** is an equal-weighted index includes over 800 constituent funds included in the HFR database. Funds within the index must have at least \$50 million under management or have been actively trading for at least twelve (12) months.

The **MSCI Daily TR Net World USD** is a market capitalization weighted index composed of companies representative of the market structure of 22 developed market countries in North America, Europe, and the Asia/Pacific Region. The index is calculated without dividends, with net or with gross dividends reinvested, in both US dollars and local currencies.

The **S&P GSCI Total Return Index** is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is currently diversified across 24 commodities.



PRISMA CAPITAL PARTNERS

Prisma Capital Partners LP

One Penn Plaza
Suite 3515

New York, New York 10119

Phone: (212) 590-0800 Fax: (212) 590-0810
www.prismapartners.com

Prisma Capital Management International LLP

6 Chesterfield Gardens
London W1J 5BQ

Phone: +44 (0) 20 7016 6485

Fax: +44 (0) 20 7016 6460



Mariner Investment Group

Mandate: Absolute Return

Hired: Nov 2004

Firm Information	Investment Approach	Total ARMB Mandate & Fees				
<p>Mariner is wholly owned by its parent company, MIG Holdings, LLC ("MIG"), which in turn is owned by current and former Mariner employees ("Mariner Partners") and ORIX AM Holdings, LLC ("ORIX"), a wholly-owned subsidiary of ORIX USA Corporation. ORIX has a non-controlling majority ownership interest in MIG and certain other limited contractual rights.</p> <p>Mariner manages approximately \$200 million in an absolute return strategy as of 06/30/11 for ARMB. The firm's asset base is comprised of 763 accounts and 60 fund of funds.</p> <p>As of July 1, 2011, Mariner has approximately \$12.0 billion of assets under management in conjunction with its Associated Advisers.</p> <p>Key Executives: William Michaelcheck, CIO Ellen Rachlin, Lead Portfolio Manager Daniel Sullivan, Partner Dennis Winter, Chief Risk Officer Brendan Minogue, Director of Research Sarah Wohlenhaus, Managing Director, Investor Relations</p>	<p>Mariner endeavors to consistently deliver better risk-adjusted returns over stocks and bonds over time through tactical allocations to managers that are pursuing asymmetric (good risk/reward) market driven opportunities. Mariner's fund of funds products take a team oriented approach to investing. The Asset Allocation & Risk Management Team (AA&R) has a productive working relationship with each other and their six supporting groups (investment due diligence, risk systems and infrastructure, operational due diligence, compliance, legal, and accounting). Each subgroup has veto power if it finds a potential investment idea lacks validity. The Investment Committee oversees the AA&R Team and has ultimate responsibility for all buy and sell decisions.</p> <p>The decision-making process is both top down and bottom up. They consider the current investment and economic environment to identify fund strategies likely to take advantage of asymmetric investment opportunities (good risk/reward) and that have a solid business structure, employing best practices. Exemplary manager character and reputation are key evaluation criteria. For the construction of the portfolio, a subset of hedge fund investments is identified and weighted, based upon relative risk.</p> <p>In the past year, there were no changes to the portfolio management team.</p> <p>ARMB Benchmark: T-Bills +5%</p>	<p>Assets Managed (FY End)</p> <table> <tr> <td>6/30/10</td> <td>\$238.6 MM</td> </tr> <tr> <td>6/30/11</td> <td>\$199.3 MM</td> </tr> </table> <p>Fee Schedule: 0.070833% (0.85% annually) of monthly balance in ARMB capital account.</p>	6/30/10	\$238.6 MM	6/30/11	\$199.3 MM
6/30/10	\$238.6 MM					
6/30/11	\$199.3 MM					

Concerns: Mariner is on the ARMB manager watch list due to ownership changes resulting from the Orix transaction.

6/30/2011 Performance (net of fees)

<u>Last Qtr</u>	<u>Last Yr</u>	<u>Last 2 Yrs.</u>	<u>Last 3 Yrs.</u>	<u>Last 5 Yrs.</u>	<u>Last 6-1/2 Yrs.</u>
(0.53)	4.54	5.34	1.44	2.21	3.32
Benchmark					
1.29	5.16	5.16	5.42	7.00	7.35



M A R I N E R

Arctic Bear Fund, L.P.

Presentation to Alaska Retirement Management Board

William Turchyn
Partner

Ellen Rachlin
Lead Portfolio Manager

September 2011

Mariner Investment Group Business Principles

Our business principles guide us in everything we do. Our commitment to our principles is unflinching.

1. Integrity, honesty, and fairness are at the center of our professional and personal lives. We expect the same attributes in the individuals with whom and companies with which we engage in business.
2. Our primary focus shall always be our clients' best interests. We work to build enduring relationships with our clients by helping them meet their investment objectives, and by exceeding their service expectations.
3. Our people are the greatest determinant of our success. We reflect this in the thought and energy we invest in recruiting each person, and in our commitment to helping our colleagues reach their full potential. We treat one another with dignity and respect, acting always with humility.
4. We are committed to excellence. We know that if we focus on excellence in every task we perform and each product we generate, we will deliver the best outcomes for our clients and our Firm.
5. We emphasize teamwork across our business, confident that working together results in superior outcomes for our clients. While encouraging individual initiative, we believe the greatest achievements flow from our collective efforts and we celebrate the accomplishments of our team. Room does not exist for individuals who would place their personal interests ahead of the interests of our clients or our Firm.
6. We are committed to complying with the letter and spirit of the laws governing us in each of our jurisdictions. Our clients entrust us with their confidential financial information, which we in turn treat with the utmost care. To inappropriately use a client's information, or to disclose it intentionally or carelessly, would be unconscionable.
7. We treat our reputation with the greatest of care. The effort involved in building a good reputation, the speed with which it erodes if mistreated, and the resulting difficulty in restoring it are not to be underestimated.
8. Our industry is highly competitive, and we work aggressively to expand our client base. As we do so, we must avoid denigrating other firms.
9. As our Firm grows, we will focus unrelentingly on maintaining a close-knit, collegial, and uplifting workplace setting.
10. We view Mariner Investment Group as having an unlimited life. During our tenure at the Firm, we will act in a way that reflects good stewardship, ensuring that future generations receive the Firm in the best possible condition. Good stewardship is a principle we observe equally in the communities outside the Firm in which we are members. While long-term and short-term benefits are not mutually exclusive, when forced to choose between the two we will always prefer outcomes providing long-term benefits to our clients, our Firm, and our employees.

Table of Contents

I. Mariner Investment Group, LLC

II. Arctic Bear Fund Portfolio Update

I. Mariner Investment Group, LLC

Mariner Investment Group, LLC

Company Overview

- Founded in 1992 by William J. Michaelcheck
- In aggregate, Mariner's AUM in conjunction with its Associated Advisers' AUM is \$12 billion. Mariner Fund of Funds assets are approximately \$2.3 billion.¹
- Over 90% of Mariner and its Associated Advisers' AUM is from institutional investors.
- 177 professionals worldwide, with offices in Harrison (NY), New York, Rowayton (CT), Boston, London, Seoul, and Tokyo
- Mariner and its associates are registered with and regulated by four U.S. and non-U.S. authorities²
- Investment process draws upon extensive proprietary trading and risk management experience
- Seek consistent alpha generation while preserving capital
- Focused on superior risk adjusted returns, low volatility, and low correlation to stock and bond markets

1. As of August 1, 2011, Mariner's total assets under management were approximately \$5.0 billion ("Mariner AUM"). The Fund of Funds assets under management figure of \$2.3 billion noted herein includes product investments in underlying funds advised by Mariner and/or its affiliates (e.g., separate account or custom "fund-of-one" mandates that specifically seek investments in MIG advised funds). In addition, Mariner is associated with certain investment advisers (e.g., pursuant to an ongoing agreement in which Mariner provides certain substantive support services to those firms in exchange for a percentage share of that adviser's revenues) who are separately registered with the SEC (the "Associated Advisers") and have collective assets under management of approximately \$7.6 billion (the "Associated Advisers' AUM"). In total, Mariner's AUM in conjunction with the Associated Advisers' AUM is approximately \$12.0 billion. Please note that in certain limited instances, Mariner serves as the investment manager to client accounts (e.g., custom "fund of one" investor vehicles), but allocates capital from that client account to Associated Advisers (e.g., invests in a hedge fund advised by an Associated Adviser) (the "Allocated Assets"). Accordingly these Allocated Assets (currently \$531.8 million) are included in both Mariner's AUM and its Associated Adviser's AUM. AUM figures are estimated and unaudited.

2. Mariner Investment Group, LLC is currently registered as an investment adviser with the SEC. This registration became effective on May 14, 2003. Mariner Europe Limited is authorized and regulated by the U.K. FSA since July 15, 2010. Mariner Japan, Inc. is a financial instrument firm authorized and regulated with the FSA of Japan since February 3, 2004. Mariner Group Capital Markets, Inc ("MGCM") has been registered as a limited purpose broker dealer with FINRA since June of 1997. MGCM limits its brokerage activity to the placement of private investment fund interests and does not maintain client accounts or execute trades.

Mariner Investment Group, LLC

Firm Updates

- On July 15, 2010, Mariner Europe Ltd. became authorized and is now regulated by the U.K. FSA.

- In December 2010, Mariner entered into a strategic partnership with ORIX USA Corporation, an integrated financial services group based in Dallas whose parent, ORIX Corporation (NYSE: IX, TSE: 8591), is based in Tokyo. ORIX Corporation has an equity market capitalization of \$10.8bn.¹
 - This transaction builds on a prior-existing relationship between ORIX and Mariner which has grown since 2007 and includes ORIX as a fund investor.
 - Mariner partners retain full control of Management Committee decisions. Mariner’s investment process and Investment Committee will remain unchanged.
 - Mariner’s partners continue to maintain a significant stake in the firm, and have re-invested all of their after-tax proceeds for a period of years.

- During the first quarter 2011 Mariner opened a new representative office in Seoul, Korea.

- Mariner is pleased to report that Caspian Capital LP (“Caspian”) became an SEC registered investment adviser in the second quarter of 2011.

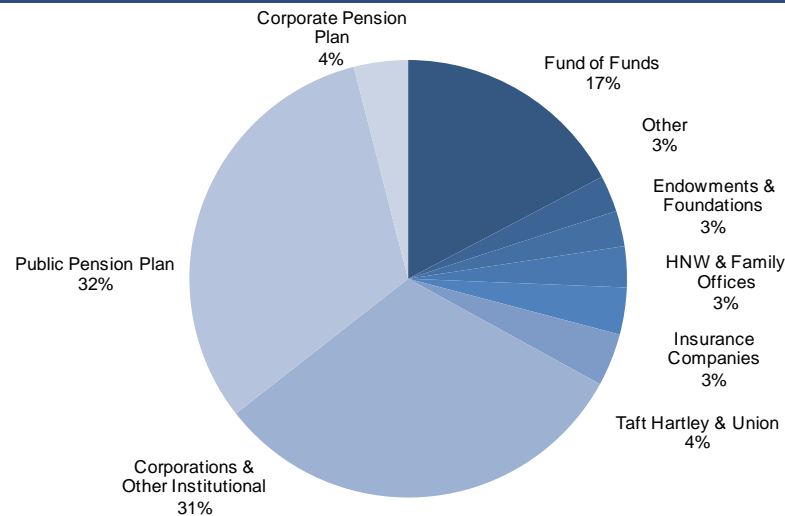
1. As of July 15, 2011.

Mariner Investment Group, LLC

Representative Client List¹

Public & Corporate Plans	Taft-Hartley	Endowments/Foundations	
<ul style="list-style-type: none"> ■ Alaska Retirement Management Board ■ Alaska Permanent Fund Corporation ■ Anne Arundel County Retirement & Pension System ■ New York State Common Retirement Fund 	<ul style="list-style-type: none"> ■ Bakery and Confectionery Union and Industry ■ Communication Workers of America ■ Service Employees International Union (SEIU) ■ United Food and Commercial Workers 	<ul style="list-style-type: none"> ■ New Mexico State Investment Council ■ Ohio University Foundation ■ The Culver Educational Foundation ■ University of Alaska Foundation ■ William H. Pitt Foundation 	
	<th>Banks/Other</th> <td></td>	Banks/Other	
	<ul style="list-style-type: none"> ■ Merrill Lynch 		

Global Hedge Fund & Fund of Funds Investor Base²



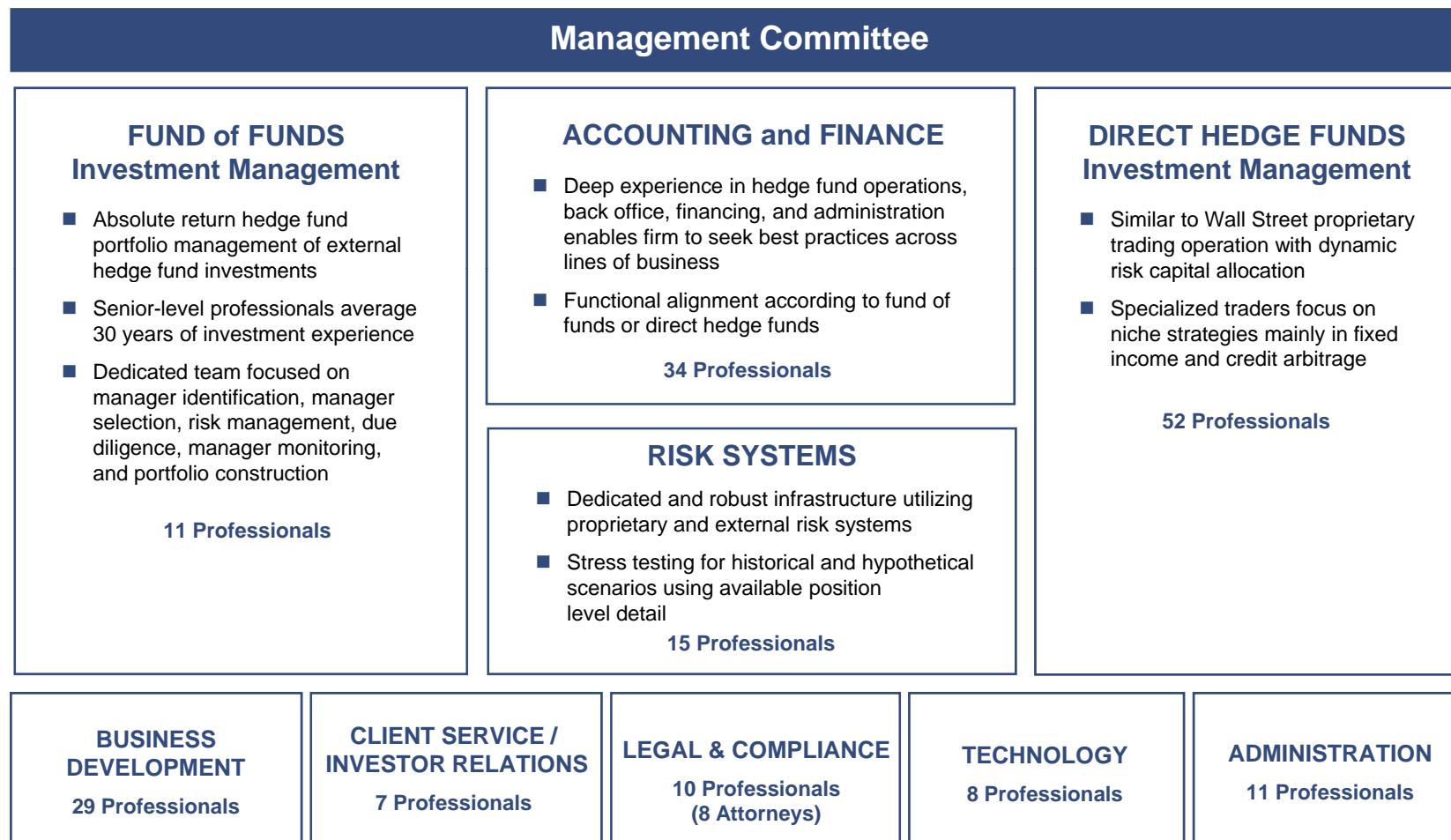
1. Clients listed are for Mariner hedge funds. The list of representative clients was not selected based upon the performance of their respective investment accounts and it is not known whether the listed clients approve or disapprove of the services provided by Mariner Investment Group, LLC

2. Data as of June 30, 2011. Includes Mariner and Associated Advisers' investor base.

Mariner Investment Group, LLC

Mariner Organization

177 Professionals in Harrison (NY), New York, Boston, Rowayton (CT), London, Seoul, and Tokyo



Information as of August 1, 2011

Mariner Core Fund of Funds Investment Team

Mariner’s senior investment professionals average 31 years of trading and investment experience.

Investment Committee		
William Michaelcheck (39 years), CIO and Chairman	Ellen Rachlin (29 years)	William Turchyn (39 years)
Charles Howe (28 years)	William Shaw (39 years)	Dennis Winter (32 years)
Peter O’Rourke (19 years)	Daniel Sullivan (29 years)	Bracebridge Young (29 years)

Fund of Funds Investment Sub-Committee		
William Michaelcheck (Chairman & CIO) ¹	Charles Howe (President & CFO)	Dennis Winter (CRO) ¹
Ellen Rachlin (Lead Portfolio Manager) ¹	Brendan Minogue (Director of Research) ¹	Daniel Sullivan (Business Head)
William Shaw (Partner)	Steven Ezzes (Product Manager)	



1. William Michaelcheck, Brendan Minogue, Ellen Rachlin, and Dennis Winter are members of the Asset Allocation and Risk Management Team. They all serve as co-portfolio managers, with Ellen Rachlin as the Lead Portfolio Manager.
 2. Maria Castro is part of the Investment Due Diligence Process and leads the Risk Systems & Infrastructure due diligence process in her role as Risk Manager.
 3. Beverly Landstreet is part of the Investment Due Diligence Process and the Risk Systems & Infrastructure due diligence process in his role as Associate Risk Manager.
 Please note, the numbers in parentheses indicate years of experience. The Investment Committee members’ support and supervision is not limited exclusively to Mariner’s Fund of Funds business and generally applies across Mariner’s investment platform. In addition, some of the above professionals have firm wide responsibilities.

Mariner's Fund of Funds Approach

Key Distinguishing Characteristics

- Investment process draws upon extensive proprietary trading desk and risk management experience
- Mariner leverages internal proprietary hedge fund experience and market intelligence
- Mariner employs a set of proprietary risk management analytical tools
- Strong culture dedicated to risk management and loss mitigation
- Extensive experience managing dedicated, single client, fund of funds mandates
- Analysis based on position level transparency is an invaluable element of our investment process
- Mariner's underlying fund selection emphasizes targeted single-strategy fund allocations
- Mariner provides custom solutions to client needs

II. Arctic Bear Fund Portfolio Update

Arctic Bear Fund, L.P.¹

Account Summary as of June 30, 2011 ¹	Balances (in \$millions)
November 1, 2004 Initial Investment	\$82.3
June 30, 2005	\$103.4
June 30, 2006	\$113.9
June 30, 2007	\$241.9
June 30, 2008	\$238.9
June 30, 2009	\$224.8
June 30, 2010	\$238.6
June 30, 2011	\$199.3

Track Record¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD ²
2004											1.77 %	0.89 %	2.67 %
2005	0.17 %	1.40 %	(0.27)%	(0.75)%	0.11 %	0.61 %	1.56 %	1.10 %	1.18 %	(0.47)%	0.67	1.72	7.20
2006	2.44	(0.02)	1.27	1.09	(0.89)	(0.46)	0.00	0.83	0.45	0.90	1.28	1.58	8.75
2007	0.76	0.38	0.38	1.64	1.51	0.33	(0.88)	(1.41)	0.56	1.29	(1.46)	(0.65)	2.42
2008	(1.02)	0.79	(1.51)	0.70	1.01	(0.73)	(2.20)	(0.61)	(5.00)	(2.66)	(0.45)	(0.15)	(11.37)
2009	0.62	(0.02)	0.06	1.24	3.04	0.28	1.30	1.41	1.66	(0.11)	0.70	0.93	11.66
2010	(0.03)	0.47	1.61	0.80	(2.12)	(0.58)	0.43	0.09	1.49	0.89	0.31	0.96	4.36
2011	0.61	0.49	(0.28)	0.92	(0.29)	(1.14)	0.04						0.33

1. Past performance is not a guide to or otherwise indicative of future results. All returns are net of applicable fees and expenses and reflect the reinvestment of dividends and other earnings for the relevant period and are unaudited (the "Net Returns"). The letter "E" denotes estimated returns. Please see "Important Considerations and Assumptions" at the end of this presentation.

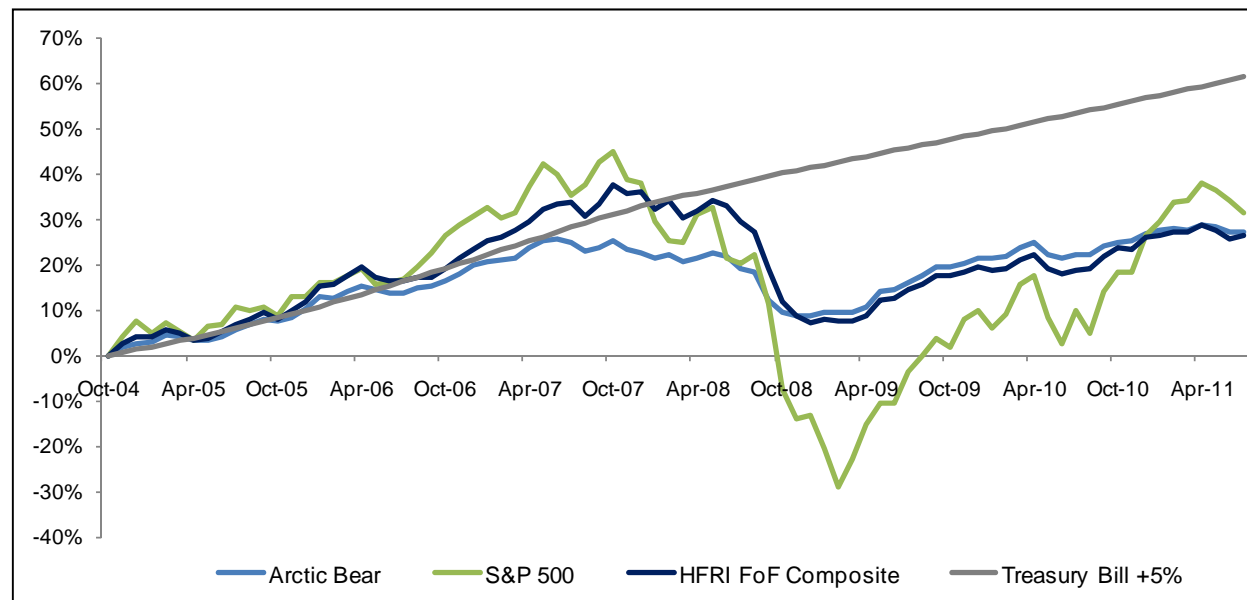
2. Cumulative YTD.

Arctic Bear Fund, L.P.

Portfolio Return and Volatility Benchmark Comparison as of July 31, 2011¹

		1 Year	3 Year	5 Year	Life ²
Annualized Rate of Return	Arctic Bear Fund, L.P.	4.13	2.22	2.22	3.61
	HFRI FoF Composite Index	6.18	-0.74	1.69	3.54
	S&P 500	19.65	2.93	2.40	4.12
	3-month Treasury Bill +5%	5.22	5.31	6.78	7.34
Annualized Standard Deviation	Arctic Bear Fund, L.P.	2.47	4.75	4.40	4.15
	HFRI FoF Composite Index	4.02	7.02	6.60	6.20
	S&P 500	13.36	21.22	17.89	15.83
	3-month Treasury Bill +5%	0.01	0.08	0.56	0.56

Cumulative Returns for Stocks and Hedge Funds of Funds²

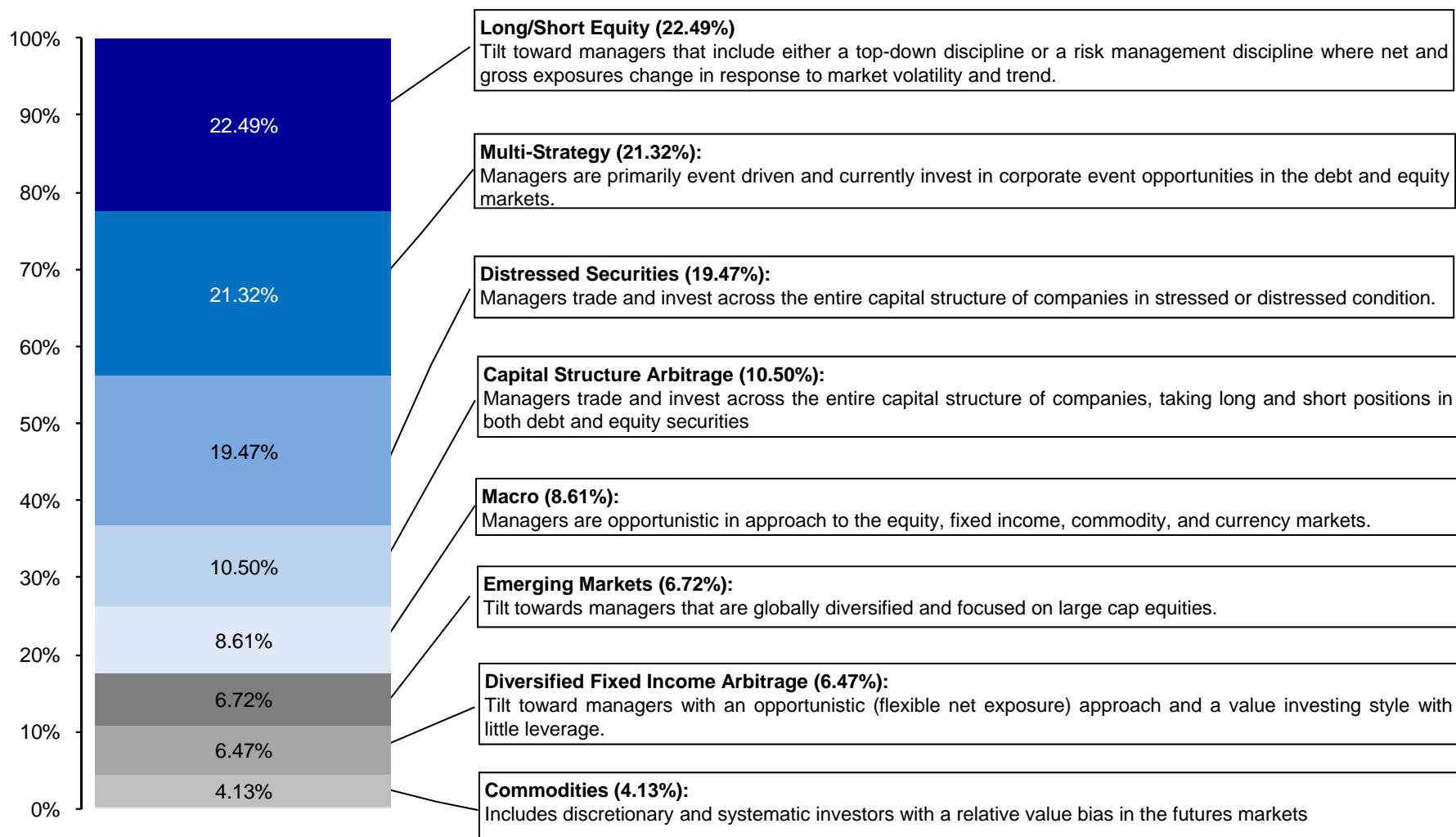


Sources: Mariner Investment Group, Bloomberg LP, Hedge Fund Research Inc.

1. Past performance is not a guide to or otherwise indicative of future results. All returns are net of applicable fees and expenses and reflect the reinvestment of dividends and other earnings for the relevant period and are unaudited (the "Net Returns"). Please see "Important Considerations and Assumptions" at the end of this presentation.
2. Data as of the inception of Arctic Bear Fund, L.P. (November 1, 2004) to July 31, 2011.

Arctic Bear Fund, L.P. Portfolio Composition

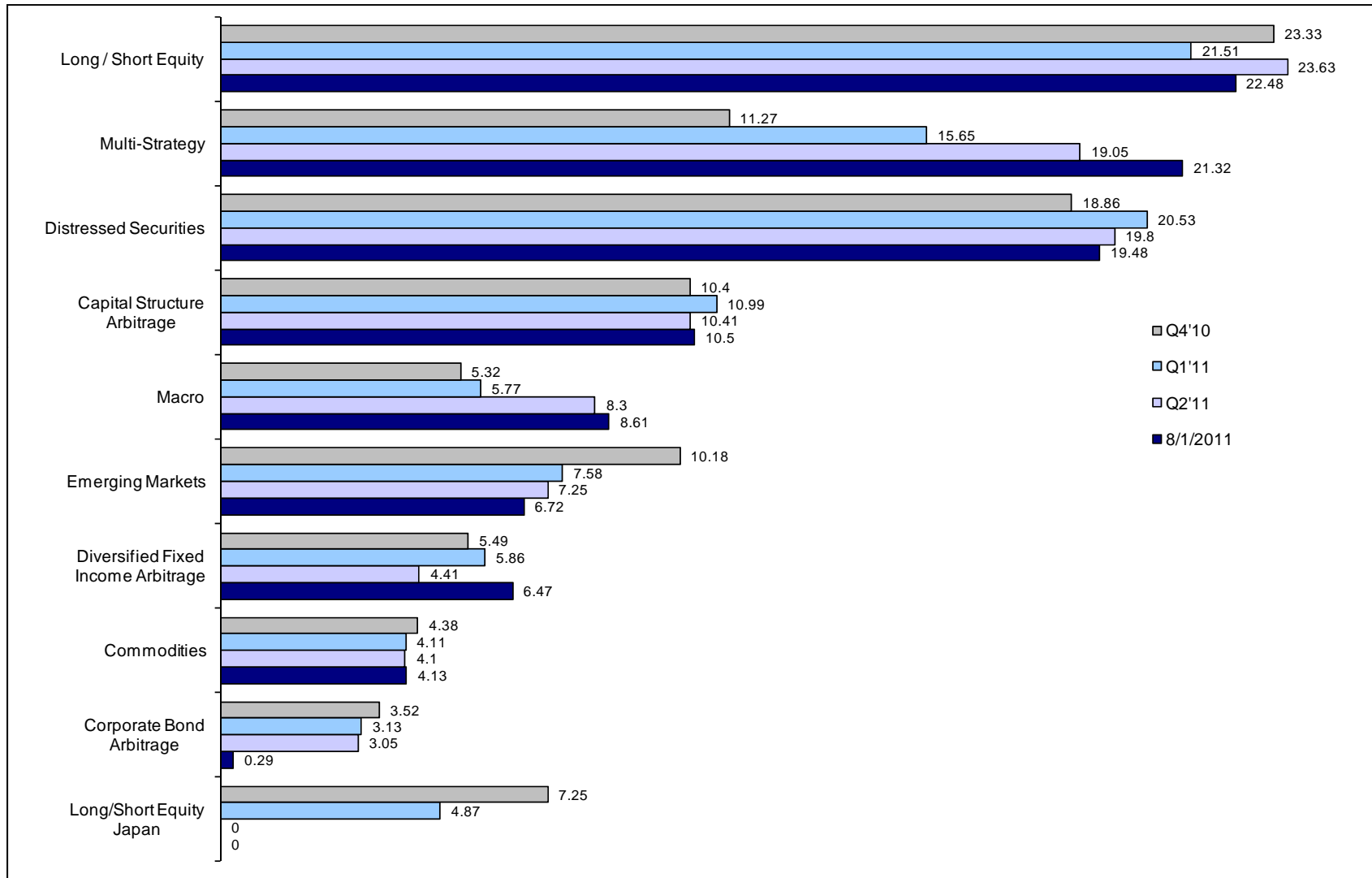
Strategy Description and Percentage Allocation as of August 1, 2011¹



1. The information in this chart is indicative of the portfolio composition as of the applicable dates and no assurance can be given that the chart reflects current portfolio composition. Please see "Portfolio Disclaimer" at the end of this report.

Arctic Bear Fund, L.P.

Strategy Migration as of August 1, 2011¹



1. Net asset value percentages are excluding cash. The information in this chart is indicative of the portfolio composition as of the applicable dates and no assurance can be given that the chart reflects current portfolio composition. Please see the "Portfolio Disclaimer" at the end of this report.

2011 Investment Themes and Strategy Outlook¹

Outlook:

- Markets are in the midst of a monetary policy-driven reflationary period intended to be supportive of growth, counteracted by fiscal policy stagnation.
- Corporations undertaking restructuring efforts could generate positive economic momentum, which could evolve into new investments and, eventually, jobs.
- Aggregate demand from public sector spending may not be sustainable in the long term but is supportive of economic growth in the near term.
- Some key challenges to growth persist from the European debt dilemma, financial sector non-performing or underperforming assets, and unemployment.

Equity Market Investment Themes:

- Prevalent event driven equity opportunities including asset sales, mergers, spin-offs, break-ups, and turn-arounds, among others.
- Companies are generating positive revenue growth while maintaining high cash balances, which if invested, could provide a potential source of longer term economic growth.
- Some emerging market countries' battles with inflation may wind down early next year, resulting in a source of attractive equity valuations.

Fixed Income and Credit Market Investment Themes:

- Wider credit spreads and motivated asset sales by banks could provide a deep investment set for asset-backed and corporate debt funds.
- Economic uncertainty could provide attractive trading opportunities as the currency and rate markets become more volatile and subject to dislocations.

