ALASKA RETIREMENT MANAGEMENT BOARD

BOARD OF TRUSTEES MEETING

September 20-21, 2012

Fairbanks Princess Hotel
4477 Pikes Landing Road
Fairbanks, Alaska
907 455-5014
907 455-5094 fax

Teleconference 1 800 315-6338 Code 2762#

Thursday, September 20, 2012

I. 9:00 am Call to Order
II. Roll Call
III. Public Meeting Notice
IV. Approval of Agenda
V. Public/Member Participation, Communications, and Appearances (Three Minute Limit)

VI. Approval of Minutes – June 21-22, 2012

VII. 9:05 Reports

1. Chair Report, *Gail Schubert*
2. Committee Reports
   - A. Audit Committee, *Martin Pihl, Chair*
   - B. Salary Review Committee, *Martin Pihl, Chair*
   - C. Budget Committee, *Gail Schubert, Chair*
   - D. Real Assets Committee, *Kris Erchinger, Chair*
   - E. Defined Contribution Plan Committee, *Sam Trivette, Chair*
3. Retirement & Benefits Division Report
   - A. Membership Statistics (informational)
   - B. Buck Consulting Invoices (informational)

   Director Jim Puckett

4. Treasury Division Report
   - A. FY 14 Budget – Action

   Deputy Commissioner Angela Rodell

5. CIO Report, *Gary Bader*

6. Fund Financial Report with Cash Flow Update

   Pamela Leary, Comptroller, Dept of Revenue Retirement & Benefits

10:00-10:15 7. Business and Stock Market Cycles

Gary Bader, Chief Investment Officer

10:15-10:55 8. A. Real Assets FY13 Annual Plan
Real Estate Guidelines Policies and Procedures
Steve Sikes, State Investment Officer

10:55 – Break
15 Minutes

11:10-11:45 B. Consultant Evaluation of Real Estate Plan: Diversification, Compliance, & Performance Measurement
Jennifer Young, Townsend Group

11:45-12:00 C. Adoption: Real Assets FY 13 Plan & Policies
Board Discussion
Action: Real Assets FY13 Annual Plan
Res. 2012-30
Action: Real Estate Policies and Procedures
Res. 2012-31

Lunch – 12:00 – 1:15 pm

Thursday Afternoon

1:15-1:45	9.	Real Estate Round Table *UBS: Jeff Maguire and Tom Anathan* *JP Morgan: Anne Pfeiffer and Ann Cole* *LaSalle: George Duke and Steve Bolen*
1:50-2:10	10.	UBS – Separate Account & Trumbull Property Fund *Jeff Maguire and Tom Anathan*
2:15-2:25	11.	JP Morgan Real Estate *Anne Pfeiffer, Ann Cole and Amy Cummings*

2:25 – Break
10 Minutes

2:35-2:55	12.	LaSalle – Separate Account & LaSalle Medical Office Fund *George Duke and Steve Bolen*
3:00-4:00	13.	Performance Measurement – 2nd Quarter *Michael O'Leary and Paul Erlendson, Callan Associates, Inc.*

4:05-4:30 14. IFS Action Items:

IFS Task Area	Report Recommendation
B 1 No. 5	Consider the addition of minimum portfolio characteristics versus an appropriate benchmark in the fixed income investment guidelines
A 2 No. 1	Consider adding MSCI ACWI ex-US Growth Index as a strategic policy benchmark or making it the primary benchmark for McKinley's international portfolio
A 2 No. 2	Consider adding FTSE NAREIT Equity Index to the Real Asset benchmark
A 2 No. 3 and B 5 No. 5	Ensure that Energy investments are covered by policy; either include Energy investments in Real Estate Policy or develop separate policy
B 5 No. 2	Develop and adopt investment guidelines for REIT portfolio
B 6 No. 1-6	Related to Timberland Guidelines/Policy
B 7 No. 1-3	Related to Farmland Guidelines/Policy
B 8 No. 2	Related to Watch List Guidelines

Bob Mitchell, State Investment Officer
Steve Sikes, State Investment Officer

4:30-5:00 15. Proposed Investment Resolution
Commissioner Bryan Butcher

End of Meeting Day

Friday, September 21, 2012

9:00		Call to Order
9:00-9:30	16.	Global Asset Management *Arvin Soh and Kathryn Cicoletti*
9:35-10:05	17.	Crestline Investors, Inc. *Doug Bratton*
10:05-10:20	18.	Investment Actions A. Prisma Capital Management Mandate B. International Emerging Market Exposure C. Contract Award

10:20 Break
10 Minutes

10:30-10:50	19.	Executive Session
10:55-11:15	20.	Manager Search – Master Limited Partnerships *Gary Bader, Chief Investment Officer* *Mike O'Leary, Callan Associates Inc.*
11:20-11:50		A. Advisory Research, Inc./FAMCO *Jim Cunnane, MLP CIO and* *Trish Oppeau, Vice President*

Lunch – 12:00 – 1:15 pm

Friday Afternoon

1:15-1:45	B.	Neuberger Berman *Yves Siegel, Mark Sullivan and Douglas Rachlin*
1:50-2:20	C.	Tortoise Capital Advisors *Abel Mojica and Matt Sallee*
2:25-2:45	D.	Board Discussion and Selection

IX. Unfinished Business
1. Disclosure Report, *Judy Hall, Liaison Officer*
2. Calendar, *Judy Hall, Liaison Officer*
3. Legal Report, *Rob Johnson, Legal Counsel*

X. New Business

XI. Other Matters to Properly Come Before the Board

XII. Public/Member Comments

XIII. Investment Advisory Council Comments

XIV. Trustee Comments

XV. Future Agenda Items

XVI. Adjournment

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

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
MEETING

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

MINUTES OF
June 21-22, 2012

Thursday, June 21, 2012

CALL TO ORDER

VICE CHAIR SAM TRIVETTE called the meeting of the Alaska Retirement Management Board (ARMB) to order at 9:06 a.m.

ROLL CALL

Five ARMB trustees were present at roll call to form a quorum.

Board Members Present
Gail Schubert, *Chair (arrived shortly after roll call)*
Sam Trivette, *Vice Chair*
Gayle Harbo, *Secretary*
Commissioner Bryan Butcher *(had jury duty - arrived at noon)*
Kristin Erchinger
Commissioner Becky Hultberg
Martin Pihl

Board Members Absent
2 vacant seats

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

Department of Revenue Staff Present
Angela Rodell, Deputy Commissioner

Gary M. Bader, Chief Investment Officer
Pamela Leary, State Comptroller
Zach Hanna, State Investment Officer
Steve Sikes, State Investment Officer
Scott Jones, Asst. State Comptroller
Judy Hall, Board Liaison

Department of Administration Staff Present
Mike Barnhill, Deputy Commissioner
Jim Puckett, Director, 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.
Chris Poag, Alaska Department of Law *(by telephone)*
Jonathan Roth, Abbott Capital Management, LLC
Tim Maloney, Abbott Capital Management, LLC
Amber Christman, BlackRock
Chris Barr, BlackRock
James McCandless, UBS Agrivest LLC
David Slishinsky, Buck Consultants
Monica DeGraff, Buck Consultants
Kristin Gaspar, Eaton Vance Management
Brian Dillon, Eaton Vance Management
Oliver Williams, Hancock Agricultural Investment Group
Paul Joerger, Hancock Agricultural Investment Group
John Alcantra, NEA-Alaska

PUBLIC MEETING NOTICE

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

APPROVAL OF AGENDA

MS. HARBO moved to approve the agenda. MS. ERCHINGER seconded the motion. The agenda was approved.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

JOHN ALCANTRA of the National Education Association of Alaska and the Alaska Public Pension Coalition stated that SB 121 passed the Alaska Senate, 14-6, near the end of the legislative session. The bill provided an option for defined benefit or defined contribution, with additional contributions from most public employees. He encouraged

board trustees to read the legislation. On behalf of the Alaska Public Pension Coalition, he thanked all the legislators — and specifically Senators Dennis Egan, Bill Wielechowski and Bert Stedman, along with their staffs — who tried to make SB 121 as perfect as possible. He thanked the Alaska Department of Administration for providing access to their actuary. He said he was hopeful there would be a pre-file of a similar piece of legislation for January 2013.

APPROVAL OF MINUTES - APRIL 19-20, 2012

MS. HARBO moved to approve the minutes of the April 19-20, 2012 meeting as presented. MS. ERCHINGER seconded. Without objection, the minutes were approved.

REPORTS

1. Committee Reports

1(a). Audit Committee

Audit Committee Chair MARTIN PIHL reported that they met June 20 and received KPMG's audit plan for this year *[copy of the minutes is on file at the ARMB office]*. They also received the Division of Retirement & Benefits Division detailed schedule to complete the audit. There are no significant accounting or SEC changes being faced this year. June is when the committee gets its report from legal counsel, Rob Johnson, and there were no issues it confronted. Pam Leary presented the Treasury Division report on what was a clean independent audit of State Street, the custodian for the retirement funds and State funds. She also discussed the Treasury organization chart and staffing for work done on behalf of the ARMB. Lastly, the committee continues to receive a monthly investment compliance report from Treasury, and there have been no significant findings over the course of time.

2. Chair Report

CHAIR SCHUBERT said she was a little under the weather and apologized for being late. She reported receiving an email message from Mike Williams stating that the Governor did not reappoint him to the Alaska Retirement Management Board. Mr. Williams asked her to pass along his gratitude and appreciation to the Board and staff for all their hard work, and he wished the Board every success in dealing with the difficult issues in maximizing investment returns and meeting the obligations of the retirement fund.

3. Retirement & Benefits Division Report

3(a). Buck Consultants Invoices

Division of Retirement & Benefits Director JIM PUCKETT indicated that the fiscal analysis, etc. that Buck did on legislative bills would be paid with some lapsed General Fund money in the Division budget. He also reported that the Division retained Buck Consultants to do a consulting study on a consolidation project that cost $164,692, also to

be paid from the Division budget *[presentation to follow]*.

MR. TRIVETTE said he applauded the Division of Retirement & Benefits for the study to look at the increasing workload with the same number of employees. He also suggested that the Division amend the Buck Invoices report to remove the items that have been paid off out of lapsed funds.

3(b). Membership Statistics

The report on membership activity as of March 31, 2012 was included in the meeting packet.

3(c). DRB Update

MR. PUCKETT reported on some major changes that will take place in the Division of Retirement & Benefits *[slides on file at the ARMB office]*. Given the projected growth in the PERS and TRS retiree population, DRB is facing a much larger workload than it has had in the past ten years. The Division engaged Buck Consultants to analyze the coming workload and provide some options for Division management to consider. Management is pleased with the quality of Buck's work and believes it got quite a bit for the money. Buck reported that the retiree population will grow from the current 37,000 to approaching 60,000 in 12 years. The Retirement Processing Unit processed 2,176 retirees in 2011, the largest number of retirement applications in one year since the time when some school districts and municipalities offered an early retirement program.

MR. PUCKETT stated that Buck Consultants are very experienced in analyzing retirement systems across the country, and they included a statement in the final report to DRB that, "We have rarely seen such dedication and personal identity with one's work as we found within the DRB..." He said the people in the Division take the work very seriously because Alaska is a small community, and the work is personal for them.

He presented the current structure of the Retirement and Benefits Sections, the two sections that most people are in touch with when they contact the Division. Of the three options that Buck suggested to make the Division more efficient in an attempt to meet the workload, the most painful choice to implement was the one that MR. PUCKETT said he recommended to the commissioner. That was to merge the Retirement and Benefits Sections and eliminate the redundancies in the appeal unit, the call center unit, the processing unit, etc. Buck recommended forming one large section that will be called Member Services, with a Call Center Team, a Counseling Team, an Appeals Team that will handle both benefit and retirement appeals, and an Operations Team that will handle death and disability, retirement processing, and benefit processing. The culture of the new section will be to guide Alaskans to make the right decisions for a lifetime of well-being.

MR. PUCKETT stated that the Division is also in the first phase of an imaging project to convert all the microfiche records into digital documents that will be available to the

customer service representatives in real time.

COMMISSIONER HULTBERG said the benefit of doing the reorganization is to be able to eventually free up positions that can then be redeployed back into the division where they are needed. So while the analysis by Buck was an upfront cost, it will save the Department of Administration from having to ask approval to create new positions to accommodate the increased workload.

CHAIR SCHUBERT remarked that the imaging project was a tremendous move forward that will probably benefit the beneficiaries of the system, because they will be able to get immediate answers instead of having to wait for customer service representatives to research the records and call back.

4. Treasury Division Report

Deputy Commissioner ANGELA RODELL reported that the Pension Obligation Bond Corporation met on June 5, and Trustee Trivette was also present. She said the fiscal year ends June 30, and she hoped that the investment performance of the retirement fund would continue to recover from the ugly markets over the last month and a half.

CHAIR SCHUBERT referred to recent news reports about state funds not following the governor's wishes to divest in Iran investments. She hoped that the governor understood that it was not out of disrespect to him but that it is a fiduciary obligation that the ARMB has to the retirement fund and the beneficiaries. She said staff did communicate with the investment managers.

MS. RODELL responded that the message had been conveyed, and the governor understands and appreciates the Board's position in this matter.

5. CIO Report

Chief Investment Officer GARY BADER reported the rebalancing of assets between pools to bring them into alignment with the board's target asset allocation. Twenty million dollars were also transferred from the TIPS account to Advent Capital Management (convertible bond account). The meeting packet contained communication from Blair Thomas of EIG Global Energy Partners.

MR. BADER informed the Board that Al Clerc had resigned from Pathway Capital Management and had been replaced by Jim Chambliss, who has been on the ARMB account for several years. Staff does not find this change to be of concern and believes the portfolio will continue to be managed as it has been in the past.

The Board had previously authorized staff to engage a risk manager to help assess risks in the portfolio: staff has decided to resolicit for a risk manager that will provide more analysis that is independent of staff input.

Assistant investment officer Elizabeth Walton working in the fixed income unit will be moving to the cash management unit. MR. BADER said he has approval from the Governor's Office to begin a search for a replacement.

MR. BADER said Ms. Erchinger had inquired about the manager watch list report at the last meeting. His written report included a list of the firms that are on the watch list, which he reviewed in more detail:

- Coventry Real Estate and Lehman Real Estate are both contractual funds that experienced stress during the most recent real estate decline. Staff had written Coventry down to zero, but a few years of positive audits prompted staff to write the fund back up to the auditor's value. Lehman has been renamed Silver Peak, and the ARMB's assets are performing currently.
- Lord Abbett is a small cap equity mandate. For the calendar year ended 3/31/12, it beat the index by 110 points. Over the last three years the portfolio has underperformed, but over five years it has outperformed and over 6-1/2 years it has underperformed. Staff recommended keeping Lord Abbett on the watch list and not taking any action at this time.
- Hancock Agricultural was placed on the watch list because its president, Jeff Conrad, had resigned. The new president is Oliver Williams, who has worked on the ARMB account since the beginning. There have been no issues on the account, and staff recommended that Hancock be removed from the watch list.

MS. HARBO moved to remove Hancock Agricultural Investment Company from the Manager Watch List. MR. PIHL seconded. The motion passed unanimously, 6-0.

- McKinley Capital's international equity mandate is on the watch list. The international portfolio was below the EAFE Index by 123 basis points in 2011. The two-year return was 201 basis points above the index return. McKinley knows their performance would be a topic of discussion with the board, and they have visited with staff and explained why they think the market is cycling back to when their style will be back in vogue. Given the mixed results from McKinley, staff recommended keeping them on the watch list for the international equity mandate. It is especially costly to terminate international equity mandates, and currently the retirement fund is underweight international as it is.

MR. BADER said that he had spoken to the Investment Advisory Council about the amount of emerging markets that is represented in the EAFE mandates. Many times over the years managers have reported to the board that they have increased the amount of their emerging markets exposure. Since the ARMB has emerging market mandates with some managers, there is a risk of having far more emerging market exposure in the portfolio than is intended. After consulting with the IAC and Callan Associates, staff will be coming to the board with a recommendation to constrain the developed countries mandates on the amount of emerging markets they should be in.

- McKinley Capital's large cap growth mandate outperformed the Russell 1000 Index by 237 basis points during the last year, and outperformed by 255 basis points for the past two years. But the three-year return is 129 basis points below the index. [Staff believes the three-year return guideline for putting a manager on the watch list needs to be researched and discussed at a later date.] Staff recommended that McKinley's large cap growth portfolio be maintained on the watch list, but noted that their recent performance is in the right direction.
- The internally managed REIT fund passes all three tests for not being included on the watch list. It has outperformed the index for the past two years. Staff requested that the REIT fund be removed from the watch list.

MS. HARBO moved that the Board remove the REIT fund from the Manager Watch List. MR. TRIVETTE seconded. The motion carried unanimously, 6-0.

- MR. BADER said that Prisma Capital recently announced they were going to be acquired by KKR. The terms of the acquisition are as favorable as one could expect from an investor standpoint, and all the people at Prisma are going to remain in place. The watch list qualitative requirements dictate that Prisma should be placed on the watch list.

MS. HARBO moved that the Board place Prisma Capital on the Manager Watch List because of ownership change. MR. TRIVETTE seconded. The motion passed unanimously.

MR. BADER stated that the Capital Guardian Emerging Markets Fund return was 444 basis points below the index last year. For the last three years it was 615 basis points below the index return. Over the past seven years it has outperformed the index by 74 basis points. Capital Guardian underperformed the index in 15 of the last 20 quarters. Staff recommended that the ARMB exit the Capital Guardian Emerging Markets Fund because of performance. He said the retirement fund was underweight global ex-US investments, so any withdrawal from Capital Guardian should be re-invested: staff's proposal was to allocate the funds to one of the index managers (Barclays/BlackRock or State Street) and perhaps some to the Lazard global mandate. He said staff did not like to be in the position of asking for this action, but the Capital Guardian Emerging Markets Fund had been the topic of discussion with the Investment Advisory Council.

IAC member JERROLD MITCHELL said he was in favor of Mr. Bader's recommendation. He said the world of emerging markets has changed from the days when Capital Guardian was the first major firm to manage emerging markets. They have grown bigger, but they have not changed the way they do things. Meanwhile, the emerging markets management area has changed dramatically so that there are managers within each emerging market country who are very good and who have better access to information, who are smaller and quicker on their feet. Also, there are other U.S. firms that have gone

into the emerging market area with analysts as good as Capital Guardian. He said that he has great respect for the people, the management, and the way that Capital conducts itself as a company, but he did not think that they would ever be able to keep up with the index in the future. So the ARMB might as well index the assets.

CHAIR SCHUBERT asked if staff had a second recommendation for the distribution of the funds. MR. BADER requested discretion in the timing of selling assets from terminating Capital Guardian's emerging market mandate.

MS. HARBO moved that the Alaska Retirement Management Board terminate the Capital Guardian Emerging Markets Fund and grant staff latitude in timing the termination. MR. PIHL seconded.

On a roll call vote, trustees Erchinger, Harbo, Hultberg, Pihl, Trivette, and Schubert voted in the affirmative. The motion passed unanimously.

MR. BADER recommended that the funds from Capital Guardian be placed into either State Street or BlackRock/Barclays international index funds, and to authorize Callan Associates to do a search for a new international manager. He added that the ARMB has large sums invested with Brandes and Lazard, and McKinley Capital is on the watch list, so the Board probably needed another manager in that area.

MR. TRIVETTE moved and MS. HARBO seconded.

MR. JOHNSON stated that the motion as presented was that the redistribution of assets be made to one or the other of State Street or BlackRock/Barclays. He said the motion would have to be changed if staff wished to have flexibility to split the assets between the two.

MR. BADER said his intent was to have flexibility, but he could nail it down to the State Street Index Fund.

The maker and second on the motion accepted the amendment to limit the distribution of assets to State Street.

MS. ERCHINGER inquired if there was any concern that the volume of assets from Capital Guardian would be prohibitive for State Street for some reason, such that staff would want the added flexibility to have more than one option to place the assets.

MR. BADER said he was not concerned about State Street. He added that BlackRock, also an index manager, was making a presentation later, and he was trying to preserve some flexibility if the Board had a preference. He said both of the managers do a great job, staff has been very satisfied with this type of work that State Street does, and staff is very satisfied with placing the assets there.

MR. PIHL inquired about the amount of ARMB's assets in the emerging markets fund at Capital Guardian. MR. BADER said just shy of $400 million.

The roll was called, and the motion passed unanimously, 6-0.

6. Fund Financial Presentation

State Comptroller PAMELA LEARY reviewed the April 30, 2012 financial report for each retirement plan. The total retirement fund assets grew 1.92% for the first ten months of the fiscal year. The increase was a result of investment income of $421 million. There were net withdrawals due to benefit payments coming out of the defined benefit retirement plans. The invested assets experienced a loss of 0.47% for the month of April, and there were also net withdrawals for the month.

MS. LEARY indicated that May was not a great month for the investments, resulting in the total retirement fund assets being almost 2% under what the fiscal year started out with.

The report included graphical depictions of the asset allocation and invested assets growth/loss for each retirement plan. Also contained in the report were the individual investment manager results and information for the participant-directed plans.

MR. PUCKETT presented the supplement financial report prepared by the Division of Retirement & Benefits.

MS. ERCHINGER said she would be interested in getting in the future a deeper dive on the administrative and investment costs, in particular what those costs are for the Alaska pension plans versus comparative plans.

MR. PIHL requested more information from DRB on refunds, which he believed was $167 million in ten months, and what people are doing.

CHAIR SCHUBERT called a scheduled break from 10:08 a.m. to 10:21 a.m.

5. Revisited - CIO Report

MR. BADER said he had misunderstood Mr. Johnson's comments earlier and meant to say that he wanted the authority to place the assets from the Capital Guardian Emerging Markets Fund with either State Street or BlackRock/Barclays, or both those index managers. He asked the Board to give staff that latitude, saying that it perhaps gave staff some leverage in terms of negotiating fees, and it certainly provided a certain degree of mitigation of risk by having assets in two different places.

MR. TRIVETTE moved to reconsider Motion #5 dealing with the placement of the Capital Guardian Emerging Markets Fund proceeds. MS. HARBO seconded. The motion passed unanimously.

CHAIR SCHUBERT stated that the motion was back on the table and open for an amendment.

MR. TRIVETTE moved to amend the motion to allow staff latitude to place funds with either State Street or BlackRock/Barclays or both. MS. HARBO seconded. The motion to amend passed unanimously.

CHAIR SCHUBERT stated that the main motion was on the table, and asked that all those in favor of passing the motion to say aye. The motion carried unanimously.

MR. BADER said he neglected to mention RCM Capital Management in the Watch List report. RCM's large cap mandate fails to pass the test, and he recommended placing the manager on the Watch List. RCM outperformed the S&P 500 Index for one year by 57 basis points and for four years by 221 basis points. However, by the watch list's three-year quantitative test RCM is below the index return by 117 basis points.

MS. HARBO moved that the ARMB place RCM large cap equity mandate on the Manager Watch List. MS. ERCHINGER seconded. The motion passed unanimously.

7. Investment Performance - First Quarter 2012

MICHAEL J. O'LEARY of Callan Associates, Inc. gave the report on the retirement fund's investment performance as of March 31, 2012 *[a copy of the slide presentation is on file at the ARMB office].* Callan's PAUL ERLENDSON was also present and provided information on the individually managed accounts.

MR. O'LEARY said that after a good first quarter for the markets, followed by a poor May and then some recovery in June, almost all equity indices were positive on a calendar year-to-date basis. He showed charts of data on the economy, pointing out that the inflation rate seemed to have declined. The pace of the economic recovery is so slow that there have been no real improvements in domestic employment. Some private sector employment numbers have picked up a bit; however, the labor force expanded so that instead of the unemployment rate going down it rose a little in the most recent month to 8.1%. It would not be surprising to see that pattern continue.

Regarding a chart of U.S. Treasury yield curves for three points over the 12 months ended March 31, MR. O'LEARY said the flight to quality went away a little bit during the March quarter. However, the lower current yields demonstrate how afraid investors became subsequent to the March quarter end, primarily driven by the continued turmoil in Europe and fear that China and some other emerging economies are slowing down, and that that will spill over to the U.S. domestic economy. Callan's view is that there will continue to be slow but positive growth in the U.S. Some would say that Europe is already in recession and that the U.S. is also turning into recession; however, Callan believes it is premature to say that.

Credit spreads narrowed during the first quarter of 2012 (so corporate bonds did better than the Treasury bond of the same maturity). That had clearly not been the case during much of last year. Spreads also narrowed for emerging market bonds in the quarter, but on a trailing 12-month basis it is a less compelling case. This is important in understanding the performance of a manager like Mondrian that is a non-US government bond manager but which the ARMB has granted the flexibility to own a portion of the portfolio in emerging market debt. That has helped Mondrian on balance since they had the ability to do it, but it really detracted from performance during the past year.

MR. O'LEARY presented Callan's periodic table of investment returns for various time periods ended March 31, 2012. He also spent a few minutes explaining the returns for domestic and foreign developed market indices as measured in local currency terms and in dollar terms, and the impact of the ARMB's asset allocation.

Real estate continued to improve in the first quarter, although the pace of improvement slowed a bit. The NCREIF Property Index 12-month return of 13.4% was terrific. Public real estate also had a very strong absolute return, at 12.8%.

Using PERS as the example, MR. O'LEARY presented the retirement plan actual asset allocation at March 31 compared to the strategic target allocation. At that time, the fund was overweight to domestic equities and private equity and underweight to fixed income and absolute return. He also compared the retirement plan asset allocation to that of other public funds.

The total retirement fund returned 7.97% for the March quarter, beating the target return of 7.48%. The trailing 12-month return of 4.53% was also ahead of the benchmark's 4.44% performance. Over the three-year period the total fund's 14.5% return trailed the target return of 16.4%. Private equity was the biggest source of return difference over that three-year period, and much of that is attributable to the timing of results reported by private equity funds.

MR. O'LEARY next commented on major asset categories, as follows:

- The total bond portfolio did slightly better than target for fiscal year to date and the 12-month period.
- The in-house intermediate Treasury portfolio had spectacular performance for the 12 months.
- The non-US fixed income (Mondrian) had a strong March quarter relatively, but the trailing nine months of the fiscal year was below the benchmark. Over three years, Mondrian had very strong performance, and the longer-term record is outstanding.
- High-yield bonds (MacKay Shields) have done well recently. They have higher quality high-yield bonds in their portfolio: this hurt them in the first part of the recovery, where the real "junk" was selling at incredibly distressed values. MacKay

Shields did not participate as meaningfully in that snapback, but in this more measured environment they have done very well. For all the periods, the Board's decision to have high yield be part of the fixed income portfolio was a good decision as MacKay Shields' results have been above the Barclays Aggregate. They have beaten their high yield target out to two years but have been below it for the longer periods.

- The total domestic equity pool did better than median for the fiscal year-to-date and the last 12 months.
- The large cap domestic equity pool has a large portion passively managed, so results are close to median. Callan is currently breaking down the active and passive domestic equity and will be meeting with staff and the IAC on that. A byproduct will be greater ease in understanding what has contributed to the performance picture.
- The small cap equity pool has done better than the benchmark out to five years.
- Convertible bonds and option strategies are a subcategory of the total equity pool. The expectation is that these will do better than the market in weak market environments and will underperform in strong market environments. That is dramatically evident with the Analytic Buy-Write strategy.
- Total international equity was down 5.62% for the year, while the target MSCI ACWI ex-US Index was down 6.75%. The five-year number is also slightly negative but "less bad" than the target index. Seven years is better than the index, and the 10-year trails the target index a bit.
- The performance of the international equity managers, excluding the emerging-markets-only managers, has been superior to the target MSCI EAFE Index, despite the fact that emerging markets underperformed developed markets over the past year and the ARMB international managers have had emerging markets exposure.
- The emerging markets equity pool did a tad better than the target for the full year, although both numbers were negative.
- Lazard is the sole global equity manager, and their performance during the year was extraordinarily good — 3.36% against a negative target index return.
- The real assets category on a full calendar year basis had a preliminary return of 14.06%, with a target return of 12.25%. The timber category has not done as well as the farmland category. TIPS have been quite spectacular. The energy funds have been a drag on performance recently, but the 10.3% return over five years is very attractive.
- The absolute return composite over 12 months had a negative return of 96 basis points, which was essentially at the median of Callan's database.

MR. O'LEARY said he also included a summary of comments on investment managers in the report.

MR. ERLENDSON presented a "stoplight" performance spreadsheet for the balanced and target date funds that are available as individually managed account options. He

pointed out that almost 40% of the total assets in the SBS (Supplemental Benefit System) are in the Alaska Balanced Fund and the Long-Term Balanced Fund. All the investment options beat their benchmarks for the quarter, with the exception of the Long-Term Balanced Fund, which was at the 52nd percentile. All the funds are being quite successful in achieving the objectives for which they were created.

Regarding what participants are doing with their money, MR. ERLENDSON reported that during the first quarter $4.9 million net was added to the Long-Term Balanced Fund — the largest amount of money into any of the individual funds. On the flip side of that equation, nearly $10 million exited the Alaska Balanced Fund.

MR. BADER remarked that the Alaska Balanced Fund appeared to be outperforming its passive index, and he wondered why the three-year return was red in the "stoplight" report. MR. ERLENDSON explained that it ranked in the 93rd percentile compared to what others call a balanced fund over the last three years. He added that when he looked at that, it was because the Alaska Balanced Fund has a low equity allocation. The three-year performance captures the big recovery of equities in 2009. But the five-year return includes the collapse of the equity markets in 2008 and has the fund in the top 8%.

MR. ERLENDSON next reviewed the performance of the passively managed investment options for participant-directed accounts. He pointed out that even though the Long-Term U.S. Treasury Bond Index beat its benchmark during the first quarter of 2012, it was down 5.9% in the quarter as interest rates rose. In contrast, that long-term fund was up over 25% in 2007. That is the dilemma that investors who are not fully engaged all the time run into: they look at what did well and put their money there, and when it doesn't do well they take their money out. In fact, in the March quarter there were net outflows of over $6 million, as people saw a bad outcome and moved their money out.

MR. ERLENDSON moved on to the performance of the actively managed options (active equity, stable value and interest income). He mentioned that investment results alone may not be the primary reason that people invest in the RCM Socially Responsible Fund. The social screens significantly reduce the universe of available investment opportunities, and this type of fund tends in some cases to exclude certain industries and overweight other industries relative to the broad market. It results in a highly specialized sector exposure fund, and it may be that people who invest in these strategies are not fully cognizant of the investment risks they take by acting on their beliefs. At March 31, a little under $31 million was invested in the RCM Socially Responsible Fund. With the exclusion of RCM, actively managed funds have been doing very well recently and essentially meeting their objectives.

To wrap up, MR. O'LEARY provided comment on the market environment. He said people have been preoccupied with the impending fiscal monetary cliff, the Fed's decision to continue Operation Twist, and the continuing issues in Europe. On balance, people are infinitely better off than they were in September 2008, in terms of risks to the financial

system. When looking at measures of valuation and the ability to cope with things, one could make a fairly strong case that five years down the road they would be happy they maintained equity types of investments. The markets today reflect the very serious problems that the world economy is faced with. He said he thought that, on balance, the ARMB had very good managers that were well equipped to deal with it.

IAC member GEORGE WILSON said he echoed Mr. O'Leary's comment. An important point to focus on is that the bond market was the place to be for the last 10 or 12 years. But today cash is zero, and the 10-year Treasury is at 1.6%. The ARMB is a long-term investor. He hoped that over the next 10 or 15 years the stock market will be the place to be invested. He said his recent research showed that the worst period ever in the stock market was the 10-year period ending 2008, and it was a negative 1%. Every other 10-year period is at least zero. The worst one could do is a money market rate of return if the odds continue to play out that way. However, he thought equities were the place to be.

8. Abbott Capital Management, LLC

Abbott's president, JONATHAN ROTH, and managing director TIM MALONEY, joined the meeting to talk about the private equity portfolio the firm has managed for the ARM Board since September 1998. *[A copy of the Abbott slides is on file at the ARMB office.]*

MR. ROTH stated that the rapid changes in the market moods and dispositions affect private equity, even though private equity is a long-term asset class. As private equity practitioners are trying to make new investments that they will try to grow value over five, six or seven years, or if they are in that fifth, sixth or seventh year and trying to capitalize on all the work they have done, they have to be able to nimbly pick the right time in the market to transact, be it on the buy side or the sell side. In 2011 the market conditions were fairly conducive for both buyers and sellers on the whole, but there was really a first half and a second half to the year. In the first half things were feeling much better, and in the second half of the year Abbott saw the credit markets come to a halt and the venture capital/IPO market essentially slam shut between July and November. But the all-year statistics tell basically a good story, and the ARMB portfolio generated nice results.

MR. ROTH said that in the first quarter of 2012 they saw robust investment activity and robust divestment activity, and the ARMB's cash flows reflected that. However, the market conditions from the middle of April through today have an IPO market that has been closed since May. That is mostly due to a fair amount of discussion about the poor after-market performance of a number of high profile IPOs, companies that went public in the fall of 2011.

The venture capital market was healthier but feels a little bit less healthy today. However, some recent strategic acquisitions suggest that the tilt from IPO as an exit is now back to mergers and acquisitions (M&A).

MR. ROTH stated that the deal activity level was fairly good through 2011. In the most

recent quarter, and particularly in Europe, Abbott is seeing almost a grinding halt in private equity buyout transactions. That is mostly due to it being almost impossible to secure debt financing along with buyouts, notwithstanding the strategic acquisition that Walgreen's is making to buy an interest in Boots. On the private equity exit side, the notion that the IPO is a viable option is certainly questioned. As a result, there are many more sponsor-to-sponsor transactions as an exit option, now constituting roughly 12-13% of the total private equity market.

MR. ROTH echoed Mr. O'Leary's sentiments about the risk-on/risk-off type of market mood swings. He said there is no way to predict and no way to explain it, other than there are market sentiments that are clearly changing from day to day, week to week, and month to month. General partners trying to take a company to market need to have some certainly on financing, and the challenge is that that certainty just does not exist.

In terms of the new deal environment, MR. ROTH said there are companies with high growth rates where valuations could be 12 or 13 times cash flow, and then value plays were companies are being bought for five or six times cash flow. It really depends on the sector and growth opportunity. Within venture, the buzzwords would be social, mobile, cloud, and big data. The dilemma there is a very frothy, late-stage growth equity pricing environment because people were doing anything to get in on the next to last IPO rounds. Even mutual funds began to play highly in these rounds. Now they are faced with looking at some of those prices vis-a-vis where they sit in the public market, and they are under water. There is probably going to be a reset in terms of some valuation metrics. Early stage still seems to be the place to get some incredible "pop" returns, but those pop returns are really getting more and more concentrated with a fewer number of firms. If Abbott cannot be in those firms, they do not want to be in the second or third tier firms. So their venture portfolio tends to be a little bit more growth-equity, with some presence in venture. But they have been very selective in venture and raising the bar.

The healthcare space has been underwhelming and underperforming for Abbott: there has been a lot of press recently the situation in the FDA (Federal Drug Administration) has gotten better, but it is better relative to a fairly tough environment for devices and drugs getting approved.

MR. ROTH next spoke on the private equity fundraising environment. Abbott's tactical plan that the Board reviewed at the April meeting approved them for $135 million target for 2012. There is clearly a bifurcation, and existing funds that are doing extremely well are able to raise reasonably sized pools of capital. Abbott has tended to be underweight the large mega strategy firms like Apollo, Blackstone and Carlyle, and they may not continue to be even as active as they have been on that upper end of the market. Abbott prefers more the middle to lower middle market in private equity.

MR. ROTH said there has been a fair amount of talk about institutional limited partner best practices. But many of the members of Institutional Limited Partners Association

(ILPA) have also gone around and cut special deals with general partners. How those special deals are cut is not always the same, and Abbott is watching that carefully. It can result in a partnership with some of the limited partners on one page and some LPs on a different page. The other troubling item that Abbott is watching is the notion of institutions establishing separate accounts with private equity funds.

MR. ROTH stated that the other aspect of private equity that Abbott engages in and that is getting a lot more active is secondaries. They continue to see a good flow of opportunities (to purchase from other limited partners who wish to get out of their partnership commitment in another fund).

The ARMB portfolio has some exposure to Europe, and that is predominantly upper middle market exposure with a select handful of what Abbott calls country focused funds. Many of the funds' portfolio companies could be headquartered in Europe but they actually may be global businesses. Where there is greater risk in the Europe part of the portfolio would be with the smaller funds. On the whole, Abbott is making sure that the general partners are being extremely judicious in terms of how they leverage their portfolios, and they are actually seeing a fair number of exits from this market because these GPs are taking every opportunity to get their money back. New investment activity is on the decline because of all the uncertainty.

To summarize, MR. ROTH said the GPs and the limited partners are in a better place than they were a year ago. They are taking advantage of getting exits when they can, because otherwise they have to be prepared to hold the companies through cycles that may last for a couple of years. Limited partners have seen the benefit of private equity in their portfolios: double-digit returns are hard to find. The ARMB portfolio started in 1998, and the first three years were entering at a high environment. However, the recent returns justify the commitment that the Board made, and liquidity flows remain quite robust.

MR. TRIVETTE inquired what percentage of the ARMB private equity portfolio was invested in small European companies. MR. ROTH guessed that in dollar terms it was collectively around $25 million.

MR. MALONEY presented specifics about the ARMB portfolio. Abbott made several commitments in 2011 totaling $108 million, including to four groups that were new to the ARMB portfolio. The commitments represented about 80% of the target the Board gave Abbott for the year. So far 2012 has been very busy: Abbott has made 11 commitments totaling $102 million out of the total $140 million allocation for this year. A couple of groups are new names: one that focuses on middle market buyouts in Australia, as well as the first commitment to an India located fund.

MR. MALONEY reported that since the portfolio began ARMB paid in about $1.3 billion and has received distributions back of about $1.15 billion. The net IRR is 8.8%, a 64-basis-point improvement from year-end 2010. The portfolio is very diversified, with

exposure to almost 2,000 different portfolio companies across the broad spectrum of the macro economy.

MR. MALONEY said Abbott expects a slight slow-down in commitment activity, despite their robust deal pipeline. However, they feel good about being able to hit the ARMB's $140 million target commitment by the end of the year.

Regarding the organization, MR. ROTH stated that there have been no changes to the senior management team. Abbott has added resources to the team in the form of two new associates. Their marketing client services director of four years decided to move to Atlanta for family reasons, so they have just announced a replacement. Lastly, there have been no changes on the client front.

MR. TRIVETTE asked if Abbott expected to see any changes in the organization over the next couple of years. MR. ROTH said they have a "crawl, walk, run" approach to things. However, they have been more active on the secondary side and may consider adding expertise to further improve the deal flow if they see a more ready flow of opportunities that would be additive to the portfolio.

Responding to MR. O'LEARY, MR. MALONEY said the ARMB portfolio contains a couple of "zombie" funds, older commitments done in the first few years of the program with Abbott that have been extended. Abbott is currently working diligently to get these investments wrapped up.

CHAIR SCHUBERT commented that the Board's decision to invest with Abbott in 1998 has proven to be a good decision. She then called a recess for lunch at 11:55 a.m.

The meeting reconvened at 1:15 p.m.

9. BlackRock

AMBER CHRISTMAN, vice president and primary account manager with the ARMB for the past four years, and CHRIS BARR, co-head of the multi-sector fixed income strategy team, addressed the Board about the three index funds they manage for the retirement fund. *[A copy of BlackRock's slides is on file at the ARMB office.]*

MR. BARR remarked that the ARMB had been doing business with BlackRock almost as long as they had been indexing, a relationship they were very happy with. The ARMB is invested in some funds that have actually sliced off of funds that BlackRock has had for 20 years, so there are a lot of seasoned bonds that help get the diversification and the accuracy in tracking error that BlackRock requires. A couple of years ago the legacy Barclays Global Investors (BGI) index franchise merged with BlackRock. The good news was that for ten years BGI had been on BlackRock's Aladdin system, the enterprise risk management system that the government saw fit to give all the assets from the Citicorp/Bear Stearns/Lehman Brothers issues outstanding.

MR. BARR stated that BlackRock has $1.3 trillion in global fixed income under management. Over $600 billion is in passive management, so there is an enormous commitment to the index business. BlackRock's ETF business has traditionally been retail money, but it is just taking the existing fixed income institutional franchise and offering out individual shares. This is relevant to Alaska because it does not dilute the value or performance of what the retirement fund owns at all but actually enhances it: the more bonds, the more flow, the more distribution BlackRock has coming through its institutional business, the better diverse, the better scale and better execution the ARMB gets as index holders.

MR. BARR gave a brief overview of the process that BlackRock uses for fixed income indexing. He stressed that their daily exercise is ensuring that they own enough bonds to get all the diversification to get tracking error to a minimum without paying too much for bonds that are just going to destroy the performance by paying up in transaction costs. He talked about the four parts of BlackRock's index portfolio construction process (either stocks or bonds): (1) detailed benchmark knowledge; (2) index replication process; (3) efficient trading; and (4) performance analysis. When the ARMB buys a unit of BlackRock's Government/Credit Bond Index Fund, it is actually not buying something in the index. For reasons of efficiency, BlackRock has broken out all the master indices into modules. That allows them to get scale and specialization within each of the sectors, and it allows the ARMB to participate in things like crossing at meaningful cost savings.

MR. BARR also reviewed BlackRock's trade systems, saying that they traded over $6 trillion last year. They have over 120 counterparties that they are trading with — they are the number one counterparty to Wall Street in fixed income.

MR. BARR presented the performance of the ARMB's Government/Credit Bond Index Non-Lendable Fund, which has returned over 7% annualized over the last few years. Rates have been on the ARMB's side for sure, and the Board had a very good entry point in that it was a very hot market when it got into the non-lending fund and spreads were coming in. He noted that the only characteristics that jump out different between the fund and the index are some different yield and different price average numbers. That is because there is a small percentage of cash in the portfolio. BlackRock owns 4,800 issues versus 5,700 in the index, so they own an enormous percentage of the bonds.

MR. BADER asked Mr. Barr to highlight the changes in the progress on the indexing strategy, and he complied. He said the three main things that the ARMB has participated in over the years are: (1) the evolution of information technology for risk management of the portfolio; (2) aggregating trade execution; and (3) putting themselves in the client's shoes to stay out the headlines and to make sure that they only develop and focus on products that they can actually deliver.

MR. WILSON brought up that the tracking error was about 36 fifths per year, and he

asked how the Board should view that, because he thought it was on the higher end. MR. BARR replied that BlackRock delivers the risk and return profile that they advertise, and the Government/Credit Bond Index Non-Lendable Fund is a post-notified fund. There are asset flows in defined contribution space, and the ARMB has to notify the asset manager of the flows for the day. So there is a gap between when staff provides the manager with that flow and the value of the fund that BlackRock is executing on. Sometimes the difference between when the orders are posted up and when the retirement fund is receiving the NAV is positive and sometimes it is negative. It is a function of the recordkeeper's abilities. BlackRock's tracking error is well within the range of what they see in defined contribution plans.

MR. BADER mentioned that the Board made the decision to be a non-lending fund several years, and it turned out to be a very timely decision. However, there are revenues lost by not lending the securities.

MR. BARR said that most people who invest in index funds are buy-and-hold investors and do not need the money every day. There are a lot of reasons why other people might want to borrow those securities, which is why securities lending was developed. The money made on lending securities ends up being around 20 basis points, and that revenue is split. If the split is 50-50, that is 10 basis points to the owner of the securities. So if roughly half of the securities in a portfolio are lent, that ends up being about five basis points of revenue. If the question is how much the ARMB loses from being non-lending, it would be about five basis points a year. While BlackRock is a good securities lender, many people look at it as chasing pennies in front of a steamroller. Blackrock recognizes that the retirement fund does not want to get five basis points of securities lending revenue a year and risk losing 1% in a bad year. It is a tough question, because he loves the experience that BlackRock has had with their lending funds, but he has seen other people have a real tough time. The ARMB has done really well with what it has done.

MR. O'LEARY noted that BlackRock had gotten quite a bit of news regarding the crossing of transactions. He asked what was driving the interest in what BlackRock is doing, and how people could be assured that both sides of the trade were being treated equitably.

MR. BARR said that the term "crossing" has meant a lot of things to a lot of people in the past, and people recall scary news in the past decade about dark pools and foreign exchange crossing that were really principal transactions. The bond market is a principal market, and that means somebody is doing a bid and somebody is doing an offer. The spread between the offer and the bid on Wall Street is the transaction cost for buying bonds, and that happens for everybody. BlackRock trades $6 trillion a year, so their spread tends to be a little skinnier than most people's. Crossing in its purest form is that BlackRock does not have to go to Wall Street. The Department of Labor gives BlackRock an exemption that they are allowed to go between funds crossing units. It means they do not have to buy a unit for a client at the offered side (the convention in fixed income is that

the NAV is marked at the bid side). In a cross, they get it at the bid side and it saves the client the entire spread. There is no principal transaction and there is no way to get hurt; it is literally just moving units over. Because of the merger with Barclays, what BlackRock is talking about doing now is crossing individual bonds in what has become a $10 trillion system. It is the same concept; however, bonds do not trade often. BlackRock has to go out to the market and get three competitive bids and offers for every security to make sure the price is fair. The fair market price to cross (at the midpoint) makes sure that both the selling side and the buying side will win. BlackRock only does this as an agent exclusively for its clients on Aladdin. Any Wall Street firm that does this is not doing it as an agent but doing it as a principal. Fiduciaries are not allowed to engage in any principal activity.

MS. CHRISTMAN gave a brief report on BlackRock's passive equity index funds, in which they have $1.4 trillion in assets under management. They have seen a reduction in home equity bias and a movement into the broader investable market indices (IMI). There is also a growing interest in alternatively weighted strategies.

MS. CHRISTMAN reviewed the portfolio management of BlackRock's Americas Index Equity. They have detailed knowledge of the index providers in terms of benchmarking and use that information to build the portfolios. That leads to efficient trading. Lastly, they have robust systems for performance oversight and review. Scale is important in indexing in both equities and fixed income. They use all sources to keep the tracking error small.

CHAIR SCHUBERT thanked Ms. Christman and Mr. Barr for their presentation.

10. UBS Agrivest LLC

JAMES B. MCCANDLESS, head of Global Real Estate - Farmland, joined the meeting to report on the farmland economy and the ARMB's portfolio with UBS Agrivest. *[A copy of the slides is on file at the ARMB office.]* He began with a brief overview of the firm and then discussed the U.S. farm economy. While there was a sharp uptick in net farm income starting in 2002 and peaking last year, the U.S. Department of Agriculture forecasts about a 3% decline in 2012 from that high. Even with that decline, net farm income will still be the second highest on record and is expected to move back toward the trend going forward.

MR. MCCANDLESS said farmland markets in the past few years have been characterized by very low turnover and very few attractive offerings. With the income as strong as it is, no one is motivated to sell a farm. Even retired or absentee owners have no desire to sell because there are no attractive places to invest the proceeds. The dominant group of buyers in the farmland market has been, and will probably continue to be, farmers. They are flush with cash and are expanding their land holdings whenever there is an opportunity. Almost all the transactions are cash. With more buyers than sellers, it puts upward pressure on farmland prices, but the earnings tend to support these prices.

Regarding whether there is a bubble in farmland pricing today, MR. MCCANDLESS said not in all regions across the U.S. That question mostly has to do with Corn Belt pricing. UBS Agrivest has not been active in that market for several years because they have not liked the high prices there. Rents have been increasing, and UBS Agrivest has increased the rents on properties that they bought in the Corn Belt some years ago. They have converted those to flex leases, where they have been able to get closer to 4% yields last year because of the high prices for corn and soybeans. Debt has been declining in farmland, there is no evidence of speculators flipping farms, most pricing is supported by the earnings, and most buyers are knowledgeable — so he would not say there is a bubble.

MR. MCCANDLESS reviewed the ARMB's "Midnight Sun" farmland portfolio, as of March 31. The portfolio holds 65 farms in 13 states. Those farms cost $313.8 million to buy, and at 3/31/12 they were worth $397.2 million. Since inception, the ARMB has received an additional $62.4 million in distributions, of which approximately $50 million has been income and the balance capital gains and a small return of capital on properties that have been sold. He described the diversification by region and crop types, and the constraints on UBS Agrivest given by the ARMB's investment policies and guidelines. The firm has about $41.6 million in capital yet to deploy under the current allocation.

MR. MCCANDLESS reported that for all periods the Midnight Sun portfolio performance has been well in excess of the 5% total real rate-of-return over rolling five-year periods objective. The income return objective for the portfolio is to produce 4% returns over a rolling five-year period with a minimum of 3% distributed income for individual properties after fees and projected capital expenditures. For all periods since inception of the account in 2005, the cash distributions have been in excess of that income return objective.

MR. O'LEARY asked if UBS Agrivest was open for new business, and if it bothered them that some massive funds have indicated that they are going to move into farmland investments.

MR. MCCANDLESS observed that there is a lot of talk from the large funds but little action. UBS Agrivest is open for business: they also manage an open-end infinite life private REIT. That fund and the ARMB's separate account are the two accounts that they are funding currently. They also received an additional mandate for a separate account from the Iowa Public Employees' Retirement System, but they have not begun to call down any funds for that. They have notified Iowa that they will only be feeding the two current accounts while the supply of properties is so limited, or until such time as they have completed deploying the ARMB's $41.6 million remaining allocation.

MR. MCCANDLESS said they are frequently approached by large funds, and he tells them the truth that if this market stays the way it is it will be a while before UBS can

deploy any capital for them. There is a significant queue of $147 million for the private REIT; however, two weeks ago they received another subscription for that. UBS Agrivest will take the subscriptions as long as people realize that it might be a while before their funds are deployed. UBS will not lower its standards in order to put money out.

MR. O'LEARY asked about the meaning and impact of the change in federal government insurance policies. MR. MCCANDLESS replied that everyone knows that the direct subsidies for the commodity program will be eliminated and substituted by a more robust crop insurance program, which will act as a safety net for disasters. Those premiums are subsidized to a handsome degree. Probably the biggest beneficiaries of that policy change are the companies that sell the insurance.

At MR. BADER's request, MR. MCCANDLESS provided a brief description of the rotation process for allocating a property that becomes available to purchase. He noted that the ARMB's guidelines for new acquisitions carry a higher current return requirement (5%) than UBS Agrivest's farmland fund does. As a result, if the current return projection for a new property is below 5%, it does not fit the ARMB and would go to the farmland fund. However, the ARMB would remain up for the next available property, etc.

MR. WILSON remarked that there is a time to be sellers in any asset class. He asked what the Board should be watching for as a time to exit — the usual tip-off is when there are more buyers than sellers, and it sounded like there were a lot more buyers for farmland than there were sellers.

MR. MCCANDLESS stated that UBS Agrivest does a hold/sell analysis on every property every year to determine whether they should sell the property. They have identified some properties for sale that are under contract right now. They would not recommend that the ARMB sell out its portfolio because they think the fundamentals for the farmland economy are quite good going forward. All the reasons that the ARMB is in farmland — inflation hedging, diversification, solid income returns, and a fairly steady, predictable trend of return history — are holding true. UBS Agrivest does not see any kind of looming collapse of this market; like everyone else who owns farms, they like farmland and believe it is time to continue holding onto them.

MR. JOHNSON mentioned that some states, particularly in the Midwest, have provisions that prevent sales of farms to institutions or corporations. He asked if any of those laws were likely to change such that land would be freed up and have an effect on the farmland market.

MR. MCCANDLESS said Nebraska had a law that was struck down on the commerce clause provision and opened up the state about three years ago. The other states with similar prohibitions are Iowa, North Dakota, South Dakota, Minnesota, Missouri, Kansas, and Oklahoma. Someone would have to bring lawsuits in those states, similar to what happened in Nebraska. UBS Agrivest looked around in Nebraska, but the state sort of

suffers from the Corn Belt syndrome with high prices there. However, it depends on the circumstances, and UBS Agrivest may find some property there that will fit. Turnover in Nebraska is similar to all the other states.

CHAIR SCHUBERT thanked Mr. McCandless for his presentation.

11. Actuarial Review

11(a). Level Dollar Assumption Resolution 2012-19

Earlier, MR. PIHL had distributed copies of a draft resolution supporting adoption of a level dollar amortization method for amortizing the unfunded accrued actuarial liability of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) over 25 years *[draft resolution on file at the ARMB office]*. He spent a few minutes going through the clauses of the resolution for the benefit of the other trustees. He emphasized that more than $2 billion in contribution requirements could be saved through use of the level dollar approach. He noted that the level percentage of pay method was part of a legislative package the Board was given, and, at the time, the Board was pleased that there was a plan to retire the unfunded liability over 25 years.

MR. PIHL mentioned that the resolution's effective date on contributions is delayed to fiscal year 2015, since later at this meeting the Board would be setting the contribution rates for fiscal year 2014 based on the June 30, 2011 actuarial valuations, and Buck and GRS certifications based on the level dollar method could not be completed before this meeting.

MR. PIHL said he strongly believed that the level dollar method was the right course for the ARMB as fiduciaries, for the State itself, and for all participating employers across the state. He said the Board fully recognized that in the end State contributions are determined by the budget and appropriation process, and the resolution would set a more fiduciary and fiscally sound course.

MR. BARNHILL clarified that Buck did complete the work regarding level dollar for the FY11 valuation, and it was presented to the Board at the last meeting. MR. PIHL acknowledged that, and noted that the GRS certification was not possible before this meeting.

COMMISSIONER HULTBERG shared information on the Governor's most recent thoughts, to help in the Board's discussion about whether now is the best time to move to level dollar. The Governor had made a comment earlier in the legislative session that he was leaning toward level dollar and supported the concept of level dollar. She said it is important to reiterate the Governor's overall commitment to the pension system, to meeting the constitutional obligation to pay benefits, to paying down the unfunded liability, to maintaining the health of the funds, and to managing the costs over time so that the State can meet its other constitutional obligations. Since he made the statement that he

was leaning toward the level dollar method, the Governor has become concerned about some recent events. The first is the uncertainty in the global financial markets, and specifically with respect to Europe. There is concern over what the near-term and the longer-term prospects are for significant recovery. The second is the recent decline and volatility in the price of oil. The FY13 budget was built on $104/barrel oil, and today's North Slope crude closed under $93/barrel. Oil could go back up, but right now the price is significantly lower than the budget breakeven point. Along with the price of oil, there is the continued decline in oil production, which is again a concern about General Fund flexibility.

COMMISSIONER HULTBERG said the Governor expects and understands that the ARM Board will exercise its best professional judgment in making this decision, and he respects the Board's role in doing that. In the Governor's role he has other considerations as well, and he, too, will be exercising his professional judgment.

MR. TRIVETTE stated that he talked to actuaries from both GRS and Buck at a conference last fall. The question was put to them directly about which way to go with a closed retirement fund: they both suggested a level dollar method.

MS. ERCHINGER said the resolution was one meaningful step the Board could make. An earlier presentation mentioned that on average 60% of funding for the retirement plan comes from investment earnings. It struck her that the longer the delay in putting contributions into the system, the less there will be available upon which to make the investment earnings. It is just putting the problem off onto future generations of Alaskans. She recognized that was hard for the people who have to balance the state's budget, but it would get harder, not easier, if people do not do what they can do today to help make it easier tomorrow. That was why she was going to support the resolution. She recognized that there was more work to be done, and she hoped that the Board would continue to dialogue with members of the legislature and the state administration going forward.

COMMISSIONER BUTCHER stated that, as a concept, he understood the benefits of the level dollar method. He was concerned, considering what is going on globally, and with Alaska's oil production and the price of oil, and it was a struggle for him to try to determine the direction to go on the resolution. He related hearing the views of a couple of legislators the day before, and they and the Board seem to be on completely different sides of the unfunded pension liability. Regardless of which direction it goes, there are benefits and difficulties to deal with on each side, and it makes it hard to decide.

MS. HARBO spoke in support of the resolution. She recalled that in 2006 the Teachers' System paid in at a level dollar amount for a short period, and that was because the two actuaries at the time were talking about a closed system. Then the legislature put the employer contribution rates into statute, and things went to the level percentage of pay method. She thought the Board needed a bit more information at the time about how the different methodologies would affect the money that was going in. If the Board had done

what it did when it set contribution rates in 2006, she believed there would be a much lower unfunded liability right now.

Presenting her view as a trustee, COMMISSIONER HULTBERG said she would not support the resolution, although she understood and respected why many of the trustees likely would support it. She believed that over time pension funding has to coexist with public needs. It is to the detriment of the pension fund if that balance gets tipped. When that balance has tipped too far in other states, taxpayers have reacted against the pension funds. She did not want so much pressure on the General Fund that it reached that tipping point. The problem is a generational problem, and everyone has to find a way for the pension funds to coexist with the needs of the public for several decades potentially into the future. That is what she would be voting on, and she believed that level percent of pay at this time was the best way for those public needs and pension funding to happily coexist. When the context changes, what is the right approach for this time may not still be the right approach next year or the year after or the year after. The dialogue is important and needs to continue, and it is a question that will be revisited potentially many times in the future.

MS. ERCHINGER asked board counsel if the Board could take this action, saying there have been questions in the past because legislation established the amortization methodology based on the level percentage of pay method.

MR. JOHNSON replied that there has been discussion on the subject, and he has spoken with assistant attorney general Chris Poag, who did a fair bit of research on it. *[He tried to raise Mr. Poag on the teleconference connection but got no response.]* He said the assistant AG's analysis is that nothing under SB 141 would preclude the choice of different amortization methodologies. There was discussion in the passage of SB 125 more recently, but there does not appear to be either in the literal language of the statute or within any reasonable pieces of legislative history any indicators of an actual prohibition from the Board adopting the level dollar method of amortization. The Board's choices of doing that falling within the fiduciary standards and so on should be filled out, as best as possible, with the history and a clear paper trail of discussion on how the Board came to a conclusion. That was even brought up yesterday in the Audit Committee meeting, where the KPMG auditors, who are charged in some respects with looking at some of the actuarial figures, made note of the point that they would look at history and analysis and conclusions and the basis for all of that. From a statutory perspective, it is within the Board's parameters to do this and act wisely.

MR. TRIVETTE remarked that the Board has been discussing this for years, and it has heard lots of people talk about it. He has received dozens of emails and phone calls, and none have indicated that they would support anything other than the level dollar method. It is a big issue with many retirees, and he appreciated the commissioner meeting with a group of retirees yesterday. He said he has told retirees that part of the actuary process is that any unfunded liability will get 8% of that added onto the bill, so to speak, for the next

year. For the most recent actuarial report from Buck Consultants in April, that is $1.474 billion. That is pretty telling. In spite of having good investment returns in recent years, the pension system is still going into the hole. The $1.474 billion being added to the unfunded liability is certainly part of the reason. This was why he thought it important to consider changing the amortization method back to what it was when this Board took over in 2006.

MS. HARBO said one of the most compelling reasons to vote for the resolution was that using the level dollar amortization method would reduce the total amortization payment by $2.4 billion over time. If the level dollar method had been used since 2006, the savings would have been even greater.

MR. PIHL explained that the resolution set the course for actuarial work to be done, but everyone realizes that the ARMB does not make up the state budget and does not appropriate funds. To the extent that there may be limitations, the ARMB would be living with them down the road. He did not think it was wise public policy to backload, costing billions of dollars more. The constitution says that the resources of Alaska are to be used for the benefit of all of the people of Alaska. The management of resources should occur to address the [pension] liability and minimize the cost as much as possible.

CHAIR SCHUBERT said she completely supported the concept of the proposal, and she appreciated Mr. Pihl's passion for getting this issue resolved and all the work he had done. The country has been experiencing an unusual financial situation in the past several years. If the Board could do something like the resolution and be assured that things would continue to progress and the country would not go into a double-dip recession, that markets would not crash again, that the price of oil would stay up, and all the other things that are looming out there would not become a reality, she would feel a lot less concerned about the proposed change. However, she was wondering if the timing was right. The lower price of oil is good for commuters, but it is not so good for the state's budget. The state's resources are to be used for the benefit of all of the people of Alaska. The unfunded [pension] liability basically benefits a closed class of people and not all of the people of Alaska. If there are things in the budget that are cut out because the unfunded liability has to be managed and met, it is to the detriment of people from rural Alaska, for example, or some of the other parts of Alaska that maybe do not have the clout to bring the bucks home like some folks do.

CHAIR SCHUBERT said she had a real concern about whether this was the right time to take the proposed action. She was concerned that it not break the backs of some of the municipalities and the people responsible for making the increased [contribution] payments if things fall apart again. Moodys just downgraded some financial institutions a couple of hours ago. There are other things happening that make her uneasy about financial stability and the look forward. The State of Alaska is one of the most aggressive states in terms of addressing the unfunded [pension] liability issue and has done a tremendous job. Other states do not seem to be doing much of anything. Alaska's is an unfunded liability that is not going to come due tomorrow or the day after. It is a future

obligation that will have to be met; that much is clear. She was not comfortable with making a change right now, and it was mainly because she was not comfortable with what is happening in the financial markets.

MR. PIHL listed the alternatives: (1) stay on the current course, in which case state assistance will soon grow to $1.1 billion a year; or (2) something like the Senate Bill 187 proposal, extending the amortization period and shifting more cost to the municipalities. He did not believe there was any appetite in the legislature for number 2.

MR. BARNHILL reported that Mr. Poag was listening by telephone, but the connection was apparently muted and he could not be heard.

MR. PIHL moved that the Alaska Retirement Management Board adopt Resolution 2012-19, relating to a level dollar amortization assumption for the Public Employees' Retirement System and the Teachers' Retirement System. MS. HARBO seconded.

Roll call vote:
Ayes: Erchinger, Harbo, Pihl, Trivette
Nays: Butcher, Hultberg, Schubert

The motion carried, 4-3.

The Chair called a scheduled break from 3:11 p.m. to 3:22 p.m.

11(b). Final GRS Certification of Actuarial Valuation - FY11
PERS/TRS/JRS/NGNMRS

MR. BADER stated that Gabriel Roeder Smith & Company made a presentation at the April meeting on their review of the valuation reports that Buck Consultants prepared for the PERS, TRS, and the Defined Contribution Retirement Plan as of June 30, 2011, and the roll-forward valuations for the Judicial Retirement System and the National Guard Naval Militia Retirement System as of June 30, 2011. He asked that the Board entertain a motion to accept the final GRS certification.

MS. HARBO 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 to discuss and implement the suggestions and recommendations of the reviewing actuary where considered appropriate. MR. TRIVETTE seconded.

MR. TRIVETTE noted that there were minor changes in the final report that were not significant, and both reports totally supported the recommendation.

MR. BARNHILL stated that discussions regarding the GRS report have been underway in the division since it came out.

The motion carried unanimously, 7-0.

11(c). Final Actuarial Valuation - FY11, PERS/TRS/NGNMRS

MR. SLISHINSKY of Buck Consultants, Inc. offered to answer any questions on the April presentation that he made on the actuarial valuation results as of June 30, 2011, as the Board considered the contribution rates for fiscal year 2014.

MR. TRIVETTE moved that the Alaska Retirement Management Board accept the actuarial valuation reports prepared by Buck Consultants for the Public Employees', Teachers', Public Employees' Defined Contribution (for Occupational Death and Disability and Retiree Medical Benefits) and Teachers' Defined Contribution (for Occupational Death and Disability and Retiree Medical Benefits) retirement systems as of June 30, 2011, in order to set the actuarially determined contribution rates attributable to employers. MS. HARBO seconded.

The motion passed unanimously, 7-0.

MS. HARBO moved that the Alaska Retirement Management Board accept the roll-forward actuarial valuation report prepared by Buck Consultants for the National Guard and Naval Militia Retirement System as of June 30, 2011, in order to set the actuarially determined contribution amount. MR. PIHL seconded.

12. Contribution Rates for FY2014

MR. PUCKETT handed out a single-page chart entitled "History of PERS/TRS Employer Contribution Rates" for the years FY09 to FY14 *[on file at the ARMB office]*.

MS. HARBO indicated she would like the chart in the future to include the FY08 contribution rates.

MR. BARNHILL stated that the proposed employer contribution rate for PERS for FY14 was 35.68%.

MR. PIHL moved that the Alaska Retirement Management Board set fiscal year 2014 PERS actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set forth in the attached form of Resolution 2012-10. MR. TRIVETTE seconded. The motion passed unanimously, 7-0.

MR. PIHL praised the Department of Administration for leading the reduction in health care costs that has benefitted the retirement system.

MS. HARBO moved that the Alaska Retirement Management Board set the fiscal year 2014 Public Employees' Defined Contribution Retirement Plan Retiree Major Medical Insurance rate as set out in Resolution 2012-11. MR. PIHL seconded. The motion passed

unanimously, 7-0.

MR. BARNHILL said the rate remained unchanged at 0.48%.

MR. TRIVETTE moved that the Alaska Retirement Management Board set the fiscal year 2014 Public Employees' Defined Contribution Retirement Plan Occupational Death & Disability Benefit rates as set out in Resolution 2012-12. MS. HARBO seconded.

MR. BARNHILL said the recommended rate for PERS peace officer/firefighter OD&D was set at 1.14%, and the recommended rate for PERS "all other" OD&D was set at 0.20%. The motion passed unanimously, 7-0.

MR. BARNHILL stated that the recommended rate for the TRS Defined Benefit Plan for FY14 was 53.62%.

MS. HARBO moved that the Alaska Retirement Management Board set fiscal year 2014 TRS actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set out in Resolution 2012-13. MR. TRIVETTE seconded. The motion passed unanimously, 7-0.

MR. BARNHILL stated that the FY14 recommended rate for the TRS Retiree Medical for the Defined Contribution Plan decreased slightly to 0.47%.

MS. HARBO moved that the Alaska Retirement Management Board set the fiscal year 2014 Teachers' Defined Contribution Retirement Plan Retiree Major Medical Insurance rate as set out in Resolution 2012-14. COMMISSIONER HULTBERG seconded. The motion passed unanimously, 7-0.

MR. BARNHILL said Buck recommended no change to the TRS DCR Occupational Death and Disability Benefit and that the rate remain 0.00%.

MS. HARBO moved that the Alaska Retirement Management Board set the fiscal year 2014 Teachers' Defined Contribution Retirement Plan Occupational Death & Disability Benefit rate as set out in Resolution 2012-15. MS. ERCHINGER seconded. The motion passed unanimously, 7-0.

MR. BARNHILL stated that the recommendation for the military plan is a dollar figure, and Buck recommended $474,791 for FY14.

MR. TRIVETTE moved that the Alaska Retirement Management Board set the fiscal year 2014 NGNMRS annual actuarially determined contribution amount consistent with its fiduciary duty, as set forth in Resolution 2012-16. COMMISSIONER BUTCHER seconded. The motion passed unanimously, 7-0.

MR. BARNHILL mentioned that the Judicial Retirement System (JRS) rates for FY14 are the product of a roll-forward actuarial letter that Buck Consultant does for the commissioner of administration. By statute, these rates and acceptance of the valuation are within the commissioner's purview. In this case, Buck recommended an increase in the JRS employer contribution rate to 73.28%. The commissioner has approved that.

13. Health Care Plan Update

Deputy Commissioner MIKE BARNHILL and DRB Director JIM PUCKETT made a presentation on the retirement health plans *[the slides are on file at the ARMB office]*. MR. BARNHILL stated that the spending on health care for PERS, TRS and JRS has more than doubled from 2001 to 2011. As of the FY11 valuation, about $4.1 billion of the $11.1 billion unfunded liability was related to health care. He added that the Division of Retirement & Benefits (DRB) has 14-15 staff to manage claims, counseling and eligibility, and they do not have the capacity to become more proactive and more strategic in managing the health care side of the pension systems. The commissioner and himself and Mr. Puckett spend a lot of time talking about how to become more proactive in managing the health care side of the equation.

MR. BARNHILL reviewed some statistics on retiree medical expense growth and the change in health care utilization. He offered examples of physician fees for certain medical procedures in the Washington area and the Anchorage area *[slide 4]*.

COMMISSIONER HULTBERG stated that it is to everyone's benefit to have a healthy medical system in the state. But it is undeniable that the state cannot continue to see the cost trends and cost increases that have been experienced. As health plans have to grapple with 8-9% cost escalation in a year, the state has to explore all viable options for lowering the rate of growth. Sending people out of state for care is one of the alternatives that is being actively explored. There is no one quick fix to this, and Alaska is one player in the midst of a system that is broken nationally and is particularly dysfunctional in this state. As an employer, the state can play a role in trying to work with the provider community to express its concerns and to see what can be done to lower the growth rate of health care costs. At the end of the day, 8-9% growth in costs is not sustainable.

MR. BARNHILL stated that there is no incentive for retirees to stay in network, and between 40% and 50% of plan spending is out of network.

COMMISSIONER HULTBERG explained that what is driving the bulk of the cost is the pre-Medicare population between the ages of 50 and 65, because, once people get to Medicare age, AlaskaCare is secondary.

MS. HARBO recalled that a Health Care Committee in the 2003-2004 time frame recommended that the retirement systems should not work in isolation, and that there should be something like a health care summit for the whole state of Alaska so people get

together to talk about how they can reduce costs. She still thought that was a good idea.

COMMISSIONER HULTBERG assured Ms. Harbo that the state is actively engaged with the Health Care Commission because it is a good forum for these conversations to occur. She said she had spoken to the State Hospital & Nursing Home Association, and planned to speak to the Providence Hospital board in July.

MR. BARNHILL reviewed statistics on the prevalence of chronic diseases in the active member and retiree populations for a two-year period 2010-2012.

MR. BARNHILL also explained in detail the near-term objectives for the DOA/DRB health plans:

- Issue an RFP for a third party administrator (TPA) on 8/15/2012 and have the process completed by the end of the year. A six-month transition from one TPA to another would begin on January 1, 2013. This time, issue simultaneous RFPs to independently contract for a care manager and a pharmacy benefit manager.
- Create and implement a health plan for the Defined Contribution Retirement System.
- Create an "Option B" health plan for the Defined Benefit Plan.
- Align coverage across the various health plans that DRB administers.
- Investigate and implement innovations to reduce the cost and improve the quality in all the health plans.

MR. BARNHILL presented a side-by-side chart of the features of the existing retiree healthcare plan for the Defined Benefit Retirement Plan and the proposed healthcare plan for the Defined Contribution Retirement Plan *[slide 10]*. He said the department intended to take the proposal on the road this summer to present to a variety of stakeholder groups for input and comment. The goal is to provide comprehensive health coverage in a sustainable 80/20 shared cost, and to get the health reimbursement account (HRA) to last as long as possible.

MS. RODELL asked when the first retirees were expected to roll into the DCR retiree health plan. MR. BARNHILL said a handful of members will be eligible in three to four years. He added that it is incumbent upon the department to get the health plan set up so the members approaching retirement will know what benefit they are working toward.

CHAIR SCHUBERT raised the idea of assigning this topic to a health care committee. MR. JOHNSON mentioned that such a committee already existed. MR. TRIVETTE remarked that the committee's charter had a single focus of health care cost containment, so he thought the charter would have to be amended to broaden the scope of a reconstituted health care focused committee. MS. HALL said she would double-check the existing charter.

MR. BARNHILL recalled discussing something with Mr. Johnson in 2007, and he agreed with Mr. Trivette's statement that by statute the ARMB does not have any identifiable role with respect to administering the health plan. However, by statute the ARMB is authorized to advise the plan administrator on plan administration. In that respect, the ARMB can establish such a committee to provide that consultation and advice, and it would be completely consistent with the statute.

CHAIR SCHUBERT suggested creating the Health Plan Advisory Committee and doing away with the prior committee.

COMMISSIONER HULTBERG made it clear that the health plan administrator was asking for the Board's advice.

CHAIR SCHUBERT solicited interest from Ms. Harbo, Mr. Trivette and Commissioner Hultberg to serve on the committee. She agreed with Ms. Harbo's suggestion to include one of the new unnamed trustees as well.

MR. BARNHILL stated that almost all large employers are struggling with how to become proactive in managing health care spent to innovate. The Department of Administration has been thinking of it on the demand (member) side and the supply (provider) side. On the member side, they have been looking at wellness programs, preventive care, incentives, and enhanced travel. On the provider side, the ideas being considered are an enhanced network, cost negotiations, and enhanced travel. The idea is to roll out these innovations, measure the results, and take what works and expand it across the populations. The department asked the Office of Management and Budget to add a position to the Division of Retirement & Benefits that would help coordinate some of these initiatives. That position was approved, and the person begins work on Monday. The department is excited about getting more capacity within DRB to begin thinking strategically about how to be more proactive in managing the spending, while expanding health care options and hopefully improving outcomes.

MS. ERCHINGER asked if the proposed new DCR health plan would remain in place, regardless of what happens with the federal Affordable Care Act. MR. BARNHILL replied that there was a lot of discussion across the country about what happens if the Supreme Court strikes down the Affordable Care Act. The most recent article he read suggested that many large insurers are planning to simply just keep some of the provisions in place. He said the key is to have a plan that pays for itself and is sustainable over time.

RECESS

CHAIR SCHUBERT recessed the meeting for the day at 4:51 p.m.

Friday, June 22, 2012

CALL BACK TO ORDER

CHAIR SCHUBERT reconvened the meeting at 9:02 a.m. Trustees Schubert, Trivette, Harbo, Erchinger, Pihl and Butcher were present. Commissioner Hultberg joined the meeting at 9:45 a.m.

REPORTS (Continued)

14. Eaton Vance Management

Relationship manager KRISTIN GASPAR and portfolio manager BRIAN DILLON joined the meeting to provide an update on the emerging markets fund that Eaton Vance partner Parametric Portfolio Associates manages for the ARMB. *[A copy of the presentation slides is on file at the ARMB office.]*

MS. GASPAR briefly reviewed the Eaton Vance firm, informing the Board that they announced yesterday that they were going into an agreement to try and acquire 49% of Hexavest, Inc., an asset management firm based in Montreal. Hexavest's expertise is in fundamental, global and international equity management with $10 billion in assets under management.

MS. GASPAR stated that Parametric has become a big piece of Eaton Vance's business since the partnership began in 2003, managing $48 billion in assets under management. Eaton Vance now has a majority interest in Parametric.

MR. DILLON said Parametric manages almost $13 billion in total emerging markets assets. In the specific strategy that they manage for the ARMB they currently have a little over $10 billion. In the institutional segment, they have seen a lot of growth within their structured active portfolios. These are quantitative, rules-based strategies that are engineered to be a core holding in a given asset class.

The three ideas that drive their investment process are to reduce concentration risk that builds up in different indices, to reduce volatility in order to amplify compounding long-term returns, and to develop a rebalancing strategy that will allow them to extract a premium from the volatility in an asset class and actually profit from it. MR. DILLON said Parametric has been able to apply that approach not only in emerging markets but also in commodities, international equities, and currencies.

MR. DILLON spent a few minutes explaining how they see the emerging markets in the world and how they design and engineer their investment process around the specific characteristics of an asset class. It is a very risky marketplace with high volatility, but it also has a low level or correlation - so what happens in China does not dictate what is

happening in Peru, or vice versa. They also see quite poor information coming out of emerging markets on which to make informed decisions. Transaction costs remain significantly high, especially in the smaller countries.

MR. DILLON stated that Parametric has found that some smaller emerging market countries actually have lower volatility than the larger markets. They are able to reduce the overall volatility of the portfolio by infusing some of the smaller countries in the mix, but doing that in a way that they are not taking on too much liquidity risk. They also find that they have lower levels of correlation specifically once they move down the stratus from a country perspective. They assign countries to tiers based upon market capitalization and liquidity. The largest, most liquid countries are in tier I, and the smaller, less liquid countries work their way down into tiers II, III and IV. They use a modified, equal-weighted approach so they are not taking a view on any of the countries, but they are simply building an exposure vehicle to do this in a risk-controlled way.

They also look at country specific risk from a tracking error perspective and have a set of rules in place that if that risk grows too much they can reduce it. Given that the big bets in the portfolio are underweights to large countries, they have to increase the exposure to reduce relative risk. They try to achieve a very disciplined and consistent exposure across all the countries, assuming that liquidity stays constant and assuming that market cap stays constant.

MR. DILLON said they then use this model similar to how one would think about an asset allocation mix, and they rebalance back to the static weights in order to capture returns along the way. He stressed that Parametric approaches the world from a very different perspective than many of the ARMB's other asset managers. They do not have a view, and they are not making calls on moving in or out of a country based upon different economic factors or things like that.

MR. TRIVETTE remarked that Parametric did not have a big staff but had done exceptionally well, so he wondered how they deal with getting good data from the smaller countries.

MR. DILLON said they try to be very agnostic to the data itself. They cast the net as far and wide as they can: anything that is not considered developed they consider to be emerging. That is why they include the frontier markets. They use a universe of countries and then below that securities that are driven by a few products that S&P puts out. As they build the portfolio, the main driver of their returns is their country selection process (the tiering mechanism) in combination with their rebalancing. Eighty percent to 85% of their return attribution over the last ten-plus years has been driven by those two things working in concert. They try to make their decisions without having to rely on the data. So when they gain exposure to individual securities, they are simply using those securities as exposure vehicles to a country and exposure vehicles to a sector, and then maintaining a highly diversified portfolio. The ARMB's portfolio is in a fund that is invested across nearly

1,500 securities; if an individual security runs into a problem, it will have such a small allocation in the portfolio that they can absorb that. It is safety in numbers.

MR. WILSON noted that Parametric is invested in some countries that not many people are in, such as Kenya, and Parametric's product has grown a lot. He asked how much capacity there is in these countries, and if Parametric runs up against the capacity issue.

MR. DILLON responded that they look at capacity on an ongoing basis. Given their quantitative, rules-based approach, they can actually back into a number as they put a whole set of constraints in place and then apply that based upon the liquidity of the underlying securities. They calculate that on a semi-annual basis. In their flagship product structured emerging markets they have about $10 billion in assets, and they estimate right now that they could probably manage somewhere in the $15-$18 billion in assets. They maintain very small disciplined exposures, so a maximum of roughly 75 basis points in a lot of these countries. What drives the amount of money they can deploy is the number of securities that are available for investment in those specific countries and the liquidity and in those securities. They invest as much they can in a security without starting to influence liquidity or ownership in that company.

MS. RODELL asked how Parametric looked at political risks, such as nationalization in Argentina. MR. DILLON replied that they focus first and foremost on shareholder protections, so nationalization is something that gets their attention. Geopolitical risk or political power coming in or out are things that they do not get hung up on. When they are adding or removing a country from the portfolio they look first at shareholder protections, such as a proper rule of law. They then look at such things as market cap, liquidity, are there sufficient broker/dealers to work with, and can they custody assets. The only piece of fundamental analysis they look at is the P/E of the overall country when they first invest to make sure they are not buying into a bubble. Once a country is included into their model, then the rebalancing mechanism will take any froth off the top. Another piece they look at is put out by the Heritage Foundation, which rates countries around the globe based upon degrees of economic freedom.

MR. JOHNSON mentioned a growing interest on the part of pension funds to make sure that they have proper legal representation in cases that might arise in foreign countries. He asked if Parametric engaged in any active consideration of legal rights and remedies that one might have if an emerging market company blows up.

MR. DILLON stated that traditionally they rely mainly on the custodial banks for that information. Also, one of the reasons that Parametric partners with Eaton Vance is that Eaton Vance has a legal team that works on some of those types of issues. However, when Parametric is going to invest in a country, they look at whether the rule of law as it is explained is going to provide the shareholders with enough protection that they can say they can invest in the country. But being in the local countries doing ongoing investigation in their court systems, etc. is not part of their process.

MR. BADER asked to what degree Parametric looked at sectors and tried to balance them either across the whole mandate or within a country. MR. DILLON said their process is a very top-down approach that starts at getting the country right. They use a proprietary portfolio management system to deploy the percentage of the portfolio allocated to a tier. It allows them to build the portfolio country by country, and within a country they are going to build it sector by sector. Their model is simultaneously solving to get to as equal-weighted as possible, taking the constraints into account. When building the portfolio is when they look at the liquidity of the underlying securities.

MR. O'LEARY said there was news this week of the possibility that Greece would be thrown out of the developed market index and become part of the emerging market index. He asked how long it would take Parametric to implement Greece as part of this product, if that were to happen.

MR. DILLON replied that significant changes take place in the index weights over time. Anything that is not considered developed they would consider as a possible investment. So if the index providers moved Greece down into emerging status, that would put it in Parametric's universe of possible investments. That does not necessarily ensure that they would invest in Greece; it just means that it is possible. Israel is the most recent graduate up, and Parametric will remove it because it is no longer in their universe.

MR. O'LEARY said one of the concerns that all investors should have had over the last couple of weeks is the ability of subcustodians to continue to function in Greece. He asked how Parametric would think about that and decide there was or was not enough safety to begin to invest in a market like Greece at this time.

MR. DILLON explained that part of their process of looking at countries is looking at custodial relationships and subcustodians, and if there is sufficient coverage to actually physically implement. Across the various vehicles that Parametric manages in separate accounts for large institutional clients in the U.S. and overseas they work with most of the very large institutional custodians. Part of the process is to check in with all those custodians they work with and make sure that at the local level they are able to implement.

MR. BADER stated that when the Board first gave this mandate to Eaton Vance, it was in a collective trust. When it was decided to divide the pension funds into health trusts and pension trusts, the collective trust did not meet SEC requirements for a health trust to invest in. Out of necessity, assets were transferred from the collective trust to the mutual fund. It was a rough patch in the market when the transfer took place, and there was a hit to performance. There was some manager underperformance, but a lot of it was due to stepping from one investment vehicle to another. He advised that trustees focus primarily on the three-year performance, because the long-term history is muddied because of the transition from the collective trust into the mutual fund.

Addressing performance, MR. DILLON said that year to date the emerging markets index has been essentially flat, having given back a lot of the big run-up in the first part of the year. Parametric has been able to outperform very nicely, and the Structured Emerging Markets Fund is up 165 basis points versus the index's seven basis points. Parametric has been able to provide down-side protection through its very transparent process. The main drivers of performance so far this year have been the underweight to Brazil, and the returns from Kenya, Qatar, Kuwait and Nigeria. An underweight to Taiwan has hurt performance so far this year, and some of the Eastern European countries have hurt as well. That does not cause Parametric to change the portfolio, but they were simply reporting how things have played out during a specific period of time. Their three-year return was a strong number, and the main driver there has been China and Brazil over the last year. Countries like Egypt and Kuwait over a three-year period have hurt returns.

CHAIR SCHUBERT thanked the people from Eaton Vance for their report.

15. Hancock Agricultural Investment Group (HAIG)

Firm president OLIVER WILLIAMS introduced PAUL JOERGER, who joined HAIG in May as director of asset management. *[A copy of the HAIG slides is on file at the ARMB office.]* MR. WILLIAMS gave an update on the firm first, bringing to attention that last year they broke out Research as a discrete function and hired Dr. Cody Dahl to lead that effort. He said the ARMB's account was established in January 2005, and the current allocation sits at $245.25 million. To date, they have committed $214 million and still have $31 million available for investment. The properties in the account are owned and operated through a series of six LLC entities.

MR. WILLIAMS said the market value of the farmland portfolio at March 31, 2012 was $240 million. It is well diversified across the U.S.; 27 properties in total are invested in 11 states. The portfolio has fairly equal weightings to the Corn Belt, the Delta, the Southern Plains, the Mountain States, and the Pacific West. The heaviest weightings by commodity group are corn, soybeans, and wine grapes. Eighty-one percent is invested in row crops and 19% in permanent crops.

MR. WILLIAMS reported that the ARMB's portfolio underperformed relative to the index in the most recent year, which reflected the termination of a lease on a vineyard asset called Sonoma 12 in January that came with a fairly good premium for termination. HAIG is currently working with a local vineyard specialist in California to reposition that asset. The wine industry has had a relatively fixed production base for the last 10 years, and there has not been a lot of catalysts moving wine grape prices up. HAIG saw demand for wine grapes go up over the last 12 months, and now demand has outstripped supply. They are confident that the industry is headed in the right direction for them to find a suitable lease for the vineyard property.

The row crop portion of the portfolio produced a 4.5% income return in the last year,

which is better than the index. The near-term performance is weak, but once they resolve the lease on Sonoma 12 they will see improvement there.

MR. WILLIAMS said the total portfolio return (including appreciation) was 14.86% for the year ended March 31, or 13.9% after fees. HAIG saw nice appraisal gains in the third quarter of 2011, 10.97% appreciation in total. The regions that provided the most appreciation were the Corn Belt, the Delta, the Lake States, Nebraska, and the Pacific West. Values were flat in the Southeast and the Southern Plains. Over longer periods, the portfolio is tracking relatively closely to the index.

MR. JOERGER provided more details on select properties in the ARMB portfolio. He showcased a leased row crop property in Colorado that encompasses nearly 2,000 acres and grows predominantly corn and wheat. This property has seen annualized returns of a little over 16%, which HAIG believes is very good for the current marketplace. The demand for farmland continues to increase. A second property of interest is a permanent planting of a nut orchard in California. They are ending a 10-year lease in 2014, and the rent, which has been attractive, will be renegotiated. Since inception, this property has returned a little over 13%, which is very attractive for this kind of investment.

MR. O'LEARY asked if the ARMB owns the mineral rights on its properties, if that was typical or atypical, and what the implications and protections of water accessibility were.

MR. WILLIAMS replied that in the Western U.S. most of the mineral rights have been stripped off over time. When HAIG is looking at a farm property, the majority of the time it is coming without minerals. There are a few exceptions, and, in cases where they do receive the mineral rights, occasionally they field calls from exploration companies. HAIG works through those on a case-by-case basis. They have not seen linkage between the mineral exploration and water quality or water availability. But one item they are keenly focused on during underwriting of a property deal is water quality and availability. That is done independent of the minerals.

MR. WILLIAMS stated that the ARMB portfolio was budgeted to produce a little over $8 million in net income for FY2012. They have approximately $31 million of capital available to source additional investments.

MR. O'LEARY asked for comment on HAIG's backlog of money to be invested and how they deal with that. MR. WILLIAMS replied that their queue is around $400 million available for investment. Each client has different investment objectives, but they come to the opportunity line at the same time. HAIG has a team of three that is dedicated to generating suitable acquisitions, and they look at where the best fit is among the clients. Typically, a property fits one client over another, so they rarely run into a situation where the same investment is suitable for more than one client. In instances where that happens, they run a rotating process, so the client that had signed the contract with HAIG first gets the investment first, and then it rotates to the next client. They have found that

there has not been as much competition in the queue as people would expect, but it is something that they monitor closely so they do not run into issues.

MR. O'LEARY asked if HAIG made any investments outside the United States. MR. WILLIAMS said they have a platform in Australia, but the last new capital they took there was in 2005-2006. HAIG went to Canada in 2009. They have nothing in South America, although he recently took a trip to Chile, and others at HAIG have been to Brazil. So South America is something they are studying very carefully and trying to figure out the right entry point, because they want to see a value proposition that is commensurate with what they believe the risk to be in going there.

MR. TRIVETTE inquired where HAIG expected the additional $31 million in ARMB capital might go in the next year or two. MR. WILLIAMS said the majority of it would likely go into leased row crops: if they could find a good permanent planting in the $3-$5 million range with the right income attributes, they would be interested. When considering value related to the ARMB investment guidelines, they might see something in the Pacific Northwest or in California. Right now, it is tough to make the Midwest work for new capital. They see opportunities in Idaho, the Pacific Northwest, and some possibilities in the Delta and Texas. The Board could expect them to put the money to work in the next six to twelve months.

CHAIR SCHUBERT thanked the gentlemen for their presentation.

16. IFS Action Items

MR. BADER said staff continued to review the recommendations from the December 2010 audit report by Independent Fiduciary Services and to forward staff recommendations to the Board. He expected to be done with the review process at the September meeting. *[The written staff reports are on file at the ARMB office.]*

MR. SIKES explained that the first two IFS Report recommendations have the same recommended action by the Board, which is to affirm the current investment guidelines. He reviewed the first IFS recommendation, B-1, #2, Publicly Traded Asset Classes. He said the discretion to allow equity managers to invest in certain fixed income securities with the ARMB's equity guidelines and contracts has existed for a very long time and is designed to provide flexibility for any unforeseen circumstances where market conditions may warrant alternatives to stocks. While there is no memory of an equity manager exercising this ability, the value of keeping this flexibility is considered greater than the cost of removing it. Manager contracts are clear as to the investment strategy and benchmark. Any investment by an equity manager in a fixed income security would be detected and investigated promptly by staff. So on this IFS recommendation, staff recommended that the Board affirm its existing guidelines.

MS. HARBO moved that the ARMB affirm the existing Investment Guidelines for Domestic and International Equities in Resolution 2012-08. MR. TRIVETTE seconded.

The motion passed, 7-0.

MR. SIKES next reviewed IFS recommendation B-1, #3, Publicly Traded Assets Classes. He said this IFS recommendation appeared to be addressing guideline structure rather than substance. ARMB's current use of a singular equity guideline document across equity strategies, in staff's opinion, helps promote consistency across equity mandates and board-level understanding of its policies. While possibly making it easier for investment managers, creating new guideline documents by dispersing the existing guidelines along the lines of region, capitalization, and market segment would likely make it more challenging over time for the Board to keep track of what policies it has approved across the equity landscape and introduce the risk of inconsistency and error between these policy documents. Staff, therefore, recommended that the Board affirm its existing investment guidelines.

MR. TRIVETTE moved that the ARMB affirm the existing Investment Guidelines for Domestic and International Equities in Resolution 2012-08. COMMISSIONER BUTCHER seconded. The motion passed, 7-0.

MR. SIKES reviewed IFS recommendation A-1.b, #5, Investment Reporting to the Board. This recommendation regarding fee disclosure appears to be motivated by the desire to ensure that investors are considering fees when selecting investment funds. In the case of all participant-directed plans, the participants are the investors and the Division of Retirement & Benefits reports this information on their web site. Participants should be fully informed regarding fees when selecting funds. As it relates to ARMB considering new options, the fee analysis is part of the hiring process, which is separate from the Callan defined contribution report. Asking Callan to reproduce what is already being reported by the Division of Retirement & Benefits is unnecessary. Staff recommended affirming the current fee reporting process.

MS. HARBO moved that the ARMB affirm the current fee reporting process via the Division of Retirement and Benefits. MR. TRIVETTE seconded. The motion passed, 7-0.

MR. SIKES reviewed IFS recommendation B.8, #1, to adjust the quantitative factors in the Manager Watch List guidelines to accommodate passive index investment managers. Staff believes it is unnecessary to create adjusted Watch List guidelines for passive investment managers. All managers are subject to the existing Watch List guidelines. While the recommendation appears to straightforward and suggests of tight tolerances around index returns for passive mandates, external cash flows (meaning transfers in and out of the account) can create significant tracking error to the index return. This tracking error does not reflect poor management but rather is the incidental byproduct of market performance during transfer periods and performance calculation methods. Therefore, implementing tight quantitative Watch List guidelines for passive mandates is likely to produce false indications of poor management. Staff monitors daily performance of all accounts. For passive managers, any significant deviation from the benchmark, positive

or negative, will trigger follow-up with a manager. If poor performance compared to the index is a legitimate concern, staff will recommend the manager be placed on the Watch List as part of its daily monitoring activities. Staff, therefore, recommended affirmation of the existing Watch List guidelines.

MS. HARBO moved that the ARMB affirm the existing Watch List Guidelines in Resolution 2006-01. MR. TRIVETTE seconded.

MR. TRIVETTE made a friendly amendment to the second paragraph of the Watch List guidelines to replace ASPIB with ARMB. There was no objection to the amendment.

MR. O'LEARY stated that there are more likely to be significant apparent differences in performance in the passive assets managed within the defined benefit program attributable to rebalancing changes. That has been a particularly troublesome area in the small cap equity pool, and each of those instances of significance difference in performance has been something that the ARMB staff has monitored, investigated and accepted the consequence of, as Mr. Sikes outlined.

MR. JOHNSON said there have been previous discussions about not wanting to create a situation where an investment manager might theoretically have a contract claim based upon the resolution saying that they did or did not follow certain guidelines. IFS suggested tightening up the tolerances around the index, and the Board has thought about this a number of times and has rejected it. That is another reason to support the recommendation by Mr. Sikes.

The motion passed, 7-0.

MR. BADER reviewed IFS recommendation B.2.1, which recommended amending the rebalancing policy so that it refers to ranges that are found in the annual asset allocation resolutions. He said staff concurred with the recommendation and had prepared a redlined resolution to make that change to policy.

MS. HARBO moved that the Alaska Retirement Management Board adopt Resolution 2012-17, which amends the Rebalancing Policy to reference the ranges that are found in the annual asset allocation resolutions. COMMISSIONER BUTCHER seconded. The motion passed, 7-0.

17. Investment Actions

17(a). Contract Extensions: Callan Associates, Inc., Townsend Group LLC, and Gabriel Roeder Smith

MR. BADER stated that the current consulting contract with Callan runs from July 1, 2009 to June 30, 2012, with two optional one-year extensions. In consultation with the commissioner, staff recommended exercising the first optional one-year extension

through June 30, 2013.

MR. PIHL moved that the Board direct staff to exercise the first one-year contract option, extending the consulting contract with Callan Associates, Inc. until June 30, 2013. MS. HARBO seconded.

MR. TRIVETTE said the Board spent a considerable amount of time and effort on the selection of a general consultant the last time around, and he continued to be very pleased with the work of Callan Associates.

The motion carried unanimously, 7-0.

MR. BADER stated that the Board's contract with The Townsend Group LLC runs from April 1, 2009 to June 30, 2012, with two optional one-year extensions. Staff recommended that the Board exercise the first of those one-year extensions.

MS. HARBO moved that the Board direct staff to exercise the first one-year contract option, extending the contract with The Townsend Group LLC until June 30, 2013. COMMISSIONER HULTBERG seconded. The motion passed, 7-0.

MR. BADER said the contract period with Gabriel Roeder Smith & Company (GRS), the reviewing actuary for the ARMB, runs from February 1, 2006 to June 30, 2010, with three optional one-year extensions. The second one-year extension runs through June 30, 2012. Staff recommended that the Board exercise the final one-year optional extension of the GRS contract to June 30, 2013.

MR. PIHL moved that the Board direct staff to exercise the final one-year contract option, extending the contract with Gabriel Roeder Smith until June 30, 2013. MS. HARBO seconded. The motion passed, 7-0.

17(b). Actuary Procurement

MR. BADER reviewed the written staff report in the packet outlining the Board's authority for, and the process for, issuing a Request For Proposal (RFP) for an independent audit of the state's actuary. He requested the Board's approval to go ahead with an RFP.

MS. HARBO moved that the Board direct staff to prepare an RFP for an independent audit of the state's actuary to be conducted during fiscal year 2013. MR. TRIVETTE seconded.

MR. TRIVETTE made a friendly amendment that "...the Board direct staff to prepare and issue an RFP..." There was no objection to the amendment.

CHAIR SCHUBERT asked what the audit would cost. MR. BADER recalled that it was $125,000. He added that the independent audit is a statutory requirement, and the last

one was a full replication audit, which explains the cost.

MR. PIHL questioned if a full replication audit was necessary, given that GRS is the reviewing actuary that certifies the work of the state's actuary. He wondered if the Board could consider an approach to the independent audit that was less costly than a full replication.

MR. JOHNSON read the provision in AS 37.10.220(a)(10) that provides for contracting an independent audit no less often than once every four years. He said the statute does not define what an independent audit is, nor does it describe who an independent auditor might be, and it certainly does not say that the audit has to be a full replication. He said there are some grounds for interpretation. Given the Audit Committee disclosures yesterday from KPMG that they engage in some measure of an audit of the actuary, and that KPMG itself is an independent auditor, maybe there is grounds within the framework of that contract to consider it. He said his comments were impromptu, without having the opportunity to flesh them out.

MR. BADER stated that the work GRS performs is not a full replication audit: they look at test lives and many of the actuarial inputs in order to certify the work that Buck Consultants has done. The Board has a history of taking a very conservative view. ARMB does a complete audit every year and does not do a partial audit. He said it is a policy call for the Board, but he felt there had been issues involved with a [prior] actuary and the quality of the data in the past. He reminded everyone that the last time a problem occurred with the actuarial valuation it was as a result of work performed by an outside auditor with no experience with the retirement system that came in and identified the problems that exist. The Board could do something less and everything would probably be okay. Staff has no reason to doubt that the state actuary is giving good information. But he thought the statute was in place so the Board could be as certain as it could possibly be that the numbers it is getting are reliable. It was staff's recommendation to proceed with an independent audit as in the past.

MR. TRIVETTE voiced his support for staff's recommendation because the certifying actuary only looks at one test life when conducting the reviewing audit. He thought $125,000 was a very rational expenditure when taken in the context of a $18-$19 billion retirement fund.

COMMISSIONER BUTCHER concurred with Mr. Trivette and said it was better to err on the conservative side, given what the Board has gone through in the recent past.

CHAIR SCHUBERT said the Board's direction to staff was to go forward [with the RFP] as they have done in the past.

The motion passed unanimously, 7-0.

17(c). ARMB Delegation of Authority

MR. BADER reviewed the written staff report in the meeting packet *[on file]* regarding tightening up the delegations to the chief investment officer.

MR. TRIVETTE moved that the Alaska Retirement Management Board approve Resolution 2012-18, modifying the delegation of authority to grant the chief investment officer authority to approve investment manager requests to name ARMB in publications and written materials. MS. ERCHINGER seconded. The motion carried unanimously, 7-0.

UNFINISHED BUSINESS

1. Meeting Calendar

MS. HALL pointed out the addition of an October 17 Audit Committee teleconference meeting on the 2012 calendar. The proposed 2013 meeting calendar was presented in the packet for the Board's approval.

MS. HARBO moved to adopt the proposed 2013 ARMB meeting calendar. MR. TRIVETTE seconded.

COMMISSIONER HULTBERG noted that the Chair had repopulated the health care committee yesterday, and some meetings for that would have to added to the calendar later.

MR. TRIVETTE suggested that the Legislative Committee would have to schedule meetings as well. He thought meetings for other committees would be added along the way.

The motion passed, 7-0.

2. Disclosure Reports

MS. HALL stated that the disclosure report was included in the packet as required, and there was nothing unusual to report to the Board.

3. Legal Report

MR. JOHNSON said he had no specific new legal issues to bring up, other than to suggest that the Board look at its Policies and Procedures Manual and update it. The references in there are all to ASPIB and to ASPIB statutes that the ARMB adopted in 2005, when the ARMB assumed a lot of the resolutions and previous practices from ASPIB.

NEW BUSINESS - None.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD - None.

PUBLIC/MEMBER COMMENTS

INVESTMENT ADVISORY COUNCIL COMMENTS - None.

TRUSTEE COMMENTS

MR. TRIVETTE said he goes back and reads the minutes of recent meetings because it reminds him of items the Board has covered. He especially appreciates the Investment Advisory Council comments, in particular Dr. Jennings' comments about investment size at the April meeting. He said the ARMB came into being at a difficult time in terms of the status of PERS and TRS funding, and he agreed with Mr. Bader that the Board needs to get the best possible information from the people it works with. The Board is making better use of its meeting time, partly due to the dedication of the trustees but also to the staffs of both departments. He asked the commissioners to convey to their staffs that the Board appreciates their work and dedication. There was a planning session last May that was beneficial, and he thought the Board should take a look at that again in the fall to see if there were items the trustees wanted to still do.

MS. HARBO offered a thank-you to outgoing trustees Tom Richards and Mike Williams and said she appreciated their work and would miss them very much.

MS. ERCHINGER thanked Commissioner Hultberg for engaging the Board in discussions about health care. She regarded that as a valuable contribution. She also thanked Tom Richards and Mike Williams and said she would miss them. Lastly, she thanked Teresa Kesey for her work on behalf of the Board and wished her well in her new job.

CHAIR SCHUBERT also thanked Mr. Williams for his service on the Board, saying he was a terrific help to her at times when sticky parliamentarian questions came up. She thanked Mr. Pihl for all the work he did on the motion the Board adopted yesterday.

FUTURE AGENDA ITEMS - None.

ADJOURNMENT

There being no objection and no further business to come before the board, the meeting was adjourned at 10:40 a.m. on June 22, 2012, on a motion made by Ms. Harbo and seconded by Commissioner Hultberg.

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: Retirement System Membership Activity as of June 30, 2012

ACTION: _____

DATE: September 20, 2012

INFORMATION: **X**

BACKGROUND:

Information related to PERS, TRS, JRS, NGNMRS, SBS and DCP membership activity as requested by the Board.

STATUS:

Membership information as of June 30, 2012.

MEMBERSHIP STATISTICS AS OF SEPTEMBER 30, 2011

	PERS					TRS				JRS	NG	SBS	DCP
	DB			DC		DB		DC					
	Tier I	Tier II	Tier III	Tier IV	TOTAL	Tier I	Tier II	Tier III	TOTAL				
Active Members	4,285	6,552	13,497	12,043	36,377	1,487	6,034	3,520	11,041	72	n/a	26,212	7,233
Terminated Members	2,791	5,524	11,427	4,758	24,500	573	2,643	982	4,198	3	n/a	13,638	2,395
Retirees & Beneficiaries	22,152	4,354	1,077	1	27,584	10,176	853	0	11,029	105	577	n/a	n/a
Managed Accounts	n/a	n/a	n/a	7,582	7,582	n/a	n/a	1,915	1,915	n/a	n/a	701	449
Retirements - 1st QTR FY12	279	144	77	n/a	500	278	138	n/a	416	1	24	n/a	n/a
Withdrawals - 1st QTR FY12	32	73	227	368	700	7	67	112	186	0	n/a	625	116
Partial Payments - 1st QTR FY12	n/a	n/a	n/a	17	17	n/a	n/a	16	16	n/a	n/a	325	448

MEMBERSHIP STATISTICS AS OF DECEMBER 31, 2011

	PERS					TRS				JRS	NG	SBS	DCP
	DB			DC		DB		DC					
	Tier I	Tier II	Tier III	Tier IV	TOTAL	Tier I	Tier II	Tier III	TOTAL				
Active Members	4,166	6,482	13,396	12,577	36,621	1,480	6,019	3,547	11,046	70	n/a	26,721	7,376
Terminated Members	2,746	5,479	11,351	4,892	24,468	563	2,618	984	4,165	5	n/a	13,550	2,389
Retirees & Beneficiaries	22,213	4,458	1,131	1	27,803	10,156	859	0	11,015	103	581	n/a	n/a
Managed Accounts	n/a	n/a	n/a	7,458	7,458	n/a	n/a	1,895	1,895	n/a	n/a	722	482
Retirements - 2nd QTR FY12	155	96	51	n/a	302	16	9	n/a	25	0	24	n/a	n/a
Withdrawals - 2nd QTR FY12	36	56	190	308	590	16	50	45	111	0	n/a	548	90
Partial Payments - 2nd QTR FY12	n/a	n/a	n/a	35	35	n/a	n/a	4	4	n/a	n/a	373	436

MEMBERSHIP STATISTICS AS OF MARCH 31, 2012

	PERS					TRS				JRS	NG	SBS	DCP
	DB			DC		DB		DC					
	Tier I	Tier II	Tier III	Tier IV	TOTAL	Tier I	Tier II	Tier III	TOTAL				
Active Members	4,120	6,434	13,309	12,914	36,777	1,478	6,019	3,561	11,058	70	n/a	26,900	7,466
Terminated Members	2,694	5,439	11,327	5,102	24,562	551	2,586	962	4,099	5	n/a	13,266	2,345
Retirees & Beneficiaries	22,156	4,469	1,135	1	27,761	10,127	863	0	10,990	102	566	n/a	n/a
Managed Accounts	n/a	n/a	n/a	7,250	7,250	n/a	n/a	1,864	1,864	n/a	n/a	746	558
Retirements - 3rd QTR FY12	144	95	57	n/a	296	16	16	n/a	32	2	43	n/a	n/a
Withdrawals - 3rd QTR FY12	26	38	147	319	530	10	39	45	94	0	n/a	546	133
Partial Payments - 3rd QTR FY12	n/a	n/a	n/a	12	12	n/a	n/a	3	3	n/a	n/a	375	444

MEMBERSHIP STATISTICS AS OF JUNE 30, 2012

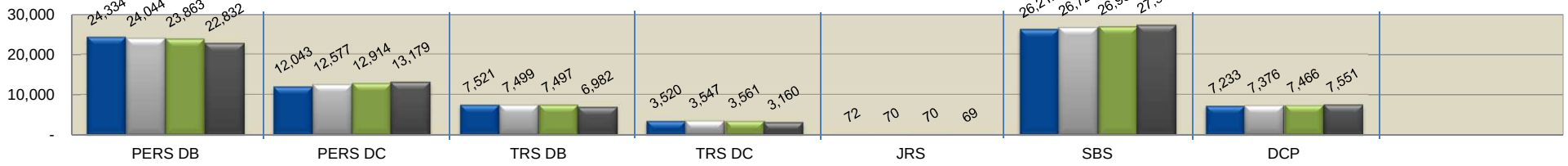
	PERS					TRS				JRS	NG	SBS	DCP
	DB			DC		DB		DC					
	Tier I	Tier II	Tier III	Tier IV	TOTAL	Tier I	Tier II	Tier III	TOTAL				
Active Members	3,765	6,202	12,865	13,179	36,011	1,271	5,711	3,160	10,142	69	n/a	27,337	7,551
Terminated Members	2,628	5,420	11,434	5,583	25,065	541	2,704	1,310	4,555	5	n/a	13,201	2,350
Retirees & Beneficiaries	22,075	4,446	1,133	1	27,655	10,103	859	-	10,962	102	558	n/a	n/a
Managed Accounts	n/a	n/a	n/a	7,193	7,193	n/a	n/a	1,849	1,849	n/a	n/a	796	637
Retirements - 4th QTR FY12	251	131	89	n/a	471	39	23	n/a	62	3	39	n/a	n/a
Withdrawals - 4th QTR FY12	30	46	150	337	337	10	31	44	44	-	n/a	576	131
Partial Payments - 4th QTR FY12	n/a	n/a	n/a	16	16	n/a	n/a	1	1	n/a	n/a	374	406

Alaska Division of Retirement and Benefits

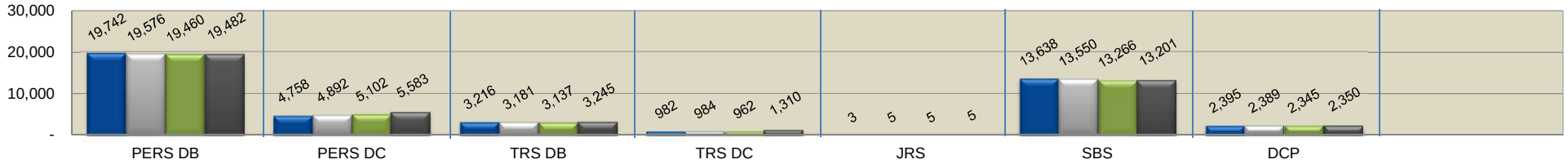
FY 2012 QUARTERLY REPORT OF MEMBERSHIP STATISTICS

as of June 30, 2012

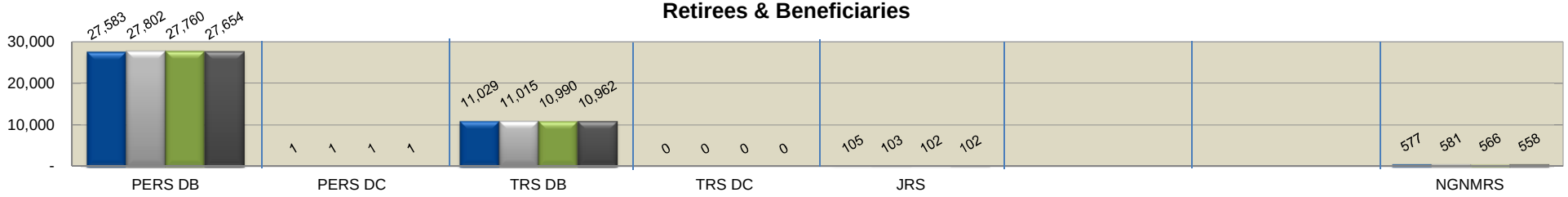
Active Members



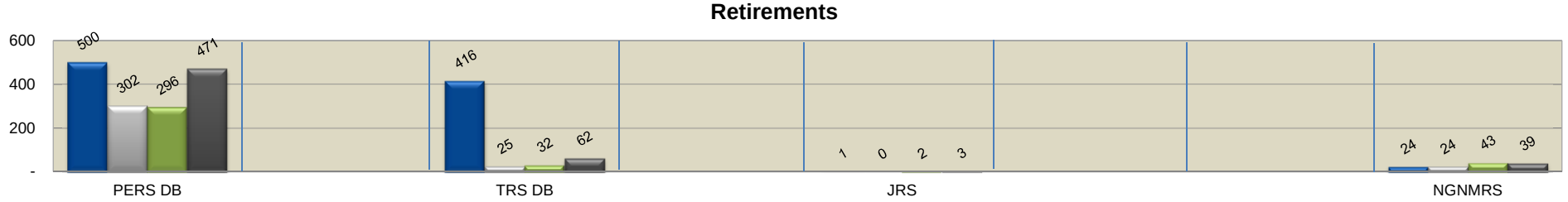
Terminated Members



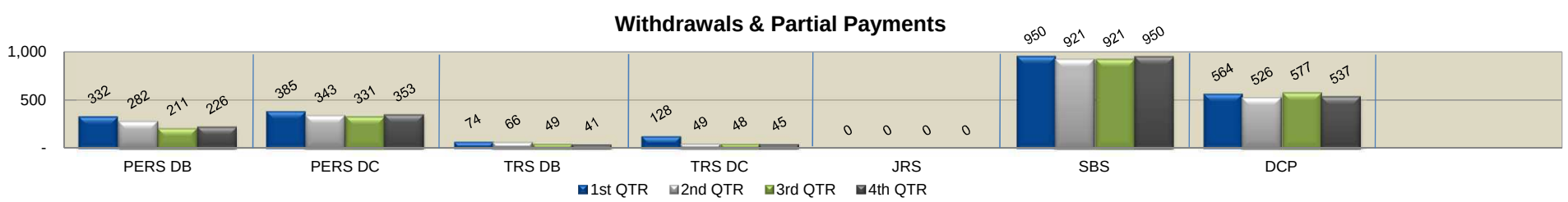
Retirees & Beneficiaries



Retirements



Withdrawals & Partial Payments



LEGEND

Active Members - All active members at the time of the data pull
Terminated Members - All members who have terminated without refunding their account.
Retirees & Beneficiaries - All members who have retired from the plans, including beneficiaries eligible for benefits.
Managed Accounts - Individuals who have elected to participate in the managed accounts option with Great West.
Retirements - The number of retirement applications processed.
Withdrawals - Full withdrawals from retirement account.
Partial Payments - Partial withdrawals from retirement account. If an account holder takes more than one partial withdrawal during the quarter, the withdrawals are counted once for statistical purposes.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	Invoices & Summary of Billings - Buck Consultants, a Xerox Company	ACTION:	
DATE:	September 20, 2012	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 2012 for the months of April, May and June 2012.

Attached are the summary totals for the fiscal year ended June 30, 2012.

Buck Consultants
Billing Summary
Through the Three Months Ended September 30, 2011

	PERS	TRS	JRS	NG	EPORS	AHF	RHF	GF	SBS	DCP	TOTAL
Actuarial Valuations	$ 22,089	16,720	-	-	-	-	-	-	-	-	$ 38,809
ARMB Presentations	-	-	1,437	2,187	-	-	-	-	-	-	3,624
Funding Projections varying int rates and varying amort periods	2,260	1,390	-	-	-	-	-	-	-	-	3,650
SB 121 Analysis	-	-	-	-	-	-	-	8,869	-	-	8,869
Retiree Cash-out actuarial Study	8,133	6,259	-	-	-	-	-	-	-	-	14,392
Funding Projection - Reserve Fund	7,959	5,942	-	-	-	-	-	-	-	-	13,901
Discussion regarding City of Soldotna termination study	1,359	-	-	-	-	-	-	-	-	-	1,359
Salary History used for annual ER contributions to PERS	1,396	-	-	-	-	-	-	-	-	-	1,396
Consulting - Same-sex partner beneficiary hearing	698	-	-	-	-	-	-	-	-	-	698
Study - Retro application of level dollar amortization	4,234	3,465	-	-	-	-	-	-	-	-	7,699
Salaries and normal costs shown separate pension and hlthcr	2,991	2,414	-	-	-	-	-	-	-	-	5,405
Cost of eliminating termination cost studies	2,145	-	-	-	-	-	-	-	-	-	2,145
Moody's Disclosure Request	1,022	1,022	-	-	-	-	-	-	-	-	2,044
Preparation and Attendance at Sept ARMB	3,204	1,266	-	-	-	-	-	-	-	-	4,470
Audit Request	969	813	411	234	-	-	-	-	-	-	2,427
Misc emails and phone calls	3,830	1,494	-	-	-	-	-	-	-	-	5,324
TOTAL	62,289	40,785	1,848	2,421	-	-	-	8,869	0	0	$116,212

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

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	GF	SBS	DCP	TOTAL
Actuarial Valuations	$ 97,766	77,163	818	709	-	-	-	-	-	-	$176,458
Funding Projections varying int rates and varying amort periods	11,106	6,692	-	-	-	-	-	-	-	-	17,798
SB 121 Analysis	-	-	-	-	-	9,900	-	12,366	-	-	22,266
Cost of eliminating termination cost studies	6,284	-	-	-	-	-	-	-	-	-	6,284
Fitch Disclosure Request	2,212	1,549	-	-	-	-	-	-	-	-	3,761
Preparation and Attendance at Sept ARMB	1,380	545	-	-	-	-	-	-	-	-	1,925
Audit Request	1,180	1,180	957	733	-	-	-	-	-	-	4,050
Completion of CAFR Information	1,603	1,031	-	-	-	-	-	-	-	-	2,634
Funding Options Study	11,561	9,468	-	-	-	-	-	-	-	-	21,029
Consulting Study - Consolidation Project	56,209	17,860	123	2,822	19	3,748	100	-	25,135	4,657	110,675
Misc emails and phone calls	2,642	1,031	-	-	-	-	-	-	-	-	3,673
TOTAL	191,945	116,519	1,898	4,264	19	13,648	100	12,366	25,135	4,657	$370,553

Buck Consultants
Billing Summary
Through the Three Months Ended March 31, 2012

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	GF	SBS	DCP	TOTAL
Actuarial Valuations	$ 56,291	43,692	4,729	2,191	-	-	-	-	-	-	$106,903
SB 121 Analysis	-	-	-	-	-	-	-	44,768	-	-	44,768
60 year projection of state and employer cont - level dollar	4,853	3,789	-	-	-	-	-	-	-	-	8,642
Total Salary Info (DB & DC) by employer	948	775	-	-	-	-	-	-	-	-	1,723
Claims Paid cash flow between Wells Fargo and CAFR	1,083	427	10	-	-	-	-	-	-	-	1,521
SB 100 Analysis	1,447	-	-	-	-	-	-	-	-	-	1,447
Research and Correspondence GASB 43 Discount Rate	801	317	-	-	-	-	-	-	-	-	1,118
SB 211 Fiscal Note	13,119	-	-	-	-	-	-	-	-	-	13,119
SB 187 Analysis	20,942	-	-	-	-	-	-	-	-	-	20,942
Consulting Study - Consolidation Project	27,434	8,717	60	1,377	9	1,829	49	-	12,268	2,273	54,017
Misc emails and phone calls	2,462	961	-	-	-	-	-	-	-	-	3,423
TOTAL	129,381	58,678	4,799	3,568	9	1,829	49	44,768	12,268	2,273	$257,623

Buck Consultants
Billing Summary
Through the Three Months Ended June 30, 2012

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	GF	SBS	DCP	TOTAL
Actuarial Valuations	$ 1,936	1,704	507	194	-	-	-	-	-	-	$ 4,341
ARMB Presentation	8,673	3,389	-	-	-	-	-	-	-	-	12,062
60 year projection of state and employer cont - level dollar & level percent of pay	5,407	4,424	-	-	-	-	-	-	-	-	9,831
SB 100 Analysis	2,672	-	-	-	-	-	-	-	-	-	2,672
SB 187 Analysis	3,394	-	-	-	-	-	-	-	-	-	3,394
Consulting Study - Consolidation Project	868	276	2	44	-	58	2	-	387	72	1,709
Allocation of employer/State cont between DB & DCR payroll for normal cost & unfunded liability	3,060	2,617	-	-	-	-	-	-	-	-	5,677
Allocation of employer cont rates between pension and healthcare	925	698	-	-	-	-	-	-	-	-	1,623
Actuarial Recon-Hlth Benefit Normal Cost between DCR Hlthcr & latest DB tier-TRS	-	5,800	-	-	-	-	-	-	-	-	5,800
PERS Firefighter Actuarial Study - Retiree Medical Eligibility to 20 Years	3,000	-	-	-	-	-	-	-	-	-	3,000
DCR Healthcare Plan design modeling	29,395	10,122	-	-	-	-	-	-	-	-	39,517
Misc emails and phone calls	3,538	1,381	-	-	-	-	-	-	-	-	4,919
TOTAL	62,868	30,411	509	238	-	58	2	-	387	72	$ 94,545

Buck Consultants
Billing Summary
Through the Nine Months Ended June 30, 2012

	PERS	TRS	JRS	NGNMRS	EPORS	AHF	RHF	GF	SBS	DCP	TOTAL
Actuarial Valuations	$ 178,084	139,279	6,054	3,094	-	-	-	-	-	-	$326,511
ARMB Presentations	8,673	3,389	1,437	2,187	-	-	-	-	-	-	15,686
Funding Projections varying int rates and varying amort periods	13,366	8,082	-	-	-	-	-	-	-	-	21,448
SB 121 Analysis	-	-	-	-	-	9,900	-	66,003	-	-	75,903
Retiree Cash-out actuarial Study	8,133	6,259	-	-	-	-	-	-	-	-	14,392
Funding Projection - Reserve Fund	7,959	5,942	-	-	-	-	-	-	-	-	13,901
Discussion regarding City of Soldotna termination study	1,359	-	-	-	-	-	-	-	-	-	1,359
Salary History used for annual ER contributions to PERS	1,396	-	-	-	-	-	-	-	-	-	1,396
Consulting - Same-sex partner beneficiary hearing	698	-	-	-	-	-	-	-	-	-	698
Study - Retro application of level dollar amortization	4,234	3,465	-	-	-	-	-	-	-	-	7,699
Salaries and normal costs shown separate pension and hlthcr	2,991	2,414	-	-	-	-	-	-	-	-	5,405
Cost of eliminating termination cost studies	8,429	-	-	-	-	-	-	-	-	-	8,429
Moody's Disclosure Request	1,022	1,022	-	-	-	-	-	-	-	-	2,044
Fitch Disclosure Request	2,212	1,549	-	-	-	-	-	-	-	-	3,761
Preparation and Attendance at Sept ARMB	4,584	1,811	-	-	-	-	-	-	-	-	6,395
Audit Request	2,149	1,993	1,368	967	-	-	-	-	-	-	6,477
Completion of CAFR Information	1,603	1,031	-	-	-	-	-	-	-	-	2,634
Funding Options Study	11,561	9,468	-	-	-	-	-	-	-	-	21,029
60 year projection of state and employer cont - level dollar & level percent of pay	10,260	8,213	-	-	-	-	-	-	-	-	18,473
Total Salary Info (DB & DC) by employer	948	775	-	-	-	-	-	-	-	-	1,723
Claims Paid cash flow between Wells Fargo and CAFR	1,083	427	10	-	-	-	-	-	-	-	1,521
SB 100 Analysis	4,119	-	-	-	-	-	-	-	-	-	4,119
Research and Correspondence GASB 43 Discount Rate	801	317	-	-	-	-	-	-	-	-	1,118
SB 211 Fiscal Note	13,119	-	-	-	-	-	-	-	-	-	13,119
SB 187 Analysis	24,336	-	-	-	-	-	-	-	-	-	24,336
Consulting Study - Consolidation Project	84,510.88	26,853	186	4,244	29	5,636	151	-	37,790	7,002	166,401
Allocation of employer/State cont between DB & DCR payroll for normal cost & unfunded liability	3,060	2,617	-	-	-	-	-	-	-	-	5,677
Allocation of employer cont rates between pension and healthcare	925	698	-	-	-	-	-	-	-	-	1,623
Actuarial Recon-Hlth Benefit Normal Cost between DCR Hlthcr & latest DB tier-TRS	-	5,800	-	-	-	-	-	-	-	-	5,800
PERS Firefighter Actuarial Study - Retiree Medical Eligibility to 20 Years	3,000	-	-	-	-	-	-	-	-	-	3,000
DCR Healthcare Plan design modeling	29,395	10,122	-	-	-	-	-	-	-	-	39,517
Misc emails and phone calls	12,472	4,867	-	-	-	-	-	-	-	-	17,339
TOTAL	446,483	246,393	9,055	10,492	29	15,536	151	66,003	37,790	7,002	$838,933

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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

May 22, 2012

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

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

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

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

Client #: 00019732
Invoice #: 2111345

Services rendered from April 1, 2012 through April 30, 2012 (see attached): $24,853.00

Ok to process
JR 6/11/12

State of Alaska
April 2012 Invoice for Actuarial Services

	April 2012			Fiscal Year to Date July 2011 - June 2012		
	Services	Expenses	Total	Services	Expenses	Total
Regular Services Under Contract						
Preparation for and presentation at the April ARM Board meeting						
- PERS	$ 1,277	$ 659	$ 1,936			
- TRS	1,045	659	1,704			
- JRS roll-forward	507	0	507			
- NGNMRS roll-forward	194	0	194			
				276,479.00		277,797.00
Subtotal	$ 3,023	$ 1,318	$ 4,341	~~$ 280,682.00~~	$ 1,318.00	~~$ 282,000.00~~
Non-Regular Services						
Consulting, discussions and additional reserve fund transfer projections for PERS as proposed under SB 187	$ 3,394	$ 0	$ 3,394			
Preparation of 60 year projections of the impact on state/employer contributions for $1 billion and $500 million appropriations under both a level percent of payroll and a level dollar amortization methods						
- PERS	$ 5,407	$ 0	$ 5,407			
- TRS	4,424	0	4,424			
Work in process on allocation of employer/state contribution rate between DB and DCR payroll for normal cost and unfunded liability payments requested at the April ARM Board meeting						
- PERS	$ 465	$ 0	$ 465			
- TRS	$ 465	$ 0	$ 465			
Completion of the fiscal note for SB 100 regarding the fiscal impact to use 20% of member/salary for partial termination study trigger level, submitted April 9th	$ 2,672	$ 0	$ 2,672			
Work in process on PERS firefighter actuarial study to change retiree medical eligibility to 20 years for PERS P/F	$ 724	$ 0	$ 724			
Miscellaneous administration, emails and phone calls	$ 1,252	$ 0	$ 1,252			
				317,884.00		325,043.00
Subtotal	$ 18,603	$ 0	$ 18,603	~~$ 420,170.00~~	$ 7,159.00	~~$ 427,334.00~~
Total Actuarial Services	$ 21,826	$ 1,318	$ 23,144	~~$ 700,857.00~~	~~$ 8,477.00~~	~~$ 715,334.00~~
				594,363.00	8,477.00	602,840.00
Special Projects						
				150,000.00		166,400.71
Consulting project to assist in the Consolidation of the Retirement and the Health and Welfare Sections within DRB	$ 0	$ 1,709	$ 1,709	~~$ 464,288.45~~	16,400.71	~~$ 200,601.16~~
Grand Total	$ 21,826	$ 3,027	$ 24,853	~~$ 891,057.45~~	$ 24,877.71	~~$ 915,935.16~~
				744,363.00		769,240.71

Staff Member	April 2012 Hours*	Fiscal Year-to-Date July 2011 - June 2012 Hours*
- Aaron Jurgaitis	0.00	137.00
- Becky Soderfelt	0.00	0.00
- Chris Hulla	2.25	19.00
- Colin Wein	12.00	589.00
- David Slishinsky	27.00	366.00
- Doug Fiddler	0.00	1.25
- Karen Hancock	1.25	42.00
- Kathy Recchiuti	0.00	11.00
- Kyla Kaltenbach	13.50	361.00
- Melissa Bissett	0.00	65.25
- Michael Mills	0.00	43.25
- Michelle Pritchard	6.75	289.50
- Monica DeGraff	11.25	12.75
- Peter Gold	0.00	2.25
- Robert Besenhofer	0.00	1.50
- Robin Simon	0.00	1.75
- Ron Thompson	0.00	3.00
- Soon Kyu Son	0.00	10.25
- Steve Robb	0.00	12.50
- Tammy Ringel	0.00	87.75
- William Detweiler	0.00	7.00
	74.00	2,063.00

* Excludes consulting project to consolidate Retirement and Health and Welfare Sections within DRB.

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RECEIVED
JUN 22 2012
Ret. & Benefits

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 15, 2012

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

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

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

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

Client #: 00019732
Invoice #: 2113500

Services rendered from May 1 through May 31, 2012 (see attached): **$ 13,527.00**

Ok to pracess
DL 6/22/12

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A Xerox Company

State of Alaska
May 2012 Invoice for Actuarial Services

	May 2012			Fiscal Year to Date July 2011 - June 2012		
	Services	Expenses	Total	Services	Expenses	Total
Regular Services Under Contract						
2011 Actuarial Valuations and Presentations to the ARM Board						
- PERS	$ 0	$ 0	0			
- TRS	0	0	0			
- JRS roll-forward	0	0	0			
- NGNMRS roll-forward	0	0	0	276,479.00		277,797.00
Subtotal	$ 0	$ 0	$ 0	$ ~~288,882.00~~	$ 1,318.00	$ ~~288,000.00~~
Non-Regular Services						
Work in process on actuarial reconciliation of the healthcare benefit normal cost between the DCR healthcare and latest tier DB healthcare benefit for TRS	$ 2,900	$ 0	$ 2,900			
Preparation for the June ARM Board meeting, including correspondence regarding the projected cost of level dollar amortization	$ 1,335	$ 0	$ 1,335			
Consulting, discussions, and corresponence regarding the interpretation of when the occupational death benefit for DCR stops	$ 1,352	$ 0	$ 1,352			
Completion of the allocation of employer/state contribution rate between DB and DCR payroll for normal cost and unfunded liability payments requested at the April ARM Board meeting						
- PERS	$ 2,088	$ 0	$ 2,088			
- TRS	$ 1,814	$ 0	$ 1,814			
Completion of the PERS peace officer/firefighter actuarial study to change retiree medical eligibility to 20 years for PERS FYF	$ 2,276	$ 0	$ 2,276			
Miscellaneous administration, emails and phone calls	$ 1,762	$ 0	$ 1,762	331,411.00		338,570.00
Subtotal	$ 13,527	$ 0	$ 13,527	$ ~~433,702.00~~	$ 7,159.00	$ ~~440,861.00~~
Total Actuarial Services	$ 13,527	$ 0	$ 13,527	$ ~~720,384.00~~	$ 8,477.00	$ ~~728,661.00~~
				607,890.00		616,367.0
Special Projects						
Consulting project to assist in the Consolidation of the Retirement and the Health and Welfare Sections within DRB	$ 0	$ 0	$ 0	150,000.00		166,400.71
				$ ~~484,200.45~~	$ 16,400.71	$ ~~200,601.16~~
Grand Total	$ 13,527	$ 0	$ 13,527	$ ~~904,584.45~~	$ 24,877.71	$ ~~929,462.16~~
				757,890.00		782,767.7

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Staff Member	May 2012 Hours*	Fiscal Year-to-Date July 2011 - June 2012 Hours*
- Aaron Jurgaitis	0.00	137.00
- Becky Soderfelt	0.00	0.00
- Chris Hulla	2.00	21.00
- Colin Wein	9.25	598.25
- David Slishinsky	7.25	373.25
- Doug Fiddler	0.00	1.25
- Karen Hancock	1.25	43.25
- Kathy Recchiuti	0.25	11.25
- Kyla Kaltenbach	7.75	368.75
- Melissa Bissett	0.75	66.00
- Michael Mills	0.00	43.25
- Michelle Pritchard	5.50	295.00
- Monica DeGraff	2.00	14.75
- Peter Gold	0.00	2.25
- Robert Besenhofer	0.00	1.50
- Robin Simon	0.00	1.75
- Ron Thompson	0.00	3.00
- Soon Kyu Son	0.00	10.25
- Steve Robb	0.00	12.50
- Tammy Ringel	1.25	89.00
- William Detweiler	0.00	7.00
	37.25	2,100.25

* Excludes consulting project to consolidate Retirement and Health and Welfare Sections within DRB.

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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

July 18, 2012

Ms. Christina Maiquis
State of Alaska PERS
333 Willoughby, 6th Floor State Office Building
Juneau, AK 99811-0208

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

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

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

Client #: 00019732
Invoice #: 2117035

Services rendered from June 1 through June 30, 2012 (see attached): **$56,165.00**

ok to process
CM 7/20/12

buckconsultants

A Xerox Company

June 2012 Invoice for Actuarial Services

	June 2012			Fiscal Year to Date July 2011 - June 2012		
	Services	Expenses	Total	Services	Expenses	Total
Regular Services Under Contract						
2011 Actuarial Valuations						
- PERS	$ 0	$ 0	$ 0			
- TRS	0	0	0			
- JRS roll-forward	0	0	0			
- NGNMRS roll-forward	0	0	0			
				276,479.00		277,797.00
Subtotal	$ 0	$ 0	$ 0	$ ~~286,682.00~~	$ 1,318.00	$ ~~288,000.00~~
Non-Regular Services						
Completion of the actuarial reconciliation of the healthcare benefit normal cost between the DCR healthcare and latest tier DB healthcare benefit for TRS, submitted June 19th	$ 2,900	$ 0	$ 2,900			
Preparation for and attendence at the June ARMBoard meeting	$ 6,905	$ 3,822	$ 10,727			
Work in process on DCR Healthcare Plan design modeling tool	$ 38,165	$ 0	$ 38,165			
Completion of the allocation of employer contribution rates between pension and healthcare for the ARM Board Resolution for the adoption of employer contribution rates at the June ARMB meeting						
- PERS	$ 925	$ 0	$ 925			
- TRS	$ 698	$ 0	$ 698			
Work in process for showing the allocation of employer normal costs between benefits for PERS and TRS						
- PERS	$ 507	$ 0	$ 507			
- TRS	$ 338	$ 0	$ 338			
Miscellaneous administration, emails and phone calls	$ 1,905	$ 0	$ 1,905			
				383,754.00		394,735.00
Subtotal	$ 52,343	$ 3,822	$ 56,165	$ ~~486,045.00~~	$ 10,981.00	$ ~~497,026.00~~
Total Actuarial Services	$ 52,343	$ 3,822	$ 56,165	$ ~~772,727.00~~	$ 12,299.00	$ ~~785,026.00~~
				660,233.00		672,532.00
Special Projects						
Consulting project to assist in the Consolidation of the Retirement and the Health and Welfare Sections within DRB	$ 0	$ 0	$ 0	150,000.00 $ ~~484,200.45~~	16,400.71	166,400.71 $ ~~500,601.16~~
Grand Total	$ 52,343	$ 3,822	$ 56,165	$ ~~956,927.45~~	$ 28,699.71	$ ~~985,627.16~~
				810,233.00		838,932.71

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Staff Member	June 2012 Hours*	Fiscal Year-to-Date July 2011 - June 2012 Hours*
- Aaron Jurgaitis	0.00	137.00
- Chris Hulla	12.75	33.75
- Colin Wein	19.75	618.00
- David Silshinsky	15.00	388.25
- Doug Fiddler	0.00	1.25
- Karen Hancock	1.00	44.25
- Kathy Recchiuti	1.25	12.50
- Kyla Kaltenbach	21.75	390.50
- Melissa Bissett	11.75	77.75
- Michael Mills	0.00	43.25
- Michelle Pritchard	38.25	333.25
- Monica DeGraff	8.50	23.25
- Patrick Kowalsky	6.00	6.00
- Peter Gold	0.00	2.25
- Reza Vahid	8.00	8.00
- Robert Besenhofer	0.00	1.50
- Robin Simon	6.25	8.00
- Ron Thompson	0.00	3.00
- Soon Kyu Son	0.00	10.25
- Steve Robb	0.00	12.50
- Tammy Ringel	0.00	89.00
- William Detweiler	0.00	7.00
	150.25	2,250.50

* Excludes consulting project to consolidate Retirement and Health and Welfare Sections within DRB.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY2014 ARMB Budget Proposal

ACTION: X

DATE: September 20, 2012

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 19, 2012 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 FY2014 budget information.

STATUS:

Staff to the ARMB

The ARMB purchases personal services from the Treasury Division each year. The FY2014 budget is estimated to include $226,266 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. 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 FY14 are $39,768,895.

RECOMMENDATION:

The ARMB Budget Committee and staff recommend that the ARMB adopt the FY14 Proposed Budget as attached, with the understanding that salary increases will be included during review by OMB and the Legislature.

Attachment: Budget Work Sheet

FY14 ARMB Working Budget

	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Totals Authorized	FY12 Totals Actual	Variance Auth v Actual $	Variance Auth v Actual %age	FY13 Projected	FY14 Proposed	$ Change from FY13	% change	Remarks
Personal Services	2,962,900	3,064,082	2,729,563	2,885,912	3,668,900	3,022,178	(646,722)	-17.6%	3,771,100	3,997,366	226,266	6.0%	
Travel													
Staff	162,172	139,543	142,531	148,529	160,000	168,701	8,701	5.4%	160,000	160,000			Includes Deputy Commissioner's move
Board	54,301	61,057	55,951	57,658	60,000	58,153	(1,847)	-3.1%	60,000	60,000			
	193,844	200,600	198,482	206,188	220,000	226,854	6,854	3.1%	220,000	220,000	0	0.0%	
Contractual													
Investment Management and Custody Fees													
Money Management	27,366,579	20,575,195	22,005,044	24,591,935	33,872,900	27,812,013	(6,060,887)	-17.9%	33,872,900	38,638,895			
Custody	1,364,385	1,084,391	1,123,221	1,126,639	1,130,000	1,130,155	155	0.0%	1,130,000	1,130,000			
Amount Reserved in budget for add'l unanticipated fees	1,500	0	0	0	0	0	0	0.0%	0	0			
	28,732,464	21,659,586	23,128,265	25,718,574	35,002,900	28,942,168	(6,060,732)	-17.3%	35,002,900	39,768,895	4,765,995	13.6%	
Investment Consulting													
General consultant and performance measurement	522,027	520,303	595,000	493,500	650,000	477,405	(172,595)	-26.6%	650,000	650,000			
Real Estate - Townsend	100,000	102,960	101,665	100,000	150,000	100,000	(50,000)	-33.3%	110,000	110,000			
Investment Advisory Council	116,241	104,718	94,179	107,305	150,000	110,548	(39,452)	-26.3%	150,000	150,000			
	738,268	727,981	790,844	700,805	950,000	687,953	(262,047)	-27.6%	910,000	910,000	0	0.0%	
Investment Information Services													
Bloomberg	193,164	293,987	257,362	262,757	300,000	297,205	(2,795)	-0.9%	300,000	300,000			
Factset	132,300	154,795	185,207	189,876	200,000	196,964	(3,036)	-1.5%	200,000	200,000			
Yieldbook	54,782	88,791	47,970	29,515	31,000	36,004	5,004	16.1%	20,000	20,000			
SSB Private Edge	0	0	0	0	100,000	0	(100,000)	-100.0%	100,000	100,000			
SSB Risk Management Module	0	0	0	113,349	200,000	170,050	(29,950)	-15.0%	0	0			Terminated 6/30/2012. RFP for new module included in other
Standard & Poors	58,255	112,842	32,502	86,798	90,000	91,006	1,006	1.1%	93,000	93,000			
Moody's	38,187	38,746	40,645	8,997	10,000	10,390	390	3.9%	12,000	12,000			
Credit Sights	18,000	18,000	18,000	8,820	10,000	2,904	(7,096)	-71.0%	5,000	5,000			
Trade Web	23,184	18,161	8,201	4,196	5,000	4,792	(208)	-4.2%	5,000	5,000			
Trepp CMBS	40,000	72,700	60,000	60,000	74,000	60,000	(14,000)	-18.9%	60,000	60,000			
Institutional Investor Proxy Service for REIT Portfolio	6,000	6,506	6,506	6,506	7,000	6,506	(494)	-7.1%	7,000	7,000			
Zach Investments Research	0	0	40,000	40,000	40,000	51,250	11,250	28.1%	51,300	51,300			Additional services were added June 2012
FTSE International				14,135	15,000	14,842	(158)	100.0%	15,000	15,000			
Fitch Ratings				0	14,000	10,923	(3,077)	0.0%	11,000	11,000			
Other	12,712	60,398	19,240	9,098	25,000	5,551	(19,449)	-77.8%	205,000	215,000			RFP went out in July for a new Risk Management Module
	576,584	864,925	715,633	834,048	1,121,000	958,388	(162,612)	-14.5%	1,084,300	1,094,300	10,000	0.9%	
Inter and Intra Departmental Charges													
Legal	158,798	153,600	171,364	122,134	160,000	63,897	(96,103)	-60.1%	160,000	160,000			
DOR Admin Services	51,383	54,394	79,089	120,165	120,000	154,976	34,976	29.1%	161,000	161,000			
DOR Commissioner's Office				21,250	22,000	21,471	(529)	100.0%	17,500	17,500			
Building Maintenance	9,529	0	0	268	1,600	51	(1,549)	100.0%	500	500			
Building Lease	76,858	100,955	143,279	94,409	100,000	84,135	(15,865)	-15.9%	100,000	100,000			FY12 released some space in the Court Plaza Building
DOA Human Resources	19,159	21,825	16,387	17,707	25,000	17,559	(7,441)	-29.8%	20,000	20,000			
ETS - Telecommunications & Computer Services	47,459	54,952	47,528	49,708	55,000	48,453	(6,547)	-11.9%	50,000	50,000			
Mail	3,309	5,829	5,589	6,430	7,000	4,217	(2,783)	-39.8%	7,000	7,000			
DOA Finance (AKSAS & AKPAY)				30,279	30,000	23,464	(6,536)	100.0%	30,000	30,000			
Other	15,788	47,428	5,213	3,762	15,000	3,329	(11,671)	-77.8%	5,000	30,000			
	382,283	438,982	468,449	466,112	535,600	421,552	(114,048)	-21.3%	551,000	576,000	25,000	4.5%	
Other professional services													
Actuarial Services - Buck & GRS	156,021	135,942	98,390	182,070	140,000	77,203	(62,797)	-44.9%	140,000	140,000			
Peer Review of Actuarial Experience Study (Aon)	0	135,000	0	0	0	0	0	0.0%	135,000	0			
Performance consultant audit - IFS	0	0	0	121,000	0	0	0	0.0%	0	0			
Other	0	68,675	4,059	1,000	5,000	24,330	19,330	386.6%	5,000	10,000			Deloitte & Touche payments, McLagan Salary Study
Financial Audit	77,695	67,670	83,900	86,650	89,400	89,400	0	0.0%	92,000	110,000			FY13 last year for audit contract with KPMG, R&B to establish a new one, price unknown.
	233,716	407,287	186,349	390,720	234,400	190,933	(43,467)	-18.5%	372,000	260,000	(112,000)	-30.1%	
Subscriptions, training and other expenses													
Subscriptions	1,319	25,606	2,214	1,365	2,000	3,772	1,772	88.6%	4,000	4,000			
Training, memberships and conferences	36,630	50,898	55,628	53,510	60,000	60,800	800	1.3%	55,000	60,000			
Courier and express services	6,878	10,252	4,667	4,033	10,000	2,814	(7,186)	-71.9%	5,000	5,000			
Phone and telecommunications	31,646	35,410	25,806	24,821	30,000	25,899	(4,101)	-13.7%	27,000	30,000			
Board meeting related expenses	52,515	57,959	61,642	74,534	75,000	74,496	(504)	-0.7%	65,000	75,000			
Software & Software Support	16,912	23,458	111,315	15,578	20,000	61,079	41,079	205.4%	15,000	20,000			Software support for new server equipment for Revenue
Advertising	19,427	7,653	6,473	9,025	10,000	7,355	(2,645)	-26.4%	10,000	10,000			
Honoraria	52,929	47,768	61,124	62,842	74,800	55,088	(19,712)	-26.4%	74,800	74,800			
Other	25,393	118,910	5,163	43,649	57,000	7,096	(49,904)	-87.6%	16,700	60,700			
	243,651	377,913	334,032	289,356	338,800	298,398	(40,402)	-11.9%	272,500	339,500	67,000	24.6%	
Contractual	30,907,006	24,476,674	25,623,572	28,399,615	38,182,700	31,499,393	(6,683,307)	-17.5%	38,192,700	42,948,695	4,755,995	12.5%	
Supplies and equipment	69,548	155,044	61,307	67,437	70,000	323,023	253,023	361.5%	60,000	70,000	10,000	16.7%	New server equipment for Revenue. New conference room and office furniture.
Personal Services & Travel	3,156,744	3,264,682	2,928,045	3,092,100	3,888,900	3,249,032	-639,868	-16.5%	3,991,100	4,217,366	226,266	6%	
Total all Expenses	**33,971,339**	**27,896,401**	**28,612,924**	**31,559,151**	**42,141,600**	**35,071,448**	**(7,070,152)**	**-16.8%**	**42,243,800**	**47,236,061**	**4,992,261**	**11.8%**	
Investment fees and custody	28,732,464	21,659,586	23,128,265	25,718,574	35,002,900	28,942,168	(6,060,732)	-17.3%	35,002,900	39,768,895	4,765,995	13.6%	
Operations	5,238,875	6,236,814	5,484,659	5,840,577	7,138,700	6,129,280	(1,009,420)	-14.1%	7,240,900	7,467,166	226,266	3.1%	
Total all Expenses	**33,971,339**	**27,896,401**	**28,612,924**	**31,559,151**	**42,141,600**	**35,071,448**	**(7,070,152)**	**-16.8%**	**42,243,800**	**47,236,061**	**4,992,261**	**11.8%**	

ARMB FY2014 Working Budget
Investment Management and Custody Fees

Type	Manager	FY2012 Actuals	Asset Value as of 6/30/12	Projected Asset Value as of 6/30/13	Fees in Basis Points	Basis Points	FY13 Projected	FY2014 Proposed
CB	Advent Capital Convertible Bond	667,065	113,744,052	122,843,576	0.005865	58.65	720,430	778,065
DomFI	MacKay Shields	1,893,722	443,294,844	478,758,432	0.004272	42.72	2,045,220	2,208,837
Intl	Brandes Investment Partners, L.P.	2,860,940	729,985,965	788,384,842	0.003919	39.19	3,089,815	3,337,000
Intl	Cap Guardian	1,988,429	564,558,877	609,723,587	0.003522	35.22	2,147,503	2,319,303
Intl	Lazard (AY58)	517,526	363,316,411	392,381,724	0.001424	14.24	558,928	603,643
Intl	McKinley Capital (AY69)	1,542,678	299,246,866	323,186,615	0.005155	51.55	1,666,092	1,799,380
Intl	SSgA MSCI All Country World (AY68)	274,422	481,144,639	519,636,210	0.000570	5.70	296,376	320,086
IntlFI	Mondrian (AY63)	1,441,748	376,204,013	406,300,334	0.003832	38.32	1,557,088	1,681,655
IntlSC	Mondrian (AY5B)	843,821	111,465,408	120,382,641	0.007570	75.70	911,327	984,233
IntlSC	Schroder	866,040	104,448,423	112,804,297	0.008292	82.92	935,324	1,010,150
LC	Analytic	163,526	112,486,019	121,484,901	0.001454	14.54	176,609	190,737
LC	Barrow Hanley Mewhinney & Strauss (AY4U)	642,000	145,999,264	157,679,205	0.004397	43.97	693,360	748,829
LC	Lazard (AY47)	891,908	298,317,463	322,182,860	0.002990	29.90	963,261	1,040,322
LC	McKinley Capital (AY48)	1,136,779	326,547,786	352,671,609	0.003481	34.81	1,227,721	1,325,939
LC	Quantitative Management Associates	506,749	142,878,145	154,308,397	0.003547	35.47	547,288	591,072
LC	RCM (AY38)	1,061,220	348,623,351	376,513,219	0.003044	30.44	1,146,118	1,237,807
LC	RCM (AY4Y)	488,838	99,436,225	107,391,123	0.004916	49.16	527,945	570,180
LC	SSgA - Buy Write (AY4W)	14,931	106,718,472	115,255,950	0.000140	1.40	16,125	17,415
LC	SSgA - Futures Large Cap (AY6B)	14,395	8,926,073	9,640,159	0.001613	16.13	15,547	16,791
LC	SSgA 1000 Value Index Fund (AY4M)	131,483	948,909,950	1,024,822,746	0.000139	1.39	142,002	153,362
LC	SSgA 200 Index Fund (AY4R)	53,465	394,463,722	426,020,820	0.000136	1.36	57,742	62,361
LC	SSgA Russell 1000 Growth Index Fund (AY4L)	106,046	767,650,307	829,062,332	0.000138	1.38	114,530	123,692
PE	Abbott Capital Management	1,899,637	735,952,298	794,828,482	0.002581	25.81	2,051,608	2,215,737
PE	Pathway	2,276,667	745,877,853	805,548,081	0.003052	30.52	2,458,800	2,655,504
SC	Barrow Hanley Mewhinney & Strauss (AY4Q)	591,620	110,714,417	119,571,570	0.005344	53.44	638,950	690,066
SC	De Prince	822,688	73,063,427	78,908,501	0.011260	112.60	888,503	959,583
SC	Frontier	607,989	113,341,088	122,408,375	0.005364	53.64	656,628	709,158
SC	Jennison Associates LLC	998,850	126,424,851	136,538,839	0.007901	79.01	1,078,758	1,165,059
SC	Lord Abbett & Co. (AY4Z)	686,608	72,204,963	77,981,360	0.009509	95.09	741,536	800,859
SC	Lord Abbett & Co. (AY4H)	979,325	131,172,461	141,666,258	0.007466	74.66	1,057,671	1,142,285
SC	Luther King Cap. Mgmt	671,732	129,440,552	139,795,796	0.005190	51.90	725,471	783,508
SC	SSgA - Futures Small Cap (AY6A)	10,815	6,347,200	6,854,976	0.001704	17.04	11,680	12,615
SC	SSgA 2000 Index Fund (AY4N)	15,532	11,438,289	12,353,352	0.001358	13.58	16,775	18,117
SC	SSgA Russell 2000 Value Index Fund (AY4P)	28,237	12,116,847	13,086,195	0.002330	23.30	30,496	32,936
SC	Victory	85,848	72,436,485	78,231,404	0.001185	11.85	92,715	100,133
	FY07 Invoices	28,734						
	Total Management Fees	27,812,013					30,005,942	32,406,417
			9,628,897,006	10,399,208,766				
							5,770,812	6,232,477
	Total Potential Management Fees			2,000,000,000			35,776,754	38,638,895

CB	Convertible Bond	667,065
DomFI	Domestic Fixed Income	1,893,722
HY	High Yield	
IntlSC	International Equities Small Cap	1,709,862
Intl	International Equities	7,183,995
IntlFI	International Fixed Income	1,441,748
LC	Domestic Equity Large Cap	5,211,340
PE	Private Equity	4,176,304
SC	Domestic Equity Small Cap	5,499,244
	FY07 Invoices	28,734
	Total Management Fees	27,812,013
	Total Management Fees	**27,812,013**
	Total Custody Fees ARMB C&M	**1,130,155**

Actual	28,942,168	Projected	36,906,754	39,768,895
Authorized	35,002,900	Authorized	35,002,900	n/a
Lapse	6,060,732			

1,130,000	**1,130,000**

CHIEF INVESTMENT OFFICER REPORT

1. Rebalanced all retirement funds closer to strategic allocation on June 18.
2. Rebalanced all retirement funds closer to strategic allocation on July 11.
3. Began the process of terminating Capital International Emerging Market fund.
4. Rebalanced all retirement funds closer to strategic allocation on August 9.
5. Rebalanced all retirement funds closer to strategic allocation on August 17.
6. Moved $250 million from Short Term Fixed Income to US Treasury FI Pool.
7. Place Brandes Investment Partners on the Watch List for performance concerns.

Alaska Retirement Management Board

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

June 13, 2012

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 transactions on June 18, 2012 to bring the ARMB funds allocations closer to target.

		AY21	AY22	AY23	AY24	AYW2	AYW3	AYW4	AYX2	AYX3	AYY2	AYY3	AY6G	AYGH	AYGI
Broad Domestic Equity	Asset ID														
EXTERNAL LG CAP DOMESTIC	309997916	(609,549)	(2,938,661)	(33,061)	(65,779)	2,671,216	109,599	4,461	80,602	32,471	543,167	159,204	29,284	2,196	14,850
CONVERTIBLE BOND TRUST	938RUC909	(34,244)	(96,817)	(1,275)	38,778	68,365	(627)	89	2,399	966	16,233	4,759	870	61	443
EXTERNAL SM CAP DOM EQ POOL	321990921	(136,784)	(654,251)	(7,364)	(14,526)	595,523	24,899	1,005	17,912	7,218	120,680	35,392	6,509	488	3,299
Fixed Income															
AY77 AK RET FXD INC POOL	001996933	(3,422)	(15,599)	(179)	(9)	14,073	579	25	425	171	2,854	838	155	12	77
AY1A US TREASURY FI POOL	959WQA902	13,944,502	11,816,303	198,334	(98,678)	(19,250,069)	(6,449,254)	(78,775)	(19,846)	(9,586)	(19,425)	(12,638)	(10,440)	(8,050)	(2,378)
INTERNATIONAL FIXED INC POOL	460994932	(62,496)	(290,230)	(3,296)	633	260,251	10,002	428	7,923	3,190	53,396	15,647	2,877	215	1,460
AK HIGH YIELD POOL	011999N902	(76,706)	(349,796)	(3,975)	(190)	315,567	12,996	541	9,500	3,831	63,987	18,785	3,453	258	1,749
EMERGING MARKETS DEBT POOL A	290998910	(21,507)	(98,664)	(1,121)	(23)	88,944	3,634	152	2,681	1,082	18,060	5,302	973	73	494
Global Equity Ex-US															
INTERNATIONAL POOL	460181993	(372,910)	(1,784,146)	(20,261)	9,494	1,586,105	54,429	2,451	49,068	19,732	331,089	96,757	17,821	1,322	9,049
INTERNATIONAL EQUITY SM CAP	AC1006D21	(32,942)	(158,905)	(1,805)	880	141,011	4,706	214	4,379	1,761	29,555	8,631	1,590	117	808
EMERGING MARKET EQUITY POOL	290990969	(133,153)	(637,519)	(7,239)	3,404	566,671	19,400	871	17,535	7,051	118,326	34,577	6,368	472	3,236
Private Equity															
ALASKA PRIVATE EQUITY POOL	011993995	(280,397)	(1,276,716)	(14,508)	-	1,151,613	47,451	1,976	34,660	13,976	233,478	68,553	12,593	940	6,381
Real Assets															
ALASKA REAL ESTATE POOL	011991916	(189,805)	(809,919)	(9,313)	-	731,877	(28,324)	783	27,812	11,201	188,519	55,283	10,072	679	5,135
REAL ESTATE POOL B	756072922	150,913	(151,663)	750	-	-	-	-	-	-	-	-	-	-	-
REIT POOL A	769488917	(31,769)	(143,798)	(1,635)	-	129,866	5,437	225	3,898	1,572	26,252	7,712	1,416	106	718
FARMLAND POOL A	311990988	11,024	(198,500)	(12,708)	-	141,903	(84,257)	(484)	13,183	5,291	90,625	26,498	4,739	238	2,448
FARMLAND WATER POOL	313548919	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMBER POOL A	886995943	(40,608)	(184,740)	(2,100)	-	166,665	6,882	287	5,016	2,023	33,777	9,916	1,822	137	923
ENERGY POOL A	293188918	(20,177)	(91,793)	(1,043)	-	82,813	3,420	142	2,492	1,005	16,782	4,928	905	67	459
AK TIPS POOL	46599K949	(35,179)	(159,736)	(1,816)	-	144,167	5,986	249	4,334	1,747	29,187	8,571	1,575	117	798
Absolute Return															
ALASKA ABSOLUTE RETURN POOL	857993901	(123,138)	(560,222)	(6,367)	-	505,412	20,871	868	15,206	6,132	102,426	30,074	5,524	413	2,801
Cash															
AY70 SHORT TERM POOL	8259909G1	(11,901,573)	(1,220,628)	(70,018)	126,016	9,888,027	6,232,171	64,492	(279,179)	(110,834)	(1,998,968)	(578,789)	(98,106)	139	(52,750)

Alaska Retirement Management Board

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

July 6, 2012

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 transactions on July 11, 2012 to bring the ARMB funds allocations closer to target.

		AY21	AY22	AY23	AY24	AYW2	AYW3	AYW4	AYX2	AYX3	AYY2	AYY3	AYYG	AYYH	AYYI
Broad Domestic Equity	Asset ID														
EXTERNAL LG CAP DOMESTIC	309997916	(17,908,698)	18,038,570	(139,699)	(1,014,619)	(9,749,820)	11,223,389	(134,216)	(71,152)	239	(260,131)	78,690	(32,805)	(18,415)	(11,373)
CONVERTIBLE BOND TRUST	9339RUC909	(531,404)	536,064	(4,138)	(29,934)	(290,080)	333,045	(3,986)	(2,132)	(1)	(7,859)	2,295	(981)	(547)	(342)
EXTERNAL SM CAP DOM EQ POOL	321990921	(4,074,690)	4,107,161	(31,752)	(230,825)	(2,220,799)	2,553,833	(30,545)	(16,259)	27	(59,645)	17,775	(7,489)	(4,191)	(2,601)
Fixed Composite															
AY77 AK RET FXD INC POOL	001996933	(95,995)	89,633	(793)	7,688	(53,909)	55,838	(701)	(380)	(6)	(1,416)	372	(173)	(97)	(62)
AY1A US TREASURY FI POOL	959WQA902	5,263,335	20,648,953	146,462	392,885	(24,374,789)	(1,295,583)	(138,855)	(90,556)	(25,105)	(400,777)	(55,020)	(39,152)	(17,133)	(14,665)
INTERNATIONAL FIXED INC POOL	460994932	(1,823,149)	1,697,784	(15,117)	145,914	(1,020,026)	1,060,135	(13,277)	(7,094)	(69)	(26,170)	7,277	(3,261)	(1,813)	(1,134)
AK HIGH YIELD POOL	011999N902	(2,165,302)	2,020,617	(17,920)	173,347	(1,215,009)	1,259,410	(15,783)	(8,524)	(122)	(31,740)	8,458	(3,910)	(2,156)	(1,366)
EMERGING MARKETS DEBT POOL A	29099E910	(607,006)	566,853	(5,020)	48,601	(340,952)	353,084	(4,426)	(2,399)	(38)	(8,960)	2,352	(1,099)	(606)	(384)
Global Equity Ex-US															
INTERNATIONAL POOL	460181993	(11,423,155)	11,433,711	(89,558)	(523,244)	(6,229,926)	7,117,639	(85,415)	(45,224)	140	(165,173)	49,995	(20,853)	(11,709)	(7,228)
INTERNATIONAL EQUITY SM CAP	ACI0060Z1	(1,016,276)	1,018,692	(7,955)	(46,570)	(555,481)	633,352	(7,602)	(4,058)	(1)	(14,925)	4,383	(1,867)	(1,043)	(649)
EMERGING MARKET EQUITY POOL	290990969	(4,063,481)	4,069,651	(31,837)	(186,160)	(2,218,149)	2,532,082	(30,389)	(16,145)	28	(59,137)	17,676	(7,440)	(4,166)	(2,583)
Private Equity															
ALASKA PRIVATE EQUITY POOL	011999995	(7,568,938)	7,408,430	(60,387)	-	(4,187,322)	4,603,438	(56,124)	(30,351)	(275)	(112,970)	30,986	(13,926)	(7,700)	(4,861)
Real Assets															
ALASKA REAL ESTATE POOL	011991916	(4,155,116)	4,856,634	(28,032)	-	(4,036,774)	3,539,402	(48,107)	(26,448)	(990)	(100,281)	22,471	(12,054)	(6,532)	(4,243)
REAL ESTATE POOL B	796072922	(1,428,236)	1,439,363	(11,127)	-	-	-	-	-	-	-	-	-	-	-
REIT POOL A	769488917	(893,989)	871,846	(7,157)	-	(491,893)	543,472	(6,620)	(3,512)	(3)	(12,856)	3,798	(1,618)	(907)	(561)
FARMLAND POOL A	311990R8	(3,012,551)	3,018,766	(25,221)	-	(1,729,119)	1,828,150	(22,684)	(12,340)	(185)	(46,198)	12,120	(5,653)	(3,106)	(1,979)
FARMLAND WATER POOL	313548919	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMBER POOL A	888999943	(1,085,809)	1,062,261	(8,667)	-	(600,255)	660,348	(8,051)	(4,343)	(34)	(16,127)	4,469	(1,993)	(1,103)	(696)
ENERGY POOL A	293188918	(550,550)	538,607	(4,394)	-	(304,354)	334,823	(4,081)	(2,201)	(17)	(8,176)	2,265	(1,011)	(558)	(353)
AK TIPS POOL	46599K949	(942,556)	920,602	(7,536)	-	(519,789)	573,107	(6,985)	(3,735)	(17)	(13,767)	3,945	(1,718)	(955)	(596)
Absolute Return															
ALASKA ABSOLUTE RETURN POOL	857993901	(3,215,855)	3,146,101	(25,669)	-	(1,777,785)	1,955,758	(23,842)	(12,860)	(100)	(47,760)	13,245	(5,904)	(3,268)	(2,061)
Short-term Fixed Income															
AY70 SHORT TERM POOL	825990961	61,299,371	(87,490,299)	375,477	1,262,917	61,916,231	(39,864,802)	641,689	359,713	26,529	1,394,068	(227,552)	162,917	86,005	57,736

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

August 1, 2012

Mary Ellen MacDonald
State Street Corporation
Lafayette Corporate Center
2 Avenue de Lafayette
LCC 6N
Boston, MA 02111-2900

Dear Ms. MacDonald:

The Alaska Retirement Management Board (ARMB) terminated Capital International's Emerging Markets Growth Fund (AY62) mandate. This redemption process will take place in two installments over the next two months and proceeds will be wired to the Short Term Pool (AY70). The first redemption is scheduled to occur during the week following August 31, 2012 but an early redemption may occur prior to month-end. In either case, ARMB will notify State Street Bank of the actual transfer date and amount when it becomes available.

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

Sincerely,

For Gary M. Bader
Chief Investment Officer

Attachment

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

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

August 6, 2012

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 transactions on August 9, 2012 to bring the ARMB funds allocations closer to target.

		AY21	AY22	AY23	AY24	AYW2	AYW3	AYW4	AYX2	AYX3	AYY2	AYY3	AY6G	AY6H	AY6I
Broad Domestic Equity	Asset ID														
EXTERNAL LG CAP DOMESTIC	309997916	(281,506)	(3,624,382)	(48,380)	454,112	2,689,875	216,325	5,110	72,393	19,575	426,779	79,136	24,272	2,627	14,064
CONVERTIBLE BOND TRUST	939RUC909	(16,206)	(98,938)	(1,488)	12,945	73,558	11,333	92	2,103	578	12,473	2,369	701	70	410
EXTERNAL SM CAP DOM EQ POOL	321990921	(16,179)	(837,921)	(10,222)	101,821	601,737	18,850	1,459	16,006	4,281	93,950	17,103	5,389	622	3,104
Fixed Composite															
AY77 AK RET FXD INC POOL	001996933	210	(14,725)	(200)	(7,169)	15,346	3,233	23	368	104	2,179	424	121	14	72
AY1A US TREASURY FI POOL	959WQA902	14,567,738	11,828,585	213,074	(418,115)	(19,391,971)	(6,496,690)	(78,130)	(27,205)	(17,084)	(97,493)	(57,431)	(13,995)	(7,873)	(3,410)
INTERNATIONAL FIXED INC POOL	460994932	3,876	(284,684)	(3,835)	(138,630)	296,737	62,635	451	7,122	1,992	42,139	8,185	2,382	246	1,384
AK HIGH YIELD POOL	01199N9D2	(176)	(331,163)	(4,560)	(163,041)	347,136	76,596	500	8,377	2,349	49,605	9,666	2,801	282	1,628
EMERGING MARKETS DEBT POOL A	29099E910	3,276	(95,059)	(1,239)	(45,538)	98,257	19,335	163	2,339	652	13,823	2,672	784	82	453
Global Equity Ex-US															
INTERNATIONAL POOL	460181993	(122,782)	(2,257,318)	(29,684)	95,019	1,735,293	167,719	3,379	46,250	12,550	272,617	50,780	15,511	1,682	8,984
INTERNATIONAL EQUITY SM CAP	ACI006021	(15,300)	(193,837)	(2,644)	8,142	150,024	17,546	262	4,046	1,103	23,892	4,483	1,354	143	786
EMERGING MARKET EQUITY POOL	290990969	(33,682)	(807,121)	(10,411)	34,010	618,301	53,201	1,265	16,376	4,438	96,445	17,896	5,498	604	3,180
Private Equity															
ALASKA PRIVATE EQUITY POOL	011993995	(267,762)	(1,244,924)	(20,519)	-	1,027,654	243,471	701	29,194	8,159	173,863	33,885	9,691	893	5,694
Real Assets															
ALASKA REAL ESTATE POOL	011991916	(616,440)	(1,052,058)	(20,940)	-	1,191,840	275,437	2,235	24,700	6,999	145,585	28,642	8,307	910	4,783
REAL ESTATE POOL B	756072922	144,223	(143,703)	(520)	-	-	-	-	-	-	-	-	-	-	-
REIT POOL A	769488917	(15,424)	(164,575)	(2,315)	-	131,649	18,999	207	3,546	973	20,973	3,971	1,185	122	689
FARMLAND POOL A	311990988	(75,156)	(515,285)	(8,093)	-	416,675	77,132	458	11,701	3,234	69,454	13,325	3,897	378	2,280
FARMLAND WATER POOL	313548919	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMBER POOL A	886995943	(27,984)	(187,027)	(2,838)	-	151,809	28,491	176	4,194	1,160	24,888	4,779	1,397	137	818
ENERGY POOL A	293188918	(13,829)	(92,424)	(1,403)	-	75,023	14,079	87	2,073	573	12,299	2,362	690	66	404
AK TIPS POOL	46599K949	(31,746)	(156,924)	(2,546)	-	129,116	29,363	101	3,650	1,018	21,714	4,221	1,212	111	710
Absolute Return															
ALASKA ABSOLUTE RETURN POOL	857993901	(73,659)	(492,326)	(7,473)	-	399,626	75,000	461	11,041	3,055	65,516	12,571	3,679	358	2,151
Short-term Fixed Income															
AY70 SHORT TERM POOL	825990961	(13,111,492)	765,809	(33,764)	66,444	9,292,315	5,087,945	61,000	(238,274)	(55,709)	(1,470,701)	(239,039)	(74,876)	(1,474)	(48,184)

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

August 14, 2012

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 transactions on August 17, 2012 to bring the ARMB funds allocations closer to target.

		AY21	AY22	AY23	AY24	AYW2	AYW3	AYW4	AYX2	AYX3	AYY2	AYY3	AYBG	AYBH	AYBI
Broad Domestic Equity	Asset ID														
EXTERNAL LG CAP DOMESTIC	309997916	1,073,078	205,845	57,447	134,253	(931,914)	(616,524)	2,235	8,481	947	56,581	3,543	2,174	158	3,696
CONVERTIBLE BOND TRUST	939RUC909	31,573	6,409	1,695	3,914	(27,689)	(18,141)	65	244	27	1,631	98	63	4	107
EXTERNAL SM CAP DOM EQ POOL	321990921	236,025	37,901	12,538	30,353	(199,535)	(136,551)	506	1,996	243	13,207	916	522	41	838
Fixed Composite															
AY77 AK RET FXD INC POOL	001996933	4,894	818	282	2,059	(5,182)	(3,253)	13	42	4	279	13	13	1	17
AY1A US TREASURY FI POOL	959WQA902	407,661	110,643	22,842	223,903	(486,296)	(299,246)	710	3,334	259	22,806	984	802	30	1,568
INTERNATIONAL FIXED INC POOL	460994882	93,639	18,294	5,423	40,616	(101,772)	(62,799)	178	718	60	4,903	218	176	9	337
AK HIGH YIELD POOL	01199N9D2	111,052	20,178	6,409	47,426	(119,108)	(74,130)	213	893	80	6,043	304	219	12	409
EMERGING MARKETS DEBT POOL A	29099E910	30,730	5,906	1,778	13,282	(33,296)	(20,587)	58	239	20	1,624	74	58	3	111
Global Equity Ex-US															
INTERNATIONAL POOL	460181993	699,284	119,916	36,796	52,596	(572,102)	(390,066)	1,499	5,850	722	38,664	2,739	1,534	119	2,449
INTERNATIONAL EQUITY SM CAP	AC1006021	61,303	10,994	3,233	4,595	(50,541)	(34,209)	131	505	61	3,342	231	132	10	213
EMERGING MARKET EQUITY POOL	290990969	196,283	38,424	10,376	14,534	(164,029)	(109,708)	415	1,536	178	10,244	659	395	28	665
Private Equity															
ALASKA PRIVATE EQUITY POOL	011993995	458,183	109,130	23,955	-	(374,013)	(246,693)	954	3,196	325	21,471	1,182	802	57	1,451
Real Assets															
ALASKA REAL ESTATE POOL	011991916	(144,364)	(150,315)	7,212	-	261,882	(14,959)	2,946	4,273	990	25,637	3,607	1,345	294	1,452
REAL ESTATE POOL B	756072922	15,387	(18,715)	3,328	-	-	-	-	-	-	-	-	-	-	-
REIT POOL A	769488917	53,813	16,171	2,846	-	(46,417)	(29,197)	107	300	17	2,073	57	70	4	156
FARMLAND POOL A	311990RR8	156,461	(15,703)	10,847	-	(87,129)	(77,360)	620	1,382	191	8,997	683	371	49	591
FARMLAND WATER POOL	313548819	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMBER POOL A	886995943	65,312	15,415	3,414	-	(53,218)	(35,153)	136	459	47	3,083	172	116	9	208
ENERGY POOL A	293188918	32,741	7,726	1,711	-	(26,678)	(17,622)	67	230	23	1,546	87	59	5	105
AK TIPS POOL	46599K949	57,035	13,952	2,984	-	(46,812)	(30,738)	118	388	37	2,616	137	96	8	179
Absolute Return															
ALASKA ABSOLUTE RETURN POOL	857993901	171,964	40,587	8,989	-	(140,122)	(92,558)	358	1,211	124	8,117	455	303	24	548
Short-term Fixed Income															
AY70 SHORT TERM POOL	825990961	(3,812,054)	(593,576)	(224,105)	(567,531)	3,213,971	2,308,494	(11,329)	(35,277)	(4,355)	(232,864)	(16,159)	(9,250)	(865)	(15,100)

THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Revenue
ALASKA RETIREMENT MANGEMENT BOARD
333 Willoughby Avenue, 11th Floor
PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.3749
Fax: 907.465.2389

August 22, 2012

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

****REVISION****

Dear Mr. McElligott:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on 23 August 2012, for the ARMB Defined Benefit Pension Plans (AY21-AY24), the ARMB Retirement Health Funds (AYW2-AYW4) and the ARMB Defined Contribution Plans (AY6G-AY6I, AYX2-AYX3, AYY2-AYY3). Please use a pro-rata split based on ownership in AY70 pertaining to all the Pension Plans, Retirement Health Funds and Defined Contribution Plans referenced above.

AY70 Short Term Pool	<$250,000,000>
AY1A US Treasury FI Pool	$250,000,000

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

Sincerely,

For Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, ARMB Chair
Angela Rodell, Deputy Commissioner
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer
Bob Mitchell, Manager of Fixed Income Investments
Casey Colton, State Investment Officer Fixed Income
Emily Peyton, Assistant Investment Officer Fixed Income
Steve Sikes, Manager of Real Assets, Public Equity & DC Investments
Paul Hackenmueller, Assistant Investment Officer

GMB/jnw

Alaska Retirement Management Board
Manager Watch List - September 2012

Manager & Mandate	Reason for Watch	Board Approved	Actions Taken by Staff/Expected Final Disposition
Coventry Real Estate	Performance	Yes 4/23/2009	Formal Notification. Reviewed 6/22/12; Continue Monitoring
Lehman Real Estate	Performance	Yes 4/23/2009	Formal Notification. Reviewed 6/22/12; Continue Monitoring
Lord Abbett - small cap	Performance	Yes 06/16/2011	Formal Notification; Reviewed 6/22/12; Continue Monitoring
McKinley Capital - large cap and Int'l	Performance	Yes 12/04/09	Formal Notification; reviewed 6/22/12; continue monitoring
Prisma Capital	Organizational Change	Yes 6/21/12	Formal Notification - Saff Monitoring 12-18 Months
RCM (large cap)	Performance	Yes 6/21/12	Formal Notfication - Staff Monitoring 12-18 months

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

As of July 31, 2012

ALASKA RETIREMENT MANAGEMENT BOARD
Schedule of Investment Income and Changes in Invested Assets by Fund
For the One Month Ending July 31, 2012

	Beginning Invested Assets	Investment Income (1)	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income (2)
Public Employees' Retirement System (PERS)						
Defined Benefit Plans:						
Retirement Trust	$ 6,105,946,336	$ 38,799,306	$ 134,570,797	$ 6,279,316,439	2.84%	0.63%
Retirement Health Care Trust	5,193,885,276	32,704,378	132,824,521	5,359,414,175	3.19%	0.62%
Total Defined Benefit Plans	11,299,831,612	71,503,684	267,395,318	11,638,730,614	3.00%	0.63%
Defined Contribution Plans:						
Participant Directed Retirement	236,965,621	855,462	4,207,325	242,028,408	2.14%	0.36%
Health Reimbursement Arrangement	74,424,033	456,142	1,509,577	76,389,752	2.64%	0.61%
Retiree Medical Plan	15,337,965	93,425	246,292	15,677,682	2.21%	0.60%
Defined Benefit Occupational Death and Disability:						
Public Employees	6,387,143	38,796	82,509	6,508,448	1.90%	0.60%
Police and Firefighters	2,499,287	15,237	52,858	2,567,382	2.72%	0.60%
Total Defined Contribution Plans	335,614,049	1,459,062	6,098,561	343,171,672	2.25%	0.43%
Total PERS	**11,635,445,661**	**72,962,746**	**273,493,879**	**11,981,902,286**	2.98%	0.62%
Teachers' Retirement System (TRS)						
Defined Benefit Plans:						
Retirement Trust	3,005,557,437	20,427,621	168,504,906	3,194,489,964	6.29%	0.66%
Retirement Health Care Trust	1,644,357,499	11,063,524	100,489,924	1,755,910,947	6.78%	0.65%
Total Defined Benefit Plans	4,649,914,936	31,491,145	268,994,830	4,950,400,911	6.46%	0.66%
Defined Contribution Plans:						
Participant Directed Retirement	107,836,445	421,039	499,224	108,756,708	0.85%	0.39%
Health Reimbursement Arrangement	24,431,777	153,101	305,145	24,890,023	1.88%	0.62%
Retiree Medical Plan	6,744,806	41,716	66,212	6,852,734	1.60%	0.62%
Defined Benefit Occupational Death and Disability	2,310,906	13,812	-	2,324,718	0.60%	0.60%
Total Defined Contribution Plans	141,323,934	629,668	870,581	142,824,183	1.06%	0.44%
Total TRS	**4,791,238,870**	**32,120,813**	**269,865,411**	**5,093,225,094**	6.30%	0.65%
Judicial Retirement System (JRS)						
Defined Benefit Plan Retirement Trust	107,053,406	688,544	2,926,441	110,668,391	3.38%	0.63%
Defined Benefit Retirement Health Care Trust	20,482,507	123,876	62,610	20,668,993	0.91%	0.60%
Total JRS	**127,535,913**	**812,420**	**2,989,051**	**131,337,384**	2.98%	0.63%
National Guard/Naval Militia Retirement System (MRS)						
Defined Benefit Plan Retirement Trust	32,700,652	251,366	(126,614)	32,825,404	0.38%	0.77%
Other Participant Directed Plans						
Supplemental Annuity Plan	2,656,000,434	23,716,510	1,294,895	2,681,011,839	0.94%	0.89%
Deferred Compensation Plan	614,417,787	3,798,009	1,316,452	619,532,248	0.83%	0.62%
Total All Funds	**19,857,339,317**	**133,661,864**	**548,833,074**	**20,539,834,255**		
Total Non-Participant Directed	16,242,119,030	104,870,844	541,515,178	16,888,505,052	3.98%	0.64%
Total Participant Directed	3,615,220,287	28,791,020	7,317,896	3,651,329,203	1.00%	0.80%
Total All Funds	**$ 19,857,339,317**	**$ 133,661,864**	**$ 548,833,074**	**$ 20,539,834,255**	**3.44%**	**0.66%**

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). Actual returns are calculated by Callan and Associates and can be found at: http://www.revenue.state.ak.us/treasury/programs/programs/other/armb/investmentresults.aspx

ALASKA RETIREMENT MANAGEMENT BOARD
Schedule of Investment Income and Changes in Invested Assets by Fund
For the Month Ended July 31, 2012

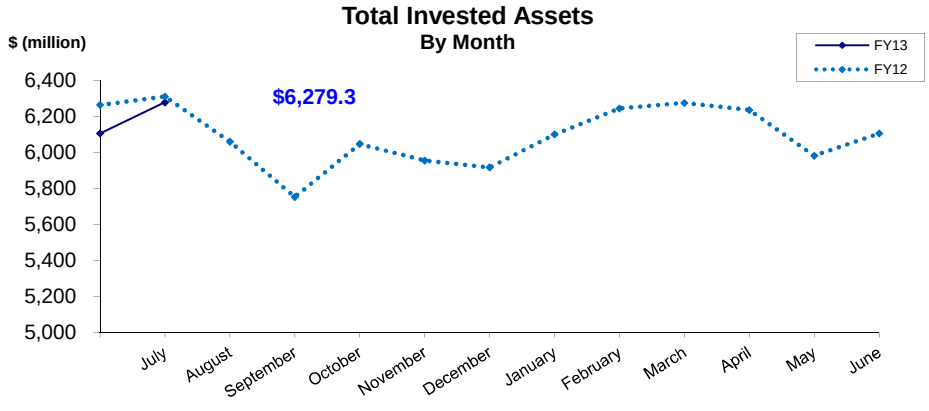
	Beginning Invested Assets	Investment Income (1)	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income (2)
Public Employees' Retirement System (PERS)						
Defined Benefit Plans:						
Retirement Trust	$ 6,105,946,336	$ 38,799,306	$ 134,570,797	$ 6,279,316,439	2.84%	0.63%
Retirement Health Care Trust	5,193,885,276	32,704,378	132,824,521	5,359,414,175	3.19%	0.62%
Total Defined Benefit Plans	11,299,831,612	71,503,684	267,395,318	11,638,730,614	3.00%	0.63%
Defined Contribution Plans:						
Participant Directed Retirement	236,965,621	855,462	4,207,325	242,028,408	2.14%	0.36%
Health Reimbursement Arrangement	74,424,033	456,142	1,509,577	76,389,752	2.64%	0.61%
Retiree Medical Plan	15,337,965	93,425	246,292	15,677,682	2.21%	0.60%
Defined Benefit Occupational Death and Disability:						
Public Employees	6,387,143	38,796	82,509	6,508,448	1.90%	0.60%
Police and Firefighters	2,499,287	15,237	52,858	2,567,382	2.72%	0.60%
Total Defined Contribution Plans	335,614,049	1,459,062	6,098,561	343,171,672	2.25%	0.43%
Total PERS	**11,635,445,661**	**72,962,746**	**273,493,879**	**11,981,902,286**	2.98%	0.62%
Teachers' Retirement System (TRS)						
Defined Benefit Plans:						
Retirement Trust	3,005,557,437	20,427,621	168,504,906	3,194,489,964	6.29%	0.66%
Retirement Health Care Trust	1,644,357,499	11,063,524	100,489,924	1,755,910,947	6.78%	0.65%
Total Defined Benefit Plans	4,649,914,936	31,491,145	268,994,830	4,950,400,911	6.46%	0.66%
Defined Contribution Plans:						
Participant Directed Retirement	107,836,445	421,039	499,224	108,756,708	0.85%	0.39%
Health Reimbursement Arrangement	24,431,777	153,101	305,145	24,890,023	1.88%	0.62%
Retiree Medical Plan	6,744,806	41,716	66,212	6,852,734	1.60%	0.62%
Defined Benefit Occupational Death and Disability	2,310,906	13,812	-	2,324,718	0.60%	0.60%
Total Defined Contribution Plans	141,323,934	629,668	870,581	142,824,183	1.06%	0.44%
Total TRS	**4,791,238,870**	**32,120,813**	**269,865,411**	**5,093,225,094**	6.30%	0.65%
Judicial Retirement System (JRS)						
Defined Benefit Plan Retirement Trust	107,053,406	688,544	2,926,441	110,668,391	3.38%	0.63%
Defined Benefit Retirement Health Care Trust	20,482,507	123,876	62,610	20,668,993	0.91%	0.60%
Total JRS	**127,535,913**	**812,420**	**2,989,051**	**131,337,384**	2.98%	0.63%
National Guard/Naval Militia Retirement System (MRS)						
Defined Benefit Plan Retirement Trust	32,700,652	251,366	(126,614)	32,825,404	0.38%	0.77%
Other Participant Directed Plans						
Supplemental Annuity Plan	2,656,000,434	23,716,510	1,294,895	2,681,011,839	0.94%	0.89%
Deferred Compensation Plan	614,417,787	3,798,009	1,316,452	619,532,248	0.83%	0.62%
Total All Funds	**19,857,339,317**	**133,661,864**	**548,833,074**	**20,539,834,255**		
Total Non-Participant Directed	16,242,119,030	104,870,844	541,515,178	16,888,505,052	3.98%	0.64%
Total Participant Directed	3,615,220,287	28,791,020	7,317,896	3,651,329,203	1.00%	0.80%
Total All Funds	**$ 19,857,339,317**	**$ 133,661,864**	**$ 548,833,074**	**$ 20,539,834,255**	**3.44%**	**0.66%**

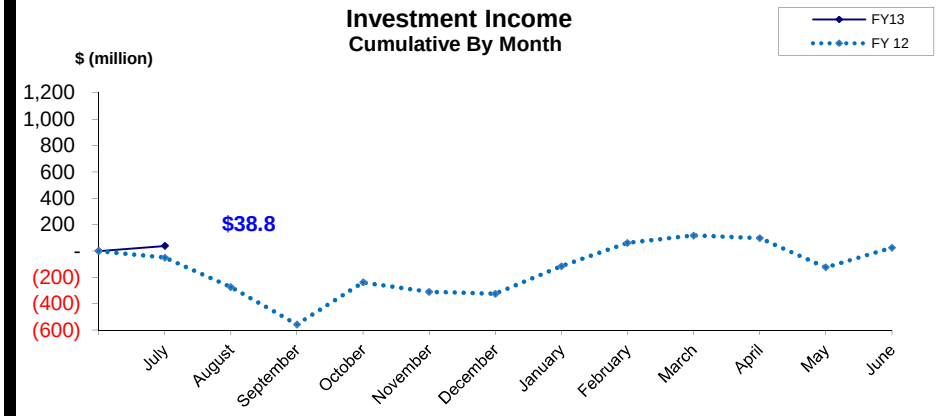
Notes:

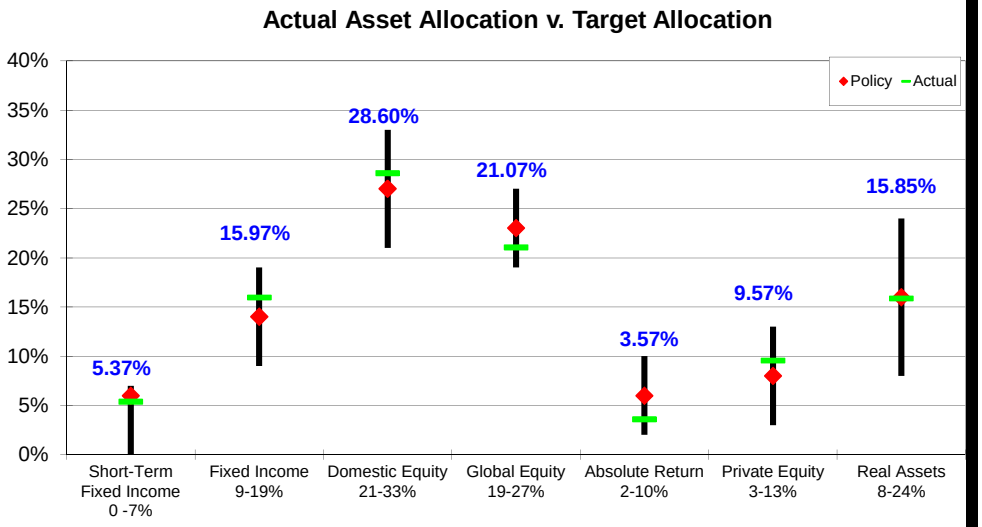
(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses

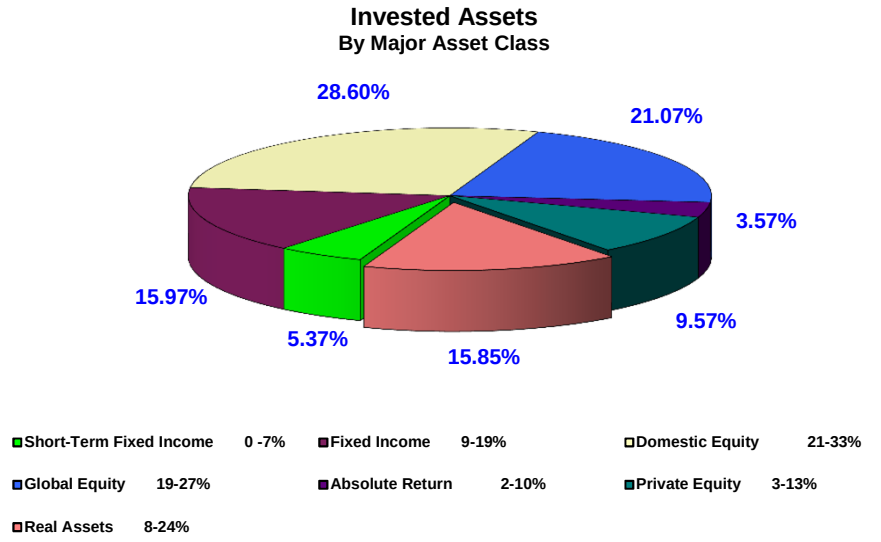
(2) Income divided by beginning assets plus half of net contributions/(withdrawals). Actual returns are calculated by Callan and Associates and can be found at: http://www.revenue.state.ak.us/treasury/programs/programs/other/armb/investmentresults.aspx

PUBLIC EMPLOYEES' RETIREMENT TRUST FUND
As of July 31, 2012

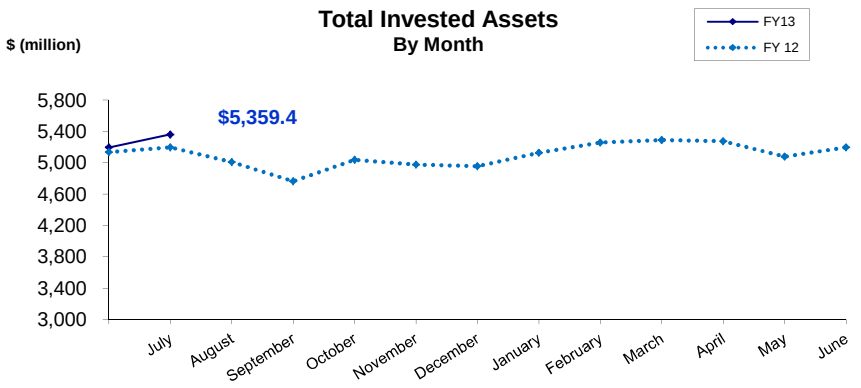


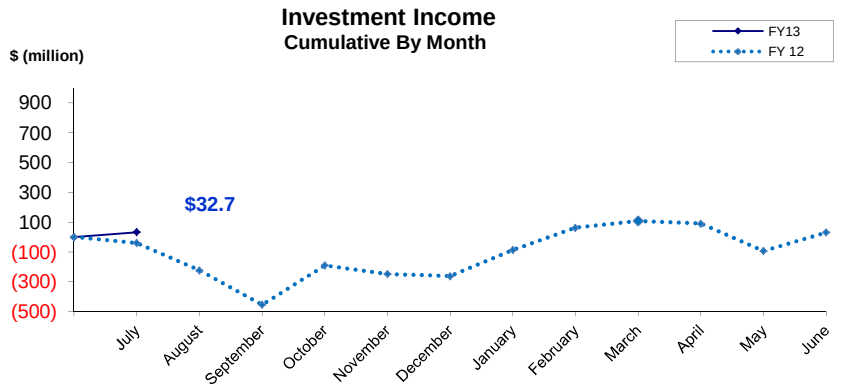


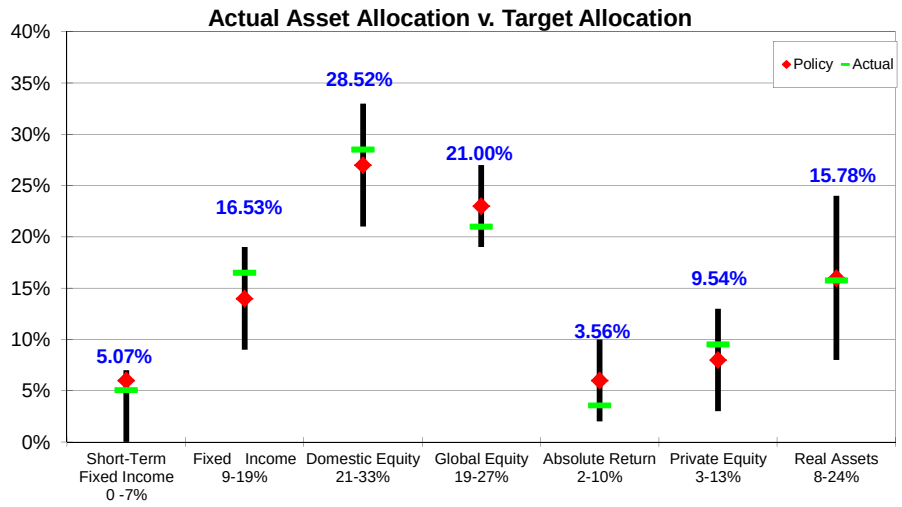


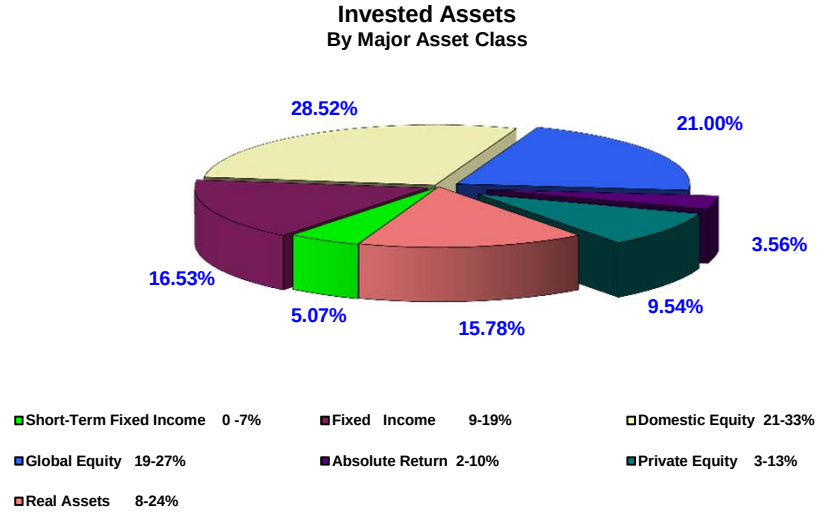


PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND
As of July 31, 2012

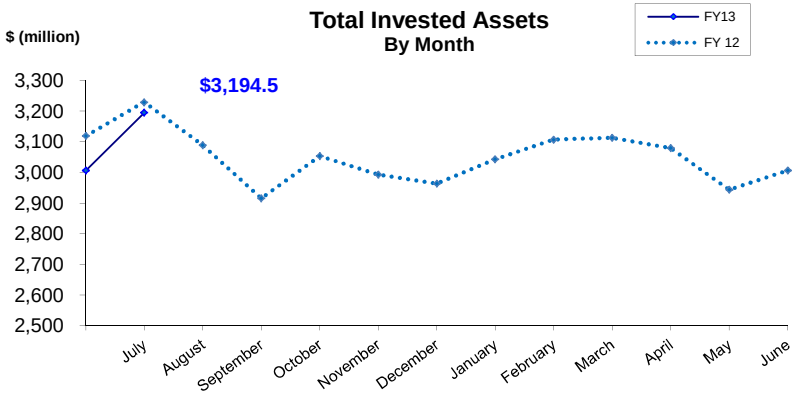


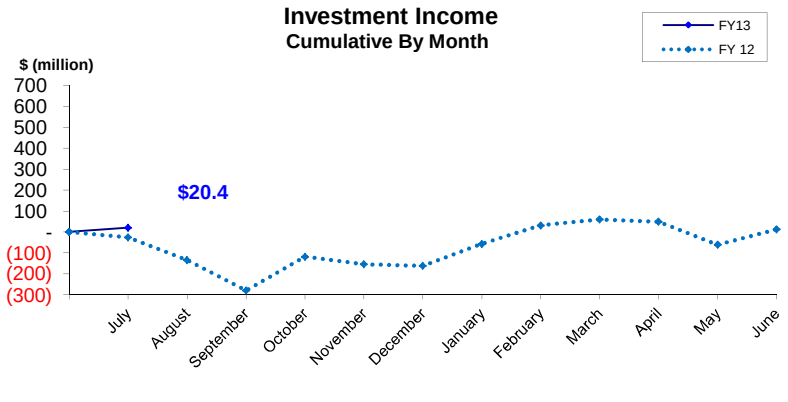


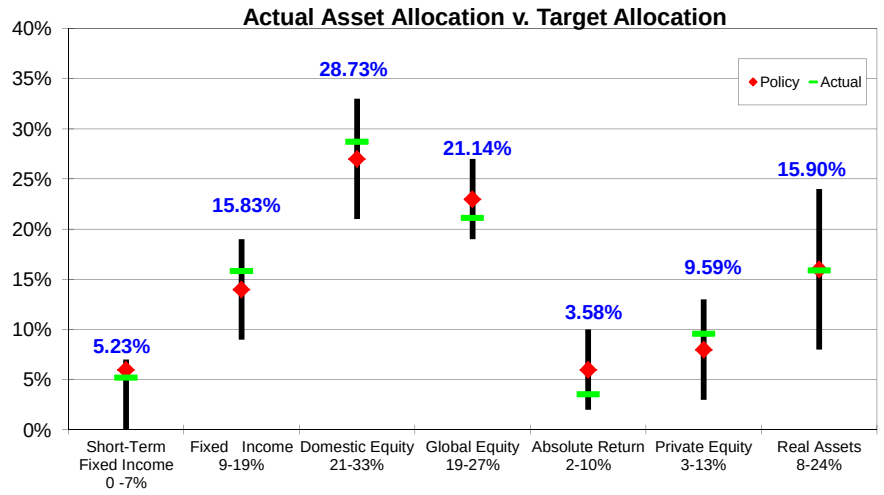


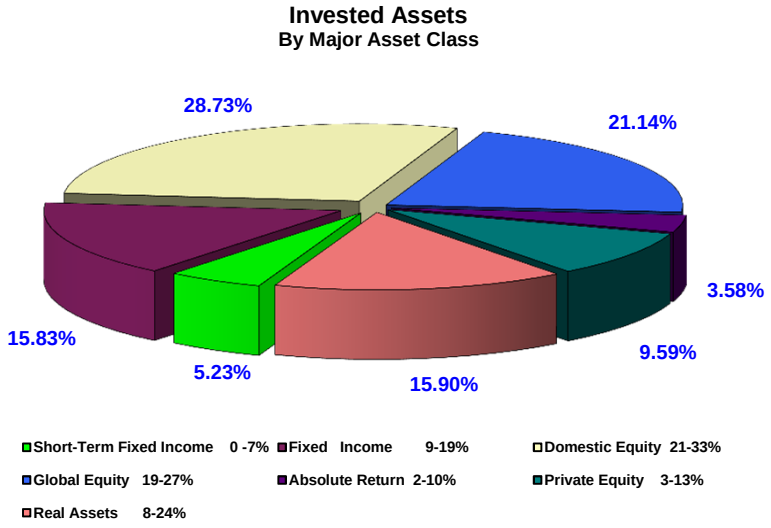


TEACHERS' RETIREMENT TRUST FUND
As of July 31, 2012

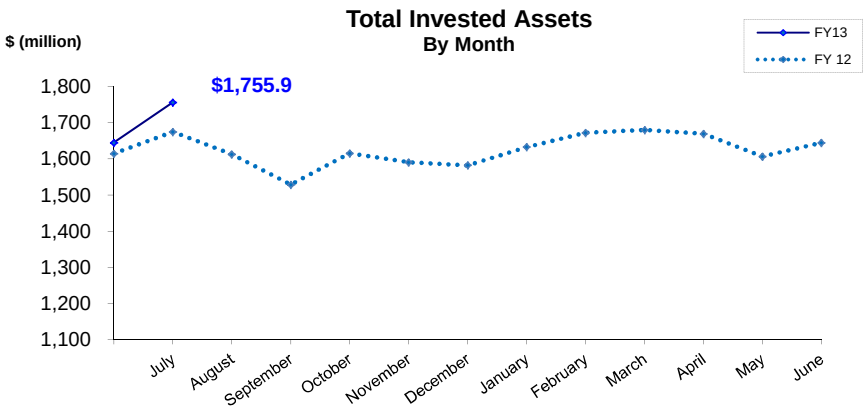


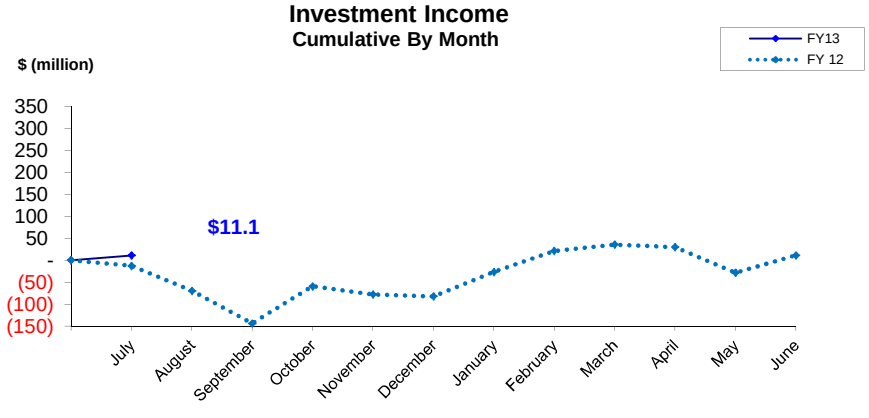


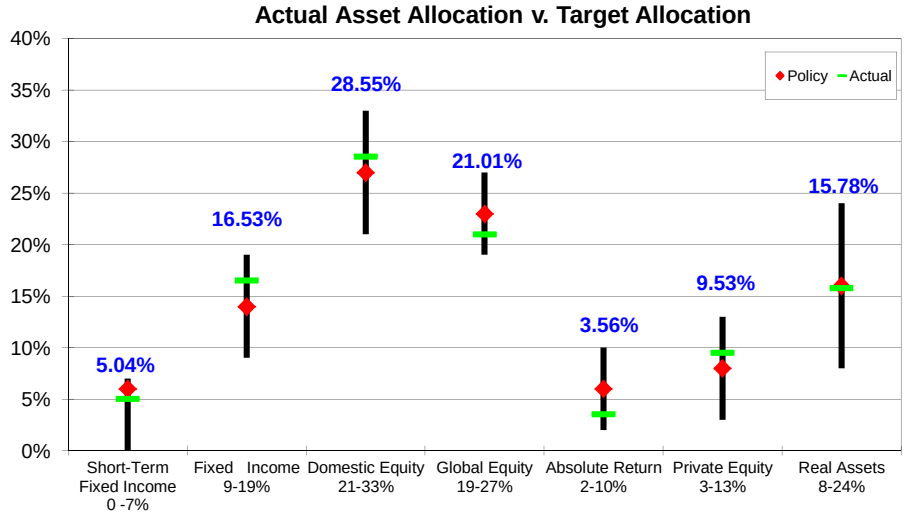


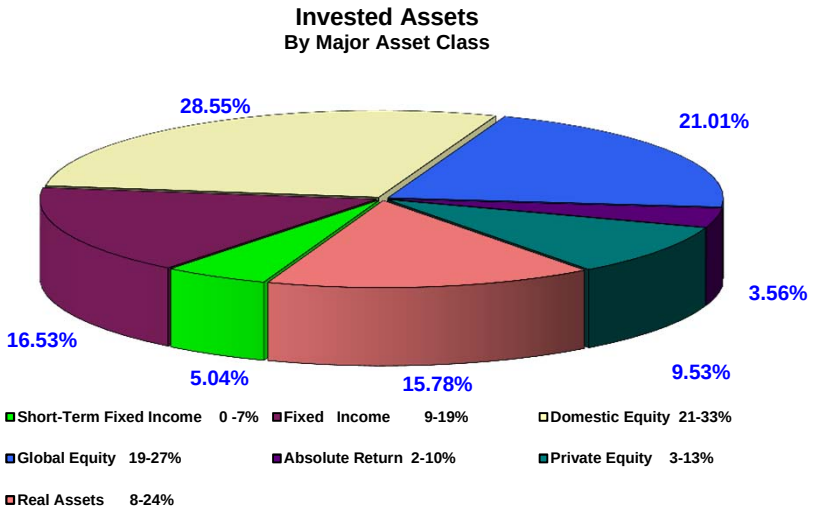


TEACHERS' RETIREE HEALTH CARE TRUST FUND
As of July 31, 2012



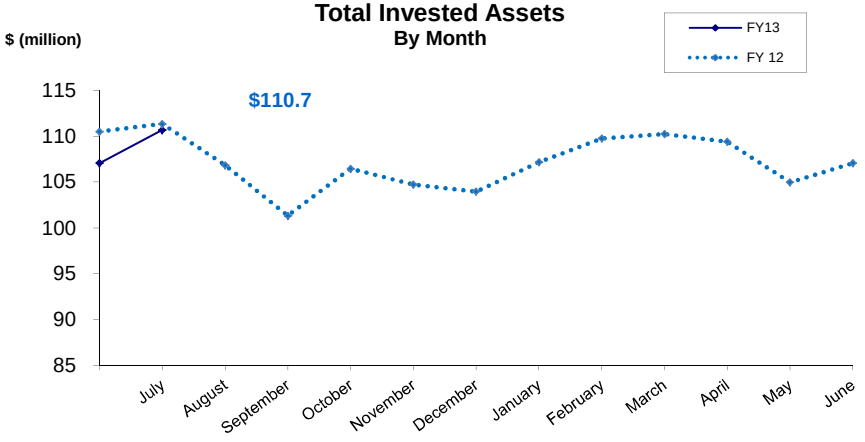




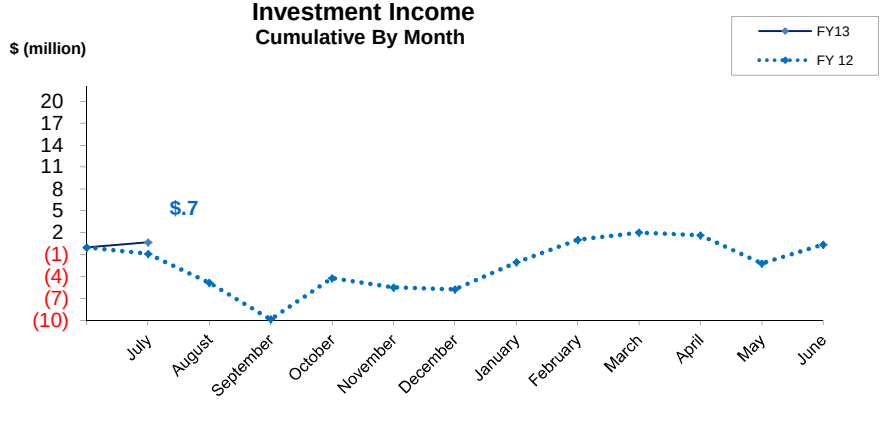


JUDICIAL RETIREMENT TRUST FUND
As of July 31, 2012

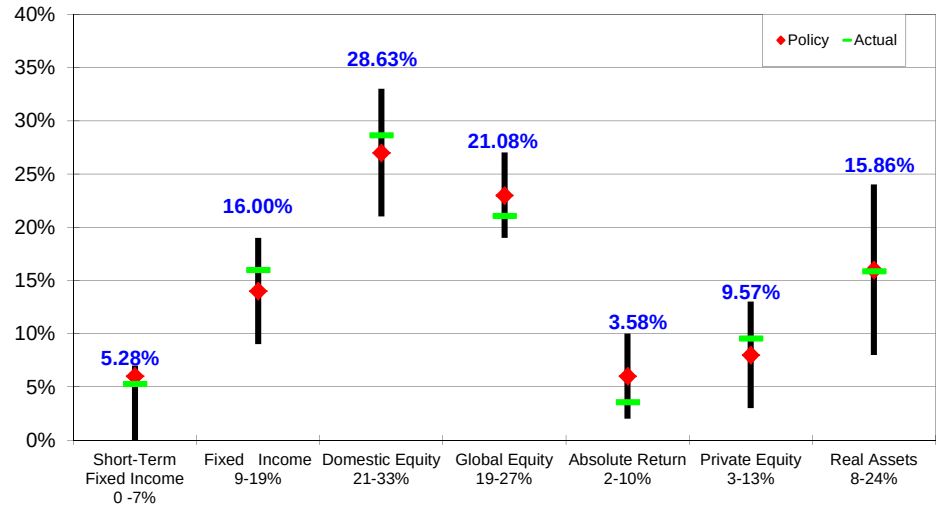
Total Invested Assets
By Month



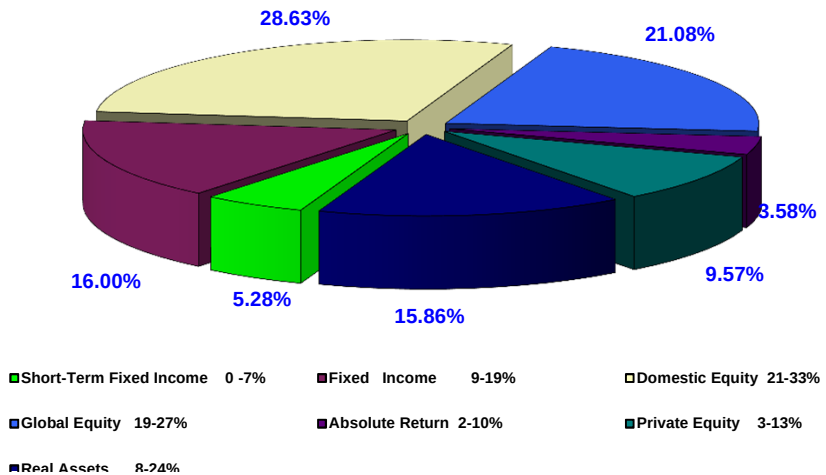
Investment Income
Cumulative By Month



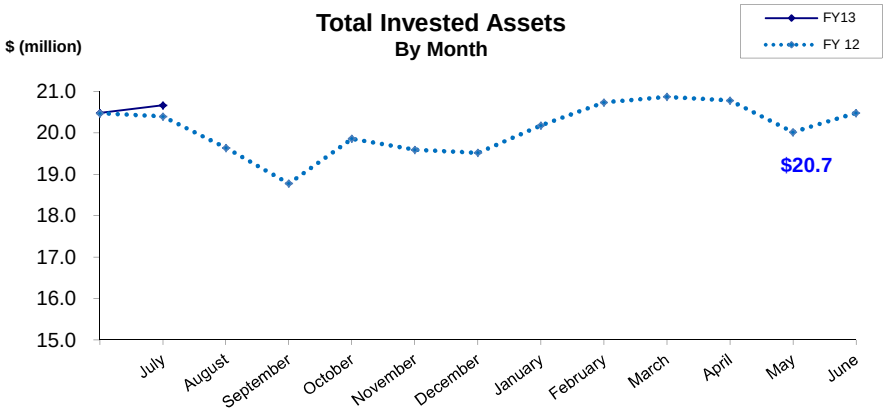
Actual Asset Allocation v. Target Allocation

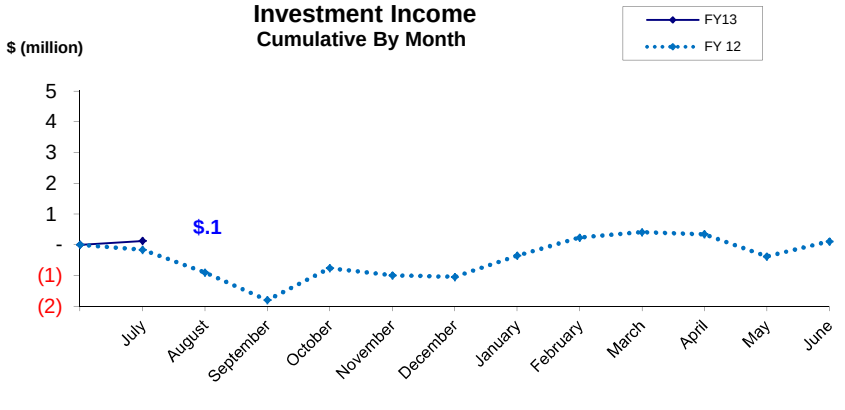


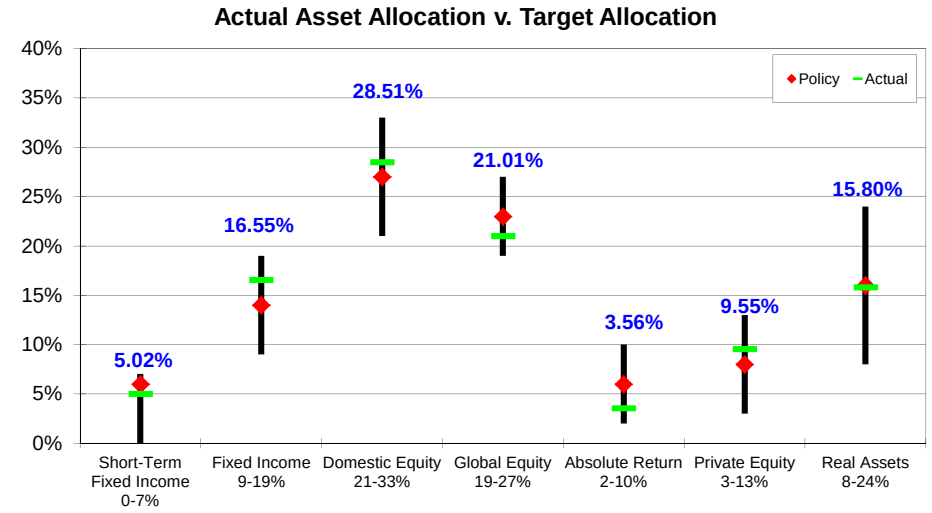
Invested Assets
By Major Asset Class

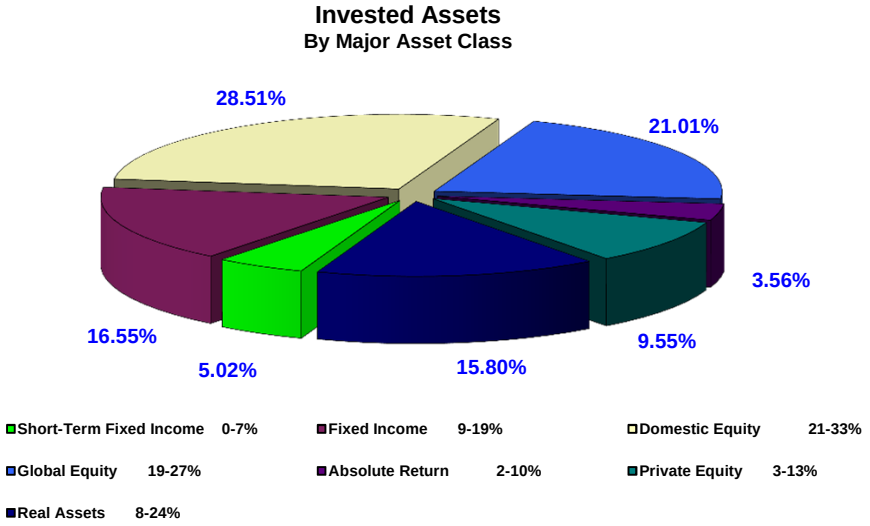


JUDICIAL RETIREE HEALTH CARE TRUST FUND
As of July 31, 2012

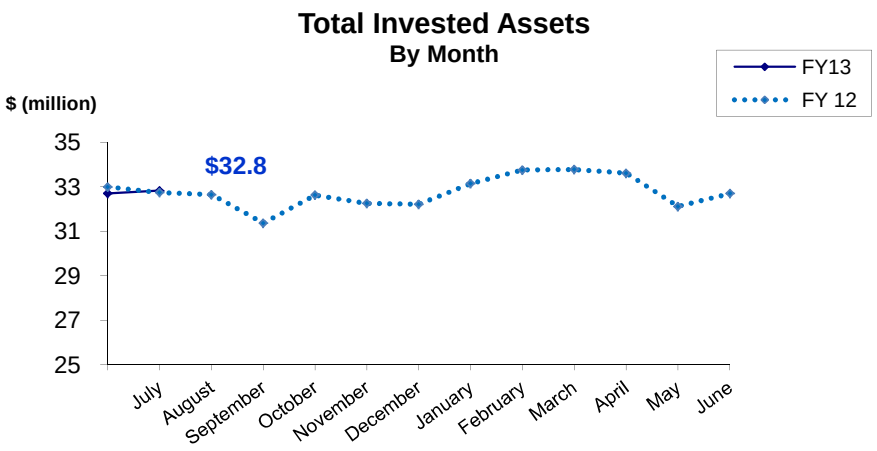


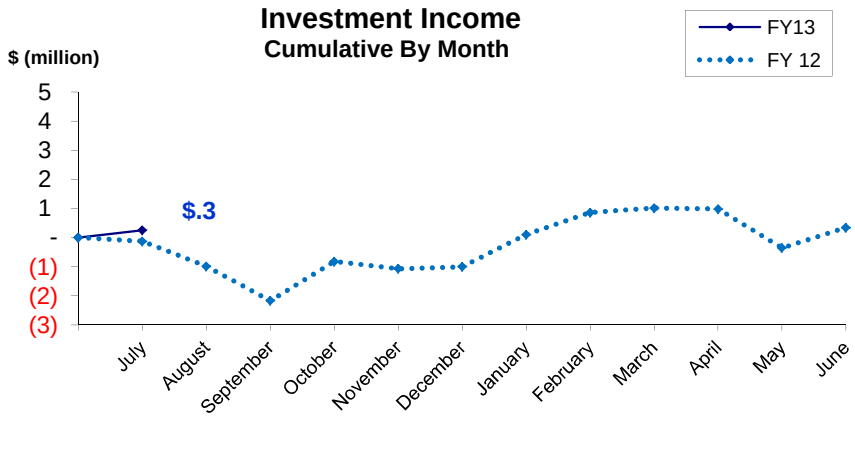


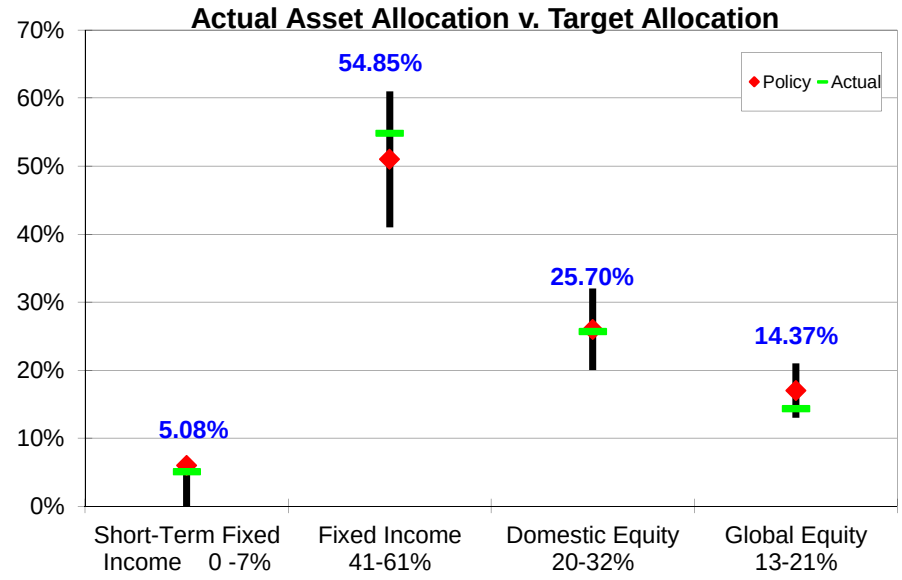


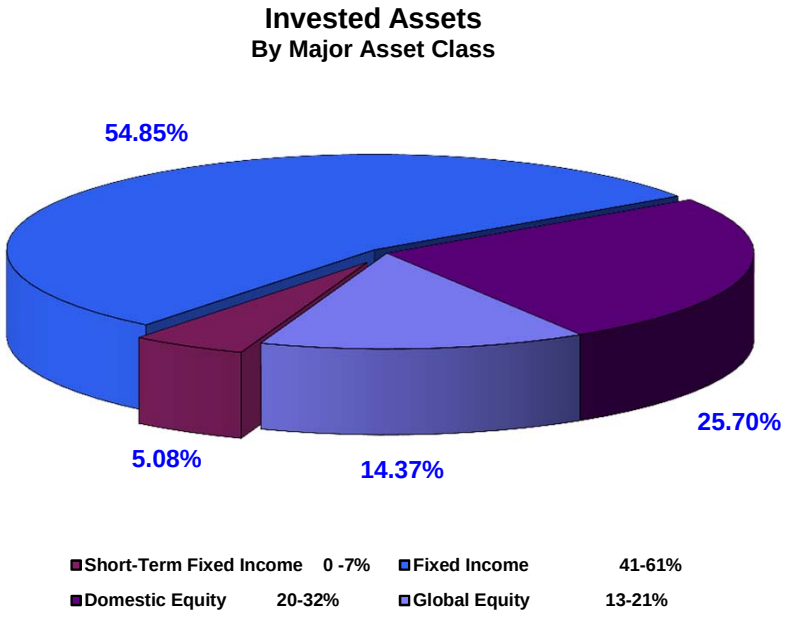


MILITARY RETIREMENT TRUST FUND
As of July 31, 2012









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, 2012

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**	**$ 275,458,692**	**$ 317,352**	**$ 606,333,633**	**$ 882,109,677**	**220.23%**
	Total Cash	**275,458,692**	**317,352**	**606,333,633**	**882,109,677**	**220.23%**
	Fixed Income					
1A	**US Treasury Fixed Income**	**1,724,195,977**	**11,384,202**	**30,512,647**	**1,766,092,826**	**2.43%**
77	**Internal Fixed Income Investment Pool**	**19,712,076**	**129,223**	**-**	**19,841,299**	**0.66%**
	International Fixed Income Pool					
63	Mondrian Investment Partners	**376,204,013**	**6,674,905**	**-**	**382,878,918**	**1.77%**
	High Yield Pool					
9P	MacKay Shields, LLC	**443,294,844**	**8,163,968**	**-**	**451,458,812**	**1.84%**
	Total High Yield	**443,294,844**	**8,163,968**	**-**	**451,458,812**	**1.84%**
	Emerging Debt Pool					
5M	Lazard Emerging Income	**124,050,302**	**1,639,329**	**-**	**125,689,631**	**1.32%**
	Total Fixed Income	**2,687,457,212**	**27,991,627**	**30,512,647**	**2,745,961,486**	**2.18%**
	(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, 2012

		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	**11,438,289**	**(184,509)**	**-**	**11,253,780**	**-1.61%**
4P	SSgA Russell 2000 Value	**12,116,847**	**(115,047)**	**-**	**12,001,800**	**-0.95%**
	Total Passive	**23,555,136**	**(299,556)**	**-**	**23,255,580**	**-1.27%**
	Actively Managed					
43	Transition Account	**11**	**419**	**-**	**430**	**3690.75%**
4E	DePrince, Race & Zollo Inc.- Micro Cap	**73,063,427**	**(55,517)**	**-**	**73,007,910**	**-0.08%**
4F	Luther King Capital Management	**129,440,552**	**(952,347)**	**-**	**128,488,205**	**-0.74%**
4G	Jennison Associates, LLC	**126,424,851**	**(1,800,025)**	**-**	**124,624,826**	**-1.42%**
5G	Frontier Capital Mgmt Co.	**113,341,088**	**(1,634,133)**	**-**	**111,706,955**	**-1.44%**
5H	Victory Capital Management	**72,436,485**	**(1,264,701)**	**-**	**71,171,784**	**-1.75%**
6A	SSgA Futures Small Cap	**6,347,200**	**(141,605)**	**-**	**6,205,595**	**-2.23%**
4H	Lord Abbett & Co.	**131,172,461**	**(582,663)**	**-**	**130,589,798**	**-0.44%**
4Q	Barrow, Haney, Mewhinney & Strauss	**110,714,417**	**211,289**	**-**	**110,925,706**	**0.19%**
4Z	Lord Abbett & Co.- Micro Cap	**72,204,963**	**(3,216,023)**	**-**	**68,988,940**	**-4.45%**
	Total Active	**835,145,455**	**(9,435,306)**	**-**	**825,710,149**	**-1.13%**
	Total Small Cap	**858,700,591**	**(9,734,862)**	**-**	**848,965,729**	**-1.13%**
	Large Cap Pool					
	Passively Managed					
4L	SSgA Russell 1000 Growth	**767,650,307**	**10,436,794**	**-**	**778,087,101**	**1.36%**
4M	SSgA Russell 1000 Value	**948,909,950**	**9,914,997**	**-**	**958,824,947**	**1.04%**
4R	SSgA Russell 200	**394,463,722**	**6,212,050**	**-**	**400,675,772**	**1.57%**
	Total Passive	**2,111,023,979**	**26,563,841**	**-**	**2,137,587,820**	**1.26%**
	Actively Managed					
47	Lazard Freres	**298,317,463**	**3,363,977**	**-**	**301,681,440**	**1.13%**
48	McKinley Capital Mgmt.	**326,547,786**	**1,816,510**	**-**	**328,364,296**	**0.56%**
4U	Barrow, Haney, Mewhinney & Strauss	**145,999,264**	**992,010**	**-**	**146,991,274**	**0.68%**
4V	Quantitative Management Assoc.	**142,878,145**	**26,071**	**-**	**142,904,216**	**0.02%**
4W/4X	Analytic Buy Write Account	**112,486,019**	**763,051**	**-**	**113,249,070**	**0.68%**
4Y	RCM Buy Write Account	**99,436,225**	**(288,270)**	**-**	**99,147,955**	**-0.29%**
38	RCM	**348,623,351**	**1,298,264**	**-**	**349,921,615**	**0.37%**
6B	SSgA Futures large cap	**8,926,073**	**142,294**	**-**	**9,068,367**	**1.59%**
4J	Relational Investors, LLC	**241,656,506**	**(1,895,170)**	**(6,290,942)**	**233,470,394**	**-3.39%**
	Total Active	**1,724,870,832**	**6,218,737**	**(6,290,942)**	**1,724,798,627**	**0.00%**
	Total Large Cap	**3,835,894,811**	**32,782,578**	**(6,290,942)**	**3,862,386,447**	**0.69%**

(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, 2012

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)
	Convertible Bond Pool					
52	Advent Capital	**113,744,052**	**1,235,840**	**-**	**114,979,892**	**1.09%**
	Total Convertible Bond Pool	**113,744,052**	**1,235,840**	**-**	**114,979,892**	**1.09%**
	Total Domestic Equity	**4,808,339,454**	**24,283,556**	**(6,290,942)**	**4,826,332,068**	**0.37%**
	Global Equities Ex US					
	Small Cap Pool					
5B	Mondrian Investment Partners	**111,465,408**	**3,264,056**	**-**	**114,729,464**	**2.93%**
5D	Schroder Investment Management	**104,448,423**	**(349,084)**	**-**	**104,099,339**	**-0.33%**
	Total Small Cap	**215,913,831**	**2,914,972**	**-**	**218,828,803**	**1.35%**
	Large Cap Pool					
65	Brandes Investment Partners	**729,985,965**	**(1,657,841)**	**-**	**728,328,124**	**-0.23%**
58	Lazard Freres	**363,316,411**	**8,569,051**	**-**	**371,885,462**	**2.36%**
67	Cap Guardian Trust Co	**564,558,877**	**10,410,496**	**-**	**574,969,373**	**1.84%**
68	State Street Global Advisors	**481,144,639**	**6,281,574**	**-**	**487,426,213**	**1.31%**
69	McKinley Capital Management	**299,246,866**	**3,304,475**	**-**	**302,551,341**	**1.10%**
	Total Large Cap	**2,438,252,758**	**26,907,755**	**-**	**2,465,160,513**	**1.10%**
	Emerging Markets Equity Pool A [(1)]					
6P	Lazard Asset Management	**314,418,956**	**5,012,726**	**-**	**319,431,682**	**1.59%**
6Q	Eaton Vance	**194,166,233**	**430,524**	**-**	**194,596,757**	**0.22%**
62	The Capital Group Inc.	**351,710,028**	**3,331,489**	**-**	**355,041,517**	**0.95%**
	Total Emerging Markets Pool A	**860,295,217**	**8,774,739**	**-**	**869,069,956**	**1.02%**
	Total Global Equities	**3,514,461,806**	**38,597,466**	**-**	**3,553,059,272**	**1.10%**
	Private Equity Pool					
7Z	Merit Capital Partners	**7,718,108**	**(535)**	**1,000,000**	**8,717,573**	**12.95%**
98	Pathway Capital Management LLC	**745,877,853**	**(2,123,431)**	**2,751,973**	**746,506,395**	**0.08%**
85	Abbott Capital	**735,952,298**	**3,502,065**	**812,612**	**740,266,975**	**0.59%**
8A	Blum Capital Partners-Strategic	**15,823,907**	**-**	**-**	**15,823,907**	**0.00%**
8P	Lexington Partners	**35,378,687**	**-**	**-**	**35,378,687**	**0.00%**
8Q	Onex Partnership III	**11,038,426**	**-**	**-**	**11,038,426**	**0.00%**
8W	Warburg Pincus X	**29,104,015**	**-**	**-**	**29,104,015**	**0.00%**
8X	Angelo, Gordon & Co.	**25,169,231**	**9**	**(974,542)**	**24,194,698**	**-3.87%**
	Total Private Equity	**1,606,062,525**	**1,378,108**	**3,590,043**	**1,611,030,676**	**0.31%**

(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, 2012

		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.	**144,476,253**	**-**	**-**	**144,476,253**	**0.00%**
8N	Prisma Capital Partners	**146,350,720**	**-**	**-**	**146,350,720**	**0.00%**
9D	Mariner Investment Group, Inc.	**142,172,374**	**-**	**(85,195,000)**	**56,977,374**	**-59.92%**
9E	Cadogan Management LLC	**93,714**	**6,033**	**(99,747)**	**-**	**-100.00%**
9F	Crestline Investors, Inc.	**254,032,225**	**-**	**-**	**254,032,225**	**0.00%**
	Total Absolute Return Investments	**687,125,286**	**6,033**	**(85,294,747)**	**601,836,572**	**-12.41%**
	Real Assets					
	Farmland Pool A					
9B	UBS Agrivest, LLC	**374,770,842**	**-**	**-**	**374,770,842**	**0.00%**
9G	Hancock Agricultural Investment Group	**234,436,304**	**-**	**500,000**	**234,936,304**	**0.21%**
	Total Farmland Pool A	**609,207,146**	**-**	**500,000**	**609,707,146**	**0.08%**
	Farmland Water Pool					
8Y	Hancock Water PPTY	**8,872,375**	**-**	**-**	**8,872,375**	**0.00%**
8Z	UBS Argivest, LLC	**20,422,802**	**-**	**-**	**20,422,802**	**0.00%**
	Total Farmland Water Pool	**29,295,177**	**-**	**-**	**29,295,177**	**0.00%**
	Timber Pool A					
9Q	Timberland INVT Resource LLC	**148,324,572**	**-**	**-**	**148,324,572**	**0.00%**
9S	Hancock Natural Resourse Group	**80,302,054**	**-**	**-**	**80,302,054**	**0.00%**
	Total Timber Pool A	**228,626,626**	**-**	**-**	**228,626,626**	**0.00%**
	Energy Pool A					
5A	EIG Energy Fund XV	**26,845,034**	**571,904**	**-**	**27,416,938**	**2.13%**
9A	EIG Energy Fund XD	**9,904,936**	**(752,650)**	**-**	**9,152,286**	**-7.60%**
9Z	EIG Energy Fund XIV-A	**79,172,766**	**834,622**	**(2,707,005)**	**77,300,383**	**-2.36%**
	Total Energy Pool A	**115,922,736**	**653,876**	**(2,707,005)**	**113,869,607**	**-1.77%**
	REIT Pool					
9H	REIT Holdings	**186,325,101**	**4,016,074**	**-**	**190,341,175**	**2.16%**
	Treasury Inflation Proof Securities					
6N	TIPS Internally Managed Account (cont.)	**196,927,686**	**3,999,592**	**-**	**200,927,278**	**2.03%**

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, 2012

		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	**176,584,969**	**1,298,904**	**(1,815,001)**	**176,068,872**	**-0.29%**
7B	UBS Trumbull Property Fund	**74,817,199**	**1,522,321**	**(561,539)**	**75,777,981**	**1.28%**
	Total Core Commingled	**251,402,168**	**2,821,225**	**(2,376,540)**	**251,846,853**	**0.18%**
	Core Separate Accounts					
7D	Cornerstone Real Estate Advisers Inc.	**92,347,704**	**19**	**(175,105)**	**92,172,618**	**-0.19%**
7E	LaSalle Investment Management	**207,553,762**	**(35)**	**(797,774)**	**206,755,953**	**-0.38%**
7F	Sentinel Separate Account	**111,101,172**	**(21)**	**(397,069)**	**110,704,082**	**-0.36%**
7G	UBS Realty	**258,893,251**	**(20)**	**(427,199)**	**258,466,032**	**-0.17%**
	Total Core Separate	**669,895,889**	**(57)**	**(1,797,147)**	**668,098,685**	**-0.27%**
	Non-Core Commingled Accounts					
7H	Coventry	**17,481,922**	**-**	**-**	**17,481,922**	**0.00%**
7J	Lowe Hospitality Partners	**5,373,074**	**-**	**-**	**5,373,074**	**0.00%**
7N	ING Clarion Development Ventures II	**3,121,480**	**-**	**-**	**3,121,480**	**0.00%**
7P	Silverpeak Legacy Pension Partners II, L.P. [3]	**73,198,662**	**-**	**-**	**73,198,662**	**0.00%**
7Q	Almanac Realty Securities IV [5]	**42,202,211**	**8**	**(378,606)**	**41,823,613**	**-0.90%**
7R	Tishman Speyer Real Estate Venture VI	**67,218,601**	**-**	**-**	**67,218,601**	**0.00%**
7X	Tishman Speyer Real Estate Venture VII	**18,754,830**	**-**	**-**	**18,754,830**	**0.00%**
7S	Almanac Realty Securities V [6]	**22,398,002**	**-**	**(263,319)**	**22,134,683**	**-1.18%**
7V	ING Clarion Development Ventures III	**19,877,422**	**-**	**-**	**19,877,422**	**0.00%**
7W	Silverpeak Legacy Pension Partners III, L.P. [4]	**10,059,347**	**-**	**-**	**10,059,347**	**0.00%**
8R	BlackRock Diamond Property Fund	**23,725,085**	**805,975**	**(15,828)**	**24,515,232**	**3.33%**
8S	Colony Investors VIII, L.P.	**19,560,051**	**-**	**-**	**19,560,051**	**0.00%**
8U	LaSalle Medical Office Fund II	**22,043,649**	**10**	**(297,012)**	**21,746,647**	**-1.35%**
8V	Cornerstone Apartment Venture III	**30,597,190**	**-**	**-**	**30,597,190**	**0.00%**
	Total Non-Core Commingled	**375,611,526**	**805,993**	**(954,765)**	**375,462,754**	**-0.04%**
	Total Real Estate	**1,296,909,583**	**3,627,161**	**(5,128,452)**	**1,295,408,292**	**-0.12%**
	Total Real Assets	**2,663,214,055**	**12,296,703**	**(7,335,457)**	**2,668,175,301**	**0.19%**
	Totals	**$ 16,242,119,030**	**$ 104,870,844**	**$ 541,515,178**	**$ 16,888,505,052**	**3.98%**

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
(5) Previously titled Rothschild Five Arrows Reality Securities V
(6) Previously titled Rothschild Five Arrows Reality Securities IV

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, 2012

Interim Transit Account	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Treasury Division [1]					
Cash and Cash Equivalents	$ 7,018,237	$ 1,178	$ (1,416,191)	$ -	$ 5,603,224
Participant Options [2]					
T. Rowe Price					
Stable Value Fund	324,122,372	736,671	(2,005,376)	3,152,675	326,006,342
Small-Cap Stock Fund	88,117,067	(580,531)	182,824	(676,732)	87,042,628
Alaska Balanced Fund	1,097,516,869	11,903,045	(1,330,253)	(1,652,705)	1,106,436,956
Long Term Balanced Fund	359,620,352	3,484,116	1,904,219	(470,357)	364,538,330
AK Target Date 2010 Trust	5,600,898	51,414	110,525	(103,932)	5,658,905
AK Target Date 2015 Trust	87,365,317	780,480	233,564	(1,013,008)	87,366,353
AK Target Date 2020 Trust	37,359,963	337,772	291,324	(52,527)	37,936,532
AK Target Date 2025 Trust	19,679,965	173,534	589,685	120,882	20,564,066
AK Target Date 2030 Trust	8,083,458	74,216	241,826	143,955	8,543,455
AK Target Date 2035 Trust	7,586,127	67,627	269,161	(61,660)	7,861,255
AK Target Date 2040 Trust	7,508,697	65,886	308,219	(41,463)	7,841,339
AK Target Date 2045 Trust	7,336,692	64,822	381,435	879	7,783,828
AK Target Date 2050 Trust	7,566,395	66,925	443,159	(37,412)	8,039,067
AK Target Date 2055 Trust	3,922,661	34,561	275,983	(169,509)	4,063,696
Total Investments with T. Rowe Price	2,061,386,833	17,260,538	1,896,295	(860,914)	2,079,682,752
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	36,158,322	1	(389,417)	1,393,377	37,162,283
S&P 500 Stock Index Fund Series A	234,414,804	3,274,253	500,212	(2,513,747)	235,675,522
Russell 3000 Index	17,856,821	182,381	90,863	(662,151)	17,467,914
US Real Estate Investment Trust Index	31,549,586	595,621	104,254	2,761,490	35,010,951
World Equity Ex-US Index	13,028,890	105,787	67,630	(241,858)	12,960,449
Long US Treasury Bond Index	23,817,519	825,809	(24,603)	2,074,654	26,693,379
US Treasury Inflation Protected Securities Index	20,956,944	406,006	62,707	768,228	22,193,885
World Government Bond Ex-US Index	5,954,671	62,045	17,543	23,748	6,058,007
Global Balanced Fund	49,667,859	572,221	(198,469)	(665,726)	49,375,885
Total Investments with SSGA	433,405,416	6,024,124	230,720	2,938,015	442,598,275
BlackRock					
Government Bond Fund	49,786,831	815,023	129,407	(51,721)	50,679,540
Intermediate Bond Fund	15,188,605	87,171	56,766	(480,336)	14,852,206
Total Investments with BlackRock	64,975,436	902,194	186,173	(532,057)	65,531,746
Brandes Institutional					
International Equity Fund Fee	60,896,668	(794,909)	283,656	(1,315,404)	59,070,011
RCM					
Sustainable Opportunities Fund	28,317,844	323,385	114,242	(229,640)	28,525,831
Total Externally Managed Funds	2,648,982,197	23,715,332	2,711,086	-	2,675,408,615
Total All Funds	$ 2,656,000,434	$ 23,716,510	$ 1,294,895	$ -	$ 2,681,011,839

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, 2012
$ (Thousands)

Invested Assets (At Fair Value)	**July**
Investments with Treasury Division	
Cash and cash equivalents	$ 5,603
Investments with T. Rowe Price	
Stable Value Fund	326,006
Small-Cap Stock Fund	87,043
Alaska Balanced Fund	1,106,437
Long Term Balanced Fund	364,538
AK Target Date 2010 Trust	5,659
AK Target Date 2015 Trust	87,366
AK Target Date 2020 Trust	37,937
AK Target Date 2025 Trust	20,564
AK Target Date 2030 Trust	8,543
AK Target Date 2035 Trust	7,861
AK Target Date 2040 Trust	7,841
AK Target Date 2045 Trust	7,784
AK Target Date 2050 Trust	8,039
AK Target Date 2055 Trust	4,064
Investments with State Street Global Advisors	
State Street Treasury Money Market Fund - Inst.	37,162
S&P 500 Stock Index Fund Series A	235,676
Russell 3000 Index	17,468
US Real Estate Investment Trust Index	35,011
World Equity Ex-US Index	12,961
Long US Treasury Bond Index	26,693
US Treasury Inflation Protected Securities Index	22,194
World Govt Bond Ex-US Index	6,058
Global Balanced Fund	49,376
Investments with BlackRock	
Government Bond Fund	50,680
Intermediate Bond Fund	14,852
Investments with Brandes Investment Partners	
International Equity Fund Fee	59,070
Investments with RCM	
Sustainable Opportunities Fund	28,526
Total Invested Assets	**$ 2,681,012**
Change in Invested Assets	
Beginning Assets	$ 2,656,000
Investment Earnings	23,717
Net Contributions (Withdrawals)	1,295
Ending Invested Assets	**$ 2,681,012**

Source data provided by the record keeper, Great West Life

Deferred Compensation Plan
Schedule of Invested Assets and Changes in Invested Assets
for the Month Ended
July 31, 2012

Participant Options	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
T. Rowe Price					
Interest Income Fund	$ 176,925,671	$ 456,270	$ (988,254)	$ 1,219,702	$ 177,613,389
Small Cap Stock Fund	69,454,505	(486,339)	200,334	(585,793)	68,582,707
Long Term Balanced Fund	35,027,166	340,725	151,696	33,329	35,552,916
Alaska Balanced Trust	9,008,878	99,270	114,249	(338,733)	8,883,664
AK Target Date 2010 Trust	1,777,683	16,085	5,710	30,018	1,829,496
AK Target Date 2015 Trust	4,424,335	39,931	63,466	(38,661)	4,489,071
AK Target Date 2020 Trust	4,263,437	39,817	147,886	23,772	4,474,912
AK Target Date 2025 Trust	2,058,972	19,147	67,325	7,786	2,153,230
AK Target Date 2030 Trust	1,343,804	12,706	83,078	(21,231)	1,418,357
AK Target Date 2035 Trust	1,030,470	9,507	34,119	81,088	1,155,184
AK Target Date 2040 Trust	668,684	5,936	39,503	(613)	713,510
AK Target Date 2045 Trust	381,921	3,250	28,446	(7,922)	405,695
AK Target Date 2050 Trust	254,352	2,206	17,980	(2,225)	272,313
AK Target Date 2055 Trust	460,422	3,916	16,110	(6,602)	473,846
Total Investments with T. Rowe Price	307,080,300	562,427	(18,352)	393,915	308,018,290
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	8,266,011	-	29,579	870,859	9,166,449
Russell 3000 Index	6,622,430	67,110	125,767	(200,080)	6,615,227
US Real Estate Investment Trust Index	10,317,081	203,288	94,903	1,329,247	11,944,519
World Equity Ex-US Index	4,510,551	37,631	19,065	(76,403)	4,490,844
Long US Treasury Bond Index	6,683,811	227,354	54,501	(568,917)	6,396,749
US Treasury Inflation Protected Securities Index	10,830,781	207,981	81,367	206,000	11,326,129
World Government Bond Ex-US Index	2,093,396	21,977	19,561	9,045	2,143,979
Global Balanced Fund	36,778,728	424,854	179,730	(584,607)	36,798,705
Total Investments with SSGA	86,102,789	1,190,195	604,473	985,144	88,882,601
BlackRock					
S&P 500 Index Fund	126,406,619	1,769,125	305,448	(1,307,510)	127,173,682
Government/Credit Bond Fund	32,325,572	530,174	(25,927)	489,844	33,319,663
Intermediate Bond Fund	16,257,293	95,144	68,685	(69,202)	16,351,920
Total Investments with Barclays Global Investors	174,989,484	2,394,443	348,206	(886,868)	176,845,265
Brandes Institutional					
International Equity Fund Fee	35,533,839	(470,896)	286,593	(359,276)	34,990,260
RCM					
Sustainable Core Opportunities Fund	10,711,375	121,840	95,532	(132,915)	10,795,832
Total All Funds	$ 614,417,787	$ 3,798,009	$ 1,316,452	$ -	$ 619,532,248

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, 2012
$ (Thousands)

Invested Assets (at fair value)		**July**
Investments with T. Rowe Price		
Interest Income Fund		
Cash and cash equivalents	$	13,002
Synthetic Investment Contracts		164,611
Small Cap Stock Fund		68,583
Long Term Balanced Fund		35,553
Alaska Balanced Trust		8,884
AK Target Date 2010 Trust		1,829
AK Target Date 2015 Trust		4,489
AK Target Date 2020 Trust		4,475
AK Target Date 2025 Trust		2,153
AK Target Date 2030 Trust		1,418
AK Target Date 2035 Trust		1,155
AK Target Date 2040 Trust		714
AK Target Date 2045 Trust		406
AK Target Date 2050 Trust		272
AK Target Date 2055 Trust		474
State Street Global Advisors		
State Street Treasury Money Market Fund - Inst.		9,166
Russell 3000 Index		6,615
US Real Estate Investment Trust Index		11,944
World Equity Ex-US Index		4,491
Long US Treasury Bond Index		6,397
US Treasury Inflation Protected Securities Index		11,326
World Government Bond Ex-US Index		2,144
Global Balanced Fund		36,799
Investments with BlackRock		
S&P 500 Index Fund		127,174
Government/Credit Bond Fund		33,320
Intermediate Bond Fund		16,352
Investments with Brandes Institutional		
International Equity Fund Fee		34,990
Investments with RCM		
Sustainable Opportunities Fund		10,796
Total Invested Assets	**$**	**619,532**
Change in Invested Assets		
Beginning Assets	$	614,418
Investment Earnings		3,798
Net Contributions (Withdrawals)		1,316
Ending Invested Assets	**$**	**619,532**

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, 2012

Interim Transit Account	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Treasury Division [1]					
Cash and Cash Equivalents	$ 7,114,876	$ 2,678	$ (73,178)	$ -	$ 7,044,376
Participant Options [2]					
T. Rowe Price					
Alaska Money Market	2,766,557	232	48,728	21,709	2,837,226
Small-Cap Stock Fund	36,907,206	(258,284)	361,259	(1,148,504)	35,861,677
Long Term Balanced Fund	4,659,472	43,805	46,494	(219,376)	4,530,395
Alaska Balanced Fund	575,069	6,971	18,962	90,514	691,516
AK Target Date 2010 Trust	672,631	6,056	3,783	(12,058)	670,412
AK Target Date 2015 Trust	2,610,573	23,958	72,644	(3,931)	2,703,244
AK Target Date 2020 Trust	4,785,493	44,552	207,225	(36,254)	5,001,016
AK Target Date 2025 Trust	6,459,965	60,122	267,189	69,966	6,857,242
AK Target Date 2030 Trust	6,654,930	61,360	248,269	(9,891)	6,954,668
AK Target Date 2035 Trust	7,109,051	63,837	302,281	1,648	7,476,817
AK Target Date 2040 Trust	10,141,628	89,824	358,048	4,501	10,594,001
AK Target Date 2045 Trust	11,034,514	96,372	450,122	(14,064)	11,566,944
AK Target Date 2050 Trust	12,303,582	108,323	510,658	(18,229)	12,904,334
AK Target Date 2055 Trust	4,394,838	39,504	229,654	2,843	4,666,839
Total Investments with T. Rowe Price	111,075,509	386,632	3,125,316	(1,271,126)	113,316,331
State Street Global Advisors					
Money Market	596,032	-	8,645	(14,369)	590,308
S&P 500 Stock Index Fund Series A	28,638,427	406,074	303,426	610,664	29,958,591
Russell 3000 Index	3,606,653	41,747	17,574	504,929	4,170,903
US Real Estate Investment Trust Index	4,077,406	81,940	48,161	537,282	4,744,789
World Equity Ex-US Index	8,151,570	94,553	87,756	1,772,080	10,105,959
Long US Treasury Bond Index	633,380	18,941	(10,529)	78,615	720,407
US Treasury Inflation Protected Sec Index	952,788	18,801	9,873	64,426	1,045,888
World Government Bond Ex-US Index	1,445,594	14,955	9,087	(20,449)	1,449,187
Global Balanced Fund	5,580,145	60,177	45,807	(406,472)	5,279,657
Total Investments with SSGA	53,681,995	737,188	519,800	3,126,706	58,065,689
BlackRock					
Government Bond Fund	9,751,044	162,843	74,747	173,654	10,162,288
Intermediate Bond Fund	366,518	1,946	(15,594)	(24,880)	327,990
Total Investments with BlackRock	10,117,562	164,789	59,153	148,774	10,490,278
Brandes Institutional					
International Equity Fund Fee	43,187,408	(578,548)	444,356	(1,771,647)	41,281,569
RCM					
Sustainable Opportunities Fund	11,788,271	142,723	131,878	(232,707)	11,830,165
Total Externally Managed Funds	229,850,745	852,784	4,280,503	-	234,984,032
Total All Funds	$ 236,965,621	$ 855,462	$ 4,207,325	$ -	$ 242,028,408

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, 2012
$ (Thousands)

Invested Assets (At Fair Value)	**July**
Investments with Treasury Division	
Cash and cash equivalents	$ 7,044
Investments with T. Rowe Price	
Alaska Money Market	2,837
Small-Cap Stock Fund	35,862
Long Term Balanced Fund	4,530
Alaska Balanced Fund	692
AK Target Date 2010 Trust	670
AK Target Date 2015 Trust	2,703
AK Target Date 2020 Trust	5,001
AK Target Date 2025 Trust	6,857
AK Target Date 2030 Trust	6,955
AK Target Date 2035 Trust	7,477
AK Target Date 2040 Trust	10,594
AK Target Date 2045 Trust	11,567
AK Target Date 2050 Trust	12,904
AK Target Date 2055 Trust	4,667
Investments with State Street Global Advisors	
Money Market	590
S&P 500 Stock Index Fund Series A	29,959
Russell 3000 Index	4,171
US Real Estate Investment Trust Index	4,745
World Equity Ex-US Index	10,106
Long US Treasury Bond Index	720
US Treasury Inflation Protected Sec Index	1,046
World Government Bond Ex-US Index	1,449
Global Balanced Fund	5,280
Investments with BlackRock	
Government Bond Fund	10,162
Intermediate Bond Fund	328
Investments with Brandes Investment Partners	
International Equity Fund Fee	41,282
Investments with RCM	
Sustainable Opportunities Fund	11,830
Total Invested Assets	**$ 242,028**
Change in Invested Assets	
Beginning Assets	$ 236,966
Investment Earnings	855
Net Contributions (Withdrawals)	4,207
Ending Invested Assets	**$ 242,028**

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

Defined Contribution Retirement - Participant Directed TRS
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
July 31, 2012

Interim Transit Account	**Beginning Invested Assets**	**Investment Income**	**Net Contributions (Withdrawals)**	**Transfers in (out)**	**Ending Invested Assets**
Treasury Division [1]					
Cash and Cash Equivalents	$ 2,745,875	$ 964	$ (233,645)	$ -	$ 2,513,194
Participant Options [2]					
T. Rowe Price					
Alaska Money Market	1,355,184	113	9,824	-	1,365,121
Small-Cap Stock Fund	15,817,123	(110,777)	72,963	(527,534)	15,251,775
Long Term Balanced Fund	2,353,348	22,223	(11,219)	(62,079)	2,302,273
Alaska Balanced Fund	160,593	1,765	3,105	(109)	165,354
AK Target Date 2010 Trust	378,992	3,271	(4,481)	-	377,782
AK Target Date 2015 Trust	984,235	9,090	17,042	-	1,010,367
AK Target Date 2020 Trust	1,914,932	16,970	(8,465)	-	1,923,437
AK Target Date 2025 Trust	2,387,941	21,615	22,909	(2,893)	2,429,572
AK Target Date 2030 Trust	2,312,763	20,601	27,043	-	2,360,407
AK Target Date 2035 Trust	3,829,687	33,712	30,580	6	3,893,985
AK Target Date 2040 Trust	4,352,413	37,317	37,421	-	4,427,151
AK Target Date 2045 Trust	7,771,704	67,817	164,875	1,447	8,005,843
AK Target Date 2050 Trust	10,040,332	86,994	173,215	(686)	10,299,855
AK Target Date 2055 Trust	747,068	7,047	53,401	-	807,516
Total Investments with T. Rowe Price	54,406,315	217,758	588,213	(591,848)	54,620,438
State Street Global Advisors					
Money Market	59,348	-	(14,706)	-	44,642
S&P 500 Stock Index Fund Series A	11,869,485	167,329	53,368	265,398	12,355,580
Russell 3000 Index	1,574,736	17,336	(17,517)	159,357	1,733,912
US Real Estate Investment Trust Index	1,599,551	31,945	7,893	218,041	1,857,430
World Equity Ex-US Index	3,504,150	40,835	16,233	768,215	4,329,433
Long US Treasury Bond Index	52,018	1,700	840	(48)	54,510
US Treasury Inflation Protected Sec Index	393,128	7,882	(112)	36,944	437,842
World Government Bond Ex-US Index	637,281	6,888	(3,998)	19,410	659,581
Global Balanced Fund	3,386,319	35,544	(164)	(309,558)	3,112,141
Total Investments with SSGA	23,076,016	309,459	41,837	1,157,759	24,585,071
BlackRock					
Government Bond Fund	4,562,676	76,898	(3,688)	180,187	4,816,073
Intermediate Bond Fund	74,134	436	1,123	-	75,693
Total Investments with BlackRock	4,636,810	77,334	(2,565)	180,187	4,891,766
Brandes Institutional					
International Equity Fund Fee	18,070,583	(244,529)	86,336	(755,072)	17,157,318
RCM					
Sustainable Opportunities Fund	4,900,846	60,053	19,048	8,974	4,988,921
Total Externally Managed Funds	105,090,570	420,075	732,869	-	106,243,514
Total All Funds	$ 107,836,445	$ 421,039	$ 499,224	$ -	$ 108,756,708

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, 2012
$ (Thousands)

Invested Assets (At Fair Value)	**July**
Investments with Treasury Division	
Cash and cash equivalents	$ 2,513
Investments with T. Rowe Price	
Alaska Money Market	1,365
Small-Cap Stock Fund	15,252
Long Term Balanced Fund	2,302
Alaska Balanced Fund	165
AK Target Date 2010 Trust	378
AK Target Date 2015 Trust	1,010
AK Target Date 2020 Trust	1,923
AK Target Date 2025 Trust	2,430
AK Target Date 2030 Trust	2,360
AK Target Date 2035 Trust	3,894
AK Target Date 2040 Trust	4,427
AK Target Date 2045 Trust	8,006
AK Target Date 2050 Trust	10,300
AK Target Date 2055 Trust	808
Investments with State Street Global Advisors	
Money Market	45
S&P 500 Stock Index Fund Series A	12,356
Russell 3000 Index	1,734
US Real Estate Investment Trust Index	1,857
World Equity Ex-US Index	4,329
Long US Treasury Bond Index	55
US Treasury Inflation Protected Sec Index	438
World Government Bond Ex-US Index	660
Global Balanced Fund	3,112
Investments with BlackRock	
Government Bond Fund	4,816
Intermediate Bond Fund	76
Investments with Brandes Investment Partners	
International Equity Fund Fee	17,157
Investments with RCM	
Sustainable Opportunities Fund	4,989
Total Invested Assets	**$ 108,757**
Change in Invested Assets	
Beginning Assets	$ 107,836
Investment Earnings	421
Net Contributions (Withdrawals)	500
Ending Invested Assets	**$ 108,757**

Source data provided by the record keeper, Great West Life

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT
(Supplement to the Treasury Division Report)

As of July 31, 2012

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, 2012

		Contributions				Expenditures				Net
		Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds	Admin-istrative	Total Expenditures	Contributions/ (Withdrawals)
Public Employees' Retirement System (PERS)										
Defined Benefit Plans:										
Retirement Trust		23,701,093	164,087,043	484	187,788,620	(47,957,611)	(1,427,084)	(3,833,128)	(53,217,823)	134,570,797
Retirement Health Care Trust		14,310,009	143,215,349	9,185	157,534,543	(24,010,898)	-	(699,124)	(24,710,022)	132,824,521
Total Defined Benefit Plans		38,011,102	307,302,392	9,669	345,323,163	(71,968,509)	(1,427,084)	(4,532,252)	(77,927,845)	267,395,318
Defined Contribution Plans:										
Participant Directed Retirement		6,303,847	-	-	6,303,847	-	(1,487,550)	(608,972)	(2,096,522)	4,207,325
Health Reimbursement Arrangement	(a)	1,509,783	-	-	1,509,783	-	-	(206)	(206)	1,509,577
Retiree Medical Plan	(a)	246,498	-	-	246,498	-	-	(206)	(206)	246,292
Occupational Death and Disability:	(a)									
Public Employees		82,509	-	-	82,509	-	-	-	-	82,509
Police and Firefighters		56,805	-	-	56,805	(3,947)	-	-	(3,947)	52,858
Total Defined Contribution Plans		8,199,442	-	-	8,199,442	(3,947)	(1,487,550)	(609,384)	(2,100,881)	6,098,561
Total PERS		**46,210,544**	**307,302,392**	**9,669**	**353,522,605**	**(71,972,456)**	**(2,914,634)**	**(5,141,636)**	**(80,028,726)**	**273,493,879**
Teachers' Retirement System (TRS)										
Defined Benefit Plans:										
Retirement Trust		3,998,599	196,944,800	368	200,943,767	(30,684,359)	(267,809)	(1,486,693)	(32,438,861)	168,504,906
Retirement Health Care Trust		2,694,967	105,832,353	-	108,527,320	(7,758,692)	-	(278,704)	(8,037,396)	100,489,924
Total Defined Benefit Plans		6,693,566	302,777,153	368	309,471,087	(38,443,051)	(267,809)	(1,765,397)	(40,476,257)	268,994,830
Defined Contribution Plans:										
Participant Directed Retirement		1,696,638	-	-	1,696,638	-	(1,051,984)	(145,430)	(1,197,414)	499,224
Health Reimbursement Arrangement	(a)	305,216	-	-	305,216	-	-	(71)	(71)	305,145
Retiree Medical Plan	(a)	66,283	-	-	66,283	-	-	(71)	(71)	66,212
Occupational Death and Disability:	(a)	-	-	-	-	-	-	-	-	-
Total Defined Contribution Plans		2,068,137	-	-	2,068,137	-	(1,051,984)	(145,572)	(1,197,556)	870,581
Total TRS		**8,761,703**	**302,777,153**	**368**	**311,539,224**	**(38,443,051)**	**(1,319,793)**	**(1,910,969)**	**(41,673,813)**	**269,865,411**
Judicial Retirement System (JRS)										
Defined Benefit Plan Retirement Trust		153,127	3,650,650	-	3,803,777	(838,731)	-	(38,605)	(877,336)	2,926,441
Defined Benefit Retirement Health Care Trust		4,068	134,921	-	138,989	(74,235)	-	(2,144)	(76,379)	62,610
Total JRS		**157,195**	**3,785,571**	**-**	**3,942,766**	**(912,966)**	**-**	**(40,749)**	**(953,715)**	**2,989,051**
National Guard/Naval Militia Retirement System (NGNMRS)										
Defined Benefit Plan Retirement Trust	(a)	-	-	-	-	(112,815)	-	(13,799)	(126,614)	(126,614)
Other Participant Directed Plans										
Supplemental Annuity Plan		13,782,159	-	-	13,782,159	-	(12,226,640)	(260,624)	(12,487,264)	1,294,895
Deferred Compensation Plan		4,757,851	-	-	4,757,851	-	(3,354,439)	(86,960)	(3,441,399)	1,316,452
Total All Funds		**73,669,452**	**613,865,116**	**10,037**	**687,544,605**	**(111,441,288)**	**(19,815,506)**	**(7,454,737)**	**(138,711,531)**	**548,833,074**

(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, 2012

		Contributions				Expenditures				Net
		Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds	Admin-istrative	Total Expenditures	Contributions/ (Withdrawals)
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Health Reimbursement Arrangement	(a)	1,509,783	-	-	1,509,783	-	-	(206)	(206)	1,509,577
Retiree Medical Plan	(a)	246,498	-	-	246,498	-	-	(206)	(206)	246,292
Occupational Death and Disability:	(a)									
Public Employees		82,509	-	-	82,509	-	-	-	-	82,509
Police and Firefighters		56,805	-	-	56,805	(3,947)	-	-	(3,947)	52,858
Total Defined Contribution Plans		8,199,442	-	-	8,199,442	(3,947)	(1,487,550)	(609,384)	(2,100,881)	6,098,561
Total PERS		**46,210,544**	**307,302,392**	**9,669**	**353,522,605**	**(71,972,456)**	**(2,914,634)**	**(5,141,636)**	**(80,028,726)**	**273,493,879**
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Retiree Medical Plan	(a)	66,283	-	-	66,283	-	-	(71)	(71)	66,212
Occupational Death and Disability:	(a)	-	-	-	-	-	-	-	-	-
Total Defined Contribution Plans		2,068,137	-	-	2,068,137	-	(1,051,984)	(145,572)	(1,197,556)	870,581
Total TRS		**8,761,703**	**302,777,153**	**368**	**311,539,224**	**(38,443,051)**	**(1,319,793)**	**(1,910,969)**	**(41,673,813)**	**269,865,411**
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Deferred Compensation Plan		4,757,851	-	-	4,757,851	-	(3,354,439)	(86,960)	(3,441,399)	1,316,452
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(a) Employer only contributions.

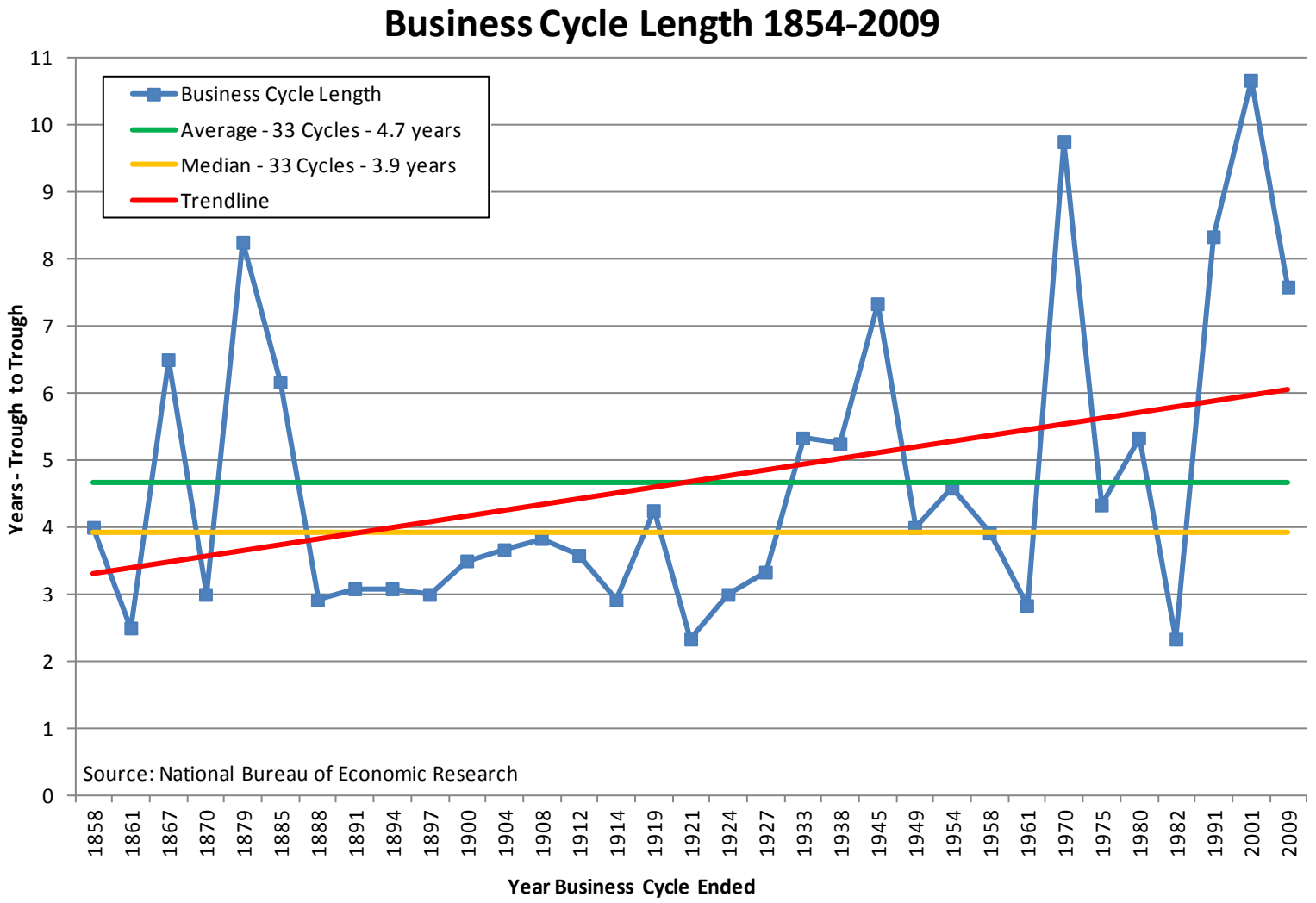
ALASKA RETIREMENT MANAGEMENT BOARD

Business and Stock Market Cycles

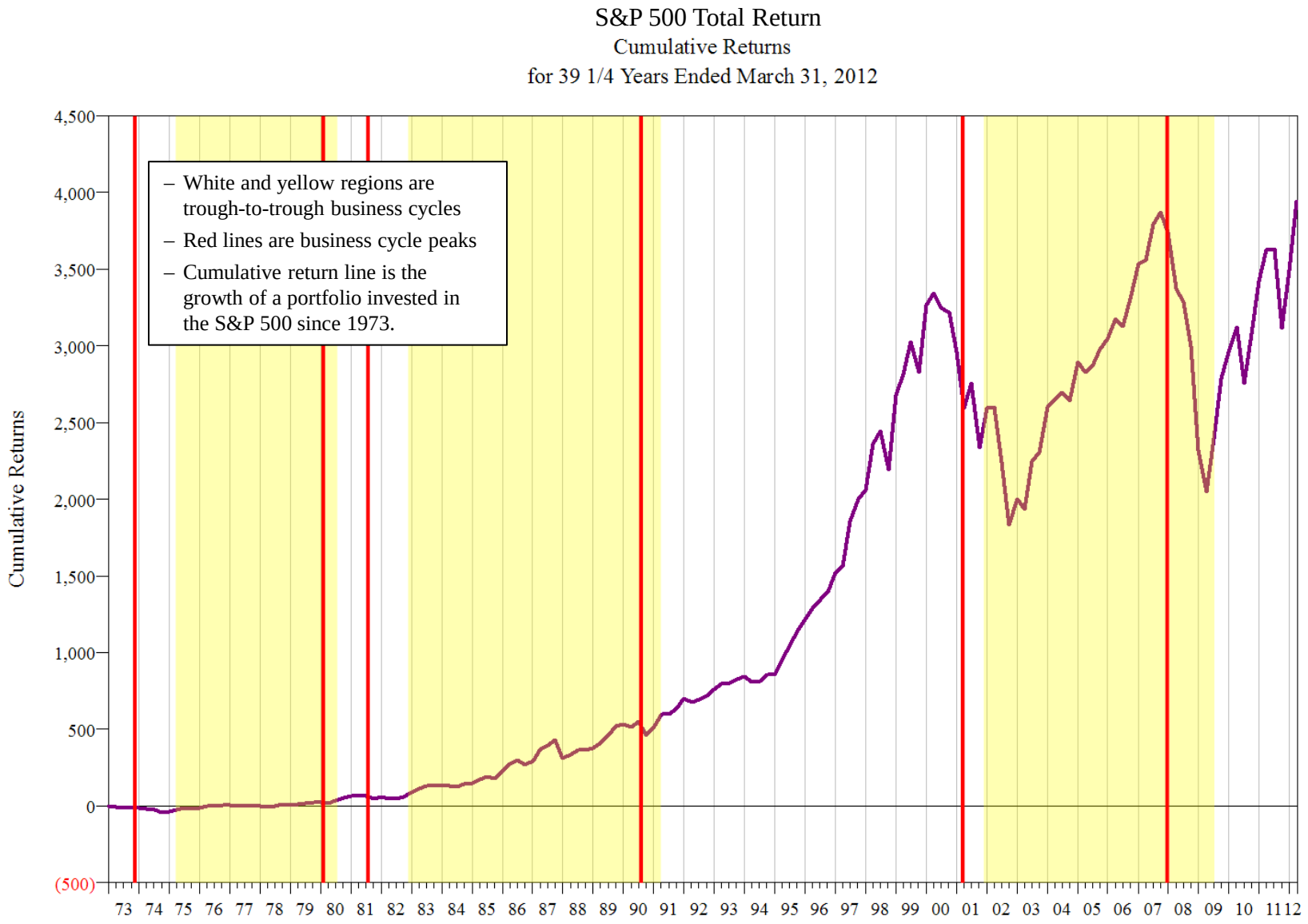
National Bureau of Economic Research – Business Cycles

BUSINESS CYCLE REFERENCE DATES		DURATION IN MONTHS			
Peak	Trough	Contraction	Expansion	Cycle	
Quarterly dates are in parentheses		*Peak to Trough*	*Previous trough to this peak*	*Trough from Previous Trough*	*Peak from Previous Peak*
	December 1854 (IV)	--	--	--	--
June 1857(II)	December 1858 (IV)	18	30	48	--
October 1860(III)	June 1861 (III)	8	22	30	40
April 1865(I)	December 1867 (I)	32	46	78	54
June 1869(II)	December 1870 (IV)	18	18	36	50
October 1873(III)	March 1879 (I)	65	34	99	52
March 1882(I)	May 1885 (II)	38	36	74	101
March 1887(II)	April 1888 (I)	13	22	35	60
July 1890(III)	May 1891 (II)	10	27	37	40
January 1893(I)	June 1894 (II)	17	20	37	30
December 1895(IV)	June 1897 (II)	18	18	36	35
June 1899(III)	December 1900 (IV)	18	24	42	42
September 1902(IV)	August 1904 (III)	23	21	44	39
May 1907(II)	June 1908 (II)	13	33	46	56
January 1910(I)	January 1912 (IV)	24	19	43	32
January 1913(I)	December 1914 (IV)	23	12	35	36
August 1918(III)	March 1919 (I)	7	44	51	67
January 1920(I)	July 1921 (III)	18	10	28	17
May 1923(II)	July 1924 (III)	14	22	36	40
October 1926(III)	November 1927 (IV)	13	27	40	41
August 1929(III)	March 1933 (I)	43	21	64	34
May 1937(II)	June 1938 (II)	13	50	63	93
February 1945(I)	October 1945 (IV)	8	80	88	93
November 1948(IV)	October 1949 (IV)	11	37	48	45
July 1953(II)	May 1954 (II)	10	45	55	56
August 1957(III)	April 1958 (II)	8	39	47	49
April 1960(II)	February 1961 (I)	10	24	34	32
December 1969(IV)	November 1970 (IV)	11	106	117	116
November 1973(IV)	March 1975 (I)	16	36	52	47
January 1980(I)	July 1980 (III)	6	58	64	74
July 1981(III)	November 1982 (IV)	16	12	28	18
July 1990(III)	March 1991(I)	8	92	100	108
March 2001(I)	November 2001 (IV)	8	120	128	128
December 2007 (IV)	June 2009 (II)	18	73	91	81
Average, all cycles:					
1854-2009 (33 cycles)		17.5	38.7	56.2	56.4
1854-1919 (16 cycles)		21.6	26.6	48.2	48.9
1919-1945 (6 cycles)		18.2	35.0	53.2	53.0
1945-2009 (11 cycles)		11.1	58.4	69.5	68.5

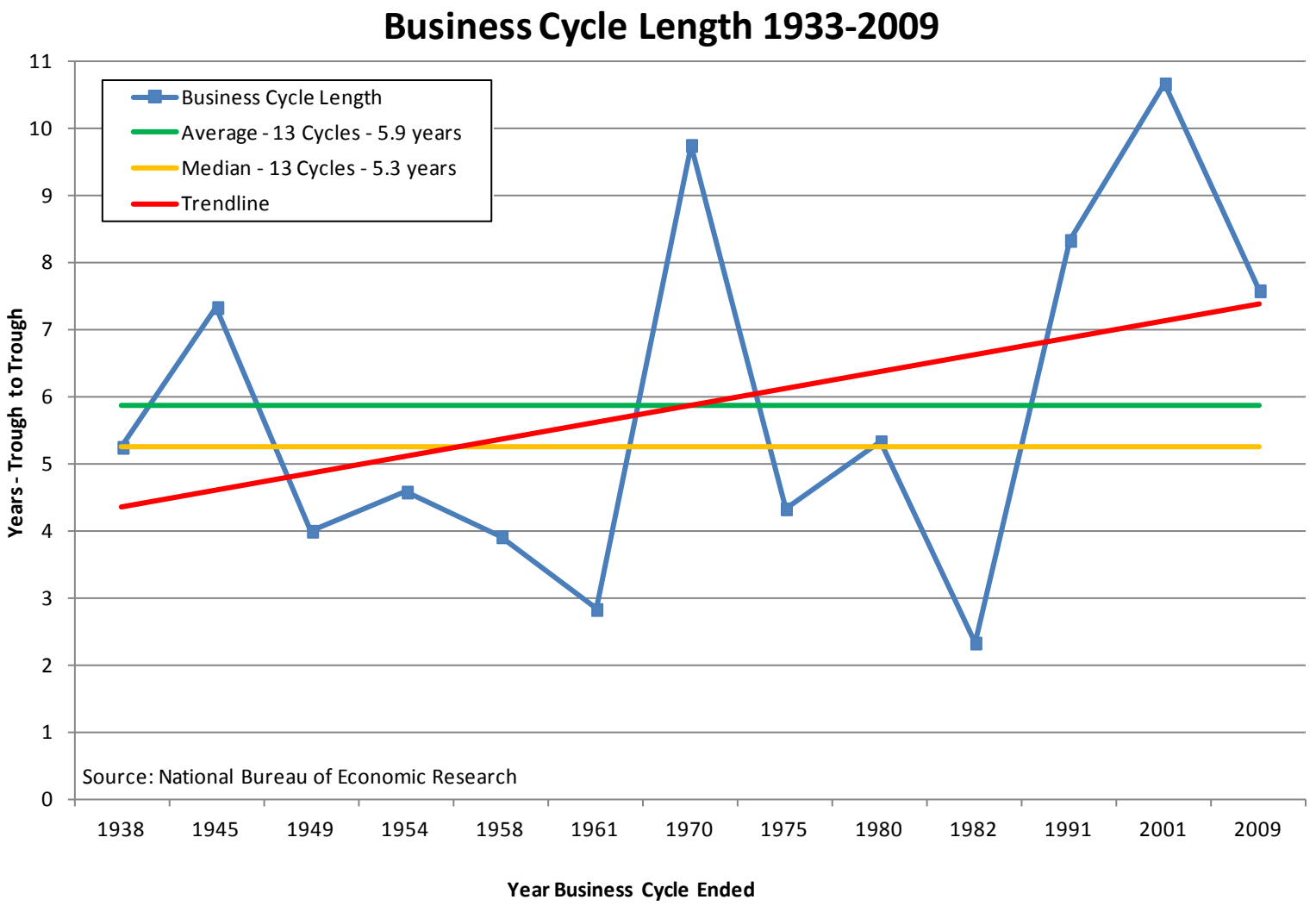
Business Cycles 1854-2009



Business Cycles ~ Stock Market Cycles



More Recent Business Cycles 1933-2009



Business Cycle Dates – 1969-2009

BUSINESS CYCLE REFERENCE DATES		DURATION IN MONTHS			
Peak	**Trough**	**Contraction**	**Expansion**	**Cycle**	
Quarterly dates are in parentheses		*Peak to Trough*	*Previous trough to this peak*	*Trough from Previous Trough*	*Peak from Previous Peak*
December 1969(IV)	November 1970 (IV)	11	106	117	116
November 1973(IV)	March 1975 (I)	16	36	52	47
January 1980(I)	July 1980 (III)	6	58	64	74
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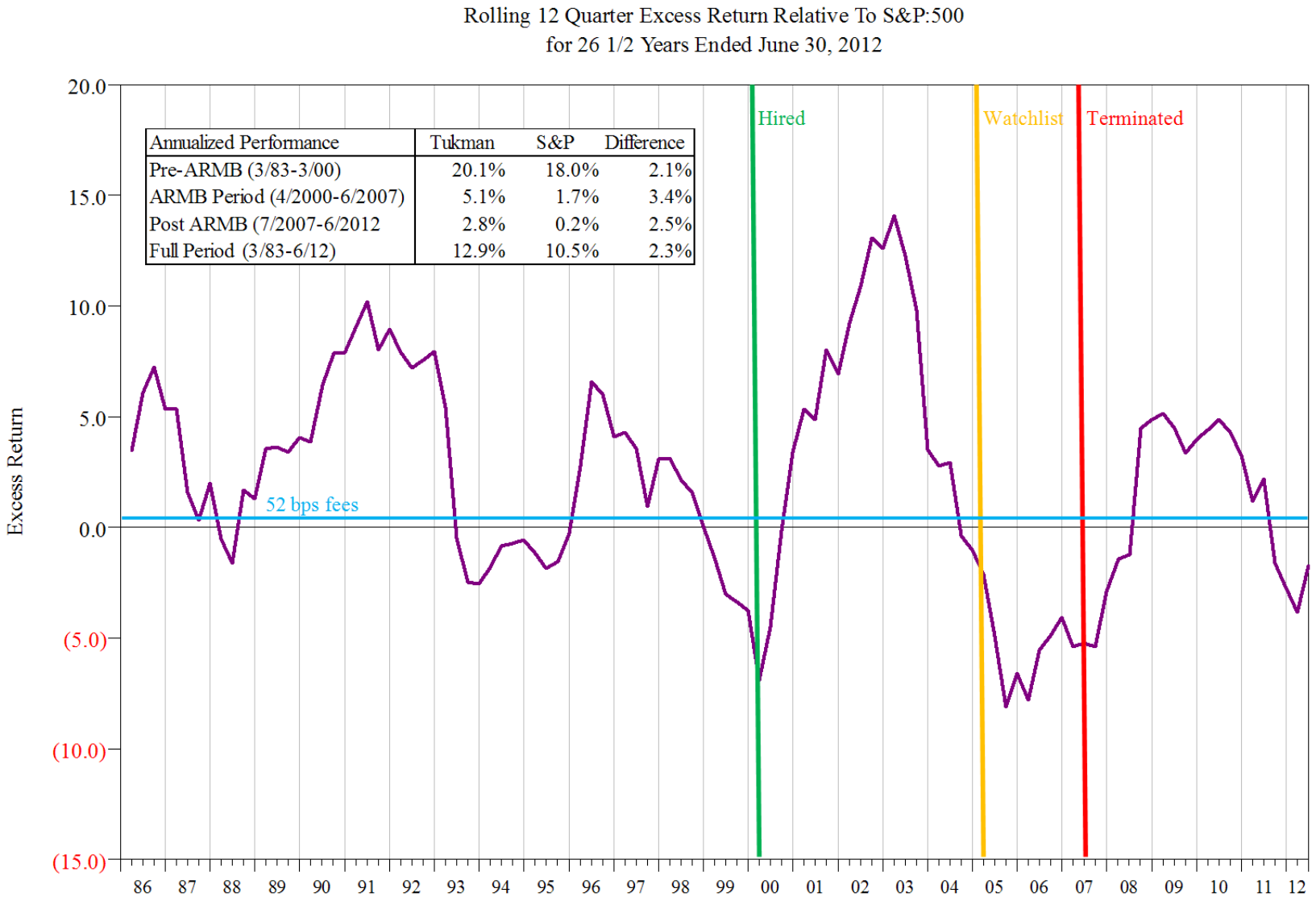
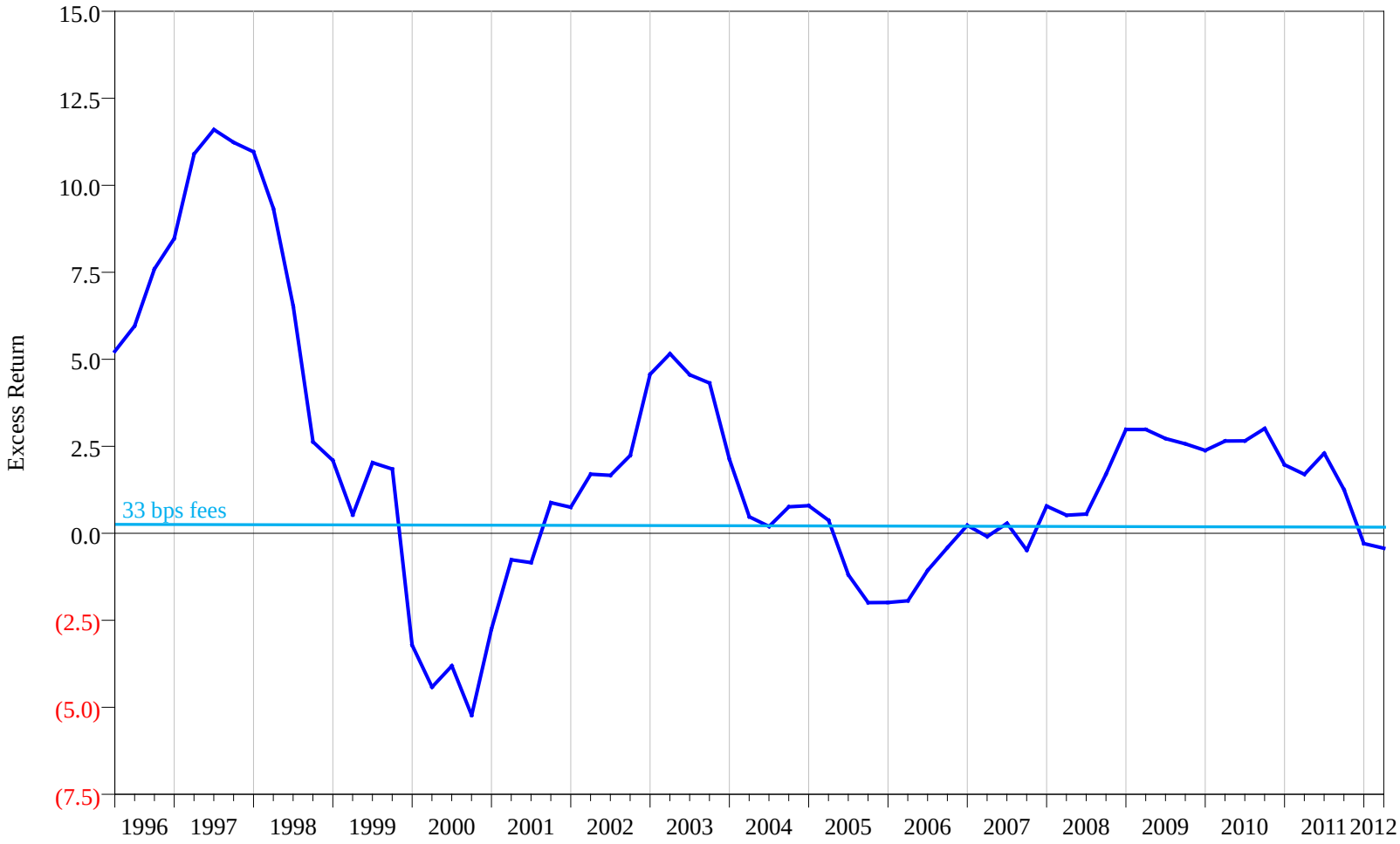
July 1990(III)	March 1991(I)	8	92	100	108
March 2001(I)	November 2001 (IV)	8	120	128	128
December 2007 (IV)	June 2009 (II)	18	73	91	81

Terminated Manager: Tukman



Existing Manager: Lazard

Rolling 12 Quarter Excess Return Relative To MSCI:World US$
Since Inception of ARMB-Lazard Global Eq
Ended March 31, 2012



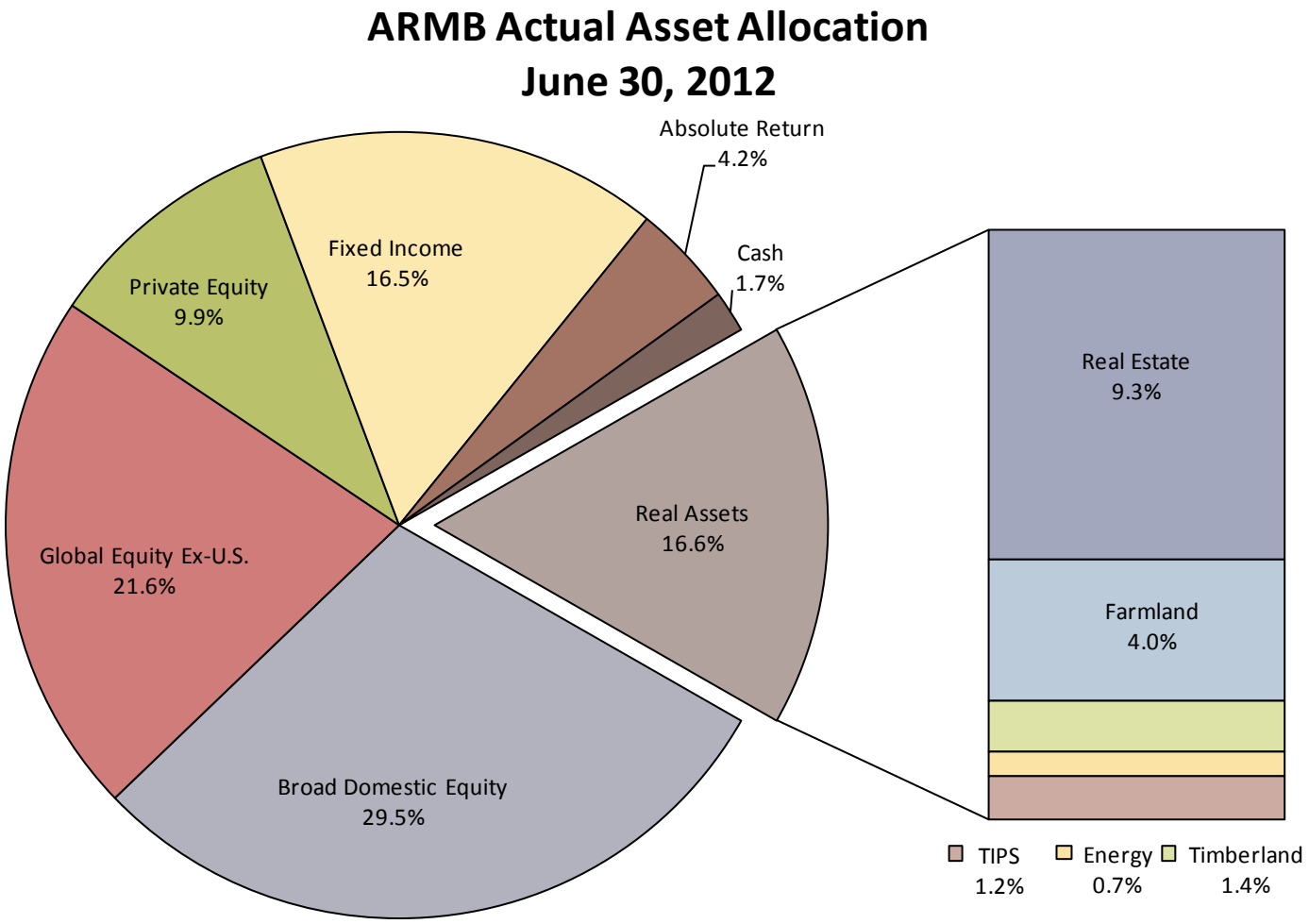
Alaska Retirement Management Board

Real Assets
Fiscal Year 2013 Investment Plan

September 2012

Steve Sikes, Manager of Real Assets Investments

Real Assets Plan Level Allocation



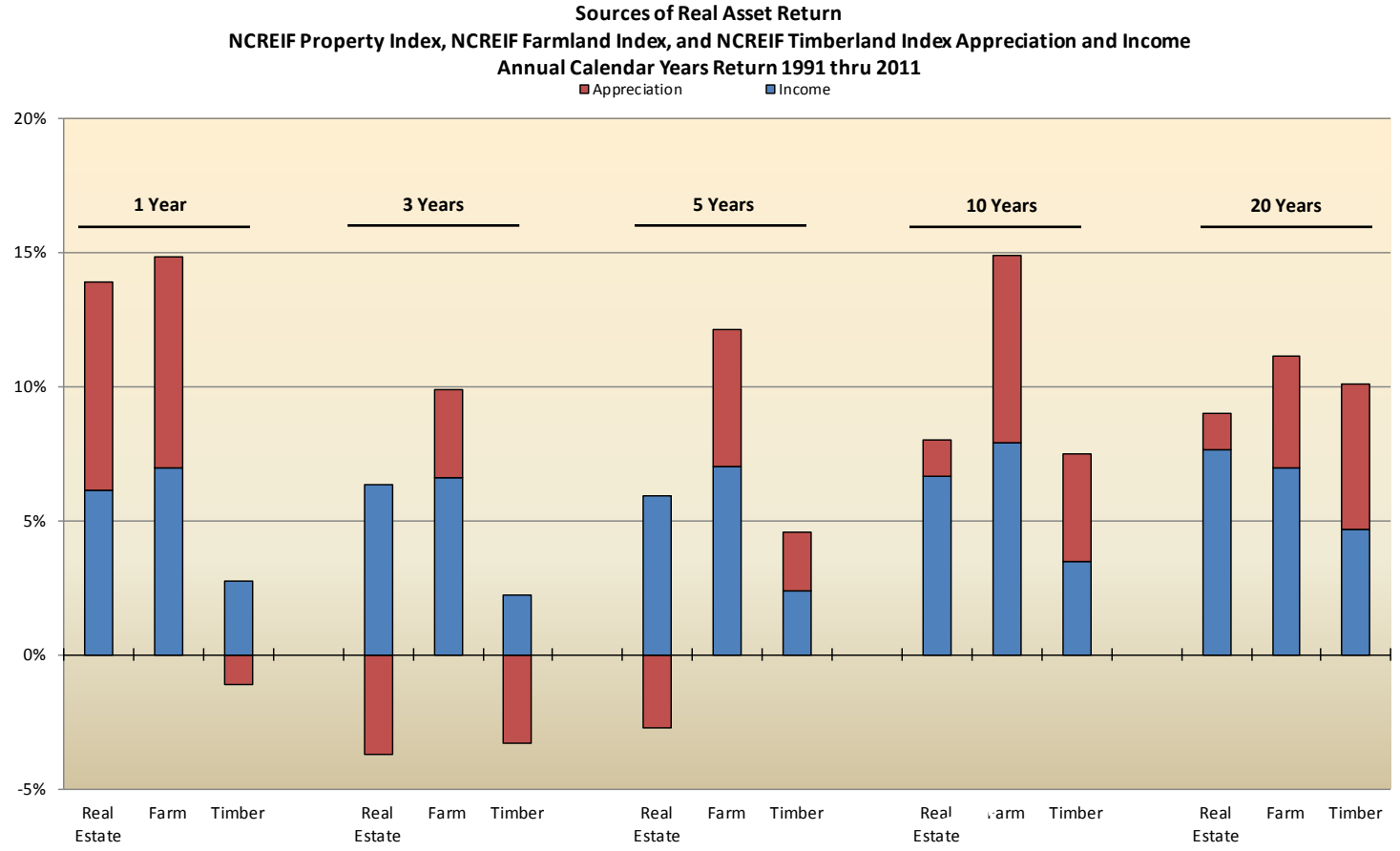
Source: State Street Bank and Trust Company and The Townsend Group. Percentages reflect combined PERS , TRS, and JRS pension and health care portfolios as of June 30, 2012.

Real Assets Portfolio Approach

- Portfolio Role: The primary role of the Real Assets portfolio is to generate attractive returns in assets which provide portfolio diversification and inflation hedging to ARMB's total portfolio. Many of the asset sectors in Real Assets have historically exhibited lower volatility and a high income component of total return.
- Strategy: Lower risk, lower return approach. Conservative strategy employing low leverage and focusing on higher quality assets producing stable returns.
- Return Expectations: Long-term performance expectations for Real Estate, Farmland, and Timberland are to exceed a 5% net real return over rolling 5-year periods. Custom benchmarks are also used to evaluate performance compared to market.
- Benchmark: At the asset class level, a custom benchmark of 60% NCREIF Property Index, 10% NCREIF Farmland Index, 10% NCREIF Timberland Index, and 20% Barclays Capital US TIPS Index is employed.
- Structure: Except for the public REIT exposure in the Real Estate portfolio and the US TIPS investments, the portfolio is a collection of private, illiquid assets requiring long-term holding periods. Limited liability structures are utilized to hold the private assets.
- Implementation: Management of the portfolio is delegated among staff. Real Estate, Farmland, and Timberland are managed by the real assets group. TIPS are managed by fixed income staff as this is an internally managed portfolio. Energy is managed by private equity staff. Discretionary authority is given to external managers to select and manage the investments.

Role of Real Assets

- Diversification – Low correlations with stocks and bonds
- Inflation Hedge – Relatively high correlation with CPI
- Stable and meaningful income return

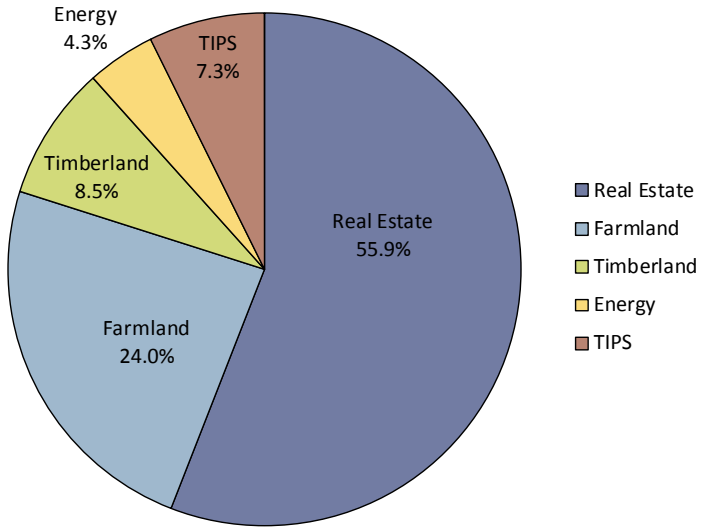


Source: NCREIF

Real Assets Portfolio Sector Allocation

- The fiscal year 2013 asset allocation target for Real Assets is 16% +/- 8%.
- The current mix of assets is primarily a function of the historical evolution of each component category, the practical restrictions of investment pacing, and the overall limitations of ARMB's asset allocation.
- In fiscal year 2012, based on an optimal allocation analysis prepared by staff, long-term target allocations were adopted by ARMB. The resulting plan is to reduce the real estate allocation and increase the timberland allocation over time.