Global Commodities Investment Themes:

- Grain and oil shortages will likely continue to plague the markets and consumers longer term, and provide thematic investment ideas. Precious metal demand may be a bubble that persists for a while.

1. Please note that the investment outlook and opportunities noted above are prospective and based upon the opinion of Mariner. There is no guarantee we will be successful in our efforts to implement investment strategies that take advantage of such perceived opportunities.

Important Considerations and Assumptions

This presentation has been prepared solely for informational purposes and may not be relied on in any manner as legal, tax or investment advice or as an offer to sell or the solicitation of an offer to buy an interest in any fund which can only be made by a private placement memorandum that contains important information about each fund's risks, fees and expenses (the "Supplemental Disclosure Documents"). No sale of interests will be made in any jurisdiction in which the offer, solicitation, or sale is not authorized or to any person to whom it is unlawful to make the offer, solicitation or sale. **Past performance is not a guide to or otherwise indicative of future results.** The U.S. Dollar is the currency used to express performance. This presentation should be considered confidential and may not be reproduced in whole or in part, and may not be circulated or redelivered to any person without the prior written consent of Mariner Investment Group, LLC ("MIG") or one of its affiliates. Please note, MIG has several "affiliated" entities as that term is defined under applicable federal securities laws which include but are not limited to Mariner Group Capital Markets, Inc. ("MGCM"), a limited purpose broker-dealer, and Mariner Europe Limited ("Mariner EU"), a firm authorised and regulated by the United Kingdom Financial Services Authority ("FSA"). **Arctic Bear Fund, L.P.** (the "Fund") is advised or otherwise managed by MIG and/or certain of its affiliates (e.g., the General Partner and certain of its partners, officers, directors and employees) and accordingly are under the common control with MGCM. MGCM and its registered representatives, who are also employees of MIG, have a financial interest in the distribution of the securities offered for sale by the Fund. In addition, individuals hired or otherwise associated with Mariner EU may act as marketing agents for the Fund and accordingly may be financially incentivized to make investment recommendations. Notwithstanding the potential conflicts of interest referenced above, please note that all remuneration paid to MGCM or Mariner EU shall be paid by MIG and NOT the Fund's investors. Strategies in which the Fund invests may involve investments in less liquid securities as well as leverage. Products managed by MIG are intended for sophisticated investors and the information in these materials is intended solely for "Accredited Investors" within the meaning of Rule 501 of Regulation D under the U.S. Securities Act of 1933, as amended and "Qualified Purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act of 1940 (or investors qualifying under equivalent standards under the laws of the jurisdictions of their residence). Any products or service referred to herein may not be suitable for any or all persons.

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Important Considerations and Assumptions

Disclosure of Risk Factors

An investment in a hedge fund is speculative and involves a significant degree of risk, which each prospective investor must carefully consider. Returns generated from an investment in a hedge fund may not adequately compensate investors for the business and financial risks assumed. An investor in hedge funds could lose all or a substantial amount of his or her investment. While hedge funds are subject to those market risks common to other types of investments, including market volatility, hedge funds employ certain trading techniques, such as, the use of leverage, and other speculative investment practices that may increase the risk of investment loss. Other risks associated with hedge funds include, but are not limited to, high illiquidity and fees (and the higher fees may offset the fund's trading profits), complex tax structures that may delay the distribution of important tax information, no requirement that periodic pricing or valuation reports be provided to investors, lack of the regulatory requirements applied to mutual funds, limited operating history, lack of a secondary market for an investor's interest in the fund and none may be expected to develop, performance that is volatile, restrictions on transferring interests in the fund, and a hedge fund may effect a substantial portion of its trades in foreign markets or exchanges. In addition, a hedge fund may have a fund manager who has total trading authority over the fund and the use of a single adviser applying generally similar trading programs could mean a lack of diversification, and consequentially, higher risk.

The foregoing is only a summary of certain risks associated with an investment in the Fund. Before making an investment in the Fund, prospective investors are advised to thoroughly and carefully review the Supplemental Disclosure Documents with their financial, legal and tax advisors to determine whether an investment is suitable for them.

Additional Performance Disclosure

This information must be read in conjunction with the prior performance information.

Benchmarks are provided for illustrative purposes only. There are no known published comparable benchmarks or indices for the investment strategies of the Funds. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the Funds. Because of these differences, benchmarks should not be relied upon as an accurate measure of comparison. The following benchmarks may be used:

The S&P 500 Index is weighted by market capitalization and focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities. The S&P 500 index was created in 1957, although it has been extrapolated backwards to several decades earlier for performance comparison purposes. The index is maintained by the S&P Index Committee that follows a set of published guidelines for maintaining the index. Criteria for index additions include: U.S. Company, Market Capitalization, Public Float, Financial Viability, Adequate Liquidity and Reasonable Price, Sector Representation, and Company Type. The S&P 500 Index is part of a series of S&P U.S. indices.

The HFRI Monthly Indices ("HFRI") are a series of benchmarks designed to reflect hedge fund industry performance by constructing equally weighted (fund-weighted) composites of constituent funds, as reported by the hedge fund managers listed within HFR Database. The HFRI range in breadth from the industry-level view of the HFRI Fund Weighted Composite Index, which encompasses over 2000 funds, to the increasingly specific-level of the sub-strategy classifications. In order to be considered for inclusion in the HFRI, a hedge fund manager must submit a complete set of information to HFR Database. Funds are eligible for inclusion in the HFRI the month after their addition to HFR Database. Additionally, all HFRI constituents are required to report monthly, net of all fees performance and assets under management U.S. dollars. Constituent funds must have either (a) \$50 million under management or (b) a track record of greater than twelve (12) months.

These benchmarks are broad-based indices which are used for comparative purposes only and have been selected as they are well known and are easily recognizable by investors. However, the investment activities and performance of the Funds discussed herein may be considerably more volatile than the performance of any of the referenced indices. Unlike these benchmarks, the portfolios of each of the Funds portrayed herein are actively managed. Furthermore, each of the Funds invests in substantially fewer securities than the number of securities comprising each of these benchmarks. There is no guarantee that any of the securities invested in by any of the Funds comprise these benchmarks.

Portfolio Disclaimer

The percentages set forth above are estimates and actual percentages may vary from time-to-time. Please see the Fund's private placement memorandum for a description of the investment sectors (or capital allocations) set forth above, as well as the risks associated therewith. Please note that the Fund may elect to invest assets in investment sectors that are different than those depicted above which may entail additional and/or different risks. Although we have attempted to fairly categorize each security holding by major industry type, please note that: 1) every security beneficially owned by the Fund does not necessarily lend itself to strict classification; and 2) certain information included in this presentation has been provided by third parties and although we believe it is reliable, may not have been independently verified for accuracy or completeness. Accordingly, this data is being provided to you for informational purposes only (e.g., should not be relied upon for any official purpose). Performance of the Fund will depend in large part on the investment manager's ability to identify and access superior investments and investment professionals to successfully effectuate investment ideas and balance assets to maximize return to the Fund while minimizing its risk. The actual investments or capital allocations in the Fund may or may not be the same or in the same proportion as those shown above.



M A R I N E R

500 Mamaroneck Avenue, 4th Floor • Harrison, NY 10528
Main: (914) 670 4300 • Fax: (914) 670 4320 • email: mariner@marinercapital.com

Global Asset Management USA (GAM)

Mandate: Absolute Return

Hired: January 2010

Firm Information	Investment Approach	Total ARMB Mandate & Fees				
<p>GAM is an independent company listed on the Swiss exchange. All GAM employees participate in a stock ownership program which accounts for approximately 20% of firm ownership.</p> <p>GAM manages approximately \$143 million in an absolute return strategy as of 06/30/11 for ARMB. The firm asset base is comprised of 236 institutional accounts.</p> <p>As of 06/30/11, the firm's total assets were \$50.1 billion.</p> <p>Key Executives: David Smith, Chief Investment Director Arvin Soh, Investment Manager Joe Gieger, Managing Director Kathryn Cicoletti, Director, Institutional Sales</p>	<p>The evaluation process includes three types of analysis: Investment Due Diligence seeks to identify source and repeatability of a manager's competitive edge; Setting Performance Expectations – forward-looking expectations for return, risk, maximum drawdown and correlation on an absolute and relative basis to construct portfolios more likely to achieve investment aims; Operational Due Diligence – a key factor in avoiding manager failure and fraud for both new and existing managers; this team reports to a director independent of the investment team.</p> <p>The investment philosophy to implementing investment decisions follows a team approach. Investments are made via The Investment Management Committee, which comprises 7 investment managers, including Chief Investment Director, David Smith. Although David has ultimate decision making control; all decisions are made with input from the Committee.</p> <p>The operational due diligence team has power of investment veto due to operational concerns.</p> <p>Benchmark: T-Bills +5%</p>	<p>Assets Managed (FY End)</p> <table> <tr> <td>6/30/10</td> <td>\$100,058,100</td> </tr> <tr> <td>6/30/11</td> <td>\$142,561,326</td> </tr> </table> <p>Fee Schedule: 0.070833% (0.85% annually) of monthly balance in ARMB capital account.</p>	6/30/10	\$100,058,100	6/30/11	\$142,561,326
6/30/10	\$100,058,100					
6/30/11	\$142,561,326					

Concerns: Early investment performance and the departure of two Investment Management Committee members.

6/30/2011 Performance (net of fees)

<u>Last Qtr</u>	<u>Last Yr</u>
(1.19)	2.51
 Benchmark	
1.29	5.16

Alaska Retirement Management Board

GAM

David Smith, Chief Investment Director
Kathryn Cicoletti, Director Institutional Sales

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- I. GAM Business Update
- II. Account Review
- III. Market Outlook
- IV. Appendix

GAM Business Update

GAM Business Update

Bringing experience, resources and institutional discipline to fund of hedge funds management

GAM

- **Assets Under Management***

- Firm AuM: \$53.6B
- Multi-Manager AuM: \$13.7B
- Growth in customized and segregated account mandates

- **Personnel**

- 81** professionals working out of offices located in New York, London and Hong Kong
- All employees maintain a significant ownership in GAM

- **Initiatives**

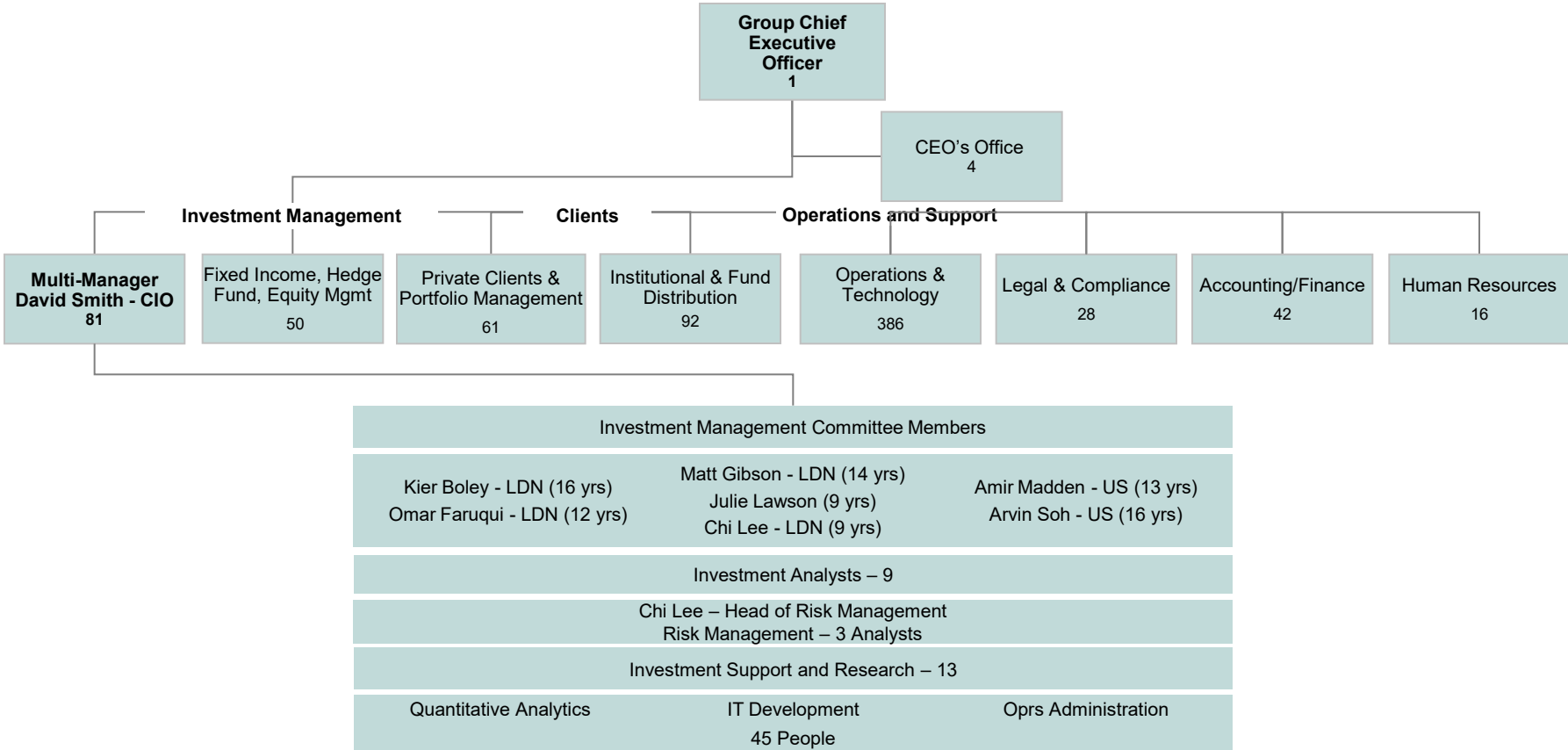
- *GAMfolio* on-line client reporting system, launched in July
- Improved transparency and risk reporting now available
- Continued growth in single manager hedge funds and fixed income strategies

Source: GAM

*As of June 30, 2011

**As of July 31, 2011 (includes IT and dealing support)

GAM Organization and Multi-Manager Team



Source: GAM
 Note: Numbers represents Headcount for permanent and consultant investment staff as of July 31, 2011

Account Review

GAM - Alaska Retirement Management Board

Strategy overview

GAM

Strategy:	Globally Diversified Low Volatility Multi-Strategy	
Performance objective:*	US T-Bill 3 month +5%, with volatility of 4-6% (% pa)	
Holdings:	30 – 50	
Strategy allocation ranges:	Trading:	50 – 70%
	Equity Hedge:	15 – 35%
	Event Driven:	5 – 25%
	Relative Value:	5 – 25%

Source: GAM

Allocations and holdings are subject to change.

* Based on rolling 3-year period. The objectives above are based on certain assumptions (including, among other things, objectives of underlying funds and strategies, and historic performance) and market, economic and other conditions that may change and have a material impact on future results. Thus, there can be no assurance that these objectives will be realized. Investment objectives do not represent a prediction of returns, volatility or a promise to deliver any particular investment goal. Actual performance and volatility may be greater or less than these objectives.

GAM - Alaska Retirement Management Board

Account Summary



Account Values	Date	Amount (USD)
Beginning Market Value	January 1, 2010	75,000,000
<i>Additional Subscription</i>	<i>April 30, 2010</i>	<i>25,000,000</i>
<i>Additional Subscription</i>	<i>September 30, 2010</i>	<i>15,000,000</i>
<i>Additional Subscription</i>	<i>April 1, 2011</i>	<i>25,000,000</i>
Current Market Value	July 31, 2011	143,465,479

GAM - Alaska Retirement Management Board

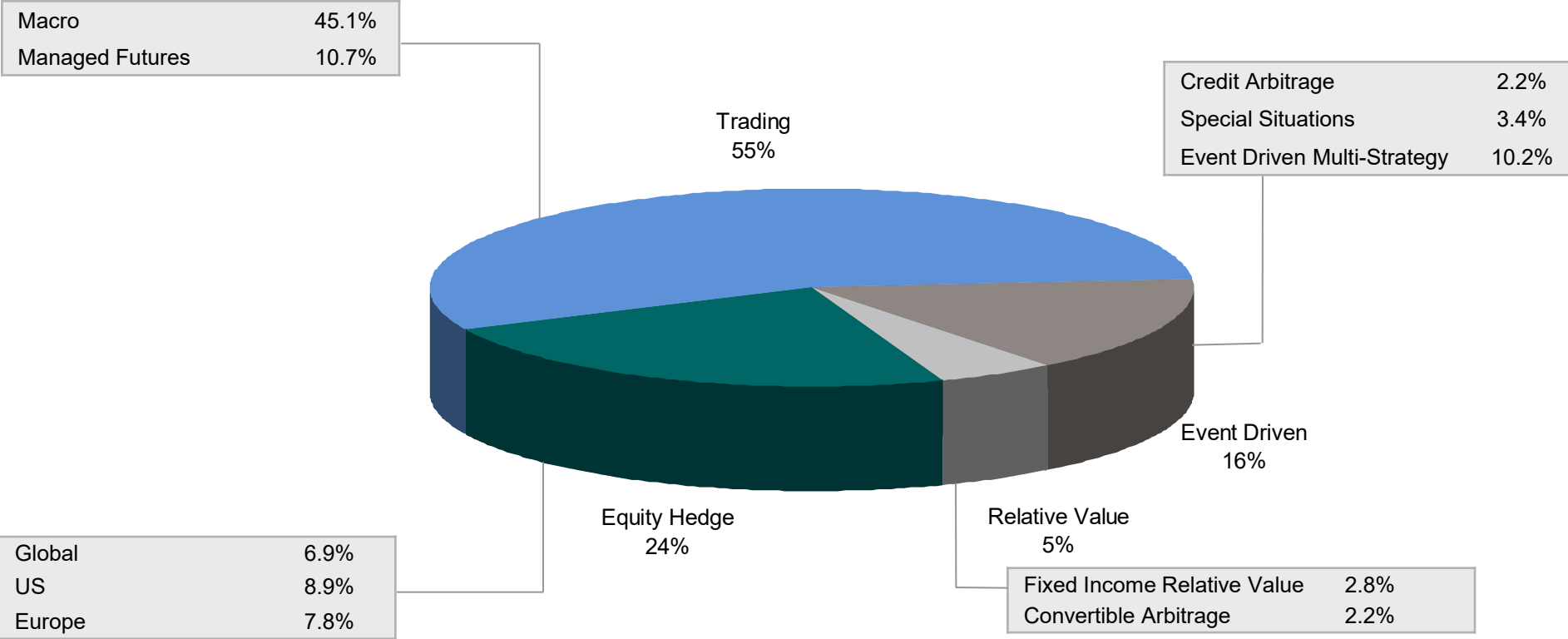
Constructing balanced portfolios through four core strategies



Strategy	Characteristics and Benefits
Equity Hedge	Strategies can be long/short or market neutral Benefit – Less volatile equity return profile
Relative Value	Exploit pricing inefficiencies in credit markets Benefit – Lower volatility fixed income return profile
Event Driven	Exploit mis-pricing surrounding corporate events Benefit – Uncorrelated to broad equity indices
Trading/Macro	Takes advantage on economic investment themes Benefit – Uncorrelated return profile to both equities and fixed income

GAM - Alaska Retirement Management Board

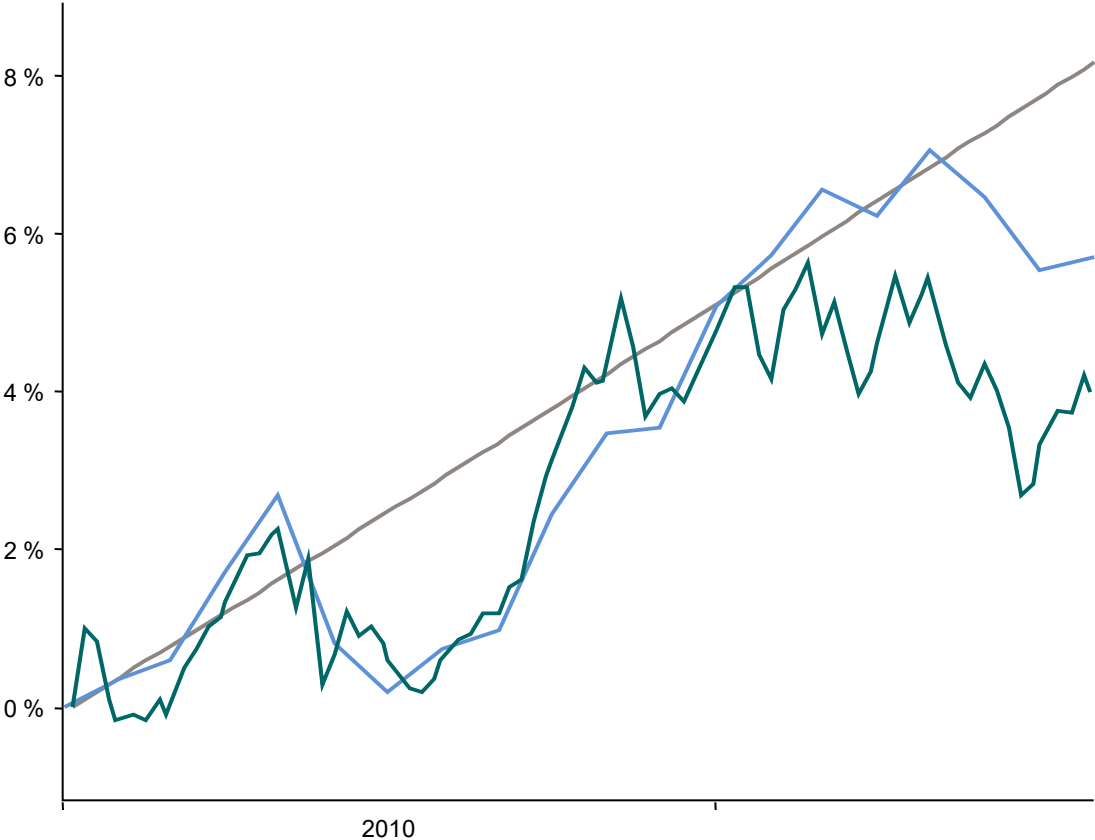
Strategy allocation*



*As of July 31, 2011
Source: GAM. Allocations and holdings are subject to change.

GAM - Alaska Retirement Management Board

Performance from Jan 4, 2010 to Jul 31, 2011



	S.I. Annualized	% Performance YTD
GAM - Alaska Retirement Management Board	2.54	-0.75
HFRI Fund of Funds: Conservative Index in USD	3.59	0.63
US Treasury Bill 3 Month + 5 % Index in USD	5.13	2.89

- GAM - Alaska Retirement Management Board
- HFRI Fund of Funds: Conservative Index in USD
- US Treasury Bill 3 Month + 5% in USD

Source: GAM, Hedge Fund Research
 Past performance is not indicative of future performance. Performance is provided net of fees.

GAM - Alaska Retirement Management Board

Contribution Analysis by Strategy as of July 31, 2011

GAM

%	Strategies	1 Month		Qtr to Date		Year to Date		
		Exposure	Return (Net)	Contribution	Return (Net)	Contribution	Return (Net)	Contribution
	Equity Hedge	21.41	1.03	0.22	1.03	0.22	1.84	0.42
	Equity Hedge Global	6.27	2.11	0.13	2.11	0.13	1.79	0.10
	Equity Hedge US	8.09	0.52	0.04	0.52	0.04	1.59	0.15
	Equity Hedge Europe	7.05	0.67	0.05	0.67	0.05	2.38	0.17
	Trading	50.72	1.18	0.65	1.18	0.65	(1.67)	(0.94)
	Macro - Discretionary	41.01	0.91	0.39	0.91	0.39	(2.75)	(1.27)
	Managed Futures - Trend	2.10	7.12	0.22	7.12	0.22	6.24	0.06
	Managed Futures - Short-Term	7.62	0.42	0.04	0.42	0.04	3.12	0.27
	Event Driven	14.32	(0.74)	(0.12)	(0.74)	(0.12)	2.19	0.37
	Credit Arbitrage	2.00	0.86	0.02	0.86	0.02	5.62	0.07
	Event Driven Multi-Strategy	9.25	(2.15)	(0.20)	(2.15)	(0.20)	(0.31)	0.03
	Merger Arbitrage	-	0.06	0.00	0.06	0.00	-	0.07
	Special Situations	3.08	2.20	0.07	2.20	0.07	7.27	0.19
	Relative Value	4.47	(0.71)	(0.03)	(0.71)	(0.03)	0.22	(0.06)
	Convertible Arbitrage	2.00	(0.31)	(0.01)	(0.31)	(0.01)	(1.13)	(0.02)
	Fixed Income Relative Value	2.47	(1.03)	(0.03)	(1.03)	(0.03)	(0.35)	(0.04)
	Cash	9.08	-	0.06	-	0.06	-	(0.54)
	TOTAL (USD)	100.00		0.66		0.66		(0.75)

GAM - Alaska Retirement Management Board

Core Holdings as of July 31, 2011

GAM

Description	Strategy	July 2011 (%)
Tewksbury	Managed Futures - Short-Term	7.62
Autonomy Global	Macro – Discretionary	5.40
Finisterre Global	Macro – Discretionary	4.81
Sonterra	Equity Hedge Global	4.29
Fortress Macro	Macro – Discretionary	4.06
London Select	Macro – Discretionary	4.03
Omni Global	Event Driven Multi-Strategy	3.89
Alto	Macro – Discretionary	3.82
Pharo Macro	Macro – Discretionary	3.79
Egerton European	Equity Hedge Europe	3.61
Tyrus	Event Driven Multi-Strategy	3.46
Seligman Technology Spectrum	Equity Hedge US	3.46
Eureka 2x	Equity Hedge Europe	3.44
Comac Global Macro	Macro – Discretionary	3.23
Luxor	Special Situations	3.08
Brevan Howard	Macro – Discretionary	3.05
Round Table Global Macro	Macro – Discretionary	2.97

Description	Strategy	July 2011 (%)
Weiss Partners	Equity Hedge US	2.56
Pelagus	Fixed Income Relative Value	2.47
Winton Diversified	Managed Futures - Trend	2.10
Seligman Health Spectrum	Equity Hedge US	2.08
Silverback Arbitrage	Convertible Arbitrage	2.00
Blue Mountain Credit Alternatives	Credit Arbitrage	2.00
Pacific and General	Equity Hedge Global	1.98
Gruss Global Enhanced	Event Driven Multi-Strategy	1.90
Sasco Energy	Macro – Discretionary	1.85
Tudor	Macro – Discretionary	1.44
Vector Commodity	Macro – Discretionary	1.04

General

- GAM's Multi-Manager's long-term view remains cautious, as we believe that the structural deleveraging of Western economies still has some way to go:
 - The response of global policy makers has failed to resolved these issues;
 - The ongoing sovereign debt crisis in the PIIGS is just one reflection and result of this.
- However, on a short-term basis, we remain constructive on equities:
 - Valuations relative to growth prospects are attractive, particularly in the US, investors are likely to switch from bonds and credit into equities.
 - Emerging Markets' growth prospects remain strong
 - Therefore, the recent volatility should provide opportunities for underlying managers.
- That said, divergence among global policy makers in terms of rates and currencies will continue to lead to periods of volatility.
- Therefore, the outlook for Discretionary Macro funds remains favorable for 2011 as volatility across asset classes should translate into attractive opportunities.
- Continued enhanced legislative and regulatory activities expected.
- Greater uncertainty regarding valuations of risky assets exists going into the end of Q2, as the US Fed contemplates exiting its loose monetary policy.

Equity Hedge – Outlook

- We retain our constructive view on equities opportunities, although periods of volatility and risk aversion are likely
- In developed markets, we see the greatest upside for US equities as Europe continues to be hampered by lack of debt solution
- Emerging Market equities should begin to benefit from peaking domestic inflation

Fixed Income and Currencies

- Both will remain driven by implications of issues surrounding developed markets
 - European sovereign crisis continues to be unresolved
 - Recent issues in the US emphasize the role of politics in markets
 - Concerns on growth and potential for QE3 are increasing
- Divergence among global policymakers in terms of interest rate and currency policy:
 - As many developed markets maintain loose policy, expected continued downward pressure on their currencies

Commodities

- Managers have shifted to more relative value bias given recent volatility.
 - Managers cautiously bullish grains
 - Precious metals prices are likely to remain elevated given global uncertainty
 - Energy trades are more focused on calendar or intra-commodity spreads

Emerging Markets

- The outlook is generally positive with idiosyncratic relative value trades of most interest
- Managers are cautious given the potential for risk aversion moves emanating from developed markets

Equities

- Managers remain more constructive on equities, although recognise that markets remain vulnerable to potential volatility and risk aversion

Systematic

- The current environment could favor systematic trend strategies

- While the environment for event driven funds has become more challenging, we expect corporate activity levels to continue to accelerate in the second half of 2011 benefiting a wide range of event driven sub-strategies.
 - We continue to believe that the thesis for a pick up in M&A activity remains intact and the arbitrage opportunities within the deal universe will improve as it grows.
 - In addition, valuations in numerous situations involving spin-outs, share repurchases, special dividends, asset sales, and/or divestitures which can unlock value, have become extremely compelling and will benefit special situation funds when market conditions stabilize.

Relative Value & Credit

- Credit valuations had been fairly priced, offering few directional opportunities, into Q3. However, with the market dislocation of July into August, there has been a sell off across the board
 - Dispersion between issuers, as well as between higher quality and lower quality credits, is increasing, creating opportunity
- ABS securities became more fully priced into 2011 with the “search for yield” but the asset class remains interesting given the general stability of cash flow, especially from vintage type assets
 - There was some weakness in RMBS in Q2 from severe conditions in general credit markets around the Greek crisis as well as from the substantial over-hang of Maiden Lane II sales
 - Though there were also two positive external events for RMBS securities at the end of Q2, indefinite suspension of ML II sales and BoA/Countrywide settlement, which combined with improved fundamentals could support valuations
 - Consumer ABS remains a good “defensive” area to have exposure to
- Convertibles generally had a strong 2010 and first half of 2011 as investor sought out yields and valuations became “stretched”
 - As of August 2011, convertible bond valuations moved from richly/fairly priced to fairly/cheaply priced, although there still remains potential for further deterioration
 - Lesser quality credits are experiencing losses as credit spreads widen rapidly
- Relative value fixed income managers look set to benefit from disparate global economic growth expectations and changes in risk on / risk off sentiment, although the choppy markets of Q3 to date, driven by extreme fear and lack of political leadership, has made it a more challenging environment than in past quarters

Summary: Good opportunities ahead

But investors need to be discriminating

- Investors are now reengaging with hedge funds but have shown a particular bias towards larger alternative investment providers
- Despite long-term headwinds, short-term rallies are likely in large cap, liquid equities as investors begin to re-engage with equity markets...
- ...however, we continue to favour those long/short managers who can tactically manage their gross and net exposures depending on the current environment
- Macro strategies continue to offer interesting investment opportunities for managers that can remain tactical in managing risk exposures
- Broad range of opportunities in attractive and relatively liquid Event Driven strategies

Appendix

Index Descriptions

HFRI Fund of Funds Conservative Index

FOFs classified as "Conservative" exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

FOR SOPHISTICATED INVESTORS ONLY.

Source of data: GAM (unless otherwise stated). GAM has not independently verified the information from other sources and no assurance can be given as to whether such information is accurate, true or complete and GAM makes no warranty, expressed or implied, regarding such information. Every effort has been made to ensure the accuracy of the information provided, but GAM cannot be held responsible for any errors or omissions. While every effort has been made to ensure the accuracy of the financial information herein, you should note that some of the information may be based on unaudited or otherwise unverified information. This document is for information only and the information contained in this document is confidential to GAM and has been produced solely for the use of the person to whom it is given or sent. It may not be used for any other purpose and may not be reproduced, copied, given, distributed or disclosed, in whole or in part, to any other person.

Notes to Performance

Past performance is not indicative of future performance. An investor may not get back the amount invested. Historic data may be subject to restatement from time to time. Indices cannot be purchased directly and are shown for informational purposes only.

Important Information on hedge funds:

Hedge fund strategies are speculative and are not suitable for all investors, nor do they represent a complete investment program. GAM hedge fund products are only available to qualified investors who are comfortable with the substantial risks associated with investing in hedge funds. Many of the investment programs are speculative and entail substantial risks. An investment in hedge fund strategies includes the risks inherent in an investment in securities, as well as specific risks associated with limited liquidity, the use of leverage, short sales, options, futures, derivative instruments, investments in non-US securities, "junk" bonds and illiquid investments. Investors should recognize that they will bear asset-based fees and expenses at the fund or hedge fund level, and indirectly, fees, expenses and performance-based compensation of the investment funds in which these funds of hedge funds invest. In addition, the overall performance of fund of hedge fund products is dependent not only on the investment performance of individual managers, but also on the ability of a GAM investment manager to allocate assets amongst such managers on an ongoing basis. There can be no assurances that an investment strategy (hedging or otherwise) will be successful or that a manager will employ such strategies with respect to all or any portion of a portfolio.

Hedge fund strategies may be highly leveraged and the volatility of the price of their interests may be great. Investors could lose some or all of their investments. Investing in securities of foreign issuers involves special risks including currency rate fluctuations, political and economic instability, foreign taxes and different auditing and reporting standards. These risks are greater in emerging market countries. The investment funds in which GAM fund of hedge fund products invest can be highly illiquid, are not required to provide periodic reporting or valuation information to investors and may involve complex tax strategies. GAM makes no representation that an investment in any GAM fund of hedge fund product will provide transparency as GAM cannot fully monitor the leverage of underlying funds and their day-to-day activity. The use of leverage may cause an underlying portfolio to liquidate positions when it may not be advantageous to do so in order to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause an underlying portfolio to be more volatile than if the portfolio had not been leveraged.

ARMB Funds Risk Overview



Alaska Retirement Management Board

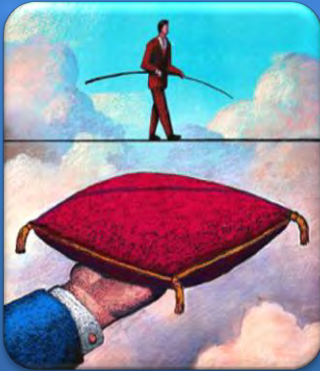
**Gary Bader, Chief Investment Officer
September 2011**

Outline



1) Financial Risk Management

- What is Financial Risk Management?
- Value at Risk (VAR)



2) ARMB Fund Risk Overview

Financial Risk Management

Define Risk

Risk can be defined as the volatility of unexpected outcomes, which can represent the value of assets, equity, or earnings

Risk is the likelihood of losses resulting from events such as changes in market prices



Assessing the Financial Risk

It is not always possible or desirable to eliminate risk

Understanding risk is an important step in determining how to manage it.



Financial Risk Management

A process to deal with the uncertainties resulting from financial markets.

Develop management strategies consistent with internal priorities and policies

Reduce risk within the context of the organization's risk tolerance and objectives

What is Value at Risk (VAR)?

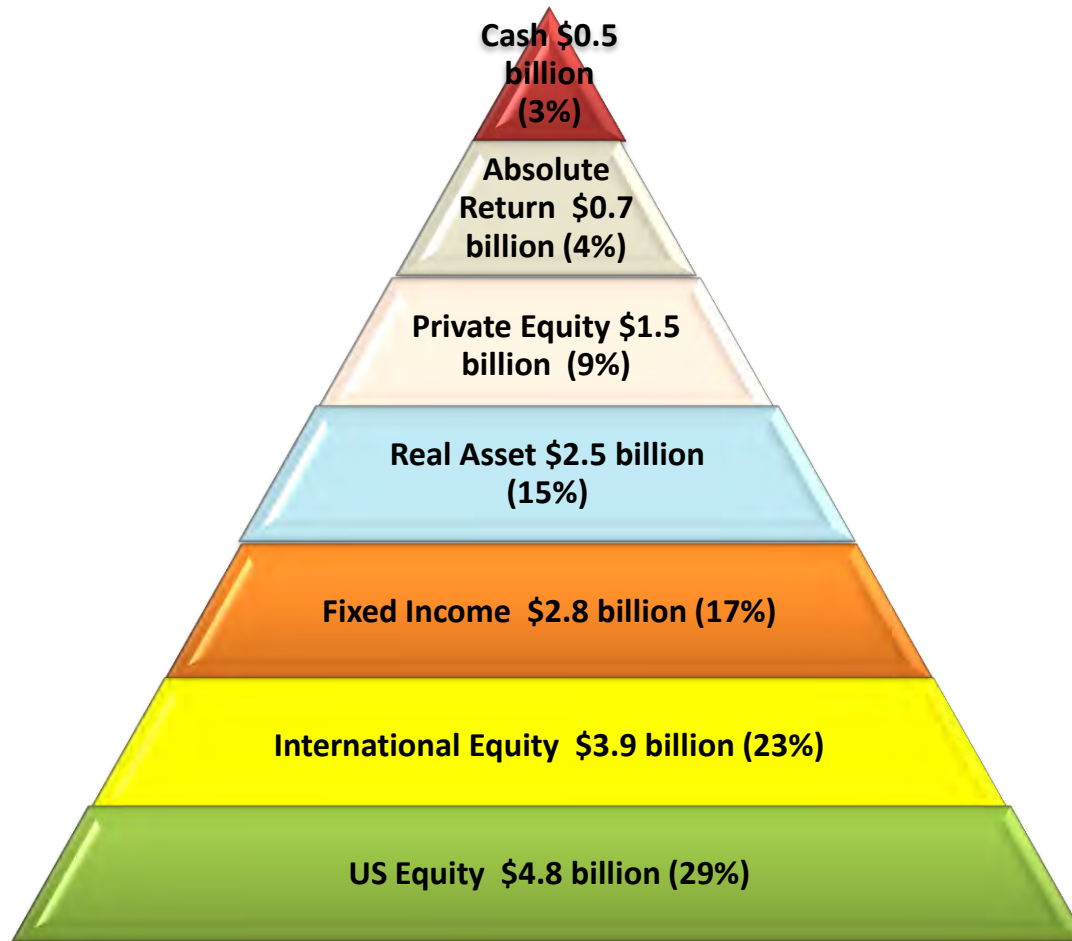
- A method of assessing risk using standard statistical techniques

The monthly VAR of a trading portfolio is \$50 million at the 95 percent confidence level

means

There are only 5 chances in a 100, under normal market conditions, for a loss greater than \$50 million to occur.

As of July 31, ARMB fund totaled about \$16.7 billion.



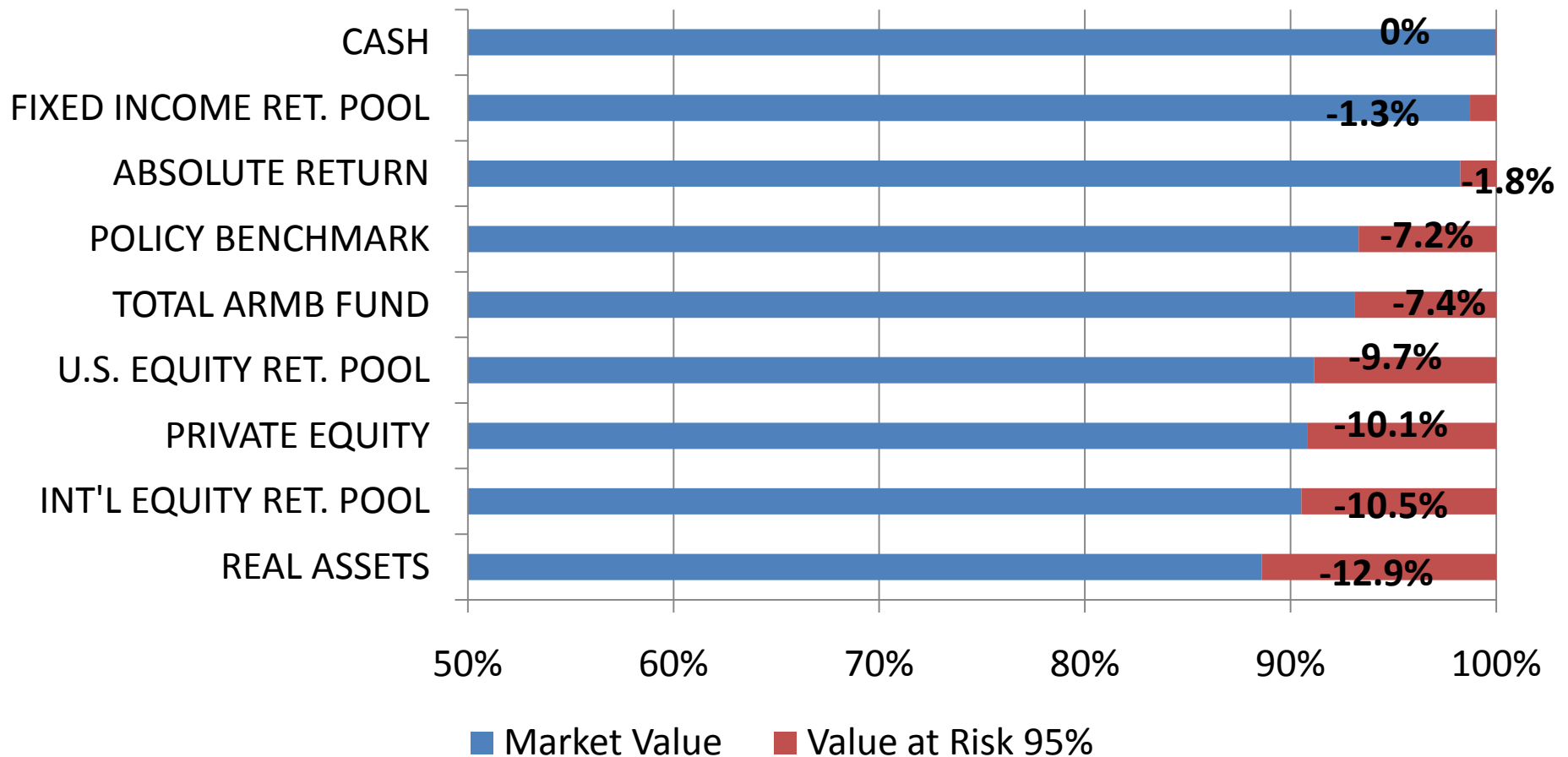
Data Source: truView; Market Value as of 7/31/2011

Asset Class Monthly VAR as Stand Alone

Asset Class	Market Value	Stand Alone VAR 95%	VAR/Asset Class Market Value
U.S. EQUITY	\$4,779,821,909	(\$463,404,555)	(9.7%)
INT'L EQUITY	\$3,874,190,447	(\$405,203,743)	(10.5%)
FIXED INCOME	\$2,793,283,034	(\$35,877,395)	(1.3%)
REAL ASSETS	\$2,509,040,155	(\$322,852,895)	(12.9%)
PRIVATE EQUITY	\$1,496,248,130	(\$151,623,438)	(10.1%)
ABSOLUTE	\$ 712,157,735	(\$12,599,698)	(1.8%)
CASH	\$ 545,625,634	(\$149,815)	(0.0%)
Total ARMB Fund	\$16,710,367,044	(\$1,238,403,544)	(7.4%)
POLICY BENCHMARK		(\$1,196,408,396)	(7.2%)

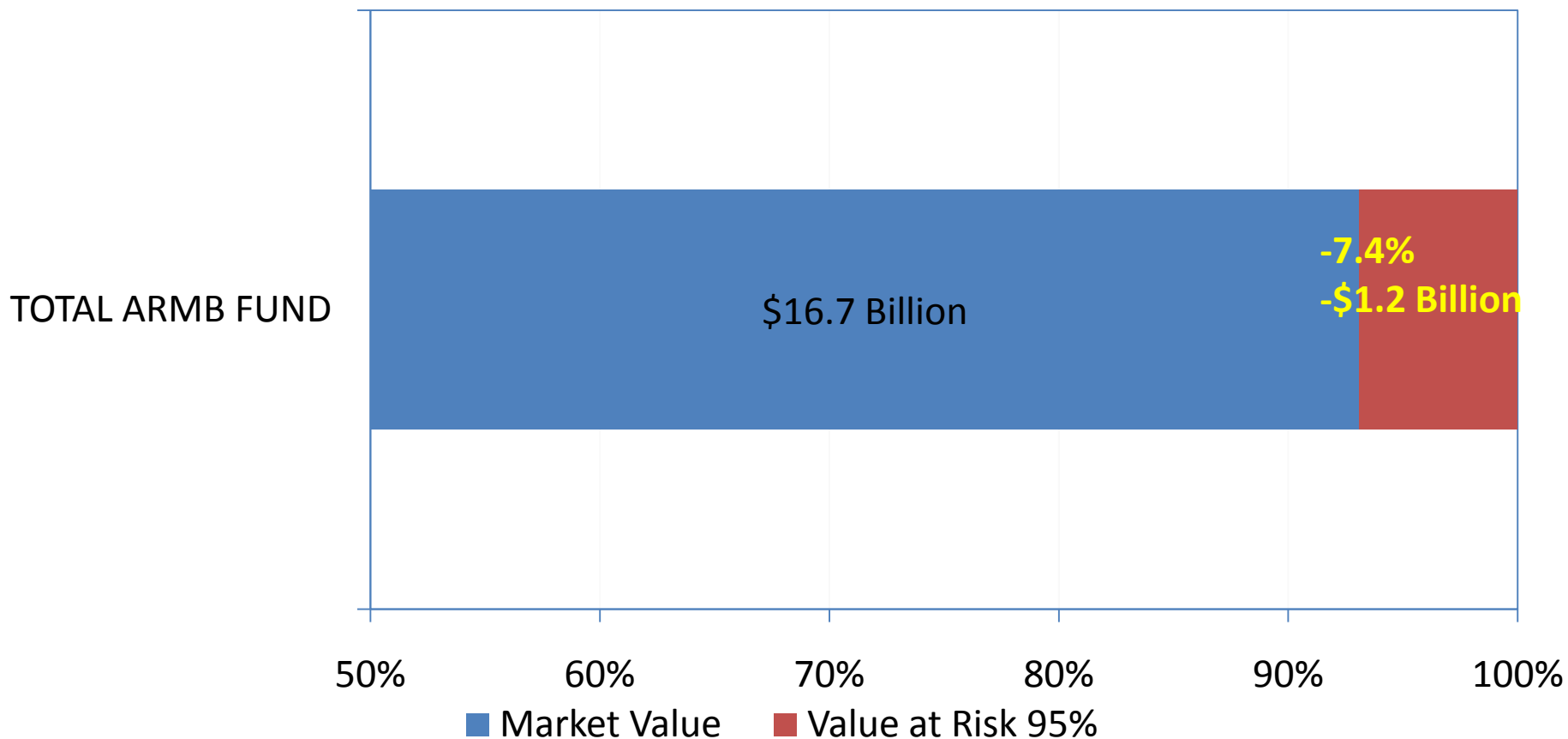
Data Source: truView; Market Value as of 7/31/2011

Cash is the least risky while Real Assets is the riskiest stand-alone asset class



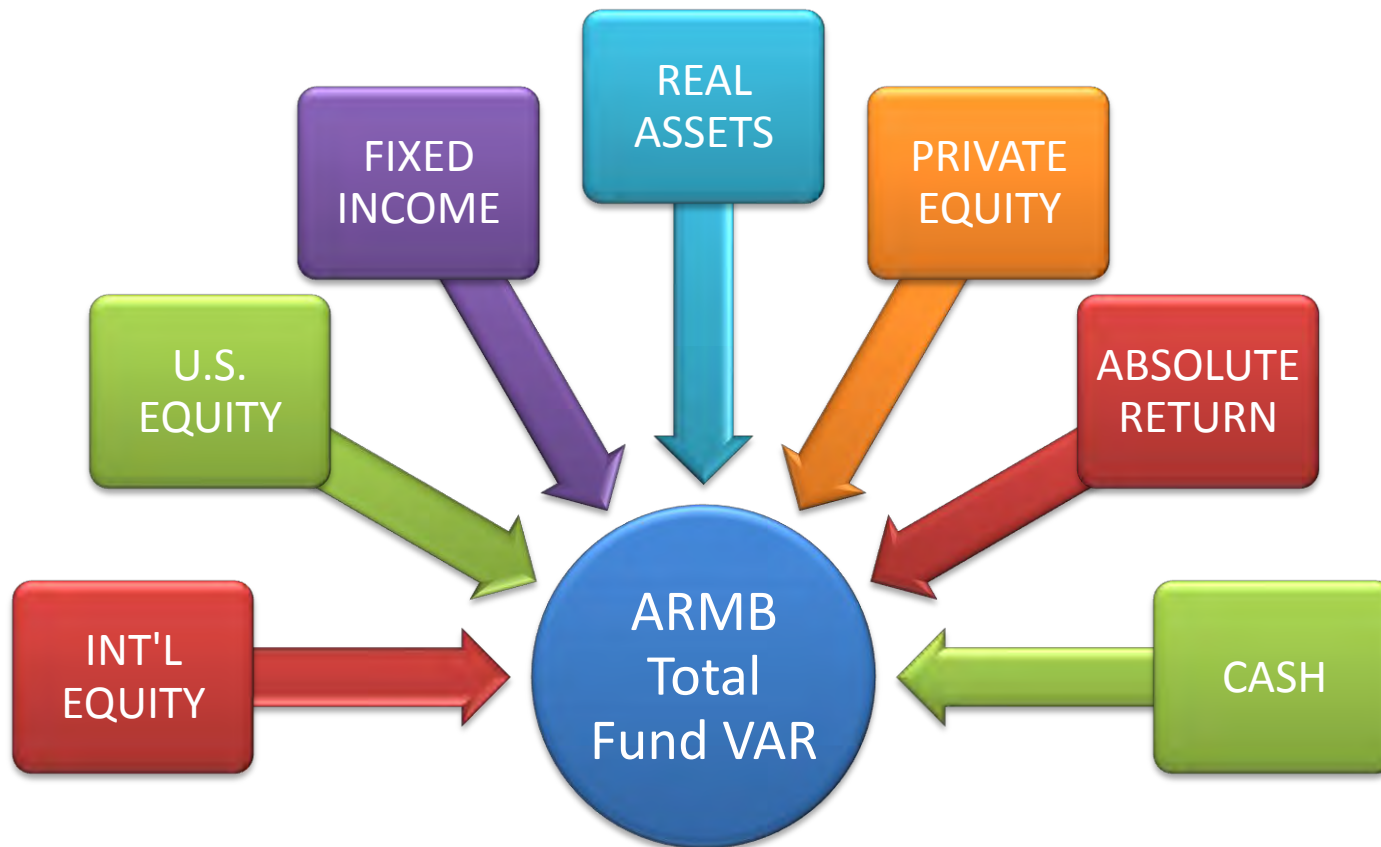
Data Source: truView; Market Value as of 7/31/2011

Total ARMB Fund has a one-month 95% VAR of \$1.2 Billion



Data Source: truView; Market Value as of 7/31/2011

How much risk does each asset class contribute to the \$1.2 Billion TOTAL fund's VAR?

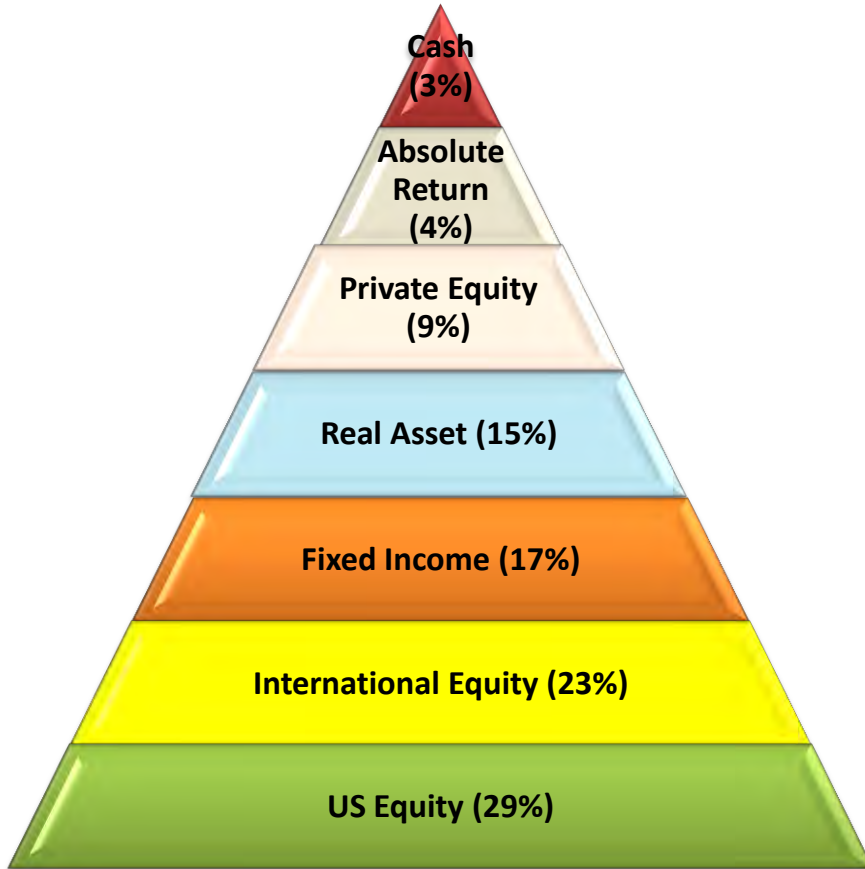


Asset Class Risk Contribution to the TOTAL Fund

Asset Class	Market Value	VAR Contribution	VAR Contribution/ Grand Total
TOTAL U.S. EQUITY	\$4,779,821,909	(\$441,738,557)	35.7%
TOTAL INT'L EQUITY	\$3,874,190,447	(\$420,741,504)	34.0%
TOTAL FIXED INCOME	\$2,793,283,034	\$11,069,820	(0.9%)
TOTAL REAL ASSETS	\$2,509,040,155	(\$223,563,079)	18.1%
TOTAL PRIVATE EQUITY	\$1,496,248,130	(\$158,030,528)	12.8%
TOTAL ABSOLUTE	\$ 712,157,735	(\$5,466,014)	0.4%
TOTAL CASH	\$ 545,625,634	\$66,318	(0.0%)
GRAND TOTAL	\$16,710,367,044	(\$1,238,403,544)	100%

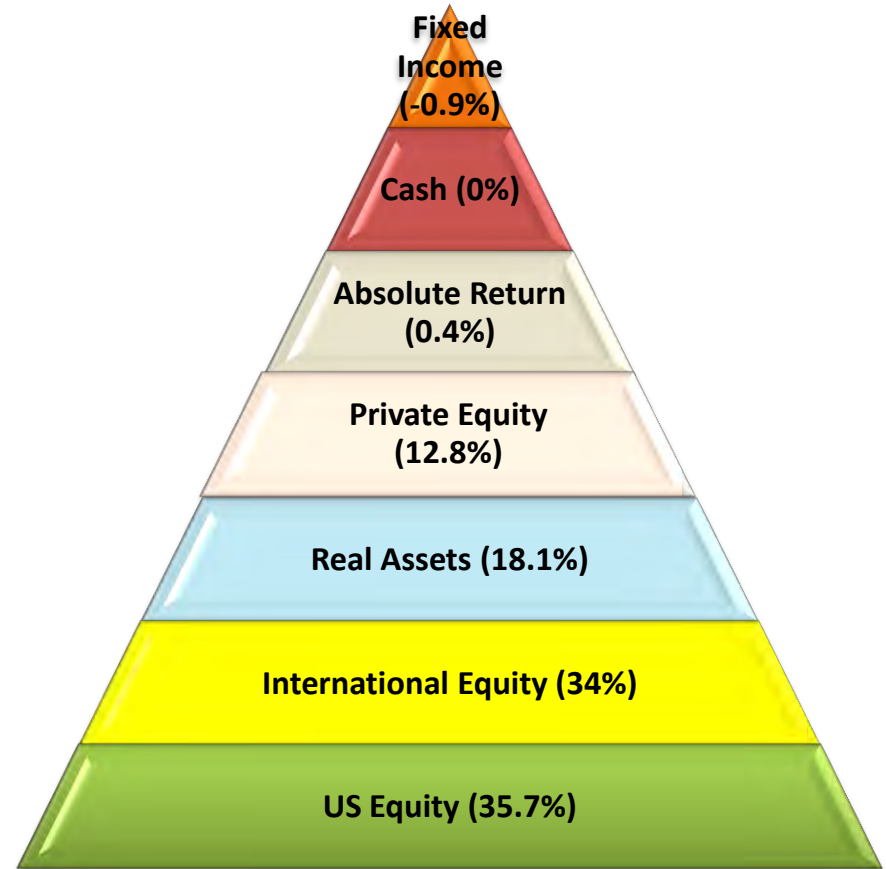
Data Source: truView; Market Value as of 7/31/2011

Each Asset Class Contribution to the Total Fund Market Value



Total Fund Market Value=\$16.7 Billion

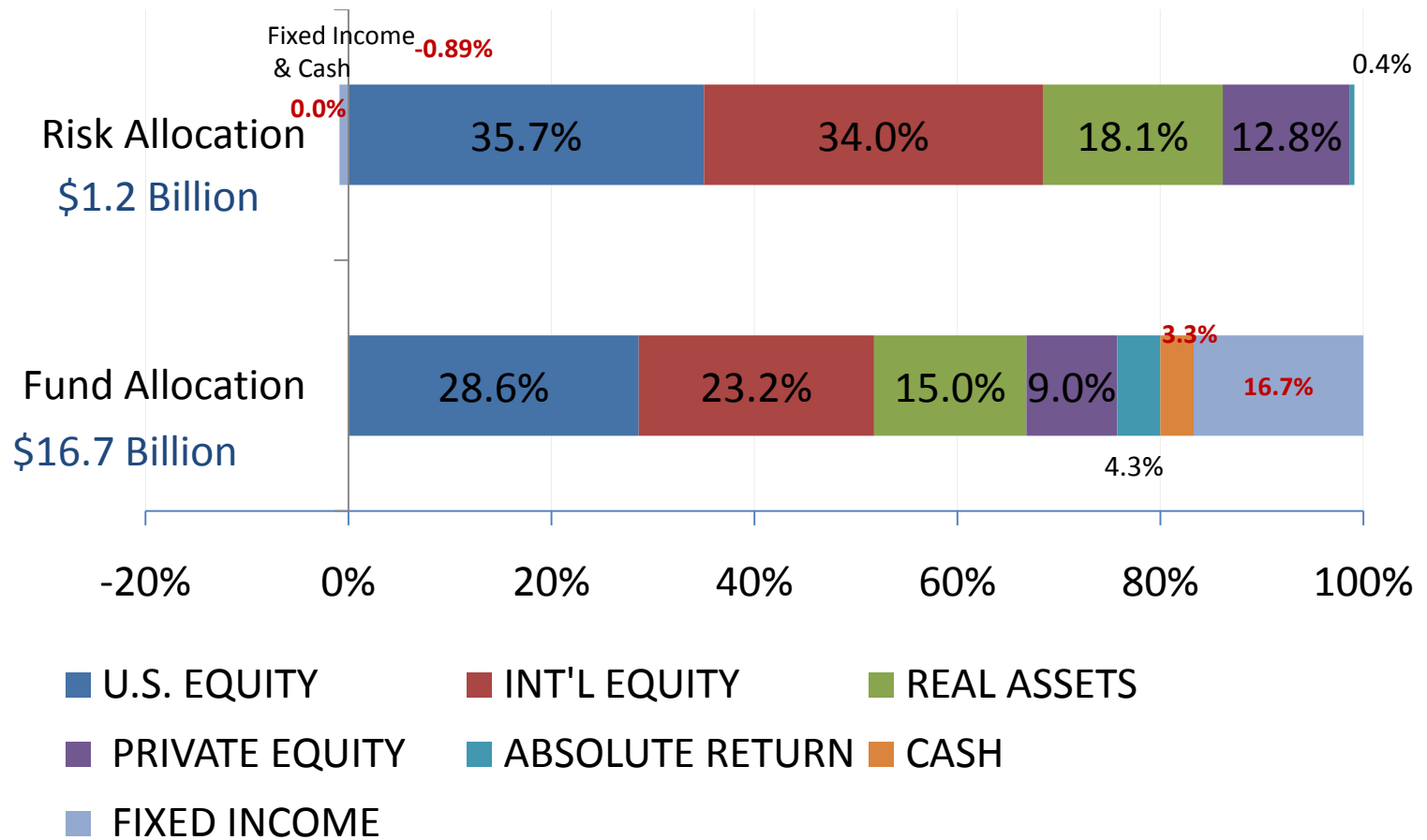
Each Asset Class Contribution to the Total VAR



Total Fund VAR=\$1.2 Billion
(one-month 95%)

Data Source: truView; Market Value as of 7/31/2011

US Equity is the largest risk contributor while Fixed Income and Cash reduce overall risk



Risk Contribution to the Total U.S. Equity Fund

U.S. Equity Managers	Market Value	VAR Contribution	VAR % To Grand Total
ADVENT CAPITAL CONVERTIBLE BOND	\$100,078,046	(\$774,567)	0.2%
SSGA FUTURES SMALL CAP	\$5,916,324	(\$1,112,636)	0.3%
SSGA FUTURES LARGE CAP	\$7,511,856	(\$1,745,009)	0.4%
DEPRINCE RACE & ZOLLO INC	\$70,981,892	(\$5,895,431)	1.3%
SSGA RUSSELL 2000 GROWTH	\$57,418,903	(\$5,914,206)	1.3%
RCM HOLDINGS ACCOUNT	\$100,262,991	(\$6,579,940)	1.5%
LORD ABBETT & CO - MICRO CAP	\$71,432,496	(\$7,420,429)	1.7%
ANALYTIC BUY WRITE	\$102,427,468	(\$7,510,365)	1.7%
SSGA RUSSELL 2000 VALUE	\$69,880,078	(\$7,579,408)	1.7%
QUANTITATIVE MANAGEMENT ASSOC	\$134,692,046	(\$12,009,741)	2.7%
BHMS LG CAP	\$138,849,478	(\$13,236,032)	3.0%
BHMS SM CAP	\$111,575,514	(\$13,960,495)	3.2%
LUTHER KING CAPITAL MANAGEMENT	\$131,535,010	(\$14,156,398)	3.2%
JENNISON ASSOCIATES	\$158,724,099	(\$17,363,220)	3.9%
LORD ABBETT & CO	\$179,579,432	(\$17,596,794)	4.0%
RELATIONAL INVESTORS LLC	\$309,872,800	(\$25,411,379)	5.8%
LAZARD FRERES ASSET MANAGEMENT	\$342,931,221	(\$30,368,399)	6.9%
SSGA RUSSELL 200	\$362,926,998	(\$32,549,814)	7.4%
MCKINLEY CAPITAL	\$390,211,962	(\$34,285,337)	7.8%
RCM CAPITAL MANAGEMENT LG CAP	\$413,839,181	(\$43,533,684)	9.9%
SSGA RUSSELL 1000 GROWTH	\$606,250,050	(\$54,269,296)	12.3%
SSGA RUSSELL 1000 VALUE	\$912,924,064	(\$88,465,979)	20.0%
US Equity Grand Total	\$4,779,821,908	(\$441,738,557)	100%

Data Source: truView; Market Value as of 7/31/2011

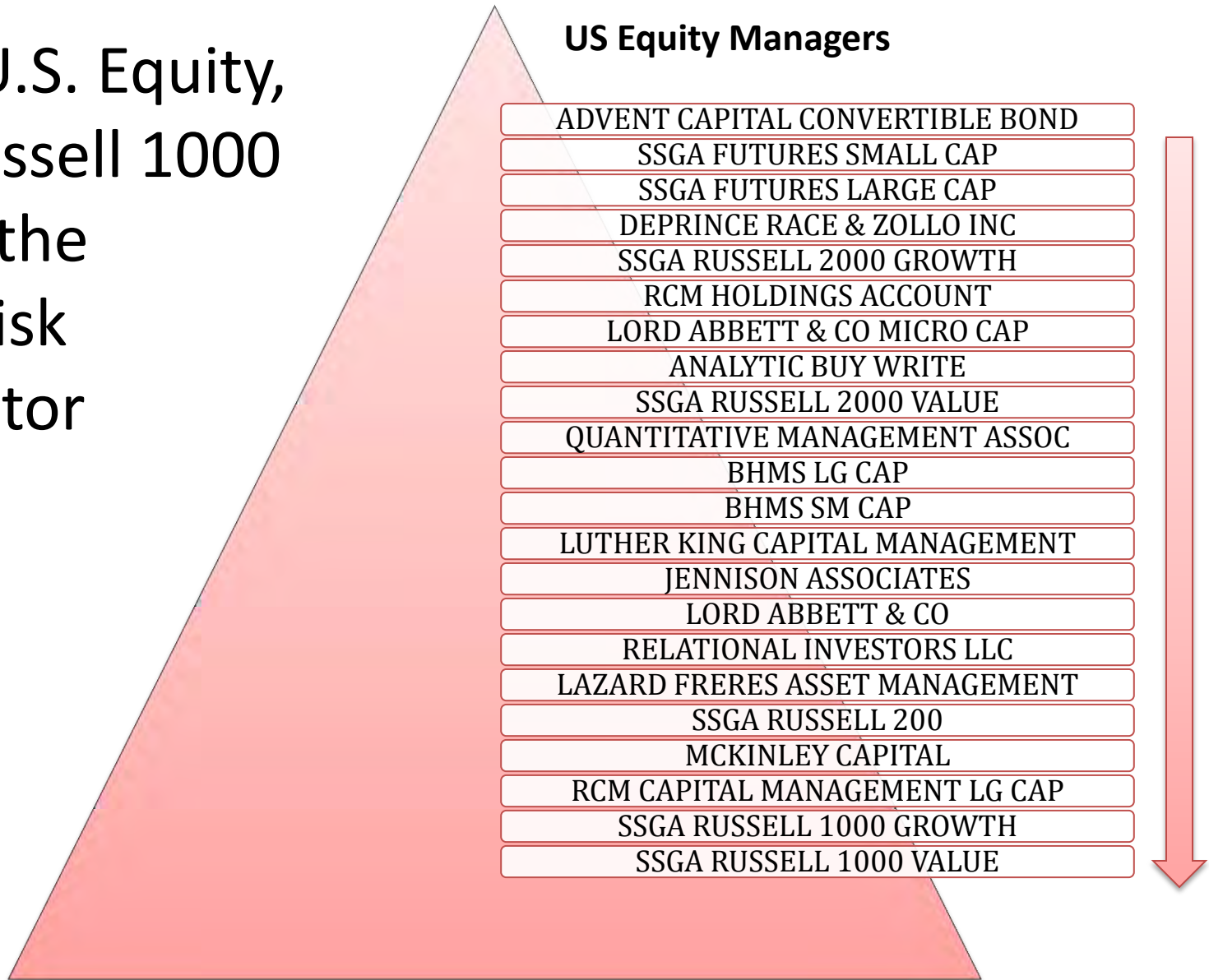
September 2011

Alaska Retirement Management Board

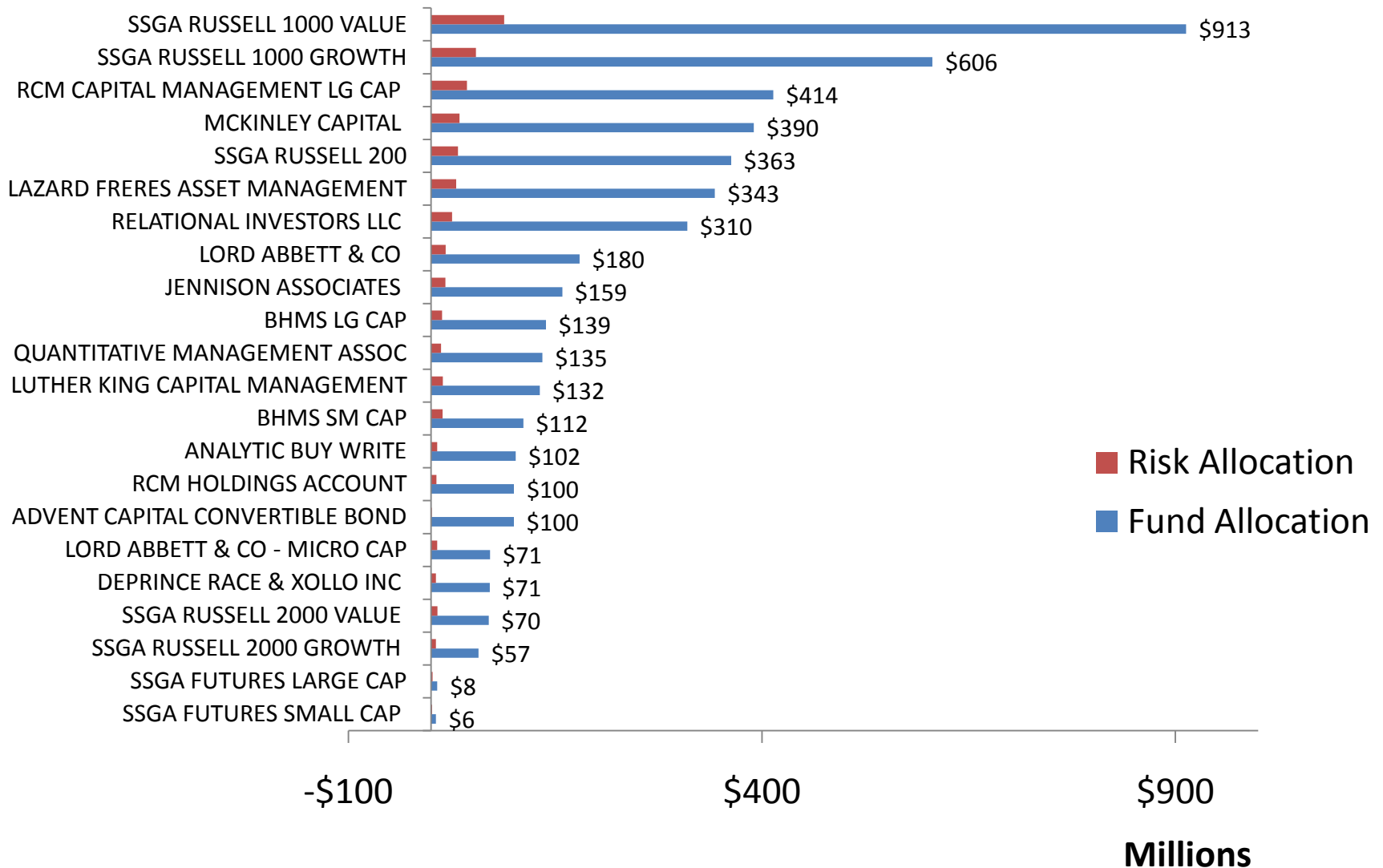
13

Within U.S. Equity,
SSGA Russell 1000
Value is the
largest risk
contributor

US Equity Managers



The largest fund allocation explains why SSGA Russell 1000 Value is the largest risk contributor



Data Source: truView; Market Value as of 7/31/2011

Risk on a Per Dollar Basis Shows a Different Picture...