ARMB Real Assets Portfolio
Total Market Value $2.69 billion as of June 30, 2012



ARMB Actual Sector Allocation Compared to Target Allocation as of June 30, 2012

Sector Allocation	Actual %	Target %	Target Band	Actual % (-) Target %
Real Assets				
Real Estate	55.9%	35%	+40%/-35%	20.9%
Farmland	24.0%	25%	+30%/-25%	-1.0%
Timberland	8.5%	25%	+30%/-25%	-16.5%
TIPS	7.3%	10%	+/-10%	-2.7%
Energy	4.3%	5%	+10%/-5%	-0.7%

Real Assets Performance

Returns for Periods Ended June 30, 2012

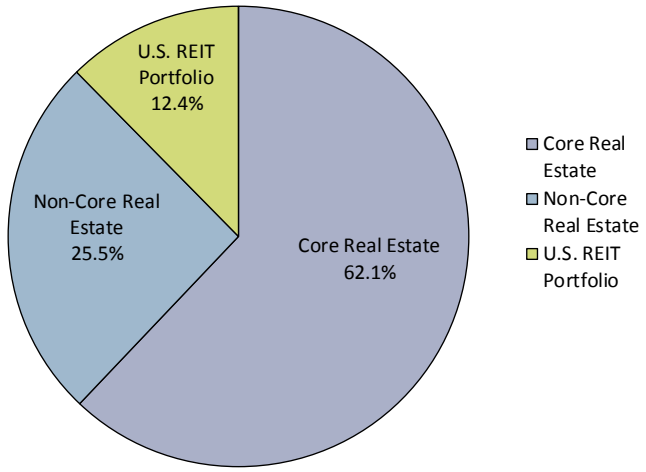
	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Real Assets	**1.69%**	**10.36%**	**8.23%**	**-**
Real Assets Target (1)	2.54%	11.41%	8.29%	4.91%
Real Estate Pool	2.08%	9.22%	8.26%	(2.75%)
Real Estate Target (2)	2.81%	12.36%	11.31%	3.04%
Private Real Estate	1.81%	8.73%	7.31%	(3.02%)
NCREIF Total Index	2.68%	12.04%	8.82%	2.51%
REIT Internal Portfolio	3.98%	12.56%	32.42%	0.93%
NAREIT Equity Index	4.00%	12.48%	32.40%	2.60%
Total Farmland	1.08%	15.23%	10.15%	10.24%
UBS Agrivest	1.42%	16.10%	10.26%	10.48%
Hancock Agricultural	0.52%	13.82%	10.15%	10.39%
ARMB Farmland Target (3)	2.62%	17.92%	11.08%	12.47%
Total Timber	(0.36%)	5.11%	2.25%	-
Timberland Investment Resources	(0.46%)	2.71%	0.95%	-
Hancock Timber	(0.18%)	8.87%	4.22%	-
NCREIF Timberland Index	0.61%	1.13%	(0.67%)	3.95%
TIPS Internal Portfolio	3.44%	12.31%	9.16%	-
BC US TIPS Index	3.15%	11.66%	9.63%	8.44%
Total Energy Funds *	(1.80%)	0.85%	7.29%	9.70%
CPI + 5%	1.11%	6.58%	7.33%	7.09%

Source: Callan Associates June 30, 2012 Performance Report

Real Estate Portfolio

- Core portfolio returned 11% net for the fiscal year. The core portfolio underperformed the NCREIF Property Index benchmark return of 12%. Separate account activity reflects the sale of one property by Cornerstone Real Estate Advisors. No acquisitions occurred during the fiscal year.
- Non-core portfolio returned 3.1% net during the fiscal year. Most investments are at or near the end of their investment period. A significant amount of capital is expected to be distributed from investment managers over the next five years.
- U.S. REIT portfolio returned 12.56% compared to FTSE NAREIT All Equity REITs Index of 12.48%.
- Portfolio is well diversified compared to the NCREIF Property Index based on property type and geographic location.

ARMB Real Estate Portfolio
Strategy Weights as of June 30, 2012



Source: NCREIF, Townsend June 30, 2012 Performance Report

Real Estate Portfolio Profile

- Net Asset Value: $1.5 billion
- Number of Properties: 23 + commingled fund interests
- Core Structure: 4 separate accounts, 2 open-end funds
- Non-Core Structure: 14 commingled funds
- Remaining Separate Account Allocation: $138 million

Diversification by Property Type			
	ARMB Portfolio	NPI	Difference
Apartment	23.8%	25.3%	-1.5%
Office	37.6%	35.1%	2.5%
Industrial	15.0%	14.3%	0.7%
Retail	13.5%	22.7%	-9.2%
Hotel	4.8%	2.6%	2.2%
Other	5.3%	0.0%	5.3%
Diversification by Geographic Region			
	ARMB Portfolio	NPI	Difference
North East	13.5%	19.1%	-5.6%
Mid East	11.1%	14.5%	-3.4%
East North Central	5.2%	8.2%	-3.0%
West North Central	1.9%	2.0%	-0.1%
South East	13.6%	11.2%	2.4%
South West	6.7%	11.0%	-4.3%
Mountain	9.8%	5.9%	3.9%
Pacific	35.2%	28.1%	7.1%
Ex-US	3.0%	0.0%	3.0%

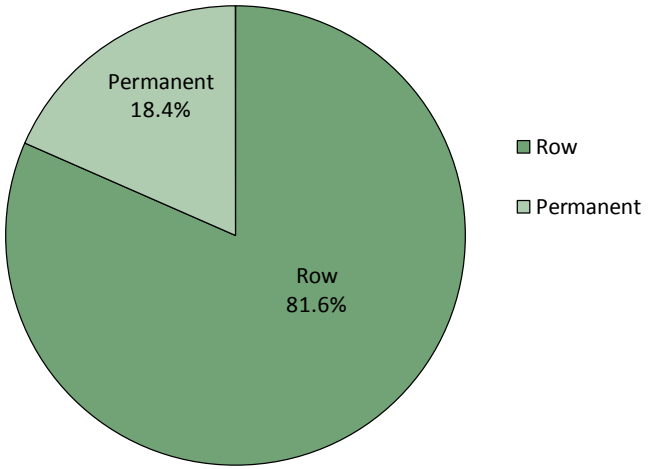
Farmland Portfolio

- Farmland portfolio returned 15.2% net for the fiscal year. The farmland portfolio underperformed the ARMB Farmland Target benchmark return of 17.9%. Separate account activity reflects two acquisitions and one partial sale by UBS Agrivest LLC.
- Farmland portfolio approximates the row/permanent crop-type mix targets of 80%/20% and is well diversified based on location. The portfolio grows a wide variety of crops, the largest of which is corn at approximately 22%. Permanent crops include pistachios, almonds, apples, oranges, and wine grapes.
- Drought of 2012 is not expected to have significant impact on returns due to the portfolio primarily holding irrigated land, high commodity prices, and lease payment requirements.

Farmland Portfolio Profile

- Net Asset Value: $645 million
- Number of Properties: 92
- Total Acres: 162,300
- Structure: 2 separate accounts
- Remaining Separate Account Allocation: $91 million

ARMB Farmland Portfolio
Strategy Weights as of June 30, 2012



Investment Location - Top 5 States		
	ARMB Portfolio	Properties
California	25.6%	11
Idaho	21.4%	15
Texas	15.3%	11
Illinois	15.0%	7
Mississippi	10.9%	8

Diversification by Geographic Region			
	ARMB Portfolio	NFI	Difference
Pacific West	25.6%	34.7%	-9.1%
Mountain States	21.4%	7.9%	13.4%
Southern Plains	15.3%	5.7%	9.5%
Delta States	15.0%	15.2%	-0.1%
Corn Belt	10.9%	18.6%	-7.8%
Pacific Northwest	6.0%	9.3%	-3.3%
Southeast	4.6%	4.2%	0.4%
Northern Plains	1.1%	0.0%	1.1%
Lake States	0.2%	4.3%	-4.1%

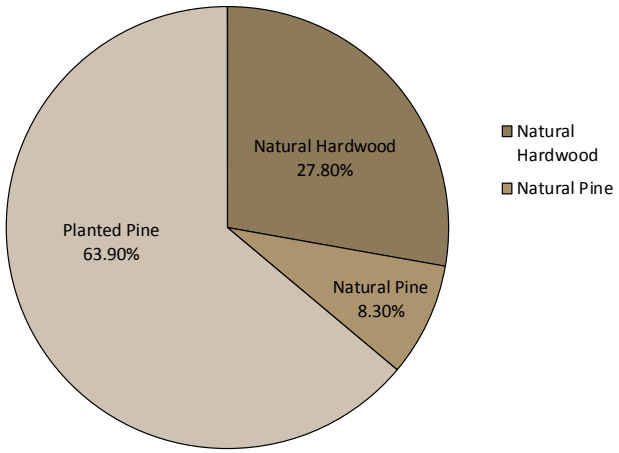
Timberland Portfolio

- Timberland portfolio returned 5.1% net for the fiscal year. The timberland portfolio outperformed the NCREIF Timberland Index benchmark return of 1.1%. Separate account activity reflects two acquisitions by Timberland Investment Resources, LLC.
- Timberland portfolio diversification is improving as additional capital is invested. Portfolio is diversified by location, age class, and species.

Timberland Portfolio Profile

- Net Asset Value: $228 million
- Number of Properties: 11
- Total Acres: 128,240
- Structure: 2 separate accounts
- Remaining Separate Account Allocation: $73 million

ARMB Timberland Portfolio
Portfolio Weights by Species as of June 30, 2012

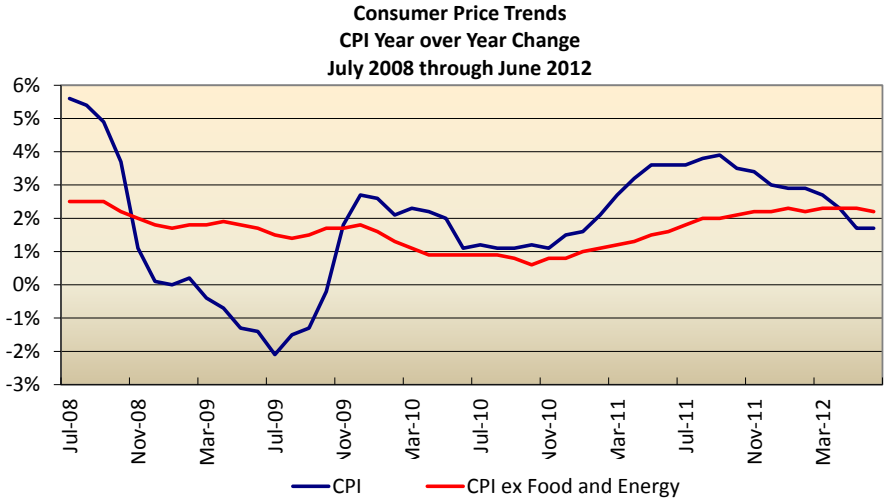


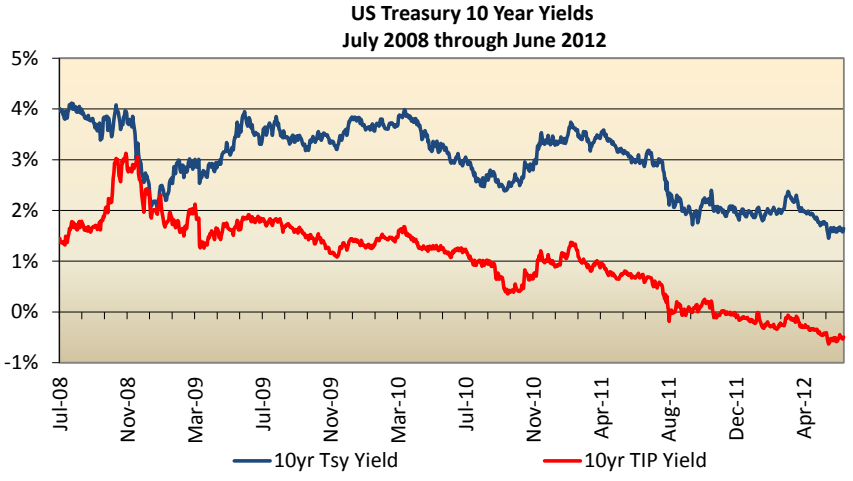
ARMB Portfolio by State and Age Class					
	0-10	11-20	21-30	>30	Total
Alabama	6.9%	7.5%	4.4%	5.6%	24.5%
Georgia	9.5%	9.3%	4.5%	9.5%	32.8%
Louisiana	0.8%	0.5%	3.2%	2.0%	6.6%
Mississippi	0.6%	0.9%	5.2%	0.9%	7.6%
North Carolina	0.6%	2.2%	1.7%	2.0%	6.5%
Oregon	0.4%	1.2%	1.0%	0.3%	2.9%
Washington	2.3%	1.3%	0.6%	2.7%	6.9%
New York	0.0%	0.0%	0.0%	7.9%	7.9%
South Carolina	0.6%	2.1%	0.7%	0.8%	4.2%
Total	**21.7%**	**25.1%**	**21.4%**	**31.8%**	**100.0%**

Diversification by Geographic Region			
	ARMB Portfolio	NTI	Difference
South	76.2%	65.6%	10.6%
Pacific Northwest	19.4%	30.0%	-10.6%
Northeast	4.4%	4.4%	0.0%

Energy and TIPS Portfolios

- The Energy portfolio reflects investments in three closed-end commingled funds representing follow-on investments with EIG Global Energy Partners (formerly TCW). As of June 30, 2012, the investments were valued at $115.9 million. These Energy investments are managed by ARMB's private equity staff. Currently, there is no intention of growing this portfolio into a large diversified energy portfolio. However, this portfolio only reflects a small portion of ARMB's energy investments as substantial additional energy holdings exist in the public and private equity portfolios.
- The TIPS portfolio reflects an internally managed portfolio of Treasury Inflation Protected Securities. As of June 30, 2012,the portfolio was valued at $197 million. Performance of the TIPS portfolio over the past year benefited from the continued decline in real interest rates driven by the decline in nominal Treasury yields promoted by continued aggressive monetary policy. Recent CPI data suggests inflation pressures are not a concern. The market currently expects approximately 2.25% inflation over the next 10 years as implied by the difference between U.S. Treasury nominal yields and US TIPS real yields (note that 10 year real yields are now negative, meaning inflation is expected to be higher than the Treasury yield implying a loss in purchasing power over the investment period).



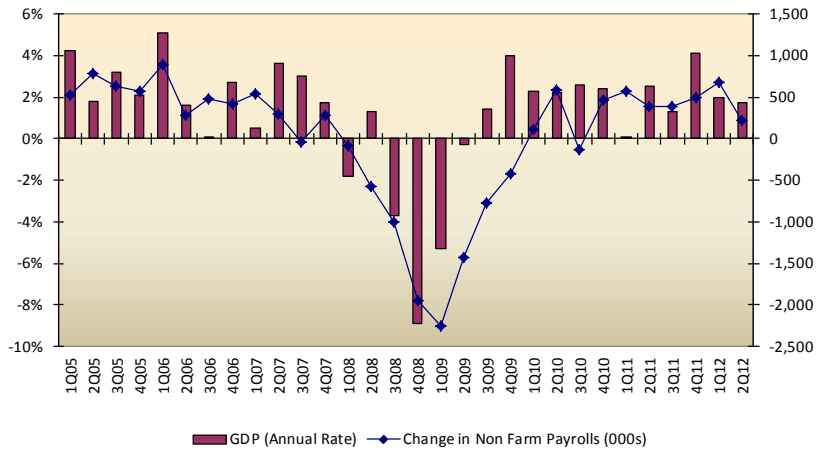


Source: Bloomberg

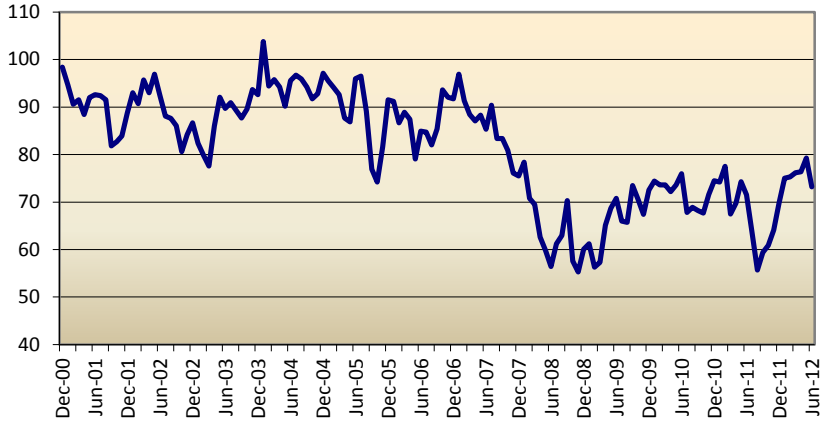
U.S. Economy

- The U.S. economy is still not growing like policy makers would like.
- GDP and the employment outlook are both still positive although forecasts are declining.
- Consumer confidence still relatively low.
- Housing market has yet to show meaningful recovery.

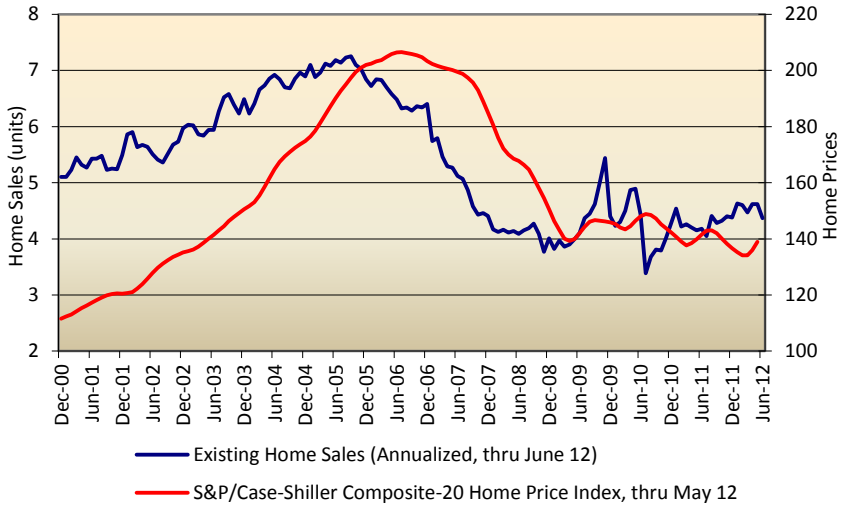
Quarterly GDP and Changes in Non Farm Payrolls
December 2004 through June 2012



University of Michigan Survey of Consumer Confidence Sentiment
December 2000 through July 2012



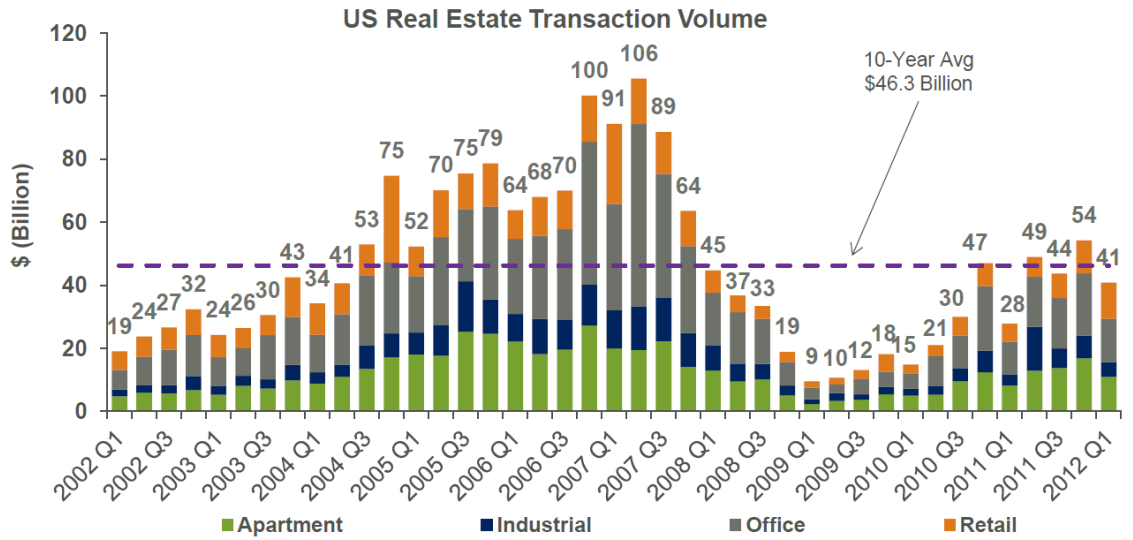
Existing Home Sales (millions) and Home Price Index
December 2000 through May/June 2012



Source: Bloomberg

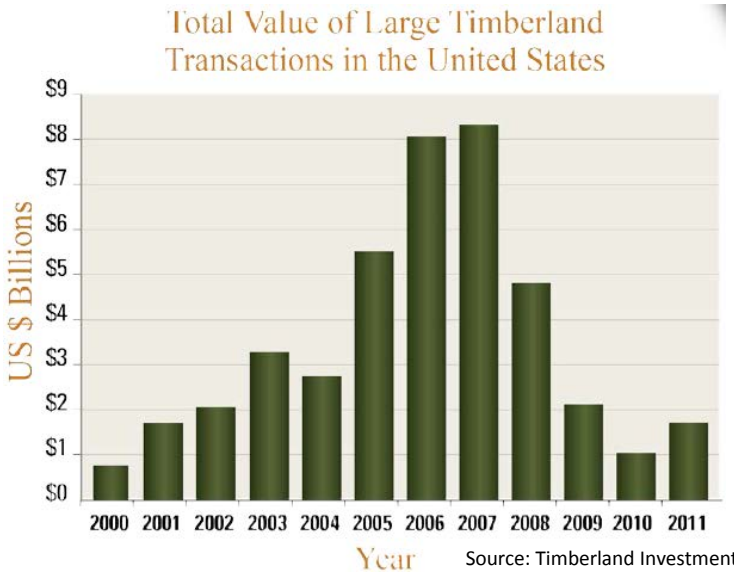
Capital Markets

- Real Estate transaction volume has improved and now appears to approximately match the long-term average. Lending markets are good for high quality stabilized properties but still challenging for non-stabilized properties. Lending by life insurance companies and Fannie Mae/Freddie Mac has filled the void of muted interest by commercial banks and the commercial mortgage backed securities market.
- The timberland transaction market continues to be relatively muted as many timber markets continue to wait for price recovery which is dependent on the housing construction market.
- Farmland markets are healthy. Anecdotally, there is an abundant amount of capital available to buy farmland, typically neighboring farmers. In some cases, owners may be delaying sales due to a perceived lack of attractive reinvestment opportunities in the stock and bond markets. Many sales are occurring in the auction market which may drive the price above reasonable income based value.



Source: Real Capital Analytics Note: Excludes privatizations.
Only includes transactions with a grossed up value of $5 MM and greater.

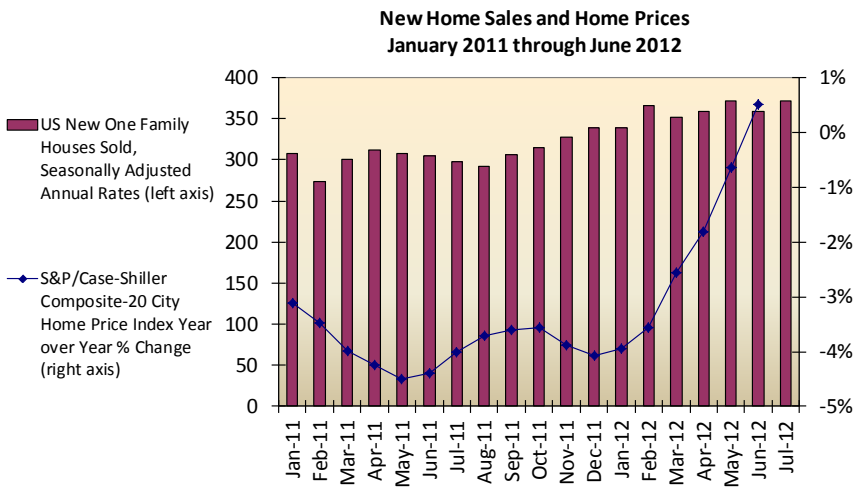
Through March 2012



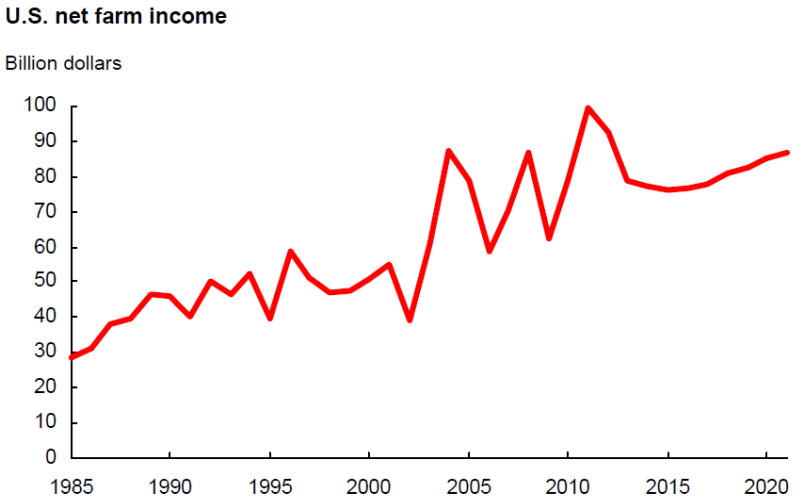
Source: Timberland Investment Resources LLC

Fundamentals

- In general, real estate fundamentals have been slow to recover in this cycle. However, vacancy rates and rents are projected to continue to improve as demand draws from existing inventory and very limited new construction. Strong real estate fundamentals exist in the apartment sector, major office markets, national mall properties, industrial properties located in national distribution hubs, and technology driven markets.
- Timberland markets in the Pacific Northwest continue to benefit from the Asian export market. However, the Southeast saw timber market is primarily dependent on the new home construction market which has shown only gradual signs of improvement along with home prices.
- U.S. net farm income and U.S. agricultural exports set records in 2011. While some decline from this level is expected, income and export activity is projected to continue to remain relatively strong due to strengthening global food demand and sustained biofuel demand.



Source: Bloomberg



Source: US Department of Agriculture

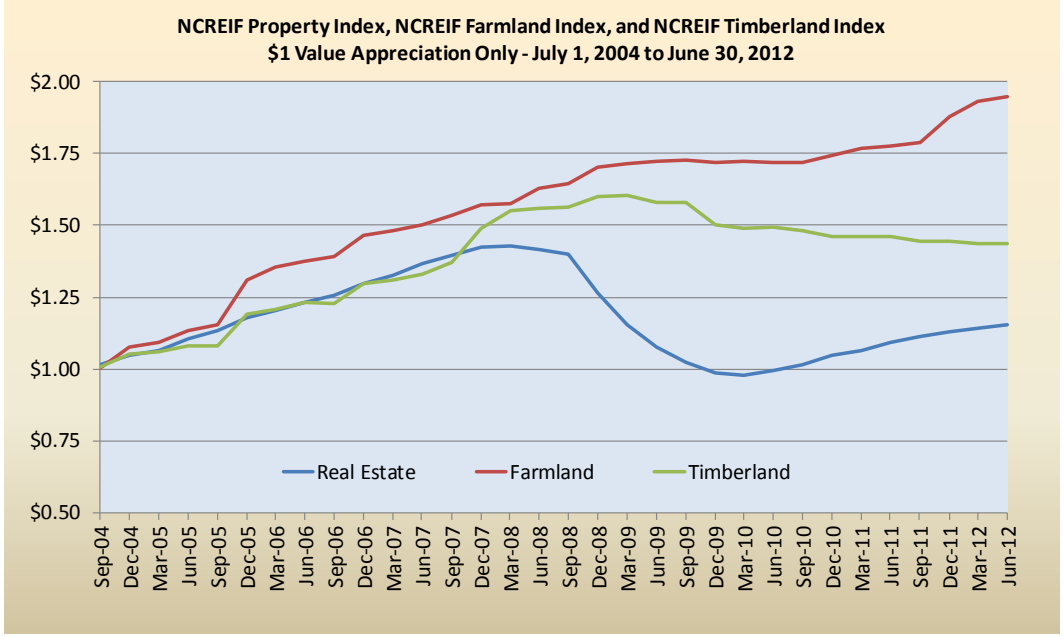
Current Market Opportunity

- While absolute yields have been declining, relative to U.S. Treasury yields, real assets still offer attractive yields. Timberland yields are lower due to harvest deferral until wood prices improve (not leased based income).
- Based on pre-recession valuation levels, index pricing suggests timberland and real estate still offer recovery potential. Farmland never showed signs of weakness and continues to perform at high levels due to the strength of that sector.
- Given current yields, it is still reasonable to expect the portfolio will deliver a 5% real return over time.
- Risk exists for all sectors from a potential reversal of lower trending capitalization rates and borrowing rates as a result of aggressive monetary policy. This is likely more of an issue for real estate where debt usage is high.

Current Asset Income Returns Compared to Historical Averages as of June 30, 2012

	NCREIF Property Index	NCREIF Farmland Annual Crop Index	NCREIF Timberland Index	Barclays U.S. Treasury Index
Trailing 1-year income return	5.92%	4.20%	2.79%	2.45%
10 year average quarterly rolling 1-year income return	6.63%	4.55%	3.49%	4.19%

Source: NCREIF, Barclays



Source: NCREIF

Projected Allocation

The Real Assets portfolio is currently on its target allocation and is forecasted to increase in fiscal year 2013 and then decline as a result of non-core real estate fund distributions. Sector allocations over the next five years will move closer to targets. Reinvestment of non-core real estate distributions into timberland would facilitate achieving target allocations and maintaining real assets allocation at 16%.

Actual Portfolio Weights as of June 30, 2012					Five Year Forecast						Timberland Reinvest Scenario
Sector Allocation	**Actual %**	**Target %**	**Over/Under%**	**Band**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**		**FY17**
Real Assets Allocation	16.6%	16%	0.6%	+/-8%	17.5%	16.7%	15.2%	14.5%	14.0%		16.0%
Real Assets Sector Allocation											
Real Estate	55.9%	35%	20.9%	+40%/-35%	55%	54%	51%	50%	49%		43%
Farmland	24.0%	25%	-1.0%	+30%/-25%	24%	25%	27%	27%	28%		24%
Timberland	8.5%	25%	-16.5%	+30%/-25%	10%	10%	11%	11%	11%		23%
TIPS	7.3%	10%	-2.7%	+/-10%	7%	7%	7%	8%	8%		7%
Energy	4.3%	5%	-0.7%	+10%/-5%	4%	4%	4%	4%	4%		3%
Private Real Estate Strategy Allocation											
Core	70.9%	75%	-4.1%	+/-10%	74%	77%	87%	92%	96%		
Non-Core	29.1%	25%	4.1%	+/-10%	26%	23%	13%	8%	4%		
Private/Public Real Estate Allocation											
Private	87.6%	90%	-2%		88%	87%	85%	84%	83%		
Public	12.4%	10%	2%		12%	13%	15%	16%	17%		
Scenario/Forecast Data:										Total	
Forecasted Distributions from from Non-Core Real Estate Funds ($ millions)					$ 70	$ 83	$ 190	$ 99	$ 71	$513	
Investment Dollars Required to Target 16% Real Assets (not cumulative)					$(255)	$(131)	$ 150	$ 311	$ 445		

- Total pension fund assets based on projections in June 30, 2011 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.

Fiscal Year 2013 Investment Recommendations

<table>
<tr><th>Category</th><th>Recommendation</th></tr>
<tr><td>Real Assets</td><td>No recommended changes to asset class constituents or sector target allocations.</td></tr>
<tr><td>Real Estate</td><td>No new allocations for core separate account managers or commitments to open-end funds. Core separate account advisors should continue to manage existing portfolios and allocations toward core assets located in markets with high barriers to entry. 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.

No changes to REIT portfolio strategy or allocation. Recommend implementing target allocation bands of +/- 10% around the private/public real estate target mix of 90%/10%.

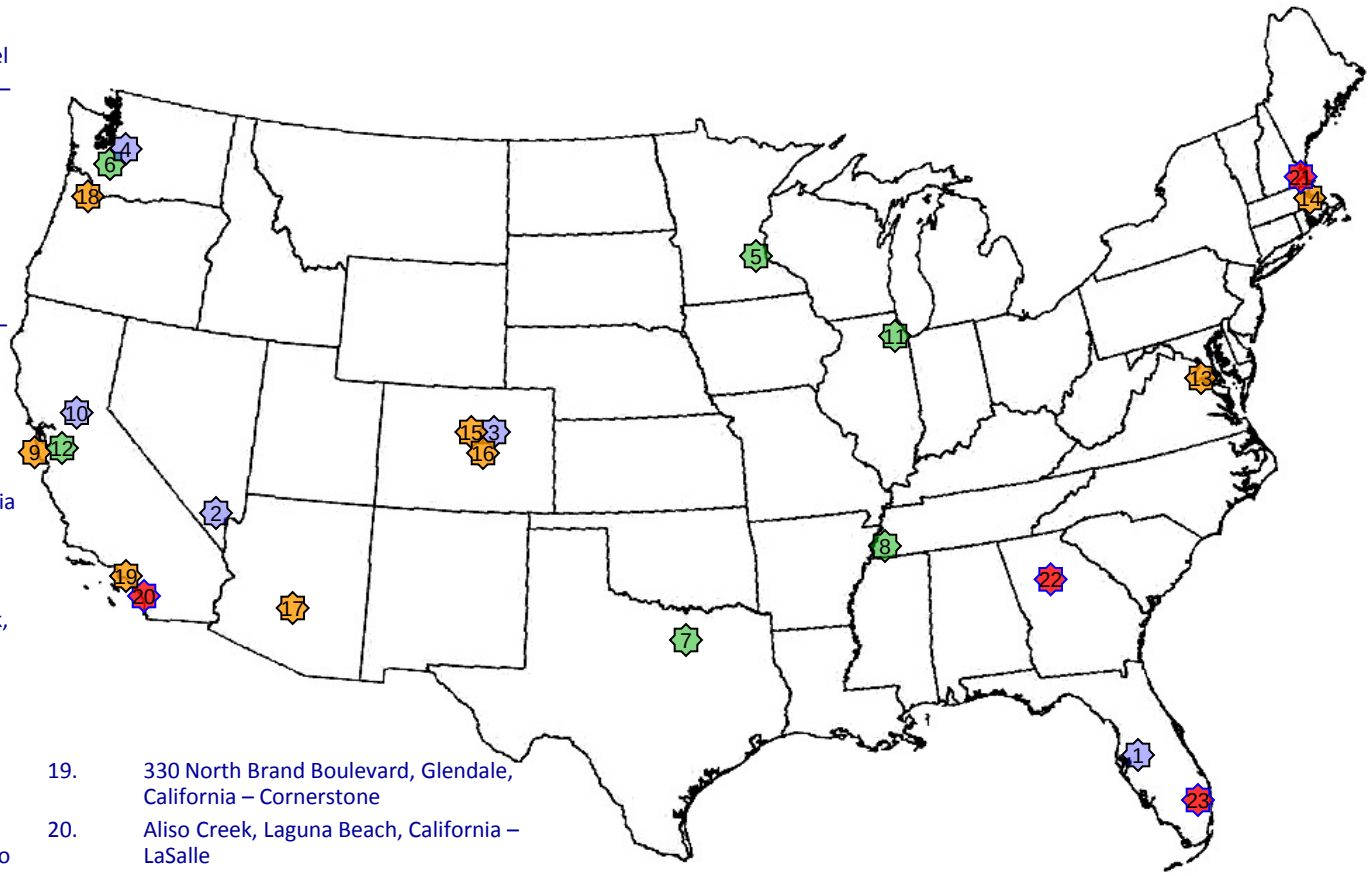
Continue to consider commitments to non-core real estate funds under CIO discretionary authority for attractive real estate investments that complement ARMB’s current real estate portfolio. Modify bands on core/non-core portfolio mix from 75%/25% +/- 10% to 75%/25% +/- 25% to allow for a non-core portfolio reduction to 0% over time if no compelling opportunities are found. Staff does not anticipate any commitments will be made. No non-core real estate fund commitments have been made since fiscal year 2008.</td></tr>
<tr><td>Farmland</td><td>No recommended changes to strategy or separate account manager allocations.</td></tr>
<tr><td>Timberland</td><td>No recommended changes to strategy. Recommend additional $200 million allocation to Timberland advisors to begin reinvestment strategy from expected future distributions from non-core real estate funds. Investment pacing experience has been slow since inception of the Timberland program in 2008 (average approximately $50 million per year). Recommend allocations be increased now to be positioned for new investments should opportunities present.
<table>
<tr><th colspan="5">Separate Account Advisor breakdown of FY13 Timberland Allocation ($ millions)</th></tr>
<tr><th>Separate Account Advisor</th><th>Current Allocation</th><th>Current Remaining Allocation</th><th>FY13 Plan New Allocation</th><th>Allocation with FY13 New Allocation</th></tr>
<tr><td>Hancock Timber Resource Group</td><td>120</td><td>45</td><td>124</td><td>244</td></tr>
<tr><td>Timberland Investment Resources, LLC</td><td>168</td><td>28</td><td>76</td><td>244</td></tr>
<tr><td>Total</td><td>288</td><td>73</td><td>200</td><td>488</td></tr>
</table>
</td></tr>
<tr><td>TIPS and Energy</td><td>No recommended changes to strategy or account allocations.</td></tr>
</table>

Appendix

Appendix A: Separate Account Real Estate 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. Winston Park Shopping Center, Coconut Creek Florida - UBS



Legend

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.
NCREIF Property Index - NPI	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, 2012: 7,299 properties valued at over $310 billion.
NCREIF Farmland Index – NFI	The NCREIF Farmland Index is a quarterly time series composite return measure of investment performance of a large pool of individual agricultural properties acquired in the private market for investment purposes only. All properties in the Farmland Index 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, 2012: 533 properties valued at over $3.2 billion.
NCREIF Timberland Index – NTI	The NCREIF Timberland Index is a quarterly time series composite return measure of investment performance of a large pool of individual timber properties acquired in the private market for investment purposes only. All properties in the Timberland Index 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, 2012: 393 properties valued at over $22.9 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.
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.
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 2012

The Townsend Group

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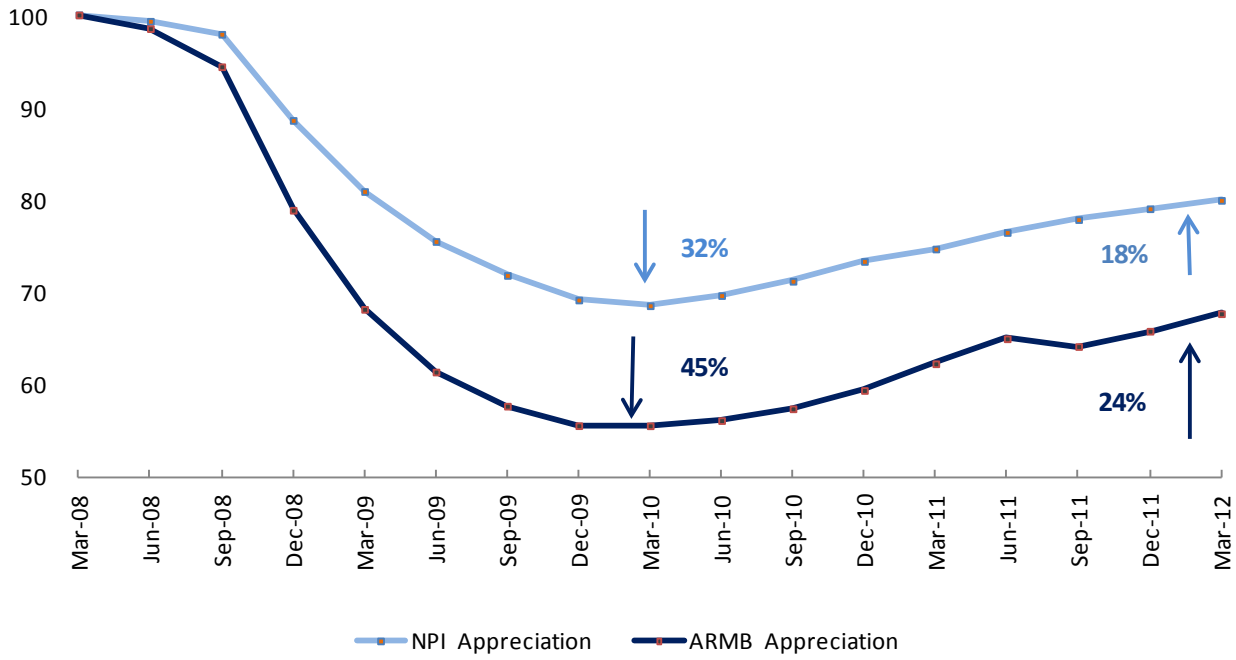
ARMB REAL ESTATE PORTFOLIO

Second Quarter 2012

Introduction

The ARMB portfolio peaked in March 2008 and began its recovery in March 2010. From its 2008 peak through stabilization, the portfolio experienced a decline of -45%. From the trough of March 2010 though June 2012, the portfolio recovered 24%. Performance reflects a greater than market decline as well as greater than market recovery.

Peak to Trough ARMB Capital Returns vs. NPI
1Q08 through 2Q12



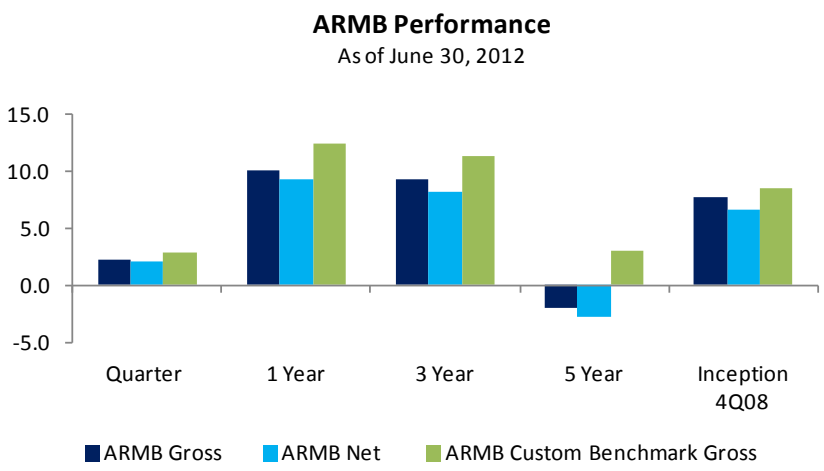
Portfolio Overview

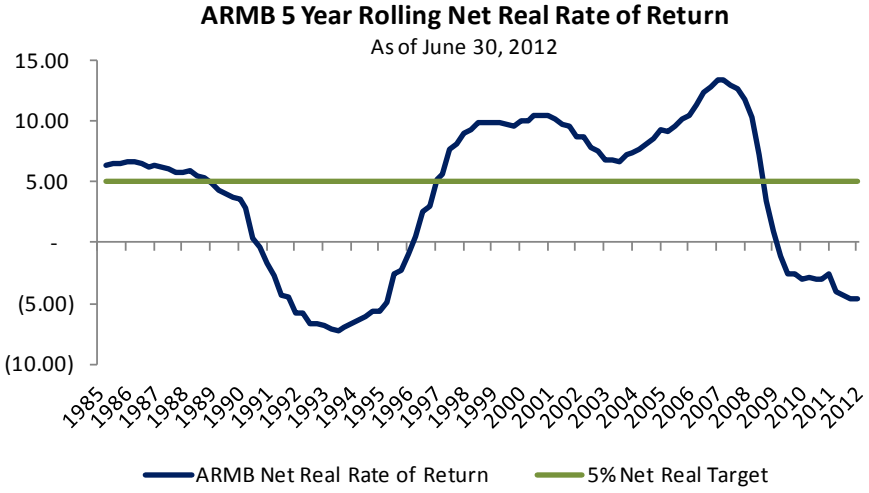
Second Quarter 2012

Portfolio Overview: Performance Objectives

As of June 30, 2012 the ARMB the portfolio lagged its blended benchmark on a gross and net basis. The non-core portfolio continues to drag down total portfolio returns.

The ARMB rolling five year Real Rate of Return remains to be below the 5% target return however performance is trending upward and should begin to achieve real rate of return targets as the Global Financial Crisis quarters roll off, and market recovery quarters are additive.

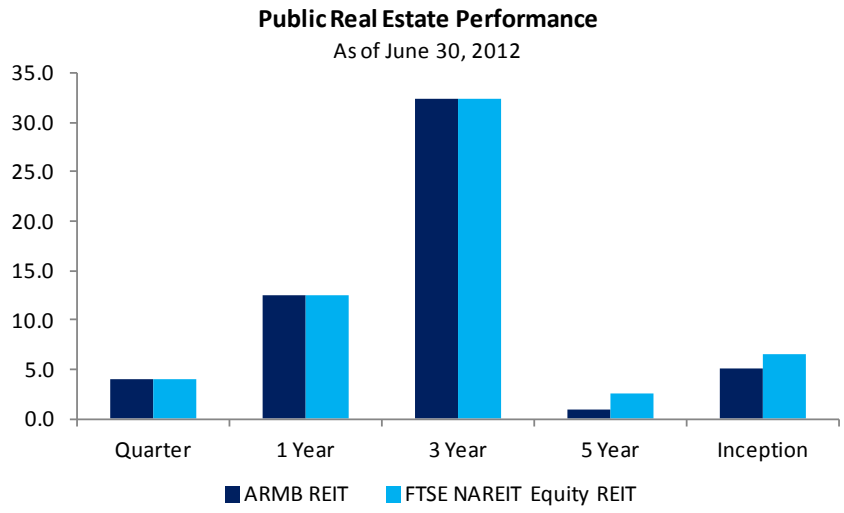


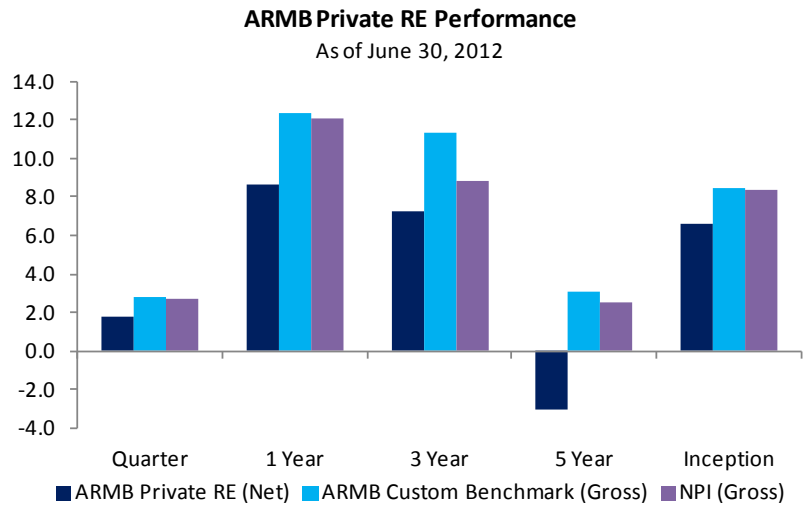


Portfolio Overview: Real Estate Performance

As of June 30, 2012, the Private Real Estate portfolio lagged its benchmark posting returns of 1.8% and 8.6% for the quarter and one year periods respectively.

REIT portfolio continues to show near term competitive returns, however it lags the five and since inception returns.





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	No new Commitments have been made to the Non-Core Portfolio.

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

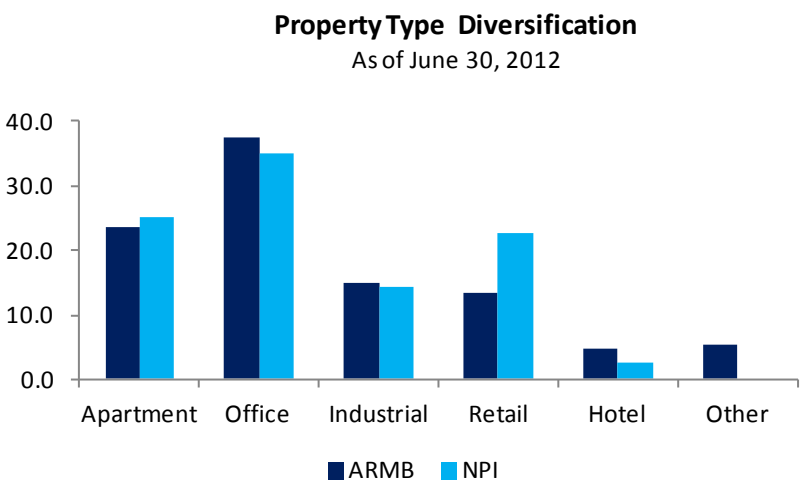
Townsend continues to recommend that ARMB consider new investments to take advantage of the current vintage years which are expected to be strong performers. As always, prudence and a selective approach should be used when making new investments.

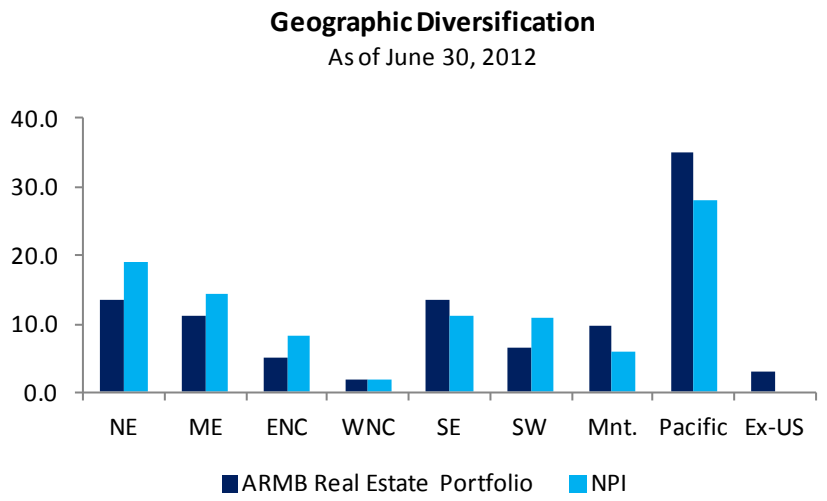
Portfolio Overview: Diversification

As of June 30, 2012, ARMB was diversified both with respect to geography and property type.

- Additional apartment and retail exposure should be considered in order to improve benchmark tracking.

- The Pacific overweight is caused by a heavy exposure in separate accounts and the absolute size/relative exposure of separate accounts over commingled funds exposure.





Core Portfolio

Second Quarter 2012

Core Portfolio: Performance

Five year returns for core continue to show the impact of the Global Financial Crisis and levered returns in significant portfolio positions (JP Morgan, UBS Trumbull).

The one and three year returns reflect recovery but continue to lag the NPI on a net basis.

ARMB Core Real Estate Portfolio
As of June 30, 2012

Returns (%)[1]	Quarter		Variance to NPI	1 Year		Variance to NPI	3 Year		Variance to NPI	5 Year		Variance to NPI
	TGRS	TNET		TGRS	TNET		TGRS	TNET		TGRS	TNET	
Core Portfolio												
Cornerstone I.M.A.	1.0	0.8	-1.7	7.8	7.1	-4.2	5.5	4.7	-3.3	0.3	-0.4	-2.2
JP Morgan Strategic Property Fund	2.5	2.3	-0.2	11.9	11.0	-0.1	7.9	7.0	-0.9	0.2	-0.6	-2.3
LaSalle I.M.A.	1.6	1.5	-1.0	12.2	11.5	0.2	13.0	12.2	4.2	3.6	2.9	1.1
Sentinel I.M.A.	3.0	2.9	0.3	16.7	16.0	4.6	13.2	12.6	4.4	3.1	2.5	0.6
UBS Realty I.M.A. - ARMB 1997	1.3	1.1	-1.4	11.4	10.8	-0.6	9.1	8.4	0.3	2.0	1.4	-0.5
UBS Trumbull Property Fund ("UBS-TPF")	2.3	2.0	-0.4	11.1	10.0	-0.9	8.8	7.8	0.0	0.9	-0.1	-1.6
Core Portfolio	**1.8**	**1.7**	**-0.8**	**11.8**	**11.0**	**-0.2**	**9.5**	**8.7**	**0.7**	**1.8**	**1.1**	**-0.7**
NCREIF Property Index	2.7			12.0			8.8			2.5		

Returns do not include partial periods.

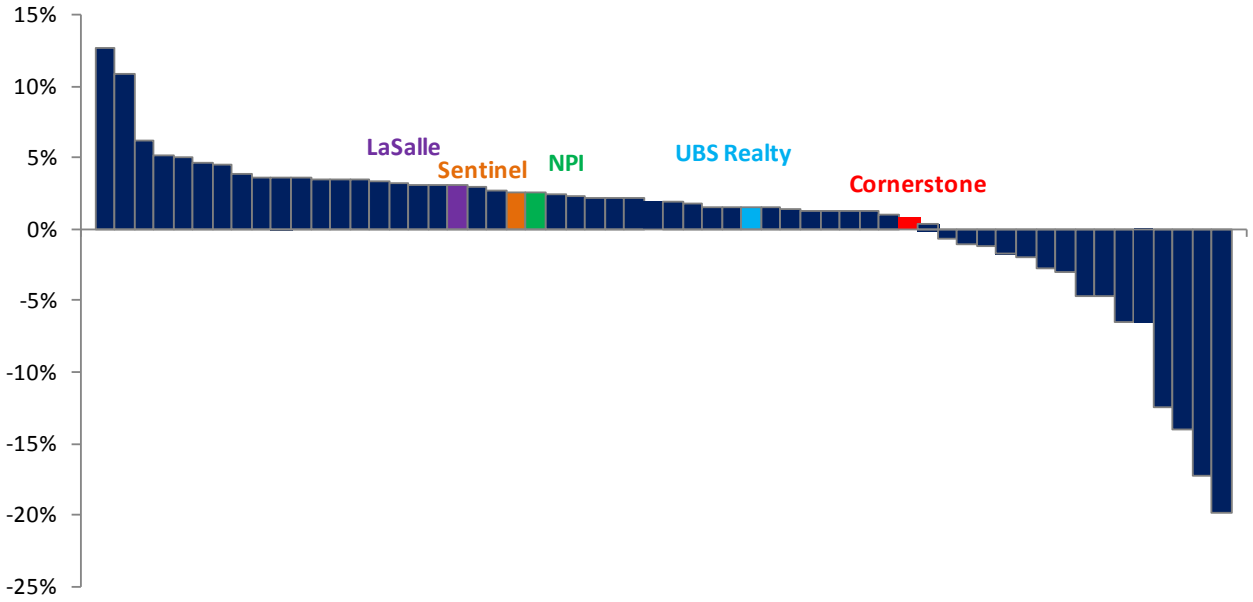
Core Portfolio: ARMB Core IMA Performance vs. Universe

For the five year period ending June 30, 2012, the UBS Realty IMA and Cornerstone IMA underperformed the NPI by 110 bps and 290 bps respectively. The LaSalle IMA exceeded the NPI by 40bps and Sentinel IMA matched the NPI at 2.5%.

All IMAs remain unlevered, consistent with the NPI.

ARMB 5 Year Return vs. TTG Core IMA Universe

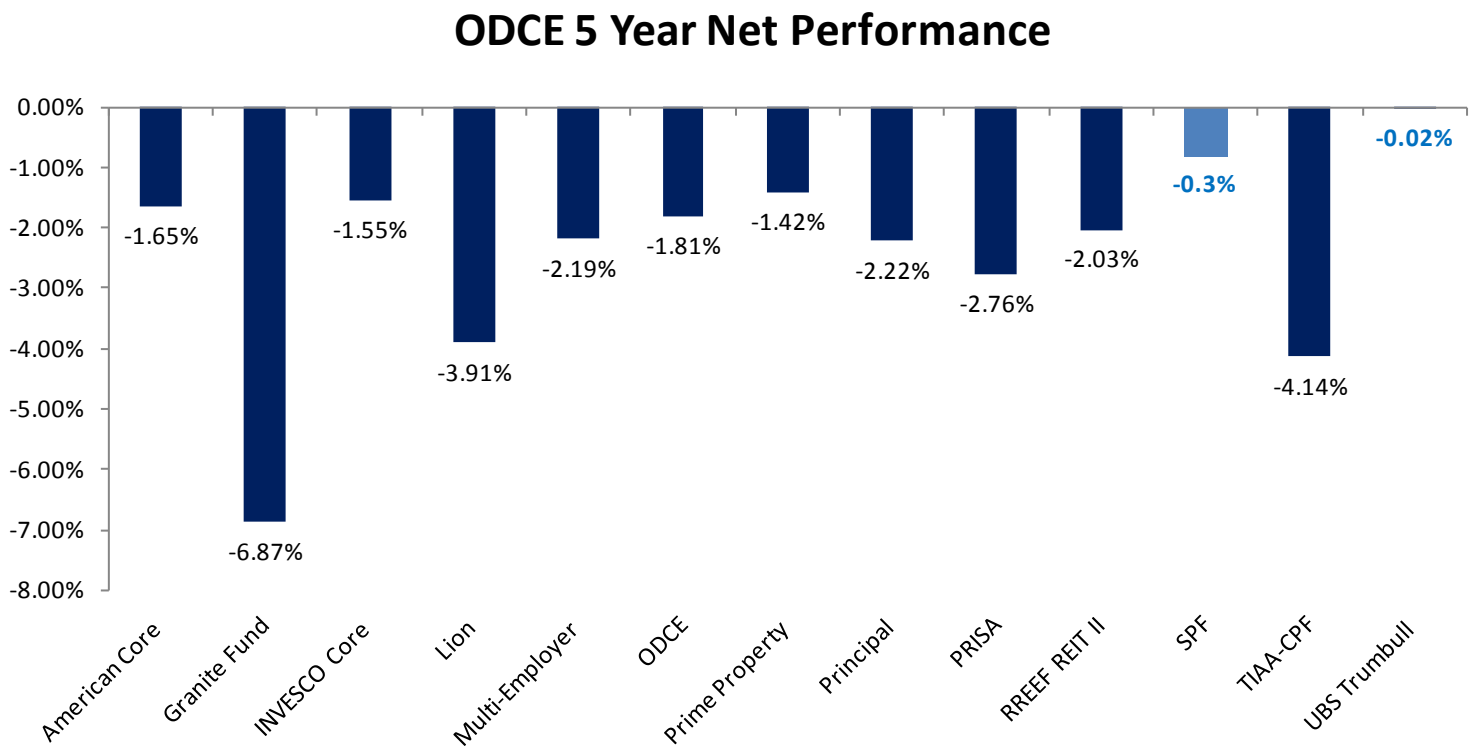
As of June 30, 2012



*The IMA Universe is not Risk Adjusted

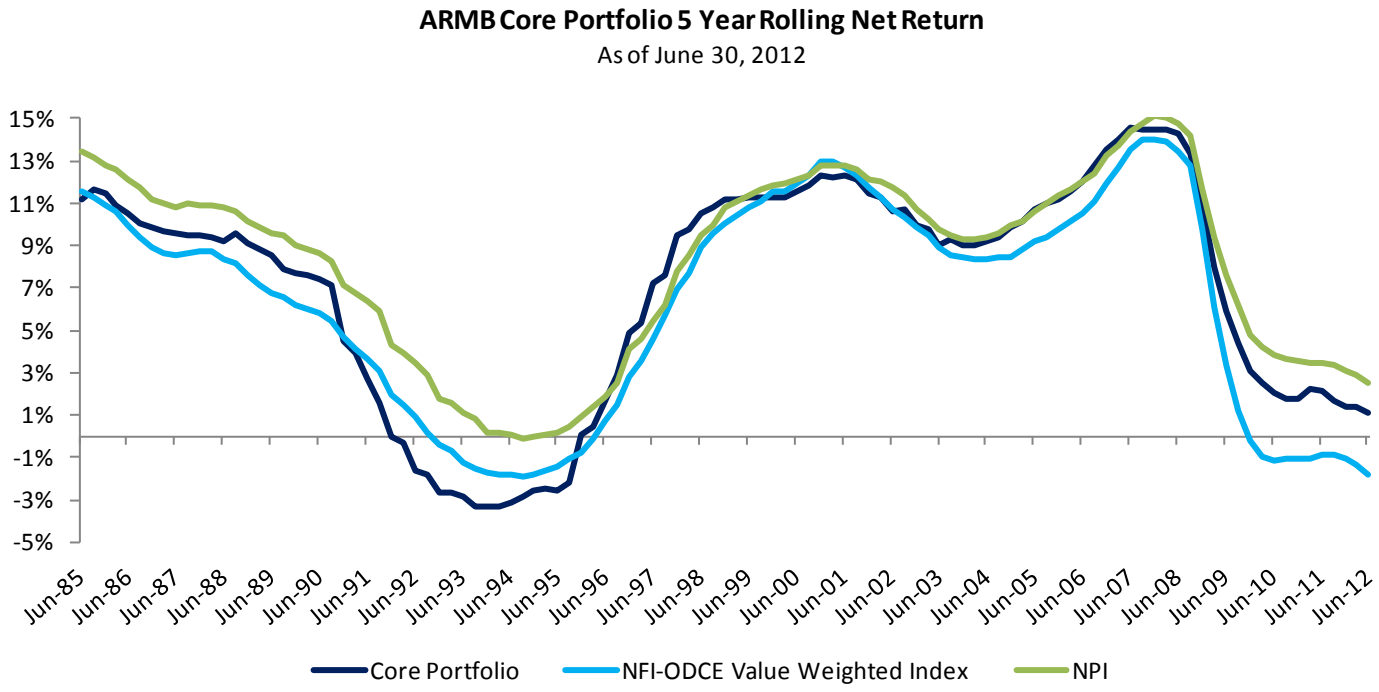
Core Portfolio: ARMB Open-End Core Funds vs. ODCE

For the five year period ending June 30, 2012 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 2012

Non-Core Portfolio: Performance

ARMB's Non-Core Portfolio is faced with challenging vintage year exposure and continues to underperform the unlevered core benchmark of NPI.

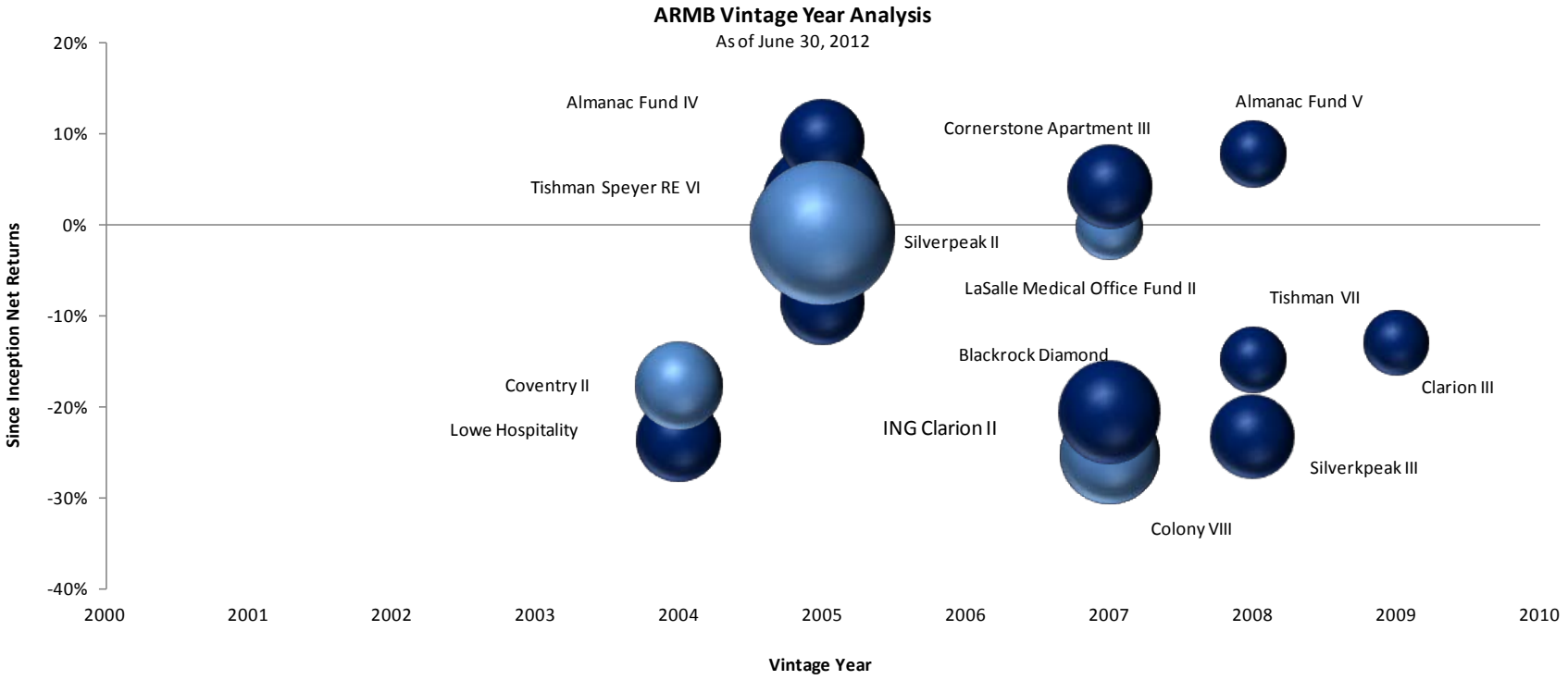
As of June 30, 2012

Returns (%)[1,2]	Quarter		NPI Under-performance	1 Year		NPI Under-performance	3 Year		NPI Under-performance	5 Year		NPI Under-performance
	TGRS	TNET		TGRS	TNET		TGRS	TNET		TGRS	TNET	
Non-Core Portfolio												
Almanac Realty Securities IV, LP	1.4	1.2	-1.3	11.1	10.4	-0.9	7.4	7.1	-1.4	8.4	7.3	5.9
Almanac Realty Securities V, LP	2.0	1.9	-0.7	14.0	13.3	2.0	10.4	7.1	1.5			-2.5
BlackRock Diamond Property Fund	3.7	3.3	1.1	8.4	7.0	-3.7	-9.0	-10.3	-17.8	-18.4	-19.5	-20.9
Clarion Development Ventures II	57.3	56.8	54.6	41.0	38.6	29.0	-11.3	-12.9	-20.1	-11.4	-12.5	-13.9
Clarion Development Ventures III[3]	7.3	6.8	4.6	-0.7	-3.7	-12.7						
Colony Investors VIII	-2.4	-3.1	-5.0	-23.4	-25.7	-35.4	5.5	1.6	-3.4			
Cornerstone Apartment Venture III	3.9	3.6	1.2	12.8	11.6	0.8	6.9	5.3	-1.9	-2.2	-3.7	-4.7
Coventry Real Estate Fund II[4]	0.7	0.2	-2.0	-15.3	-16.8	-27.3						
LaSalle Medical Office Fund II	2.3	1.9	-0.4	8.1	6.5	-3.9	7.6	5.3	-1.3	2.7	-0.9	0.2
Lowe Hospitality Investment Partners	3.9	3.6	1.3	52.6	50.7	40.6	1.6	-3.8	-7.2	-30.4	-33.1	-32.9
Silverpeak Legacy Partners II (Lehman)	0.0	0.0	-2.6	2.1	0.8	-10.0	2.2	0.9	-6.6	-6.5	-7.7	-9.0
Silverpeak Legacy Partners III (Lehman)	-7.4	-7.4	-10.1	-13.3	-14.9	-25.3	-9.5	-11.6	-18.3			
Tishman Speyer Real Estate Venture VI	-0.1	-0.3	-2.7	6.0	4.8	-6.1	15.3	12.9	6.5	-20.8	-18.9	-23.3
Tishman Speyer Real Estate Venture VII	1.3	0.9	-1.4	15.6	13.5	3.5	-10.0	-21.5	-18.8			-2.5
Non-Core Portfolio	**2.4**	**2.2**	**-0.3**	**4.5**	**3.1**	**-7.5**	**4.0**	**2.1**	**-4.8**	**-13.7**	**-14.7**	**-16.2**
NPI	**2.7**			**12.0**			**8.8**			**2.5**		

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 graph below shows the relative weighting and since inception net IRRs of each allocation by vintage year.

- ARMB has significant exposure to peak market vintage years (2005-2008), particularly relative to market recovery vintage years (2009-current).

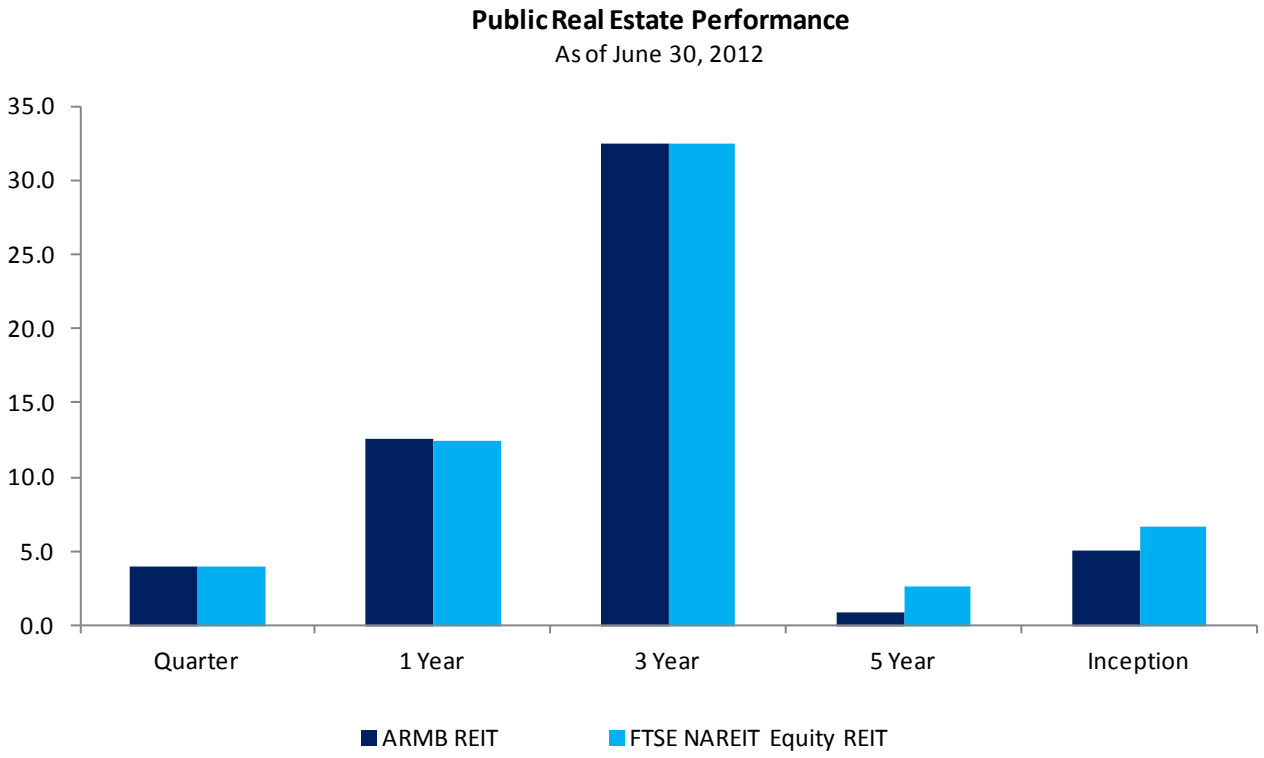


Public Portfolio

Second Quarter 2012

Public Portfolio: Performance

As of June 30, 2012, the ARMB REIT portfolio matched NAREIT on a quarterly basis at 4.0% and on a three year basis at 32.4%. ARMB REIT exceeded the NAREIT index for one year period by 20bps but underperformed the NAREIT index for both the five year and Since Inception time periods by 170bps.

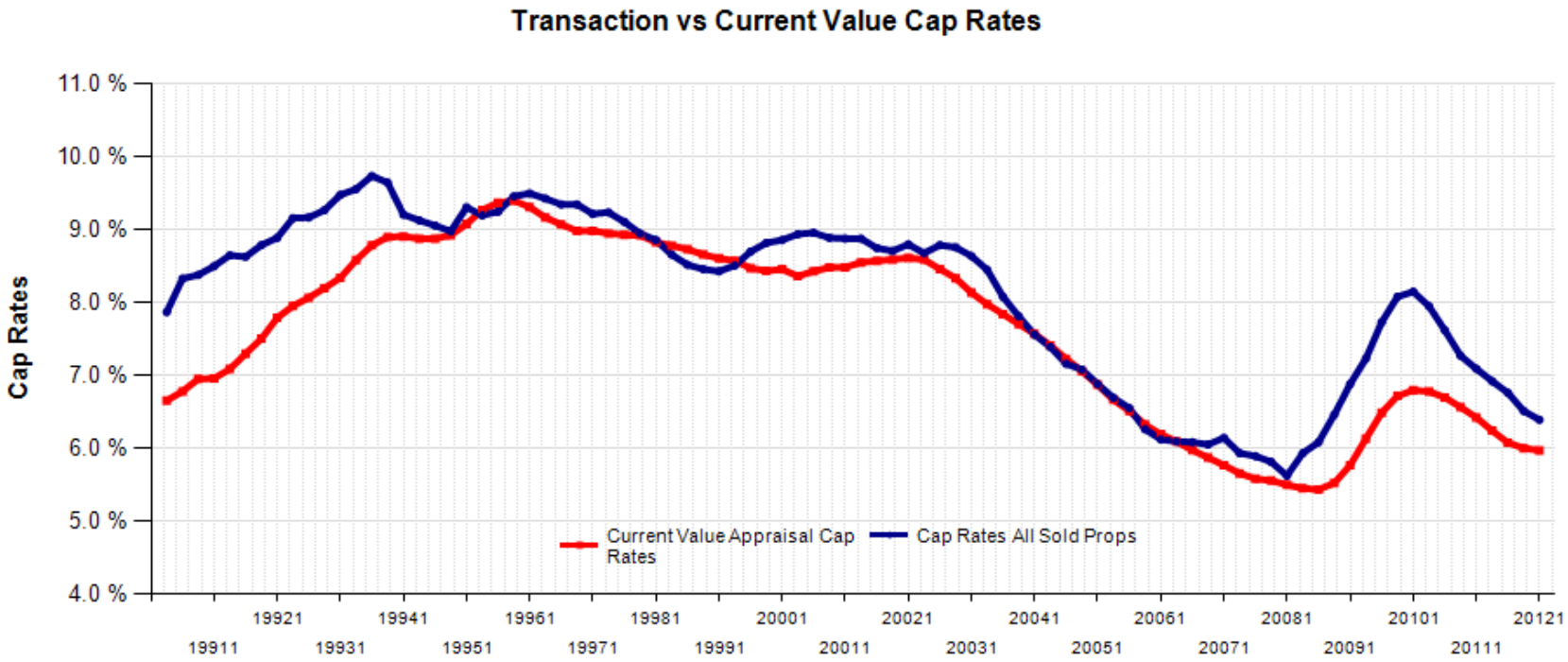


Real Estate Market Overview

2012

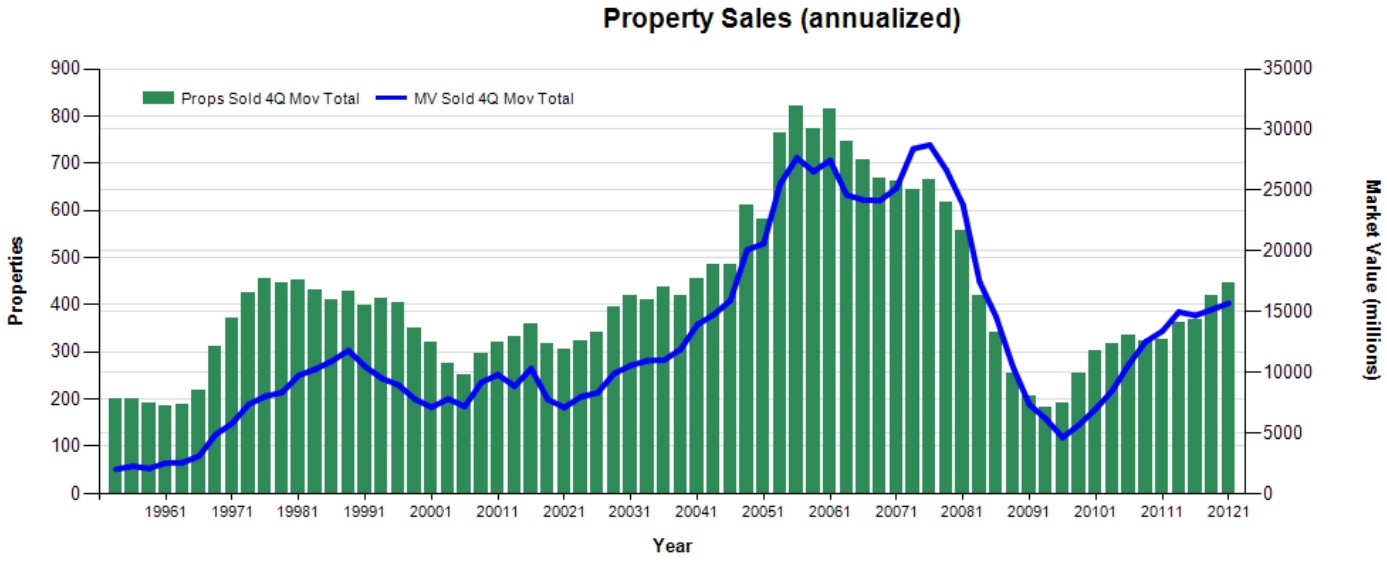
The Townsend Group

NPI Appraisal and Transaction Cap Rates Continuing to Converge



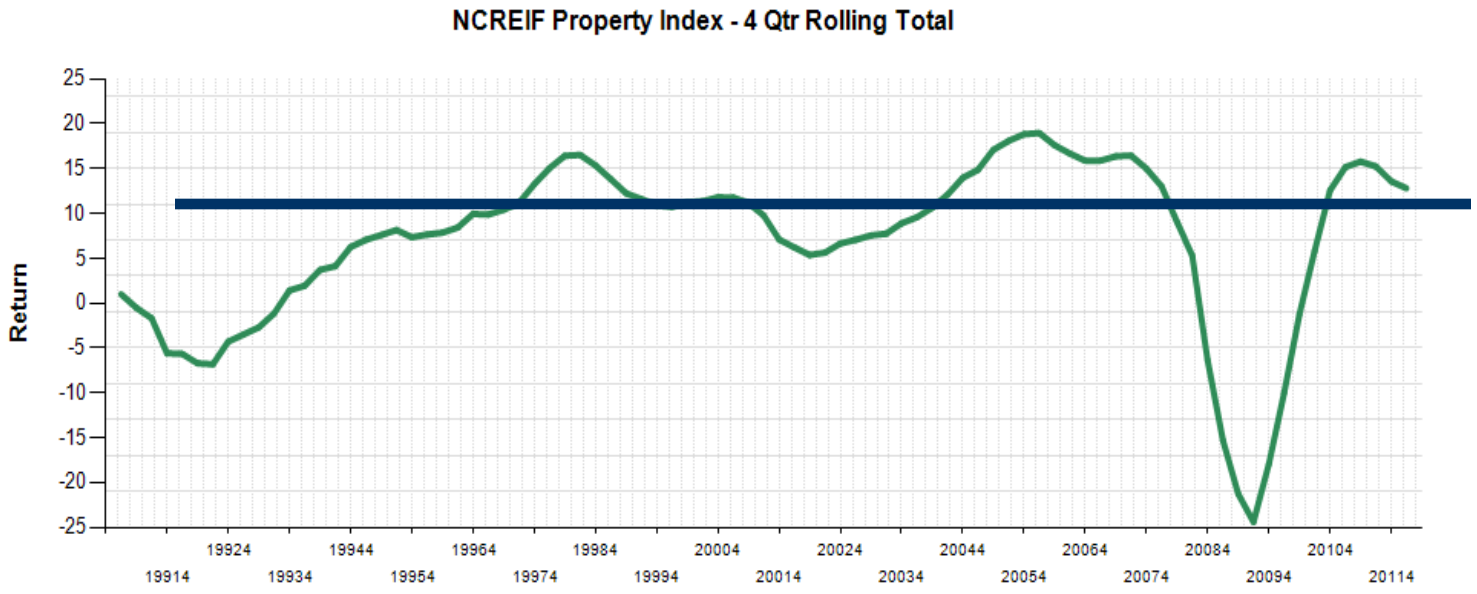
- Anecdotal evidence from numerous transactions that the marketplace talks about shows a reverse trend (where transaction cap rates are lower than appraisal) but we are reminded that we are in a bifurcated market where all properties do not behave alike

Commercial Property Sales Continue to Improve



- As noted above commercial property sales from the NPI continue to improve, but are still significantly down from the peak.

Core Property Returns Moderating Downward



- NPI One Year Total Return is 13.4% (as of March 31, 2012)
- NPI Total Return since Inception is 9.06% (34.25 Years)

NCREIF ODCE v. NPI Comparisons

NCREIF ODCE Performance

Periods Ending March 31, 2012	1 Yr	3 Yr	5 Yr	10 Yr	Inception (34.25 Years)
Income	5.4%	6.1%	5.7%	6.2%	7.6%
Appreciation	8.8%	-1.9%	-5.8%	0.2%	0.6%
Total Gross	14.7%	4.1%	-0.4%	6.4%	8.3%
Total Net	13.6%	3.2%	-1.3%	5.4%	7.2%

NCREIF NPI Property Performance

Periods Ending March 31, 2012	1 Yr	3 Yr	5 Yr	10 Yr	Inception (34.25 Years)
Income	6.0%	6.4%	6.0%	6.6%	7.6%
Appreciation	7.1%	-0.4%	-2.9%	1.5%	1.4%
Total Gross	13.4%	6.0%	2.9%	8.2%	9.1%

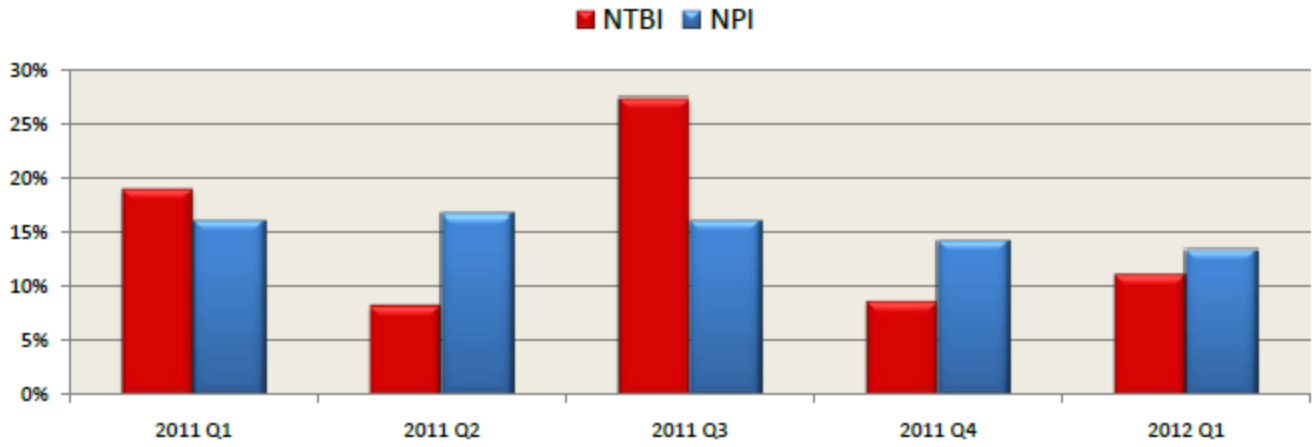
ODCE Statistics March 31, 2012	
Loan To Value Ratio	24.0%
Number of Funds	18
# of Investments	1,844
Overall Occupancy	89.6%
Gross Real Estate Assets	104.7 Billion
Net Real Estate Assets	78.2 Billion
Net Asset Value	80.5 Billion

ODCE: Open End Diversified Fund Index

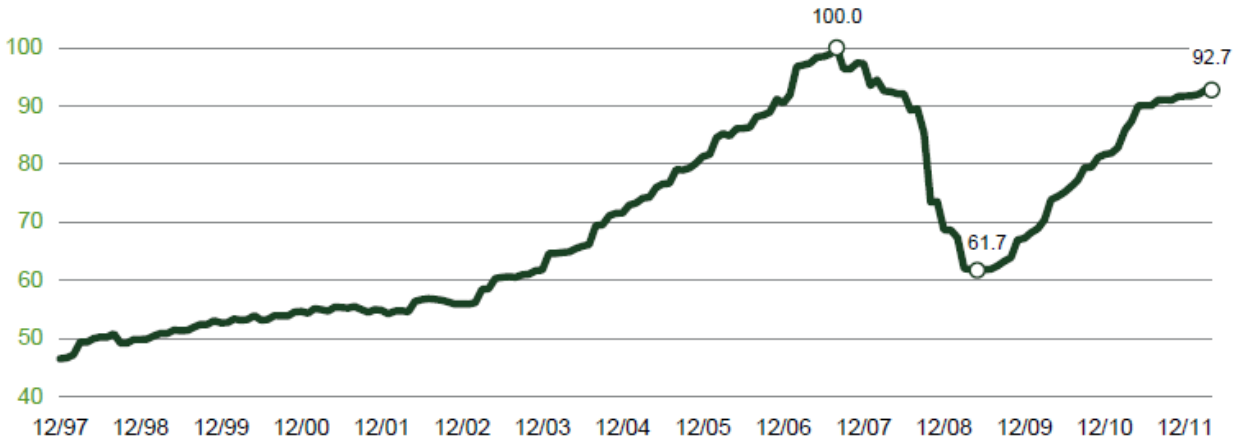
NPI Statistics March 31, 2012	
# of Properties	7,106
Gross Property Value	298.6 Billion

- NPI is de-levered which helped returns over the mid and long term
- ODCE leverage is helping in the recovery boost returns, but had a drag on returns in the mid-long term

Transaction Based Indices Positive to Neutral



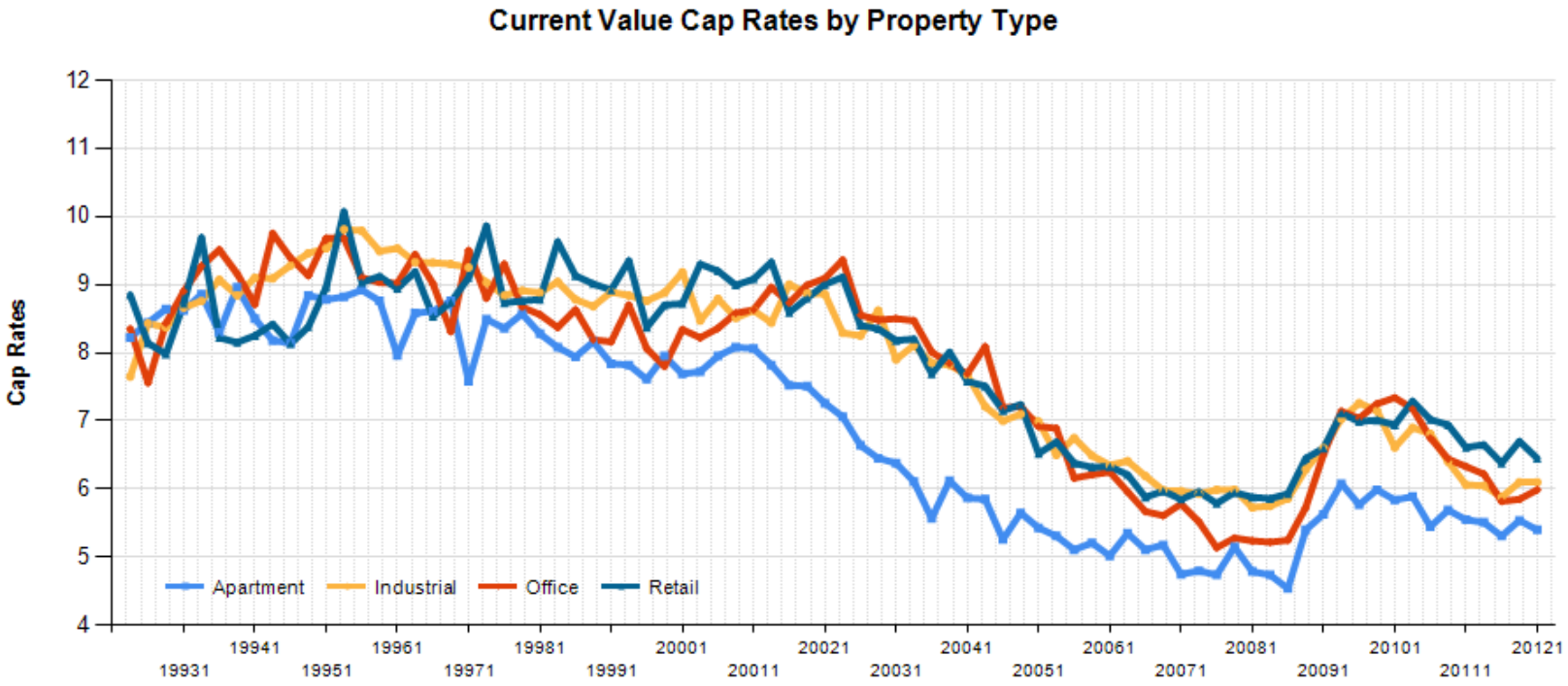
Source: NCREIF



- NCREIF Transaction Based Index positive but slowing generally
- Green Street Commercial Index flat in the month of April.

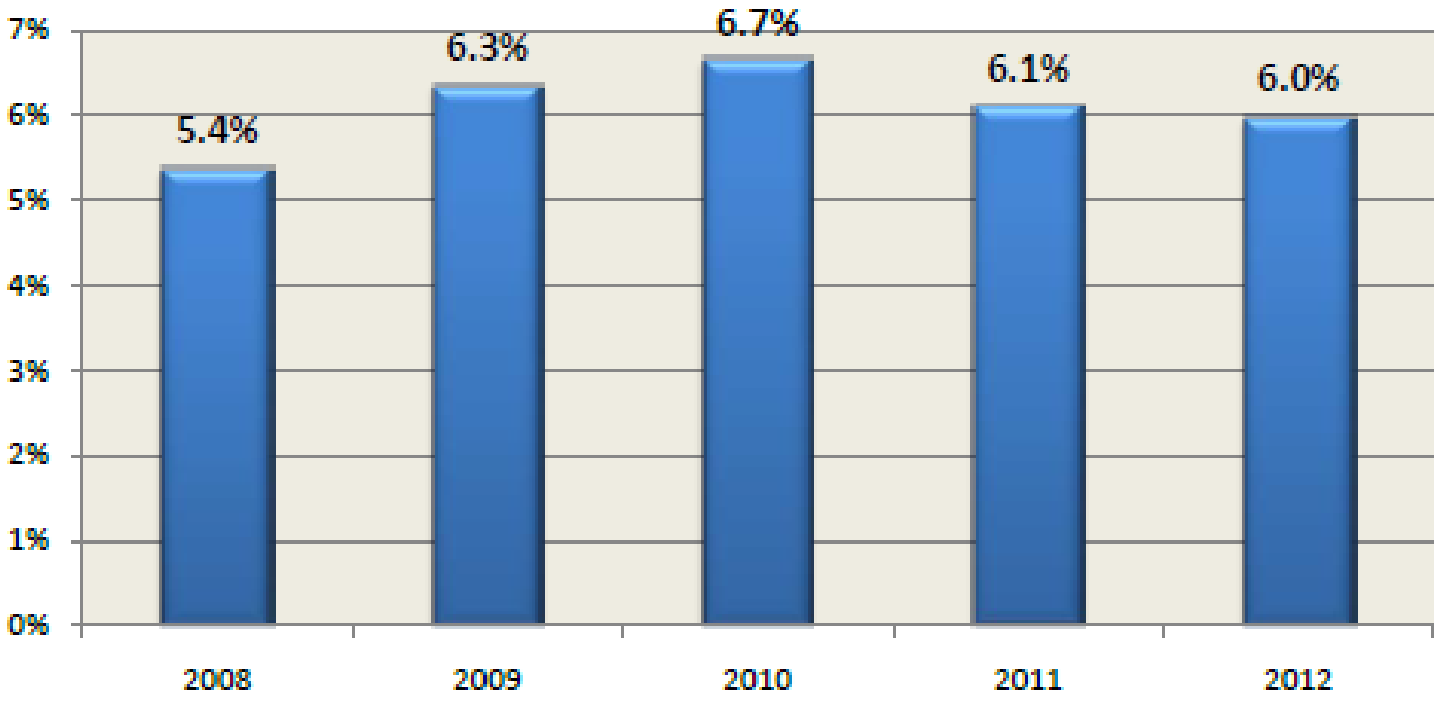
Source: Green Street

Property Types Have Been Performing Consistently Over the Last 3 Yrs

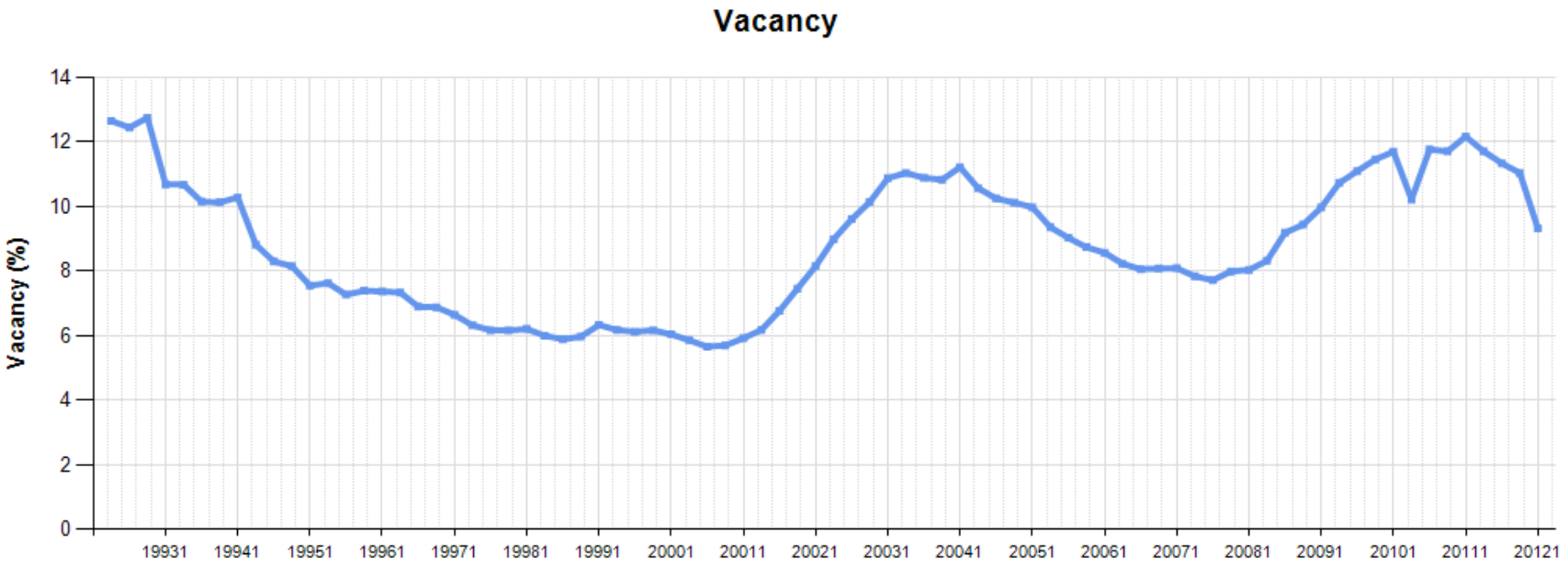


- The graph is bounded by apartments and retail, but office and industrial have shown additional improvements in the recent past

Cap Rate Compression Mostly Over

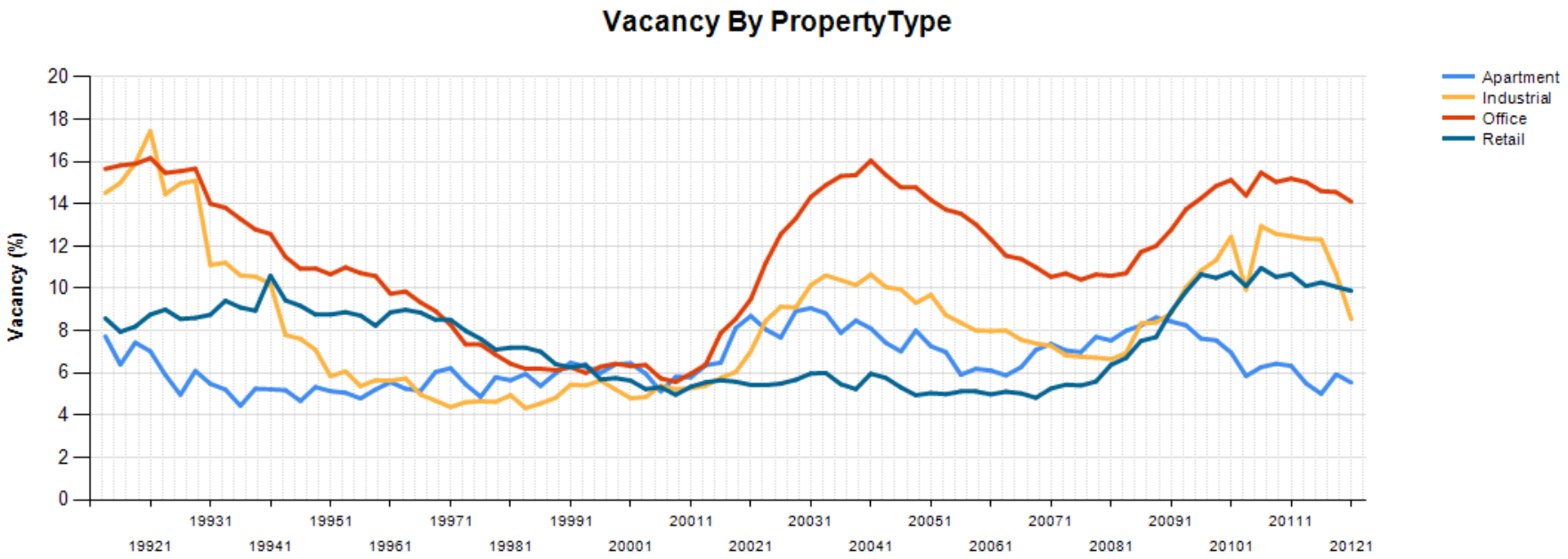


The Anticipated Improvement in Fundamentals is Finally Arriving



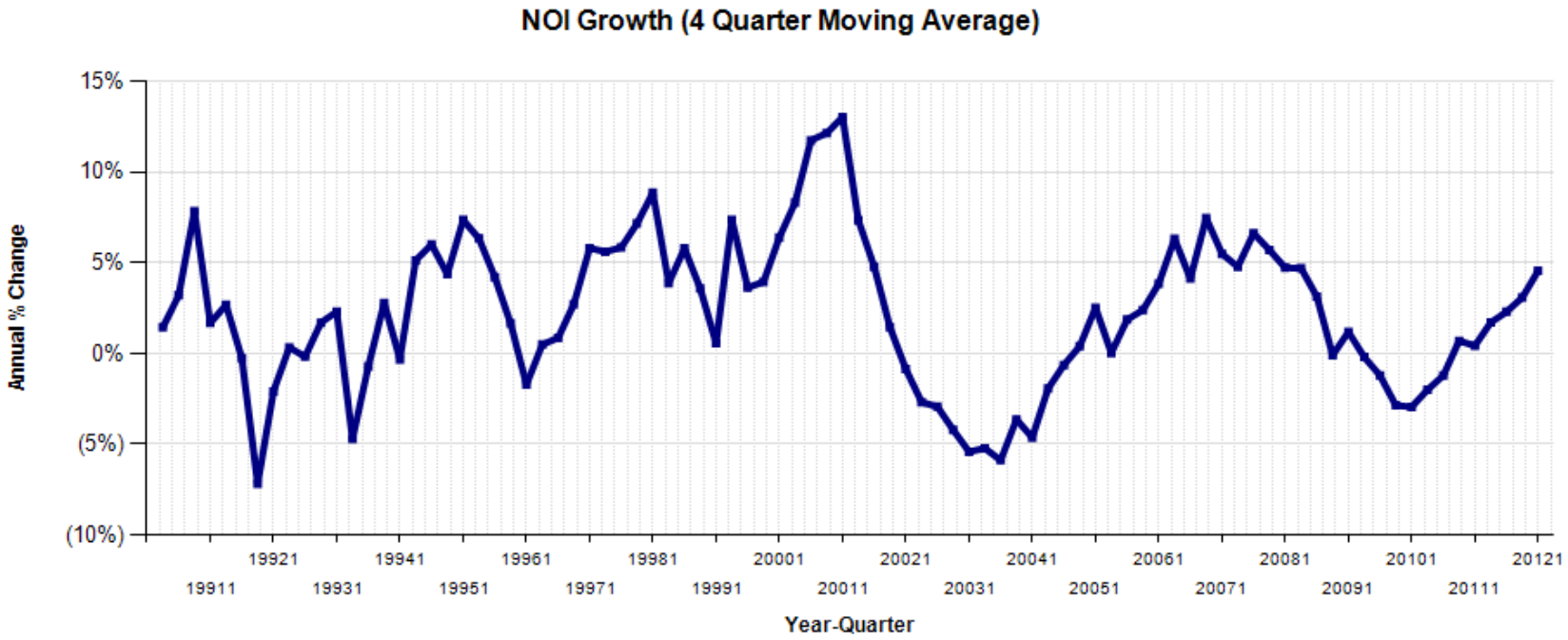
- Overall, significant vacancy reductions have been achieved in the last two quarters (4Q 2011 and 1Q 2012)

Industrial Has Had The Most Dramatic Recent Improvement



- Apartment vacancy may have reached its bottom as the move to push rents in that property type intensifies
- Other categories are still filling space and have more ground to cover

Operating Income Marches Higher Helped By Easier Comps



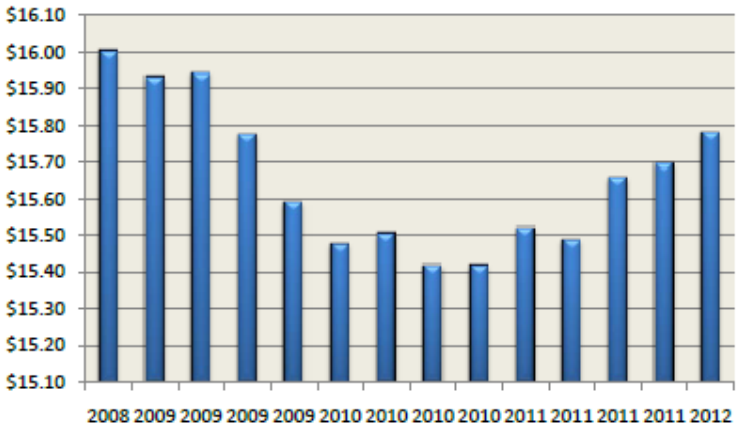
- The NOI trend is encouraging and ongoing discussions with fund managers leads us to believe that the picture will continue to improve (or at least not slip)
- Most believe that the economic recovery is now self sustaining
- Apartments lead NOI Growth: 10.95%, Retail 3.07%, Office 2.43%, Industrial 2.31%

Fundamental Improvements in Property Level NOI

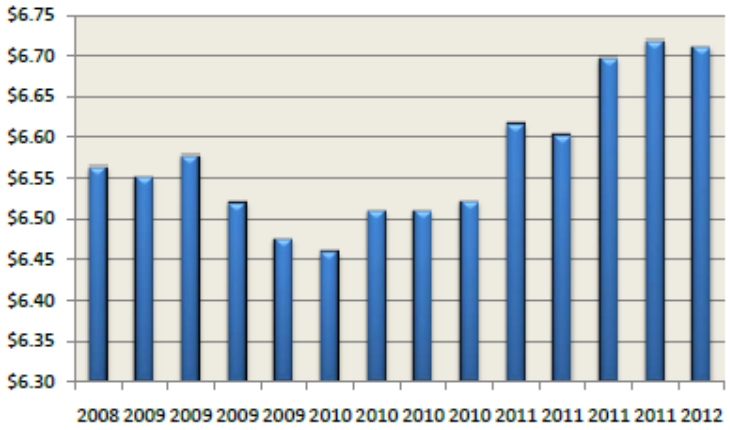
NCREIF Property Index (NPI)

Income and Expense Analysis

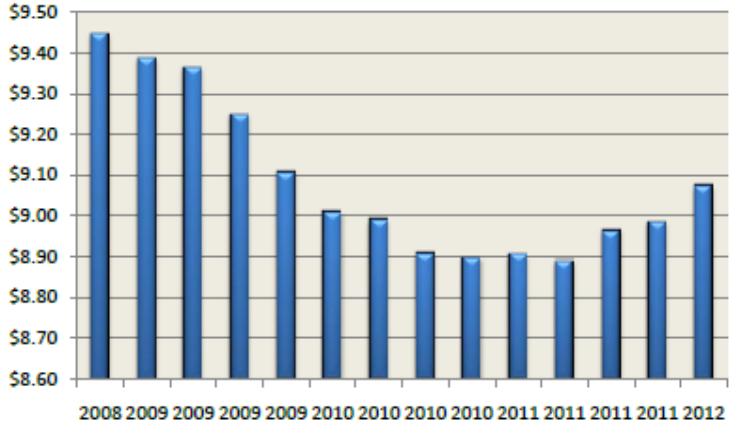
Rent per SF (4Q MA)



Expenses per SF (4Q MA)



NOI per SF (4Q MA)

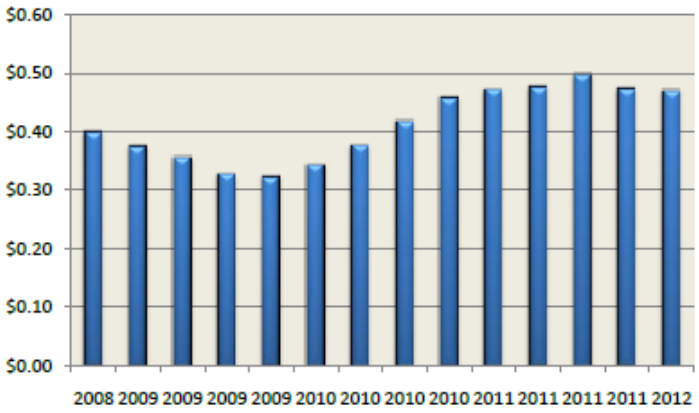


Source: NCREIF

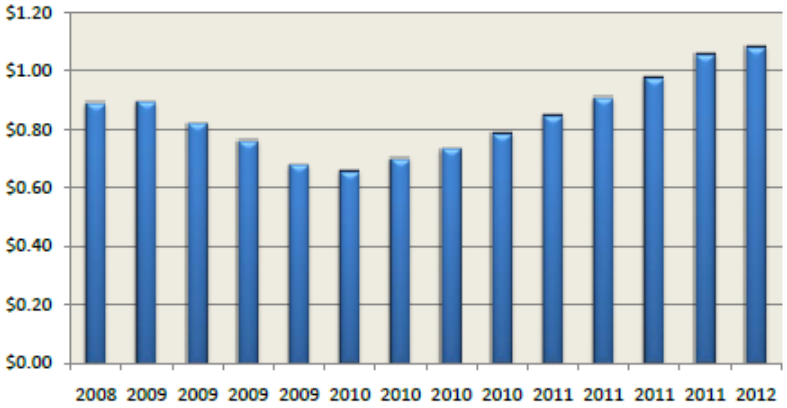
Capital Expenses Holding Steady at Property Level

Cap Ex Data

Tenant Improvement per SF (4Q MA)

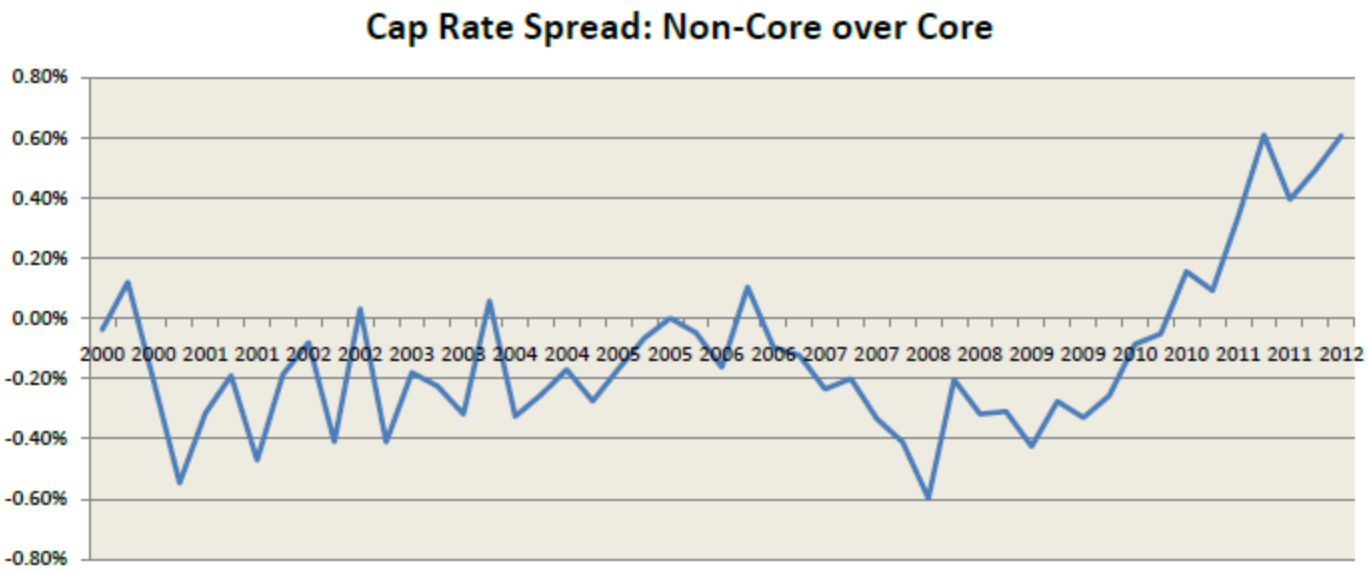


Leasing Commissions per SF (4Q MA)



Source: NCREIF

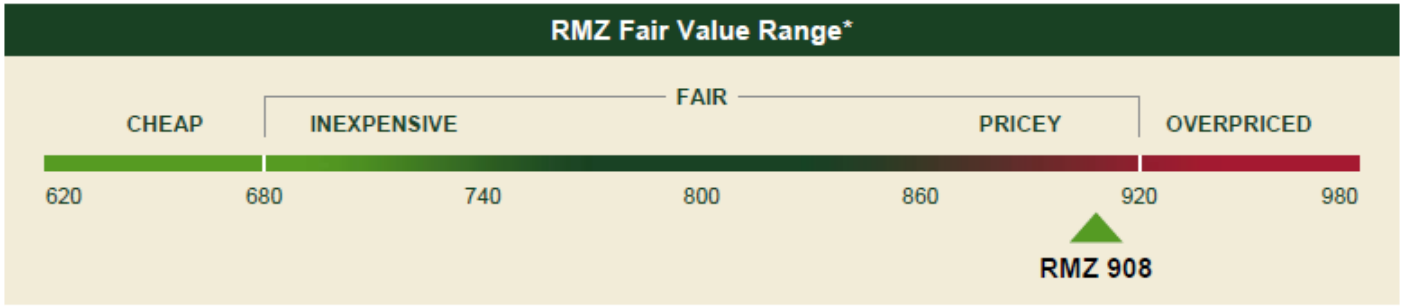
What Does this Mean?



Source: NCREIF

- NCREIF introduced this slide at the 1Q Webinar and suggested that it could indicate either:
  - Core is becoming overpriced relative to non-core based on historical spreads..OR…
  - The market is pricing non-core risk significantly higher than it had in the past in recognition of the economic climate

REIT Valuations – Move to 'Pricey' by Green Street



REITs Relative to Fixed-Income Alternatives

Private-Market Real Estate vs Fixed Income (pages 4-6)

Unlevered real estate has historically offered a return that is somewhere between the yield on investment-grade corporate bonds and the yield on high-yield bonds. In order to bring current real estate pricing in line with its long-term average relative to these two assets, real estate values need to change by... **+8%**

Public-Market Real Estate vs. Private-Market Real Estate (page 7)

On average, REITs have traded roughly at parity relative to asset value/NAV over the last twenty+ years. Based on prevailing share prices and the resultant observed premium/discount, public-market investors are effectively assuming that real estate values will change by... **+7%**

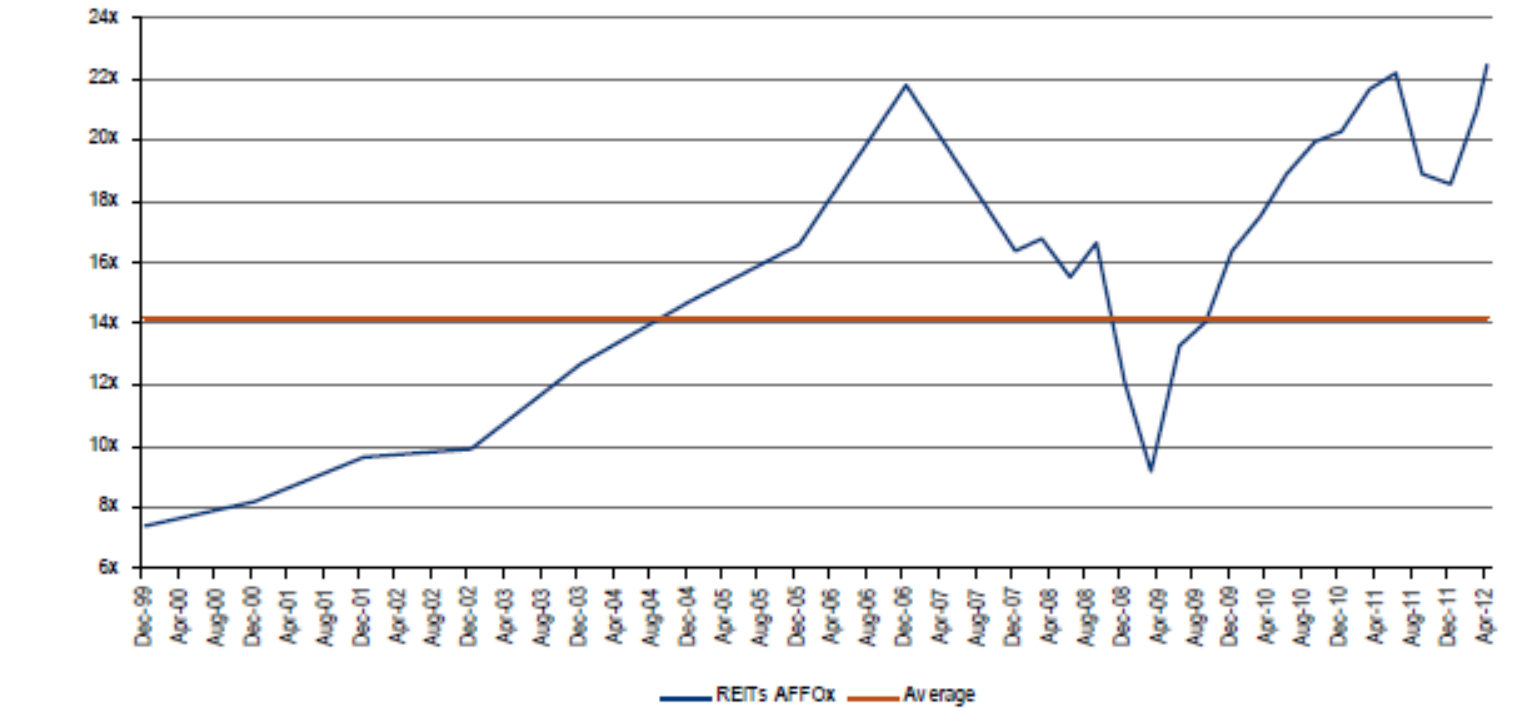
REITs Relative to Stocks (page 8)

Since the beginning of the Modern REIT era, the 36-month-forward AFFO yield on REITs has, on average, approximated the earnings yield on the S&P 500. The change in REIT values necessary to bring this relationship back to parity is... **-42%**

- Green Street shows REITS moving into 'Pricey' territory suggesting time to throttle back
- As has been the case for some time, REITS look attractive relative to low risk assets, but very expensive versus stocks

REITS Look Expensive Based on AFFO Multiple

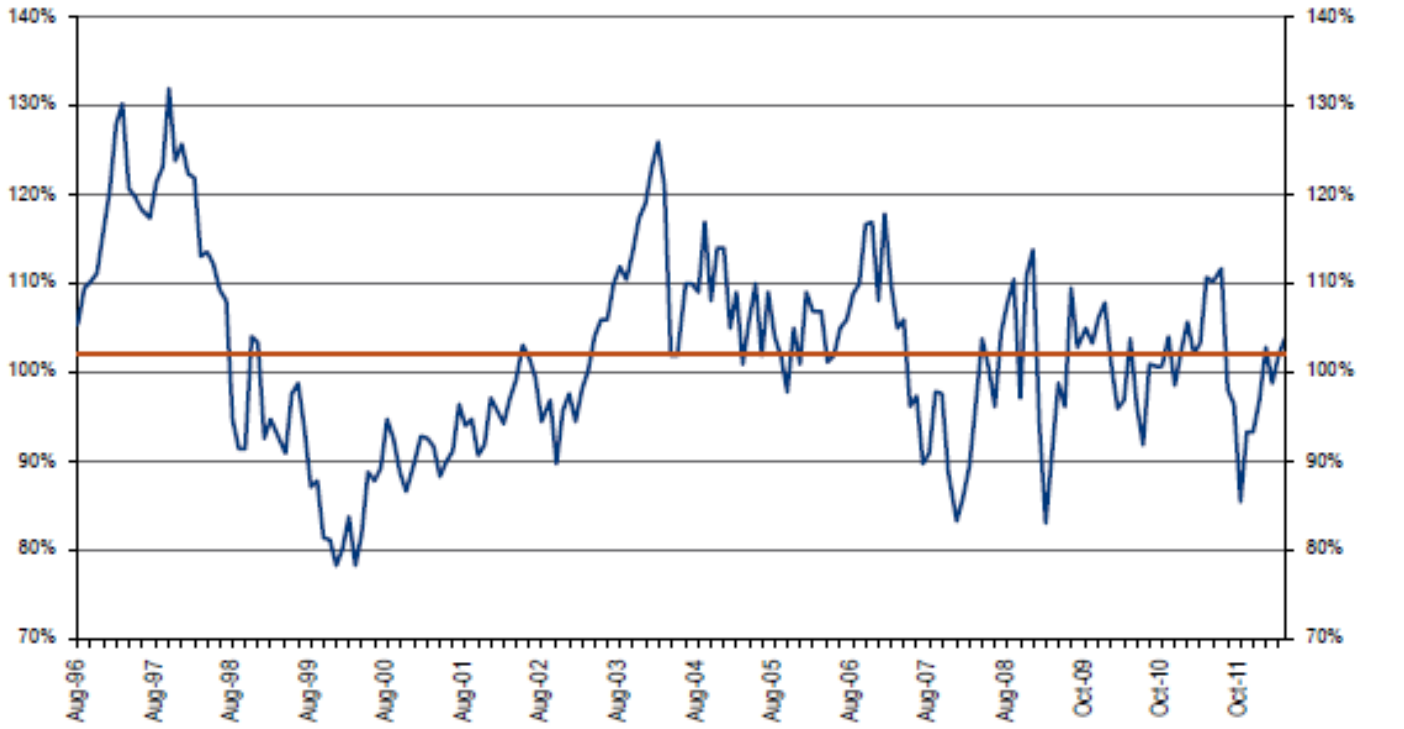
Chart 10: Price to AFFO



Source: FactSet and BofA Merrill Lynch Global Research

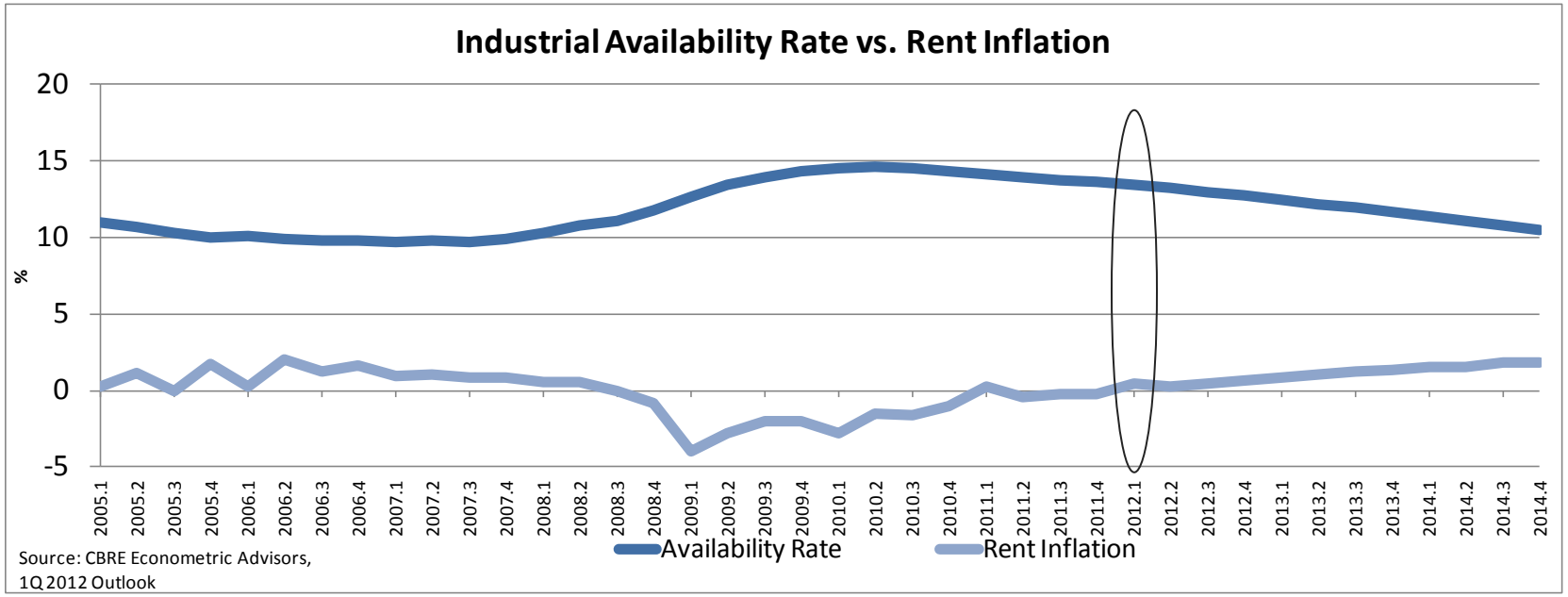
REITS Look Fairly Priced Based on Some NAV Estimates

Chart 8: Total REITs – historical price to NAV



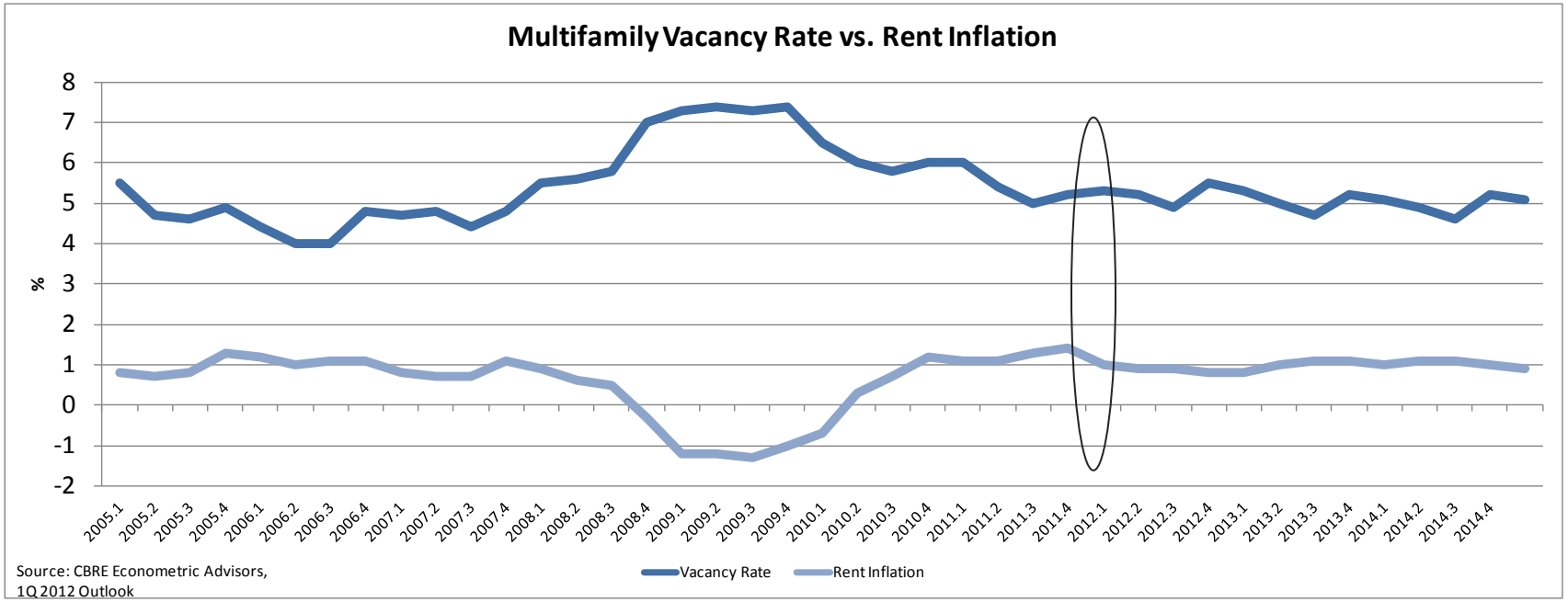
Source: FactSet and BofA Merrill Lynch Global Research

Industrial Turning the Corner on Rent Improvement



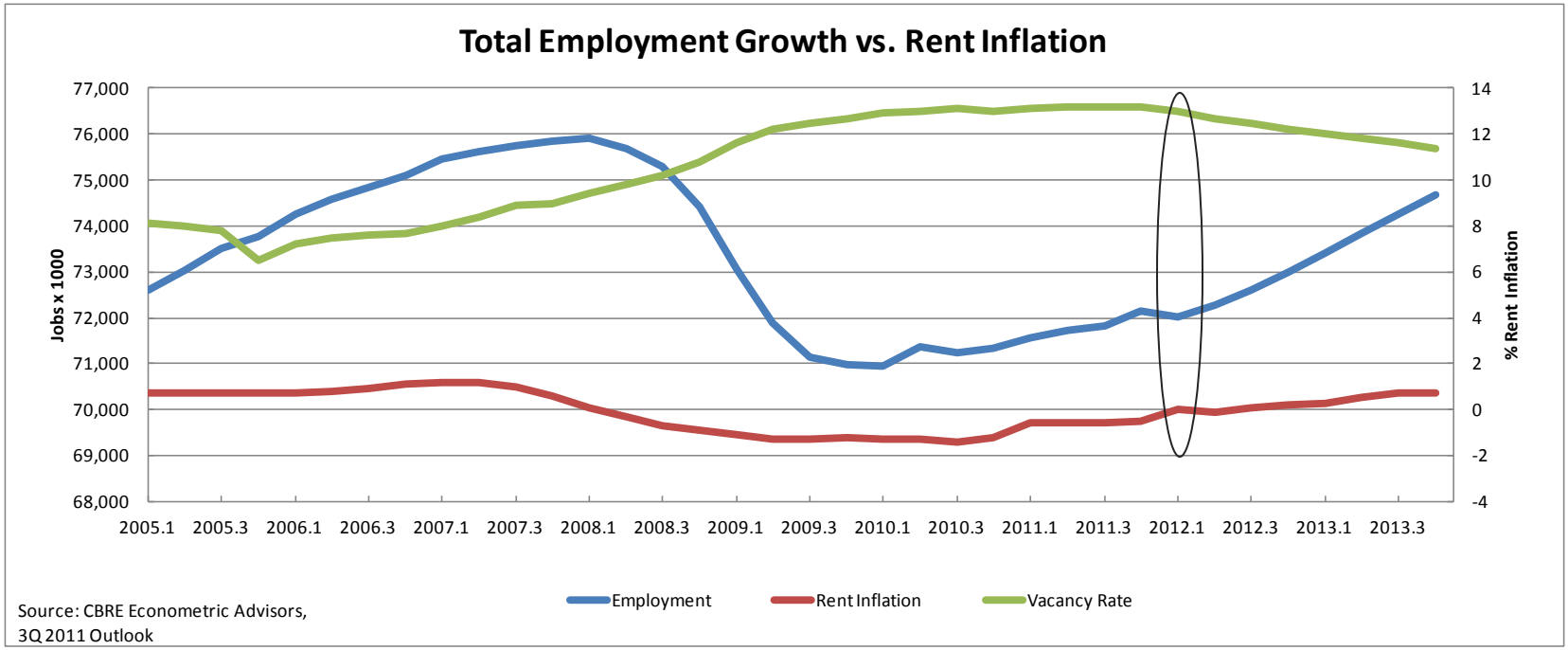
- The reduction in vacancy is real and the improvement in rents is forecast

Apartments is the Strongest Property Sector



- The reduction in vacancy and improvement in rents is real
- The threat of new capacity is emerging, but not for the next several years

Retail Has Yet To Show Real Fundamental Improvement



Source: CBRE Econometric Advisors, 3Q 2011 Outlook

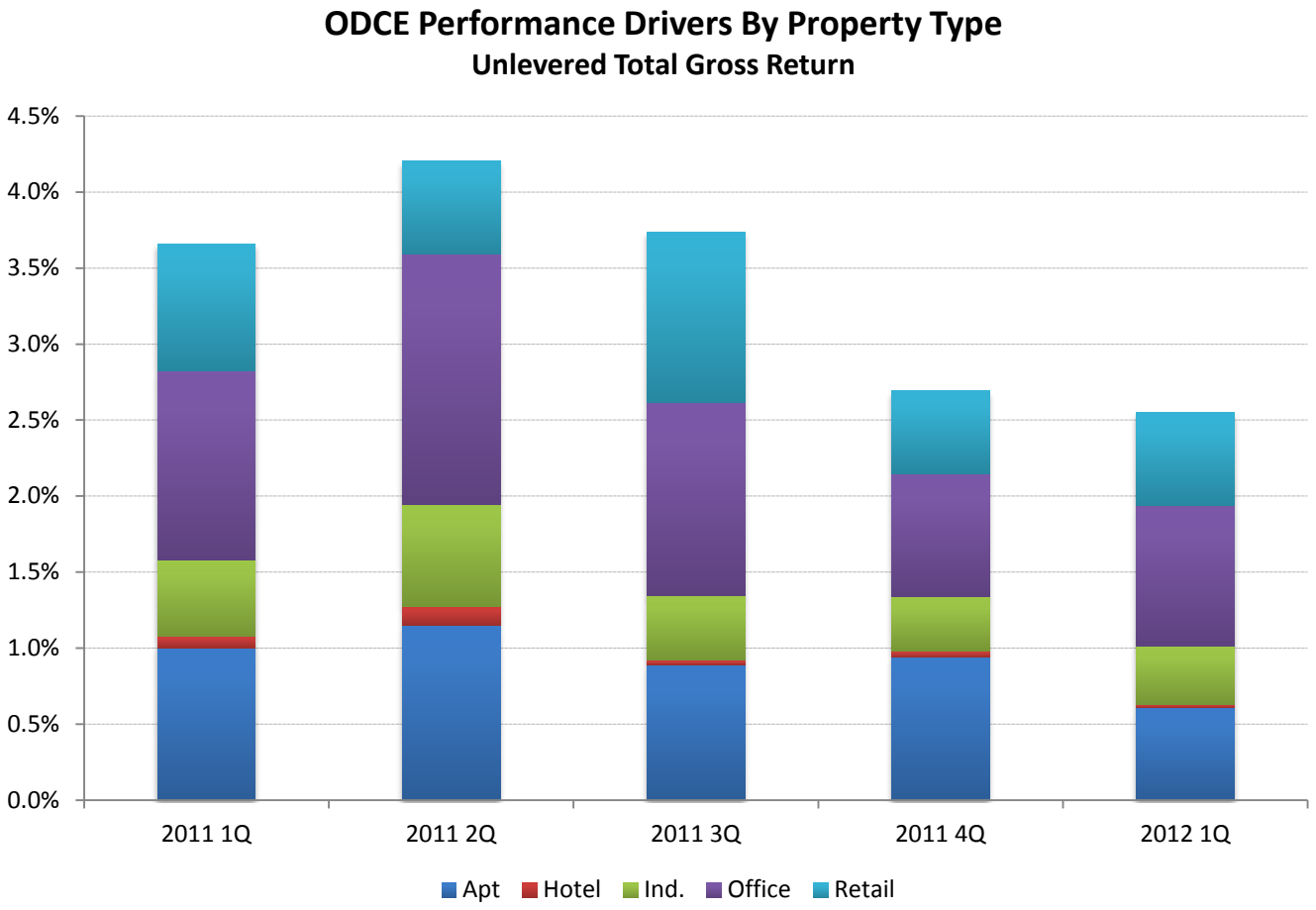
Office Fundamentals Are Picking Up

Year	Office-using Fin. Act. (Jobs x 1000)	Office-using Services (Jobs x 1000)	Stock (SF x 1000)	Completions (SF x 1000)	Vacancy Rate (%)	Net Absorption (SF x 1000)	TW Rent Index ($/SF)	TW Rent Inflation (%)
2005	4,752.70	11,377.20	3,308,496	38,455	13.70	87,470	24.85	5.80
2006	4,795.40	11,661.00	3,361,293	52,797	12.60	82,745	26.99	8.60
2007	4,721.50	11,870.30	3,426,988	65,695	12.60	56,323	29.65	9.90
2008	4,546.40	11,591.40	3,505,459	78,471	14.10	13,846	30.75	3.70
2009	4,337.70	10,889.20	3,556,299	50,840	16.60	-42,691	26.97	-12.30
2010	4,351.40	11,172.70	3,577,909	21,610	16.50	20,225	25.75	-4.50
2011	4,363.40	11,450.20	3,586,962	9,053	16.00	26,433	26.54	3.10
2012	4,419.40	11,804.70	3,596,064	9,102	15.60	22,749	27.23	2.60
2013	4,486.90	12,260.90	3,609,986	13,922	14.30	57,000	28.65	5.20
2014	4,543.60	12,565.30	3,624,950	14,961	13.10	55,917	30.46	6.30
2015	4,584.70	12,789.40	3,648,990	24,039	12.50	42,930	32.15	5.50
2016	4,625.60	13,006.30	3,680,593	31,605	12.30	35,588	33.58	4.40
2017	4,665.40	13,216.50	3,718,498	37,902	12.30	34,766	34.91	4.00

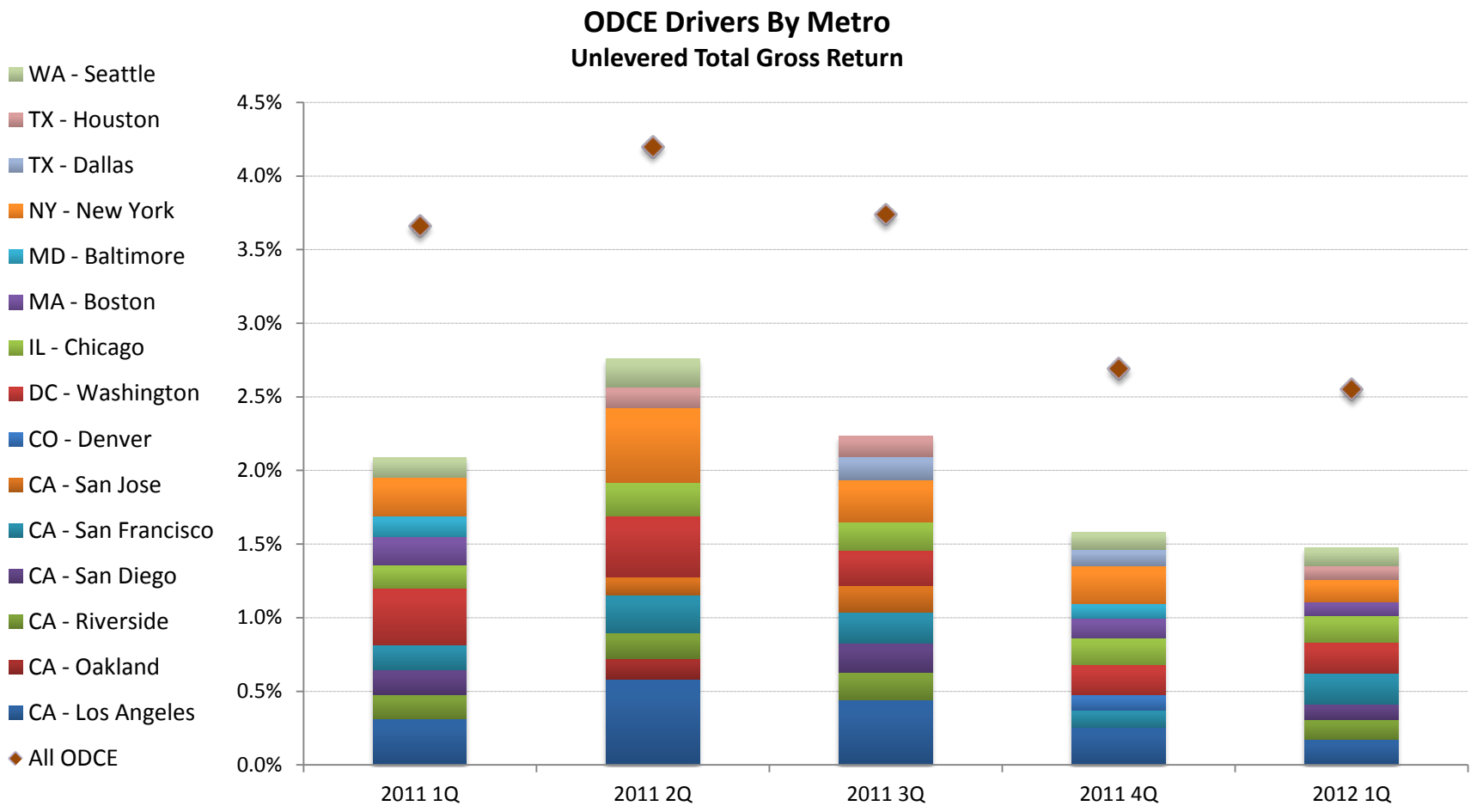
- Rents improved in 2011, are expected to moderate in 2012 before picking up in 2013 and beyond

Performance Drivers by Property Type

	Absolute Total Return	Weight in Index	Contr. to Return
1Q 2012			
Apt	2.5%	25%	24%
Hotel	1.1%	2%	1%
Ind.	2.9%	13%	15%
Office	2.4%	40%	37%
Retail	3.0%	20%	24%
4Q 2011			
Apt	3.8%	25%	35%
Hotel	1.9%	2%	2%
Ind.	2.7%	13%	13%
Office	2.1%	39%	30%
Retail	2.6%	21%	20%
3Q 2011			
Apt	3.6%	25%	24%
Hotel	1.3%	2%	1%
Ind.	3.2%	13%	11%
Office	3.4%	37%	34%
Retail	5.0%	22%	30%
2Q 2011			
Apt	4.5%	26%	27%
Hotel	5.6%	2%	3%
Ind.	4.9%	14%	16%
Office	4.7%	35%	39%
Retail	2.6%	23%	15%
1Q 2011			
Apt	4.0%	25%	27%
Hotel	4.3%	2%	2%
Ind.	3.7%	14%	14%
Office	3.7%	34%	34%
Retail	3.3%	25%	23%



Top Ten Metro by Performance Contribution



The Main Driver for 1Q 2012: San Francisco Office

			Apartments			Industrial		Office		Retail				
ODCE - Unlevered	**Total Metro Return**	**Metro Contr. to Overall Return**	Garden	HighRise	LowRise	Flex Space	Warehouse	CBD	Suburban	Community	Neighborhood	Power Center	Regional
2012 1Q														
CA - San Francisco	**5.7%**	**11.3%**		1.1%				2.6%	2.0%				
DC - Washington	**2.1%**	**11.0%**		0.3%		0.0%	0.0%	1.2%	0.4%	0.1%	0.0%		
IL - Chicago	**3.0%**	**9.0%**	0.4%	0.8%		0.1%	0.9%	0.8%	0.0%		0.1%		
CA - Los Angeles	**1.7%**	**8.6%**	0.0%	0.1%			0.3%		0.8%	0.1%		0.1%	0.2%
NY - New York	**1.4%**	**7.8%**		0.5%				0.9%	0.0%				
MA - Boston	**1.8%**	**3.9%**		0.2%				1.6%					
CA - San Diego	**2.5%**	**1.4%**					0.2%		1.2%	1.2%			
ODCE	***2.6%***												

The Main Performance Drivers for 2011

ODCE - Unlevered	Total Metro Return	Metro Contr. to Overall Return	Apartments			Industrial		Office		Retail			
			Garden	HighRise	LowRise	Flex Space	Warehouse	CBD	Suburban	Community	Neighborhood	Power Center	Regional
2011 4Q													
NY - New York	2.3%	13.5%		0.9%			0.1%	1.3%	0.1%				
CA - Los Angeles	2.1%	10.4%	0.1%	0.1%			0.3%		1.2%	0.1%		0.1%	0.2%
DC - Washington	2.2%	10.1%		0.5%		0.0%	0.0%	1.0%	0.4%	0.2%	0.1%		
IL - Chicago	3.2%	9.2%	0.5%	1.6%		0.0%	0.7%	0.2%	0.0%		-0.1%	0.2%	
MA - Boston	3.6%	5.9%		1.2%				2.4%					
CA - San Francisco	3.0%	5.3%		0.4%				1.6%	1.0%				
CA - San Diego	3.0%	1.6%	2.0%				0.0%		1.0%				
ODCE	*2.7%*												
2011 3Q													
CA - Los Angeles	4.3%	14.7%	0.1%				0.5%		2.6%	0.3%			0.8%
NY - New York	2.9%	11.0%		0.7%			0.0%	2.1%	0.0%				
DC - Washington	2.9%	8.9%		0.8%			0.1%	1.4%	0.4%	0.2%	0.1%		
CA - San Francisco	6.2%	7.9%		1.1%				2.8%	2.3%				
IL - Chicago	3.3%	7.7%	0.6%	0.8%		0.1%	1.1%	0.1%	-0.2%		0.3%	0.4%	
MA - Boston	2.6%	3.3%		0.3%				2.3%					
CA - San Diego	3.0%	1.2%	1.4%				0.6%		1.0%				
ODCE	*3.7%*												
2011 2Q													
CA - Los Angeles	5.8%	18.0%	0.1%				0.7%		4.4%	0.1%			0.5%
NY - New York	5.5%	16.4%		2.0%			0.2%	3.3%	0.0%				
DC - Washington	4.8%	13.5%		1.1%			0.0%	2.4%	0.9%	0.3%	0.2%		
CA - San Francisco	8.0%	9.1%		1.2%				4.1%	2.8%				
IL - Chicago	3.9%	7.6%	0.8%	0.7%		0.1%	1.2%	0.2%	0.1%		0.1%	0.7%	
MA - Boston	2.6%	3.2%		0.6%				2.0%					
CA - San Diego	3.9%	1.5%	1.1%				1.0%		1.8%				
ODCE	*4.2%*												
2011 1Q													
DC - Washington	4.8%	15.6%		1.5%			0.1%	2.4%	0.6%	0.1%	0.1%		
CA - Los Angeles	3.0%	12.7%	0.2%		0.1%		0.6%		1.5%	0.2%			0.4%
NY - New York	2.7%	9.0%	0.1%	0.5%			0.0%	2.0%					
CA - San Francisco	5.2%	7.3%		0.8%				2.7%	1.7%				
MA - Boston	5.8%	6.7%		0.5%				5.3%					
IL - Chicago	2.9%	6.1%	0.7%	0.5%		0.0%	1.0%	0.3%	0.1%		0.2%		
CA - San Diego	2.7%	1.8%	1.2%				0.2%		0.8%	0.4%			
ODCE	*3.7%*												

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	Fiscal Year 2013 Real Assets Annual Investment Plan	ACTION:	X
DATE:	September 20, 2012	INFORMATION:	

BACKGROUND

The Real Assets Committee met on September 19, 2012 to review and recommend approval of the Real Assets Annual Investment Plan for Fiscal Year 2013.

STATUS

Staff, with the assistance of The Townsend Group, Callan, and ARMB's real assets advisors, has developed the Real Assets Annual Investment Plan for Fiscal Year 2013.

The Real Assets Annual Investment Plan includes a presentation of historical performance, investment background, and a review of the current market for each sector followed with a Fiscal Year 2013 investment strategy.

No recommendations are proposed for farmland, TIPS, or energy. For real estate, staff recommends revising the target allocation bands for the portfolio's core/non-core mix from 75%/25% +/-10% to 75%/25% +/-25% to allow for a non-core portfolio reduction to 0% over time if no compelling opportunities are found. Additionally, staff recommends implementing target allocation bands of +/- 10% around the private/public real estate target mix of 90%/10%.

For timberland, staff recommends an additional allocation of $200 million to ARMB's two existing separate account advisors, split to achieve equal total allocations between the advisors. The recommendation is based on anticipated distributions from non-core real estate funds over the next five years. Reinvestment of these funds into timberland will help achieve ARMB's 25% target allocation to timberland within real assets and maintain the real asset allocation at 16%.

RECOMMENDATION

The ARMB approve Resolution 2012-30 which adopts the Real Assets Annual Investment Plan for Fiscal Year 2013.

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

Resolution 2012-30

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 investments in Real 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 Benefits Plans Trust; and

WHEREAS, the Board will establish and on an annual basis review an investment plan for Real Assets asset class.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the Real Assets Annual Investment Plan for Fiscal Year 2013, attached hereto and made a part hereof.

DATED at Fairbanks, Alaska this ___ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	Real Estate Investment Policies, Procedures and Guidelines	ACTION:	X
DATE:	September 20, 2012	INFORMATION:	

BACKGROUND

The ARMB Real Estate Investment Policies, Procedures and Guidelines (Guidelines) were most recently revised and adopted by the Board on April 19, 2012. 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 recommending the target allocation to real estate of 10% +/-4% be removed from the Guidelines due to the adoption of target allocations to each sector within the Real Assets asset class by ARMB.

RECOMMENDATION

The ARMB approve Resolution 2012-31 which adopts the revised Real Estate Investment Policies, Procedures and Guidelines.

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 Real Estate 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 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 at the time of investment, comply with the intent of the Real Estate Investment Policies, Procedures and Guidelines **(Guidelines)**.

Single property and multi property strategies will be considered as well as "pooled/commingled" fund investment vehicles.

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 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: *(ARMB can liquidate within 180 days)* Non-Controlled Investments: (ARMB cannot liquidate within 180 days)	85 % 50%
Core Investments (See definition below): Non-Core Investments (See definition below):	85 % 50%
Single Manager Limit: *(value of both Separate Account and Commingled Fund combined, if applicable)*	35 %
Public Equity: Public Debt: Private Equity: Private Debt:	50 % 0 % 100 % 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: *(acquisition cost plus projected capital additions and improvements)*	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.

The total amount of fund level leverage, at the time of investment, will not exceed 35% for core commingled funds investing in a core equity diversified asset strategy. The total amount of fund level leverage, at the time of investment, will not exceed 65% for non-core commingled funds investing in a value add or opportunistic equity diversified asset strategy.

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~~April 19, 2012.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~~10 State House Square

Hartford, CT 06103-~~1212~~3604
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~~10 State House Square
Hartford, CT 06103-~~1212~~3604
Telephone: 860-616-9128;

J.P. Morgan Asset Management
Contact: Anne S. Pfeiffer, VP & Portfolio Manager, Strategic Property Fund
~~522 Fifth Avenue~~270 Park Avenue, ~~7~~9th Floor
New York, NY 10017~~36~~
Telephone: 212-837-1240
Facsimile: 212-837-1696

Facsimile: 860-616-9104
E-mail: thomas.anathan@ubs.com

Clarion Partners
Contact: Doug Bowen~~Bill Krauch~~
Managing Director
230 Park Avenue
New York, NY 10169
Telephone: 212-883-2506~~602~~
Facsimile: 212-883-2806~~902~~
E-mail:
doug.bowen~~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

Almanac Realty Investors, LLC~~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@almanacrealty~~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

anne.pfeiffer@jpmorganfleming.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 Estate 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 RT = Reported To * Grade Semi-finalists only
G = Grade M = Monitor ** Investment Decision (Shaded)
P = Prepares
R = Recommends

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 Real Estate 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 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 at the time of investment, comply with the intent of the Real Estate Investment Policies, Procedures and Guidelines **(Guidelines)**.

Single property and multi property strategies will be considered as well as "pooled/commingled" fund investment vehicles.

B. Asset Allocation

The ARMB allocation to real estate investments shall be determined by the Board of Trustees and reviewed annually. Allocated capital to 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: *(ARMB can liquidate within 180 days)*	85 %
Non-Controlled Investments: (ARMB cannot liquidate within 180 days)	50%
Core Investments (See definition below):	85 %
Non-Core Investments (See definition below):	50%
Single Manager Limit: *(value of both Separate Account and Commingled Fund combined, if applicable)*	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: *(acquisition cost plus projected capital additions and improvements)*	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.

The total amount of fund level leverage, at the time of investment, will not exceed 35% for core commingled funds investing in a core equity diversified asset strategy. The total amount of fund level leverage, at the time of investment, will not exceed 65% for non-core commingled funds investing in a value add or opportunistic equity diversified asset strategy.

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 April 19, 2012.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
10 State House Square
Hartford, CT 06103-3604
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
10 State House Square
Hartford, CT 06103-3604
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
270 Park Avenue, 7th Floor
New York, NY 10017
Telephone: 212-837-1240
Facsimile: 212-837-1696
anne.pfeiffer@jpmorganfleming.com

Clarion Partners
Contact: Doug Bowen
Managing Director
230 Park Avenue
New York, NY 10169
Telephone: 212-883-2506
Facsimile: 212-883-2806
E-mail:
doug.bowen@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

Almanac Realty Investors, LLC
Contact: John Ryan, Director
600 Abbey Court
Alpharetta, GA 30004
Telephone: 770-442-8020
Facsimile: 770-442-8034
E-mail: john.ryan@almanacrealty.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 Estate 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 RT = Reported To * Grade Semi-finalists only
G = Grade M = Monitor ** Investment Decision (Shaded)
P = Prepares
R = Recommends

UBS Realty Investors, LLC

Mandate: **Trumbull Property Fund – Open-end Commingled Real Estate Fund** **Hired: 1980**

Firm Information

UBS Global Asset Management, Global Real Estate – US provides a comprehensive range of real estate investment advisory services in a variety of direct investment structures and commingled vehicles. The firm operates through its primary legal entity, UBS Realty Investors LLC (UBS Realty) and is headquartered in Hartford, CT.

UBS Realty is organized as a limited liability company, and is an indirect, wholly owned subsidiary of UBS AG. UBS Realty is part of UBS Global Asset Management, one of UBS AG's four business divisions.

As of 6/30/2012, UBS Realty total assets under management were $19.6 billion.

Key Executives:
Kevin Crean, Senior Portfolio Manager
Matthew H. Lynch,
Head of Global Real Estate – US
Thomas Anathan, Head of Portfolio and Client Services Unit

Investment Approach

UBS Realty takes a team oriented approach in which portfolio managers are responsible for the execution of the portfolio strategy within the investment guidelines for the portfolio and the performance of their respective portfolios. The acquisition process utilizes a "top down and bottom up" approach. The Real Estate Research –US team identifies markets that are expected, from a macroeconomic perspective, to provide attractive risk/reward pricing. With this direction from research, UBS Realty's investment acquisition professionals search for specific real estate assets that meet the portfolio's investment criteria.

Benchmark: NCREIF Property Index

Total ARMB Mandate

Assets Under Management:
06/30/12: $76,339,496

Concerns: None

6/30/2012 Performance

	Last Quarter	1-Year	3-Years Annualized	5-Years Annualized
Manager Gross	2.30%	11.13%	8.81%	0.90%
Fee	0.27%	1.12%	0.98%	0.95%
Manager Net	2.03%	10.01%	7.83%	-0.05%
Benchmark	2.68%	12.04%	8.82%	2.51%

UBS Realty Investors, LLC

Mandate: **Core Real Estate Separate Account** **Hired:** **1997**

Firm Information

UBS Global Asset Management, Global Real Estate – US provides a comprehensive range of real estate investment advisory services in a variety of direct investment structures and commingled vehicles. The firm operates through its primary legal entity, UBS Realty Investors LLC (UBS Realty) and is headquartered in Hartford, CT.

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As of 6/30/2012, UBS Realty total assets under management were $19.6 billion.

Key Executives:
Jeff Maguire, Senior Portfolio Manager
Peter Gilbertie, Portfolio Manager
Matthew H. Lynch,
Head of Global Real Estate - US
Thomas Anathan, Head of Portfolio and Client Services Unit

Investment Approach

UBS Realty takes a team oriented approach in which portfolio managers are responsible for the execution of the portfolio strategy within the investment guidelines for the portfolio and the performance of their respective portfolios. The acquisition process utilizes a "top down and bottom up" approach. The Real Estate Research –US team identifies markets that are expected, from a macroeconomic perspective, to provide attractive risk/reward pricing. With this direction from research, UBS Realty's investment acquisition professionals search for specific real estate assets that meet the portfolio's investment criteria.

Benchmark: NCREIF Property Index

Total ARMB Mandate

Assets Under Management:
06/30/12: 261,812,709

Concerns: None

6/30/2012 Performance

	Last Quarter	1-Year	3-Years Annualized	5-Years Annualized
Manager Gross	1.28%	11.42%	9.13%	2.04%
Fee	0.16%	0.67%	0.74%	0.64%
Manager Net	1.12%	10.75%	8.39%	1.40%
Benchmark	2.68%	12.04%	8.82%	2.51%

UBS

Global Real Estate - US

Alaska Retirement Management Board

September 20, 2012

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SECTION 1

Global Real Estate - Overview

UBS

General risk disclosure

Certain sections of this presentation that relate to future prospects are forward looking statements and are subject to certain risks and uncertainties that could cause actual results to differ materially. This material is designed to support an in-person presentation, is not intended to be read in isolation, and does not provide a full explanation of all the topics that are presented and discussed.

An investment in real estate will involve significant risks and there are no assurances against loss of principal resulting from real estate investments or that the portfolio's objectives will be attained.

This is not a recommendation. Investors must have the sophistication to independently evaluate investment risks and to exercise independent judgment in deciding to invest in real estate funds. Investors must also have the financial ability and willingness to accept and bear the risks, including, among other things:

- **Risk of illiquidity.** Real estate is an illiquid investment and the account may not be able to generate sufficient cash to meet withdrawal requests from investors. Redemptions may be delayed indefinitely;
- **Risks of investing in real estate.** These risks include adverse changes in economic conditions (local, national, international), occupancy levels and in environmental, zoning, and other governmental laws, regulations, and policies;
- **Use of leverage.** Leverage will increase the exposure of the real estate assets to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the properties or their respective markets and changes in interest rates; and
- **Limitations on the transfer of fund units**. There is no public market for interests in any of our funds and no such market is expected to develop in the future.
- **Legal & Taxation**. Investors should consult their own legal and tax advisers for potential US and/or local country legal or tax implications on any investment

Investors should evaluate all risk and uncertainties before making any investment decision. Risks are detailed in the respective fund's offering memorandum.

ARMB/UBS Realty *history*

- Relationship formed in 1980
  - First deposit into TPF; NAV of $76.3 million as of June 30, 2012
  - Since inception in September 1980, 8.50% annualized gross total return through June 30, 2012
- Separate account mandate in 1997 for unlevered core portfolio
  - Diversified portfolio with $261.6 million market value as of June 30, 2012
  - Since inception in May 1998, 8.68% annualized gross total return through June 30, 2012
- Takeover of PMRealty Separate Account in 2003
  - UBS Realty named takeover manager on February 7, 2003
  - On March 1, 2003, ten-property, $180 million portfolio under UBS Realty management
  - On October 1, 2003, properties divided between UBS Realty and LaSalle because of manager concentration limits

Global Real Estate – *Key facts & figures*

- **USD 63 billion / CHF 57 billion** in real estate assets under management worldwide – second largest global real estate investment manager worldwide[1]
- Business history of almost **70 years**
- Investments in approximately **1,700 properties**, in around **30 countries**, spanning around **20 currencies**
- Over **184 million square feet** (17 million square meters) in commercial properties as well as **67,000 multi-family units** worldwide
- **Experienced team** with strong finance and real estate backgrounds
- The business employs approximately **385 staff members** worldwide, located in **24 offices** and **13 countries**
- **Well-diversified** offering
- **Solid investment performance** in key strategies
- **Servicing over 1,200 clients** around the globe
- **Successful partnerships**
- **Strong governance** and risk management culture
- **Sustainability** integrated into investment process and property ownership

Source: UBS Global Asset Management, Global Real Estate (GRE); May 14, 2012
Notes: All data as at March 31, 2012 unless otherwise stated. Assets under management (AuM) stated on gross asset value basis, reflecting property values as at March 31, 2012, where available. Includes assets managed by our joint venture with Mitsubishi Corporation, Japan; Methods of counting properties may vary by geographic region; 1 Data based on IP Real Estate institutional investment manager survey 2011 (based on AuM as at June 30, 2011)

US real estate investment experience

As of June 30, 2012

- Over 34 years of core and value added real estate investment experience
- USD 19.6 billion of assets for over 400 clients
- Real estate organization with 173 employees and offices in California, Connecticut, and Texas
- Quality people, properties and relationships

Our mission is to provide both superior risk-adjusted investment performance for our clients through private and public real estate investment strategies and outstanding client service.

Olympia Centre, Chicago, IL

Updated July 24, 2012

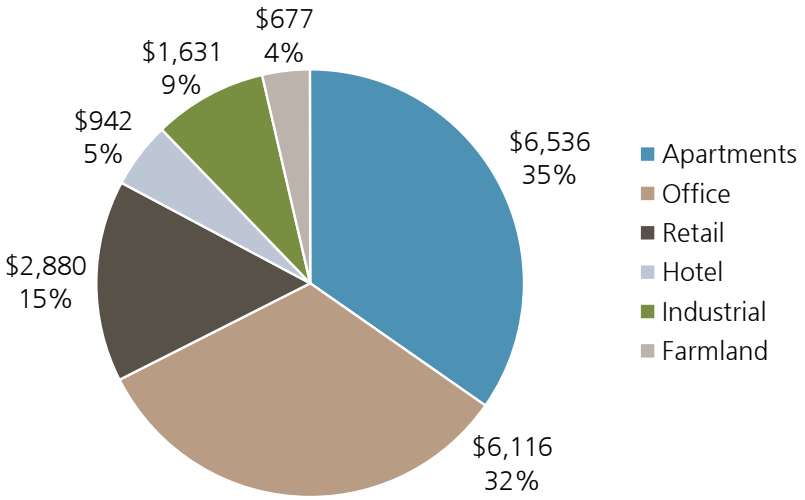
Overview of Global Real Estate funds in the US

As of June 30, 2012

Gross assets – USD 19.6 billion

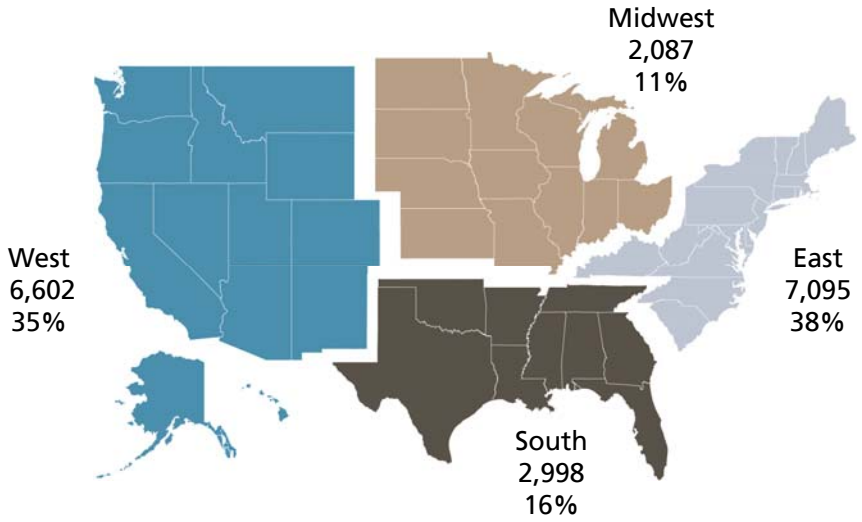
Assets by property type

(USD in millions)



Assets by geographic region

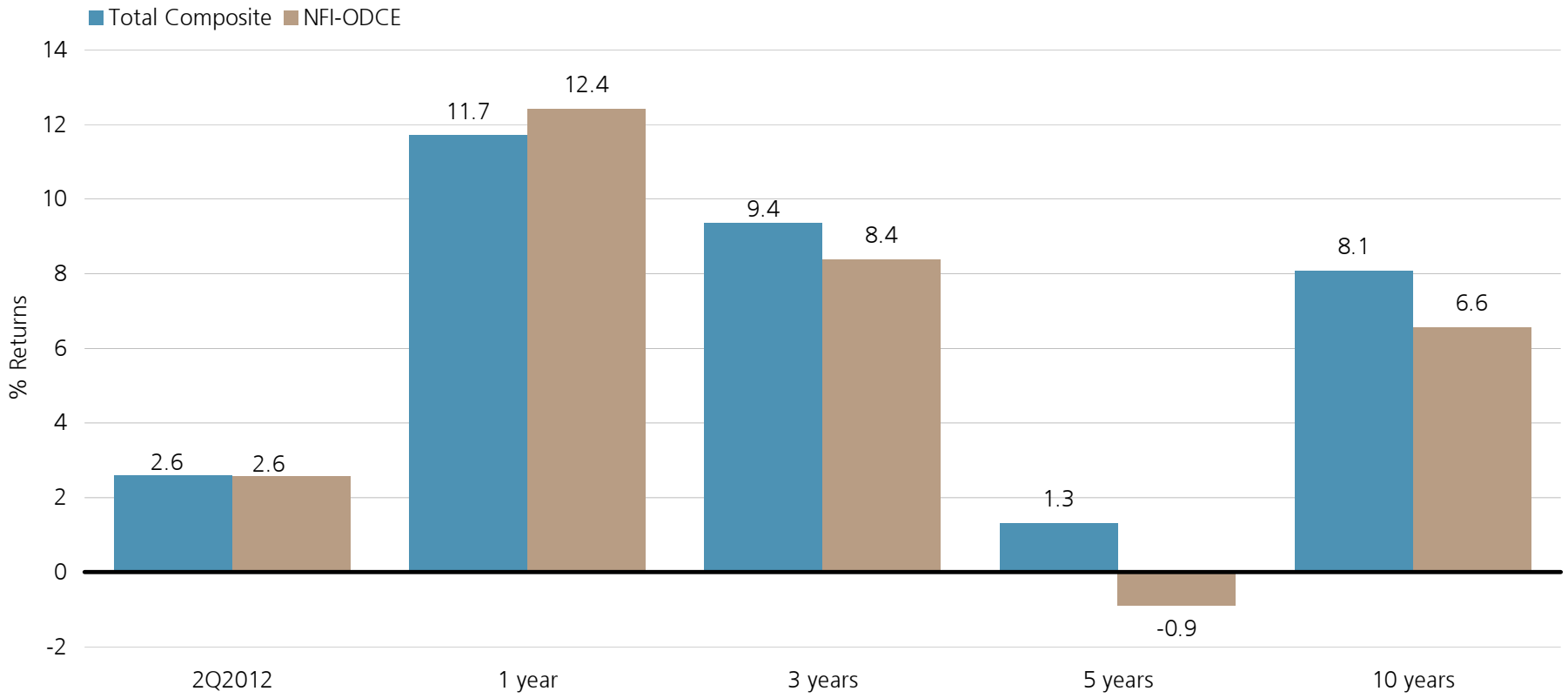
(USD in millions)



Notes: Assets by property type and geographic regions represent real estate assets only and exclude other assets, such as cash, which are included in Gross Assets. Assets by geographic region exclude farmland.
Updated July 24, 2012

Total Composite vs NFI-ODCE Index

Periods ended June 30, 2012



Notes: Past performance is not indicative of future results and the possibility of loss does exist. Please see the full Composite page and required notes at the back of this presentation for more details.
Updated July 31, 2012

Organizational strengths/distinguishing characteristics

- Performance record for both value-added and core strategies
- National market presence; local expertise
- Continuity and experience of professional staff
- Commitment to client service
- Rigorous multi-disciplined acquisition process
- Expertise in all major property types
- Successful portfolio takeover experience
- Strong research department thoroughly integrated into all facets of our business
- Demonstrated sales discipline

Updated July 12, 2011

SECTION 2

UBS Realty/ARMB Separate Account

UBS

UBS Realty/ARMB Separate Account - *summary*

As of June 30, 2012

First investment:	May 29, 1998
Number of investments:	11
Total assets:	$266.3 million
Account allocation:	$305 million
Remaining allocation:	$40 million*
Total returns:	8.68% since inception (7.94% net of fees)

Note: Remaining allocation reflects remaining allocation after budgeted FY 2013 capital expenditures but before 5% ($15 million) overage allowance on $305 million allocation. Returns in this report for the UBS Realty/ARMB Separate Account include three former PMRealty assets for period beginning October 1, 2003.

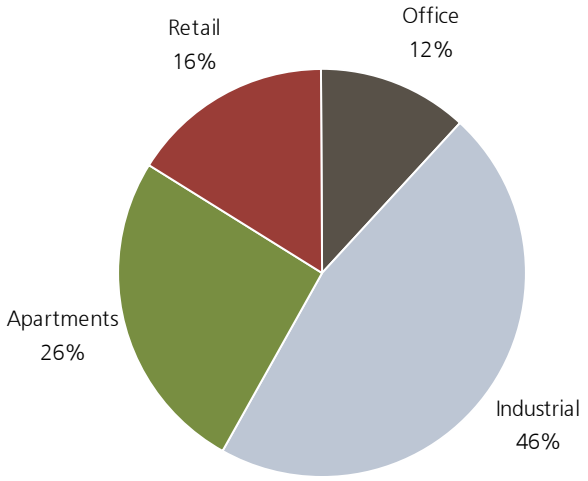
UBS Realty/ARMB Separate Account - *portfolio strategy*

- Actively-managed core strategy emphasizing current income and cash flow
- Acquired fully-leased office and industrial properties and new apartments
- Takeover properties added retail component and increased industrial weighting
- Reduce volatility by avoiding use of leverage
- Income growth from apartments and rent escalation provisions in commercial property leases
- Target supply-constrained markets for acquisitions

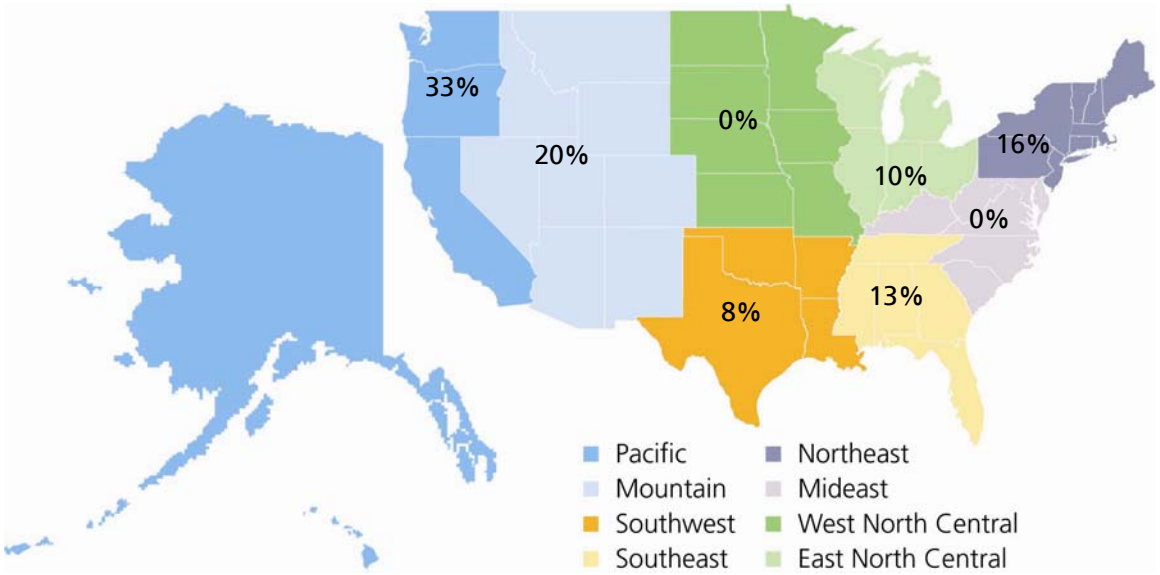
UBS Realty/ARMB Separate Account – *portfolio distribution*

As of June 30, 2012

Portfolio distribution by property type



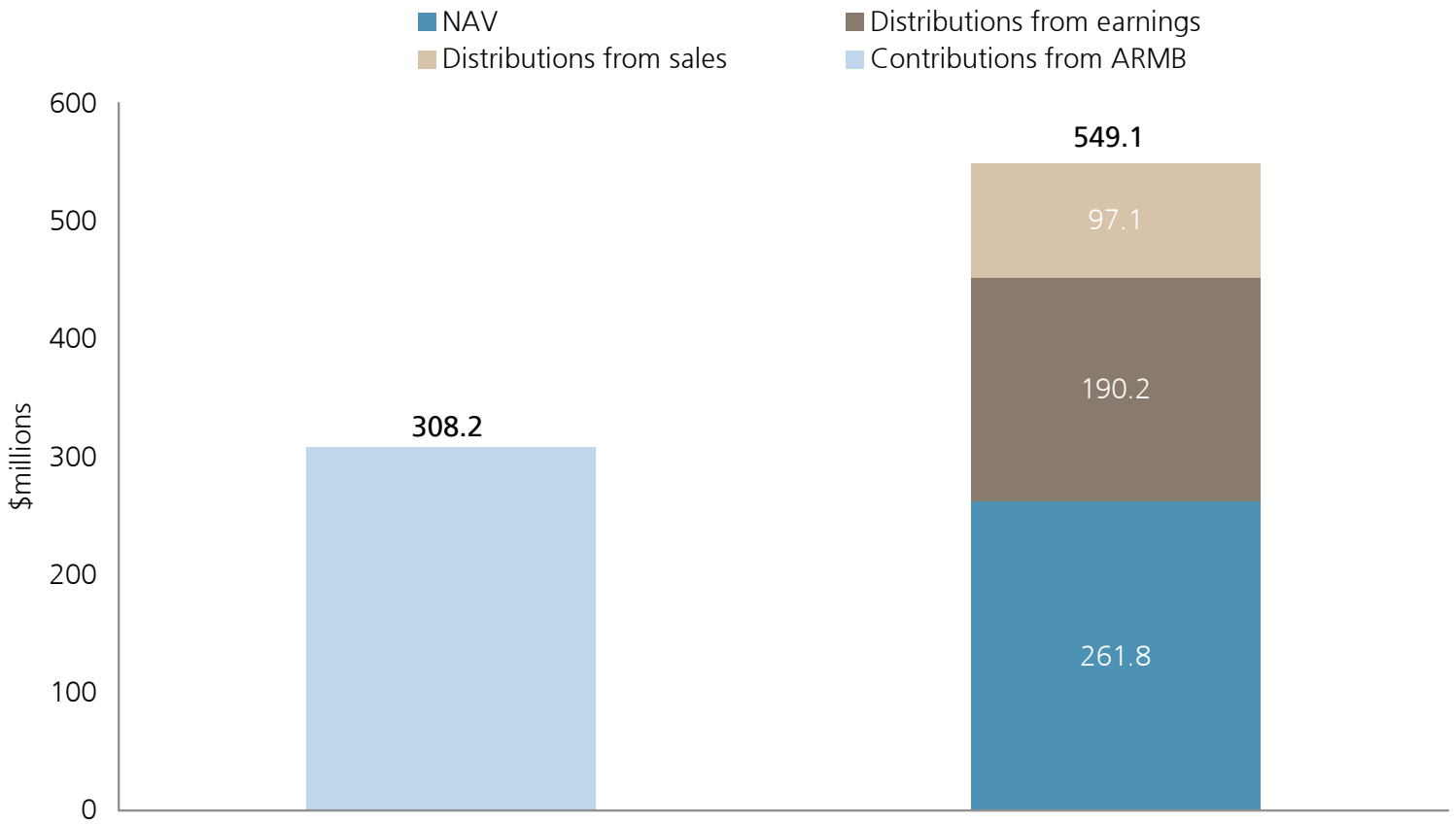
Portfolio distribution by geographic region[1]



Percentages may not sum due to rounding
Geographic regions as defined by NCREIF
[1]Distributions weighted by market value

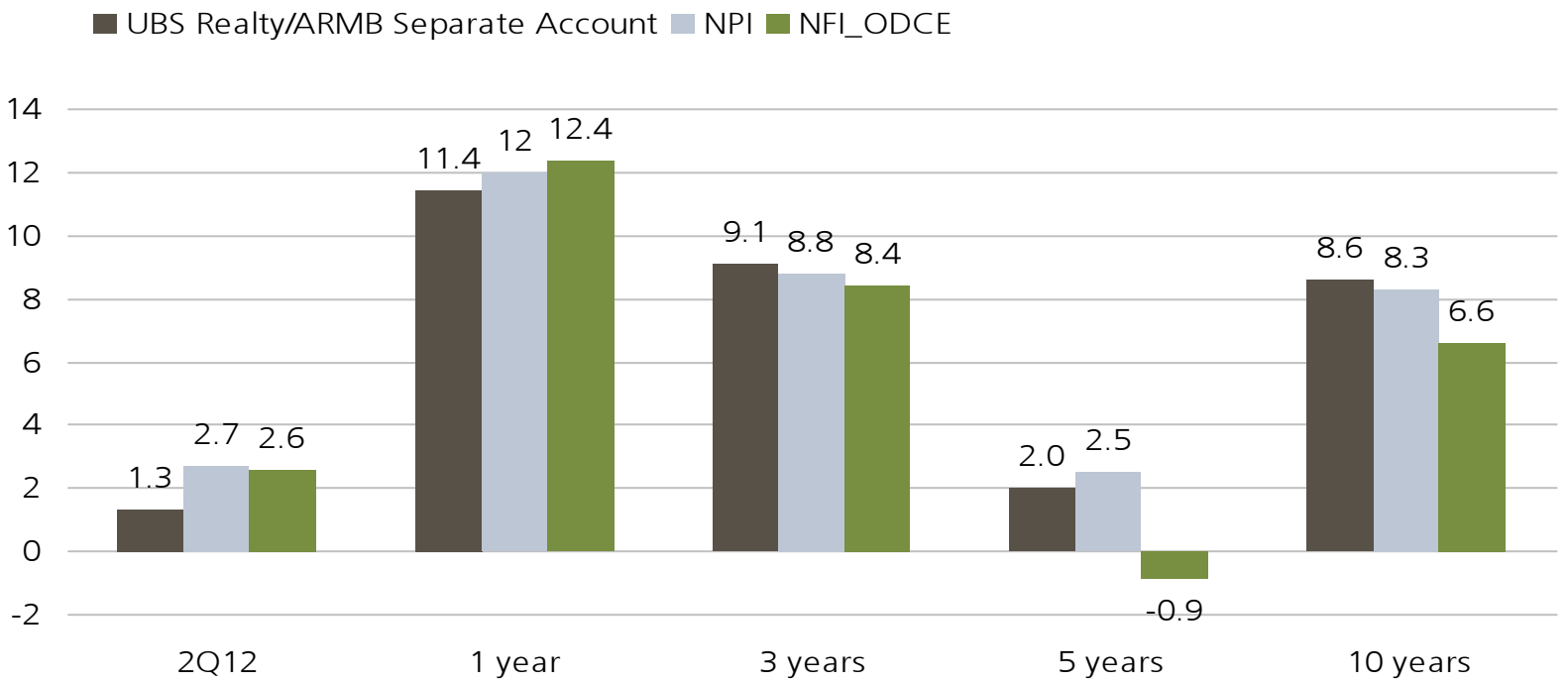
UBS Realty/ARMB Separate Account – *capital flows*

As of June 30, 2012



UBS Realty/ARMB Separate Account - NPI and ODCE Index

Periods ended June 30, 2012



UBS Realty/ARMB Separate Account total returns for the quarter, one-, three-, five- and 10-year periods after the deduction of management fees through 6/30/12 were 1.12%, 10.74%, 8.38%, 1.38% and 7.88%, respectively. Additional information on fees is available upon request.

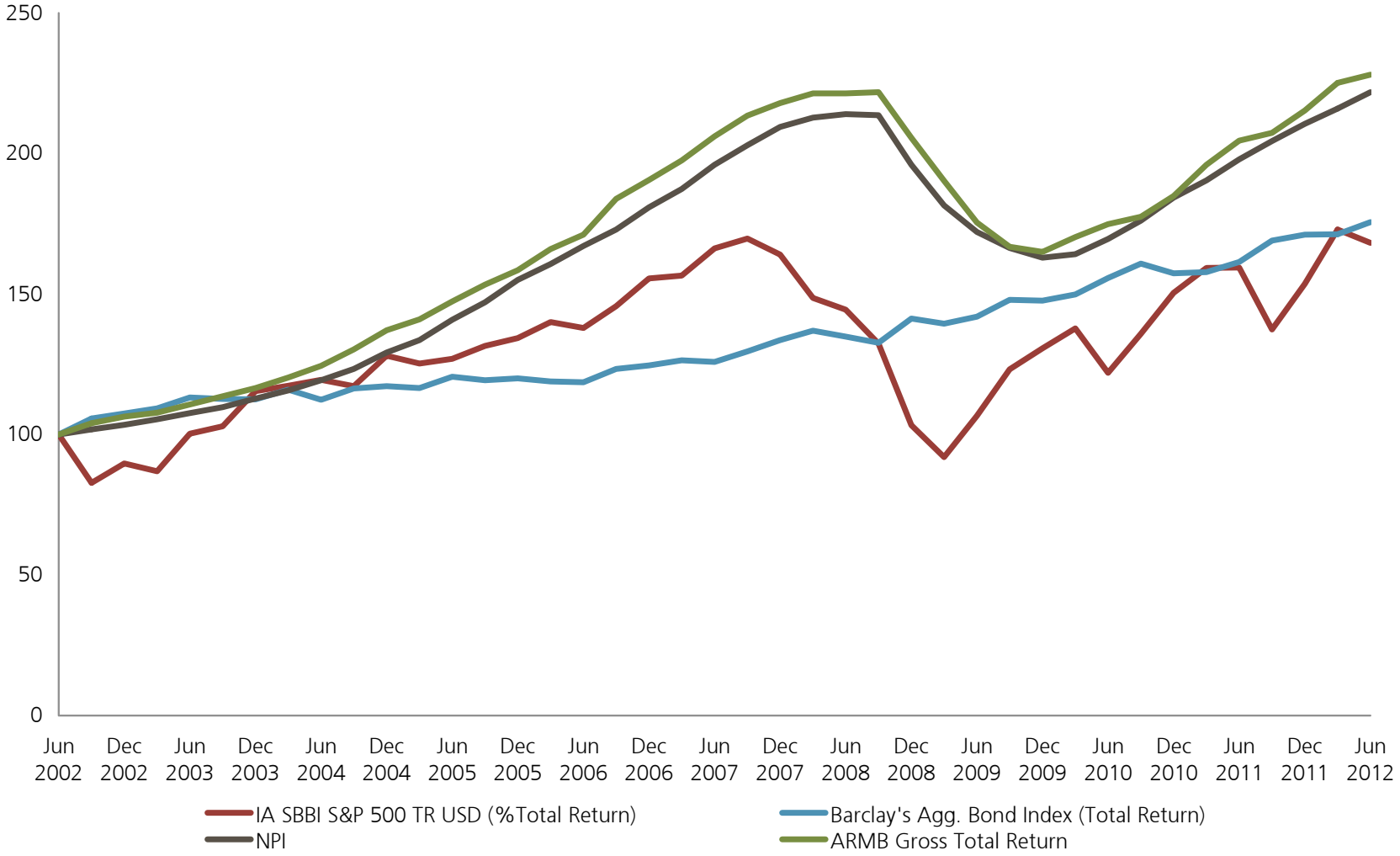
The NPI consists of 7,299 properties valued at $310.7 billion as of June 30, 2012. The NPI is dollar-weighted and time-weighted and reflects reinvestment of income. It consists of existing properties only (development projects and participating mortgages are excluded), is unleveraged, and excludes cash and other non-property related assets, liabilities, income, and expenses such as management fees. The NCREIF Fund Index-Open End Diversified Core Equity ("NFI-ODCE") is a fund-level capitalization-weighted index beginning as of the first quarter of 1978, inclusive. The NFI-ODCE returns are time-weighted, include cash balances and leverage, and are presented gross of fees. As of June 30, 2012 the NFI-ODCE report consisted of 18 active funds with total net assets of $83.8 billion. Past performance is not indicative of future results and the possibility of loss does exist.

Dated: September 5, 2012

UBS

UBS Realty/ARMB Separate Account - *wealth index comparison*

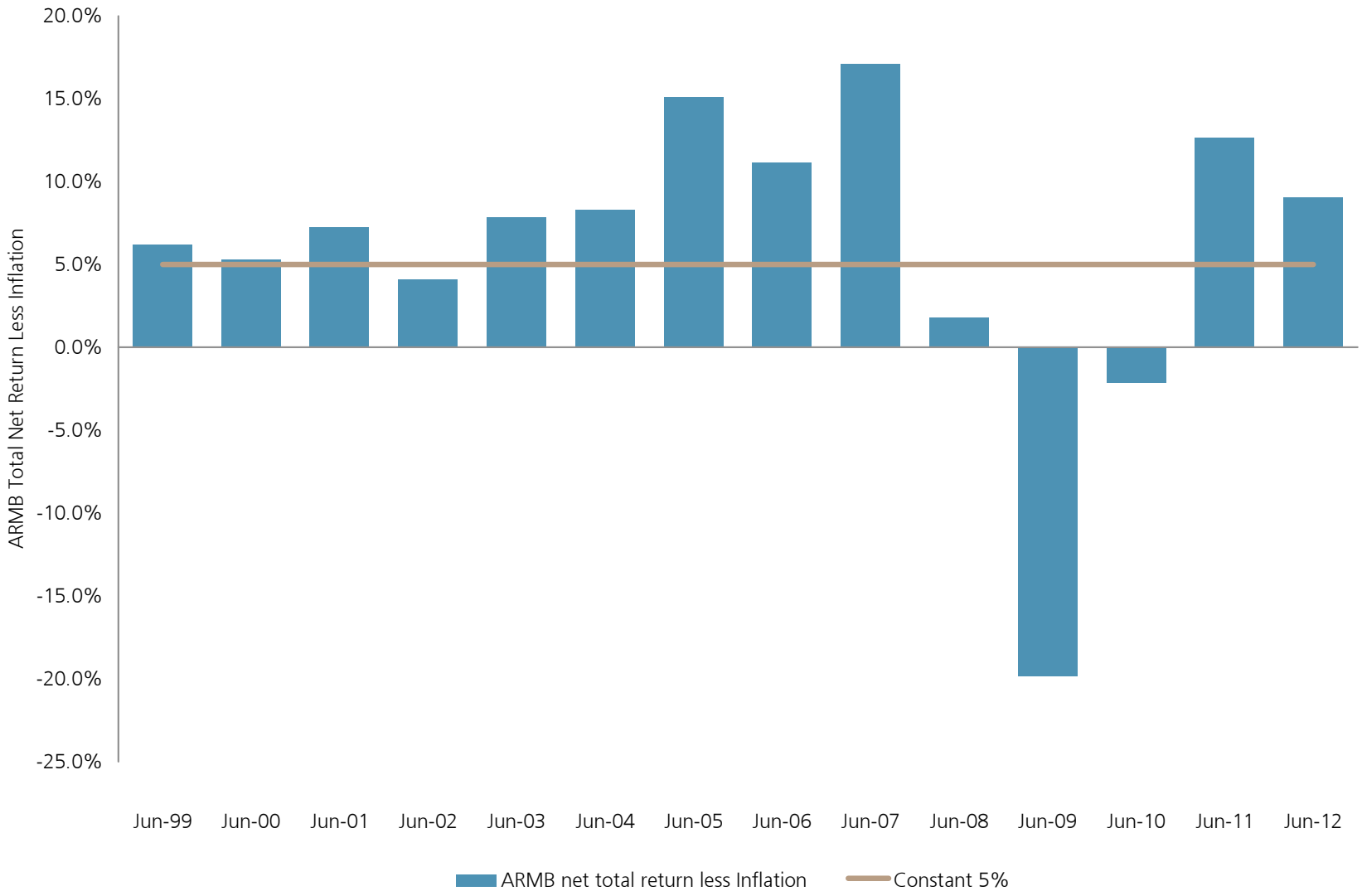
Ten years ended June 30, 2012



Note: Each return series indexed at 100 as of June 2002. ARMB total returns are before management fees.

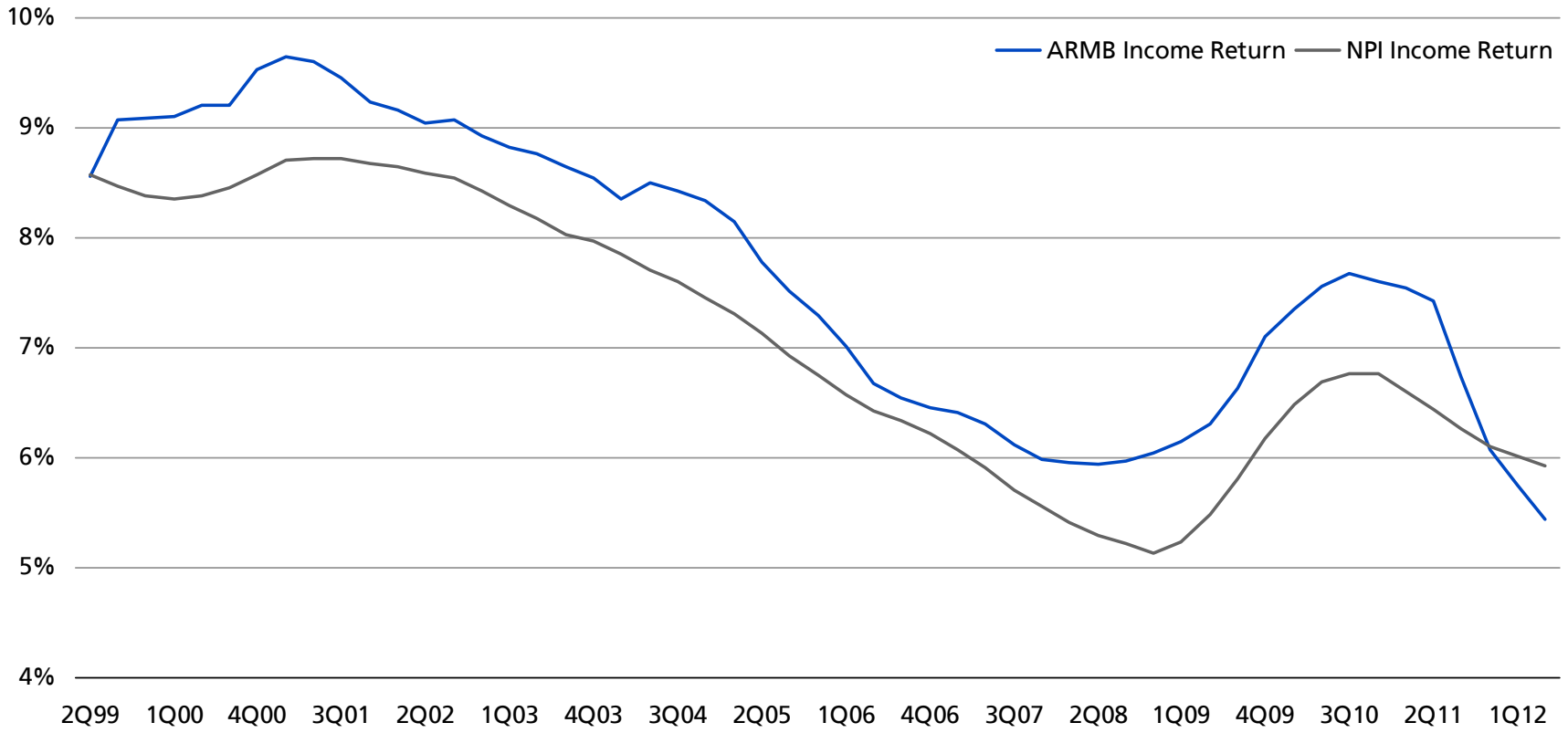
UBS Realty/ARMB Separate Account - *real return comparison*

As of June 30, 2012



UBS Realty/ARMB Separate Account - *income returns*

Rolling Four-Quarter Income Return



Note: Income returns are before management fees.

UBS Realty/ARMB Separate Account - *recent highlights*

- Renewed Class 6(b) tax abatement program for West 55th Street for a 12-year period in exchange for an upfront impact fee. Estimated net tax savings of $5.8 million over the next 12 years.
- Commercial leasing totaling 1,120,906 square feet in 21 transactions completed since July 2011, including:
  - A 37-month lease renewal with DSC for the 603,050 square foot Gateway Distribution Center.
  - Early lease renewal with Wells Gardner for 104,110 square feet at West 55th Street, extending the lease maturity date to April 2016.
- Unit interior upgrade program underway at Remington at Lone Tree at a cost of $12,500 per unit. Program is generating a 17% return on incremental cost.
- Resumed modest unit interior upgrade program at Springbrook Apartments. Upgrade cost of $3,520 per unit generating a 20% return on incremental cost.

UBS Realty/ARMB Separate Account - *summary*

- High-quality, core portfolio
- No debt
- History of strong income returns
- Leasing efforts expected to drive net operating income increase of 54% over next 3 years

UBS Realty/ARMB Separate Account – *apartment properties*

Remington at Lone Tree
Lonetree, CO

Springbrook Apartments
Renton, WA

UBS Realty/ARMB Separate Account - *industrial properties*

Gateway Distribution Center
Roanoke, TX

Memphis Industrial Park
Memphis, TN

West 55th Street
McCook, IL

Winton Industrial
Hayward, CA

UBS Realty/ARMB Separate Account - *office properties*

One Maroon Circle
Englewood, CO

Two Maroon Circle
Englewood, CO

400 Crown Colony Drive
Quincy, MA

UBS Realty/ARMB Separate Account - *retail properties*

Winston Park Shopping Center
Coconut Creek, FL

Westford Valley Marketplace
Westford, MA

UBS Realty/ARMB Separate Account *properties*

As of June 30, 2012

Property	Prop Type	Acq. Date	Net Rent. Sq.ft/units	Market Value ($mil)	% Leased
Two Maroon Circle Englewood, CO	O	3/00	85,681	$ 11.7	100
One Maroon Circle Englewood, CO	O	5/99	85,660	7.0	78
Memphis Ind. Park Memphis, TN	I	12/99	900,000	21.3	0
Remington at Lone Tree Lone Tree, CO	A	8/99	232 units	32.2	99
Gateway Dist. Ctr. Roanoke, TX	I	7/99	603,050	21.8	100
Springbrook Apartments Renton, WA	A	10/00	160 units	34.6	96
West 55th Street McCook, IL	I	8/01	367,870	27.1	74

UBS Realty/ARMB Separate Account *properties*

As of June 30, 2012

Property	Prop Type	Acq. Date	Net Rent. Sq.ft/units	Market Value ($mil)	% Leased
Winston Park S.C.[(1)] Coconut Creek, FL	R	10/98	67,787	$ 12.0	87
Westford Valley [(1)] Westford, MA	R	5/99	143,524	29.8	88
Winton Industrial Park [(1)] Hayward, CA	I	10/99	825,808	51.0	73
400 Crown Colony Quincy, MA	O	10/05	118,325	13.1	82
Total				$261.6	80%

Notes:

(1) Property originally acquired by PMRealty; transferred to Account effective October 1, 2003 based upon September 30, 2003 independent appraisal value.

SECTION 3

UBS Trumbull Property Fund (TPF)

UBS

ARMB *deposits and distributions*

UBS Trumbull Property Fund
September 1980 through June 30, 2012

Date	Deposits	Distribution/ Withdrawals	Market value 6/30/12
	$ in thousands		
1980	$ 7,500		
1981	7,501		
1995		$ 886	
1996	30,000	945	
1999		21,025	
2000		33,388	
2001		3,338	
2002		2,984	
2003		2,886	
2004		2,789	
2005		679	
2008		2,332	
2009		7,328	
2010		2,245	
2011		2,166	
2012		1,105	
Total	$45,001	$84,096	$76,339

UBS

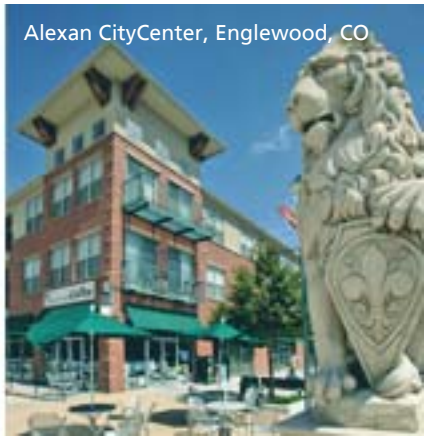
UBS-TPF *highlights*

As of June 30, 2012

- Core, open-end, direct US real estate fund
- USD 13.4 billion in gross assets
- 170 investments, 343 investors
- Quarterly income distribution option: 4.2%*
- 13.1% leverage on Gross Asset Value
- 7.85% annualized 10-year return

Pleasanton Corporate Commons, Pleasanton, CA

Meridian Business Campus, Weston, FL

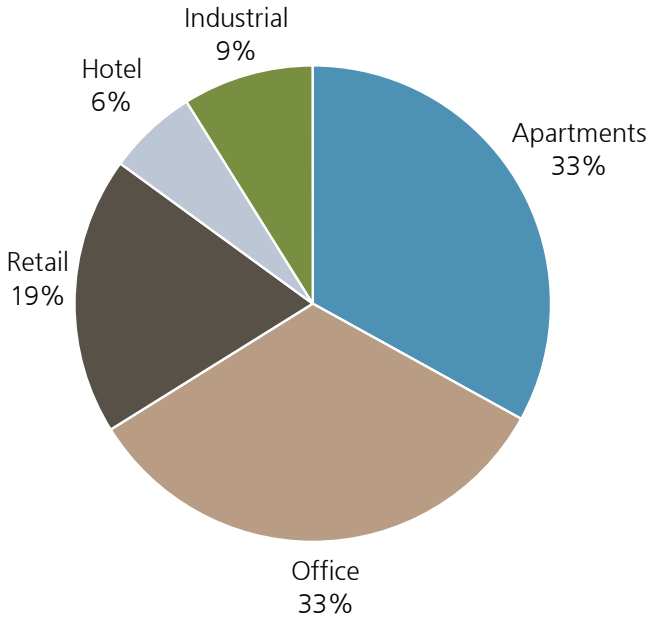

Alexan CityCenter, Englewood, CO

Source: UBS Global Asset Management, Global Real Estate - US
* Distribution return provided is a one-year gross rolling return.
Notes: Return supplements the Firm's Equity composite previously provided or included herein. See required notes page at the end of this section or presentation. Past performance is not indicative of future results.
Updated: July 12, 2012

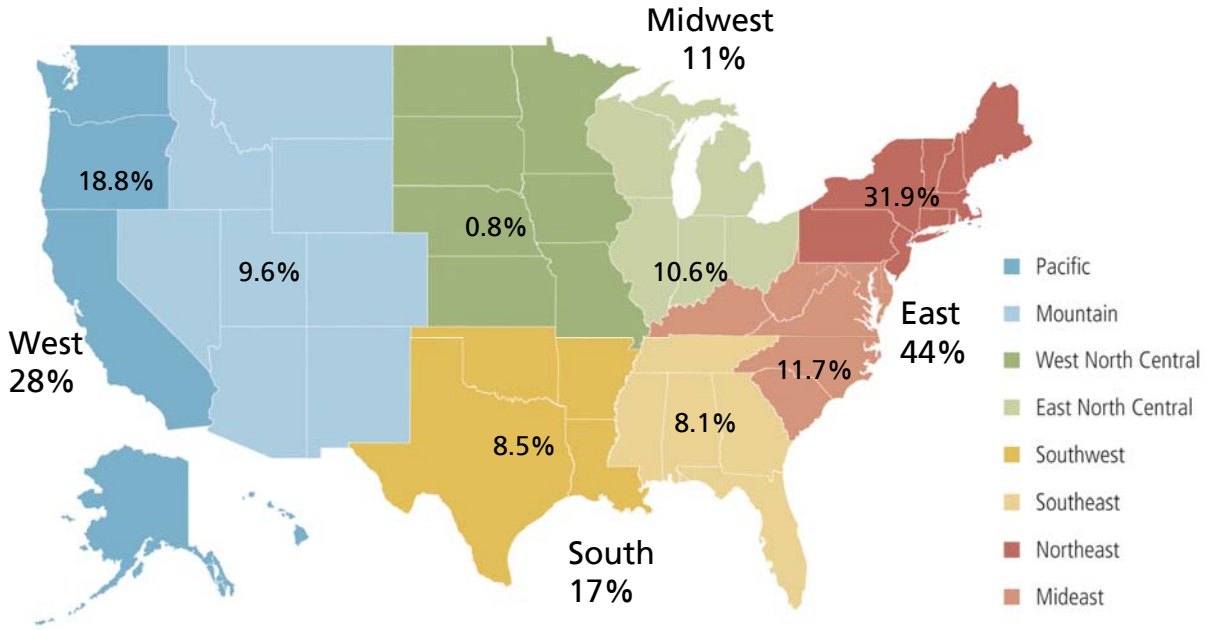
UBS-TPF *portfolio distribution*

As of June 30, 2012

Assets by property type



Assets by geographic division

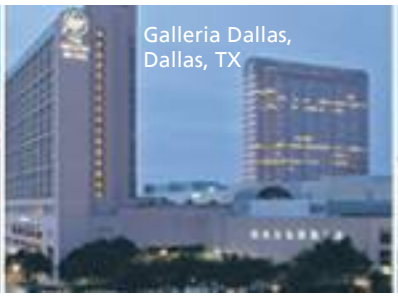


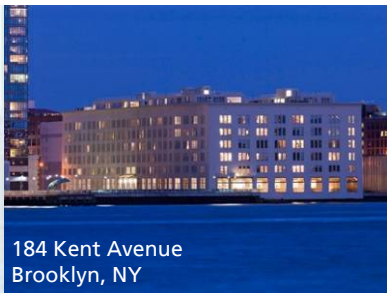
Source: UBS Global Asset Management, Global Real Estate – US
Notes: Percentages may not sum due to rounding. Geographic divisions as defined by NCREIF. Percentages are based on gross market value of real estate investments.
Updated July 17, 2012

UBS-TPF *ten largest assets*

As of June 30, 2012

Property name	Property type	Location	Gross market value (USD mil)	% Portfolio
53 State Street	Office	Boston, MA	616.0	4.9%
CambridgeSide Galleria	Retail	Boston, MA	453.2	3.6%
Galleria Dallas	Retail	Dallas, TX	430.0	3.4%
Liberty Green-Liberty Luxe	Apartments	New York, NY	415.0	3.3%
135 West 50th Street	Office	New York, NY	410.0	3.2%
35 West Wacker	Office	Chicago, IL	377.2	3.0%
120 Broadway	Office	New York, NY	359.1	2.8%
Columbia Center	Office	Washington, DC	254.0	2.0%
Shops at Montebello	Retail	Los Angeles, CA	241.3	1.9%
184 Kent Avenue	Apartments	New York, NY	213.0	1.7%
			3,768.8	**29.8%**





Source: UBS Global Asset Management, Global Real Estate - US
Updated July 17, 2012

UBS-TPF *2012 strategy*

Liberty Green, New York, NY

Vistas at Hackberry Creek, Irving, TX

Northwinds Crossing, Hobart, IN

- Acquisitions
  - Continue to pursue quality
  - Flexibility in structure, capacity for value-added
- Asset management
  - Continued income focus, selectively increase rents
  - Manage expense growth, focused capital programs
- Dispositions
  - Enhance quality of fund through strategic sales
- Financing
  - Actively manage 2012 and 2013 debt maturities

Updated December 6, 2011

UBS-TPF *positioning*

As of June 30, 2012

- 93% leased
- 3% of commercial leases expiring during the remainder of 2012
- Value-added exposure approximately 6.8%
- Registered interest list

Stamford Town Center, Stamford, CT

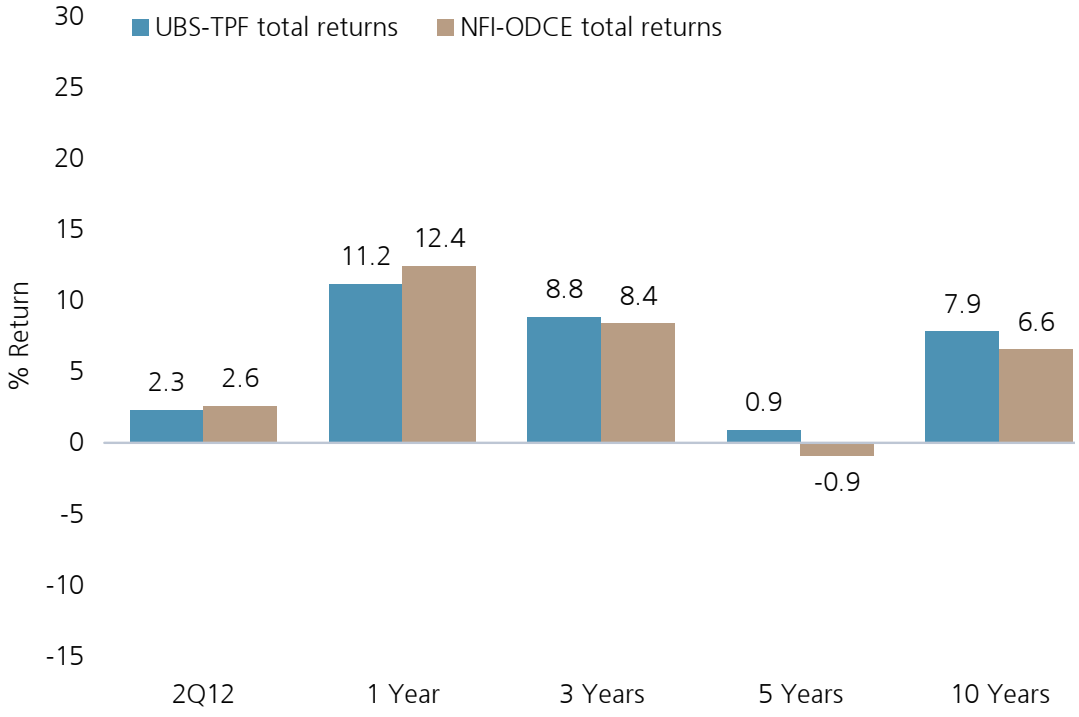
The Charleston at Boca Raton, Boca Raton, FL

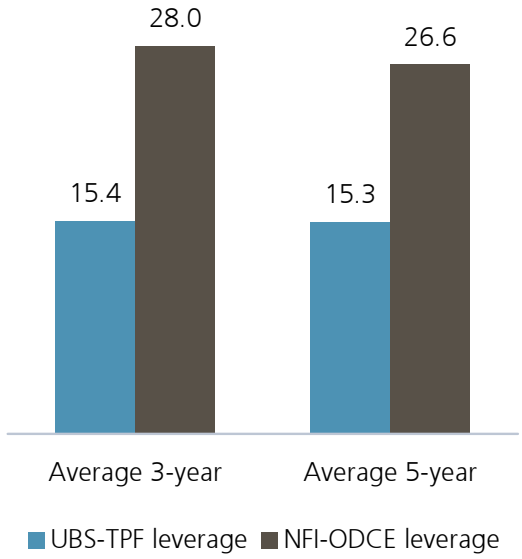
Source: UBS Global Asset Management, Global Real Estate - US
Notes: Leasing numbers exclude hotels, properties in initial lease-up, development and redevelopment properties.
Updated July 23, 2012

UBS-TPF *relative performance objective*

Seek to outperform the NFI-ODCE index over any given 3- to 5-year period

As of June 30, 2012



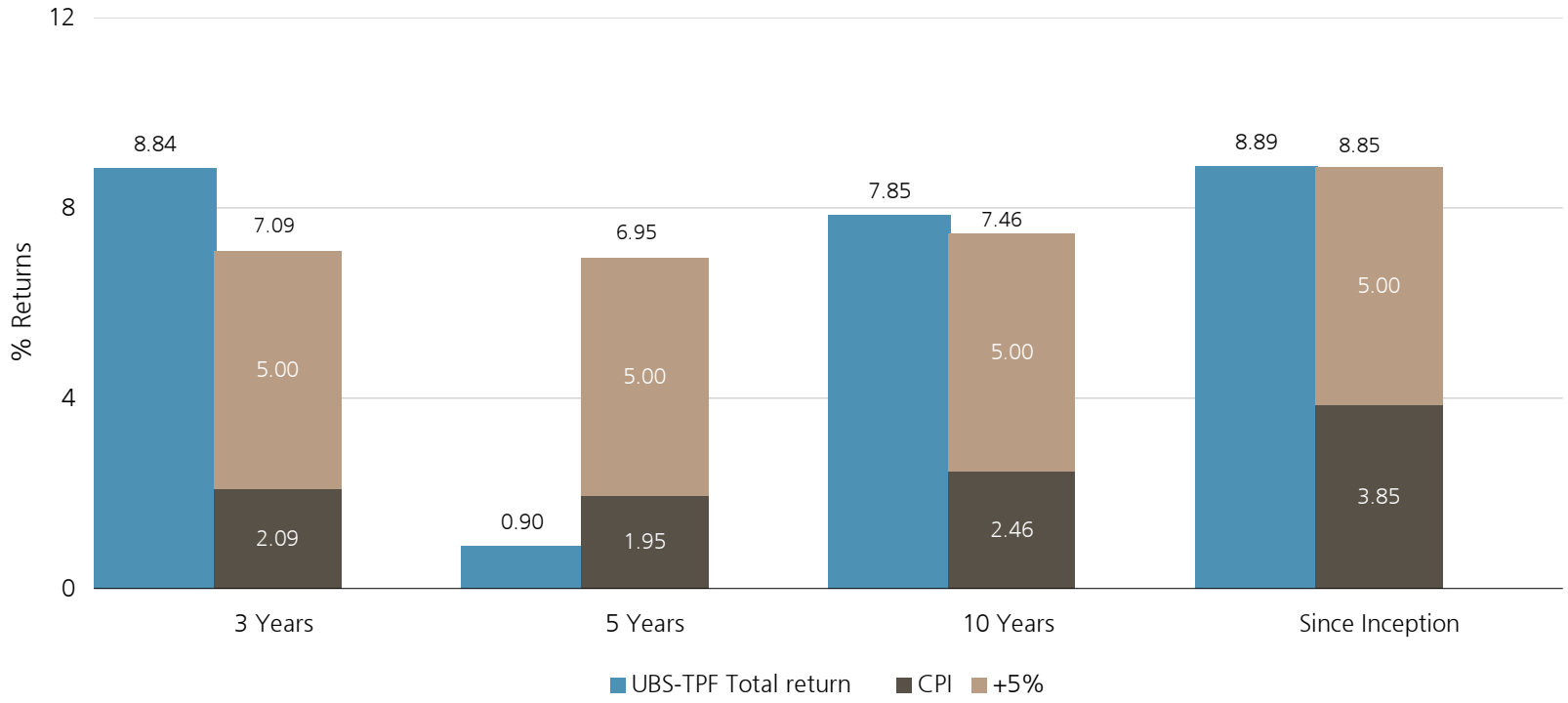


Source: UBS Global Asset Management, Global Real Estate – US and NCREIF is the source of NFI-ODCE
Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. See required disclosures slide at the end of this section or presentation. Leverage is shown as a percentage of Gross Asset Value. Past performance is not indicative of future results.
Updated July 31, 2012

UBS-TPF *real return performance objective*

Seek to provide at least a 5% real rate of return, before management fees, over any given 3- to 5-year period

As of June 30, 2012



Source: UBS Global Asset Management, Global Real Estate – US, and the source of CPI is Bureau of Labor Statistics.
Notes: CPI is the Consumer Price Index, an inflationary indicator of the standard of living in the US. It is also referred to as the "cost of living" index.
Returns supplement the Firm's Equity Composite previously provided or included herein. See required disclosures slide at the end of this section or presentation. Fund Inception date January 13, 1978. Past performance is not indicative of future results.
Updated July 23, 2012

UBS-TPF *competitive advantages*

Columbia Center, Washington, DC

- Consistent core strategy execution
- Competitive performance record
- Research/proprietary diversification model
- Significant apartment allocation
- Fund size and market presence
- Management fee tied to performance
- Team continuity and experience

Updated January 6, 2012

SECTION 4

Biographies/exhibits

UBS

Thomas J. Anathan, CPA

Head of Portfolio and Client Services Unit
Managing Director

Years of investment industry experience: 39

Education: Williams College (US), BA;
Wharton School, University of Pennsylvania (US), MBA

- Tom Anathan is Head of the Portfolio and Client Services Unit for the US real estate business of UBS Global Asset Management. He has significant client and consultant relationship responsibilities including marketing the company's capabilities to both commingled and individual account clients.
- In the past, he has had portfolio management responsibilities for both domestic and European clients. Tom also serves on the Strategy Team and Investment Committee. He joined the firm's predecessor organization in 1975.
- Tom is currently a member of the National Council of Real Estate Investment Fiduciaries (NCREIF). He participated in the formation of NCREIF and its research foundation. He served as president of NCREIF in 1991 and 1992 and was a member of the Board of Directors for six years. He was also a past chairman of the NCREIF Research Committee. Tom is a current member of the Pension Real Estate Association (PREA).
- Prior experience includes working for a real estate consulting and development firm. Tom has been a speaker at institutional investor seminars, NCREIF meetings and PREA conferences.

Dated: May 2012

Jeffrey G. Maguire, CFA

Senior Portfolio Manager
Managing Director

Years of investment industry experience: 29

Education: University of Connecticut (US), BA; Wharton School, University of Pennsylvania (US), MBA; Yale Law School (US), JD

- Jeff Maguire, Senior Portfolio Manager, is a member of the Investment Committee, the Strategy Team and chairs the Performance Measurement and Reporting Committee.
- Before joining the company's predecessor organization in 1997, Jeff served as Senior Investment Officer - Real Estate for the Massachusetts Pension Reserves Investment Board (PRIM), where he managed its core and non-core real estate portfolios.
- Prior to his public service with PRIM, Jeff worked for Travelers Realty Investment Company, managing real estate equity and debt portfolios and restructuring debt transactions. He also managed the company's three largest borrower relationships in the New England region.
- Jeff is a member of the board of the National Multi Housing Council and a former board member of the Pension Real Estate Association (PREA). He is admitted to practice law in Connecticut. Jeff is a member of the CFA Institute.

Dated: March 2012

Peter J. Gilbertie

Portfolio Manager
Director

Years of investment industry experience: 25

Education: University of Connecticut (US), BS

- Pete Gilbertie, Portfolio Manager, was previously responsible for the review of independent appraisals and internal valuations across the company's portfolio. He also provided technical and underwriting support to the Portfolio Management, Acquisitions, Sales and Asset Management areas.
- Prior to joining the firm's predecessor organization in 1997, Pete spent nine years as a real estate analyst and appraiser, including eight years with New England's largest commercial appraisal firm, Edward F. Heberger & Associates, where he held the position of Senior Appraiser.
- He is a former Connecticut State Certified General Real Estate Appraiser and has been qualified as an expert witness in both the Connecticut Superior and Federal Bankruptcy Courts on matters of real property valuation.

Dated: March 2012

Matthew H. Lynch

Head of Global Real Estate – US
Managing Director

Years of investment industry experience: 28

Education: Harvard College (US), AB;
Boston University School of Law (US), JD

- Matt Lynch is responsible for the Global Real Estate – US investment management business of UBS Global Asset Management. He joined in 1996 as General Counsel and a member of the senior management team. Matt has been a member of the Investment Committee since 1996 and its Chair since 2004. He has also been a member of the Global Real Estate Management Committee since inception, participating in all strategic decisions of the firm.
- Previously Matt headed the Legal Department from 1996 to 2004, where he had responsibility for legal and compliance issues, the development of products for Real Estate – US, as well as assisting in the establishment of the company's global real estate organization.
- Matt joined Aetna Life Insurance Company's Law Department in 1994. He was Counsel in the Real Estate Investment Practice Group until he joined the company's predecessor organization. He was previously a Partner in the Boston law firm of Hale and Dorr for 10 years, practicing Real Estate and Environmental law.
- Matt is admitted to practice law in Connecticut and Massachusetts. He is a member of the National Association of Real Estate Investment Managers; the Real Estate Roundtable; and the Real Estate Finance Association.

Dated: February 20, 2012

William T. Hughes, Jr., PhD, CFA

Global Head of Research & Strategy, Global Real Estate
Managing Director

Years of investment industry experience: 17

Education: Georgia Institute of Technology (US), BIE;
University of Georgia (US), MBA, PhD

- Bill Hughes is the Global Head of Real Estate Research & Strategy. He is responsible for coordinating regional research and strategies, working closely with the research teams, portfolio managers, acquisitions and asset management groups. He directly leads the US team, providing economic, capital market, and real estate market analyses, as well as developing investment strategies and conducting portfolio analysis. He is Chairman of the US Strategy Team and a member of the US Investment Committee.
- Before joining UBS in 2005, Bill was a Director of Investment Strategy at Blackrock, Inc. (formerly SSR Realty Advisors) for two years, where he delivered research, portfolio analysis and investment strategy to institutional investors.
- Bill also held positions as President of Delphi Investment Advisors and Vice President of Research and Portfolio Management at Associated Estates Realty Corporation/MIG Realty Advisors, Inc.
- Prior to these positions, Bill was an Assistant Professor - Harrison Lecturer at Louisiana State University.
- Bill is a Counselor of Real Estate.

Dated: March 2012

UBS Realty Investors Total Composite

Year	Year-end Number of accounts	Year-end Composite Net Assets (USD millions)	Year-end Total Firm Net Assets (USD millions)	Gross of fees (%) Income return	Gross of fees (%) Appreciation (depreciation)	Gross of fees (%) Total return	Benchmark return (%)	Net of fees (%) Total return	Range of Gross Returns (%) Max	Range of Gross Returns (%) Min	Asset weighted standard deviation
2002	12	6,241	7,265	8.36	1.02	9.45	5.54	8.55	27.7	2.3	3.63
2003	11	7,028	7,964	7.89	1.08	9.04	9.28	8.11	13.4	(7.5)	2.63
2004	10	8,154	9,182	7.37	7.12	14.87	13.06	13.81	25.8	9.2	2.58
2005	10	9,867	10,910	6.78	12.69	20.10	21.39	19.03	38.2	14.1	3.19
2006	11	12,670	13,940	6.03	10.74	17.25	16.32	16.14	40.6	13.9	2.07
2007	10	13,551	14,798	5.20	8.64	14.16	15.97	13.11	38.6	11.7	2.80
2008	10	11,822	13,285	5.03	(11.61)	(7.01)	(10.01)	(7.79)	(1.3)	(41.0)	2.64
2009	10	9,042	10,232	6.49	(27.32)	(22.21)	(29.76)	(22.85)	(11.8)	(62.2)	4.17
2010	9	10,903	12,107	6.93	9.90	17.34	16.36	16.30	42.0	4.7	3.21
2011	9	13,892	15,241	5.52	8.24	14.09	15.99	13.00	35.3	8.6	2.71

1. Compliance Statement Global Real Estate - US claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Global Real Estate - US has been independently verified for the periods from 1993 to 2011. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The UBS Realty Investors Total Composite has been examined for the periods January 1, 1997 through December 31, 2011. Verification does not ensure the accuracy of any specific composite presentation. The verification report is available upon request.

2. The Firm The Firm is defined as UBS Realty Investors LLC and UBS AgriVest LLC, together Global Real Estate – US. Both entities are registered with the US Securities and Exchange Commission as investment advisors. Prior to January 1, 1999, UBS AgriVest LLC was a stand-alone firm and each firm was defined separately. On January 1, 2001, the real estate investment management activities of UBS Global Asset Management (New York) Inc. (a provider of non-discretionary investment management services to non-US clients) were integrated into the Firm.

3. The Composite The UBS Realty Investors Total Composite (the "Composite") was created in 1999. Prior to 2006, the Composite name was the UBS Realty Investors Composite. All results are presented in US dollars. A complete list and description of Firm composites is available upon request. The Composite comprises all fee-paying, non-taxable discretionary accounts that invest in real estate including, but not limited to, the following property types: apartments, office, retail, industrial, and hospitality. The strategy of the accounts in the Composite is to acquire investments in US commercial and multifamily real estate (core and value-added properties) expected to provide attractive risk-adjusted returns consisting of current income and capital appreciation. As of December 31, 2011, mortgage assets constituted USD1.9 billion of the Composite Net Assets. Since October 2003, a sub-adviser has managed cash for some of the pooled accounts included in the Composite; previously the sub-adviser was the direct investment manager for the cash. Initially, accounts must have at least USD 30 million in commitments or assets, including debt, to be included in the Composite. Composite dispersion for any year is represented by both the range and the asset-weighted standard deviation of the gross total returns of the accounts that were in the Composite for the entire calendar year. Discretion is broadly defined as the Firm having discretion over the selection, capitalization, asset management, and disposition of investments within the parameters of a given mandate.

UBS Realty Investors Total Composite

4. Valuation An independent appraisal of the underlying real estate for each investment is performed at least annually and includes a complete property inspection and market analysis. Starting October 1, 2009, independent appraisals are generally completed every quarter for most of the underlying real estate investments. For real estate investments that are held in funds where appraisals are not performed on a quarterly basis, the underlying real estate is scheduled to be appraised either once or twice a year. In the interim quarters, updated property and market information is reviewed. If this review indicates a potential material change in the value, the valuation is then updated by the independent appraiser. If this review indicates that any change in value is likely not material, the value is determined to remain unchanged. Valuations of real estate and debt use significant unobservable inputs. In general, each annual property appraisal includes at least an income approach using a discounted cash flow model and a sales comparison approach, which are considered in determining a final value conclusion. All appraisals are certified by members of the Appraisal Institute who hold the MAI designation. Third party debt is stated at fair value. The valuation of debt is taken into consideration when determining the estimated fair value of the equity in the related investment. During calendar years 2007, 2008, 2009, 2010 and 2011 the percentages of assets externally valued were 95%, 99%, 100%, 100% and 100%, respectively.

5. Calculation of Performance Returns reflect the impact of leverage, which averaged approximately 13.87% of gross asset value (net asset value plus debt) during 2002 through 2011, and approximately 14.73% in 2011. Leverage has consisted primarily of mortgage loans payable with the related property serving as the collateral. The extent to which leverage is used varies by account strategy and may include either portfolio or property level debt. Expenditures, including tenant improvements and leasing commissions that extend the useful life or represent additional capital investments benefiting future periods, are capitalized as a component of cost. Annual returns are time-weighted rates of return calculated by linking quarterly returns. The sum of income and appreciation or depreciation may not equal total returns due to the linking of quarterly returns. Gross of fees returns are presented before all management fees, but after third-party expenses. Net returns are presented net of the management fees and third-party expenses. All returns are presented before any applicable insurance company contract charges in effect on certain funds through February 29, 2008. The policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

6. Investment Management Fees Management fees differ by account and reflect the complexity and value of services chosen, anticipated size, and the number and type of investments involved. Depending upon the services, the fee may represent any one or a combination of: fixed flat amounts; a percentage of purchase price, earnings, assets under management, or of sales proceeds; or incentive fees based on performance. Please see the fee schedule(s) appropriate to the product or services being presented, included in the body of the presentation.

7. Benchmark Effective May 2009, the Firm changed the benchmark retroactively from the property-level NCREIF Property Index ("NPI") to a fund-level Index, the NCREIF Fund Index-Open End Diversified Core Equity ("NFI-ODCE" or the "Index"). The Firm believes a fund-level index provides a more meaningful comparison for a fund-level composite. The NFI-ODCE, first published mid-2005, is a capitalization-weighted, time-weighted, fund-level return index beginning as of the first quarter of 1978, inclusive. It is presented gross of fees. As of December 31, 2011, the NFI-ODCE consisted of 18 active funds with total net assets of USD 77.5 billion.

8. Market Conditions The real estate market expressed extremes during the past decade. Performance was weak in all sectors other than retail in the aftermath of the 2001 recession. Fundamental recovery following the recession, along with a dramatic increase in the availability and reduction in the cost of debt capital, propelled commercial and multifamily performance to the highest level in NCREIF history. Dating back to 1978, 2005 was the calendar year with the highest total return in the index. A worldwide credit crisis followed, initiating a new recession during 2008 and causing an evaporation of liquidity in most asset classes, including commercial real estate. This turned total returns negative, producing the lowest total return in history during the calendar year of 2009. The years 2010 and 2011 reflect a period of recovery from the 2008 recession and total returns have been above the long-term average rate. While the recovery portion of returns fade, the fundamentals continue to stabilize and the markets appear to be moving toward equilibrium.

Note: Past performance is not indicative of future results.
Updated: June 25, 2012

Required notes

The Total Composite returns include all pooled and individual discretionary accounts investing in core and value-added equity and equity-oriented investments using varying degrees of leverage. Accounts are managed with the objective of providing attractive risk adjusted returns consisting of current income and capital appreciation.

As of June 30, 2012 returns for the quarter, one-, three-, five- and 10-year periods after the deduction of management fees, but before the deduction of contract charges in effect on some funds through 2/29/08 were 2.34%, 10.64%, 8.37%, 0.42% and 7.12%, respectively. Additional information on fees is available upon request.

The Equity Composite returns include all pooled and individual discretionary accounts investing in core and value-added equity and equity-oriented investments using varying degrees of leverage. Accounts are managed with the objective of providing attractive risk adjusted returns consisting of current income and capital appreciation.

As of June 30, 2012 returns for the quarter, one-, three-, five- and 10-year periods after the deduction of management fees, but before the deduction of contract charges in effect on some funds through 2/29/08 were 2.26%, 10.65%, 8.24%, 0.08%, and 7.09%, respectively. Additional information on fees is available upon request.

The NCREIF Fund Index-Open End Diversified Core Equity ("NFI-ODCE") is a fund-level capitalization-weighted index beginning as of the first quarter of 1978, inclusive. The Total Composite and NFI-ODCE returns are time-weighted, include cash balances and leverage, and are presented gross of fees. As of June 30, 2012 the NFI-ODCE report consisted of 18 active funds with total net assets of USD 83.8 billion.

The NPI consists of 7,299 properties valued at USD 310.7 billion as of June 30, 2012. The NPI is dollar-weighted and time-weighted and reflects reinvestment of income. It consists of existing properties only (development projects and participating mortgages are excluded), is unleveraged, and excludes cash and other non-property related assets, liabilities, income, and expenses such as management fees.

Please note that past performance is not a guide to the future. The value of investments and the income from them may go down as well as up, and investors may not get back the original amount invested.

Updated July 31, 2012

Risks

- Investors should be aware that return objectives are subject to a number of assumptions and factors, a change in any of which could adversely affect returns. Accordingly, investors should note the limitations of an objective.
- Investments in direct real estate and real estate funds involve a high degree of risk. For instance, events in 2008 and 2009 such as the deterioration of credit markets and increased volatility have resulted in a historically unprecedented lack of liquidity and decline in asset values. The value of investments and income from them may increase or decrease. Investors must have the financial ability and willingness to accept and bear the risks (including, among other things, the risk of loss of investment) that are characteristic of real estate investing and investing in commingled fund for an indefinite period of time. Among the risks to be considered are:
  - **Risks of investing in real estate.** Risks include adverse changes in market and economic conditions, zoning, and other governmental laws, regulations, and policies, occupancy levels and the ability to lease space, and environmental risks, and risk of uninsured loses.
  - **Debt investment risk.** Risk includes risks of borrower defaults, bankruptcies, fraud and special hazard losses that are not covered by standard hazard insurance
  - **Restrictions on redemption and transferability of shares or units; illiquidity.** Real estate is an illiquid investment and the account may not be able to generate sufficient cash to meet withdrawal requests from investors.
  - **Reliance on controlling persons and third parties.** The exercise of control over an entity can impose additional risks and the fund can experience a significant loss. The risk of third parties includes a conflict between their objectives and those of the account or fund.
  - **Use of leverage.** Leverage will increase the exposure of the real estate assets to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the properties or their respective markets and changes in interest rates
  - **Legal & Taxation.** Investors should consult their own legal and tax advisers for potential US and/or local country legal or tax implications on any investment
  - **Currency risk.** The funds and accounts managed by UBS Realty Investors LLC are denominated in US Dollars. There is a potential for loss due to currency fluctuations for non-US investors.
  - **Lack of diversification**. Individually managed accounts and funds in their initial investment periods may have investments that are relatively large compared to the account's or fund's anticipated total value. Any limit to diversification increases risk because the unfavorable performance of even a single investment might have an adverse effect on the aggregate return.
  - **Unspecified investments**. There can be no assurance that the advisor will be able to continually locate and acquire assets meeting the fund or account's objective. Competition for assets may generally reduce the number of suitable prospective assets available.
- In considering an investment in a commingled real estate fund, prospective investors must rely on their own examination of the partnership agreement, private placement memorandum, and all terms of the offering, including merits and details of these and other risks involved. If there are any discrepancies in fund terms between this presentation and the private placement (offering) memorandum, the memorandum shall prevail.
- This is not a recommendation to invest in any product or services. Investors must have the sophistication to independently evaluate investment risks and to exercise independent judgment in deciding whether or not to invest in real estate and real estate funds.

Updated: June, 2012

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The Fund discussed involves risks of a high degree and investors are advised to read and consider carefully the information contained in the offering documents including the detailed risk factors. There is no public market for the fund interests and no such market is expected to develop in the future. Risks include restrictions on the transferability and resale of shares, risk of investing in real estate and in developing markets, and the possibility of loss of investment does exist.

Updated: March 2, 2012

Contact information

UBS Fund Services (USA) LLC, member FINRA, and its affiliates act as the non-exclusive distributor of commingled fund securities.

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Together, UBS Realty Investors LLC, UBS AgriVest LLC, and UBS Fund Services (USA) LLC , subsidiaries of UBS AG, comprise Global Real Estate – US.
Securities offered through UBS Fund Services (USA) LLC, member FINRA. Thomas Anathan, registered representative.
Date: February 29, 2012

J.P. Morgan Asset Management Global Real Assets

Mandate: **JPMCB Strategic Property Fund – Open-end Commingled Real Estate Fund** **Hired: 1998**

Firm Information

J.P. Morgan Investment Management Inc. (JPMIM) is the primary U.S. investment advisory branch of J.P. Morgan Asset Management (JPMAM), which is the marketing name for the asset management businesses of JPMorgan Chase & Co. (JPMC), a publicly traded company, and its affiliates worldwide. JPMIM is wholly-owned by JPMorgan Asset Management Holdings Inc. which is a subsidiary of JPMC. JPMIM was incorporated in Delaware on February 7, 1984.

J.P. Morgan Global Real Assets employs 402 professionals, serves 490 institutional clients from eight countries and is headquartered in New York, New York.

As of 6/30/2012, J.P. Morgan Global Real Assets total assets under management were $62.6 billion.

Key Executives:
Anne Pfeiffer, Portfolio Manager
Kimberly Adams, Assistant Portfolio Manager
Ann Cole, Assistant Portfolio Manager
Julia Wong, Client Relationship

Investment Approach

J.P. Morgan Asset Management - Global Real Assets follows a disciplined investment process that focuses on adding value throughout the acquisition, ownership and disposition of an asset.

Investment decisions are based upon a variety of factors, including, without limitation, a fulsome macro and micro research analysis and a quantitative financial analysis. Such factors ensure the performance viability of the proposed investment and its compatibility with a client's investment strategy and objectives. Prior to making an investment, J.P. Morgan requires the approval of an Investment Committee, whose review includes consideration of the following factors: cash flow and debt assumptions; return models; property history; location analysis; investment proposal; transaction structure (equity/debt); investment strengths and weaknesses; tenant analysis; replacement cost analysis; research assessment; comparable sales and lease analysis; and investment recommendation.

Benchmark: NCREIF Property Index

Total ARMB Mandate

Assets Under Management:
06/30/12: $178,271,080

Concerns: None

6/30/2012 Performance

	Last Quarter	1-Year	3-Years Annualized	5-Years Annualized
Manager Gross	2.47%	11.93%	7.87%	0.21%
Fee	0.22%	0.94%	0.91%	0.84%
Manager Net	2.25%	10.99%	6.96%	-0.63%
Benchmark	2.68%	12.04%	8.82%	2.51%

Alaska Retirement Management Board

J.P. Morgan Asset Management
Global Real Assets

JPMCB Strategic Property Fund

September 20, 2012

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415-315-5177, amy.c.cummings@jpmorgan.com

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J.P.Morgan
Asset Management

Today's presenters

Anne S. Pfeiffer, Managing Director, is the Head of U.S. Real Estate Commingled Funds and is the Portfolio Manager responsible for the overall management and performance of the JPMorgan Strategic Property Fund. An employee since 1979, she joined the firm as the Senior Finance Officer. She has served the firm in several capacities including the head of the Finance Group, a Senior Asset Manager and an Acquisitions Officer. Within acquisitions, she was responsible for the origination, analysis and negotiation of commercial real estate transactions. Ms. Pfeiffer has extensive experience in the acquisition and management of institutional quality real estate in a variety of property types and locations. Prior to joining the firm, she was a Supervising Accountant with Coopers & Lybrand as a Certified Public Accountant. From 2002 to 2008, she served on the Board of Directors of the National Council of Real Estate Investment Fiduciaries ("NCREIF") including serving as President for 2007, 2008 and past President for 2009. Effective January 1, 2012 Anne was elected to the Board of the Real Estate Information Standards (REIS) for a three year term. Anne has a B.B.A. from Southern Methodist University.

Ann E. Cole, Managing Director, is Assistant Portfolio Manager for J.P. Morgan's flagship U.S. core real estate strategy, Strategic Property Fund, as well as a member of the Marketing and Client Strategy team, where she advises clients on real estate investment strategies. Since joining J.P. Morgan Asset Management - Global Real Assets in 1989, Ann has held various positions in our Real Estate Asset Management team including sector head of our office/industrial East (more than $4 billion in assets) and West (more than $3 billion in assets) Regions. Ann has extensive real estate experience with the acquisition, asset management, development and disposition of institutional quality real estate and was responsible for overseeing the development of Strategic Property Fund's 2000 Avenue of the Stars in Los Angeles. Ann has a B.B.A. in accounting from Pace University and passed the March 1987 CPA examination. Ann holds the NASD Series 7 and 63 licenses, is an active participant in NAREIM and a member of PREA

Amy C. Cummings, Executive Director, is a client portfolio manager and investment specialist in the Real Estate Investment Group. An employee since 1999, Amy is responsible for marketing all real estate capabilities. She has a broad-based real estate acquisition and management experience, in addition to client portfolio management. Prior to joining the firm, Amy worked with Lend Lease Real Estate Investments, where she acted as a portfolio manager and marketer for net leased real estate. Prior to that, she ran and had a majority interest in Net Lease Partners, an institutional net lease advisory company. Amy attended Stanford University.

[1]Commingled Pension Trust Fund Strategic Property of JPMorgan Chase Bank, N.A. ("Strategic Property Fund" or "SPF")

Investment review

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- Supplemental exhibits
- Biographies of key professionals

J.P. Morgan Asset Management – Global Real Assets Overview

J.P. Morgan Asset Management – Global Real Assets

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future.

J.P. Morgan Asset Management – Global Real Assets

We are one of the industry's premier real asset investment managers

- **$62.8bn in assets under management** including $54.1bn in the private market and $8.7bn in the public market[1]
- Over **40 years** of real estate investment management **experience**
- **Stable, experienced** management team
- **402 investment professionals** (382 focused on the private market and 20 on the public market)
- **Diverse client base** including more than **490 institutional clients** and over **1,000 high net worth clients**
- **Extensive, long-standing relationships** with partners help generate **$25 billion in annual privately negotiated deal flow**
- **Performance** – consistent top performance versus targets

Source: J.P. Morgan Investment Management
Due to rounding, private market AUM and public market AUM may not total Global Real Assets AUM
[1]As of June 30, 2012 (preliminary)

Our people: Experienced, focused professionals

A team of experienced specialists are focused on supporting the portfolio manager to deliver performance and service to our clients

Joe Azelby
Group Head
26 years experience

Ben Gifford
Chief Investment Officer
Acquisitions
39 years experience

Kevin Faxon
Head of Real Estate Americas
25 years experience

Dave Esrig
Director of Research
20 years experience

Mark Bonapace
Asset Management
19 years experience

Portfolio Manager Team

Anne Pfeiffer, Portfolio Manager
(38 years of experience)

Kim Adams, Assistant Portfolio Manager
(17 years of experience)

Ann Cole, Assistant Portfolio Manager
(32 years of experience)

Steve Greenspan
Product Development
27 years experience

James Kennedy
Development & Engineering
22 years experience

Lawrence Fuchs
Chief Operating Officer
20 years experience

Michael O'Brien
Global Real Assets Client Relations and Strategy
35 years experience

Ellie Kerr
Valuations
29 years experience

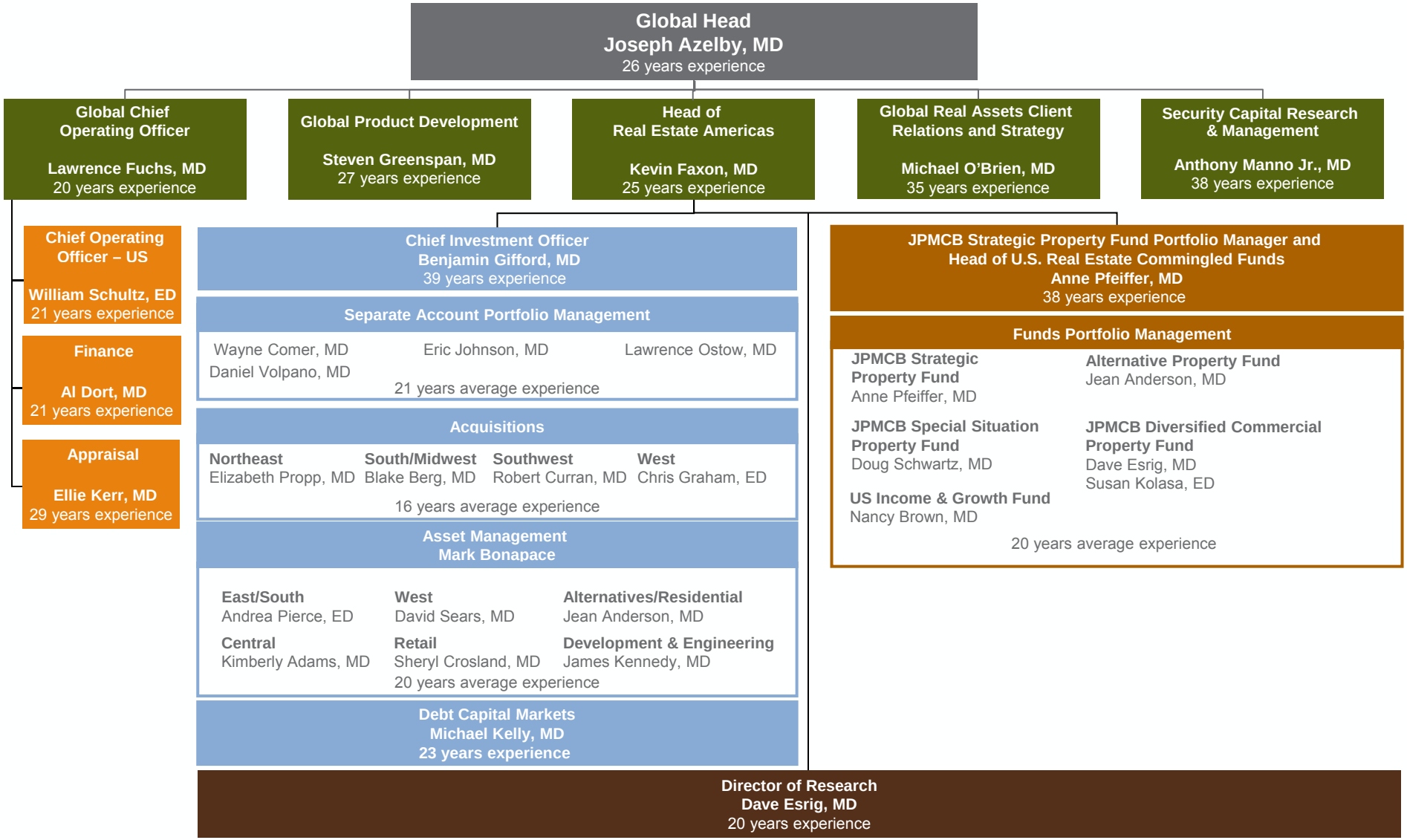
Al Dort
Financial Group
21 years experience

Mike Kelly
Debt Capital Markets
23 years experience

June 30, 2012

There can be no assurance that the professionals currently employed by JPMAM will continue to be employed by JPMAM or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

J.P. Morgan Asset Management – Global Real Assets, Real Estate Americas



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Global Real Assets, Real Estate Americas – Investment Committee

Chief Investment Officer
Benjamin Gifford

Portfolio Manager
Anne Pfeiffer

Asset Management
Region or Property Sector Head*

Real Estate Research
Senior Member**

Head of Real Estate Americas
Kevin Faxon

Financial
Al Dort

Engineering Services
James Kennedy

Product Development
Steven Greenspan

Asset Management
Mark Bonapace

Director of Valuation
Ellie Kerr

A unanimous vote is required to approve acquisitions and dispositions

* **Asset Management Region and Sector Heads:**
East/South: Andrea Pierce
Central: Kimberly Adams
West: David Sears
Alternatives/Residential: Jean Anderson
Retail: Sheryl Crosland

** **Real Estate Research Senior Members**
Dave Esrig
Anne Hoagland
Brian Nottage

Voting members

Participating members

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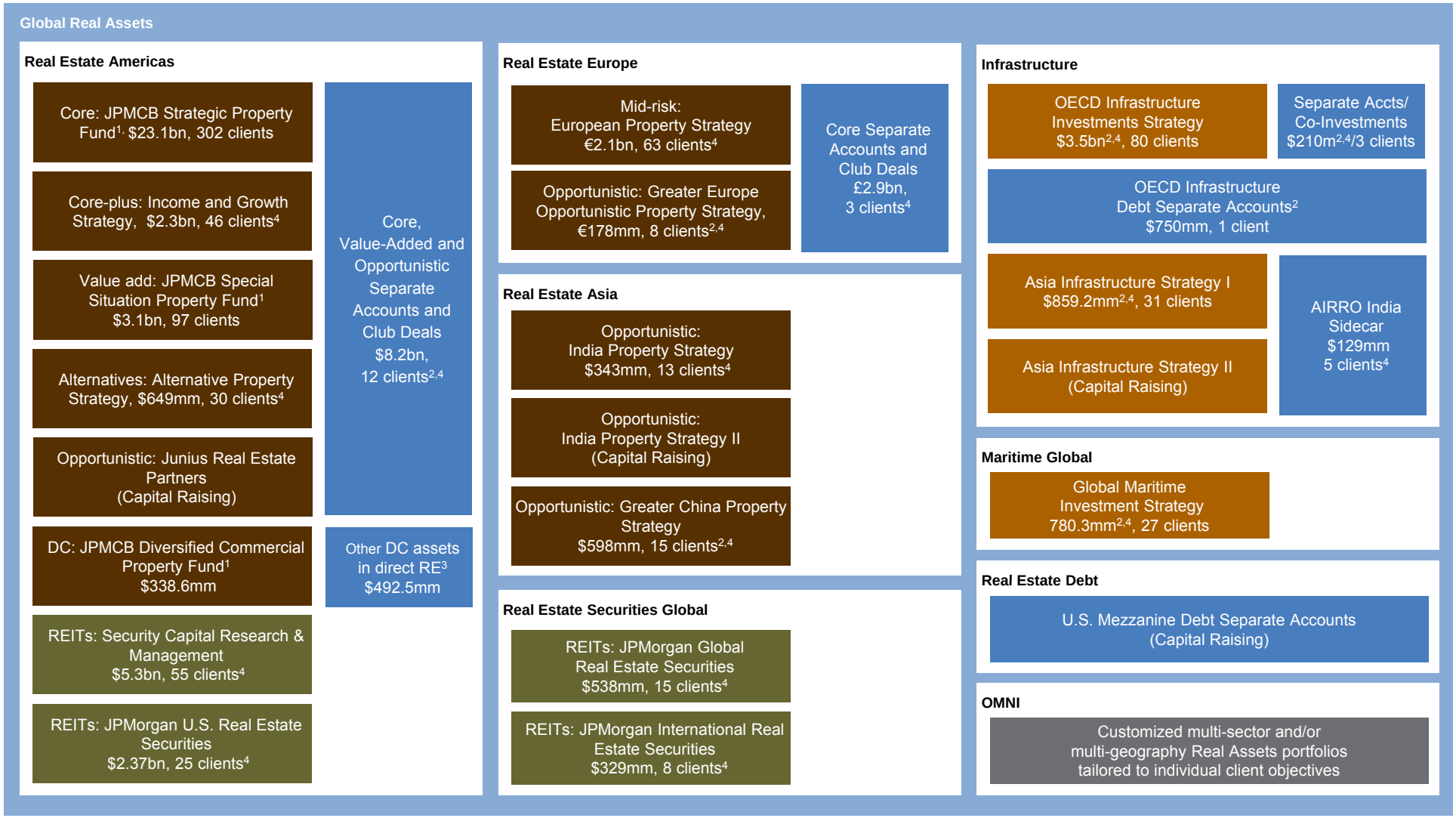
A global platform of real estate, infrastructure and maritime/transport strategies driven by local investment talent



Gross AUM, as of June 30, 2012 (Prelim)
[1] Available to tax-qualified U.S. pension plans only
[2] Total committed
[3] DC subset of SPF & SSPF AUM
[4] As of March 31, 2012

The Commingled Pension Trust Funds of JPMorgan Chase Bank N.A. are collective trust funds established & maintained by JPMorgan Chase Bank, N.A. under a declaration of trust. They are not required to file a prospectus or registration statement with the SEC, & accordingly, neither is available. The funds are available only to certain qualified retirement plans & governmental plans & are not offered to the general public. Units of the funds are not bank deposits & are not insured or guaranteed by any bank, government entity, the FDIC or any other type of deposit insurance. You should carefully consider the investment objectives, risk, charges & expenses of the funds before investing. Commingled Pension Trust Fund (Strategic Property) of JPMorgan Chase Bank, N.A.; Commingled Pension Trust Fund (Special Situation Property) of JPMorgan Chase Bank, N.A.; Commingled Pension Trust Fund (Diversified Commercial Property) of JPMorgan Chase Bank, N.A.

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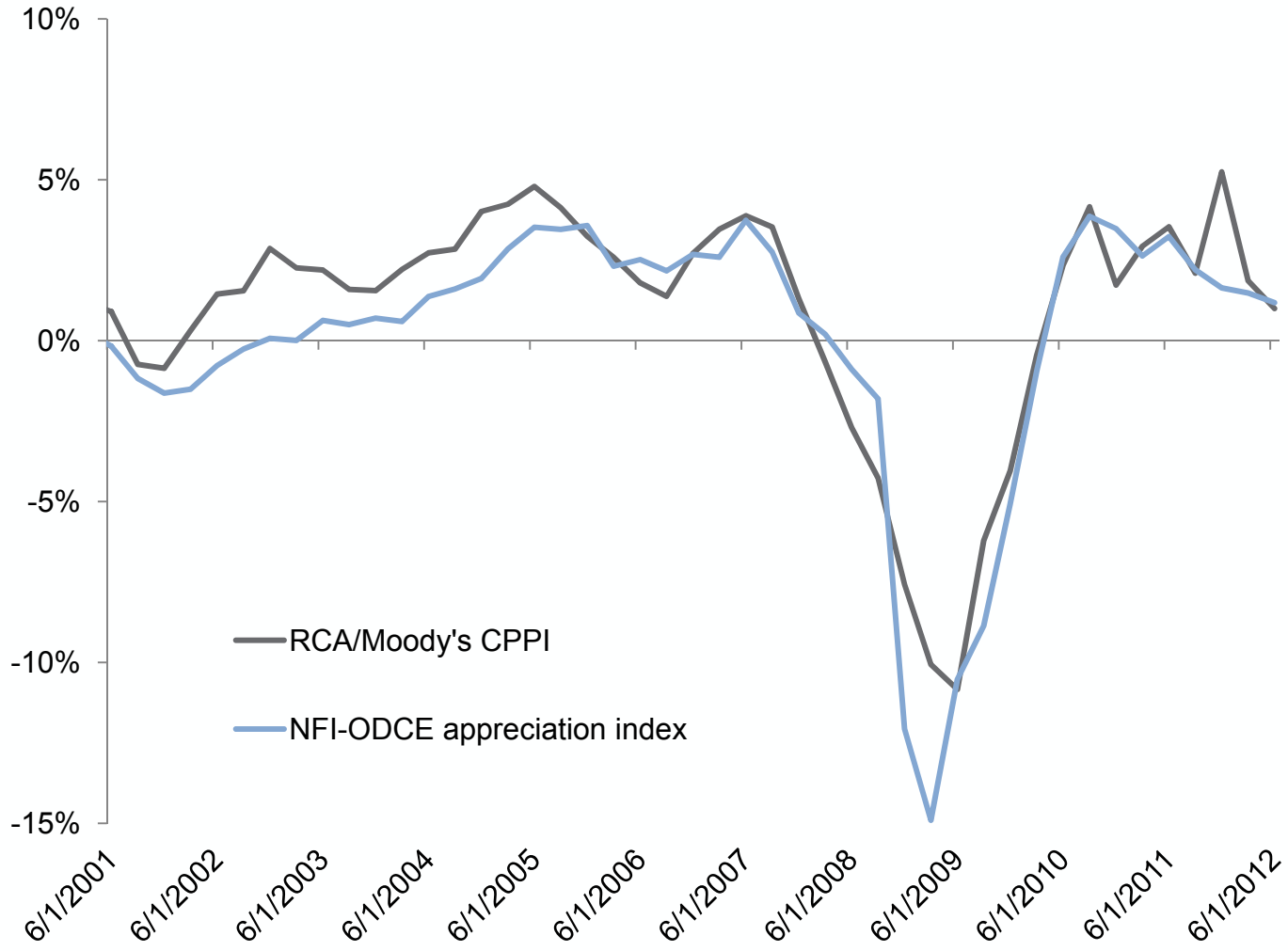
Market Outlook

Appreciation gains slow

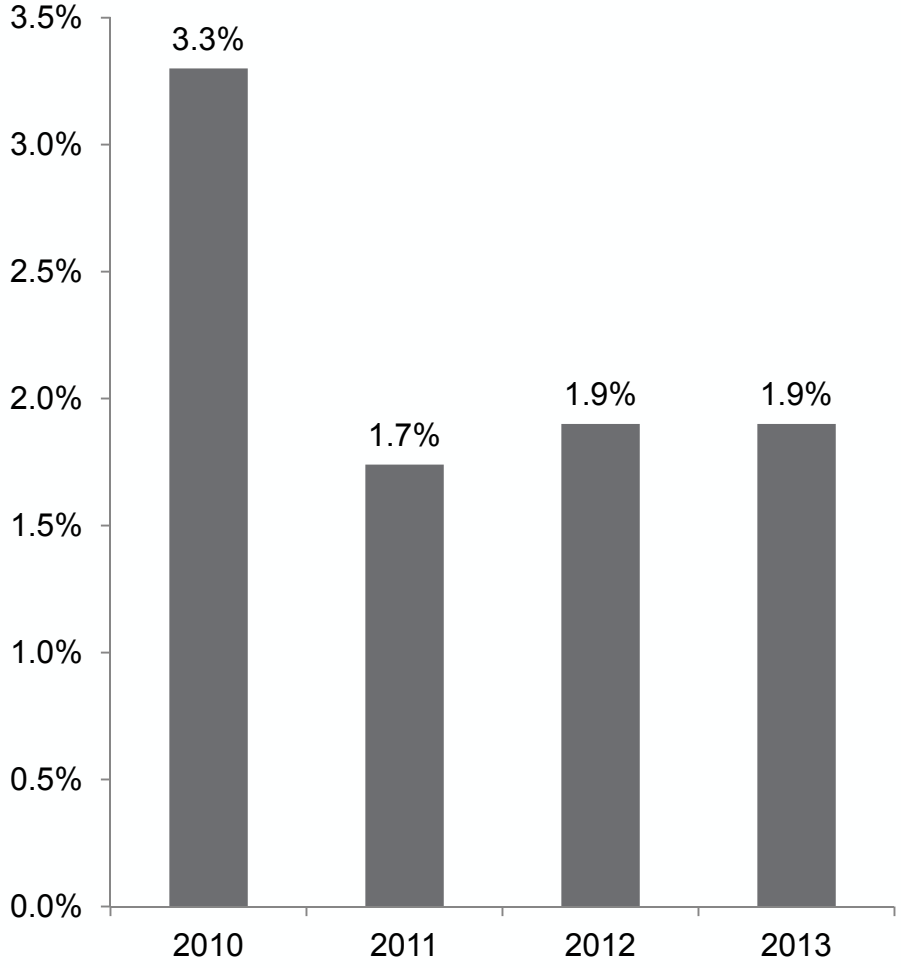
Quarterly price changes



Source: NCREIF, Real Capital Analytics, J.P. Morgan Asset Management. Data as of 6/30/2012
The charts and/or graphs shown above and throughout the presentation are for illustration and discussion purposes only.

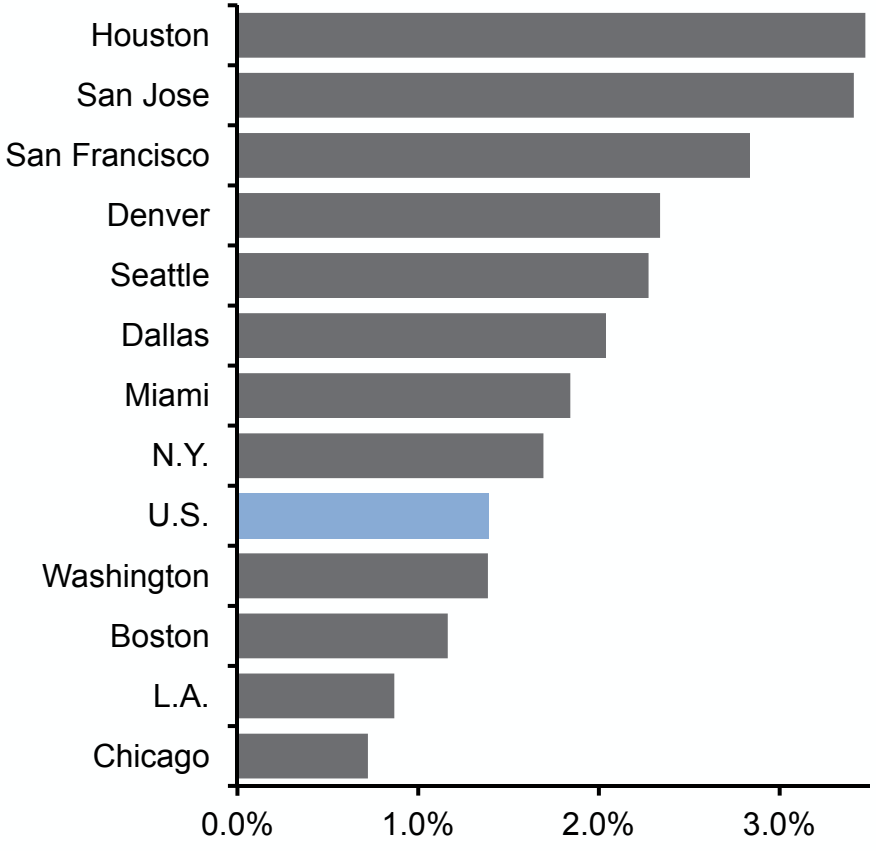
Modest economic growth means market selection more important

J.P. Morgan Securities GDP forecasts



Source: J.P. Morgan Securities, J.P. Morgan Asset Management. Data as of July 2012

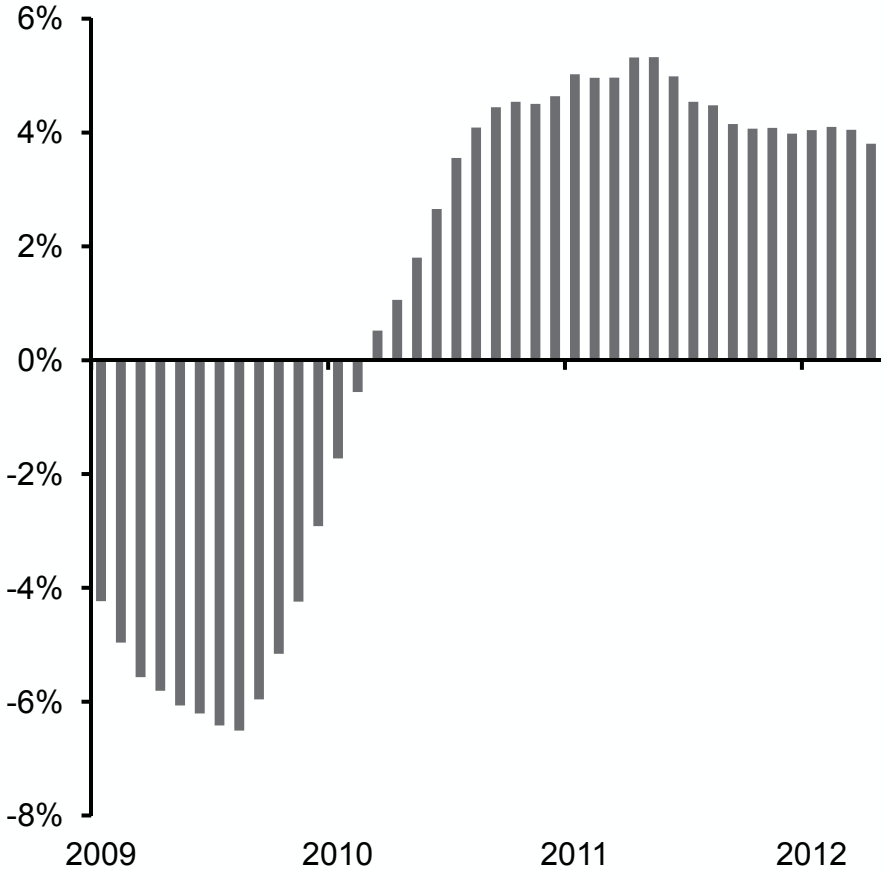
Current job growth in select markets



Source: Bureau of Labor Statistics, J.P. Morgan Asset Management. Data as of May 2012

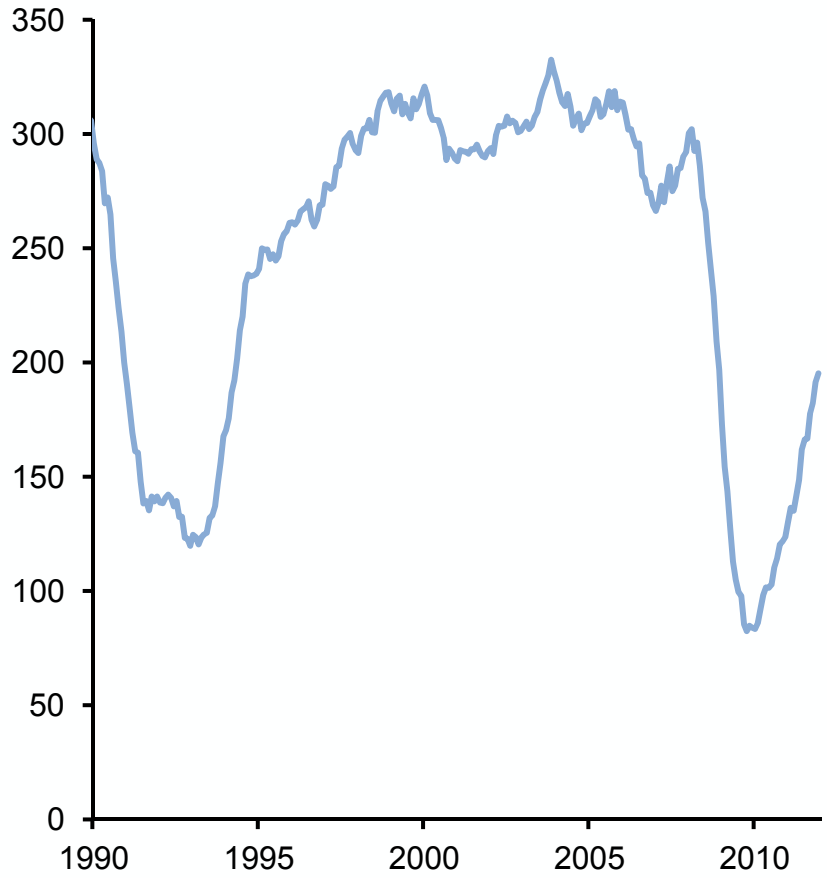
Apartment market remains strong, but growth rate likely peaking

Year over year apartment rent growth



Source: Axiometrics, J.P. Morgan Asset Management. Data as of June 2012

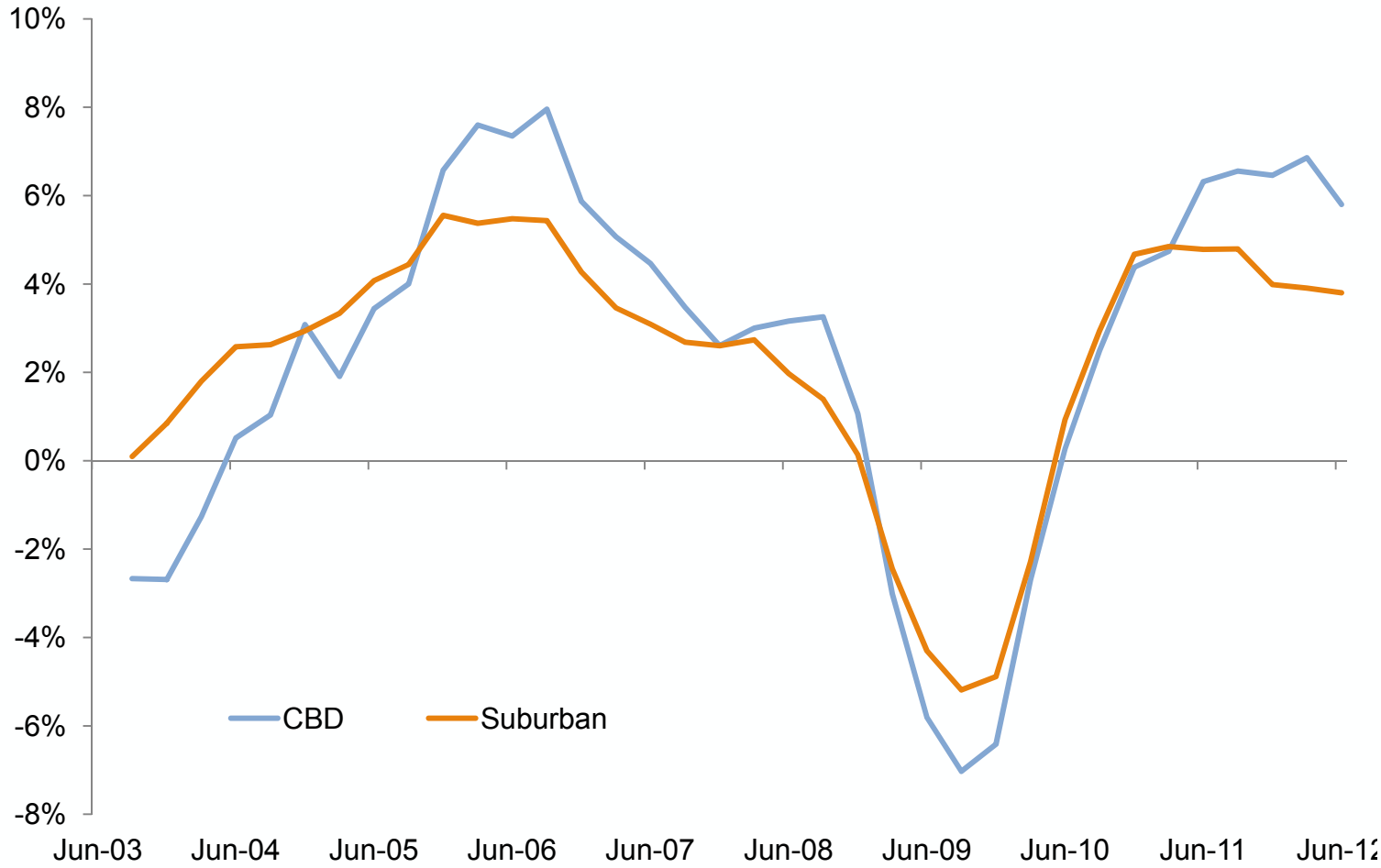
Multifamily starts, in thousands, SAAR, 12-month rolling average



Source: Census Bureau. Data as of May 2012

CBD apartment outperforming

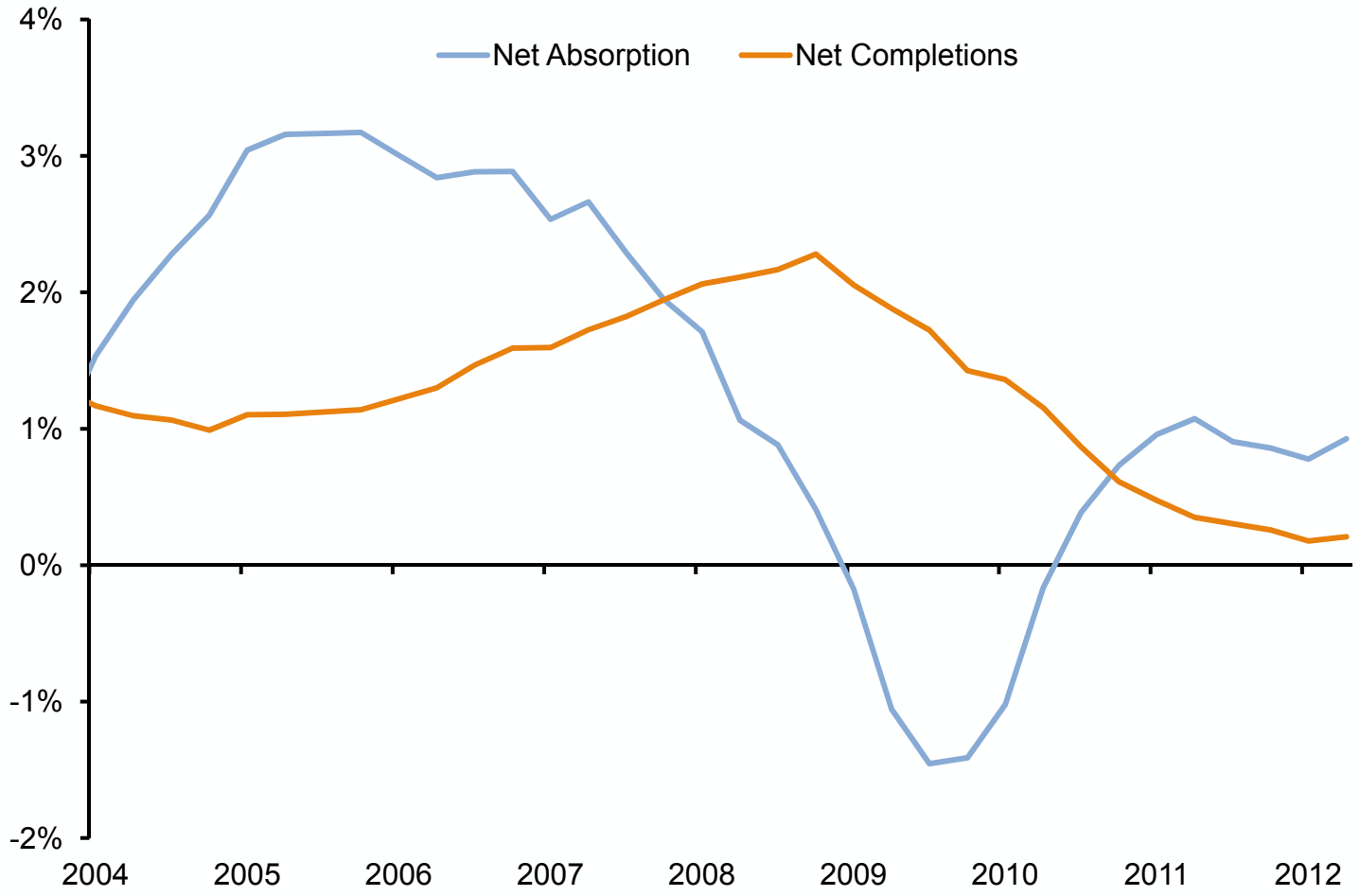
Multifamily year over year rent growth



Source: Axiometrics, J.P. Morgan Asset Management. Data as of June 2012

Office absorption picking up, but still soft

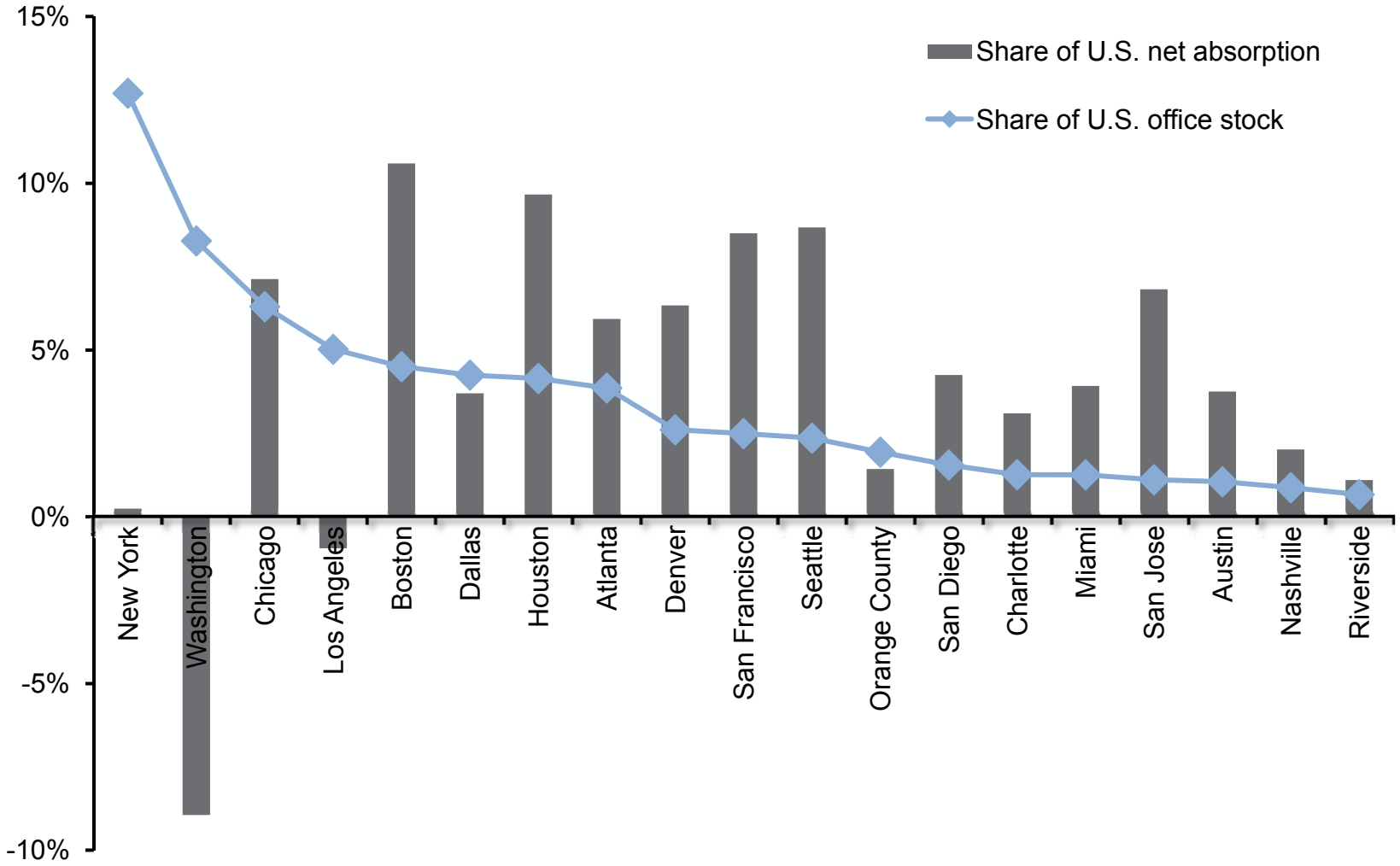
New office space supply vs. demand, year-over-year % change



Source: CBRE-EA, J.P. Morgan Asset Management. Data as of 6/30/2012

Tech and energy dominance evident in market by market absorption

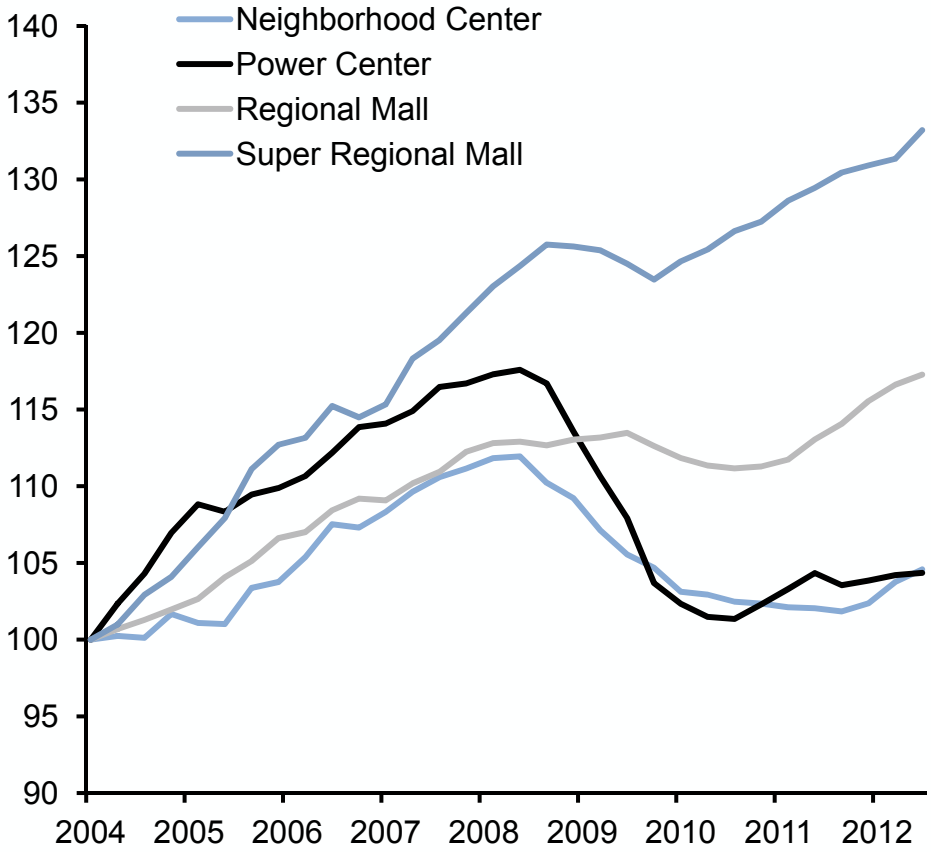
Trailing 4 quarter office absorption trends



Source: CBRE-EA, J.P. Morgan Asset Management. Data as of 6/30/2012

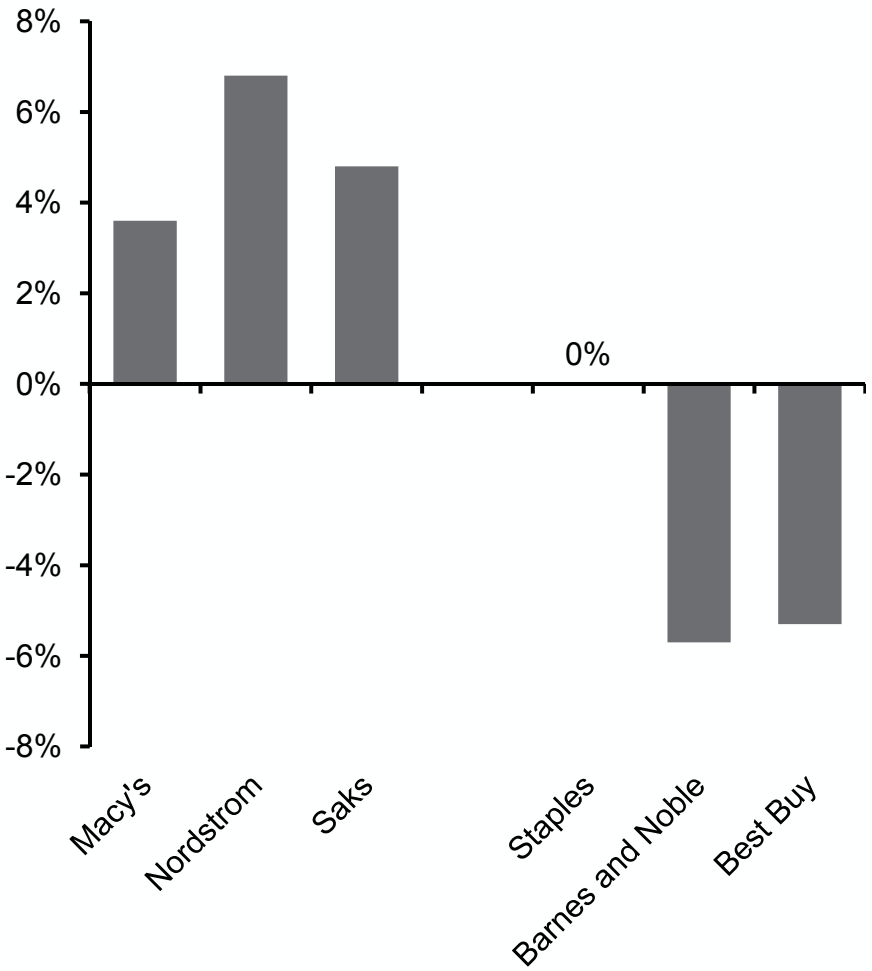
Regional mall anchors outperforming

Same-store NOI, 4-qtr moving average



Source: NCREIF, J.P. Morgan Asset Management. Data as of 6/30/2012

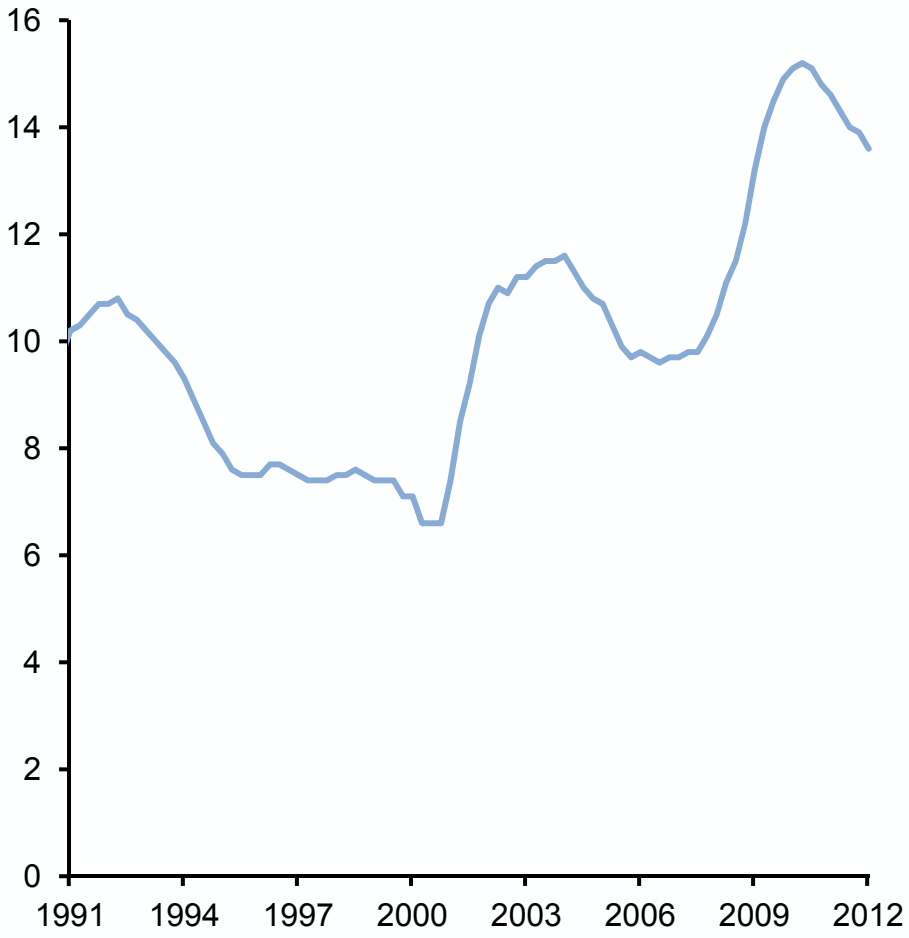
Same-store sales growth, year-over-year % change



Source: Company Reports, J.P. Morgan Asset Management. Data as of July 2012

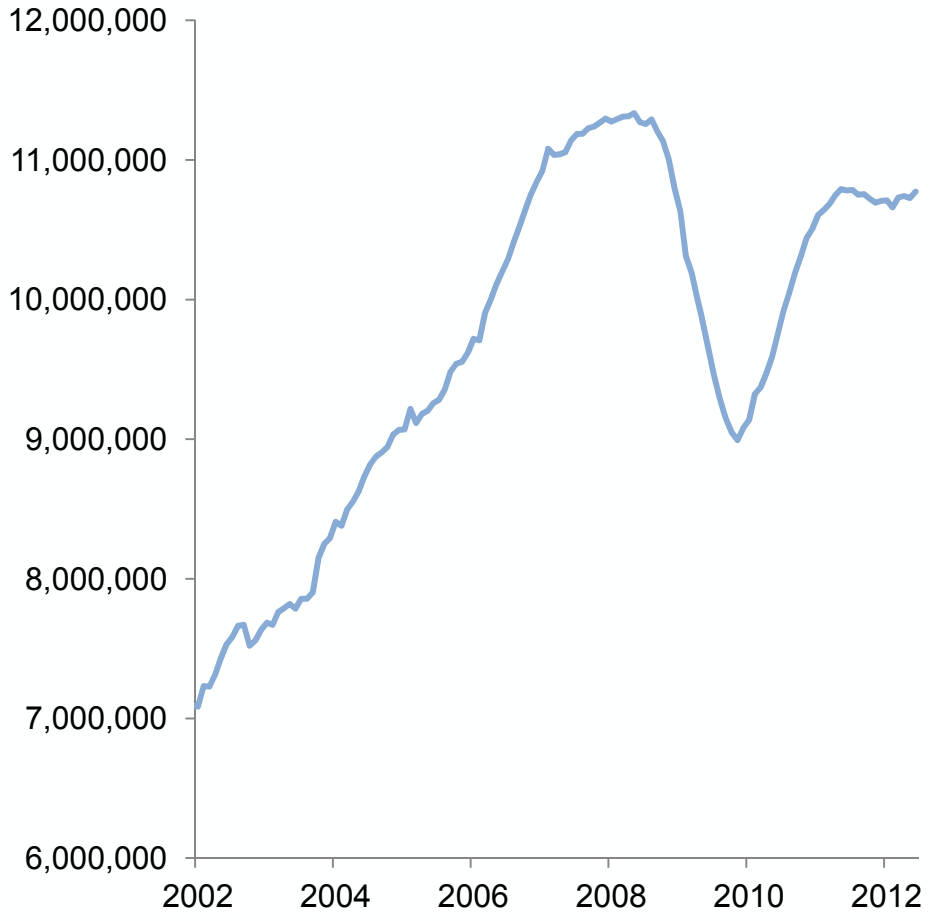
Warehouse: Vacancy falling but re-stocking has run its course

Warehouse availability rate



Source: NCREIF, J.P. Morgan Asset Management. Data as of 3/31/2012

Loaded TEU's through LA/Long Beach, 12-mo trailing



Source: Port of L.A., Port of Long Beach, J.P. Morgan Asset Management. Data as of 6/30/2012

Looking at 2012 and beyond: Sector NOI

- We expect moderate economic growth combined with lack of construction (outside of multifamily) to drive incremental, but uneven, NOI gains across real estate sectors

- Sectors ranked by 2012-13 NOI growth expectations
  - Multifamily
  - Malls/lifestyle centers
  - CBD office
  - Neighborhood retail
  - Warehouse – West Coast ports
  - Power centers
  - Warehouse – rest of nation
  - Suburban office

Opinions, estimates, forecasts, projections and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

Investment Summary and Performance

Alaska Retirement Management Board
Investment summary as of June 30, 2012

Invested capital	Market value
Strategic Property Fund	$178,271,080

Account Performance (%)	Income	Appreciation	Total	ODCE Value	NPI
Three months[1]	1.3	1.2	2.5	2.5	2.7
One year	5.3	6.4	12.0	12.4	12.0
Three years	6.0	1.8	7.9	8.4	8.8
Five years	5.7	-5.2	0.2	-0.9	2.5
Ten years	6.2	1.3	7.6	6.6	8.3
Fifteen years	7.1	1.9	9.1	8.3	9.4
Twenty years	7.3	1.5	8.8	7.6	8.4
Since inception (07/01/84)	7.3	0.7	8.1	N/A	7.7

[1]non-annualized returns

Past performance is not a guarantee of comparable future results. Total return assumes the reinvestment of income. Performance results are gross of investment management fees. The deduction of an advisory fee reduces an investor's return. Actual account performance will vary depending on individual portfolio security selection and the applicable fee schedule. Fees are described in Part II of the Advisor's ADV which is available upon request. See Appendix for additional information The following is an example of the effect of compounded advisory fees over a period of time on the value of a client's portfolio: A portfolio with a beginning value of $100mm, gaining an annual return of 10% per annum would grow to $259mm after 10 years, assuming no fees have been paid out. Conversely, a portfolio with a beginning value of $100mm, gaining an annual return of 10% per annum, but paying a fee of 1% per annum, would only grow to $235mm after 10 years. The annualized returns over the 10 year time period are 10.00% (gross of fees) and 8.91% (net of fees). If the fee in the above example was 0.25% per annum, the portfolio would grow to $253mm after 10 years and return 9.73% net of fees. The fees were calculated on a monthly basis, which shows the maximum effect of compounding

JPMCB Strategic Property Fund

JPMCB Strategic Property Fund[1] is core real estate

Alliance Texas Portfolio, Fort Worth, TX

Glenmuir, Naperville, IL

The Water Garden, Santa Monica, CA

Valley Fair Mall, San Jose, CA

[1]Commingled Pension Trust Fund Strategic Property of JPMorgan Chase Bank, N.A. ("Strategic Property Fund" or "SPF")

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future.

Strategic Property Fund: Investment strategy

Investment characteristics

- Focus on attractive stabilized investments with high quality physical improvements
- Excellent location factors, with dominant competitive market positions
- Stronger growth demographics
- Minimal new development (pure core)
- High quality income stream

Risk and return expectations

- Total return target NPI + 100bps; income driven
- Holding period 5-10 years
- Portfolio leverage 25% to 30% total portfolio
- Operating cash target 1% to 3% of total net asset value

Strata, San Francisco, CA

Century Park, Los Angeles, CA

*** The Target Return has been established by J.P. Morgan Investment Management Inc. "J.P. Morgan" based on its assumptions and calculations using data available to it and in light of current market conditions and available investment opportunities and is subject to the risks set forth herein and to be set forth more fully in the Memorandum. The target returns are for illustrative purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns similar to the target returns shown above. Because of the inherent limitations of the target returns, potential investors should not rely on them when making a decision on whether or not to invest in the strategy. The target returns cannot account for the impact that economic, market, and other factors may have on the implementation of an actual investment program. Unlike actual performance, the target returns do not reflect actual trading, liquidity constraints, fees, expenses, and other factors that could impact the future returns of the strategy. The manager's ability to achieve the target returns is subject to risk factors over which the manager may have no or limited control. There can be no assurance that the Fund will achieve its investment objective, the Target Return or any other objectives. The return achieved may be more or less than the Target Return. The data supporting the Target Return is on file with J.P. Morgan and is available for inspection upon request.**

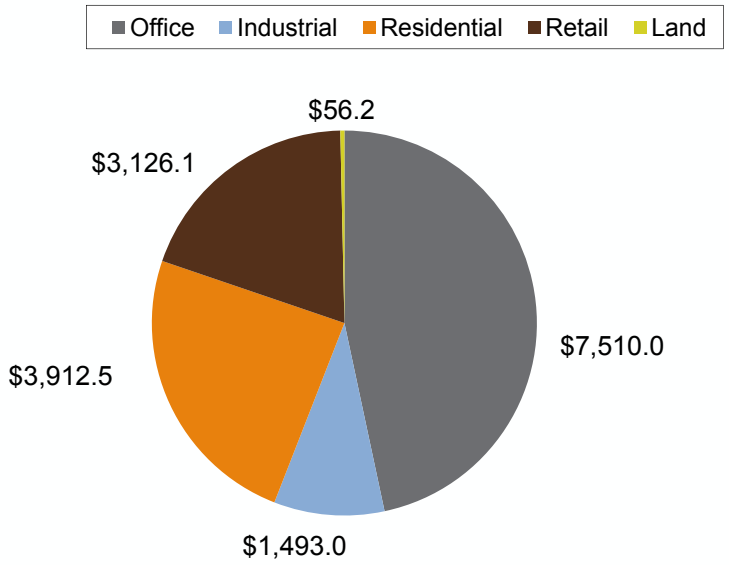
The manager seeks to achieve the stated objectives. There can be no guarantee those objectives will be met.

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future.

Strategic Property Fund: A large, well-diversified investment portfolio

As of June 30, 2012 (NAV $17,465.8mm)

Property type diversification*



	% of NAV	Target range (%)	NPI (%)[1]
Office	43.0	38 to 45	35.4
Industrial	8.5	10 to 15	14.2
Residential	22.4	18 to 25	26.0
Retail	17.9	20 to 25	21.7
Direct RE	91.8		97.3
Cash	7.1		0.0
Other**	1.1		2.7
Total Fund	**100.0**		**100.0**

[1]NPI diversification as of 3/31/12
*Direct real estate w/land (total of $16,097.9mm)
**Includes land

Fund facts

Asset Management

- Cash position: 7.1%
- Contribution queue: $1.4bn
- Redemption queue: $0mm
- Current leverage: 23.9%

A pure core strategy

Asset Management

- Broadly diversified, well leased properties
- No exaggerated sector bets
- No hotels, assisted living, self-storage or forward commitments

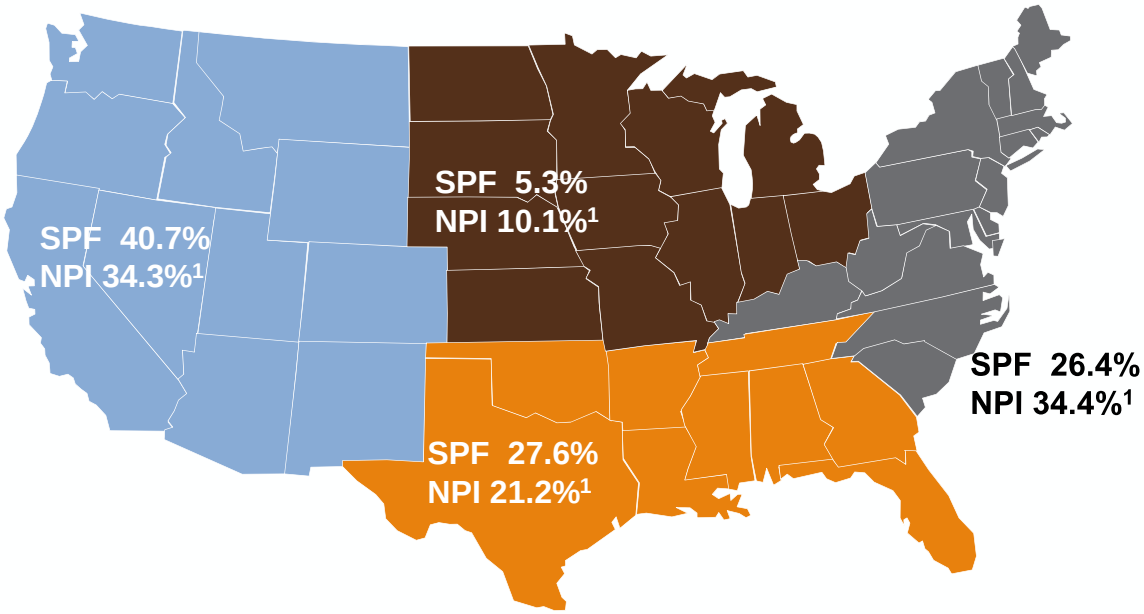
Investor profile

- Total number of investors: 302
- Average investor size: $58mm

The above is shown for illustrative purposes only, and is subject to change without notice. Diversification does not guarantee investment returns and does not eliminate the risk of loss.
These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future.

Strategic Property Fund: Diversification by location

As of June 30, 2012 (NAV $17,465.8mm)



MSA	% of NAV
Los Angeles, CA	11.1
New York, NY	9.1
Dallas, TX	8.2
Washington, DC	7.0
Houston, TX	6.5
Boston, MA	5.4
San Jose, CA	4.9
San Francisco, CA	4.9
Seattle, WA	4.7
Chicago, IL	4.6

[1]As of March 31, 2012

Due to rounding, the sum of SPF and NPI diversification values may not equal 100.0%, respectively.

Strategic Property Fund: Balance sheet, operations and valuations

Leverage profile: 23.9% LTV as of June 30, 2012

- Staggered debt maturities
- 1.0%, 6.1%, 1.6% of NAV maturing in 2012, 2013 and 2014 respectively
- Average LTV is below 60% for expiring loans

Cash and queues as of June 30, 2012

- Cash: $1,234.7mm, 7.1% of NAV
- $510+ million of operating cash flow
- Outgoing queue: $0mm
- Incoming queue: $1,435mm

Leasing: 91.9% as of June 30, 2012

		Leasing Rollover (%)		
	Leased	**2012**	**2013**	**2014**
Office	91.7	3.5	7.4	6.1
Retail	91.4	6.1	9.1	10.0
Residential	94.9	N/A	N/A	N/A
Industrial	86.4	7.8	6.2	13.5
SPF Total	**91.9**	5.9	7.5	10.1

Valuation metrics as of June 30, 2012

	Peak (%)	**Current (%)**
Going-in Yield	5.3	5.4
Stabilized Yield	5.7	6.3
Discount Rate	7.1	7.5

Strategic Property Fund performance

Supplemental to annual performance report

Annualized returns as of June 30, 2012 (%)	Three months[1]	YTD[1]	One year	Three years	Five years	Ten years	Since incep. 1/1/98
Income	1.3	2.7	5.2	6.0	5.7	6.2	7.0
Appreciation	1.2	2.5	6.4	1.8	-5.2	1.3	1.7
SPF Total	**2.5**	**5.3**	**12.0**	**7.9**	**0.2**	**7.6**	**8.9**
NFI-ODCE Total - Value	2.5	5.4	12.4	8.4	-0.9	6.6	8.0
NPI	2.7	5.3	12.0	8.8	2.5	8.3	9.2

Yearly returns since inception 1998 (%)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Income	9.4	9.2	8.7	8.6	8.1	7.4	7.1	6.6	5.7	5.4	5.0	6.1	6.6	5.5
Appreciation	6.3	5.0	5.1	-0.9	-2.8	3.0	4.9	17.4	10.3	10.7	-12.5	-30.9	7.1	10.0
Total	**16.4**	**14.7**	**14.1**	**7.6**	**5.1**	**10.6**	**12.3**	**25.1**	**16.6**	**16.7**	**-8.1**	**-26.6**	**14.2**	**16.0**

[1]non-annualized returns

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Strategic Property Fund: Second Quarter 2012 acquisition

100 & 909 at Capitol Yards, Washington, DC

- Property Type: Residential
- Acquisition Date: April 2012
- SPF Equity: $192mm
- Projected Unlevered IRR: 7.0%
- Equity Interest: 100%
- Square Footage / Units: 483 units

- The two buildings are located at 100 Eye Street SE (Axiom at Capitol Yards) and 909 New Jersey Avenue SE (909 at Capitol Yards) in the Capitol Riverfront district of Washington, DC. We expect to close on the third building, The Jefferson, in the third quarter
- Capitol Riverfront currently contains 6.5 million square feet of office, the Nationals Stadium, the Navy Yard, and the Riverfront Park and Trail
- Washington DC has and continues to benefited from a demographic and preference shift towards living in urban centers with short commute, public transportation, pedestrian access, and cultural and residential amenities

101 at Capitol Yards

909 at Capitol Yards

The IRR shown above is calculated based upon internal JPMIM data and is gross of fees. There can be no guarantee the IRR will be achieved.
This example is a representative investment. However, you should not assume that this type of investment will be available to or, if available, will be selected for investment in the future. There can be no guarantee of future success.

Strategic Property Fund: Second Quarter 2012 acquisition

Foundry III, San Francisco, CA

- Property Type: Mixed-use office
- Acquisition Date: April 2012
- Construction Completion Date: November 2013
- SPF Equity: $34mm
- Projected Unlevered IRR: 8.5%
- Projected Levered IRR: 10.4%
- Equity Interest: 80% SPF / 20% Tishman Speyer
- Square Footage: 286,375 sq. ft.

- 10-story mixed-use development on a 0.87-acre site in the South Financial District of downtown San Francisco
- The building will have 275,902 square feet of office space and 10,473 square feet of ground floor retail space
- The Site's location in South Financial and proximity to SOMA appeals to technology tenants, which continue to drive tenant demand in San Francisco. The Project will be in close proximity to transportation options including BART and the future Transbay Terminal

The IRR shown above is calculated based upon internal JPMIM data and is gross of fees. There can be no guarantee the IRR will be achieved.

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Strategic Property Fund: Second Quarter 2012 acquisition

Boylston West, Boston, MA

- Property Type: Mixed-use
- Acquisition Date: May 2012
- Construction Completion Date: May 2015
- SPF Equity: $83mm
- Projected Unlevered IRR: 8.6%
- Projected Levered IRR: 10.2%
- Equity Interest: 50% SPF / 50% Samuels & Associates
- Square Footage / Units: 403,125 sq. ft. / 152 units

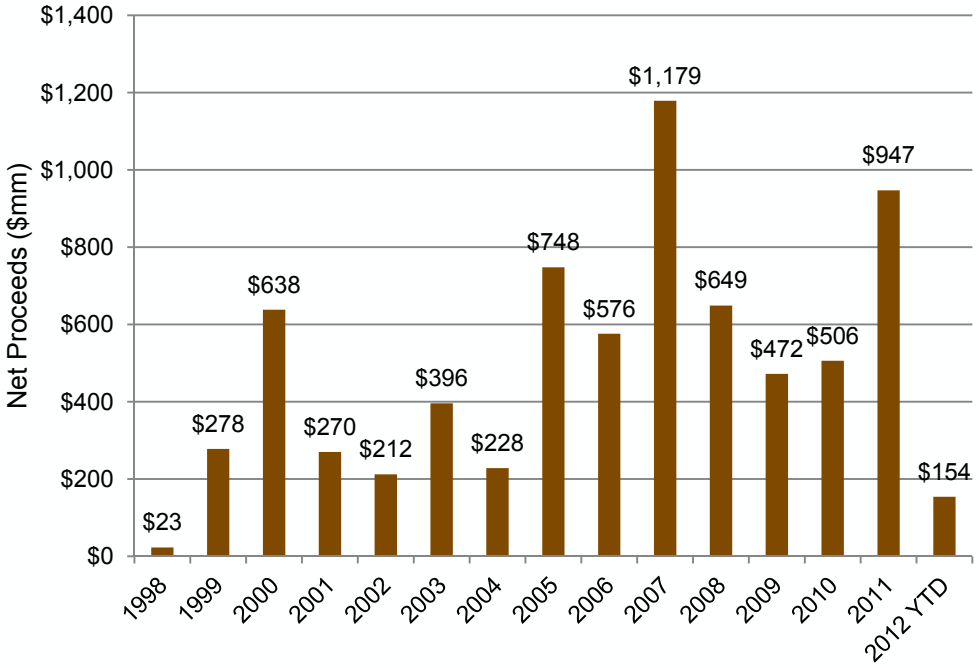
- 11-story mixed-use development on a 1.9-acre site in the Fenway section of Boston, located near major employers and large educational institutions in the Longwood Medical and Academic Area and Back Bay.
- The building will have 194,984 square feet of office space, 152 residential units, 22,500 square feet of ground floor retail space and a 185,641 square foot Target retail condominium.
- The project is an opportunity for long term value creation in the area and enhances the value of SPF's existing investment in Trilogy, 1330 Boylston Street, and Landmark Center.

The IRR shown above is calculated based upon internal JPMIM data and is gross of fees. There can be no guarantee the IRR will be achieved.
This example is a representative investment. However, you should not assume that this type of investment will be available to or, if available, will be selected for investment in the future. There can be no guarantee of future success.

Strategic Property Fund: An active seller

The Fund continues to show its commitment to active management and performance through its disposition strategy of pruning assets of lesser quality and / or growth prospects and where appropriate, trading up for asset quality in geographic location

Disposition



As of 6/30/12

Dugan Midwest Industrials,
Columbus, Cincinnati, Indianapolis, St. Louis, Chicago

This example represent some of the investment of the Fund. However, you should not assume that this types of investment will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund – Top 10 Assets

By NAV as of June 30, 2012

Property	Location	Type	SF/Units	GAV	NAV
Edens	Various	Retail	15,224,772	998,078,973	557,945,911
Valley Fair Mall	San Jose Metro Area, CA	Retail	740,064	522,846,361	522,846,361
DSRG	Various	Retail	8,386,000	1,108,622,681	442,537,403
Alliance Texas - Industrial	Fort Worth, TX	Industrial	14,005,133	576,768,762	422,563,972
1285 Avenue of the Americas	New York, NY	Office	1,656,148	608,909,763	412,418,172
Southeast Financial Center	Miami, FL	Office	1,175,556	350,601,995	350,601,995
200 Fifth Avenue	New York, NY	Office	864,045	725,923,603	344,606,768
Water Garden II	Santa Monica, CA	Office	603,197	344,277,817	344,277,816
1918 Eighth Avenue	Seattle, WA	Office	668,333	318,727,019	318,727,019
Landmark Center	Boston, MA	Office	952,005	535,858,083	300,330,220

Landmark Center in Boston, MA
Office & Retail

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Looking ahead

- Maintain strong balance sheet for reinvesting in portfolio in order to drive income return
- Acquire assets consistent with the Fund's strategy for long-term growth
- Maintain leverage within the Fund's target range of 25% to 30%
- Maintain cash position within 1% to 3% of net asset value
- No style drift, past, present or future

The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met.

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JPMCB Strategic Property Fund - Investment listing

Strategic Property Fund investment listing

Office – The Water Garden, Santa Monica, CA

Retail – Bridgewater Commons Mall, Bridgewater, NJ

Industrial – Big 5 Distribution Center, Riverside, CA

Residential – Fairways at Raccoon Creek, Littleton, CO

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund office investments

As of June 30, 2012

Office Properties	# of Buildings	Acquisition Year	Location	Net Asset Value ($000s)
Boylston West LLC	3	2012	Boston, MA	15,566
Foundry III	0	2012	Dallas, TX	37,422
Franklin Park	0	2012	Franklin, TN	19,495
224 Building	1	2012	Portland, OR	65,406
China Basin	2	2011	San Francisco, CA	287,416
La Jolla Commons	2	2011	La Jolla, CA	173,085
1918 Eighth Avenue	1	2011	Seattle, WA	318,727
818 Stewart Street	1	2011	Seattle, WA	130,621
200 Fifth Avenue	1	2011	New York, NY	344,607
Las Olas City Center	1	2011	Fort Lauderdale, FL	76,430
Landmark Center	1	2011	Boston, MA	300,330
The Bluffs at Playa Vista	2	2011	Los Angeles, CA	297,251
Advanta office Commons	3	2010	Bellevue, WA	249,489
Alliance Texas	3	2010	Fort Worth, TX	35,476
Sunnyvale City Center	3	2007	Sunnyvale, CA	277,288
Brewery Blocks	3	2007	Portland, OR	125,163
700-900 Concar	3	2007	San Mateo, CA	100,585
San Rafael Corporate Center	4	2007	San Rafael, CA	92,817
Southeast Financial Center	1	2007	Miami, FL	350,602
888 Walnut Street	1	2007	Pasadena, CA	94,301
Park Place at Bay Meadows	3	2007	San Mateo, CA	118,301
101 Constitution	1	2007	Washington, DC	230,190
1501 K Street	1	2006	Washington, DC	290,800
Carothers Office	4	2006	Franklin, TN	89,568
Fairway Office Center	3	2006	Palm Beach Gardens, FL	24,336

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund office investments (contd.)

As of June 30, 2012

Office Properties	# of Buildings	Acquisition Year	Location	Net Asset Value ($000s)
Financial Center 3801	1	2006	Palm Beach Gardens, FL	9,109
171 17th Street	1	2005	Atlanta, GA	125,080
Minuteman Park	6	2005	Andover, MA	183,079
Three Houston Center	1	2005	Houston, TX	165,307
Crescent Office	2	2004	Dallas, TX	173,673
Fountain Place	1	2004	Dallas, TX	154,601
Four Houston Center and Shops	2	2004	Houston, TX	160,920
One and Two Houston Center	2	2004	Houston, TX	255,437
Post Oak Central	3	2004	Houston, TX	214,317
Trammel Crow Center	1	2004	Dallas, TX	85,355
2000 Avenue of the Stars	1	2004	Los Angeles, CA	94,330
225 West Wacker Drive	1	2003	Chicago, IL	145,745
1285 Avenue of the Americas	1	2001	New York, NY	412,418
Water Garden II	2	2001	Santa Monica, CA	344,278
Corporate Centre Office Park	7	1998/99	Franklin, TN	181,837
Irvine Oaks	16	1999	Irvine, CA	53,356
Century Plaza Towers	3	1997	Los Angeles, CA	245,316
Sanctuary Park	9	1997	Alpharetta, GA	248,326
Water Garden	2	1995	Santa Monica, CA	80,574
Doral Center Office Park	4	1995	Doral, FL	14,741
7950 Professional Center	1	1995	Doral, FL	3,657
8333 Downtown Doral	1	1995	Doral, FL	13,312
Total Office	**116**			**7,510,039**

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund industrial investments

As of June 30, 2012

Industrial Properties	# of Buildings	Acquisition Year	Location	Net Asset Value ($000s)
Alliance Texas	43	2010	Fort Worth, TX	422,564
Pompano Business Center	1	2007	Pompano Beach, FL	14,158
DCT Industrial Portfolio	14	2007	Various,	171,225
Rialto Commerce Center	2	2007	Rialto, CA	55,809
Andrew Corporation	1	2007	Chicago Metro Area, IL	61,283
Best Buy Distribution Center	1	2007	Chicago Metro Area, IL	14,830
Metro Chicago Industrial Portfolio	9	2007	Chicago Metro Area, IL	69,761
Metro Chicago Industrial Portfolio II	3	2007	Chicago Metro Area, IL	18,759
Big 5 Distribution Center	1	2006	Riverside, CA	52,372
Kraft Industrial Portfolio	3	2006	Aurora, IL	114,236
Duke Texas JV	36	2000	Dallas Metro Area, TX	127,396
Lakemont Industrial Portfolio	15	2000	Charlotte, NC	81,495
Greater Los Angeles Ind. Portfolio	11	1994/95/99	Various, CA	224,662
South Bay Industrial Portfolio	8	1996	Los Angeles, CA	64,458
Total Industrial	**148**			**1,493,008**

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund multifamily investments

As of June 30, 2012

Apartment Properties	# of Units	Acquisition Year	Location	Net Asset Value ($000s)
100 at Capitol Yards	246	2012	Washington, DC	94,509
909 at Capitol Yards	237	2012	Washington, DC	96,111
Siena Park	188	2012	Arlington, VA	83,636
Broadstone Scottsdale Waterfront	259	2012	Scottsdale, AZ	10,994
Jacaranda	131	2011	Fullerton, CA	31,839
Grand Isle	453	2011	Murrieta, CA	23,752
Mosaic South End	269	2011	Charlotte, NC	44,460
Trinity Bluff	304	2011	Fort Worth, TX	41,336
425 North Boylan	261	2011	Raleigh, NC	6,755
Amalfi at Hermann Park	420	2011	Houston, TX	82,743
Coast Apartments	499	2011	Chicago, IL	37,399
Liberty Towers	648	2011	Jersey City, NJ	154,670
Cordoba Phase II	230	2011	Doral, FL	13,383
Aqua	474	2010	Chicago, IL	84,445
Domain at City Centre	370	2010	Houston, TX	88,326
Elizabeth Square	267	2010	Charlotte, NC	23,003
Mission Bay Block 3W	147	2010	San Francisco, CA	21,872
Park Lane Seaport	465	2010	Boston, MA	194,619
712 Tucker	179	2010	Raleigh, NC	34,958
Equinox Apartments	204	2010	Seattle, WA	68,740
Nalle Woods	238	2010	Austin, TX	45,473
Strata Apartments	192	2010	San Francisco, CA	99,502
Cordoba	224	2009	Doral, FL	19,135
Lindbergh Vista	314	2009	Atlanta, GA	49,852
Triangle Block F	79	2009	Austin, TX	47,546
Lincoln Lakeside	331	2009	Irving, TX	26,856
Robertson Hill	290	2008	Austin, TX	27,555
1330 Boylston Street	200	2008	Boston, MA	36,633
Brownstones at Englewood South	350	2008	Englewood, NJ	86,835

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund multifamily investments (contd.)

As of June 30, 2012

Apartment Properties	# of Units	Acquisition Year	Location	Net Asset Value ($000s)
Windsor at Tryon Village	393	2008	Cary, NC	48,393
Arcadia Cove	432	2007	Phoenix, AZ	34,823
Glenmuir	321	2007	Naperville, IL	33,199
Palazzo Park la Brea Portfolio	1382	2007	Los Angeles, CA	148,146
Trillium at Rio Salado	466	2007	Phoenix, AZ	29,085
Brewery Blocks Portfolio	242	2007	Portland, OR	74,137
Pine Creek Ranch Apartments	240	2007	Houston, TX	11,614
Trilogy	405	2006	Boston, MA	66,208
Doral West Apartments	388	2006	Doral, FL	48,179
Triangle Residences	335	2006	Austin, TX	36,162
Somerset at Deerfield	498	2006	Mason, OH	27,134
Addington Farms	270	2006	Durham, NC	17,972
Vista Sands Apartments	280	2006	Charleston, SC	12,392
Tuscan Villas	288	2006	Irving, TX	30,440
BRE Multifamily Joint Venture	2672	2006	Denver, CO & Phoenix, AZ	323,394
Fountain Glen Portfolio	2044	2006	Various, CA	154,651
Lincoln at La Villita	409	2006	Irving, TX	34,650
Triangle Residences Funding	115	2006	Austin, TX	9,118
Riverwalk at Millenium	375	2006	Conshohocken, PA	83,661
Mission at La Vilita	360	2005	Irving, TX	26,806
Riverview Landing	310	2005	Philadelphia, PA	30,191
The Circle at Hermann Park - Esplanade	375	2005	Houston, TX	25,838
Andante	576	2005	Phoenix, AZ	31,335
Avenel at Montgomery Square	256	2005	North Wales, PA	27,443
Cape May at Temecula	300	2004	Temecula, CA	33,339
One City Place	311	2004	White Plains, NY	131,724
Promenade Rio Vista	970	2003/2004	San Diego, CA	219,253
Gaslight Commons	200	2003	South Orange, NJ	38,226
Park at Research Forest	396	2003	Houston, TX	23,702

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund multifamily investments (contd.)

As of June 30, 2012

Apartment Properties	# of Units	Acquisition Year	Location	Net Asset Value ($000s)
Capitol at Chelsea Apartments	387	2002	New York, NY	143,503
Polo Lakes Apartments	366	2002	Wellington, FL	33,330
Springfield Station Apartments	631	1999	Springfield, VA	161,459
St. John's Wood Apartments	250	1998	Fairfax, VA	57,175
Winners Circle	396	1997	Parkland, FL	28,834
Total Multifamily	**26,108**			**3,912,452**

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund retail investments

As of June 30, 2012

Retail Properties	Acquisition Year	Location	Net Asset Value ($000s)
Super Regional and Regional Malls			
NorthPark Center	2011	Dallas, TX	141,443
Del Amo Fashion Center	2005	Torrance, CA	92,400
Ontario Mills	2004	Ontario, CA	174,991
Perimeter Mall	2002	Atlanta, GA	234,347
Village of Merrick Park	2000	Coral Gables, FL	33,846
Bridgewater Commons	1999	Bridgewater, NJ	143,825
Park Meadows Mall	1999	Littleton, CO	106,754
Towson Town Center	1999	Towson, MD	125,928
University Towne Center	1999	La Jolla, CA	219,876
Valley Fair Mall	1999	San Jose Metro Area, CA	522,846
Subtotal			**1,796,255**
Neighborhood and Community Retail Centers			
Shadow Creek Ranch Town Center	2008	Pearland, TX	24,311
Stony Point	2005	Richmond, VA	12,276
Donahue Schriber	2002	Various,	442,537
Edens & Avant	2000	Various,	557,946
Subtotal			**1,037,070**

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Strategic Property Fund retail investments (contd.)

As of June 30, 2012

Retail Properties	Acquisition Year	Location	Net Asset Value ($000s)
Lifestyle and Urban Centers			
Brewery Blocks	2007	Portland, OR	44,267
Rookwood Portfolio	2007	Cincinnati, OH	46,777
Winter Park Village	2006	Winter Park, FL	23,453
Randhurst Shopping Center	1998	Mt. Prospect, IL	91,515
Subtotal			**206,012**
Other retail centers (4)			86,803
Total Retail			**3,126,140**

These examples represent some of the investments of the Fund. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future

Appendix — Supplemental exhibits

Fee schedule

Strategic Property Fund ("SPF") fee is:

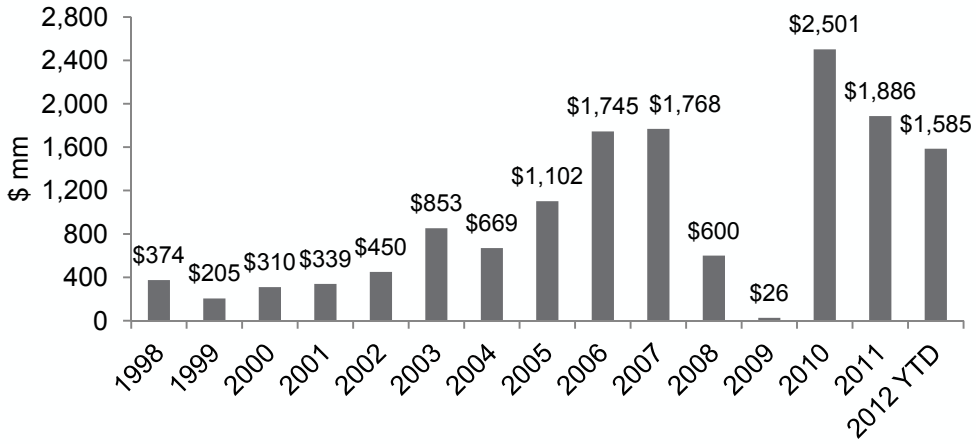
- 1.00% of the participant's pro-rata share of the net asset value of SPF, except that the fee will only be 0.15% with respect to the market value of cash and cash equivalents in SPF in excess of a 7.5% reserve position for cash and cash equivalents
- No acquisition or disposition fees or fees charged on any debt existing on any asset of SPF
- Fees shall be computed and billed on a calendar quarter basis, in arrears

Strategic Property Fund client activity

As of June 30, 2012

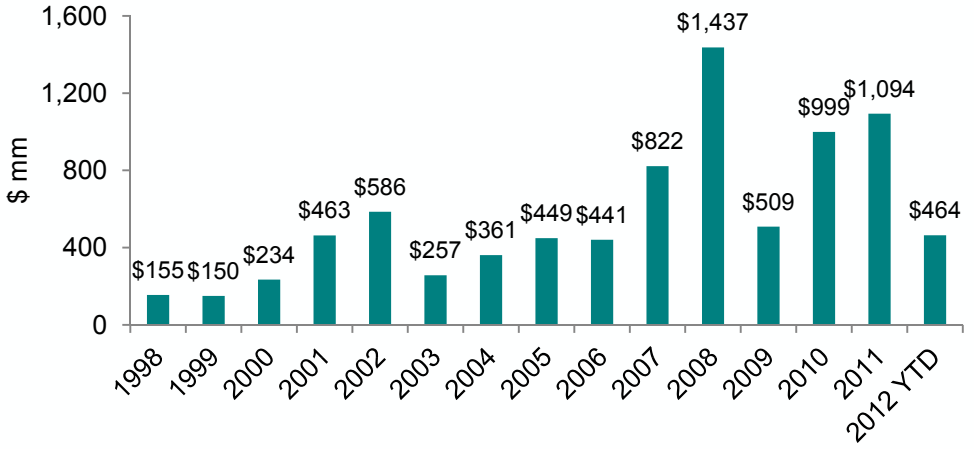
Client inflows

Total client inflows since inception of $14,413 mm



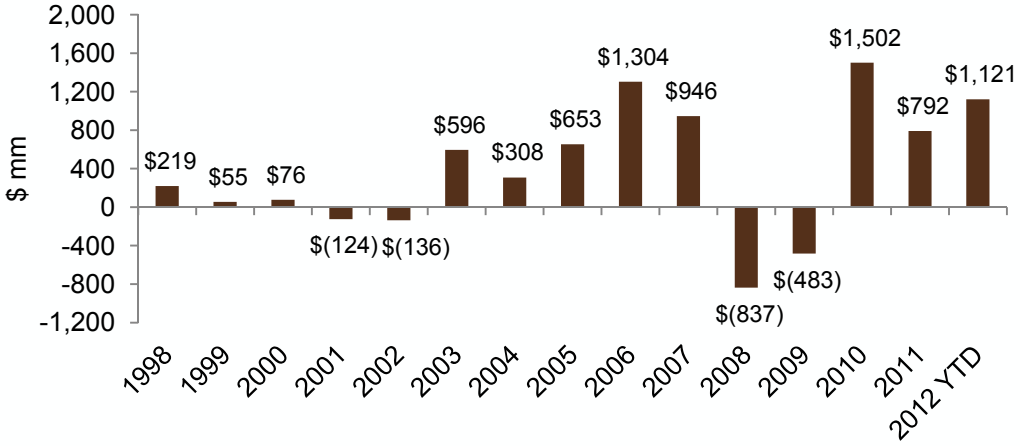
Client outflows

Total client outflows since inception of $8,421 mm



Net client activity

Total net client activity since inception of $5,992 mm



Participation policy

- Contributions to the Fund may be accepted on a monthly basis
- Withdrawals may occur once per quarter subject to available cash, as determined by the Trustee, with 45 days prior written notice
- To the extent that withdrawal requests exceed available cash, distributions are made on a pro rata basis. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves

Strategic Property Fund

As of June 30, 2012

NOI Statistics ($000's)

	2012 YTD Actual	2012 YTD Budget	Variance	GAV as of 6/30/12	2012 Budget	Income return
Comp Property						
NOI - Before Debt Service						
Office	124,622	118,272	5.4%	4,442,042	249,071	5.6%
Industrial	52,591	49,722	5.8%	1,656,239	105,004	6.3%
Retail	131,046	129,023	1.6%	4,980,257	266,120	5.3%
Residential	95,439	92,663	3.0%	3,645,002	190,457	5.2%
Total	**403,698**	**389,680**	3.6%	**14,723,540**	**810,652**	5.5%
Comp Property				**NAV as of 6/30/12**		
NOI - After Debt Service						
Office	106,612	100,093	6.5%	3,785,777	207,441	5.5%
Industrial	48,330	45,460	6.3%	1,493,008	96,401	6.5%
Retail	86,019	83,545	3.0%	2,893,182	173,691	6.0%
Residential	70,266	67,486	4.1%	2,632,415	139,977	5.3%
Total	**311,227**	**296,584**	4.9%	**10,804,382**	**617,510**	5.7%
Total SPF (comp and non-comp)						
NOI - Before Debt Service	567,655	547,277	3.7%	21,890,223	1,142,034	5.2%
NOI - After Debt Service	439,644	417,420	5.3%	16,215,463	874,977	5.4%

Strategic Property Fund Snapshot: Valuation metrics

As of June 30, 2012

	Discount rate (%)			Going-in yield (%)		
	2Q 2012	1Q 2010	3Q 2007	2Q 2012	1Q 2010	3Q 2007
Multi-family	7.1	8.6	6.9	5.0	6.3	5.0
Office – CBD	7.5	8.5	6.8	4.7	6.6	4.5
Office – Suburban	8.0	9.1	7.3	6.8	6.8	5.4
Retail	7.6	8.8	7.5	5.9	7.0	5.9
Industrial	7.9	9.2	7.2	6.0	6.5	5.9
Strategic Property Fund	7.5	8.8	7.2	5.4	6.7	5.3
Changes from peak to today (3Q07 to 2Q12)	30 bps			10 bps		
Changes from trough to today (1Q10 to 2Q12)	-130 bps			-130 bps		

A fair and transparent valuation process

- All assets are valued quarterly
- Annual external appraisals (semi-annual for assets of $100 million or greater NAV)
- Internal appraisals conducted in interim periods
  - Cash flow models are updated for property specific and/or market changes
- Director of valuations
  - In-house, MAI, oversees the process
  - Hires/monitors third party appraisal firms
  - Ensures consistency in appraisal assumptions by property type and geography
- Client transactions are executed at a **current,** fair market value

Valuation Process

Appraisals for commingled funds

- External
  - once per year for all assets
  - semi-annually for major assets in SPF (assets of $100mm or greater in NAV)
  - quarterly audit review by PWC
- National and regional appraisal firms
  - Cushman & Wakefield
  - CB Richard Ellis
  - Integra Realty Resources
  - National Valuation Consultants
  - National Property Valuation Advisors
  - Welsh Chester Galiney Matone, Inc.
  - New Market Real Estate Group
  - KTR Newmark Real Estate Services
  - Real Estate Research Corporation
- Internal
  - quarterly, internal MAI valuation
  - updated monthly for changes at the asset level and market conditions

Review of external appraisals

- Asset Managers
  - accuracy of factual information
  - accuracy of leasing conditions and market data
  - summarizes appraisal assumptions and appraisers valuation conclusion
  - presents appraisal memo to Director of Valuations
- Director of Valuations
  - reasonableness of assumptions and final value
  - consistency of pricing parameters within geographic region and property type

Strategic Property Fund – Risk management strategy

Systematic

- Financial/structural risk
  - low LTV
  - no cross collateralization
  - no recourse except short term completion guarantees on construction loans
- Liquidity risk
  - $17.5bn equity from 302 clients in open-ended vehicle
  - quarterly withdrawal policy
- Cash flow risk
  - stable diversified income stream
  - no significant tenant concentration

Non-systematic

- Broadly diversified
- $23.1bn GAV in four major asset sectors
- Control risk
  - all JV investments have buy-sell features
  - all JV investments have favorable dissolution features
  - professional financial reporting group
  - diligent audit and financial control management
- Manager risk
  - vital, growing real estate group
  - access to wide cast of investment professionals
  - integrated proprietary dedicated real estate research group with long-term commitment to asset class
  - most clients have other, larger holdings managed by J.P. Morgan Investment Management manager not totally dependent on real estate

June 30, 2012

Product design: Risk management elements

Fund guidelines	Strategic Property Fund
Leverage Limit:	
• Portfolio	35%
• Asset Specific	65%
Cash Min - Max	1% - 7.5%
Asset Type Sector Concentration + / - vs. NCREIF [1]	15%
Geographic Sector Concentration + / - vs. NCREIF [1]	15%
Development Property - Non Income Producing Max [2]	15%
JV Single-Partner Largest Concentration [3]	10%
Single Largest Asset Concentration [3]	5%
Annual Gross Turnover (rolling four quarters) [4]	5% - 20%
Annual Net Turnover (rolling four quarters) [5]	5% - 20%

[1] Based on Fund's gross asset value (GAV) - direct real estate only, excluding Land
[2] Based on Fund's gross asset value (GAV) - direct real estate only, including Land. 5% for new development and up to a total 15% including re-development opportunities.
[3] Based on the Fund's net asset value (NAV)
[4] Represents, as a percentage of the Fund's quarterly average gross asset value, the total gross acquisitions, gross sales proceeds and capital expenditures over a rolling 12 month period
[5] Represents, as a percentage of the Fund's quarterly average net asset value, total net sales proceeds over a rolling 12 month period

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Appendix – Biographies of key professionals

J.P. Morgan Asset Management – Global Real Assets

Joseph K. Azelby, Managing Director, is head of J.P. Morgan Asset Management – Global Real Assets'. An employee since 1986, he is responsible for the group's global business vision, strategy and execution. Joe chairs the Global Real Assets' Global Management Committee. He is also a member of the Asset Management Investment and Operating Committee's. Prior to joining the Real Estate & Infrastructure Group, he led the Mortgage Investment Strategy Group of the firm's Fixed Income Group. There, as a portfolio manager, he specialized in both public and private mortgages and other asset-backed securities. Joe joined the firm after playing professional football for the Buffalo Bills. He has a B.A. in economics from Harvard University and an M.B.A. in finance from New York University.

Kevin Faxon, Managing Director, is head of Real Estate Americas at J.P. Morgan Asset Management – Global Real Assets. The 250 person group manages more than $30 billion of assets across a range of Core, Value-added and Opportunistic strategies on behalf of institutional, sovereign and high net worth investors. Kevin is a member of JPMAM Americas Executive Committee and sits on the J.P. Morgan Commercial Real Estate Council which coordinates the Real Estate activities of the broader Firm. An employee since 1988, Kevin was previously portfolio manager of the Special Situation Property and Income & Growth Funds. Prior to assuming these roles, Kevin was head of acquisitions for the western United States. Before joining the firm, he was employed by Landauer Associates, a national real estate consulting firm. Kevin holds a B.S. in real estate and finance from the University of Connecticut and an M.B.A. in finance from New York University. He is a member of the Urban Land Institute, NAREIM and PREA.

Benjamin G. Gifford, Managing Director, is the Real Estate Chief Investment Officer of J.P. Morgan Asset Management – Global Real Assets with 35 years of industry experience. An employee since 1998, Ben is responsible for the direct real estate investment activity of the commingled funds and all separate accounts. Previously, he was president of O'Connor Realty Advisors, where he was responsible for the separate account direct investment real estate advisory business. He was also employed at the Morgan Guaranty Trust Company, where he was responsible for real estate equity investments on behalf of its commingled trust fund and separate accounts. Prior to that, he was employed by the Teachers Insurance and Annuity Association (TIAA) as a Mortgage Officer. Ben has a B.A. from the University of Pennsylvania. His professional affiliations include the Urban Land Institute, the International Council of Shopping Centers and the Pension Real Estate Association.

Anne S. Pfeiffer, Managing Director, is the Head of U.S. Real Estate Commingled Funds and is the Portfolio Manager responsible for the overall management and performance of the JPMorgan Strategic Property Fund. An employee since 1979, she joined the firm as the Senior Finance Officer. She has served the firm in several capacities including the head of the Finance Group, a Senior Asset Manager and an Acquisitions Officer. Within acquisitions, she was responsible for the origination, analysis and negotiation of commercial real estate transactions. Ms. Pfeiffer has extensive experience in the acquisition and management of institutional quality real estate in a variety of property types and locations. Prior to joining the firm, she was a Supervising Accountant with Coopers & Lybrand as a Certified Public Accountant. From 2002 to 2008, she served on the Board of Directors of the National Council of Real Estate Investment Fiduciaries ("NCREIF") including serving as President for 2007, 2008 and past President for 2009. Effective January 1, 2012 Anne was elected to the Board of the Real Estate Information Standards (REIS) for a three year term. Anne has a B.B.A. from Southern Methodist University.

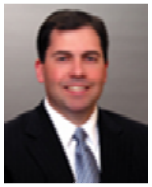
J.P. Morgan Asset Management – Global Real Assets

Dave Esrig, Managing Director, is J.P. Morgan Asset Management – Global Real Assets director of U.S. real estate and infrastructure research. An employee since 1997, Dave and his team forecast local economic and property performance in support of acquisitions, dispositions and portfolio strategy development. Prior to joining the firm, Dave was chief economist at an industry trade group. He also worked for a number of years at Economy.com, an economic consulting firm, where his duties included modeling local real estate supply and demand fundamentals. Dave holds a B.A. from the University of Virginia, an M.A. in economics from the University of Pennsylvania and is a CFA charterholder.

Alfred W. Dort, Managing Director, is the head of the Real Estate Financial Group of J.P. Morgan Asset Management – Global Real Assets. An employee since 1997, his responsibilities include the financial management, reporting and analysis for Real Estate Funds and Separate Accounts. Prior to joining J.P. Morgan Asset Management, Alfred spent several years with PricewaterhouseCoopers LLP, providing consulting and accounting services to real estate industry clients. He graduated with a B.S. in accountancy from Villanova University and is a CPA. He is currently a member of the American Institute of Certified Public Accountants.

Mark Bonapace, Managing Director, is the head of Asset Management for the JPMorgan Real Estate Group, responsible for the management, leasing and ongoing development of the real estate assets. An employee since 1990, Mark has held several positions within the group. Prior to his role as head of Asset Management, Mark was the sector head for Office/Industrial East/South within the Real Estate Group. Mark has also been the Office/Industrial sector head for the Central region and was a Senior Asset Manager for our Retail portfolio. Mark previously worked at Deloitte & Touche for four years. He holds a B.S. in accounting from the University of Delaware and an M.B.A. in finance from New York University's Stern School of Business. Mark is also a Certified Public Accountant and an active member of the Urban Land Institute.

Ellie Kerr, Managing Director, is J.P. Morgan Asset Management – Global Real Assets director of valuations for real estate. An employee since 2001, Ellie is responsible for overseeing the appraisal process. She served as chairperson of the NCREIF Valuation Committee from 2004 to 2005 and continues to be actively involved. Prior to joining the firm, she was employed by SSR Realty Advisors, Inc. as director of valuations. Ellie earned a B.A. in economics from Williams College and holds an M.A.I. from the Appraisal Institute.



Lawrence Fuchs, Managing Director, is the Chief Operating Officer of J.P. Morgan Asset Management – Global Real Assets. An employee since 2000, he is responsible for strategic business development, execution of the global business plans and initiatives and operational management. Lawrence is a member of the J.P. Morgan Asset Management – RE Global and Americas Management Committees. He is also a board member of the JPMorgan Alternative Property Fund and JPMorgan U.S. Real Estate Income and Growth Fund. Prior to joining the group, he was the director of operations for the Emerging Markets U.S. division of J.P. Morgan Securities, Inc. From 1998 to 2000, he was a member of the Emerging Markets Trading Association, providing insight for emerging markets operational risk and business practices. Lawrence is registered as a General Securities Principal of J.P. Morgan Institutional Investments, Inc. He holds a B.S. in finance from Hofstra University.

J.P. Morgan Asset Management – Global Real Assets

James F. Kennedy, Managing Director, is the head of the firm's Development & Engineering Group within J.P. Morgan Asset Management - Global Real Assets. An employee since 2004, he is responsible for engineering and environmental due diligence, development oversight and general engineering support for asset management. Jim is involved with the various real estate and infrastructure funds internationally, and also spearheads the group's sustainability initiatives. Jim has been in the industry since 1990, serving in various roles across the development, construction and business consulting fields, with such firms as PricewaterhouseCoopers and FRM (Aramark). His engineering and development experience ranges across asset types, including office, industrial, retail, multi-family, hospitality and large-scale civil infrastructure. Jim received a B.B.A. in finance from the University of Massachusetts at Amherst and an M.S. in civil and environmental engineering from the Massachusetts Institute of Technology. He is a member of the American Society of Civil Engineers, National Association of Real Estate Investment Managers, Urban Land Institute, International Council of Shopping Centers and US Green Building Council. Jim is a USGBC-LEED Accredited Professional.

Michael O'Brien, Managing Director, is the head of Global Real Estate Client Relations and Strategy for J.P. Morgan Asset Management–Global Real Assets. Michael is a member of the J.P. Morgan Asset Management Global Real Assets Management Committee and a member of the Real Estate Americas Management Committee. An employee since 2000, Michael is responsible for marketing all of the J.P. Morgan Asset Management Group's real estate capabilities. He has over 32 years of experience in institutional marketing and real estate. Prior to joining the firm, he worked at Lend Lease and Equitable Real Estate where he was a senior officer and served as senior account executive, product manager and financial analyst. Michael graduated Phi Beta Kappa from Rutgers University with a B.A. in economics and M.B.A. in finance from Rutgers University. He holds the FINRA Series 7, 63 and 24 licenses.

Steven M. Greenspan, Managing Director, is the Global Director of Product Development for J.P. Morgan Asset Management - Global Real Assets. Steven plays an integral role in the design, marketing, launch, implementation and oversight of GRA's global products and strategies. A J.P. Morgan employee since 1996, Steven has broad experience in structuring open- and closed-end funds and separate accounts designed to meet the complex commercial, legal, regulatory, and tax needs of JPMAM's global client base. He is a member of JPMAM-GRA's Global and Americas Management Committees and serves on the investment committees and boards of directors of various GRA real estate, infrastructure and maritime funds. Steven has been recognized as a New York Super Lawyer. He previously served as a vice president/assistant general counsel in JPMAM's Legal Department, and as a practicing attorney in the real estate and corporate departments at Stroock & Stroock & Lavan LLP. Steven holds a B.P.S. from the University at Buffalo and a J.D. from Brooklyn Law School.

Real Estate Investment Management Services
JPMCB Strategic Property Fund Annual Performance Report

Annual returns, U.S. $

	Composite								As of December 31			
Year	Income (%)	Appreciation (%)	Total Gross Return (%)	Total Net Return (%)	Benchmark Return (%)	Composite 3yr St Dev	Benchmark 3yr St Dev	Internal Dispersion (%)	Number of Accounts	Composite Assets ($mm)	% of Real Estate Assets (%)	Total Firm Assets ($ bn)
2011	5.47	9.98	15.96	14.82	14.26	9.18	4.63	n/a	≤ 5	21,322	35.60	653
2010	6.61	7.11	14.15	13.03	13.11	9.35	4.89	n/a	≤ 5	17,868	36.24	625
2009	6.13	(30.92)	(26.55)	(27.30)	(16.86)	9.46	5.05	n/a	≤ 5	14,821	33.54	616
2008	4.97	(12.49)	(8.09)	(9.01)	(6.46)	5.24	4.07	n/a	≤ 5	18,741	37.12	547
2007	5.42	10.73	16.68	15.54	15.84	3.33	0.81	n/a	≤ 5	20,357	36.00	442
2006	5.72	10.34	16.60	15.45	16.59	3.36	0.96	n/a	≤ 5	16,322	38.00	374
2005	6.62	17.45	25.12	23.90	20.06	3.49	1.39	n/a	≤ 5	13,204	48.00	348
2004	7.07	4.92	12.31	11.23	14.48	1.90	1.03	n/a	≤ 5	10,850	50.10	281
2003	7.38	2.98	10.57	9.48	8.99	1.50	0.60	n/a	≤ 5	8,695	48.00	241
2002	8.07	(2.78)	5.09	4.06	6.74	1.73	0.86	n/a	≤ 5	7,398	47.47	238

Fees (as of 12/31/11)

1.00% per annum on the market value of the assets, except for cash holdings in excess of 7.5% of the fund's total assets, which are charged a standard cash management fee of 15 basis points.

Minimum investment: $10 million

J.P. Morgan Investment Management Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. J.P. Morgan Investment Management Inc. has been independently verified for the periods 1993-2007. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

J.P. Morgan Investment Management Inc. (JPMIM or the Firm) consists of the assets of institutional clients invested in US managed products including 1) the fixed income and cash assets formerly part of Chase Asset Management and MDSass&Chase Partners, 2) the New York institutional investment division of JPMorgan Chase Bank, N.A., formerly Morgan Guaranty Trust Company of New York, and 3) the institutional investment assets of JPMorgan Investment Advisors, Inc. (JPMIA), formerly known as Banc One Investment Advisors Corporation (BOIA), the advisor to institutional assets directly managed by JPMIA or sub-advised by an affiliate institution, and 4) the institutional assets of Bear Stearns Asset Management Inc. The Firm also includes Separately Managed Accounts over which JPMIM has full and sole discretion. JPMIM is marketed under JPMorgan Asset Management.

The composite contains a single account which is the commingled fund that is directly invested according to JPMIM's Strategic Property Fund strategy. The strategy is an actively managed diversified, core, open-end commingled pension trust fund. It seeks an income-driven rate of return of 100 basis points over the NCREIF Property Index over a full market cycle (three-to-five-year horizon) through asset, geographic and sector selection and active asset management. The Fund invests in high-quality stabilized assets with dominant competitive characteristics in markets with attractive demographics throughout the United States. The composite was created in December 2000.

Equity futures are occasionally used in accordance with client-authorized account objectives and guidelines in order to equitize large cash contributions and to minimize market impact while purchasing individual equity securities.

Both gross and net returns reflect the reinvestment of income, deduction of transaction costs, and are net of withholding taxes where applicable and include the effect of leverage, which averaged 27.0% of asset value in the year 2011. All returns are expressed in U.S. dollars. Gross returns do not reflect the deduction of investment advisory fees or any other expenses that may be incurred in the management of the account. The sum of the income and appreciation returns will not equal the total gross return due to the effect of compounding. Net returns have been calculated monthly using the actual fees charged to shareholders of the fund. The standard annual fee schedule currently in effect is as follows: 1.00% per annum on the market value of the assets, except for cash holdings in excess of 7.5% of the fund's total assets, which are charged a standard cash management fee of 0.15%. Actual advisory fees charged and actual account minimum size may vary by account due to various conditions described in Part II of Form ADV.

The firm's list of composite descriptions and the policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The benchmark is the NCREIF Property Index. The index 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 for the index do not include any transaction costs, management fees or other costs.

The dispersion of annual returns is measured by the asset-weighted standard deviation of account returns included in the composite for the full year. For periods with 5 or fewer accounts included for the entire year, dispersion is not presented (n/a) as it is not considered meaningful.

Past performance is no guarantee of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses.

J.P. Morgan Asset Management – Global Real Assets

The Commingled Pension Trust Fund (Strategic Property) of JPMorgan Chase Bank N.A. is a collective trust fund established and maintained by JPMorgan Chase Bank, N.A. under a declaration of trust. The fund is not required to file a prospectus or registration statement with the SEC, and accordingly, neither is available. The fund is available only to certain qualified retirement plans and governmental plans and are not offered to the general public. Units of the fund are not bank deposits and are not insured or guaranteed by any bank, government entity, the FDIC or any other type of deposit insurance. You should carefully consider the investment objectives, risk, charges, and expenses of the funds before investing.

This document is intended solely to report on various investment views held by J.P. Morgan Asset Management. Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable but should not be assumed to be accurate or complete. The views and strategies described may not be suitable for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations. Indices do not include fees or operating expenses and are not available for actual investment. The information contained herein employs proprietary projections of expected returns as well as estimates of their future volatility. The relative relationships and forecasts contained herein are based upon proprietary research and are developed through analysis of historical data and capital markets theory. These estimates have certain inherent limitations, and unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees or other costs. References to future net returns are not promises or even estimates of actual returns a client portfolio may achieve. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

Real estate investing may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investing may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Leverage. Certain of the Fund's investments may be leveraged, which may adversely affect income earned by the Fund or may result in a loss of principal. The use of leverage creates an opportunity for increased net income, but at the same time involves a high degree of financial risk and may increase the exposure of the Fund or its investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the investment collateral. The Fund may be unable to secure attractive financing as market fluctuations may significantly decrease the availability and increase the cost of leverage. Principal and interest payments on any leverage will be payable regardless of whether the Fund has sufficient cash available. Senior lenders would be entitled to a preferred cash flow prior to the Fund's entitlement to payment on its Investment.

The value of investments and the income from them may fluctuate and your investment is not guaranteed. Past performance is no guarantee of future results. Please note current performance may be higher or lower than the performance data shown. Please note that investments in foreign markets are subject to special currency, political, and economic risks. Exchange rates may cause the value of underlying overseas investments to go down or up. Investments in emerging markets may be more volatile than other markets and the risk to your capital is therefore greater. Also, the economic and political situations may be more volatile than in established economies and these may adversely influence the value of investments made.

The deduction of an advisory fee reduces an investor's return. Actual account performance will vary depending on individual portfolio security selection and the applicable fee schedule. Fees are available upon request.

The following is an example of the effect of compounded advisory fees over a period of time on the value of a client's portfolio: A portfolio with a beginning value of $100mm, gaining an annual return of 10% per annum would grow to $259mm after 10 years, assuming no fees have been paid out. Conversely, a portfolio with a beginning value of $100mm, gaining an annual return of 10% per annum, but paying a fee of 1% per annum, would only grow to $235mm after 10 years. The annualized returns over the 10 year time period are 10.00% (gross of fees) and 8.91% (net of fees). If the fee in the above example was 0.25% per annum, the portfolio would grow to $253mm after 10 years and return 9.73% net of fees. The fees were calculated on a monthly basis, which shows the maximum effect of compounding.

All case studies are shown for illustrative purposes only and should not be relied upon as advice or interpreted as a recommendation. They are based on current market conditions that constitute our judgment and are subject to change. Results shown are not meant to be representative of actual investment results. Past performance is not necessarily indicative of the likely future performance of an investment.

Any securities mentioned throughout the presentation are shown for illustrative purposes only and should not be interpreted as recommendations to buy or sell. A full list of firm recommendations for the past year is available upon request.

The Fund is established and maintained by JPMorgan Chase Bank, N.A. under a Declaration of Trust. The Fund is a bank-sponsored collective investment fund established as a group trust within the meaning of Internal Revenue Service Revenue Ruling 81-100, as amended. The Fund is available exclusively to certain tax-qualified retirement and governmental plans that have appointed JPMorgan Chase Bank, N.A. as fiduciary for the plan.

J.P. Morgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. and its affiliates worldwide. Those businesses include, but are not limited to, JPMorgan Chase Bank, N.A., J.P. Morgan Investment Management Inc., Security Capital Research & Management Incorporated, and J.P. Morgan Alternative Asset Management, Inc.

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LaSalle Investment Management

Mandate: **LaSalle Medical Office Fund II – Closed-end Commingled Real Estate Fund** **Hired: 2006**

Firm Information

LaSalle Investment Management (LaSalle), established in 1980, is a wholly owned but operationally independent division of Jones Lang LaSalle, Inc., a publicly held company traded on the NYSE. Jones Lang LaSalle Inc. (JLL) provides a broad range of real estate services in 180+ markets in 60 countries spanning 5 continents.

As of 6/30/2012, LaSalle's total assets under management were $46.7 billion.

Key Executives:
Steve Bolen, Portfolio Manager
Diane Wild, Portfolio Controller
Matthew Walley, Client Services Rep.

Investment Approach

LaSalle's process for identifying assets for a client account is generally consistent across all strategies. Each account is staffed with a Client Management Team, which is comprised of a portfolio manager, asset managers, portfolio controllers and individual analysts. The portfolio manager is responsible for ensuring that the investment objectives are being executed properly.

LaSalle's primary groups supporting its Client Management Teams are its Research and Strategy Team, Acquisitions Team and Investment Committee. The Research and Strategy Team guides the investment process at both the macro and micro levels. A top-down approach is used to monitor local, regional, national and global economic and investment trends and to guide overall investment strategy. A number of databases and econometric forecasting models, developed by LaSalle, are also used to coordinate strategy and guide decision-making. A bottom-up approach is used to closely examine the fundamentals impacting the potential real estate opportunity at a submarket level. The bottom-up approach is also used to uncover and identify investment opportunities or risks.

Benchmark: NCREIF Property Index

Total ARMB Mandate

Assets Under Management:
06/30/12: $22,472,341

Concerns: None

6/30/2012 Performance

	Last Quarter	1-Year	3-Years Annualized	5-Years Annualized
Manager Gross	2.32%	8.12%	7.56%	2.72%
Fee	0.38%	1.63%	2.28%	3.60%
Manager Net	1.94%	6.49%	5.28%	-0.88%
Benchmark	2.68%	12.04%	8.82%	2.51%

LaSalle Investment Management

Mandate: **Core Real Estate Separate Account** **Hired: 2003**

Firm Information

LaSalle Investment Management (LaSalle), established in 1980, is a wholly owned but operationally independent division of Jones Lang LaSalle, Inc., a publicly held company traded on the NYSE. Jones Lang LaSalle Inc. (JLL) provides a broad range of real estate services in 180+ markets in 60 countries spanning 5 continents.

As of 6/30/2012, LaSalle's total assets under management were $46.7 billion.

Key Executives:
George Duke, Portfolio Manager
Lori Hoogewerf, Portfolio Controller
Michael Allingham, Portfolio Controller
Matthew Walley, Client Services Rep.

Investment Approach

LaSalle's process for identifying assets for a client account is generally consistent across all strategies. Each account is staffed with a Client Management Team, which is comprised of a portfolio manager, asset managers, portfolio controllers and individual analysts. The portfolio manager is responsible for ensuring that the investment objectives are being executed properly.

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Benchmark: NCREIF Property Index

Total ARMB Mandate

Assets Under Management:
06/30/12: $210,626,950

Concerns: None

6/30/2012 Performance

	Last Quarter	1-Year	3-Years Annualized	5-Years Annualized
Manager Gross	1.64%	12.24%	13.01%	3.60%
Fee	0.16%	0.77%	0.84%	0.72%
Manager Net	1.48%	11.47%	12.17%	2.88%
Benchmark	2.68%	12.04%	8.82%	2.51%

LaSalle Investment Management®

Real estate experience. Investment expertise.

Alaska Retirement Management Board

Portfolio Update and Investment Review

George Duke
Managing Director
+ 1 410 878 4810

Steve Bolen
Managing Director
+1 410 878 4803

September 20, 2012

Portfolio Update and Investment Review

I. People
- ARMB/LaSalle Team
- LaSalle Organization

II. Performance

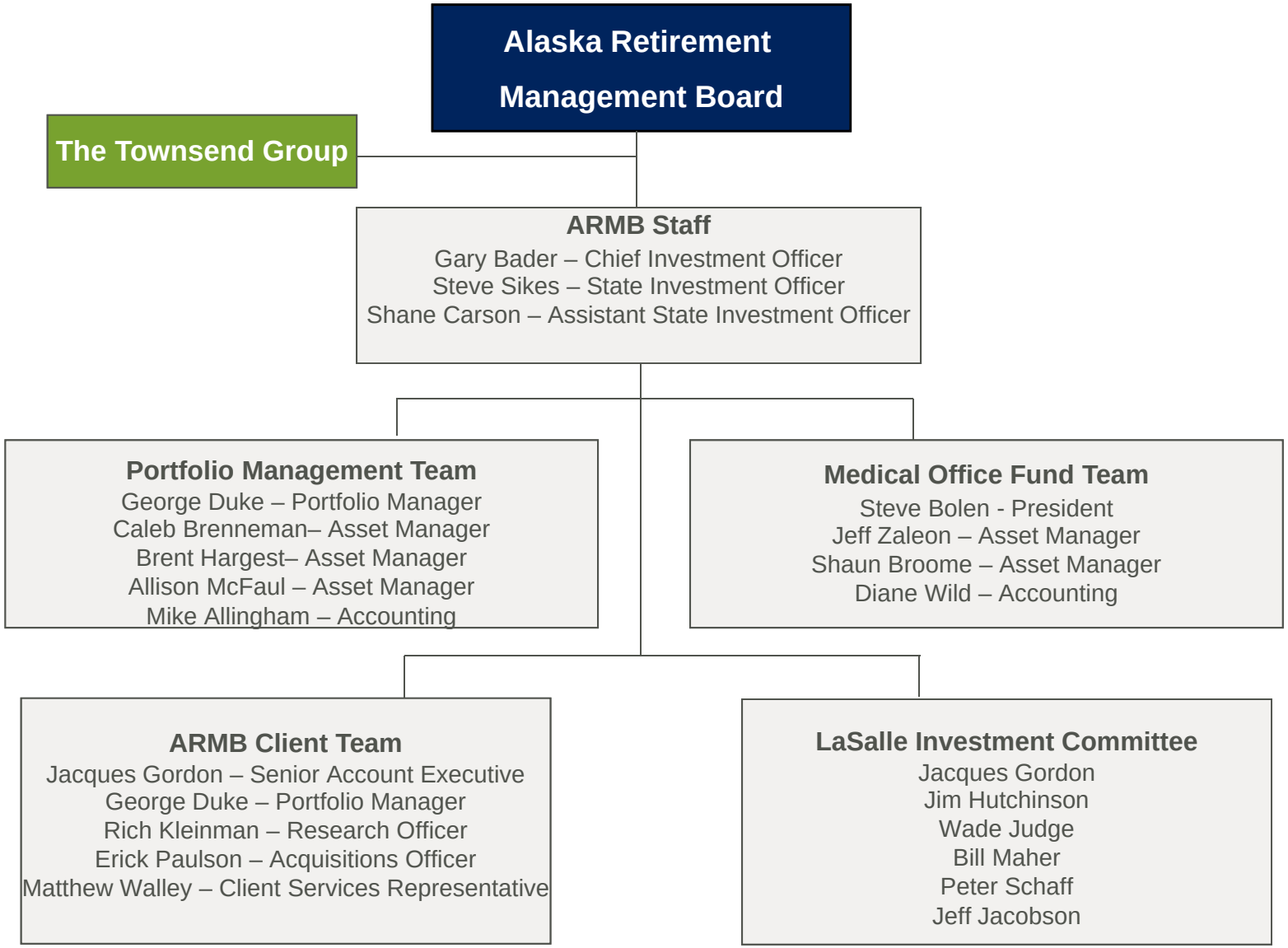
III. Portfolio
- Overview
- NOI Comparisons
- Property Reviews

IV. Funds
- Medical Office Fund Update
- Opportunities for Fiscal 2009

Appendix

I. People

ARMB/LaSalle Team



LaSalle Investment Management

- Focus solely on real estate
- 32 years experience, $47 billion under management globally
- Stable leadership/ownership
- Research underpins decision making
- Direct market information through Jones Lang LaSalle
- Multi-disciplinary global team

II. Performance

Performance

- Property
  - 88% average leased (94% leased when weighted by value)
  - Net Operating Income exceeded budget by 4%

- Financial

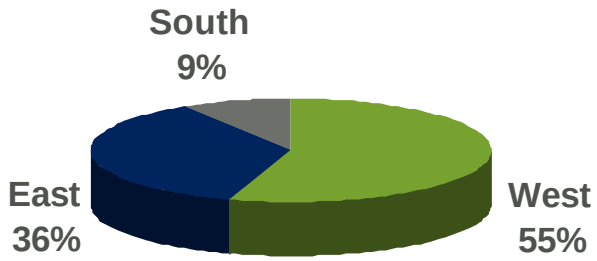
- One-year return	12.2%	(6.8% income)
- Three-year return	13.0%	(7.4% income)
- Since inception return	8.1%	(7.1% income)

III. Portfolio

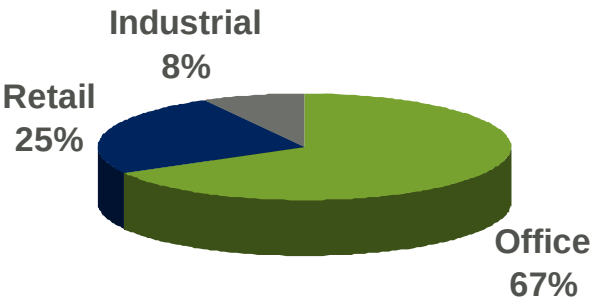
Overview - Current Portfolio

- $211 million value – 7 assets
- 100% Core
- Diversified by product type and geography

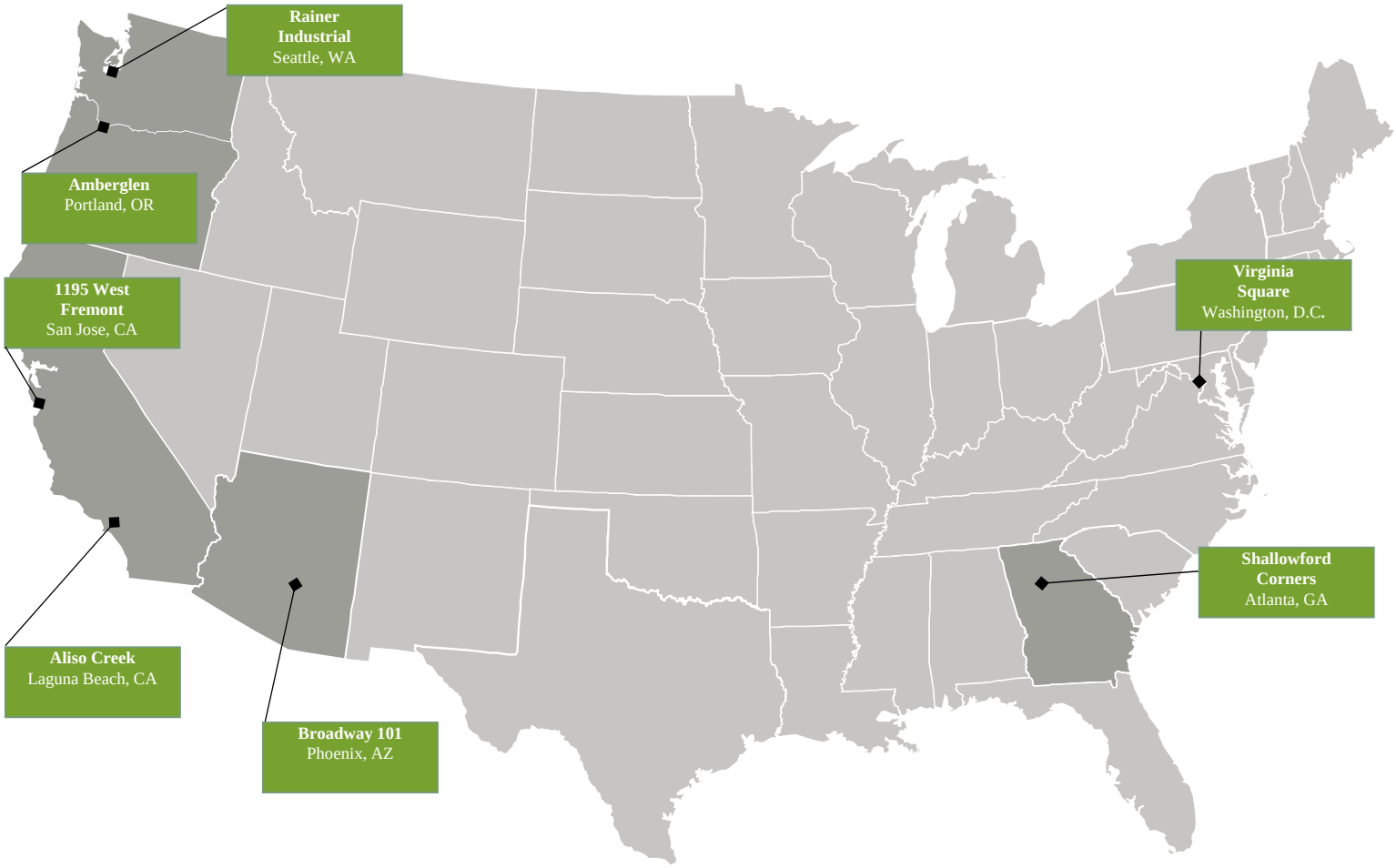
LaSalle Separate Account Allocation by Region



LaSalle Separate Account Allocation by Property Type



Overview - ARMB Property Locations



LaSalle Investment Management

ARMB NOI Comparison $000's

	Actual 2010	Actual 2011	Actual 2012	Budget 2013
Office				
Virginia Square	4,417	4,561	4,993	4,196
1195 W. Fremont	2,031	2,090	2,143	2,225
Broadway 101	1,493	1,581	1,565	1,366
Amberglen	1,882	811	647	615
Total	**9,823**	**9,043**	**9,348**	**8,402**
Retail				
Aliso Creek	1,435	1,571	1,879	1,702
Shallowford Corners	1,091	1,028	1,029	1,239
Total	**2,526**	**2,599**	**2,908**	**2,941**
Industrial				
Rainier III	856	884	1,120	1,089
Total	**856**	**884**	**1,120**	**1,089**
Portfolio Total	**13,205**	**12,526**	**13,376**	**12,432**

>10% Increase
<10% Increase/Decrease
>10% Decrease

Virginia Square
Arlington, VA

Type:	Class A Office
Size (SF):	158,387
Year Built:	2001
Date Acquired:	November 2004
Value:	$75,200,000
Leased:	94%

- Completed early renewal with National Older Workers (9,597 SF)
- Completed new retail lease with Tropical Smoothie (1,404 SF)
- Completed recoating of parking garage
- Begin common area upgrade program to attract new tenants and achieve higher rental economies
- Address the expiration of Booz Allen Hamilton (47,170 SF, 6/13)

1195 West Fremont
Sunnyvale, CA

Type:	Office
Size (SF):	80,000
Year Built:	1997
Date Acquired:	June 2007
Value:	$31,400,000
Leased:	100%

- IBM on lease until May 2017
- InnoPath on 65,000 SF sublease through May 2017
- Transera Communications on 15,000 SF sublease through May 2015

Broadway 101
Phoenix, AZ

Type:	Class A Office
Size (SF):	162,484
Year Built:	1999
Date Acquired:	August 2000
Value:	$20,300,000
Leased:	90%

- Achieved 22,000 SF of leasing activity in extremely difficult operating environment
- Maintained average occupancy of 95% during the year
- Renew/replace 30,000 SF of expiring tenants
- Evaluate disposition opportunity pending market and occupancy status

Amberglen
Portland, OR

Type:	Office
Size (SF):	210,626
Year Built:	1999/2000
Date Acquired:	May 2006
Value:	$14,900,000
Leased:	62%

- Executed new lease with IBM (24,807 SF) for seven years
- Improve occupancy, addressing rollover of two existing tenants

Aliso Creek Shopping Center
Laguna Beach, CA

Type:	Neighborhood Retail
Size (SF):	49,149
Year Built:	1965
Date Acquired:	February 1999
Value:	$32,200,000
Leased:	96%

- Completed a $1.1 million renovation project
- Execute a 10-year lease with Chase Bank (3,400 SF)
- Complete renewal lease with Z-Pizza (1,625 SF) and renew remaining 2012 expirations
- Commence renewal discussions with CVS (23,455 SF) including potential downsize

Shallowford Corners
Atlanta, GA

Type:	Neighborhood Retail
Size (SF):	112,427
Year Built:	1987/2002
Date Acquired:	August 2004
Value:	$19,700,000
Leased:	88%

- Renewed two leases (6,522 SF) and signed two new leases (5,246 SF)
- Completed a $220,000 storefront modification project to increase marketability
- Renew three expiring leases (8,791 SF)

Rainier Industrial
Seattle, WA

Type:	Industrial
Size (SF):	234,750
Year Built:	2004
Date Acquired:	January 2005
Value:	$17,600,000
Leased:	100%

- Executed renewal with Star Pipe (32,250 SF) for five years
- Work on early renewal with Simmons (150,000 SF)

Fiscal 2013 Initiatives

Strategy

- Continue to assess long-term hold on assets vs. short-term tactical sales

Leasing

- Complete renewals at various properties (especially at Virginia Square, Broadway 101 and Amberglen)
- Achieve portfolio occupancy of 95%

Sustainability

- Recertify Energy Star status at Virginia Square and Broadway 101

IV. Funds

LaSalle Medical Office Fund II - Summary

- A co-mingled fund that owns a diversified portfolio of medical office buildings
- Structured as a private REIT with 11 investors
- Investment period expired in April 2011
- Hold period expires in April 2015
- Net capital called from ARMB: $25.4 million
- Total capital called from all investors: $256.9 million

LaSalle Medical Office Fund II – Portfolio Overview

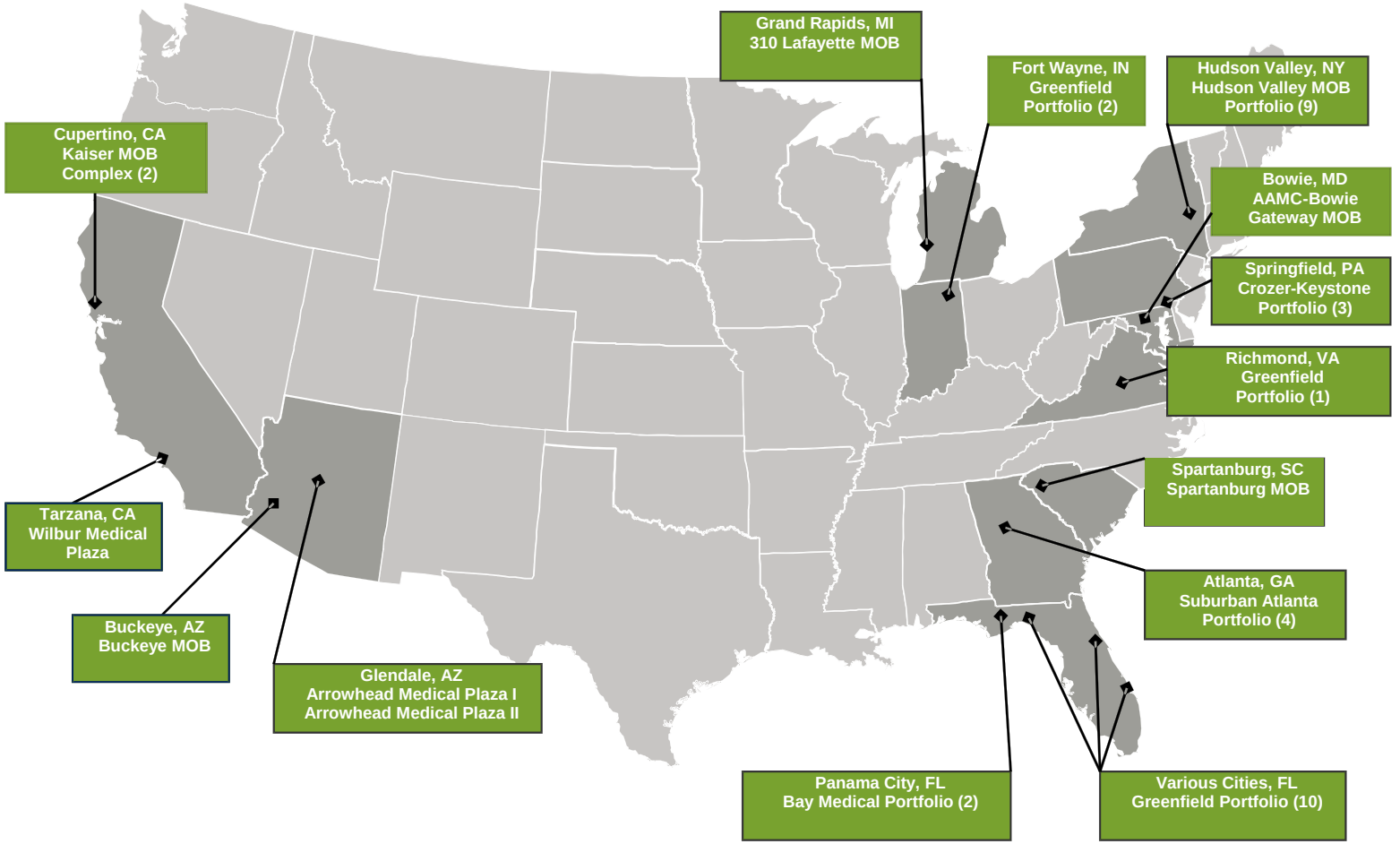
- 40 medical office buildings in 11 states
- 1,947,500 rsf
- 93.7% leased
- Current market value of $464.7 million
- Geographically diversified
- Mix of on- and off-campus locations

LaSalle Investment Management

LaSalle Medical Office Fund II – Return Summary (Pre-Fee)

Current Quarter (ended 6/30/2012)	
Income	2.5%
Appreciation	-0.2%
Total	2.3%
1-Year	
Income	8.4%
Appreciation	-0.3%
Total	8.1%
3-Year	
Income	9.2%
Appreciation	-1.5%
Total	7.6%
Since Inception	
Income	6.6%
Appreciation	-5.0%
Total	1.4%

LaSalle Medical Office Fund II - Property Map



LaSalle Investment Management

Appendix

Bios

George W. Duke

Managing Director

Portfolio Management

Current Responsibilities

George Duke is a Managing Director at LaSalle Investment Management and serves as portfolio manager for several of the Firm's separate account clients. His activities include the development of portfolio strategies, direction of asset managers, execution of annual business plans and final disposition of properties. The $2.0 billion portfolio includes office, retail, industrial and multi-family properties.

After joining the Firm in 1986, Mr. Duke worked as an acquisitions officer where he was involved in originating, negotiating and closing real estate equity and structured debt transactions. As a portfolio manager, he has been involved with institutional clients ranging in size from city and county governments to large state retirement and foreign institutions with multi-billion dollar real estate portfolios. He has been responsible for the oversight of properties totaling in excess of $5 billion, along with sales of properties with a disposition value that exceeded $2.0 billion. The properties in his portfolios have been located in over 30 different major markets within the United States. Mr. Duke is also a member of LaSalle's Global Sustainability Committee.

Positions

Before joining the firm, Mr. Duke was a Vice President of Jacques-Miller, Inc. responsible for structuring and underwriting apartment acquisitions. He began his career as a Certified Public Accountant with Peat Marwick Mitchell.

Education and Affiliations

Mr. Duke holds masters degrees from the University of Virginia's Darden School, Vanderbilt University and Johns Hopkins University, along with a B.B.A. from the College of William and Mary. He is affiliated with the International Council of Shopping Centers (ICSC) and the Pension Real Estate Association (PREA).

Steven W. Bolen

Managing Director

President, LaSalle Medical Office Fund II

Current Responsibilities

Mr. Bolen presides over all of the investment and capital activities of the LaSalle Medical Office Fund II, including acquisitions, development transactions, financings and dispositions. Mr. Bolen also served as President of LaSalle Medical Office Fund I - a $180 million fund which liquidated in 2006.

Positions

Mr. Bolen has extensive medical office investment experience throughout his 25-year commercial real estate career. Prior to joining LaSalle Investment Management in 2000, Mr. Bolen was Senior Vice President and Chief Investment Officer of Medical Office Properties Inc., a private real estate investment trust in Chevy Chase, Maryland, with approximately $325 million of investments in the medical office and senior housing sectors. From 1992 through 1997, Mr. Bolen was Vice President of Signet Bank in Falls Church, Virginia, where he was responsible for the valuation and market analysis of health care and commercial real property collateral. Prior to that, Mr. Bolen held officer level positions with Kenneth Leventhal & Co., Riggs National Bank, and VMS Realty Partners.

Education and Affiliations

Mr. Bolen holds a Bachelor of Science degree in Finance from the University of Maryland. He has also completed post-graduate courses in accounting at the University of Maryland and in commercial real estate valuation through the Appraisal Institute. Mr. Bolen is a Certified Public Accountant.

Callan

ARMB Board Meeting

Investment Performance
Fiscal 2012

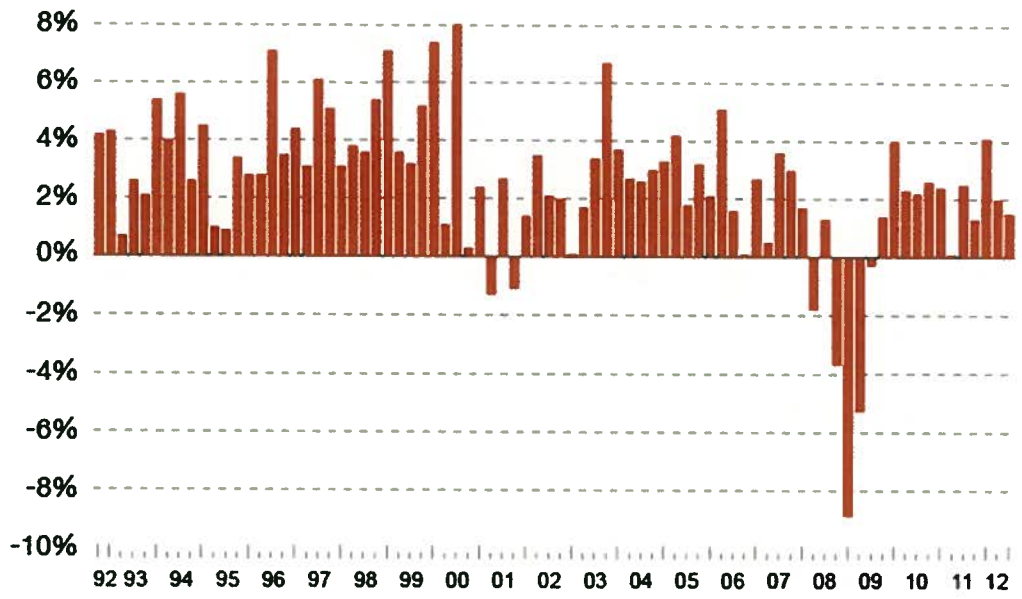
Michael J. O'Leary, CFA
Executive Vice President

Agenda

- Economic & Market Summary
- Performance Overview
  - DB Plans
- DB Domestic Equity Structure Overview
  - Overall characteristics
  - Large Cap & Small Cap
  - Active and Passive Orientation
- Individual Account Plans
- Supplemental Materials for Reference

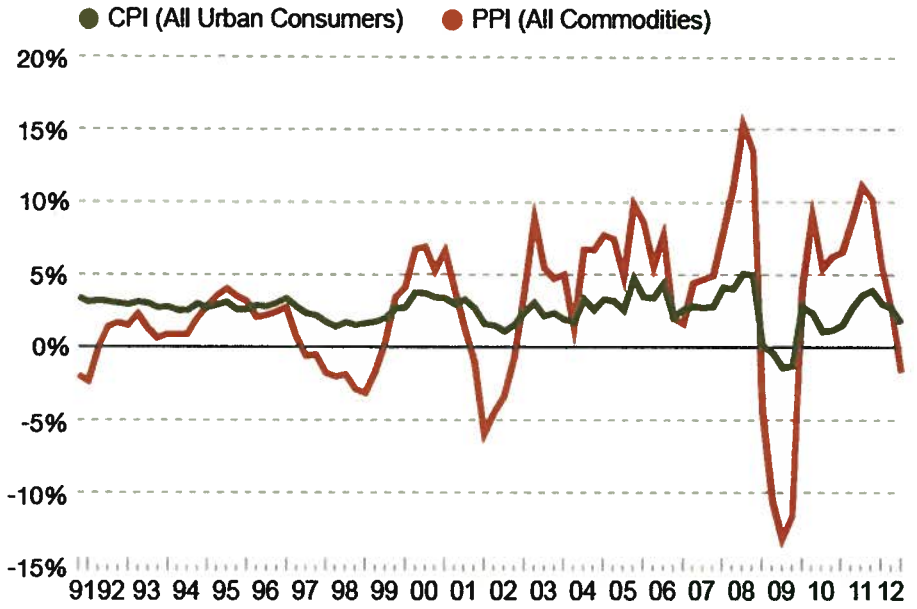
US Economy – 2nd Quarter

Quarterly Real GDP Growth* (20 Years)



Source: U.S. Department of Labor

Inflation Year-Over-Year

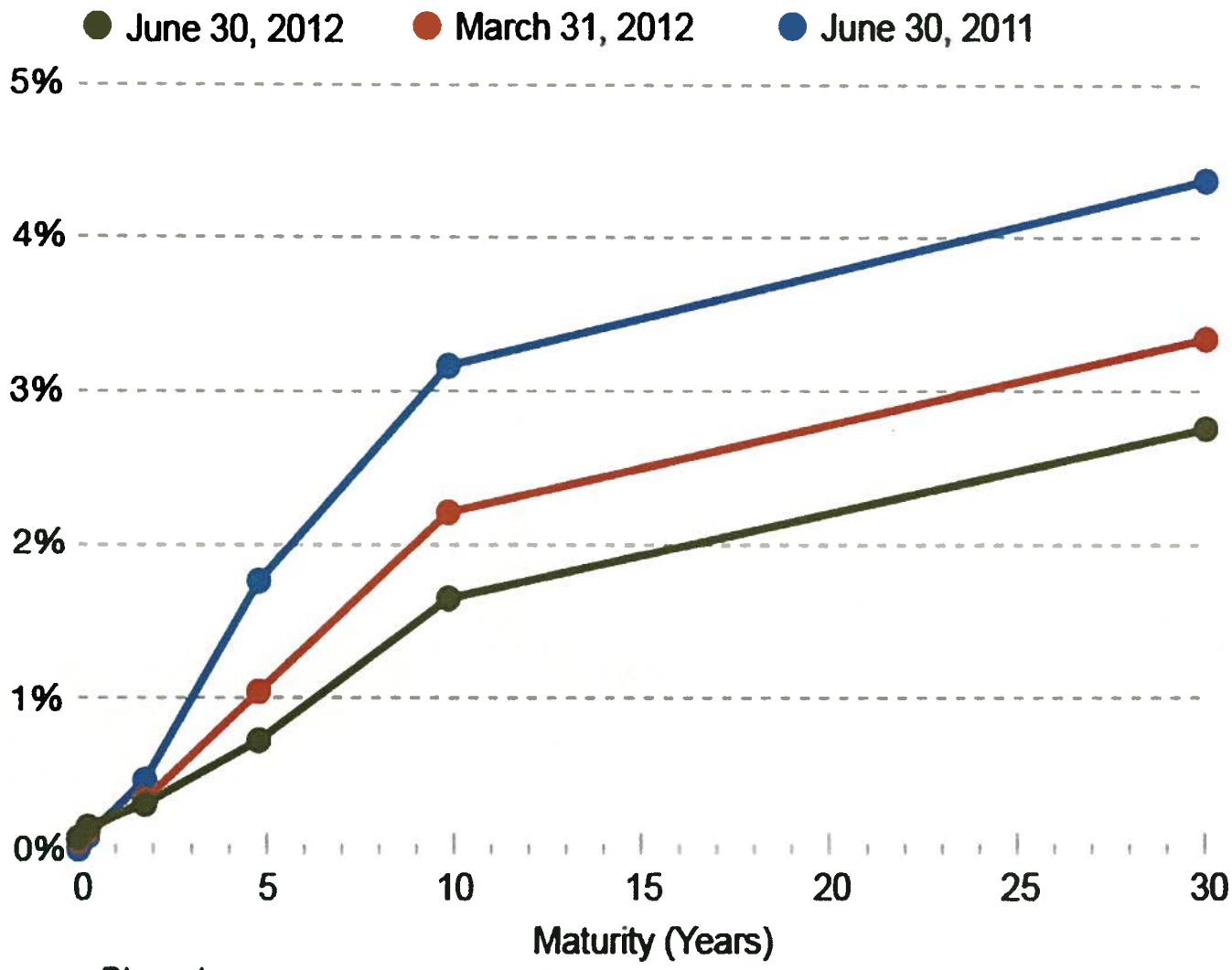


Source: Bureau of Labor Statistics

- Job market stagnant, unemployment rate steady at 8.2%
- 2nd quarter GDP 1.5%; Revised GDP for Q2 increased to 1.7% in late August.
- Headline & Core CPI increased 1.7% and 2.2%, respectively, over the trailing twelve-months
- Key economic data on jobs, consumer spending, and manufacturing surprised on the downsid

Treasury Yields Decreased During Quarter

U.S. Treasury Yield Curves

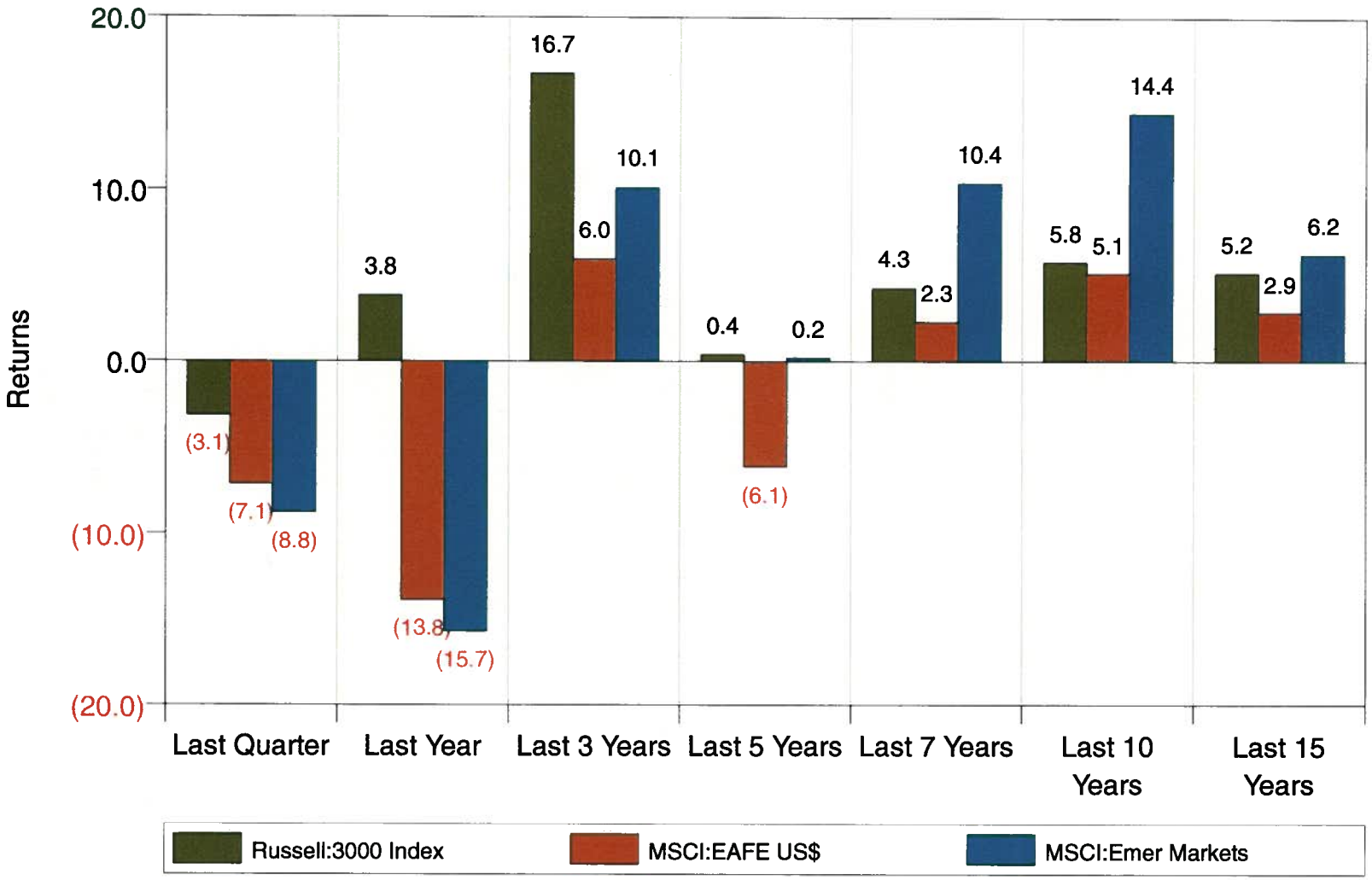


Source: Bloomberg

Domestic, Developed, and Emerging Stock Returns

Periods ending June 30, 2012

Returns for Various Periods
Current Quarter Ending June 30, 2012



Real Estate – Continued Improvement

Style Median and Index Returns* for Periods ended June 30, 2012

Private Real Estate	Quarter	2 Quarters	Year	3 Years	5 Years	10 Years
Real Estate Database (net of fees)	**2.31**	**4.65**	**11.20**	**8.53**	**-0.43**	**6.88**
NCREIF Property**	2.68	5.34	12.04	8.82	2.51	8.29
Public Real Estate	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
REIT Database	**3.58**	**15.04**	**13.80**	**33.05**	**3.91**	**11.46**
FTSE NAREIT Equity	3.71	14.91	12.92	32.41	2.60	10.32
Global Real Estate	**Quarter**	**2 Quarters**	**Year**	**3 Years**	**5 Years**	**10 Years**
REIT Global Database	**1.96**	**15.30**	**2.54**	**19.69**	**-1.02**	**10.94**
FTSE EPRA/NAREIT Developed	2.12	15.29	2.36	19.52	-2.54	10.00

*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

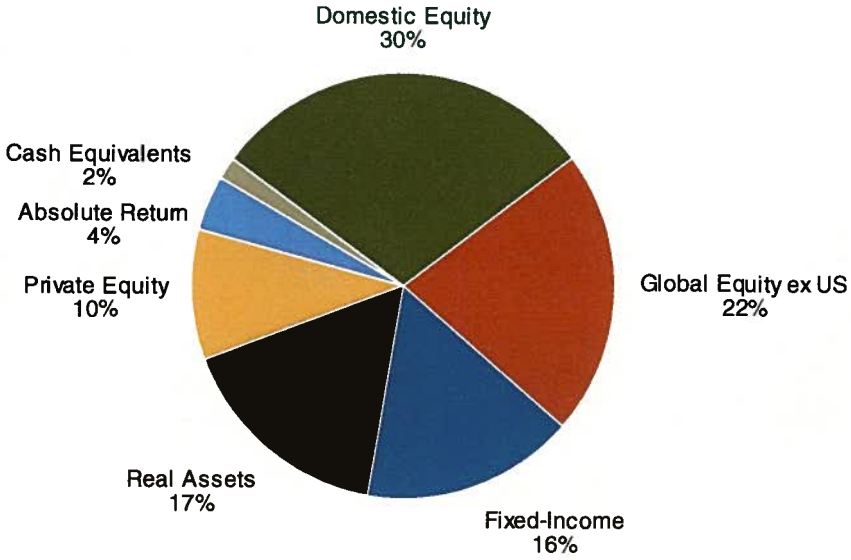
Sector	2Q12	1Q12	2Q11
Apartment	5.14%	5.04%	5.27%
Industrial	6.03%	6.05%	6.15%
Office	5.46%	5.44%	5.76%
Retail	5.88%	5.91%	6.27%

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

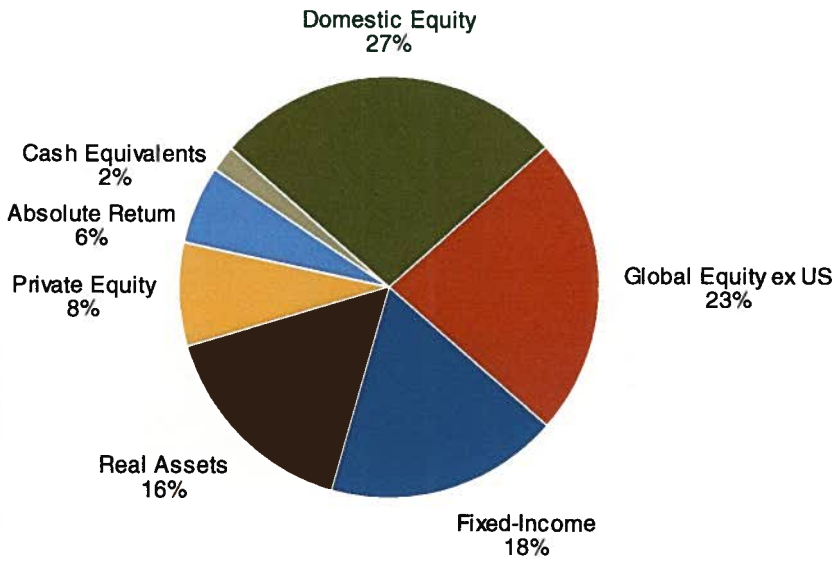
Asset Allocation – Employees' Retirement Plan

ERP 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

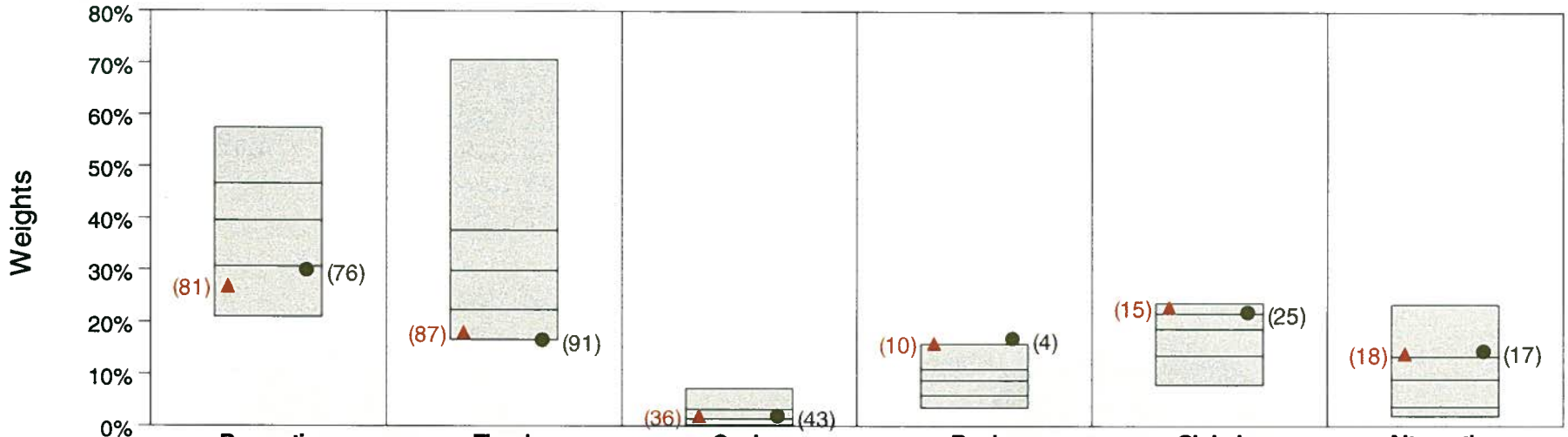


Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	1,812,126	29.6%	27.0%	2.6%	161,101
Global Equity ex US	1,325,126	21.7%	23.0%	(1.3%)	(81,302)
Fixed-Income	994,331	16.3%	18.0%	(1.7%)	(106,352)
Real Assets	1,014,605	16.6%	16.0%	0.6%	36,219
Private Equity	606,498	9.9%	8.0%	1.9%	117,318
Absolute Return	259,480	4.2%	6.0%	(1.8%)	(107,415)
Cash Equivalents	102,741	1.7%	2.0%	(0.3%)	(19,557)
Total	6,114,908	100.0%	100.0%		

Asset Allocation Versus Public Funds (ERP)

Callan Public Fund Database

Asset Class Weights vs CAI Public Fund Sponsor Database



	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Alternative
10th Percentile	57.46	70.63	7.27	15.85	23.72	23.41
25th Percentile	46.61	37.64	3.23	10.97	21.63	13.38
Median	39.47	29.82	1.38	8.80	18.72	8.97
75th Percentile	30.62	22.30	0.25	5.92	13.60	3.74
90th Percentile	20.96	16.57	0.02	3.62	7.95	1.91
Fund ●	29.63	16.26	1.68	16.59	21.67	14.16
Target ▲	27.00	18.00	2.00	16.00	23.00	14.00
% Group Invested	95.35%	97.67%	72.09%	46.51%	86.05%	47.67%

- 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 – Second Quarter 2012

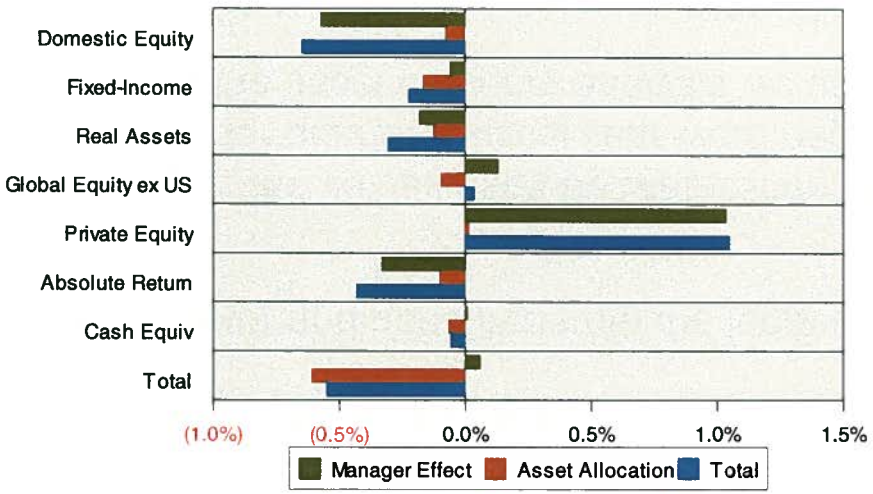
Relative Attribution Effects for Quarter ended June 30, 2012

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	27%	(4.18%)	(3.15%)	(0.31%)	(0.03%)	(0.34%)
Fixed-Income	16%	18%	1.27%	1.45%	(0.03%)	(0.07%)	(0.10%)
Real Assets	16%	16%	1.78%	2.54%	(0.12%)	(0.00%)	(0.12%)
Global Equity ex US	23%	23%	(7.69%)	(7.38%)	(0.07%)	(0.00%)	(0.07%)
Private Equity	9%	8%	6.54%	(4.45%)	1.01%	(0.02%)	0.99%
Absolute Return	4%	6%	(0.44%)	1.25%	(0.07%)	(0.05%)	(0.12%)
Cash Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.00%)	(0.00%)
Total			**(1.93%) =**	**(2.16%) +**	**0.41% +**	**(0.18%)**	**0.23%**

- Equity, both domestic & international, responsible for negative quarter
- Private equity major positive factor and benefited from the lagged reporting (which detracted from last quarter's performance)
- Absolute return category reflects the values used by State Street which are the 12 months ended May. Actual return for the calendar quarter & fiscal year were negative 1.05% and negative 1.28% respectively. When we present the asset category analysis we use the actual fiscal period returns.
- Real assets enjoyed strong absolute returns - see page XX for breakdown by category

Trailing 12 Months

One Year Relative Attribution Effects



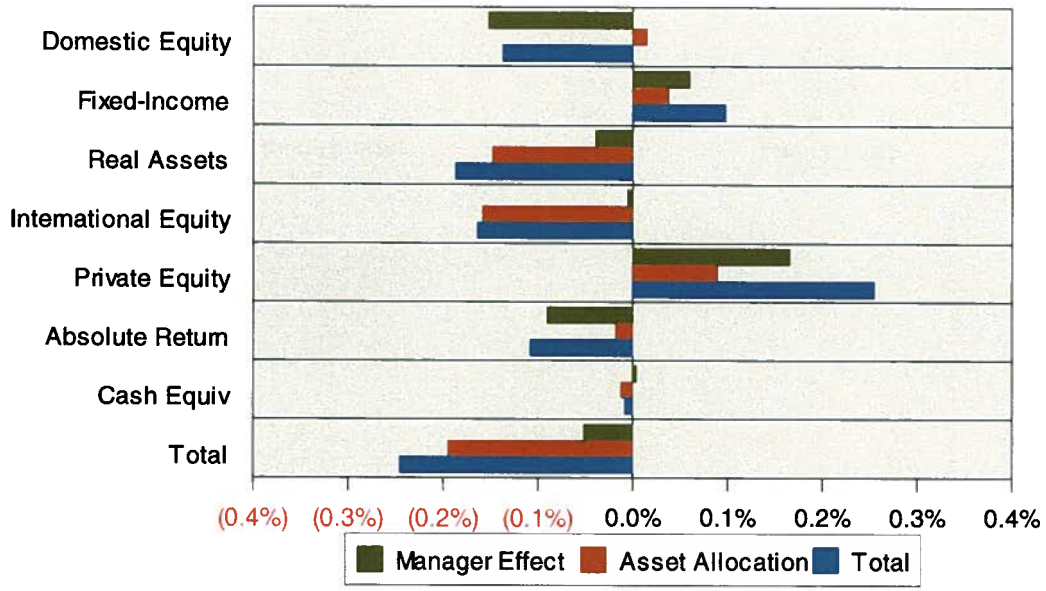
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	1.80%	3.84%	(0.57%)	(0.07%)	(0.65%)
Fixed-Income	17%	18%	4.90%	5.08%	(0.06%)	(0.16%)	(0.22%)
Real Assets	16%	16%	10.51%	11.41%	(0.18%)	(0.12%)	(0.30%)
Global Equity ex US	22%	23%	(13.67%)	(14.15%)	0.13%	(0.09%)	0.04%
Private Equity	10%	8%	9.44%	(3.61%)	1.03%	0.01%	1.05%
Absolute Return	4%	6%	(2.05%)	5.06%	(0.33%)	(0.10%)	(0.43%)
Cash Equiv	2%	2%	0.44%	0.06%	0.01%	(0.06%)	(0.06%)
Total			**0.47%**	**= 1.02%**	**+ 0.06%**	**+ (0.61%)**	**(0.55%)**

- Domestic equity manager performance relative to target will be discussed in the structure portion of the presentation
- Under target allocations to fixed income and real assets detracted from performance relative to target.
- Private equity and to a minor extent international performance were better than target.

PERS Intermediate Term Performance

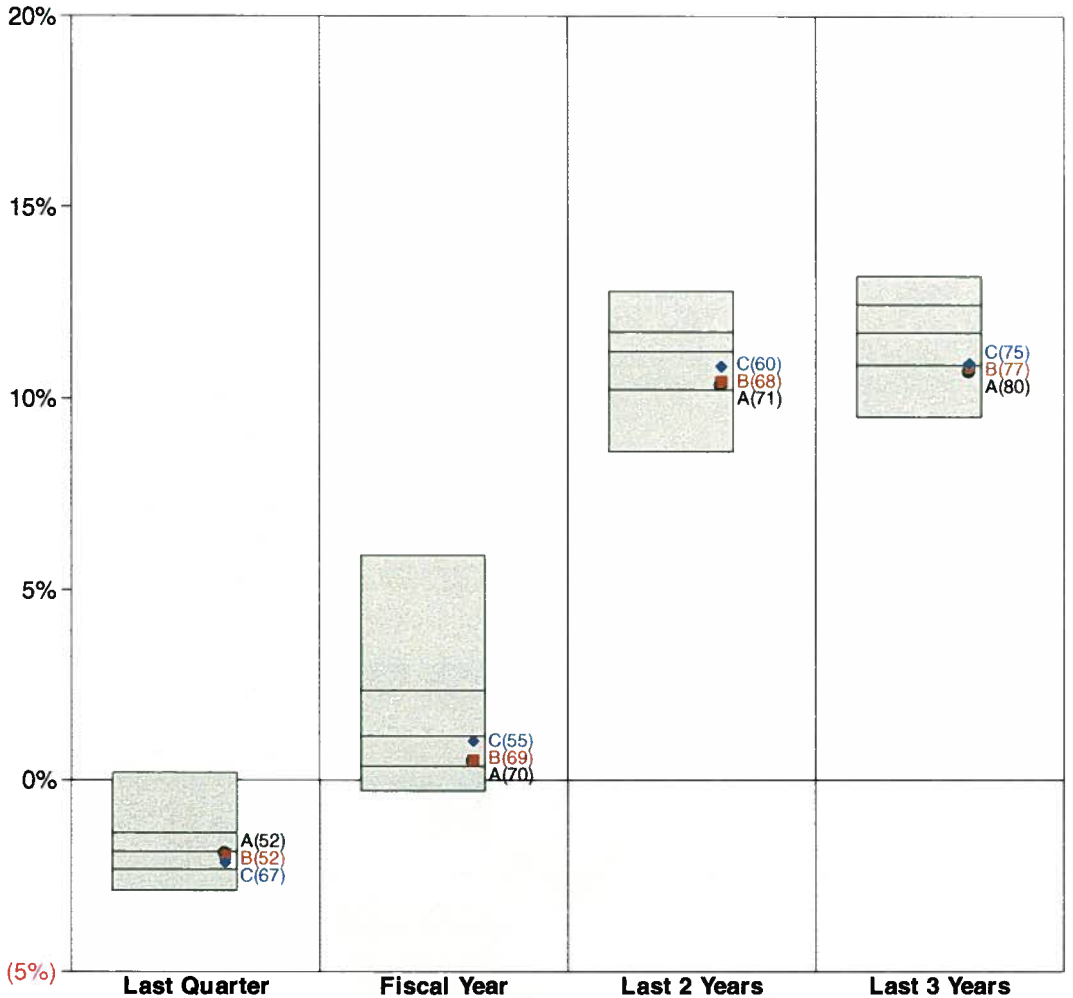
Three Year Annualized Relative Attribution Effects



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	30%	29%	16.16%	16.73%	(0.15%)	0.02%	(0.14%)
Fixed-Income	17%	19%	7.15%	6.74%	0.06%	0.04%	0.10%
Real Assets	15%	16%	8.21%	8.29%	(0.04%)	(0.15%)	(0.19%)
International Equity	22%	23%	7.45%	7.43%	(0.01%)	(0.16%)	(0.16%)
Private Equity	9%	7%	16.05%	13.42%	0.17%	0.09%	0.25%
Absolute Return	5%	5%	3.43%	5.12%	(0.09%)	(0.02%)	(0.11%)
Cash Equiv	1%	1%	-	-	0.00%	(0.01%)	(0.01%)
Total			**10.69%**	**= 10.93%**	**+ (0.05%)**	**+ (0.19%)**	**(0.25%)**

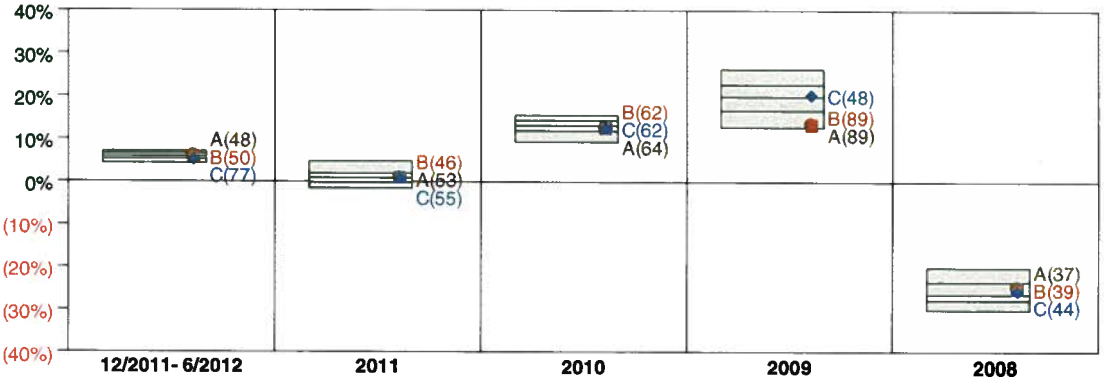
Cumulative Total Fund Returns



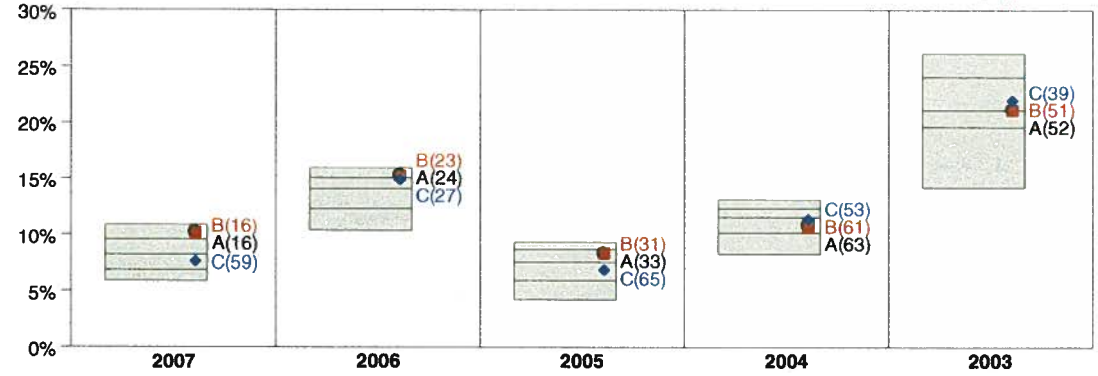
	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years
10th Percentile	0.19	5.91	12.81	13.20
25th Percentile	(1.38)	2.34	11.74	12.46
Median	(1.87)	1.16	11.24	11.73
75th Percentile	(2.34)	0.35	10.24	10.88
90th Percentile	(2.88)	(0.29)	8.63	9.52
PERS Total Plan ● A	(1.93)	0.47	10.34	10.69
TRS Total Plan ■ B	(1.95)	0.51	10.45	10.82
Target Index ◆ C	(2.16)	1.02	10.84	10.93

Calendar Period Performance

Relative to Public Fund Database



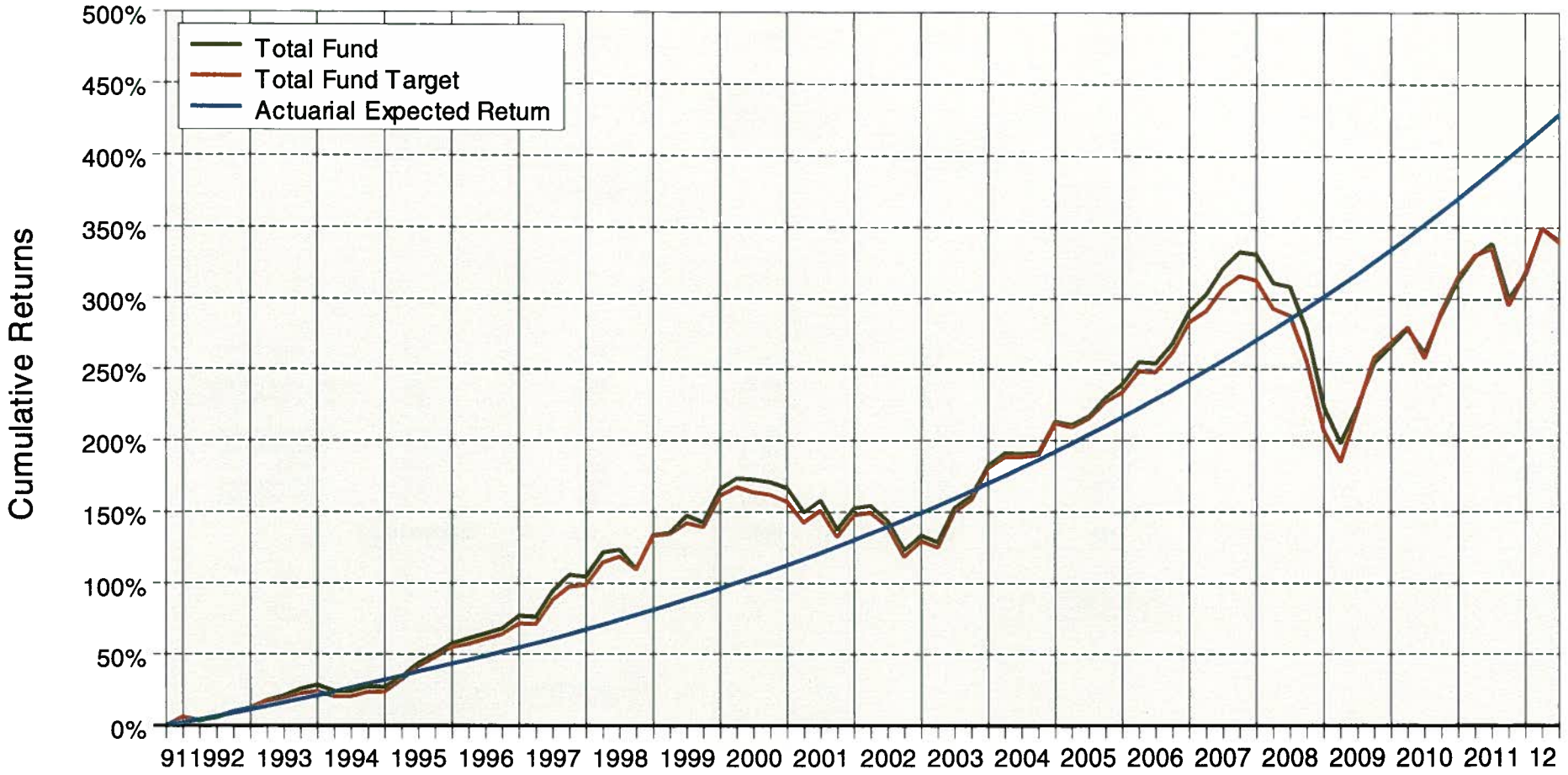
	12/2011- 6/2012	2011	2010	2009	2008
10th Percentile	7.06	4.81	15.48	26.40	(20.14)
25th Percentile	6.49	1.92	14.25	22.70	(23.53)
Median	5.80	0.86	13.06	19.91	(26.49)
75th Percentile	5.19	(0.21)	11.83	16.71	(27.81)
90th Percentile	4.26	(1.58)	9.26	12.73	(30.14)
PERS Total Plan ● A	5.87	0.77	12.45	13.31	(24.91)
TRS Total Plan ■ B	5.81	0.95	12.55	13.40	(24.98)
Target Index ◆ C	5.16	0.72	12.51	20.28	(25.71)



	2007	2006	2005	2004	2003
10th Percentile	10.87	15.94	9.34	13.13	26.19
25th Percentile	9.57	15.05	8.68	12.31	24.08
Median	8.20	14.04	7.54	11.55	21.14
75th Percentile	6.86	12.29	5.89	10.17	19.62
90th Percentile	5.88	10.37	4.20	8.26	14.22
PERS Total Plan ● A	10.17	15.24	8.31	10.79	21.11
TRS Total Plan ■ B	10.20	15.26	8.38	10.83	21.13
Target Index ◆ C	7.64	14.91	6.89	11.40	22.02

Long-term Return Relative to Target -TRS

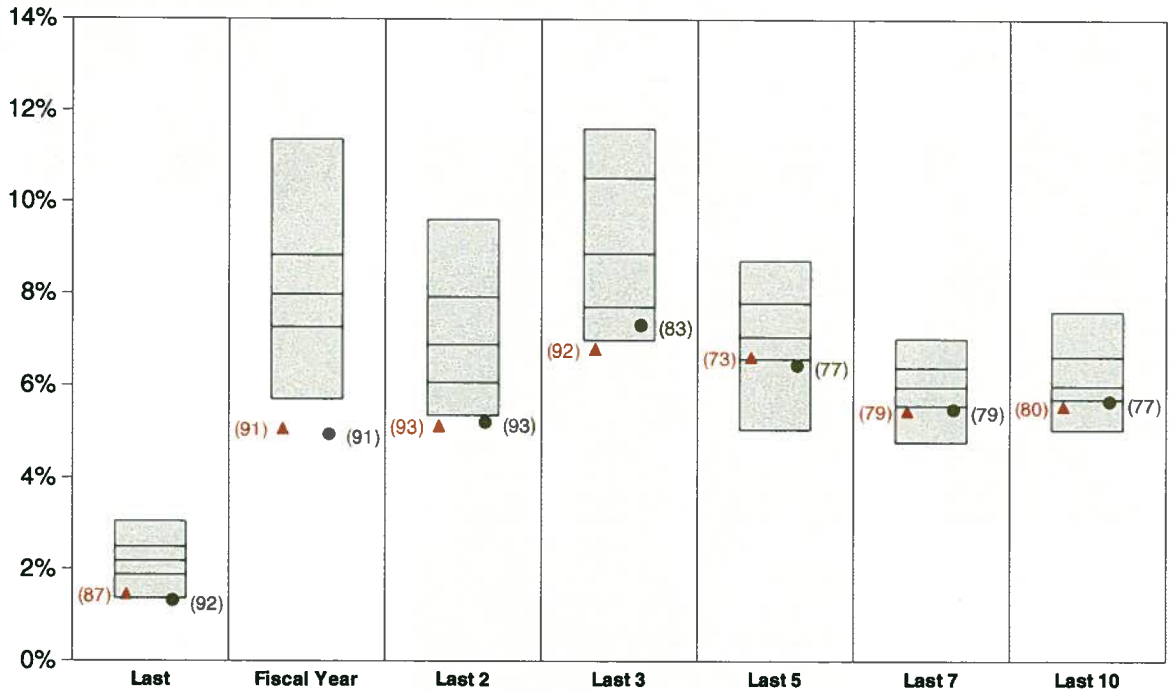
Cumulative Returns Actual vs Target



Total Bond Performance

Includes In-House and External Portfolios

Performance vs Public Fund - Domestic Fixed (Gross)

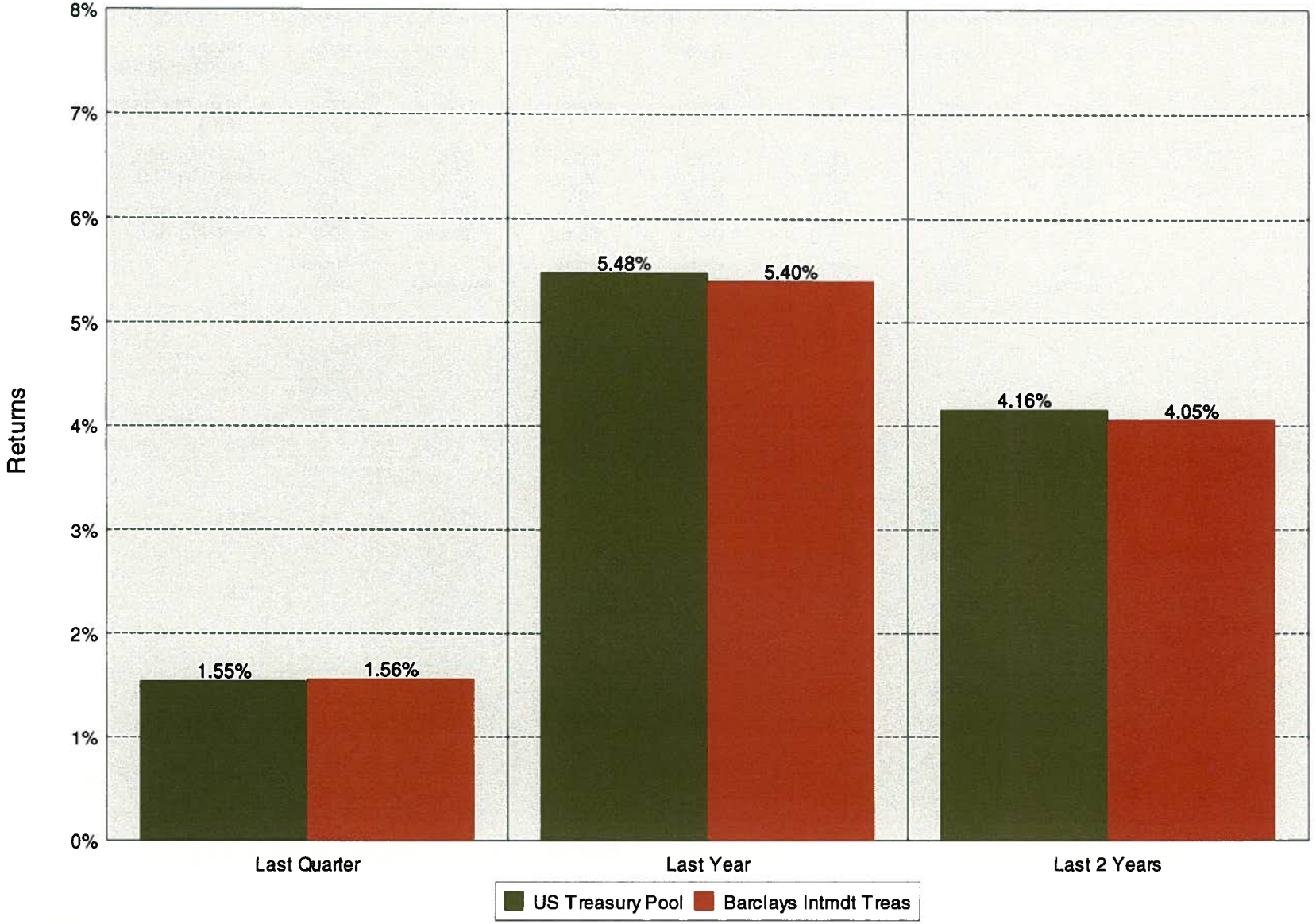


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.03	11.35	9.59	11.60	8.71	7.00	7.59
25th Percentile	2.47	8.82	7.91	10.51	7.77	6.37	6.61
Median	2.17	7.96	6.87	8.86	7.03	5.95	5.98
75th Percentile	1.86	7.25	6.05	7.69	6.56	5.55	5.69
90th Percentile	1.35	5.69	5.34	6.97	5.03	4.76	5.02
Total Fixed-Income Pool ●	1.28	4.91	5.16	7.28	6.40	5.44	5.62
Fixed-Income Target ▲	1.45	5.06	5.13	6.78	6.61	5.45	5.54

- The non-$ component of the fixed income portfolio detracted from the total pool return during the quarter and trailing 12 months. The Treasury component matched the Intermediate Treasury Index.

In-House Portfolio

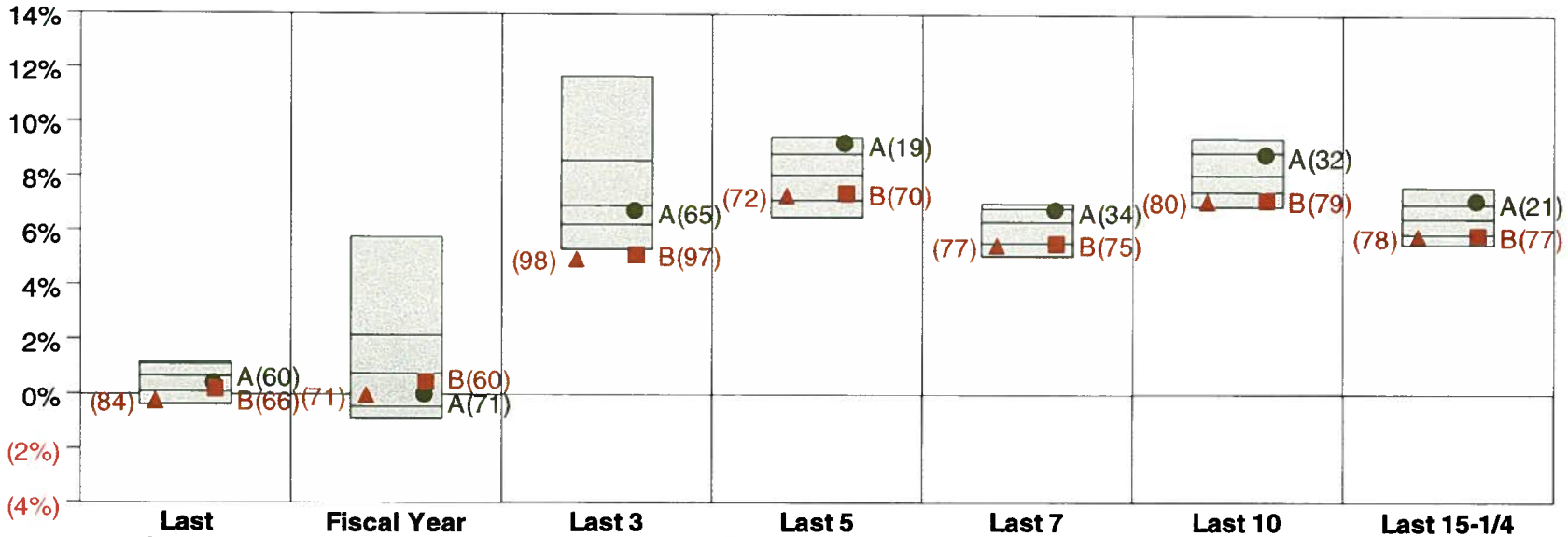
Compared to BC Intermediate Treasury Index



Non-US Fixed Income

Mondrian

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

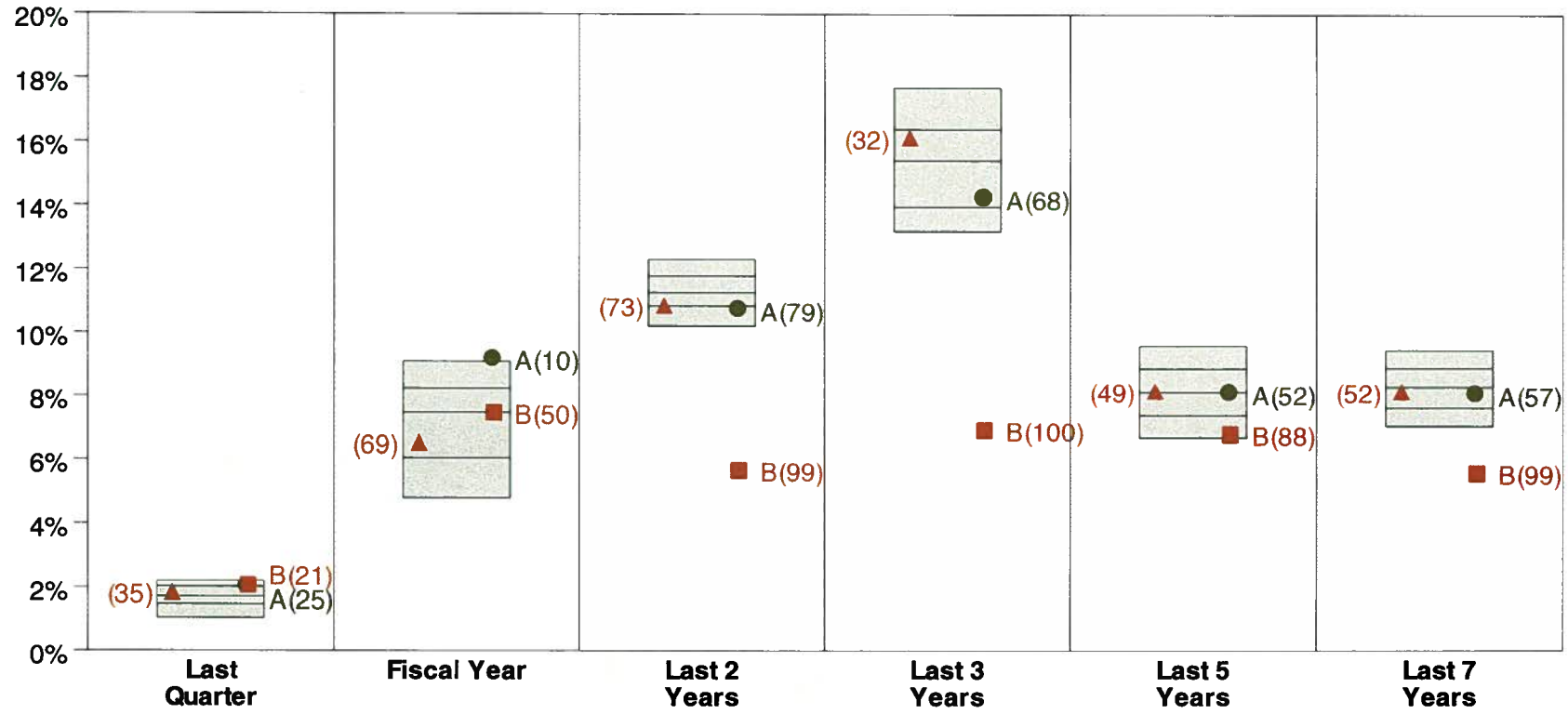


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15-1/4 Years
10th Percentile	1.18	5.77	11.71	9.45	7.02	9.42	7.62
25th Percentile	1.10	2.15	8.58	8.84	6.83	8.89	6.98
Median	0.65	0.74	6.93	8.06	6.34	8.06	6.45
75th Percentile	0.09	(0.47)	6.22	7.13	5.56	7.45	5.89
90th Percentile	(0.37)	(0.90)	5.32	6.51	5.10	6.91	5.52
Mondrian Investment Partners ● A	0.34	(0.07)	6.68	9.18	6.73	8.78	7.06
Citi WGBI Non-US Idx ■ B	0.20	0.44	5.13	7.39	5.55	7.15	5.85
Mondrian Benchmark ▲	(0.23)	(0.03)	4.99	7.30	5.49	7.11	5.83

High Yield Bonds

MacKay Shields

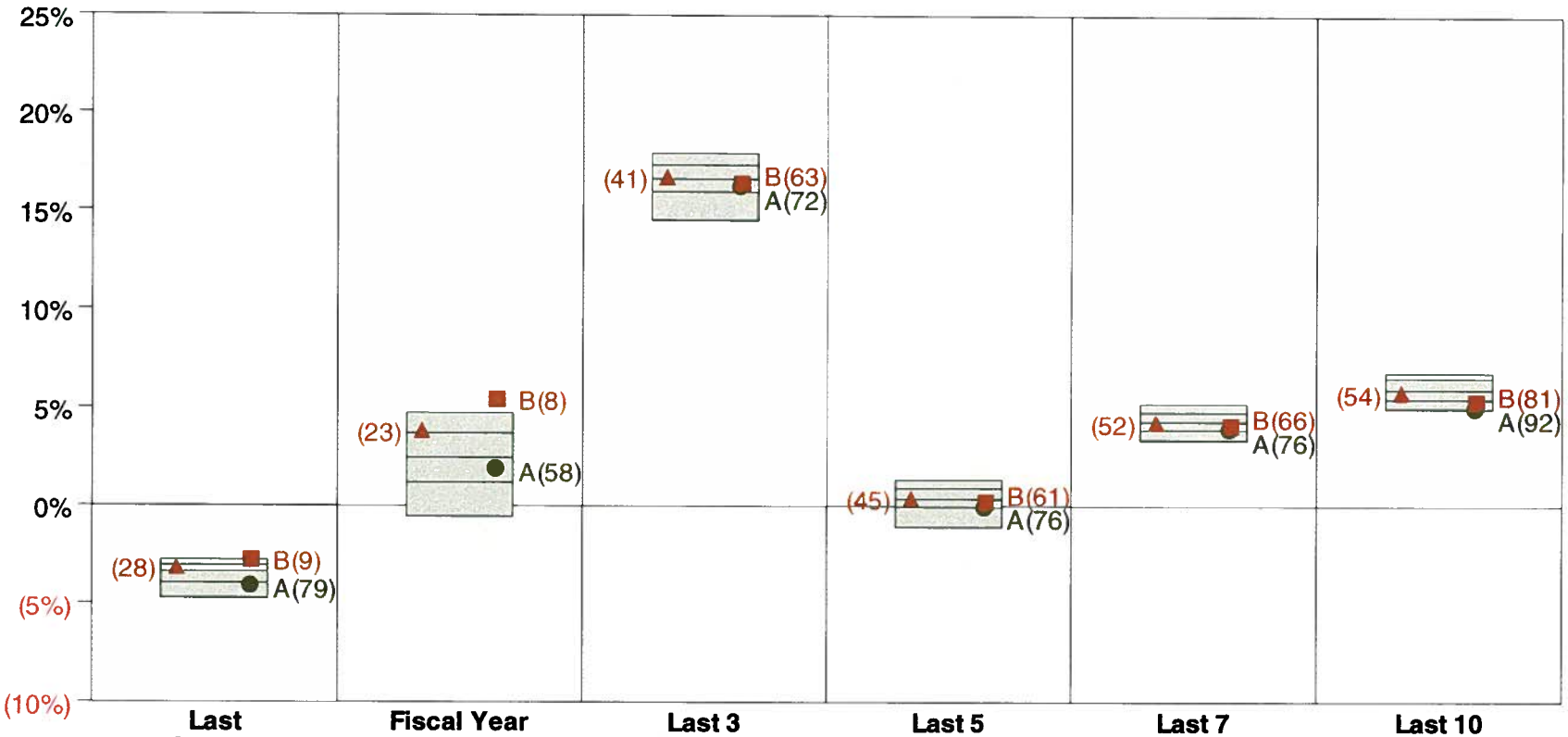
Performance vs CAI High Yield Fixed-Inc Style (Gross)



	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	2.19	9.09	12.33	17.72	9.58	9.45
25th Percentile	2.01	8.22	11.79	16.42	8.86	8.88
Median	1.70	7.47	11.27	15.44	8.12	8.27
75th Percentile	1.47	6.04	10.84	13.97	7.39	7.62
90th Percentile	1.03	4.78	10.21	13.21	6.69	7.04
MacKay Shields ● A	2.01	9.15	10.72	14.25	8.07	8.03
BC Aggregate Index ■ B	2.06	7.47	5.67	6.93	6.79	5.58
High Yield Target ▲	1.83	6.51	10.87	16.16	8.16	8.15

Total Domestic Equity

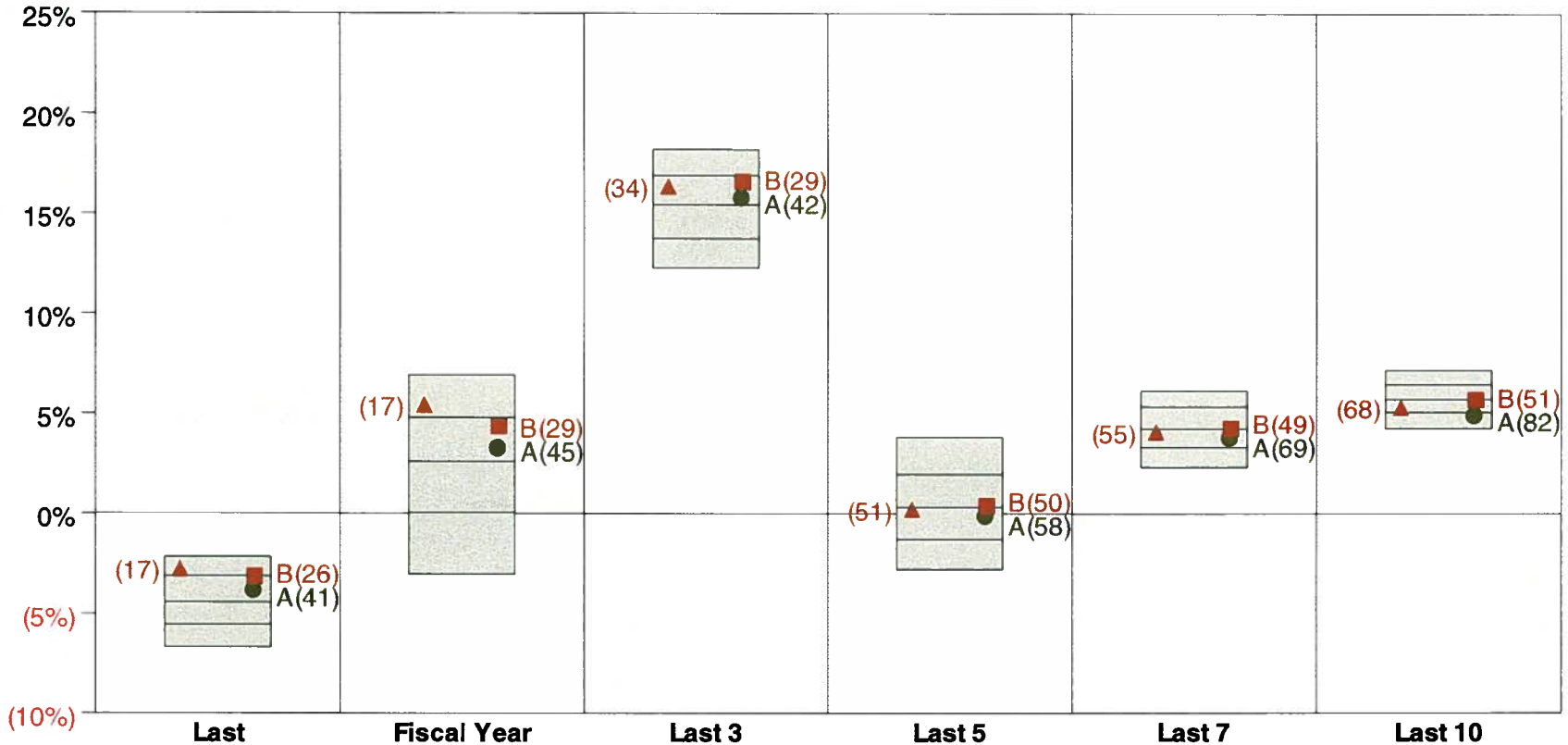
Performance vs Public Fund - Domestic Equity (Gross)



	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(2.76)	4.74	17.95	1.35	5.24	6.83
25th Percentile	(3.06)	3.69	17.33	0.90	4.79	6.54
Median	(3.39)	2.44	16.62	0.37	4.32	5.95
75th Percentile	(3.98)	1.17	15.98	(0.05)	3.90	5.47
90th Percentile	(4.74)	(0.56)	14.53	(1.08)	3.39	5.01
Domestic Equity Pool ● A	(4.18)	1.81	16.17	(0.14)	3.85	4.93
Standard & Poor's 500 ■ B	(2.75)	5.45	16.40	0.22	4.09	5.33
Russell 3000 Index ▲	(3.15)	3.84	16.73	0.39	4.29	5.81

Large Cap Domestic Equity Pool

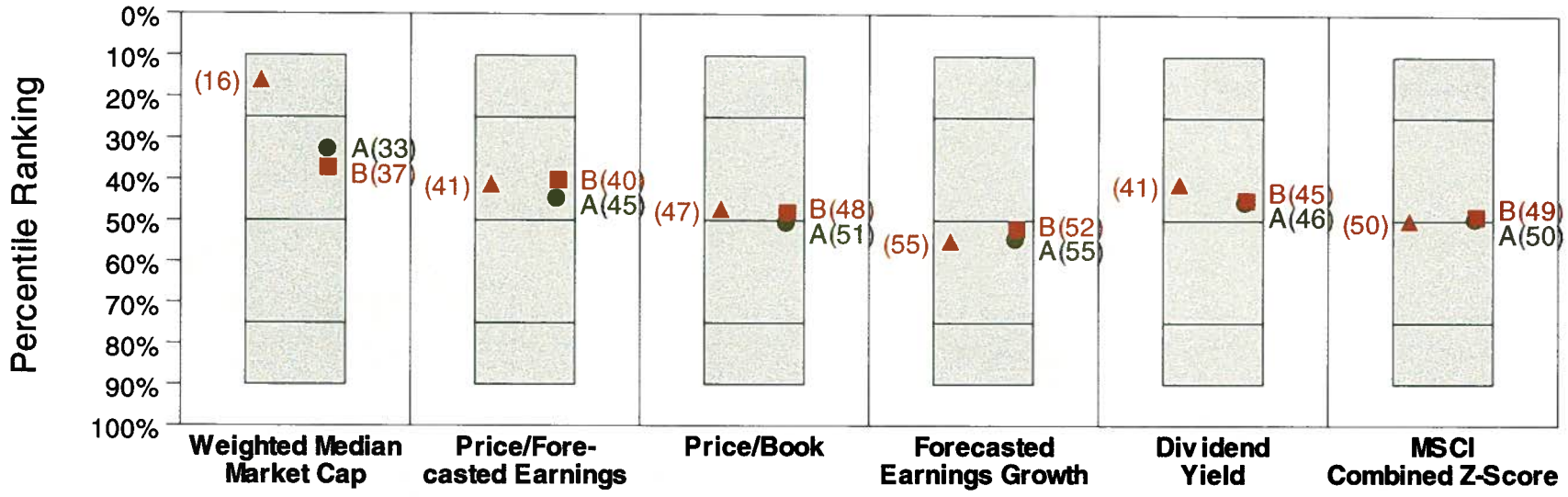
Performance vs CAI Large Capitalization Style (Gross)



	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(2.16)	6.93	18.24	3.82	6.15	7.20
25th Percentile	(3.11)	4.80	16.94	1.97	5.36	6.49
Median	(4.40)	2.59	15.48	0.32	4.23	5.72
75th Percentile	(5.54)	0.04	13.78	(1.29)	3.31	5.08
90th Percentile	(6.68)	(3.02)	12.31	(2.78)	2.30	4.26
Large Cap Pool ● A	(3.89)	3.19	15.75	(0.22)	3.70	4.83
Russell 1000 ■ B	(3.12)	4.37	16.64	0.39	4.26	5.72
S&P 500 Index ▲	(2.75)	5.45	16.40	0.22	4.09	5.33

Large Cap Total Equity Characteristics

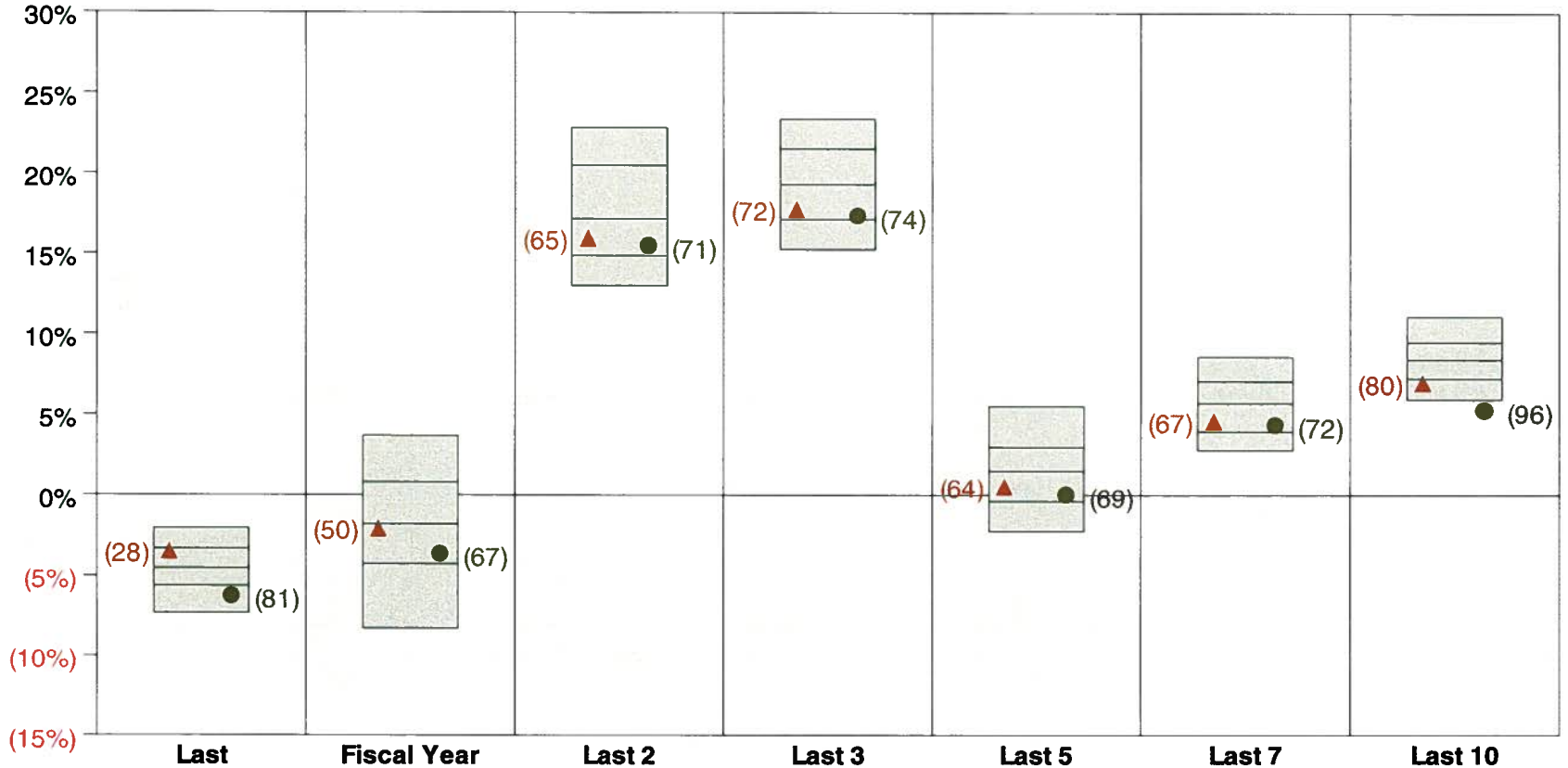
Portfolio Characteristics Percentile Rankings
Rankings Against CAI Large Capitalization Style
as of June 30, 2012



	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	63.18	15.57	3.81	16.38	2.76	1.52
25th Percentile	51.31	13.61	3.10	14.23	2.45	1.01
Median	35.93	11.51	2.03	11.76	1.99	0.09
75th Percentile	28.30	10.57	1.59	9.81	1.33	(0.61)
90th Percentile	22.40	9.94	1.40	8.64	0.89	(0.89)
Large Cap Pool ● A	43.92	11.81	2.02	11.40	2.10	0.08
Russell 1000 ■ B	39.77	12.46	2.07	11.63	2.11	0.10
S&P 500 Index ▲	56.97	12.25	2.09	11.43	2.20	0.08

Small Cap Pool

Performance vs CAI Small Capitalization Style (Gross)

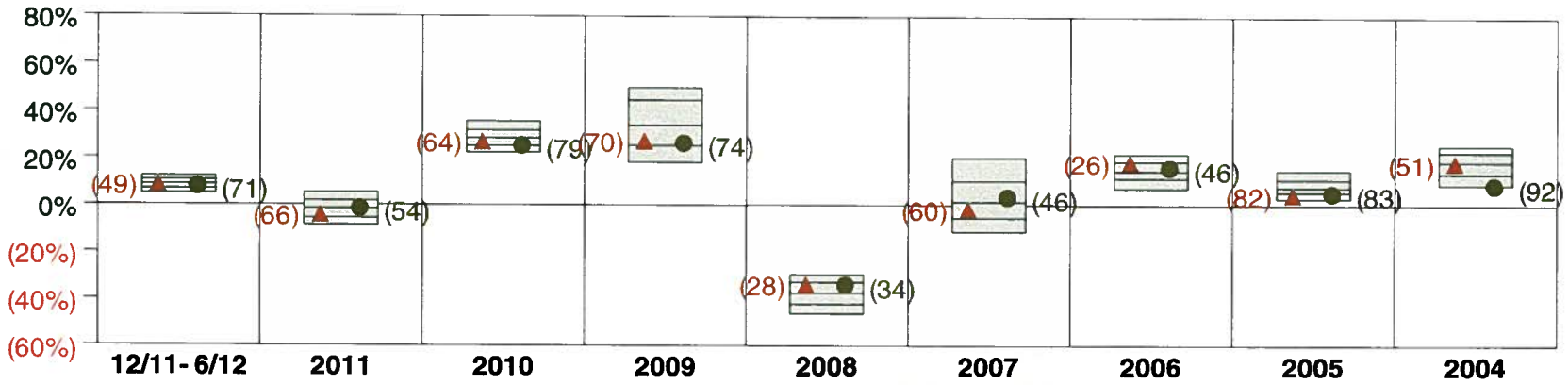


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(2.03)	3.69	22.85	23.41	5.54	8.61	11.14
25th Percentile	(3.32)	0.79	20.51	21.55	2.98	7.09	9.52
Median	(4.52)	(1.82)	17.21	19.36	1.49	5.72	8.44
75th Percentile	(5.62)	(4.26)	14.92	17.16	(0.37)	3.96	7.28
90th Percentile	(7.32)	(8.29)	13.06	15.29	(2.23)	2.78	5.95
Small Cap Pool ●	(6.34)	(3.73)	15.43	17.29	(0.07)	4.27	5.19
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54	4.60	7.00

Small Cap Performance

Calendar Periods

Performance vs CAI Small Capitalization Style (Gross)

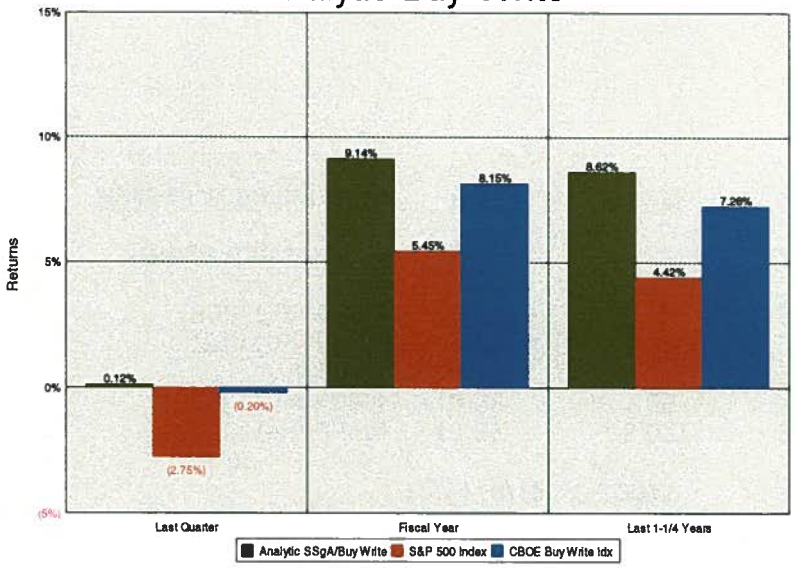


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	11.97	5.07	35.55	49.83	(29.58)	20.20	21.82	14.79	25.44
25th Percentile	10.28	1.69	31.53	44.57	(33.03)	10.32	18.62	10.97	22.73
Median	8.45	(1.76)	28.25	34.00	(37.57)	1.39	14.59	7.55	18.56
75th Percentile	6.63	(5.72)	24.99	25.24	(42.30)	(5.47)	11.44	5.55	13.61
90th Percentile	4.68	(8.66)	22.16	18.02	(46.48)	(11.41)	7.07	2.77	8.83
Small Cap Pool ●	6.82	(2.33)	24.35	25.40	(34.97)	2.53	15.24	4.28	7.65
Russell 2000 Index ▲	8.53	(4.18)	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33

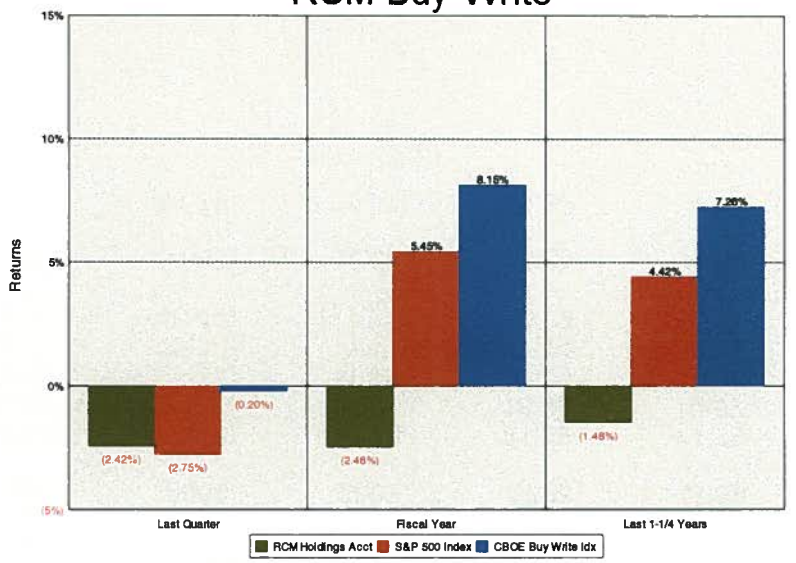
Other Equity

Convertible Bonds, Option Strategies

Analytic Buy-Write



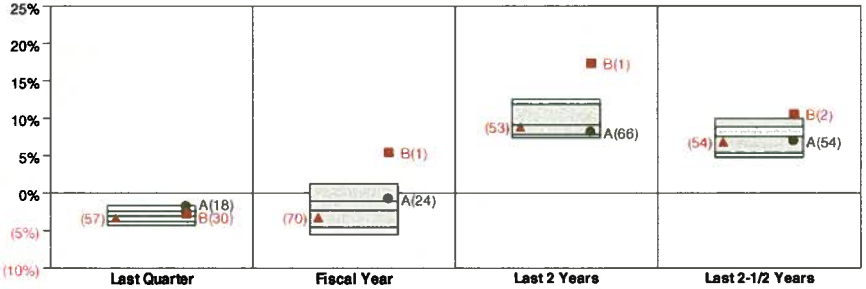
RCM Buy Write



- Analytic benefited from market weakness & now leads both the S&P & CBOE index.
- RCM did slightly better than the S&P in the quarter but lags for other periods.
- Advent has produced competitive results versus convert index but lags S&P

Advent – Convertible Bonds

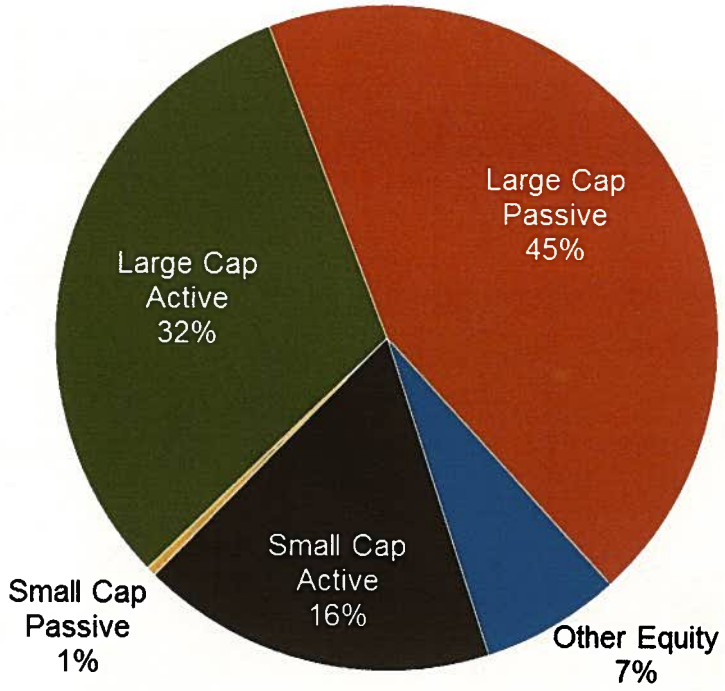
Performance vs CAI Convertible Bonds Database (Gross)



	Last Quarter	Fiscal Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	(1.67)	1.26	12.55	9.94
25th Percentile	(2.44)	(1.09)	11.83	8.80
Median	(3.09)	(2.34)	9.08	7.55
75th Percentile	(3.87)	(4.56)	7.80	5.36
90th Percentile	(4.34)	(5.48)	7.39	4.77
Advent Capital ● A	(1.83)	(0.85)	8.09	6.87
S&P 500 Index ■ B	(2.75)	5.45	17.39	10.60
ML All Conv ▲	(3.29)	(3.21)	8.90	6.85

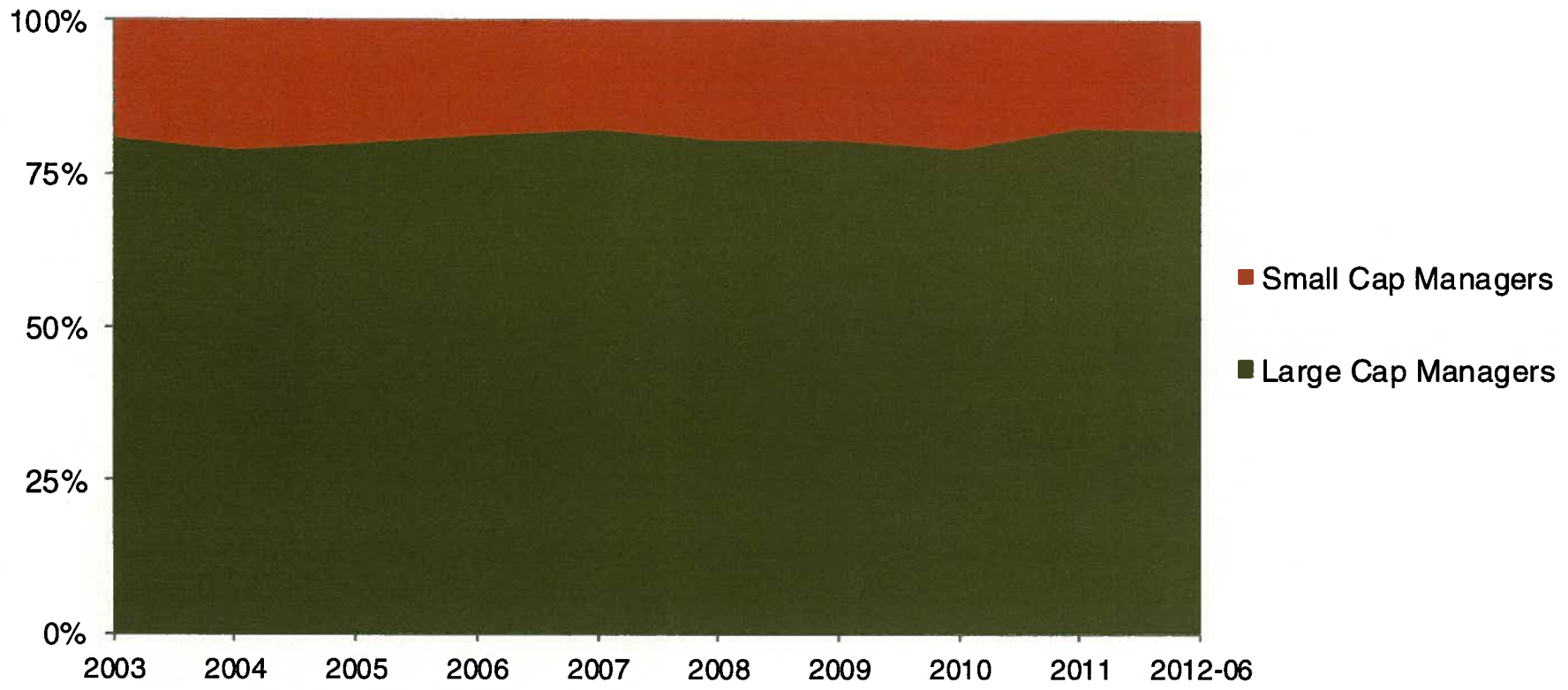
Equity Composite Allocation

ARMB Equity Composites
As of June 30, 2012



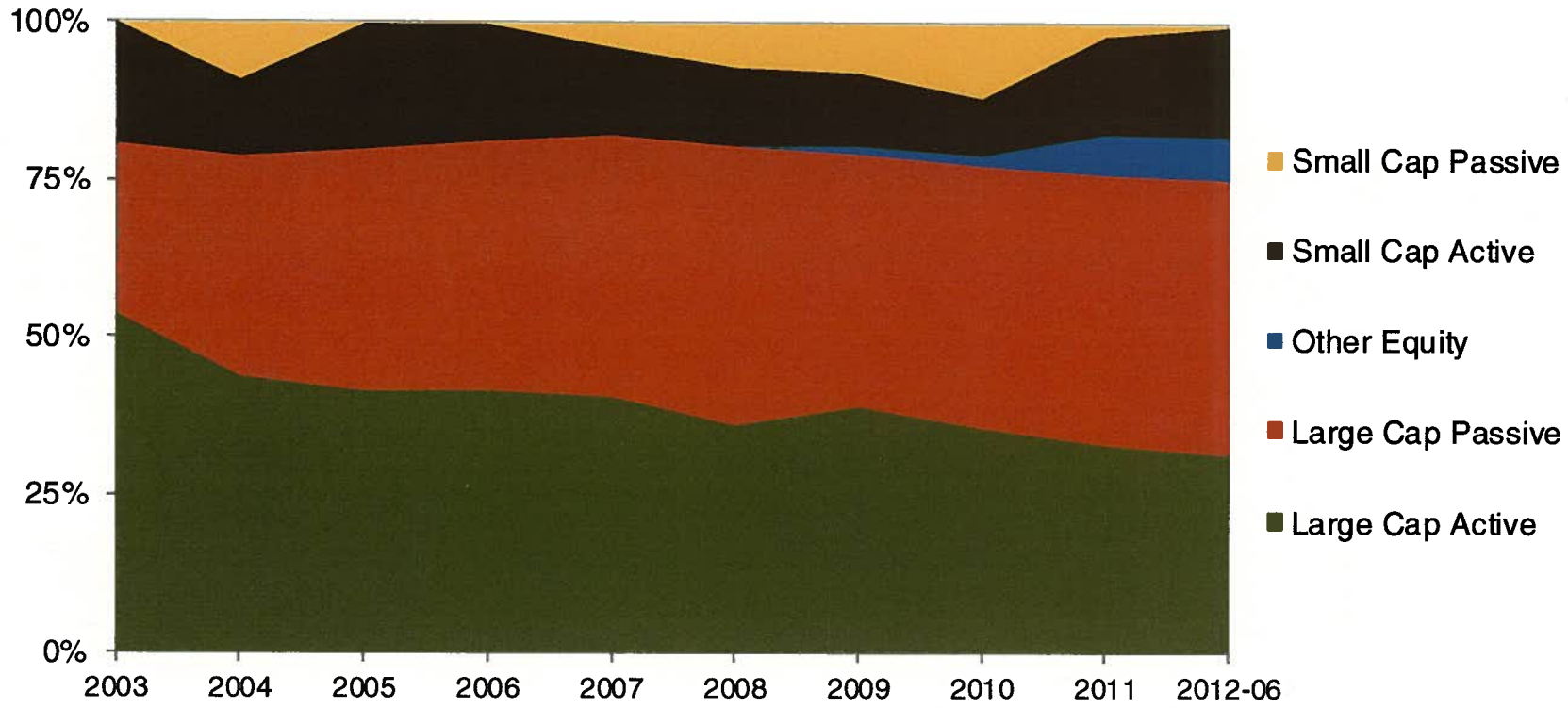
Composite	Market Value	Comp.	Total
Large Cap Managers	*3,940,711,291*	*100.0%*	*82.2%*
Large Cap Active	1,504,022,368	38.2%	31.4%
Large Cap Passive	2,111,022,627	53.6%	44.0%
Other Equity	325,666,296	8.3%	6.8%
Small Cap Managers	*852,335,823*	*100.0%*	*17.8%*
Small Cap Active	828,781,875	97.2%	17.3%
Small Cap Passive	23,553,948	2.8%	0.5%
Total Equity	**4,793,047,114**	**100.0%**	**100.0%**

Equity Composite Allocation – Large Cap and Small Cap



Composite	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012-06
Large Cap Managers	80.7%	78.8%	79.9%	81.2%	82.2%	80.5%	80.6%	79.1%	82.5%	82.2%
Small Cap Managers	19.3%	21.2%	20.1%	18.8%	17.8%	19.5%	19.4%	20.9%	17.5%	17.8%

Equity Composite Allocation



Composite	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012-06
Large Cap Active	53.7%	43.7%	41.4%	41.5%	40.6%	36.1%	39.0%	35.6%	33.0%	31.4%
Large Cap Passive	27.1%	35.1%	38.5%	39.7%	41.7%	44.5%	40.4%	41.9%	43.2%	44.0%
Other Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	1.6%	6.4%	6.8%
Small Cap Active	19.3%	12.1%	19.9%	18.5%	13.9%	12.4%	11.6%	9.0%	15.5%	17.3%
Small Cap Passive	0.0%	9.1%	0.2%	0.2%	3.8%	7.0%	7.8%	11.9%	2.0%	0.5%

Domestic Equity Performance by sub-categories

Returns
for Periods Ended June 30, 2012

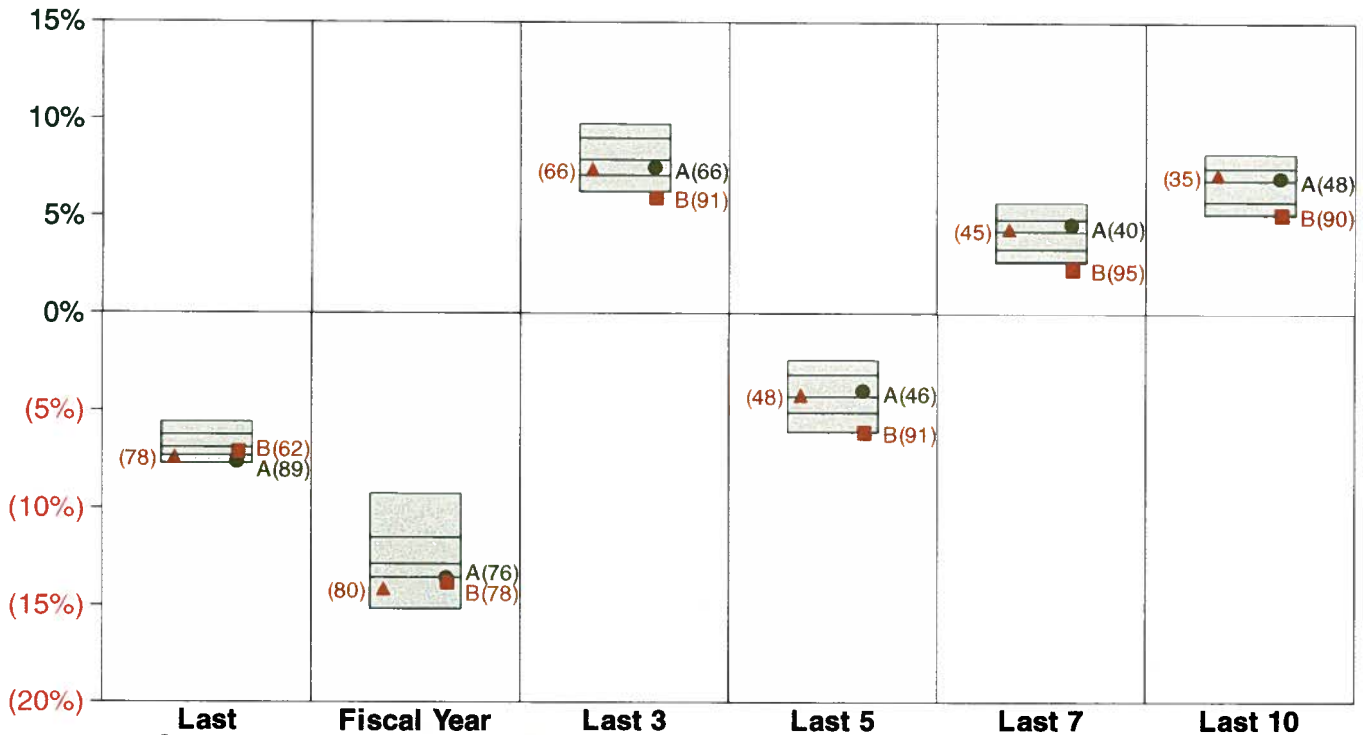
Composite	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
ARMB-Lg Cap Mgrs	(3.89)	3.19	15.75	(0.22)	3.70
ARMB-Lg Cap Active Equity	(5.23)	1.05	15.39	(0.30)	3.58
ARMB-Lg Cap Passive Equity	(2.93)	4.73	15.96	(0.17)	3.90
ARMB-Other Equity	(1.28)	2.09	--	--	--
Russell:1000 Index	(3.12)	4.37	16.64	0.39	4.26
ARMB-Sm Cap Mgrs	(6.32)	(3.71)	17.30	(0.06)	4.28
ARMB-Sm Cap Active Equity	(6.38)	(3.71)	18.17	0.78	4.99
ARMB-Sm Cap Passive Equity	(3.22)	(1.70)	16.88	(1.04)	3.26
Russell:2000 Index	(3.47)	(2.08)	17.80	0.54	4.60
Russell:3000 Index	(3.15)	3.84	16.73	0.39	4.29

- Small cap underperformed large cap in fiscal 2012 but has outperformed large cap over trailing 3, 5 and 7 years
- Active small cap has outperformed over trailing 3, 5 and 7 years despite underperforming in fiscal 2012
- Passive small cap underperformed index over trailing 3, 5 & 7 years

International Equity

Compared to Other Public Funds

Performance vs Public Fund - International Equity (Gross)

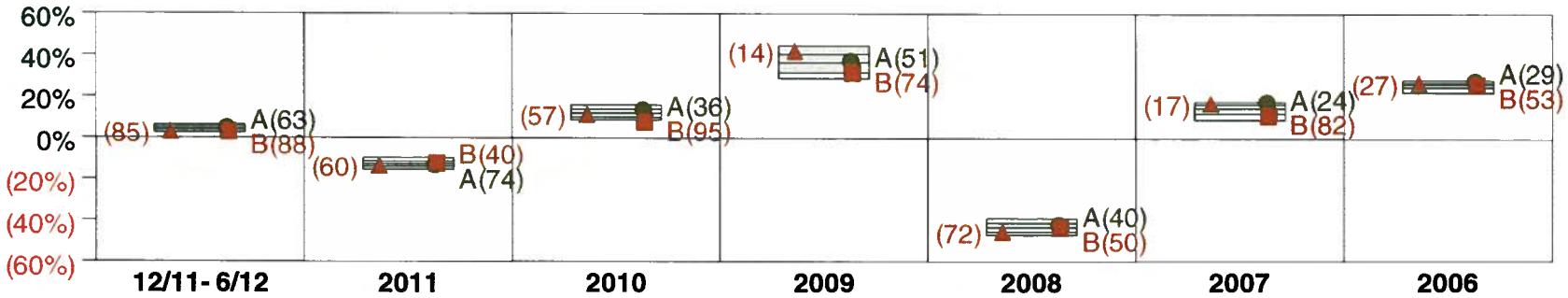


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(5.58)	(9.25)	9.76	(2.40)	5.75	8.29
25th Percentile	(6.25)	(11.53)	9.04	(3.14)	4.85	7.53
Median	(6.91)	(12.88)	7.92	(4.27)	4.25	6.89
75th Percentile	(7.33)	(13.58)	7.13	(5.11)	3.32	5.78
90th Percentile	(7.73)	(15.20)	6.28	(6.08)	2.68	5.16
Employees' Total Int'l Equity ● A	(7.69)	(13.67)	7.45	(4.06)	4.52	6.94
MSCI EAFE Index ■ B	(7.13)	(13.83)	5.96	(6.10)	2.31	5.14
MSCI ACWI ex-US Index ▲	(7.38)	(14.15)	7.43	(4.18)	4.38	7.20

International

Calendar Periods

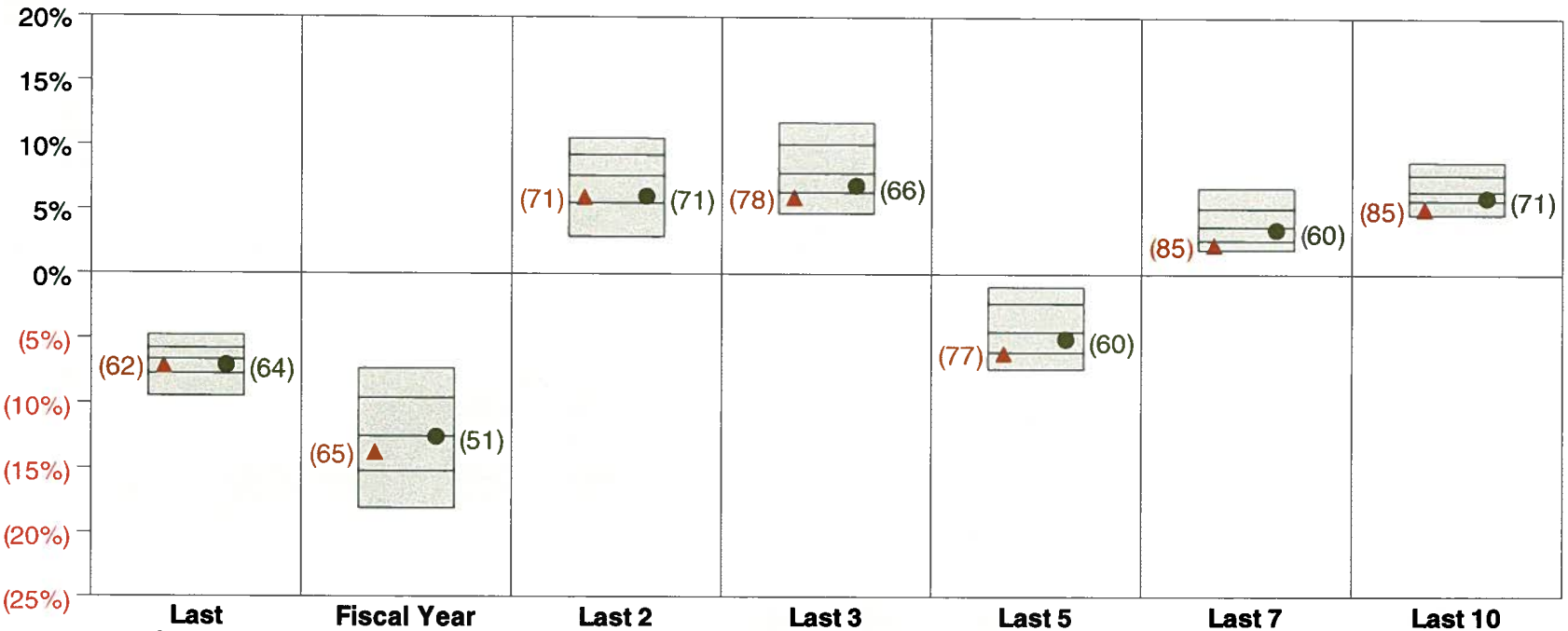
Performance vs Public Fund - International Equity (Gross)



	12/11 - 6/12	2011	2010	2009	2008	2007	2006
10th Percentile	6.22	(9.61)	16.00	44.65	(38.84)	17.89	28.48
25th Percentile	5.49	(11.50)	14.07	40.56	(41.28)	16.50	27.22
Median	4.45	(12.75)	12.17	36.53	(43.30)	14.59	26.44
75th Percentile	3.67	(14.00)	10.09	31.65	(45.51)	12.13	25.15
90th Percentile	2.49	(15.33)	8.68	28.94	(47.15)	9.11	22.70
Total International Equity ● A	3.96	(13.95)	12.70	36.35	(43.03)	16.61	27.06
MSCI EAFE Index ■ B	2.96	(12.14)	7.75	31.78	(43.38)	11.17	26.34
MSCI ACWI ex-US Index ▲	3.13	(13.33)	11.60	42.14	(45.24)	17.12	27.16

International ex EM Versus Managers

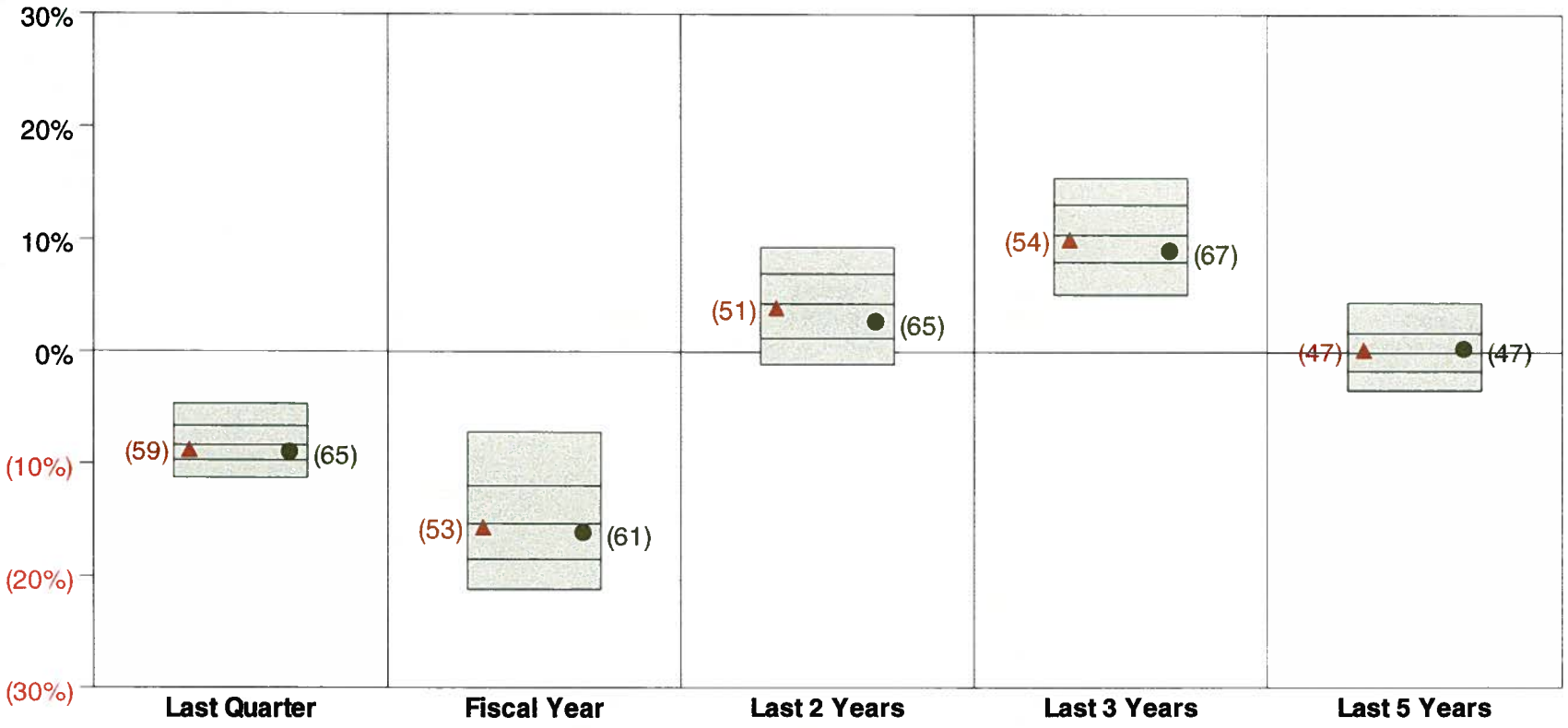
Performance vs CAI Non-U.S. Equity Style (Gross)



	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(4.82)	(7.34)	10.56	11.79	(1.00)	6.73	8.79
25th Percentile	(5.80)	(9.62)	9.23	10.08	(2.26)	5.13	7.78
Median	(6.66)	(12.56)	7.62	7.83	(4.48)	3.72	6.48
75th Percentile	(7.77)	(15.26)	5.49	6.34	(6.04)	2.63	5.77
90th Percentile	(9.47)	(18.12)	2.88	4.71	(7.33)	1.91	4.69
Int'l Equity Pool (ex Emerging. Mkt) ●	(7.22)	(12.74)	5.89	6.76	(5.14)	3.35	5.88
MSCI EAFE Index ▲	(7.13)	(13.83)	5.98	5.96	(6.10)	2.31	5.14

Emerging Markets Pool

Performance vs CAI Emerging Markets Equity DB (Gross)

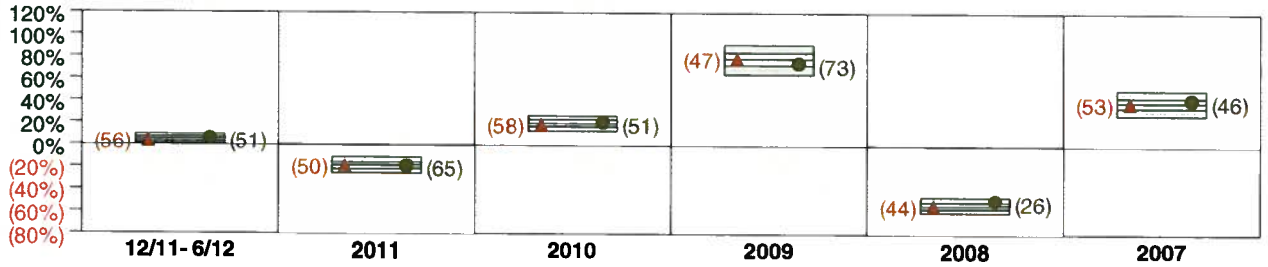


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(4.68)	(7.21)	9.35	15.59	4.44
25th Percentile	(6.67)	(12.03)	7.01	13.18	1.68
Median	(8.38)	(15.40)	4.29	10.49	(0.05)
75th Percentile	(9.72)	(18.56)	1.22	8.05	(1.72)
90th Percentile	(11.32)	(21.21)	(1.12)	5.16	(3.43)
Emerging Markets Pool ●	(9.13)	(16.32)	2.59	8.94	0.17
MSCI Emerging Mkts Idx ▲	(8.78)	(15.67)	3.96	10.10	0.21

Emerging Markets Pool

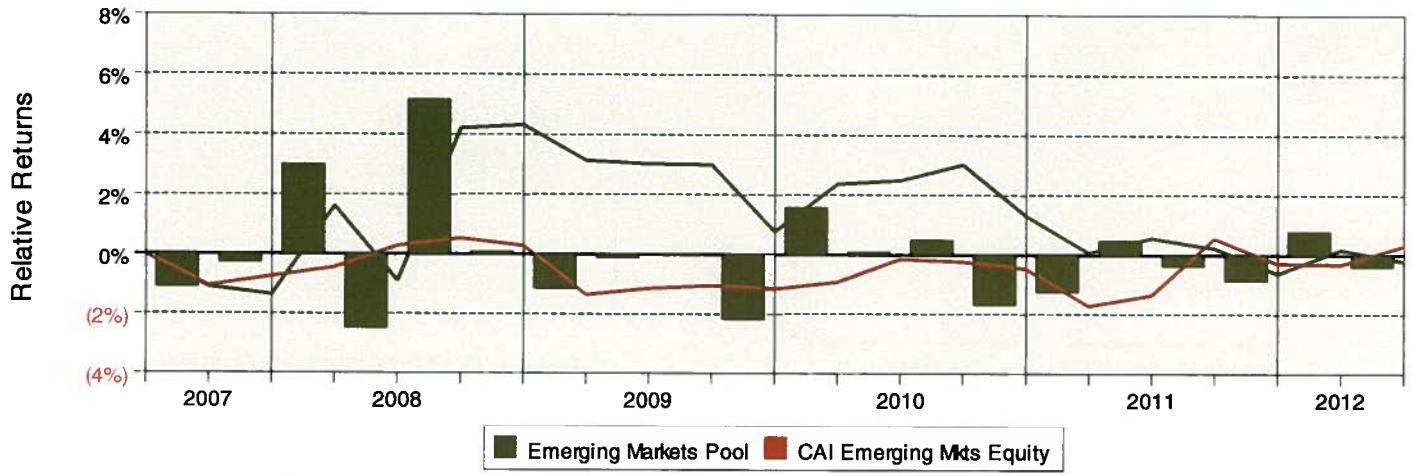
Calendar Periods

Performance vs CAI Emerging Markets Equity DB (Gross)



	12/11-6/12	2011	2010	2009	2008	2007
10th Percentile	9.14	(10.73)	26.68	91.46	(45.53)	51.09
25th Percentile	6.69	(15.63)	23.71	83.92	(50.27)	44.64
Median	4.68	(18.12)	19.85	78.70	(53.41)	40.22
75th Percentile	2.66	(21.53)	17.15	72.71	(56.17)	35.58
90th Percentile	1.05	(25.22)	13.03	64.25	(59.72)	28.34
Emerging Markets Pool ●	4.56	(19.73)	19.83	72.93	(50.49)	40.99
MSCI Emerging Mkts Idx ▲	4.12	(18.17)	19.20	79.02	(53.18)	39.78

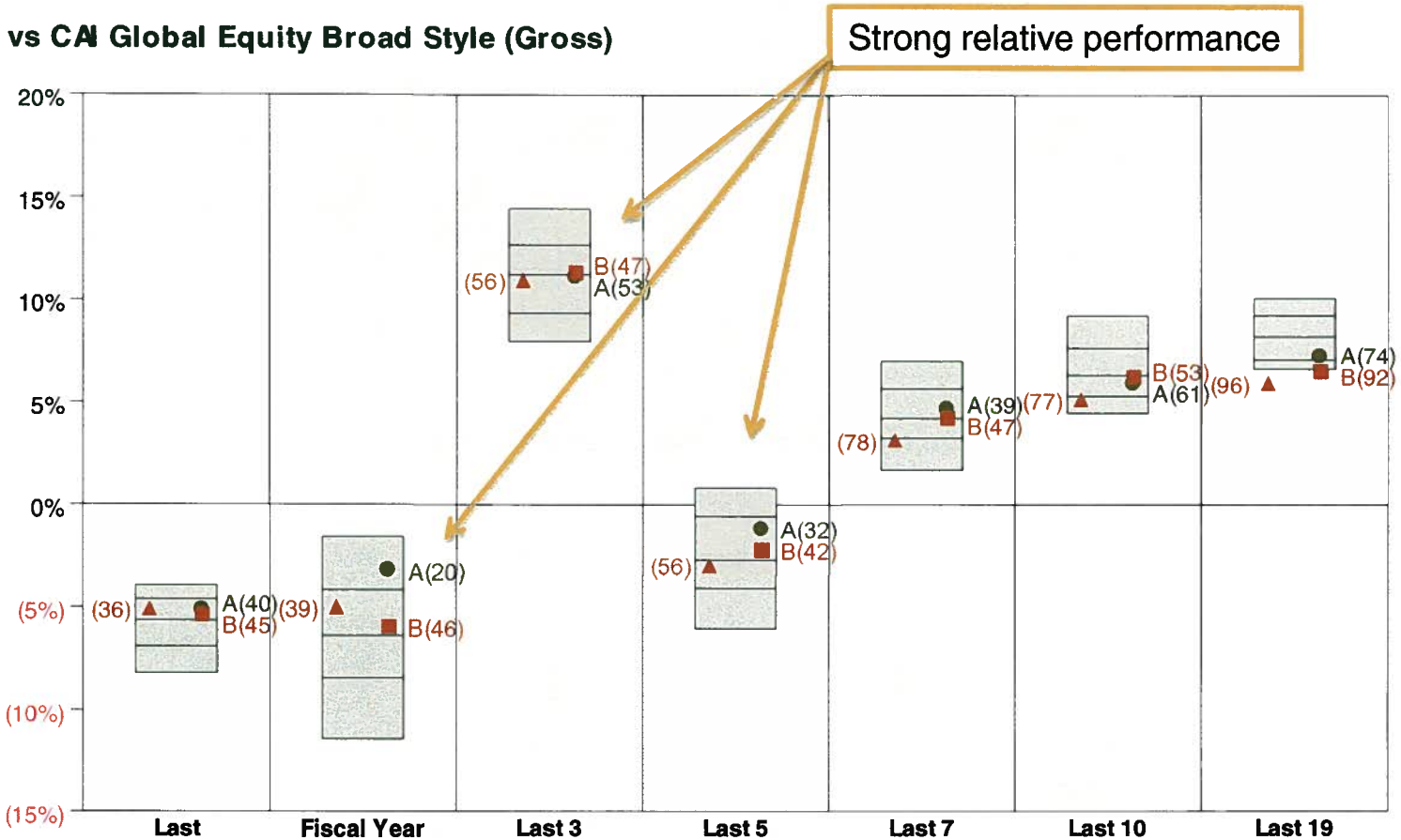
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



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 19 Years
10th Percentile	(3.94)	(1.57)	14.48	0.83	7.03	9.26	10.13
25th Percentile	(4.62)	(4.17)	12.72	(0.56)	5.67	7.68	9.29
Median	(5.64)	(6.37)	11.27	(2.69)	4.22	6.34	8.24
75th Percentile	(6.90)	(8.44)	9.38	(4.08)	3.27	5.31	7.11
90th Percentile	(8.19)	(11.43)	7.99	(6.04)	1.69	4.49	6.66
Lazard Global ● A	(5.16)	(3.23)	11.12	(1.20)	4.67	5.91	7.24
MSCI ACWI Idx ■ B	(5.36)	(5.96)	11.36	(2.17)	4.24	6.27	6.55
MSCI World Index ▲	(5.07)	(4.98)	10.97	(2.96)	3.17	5.18	5.96

Real Assets Category

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Real Assets	**1.69%**	**10.36%**	**8.23%**	**-**
Real Assets Target (1)	2.54%	11.41%	8.29%	4.91%
Real Estate Pool	2.08%	9.22%	8.26%	(2.75%)
Real Estate Target (2)	2.81%	12.36%	11.31%	3.04%
Private Real Estate	1.81%	8.73%	7.31%	(3.02%)
NCREIF Total Index	2.68%	12.04%	8.82%	2.51%
REIT Internal Portfolio	3.98%	12.56%	32.42%	0.93%
NAREIT Equity Index	4.00%	12.48%	32.40%	2.60%
Total Farmland	1.08%	15.23%	10.15%	10.24%
UBS Agrivest	1.42%	16.10%	10.26%	10.48%
Hancock Agricultural	0.52%	13.82%	10.15%	10.39%
ARMB Farmland Target (3)	2.62%	17.92%	11.08%	12.47%
Total Timber	(0.36%)	5.11%	2.25%	-
Timberland Investment Resources	(0.46%)	2.71%	0.95%	-
Hancock Timber	(0.18%)	8.87%	4.22%	-
NCREIF Timberland Index	0.61%	1.13%	(0.67%)	3.95%
TIPS Internal Portfolio	3.44%	12.31%	9.16%	-
BC US TIPS Index	3.15%	11.66%	9.63%	8.44%
Total Energy Funds *	(1.80%)	0.85%	7.29%	9.70%
CPI + 5%	1.11%	6.58%	7.33%	7.09%

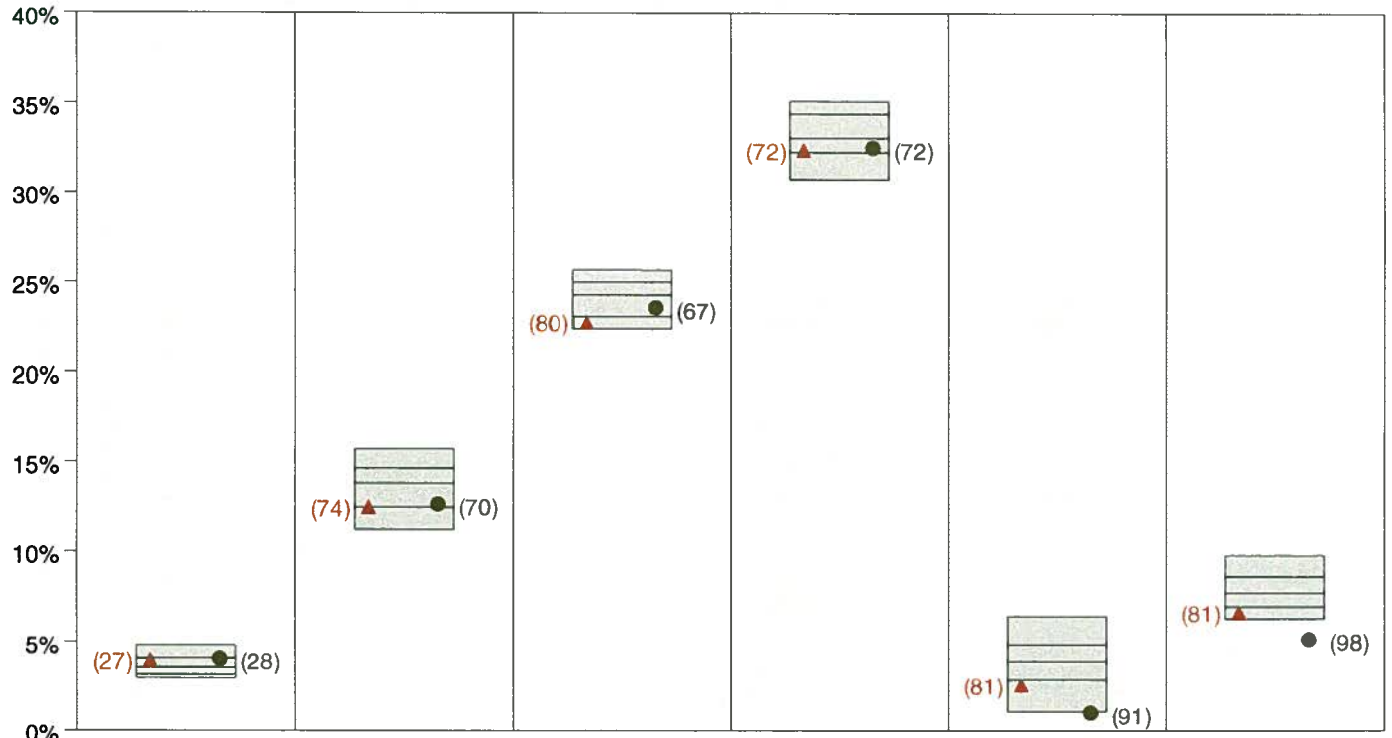
RE Trailed target

TIPS& Timber better than target

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

REIT Portfolio

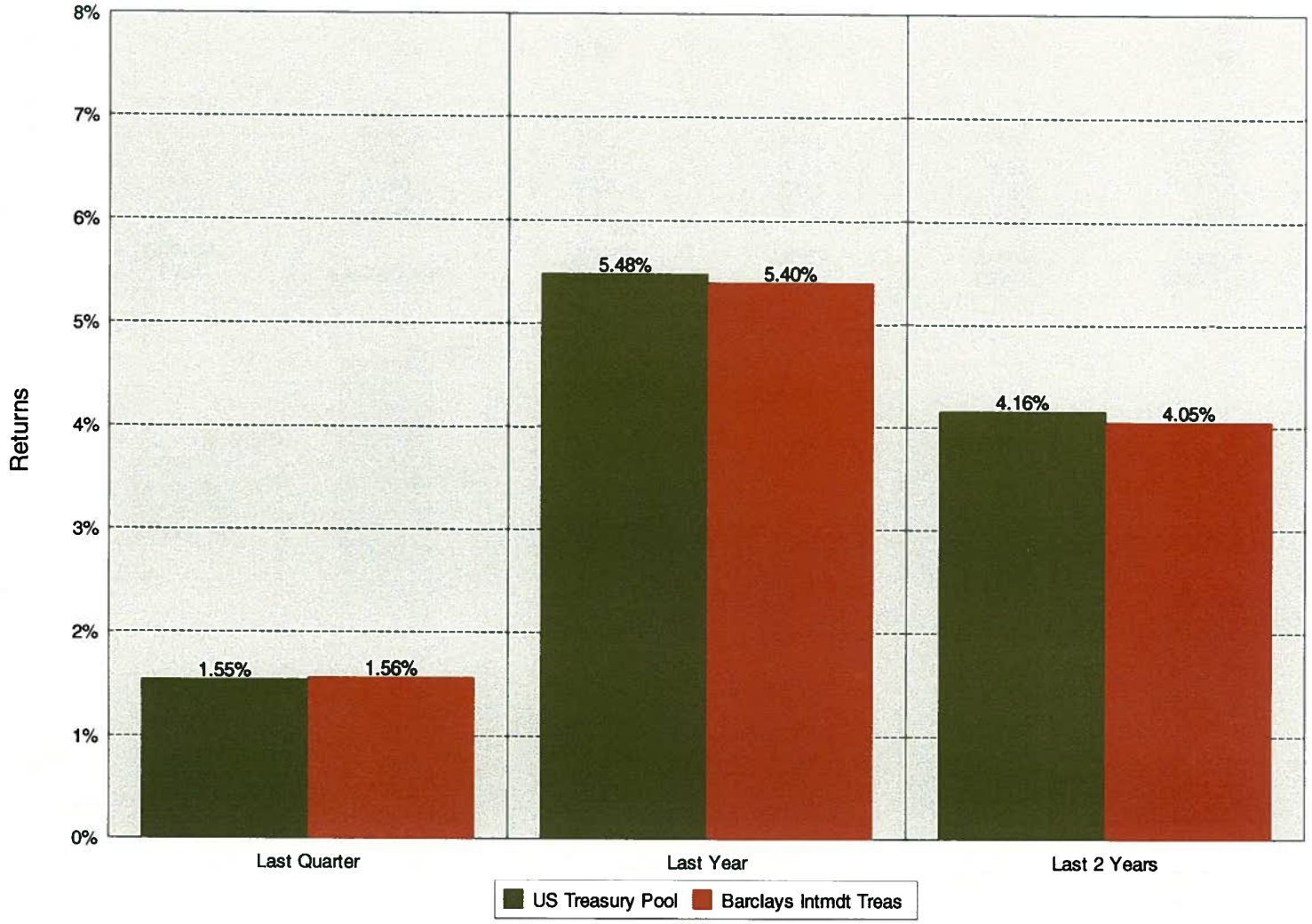
Performance vs CAI Real Estate-REIT DB (Gross)



	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/2 Years
10th Percentile	4.79	15.71	25.70	35.11	6.42	9.79
25th Percentile	4.10	14.62	25.01	34.39	4.81	8.61
Median	3.59	13.80	24.29	33.05	3.91	7.71
75th Percentile	3.21	12.45	23.09	32.26	2.87	6.92
90th Percentile	3.00	11.20	22.41	30.75	1.10	6.26
REIT Holdings ●	3.98	12.56	23.50	32.42	0.93	5.04
NAREIT All Equity Index ▲	4.00	12.48	22.81	32.40	2.60	6.65

- Good absolute results in quarter
- Good performance relative to market over the last 1- and 2-year periods

Internally Managed TIPS Portfolio

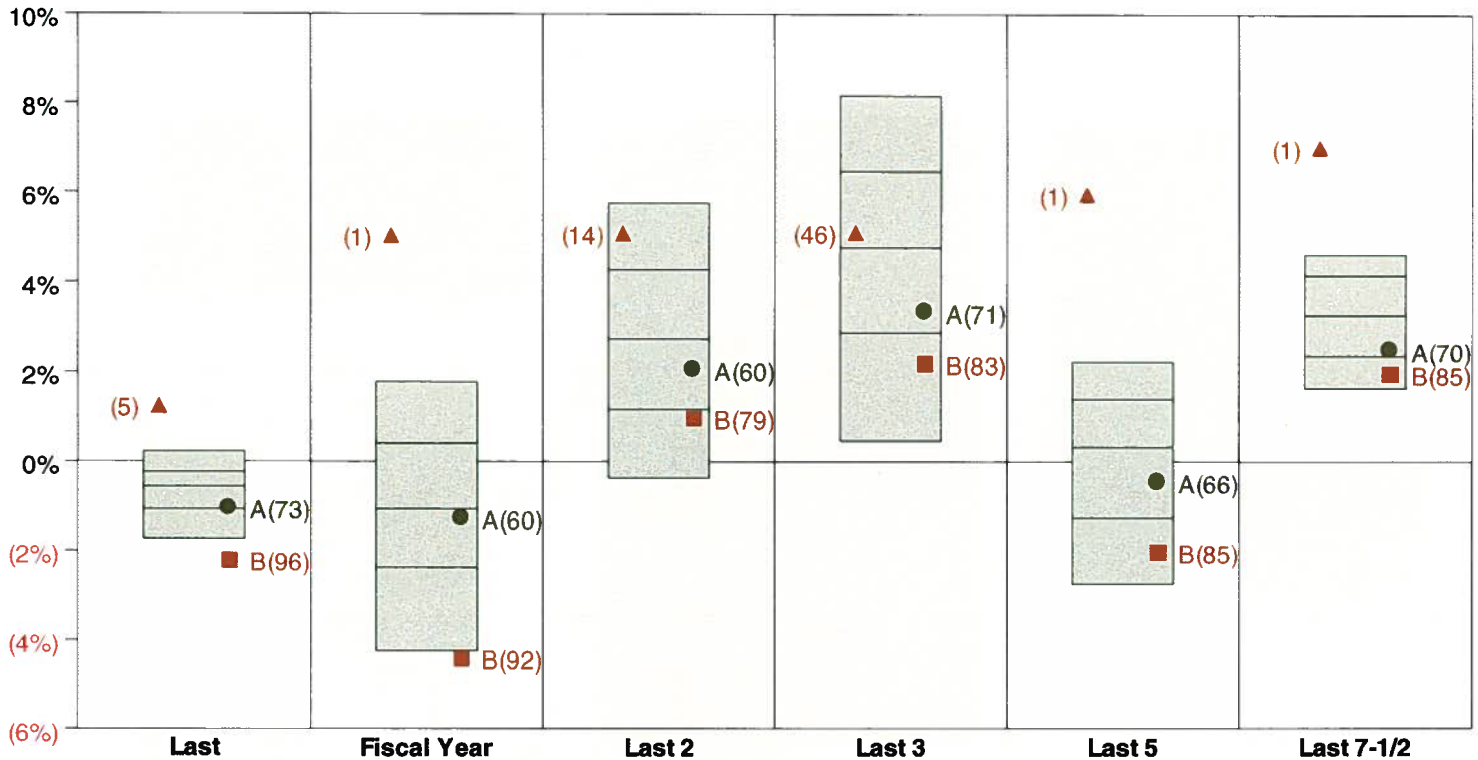


- Index+ performance over longer-term periods at minimal cost

Absolute Return Composite

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 7-1/2 Years
10th Percentile	0.23	1.77	5.77	8.18	2.23	4.63
25th Percentile	(0.24)	0.40	4.28	6.49	1.39	4.16
Median	(0.56)	(1.06)	2.73	4.77	0.32	3.27
75th Percentile	(1.06)	(2.37)	1.17	2.87	(1.26)	2.36
90th Percentile	(1.73)	(4.25)	(0.37)	0.46	(2.74)	1.63
Absolute Return Composite ● A	(1.05)	(1.28)	2.05	3.34	(0.47)	2.48
Fund of Funds Index ■ B	(2.21)	(4.42)	0.98	2.20	(2.03)	1.95
T-Bills + 5% ▲	1.25	5.06	5.11	5.12	5.98	7.04

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	$1,108	5.2 20	10.0 79	4.6 5	5.3 13	8.1 99		0.1 1	0.5 100	0.5 1
CAI Mt Fd: Dom Bal Style										
Passive Target		5.2 20	9.8 80	4.6 5	5.3 15	7.6 99				0.5 1
Long Term Balanced Fund	$403	3.5 38	12.0 56	2.8 23	4.9 17	13.7 86		-0.0 24	0.5 100	0.1 21
CAI Mt Fd: Dom Bal Style										
Passive Target		3.5 38	11.9 57	2.8 23	4.9 18	13.3 91				0.1 20
Target 2010 Fund										
CAI Tgt Date 2010										
Custom Index										
Target 2010 Trust	$8	3.3 22	10.9 37						0.2 100	
CAI Tgt Date 2010										
Custom Index		3.2 26	11.0 36							
Target 2015 Trust	$95	3.0 10	10.8 44	4.4 1	5.8 1	11.3 88		0.7 1	0.2 100	0.3 3
CAI Tgt Date 2015										
Custom Index		2.8 13	10.7 45	4.1 1	5.6 1	11.4 88				0.3 4
Target 2020 Trust	$48	2.6 12	12.4 23	1.4 31	4.9 5	16.0 83		0.3 8	0.3 100	0.0 31
CAI Tgt Date 2020										
Custom Index		2.4 14	12.5 22	1.3 39	4.8 7	16.1 57				0.0 38
Target 2025 Trust	$31	2.2 4	13.6 7	0.1 49		18.9 45		0.2 34	0.3 100	-0.0 47
CAI Tgt Date 2025										
Custom Index		2.0 5	13.7 5	0.1 49		19.0 41				-0.0 48
Target 2030 Trust	$18	1.8 8	13.7 11						0.3 100	
CAI Tgt Date 2030										
Custom Index		1.6 9	13.8 11							
Target 2035 Trust	$20	1.4 4	14.1 6						0.3 100	
CAI Tgt Date 2035										
Custom Index		1.2 5	14.1 6							
Target 2040 Trust	$23	1.3 7	14.0 10						0.3 100	
CAI Tgt Date 2040										
Custom Index		1.1 8	14.0 10							

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
Target 2045 Trust	$26	1.4 7								
CAI Tgt Date 2040										
Custom Index		1.1 8								
Target 2050 Trust	$30	1.3 8								
CAI Tgt Date 2050										
Custom Index		1.1 9								
Target 2055 Trust	$10	1.4 1								
CAI Tgt Date 2055										
Custom Index		1.1 1								

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 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)	$234	5.5 26	16.4 31	0.3 55	4.2 61	21.7 58		0.6 7	0.0 99	-0.0 55
CAI Large Cap Core Style										
S&P 500 Index		5.4 26	16.4 31	0.2 56	4.1 62	21.7 55				-0.0 57
Russell 3000 Index (i)	$18	3.9 34	16.8 27						0.1 100	
CAI Large Cap Style										
Russell 3000 Index		3.8 34	16.7 28	0.4 50	4.3 48	22.6 52				-0.0 49
World Eq Ex-US Index (i)	$13	-14.1 67	6.9 64						0.9 100	
CAI Non-U.S. Equity Style										
MSCI ACWI x US (Net)		-14.6 72	7.0 63	-4.6 52	3.9 46	26.9 29				-0.2 49
Long US Treasury Bond Index (i)	$24	32.3 6	13.6 84						0.2 98	
CAI Extended Mat FI Style										
BC Long Treas		32.3 6	13.6 85	12.1 37	8.4 42	17.0 6				0.7 94
US Treasry Infl Prtcd SEC (i)	$21	11.5 74	9.5 73						0.0 95	
CAI Real Return										
BC US TIPS Index		11.7 70	9.6 56	8.4 61	6.3 65	5.3 28				1.4 64
World Gov't Bond Ex-US Indx (i)	$6	0.3 64	4.9 99						0.3 100	
CAI Non-U.S. F-I Style										
Citi WGBI Non-US Idx		0.4 60	5.1 97	7.4 70	5.5 75	10.2 46				0.6 65
US Real Estate Invmnt Trust (i)	$32	13.0 62	32.4 72						1.0 95	
CAI Real Estate-REIT DB										
US Select REIT Index		13.3 60	33.5 41	2.0 86	6.0 85	36.1 12				0.0 85

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
Index Funds (Net of Fee)										
BlackRock Govt/Credit Bond Fund (i)	$50	8.6 9	7.1 88	6.7 44	5.4 48	4.7 39		-1.2 99	0.1 99	1.2 68
CAI Core Bond Mut Fds										
BC Govt/Credit Bd		8.8 8	7.3 87	6.9 41	5.5 45	4.7 39				1.3 66
Intermediate Bond Fund (i)	$15	4.8 39	4.2 71	5.7 37	4.8 38	4.3 18		-0.3 77	0.0 99	1.1 74
CAI Intermediate F-I Mut										
BC Gov Inter		5.0 38	4.4 60	5.8 30	4.9 26	4.2 24				1.1 73

Returns:
- above median
- third quartile
- fourth quartile

Risk:
- below median
- second quartile
- first quartile

Risk Quadrant:

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

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

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

(i) – Indexed scoring method used. Green: manager & index differ by less than +/- 10 percentiles; Yellow: manager and index differ by +/- 20 percentiles; Red: manager & index differ by more than 20 percentiles.

Other Options

Active Equity, Stable Value, and Interest Income

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
Active Funds										
Brandes Int'l Fund	$61	-13.0 41								
CAI Non-U.S. Equity MF										
MSCI EAFE Index		-13.8 50	6.0 63	-6.1 67	2.3 65	25.9 67				-0.3 71
SSgA Global Balanced	$50	-0.6 36								
CAI Mt Fd: Gl Bal Style										
Custom Benchmark										
RCM Soc Resp		-3.1 91	13.2 64						3.9 31	
CAI Core Equity Mut Fds										
S&P 500 Index		5.4 12	16.4 10	0.2 33	4.1 27	21.7 60				-0.0 34
T. Rowe Price Small Cap	$88	1.7 10	22.9 6	4.6 8	7.7 8	26.5 59		1.2 1	0.5 99	0.1 8
CAI Sm Cap Broad Mut Fds										
Russell 2000 Index		-2.1 32	17.8 43	0.5 50	4.6 51	26.6 59				-0.0 51

Returns:
- above median
- third quartile
- fourth quartile

Risk:
- below median
- second quartile
- first quartile

Risk Quadrant:

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

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

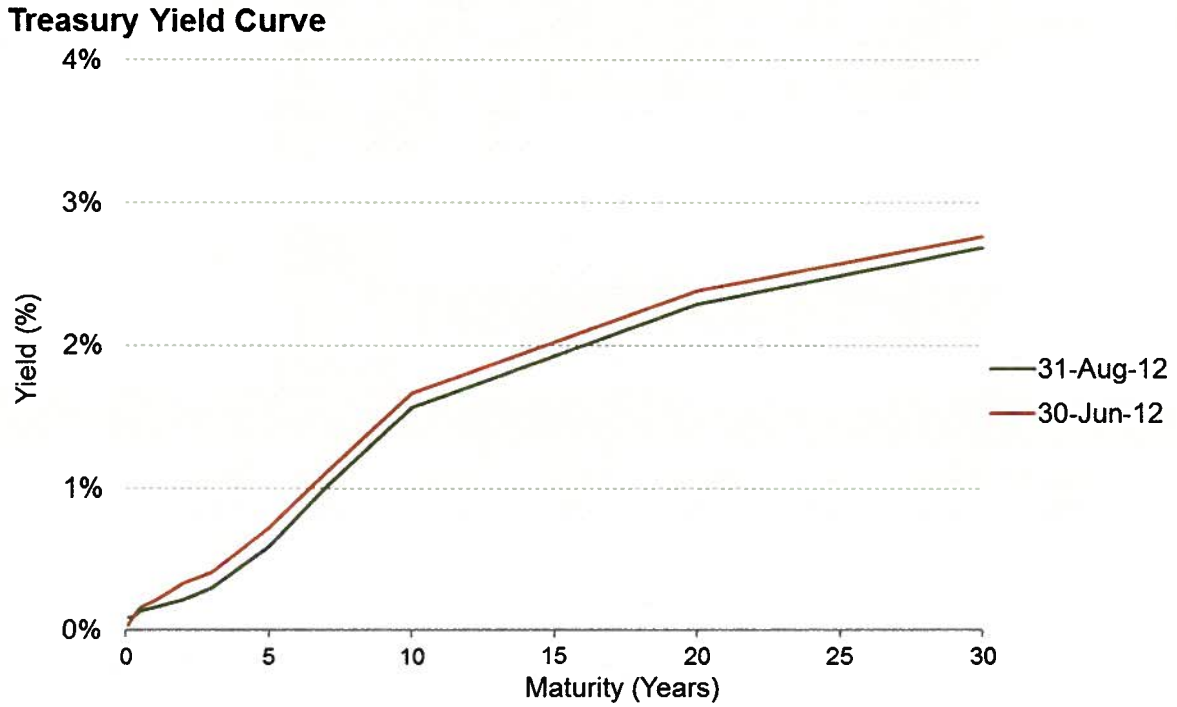
Sharpe Ratio:
- above median
- third quartile
- fourth quartile

Subsequent Market Results

YTD Through 08/31/12

Index	YTD
Barclays Aggregate	3.85%
US Treasury	2.40%
1-3 Year Treasury	0.36%
7-10 Year Treasury	4.52%
US Credit	7.60%
High Yield (2% Constr.)	10.55%

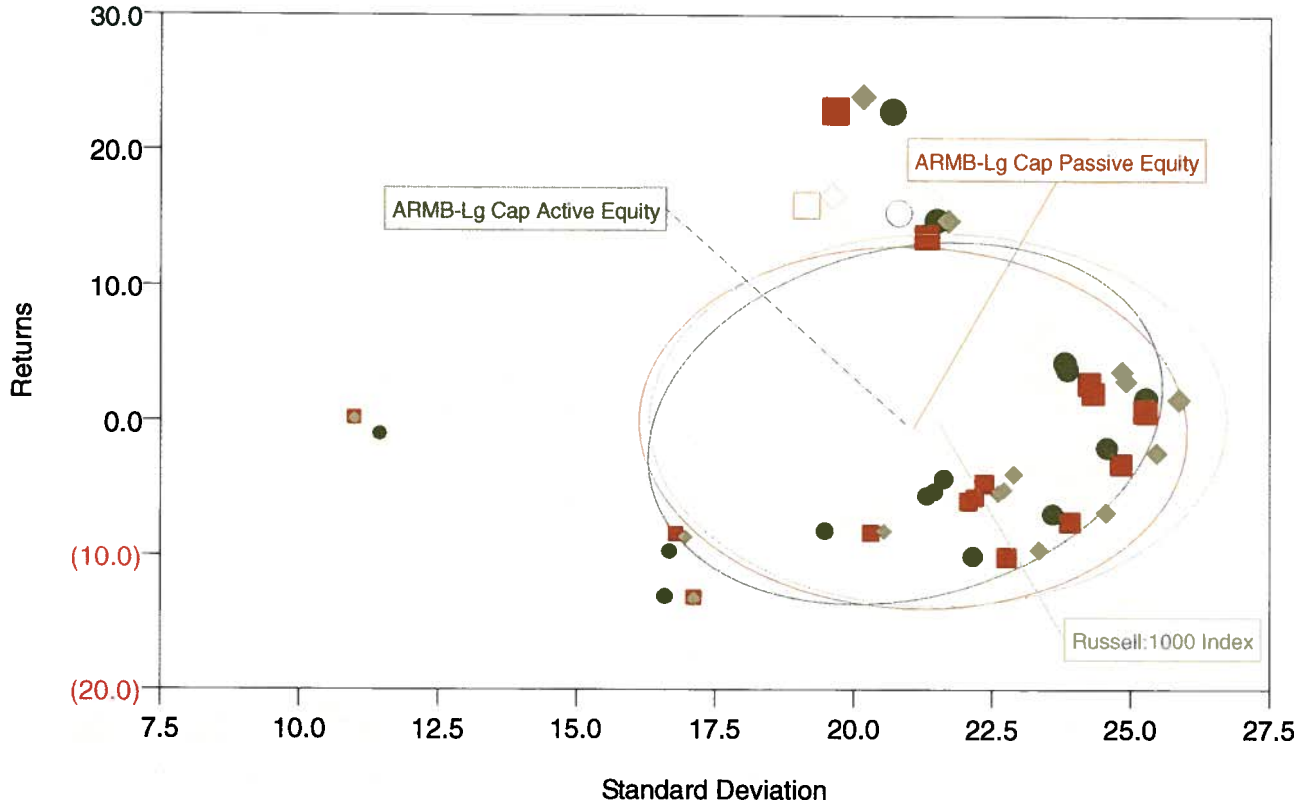
Index	YTD
S&P 500	13.51%
Russell 2000	10.60%
MSCI EAFE	6.92%
MSCI Emerging Markets	5.92%



Supplemental Reference Exhibits

Active versus Passive Large Cap Equity over different rolling 3 year periods

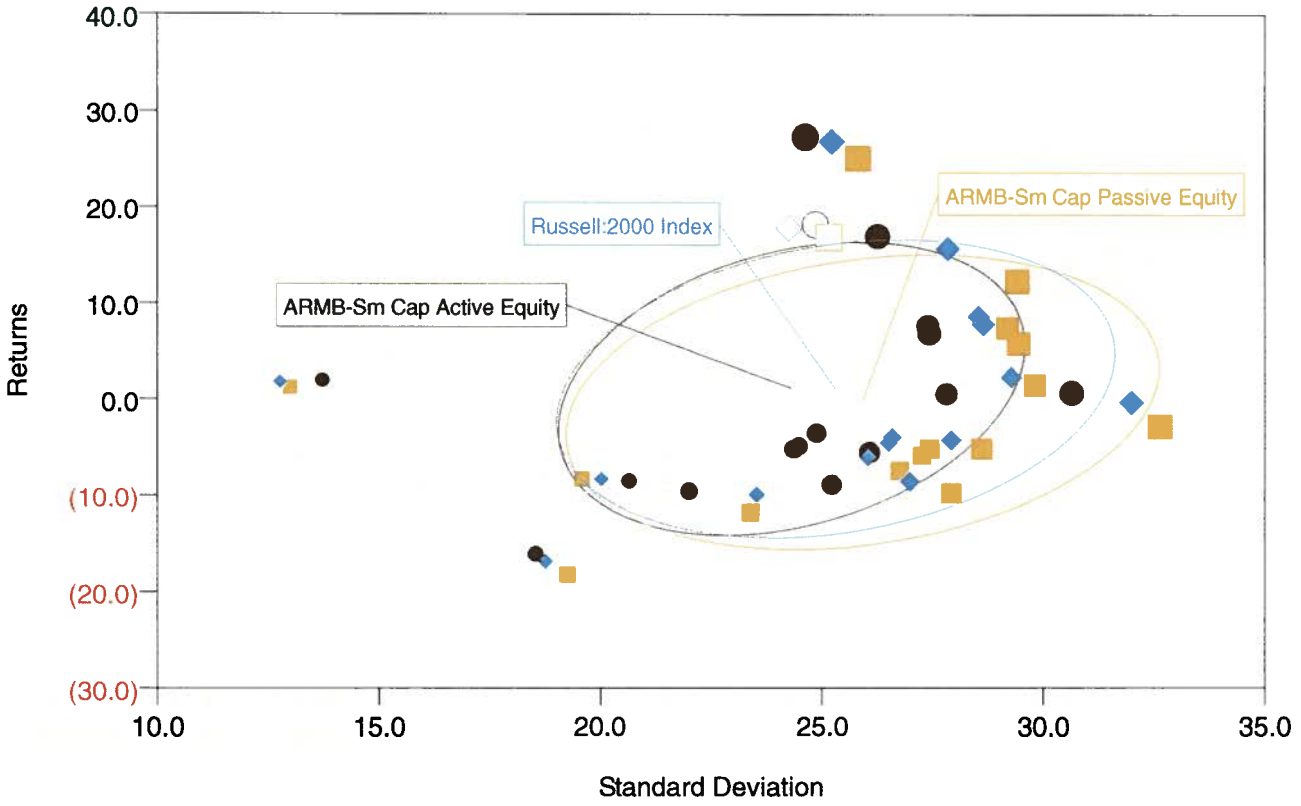
Rolling 12 Quarter Scatter Chart
for 4 Years Ended June 30, 2012



Active Small Cap Equity versus R2000 & Passive SC Equity

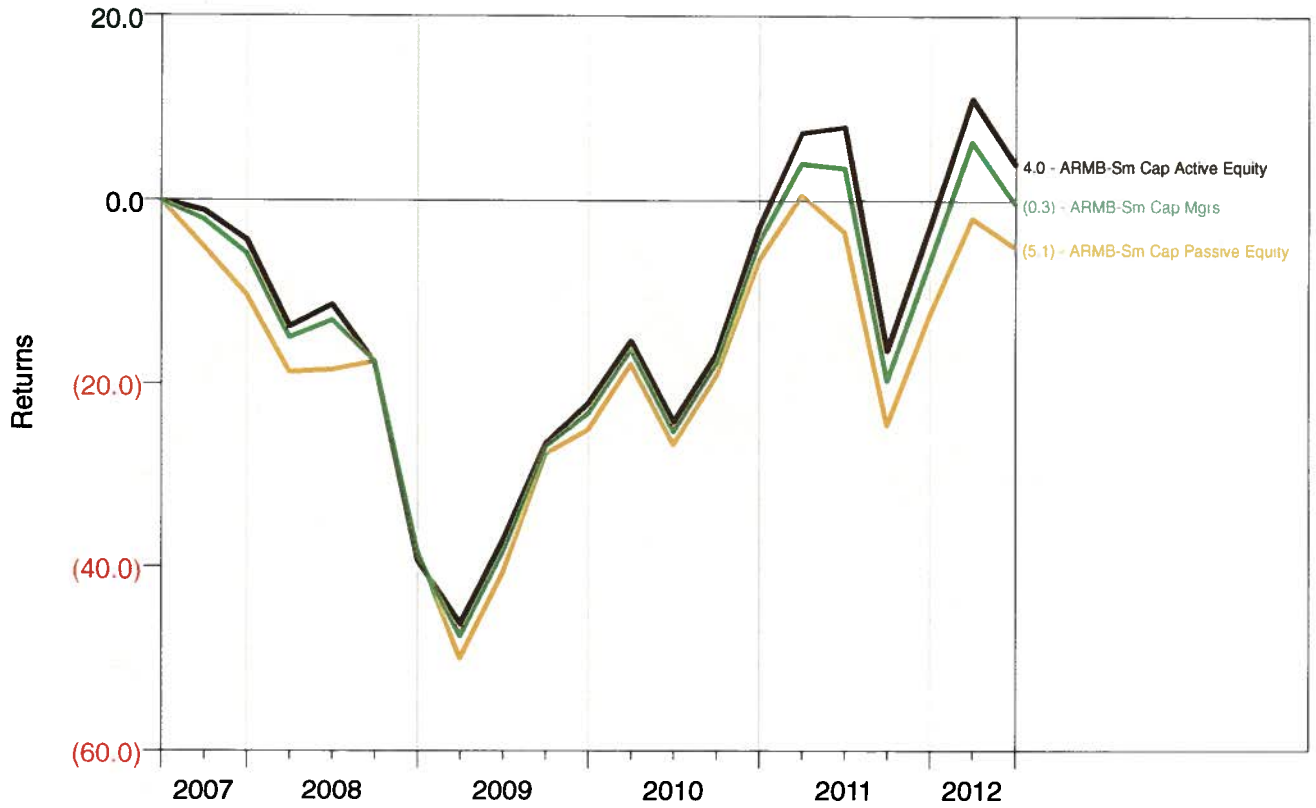
Rolling 3-year periods

Rolling 12 Quarter Scatter Chart
for 4 Years Ended June 30, 2012



ARMB Small Cap Active versus Passive Cumulative Returns

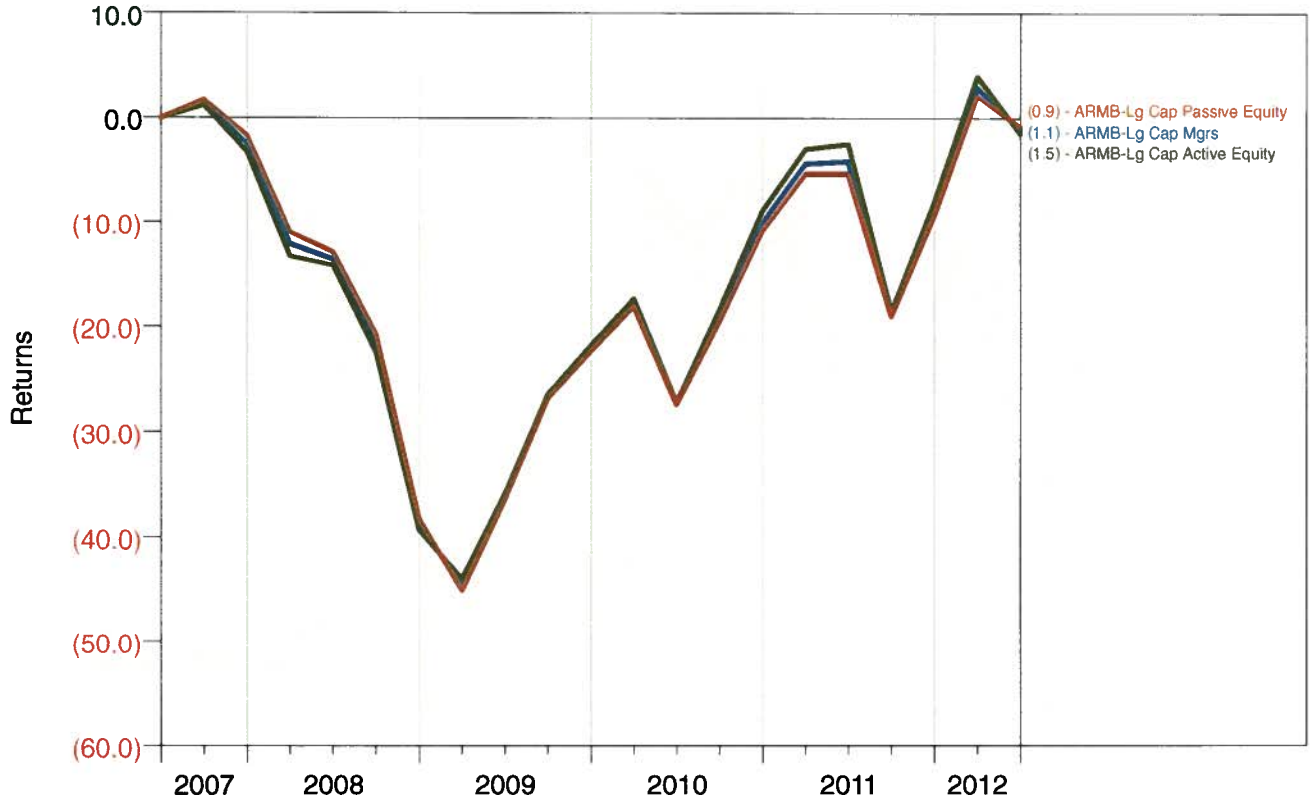
Cumulative Returns
for 5 Years Ended June 30, 2012



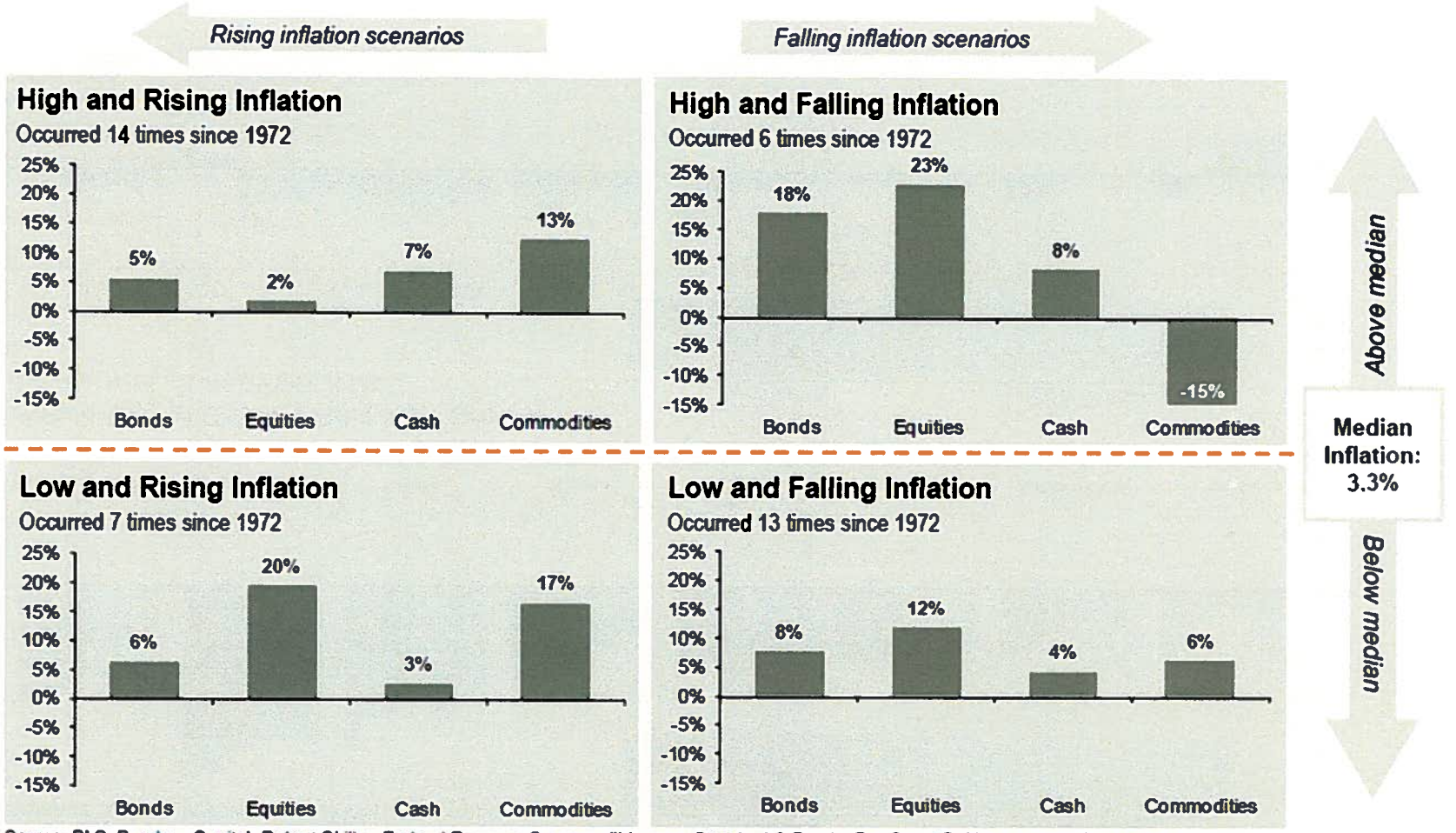
ARMB Active Large Cap versus Passive Small Cap

Cumulative Returns

Cumulative Returns
for 5 Years Ended June 30, 2012



Performance in different Inflationary Environments



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

High or low inflation distinction is relative to median CPI-U inflation for the period 1971 to 2011. Rising or falling inflation distinction is relative to previous year CPI-U inflation rate. Bond returns are based on the Barclays U.S. Aggregate index since its inception in 1976 and a composite bond index prior to that. Equity returns based on S&P 500 price return and annual dividend yield. Cash returns are based on the Barclays 1-3 Month T-Bill index since its inception in 1992 and 3-month T-Bill rates prior to that. Commodities returns based on GSCI.

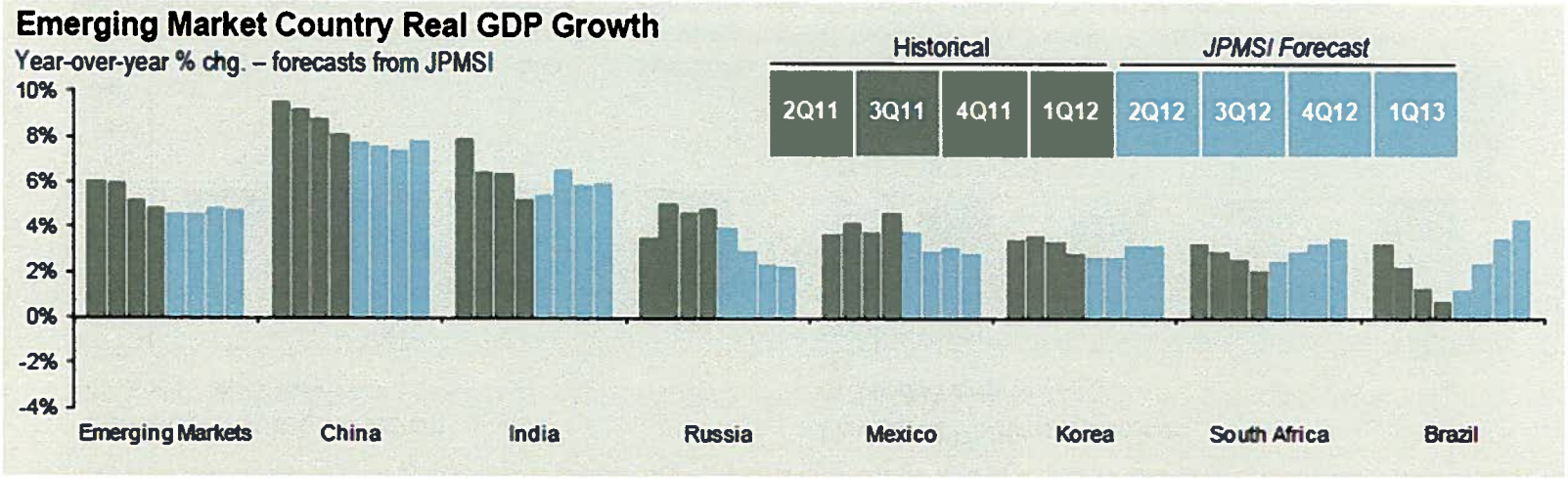
For illustrative purposes only. Past performance is not indicative of comparable future returns.

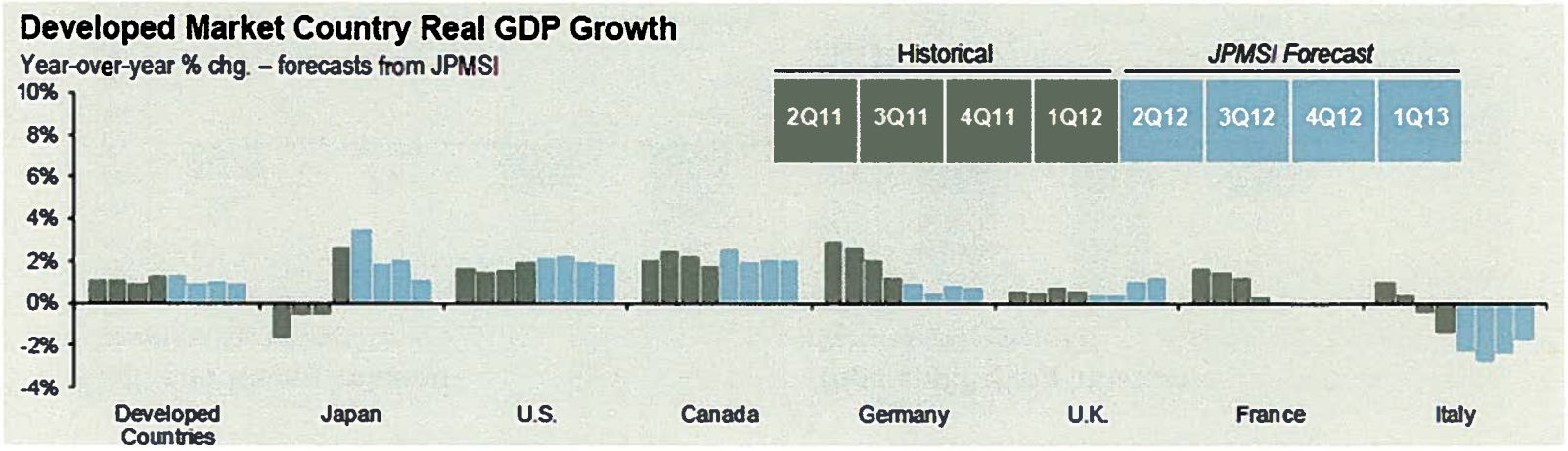
Data are as of 6/30/12.

J.P.Morgan
Asset Management

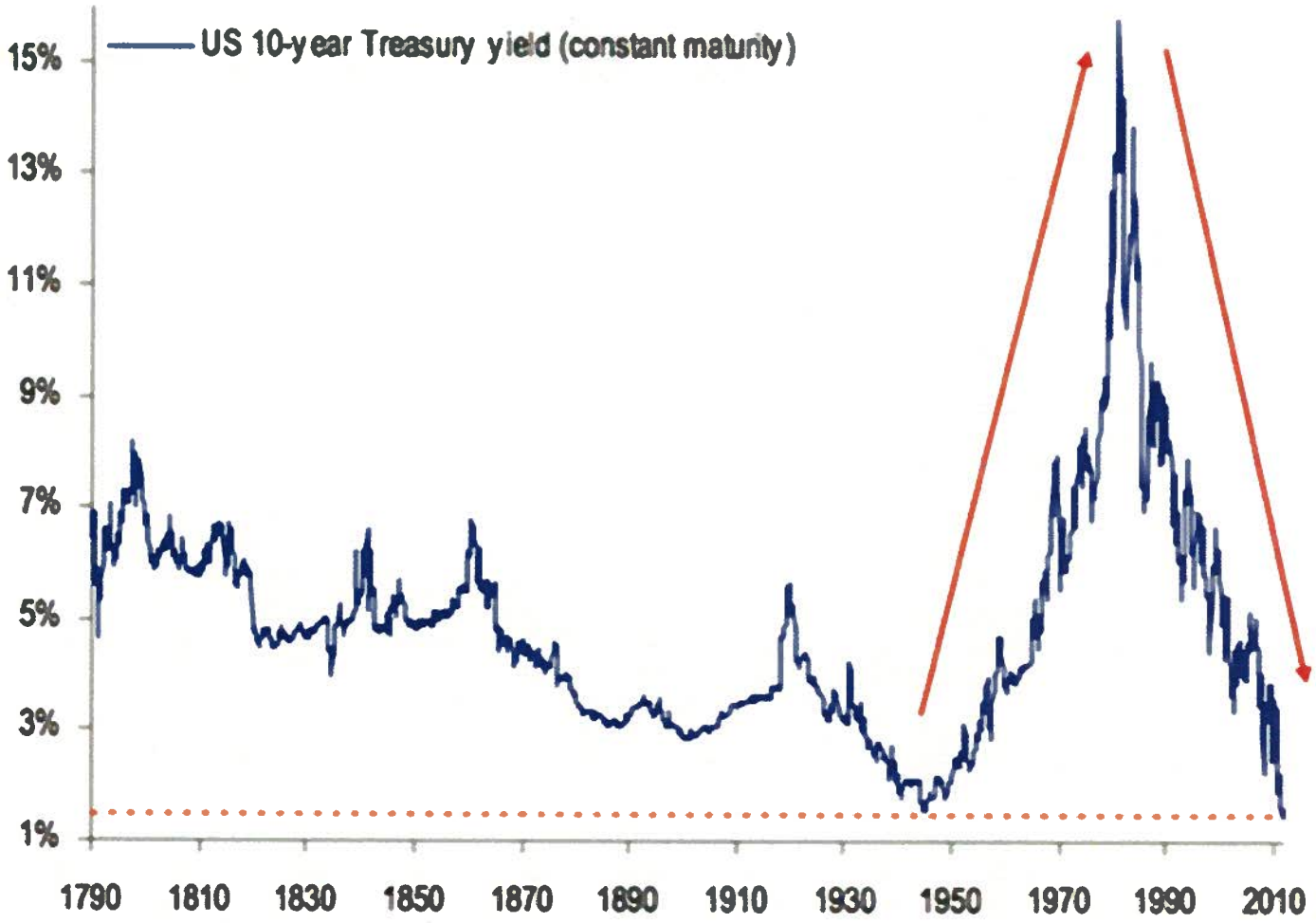
Economic Growth Projections

JP Morgan Guide to Markets Q3 2012





10 Year Treasury Historic Perspective



Callan

June 30, 2012

State of Alaska
Deferred Compensation Plan

Investment Measurement Service
Quarterly Review

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 2012 by Callan Associates Inc.

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Deferred Compensation Plan

The Deferred Compensation Plan is comprised of several different BlackRock Funds (28.4 %), an RCM Socially Responsible Fund (1.7%), a T. Rowe Price Small Cap Fund (11.3%), a Brandes Instl International Equity Fund (5.8%), a T Rowe Price Long Term Balanced Fund and Target Date Funds (9.9%) the Interest Income Fund (28.8%) and SSgA Funds (14.0%).

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 2012 performance is shown below.

	Market Value	*Annualized Gross Crediting Rate*	*Underlying Asset Performance*
BC Intermediate Aggregate	$176.6 mil	3.43%	1.37%

Investment Fund Balances

The table below compares the fund's investment fund balances as of June 30, 2012 with that of March 31, 2012.

Asset Distribution Across Investment Funds

	June 30, 2012		March 31, 2012	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Fund	9,008,878	1.47%	7,880,420	1.26%
Long Term Balanced Fund	35,027,166	5.70%	37,107,191	5.95%
Target 2010 Trust	1,777,683	0.29%	1,794,844	0.29%
Target 2015 Trust	4,424,335	0.72%	4,361,793	0.70%
Target 2020 Trust	4,263,437	0.69%	3,906,897	0.63%
Target 2025 Trust	2,058,972	0.34%	2,113,539	0.34%
Target 2030 Trust	1,343,804	0.22%	1,271,144	0.20%
Target 2035 Trust	1,030,470	0.17%	1,041,667	0.17%
Target 2040 Trust	668,684	0.11%	621,131	0.10%
Target 2045 Trust	381,921	0.06%	278,028	0.04%
Target 2050 Trust	254,352	0.04%	231,579	0.04%
Target 2055 Trust	460,422	0.07%	599,536	0.10%
Domestic Equity Funds				
Large Cap Equity	126,406,619	20.57%	131,762,751	21.14%
RCM Socially Responsible	10,711,375	1.74%	11,546,396	1.85%
Russell 3000 Index	6,622,430	1.08%	6,812,154	1.09%
Small Cap Equity	69,454,505	11.30%	74,239,879	11.91%
International Equity Funds				
International Equity Fd	35,533,839	5.78%	39,241,836	6.30%
World Eq Ex-US Index	4,510,551	0.73%	4,660,520	0.75%
Fixed-Income Funds				
Govt/Credit Fd	32,325,572	5.26%	32,531,656	5.22%
Intermediate Bond Fund	16,257,293	2.65%	16,139,263	2.59%
Long US Treasury Bond	6,683,811	1.09%	4,195,513	0.67%
US TIPS	10,830,781	1.76%	9,595,778	1.54%
World Gov't Bond Ex-US	2,093,396	0.34%	1,976,854	0.32%
Global Balanced Funds				
SSgA Global Balanced	36,778,728	5.99%	38,381,526	6.16%
Real Estate Funds				
US REITS	10,317,081	1.68%	8,647,019	1.39%
Short Term Funds				
Interest Income Fund	176,925,671	28.80%	175,006,608	28.07%
SSgA Inst Trsry MM	8,266,011	1.35%	7,412,791	1.19%
Total Fund	**$614,417,787**	**100.0%**	**$623,358,313**	**100.0%**

Interest Income Fund
Period Ended June 30, 2012

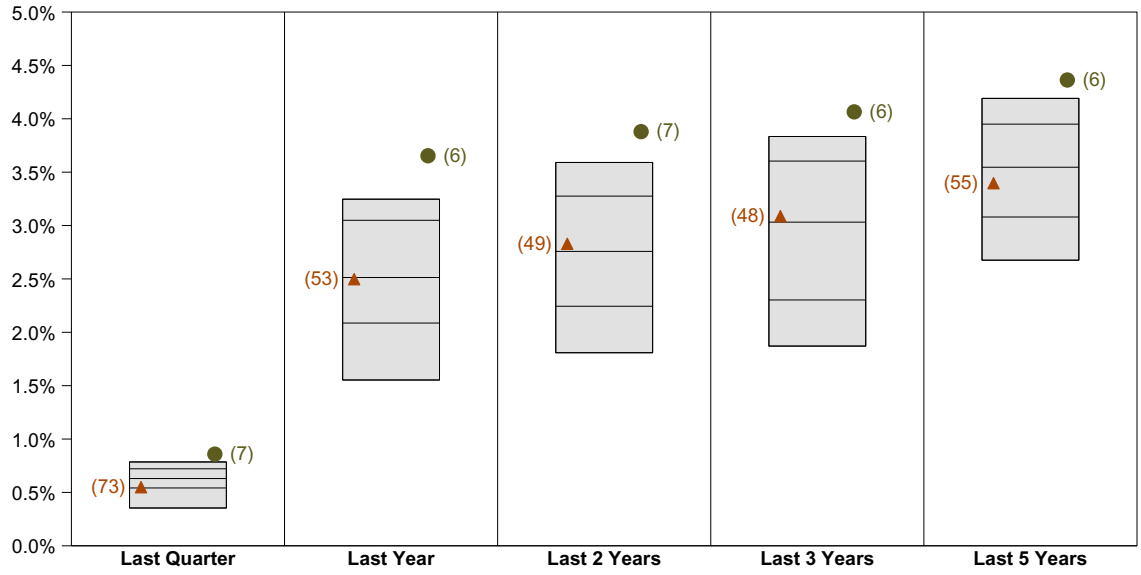
Investment Philosophy

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

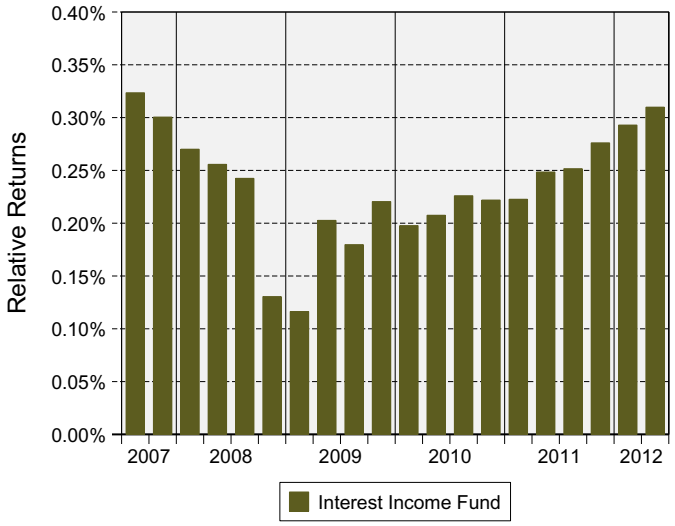
- Interest Income Fund's portfolio posted a 0.86% return for the quarter placing it in the 7 percentile of the CAI Stable Value Database group for the quarter and in the 6 percentile for the last year.
- Interest Income Fund's portfolio outperformed the 5 Yr US Treas Rolling by 0.31% for the quarter and outperformed the 5 Yr US Treas Rolling for the year by 1.16%.

Performance vs CAI Stable Value Database (Gross)

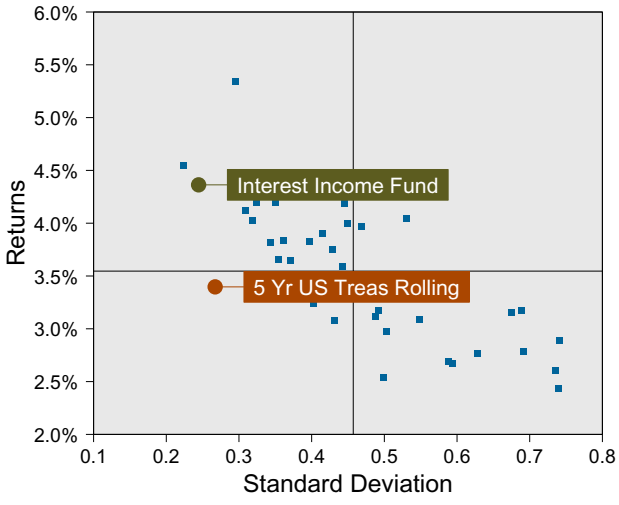


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.79	3.25	3.59	3.83	4.19
25th Percentile	0.72	3.05	3.28	3.60	3.95
Median	0.63	2.51	2.76	3.03	3.55
75th Percentile	0.54	2.09	2.24	2.30	3.08
90th Percentile	0.35	1.55	1.81	1.87	2.68
Interest Income Fund ●	0.86	3.65	3.88	4.06	4.36
5 Yr US Treas Rolling ▲	0.55	2.50	2.83	3.09	3.40

Relative Return vs 5 Yr US Treas Rolling



CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return

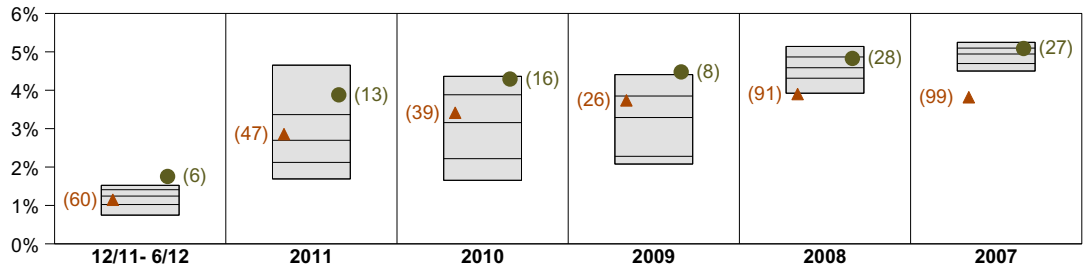


Interest Income Fund
Return Analysis Summary

Return Analysis

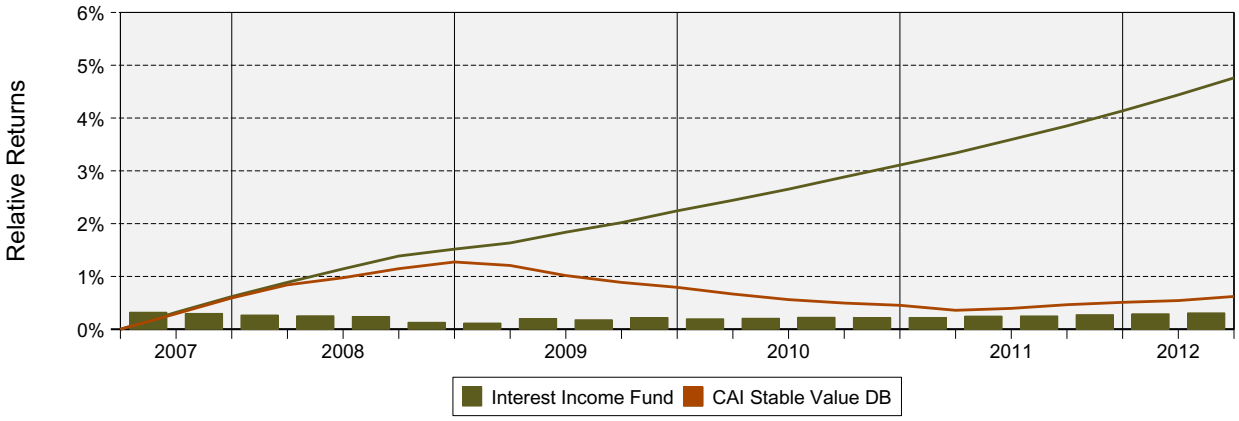
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Stable Value Database (Gross)

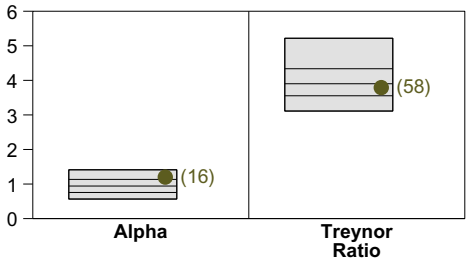


	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	1.52	4.65	4.36	4.41	5.14	5.25
25th Percentile	1.41	3.36	3.88	3.85	4.87	5.10
Median	1.24	2.70	3.16	3.29	4.59	4.94
75th Percentile	1.02	2.12	2.22	2.28	4.31	4.70
90th Percentile	0.75	1.69	1.65	2.08	3.92	4.50
Interest Income Fund ●	1.76	3.88	4.29	4.48	4.83	5.09
5 Yr US Treas Rolling ▲	1.15	2.86	3.41	3.74	3.90	3.82

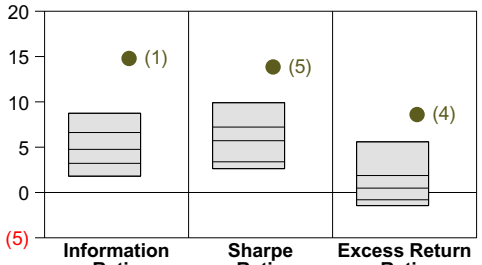
Cumulative and Quarterly Relative Return vs 5 Yr US Treas Rolling



Risk Adjusted Return Measures vs 5 Yr US Treas Rolling
Rankings Against CAI Stable Value Database (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	1.41	5.22
25th Percentile	1.13	4.34
Median	0.94	3.90
75th Percentile	0.76	3.55
90th Percentile	0.57	3.11
Interest Income Fund ●	1.20	3.79



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	8.74	9.91	5.59
25th Percentile	6.62	7.22	1.87
Median	4.76	5.71	0.48
75th Percentile	3.22	3.39	(0.81)
90th Percentile	1.80	2.63	(1.45)
Interest Income Fund ●	14.79	13.85	8.60

BlackRock Intermediate Aggregate
Period Ended June 30, 2012

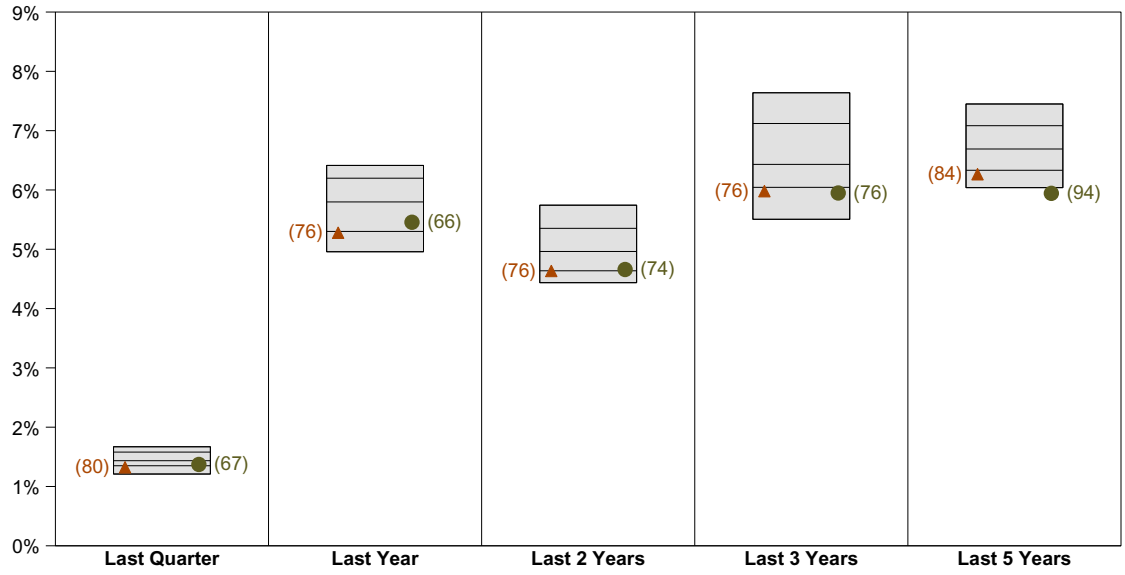
Investment Philosophy

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

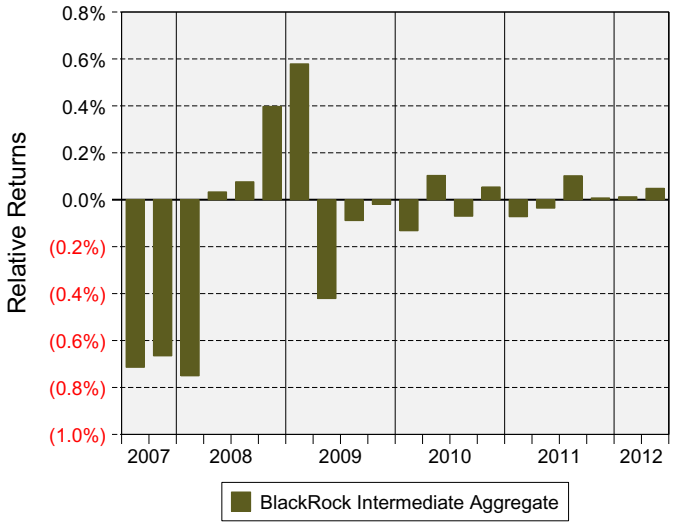
- BlackRock Intermediate Aggregate's portfolio posted a 1.37% return for the quarter placing it in the 67 percentile of the CAI Intermediate Fixed-Inc Style group for the quarter and in the 66 percentile for the last year.
- BlackRock Intermediate Aggregate's portfolio outperformed the Benchmark by 0.05% for the quarter and outperformed the Benchmark for the year by 0.18%.

Performance vs CAI Intermediate Fixed-Inc Style (Gross)

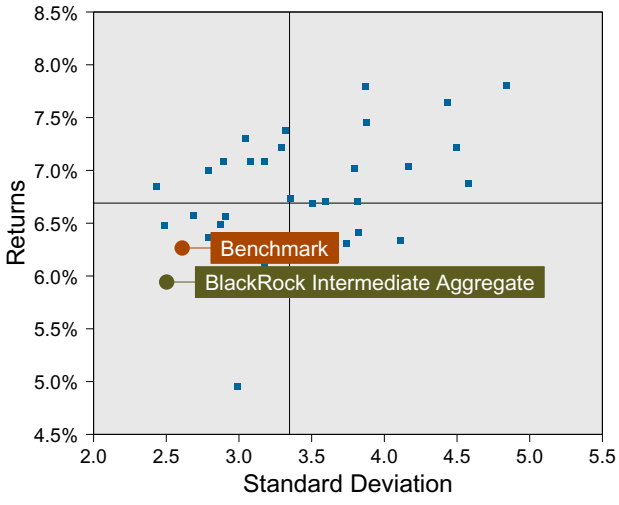


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.67	6.41	5.74	7.64	7.45
25th Percentile	1.58	6.20	5.35	7.12	7.08
Median	1.43	5.80	4.96	6.43	6.69
75th Percentile	1.35	5.30	4.64	6.04	6.33
90th Percentile	1.21	4.96	4.44	5.51	6.04
BlackRock Intermediate Aggregate ●	1.37	5.46	4.66	5.95	5.94
Benchmark ▲	1.32	5.28	4.63	5.98	6.27

Relative Return vs Benchmark



CAI Intermediate Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return

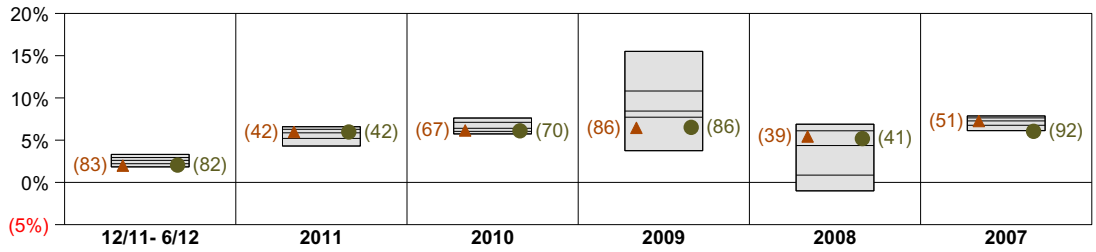


BlackRock Aggregate Intermediate
Return Analysis Summary

Return Analysis

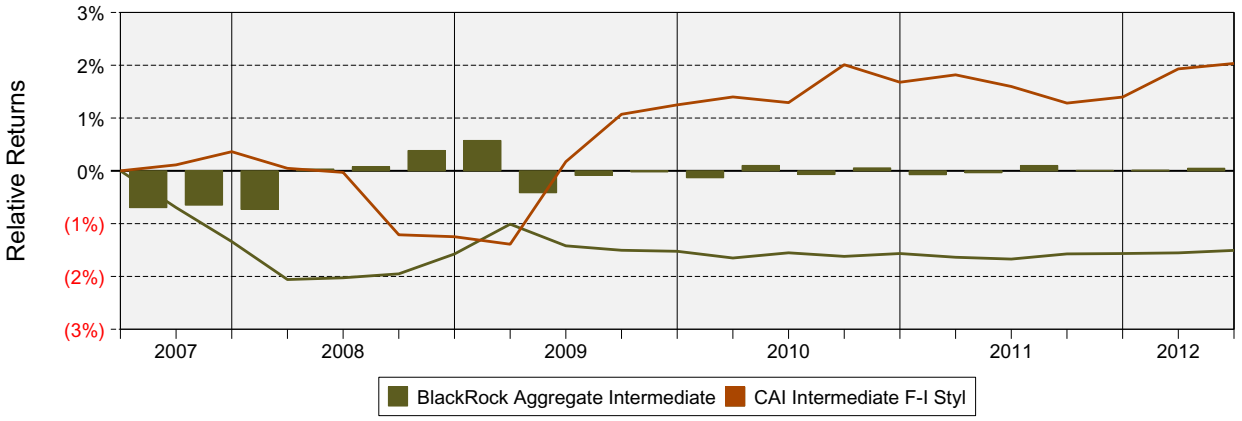
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

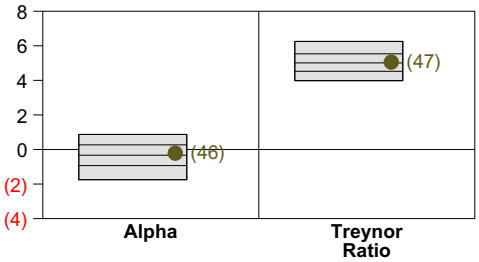


	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	3.32	6.59	7.62	15.51	6.89	7.86
25th Percentile	2.94	6.28	7.11	10.82	6.11	7.64
Median	2.61	5.87	6.40	8.44	4.36	7.28
75th Percentile	2.21	5.21	6.04	7.72	0.86	6.76
90th Percentile	1.84	4.31	5.74	3.75	(1.00)	6.13
BlackRock Aggregate Intermediate	2.05	5.97	6.10	6.52	5.18	6.05
Benchmark	1.99	5.97	6.15	6.46	5.43	7.27

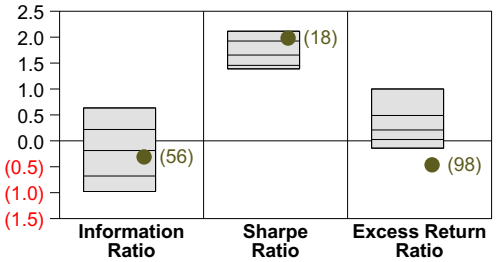
Cumulative and Quarterly Relative Return vs Benchmark



Risk Adjusted Return Measures vs Benchmark
Rankings Against CAI Intermediate Fixed-Inc Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	0.87	6.25
25th Percentile	0.27	5.53
Median	(0.33)	5.01
75th Percentile	(0.93)	4.52
90th Percentile	(1.75)	3.98
BlackRock Aggregate Intermediate	(0.21)	5.06



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.63	2.11	1.00
25th Percentile	0.22	1.93	0.49
Median	(0.19)	1.65	0.21
75th Percentile	(0.68)	1.46	0.03
90th Percentile	(0.98)	1.39	(0.14)
BlackRock Aggregate Intermediate	(0.31)	1.98	(0.46)

Intermediate
Govt Bond Fund

Intermediate Govt Bond Fund
Period Ended June 30, 2012

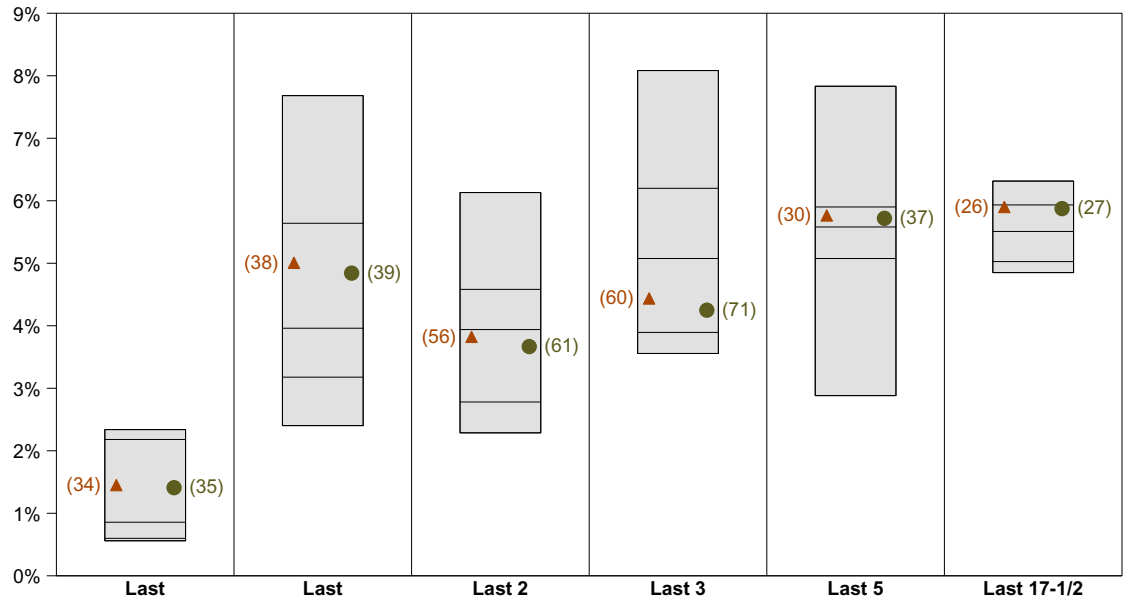
Investment Philosophy

The Intermediate Govt Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

Quarterly Summary and Highlights

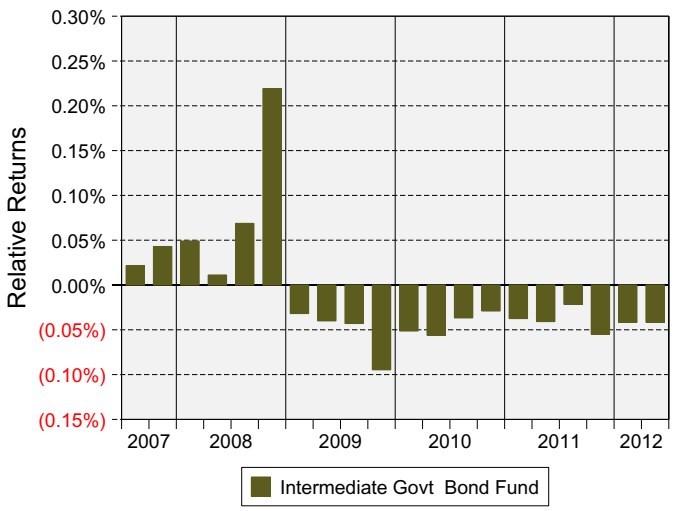
- Intermediate Govt Bond Fund's portfolio posted a 1.41% return for the quarter placing it in the 35 percentile of the CAI MF - Intermediate Style group for the quarter and in the 39 percentile for the last year.
- Intermediate Govt Bond Fund's portfolio underperformed the Barclays Gov Inter by 0.04% for the quarter and underperformed the Barclays Gov Inter for the year by 0.17%.

Performance vs CAI MF - Intermediate Style (Net)

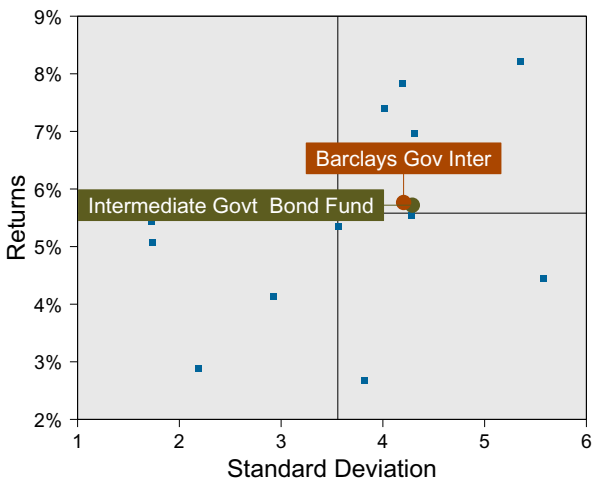


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 17-1/2 Years
10th Percentile	2.34	7.68	6.13	8.08	7.83	6.31
25th Percentile	2.18	5.64	4.58	6.20	5.90	5.93
Median	0.86	3.96	3.94	5.08	5.58	5.51
75th Percentile	0.60	3.18	2.78	3.89	5.08	5.03
90th Percentile	0.56	2.40	2.29	3.56	2.88	4.85
Intermediate Govt Bond Fund ●	1.41	4.84	3.67	4.25	5.72	5.87
Barclays Gov Inter ▲	1.45	5.01	3.82	4.44	5.77	5.90

Relative Return vs Barclays Gov Inter



CAI MF - Intermediate Style (Net) Annualized Five Year Risk vs Return

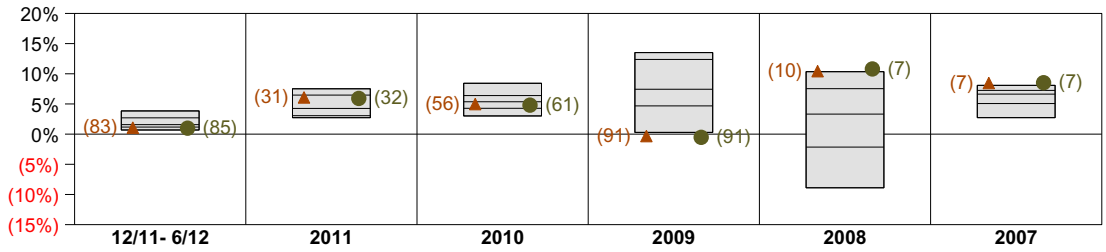


Intermediate Govt Bond Fund
Return Analysis Summary

Return Analysis

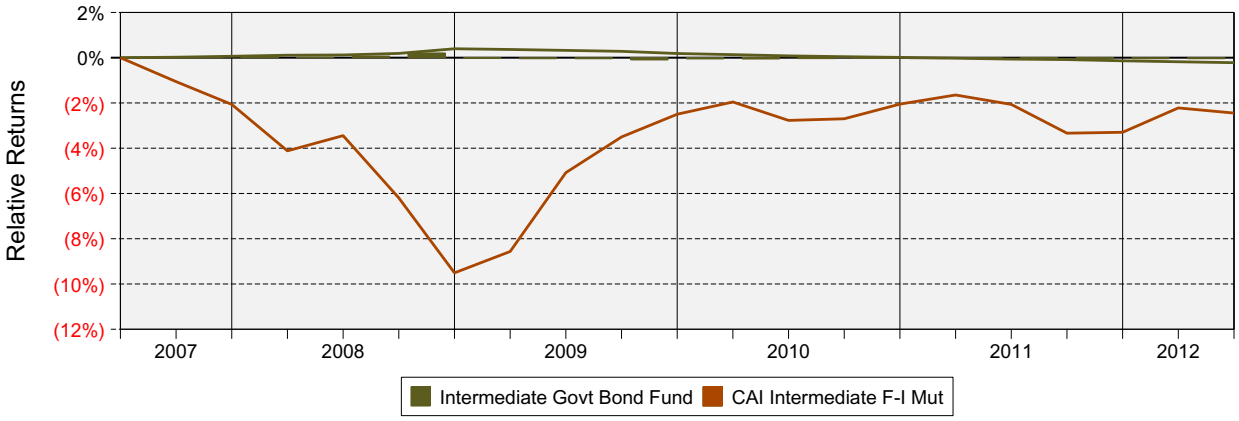
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI MF - Intermediate Style (Net)

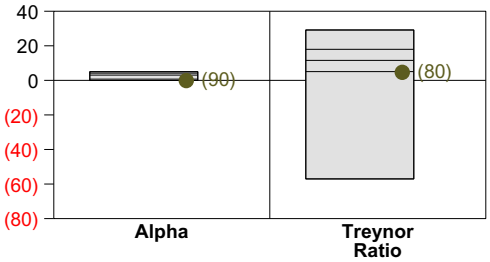


	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	3.85	7.52	8.43	13.51	10.35	8.08
25th Percentile	2.70	6.47	6.39	12.38	7.53	7.25
Median	1.57	4.26	5.36	7.44	3.32	6.63
75th Percentile	1.17	3.06	4.28	4.68	(2.15)	5.07
90th Percentile	0.68	2.72	3.01	0.29	(8.89)	2.73
Intermediate Govt Bond Fund ●	0.98	5.92	4.80	(0.53)	10.80	8.52
Barclays Gov Inter ▲	1.07	6.08	4.98	(0.32)	10.43	8.47

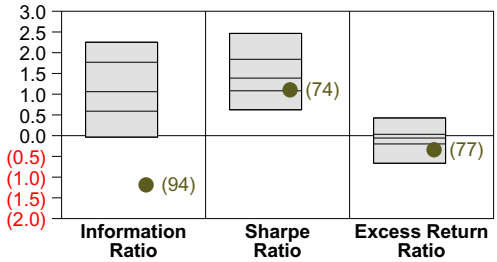
Cumulative and Quarterly Relative Return vs Barclays Gov Inter



Risk Adjusted Return Measures vs Barclays Gov Inter
Rankings Against CAI MF - Intermediate Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	4.99	29.15
25th Percentile	4.18	17.96
Median	3.04	11.56
75th Percentile	0.70	5.07
90th Percentile	(0.04)	(57.03)
Intermediate Govt Bond Fund ●	(0.14)	4.65



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.25	2.47	0.43
25th Percentile	1.77	1.84	0.03
Median	1.06	1.39	(0.06)
75th Percentile	0.59	1.08	(0.20)
90th Percentile	(0.04)	0.62	(0.67)
Intermediate Govt Bond Fund ●	(1.19)	1.10	(0.34)

Govt/Credit Bond Fund

Govt/Credit Bond Fund
Period Ended June 30, 2012

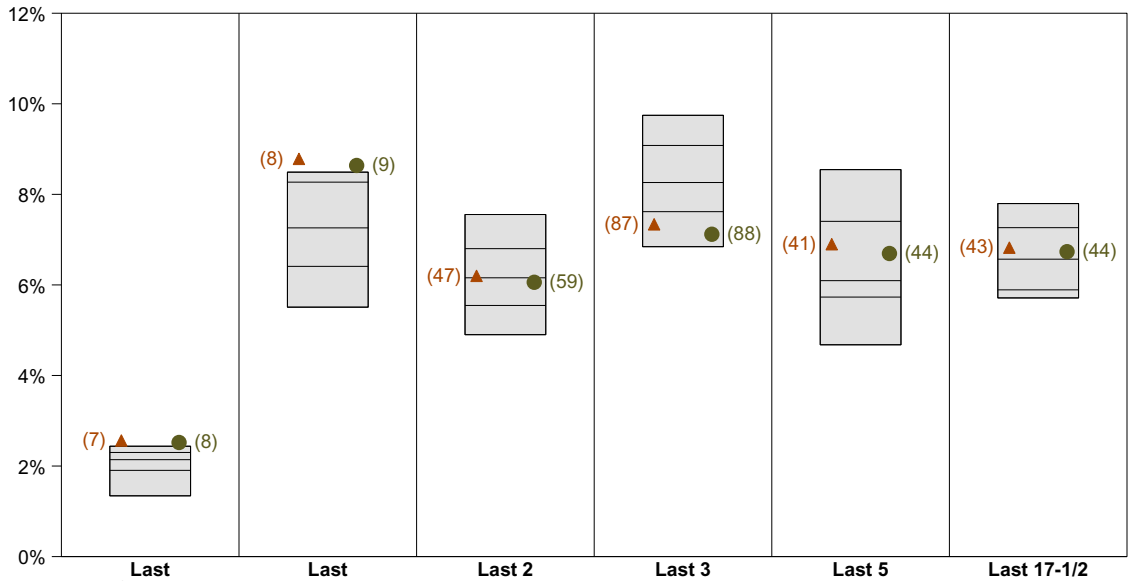
Investment Philosophy

The Govt/Credit Bond Fund is managed by BlackRock. Annual fees are 13 basis points. Passively managed.

Quarterly Summary and Highlights

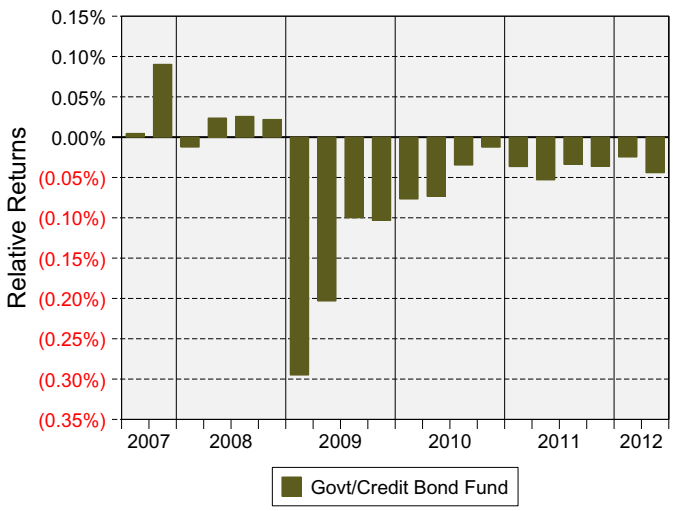
- Govt/Credit Bond Fund's portfolio posted a 2.52% return for the quarter placing it in the 8 percentile of the CAI MF - Core Bond Style group for the quarter and in the 9 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the Barclays Govt/Credit Bd by 0.04% for the quarter and underperformed the Barclays Govt/Credit Bd for the year by 0.15%.

Performance vs CAI MF - Core Bond Style (Net)

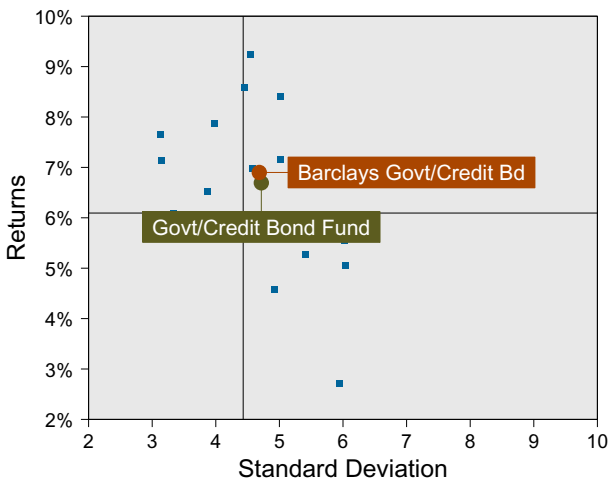


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 17-1/2 Years
10th Percentile	2.44	8.49	7.56	9.75	8.55	7.80
25th Percentile	2.30	8.27	6.80	9.08	7.40	7.26
Median	2.14	7.26	6.16	8.26	6.09	6.57
75th Percentile	1.90	6.41	5.55	7.62	5.73	5.89
90th Percentile	1.34	5.51	4.90	6.84	4.68	5.71
Govt/Credit Bond Fund ●	2.52	8.64	6.06	7.12	6.69	6.73
Barclays Govt/Credit Bd ▲	2.56	8.78	6.20	7.34	6.90	6.82

Relative Return vs Barclays Govt/Credit Bd



CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return



Govt/Credit Bond Fund
Return Analysis Summary

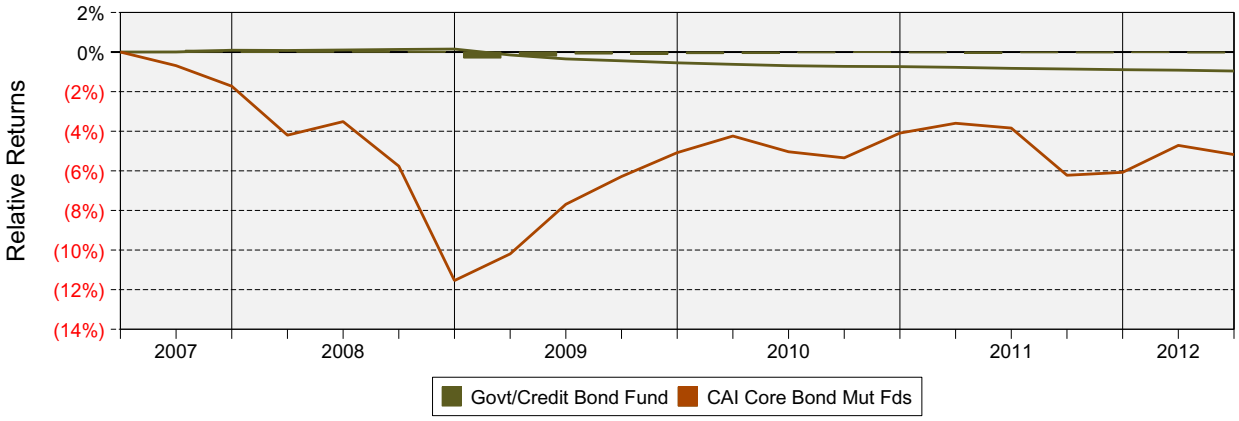
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

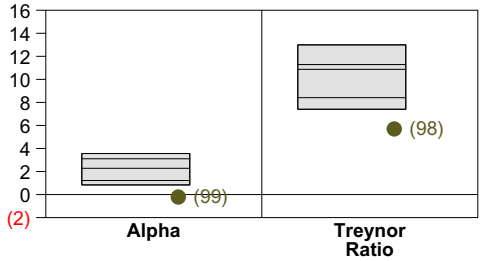
Performance vs CAI MF - Core Bond Style (Net)

	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	4.91	8.24	9.09	17.21	5.59	7.86
25th Percentile	3.95	7.85	8.16	14.15	1.21	6.27
Median	3.62	6.87	7.73	11.98	(1.88)	5.63
75th Percentile	3.26	5.24	7.17	8.16	(9.80)	4.25
90th Percentile	2.64	4.20	6.49	7.29	(12.35)	1.90
Govt/Credit Bond Fund ●	2.58	8.57	6.39	3.79	5.77	7.24
Barclays Govt/Credit Bd ▲	2.65	8.74	6.59	4.52	5.70	7.23

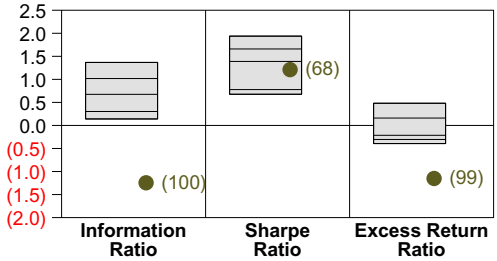
Cumulative and Quarterly Relative Return vs Barclays Govt/Credit Bd



Risk Adjusted Return Measures vs Barclays Govt/Credit Bd
Rankings Against CAI MF - Core Bond Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	3.56	13.00
25th Percentile	3.11	11.28
Median	2.28	10.87
75th Percentile	1.22	8.41
90th Percentile	0.84	7.40
Govt/Credit Bond Fund ●	(0.21)	5.69



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.37	1.94	0.48
25th Percentile	1.02	1.66	0.16
Median	0.67	1.39	(0.21)
75th Percentile	0.30	0.78	(0.30)
90th Percentile	0.14	0.68	(0.39)
Govt/Credit Bond Fund ●	(1.24)	1.21	(1.15)

US Treasury Inflation
Protected

US TIPS Index
Period Ended June 30, 2012

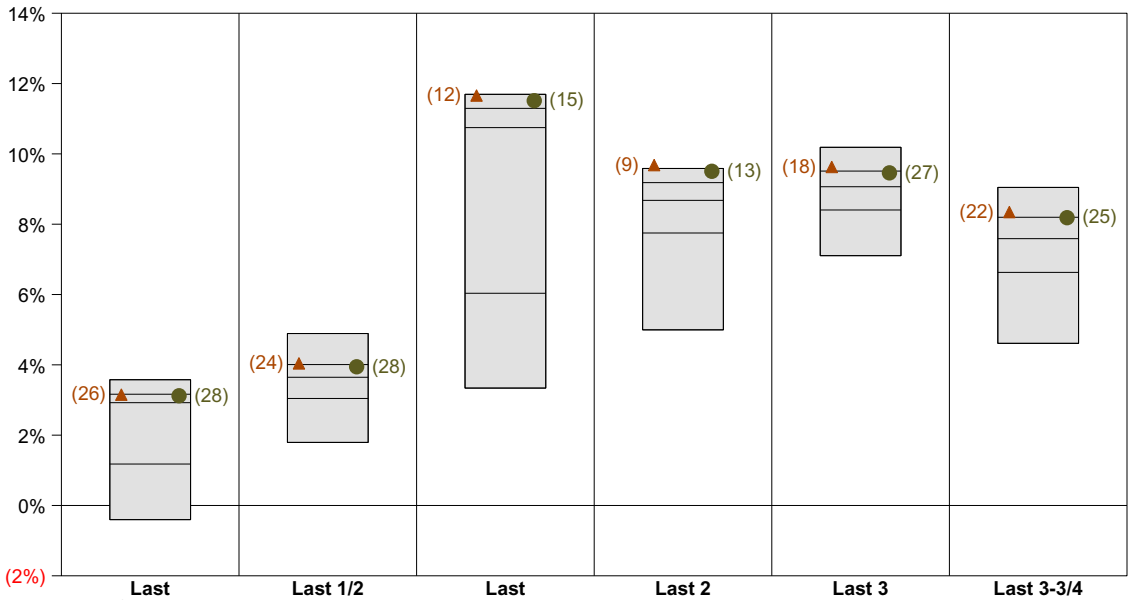
Investment Philosophy

The US TIPS Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

Quarterly Summary and Highlights

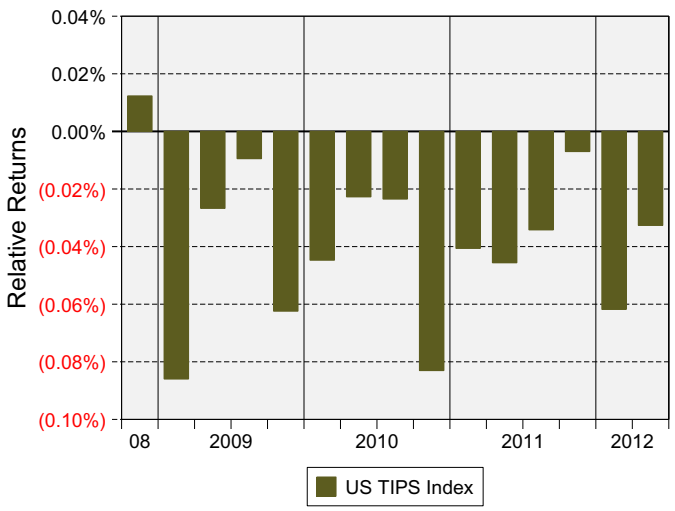
- US TIPS Index's portfolio posted a 3.12% return for the quarter placing it in the 28 percentile of the Lipper: TIPS Funds group for the quarter and in the 15 percentile for the last year.
- US TIPS Index's portfolio underperformed the Barclays US TIPS Index by 0.03% for the quarter and underperformed the Barclays US TIPS Index for the year by 0.15%.

Performance vs Lipper: TIPS Funds (Net)

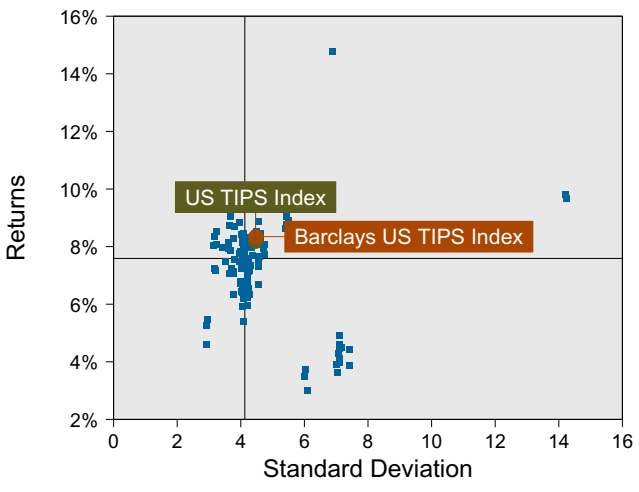


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	3.58	4.89	11.69	9.59	10.19	9.05
25th Percentile	3.16	4.01	11.30	9.18	9.51	8.20
Median	2.92	3.65	10.75	8.68	9.07	7.59
75th Percentile	1.18	3.04	6.04	7.75	8.40	6.63
90th Percentile	(0.40)	1.79	3.34	5.00	7.10	4.61
US TIPS Index ●	3.12	3.94	11.51	9.50	9.46	8.18
Barclays US TIPS Index ▲	3.15	4.04	11.66	9.68	9.63	8.35

Relative Return vs Barclays US TIPS Index



Lipper: TIPS Funds (Net)
Annualized Three and Three-Quarter Year Risk vs Return



Long US Treasury
Bond Index

Long US Treasury Index
Period Ended June 30, 2012

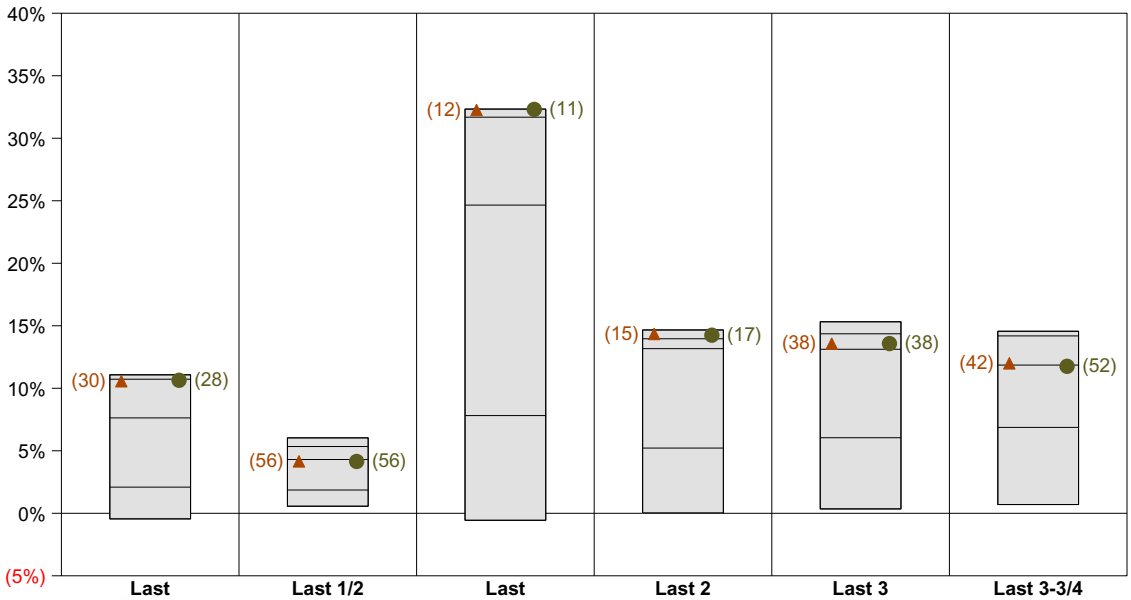
Investment Philosophy

The Long US Treasury Index is managed by SSgA. Annual fees are 7 basis points. Passively managed.

Quarterly Summary and Highlights

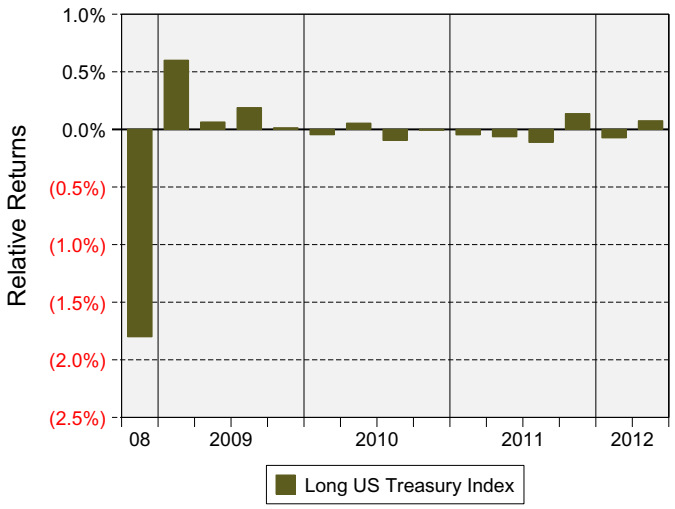
- Long US Treasury Index's portfolio posted a 10.64% return for the quarter placing it in the 28 percentile of the CAI MF - Extended Maturity group for the quarter and in the 11 percentile for the last year.
- Long US Treasury Index's portfolio outperformed the Barclays Long Treas by 0.07% for the quarter and outperformed the Barclays Long Treas for the year by 0.05%.