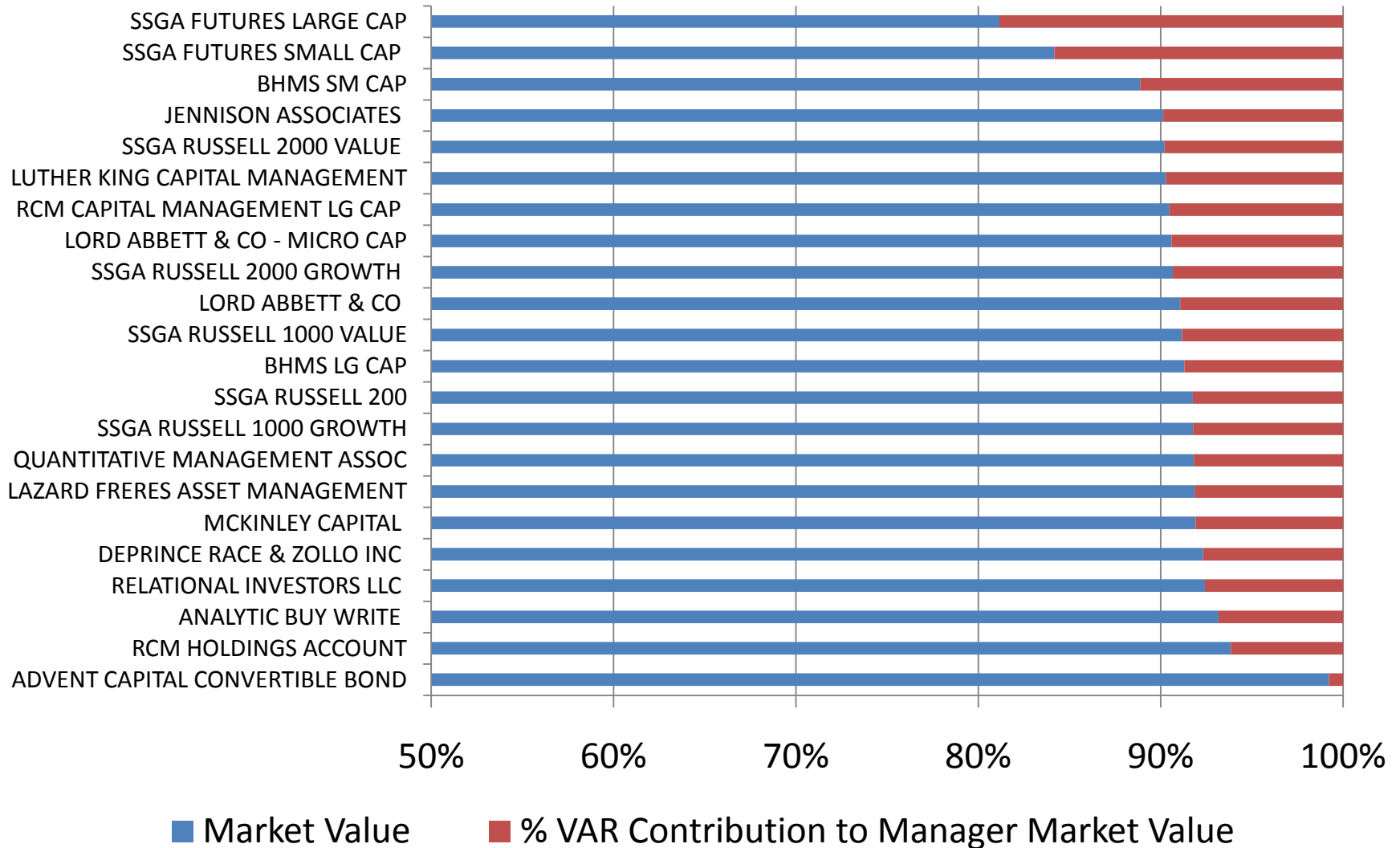
U.S. Equity Managers	Market Value	VAR Contribution	VAR Contribution/ Market Value
ADVENT CAPITAL CONVERTIBLE BOND	\$100,078,046	(\$774,567)	-0.8%
RCM HOLDINGS ACCOUNT	\$100,262,991	(\$6,579,940)	-6.6%
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US Equity Grand Total	\$4,779,821,909	(\$441,738,557)	-9.2%

Data Source: truView; Market Value as of 7/31/2011

September 2011

Alaska Retirement Management Board

SSGA Futures Large Cap is the riskiest fund on a per dollar basis while Advent Capital Convertible Bond is the least risky



Data Source: truView; Market Value as of 7/31/2011

All of life is the management of risk, not its elimination.

-Walter Wriston, former chairman of Citicorp

Victory Capital Management
Small Cap Value Equity

Presentation to

Alaska Retirement Management Board

September 23, 2011

Presented by:

Gary H. Miller, Small Cap Value CIO
Donald R. Frank, Director Institutional Sales

Contents

- Victory Capital Management
- Small Cap Equity Philosophy, Team and Process
- Characteristics, Performance and Risk/Reward
- Summary
- Appendix

Victory Capital Management Overview

- 161 employees, including 65 investment professionals and 19 client relationship managers.
- \$34.7 billion in assets under management and advisement.*
 - \$23.1 billion in domestic and international equity assets under management.
 - \$10.7 billion in domestic fixed income assets under management.
 - \$953.2 million in assets under advisement.*
- Victory is a wholly owned subsidiary of KeyBank N.A.
 - Full autonomy regarding strategic business and investment decisions.
 - Deep resources of one of the nation's largest financial services firms.
- Organizational structure that offers the best of both worlds.
 - Autonomous investment teams control investment process and all portfolio decisions.
 - Victory's organization provides broad business support and resources.
 - Consistent, transparent compensation plan gives teams ownership in their strategies.

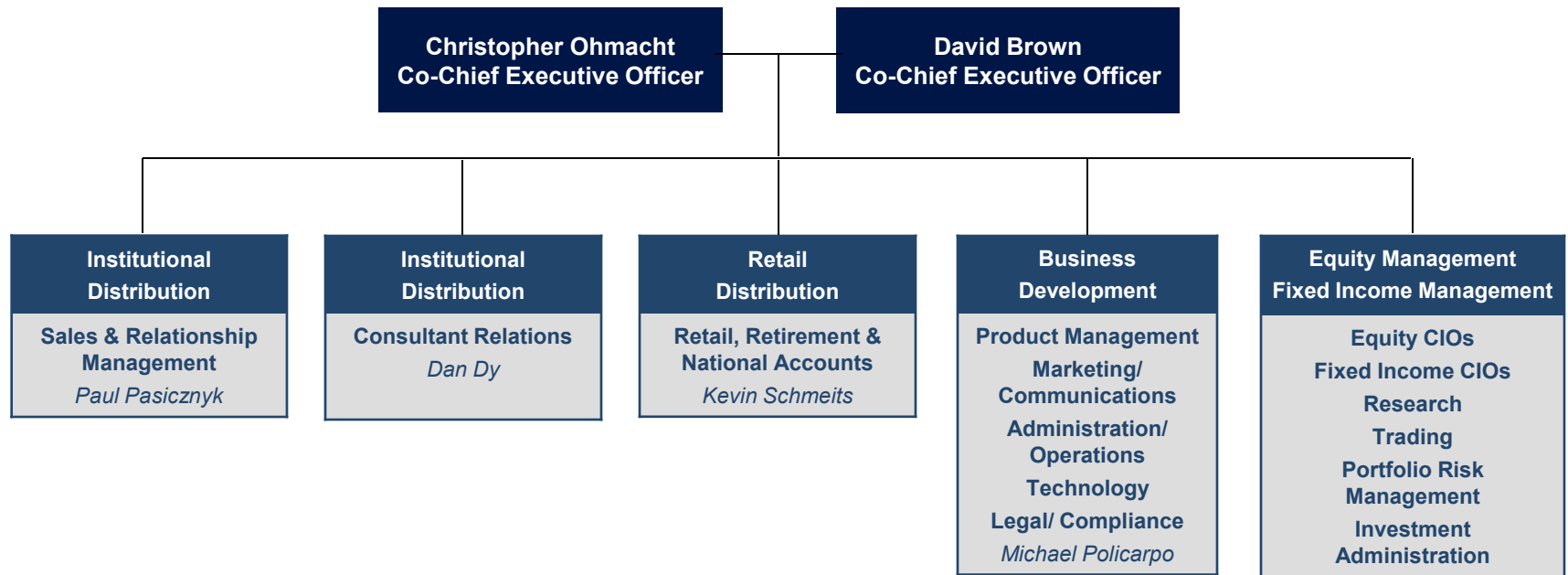
Assets Under Advisement

Includes assets that are invested by an overlay manager based on a Victory Capital Management investment model portfolio (i.e., UMA). These assets are in addition to the Assets Under Management.

**Assets Under Advisement (UMA) includes \$146 million in Large Cap Core, \$640 million in Large Cap Growth, \$8 million in Mid Cap Core and \$160 million in Convertible Securities as of 05.31.2011.*

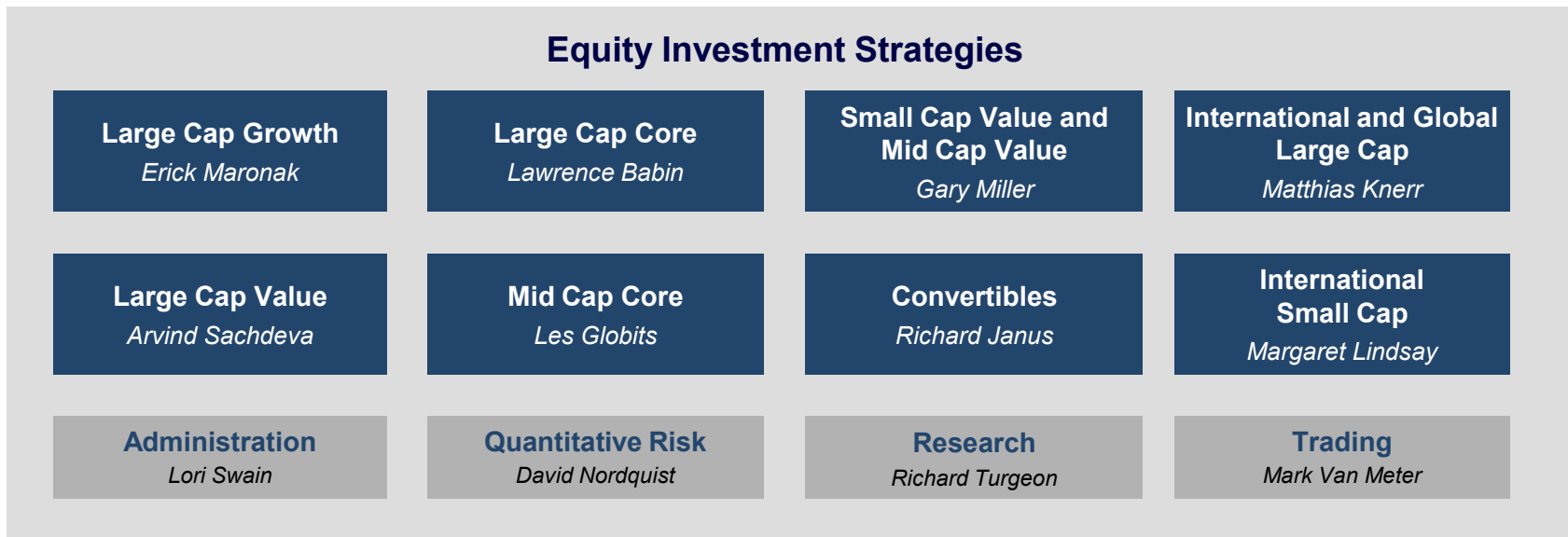
Employee data and Assets Under Management as of 06.30.2011.

Victory Capital Management Organization



Equity Investment Organization

- Eight independent investment platforms.
- Autonomous portfolio management decision making.
- Extensive organizational support for optimal resource allocation.



Small Cap Value Organization & Investment Process

Portfolio Management Team

Gary H. Miller

CIO- Small Value Equity

Joined firm in 1987
MBA, Xavier University
BBA, University of Cincinnati

Greg M. Conners

Portfolio Manager

Joined firm in 1999
5 years prior investment experience
MBA, Xavier University
BS, College of Mount St. Joseph
Specialization: Basic Industry, Electronics, Energy

Jeffrey M. Graff, CFA

Portfolio Manager

Joined firm in 2001
6 years prior investment experience
Master of Finance, St. Louis University
BBA, Cleveland State University
Specialization: Capital Goods, Consumer Cyclical

James M. Albers, CFA

Portfolio Manager / Research Analyst

Joined firm in 2005
BS, University of Wisconsin
MS, University of Wisconsin
Specialization: Banks, Financial Services, Hardware/Software, Utilities

Michael F. Rodarte

Portfolio Manager / Research Analyst

Joined firm in 2006
BBA, Ohio University
Passed Level III of CFA Exam
Specialization: Health Care, Insurance, Retail, REITs, Staples

Jason W. Brown, CFA

Research Associate

Joined firm in 2011
5 years prior investment experience
BBA, The Ohio State University
Generalist

Abigayle B. Conner

Portfolio Manager Associate

Joined firm in 2011
BBA, University of Dayton
Generalist

Primary Trading Team

Crispin Napolitano

Mark Van Meter

John Van der Oord

Small Cap Value Equity Philosophy

We strive to achieve superior relative and risk-adjusted returns versus the Russell 2000® Value Index over a market cycle by investing in durable businesses trading at a discount to their intrinsic value.

- Markets are driven by emotional, technical and macroeconomic factors in the short-run which leads to the mispricing of stocks due to poor sentiment, earnings disappointment, cyclical headwinds or misperceptions.
- Bottom-up stock selection driven by rigorous research is the best approach for exploiting these inefficiencies.
- We believe that leading companies with superior business models trading below their estimated fair value offer high probability potential for excess return.
- We invest in companies with understandable business models that we believe:
 - Possess a defensible market position
 - Have a credible management team
 - Maintain above-average financial strength
 - Earn attractive returns over a business cycle
 - Generate and then deploy cash flow in a prudent manner
- Price matters. We invest in these superior businesses when we believe that there is a wide margin of safety between the fair value of the company compared to the market value for its stock. We seek an asymmetrical reward/risk profile for these investments in order to “stack the deck in our favor.”
- A clear, consistent and disciplined approach to selling protects the portfolio.
- Diligent approach to risk management to minimize capital loss and deliver consistent results.

Small Cap Value Investment Process

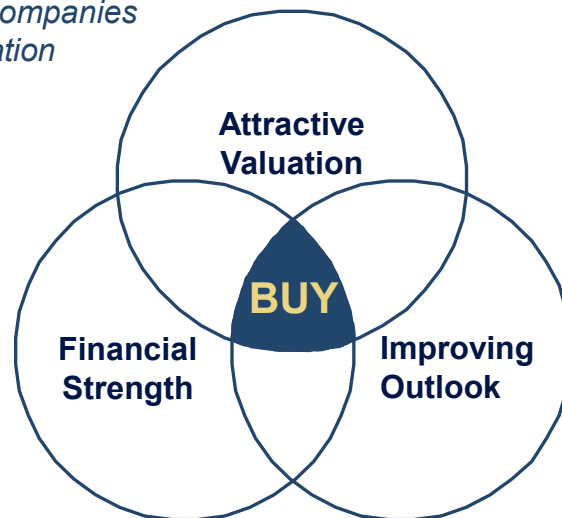
We invest in companies that possess the following attributes:

Attractive Valuation

*Significant discount to our assessment
Multifaceted approach to appraisal value
Compelling investments over great companies
Identify reasons for undervaluation*

Improving Fundamental Prospects

*Positive change on the horizon
Anticipating change enhances returns
Estimated earnings power
Identify company-specific drivers to thesis
Outline scenario analysis*



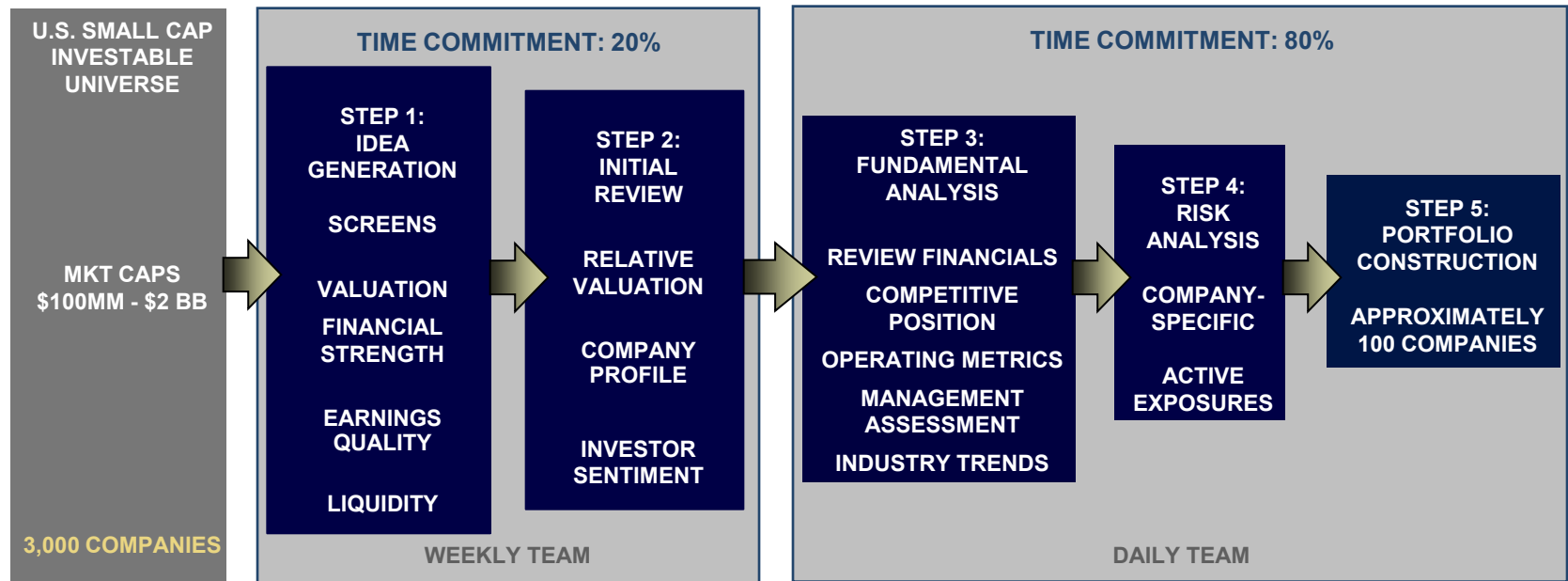
Financial Strength

*Strong balance sheet with manageable debt
Cash flow generation supports growth
Offers companies flexibility to adjust
Enhances capital preservation
A record as prudent stewards of capital*

High Potential with Lower Risk

*Combination of all three attributes
Beyond statistical cheapness
Results in compelling risk/reward profile
Controls against permanent capital loss
Performs well in up and down markets*

Small Cap Value Investment Process



Our bottom-up approach is targeted at uncovering the most attractive opportunities in our universe:

1. Screen over 3,000 stocks by sector and industry to narrow universe and target new opportunities.
2. Identify most attractive candidates for further analysis.
3. Using fundamental analysis, single out those stocks with the greatest upside yet the widest margin of safety.
4. Assess and quantify the company-specific risks as well as the potential impact to the portfolio risk profile.
5. Portfolio Construction – opportunistically build positions – target 100 stocks.

Step 1: Idea Generation



Inclusion:

- U.S. Companies with Market Capitalizations Between \$100M and \$2B
- Inclusive of All Stocks in the Russell 2000 Index
- Screened by Sector and Industry

Screens:

- Valuation – Classic Measures
 - Price/Earnings, Price/Book, Price/Sales, Enterprise Value/EBITDA
 - Absolute as well as Relative to Peers and Historical Ranges
- Financial Strength
 - Debt Levels, Coverage Ratios, Cash Flows, Capital Structure Changes
 - Margin Profile, Return on Equity, Return on Invested Capital
- Earnings Quality
 - Cash Flow Relative to Earnings, Inventory Changes, Accrual Accounts
- Trading Liquidity
 - Sufficient Dollar Volume to Establish a Position

Step 2: Initial Review



Initial Fundamental Research:

- Validate Valuation and Financial Strength
- Gain Basic Understanding of Business Model
 - What They Do
 - Key Drivers to Business Performance
 - Market Position
 - Unique Characteristics
- Structural Changes
 - Recent Management Change
 - Pending Litigation or Accounting Issues
 - Merger/Acquisition/Divestiture
- Assess Investor Sentiment
 - Why Stock is Out of Favor
 - Cyclical Pressures/Execution Issues/Secular Headwinds

Step 3: Fundamental Analysis



In-Depth Fundamental Analysis:

- Company Reported Financials
- Capital Structure
- Competitive Position
- Operating Metrics
- Earnings Power
- Industry Analysis
- Management Assessment
- Capital Allocation/Shareholder Orientation
- Recent Earnings & Cash Flows

Detailed Investment Thesis:

- Develop Bear/Base/Bull Case Scenarios & Estimates
- Summarize Fair Value Estimates for the Business
- Identify Catalyst (outline specific criteria to get stock back to FV)
- Estimate Timeline for Fundamental Improvement
- Articulate and Quantify the Margin of Safety (Risk/Reward Tradeoff)
- Provide Overview of Issues that Would Negatively Impact Thesis
- Summarize Thesis in Internal Research Note (IRN)
- Distribute IRN to Investment Team Prior to Pitch Meeting

Step 4: Risk Analysis



Risk Analysis:

- Review Company-Specific Risk Profile
 - Identifiable
 - Analyzable
 - Quantifiable
- Emphasis on Avoiding Mistakes
 - Focus on Stocks with Asymmetrical Risk/Reward

Impact to Portfolio Risk Profile:

- Model Trade to Review Pro-Forma Risk Profile
 - Assess Changes to Active Exposures
 - Within Targeted Risk Tolerance

Step 5: Portfolio Construction

TIME COMMITMENT: 10%

STEP 5:
PORTFOLIO
CONSTRUCTION

APPROXIMATELY
100 COMPANIES

DAILY TEAM

Recommendation:

- Formal Team Meeting to Debate New Candidate
 - Challenge Thesis to Test Conviction
 - Examine Risk/Return Tradeoff

Action:

- Initiate New Position
- Designate Candidate to Watchlist for Monitoring
- Reject Idea

Build Position Opportunistically:

- Be Early (Use Liquidity to our Advantage)
- Incremental Approach
- Price Discipline Driven by Risk/Return Framework
- Constantly Monitor & Actively Manage

Small Cap Value Sell Discipline

Clearly defined approach - consistently applied

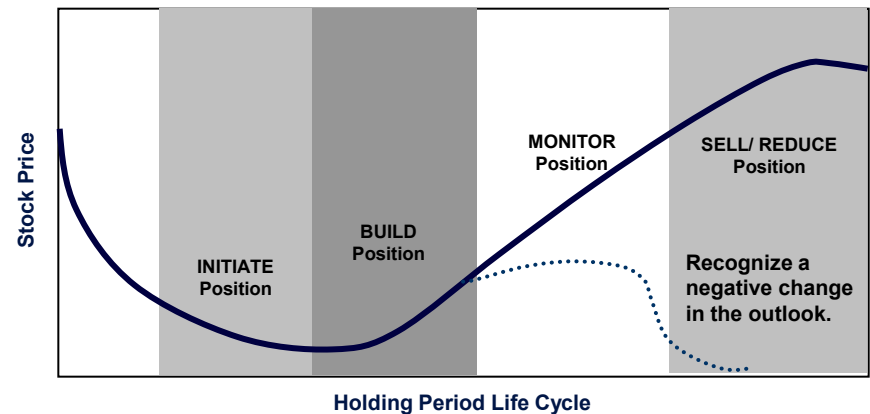
- Same criteria employed in purchase decision (what gets us in gets us out)
- Unemotional in the implementation protects the portfolio
- Incremental approach optimizes position size with risk/reward

Portfolio Turnover

- Driven by relative risk/reward
- Not confuse action with accomplishment

Sale of a Position

- Stock reaches or exceeds our fair value range
- Identify another candidate with more attractive risk/reward profile
- Our research reveals that fundamentals are peaking or deteriorating
- Diminished financial strength
- Recognize a negative change in our thesis



Integrated Risk Control

Risk Management hard-wired into Process

- Aimed at reducing the risk of capital loss
- Multi-dimensional approach using:

Our people

- Team approach
- Dedicated Risk Manager

Our process

- Positions constantly monitored
- Focused on asymmetrical reward/risk

Technology

- Northfield (Active Risk Budget)

Well-Diversified Portfolios

- Diversified portfolios targeting 100 stocks.
- Maximum exposure to single holding is 5%.
- Maximum sector exposure is limited to 2x the benchmark weight or 15%.

Risk Measures

Periods ending 06.30.2011

Predicted Tracking Error	4.79
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Risk Management Statistics

Periods ending 06.30.2011

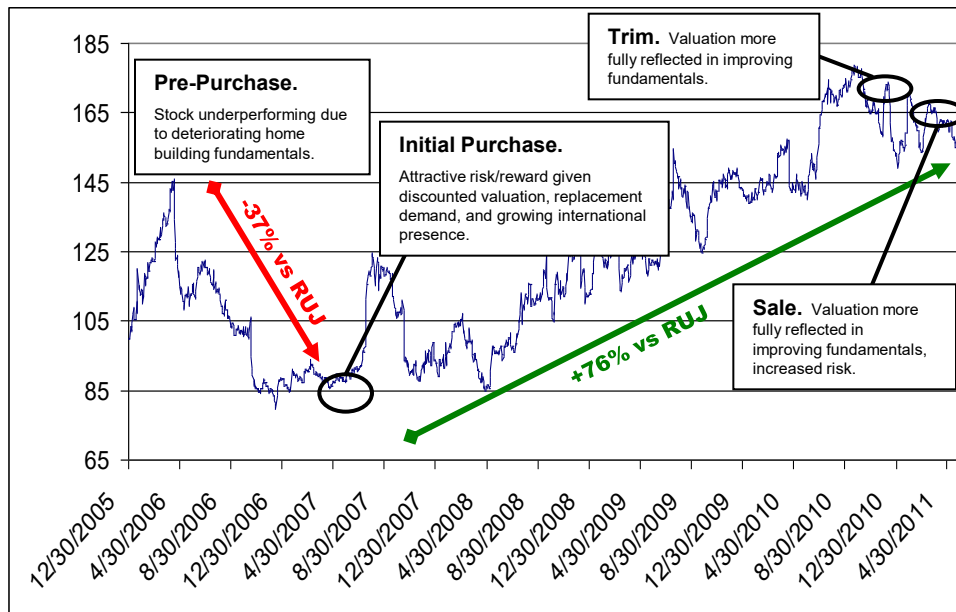
Standard Deviation	Small Cap Value Equity	Russell 2000® Value Index
3 Years	28.06%	29.44%
5 Years	22.35%	23.79%
7 Years	19.49%	21.19%
10 Years	19.70%	22.29%

Data is for the periods ending 06.30.2011. Risk statistics are calculated quarterly gross of fees.

Predicted Tracking Error source: FactSet Research Systems, Inc. Standard Deviation source: created with Zephyr StyleADVISOR.

Victory Small Cap Value – Buy/Sell Discipline

A.O. Smith Corporation (AOS) Relative Performance: 7/5/2007 – 04/20/2011



Data as of 04.20.2011. Source: FactSet.

Past performance should not be considered indicative of future results. The securities highlighted here are not intended as individual investment advice or any recommendation. The information is provided to demonstrate some of the techniques Victory Capital Management utilizes in evaluating investment opportunities for its clients. Please consult with your financial advisor before making any investment decisions.

A.O. Smith

- Leading manufacturer of water heaters (60% of sales) and electric motors (40% of sales) used in HVAC and other applications. AOS maintains #1 market share for water heaters in the U.S. and #2 market share in China.

Purchase Rationale

- Shares declined and significantly underperformed in 2006 due to weakening fundamentals within the homebuilding industry coupled with increased commodity costs such as copper.
- Key valuation multiples such as EV/Sales, Price/Book, and P/E were all at discounts to primary peers.
- Modest debt levels, strong free cash flow generation, and a high level of replacement sales (~60% of sales) would allow AOS to survive an extended housing downturn and increase its competitive position and maintain pricing power given nondiscretionary nature of products.
- The strong housing cycle over the previous decade provided significant replacement demand potential given an expected average 10-12 years of useful life for water heaters.

Sell Discipline

- Reduced position as relative outperformance had resulted in less attractive relative valuation coupled with higher growth expectations.
- Sold stock following announced sale of motors business which we believe increased operational and capital deployment risk. Rising risk profile and fair value led to sale of remaining position.

What Sets Our Small Cap Value Equity Apart?

Continuity and Consistency:

- Lead portfolio manager with strategy since 1993.
- Experienced team focused on independent thinking.
- Consistent approach and results.

Proven & Sustainable Strategy:

- Bottom-up fundamental process yields alpha.
- Team approach facilitates varied perspectives.
- Unique combination of upside capture with downside protection.