Performance vs CAI MF - Extended Maturity (Net)

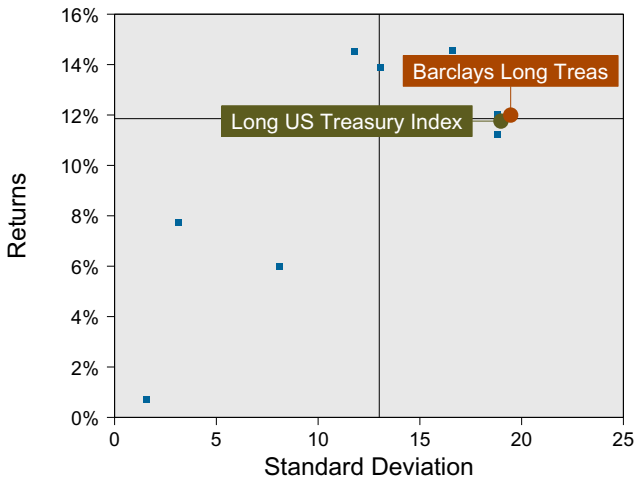


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	11.08	6.04	32.33	14.66	15.32	14.56
25th Percentile	10.72	5.34	31.69	13.96	14.36	14.19
Median	7.63	4.30	24.65	13.17	13.12	11.86
75th Percentile	2.09	1.86	7.82	5.22	6.05	6.87
90th Percentile	(0.45)	0.56	(0.56)	0.02	0.35	0.70
Long US Treasury Index ●	10.64	4.15	32.31	14.25	13.57	11.76
Barclays Long Treas ▲	10.57	4.16	32.26	14.35	13.57	12.00

Relative Return vs Barclays Long Treas



CAI MF - Extended Maturity (Net)
Annualized Three and Three-Quarter Year Risk vs Return

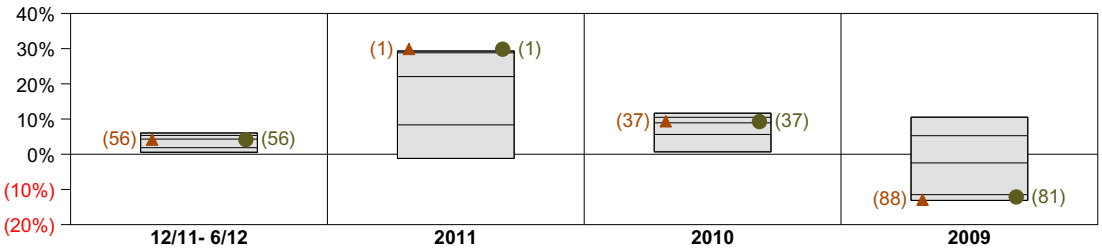


Long US Treasury Index
Return Analysis Summary

Return Analysis

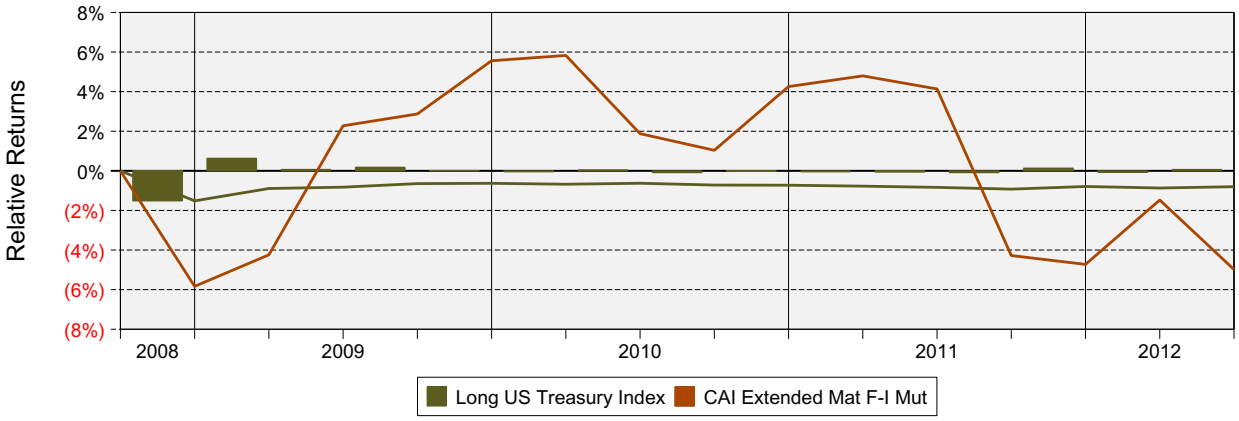
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

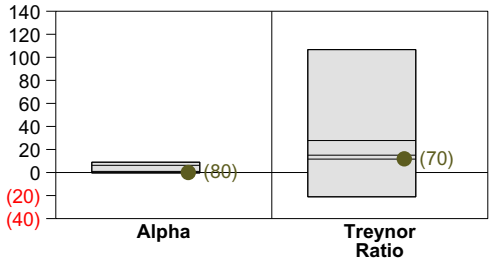


	12/11- 6/12	2011	2010	2009
10th Percentile	6.04	29.33	11.67	10.53
25th Percentile	5.34	28.82	10.49	5.27
Median	4.30	22.06	8.92	(2.46)
75th Percentile	1.86	8.35	5.62	(11.48)
90th Percentile	0.56	(1.18)	0.67	(13.11)
Long US Treasury Index	4.15	29.84	9.27	(12.14)
Barclays Long Treas	4.16	29.93	9.38	(12.92)

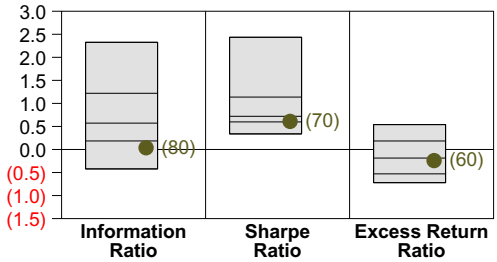
Cumulative and Quarterly Relative Return vs Barclays Long Treas



Risk Adjusted Return Measures vs Barclays Long Treas
Rankings Against CAI MF - Extended Maturity (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	8.96	106.69
25th Percentile	6.25	27.75
Median	0.97	15.04
75th Percentile	0.20	11.65
90th Percentile	(0.36)	(21.09)
Long US Treasury Index	0.03	11.88



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.33	2.44	0.54
25th Percentile	1.22	1.14	0.18
Median	0.57	0.72	(0.19)
75th Percentile	0.19	0.60	(0.53)
90th Percentile	(0.42)	0.34	(0.72)
Long US Treasury Index	0.04	0.61	(0.24)

World Govt Bond
ex-US Index

World Govt Bond ex US
Period Ended June 30, 2012

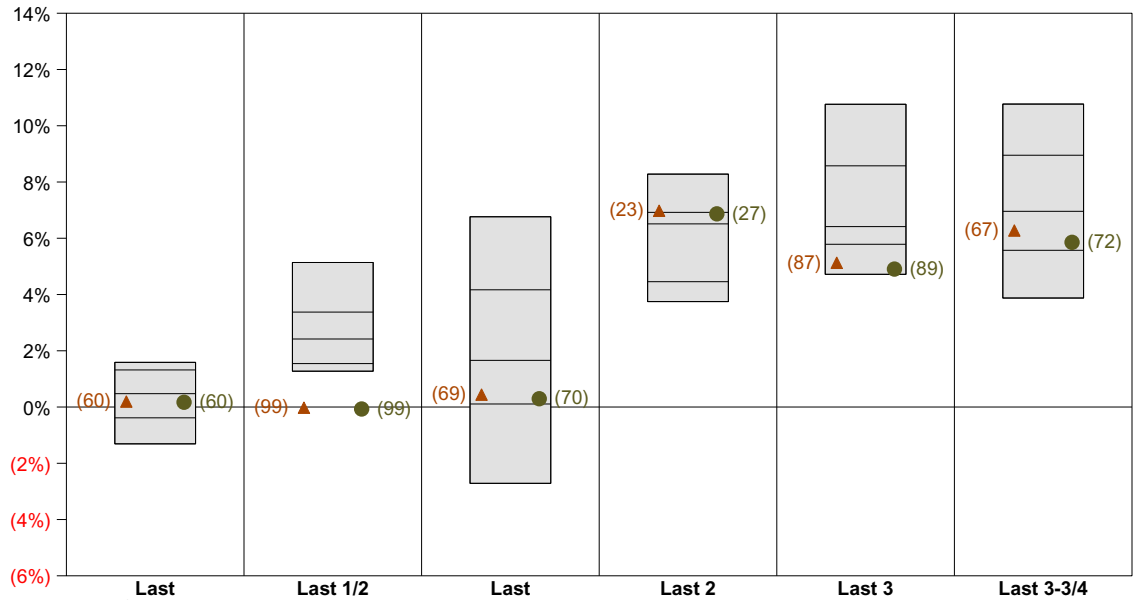
Investment Philosophy

The World Govt Bond ex US Index Fund is managed by SSgA. Annual fees are 9 basis points. Passively managed.

Quarterly Summary and Highlights

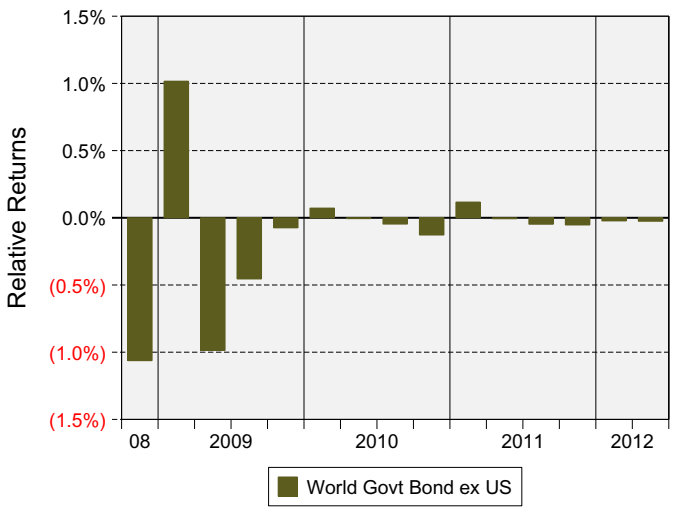
- World Govt Bond ex US's portfolio posted a 0.17% return for the quarter placing it in the 60 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 70 percentile for the last year.
- World Govt Bond ex US's portfolio underperformed the Citi WGBI Non-US Idx by 0.03% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.15%.

Performance vs CAI MF - Global Fixed Income Style (Net)

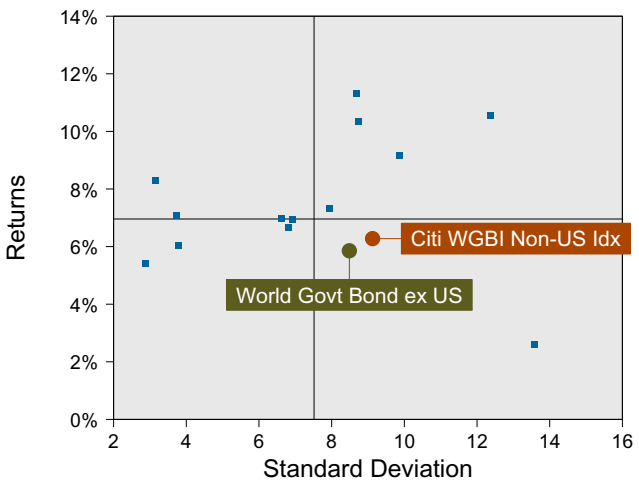


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	1.59	5.14	6.76	8.28	10.76	10.77
25th Percentile	1.32	3.38	4.17	6.92	8.58	8.95
Median	0.47	2.42	1.66	6.51	6.41	6.96
75th Percentile	(0.38)	1.54	0.11	4.46	5.79	5.57
90th Percentile	(1.31)	1.27	(2.71)	3.75	4.72	3.87
World Govt Bond ex US ●	0.17	(0.07)	0.29	6.87	4.90	5.85
Citi WGBI Non-US Idx ▲	0.20	(0.02)	0.44	6.98	5.13	6.28

Relative Return vs Citi WGBI Non-US Idx



CAI MF - Global Fixed Income Style (Net)
Annualized Three and Three-Quarter Year Risk vs Return

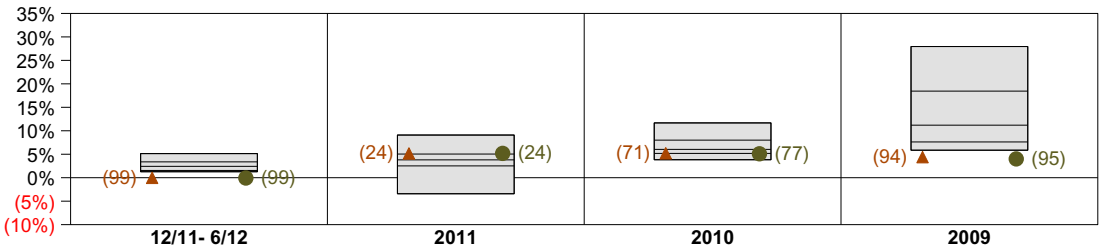


World Govt Bond ex US
Return Analysis Summary

Return Analysis

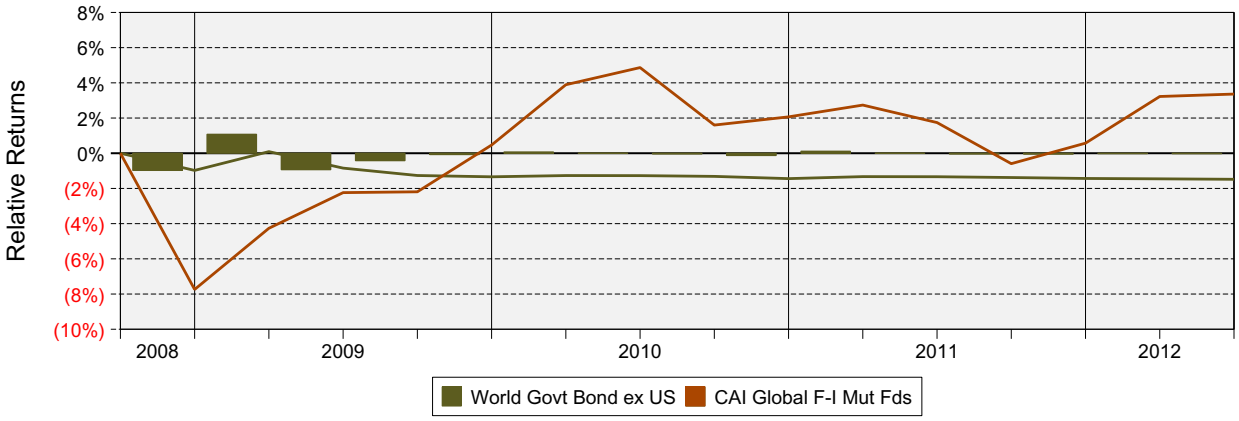
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

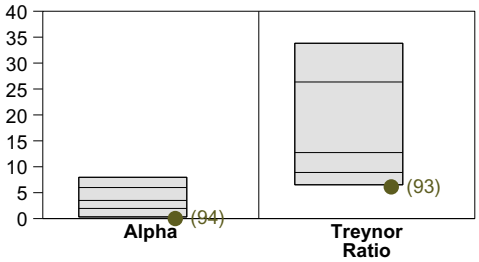


	12/11- 6/12	2011	2010	2009
10th Percentile	5.14	9.09	11.68	27.95
25th Percentile	3.38	5.04	8.00	18.45
Median	2.42	3.80	6.03	11.19
75th Percentile	1.54	2.52	5.18	7.62
90th Percentile	1.27	(3.42)	3.83	5.86
World Govt Bond ex US ●	(0.07)	5.18	5.10	4.01
Citi WGBI Non-US Idx ▲	(0.02)	5.17	5.21	4.39

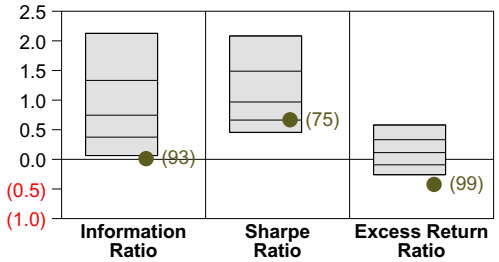
Cumulative and Quarterly Relative Return vs Citi WGBI Non-US Idx



Risk Adjusted Return Measures vs Citi WGBI Non-US Idx
Rankings Against CAI MF - Global Fixed Income Style (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	7.97	33.82
25th Percentile	5.99	26.35
Median	3.50	12.74
75th Percentile	1.96	8.90
90th Percentile	0.32	6.52
World Govt Bond ex US ●	0.01	6.12



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.13	2.08	0.58
25th Percentile	1.33	1.49	0.33
Median	0.75	0.97	0.11
75th Percentile	0.37	0.66	(0.09)
90th Percentile	0.06	0.45	(0.26)
World Govt Bond ex US ●	0.01	0.67	(0.42)

S&P 500 Stock
Index Fund

S&P 500 Stock Index fund
Period Ended June 30, 2012

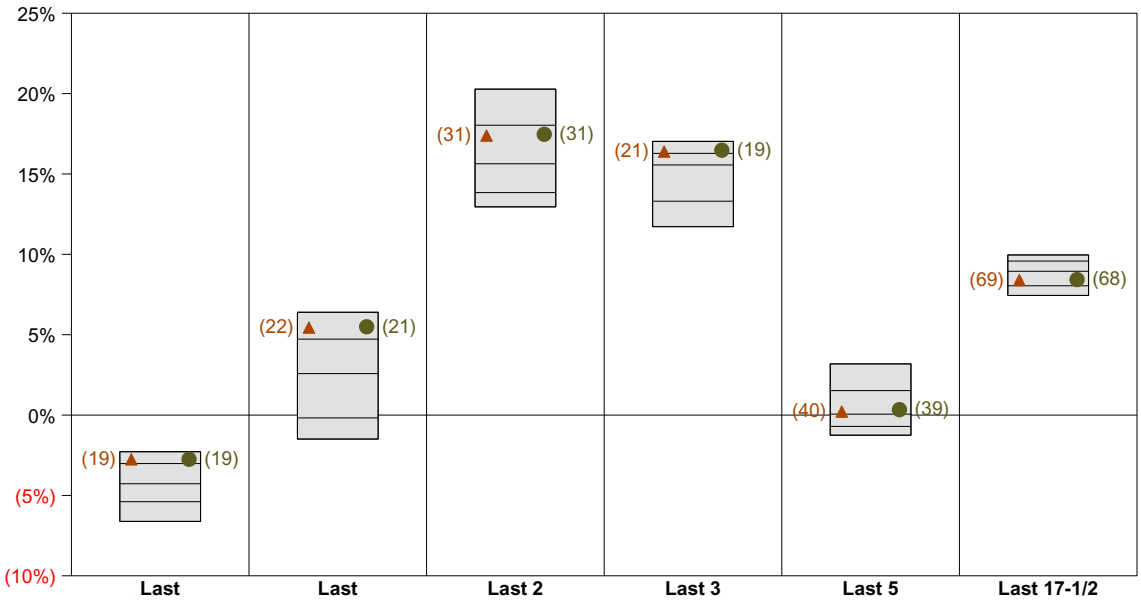
Investment Philosophy

The S&P 500 Stock Index Fund is managed by BlackRock. Annual fees are 3.5 basis points. Passively managed.

Quarterly Summary and Highlights

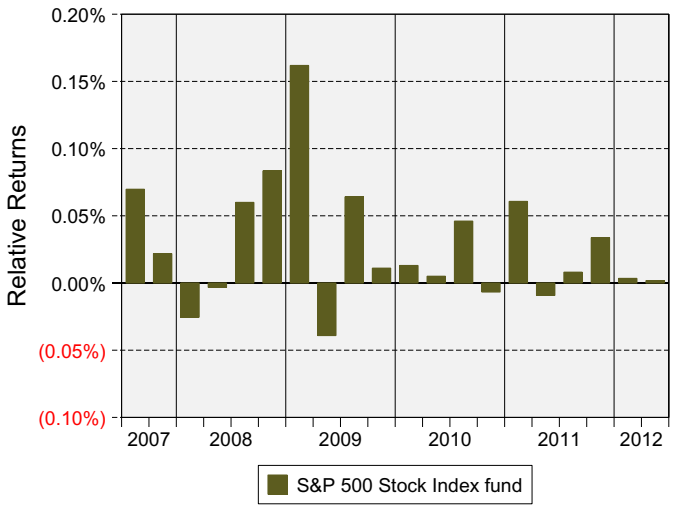
- S&P 500 Stock Index fund's portfolio posted a (2.75)% return for the quarter placing it in the 19 percentile of the CAI MF - Core Equity Style group for the quarter and in the 21 percentile for the last year.
- S&P 500 Stock Index fund's portfolio outperformed the S&P 500 Index by 0.00% for the quarter and outperformed the S&P 500 Index for the year by 0.05%.

Performance vs CAI MF - Core Equity Style (Gross)

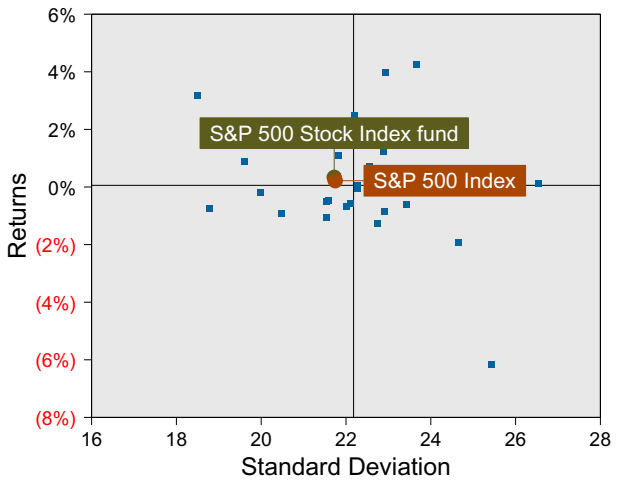


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 17-1/2 Years
10th Percentile	(2.28)	6.40	20.28	17.03	3.19	9.96
25th Percentile	(3.02)	4.72	18.03	16.28	1.52	9.58
Median	(4.27)	2.58	15.63	15.56	0.06	8.94
75th Percentile	(5.39)	(0.18)	13.84	13.30	(0.71)	8.04
90th Percentile	(6.62)	(1.49)	12.95	11.72	(1.25)	7.44
S&P 500 Stock Index fund ●	(2.75)	5.49	17.47	16.48	0.34	8.43
S&P 500 Index ▲	(2.75)	5.45	17.39	16.40	0.22	8.41

Relative Return vs S&P 500 Index



CAI MF - Core Equity Style (Gross) Annualized Five Year Risk vs Return



S&P 500 Stock Index Fund
Return Analysis Summary

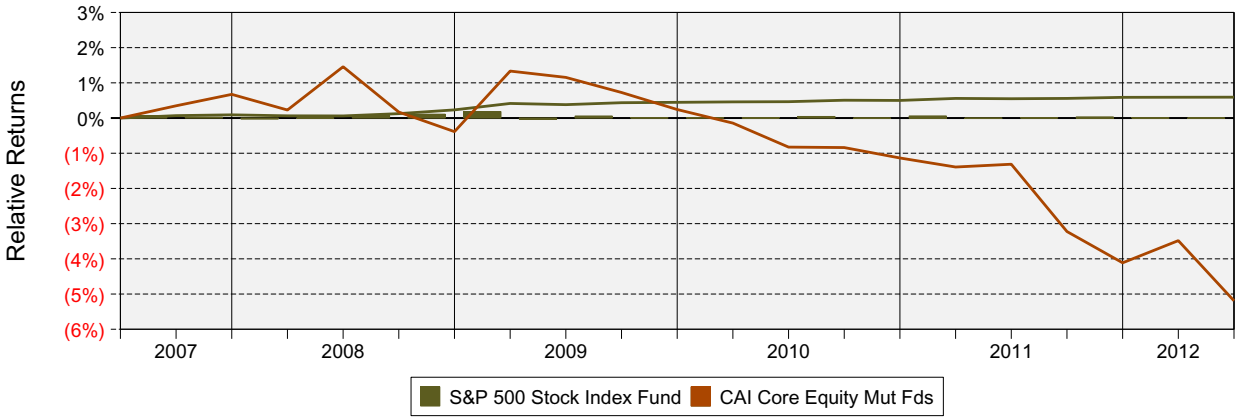
Return Analysis

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.

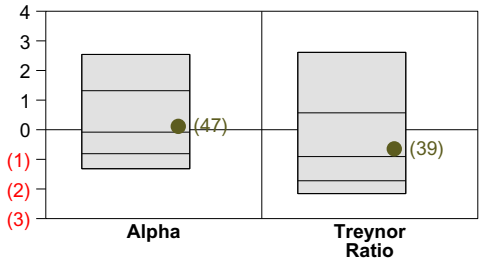
Performance vs CAI MF - Core Equity Style (Gross)

	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	11.10	5.22	20.79	38.13	(30.86)	14.24
25th Percentile	10.51	2.58	16.54	30.18	(34.38)	10.63
Median	9.18	0.69	14.30	27.23	(36.66)	7.92
75th Percentile	7.29	(3.37)	12.41	23.54	(39.47)	5.19
90th Percentile	5.43	(5.35)	11.15	22.07	(42.98)	(0.08)
S&P 500 Stock Index Fund ●	9.49	2.20	15.13	26.74	(36.91)	5.56
S&P 500 Index ▲	9.49	2.11	15.06	26.47	(37.00)	5.49

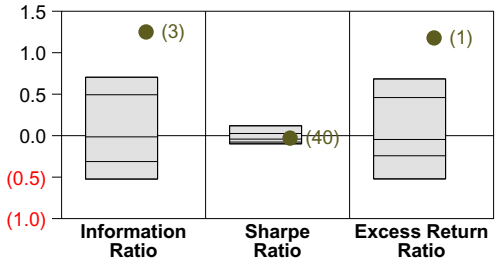
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI MF - Core Equity Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.54	2.61
25th Percentile	1.32	0.57
Median	(0.08)	(0.91)
75th Percentile	(0.81)	(1.72)
90th Percentile	(1.32)	(2.16)
S&P 500 Stock Index Fund ●	0.11	(0.65)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.70	0.12	0.68
25th Percentile	0.49	0.03	0.46
Median	(0.01)	(0.04)	(0.05)
75th Percentile	(0.31)	(0.08)	(0.24)
90th Percentile	(0.52)	(0.10)	(0.52)
S&P 500 Stock Index Fund ●	1.25	(0.03)	1.18

Small Cap Stock Trust

Small Cap Stock Trust
Period Ended June 30, 2012

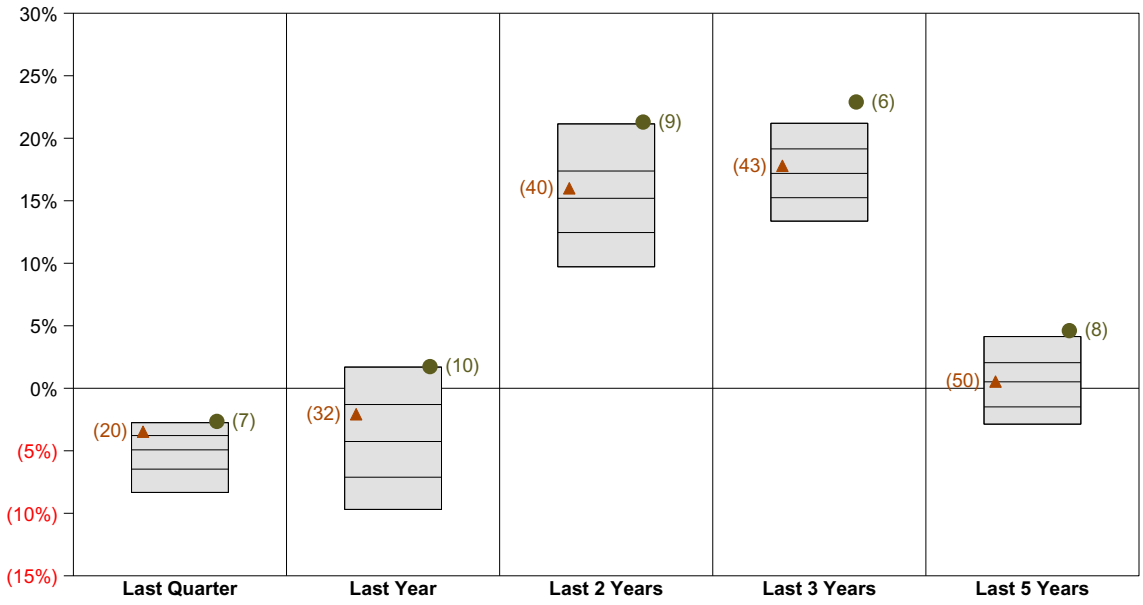
Investment Philosophy

The Small Cap Stock Trust is managed by T. Rowe Price. The annual fees are 70 basis points. Actively managed.

Quarterly Summary and Highlights

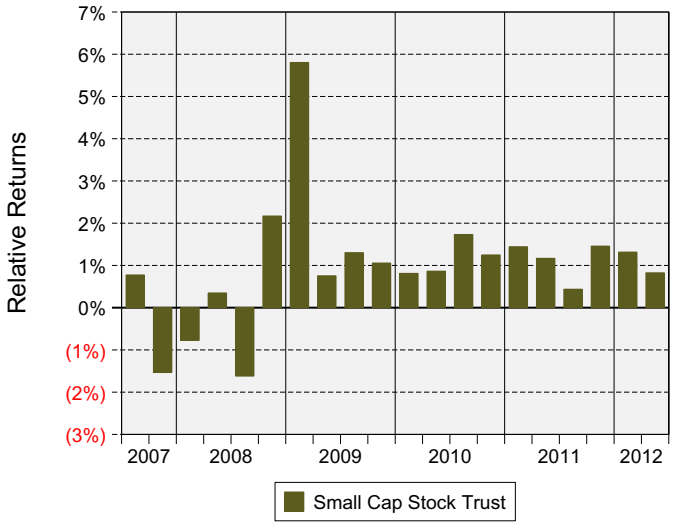
- Small Cap Stock Trust's portfolio posted a (2.65)% return for the quarter placing it in the 7 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 10 percentile for the last year.
- Small Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 0.82% for the quarter and outperformed the Russell 2000 Index for the year by 3.81%.

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

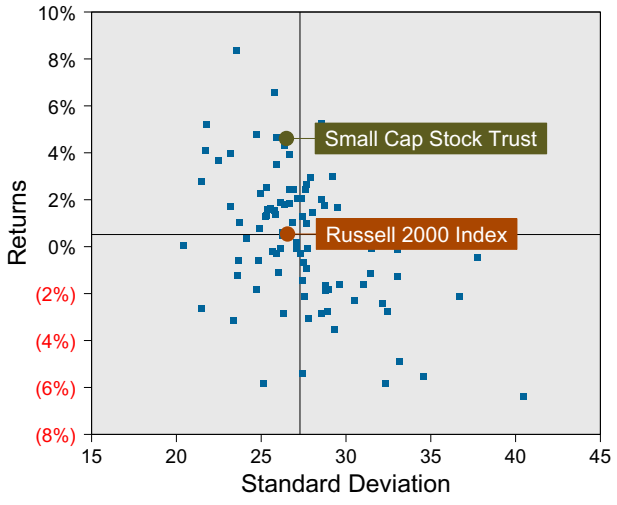


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(2.75)	1.70	21.15	21.20	4.14
25th Percentile	(3.78)	(1.30)	17.38	19.15	2.05
Median	(4.93)	(4.26)	15.20	17.19	0.52
75th Percentile	(6.47)	(7.11)	12.46	15.24	(1.49)
90th Percentile	(8.33)	(9.69)	9.72	13.37	(2.87)
Small Cap Stock Trust ●	(2.65)	1.73	21.30	22.90	4.61
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54

Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net) Annualized Five Year Risk vs Return

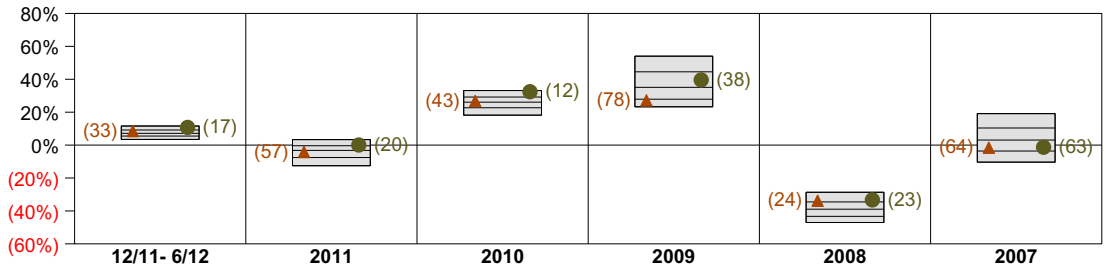


Small Cap Stock Trust
Return Analysis Summary

Return Analysis

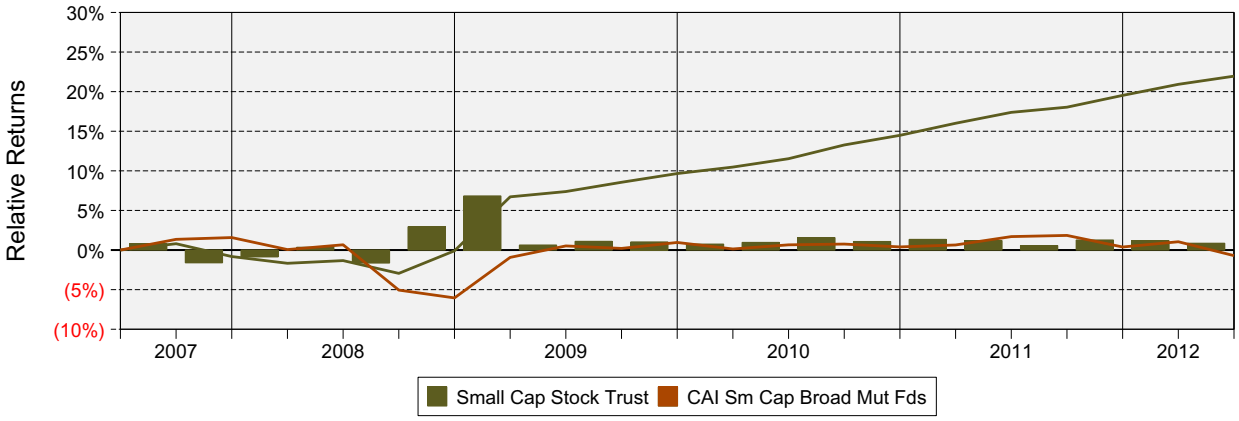
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

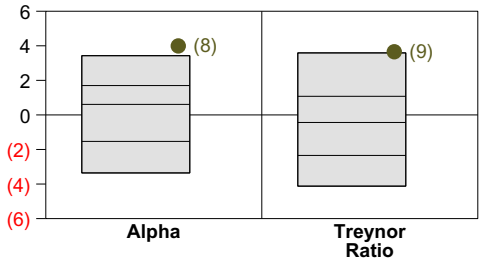


	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	11.60	3.34	33.15	54.04	(28.66)	19.12
25th Percentile	9.17	(0.39)	29.20	44.52	(34.53)	10.39
Median	7.15	(3.22)	26.10	35.11	(38.94)	3.07
75th Percentile	5.49	(7.55)	22.70	27.89	(43.30)	(3.60)
90th Percentile	3.44	(12.53)	18.19	23.27	(47.03)	(10.37)
Small Cap Stock Trust ●	10.74	0.05	32.43	39.59	(33.30)	(1.29)
Russell 2000 Index ▲	8.53	(4.18)	26.85	27.17	(33.79)	(1.57)

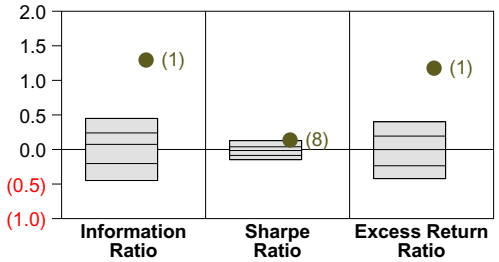
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI MF - Small Cap Broad Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	3.43	3.59
25th Percentile	1.70	1.08
Median	0.61	(0.44)
75th Percentile	(1.53)	(2.34)
90th Percentile	(3.36)	(4.12)
Small Cap Stock Trust ●	3.99	3.65



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.45	0.13	0.40
25th Percentile	0.24	0.04	0.19
Median	0.07	(0.02)	(0.00)
75th Percentile	(0.20)	(0.09)	(0.24)
90th Percentile	(0.45)	(0.15)	(0.42)
Small Cap Stock Trust ●	1.29	0.14	1.18

Russell 3000 Index Fund

Russell 3000 Index Fund
Period Ended June 30, 2012

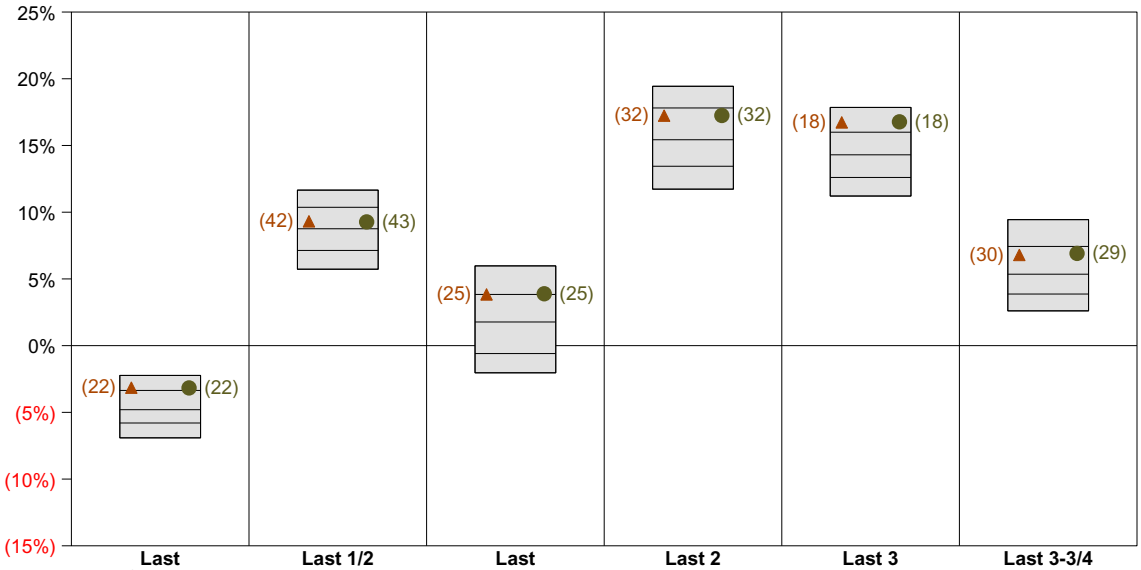
Investment Philosophy

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

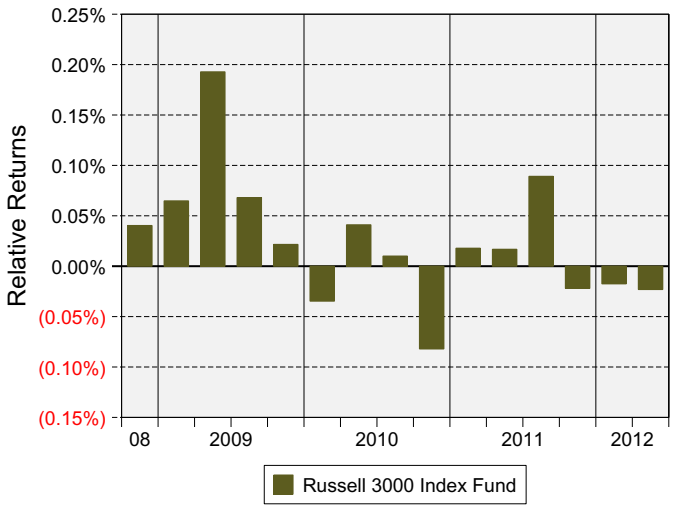
- Russell 3000 Index Fund's portfolio posted a (3.17)% return for the quarter placing it in the 22 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 25 percentile for the last year.
- Russell 3000 Index Fund's portfolio underperformed the Russell 3000 Index by 0.02% for the quarter and outperformed the Russell 3000 Index for the year by 0.05%.

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

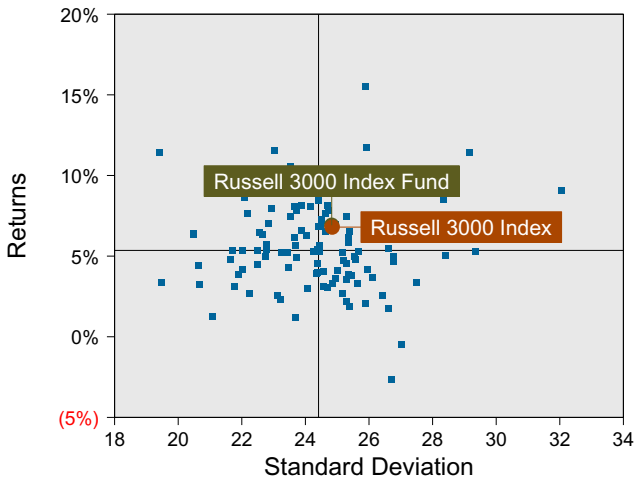


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	(2.23)	11.65	5.98	19.44	17.85	9.44
25th Percentile	(3.36)	10.37	3.84	17.81	16.00	7.43
Median	(4.80)	8.76	1.77	15.43	14.30	5.35
75th Percentile	(5.80)	7.13	(0.59)	13.44	12.60	3.87
90th Percentile	(6.91)	5.73	(2.04)	11.73	11.21	2.60
Russell 3000 Index Fund ●	(3.17)	9.27	3.89	17.25	16.77	6.91
Russell 3000 Index ▲	(3.15)	9.32	3.84	17.24	16.73	6.80

Relative Return vs Russell 3000 Index



CAI MF - Large Cap Broad Style (Net)
Annualized Three and Three-Quarter Year Risk vs Return

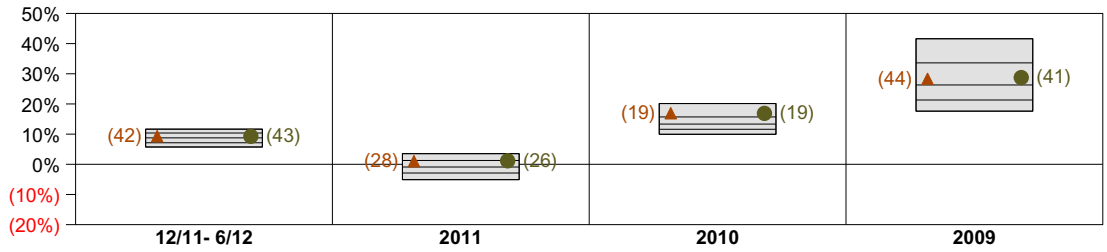


Russell 3000 Index Fund
Return Analysis Summary

Return Analysis

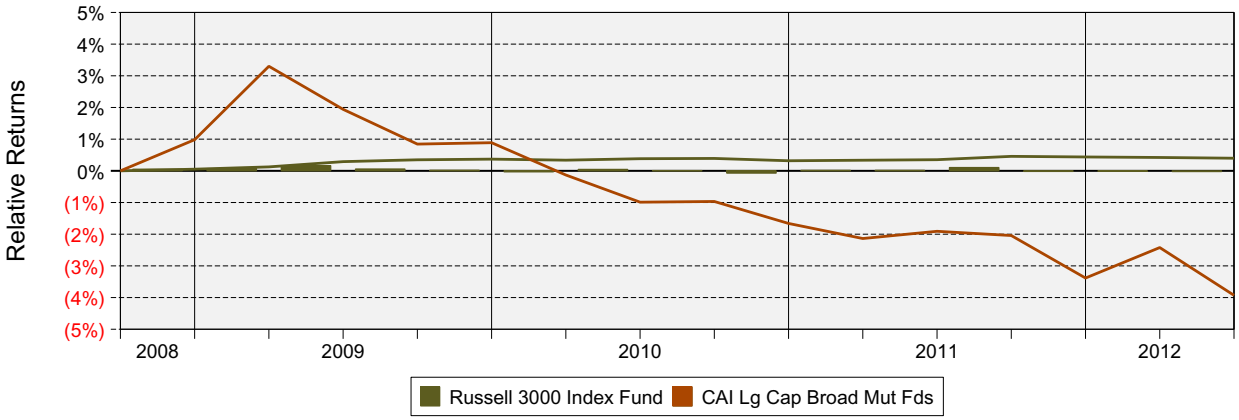
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

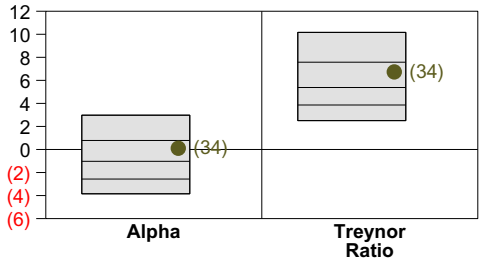


	12/11- 6/12	2011	2010	2009
10th Percentile	11.65	3.53	20.13	41.61
25th Percentile	10.37	1.26	15.70	33.62
Median	8.76	(0.90)	13.33	26.30
75th Percentile	7.13	(2.89)	11.61	21.31
90th Percentile	5.73	(5.09)	9.95	17.61
Russell 3000 Index Fund ●	9.27	1.15	16.87	28.75
Russell 3000 Index ▲	9.32	1.03	16.93	28.34

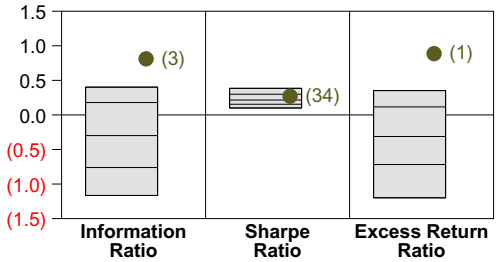
Cumulative and Quarterly Relative Return vs Russell 3000 Index



Risk Adjusted Return Measures vs Russell 3000 Index
Rankings Against CAI MF - Large Cap Broad Style (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.98	10.16
25th Percentile	0.78	7.58
Median	(1.03)	5.38
75th Percentile	(2.57)	3.86
90th Percentile	(3.85)	2.50
Russell 3000 Index Fund ●	0.11	6.73



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.40	0.38	0.35
25th Percentile	0.18	0.30	0.12
Median	(0.30)	0.22	(0.31)
75th Percentile	(0.76)	0.15	(0.72)
90th Percentile	(1.17)	0.10	(1.20)
Russell 3000 Index Fund ●	0.81	0.27	0.89

RCM Socially Responsible
Period Ended June 30, 2012

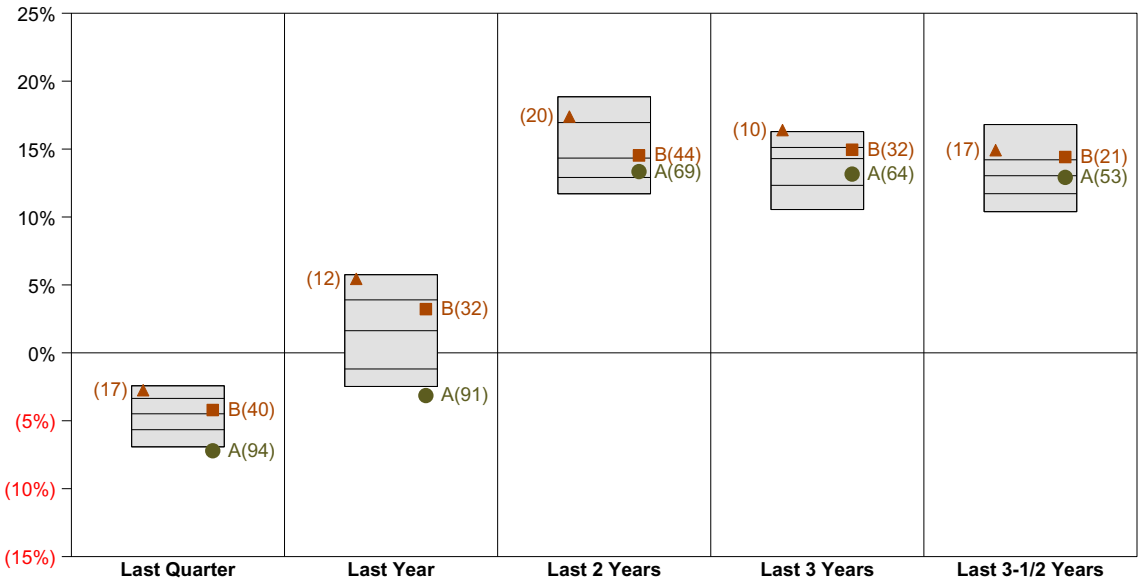
Investment Philosophy

The RCM Socially Responsible Inv. Fd is actively managed. Annual fees are 50 basis points.

Quarterly Summary and Highlights

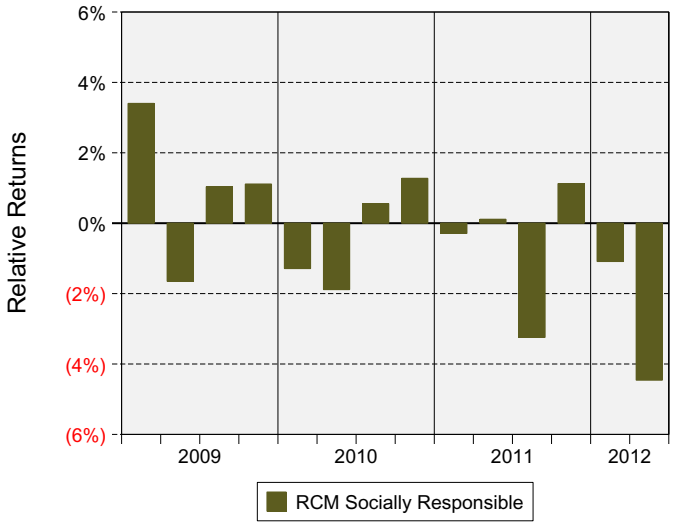
- RCM Socially Responsible's portfolio posted a (7.21)% return for the quarter placing it in the 94 percentile of the CAI MF - Core Equity Style group for the quarter and in the 91 percentile for the last year.
- RCM Socially Responsible's portfolio underperformed the S&P 500 Index by 4.46% for the quarter and underperformed the S&P 500 Index for the year by 8.59%.

Performance vs CAI MF - Core Equity Style (Net)

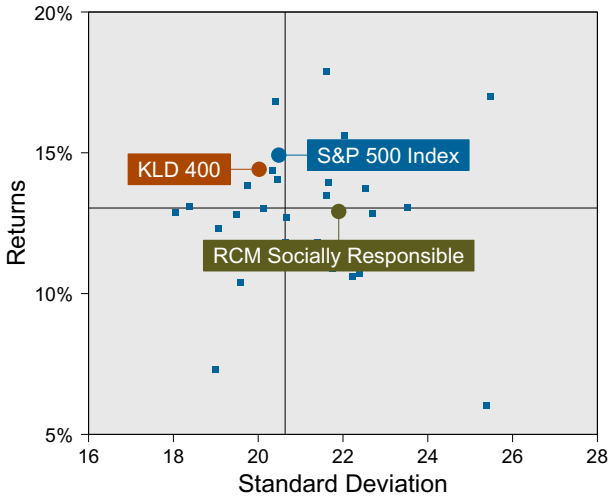


		Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile		(2.42)	5.75	18.85	16.29	16.81
25th Percentile		(3.35)	3.90	16.95	15.12	14.21
Median		(4.49)	1.63	14.34	14.30	13.04
75th Percentile		(5.66)	(1.19)	12.91	12.33	11.72
90th Percentile		(6.92)	(2.48)	11.71	10.55	10.39
RCM Socially Responsible	A	(7.21)	(3.14)	13.34	13.16	12.92
KLD 400	B	(4.21)	3.22	14.53	14.95	14.42
S&P 500 Index	▲	(2.75)	5.45	17.39	16.40	14.92

Relative Return vs S&P 500 Index



CAI MF - Core Equity Style (Net)
Annualized Three and One-Half Year Risk vs Return

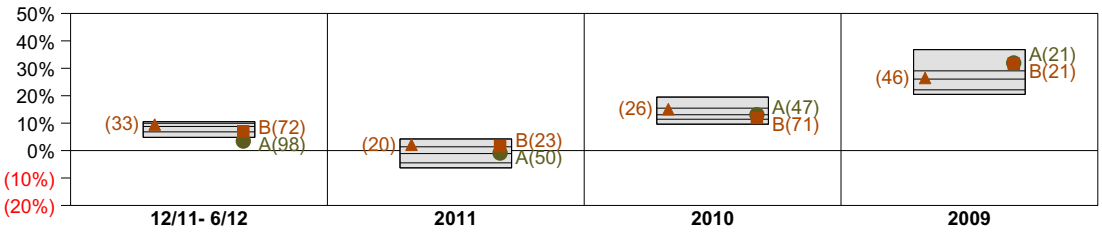


RCM Socially Responsible
Return Analysis Summary

Return Analysis

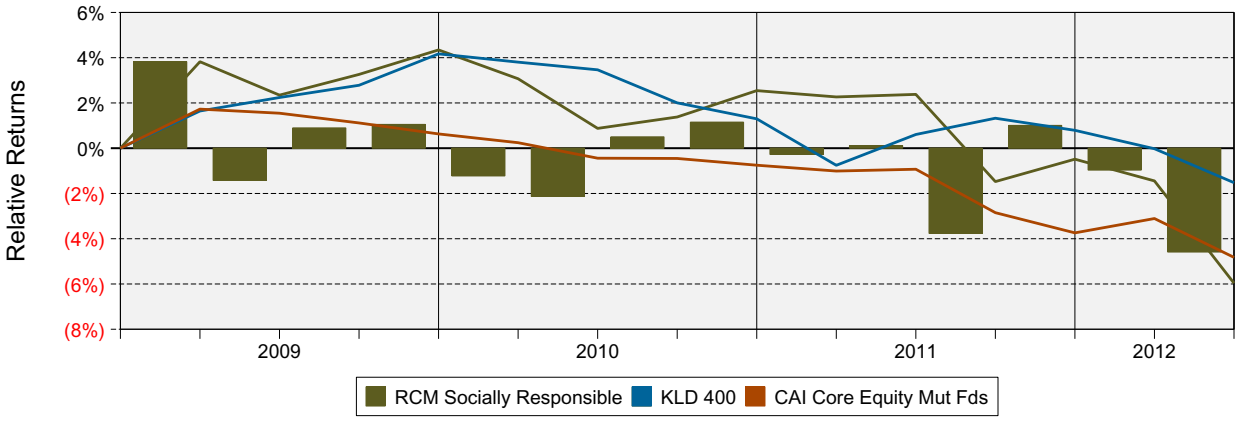
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI MF - Core Equity Style (Net)

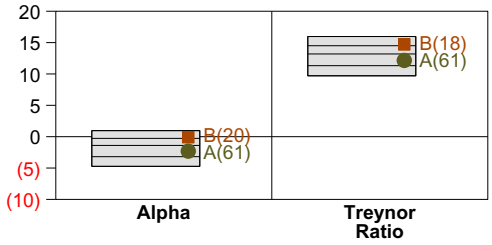


		12/11- 6/12	2011	2010	2009
10th Percentile		10.53	4.23	19.51	36.80
25th Percentile		9.95	1.38	15.47	29.07
Median		8.80	(1.09)	13.07	26.06
75th Percentile		6.82	(4.47)	11.43	22.15
90th Percentile		4.82	(6.30)	9.62	20.49
RCM Socially Responsible	A	3.46	(0.91)	13.08	31.96
KLD 400	B	6.98	1.60	11.89	31.74
S&P 500 Index	▲	9.49	2.11	15.06	26.47

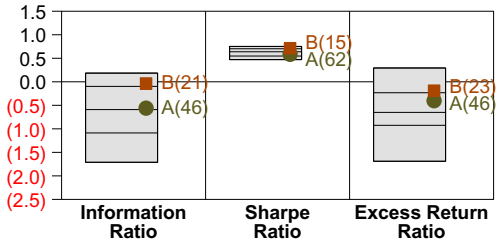
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI MF - Core Equity Style (Net)
Three and One-Half Years Ended June 30, 2012



		Alpha	Treynor Ratio
10th Percentile		0.97	15.97
25th Percentile		(0.27)	14.50
Median		(1.39)	13.19
75th Percentile		(3.19)	11.32
90th Percentile		(4.73)	9.71
RCM Socially Responsible	A	(2.31)	12.16
KLD 400	B	(0.09)	14.71



		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.18	0.75	0.29
25th Percentile		(0.10)	0.70	(0.23)
Median		(0.59)	0.64	(0.65)
75th Percentile		(1.09)	0.55	(0.92)
90th Percentile		(1.71)	0.47	(1.69)
RCM Socially Responsible	A	(0.56)	0.58	(0.40)
KLD 400	B	(0.04)	0.71	(0.19)

International Equity Fund

International Equity Fund
Period Ended June 30, 2012

Investment Philosophy

The International Equity fund is managed by Brandes. It is actively managed. Annual fees are 50 basis points.

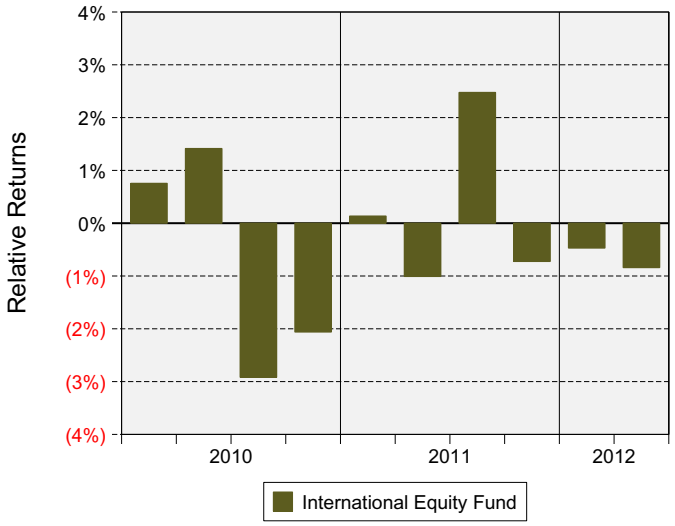
Quarterly Summary and Highlights

- International Equity Fund's portfolio posted a (7.97)% return for the quarter placing it in the 72 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 41 percentile for the last year.
- International Equity Fund's portfolio underperformed the MSCI EAFE Index by 0.84% for the quarter and outperformed the MSCI EAFE Index for the year by 0.84%.

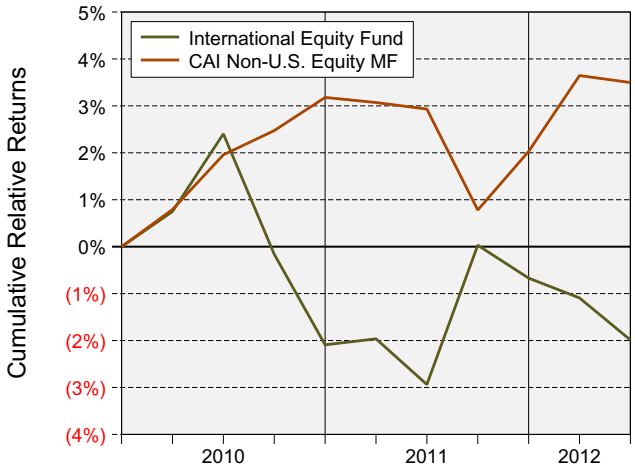
Performance vs CAI MF - Non-US Equity Style (Net)

	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	(5.13)	7.52	(8.39)	10.53	4.66
25th Percentile	(6.00)	5.95	(10.76)	8.79	2.52
Median	(7.05)	4.52	(13.84)	6.79	0.01
75th Percentile	(8.11)	2.70	(15.87)	4.42	(1.83)
90th Percentile	(9.63)	0.71	(19.23)	3.31	(3.34)
International Equity Fund ●	(7.97)	1.59	(12.99)	3.69	(1.81)
MSCI EAFE Index ▲	(7.13)	2.96	(13.83)	5.98	(1.02)

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



World Equity ex-US Index

World Equity ex-US
Period Ended June 30, 2012

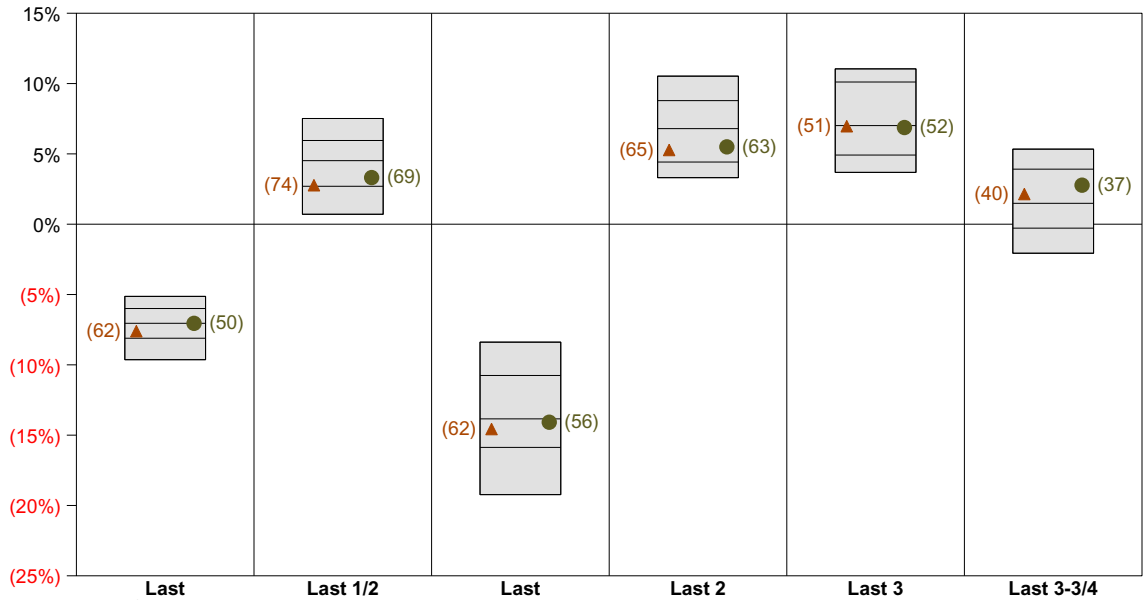
Investment Philosophy

The World Equity ex US fund is managed by SSgA. It is passively managed. Annual fees are 17 basis points.

Quarterly Summary and Highlights

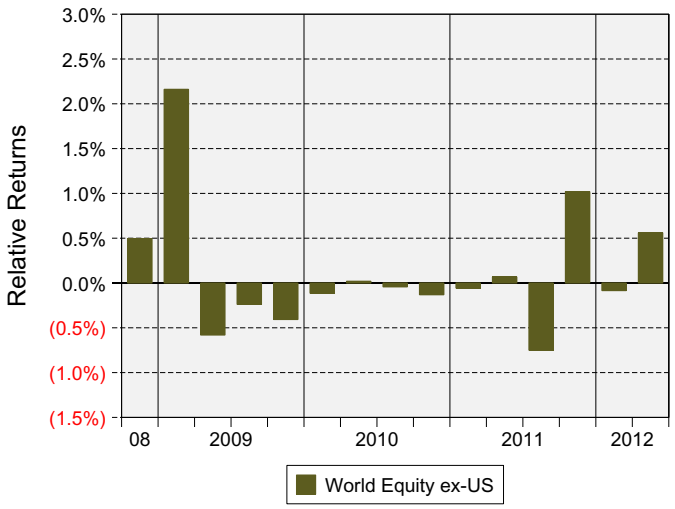
- World Equity ex-US's portfolio posted a (7.05)% return for the quarter placing it in the 50 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 56 percentile for the last year.
- World Equity ex-US's portfolio outperformed the MSCI ACWI x US (Net) by 0.56% for the quarter and outperformed the MSCI ACWI x US (Net) for the year by 0.48%.

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

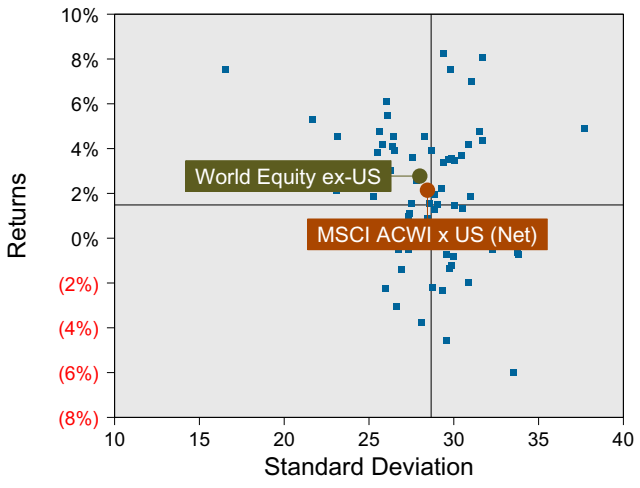


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	(5.13)	7.52	(8.39)	10.53	11.04	5.34
25th Percentile	(6.00)	5.95	(10.76)	8.79	10.11	3.91
Median	(7.05)	4.52	(13.84)	6.79	7.01	1.48
75th Percentile	(8.11)	2.70	(15.87)	4.42	4.92	(0.28)
90th Percentile	(9.63)	0.71	(19.23)	3.31	3.68	(2.07)
World Equity ex-US ●	(7.05)	3.31	(14.08)	5.50	6.87	2.77
MSCI ACWI x US (Net) ▲	(7.61)	2.77	(14.57)	5.28	6.97	2.14

Relative Return vs MSCI ACWI x US (Net)



CAI MF - Non-US Equity Style (Net)
Annualized Three and Three-Quarter Year Risk vs Return

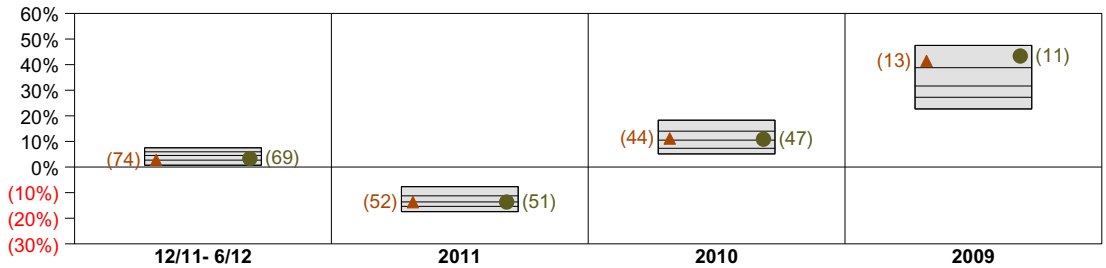


World Equity ex-US
Return Analysis Summary

Return Analysis

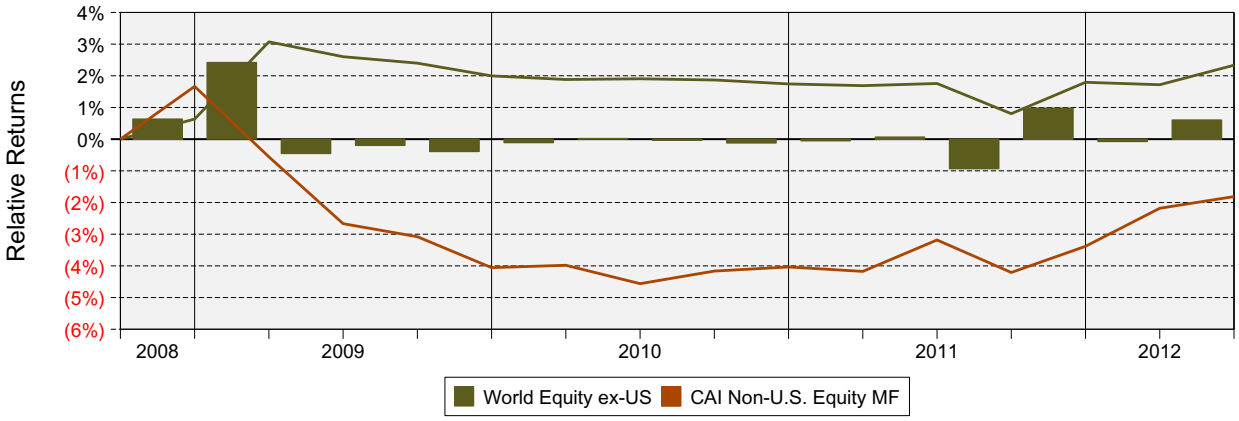
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

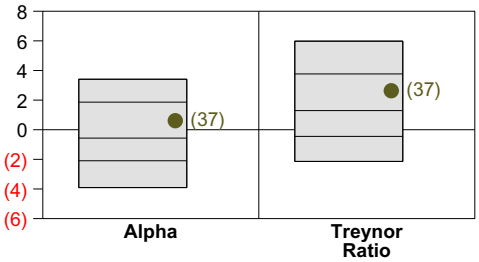


	12/11- 6/12	2011	2010	2009
10th Percentile	7.52	(7.66)	18.30	47.51
25th Percentile	5.95	(11.25)	14.01	38.81
Median	4.52	(13.62)	10.51	31.65
75th Percentile	2.70	(15.37)	7.32	27.25
90th Percentile	0.71	(17.43)	5.13	22.69
World Equity ex-US ●	3.31	(13.66)	10.88	43.36
MSCI ACWI x US (Net) ▲	2.77	(13.71)	11.15	41.45

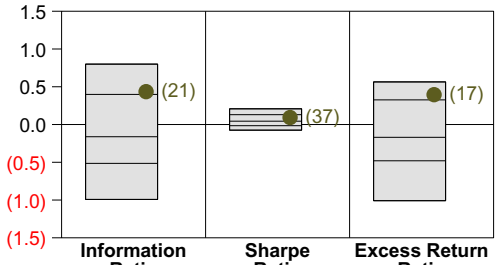
Cumulative and Quarterly Relative Return vs MSCI ACWI x US (Net)



Risk Adjusted Return Measures vs MSCI ACWI x US (Net)
Rankings Against CAI MF - Non-US Equity Style (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	3.41	5.98
25th Percentile	1.86	3.77
Median	(0.57)	1.29
75th Percentile	(2.10)	(0.45)
90th Percentile	(3.91)	(2.14)
World Equity ex-US ●	0.61	2.63



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.80	0.21	0.56
25th Percentile	0.40	0.13	0.33
Median	(0.16)	0.04	(0.17)
75th Percentile	(0.51)	(0.02)	(0.48)
90th Percentile	(0.99)	(0.07)	(1.01)
World Equity ex-US ●	0.44	0.09	0.39

Alaska Balanced Fund

Alaska Balanced Fund
Period Ended June 30, 2012

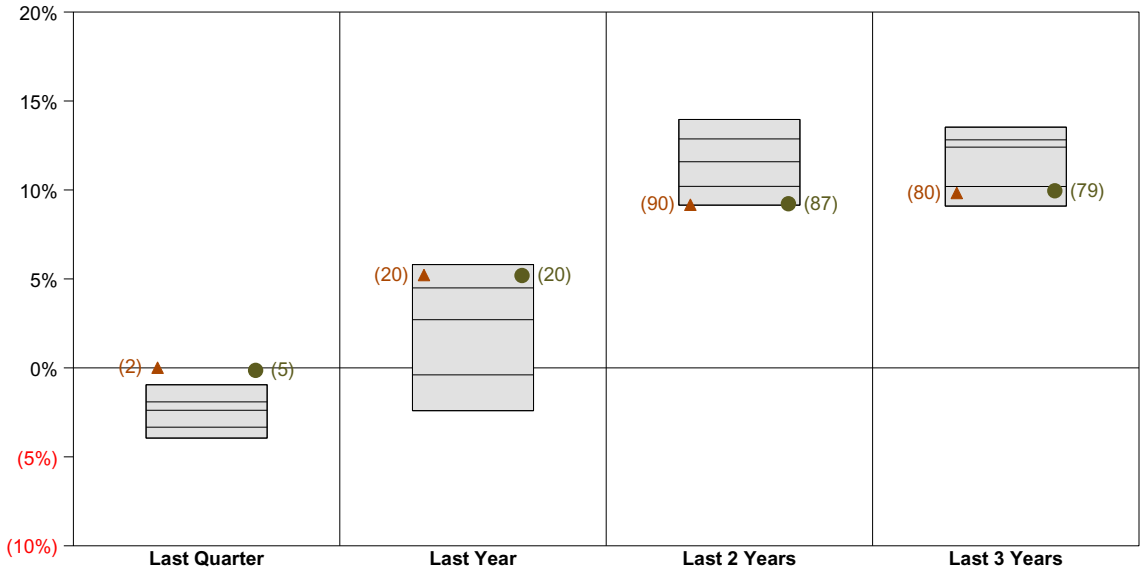
Investment Philosophy

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

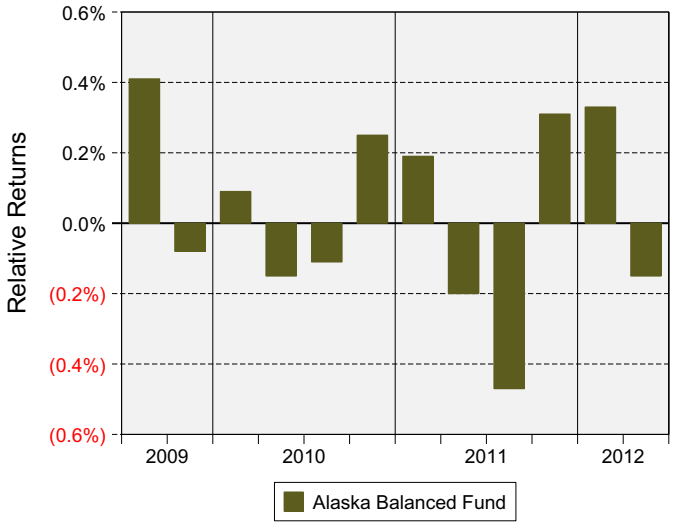
- Alaska Balanced Fund's portfolio posted a (0.14)% return for the quarter placing it in the 5 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 20 percentile for the last year.
- Alaska Balanced Fund's portfolio underperformed the Passive Target by 0.15% for the quarter and underperformed the Passive Target for the year by 0.03%.

Performance vs CAI MF - Domestic Balanced Style (Net)

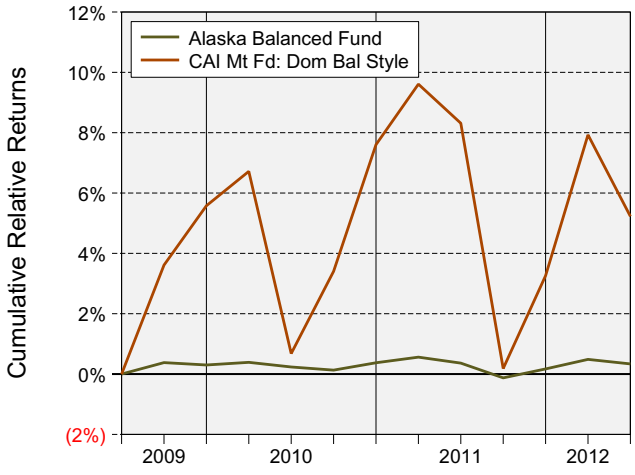


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(0.95)	5.81	13.96	13.53
25th Percentile	(1.91)	4.49	12.87	12.82
Median	(2.38)	2.71	11.59	12.41
75th Percentile	(3.33)	(0.39)	10.20	10.19
90th Percentile	(3.95)	(2.41)	9.15	9.09
Alaska Balanced Fund ●	(0.14)	5.19	9.22	9.95
Passive Target ▲	0.01	5.22	9.17	9.83

Relative Return vs Passive Target



Cumulative Returns vs Passive Target



Long Term Balanced
Trust

Long Term Balanced Trust
Period Ended June 30, 2012

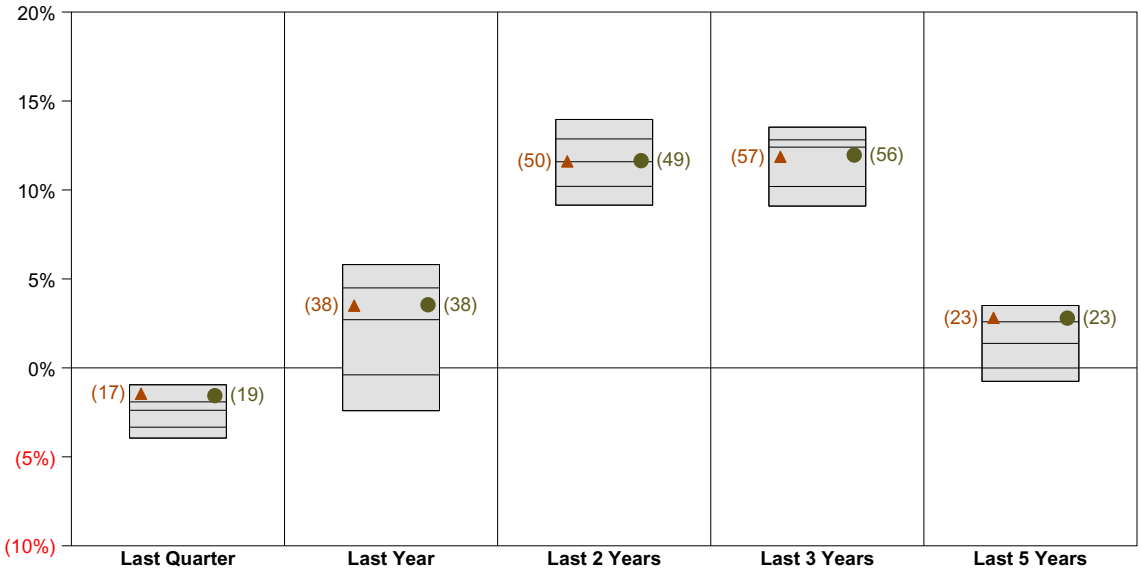
Investment Philosophy

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 15 basis points.

Quarterly Summary and Highlights

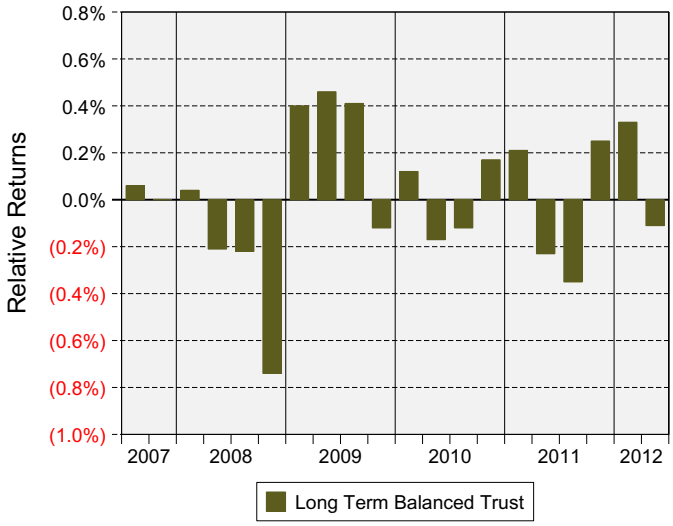
- Long Term Balanced Trust's portfolio posted a (1.56)% return for the quarter placing it in the 19 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 38 percentile for the last year.
- Long Term Balanced Trust's portfolio underperformed the Benchmark by 0.11% for the quarter and outperformed the Benchmark for the year by 0.05%.

Performance vs CAI MF - Domestic Balanced Style (Net)

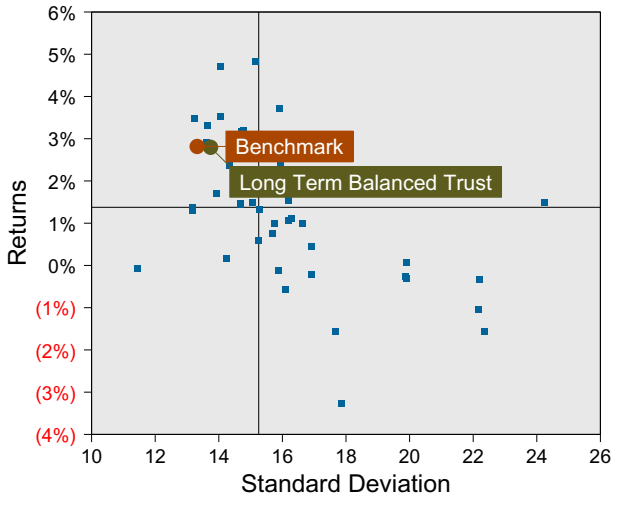


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(0.95)	5.81	13.96	13.53	3.51
25th Percentile	(1.91)	4.49	12.87	12.82	2.59
Median	(2.38)	2.71	11.59	12.41	1.38
75th Percentile	(3.33)	(0.39)	10.20	10.19	(0.01)
90th Percentile	(3.95)	(2.41)	9.15	9.09	(0.76)
Long Term Balanced Trust ●	(1.56)	3.55	11.65	11.96	2.80
Benchmark ▲	(1.45)	3.50	11.61	11.87	2.82

Relative Return vs Benchmark



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return

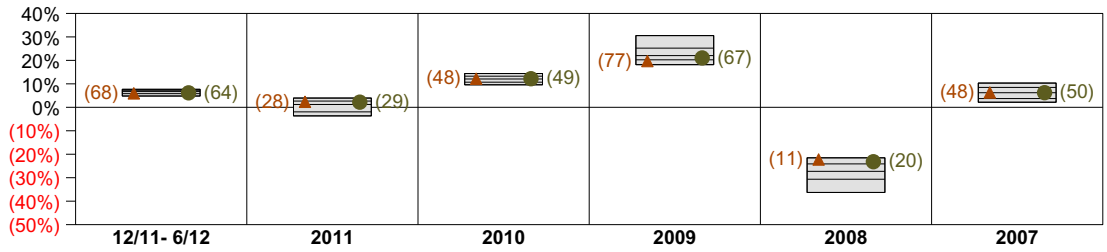


Long Term Balanced Trust
Return Analysis Summary

Return Analysis

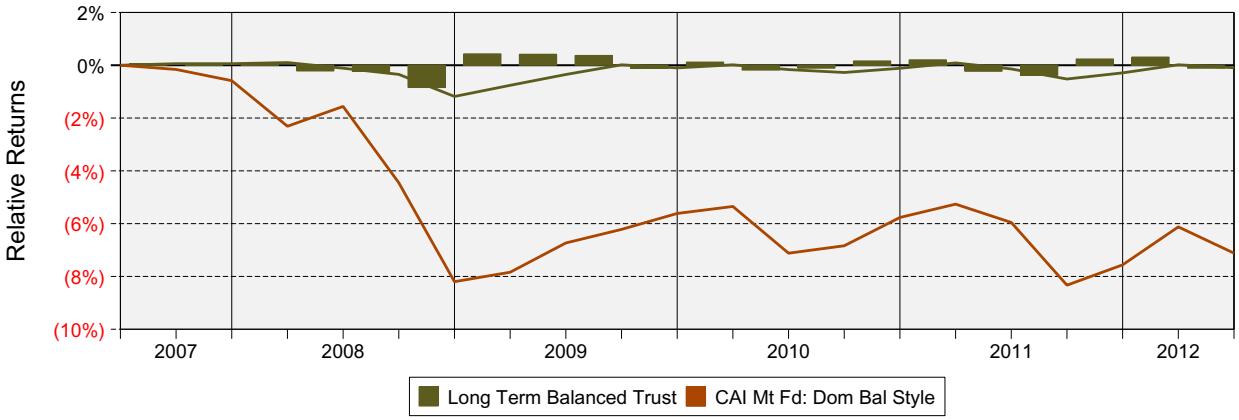
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI MF - Domestic Balanced Style (Net)

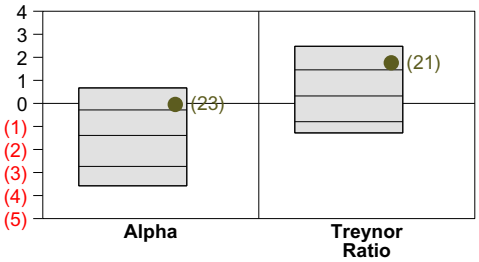


	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	7.67	3.94	14.39	30.56	(21.52)	10.33
25th Percentile	7.25	2.66	13.26	25.21	(24.12)	8.48
Median	6.70	1.21	12.07	22.03	(27.29)	6.22
75th Percentile	5.82	(1.94)	10.70	20.24	(30.65)	3.73
90th Percentile	4.80	(3.66)	9.60	18.17	(36.29)	2.16
Long Term Balanced Trust	6.16	2.19	12.18	21.03	(23.19)	6.23
Benchmark	5.95	2.37	12.19	19.72	(22.23)	6.32

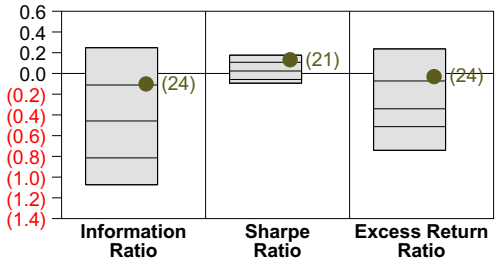
Cumulative and Quarterly Relative Return vs Benchmark



Risk Adjusted Return Measures vs Benchmark
Rankings Against CAI MF - Domestic Balanced Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	0.67	2.48
25th Percentile	(0.28)	1.46
Median	(1.39)	0.32
75th Percentile	(2.73)	(0.79)
90th Percentile	(3.58)	(1.28)
Long Term Balanced Trust	(0.04)	1.76



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.25	0.18	0.24
25th Percentile	(0.11)	0.11	(0.07)
Median	(0.46)	0.02	(0.34)
75th Percentile	(0.81)	(0.06)	(0.51)
90th Percentile	(1.07)	(0.09)	(0.74)
Long Term Balanced Trust	(0.10)	0.13	(0.03)

SSgA Global Balanced
Period Ended June 30, 2012

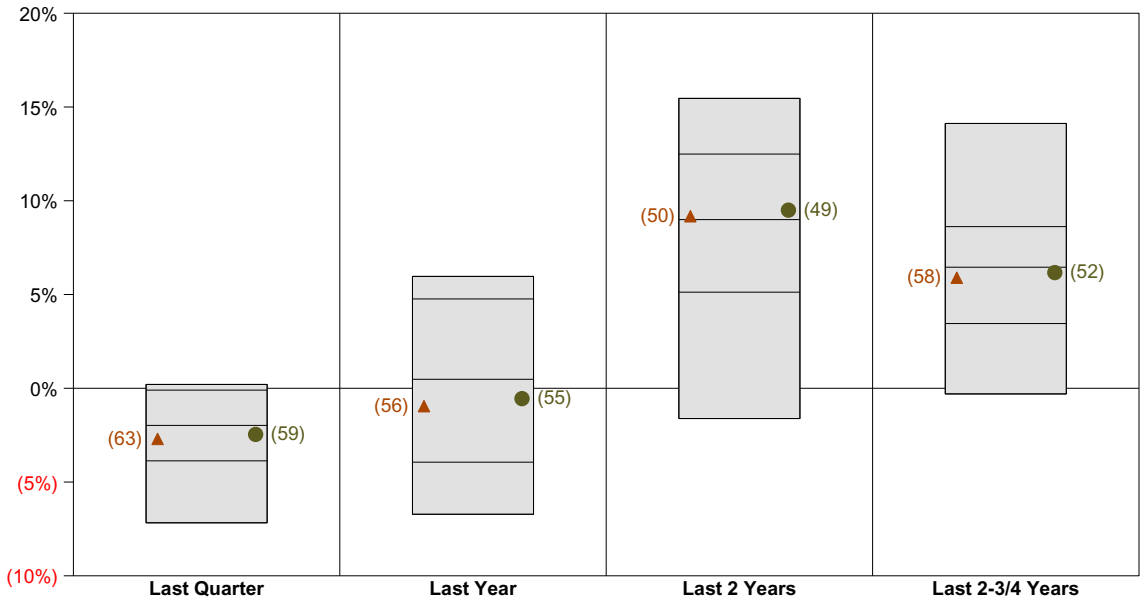
Investment Philosophy

Collective Trust Fund option managerd by State Street. Annual fees are 10 basis points.

Quarterly Summary and Highlights

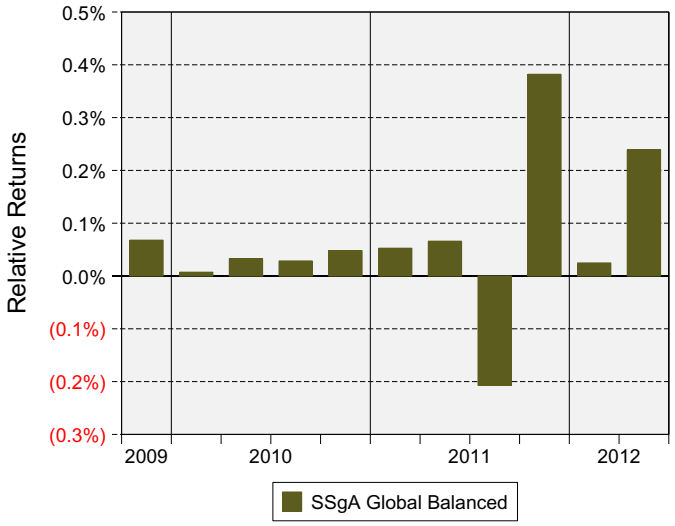
- SSgA Global Balanced's portfolio posted a (2.46)% return for the quarter placing it in the 59 percentile of the CAI Int'l/Global Balanced Database group for the quarter and in the 55 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Custom Benchmark by 0.24% for the quarter and outperformed the Custom Benchmark for the year by 0.40%.

Performance vs CAI Int'l/Global Balanced Database (Gross)

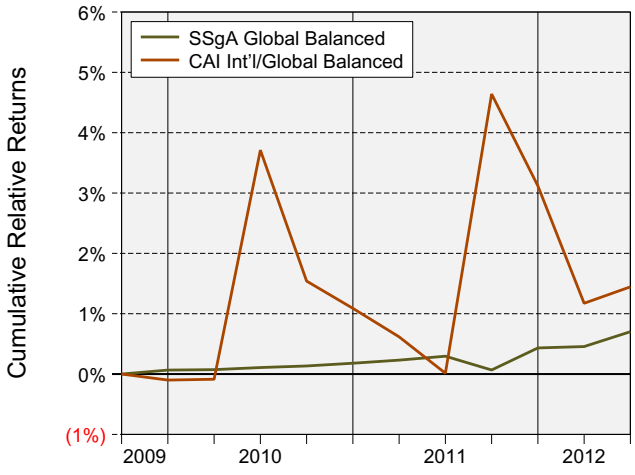


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	0.20	5.97	15.46	14.12
25th Percentile	(0.10)	4.76	12.49	8.62
Median	(1.98)	0.48	8.99	6.46
75th Percentile	(3.87)	(3.94)	5.13	3.45
90th Percentile	(7.18)	(6.72)	(1.61)	(0.30)
SSgA Global Balanced ●	(2.46)	(0.55)	9.50	6.17
Custom Benchmark ▲	(2.70)	(0.95)	9.18	5.90

Relative Return vs Custom Benchmark



Cumulative Returns vs Custom Benchmark



Target 2010 Trust

Target 2010
Period Ended June 30, 2012

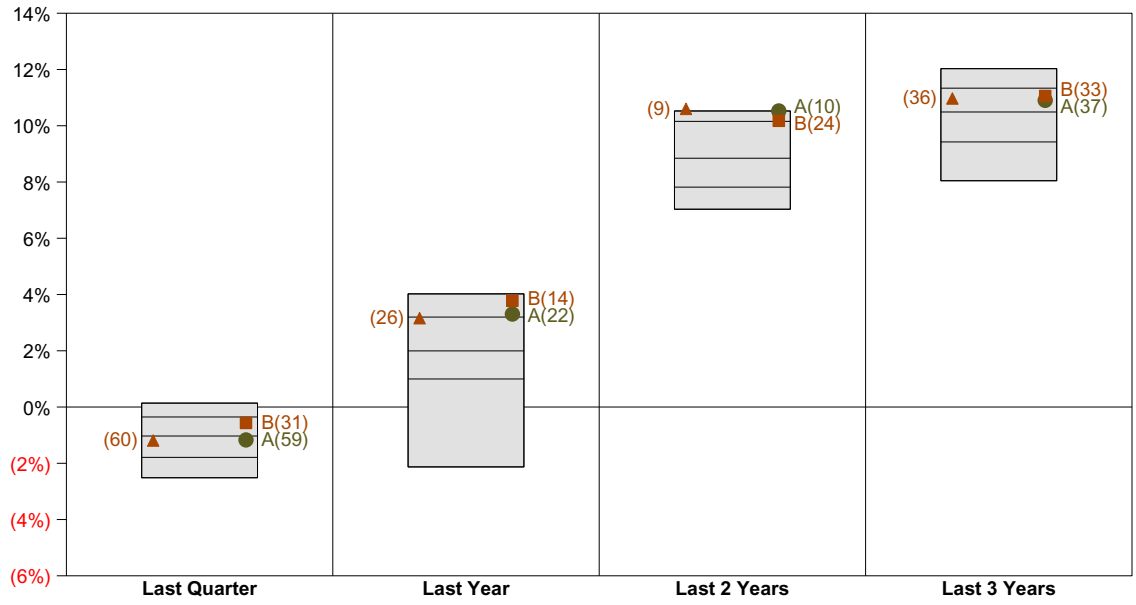
Investment Philosophy

Annual fees are 15 basis points.

Quarterly Summary and Highlights

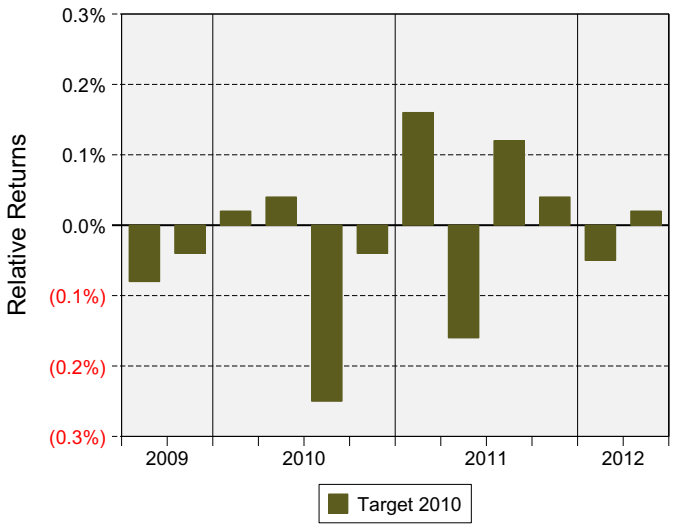
- Target 2010's portfolio posted a (1.17)% return for the quarter placing it in the 59 percentile of the CAI Target Date 2010 group for the quarter and in the 22 percentile for the last year.
- Target 2010's portfolio outperformed the Custom Index by 0.02% for the quarter and outperformed the Custom Index for the year by 0.15%.

Performance vs CAI Target Date 2010 (Net)

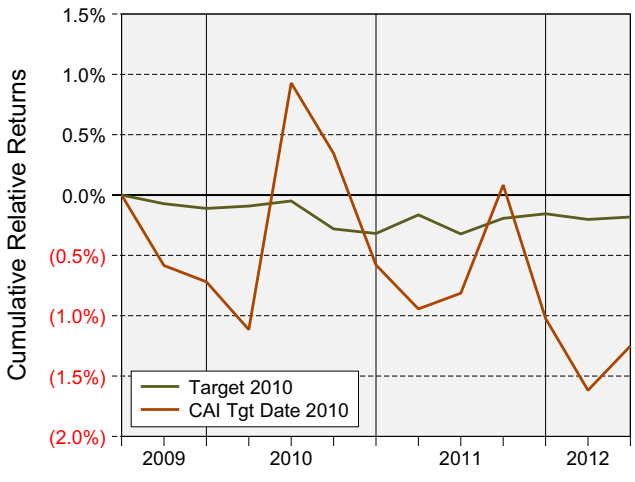


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	0.14	4.02	10.53	12.03
25th Percentile	(0.35)	3.20	10.16	11.34
Median	(1.03)	2.00	8.85	10.49
75th Percentile	(1.79)	1.00	7.82	9.42
90th Percentile	(2.51)	(2.13)	7.03	8.04
Target 2010 ● A	(1.17)	3.30	10.53	10.90
CAI Tgt Dt Idx 2010 ■ B	(0.57)	3.78	10.18	11.06
Custom Index ▲	(1.19)	3.16	10.60	10.97

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2015 Trust

Target 2015 Trust
Period Ended June 30, 2012

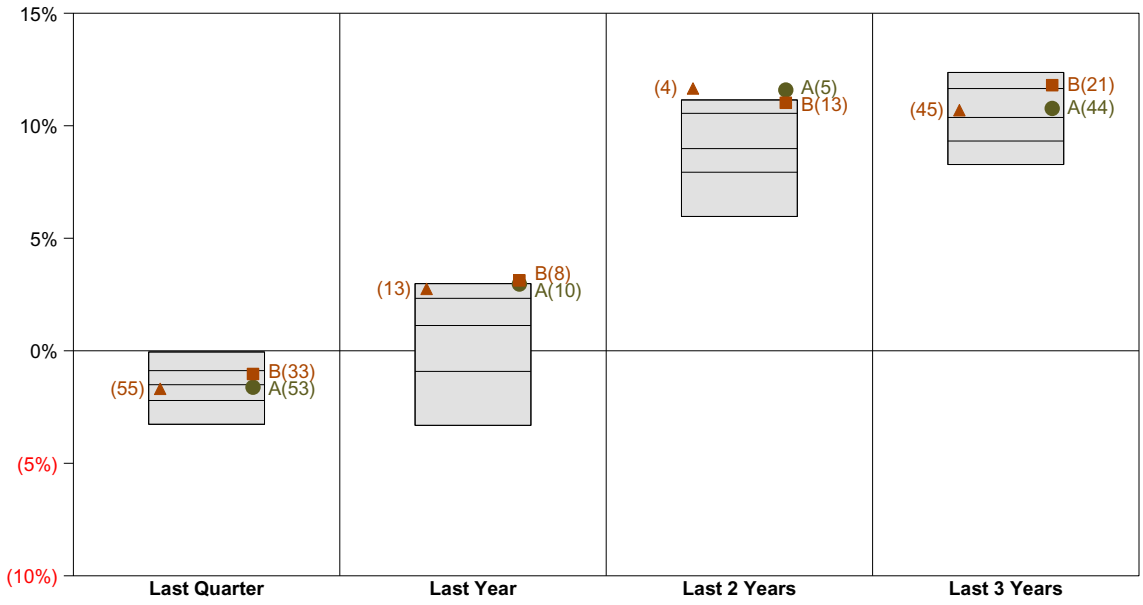
Investment Philosophy

Annual fees are 16 basis points.

Quarterly Summary and Highlights

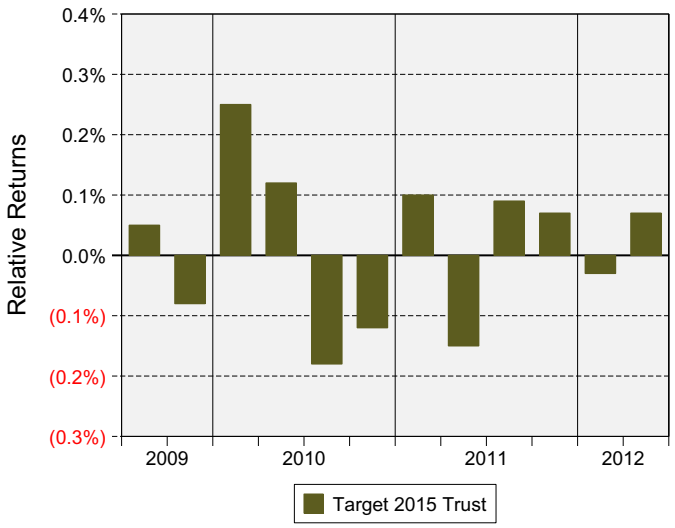
- Target 2015 Trust's portfolio posted a (1.62)% return for the quarter placing it in the 53 percentile of the CAI Target Date 2015 group for the quarter and in the 10 percentile for the last year.
- Target 2015 Trust's portfolio outperformed the Custom Target by 0.07% for the quarter and outperformed the Custom Target for the year by 0.21%.

Performance vs CAI Target Date 2015 (Net)

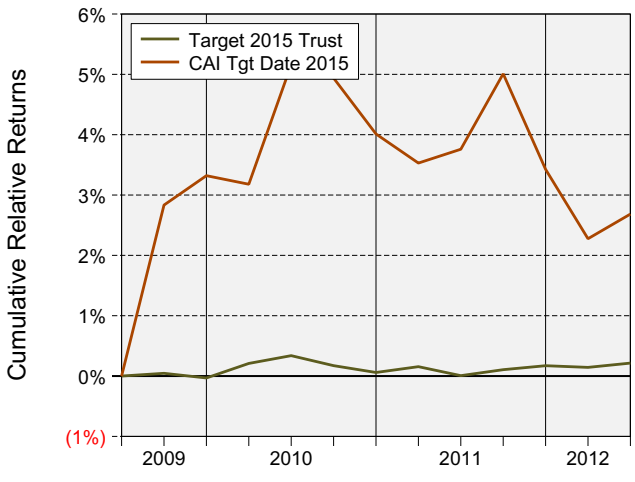


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(0.05)	2.98	11.15	12.37
25th Percentile	(0.88)	2.33	10.55	11.65
Median	(1.51)	1.12	8.98	10.37
75th Percentile	(2.21)	(0.92)	7.93	9.32
90th Percentile	(3.27)	(3.32)	5.97	8.28
Target 2015 Trust ● A	(1.62)	2.97	11.59	10.77
CAI Tgt Dt Idx 2015 ■ B	(1.03)	3.13	11.02	11.80
Custom Target ▲	(1.69)	2.75	11.66	10.69

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2020 Trust

Target 2020 Trust
Period Ended June 30, 2012

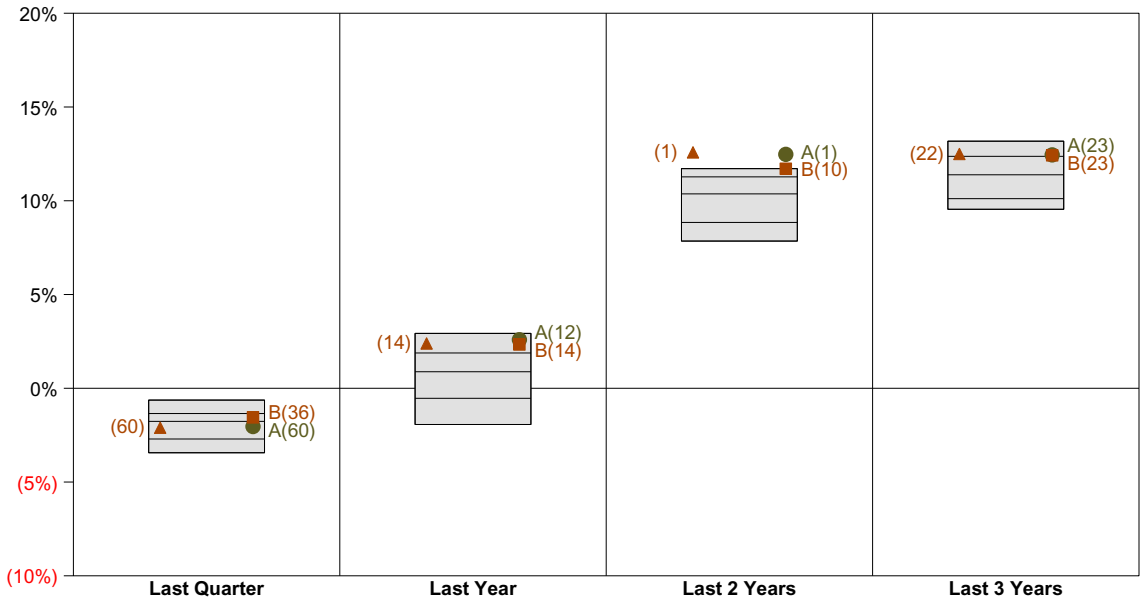
Investment Philosophy

Annual fees are 18 basis points.

Quarterly Summary and Highlights

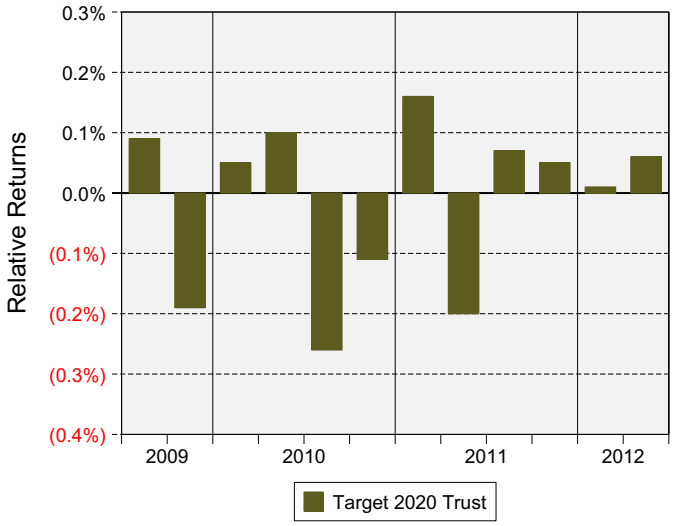
- Target 2020 Trust's portfolio posted a (2.04)% return for the quarter placing it in the 60 percentile of the CAI Target Date 2020 group for the quarter and in the 12 percentile for the last year.
- Target 2020 Trust's portfolio outperformed the Custom Target by 0.06% for the quarter and outperformed the Custom Target for the year by 0.20%.

Performance vs CAI Target Date 2020 (Net)

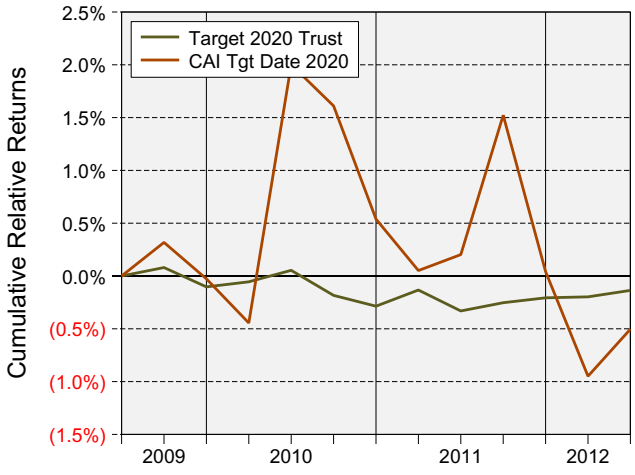


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(0.63)	2.93	11.71	13.18
25th Percentile	(1.35)	1.88	11.27	12.37
Median	(1.76)	0.88	10.37	11.39
75th Percentile	(2.71)	(0.54)	8.84	10.11
90th Percentile	(3.44)	(1.93)	7.85	9.55
Target 2020 Trust ● A	(2.04)	2.59	12.47	12.45
CAI Tgt Dt Idx 2020 ■ B	(1.55)	2.34	11.71	12.42
Custom Target ▲	(2.10)	2.39	12.58	12.50

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2025 Trust

Target 2025 Trust
Period Ended June 30, 2012

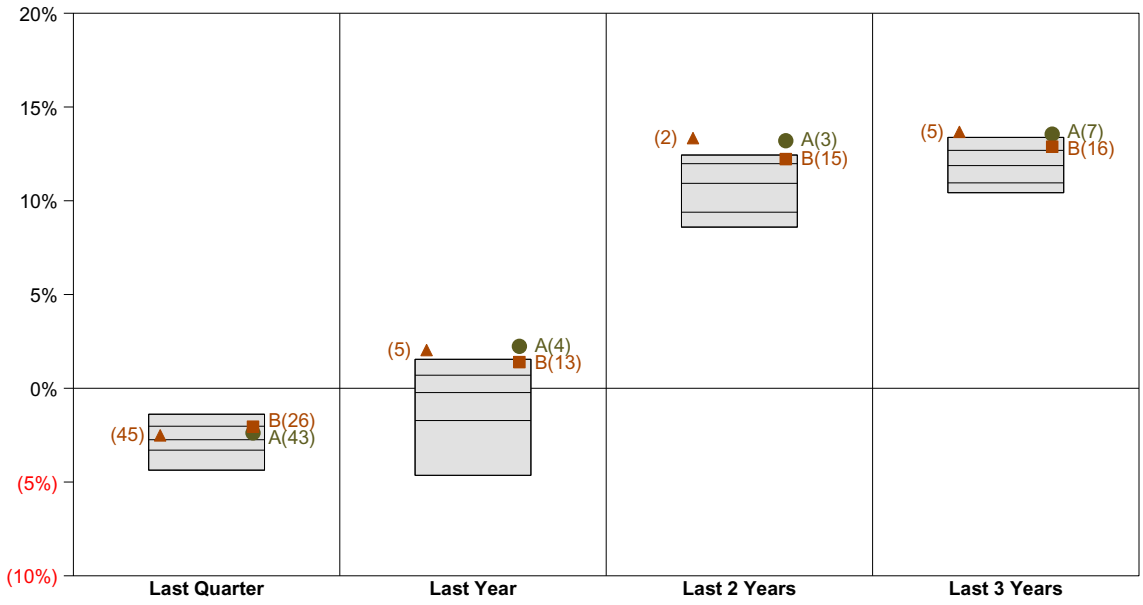
Investment Philosophy

Annual fees are 21 basis points.

Quarterly Summary and Highlights

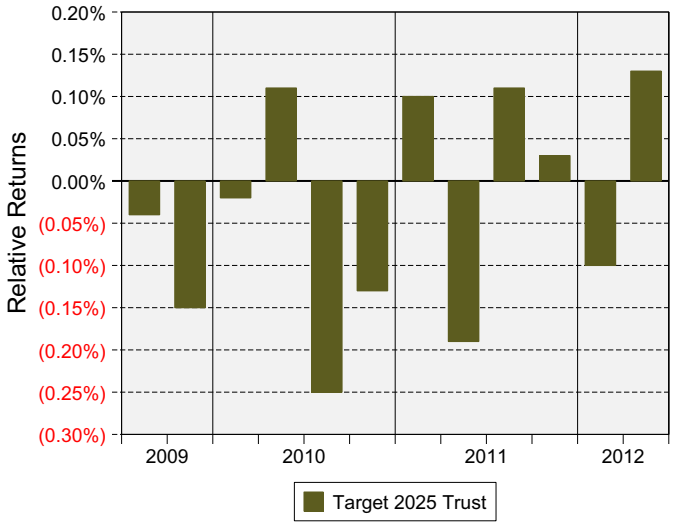
- Target 2025 Trust's portfolio posted a (2.38)% return for the quarter placing it in the 43 percentile of the CAI Target Date 2025 group for the quarter and in the 4 percentile for the last year.
- Target 2025 Trust's portfolio outperformed the Custom Target by 0.13% for the quarter and outperformed the Custom Target for the year by 0.20%.

Performance vs CAI Target Date 2025 (Net)

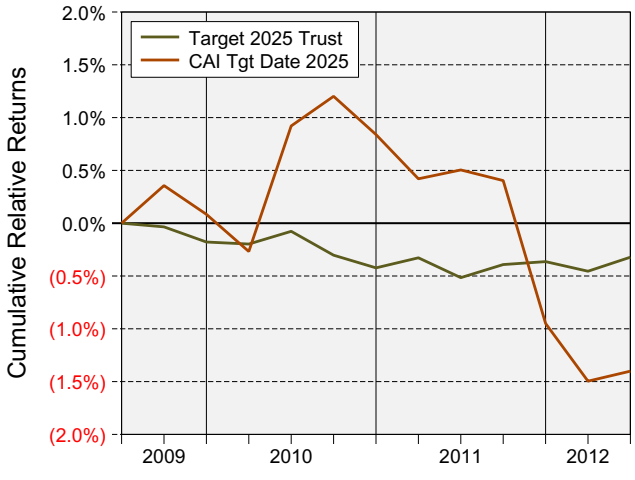


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(1.38)	1.54	12.44	13.38
25th Percentile	(2.02)	0.70	11.98	12.69
Median	(2.74)	(0.23)	10.93	11.88
75th Percentile	(3.30)	(1.72)	9.39	10.95
90th Percentile	(4.37)	(4.64)	8.60	10.43
Target 2025 Trust ● A	(2.38)	2.24	13.20	13.55
CAI Tgt Dt Idx 2025 ■ B	(2.05)	1.40	12.22	12.88
Custom Target ▲	(2.51)	2.04	13.34	13.67

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2030 Trust
Period Ended June 30, 2012

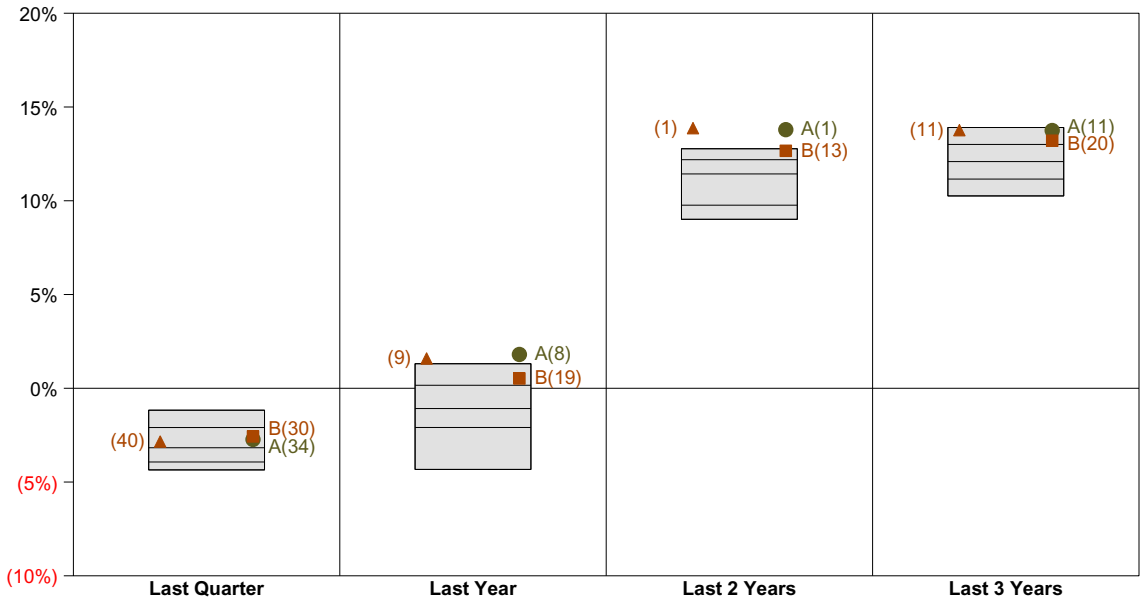
Investment Philosophy

Annual fees are 17 basis points.

Quarterly Summary and Highlights

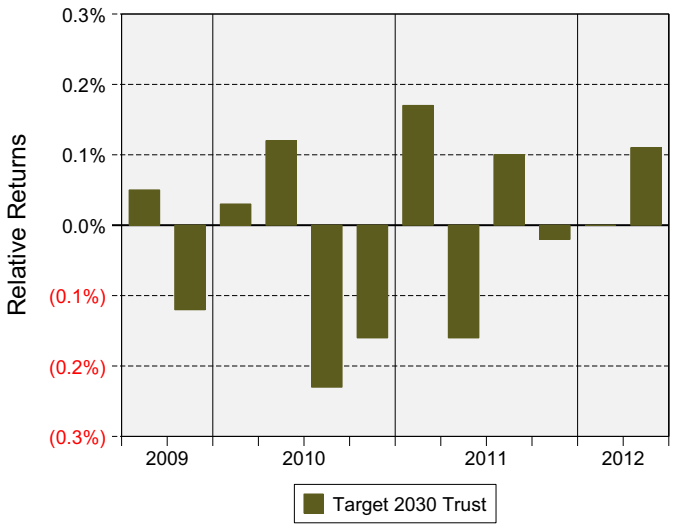
- Target 2030 Trust's portfolio posted a (2.73)% return for the quarter placing it in the 34 percentile of the CAI Target Date 2030 group for the quarter and in the 8 percentile for the last year.
- Target 2030 Trust's portfolio outperformed the Custom Target by 0.11% for the quarter and outperformed the Custom Target for the year by 0.21%.

Performance vs CAI Target Date 2030 (Net)

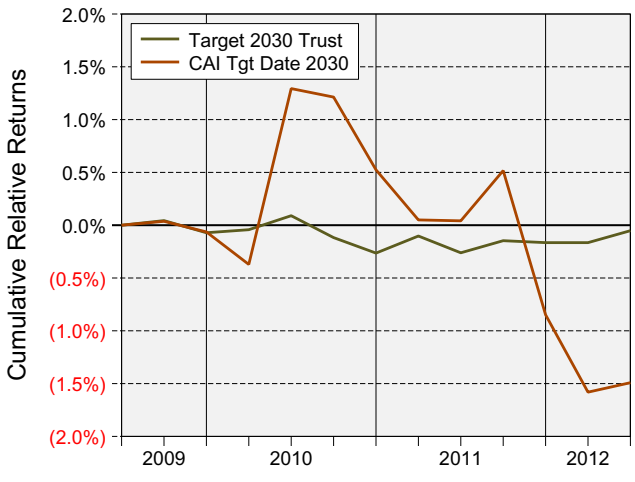


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(1.17)	1.31	12.77	13.91
25th Percentile	(2.09)	0.16	12.19	13.00
Median	(3.17)	(1.08)	11.43	12.09
75th Percentile	(3.93)	(2.09)	9.76	11.16
90th Percentile	(4.35)	(4.33)	9.01	10.26
Target 2030 Trust ● A	(2.73)	1.80	13.79	13.75
CAI Tgt Dt Idx 2030 ■ B	(2.57)	0.52	12.66	13.20
Custom Target ▲	(2.84)	1.59	13.87	13.77

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2035 Trust

Target 2035 Trust
Period Ended June 30, 2012

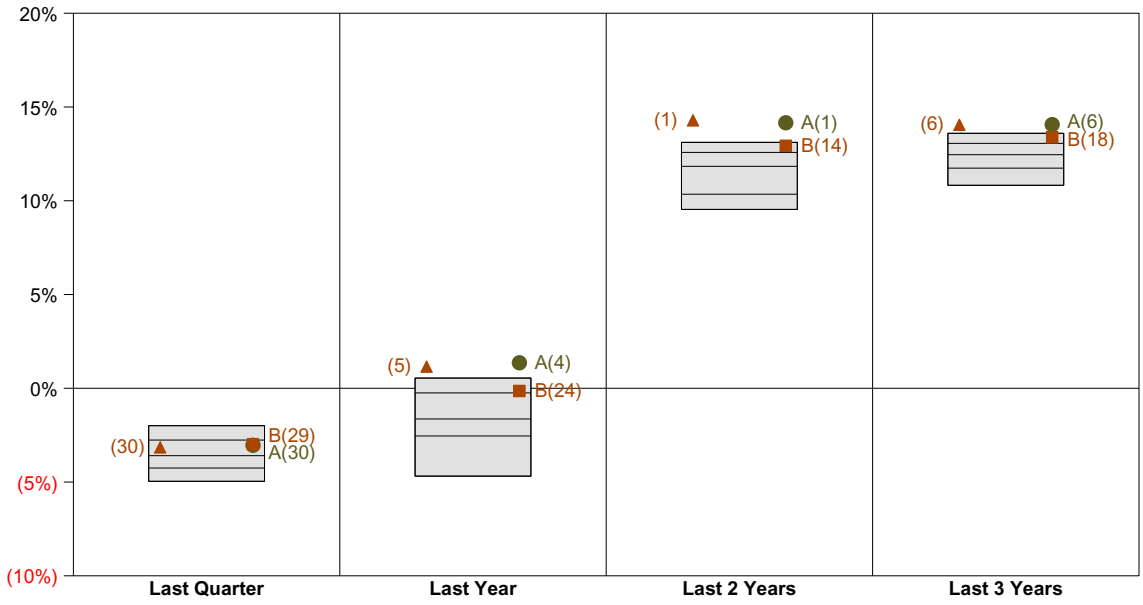
Investment Philosophy

Annual fees are 17 basis points.

Quarterly Summary and Highlights

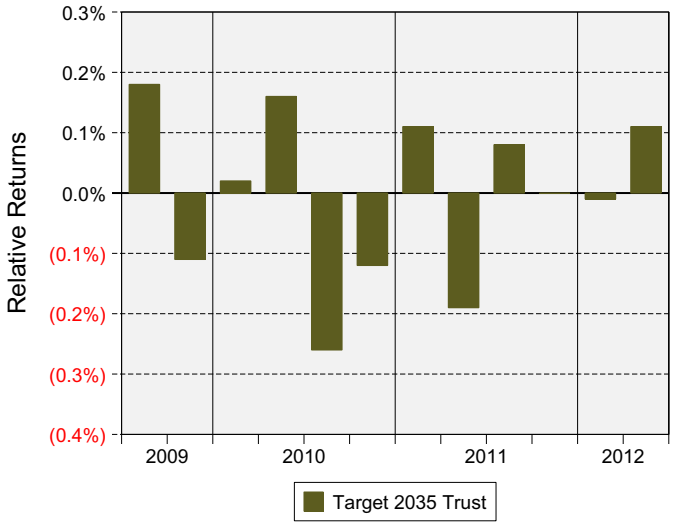
- Target 2035 Trust's portfolio posted a (3.04)% return for the quarter placing it in the 30 percentile of the CAI Target Date 2035 group for the quarter and in the 4 percentile for the last year.
- Target 2035 Trust's portfolio outperformed the Custom Target by 0.11% for the quarter and outperformed the Custom Target for the year by 0.20%.

Performance vs CAI Target Date 2035 (Net)

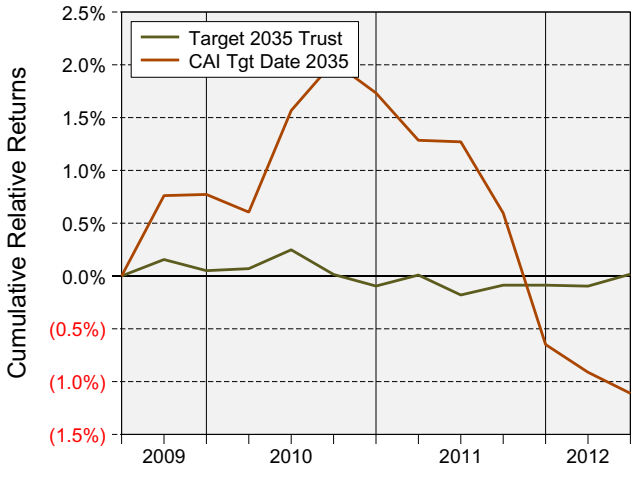


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(1.99)	0.55	13.11	13.60
25th Percentile	(2.76)	(0.25)	12.58	13.06
Median	(3.59)	(1.64)	11.84	12.46
75th Percentile	(4.25)	(2.54)	10.35	11.74
90th Percentile	(4.96)	(4.69)	9.54	10.82
Target 2035 Trust ● A	(3.04)	1.36	14.16	14.06
CAI Tgt Dt Idx 2035 ■ B	(2.98)	(0.15)	12.93	13.38
Custom Target ▲	(3.15)	1.16	14.29	14.05

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2040 Trust

Target 2040 Trust
Period Ended June 30, 2012

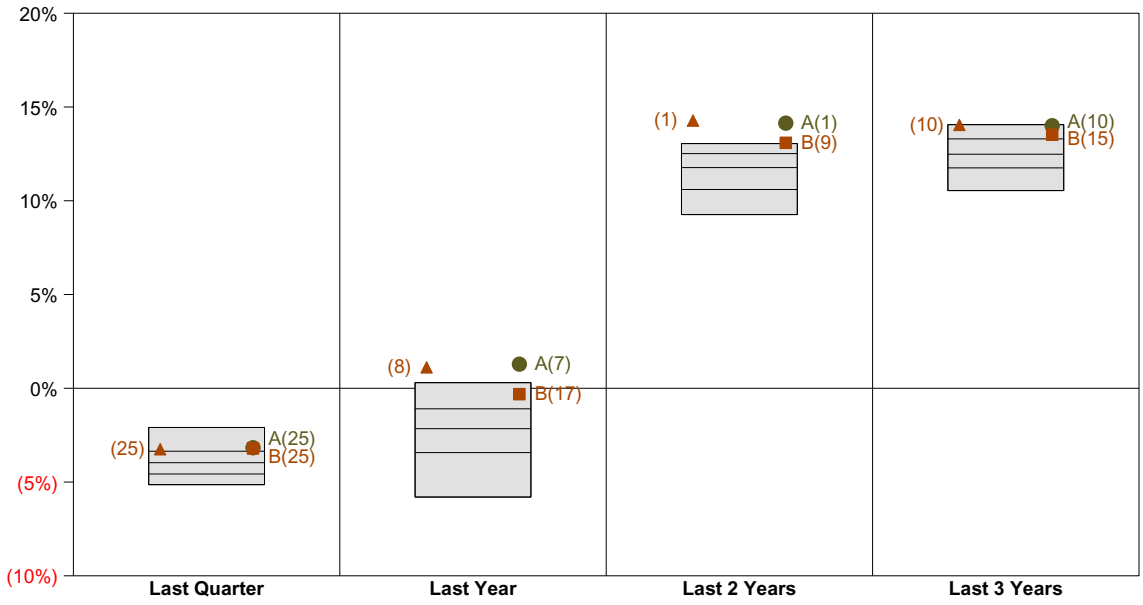
Investment Philosophy

Annual fees are 17 basis points.

Quarterly Summary and Highlights

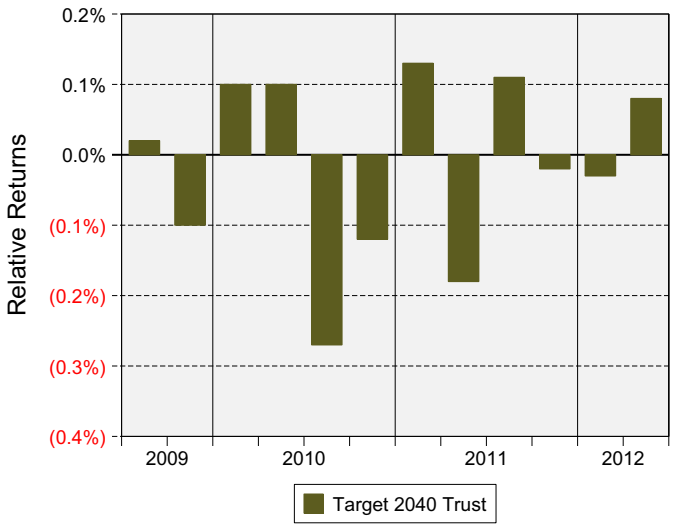
- Target 2040 Trust's portfolio posted a (3.17)% return for the quarter placing it in the 25 percentile of the CAI Target Date 2040 group for the quarter and in the 7 percentile for the last year.
- Target 2040 Trust's portfolio outperformed the Custom Target by 0.08% for the quarter and outperformed the Custom Target for the year by 0.17%.

Performance vs CAI Target Date 2040 (Net)

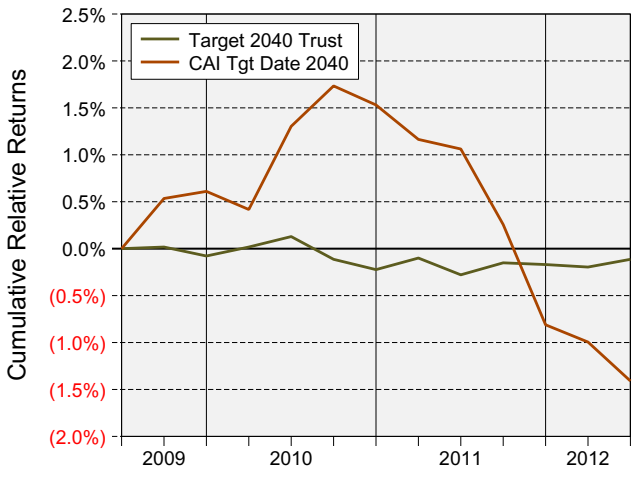


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(2.09)	0.30	13.05	14.06
25th Percentile	(3.36)	(1.09)	12.51	13.30
Median	(3.97)	(2.15)	11.77	12.48
75th Percentile	(4.57)	(3.43)	10.60	11.75
90th Percentile	(5.14)	(5.80)	9.26	10.54
Target 2040 Trust ● A	(3.17)	1.29	14.14	14.00
CAI Tgt Dt Idx 2040 ■ B	(3.21)	(0.31)	13.09	13.52
Custom Target ▲	(3.25)	1.12	14.28	14.05

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2045 Trust

Target 2045 Trust
Period Ended June 30, 2012

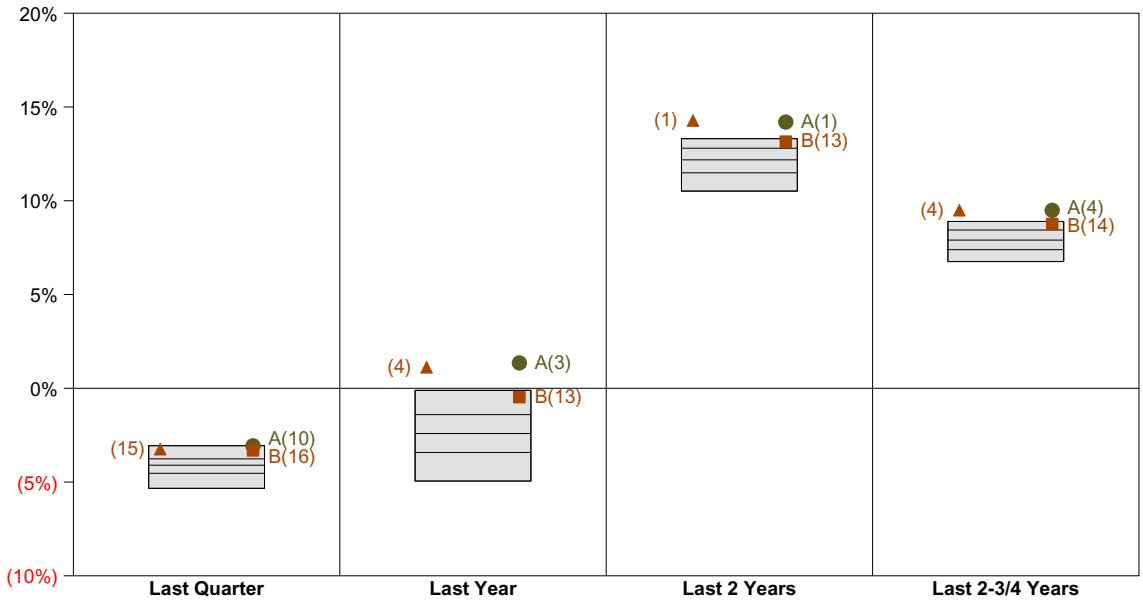
Investment Philosophy

Annual fees are 17 basis points.

Quarterly Summary and Highlights

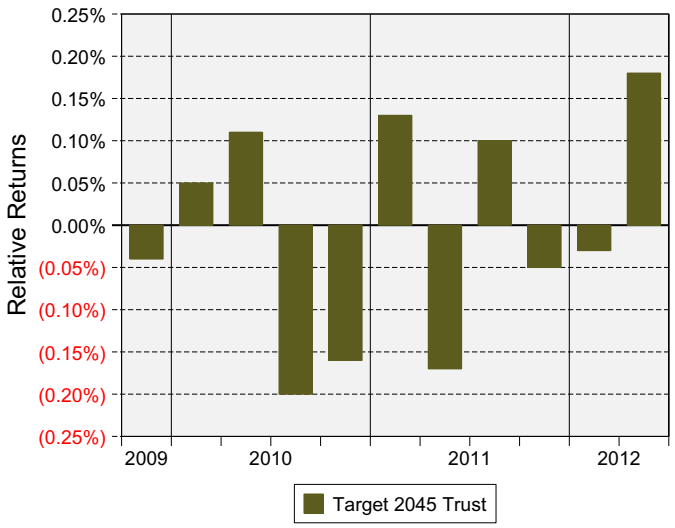
- Target 2045 Trust's portfolio posted a (3.07)% return for the quarter placing it in the 10 percentile of the CAI Target Date 2045 group for the quarter and in the 3 percentile for the last year.
- Target 2045 Trust's portfolio outperformed the Custom Target by 0.18% for the quarter and outperformed the Custom Target for the year by 0.23%.

Performance vs CAI Target Date 2045 (Net)

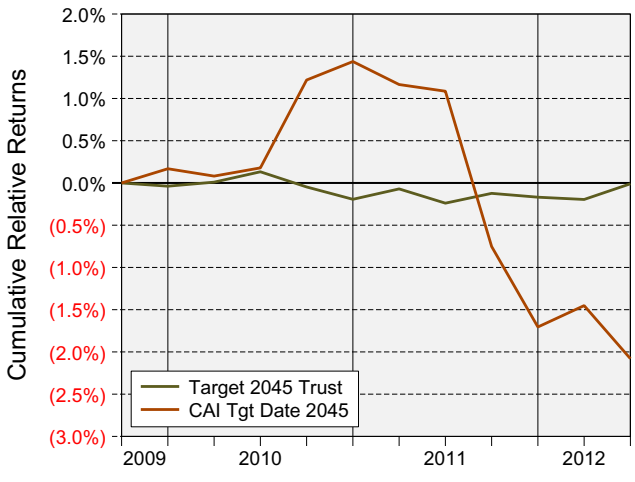


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(3.06)	(0.11)	13.31	8.90
25th Percentile	(3.76)	(1.40)	12.80	8.44
Median	(4.10)	(2.41)	12.18	7.90
75th Percentile	(4.54)	(3.42)	11.49	7.39
90th Percentile	(5.34)	(4.95)	10.51	6.76
Target 2045 Trust ● A	(3.07)	1.35	14.20	9.49
CAI Tgt Dt Idx 2045 ■ B	(3.31)	(0.47)	13.15	8.76
Custom Target ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2050 Trust

Target 2050
Period Ended June 30, 2012

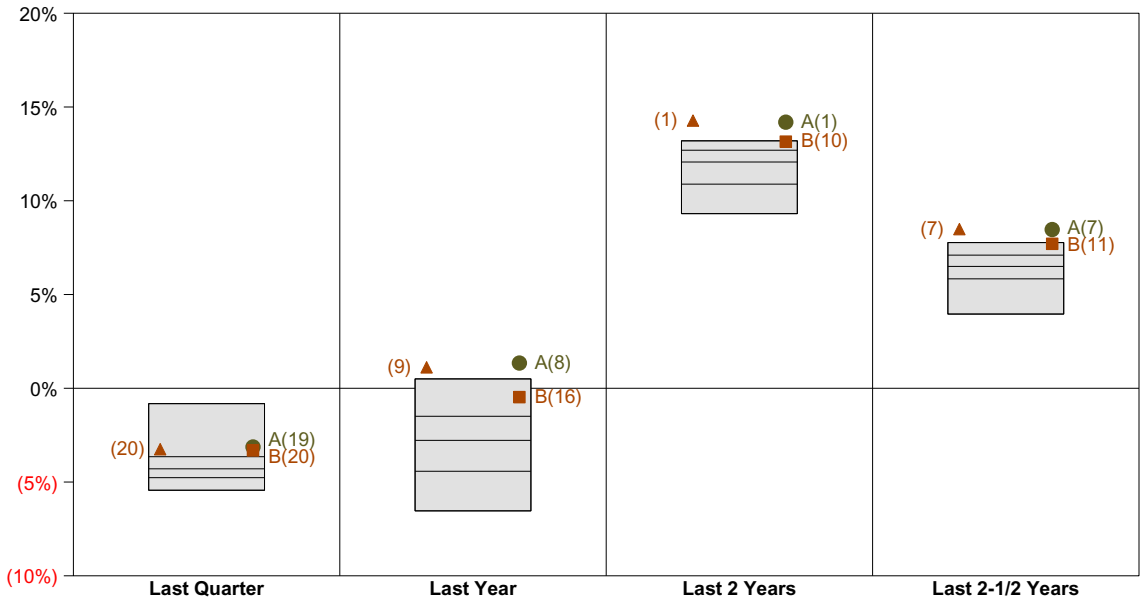
Investment Philosophy

Annual fees are 17 basis points.

Quarterly Summary and Highlights

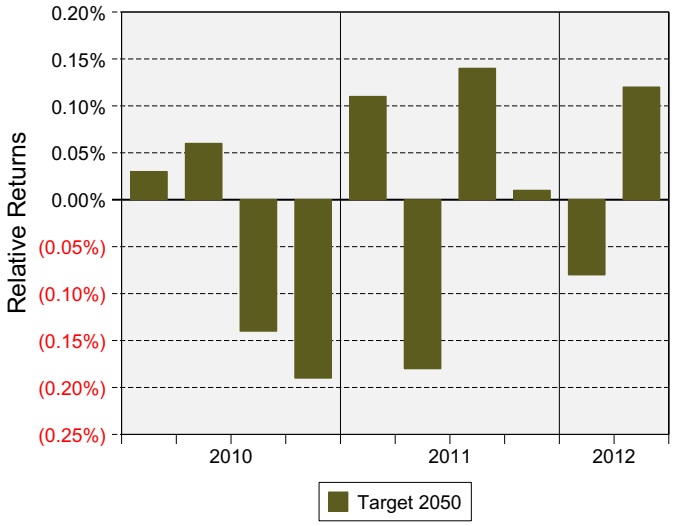
- Target 2050's portfolio posted a (3.13)% return for the quarter placing it in the 19 percentile of the CAI Target Date 2050 group for the quarter and in the 8 percentile for the last year.
- Target 2050's portfolio outperformed the Custom Target by 0.12% for the quarter and outperformed the Custom Target for the year by 0.23%.

Performance vs CAI Target Date 2050 (Net)

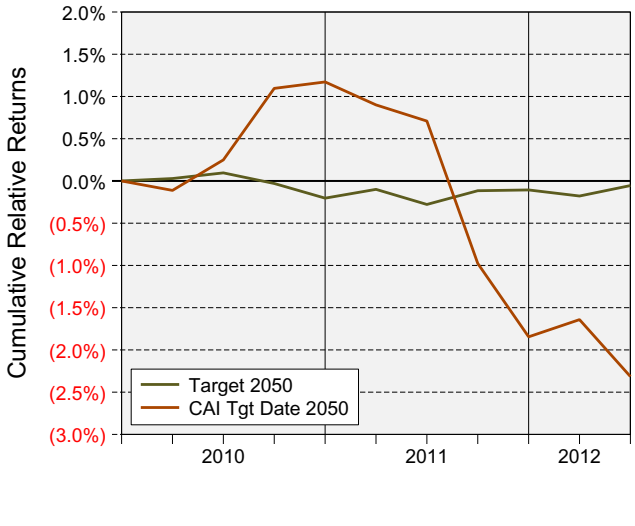


	Last Quarter	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	(0.82)	0.50	13.20	7.77
25th Percentile	(3.65)	(1.49)	12.69	7.10
Median	(4.29)	(2.78)	12.07	6.50
75th Percentile	(4.77)	(4.43)	10.89	5.84
90th Percentile	(5.44)	(6.54)	9.31	3.96
Target 2050 ● A	(3.13)	1.34	14.19	8.46
CAI Tgt Dt Idx 2045 ■ B	(3.31)	(0.47)	13.15	7.70
Custom Target ▲	(3.25)	1.12	14.28	8.49

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



Target 2055 Trust
Period Ended June 30, 2012

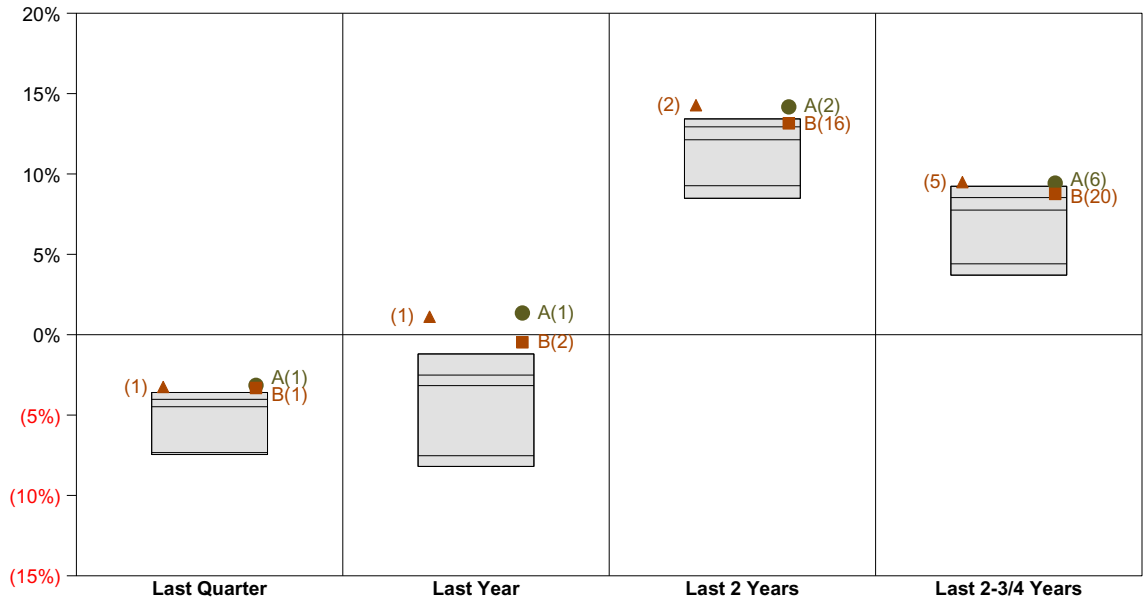
Investment Philosophy

Annual fees are 17 basis points.

Quarterly Summary and Highlights

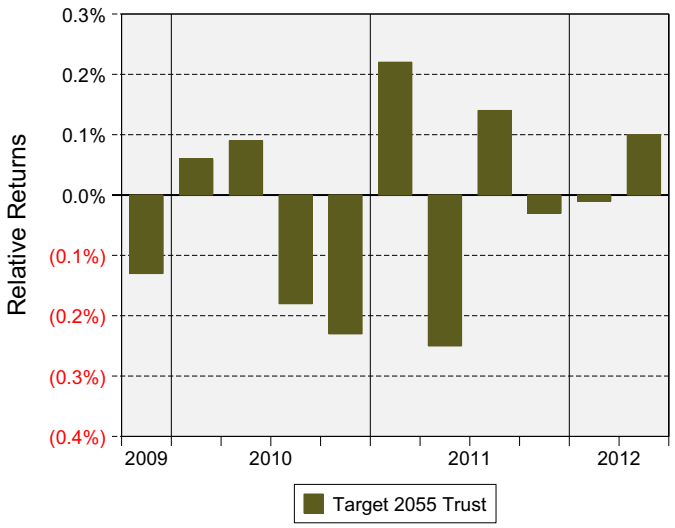
- Target 2055 Trust's portfolio posted a (3.15)% return for the quarter placing it in the 1 percentile of the CAI Target Date 2055 group for the quarter and in the 1 percentile for the last year.
- Target 2055 Trust's portfolio outperformed the Custom Target by 0.10% for the quarter and outperformed the Custom Target for the year by 0.23%.

Performance vs CAI Target Date 2055 (Net)

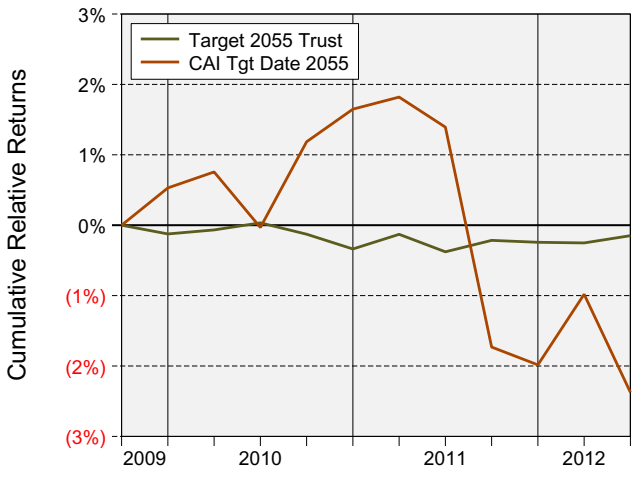


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(3.60)	(1.20)	13.43	9.23
25th Percentile	(4.02)	(2.51)	12.93	8.53
Median	(4.48)	(3.17)	12.13	7.75
75th Percentile	(7.33)	(7.53)	9.27	4.41
90th Percentile	(7.45)	(8.20)	8.49	3.70
Target 2055 Trust ● A	(3.15)	1.35	14.17	9.43
CAI Tgt Dt Idx 2045 ■ B	(3.31)	(0.47)	13.15	8.76
Custom Target ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Custom Target



Cumulative Returns vs Custom Target



US Real Estate Investment

US Real Estate Inv Trust
Period Ended June 30, 2012

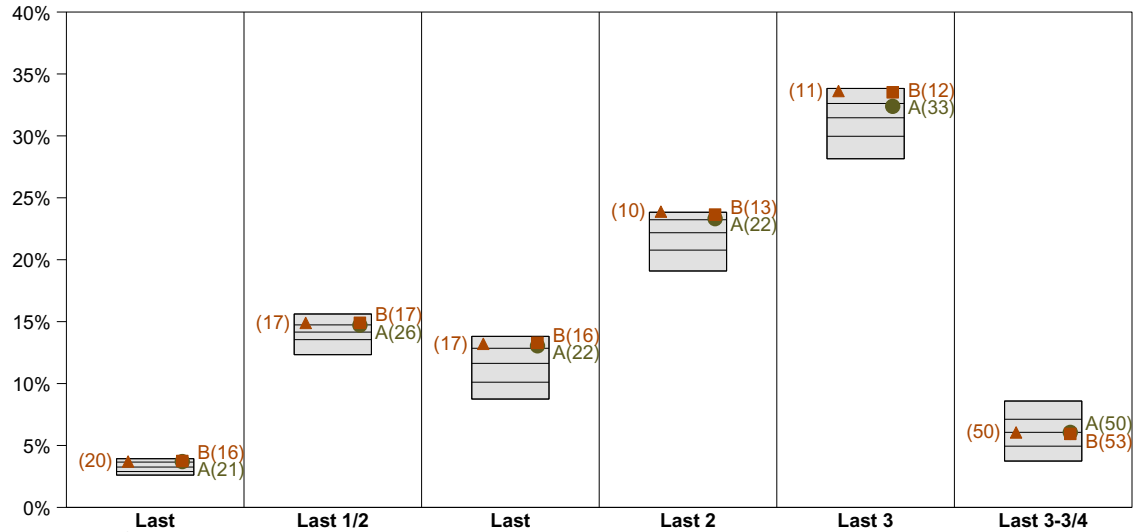
Investment Philosophy

The US Real Estate Investment Trust Index Fund is managed by SSgA. Passively managed. Annual fees are 17 basis points.

Quarterly Summary and Highlights

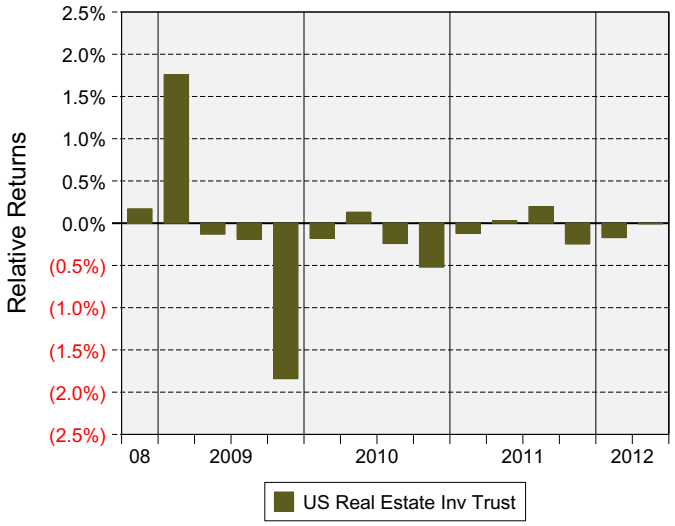
- US Real Estate Inv Trust's portfolio posted a 3.70% return for the quarter placing it in the 21 percentile of the MF - Real Estate group for the quarter and in the 22 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.01% for the quarter and underperformed the Wilshire REIT for the year by 0.16%.

Performance vs MF - Real Estate (Net)

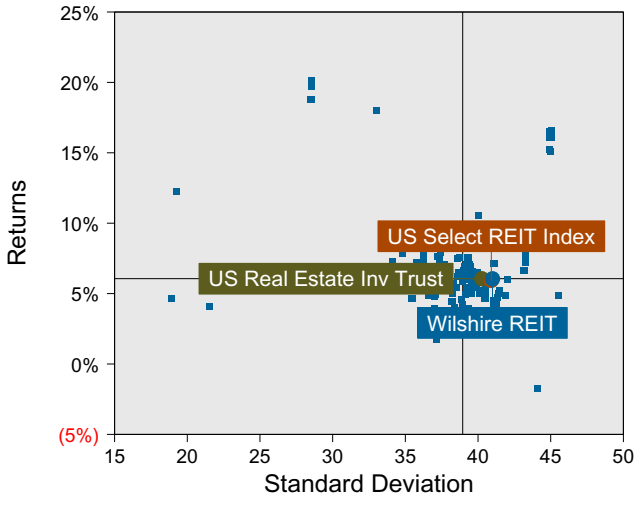


	Last Quarter	Last 1/2 Year	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	3.93	15.62	13.81	23.83	33.83	8.59
25th Percentile	3.66	14.74	12.85	23.23	32.62	7.12
Median	3.26	14.16	11.63	22.18	31.46	6.06
75th Percentile	2.90	13.55	10.11	20.78	29.97	4.94
90th Percentile	2.61	12.33	8.75	19.09	28.15	3.74
US Real Estate Inv Trust ● A	3.70	14.71	13.05	23.31	32.39	6.06
US Select REIT Index ■ B	3.75	14.91	13.29	23.65	33.52	5.94
Wilshire REIT ▲	3.71	14.90	13.21	23.88	33.62	6.05

Relative Return vs Wilshire REIT



MF - Real Estate (Net)
Annualized Three and Three-Quarter Year Risk vs Return



US Real Estate Inv Trust
Return Analysis Summary

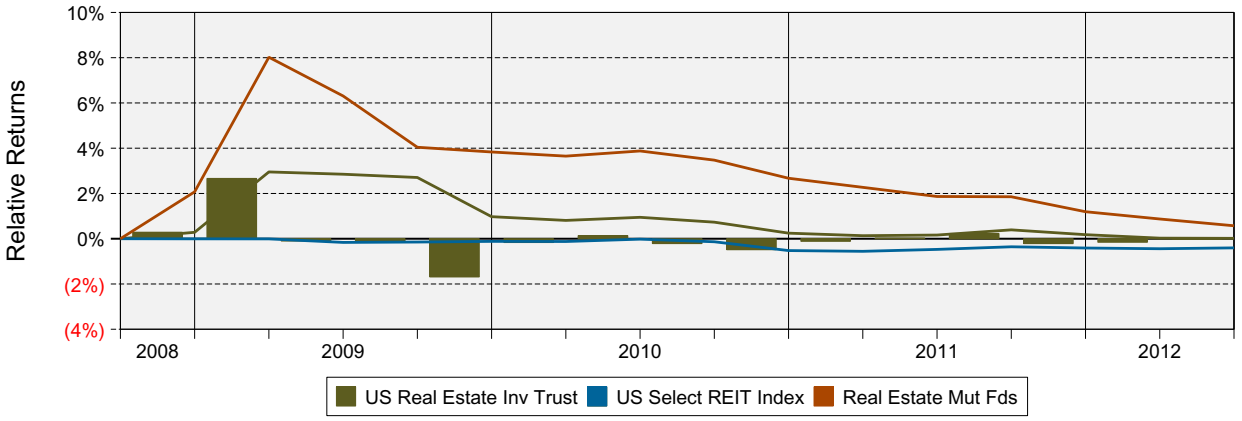
Return Analysis

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.

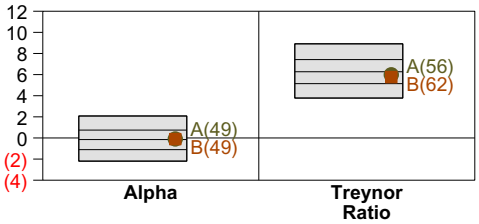
Performance vs MF - Real Estate (Net)

	12/11- 6/12	2011	2010	2009
10th Percentile	15.62	10.47	31.39	36.54
25th Percentile	14.74	9.27	29.04	31.27
Median	14.16	7.91	27.45	29.22
75th Percentile	13.55	5.88	25.54	25.26
90th Percentile	12.33	3.32	23.53	22.74
US Real Estate Inv Trust ● A	14.71	9.17	27.67	29.49
US Select REIT Index ■ B	14.91	9.37	28.07	28.46
Wilshire REIT ▲	14.90	9.24	28.60	28.60

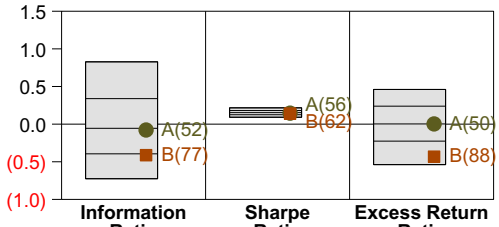
Cumulative and Quarterly Relative Return vs Wilshire REIT



Risk Adjusted Return Measures vs Wilshire REIT
Rankings Against MF - Real Estate (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.08	8.91
25th Percentile	0.74	7.42
Median	(0.15)	6.27
75th Percentile	(1.11)	5.14
90th Percentile	(2.19)	3.78
US Real Estate Inv Trust ● A	(0.10)	5.98
US Select REIT Index ■ B	(0.11)	5.76



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.83	0.22	0.46
25th Percentile	0.34	0.18	0.24
Median	(0.06)	0.15	0.00
75th Percentile	(0.39)	0.13	(0.23)
90th Percentile	(0.73)	0.09	(0.54)
US Real Estate Inv Trust ● A	(0.08)	0.15	0.00
US Select REIT Index ■ B	(0.41)	0.14	(0.43)

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Education

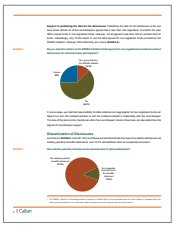
Research and Educational Programs

The Callan Investments Institute provides research that keeps clients updated on the latest trends in the investment industry, and helps clients learn through carefully structured educational programs. Below are the Institute's recent publications – all of which can be found on our website at: www.callan.com/research.

White Papers

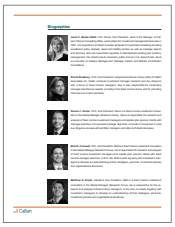
Risk Factors as Building Blocks for Portfolio Diversification:
The Chemistry of Asset Allocation

In search of higher returns at current risk levels, institutional investors have expressed intense interest in further diversifying seemingly staid "traditional" asset allocations constructed using asset class inputs with mean-variance optimization (MVO) tools. In this paper we explore portfolio construction using risk factors, also referred to as risk premia, as the basic elements.



Status of Required Participant Disclosure Compliance:
2012 DC Recordkeeper Survey

Callan canvassed the major recordkeepers in March 2012 regarding the amount of support they are providing to plan sponsors to satisfy fee disclosure regulations. In this report, we examine the status of recordkeepers in providing disclosure support to plan sponsors, discuss compliance issues both recordkeepers and plan sponsors face, and recommend best practices for plan sponsors for the required disclosures.



On the Frontline of Fixed Income:
A Roundtable Discussion with Callan's Bond Experts

We assembled a group of Callan's bond experts – Brett Cornwell, Steve Center, Janet Becker-Wold, Matt Routh, and Kristin Bradbury – to address some of the issues that fixed income investors are facing in this low-yield environment.

Domestic Equity Benchmark Review: Year-End 2011

The Domestic Equity Benchmark Review is designed to aid in portfolio monitoring and evaluation by helping readers assess the similarities and differences in coverage, performance, characteristics and style of popular domestic equity indices alongside Callan's active manager style groups.

Quarterly Publications

Quarterly Data Package: Quarterly investment performance information gathered (for a variety of time periods) from Callan's proprietary database. This report allows you to compare the results of your own funds with our database.

Capital Market Review: a quarterly macro-economic indicator newsletter that provides thoughtful insights on the economy as well as recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

Private Markets Trends: a seasonal newsletter that discusses the market environment, recent events, performance and other issues involving private equity.

Hedge Fund Monitor: a quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

DC Observer & Callan DC Index™: a quarterly newsletter that offers Callan's observations and opinions on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

Surveys

2012 Defined Contribution Trends Survey:
Where Have We Come From and What Lies Ahead
This survey shows that the defined contribution environment has been, and continues to be, dominated by a focus on plan fees. But while plan sponsors are prioritizing, monitoring, and evaluating plan fees for reasonableness, they do not always understand plan fees. Find out about this and much more, as the results from the survey incorporate responses from nearly 100 companies across the U.S.

2011 Investment Manager Fee Survey
A current report on institutional investment management fee payment practices and trends. The survey includes published and actual fee data, and qualitative and quantitative observations from both fund sponsors and investment managers.

Events

Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our "Event Summaries" and downloading the actual presentation slides from our website. Our most recent programs:

Summary write-up and the presentation of our June 2012 Regional Workshop, **Plan Sponsor Roundtable – Shifting to an Institutional Approach to DC Investments**. This workshop featured Mark Kelliher from Deluxe Corporation, and Craige Stone from Utah Retirement System. These two DC plan experts discussed how they took their plan "institutional" by incorporating separate accounts, collective trusts, and unitized fund of funds, as well as discussed the pros and cons of these approaches.

The **2012 National Conference Summary** features a synopsis of our speakers: Sheila Bair, Ian Bremmer, David Laibson, 2012 Capital Markets Panel, and Tony LaRussa. The Summary also reviews our three workshops on: defined contribution, investment perceptions and myths, and international investing. Select PowerPoint presentations from the conference are also available on our website.

Upcoming Educational Programs

Our October 2012 Regional Workshops will be held on October 24 in Chicago, and then on October 25 in New York City. The topic will be announced shortly.

Our 33rd Annual National Conference will be held in San Francisco on January 28-30, 2013. More information will be available this fall.

Our research can be found at www.callan.com/research or feel free to contact us for hard copies.

For more information about research or educational events, please contact Ray Combs or Gina Falsetto at 415-974-5060 or institute@callan.com

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. Continuing education credits are available for The CFA Institute, IBCFP, and NASBA. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the different types of sessions Callan offers.

Standard Session

July 10-11, 2012 in Chicago

This is a two day session that provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds (defined benefit and/or defined contribution); representatives of family trusts; and investment management professionals and staff involved in client service, business development, consultant relations, and portfolio management.

Defined Contribution

July 12, 2012 in Chicago

Callan Associates will share its expertise through a one day educational program on defined contribution plan investing, delivery, and communication/education. Callan's consultants have extensive knowledge and experience in the DC arena and will provide insights relating to the role of the fiduciary; plan investment structure evaluation and implementation; plan monitoring and evaluation; investment and fee policy statements; and meeting the needs of the participant through plan features such as automatic enrollment, Roth designated accounts, managed accounts and advice.

An Introduction to Investments

October 23-24, 2012 in San Francisco

This one and one half day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The program will familiarize fund sponsor trustees, staff, and asset management advisors 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.

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. For more information on a customized "Callan College" for your organization, please send an email to Kathleen Cunnie at college@callan.com.

For more information please contact Kathleen Cunnie, at 415.274.3029 or college@callan.com.

Disclosures

Callan

Quarterly List as of June 30, 2012

List of Managers That Do Business with Callan Associates Inc.

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 06/30/12, 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	
Apollo Global Management	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	
BMO Asset Management	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Calamos Advisors, LLC	Y	
Capital Guardian Trust Company	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
Citigroup Asset Management	Y	
ClearBridge Advisors	Y	
Columbia Management Investment Advisors, LLC	Y	
Columbus Circle Investors	Y	Y
Cooke & Bieler, L.P.		Y
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Crestline Investors		Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Diamond Hill Investments	Y	
Dimensional Fund Advisors Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Echo Point Investment Management	Y	
Epoch Investment Partners	Y	
Evanston Capital Management	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fiduciary Asset Management Company	Y	Y
First Eagle Investment Management	Y	
Flag Capital 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	Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.	Y	Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
Harris Investment Management, Inc.	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hermes Investment Management (North America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INTECH Investment Management	Y	
Invesco	Y	Y
Investec	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
KeyCorp		Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	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	
Manulife Asset Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
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

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Manager Name	Educational Services	Consulting Services
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	
Oppenheimer Funds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC	Y	Y
Partners Group	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
Private Advisors	Y	
Prudential Fixed Income	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
Russell Investment Management	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	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
Stratton Management		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
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TIAA-CREF	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
Thrivent Asset Management	Y	
Tradewinds Global Investors	Y	
Turner Investment Partners	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Valley Forge Asset Management	Y	
Victory Capital Management Inc.	Y	
Virtus Investment Partners		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

Callan

June 30, 2012

Alaska Retirement Management Board
Defined Contribution Plans

Investment Measurement Service
Quarterly Review

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 2012 by Callan Associates Inc.

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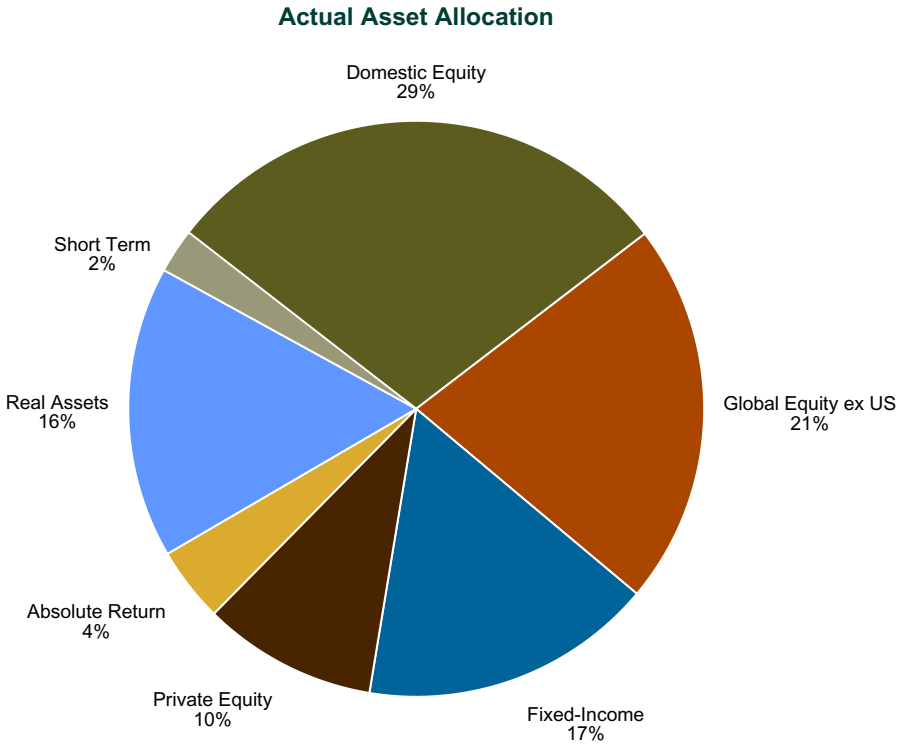
Retiree Medical

Actual Asset Allocation
As of June 30, 2012

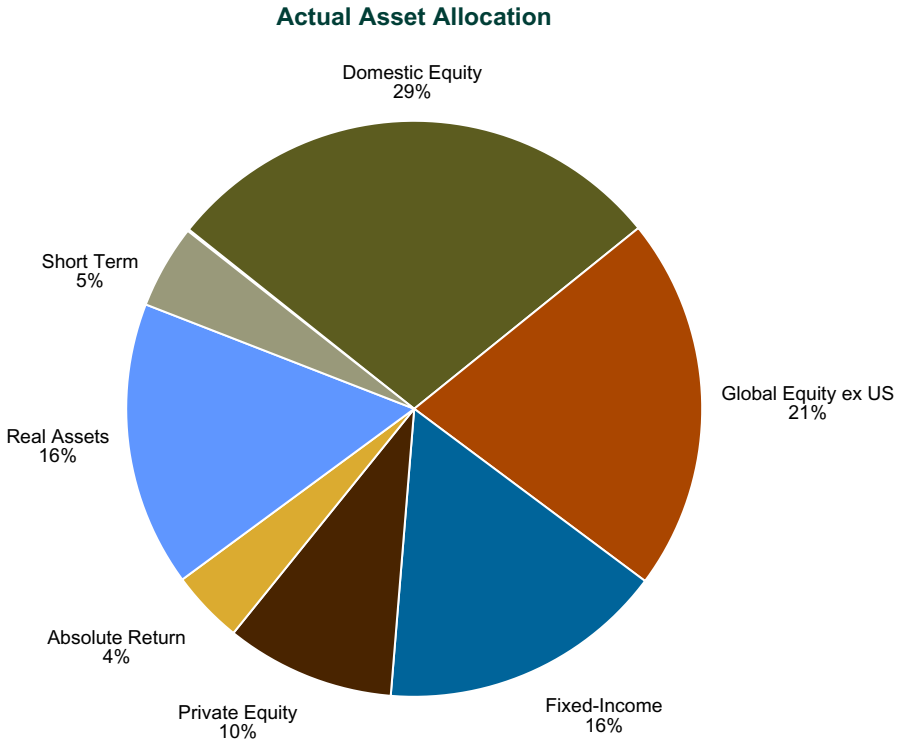
ARMB PERS Retiree Medical



Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	4,485,214	29.2%
Global Equity ex US	3,298,045	21.5%
Fixed-Income	2,537,187	16.5%
Private Equity	1,501,636	9.8%
Absolute Return	642,414	4.2%
Real Assets	2,516,799	16.4%
Short Term	383,276	2.5%
Total	15,364,571	100.0%

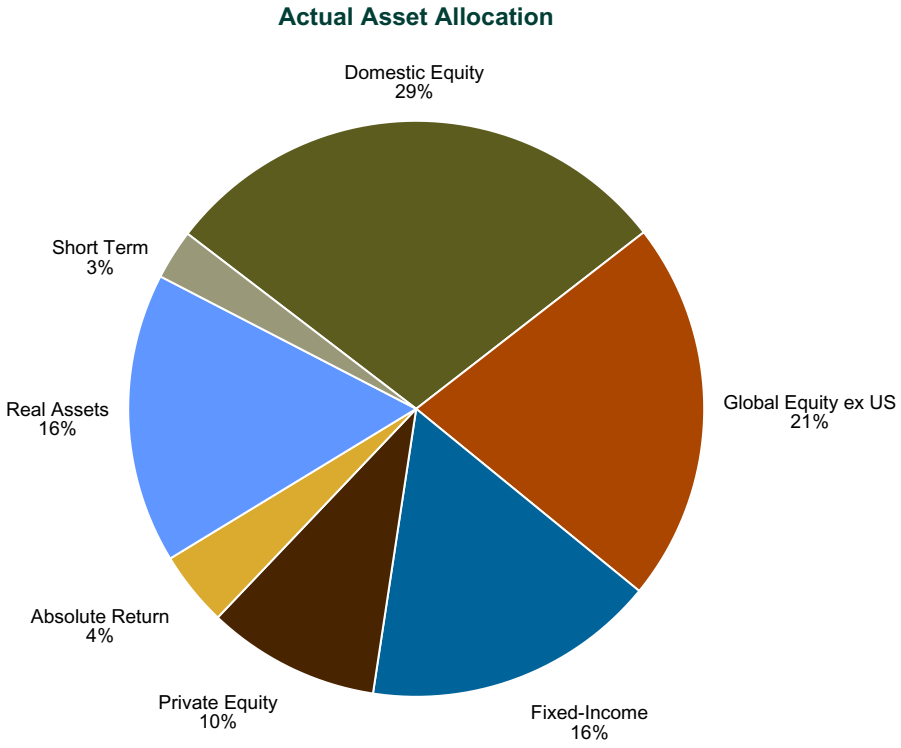
Actual Asset Allocation
As of June 30, 2012

ARMB TRS Retiree Medical

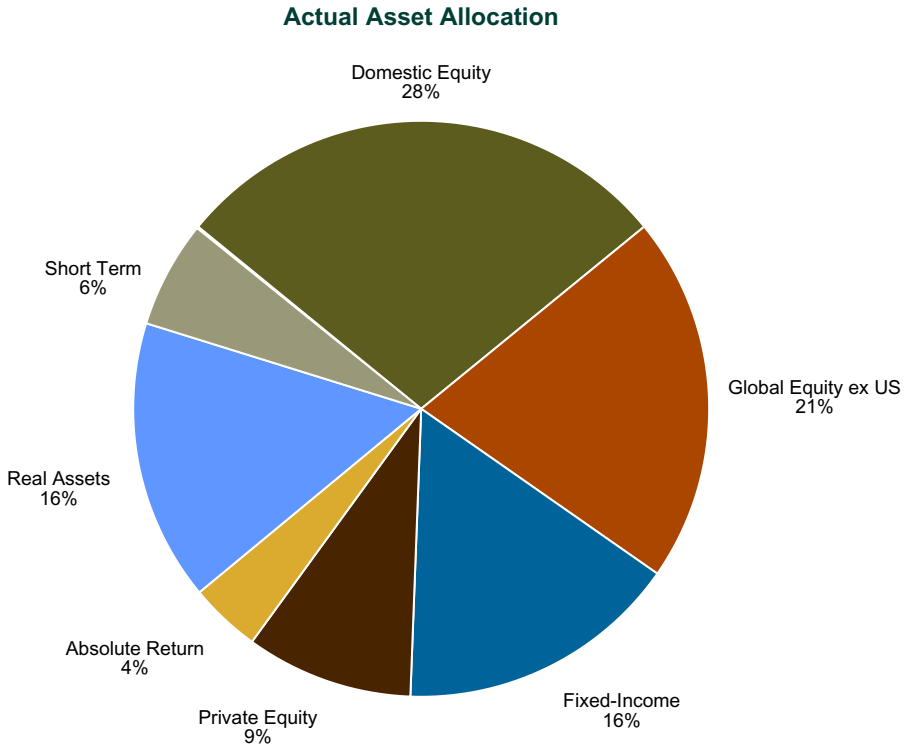


Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	1,926,905	28.5%
Global Equity ex US	1,416,882	21.0%
Fixed-Income	1,089,997	16.1%
Private Equity	645,107	9.5%
Absolute Return	275,983	4.1%
Real Assets	1,081,232	16.0%
Short Term	320,131	4.7%
Total	6,756,237	100.0%

Health Reimbursement

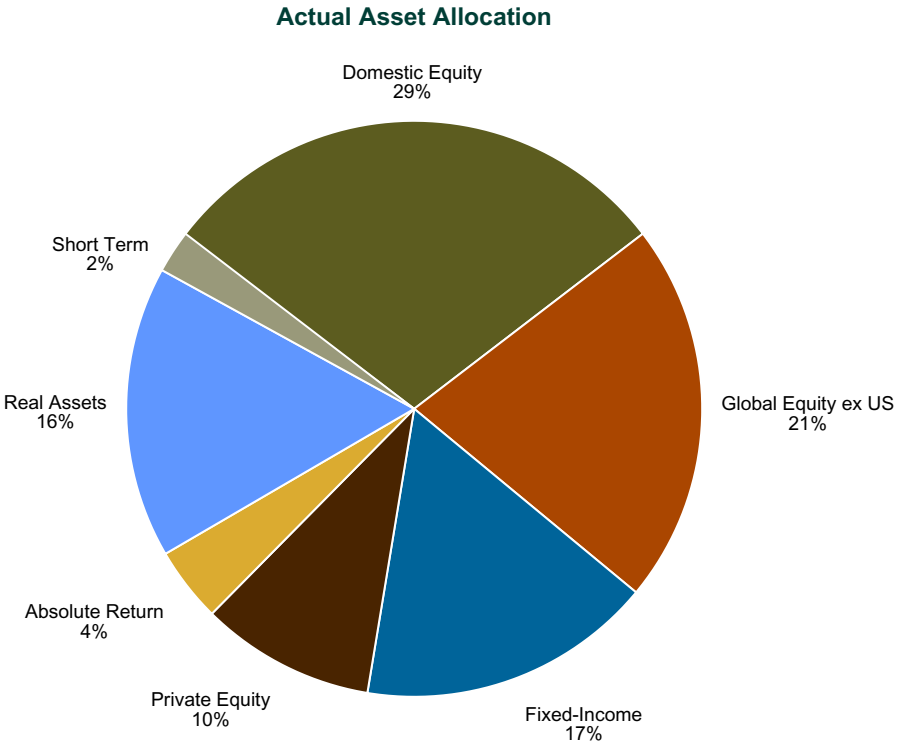


Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	21,690,382	29.1%
Global Equity ex US	15,949,040	21.4%
Fixed-Income	12,270,307	16.5%
Private Equity	7,262,781	9.7%
Absolute Return	3,107,015	4.2%
Real Assets	12,172,352	16.3%
Short Term	2,100,842	2.8%
Total	74,552,719	100.0%

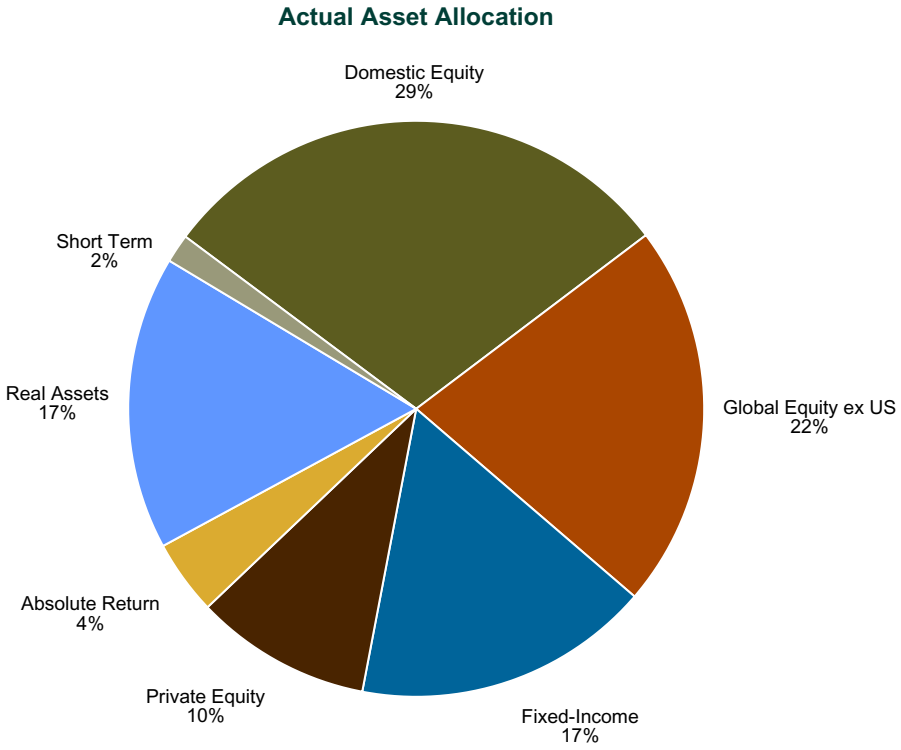


Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	6,886,939	28.2%
Global Equity ex US	5,035,899	20.6%
Fixed-Income	3,895,911	15.9%
Private Equity	2,305,936	9.4%
Absolute Return	986,484	4.0%
Real Assets	3,864,752	15.8%
Short Term	1,468,592	6.0%
Total	24,444,514	100.0%

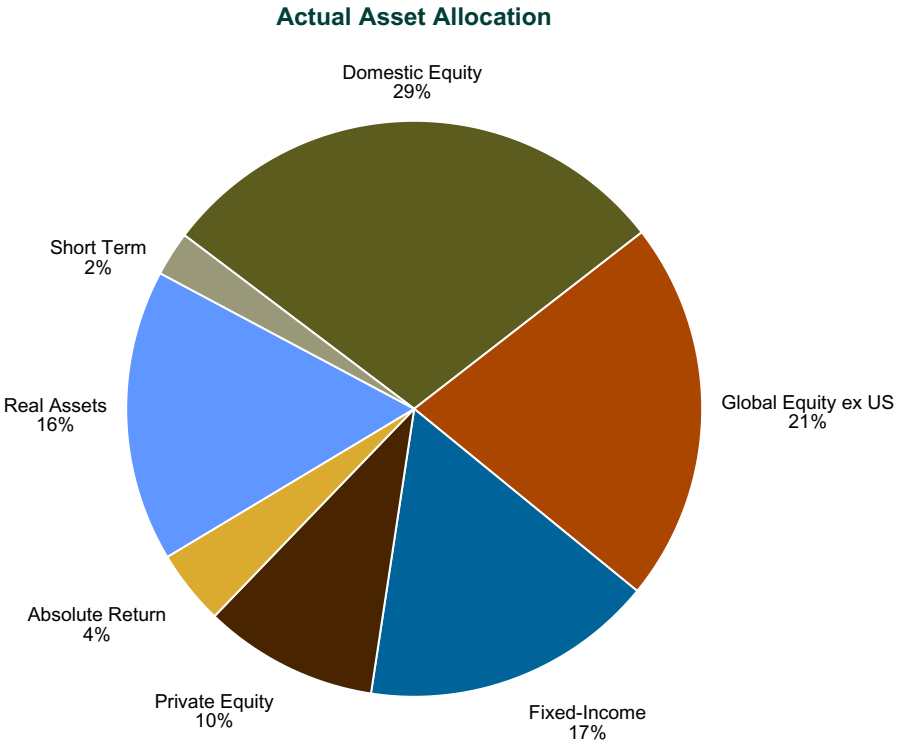
ODD



Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	1,870,349	29.3%
Global Equity ex US	1,367,664	21.4%
Fixed-Income	1,057,998	16.6%
Private Equity	626,161	9.8%
Absolute Return	267,880	4.2%
Real Assets	1,049,481	16.4%
Short Term	151,070	2.4%
Total	6,390,602	100.0%



Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	681,992	29.5%
Global Equity ex US	498,702	21.6%
Fixed-Income	385,745	16.7%
Private Equity	228,268	9.9%
Absolute Return	97,660	4.2%
Real Assets	382,603	16.5%
Short Term	37,197	1.6%
Total	2,312,165	100.0%



Asset Class	$Dollars Actual	Percent Actual
Domestic Equity	730,889	29.2%
Global Equity ex US	534,448	21.4%
Fixed-Income	413,454	16.5%
Private Equity	244,709	9.8%
Absolute Return	104,688	4.2%
Real Assets	410,138	16.4%
Short Term	62,317	2.5%
Total	2,500,644	100.0%

Manager Performance

Investment Fund Returns

The table below details the rates of return for the Sponsor's investment funds over various time periods ended June 30, 2012. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns for Periods Ended June 30, 2012

	Last Quarter	Last Year	Last 2 Years	Last 2-1/2 Years	Last 5-1/2 Years
Total Retiree Medical Plan	**(1.90%)**	**1.28%**	**10.61%**	**7.67%**	**1.39%**
Retiree Medical PERS	**(1.89%)**	**1.30%**	**10.63%**	**7.68%**	**-**
Retiree Medical TRS	**(1.91%)**	**1.25%**	**10.56%**	**7.64%**	**-**
Benchmark	(2.16%)	1.02%	10.84%	7.26%	1.16%
Total Health Reimbursement	**(1.85%)**	**1.44%**	**10.56%**	**7.61%**	**1.50%**
Health Reimbursement PERS	**(1.83%)**	**1.50%**	**10.59%**	**7.63%**	**-**
Health Reimbursement TRS	**(1.90%)**	**1.28%**	**10.49%**	**7.57%**	**-**
Benchmark	(2.16%)	1.02%	10.84%	7.26%	1.16%
ODD PERS	**(1.89%)**	**1.36%**	**10.59%**	**7.64%**	**1.38%**
Benchmark	(2.16%)	1.02%	10.84%	7.26%	1.16%
ODD TRS	**(1.92%)**	**1.30%**	**10.60%**	**7.66%**	**-**
Benchmark	(2.16%)	1.02%	10.84%	7.26%	1.16%
DC ODD P& F	**(1.89%)**	**1.46%**	**10.56%**	**7.57%**	**-**
Benchmark	(2.16%)	1.02%	10.84%	7.26%	1.16%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex-US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012.

Asset Distribution Across Investment Managers

	June 30, 2012		March 31, 2012	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Trust	575,069	0.25%	463,337	0.21%
Alaska Long-Term Balanced	4,659,472	2.03%	5,462,773	2.45%
2010 Trust	672,631	0.29%	571,432	0.26%
2015 Trust	2,610,573	1.14%	2,306,673	1.04%
2020 Trust	4,785,493	2.08%	4,246,385	1.91%
2025 Trust	6,459,965	2.81%	5,646,510	2.54%
2030 Trust	6,654,930	2.90%	5,717,210	2.57%
2035 Trust	7,109,051	3.09%	6,271,875	2.82%
2040 Trust	10,141,628	4.41%	9,165,920	4.12%
2045 Trust	11,034,514	4.80%	9,782,342	4.40%
2050 Trust	12,303,582	5.35%	11,083,757	4.98%
2055 Trust	4,394,838	1.91%	3,714,273	1.67%
Domestic Equity Funds				
S&P 500 Stock Index Fd	28,638,427	12.46%	30,280,688	13.60%
RCM Socially Resp Inv Fd	11,788,271	5.13%	9,846,130	4.42%
Russell 3000 Index Fd	3,606,653	1.57%	664,718	0.30%
T. Rowe Small Cap	36,907,206	16.06%	40,645,960	18.26%
International Equity Funds				
Brandes Intl Equity	43,187,408	18.79%	52,055,238	23.39%
World Equity ex US	8,151,570	3.55%	345,702	0.16%
Fixed-Income Funds				
BlackRock Govt/Credit	9,751,044	4.24%	8,326,382	3.74%
Long US Treasury Bd	633,380	0.28%	509,631	0.23%
Intermediate Bond Fund	366,518	0.16%	331,013	0.15%
US TIPS	952,788	0.41%	521,627	0.23%
World Govt Bd ex US	1,445,594	0.63%	1,049,221	0.47%
Global Balanced Funds				
SSgA Global Balanced	5,580,145	2.43%	9,609,082	4.32%
Real Estate Funds				
US REIT Index	4,077,406	1.77%	551,066	0.25%
Short Term Funds				
Money Market	2,766,557	1.20%	2,956,512	1.33%
SSgA Treas Money Mkt Fd	596,032	0.26%	448,530	0.20%
Total	**$229,850,745**	**100.0%**	**$222,573,987**	**100.0%**

TRS Defined Contribution Plan

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012.

Asset Distribution Across Investment Managers

	June 30, 2012		March 31, 2012	
	Market Value	Percent	Market Value	Percent
Balanced/Target Funds				
Alaska Balanced Trust	160,593	0.15%	133,252	0.14%
Alaska Long-Term Balanced	2,353,348	2.24%	2,501,531	2.55%
2010 Trust	378,992	0.36%	254,980	0.26%
2015Trust	984,235	0.94%	889,297	0.91%
2020 Trust	1,914,932	1.82%	1,617,774	1.65%
2025 Trust	2,387,941	2.27%	2,037,943	2.08%
2030 Trust	2,312,763	2.20%	1,946,656	1.98%
2035 Trust	3,829,687	3.64%	3,283,449	3.35%
2040 Trust	4,352,413	4.14%	3,616,755	3.69%
2045 Trust	7,771,704	7.40%	6,618,386	6.75%
2050 Trust	10,040,332	9.55%	8,507,578	8.67%
2055 Trust	747,068	0.71%	557,812	0.57%
Domestic Equity Funds				
S&P 500 Stock Index Fd	11,869,485	11.29%	12,311,631	12.55%
RCM Socially Resp Inv Fd	4,900,846	4.66%	3,544,798	3.61%
Russell 3000 Index Fd	1,574,736	1.50%	326,328	0.33%
T. Rowe Small Cap	15,817,123	15.05%	17,136,517	17.47%
International Equity Funds				
Brandes Intl Equity	18,070,583	17.20%	21,179,997	21.60%
World Equity ex US	3,504,150	3.33%	76,050	0.08%
Fixed-Income Funds				
BlackRock Govt/Credit	4,562,676	4.34%	3,678,072	3.75%
Long US Treasury Bd	52,018	0.05%	38,026	0.04%
Intermediate Bond Fund	74,134	0.07%	80,170	0.08%
US TIPS	393,128	0.37%	146,078	0.15%
World Govt Bd ex US	637,281	0.61%	425,525	0.43%
Global Balanced Funds				
SSgA Global Balanced	3,386,319	3.22%	5,601,400	5.71%
Real Estate Funds				
US REIT Index	1,599,551	1.52%	185,336	0.19%
Short Term Funds				
Alaska Money Market	1,355,184	1.29%	1,330,596	1.36%
SSgA Money Mkt	59,348	0.06%	51,321	0.05%
Total	**$105,090,570**	**100.0%**	**$98,077,258**	**100.0%**

Manager Performance

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. 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, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 5-3/4 Years
S&P 500 Stock Index Fd	**(2.73%)**	**5.46%**	**16.40%**	**0.29%**	**2.59%**
RCM Socially Responsible Inv(1)	**(7.21%)**	**(3.14%)**	**13.16%**	**-**	**-**
S&P 500 Index	(2.75%)	5.45%	16.40%	0.22%	2.52%
Russell 3000 Index Fund	**(3.17%)**	**3.89%**	**16.77%**	**-**	**-**
Russell 3000	(3.15%)	3.84%	16.73%	0.39%	2.77%
T. Rowe Price Small-Cap Stock Tr	**(2.65%)**	**1.73%**	**22.90%**	**4.61%**	**6.52%**
Russell 2000	(3.47%)	(2.08%)	17.80%	0.54%	3.08%
Brandes International Equity Fund	**(7.97%)**	**(12.99%)**	**-**	**-**	**-**
MSCI EAFE Index	(7.13%)	(13.83%)	5.96%	(6.10%)	(1.96%)
World Equity ex US	**(7.05%)**	**(14.08%)**	**6.87%**	**-**	**-**
MSCI ACWI x US (Net)	(7.61%)	(14.57%)	6.97%	(4.62%)	(0.26%)
SSgA Global Balanced	**(2.46%)**	**(0.55%)**	**-**	**-**	**-**
Global Balanced Target	(2.70%)	(0.94%)	-	-	-
BlackRock Govt/Credit Bond Fund(2)	**2.52%**	**8.64%**	**7.12%**	**6.69%**	**6.18%**
BC Govt/Credit Bd	2.56%	8.78%	7.34%	6.90%	6.34%
Long US Treasury Bond	**10.64%**	**32.31%**	**13.57%**	**-**	**-**
BC Long Treasury	10.57%	32.26%	13.57%	12.11%	10.37%
Intermediate Bond Fund	**1.41%**	**4.84%**	**4.25%**	**-**	**-**
BC Govt Intermediate	1.45%	5.01%	4.44%	5.77%	5.44%
US TIPS	**3.12%**	**11.51%**	**9.46%**	**-**	**-**
BC US TIPS Index	3.15%	11.66%	9.63%	8.44%	7.38%
World Govt Bond ex US	**0.17%**	**0.28%**	**4.90%**	**-**	**-**
Citi Non-US Gvt Bd Idx	0.20%	0.44%	5.13%	7.39%	6.63%
Alaska Balanced Trust	**(0.14%)**	**5.19%**	**9.95%**	**4.62%**	**5.19%**
Alaska Balanced Benchmark	0.01%	5.22%	9.83%	4.59%	5.13%
Alaska Long-Term Balanced Tr	**(1.56%)**	**3.55%**	**11.96%**	**2.80%**	**4.13%**
Alaska Long-Term Bal. Benchmark	(1.45%)	3.50%	11.87%	2.82%	4.12%
Target 2010 Trust	**(1.17%)**	**3.30%**	**10.90%**	**-**	**-**
Target 2010 Benchmark	(1.19%)	3.16%	10.97%	-	-
Target 2015 Trust	**(1.62%)**	**2.97%**	**-**	**-**	**-**
Target 2015 Benchmark	(1.69%)	2.75%	-	-	-
Target 2020 Trust	**(2.04%)**	**2.59%**	**12.45%**	**-**	**-**
Target 2020 Benchmark	(2.10%)	2.39%	12.50%	-	-

(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, 2012. 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, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 5-3/4 Years
Target 2025 Trust	**(2.38%)**	**2.24%**	**13.55%**	**0.14%**	**2.41%**
Target 2025 Benchmark	(2.51%)	2.04%	13.67%	0.07%	2.32%
Target 2030 Trust	**(2.73%)**	**1.80%**	**13.75%**	**-**	**-**
Target 2030 Benchmark	(2.84%)	1.59%	13.77%	-	-
Target 2035 Trust	**(3.04%)**	**1.36%**	**14.06%**	**-**	**-**
Target 2035 Benchmark	(3.15%)	1.16%	14.05%	-	-
Target 2040 Trust	**(3.17%)**	**1.29%**	**14.00%**	**-**	**-**
Target 2040 Benchmark	(3.25%)	1.12%	14.05%	-	-
Target 2045 Trust	**(3.07%)**	**1.35%**	**-**	**-**	**-**
Target 2045 Benchmark	(3.25%)	1.12%	-	-	-
Target 2050 Trust	**(3.13%)**	**1.34%**	**-**	**-**	**-**
Target 2050 Benchmark	(3.25%)	1.12%	-	-	-
Target 2055 Trust	**(3.15%)**	**1.35%**	**-**	**-**	**-**
Target 2055 Benchmark	(3.25%)	1.12%	-	-	-
US Real Estate Inv Trust	**3.70%**	**13.05%**	**32.39%**	**-**	**-**
US Select REIT Index	3.75%	13.29%	33.52%	1.97%	2.12%
Alaska Money Market Trust	**0.04%**	**0.11%**	**0.25%**	**1.36%**	**1.83%**
Citigroup 90-day T-Bill	0.02%	0.04%	0.10%	0.87%	1.41%
SSgA Treas Mny Mkt	**0.00%**	**0.00%**	**0.01%**	**-**	**-**
Citigroup 90-day T-Bill	0.02%	0.04%	0.10%	0.87%	1.41%

S&P 500 Stock Index Fd
Period Ended June 30, 2012

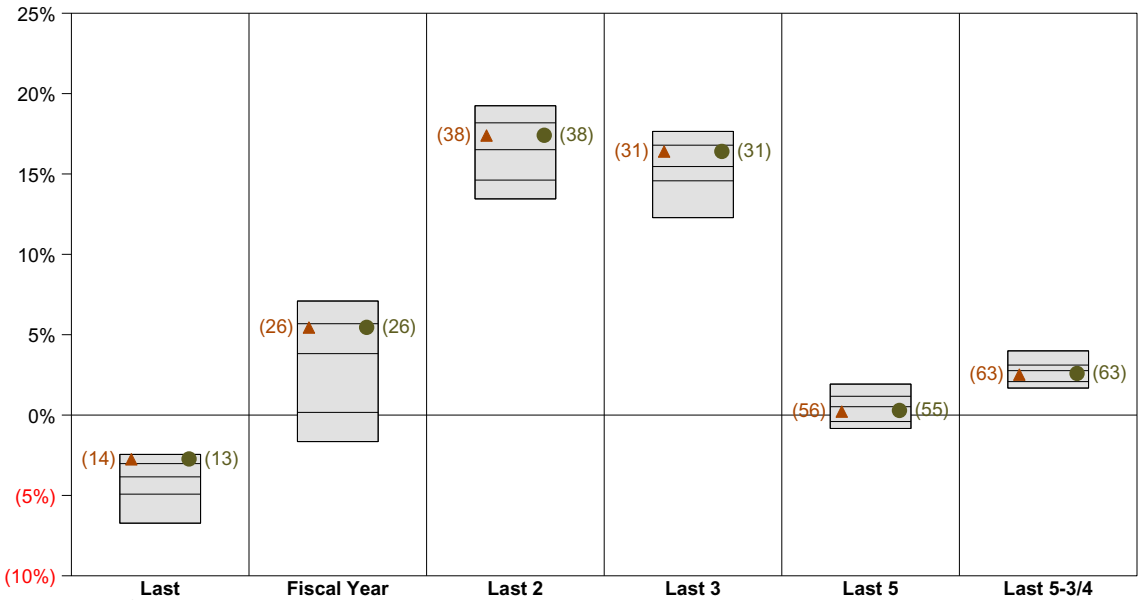
Investment Philosophy

State Street believes that their passive investment strategy can provide market-like returns with minimal transaction costs.

Quarterly Summary and Highlights

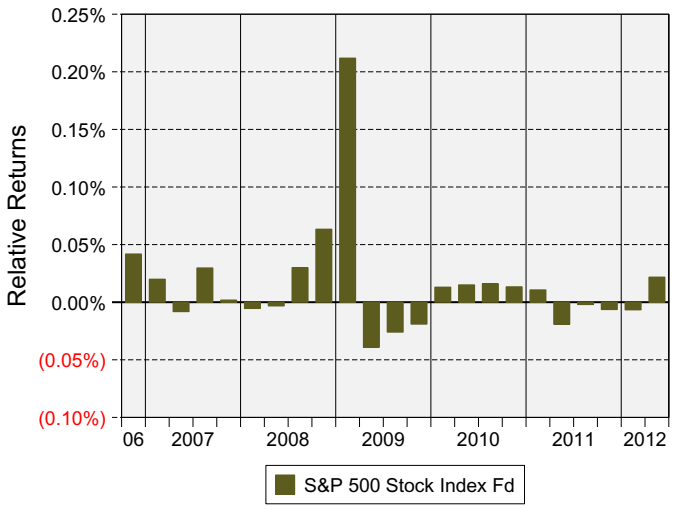
- S&P 500 Stock Index Fd's portfolio posted a (2.73)% return for the quarter placing it in the 13 percentile of the CAI Large Cap Core Style group for the quarter and in the 26 percentile for the last year.
- S&P 500 Stock Index Fd's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.01%.

Performance vs CAI Large Cap Core Style (Gross)

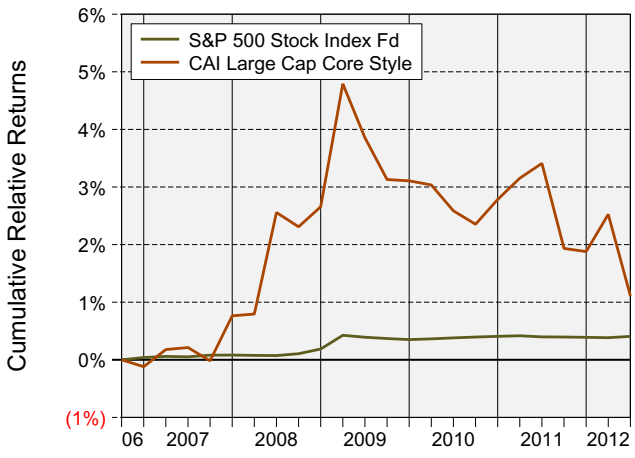


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	(2.45)	7.10	19.25	17.65	1.93	3.99
25th Percentile	(3.02)	5.68	18.18	16.79	1.17	3.11
Median	(3.85)	3.82	16.51	15.46	0.52	2.76
75th Percentile	(4.92)	0.17	14.62	14.57	(0.40)	2.08
90th Percentile	(6.73)	(1.65)	13.45	12.28	(0.83)	1.68
S&P 500 Stock Index Fd ●	(2.73)	5.46	17.41	16.40	0.29	2.59
S&P 500 Index ▲	(2.75)	5.45	17.39	16.40	0.22	2.52

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index

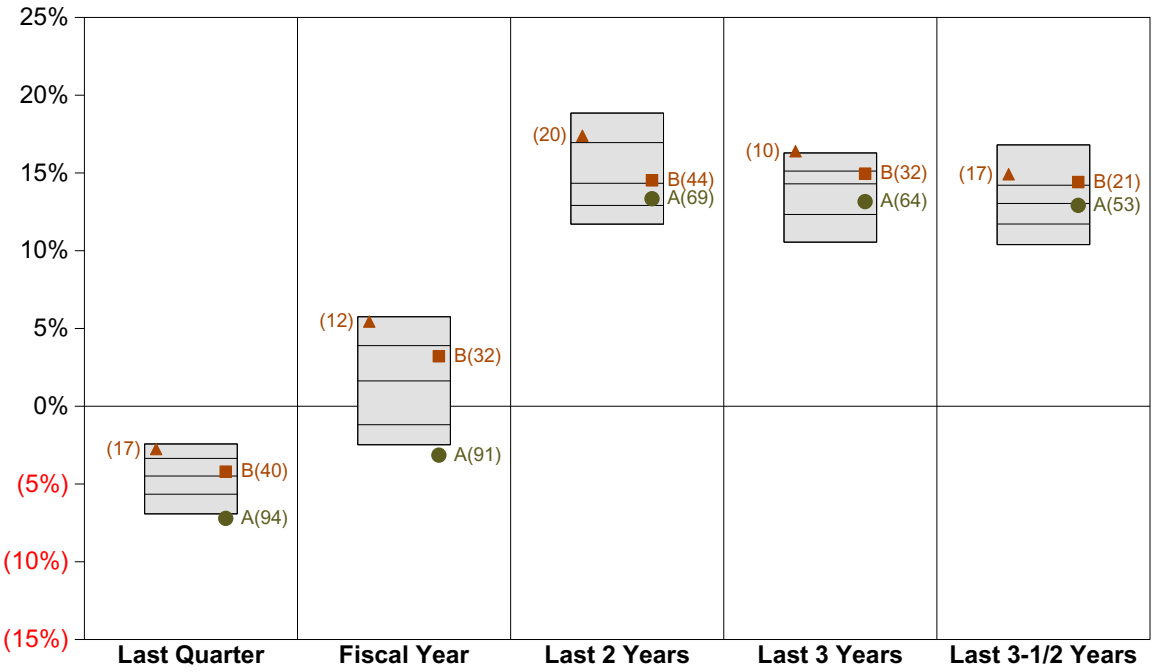


RCM Socially Resp.(net)
Period Ended June 30, 2012

Quarterly Summary and Highlights

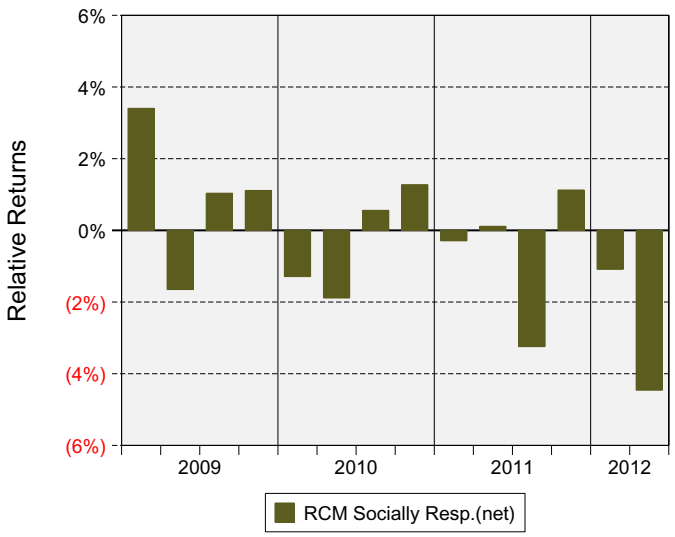
- RCM Socially Resp.(net)'s portfolio posted a (7.21)% return for the quarter placing it in the 94 percentile of the CAI MF - Core Equity Style group for the quarter and in the 91 percentile for the last year.
- RCM Socially Resp.(net)'s portfolio underperformed the S&P 500 Index by 4.46% for the quarter and underperformed the S&P 500 Index for the year by 8.59%.

Performance vs CAI MF - Core Equity Style (Net)

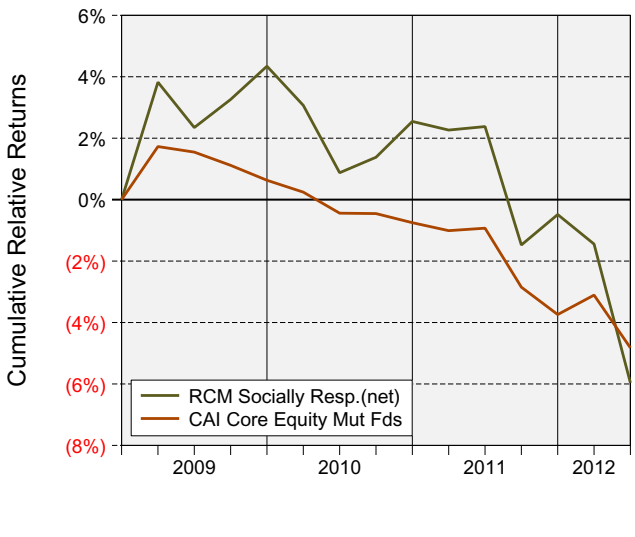


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	(2.42)	5.75	18.85	16.29	16.81
25th Percentile	(3.35)	3.90	16.95	15.12	14.21
Median	(4.49)	1.63	14.34	14.30	13.04
75th Percentile	(5.66)	(1.19)	12.91	12.33	11.72
90th Percentile	(6.92)	(2.48)	11.71	10.55	10.39
RCM Socially Resp.(net) ● A	(7.21)	(3.14)	13.34	13.16	12.92
KLD 400 ■ B	(4.21)	3.22	14.53	14.95	14.42
S&P 500 Index ▲	(2.75)	5.45	17.39	16.40	14.92

Relative Return vs S&P 500 Index



Cumulative Returns vs S&P 500 Index



Russell 3000 Index Fund
Period Ended June 30, 2012

Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index.

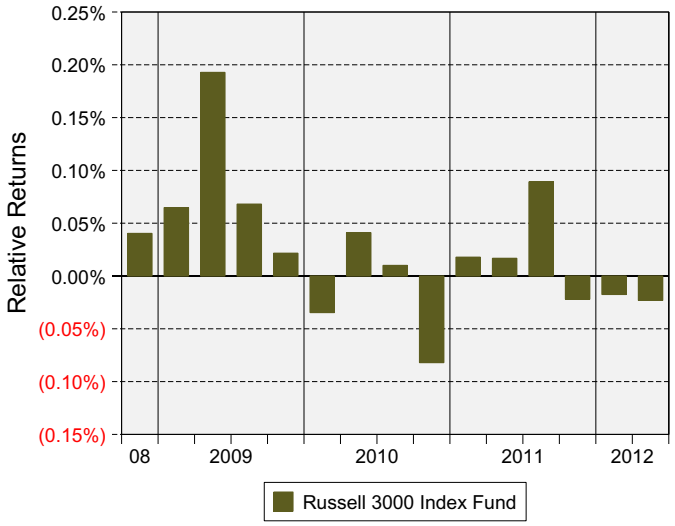
Quarterly Summary and Highlights

- Russell 3000 Index Fund's portfolio posted a (3.17)% return for the quarter placing it in the 22 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 25 percentile for the last year.
- Russell 3000 Index Fund's portfolio underperformed the Russell 3000 Index by 0.02% for the quarter and outperformed the Russell 3000 Index for the year by 0.05%.

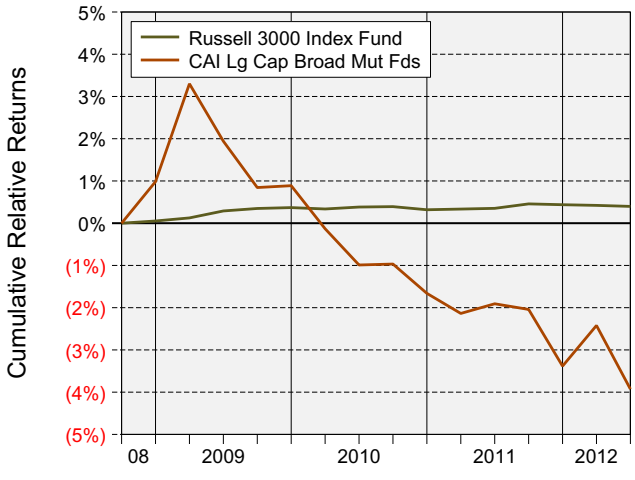
Performance vs CAI MF - Large Cap Broad Style (Net)

	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	(2.23)	5.98	19.44	17.85	9.44
25th Percentile	(3.36)	3.84	17.81	16.00	7.43
Median	(4.80)	1.77	15.43	14.30	5.35
75th Percentile	(5.80)	(0.59)	13.44	12.60	3.87
90th Percentile	(6.91)	(2.04)	11.73	11.21	2.60
Russell 3000 Index Fund ●	(3.17)	3.89	17.25	16.77	6.91
Russell 3000 Index ▲	(3.15)	3.84	17.24	16.73	6.80

Relative Return vs Russell 3000 Index



Cumulative Returns vs Russell 3000 Index



T. Rowe Price Small-Cap
Period Ended June 30, 2012

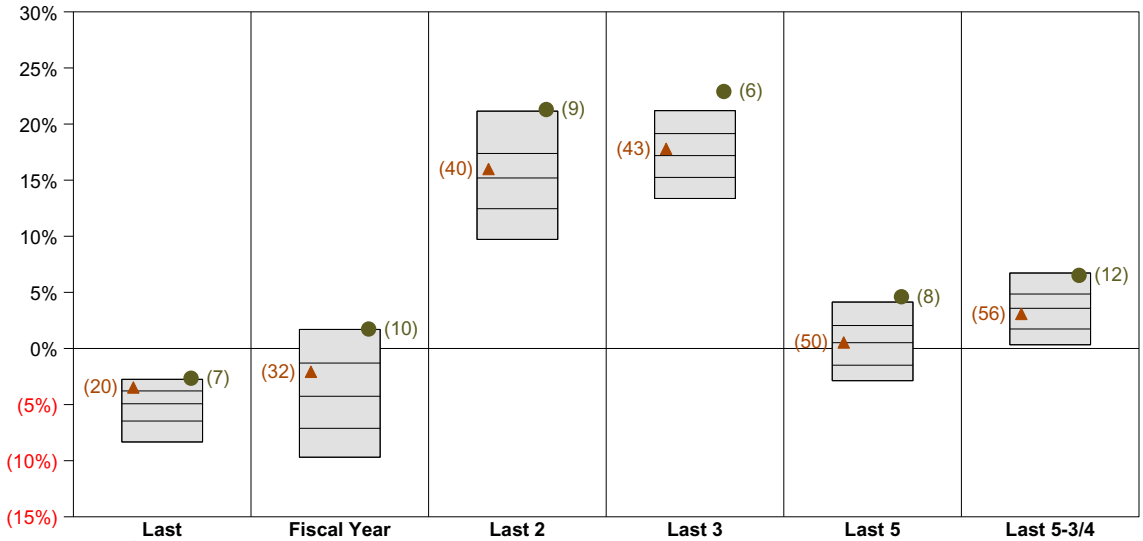
Investment Philosophy

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

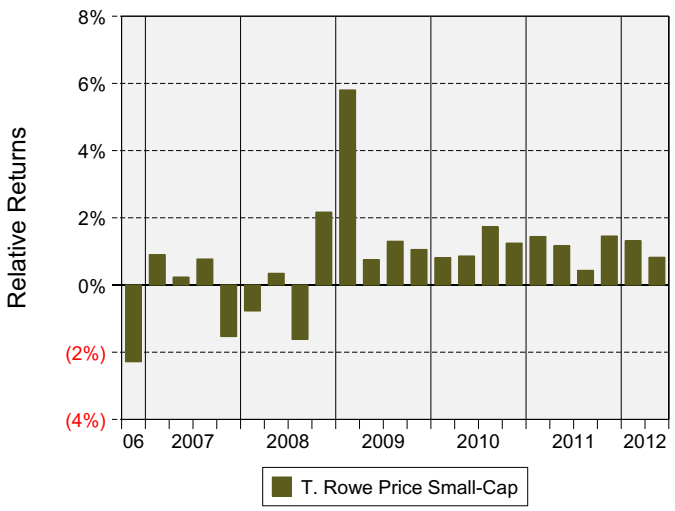
- T. Rowe Price Small-Cap's portfolio posted a (2.65)% return for the quarter placing it in the 7 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 10 percentile for the last year.
- T. Rowe Price Small-Cap's portfolio outperformed the Russell 2000 Index by 0.82% for the quarter and outperformed the Russell 2000 Index for the year by 3.81%.

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

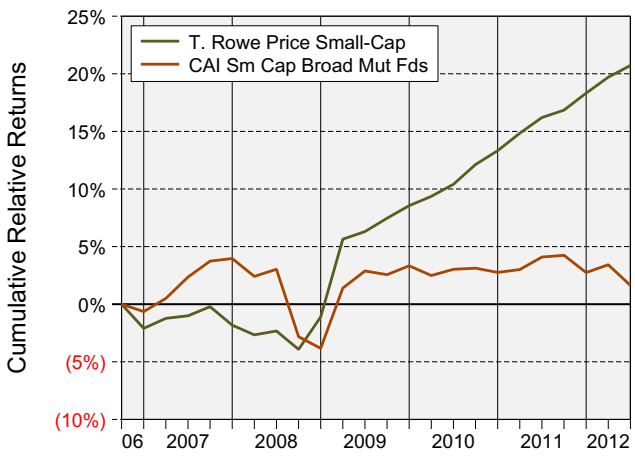


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	(2.75)	1.70	21.15	21.20	4.14	6.73
25th Percentile	(3.78)	(1.30)	17.38	19.15	2.05	4.85
Median	(4.93)	(4.26)	15.20	17.19	0.52	3.58
75th Percentile	(6.47)	(7.11)	12.46	15.24	(1.49)	1.74
90th Percentile	(8.33)	(9.69)	9.72	13.37	(2.87)	0.33
T. Rowe Price Small-Cap ●	(2.65)	1.73	21.30	22.90	4.61	6.52
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54	3.08

Relative Return vs Russell 2000 Index



Cumulative Returns vs Russell 2000 Index



Brandes International Equity Fund
Period Ended June 30, 2012

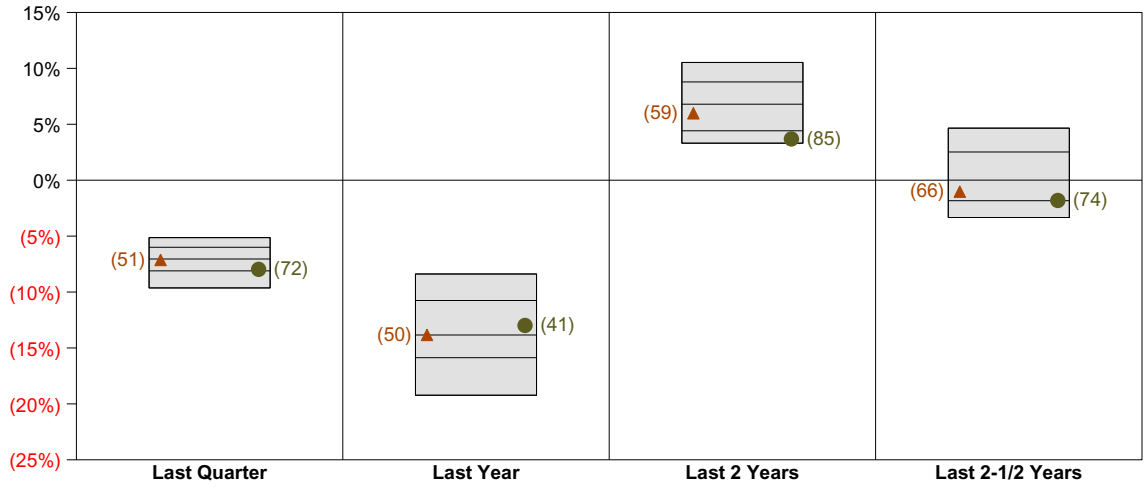
Investment Philosophy

Brandes employs a bottom-up approach to building international equity portfolios. The core goal of the investment process is to build portfolios with high overall average margin of safety ("MOS") which the firm believes offer attractive long-term appreciation potential. A focus is given to stocks that are selling at a discount to the firm's estimates of their intrinsic business value, seen as an opportunity for competitive performance. The firm utilizes fundamental research to select undervalued companies in the developed and emerging markets.

Quarterly Summary and Highlights

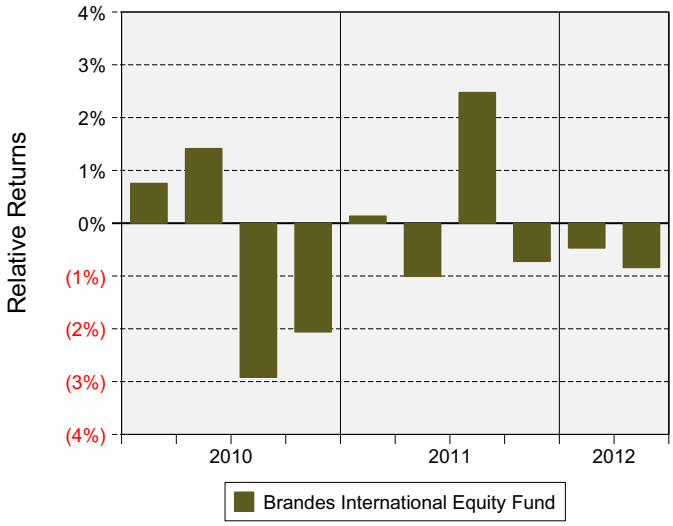
- Brandes International Equity Fund's portfolio posted a (7.97)% return for the quarter placing it in the 72 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 41 percentile for the last year.
- Brandes International Equity Fund's portfolio underperformed the MSCI EAFE Index by 0.84% for the quarter and outperformed the MSCI EAFE Index for the year by 0.84%.

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

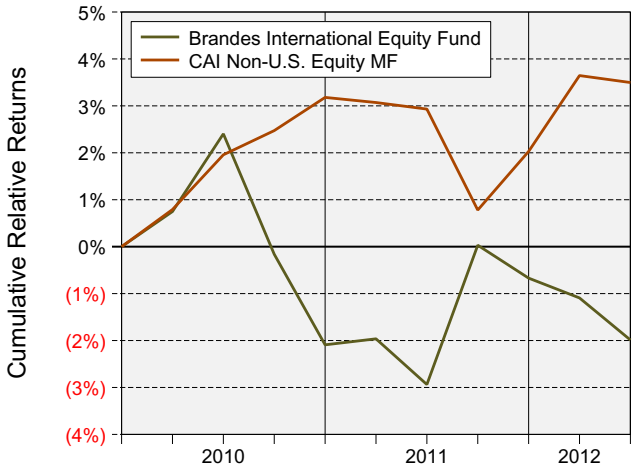


	Last Quarter	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	(5.13)	(8.39)	10.53	4.66
25th Percentile	(6.00)	(10.76)	8.79	2.52
Median	(7.05)	(13.84)	6.79	0.01
75th Percentile	(8.11)	(15.87)	4.42	(1.83)
90th Percentile	(9.63)	(19.23)	3.31	(3.34)
Brandes International Equity Fund ●	(7.97)	(12.99)	3.69	(1.81)
MSCI EAFE Index ▲	(7.13)	(13.83)	5.98	(1.02)

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index

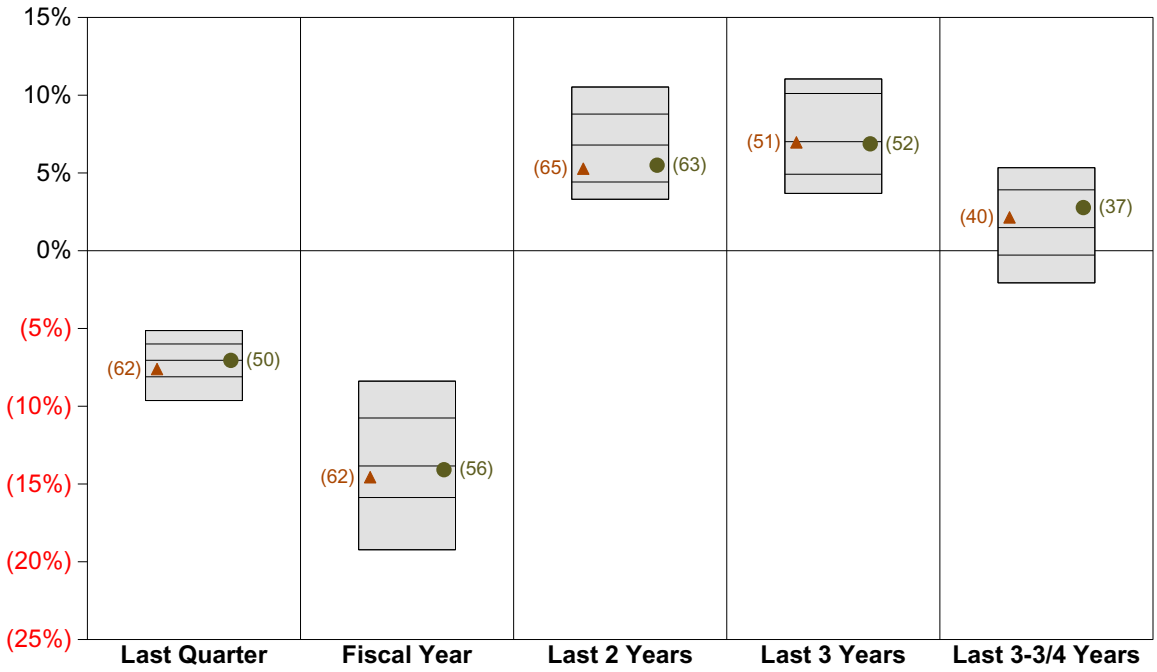


World Equity ex US
Period Ended June 30, 2012

Quarterly Summary and Highlights

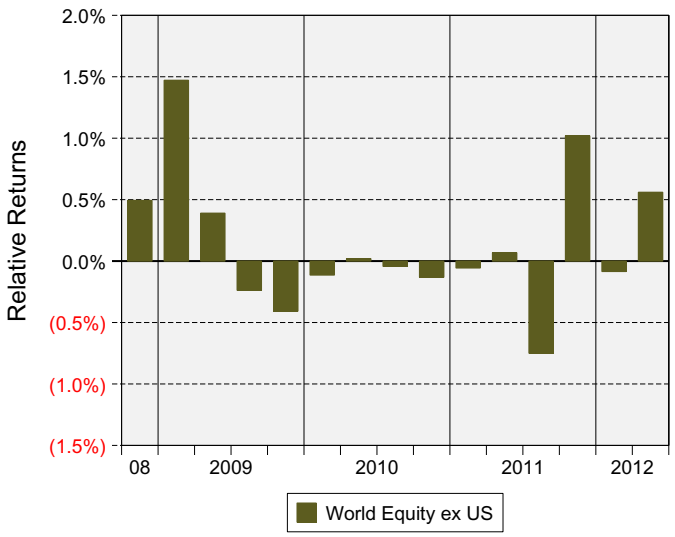
- World Equity ex US's portfolio posted a (7.05)% return for the quarter placing it in the 50 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 56 percentile for the last year.
- World Equity ex US's portfolio outperformed the MSCI ACWI x US (Net) by 0.56% for the quarter and outperformed the MSCI ACWI x US (Net) for the year by 0.48%.

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

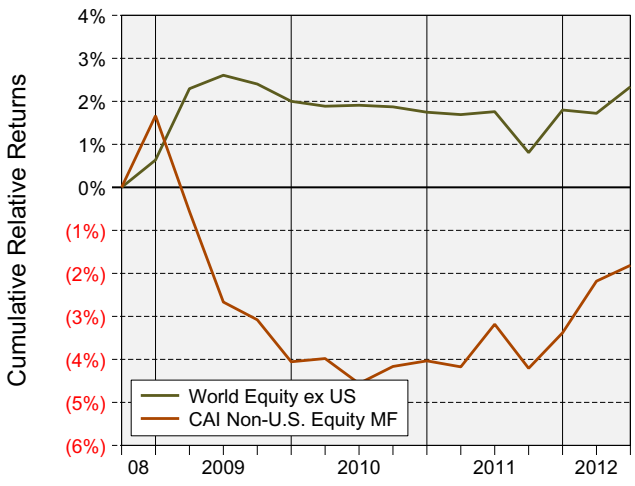


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	(5.13)	(8.39)	10.53	11.04	5.34
25th Percentile	(6.00)	(10.76)	8.79	10.11	3.91
Median	(7.05)	(13.84)	6.79	7.01	1.48
75th Percentile	(8.11)	(15.87)	4.42	4.92	(0.28)
90th Percentile	(9.63)	(19.23)	3.31	3.68	(2.07)
World Equity ex US ●	(7.05)	(14.08)	5.50	6.87	2.77
MSCI ACWI x US (Net) ▲	(7.61)	(14.57)	5.28	6.97	2.14

Relative Return vs MSCI ACWI x US (Net)



Cumulative Returns vs MSCI ACWI x US (Net)



Govt/Credit Bond Fund
Period Ended June 30, 2012

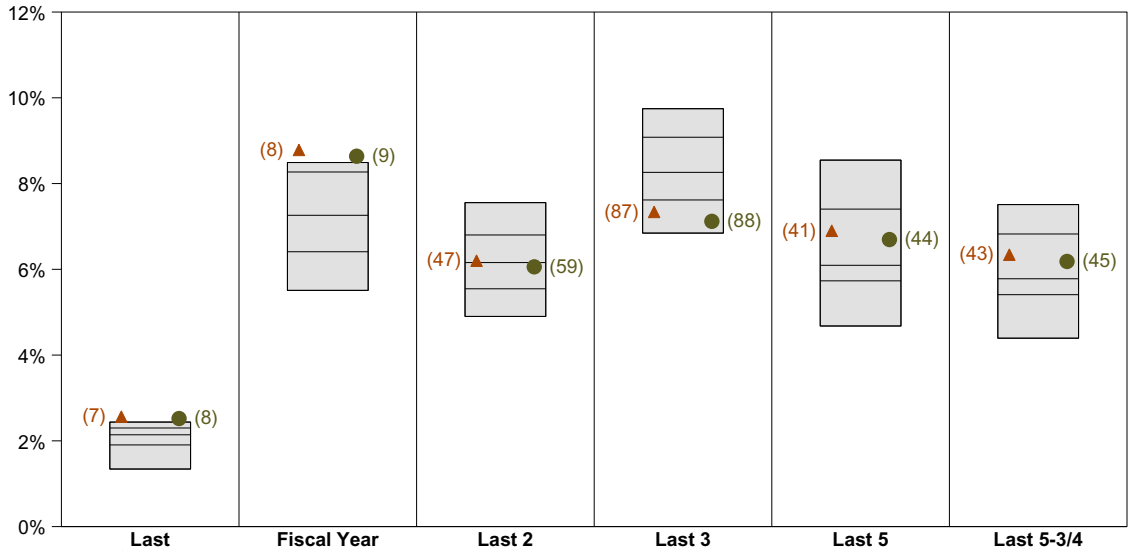
Investment Philosophy

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

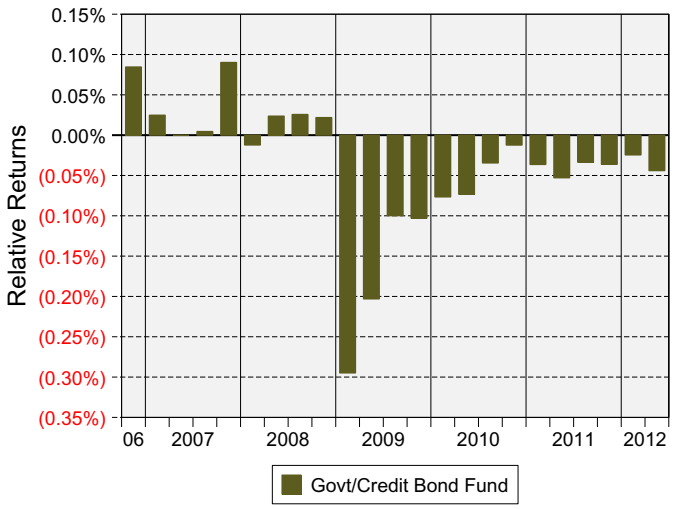
- Govt/Credit Bond Fund's portfolio posted a 2.52% return for the quarter placing it in the 8 percentile of the CAI MF - Core Bond Style group for the quarter and in the 9 percentile for the last year.
- Govt/Credit Bond Fund's portfolio underperformed the Barclays Govt/Credit Bd by 0.04% for the quarter and underperformed the Barclays Govt/Credit Bd for the year by 0.15%.

Performance vs CAI MF - Core Bond Style (Net)

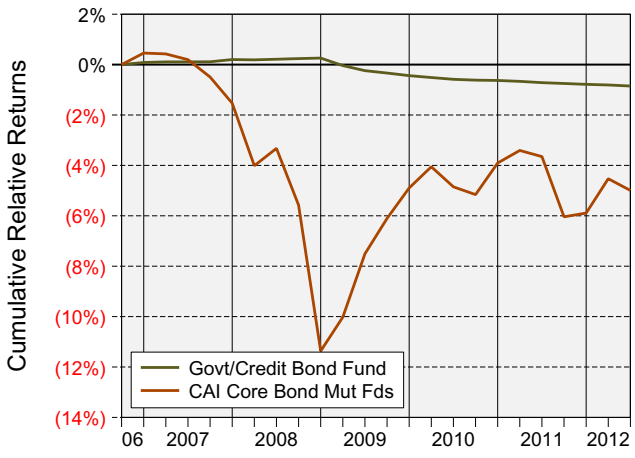


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	2.44	8.49	7.56	9.75	8.55	7.51
25th Percentile	2.30	8.27	6.80	9.08	7.40	6.82
Median	2.14	7.26	6.16	8.26	6.09	5.78
75th Percentile	1.90	6.41	5.55	7.62	5.73	5.41
90th Percentile	1.34	5.51	4.90	6.84	4.68	4.39
Govt/Credit Bond Fund ●	2.52	8.64	6.06	7.12	6.69	6.18
Barclays Govt/Credit Bd ▲	2.56	8.78	6.20	7.34	6.90	6.34

Relative Return vs Barclays Govt/Credit Bd



Cumulative Returns vs Barclays Govt/Credit Bd

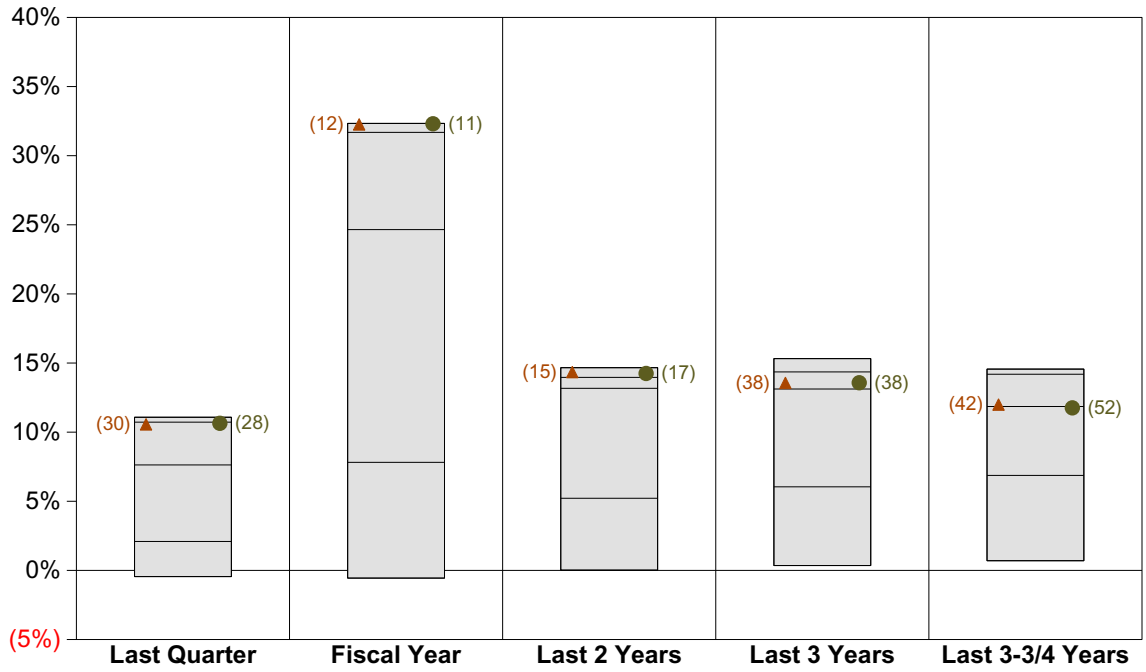


Long US Treasury Bond
Period Ended June 30, 2012

Quarterly Summary and Highlights

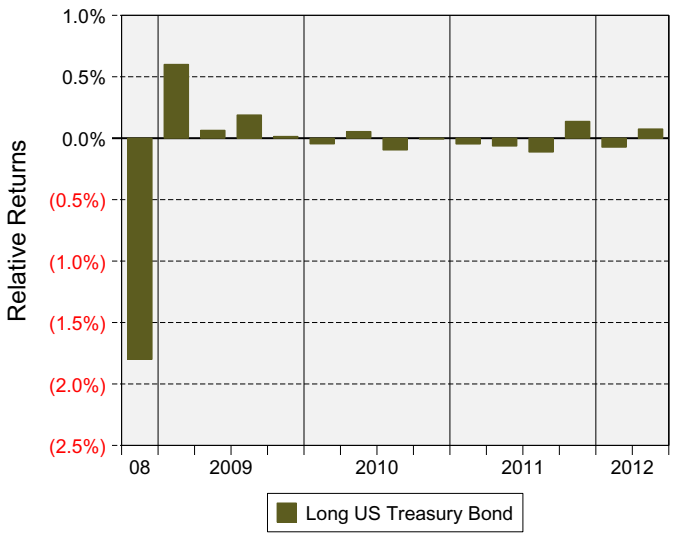
- Long US Treasury Bond's portfolio posted a 10.64% return for the quarter placing it in the 28 percentile of the CAI MF - Extended Maturity group for the quarter and in the 11 percentile for the last year.
- Long US Treasury Bond's portfolio outperformed the Barclays Long Treas by 0.07% for the quarter and outperformed the Barclays Long Treas for the year by 0.05%.

Performance vs CAI MF - Extended Maturity (Net)

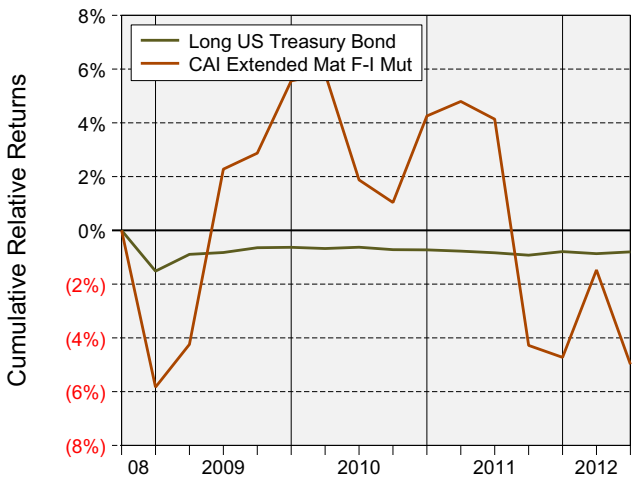


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	11.08	32.33	14.66	15.32	14.56
25th Percentile	10.72	31.69	13.96	14.36	14.19
Median	7.63	24.65	13.17	13.12	11.86
75th Percentile	2.09	7.82	5.22	6.05	6.87
90th Percentile	(0.45)	(0.56)	0.02	0.35	0.70
Long US Treasury Bond ●	10.64	32.31	14.25	13.57	11.76
Barclays Long Treas ▲	10.57	32.26	14.35	13.57	12.00

Relative Return vs Barclays Long Treas



Cumulative Returns vs Barclays Long Treas



Intermediate Bond Fund
Period Ended June 30, 2012

Investment Philosophy

The objective of the Intermediate Government/Credit Bond Index Fund is to track the performance of its benchmark, the Barclays Capital Intermediate Government/Credit Bond Index. The fund provides institutional investors a high quality, cost-effective, index-based solution to their bond investment needs. Our proprietary databases amass a wealth of real-time data each day, providing us with an unmatched ability to efficiently execute market transactions. Additionally, we leverage our size and trading volume to minimize or eliminate transaction costs for our clients. These competitive advantages enable us to deliver superior investment performance to our clients with efficiency and consistency that is unsurpassed.

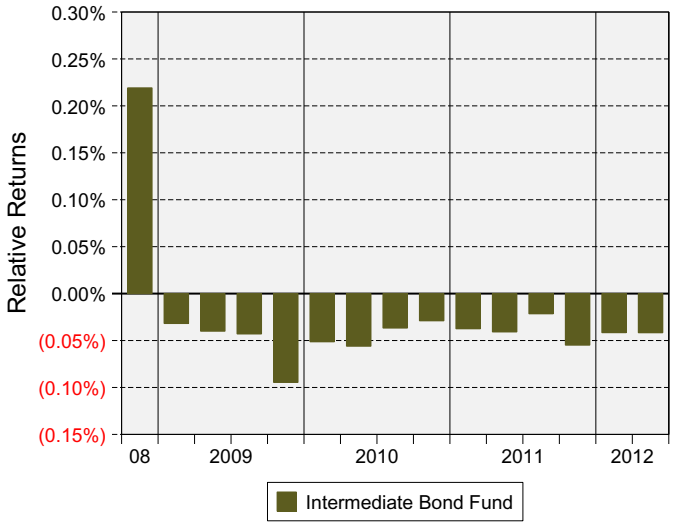
Quarterly Summary and Highlights

- Intermediate Bond Fund's portfolio posted a 1.41% return for the quarter placing it in the 35 percentile of the CAI MF - Intermediate Style group for the quarter and in the 39 percentile for the last year.
- Intermediate Bond Fund's portfolio underperformed the Barclays Gov Inter by 0.04% for the quarter and underperformed the Barclays Gov Inter for the year by 0.17%.

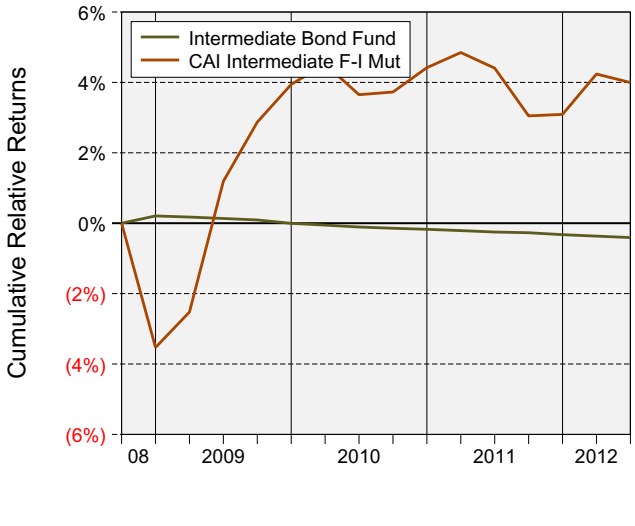
Performance vs CAI MF - Intermediate Style (Net)

	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	2.34	7.68	6.13	8.08	9.10
25th Percentile	2.18	5.64	4.58	6.20	6.95
Median	0.86	3.96	3.94	5.08	5.45
75th Percentile	0.60	3.18	2.78	3.89	4.84
90th Percentile	0.56	2.40	2.29	3.56	3.55
Intermediate Bond Fund ●	1.41	4.84	3.67	4.25	4.66
Barclays Gov Inter ▲	1.45	5.01	3.82	4.44	4.77

Relative Return vs Barclays Gov Inter



Cumulative Returns vs Barclays Gov Inter



US TIPS
Period Ended June 30, 2012

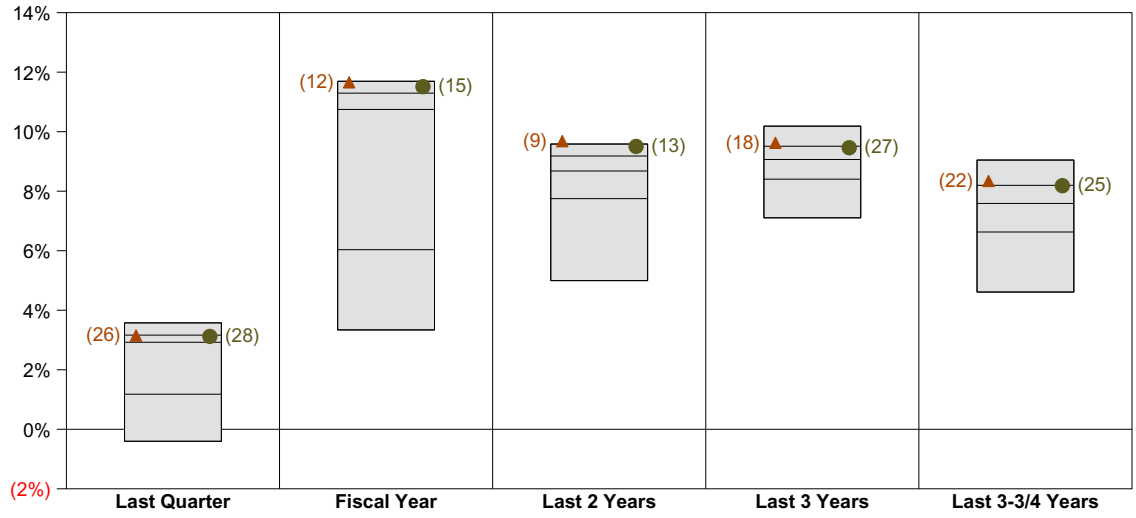
Investment Philosophy

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

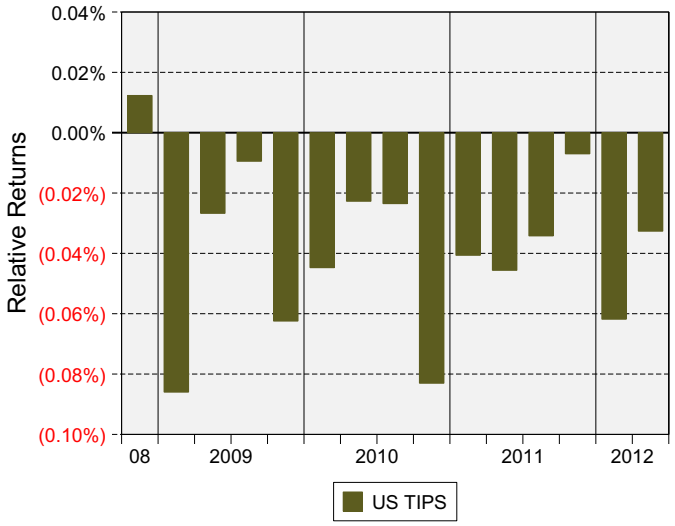
- US TIPS's portfolio posted a 3.12% return for the quarter placing it in the 28 percentile of the Lipper: TIPS Funds group for the quarter and in the 15 percentile for the last year.
- US TIPS's portfolio underperformed the Barclays US TIPS Index by 0.03% for the quarter and underperformed the Barclays US TIPS Index for the year by 0.15%.

Performance vs Lipper: TIPS Funds (Net)

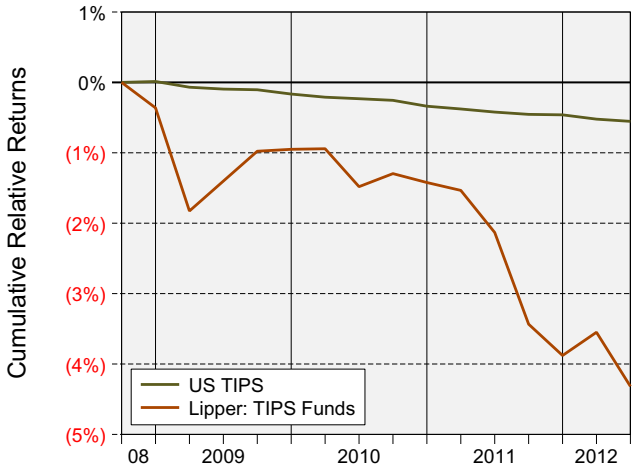


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	3.58	11.69	9.59	10.19	9.05
25th Percentile	3.16	11.30	9.18	9.51	8.20
Median	2.92	10.75	8.68	9.07	7.59
75th Percentile	1.18	6.04	7.75	8.40	6.63
90th Percentile	(0.40)	3.34	5.00	7.10	4.61
US TIPS ●	3.12	11.51	9.50	9.46	8.18
Barclays US TIPS Index ▲	3.15	11.66	9.68	9.63	8.35

Relative Return vs Barclays US TIPS Index



Cumulative Returns vs Barclays US TIPS Index

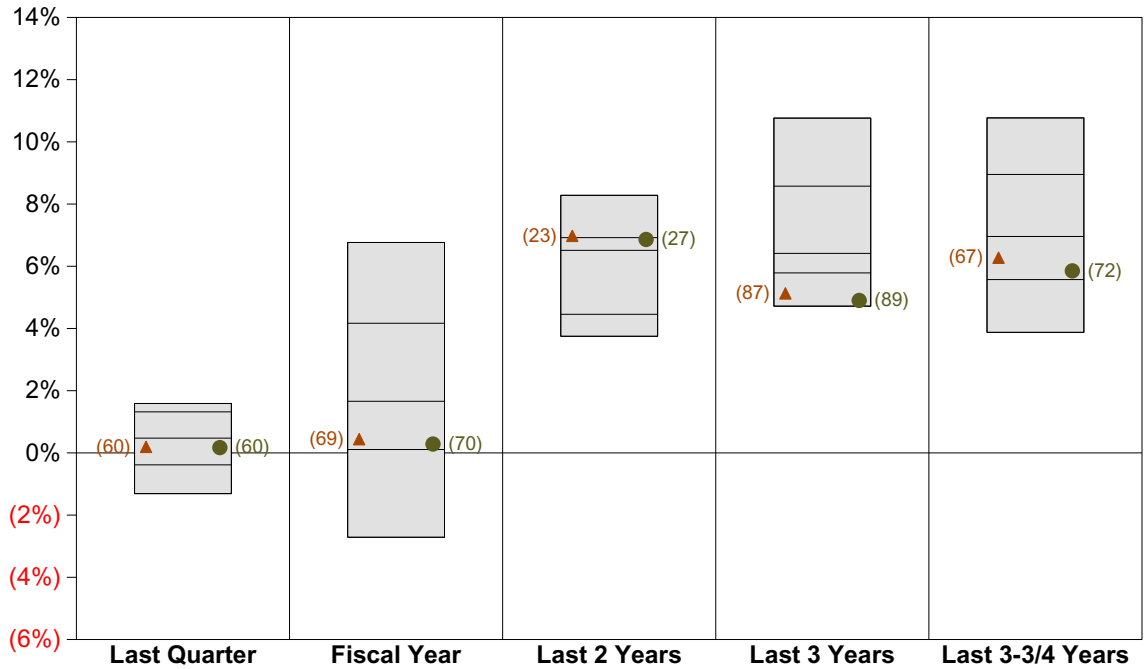


World Govt Bond ex US
Period Ended June 30, 2012

Quarterly Summary and Highlights

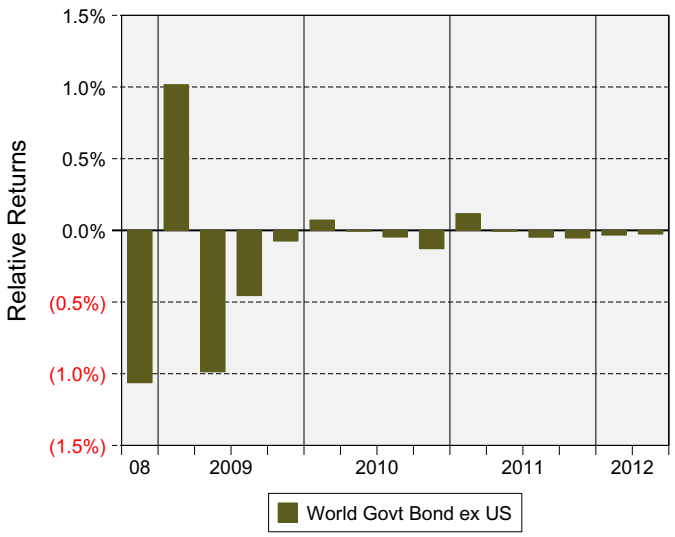
- World Govt Bond ex US's portfolio posted a 0.17% return for the quarter placing it in the 60 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 70 percentile for the last year.
- World Govt Bond ex US's portfolio underperformed the Citi WGBI Non-US Idx by 0.03% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.16%.

Performance vs CAI MF - Global Fixed Income Style (Net)

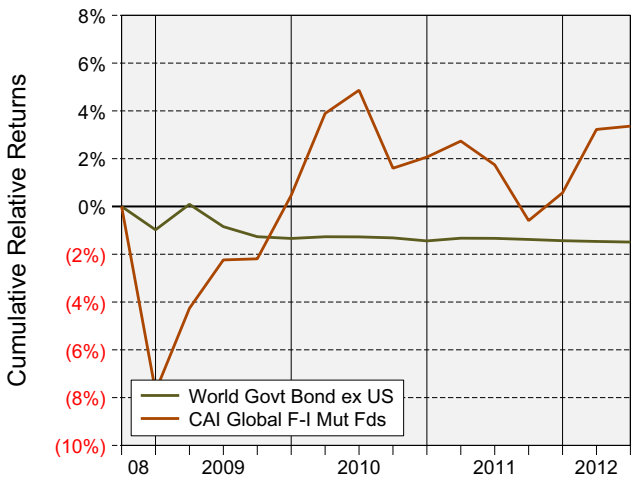


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	1.59	6.76	8.28	10.76	10.77
25th Percentile	1.32	4.17	6.92	8.58	8.95
Median	0.47	1.66	6.51	6.41	6.96
75th Percentile	(0.38)	0.11	4.46	5.79	5.57
90th Percentile	(1.31)	(2.71)	3.75	4.72	3.87
World Govt Bond ex US ●	0.17	0.28	6.86	4.90	5.85
Citi WGBI Non-US Idx ▲	0.20	0.44	6.98	5.13	6.28

Relative Return vs Citi WGBI Non-US Idx



Cumulative Returns vs Citi WGBI Non-US Idx

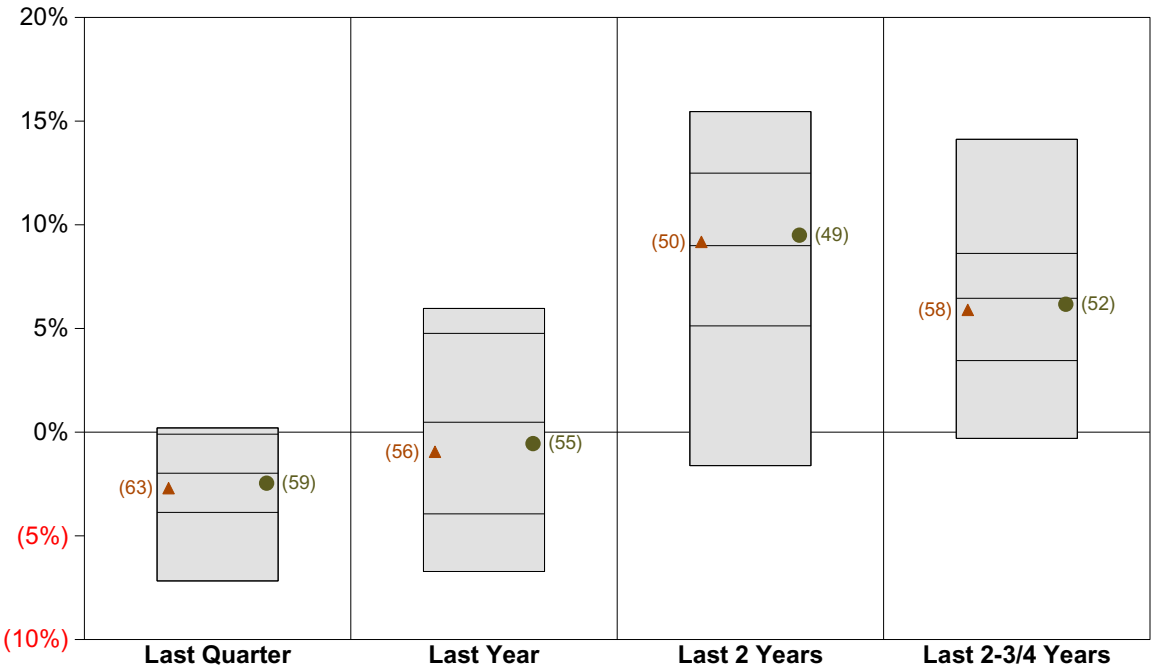


SSgA Global Balanced
Period Ended June 30, 2012

Quarterly Summary and Highlights

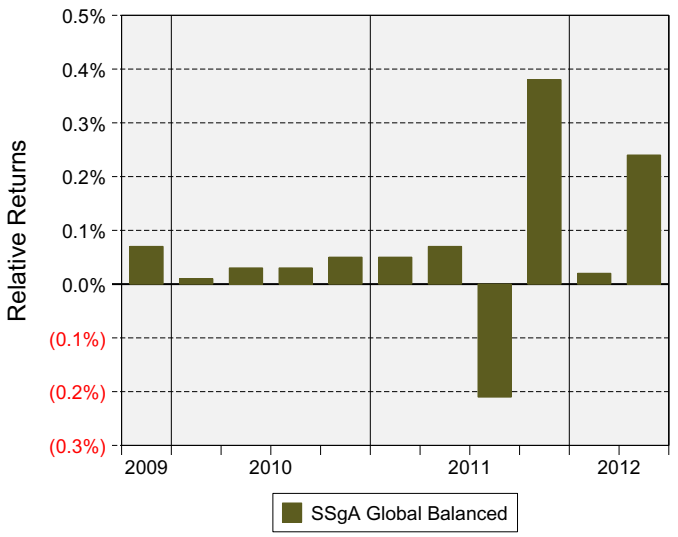
- SSgA Global Balanced's portfolio posted a (2.46)% return for the quarter placing it in the 59 percentile of the CAI Int'l/Global Balanced Database group for the quarter and in the 55 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Global Balanced Target by 0.24% for the quarter and outperformed the Global Balanced Target for the year by 0.39%.

Performance vs CAI Int'l/Global Balanced Database (Gross)

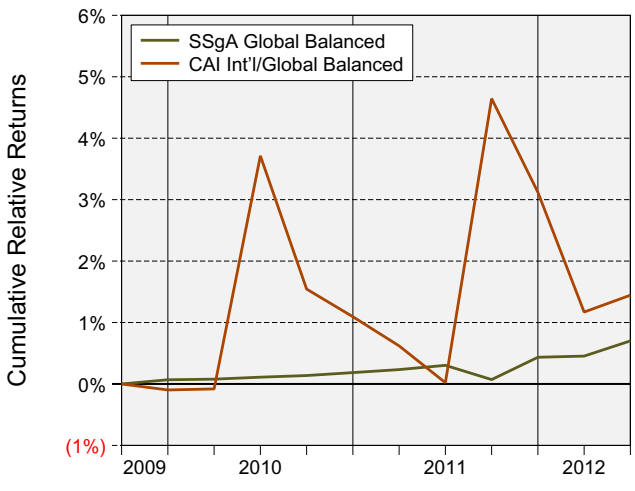


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	0.20	5.97	15.46	14.12
25th Percentile	(0.10)	4.76	12.49	8.62
Median	(1.98)	0.48	8.99	6.46
75th Percentile	(3.87)	(3.94)	5.13	3.45
90th Percentile	(7.18)	(6.72)	(1.61)	(0.30)
SSgA Global Balanced ●	(2.46)	(0.55)	9.50	6.17
Global Balanced Target ▲	(2.70)	(0.94)	9.18	5.90

Relative Return vs Global Balanced Target



Cumulative Returns vs Global Balanced Target



Alaska Balanced Trust
Period Ended June 30, 2012

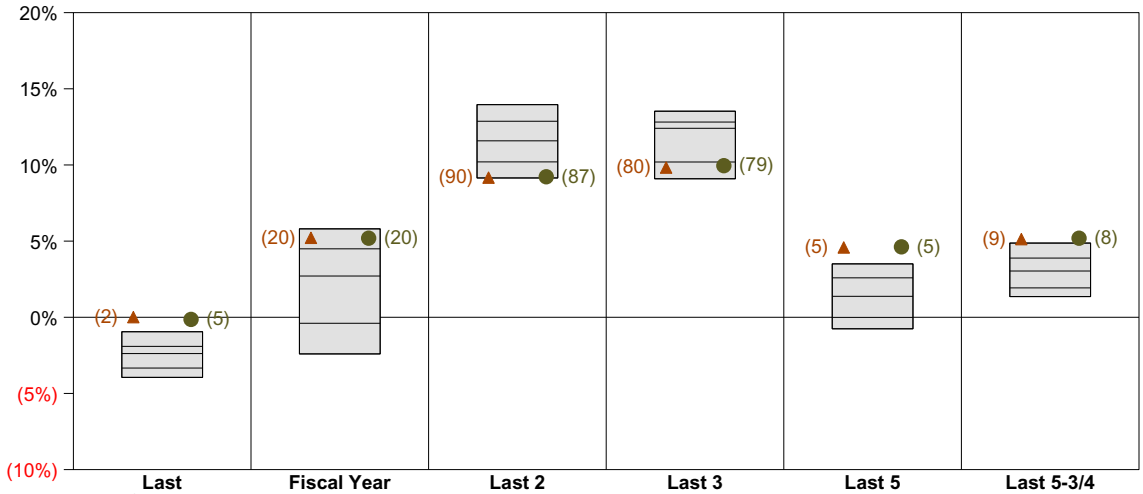
Investment Philosophy

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: 59.50% BC Aggregate Bond, 30.0% Russell 3000, 7.50% MSCI EAFE and 3.0% TBIL.

Quarterly Summary and Highlights

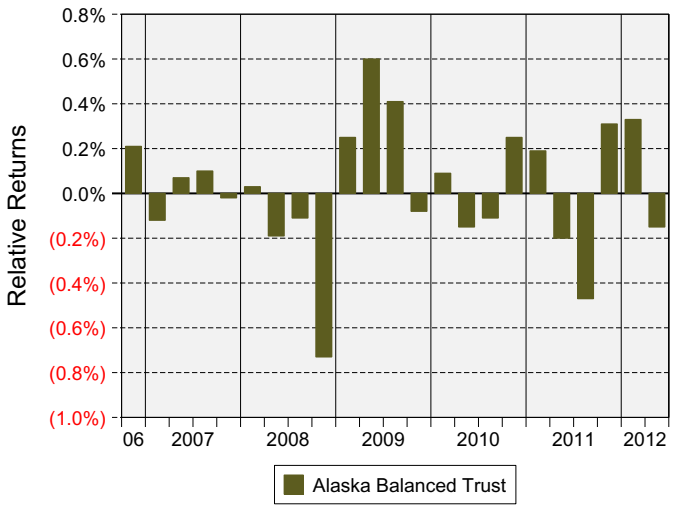
- Alaska Balanced Trust's portfolio posted a (0.14)% return for the quarter placing it in the 5 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 20 percentile for the last year.
- Alaska Balanced Trust's portfolio underperformed the Alaska Balanced Benchmark by 0.15% for the quarter and underperformed the Alaska Balanced Benchmark for the year by 0.03%.

Performance vs CAI MF - Domestic Balanced Style (Net)

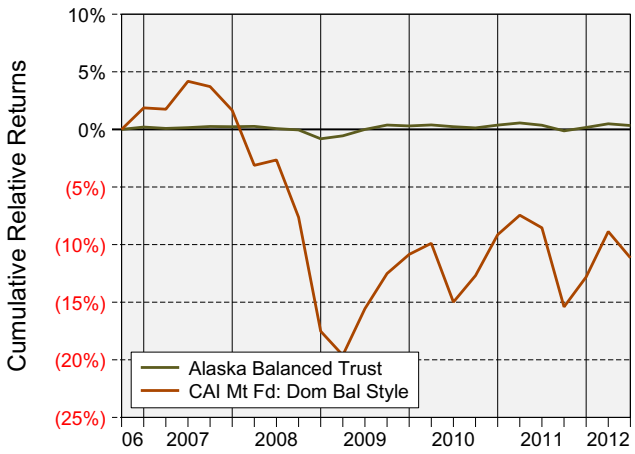


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	(0.95)	5.81	13.96	13.53	3.51	4.87
25th Percentile	(1.91)	4.49	12.87	12.82	2.59	3.89
Median	(2.38)	2.71	11.59	12.41	1.38	3.04
75th Percentile	(3.33)	(0.39)	10.20	10.19	(0.01)	1.93
90th Percentile	(3.95)	(2.41)	9.15	9.09	(0.76)	1.36
Alaska Balanced Trust ●	(0.14)	5.19	9.22	9.95	4.62	5.19
Alaska Balanced Benchmark ▲	0.01	5.22	9.17	9.83	4.59	5.13

Relative Returns vs Alaska Balanced Benchmark



Cumulative Returns vs Alaska Balanced Benchmark



Alaska Long-Term Balanced Tr
Period Ended June 30, 2012

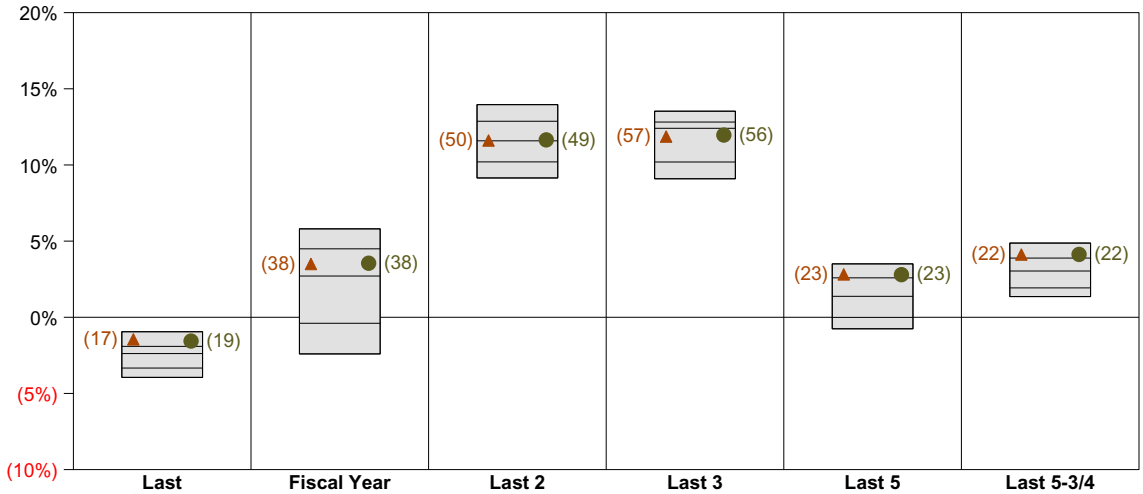
Investment Philosophy

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: 35.50% BC Aggregate Bond, 50.0% Russell 3000, 12.50% MSCI EAFE and 2.0% TBIL.

Quarterly Summary and Highlights

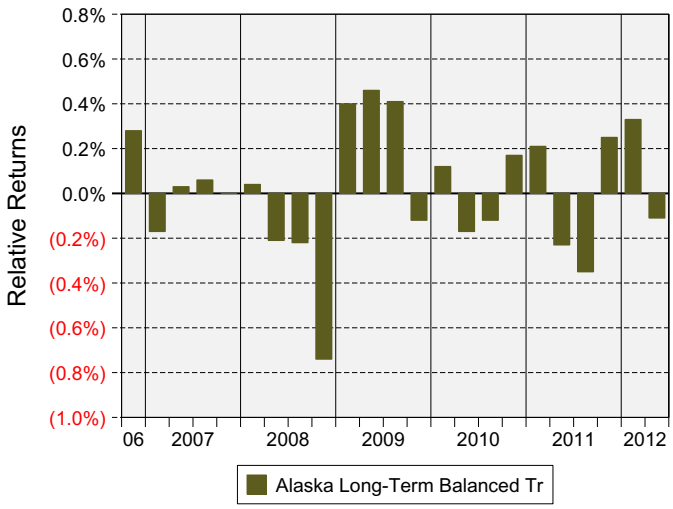
- Alaska Long-Term Balanced Tr's portfolio posted a (1.56)% return for the quarter placing it in the 19 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 38 percentile for the last year.
- Alaska Long-Term Balanced Tr's portfolio underperformed the Alaska Long-Term Bal. Benchmark by 0.11% for the quarter and outperformed the Alaska Long-Term Bal. Benchmark for the year by 0.05%.

Performance vs CAI MF - Domestic Balanced Style (Net)

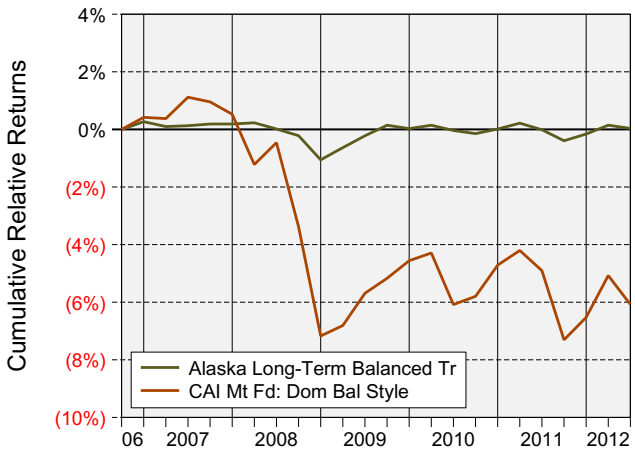


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	(0.95)	5.81	13.96	13.53	3.51	4.87
25th Percentile	(1.91)	4.49	12.87	12.82	2.59	3.89
Median	(2.38)	2.71	11.59	12.41	1.38	3.04
75th Percentile	(3.33)	(0.39)	10.20	10.19	(0.01)	1.93
90th Percentile	(3.95)	(2.41)	9.15	9.09	(0.76)	1.36
Alaska Long-Term Balanced Tr ●	(1.56)	3.55	11.65	11.96	2.80	4.13
Alaska Long-Term Bal. Benchmark ▲	(1.45)	3.50	11.61	11.87	2.82	4.12

Relative Returns vs Alaska Long-Term Bal. Benchmark



Cumulative Returns vs Alaska Long-Term Bal. Benchmark



2010 Target Trust
Period Ended June 30, 2012

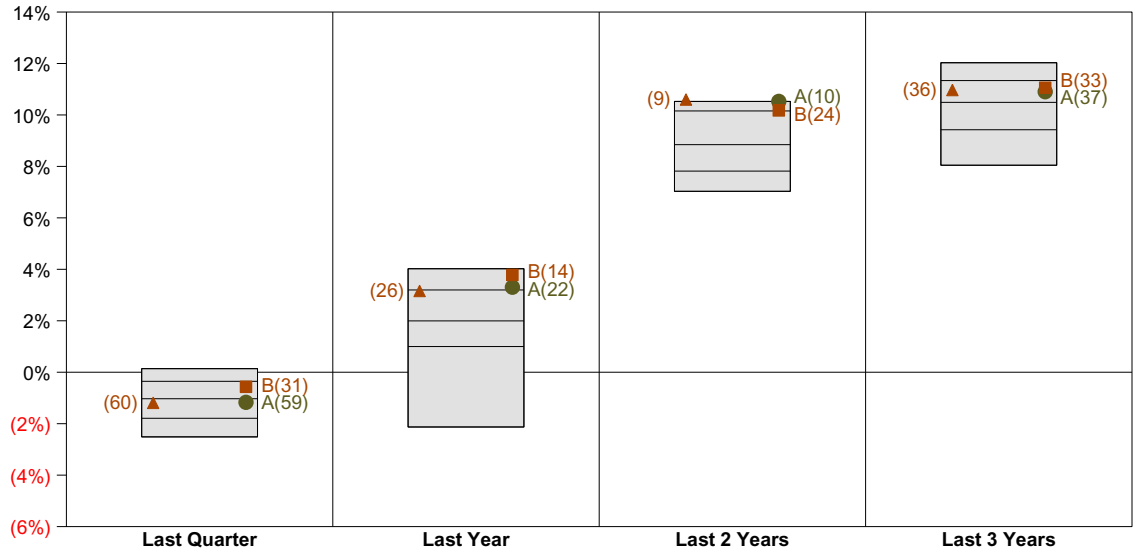
Investment Philosophy

The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2010 approaches. Benchmark: 36.5% BC Aggegate Bond, 41.5% Russell 3000, 10.5% MSCI EAFE and 11.5% TBIL.

Quarterly Summary and Highlights

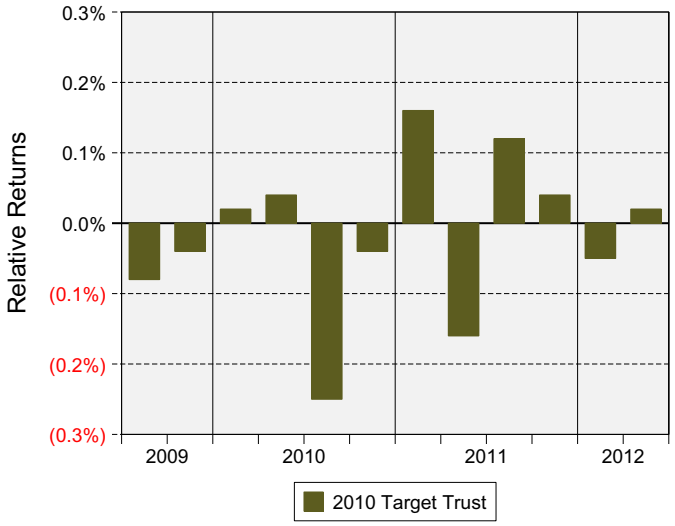
- 2010 Target Trust's portfolio posted a (1.17)% return for the quarter placing it in the 59 percentile of the CAI Target Date 2010 group for the quarter and in the 22 percentile for the last year.
- 2010 Target Trust's portfolio outperformed the Target 2010 Benchmark by 0.02% for the quarter and outperformed the Target 2010 Benchmark for the year by 0.15%.

Performance vs CAI Target Date 2010 (Net)

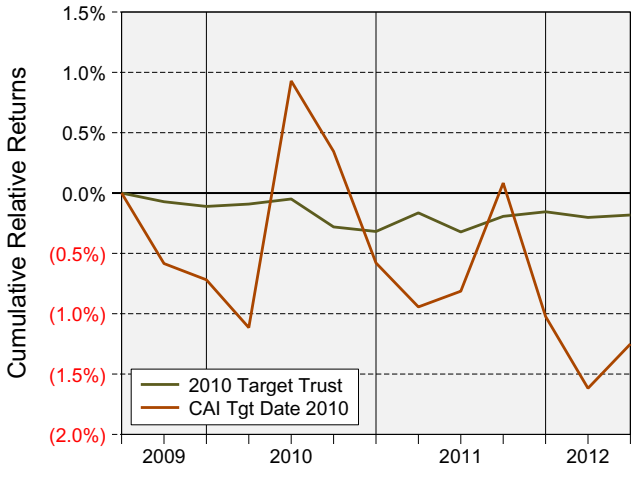


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	0.14	4.02	10.53	12.03
25th Percentile	(0.35)	3.20	10.16	11.34
Median	(1.03)	2.00	8.85	10.49
75th Percentile	(1.79)	1.00	7.82	9.42
90th Percentile	(2.51)	(2.13)	7.03	8.04
2010 Target Trust ● A	(1.17)	3.30	10.53	10.90
CAI Tgt Dt Idx 2010 ■ B	(0.57)	3.78	10.18	11.06
Target 2010 Benchmark ▲	(1.19)	3.16	10.60	10.97

Relative Return vs Target 2010 Benchmark



Cumulative Returns vs Target 2010 Benchmark



2015 Target Trust
Period Ended June 30, 2012

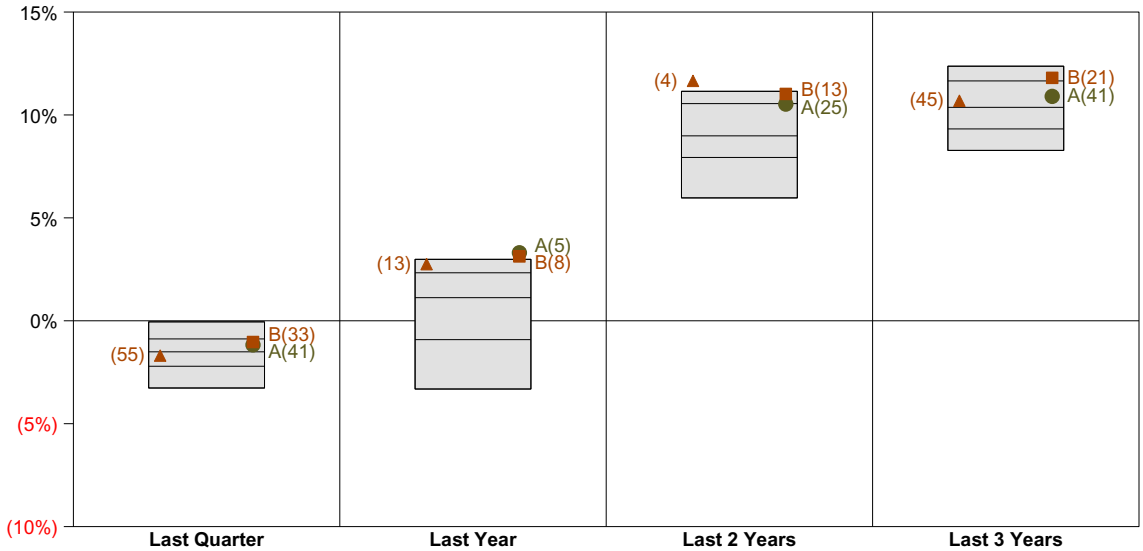
Investment Philosophy

The Trust is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2015 approaches. Benchmark: 31.0% BC Aggegate Bond, 49.5% Russell 3000, 12.5% MSCI EAFE and 7.0% TBIL.

Quarterly Summary and Highlights

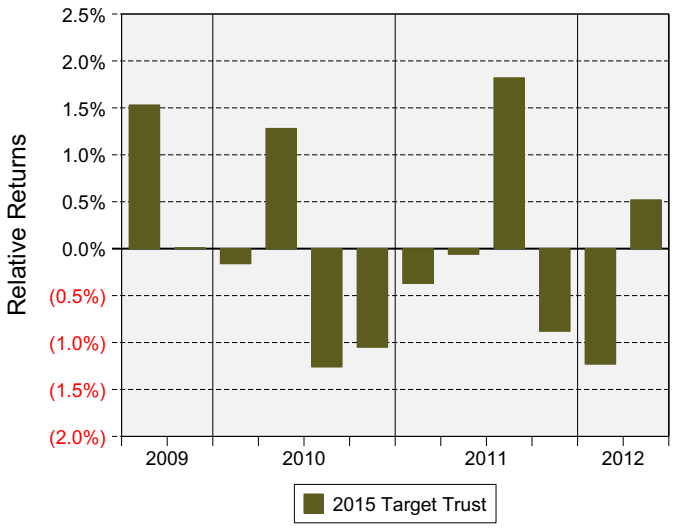
- 2015 Target Trust's portfolio posted a (1.17)% return for the quarter placing it in the 41 percentile of the CAI Target Date 2015 group for the quarter and in the 5 percentile for the last year.
- 2015 Target Trust's portfolio outperformed the Target 2015 Benchmark by 0.52% for the quarter and outperformed the Target 2015 Benchmark for the year by 0.55%.

Performance vs CAI Target Date 2015 (Net)

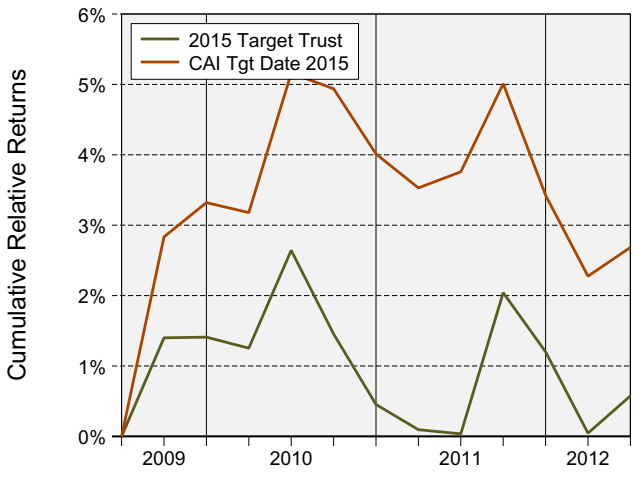


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(0.05)	2.98	11.15	12.37
25th Percentile	(0.88)	2.33	10.55	11.65
Median	(1.51)	1.12	8.98	10.37
75th Percentile	(2.21)	(0.92)	7.93	9.32
90th Percentile	(3.27)	(3.32)	5.97	8.28
2015 Target Trust ● A	(1.17)	3.30	10.53	10.90
CAI Tgt Dt Idx 2015 ■ B	(1.03)	3.13	11.02	11.80
Target 2015 Benchmark ▲	(1.69)	2.75	11.66	10.69

Relative Return vs Target 2015 Benchmark



Cumulative Returns vs Target 2015 Benchmark



2020 Target Trust
Period Ended June 30, 2012

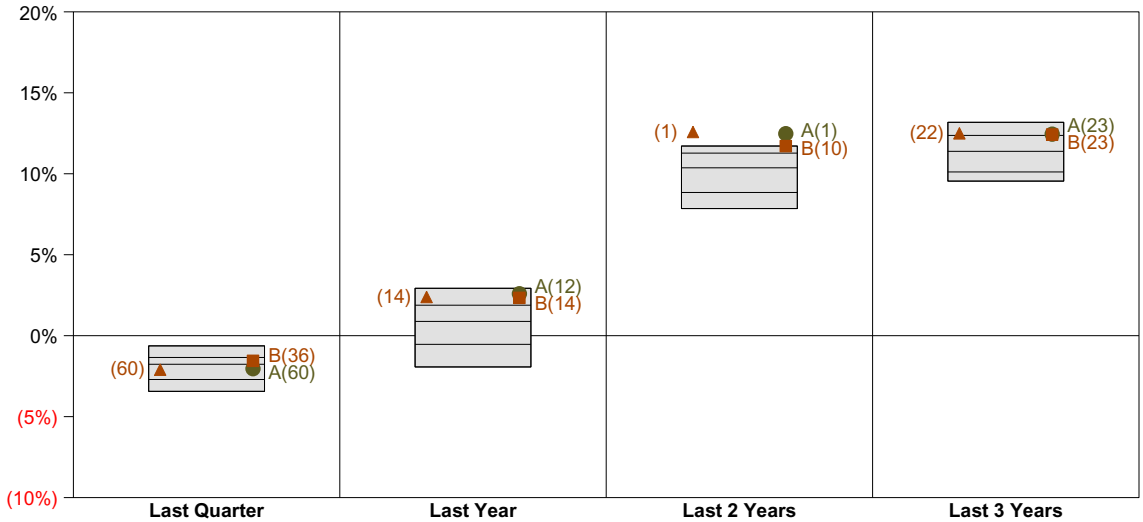
Investment Philosophy

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: 26.5% BC Aggegate Bond, 56.0% Russell 3000, 14.0% MSCI EAFE and 3.5% TBIL.

Quarterly Summary and Highlights

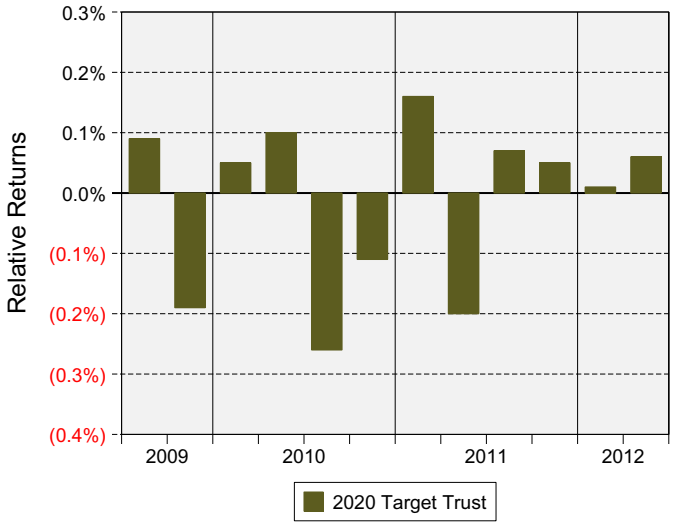
- 2020 Target Trust's portfolio posted a (2.04)% return for the quarter placing it in the 60 percentile of the CAI Target Date 2020 group for the quarter and in the 12 percentile for the last year.
- 2020 Target Trust's portfolio outperformed the Target 2020 Benchmark by 0.06% for the quarter and outperformed the Target 2020 Benchmark for the year by 0.20%.

Performance vs CAI Target Date 2020 (Net)

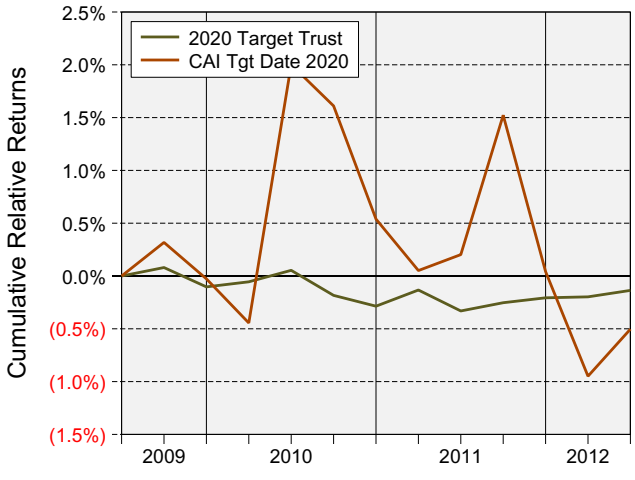


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(0.63)	2.93	11.71	13.18
25th Percentile	(1.35)	1.88	11.27	12.37
Median	(1.76)	0.88	10.37	11.39
75th Percentile	(2.71)	(0.54)	8.84	10.11
90th Percentile	(3.44)	(1.93)	7.85	9.55
2020 Target Trust ● A	(2.04)	2.59	12.47	12.45
CAI Tgt Dt Idx 2020 ■ B	(1.55)	2.34	11.71	12.42
Target 2020 Benchmark ▲	(2.10)	2.39	12.58	12.50

Relative Return vs Target 2020 Benchmark



Cumulative Returns vs Target 2020 Benchmark



2025 Target Trust
Period Ended June 30, 2012

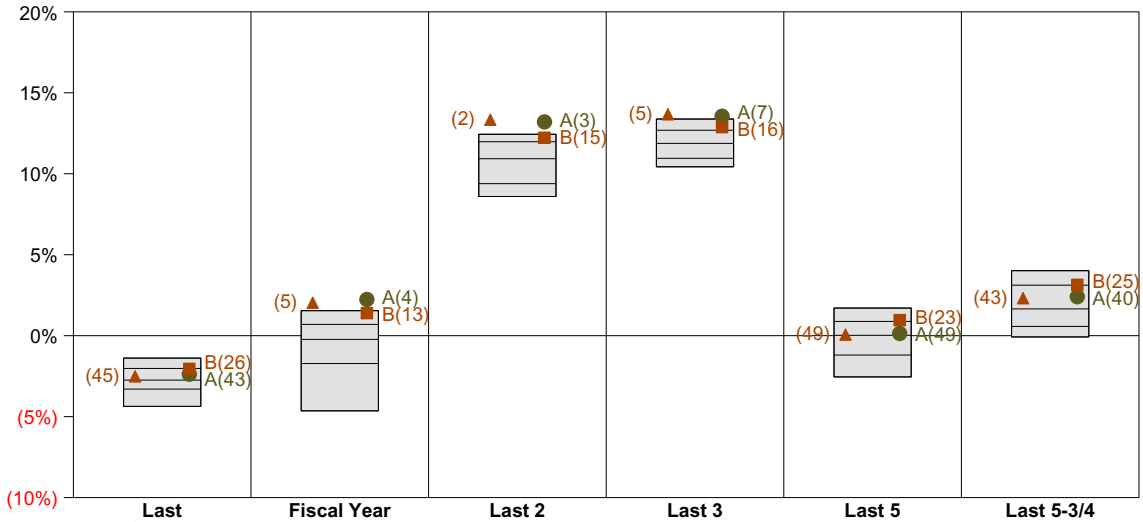
Investment Philosophy

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: 21.0% BC Aggregate Bond, 62.0% Russell 3000, 15.5% MSCI EAFE and 1.5% TBIL.

Quarterly Summary and Highlights

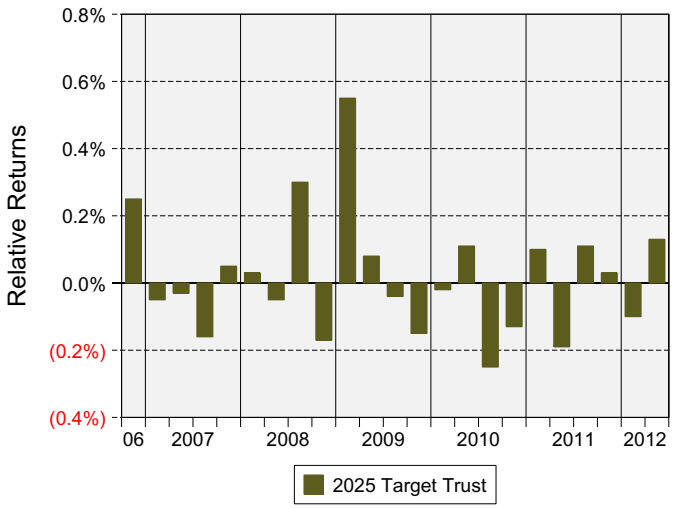
- 2025 Target Trust's portfolio posted a (2.38)% return for the quarter placing it in the 43 percentile of the CAI Target Date 2025 group for the quarter and in the 4 percentile for the last year.
- 2025 Target Trust's portfolio outperformed the Target 2025 Benchmark by 0.13% for the quarter and outperformed the Target 2025 Benchmark for the year by 0.20%.

Performance vs CAI Target Date 2025 (Net)

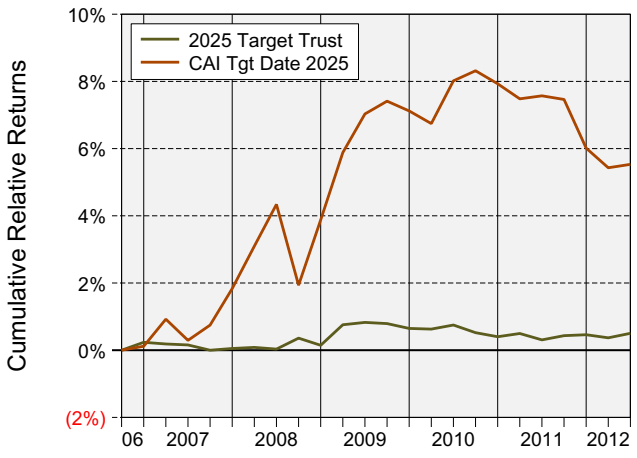


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	(1.38)	1.54	12.44	13.38	1.71	4.01
25th Percentile	(2.02)	0.70	11.98	12.69	0.88	3.12
Median	(2.74)	(0.23)	10.93	11.88	0.02	1.65
75th Percentile	(3.30)	(1.72)	9.39	10.95	(1.20)	0.57
90th Percentile	(4.37)	(4.64)	8.60	10.43	(2.55)	(0.08)
2025 Target Trust ● A	(2.38)	2.24	13.20	13.55	0.14	2.41
CAI Tgt Dt Idx 2025 ■ B	(2.05)	1.40	12.22	12.88	0.96	3.14
Target 2025 Benchmark ▲	(2.51)	2.04	13.34	13.67	0.07	2.32

Relative Return vs Target 2025 Benchmark



Cumulative Returns vs Target 2025 Benchmark



2030 Target Trust
Period Ended June 30, 2012

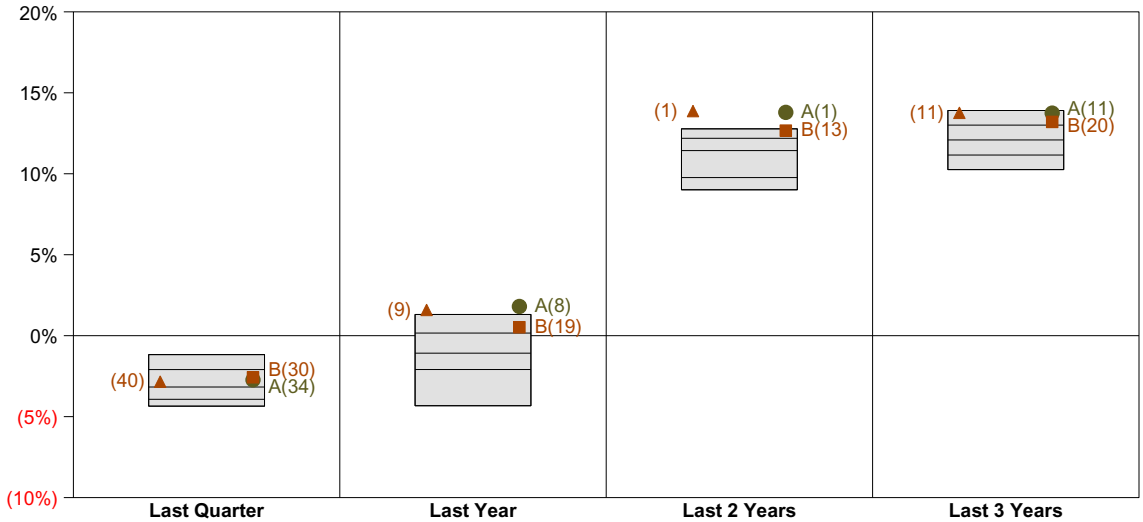
Investment Philosophy

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: 16.5% BC Aggregate Bond, 67.0% Russell 3000 and 16.5% MSCI EAFE.

Quarterly Summary and Highlights

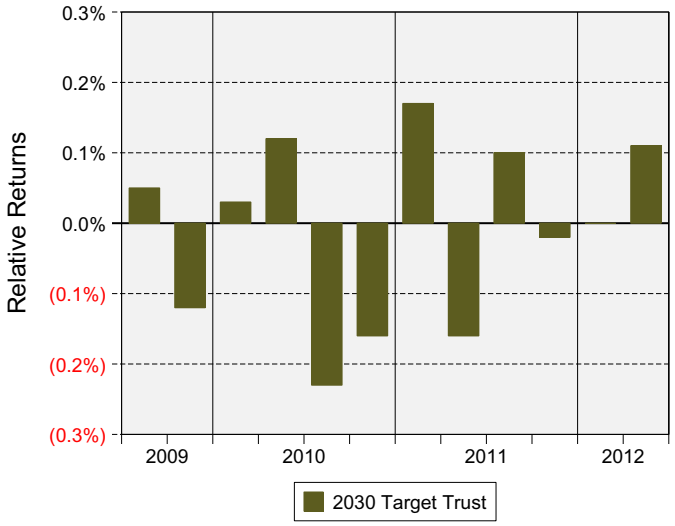
- 2030 Target Trust's portfolio posted a (2.73)% return for the quarter placing it in the 34 percentile of the CAI Target Date 2030 group for the quarter and in the 8 percentile for the last year.
- 2030 Target Trust's portfolio outperformed the Target 2030 Benchmark by 0.11% for the quarter and outperformed the Target 2030 Benchmark for the year by 0.21%.

Performance vs CAI Target Date 2030 (Net)

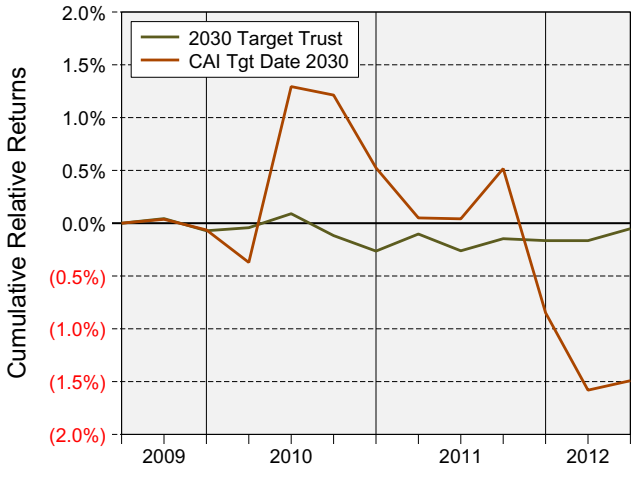


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(1.17)	1.31	12.77	13.91
25th Percentile	(2.09)	0.16	12.19	13.00
Median	(3.17)	(1.08)	11.43	12.09
75th Percentile	(3.93)	(2.09)	9.76	11.16
90th Percentile	(4.35)	(4.33)	9.01	10.26
2030 Target Trust ● A	(2.73)	1.80	13.79	13.75
CAI Tgt Dt Idx 2030 ■ B	(2.57)	0.52	12.66	13.20
Target 2030 Benchmark ▲	(2.84)	1.59	13.87	13.77

Relative Return vs Target 2030 Benchmark



Cumulative Returns vs Target 2030 Benchmark



Target 2035 Trust
Period Ended June 30, 2012

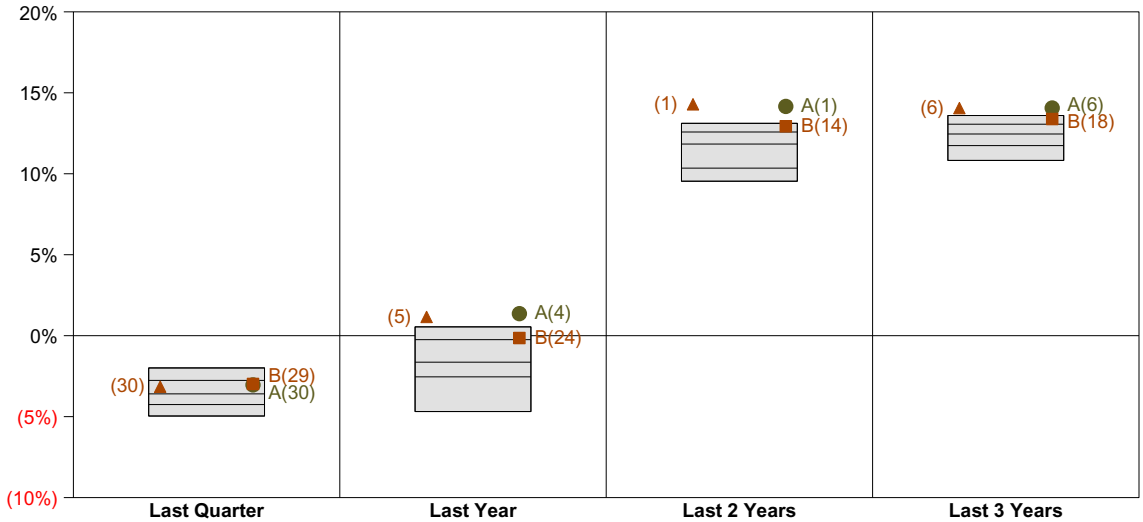
Investment Philosophy

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: 11.5% BC Aggegate Bond, 71.0% Russell 3000 and 17.5% MSCI EAFE.

Quarterly Summary and Highlights

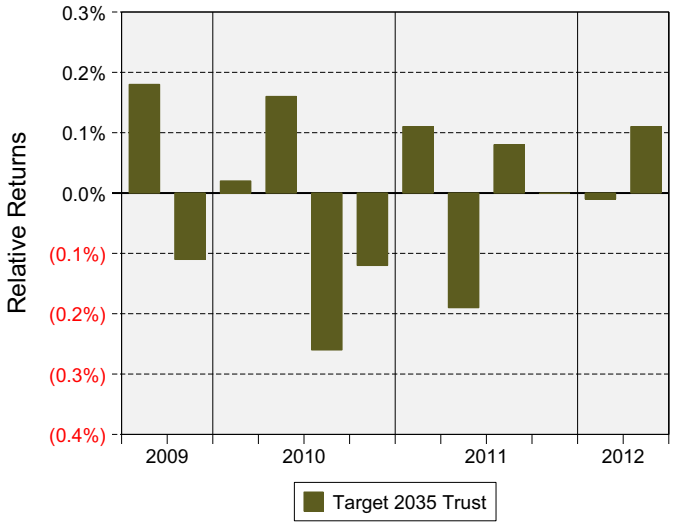
- Target 2035 Trust's portfolio posted a (3.04)% return for the quarter placing it in the 30 percentile of the CAI Target Date 2035 group for the quarter and in the 4 percentile for the last year.
- Target 2035 Trust's portfolio outperformed the Target 2035 Benchmark by 0.11% for the quarter and outperformed the Target 2035 Benchmark for the year by 0.20%.

Performance vs CAI Target Date 2035 (Net)

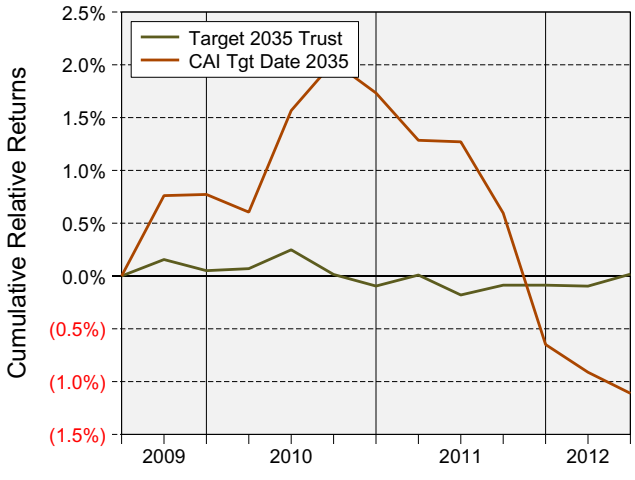


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(1.99)	0.55	13.11	13.60
25th Percentile	(2.76)	(0.25)	12.58	13.06
Median	(3.59)	(1.64)	11.84	12.46
75th Percentile	(4.25)	(2.54)	10.35	11.74
90th Percentile	(4.96)	(4.69)	9.54	10.82
Target 2035 Trust ● A	(3.04)	1.36	14.16	14.06
CAI Tgt Dt Idx 2035 ■ B	(2.98)	(0.15)	12.93	13.38
Target 2035 Benchmark ▲	(3.15)	1.16	14.29	14.05

Relative Return vs Target 2035 Benchmark



Cumulative Returns vs Target 2035 Benchmark



Target 2040 Trust
Period Ended June 30, 2012

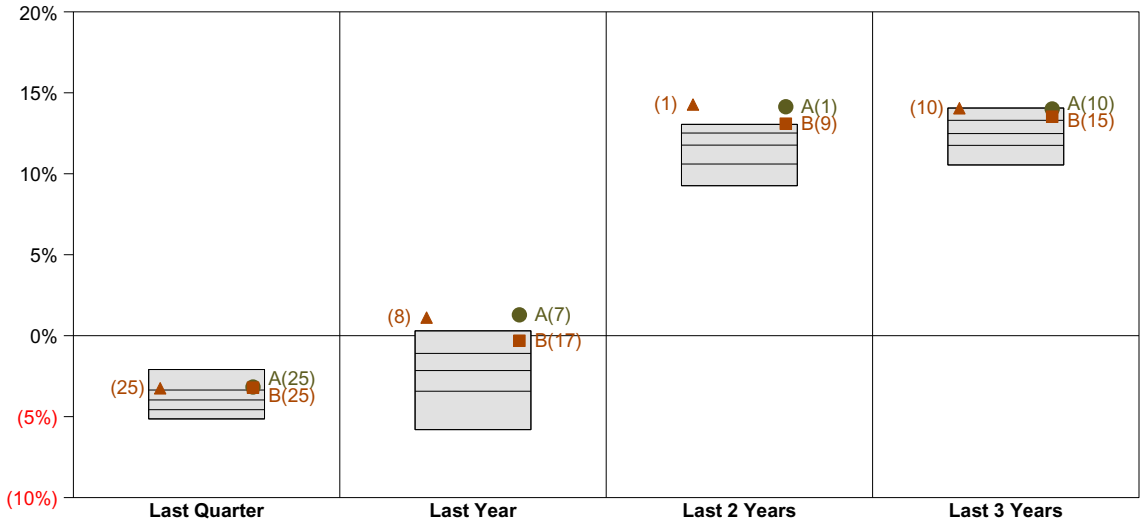
Investment Philosophy

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

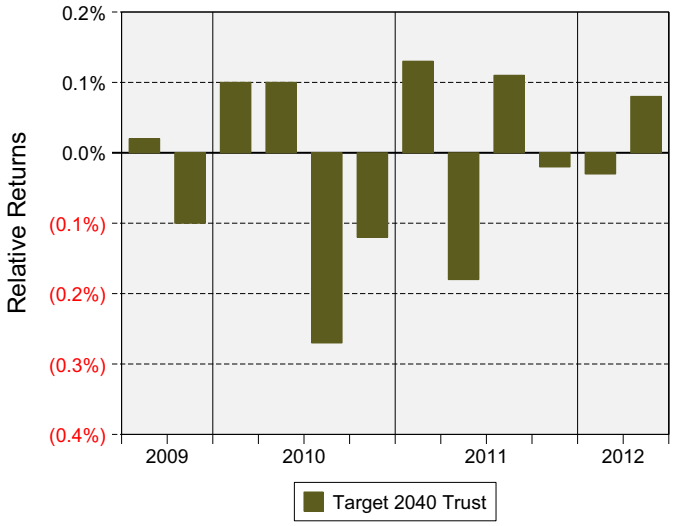
- Target 2040 Trust's portfolio posted a (3.17)% return for the quarter placing it in the 25 percentile of the CAI Target Date 2040 group for the quarter and in the 7 percentile for the last year.
- Target 2040 Trust's portfolio outperformed the Target 2040 Benchmark by 0.08% for the quarter and outperformed the Target 2040 Benchmark for the year by 0.17%.

Performance vs CAI Target Date 2040 (Net)

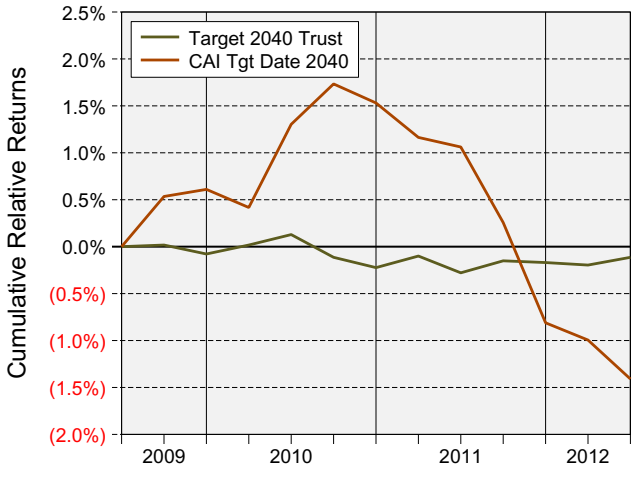


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(2.09)	0.30	13.05	14.06
25th Percentile	(3.36)	(1.09)	12.51	13.30
Median	(3.97)	(2.15)	11.77	12.48
75th Percentile	(4.57)	(3.43)	10.60	11.75
90th Percentile	(5.14)	(5.80)	9.26	10.54
Target 2040 Trust ● A	(3.17)	1.29	14.14	14.00
CAI Tgt Dt Idx 2040 ■ B	(3.21)	(0.31)	13.09	13.52
Target 2040 Benchmark ▲	(3.25)	1.12	14.28	14.05

Relative Return vs Target 2040 Benchmark



Cumulative Returns vs Target 2040 Benchmark



Target 2045 Trust
Period Ended June 30, 2012

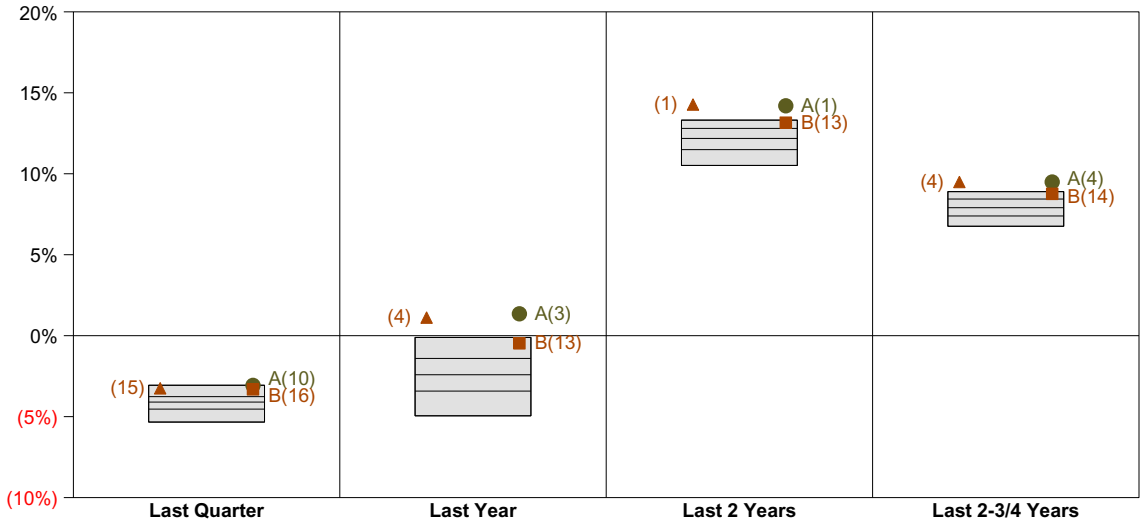
Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2045 approaches. Benchmark: 10.0% BC Aggregate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

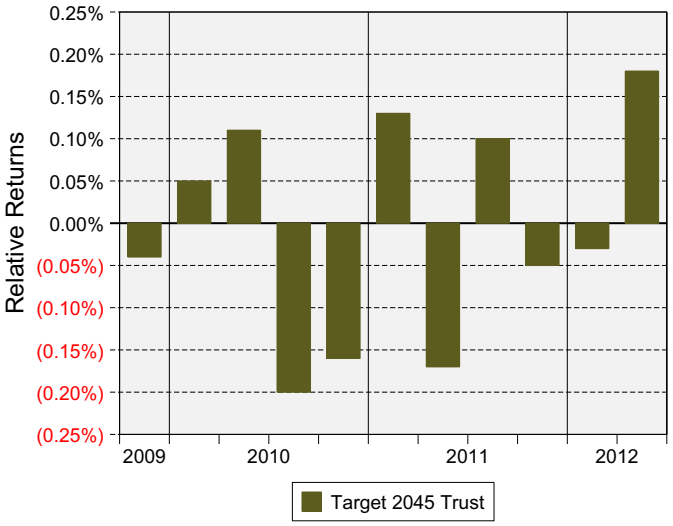
- Target 2045 Trust's portfolio posted a (3.07)% return for the quarter placing it in the 10 percentile of the CAI Target Date 2045 group for the quarter and in the 3 percentile for the last year.
- Target 2045 Trust's portfolio outperformed the Target 2045 Benchmark by 0.18% for the quarter and outperformed the Target 2045 Benchmark for the year by 0.23%.

Performance vs CAI Target Date 2045 (Net)

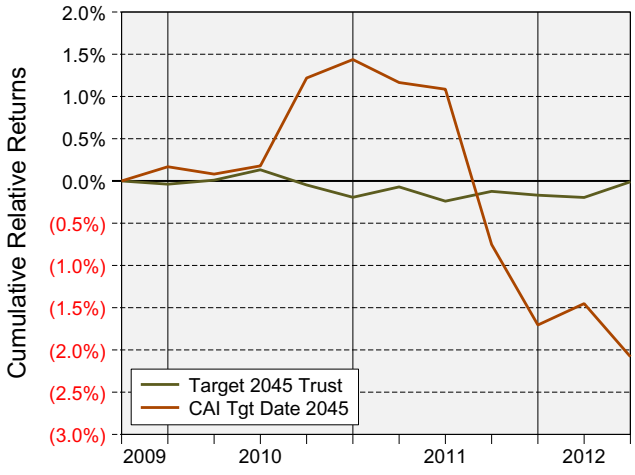


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(3.06)	(0.11)	13.31	8.90
25th Percentile	(3.76)	(1.40)	12.80	8.44
Median	(4.10)	(2.41)	12.18	7.90
75th Percentile	(4.54)	(3.42)	11.49	7.39
90th Percentile	(5.34)	(4.95)	10.51	6.76
Target 2045 Trust ● A	(3.07)	1.35	14.20	9.49
CAI Tgt Dt Idx 2045 ■ B	(3.31)	(0.47)	13.15	8.76
Target 2045 Benchmark ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Target 2045 Benchmark



Cumulative Returns vs Target 2045 Benchmark



Target 2050 Trust
Period Ended June 30, 2012

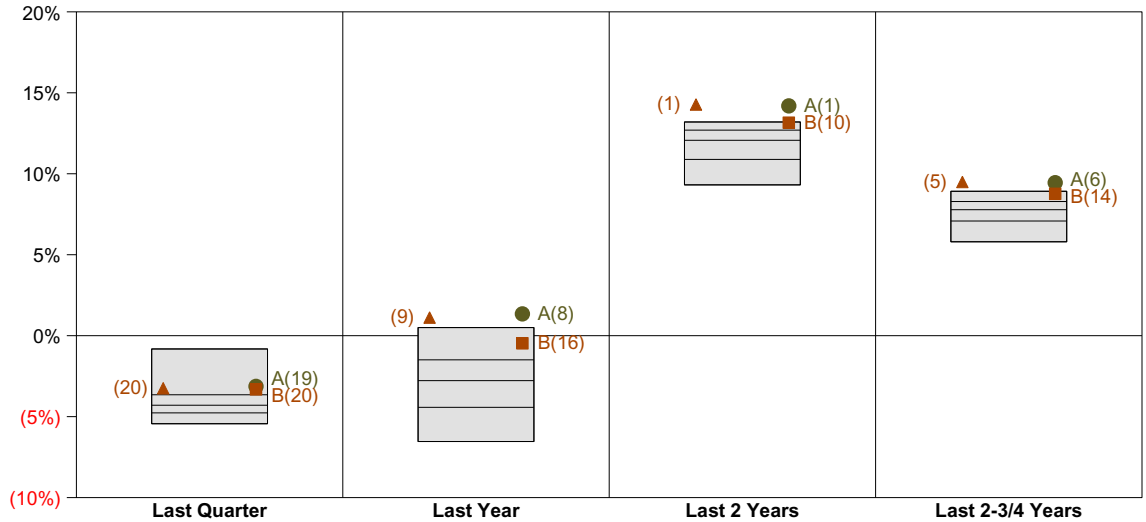
Investment Philosophy

To provide exposure to a diversified mix of stocks, bonds and money market securities for long term investors with a higher tolerance for risk. The Trust is designed to gradually invest more conservatively, as the year 2050 approaches. Benchmark: 10.0% BC Aggregate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

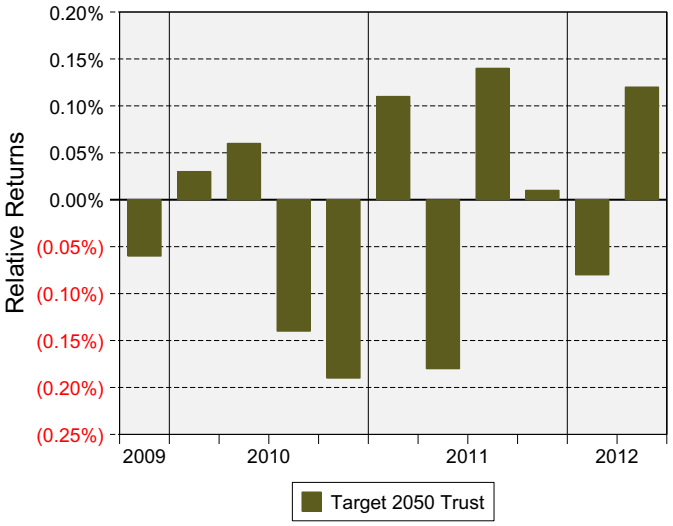
- Target 2050 Trust's portfolio posted a (3.13)% return for the quarter placing it in the 19 percentile of the CAI Target Date 2050 group for the quarter and in the 8 percentile for the last year.
- Target 2050 Trust's portfolio outperformed the Target 2050 Benchmark by 0.12% for the quarter and outperformed the Target 2050 Benchmark for the year by 0.23%.

Performance vs CAI Target Date 2050 (Net)

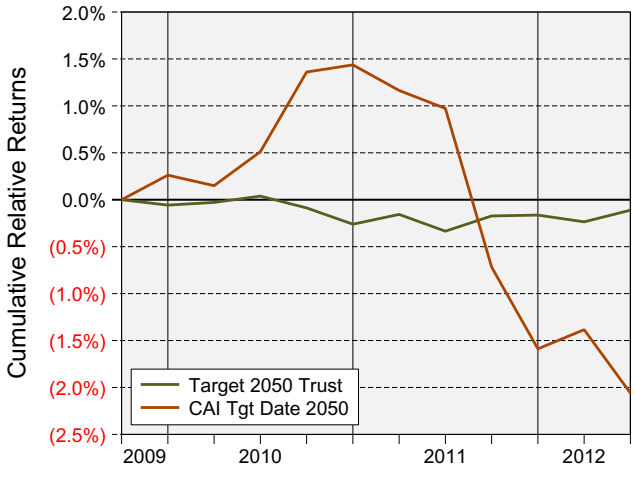


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(0.82)	0.50	13.20	8.92
25th Percentile	(3.65)	(1.49)	12.69	8.29
Median	(4.29)	(2.78)	12.07	7.78
75th Percentile	(4.77)	(4.43)	10.89	7.08
90th Percentile	(5.44)	(6.54)	9.31	5.80
Target 2050 Trust ● A	(3.13)	1.34	14.19	9.45
CAI Tgt Dt Idx 2045 ■ B	(3.31)	(0.47)	13.15	8.76
Target 2050 Benchmark ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Target 2050 Benchmark



Cumulative Returns vs Target 2050 Benchmark



Target 2055 Trust
Period Ended June 30, 2012

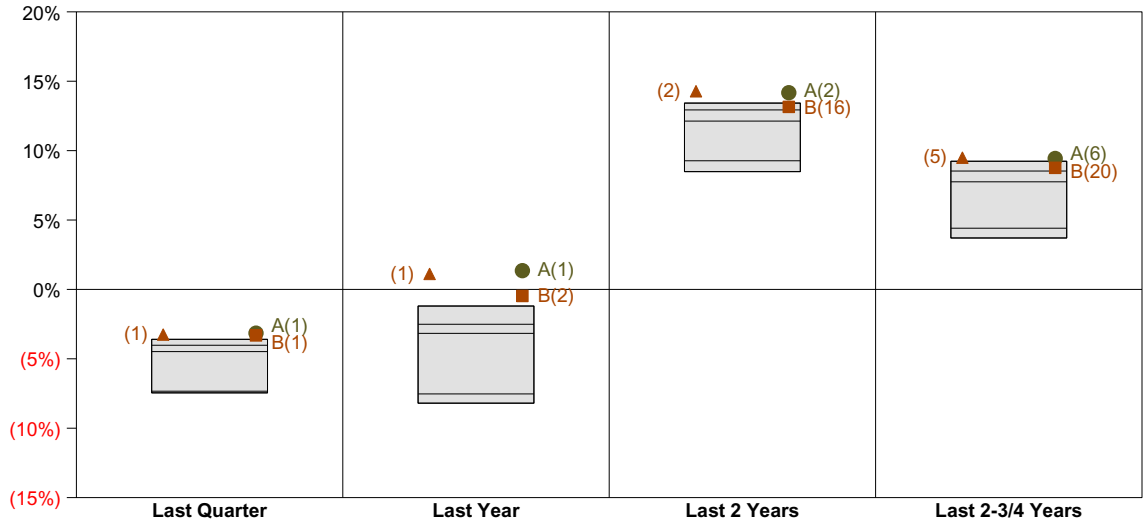
Investment Philosophy

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 Aggregate Bond, 72.0% Russell 3000 and 18.0% MSCI EAFE.

Quarterly Summary and Highlights

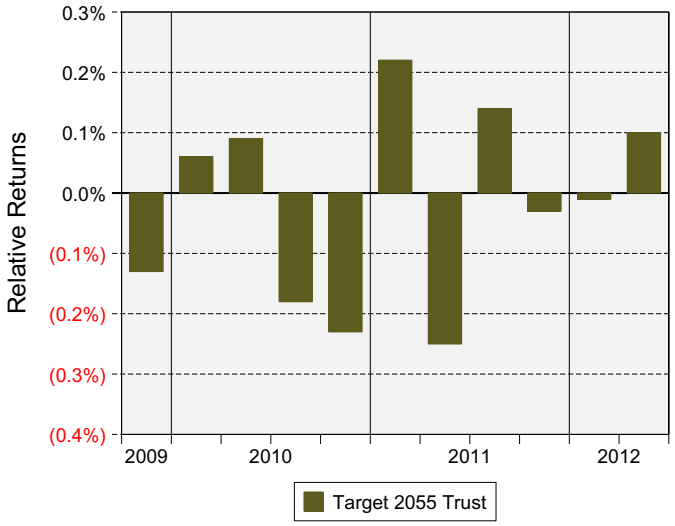
- Target 2055 Trust's portfolio posted a (3.15)% return for the quarter placing it in the 1 percentile of the CAI Target Date 2055 group for the quarter and in the 1 percentile for the last year.
- Target 2055 Trust's portfolio outperformed the Target 2055 Benchmark by 0.10% for the quarter and outperformed the Target 2055 Benchmark for the year by 0.23%.

Performance vs CAI Target Date 2055 (Net)

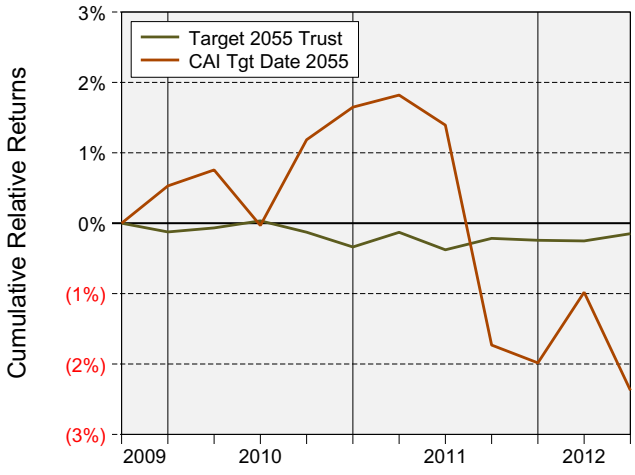


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(3.60)	(1.20)	13.43	9.23
25th Percentile	(4.02)	(2.51)	12.93	8.53
Median	(4.48)	(3.17)	12.13	7.75
75th Percentile	(7.33)	(7.53)	9.27	4.41
90th Percentile	(7.45)	(8.20)	8.49	3.70
Target 2055 Trust ● A	(3.15)	1.35	14.17	9.43
CAI Tgt Dt Idx 2045 ■ B	(3.31)	(0.47)	13.15	8.76
Target 2055 Benchmark ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Target 2055 Benchmark



Cumulative Returns vs Target 2055 Benchmark

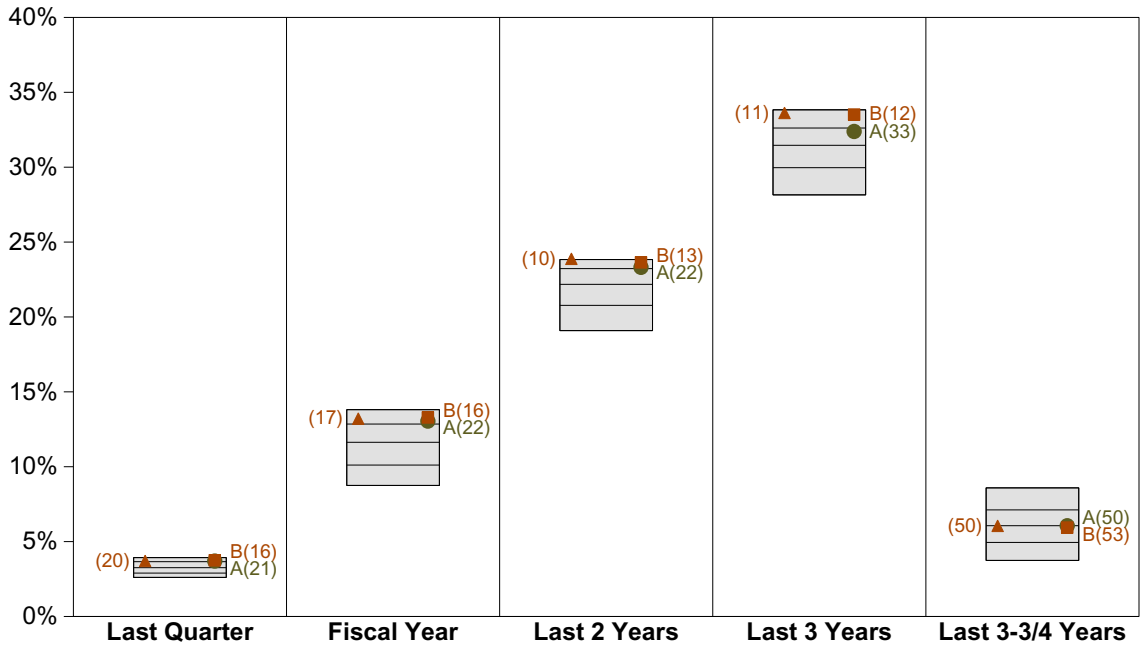


US Real Estate Inv Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

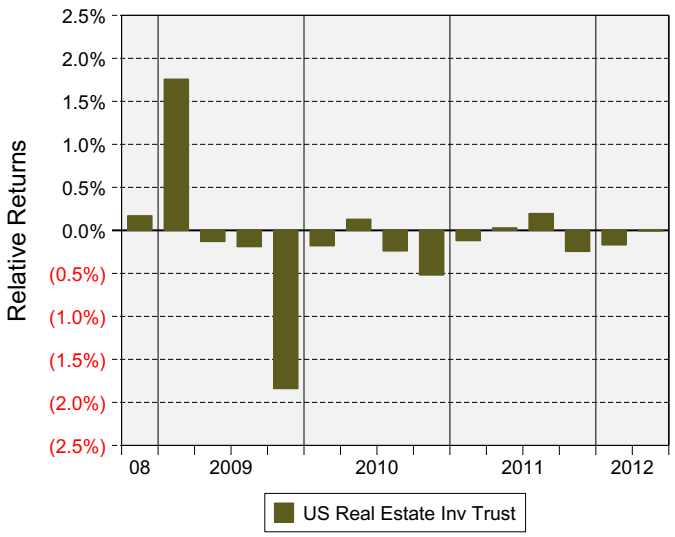
- US Real Estate Inv Trust's portfolio posted a 3.70% return for the quarter placing it in the 21 percentile of the MF - Real Estate group for the quarter and in the 22 percentile for the last year.
- US Real Estate Inv Trust's portfolio underperformed the Wilshire REIT by 0.01% for the quarter and underperformed the Wilshire REIT for the year by 0.16%.

Performance vs MF - Real Estate (Net)

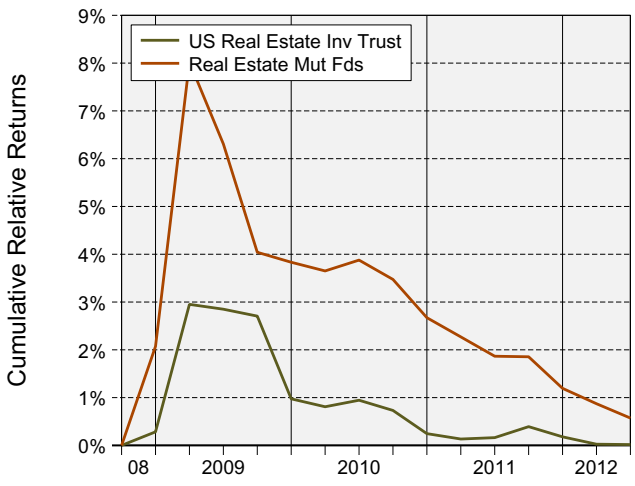


		Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile		3.93	13.81	23.83	33.83	8.59
25th Percentile		3.66	12.85	23.23	32.62	7.12
Median		3.26	11.63	22.18	31.46	6.06
75th Percentile		2.90	10.11	20.78	29.97	4.94
90th Percentile		2.61	8.75	19.09	28.15	3.74
US Real Estate Inv Trust	A	3.70	13.05	23.31	32.39	6.06
US Select REIT Index	B	3.75	13.29	23.65	33.52	5.94
Wilshire REIT	▲	3.71	13.21	23.88	33.62	6.05

Relative Return vs Wilshire REIT



Cumulative Returns vs Wilshire REIT



Alaska Money Mkt Master Trust
Period Ended June 30, 2012

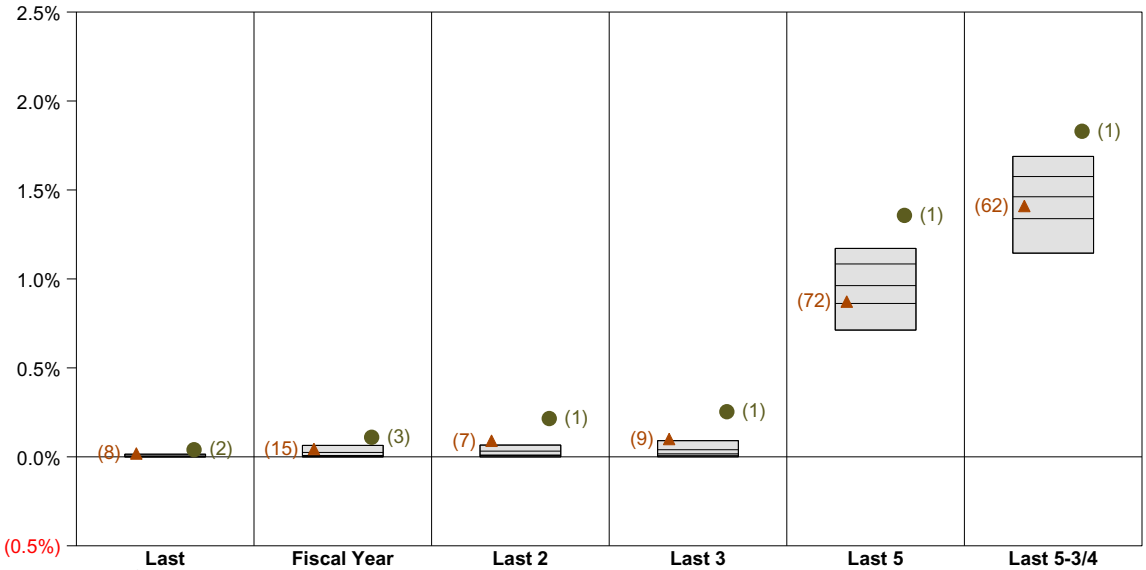
Investment Philosophy

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

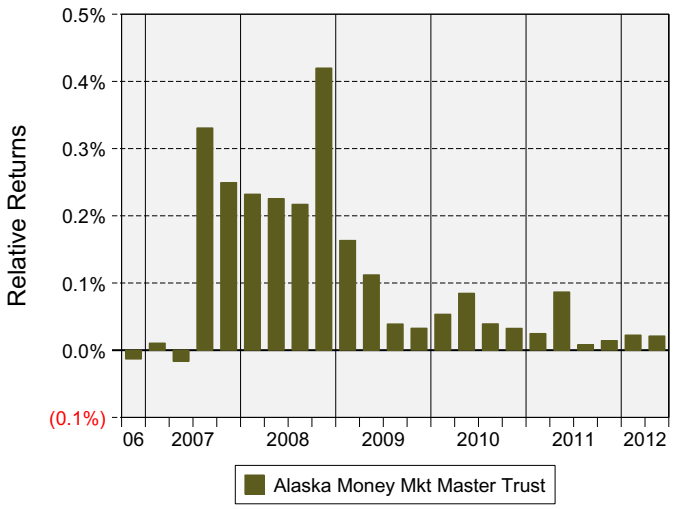
- Alaska Money Mkt Master Trust's portfolio posted a 0.04% return for the quarter placing it in the 2 percentile of the Money Market Funds group for the quarter and in the 3 percentile for the last year.
- Alaska Money Mkt Master Trust's portfolio outperformed the 3mo T-Bills by 0.02% for the quarter and outperformed the 3mo T-Bills for the year by 0.07%.

Performance vs Money Market Funds (Net)

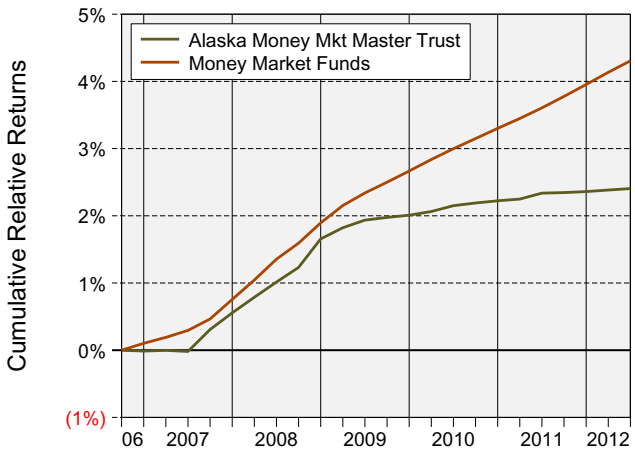


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	0.01	0.06	0.07	0.09	1.17	1.69
25th Percentile	0.00	0.02	0.03	0.04	1.08	1.58
Median	0.00	0.01	0.01	0.02	0.96	1.46
75th Percentile	0.00	0.00	0.01	0.01	0.86	1.34
90th Percentile	0.00	0.00	0.00	0.00	0.71	1.14
Alaska Money Mkt Master Trust ●	0.04	0.11	0.22	0.25	1.36	1.83
3mo T-Bills ▲	0.02	0.04	0.09	0.10	0.87	1.41

Relative Return vs 3mo T-Bills



Cumulative Returns vs 3mo T-Bills



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Education

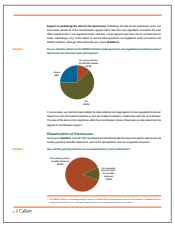
Research and Educational Programs

The Callan Investments Institute provides research that keeps clients updated on the latest trends in the investment industry, and helps clients learn through carefully structured educational programs. Below are the Institute's recent publications – all of which can be found on our website at: www.callan.com/research.

White Papers

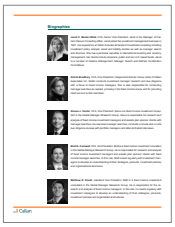
Risk Factors as Building Blocks for Portfolio Diversification:
The Chemistry of Asset Allocation

In search of higher returns at current risk levels, institutional investors have expressed intense interest in further diversifying seemingly staid "traditional" asset allocations constructed using asset class inputs with mean-variance optimization (MVO) tools. In this paper we explore portfolio construction using risk factors, also referred to as risk premia, as the basic elements.



Status of Required Participant Disclosure Compliance:
2012 DC Recordkeeper Survey

Callan canvassed the major recordkeepers in March 2012 regarding the amount of support they are providing to plan sponsors to satisfy fee disclosure regulations. In this report, we examine the status of recordkeepers in providing disclosure support to plan sponsors, discuss compliance issues both recordkeepers and plan sponsors face, and recommend best practices for plan sponsors for the required disclosures.



On the Frontline of Fixed Income:
A Roundtable Discussion with Callan's Bond Experts

We assembled a group of Callan's bond experts – Brett Cornwell, Steve Center, Janet Becker-Wold, Matt Routh, and Kristin Bradbury – to address some of the issues that fixed income investors are facing in this low-yield environment.

Domestic Equity Benchmark Review: Year-End 2011

The Domestic Equity Benchmark Review is designed to aid in portfolio monitoring and evaluation by helping readers assess the similarities and differences in coverage, performance, characteristics and style of popular domestic equity indices alongside Callan's active manager style groups.

Quarterly Publications

Quarterly Data Package: Quarterly investment performance information gathered (for a variety of time periods) from Callan's proprietary database. This report allows you to compare the results of your own funds with our database.

Capital Market Review: a quarterly macro-economic indicator newsletter that provides thoughtful insights on the economy as well as recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

Private Markets Trends: a seasonal newsletter that discusses the market environment, recent events, performance and other issues involving private equity.

Hedge Fund Monitor: a quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

DC Observer & Callan DC Index™: a quarterly newsletter that offers Callan's observations and opinions on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

Surveys

2012 Defined Contribution Trends Survey:
Where Have We Come From and What Lies Ahead
This survey shows that the defined contribution environment has been, and continues to be, dominated by a focus on plan fees. But while plan sponsors are prioritizing, monitoring, and evaluating plan fees for reasonableness, they do not always understand plan fees. Find out about this and much more, as the results from the survey incorporate responses from nearly 100 companies across the U.S.

2011 Investment Manager Fee Survey
A current report on institutional investment management fee payment practices and trends. The survey includes published and actual fee data, and qualitative and quantitative observations from both fund sponsors and investment managers.

Events

Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our "Event Summaries" and downloading the actual presentation slides from our website. Our most recent programs:

Summary write-up and the presentation of our June 2012 Regional Workshop, **Plan Sponsor Roundtable – Shifting to an Institutional Approach to DC Investments**. This workshop featured Mark Kelliher from Deluxe Corporation, and Craige Stone from Utah Retirement System. These two DC plan experts discussed how they took their plan "institutional" by incorporating separate accounts, collective trusts, and unitized fund of funds, as well as discussed the pros and cons of these approaches.

The **2012 National Conference Summary** features a synopsis of our speakers: Sheila Bair, Ian Bremmer, David Laibson, 2012 Capital Markets Panel, and Tony LaRussa. The Summary also reviews our three workshops on: defined contribution, investment perceptions and myths, and international investing. Select PowerPoint presentations from the conference are also available on our website.

Upcoming Educational Programs

Our October 2012 Regional Workshops will be held on October 24 in Chicago, and then on October 25 in New York City. The topic will be announced shortly.

Our 33rd Annual National Conference will be held in San Francisco on January 28-30, 2013. More information will be available this fall.

Our research can be found at www.callan.com/research or feel free to contact us for hard copies.

For more information about research or educational events, please contact Ray Combs or Gina Falsetto at 415-974-5060 or institute@callan.com

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. Continuing education credits are available for The CFA Institute, IBCFP, and NASBA. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the different types of sessions Callan offers.

Standard Session

July 10-11, 2012 in Chicago

This is a two day session that provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds (defined benefit and/or defined contribution); representatives of family trusts; and investment management professionals and staff involved in client service, business development, consultant relations, and portfolio management.

Defined Contribution

July 12, 2012 in Chicago

Callan Associates will share its expertise through a one day educational program on defined contribution plan investing, delivery, and communication/education. Callan's consultants have extensive knowledge and experience in the DC arena and will provide insights relating to the role of the fiduciary; plan investment structure evaluation and implementation; plan monitoring and evaluation; investment and fee policy statements; and meeting the needs of the participant through plan features such as automatic enrollment, Roth designated accounts, managed accounts and advice.

An Introduction to Investments

October 23-24, 2012 in San Francisco

This one and one half day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The program will familiarize fund sponsor trustees, staff, and asset management advisors 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.

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. For more information on a customized "Callan College" for your organization, please send an email to Kathleen Cunnie at college@callan.com.

For more information please contact Kathleen Cunnie, at 415.274.3029 or college@callan.com.

Disclosures

Callan

Quarterly List as of June 30, 2012

List of Managers That Do Business with Callan Associates Inc.

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 06/30/12, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Apollo Global Management	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	
BMO Asset Management	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Calamos Advisors, LLC	Y	
Capital Guardian Trust Company	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
Citigroup Asset Management	Y	
ClearBridge Advisors	Y	
Columbia Management Investment Advisors, LLC	Y	
Columbus Circle Investors	Y	Y
Cooke & Bieler, L.P.		Y
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Crestline Investors		Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Diamond Hill Investments	Y	
Dimensional Fund Advisors Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Echo Point Investment Management	Y	
Epoch Investment Partners	Y	
Evanston Capital Management	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fiduciary Asset Management Company	Y	Y
First Eagle Investment Management	Y	
Flag Capital 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	Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.	Y	Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
Harris Investment Management, Inc.	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hermes Investment Management (North America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INTECH Investment Management	Y	
Invesco	Y	Y
Investec	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
KeyCorp		Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	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	
Manulife Asset Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
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

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	
Oppenheimer Funds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC	Y	Y
Partners Group	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
Private Advisors	Y	
Prudential Fixed Income	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
Russell Investment Management	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	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
Stratton Management		Y

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TIAA-CREF	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
Thrivent Asset Management	Y	
Tradewinds Global Investors	Y	
Turner Investment Partners	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Valley Forge Asset Management	Y	
Victory Capital Management Inc.	Y	
Virtus Investment Partners		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

Callan

June 30, 2012

Alaska Retirement Management Board
Board Report
with Final Real Assets

Investment Measurement Service
Quarterly Review

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 2012 by Callan Associates Inc.

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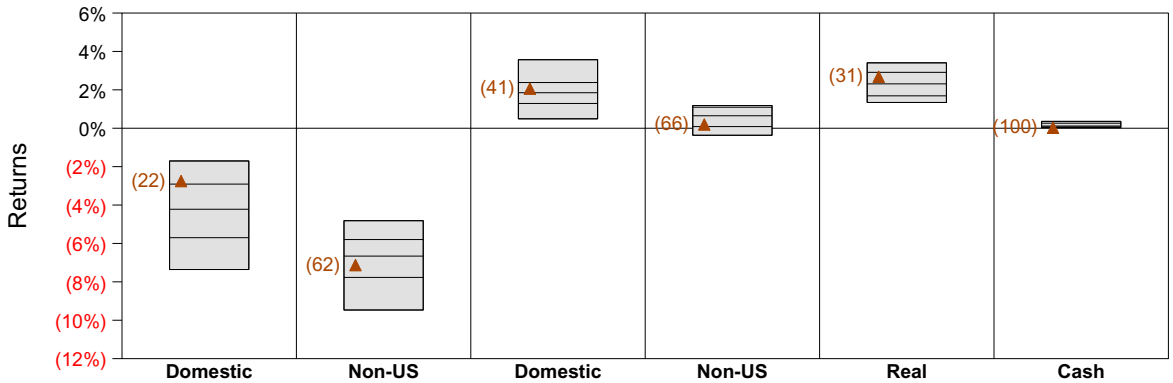
Active Management
Overview

Market Overview
Active Management vs Index Returns

Market Overview

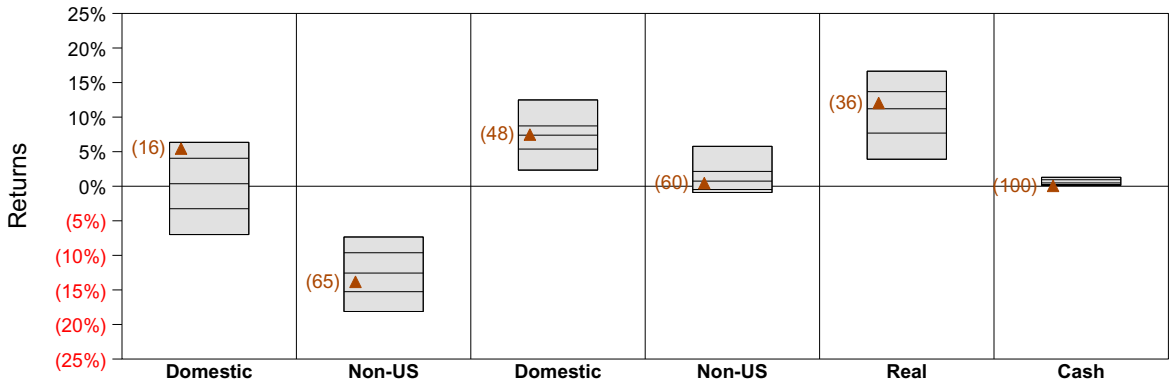
The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also 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, 2012



	Domestic Equity vs S&P 500	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Barclays Aggr Bd	Non-US Fixed Income vs Citi Non-US Gov	Real Estate vs NCREIF Index	Cash Equivalents vs 3 Mon T-Bills
10th Percentile	(1.70)	(4.82)	3.57	1.18	3.41	0.36
25th Percentile	(2.91)	(5.80)	2.38	1.10	2.91	0.26
Median	(4.22)	(6.66)	1.85	0.65	2.31	0.12
75th Percentile	(5.70)	(7.77)	1.29	0.09	1.69	0.07
90th Percentile	(7.36)	(9.47)	0.49	(0.37)	1.34	0.03
Index ▲	(2.75)	(7.13)	2.06	0.20	2.68	0.03

Range of Separate Account Manager Returns by Asset Class
One Year Ended June 30, 2012



	Domestic Equity vs S&P 500	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Barclays Aggr Bd	Non-US Fixed Income vs Citi Non-US Gov	Real Estate vs NCREIF Index	Cash Equivalents vs 3 Mon T-Bills
10th Percentile	6.35	(7.34)	12.49	5.77	16.64	1.29
25th Percentile	4.05	(9.62)	8.73	2.15	13.68	0.94
Median	0.36	(12.56)	7.39	0.74	11.21	0.48
75th Percentile	(3.25)	(15.26)	5.38	(0.47)	7.69	0.25
90th Percentile	(6.99)	(18.12)	2.33	(0.90)	3.90	0.12
Index ▲	5.45	(13.83)	7.47	0.44	12.04	0.06

Domestic Equity
Active Management Overview

Active vs. the Index

After a strong start to 2012, the second quarter left investors wanting more, with most stock indices getting punished in May. Fortunately, the best returns for the month of June since 1999, helped recoup some of the early losses, with the S+P 500 closing the quarter with a loss of 2.75%. With an underwhelming jobs report, consumer confidence took a hit which resulted in investors retreating from the stock market. For the second quarter of 2012, the median Large Cap Core manager underperformed the S&P 500 index by 1.10% with a return of -3.85%. The median Mid Cap Broad manager outperformed the S&P Mid Cap Index by 0.15%, with a return of -4.78%, while the median Small Cap Broad manager was beaten by the S&P 600 Index by 0.94%, with a return of -4.52%. For the year ended June 30, 2012, the median large Cap Core fund underperformed the S&P 500 Index by 1.63% with a return of 3.82%. The median Mid Cap Broad fund returned -2.17% besting the S&P Mid Cap Index's return of -2.33%. The median Small Cap Broad fund returned -1.82%, which trailed the S&P 600 Index's return of 1.43%.

Large Cap vs. Small Cap

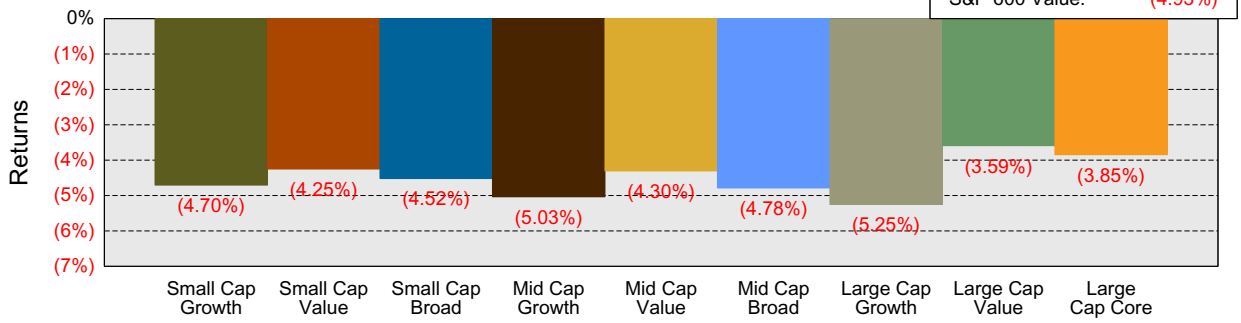
During the second quarter of 2012, Large Cap funds generally outperformed Small Cap funds. The returns for the median Large Cap managers ranged from -3.59% to -5.25%, a difference of 1.66%. Median Small and Mid Cap manager returns were less volatile with a range of 0.78% from -5.03% (Mid Cap Growth) to -4.25% (Small Cap Value). For the year ended June 30, 2012 Large Cap funds continued to outperform Small and Mid Cap funds. The median Large Cap Core manager gained 3.82% during the one-year period, besting the median Small Cap Broad manager's return of -1.82%. This was also reflected in the indices for the year ended June 30, 2012, with the S&P 500 returning 5.45% outperforming the S&P 600's return of 1.43% by 4.02%.

Growth vs. Value

For the second quarter of 2012, returns for Growth and Value Small Cap were both negative, with the median Small Cap Growth fund losing 4.70% compared to Small Cap Value's loss of 4.25%. The median Mid Cap Growth manager's return of -5.03% underperformed the median Mid Cap Value fund's return of -4.30%. In the Large Cap arena, the median Growth manager's return of -5.25% was beaten by the median Value manager's return of -3.59%. Small and Mid Cap Value funds outperformed Growth funds for the year ended June 30, 2012. However, in the Large Cap arena, Growth outperformed Value with the median Large Cap Growth fund returning 3.54%, which outperformed the median Large Cap Value fund's return of 1.48%.

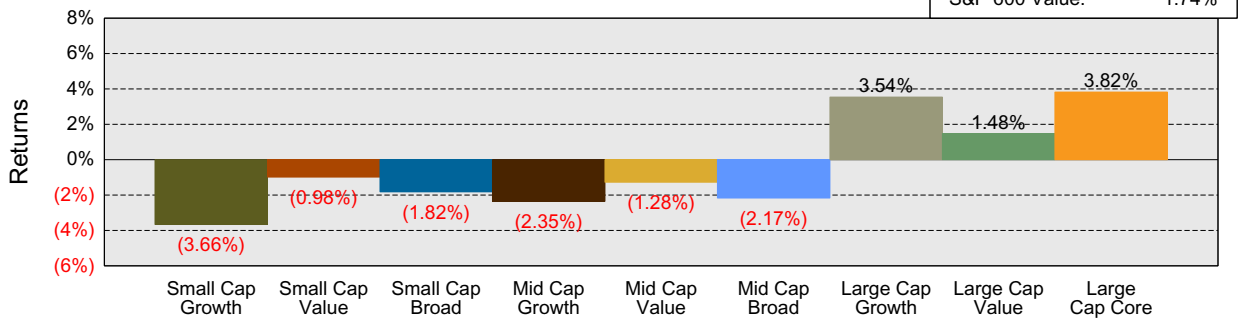
Separate Account Style Group Median Returns for Quarter Ended June 30, 2012

S&P 500:	(2.75%)
S&P 500 Growth:	(2.05%)
S&P 500 Value:	(3.58%)
S&P Mid Cap:	(4.93%)
S&P 600:	(3.58%)
S&P 600 Growth:	(2.25%)
S&P 600 Value:	(4.93%)



Separate Account Style Group Median Returns for One Year Ended June 30, 2012

S&P 500:	5.45%
S&P 500 Growth:	7.76%
S&P 500 Value:	3.00%
S&P Mid Cap:	(2.33%)
S&P 600:	1.43%
S&P 600 Growth:	1.18%
S&P 600 Value:	1.74%



Domestic Fixed Income
Active Management Overview

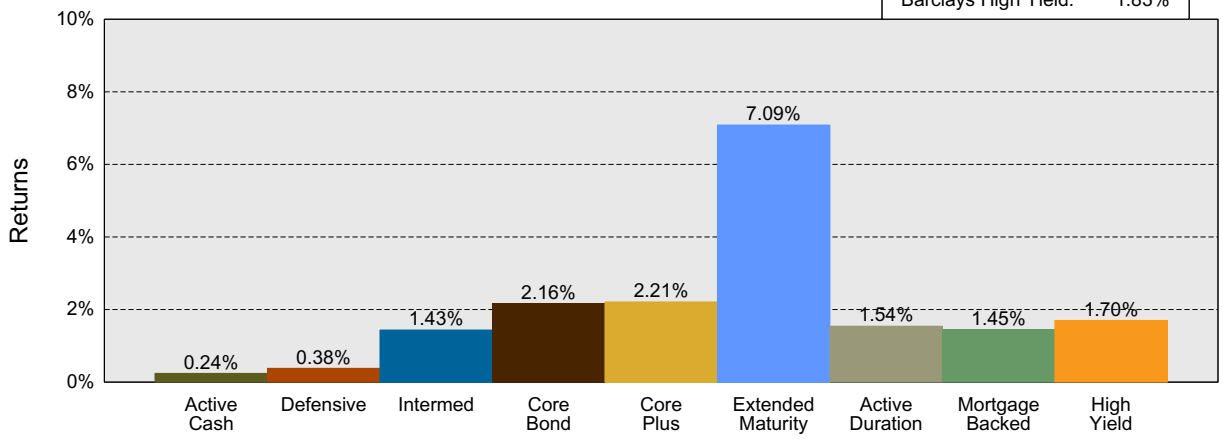
Active vs. the Index
The second quarter was an anxious period as investors sought refuge from the ongoing European debt crisis. As the U.S. election draws nearer and more attention is brought to the national deficit, the Federal Reserve is keeping a near zero interest rate, and allowing a decline for longer term yields. For the quarter ended June 30, 2012, the median Core Bond manager experienced a 2.16% return, outperforming the Barclays Aggregate index by 10 basis points. For the twelve months ended June 30, 2012, the median Core Bond manager posted a 8.04% return, outperforming the index which gained 7.47%.

Short vs. Long Duration
Interest rate spreads widened at the 10 year sector due to the extension of Operation Twist by the Federal Reserve. Extended maturities rebounded during the second quarter, with the median manager boasting a 7.09% return, while the median Intermediate fund manager posted a gain of 1.43%. For the twelve months ended June 30, 2012, the median Extended Maturity fund experienced an exceptional gain of 23.36%, outperforming the median Intermediate fund by 1,756 basis points.

Mortgages and High Yield
For the quarter ended June 30, 2012, the median Mortgage Backed manager posted a return of 1.45%, outperforming the Barclays Mortgage Index by 37 basis points. For the year ended June 30, 2012, the median Mortgage Backed fund experienced a return of 6.24%, besting its index by 127 basis points. The strong start High Yield funds experienced at the beginning of the year dwindled as consumer confidence remained uncertain. For the second quarter, the median High Yield manager underperformed the Barclays High Yield Index by 13 basis points with a return of 1.70%. For the twelve months ended June 30, 2012, however, the median High Yield fund manager had a 7.47% return versus 7.27% for its index.

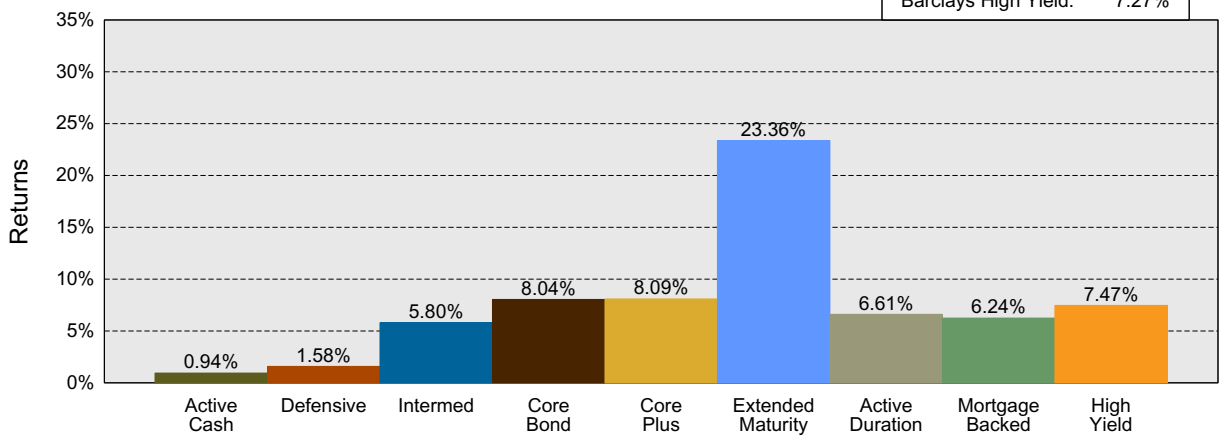
Separate Account Style Group Median Returns for Quarter Ended June 30, 2012

Barclays Universal:	2.00%
Barclays Aggregate:	2.06%
Barclays Govt/Credit:	2.56%
Barclays Mortgage:	1.08%
Barclays High Yield:	1.83%



Separate Account Style Group Median Returns for One Year Ended June 30, 2012

Barclays Universal:	7.36%
Barclays Aggregate:	7.47%
Barclays Govt/Credit:	8.78%
Barclays Mortgage:	4.97%
Barclays High Yield:	7.27%



International Equity
Active Management Overview

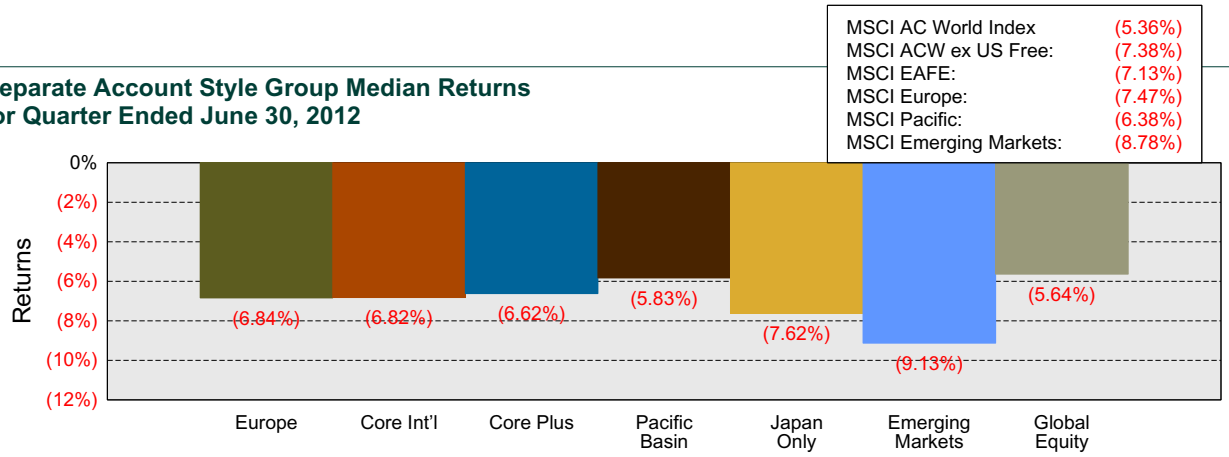
Active vs. the Index
Despite a strong rally in June, global stock markets posted major losses in the second quarter wiping out the gains generated in the first quarter. Stocks fell in April and May due to the European debt crisis and weaker economic data in the U.S. and China. Although some progress on European policy helped drive equity markets upwards in June, all major global equity indices still finished the second quarter in negative territory. For the quarter, the S&P 500 lost 2.75% while international stocks fell even further, with the MSCI EAFE and MSCI Emerging Markets returning -7.13% and -8.78%, respectively. For the quarter ended June 30, 2012 the median Emerging Markets manager underperformed its index with a -9.13% return. For the twelve months ended June 30, 2012, the median Emerging manager was down 15.86%, 19 basis points lower than the MSCI Emerging Markets Index.

Europe
For most of the volatile second quarter, the European sovereign debt crisis caused instability, resulting in poor returns for the MSCI Europe index which lost 7.47%. Interest rates approached new highs in Germany, Italy, and Spain, increasing concerns of a deep recession throughout Europe. Despite a poor second quarter, the market recovered in the final days of June in response to decisions made on bank loans during the Eurozone summit in Brussels. For the quarter ended June 30, 2012 the median European manager beat its benchmark by 0.63% and bested its index by 2.23% for the year ended June 30, 2012.

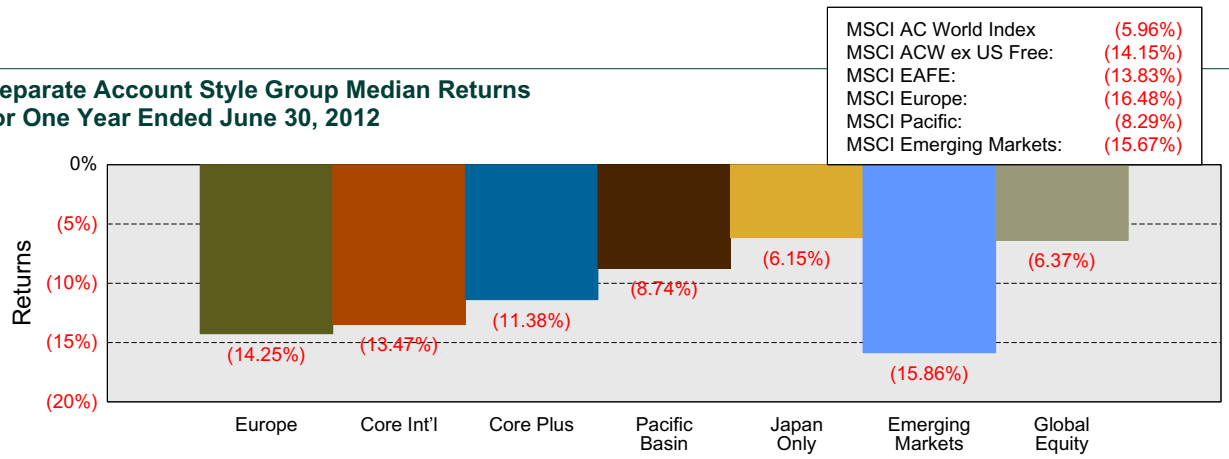
Pacific
Led by Singapore, Hong Kong and Australia, the MSCI Pacific Index was one of the best international performers this quarter with a -6.38% return. However, returns within the Pacific region were inconsistent due to slowing growth in China and the weak yen in Japan. The median Pacific manager finished the quarter with a -5.83% return, 55 basis points above its benchmark. For the year ended June 30, 2012, the median Pacific manager underperformed its benchmark by 0.45%.

Emerging Markets
With a 8.78% loss, the MSCI Emerging Markets index produced the lowest return in the second quarter of 2012. This performance was due to steep losses reported by the larger emerging markets in the region, including India, South Korea, and Taiwan. For the quarter ended June 30, 2012 the median Emerging Markets manager underperformed its benchmark by 35 basis points. For the twelve months ended June 30, 2012, the median manager was 19 basis points behind its benchmark.

Separate Account Style Group Median Returns for Quarter Ended June 30, 2012



Separate Account Style Group Median Returns for One Year Ended June 30, 2012



International Fixed Income
Active Management Overview

Active vs. the Index

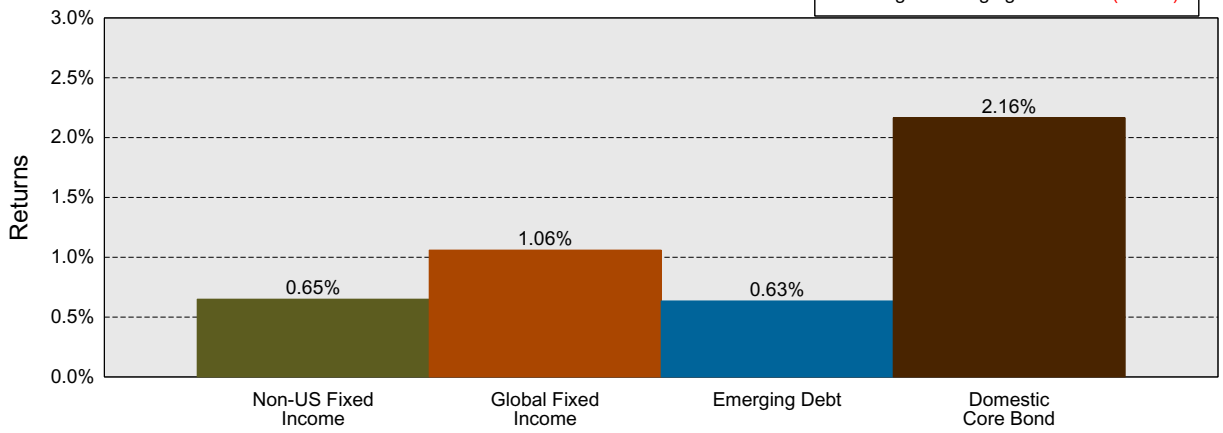
Despite the temporary relief of last quarter's Greek Private Section Involvement (PSI), international markets were, again, exposed to significant levels of volatility. This was due largely to Spain's bailout and threats of anti-austerity support in Greek elections. In May, foreign currencies depreciated against the dollar amidst the fear of a Greek exit from the euro and anxiety over the failing Spanish banking system. Investors sought stability in bonds outside of the Eurozone causing U.S., German and Japanese government bonds to hit record lows in early June. Later in the quarter, in an emergency summit meeting, central banks signaled their intent to support Spain and Italy. By the end of June, foreign currencies had regained some of the losses experienced earlier in the quarter and troubled sovereign yields had dropped. For the quarter ended in June 30, 2012, the median Non-U.S. Fixed Income manager posted a positive return of 0.65%, outperforming its index by 0.45%, while the median Global Fixed Income Manager was up 1.06%, outperforming its benchmark by 0.14%. For the year end June 30, 2012, the median Non-U.S. Fixed Income Manager posted a gain of 0.74% and outperformed its index by 0.30%. The median Global Fixed Income Manager bested its benchmark by 0.84% returning 3.52%.

Emerging Markets

Dollar dominated emerging market bonds posted solid returns due to appreciation of the dollar during the quarter, combined with the central bank actions in the Eurozone. In addition, emerging economies such as Brazil, Australia, India and China were able to combat the effects of depreciation by cutting interest rates. In contrast, local currency bond markets suffered during the quarter as currency depreciation was not offset by lower interest rates. For the quarter ended June 30, 2012, the median Emerging Debt manager's return was up slightly gaining 0.63%, versus the JP Morgan Emerging Market Index which experienced a loss of 2.63%. For the year ended June 30, 2012, the median Emerging Debt manager experienced a gain of 4.88%, outperforming its index by 12.00%.

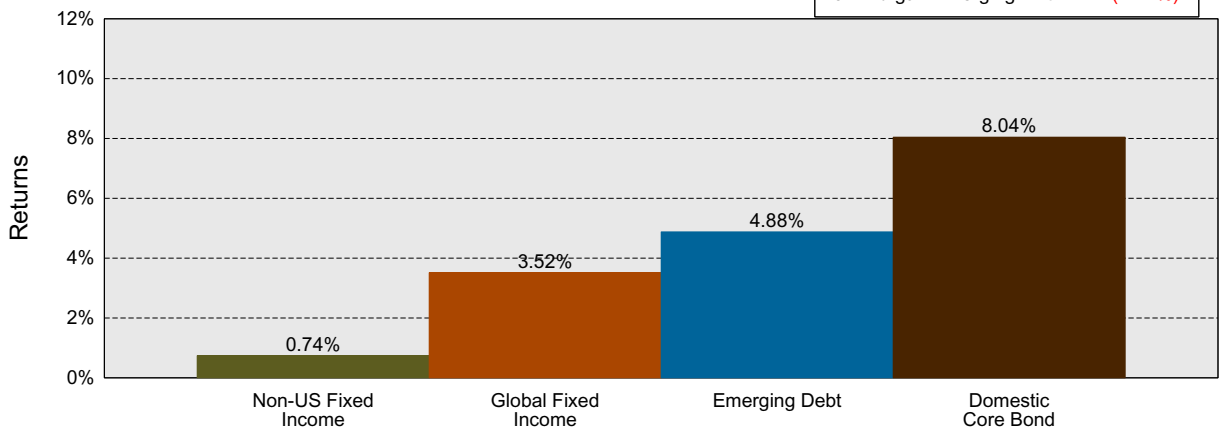
Separate Account Style Group Median Returns for Quarter Ended June 30, 2012

Citi World Govt:	0.92%
Citi Non-US Govt:	0.20%
Citi Non-US Hedged:	1.08%
JP Morgan Emerging Mkt:	(2.63%)



Separate Account Style Group Median Returns for One Year Ended June 30, 2012

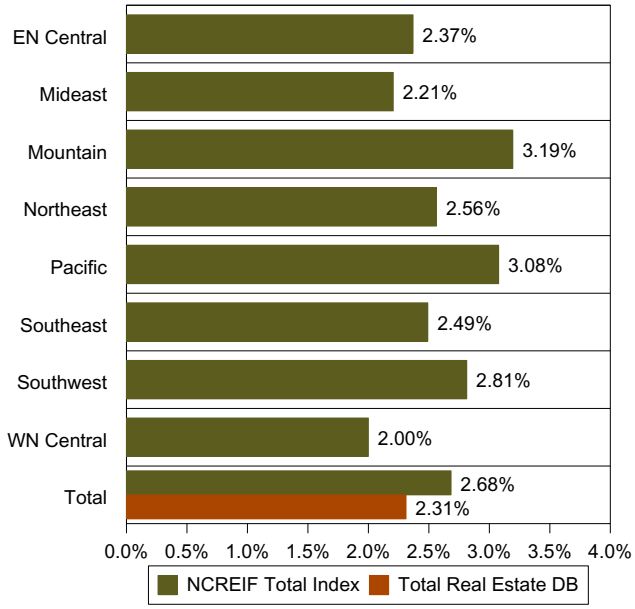
Citi World Govt:	2.68%
Citi Non-US Govt:	0.44%
Citi Non-US Hedged:	6.15%
JP Morgan Emerging Mkt:	(7.12%)



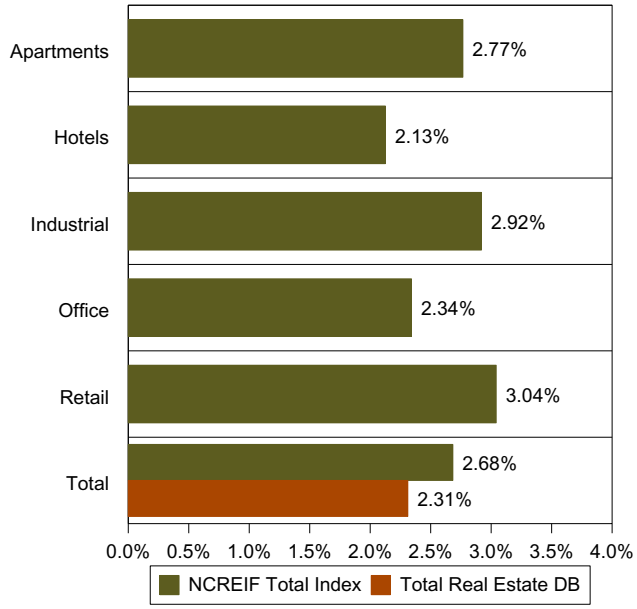
Real Estate
Market Overview

The NCREIF Property Index (+2.68%) advanced during the second quarter of 2012, marking the tenth consecutive quarter of gains. Appreciation added 1.23%, while income added 1.45%. The Retail sector led property sector performance (+3.04%) followed by Industrial (+2.92%), while the Hotel sector lagged for the quarter (+2.13%). Regionally, the West (+3.10%) led, while the Midwest (+2.30%) lagged. NCREIF appraisal capitalization rates edged up to 5.56% during the second quarter while transaction capitalization rates slightly declined to 6.35%. Approximately $4.5 billion in transaction volume was recorded by NCREIF.

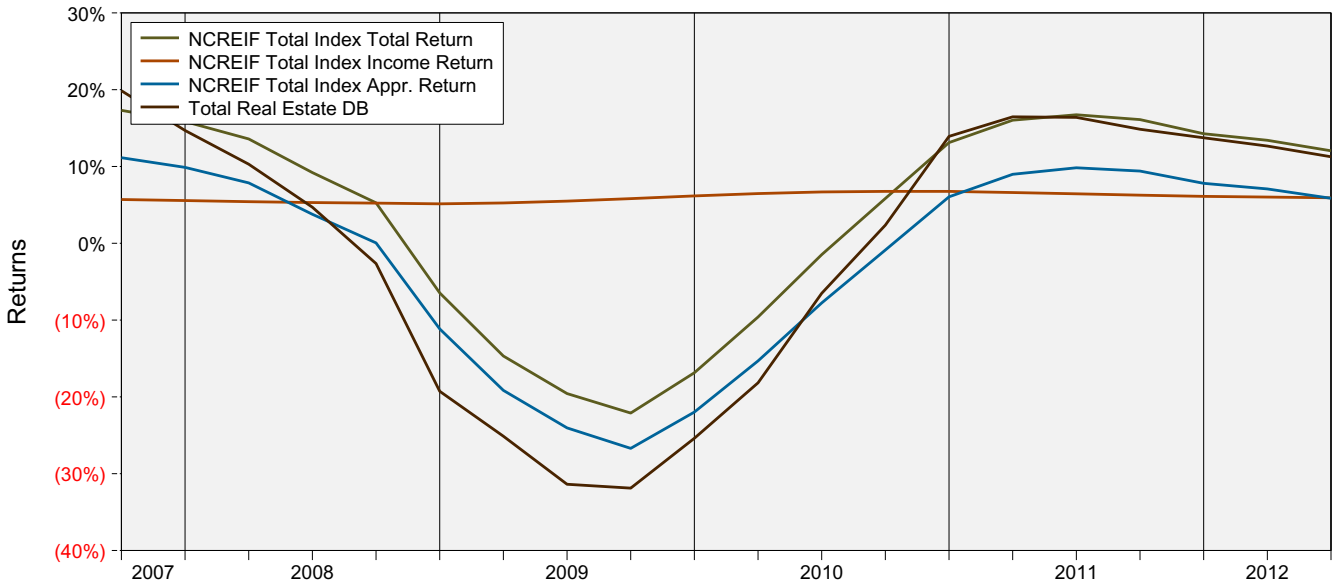
NCREIF Total Index Returns by Geographic Area
Quarter Ended June 30, 2012



NCREIF Total Index Returns by Property Type
Quarter Ended June 30, 2012



Rolling 1 Year Returns

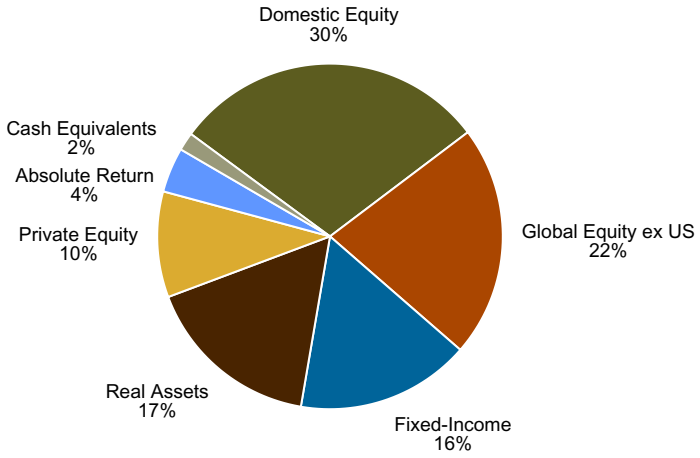


Employees' Retirement Plan

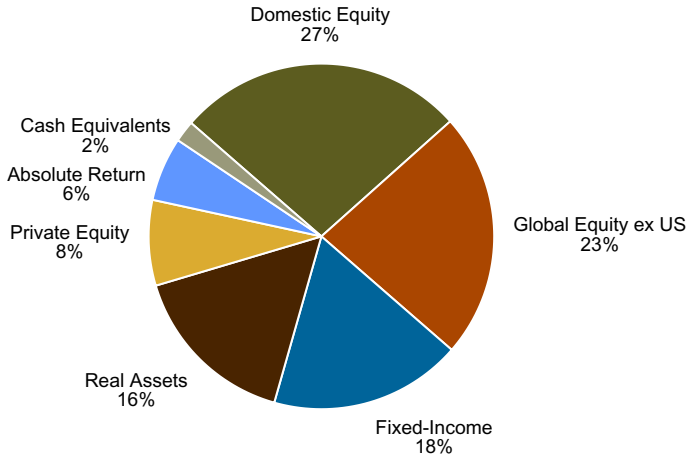
Actual vs Target Asset Allocation
As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. 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

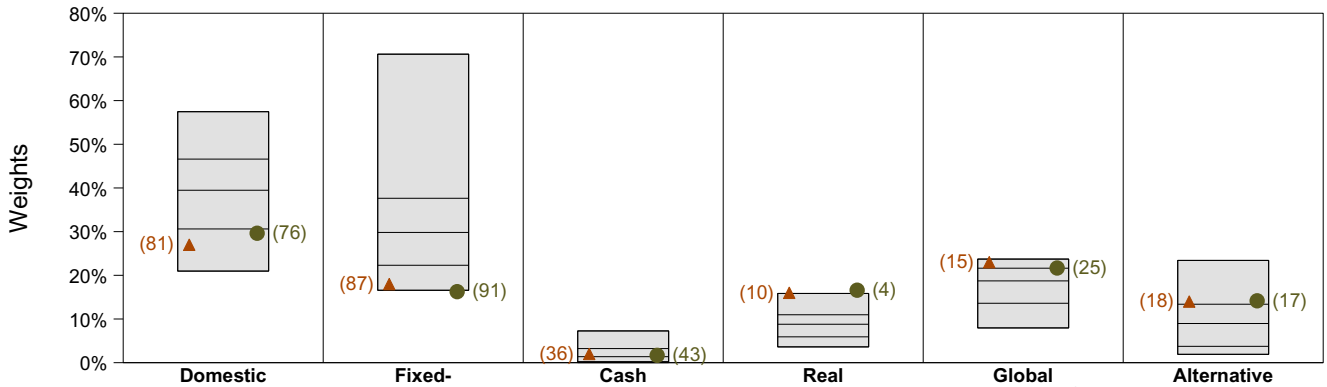


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	1,812,126	29.6%	27.0%	2.6%	161,080
Global Equity ex US	1,325,126	21.7%	23.0%	(1.3%)	(81,321)
Fixed-Income	994,331	16.3%	18.0%	(1.7%)	(106,366)
Real Assets	1,014,684	16.6%	16.0%	0.6%	36,286
Private Equity	606,498	9.9%	8.0%	1.9%	117,312
Absolute Return	259,480	4.2%	6.0%	(1.8%)	(107,419)
Cash Equivalents	102,741	1.7%	2.0%	(0.3%)	(19,559)
Total	6,114,988	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



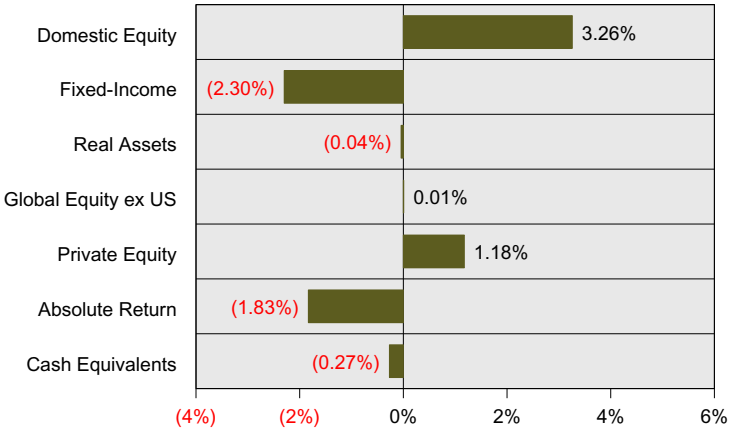
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Alternative
10th Percentile	57.46	70.63	7.27	15.85	23.72	23.41
25th Percentile	46.61	37.64	3.23	10.97	21.63	13.38
Median	39.47	29.82	1.38	8.80	18.72	8.97
75th Percentile	30.62	22.30	0.25	5.92	13.60	3.74
90th Percentile	20.96	16.57	0.02	3.62	7.95	1.91
Fund ●	29.63	16.26	1.68	16.59	21.67	14.16
Target ▲	27.00	18.00	2.00	16.00	23.00	14.00
% Group Invested	95.35%	97.67%	72.09%	46.51%	86.05%	47.67%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

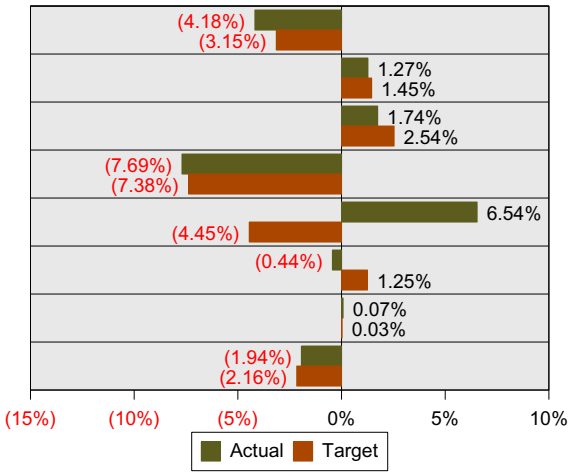
Quarterly Total Fund Relative Attribution - June 30, 2012

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.

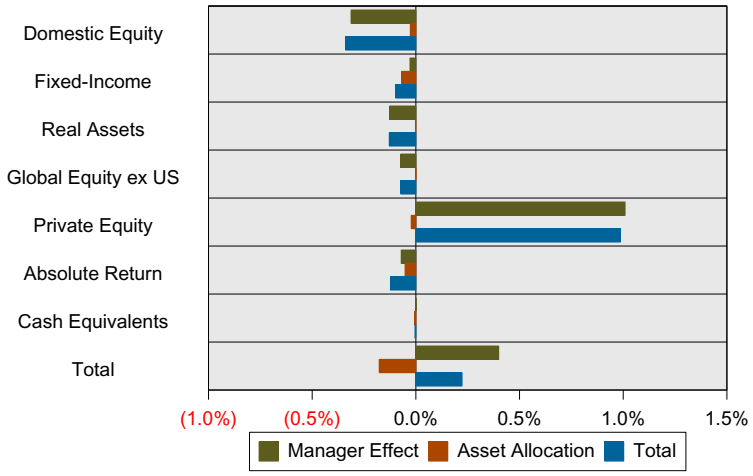
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

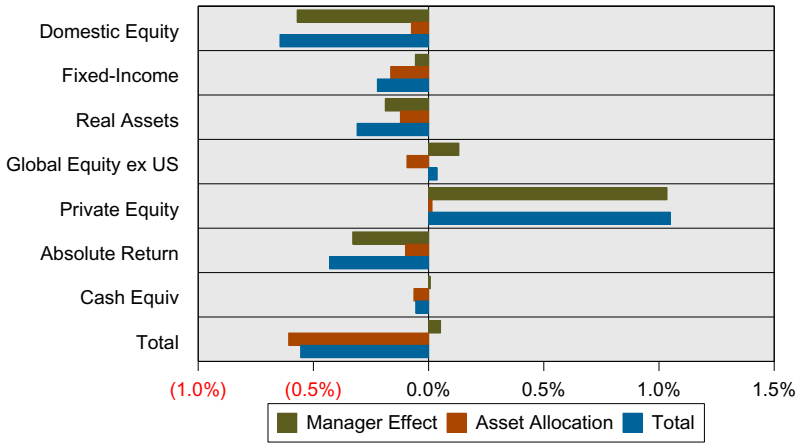
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	27%	(4.18%)	(3.15%)	(0.31%)	(0.03%)	(0.34%)
Fixed-Income	16%	18%	1.27%	1.45%	(0.03%)	(0.07%)	(0.10%)
Real Assets	16%	16%	1.74%	2.54%	(0.13%)	(0.00%)	(0.13%)
Global Equity ex US	23%	23%	(7.69%)	(7.38%)	(0.07%)	(0.00%)	(0.07%)
Private Equity	9%	8%	6.54%	(4.45%)	1.01%	(0.02%)	0.99%
Absolute Return	4%	6%	(0.44%)	1.25%	(0.07%)	(0.05%)	(0.12%)
Cash Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.00%)	(0.00%)
Total			**(1.94%)**	**= (2.16%)**	**+ 0.40%**	**+ (0.18%)**	**0.22%**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

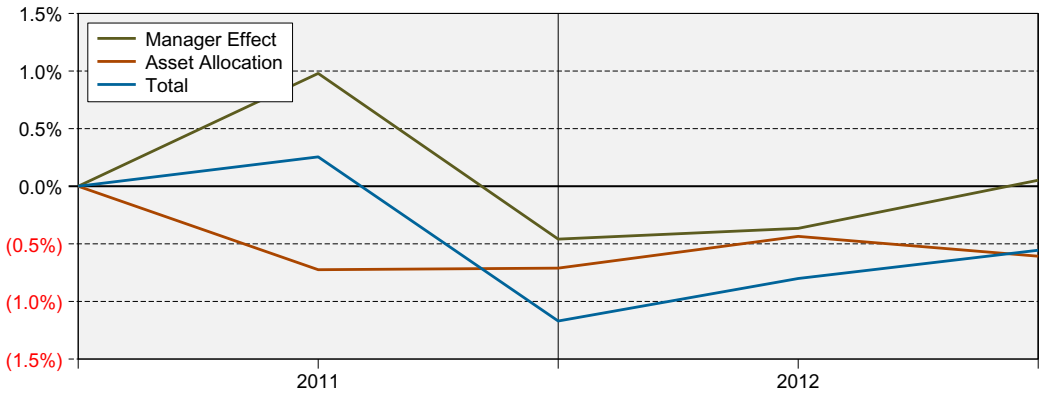
Cumulative Total Fund Relative Attribution - June 30, 2012

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

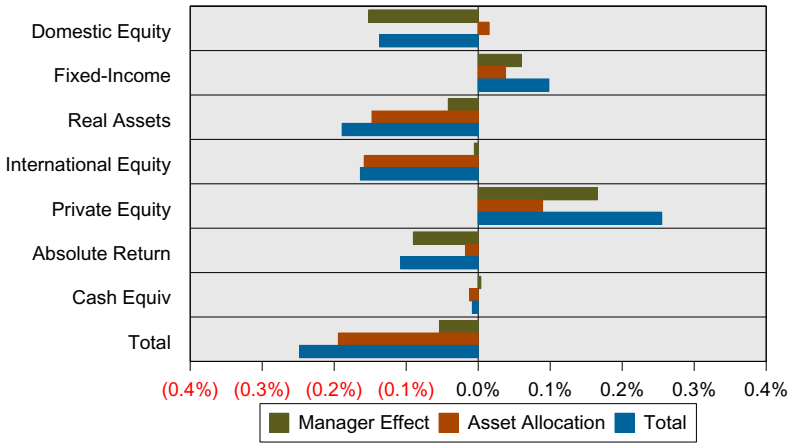
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	1.80%	3.84%	(0.57%)	(0.07%)	(0.65%)
Fixed-Income	17%	18%	4.90%	5.08%	(0.06%)	(0.16%)	(0.22%)
Real Assets	16%	16%	10.46%	11.41%	(0.19%)	(0.12%)	(0.31%)
Global Equity ex US	22%	23%	(13.67%)	(14.15%)	0.13%	(0.09%)	0.04%
Private Equity	10%	8%	9.44%	(3.61%)	1.03%	0.01%	1.05%
Absolute Return	4%	6%	(2.05%)	5.06%	(0.33%)	(0.10%)	(0.43%)
Cash Equiv	2%	2%	0.44%	0.06%	0.01%	(0.06%)	(0.06%)
Total			**0.46%**	**= 1.02%**	**+ 0.05%**	**+ (0.61%)**	**(0.56%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

Cumulative Total Fund Relative Attribution - June 30, 2012

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

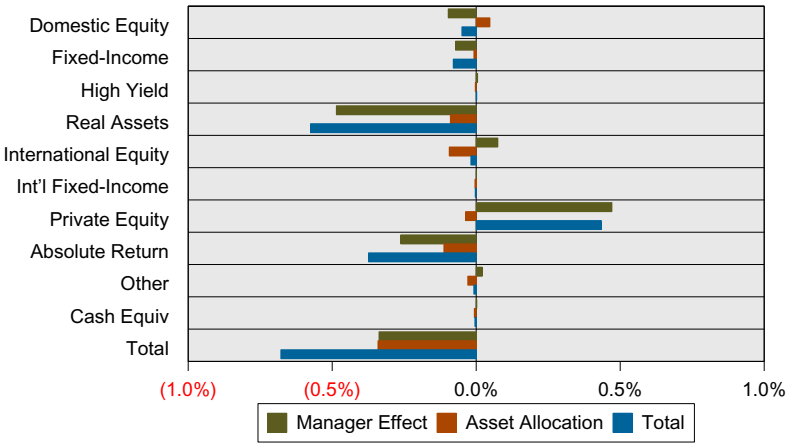
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	16.16%	16.73%	(0.15%)	0.02%	(0.14%)
Fixed-Income	17%	19%	7.15%	6.74%	0.06%	0.04%	0.10%
Real Assets	15%	16%	8.20%	8.29%	(0.04%)	(0.15%)	(0.19%)
International Equity	22%	23%	7.45%	7.43%	(0.01%)	(0.16%)	(0.16%)
Private Equity	9%	7%	16.05%	13.42%	0.17%	0.09%	0.25%
Absolute Return	5%	5%	3.43%	5.12%	(0.09%)	(0.02%)	(0.11%)
Cash Equiv	1%	1%	-	-	0.00%	(0.01%)	(0.01%)
Total			**10.68%**	**= 10.93%**	**+ (0.05%)**	**+ (0.19%)**	**(0.25%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

Cumulative Total Fund Relative Attribution - June 30, 2012

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

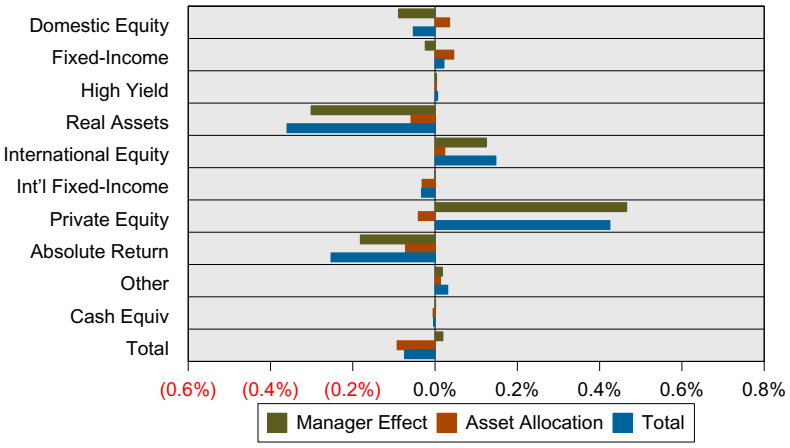
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	31%	(0.14%)	0.16%	(0.10%)	0.05%	(0.05%)
Fixed-Income	18%	19%	6.27%	6.59%	(0.07%)	(0.01%)	(0.08%)
High Yield	0%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	15%	15%	0.93%	3.88%	(0.49%)	(0.09%)	(0.58%)
International Equity	21%	21%	(4.06%)	(4.70%)	0.08%	(0.09%)	(0.02%)
Int'l Fixed-Income	0%	0%	-	-	0.00%	(0.00%)	(0.00%)
Private Equity	9%	7%	6.19%	(1.63%)	0.47%	(0.04%)	0.43%
Absolute Return	4%	5%	(0.35%)	5.93%	(0.26%)	(0.11%)	(0.37%)
Other	0%	1%	-	-	0.02%	(0.03%)	(0.01%)
Cash Equiv	1%	1%	-	-	0.00%	(0.01%)	(0.00%)
Total			**0.86%**	**= 1.54%**	**+ (0.34%)**	**+ (0.34%)**	**(0.68%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

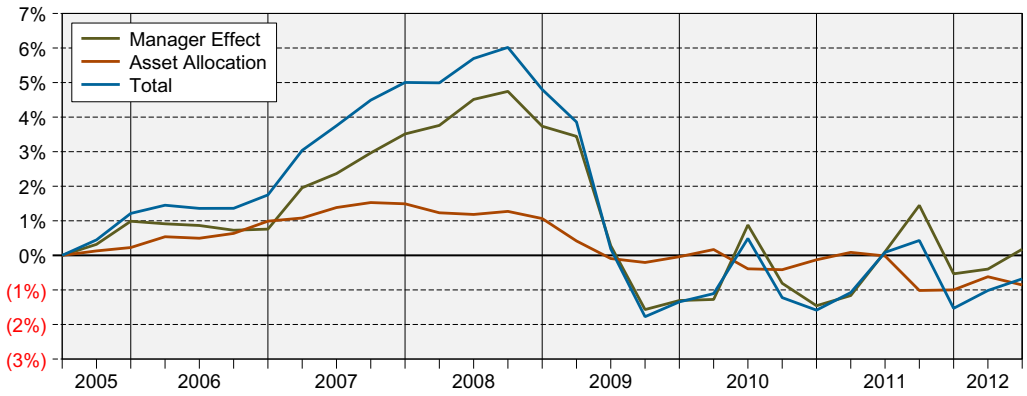
Cumulative Total Fund Relative Attribution - June 30, 2012

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

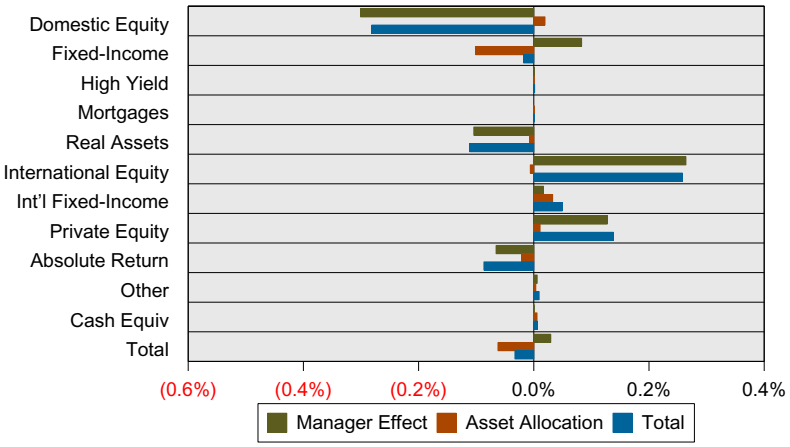
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	33%	3.85%	4.11%	(0.09%)	0.04%	(0.05%)
Fixed-Income	18%	20%	5.35%	5.44%	(0.02%)	0.05%	0.02%
High Yield	1%	1%	-	-	0.00%	0.00%	0.01%
Real Assets	14%	13%	6.02%	7.69%	(0.30%)	(0.06%)	(0.36%)
International Equity	20%	19%	4.52%	3.66%	0.12%	0.02%	0.15%
Int'l Fixed-Income	1%	1%	-	-	(0.00%)	(0.03%)	(0.03%)
Private Equity	8%	7%	11.84%	3.84%	0.47%	(0.04%)	0.43%
Absolute Return	4%	5%	2.57%	6.79%	(0.18%)	(0.07%)	(0.25%)
Other	0%	1%	-	-	0.02%	0.01%	0.03%
Cash Equiv	0%	0%	-	-	0.00%	(0.00%)	(0.00%)
Total			**4.79%**	**= 4.86%**	**+ 0.02%**	**+ (0.09%)**	**(0.07%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

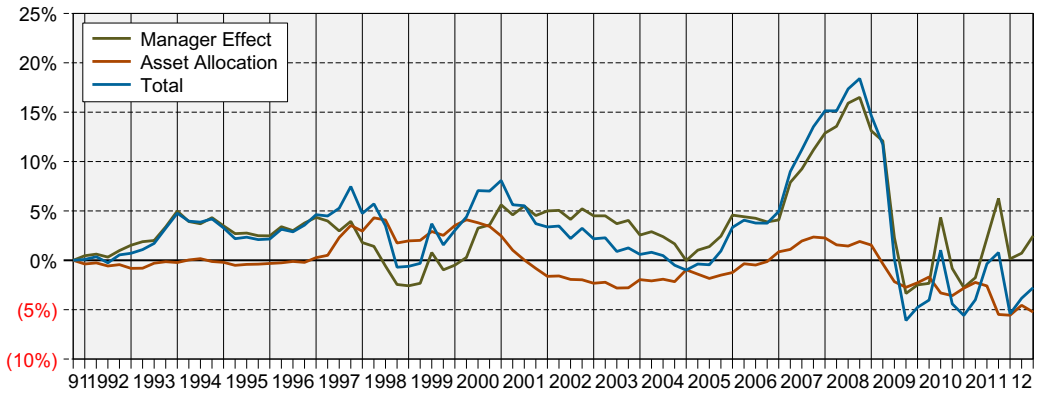
Cumulative Total Fund Relative Attribution - June 30, 2012

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.

Twenty and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Twenty and Three-Quarter Year Annualized Relative Attribution Effects

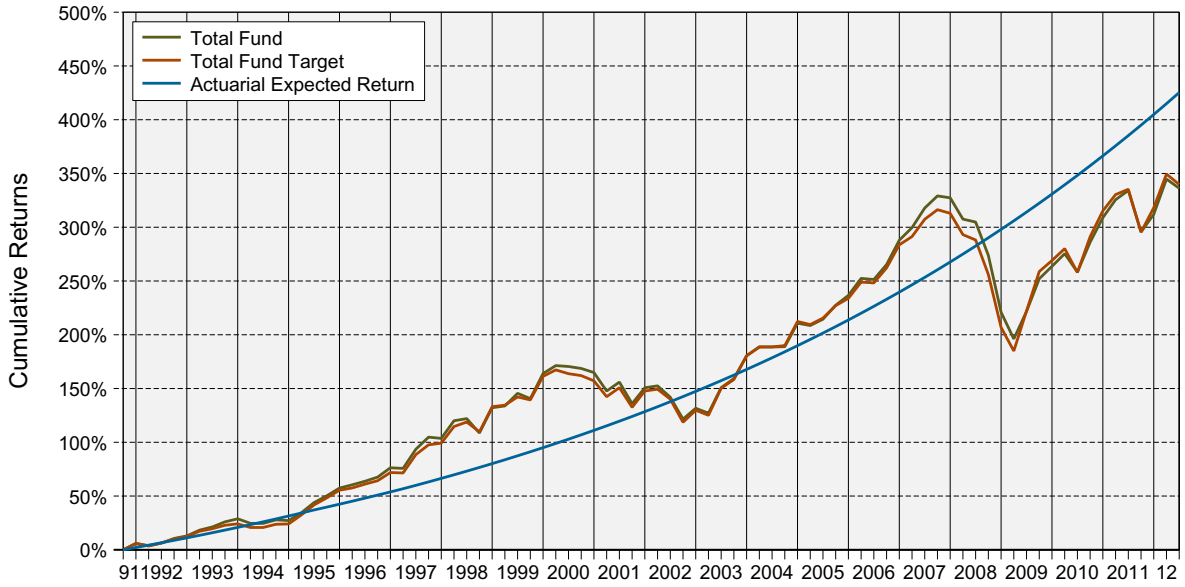
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	37%	7.77%	8.48%	(0.30%)	0.02%	(0.28%)
Fixed-Income	31%	31%	6.78%	6.57%	0.08%	(0.10%)	(0.02%)
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Assets	8%	9%	7.51%	7.88%	(0.10%)	(0.01%)	(0.11%)
International Equity	16%	15%	6.88%	5.09%	0.26%	(0.01%)	0.26%
Int'l Fixed-Income	2%	2%	-	-	0.02%	0.03%	0.05%
Private Equity	3%	3%	-	-	0.13%	0.01%	0.14%
Absolute Return	1%	2%	-	-	(0.07%)	(0.02%)	(0.09%)
Other	0%	1%	-	-	0.01%	0.00%	0.01%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**7.36%**	**= 7.39%**	**+ 0.03%**	**+ (0.06%)**	**(0.03%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

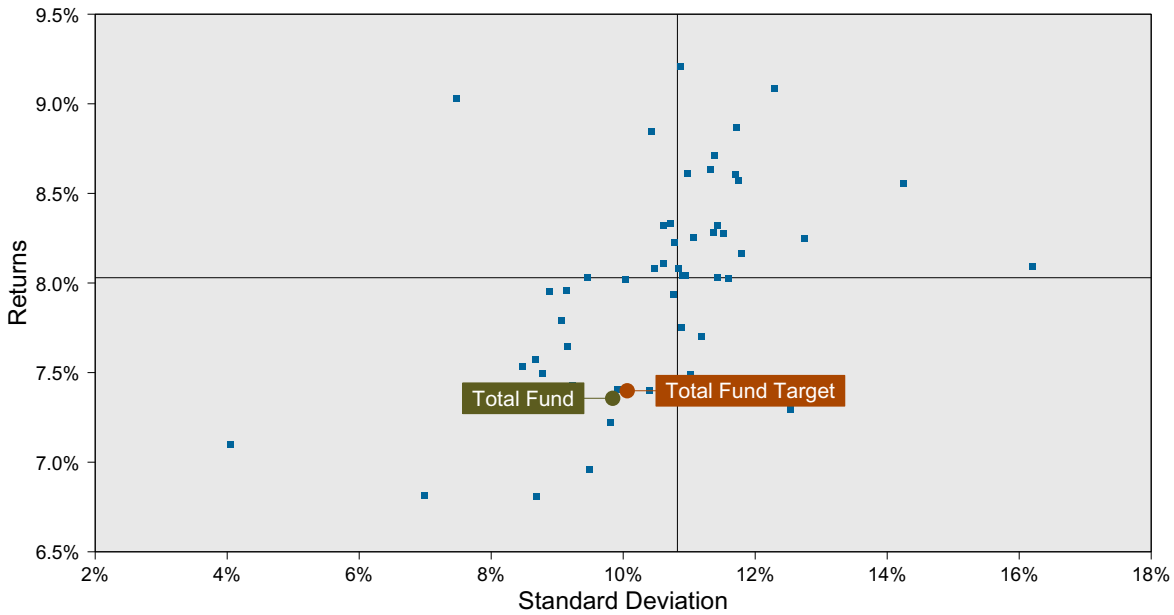
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Twenty and Three-Quarter Year Annualized Risk vs Return



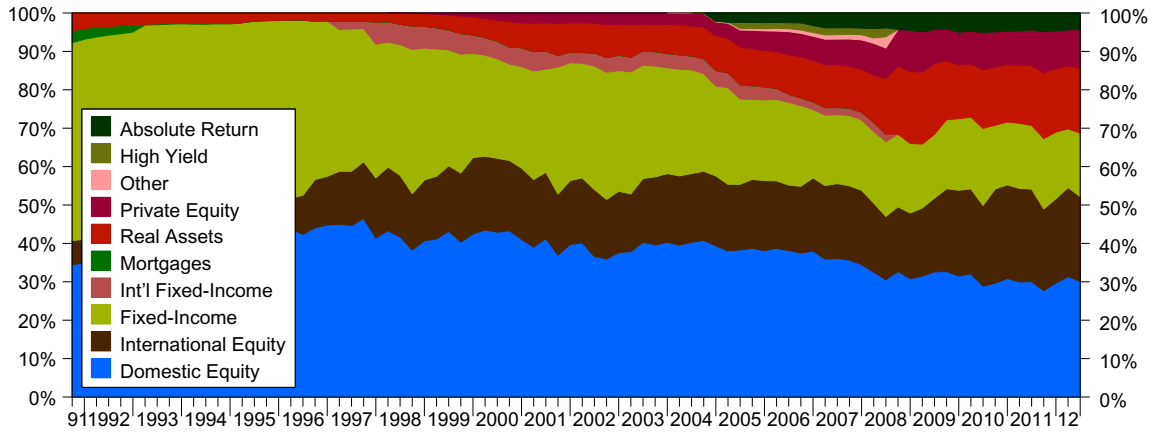
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

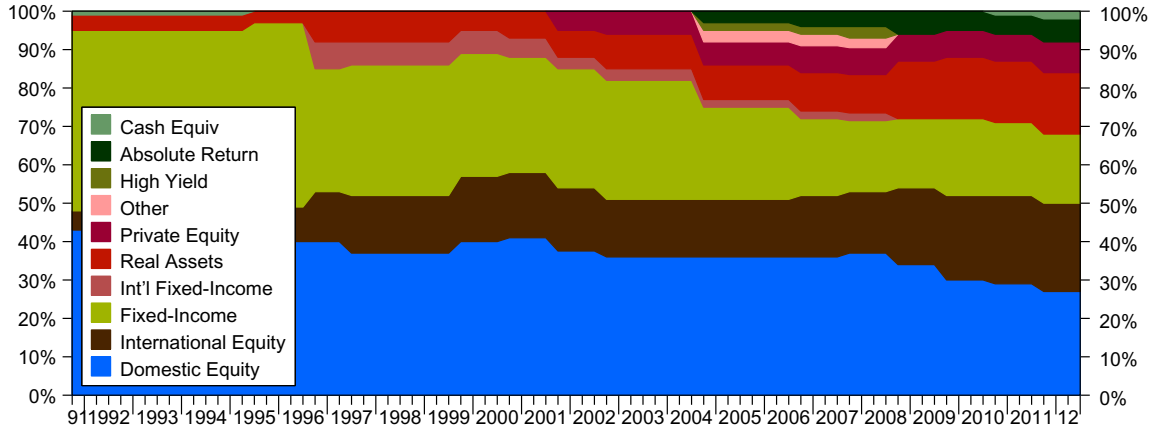
Actual vs Target Historical Asset Allocation

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

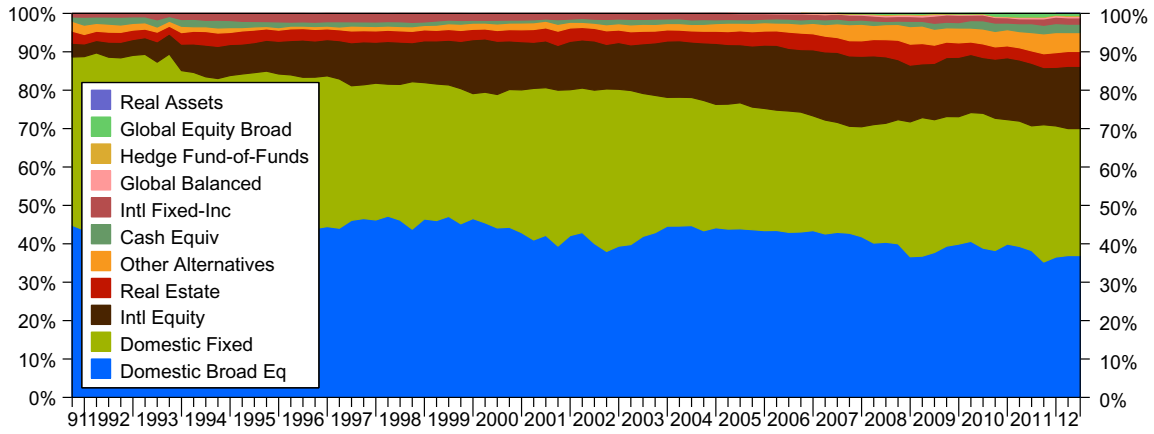
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

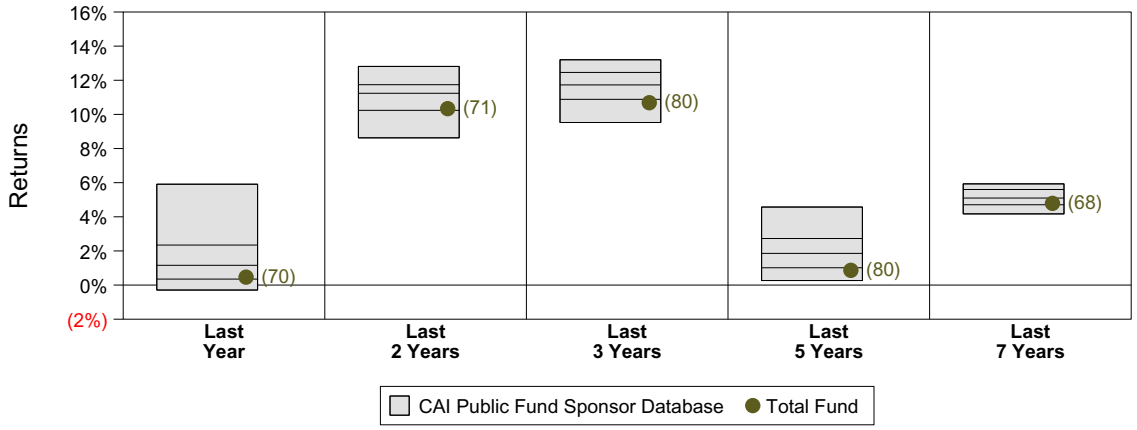


* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

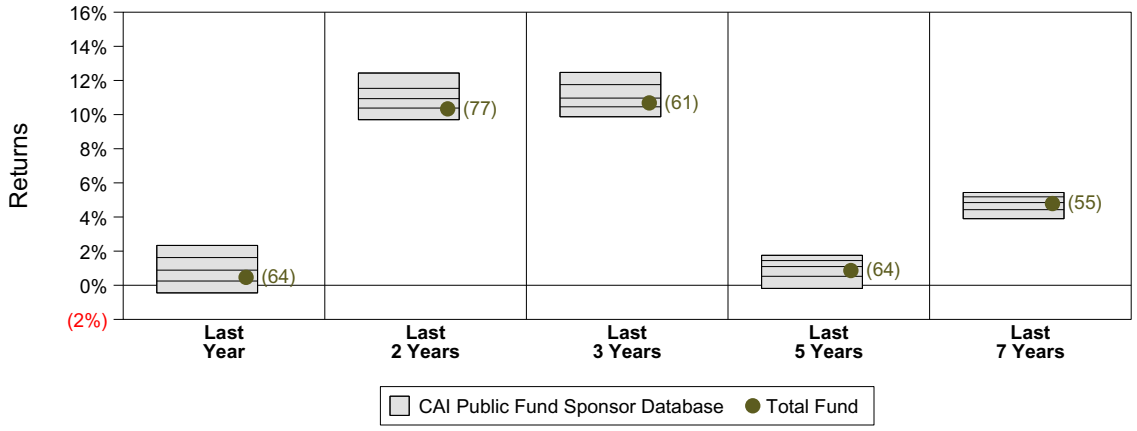
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended June 30, 2012. 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.

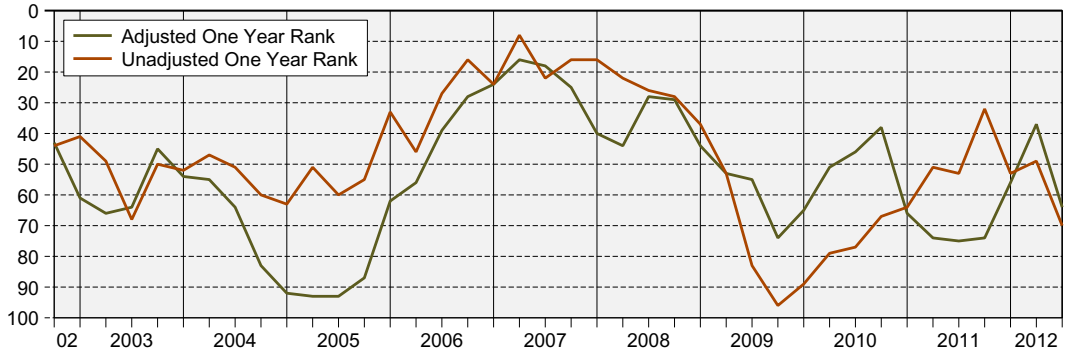
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



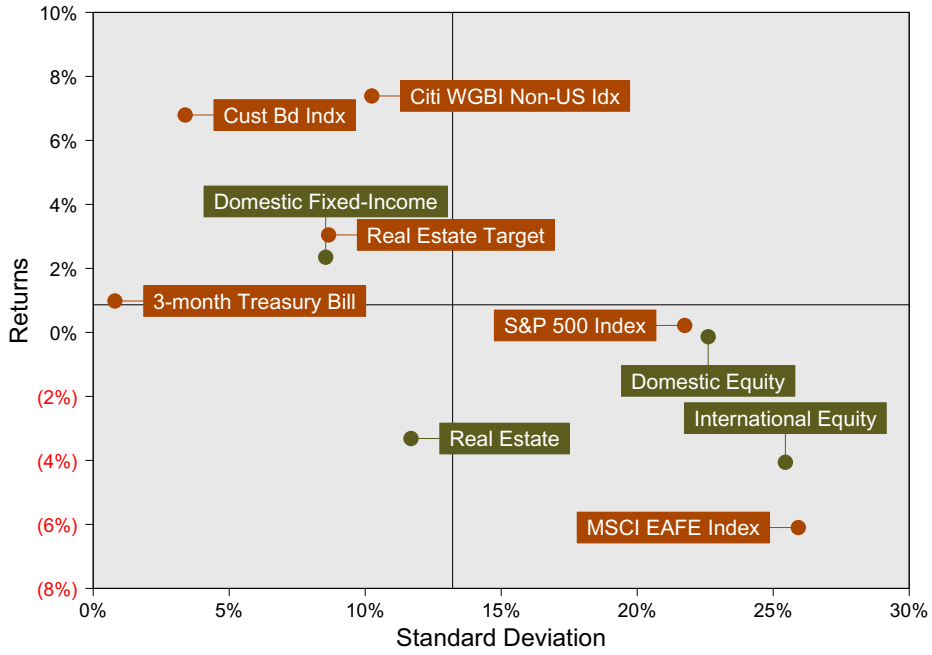
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



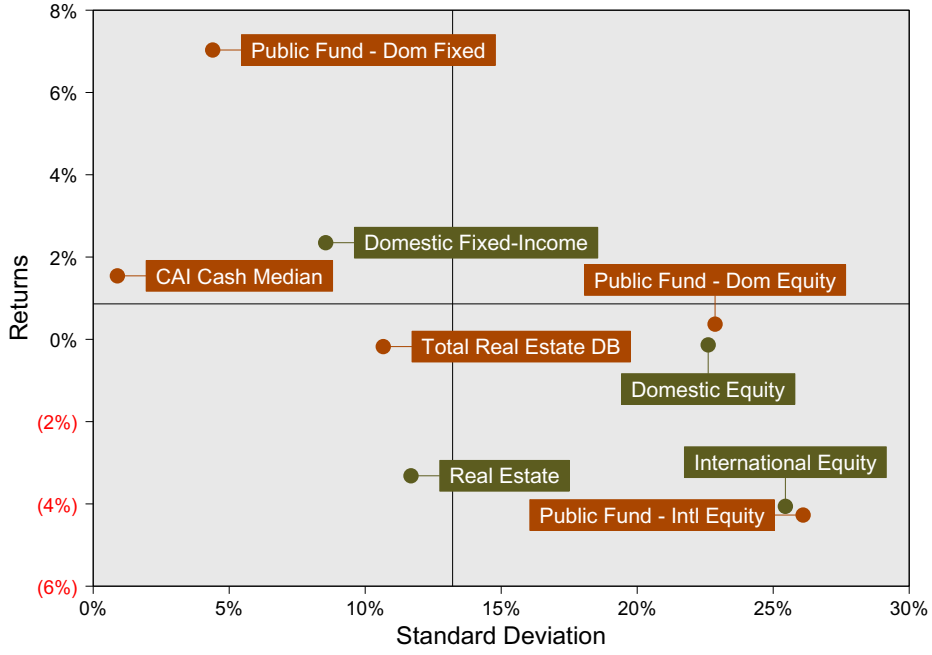
Asset Class Risk and Return

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



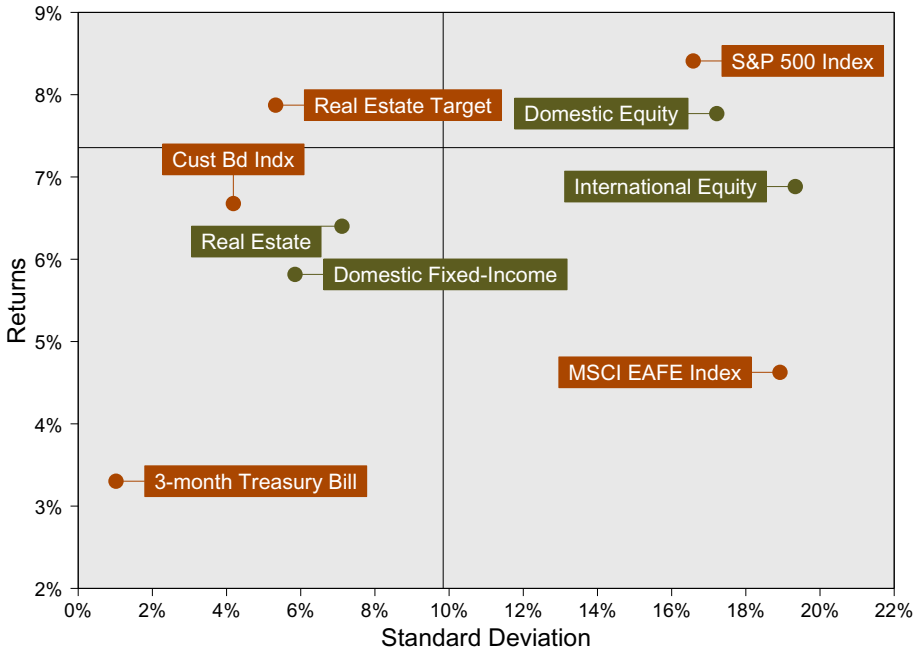
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



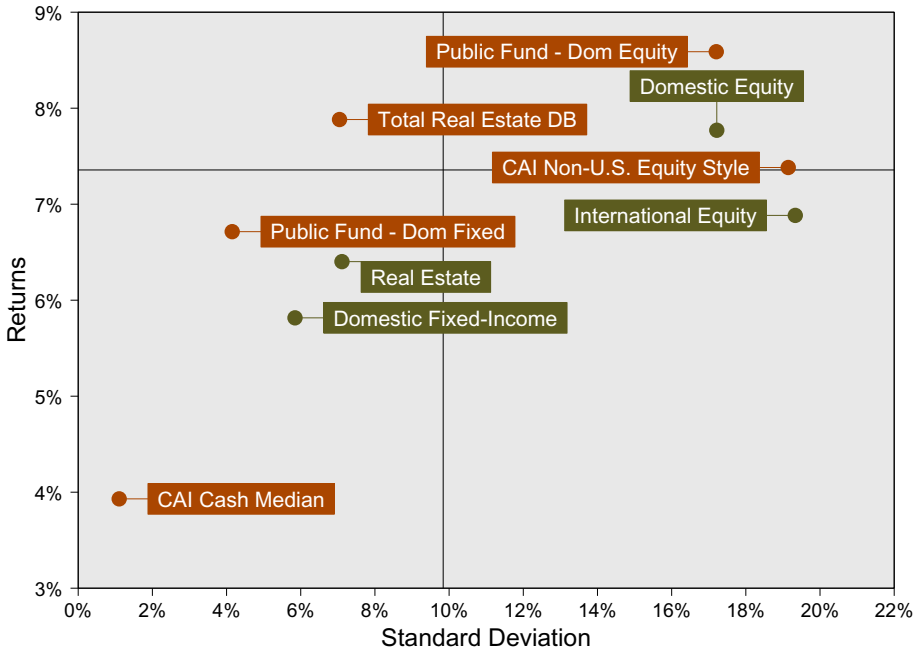
Asset Class Risk and Return

The charts below show the twenty 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.

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



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

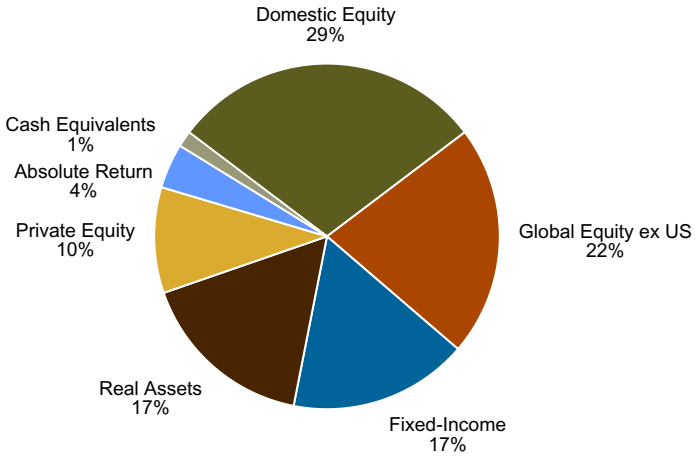


P E R S HEALTH CARE

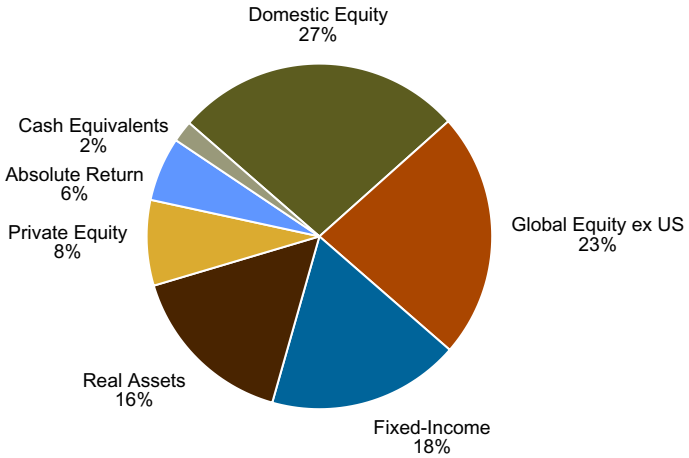
Actual vs Target Asset Allocation
As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. 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

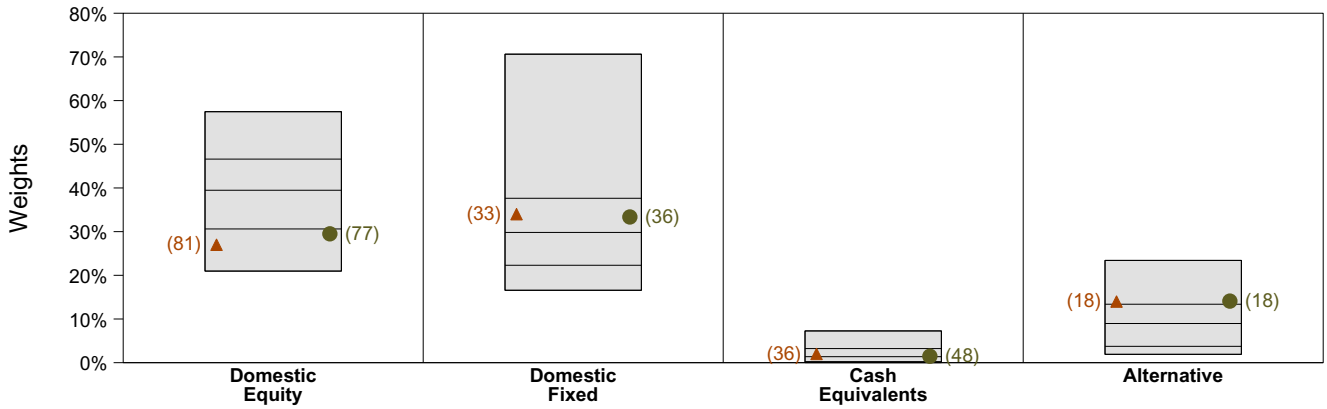


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	1,534,811	29.5%	27.0%	2.5%	129,980
Global Equity ex US	1,122,335	21.6%	23.0%	(1.4%)	(74,373)
Fixed-Income	874,379	16.8%	18.0%	(1.2%)	(62,175)
Real Assets	861,128	16.6%	16.0%	0.6%	28,636
Private Equity	513,703	9.9%	8.0%	1.9%	97,467
Absolute Return	219,777	4.2%	6.0%	(1.8%)	(92,407)
Cash Equivalents	76,944	1.5%	2.0%	(0.5%)	(27,117)
Total	5,203,077	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



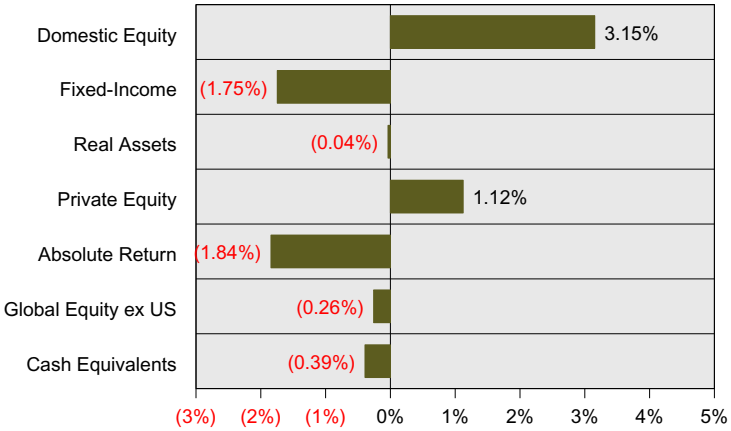
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	57.46	70.63	7.27	23.41
25th Percentile	46.61	37.64	3.23	13.38
Median	39.47	29.82	1.38	8.97
75th Percentile	30.62	22.30	0.25	3.74
90th Percentile	20.96	16.57	0.02	1.91
Fund ●	29.50	33.36	1.48	14.10
Target ▲	27.00	34.00	2.00	14.00
% Group Invested	95.35%	97.67%	72.09%	47.67%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

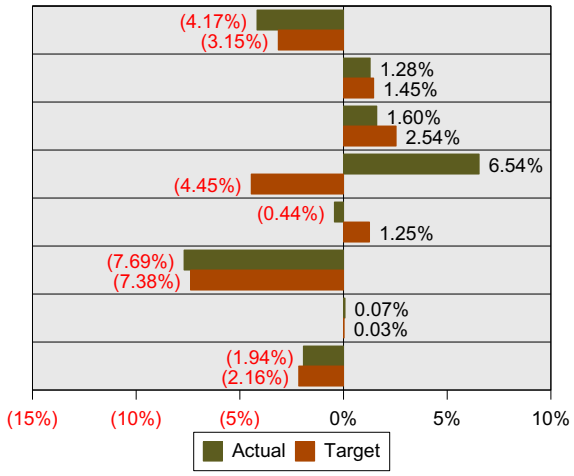
Quarterly Total Fund Relative Attribution - June 30, 2012

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.

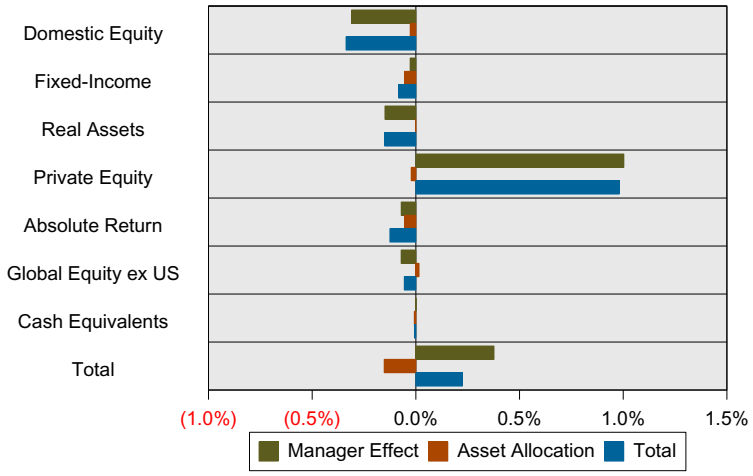
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

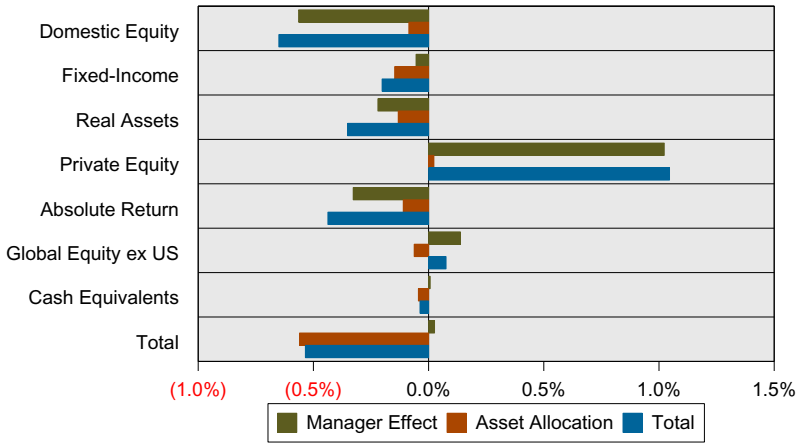
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	27%	(4.17%)	(3.15%)	(0.31%)	(0.03%)	(0.34%)
Fixed-Income	16%	18%	1.28%	1.45%	(0.03%)	(0.05%)	(0.08%)
Real Assets	16%	16%	1.60%	2.54%	(0.15%)	(0.00%)	(0.15%)
Private Equity	9%	8%	6.54%	(4.45%)	1.00%	(0.02%)	0.98%
Absolute Return	4%	6%	(0.44%)	1.25%	(0.07%)	(0.05%)	(0.13%)
Global Equity ex US	23%	23%	(7.69%)	(7.38%)	(0.07%)	0.02%	(0.06%)
Cash Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.01%)	(0.01%)
Total			**(1.94%)**	**= (2.16%)**	**+ 0.38%**	**+ (0.15%)**	**0.22%**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

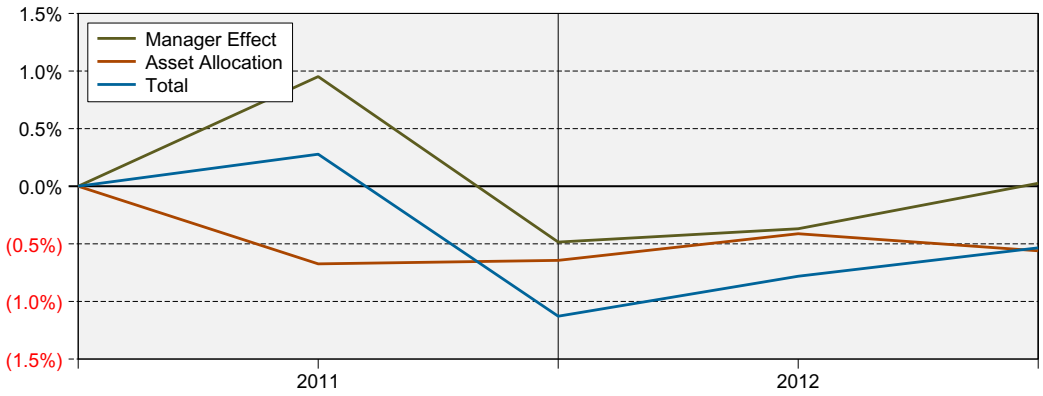
Cumulative Total Fund Relative Attribution - June 30, 2012

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

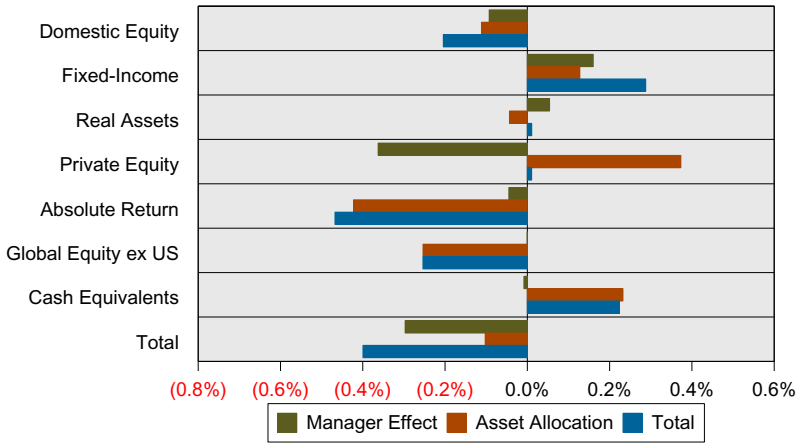
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	1.81%	3.84%	(0.56%)	(0.09%)	(0.65%)
Fixed-Income	17%	18%	4.93%	5.08%	(0.05%)	(0.15%)	(0.20%)
Real Assets	16%	16%	10.24%	11.41%	(0.22%)	(0.13%)	(0.35%)
Private Equity	10%	8%	9.45%	(3.61%)	1.02%	0.02%	1.05%
Absolute Return	4%	6%	(2.05%)	5.06%	(0.33%)	(0.11%)	(0.44%)
Global Equity ex US	22%	23%	(13.65%)	(14.15%)	0.14%	(0.06%)	0.08%
Cash Equivalents	2%	2%	0.43%	0.06%	0.01%	(0.04%)	(0.04%)
Total			**0.49%**	**= 1.02%**	**+ 0.03%**	**+ (0.56%)**	**(0.53%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

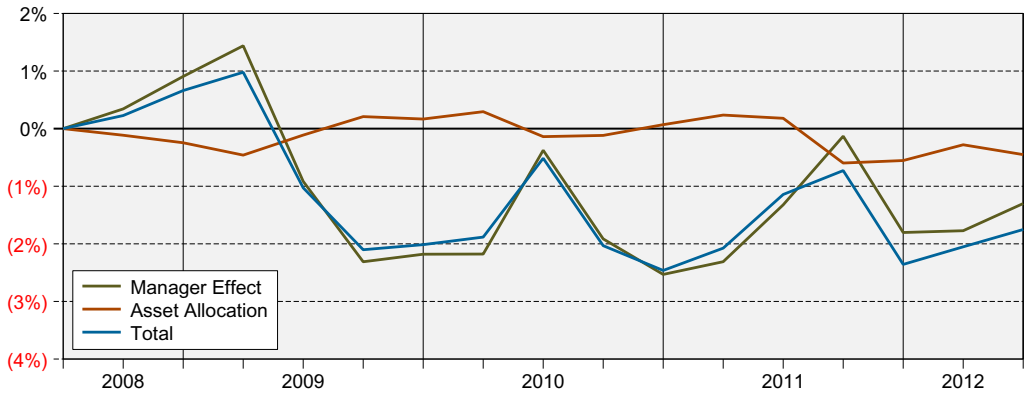
Cumulative Total Fund Relative Attribution - June 30, 2012

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.

Four Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Four 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%	3.56%	3.96%	(0.09%)	(0.11%)	(0.20%)
Fixed-Income	18%	19%	7.08%	6.26%	0.16%	0.13%	0.29%
Real Assets	14%	14%	3.96%	3.16%	0.05%	(0.04%)	0.01%
Private Equity	7%	6%	-	1.52%	(0.36%)	0.37%	0.01%
Absolute Return	4%	6%	3.32%	5.33%	(0.05%)	(0.42%)	(0.47%)
Global Equity ex US	23%	23%	(3.63%)	(3.67%)	(0.00%)	(0.25%)	(0.25%)
Cash Equivalents	2%	2%	0.88%	0.62%	(0.01%)	0.23%	0.22%
Total			**2.90%**	**= 3.30%**	**+ (0.30%)**	**+ (0.10%)**	**(0.40%)**

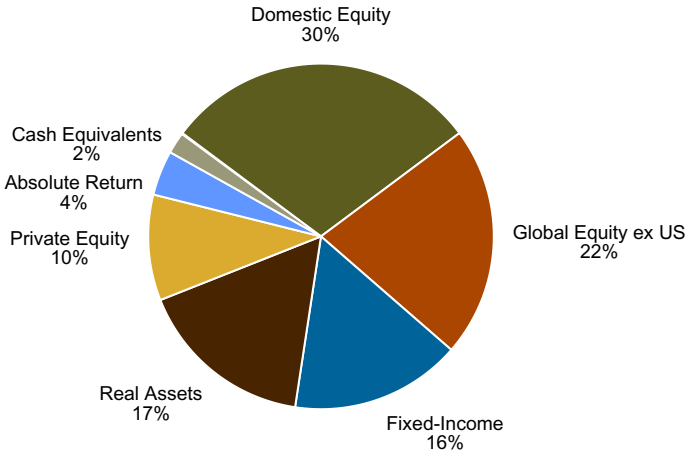
* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

Teachers' Retirement
Plan

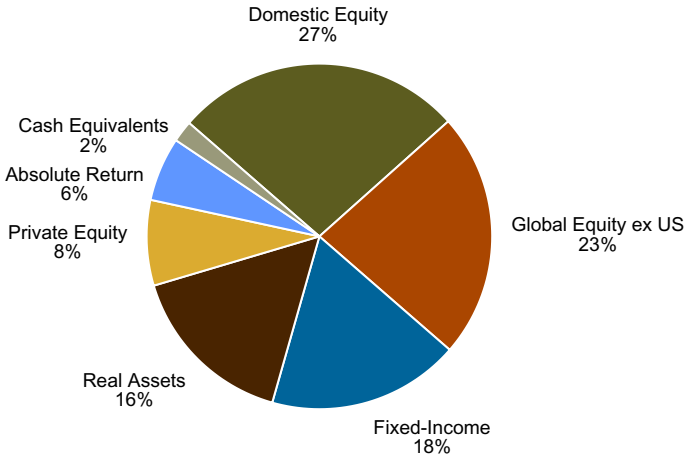
Actual vs Target Asset Allocation
As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. 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

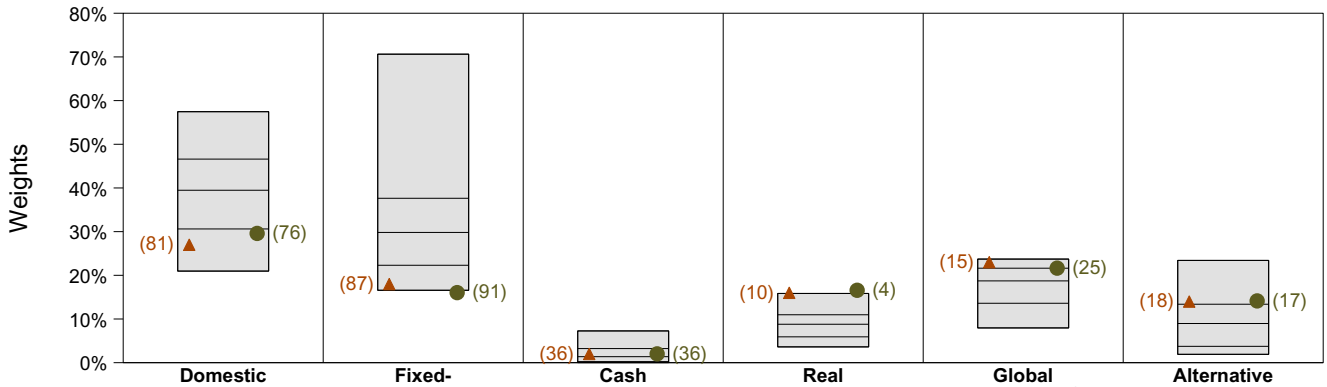


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	890,798	29.6%	27.0%	2.6%	78,058
Global Equity ex US	651,404	21.6%	23.0%	(1.4%)	(40,930)
Fixed-Income	482,753	16.0%	18.0%	(2.0%)	(59,073)
Real Assets	498,879	16.6%	16.0%	0.6%	17,256
Private Equity	298,124	9.9%	8.0%	1.9%	57,319
Absolute Return	127,549	4.2%	6.0%	(1.8%)	(53,060)
Cash Equivalents	60,640	2.0%	2.0%	0.0%	437
Total	3,010,147	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



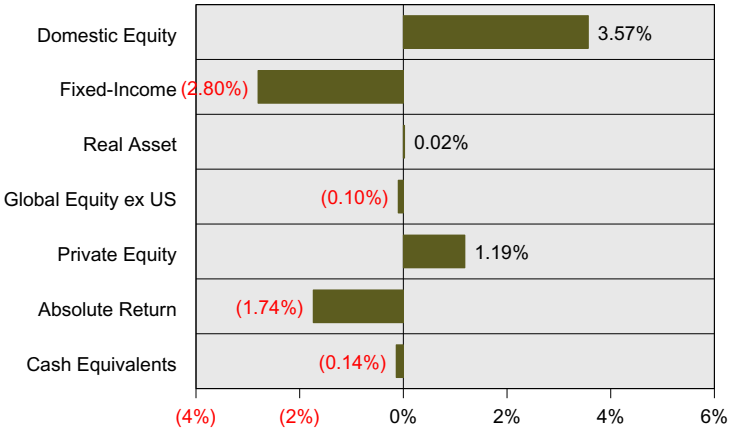
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Alternative
10th Percentile	57.46	70.63	7.27	15.85	23.72	23.41
25th Percentile	46.61	37.64	3.23	10.97	21.63	13.38
Median	39.47	29.82	1.38	8.80	18.72	8.97
75th Percentile	30.62	22.30	0.25	5.92	13.60	3.74
90th Percentile	20.96	16.57	0.02	3.62	7.95	1.91
Fund ●	29.59	16.04	2.01	16.57	21.64	14.14
Target ▲	27.00	18.00	2.00	16.00	23.00	14.00
% Group Invested	95.35%	97.67%	72.09%	46.51%	86.05%	47.67%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

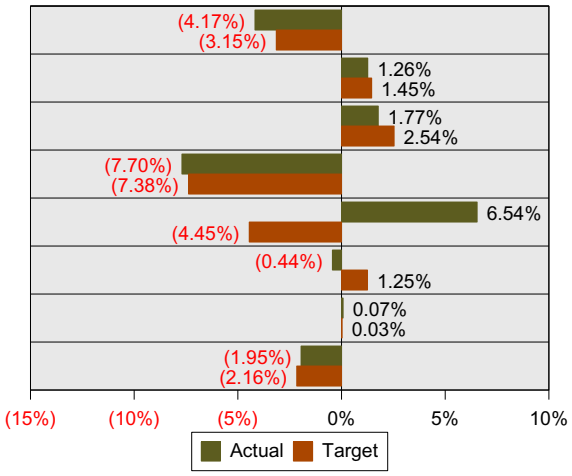
Quarterly Total Fund Relative Attribution - June 30, 2012

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.

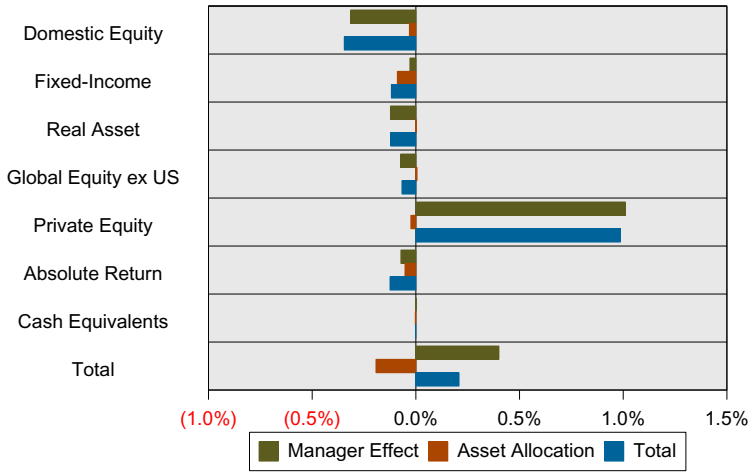
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

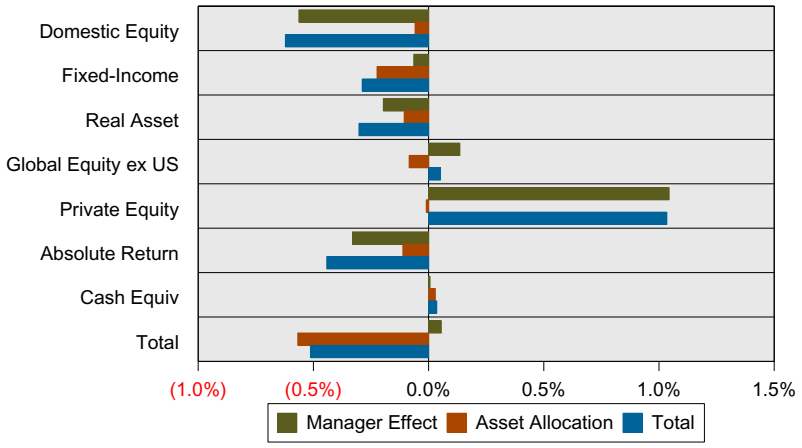
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	27%	(4.17%)	(3.15%)	(0.31%)	(0.03%)	(0.35%)
Fixed-Income	15%	18%	1.26%	1.45%	(0.03%)	(0.09%)	(0.12%)
Real Asset	16%	16%	1.77%	2.54%	(0.12%)	0.00%	(0.12%)
Global Equity ex US	23%	23%	(7.70%)	(7.38%)	(0.07%)	0.01%	(0.07%)
Private Equity	9%	8%	6.54%	(4.45%)	1.01%	(0.02%)	0.99%
Absolute Return	4%	6%	(0.44%)	1.25%	(0.07%)	(0.05%)	(0.12%)
Cash Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.00%)	(0.00%)
Total			**(1.95%)**	**= (2.16%)**	**+ 0.40%**	**+ (0.19%)**	**0.21%**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

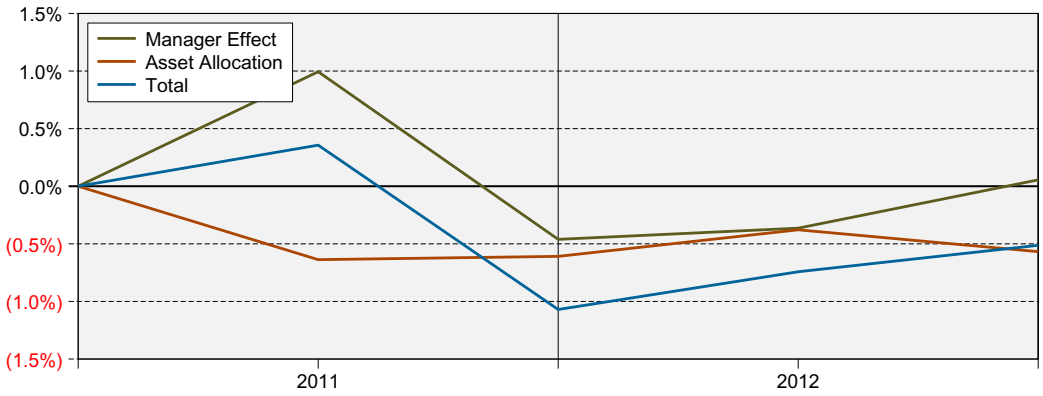
Cumulative Total Fund Relative Attribution - June 30, 2012

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

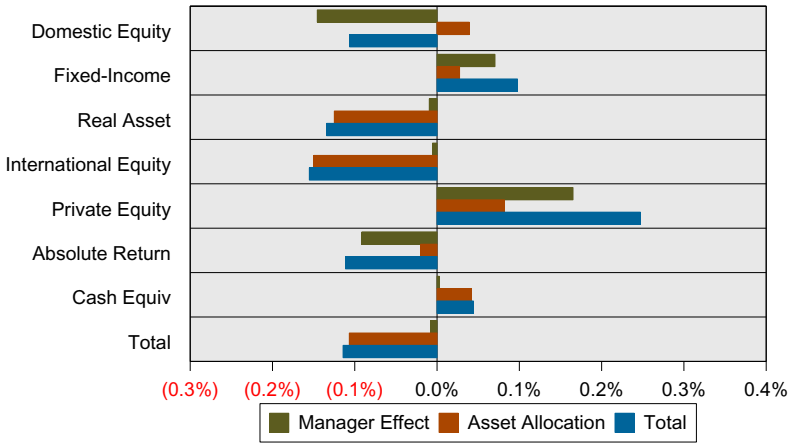
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	1.83%	3.84%	(0.56%)	(0.06%)	(0.62%)
Fixed-Income	16%	18%	4.82%	5.08%	(0.06%)	(0.22%)	(0.29%)
Real Asset	16%	16%	10.45%	11.41%	(0.20%)	(0.11%)	(0.30%)
Global Equity ex US	22%	23%	(13.66%)	(14.15%)	0.14%	(0.08%)	0.05%
Private Equity	10%	8%	9.44%	(3.61%)	1.04%	(0.01%)	1.03%
Absolute Return	5%	6%	(2.05%)	5.06%	(0.33%)	(0.11%)	(0.44%)
Cash Equiv	2%	2%	0.42%	0.06%	0.01%	0.03%	0.04%
Total			**0.51%**	**= 1.02%**	**+ 0.06%**	**+ (0.57%)**	**(0.51%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

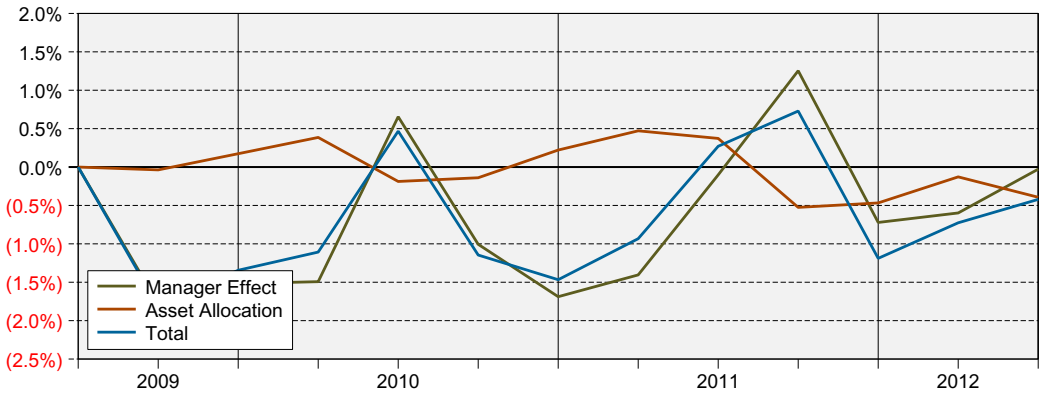
Cumulative Total Fund Relative Attribution - June 30, 2012

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

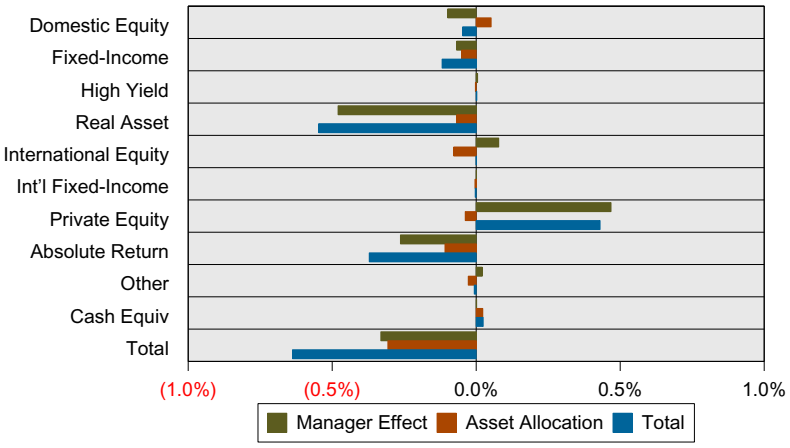
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	16.19%	16.73%	(0.15%)	0.04%	(0.11%)
Fixed-Income	17%	19%	7.20%	6.74%	0.07%	0.03%	0.10%
Real Asset	16%	16%	8.40%	8.29%	(0.01%)	(0.12%)	(0.13%)
International Equity	23%	23%	7.46%	7.43%	(0.01%)	(0.15%)	(0.16%)
Private Equity	9%	7%	16.05%	13.42%	0.17%	0.08%	0.25%
Absolute Return	5%	5%	3.44%	5.12%	(0.09%)	(0.02%)	(0.11%)
Cash Equiv	1%	1%	-	-	0.00%	0.04%	0.04%
Total			**10.82%**	**= 10.93%**	**+ (0.01%)**	**+ (0.11%)**	**(0.11%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

Cumulative Total Fund Relative Attribution - June 30, 2012

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

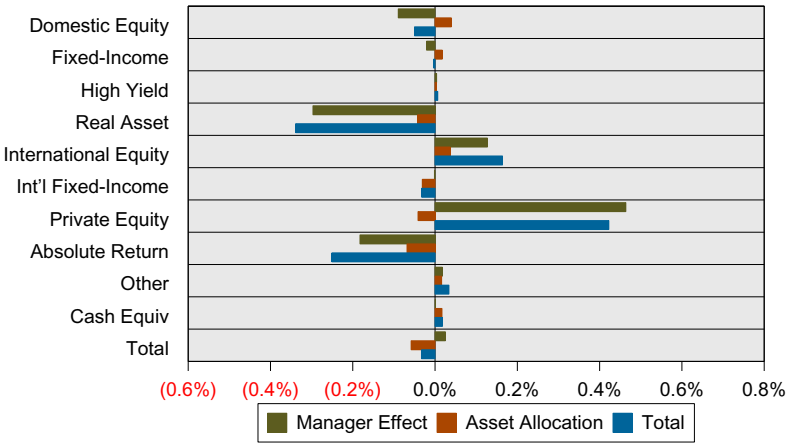
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	32%	31%	(0.15%)	0.16%	(0.10%)	0.05%	(0.05%)
Fixed-Income	17%	19%	6.28%	6.59%	(0.07%)	(0.05%)	(0.12%)
High Yield	0%	1%	-	-	0.00%	(0.00%)	0.00%
Real Asset	15%	15%	1.00%	3.88%	(0.48%)	(0.07%)	(0.55%)
International Equity	21%	21%	(4.04%)	(4.70%)	0.08%	(0.08%)	0.00%
Int'l Fixed-Income	0%	0%	-	-	0.00%	(0.00%)	(0.00%)
Private Equity	9%	7%	6.19%	(1.63%)	0.47%	(0.04%)	0.43%
Absolute Return	4%	5%	(0.34%)	5.93%	(0.26%)	(0.11%)	(0.37%)
Other	0%	1%	-	-	0.02%	(0.03%)	(0.01%)
Cash Equiv	0%	1%	-	-	0.00%	0.02%	0.02%
Total			**0.90%**	**= 1.54%**	**+ (0.33%)**	**+ (0.31%)**	**(0.64%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

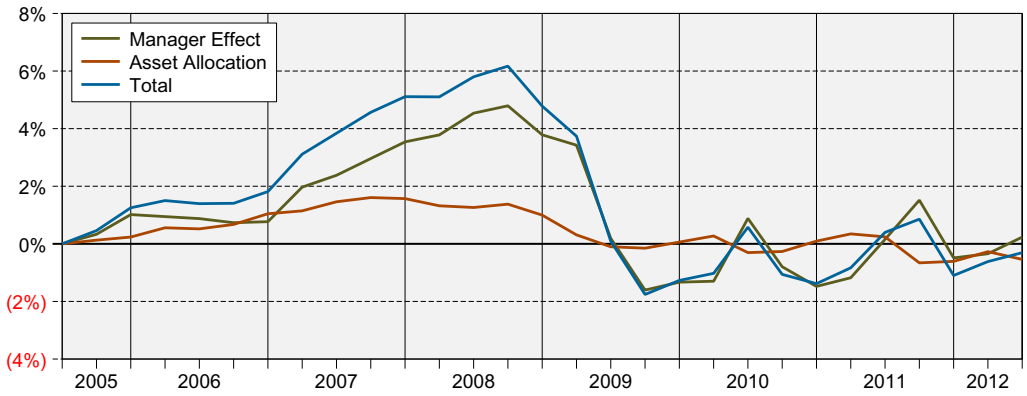
Cumulative Total Fund Relative Attribution - June 30, 2012

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

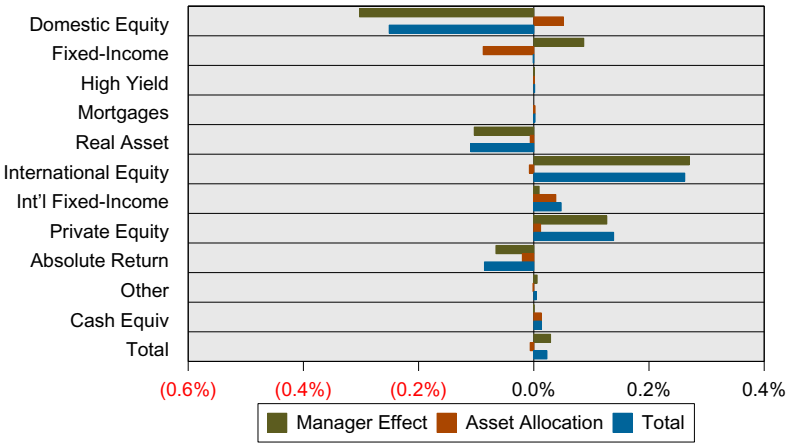
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	33%	3.85%	4.11%	(0.09%)	0.04%	(0.05%)
Fixed-Income	18%	20%	5.36%	5.44%	(0.02%)	0.02%	(0.00%)
High Yield	1%	1%	-	-	0.00%	0.00%	0.01%
Real Asset	14%	13%	6.07%	7.69%	(0.30%)	(0.04%)	(0.34%)
International Equity	20%	19%	4.54%	3.66%	0.13%	0.04%	0.16%
Int'l Fixed-Income	1%	1%	-	-	(0.00%)	(0.03%)	(0.03%)
Private Equity	8%	7%	11.84%	3.84%	0.46%	(0.04%)	0.42%
Absolute Return	4%	5%	2.57%	6.79%	(0.18%)	(0.07%)	(0.25%)
Other	0%	1%	-	-	0.02%	0.02%	0.03%
Cash Equiv	0%	0%	-	-	0.00%	0.02%	0.02%
Total			**4.83%**	**= 4.86%**	**+ 0.03%**	**+ (0.06%)**	**(0.03%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

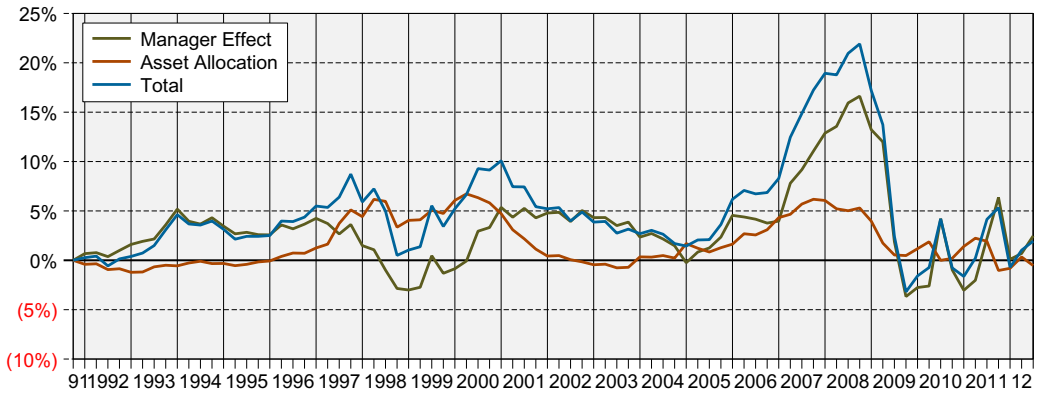
Cumulative Total Fund Relative Attribution - June 30, 2012

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.

Twenty and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Twenty and Three-Quarter Year Annualized Relative Attribution Effects

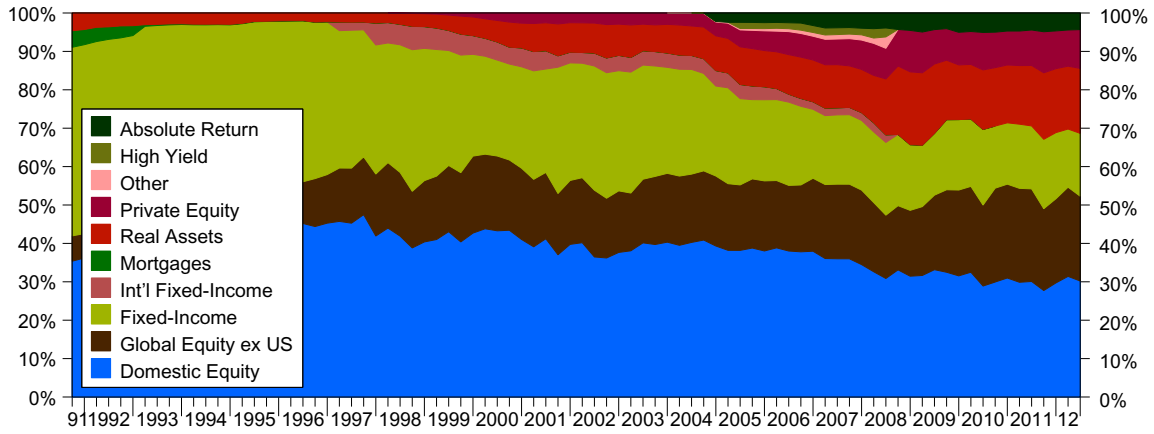
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	37%	7.76%	8.48%	(0.30%)	0.05%	(0.25%)
Fixed-Income	30%	31%	6.78%	6.57%	0.09%	(0.09%)	(0.00%)
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Mortgages	0%	0%	-	-	0.00%	0.00%	0.00%
Real Asset	8%	9%	7.50%	7.88%	(0.10%)	(0.01%)	(0.11%)
International Equity	16%	15%	6.90%	5.09%	0.27%	(0.01%)	0.26%
Int'l Fixed-Income	2%	2%	-	-	0.01%	0.04%	0.05%
Private Equity	3%	3%	-	-	0.13%	0.01%	0.14%
Absolute Return	1%	2%	-	-	(0.07%)	(0.02%)	(0.09%)
Other	0%	1%	-	-	0.01%	(0.00%)	0.00%
Cash Equiv	0%	0%	-	-	0.00%	0.01%	0.01%
Total			**7.41%**	**= 7.39%**	**+ 0.03%**	**+ (0.01%)**	**0.02%**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

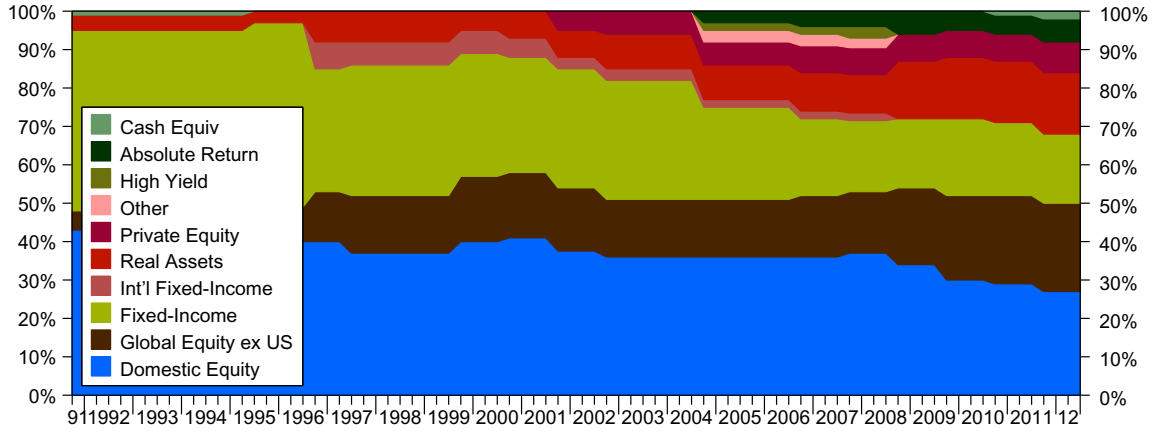
Actual vs Target Historical Asset Allocation

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

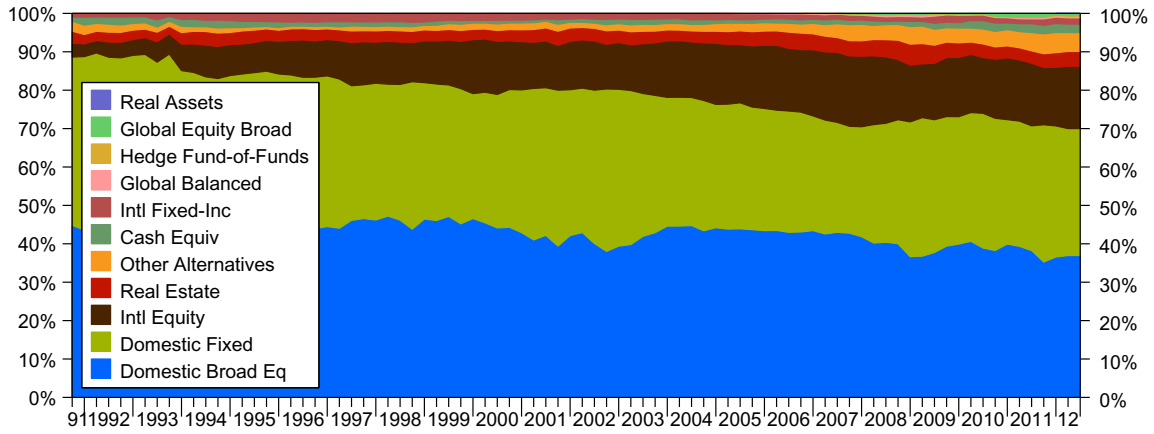
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

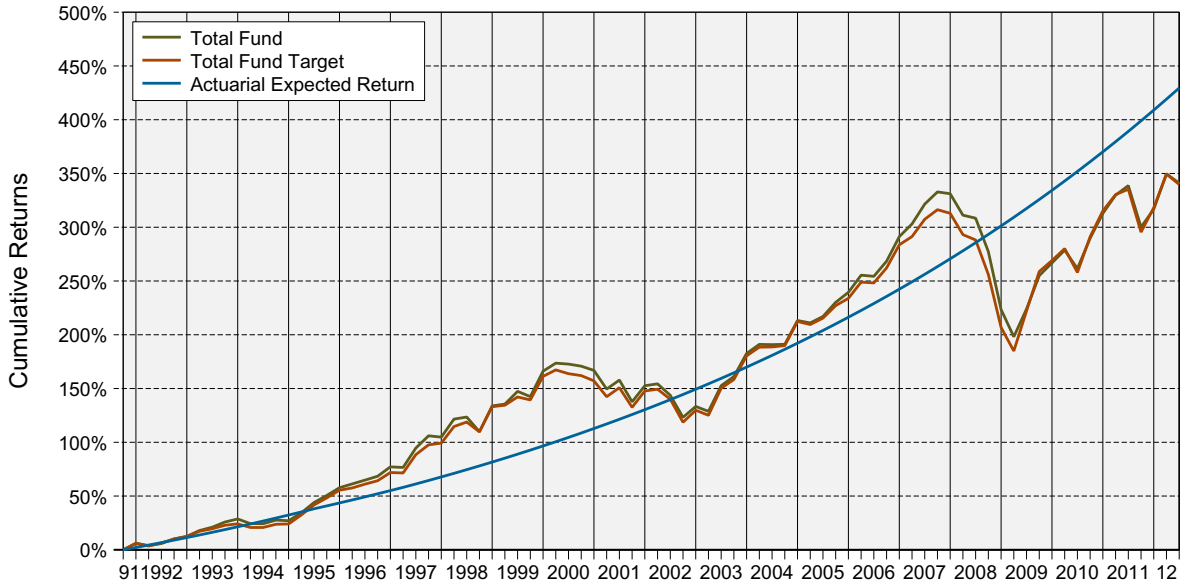


* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

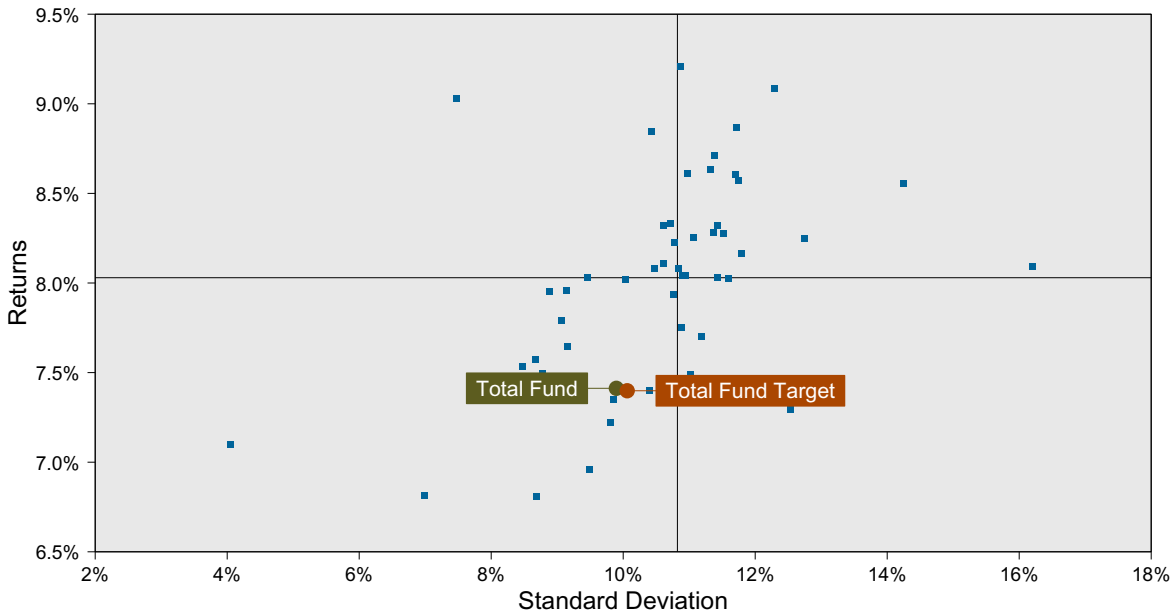
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Twenty and Three-Quarter Year Annualized Risk vs Return



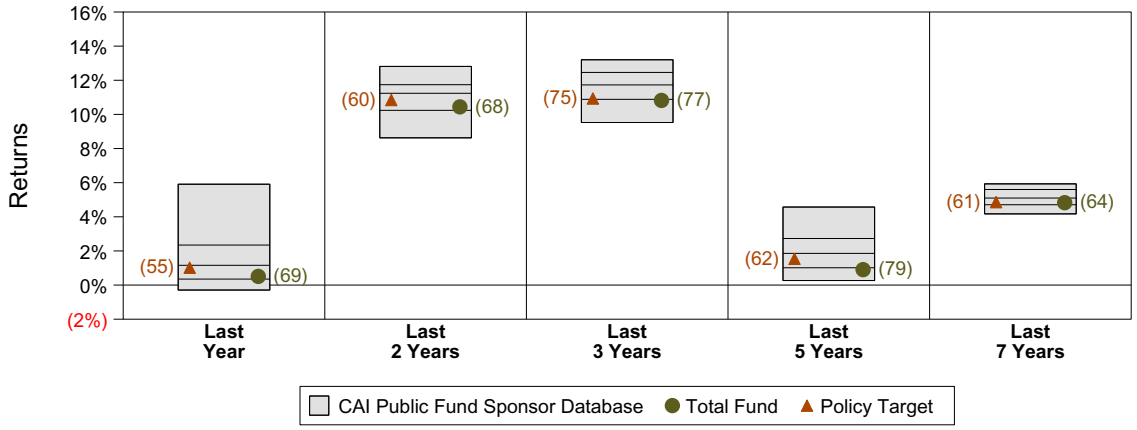
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

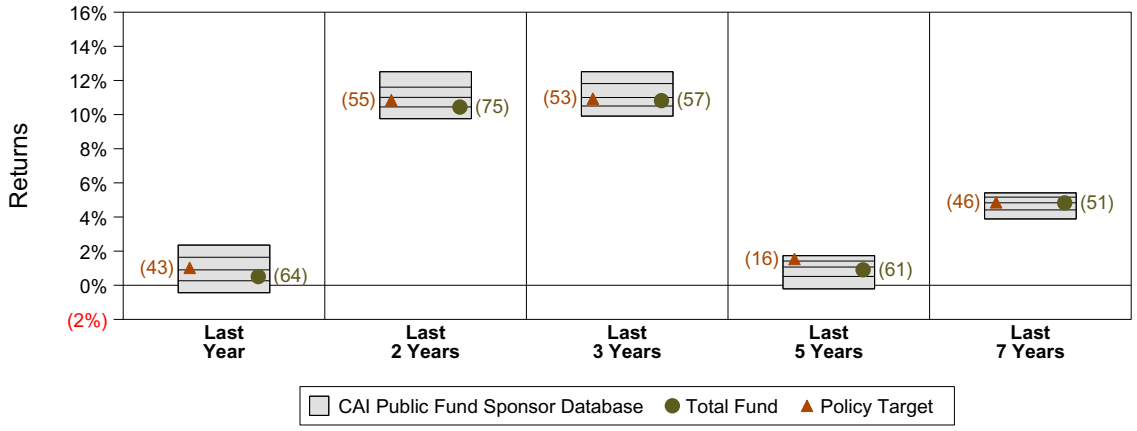
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended June 30, 2012. 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



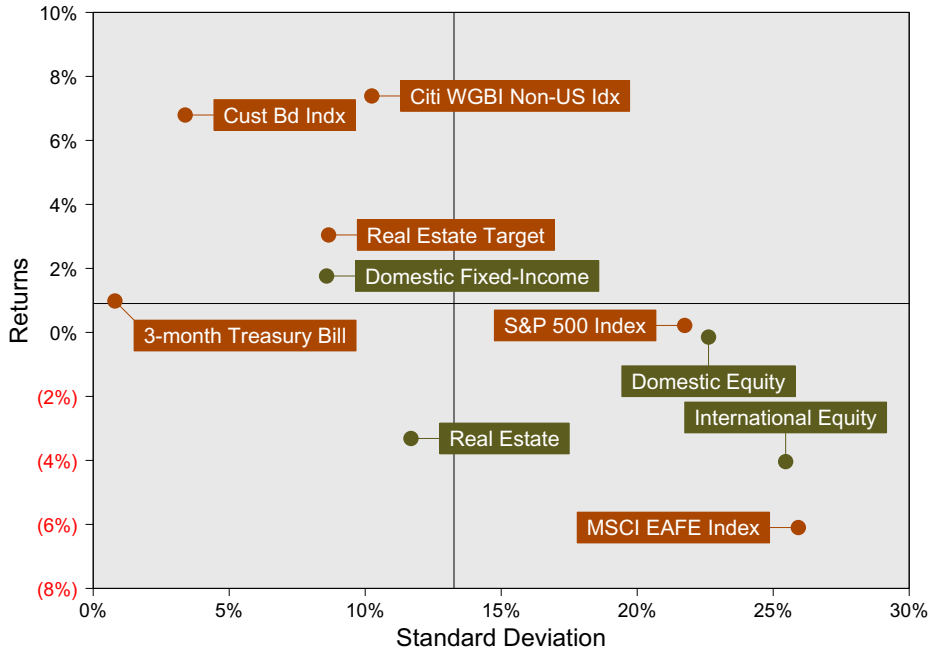
Rolling One Year Ranking vs CAI Public Fund Sponsor Database

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

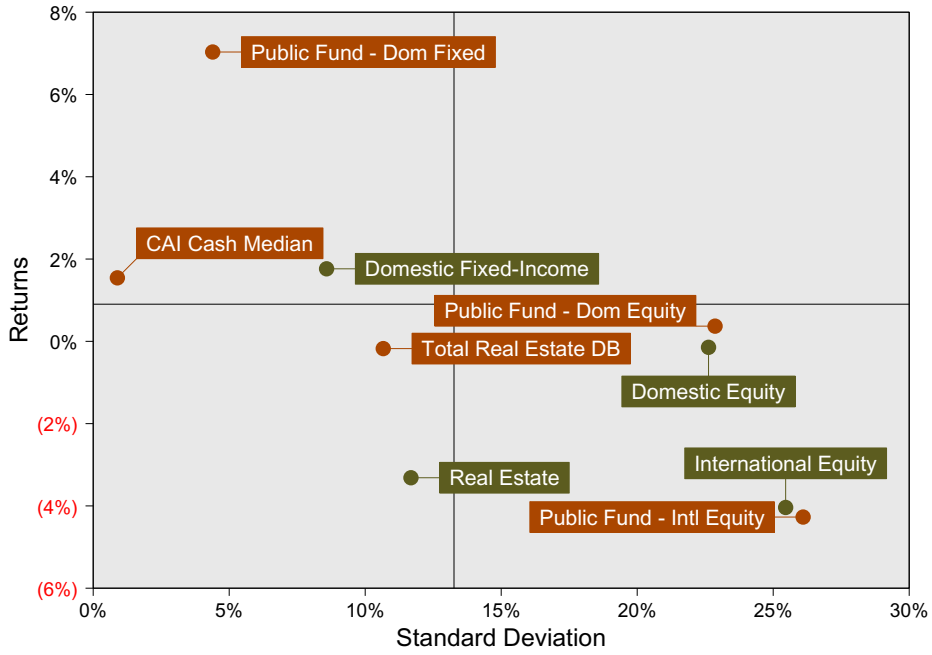
Asset Class Risk and Return

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



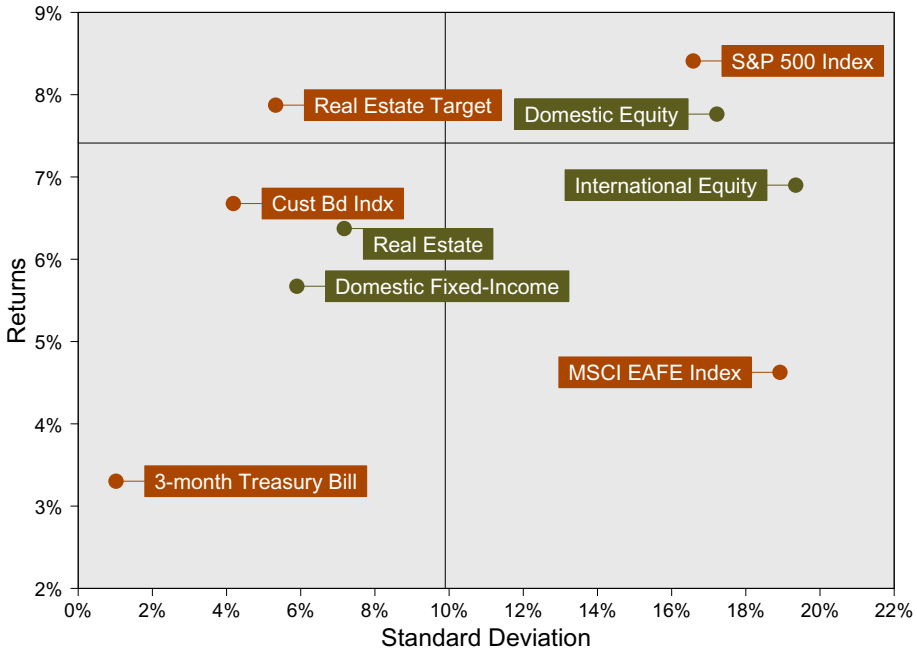
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



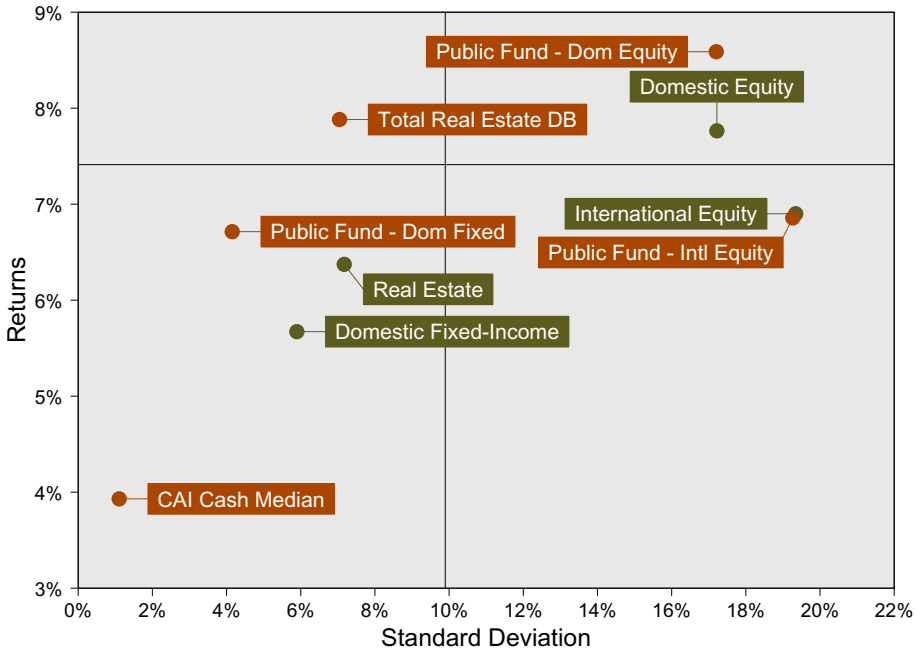
Asset Class Risk and Return

The charts below show the twenty 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.

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



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



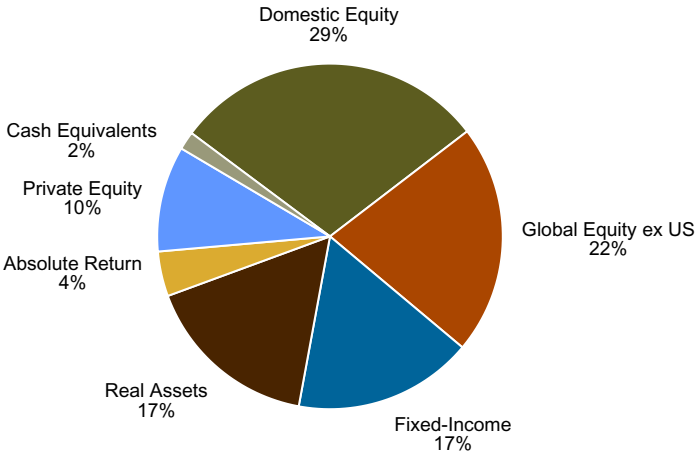
T R S Health Care

T R S HEALTH CARE

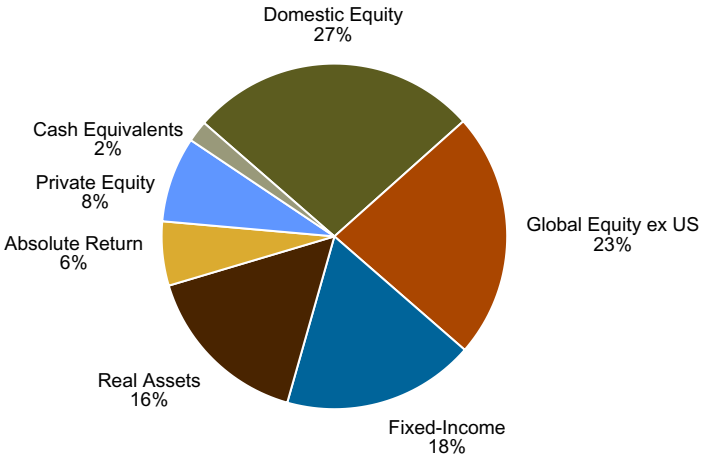
Actual vs Target Asset Allocation
As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. 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

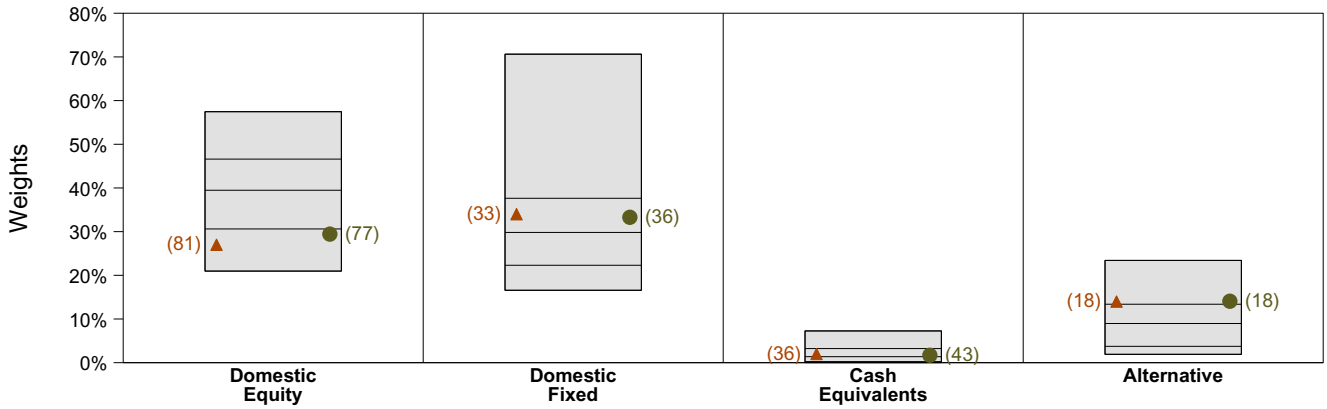


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	484,853	29.4%	27.0%	2.4%	40,093
Global Equity ex US	354,551	21.5%	23.0%	(1.5%)	(24,319)
Fixed-Income	276,217	16.8%	18.0%	(1.2%)	(20,290)
Real Assets	272,028	16.5%	16.0%	0.5%	8,466
Absolute Return	69,427	4.2%	6.0%	(1.8%)	(29,409)
Private Equity	162,277	9.9%	8.0%	1.9%	30,499
Cash Equivalents	27,908	1.7%	2.0%	(0.3%)	(5,037)
Total	1,647,261	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



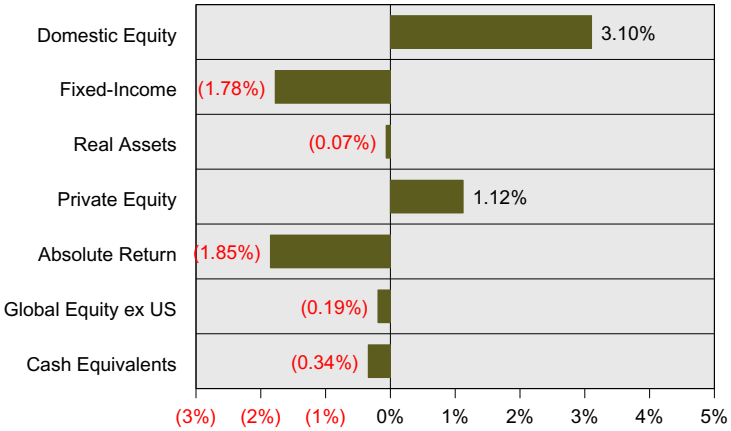
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	57.46	70.63	7.27	23.41
25th Percentile	46.61	37.64	3.23	13.38
Median	39.47	29.82	1.38	8.97
75th Percentile	30.62	22.30	0.25	3.74
90th Percentile	20.96	16.57	0.02	1.91
Fund ●	29.43	33.28	1.69	14.07
Target ▲	27.00	34.00	2.00	14.00
% Group Invested	95.35%	97.67%	72.09%	47.67%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

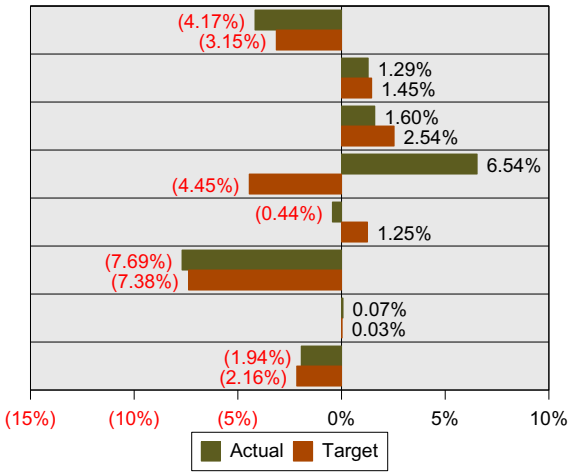
Quarterly Total Fund Relative Attribution - June 30, 2012

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.

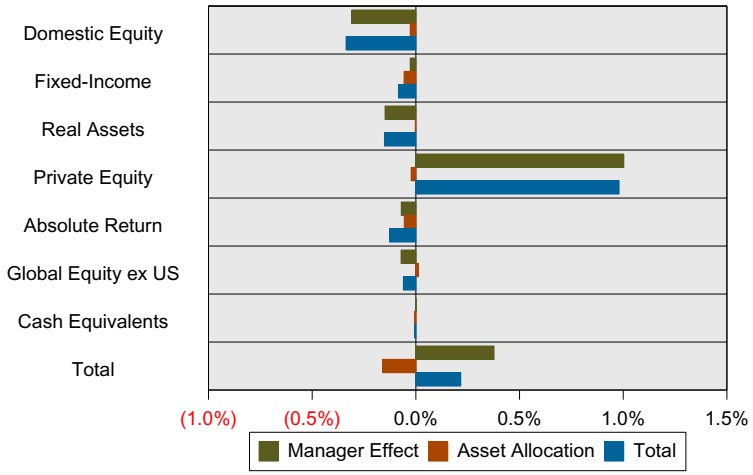
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

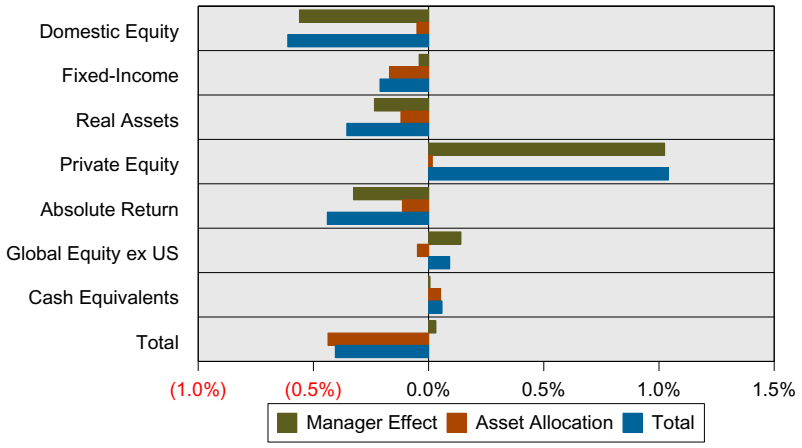
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	27%	(4.17%)	(3.15%)	(0.31%)	(0.03%)	(0.34%)
Fixed-Income	16%	18%	1.29%	1.45%	(0.03%)	(0.06%)	(0.08%)
Real Assets	16%	16%	1.60%	2.54%	(0.15%)	(0.00%)	(0.15%)
Private Equity	9%	8%	6.54%	(4.45%)	1.00%	(0.02%)	0.98%
Absolute Return	4%	6%	(0.44%)	1.25%	(0.07%)	(0.06%)	(0.13%)
Global Equity ex US	23%	23%	(7.69%)	(7.38%)	(0.07%)	0.01%	(0.06%)
Cash Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.01%)	(0.01%)
Total			**(1.94%)**	**= (2.16%)**	**+ 0.38%**	**+ (0.16%)**	**0.22%**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

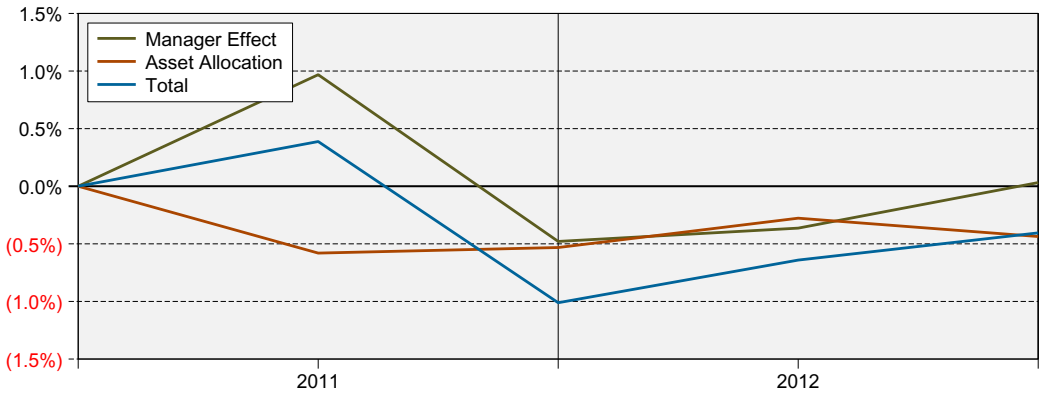
Cumulative Total Fund Relative Attribution - June 30, 2012

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

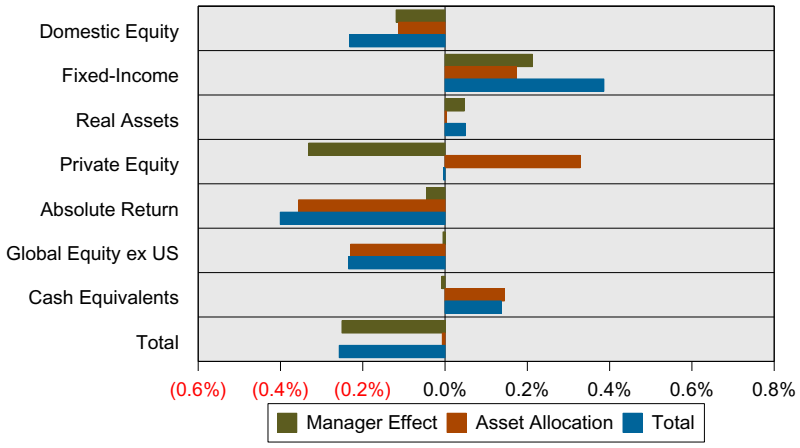
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	1.81%	3.84%	(0.56%)	(0.05%)	(0.61%)
Fixed-Income	17%	18%	4.99%	5.08%	(0.04%)	(0.17%)	(0.21%)
Real Assets	16%	16%	10.17%	11.41%	(0.24%)	(0.12%)	(0.36%)
Private Equity	10%	8%	9.46%	(3.61%)	1.02%	0.02%	1.04%
Absolute Return	4%	6%	(2.05%)	5.06%	(0.33%)	(0.11%)	(0.44%)
Global Equity ex US	22%	23%	(13.64%)	(14.15%)	0.14%	(0.05%)	0.09%
Cash Equivalents	2%	2%	0.42%	0.06%	0.01%	0.05%	0.06%
Total			**0.61%**	**= 1.02%**	**+ 0.03%**	**+ (0.44%)**	**(0.40%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

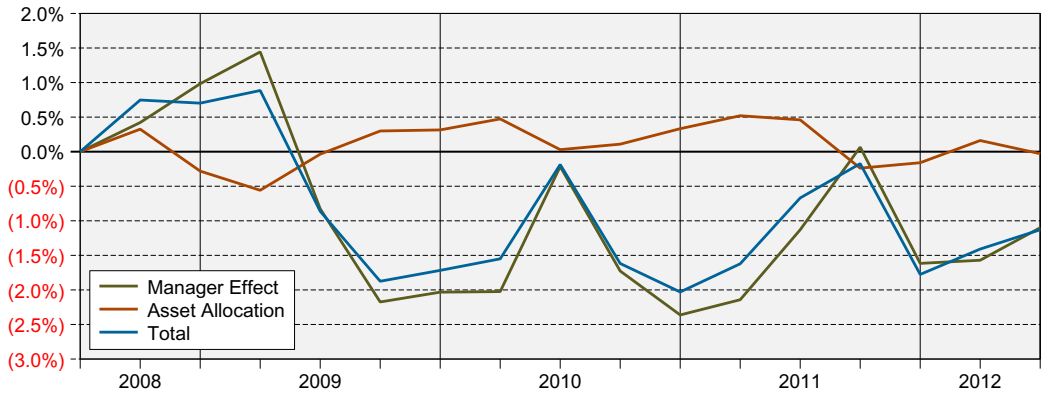
Cumulative Total Fund Relative Attribution - June 30, 2012

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.

Four Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Four Year Annualized Relative Attribution Effects

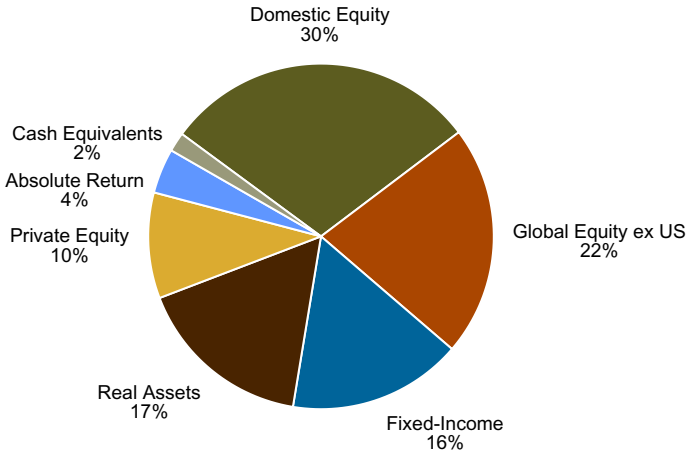
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	32%	31%	3.50%	3.96%	(0.12%)	(0.11%)	(0.23%)
Fixed-Income	18%	19%	7.33%	6.26%	0.21%	0.17%	0.39%
Real Assets	14%	14%	3.89%	3.16%	0.05%	0.00%	0.05%
Private Equity	7%	6%	-	1.52%	(0.33%)	0.33%	(0.00%)
Absolute Return	4%	6%	3.32%	5.33%	(0.04%)	(0.36%)	(0.40%)
Global Equity ex US	23%	23%	(3.64%)	(3.67%)	(0.00%)	(0.23%)	(0.23%)
Cash Equivalents	1%	2%	1.19%	1.09%	(0.01%)	0.14%	0.14%
Total			**3.04%**	**= 3.30%**	**+ (0.25%)**	**+ (0.01%)**	**(0.26%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

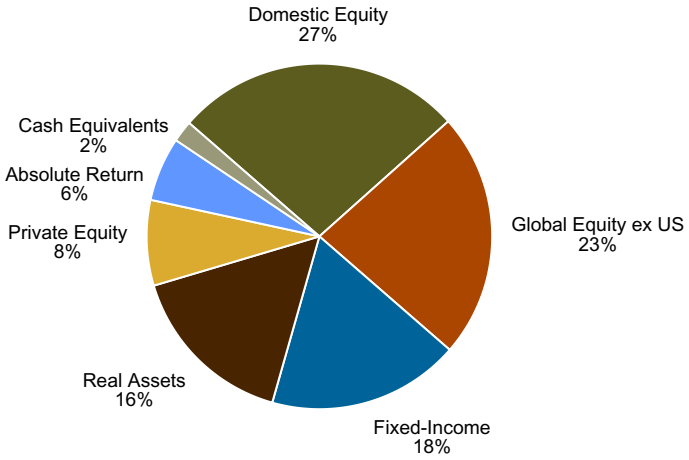
Actual vs Target Asset Allocation
As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. 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

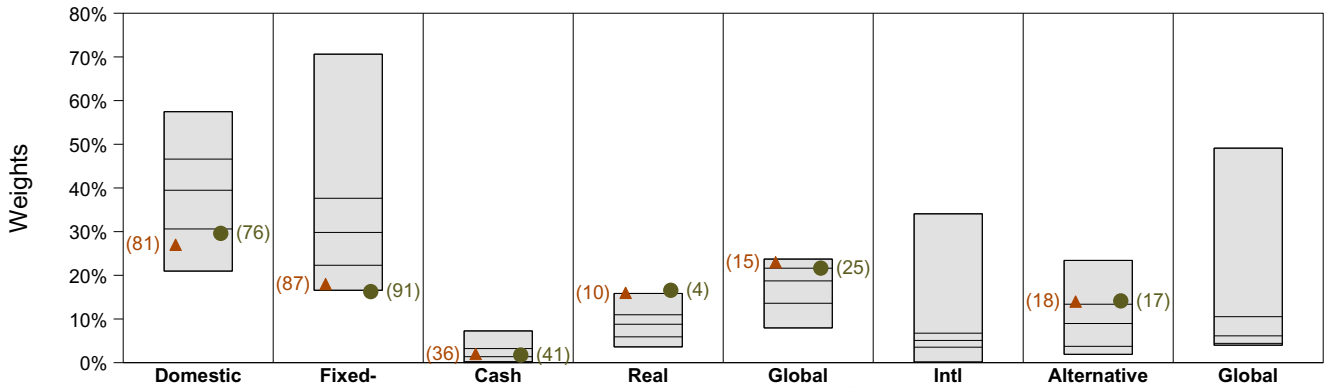


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	31,740	29.6%	27.0%	2.6%	2,794
Global Equity ex US	23,210	21.6%	23.0%	(1.4%)	(1,448)
Fixed-Income	17,439	16.3%	18.0%	(1.7%)	(1,858)
Real Assets	17,769	16.6%	16.0%	0.6%	615
Private Equity	10,623	9.9%	8.0%	1.9%	2,046
Absolute Return	4,545	4.2%	6.0%	(1.8%)	(1,888)
Cash Equivalents	1,882	1.8%	2.0%	(0.2%)	(263)
Total	107,207	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



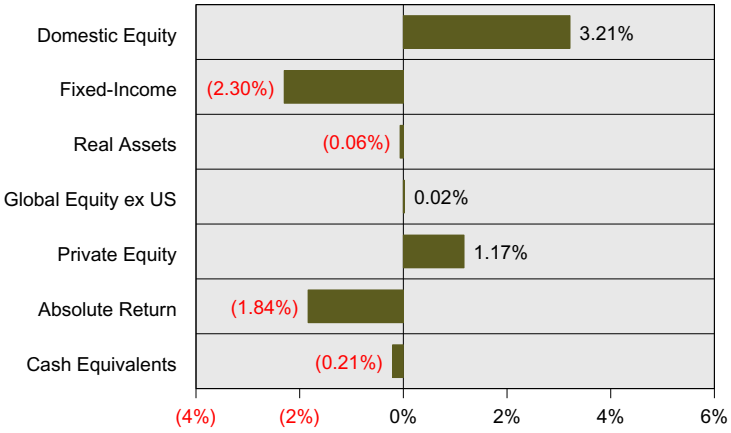
	Domestic Equity	Fixed-Income	Cash Equivalents	Real Assets	Global Equity ex US	Intl Fixed-Inc	Alternative	Global Equity Broad
10th Percentile	57.46	70.63	7.27	15.85	23.72	34.08	23.41	49.12
25th Percentile	46.61	37.64	3.23	10.97	21.63	6.75	13.38	10.53
Median	39.47	29.82	1.38	8.80	18.72	5.09	8.97	6.14
75th Percentile	30.62	22.30	0.25	5.92	13.60	3.55	3.74	4.42
90th Percentile	20.96	16.57	0.02	3.62	7.95	0.15	1.91	4.00
Fund ●	29.61	16.27	1.76	16.57	21.65	-	14.15	-
Target ▲	27.00	18.00	2.00	16.00	23.00	-	14.00	-
% Group Invested	95.35%	97.67%	72.09%	46.51%	86.05%	19.77%	47.67%	8.14%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

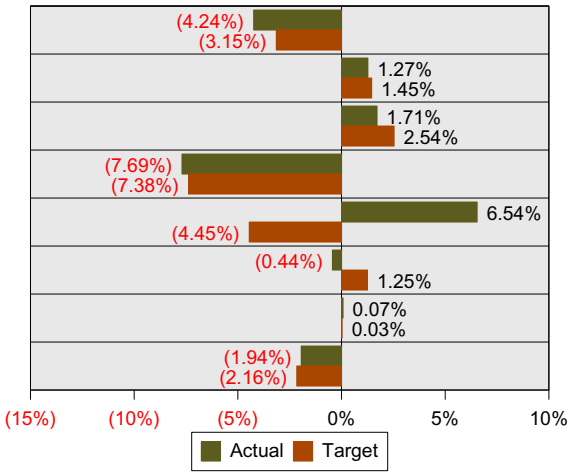
Quarterly Total Fund Relative Attribution - June 30, 2012

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.

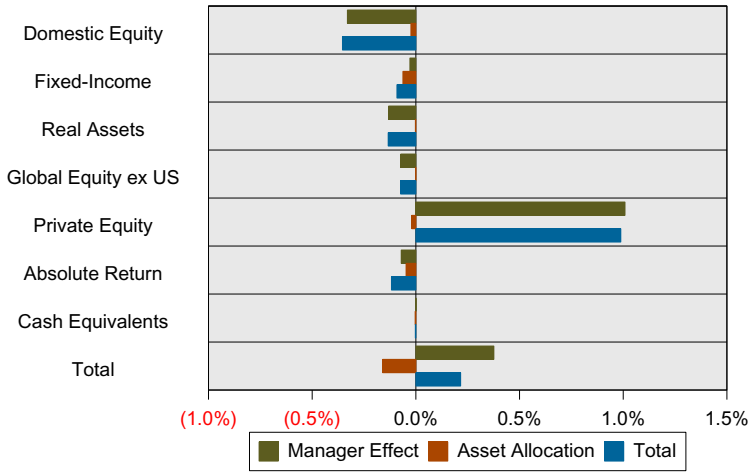
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

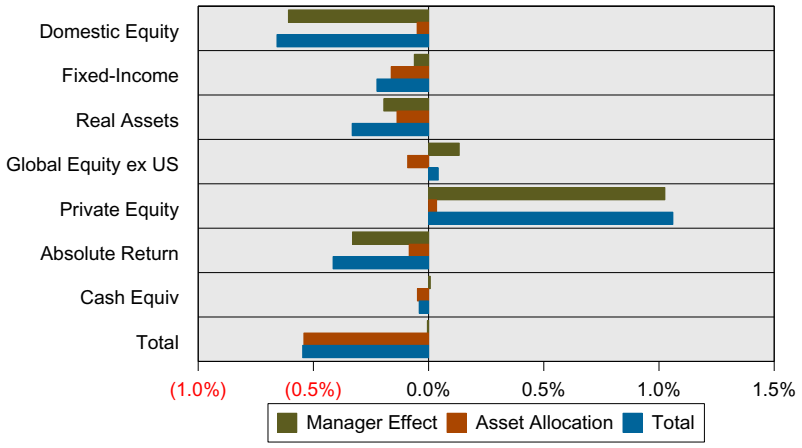
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	27%	(4.24%)	(3.15%)	(0.33%)	(0.02%)	(0.35%)
Fixed-Income	16%	18%	1.27%	1.45%	(0.03%)	(0.06%)	(0.09%)
Real Assets	16%	16%	1.71%	2.54%	(0.13%)	(0.00%)	(0.13%)
Global Equity ex US	23%	23%	(7.69%)	(7.38%)	(0.07%)	(0.00%)	(0.07%)
Private Equity	9%	8%	6.54%	(4.45%)	1.01%	(0.02%)	0.99%
Absolute Return	4%	6%	(0.44%)	1.25%	(0.07%)	(0.05%)	(0.12%)
Cash Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.00%)	(0.00%)
Total			**(1.94%) =**	**(2.16%) +**	**0.38% +**	**(0.16%)**	**0.22%**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

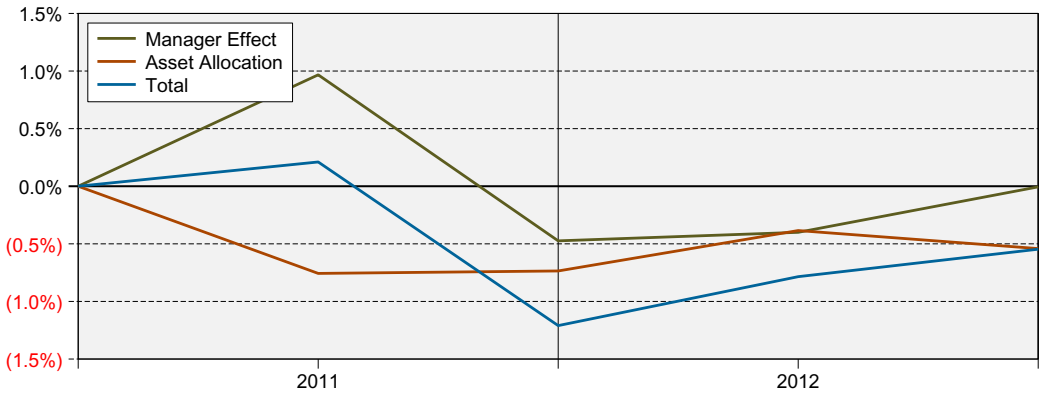
Cumulative Total Fund Relative Attribution - June 30, 2012

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

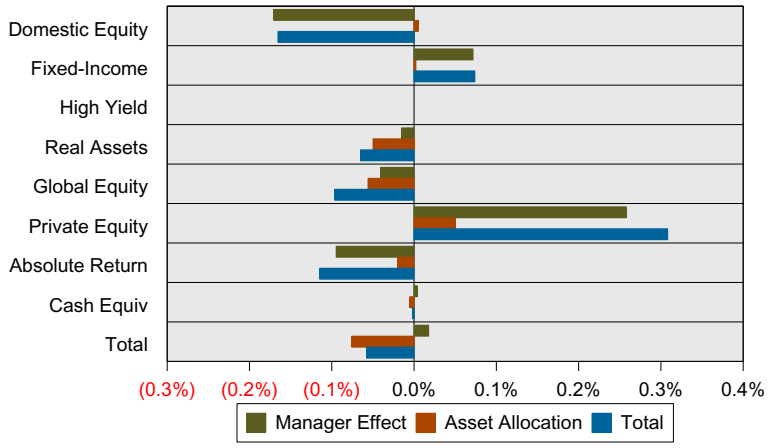
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	1.68%	3.84%	(0.61%)	(0.05%)	(0.66%)
Fixed-Income	16%	18%	4.86%	5.08%	(0.06%)	(0.16%)	(0.22%)
Real Assets	16%	16%	10.39%	11.41%	(0.19%)	(0.14%)	(0.33%)
Global Equity ex US	22%	23%	(13.67%)	(14.15%)	0.13%	(0.09%)	0.04%
Private Equity	10%	8%	9.45%	(3.61%)	1.03%	0.03%	1.06%
Absolute Return	4%	6%	(2.05%)	5.06%	(0.33%)	(0.08%)	(0.41%)
Cash Equiv	2%	2%	0.41%	0.06%	0.01%	(0.05%)	(0.04%)
Total			**0.47%**	**= 1.02%**	**+ (0.01%)**	**+ (0.54%)**	**(0.55%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

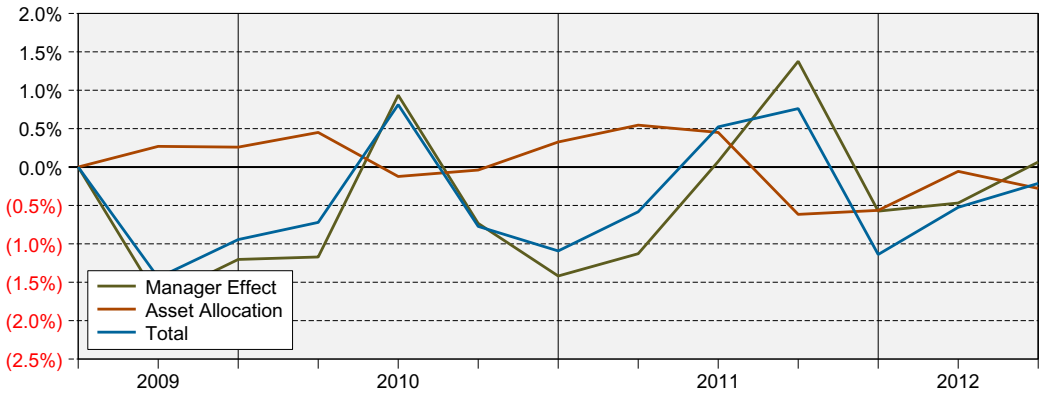
Cumulative Total Fund Relative Attribution - June 30, 2012

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

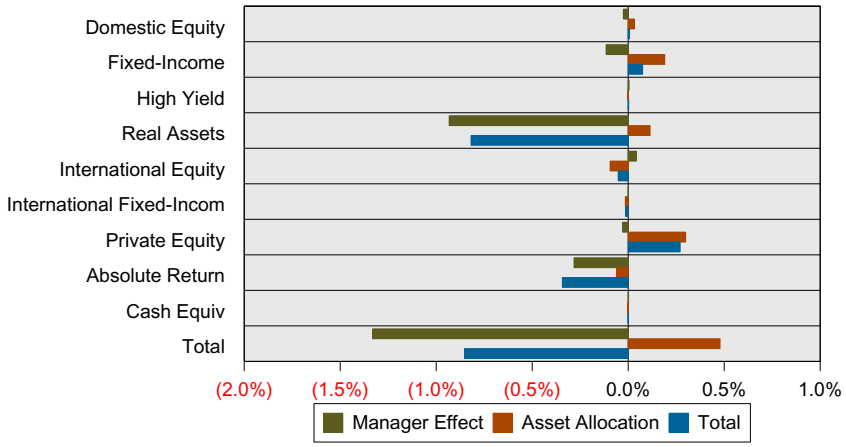
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	29%	16.10%	16.73%	(0.17%)	0.01%	(0.17%)
Fixed-Income	18%	19%	7.19%	6.74%	0.07%	0.00%	0.07%
High Yield	0%	0%	-	-	0.00%	0.00%	0.00%
Real Assets	15%	16%	8.31%	8.29%	(0.02%)	(0.05%)	(0.07%)
Global Equity	23%	23%	7.35%	7.43%	(0.04%)	(0.06%)	(0.10%)
Private Equity	9%	7%	16.08%	13.42%	0.26%	0.05%	0.31%
Absolute Return	5%	5%	3.33%	5.12%	(0.09%)	(0.02%)	(0.11%)
Cash Equiv	1%	1%	-	-	0.00%	(0.01%)	(0.00%)
Total			**10.87%**	**= 10.93%**	**+ 0.02%**	**+ (0.08%)**	**(0.06%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

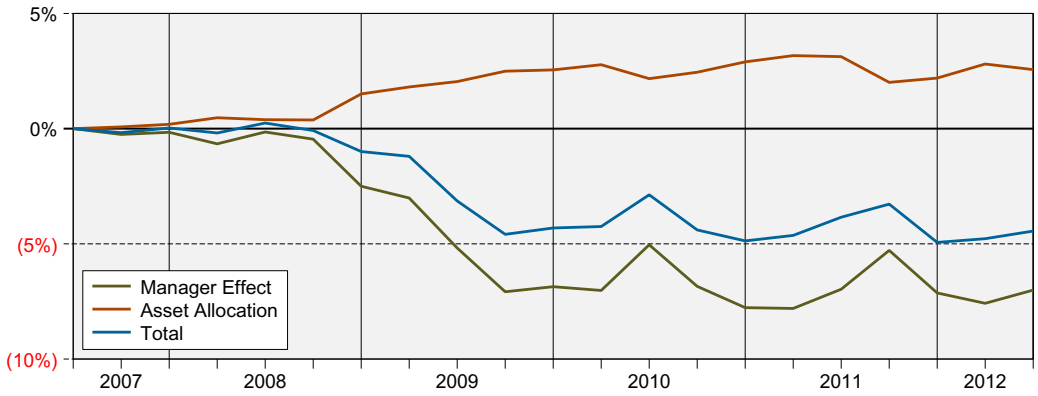
Cumulative Total Fund Relative Attribution - June 30, 2012

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

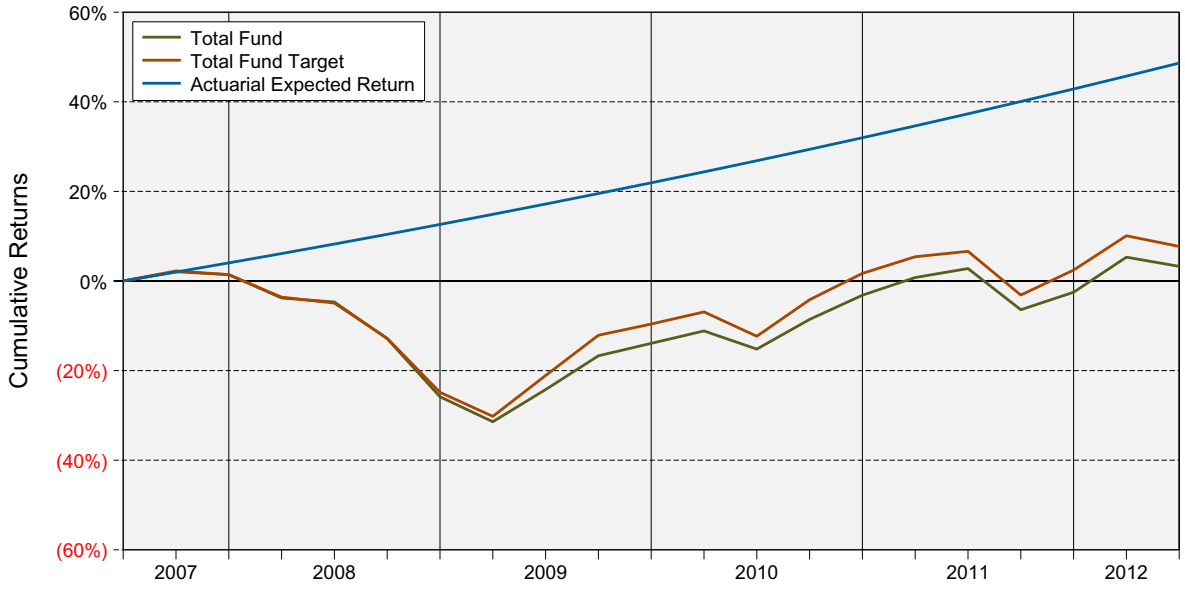
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	33%	32%	0.09%	0.13%	(0.03%)	0.03%	0.01%
Fixed-Income	18%	19%	6.48%	6.87%	(0.12%)	0.19%	0.08%
High Yield	0%	1%	-	-	0.00%	(0.00%)	0.00%
Real Assets	15%	15%	(1.48%)	3.88%	(0.93%)	0.11%	(0.82%)
International Equity	22%	22%	(4.20%)	(4.78%)	0.04%	(0.09%)	(0.05%)
International Fixed-Incom	0%	0%	-	-	0.00%	(0.01%)	(0.01%)
Private Equity	5%	6%	-	-	(0.03%)	0.30%	0.27%
Absolute Return	5%	5%	(0.42%)	5.93%	(0.28%)	(0.06%)	(0.34%)
Cash Equiv	1%	1%	-	-	0.00%	(0.00%)	(0.00%)
Total			**0.65%**	**= 1.50%**	**+ (1.33%)**	**+ 0.48%**	**(0.85%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

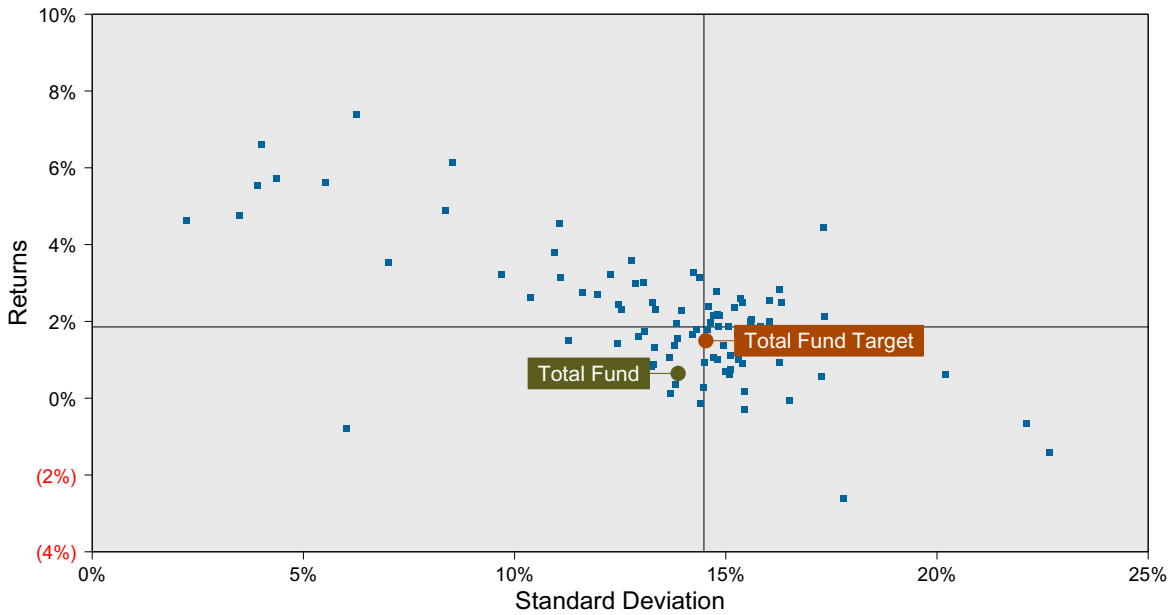
Cumulative Performance Relative to Target

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

Cumulative Returns Actual vs Target



Five Year Annualized Risk vs Return



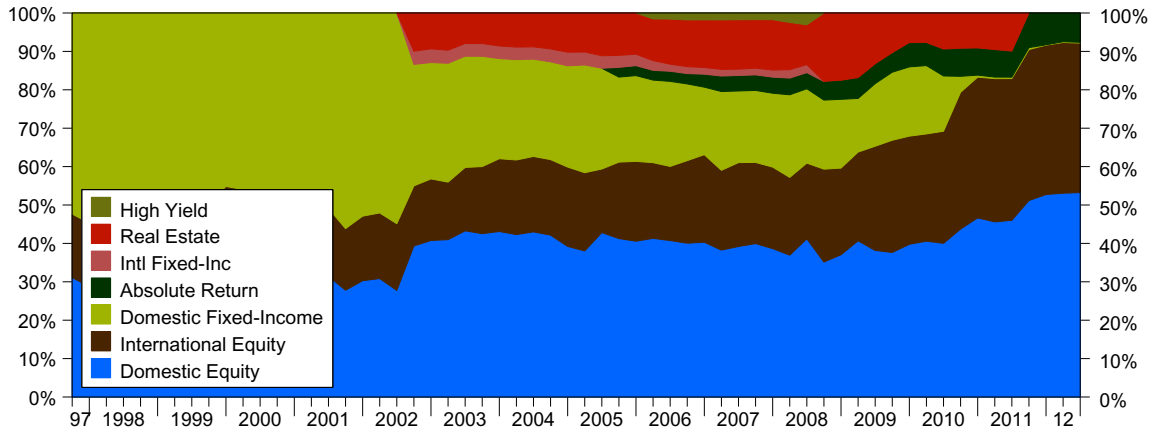
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

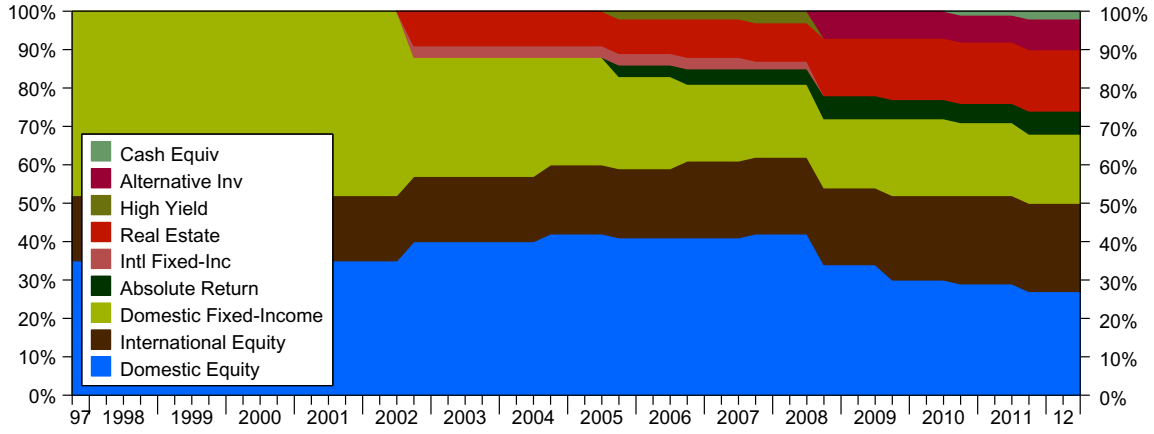
Actual vs Target Historical Asset Allocation

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

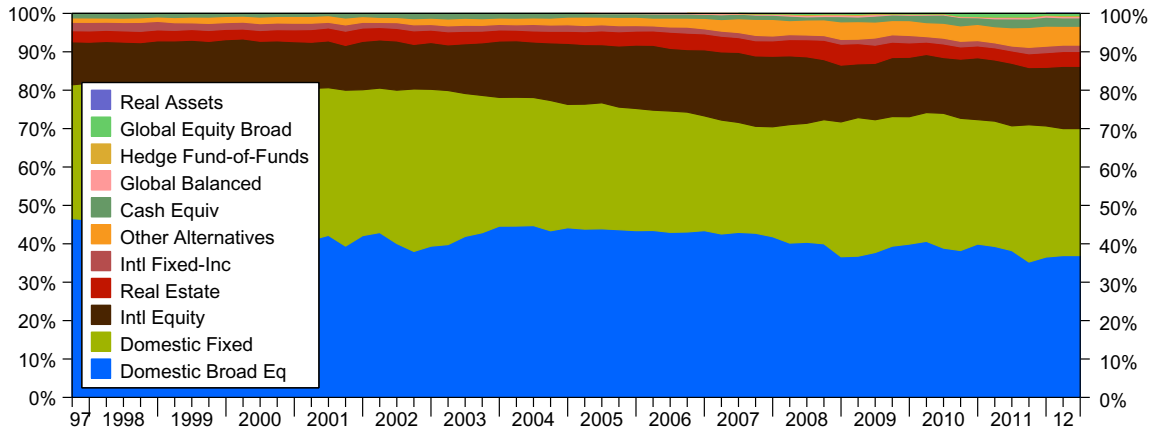
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

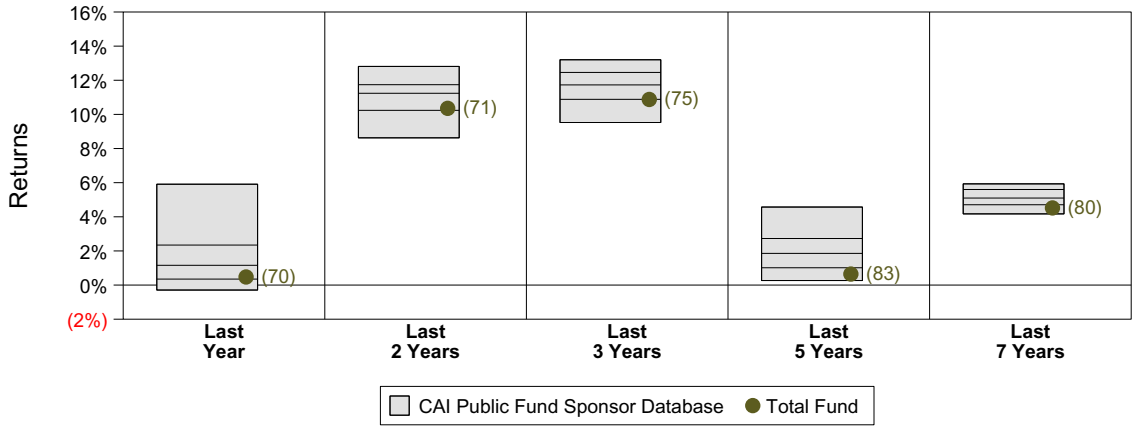


* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

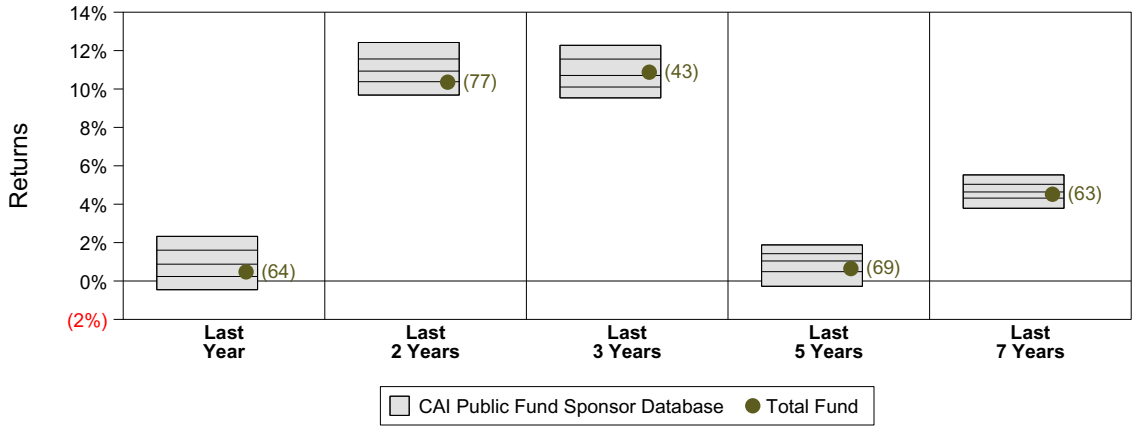
Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended June 30, 2012. 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.

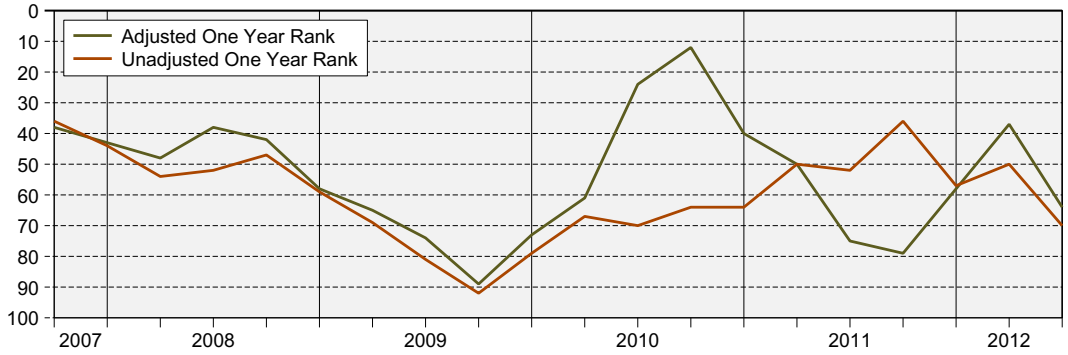
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



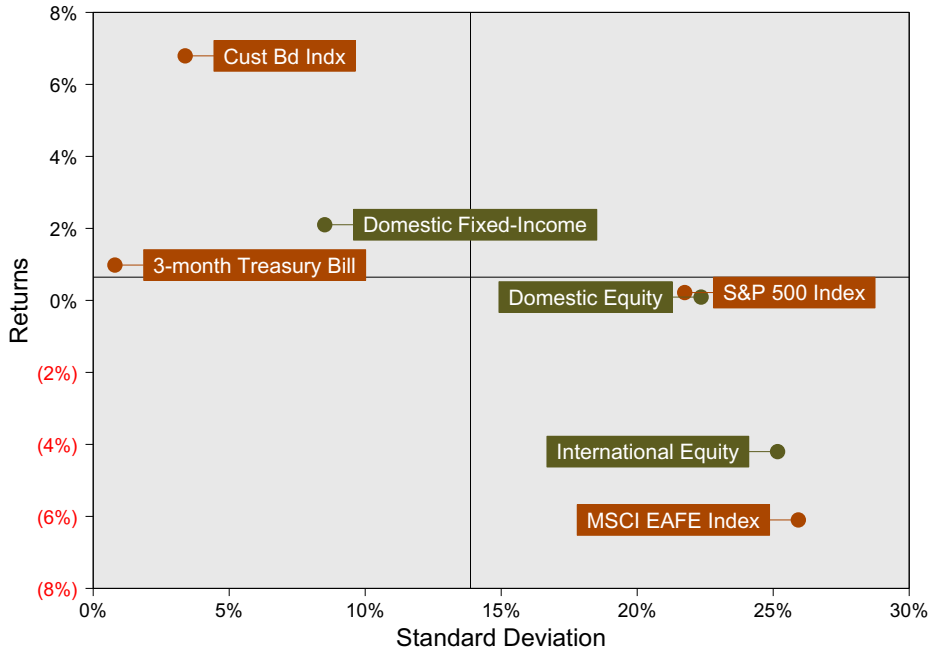
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



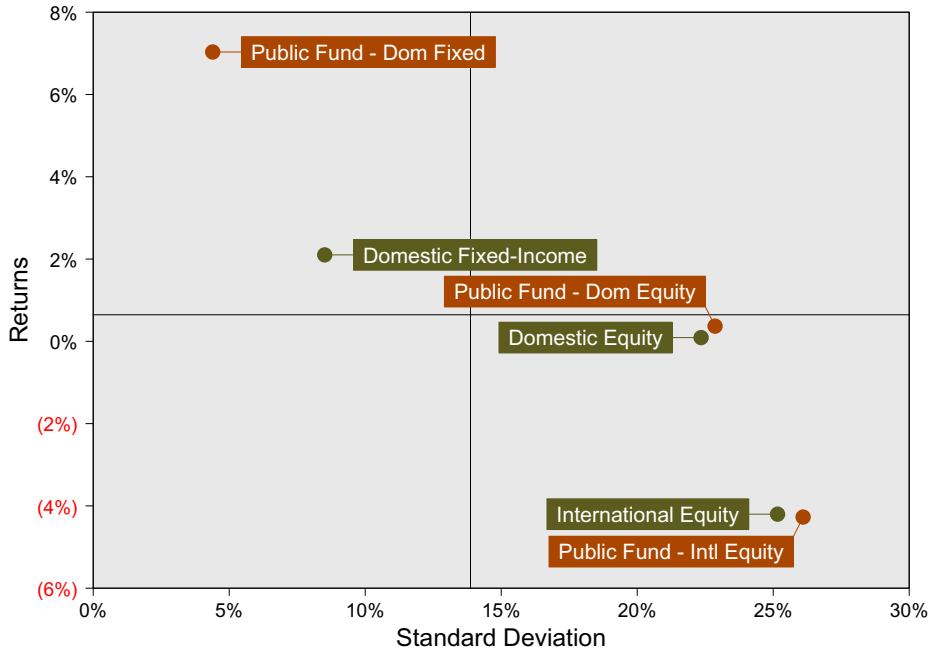
Asset Class Risk and Return

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



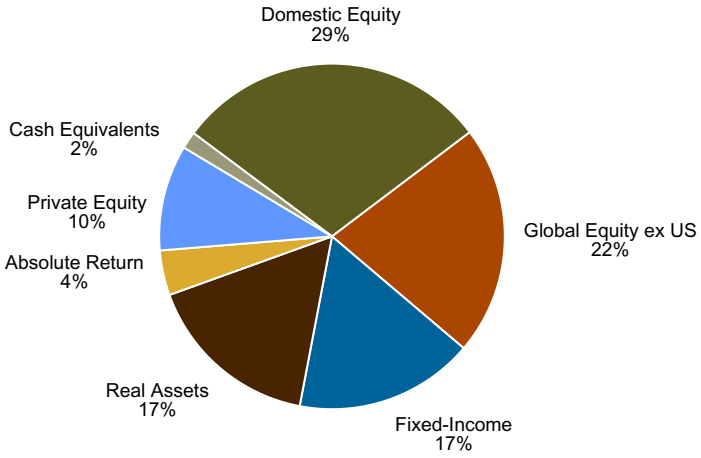
J R S Health Care

J R S HEALTH CARE

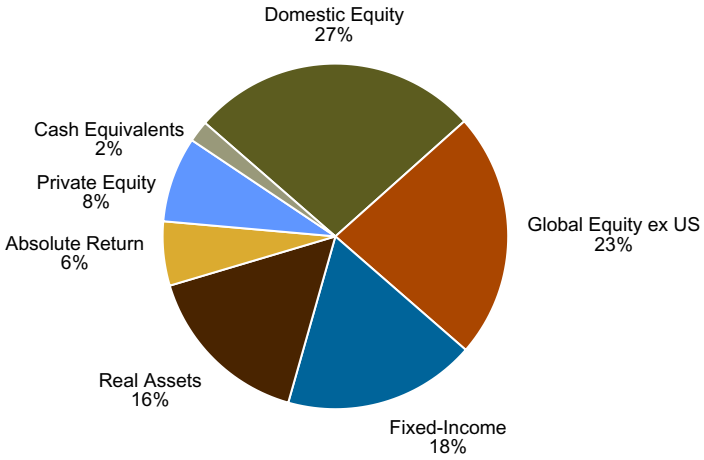
Actual vs Target Asset Allocation
As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. 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

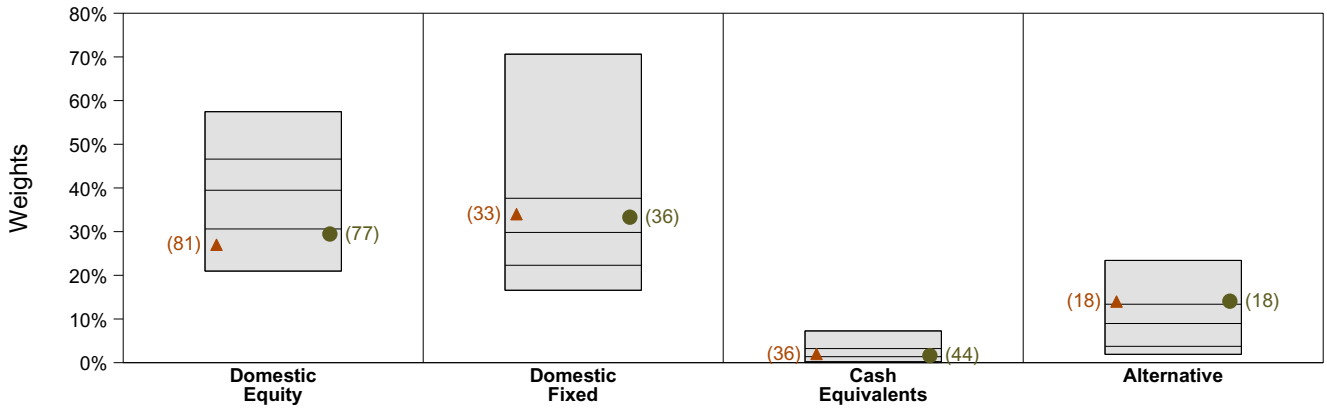


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	6,044	29.5%	27.0%	2.5%	504
Global Equity ex US	4,420	21.5%	23.0%	(1.5%)	(300)
Fixed-Income	3,443	16.8%	18.0%	(1.2%)	(250)
Real Assets	3,391	16.5%	16.0%	0.5%	108
Absolute Return	865	4.2%	6.0%	(1.8%)	(366)
Private Equity	2,023	9.9%	8.0%	1.9%	381
Cash Equivalents	333	1.6%	2.0%	(0.4%)	(77)
Total	20,519	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



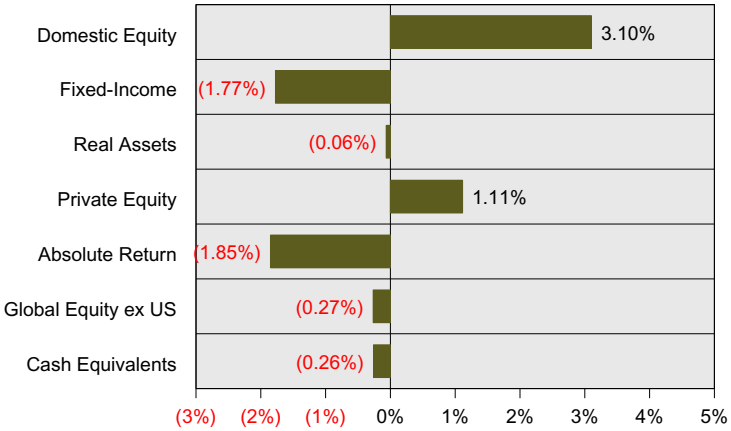
	Domestic Equity	Domestic Fixed	Cash Equivalents	Alternative
10th Percentile	57.46	70.63	7.27	23.41
25th Percentile	46.61	37.64	3.23	13.38
Median	39.47	29.82	1.38	8.97
75th Percentile	30.62	22.30	0.25	3.74
90th Percentile	20.96	16.57	0.02	1.91
Fund ●	29.46	33.31	1.62	14.08
Target ▲	27.00	34.00	2.00	14.00
% Group Invested	95.35%	97.67%	72.09%	47.67%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

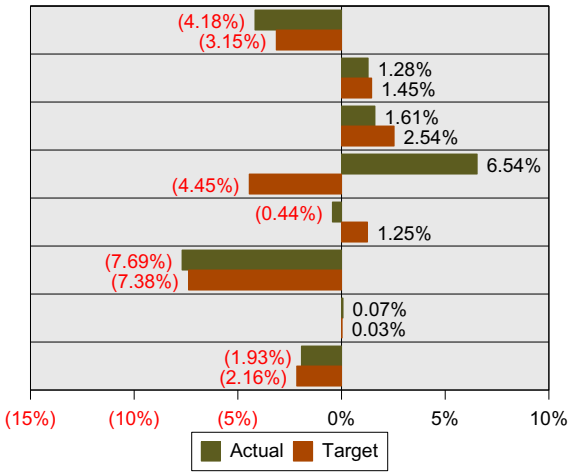
Quarterly Total Fund Relative Attribution - June 30, 2012

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.

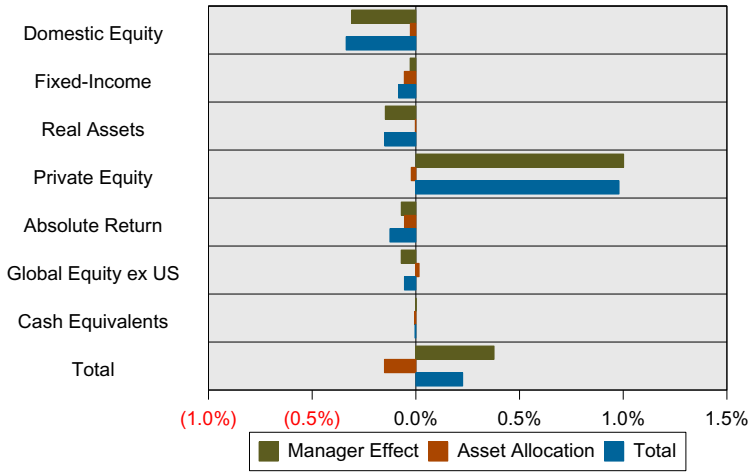
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

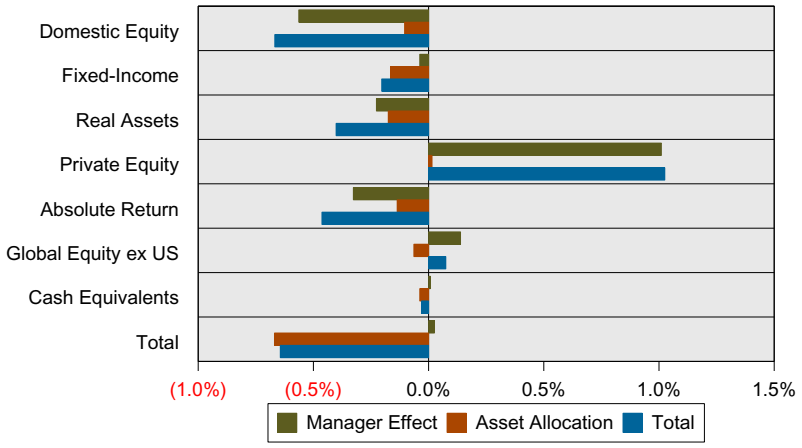
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	27%	(4.18%)	(3.15%)	(0.31%)	(0.03%)	(0.34%)
Fixed-Income	16%	18%	1.28%	1.45%	(0.03%)	(0.06%)	(0.08%)
Real Assets	16%	16%	1.61%	2.54%	(0.15%)	(0.00%)	(0.15%)
Private Equity	9%	8%	6.54%	(4.45%)	1.00%	(0.02%)	0.98%
Absolute Return	4%	6%	(0.44%)	1.25%	(0.07%)	(0.05%)	(0.13%)
Global Equity ex US	23%	23%	(7.69%)	(7.38%)	(0.07%)	0.02%	(0.06%)
Cash Equivalents	2%	2%	0.07%	0.03%	0.00%	(0.00%)	(0.00%)
Total			**(1.93%)**	**= (2.16%)**	**+ 0.38%**	**+ (0.15%)**	**0.23%**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

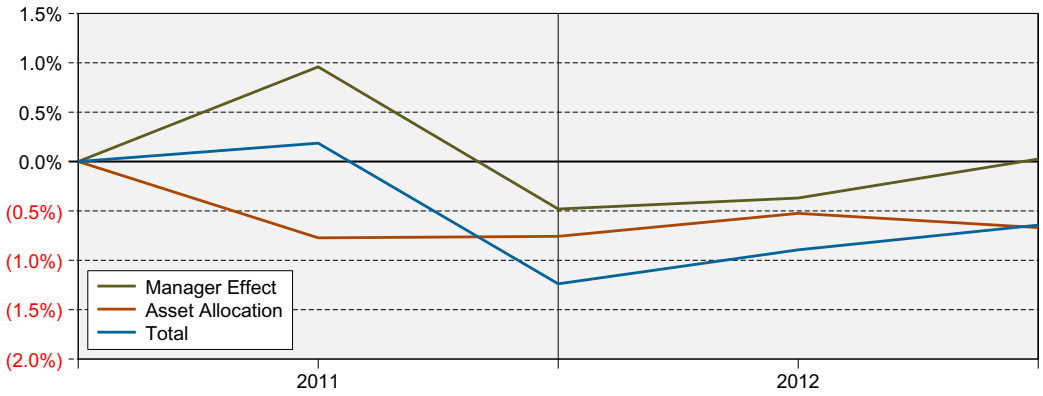
Cumulative Total Fund Relative Attribution - June 30, 2012

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

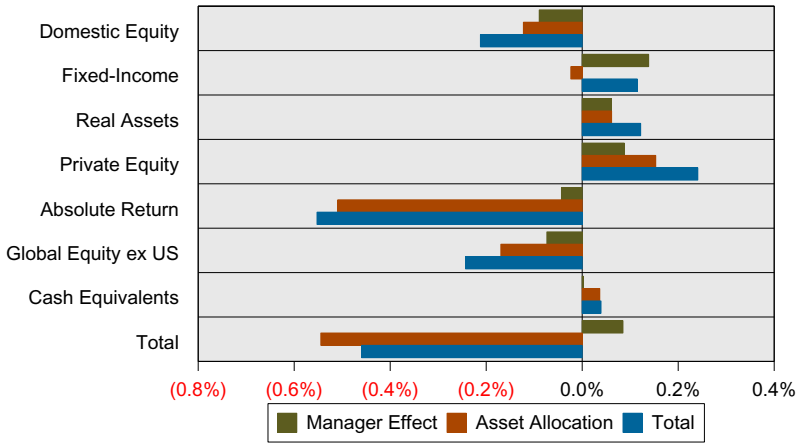
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	1.81%	3.84%	(0.56%)	(0.10%)	(0.67%)
Fixed-Income	17%	18%	5.02%	5.08%	(0.04%)	(0.17%)	(0.20%)
Real Assets	16%	16%	10.13%	11.41%	(0.23%)	(0.17%)	(0.40%)
Private Equity	10%	8%	9.45%	(3.61%)	1.01%	0.01%	1.03%
Absolute Return	4%	6%	(2.05%)	5.06%	(0.33%)	(0.14%)	(0.46%)
Global Equity ex US	22%	23%	(13.65%)	(14.15%)	0.14%	(0.06%)	0.07%
Cash Equivalents	2%	2%	0.44%	0.06%	0.01%	(0.04%)	(0.03%)
Total			**0.38%**	**= 1.02%**	**+ 0.03%**	**+ (0.67%)**	**(0.64%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

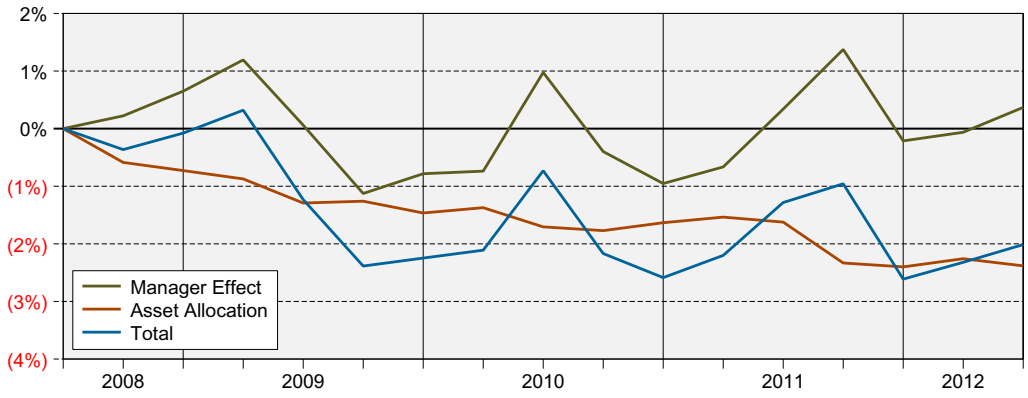
Cumulative Total Fund Relative Attribution - June 30, 2012

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.

Four Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Four Year Annualized Relative Attribution Effects

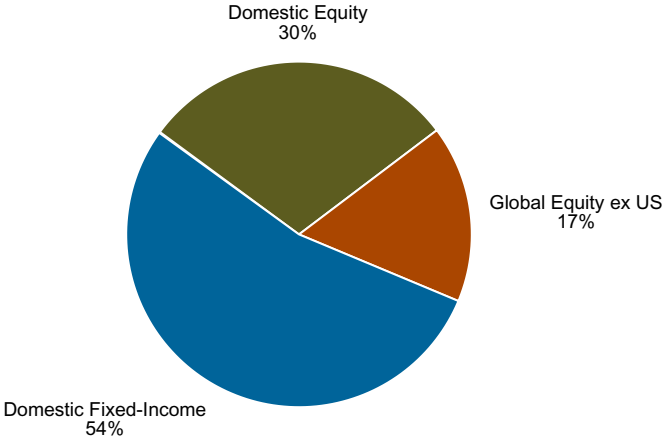
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	32%	31%	3.60%	3.96%	(0.09%)	(0.12%)	(0.21%)
Fixed-Income	19%	19%	7.00%	6.26%	0.14%	(0.02%)	0.11%
Real Assets	13%	14%	3.51%	3.16%	0.06%	0.06%	0.12%
Private Equity	7%	6%	-	1.52%	0.09%	0.15%	0.24%
Absolute Return	4%	6%	3.32%	5.33%	(0.04%)	(0.51%)	(0.55%)
Global Equity ex US	23%	23%	(3.84%)	(3.67%)	(0.07%)	(0.17%)	(0.24%)
Cash Equivalents	2%	2%	0.98%	0.64%	0.00%	0.04%	0.04%
Total			**2.84%**	**= 3.30%**	**+ 0.08%**	**+ (0.54%)**	**(0.46%)**

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

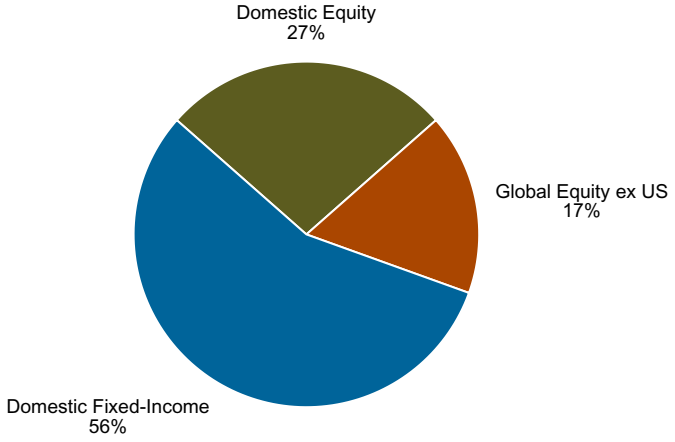
Actual vs Target Asset Allocation
As of June 30, 2012

The top left chart shows the Fund's asset allocation as of June 30, 2012. 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

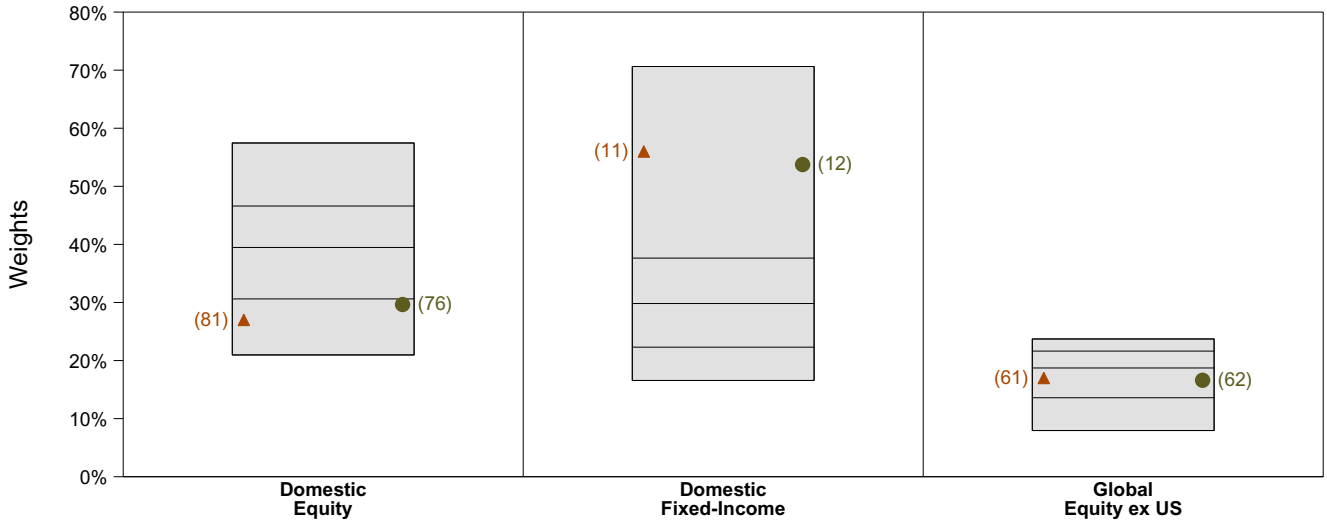


Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	9,695	29.6%	27.0%	2.6%	866
Global Equity ex US	5,430	16.6%	17.0%	(0.4%)	(129)
Domestic Fixed-Income	17,575	53.7%	56.0%	(2.3%)	(738)
Total	32,701	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



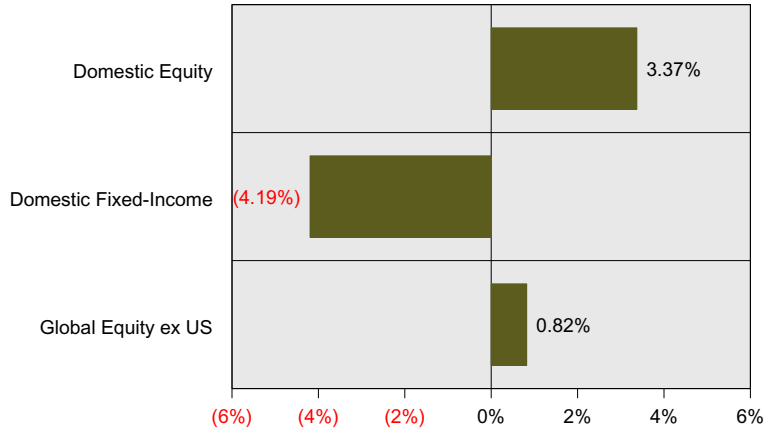
	Domestic Equity	Domestic Fixed-Income	Global Equity ex US
10th Percentile	57.46	70.63	23.72
25th Percentile	46.61	37.64	21.63
Median	39.47	29.82	18.72
75th Percentile	30.62	22.30	13.60
90th Percentile	20.96	16.57	7.95
Fund ●	29.65	53.74	16.61
Target ▲	27.00	56.00	17.00
% Group Invested	95.35%	97.67%	86.05%

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

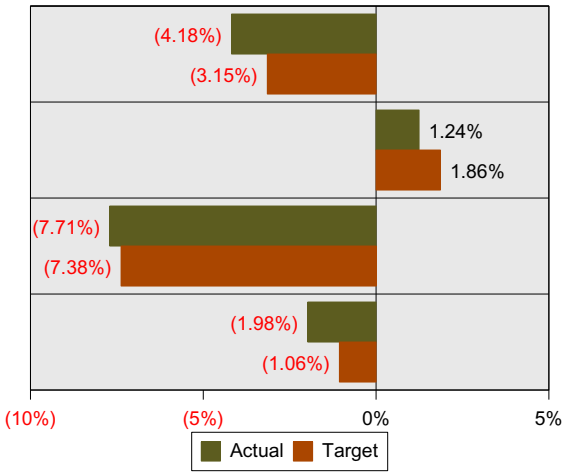
Quarterly Total Fund Relative Attribution - June 30, 2012

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.

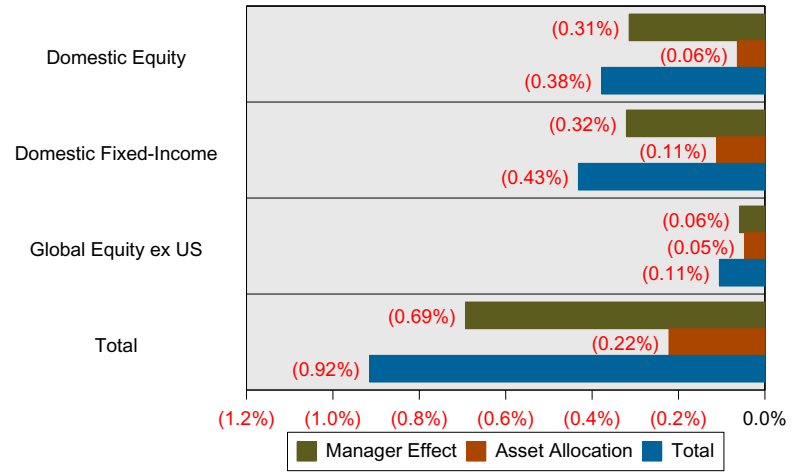
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended June 30, 2012

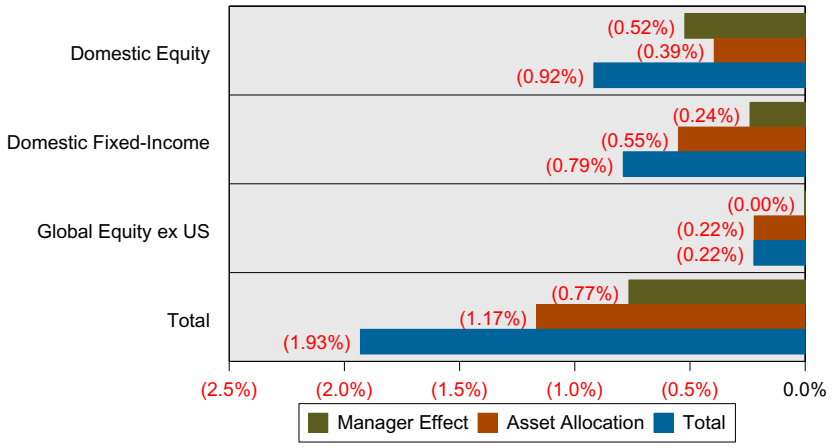
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	27%	(4.18%)	(3.15%)	(0.31%)	(0.06%)	(0.38%)
Domestic Fixed-Income	52%	56%	1.24%	1.86%	(0.32%)	(0.11%)	(0.43%)
Global Equity ex US	18%	17%	(7.71%)	(7.38%)	(0.06%)	(0.05%)	(0.11%)
Total			**(1.98%)**	**= (1.06%)**	**+ (0.69%)**	**+ (0.22%)**	**(0.92%)**

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

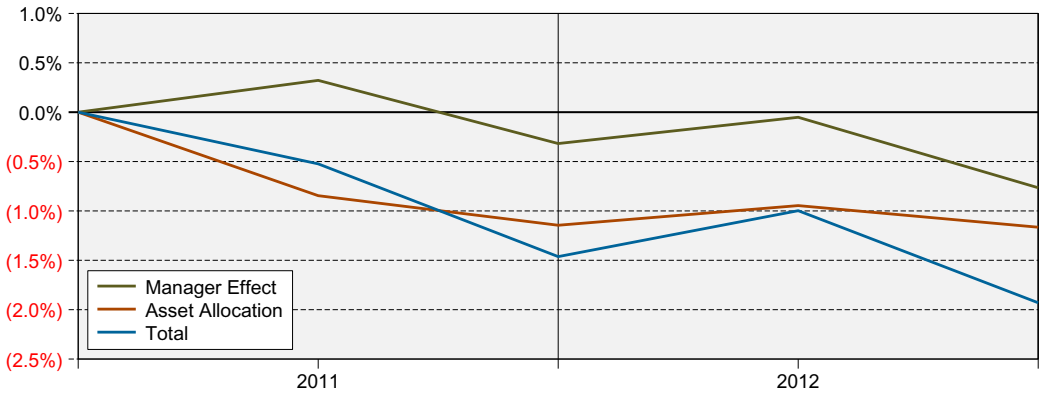
Cumulative Total Fund Relative Attribution - June 30, 2012

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

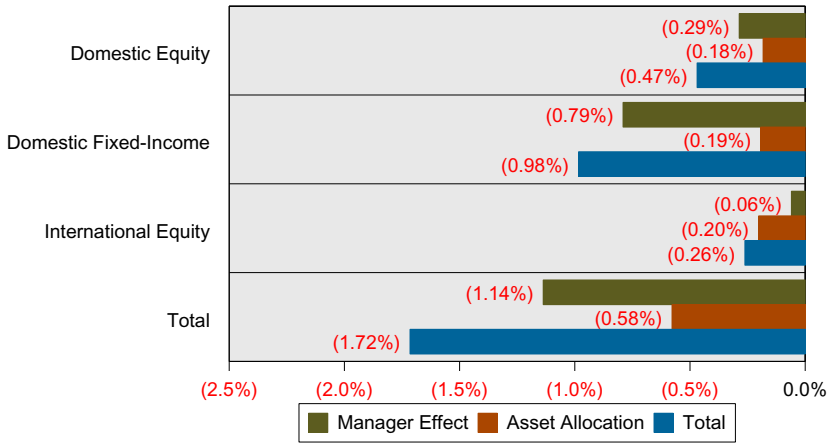
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	2.05%	3.84%	(0.52%)	(0.39%)	(0.92%)
Domestic Fixed-Income	53%	56%	6.17%	6.64%	(0.24%)	(0.55%)	(0.79%)
Global Equity ex US	17%	17%	(14.07%)	(14.15%)	(0.00%)	(0.22%)	(0.22%)
Total			**1.02%**	**= 2.95%**	**+ (0.77%)**	**+ (1.17%)**	**(1.93%)**

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

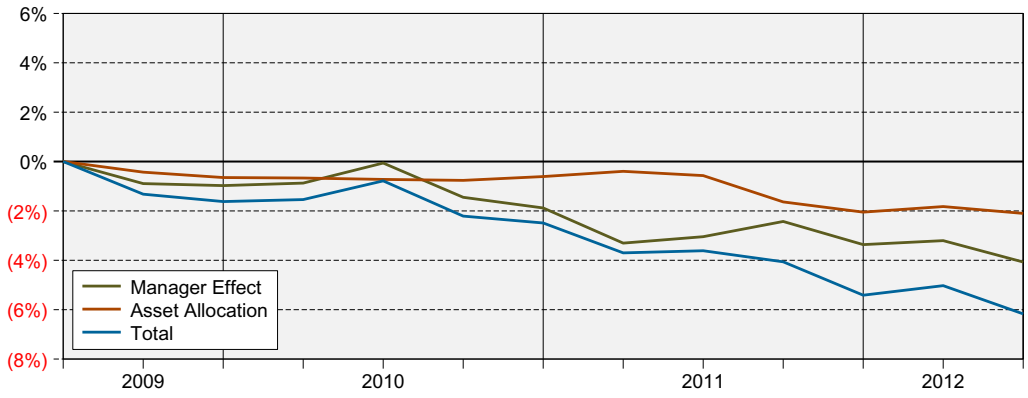
Cumulative Total Fund Relative Attribution - June 30, 2012

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

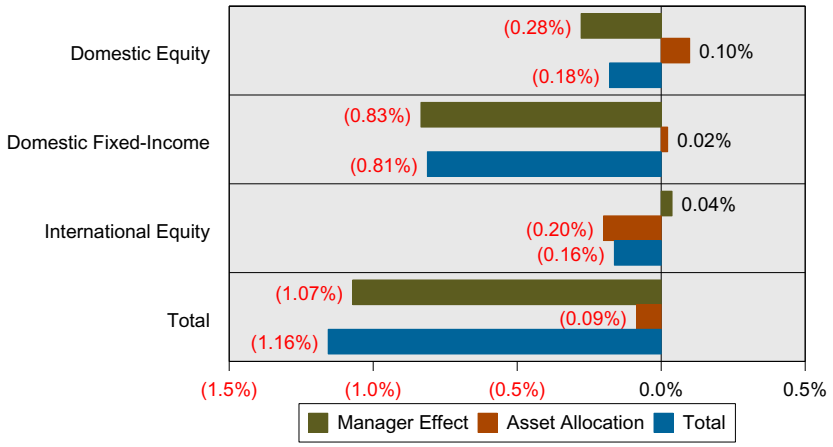
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	27%	15.73%	16.73%	(0.29%)	(0.18%)	(0.47%)
Domestic Fixed-Income	56%	57%	6.06%	7.54%	(0.79%)	(0.19%)	(0.98%)
International Equity	16%	16%	6.99%	7.43%	(0.06%)	(0.20%)	(0.26%)
Total			**8.66%**	**= 10.37%**	**+ (1.14%)**	**+ (0.58%)**	**(1.72%)**

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

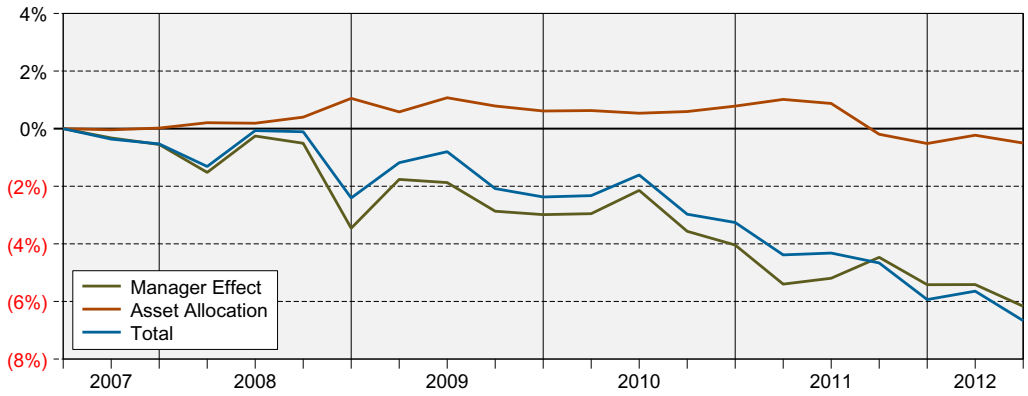
Cumulative Total Fund Relative Attribution - June 30, 2012

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

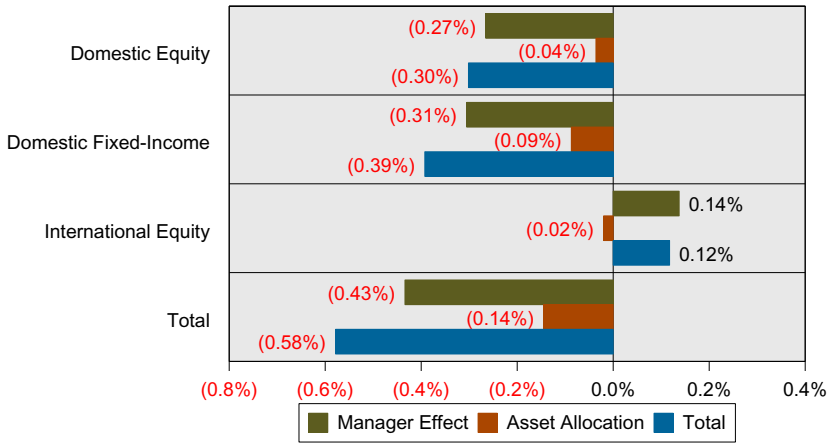
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	28%	28%	(0.45%)	0.34%	(0.28%)	0.10%	(0.18%)
Domestic Fixed-Income	58%	58%	5.64%	7.02%	(0.83%)	0.02%	(0.81%)
International Equity	14%	13%	(4.66%)	(5.32%)	0.04%	(0.20%)	(0.16%)
Total			**3.06%**	**= 4.21%**	**+ (1.07%)**	**+ (0.09%)**	**(1.16%)**

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

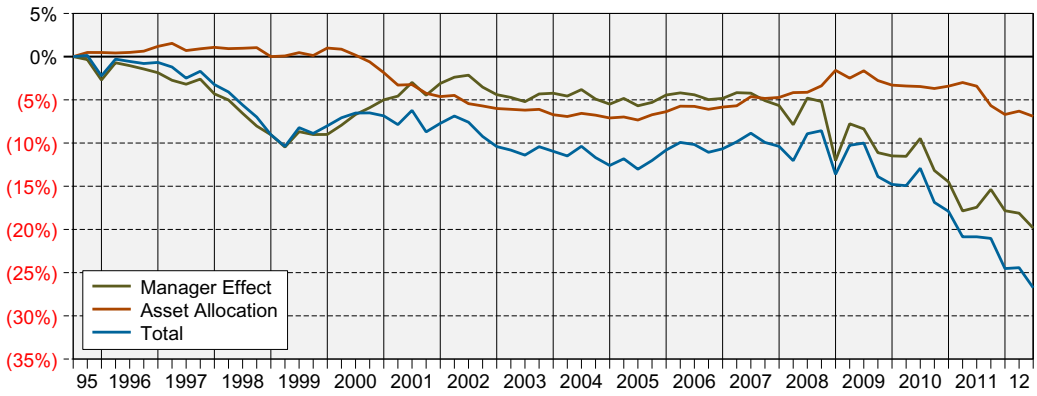
Cumulative Total Fund Relative Attribution - June 30, 2012

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.

Seventeen Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Seventeen Year Annualized Relative Attribution Effects

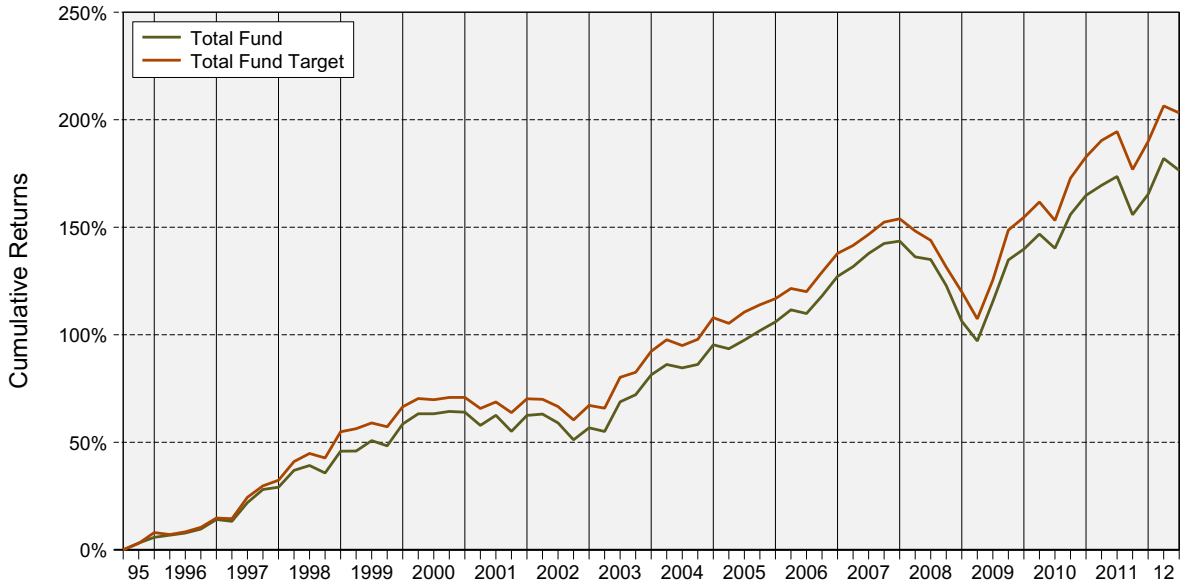
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	28%	6.64%	7.60%	(0.27%)	(0.04%)	(0.30%)
Domestic Fixed-Income	59%	62%	5.92%	6.37%	(0.31%)	(0.09%)	(0.39%)
International Equity	11%	10%	5.84%	4.27%	0.14%	(0.02%)	0.12%
Total			**6.16%**	**= 6.74%**	**+ (0.43%)**	**+ (0.14%)**	**(0.58%)**

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

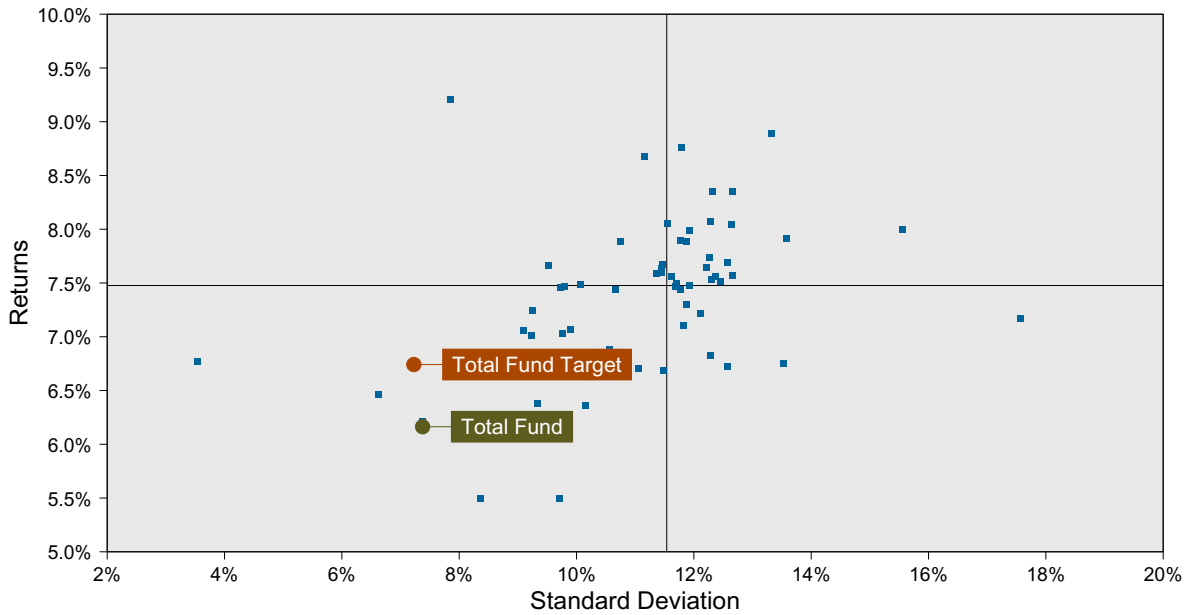
Cumulative Performance Relative to Target

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



Seventeen Year Annualized Risk vs Return



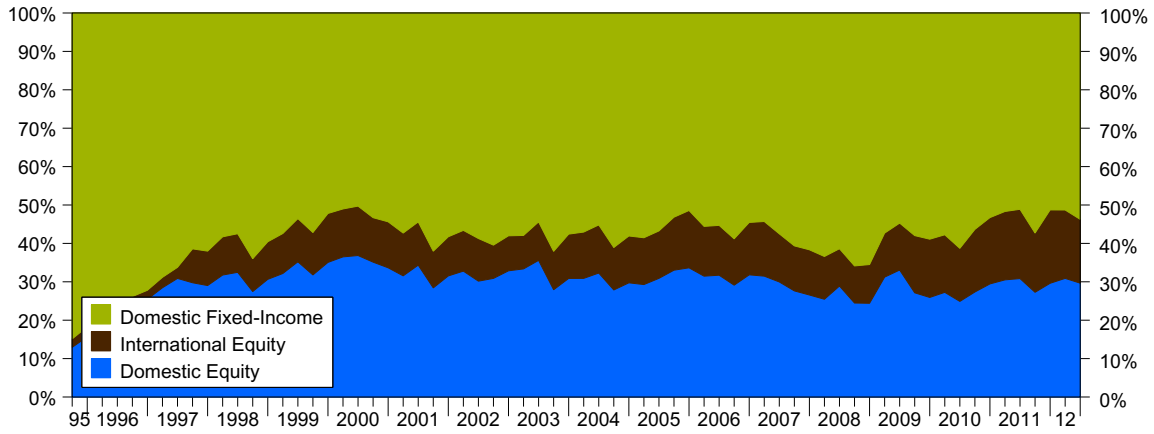
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

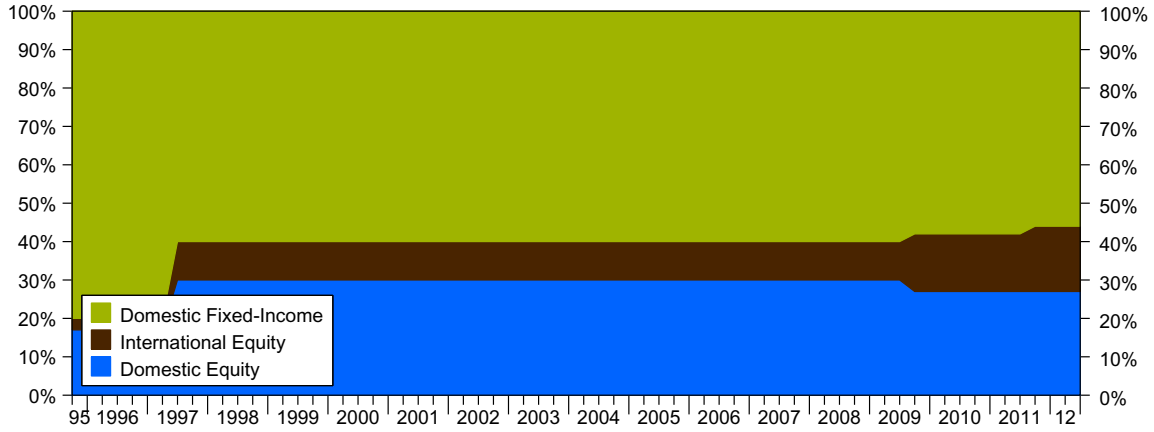
Actual vs Target Historical Asset Allocation

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

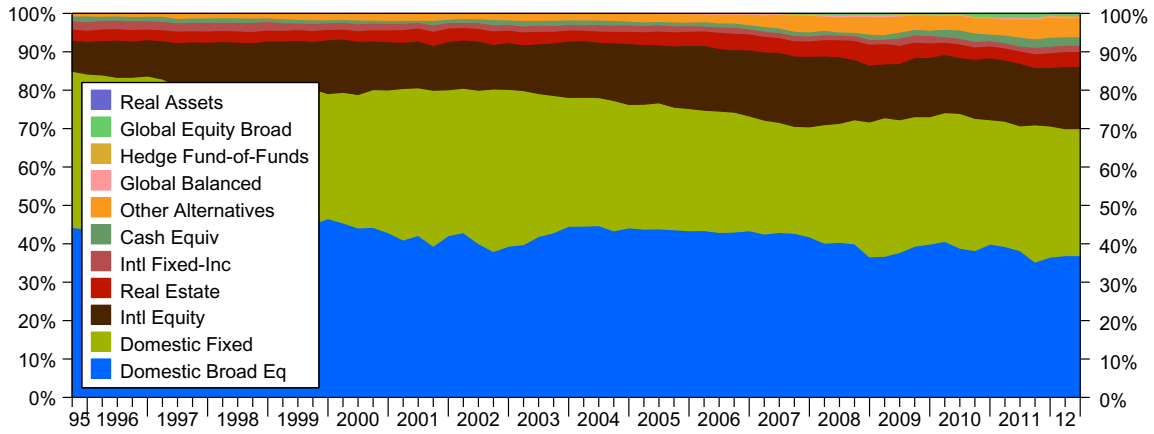
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

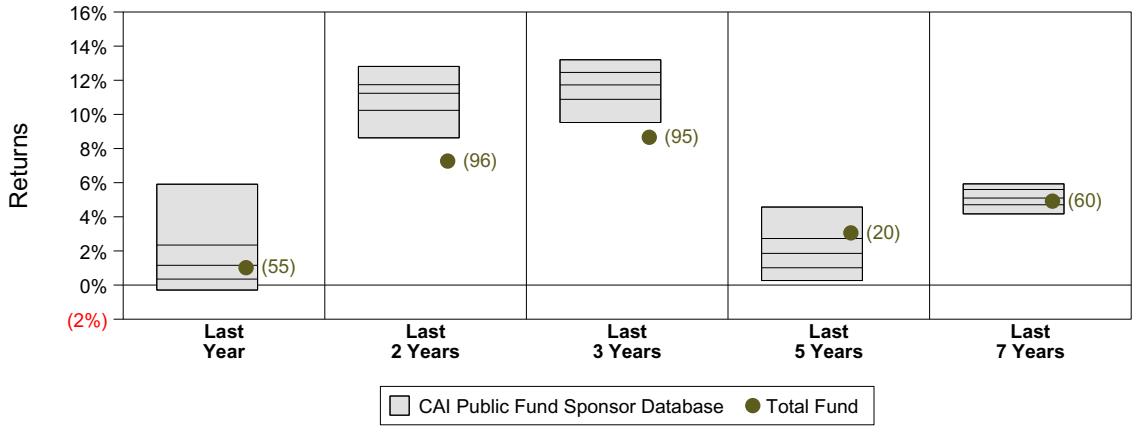


* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

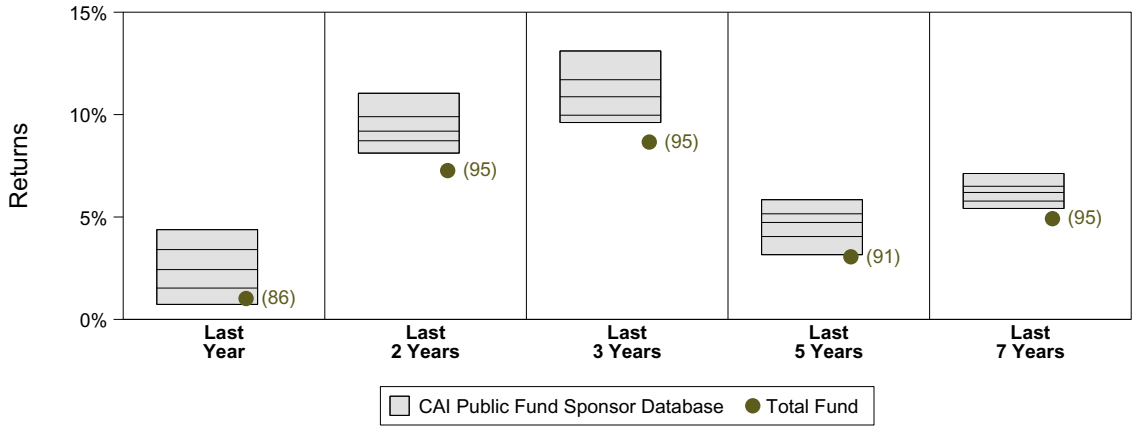
Total Fund Ranking

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, 2012. 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.

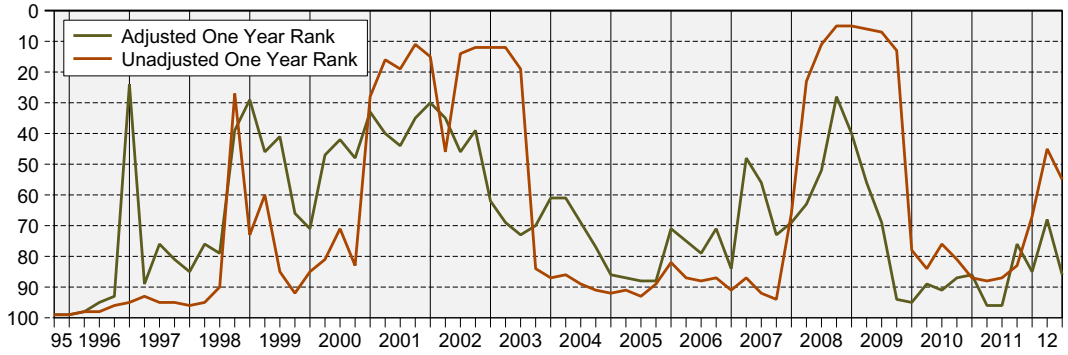
CAI Public Fund Sponsor Database



Asset Allocation Adjusted Ranking



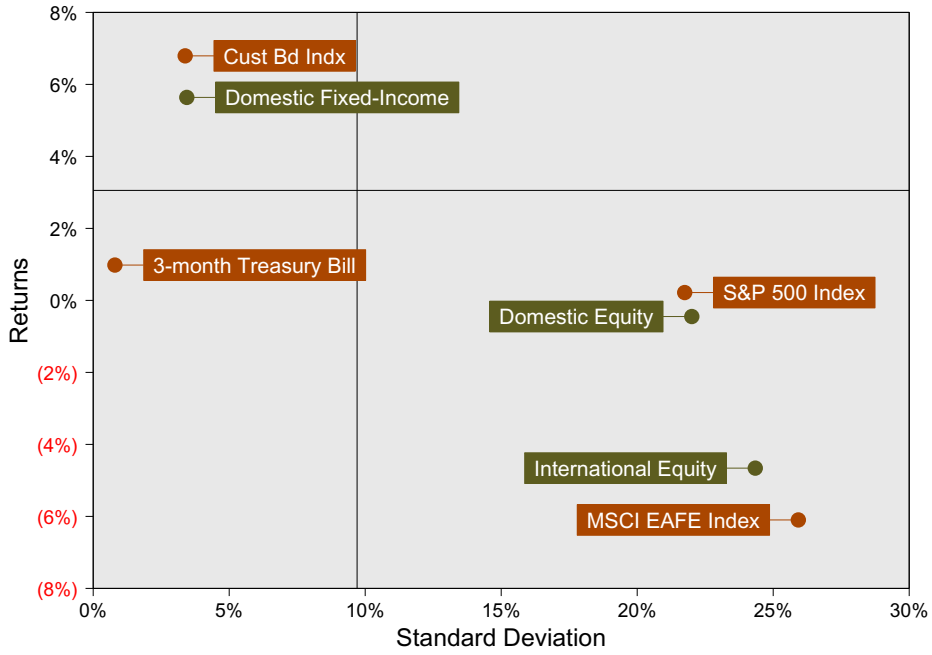
Rolling One Year Ranking vs CAI Public Fund Sponsor Database



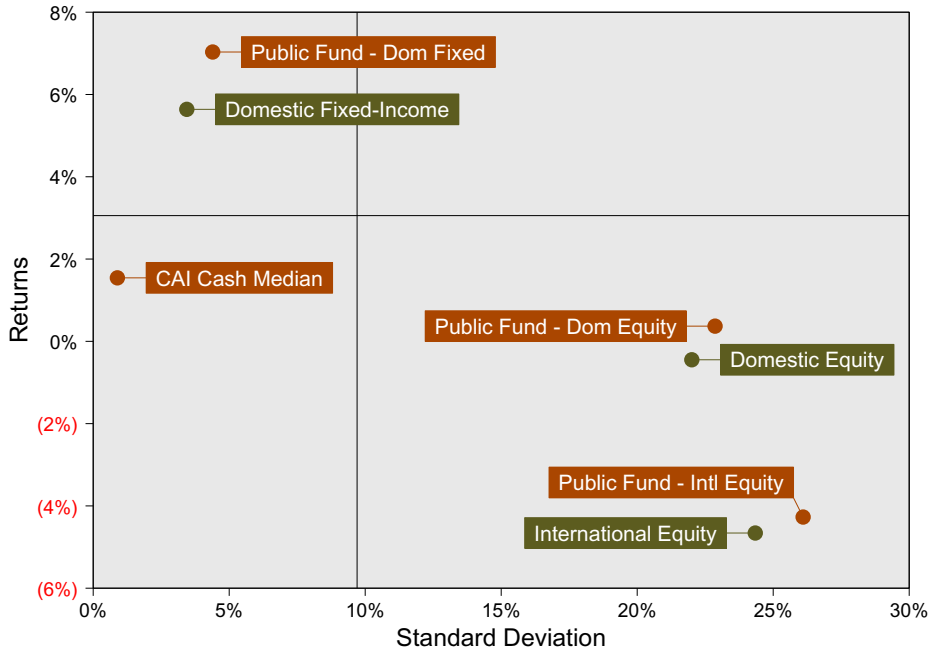
Asset Class Risk and Return

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



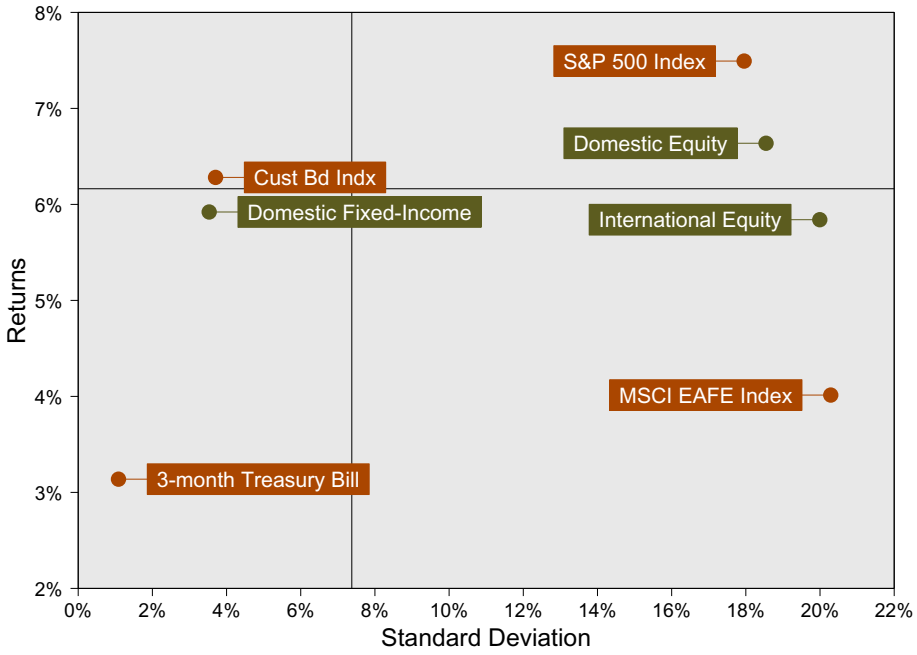
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



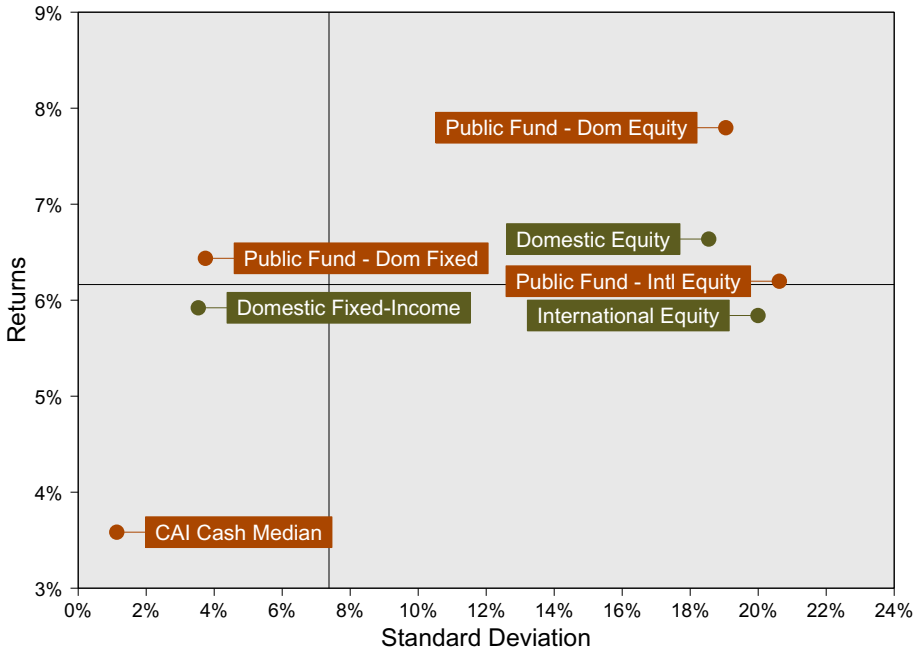
Asset Class Risk and Return

The charts below show the seventeen 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.