Robust Risk Management:

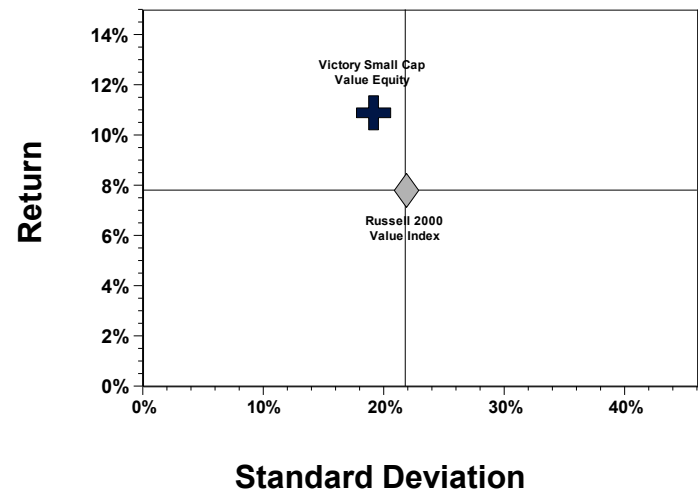
- Integrated into every aspect of our process.
- Focus on quality businesses and margin of safety.

Boutique Culture with the Deep Resources of a Large Organization

Strong Absolute & Risk-Adjusted Performance:

- Outperformed Russell 2000® Value Index for trailing 1-, 3-, 5-, 7-, and 10-year periods.

Risk/Reward
January 2002- June 2011



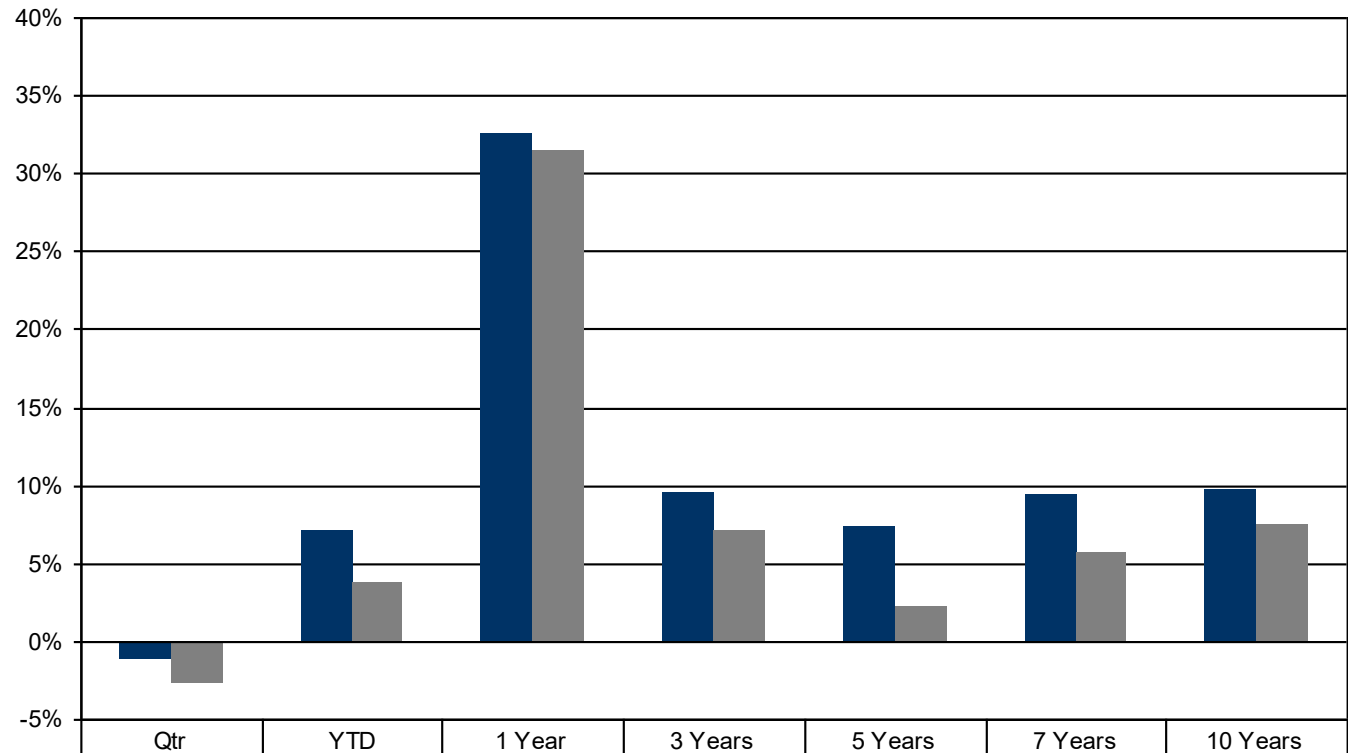
Data is for the periods ending 06.30.2011. Returns source: CAPS 4.0. Composite returns and benchmark comparison results are gross of fees.

Risk/Reward source: created with Zephyr StyleADVISOR. Risk statistics are calculated quarterly gross of fees.

For one-on-one use only. Past performance should not be considered indicative of future results.

See the annualized performance slide and the composite performance slide at the end of the presentation for additional information.

Strong Performance



■ Victory Small Cap Value Equity	-1.12%	6.99%	32.57%	9.53%	7.36%	9.42%	9.62%
■ Russell 2000® Value Index	-2.65%	3.77%	31.35%	7.09%	2.24%	5.60%	7.53%

Composite returns reflected are gross of fees as of 06.30.2011. Source: CAPS 4.0.
 For one-on-one use only. Past performance should not be considered indicative of future results.
 See the composite performance slide at the end of the presentation for additional information.

Summary

- Sustainable, bottom-up fundamental investment process.
- Emphasis on balance sheet strength and well-defined sell discipline.
- Small cap expertise and seasoned portfolio management team.
- Fully integrated approach to risk management.
- Organizational structure offers best of both worlds: independent investment decision-making complemented by deep resources.
- Strong performance and attractive risk/reward history.

Appendix

- Portfolio Results & Highlights
- Portfolio Management Team
- Trading and Risk Management
- Definitions
- Composite Performance Information

Top Ten Holdings & Portfolio Characteristics

Top Ten Holdings	%
H.B. Fuller Co.	1.8
Sensient Technologies Corp.	1.5
Cleco Corp.	1.4
Kennametal Inc.	1.4
CACI International Inc. (CI A)	1.4
Owens & Minor Inc.	1.4
Mueller Industries Inc.	1.4
Allete Inc.	1.4
WGL Holdings Inc.	1.3
Alterra Capital Holdings Ltd.	1.3
TOTAL	14.4

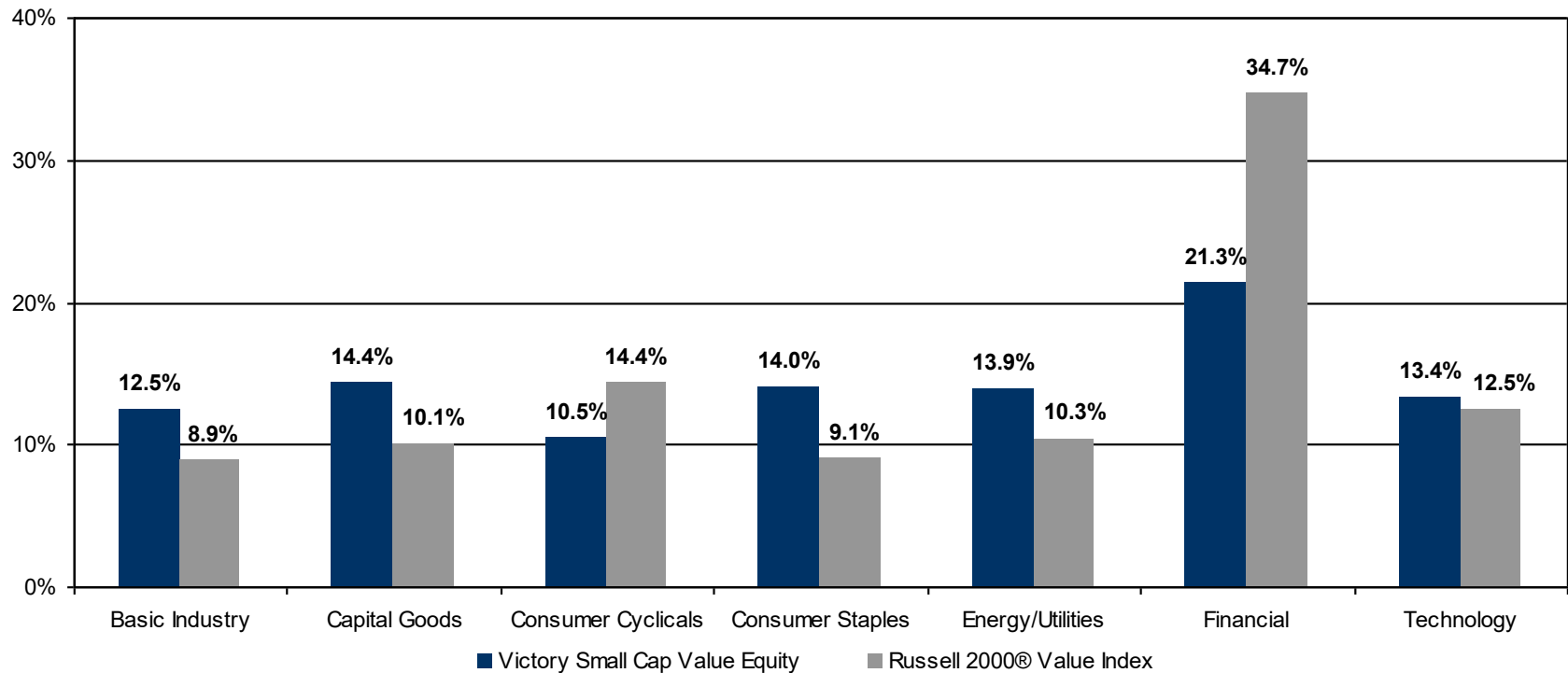
	Victory Small Cap Value	Russell 2000® Value
Average Weighted Market Capitalization	\$1.7 billion	\$1.1 billion
Average Price/Earnings (FY1) (x)	16.5x	15.3x
Average Price/Sales (x)	1.6x	2.0x
Average Price/Book (x)	2.0x	1.4x
5-Year Dividend Growth (%)	6.6%	-0.6%
L-T Debt to Capital (%)	25.5%	30.6%
Number of Holdings	108	1364
5- Year Return on Equity (%)	8.54%	-1.91%
5- Year Return on Invested Capital (%)	8.55%	0.71%

Portfolio typically reflects value orientation and our preference for financially sound companies.

Data is for the periods ending 06.30.2011. Source: FactSet Research Systems, Inc. Holdings are subject to change. For one-on-one use only. Past performance should not be considered indicative of future results.

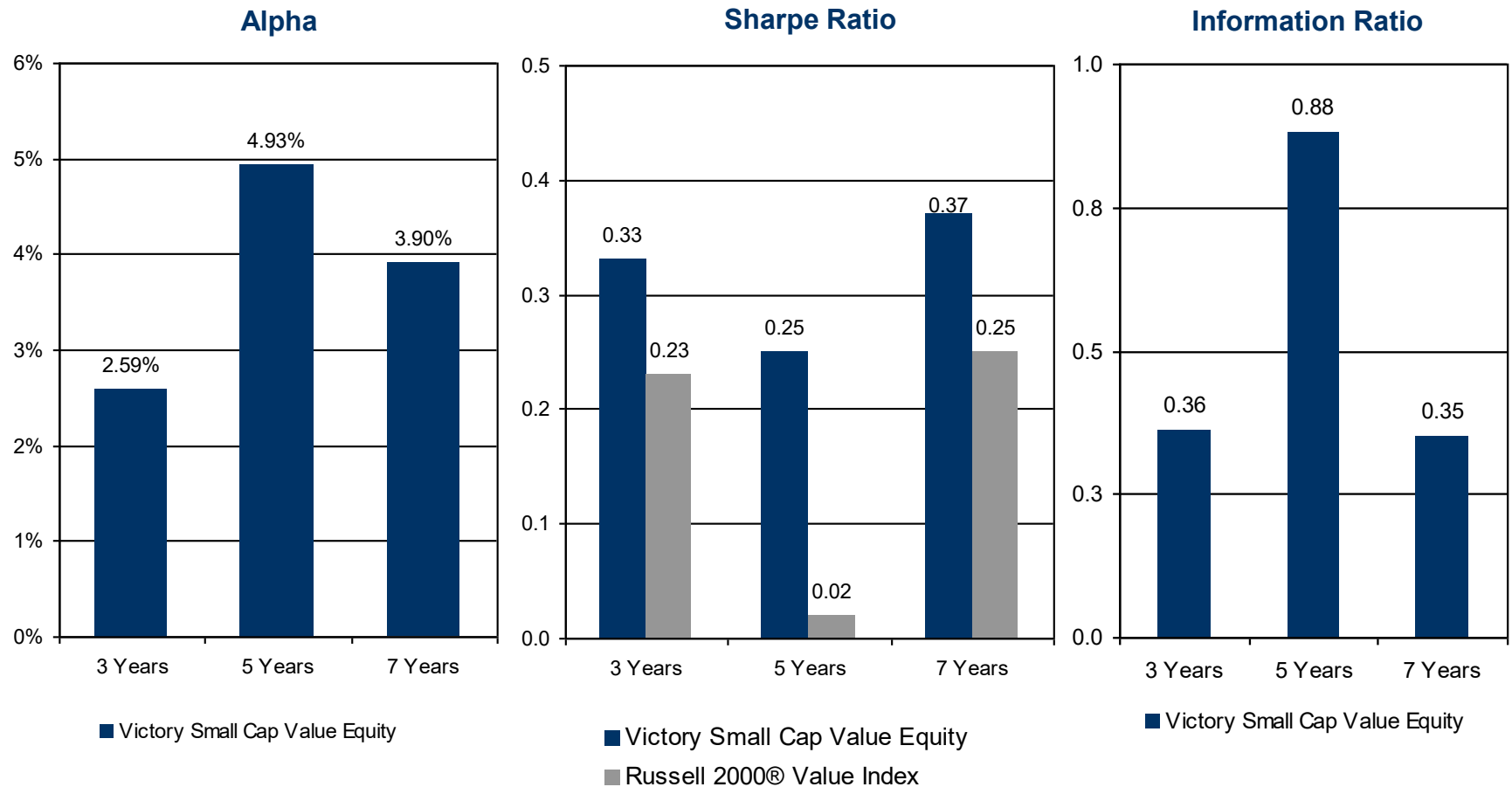
Sector Allocation

Sector weightings reflect conviction and are not benchmark-driven.



*Data is for the period ending 06.30.2011. Source: FactSet Research Systems, Inc.
For one-on-one use only. Past performance should not be considered indicative of future results.*

Relative Risk Metrics

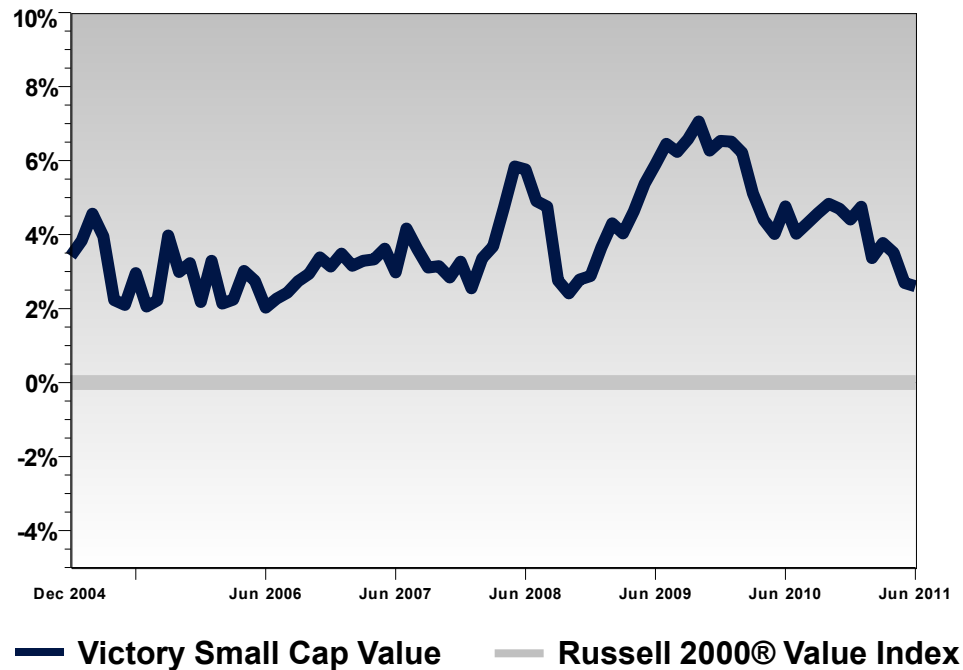


Data is for the periods ending 06.30.2011. Source: created with Zephyr StyleADVISOR. Risk statistics shown are calculated quarterly gross of fees. For one-on-one use only. Past performance should not be considered indicative of future results. See the composite performance slide at the end of the presentation for additional information.

Delivering Reliable Alpha

Reliable Alpha Generation

3-Year Moving Windows, Computed Monthly

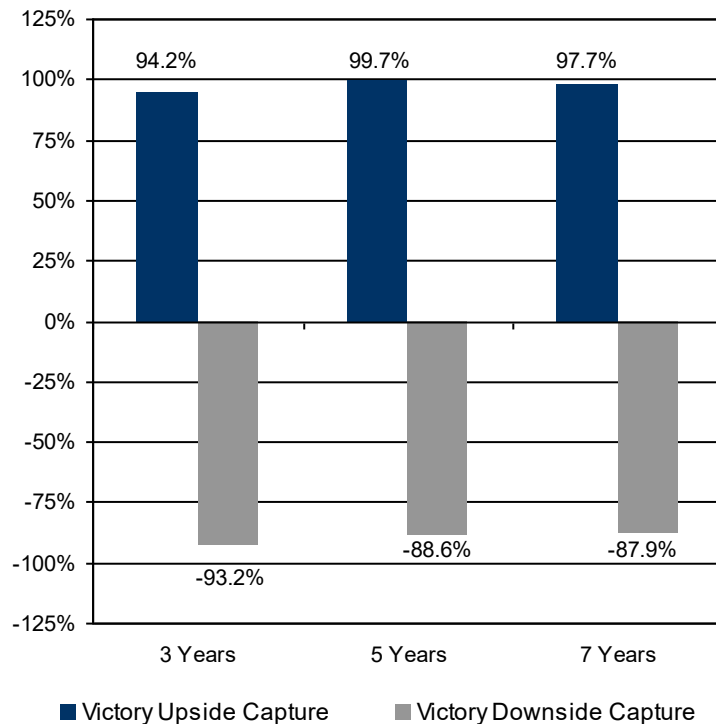


Data is for the periods ending 06.30.2011. Source: created with Zephyr StyleADVISOR.
Reliable Alpha Delivery is calculated monthly gross of fees. Upside/ Downside Capture is calculated monthly gross of fees.
For one-on-one use only. Past performance should not be considered indicative of future results.

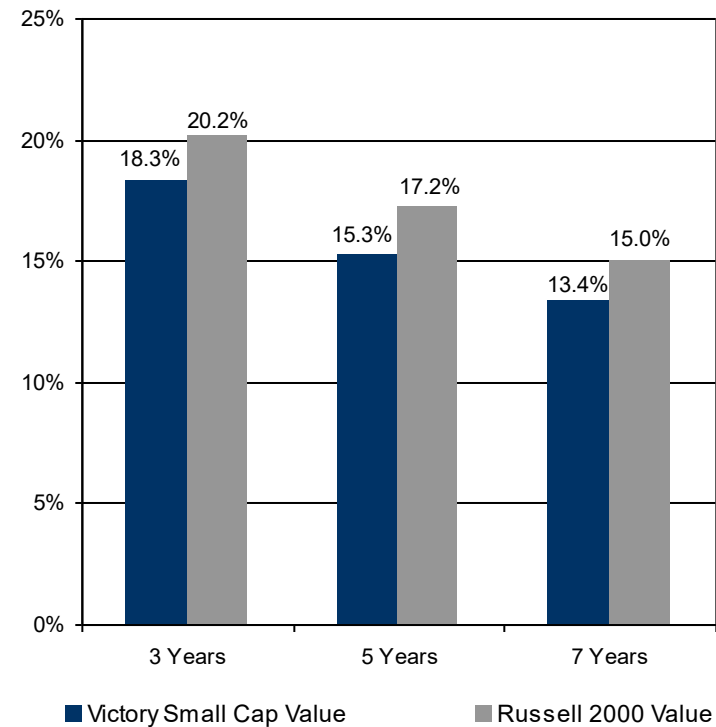
Downside Protection

A main focus of the Small Cap Value portfolio is providing downside protection without sacrificing upside capture.

Upside/Downside Capture



Downside Risk



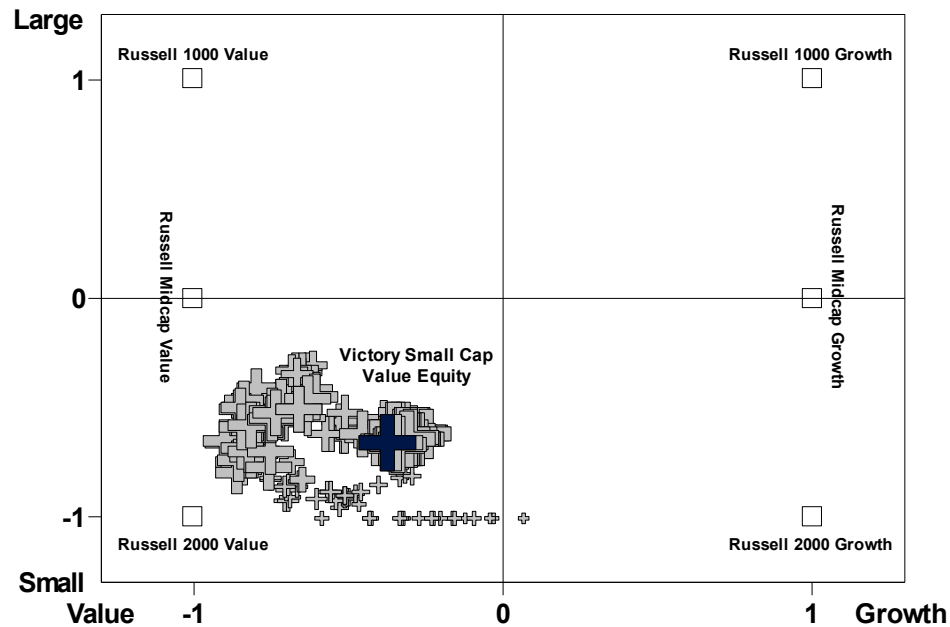
Data is for the periods ending 06.30.2011. Source: Zephyr StyleADVISOR®. Risk statistics shown are calculated monthly gross of fees. For one-on-one use only. Past performance should not be considered indicative of future results. See the composite performance slide at the end of the presentation for additional information.

Style Consistency

Style Consistency

As of June 2011

36-month rolling windows since inception



Source: created with Zephyr StyleADVISOR. Style Consistency is calculated monthly gross of fees. For one-on-one use only. Past performance should not be considered indicative of future results.

Information Ratio as of June 30, 2011

Information Ratio

	3 years	5 years	7 years
Victory Small Cap Value	0.36	0.88	0.35

Information Ratio Rank through June 2011

eVestment Alliance Small Value Universe (Quarterly Observations)

	3 years	5 years	7 years
Victory Small Cap Value Rank	96 out of 201 mng	22 out of 187 mng	22 out of 172 mng
Victory Small Cap Value	48%	12%	13%
Russell 2000® Value	76%	88%	88%

Information Ratio calculated quarterly gross of fees. Source: created with Zephyr StyleADVISOR.

Information Ratio Ranking source: created with Zephyr StyleADVISOR. Data supplied by eVestment Alliance. Data as of 06.30.2011, pulled on 07.25.2011.

Universe query selected U.S. equity managers with Small Market Cap, and an Equity Style of Value.

All Returns are calculated gross of fees. This is intended for informational purposes for Consultants' use.

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See the composite performance slide at the end of the presentation for additional information.

Portfolio Holdings

<p>Basic Industry</p> <p>A. Schulman Inc. AptarGroup Inc. Arkansas Best Corp. Celadon Group Inc. Cloud Peak Energy Inc. GATX Corp. Genesee & Wyoming Inc. (CI A) H.B. Fuller Co. Haynes International Inc. Mueller Industries Inc. Olin Corp. Silgan Holdings Inc. Texas Industries Inc.</p>	<p>12.5%</p>	<p>Consumer Cyclicals</p> <p>Callaway Golf Co. Carter's Inc. Casey's General Stores Inc. Cato Corp. (CI A) Group 1 Automotive Inc. Heidrick & Struggles International Inc. Korn/Ferry International Maidenform Brands Inc. Ruddick Corp. Steiner Leisure Ltd. Viad Corp. Wolverine World Wide Inc.</p>	<p>10.5%</p>	<p>Energy/Utilities</p> <p>Allete Inc. Atwood Oceanics Inc. Berry Petroleum Co. (CI A) Cal Dive International Inc. Cleco Corp. Energen Corp. HollyFrontier Corp. Northwest Natural Gas Co. NorthWestern Corp. Patterson-UTI Energy Inc. Penn Virginia Corp. PetroQuest Energy Inc. Superior Energy Services Inc. Tesco Corp. WGL Holdings Inc.</p>	<p>13.9%</p>
<p>Capital Goods</p> <p>American Science & Engineering Inc. Astec Industries Inc. Barnes Group Inc. Brady Corp. (CI A) Carlisle Cos. Comfort Systems USA Inc. Commercial Vehicle Group Inc. EMCOR Group Inc. John Bean Technologies Corp. Kadant Inc. Kennametal Inc. Lincoln Electric Holdings Inc. LMI Aerospace Inc. Rush Enterprises Inc. (CI A) Sterling Construction Co. Inc. Thomas & Betts Corp.</p>	<p>14.4%</p>	<p>Consumer Staples</p> <p>CONMED Corp. Corn Products International Inc. Flowers Foods Inc. Greatbatch Inc. Immucor Inc. Jack in the Box Inc. Lancaster Colony Corp. Orthofix International N.V. Owens & Minor Inc. PerkinElmer Inc. Sanderson Farms Inc. Sensient Technologies Corp. STERIS Corp. West Pharmaceutical Services Inc.</p>	<p>14.0%</p>		

Data is for the period ending 06.30.2011. Source: FactSet Research Systems, Inc. Holdings are subject to change. For one-on-one use only. Past performance should not be considered indicative of future results.

Portfolio Holdings (continued)

Financial

21.3%

Alexander & Baldwin Inc.
Alterra Capital Holdings Ltd.
American Financial Group Inc.
Arthur J. Gallagher & Co.
Chatham Lodging Trust
Delphi Financial Group Inc. (CI A)
First Niagara Financial Group Inc.
Healthcare Realty Trust Inc.
Highwoods Properties Inc.
Horace Mann Educators Corp.
IBERIABANK Corp.
Independent Bank Corp.
Infinity Property & Casualty Corp.
KBW Inc.
LaSalle Hotel Properties
Navigators Group Inc.
PacWest Bancorp.
Prosperity Bancshares Inc.
PS Business Parks Inc.
Rent-A-Center Inc.
RLI Corp.
StanCorp Financial Group Inc.
Umpqua Holdings Corp.

Technology

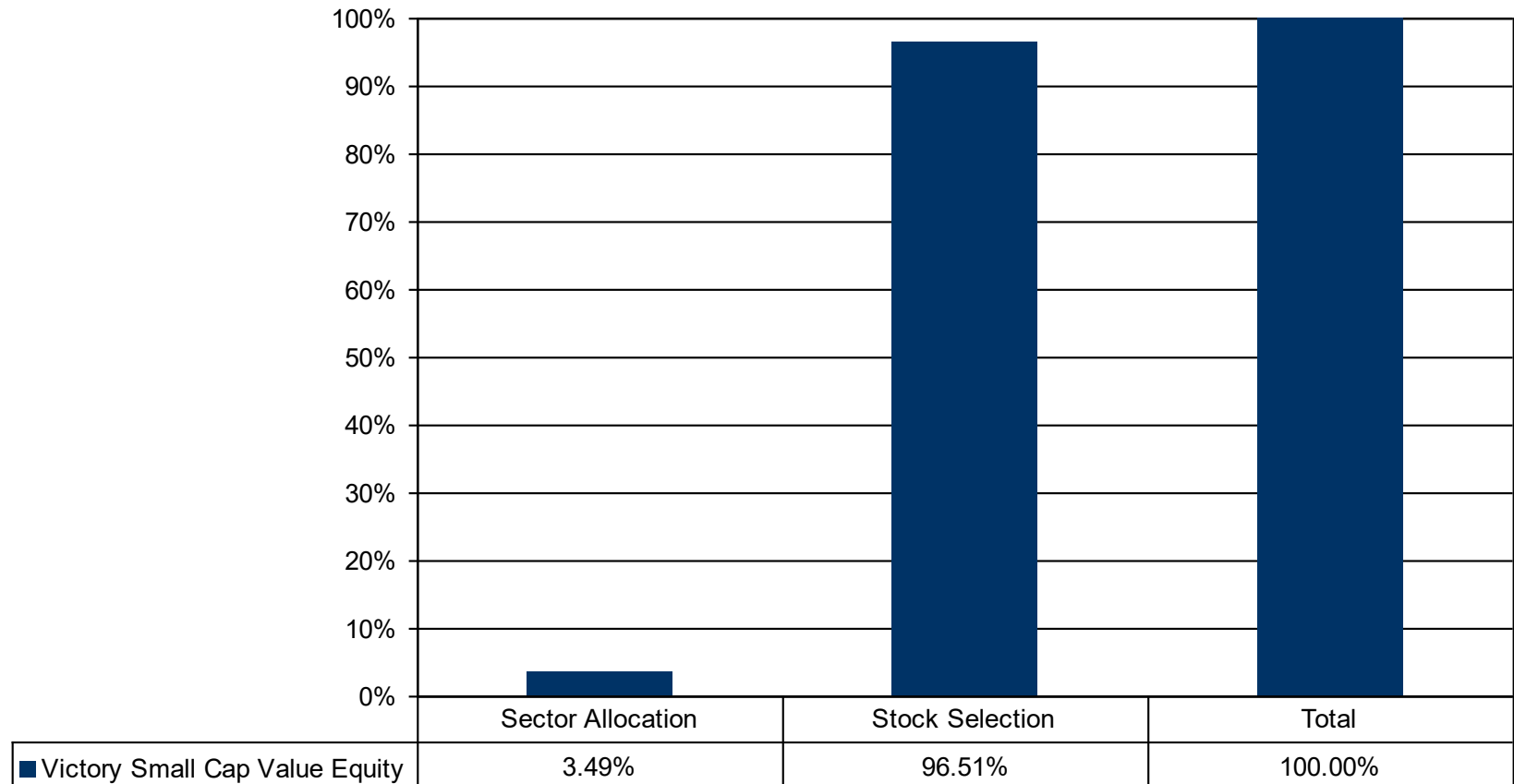
13.4%

Anixter International Inc.
Arris Group Inc.
ATMI Inc.
Benchmark Electronics Inc.
CACI International Inc. (CI A)
Diebold Inc.
Fair Isaac Corp.
Fairchild Semiconductor International Inc.
Jack Henry & Associates Inc.
MicroStrategy Inc.
MKS Instruments Inc.
MTS Systems Corp.
QLogic Corp.
Synaptics Inc.
Websense Inc.

*Data is for the period ending 06.30.2011. Source: FactSet Research Systems, Inc. Holdings are subject to change.
For one-on-one use only. Past performance should not be considered indicative of future results.*

Attribution Analysis vs. Russell 2000® Value

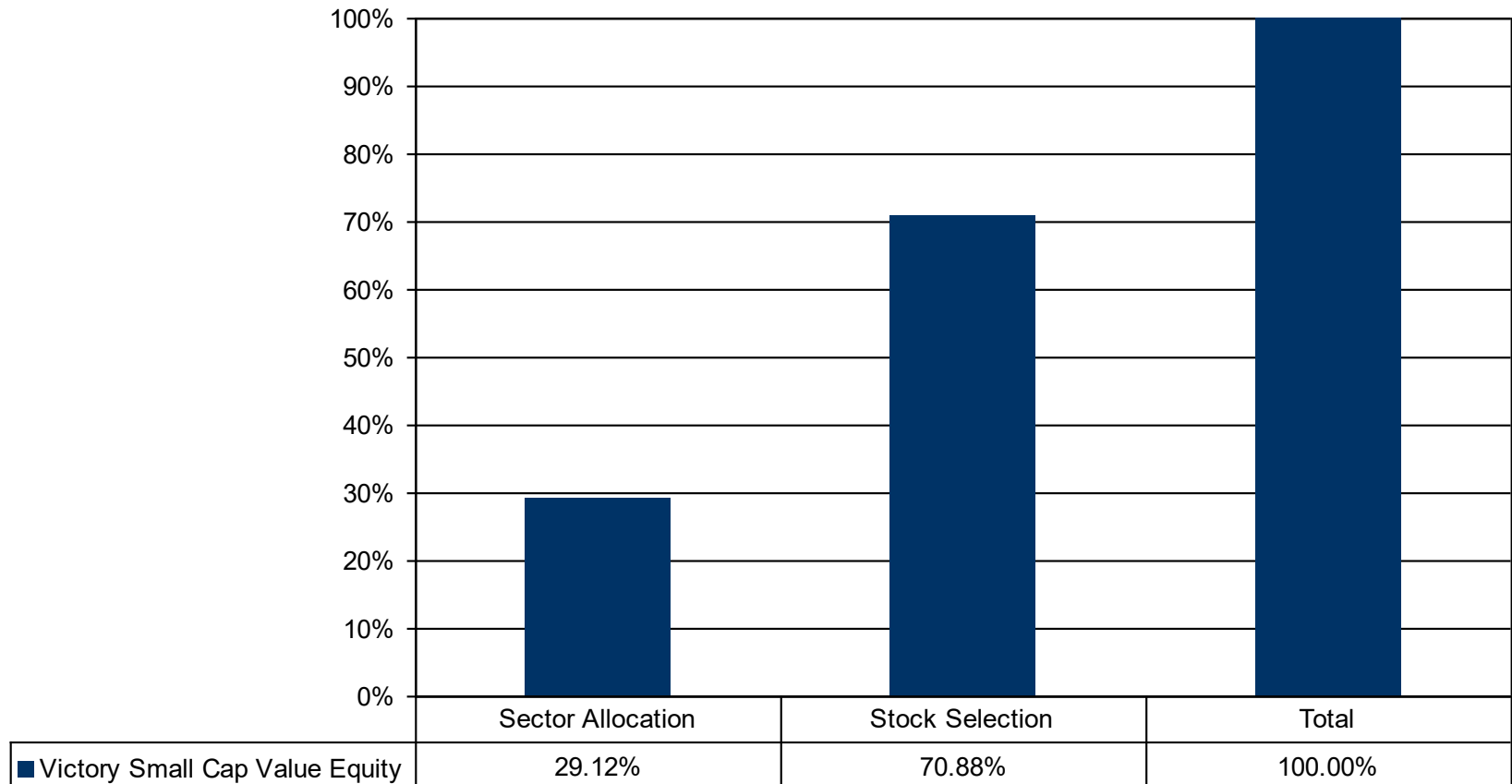
Trailing 36 Months Ending June 30, 2011



Source: FactSet Research Systems, Inc. Attribution Analysis is based on a representative account and may not match the performance of the composite. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Attribution Analysis vs. Russell 2000® Value

Trailing 60 Months Ending June 30, 2011



Source: FactSet Research Systems, Inc. Attribution Analysis is based on a representative account and may not match the performance of the composite. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Portfolio Management Team



Gary H. Miller

*CIO - Small Cap Value and
Mid Cap Value Equity*

Mr. Miller is the CIO and lead portfolio manager of Victory's Small Cap Value and Mid Cap Value Equity strategies.

He joined Victory and/or an affiliate in 1987. Prior to his tenure as portfolio manager, Mr. Miller served as an equity research analyst for the Small Cap Value and Mid Cap Value Equity strategies.

Mr. Miller holds a Bachelor of Business Administration in Accounting from the University of Cincinnati and a Master of Business Administration from Xavier University.



Greg M. Connors

Portfolio Manager

Mr. Connors is a member of the Small Cap Value and Mid Cap Value Equity Portfolio Management Teams.

He joined Victory and/or an affiliate in 1999 following 5 years prior investment experience as a small cap research analyst with Carillon Advisers in Cincinnati. Prior to his tenure as portfolio manager, Mr. Connors served as an equity research analyst on the Small Cap Value strategy.

Mr. Connors holds a Bachelor of Science in Economics from College of Mount St. Joseph and a Master of Business Administration from Xavier University.



Jeffrey M. Graff, CFA

Portfolio Manager

Mr. Graff is a member of the Small Cap Value and Mid Cap Value Equity Portfolio Management Teams.

He joined Victory and/or an affiliate in 2001 following 6 years prior investment experience. Previously, Mr. Graff was employed as an equity analyst with A.G. Edwards & Sons in St. Louis, Missouri. He began his career in the investment industry as an equity research associate for Roulston & Company in Cleveland, Ohio.

Mr. Graff holds a Bachelor of Business Administration from Cleveland State University and a Master of Finance from St. Louis University. Additionally, he is a CFA charterholder.

Portfolio Management Team



Michael F. Rodarte

*Portfolio Manager
Research Analyst*

Mr. Rodarte is a Research Analyst for the Small Cap Value & Mid Cap Value investment strategies with Victory Capital Management.

He joined Victory and/or an affiliate in 2006. Via KeyBank's 2-year Analyst Training Program, Mr. Rodarte previously worked in KeyBank's Equity Capital Markets' business unit, KeyBank's Institutional Lending and Syndications groups, and Upper Middle Market Commercial Banking groups.

Mr. Rodarte earned his B.B.A. in Finance, Economics, and International Business from Ohio University. Additionally, he has passed Level III of the CFA exam.



James M. Albers, CFA

*Portfolio Manager
Research Analyst*

Mr. Albers is a Senior Research Analyst for the Small Cap Value & Mid Cap Value investment strategies with Victory Capital Management.

He joined Victory and/or an affiliate in 2005. Prior to joining the firm, Mr. Albers worked as a consultant with Accenture and IBM Global Services.

Mr. Albers holds a Bachelor of Science from University of Wisconsin and a Master of Science from University of Wisconsin. Additionally, he is a CFA charterholder.



Jason W. Brown, CFA

Research Associate

Mr. Brown is an Equity Research Associate for the Small Cap Value & Mid Cap Value investment strategies with Victory Capital Management.

He joined Victory in June 2011, following 5 years investment experience. Prior to joining Victory, Mr. Brown worked as a Research Associate with KeyBank Capital Markets covering the Packaging & Construction Materials sector; and as a Market Research Associate at FTN Midwest Securities in Cleveland, Ohio. He also gained institutional investment experience as a Financial Planning & Investment Intern at UBS Financial Services Group in Columbus, Ohio.

Mr. Brown received his B.S.B.A. in Finance from The Ohio State University – Fisher College of Business. Additionally, he is a CFA charterholder and holds Series 7, 63, 86 and 87 licenses. Memberships include the CFA Institute and the CFA Society of Cleveland.

Portfolio Management Team



Abigayle B. Conner

Portfolio Manager Associate

Ms. Conner is a Portfolio Manager Associate for the Small Cap Value & Mid Cap Value investment strategies with Victory Capital Management.

She joined Victory in May 2011. Relevant coursework includes serving as a senior trader on a leveraged currency portfolio managed by a student-run proprietary trading group. She also served as a Business Analytics Intern at Booz Allen Hamilton in Dayton, Ohio.

Ms. Conner holds a Bachelor of Science in Business Administration from The University of Dayton, where she was the recipient of the John W Berry, Sr. Scholarship Program. In addition, she is a member of the Beta Gamma Sigma International Honor Society.

Equity Trading

Victory's commitment to value-added equity trading provides efficient execution of portfolio management team decisions:

1. Global Trading Desk

- Victory trades live-market hours globally through a centralized trading desk consisting of seven traders.
- Sharing of relevant trading flows and information is vital to achieving best execution, given the interconnected nature of global equity markets. Ongoing electronic and verbal communication between traders, analysts and portfolio managers enables the Victory trading desk to react quickly to market developments and implement effective trading strategies.

2. Trade Cost Analysis

- Trade cost analysis is another major component in achieving best execution. Victory uses pre-trade (Logic) and post-trade (TCA) cost analysis tools from the Investment Technology Group (ITG) to help add value to client portfolios. In addition, Victory uses broker-provided pre-trade analysis from program trading desks and algorithmic platforms when relevant.
- Pre-trade analytics are used primarily on cash flows (program trades) to identify outlier trades in the basket that are a high percentage of average daily volume or have historically high-impact costs. Pre-trade analytic tools are also used at various times to evaluate capital bids and offers due to a lack of liquidity in the marketplace.
- For post-trade analysis Victory uses multiple benchmarks within TCA to monitor market-impact costs and commissions for all of our brokers globally, with arrival price and various forms of volume-weighted average price as the primary benchmarks. TCA is also helpful in evaluating trading processes from a high level, with trading tools that support various active and passive trading styles. From a high level down to each individual trade, data is available the day after trade date, allowing for a timely and relevant review process.

3. Hidden Liquidity

- Today's equity markets are becoming more fragmented each day, requiring traders to tap into multiple pools of liquidity in order to find best prices for clients.
- Victory uses many low-cost electronic tools such as broker algorithms, dark pools and crossing networks in conjunction with traditional brokers to seek out liquidity from internal crossing networks at various brokerage firms, in addition to external liquidity sources such as NYFIX Millennium, POSIT and Liquidnet.
- Electronic tools used in conjunction with traditional trading relationships prove beneficial in finding natural liquidity, providing capital to facilitate block trades and generating value-added expertise.

Risk Management

Victory established a dedicated resource in 2004 to strengthen risk management of equity portfolios.

- Utilizing Northfield Information Services analytical tools, Victory Equity Risk Management builds a risk profile for each strategy, quantifying absolute risk and risk relative to benchmark.
- Dialogue with each portfolio management team includes identifying predicted risk and potential reward and incorporates evaluation of risks by:
 - Individual security
 - Sector or industry
 - Market capitalization
 - Country
- Specific predicted risk measures that are computed include tracking error, absolute risk, stock- specific and factor risk, beta, r-squared, portfolio value at risk, and factor decomposition by style, market cap, volatility and industry exposures.
- Northfield's US Fundamental Model heightens portfolio management teams' awareness and understanding of:
 - Risk sources and composition
 - Risk magnitude
 - Risk direction
 - Risk breadth

Definitions

5- Year Dividend Growth Rate

The compound annual growth rate of cash dividends per common share of stock over the last 5 years.

Alpha

Alpha is a risk (beta adjusted) measurement. Alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Higher risk generally means higher reward. A positive alpha means the fund has beaten expectations. A negative alpha means that the manager failed to match performance with risk. If two managers have the same return but one has a lower beta, that manager would have a higher alpha.

Assets Under Advisement

Includes assets that are invested by an overlay manager based on a Victory Capital Management investment model portfolio (i.e., UMA). These assets are in addition to the Assets Under Management.

Average Price/Book Ratio

Compares a stock's market value to the value of total assets less total liabilities (book value). Determined by dividing current stock price by common stockholder equity per share (book value), adjusted for stock splits.

Average Price/Earnings Ratio

Shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. Higher multiple means investors have higher expectations for future growth, and have bid up the stock's price.

Average Price/Sales Ratio

The Price to Sales ratio is the current price divided by the Sales Per Share.

Average Weighted Market Capitalization

The total dollar value of all outstanding shares. Computed as shares times current market price. Capitalization is a measure of corporate size.

Definitions

Beta

Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. A portfolio with a beta of one is considered as risky as the benchmark and would therefore provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of two would move approximately twice as much as the benchmark.

Information Ratio

The information ratio is a measure of the consistency of excess return. The value is calculated by taking the annualized excess return over a benchmark and dividing it by the standard deviation of excess return.

Long-Term Debt/Capitalization

Indicator of financial leverage. Shows long-term debt as a proportion of the capital available. Determined by dividing long-term debt by the sum of long-term debt, preferred stock and common stockholder's equity.

Predicted Tracking Error

The difference between a portfolio's return and its benchmark, determined by the standard deviation of the active return (annual %). It is the square root of total risk at the portfolio-level.

Russell 2000® Index

An unmanaged index comprised of approximately 2000 of the smallest securities in the Russell 3000® Index, which represent approximately 10% of the total market capitalization of the Russell 3000® index. This index does not include the effect of expenses, is not representative of any specific fund or product and cannot be invested in directly.

Russell 2000® Value Index

An unmanaged index comprised of Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values. This index does not include the effect of expenses, is not representative of any specific fund or product and cannot be invested in directly.

Sharpe Ratio

A portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Definitions

Standard Deviation

A statistical measure of volatility indicated the risk associated with a return series. Standard deviation of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager.

Upside/Downside Market Capture

The upside and downside market capture is a measure of how well a manager was able to replicate or improve on phases of positive benchmark returns, and how badly the manager was affected by phases of negative benchmark returns.

Victory Capital Management Inc.

Victory is a wholly owned subsidiary of KeyBank N.A. and a second tier subsidiary of KeyCorp.

Small Cap Value Composite Performance

Victory Small Cap Value Equity vs. Russell 2000® Value Index

Year Ending	Gross Return	Net Return	Russell 2000® Value Benchmark	Number of Portfolios	Dispersion	Composite Assets (mm)	Total Firm Assets (mm)
12/31/2010	23.16%	21.96%	24.50%	13	0.19%	\$1,039	\$35,219
12/31/2009	34.69%	33.38%	20.58%	7	0.46%	\$654	\$48,009
12/31/2008	-26.57%	-27.32%	-28.92%	7	0.56%	\$471	\$46,555
12/31/2007	-2.38%	-3.35%	-9.78%	7	0.32%	\$527	\$62,136
12/31/2006	22.93%	21.73%	23.48%	11	0.46%	\$435	\$60,896
12/31/2005	6.84%	5.79%	4.71%	13	0.20%	\$413	\$56,013
12/31/2004	26.31%	25.08%	22.25%	13	0.29%	\$424	\$52,979
12/31/2003	32.46%	31.17%	46.03%	15	0.63%	\$358	\$49,185
12/31/2002	-4.21%	-5.15%	-11.42%	17	0.52%	\$305	\$43,669
12/31/2001	-5.74%	-6.68%	14.02%	1	N/A	\$352	\$28,017

1. Victory Capital Management Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).
2. Victory Capital Management is an independent investment advisor registered under the Investment Advisers Act of 1940. Victory is a wholly owned subsidiary of KeyBank National Association and a member of the Key financial network. A complete list and description of firm composites and additional information regarding policies for calculating and reporting returns are available upon request.
3. The Victory Small Cap Value Equity composite includes separately managed accounts primarily invested in stocks of small/emerging companies with market capitalizations of less than \$2 billion. Product generally has a minimum equity commitment of 90%. Benchmark is Russell 2000® Value Index. Composite creation date is 1Q93.
4. Returns are net of non-reclaimable withholding taxes, if any. Returns reflect the reinvestment of dividends and other earnings. All returns are expressed in U.S. Dollars. Minimum asset size requirements for composite participation were used prior to 1/1/2004. The minimum asset size for this composite was previously set at \$1m.
5. The benchmark returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns have been taken from a published source and do not include any transaction fees, management fees or other costs.
6. The dispersion of annual returns is measured by the asset-weighted standard deviation of accounts returns included in the composite for the full year. For the periods with less than 2 accounts for the entire year, dispersion is not presented (N/A).
7. Victory Capital Management net of fee performance results for composites are based on model fees. The model fee is set equal to the highest fee on the fee schedule for the product and deducted from the composite's gross return on a monthly basis. The model fee for this composite is set at 100 bps. The fee schedule for this product was updated 10/01/05. The model fee used for calculating net of fee returns for this composite did not change. The complete fee schedule for this product is:

<u>Market Value</u>	<u>Annual Fee</u>	<u>Market Value</u>	<u>Annual Fee</u>
First \$10,000,000	1.00% (Min. Annual Fee: \$100,000)	Next \$50,000,000	0.75%
Next \$15,000,000	0.85%	Above \$100,000,000	0.70%
Next \$25,000,000	0.80%		

8. Past performance should not be considered indicative of future performance.

Small Cap Value Portfolios

Thomas W. "TJ" Duncan
Portfolio Manager

Leigh Anne Yoo
Marketing & Client Relations



WHAT DISTINGUISHES FRONTIER?

Proven discipline in bottom-up, fundamental investing

Focus

- Asset management is our only business
- 30-year expertise in managing long-only U.S. equity portfolios for institutional investors
- Commitment to clients and strong long-term performance results

Collaborative Process

- Firm of analysts focused on deep research
- Idea generation and due diligence conducted by entire investment team
- Analysts specialize by industry across all market caps

People

- Passionate, experienced professionals
- Continuity among investment team
- Broad distribution of equity ownership across the firm

FRONTIER PORTFOLIOS

All of Frontier's small, smid, and mid products are first quartile since inception

FRONTIER STRATEGY	CAPITALIZATION EMPHASIS	LENGTH OF RECORD	UNIVERSE QUARTILE RANKING* SINCE INCEPTION
Small Growth	Small	26½ Years	FIRST QUARTILE
Capital Appreciation	Smid	24½ Years	FIRST QUARTILE
Mid Growth	Mid	19½ Years	FIRST QUARTILE
Small Value	Small	12½ Years	FIRST QUARTILE
Smid Research	Smid	11¼ Years	FIRST QUARTILE

**Universe rankings were for periods ending 6/30/11 using eVestment Alliance universes. The eVestment Alliance small cap growth universe was used to rank the Frontier Small Growth strategy. The eVestment Alliance small mid cap growth universe was used to rank the Frontier Capital Appreciation strategy and Smid Research strategy. The eVestment Alliance mid cap growth universe was used to rank the Frontier Mid Growth strategy. The eVestment Alliance small cap value universe was used to rank the Frontier Small Value strategy.*

REPRESENTATIVE CLIENT LIST

Long-term client relationships

Endowments and Foundations

The Academy of American Poets	National Gallery of Art
Akron Community Foundation	The New York Community Trust
The Andrew W. Mellon Foundation	Norwich University
Archdiocese of Boston	ProMedica Health System
Archdiocese of Washington	QueensCare
Baptist Hospitals and Health Systems	Regenstrief Foundation
Boston College	Richard Nixon Library
Bowdoin College	San Diego Museum of Art
Butler Hospital	Santa Barbara Museum of Art
Catholic Schools Foundation	Searle Family Trusts
Catholic Society of Religious & Literary Education	Seegerstrom Center for the Arts
Crotched Mountain Foundation	Sisters of Mercy Health System
Elyria Memorial Hospital	Society of Jesus, New England
Hampton University	Southcoast Health System
Hillside Family of Agencies	The Texas A&M University System
Lehigh University	Tulane University
Library of Congress	United States Tennis Association
Los Angeles Orthopedic Foundation	University of Nebraska Foundation
Michigan State University	University of Redlands
Motion Picture and Television Fund	University of San Diego
Music Academy of the West	University of San Francisco
	University of Scranton
	University of the Pacific

Corporate

BIMCOR Inc.
Bristol Myers Squibb
CareGroup
The Church Pension Fund
Comprehensive Healthcare of Ohio
Cooley Dickinson Hospital
CPS Energy
Erie Insurance
The First Church of Christ, Scientist
General Motors
Goodyear Tire & Rubber Company
Jicarilla Apache Nation
Marsh & McLennan Companies Inc.
Mary Kay Inc.
Massachusetts Eye & Ear Infirmary
Momentive Specialty Chemicals Inc.
NV Energy
Pension Plan for Insurance Organizations
RPM Inc.
R.R. Donnelley & Sons Company
South County Hospital
Susquehanna Health System
Tufts Associated Health Maintenance
Organization Inc.
University of Pittsburgh Medical Center
Verizon Communications
Windstream Corporation
World Kitchen Inc.

Public Funds

City of Pittsburgh
County Employees' and Officers' Annuity and Benefit
Fund of Cook County
Illinois Municipal Retirement Fund
L.A. County Employee Retirement Association
L.A. Fire & Police
Teachers' Retirement System of Illinois
Teachers' Retirement System of Oklahoma

Multi-Employer

Airconditioning and Refrigeration Industry
International Association of Machinists
Iron Workers Local No. 25
Iron Workers of New England
Northwest Ohio Carpenters, Millwrights and Pile
Drivers Supplemental Pension Plan
Steelworkers Pension Trust

Sub Advisory

Diversified Alpha Small Cap Equity Fund
Hirtle Callaghan Trust
John Hancock
Morgan Stanley Smith Barney Select UMA
Prudential Retirement
Schwab Managed Account Select
The Northern Trust Company
The Vanguard Group

The representative client list is a partial list of Frontier's institutional clients regardless of investment product utilized and without regard to performance criteria. Inclusion on such a list is not intended as an endorsement by any such client of Frontier or the advisory services provided to such client and is intended to provide a meaningful distribution of Frontier's clients.

INVESTMENT TEAM

* Employee owners

MICHAEL A. CAVARRETTA, CFA*

CHAIRMAN

Portfolio Manager – Capital Appreciation

Team Leader – Research Portfolios

BA – University of Maine

MBA – Harvard University

- 23 years with Frontier
- 28 years experience

STEPHEN M. KNIGHTLY, CFA*

PRESIDENT

Portfolio Manager – Mid Cap Growth

BS – Lehigh University

MBA – University of Pennsylvania

- 19 years with Frontier
- 22 years experience

WILLIAM A. TEICHNER, CFA*

Portfolio Manager – Small Cap Value

BA – Columbia University

MBA – Harvard University

- 19 years with Frontier
- 22 years experience

THOMAS W. DUNCAN, JR.*

Portfolio Manager – Small Cap Value

BA – Skidmore College

MBA – Cornell University

- 18 years with Frontier
- 21 years experience

JAMES A. COLGAN*

Portfolio Manager – Small Cap Growth

BS – University of Connecticut

MS – University of Massachusetts

MS, MBA – MIT

- 13 years with Frontier
- 20 years experience

G. MICHAEL NOVAK, JR.*

Portfolio Manager – Small Cap Growth

BS – US Military Academy

MBA – Harvard University

- 13 years with Frontier
- 14 years experience

CHRISTOPHER J. SCARPA*

Analyst – Energy

Asst. Portfolio Manager – Mid Cap Growth

BA – Tufts University

MBA – Harvard University

- 10 years with Frontier
- 13 years experience

ANDREW B. BENNETT, CFA*

Analyst – Media / Telecom / Leisure

Asst. Portfolio Manager – Capital Appreciation

BA – Wheaton College

- 10 years with Frontier
- 16 years experience

PETER G. KUECHLE*

Analyst – Financial Services / Software

Team Leader – Research Portfolios

BA – Dartmouth College

MBA – Harvard University

- 9 years with Frontier
- 16 years experience

JONATHAN M. LEVIN, MD*

Analyst – Health Care

BA – Yale University

MD – Emory University School of Medicine

MPH – Harvard School of Public Health

MBA – MIT

- 7 years with Frontier
- 9 years experience

RUSHAN (GREG) JIANG, CFA*

Analyst – Industrials / Business Services

BS – The University of Texas at Austin

MS – Stanford University

MBA – MIT

- 6 years with Frontier
- 9 years experience

RAVI DABAS*

Analyst – Computer Services / Technology

BE – University of New Delhi

MS – University of Houston

MBA – University of Pennsylvania

- 4 years with Frontier
- 13 years experience

NATHAN A. HAYMAN*

Analyst – Aerospace / Transport. / Housing

LLB – Hebrew University Law School

MBA – Dartmouth College

- 3 years with Frontier
- 4 years experience

KRISTIN S. KING, CFA

Analyst – Consumer

BS – University of Notre Dame

MBA – University of Pennsylvania

- 2 years with Frontier
- 7 years experience

MICHAEL E. GARGANO

Analyst – Health Care Services /

Technology Hardware

BS – Boston College

- 1 year with Frontier
- 14 years experience

EMMANUEL FRANJUL

Analyst – Financial Services

BS – Cornell University

MBA – Cornell University

- Joined Frontier in June 2011
- 1 year experience

ADAM K. PANASIEWICZ

Analyst – Business Services

BA – University of Toronto

MBA – Harvard University

- Joined Frontier in September 2011
- 3 years experience

LISA A. TURLEY*

Senior Trader

BA – University of Massachusetts

- 20 years with Frontier
- 21 years experience

CAROLYN C. SHEA

Senior Trader

BA – St. Lawrence University

- 11 years with Frontier
- 21 years experience

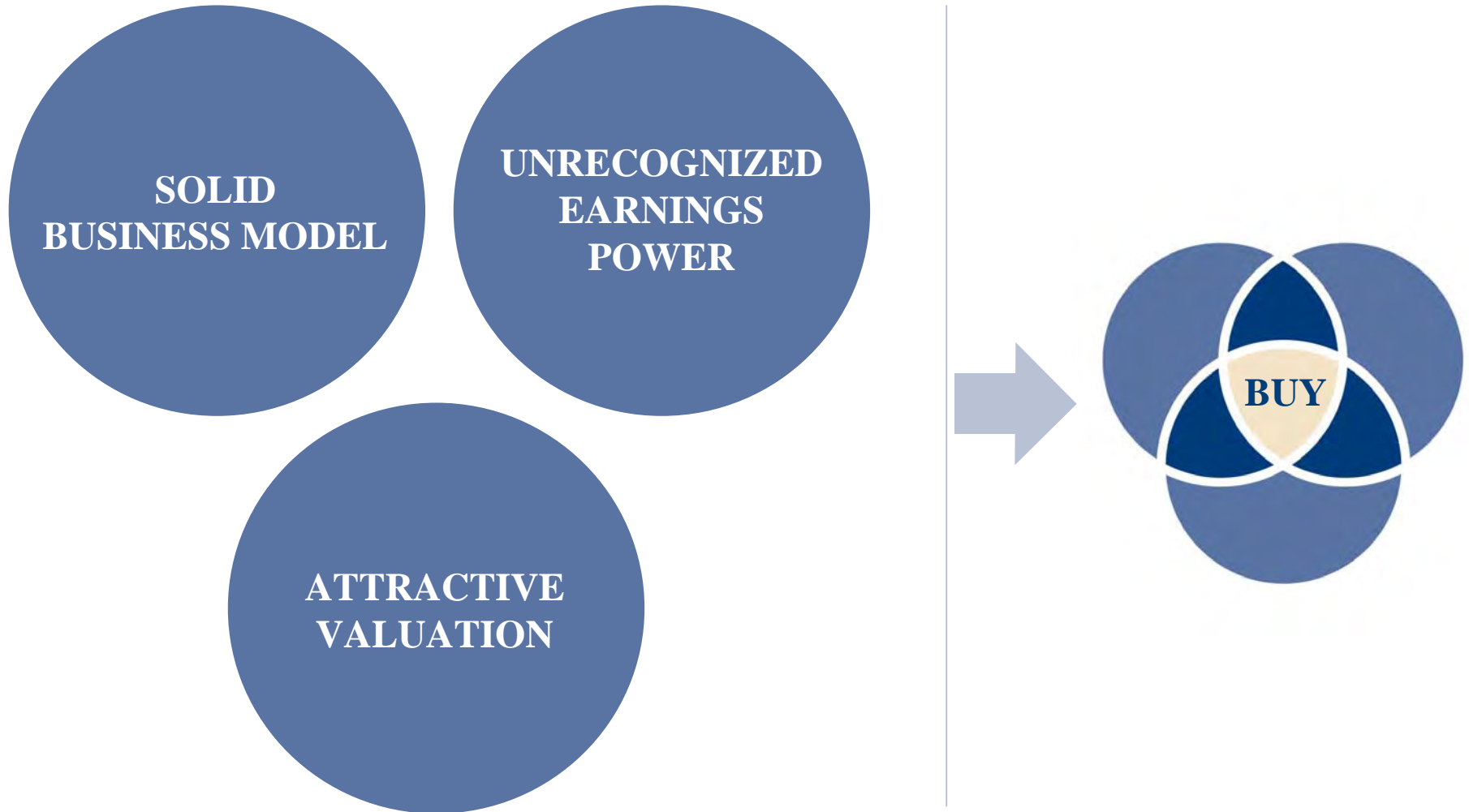
FRONTIER SMALL CAP VALUE

Portfolio description

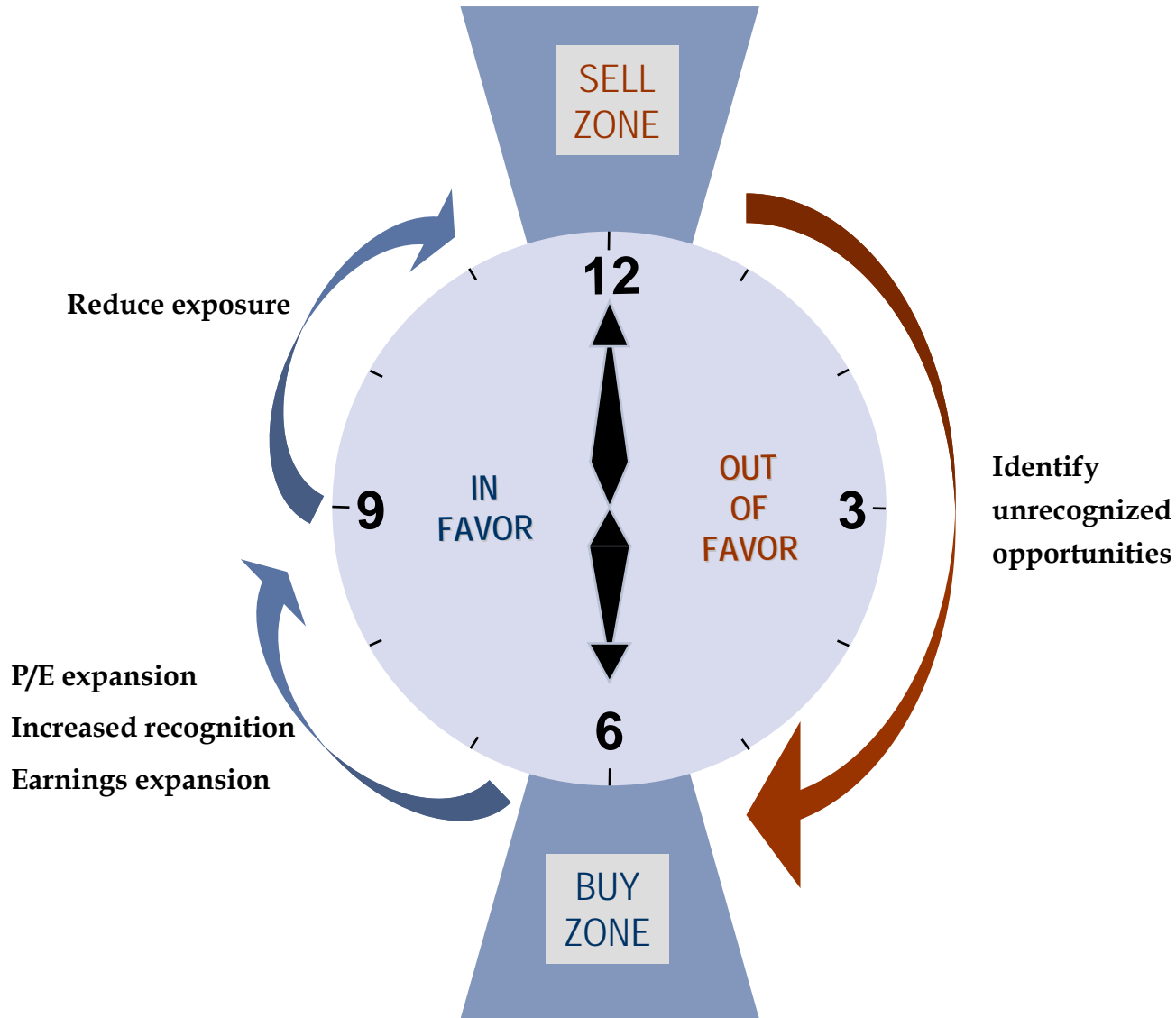
Portfolio Managers	William A. Teichner, CFA and Thomas W. “TJ” Duncan
Inception	January 1, 1999
Style	Relative Small Cap Value
Capitalization Range	Within the range of the Russell 2000 Index
Performance History	Top quartile performance Performed well in fundamentally driven markets History of protecting capital in down markets Likely challenged in speculative markets
Basic Product Design	Approximately 70 – 100 stocks 80 – 100% of value added from stock selection

INVESTMENT PHILOSOPHY – WHAT WE BUY

We believe there are three key drivers of long-term consistent performance



WHEN WE BUY



PHILOSOPHY

PROCESS

SELL DISCIPLINE

RISK MANAGEMENT

SELL DISCIPLINE

Capital preservation is critical to superior long-term performance

**BREAKDOWN OF
BUSINESS MODEL**

**NO UPSIDE TO
EARNINGS POWER**

**UNATTRACTIVE
VALUATION**

RISK CONTROL

Risk management is embedded in our culture and investment approach

RISK MANAGEMENT

Stages and Descriptions

FIRM

Culture of Risk Management

- Management committee oversight
- Senior chief compliance officer
- Annual compliance review
- Firm-wide compliance training
- Automated testing systems
- State-of-the-industry policies
- Periodic capacity assessment

PORTFOLIO

Structural Risk Controls*

- No more than 20% in single industry
- No stock greater than 5%
- Performance analytics
- Monthly attribution review

STOCK

Stylistic Risk Controls

- Valuation discipline
- Price target assessment: risk/reward
- Balance sheet & accounting reviews
- Multiple ways to win
- Avoid binary events
- Liquidity analysis
- Client guidelines assessment

**This is a brief summary of certain investment guidelines by which the strategy is managed. Actual guidelines for any client account may differ and are set forth in the management agreement.*