Seventeen Year Annualized Risk vs Return
Asset Classes vs Benchmark Indices



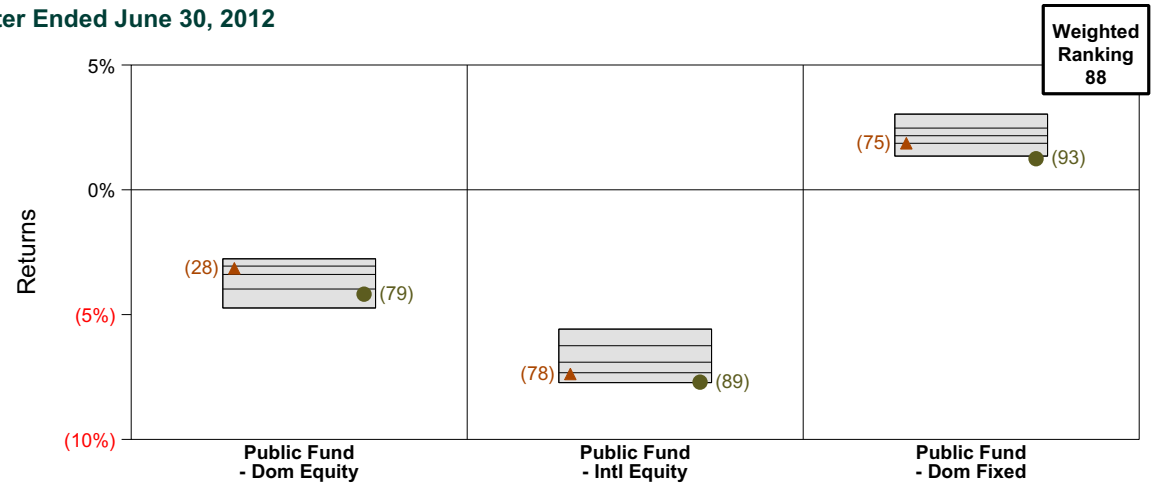
Seventeen Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



Asset Class Rankings

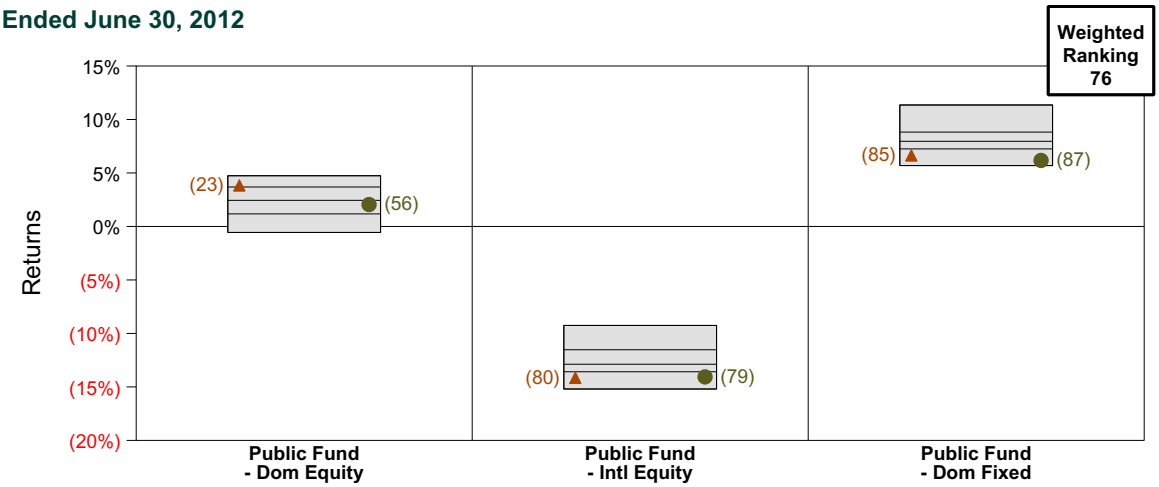
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Quarter Ended June 30, 2012



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	(2.76)	(5.58)	3.03
25th Percentile	(3.06)	(6.25)	2.47
Median	(3.39)	(6.91)	2.17
75th Percentile	(3.98)	(7.33)	1.86
90th Percentile	(4.74)	(7.73)	1.35
Asset Class Composite ●	(4.18)	(7.71)	1.24
Composite Benchmark ▲	(3.15)	(7.38)	1.86

Total Asset Class Performance
One Year Ended June 30, 2012



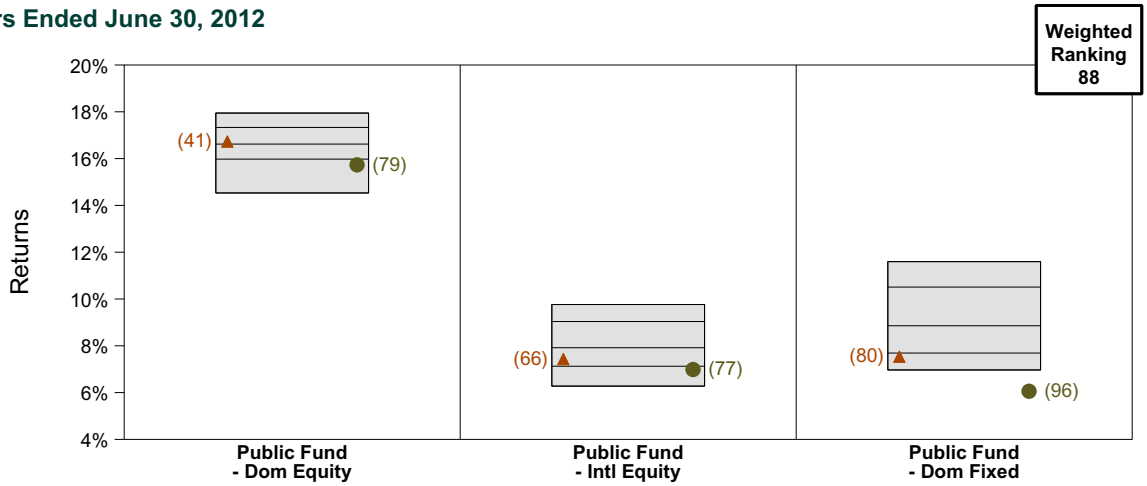
	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	4.74	(9.25)	11.35
25th Percentile	3.69	(11.53)	8.82
Median	2.44	(12.88)	7.96
75th Percentile	1.17	(13.58)	7.25
90th Percentile	(0.56)	(15.20)	5.69
Asset Class Composite ●	2.05	(14.07)	6.17
Composite Benchmark ▲	3.84	(14.15)	6.64

* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

Asset Class Rankings

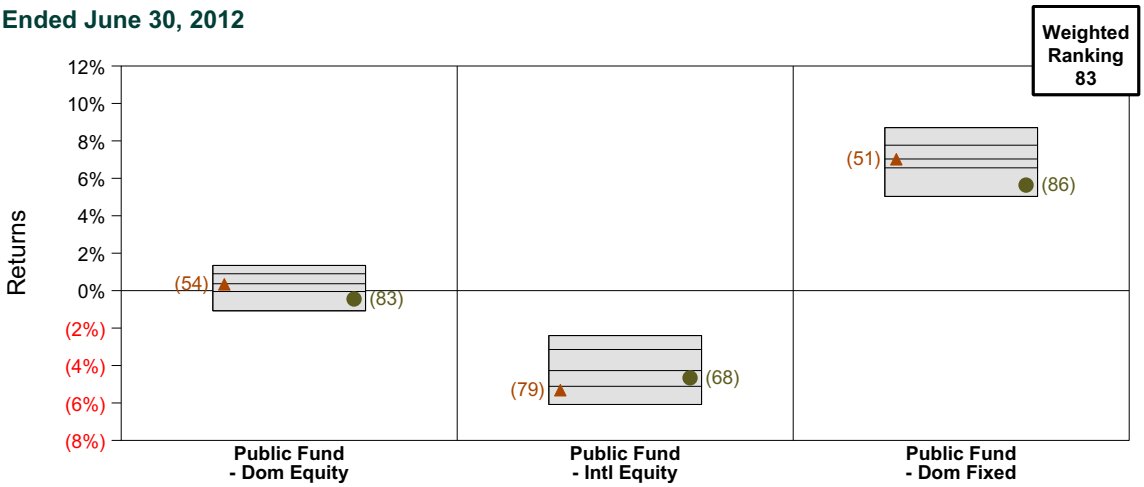
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
Three Years Ended June 30, 2012



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	17.95	9.76	11.60
25th Percentile	17.33	9.04	10.51
Median	16.62	7.92	8.86
75th Percentile	15.98	7.13	7.69
90th Percentile	14.53	6.28	6.97
Asset Class Composite ●	15.73	6.99	6.06
Composite Benchmark ▲	16.73	7.43	7.54

Total Asset Class Performance
Five Years Ended June 30, 2012



	Public Fund - Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed
10th Percentile	1.35	(2.40)	8.71
25th Percentile	0.90	(3.14)	7.77
Median	0.37	(4.27)	7.03
75th Percentile	(0.05)	(5.11)	6.56
90th Percentile	(1.08)	(6.08)	5.03
Asset Class Composite ●	(0.45)	(4.66)	5.64
Composite Benchmark ▲	0.34	(5.32)	7.02

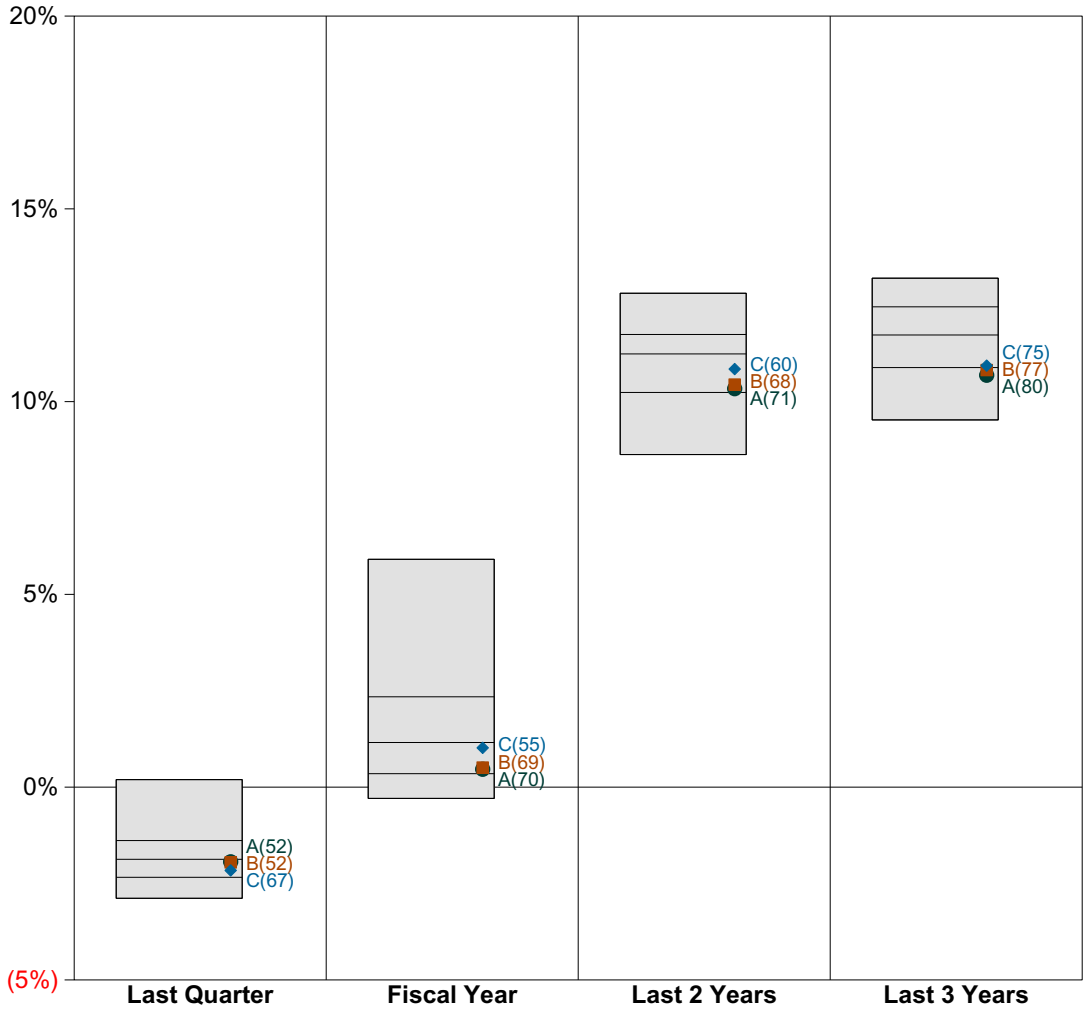
* Current Quarter Target = 37.8% Barclays Aggregate Index, 27.0% Russell 3000 Index, 17.0% MSCI ACWI ex US Index, 5.4% Barclays Treasury, 5.4% Citi WGBI Non-US Idx, 5.4% Hi Yld II Index and 2.0% 3-month Treasury Bill.

All Plans

Alaska Retirement Management Board
Performance vs CAI Public Fund Sponsor Database
Periods Ended June 30, 2012

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.



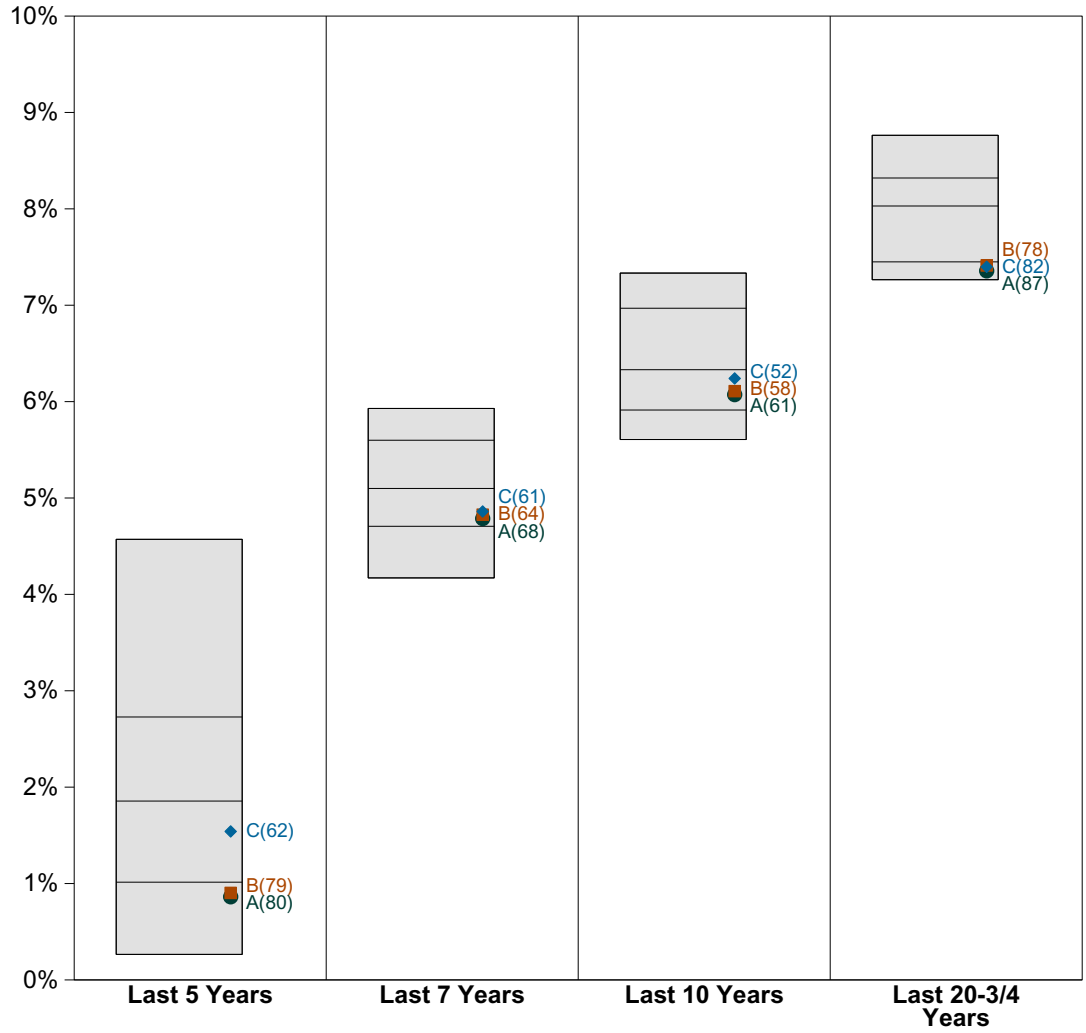
	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years
10th Percentile	0.19	5.91	12.81	13.20
25th Percentile	(1.38)	2.34	11.74	12.46
Median	(1.87)	1.16	11.24	11.73
75th Percentile	(2.34)	0.35	10.24	10.88
90th Percentile	(2.88)	(0.29)	8.63	9.52
PERS Total Plan ● A	(1.94)	0.46	10.34	10.68
TRS Total Plan ■ B	(1.95)	0.51	10.44	10.82
Target Index ◆ C	(2.16)	1.02	10.84	10.93

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index

Alaska Retirement Management Board
Performance vs CAI Public Fund Sponsor Database
Periods Ended June 30, 2012

Return Ranking

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



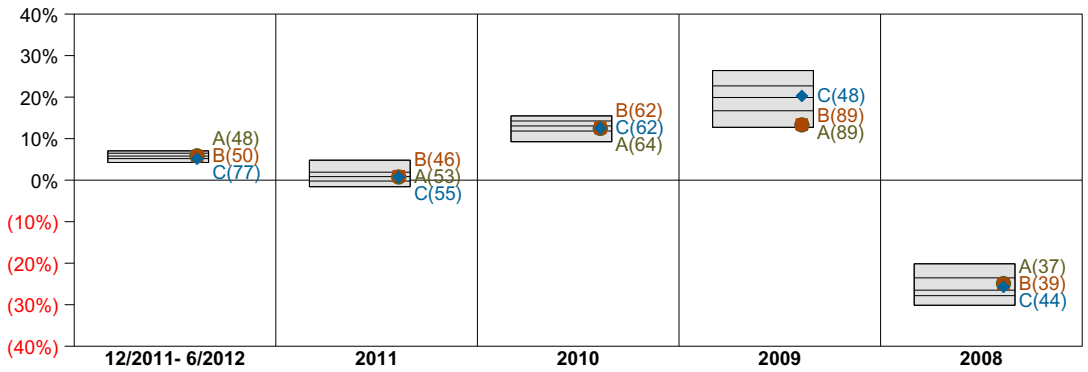
	Last 5 Years	Last 7 Years	Last 10 Years	Last 20-3/4 Years
10th Percentile	4.57	5.93	7.33	8.76
25th Percentile	2.73	5.60	6.97	8.32
Median	1.86	5.10	6.33	8.03
75th Percentile	1.01	4.71	5.91	7.45
90th Percentile	0.26	4.17	5.61	7.26
PERS Total Plan ● A	0.86	4.79	6.07	7.36
TRS Total Plan ■ B	0.90	4.83	6.11	7.41
Target Index ◆ C	1.54	4.86	6.24	7.40

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index

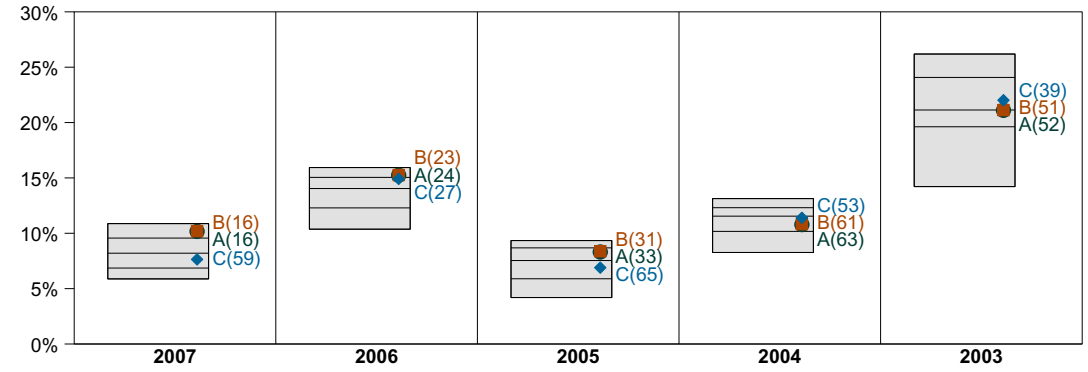
Alaska Retirement Management Board
Performance vs CAI Public Fund Sponsor Database
Recent Periods

Return Ranking

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



	12/2011- 6/2012	2011	2010	2009	2008
10th Percentile	7.06	4.81	15.48	26.40	(20.14)
25th Percentile	6.49	1.92	14.25	22.70	(23.53)
Median	5.80	0.86	13.06	19.91	(26.49)
75th Percentile	5.19	(0.21)	11.83	16.71	(27.81)
90th Percentile	4.26	(1.58)	9.26	12.73	(30.14)
PERS Total Plan ● A	5.87	0.77	12.45	13.31	(24.91)
TRS Total Plan ■ B	5.80	0.95	12.55	13.40	(24.98)
Target Index ◆ C	5.16	0.72	12.51	20.28	(25.71)



	2007	2006	2005	2004	2003
10th Percentile	10.87	15.94	9.34	13.13	26.19
25th Percentile	9.57	15.05	8.68	12.31	24.08
Median	8.20	14.04	7.54	11.55	21.14
75th Percentile	6.86	12.29	5.89	10.17	19.62
90th Percentile	5.88	10.37	4.20	8.26	14.22
PERS Total Plan ● A	10.17	15.24	8.31	10.79	21.11
TRS Total Plan ■ B	10.20	15.26	8.38	10.83	21.13
Target Index ◆ C	7.64	14.91	6.89	11.40	22.02

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012.

Asset Distribution Across Investment Managers

	June 30, 2012		March 31, 2012	
	Market Value	Percent	Market Value	Percent
Total Domestic Equity(T)	**$4,793,047,114**	**29.70%**	**$5,134,146,954**	**30.88%**
Large Cap Managers(T)	**$3,615,044,995**	**22.40%**	**$3,916,055,313**	**23.55%**
Barrow, Hanley	145,999,106	0.90%	152,030,410	0.91%
Lazard Asset Mgmt	298,317,468	1.85%	312,025,655	1.88%
McKinley Capital	326,547,786	2.02%	370,594,128	2.23%
Quantitative Mgmt Assoc	142,878,145	0.89%	147,482,960	0.89%
RCM	348,623,358	2.16%	394,747,178	2.37%
Relational Investors	241,656,506	1.50%	314,659,380	1.89%
SSgA Russell 1000 Growth	767,650,340	4.76%	824,370,121	4.96%
SSgA Russell 1000 Value	948,909,963	5.88%	995,207,569	5.98%
SSgA Russell 200	394,462,324	2.44%	404,937,912	2.44%
Other Equity	**$325,666,296**	**2.02%**	**$309,328,005**	**1.86%**
Analytic SSgA/Buy Write	112,486,019	0.70%	112,355,812	0.68%
RCM Holding Acct	99,436,225	0.62%	101,902,292	0.61%
Advent Convertible Bond	113,744,052	0.70%	95,069,901	0.57%
Small Cap Managers(T)	**$852,335,822**	**5.28%**	**$908,763,636**	**5.47%**
Frontier Capital Mgmt.	113,341,088	0.70%	117,082,400	0.70%
Jennison Associates	126,425,261	0.78%	132,623,476	0.80%
Lord, Abbett	131,172,461	0.81%	139,732,772	0.84%
Luther King	129,440,552	0.80%	138,810,736	0.83%
SSgA Russell 2000 Growth	11,438,293	0.07%	27,055,261	0.16%
SSgA Russell 2000 Value	12,115,655	0.08%	73,376,831	0.44%
Barrow Hanley Small Cap Value	110,714,417	0.69%	124,402,260	0.75%
DePrince Race Zollo Rus Micr Gr	73,063,414	0.45%	76,220,177	0.46%
Lord Abbett Micro Cap	72,205,042	0.45%	79,459,723	0.48%
Fixed-Income (P)	**$2,666,138,065**	**16.52%**	**$2,544,873,133**	**15.30%**
International Fixed-Income Pool(T)	**$500,254,316**	**3.10%**	**$502,255,041**	**3.02%**
Lazard Emerging Income	124,050,302	0.77%	127,314,621	0.77%
Mondrian	376,204,013	2.33%	374,940,420	2.25%
High Yield(T)	**$443,294,844**	**2.75%**	**$434,568,769**	**2.61%**
MacKay Shields	443,294,844	2.75%	434,568,769	2.61%
International Equity Pool(T)	**$2,654,166,588**	**16.45%**	**$2,860,706,523**	**17.20%**
Brandes Investment	729,985,965	4.52%	792,446,484	4.77%
Capital Guardian	564,558,877	3.50%	605,297,957	3.64%
Lazard Asset Mgmt	363,316,411	2.25%	385,623,508	2.32%
McKinley Capital	299,246,866	1.85%	324,363,944	1.95%
Mondrian Intl Sm Cap	111,465,408	0.69%	117,176,936	0.70%
SSgA Int'l	481,144,639	2.98%	520,272,949	3.13%
Schroder Investment Mgmt	104,448,423	0.65%	115,524,745	0.69%
Emerging Markets Pool(T)	**$860,295,226**	**5.33%**	**$946,661,287**	**5.69%**
Capital Guardian	351,710,028	2.18%	396,447,163	2.38%
Eaton Vance	194,166,233	1.20%	209,521,582	1.26%
Lazard Emerging	314,418,965	1.95%	340,692,541	2.05%
Real Assets (P)	**$2,667,879,260**	**16.53%**	**$2,664,513,615**	**16.02%**
Private Equity(P)	**$1,593,247,928**	**9.87%**	**$1,530,571,721**	**9.20%**
Absolute Return(P)	**$681,643,159**	**4.22%**	**$719,123,836**	**4.32%**
Total Plans	**$16,135,898,609**	**100.0%**	**$16,628,529,380**	**100.0%**

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of June 30, 2012, with the distribution as of March 31, 2012.

Asset Distribution Across Investment Managers

	June 30, 2012		March 31, 2012	
	Market Value	Percent	Market Value	Percent
PERS	6,114,987,583	37.90%	6,315,155,386	37.98%
TRS	3,010,147,119	18.65%	3,130,923,641	18.83%
JRS	107,206,749	0.66%	110,917,583	0.67%
Military Total Plan	32,700,650	0.20%	33,775,971	0.20%
PERS Health Care	5,203,076,745	32.25%	5,325,790,862	32.03%
TRS Health Care	1,647,261,056	10.21%	1,690,949,580	10.17%
JRS Health Care	20,518,706	0.13%	21,016,357	0.13%
Total All Plans	**$16,135,898,609**	**100.0%**	**$16,628,529,380**	**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, 2012. 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, 2012

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Domestic Equity Pool	**(4.18%)**	**1.81%**	**16.17%**	**(0.14%)**
Large Cap Managers	**(3.89%)**	**3.19%**	**15.75%**	**(0.22%)**
Barrow, Hanley	(3.97%)	0.10%	16.26%	(0.47%)
Barrow, Hanley(net)	(4.09%)	(0.40%)	15.76%	(0.98%)
Lazard Asset Mgmt.	(4.39%)	3.32%	14.43%	0.39%
Lazard Asset Mgmt(net)	(4.47%)	2.99%	14.07%	0.06%
McKinley Capital	(5.30%)	3.75%	16.89%	1.87%
McKinley Capital(net)	(5.39%)	3.37%	16.51%	1.50%
Quantitative Mgmt Assoc.	(3.12%)	2.56%	16.34%	(0.90%)
Quantitative Mgmt(net)	(3.21%)	2.19%	15.96%	(1.28%)
RCM	(5.64%)	3.06%	13.93%	2.20%
RCM(net)	(5.72%)	2.74%	13.62%	1.88%
Relational Investors(net)	(7.63%)	(6.90%)	16.38%	(3.42%)
SSgA Russell 1000 Growth	(4.01%)	5.86%	17.56%	2.96%
SSgA Russell 1000 Gr(net)	(4.02%)	5.82%	17.52%	2.92%
SSgA Russell 1000 Value	(2.18%)	3.09%	15.85%	(1.97%)
SSgA Russell 1000 Val(net)	(2.19%)	3.06%	15.82%	(2.00%)
SSgA Russell 200	(2.59%)	7.00%	15.46%	0.29%
SSgA Russell 200(net)	(2.60%)	6.96%	15.42%	0.25%
Standard & Poor's 500 Index	(2.75%)	5.45%	16.40%	0.22%
Other Equity	**(1.28%)**	**2.09%**	**-**	**-**
Analytic SSgA/Buy Write	0.12%	9.14%	-	-
RCM Holdings Acct	(2.42%)	(2.46%)	-	-
Advent Convertible Bond	(1.83%)	(0.85%)	-	-
Small Cap Managers	**(6.32%)**	**(3.71%)**	**17.30%**	**(0.06%)**
Barrow Hanley Small Cap Value	(11.00%)	(7.72%)	-	-
Barrow Hanley Small Cap Val(net)	(11.14%)	(8.27%)	-	-
DePrince Race Zollo	(4.14%)	0.85%	-	-
DePrince Race Zollo(net)	(4.43%)	(0.33%)	-	-
Frontier Capital	(3.20%)	-	-	-
Frontier Capital(net)	(3.41%)	-	-	-
Jennison Associates	(4.67%)	(4.38%)	20.06%	2.51%
Jennison Associates(net)	(4.87%)	(5.16%)	19.29%	1.74%
Lord, Abbett	(6.13%)	(7.34%)	13.32%	(0.42%)
Lord, Abbett(net)	(6.30%)	(8.05%)	12.61%	(1.12%)
Lord Abbett Micro Cap	(9.13%)	(3.22%)	-	-
Lord Abbett Micro Cap(net)	(9.40%)	(4.31%)	-	-
Luther King	(6.75%)	(3.65%)	22.05%	2.28%
Luther King(net)	(6.89%)	(4.19%)	21.50%	1.74%
SSgA Russell 2000 Growth	(4.18%)	(3.05%)	16.93%	-
SSgA Russell 2000 Gr(net)	(4.19%)	(3.10%)	16.88%	-
SSgA Russell 2000 Value	(2.90%)	(1.43%)	15.98%	(1.61%)
SSgA Russell 2000 Val(net)	(2.91%)	(1.48%)	15.93%	(1.66%)
Russell 2000 Index	(3.47%)	(2.08%)	17.80%	0.54%
International Equity Pool	**(7.22%)**	**(12.74%)**	**6.76%**	**(5.14%)**
Brandes Investment	(7.88%)	(12.93%)	4.82%	(5.26%)
Brandes Investment(net)	(7.99%)	(13.35%)	4.41%	(5.68%)
Capital Guardian	(6.73%)	(12.29%)	8.07%	(4.47%)
Capital Guardian(net)	(6.83%)	(12.69%)	7.66%	(4.88%)
Lazard Asset Intl	(5.78%)	(8.27%)	8.69%	(2.21%)
Lazard Asset Intl(net)	(5.87%)	(8.58%)	8.34%	(2.53%)
McKinley Capital	(7.74%)	(15.71%)	7.13%	(7.85%)
McKinley Capital(net)	(7.88%)	(16.24%)	6.60%	(8.38%)
SSgA Int'l	(7.52%)	(14.51%)	-	-
SSgA Int'l(net)	(7.64%)	(15.01%)	-	-
Schroder Inv Mgmt	(9.59%)	(16.34%)	-	-
Schroder Inv Mgmt(net)	(9.79%)	(17.14%)	-	-
Mondrian Intl Sm Cap	(4.87%)	(8.28%)	-	-
Mondrian Intl Sm Cap(net)	(5.07%)	(9.06%)	-	-
MSCI EAFE Index	(7.13%)	(13.83%)	5.96%	(6.10%)
MSCI ACWI ex-US IMI Index	(7.77%)	(14.79%)	7.37%	(4.46%)
Emerging Markets Pool	**(9.13%)**	**(16.32%)**	**8.94%**	**0.17%**
Capital Guardian(net)	(11.28%)	(21.69%)	6.13%	(0.93%)
Lazard Emerging	(7.71%)	(10.70%)	12.33%	-
Eaton Vance(net)	(7.33%)	(14.18%)	10.36%	-
MSCI Emerging Mkts	(8.78%)	(15.67%)	10.10%	0.21%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. 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, 2012

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Total Fixed-Income Pool	**1.28%**	**4.91%**	**7.28%**	**6.40%**
US Treas Pool	1.55%	5.48%	-	-
BC Govt/Credit Bd	2.56%	8.78%	7.34%	6.90%
BC Aggregate Index	2.06%	7.47%	6.93%	6.79%
BC Intmdt Treas	1.56%	5.40%	4.65%	5.95%
International Fixed-Income Pool	**(0.40%)**	**(0.91%)**	**5.63%**	**7.70%**
Lazard Emerging Income	(2.56%)	(3.38%)	3.03%	-
Lazard Emerging Income(net)	(2.62%)	(3.62%)	2.79%	-
Mondrian Investment Partners	0.34%	(0.07%)	6.68%	9.18%
Mondrian Inv Partners(net)	0.29%	(0.26%)	6.47%	8.97%
Citi Non-US Gvt Bd Idx	0.20%	0.44%	5.13%	7.39%
Mondrian Benchmark	(0.23%)	(0.03%)	4.99%	7.30%
High Yield	**2.01%**	**9.15%**	**14.28%**	**7.60%**
MacKay Shields	2.01%	9.15%	14.25%	8.07%
MacKay Shields(net)	1.90%	8.70%	13.80%	7.62%
High Yield Target(1)	1.83%	6.51%	16.16%	8.16%
Real Assets	**1.69%**	**10.36%**	**8.23%**	**-**
Real Assets Target	2.54%	11.41%	8.29%	4.91%
Real Estate Pool	2.08%	9.22%	8.26%	(2.75%)
Real Estate Target	2.81%	12.36%	11.31%	3.04%
Private Real Estate	1.81%	8.73%	7.31%	(3.02%)
NCREIF Total Index	2.68%	12.04%	8.82%	2.51%
REIT Internal Portfolio	3.98%	12.56%	32.42%	0.93%
NAREIT Equity Index	4.00%	12.48%	32.40%	2.60%
UBS Agrivest(3)	1.42%	16.10%	10.26%	10.48%
Hancock Agricultural(3)	0.52%	13.82%	10.15%	10.39%
Timberland Investment Resources(3)	(0.46%)	2.71%	0.95%	-
Hancock Timber Resource(3)	(0.18%)	8.87%	4.22%	-
TIPS Internal Portfolio	3.44%	12.31%	9.16%	-
Total TCW Energy Funds(2)	(1.80%)	0.85%	7.29%	9.70%
CPI + 5%	1.11%	6.58%	7.33%	7.09%
Private Equity	**6.54%**	**9.44%**	**16.06%**	**6.19%**
Absolute Return	**(0.44%)**	**(2.05%)**	**3.43%**	**(0.34%)**
Total All Plans	**(1.94%)**	**0.50%**	**10.77%**	**0.92%**
Employees' Total Plan	(1.94%)	0.46%	10.68%	0.86%
Teachers' Total Plan	(1.95%)	0.51%	10.82%	0.90%
PERS & TRS Policy Target	(2.16%)	1.02%	10.93%	1.54%
Judicial Total Plan	(1.94%)	0.47%	10.87%	0.65%
PERS Health PLan	(1.94%)	0.49%	10.82%	-
TRS Health Plan	(1.94%)	0.61%	10.95%	-
JRS Health Plan	(1.93%)	0.38%	10.82%	-
Military Total Plan	(1.98%)	1.02%	8.66%	3.06%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.
(1) ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.
(2) Return data supplied by State Street.
(3) Returns supplied by manager and may vary from State Street returns due to timing variations.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. 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, 2012

	Last 7 Years	Last 10 Years	Last 20-3/4 Years
Domestic Equity Pool	**3.85%**	**4.93%**	**7.72%**
Large Cap Managers	**3.70%**	**4.83%**	**7.77%**
Lazard Asset Mgmt.	4.72%	5.61%	-
Lazard Asset Mgmt(net)	4.38%	5.27%	-
McKinley Capital	5.16%	5.45%	-
McKinley Capital(net)	4.78%	5.07%	-
RCM	5.18%	5.12%	-
RCM(net)	4.87%	4.81%	-
Standard & Poor's 500 Index	4.09%	5.33%	8.41%
Small Cap Managers	**4.28%**	**5.19%**	**-**
Russell 2000 Index	4.60%	7.00%	8.92%
Fixed-Income Pool	**5.44%**	**5.62%**	**6.80%**
BC Govt/Credit	5.53%	5.79%	6.72%
BC Aggregate	5.58%	5.63%	6.63%
International Fixed-Income Pool	**5.70%**	**8.04%**	**-**
Mondrian Investment Partners	6.73%	8.78%	-
Mondrian Inv Partners(net)	6.53%	8.58%	-
Citi Non-US Gvt Bd Idx	5.55%	7.15%	6.83%
International Equity Pool	**3.35%**	**5.88%**	**6.51%**
Brandes Investment	3.46%	7.19%	-
Brandes Investment(net)	3.03%	6.76%	-
Capital Guardian	3.70%	5.67%	-
Capital Guardian(net)	3.28%	5.25%	-
Lazard Asset Intl	4.85%	6.36%	-
Lazard Asset Intl(net)	4.51%	6.01%	-
MSCI Europe Index	2.03%	5.09%	6.98%
MSCI Pacific ex-Japan	8.12%	12.10%	8.28%
MSCI EAFE Index	2.31%	5.14%	4.63%
Emerging Markets Pool	**10.47%**	**14.38%**	**-**
Capital Guardian(net)	10.42%	13.93%	-
MSCI Emerging Mkts	10.39%	14.42%	9.06%
Citigroup Non-US Govt	5.55%	7.15%	6.83%
Real Estate	**3.39%**	**6.07%**	**6.09%**
Real Estate Target	7.07%	8.74%	7.87%
Total All Plans	**4.83%**	**6.10%**	**7.38%**
Employees' Total Plan	4.79%	6.07%	7.36%
Teachers' Total Plan	4.83%	6.11%	7.41%
PERS & TRS Policy Target	4.86%	6.24%	7.40%
Judicial Total Plan	4.52%	5.84%	6.96%
Military Total Plan	4.92%	5.68%	6.77%

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. 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.

	12/2011-6/2012	2011	2010	2009	2008
Domestic Equity Pool	**8.04%**	**0.82%**	**17.26%**	**26.85%**	**(36.70%)**
Large Cap Managers	**8.51%**	**1.31%**	**15.58%**	**27.13%**	**(37.22%)**
Barrow, Hanley	7.25%	1.63%	15.91%	27.26%	(35.22%)
Barrow, Hanley(net)	7.01%	1.13%	15.40%	26.74%	(35.73%)
Lazard Asset Mgmt.	7.43%	0.77%	12.83%	31.98%	(35.40%)
Lazard Asset Mgmt(net)	7.26%	0.44%	12.47%	31.58%	(35.64%)
McKinley Capital	8.71%	3.37%	17.11%	22.03%	(36.06%)
McKinley Capital(net)	8.53%	2.99%	16.74%	21.65%	(36.44%)
Quantitative Mgmt Assoc.	7.14%	2.48%	15.08%	20.60%	(33.16%)
Quantitative Mgmt(net)	6.96%	2.10%	14.69%	20.21%	(33.55%)
RCM	9.23%	(1.39%)	13.37%	36.69%	(37.00%)
RCM(net)	9.08%	(1.70%)	13.06%	36.37%	(37.32%)
Relational Investors(net)	2.35%	1.70%	26.02%	30.60%	(40.87%)
SSgA Russell 1000 Growth	10.06%	2.73%	16.91%	37.30%	(38.43%)
SSgA Russell 1000 Gr(net)	10.04%	2.69%	16.87%	37.26%	(38.46%)
SSgA Russell 1000 Value	8.73%	0.36%	15.48%	20.71%	(36.68%)
SSgA Russell 1000 Val(net)	8.72%	0.33%	15.45%	20.67%	(36.72%)
SSgA Russell 200	9.94%	2.79%	12.46%	24.28%	(35.93%)
SSgA Russell 200(net)	9.92%	2.75%	12.42%	24.25%	(35.97%)
Standard & Poor's 500 Index	9.49%	2.11%	15.06%	26.47%	(37.00%)
Other Equity	**4.93%**	**3.17%**	**14.40%**	**-**	**-**
Analytic SSgA/Buy Write	6.51%	-	-	-	-
RCM Holdings Acct	2.57%	-	-	-	-
Advent Convertible Bond	5.47%	(2.13%)	14.40%	-	-
Small Cap Managers	**6.83%**	**(2.33%)**	**24.35%**	**25.40%**	**(34.97%)**
Barrow Hanley Small Cap Value	6.93%	-	-	-	-
Barrow Hanley Small Cap Val(net)	6.66%	-	-	-	-
DePrince Race Zollo	7.45%	-	-	-	-
DePrince Race Zollo(net)	6.87%	-	-	-	-
Frontier Capital	11.69%	-	-	-	-
Frontier Capital(net)	11.26%	-	-	-	-
Jennison Associates	5.37%	(1.00%)	31.05%	35.34%	(37.16%)
Jennison Associates(net)	4.99%	(1.76%)	30.27%	34.56%	(37.91%)
Lord, Abbett	4.85%	(0.45%)	14.56%	25.81%	(32.67%)
Lord, Abbett(net)	4.49%	(1.15%)	13.85%	25.10%	(33.36%)
Lord Abbett Micro Cap	7.04%	-	-	-	-
Lord Abbett Micro Cap(net)	6.50%	-	-	-	-
Luther King	6.39%	4.85%	33.22%	32.92%	(39.18%)
Luther King(net)	6.12%	4.30%	32.67%	32.37%	(39.72%)
SSgA Russell 2000 Growth	8.56%	(2.04%)	28.90%	31.31%	(38.56%)
SSgA Russell 2000 Gr(net)	8.54%	(2.09%)	28.85%	31.26%	(38.61%)
SSgA Russell 2000 Value	8.36%	(8.20%)	23.94%	19.60%	(27.81%)
SSgA Russell 2000 Val(net)	8.34%	(8.25%)	23.90%	19.56%	(27.86%)
Russell 2000 Index	8.53%	(4.18%)	26.85%	27.17%	(33.79%)
International Equity Pool	**3.58%**	**(11.90%)**	**9.95%**	**28.94%**	**(41.64%)**
Brandes Investment	1.51%	(10.12%)	6.15%	27.06%	(37.80%)
Brandes Investment(net)	1.30%	(10.54%)	5.74%	26.64%	(38.23%)
Capital Guardian	4.78%	(12.76%)	12.32%	30.04%	(42.07%)
Capital Guardian(net)	4.58%	(13.17%)	11.91%	29.62%	(42.49%)
Lazard Asset Intl	6.49%	(9.77%)	9.59%	28.13%	(36.34%)
Lazard Asset Intl(net)	6.32%	(10.07%)	9.24%	27.73%	(36.57%)
McKinley Capital	3.79%	(14.94%)	13.89%	27.08%	(49.92%)
McKinley Capital(net)	3.52%	(15.47%)	13.36%	26.55%	(50.44%)
SSgA Int'l	3.14%	(13.91%)	12.93%	-	-
SSgA Int'l(net)	2.89%	(14.42%)	12.40%	-	-
Schroder Inv Mgmt	3.52%	(14.53%)	-	-	-
Schroder Inv Mgmt(net)	3.12%	(15.33%)	-	-	-
Mondrian Intl Sm Cap	8.37%	(7.99%)	-	-	-
Mondrian Intl Sm Cap(net)	7.98%	(8.77%)	-	-	-
MSCI EAFE Index	2.96%	(12.14%)	7.75%	31.78%	(43.38%)
MSCI ACWI ex-US IMI Index	2.94%	(14.31%)	12.74%	43.60%	(45.99%)
Emerging Markets Pool	**4.56%**	**(19.73%)**	**19.83%**	**72.93%**	**(50.49%)**
Capital Guardian(net)	0.41%	(21.53%)	16.79%	77.82%	(49.49%)
Lazard Emerging	8.27%	(17.74%)	22.80%	70.73%	(49.53%)
Eaton Vance(net)	6.62%	(19.15%)	22.14%	62.11%	-
MSCI Emerging Mkts	4.12%	(18.17%)	19.20%	79.02%	(53.18%)

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. 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 2012	FY 2011	FY 2010	FY 2009	FY 2008
Total Fixed-Income Pool	**4.91%**	**5.42%**	**11.63%**	**3.65%**	**6.55%**
US Treas Pool	5.48%	2.85%	-	-	-
BC Govt/Credit Bd	8.78%	3.68%	9.65%	5.26%	7.24%
BC Aggregate Index	7.47%	3.90%	9.50%	6.05%	7.12%
BC Intmdt Treas	5.40%	2.73%	5.84%	6.12%	9.76%
International Fixed-Income Pool	**(0.91%)**	**11.91%**	**6.30%**	**3.33%**	**18.97%**
Lazard Emerging Income	(3.38%)	5.41%	7.38%	-	-
Lazard Emerging Income(net)	(3.62%)	5.17%	7.14%	-	-
Mondrian Investment Partners	(0.07%)	14.87%	5.76%	7.43%	18.97%
Mondrian Inv Partners(net)	(0.26%)	14.67%	5.53%	7.21%	18.76%
Citi Non-US Gvt Bd Idx	0.44%	13.94%	1.52%	3.53%	18.72%
Mondrian Benchmark	(0.03%)	14.03%	1.52%	3.53%	18.72%
High Yield	**9.15%**	**14.28%**	**19.67%**	**(2.40%)**	**(1.00%)**
MacKay Shields	9.15%	12.31%	21.65%	(1.72%)	0.56%
MacKay Shields(net)	8.70%	11.86%	21.20%	(2.17%)	0.11%
High Yield Target(1)	6.51%	15.40%	27.53%	(3.53%)	(2.11%)
Real Assets	**10.36%**	**14.99%**	**(0.09%)**	**(21.62%)**	**-**
Real Assets Target	11.41%	12.66%	1.17%	(10.82%)	12.24%
Real Estate Pool	9.22%	20.76%	(3.80%)	(34.80%)	5.15%
Real Estate Target	12.36%	18.41%	3.65%	(21.13%)	6.82%
Private Real Estate	8.73%	20.13%	(5.40%)	(34.68%)	6.28%
NCREIF Total Index	12.04%	16.73%	(1.48%)	(19.57%)	9.20%
REIT Internal Portfolio	12.56%	35.50%	52.24%	(46.49%)	(15.72%)
NAREIT Equity Index	12.48%	34.09%	53.90%	(43.29%)	(13.64%)
UBS Agrivest(3)	16.10%	10.99%	4.01%	4.90%	17.04%
Hancock Agricultural(3)	13.82%	8.23%	8.50%	7.99%	13.58%
Timberland Investment Resources(3)	2.71%	3.26%	(3.01%)	-	-
Hancock Timber Resource(3)	8.87%	6.90%	(2.72%)	-	-
TIPS Internal Portfolio	12.31%	8.06%	7.18%	1.22%	-
Total TCW Energy Funds(2)	0.85%	8.62%	12.74%	(3.77%)	33.66%
CPI + 5%	6.58%	9.06%	6.36%	3.05%	10.55%
Private Equity	**9.44%**	**20.15%**	**18.87%**	**(23.67%)**	**13.19%**
Absolute Return	**(2.05%)**	**5.98%**	**6.60%**	**(12.49%)**	**1.52%**
Total All Plans	**0.50%**	**21.16%**	**11.62%**	**(20.49%)**	**(3.13%)**
Employees' Total Plan	0.46%	21.18%	11.39%	(20.53%)	(3.13%)
Teachers' Total Plan	0.51%	21.36%	11.58%	(20.67%)	(3.12%)
PERS & TRS Policy Target	1.02%	21.62%	11.11%	(17.00%)	(4.73%)
Judicial Total Plan	0.47%	21.21%	11.92%	(20.51%)	(4.69%)
PERS Health PLan	0.49%	21.06%	11.87%	(17.61%)	-
TRS Health Plan	0.61%	21.15%	12.04%	(17.45%)	-
JRS Health Plan	0.38%	21.20%	11.89%	(17.82%)	-
Military Total Plan	1.02%	13.90%	11.50%	(8.31%)	(1.18%)

* Current Quarter Target = 27.0% Russell 3000 Index, 23.0% MSCI ACWI ex US Index, 14.4% Barclays Intmdt Treas, 9.6% NCREIF Total Index, 6.0% 3-month Treasury Bill+5.0%, 3.2% Barclays US TIPS Index, 2.7% MSCI EAFE Index, 2.7% S&P 500 Index, 2.7% Russell 2000 Index, 2.0% 3-month Treasury Bill, 1.8% Citi WGBI Non-US Idx, 1.8% Hi Yld II Index, 1.6% NCREIF Farmland Index and 1.6% NCREIF Timberland Index.
(1) ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.
(2) Return data supplied by State Street.
(3) Returns supplied by manager and may vary from State Street returns due to timing variations.

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2007. 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 2007	FY 2006	FY 2005	FY 2004	FY 2003
Domestic Equity Pool	**20.11%**	**9.23%**	**4.48%**	**20.06%**	**(0.97%)**
Large Cap Managers	**20.88%**	**7.86%**	**4.96%**	**17.97%**	**0.35%**
Capital Guardian	16.95%	11.35%	5.28%	21.95%	7.41%
Capital Guardian(net)	16.71%	11.11%	5.05%	21.71%	7.16%
Lazard Asset Mgmt.	24.63%	8.70%	6.45%	17.78%	(0.29%)
Lazard Asset Mgmt(net)	24.25%	8.35%	6.11%	17.41%	(0.65%)
McKinley Capital	16.47%	11.29%	0.85%	21.88%	(2.73%)
McKinley Capital(net)	16.09%	10.92%	0.47%	21.49%	(3.13%)
RCM	17.90%	8.33%	4.71%	12.17%	(1.49%)
RCM(net)	17.59%	8.03%	4.40%	11.87%	(1.79%)
Tukman Capital	17.36%	4.58%	(4.56%)	14.96%	(2.56%)
Tukman Capital(net)	16.71%	4.04%	(5.08%)	14.43%	(3.09%)
Standard & Poor's 500 Index	20.59%	8.63%	6.32%	19.11%	0.25%
Small Cap Managers	**16.86%**	**15.07%**	**2.00%**	**28.29%**	**(5.41%)**
Jennison Associates	21.89%	15.99%	-	-	-
Jennison Associates(net)	21.17%	15.26%	-	-	-
Lord, Abbett	21.39%	11.30%	-	-	-
Lord, Abbett(net)	20.70%	10.61%	-	-	-
Luther King	15.09%	21.79%	-	-	-
Luther King(net)	14.56%	21.25%	-	-	-
Trust Co. of the West	37.98%	12.98%	(3.22%)	43.89%	(4.82%)
Trust Co. of the West(net)	37.19%	12.21%	(3.98%)	43.12%	(5.60%)
Turner Inv. Partners	10.45%	16.87%	11.62%	-	-
Turner Inv. Partners(net)	9.84%	16.29%	11.02%	-	-
Russell 2000 Index	16.43%	14.58%	9.45%	33.37%	(1.64%)
Fixed-Income Pool	**6.19%**	**0.06%**	**7.09%**	**0.61%**	**10.69%**
BC Govt/Credit	6.00%	(1.52%)	7.26%	(0.72%)	13.15%
BC Aggregate	6.12%	(0.81%)	6.80%	0.32%	10.40%
International Fixed-Income Pool	**1.97%**	**(0.26%)**	**9.84%**	**7.52%**	**24.48%**
Mondrian Inv Partners	1.97%	(0.26%)	9.84%	7.52%	24.48%
Mondrian Inv Partners(net)	1.75%	(0.45%)	9.67%	7.34%	24.29%
Citi Non-US Gvt Bd Idx	2.20%	(0.02%)	7.75%	7.60%	17.90%
International Equity Pool	**27.85%**	**28.28%**	**13.37%**	**31.67%**	**(5.83%)**
Brandes Investment	29.88%	27.95%	14.43%	44.21%	(4.37%)
Brandes Investment(net)	29.45%	27.52%	14.02%	43.79%	(4.82%)
Capital Guardian	25.60%	29.02%	11.52%	29.68%	(6.93%)
Capital Guardian(net)	25.19%	28.60%	11.09%	29.25%	(7.37%)
Lazard Asset Intl	23.17%	26.44%	12.72%	22.11%	(3.39%)
Lazard Asset Intl(net)	22.79%	26.05%	12.36%	21.73%	(3.74%)
McKinley Capital	31.53%	34.79%	-	-	-
McKinley Capital(net)	31.02%	34.26%	-	-	-
SSgA Intl	28.47%	28.40%	-	-	-
SSgA Intl(net)	27.96%	27.87%	-	-	-
MSCI Europe Index	32.44%	24.75%	16.87%	28.87%	(5.22%)
MSCI Pacific ex-Japan	42.56%	18.05%	33.58%	27.37%	6.58%
MSCI EAFE Index	27.00%	26.56%	13.65%	32.37%	(6.46%)
Emerging Markets Pool	**48.02%**	**34.49%**	**35.19%**	**33.07%**	**6.11%**
Capital Guardian(net)	52.08%	37.87%	34.34%	27.88%	7.14%
MSCI Emerging Mkts	45.45%	35.91%	34.89%	33.51%	6.96%
Citigroup Non-US Govt	2.20%	(0.02%)	7.75%	7.60%	17.90%

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2007. 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 2007	FY 2006	FY 2005	FY 2004	FY 2003
Real Estate Pool	**21.18%**	**18.58%**	**17.42%**	**11.55%**	**8.98%**
Real Estate Target	17.25%	18.67%	18.02%	10.83%	7.64%
Private Equity	**28.74%**	**25.89%**	**18.08%**	**21.42%**	**(14.75%)**
Absolute Return	**10.00%**	**10.51%**	**-**	**-**	**-**
High Yield	**10.83%**	**5.55%**	**-**	**-**	**-**
MacKay Shields	10.54%	5.42%	-	-	-
MacKay Shields(net)	10.09%	4.97%	-	-	-
Total All Plans	**18.93%**	**11.75%**	**8.96%**	**15.08%**	**3.68%**
Employees' Total Plan	18.93%	11.74%	8.95%	15.08%	3.67%
Teachers' Total Plan	18.97%	11.78%	9.01%	15.09%	3.68%
PERS & TRS Policy Target	16.99%	10.38%	9.28%	15.35%	4.24%
Judicial Total Plan	18.48%	11.37%	8.49%	15.21%	3.59%
Military Total Plan	13.30%	6.25%	7.00%	9.36%	6.15%

* Current Quarter Target = 30.0% S&P 500 Index, 20.0% Barclays Aggregate Index, 14.0% MSCI EAFE Index, 9.0% NCREIF Total Index, 6.0% Russell 2000 Index, 4.0% Libor-1 Month+4.0%, 3.0% CPI-W+5.0%, 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, 2.0% MSCI Emerging Mkts Idx and 1.0% 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, 2012. 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, 2012

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 8 Years
Total Fund	**(1.94%)**	**0.50%**	**10.77%**	**0.95%**	**5.36%**
Total Fund(net)	**(1.98%)**	**0.34%**	**10.54%**	**0.68%**	**5.07%**
PERS	(1.94%)	0.46%	10.68%	0.86%	5.30%
PERS(net)	(1.98%)	0.30%	10.45%	0.58%	5.01%
TRS	(1.95%)	0.51%	10.82%	0.90%	5.34%
TRS(Net)	(1.99%)	0.36%	10.58%	0.63%	5.05%
PERS Health	(1.94%)	0.49%	10.82%	-	-
PERS Health(net)	(1.98%)	0.32%	10.58%	-	-
TRS Health	(1.94%)	0.61%	10.95%	-	-
TRS Health(net)	(1.98%)	0.47%	10.71%	-	-

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, 2012. 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, 2012

	Last 10 Years	Last 20-3/4 Years
Total Fund	**6.12%**	**7.39%**
Total Fund(net)	**5.83%**	**7.10%**
PERS(net)	5.78%	7.07%
TRS(Net)	5.82%	7.11%

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, 2012. 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 2012	FY 2011	FY 2010	FY 2009	FY 2008
Total Fund	**0.50%**	**21.16%**	**11.62%**	**(20.36%)**	**(3.15%)**
Total Fund(net)	**0.34%**	**20.96%**	**11.28%**	**(20.72%)**	**(3.41%)**
PERS	0.46%	21.18%	11.39%	(20.53%)	(3.13%)
PERS(net)	0.30%	20.98%	11.05%	(20.92%)	(3.40%)
TRS	0.51%	21.36%	11.58%	(20.67%)	(3.12%)
TRS(Net)	0.36%	21.12%	11.23%	(21.01%)	(3.38%)
PERS Health	0.49%	21.06%	11.87%	(17.61%)	-
PERS Health(net)	0.32%	20.87%	11.53%	(17.98%)	-
TRS Health	0.61%	21.15%	12.04%	(17.45%)	-
TRS Health(net)	0.47%	20.93%	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, 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
Total Fund	**11.75%**	**8.96%**	**15.08%**	**3.68%**	**(5.47%)**
Total Fund(net)	**11.44%**	**8.68%**	**14.76%**	**3.38%**	**(5.70%)**
PERS	11.74%	8.95%	15.08%	3.67%	(5.48%)
PERS(net)	11.43%	8.67%	14.76%	3.38%	(5.72%)
TRS	11.78%	9.01%	15.09%	3.68%	(5.49%)
TRS(Net)	11.47%	8.73%	14.78%	3.39%	(5.72%)

Net return for PERS, TRS and Total Fund derived from gross expenses minus securities lending income supplied by Revenue. Total Fund net includes estimated gross expenses for Judicial and Military.

Domestic Equity

TOTAL DOMESTIC EQUITY POOL
Period Ended June 30, 2012

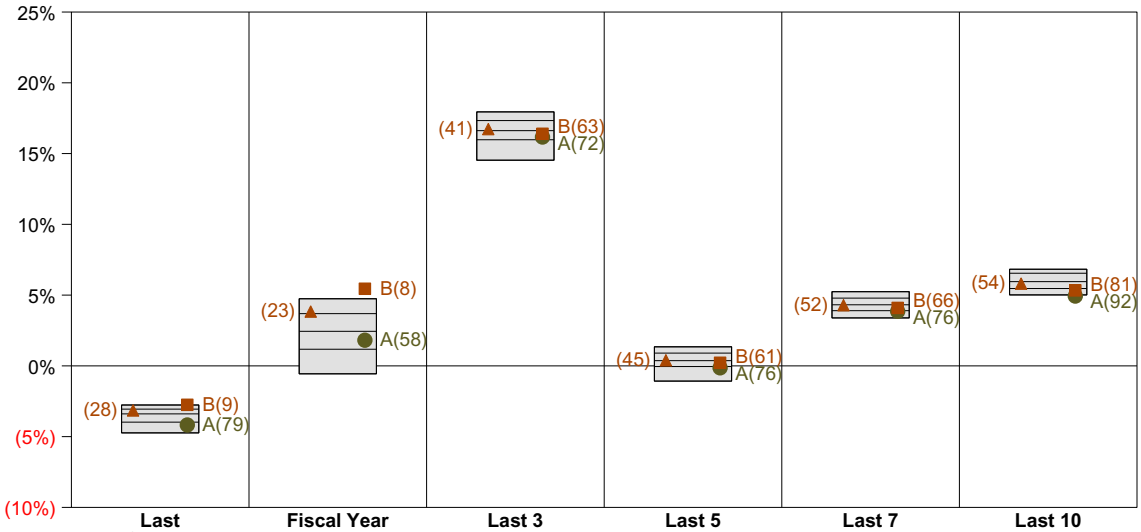
Investment Philosophy

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

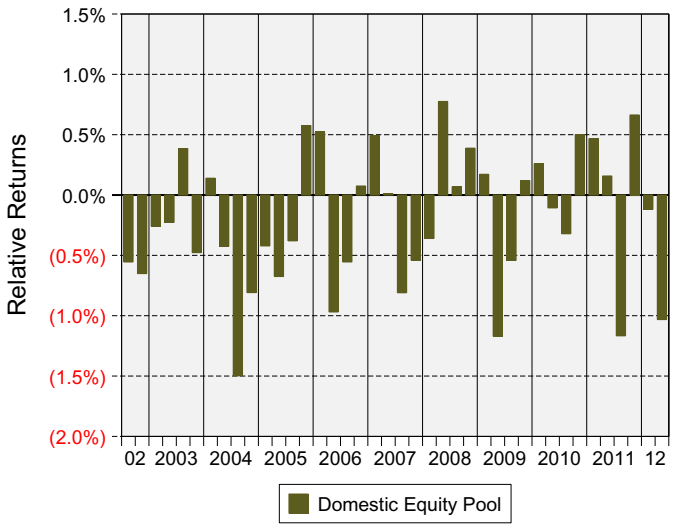
- Domestic Equity Pool's portfolio posted a (4.18)% return for the quarter placing it in the 79 percentile of the Public Fund - Domestic Equity group for the quarter and in the 58 percentile for the last year.
- Domestic Equity Pool's portfolio underperformed the Russell 3000 Index by 1.03% for the quarter and underperformed the Russell 3000 Index for the year by 2.03%.

Performance vs Public Fund - Domestic Equity (Gross)

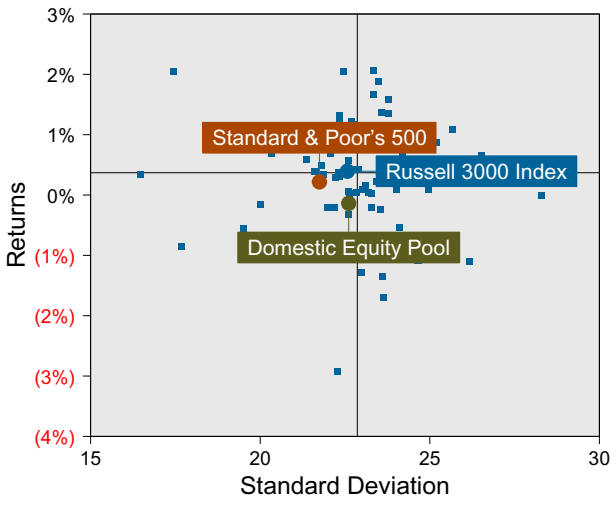


		Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile		(2.76)	4.74	17.95	1.35	5.24	6.83
25th Percentile		(3.06)	3.69	17.33	0.90	4.79	6.54
Median		(3.39)	2.44	16.62	0.37	4.32	5.95
75th Percentile		(3.98)	1.17	15.98	(0.05)	3.90	5.47
90th Percentile		(4.74)	(0.56)	14.53	(1.08)	3.39	5.01
Domestic Equity Pool	A	(4.18)	1.81	16.17	(0.14)	3.85	4.93
Standard & Poor's 500	B	(2.75)	5.45	16.40	0.22	4.09	5.33
Russell 3000 Index	▲	(3.15)	3.84	16.73	0.39	4.29	5.81

Relative Return vs Russell 3000 Index



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

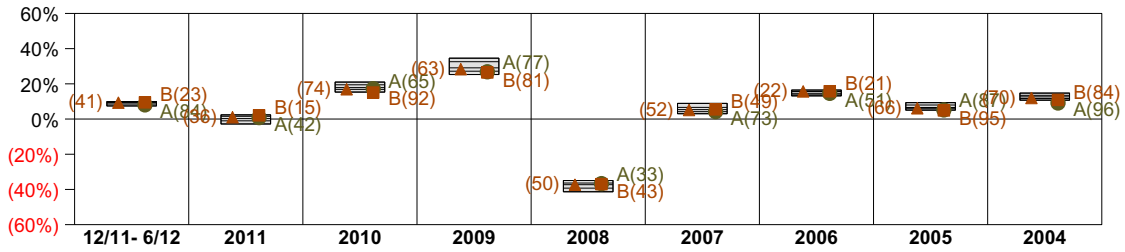


Domestic Equity Pool
Return Analysis Summary

Return Analysis

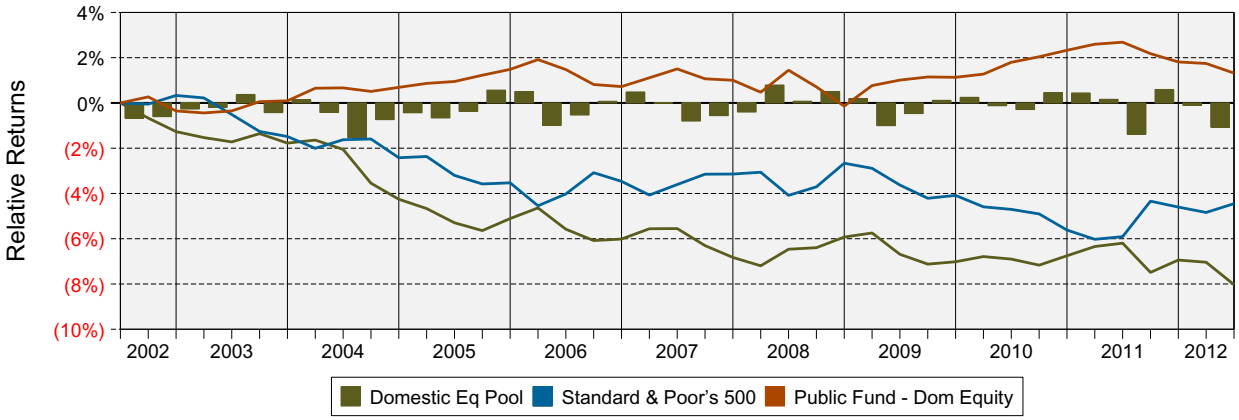
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Public Fund - Domestic Equity (Gross)

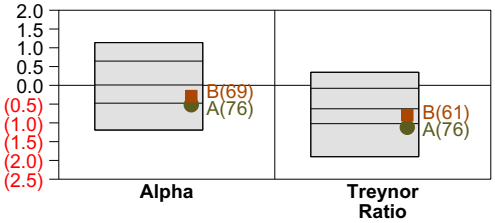


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	9.92	2.36	20.99	34.58	(34.93)	8.89	16.47	9.31	14.74
25th Percentile	9.45	1.56	19.46	32.58	(36.37)	6.62	15.63	7.98	13.47
Median	9.21	0.26	17.87	29.09	(37.30)	5.35	14.61	6.56	12.61
75th Percentile	8.51	(1.01)	16.86	27.18	(39.25)	4.20	13.75	5.88	11.65
90th Percentile	7.44	(2.81)	15.32	25.28	(41.31)	3.04	13.17	5.06	10.73
Domestic Eq Pool ● A	8.04	0.82	17.26	26.85	(36.70)	4.23	14.61	5.17	9.12
Standard & Poor's 500 ■ B	9.49	2.11	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88
Russell 3000 Index ▲	9.32	1.03	16.93	28.34	(37.31)	5.14	15.72	6.12	11.95

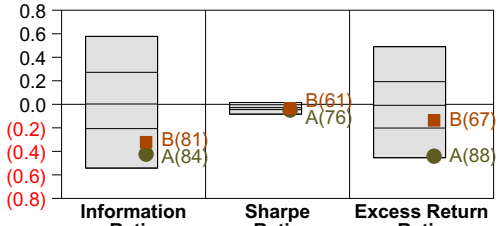
Cumulative and Quarterly Relative Return vs Russell 3000 Index



Risk Adjusted Return Measures vs Russell 3000 Index
Rankings Against Public Fund - Domestic Equity (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	1.14	0.35
25th Percentile	0.65	(0.08)
Median	0.01	(0.62)
75th Percentile	(0.48)	(1.02)
90th Percentile	(1.19)	(1.90)
Domestic Eq Pool ● A	(0.52)	(1.12)
Standard & Poor's 500 ■ B	(0.29)	(0.79)



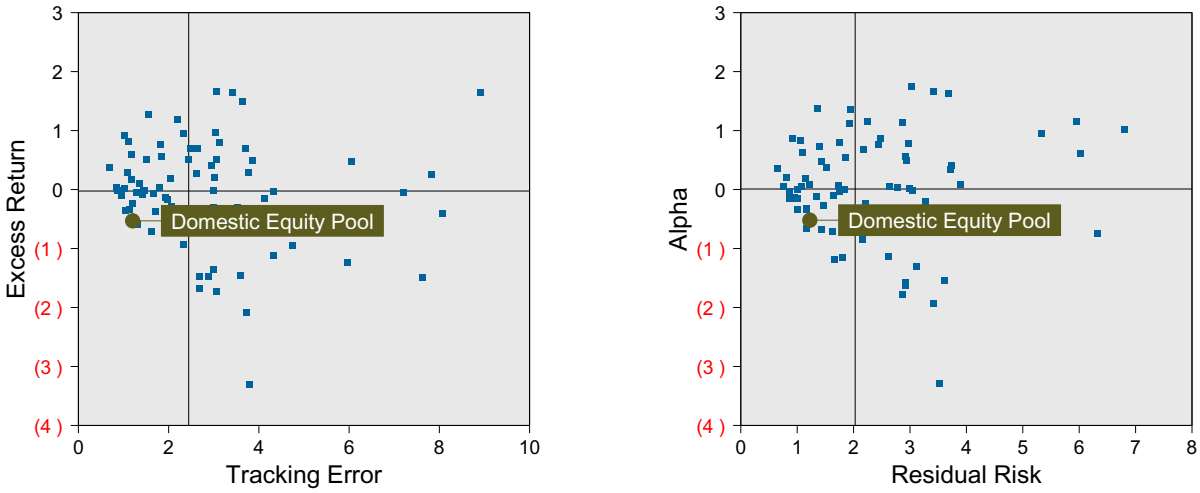
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.58	0.02	0.49
25th Percentile	0.27	(0.00)	0.19
Median	0.00	(0.03)	(0.01)
75th Percentile	(0.21)	(0.04)	(0.20)
90th Percentile	(0.54)	(0.08)	(0.45)
Domestic Eq Pool ● A	(0.42)	(0.05)	(0.44)
Standard & Poor's 500 ■ B	(0.32)	(0.04)	(0.14)

Domestic Equity Pool
Risk Analysis Summary

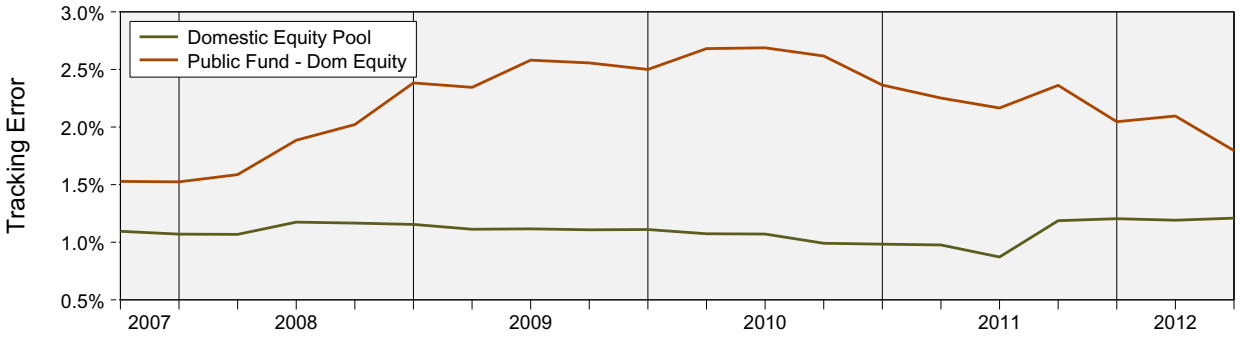
Risk Analysis

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.

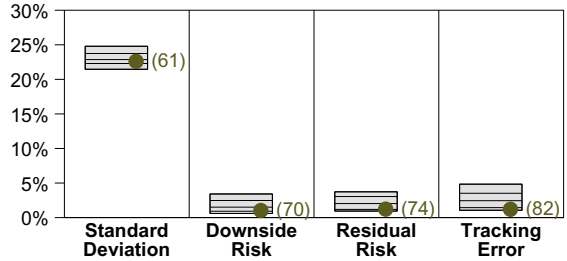
Risk Analysis vs Public Fund - Domestic Equity (Gross)
Five Years Ended June 30, 2012



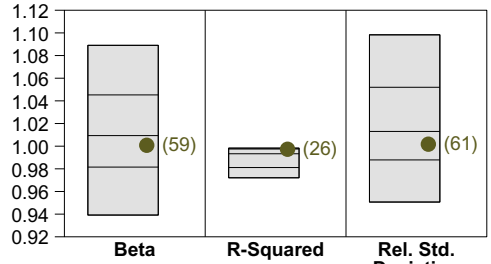
Rolling 12 Quarter Tracking Error vs Russell 3000 Index



Risk Statistics Rankings vs Russell 3000 Index
Rankings Against Public Fund - Domestic Equity (Gross)
Five Years Ended June 30, 2012



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	24.79	3.42	3.73	4.84
25th Percentile	23.74	2.47	3.05	3.52
Median	22.86	1.51	2.03	2.44
75th Percentile	22.30	0.92	1.19	1.44
90th Percentile	21.46	0.60	0.94	1.06
Domestic Equity Pool	22.61	1.03	1.22	1.20



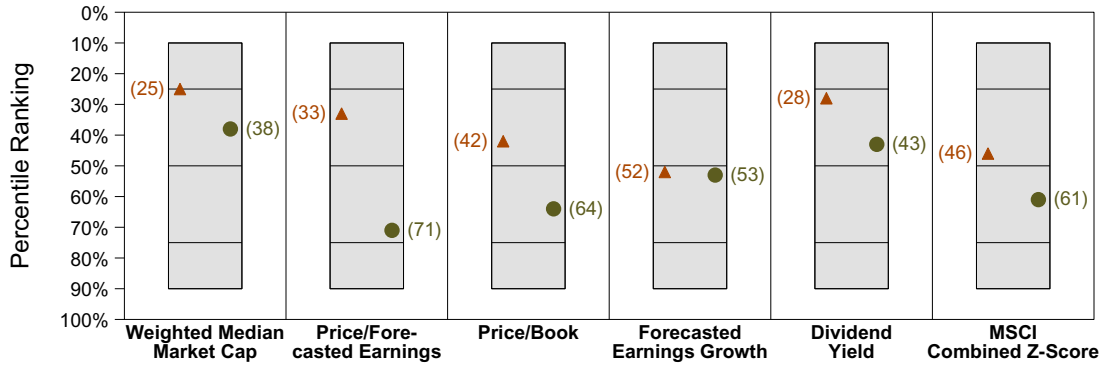
	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.09	1.00	1.10
25th Percentile	1.05	1.00	1.05
Median	1.01	0.99	1.01
75th Percentile	0.98	0.98	0.99
90th Percentile	0.94	0.97	0.95
Domestic Equity Pool	1.00	1.00	1.00

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, 2012

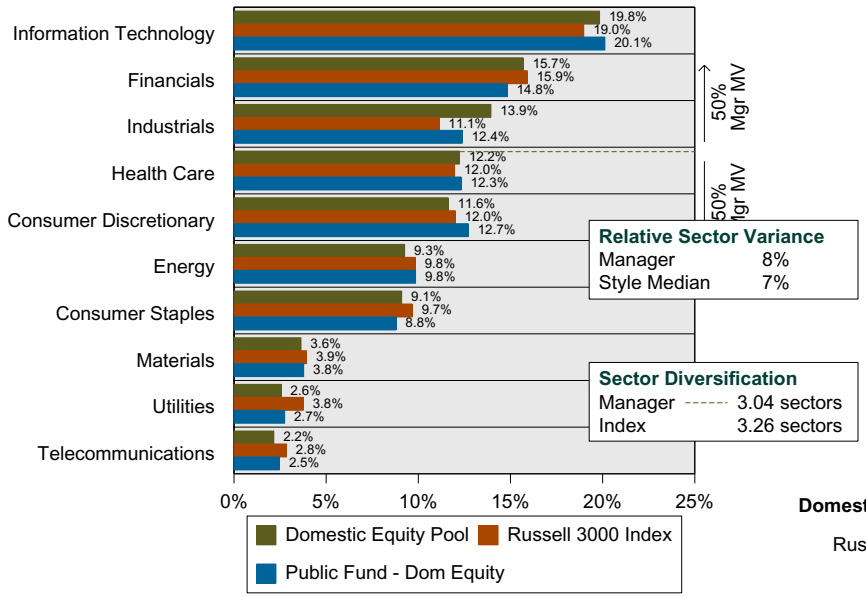


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	55.53	13.31	2.17	12.65	2.19	0.36
25th Percentile	32.30	12.84	2.08	12.37	2.12	0.16
Median	24.74	12.41	2.00	11.81	1.88	0.09
75th Percentile	21.43	12.25	1.91	11.58	1.78	0.06
90th Percentile	11.43	11.47	1.73	11.12	1.59	(0.13)
Domestic Equity Pool ●	28.72	12.27	1.96	11.69	1.91	0.08
Russell 3000 Index ▲	32.98	12.72	2.03	11.72	2.06	0.09

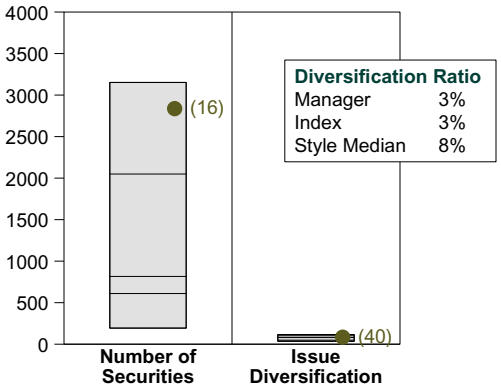
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	3152	116
25th Percentile	2049	102
Median	816	80
75th Percentile	610	48
90th Percentile	194	35
Domestic Equity Pool ●	2837	84
Russell 3000 Index ▲	2992	82

Large Cap Equity Pool
Period Ended June 30, 2012

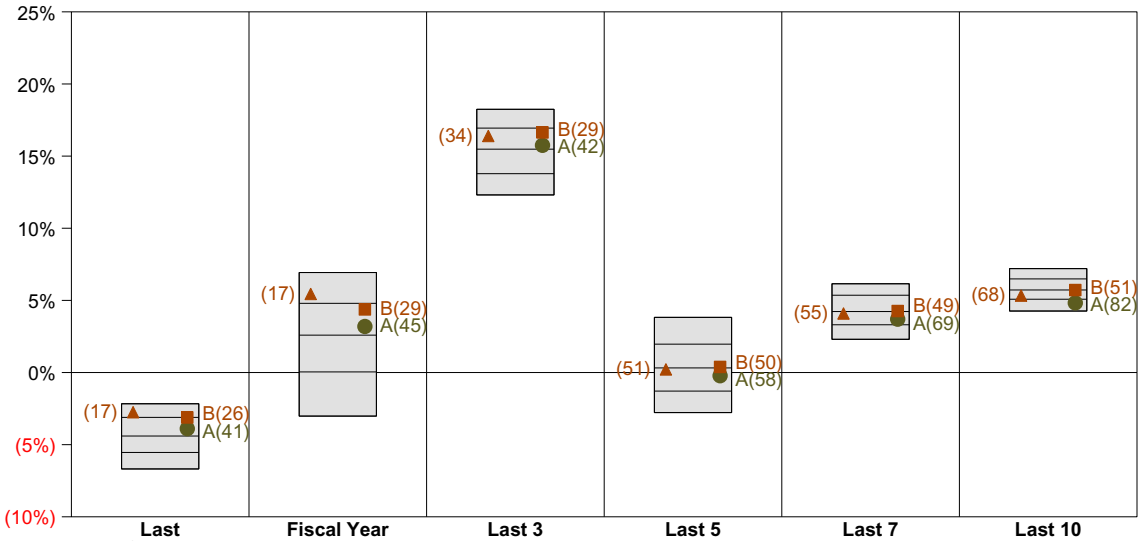
Investment Philosophy

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

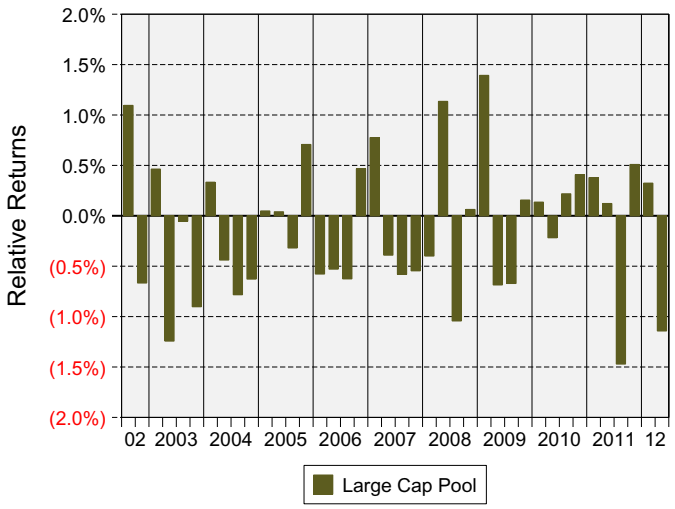
- Large Cap Pool's portfolio posted a (3.89)% return for the quarter placing it in the 41 percentile of the CAI Large Capitalization Style group for the quarter and in the 45 percentile for the last year.
- Large Cap Pool's portfolio underperformed the S&P 500 Index by 1.14% for the quarter and underperformed the S&P 500 Index for the year by 2.26%.

Performance vs CAI Large Capitalization Style (Gross)

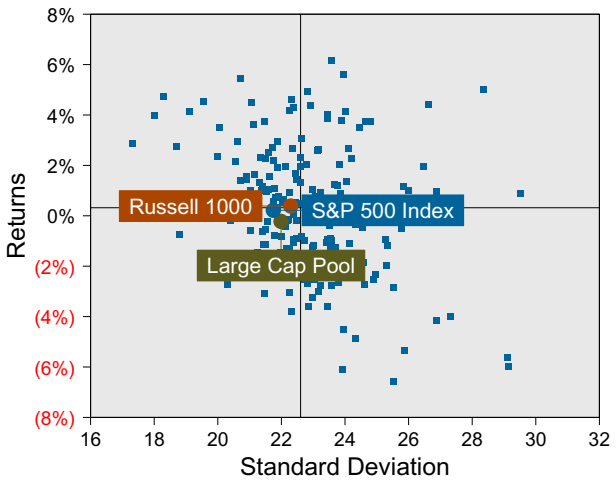


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(2.16)	6.93	18.24	3.82	6.15	7.20
25th Percentile	(3.11)	4.80	16.94	1.97	5.36	6.49
Median	(4.40)	2.59	15.48	0.32	4.23	5.72
75th Percentile	(5.54)	0.04	13.78	(1.29)	3.31	5.08
90th Percentile	(6.68)	(3.02)	12.31	(2.78)	2.30	4.26
Large Cap Pool ● A	(3.89)	3.19	15.75	(0.22)	3.70	4.83
Russell 1000 ■ B	(3.12)	4.37	16.64	0.39	4.26	5.72
S&P 500 Index ▲	(2.75)	5.45	16.40	0.22	4.09	5.33

Relative Return vs S&P 500 Index



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

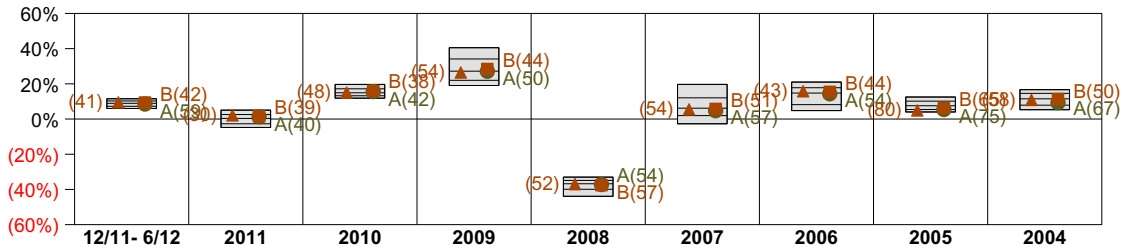


Large Cap Pool
Return Analysis Summary

Return Analysis

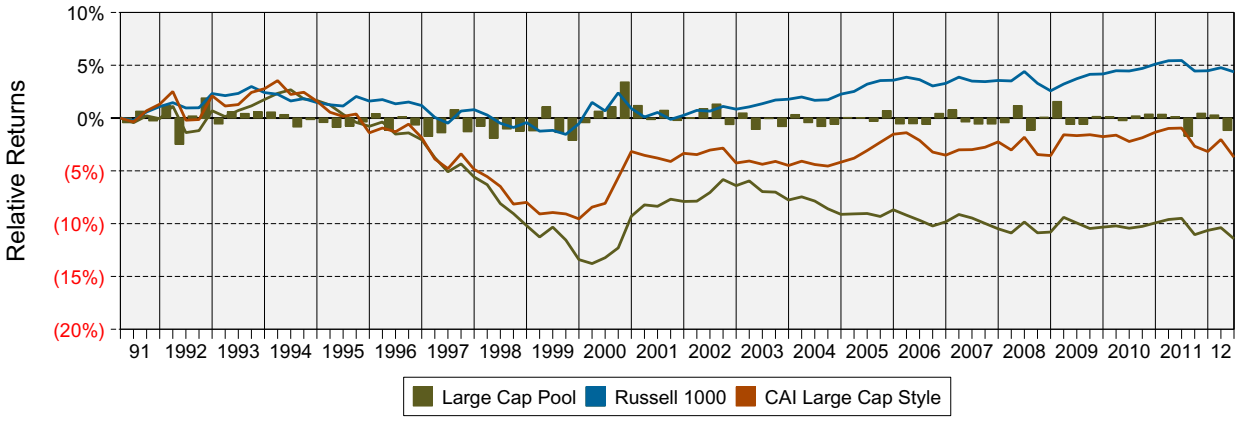
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Capitalization Style (Gross)

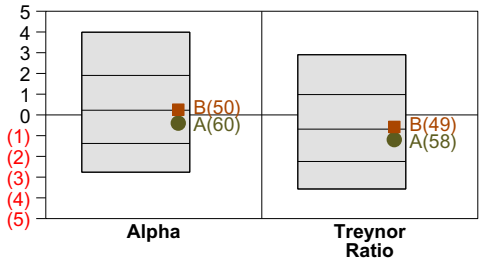


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	11.53	5.06	19.66	40.53	(33.01)	19.67	21.00	12.52	16.69
25th Percentile	10.27	2.56	17.19	34.14	(34.87)	12.04	17.78	10.15	14.60
Median	8.95	0.34	14.91	27.20	(36.77)	6.17	14.75	7.57	11.49
75th Percentile	7.24	(2.70)	13.23	22.01	(39.91)	1.96	8.18	5.43	7.88
90th Percentile	5.99	(4.79)	11.84	19.06	(43.92)	(2.70)	4.80	4.01	5.30
Large Cap Pool ● A	8.51	1.31	15.58	27.13	(37.22)	4.72	14.35	5.41	9.25
Russell 1000 ■ B	9.38	1.50	16.10	28.43	(37.60)	5.77	15.46	6.27	11.40
S&P 500 Index ▲	9.49	2.11	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88

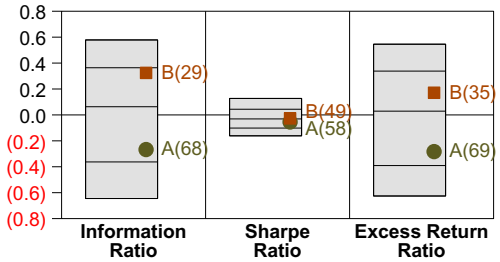
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Capitalization Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	3.99	2.90
25th Percentile	1.90	0.98
Median	0.23	(0.69)
75th Percentile	(1.38)	(2.25)
90th Percentile	(2.76)	(3.57)
Large Cap Pool ● A	(0.40)	(1.19)
Russell 1000 ■ B	0.25	(0.58)



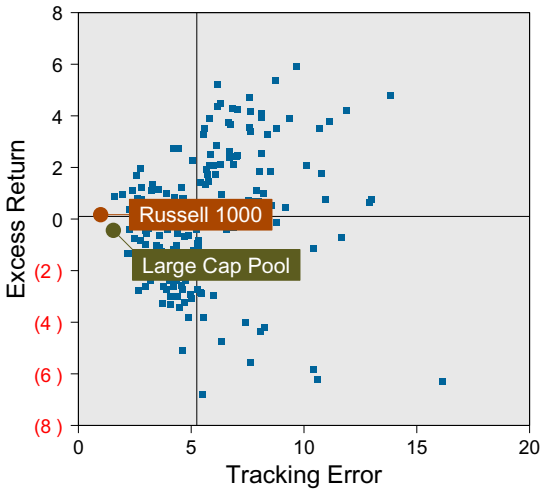
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.58	0.13	0.55
25th Percentile	0.36	0.04	0.34
Median	0.06	(0.03)	0.03
75th Percentile	(0.36)	(0.10)	(0.39)
90th Percentile	(0.65)	(0.16)	(0.63)
Large Cap Pool ● A	(0.27)	(0.05)	(0.28)
Russell 1000 ■ B	0.32	(0.03)	0.17

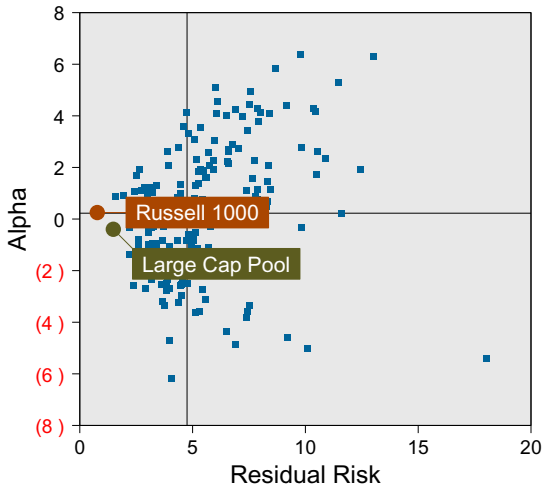
Large Cap Pool
Risk Analysis Summary

Risk Analysis

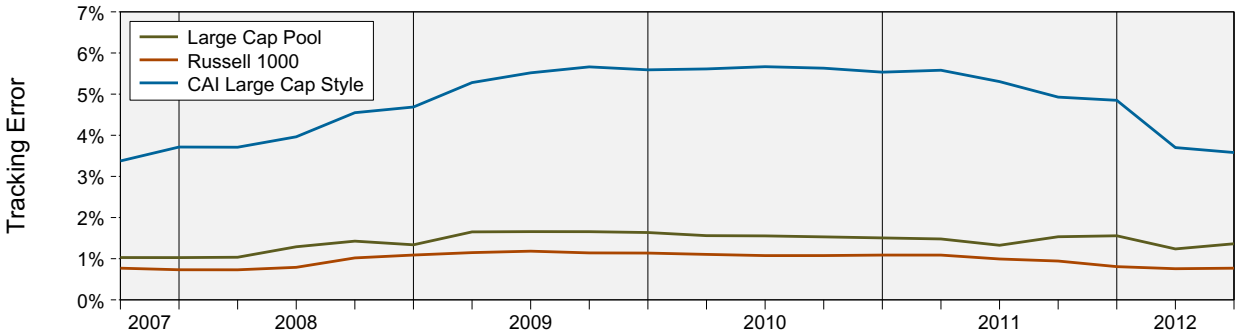
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information 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, 2012

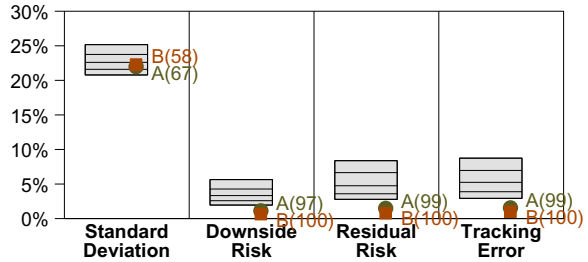




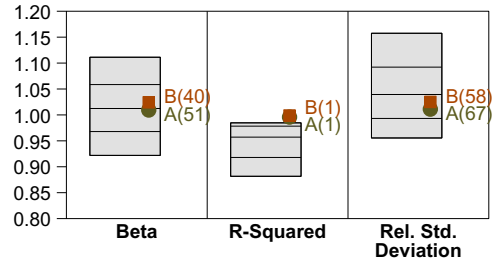
Rolling 12 Quarter Tracking Error vs S&P 500 Index



Risk Statistics Rankings vs S&P 500 Index
Rankings Against CAI Large Capitalization Style (Gross)
Five Years Ended June 30, 2012



		Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile		25.17	5.64	8.38	8.75
25th Percentile		23.75	4.28	6.65	6.97
Median		22.60	3.33	4.75	5.25
75th Percentile		21.60	2.59	3.59	3.89
90th Percentile		20.78	1.96	2.79	2.93
Large Cap Pool	A	21.99	1.12	1.49	1.55
Russell 1000	B	22.29	0.64	0.77	0.99



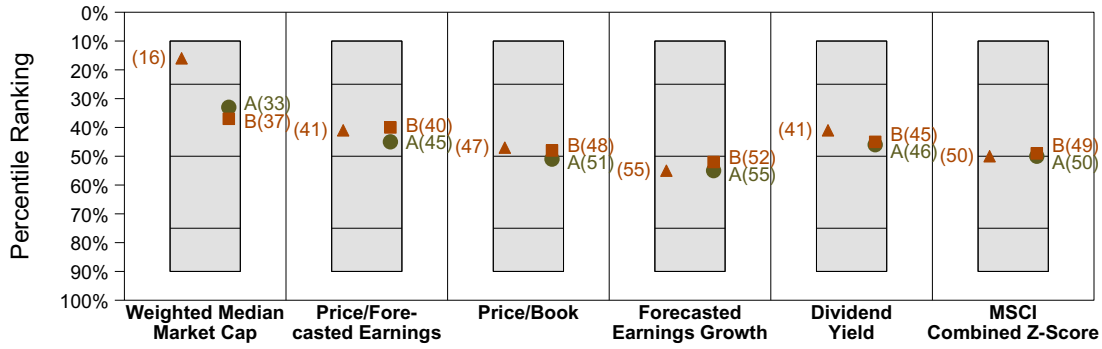
		Beta	R-Squared	Rel. Std. Deviation
10th Percentile		1.11	0.98	1.16
25th Percentile		1.06	0.98	1.09
Median		1.01	0.96	1.04
75th Percentile		0.97	0.92	0.99
90th Percentile		0.92	0.88	0.96
Large Cap Pool	A	1.01	1.00	1.01
Russell 1000	B	1.02	1.00	1.03

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, 2012

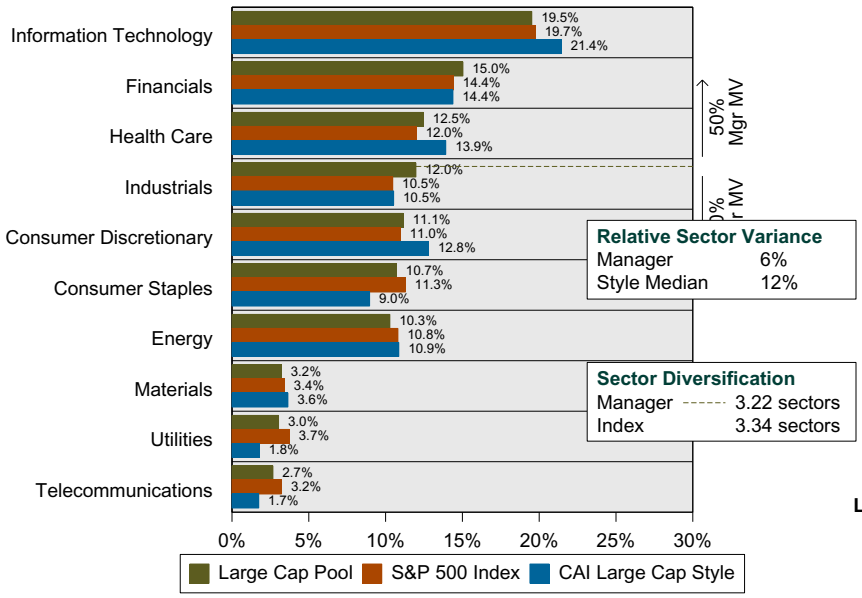


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	63.18	15.57	3.81	16.38	2.76	1.52
25th Percentile	51.31	13.61	3.10	14.23	2.45	1.01
Median	35.93	11.51	2.03	11.76	1.99	0.09
75th Percentile	28.30	10.57	1.59	9.81	1.33	(0.61)
90th Percentile	22.40	9.94	1.40	8.64	0.89	(0.89)
Large Cap Pool ● A	43.92	11.81	2.02	11.40	2.10	0.08
Russell 1000 ■ B	39.77	12.46	2.07	11.63	2.11	0.10
S&P 500 Index ▲	56.97	12.25	2.09	11.43	2.20	0.08

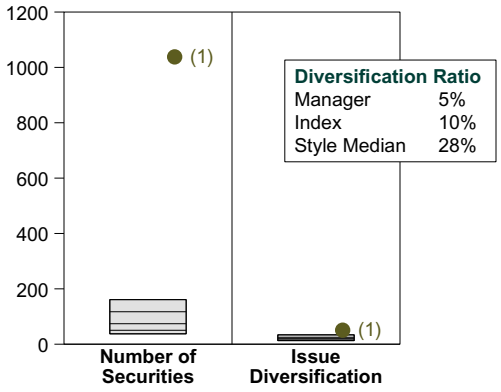
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	161	34
25th Percentile	117	25
Median	74	20
75th Percentile	50	16
90th Percentile	38	13
Large Cap Pool ●	1038	51
S&P 500 Index ▲	500	48

Barrow, Hanley
Period Ended June 30, 2012

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 (3.97)% return for the quarter placing it in the 57 percentile of the CAI Large Cap Value Style group for the quarter and in the 71 percentile for the last year.
- Barrow, Hanley's portfolio underperformed the Russell 1000 Index by 0.85% for the quarter and underperformed the Russell 1000 Index for the year by 4.27%.

Quarterly Asset Growth

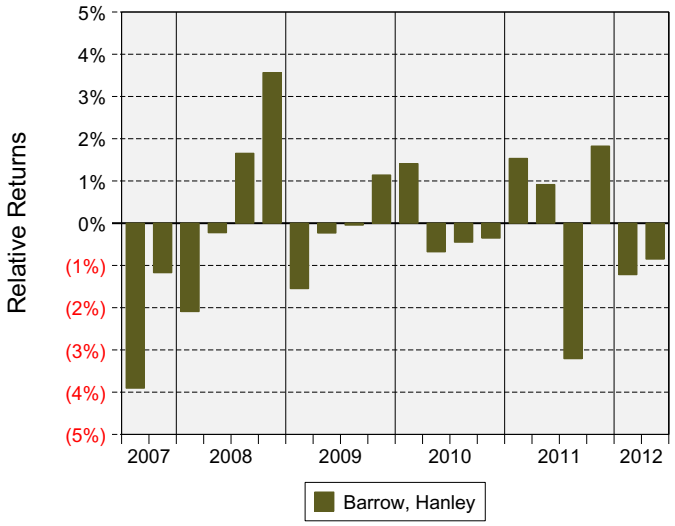
Beginning Market Value	$152,030,410
Net New Investment	$0
Investment Gains/(Losses)	$-6,031,304
Ending Market Value	$145,999,106

Percent Cash: 2.7%

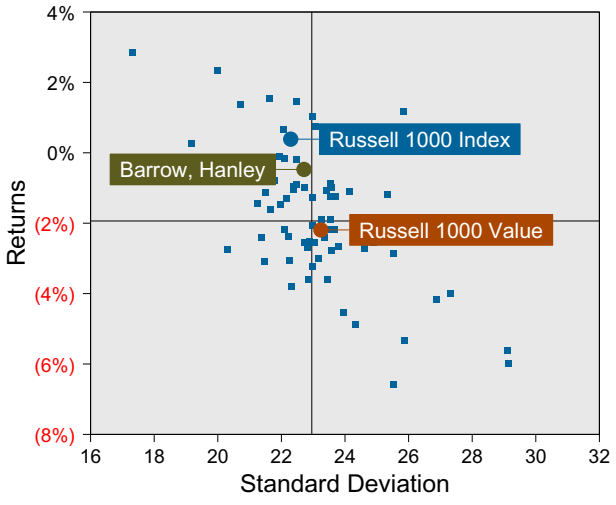
Performance vs CAI Large Cap Value Style (Gross)

	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(1.84)	5.38	17.26	17.29	1.00
25th Percentile	(2.72)	3.21	16.34	16.18	(0.89)
Median	(3.59)	1.48	15.01	14.70	(1.94)
75th Percentile	(4.98)	(0.45)	12.94	13.08	(2.75)
90th Percentile	(6.30)	(5.39)	11.04	11.90	(4.14)
Barrow, Hanley ● A	(3.97)	0.10	15.86	16.26	(0.47)
Russell 1000 Value ■ B	(2.20)	3.01	15.25	15.80	(2.19)
Russell 1000 Index ▲	(3.12)	4.37	17.35	16.64	0.39

Relative Return vs Russell 1000 Index



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

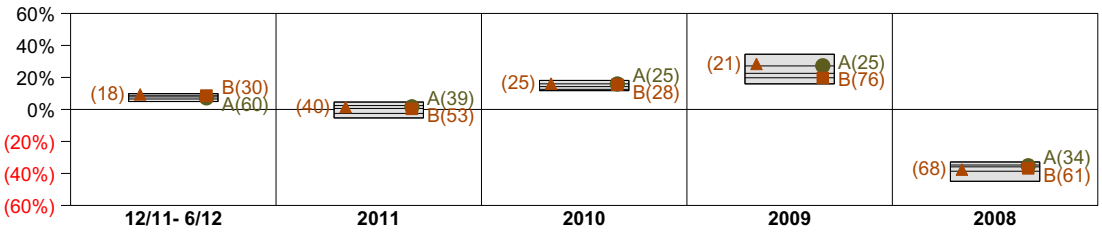


Barrow, Hanley
Return Analysis Summary

Return Analysis

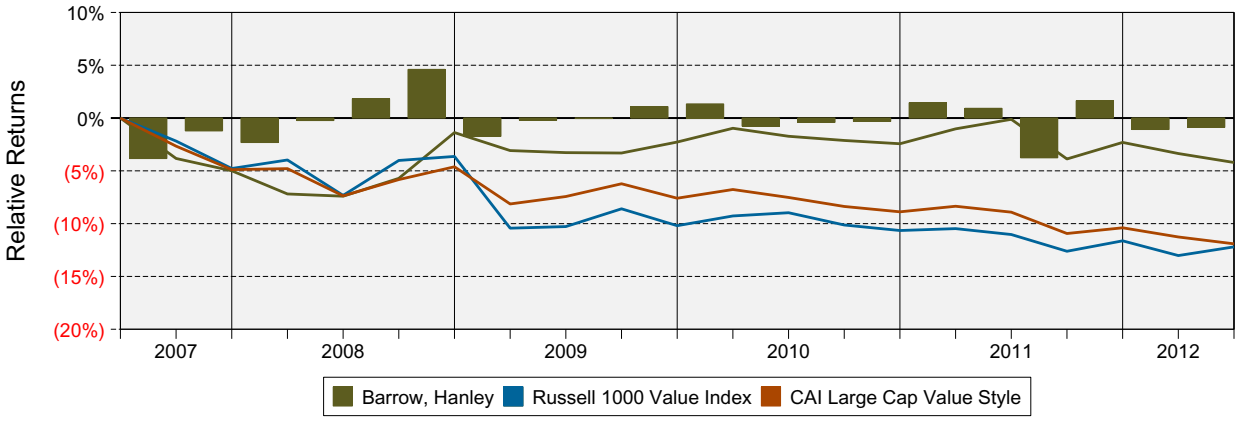
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Cap Value Style (Gross)

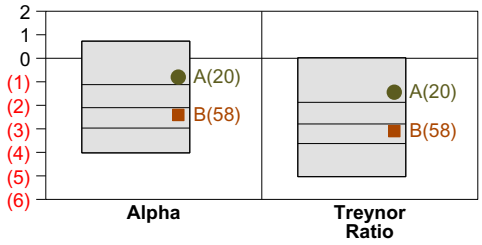


	12/11- 6/12	2011	2010	2009	2008
10th Percentile	9.94	4.62	18.13	34.50	(32.84)
25th Percentile	8.88	2.42	16.01	27.20	(34.74)
Median	7.84	0.61	14.27	22.57	(35.88)
75th Percentile	6.54	(2.48)	12.57	19.79	(38.62)
90th Percentile	4.94	(5.31)	11.75	15.98	(44.92)
Barrow, Hanley ● A	7.25	1.63	15.91	27.26	(35.22)
Russell 1000 Value Index ■ B	8.68	0.39	15.51	19.69	(36.85)
Russell 1000 Index ▲	9.38	1.50	16.10	28.43	(37.60)

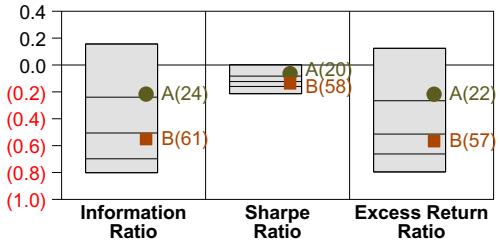
Cumulative and Quarterly Relative Return vs Russell 1000 Index



Risk Adjusted Return Measures vs Russell 1000 Index
Rankings Against CAI Large Cap Value Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	0.73	0.02
25th Percentile	(1.12)	(1.87)
Median	(2.10)	(2.79)
75th Percentile	(2.97)	(3.63)
90th Percentile	(4.02)	(5.03)
Barrow, Hanley ● A	(0.80)	(1.44)
Russell 1000 Value Index ■ B	(2.41)	(3.10)



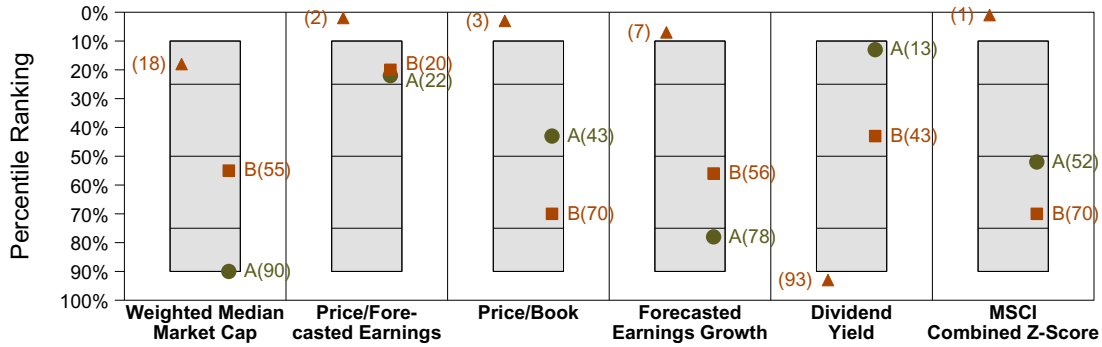
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.16	0.00	0.12
25th Percentile	(0.24)	(0.08)	(0.27)
Median	(0.51)	(0.12)	(0.51)
75th Percentile	(0.70)	(0.16)	(0.66)
90th Percentile	(0.80)	(0.21)	(0.80)
Barrow, Hanley ● A	(0.22)	(0.06)	(0.22)
Russell 1000 Value Index ■ B	(0.55)	(0.14)	(0.57)

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, 2012

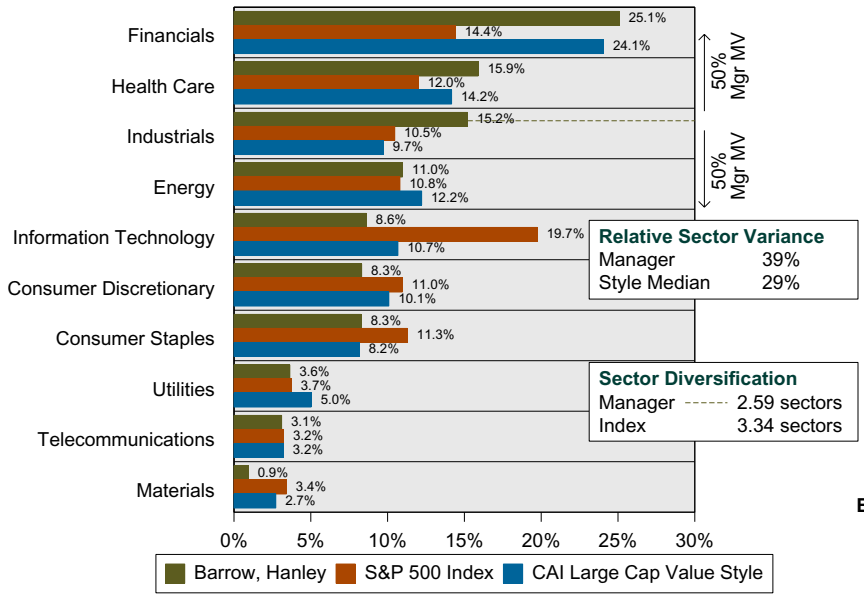


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	65.20	11.41	1.81	10.65	2.98	(0.32)
25th Percentile	46.68	10.86	1.66	10.00	2.77	(0.53)
Median	34.49	10.47	1.50	9.27	2.54	(0.76)
75th Percentile	26.67	9.93	1.39	8.65	2.38	(0.90)
90th Percentile	21.90	9.65	1.27	8.27	2.22	(1.02)
Barrow, Hanley ● A	21.68	10.91	1.55	8.58	2.92	(0.78)
Russell 1000 Value ■ B	32.78	11.04	1.41	9.13	2.59	(0.87)
S&P 500 Index ▲	56.97	12.25	2.09	11.43	2.20	0.08

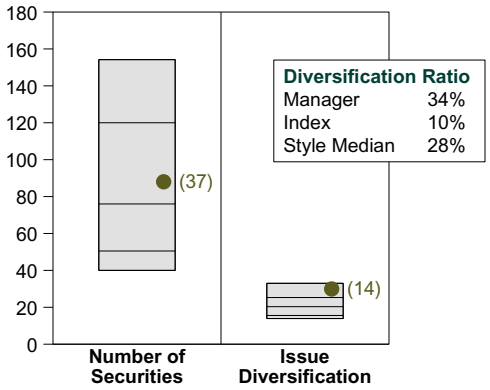
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	154	33
25th Percentile	120	25
Median	76	20
75th Percentile	50	16
90th Percentile	40	14
Barrow, Hanley ●	88	30
S&P 500 Index ▲	500	48

LAZARD ASSET MANAGEMENT
Period Ended June 30, 2012

Investment Philosophy

Lazard's investment philosophy is based on the creation of value through bottom-up stock selection which focuses on companies that are financially productive yet inexpensively priced.

Quarterly Summary and Highlights

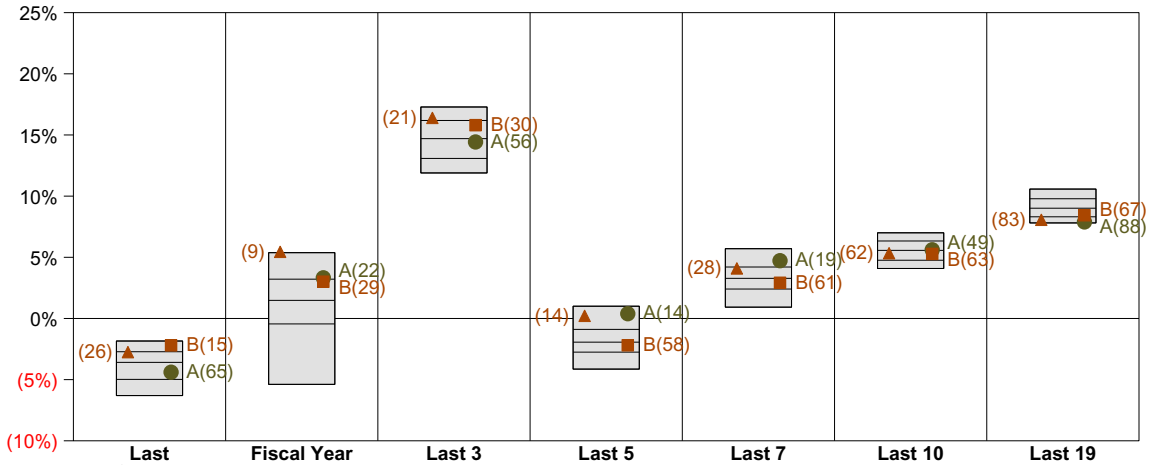
- Lazard Asset Mgmt's portfolio posted a (4.39)% return for the quarter placing it in the 65 percentile of the CAI Large Cap Value Style group for the quarter and in the 22 percentile for the last year.
- Lazard Asset Mgmt's portfolio underperformed the S&P 500 Index by 1.64% for the quarter and underperformed the S&P 500 Index for the year by 2.12%.

Quarterly Asset Growth

Beginning Market Value	$312,025,655
Net New Investment	$0
Investment Gains/(Losses)	$-13,708,187
Ending Market Value	$298,317,468

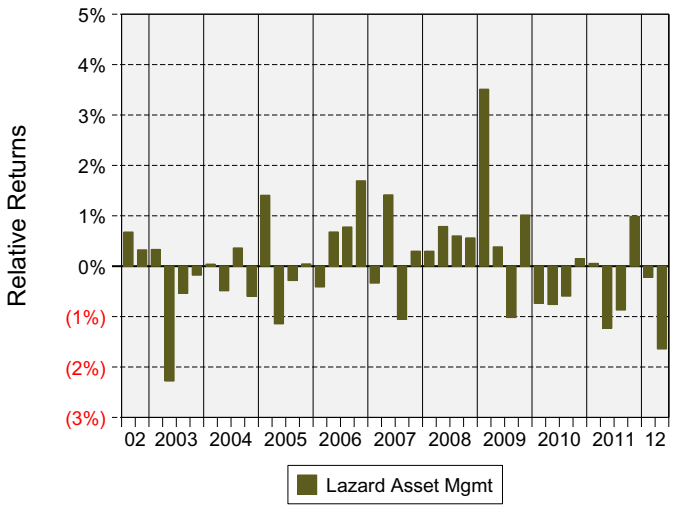
Percent Cash: 4.2%

Performance vs CAI Large Cap Value Style (Gross)

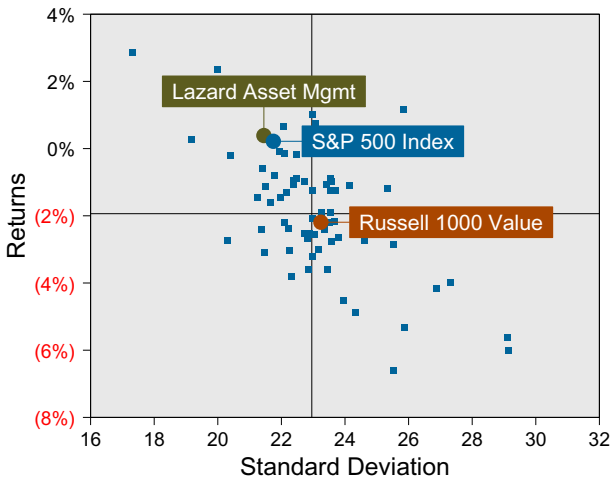


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 19 Years
10th Percentile	(1.84)	5.38	17.29	1.00	5.70	7.00	10.58
25th Percentile	(2.72)	3.21	16.18	(0.89)	4.21	6.33	9.79
Median	(3.59)	1.48	14.70	(1.94)	3.28	5.57	9.01
75th Percentile	(4.98)	(0.45)	13.08	(2.75)	2.41	4.76	8.31
90th Percentile	(6.30)	(5.39)	11.90	(4.14)	0.92	4.09	7.81
Lazard Asset Mgmt ● A	(4.39)	3.32	14.43	0.39	4.72	5.61	7.89
Russell 1000 Value ■ B	(2.20)	3.01	15.80	(2.19)	2.92	5.28	8.44
S&P 500 Index ▲	(2.75)	5.45	16.40	0.22	4.09	5.33	8.07

Relative Return vs S&P 500 Index



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

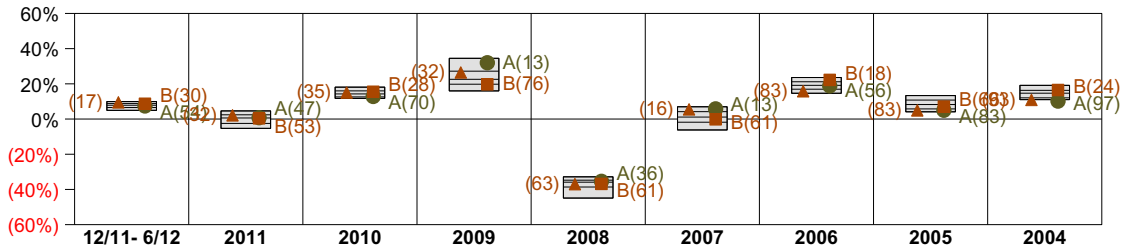


Lazard Asset Management
Return Analysis Summary

Return Analysis

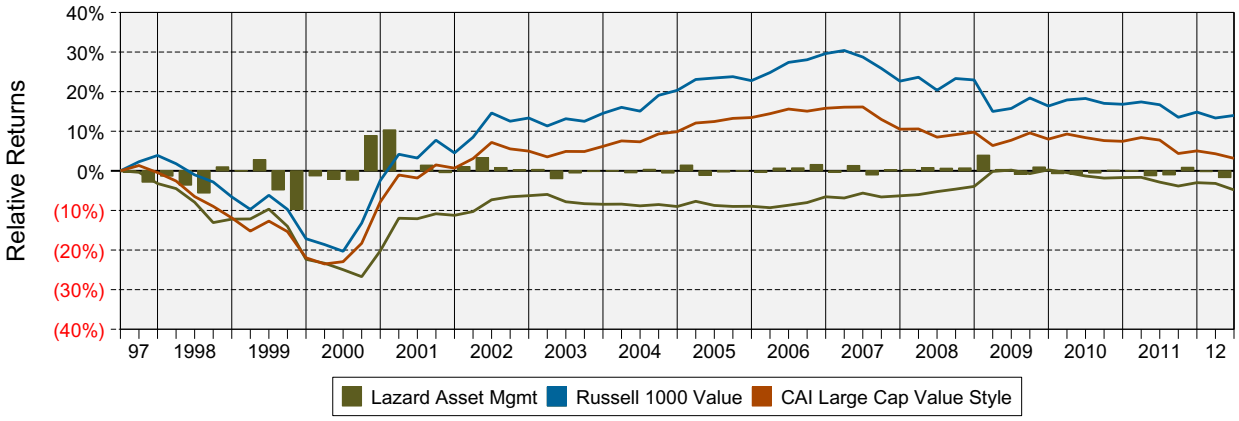
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Cap Value Style (Gross)

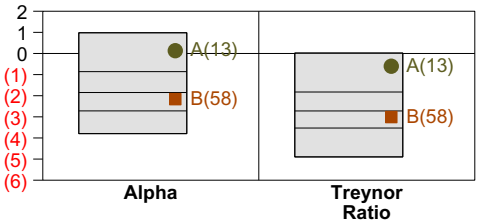


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	9.94	4.62	18.13	34.50	(32.84)	6.97	23.59	13.33	19.14
25th Percentile	8.88	2.42	16.01	27.20	(34.74)	4.19	21.18	10.78	16.30
Median	7.84	0.61	14.27	22.57	(35.88)	1.12	19.15	8.24	14.68
75th Percentile	6.54	(2.48)	12.57	19.79	(38.62)	(1.81)	16.95	5.76	12.05
90th Percentile	4.94	(5.31)	11.75	15.98	(44.92)	(6.22)	14.63	4.10	11.03
Lazard Asset Mgmt ● A	7.43	0.77	12.83	31.98	(35.40)	5.77	18.84	4.98	10.20
Russell 1000 Value ■ B	8.68	0.39	15.51	19.69	(36.85)	(0.17)	22.25	7.05	16.49
S&P 500 Index ▲	9.49	2.11	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88

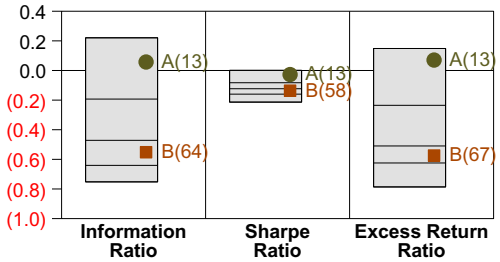
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Value Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	0.98	0.02
25th Percentile	(0.86)	(1.82)
Median	(1.85)	(2.72)
75th Percentile	(2.72)	(3.53)
90th Percentile	(3.80)	(4.90)
Lazard Asset Mgmt ● A	0.13	(0.60)
Russell 1000 Value ■ B	(2.16)	(3.01)



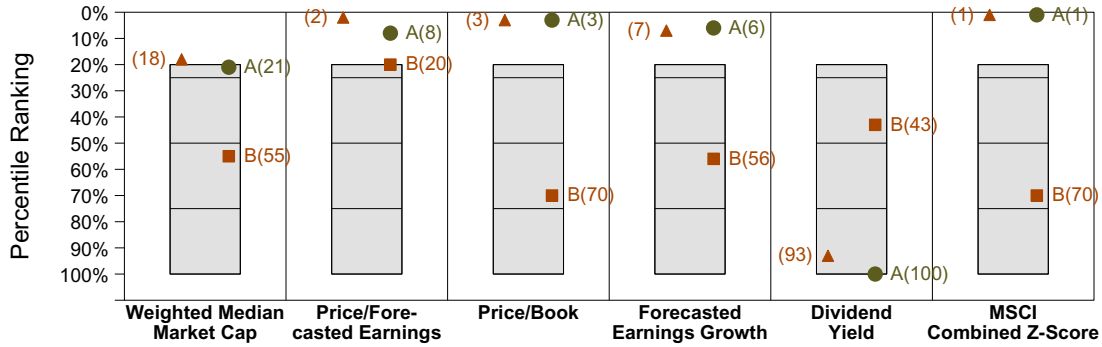
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.22	0.00	0.15
25th Percentile	(0.19)	(0.08)	(0.24)
Median	(0.47)	(0.12)	(0.51)
75th Percentile	(0.64)	(0.16)	(0.62)
90th Percentile	(0.75)	(0.21)	(0.79)
Lazard Asset Mgmt ● A	0.06	(0.03)	0.07
Russell 1000 Value ■ B	(0.55)	(0.14)	(0.57)

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, 2012

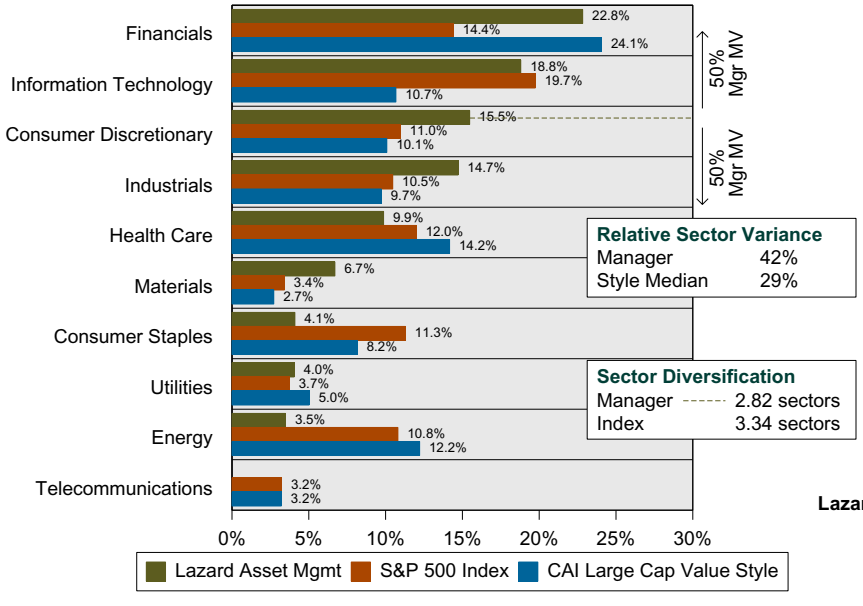


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	65.20	11.41	1.81	10.65	2.98	(0.32)
25th Percentile	46.68	10.86	1.66	10.00	2.77	(0.53)
Median	34.49	10.47	1.50	9.27	2.54	(0.76)
75th Percentile	26.67	9.93	1.39	8.65	2.38	(0.90)
90th Percentile	21.90	9.65	1.27	8.27	2.22	(1.02)
Lazard Asset Mgmt ● A	55.22	11.46	2.04	11.88	1.70	0.18
Russell 1000 Value ■ B	32.78	11.04	1.41	9.13	2.59	(0.87)
S&P 500 Index ▲	56.97	12.25	2.09	11.43	2.20	0.08

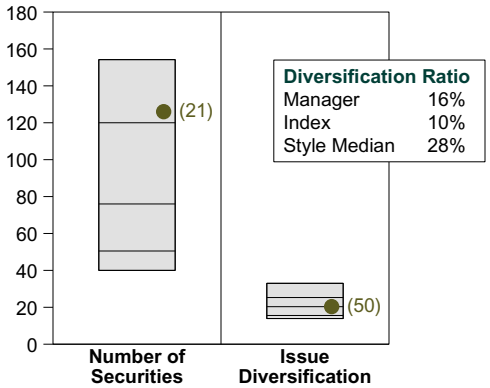
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	154	33
25th Percentile	120	25
Median	76	20
75th Percentile	50	16
90th Percentile	40	14
Lazard Asset Mgmt ●	126	20
S&P 500 Index ▲	500	48

McKinley Capital Management, Inc.
Period Ended June 30, 2012

Investment Philosophy

McKinley Capital's investment philospohy is based on the belief that excess market returns can be achieved through the construction and active management of a diversified, fundamentally sound portfolio of inefficiently priced common stocks whose earnings growth rates are accelerating above market expectations.

Quarterly Summary and Highlights

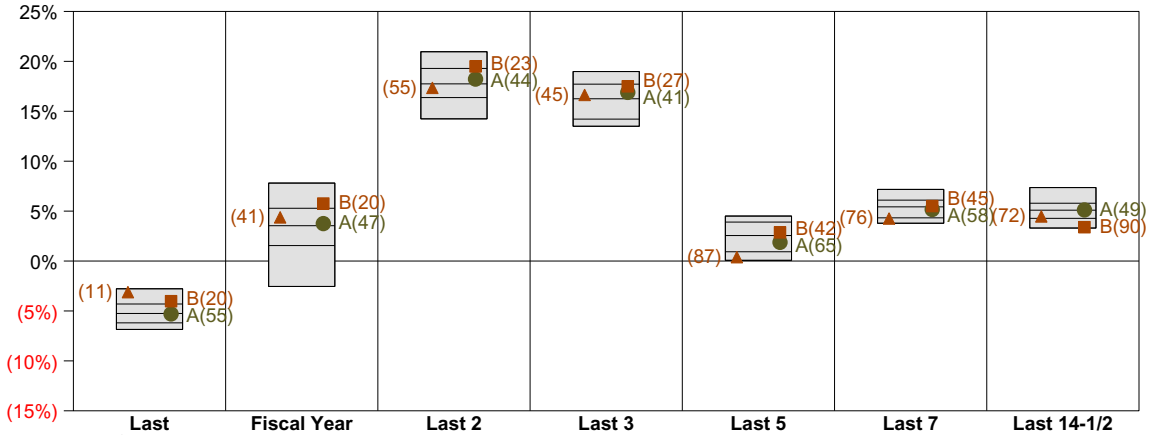
- McKinley Capital's portfolio posted a (5.30)% return for the quarter placing it in the 55 percentile of the CAI Large Cap Growth Style group for the quarter and in the 47 percentile for the last year.
- McKinley Capital's portfolio underperformed the Russell 1000 Index by 2.18% for the quarter and underperformed the Russell 1000 Index for the year by 0.62%.

Quarterly Asset Growth

Beginning Market Value	$370,594,128
Net New Investment	$-25,000,000
Investment Gains/(Losses)	$-19,046,342
Ending Market Value	$326,547,786

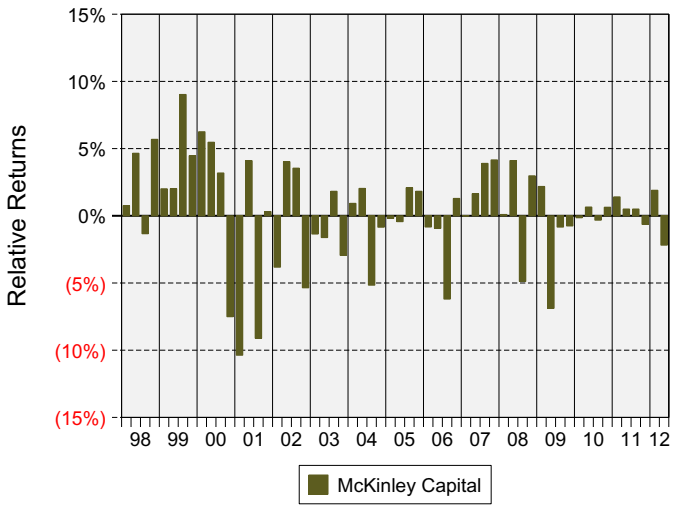
Percent Cash: 1.2%

Performance vs CAI Large Cap Growth Style (Gross)

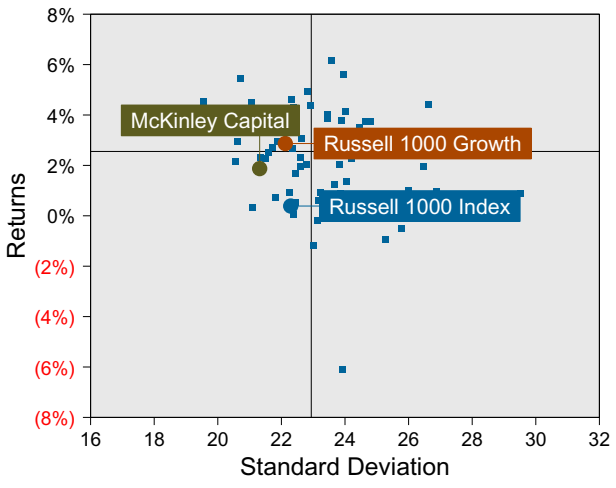


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 14-1/2 Years
10th Percentile	(2.78)	7.81	20.96	18.98	4.50	7.17	7.36
25th Percentile	(4.30)	5.29	19.29	17.72	3.90	6.10	5.79
Median	(5.25)	3.54	17.74	16.25	2.55	5.43	5.09
75th Percentile	(6.19)	1.55	16.37	14.21	0.93	4.33	4.28
90th Percentile	(6.85)	(2.54)	14.24	13.50	0.07	3.78	3.30
McKinley Capital ● A	(5.30)	3.75	18.22	16.89	1.87	5.16	5.12
Russell 1000 Growth ■ B	(4.02)	5.76	19.49	17.50	2.87	5.50	3.39
Russell 1000 Index ▲	(3.12)	4.37	17.35	16.64	0.39	4.26	4.47

Relative Return vs Russell 1000 Index



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

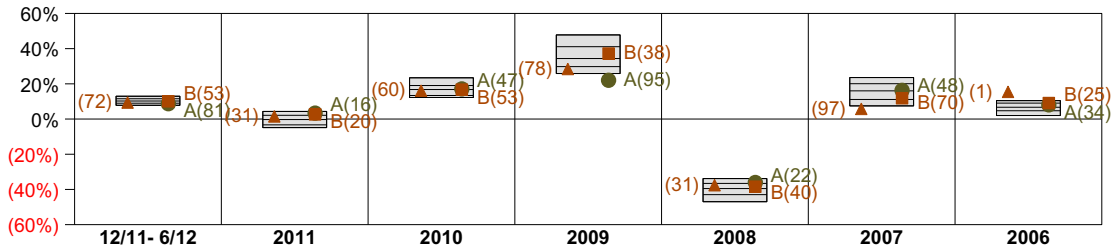


McKinley Capital
Return Analysis Summary

Return Analysis

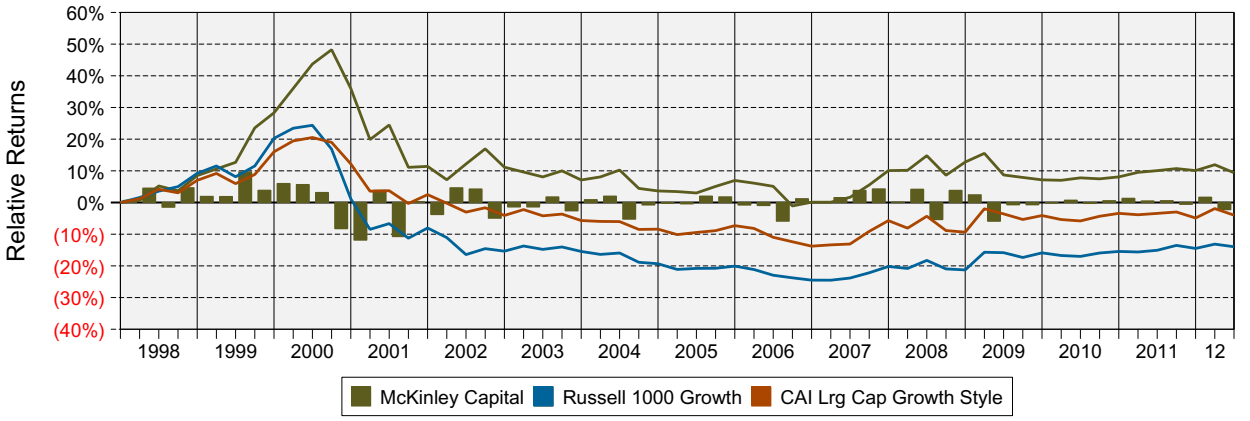
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

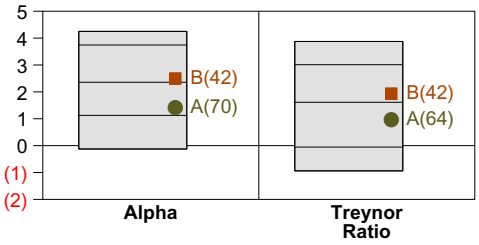


	12/11- 6/12	2011	2010	2009	2008	2007	2006
10th Percentile	12.95	4.31	23.44	47.80	(33.82)	23.58	10.47
25th Percentile	11.53	2.12	19.04	41.11	(36.57)	20.07	9.05
Median	10.24	(0.28)	16.77	34.39	(39.49)	16.01	6.70
75th Percentile	9.00	(3.30)	13.37	29.79	(42.96)	11.13	4.71
90th Percentile	7.80	(4.87)	12.24	25.86	(46.98)	7.46	2.00
McKinley Capital ● A	8.71	3.37	17.11	22.03	(36.06)	16.30	8.06
Russell 1000 Growth ■ B	10.08	2.64	16.71	37.21	(38.44)	11.81	9.07
Russell 1000 Index ▲	9.38	1.50	16.10	28.43	(37.60)	5.77	15.46

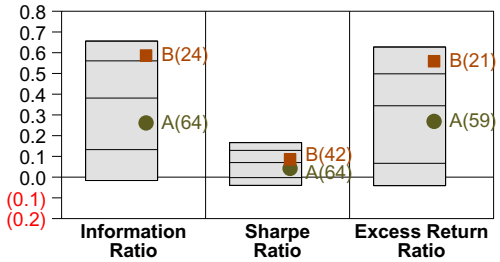
Cumulative and Quarterly Relative Return vs Russell 1000 Index



Risk Adjusted Return Measures vs Russell 1000 Index
Rankings Against CAI Large Cap Growth Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	4.25	3.87
25th Percentile	3.74	3.01
Median	2.36	1.61
75th Percentile	1.13	(0.05)
90th Percentile	(0.12)	(0.94)
McKinley Capital ● A	1.41	0.96
Russell 1000 Growth ■ B	2.50	1.94



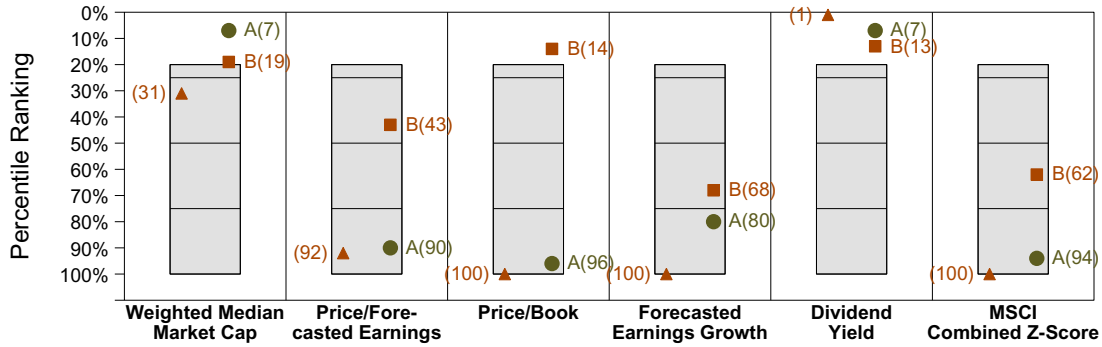
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.66	0.17	0.63
25th Percentile	0.56	0.13	0.50
Median	0.38	0.07	0.34
75th Percentile	0.13	(0.00)	0.07
90th Percentile	(0.02)	(0.04)	(0.04)
McKinley Capital ● A	0.26	0.04	0.27
Russell 1000 Growth ■ B	0.59	0.09	0.56

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, 2012

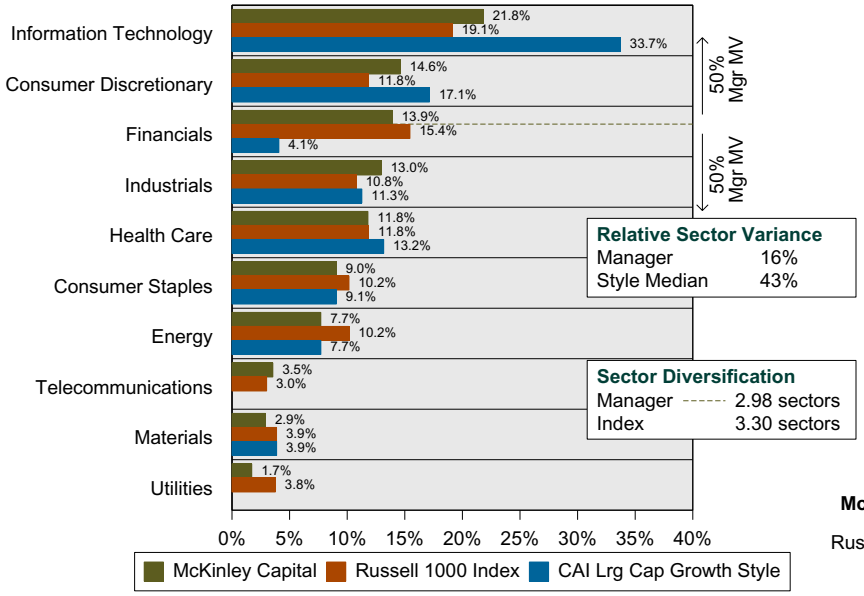


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	56.50	16.57	4.46	18.57	1.72	1.93
25th Percentile	44.33	15.67	3.86	16.39	1.53	1.54
Median	33.94	14.23	3.40	15.48	1.14	1.24
75th Percentile	28.84	13.27	3.09	13.95	0.88	0.96
90th Percentile	23.01	12.83	2.75	12.66	0.65	0.80
McKinley Capital ● A	61.40	12.80	2.59	13.58	1.75	0.69
Russell 1000 Growth ■ B	50.68	14.35	4.10	14.21	1.63	1.09
Russell 1000 Index ▲	39.77	12.46	2.07	11.63	2.11	0.10

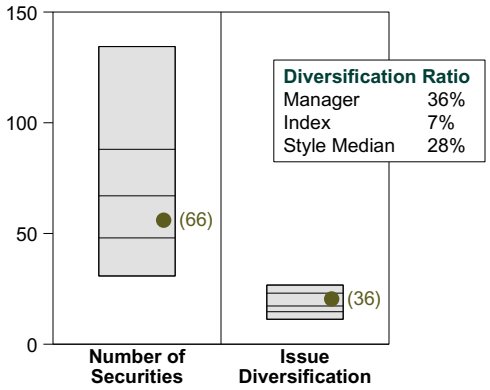
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	134	27
25th Percentile	88	23
Median	67	17
75th Percentile	48	15
90th Percentile	31	11
McKinley Capital ●	56	20
Russell 1000 Index ▲	990	66

Quantitative Mgmt Assoc
Period Ended June 30, 2012

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

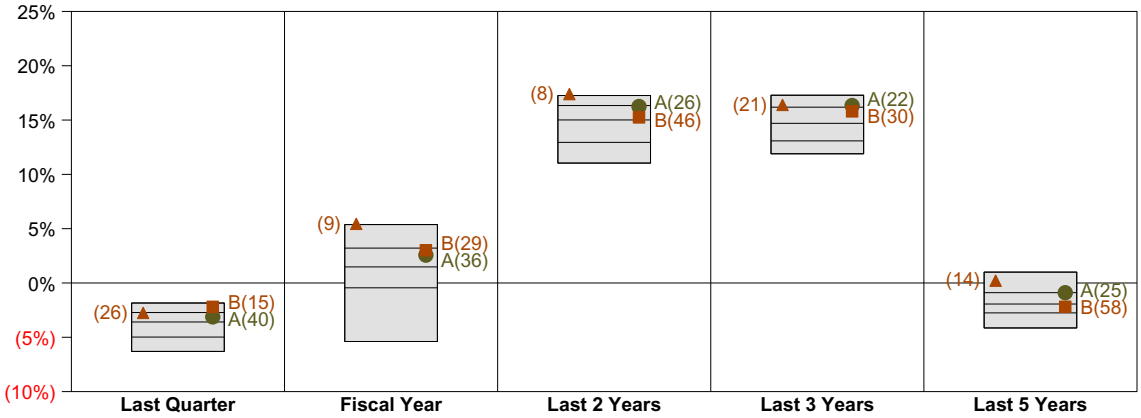
- Quantitative Mgmt Assoc's portfolio posted a (3.12)% return for the quarter placing it in the 40 percentile of the CAI Large Cap Value Style group for the quarter and in the 36 percentile for the last year.
- Quantitative Mgmt Assoc's portfolio underperformed the S&P 500 Index by 0.37% for the quarter and underperformed the S&P 500 Index for the year by 2.89%.

Quarterly Asset Growth

Beginning Market Value	$147,482,960
Net New Investment	$0
Investment Gains/(Losses)	$-4,604,815
Ending Market Value	$142,878,145

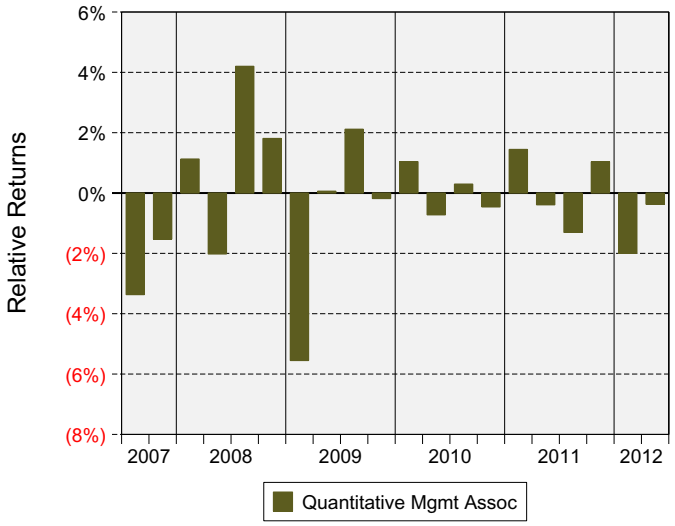
Percent Cash: 1.1%

Performance vs CAI Large Cap Value Style (Gross)

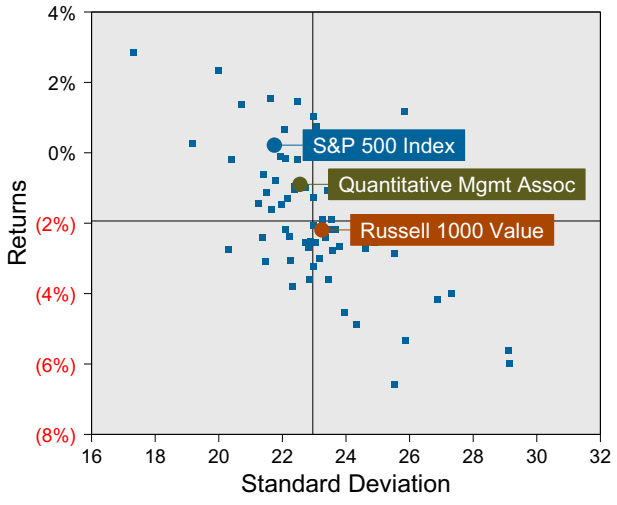


		Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile		(1.84)	5.38	17.26	17.29	1.00
25th Percentile		(2.72)	3.21	16.34	16.18	(0.89)
Median		(3.59)	1.48	15.01	14.70	(1.94)
75th Percentile		(4.98)	(0.45)	12.94	13.08	(2.75)
90th Percentile		(6.30)	(5.39)	11.04	11.90	(4.14)
Quantitative Mgmt Assoc	A	(3.12)	2.56	16.25	16.34	(0.90)
Russell 1000 Value	B	(2.20)	3.01	15.25	15.80	(2.19)
S&P 500 Index	▲	(2.75)	5.45	17.39	16.40	0.22

Relative Return vs S&P 500 Index



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

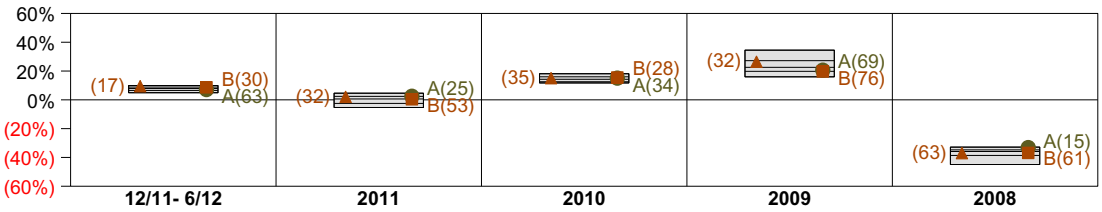


Quantitative Mgmt Assoc
Return Analysis Summary

Return Analysis

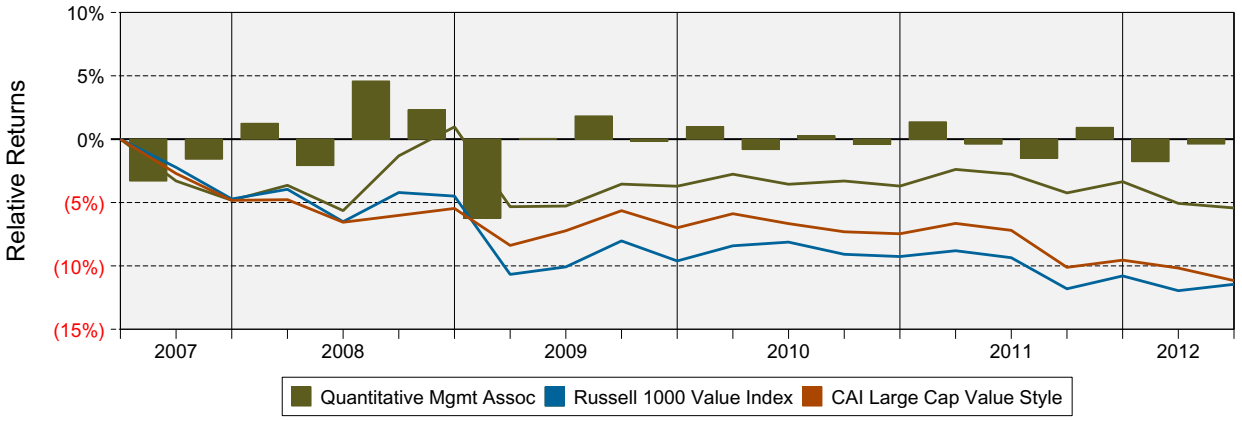
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

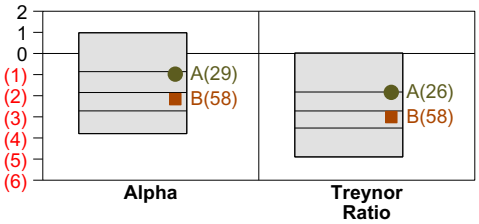


		12/11- 6/12	2011	2010	2009	2008
10th Percentile		9.94	4.62	18.13	34.50	(32.84)
25th Percentile		8.88	2.42	16.01	27.20	(34.74)
Median		7.84	0.61	14.27	22.57	(35.88)
75th Percentile		6.54	(2.48)	12.57	19.79	(38.62)
90th Percentile		4.94	(5.31)	11.75	15.98	(44.92)
Quantitative Mgmt Assoc	A	7.14	2.48	15.08	20.60	(33.16)
Russell 1000 Value Index	B	8.68	0.39	15.51	19.69	(36.85)
S&P 500 Index	▲	9.49	2.11	15.06	26.47	(37.00)

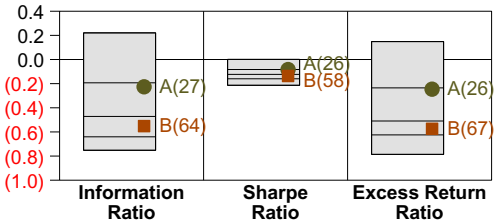
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Value Style (Gross)
Five Years Ended June 30, 2012



		Alpha	Treynor Ratio
10th Percentile		0.98	0.02
25th Percentile		(0.86)	(1.82)
Median		(1.85)	(2.72)
75th Percentile		(2.72)	(3.53)
90th Percentile		(3.80)	(4.90)
Quantitative Mgmt Assoc	A	(0.98)	(1.84)
Russell 1000 Value Index	B	(2.16)	(3.01)



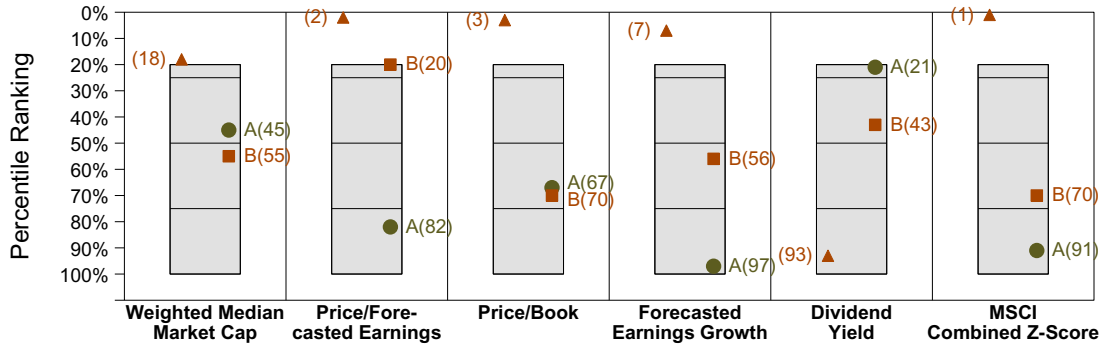
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.22	0.00	0.15
25th Percentile		(0.19)	(0.08)	(0.24)
Median		(0.47)	(0.12)	(0.51)
75th Percentile		(0.64)	(0.16)	(0.62)
90th Percentile		(0.75)	(0.21)	(0.79)
Quantitative Mgmt Assoc	A	(0.23)	(0.08)	(0.25)
Russell 1000 Value Index	B	(0.55)	(0.14)	(0.57)

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, 2012

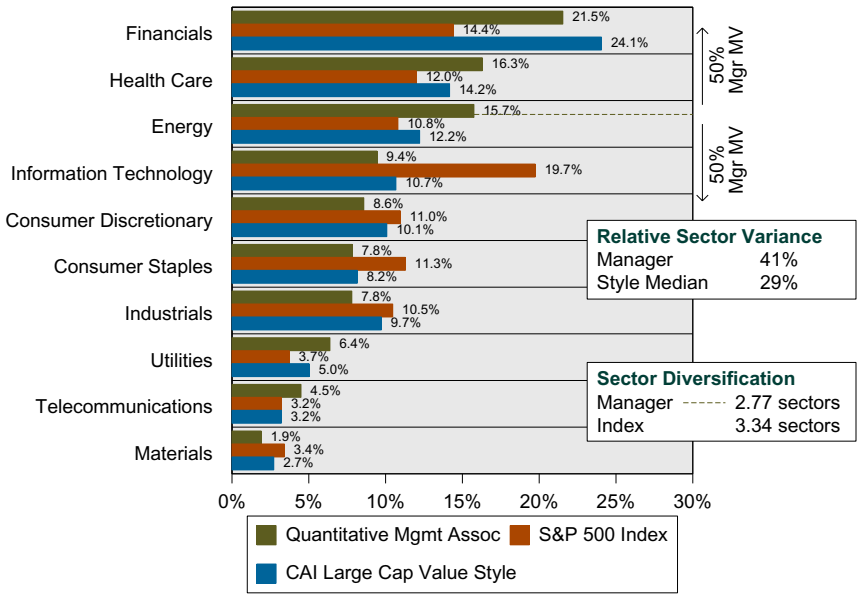


10th Percentile	65.20	11.41	1.81	10.65	2.98	(0.32)
25th Percentile	46.68	10.86	1.66	10.00	2.77	(0.53)
Median	34.49	10.47	1.50	9.27	2.54	(0.76)
75th Percentile	26.67	9.93	1.39	8.65	2.38	(0.90)
90th Percentile	21.90	9.65	1.27	8.27	2.22	(1.02)
Quantitative Mgmt Assoc ● A	36.58	9.81	1.42	7.78	2.84	(1.03)
Russell 1000 Value ■ B	32.78	11.04	1.41	9.13	2.59	(0.87)
S&P 500 Index ▲	56.97	12.25	2.09	11.43	2.20	0.08

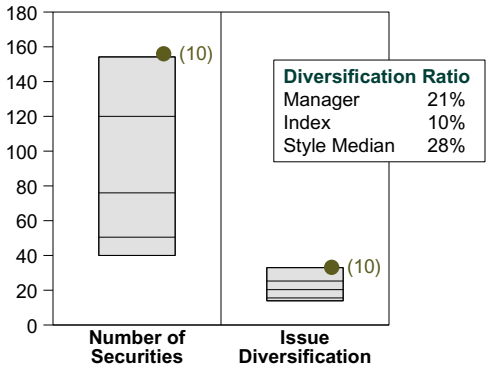
Sector Weights

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, 2012



Diversification
June 30, 2012



10th Percentile	154	33
25th Percentile	120	25
Median	76	20
75th Percentile	50	16
90th Percentile	40	14
Quantitative Mgmt Assoc ●	156	33
S&P 500 Index ▲	500	48

RCM
Period Ended June 30, 2012

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

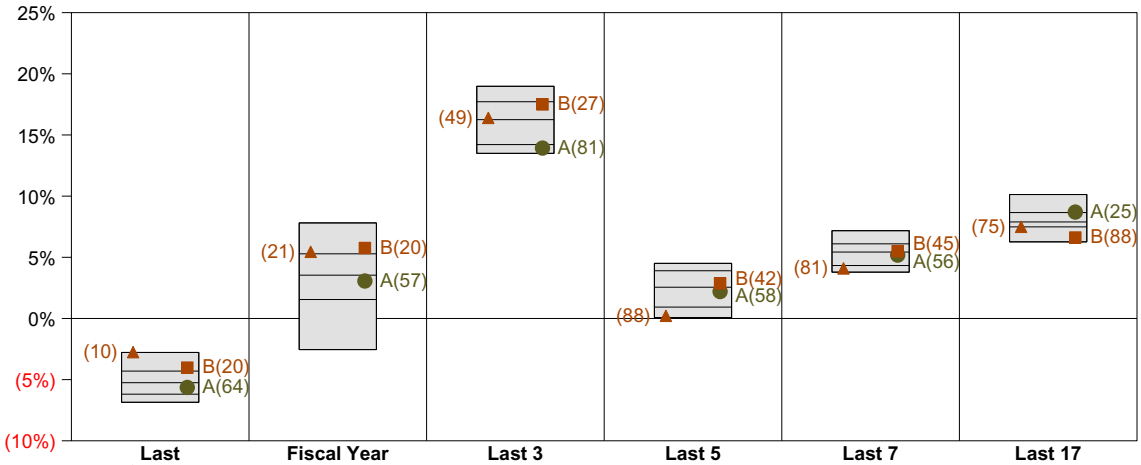
- RCM's portfolio posted a (5.64)% return for the quarter placing it in the 64 percentile of the CAI Large Cap Growth Style group for the quarter and in the 57 percentile for the last year.
- RCM's portfolio underperformed the S&P 500 Index by 2.89% for the quarter and underperformed the S&P 500 Index for the year by 2.39%.

Quarterly Asset Growth

Beginning Market Value	$394,747,178
Net New Investment	$-25,000,000
Investment Gains/(Losses)	$-21,123,820
Ending Market Value	$348,623,358

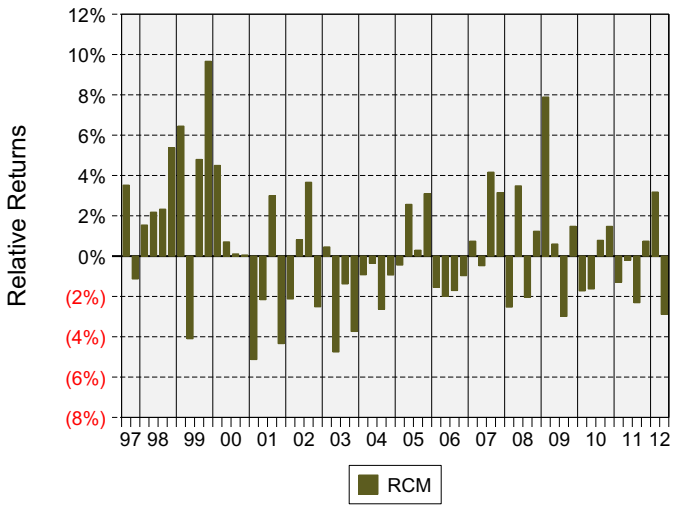
Percent Cash: 2.8%

Performance vs CAI Large Cap Growth Style (Gross)

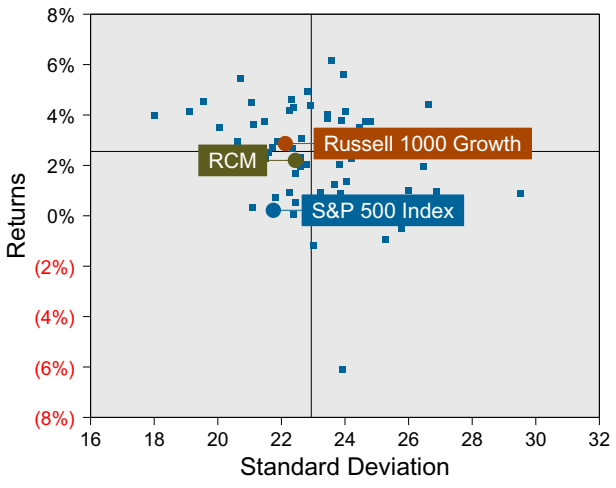


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 17 Years
10th Percentile	(2.78)	7.81	18.98	4.50	7.17	10.13
25th Percentile	(4.30)	5.29	17.72	3.90	6.10	8.66
Median	(5.25)	3.54	16.25	2.55	5.43	7.89
75th Percentile	(6.19)	1.55	14.21	0.93	4.33	7.49
90th Percentile	(6.85)	(2.54)	13.50	0.07	3.78	6.26
RCM ● A	(5.64)	3.06	13.93	2.20	5.18	8.70
Russell 1000 Growth ■ B	(4.02)	5.76	17.50	2.87	5.50	6.62
S&P 500 Index ▲	(2.75)	5.45	16.40	0.22	4.09	7.49

Relative Return vs S&P 500 Index



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

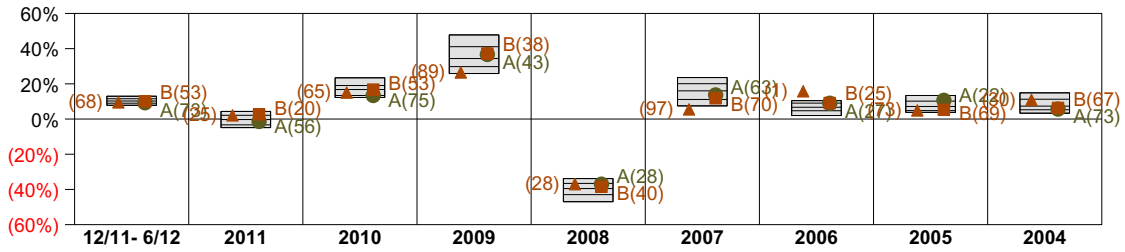


RCM
Return Analysis Summary

Return Analysis

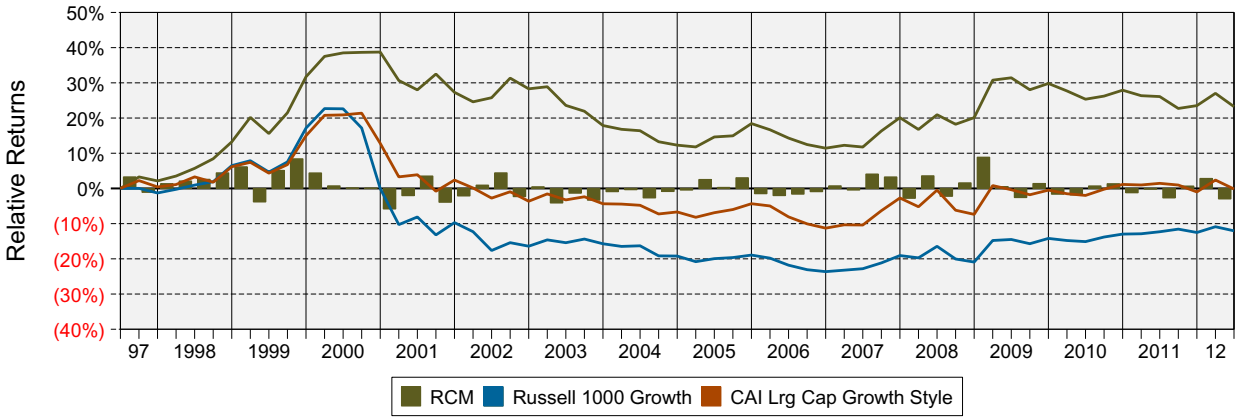
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

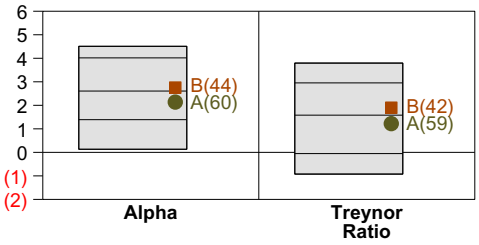


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	12.95	4.31	23.44	47.80	(33.82)	23.58	10.47	13.37	14.89
25th Percentile	11.53	2.12	19.04	41.11	(36.57)	20.07	9.05	10.16	11.26
Median	10.24	(0.28)	16.77	34.39	(39.49)	16.01	6.70	7.14	7.36
75th Percentile	9.00	(3.30)	13.37	29.79	(42.96)	11.13	4.71	4.79	5.28
90th Percentile	7.80	(4.87)	12.24	25.86	(46.98)	7.46	2.00	3.77	3.31
RCM ● A	9.23	(1.39)	13.37	36.69	(37.00)	13.70	8.96	10.64	5.64
Russell 1000 Growth ■ B	10.08	2.64	16.71	37.21	(38.44)	11.81	9.07	5.26	6.30
S&P 500 Index ▲	9.49	2.11	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88

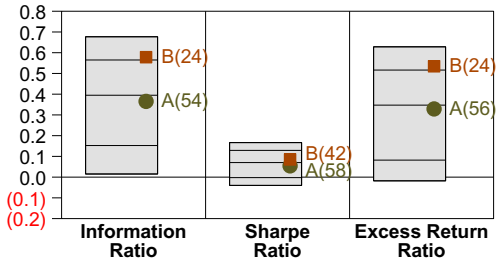
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Growth Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	4.51	3.80
25th Percentile	4.02	2.95
Median	2.61	1.58
75th Percentile	1.39	(0.05)
90th Percentile	0.13	(0.92)
RCM ● A	2.14	1.22
Russell 1000 Growth ■ B	2.75	1.90



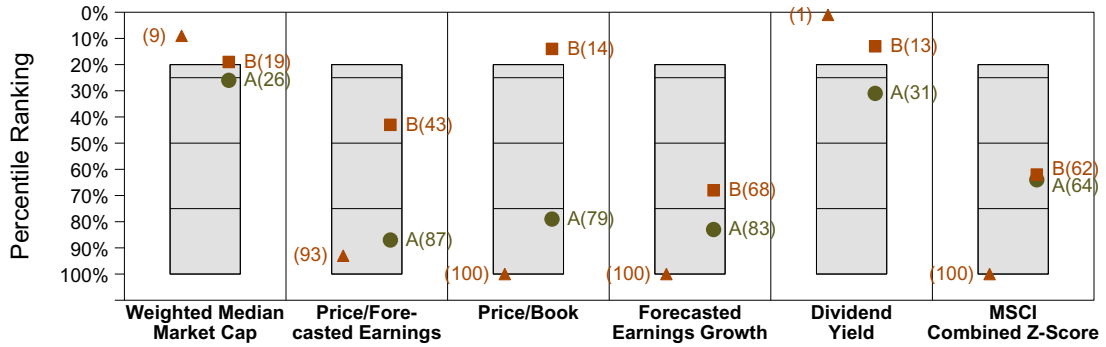
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.68	0.17	0.63
25th Percentile	0.56	0.13	0.52
Median	0.39	0.07	0.35
75th Percentile	0.15	(0.00)	0.08
90th Percentile	0.02	(0.04)	(0.02)
RCM ● A	0.37	0.05	0.33
Russell 1000 Growth ■ B	0.58	0.09	0.53

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, 2012

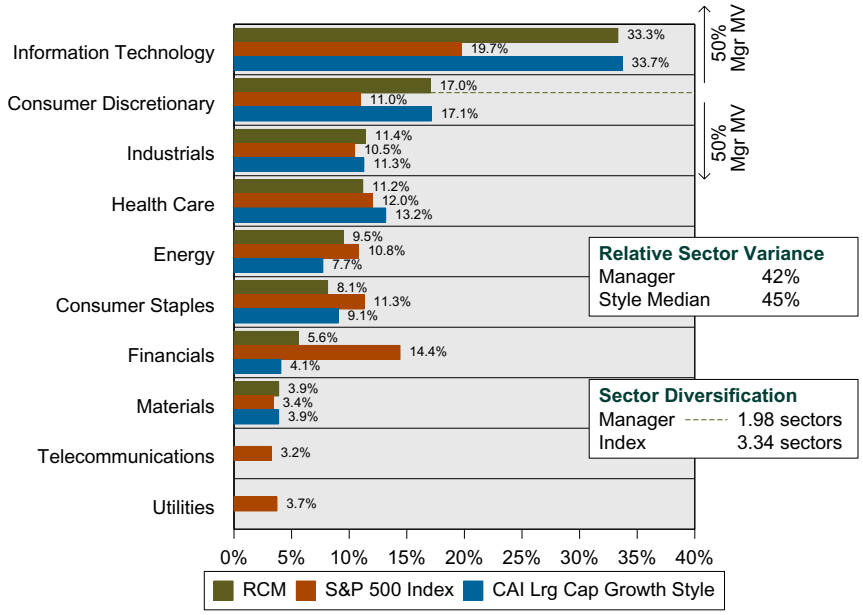


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	56.50	16.57	4.46	18.57	1.72	1.93
25th Percentile	44.33	15.67	3.86	16.39	1.53	1.54
Median	33.94	14.23	3.40	15.48	1.14	1.24
75th Percentile	28.84	13.27	3.09	13.95	0.88	0.96
90th Percentile	23.01	12.83	2.75	12.66	0.65	0.80
RCM ● A	40.77	12.93	3.02	13.39	1.48	1.05
Russell 1000 Growth ■ B	50.68	14.35	4.10	14.21	1.63	1.09
S&P 500 Index ▲	56.97	12.25	2.09	11.43	2.20	0.08

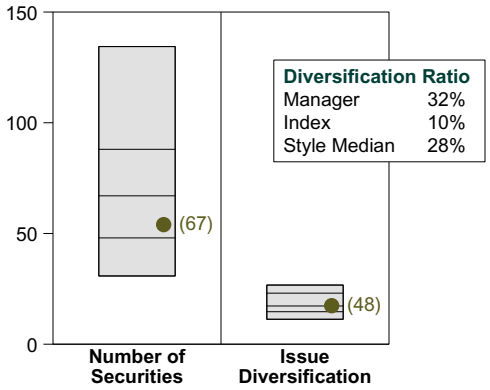
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	134	27
25th Percentile	88	23
Median	67	17
75th Percentile	48	15
90th Percentile	31	11
RCM ●	54	17
S&P 500 Index ▲	500	48

Relational Investors
Period Ended June 30, 2012

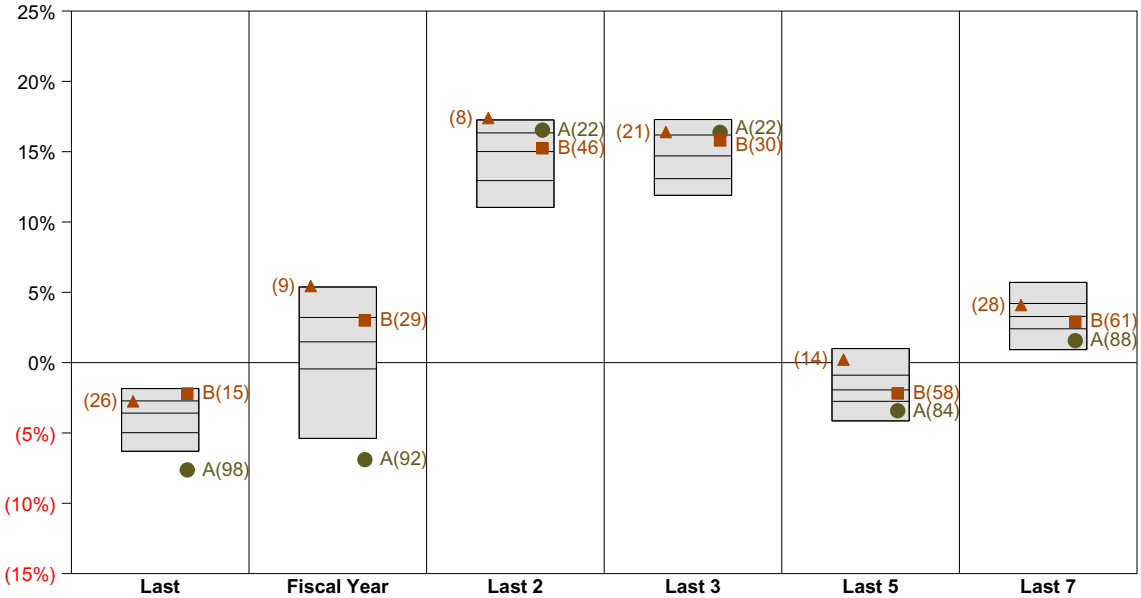
Quarterly Summary and Highlights

- Relational Investors's portfolio posted a (7.63)% return for the quarter placing it in the 98 percentile of the CAI Large Cap Value Style group for the quarter and in the 92 percentile for the last year.
- Relational Investors's portfolio underperformed the S&P 500 Index by 4.88% for the quarter and underperformed the S&P 500 Index for the year by 12.35%.

Quarterly Asset Growth

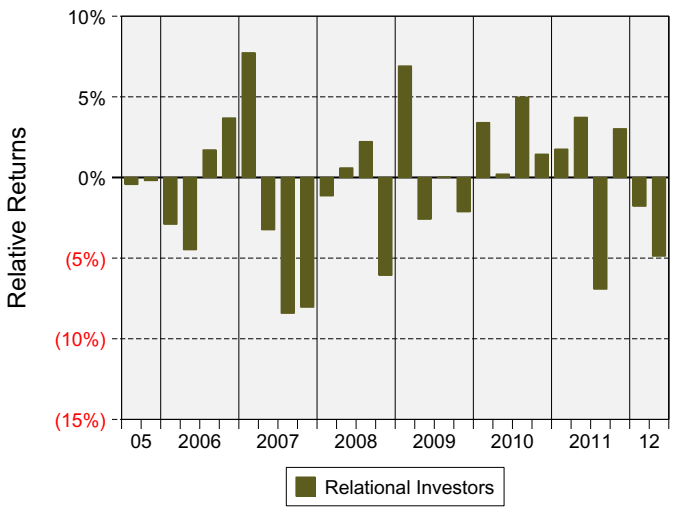
Beginning Market Value	$314,659,380
Net New Investment	$-53,160,577
Investment Gains/(Losses)	$-19,842,298
Ending Market Value	$241,656,506

Performance vs CAI Large Cap Value Style (Gross)

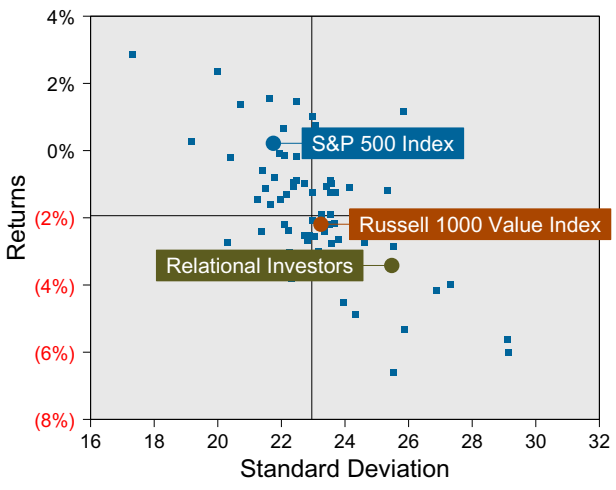


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	(1.84)	5.38	17.26	17.29	1.00	5.70
25th Percentile	(2.72)	3.21	16.34	16.18	(0.89)	4.21
Median	(3.59)	1.48	15.01	14.70	(1.94)	3.28
75th Percentile	(4.98)	(0.45)	12.94	13.08	(2.75)	2.41
90th Percentile	(6.30)	(5.39)	11.04	11.90	(4.14)	0.92
Relational Investors ● A	(7.63)	(6.90)	16.53	16.38	(3.42)	1.56
Russell 1000 Value Index ■ B	(2.20)	3.01	15.25	15.80	(2.19)	2.92
S&P 500 Index ▲	(2.75)	5.45	17.39	16.40	0.22	4.09

Relative Return vs S&P 500 Index



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

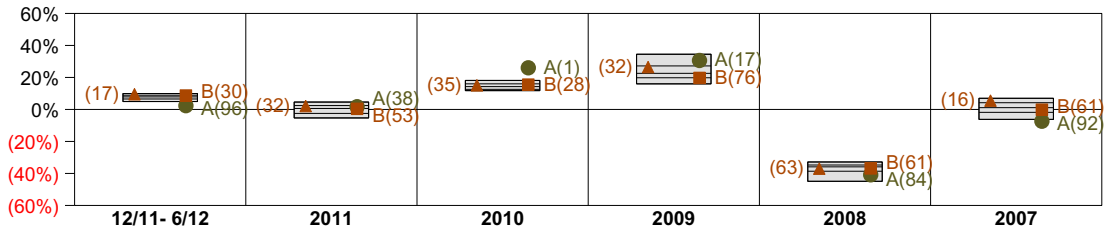


Relational Investors
Return Analysis Summary

Return Analysis

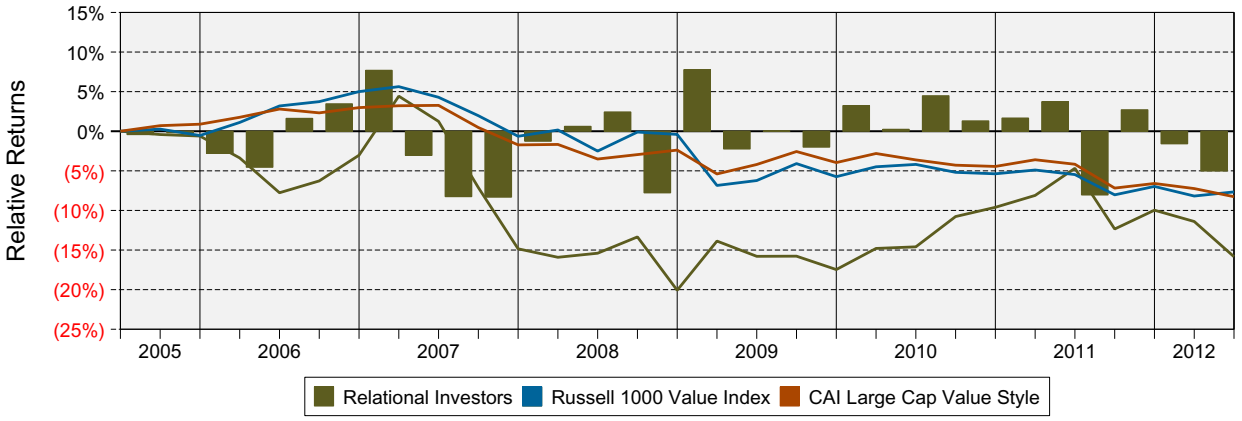
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Cap Value Style (Gross)

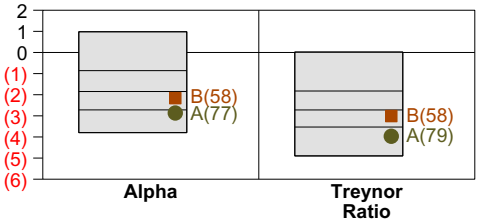


		12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile		9.94	4.62	18.13	34.50	(32.84)	6.97
25th Percentile		8.88	2.42	16.01	27.20	(34.74)	4.19
Median		7.84	0.61	14.27	22.57	(35.88)	1.12
75th Percentile		6.54	(2.48)	12.57	19.79	(38.62)	(1.81)
90th Percentile		4.94	(5.31)	11.75	15.98	(44.92)	(6.22)
Relational Investors	A	2.35	1.70	26.02	30.60	(40.87)	(7.36)
Russell 1000 Value Index	B	8.68	0.39	15.51	19.69	(36.85)	(0.17)
S&P 500 Index	▲	9.49	2.11	15.06	26.47	(37.00)	5.49

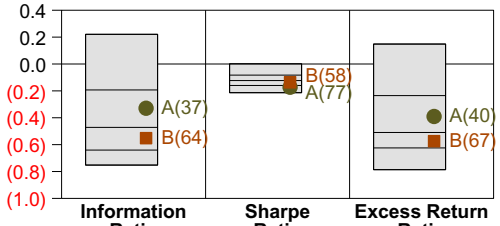
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Value Style (Gross)
Five Years Ended June 30, 2012



		Alpha	Treynor Ratio
10th Percentile		0.98	0.02
25th Percentile		(0.86)	(1.82)
Median		(1.85)	(2.72)
75th Percentile		(2.72)	(3.53)
90th Percentile		(3.80)	(4.90)
Relational Investors	A	(2.87)	(3.97)
Russell 1000 Value Index	B	(2.16)	(3.01)



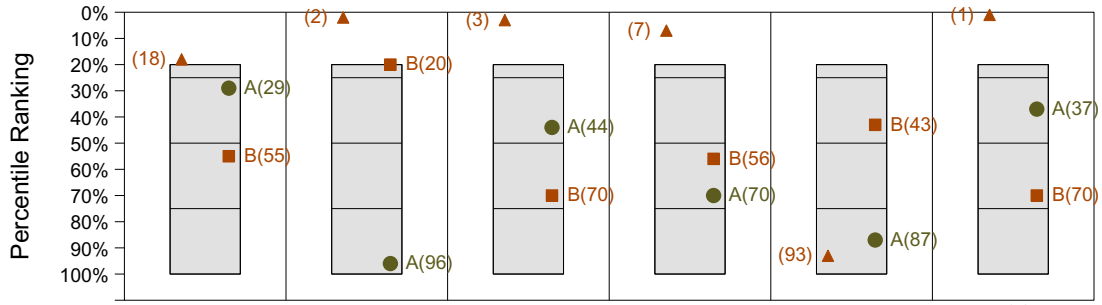
		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.22	0.00	0.15
25th Percentile		(0.19)	(0.08)	(0.24)
Median		(0.47)	(0.12)	(0.51)
75th Percentile		(0.64)	(0.16)	(0.62)
90th Percentile		(0.75)	(0.21)	(0.79)
Relational Investors	A	(0.33)	(0.17)	(0.39)
Russell 1000 Value Index	B	(0.55)	(0.14)	(0.57)

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, 2012

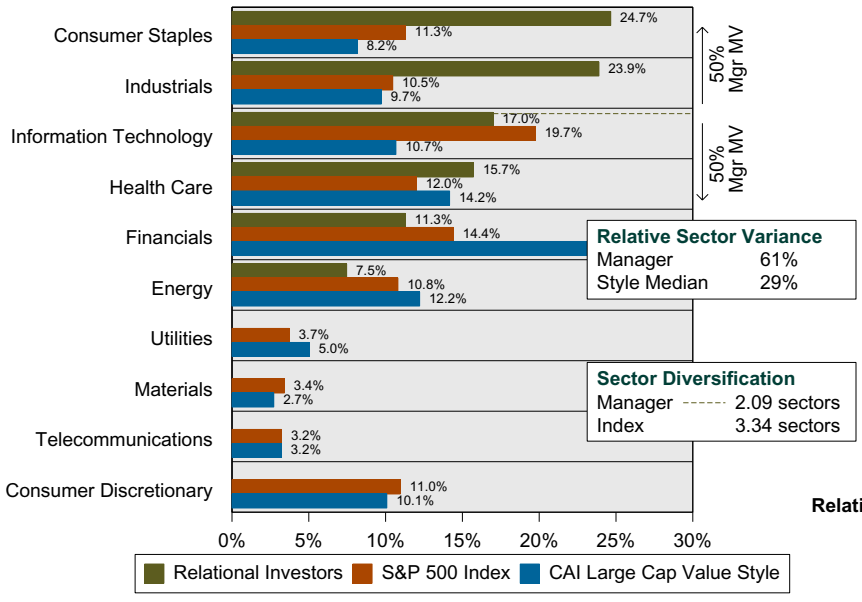


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	65.20	11.41	1.81	10.65	2.98	(0.32)
25th Percentile	46.68	10.86	1.66	10.00	2.77	(0.53)
Median	34.49	10.47	1.50	9.27	2.54	(0.76)
75th Percentile	26.67	9.93	1.39	8.65	2.38	(0.90)
90th Percentile	21.90	9.65	1.27	8.27	2.22	(1.02)
Relational Investors ● A	39.93	8.96	1.55	8.72	2.27	(0.62)
Russell 1000 Value Index ■ B	32.78	11.04	1.41	9.13	2.59	(0.87)
S&P 500 Index ▲	56.97	12.25	2.09	11.43	2.20	0.08

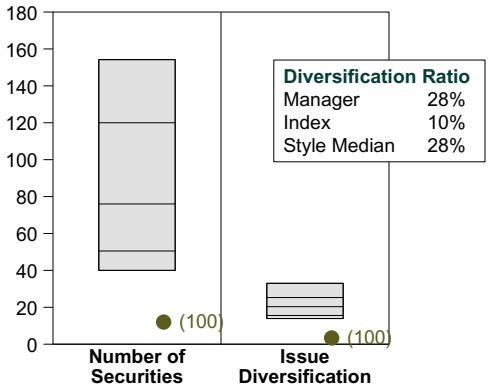
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	154	33
25th Percentile	120	25
Median	76	20
75th Percentile	50	16
90th Percentile	40	14
Relational Investors ●	12	3
S&P 500 Index ▲	500	48

SSgA Russell 1000 Growth
Period Ended June 30, 2012

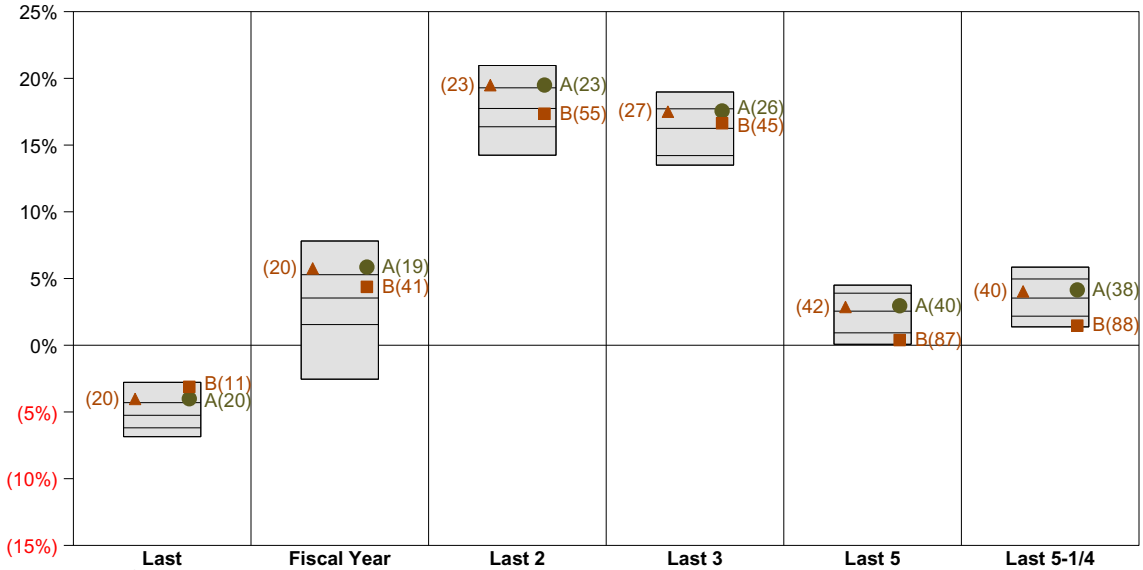
Quarterly Summary and Highlights

- SSgA Russell 1000 Growth's portfolio posted a (4.01)% return for the quarter placing it in the 20 percentile of the CAI Large Cap Growth Style group for the quarter and in the 19 percentile for the last year.
- SSgA Russell 1000 Growth's portfolio outperformed the Russell 1000 Growth Index by 0.01% for the quarter and outperformed the Russell 1000 Growth Index for the year by 0.10%.

Quarterly Asset Growth

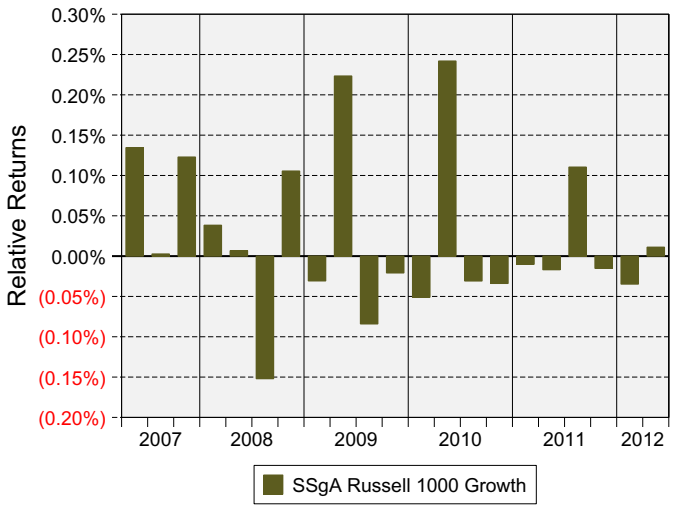
Beginning Market Value	$824,370,121
Net New Investment	$-24,817,426
Investment Gains/(Losses)	$-31,902,354
Ending Market Value	$767,650,340

Performance vs CAI Large Cap Growth Style (Gross)

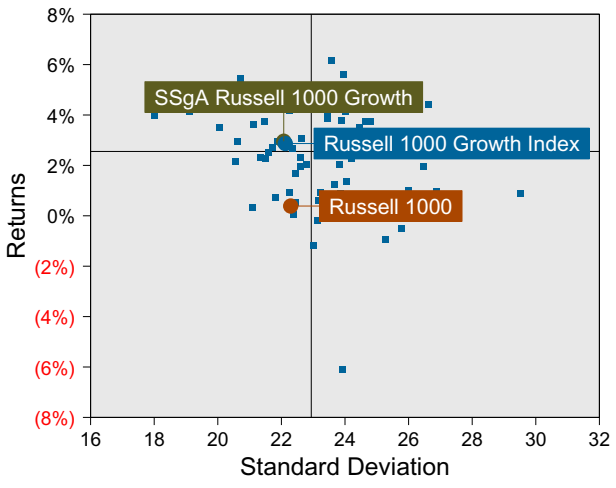


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	(2.78)	7.81	20.96	18.98	4.50	5.85
25th Percentile	(4.30)	5.29	19.29	17.72	3.90	4.97
Median	(5.25)	3.54	17.74	16.25	2.55	3.54
75th Percentile	(6.19)	1.55	16.37	14.21	0.93	2.18
90th Percentile	(6.85)	(2.54)	14.24	13.50	0.07	1.38
SSgA Russell 1000 Growth (A)	(4.01)	5.86	19.50	17.56	2.96	4.15
Russell 1000 (B)	(3.12)	4.37	17.35	16.64	0.39	1.47
Russell 1000 Growth Index	(4.02)	5.76	19.49	17.50	2.87	4.03

Relative Return vs Russell 1000 Growth Index



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

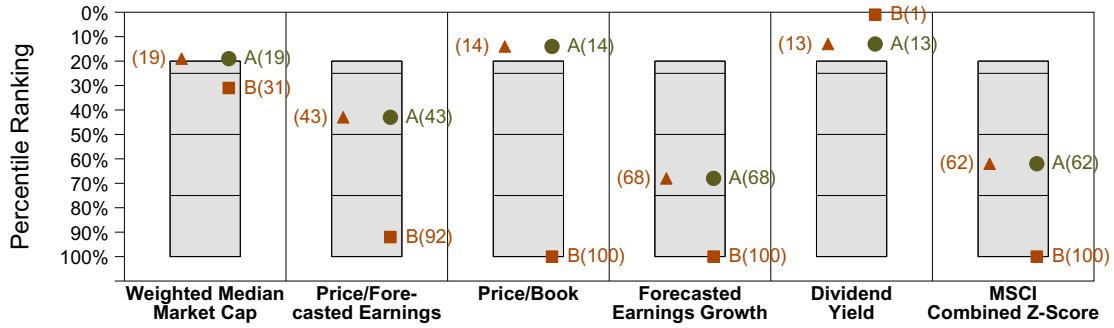


SSGA Russell 1000 Growth
Equity Characteristics Analysis Summary

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, 2012

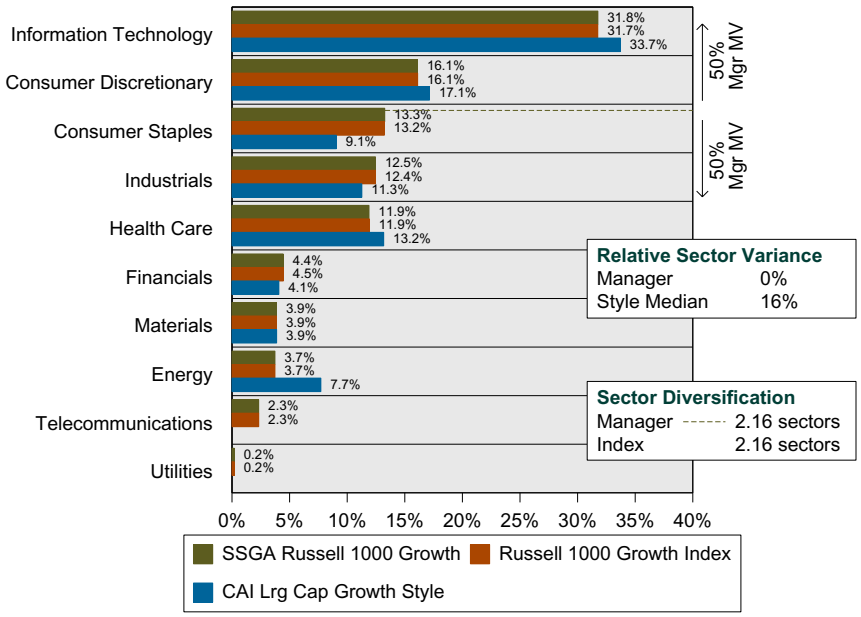


		Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		56.50	16.57	4.46	18.57	1.72	1.93
25th Percentile		44.33	15.67	3.86	16.39	1.53	1.54
Median		33.94	14.23	3.40	15.48	1.14	1.24
75th Percentile		28.84	13.27	3.09	13.95	0.88	0.96
90th Percentile		23.01	12.83	2.75	12.66	0.65	0.80
SSGA Russell 1000 Growth	● A	50.94	14.35	4.10	14.20	1.64	1.09
Russell 1000	■ B	39.77	12.46	2.07	11.63	2.11	0.10
Russell 1000 Growth Index	▲	50.68	14.35	4.10	14.21	1.63	1.09

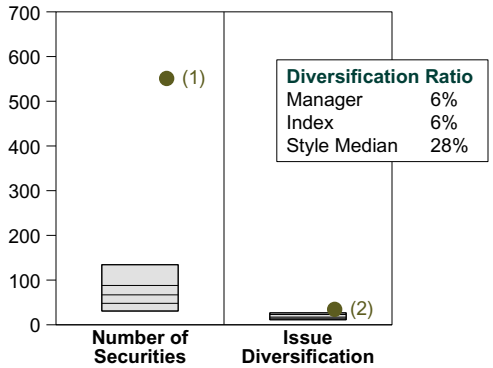
Sector Weights

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, 2012



Diversification
June 30, 2012



		Number of Securities	Issue Diversification
10th Percentile		134	27
25th Percentile		88	23
Median		67	17
75th Percentile		48	15
90th Percentile		31	11
SSGA Russell 1000 Growth	●	551	35
Russell 1000 Growth Index	▲	571	35

SSgA Russell 1000 Value
Period Ended June 30, 2012

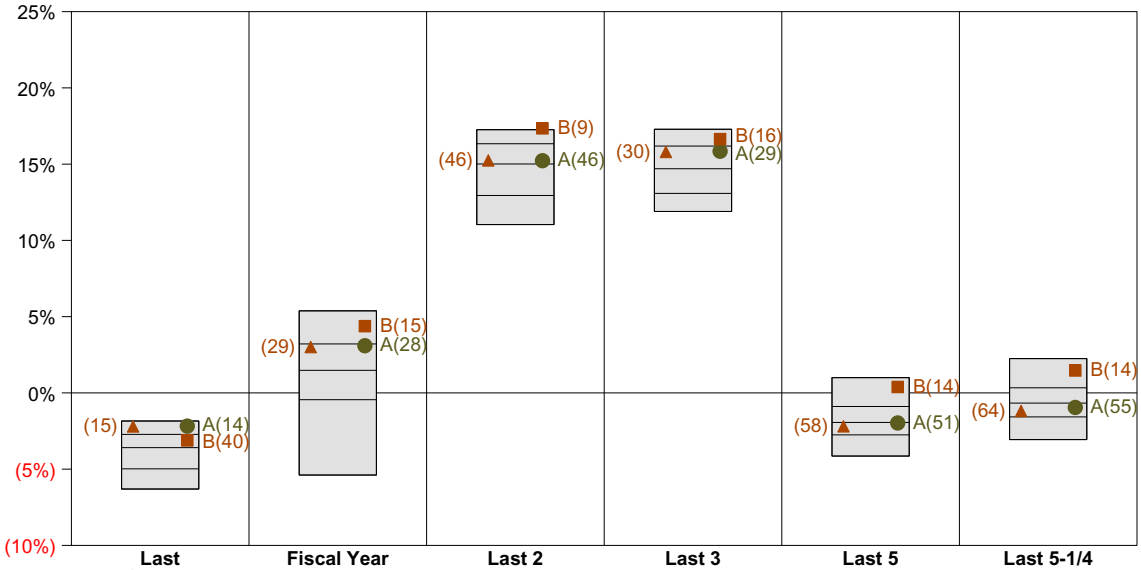
Quarterly Summary and Highlights

- SSgA Russell 1000 Value's portfolio posted a (2.18)% return for the quarter placing it in the 14 percentile of the CAI Large Cap Value Style group for the quarter and in the 28 percentile for the last year.
- SSgA Russell 1000 Value's portfolio outperformed the Russell 1000 Value Index by 0.02% for the quarter and outperformed the Russell 1000 Value Index for the year by 0.09%.

Quarterly Asset Growth

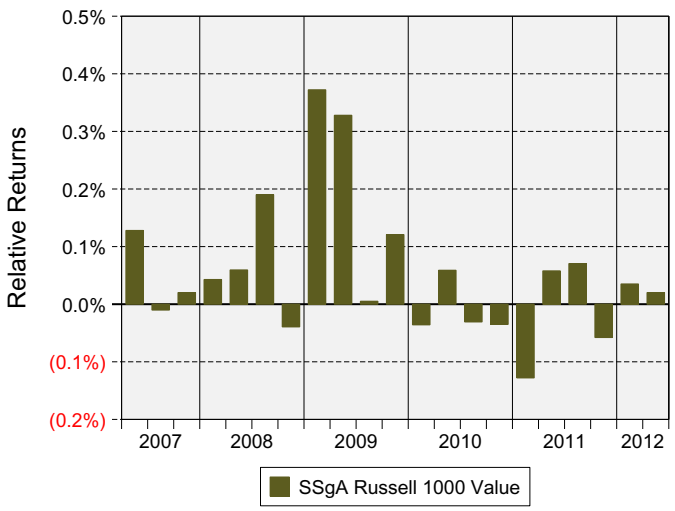
Beginning Market Value	$995,207,569
Net New Investment	$-24,945,739
Investment Gains/(Losses)	$-21,351,868
Ending Market Value	$948,909,963

Performance vs CAI Large Cap Value Style (Gross)

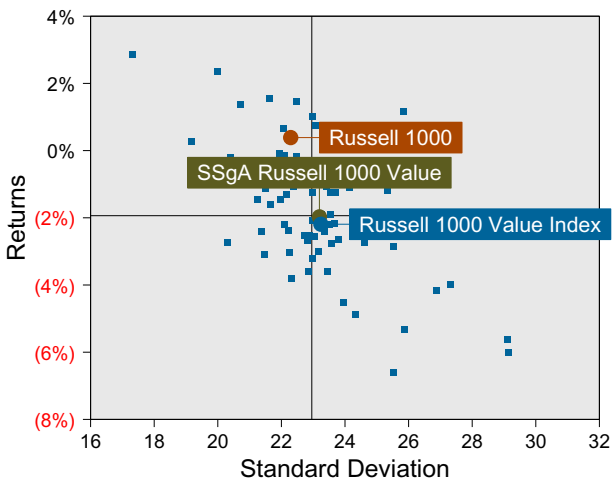


		Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile		(1.84)	5.38	17.26	17.29	1.00	2.25
25th Percentile		(2.72)	3.21	16.34	16.18	(0.89)	0.33
Median		(3.59)	1.48	15.01	14.70	(1.94)	(0.67)
75th Percentile		(4.98)	(0.45)	12.94	13.08	(2.75)	(1.57)
90th Percentile		(6.30)	(5.39)	11.04	11.90	(4.14)	(3.06)
SSgA Russell 1000 Value	A	(2.18)	3.09	15.23	15.85	(1.97)	(0.95)
Russell 1000	B	(3.12)	4.37	17.35	16.64	0.39	1.47
Russell 1000 Value Index	▲	(2.20)	3.01	15.25	15.80	(2.19)	(1.19)

Relative Return vs Russell 1000 Value Index



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

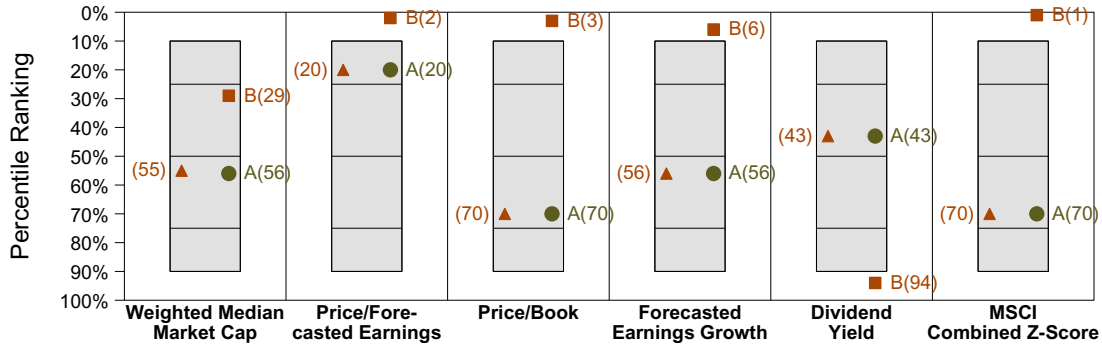


SSGA Russell 1000 Value
Equity Characteristics Analysis Summary

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, 2012

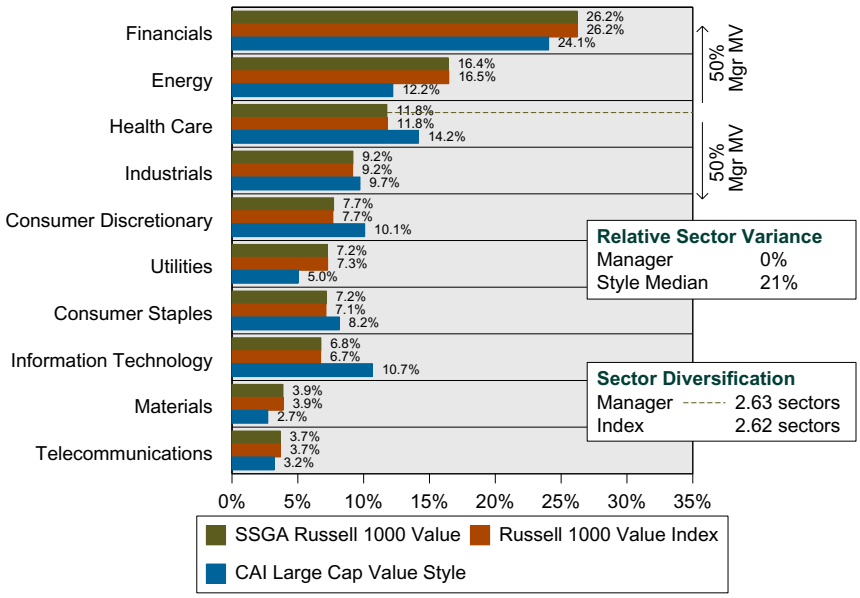


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	65.20	11.41	1.81	10.65	2.98	(0.32)
25th Percentile	46.68	10.86	1.66	10.00	2.77	(0.53)
Median	34.49	10.47	1.50	9.27	2.54	(0.76)
75th Percentile	26.67	9.93	1.39	8.65	2.38	(0.90)
90th Percentile	21.90	9.65	1.27	8.27	2.22	(1.02)
SSGA Russell 1000 Value ● A	32.72	11.04	1.41	9.14	2.59	(0.87)
Russell 1000 ■ B	39.77	12.46	2.07	11.63	2.11	0.10
Russell 1000 Value Index ▲	32.78	11.04	1.41	9.13	2.59	(0.87)

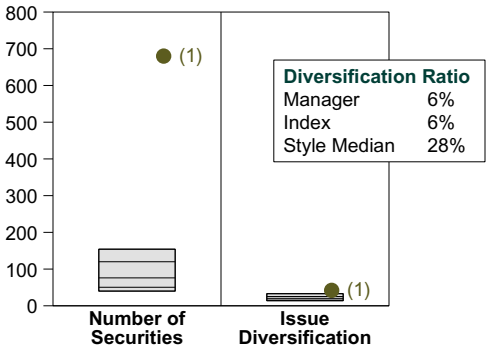
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	154	33
25th Percentile	120	25
Median	76	20
75th Percentile	50	16
90th Percentile	40	14
SSGA Russell 1000 Value ●	680	42
Russell 1000 Value Index ▲	689	42

SSgA Russell 200
Period Ended June 30, 2012

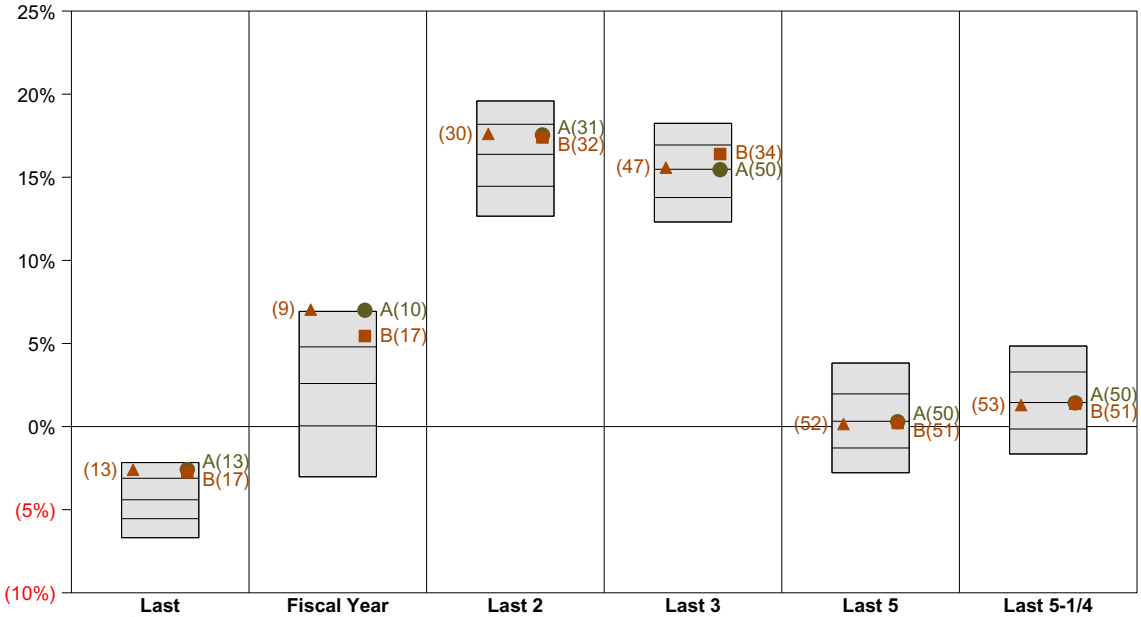
Quarterly Summary and Highlights

- SSgA Russell 200's portfolio posted a (2.59)% return for the quarter placing it in the 13 percentile of the CAI Large Capitalization Style group for the quarter and in the 10 percentile for the last year.
- SSgA Russell 200's portfolio outperformed the Russell Top 200 by 0.01% for the quarter and underperformed the Russell Top 200 for the year by 0.04%.

Quarterly Asset Growth

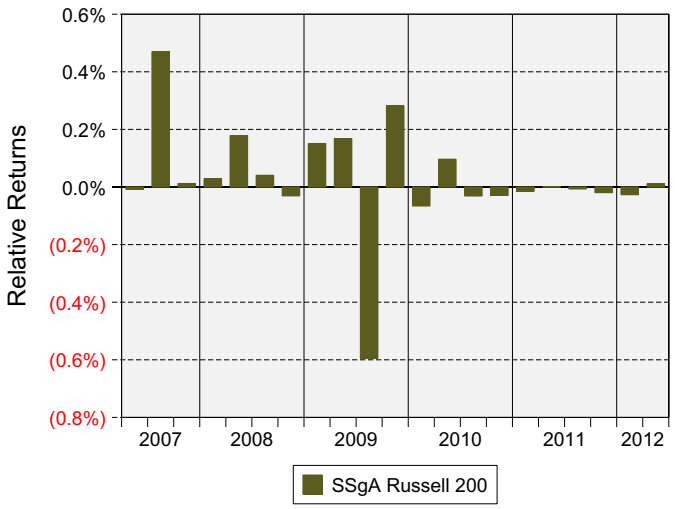
Beginning Market Value	$404,937,912
Net New Investment	$0
Investment Gains/(Losses)	$-10,475,588
Ending Market Value	$394,462,324

Performance vs CAI Large Capitalization Style (Gross)

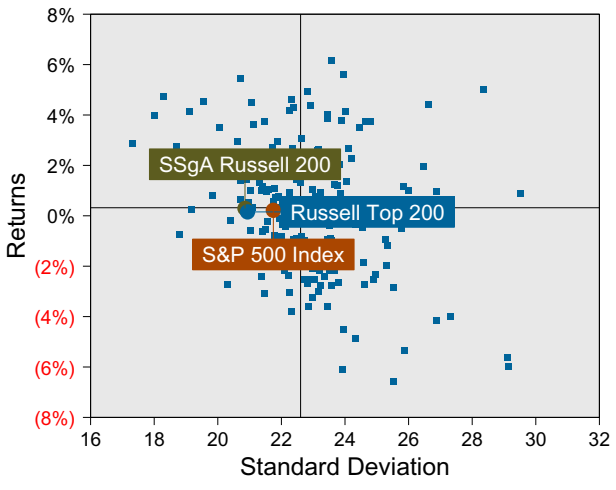


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	(2.16)	6.93	19.59	18.24	3.82	4.84
25th Percentile	(3.11)	4.80	18.19	16.94	1.97	3.29
Median	(4.40)	2.59	16.38	15.48	0.32	1.45
75th Percentile	(5.54)	0.04	14.46	13.78	(1.29)	(0.15)
90th Percentile	(6.68)	(3.02)	12.66	12.31	(2.78)	(1.65)
SSgA Russell 200 ● A	(2.59)	7.00	17.55	15.46	0.29	1.42
S&P 500 Index ■ B	(2.75)	5.45	17.39	16.40	0.22	1.38
Russell Top 200 ▲	(2.60)	7.04	17.61	15.58	0.15	1.29

Relative Return vs Russell Top 200



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

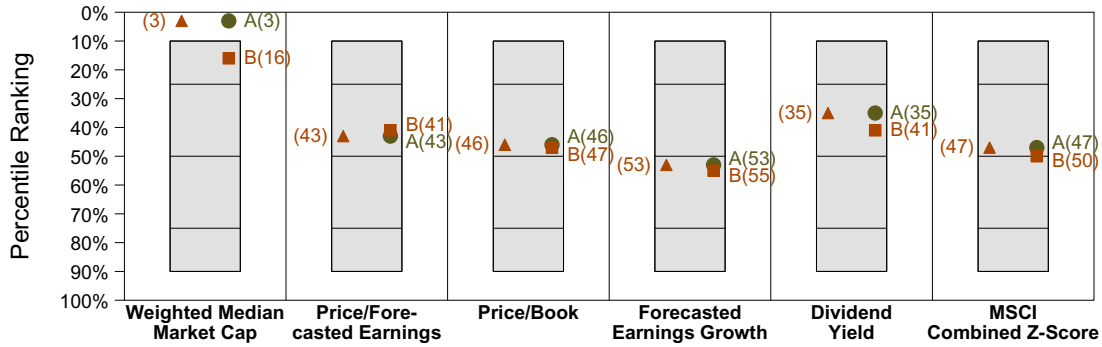


SSGA Russell 200
Equity Characteristics Analysis Summary

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, 2012

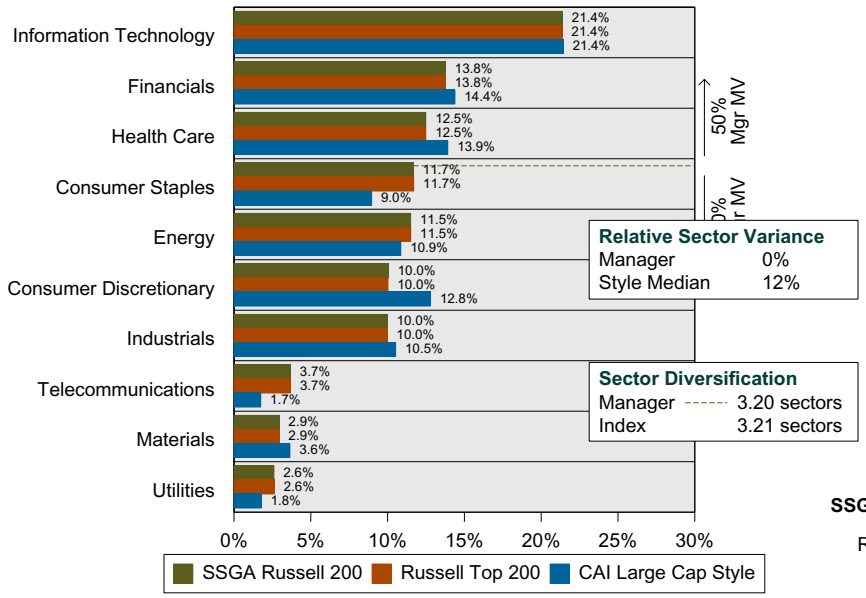


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	63.18	15.57	3.81	16.38	2.76	1.52
25th Percentile	51.31	13.61	3.10	14.23	2.45	1.01
Median	35.93	11.51	2.03	11.76	1.99	0.09
75th Percentile	28.30	10.57	1.59	9.81	1.33	(0.61)
90th Percentile	22.40	9.94	1.40	8.64	0.89	(0.89)
SSGA Russell 200 ● A	86.63	11.90	2.13	11.54	2.27	0.14
S&P 500 Index ■ B	56.97	12.25	2.09	11.43	2.20	0.08
Russell Top 200 ▲	86.63	11.90	2.13	11.54	2.27	0.14

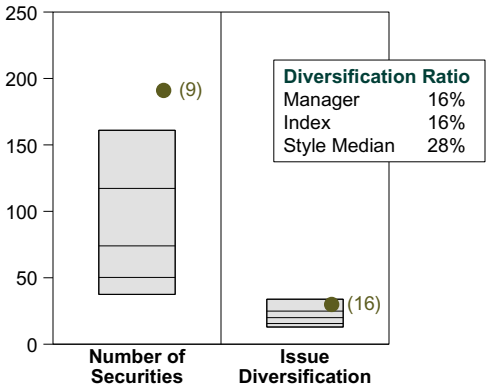
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	161	34
25th Percentile	117	25
Median	74	20
75th Percentile	50	16
90th Percentile	38	13
SSGA Russell 200 ●	191	30
Russell Top 200 ▲	191	30

SMALL CAP EQUITY POOL
Period Ended June 30, 2012

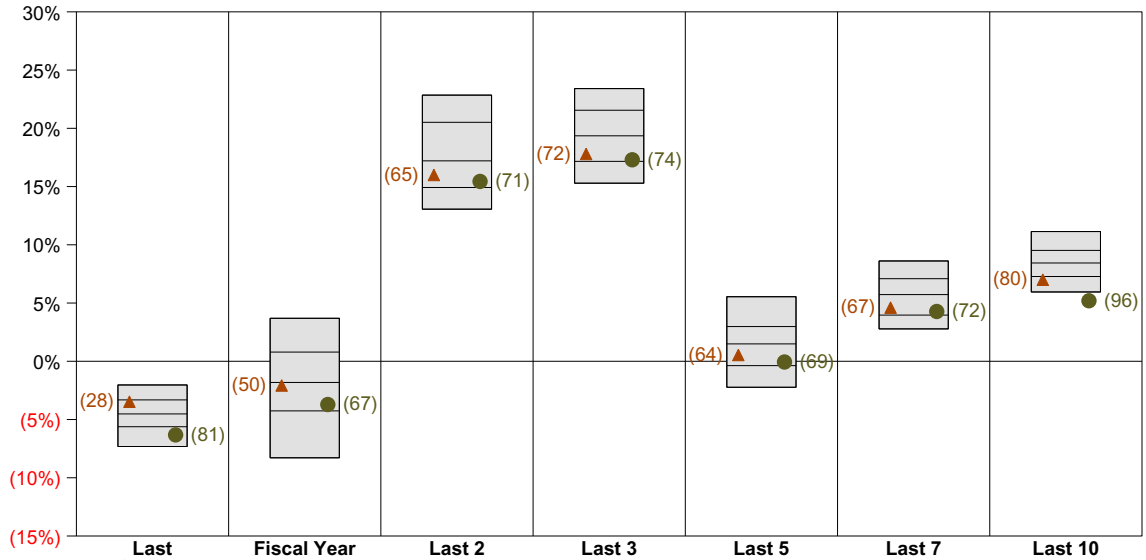
Investment Philosophy

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

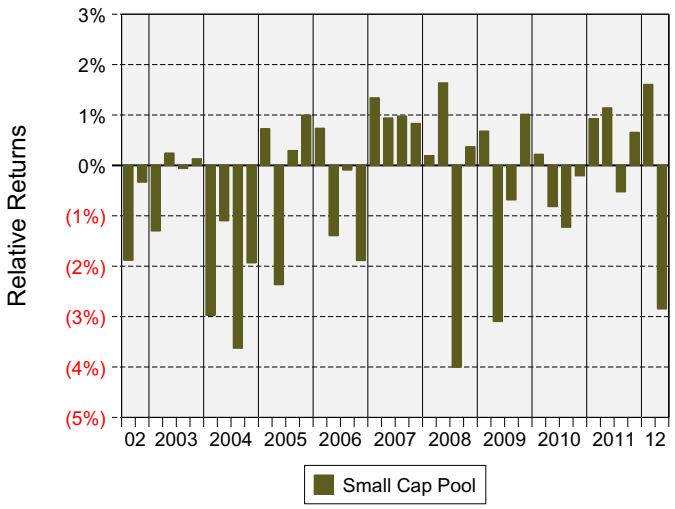
- Small Cap Pool's portfolio posted a (6.32)% return for the quarter placing it in the 81 percentile of the CAI Small Capitalization Style group for the quarter and in the 67 percentile for the last year.
- Small Cap Pool's portfolio underperformed the Russell 2000 Index by 2.85% for the quarter and underperformed the Russell 2000 Index for the year by 1.63%.

Performance vs CAI Small Capitalization Style (Gross)

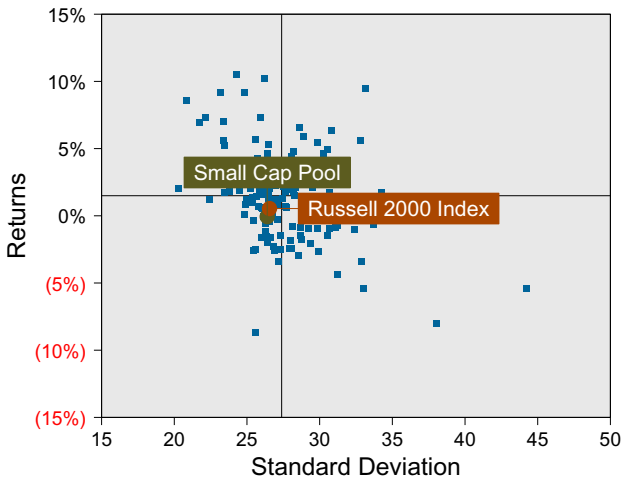


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(2.03)	3.69	22.85	23.41	5.54	8.61	11.14
25th Percentile	(3.32)	0.79	20.51	21.55	2.98	7.09	9.52
Median	(4.52)	(1.82)	17.21	19.36	1.49	5.72	8.44
75th Percentile	(5.62)	(4.26)	14.92	17.16	(0.37)	3.96	7.28
90th Percentile	(7.32)	(8.29)	13.06	15.29	(2.23)	2.78	5.95
Small Cap Pool ●	(6.32)	(3.71)	15.44	17.30	(0.06)	4.28	5.19
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54	4.60	7.00

Relative Return vs Russell 2000 Index



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



Small Cap Pool
Return Analysis Summary

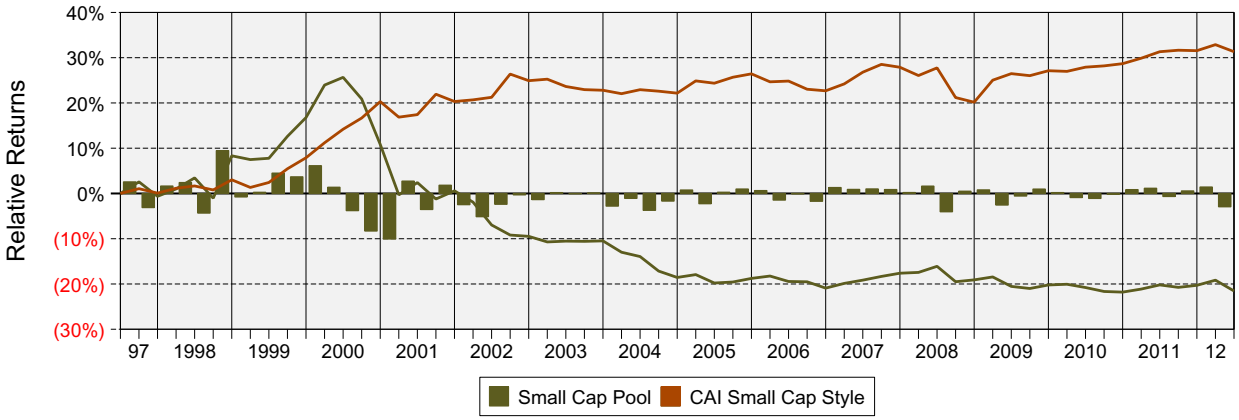
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

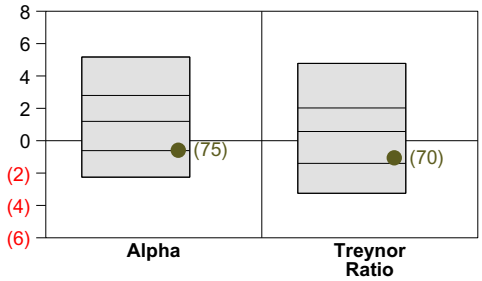
Performance vs CAI Small Capitalization Style (Gross)

	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	11.97	5.07	35.55	49.83	(29.58)	20.20	21.82	14.79	25.44
25th Percentile	10.28	1.69	31.53	44.57	(33.03)	10.32	18.62	10.97	22.73
Median	8.45	(1.76)	28.25	34.00	(37.57)	1.39	14.59	7.55	18.56
75th Percentile	6.63	(5.72)	24.99	25.24	(42.30)	(5.47)	11.44	5.55	13.61
90th Percentile	4.68	(8.66)	22.16	18.02	(46.48)	(11.41)	7.07	2.77	8.83
Small Cap Pool ●	6.83	(2.33)	24.35	25.40	(34.97)	2.53	15.24	4.28	7.65
Russell 2000 Index ▲	8.53	(4.18)	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33

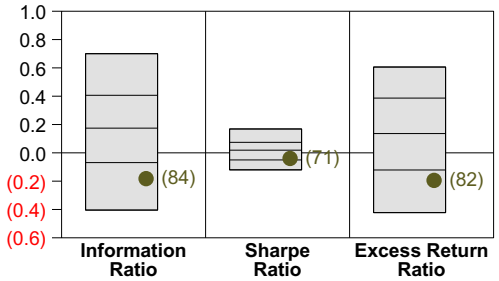
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.17	4.78
25th Percentile	2.80	2.02
Median	1.20	0.57
75th Percentile	(0.61)	(1.40)
90th Percentile	(2.26)	(3.25)
Small Cap Pool ●	(0.59)	(1.06)



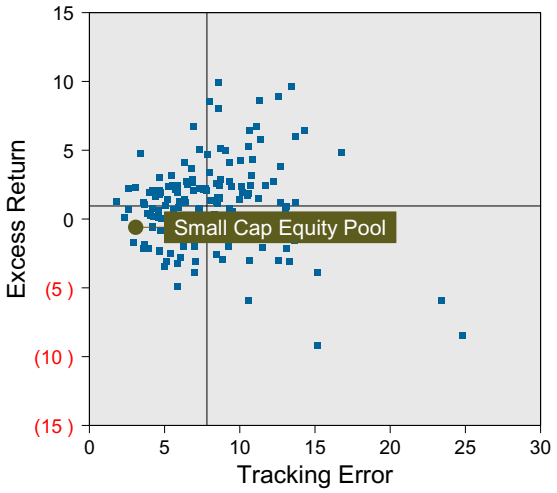
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.70	0.17	0.61
25th Percentile	0.41	0.07	0.39
Median	0.17	0.02	0.14
75th Percentile	(0.07)	(0.05)	(0.12)
90th Percentile	(0.40)	(0.12)	(0.42)
Small Cap Pool ●	(0.18)	(0.04)	(0.19)

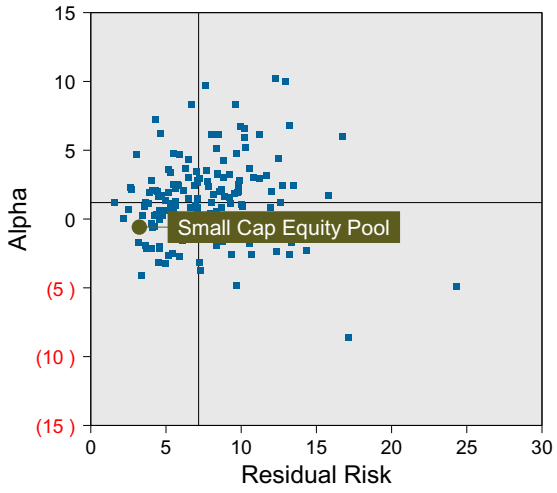
Small Cap Equity Pool
Risk Analysis Summary

Risk Analysis

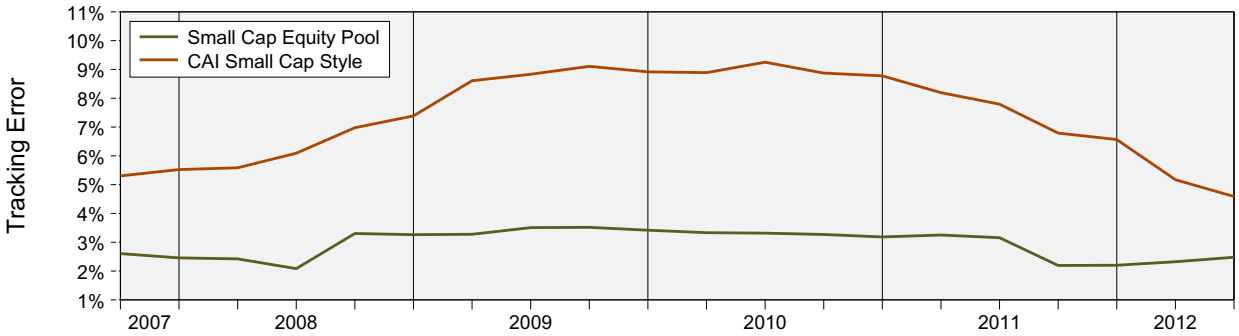
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information 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, 2012

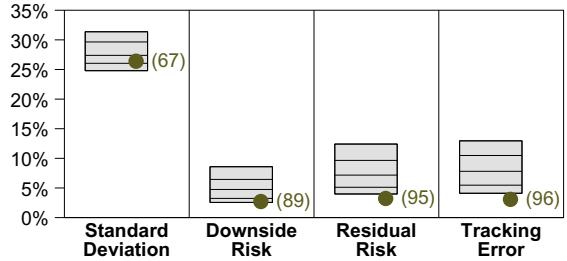




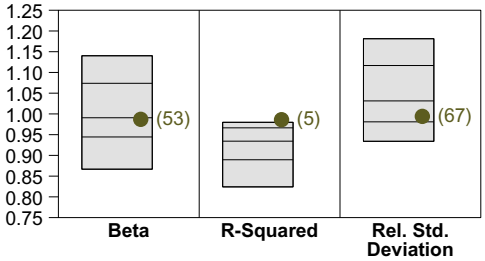
Rolling 12 Quarter Tracking Error vs Russell 2000 Index



Risk Statistics Rankings vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended June 30, 2012



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	31.37	8.59	12.41	12.96
25th Percentile	29.65	6.44	9.66	10.48
Median	27.39	4.75	7.17	7.81
75th Percentile	26.04	3.24	5.12	5.47
90th Percentile	24.80	2.56	3.98	4.11
Small Cap Equity Pool	26.39	2.71	3.23	3.08



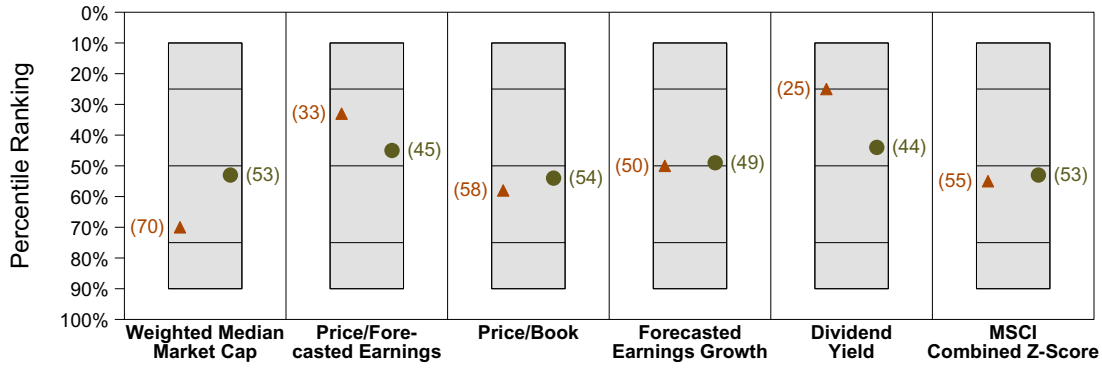
	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.14	0.98	1.18
25th Percentile	1.07	0.97	1.12
Median	0.99	0.93	1.03
75th Percentile	0.94	0.89	0.98
90th Percentile	0.87	0.82	0.93
Small Cap Equity Pool	0.99	0.99	0.99

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, 2012

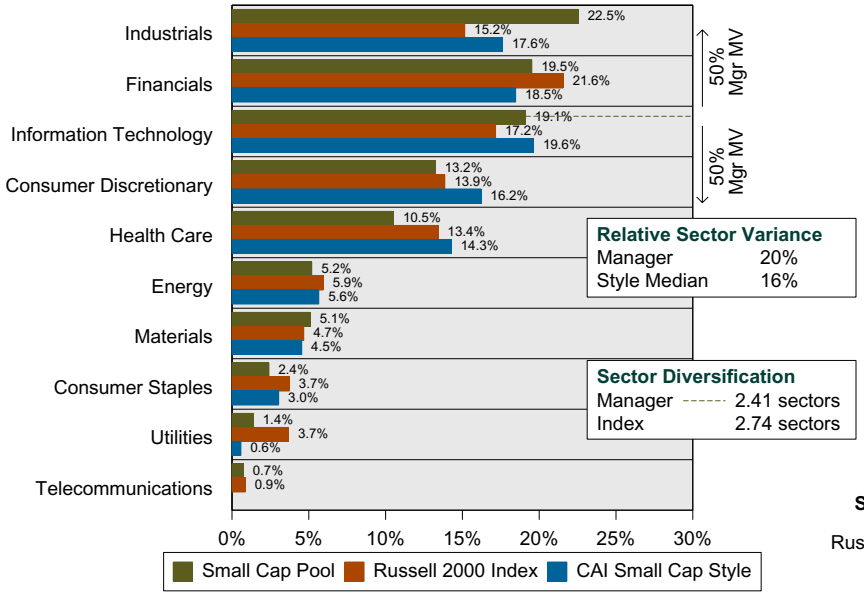


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.99	21.91	3.44	20.41	1.80	1.68
25th Percentile	1.61	18.50	2.72	18.07	1.42	1.17
Median	1.33	13.93	1.81	12.71	1.03	0.13
75th Percentile	1.05	12.34	1.42	10.47	0.37	(0.50)
90th Percentile	0.82	11.17	1.19	9.03	0.13	(0.91)
Small Cap Pool ●	1.32	14.71	1.74	12.96	1.12	0.08
Russell 2000 Index ▲	1.10	16.95	1.68	12.84	1.42	0.01

Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

Sector Allocation
June 30, 2012



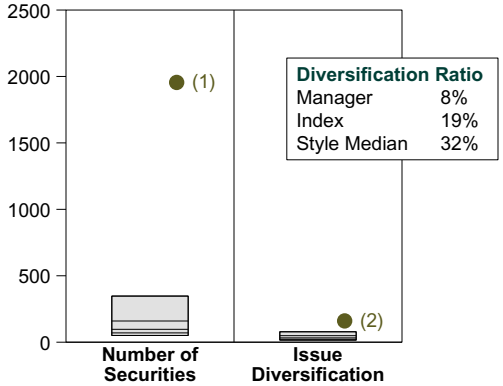
Relative Sector Variance

Manager	20%
Style Median	16%

Sector Diversification

Manager	2.41 sectors
Index	2.74 sectors

Diversification
June 30, 2012



Diversification Ratio

Manager	8%
Index	19%
Style Median	32%

	Number of Securities	Issue Diversification
10th Percentile	347	79
25th Percentile	160	49
Median	97	32
75th Percentile	70	22
90th Percentile	51	16
Small Cap Pool ●	1955	160
Russell 2000 Index ▲	2002	375

Barrow Hanley Small Cap Value
Period Ended June 30, 2012

Investment Philosophy

Barrow, Hanley uses a bottom-up stock selection process to identify securities having low absolute price/book ratios combined with prospects for above average profitability and earnings growth.

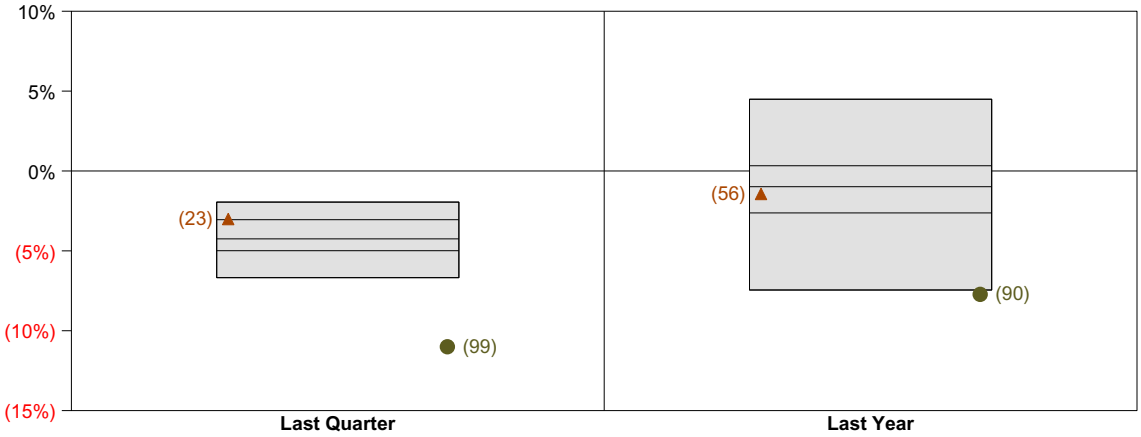
Quarterly Summary and Highlights

- Barrow Hanley Small Cap Value's portfolio posted a (11.00)% return for the quarter placing it in the 99 percentile of the CAI Small Cap Value Style group for the quarter and in the 90 percentile for the last year.
- Barrow Hanley Small Cap Value's portfolio underperformed the Russell 2000 Value Index by 7.99% for the quarter and underperformed the Russell 2000 Value Index for the year by 6.29%.

Quarterly Asset Growth

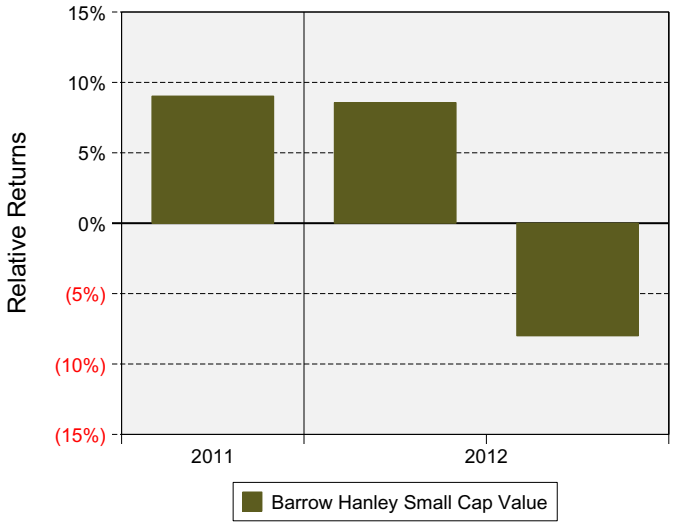
Beginning Market Value	$124,402,260
Net New Investment	$0
Investment Gains/(Losses)	$-13,687,843
Ending Market Value	$110,714,417

Performance vs CAI Small Cap Value Style (Gross)

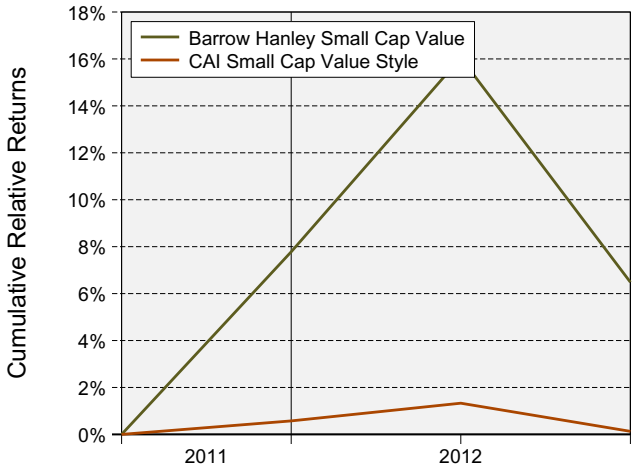


	Last Quarter	Last Year
10th Percentile	(1.95)	4.49
25th Percentile	(3.05)	0.33
Median	(4.25)	(0.98)
75th Percentile	(4.99)	(2.62)
90th Percentile	(6.68)	(7.45)
Barrow Hanley Small Cap Value	(11.00)	(7.72)
Russell 2000 Value Index	(3.01)	(1.44)

Relative Return vs Russell 2000 Value Index



Cumulative Returns vs Russell 2000 Value Index

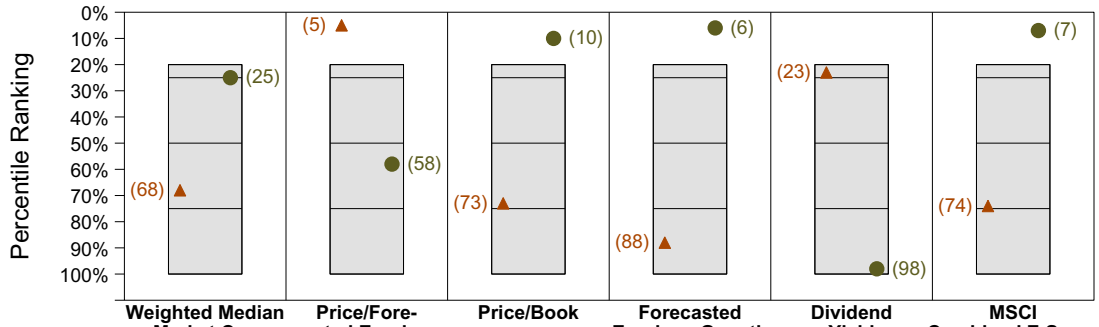


Barrow Hanley Small Cap Value
Equity Characteristics Analysis Summary

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, 2012

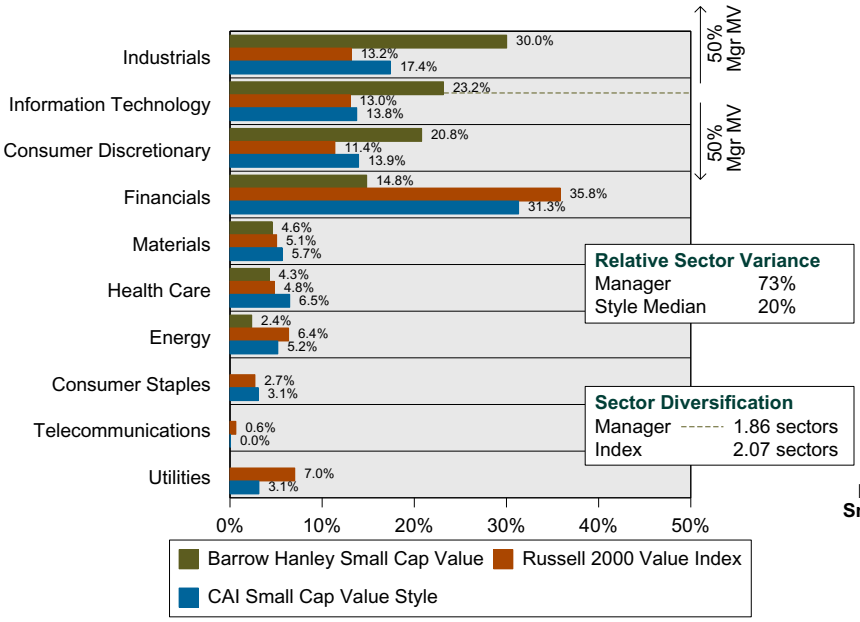


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.66	13.64	1.56	11.73	2.39	(0.42)
25th Percentile	1.44	13.22	1.37	10.66	2.09	(0.57)
Median	1.14	11.79	1.25	9.84	1.62	(0.81)
75th Percentile	0.81	11.03	1.14	8.72	1.41	(0.98)
90th Percentile	0.69	9.96	1.06	7.73	1.22	(1.08)
Barrow Hanley Small Cap Value ●	1.44	11.57	1.56	12.27	0.95	(0.25)
Russell 2000 Value Index ▲	0.93	14.63	1.15	8.01	2.14	(0.97)

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, 2012



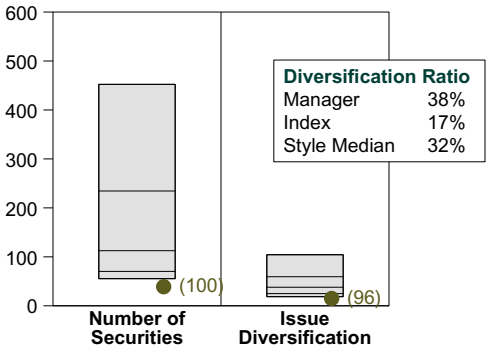
Relative Sector Variance

Manager	73%
Style Median	20%

Sector Diversification

Manager	1.86 sectors
Index	2.07 sectors

Diversification
June 30, 2012



Diversification Ratio

Manager	38%
Index	17%
Style Median	32%

	Number of Securities	Issue Diversification
10th Percentile	452	104
25th Percentile	235	59
Median	113	38
75th Percentile	70	25
90th Percentile	55	19
Barrow Hanley Small Cap Value ●	39	15
Russell 2000 Value Index ▲	1419	237

DePrince, Race & Zollo
Period Ended June 30, 2012

Investment Philosophy

DePrince, Race & Zollo believes undervalued stocks with an above average yield provide the opportunity for superior returns with less risk. Bottom-up stock selection with a focus on valuation and a fundamental catalyst is central to their process.

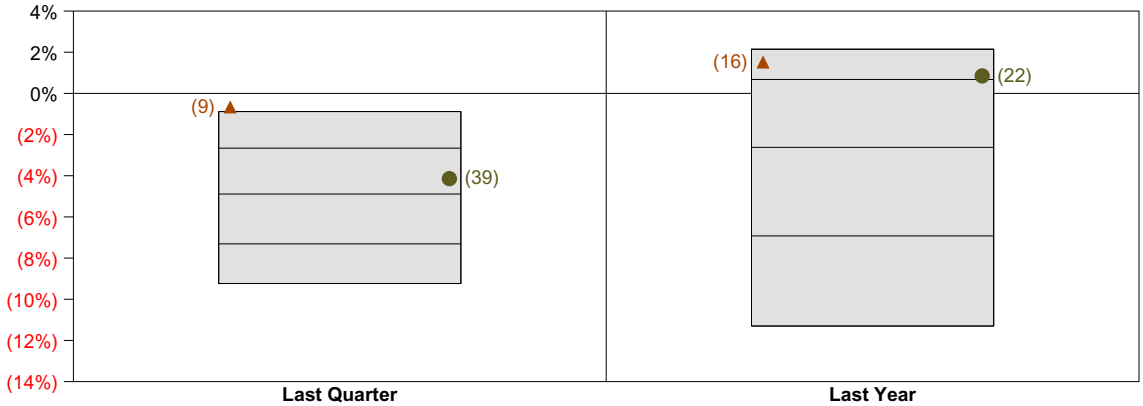
Quarterly Summary and Highlights

- DePrince, Race & Zollo's portfolio posted a (4.14)% return for the quarter placing it in the 39 percentile of the CAI Micro Cap Style group for the quarter and in the 22 percentile for the last year.
- DePrince, Race & Zollo's portfolio underperformed the Russell Micro Value Index by 3.47% for the quarter and underperformed the Russell Micro Value Index for the year by 0.66%.

Quarterly Asset Growth

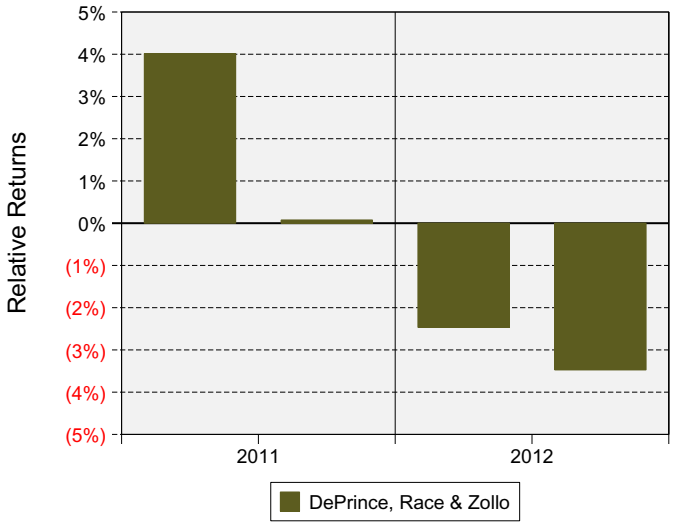
Beginning Market Value	$76,220,177
Net New Investment	$0
Investment Gains/(Losses)	$-3,156,764
Ending Market Value	$73,063,414

Performance vs CAI Micro Cap Style (Gross)

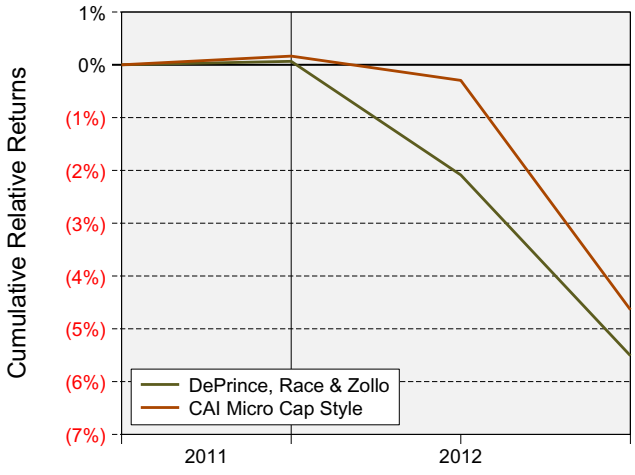


	Last Quarter	Last Year
10th Percentile	(0.88)	2.15
25th Percentile	(2.66)	0.68
Median	(4.89)	(2.62)
75th Percentile	(7.31)	(6.92)
90th Percentile	(9.24)	(11.30)
DePrince, Race & Zollo ●	(4.14)	0.85
Russell Micro Value Index ▲	(0.67)	1.51

Relative Return vs Russell Micro Value Index



Cumulative Returns vs Russell Micro Value Index

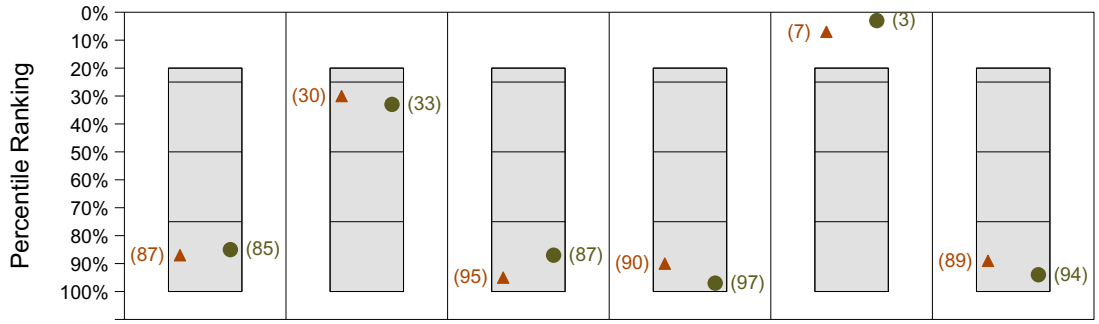


DePrince, Race & Zollo
Equity Characteristics Analysis Summary

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 Micro Cap Style
as of June 30, 2012

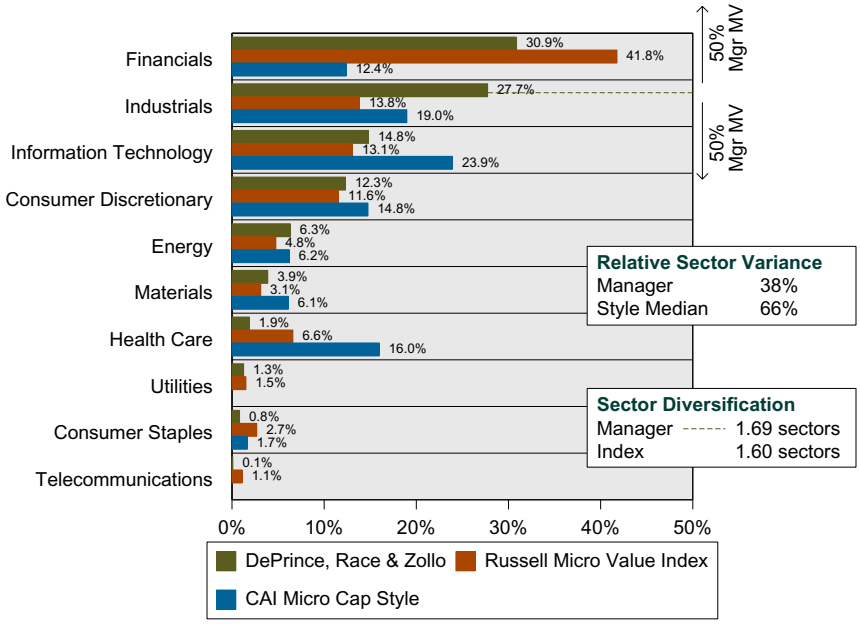


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	0.73	37.86	3.08	20.71	1.67	1.44
25th Percentile	0.60	19.51	2.21	16.76	1.19	0.63
Median	0.41	15.10	1.49	12.90	0.67	(0.13)
75th Percentile	0.31	13.03	1.31	9.36	0.36	(0.53)
90th Percentile	0.23	12.31	1.11	4.77	0.11	(1.22)
DePrince, Race & Zollo ●	0.29	16.22	1.16	0.65	3.02	(1.75)
Russell Micro Value Index ▲	0.26	17.60	0.99	4.85	1.83	(1.17)

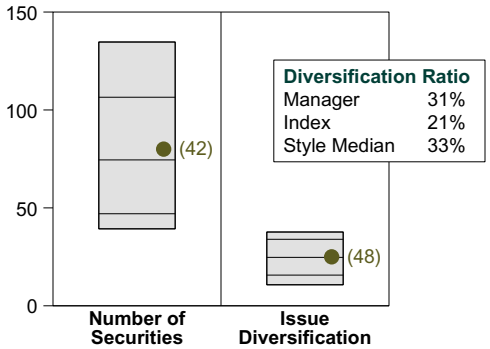
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	135	38
25th Percentile	107	34
Median	75	25
75th Percentile	47	16
90th Percentile	39	11
DePrince, Race & Zollo ●	80	25
Russell Micro Value Index ▲	1066	224

Frontier Capital
Period Ended June 30, 2012

Investment Philosophy

The Frontier Small Cap Value strategy seeks to capitalize on the firm's expertise in small cap U.S. equities, applying internally generated fundamental research and bottom-up stock selection in creating a small value portfolio. The strategy seeks long-term capital appreciation by employing a relative-value approach to identify the best risk/reward investment ideas in the U.S. small capitalization equity universe.

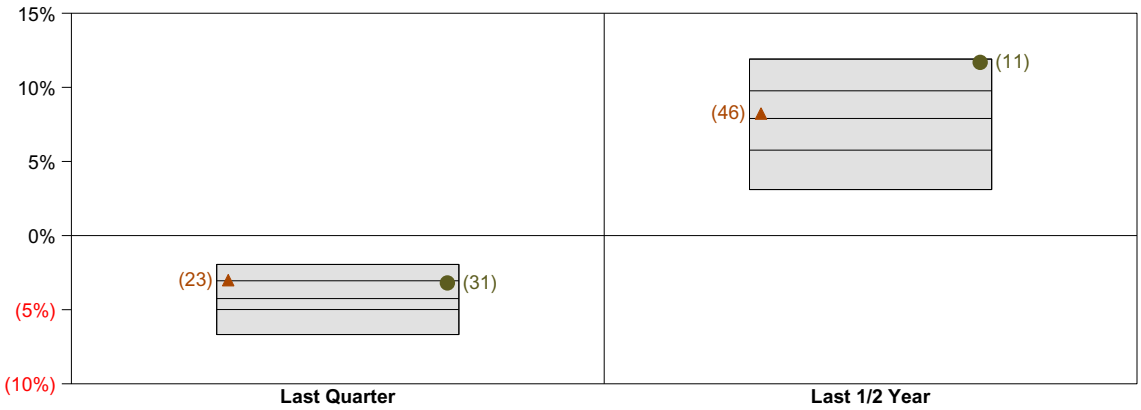
Quarterly Summary and Highlights

- Frontier Capital's portfolio posted a (3.20)% return for the quarter placing it in the 31 percentile of the CAI Small Cap Value Style group for the quarter and in the 11 percentile for the last one-half year.
- Frontier Capital's portfolio underperformed the Russell 2000 Value Index by 0.19% for the quarter and outperformed the Russell 2000 Value Index for the one-half year by 3.45%.

Quarterly Asset Growth

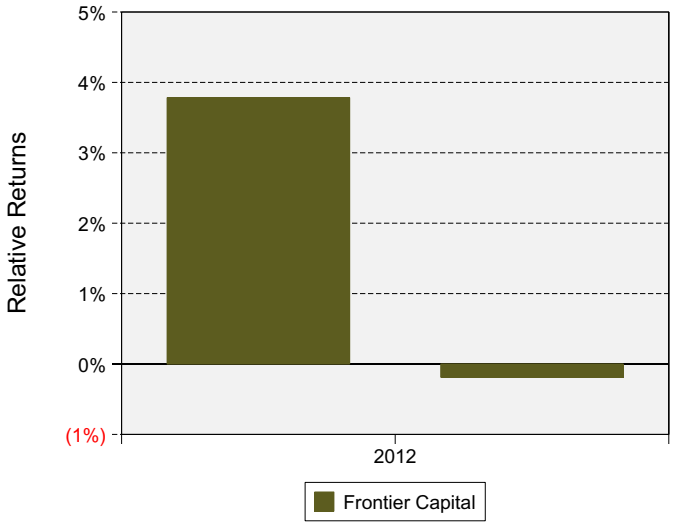
Beginning Market Value	$117,082,400
Net New Investment	$0
Investment Gains/(Losses)	$-3,741,312
Ending Market Value	$113,341,088

Performance vs CAI Small Cap Value Style (Gross)

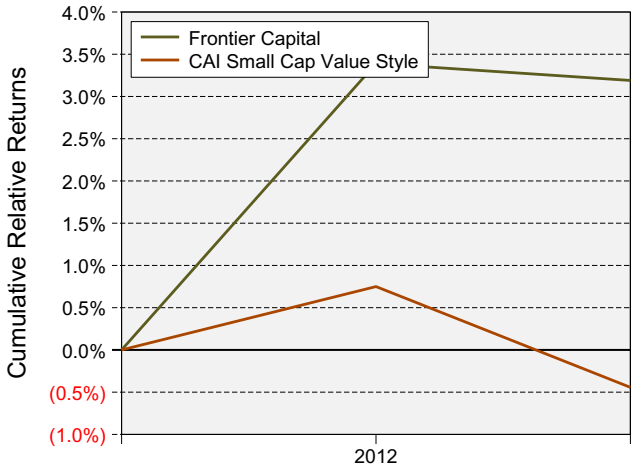


	Last Quarter	Last 1/2 Year
10th Percentile	(1.95)	11.91
25th Percentile	(3.05)	9.77
Median	(4.25)	7.90
75th Percentile	(4.99)	5.76
90th Percentile	(6.68)	3.10
Frontier Capital ●	(3.20)	11.69
Russell 2000 Value Index ▲	(3.01)	8.23

Relative Return vs Russell 2000 Value Index



Cumulative Returns vs Russell 2000 Value Index

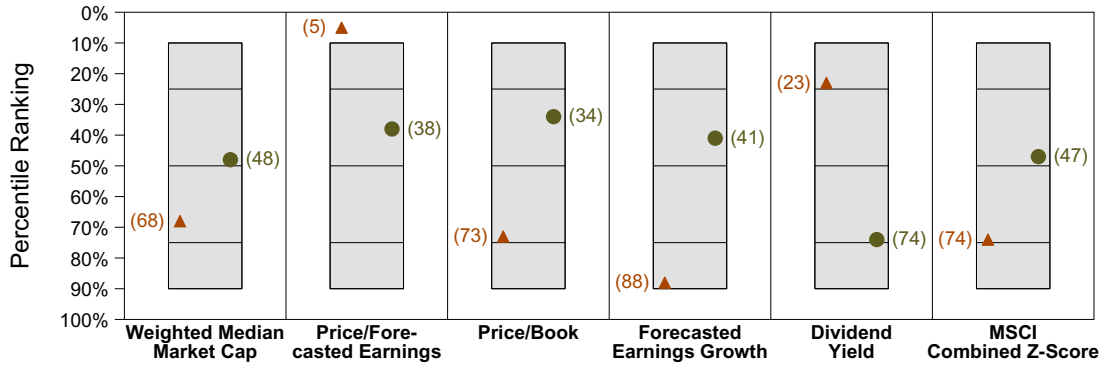


Frontier Capital
Equity Characteristics Analysis Summary

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 Small Cap Value Style
as of June 30, 2012

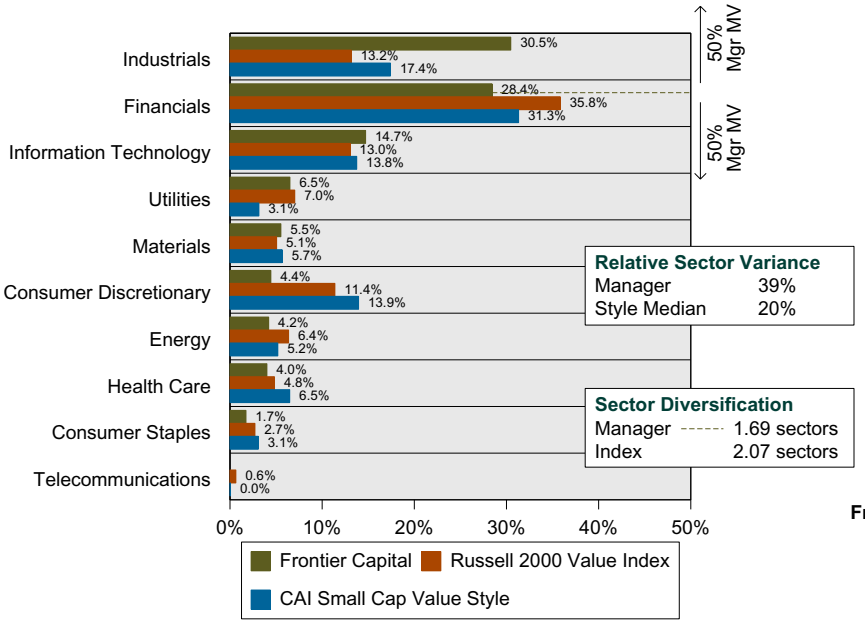


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.66	13.64	1.56	11.73	2.39	(0.42)
25th Percentile	1.44	13.22	1.37	10.66	2.09	(0.57)
Median	1.14	11.79	1.25	9.84	1.62	(0.81)
75th Percentile	0.81	11.03	1.14	8.72	1.41	(0.98)
90th Percentile	0.69	9.96	1.06	7.73	1.22	(1.08)
Frontier Capital ●	1.22	12.48	1.29	10.33	1.42	(0.77)
Russell 2000 Value Index ▲	0.93	14.63	1.15	8.01	2.14	(0.97)

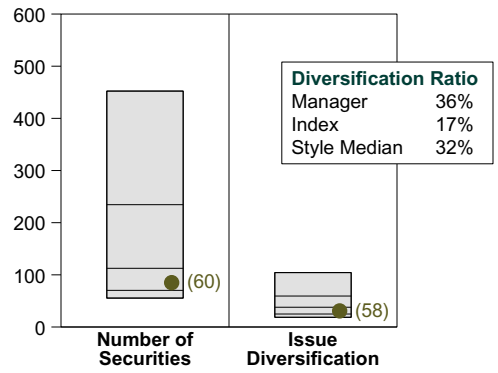
Sector Weights

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, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	452	104
25th Percentile	235	59
Median	113	38
75th Percentile	70	25
90th Percentile	55	19
Frontier Capital ●	85	31
Russell 2000 Value Index ▲	1419	237

Jennison Associates
Period Ended June 30, 2012

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.

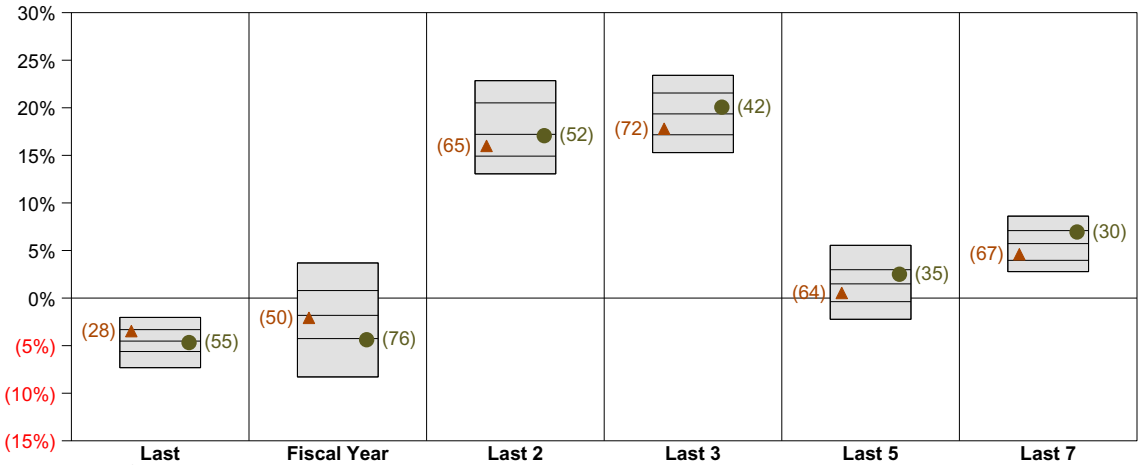
Quarterly Summary and Highlights

- Jennison Associates's portfolio posted a (4.67)% return for the quarter placing it in the 55 percentile of the CAI Small Capitalization Style group for the quarter and in the 76 percentile for the last year.
- Jennison Associates's portfolio underperformed the Russell 2000 Index by 1.20% for the quarter and underperformed the Russell 2000 Index for the year by 2.30%.

Quarterly Asset Growth

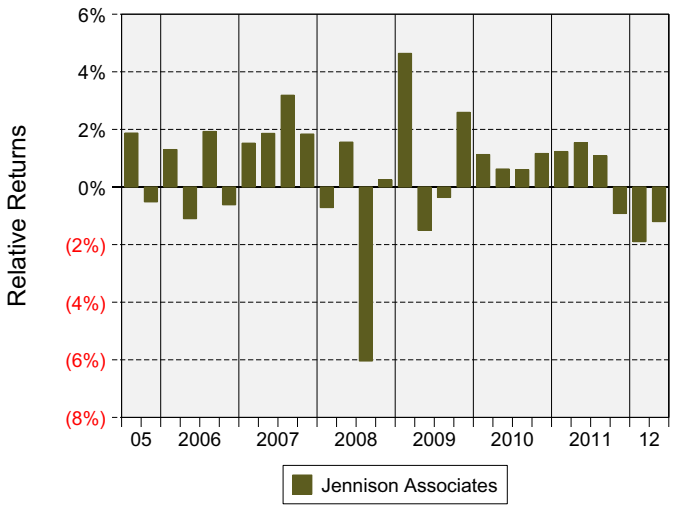
Beginning Market Value	$132,623,476
Net New Investment	$0
Investment Gains/(Losses)	$-6,198,214
Ending Market Value	$126,425,261

Performance vs CAI Small Capitalization Style (Gross)

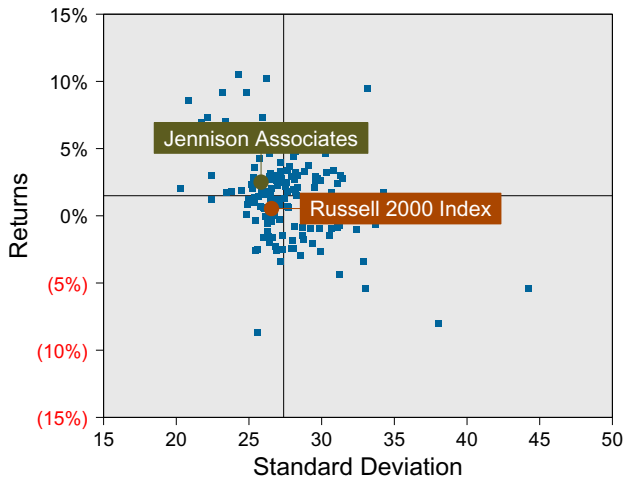


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	(2.03)	3.69	22.85	23.41	5.54	8.61
25th Percentile	(3.32)	0.79	20.51	21.55	2.98	7.09
Median	(4.52)	(1.82)	17.21	19.36	1.49	5.72
75th Percentile	(5.62)	(4.26)	14.92	17.16	(0.37)	3.96
90th Percentile	(7.32)	(8.29)	13.06	15.29	(2.23)	2.78
Jennison Associates ●	(4.67)	(4.38)	17.07	20.06	2.51	6.95
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54	4.60

Relative Return vs Russell 2000 Index



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



Jennison Associates
Return Analysis Summary

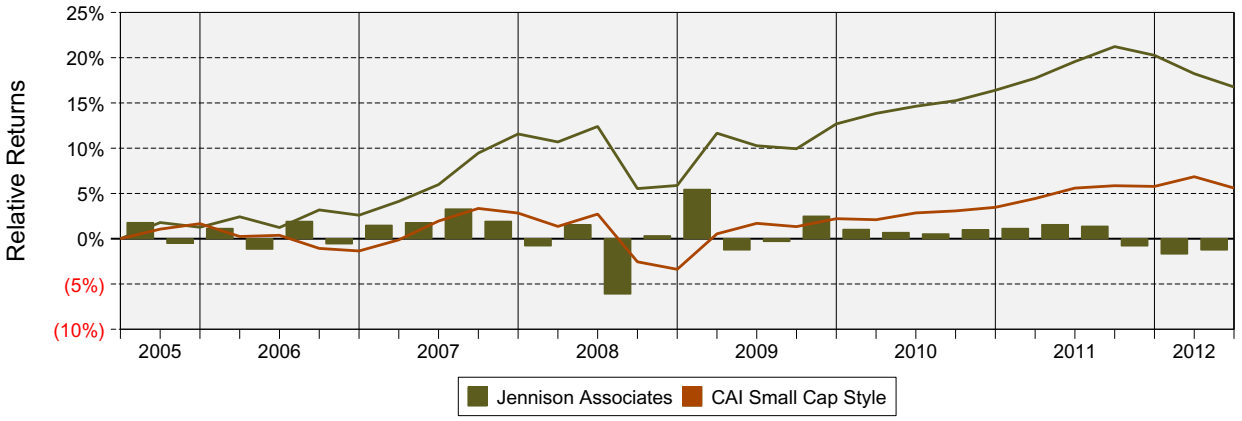
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

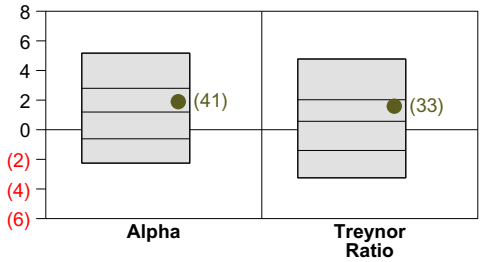
Performance vs CAI Small Capitalization Style (Gross)

	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	11.97	5.07	35.55	49.83	(29.58)	20.20
25th Percentile	10.28	1.69	31.53	44.57	(33.03)	10.32
Median	8.45	(1.76)	28.25	34.00	(37.57)	1.39
75th Percentile	6.63	(5.72)	24.99	25.24	(42.30)	(5.47)
90th Percentile	4.68	(8.66)	22.16	18.02	(46.48)	(11.41)
Jennison Associates ●	5.37	(1.00)	31.05	35.34	(37.16)	7.05
Russell 2000 Index ▲	8.53	(4.18)	26.85	27.17	(33.79)	(1.57)

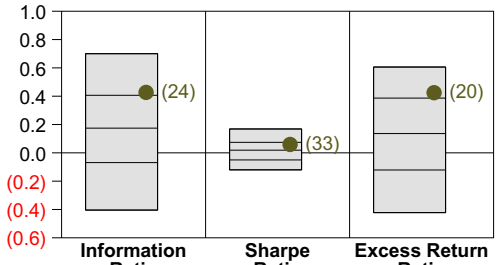
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.17	4.78
25th Percentile	2.80	2.02
Median	1.20	0.57
75th Percentile	(0.61)	(1.40)
90th Percentile	(2.26)	(3.25)
Jennison Associates ●	1.89	1.59



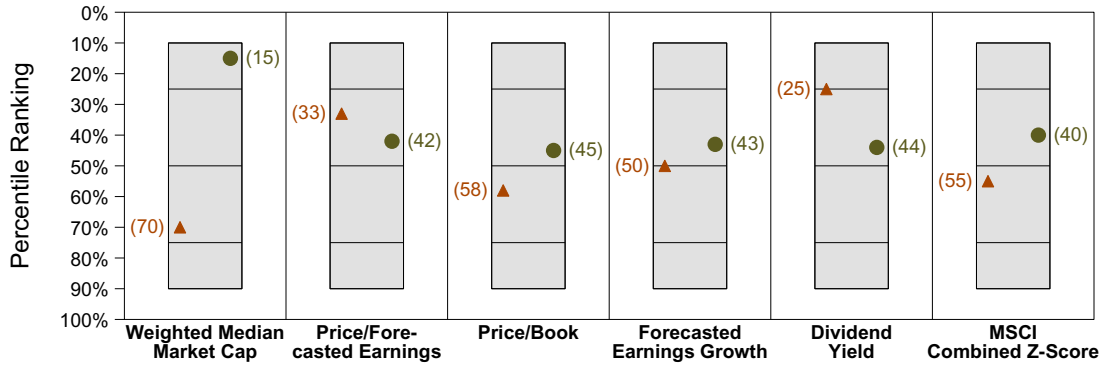
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.70	0.17	0.61
25th Percentile	0.41	0.07	0.39
Median	0.17	0.02	0.14
75th Percentile	(0.07)	(0.05)	(0.12)
90th Percentile	(0.40)	(0.12)	(0.42)
Jennison Associates ●	0.43	0.06	0.42

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, 2012

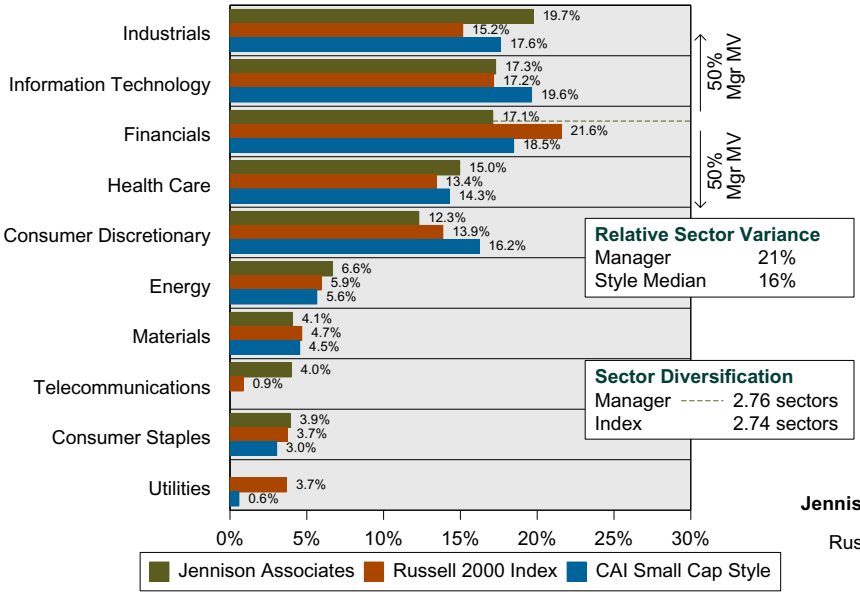


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.99	21.91	3.44	20.41	1.80	1.68
25th Percentile	1.61	18.50	2.72	18.07	1.42	1.17
Median	1.33	13.93	1.81	12.71	1.03	0.13
75th Percentile	1.05	12.34	1.42	10.47	0.37	(0.50)
90th Percentile	0.82	11.17	1.19	9.03	0.13	(0.91)
Jennison Associates ●	1.78	15.25	1.98	14.41	1.12	0.61
Russell 2000 Index ▲	1.10	16.95	1.68	12.84	1.42	0.01

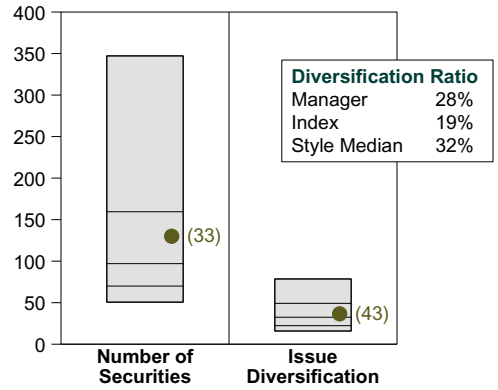
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

Sector Allocation
June 30, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	347	79
25th Percentile	160	49
Median	97	32
75th Percentile	70	22
90th Percentile	51	16
Jennison Associates ●	130	37
Russell 2000 Index ▲	2002	375

Lord, Abbett
Period Ended June 30, 2012

Investment Philosophy

Lord, Abbett utilizes a disciplined investment process that employs fundamental research in seeking to identify companies whose growth generates superior returns with acceptable levels of volatility.

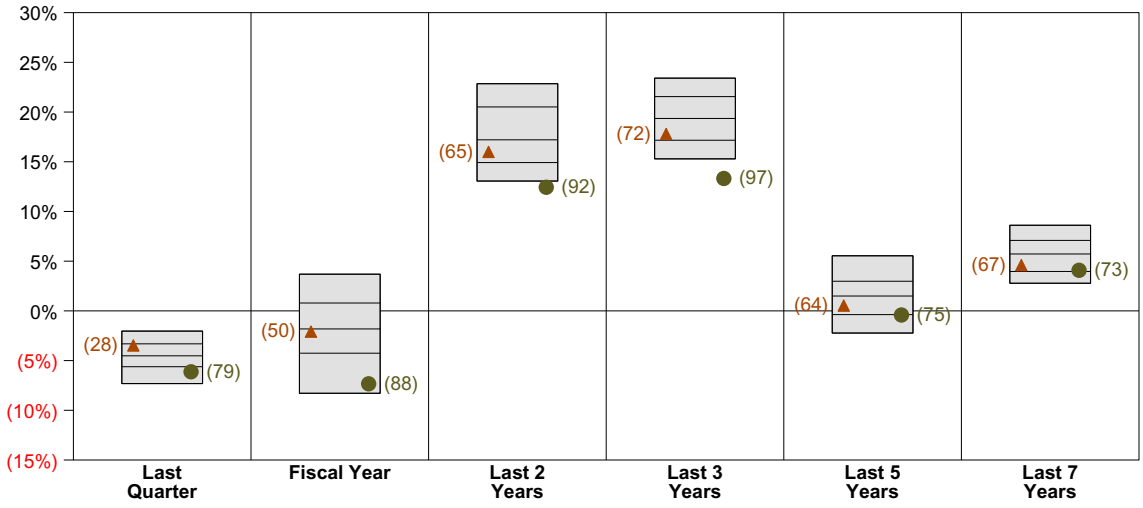
Quarterly Summary and Highlights

- Lord, Abbett's portfolio posted a (6.13)% return for the quarter placing it in the 79 percentile of the CAI Small Capitalization Style group for the quarter and in the 88 percentile for the last year.
- Lord, Abbett's portfolio underperformed the Russell 2000 Index by 2.65% for the quarter and underperformed the Russell 2000 Index for the year by 5.26%.

Quarterly Asset Growth

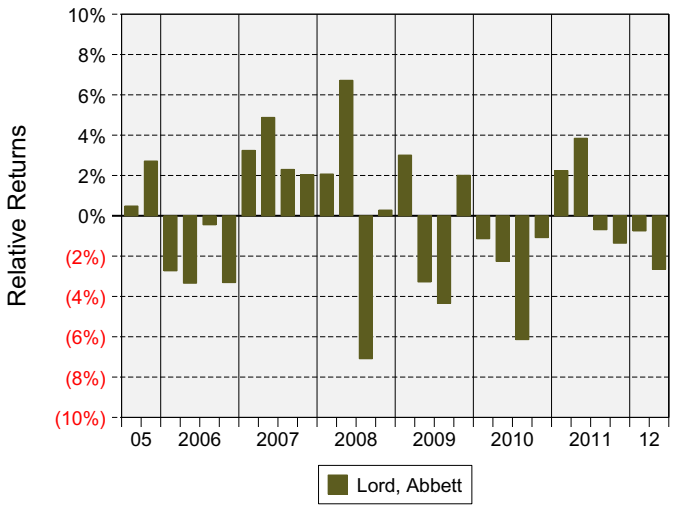
Beginning Market Value	$139,732,772
Net New Investment	$0
Investment Gains/(Losses)	$-8,560,311
Ending Market Value	$131,172,461

Performance vs CAI Small Capitalization Style (Gross)

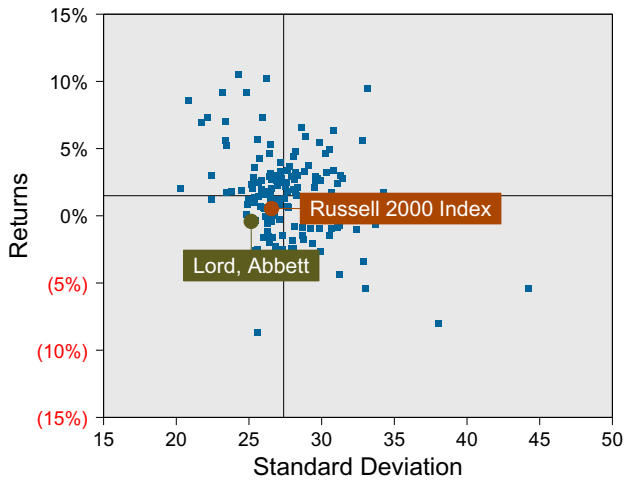


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	(2.03)	3.69	22.85	23.41	5.54	8.61
25th Percentile	(3.32)	0.79	20.51	21.55	2.98	7.09
Median	(4.52)	(1.82)	17.21	19.36	1.49	5.72
75th Percentile	(5.62)	(4.26)	14.92	17.16	(0.37)	3.96
90th Percentile	(7.32)	(8.29)	13.06	15.29	(2.23)	2.78
Lord, Abbett ●	(6.13)	(7.34)	12.43	13.32	(0.42)	4.08
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54	4.60

Relative Return vs Russell 2000 Index



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

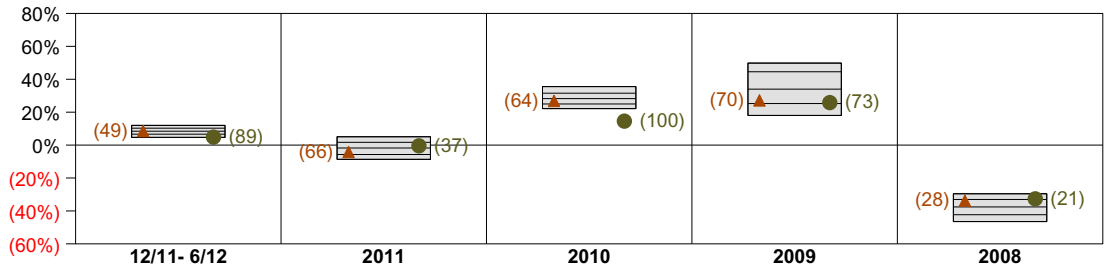


Lord, Abbett
Return Analysis Summary

Return Analysis

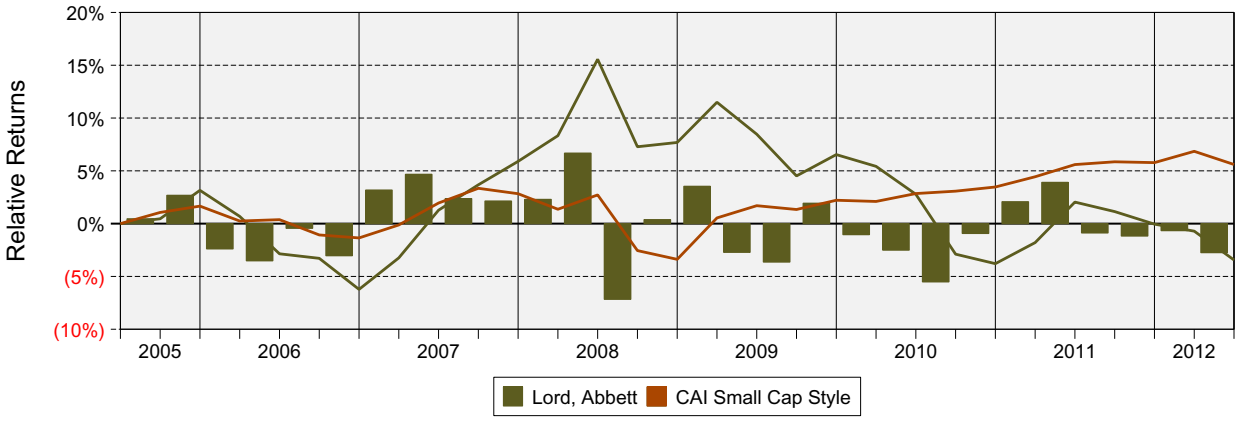
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Small Capitalization Style (Gross)

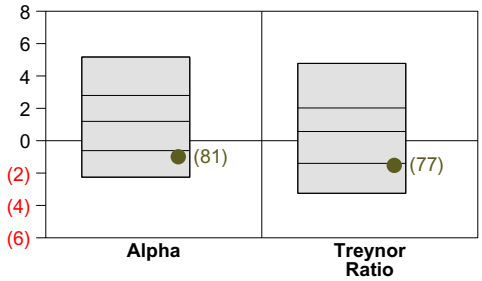


	12/11- 6/12	2011	2010	2009	2008
10th Percentile	11.97	5.07	35.55	49.83	(29.58)
25th Percentile	10.28	1.69	31.53	44.57	(33.03)
Median	8.45	(1.76)	28.25	34.00	(37.57)
75th Percentile	6.63	(5.72)	24.99	25.24	(42.30)
90th Percentile	4.68	(8.66)	22.16	18.02	(46.48)
Lord, Abbett ●	4.85	(0.45)	14.56	25.81	(32.67)
Russell 2000 Index ▲	8.53	(4.18)	26.85	27.17	(33.79)

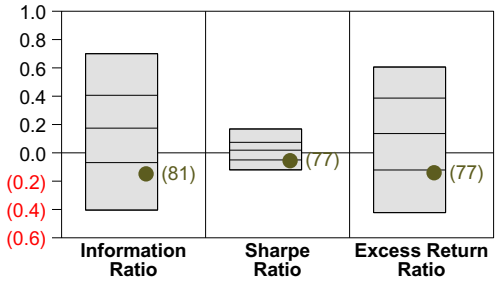
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.17	4.78
25th Percentile	2.80	2.02
Median	1.20	0.57
75th Percentile	(0.61)	(1.40)
90th Percentile	(2.26)	(3.25)
Lord, Abbett ●	(0.99)	(1.53)



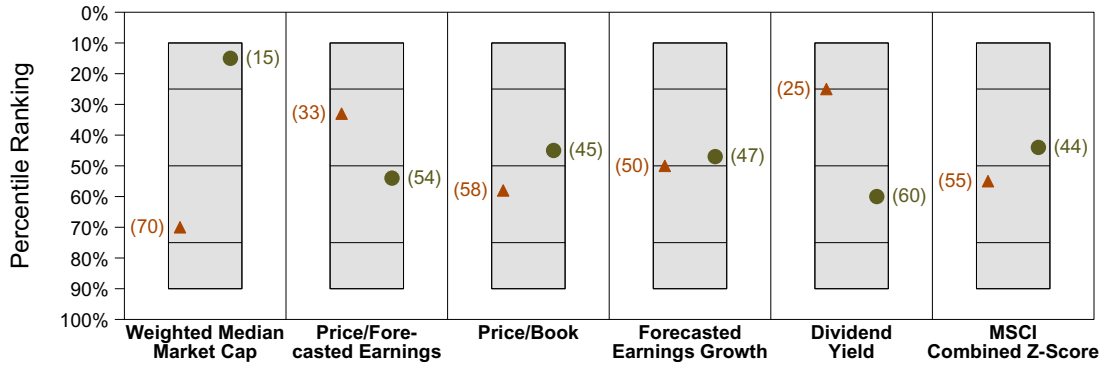
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.70	0.17	0.61
25th Percentile	0.41	0.07	0.39
Median	0.17	0.02	0.14
75th Percentile	(0.07)	(0.05)	(0.12)
90th Percentile	(0.40)	(0.12)	(0.42)
Lord, Abbett ●	(0.15)	(0.06)	(0.14)

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, 2012

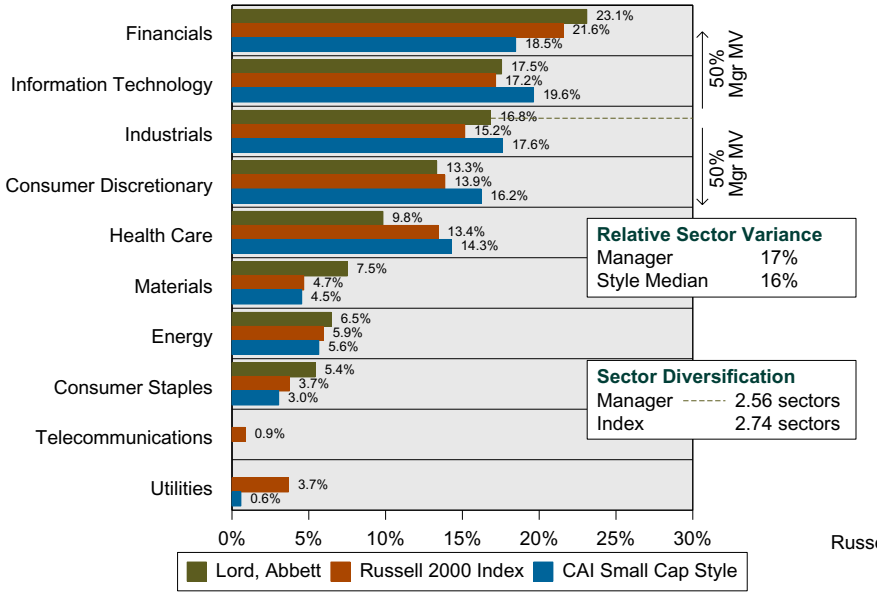


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.99	21.91	3.44	20.41	1.80	1.68
25th Percentile	1.61	18.50	2.72	18.07	1.42	1.17
Median	1.33	13.93	1.81	12.71	1.03	0.13
75th Percentile	1.05	12.34	1.42	10.47	0.37	(0.50)
90th Percentile	0.82	11.17	1.19	9.03	0.13	(0.91)
Lord, Abbett ●	1.79	13.47	1.98	13.86	0.70	0.41
Russell 2000 Index ▲	1.10	16.95	1.68	12.84	1.42	0.01

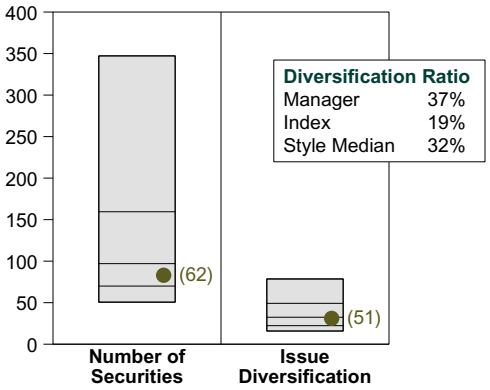
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

Sector Allocation
June 30, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	347	79
25th Percentile	160	49
Median	97	32
75th Percentile	70	22
90th Percentile	51	16
Lord, Abbett ●	83	31
Russell 2000 Index ▲	2002	375

Lord, Abbett Micro Cap
Period Ended June 30, 2012

Investment Philosophy

Lord Abbett utilizes a disciplined investment process that employs fundamental research in seeking to identify established micro-capitalization companies that are entering a period of dramatic growth.

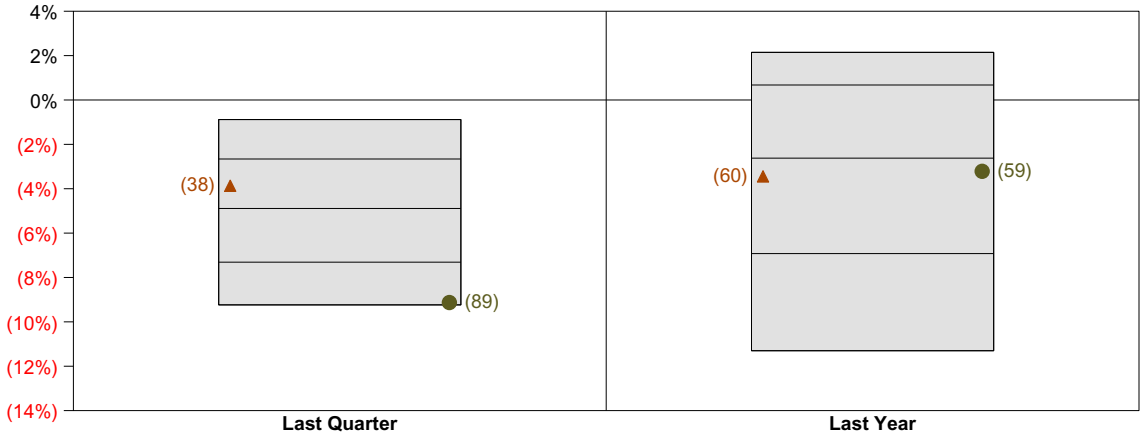
Quarterly Summary and Highlights

- Lord, Abbett Micro Cap's portfolio posted a (9.13)% return for the quarter placing it in the 89 percentile of the CAI Micro Cap Style group for the quarter and in the 59 percentile for the last year.
- Lord, Abbett Micro Cap's portfolio underperformed the Russell Micro Growth Idx by 5.27% for the quarter and outperformed the Russell Micro Growth Idx for the year by 0.23%.

Quarterly Asset Growth

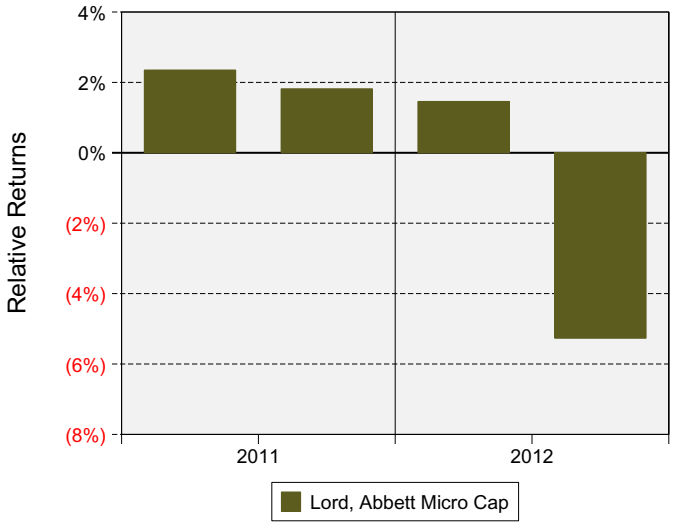
Beginning Market Value	$79,459,723
Net New Investment	$0
Investment Gains/(Losses)	$-7,254,680
Ending Market Value	$72,205,042

Performance vs CAI Micro Cap Style (Gross)

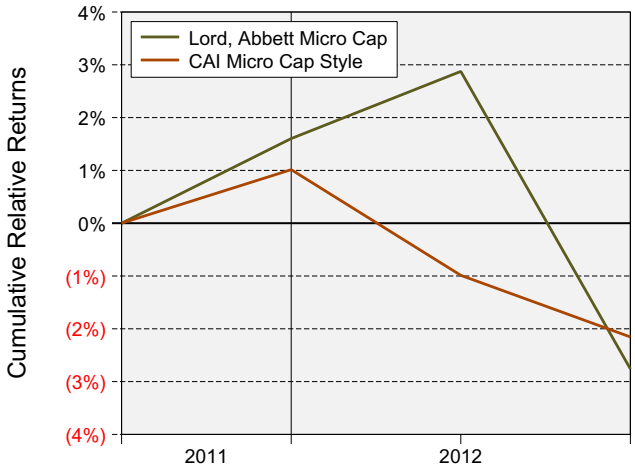


	Last Quarter	Last Year
10th Percentile	(0.88)	2.15
25th Percentile	(2.66)	0.68
Median	(4.89)	(2.62)
75th Percentile	(7.31)	(6.92)
90th Percentile	(9.24)	(11.30)
Lord, Abbett Micro Cap	(9.13)	(3.22)
Russell Micro Growth Idx	(3.86)	(3.44)

Relative Return vs Russell Micro Growth Idx



Cumulative Returns vs Russell Micro Growth Idx

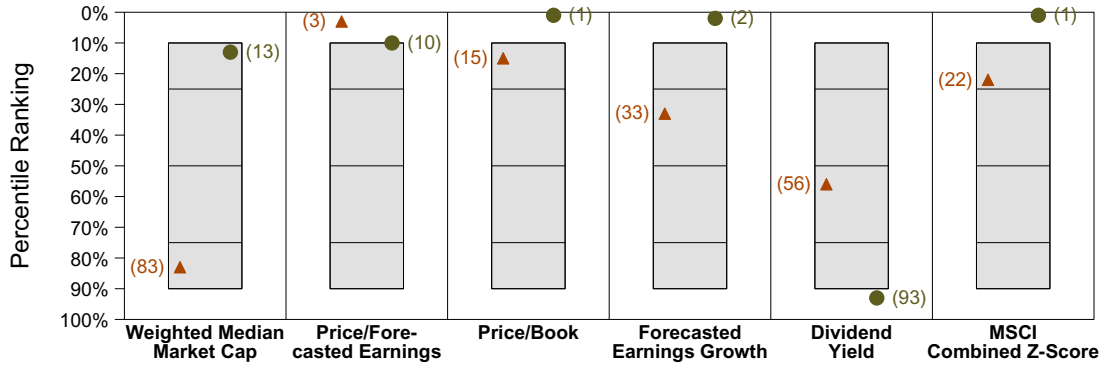


Lord, Abbett Micro Cap
Equity Characteristics Analysis Summary

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 Micro Cap Style
as of June 30, 2012

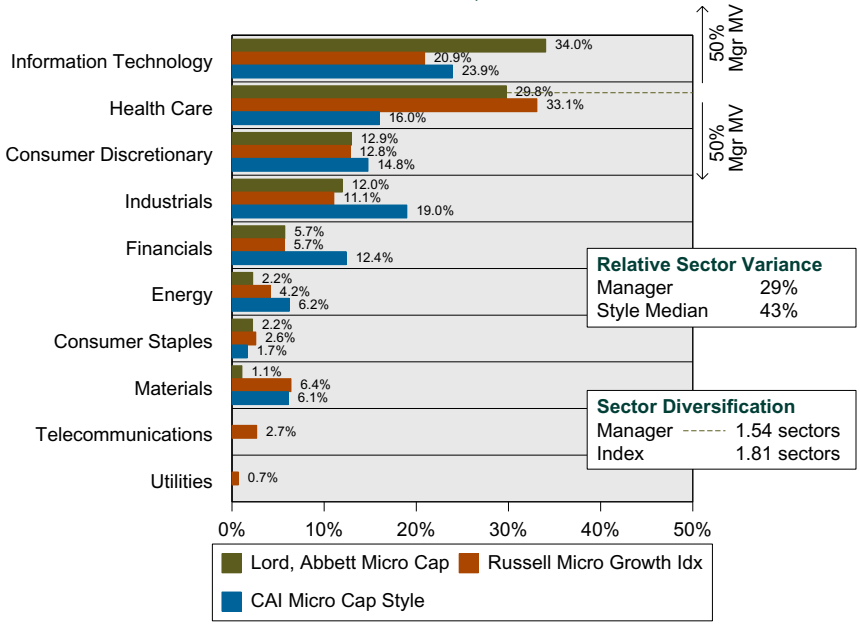


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	0.73	37.86	3.08	20.71	1.67	1.44
25th Percentile	0.60	19.51	2.21	16.76	1.19	0.63
Median	0.41	15.10	1.49	12.90	0.67	(0.13)
75th Percentile	0.31	13.03	1.31	9.36	0.36	(0.53)
90th Percentile	0.23	12.31	1.11	4.77	0.11	(1.22)
Lord, Abbett Micro Cap ●	0.72	38.33	3.80	24.36	0.07	2.04
Russell Micro Growth Idx ▲	0.30	86.22	2.79	15.15	0.54	0.72

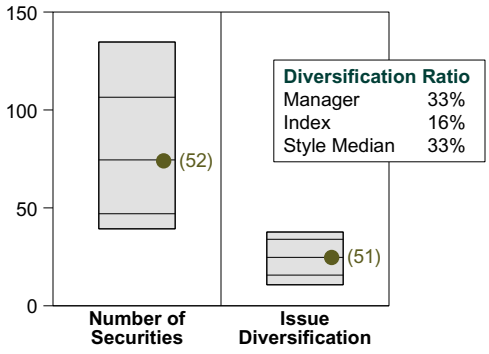
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

Sector Allocation
June 30, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	135	38
25th Percentile	107	34
Median	75	25
75th Percentile	47	16
90th Percentile	39	11
Lord, Abbett Micro Cap ●	74	25
Russell Micro Growth Idx ▲	833	134

Luther King
Period Ended June 30, 2012

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.

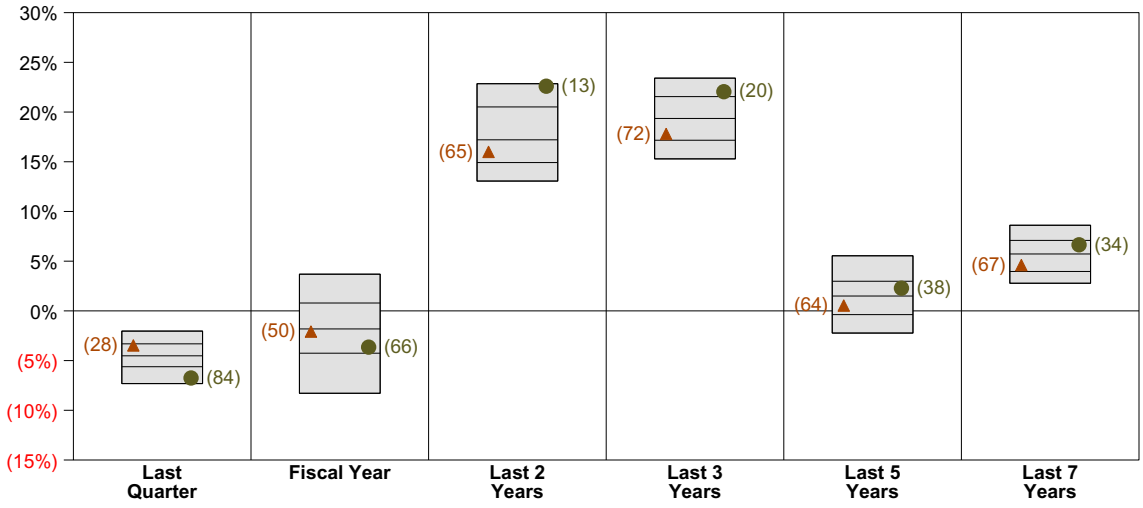
Quarterly Summary and Highlights

- Luther King's portfolio posted a (6.75)% return for the quarter placing it in the 84 percentile of the CAI Small Capitalization Style group for the quarter and in the 66 percentile for the last year.
- Luther King's portfolio underperformed the Russell 2000 Index by 3.28% for the quarter and underperformed the Russell 2000 Index for the year by 1.57%.

Quarterly Asset Growth

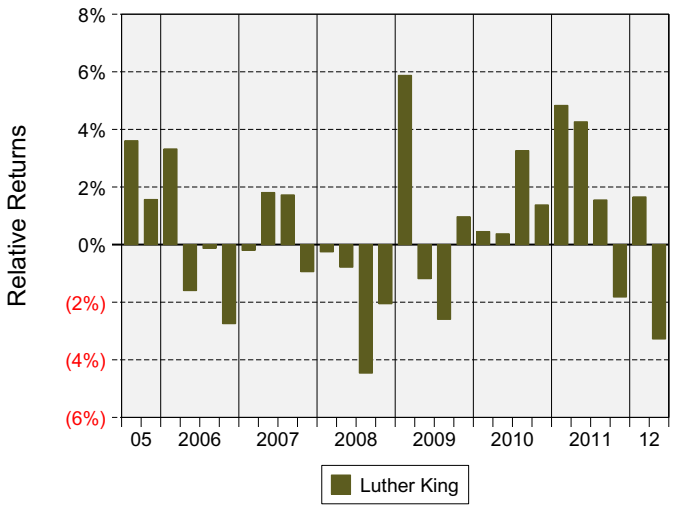
Beginning Market Value	$138,810,736
Net New Investment	$0
Investment Gains/(Losses)	$-9,370,185
Ending Market Value	$129,440,552

Performance vs CAI Small Capitalization Style (Gross)

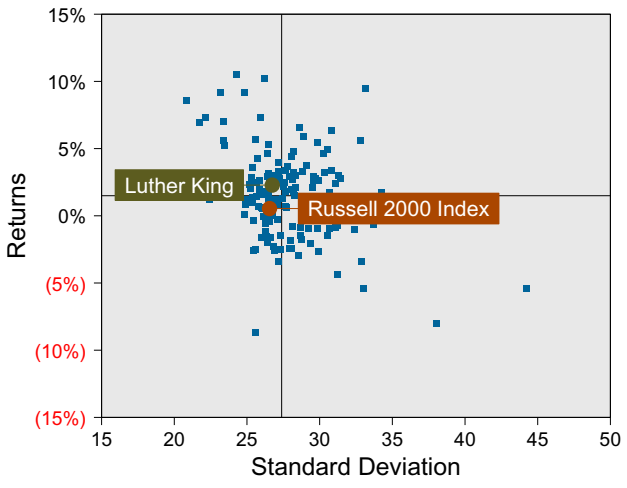


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	(2.03)	3.69	22.85	23.41	5.54	8.61
25th Percentile	(3.32)	0.79	20.51	21.55	2.98	7.09
Median	(4.52)	(1.82)	17.21	19.36	1.49	5.72
75th Percentile	(5.62)	(4.26)	14.92	17.16	(0.37)	3.96
90th Percentile	(7.32)	(8.29)	13.06	15.29	(2.23)	2.78
Luther King ●	(6.75)	(3.65)	22.60	22.05	2.28	6.65
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54	4.60

Relative Return vs Russell 2000 Index



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



Luther King
Return Analysis Summary

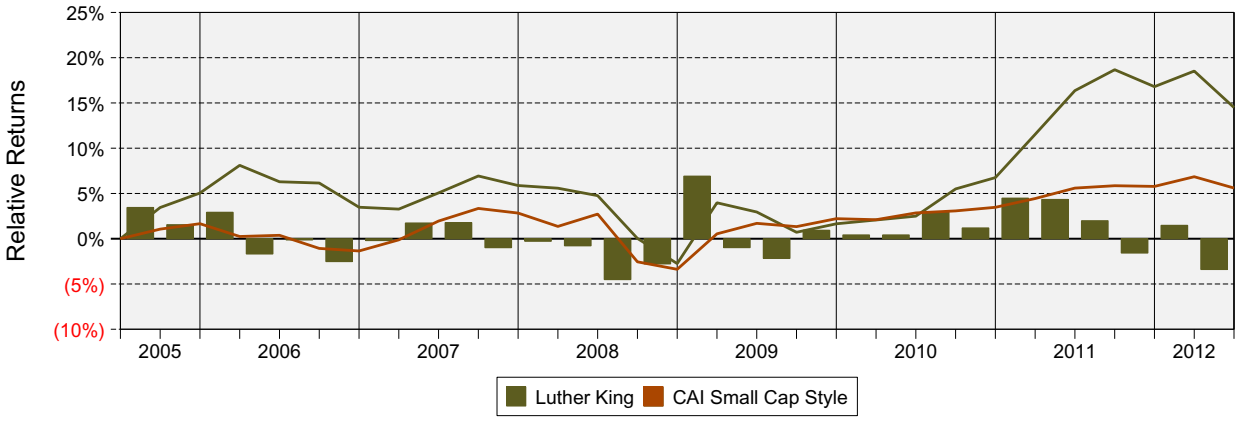
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

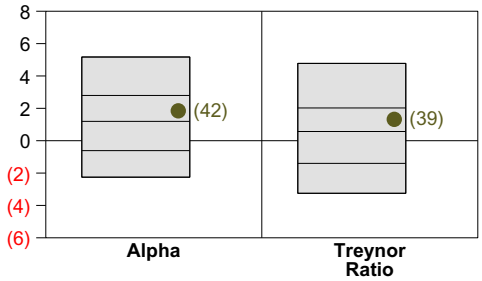
Performance vs CAI Small Capitalization Style (Gross)

	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	11.97	5.07	35.55	49.83	(29.58)	20.20
25th Percentile	10.28	1.69	31.53	44.57	(33.03)	10.32
Median	8.45	(1.76)	28.25	34.00	(37.57)	1.39
75th Percentile	6.63	(5.72)	24.99	25.24	(42.30)	(5.47)
90th Percentile	4.68	(8.66)	22.16	18.02	(46.48)	(11.41)
Luther King ●	6.39	4.85	33.22	32.92	(39.18)	0.72
Russell 2000 Index ▲	8.53	(4.18)	26.85	27.17	(33.79)	(1.57)

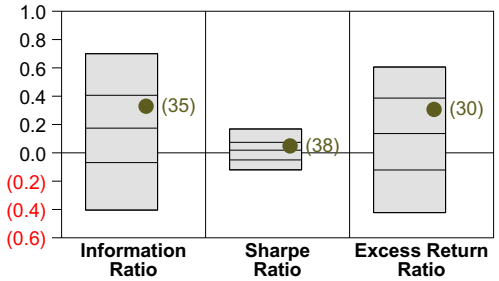
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.17	4.78
25th Percentile	2.80	2.02
Median	1.20	0.57
75th Percentile	(0.61)	(1.40)
90th Percentile	(2.26)	(3.25)
Luther King ●	1.84	1.32



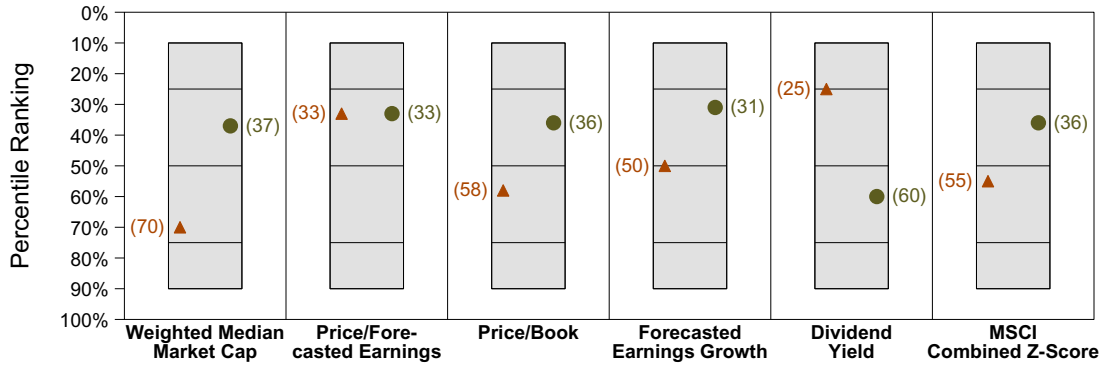
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.70	0.17	0.61
25th Percentile	0.41	0.07	0.39
Median	0.17	0.02	0.14
75th Percentile	(0.07)	(0.05)	(0.12)
90th Percentile	(0.40)	(0.12)	(0.42)
Luther King ●	0.33	0.05	0.31

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, 2012

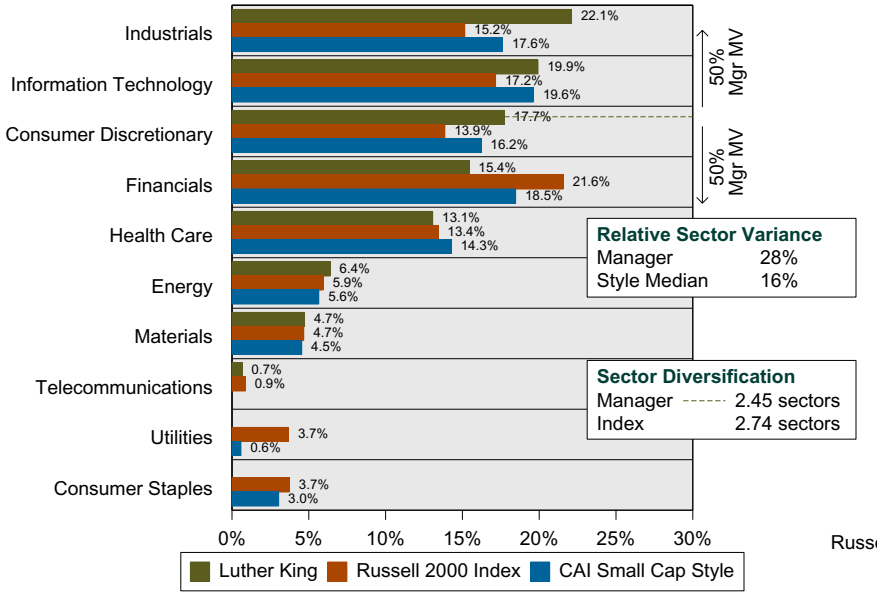


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.99	21.91	3.44	20.41	1.80	1.68
25th Percentile	1.61	18.50	2.72	18.07	1.42	1.17
Median	1.33	13.93	1.81	12.71	1.03	0.13
75th Percentile	1.05	12.34	1.42	10.47	0.37	(0.50)
90th Percentile	0.82	11.17	1.19	9.03	0.13	(0.91)
Luther King ●	1.50	16.97	2.34	16.99	0.69	0.76
Russell 2000 Index ▲	1.10	16.95	1.68	12.84	1.42	0.01

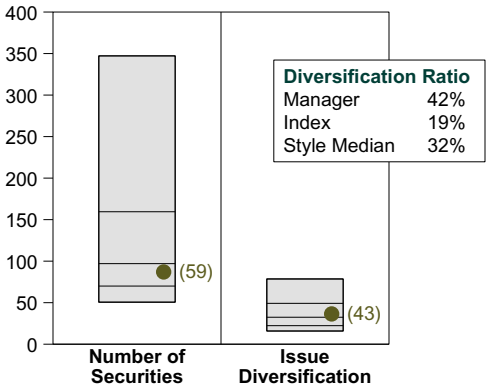
Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

Sector Allocation
June 30, 2012



Diversification
June 30, 2012



	Number of Securities	Issue Diversification
10th Percentile	347	79
25th Percentile	160	49
Median	97	32
75th Percentile	70	22
90th Percentile	51	16
Luther King ●	87	36
Russell 2000 Index ▲	2002	375

SSgA Russell 2000 Growth
Period Ended June 30, 2012

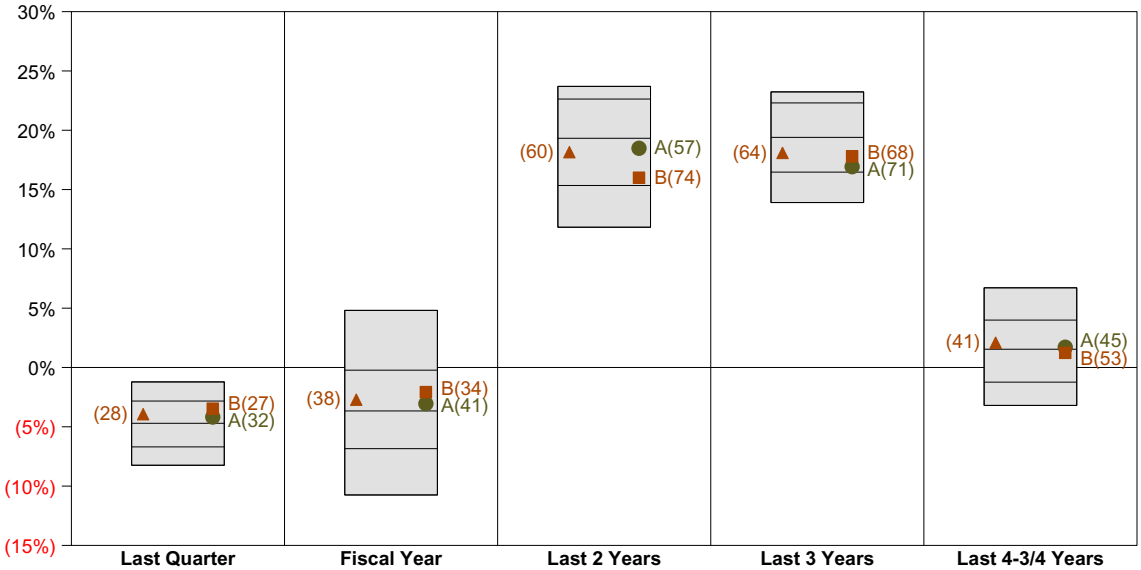
Quarterly Summary and Highlights

- SSgA Russell 2000 Growth's portfolio posted a (4.18)% return for the quarter placing it in the 32 percentile of the CAI Small Cap Growth Style group for the quarter and in the 41 percentile for the last year.
- SSgA Russell 2000 Growth's portfolio underperformed the Russell 2000 Growth Index by 0.24% for the quarter and underperformed the Russell 2000 Growth Index for the year by 0.34%.

Quarterly Asset Growth

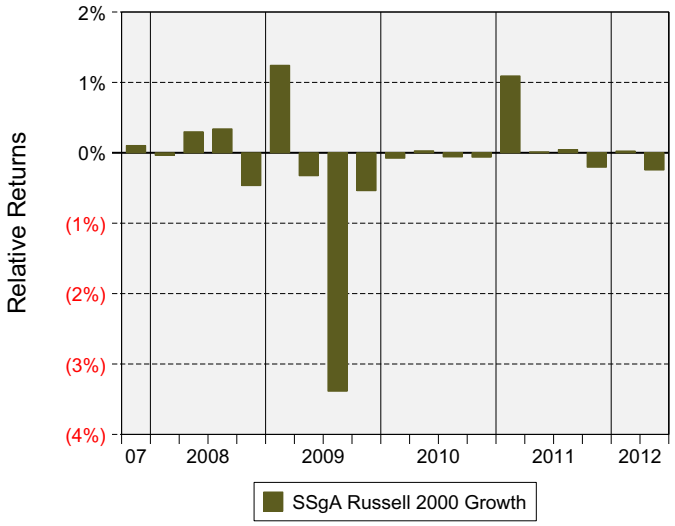
Beginning Market Value	$27,055,261
Net New Investment	$-15,000,000
Investment Gains/(Losses)	$-616,968
Ending Market Value	$11,438,293

Performance vs CAI Small Cap Growth Style (Gross)

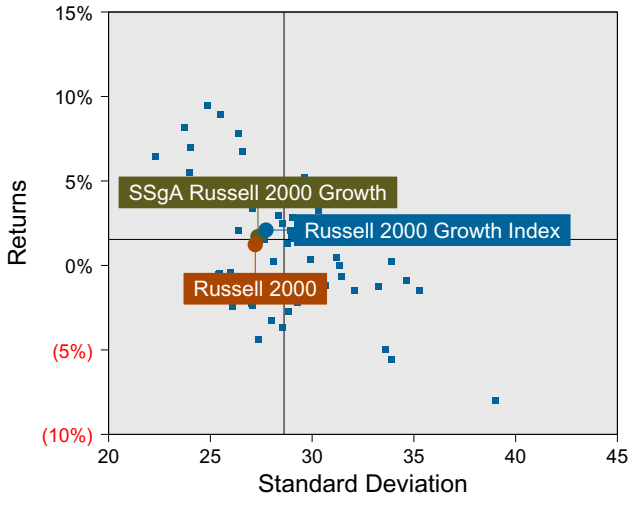


		Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile		(1.22)	4.81	23.70	23.23	6.72
25th Percentile		(2.83)	(0.23)	22.63	22.30	3.99
Median		(4.70)	(3.66)	19.32	19.40	1.54
75th Percentile		(6.70)	(6.84)	15.34	16.47	(1.24)
90th Percentile		(8.24)	(10.75)	11.82	13.91	(3.20)
SSgA Russell 2000 Growth	A	(4.18)	(3.05)	18.48	16.93	1.71
Russell 2000	B	(3.47)	(2.08)	16.00	17.80	1.23
Russell 2000 Growth Index	▲	(3.94)	(2.71)	18.16	18.09	2.09

Relative Return vs Russell 2000 Growth Index



CAI Small Cap Growth Style (Gross)
Annualized Four and Three-Quarter Year Risk vs Return

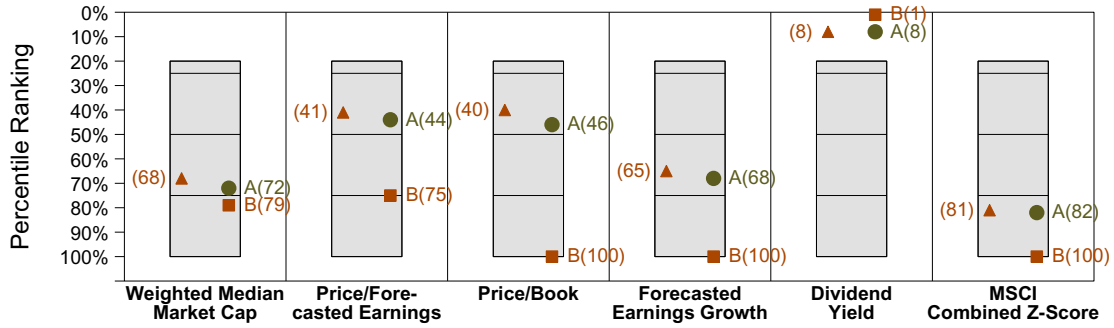


SSgA Russell 2000 Growth
Equity Characteristics Analysis Summary

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, 2012

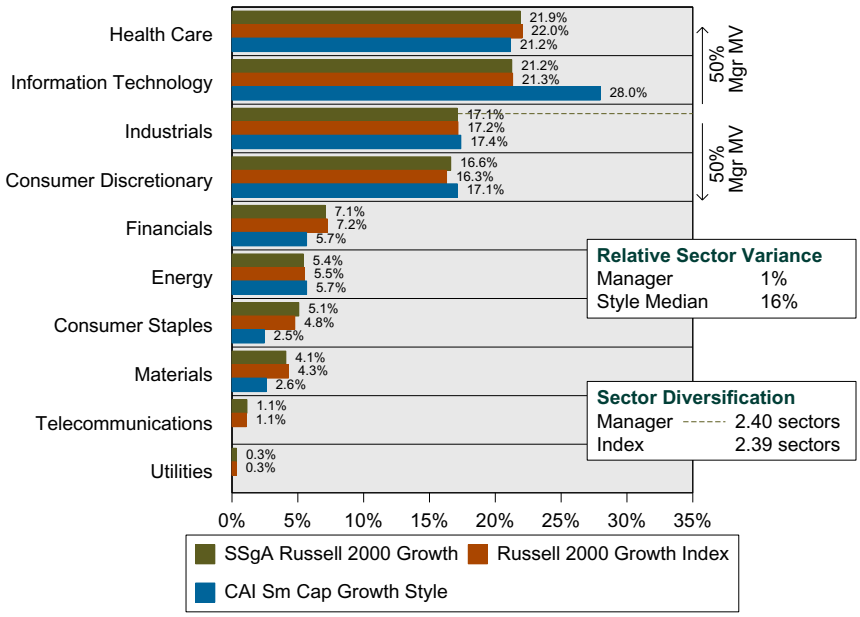


		Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile		2.11	24.76	4.16	22.28	0.66	1.97
25th Percentile		1.71	22.02	3.47	20.25	0.44	1.68
Median		1.49	19.66	3.01	18.47	0.29	1.33
75th Percentile		1.17	16.91	2.48	17.04	0.12	1.11
90th Percentile		0.89	13.45	2.26	15.82	0.06	0.70
SSgA Russell 2000 Growth	● A	1.25	19.79	3.06	17.62	0.71	0.96
Russell 2000	■ B	1.10	16.95	1.68	12.84	1.42	0.01
Russell 2000 Growth Index	▲	1.27	20.15	3.12	17.77	0.70	0.99

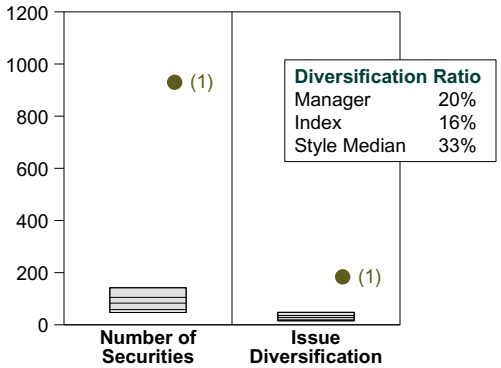
Sector Weights

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, 2012



Diversification
June 30, 2012



		Number of Securities	Issue Diversification
10th Percentile		142	48
25th Percentile		105	36
Median		83	28
75th Percentile		58	19
90th Percentile		47	15
SSgA Russell 2000 Growth	●	930	184
Russell 2000 Growth Index	▲	1133	180

SSgA Russell 2000 Value
Period Ended June 30, 2012

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.

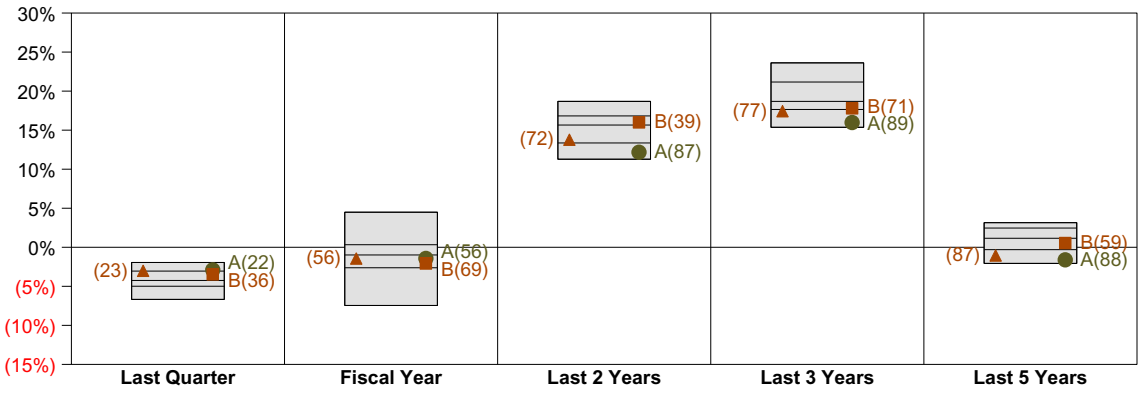
Quarterly Summary and Highlights

- SSgA Russell 2000 Value's portfolio posted a (2.90)% return for the quarter placing it in the 22 percentile of the CAI Small Cap Value Style group for the quarter and in the 56 percentile for the last year.
- SSgA Russell 2000 Value's portfolio outperformed the Russell 2000 Value Index by 0.11% for the quarter and outperformed the Russell 2000 Value Index for the year by 0.01%.

Quarterly Asset Growth

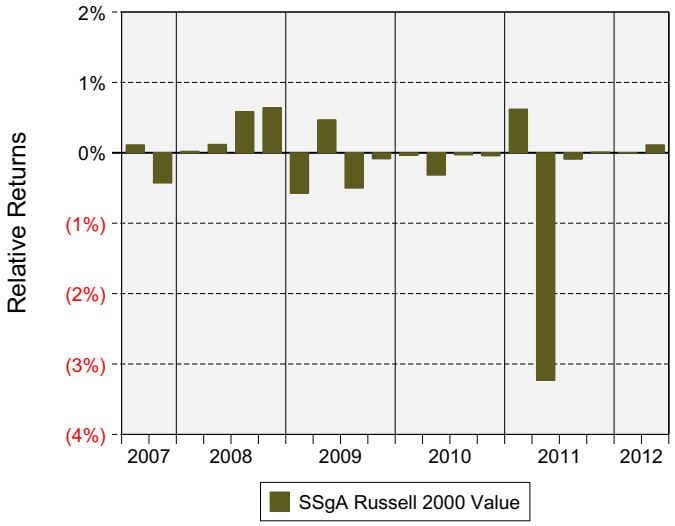
Beginning Market Value	$73,376,831
Net New Investment	$-59,963,719
Investment Gains/(Losses)	$-1,297,457
Ending Market Value	$12,115,655

Performance vs CAI Small Cap Value Style (Gross)

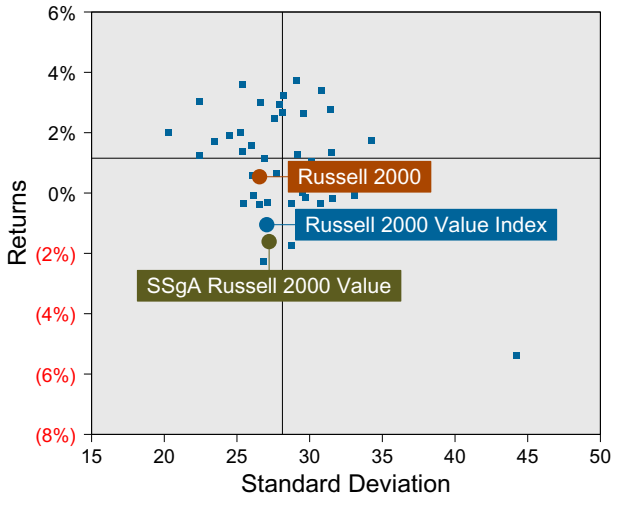


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(1.95)	4.49	18.69	23.62	3.15
25th Percentile	(3.05)	0.33	16.82	21.17	2.46
Median	(4.25)	(0.98)	15.66	18.68	1.15
75th Percentile	(4.99)	(2.62)	13.36	17.65	(0.31)
90th Percentile	(6.68)	(7.45)	11.28	15.36	(2.07)
SSgA Russell 2000 Value (A)	(2.90)	(1.43)	12.17	15.98	(1.61)
Russell 2000 (B)	(3.47)	(2.08)	16.00	17.80	0.54
Russell 2000 Value Index	(3.01)	(1.44)	13.78	17.43	(1.05)

Relative Return vs Russell 2000 Value Index



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

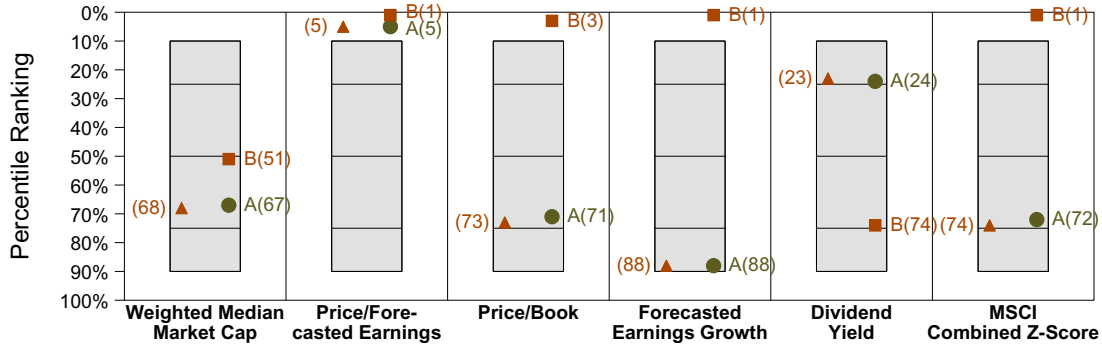


SSgA Russell 2000 Value
Equity Characteristics Analysis Summary

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, 2012

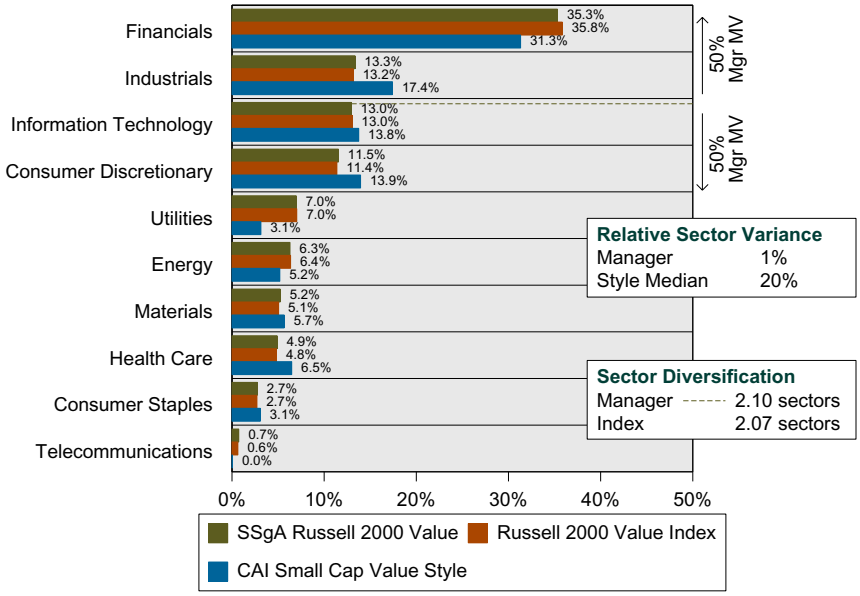


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	1.66	13.64	1.56	11.73	2.39	(0.42)
25th Percentile	1.44	13.22	1.37	10.66	2.09	(0.57)
Median	1.14	11.79	1.25	9.84	1.62	(0.81)
75th Percentile	0.81	11.03	1.14	8.72	1.41	(0.98)
90th Percentile	0.69	9.96	1.06	7.73	1.22	(1.08)
SSgA Russell 2000 Value ● A	0.95	14.68	1.16	8.01	2.11	(0.95)
Russell 2000 ■ B	1.10	16.95	1.68	12.84	1.42	0.01
Russell 2000 Value Index ▲	0.93	14.63	1.15	8.01	2.14	(0.97)

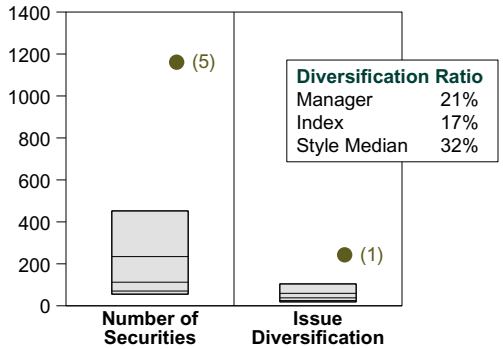
Sector Weights

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, 2012



Diversification
June 30, 2012



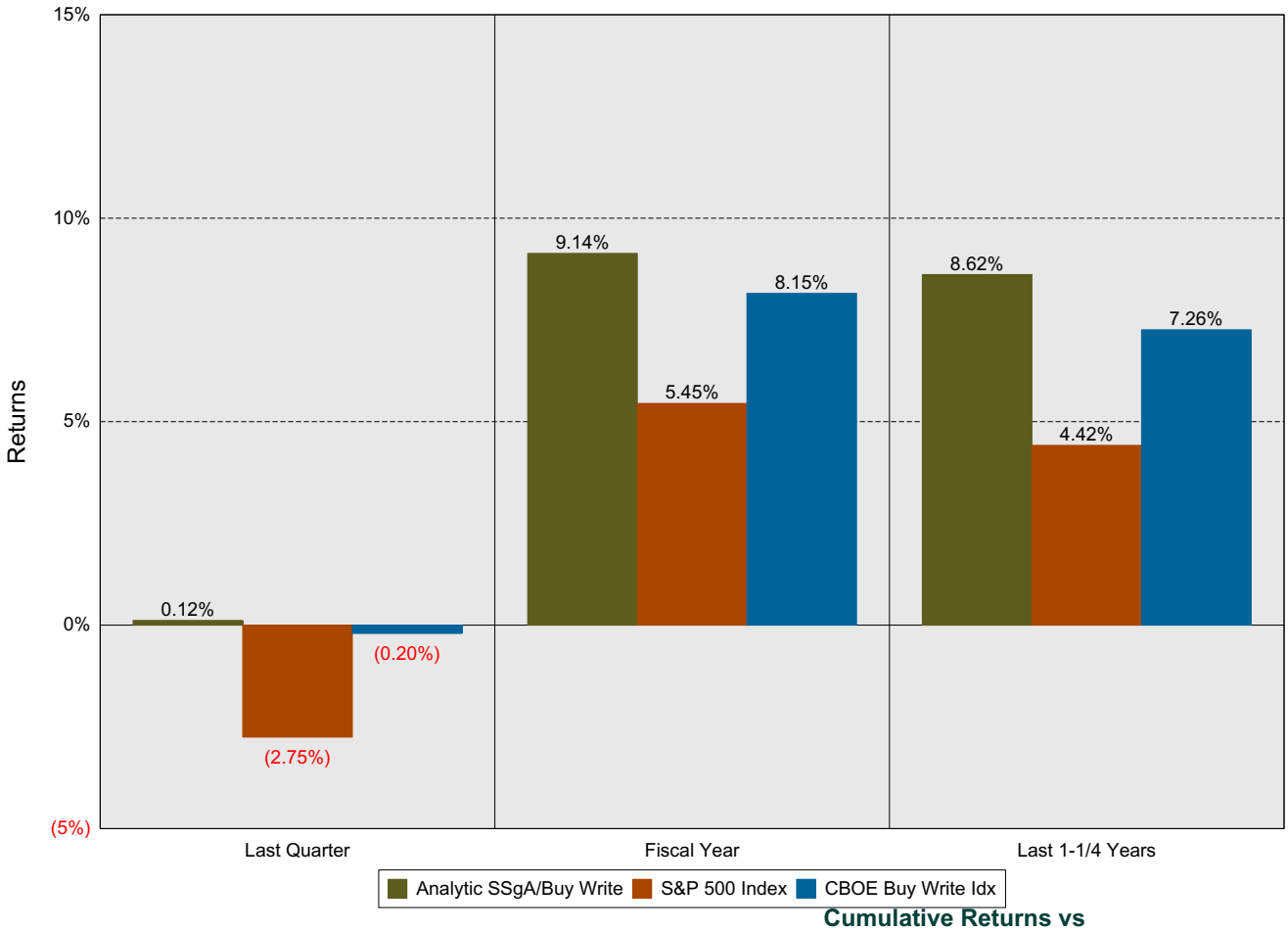
	Number of Securities	Issue Diversification
10th Percentile	452	104
25th Percentile	235	59
Median	113	38
75th Percentile	70	25
90th Percentile	55	19
SSgA Russell 2000 Value ●	1161	243
Russell 2000 Value Index ▲	1419	237

Other Equity

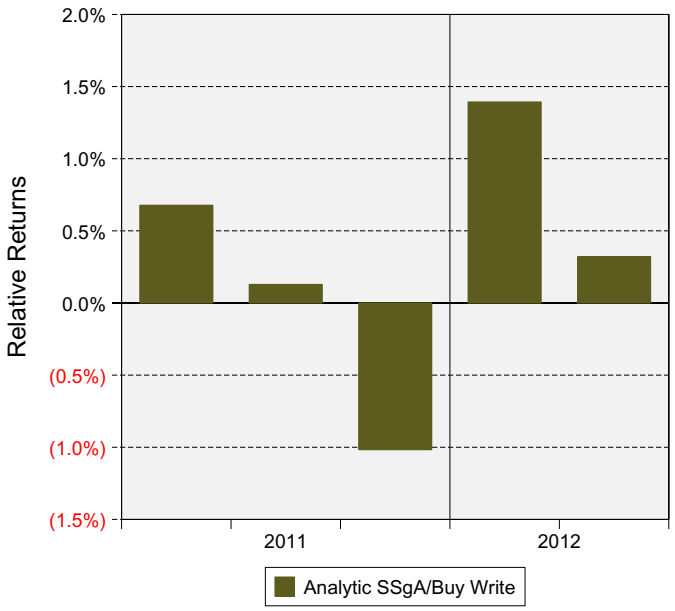
Analytic SSgA/Buy Write
Period Ended June 30, 2012

Quarterly Summary and Highlights

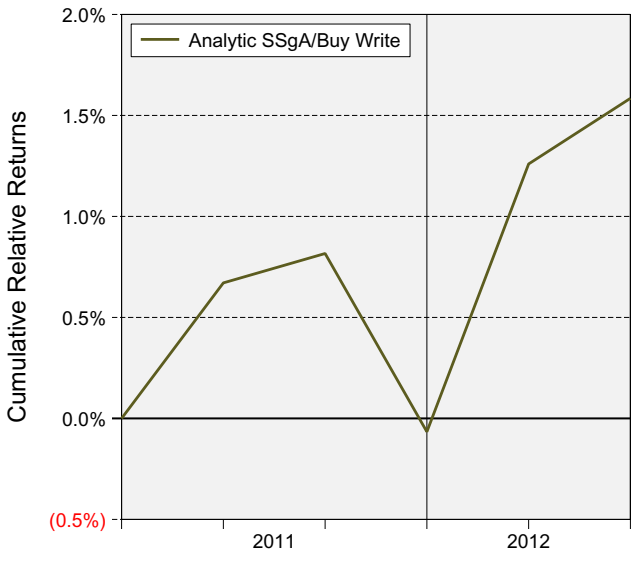
- Analytic SSgA/Buy Write's portfolio outperformed the CBOE Buy Write Idx by 0.32% for the quarter and outperformed the CBOE Buy Write Idx for the year by 0.98%.



Relative Return vs CBOE Buy Write Idx



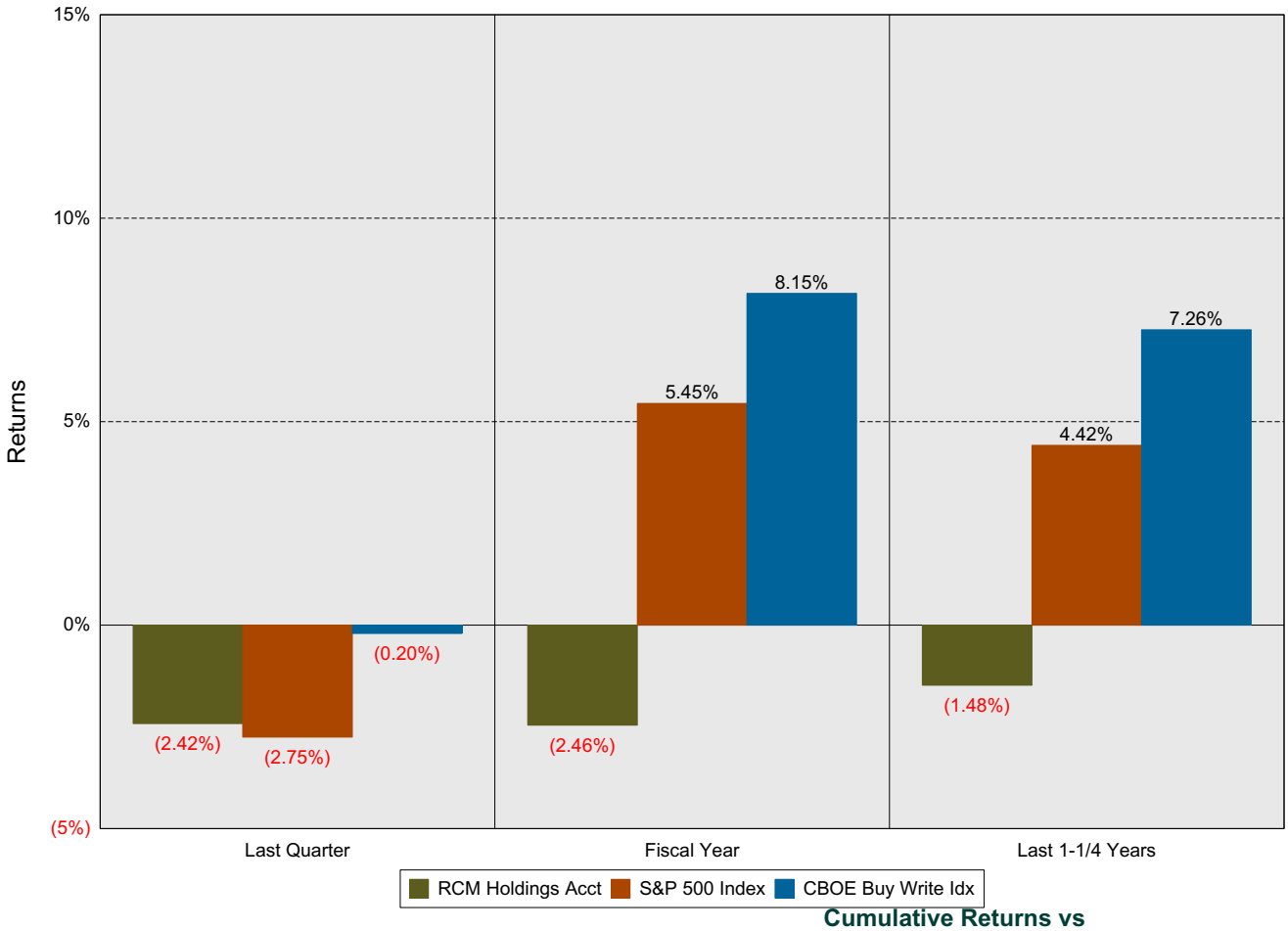
Cumulative Returns vs CBOE Buy Write Idx



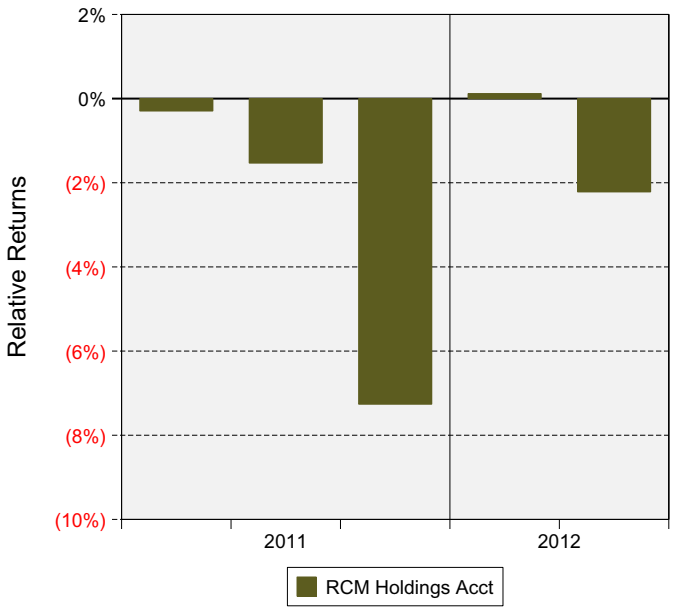
RCM Holdings Acct
Period Ended June 30, 2012

Quarterly Summary and Highlights

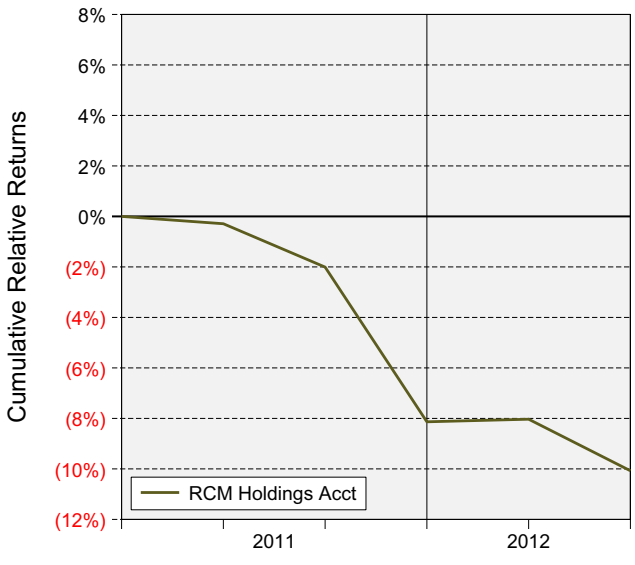
- RCM Holdings Acct's portfolio underperformed the CBOE Buy Write Idx by 2.22% for the quarter and underperformed the CBOE Buy Write Idx for the year by 10.61%.



Relative Return vs CBOE Buy Write Idx



Cumulative Returns vs CBOE Buy Write Idx



Advent Capital
Period Ended June 30, 2012

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.

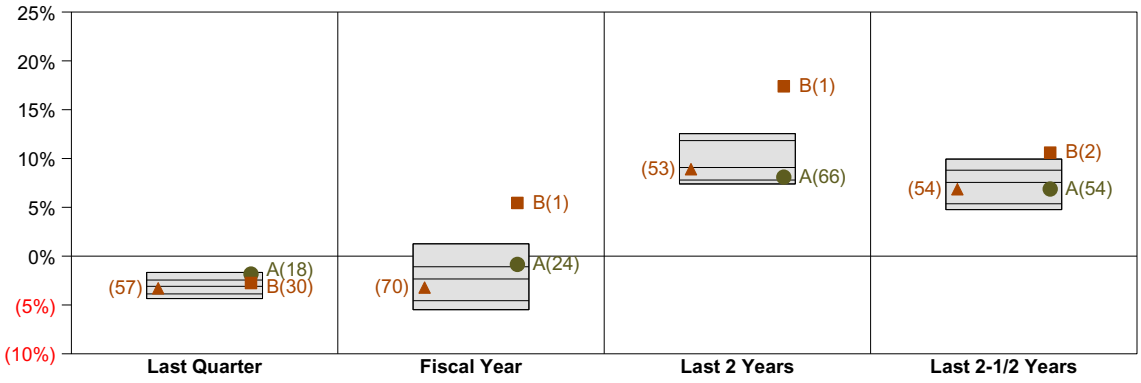
Quarterly Summary and Highlights

- Advent Capital's portfolio posted a (1.83)% return for the quarter placing it in the 18 percentile of the CAI Convertible Bonds Database group for the quarter and in the 24 percentile for the last year.
- Advent Capital's portfolio outperformed the ML All Conv by 1.46% for the quarter and outperformed the ML All Conv for the year by 2.37%.

Quarterly Asset Growth

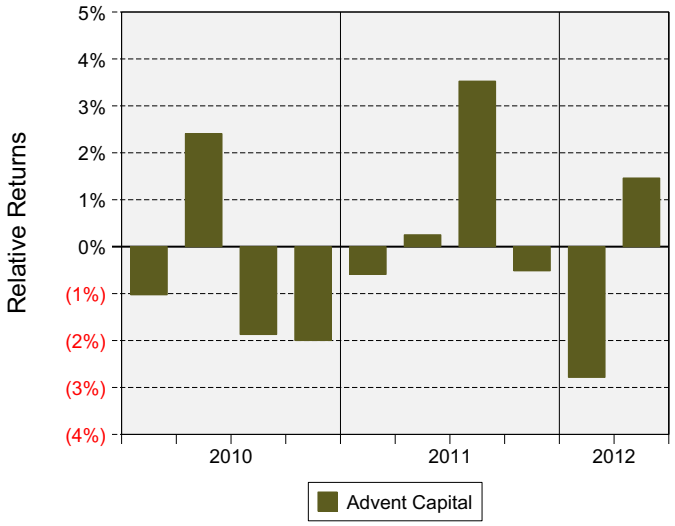
Beginning Market Value	$95,069,901
Net New Investment	$20,000,000
Investment Gains/(Losses)	$-1,325,849
Ending Market Value	$113,744,052

Performance vs CAI Convertible Bonds Database (Gross)

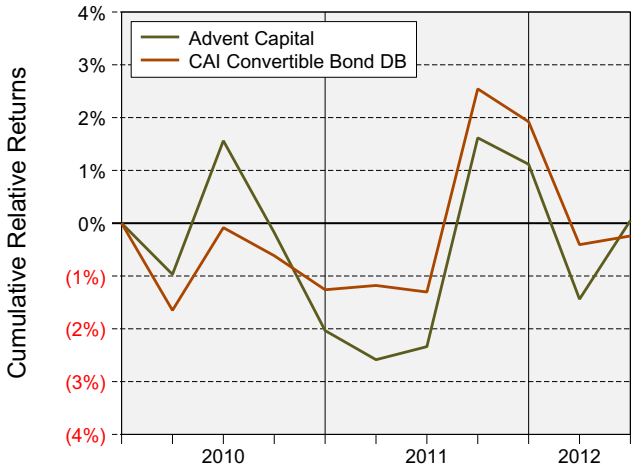


	Last Quarter	Fiscal Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	(1.67)	1.26	12.55	9.94
25th Percentile	(2.44)	(1.09)	11.83	8.80
Median	(3.09)	(2.34)	9.08	7.55
75th Percentile	(3.87)	(4.56)	7.80	5.36
90th Percentile	(4.34)	(5.48)	7.39	4.77
Advent Capital ● A	(1.83)	(0.85)	8.09	6.87
S&P 500 Index ■ B	(2.75)	5.45	17.39	10.60
ML All Conv ▲	(3.29)	(3.21)	8.90	6.85

Relative Return vs ML All Conv



Cumulative Returns vs ML All Conv

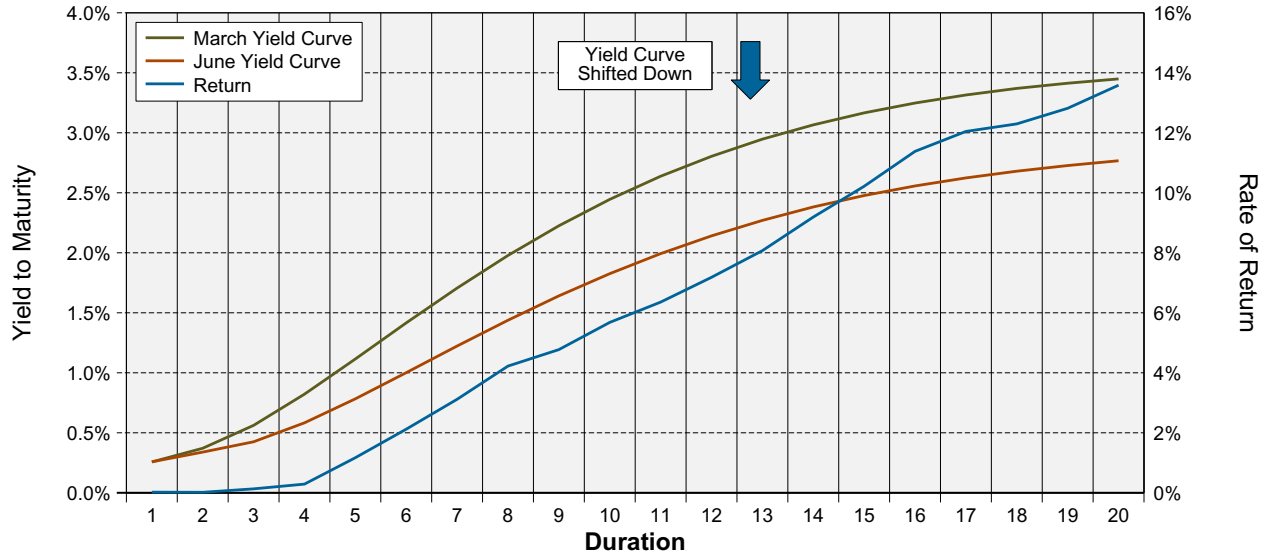


Fixed-Income

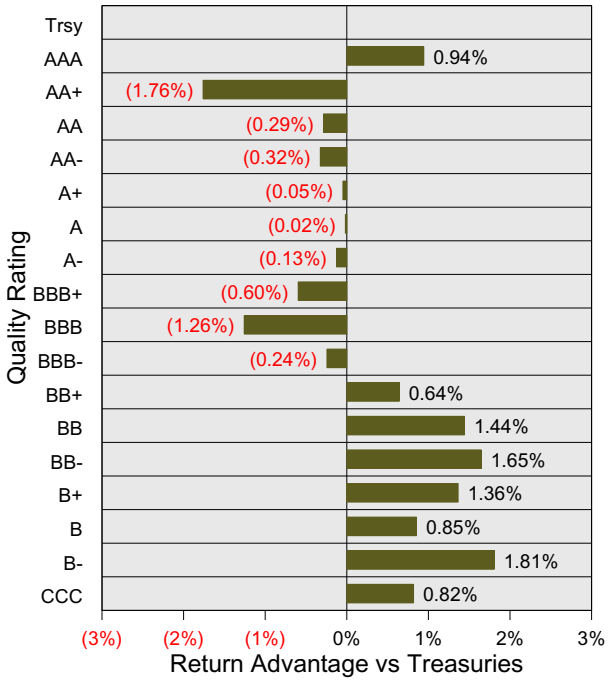
Factors Influencing Bond Returns

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.

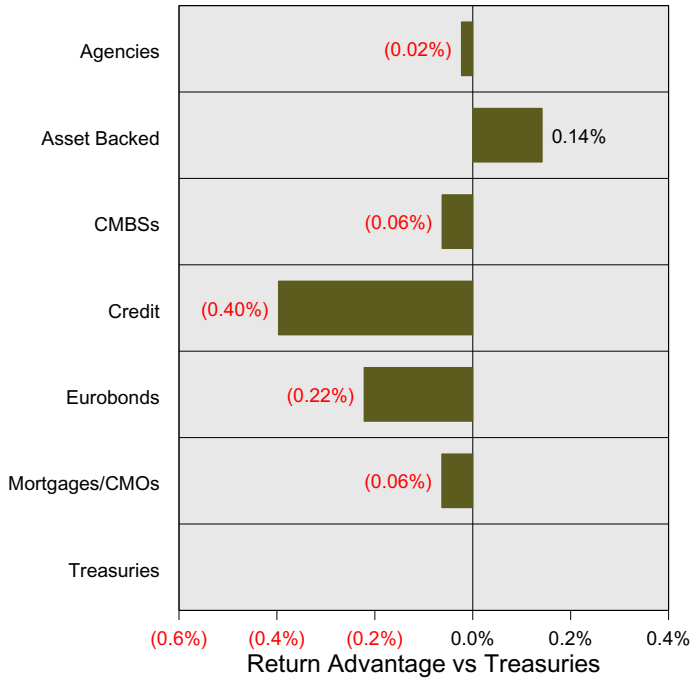
Yield Curve Change and Rate of Return
One Quarter Ended June 30, 2012



Duration Adjusted Return Premium to Quality
One Quarter Ended June 30, 2012



Quality and Duration Adjusted Return Premium by Sector
One Quarter Ended June 30, 2012

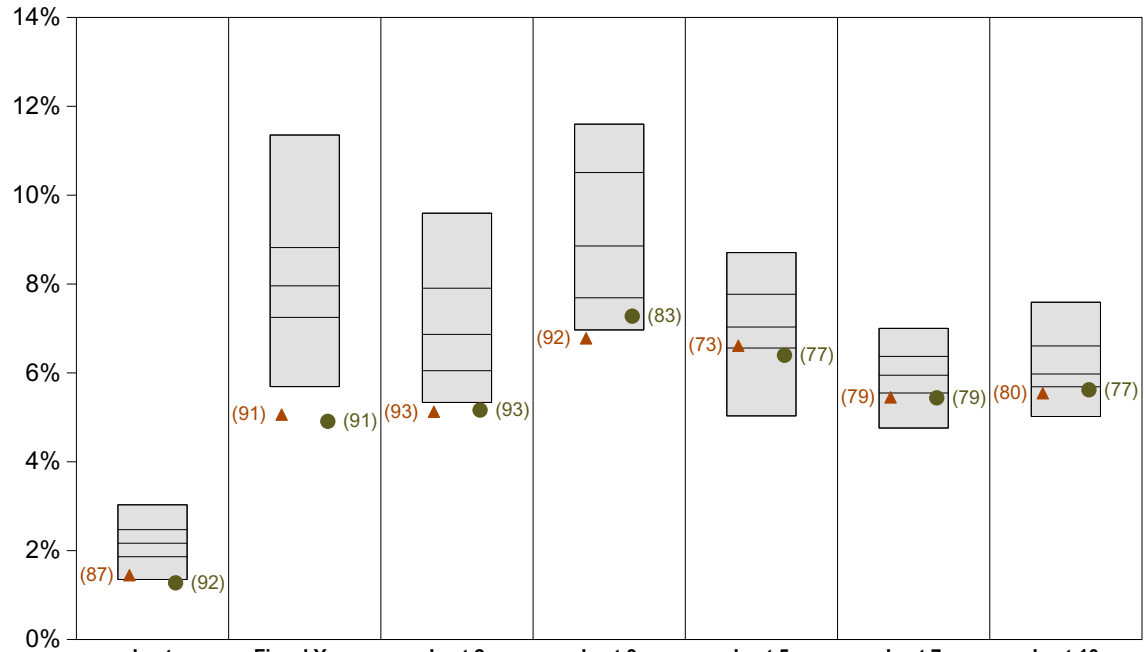


Total Fixed-Income
Period Ended June 30, 2012

Quarterly Summary and Highlights

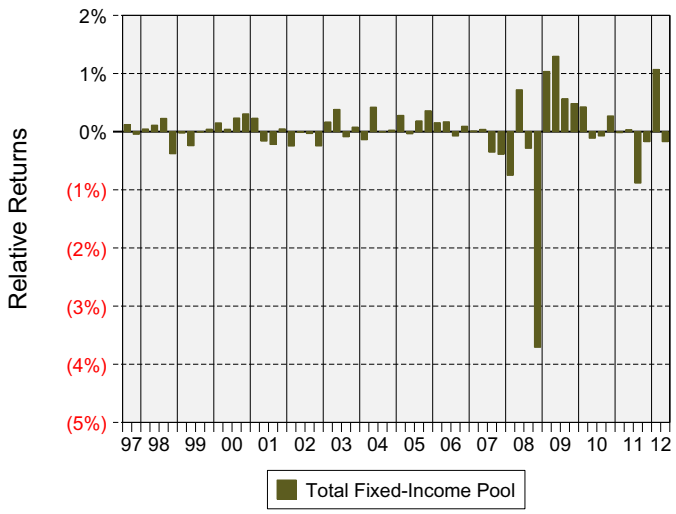
- Total Fixed-Income Pool's portfolio posted a 1.28% return for the quarter placing it in the 92 percentile of the Public Fund - Domestic Fixed group for the quarter and in the 91 percentile for the last year.
- Total Fixed-Income Pool's portfolio underperformed the Fixed-Income Target by 0.17% for the quarter and underperformed the Fixed-Income Target for the year by 0.15%.

Performance vs Public Fund - Domestic Fixed (Gross)

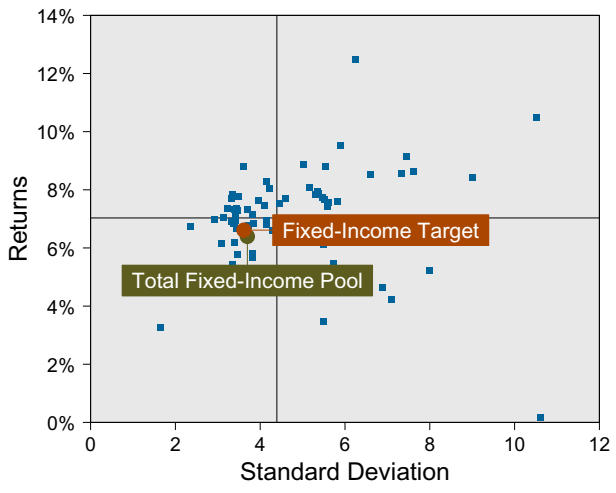


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	3.03	11.35	9.59	11.60	8.71	7.00	7.59
25th Percentile	2.47	8.82	7.91	10.51	7.77	6.37	6.61
Median	2.17	7.96	6.87	8.86	7.03	5.95	5.98
75th Percentile	1.86	7.25	6.05	7.69	6.56	5.55	5.69
90th Percentile	1.35	5.69	5.34	6.97	5.03	4.76	5.02
Total Fixed-Income Pool ●	1.28	4.91	5.16	7.28	6.40	5.44	5.62
Fixed-Income Target ▲	1.45	5.06	5.13	6.78	6.61	5.45	5.54

Relative Return vs Fixed-Income Target



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

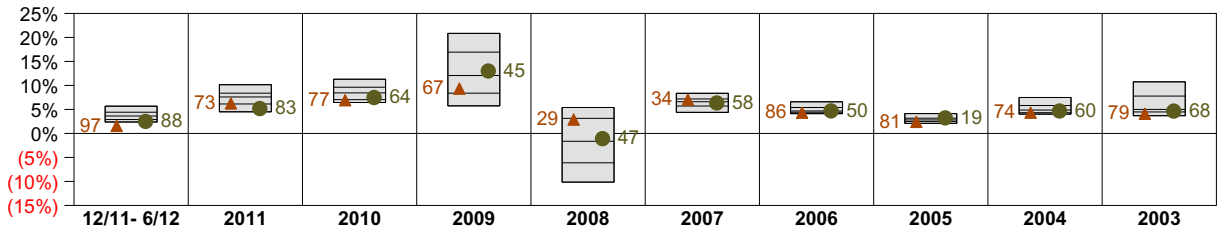


Total Fixed-Income Pool
Return Analysis Summary

Return Analysis

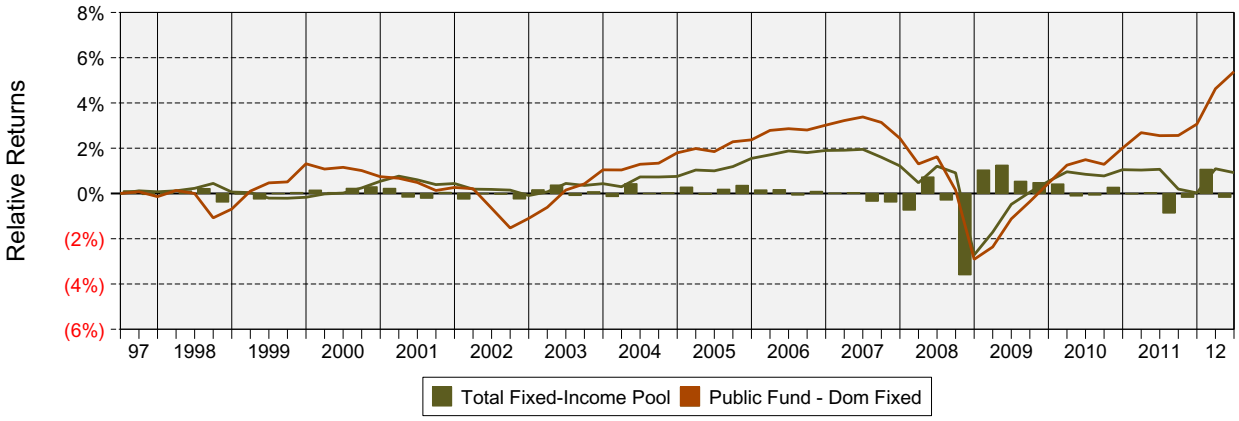
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

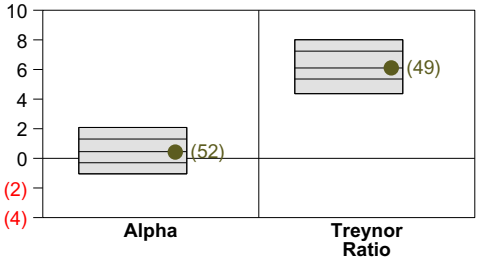


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	5.68	10.16	11.29	20.84	5.41	8.36	6.59	4.14	7.49	10.76
25th Percentile	4.42	8.39	9.63	16.94	3.14	7.18	5.41	3.17	5.82	7.78
Median	3.64	7.60	8.45	12.07	(1.64)	6.61	4.68	2.81	4.87	5.01
75th Percentile	2.90	6.14	7.04	8.39	(6.11)	5.71	4.41	2.47	4.32	4.48
90th Percentile	2.38	4.50	6.44	5.75	(10.14)	4.39	4.12	2.09	4.03	3.70
Total Fixed-Income Pool ●	2.50	5.18	7.48	13.01	(1.09)	6.35	4.69	3.24	4.67	4.65
Fixed-Income Target ▲	1.59	6.26	6.93	9.35	2.91	7.07	4.33	2.43	4.34	4.10

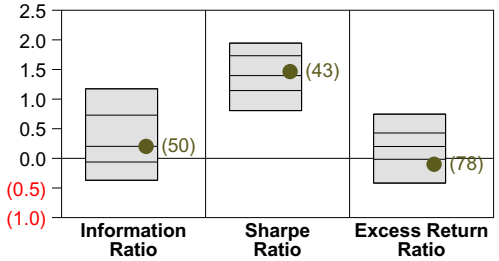
Cumulative and Quarterly Relative Return vs Fixed-Income Target



Risk Adjusted Return Measures vs Fixed-Income Target
Rankings Against Public Fund - Domestic Fixed (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.09	8.01
25th Percentile	1.30	7.24
Median	0.45	6.10
75th Percentile	(0.30)	5.36
90th Percentile	(1.04)	4.37
Total Fixed-Income Pool ●	0.42	6.11



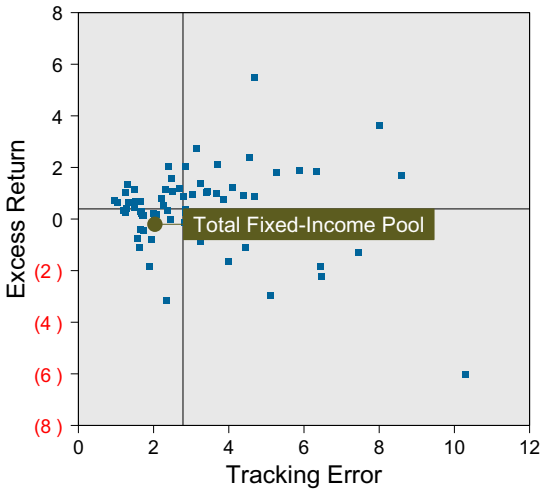
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.17	1.95	0.75
25th Percentile	0.73	1.73	0.43
Median	0.20	1.40	0.20
75th Percentile	(0.06)	1.14	(0.02)
90th Percentile	(0.37)	0.81	(0.42)
Total Fixed-Income Pool ●	0.20	1.46	(0.10)

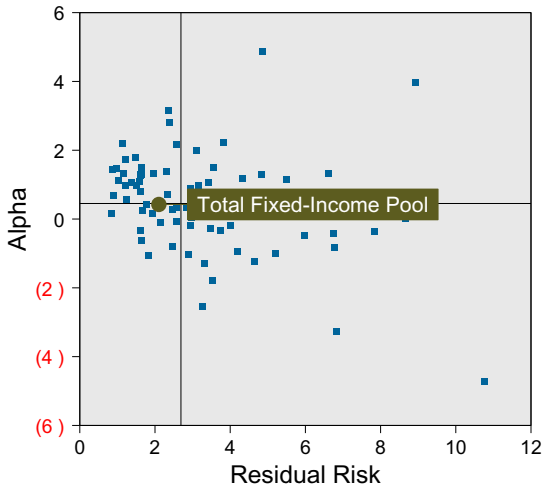
Total Fixed-Income Pool
Risk Analysis Summary

Risk Analysis

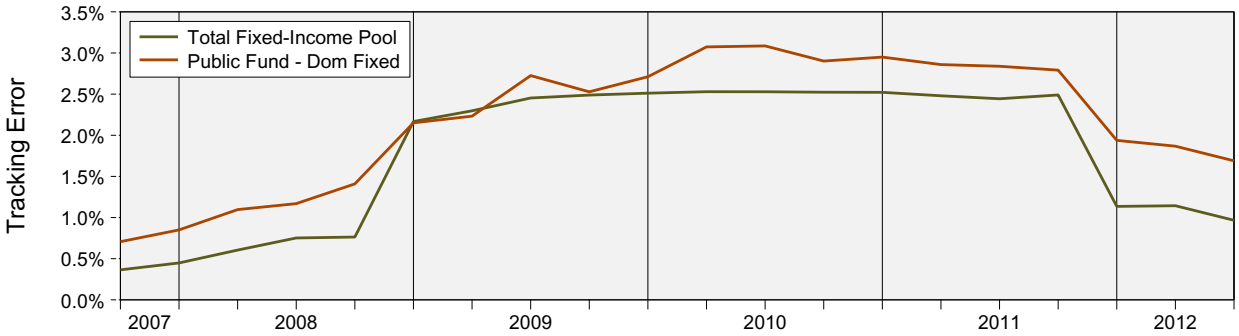
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information 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, 2012

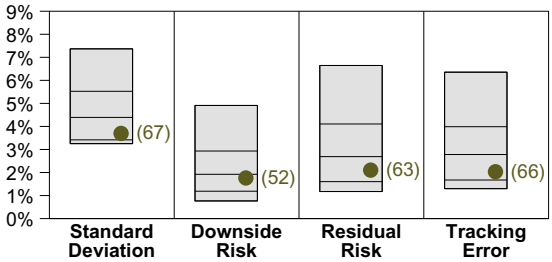




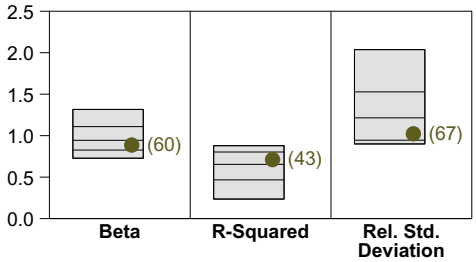
Rolling 12 Quarter Tracking Error vs Fixed-Income Target



Risk Statistics Rankings vs Fixed-Income Target
Rankings Against Public Fund - Domestic Fixed (Gross)
Five Years Ended June 30, 2012



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	7.37	4.91	6.65	6.35
25th Percentile	5.53	2.93	4.11	3.99
Median	4.39	1.92	2.69	2.78
75th Percentile	3.42	1.19	1.60	1.67
90th Percentile	3.25	0.77	1.17	1.30
Total Fixed-Income Pool ●	3.70	1.76	2.10	2.03

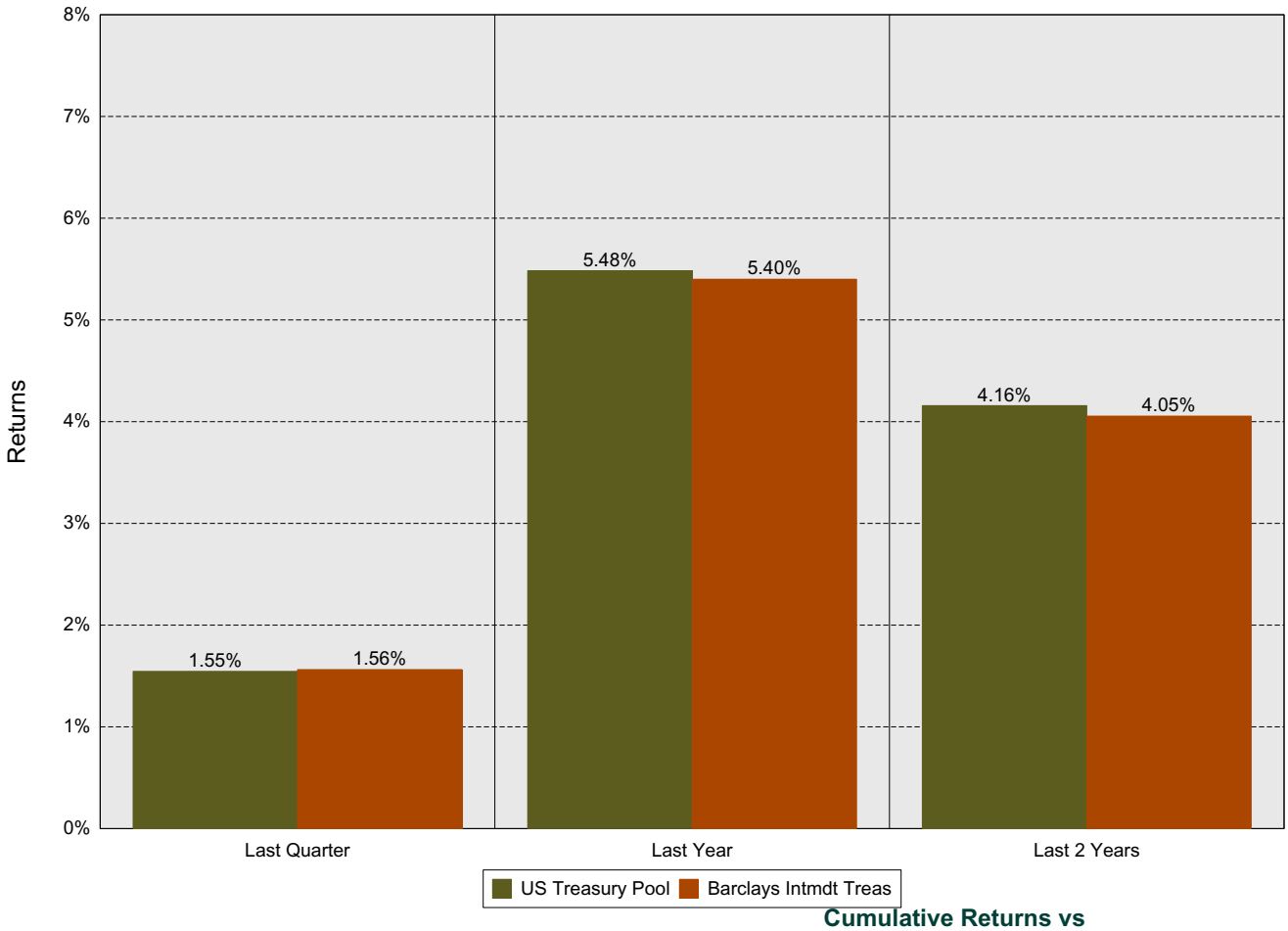


	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.32	0.88	2.04
25th Percentile	1.11	0.80	1.53
Median	0.94	0.65	1.21
75th Percentile	0.83	0.47	0.95
90th Percentile	0.73	0.24	0.90
Total Fixed-Income Pool ●	0.89	0.71	1.02

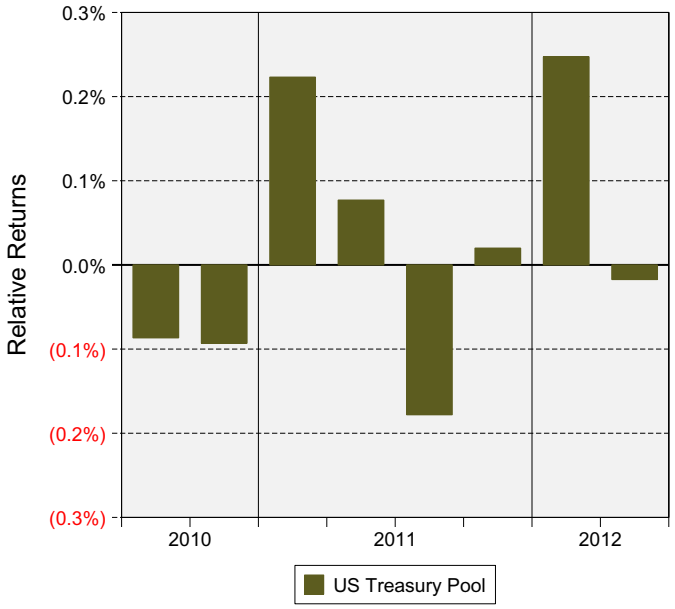
US Treasury Pool
Period Ended June 30, 2012

Quarterly Summary and Highlights

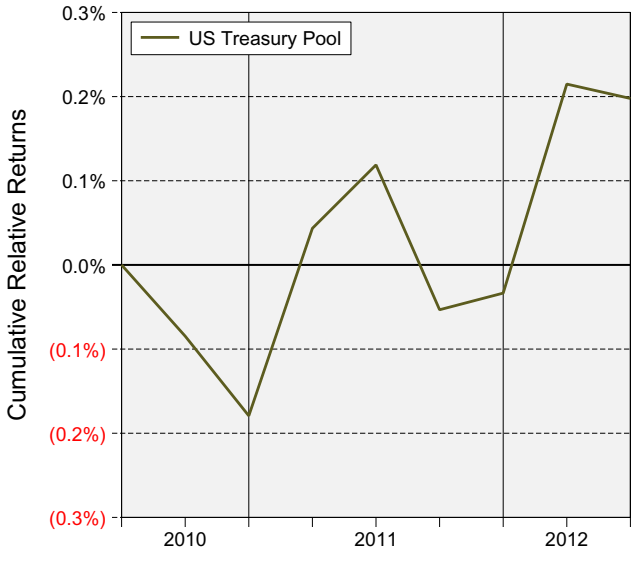
- US Treasury Pool's portfolio underperformed the Barclays Intmdt Treas by 0.02% for the quarter and outperformed the Barclays Intmdt Treas for the year by 0.08%.



Relative Return vs Barclays Intmdt Treas



Cumulative Returns vs Barclays Intmdt Treas



Mondrian Investment Partners
Period Ended June 30, 2012

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. Benchmark: Citi WGBI Non-US Index through 3/31/11; thereafter, 70% Citi WGBI Non-US Index and 30% JP Morgan GBI Emerging Mkts Broad Diversified Index.

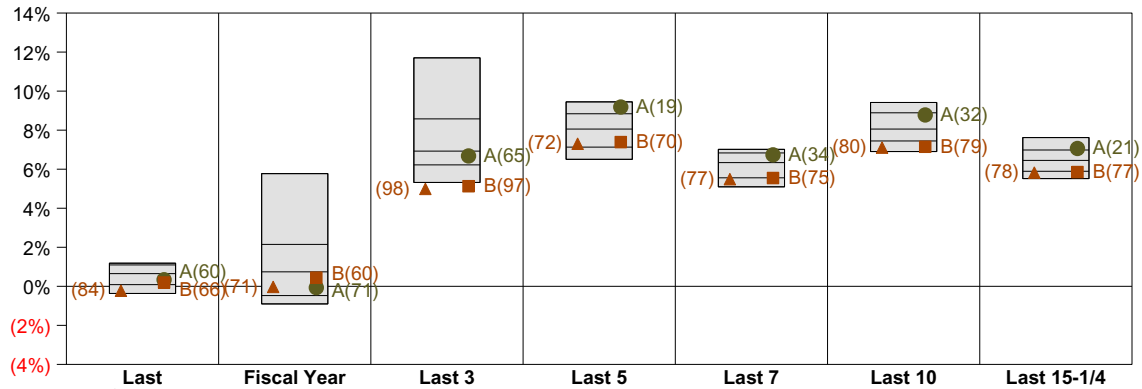
Quarterly Summary and Highlights

- Mondrian Investment Partners's portfolio posted a 0.34% return for the quarter placing it in the 60 percentile of the CAI Non-U.S. Fixed-Inc Style group for the quarter and in the 71 percentile for the last year.
- Mondrian Investment Partners's portfolio outperformed the Mondrian Benchmark by 0.56% for the quarter and underperformed the Mondrian Benchmark for the year by 0.04%.

Quarterly Asset Growth

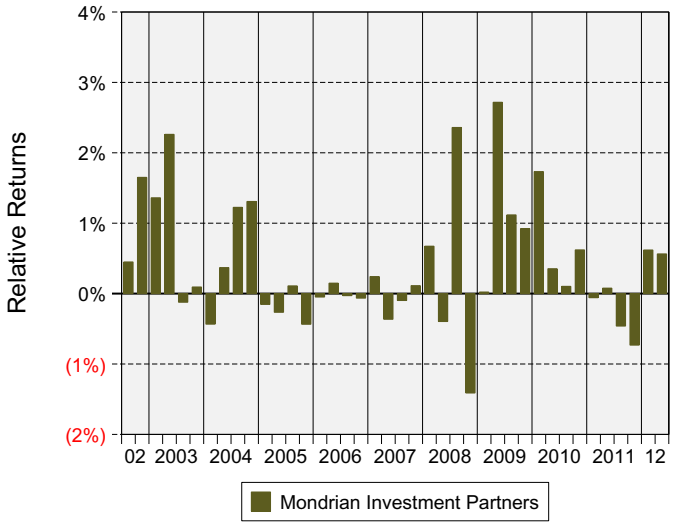
Beginning Market Value	$374,940,420
Net New Investment	$0
Investment Gains/(Losses)	$1,263,593
Ending Market Value	$376,204,013

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

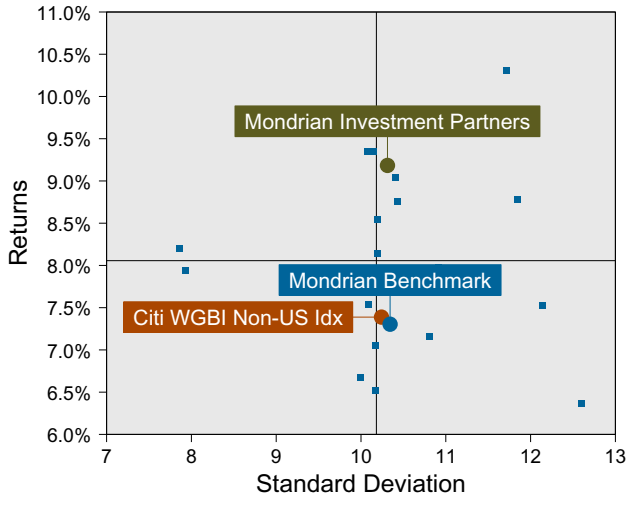


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15-1/4 Years
10th Percentile	1.18	5.77	11.71	9.45	7.02	9.42	7.62
25th Percentile	1.10	2.15	8.58	8.84	6.83	8.89	6.98
Median	0.65	0.74	6.93	8.06	6.34	8.06	6.45
75th Percentile	0.09	(0.47)	6.22	7.13	5.56	7.45	5.89
90th Percentile	(0.37)	(0.90)	5.32	6.51	5.10	6.91	5.52
Mondrian Investment Partners (A)	0.34	(0.07)	6.68	9.18	6.73	8.78	7.06
Citi WGBI Non-US Idx (B)	0.20	0.44	5.13	7.39	5.55	7.15	5.85
Mondrian Benchmark	(0.23)	(0.03)	4.99	7.30	5.49	7.11	5.83

Relative Return vs Mondrian Benchmark



CAI Non-U.S. Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return

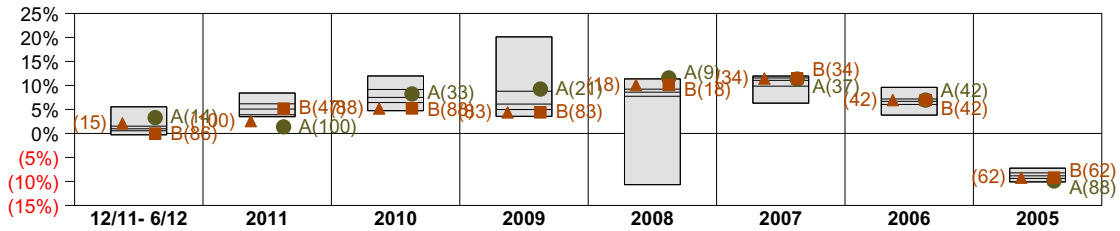


Mondrian Investment Partners
Return Analysis Summary

Return Analysis

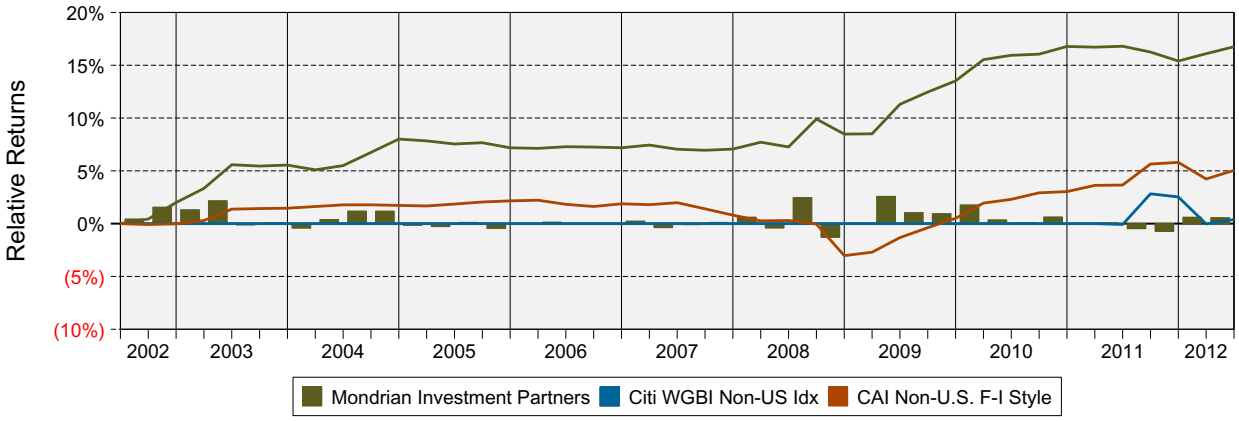
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

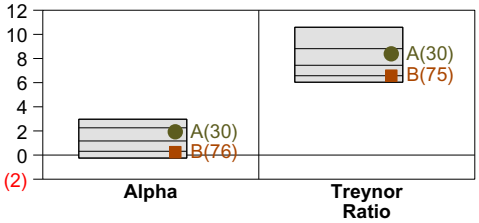


		12/11- 6/12	2011	2010	2009	2008	2007	2006	2005
10th Percentile		5.55	8.42	11.97	20.12	11.37	11.96	9.60	(7.23)
25th Percentile		1.52	6.17	9.16	8.79	9.22	11.56	7.18	(8.22)
Median		0.97	5.08	7.50	6.12	8.60	11.06	6.69	(8.83)
75th Percentile		0.56	3.89	6.44	4.98	7.75	9.85	6.04	(9.36)
90th Percentile		(0.28)	3.49	4.74	3.56	(10.67)	6.31	3.82	(10.09)
Mondrian Investment Partners	A	3.30	1.37	8.23	9.24	11.57	11.33	6.95	(9.90)
Citi WGBI Non-US Idx	B	(0.02)	5.17	5.21	4.39	10.11	11.45	6.94	(9.20)
Mondrian Benchmark	▲	2.11	2.58	5.21	4.39	10.11	11.45	6.94	(9.20)

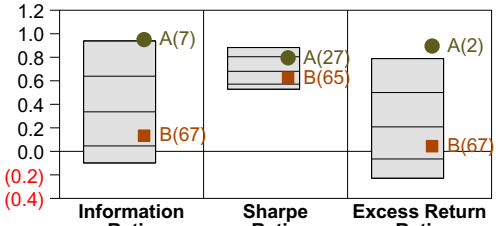
Cumulative and Quarterly Relative Return vs Mondrian Benchmark



Risk Adjusted Return Measures vs Mondrian Benchmark
Rankings Against CAI Non-U.S. Fixed-Inc Style (Gross)
Five Years Ended June 30, 2012



		Alpha	Treynor Ratio
10th Percentile		2.97	10.59
25th Percentile		2.26	8.82
Median		1.17	7.44
75th Percentile		0.31	6.57
90th Percentile		(0.25)	6.03
Mondrian Investment Partners	A	1.93	8.39
Citi WGBI Non-US Idx	B	0.24	6.57



		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.94	0.88	0.79
25th Percentile		0.64	0.80	0.50
Median		0.34	0.68	0.21
75th Percentile		0.05	0.57	(0.06)
90th Percentile		(0.10)	0.53	(0.23)
Mondrian Investment Partners	A	0.95	0.80	0.90
Citi WGBI Non-US Idx	B	0.13	0.63	0.04

Lazard Emerging
Period Ended June 30, 2012

Investment Philosophy

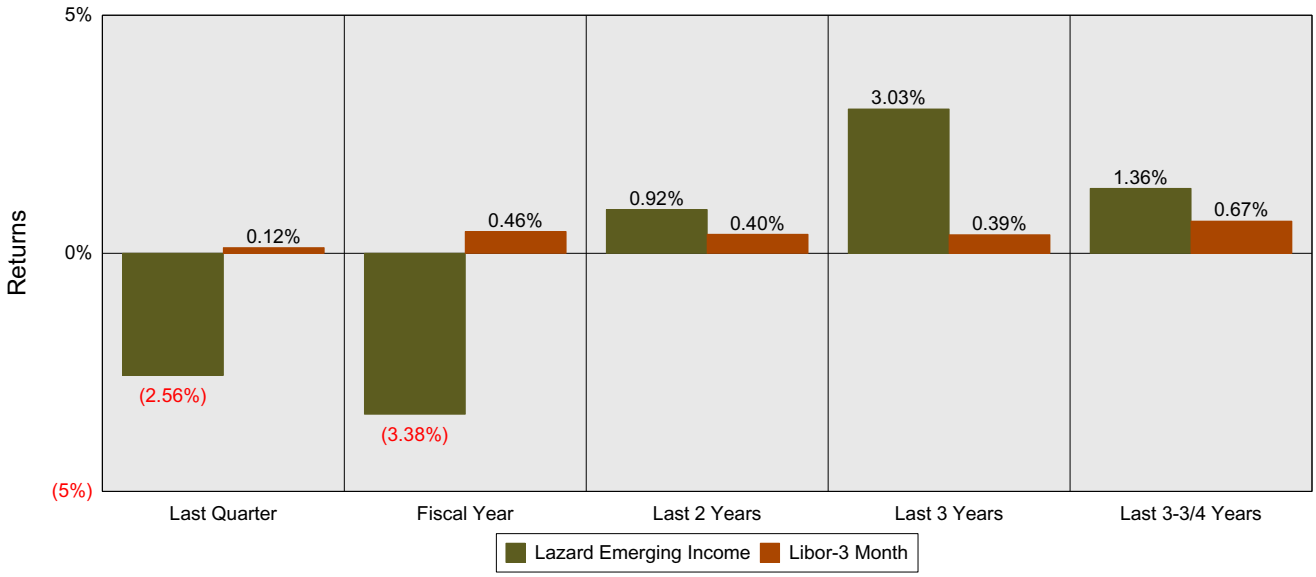
Lazard's Emerging Markets - Local Currency Debt strategy invests in short and intermediate-term fixed income securities from emerging market countries world-wide. These securities are denominated in the local currency and have short durations.

Quarterly Summary and Highlights

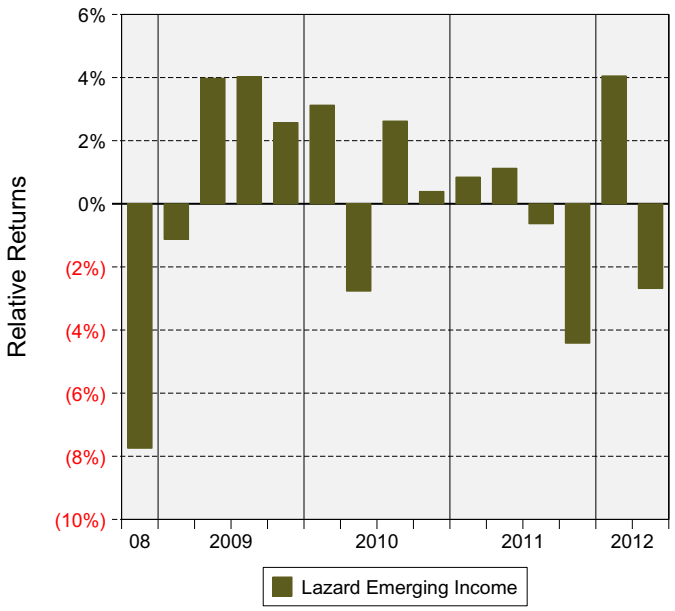
- Lazard Emerging Income's portfolio underperformed the Libor-3 Month by 2.68% for the quarter and underperformed the Libor-3 Month for the year by 3.84%.

Quarterly Asset Growth

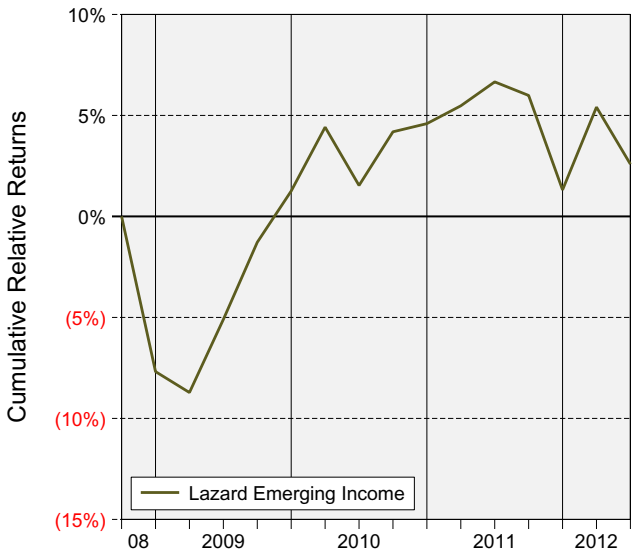
Beginning Market Value	$127,314,621
Net New Investment	$0
Investment Gains/(Losses)	$-3,264,319
Ending Market Value	$124,050,302



Relative Return vs Libor-3 Month



Cumulative Returns vs Libor-3 Month



High Yield Composite
Period Ended June 30, 2012

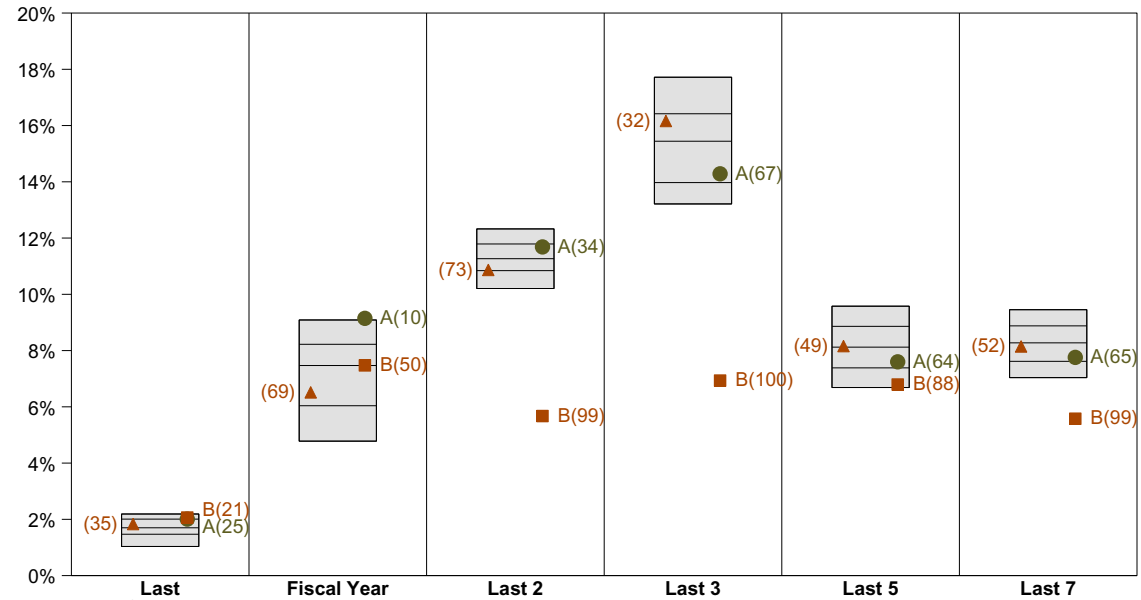
Quarterly Summary and Highlights

- High Yield Composite's portfolio posted a 2.01% return for the quarter placing it in the 25 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 10 percentile for the last year.
- High Yield Composite's portfolio outperformed the High Yield Target by 0.18% for the quarter and outperformed the High Yield Target for the year by 2.63%.

Quarterly Asset Growth

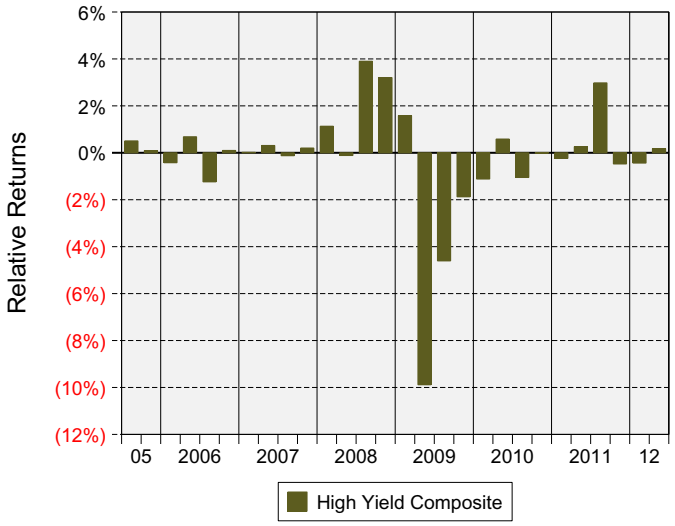
Beginning Market Value	$434,568,769
Net New Investment	$0
Investment Gains/(Losses)	$8,726,075
Ending Market Value	$443,294,844

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

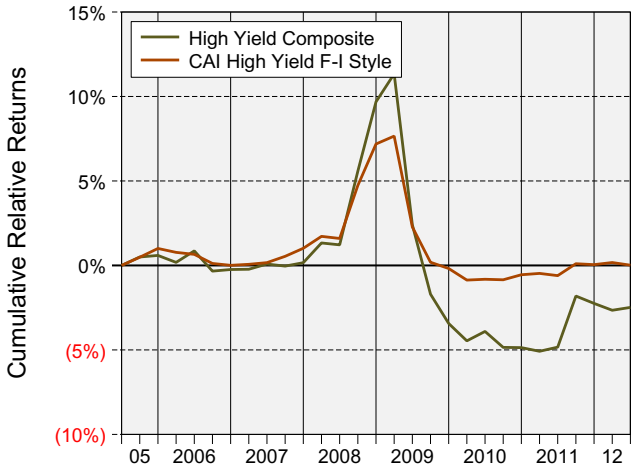


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	2.19	9.09	12.33	17.72	9.58	9.45
25th Percentile	2.01	8.22	11.79	16.42	8.86	8.88
Median	1.70	7.47	11.27	15.44	8.12	8.27
75th Percentile	1.47	6.04	10.84	13.97	7.39	7.62
90th Percentile	1.03	4.78	10.21	13.21	6.69	7.04
High Yield Composite ● A	2.01	9.15	11.68	14.28	7.60	7.76
BC Aggregate Index ■ B	2.06	7.47	5.67	6.93	6.79	5.58
High Yield Target ▲	1.83	6.51	10.87	16.16	8.16	8.15

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target



MacKay Shields
Period Ended June 30, 2012

Investment Philosophy

Target: ML Hi Yield Master II from 12/31/06; ML Hi Yield Cash Pay prior to 12/31/06.

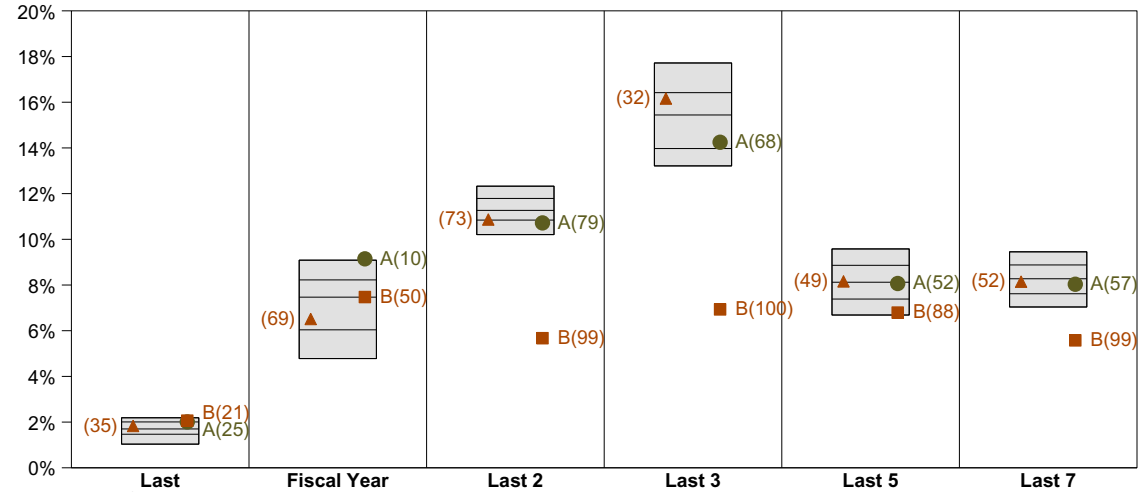
Quarterly Summary and Highlights

- MacKay Shields's portfolio posted a 2.01% return for the quarter placing it in the 25 percentile of the CAI High Yield Fixed-Inc Style group for the quarter and in the 10 percentile for the last year.
- MacKay Shields's portfolio outperformed the High Yield Target by 0.18% for the quarter and outperformed the High Yield Target for the year by 2.63%.

Quarterly Asset Growth

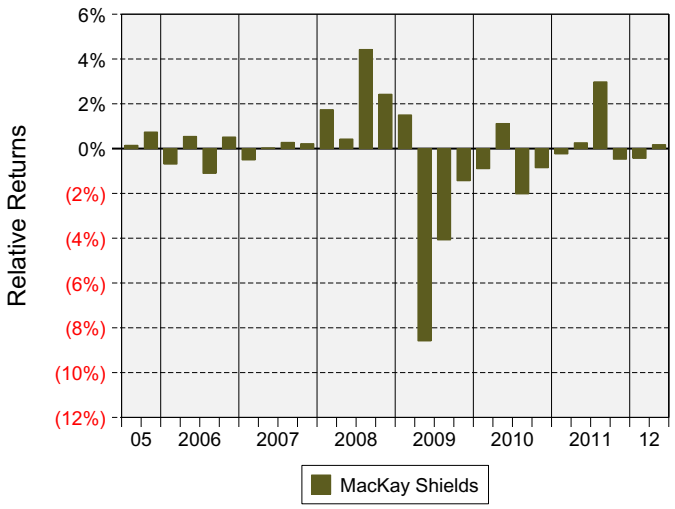
Beginning Market Value	$434,568,769
Net New Investment	$0
Investment Gains/(Losses)	$8,726,075
Ending Market Value	$443,294,844

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

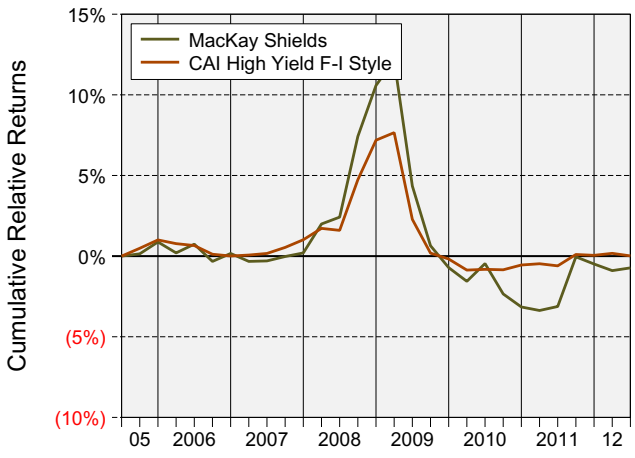


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	2.19	9.09	12.33	17.72	9.58	9.45
25th Percentile	2.01	8.22	11.79	16.42	8.86	8.88
Median	1.70	7.47	11.27	15.44	8.12	8.27
75th Percentile	1.47	6.04	10.84	13.97	7.39	7.62
90th Percentile	1.03	4.78	10.21	13.21	6.69	7.04
MacKay Shields ● A	2.01	9.15	10.72	14.25	8.07	8.03
BC Aggregate Index ■ B	2.06	7.47	5.67	6.93	6.79	5.58
High Yield Target ▲	1.83	6.51	10.87	16.16	8.16	8.15

Relative Return vs High Yield Target



Cumulative Returns vs High Yield Target

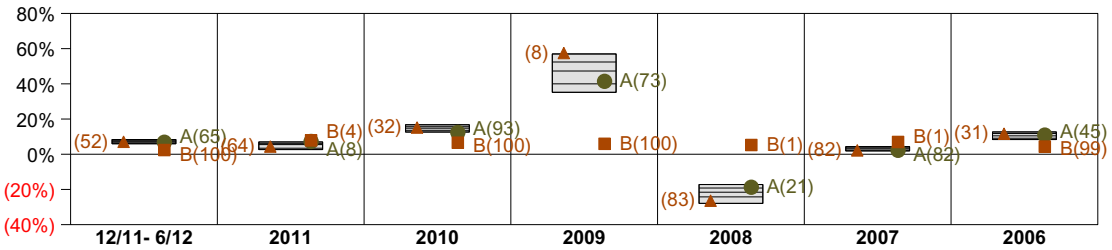


MacKay Shields
Return Analysis Summary

Return Analysis

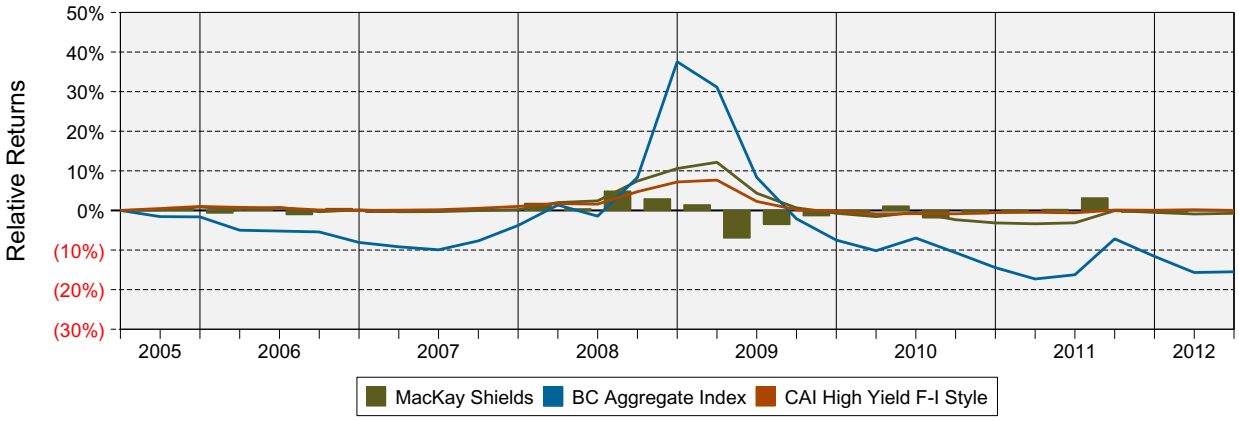
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

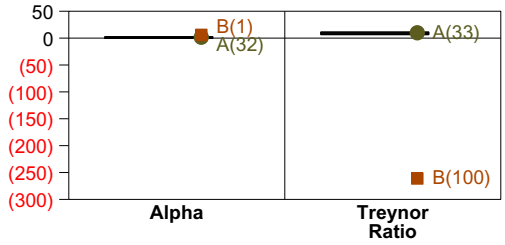


	12/11- 6/12	2011	2010	2009	2008	2007	2006
10th Percentile	8.36	6.97	16.74	56.98	(17.21)	4.29	12.66
25th Percentile	7.71	6.02	15.63	52.41	(19.20)	4.07	11.76
Median	7.13	5.47	14.81	47.28	(21.58)	3.37	10.45
75th Percentile	6.50	3.43	13.61	40.00	(24.22)	2.43	9.09
90th Percentile	5.96	2.65	12.62	35.18	(27.93)	1.91	8.35
MacKay Shields (A)	6.82	7.25	12.36	41.42	(18.76)	2.23	10.88
BC Aggregate Index (B)	2.37	7.84	6.54	5.93	5.24	6.97	4.33
High Yield Target	7.08	4.38	15.19	57.51	(26.39)	2.19	11.66

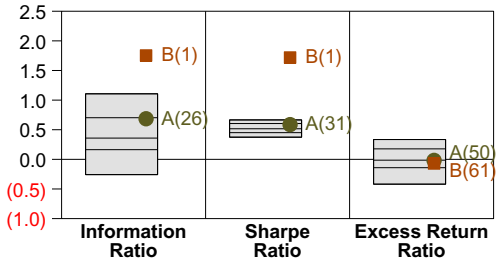
Cumulative and Quarterly Relative Return vs High Yield Target



Risk Adjusted Return Measures vs High Yield Target
Rankings Against CAI High Yield Fixed-Inc Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.68	11.32
25th Percentile	2.09	10.23
Median	1.08	8.74
75th Percentile	0.48	7.61
90th Percentile	(0.65)	6.43
MacKay Shields (A)	1.67	9.92
BC Aggregate Index (B)	6.01	(261.05)



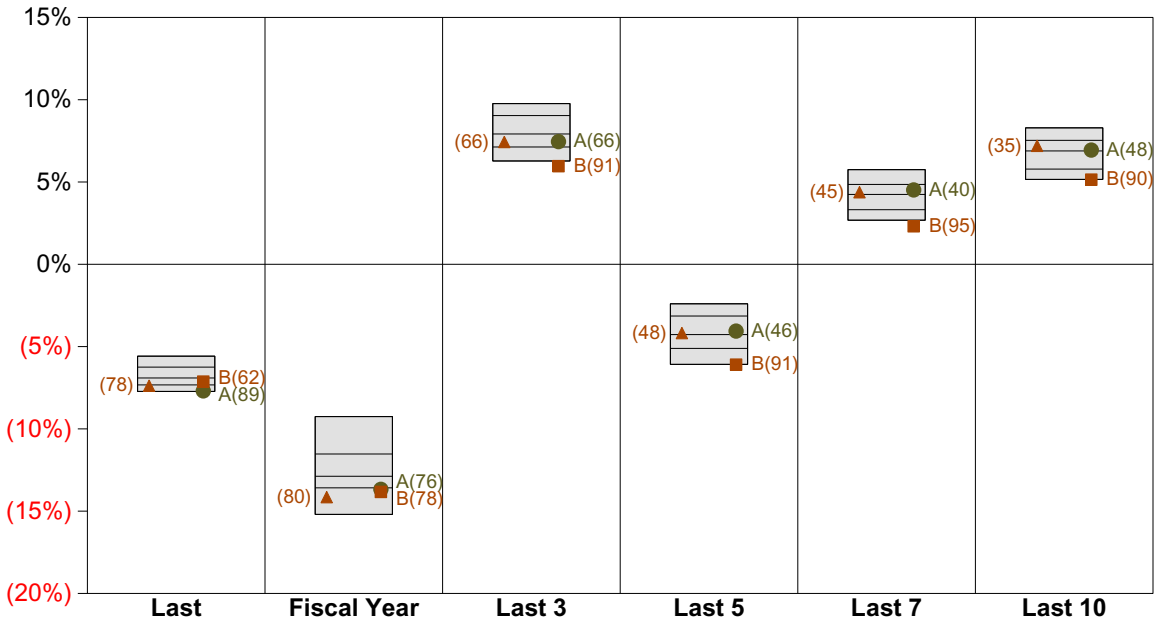
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.11	0.67	0.33
25th Percentile	0.70	0.60	0.18
Median	0.36	0.52	(0.01)
75th Percentile	0.16	0.45	(0.14)
90th Percentile	(0.26)	0.37	(0.42)
MacKay Shields (A)	0.69	0.59	(0.02)
BC Aggregate Index (B)	1.75	1.72	(0.07)

Total International Equity
Period Ended June 30, 2012

Quarterly Summary and Highlights

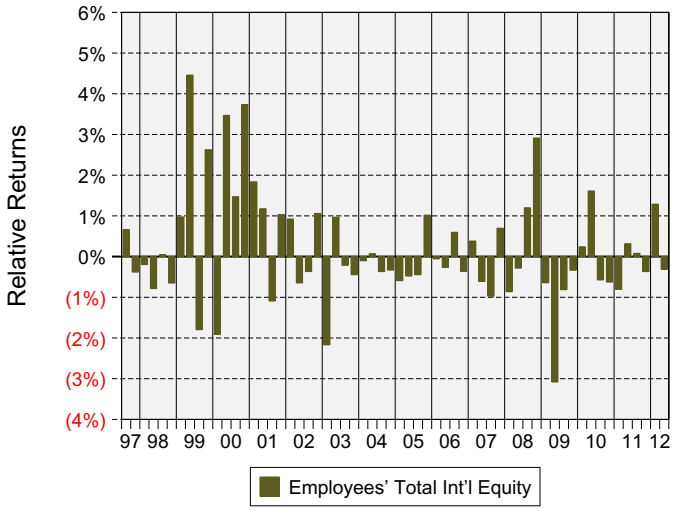
- Employees' Total Int'l Equity's portfolio posted a (7.69)% return for the quarter placing it in the 89 percentile of the Public Fund - International Equity group for the quarter and in the 76 percentile for the last year.
- Employees' Total Int'l Equity's portfolio underperformed the MSCI ACWI ex US Index by 0.31% for the quarter and outperformed the MSCI ACWI ex US Index for the year by 0.47%.

Performance vs Public Fund - International Equity (Gross)

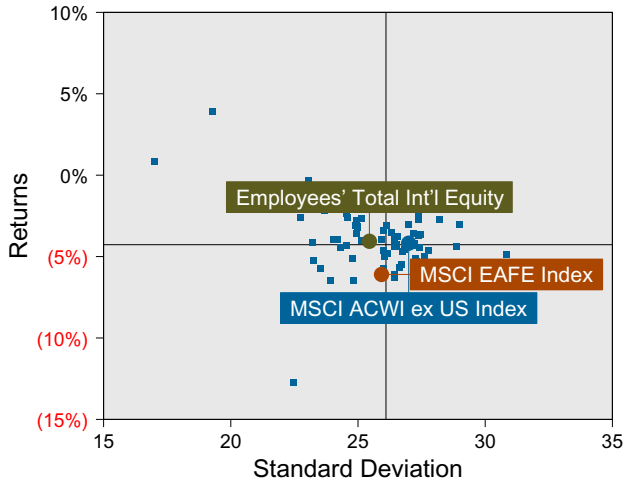


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(5.58)	(9.25)	9.76	(2.40)	5.75	8.29
25th Percentile	(6.25)	(11.53)	9.04	(3.14)	4.85	7.53
Median	(6.91)	(12.88)	7.92	(4.27)	4.25	6.89
75th Percentile	(7.33)	(13.58)	7.13	(5.11)	3.32	5.78
90th Percentile	(7.73)	(15.20)	6.28	(6.08)	2.68	5.16
Employees' Total Int'l Equity ● A	(7.69)	(13.67)	7.45	(4.06)	4.52	6.94
MSCI EAFE Index ■ B	(7.13)	(13.83)	5.96	(6.10)	2.31	5.14
MSCI ACWI ex US Index ▲	(7.38)	(14.15)	7.43	(4.18)	4.38	7.20

Relative Return vs MSCI ACWI ex US Index



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

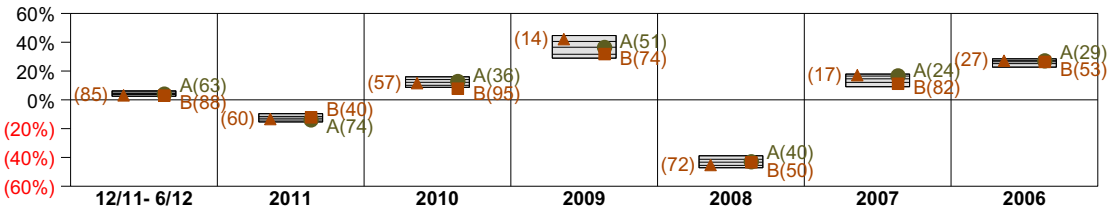


Total International Equity
Return Analysis Summary

Return Analysis

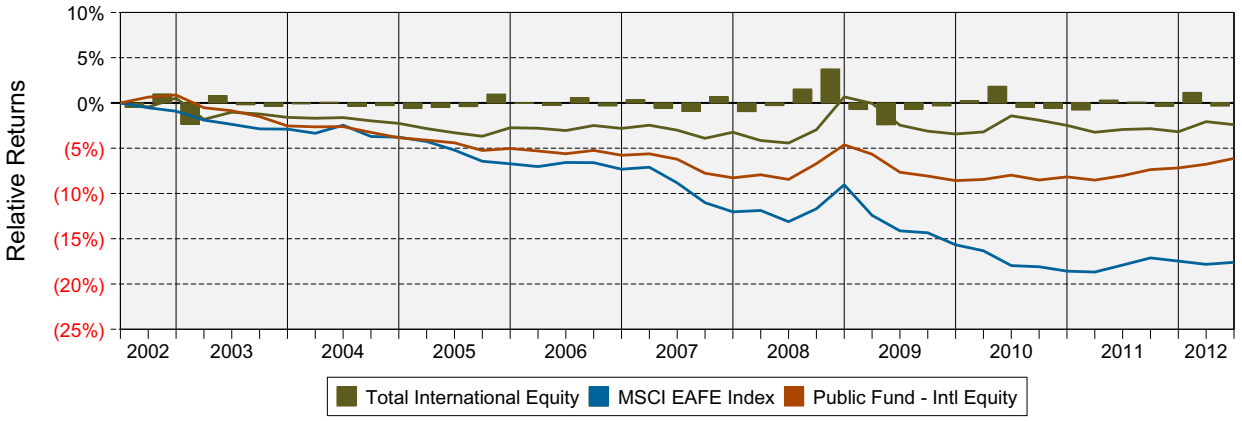
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Public Fund - International Equity (Gross)

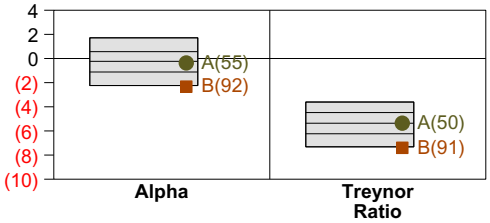


	12/11- 6/12	2011	2010	2009	2008	2007	2006
10th Percentile	6.22	(9.61)	16.00	44.65	(38.84)	17.89	28.48
25th Percentile	5.49	(11.50)	14.07	40.56	(41.28)	16.50	27.22
Median	4.45	(12.75)	12.17	36.53	(43.30)	14.59	26.44
75th Percentile	3.67	(14.00)	10.09	31.65	(45.51)	12.13	25.15
90th Percentile	2.49	(15.33)	8.68	28.94	(47.15)	9.11	22.70
Total International Equity (A)	3.96	(13.95)	12.70	36.35	(43.03)	16.61	27.06
MSCI EAFE Index (B)	2.96	(12.14)	7.75	31.78	(43.38)	11.17	26.34
MSCI ACWI ex US Index	3.13	(13.33)	11.60	42.14	(45.24)	17.12	27.16

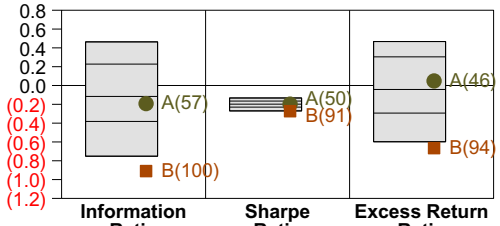
Cumulative and Quarterly Relative Return vs MSCI ACWI ex US Index



Risk Adjusted Return Measures vs MSCI ACWI ex US Index
Rankings Against Public Fund - International Equity (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	1.71	(3.61)
25th Percentile	0.57	(4.48)
Median	(0.23)	(5.36)
75th Percentile	(1.12)	(6.23)
90th Percentile	(2.24)	(7.32)
Total International Equity (A)	(0.37)	(5.36)
MSCI EAFE Index (B)	(2.33)	(7.40)



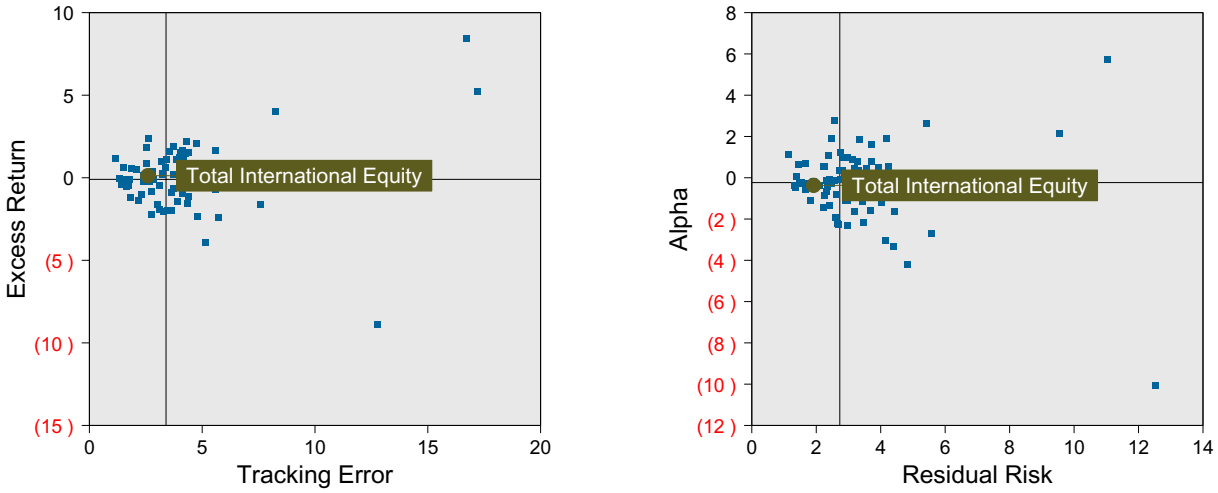
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.46	(0.13)	0.47
25th Percentile	0.23	(0.17)	0.30
Median	(0.12)	(0.20)	(0.04)
75th Percentile	(0.38)	(0.23)	(0.29)
90th Percentile	(0.75)	(0.27)	(0.60)
Total International Equity (A)	(0.19)	(0.20)	0.05
MSCI EAFE Index (B)	(0.91)	(0.27)	(0.67)

Total International Equity
Risk Analysis Summary

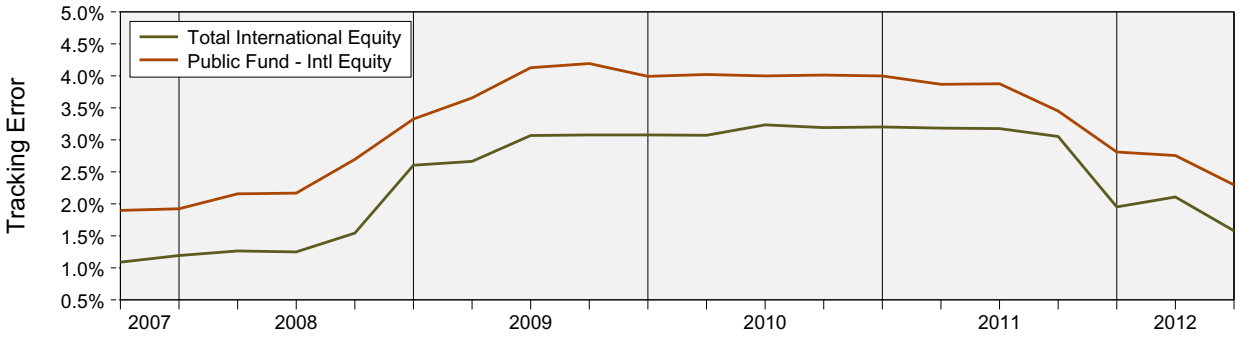
Risk Analysis

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.

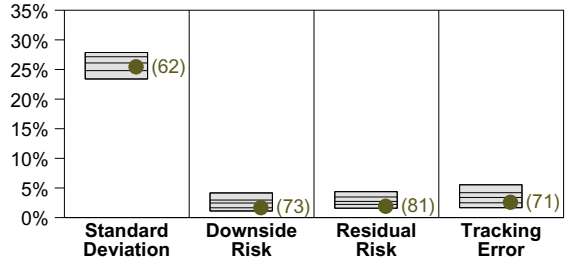
Risk Analysis vs Public Fund - International Equity (Gross)
Five Years Ended June 30, 2012



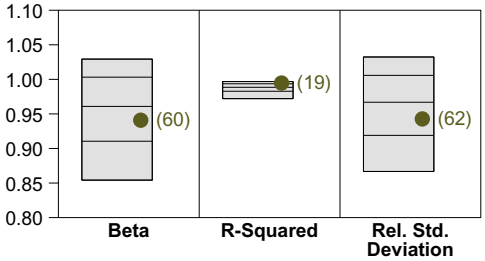
Rolling 12 Quarter Tracking Error vs MSCI ACWI ex US Index



Risk Statistics Rankings vs MSCI ACWI ex US Index
Rankings Against Public Fund - International Equity (Gross)
Five Years Ended June 30, 2012



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	27.87	4.16	4.38	5.54
25th Percentile	27.15	2.96	3.48	4.20
Median	26.10	2.46	2.73	3.40
75th Percentile	24.81	1.66	2.23	2.50
90th Percentile	23.40	1.12	1.58	1.67
Total International Equity	25.45	1.68	1.92	2.59



	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.03	1.00	1.03
25th Percentile	1.00	0.99	1.01
Median	0.96	0.99	0.97
75th Percentile	0.91	0.98	0.92
90th Percentile	0.85	0.97	0.87
Total International Equity	0.94	0.99	0.94

International Equity (ex Emerging Markets)
Period Ended June 30, 2012

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.

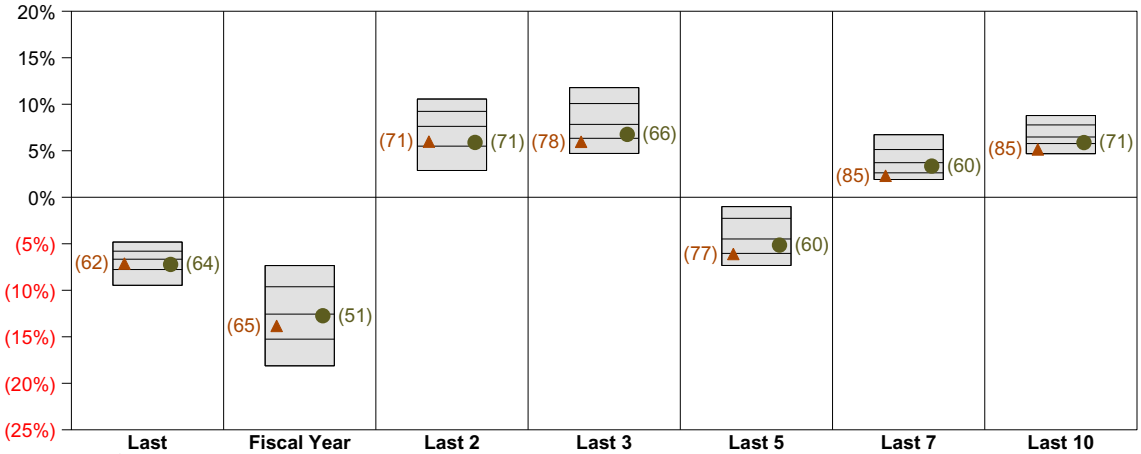
Quarterly Summary and Highlights

- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio posted a (7.22)% return for the quarter placing it in the 64 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 51 percentile for the last year.
- Int'l Equity Pool (ex Emerging. Mkt)'s portfolio underperformed the MSCI EAFE Index by 0.09% for the quarter and outperformed the MSCI EAFE Index for the year by 1.09%.

Quarterly Asset Growth

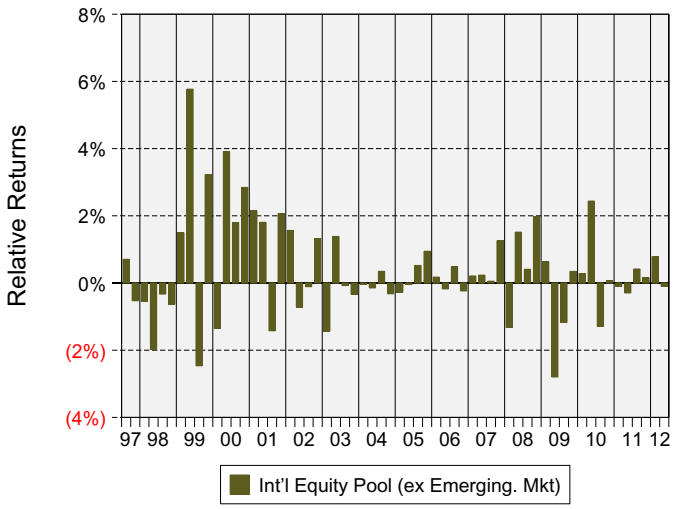
Beginning Market Value	$1,507,948,021
Net New Investment	$-7,901,773
Investment Gains/(Losses)	$-108,902,350
Ending Market Value	$1,391,143,898

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

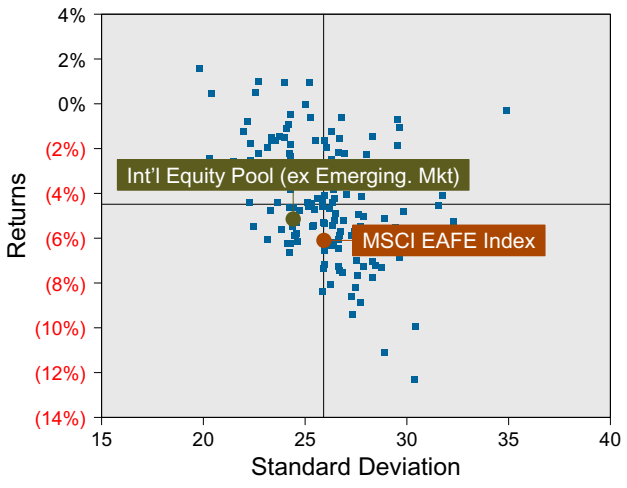


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	(4.82)	(7.34)	10.56	11.79	(1.00)	6.73	8.79
25th Percentile	(5.80)	(9.62)	9.23	10.08	(2.26)	5.13	7.78
Median	(6.66)	(12.56)	7.62	7.83	(4.48)	3.72	6.48
75th Percentile	(7.77)	(15.26)	5.49	6.34	(6.04)	2.63	5.77
90th Percentile	(9.47)	(18.12)	2.88	4.71	(7.33)	1.91	4.69
Int'l Equity Pool (ex Emerging. Mkt) ●	(7.22)	(12.74)	5.89	6.76	(5.14)	3.35	5.88
MSCI EAFE Index ▲	(7.13)	(13.83)	5.98	5.96	(6.10)	2.31	5.14

Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

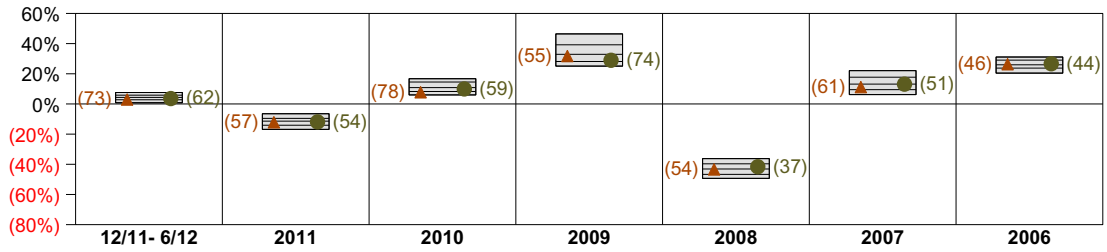


Int'l Equity Pool (ex Emerging. Mkt)
Return Analysis Summary

Return Analysis

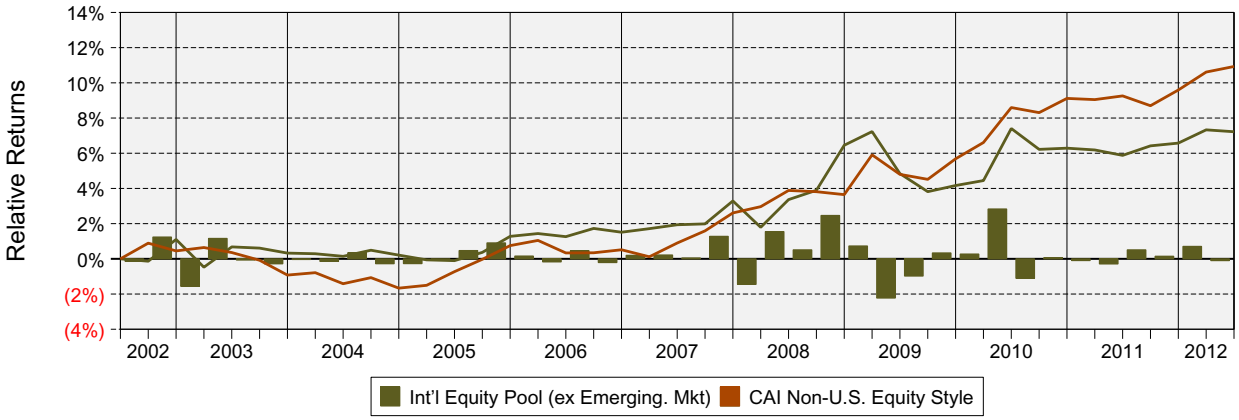
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

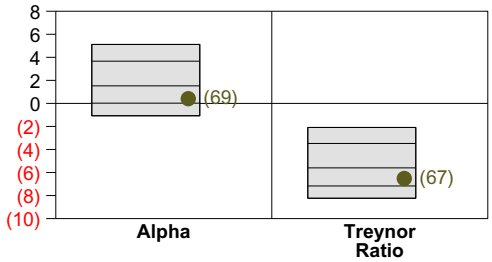


	12/11- 6/12	2011	2010	2009	2008	2007	2006
10th Percentile	7.58	(6.48)	16.72	46.43	(36.24)	22.09	31.12
25th Percentile	5.83	(9.56)	14.53	39.21	(39.68)	17.74	29.04
Median	4.33	(11.40)	10.84	32.89	(43.10)	13.16	25.96
75th Percentile	2.78	(14.10)	8.27	28.15	(46.67)	9.47	23.76
90th Percentile	0.80	(16.87)	5.97	25.08	(49.33)	6.21	20.44
Int'l Equity Pool (ex Emerging. Mkt) ●	3.58	(11.90)	9.95	28.94	(41.64)	13.12	26.64
MSCI EAFE Index ▲	2.96	(12.14)	7.75	31.78	(43.38)	11.17	26.34

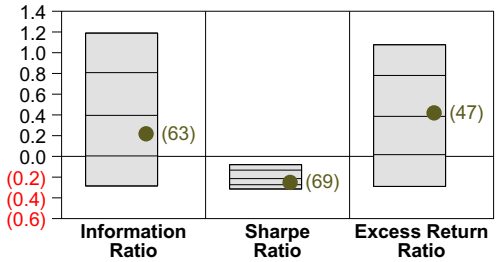
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.12	(2.09)
25th Percentile	3.66	(3.48)
Median	1.52	(5.60)
75th Percentile	0.02	(7.17)
90th Percentile	(1.07)	(8.23)
Int'l Equity Pool (ex Emerging. Mkt) ●	0.41	(6.52)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.19	(0.08)	1.08
25th Percentile	0.81	(0.13)	0.78
Median	0.40	(0.21)	0.39
75th Percentile	0.00	(0.27)	0.02
90th Percentile	(0.29)	(0.31)	(0.29)
Int'l Equity Pool (ex Emerging. Mkt) ●	0.22	(0.25)	0.42

Brandes Investment Partners
Period Ended June 30, 2012

Investment Philosophy

Brandes employs a bottom-up approach to building international equity portfolios. The core goal of the investment process is to build portfolios with high overall average margin of safety ("MOS") which the firm believes offer attractive long-term appreciation potential. A focus is given to stocks that are selling at a discount to the firm's estimates of their intrinsic business value, seen as an opportunity for competitive performance. The firm utilizes fundamental research to select undervalued companies in the developed and emerging markets.

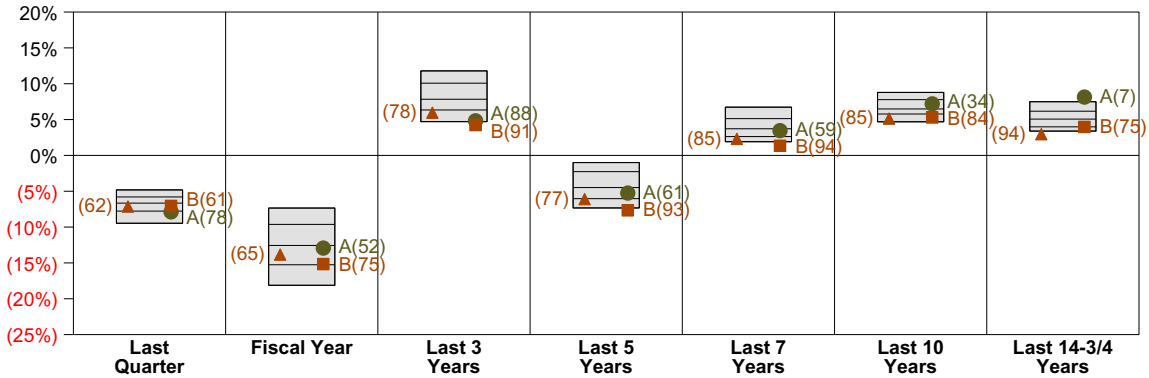
Quarterly Summary and Highlights

- Brandes's portfolio posted a (7.88)% return for the quarter placing it in the 78 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 52 percentile for the last year.
- Brandes's portfolio underperformed the MSCI EAFE Index by 0.75% for the quarter and outperformed the MSCI EAFE Index for the year by 0.90%.

Quarterly Asset Growth

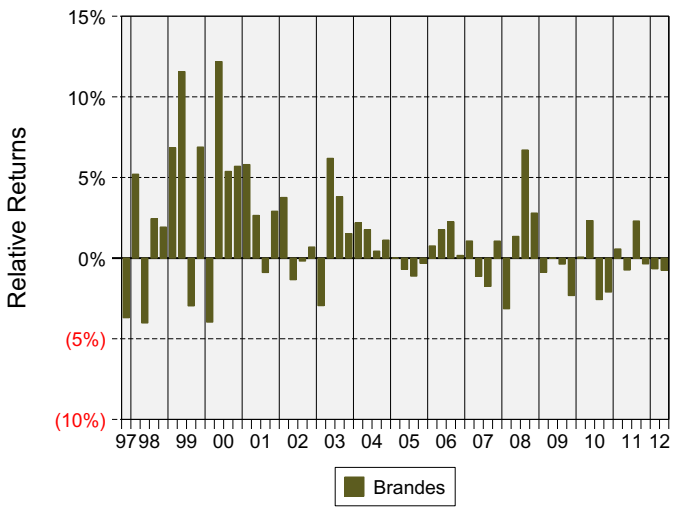
Beginning Market Value	$792,446,484
Net New Investment	$11,568
Investment Gains/(Losses)	$-62,472,087
Ending Market Value	$729,985,965

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

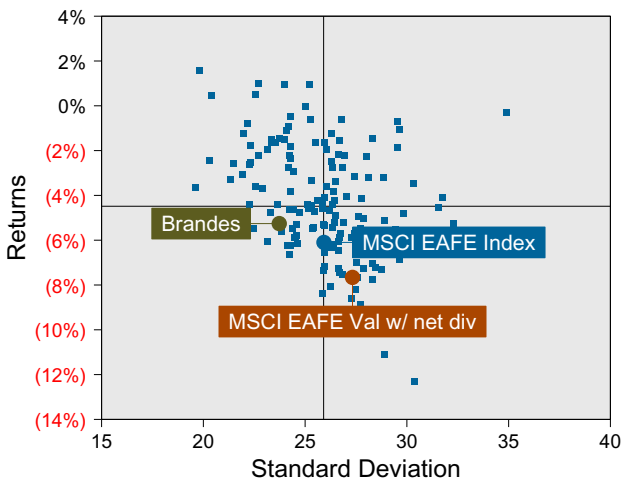


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 14-3/4 Years
10th Percentile	(4.82)	(7.34)	11.79	(1.00)	6.73	8.79	7.49
25th Percentile	(5.80)	(9.62)	10.08	(2.26)	5.13	7.78	6.17
Median	(6.66)	(12.56)	7.83	(4.48)	3.72	6.48	5.06
75th Percentile	(7.77)	(15.26)	6.34	(6.04)	2.63	5.77	3.98
90th Percentile	(9.47)	(18.12)	4.71	(7.33)	1.91	4.69	3.39
Brandes ● A	(7.88)	(12.93)	4.82	(5.26)	3.46	7.19	8.14
MSCI EAFE Val w/ net div ■ B	(7.05)	(15.16)	4.24	(7.66)	1.34	5.29	3.97
MSCI EAFE Index ▲	(7.13)	(13.83)	5.96	(6.10)	2.31	5.14	2.96

Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

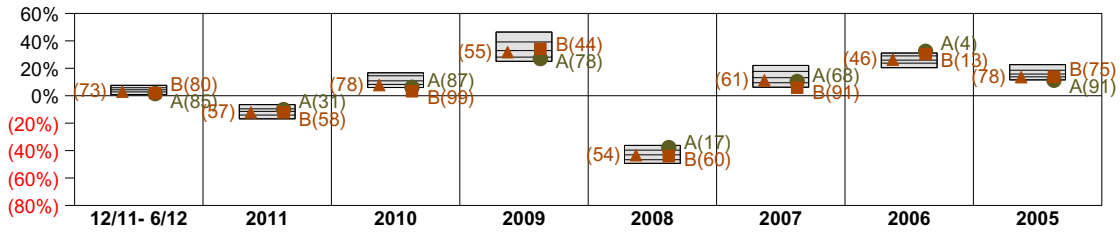


Brandes
Return Analysis Summary

Return Analysis

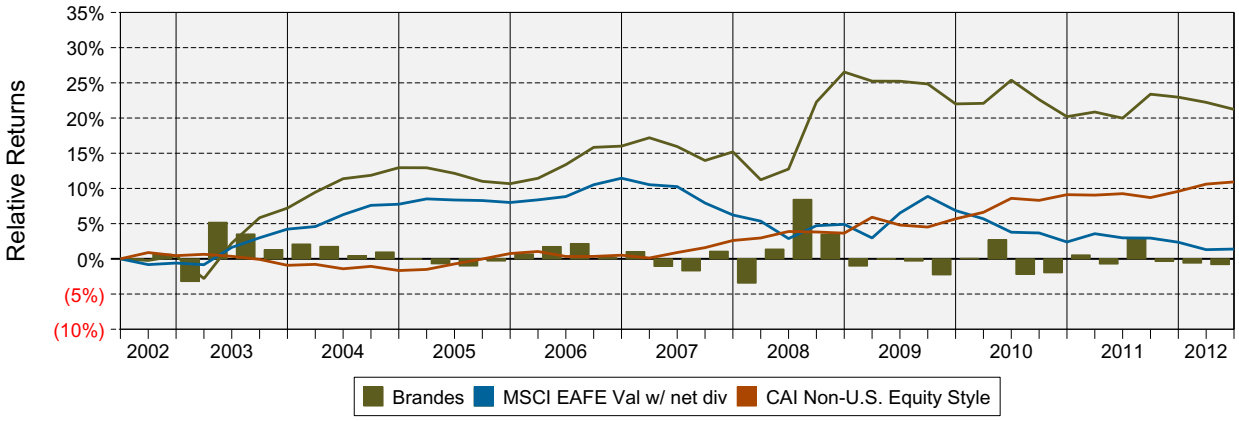
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

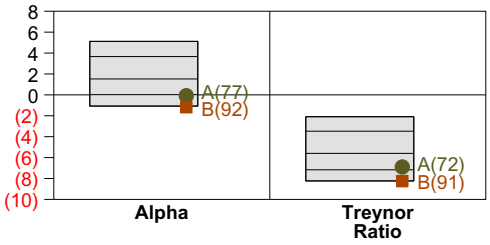


		12/11- 6/12	2011	2010	2009	2008	2007	2006	2005
10th Percentile		7.58	(6.48)	16.72	46.43	(36.24)	22.09	31.12	22.67
25th Percentile		5.83	(9.56)	14.53	39.21	(39.68)	17.74	29.04	18.58
Median		4.33	(11.40)	10.84	32.89	(43.10)	13.16	25.96	15.78
75th Percentile		2.78	(14.10)	8.27	28.15	(46.67)	9.47	23.76	13.78
90th Percentile		0.80	(16.87)	5.97	25.08	(49.33)	6.21	20.44	11.55
Brandes	A	1.51	(10.12)	6.15	27.06	(37.80)	10.38	32.43	11.25
MSCI EAFE Val w/ net div	B	1.98	(12.17)	3.25	34.23	(44.09)	5.96	30.38	13.80
MSCI EAFE Index	▲	2.96	(12.14)	7.75	31.78	(43.38)	11.17	26.34	13.54

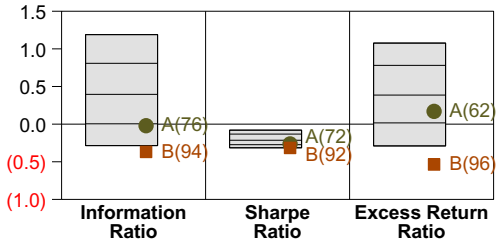
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended June 30, 2012



		Alpha	Treynor Ratio
10th Percentile		5.12	(2.09)
25th Percentile		3.66	(3.48)
Median		1.52	(5.60)
75th Percentile		0.02	(7.17)
90th Percentile		(1.07)	(8.23)
Brandes	A	(0.08)	(6.90)
MSCI EAFE Val w/ net div	B	(1.18)	(8.25)



		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		1.19	(0.08)	1.08
25th Percentile		0.81	(0.13)	0.78
Median		0.40	(0.21)	0.39
75th Percentile		0.00	(0.27)	0.02
90th Percentile		(0.29)	(0.31)	(0.29)
Brandes	A	(0.02)	(0.26)	0.17
MSCI EAFE Val w/ net div	B	(0.37)	(0.32)	(0.54)

Capital Guardian
Period Ended June 30, 2012

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.

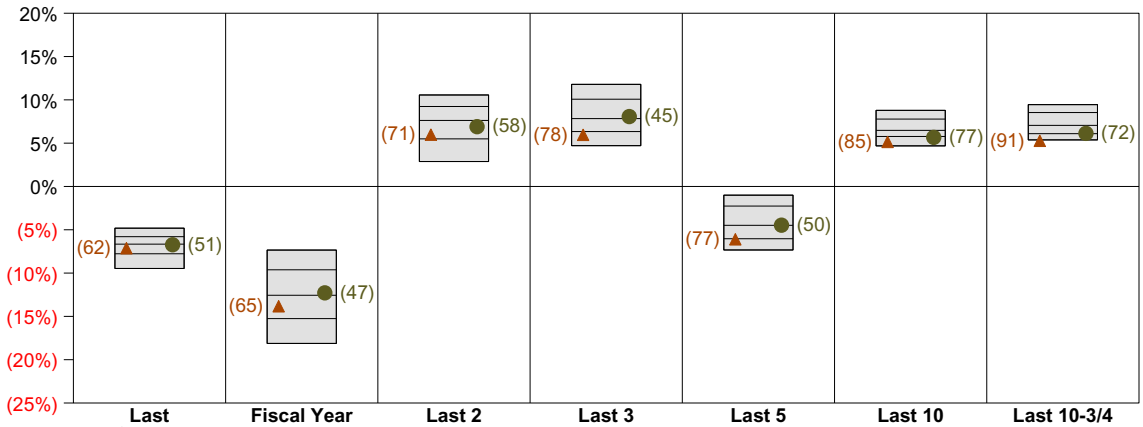
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a (6.73)% return for the quarter placing it in the 51 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 47 percentile for the last year.
- Capital Guardian's portfolio outperformed the MSCI EAFE Index by 0.40% for the quarter and outperformed the MSCI EAFE Index for the year by 1.55%.

Quarterly Asset Growth

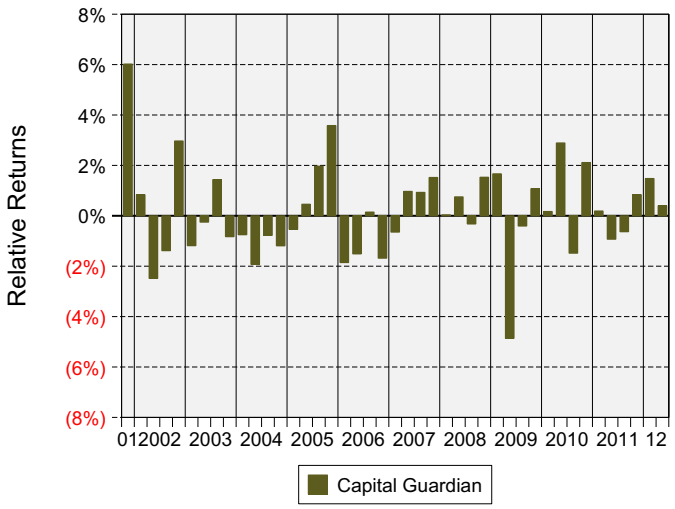
Beginning Market Value	$605,297,957
Net New Investment	$0
Investment Gains/(Losses)	$-40,739,081
Ending Market Value	$564,558,877

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

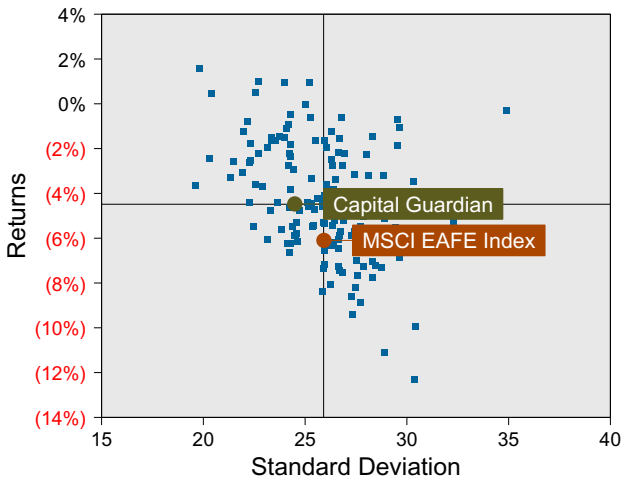


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 10-3/4 Years
10th Percentile	(4.82)	(7.34)	10.56	11.79	(1.00)	8.79	9.45
25th Percentile	(5.80)	(9.62)	9.23	10.08	(2.26)	7.78	8.53
Median	(6.66)	(12.56)	7.62	7.83	(4.48)	6.48	7.05
75th Percentile	(7.77)	(15.26)	5.49	6.34	(6.04)	5.77	6.10
90th Percentile	(9.47)	(18.12)	2.88	4.71	(7.33)	4.69	5.38
Capital Guardian ●	(6.73)	(12.29)	6.90	8.07	(4.47)	5.67	6.13
MSCI EAFE Index ▲	(7.13)	(13.83)	5.98	5.96	(6.10)	5.14	5.28

Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

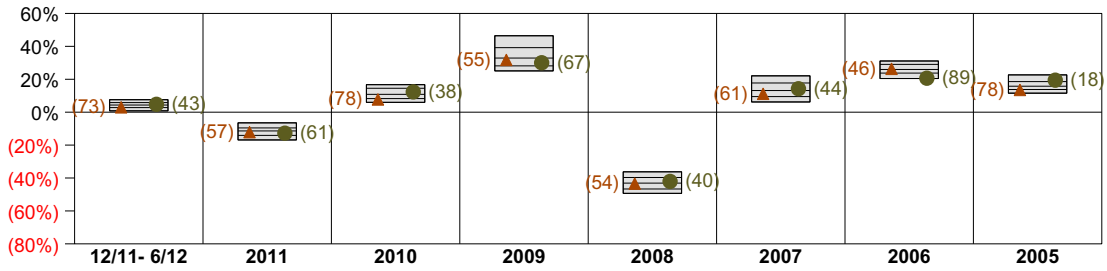


Capital Guardian
Return Analysis Summary

Return Analysis

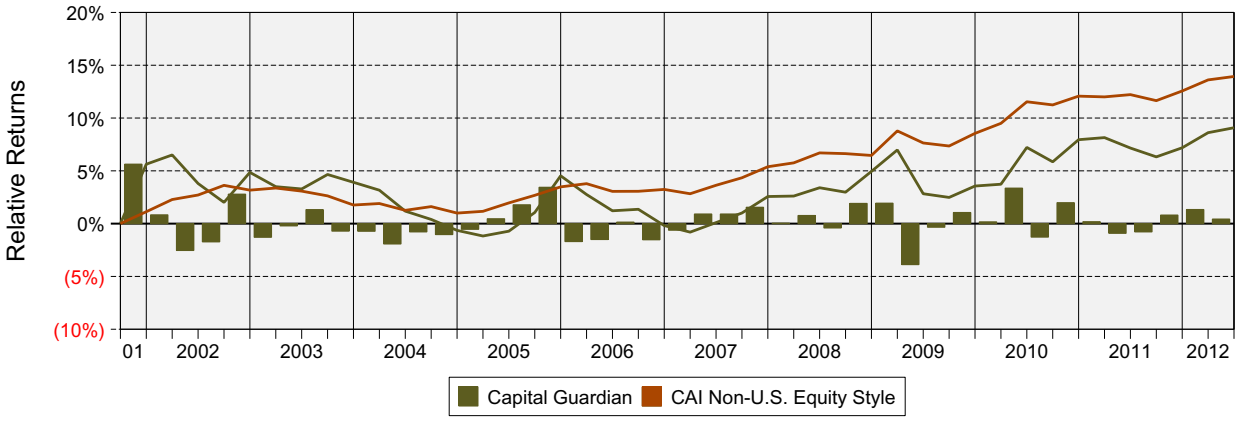
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

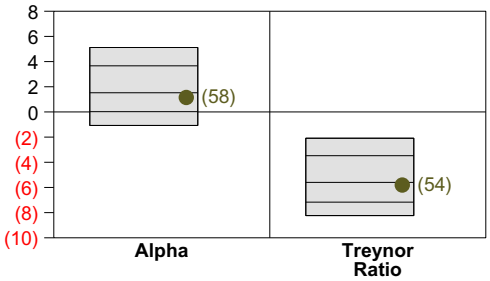


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005
10th Percentile	7.58	(6.48)	16.72	46.43	(36.24)	22.09	31.12	22.67
25th Percentile	5.83	(9.56)	14.53	39.21	(39.68)	17.74	29.04	18.58
Median	4.33	(11.40)	10.84	32.89	(43.10)	13.16	25.96	15.78
75th Percentile	2.78	(14.10)	8.27	28.15	(46.67)	9.47	23.76	13.78
90th Percentile	0.80	(16.87)	5.97	25.08	(49.33)	6.21	20.44	11.55
Capital Guardian ●	4.78	(12.76)	12.32	30.04	(42.07)	14.24	20.64	19.44
MSCI EAFE Index ▲	2.96	(12.14)	7.75	31.78	(43.38)	11.17	26.34	13.54

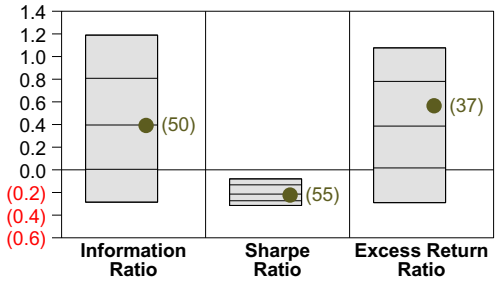
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.12	(2.09)
25th Percentile	3.66	(3.48)
Median	1.52	(5.60)
75th Percentile	0.02	(7.17)
90th Percentile	(1.07)	(8.23)
Capital Guardian ●	1.15	(5.81)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.19	(0.08)	1.08
25th Percentile	0.81	(0.13)	0.78
Median	0.40	(0.21)	0.39
75th Percentile	0.00	(0.27)	0.02
90th Percentile	(0.29)	(0.31)	(0.29)
Capital Guardian ●	0.39	(0.22)	0.57

LAZARD ASSET MANAGEMENT
Period Ended June 30, 2012

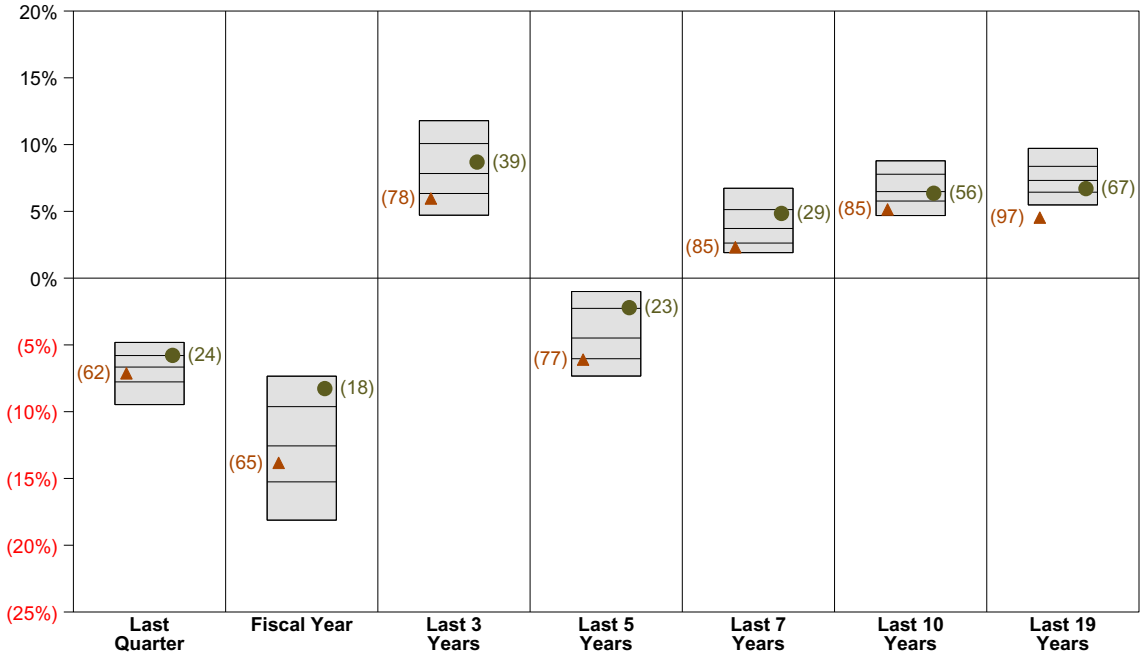
Quarterly Summary and Highlights

- Lazard Asset Mgmt's portfolio posted a (5.78)% return for the quarter placing it in the 24 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 18 percentile for the last year.
- Lazard Asset Mgmt's portfolio outperformed the MSCI EAFE Index by 1.34% for the quarter and outperformed the MSCI EAFE Index for the year by 5.56%.

Quarterly Asset Growth

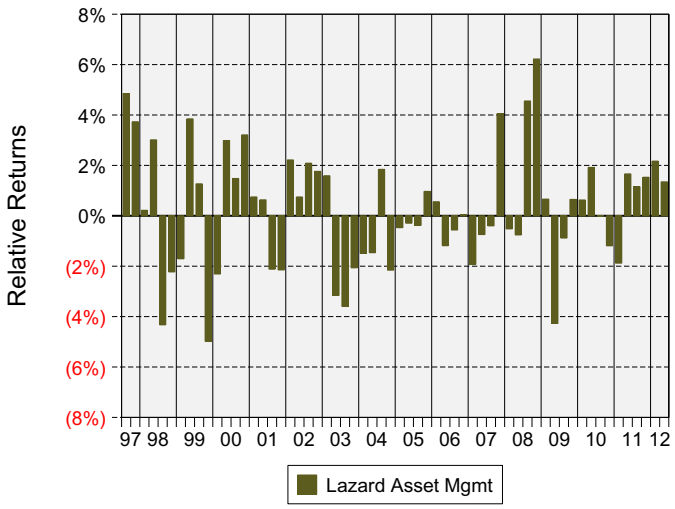
Beginning Market Value	$385,623,508
Net New Investment	$0
Investment Gains/(Losses)	$-22,307,097
Ending Market Value	$363,316,411

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

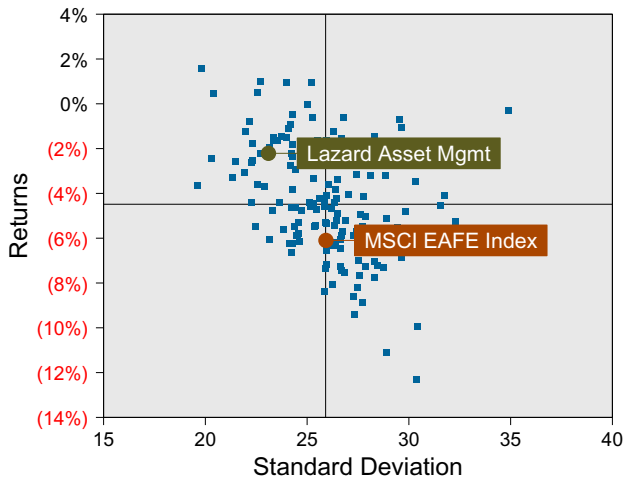


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 19 Years
10th Percentile	(4.82)	(7.34)	11.79	(1.00)	6.73	8.79	9.72
25th Percentile	(5.80)	(9.62)	10.08	(2.26)	5.13	7.78	8.37
Median	(6.66)	(12.56)	7.83	(4.48)	3.72	6.48	7.32
75th Percentile	(7.77)	(15.26)	6.34	(6.04)	2.63	5.77	6.44
90th Percentile	(9.47)	(18.12)	4.71	(7.33)	1.91	4.69	5.48
Lazard Asset Mgmt ●	(5.78)	(8.27)	8.69	(2.21)	4.85	6.36	6.70
MSCI EAFE Index ▲	(7.13)	(13.83)	5.96	(6.10)	2.31	5.14	4.53

Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

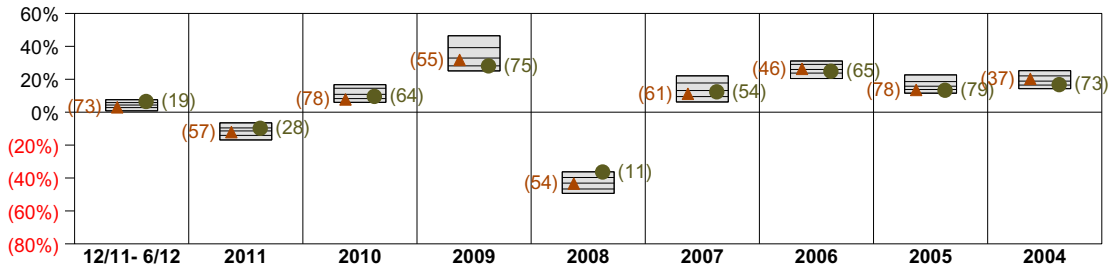


Lazard Asset Management
Return Analysis Summary

Return Analysis

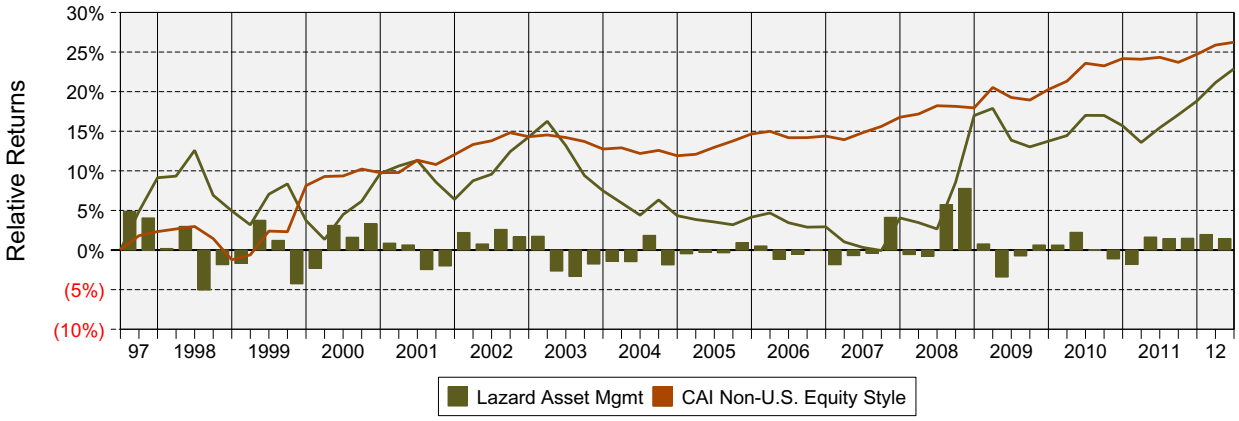
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

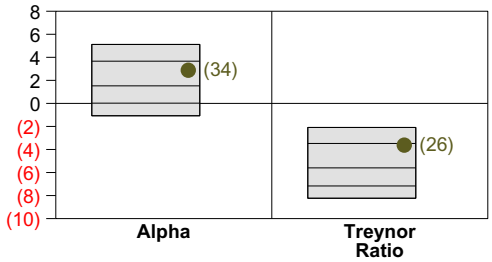


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	7.58	(6.48)	16.72	46.43	(36.24)	22.09	31.12	22.67	25.22
25th Percentile	5.83	(9.56)	14.53	39.21	(39.68)	17.74	29.04	18.58	22.05
Median	4.33	(11.40)	10.84	32.89	(43.10)	13.16	25.96	15.78	18.88
75th Percentile	2.78	(14.10)	8.27	28.15	(46.67)	9.47	23.76	13.78	16.48
90th Percentile	0.80	(16.87)	5.97	25.08	(49.33)	6.21	20.44	11.55	14.28
Lazard Asset Mgmt ●	6.49	(9.77)	9.59	28.13	(36.34)	12.38	24.87	13.33	16.73
MSCI EAFE Index ▲	2.96	(12.14)	7.75	31.78	(43.38)	11.17	26.34	13.54	20.25

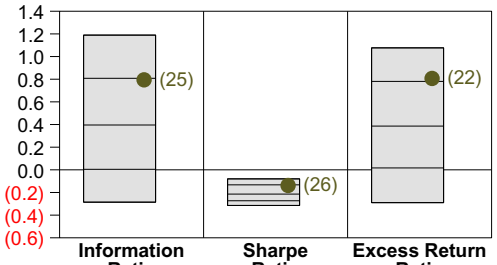
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.12	(2.09)
25th Percentile	3.66	(3.48)
Median	1.52	(5.60)
75th Percentile	0.02	(7.17)
90th Percentile	(1.07)	(8.23)
Lazard Asset Mgmt ●	2.88	(3.62)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.19	(0.08)	1.08
25th Percentile	0.81	(0.13)	0.78
Median	0.40	(0.21)	0.39
75th Percentile	0.00	(0.27)	0.02
90th Percentile	(0.29)	(0.31)	(0.29)
Lazard Asset Mgmt ●	0.79	(0.14)	0.81

McKinley Capital
Period Ended June 30, 2012

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.

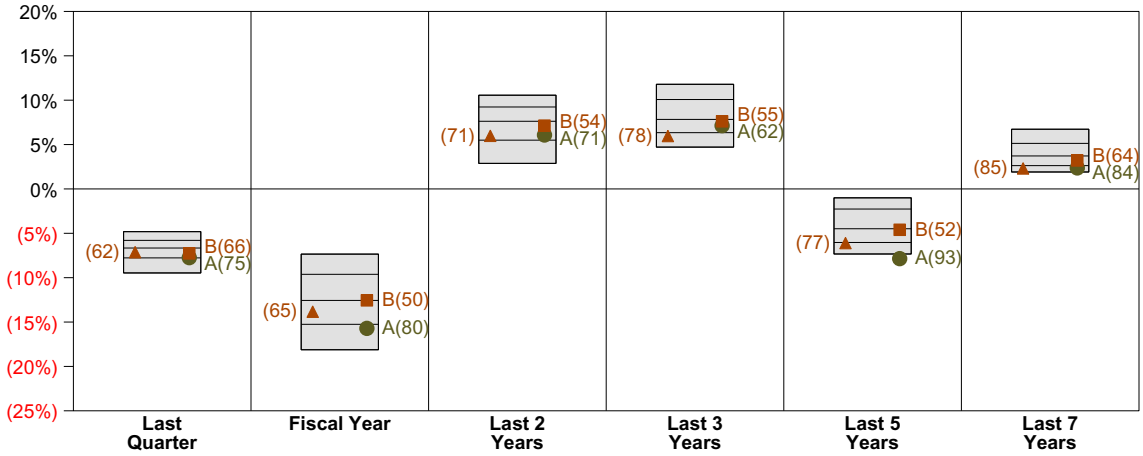
Quarterly Summary and Highlights

- McKinley Capital's portfolio posted a (7.74)% return for the quarter placing it in the 75 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 80 percentile for the last year.
- McKinley Capital's portfolio underperformed the MSCI EAFE Index by 0.61% for the quarter and underperformed the MSCI EAFE Index for the year by 1.88%.

Quarterly Asset Growth

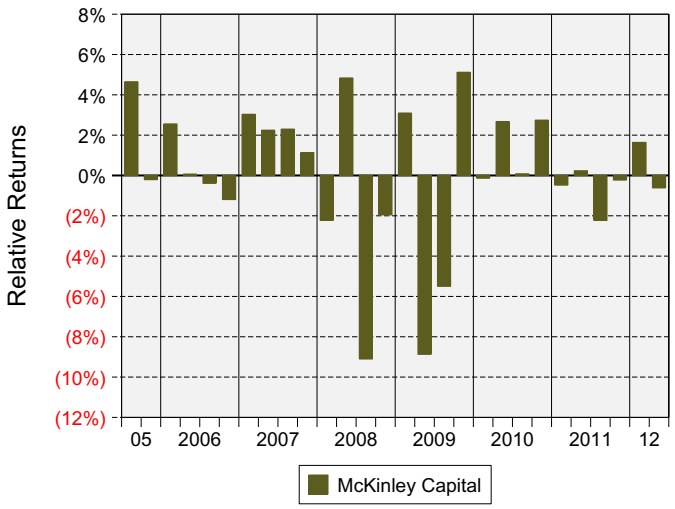
Beginning Market Value	$324,363,944
Net New Investment	$0
Investment Gains/(Losses)	$-25,117,078
Ending Market Value	$299,246,866

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

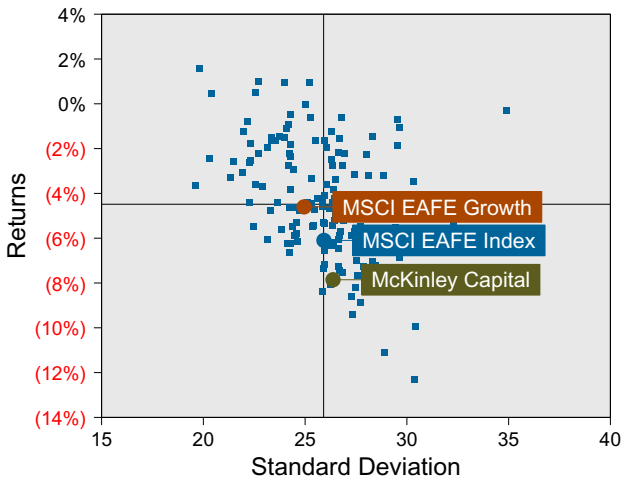


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	(4.82)	(7.34)	10.56	11.79	(1.00)	6.73
25th Percentile	(5.80)	(9.62)	9.23	10.08	(2.26)	5.13
Median	(6.66)	(12.56)	7.62	7.83	(4.48)	3.72
75th Percentile	(7.77)	(15.26)	5.49	6.34	(6.04)	2.63
90th Percentile	(9.47)	(18.12)	2.88	4.71	(7.33)	1.91
McKinley Capital ● A	(7.74)	(15.71)	6.08	7.13	(7.85)	2.36
MSCI EAFE Growth ■ B	(7.27)	(12.56)	7.13	7.62	(4.60)	3.21
MSCI EAFE Index ▲	(7.13)	(13.83)	5.98	5.96	(6.10)	2.31

Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

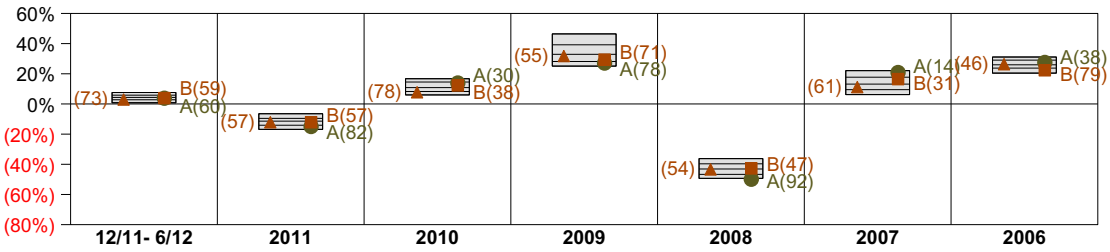


McKinley Capital
Return Analysis Summary

Return Analysis

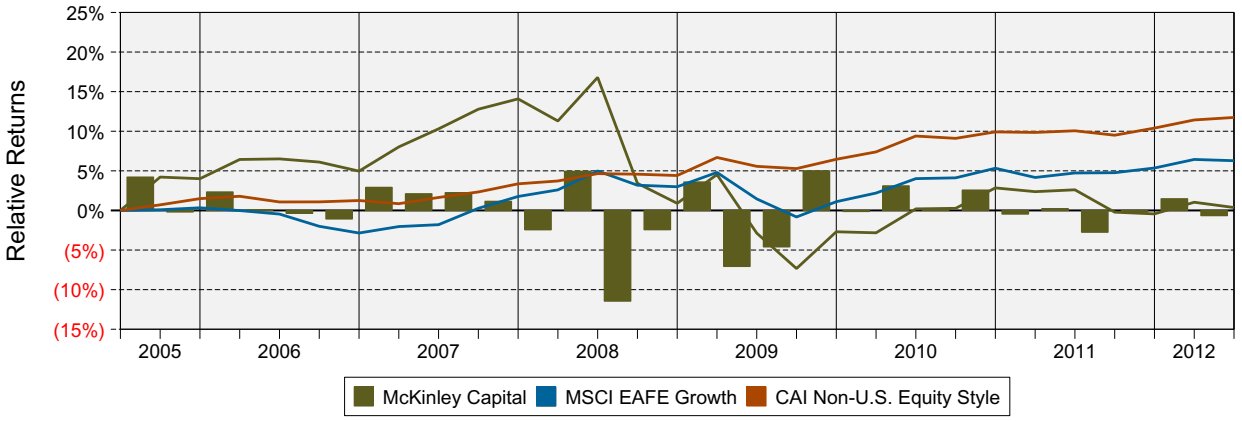
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

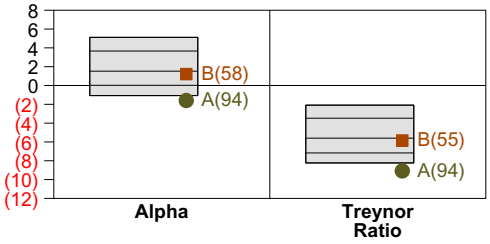


	12/11- 6/12	2011	2010	2009	2008	2007	2006
10th Percentile	7.58	(6.48)	16.72	46.43	(36.24)	22.09	31.12
25th Percentile	5.83	(9.56)	14.53	39.21	(39.68)	17.74	29.04
Median	4.33	(11.40)	10.84	32.89	(43.10)	13.16	25.96
75th Percentile	2.78	(14.10)	8.27	28.15	(46.67)	9.47	23.76
90th Percentile	0.80	(16.87)	5.97	25.08	(49.33)	6.21	20.44
McKinley Capital ● A	3.79	(14.94)	13.89	27.08	(49.92)	20.83	27.50
MSCI EAFE Growth ■ B	3.86	(12.11)	12.25	29.36	(42.70)	16.45	22.33
MSCI EAFE Index ▲	2.96	(12.14)	7.75	31.78	(43.38)	11.17	26.34

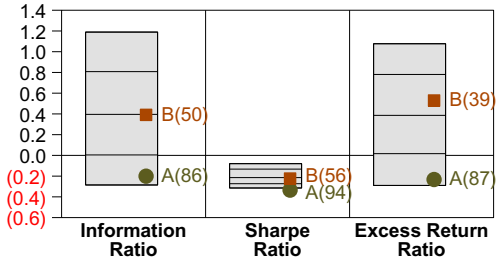
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.12	(2.09)
25th Percentile	3.66	(3.48)
Median	1.52	(5.60)
75th Percentile	0.02	(7.17)
90th Percentile	(1.07)	(8.23)
McKinley Capital ● A	(1.59)	(9.08)
MSCI EAFE Growth ■ B	1.21	(5.85)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.19	(0.08)	1.08
25th Percentile	0.81	(0.13)	0.78
Median	0.40	(0.21)	0.39
75th Percentile	0.00	(0.27)	0.02
90th Percentile	(0.29)	(0.31)	(0.29)
McKinley Capital ● A	(0.20)	(0.34)	(0.23)
MSCI EAFE Growth ■ B	0.39	(0.22)	0.53

SSgA Intl ACWI ex US
Period Ended June 30, 2012

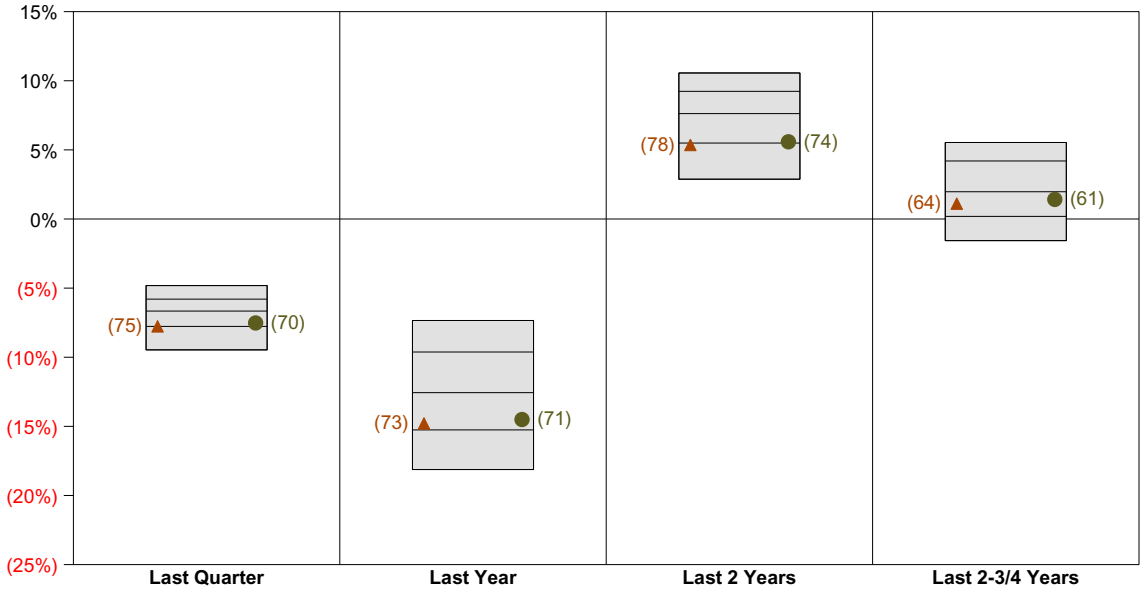
Quarterly Summary and Highlights

- SSgA Intl ACWI ex US's portfolio posted a (7.52)% return for the quarter placing it in the 70 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 71 percentile for the last year.
- SSgA Intl ACWI ex US's portfolio outperformed the MSCI ACWI ex-US IMI Index (Net) by 0.24% for the quarter and outperformed the MSCI ACWI ex-US IMI Index (Net) for the year by 0.28%.

Quarterly Asset Growth

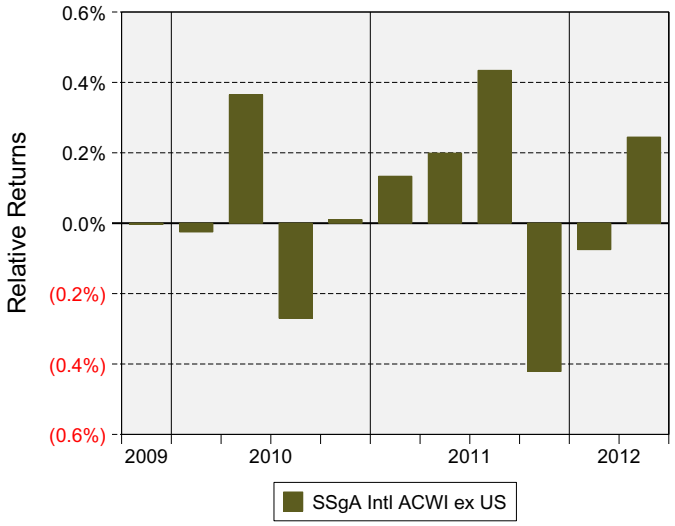
Beginning Market Value	$520,272,949
Net New Investment	$0
Investment Gains/(Losses)	$-39,128,311
Ending Market Value	$481,144,639

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

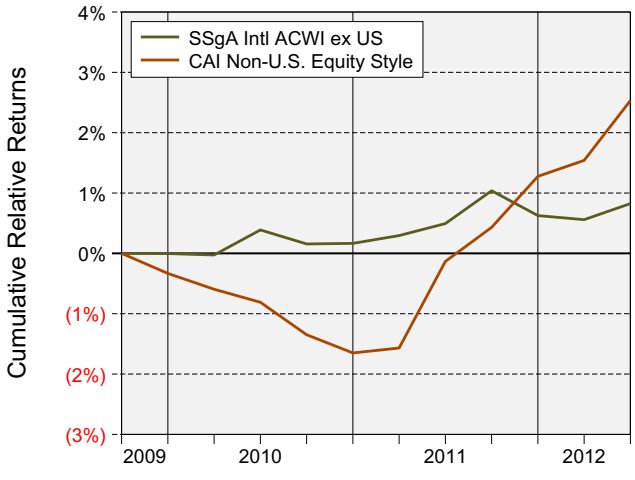


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(4.82)	(7.34)	10.56	5.53
25th Percentile	(5.80)	(9.62)	9.23	4.20
Median	(6.66)	(12.56)	7.62	1.97
75th Percentile	(7.77)	(15.26)	5.49	0.19
90th Percentile	(9.47)	(18.12)	2.88	(1.56)
SSgA Intl ACWI ex US ●	(7.52)	(14.51)	5.59	1.42
MSCI ACWI ex-US IMI Index (Net) ▲	(7.77)	(14.79)	5.36	1.11

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, 2012

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.

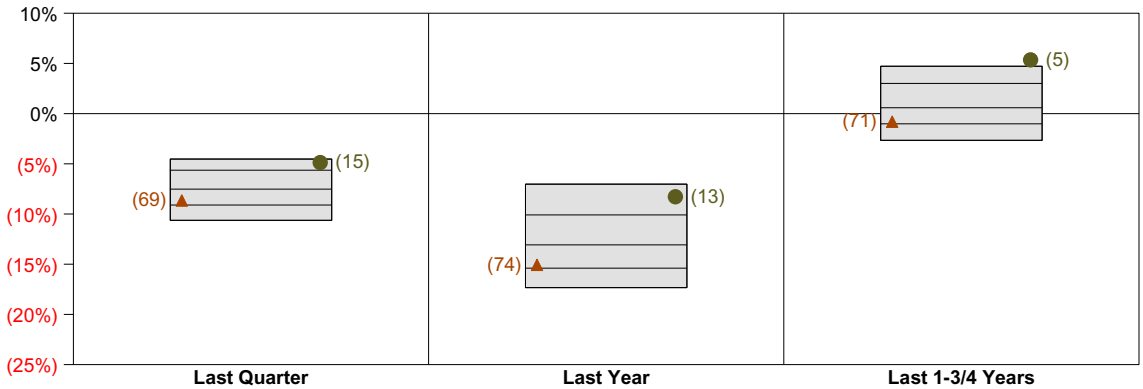
Quarterly Summary and Highlights

- Mondrian Intl Sm Cap's portfolio posted a (4.87)% return for the quarter placing it in the 15 percentile of the Mt Fd: Intl Small-Cap Inst Load group for the quarter and in the 13 percentile for the last year.
- Mondrian Intl Sm Cap's portfolio outperformed the EAFE Small Cap Index by 3.78% for the quarter and outperformed the EAFE Small Cap Index for the year by 6.78%.

Quarterly Asset Growth

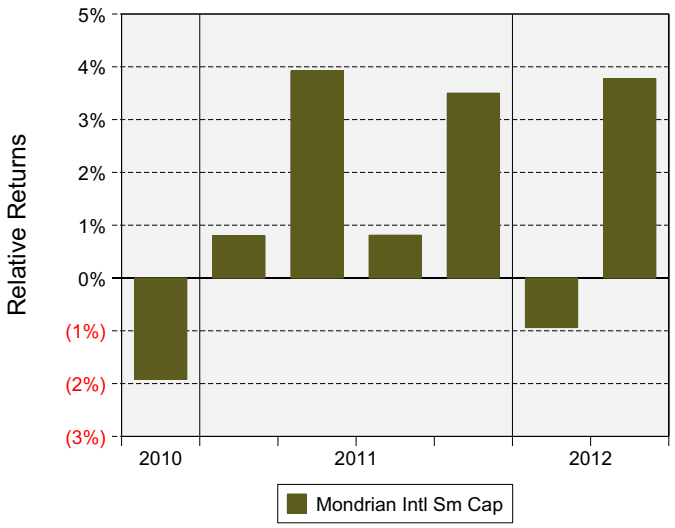
Beginning Market Value	$117,176,936
Net New Investment	$0
Investment Gains/(Losses)	$-5,711,528
Ending Market Value	$111,465,408

Performance vs Mt Fd: Intl Small-Cap Inst Load (Gross)

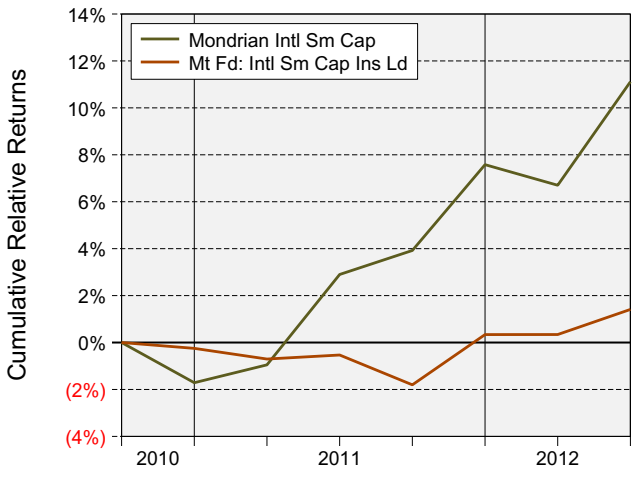


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	(4.53)	(7.02)	4.72
25th Percentile	(5.63)	(10.09)	3.01
Median	(7.52)	(13.07)	0.59
75th Percentile	(9.11)	(15.39)	(1.01)
90th Percentile	(10.63)	(17.33)	(2.66)
Mondrian Intl Sm Cap	(4.87)	(8.28)	5.35
EAFE Small Cap Index	(8.65)	(15.06)	(0.80)

Relative Return vs EAFE Small Cap Index



Cumulative Returns vs EAFE Small Cap Index



Schroder Inv Mgmt
Period Ended June 30, 2012

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.

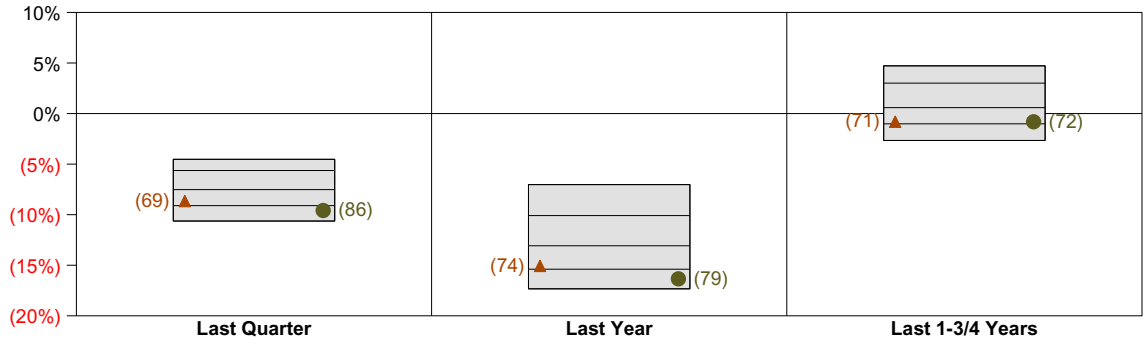
Quarterly Summary and Highlights

- Schroder Inv Mgmt's portfolio posted a (9.59)% return for the quarter placing it in the 86 percentile of the Mt Fd: Intl Small-Cap Inst Load group for the quarter and in the 79 percentile for the last year.
- Schroder Inv Mgmt's portfolio underperformed the EAFE Small Cap Index by 0.94% for the quarter and underperformed the EAFE Small Cap Index for the year by 1.28%.

Quarterly Asset Growth

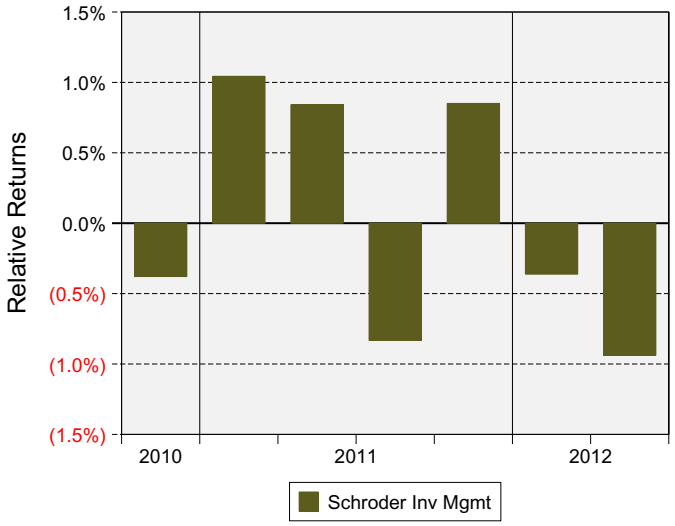
Beginning Market Value	$115,524,745
Net New Investment	$0
Investment Gains/(Losses)	$-11,076,322
Ending Market Value	$104,448,423

Performance vs Mt Fd: Intl Small-Cap Inst Load (Gross)

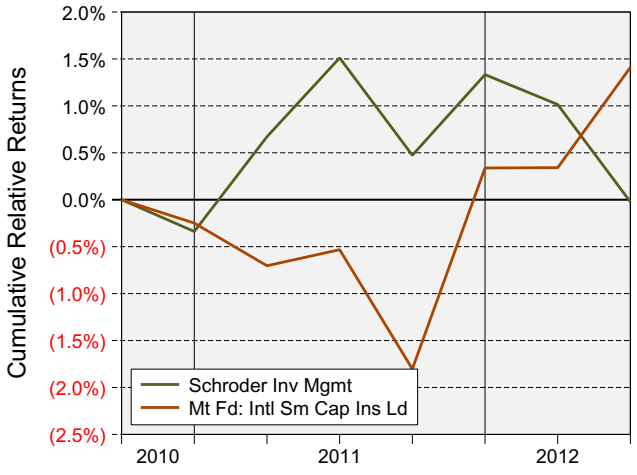


	Last Quarter	Last Year	Last 1-3/4 Years
10th Percentile	(4.53)	(7.02)	4.72
25th Percentile	(5.63)	(10.09)	3.01
Median	(7.52)	(13.07)	0.59
75th Percentile	(9.11)	(15.39)	(1.01)
90th Percentile	(10.63)	(17.33)	(2.66)
Schroder Inv Mgmt ●	(9.59)	(16.34)	(0.82)
EAFE Small Cap Index ▲	(8.65)	(15.06)	(0.80)

Relative Return vs EAFE Small Cap Index



Cumulative Returns vs EAFE Small Cap Index



Emerging Markets
Managers

Emerging Market Pool
Period Ended June 30, 2012

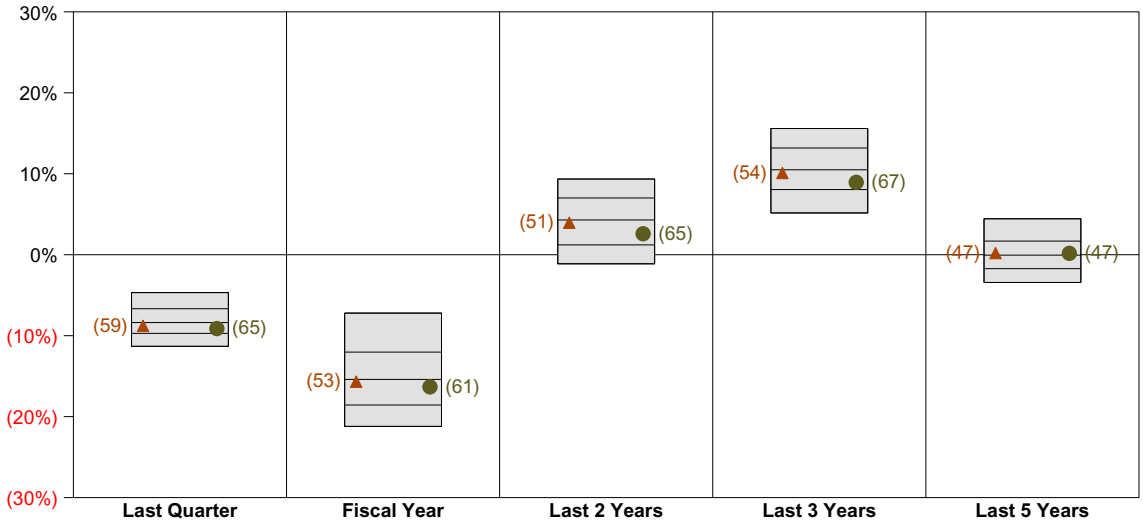
Investment Philosophy

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

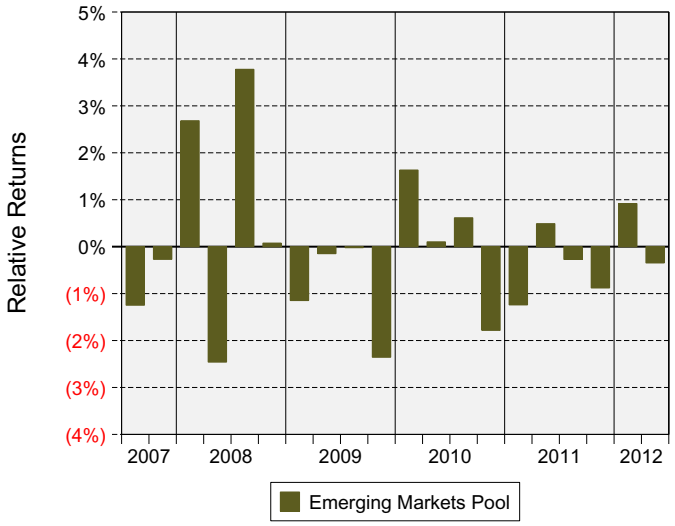
- Emerging Markets Pool's portfolio posted a (9.13)% return for the quarter placing it in the 65 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 61 percentile for the last year.
- Emerging Markets Pool's portfolio underperformed the MSCI Emerging Mkts Idx by 0.35% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 0.65%.

Performance vs CAI Emerging Markets Equity DB (Gross)

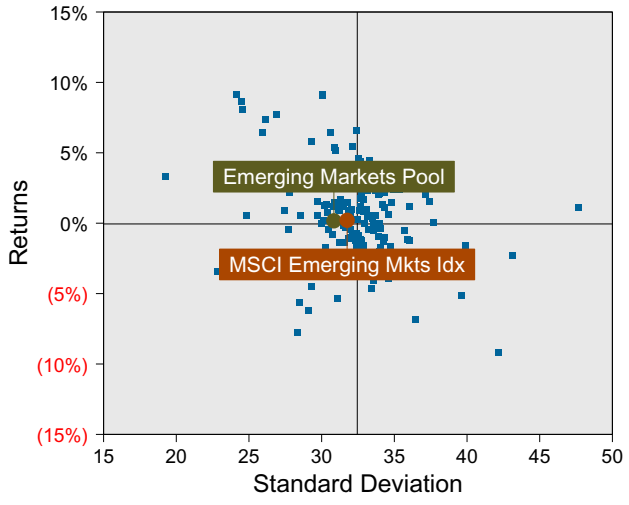


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	(4.68)	(7.21)	9.35	15.59	4.44
25th Percentile	(6.67)	(12.03)	7.01	13.18	1.68
Median	(8.38)	(15.40)	4.29	10.49	(0.05)
75th Percentile	(9.72)	(18.56)	1.22	8.05	(1.72)
90th Percentile	(11.32)	(21.21)	(1.12)	5.16	(3.43)
Emerging Markets Pool ●	(9.13)	(16.32)	2.59	8.94	0.17
MSCI Emerging Mkts Idx ▲	(8.78)	(15.67)	3.96	10.10	0.21

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return

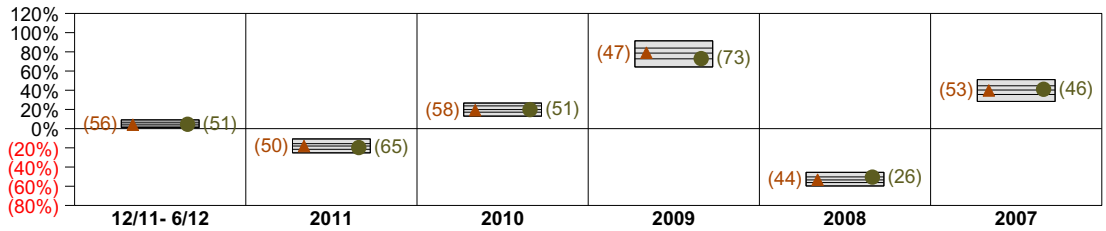


Emerging Markets Pool
Return Analysis Summary

Return Analysis

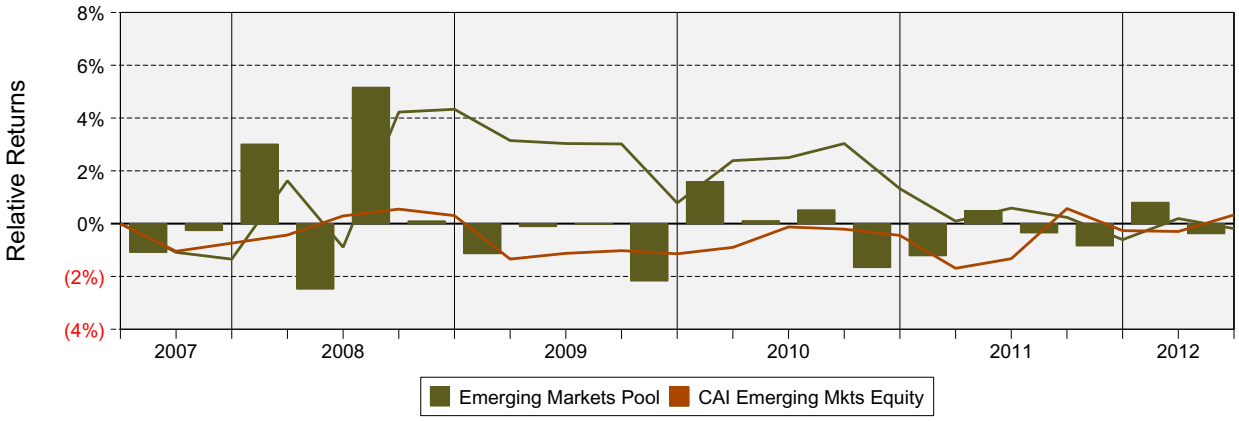
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Emerging Markets Equity DB (Gross)

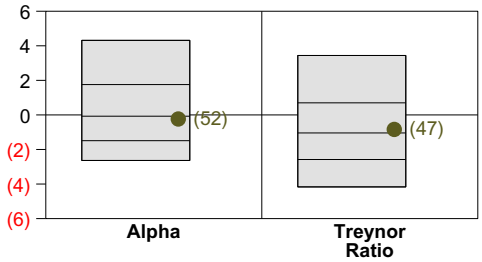


	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	9.14	(10.73)	26.68	91.46	(45.53)	51.09
25th Percentile	6.69	(15.63)	23.71	83.92	(50.27)	44.64
Median	4.68	(18.12)	19.85	78.70	(53.41)	40.22
75th Percentile	2.66	(21.53)	17.15	72.71	(56.17)	35.58
90th Percentile	1.05	(25.22)	13.03	64.25	(59.72)	28.34
Emerging Markets Pool ●	4.56	(19.73)	19.83	72.93	(50.49)	40.99
MSCI Emerging Mkts Idx ▲	4.12	(18.17)	19.20	79.02	(53.18)	39.78

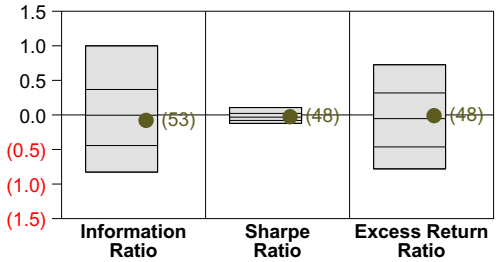
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx
Rankings Against CAI Emerging Markets Equity DB (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	4.31	3.44
25th Percentile	1.76	0.70
Median	(0.07)	(1.04)
75th Percentile	(1.49)	(2.58)
90th Percentile	(2.64)	(4.17)
Emerging Markets Pool ●	(0.24)	(0.84)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.00	0.11	0.73
25th Percentile	0.37	0.02	0.32
Median	(0.00)	(0.03)	(0.05)
75th Percentile	(0.44)	(0.08)	(0.46)
90th Percentile	(0.83)	(0.12)	(0.78)
Emerging Markets Pool ●	(0.08)	(0.03)	(0.01)

CAPITAL GUARDIAN TRUST COMPANY
Period Ended June 30, 2012

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. Individual managers create their sleeves as if it were a complete solution. Although each portfolio manager differs marginally in terms of philosophy and process, the manager line-up is managed so that the aggregate represents a balanced diversified portfolio favoring quality growth with attractive valuation.

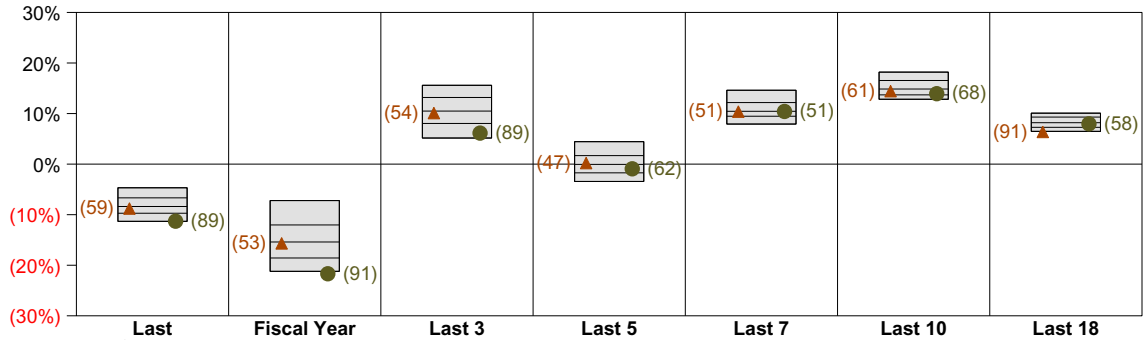
Quarterly Summary and Highlights

- Capital Guardian's portfolio posted a (11.28)% return for the quarter placing it in the 89 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 91 percentile for the last year.
- Capital Guardian's portfolio underperformed the MSCI Emerging Mkts Idx by 2.51% for the quarter and underperformed the MSCI Emerging Mkts Idx for the year by 6.02%.

Quarterly Asset Growth

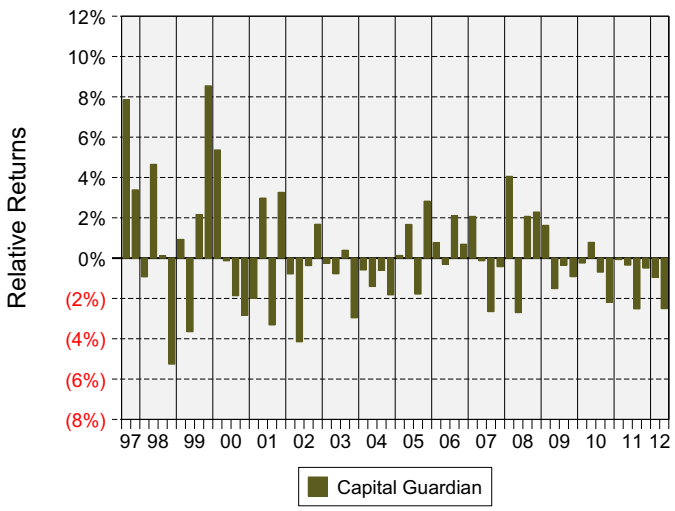
Beginning Market Value	$396,447,163
Net New Investment	$0
Investment Gains/(Losses)	$-44,737,135
Ending Market Value	$351,710,028

Performance vs CAI Emerging Markets Equity DB (Gross)

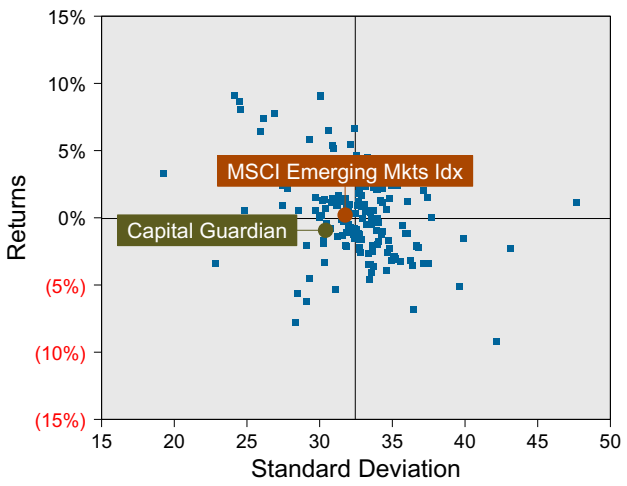


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 18 Years
10th Percentile	(4.68)	(7.21)	15.59	4.44	14.61	18.20	10.08
25th Percentile	(6.67)	(12.03)	13.18	1.68	12.17	16.54	9.30
Median	(8.38)	(15.40)	10.49	(0.05)	10.45	14.85	8.19
75th Percentile	(9.72)	(18.56)	8.05	(1.72)	9.47	13.70	7.28
90th Percentile	(11.32)	(21.21)	5.16	(3.43)	7.92	12.83	6.47
Capital Guardian ●	(11.28)	(21.69)	6.13	(0.93)	10.42	13.93	7.97
MSCI Emerging Mkts Idx ▲	(8.78)	(15.67)	10.10	0.21	10.39	14.42	6.36

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Five Year Risk vs Return

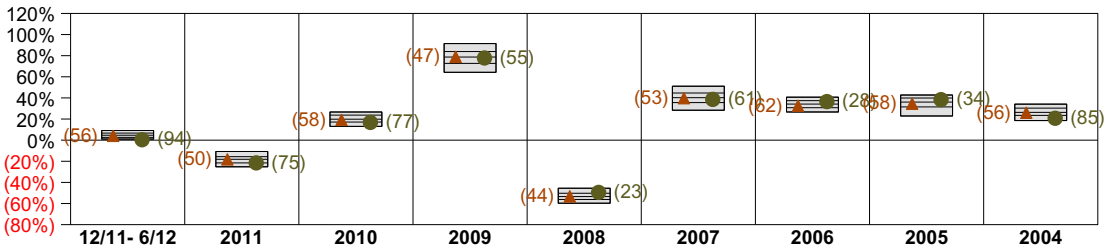


Capital Guardian Trust Company
Return Analysis Summary

Return Analysis

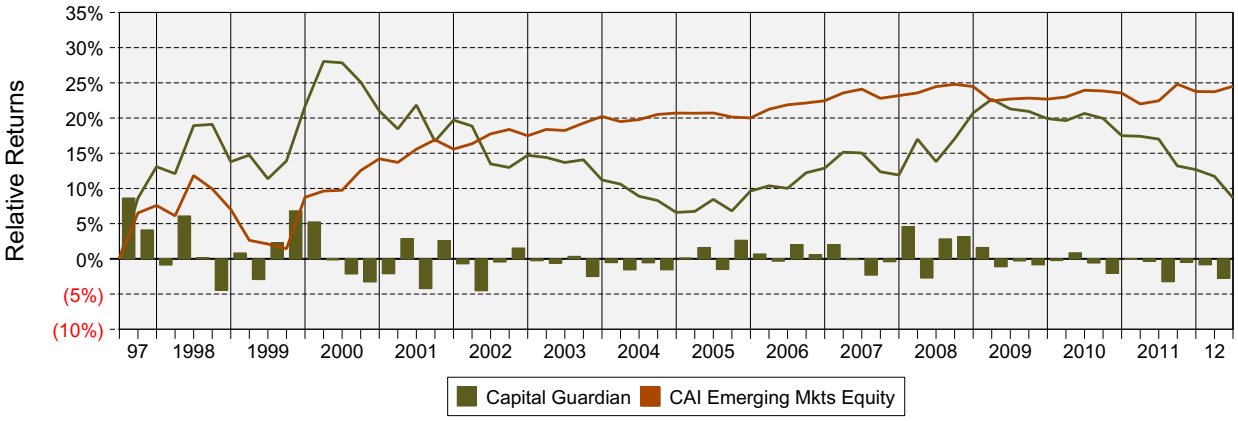
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Emerging Markets Equity DB (Gross)

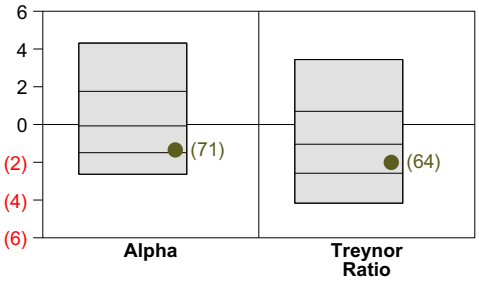


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	9.14	(10.73)	26.68	91.46	(45.53)	51.09	40.70	42.76	34.11
25th Percentile	6.69	(15.63)	23.71	83.92	(50.27)	44.64	37.39	39.89	30.33
Median	4.68	(18.12)	19.85	78.70	(53.41)	40.22	34.16	36.05	26.30
75th Percentile	2.66	(21.53)	17.15	72.71	(56.17)	35.58	30.73	31.49	23.45
90th Percentile	1.05	(25.22)	13.03	64.25	(59.72)	28.34	26.66	22.87	18.56
Capital Guardian ●	0.41	(21.53)	16.79	77.82	(49.49)	38.58	36.53	38.35	20.74
MSCI Emerging Mkts Idx ▲	4.12	(18.17)	19.20	79.02	(53.18)	39.78	32.59	34.54	25.95

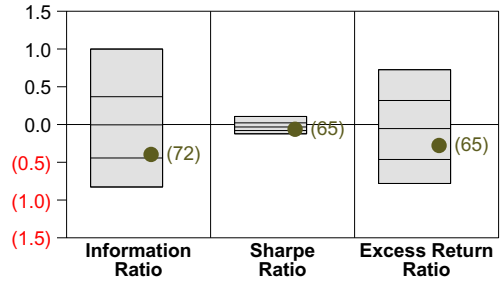
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx
Rankings Against CAI Emerging Markets Equity DB (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	4.31	3.44
25th Percentile	1.76	0.70
Median	(0.07)	(1.04)
75th Percentile	(1.49)	(2.58)
90th Percentile	(2.64)	(4.17)
Capital Guardian ●	(1.35)	(2.01)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.00	0.11	0.73
25th Percentile	0.37	0.02	0.32
Median	(0.00)	(0.03)	(0.05)
75th Percentile	(0.44)	(0.08)	(0.46)
90th Percentile	(0.83)	(0.12)	(0.78)
Capital Guardian ●	(0.40)	(0.06)	(0.28)

Eaton Vance
Period Ended June 30, 2012

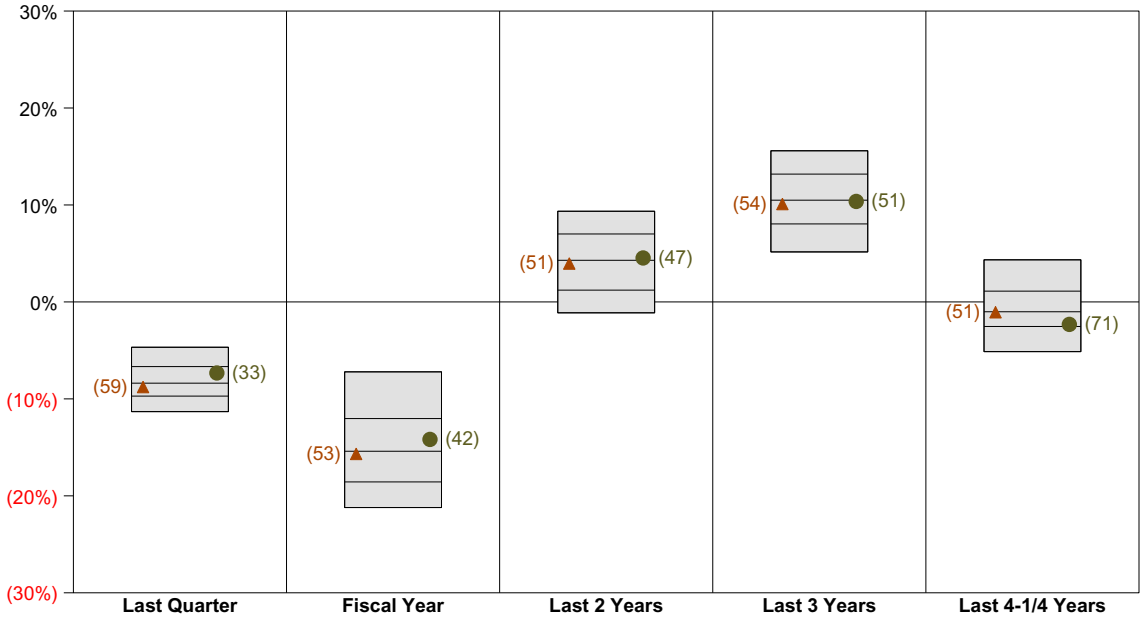
Quarterly Summary and Highlights

- Eaton Vance's portfolio posted a (7.33)% return for the quarter placing it in the 33 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 42 percentile for the last year.
- Eaton Vance's portfolio outperformed the MSCI Emerging Mkts Idx by 1.45% for the quarter and outperformed the MSCI Emerging Mkts Idx for the year by 1.49%.

Quarterly Asset Growth

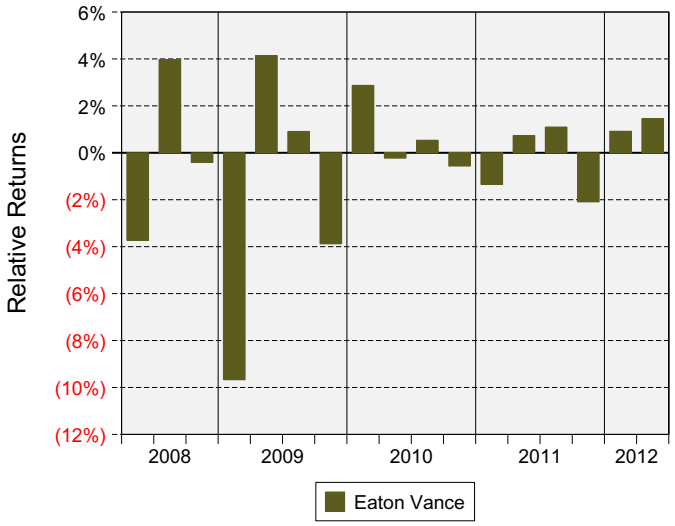
Beginning Market Value	$209,521,582
Net New Investment	$0
Investment Gains/(Losses)	$-15,355,349
Ending Market Value	$194,166,233

Performance vs CAI Emerging Markets Equity DB (Gross)

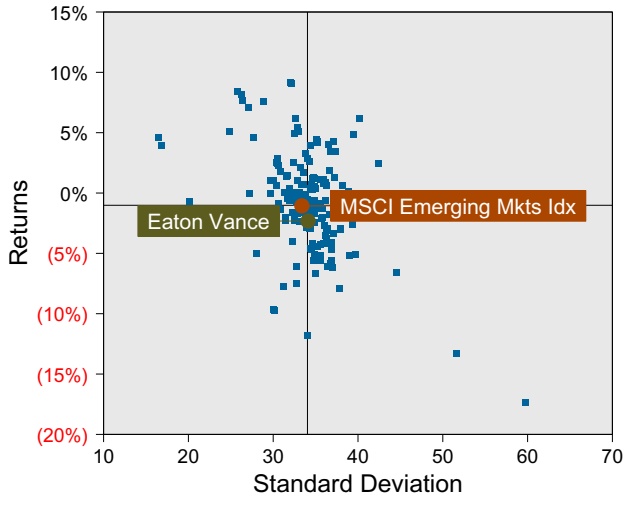


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-1/4 Years
10th Percentile	(4.68)	(7.21)	9.35	15.59	4.34
25th Percentile	(6.67)	(12.03)	7.01	13.18	1.11
Median	(8.38)	(15.40)	4.29	10.49	(1.01)
75th Percentile	(9.72)	(18.56)	1.22	8.05	(2.53)
90th Percentile	(11.32)	(21.21)	(1.12)	5.16	(5.13)
Eaton Vance ●	(7.33)	(14.18)	4.53	10.36	(2.32)
MSCI Emerging Mkts Idx ▲	(8.78)	(15.67)	3.96	10.10	(1.06)

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross)
Annualized Four and One-Quarter Year Risk vs Return

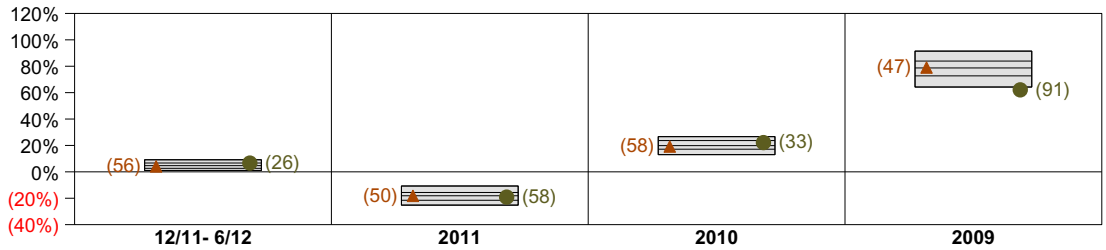


Eaton Vance
Return Analysis Summary

Return Analysis

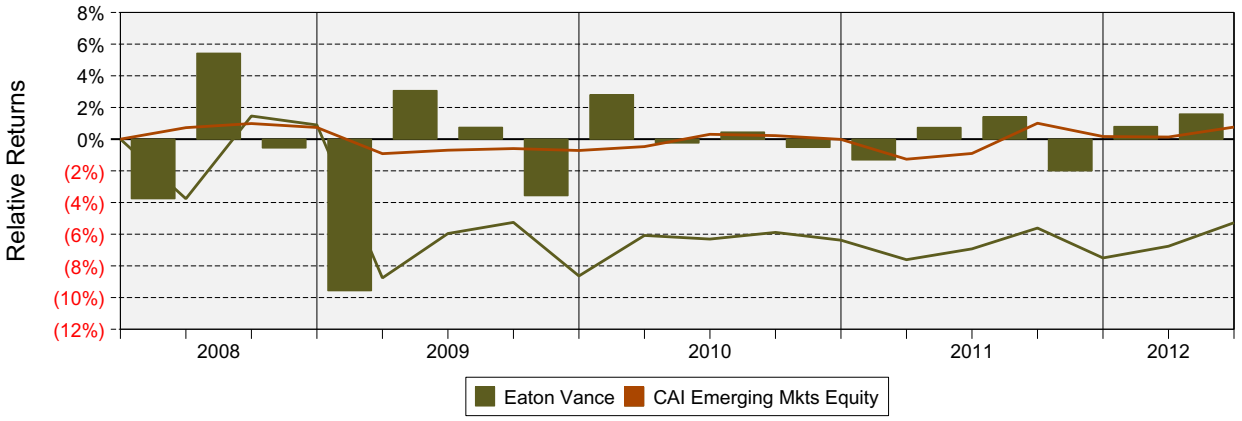
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Emerging Markets Equity DB (Gross)

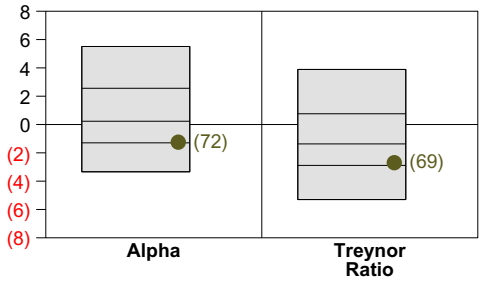


	12/11- 6/12	2011	2010	2009
10th Percentile	9.14	(10.73)	26.68	91.46
25th Percentile	6.69	(15.63)	23.71	83.92
Median	4.68	(18.12)	19.85	78.70
75th Percentile	2.66	(21.53)	17.15	72.71
90th Percentile	1.05	(25.22)	13.03	64.25
Eaton Vance ●	6.62	(19.15)	22.14	62.11
MSCI Emerging Mkts Idx ▲	4.12	(18.17)	19.20	79.02

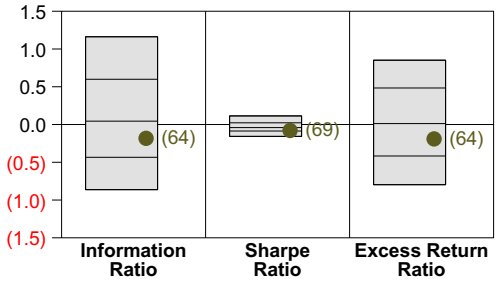
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx
Rankings Against CAI Emerging Markets Equity DB (Gross)
Four and One-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.51	3.89
25th Percentile	2.56	0.76
Median	0.23	(1.37)
75th Percentile	(1.29)	(2.89)
90th Percentile	(3.34)	(5.30)
Eaton Vance ●	(1.25)	(2.70)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.16	0.11	0.85
25th Percentile	0.60	0.02	0.48
Median	0.04	(0.04)	0.01
75th Percentile	(0.43)	(0.09)	(0.42)
90th Percentile	(0.86)	(0.16)	(0.80)
Eaton Vance ●	(0.18)	(0.08)	(0.19)

Lazard Emerging
Period Ended June 30, 2012

Investment Philosophy

Lazard employs a bottom-up stock selection process focusing on companies which are financially productive yet inexpensively priced.

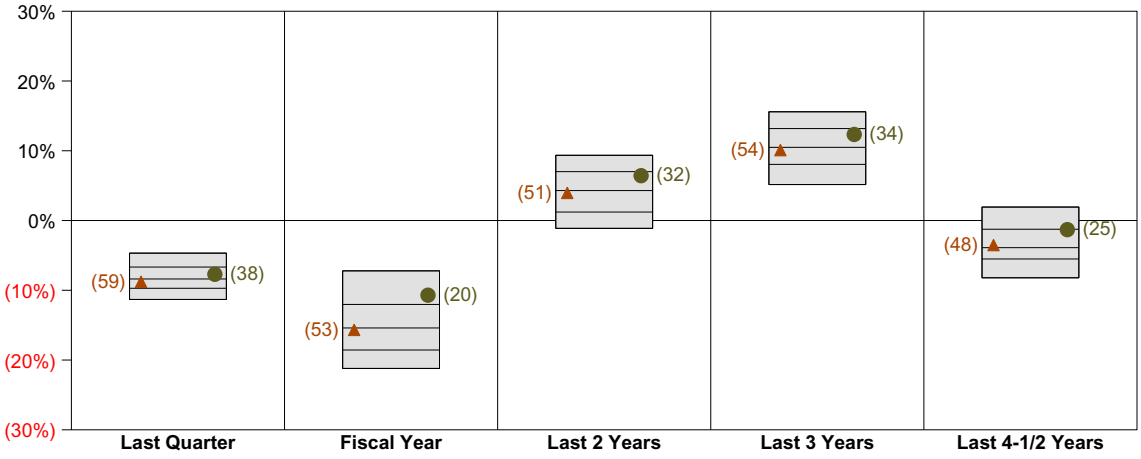
Quarterly Summary and Highlights

- Lazard Emerging's portfolio posted a (7.71)% return for the quarter placing it in the 38 percentile of the CAI Emerging Markets Equity DB group for the quarter and in the 20 percentile for the last year.
- Lazard Emerging's portfolio outperformed the MSCI Emerging Mkts Idx by 1.07% for the quarter and outperformed the MSCI Emerging Mkts Idx for the year by 4.97%.

Quarterly Asset Growth

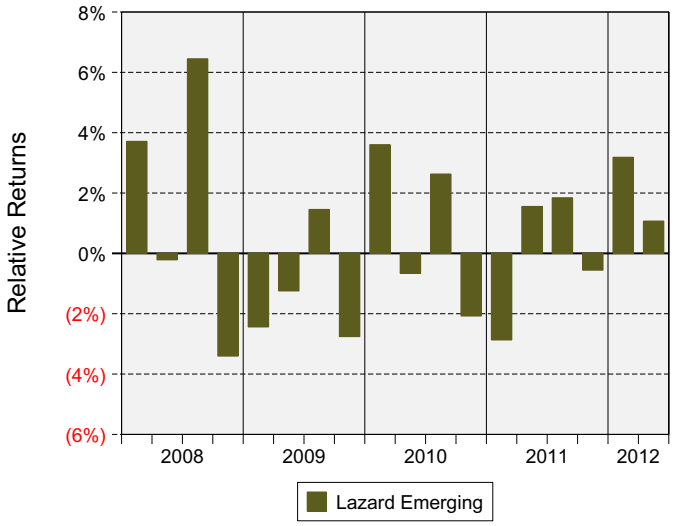
Beginning Market Value	$340,692,541
Net New Investment	$0
Investment Gains/(Losses)	$-26,273,577
Ending Market Value	$314,418,965

Performance vs CAI Emerging Markets Equity DB (Gross)

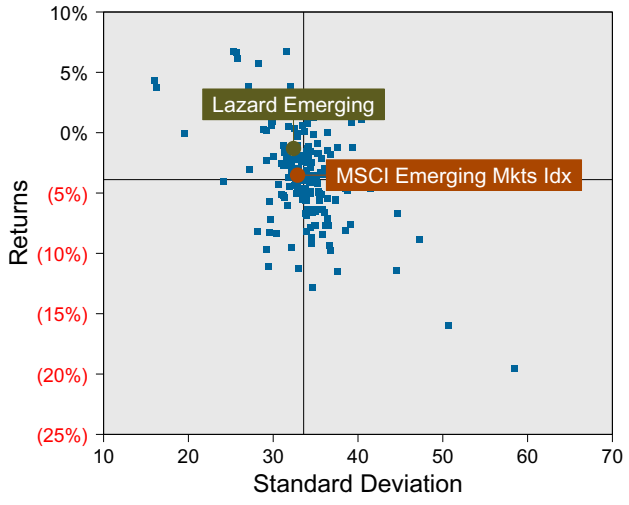


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	(4.68)	(7.21)	9.35	15.59	1.93
25th Percentile	(6.67)	(12.03)	7.01	13.18	(1.25)
Median	(8.38)	(15.40)	4.29	10.49	(3.89)
75th Percentile	(9.72)	(18.56)	1.22	8.05	(5.51)
90th Percentile	(11.32)	(21.21)	(1.12)	5.16	(8.21)
Lazard Emerging ●	(7.71)	(10.70)	6.43	12.33	(1.31)
MSCI Emerging Mkts Idx ▲	(8.78)	(15.67)	3.96	10.10	(3.52)

Relative Return vs MSCI Emerging Mkts Idx



CAI Emerging Markets Equity DB (Gross) Annualized Four and One-Half Year Risk vs Return



Lazard Emerging
Return Analysis Summary

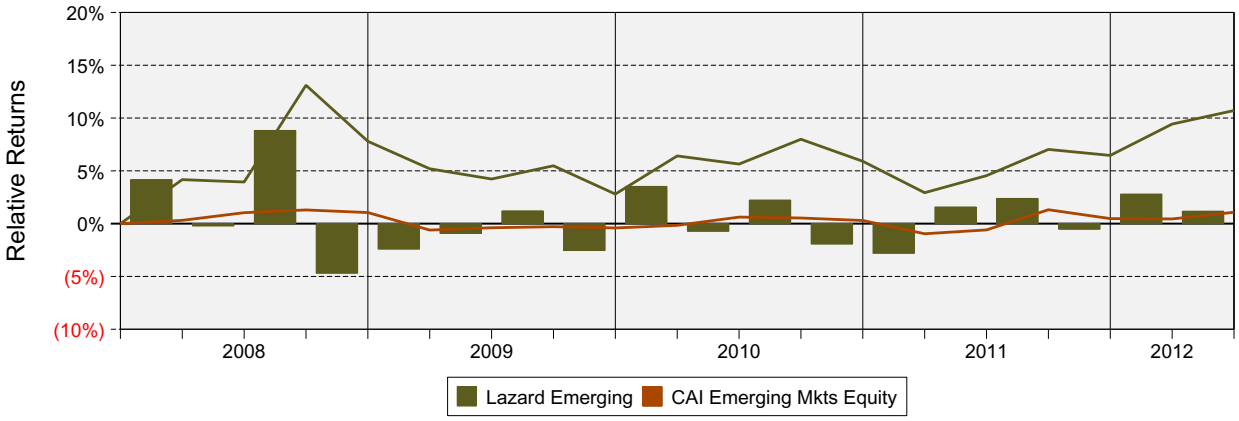
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

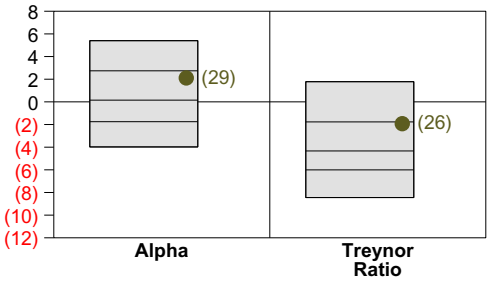
Performance vs CAI Emerging Markets Equity DB (Gross)

	12/11- 6/12	2011	2010	2009	2008
10th Percentile	9.14	(10.73)	26.68	91.46	(45.53)
25th Percentile	6.69	(15.63)	23.71	83.92	(50.27)
Median	4.68	(18.12)	19.85	78.70	(53.41)
75th Percentile	2.66	(21.53)	17.15	72.71	(56.17)
90th Percentile	1.05	(25.22)	13.03	64.25	(59.72)
Lazard Emerging ●	8.27	(17.74)	22.80	70.73	(49.53)
MSCI Emerging Mkts Idx ▲	4.12	(18.17)	19.20	79.02	(53.18)

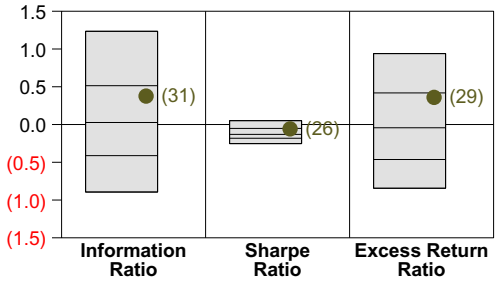
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Risk Adjusted Return Measures vs MSCI Emerging Mkts Idx
Rankings Against CAI Emerging Markets Equity DB (Gross)
Four and One-Half Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	5.40	1.78
25th Percentile	2.74	(1.77)
Median	0.15	(4.33)
75th Percentile	(1.75)	(6.00)
90th Percentile	(3.98)	(8.45)
Lazard Emerging ●	2.11	(1.93)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.23	0.05	0.94
25th Percentile	0.51	(0.05)	0.42
Median	0.03	(0.13)	(0.04)
75th Percentile	(0.41)	(0.18)	(0.46)
90th Percentile	(0.89)	(0.25)	(0.84)
Lazard Emerging ●	0.38	(0.06)	0.36

Global Equity Manager

LAZARD ASSET MANAGEMENT
Period Ended June 30, 2012

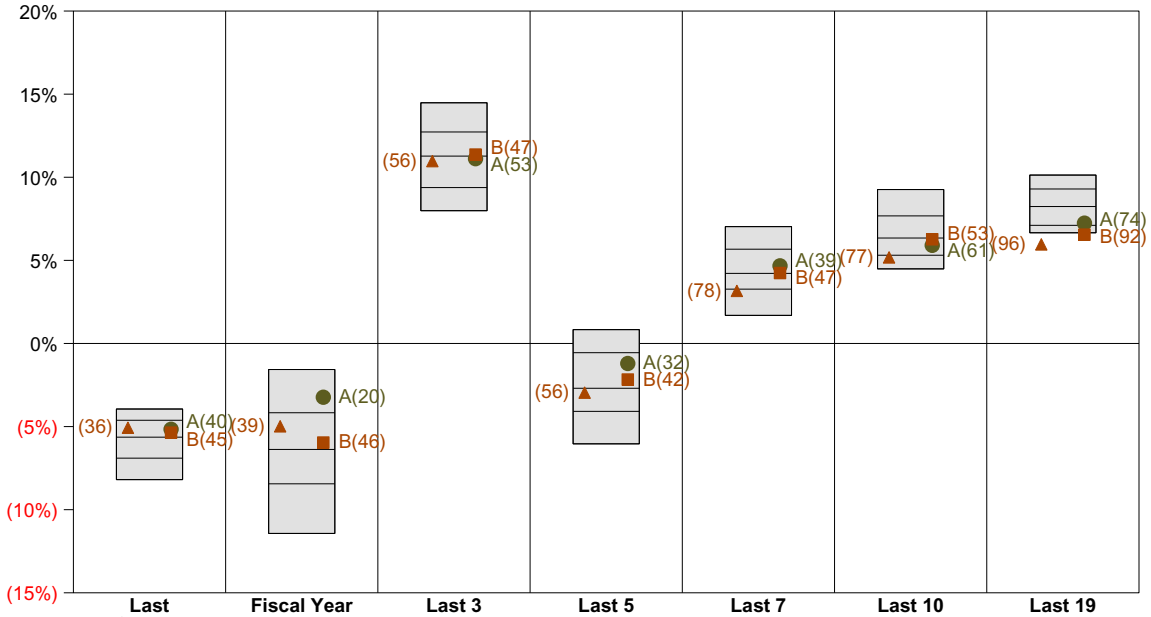
Quarterly Summary and Highlights

- Lazard Global's portfolio posted a (5.16)% return for the quarter placing it in the 40 percentile of the CAI Global Equity Broad Style group for the quarter and in the 20 percentile for the last year.
- Lazard Global's portfolio underperformed the MSCI World Index by 0.10% for the quarter and outperformed the MSCI World Index for the year by 1.75%.

Quarterly Asset Growth

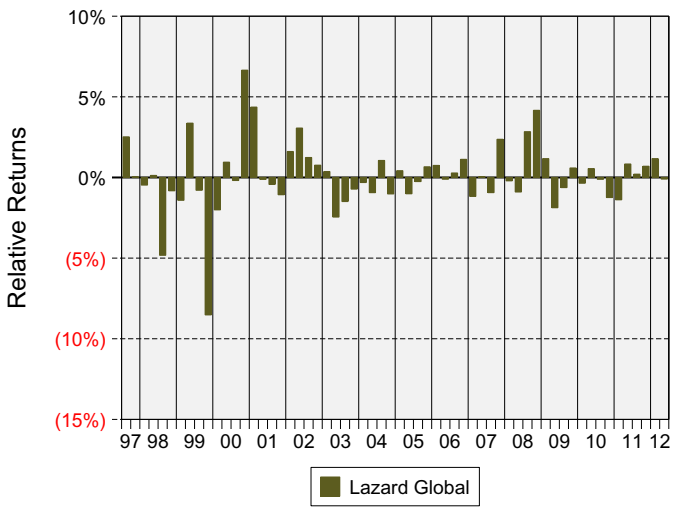
Beginning Market Value	$697,649,163
Net New Investment	$0
Investment Gains/(Losses)	$-36,015,284
Ending Market Value	$661,633,879

Performance vs CAI Global Equity Broad Style (Gross)

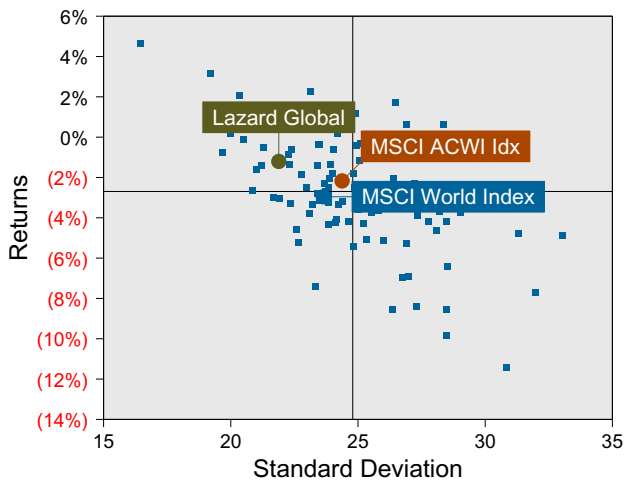


	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 19 Years
10th Percentile	(3.94)	(1.57)	14.48	0.83	7.03	9.26	10.13
25th Percentile	(4.62)	(4.17)	12.72	(0.56)	5.67	7.68	9.29
Median	(5.64)	(6.37)	11.27	(2.69)	4.22	6.34	8.24
75th Percentile	(6.90)	(8.44)	9.38	(4.08)	3.27	5.31	7.11
90th Percentile	(8.19)	(11.43)	7.99	(6.04)	1.69	4.49	6.66
Lazard Global ● A	(5.16)	(3.23)	11.12	(1.20)	4.67	5.91	7.24
MSCI ACWI Idx ■ B	(5.36)	(5.96)	11.36	(2.17)	4.24	6.27	6.55
MSCI World Index ▲	(5.07)	(4.98)	10.97	(2.96)	3.17	5.18	5.96

Relative Return vs MSCI World Index



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

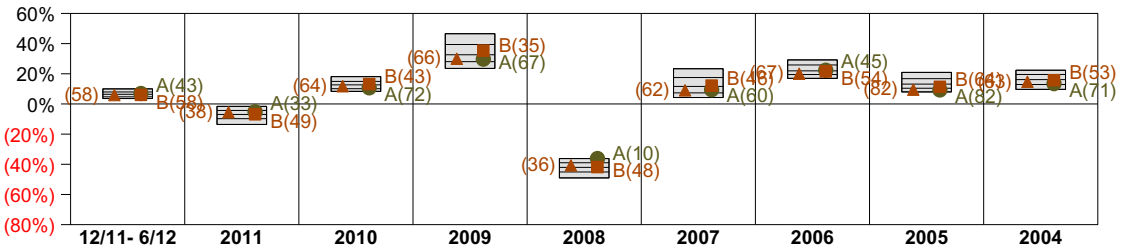


Lazard Asset Management
Return Analysis Summary

Return Analysis

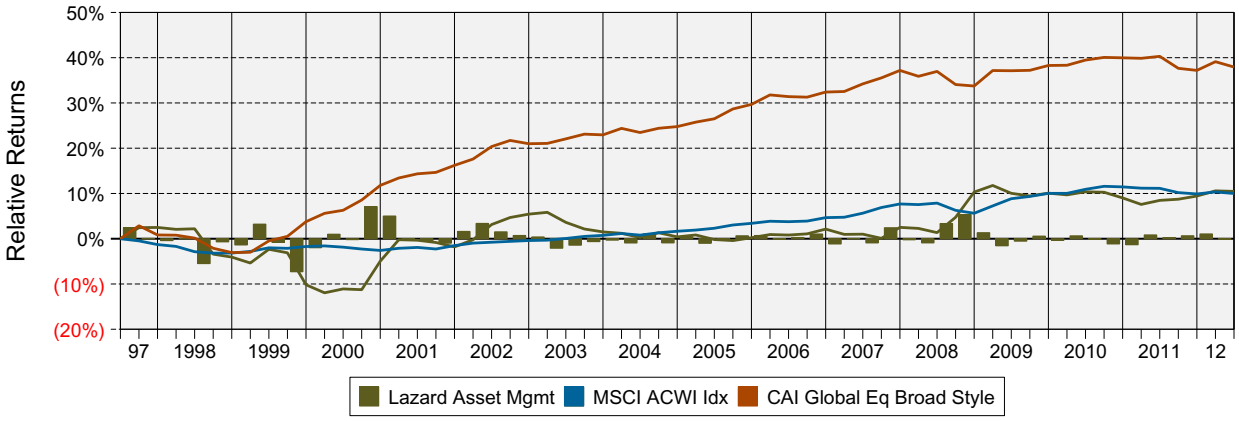
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Global Equity Broad Style (Gross)

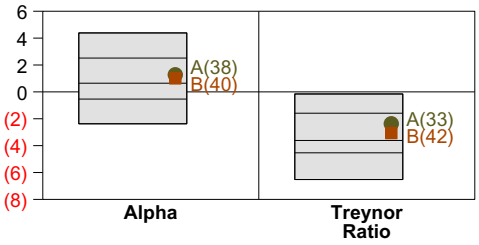


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	10.00	(1.60)	18.13	46.57	(36.19)	23.36	29.21	20.91	22.36
25th Percentile	7.94	(4.30)	14.94	39.41	(38.97)	17.50	25.84	16.77	19.54
Median	6.40	(6.97)	12.67	32.60	(42.04)	11.61	21.94	13.15	16.14
75th Percentile	4.73	(9.75)	10.12	28.05	(45.08)	7.35	19.50	10.42	12.90
90th Percentile	3.60	(13.58)	8.33	23.54	(49.03)	4.27	16.96	7.97	9.66
Lazard Asset Mgmt ● A	6.91	(5.18)	10.70	29.70	(36.20)	9.45	22.34	9.29	13.48
MSCI ACWI Idx ■ B	6.01	(6.86)	13.21	35.41	(41.85)	12.18	21.53	11.37	15.75
MSCI World Index ▲	5.91	(5.54)	11.76	29.99	(40.71)	9.04	20.07	9.49	14.72

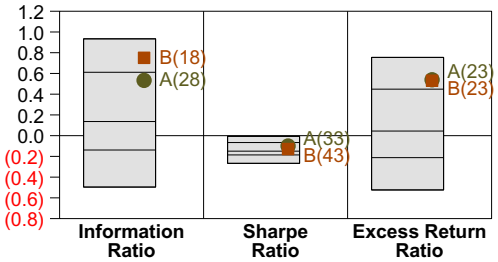
Cumulative and Quarterly Relative Return vs MSCI World Index



Risk Adjusted Return Measures vs MSCI World Index
Rankings Against CAI Global Equity Broad Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	4.39	(0.15)
25th Percentile	2.52	(1.59)
Median	0.64	(3.62)
75th Percentile	(0.54)	(4.53)
90th Percentile	(2.37)	(6.52)
Lazard Asset Mgmt ● A	1.27	(2.37)
MSCI ACWI Idx ■ B	1.01	(3.06)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.93	(0.01)	0.75
25th Percentile	0.61	(0.07)	0.45
Median	0.14	(0.15)	0.04
75th Percentile	(0.14)	(0.19)	(0.21)
90th Percentile	(0.50)	(0.27)	(0.52)
Lazard Asset Mgmt ● A	0.53	(0.10)	0.54
MSCI ACWI Idx ■ B	0.75	(0.13)	0.53

Real Assets

Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended June 30, 2012. 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, 2012

	Last Quarter	Fiscal Year	Last 3 Years	Last 5 Years
Real Assets	**1.69%**	**10.36%**	**8.23%**	**-**
Real Assets Target (1)	2.54%	11.41%	8.29%	4.91%
Real Estate Pool	2.08%	9.22%	8.26%	(2.75%)
Real Estate Target (2)	2.81%	12.36%	11.31%	3.04%
Private Real Estate	1.81%	8.73%	7.31%	(3.02%)
NCREIF Total Index	2.68%	12.04%	8.82%	2.51%
REIT Internal Portfolio	3.98%	12.56%	32.42%	0.93%
NAREIT Equity Index	4.00%	12.48%	32.40%	2.60%
Total Farmland	1.08%	15.23%	10.15%	10.24%
UBS Agrivest	1.42%	16.10%	10.26%	10.48%
Hancock Agricultural	0.52%	13.82%	10.15%	10.39%
ARMB Farmland Target (3)	2.62%	17.92%	11.08%	12.47%
Total Timber	(0.36%)	5.11%	2.25%	-
Timberland Investment Resources	(0.46%)	2.71%	0.95%	-
Hancock Timber	(0.18%)	8.87%	4.22%	-
NCREIF Timberland Index	0.61%	1.13%	(0.67%)	3.95%
TIPS Internal Portfolio	3.44%	12.31%	9.16%	-
BC US TIPS Index	3.15%	11.66%	9.63%	8.44%
Total Energy Funds *	(1.80%)	0.85%	7.29%	9.70%
CPI + 5%	1.11%	6.58%	7.33%	7.09%

(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.

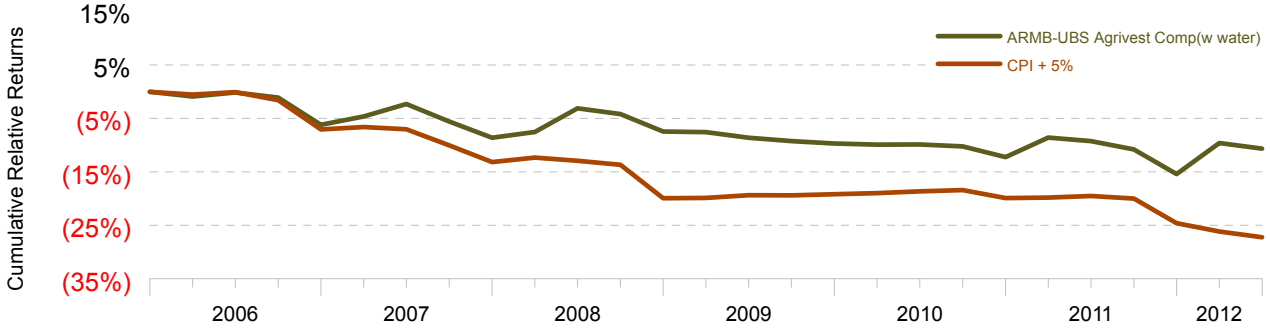
Farmland Manager Summary
UBS Agrivest

Investment Philosophy: Core US Domestic Farmland Separate Account

	Last Quarter	Last Year	Since Inception
Income	1.07%	3.58%	4.20%
Appreciation	0.34%	12.19%	5.94%
Total	1.42%	16.10%	10.33%

Portfolio Statistic (as of: 6/30/2012)	Value
Portfolio Market Value	398,277,298
Number of Properties	65
Acres	97,794
Row Crops % of MV	88%
Permanent Crops % of MV	12%

Cumulative Returns Relative to ARMB Farmland Idx



Region	Market Value
Pacific West	23%
Mountain	27%
Delta	17%
Southern Plains	11%
Corn Belt	11%
Pacific Northwest	7%
Southeast	4%
Other	0%
Total	100%

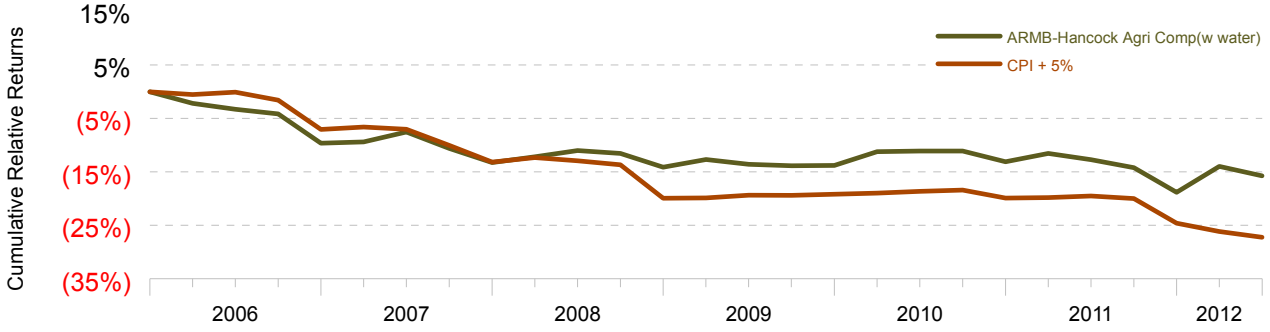
Farmland Manager Summary
Hancock Agricultural Investment Group

Investment Philosophy: Core US Domestic Farmland Separate Account

	Last Quarter	Last Year	Since Inception
Income	0.55%	2.91%	4.81%
Appreciation	(0.03%)	10.68%	4.70%
Total	0.52%	13.82%	9.69%

Portfolio Statistic (as of: 6/30/2012)	Value
Portfolio Market Value	245,000,000
Number of Properties	27
Acres	64,506
Row Crops % of MV	82%
Permanent Crops % of MV	18%

Cumulative Returns Relative to ARMB Farmland Idx



Region	Market Value
Pacific West	18%
Mountain	18%
Delta	18%
Southern Plains	19%
Corn Belt	20%
Pacific Northwest	3%
Southeast	1%
Other	3%
Total	100%

Timberland Manager Summary
Timberland Investment Resources

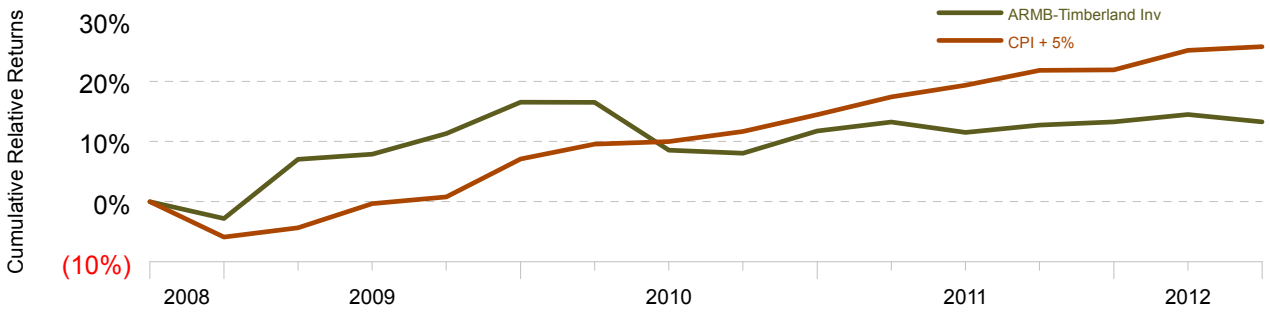
Investment Philosophy: Core US Domestic Timberland Separate Account

	Last Quarter	Last Year	Since Inception
Income	0.01%	0.48%	(0.28%)
Appreciation	(0.47%)	2.23%	4.00%
Total	(0.46%)	2.71%	3.72%

Portfolio Statistic (as of: 6/30/2012)	Value
Portfolio Market Value	147,643,037
Number of Properties	8
Acres	91,685
Softwoods % of MV	34%
Hardwoods % of MV	14%

(Excludes MV of Land and Cash)

Cumulative Returns Relative to NCREIF:Timberland Index



Region	Market Value
South	93%
Pacific Northwest	0%
Northeast	7%
Lake States	0%
Total	100%

Timberland Manager Summary
Hancock Timber Resource Group

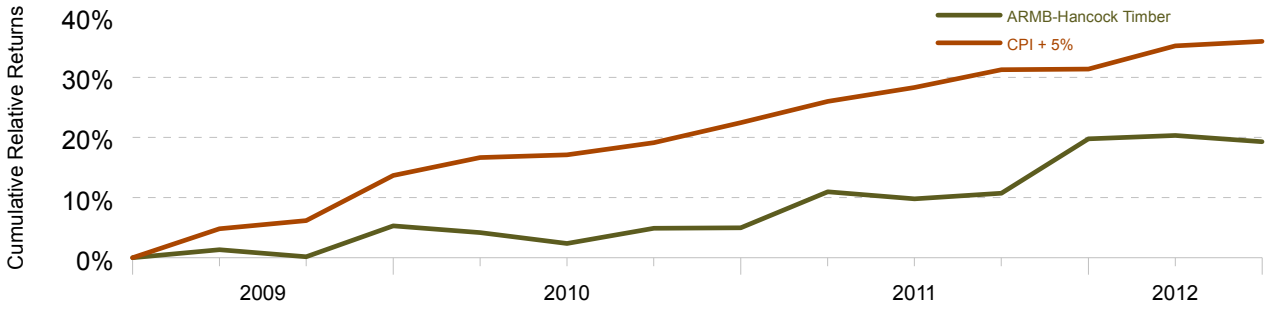
Investment Philosophy: Core US Domestic Timberland Separate Account

	Last Quarter	Last Year	Since Inception
Income	(0.18%)	(0.88%)	(1.54%)
Appreciation	0.00%	9.79%	5.82%
Total	(0.18%)	8.87%	4.22%

Portfolio Statistic (as of: 6/30/2012)	Value
Portfolio Market Value	80,158,618
Number of Properties	3
Acres	36,555
Softwoods % of MV	20%
Hardwoods % of MV	6%

(Excludes MV of Land and Cash)

Cumulative Returns Relative to NCREIF:Timberland Index



Region	Market Value
South	46%
Pacific Northwest	54%
Northeast	0%
Lake States	0%
Total	100%

REIT Holdings
Period Ended June 30, 2012

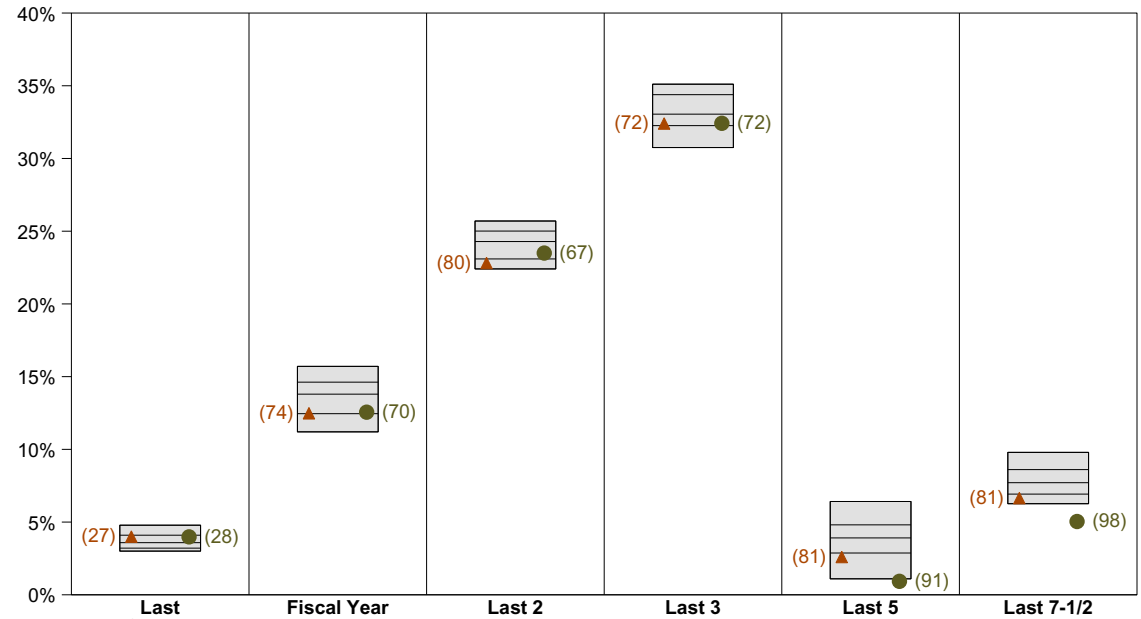
Quarterly Summary and Highlights

- REIT Holdings's portfolio posted a 3.98% return for the quarter placing it in the 28 percentile of the CAI Real Estate-REIT DB group for the quarter and in the 70 percentile for the last year.
- REIT Holdings's portfolio underperformed the NAREIT All Equity Index by 0.02% for the quarter and outperformed the NAREIT All Equity Index for the year by 0.08%.

Quarterly Asset Growth

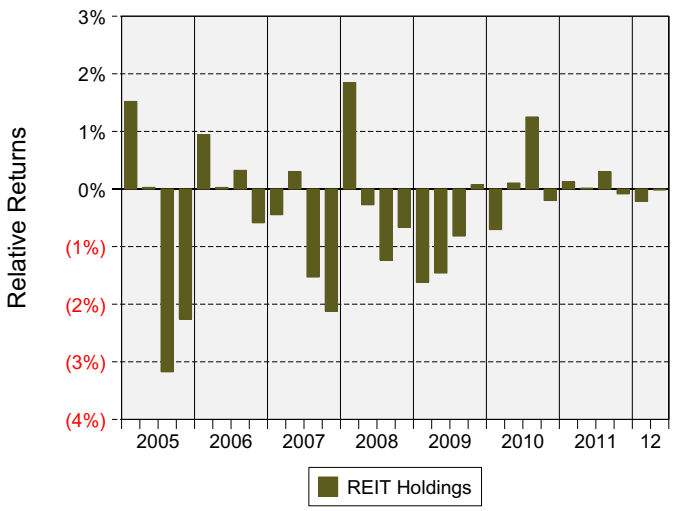
Beginning Market Value	$179,188,635
Net New Investment	$0
Investment Gains/(Losses)	$7,136,468
Ending Market Value	$186,325,103

Performance vs CAI Real Estate-REIT DB (Gross)

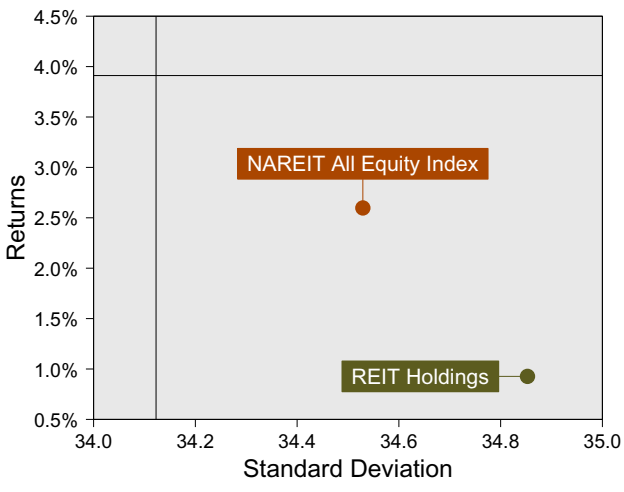


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/2 Years
10th Percentile	4.79	15.71	25.70	35.11	6.42	9.79
25th Percentile	4.10	14.62	25.01	34.39	4.81	8.61
Median	3.59	13.80	24.29	33.05	3.91	7.71
75th Percentile	3.21	12.45	23.09	32.26	2.87	6.92
90th Percentile	3.00	11.20	22.41	30.75	1.10	6.26
REIT Holdings ●	3.98	12.56	23.50	32.42	0.93	5.04
NAREIT All Equity Index ▲	4.00	12.48	22.81	32.40	2.60	6.65

Relative Return vs NAREIT All Equity Index



CAI Real Estate-REIT DB (Gross) Annualized Five Year Risk vs Return

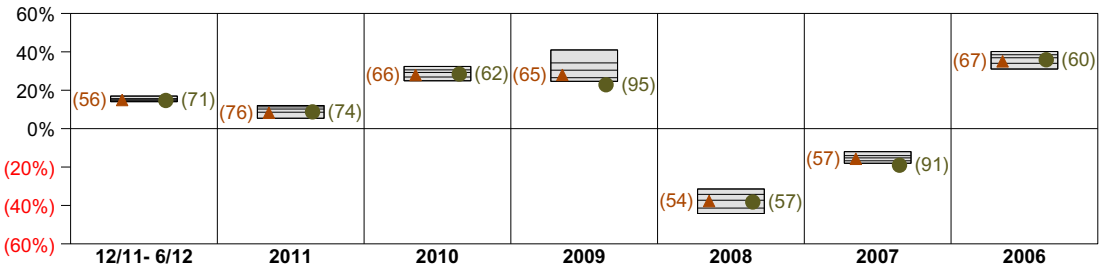


REIT Holdings
Return Analysis Summary

Return Analysis

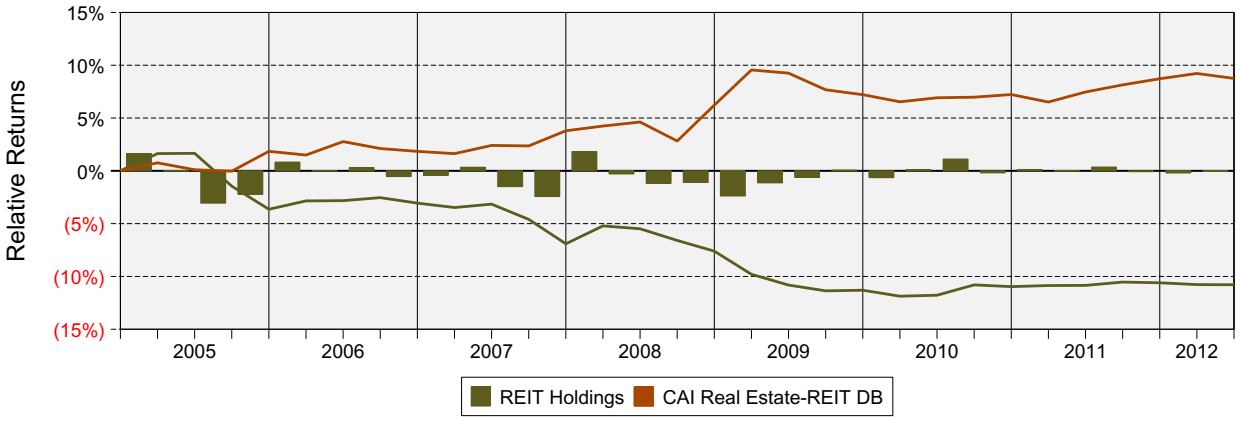
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

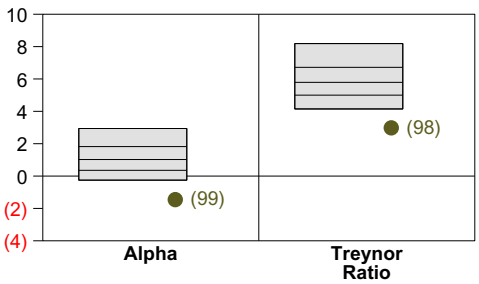


	12/11- 6/12	2011	2010	2009	2008	2007	2006
10th Percentile	16.95	12.06	32.38	40.98	(31.42)	(11.98)	40.16
25th Percentile	15.63	11.37	30.61	34.23	(34.23)	(14.06)	38.49
Median	15.04	10.21	29.27	30.45	(37.29)	(15.24)	36.92
75th Percentile	14.53	8.55	26.88	26.53	(41.37)	(16.75)	34.03
90th Percentile	14.04	5.40	24.92	24.65	(44.19)	(18.04)	31.04
REIT Holdings ●	14.67	8.73	28.44	22.87	(38.19)	(19.04)	35.88
NAREIT All Equity Index ▲	14.91	8.28	27.95	27.99	(37.72)	(15.69)	35.06

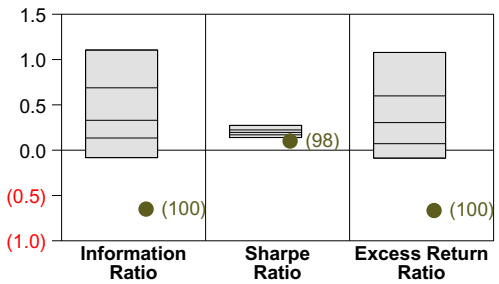
Cumulative and Quarterly Relative Return vs NAREIT All Equity Index



Risk Adjusted Return Measures vs NAREIT All Equity Index
Rankings Against CAI Real Estate-REIT DB (Gross)
Seven and One-Half Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.94	8.19
25th Percentile	1.82	6.72
Median	1.02	5.79
75th Percentile	0.35	5.00
90th Percentile	(0.25)	4.15
REIT Holdings ●	(1.46)	2.98



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.11	0.27	1.08
25th Percentile	0.69	0.22	0.60
Median	0.33	0.20	0.30
75th Percentile	0.13	0.17	0.07
90th Percentile	(0.08)	0.14	(0.09)
REIT Holdings ●	(0.65)	0.10	(0.67)

REIT Holdings
Top 10 Portfolio Holdings Characteristics
as of June 30, 2012

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	$18,190,584	9.8%	7.55%	46.35	33.40	2.57%	21.40%
American Tower Corp New	Financials	$11,564,513	6.2%	11.66%	27.52	36.60	1.26%	21.40%
Equity Residential	Financials	$7,939,052	4.3%	0.14%	18.72	49.10	2.16%	45.63%
Ventas	Financials	$7,908,557	4.3%	11.73%	18.24	44.45	3.93%	13.26%
Hcp Inc	Financials	$7,188,503	3.9%	13.32%	18.08	23.36	4.53%	6.00%
Public Storage	Financials	$7,155,516	3.9%	5.26%	24.74	34.14	3.05%	35.00%
Boston Properties	Financials	$6,955,187	3.8%	3.77%	16.07	61.93	2.03%	11.12%
Prologis Inc Com	Financials	$6,541,226	3.5%	(6.93)%	15.26	553.83	3.37%	(32.98)%
Avalonbay Communities	Financials	$5,785,400	3.1%	0.80%	13.47	43.40	2.74%	24.70%
Health Care Reit	Financials	$5,359,519	2.9%	7.47%	12.26	33.13	5.08%	14.93%

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
duPont Fabros Technology Inc	Financials	$980,750	0.5%	17.36%	1.80	36.62	2.10%	30.00%
Ltc Pptys Inc	Financials	$481,073	0.3%	14.89%	1.10	21.60	4.80%	4.00%
Hcp Inc	Financials	$7,188,503	3.9%	13.32%	18.08	23.36	4.53%	6.00%
Sunstone Hotel Invs Inc New	Financials	$568,513	0.3%	12.79%	1.49	(157.00)	0.00%	17.20%
Ventas	Financials	$7,908,557	4.3%	11.73%	18.24	44.45	3.93%	13.26%
American Tower Corp New	Financials	$11,564,513	6.2%	11.66%	27.52	36.60	1.26%	21.40%
Coresite Rlty Corp	Financials	$246,065	0.1%	10.24%	0.54	95.63	2.79%	22.00%
Healthcare Realty Trust	Financials	$282,027	0.2%	9.98%	1.86	158.93	5.03%	(42.76)%
Realty Income Corp	Financials	$2,228,430	1.2%	9.05%	5.57	39.41	4.20%	8.40%
Brandywine Realty Trust	Financials	$744,966	0.4%	8.90%	1.76	(94.92)	4.86%	(29.60)%

10 Worst Performers

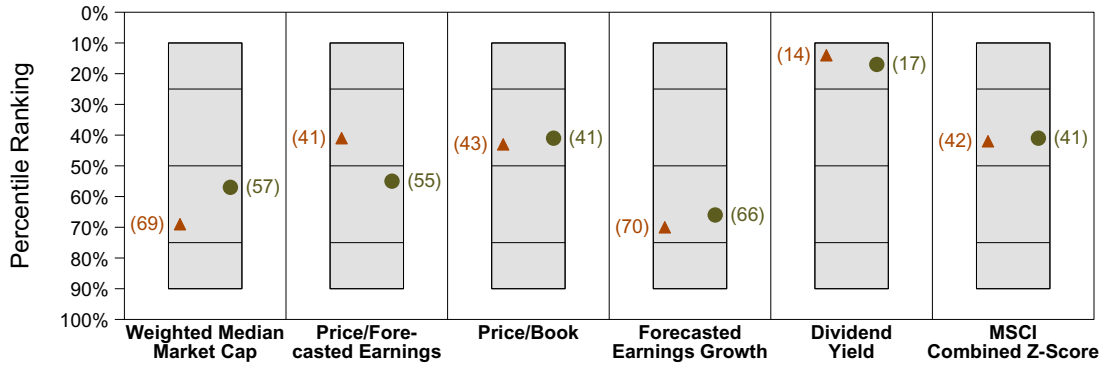
Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/ Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Entertainment Properties	Financials	$788,490	0.4%	(9.72)%	1.92	16.44	7.30%	7.00%
Campus Crest Cmntys Inc	Financials	$22,079	0.0%	(9.55)%	0.39	-	6.16%	-
Prologis Inc Com	Financials	$6,541,226	3.5%	(6.93)%	15.26	553.83	3.37%	(32.98)%
Hospitality Pptys Tr Com Sh Ben Int	Financials	$1,240,977	0.7%	(4.85)%	3.06	20.64	7.27%	(12.50)%
Government Pptys Income Tr Com Shs B	Financials	$355,813	0.2%	(4.49)%	1.06	21.34	7.43%	(8.09)%
Lexington Realty Trust	Financials	$560,036	0.3%	(4.32)%	1.32	(423.50)	5.90%	(78.68)%
Inland Real Estate Corp	Financials	$363,357	0.2%	(3.91)%	0.75	64.46	6.80%	0.00%
Plum Creek Timber Co Inc	Financials	$2,574,545	1.4%	(3.41)%	6.41	31.51	4.23%	2.08%
Host Hotels & Resorts Inc	Financials	$4,933,119	2.7%	(3.20)%	11.19	54.55	1.77%	5.00%
Chesapeake Lodging Tr Sh Ben Int	Financials	$288,435	0.2%	(2.95)%	0.55	16.72	5.11%	-

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.

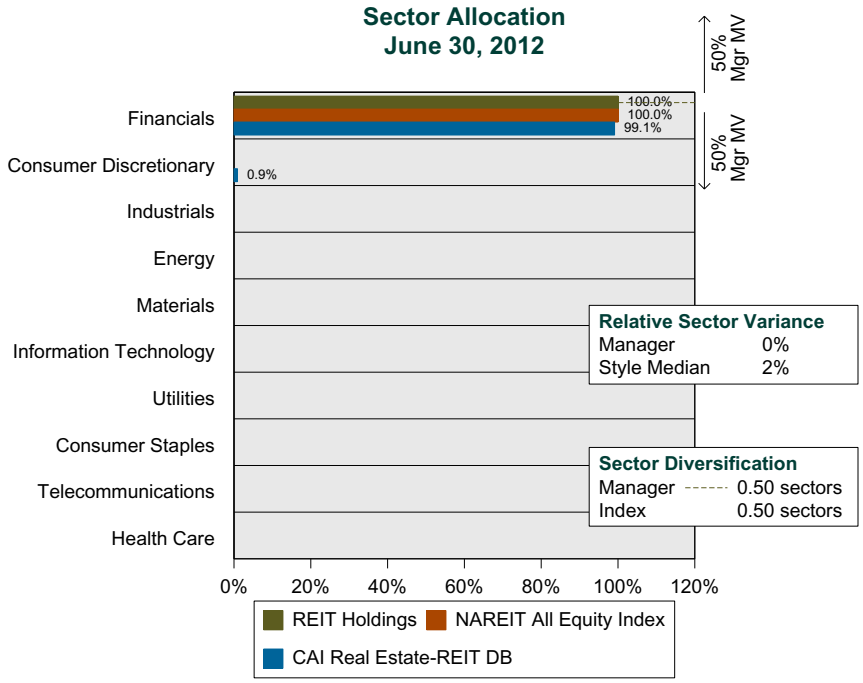
Portfolio Characteristics Percentile Rankings
Rankings Against CAI Real Estate-REIT DB
as of June 30, 2012

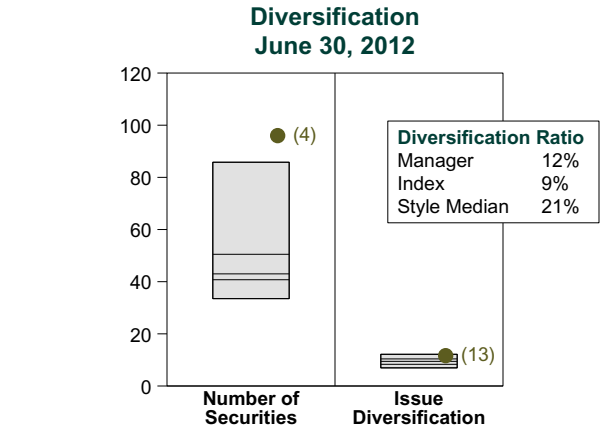


	Weighted Median Market Cap	Price/Fore-casted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	15.32	55.22	2.69	14.11	3.42	(0.25)
25th Percentile	14.13	50.16	2.49	13.50	3.16	(0.29)
Median	13.45	45.66	2.32	11.53	3.07	(0.43)
75th Percentile	11.82	41.82	2.28	10.44	2.95	(0.50)
90th Percentile	9.08	41.50	2.13	9.67	2.88	(0.62)
REIT Holdings ●	12.32	45.37	2.38	11.08	3.29	(0.40)
NAREIT All Equity Index ▲	12.08	46.86	2.35	10.75	3.34	(0.41)

Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.



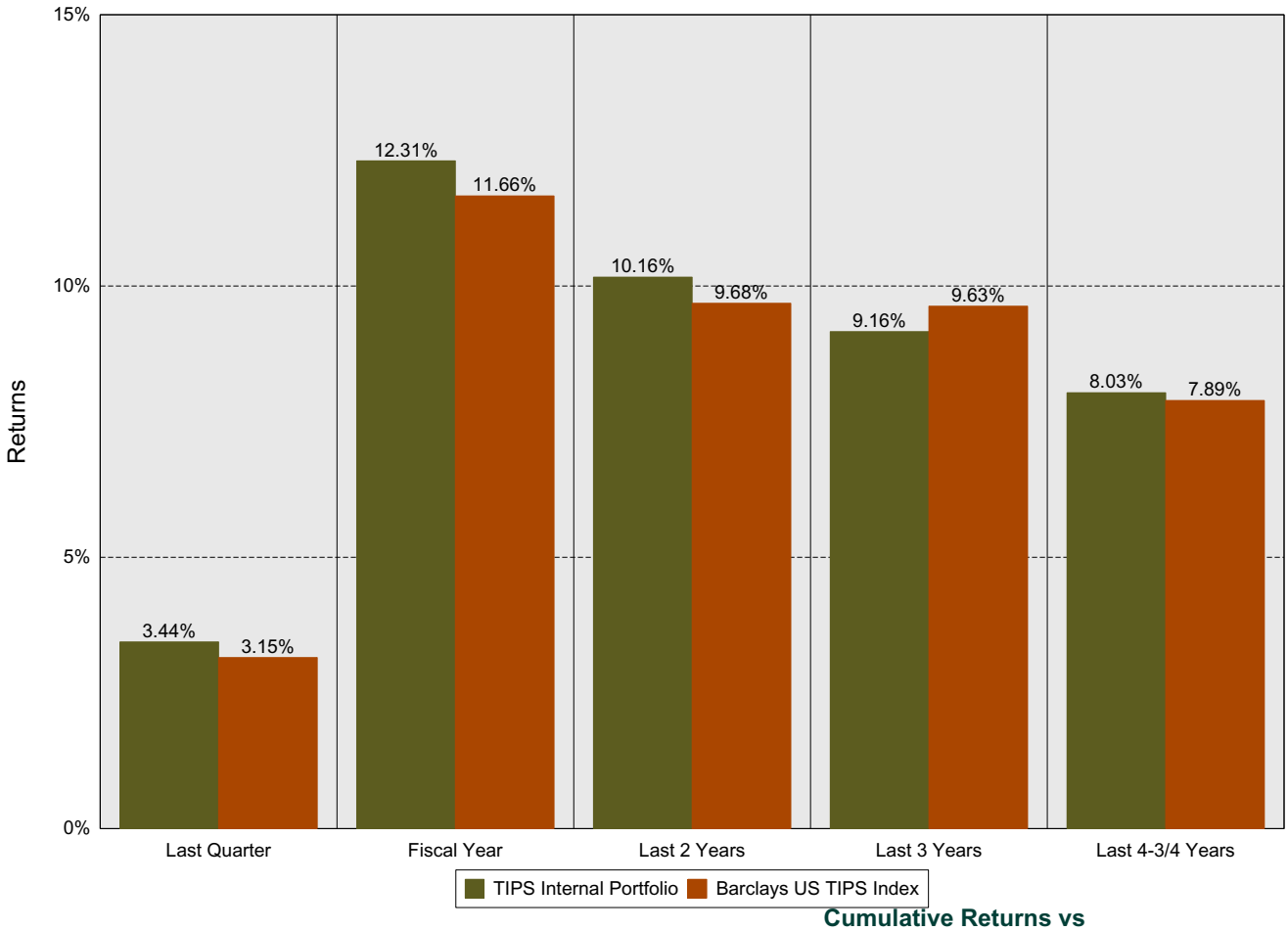


	Number of Securities	Issue Diversification
10th Percentile	86	12
25th Percentile	51	10
Median	43	9
75th Percentile	41	8
90th Percentile	34	7
REIT Holdings ●	96	12
NAREIT All Equity Index ▲	134	13

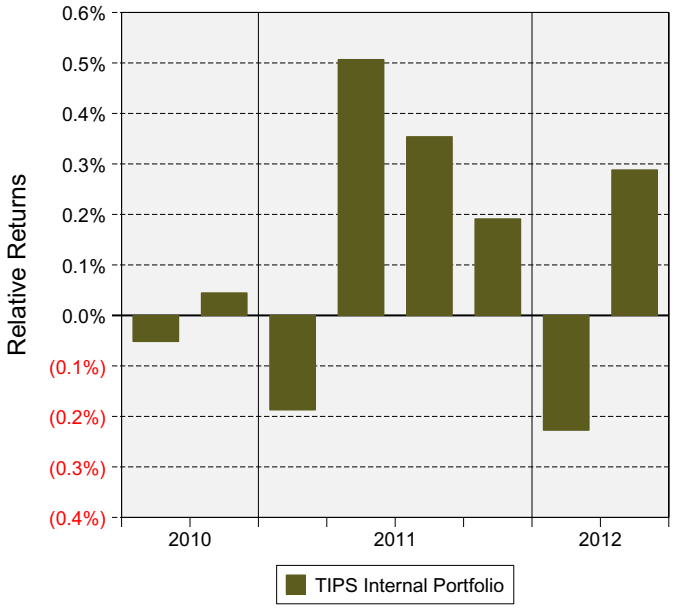
TIPS Internal Portfolio
Period Ended June 30, 2012

Quarterly Summary and Highlights

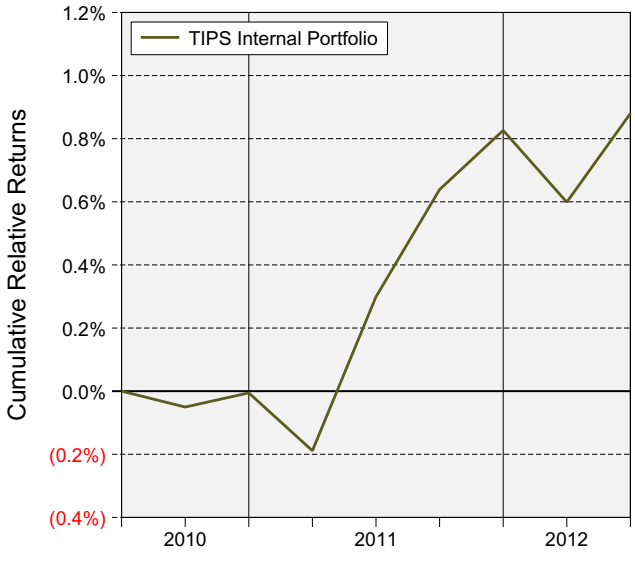
- TIPS Internal Portfolio's portfolio outperformed the Barclays US TIPS Index by 0.29% for the quarter and outperformed the Barclays US TIPS Index for the year by 0.65%.