SMALL CAP VALUE PORTFOLIO

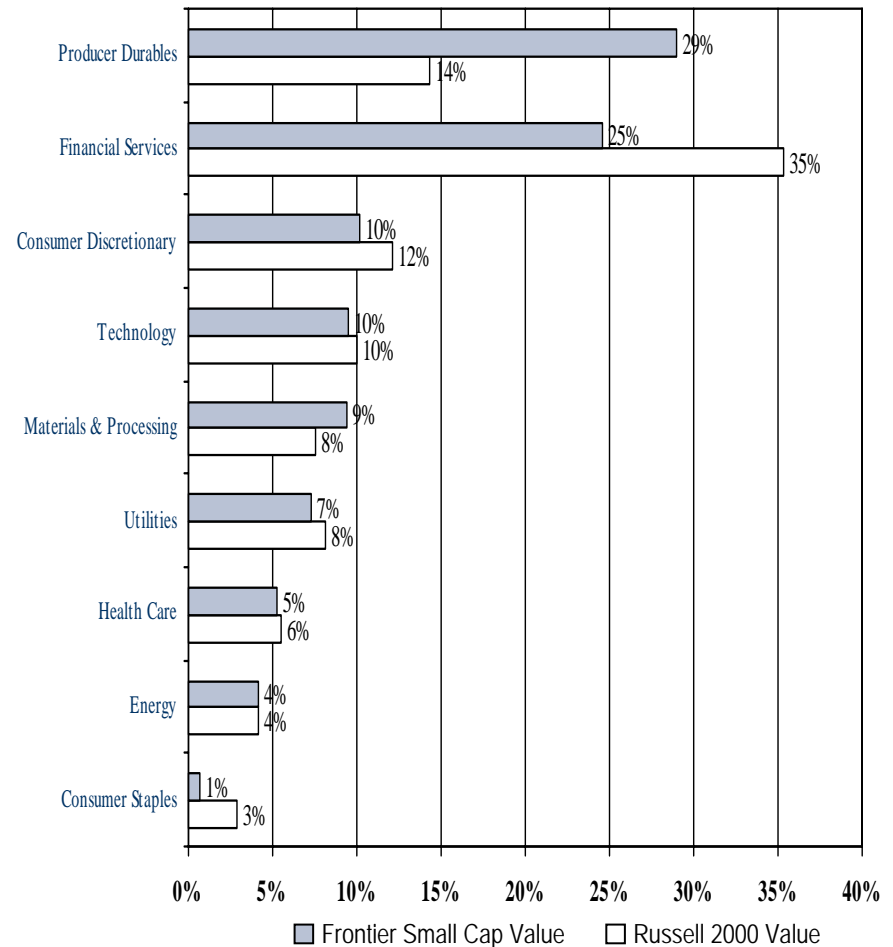
PORTFOLIO CHARACTERISTICS

		Frontier Small Value	Russell 2000 Value
Number of Holdings		85	1,350
Capitalization	Weighted Average	\$1.5 B	\$1.0 B
	Weighted Median	\$0.9 B	\$0.9 B
P/B Ratio		1.6x	1.3x
Turnover	Trailing 12 Months	43%	n/a

TOP TEN HOLDINGS

Security Name*	Sector	Percentage of Portfolio
Chico's FAS Inc.	Consumer Discretionary	2.7
Cooper Companies Inc.	Health Care	2.5
DXP Enterprises Inc.	Producer Durables	2.3
Westar Energy Inc.	Utilities	2.0
Texas Capital Bancshares Inc.	Financial Services	2.0
Raymond James Financial Inc.	Financial Services	1.8
Aspen Insurance Holdings Ltd.	Financial Services	1.8
Bank of the Ozarks Inc.	Financial Services	1.8
HCC Insurance Holdings Inc.	Financial Services	1.8
Portland General Electric Co.	Utilities	1.7
Total		20.4

RUSSELL GLOBAL SECTOR WEIGHTS



As of August 31, 2011. *The specific securities identified are not representative of all of the securities purchased, sold or recommended for clients and should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that an investment in the securities identified has or will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

SMALL CAP VALUE PERFORMANCE ATTRIBUTION

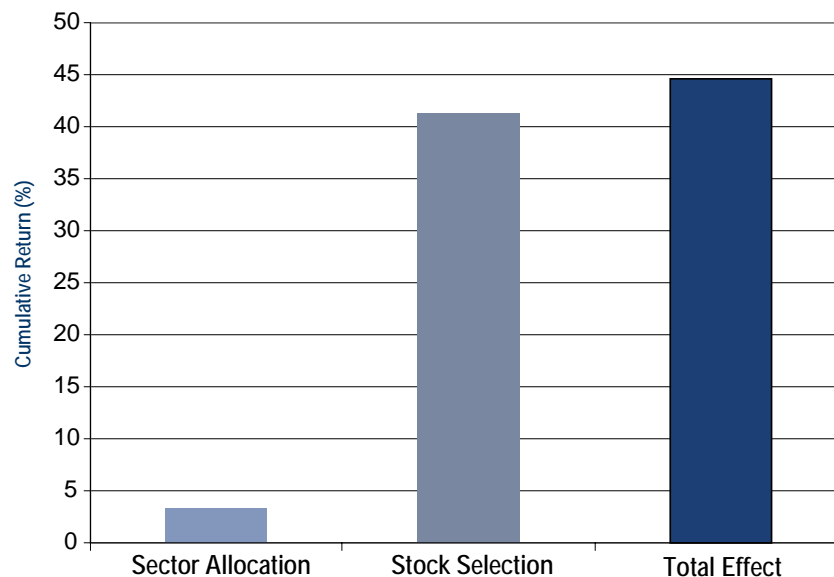
Proven stock picking ability

- Positive stock selection across multiple sectors
- More than 93% of performance contributions, over the last 5 years, can be attributed to stock selection

PORTFOLIO ATTRIBUTION

Five Years Ending June 30, 2011

Russell Global Sectors	Sector Selection	Stock Selection	Total Effect
Financial Services	3.8	13.1	16.9
Technology	2.0	11.1	13.1
Producer Durables	-0.0	9.6	9.6
Health Care	1.6	3.1	4.7
Utilities	0.9	1.6	2.5
Materials & Processing	1.7	-0.2	1.4
Energy	-3.4	4.5	1.1
Consumer Staples	-1.1	-0.6	-1.8
Consumer Discretionary	-1.9	-0.7	-2.6
Total	3.3	41.3	44.6



Source: FactSet Research Systems, Inc. © Attribution
 Benchmark: Russell 2000 Value
 Period: 5 Years Ending June 30, 2011

The performance quoted represents past performance. Past performance does not guarantee future results.
 Performance attribution is based upon a representative account within Frontier's Small Cap Value composite.
 Data is represented on a cumulative basis.

SMALL CAP VALUE PERFORMANCE

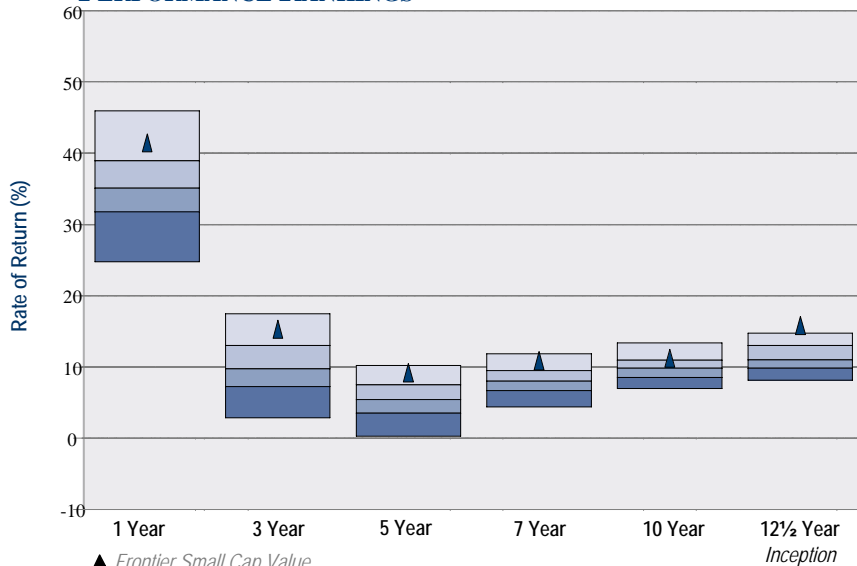
For Annualized Periods Ending June 30, 2011

ANNUALIZED RETURNS (%)	YTD thru 8/31/11	1 YEAR	3 YEAR	5 YEAR	7 YEAR	10 YEAR	12½ YEAR*
Frontier Small Cap Value <i>(gross of fees)</i>	-4.4%	41.5%	15.3%	9.2%	10.9%	10.8%	15.8%
Russell 2000 Value	-8.5%	31.4%	7.1%	2.2%	5.6%	7.5%	8.6%
Excess Return	+4.1%	+10.1%	+8.2%	+7.0%	+5.3%	+3.3%	+7.2%

Information herein refers to the composite portfolio and is provided for illustrative purposes only. Characteristics and performance of individual client accounts will vary, and no assurances are provided regarding future performance or results. Returns are shown gross of fees. A client's returns will be reduced by any management fees, as well as any other expenses incurred in the management of their account. Please refer to the net returns and important disclosure at the end of this presentation. Past performance is no guarantee of future results.

*Since Inception: 1/1/99

PERFORMANCE RANKINGS



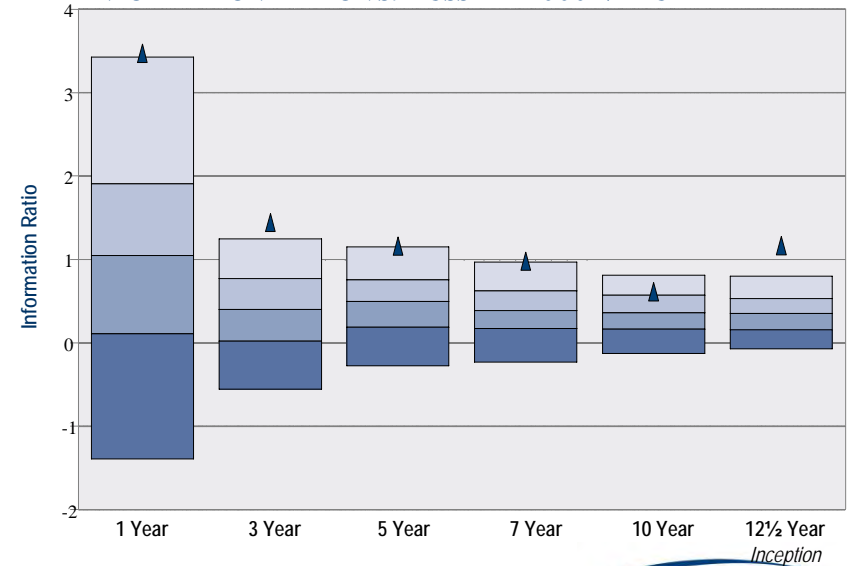
▲ Frontier Small Cap Value

Source: eVestment Alliance (monthly return data)

Universe: Small Cap Value (222 products in universe: 93% updated)

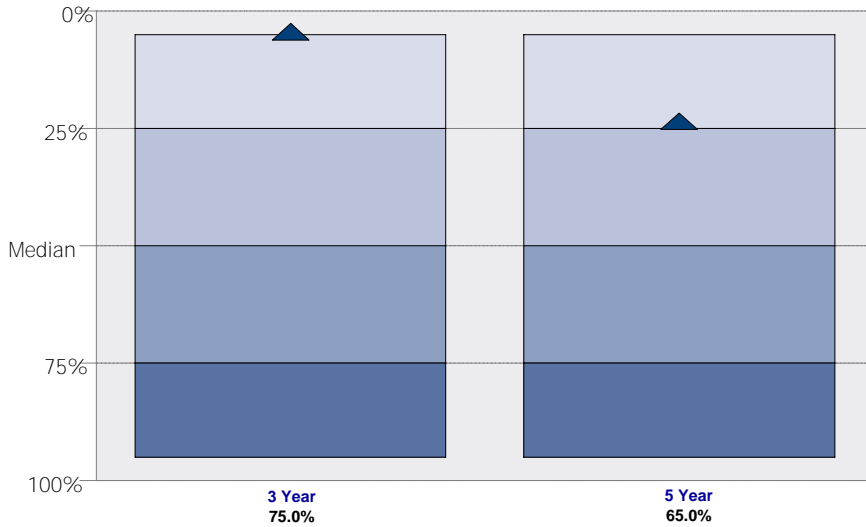
Period: Ending June 30, 2011

INFORMATION RATIO VS. RUSSELL 2000 VALUE

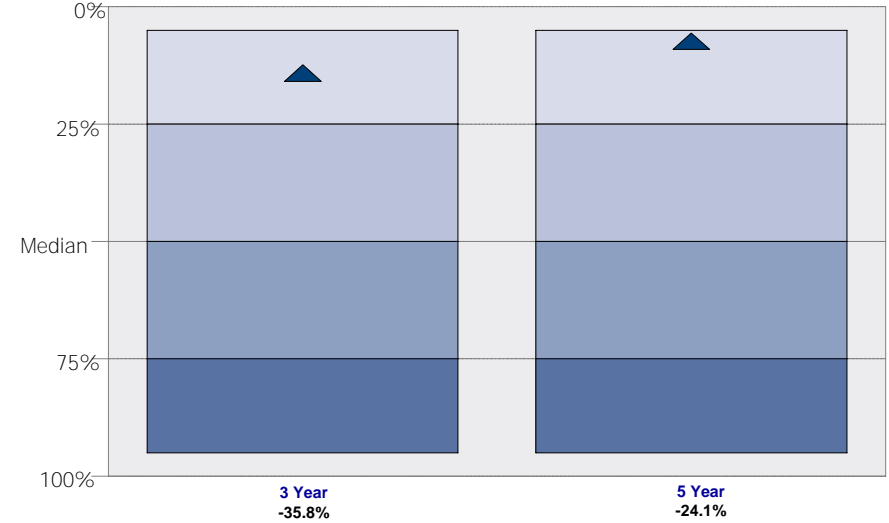


SMALL CAP VALUE RISK ANALYSIS

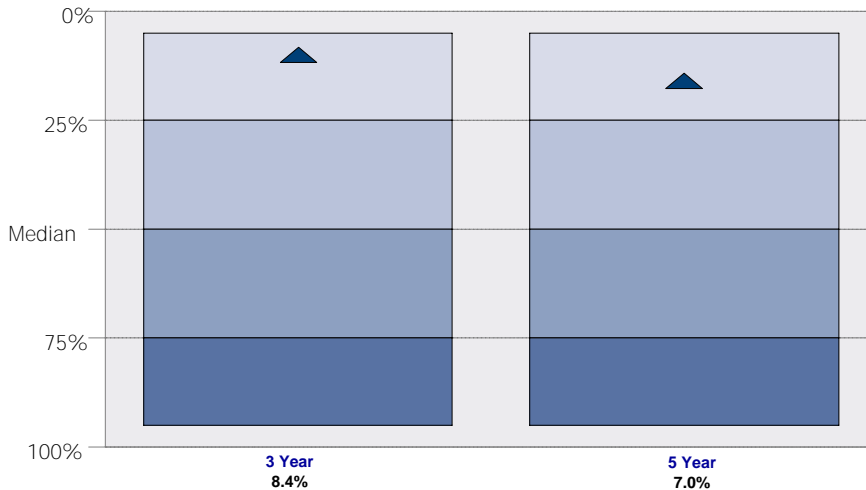
BATTING AVERAGE VS. RUSSELL 2000 VALUE



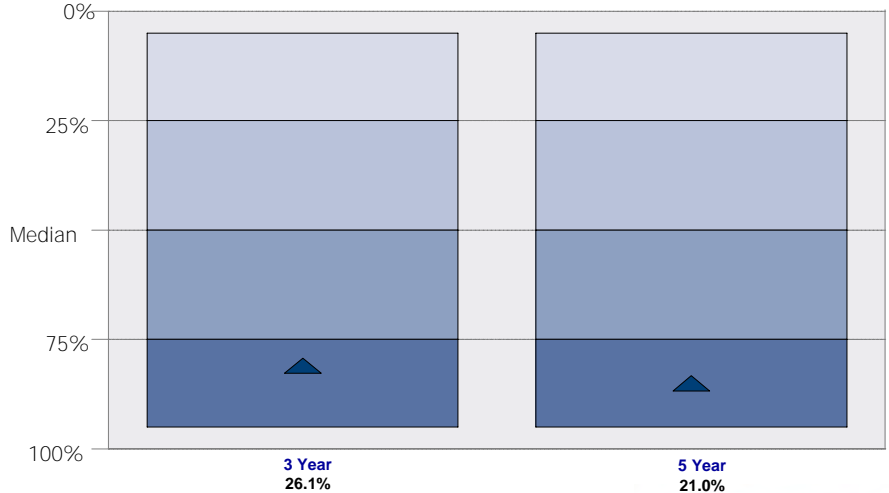
DOWNSIDE MARKET RETURN VS. RUSSELL 2000 VALUE



ANNUALIZED ALPHA VS. RUSSELL 2000 VALUE



STANDARD DEVIATION



▲ Frontier Small Cap Value
 Source: eVestment Alliance
 Universe: Small Cap Value (222 products in universe; 93% updated)
 Period: Ending June 30, 2011

WHY FRONTIER CAPITAL?

FIRM

- Well managed, stable organization with a 30+ year history of excellence.
- Proven expertise in small cap investing for institutional clients.
- Extensive experience in managing portfolios for U.S. public pension clients.

PEOPLE

- Employees are owners in the firm.
- Low employee turnover: we invest in our people.
- Intellectually inquisitive investment team with a passion for picking stocks.

PROCESS

- Disciplined and repeatable investment process: since inception, Frontier Small Cap Value returns have outperformed 98% of peers and 99% of peers on a risk-adjusted basis (period ending June 30, 2011).
- History of delivering consistent investment returns.
- We are careful with our clients money.

We will gladly provide client references upon request.

APPENDIX

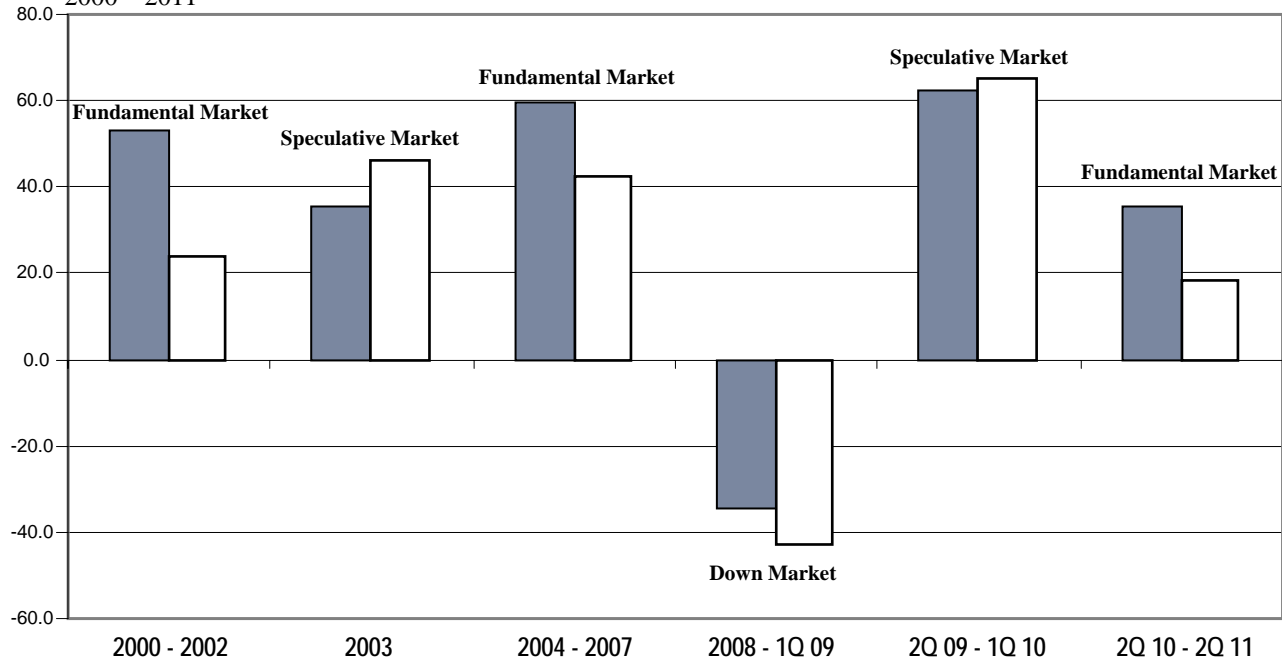
FRONTIER SMALL CAP VALUE

Pattern of performance

In up quarters, Frontier captured 119% of Russell 2000 Value returns.*

In down quarters, Frontier captured only 79% of Russell 2000 Value returns.*

PERFORMANCE OVER VARIOUS MARKET CYCLES:
2000 – 2011



Performance Objectives:

- Seeks to generate consistent returns over a full market cycle
- Outperform in fundamentally-driven markets
- Likely challenged in speculative markets
- Preserve capital in down markets

Cumulative Over/Under Performance	+29.2%	-10.3%	+17.1%	+8.6%	-2.7%	+16.5%
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■ Frontier Small Cap Value □ Russell 2000 Value

* Source: eVestment Alliance as (time period: 1/1/99 – 06/30/11)

Information herein refers to the composite portfolio and is provided for illustrative purposes only. Characteristics and performance of individual client accounts will vary, and no assurances are provided regarding future performance or results. Returns are shown gross of fees. A client's returns will be reduced by any management fees, as well as any other expenses incurred in the management of their account. Please refer to the net returns and important disclosure at the end of this presentation. Past performance is no guarantee of future results.

SMALL CAP VALUE PORTFOLIO HOLDINGS

Financial Services

- Argo Group Int'l Holdings Ltd.
- Aspen Insurance Holdings Ltd.
- Bank of the Ozarks Inc.
- Beneficial Mutual Bancorp Inc.
- BOK Financial Corp.
- First Community Bancshares Inc.
- First Financial Holdings Inc.
- First Horizon National Corp.
- Flushing Financial Corp.
- GFI Group Inc.
- Hancock Holding Co.
- HCC Insurance Holdings Inc.
- Home BancShares Inc.
- National Retail Properties Inc.
- Pinnacle Financial Partners Inc.
- Raymond James Financial Inc.
- Renasant Corp.
- Texas Capital Bancshares Inc.
- WSFS Financial Corp.

Energy

- Carrizo Oil & Gas Inc.
- Comstock Resources Inc.
- SM Energy Co.

Producer Durables

- Actuant Corp.
- Advanced Energy Industries Inc.
- Altra Holdings Inc.
- BE Aerospace Inc.
- Carlisle Companies Inc.
- Celadon Group Inc.
- Colfax Corp.
- Columbus McKinnon Corp.
- CRA International Inc.
- DXP Enterprises Inc.
- Furmanite Corp.
- Heidrick & Struggles Int'l Inc.
- HNI Corp.
- Kirby Corp.
- Lexmark International Inc.
- Littelfuse Inc.
- Mine Safety Appliances Co.
- MTS Systems Corp.
- On Assignment Inc.
- Orbital Sciences Corp.
- OSI Systems Inc.
- RailAmerica Inc.
- Saia Inc.
- Titan Machinery Inc.
- Wesco International Inc.

Technology

- Anaren Inc.
- Avid Technology Inc.
- Brightpoint Inc.
- Diebold Inc.
- Fairchild Semiconductor Int'l Inc.
- Insight Enterprises Inc.
- Jabil Circuit Inc.
- Pericom Semiconductor Corp.
- Virtusa Corp.

Health Care

- CONMED Corp.
- Cooper Companies Inc.
- IRIS International Inc.
- Synovis Life Technologies Inc.

Utilities

- Piedmont Natural Gas Co.
- Portland General Electric Co.
- Southwest Gas Corp.
- Unitil Corp.
- Westar Energy Inc.

Consumer Staples

- Pantry Inc.

Consumer Discretionary

- Chico's FAS Inc.
- Christopher & Banks Corp.
- Inter Parfums Inc.
- International Speedway Corp.
- Meredith Corp.
- Newell Rubbermaid Inc.
- Snap-On Inc.
- Thor Industries Inc.
- Wabco Holdings Inc.

Materials & Processing

- American Vanguard Corp.
- Apogee Enterprises Inc.
- Beacon Roofing Supply Inc.
- Cabot Corp.
- Cytec Industries Inc.
- Eagle Materials Inc.
- Encore Wire Corp.
- Glatfelter Co.
- Interface Inc.
- RTI International Metals Inc.

BIOGRAPHIES

Michael A. Cavarretta, CFA

Chairman

Responsibility

Portfolio Manager, Frontier Capital Appreciation Portfolios

Team Leader, Frontier Research Portfolios

Prior Experience

Financial Analyst, General Electric Company

Education

B.S. University of Maine

M.B.A. Harvard Business School

Stephen M. Knightly, CFA

President

Responsibility

Portfolio Manager, Frontier Mid Cap Growth Portfolios

Prior Experience

Acquisitions Analyst, Glenthorpe Capital, Inc.

Financial Analyst, Neuberger & Berman

Analyst and Account Manager, Bankers Trust Company

Education

B.S. Lehigh University

M.B.A. The Wharton School, University of Pennsylvania

William A. Teichner, CFA

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Value Portfolios

Prior Experience

President's Council of Economic Advisers, The White House

Charles M. Williams Fellow, Harvard Business School

Corporate Finance Analyst, Shearson Lehman Brothers Inc.

Education

B.A. Columbia University

M.B.A. Harvard Business School

Thomas W. Duncan, Jr.

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Value Portfolios

Prior Experience

Equity Trader, Cowen & Company

Economic Analyst, First Albany Corp.

Education

B.A. Skidmore College

M.B.A. Johnson Graduate School of Management, Cornell University

James A. Colgan

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Growth Portfolios

Prior Experience

Manager, Digital Equipment Corporation

Program Manager, United Technologies Corporation

Education

B.S. University of Connecticut

M.S. University of Massachusetts

M.S., M.B.A. MIT Sloan School of Management

G. Michael Novak, Jr.

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Growth Portfolios

Prior Experience

Summer Associate, Bain & Company and Morgan Stanley Dean Witter

Captain, United States Army

Education

B.S. United States Military Academy

M.B.A. Harvard Business School

BIOGRAPHIES

Andrew B. Bennett, CFA

Vice President

Responsibility

Assistant Portfolio Manager, Frontier Capital Appreciation Portfolios

Research Analyst

Prior Experience

Assistant Portfolio Manager, Wellington Management Company, LLP

Research Associate, Frontier Capital Management Company, LLC

Associate Analyst, Alex. Brown & Sons

Education

B.A. Wheaton College

Rushan (Greg) Jiang, CFA

Vice President

Responsibility

Research Analyst

Prior Experience

Summer Associate, Global Investment Research, Goldman Sachs

Associate, Equity Research, India Capital Fund

Project Leader and Senior Engineer, Oracle Corporation

Education

B.S. The University of Texas at Austin

M.S. Stanford University

M.B.A. MIT Sloan School of Management

Peter G. Kuechle

Vice President

Responsibility

Team Leader, Frontier Research Portfolios

Research Analyst

Prior Experience

Associate, Bain Capital Ventures

Manager, Corporate Development, SupplierMarket/Ariba

Principal, Advent International

Business Analyst, McKinsey & Company, Inc.

Education

B.A. Dartmouth College

M.B.A. Harvard Business School

Jonathan M. Levin, MD

Vice President

Responsibility

Research Analyst

Prior Experience

Equity Analyst, State Street Research and Management

Clinical Director, Brain Imaging Center and Director, Laboratory for Cerebral Blood Flow,

Harvard Medical School/McLean Hospital

Neurology Resident, Brigham and Women's Hospital

Education

B.A. Yale University

M.D. Emory University School of Medicine

M.P.H. Harvard School of Public Health

M.B.A. MIT Sloan School of Management

Christopher J. Scarpa

Vice President

Responsibility

Assistant Portfolio Manager, Frontier Mid Cap Growth Portfolios

Research Analyst

Prior Experience

Associate, Institutional Research Equity Sales, Merrill Lynch & Co.

Summer Associate, Merrill Lynch & Co.

Area Director, Public Employees Benefit Services Corporation

Financial Analyst, Drexel Burnham Lambert, Inc.

Education

B.A. Tufts University

M.B.A. Harvard Business School

Ravi Dabas

Vice President

Responsibility

Research Analyst

Prior Experience

Director, Information Technology, Agere Systems Inc.

Senior Manager, Information Technology, EMC Corporation

Senior Consultant, Deloitte Consulting/CGI Group Inc.

Systems Analyst, BP/Amoco Corporation

Education

B.E. Delhi College of Engineering, University of New Delhi

M.S. University of Houston

M.B.A. The Wharton School, University of Pennsylvania

BIOGRAPHIES

Nathan A. Hayman

Vice President

Responsibility

Research Analyst

Prior Experience

Summer Associate, The Weitz Funds

Senior Associate, Yigal Aron & Co.

Education

L.L.B. Hebrew University Law School

M.B.A. Tuck School of Business at Dartmouth

Kristin S. King

Research Analyst

Responsibility

Research Analyst

Prior Experience

Fixed Income Corporate Credit Analyst, Emerging Market Debt, Wellington

Management Company

Associate and Business Analyst, Global Investment Research, Goldman, Sachs & Co.

Education

B.S. University of Notre Dame

M.B.A. The Wharton School, University of Pennsylvania

Michael E. Gargano

Research Analyst

Responsibility

Research Analyst

Prior Experience

Senior Research Analyst, Copper Rock Capital Partners, LLC

Vice President, Analyst, BlackRock, Inc./State Street Research & Management

Equity Research Associate, Bear, Stearns & Company, Inc.

Equity Research Associate, Loomis, Sayles & Company, L.P.

Financial Analyst, Charterhouse, Inc.

Education

B.S. Boston College

Emmanuel Franjul

Research Analyst

Responsibility

Research Analyst

Prior Experience

Summer Associate, Department of Treasury – State of New Jersey

Pre-MBA Intern, Spencer Capital Management LLC

Edison Leadership Program, General Electric Company

Education

B.S. Cornell University

M.B.A. Johnson Graduate School of Management, Cornell University

Adam K. Panasiewicz

Research Analyst

Responsibility

Research Analyst

Prior Experience

Summer Analyst, Passport Capital LLC

Associate, Stellation Asset Management

Education

B.S. University of Toronto

M.B.A. Harvard Business School

Carolyn C. Shea

Vice President

Responsibility

Institutional Trader

Prior Experience

Senior Equity Trader, Principal, Arlington Capital Management

Senior Equity Trader, Assistant Vice President, ING Pilgrim Investments

Senior Equity Trader, Vice President, Frontier Capital Management Company, LLC

Equity Trader, Harbor Capital Management

Research Analyst/Assistant, Franklin Research & Development

Education

B.A. St. Lawrence University

Lisa A. Turley

Vice President

Responsibility

Institutional Trader

Education

B.S. University of Massachusetts

BIOGRAPHIES

William J. Ballou

Chief Operating Officer

Responsibility

Administrative and Legal

Prior Experience

Senior Vice President and Senior Counsel, Liberty Financial Companies, Inc.

Vice President and Associate Counsel, MFS Investment Management

Associate, Ropes & Gray

Education

B.S. Union College

J.D. Duke University School of Law

Richard H. Binder, CPA

Senior Vice President

Responsibility

Chief Financial Officer

Prior Experience

Manager, Wolf & Company

Education

B.A. University of Massachusetts

Sarah J. Jankowski

Chief Administrative Officer

Responsibility

Institutional Marketing and Client Service

Prior Experience

Associate Director, Investment Counsel Association of America, Inc. (now Investment Adviser Association)

Education

B.A. Wells College

Amy L. Janezic

Vice President

Responsibility

Institutional Marketing and Client Service

Prior Experience

Custody Accountant, Investors Bank & Trust Company

Education

B.S. Boston College

M.B.A. Babson College

Christopher W. Premock

Vice President

Responsibility

Institutional Marketing and Client Service

Prior Experience

Vice President, Lehman Brothers Asset Management

Vice President, Neuberger Berman, LLC

Founder, Premier Travel Bags

Education

A.A.S. Vermont Technical College

B.S. Arizona State University

M.S. Baruch College

Leigh Anne Yoo

Vice President

Responsibility

Institutional Marketing and Client Service

Prior Experience

Vice President, Lazard Asset Management

Education

B.B.A. University of Georgia

DISCLOSURE

Frontier Small Cap Value Composite

Performance Results: January 1, 1999, through June 30, 2011

Year	Gross of Fees Return (%)	Net of Fees Return (%)	Benchmark Return (%)	Number of Portfolios	Composite Dispersion (%)	Total Assets at End of Period (USD millions)	Percentage of Firm Assets	Percentage of Non-Fee-Paying Portfolios	Total Firm Assets (USD millions)
1999	32.0%	32.0%	-1.5%	1	N/A	\$8	<1	100	\$4,987
2000	52.3%	52.3%	22.8%	1	N/A	\$13	<1	100	\$4,848
2001	16.0%	15.8%	14.0%	3	N/A	\$62	1	25	\$4,396
2002	-13.2%	-13.7%	-11.4%	8	0.41%	\$116	3	11	\$3,852
2003	35.7%	35.4%	46.0%	9	0.65%	\$169	3	10	\$5,661
2004	20.8%	20.0%	22.3%	9	0.11%	\$89	2	22	\$5,629
2005	9.3%	8.5%	4.7%	7	0.47%	\$73	1	25	\$5,411
2006	19.6%	18.9%	23.5%	7	0.23%	\$85	1	24	\$6,076
2007	1.1%	0.5%	-9.8%	7	0.17%	\$83	1	25	\$6,305
2008	-27.4%	-27.9%	-28.9%	7	0.27%	\$55	1	20	\$4,397
2009	33.6%	32.7%	20.6%	6	0.78%	\$65	1	15	\$6,776
2010	36.1%	35.4%	24.5%	7	0.40%	\$121	1	11	\$9,950
2011	8.2%	8.0%	3.8%	7	0.14%	\$149	1	10	\$10,786

Frontier has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

- a. Frontier refers to Frontier Capital Management Company, LLC and includes all fee-paying, discretionary individually managed accounts, wrap-fee accounts and mutual funds sub-advised by Frontier. Frontier is an affiliate of Affiliated Managers Group, Inc.
- b. Frontier has been verified for the periods January 1, 1993 to December 31, 2007 by Wolf & Company, P.C. A copy of the verification report is available upon request. Returns prior to 1993 are not in compliance with GIPS® standards because they may not meet all of GIPS® calculation requirements. A complete list and description of the firm's composites and performance results are available upon request.
- c. Inception date and composite creation date: Frontier Small Cap Value: January 1, 1999. Benchmark: Russell 2000 Value. Russell indices are unmanaged and their results include income, but do not include fees, commissions or other expenses.
- d. Frontier Small Cap Value composite portfolios include investments in companies typically with a price/book ratio of less than 3.0 and with a market capitalization within the range of companies in the Russell 2000® Index at the time of initial purchase. The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.
- e. Securities transactions are accounted for on trade date and accrual accounting is utilized.
- f. Valuations and performance results are computed and stated in U.S. Dollars.
- g. Both gross and net returns were calculated on a total return basis, including all dividends and interest, accrued income, realized and unrealized gains or losses, and are net of all brokerage commissions, execution costs, without provision for federal or state income taxes. Gross-of-fees returns are presented before management fees. Net-of-fees returns are presented after the deduction of management fees and are calculated on a cash basis. Cash and equivalents are included in performance returns. Standard management fees are 1.0% for Small Cap Value. Actual fees are negotiable and may vary depending on account type and portfolio size.
- h. The monthly returns of the composite combine the individual accounts' returns (calculated on a time-weighted rate of return which is revaluated whenever cash flows exceed 10% of the account's value) by asset-weighting each account's asset value as of the beginning of the month. Quarterly and yearly returns are calculated by geometrically linking the monthly and quarterly returns, respectively. Additional information regarding policies for calculating and reporting returns is available upon request.
- i. The composite includes all actual, fee-paying, discretionary accounts, with comparable investment objectives and risks with the exception of the Small Cap Value Composite, which contains a single, actual, non-fee paying, discretionary account.
- j. Composite dispersion is computed using the asset-weighted standard deviation of all accounts that were included in the composite for the entire year. Dispersion is not considered meaningful and is not presented when there are less than five accounts included in the composite for the entire year.
- k. The results for individual accounts or for different periods may vary. Other performance calculation methods might produce different results. Investors should not rely on prior performance as a reliable indication of future performance.

ADDITIONAL DISCLOSURES

The holdings of the strategy may differ significantly from the securities that comprise the indexes and universes shown. The index and universe has been selected to represent what Frontier believes are appropriate benchmarks to compare the strategy's performance to. The index is unmanaged and cannot be invested in directly. The returns of the index do not include any transaction costs, management fees, or other costs.

The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, duration and timing of participation as a Frontier client, and a client portfolio's risk tolerance, investment objectives, and investment time horizon.

Charts and graphs included in this presentation are not meant as investment tools or to assist with investment decisions.

There is no guarantee that the investment objective will be met.

The product composite represents the investment results of a group of accounts with similar investment philosophies and objectives, managed by Frontier. The composite is an asset-weighted average of each account's time-weighted return, and includes reinvestment of income. Composite returns have the potential to be adjusted until reviewed and finalized following calendar quarter ends, and changes to monthly data will be made without any notification to institutional clients, prospects, or consultants.

Information contained in this presentation has been obtained from sources believed to be reliable, but not guaranteed. Furthermore, there can be no assurance that any trends described in this presentation will continue because economic and market conditions change frequently.

Any sectors, industries or securities discussed should not be perceived as investment recommendations.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Small Cap Value

ACTION: X

DATE: September 23, 2011

INFORMATION: _____

BACKGROUND:

In order to reduce the growth bias in the Alaska Retirement Management Board's (ARMB) small cap portfolio, at the April 2011 board meeting, the ARMB selected Barrow, Hanley, Mewhinney, and Strauss to manage a small cap value portfolio and approved staff's recommendation for Callan Associates (Callan) to conduct a small cap value manager search with the goal of hiring one or more additional small cap value managers.

STATUS:

On July 11, 2011, Callan concluded its small cap value search, selecting seven finalists. In further narrowing down the finalist list, staff analyzed the candidate firms' investment philosophy, style, track record, risks, fees, capacity, and ability to service large institutional clients.

Staff conducted an on-site due diligence visit at the office of Frontier Capital Management in Boston, MA on August 9th and of Victory Capital Management in Cincinnati, OH on August 11th. Staff met with portfolio managers, analysts, compliance personnel, and other key individuals.

It is the recommendation of staff to consider both Frontier Capital Management and Victory Capital Management to each manage a domestic small cap value mandate for the ARMB. Frontier and Victory have extensive track records displaying their ability to deliver consistent long-term outperformance through various market environments. Over the past five years, the median small cap value manager has outperformed the Russell 2000 Value Index by 2.50% on an annualized basis. Over that same time period, Frontier has outperformed the index by an annualized 6.98% while Victory has outperformed by an annualized 5.12% while both maintaining a standard deviation below that of the Russell 2000 Value Index and the median small cap value manager.

RECOMMENDATION:

The Alaska Retirement Management Board hire Frontier Capital Management and Victory Capital Management to each manage a U.S. domestic small cap value portfolio up to an initial funding of \$100 million each, subject to contract and fee negotiations.



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 06/30/11, 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	
AQR Capital Management	Y	
Artio Global Management (fka, Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
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	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Crestline Investors	Y	Y
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		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
Epoch Investment Partners	Y	
Fayez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		Y
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
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 America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Login Circle	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Man Investments	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y

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Manager Name	Educational Services	Consulting Services
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	
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)	Y	
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	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	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
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y

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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 06/30/11, 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
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
Tradewind Global Investors	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	

Of the investment manager candidates listed in this report, the firms specified below, and/or their parent companies, do business with Callan Associates Inc. as of the date the most recent quarter end. In listing any parent companies, Callan has relied solely on information provided to Callan by the investment manager organizations. Given complex corporate and organizational ownership structures, affiliate firm relationships are not listed here. A list of Callan's investment manager clients as of the most recent quarter end is attached for your reference. Because Callan's client list of investment managers changes periodically, the above information may not reflect recent changes. Clients are welcome to request a list of Callan's investment manager clients at any time.

In no way do these affiliations affect the outcome or process by which Callan's investment manager searches are conducted.

Firm	Does Business with Callan*	Does Not Do Business with Callan*	Parent Does Business with Callan*
Chartwell Investment Partners	X		
Federated Investors	X		
Frontier Capital Management		X	X
Lombardia Capital Partners, LLC		X	
Pacific Investment Management Company	X		X
Robeco Investment Management	X		
Victory Capital Management Inc.	X		

Firm	Parent Organization That Does Business with Callan
Frontier Capital Management	Affiliated Managers Group

*Based upon Callan manager clients as of the most recent quarter end.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: IFS Report Recommendation

ACTION: _____

DATE: September 22-23, 2011

INFORMATION: **X**

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.1.b Investment Policies

IFS Report Recommendation #7, page 48 states:

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

RECOMMENDATION

Recommended change is included in Resolution 2011-17 (replacing 2007-16) which will be presented for approval at the September 2011 board meeting.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: IFS Report Recommendation

ACTION: X

DATE: September 22-23, 2011

INFORMATION: _____

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.1.b Investment Policies

IFS Report Recommendation #8, page 48 states:

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

Staff has edited the existing TIPS investment guidelines to comply with this recommendation and with recommendation #7 on page 48.

RECOMMENDATION

Approve Resolution 2011-17 (replacing 2007-16).

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to Inflation-Indexed Fixed Income Guidelines

Resolution 2011-17

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, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, the Board contracts an independent consultant to provide experience and expertise in asset allocation and other investment matters to come before the Board; and

WHEREAS, the Board has established an asset allocation for the funds that considers earnings and liabilities on a current as well as a future basis; and

WHEREAS, the Board has authorized investment in fixed income securities; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for fixed income securities.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the attached Inflation-Indexed Fixed Income Guidelines, attached hereto and made a part hereof, regarding investment in inflation-indexed fixed income securities. This resolution repeals and replaces Resolution 2007-16.

DATED at Fairbanks, Alaska this _____ day of _____, 2011.

Chair

ATTEST:

Secretary

INFLATION-INDEXED FIXED INCOME INVESTMENT GUIDELINES

- A. Purpose.** The emphasis of investments in inflation-indexed fixed income securities shall be exposure, subject to defined constraints, to U.S. Treasury Inflation Protected Securities (TIPS).
- B. Barclays Capital Global Inflation-Linked U.S. TIPS Index Portfolio.**
- 1. Investment Structure.** Permissible Investments shall be limited to the following:
 - a. Money market investments comprising:
 1. Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by retirement funds will take custody of the collateral; and
 2. Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; and
 3. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of \$5 billion.
 - b. United States Treasury obligations including bills, notes, bonds, other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
 - c. Other full faith and credit obligations of the U.S. Government.
 - d. Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
 - e. Securities issued or guaranteed by municipalities in the United States.
 - f. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities.

- g. Investment grade corporate debt securities comprising:
 - 1. Corporate debt issued in the U.S. capital markets by U.S. companies; and
 - 2. Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
 - 3. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers); and
 - 4. Corporate debt issued outside of the U.S. capital markets.
- h. Asset-backed Securities (ABS).
- i. Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including, but not limited to pass-throughs, collateralized mortgage loans (CMO's), project loans, construction loans and adjustable rate mortgages.
- j. Total return swaps referenced to components or sub-components of fixed income indices. To mitigate interest rate risk, the proceeds may not be invested in securities with a maturity beyond 90 days, unless invested in the Department of Revenue internally-managed Short-Term Fixed Income Pool.

2. Limitation on Holdings. The manager of the fixed-income portfolio shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:

- a. A minimum of 80% of the portfolio's assets will be invested in inflation-indexed bonds.
- b. The portfolio's duration may not exceed a band of +/-20% around the duration of the **Barclays Capital** Global Inflation-Linked U.S. TIPS Index, or a reasonable proxy thereof.
- c. The manager may not invest more than 10% of the portfolio's assets in non U.S. dollar-denominated debt.

- d. The manager may not invest more than 5% of the portfolio's assets in investment grade corporate debt.
 - e. **Non-U.S.-Treasury-issued** ~~Corporate, asset-backed and non-agency mortgage~~ securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.
 - f. The manager may not invest more than 5% of the portfolio's assets in BBB+ to BBB- rated debt by Standard and Poor's Corporation or the equivalents by Moody's or Fitch.
 - g. The manager may not purchase more than 10% of the currently outstanding par value of any corporate bond issue.
- 3. Coverage.** The manager will execute trades with dealers that will execute orders promptly at the most favorable prices reasonably attainable.
- a. **Internally managed assets.** The manager may only execute trades with U.S. Treasury primary dealers; provided that the dealer shall have a minimum of \$200,000,000 in capital. This requirement does not apply to or restrict trades with direct issuers of commercial paper and mortgage-backed securities otherwise eligible for investment under these guidelines. The dealers must be able to execute orders promptly at the most favorable prices reasonably attainable.
 - b. **Externally managed assets.** Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.
- 4. Specific Exclusions on Investments.** The manager shall apply appropriate limitations designed to reduce risk exposure at the time investment securities are purchased, and shall, at a minimum, apply the following limitations:
- a. There shall be no investment in private placements, except Rule 144A securities.
 - b. The manager shall not sell securities short.
 - c. The manager shall not purchase securities on margin.
 - d. The manager shall not utilize options or futures.

5. **Required Remedies.** Recognizing that ratings and relative asset worth may change, the manager shall liquidate invested securities with care and prudence when the credit rating of a security falls below the minimum standards set in these guidelines or when the relative market value of that investment type exceeds the levels of holdings permitted in these guidelines. The manager is required to notify the chief investment officer to discuss the situation and the proposed liquidation strategy if it is not prudent simply to liquidate immediately.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: IFS Report Recommendation

ACTION: _____

DATE: September 22-23, 2011

INFORMATION: **X**

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.1.b Investment Policies

IFS Report Recommendation #9, page 49 states:

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

RECOMMENDATION

Staff asked MacKay Shields personnel for their preference regarding the inclusion of CDS in the high yield guidelines. They prefer that CDS not be included because they view CDS as inherent leverage and do not believe levering credit risk is a wise strategy. Given that CDS would likely not be utilized if included in the investment guidelines, staff has chosen to not do so.

Recommended change to address the delineation of permissible instruments to hedge non-US dollar exposure is included in Resolution 2011-18 (replacing 2006-35) which will be presented for approval at the September 2011 board meeting.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: IFS Report Recommendation

ACTION: X

DATE: September 22-23, 2011

INFORMATION: _____

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.1.b Investment Policies

IFS Report Recommendation #10, page 49 states:

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

Staff has edited the existing high yield investment guidelines to comply with this recommendation and with recommendation #9 on page 49.

RECOMMENDATION

Approve Resolution 2011-18 (replacing 2006-35).

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to High Yield Fixed Income Guidelines

Resolution 2011-18

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 high yield fixed income securities; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for high yield fixed income securities.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the High Yield Fixed Income Guidelines, attached hereto and made a part hereof, regarding investment in high yield fixed income securities. This resolution repeals and replaces Resolution 2006-35.

DATED at Fairbanks, Alaska this _____ day of September, 2011.

Chair

ATTEST:

Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

HIGH YIELD FIXED INCOME INVESTMENT GUIDELINES

- A. Purpose.** The emphasis of investments in high yield fixed income securities shall be diversification, subject to defined constraints, to minimize risk.
- B. Merrill Lynch U.S. High Yield Master II Constrained Index Portfolio.**
- 1. Investment Structure.** Permissible investments shall be limited to the following:
- a. Money market investments comprising:
 - 1. Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by retirement funds will take custody of the collateral;
 - 2. Commercial paper; and
 - 3. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of \$5 billion.
 - b. United States Treasury obligations including bills, notes, bonds other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
 - c. Other full faith and credit obligations of the U.S. Government.
 - d. Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
 - e. Securities issued or guaranteed by states or municipalities in the United States.

- f. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities.
 - g. Corporate debt securities comprising:
 - 1. Corporate debt issued in the U.S. capital markets by U.S. companies; and
 - 2. Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
 - 3. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers).
 - 4. Non-U.S. dollar denominated debt, if hedged to U.S. dollars.
 - h. Convertible bonds.
 - i. Bank debt.
 - j. Preferred stock.
 - k. Common stock.
 - l. Warrants.
- 2. Limitation on Holdings.** The lower of any S&P, Moody's or Fitch rating will be used for limits on securities rated below B3 or B-, and the higher rating will be used for limits on securities rated A3 or A- or higher. Only one rating is necessary. The following restrictions reference Moody's ratings, but apply to all corresponding ratings by S&P, Moody's or Fitch for a given security. The Contractor shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:
- a. The portfolio's duration may not exceed a band of +/-20% around the duration of the of the Merrill Lynch U.S. High Yield Master II Constrained Index.
 - b. The Contractor may not invest more than 10% of the portfolio's assets in securities rated A3 or higher by any rating agency (including government instruments). Cash held in the portfolio will be included in this limitation.

- c. The Contractor may not invest more than 25% of the portfolio's assets in securities rated below B3. Additionally, the Contractor may not invest more than 5% of the portfolio's assets in unrated securities. Unrated securities shall be assumed to be rated below B3.
- d. The Contractor may not invest more than 25% of the portfolio's assets in non-U.S. denominated debt. Investments in countries not rated investment grade, including emerging markets, will not exceed 10% of the portfolio's assets.
- e. The manager is not allowed to hold a net short position in any currency and may not participate in hedging other than defensive hedging which is defined as hedging of foreign currency exposure directly into the U.S. dollar.
- f. Futures and forward contracts for the purchase or sale of currencies may be entered into only to facilitate securities transactions or for defensive hedging as described in 2e.
- g. The Contractor may not invest more than 25% of the portfolio's assets in any one corporate sector as defined by the Merrill Lynch U.S. High Yield Master II Constrained Index, as defined as Industry Level 3.
- h. Warrants and common stock are authorized investments only if issued in conjunction with or related to bonds purchased by the contractor.
- i. Common stock received from the conversion of a convertible security, the exercise of a warrant or the restructuring of an issuer's debt should be sold within 90 days of receipt or within 90 days of the expiration of a restriction period. If more time is needed, the Advisor must seek permission in writing from the Chief Investment Officer.
- j. The Contractor may not invest more than 5% of the portfolio's assets in any one corporate issuer.
- k. Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.

2. Specific Exclusions on Investments. The manager shall apply appropriate limitations designed to reduce risk exposure at the time investment securities are purchased, and shall, at a minimum, apply the following limitations:

- a. There shall be no investment in private placements, except Rule 144A securities and bank debt.

- b. The manager shall not sell securities short.
- c. The manager shall not purchase securities on margin.
- d. The manager shall not utilize options or futures, **other than as described in section 2f.**

3. Required Remedies. Recognizing that ratings and relative asset worth may change, the manager shall liquidate invested securities with care and prudence when the relative market value of an investment type limited by these guidelines exceeds the levels of holdings permitted. The manager is required to notify the chief investment officer to discuss the situation and the proposed liquidation strategy if it is not prudent simply to liquidate immediately.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Cash Equitization Using Futures/ETFs

ACTION: X

DATE: September 23, 2011

INFORMATION: _____

BACKGROUND:

Equity managers are expected to maintain fully invested equity portfolios per the Alaska Retirement Management Board's (ARMB) Investment Guidelines for Domestic and International Equities. This guideline considers a portfolio to be fully invested as long as cash levels are below a maximum of five percent for small cap and international equity managers and three percent for domestic large cap equity managers.

At the February 2011 board meeting, the ARMB approved the use of standardized equity index futures and Exchange Traded Funds (ETFs) to equitize cash through manager contributions and redemptions in order to minimize cash drag on the portfolio. Although this step significantly reduces cash drag on the portfolio through rebalancing, it does not reduce the daily impact of cash held by managers.

STATUS:

The cash held by equity managers throughout the normal course of business can also be efficiently securitized through the use of standardized equity index futures and ETFs as has been implemented during manager contribution and redemptions. Staff is recommending that the ARMB approve the use of standardized equity index futures and ETFs to equitize cash held in the portfolios to further minimize cash drag on the overall equity portfolio.

RECOMMENDATION:

The Alaska Retirement Management Board approve Resolution 2011-20, allowing the use of standardized equity index futures and ETFs to equitize cash held in the equity portfolios through the normal course of business.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Investment Guidelines for
Domestic and International Equities

Resolution 2011-20

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 domestic and international equities; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for domestic and international equities.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the Investment Guidelines for Domestic and International Equities, attached hereto and made a part hereof, regarding investment in domestic and international equities.

This resolution repeals and replaces Resolution 2010-02.

DATED at Fairbanks, Alaska this ____ day of September, 2011.

Chair

ATTEST:

Secretary

ALASKA RETIREMENT MANAGEMENT BOARD (ARMB)

INVESTMENT GUIDELINES FOR DOMESTIC AND INTERNATIONAL EQUITIES

A. Purpose. The portfolio will have a primary emphasis on diversification to minimize risk.

B. Investment Structure. Permissible equity investments include:

1. Common and preferred stock of corporations incorporated in the United States that are listed on the New York or American exchanges or are NASDAQ listed;
2. International equity and equity related securities listed on recognized stock exchanges, or securities of closed-end funds listed on other recognized stock exchanges and whose primary purpose is to invest in securities listed on recognized stock exchanges and where recognized stock exchanges are those acknowledged by a manager as a source of prudent investments for the fund;
3. American Depository Receipts, American Depository Securities and Global Depository Securities; and
4. Convertible Debentures; and
5. Publicly traded partnerships listed on recognized stock exchanges, where recognized stock exchanges are those acknowledged by a manager as a source of prudent investments for the fund; and
6. Securities delisted and/or deregistered, owned as a result of a corporate action and not a direct purchase, and held at a value deemed to be de minimis.

C. External Equity Management. The manager must represent and warrant:

1. that it is an "investment advisor" or "bank" as defined in the Investment Advisors Act of 1940 as amended; and
2. that it has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority for acts contemplated by this contract;
3. that it is a "Fiduciary", as that term is defined in Section 3(21)(a)(ii) of ERISA with respect to the securities, and that it will discharge its duties with respect to the securities solely in the interest of the ARMB and the beneficiaries of the funds administered by the ARMB; and
4. that it has and will maintain all forms of insurance and other prerequisites required by the ARMB.

D. Investment Management Service to be Performed. From time to time, equity managers shall invest and reinvest the cash and securities allocated to it and deposited in their account, without distinction between principal and income, in a portfolio consisting of stocks or other securities when market conditions warrant alternatives to stock. These securities will be selected and retained by the manager solely on the basis of their independent judgment relating to economic conditions, financial conditions, market timing, or market analysis, and will not be subject to direction from the ARMB; provided, however, that in the event the aggregate total of any security held by the ARMB exceeds five percent (5%) of total shares outstanding, the ARMB may direct portfolio managers to sell securities to the extent the aggregate is below five percent (5%). Other securities shall be limited to:

1. obligations of the United States government;
2. obligations of United States government agencies;
3. certificates of deposit;
4. corporate debt obligations;
5. commercial paper;
6. warrants;
7. bankers acceptances; and
8. repurchase agreements.

E. Managers will be Authorized. Managers are authorized to invest or reinvest or dispose of any cash or securities held in their account or invest the proceeds of any disposition, provided that:

1. no more than ten percent of the voting stock of any corporation is acquired or held;
2. certificates of deposit have been issued by domestic United States banks or trust companies which are members of the Federal Deposit Insurance Corporation, and are readily saleable in a recognized secondary market for such instruments;
3. corporate debt obligations are rated A or better by Moody's, Standard & Poor's or Fitch rating services (Note: This rating restriction does not apply to convertible debentures);
4. commercial paper bears the highest rating assigned by Moody's Standard & Poor's Fitch rating services;

5. bankers' acceptances must have been drawn on and accepted by United States banks which have capital and surplus of at least \$200 million each;
6. repurchase agreements must be secured by the debt obligations set forth in 2 through 5 above;
7. future contracts for sale of investments or for the sale of currencies may be entered into only for the purpose of hedging an existing ownership in these investments;
8. futures and options will be authorized for the purposes of implementing a portfolio reallocation to gain immediate exposure to the appropriate country weighting:
 - a. contracts are traded on recognized exchanges, or that OTC instruments are traded with AA rated or equivalent counterparts and no contracts exceed a period of twelve months;
 - b. futures and options are not used to leverage the portfolio; and
 - c. all futures and options positions must be reported to the client each month. The report must show both the nominal position and the "economic impact" of all derivative positions;
9. standardized equity index futures and ETFs will be authorized for the purpose of cash equitization;
109. purchases in commodities or the commodities of futures market of any kind are specifically prohibited.

F. Cash Held in Portfolio. Managers are expected to maintain fully invested equity portfolios. The ARMB considers a portfolio to be fully invested as long as cash levels are below a maximum of 5 percent for small capitalization and international equity managers and 3 percent for all other equity managers, calculated using a 10-day moving average. In implementing this portion of the equity guidelines, the Chief Investment Officer will consider any cash in an individual equity account in excess of the maximum to be available for use as a funding source for other ARMB needs. Any manager that expects to exceed the maximum cash level in the short-term as the result of a specific strategy must notify ARMB in writing in advance. Such notice will temporarily exempt the manager from the maximum cash rebalancing threshold. Staff shall regularly report all equity manager net cash holdings.

G. Performance Standards. Managers are expected to have returns, over time, in excess of the appropriate benchmark, net of fees.

H. Brokerage and Commissions. In carrying out its functions, a manager will use its best efforts to obtain prompt execution of orders at the most favorable prices reasonably obtainable, and in doing so, will consider a number of factors, including, without limitation, the overall direct net economic result to the ARMB (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range), the financial strength and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possible difficult transactions in the future and other matters involved in the receipt of “brokerage and research services” as defined in and in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended, and regulations thereunder.

Provided that, in the judgment of the manager, purchase or sale execution and transactions are competitive, approximately 30% of all listed large capitalization domestic equity trades will be executed with a brokerage firm participating in a commission recapture program with the ARMB.

The Chief Investment Officer will evaluate and report the commission recapture program to the ARMB that will include:

1. total commission dollars recaptured;
2. actual percentage of commissions recaptured; and
3. a full analysis of the commission recapture program with recommendations for expanding the program.

I. Voting and Other Action. The managers shall vote any or all of the securities held by or for the account of the ARMB, unless written instructions to the contrary have been proved by ARMB. In voting securities of the ARMB, the managers shall act prudently in the interest and for the benefit of the ARMB and the beneficiaries of the funds administered by the ARMB. The manager is to furnish, on an annual basis, copies of the contractor’s policy and voting records in regards to voting proxies.

ALASKA RETIREMENT MANAGEMENT BOARD (ARMB)

INVESTMENT GUIDELINES FOR DOMESTIC AND INTERNATIONAL EQUITIES

A. Purpose. The portfolio will have a primary emphasis on diversification to minimize risk.

B. Investment Structure. Permissible equity investments include:

1. Common and preferred stock of corporations incorporated in the United States that are listed on the New York or American exchanges or are NASDAQ listed;
2. International equity and equity related securities listed on recognized stock exchanges, or securities of closed-end funds listed on other recognized stock exchanges and whose primary purpose is to invest in securities listed on recognized stock exchanges and where recognized stock exchanges are those acknowledged by a manager as a source of prudent investments for the fund;
3. American Depository Receipts, American Depository Securities and Global Depository Securities; and
4. Convertible Debentures; and
5. Publicly traded partnerships listed on recognized stock exchanges, where recognized stock exchanges are those acknowledged by a manager as a source of prudent investments for the fund; and
6. Securities delisted and/or deregistered, owned as a result of a corporate action and not a direct purchase, and held at a value deemed to be de minimis.

C. External Equity Management. The manager must represent and warrant:

1. that it is an "investment advisor" or "bank" as defined in the Investment Advisors Act of 1940 as amended; and
2. that it has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority for acts contemplated by this contract;
3. that it is a "Fiduciary", as that term is defined in Section 3(21)(a)(ii) of ERISA with respect to the securities, and that it will discharge its duties with respect to the securities solely in the interest of the ARMB and the beneficiaries of the funds administered by the ARMB; and
4. that it has and will maintain all forms of insurance and other prerequisites required by the ARMB.

D. Investment Management Service to be Performed. From time to time, equity managers shall invest and reinvest the cash and securities allocated to it and deposited in their account, without distinction between principal and income, in a portfolio consisting of stocks or other securities when market conditions warrant alternatives to stock. These securities will be selected and retained by the manager solely on the basis of their independent judgment relating to economic conditions, financial conditions, market timing, or market analysis, and will not be subject to direction from the ARMB; provided, however, that in the event the aggregate total of any security held by the ARMB exceeds five percent (5%) of total shares outstanding, the ARMB may direct portfolio managers to sell securities to the extent the aggregate is below five percent (5%). Other securities shall be limited to:

1. obligations of the United States government;
2. obligations of United States government agencies;
3. certificates of deposit;
4. corporate debt obligations;
5. commercial paper;
6. warrants;
7. bankers acceptances; and
8. repurchase agreements.

E. Managers will be Authorized. Managers are authorized to invest or reinvest or dispose of any cash or securities held in their account or invest the proceeds of any disposition, provided that:

1. no more than ten percent of the voting stock of any corporation is acquired or held;
2. certificates of deposit have been issued by domestic United States banks or trust companies which are members of the Federal Deposit Insurance Corporation, and are readily saleable in a recognized secondary market for such instruments;
3. corporate debt obligations are rated A or better by Moody's, Standard & Poor's or Fitch rating services (Note: This rating restriction does not apply to convertible debentures);
4. commercial paper bears the highest rating assigned by Moody's Standard & Poor's Fitch rating services;

5. bankers' acceptances must have been drawn on and accepted by United States banks which have capital and surplus of at least \$200 million each;
6. repurchase agreements must be secured by the debt obligations set forth in 2 through 5 above;
7. future contracts for sale of investments or for the sale of currencies may be entered into only for the purpose of hedging an existing ownership in these investments;
8. futures and options will be authorized for the purposes of implementing a portfolio reallocation to gain immediate exposure to the appropriate country weighting:
 - a. contracts are traded on recognized exchanges, or that OTC instruments are traded with AA rated or equivalent counterparts and no contracts exceed a period of twelve months;
 - b. futures and options are not used to leverage the portfolio; and
 - c. all futures and options positions must be reported to the client each month. The report must show both the nominal position and the "economic impact" of all derivative positions;
9. standardized equity index futures and ETFs will be authorized for the purpose of cash equitization;
10. purchases in commodities or the commodities of futures market of any kind are specifically prohibited.

F. Cash Held in Portfolio. Managers are expected to maintain fully invested equity portfolios. The ARMB considers a portfolio to be fully invested as long as cash levels are below a maximum of 5 percent for small capitalization and international equity managers and 3 percent for all other equity managers, calculated using a 10-day moving average. In implementing this portion of the equity guidelines, the Chief Investment Officer will consider any cash in an individual equity account in excess of the maximum to be available for use as a funding source for other ARMB needs. Any manager that expects to exceed the maximum cash level in the short-term as the result of a specific strategy must notify ARMB in writing in advance. Such notice will temporarily exempt the manager from the maximum cash rebalancing threshold. Staff shall regularly report all equity manager net cash holdings.

G. Performance Standards. Managers are expected to have returns, over time, in excess of the appropriate benchmark, net of fees.

H. Brokerage and Commissions. In carrying out its functions, a manager will use its best efforts to obtain prompt execution of orders at the most favorable prices reasonably obtainable, and in doing so, will consider a number of factors, including, without limitation, the overall direct net economic result to the ARMB (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range), the financial strength and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possible difficult transactions in the future and other matters involved in the receipt of “brokerage and research services” as defined in and in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended, and regulations thereunder.

Provided that, in the judgment of the manager, purchase or sale execution and transactions are competitive, approximately 30% of all listed large capitalization domestic equity trades will be executed with a brokerage firm participating in a commission recapture program with the ARMB.

The Chief Investment Officer will evaluate and report the commission recapture program to the ARMB that will include:

1. total commission dollars recaptured;
2. actual percentage of commissions recaptured; and
3. a full analysis of the commission recapture program with recommendations for expanding the program.

I. Voting and Other Action. The managers shall vote any or all of the securities held by or for the account of the ARMB, unless written instructions to the contrary have been proved by ARMB. In voting securities of the ARMB, the managers shall act prudently in the interest and for the benefit of the ARMB and the beneficiaries of the funds administered by the ARMB. The manager is to furnish, on an annual basis, copies of the contractor’s policy and voting records in regards to voting proxies.

**ALASKA RETIREMENT MANAGEMENT BOARD
M E M O R A N D U M**

To: ARMB Trustees
From: Judy Hall
Date: September 12, 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
Victor Djajalie	Investment Officer	Equities	6/3/11 6/16/11 7/29/11 8/29/11
Bob Mitchell	Investment Officer	Equities	6/10/11 6/16/11 6/23/11 7/5/11 7/29/11 8/5/11
Sean Howard	Assistant Investment Officer	Equities Marketable Debt Securities	5/31/11 7/6/11 8/1/11 5/31/11

Alaska Retirement Management Board
2011 Meeting Calendar

June 7 Anchorage	Strategic Planning Work Session
June 15 June 16-17 Thursday-Friday Anchorage	Committee Meetings: Audit *Final Actuary Report/Adopt Valuation/Contribution Rates *Performance Measurement - 1 st Quarter *Manager Presentations
September 9	Budget Committee (10:00 am - teleconference)
September 21 September 21-23 Wed-Thursday-Friday Fairbanks	Audit Committee *Audit Results/Assets - KPMG *Approve Budget *Performance Measurement - 2 nd Quarter *Real Estate Annual Plan *Real Estate Evaluation - Townsend Group *Manager Presentations
October 19	Audit Committee (audit report - DRB)
October 27-28	Education Conference - New York City
November 14 (tentative)	Defined Contribution Plan Committee
November 30	Audit Committee
December 1-2 Thursday-Friday Anchorage	KPMG Audit Report Performance Measurement - 3 rd Quarter Manager Review (Questionnaire) Private Equity Review *Manager Presentations

Alaska Retirement Management Board
2012 Meeting Calendar

February 15	Committee Meetings: Audit
February 16-17 Thursday-Friday Juneau	<ul style="list-style-type: none"> *Review Capital Market Assumptions *Manager Presentations *Actuarial Audit Report
April 19-20 Thursday-Friday Anchorage	<ul style="list-style-type: none"> *Adopt Asset Allocation *Performance Measurement - 4th Quarter *Buck Consulting Actuary Report *GRS Actuary Certification *Review Private Equity Annual Plan Abbott Capital Management Pathway Capital Management *Manager Presentations
June 20	Committee Meetings: Audit
June 21-22 Thursday-Friday Anchorage	<ul style="list-style-type: none"> *Final Actuary Report/Adopt Valuation/Contribution Rates *Performance Measurement - 1st Quarter *Manager Presentations
September 19	Committee Meetings: Audit Budget Defined Contribution Plan
September 20-21 Thursday-Friday Fairbanks	<ul style="list-style-type: none"> *Audit Results/Assets - KPMG *Approve Budget *Performance Measurement - 2nd 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	<ul style="list-style-type: none"> Audit Report - KPMG Performance Measurement - 3rd Quarter Manager Review (Questionnaire) Private Equity Review Economic Round Table *Manager Presentations