Relative Return vs Barclays US TIPS Index



Cumulative Returns vs Barclays US TIPS Index



Absolute Return Funds

Absolute Return Composite
Period Ended June 30, 2012

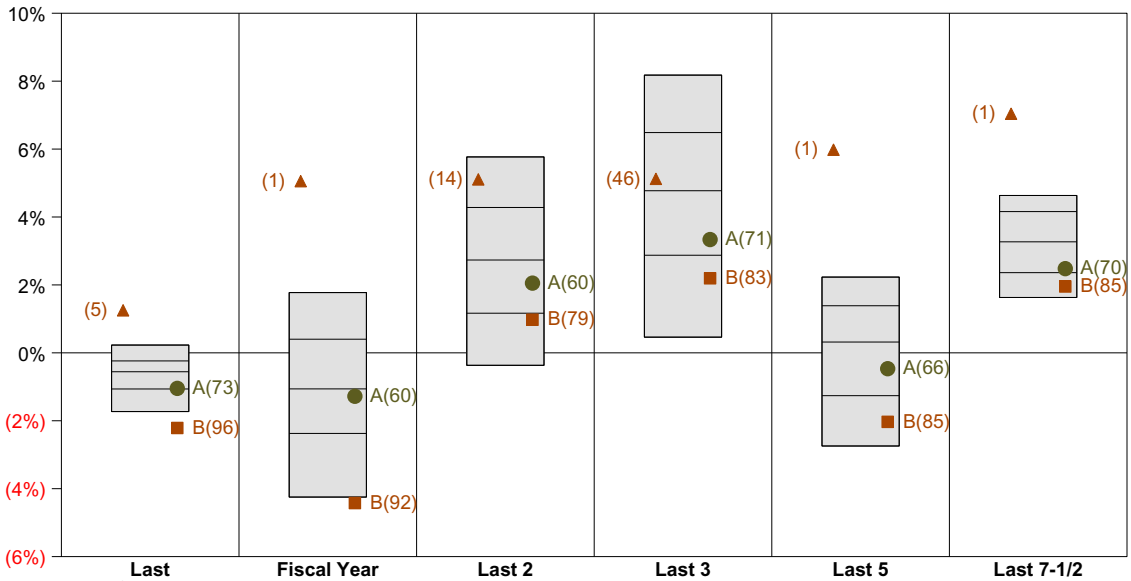
Investment Philosophy

The manager returns below are current through the periods shown.

Quarterly Summary and Highlights

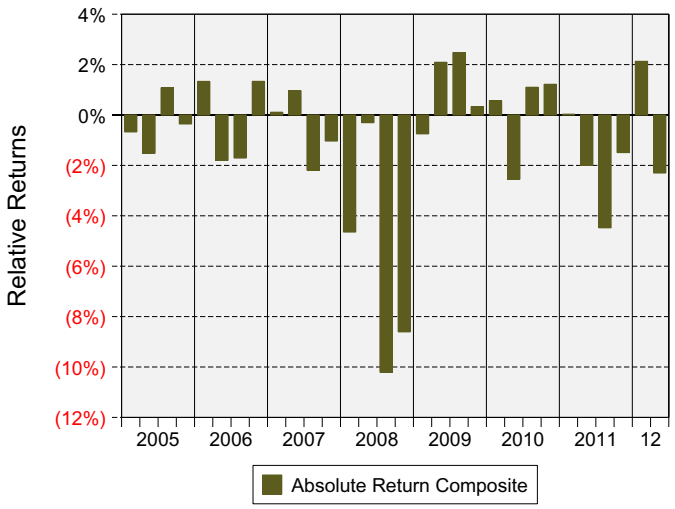
- Absolute Return Composite's portfolio posted a (1.05)% return for the quarter placing it in the 73 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 60 percentile for the last year.
- Absolute Return Composite's portfolio underperformed the T-Bills + 5% by 2.30% for the quarter and underperformed the T-Bills + 5% for the year by 6.33%.

Performance vs Absolute Return Hedge FoFs Style (Net)

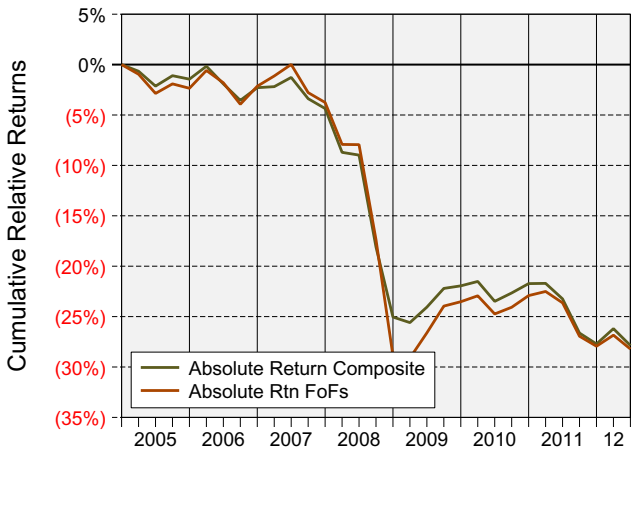


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/2 Years
10th Percentile	0.23	1.77	5.77	8.18	2.23	4.63
25th Percentile	(0.24)	0.40	4.28	6.49	1.39	4.16
Median	(0.56)	(1.06)	2.73	4.77	0.32	3.27
75th Percentile	(1.06)	(2.37)	1.17	2.87	(1.26)	2.36
90th Percentile	(1.73)	(4.25)	(0.37)	0.46	(2.74)	1.63
Absolute Return Composite ● A	(1.05)	(1.28)	2.05	3.34	(0.47)	2.48
Fund of Funds Index ■ B	(2.21)	(4.42)	0.98	2.20	(2.03)	1.95
T-Bills + 5% ▲	1.25	5.06	5.11	5.12	5.98	7.04

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



Absolute Return Composite
Return Analysis Summary

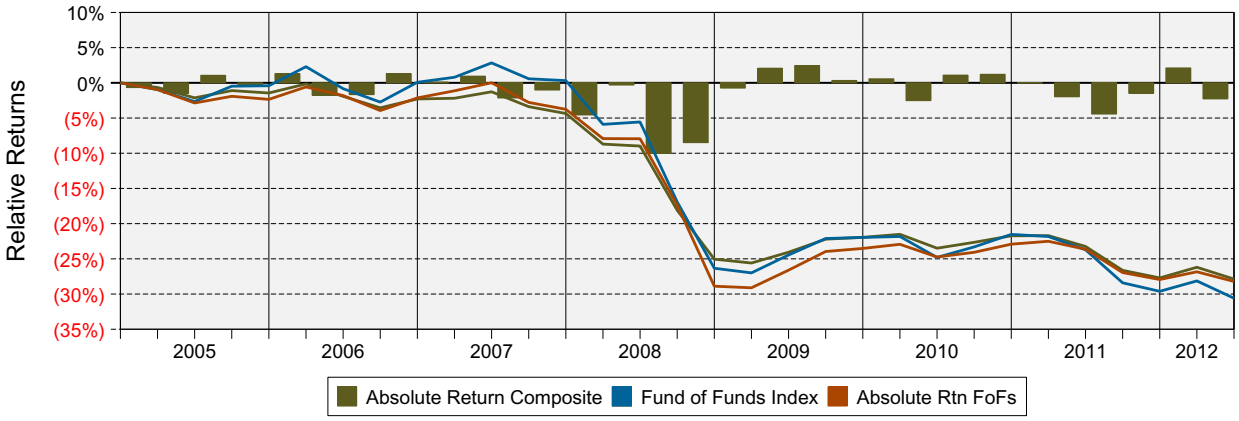
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

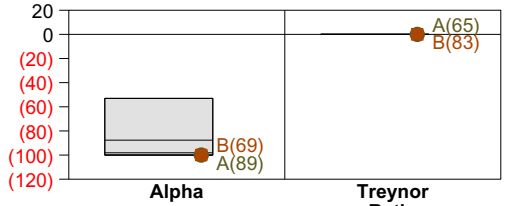
Performance vs Absolute Return Hedge FoFs Style (Net)

	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	3.74	1.81	10.06	22.19	(13.57)	13.68
25th Percentile	3.04	0.10	8.54	18.25	(17.41)	10.18
Median	2.39	(1.53)	5.93	12.73	(20.81)	8.42
75th Percentile	1.32	(3.58)	4.68	9.45	(24.82)	6.52
90th Percentile	(0.12)	(5.21)	3.18	5.48	(30.63)	2.11
Absolute Return Composite (A)	2.28	(2.93)	5.43	9.55	(16.10)	7.68
Fund of Funds Index (B)	1.07	(5.73)	5.70	11.46	(21.39)	10.26
T-Bills + 5%	2.51	5.10	5.13	5.21	7.06	10.00

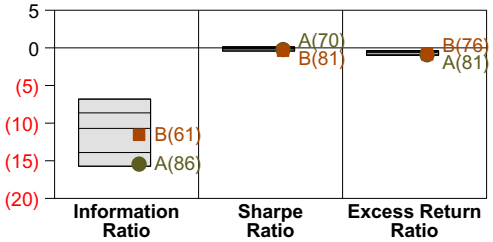
Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5%
Rankings Against Absolute Return Hedge FoFs Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	(53.04)	0.02
25th Percentile	(87.64)	0.01
Median	(98.11)	(0.00)
75th Percentile	(99.98)	(0.02)
90th Percentile	(100.00)	(0.04)
Absolute Return Composite (A)	(100.00)	(0.02)
Fund of Funds Index (B)	(99.97)	(0.03)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	(6.80)	0.14	(0.36)
25th Percentile	(8.64)	0.05	(0.47)
Median	(10.70)	(0.08)	(0.61)
75th Percentile	(13.91)	(0.27)	(0.85)
90th Percentile	(15.73)	(0.43)	(0.99)
Absolute Return Composite (A)	(15.44)	(0.22)	(0.92)
Fund of Funds Index (B)	(11.55)	(0.35)	(0.87)

Crestline Investors
Period Ended June 30, 2012

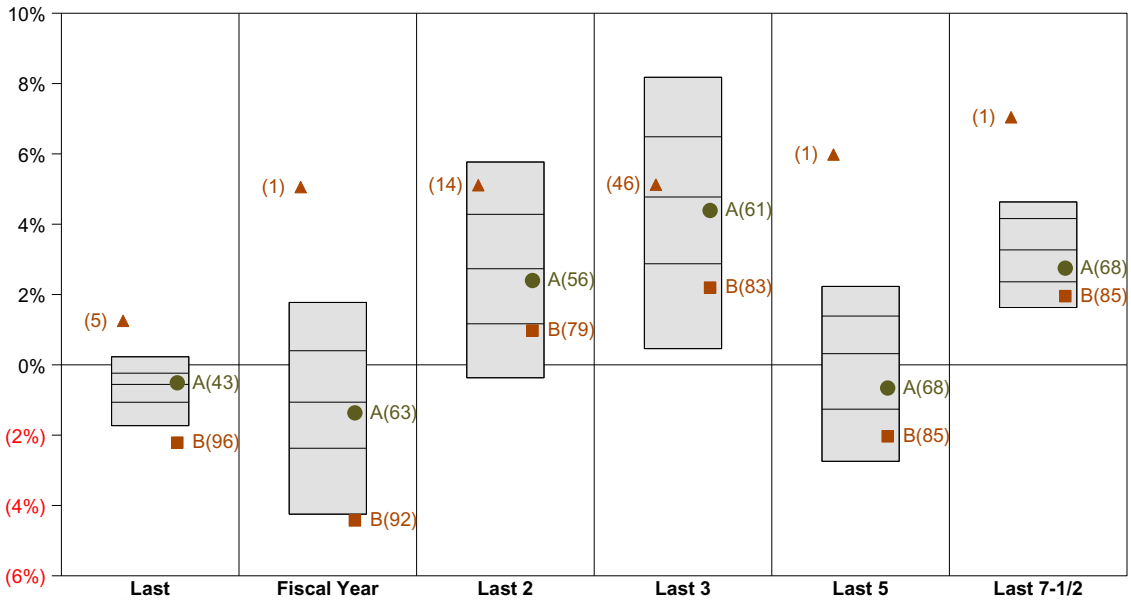
Investment Philosophy

The manager returns below are current through the periods shown.

Quarterly Summary and Highlights

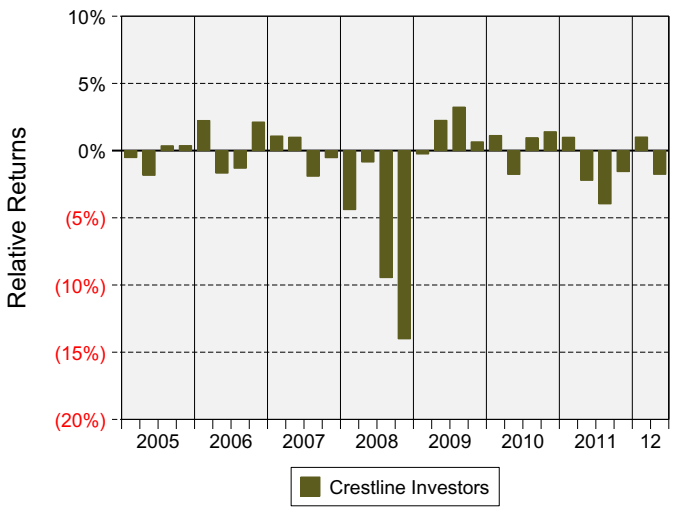
- Crestline Investors's portfolio posted a (0.51)% return for the quarter placing it in the 43 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 63 percentile for the last year.
- Crestline Investors's portfolio underperformed the T-Bills + 5% by 1.76% for the quarter and underperformed the T-Bills + 5% for the year by 6.42%.

Performance vs Absolute Return Hedge FoFs Style (Net)

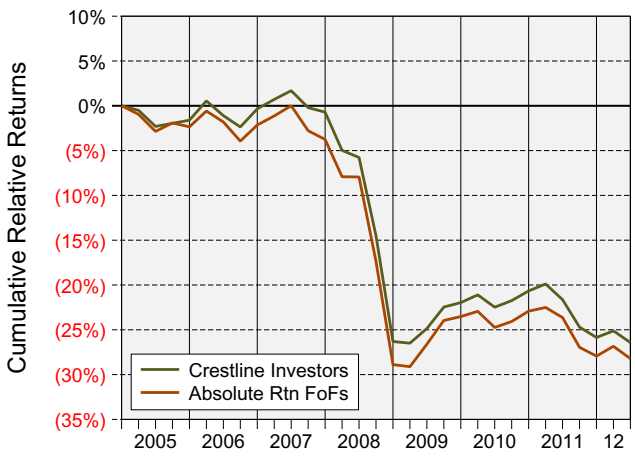


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/2 Years
10th Percentile	0.23	1.77	5.77	8.18	2.23	4.63
25th Percentile	(0.24)	0.40	4.28	6.49	1.39	4.16
Median	(0.56)	(1.06)	2.73	4.77	0.32	3.27
75th Percentile	(1.06)	(2.37)	1.17	2.87	(1.26)	2.36
90th Percentile	(1.73)	(4.25)	(0.37)	0.46	(2.74)	1.63
Crestline Investors ● A	(0.51)	(1.37)	2.40	4.39	(0.66)	2.75
Fund of Funds Index ■ B	(2.21)	(4.42)	0.98	2.20	(2.03)	1.95
T-Bills + 5% ▲	1.25	5.06	5.11	5.12	5.98	7.04

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%

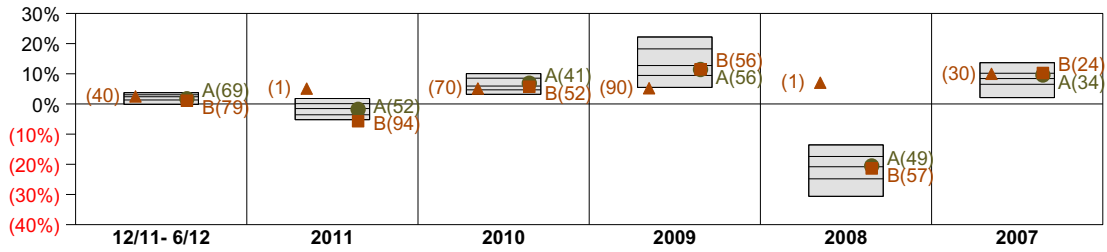


Crestline Investors
Return Analysis Summary

Return Analysis

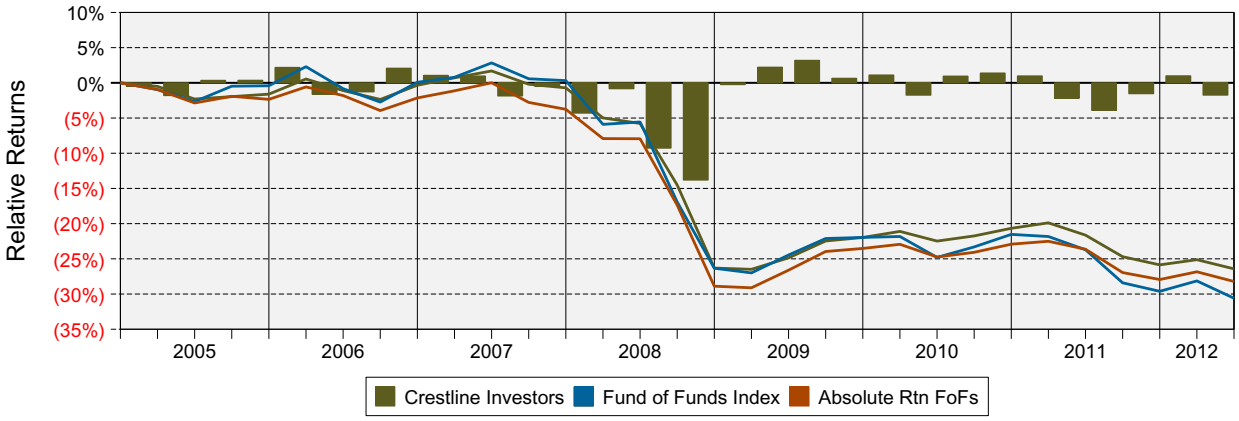
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Absolute Return Hedge FoFs Style (Net)

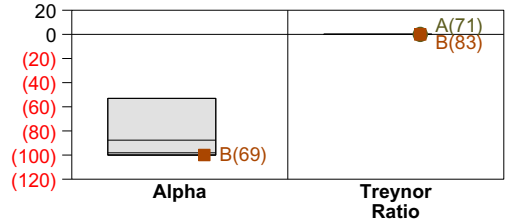


	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	3.74	1.81	10.06	22.19	(13.57)	13.68
25th Percentile	3.04	0.10	8.54	18.25	(17.41)	10.18
Median	2.39	(1.53)	5.93	12.73	(20.81)	8.42
75th Percentile	1.32	(3.58)	4.68	9.45	(24.82)	6.52
90th Percentile	(0.12)	(5.21)	3.18	5.48	(30.63)	2.11
Crestline Investors (A)	1.72	(1.78)	6.88	11.41	(20.54)	9.59
Fund of Funds Index (B)	1.07	(5.73)	5.70	11.46	(21.39)	10.26
T-Bills + 5%	2.51	5.10	5.13	5.21	7.06	10.00

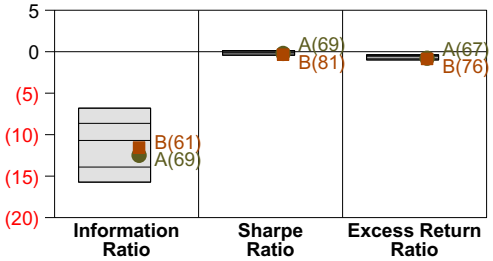
Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5%
Rankings Against Absolute Return Hedge FoFs Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	(53.04)	0.02
25th Percentile	(87.64)	0.01
Median	(98.11)	(0.00)
75th Percentile	(99.98)	(0.02)
90th Percentile	(100.00)	(0.04)
Crestline Investors (A)	-	(0.02)
Fund of Funds Index (B)	(99.97)	(0.03)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	(6.80)	0.14	(0.36)
25th Percentile	(8.64)	0.05	(0.47)
Median	(10.70)	(0.08)	(0.61)
75th Percentile	(13.91)	(0.27)	(0.85)
90th Percentile	(15.73)	(0.43)	(0.99)
Crestline Investors (A)	(12.49)	(0.21)	(0.78)
Fund of Funds Index (B)	(11.55)	(0.35)	(0.87)

Global Asset Management
Period Ended June 30, 2012

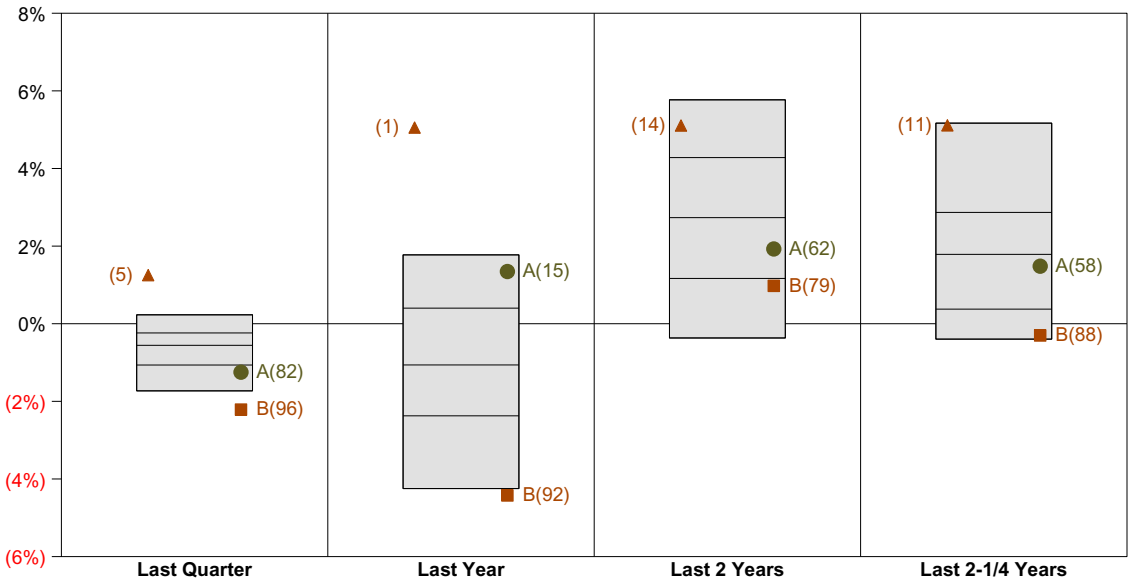
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

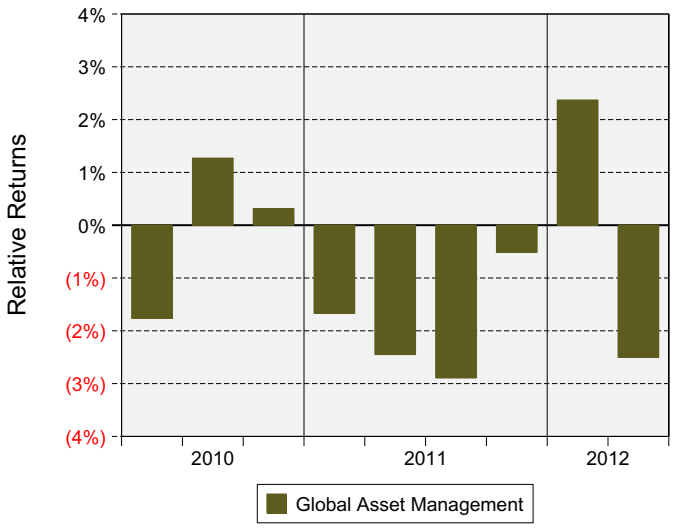
- Global Asset Management's portfolio posted a (1.25)% return for the quarter placing it in the 82 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 15 percentile for the last year.
- Global Asset Management's portfolio underperformed the T-Bills + 5% by 2.50% for the quarter and underperformed the T-Bills + 5% for the year by 3.71%.

Performance vs Absolute Return Hedge FoFs Style (Net)

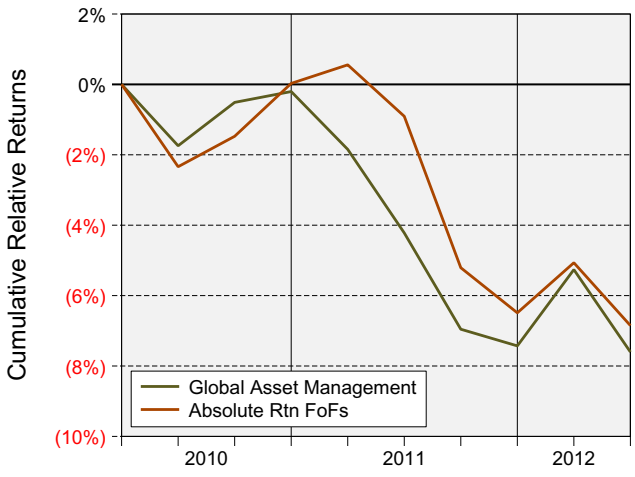


	Last Quarter	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	0.23	1.77	5.77	5.17
25th Percentile	(0.24)	0.40	4.28	2.87
Median	(0.56)	(1.06)	2.73	1.79
75th Percentile	(1.06)	(2.37)	1.17	0.38
90th Percentile	(1.73)	(4.25)	(0.37)	(0.40)
Global Asset Management ● A	(1.25)	1.34	1.93	1.48
Fund of Funds Index ■ B	(2.21)	(4.42)	0.98	(0.30)
T-Bills + 5% ▲	1.25	5.06	5.11	5.11

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



Mariner Investment Group
Period Ended June 30, 2012

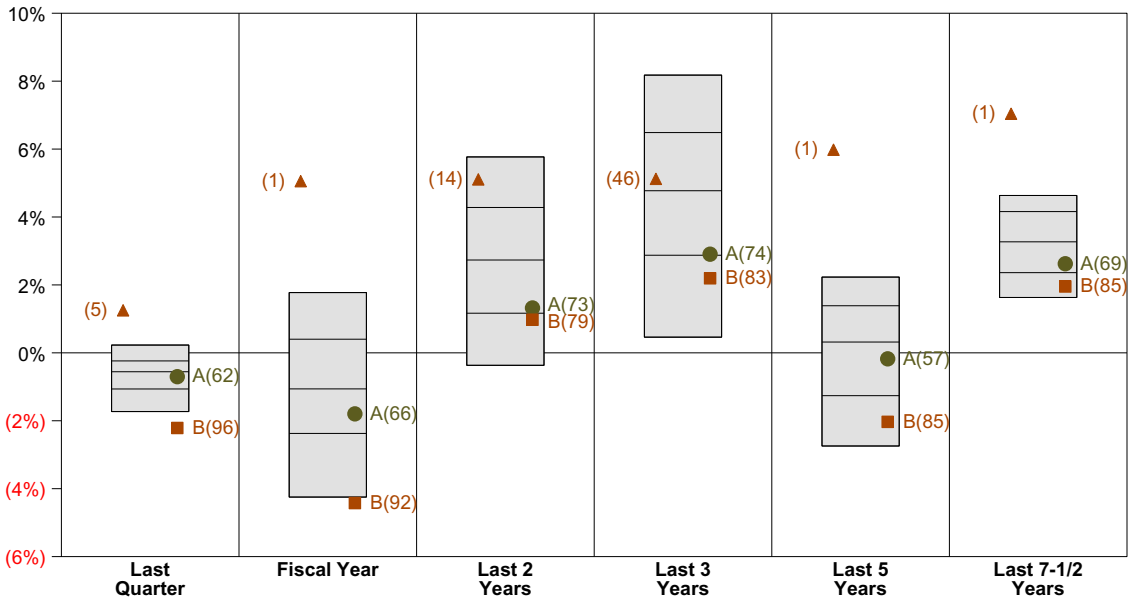
Investment Philosophy

The manager returns below are current through periods shown.

Quarterly Summary and Highlights

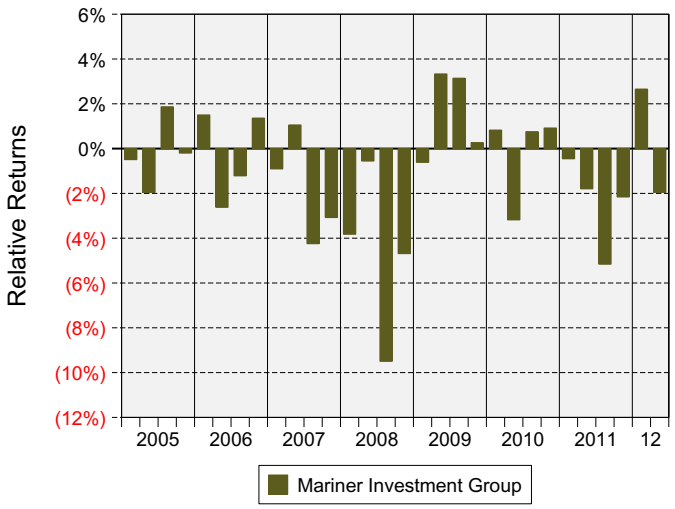
- Mariner Investment Group's portfolio posted a (0.70)% return for the quarter placing it in the 62 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 66 percentile for the last year.
- Mariner Investment Group's portfolio underperformed the T-Bills + 5% by 1.95% for the quarter and underperformed the T-Bills + 5% for the year by 6.85%.

Performance vs Absolute Return Hedge FoFs Style (Net)

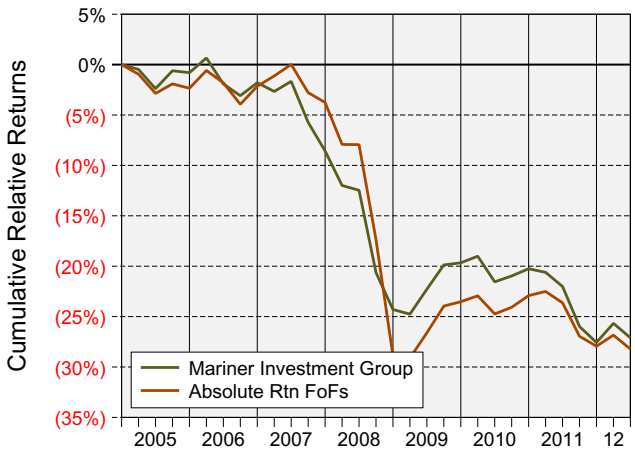


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/2 Years
10th Percentile	0.23	1.77	5.77	8.18	2.23	4.63
25th Percentile	(0.24)	0.40	4.28	6.49	1.39	4.16
Median	(0.56)	(1.06)	2.73	4.77	0.32	3.27
75th Percentile	(1.06)	(2.37)	1.17	2.87	(1.26)	2.36
90th Percentile	(1.73)	(4.25)	(0.37)	0.46	(2.74)	1.63
Mariner Investment Group ● A	(0.70)	(1.80)	1.32	2.90	(0.18)	2.62
Fund of Funds Index ■ B	(2.21)	(4.42)	0.98	2.20	(2.03)	1.95
T-Bills + 5% ▲	1.25	5.06	5.11	5.12	5.98	7.04

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



Mariner Investment Group
Return Analysis Summary

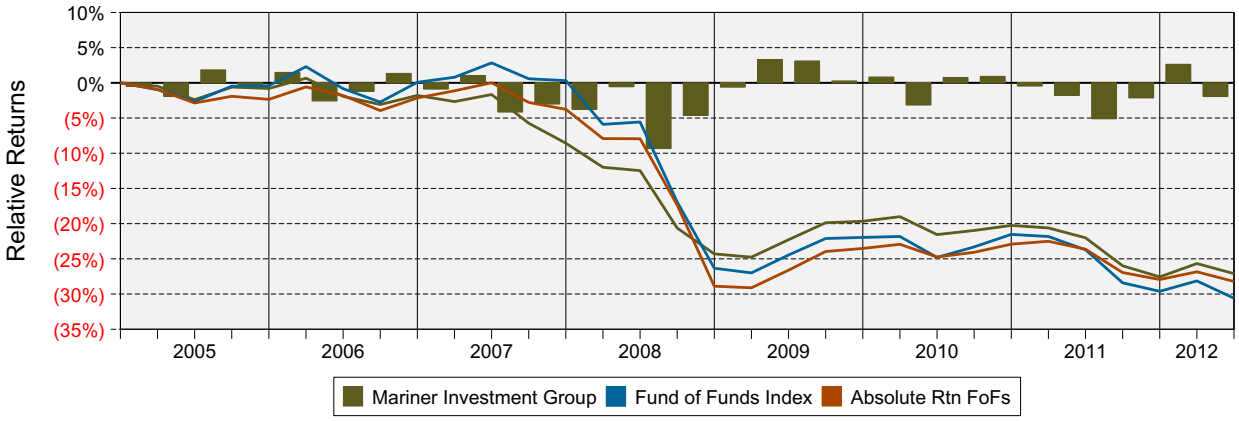
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

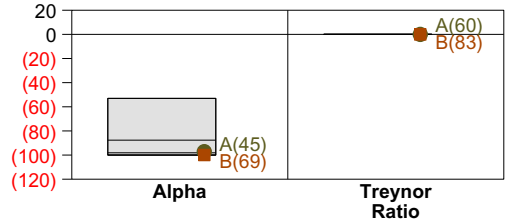
Performance vs Absolute Return Hedge FoFs Style (Net)

	12/11- 6/12	2011	2010	2009	2008	2007
10th Percentile	3.74	1.81	10.06	22.19	(13.57)	13.68
25th Percentile	3.04	0.10	8.54	18.25	(17.41)	10.18
Median	2.39	(1.53)	5.93	12.73	(20.81)	8.42
75th Percentile	1.32	(3.58)	4.68	9.45	(24.82)	6.52
90th Percentile	(0.12)	(5.21)	3.18	5.48	(30.63)	2.11
Mariner Investment Group (A)	3.16	(4.54)	4.35	11.65	(11.36)	2.42
Fund of Funds Index (B)	1.07	(5.73)	5.70	11.46	(21.39)	10.26
T-Bills + 5%	2.51	5.10	5.13	5.21	7.06	10.00

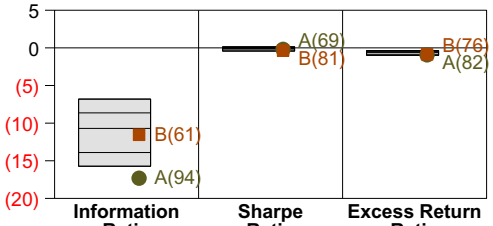
Cumulative and Quarterly Relative Return vs T-Bills + 5%



Risk Adjusted Return Measures vs T-Bills + 5%
Rankings Against Absolute Return Hedge FoFs Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	(53.04)	0.02
25th Percentile	(87.64)	0.01
Median	(98.11)	(0.00)
75th Percentile	(99.98)	(0.02)
90th Percentile	(100.00)	(0.04)
Mariner Investment Group (A)	(97.19)	(0.01)
Fund of Funds Index (B)	(99.97)	(0.03)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	(6.80)	0.14	(0.36)
25th Percentile	(8.64)	0.05	(0.47)
Median	(10.70)	(0.08)	(0.61)
75th Percentile	(13.91)	(0.27)	(0.85)
90th Percentile	(15.73)	(0.43)	(0.99)
Mariner Investment Group (A)	(17.32)	(0.19)	(0.93)
Fund of Funds Index (B)	(11.55)	(0.35)	(0.87)

Prisma Capital
Period Ended June 30, 2012

Investment Philosophy

The manager returns below are current through periods shown.

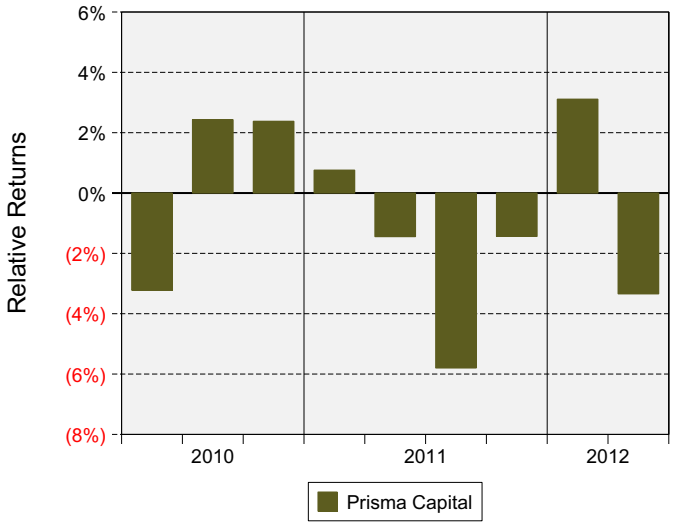
Quarterly Summary and Highlights

- Prisma Capital's portfolio posted a (2.09)% return for the quarter placing it in the 95 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 78 percentile for the last year.
- Prisma Capital's portfolio underperformed the T-Bills + 5% by 3.34% for the quarter and underperformed the T-Bills + 5% for the year by 7.74%.

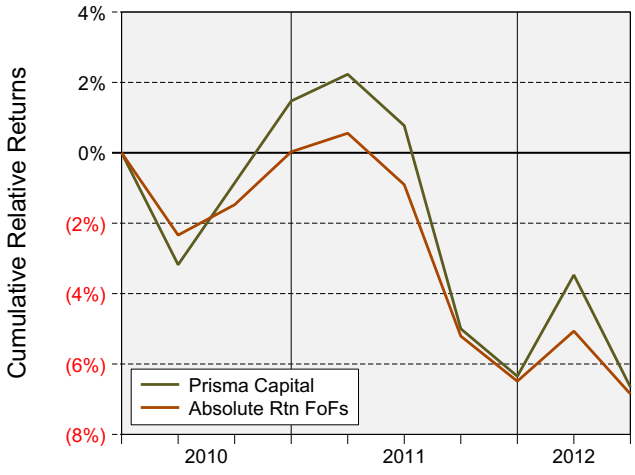
Performance vs Absolute Return Hedge FoFs Style (Net)

	Last Quarter	Last Year	Last 2 Years	Last 2-1/4 Years
10th Percentile	0.23	1.77	5.77	5.17
25th Percentile	(0.24)	0.40	4.28	2.87
Median	(0.56)	(1.06)	2.73	1.79
75th Percentile	(1.06)	(2.37)	1.17	0.38
90th Percentile	(1.73)	(4.25)	(0.37)	(0.40)
Prisma Capital ● A	(2.09)	(2.69)	3.20	1.94
Fund of Funds Index ■ B	(2.21)	(4.42)	0.98	(0.30)
T-Bills + 5% ▲	1.25	5.06	5.11	5.11

Relative Return vs T-Bills + 5%



Cumulative Returns vs T-Bills + 5%



Disclosures

Callan

June 30, 2012

State of Alaska
SBS Fund

Investment Measurement Service
Quarterly Review

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 2012 by Callan Associates Inc.

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SBS Fund

Investment Fund Balances

The table below compares the fund's investment fund balances as of June 30, 2012 with that of March 31, 2012. 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.

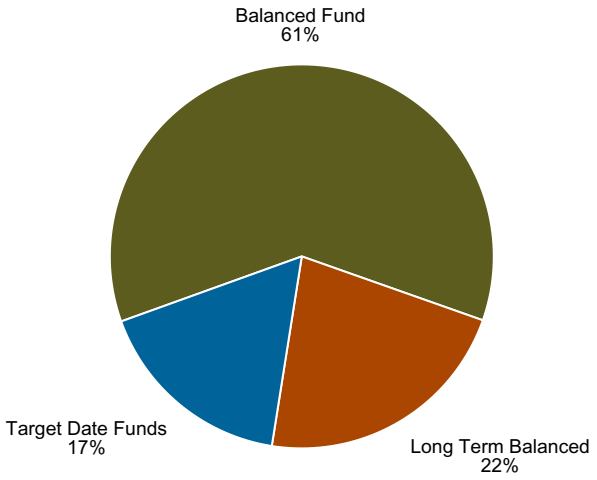
Asset Distribution Across Investment Funds

	June 30, 2012				March 31, 2012	
	Market Value	Percent	Net New Inv.	Inv. Return	Market Value	Percent
Balanced/Target Funds						
Alaska Balanced Fund	1,107,722,001	39.29%	(10,893,559)	(198,432)	1,118,813,992	39.54%
Long Term Balanced Fund	402,808,878	14.29%	4,781,697	(7,792,820)	405,820,001	14.34%
Target 2010 Trust	8,426,808	0.30%	(59,301)	76,083	8,410,025	0.30%
Target 2015 Trust	95,309,700	3.38%	(309,817)	(1,121,635)	96,741,152	3.42%
Target 2020 Trust	48,417,293	1.72%	594,765	525,208	47,297,320	1.67%
Target 2025 Trust	30,583,388	1.08%	801,937	600,787	29,180,664	1.03%
Target 2030 Trust	18,390,821	0.65%	262,313	1,149,681	16,978,828	0.60%
Target 2035 Trust	19,511,445	0.69%	594,366	1,135,680	17,781,400	0.63%
Target 2040 Trust	22,623,976	0.80%	818,043	1,522,113	20,283,820	0.72%
Target 2045 Trust	26,450,604	0.94%	918,507	2,247,981	23,284,116	0.82%
Target 2050 Trust	30,095,612	1.07%	815,569	2,518,553	26,761,491	0.95%
Target 2055 Trust	9,508,583	0.34%	(270,286)	555,784	9,223,085	0.33%
Domestic Equity Funds						
State Street S&P	234,414,804	8.31%	(6,043,343)	(6,892,501)	247,350,649	8.74%
RCM Socially Responsible	28,317,844	1.00%	(228,661)	(2,297,784)	30,844,290	1.09%
Russell 3000 Index	17,856,819	0.63%	521,052	(615,753)	17,951,520	0.63%
T. Rowe Price Small Cap	88,117,067	3.13%	(5,613,421)	(2,688,980)	96,419,468	3.41%
International Equity Funds						
Brandes Int'l Fund	60,896,668	2.16%	(3,378,566)	(5,559,420)	69,834,654	2.47%
World Eq Ex-US Index	13,028,890	0.46%	1,751,429	(811,687)	12,089,148	0.43%
Fixed-Income Funds						
BlackRock Govt/Credit Fd	49,786,831	1.77%	(4,630,495)	1,285,209	53,132,117	1.88%
Intermediate Bond Fund	15,188,605	0.54%	866,465	196,494	14,125,646	0.50%
Long US Treasury Bond	23,817,519	0.84%	7,752,795	1,654,624	14,410,100	0.51%
US TIPS	20,956,944	0.74%	2,479,385	579,204	17,898,355	0.63%
World Gov't Bond Ex-US	5,954,671	0.21%	1,062,924	7,167	4,884,580	0.17%
Global Balanced Funds						
SSgA Global Balanced	49,667,859	1.76%	(2,501,332)	(1,363,928)	53,533,118	1.89%
Real Estate Funds						
US REITS	31,549,586	1.12%	4,482,990	1,026,819	26,039,777	0.92%
Short Term Funds						
T. Rowe Price Stable Value	324,122,372	11.49%	7,169,162	2,185,773	314,767,437	11.12%
SSgA Inst Trsry MM	36,158,322	1.28%	302,270	5	35,856,047	1.27%
Total Fund	**$2,819,683,912**	**100.0%**	**$2,046,888**	**$(12,075,775)**	**$2,829,712,799**	**100.0%**

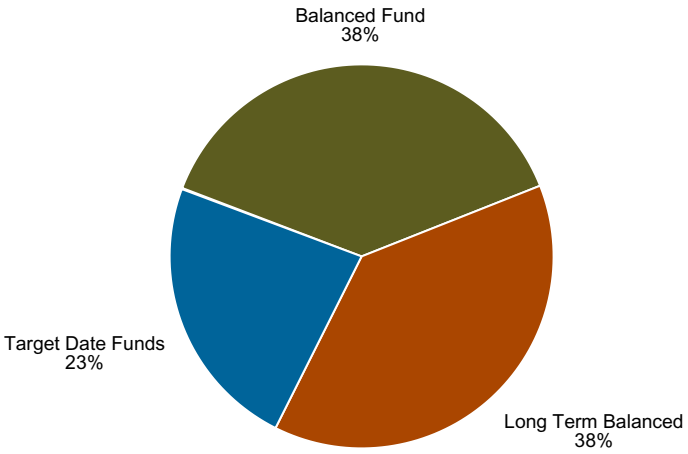
Asset Allocation

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.

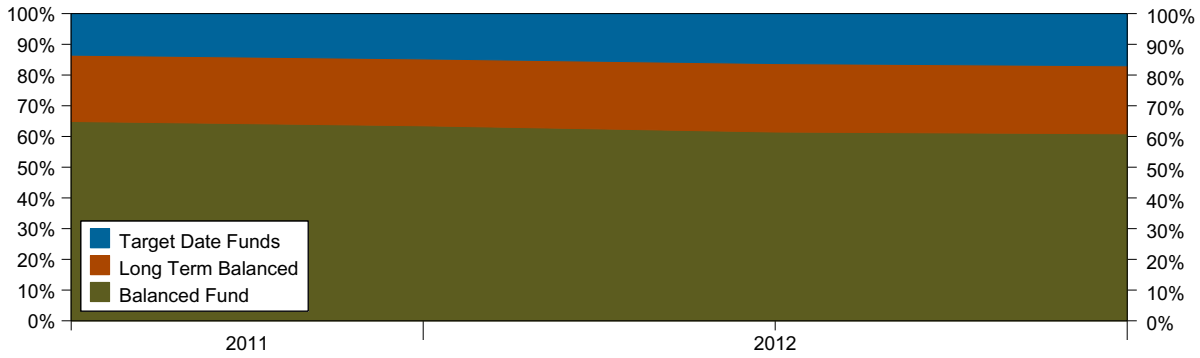
Asset Allocation



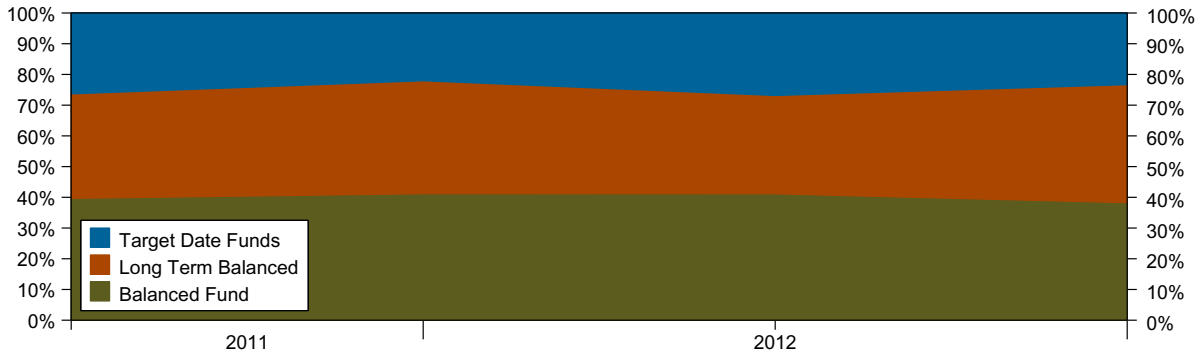
New Contributions



Historical Asset Allocation



Historical Allocation of Contributions



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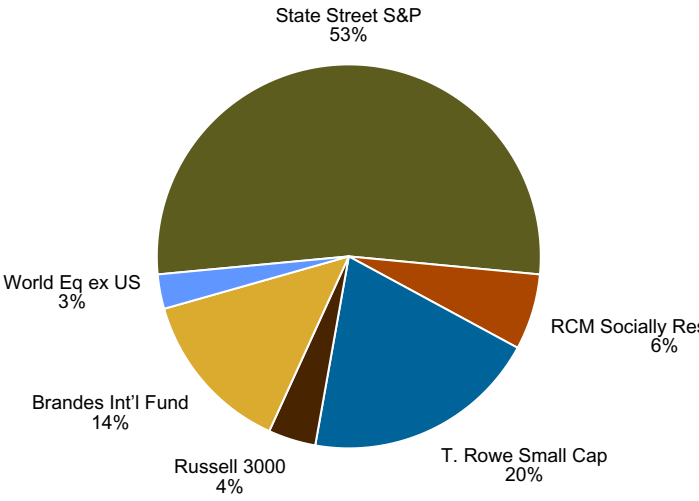
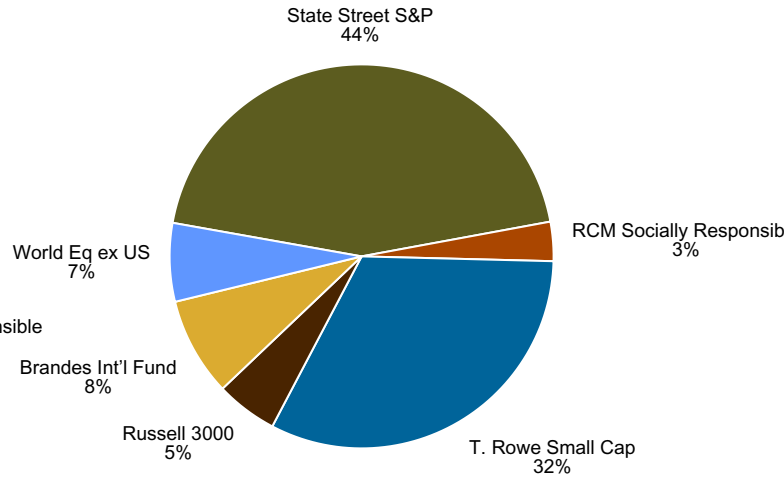
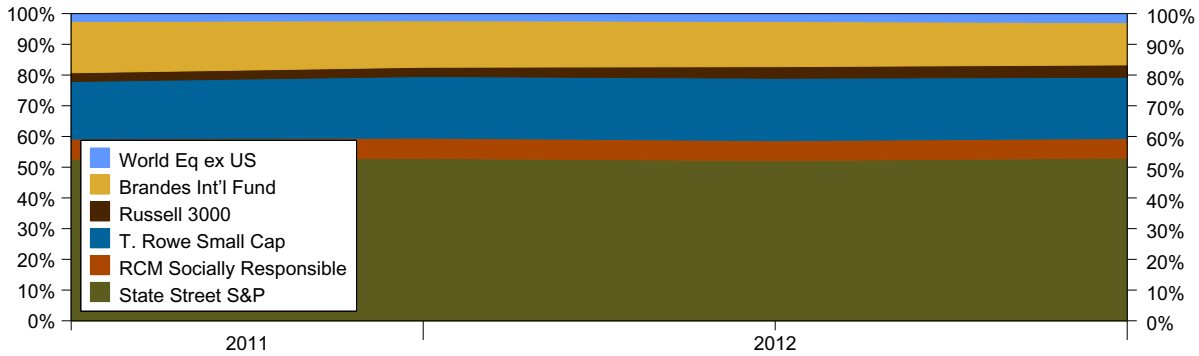


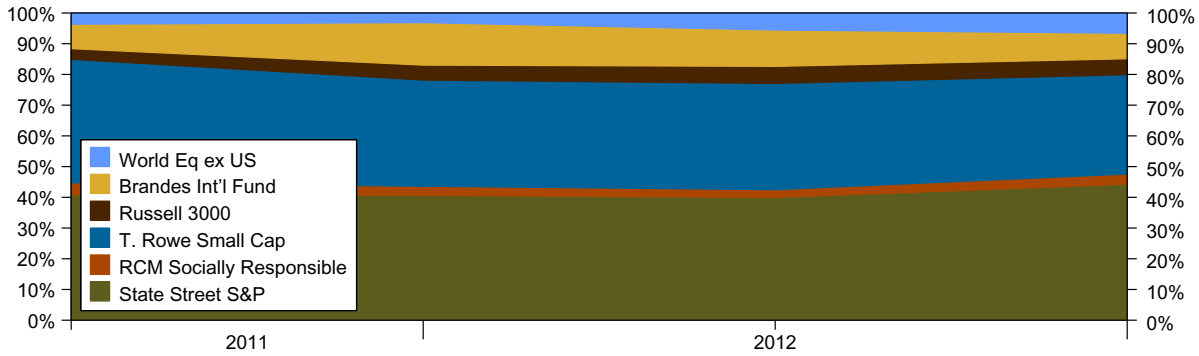
New Contributions



Historical Asset Allocation



Historical Allocation of Contributions



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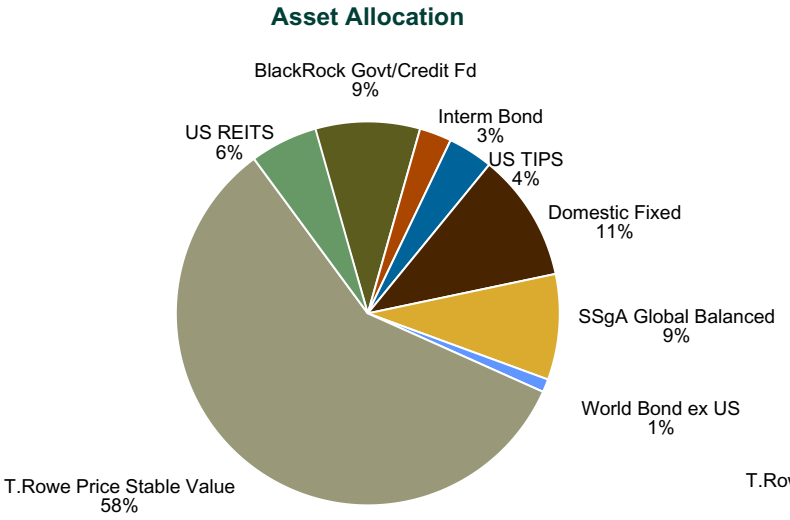
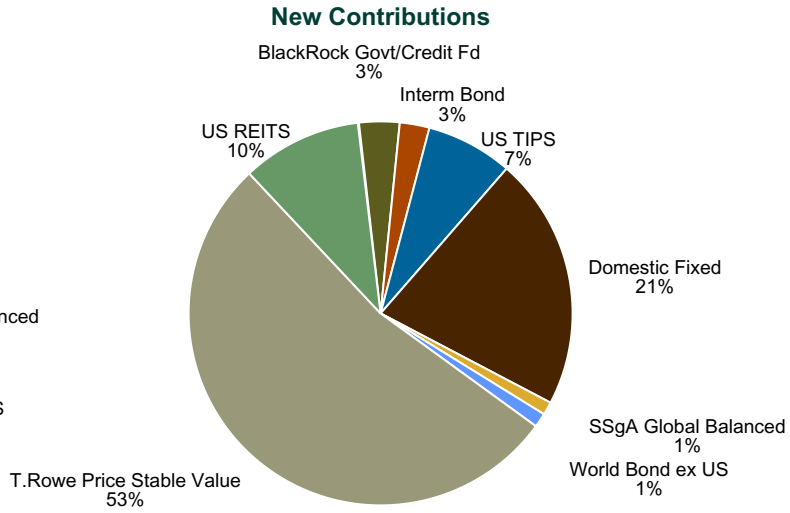
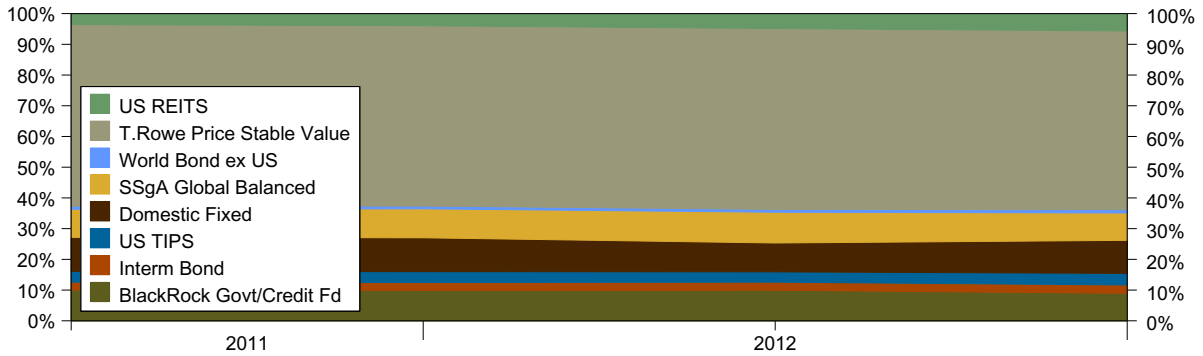
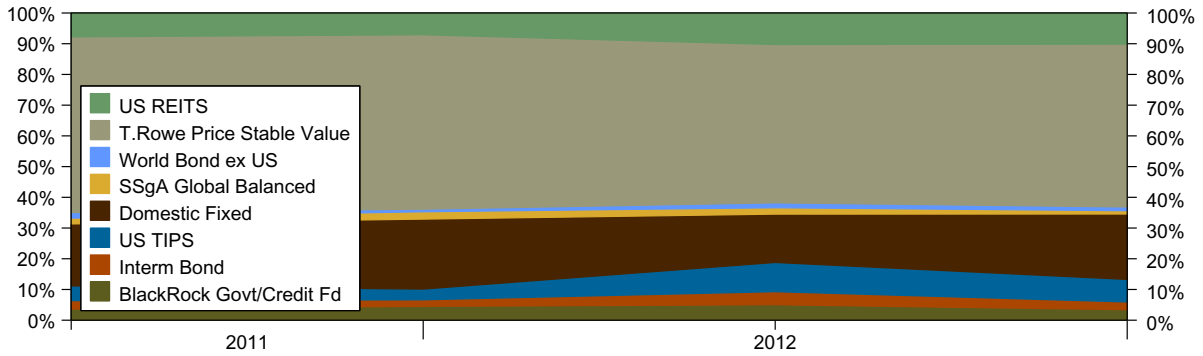




Historical Asset Allocation



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, 2012. 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, 2012

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
Alaska Balanced Fund	**(0.14%)**	**5.19%**	**9.22%**	**9.95%**	**4.62%**
Benchmark	0.01%	5.22%	9.17%	9.83%	4.59%
Long Term Balanced Fund	**(1.56%)**	**3.55%**	**11.65%**	**11.96%**	**2.80%**
Benchmark	(1.45%)	3.50%	11.61%	11.87%	2.82%
Target 2010 Trust	**(1.17%)**	**3.30%**	**10.53%**	**10.90%**	**-**
Benchmark	(1.19%)	3.16%	10.60%	10.97%	-
Target 2015 Trust	**(1.62%)**	**2.97%**	**11.59%**	**10.77%**	**4.40%**
Benchmark	(1.69%)	2.75%	11.66%	10.69%	4.10%
Target 2020 Trust	**(2.04%)**	**2.59%**	**12.47%**	**12.45%**	**1.39%**
Benchmark	(2.10%)	2.39%	12.58%	12.50%	1.26%
Target 2025 Trust	**(2.38%)**	**2.24%**	**13.20%**	**13.55%**	**0.14%**
Benchmark	(2.51%)	2.04%	13.34%	13.67%	0.07%
Target 2030 Trust	**(2.73%)**	**1.80%**	**13.79%**	**13.75%**	**-**
Benchmark	(2.84%)	1.59%	13.87%	13.77%	-
Target 2035 Trust	**(3.04%)**	**1.36%**	**14.16%**	**14.06%**	**-**
Benchmark	(3.15%)	1.16%	14.29%	14.05%	-
Target 2040 Trust	**(3.17%)**	**1.29%**	**14.14%**	**14.00%**	**-**
Benchmark	(3.25%)	1.12%	14.28%	14.05%	-
Target 2045 Trust	**(3.07%)**	**1.35%**	**14.20%**	**-**	**-**
Benchmark	(3.25%)	1.12%	14.28%	-	-
Target 2050 Trust	**(3.13%)**	**1.34%**	**14.19%**	**-**	**-**
Benchmark	(3.25%)	1.12%	14.28%	-	-
Target 2055 Trust	**(3.15%)**	**1.35%**	**14.17%**	**-**	**-**
Benchmark	(3.25%)	1.12%	14.28%	-	-
State Street S&P 500 Fund	**(2.73%)**	**5.47%**	**17.41%**	**16.41%**	**0.29%**
Standard & Poor's 500	(2.75%)	5.45%	17.39%	16.40%	0.22%
Russell 3000 Index Fd	**(3.17%)**	**3.89%**	**17.25%**	**16.77%**	**-**
Russell 3000 Index	(3.15%)	3.84%	17.24%	16.73%	0.39%
World Eq ex-US Index	**(7.05%)**	**(14.08%)**	**5.50%**	**6.87%**	**-**
MSCI ACWI x US (Net Div)	(7.61%)	(14.57%)	5.28%	6.97%	(4.62%)
Long US Treasury Bond Index	**10.64%**	**32.31%**	**14.25%**	**13.57%**	**-**
BC Long Treas	10.57%	32.26%	14.35%	13.57%	12.11%
US Treasry Infl Prtcd Sec	**3.12%**	**11.51%**	**9.50%**	**9.46%**	**-**
BC US TIPS Index	3.15%	11.66%	9.68%	9.63%	8.44%
World Gov't Bond ex-US Indx	**0.17%**	**0.29%**	**6.87%**	**4.90%**	**-**
Citi Non-US Gvt Bd Idx	0.20%	0.44%	6.98%	5.13%	7.39%
US Real Estate Invmnt Trust	**3.70%**	**13.05%**	**23.31%**	**32.39%**	**-**
Wilshire REIT	3.71%	13.21%	23.88%	33.62%	2.05%
US Select REIT Index	3.75%	13.29%	23.65%	33.52%	1.97%
SSgA Instl Trsry MM*	**0.00%**	**0.00%**	**0.01%**	**0.01%**	**-**
Citigroup 3 month T-Bills	0.02%	0.04%	0.09%	0.10%	0.87%

*Initially funded in September 2008. Prior returns represent the manager's returns for the index 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, 2012. 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, 2012

	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
BlackRock Govt/Credit Fund*	**2.52%**	**8.64%**	**6.06%**	**7.12%**	**6.69%**
BC Govt/Credit Bd	2.56%	8.78%	6.20%	7.34%	6.90%
Intermediate Bond Fund**	**1.41%**	**4.84%**	**3.67%**	**4.25%**	**5.72%**
BC Gov Inter	1.45%	5.01%	3.82%	4.44%	5.77%
Brandes Int'l Fund	**(7.97%)**	**(12.99%)**	**3.69%**	**-**	**-**
MSCI EAFE Index	(7.13%)	(13.83%)	5.98%	5.96%	(6.10%)
SSgA Global Balanced	**(2.46%)**	**(0.55%)**	**9.50%**	**-**	**-**
Custom Benchmark***	(2.70%)	(0.95%)	9.18%	-	-
RCM Socially Responsible	**(7.21%)**	**(3.14%)**	**13.34%**	**13.16%**	**-**
S&P 500 Index	(2.75%)	5.45%	17.39%	16.40%	0.22%
KLD 400 Social Index	(4.21%)	3.22%	14.53%	14.95%	0.51%
T. Rowe Price Small-Cap Trust	**(2.65%)**	**1.73%**	**21.30%**	**22.90%**	**4.61%**
Russell 2000 Index	(3.47%)	(2.08%)	16.00%	17.80%	0.54%
T. Rowe Price Stable Value Fund	**0.73%**	**3.16%**	**3.41%**	**3.62%**	**3.92%**
3-month Treasury Bill	0.03%	0.06%	0.11%	0.12%	0.98%
5 Yr US Treas Rolling	0.55%	2.50%	2.83%	3.09%	3.40%

*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.

Alaska Balanced Fund

Balanced Fund

Asset Allocation

	Strategic	*Actual*
Cash		
Money Market Portfolio	3.00%	2.62%
Fixed-Income		
Aggregate Bond	59.50%	59.29%
Equity		
US Equity	30.00%	30.40%
International Portfolio	7.50%	7.68%

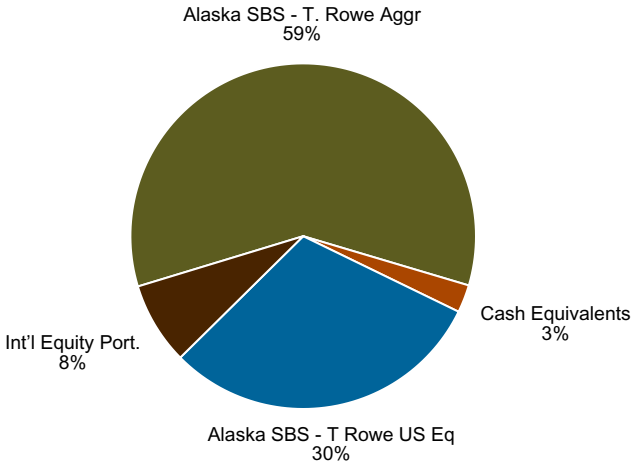
Objectives

To provide a balanced and diversified mix of stocks, bonds and money market instruments for investors with a low to average risk tolerance.

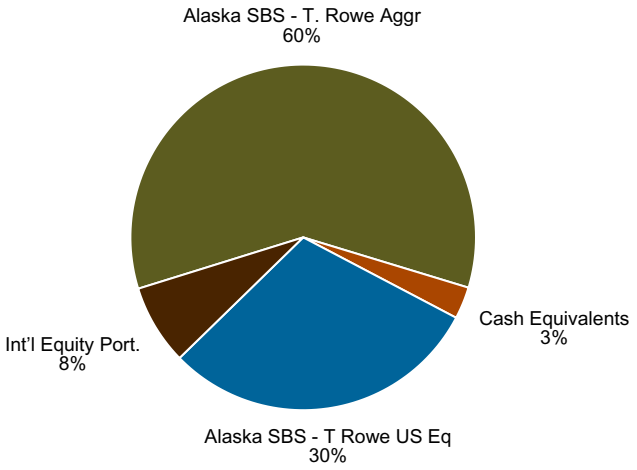
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



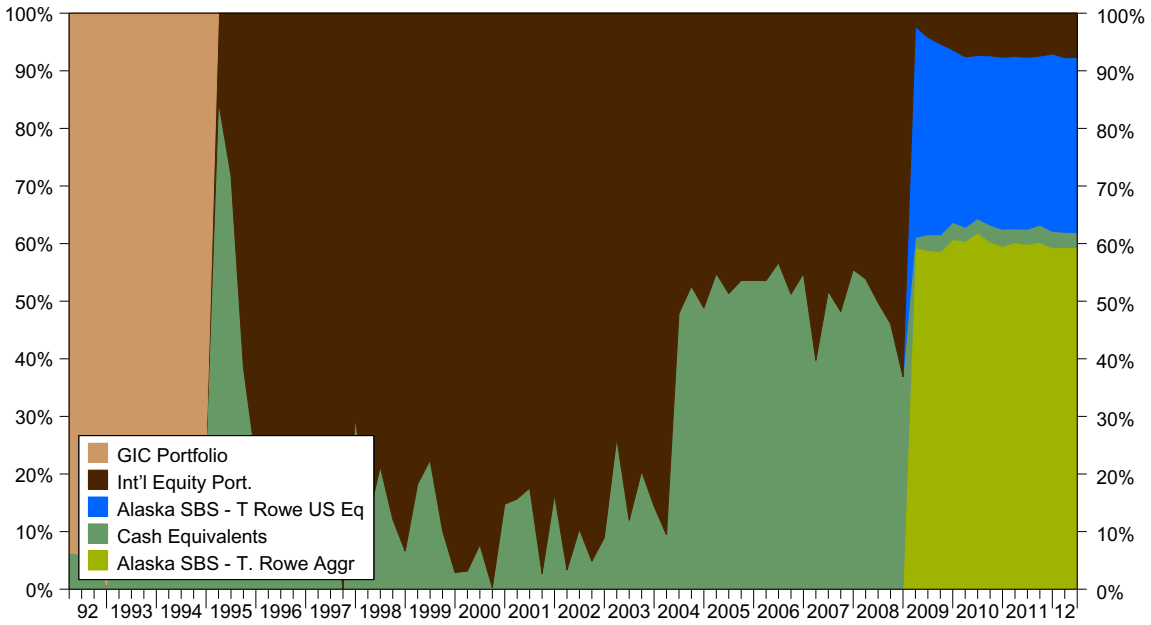
Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Alaska SBS - T. Rowe Aggr	656,768	59.3%	59.5%	(0.2%)	(2,327)
Cash Equivalents	29,067	2.6%	3.0%	(0.4%)	(4,165)
Alaska SBS - T Rowe US Eq	336,779	30.4%	30.0%	0.4%	4,463
Int'l Equity Port.	85,108	7.7%	7.5%	0.2%	2,029
Total	1,107,722	100.0%	100.0%		

* Current Quarter Target = 59.5% Barclays Aggregate Index, 30.0% Russell 3000 Index, 7.5% MSCI EAFE Index and 3.0% 3-month Treasury Bill.

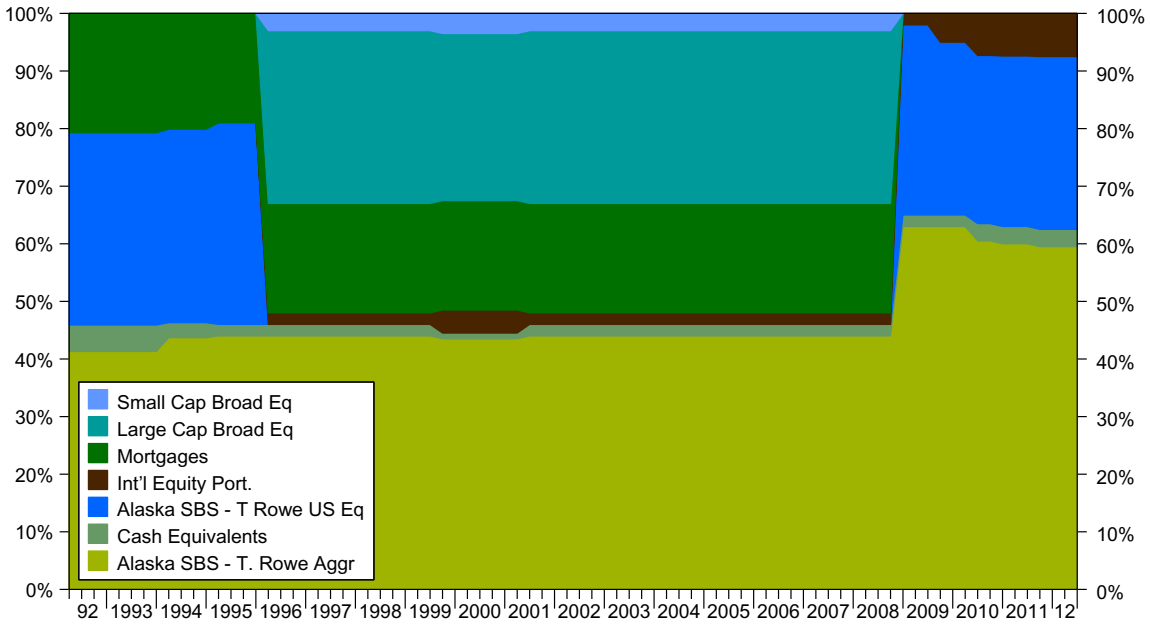
Actual vs Target Historical Asset Allocation

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 = 59.5% Barclays Aggregate Index, 30.0% Russell 3000 Index, 7.5% MSCI EAFE Index and 3.0% 3-month Treasury Bill.

Alaska Balanced Fund
Period Ended June 30, 2012

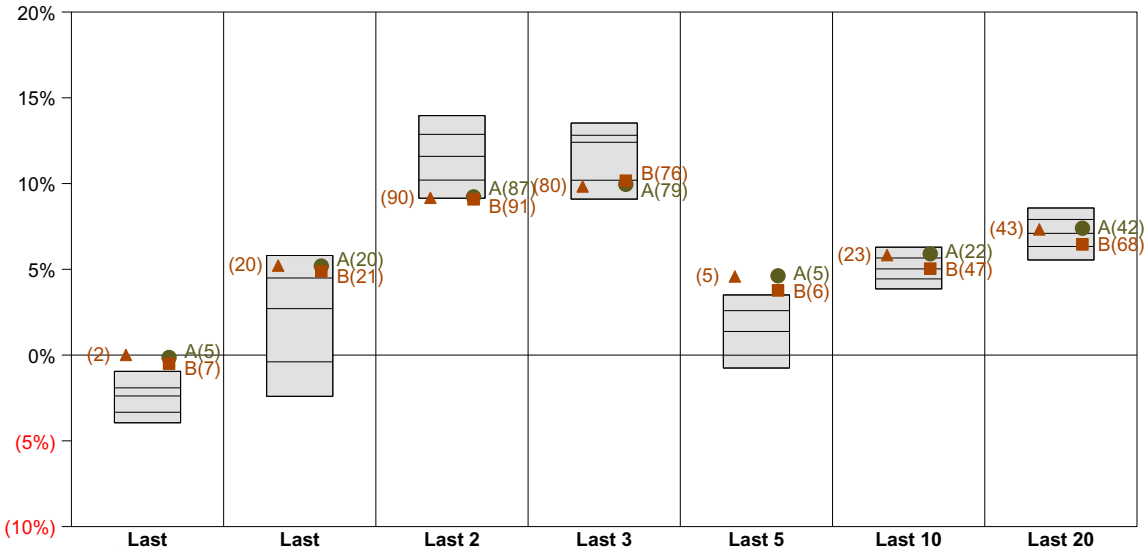
Investment Philosophy

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

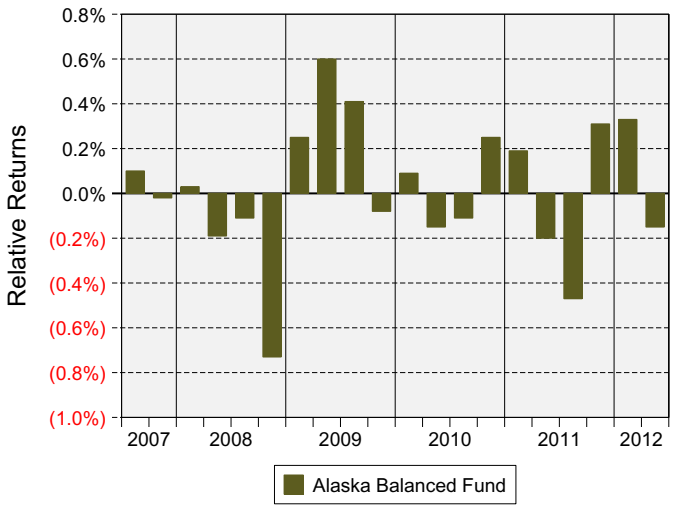
- Alaska Balanced Fund's portfolio posted a (0.14)% return for the quarter placing it in the 5 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 20 percentile for the last year.
- Alaska Balanced Fund's portfolio underperformed the Passive Target by 0.15% for the quarter and underperformed the Passive Target for the year by 0.03%.

Performance vs CAI MF - Domestic Balanced Style (Net)

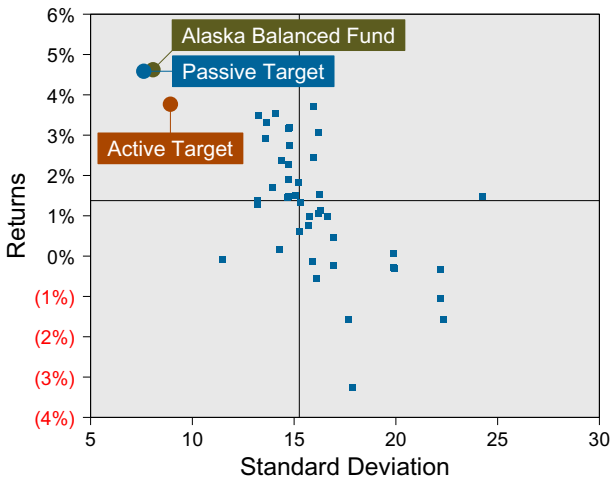


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	(0.95)	5.81	13.96	13.53	3.51	6.29	8.58
25th Percentile	(1.91)	4.49	12.87	12.82	2.59	5.66	7.91
Median	(2.38)	2.71	11.59	12.41	1.38	5.02	7.10
75th Percentile	(3.33)	(0.39)	10.20	10.19	(0.01)	4.44	6.33
90th Percentile	(3.95)	(2.41)	9.15	9.09	(0.76)	3.86	5.54
Alaska Balanced Fund ● A	(0.14)	5.19	9.22	9.95	4.62	5.91	7.40
Active Target ■ B	(0.50)	4.89	9.08	10.17	3.77	5.04	6.45
Passive Target ▲	0.01	5.22	9.17	9.83	4.59	5.83	7.33

Relative Return vs Passive Target



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return

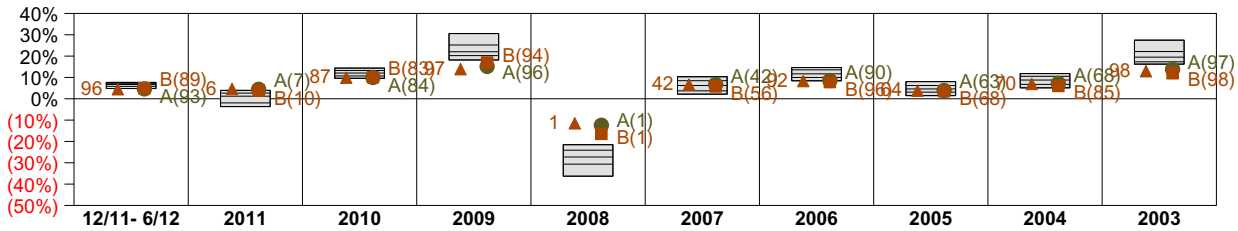


Alaska Balanced Fund
Return Analysis Summary

Return Analysis

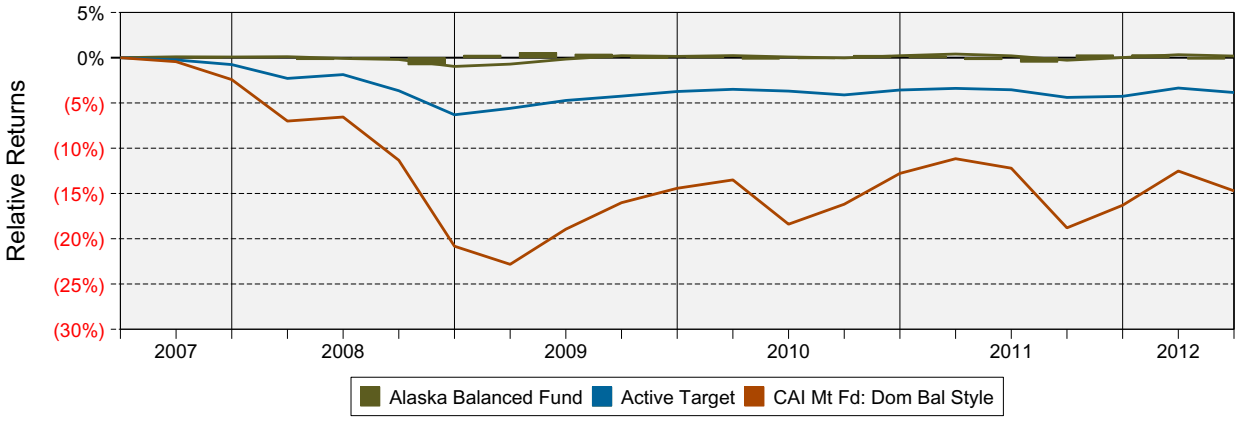
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

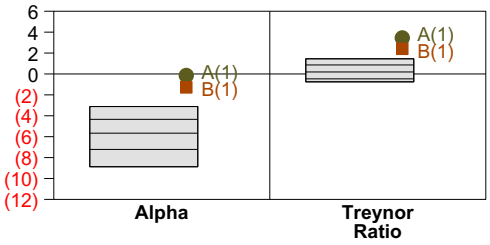


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	7.67	3.94	14.39	30.56	(21.52)	10.33	14.64	8.05	11.83	27.48
25th Percentile	7.25	2.66	13.26	25.21	(24.12)	8.48	13.58	6.21	10.54	22.14
Median	6.70	1.21	12.07	22.03	(27.29)	6.22	11.69	4.62	8.78	19.51
75th Percentile	5.82	(1.94)	10.70	20.24	(30.65)	3.73	9.99	3.12	6.73	17.33
90th Percentile	4.80	(3.66)	9.60	18.17	(36.29)	2.16	8.42	1.48	5.12	16.24
Alaska Balanced Fund ● A	4.64	4.43	9.98	15.16	(12.41)	6.68	8.55	3.86	7.23	13.83
Active Target ■ B	4.93	3.89	10.09	17.00	(16.43)	5.80	7.82	3.54	6.00	11.97
Passive Target ▲	4.47	4.64	9.90	13.88	(11.49)	6.65	8.30	3.80	6.95	12.94

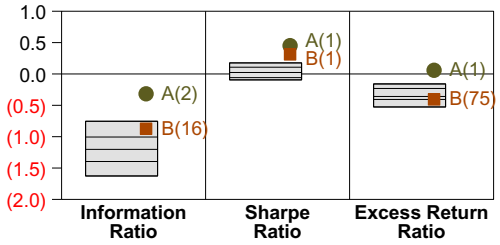
Cumulative and Quarterly Relative Return vs Passive Target



Risk Adjusted Return Measures vs Passive Target
Rankings Against CAI MF - Domestic Balanced Style (Net)
Five Years Ended June 30, 2012

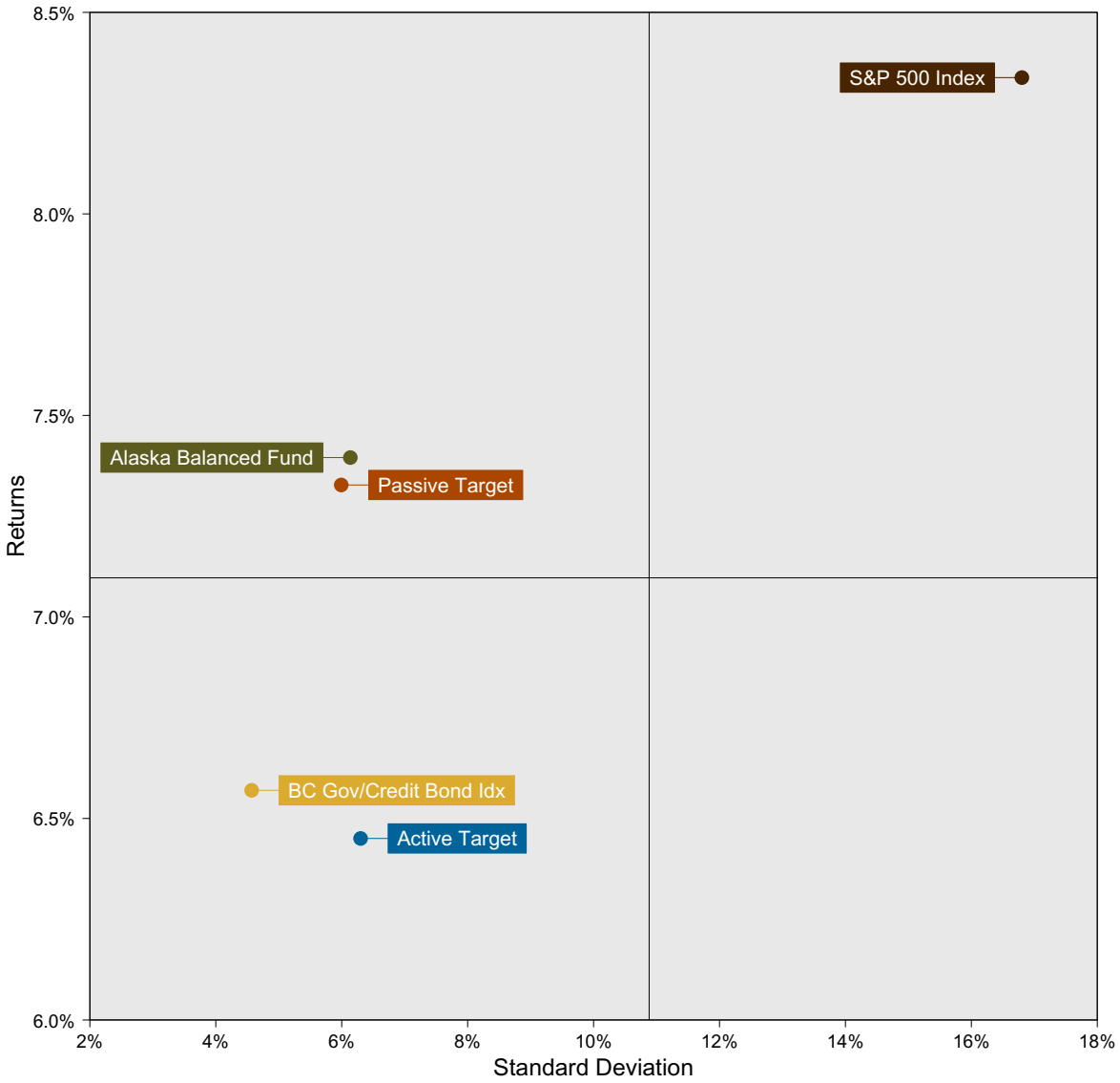


	Alpha	Treynor Ratio
10th Percentile	(3.12)	1.45
25th Percentile	(4.34)	0.86
Median	(5.67)	0.19
75th Percentile	(7.22)	(0.47)
90th Percentile	(8.88)	(0.75)
Alaska Balanced Fund ● A	(0.14)	3.45
Active Target ■ B	(1.28)	2.41



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	(0.75)	0.18	(0.16)
25th Percentile	(1.01)	0.11	(0.23)
Median	(1.20)	0.02	(0.36)
75th Percentile	(1.40)	(0.06)	(0.41)
90th Percentile	(1.63)	(0.09)	(0.53)
Alaska Balanced Fund ● A	(0.32)	0.45	0.06
Active Target ■ B	(0.87)	0.31	(0.41)

State of Alaska S B S - Alaska Balanced Fund
Risk/Reward vs CAI MF - Domestic Balanced Style
Twenty Years Ended June 30, 2012



Long Term Balanced
Fund

Long-Term Balanced Fund

Asset Allocation

	Strategic	Actual
Cash		
Money Market Portfolio	2.00%	2.02%
Fixed-Income		
Aggregate Bond	35.50%	34.96%
Equity		
US Equity	50.00%	50.18%
International Portfolio	12.50%	12.85%

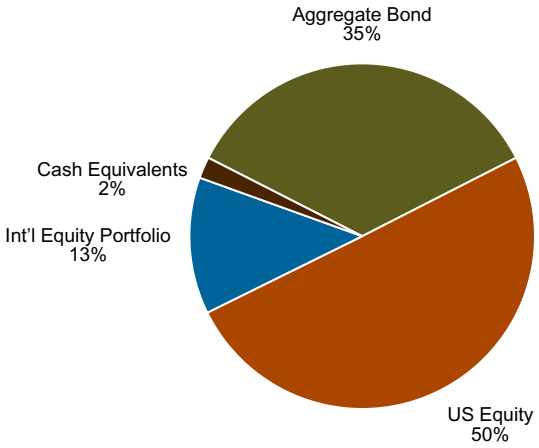
Objectives

To provide a balanced and diversified mix of stocks, bonds, and money market instruments for investors with a moderate risk tolerance.

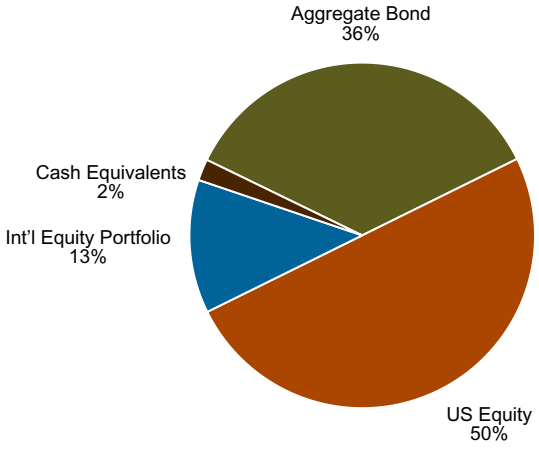
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. 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	140,808	35.0%	35.5%	(0.5%)	(2,189)
US Equity	202,112	50.2%	50.0%	0.2%	708
Int'l Equity Portfolio	51,757	12.8%	12.5%	0.3%	1,406
Cash Equivalents	8,132	2.0%	2.0%	0.0%	75
Total	402,809	100.0%	100.0%		

* Current Quarter Target = 50.0% Russell 3000 Index, 35.5% Barclays Aggregate Index, 12.5% MSCI EAFE Index and 2.0% 3-month Treasury Bill.

Long Term Balanced Fund
Period Ended June 30, 2012

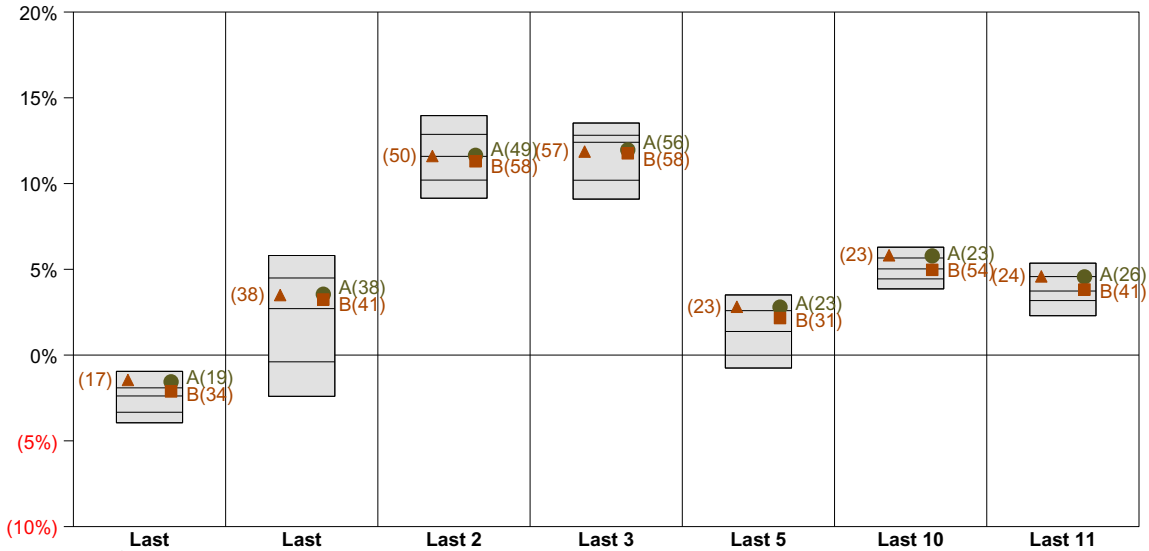
Investment Philosophy

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

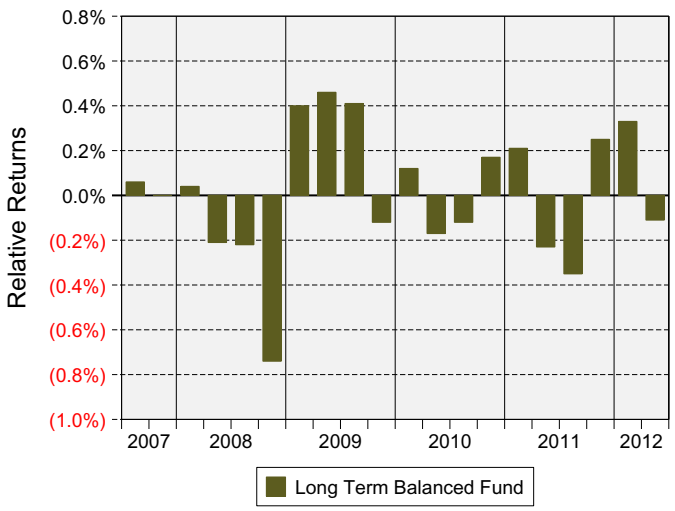
- Long Term Balanced Fund's portfolio posted a (1.56)% return for the quarter placing it in the 19 percentile of the CAI MF - Domestic Balanced Style group for the quarter and in the 38 percentile for the last year.
- Long Term Balanced Fund's portfolio underperformed the Passive Target by 0.11% for the quarter and outperformed the Passive Target for the year by 0.05%.

Performance vs CAI MF - Domestic Balanced Style (Net)

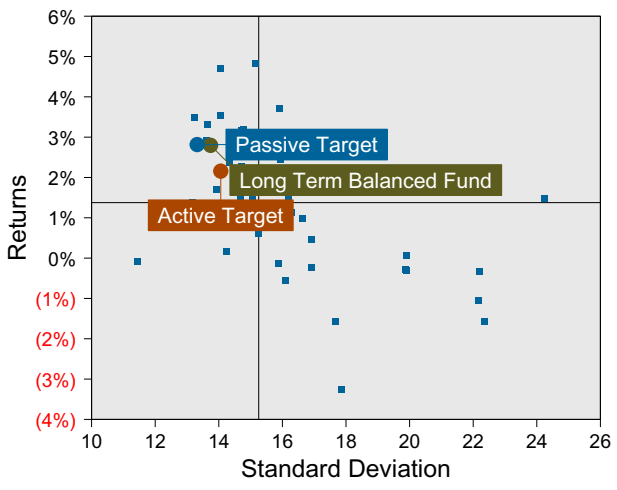


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 11 Years
10th Percentile	(0.95)	5.81	13.96	13.53	3.51	6.29	5.36
25th Percentile	(1.91)	4.49	12.87	12.82	2.59	5.66	4.58
Median	(2.38)	2.71	11.59	12.41	1.38	5.02	3.73
75th Percentile	(3.33)	(0.39)	10.20	10.19	(0.01)	4.44	3.18
90th Percentile	(3.95)	(2.41)	9.15	9.09	(0.76)	3.86	2.30
Long Term Balanced Fund ● A	(1.56)	3.55	11.65	11.96	2.80	5.78	4.56
Active Target ■ B	(2.12)	3.24	11.30	11.76	2.16	4.97	3.82
Passive Target ▲	(1.45)	3.50	11.61	11.87	2.82	5.82	4.59

Relative Return vs Passive Target



CAI MF - Domestic Balanced Style (Net) Annualized Five Year Risk vs Return

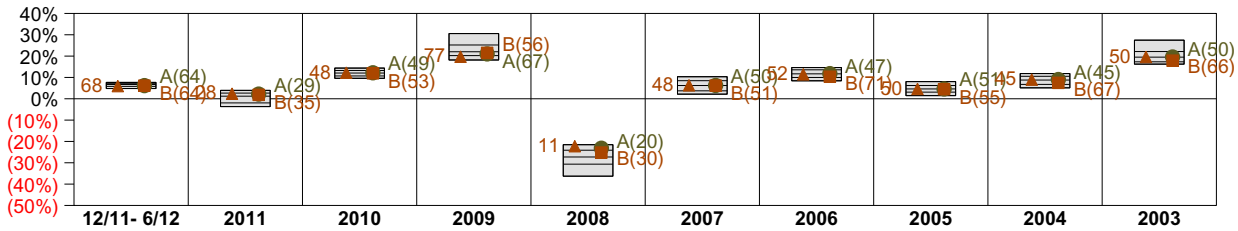


Long Term Balanced Fund
Return Analysis Summary

Return Analysis

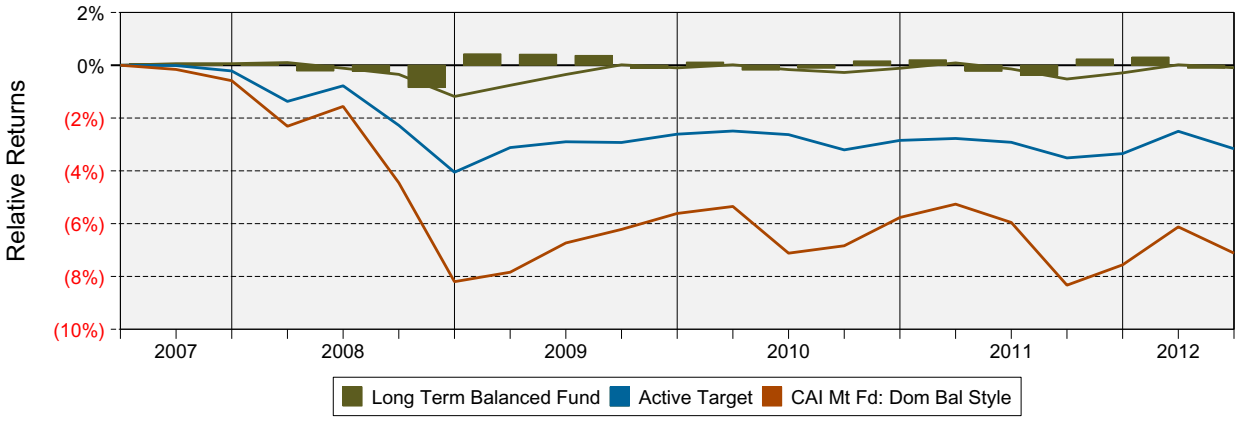
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

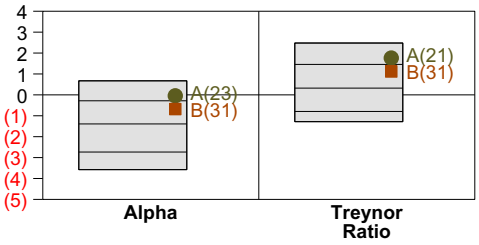


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	7.67	3.94	14.39	30.56	(21.52)	10.33	14.64	8.05	11.83	27.48
25th Percentile	7.25	2.66	13.26	25.21	(24.12)	8.48	13.58	6.21	10.54	22.14
Median	6.70	1.21	12.07	22.03	(27.29)	6.22	11.69	4.62	8.78	19.51
75th Percentile	5.82	(1.94)	10.70	20.24	(30.65)	3.73	9.99	3.12	6.73	17.33
90th Percentile	4.80	(3.66)	9.60	18.17	(36.29)	2.16	8.42	1.48	5.12	16.24
Long Term Balanced Fund ● A	6.16	2.19	12.18	21.03	(23.19)	6.23	11.79	4.59	9.02	19.59
Active Target ■ B	6.15	1.84	11.92	21.52	(25.22)	6.18	10.32	4.50	7.46	17.86
Passive Target ▲	5.95	2.37	12.19	19.72	(22.23)	6.32	11.45	4.61	8.97	19.60

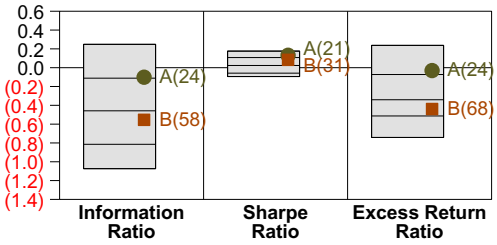
Cumulative and Quarterly Relative Return vs Passive Target



Risk Adjusted Return Measures vs Passive Target
Rankings Against CAI MF - Domestic Balanced Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	0.67	2.48
25th Percentile	(0.28)	1.46
Median	(1.39)	0.32
75th Percentile	(2.73)	(0.79)
90th Percentile	(3.58)	(1.28)
Long Term Balanced Fund ● A	(0.04)	1.76
Active Target ■ B	(0.68)	1.12



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.25	0.18	0.24
25th Percentile	(0.11)	0.11	(0.07)
Median	(0.46)	0.02	(0.34)
75th Percentile	(0.81)	(0.06)	(0.51)
90th Percentile	(1.07)	(0.09)	(0.74)
Long Term Balanced Fund ● A	(0.10)	0.13	(0.03)
Active Target ■ B	(0.55)	0.08	(0.44)

Target 2010 Trust

Target 2010 Trust

Asset Allocation

	Strategic	*Actual*
Cash		
Money Market Fund	11.50%	11.27%
Fixed-Income		
Aggregate Bond	36.50%	36.16%
Equity		
US Equity	41.50%	41.73%
International Fund	10.50%	10.83%

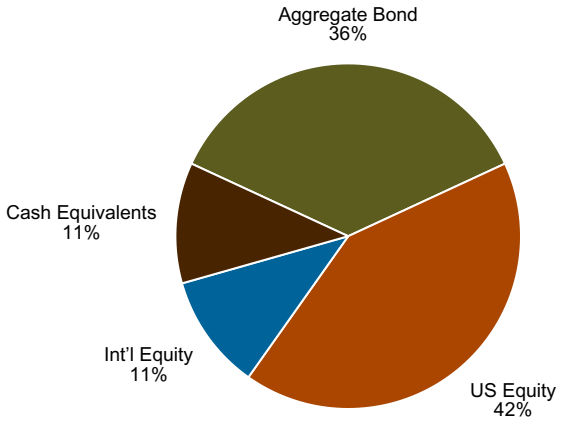
Objective

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.

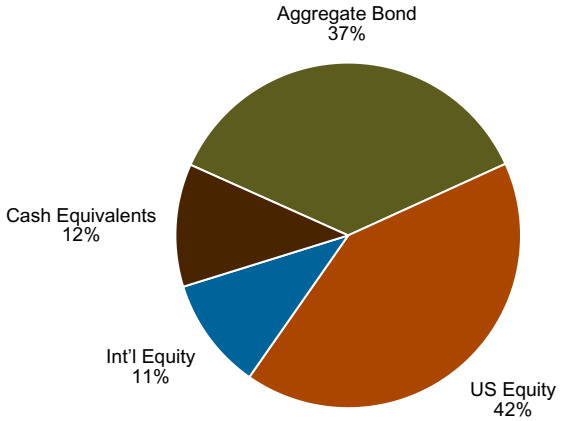
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



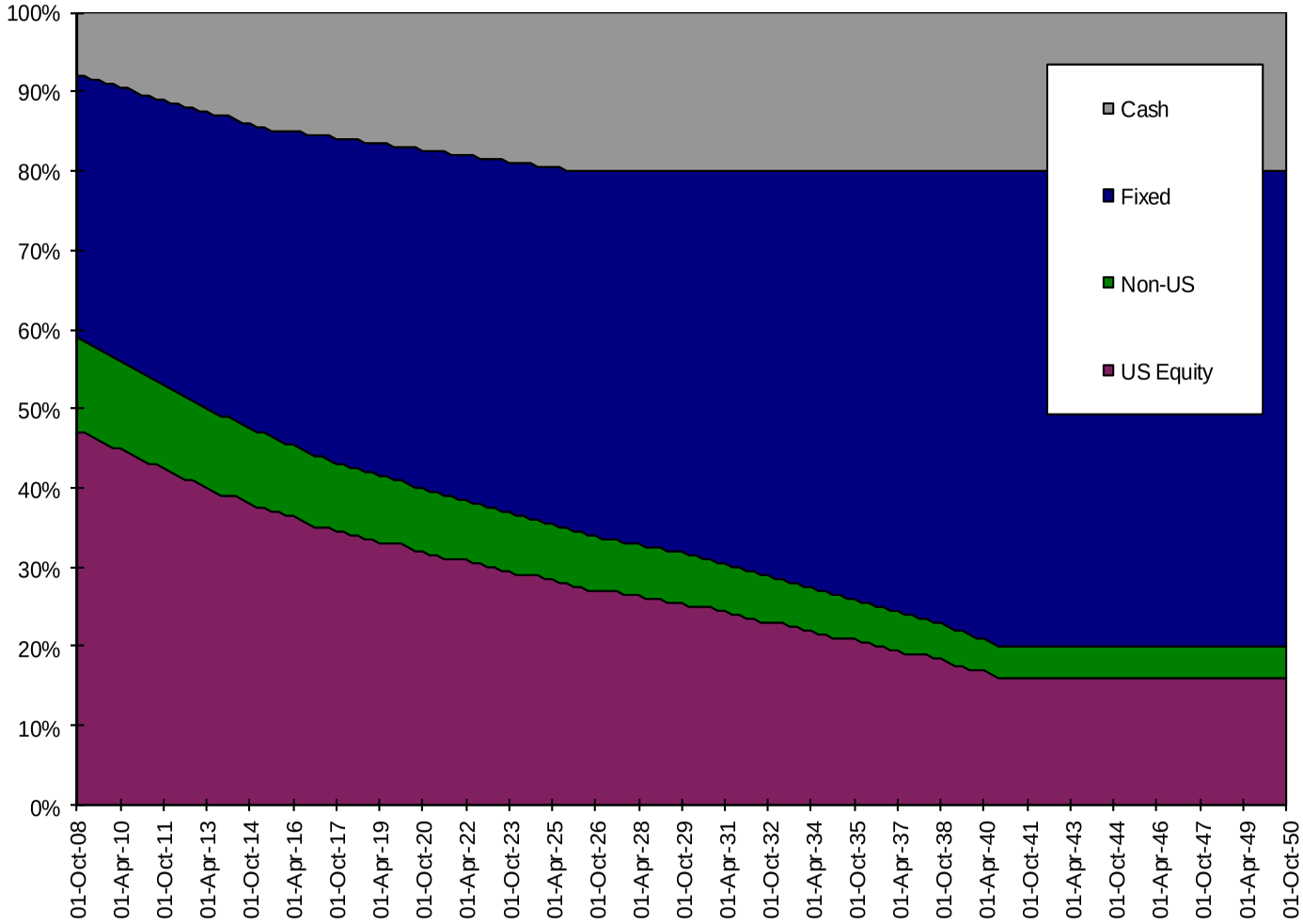
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	3,047	36.2%	36.5%	(0.3%)	(29)
US Equity	3,517	41.7%	41.5%	0.2%	20
Int'l Equity	913	10.8%	10.5%	0.3%	28
Cash Equivalents	950	11.3%	11.5%	(0.2%)	(19)
Total	8,427	100.0%	100.0%		

* Current Quarter Target = 41.5% Russell 3000 Index, 36.5% Barclays Aggregate Index, 11.5% 3-month Treasury Bill and 10.5% MSCI EAFE Index.

Target 2010 Trust
Schedule of Benchmark Allocation Changes

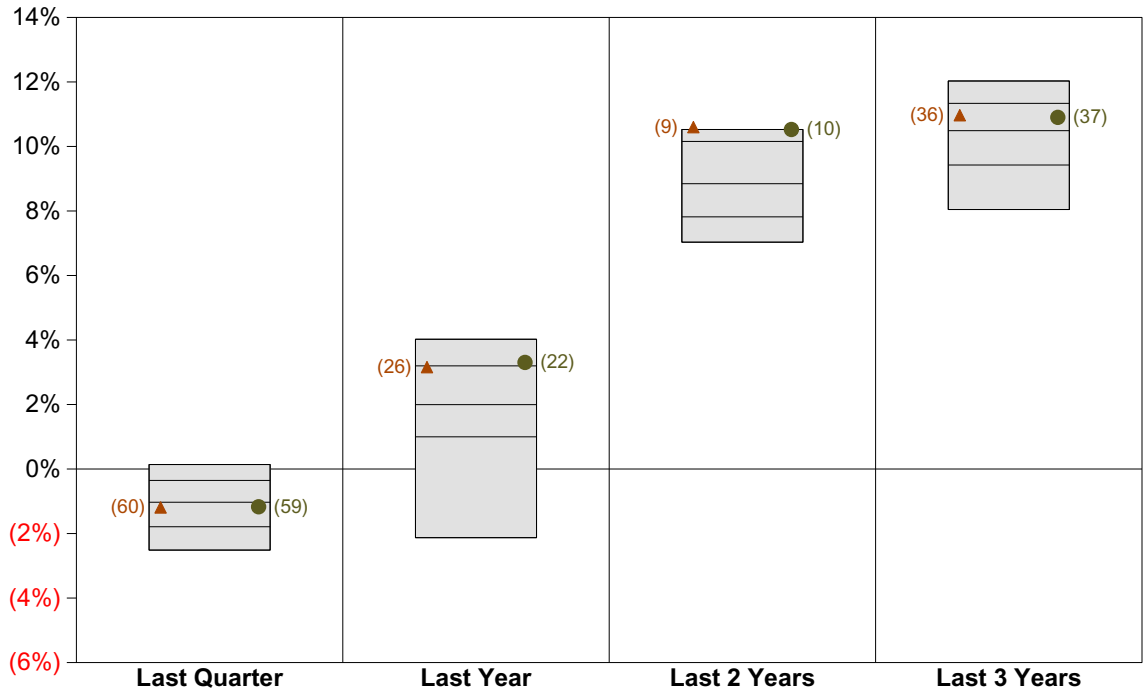


Target 2010 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

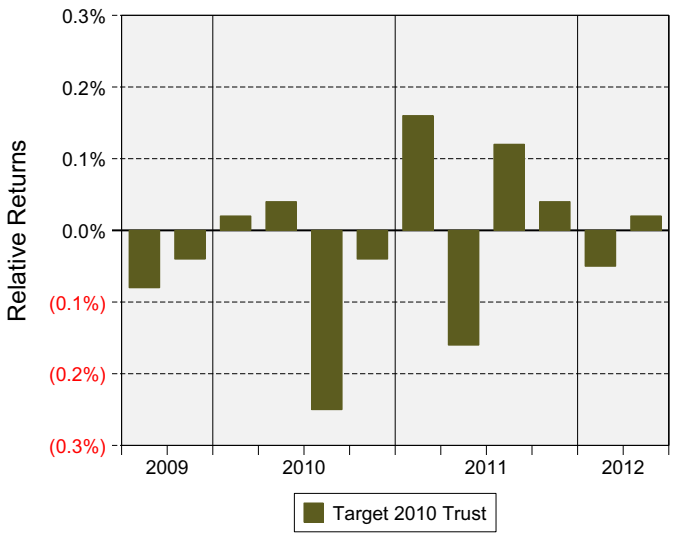
- Target 2010 Trust's portfolio posted a (1.17)% return for the quarter placing it in the 59 percentile of the CAI Target Date 2010 group for the quarter and in the 22 percentile for the last year.
- Target 2010 Trust's portfolio outperformed the Custom Index by 0.02% for the quarter and outperformed the Custom Index for the year by 0.15%.

Performance vs CAI Target Date 2010 (Net)

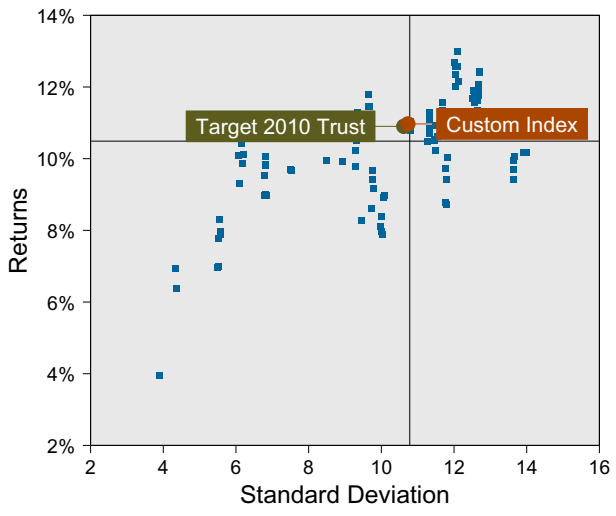


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	0.14	4.02	10.53	12.03
25th Percentile	(0.35)	3.20	10.16	11.34
Median	(1.03)	2.00	8.85	10.49
75th Percentile	(1.79)	1.00	7.82	9.42
90th Percentile	(2.51)	(2.13)	7.03	8.04
Target 2010 Trust ●	(1.17)	3.30	10.53	10.90
Custom Index ▲	(1.19)	3.16	10.60	10.97

Relative Return vs Custom Index



CAI Target Date 2010 (Net)
Annualized Three Year Risk vs Return



Target 2015 Trust

Asset Allocation

	Strategic	Actual
Cash		
Money Market Fund	7.00%	6.87%
Fixed-Income		
Aggregate Bond	31.00%	30.59%
Equity		
US Equity	49.50%	49.69%
International Fund	12.50%	12.85%

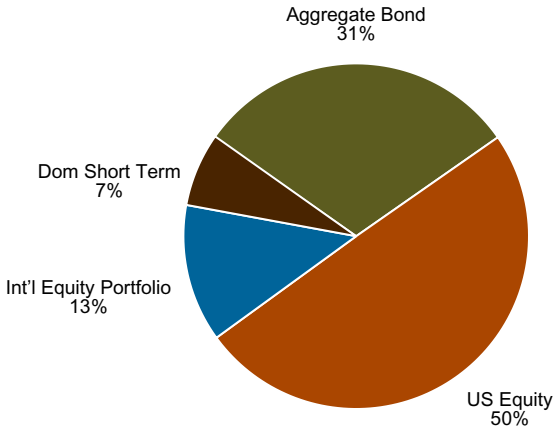
Objective

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.

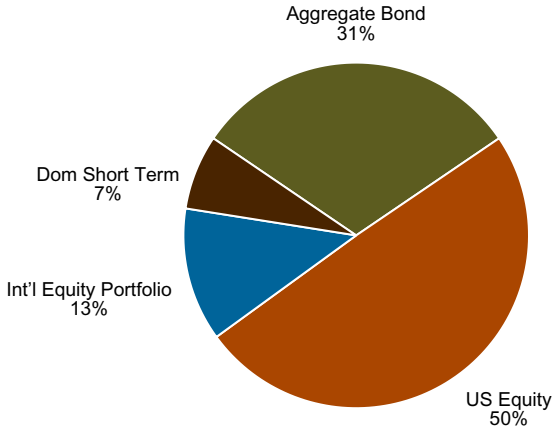
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



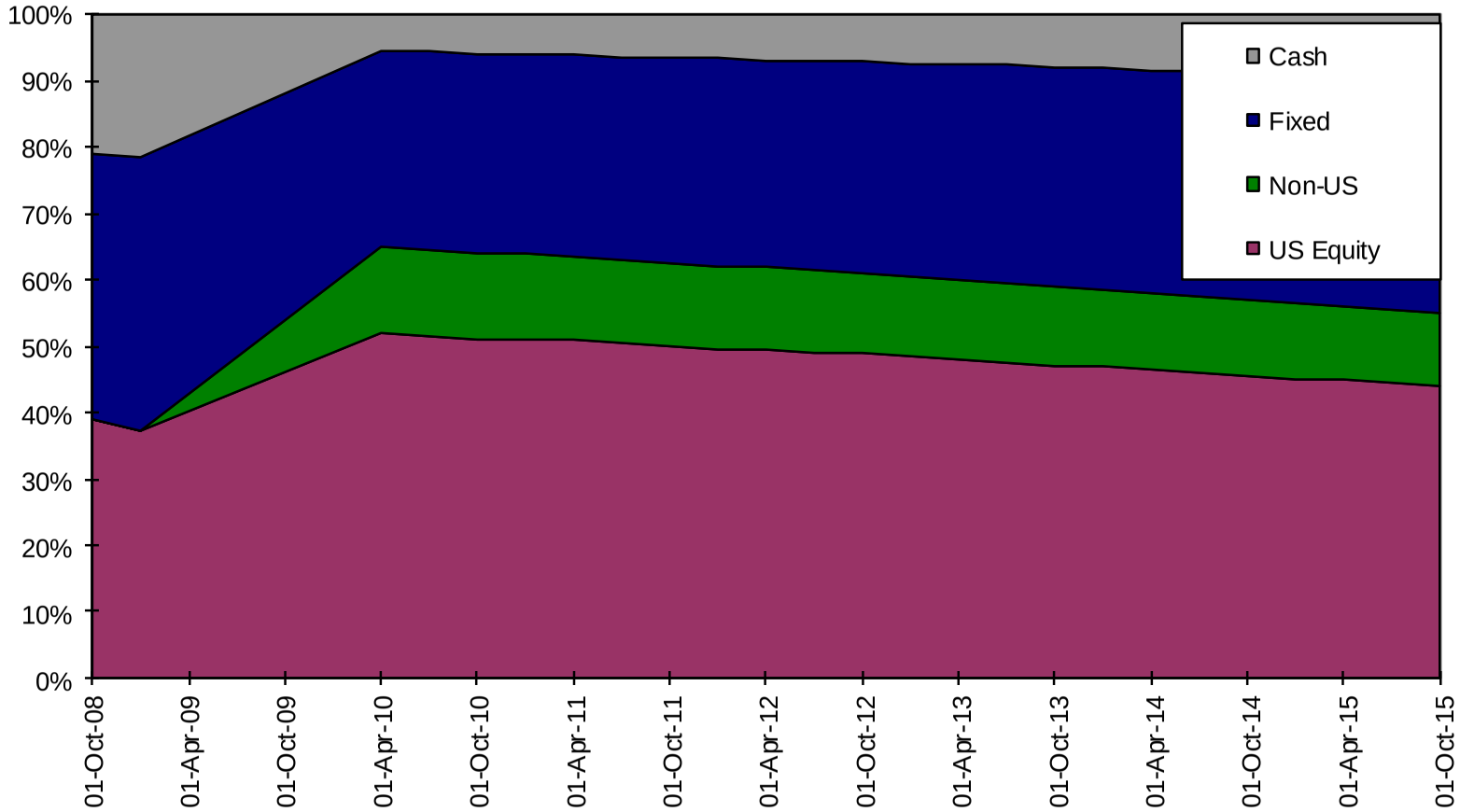
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	29,156	30.6%	31.0%	(0.4%)	(390)
US Equity	47,358	49.7%	49.5%	0.2%	179
Int'l Equity Portfolio	12,251	12.9%	12.5%	0.4%	337
Dom Short Term	6,545	6.9%	7.0%	(0.1%)	(126)
Total	95,310	100.0%	100.0%		

* Current Quarter Target = 49.5% Russell 3000 Index, 31.0% Barclays Aggregate Index, 12.5% MSCI EAFE Index and 7.0% 3-month Treasury Bill.

Target 2015 Trust
Schedule of Benchmark Allocation Changes

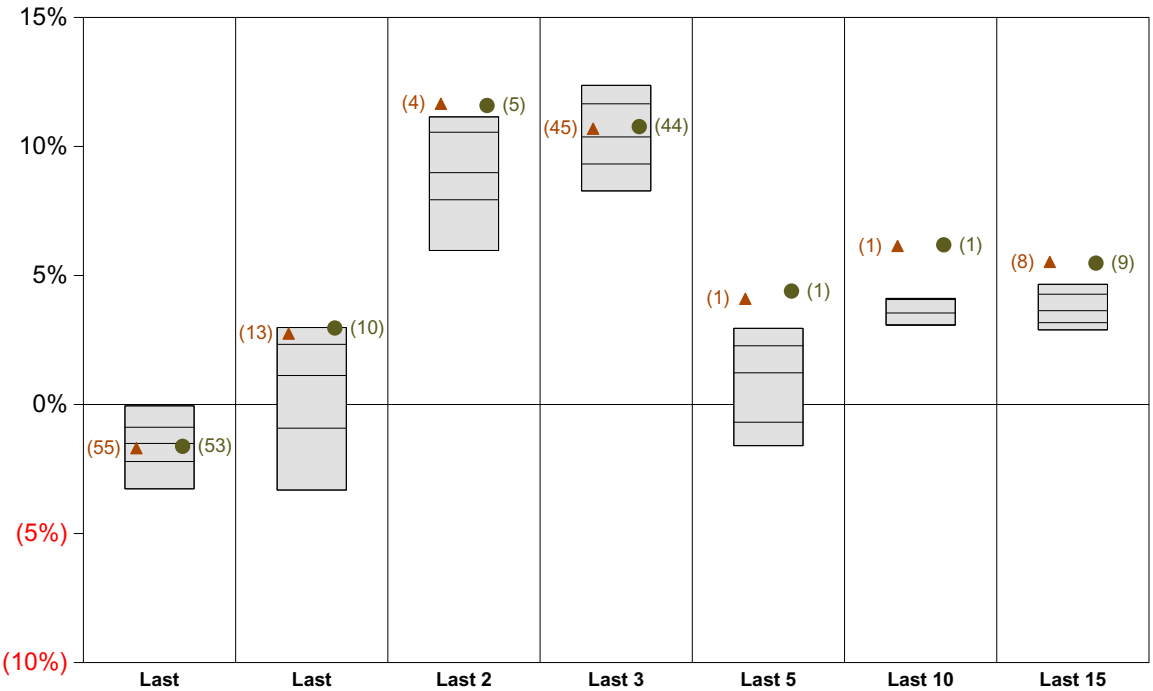


Target 2015 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

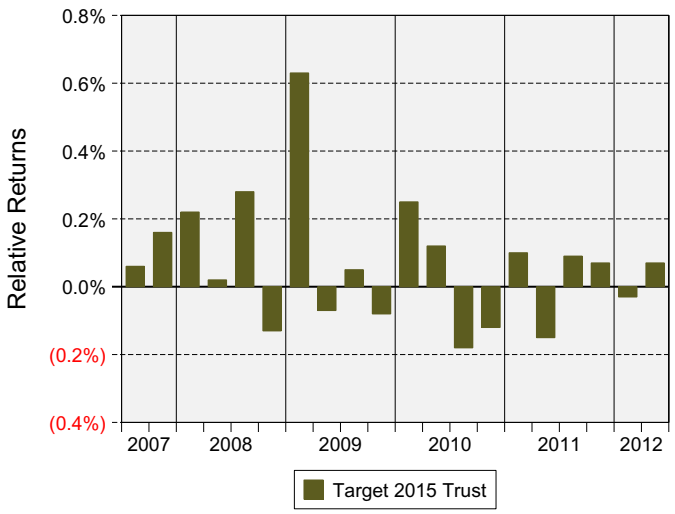
- Target 2015 Trust's portfolio posted a (1.62)% return for the quarter placing it in the 53 percentile of the CAI Target Date 2015 group for the quarter and in the 10 percentile for the last year.
- Target 2015 Trust's portfolio outperformed the Custom Index by 0.07% for the quarter and outperformed the Custom Index for the year by 0.21%.

Performance vs CAI Target Date 2015 (Net)

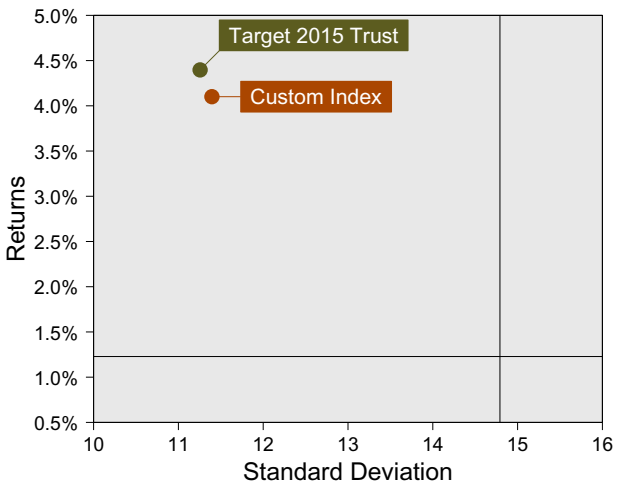


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
10th Percentile	(0.05)	2.98	11.15	12.37	2.95	4.11	4.66
25th Percentile	(0.88)	2.33	10.55	11.65	2.28	4.07	4.27
Median	(1.51)	1.12	8.98	10.37	1.23	3.55	3.64
75th Percentile	(2.21)	(0.92)	7.93	9.32	(0.69)	3.09	3.17
90th Percentile	(3.27)	(3.32)	5.97	8.28	(1.59)	3.08	2.89
Target 2015 Trust ●	(1.62)	2.97	11.59	10.77	4.40	6.19	5.48
Custom Index ▲	(1.69)	2.75	11.66	10.69	4.10	6.15	5.53

Relative Return vs Custom Index



CAI Target Date 2015 (Net)
Annualized Five Year Risk vs Return



Target 2020 Trust

Target 2020 Trust

Asset Allocation

	Strategic	*Actual*
Cash		
Money Market Fund	3.50%	3.43%
Fixed-Income		
Aggregate Bond	26.50%	26.11%
Equity		
US Equity	56.00%	56.12%
International Fund	14.00%	14.34%

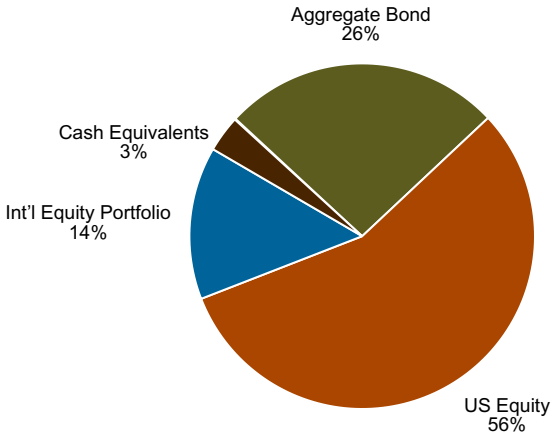
Objective

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.

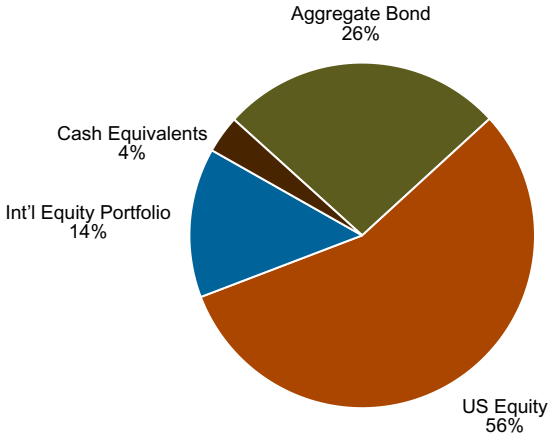
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



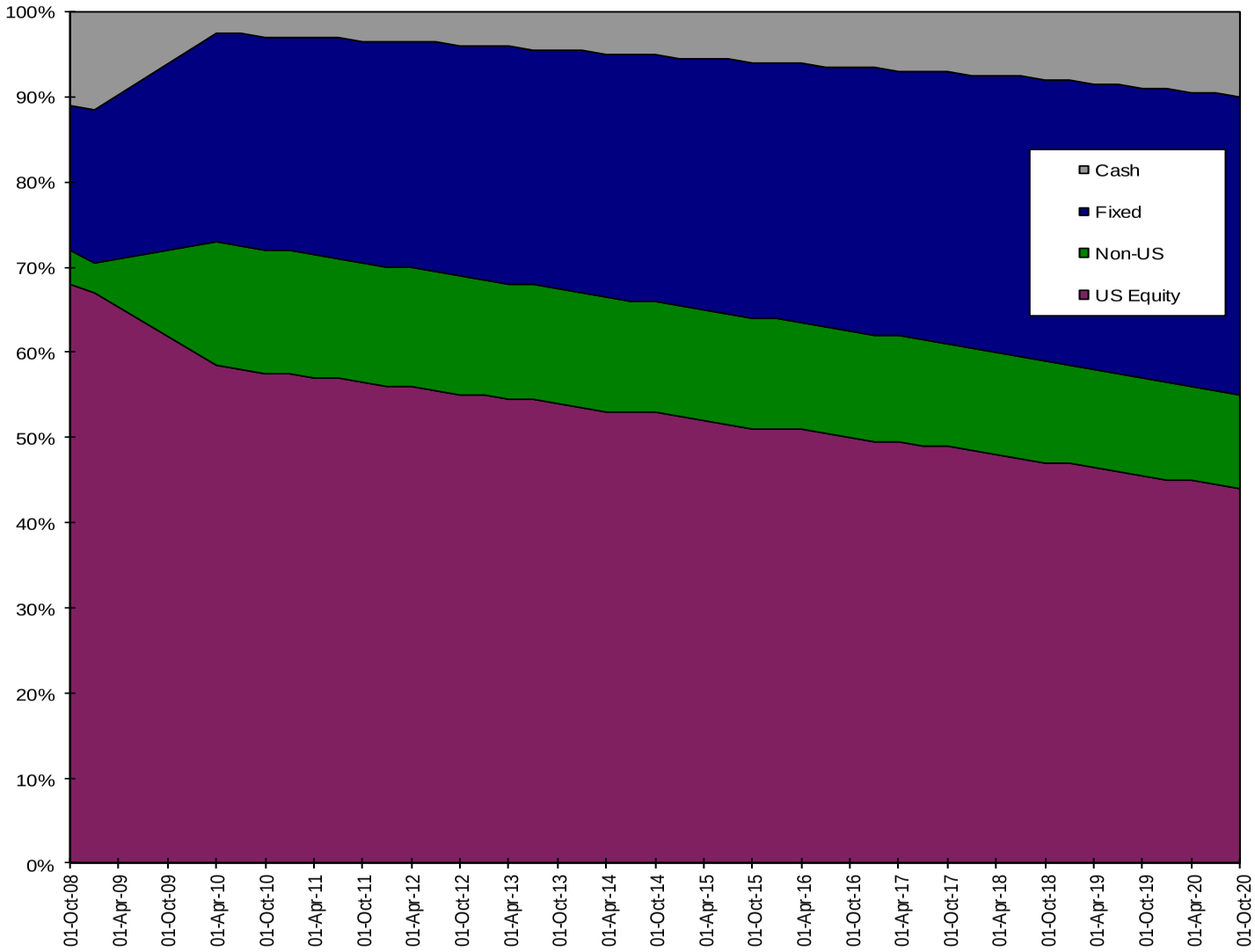
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	12,642	26.1%	26.5%	(0.4%)	(189)
US Equity	27,172	56.1%	56.0%	0.1%	58
Int'l Equity Portfolio	6,944	14.3%	14.0%	0.3%	166
Cash Equivalents	1,659	3.4%	3.5%	(0.1%)	(35)
Total	48,417	100.0%	100.0%		

* Current Quarter Target = 56.0% Russell 3000 Index, 26.5% Barclays Aggregate Index, 14.0% MSCI EAFE Index and 3.5% 3-month Treasury Bill.

Target 2020 Trust
Schedule of Benchmark Allocation Changes

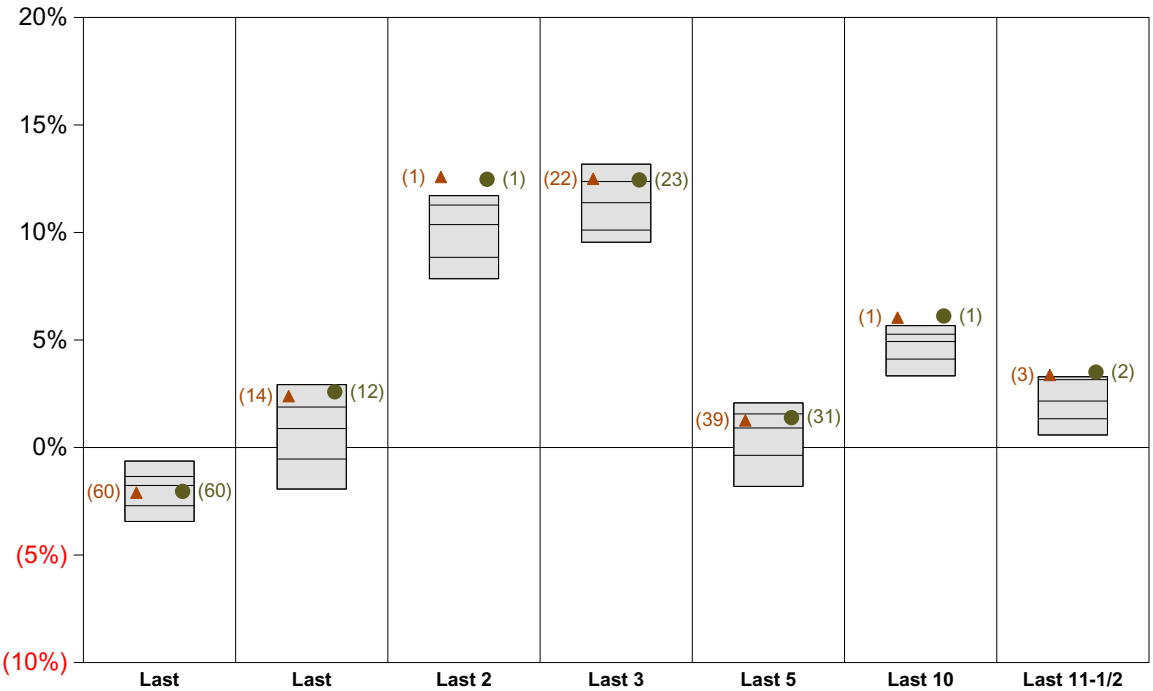


Target 2020 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

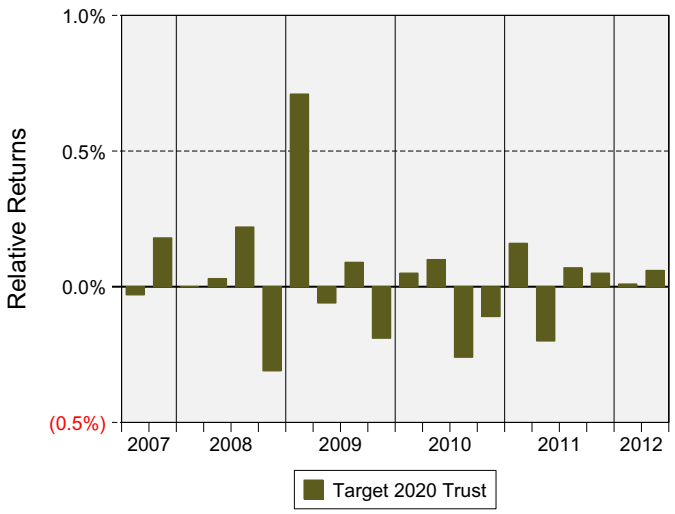
- Target 2020 Trust's portfolio posted a (2.04)% return for the quarter placing it in the 60 percentile of the CAI Target Date 2020 group for the quarter and in the 12 percentile for the last year.
- Target 2020 Trust's portfolio outperformed the Custom Index by 0.06% for the quarter and outperformed the Custom Index for the year by 0.20%.

Performance vs CAI Target Date 2020 (Net)

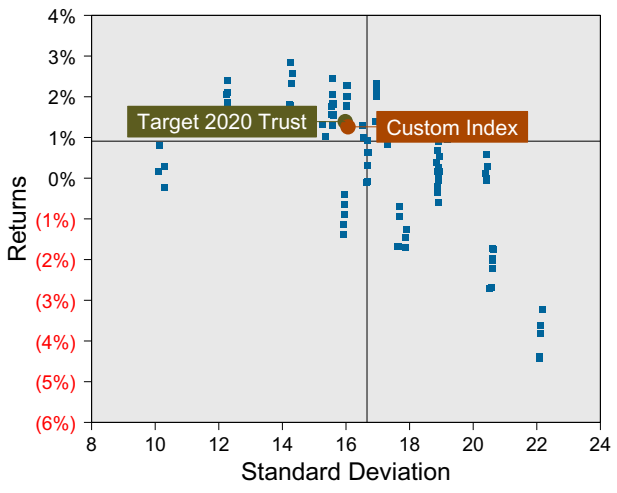


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 11-1/2 Years
10th Percentile	(0.63)	2.93	11.71	13.18	2.08	5.67	3.29
25th Percentile	(1.35)	1.88	11.27	12.37	1.56	5.27	3.16
Median	(1.76)	0.88	10.37	11.39	0.91	4.93	2.16
75th Percentile	(2.71)	(0.54)	8.84	10.11	(0.36)	4.11	1.34
90th Percentile	(3.44)	(1.93)	7.85	9.55	(1.81)	3.33	0.58
Target 2020 Trust ●	(2.04)	2.59	12.47	12.45	1.39	6.12	3.51
Custom Index ▲	(2.10)	2.39	12.58	12.50	1.26	6.04	3.38

Relative Return vs Custom Index



CAI Target Date 2020 (Net)
Annualized Five Year Risk vs Return



Target 2025 Trust

Target 2025 Trust

Asset Allocation

	Strategic	Actual
Cash		
Money Market Fund	1.50%	1.47%
Fixed-Income		
Aggregate Bond	21.00%	20.69%
Equity		
US Equity	62.00%	61.99%
International Fund	15.50%	15.85%

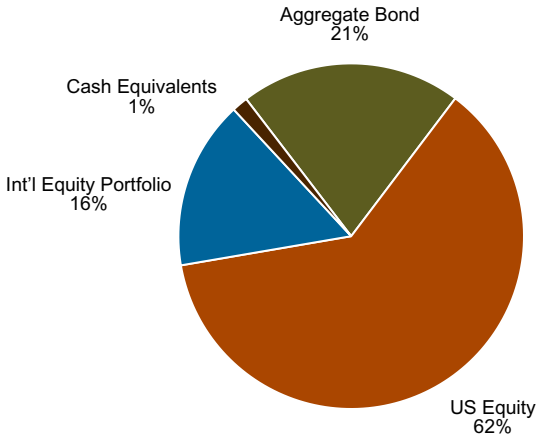
Objective

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 2025 approaches.

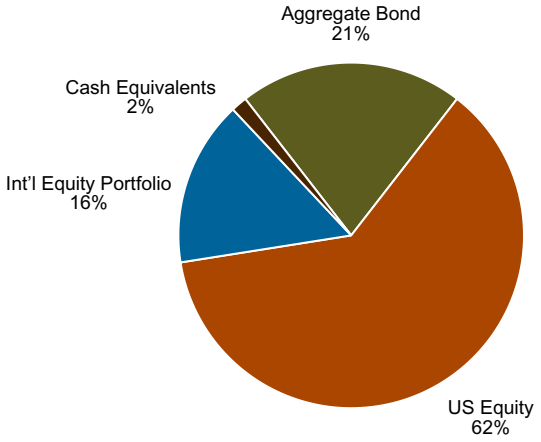
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



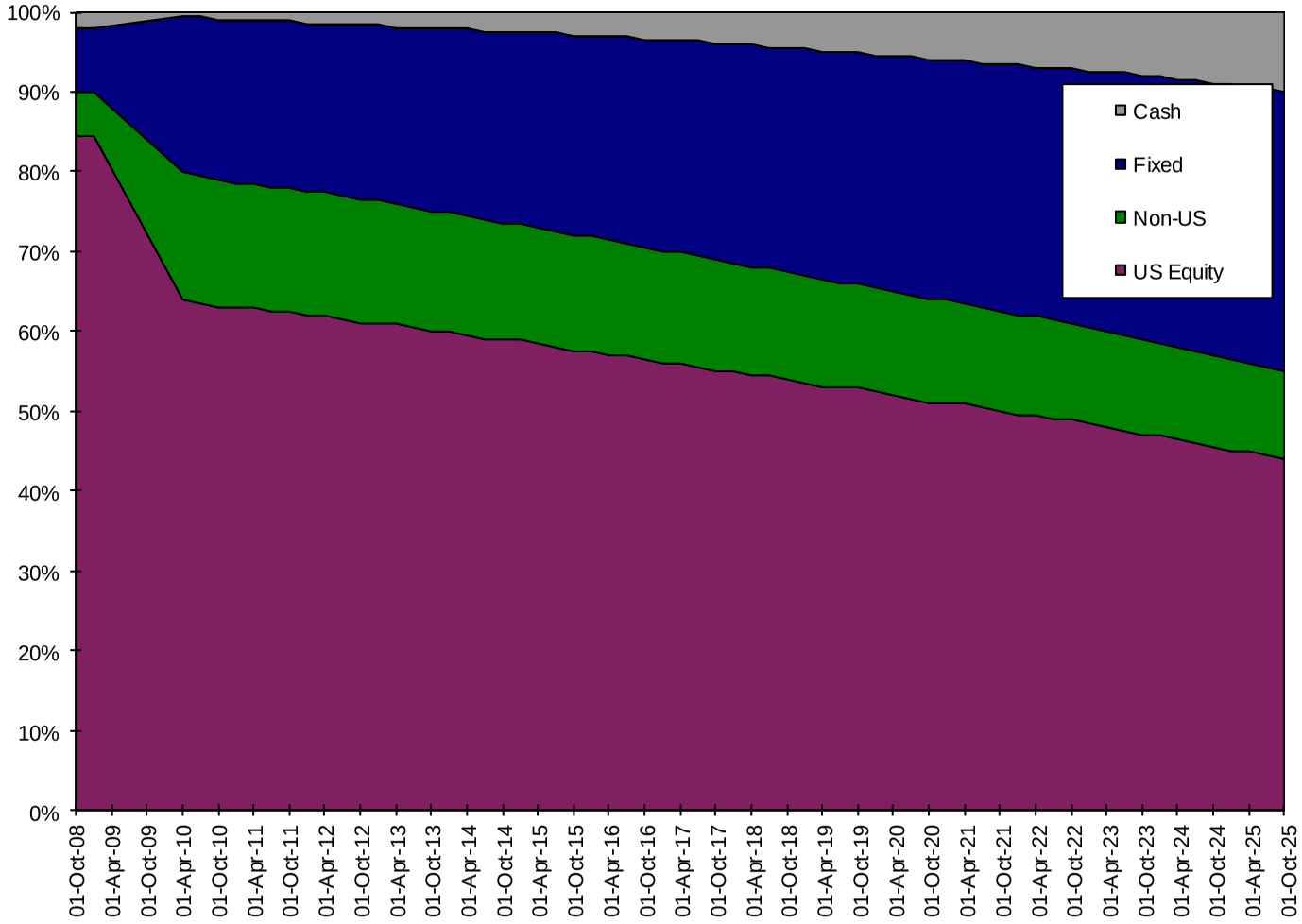
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	6,327	20.7%	21.0%	(0.3%)	(95)
US Equity	18,960	62.0%	62.0%	0.0%	(2)
Int'l Equity Portfolio	4,846	15.8%	15.5%	0.3%	106
Cash Equivalents	450	1.5%	1.5%	0.0%	(9)
Total	30,583	100.0%	100.0%		

* Current Quarter Target = 62.0% Russell 3000 Index, 21.0% Barclays Aggregate Index, 15.5% MSCI EAFE Index and 1.5% 3-month Treasury Bill.

Target 2025 Trust
Schedule of Benchmark Allocation Changes

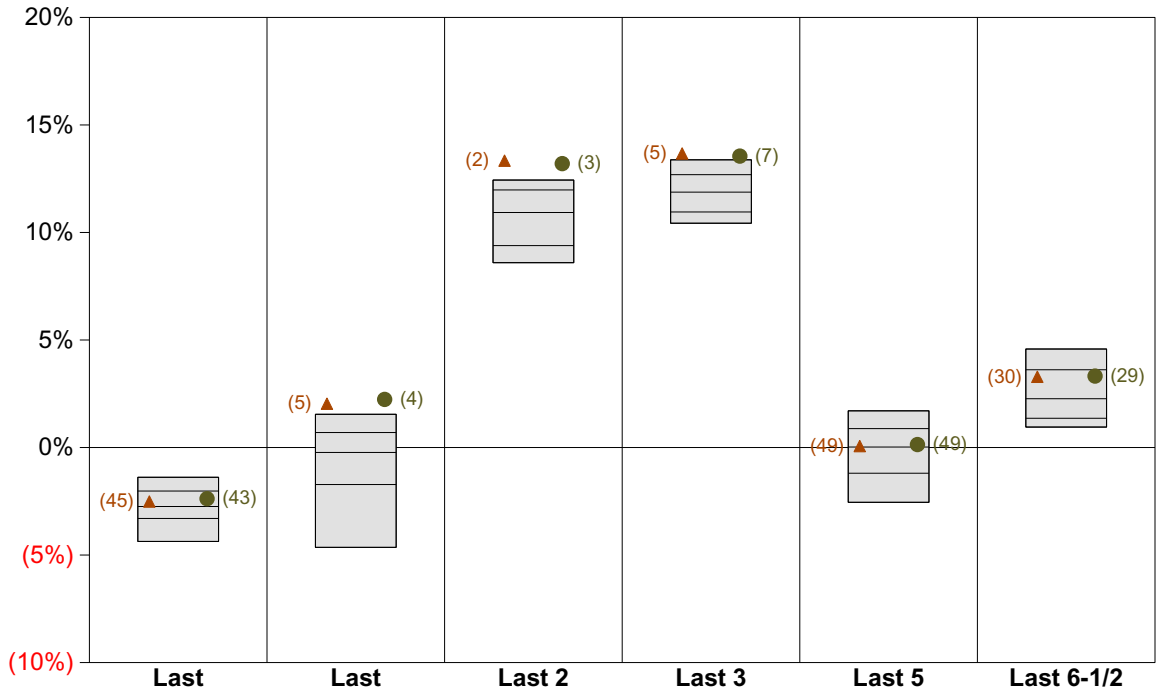


Target 2025 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

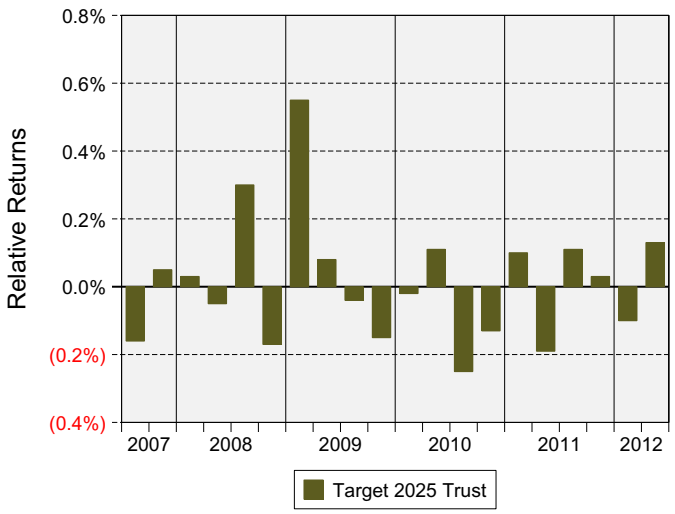
- Target 2025 Trust's portfolio posted a (2.38)% return for the quarter placing it in the 43 percentile of the CAI Target Date 2025 group for the quarter and in the 4 percentile for the last year.
- Target 2025 Trust's portfolio outperformed the Custom Index by 0.13% for the quarter and outperformed the Custom Index for the year by 0.20%.

Performance vs CAI Target Date 2025 (Net)

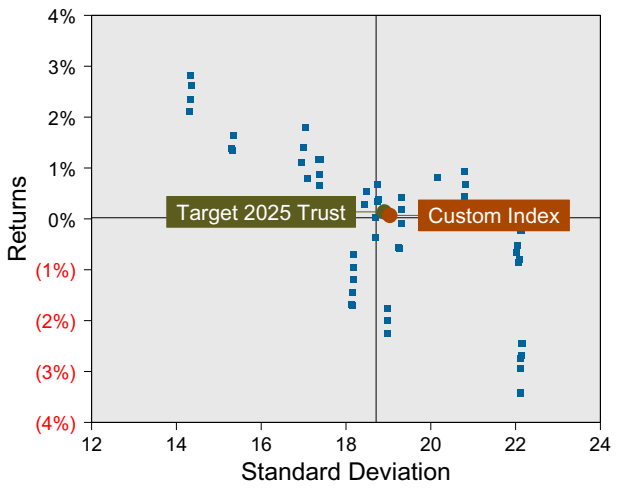


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6-1/2 Years
10th Percentile	(1.38)	1.54	12.44	13.38	1.71	4.58
25th Percentile	(2.02)	0.70	11.98	12.69	0.88	3.62
Median	(2.74)	(0.23)	10.93	11.88	0.02	2.27
75th Percentile	(3.30)	(1.72)	9.39	10.95	(1.20)	1.36
90th Percentile	(4.37)	(4.64)	8.60	10.43	(2.55)	0.95
Target 2025 Trust ●	(2.38)	2.24	13.20	13.55	0.14	3.32
Custom Index ▲	(2.51)	2.04	13.34	13.67	0.07	3.29

Relative Return vs Custom Index



CAI Target Date 2025 (Net)
Annualized Five Year Risk vs Return



Target 2030 Trust

Target 2030 Trust

Asset Allocation

	Strategic	*Actual*
Cash		
Money Market Fund	0.00%	0.00%
Fixed-Income		
Aggregate Bond	16.50%	16.19%
Equity		
US Equity	67.00%	66.98%
International Fund	16.50%	16.83%

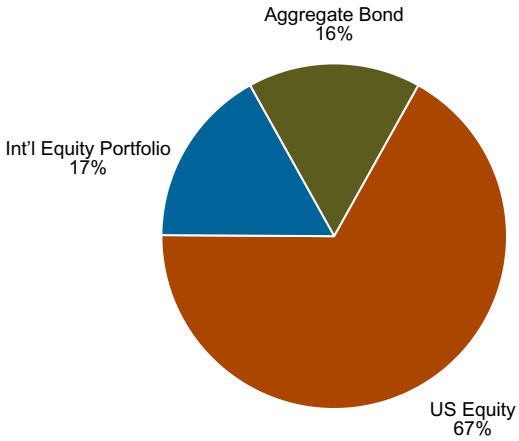
Objective

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 2030 approaches.

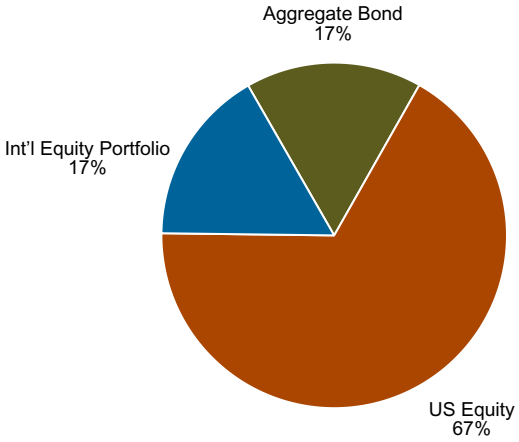
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



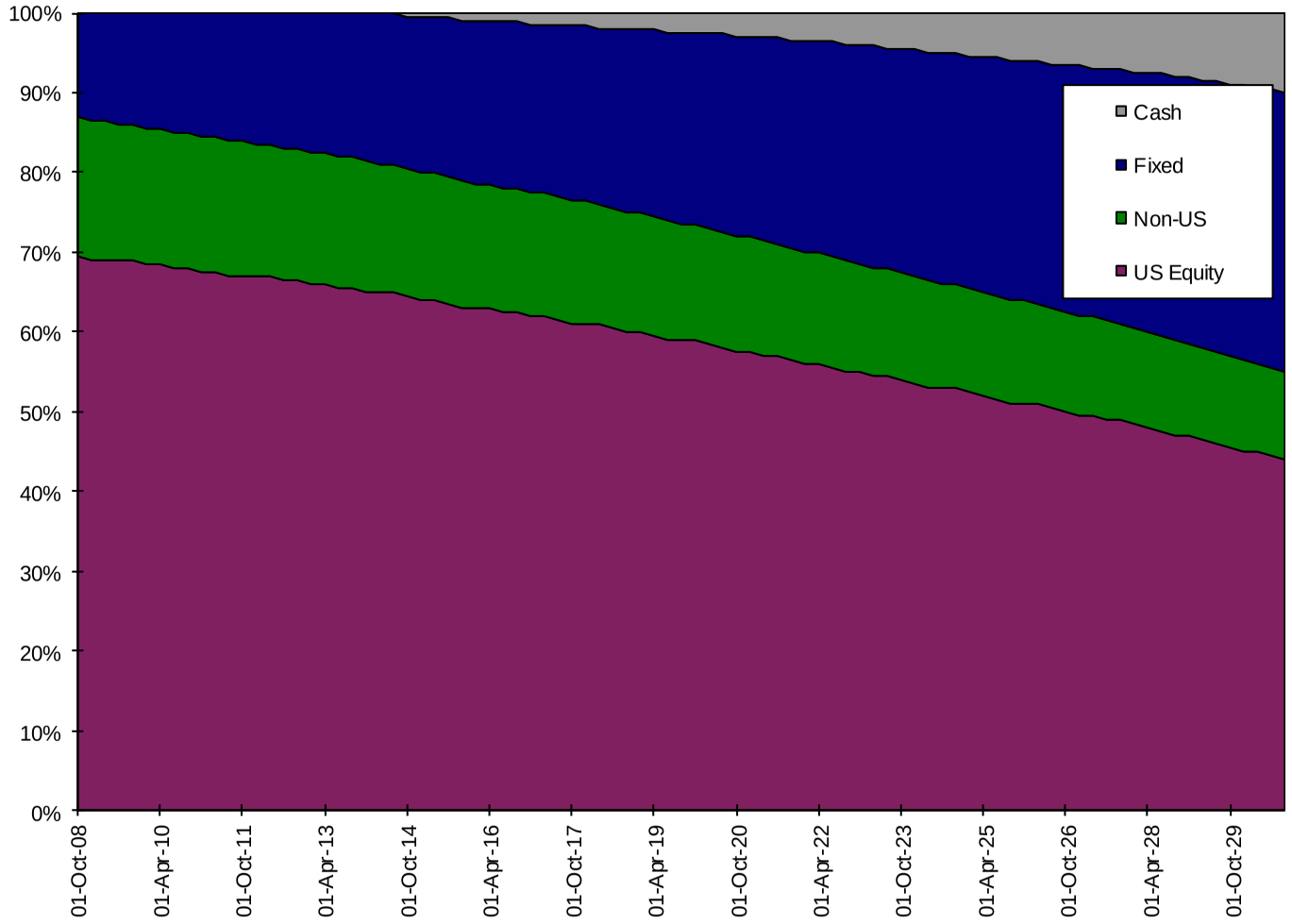
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	2,978	16.2%	16.5%	(0.3%)	(57)
US Equity	12,318	67.0%	67.0%	0.0%	(4)
Int'l Equity Portfolio	3,095	16.8%	16.5%	0.3%	61
Total	18,391	100.0%	100.0%		

* Current Quarter Target = 67.0% Russell 3000 Index, 16.5% MSCI EAFE Index and 16.5% Barclays Aggregate Index.

Target 2030 Trust
Schedule of Benchmark Allocation Changes

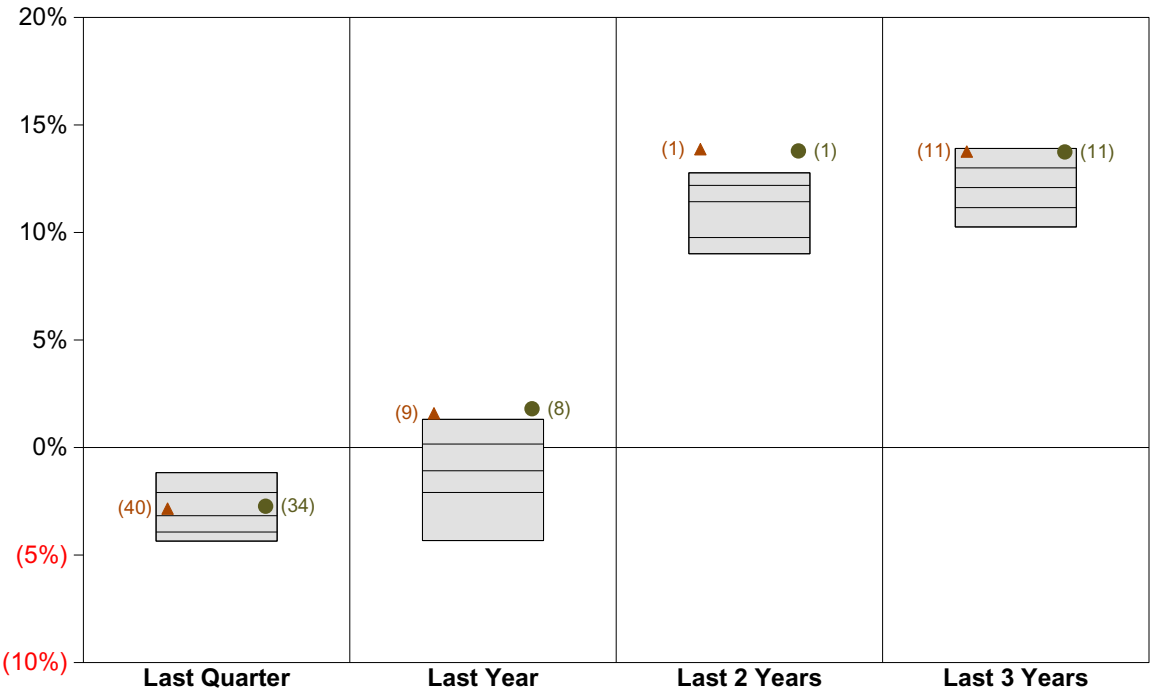


Target 2030 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

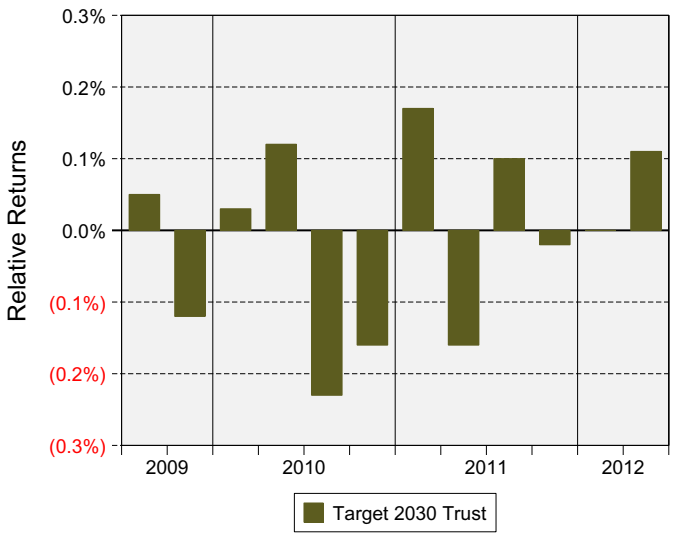
- Target 2030 Trust's portfolio posted a (2.73)% return for the quarter placing it in the 34 percentile of the CAI Target Date 2030 group for the quarter and in the 8 percentile for the last year.
- Target 2030 Trust's portfolio outperformed the Custom Index by 0.11% for the quarter and outperformed the Custom Index for the year by 0.21%.

Performance vs CAI Target Date 2030 (Net)

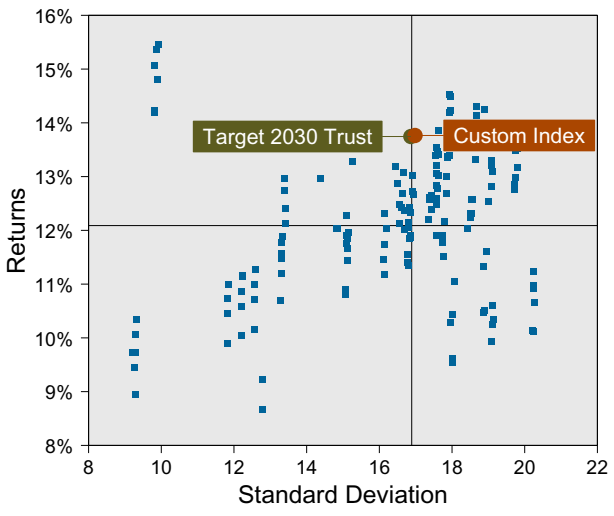


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(1.17)	1.31	12.77	13.91
25th Percentile	(2.09)	0.16	12.19	13.00
Median	(3.17)	(1.08)	11.43	12.09
75th Percentile	(3.93)	(2.09)	9.76	11.16
90th Percentile	(4.35)	(4.33)	9.01	10.26
Target 2030 Trust ●	(2.73)	1.80	13.79	13.75
Custom Index ▲	(2.84)	1.59	13.87	13.77

Relative Return vs Custom Index



CAI Target Date 2030 (Net)
Annualized Three Year Risk vs Return



Target 2035 Trust

Target 2035 Trust

Asset Allocation

	Strategic	Actual
Cash		
Money Market Fund	0.00%	0.00%
Fixed-Income		
Aggregate Bond	11.50%	11.31%
Equity		
US Equity	71.00%	70.84%
International Fund	17.50%	17.84%

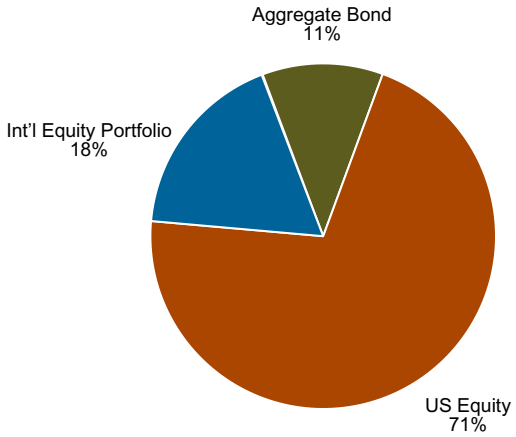
Objective

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 2035 approaches.

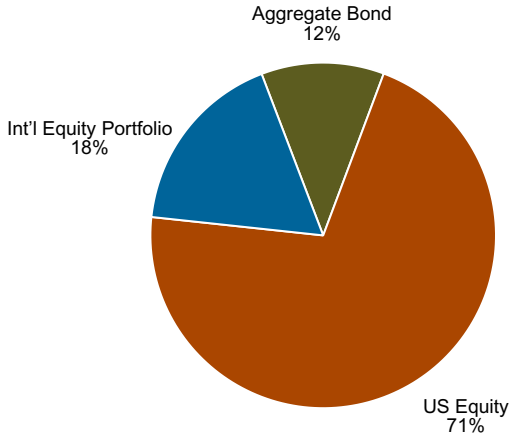
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



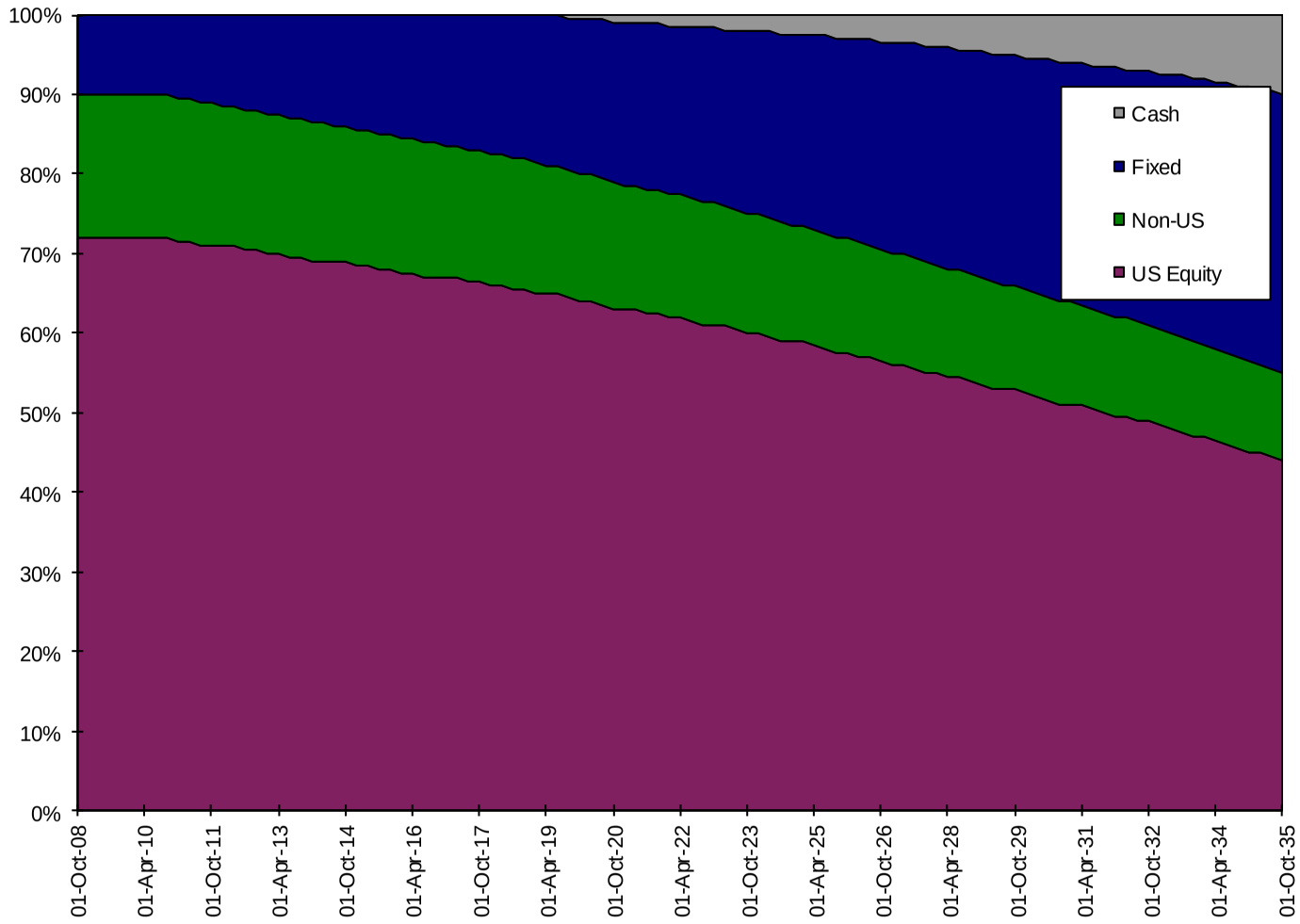
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	2,207	11.3%	11.5%	(0.2%)	(37)
US Equity	13,823	70.8%	71.0%	(0.2%)	(30)
Int'l Equity Portfolio	3,481	17.8%	17.5%	0.3%	67
Total	19,511	100.0%	100.0%		

* Current Quarter Target = 71.0% Russell 3000 Index, 17.5% MSCI EAFE Index and 11.5% Barclays Aggregate Index.

Target 2035 Trust
Schedule of Benchmark Allocation Changes

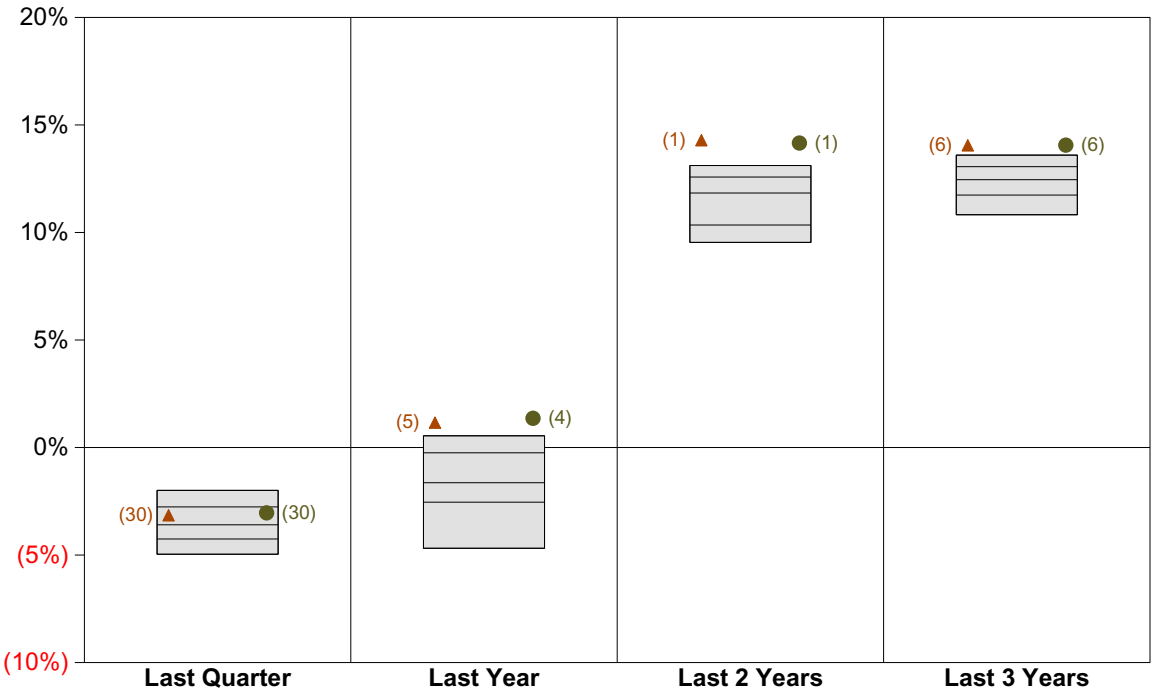


Target 2035 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

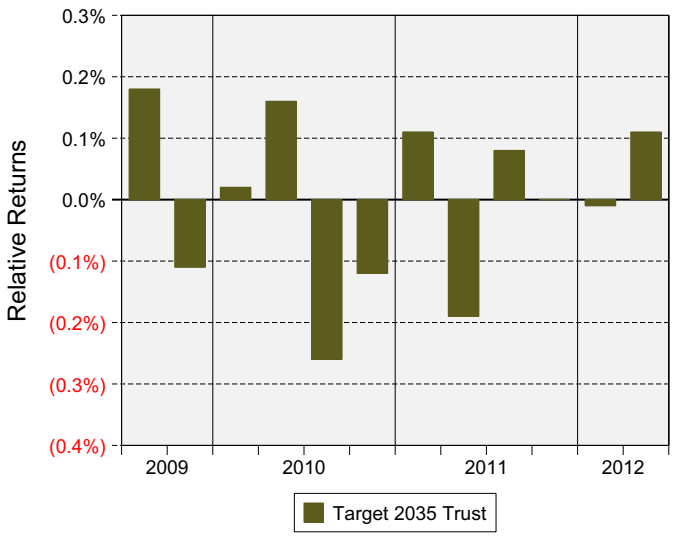
- Target 2035 Trust's portfolio posted a (3.04)% return for the quarter placing it in the 30 percentile of the CAI Target Date 2035 group for the quarter and in the 4 percentile for the last year.
- Target 2035 Trust's portfolio outperformed the Custom Index by 0.11% for the quarter and outperformed the Custom Index for the year by 0.20%.

Performance vs CAI Target Date 2035 (Net)

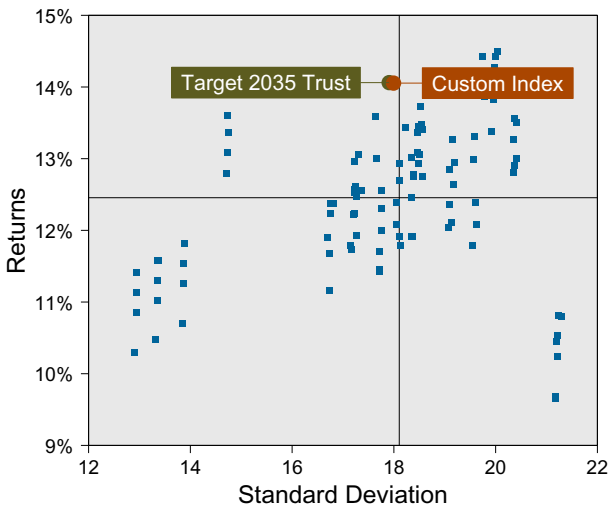


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(1.99)	0.55	13.11	13.60
25th Percentile	(2.76)	(0.25)	12.58	13.06
Median	(3.59)	(1.64)	11.84	12.46
75th Percentile	(4.25)	(2.54)	10.35	11.74
90th Percentile	(4.96)	(4.69)	9.54	10.82
Target 2035 Trust ●	(3.04)	1.36	14.16	14.06
Custom Index ▲	(3.15)	1.16	14.29	14.05

Relative Return vs Custom Index



CAI Target Date 2035 (Net)
Annualized Three Year Risk vs Return



Target 2040 Trust

Asset Allocation

	Strategic	*Actual*
Cash		
Money Market Fund	0.00%	0.00%
Fixed-Income		
Aggregate Bond	10.00%	9.83%
Equity		
US Equity	72.00%	71.83%
International Fund	18.00%	18.34%

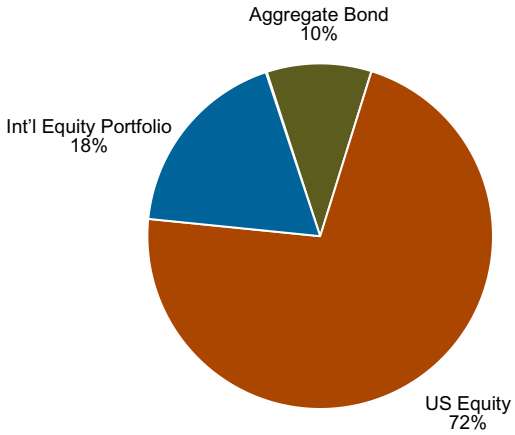
Objective

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 2040 approaches.

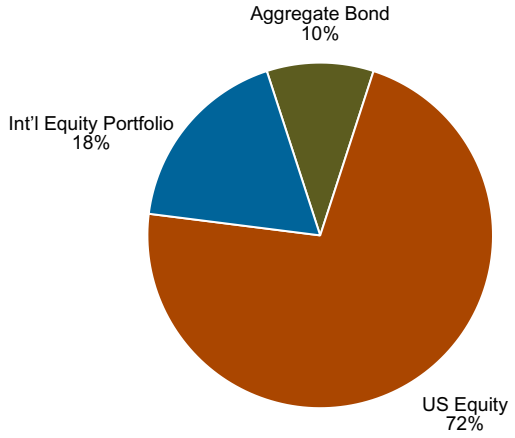
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



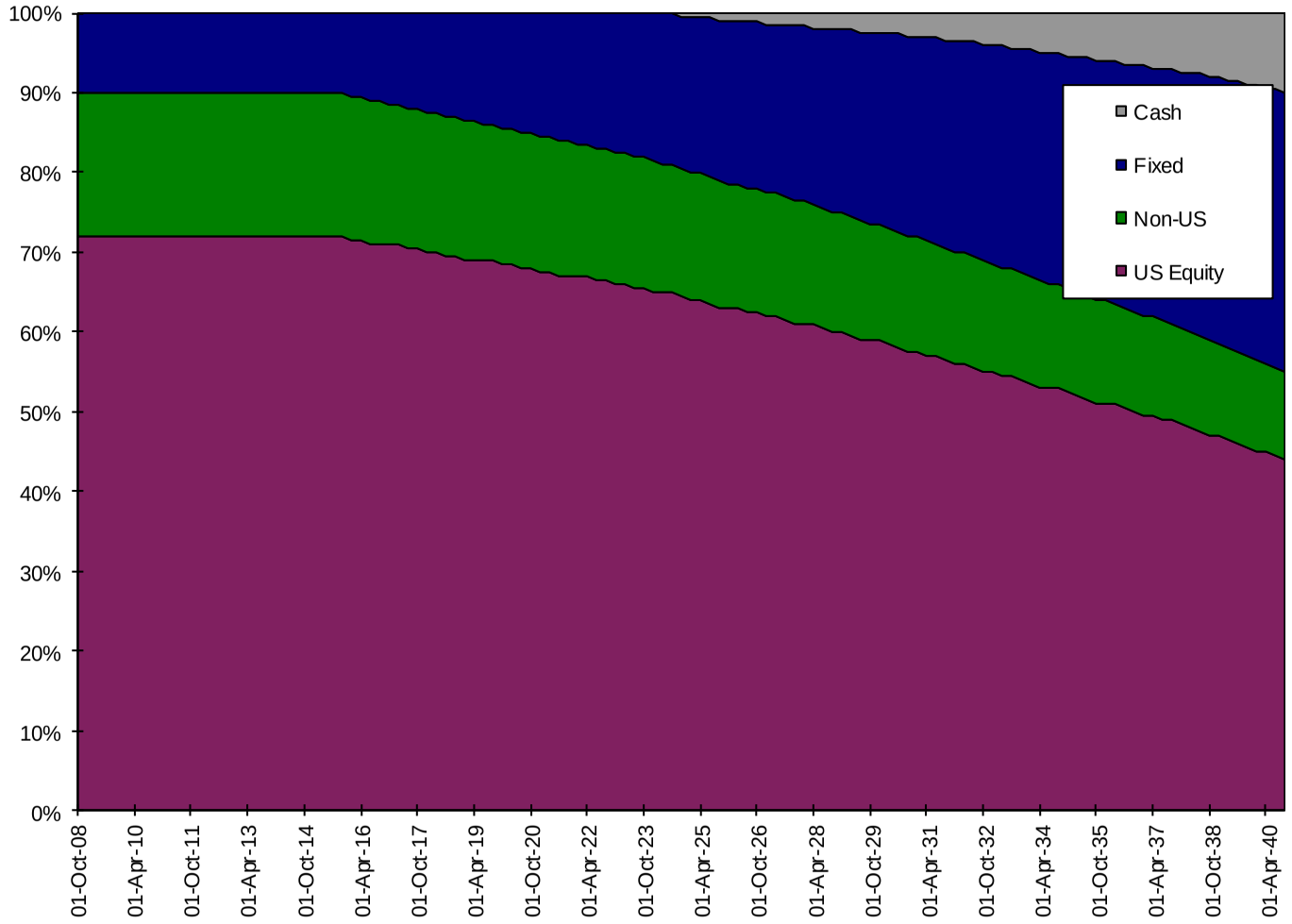
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	2,225	9.8%	10.0%	(0.2%)	(38)
US Equity	16,251	71.8%	72.0%	(0.2%)	(38)
Int'l Equity Portfolio	4,148	18.3%	18.0%	0.3%	76
Total	22,624	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% Barclays Aggregate Index.

Target 2040 Trust
Schedule of Benchmark Allocation Changes

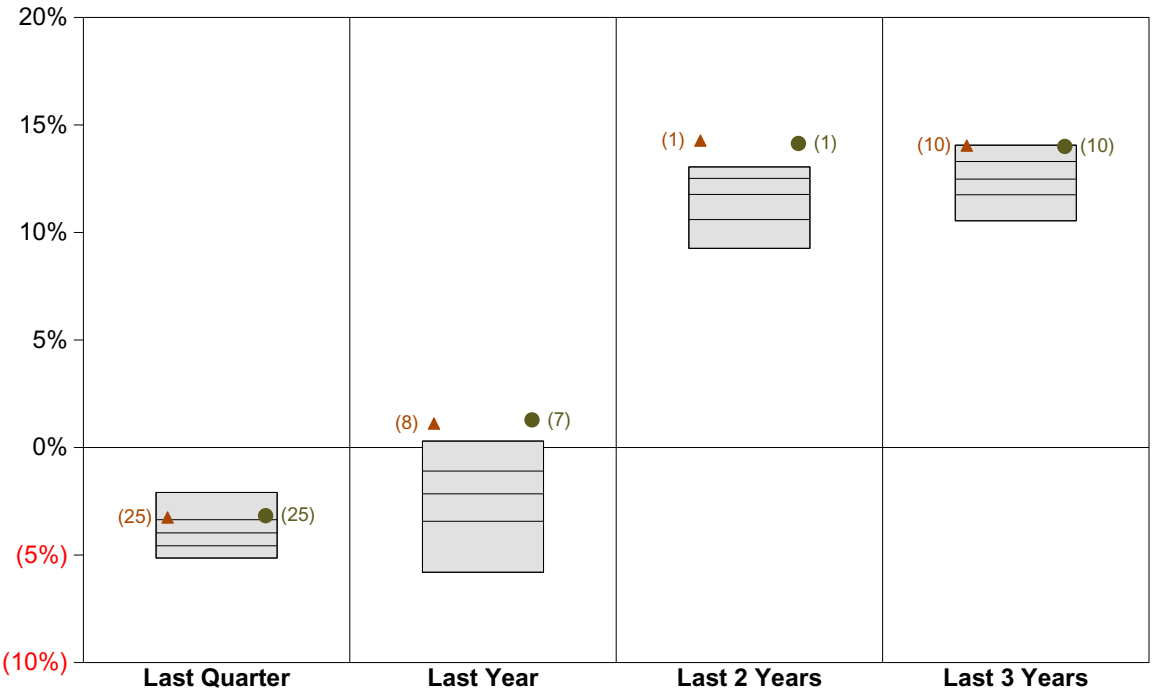


Target 2040 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

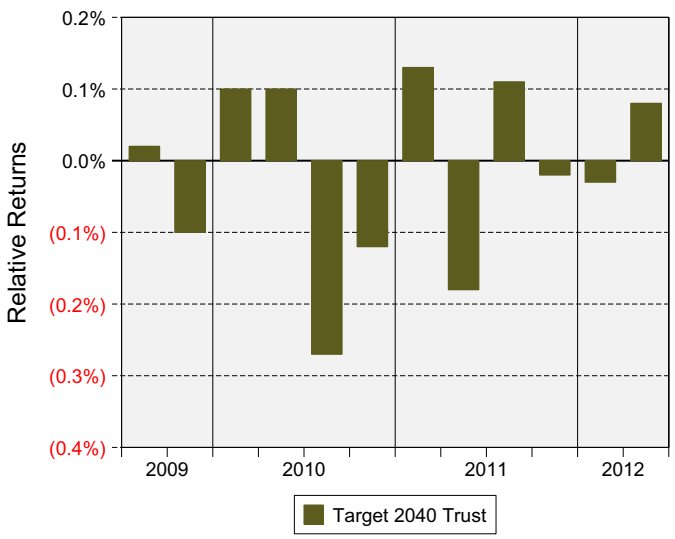
- Target 2040 Trust's portfolio posted a (3.17)% return for the quarter placing it in the 25 percentile of the CAI Target Date 2040 group for the quarter and in the 7 percentile for the last year.
- Target 2040 Trust's portfolio outperformed the Custom Index by 0.08% for the quarter and outperformed the Custom Index for the year by 0.17%.

Performance vs CAI Target Date 2040 (Net)

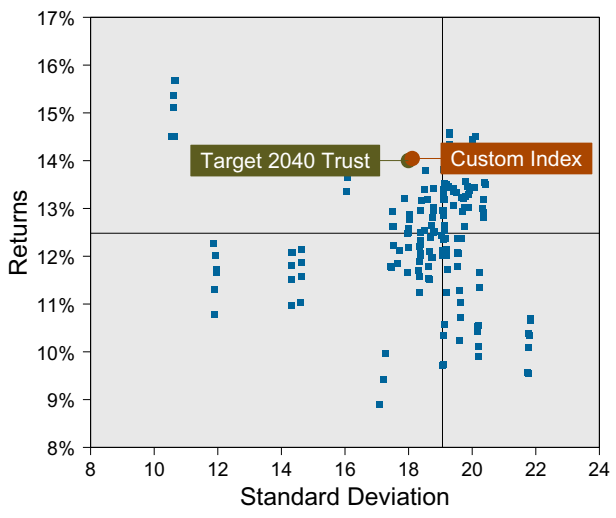


	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(2.09)	0.30	13.05	14.06
25th Percentile	(3.36)	(1.09)	12.51	13.30
Median	(3.97)	(2.15)	11.77	12.48
75th Percentile	(4.57)	(3.43)	10.60	11.75
90th Percentile	(5.14)	(5.80)	9.26	10.54
Target 2040 Trust ●	(3.17)	1.29	14.14	14.00
Custom Index ▲	(3.25)	1.12	14.28	14.05

Relative Return vs Custom Index



CAI Target Date 2040 (Net)
Annualized Three Year Risk vs Return



Target 2045 Trust

Target 2045 Trust

Asset Allocation

	Strategic	Actual
Cash		
Money Market Fund	0.00%	0.00%
Fixed-Income		
Aggregate Bond	10.00%	9.83%
Equity		
US Equity	72.00%	71.84%
International Fund	18.00%	18.33%

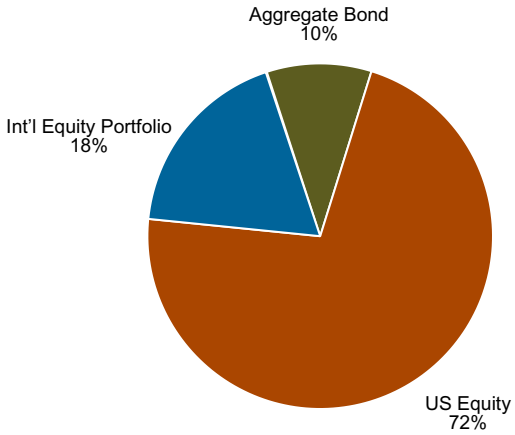
Objective

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 2045 approaches.

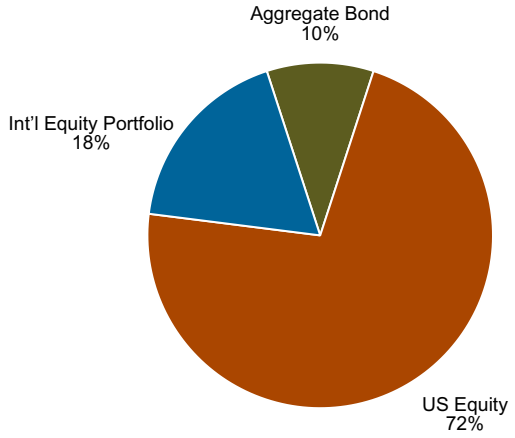
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



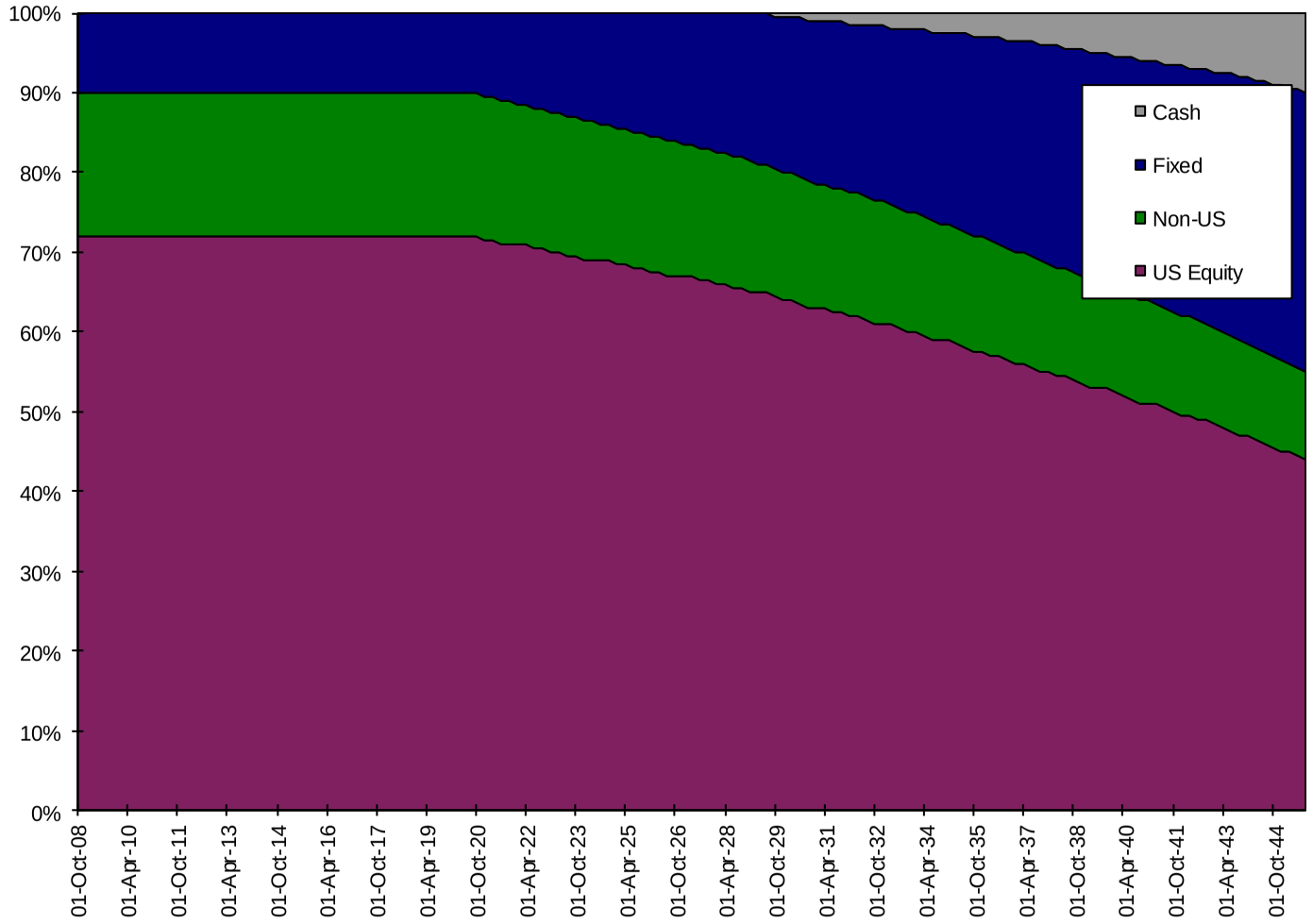
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	2,601	9.8%	10.0%	(0.2%)	(44)
US Equity	19,001	71.8%	72.0%	(0.2%)	(43)
Int'l Equity Portfolio	4,849	18.3%	18.0%	0.3%	88
Total	26,451	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% Barclays Aggregate Index.

Target 2045 Trust
Schedule of Benchmark Allocation Changes



Target 2045 Trust
Period Ended June 30, 2012

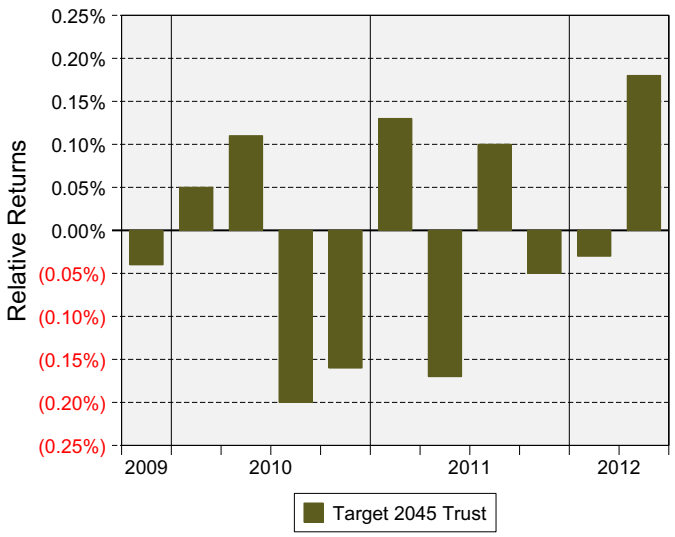
Quarterly Summary and Highlights

- Target 2045 Trust's portfolio posted a (3.07)% return for the quarter placing it in the 10 percentile of the CAI Target Date 2045 group for the quarter and in the 3 percentile for the last year.
- Target 2045 Trust's portfolio outperformed the Custom Index by 0.18% for the quarter and outperformed the Custom Index for the year by 0.23%.

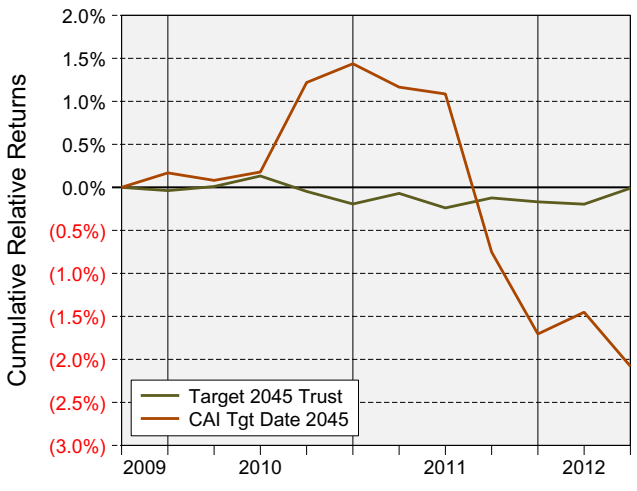
Performance vs CAI Target Date 2045 (Net)

	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(3.06)	(0.11)	13.31	8.90
25th Percentile	(3.76)	(1.40)	12.80	8.44
Median	(4.10)	(2.41)	12.18	7.90
75th Percentile	(4.54)	(3.42)	11.49	7.39
90th Percentile	(5.34)	(4.95)	10.51	6.76
Target 2045 Trust ●	(3.07)	1.35	14.20	9.49
Custom Index ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2050 Trust

Target 2050 Trust

Asset Allocation

	Strategic	Actual
Cash		
Money Market Fund	0.00%	0.00%
Fixed-Income		
Aggregate Bond	10.00%	9.81%
Equity		
US Equity	72.00%	71.81%
International Fund	18.00%	18.37%

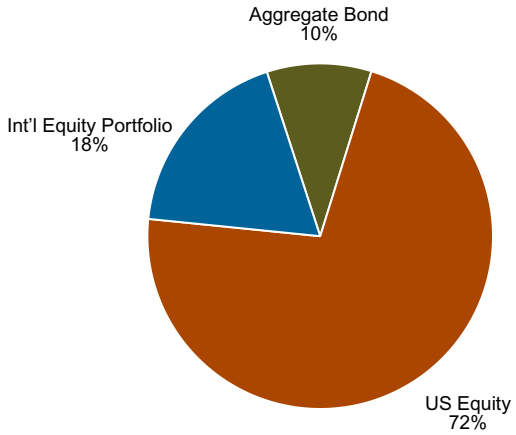
Objective

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.

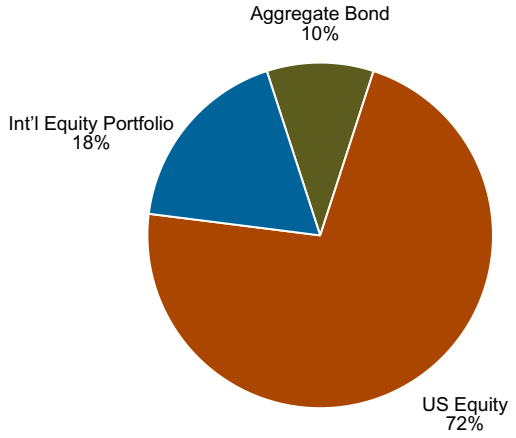
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



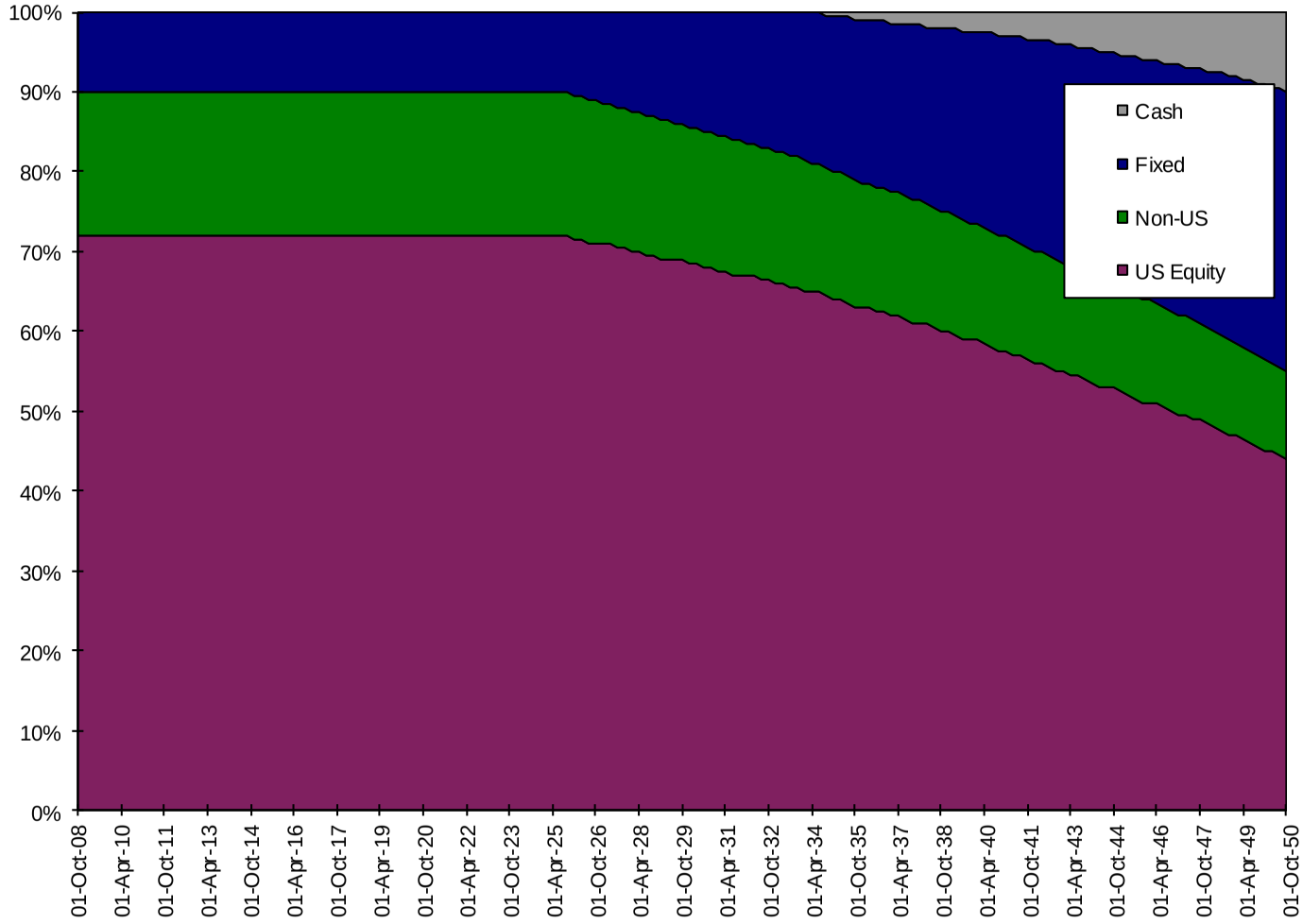
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	2,954	9.8%	10.0%	(0.2%)	(56)
US Equity	21,612	71.8%	72.0%	(0.2%)	(57)
Int'l Equity Portfolio	5,530	18.4%	18.0%	0.4%	113
Total	30,096	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% Barclays Aggregate Index.

Target 2050 Trust
Schedule of Benchmark Allocation Changes

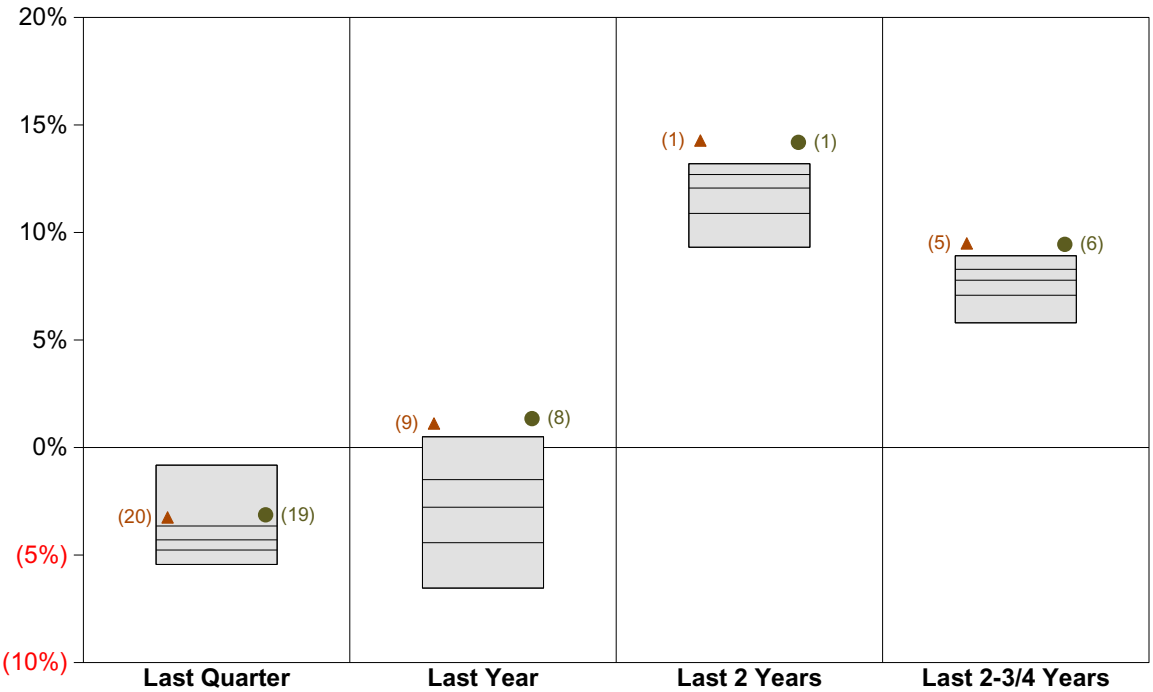


Target 2050 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

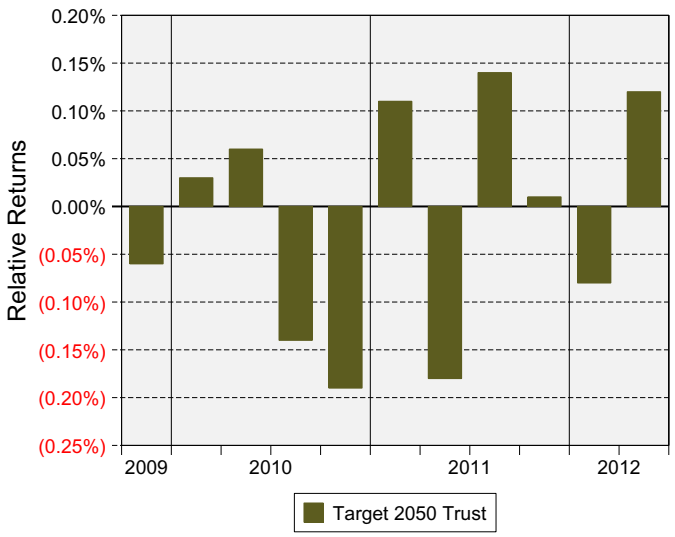
- Target 2050 Trust's portfolio posted a (3.13)% return for the quarter placing it in the 19 percentile of the CAI Target Date 2050 group for the quarter and in the 8 percentile for the last year.
- Target 2050 Trust's portfolio outperformed the Custom Index by 0.12% for the quarter and outperformed the Custom Index for the year by 0.23%.

Performance vs CAI Target Date 2050 (Net)

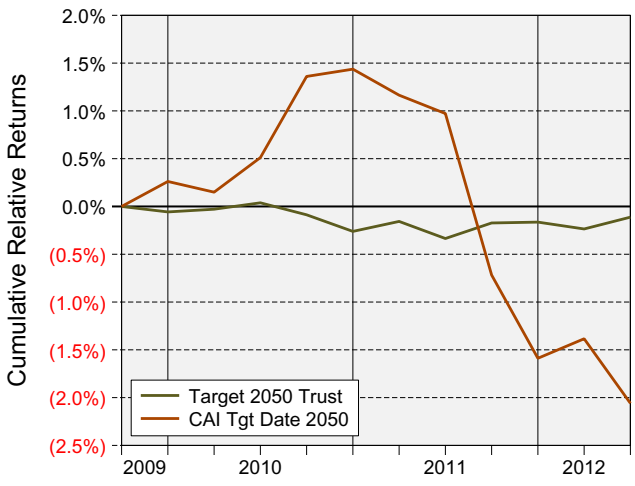


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(0.82)	0.50	13.20	8.92
25th Percentile	(3.65)	(1.49)	12.69	8.29
Median	(4.29)	(2.78)	12.07	7.78
75th Percentile	(4.77)	(4.43)	10.89	7.08
90th Percentile	(5.44)	(6.54)	9.31	5.80
Target 2050 Trust ●	(3.13)	1.34	14.19	9.45
Custom Index ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



Target 2055 Trust

Target 2055 Trust

Asset Allocation

	Strategic	Actual
Cash		
Money Market Fund	0.00%	0.00%
Fixed-Income		
Aggregate Bond	10.00%	9.86%
Equity		
US Equity	72.00%	71.79%
International Fund	18.00%	18.35%

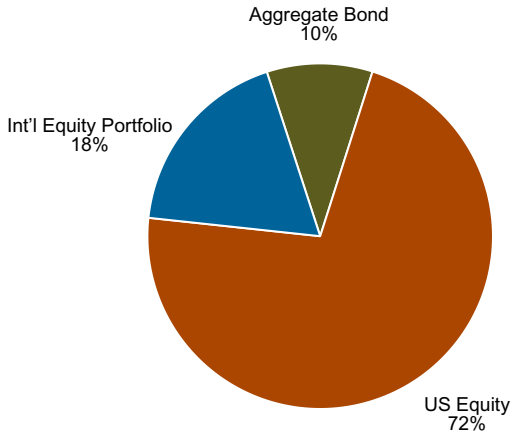
Objective

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 2055 approaches.

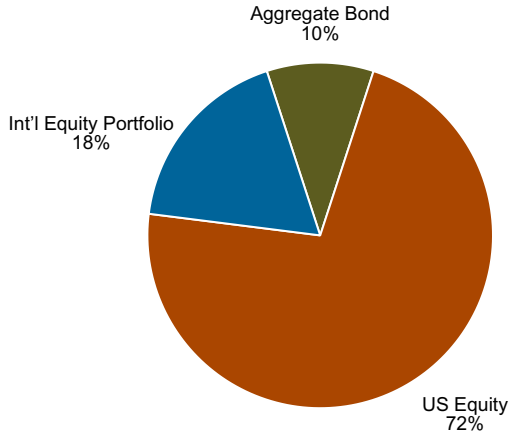
Actual vs Target Asset Allocation
As of June 30, 2012

The first chart below shows the Fund's asset allocation as of June 30, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



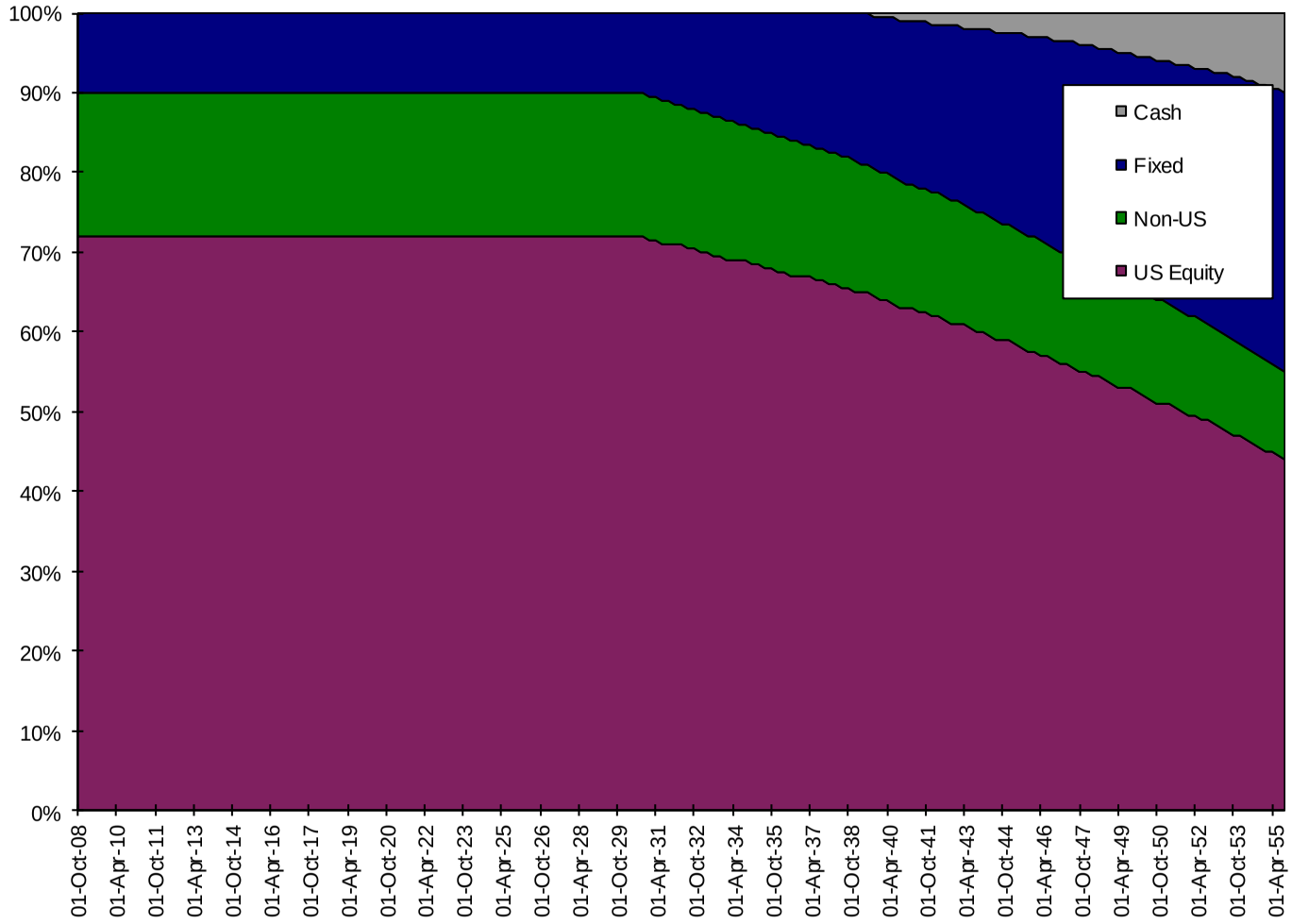
Target Asset Allocation



Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Aggregate Bond	938	9.9%	10.0%	(0.1%)	(13)
US Equity	6,826	71.8%	72.0%	(0.2%)	(20)
Int'l Equity Portfolio	1,745	18.3%	18.0%	0.3%	33
Total	9,509	100.0%	100.0%		

* Current Quarter Target = 72.0% Russell 3000 Index, 18.0% MSCI EAFE Index and 10.0% Barclays Aggregate Index.

Target 2055 Trust
Schedule of Benchmark Allocation Changes

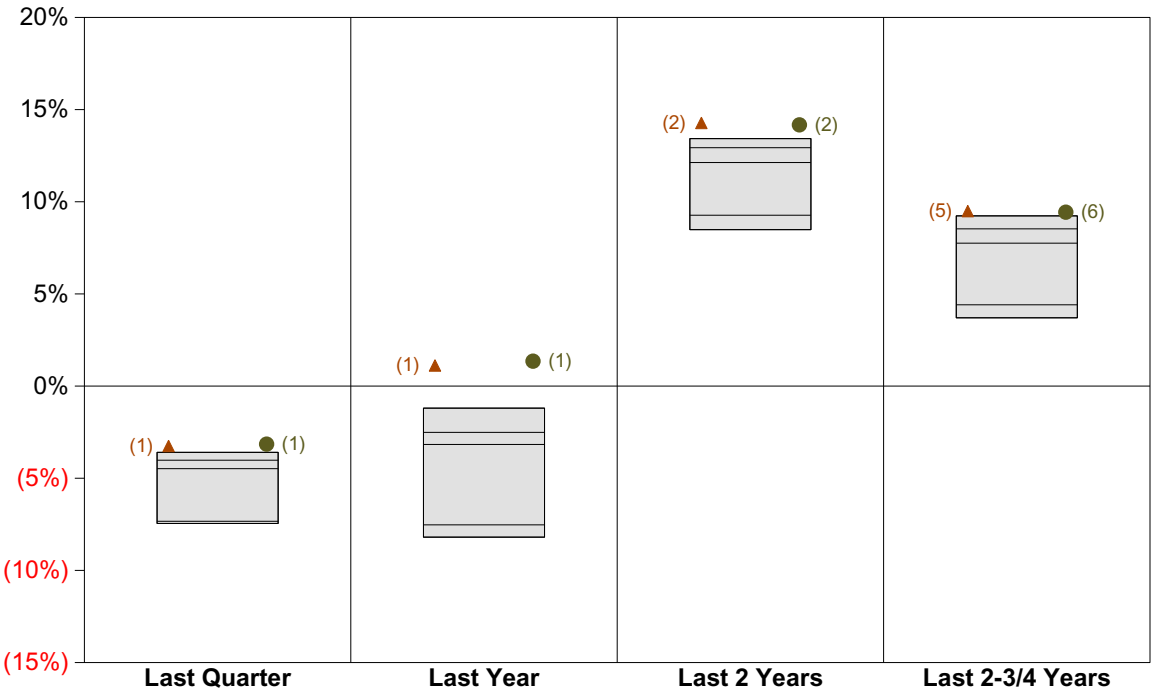


Target 2055 Trust
Period Ended June 30, 2012

Quarterly Summary and Highlights

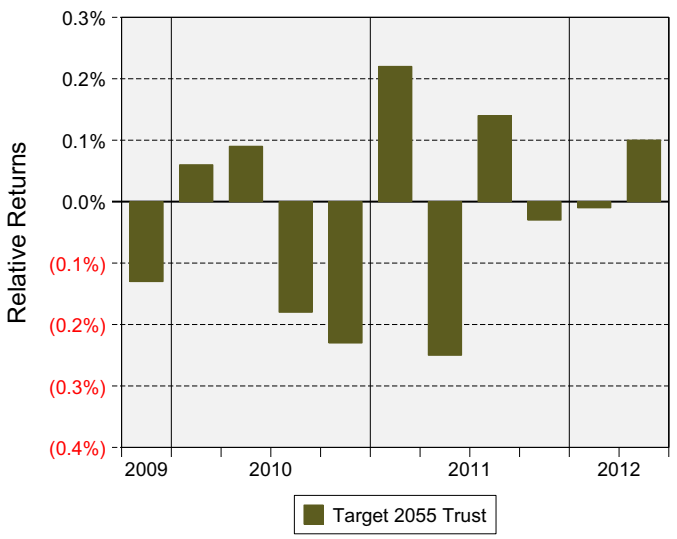
- Target 2055 Trust's portfolio posted a (3.15)% return for the quarter placing it in the 1 percentile of the CAI Target Date 2055 group for the quarter and in the 1 percentile for the last year.
- Target 2055 Trust's portfolio outperformed the Custom Index by 0.10% for the quarter and outperformed the Custom Index for the year by 0.23%.

Performance vs CAI Target Date 2055 (Net)

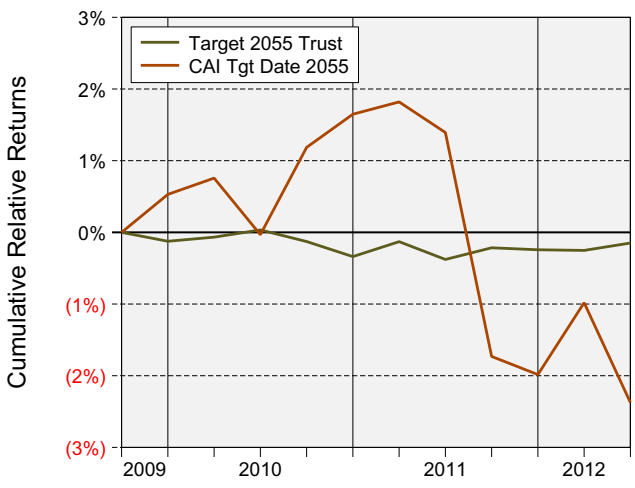


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	(3.60)	(1.20)	13.43	9.23
25th Percentile	(4.02)	(2.51)	12.93	8.53
Median	(4.48)	(3.17)	12.13	7.75
75th Percentile	(7.33)	(7.53)	9.27	4.41
90th Percentile	(7.45)	(8.20)	8.49	3.70
Target 2055 Trust ●	(3.15)	1.35	14.17	9.43
Custom Index ▲	(3.25)	1.12	14.28	9.49

Relative Return vs Custom Index



Cumulative Returns vs Custom Index



T. Rowe Price
Component

T. Rowe US Equity Trust
Period Ended June 30, 2012

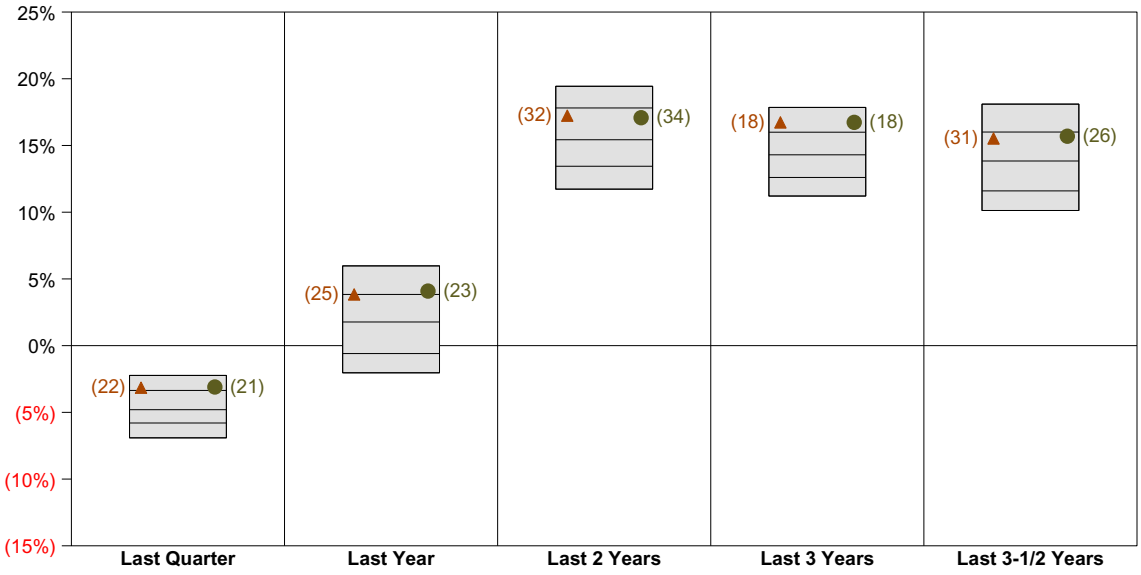
Investment Philosophy

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

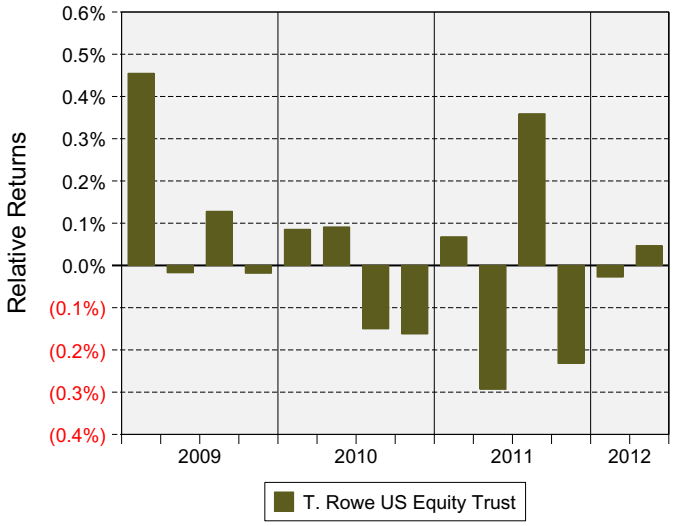
- T. Rowe US Equity Trust's portfolio posted a (3.10)% return for the quarter placing it in the 21 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 23 percentile for the last year.
- T. Rowe US Equity Trust's portfolio outperformed the Russell 3000 Index by 0.05% for the quarter and outperformed the Russell 3000 Index for the year by 0.25%.

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

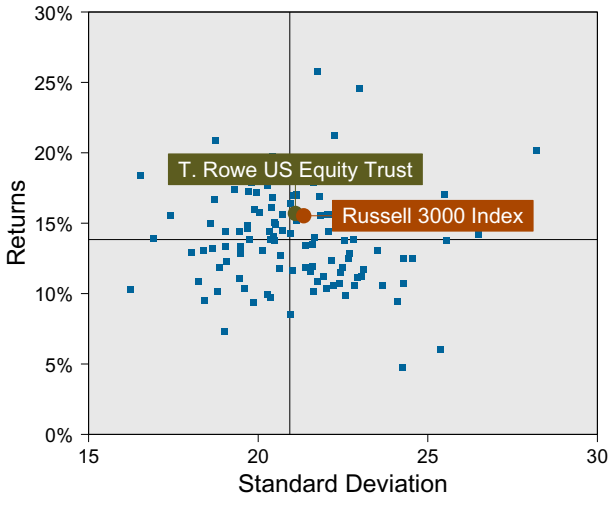


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	(2.23)	5.98	19.44	17.85	18.10
25th Percentile	(3.36)	3.84	17.81	16.00	16.01
Median	(4.80)	1.77	15.43	14.30	13.84
75th Percentile	(5.80)	(0.59)	13.44	12.60	11.60
90th Percentile	(6.91)	(2.04)	11.73	11.21	10.13
T. Rowe US Equity Trust ●	(3.10)	4.09	17.08	16.73	15.69
Russell 3000 Index ▲	(3.15)	3.84	17.24	16.73	15.53

Relative Return vs Russell 3000 Index



CAI MF - Large Cap Broad Style (Net)
Annualized Three and One-Half Year Risk vs Return

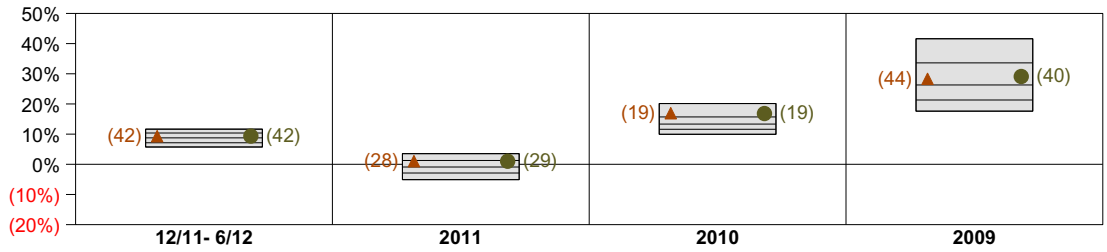


T. Rowe US Equity Trust
Return Analysis Summary

Return Analysis

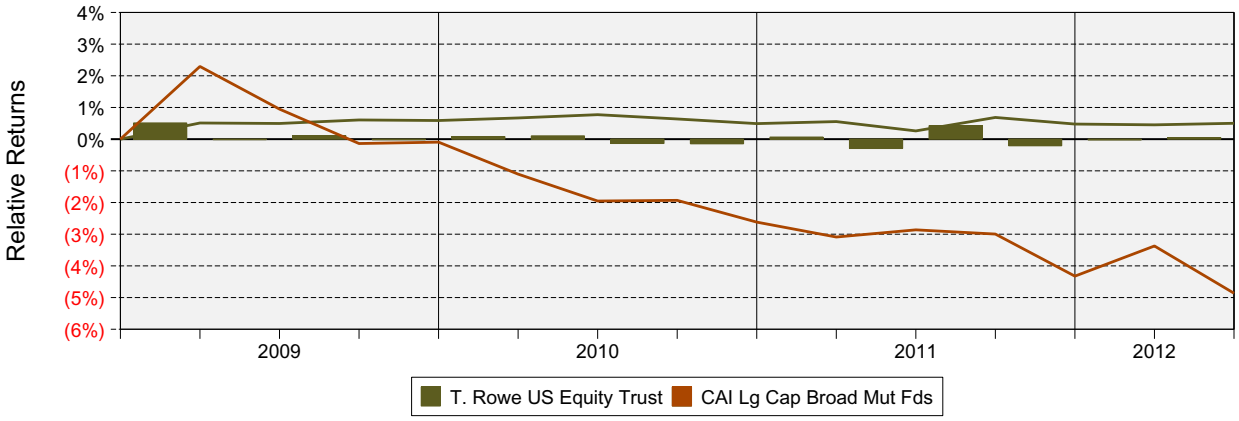
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

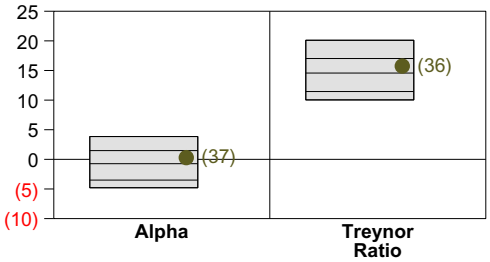


	12/11- 6/12	2011	2010	2009
10th Percentile	11.65	3.53	20.13	41.61
25th Percentile	10.37	1.26	15.70	33.62
Median	8.76	(0.90)	13.33	26.30
75th Percentile	7.13	(2.89)	11.61	21.31
90th Percentile	5.73	(5.09)	9.95	17.61
T. Rowe US Equity Trust ●	9.34	1.01	16.82	29.09
Russell 3000 Index ▲	9.32	1.03	16.93	28.34

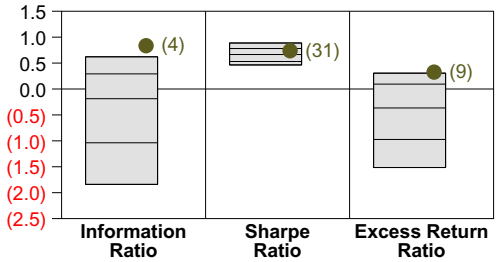
Cumulative and Quarterly Relative Return vs Russell 3000 Index



Risk Adjusted Return Measures vs Russell 3000 Index
Rankings Against CAI MF - Large Cap Broad Style (Net)
Three and One-Half Years Ended June 30, 2012

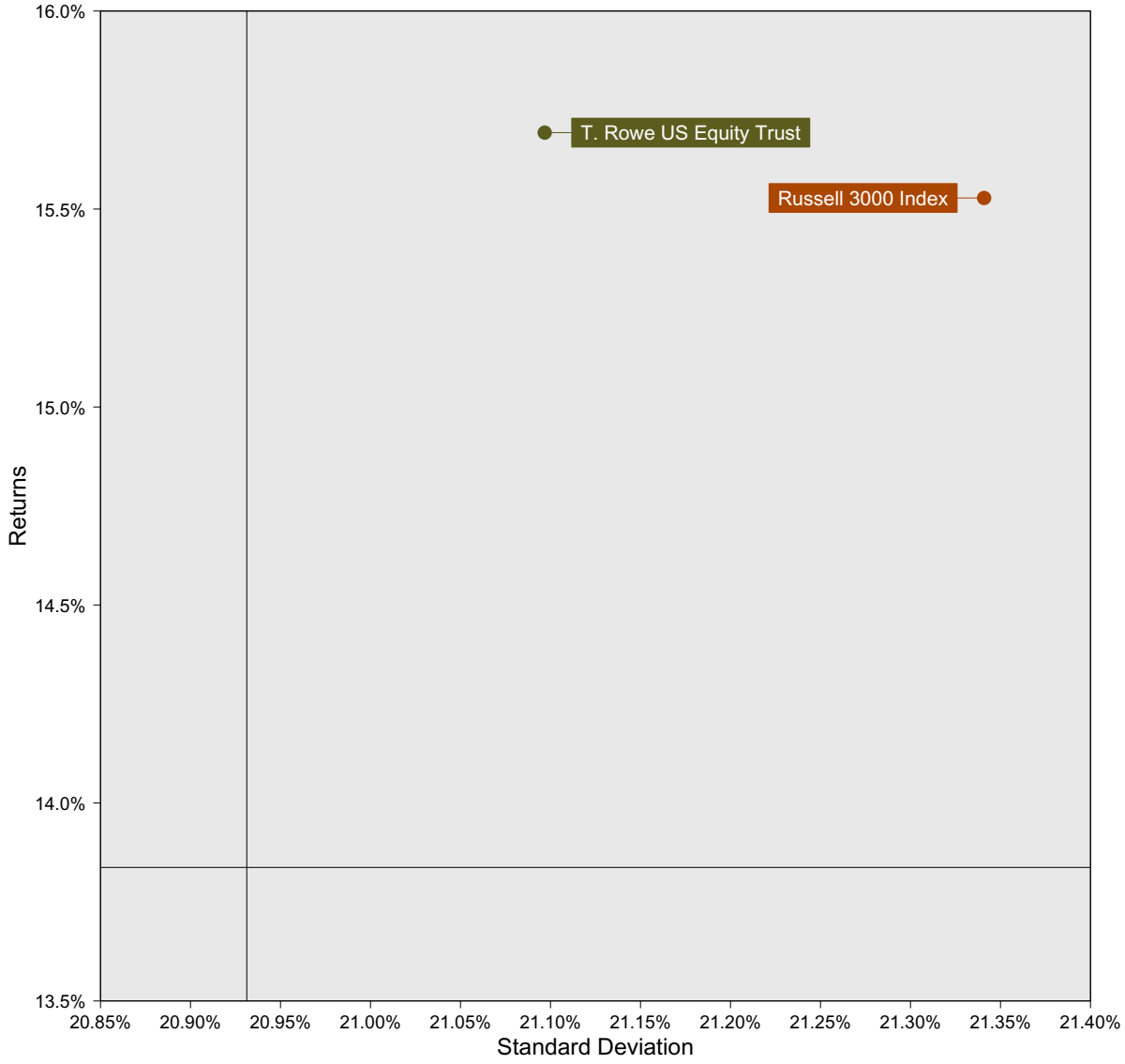


	Alpha	Treynor Ratio
10th Percentile	3.85	20.10
25th Percentile	1.48	17.02
Median	(0.73)	14.57
75th Percentile	(3.50)	11.45
90th Percentile	(4.79)	10.03
T. Rowe US Equity Trust ●	0.29	15.74



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.62	0.89	0.31
25th Percentile	0.29	0.78	0.09
Median	(0.19)	0.67	(0.37)
75th Percentile	(1.04)	0.53	(0.97)
90th Percentile	(1.84)	0.46	(1.52)
T. Rowe US Equity Trust ●	0.83	0.74	0.33

State of Alaska S B S - T. Rowe Price US Equity Trust
Risk/Reward vs CAI MF - Large Cap Broad Style
Three and One-Half Years Ended June 30, 2012



T. Rowe Aggregate Bond Trust
Period Ended June 30, 2012

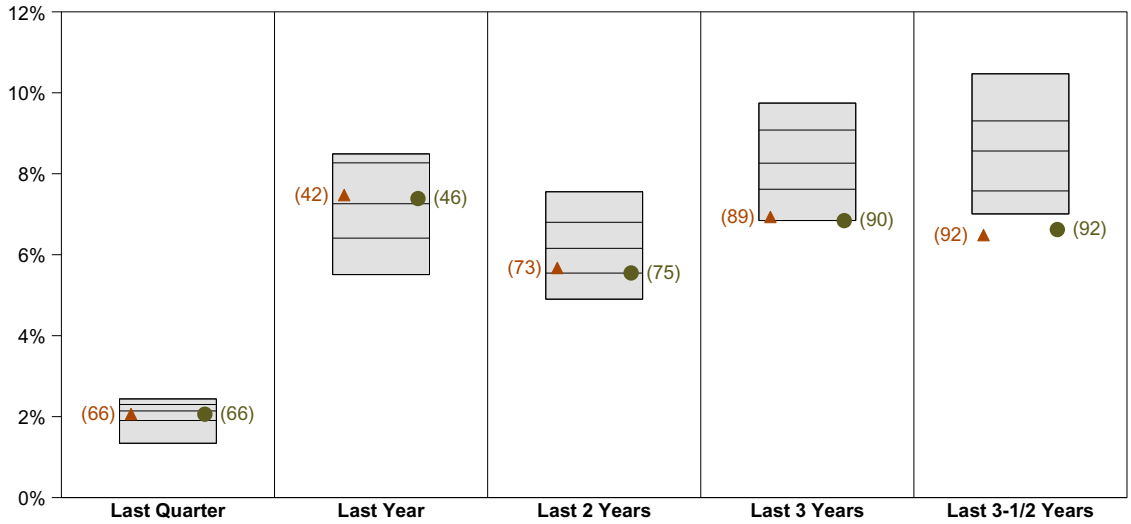
Investment Philosophy

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

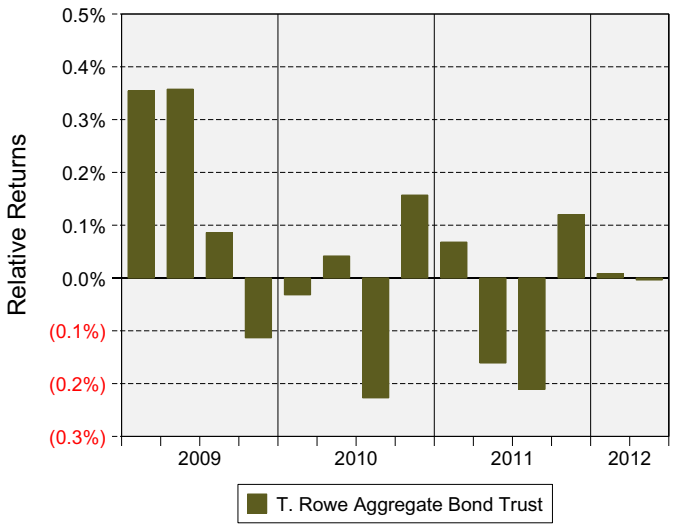
- T. Rowe Aggregate Bond Trust's portfolio posted a 2.06% return for the quarter placing it in the 66 percentile of the CAI MF - Core Bond Style group for the quarter and in the 46 percentile for the last year.
- T. Rowe Aggregate Bond Trust's portfolio underperformed the Barclays Aggregate Index by 0.00% for the quarter and underperformed the Barclays Aggregate Index for the year by 0.09%.

Performance vs CAI MF - Core Bond Style (Net)

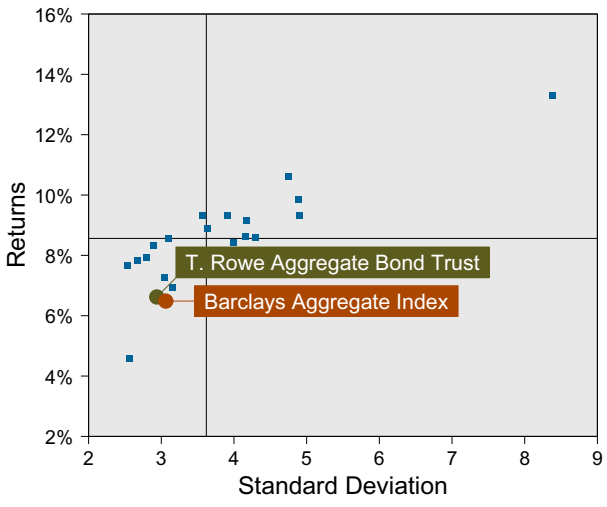


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	2.44	8.49	7.56	9.75	10.47
25th Percentile	2.30	8.27	6.80	9.08	9.31
Median	2.14	7.26	6.16	8.26	8.56
75th Percentile	1.90	6.41	5.55	7.62	7.58
90th Percentile	1.34	5.51	4.90	6.84	7.01
T. Rowe Aggregate Bond Trust ●	2.06	7.39	5.55	6.84	6.62
Barclays Aggregate Index ▲	2.06	7.47	5.67	6.93	6.48

Relative Return vs Barclays Aggregate Index



CAI MF - Core Bond Style (Net)
Annualized Three and One-Half Year Risk vs Return

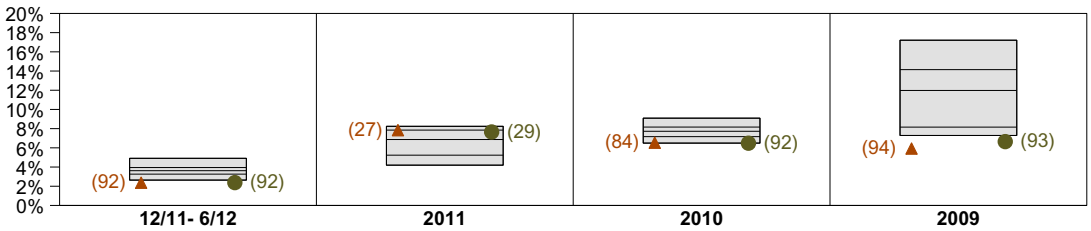


T. Rowe Aggregate Bond Trust
Return Analysis Summary

Return Analysis

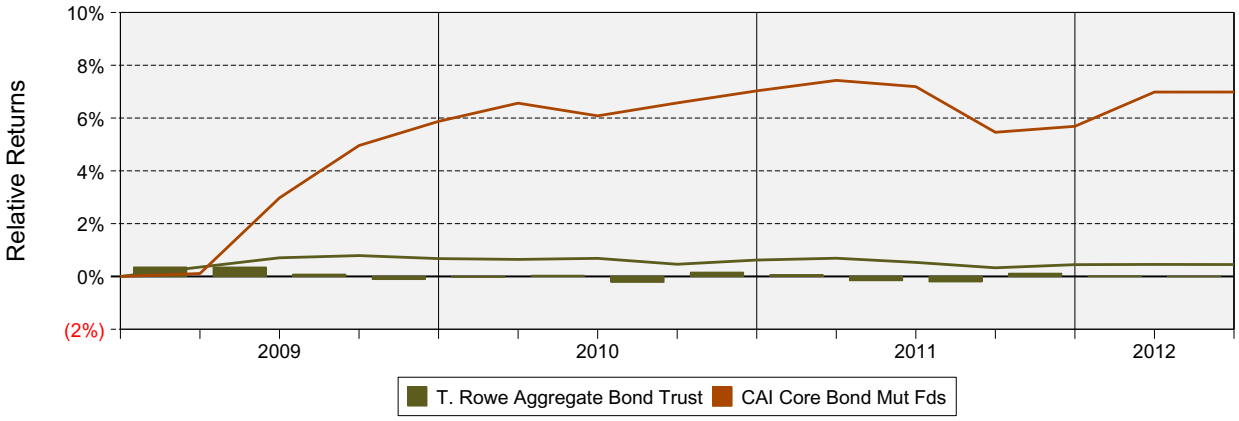
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

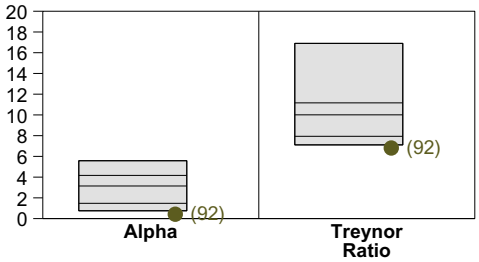


	12/11- 6/12	2011	2010	2009
10th Percentile	4.91	8.24	9.09	17.21
25th Percentile	3.95	7.85	8.16	14.15
Median	3.62	6.87	7.73	11.98
75th Percentile	3.26	5.24	7.17	8.16
90th Percentile	2.64	4.20	6.49	7.29
T. Rowe Aggregate Bond Trust ●	2.38	7.65	6.48	6.65
Barclays Aggregate Index ▲	2.37	7.84	6.54	5.93

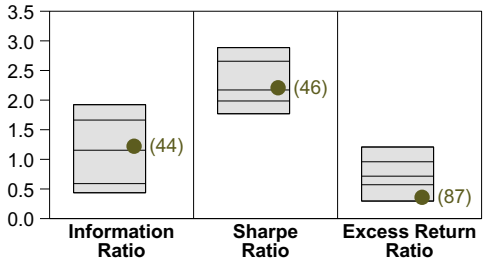
Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



Risk Adjusted Return Measures vs Barclays Aggregate Index
Rankings Against CAI MF - Core Bond Style (Net)
Three and One-Half Years Ended June 30, 2012

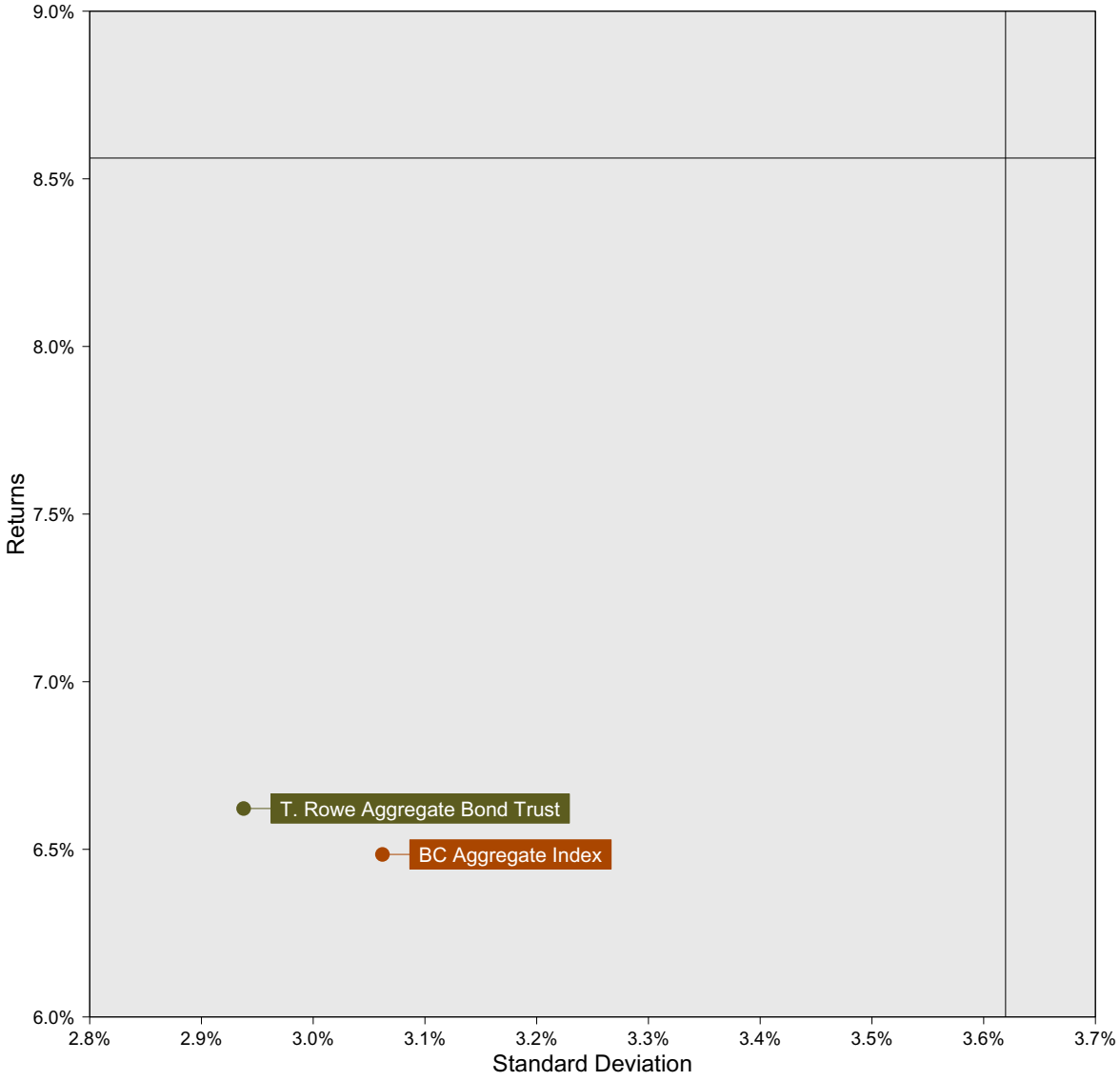


	Alpha	Treynor Ratio
10th Percentile	5.58	16.90
25th Percentile	4.17	11.16
Median	3.14	10.01
75th Percentile	1.47	7.94
90th Percentile	0.75	7.11
T. Rowe Aggregate Bond Trust ●	0.42	6.81



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.92	2.89	1.21
25th Percentile	1.66	2.66	0.96
Median	1.15	2.17	0.72
75th Percentile	0.59	1.99	0.57
90th Percentile	0.44	1.77	0.30
T. Rowe Aggregate Bond Trust ●	1.22	2.21	0.36

State of Alaska S B S - T. Rowe Price Aggregate Bond Trust
Risk/Reward vs CAI MF - Core Bond Style
Three and One-Half Years Ended June 30, 2012



T. Rowe Price Intl Equity
Period Ended June 30, 2012

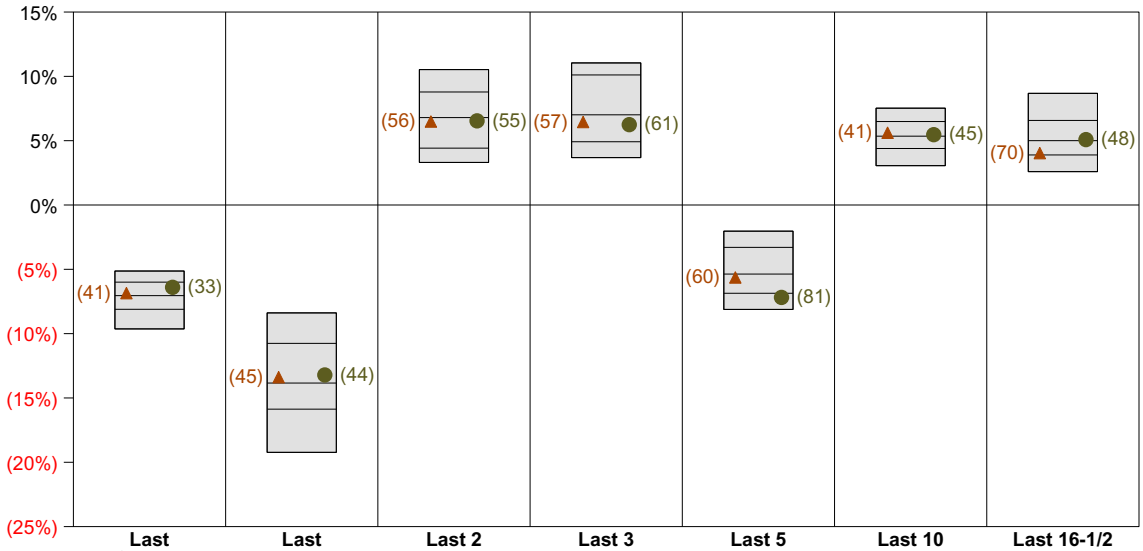
Investment Philosophy

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

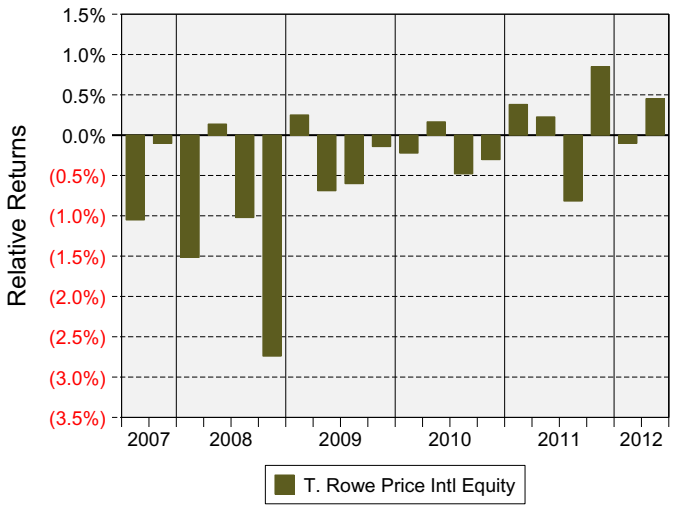
- T. Rowe Price Intl Equity's portfolio posted a (6.40)% return for the quarter placing it in the 33 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 44 percentile for the last year.
- T. Rowe Price Intl Equity's portfolio outperformed the MSCI EAFE US$ Gross Div by 0.45% for the quarter and outperformed the MSCI EAFE US$ Gross Div for the year by 0.17%.

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

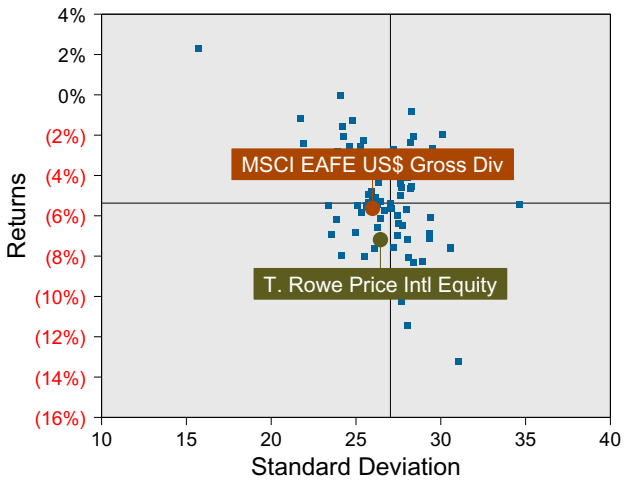


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 16-1/2 Years
10th Percentile	(5.13)	(8.39)	10.53	11.04	(2.03)	7.53	8.68
25th Percentile	(6.00)	(10.76)	8.79	10.11	(3.29)	6.49	6.57
Median	(7.05)	(13.84)	6.79	7.01	(5.37)	5.35	5.00
75th Percentile	(8.11)	(15.87)	4.42	4.92	(6.86)	4.39	3.89
90th Percentile	(9.63)	(19.23)	3.31	3.68	(8.12)	3.06	2.59
T. Rowe Price Intl Equity ●	(6.40)	(13.21)	6.54	6.25	(7.18)	5.47	5.08
MSCI EAFE US$ Gross Div ▲	(6.85)	(13.38)	6.49	6.45	(5.63)	5.62	4.03

Relative Return vs MSCI EAFE US$ Gross Div



CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

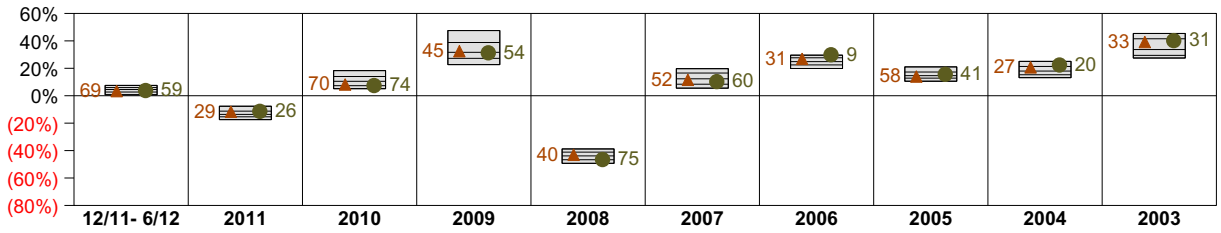


T. Rowe Price Intl Equity
Return Analysis Summary

Return Analysis

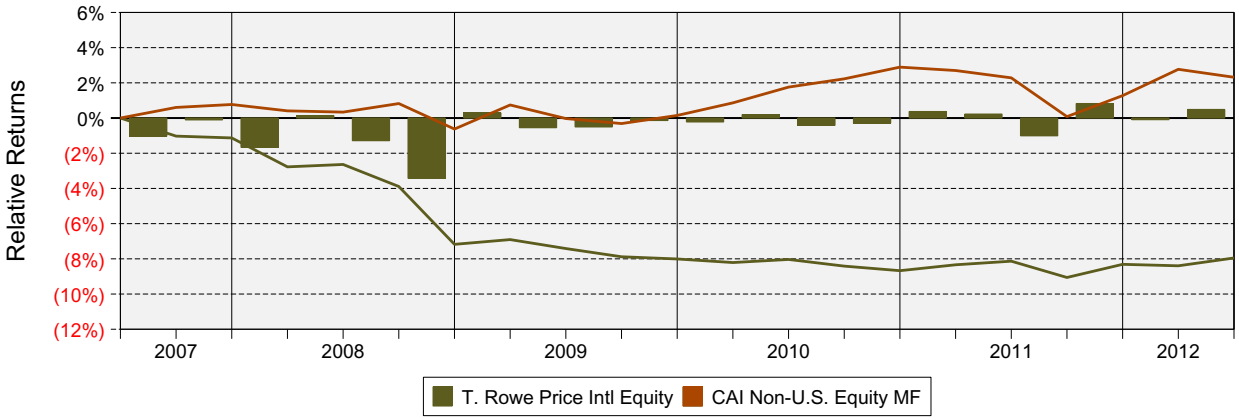
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

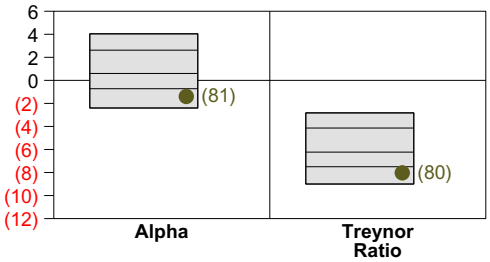


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	7.52	(7.66)	18.30	47.51	(38.79)	19.72	29.58	21.03	25.04	45.40
25th Percentile	5.95	(11.25)	14.01	38.81	(41.13)	16.55	27.67	17.29	21.35	41.53
Median	4.52	(13.62)	10.51	31.65	(43.86)	12.33	24.86	14.64	17.97	33.67
75th Percentile	2.70	(15.37)	7.32	27.25	(46.67)	8.39	22.47	12.84	15.29	29.44
90th Percentile	0.71	(17.43)	5.13	22.69	(49.29)	5.52	19.85	10.57	13.17	27.48
T. Rowe Price Intl Equity ●	3.78	(11.38)	7.43	31.27	(46.54)	10.29	29.88	15.60	22.40	40.19
MSCI EAFE US$ Gross Div ▲	3.38	(11.73)	8.21	32.46	(43.06)	11.63	26.86	14.02	20.70	39.17

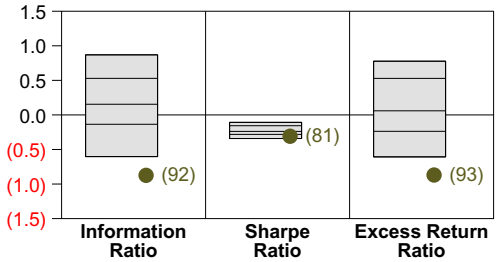
Cumulative and Quarterly Relative Return vs MSCI EAFE US$ Gross Div



Risk Adjusted Return Measures vs MSCI EAFE US$ Gross Div
Rankings Against CAI MF - Non-US Equity Style (Net)
Five Years Ended June 30, 2012

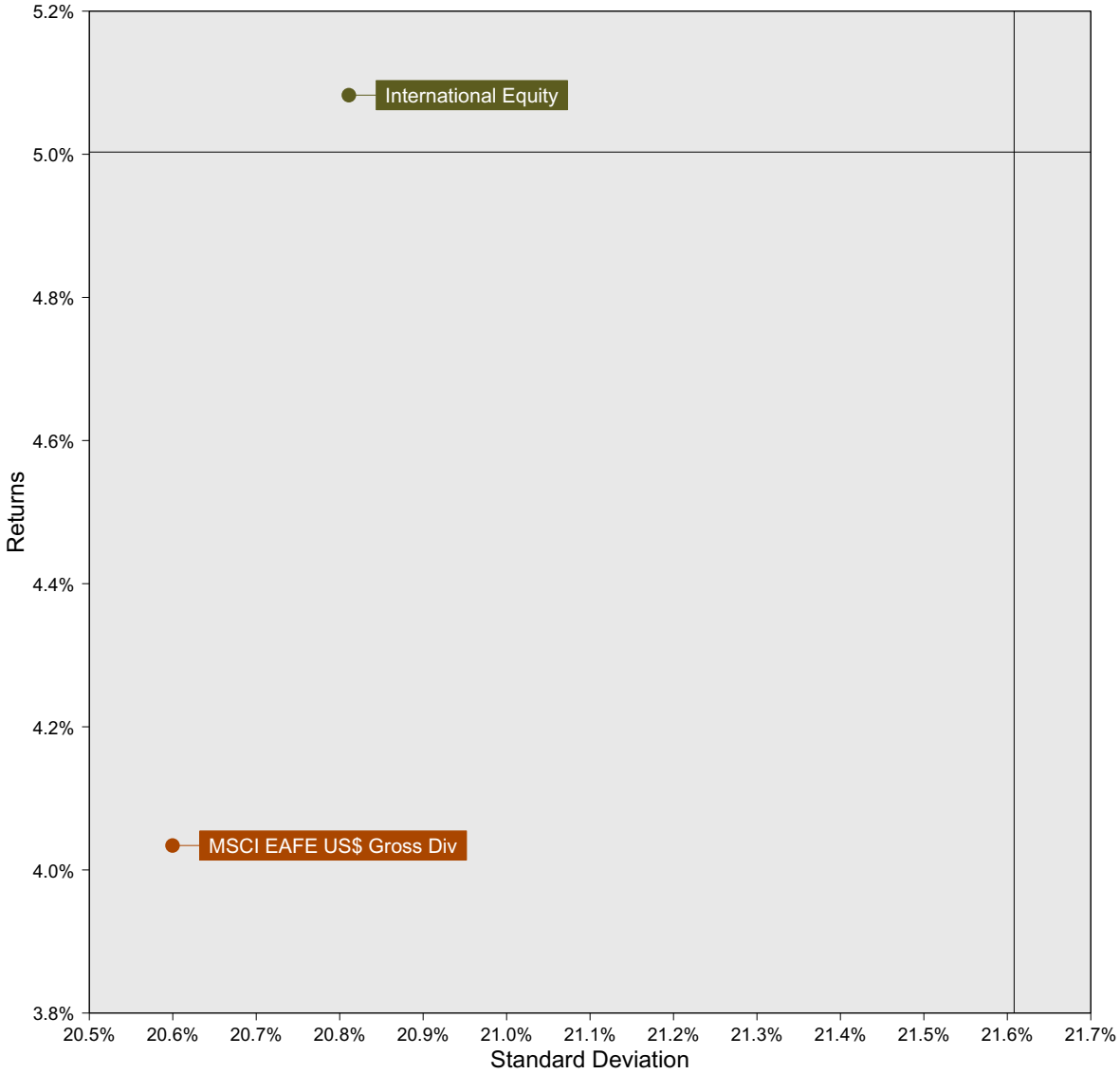


	Alpha	Treynor Ratio
10th Percentile	4.04	(2.82)
25th Percentile	2.62	(4.14)
Median	0.60	(6.23)
75th Percentile	(0.72)	(7.50)
90th Percentile	(2.40)	(9.00)
T. Rowe Price Intl Equity ●	(1.40)	(8.03)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.87	(0.11)	0.78
25th Percentile	0.53	(0.16)	0.53
Median	0.15	(0.24)	0.06
75th Percentile	(0.14)	(0.28)	(0.24)
90th Percentile	(0.60)	(0.34)	(0.61)
T. Rowe Price Intl Equity ●	(0.87)	(0.31)	(0.87)

State of Alaska S B S - T. Rowe Price Intl Equity
Risk/Reward vs CAI MF - Non-US Equity Style
Sixteen and One-Half Years Ended June 30, 2012



T. Rowe Price MM
Period Ended June 30, 2012

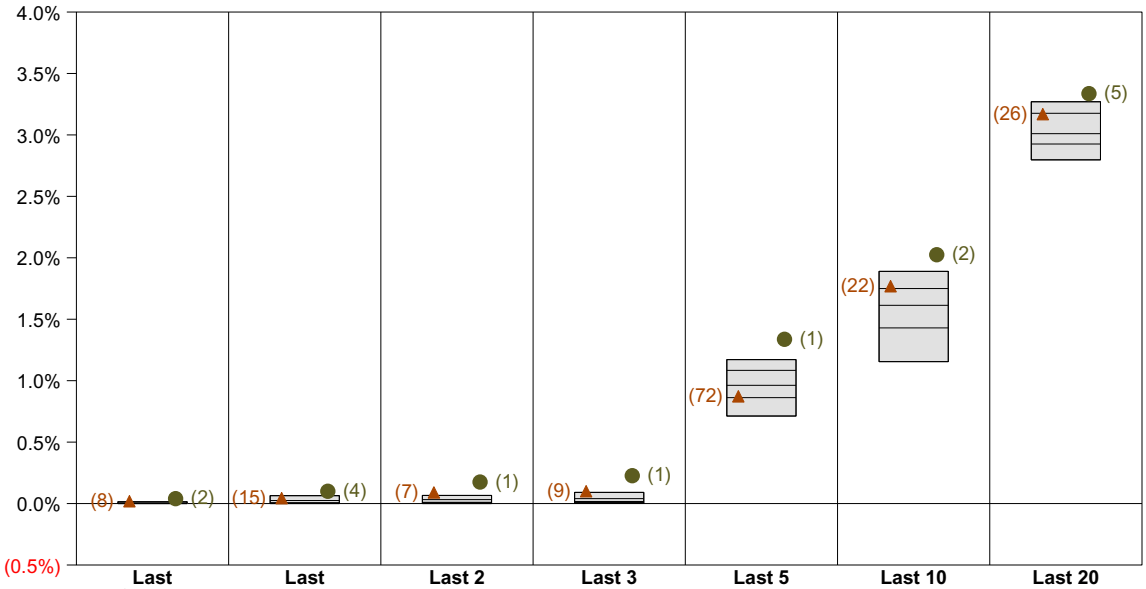
Investment Philosophy

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

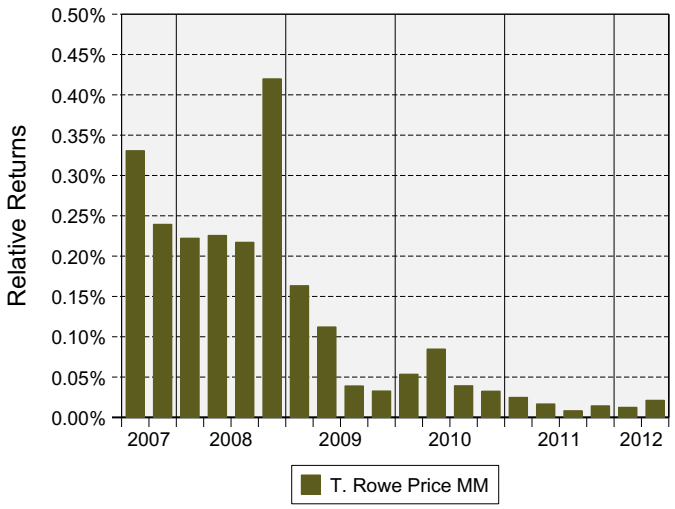
- T. Rowe Price MM's portfolio posted a 0.04% return for the quarter placing it in the 2 percentile of the Money Market Funds group for the quarter and in the 4 percentile for the last year.
- T. Rowe Price MM's portfolio outperformed the 3mo T-Bills by 0.02% for the quarter and outperformed the 3mo T-Bills for the year by 0.06%.

Performance vs Money Market Funds (Net)

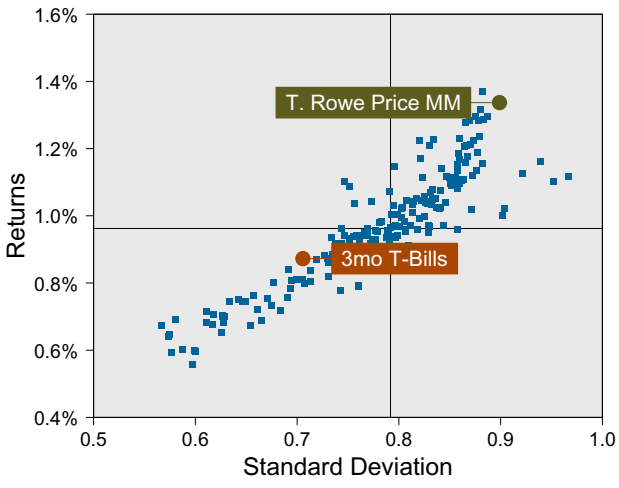


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	0.01	0.06	0.07	0.09	1.17	1.89	3.27
25th Percentile	0.00	0.02	0.03	0.04	1.08	1.75	3.18
Median	0.00	0.01	0.01	0.02	0.96	1.61	3.01
75th Percentile	0.00	0.00	0.01	0.01	0.86	1.43	2.93
90th Percentile	0.00	0.00	0.00	0.00	0.71	1.15	2.80
T. Rowe Price MM ●	0.04	0.10	0.18	0.23	1.34	2.02	3.34
3mo T-Bills ▲	0.02	0.04	0.09	0.10	0.87	1.77	3.17

Relative Return vs 3mo T-Bills



Money Market Funds (Net) Annualized Five Year Risk vs Return

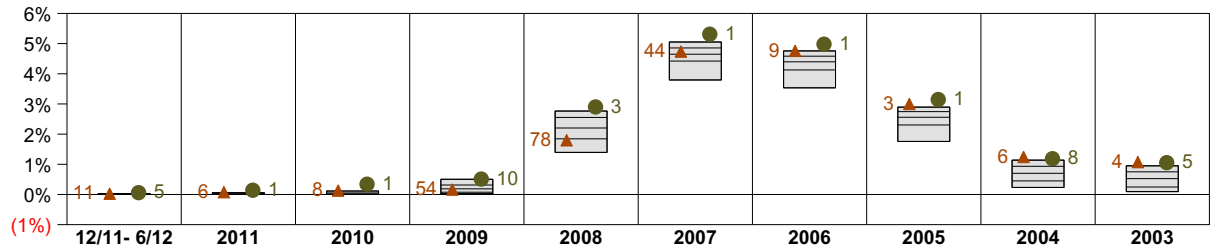


T. Rowe Price MM
Return Analysis Summary

Return Analysis

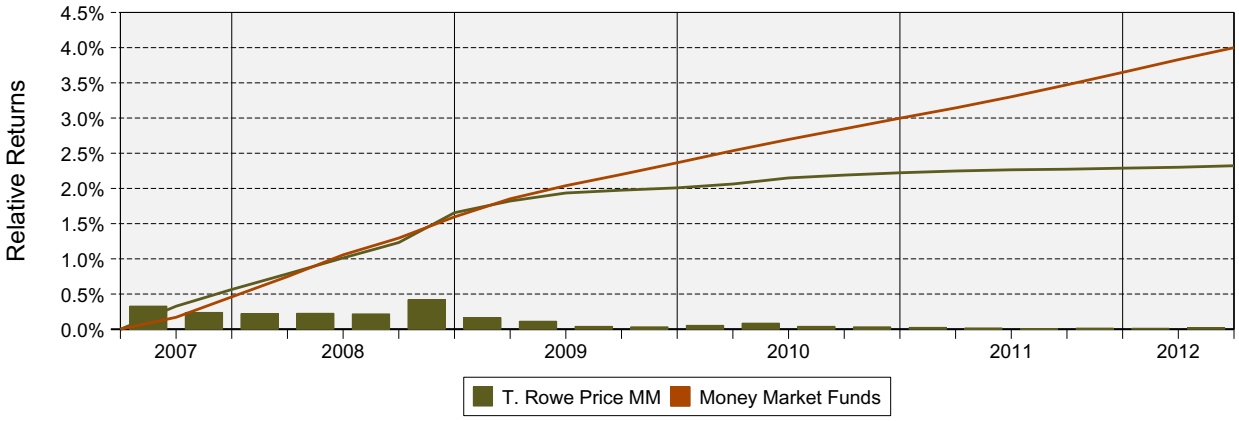
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

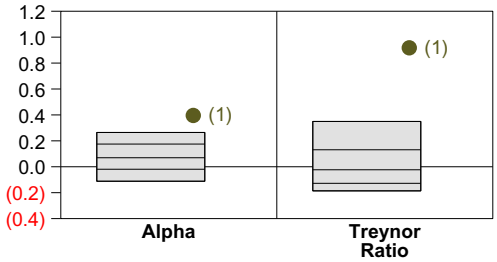


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	0.03	0.06	0.11	0.50	2.77	5.05	4.76	2.90	1.14	0.95
25th Percentile	0.01	0.02	0.05	0.31	2.55	4.86	4.58	2.75	0.93	0.75
Median	0.00	0.01	0.02	0.19	2.20	4.65	4.40	2.56	0.70	0.52
75th Percentile	0.00	0.00	0.01	0.07	1.84	4.42	4.13	2.30	0.45	0.25
90th Percentile	0.00	0.00	0.00	0.03	1.39	3.79	3.53	1.76	0.23	0.09
T. Rowe Price MM ●	0.06	0.14	0.34	0.51	2.90	5.31	4.98	3.15	1.18	1.05
3mo T-Bills ▲	0.03	0.08	0.13	0.16	1.80	4.74	4.76	3.00	1.24	1.07

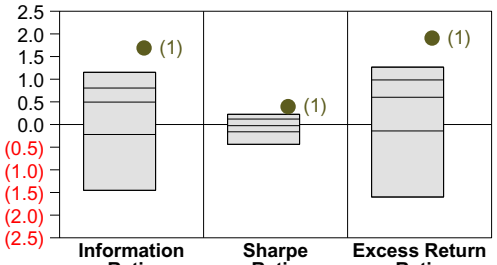
Cumulative and Quarterly Relative Return vs 3mo T-Bills



Risk Adjusted Return Measures vs 3mo T-Bills
Rankings Against Money Market Funds (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	0.26	0.35
25th Percentile	0.18	0.13
Median	0.07	(0.02)
75th Percentile	(0.02)	(0.13)
90th Percentile	(0.11)	(0.19)
T. Rowe Price MM ●	0.40	0.92



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.15	0.23	1.27
25th Percentile	0.80	0.12	0.98
Median	0.50	(0.03)	0.60
75th Percentile	(0.22)	(0.16)	(0.14)
90th Percentile	(1.45)	(0.44)	(1.60)
T. Rowe Price MM ●	1.69	0.40	1.91

State Street S&P Fund
Period Ended June 30, 2012

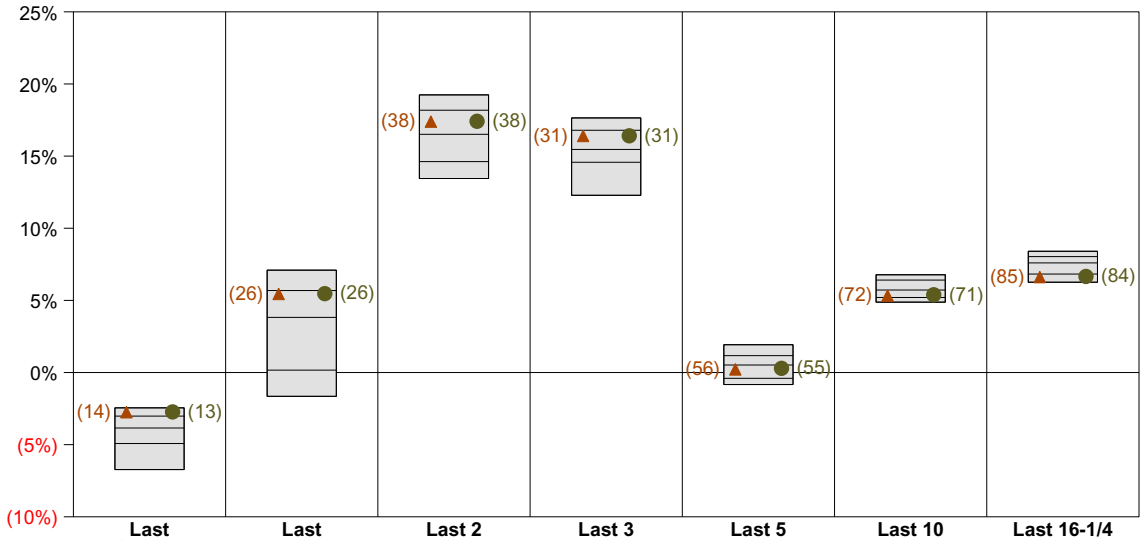
Investment Philosophy

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

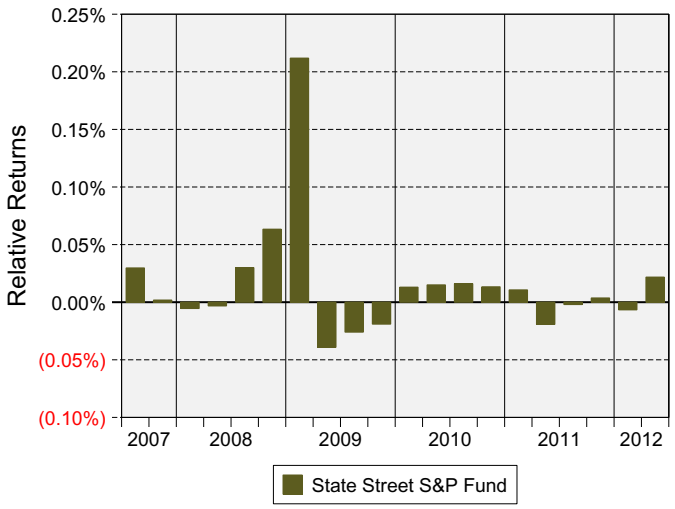
- State Street S&P Fund's portfolio posted a (2.73)% return for the quarter placing it in the 13 percentile of the CAI Large Cap Core Style group for the quarter and in the 26 percentile for the last year.
- State Street S&P Fund's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.02%.

Performance vs CAI Large Cap Core Style (Gross)

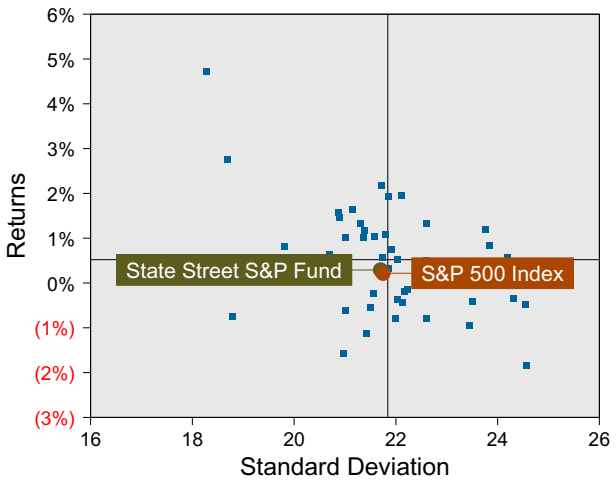


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 16-1/4 Years
10th Percentile	(2.45)	7.10	19.25	17.65	1.93	6.77	8.40
25th Percentile	(3.02)	5.68	18.18	16.79	1.17	6.41	8.03
Median	(3.85)	3.82	16.51	15.46	0.52	5.72	7.60
75th Percentile	(4.92)	0.17	14.62	14.57	(0.40)	5.20	6.83
90th Percentile	(6.73)	(1.65)	13.45	12.28	(0.83)	4.88	6.26
State Street S&P Fund ●	(2.73)	5.47	17.41	16.41	0.29	5.39	6.66
S&P 500 Index ▲	(2.75)	5.45	17.39	16.40	0.22	5.33	6.62

Relative Return vs S&P 500 Index



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

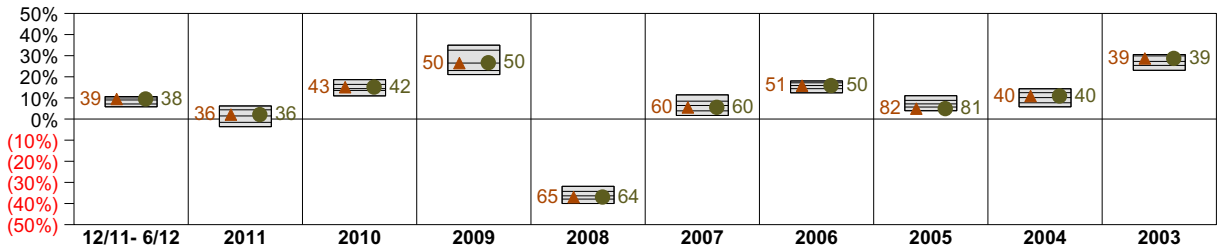


State Street S&P Fund
Return Analysis Summary

Return Analysis

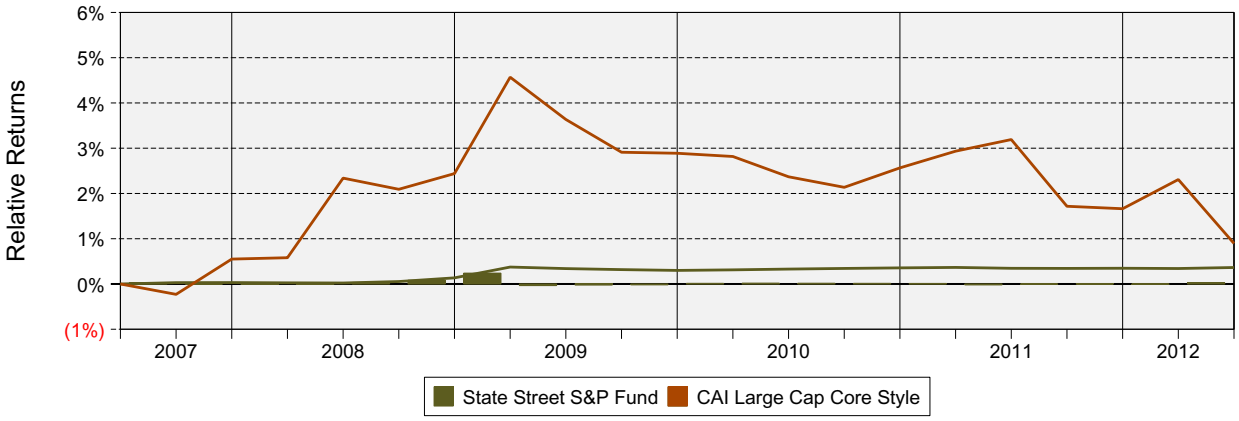
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

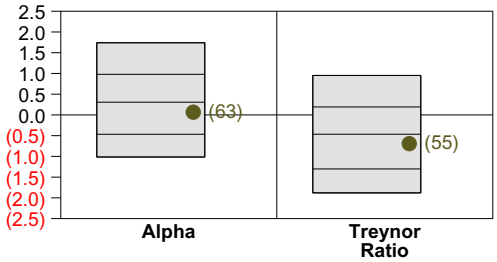


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	10.67	6.19	18.65	34.98	(31.85)	11.45	18.03	11.04	14.33	30.55
25th Percentile	9.99	4.37	16.40	32.58	(34.26)	8.46	17.16	8.83	12.49	29.89
Median	9.02	1.46	14.40	26.51	(36.36)	6.42	15.86	7.17	10.15	27.29
75th Percentile	7.13	(1.56)	13.55	22.96	(37.90)	3.87	14.39	5.68	7.70	25.39
90th Percentile	5.80	(3.63)	10.96	21.05	(40.00)	1.70	12.41	3.94	5.78	23.07
State Street S&P Fund ●	9.51	2.10	15.13	26.67	(36.93)	5.54	15.85	4.94	10.92	28.71
S&P 500 Index ▲	9.49	2.11	15.06	26.47	(37.00)	5.49	15.79	4.91	10.88	28.68

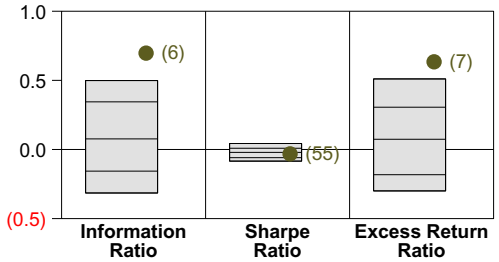
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Core Style (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	1.74	0.95
25th Percentile	0.98	0.19
Median	0.31	(0.47)
75th Percentile	(0.47)	(1.30)
90th Percentile	(1.02)	(1.88)
State Street S&P Fund ●	0.07	(0.69)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.50	0.04	0.51
25th Percentile	0.34	0.01	0.31
Median	0.08	(0.02)	0.07
75th Percentile	(0.16)	(0.06)	(0.18)
90th Percentile	(0.31)	(0.08)	(0.30)
State Street S&P Fund ●	0.70	(0.03)	0.63

Russell 3000 Index Fund

Russell 3000 Index Fund
Period Ended June 30, 2012

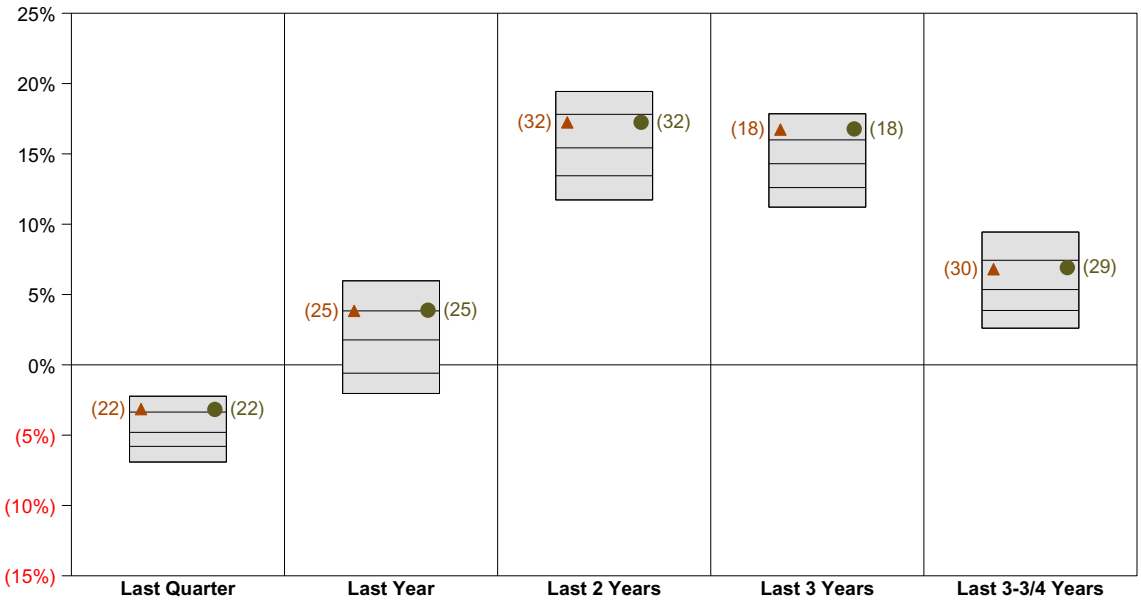
Investment Philosophy

The Russell 3000 Index Strategy seeks to replicate the returns and characteristics of the Russell 3000 Index. .

Quarterly Summary and Highlights

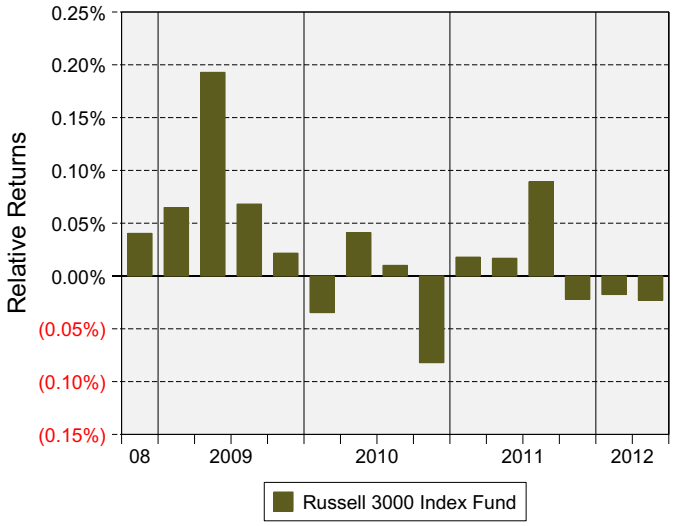
- Russell 3000 Index Fund's portfolio posted a (3.17)% return for the quarter placing it in the 22 percentile of the CAI MF - Large Cap Broad Style group for the quarter and in the 25 percentile for the last year.
- Russell 3000 Index Fund's portfolio underperformed the Russell 3000 Index by 0.02% for the quarter and outperformed the Russell 3000 Index for the year by 0.05%.

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

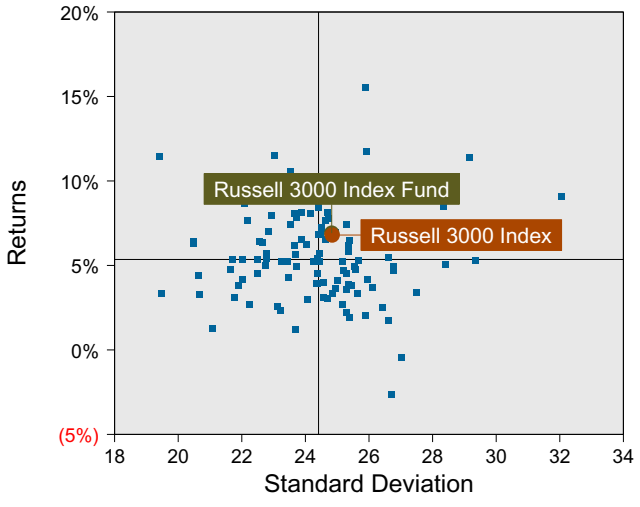


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	(2.23)	5.98	19.44	17.85	9.44
25th Percentile	(3.36)	3.84	17.81	16.00	7.43
Median	(4.80)	1.77	15.43	14.30	5.35
75th Percentile	(5.80)	(0.59)	13.44	12.60	3.87
90th Percentile	(6.91)	(2.04)	11.73	11.21	2.60
Russell 3000 Index Fund ●	(3.17)	3.89	17.25	16.77	6.91
Russell 3000 Index ▲	(3.15)	3.84	17.24	16.73	6.80

Relative Return vs Russell 3000 Index



CAI MF - Large Cap Broad Style (Net)
Annualized Three and Three-Quarter Year Risk vs Return

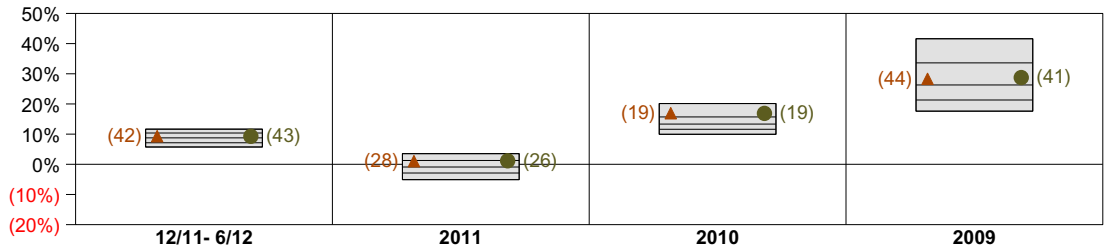


Russell 3000 Index Fund
Return Analysis Summary

Return Analysis

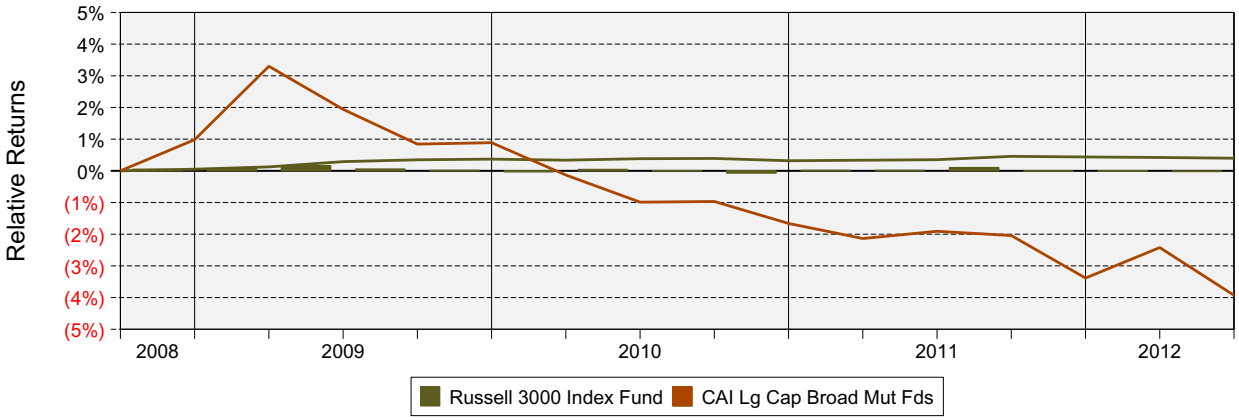
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

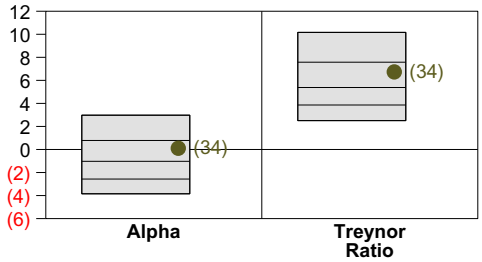


	12/11- 6/12	2011	2010	2009
10th Percentile	11.65	3.53	20.13	41.61
25th Percentile	10.37	1.26	15.70	33.62
Median	8.76	(0.90)	13.33	26.30
75th Percentile	7.13	(2.89)	11.61	21.31
90th Percentile	5.73	(5.09)	9.95	17.61
Russell 3000 Index Fund ●	9.27	1.15	16.87	28.75
Russell 3000 Index ▲	9.32	1.03	16.93	28.34

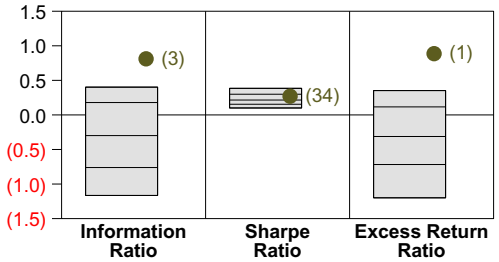
Cumulative and Quarterly Relative Return vs Russell 3000 Index



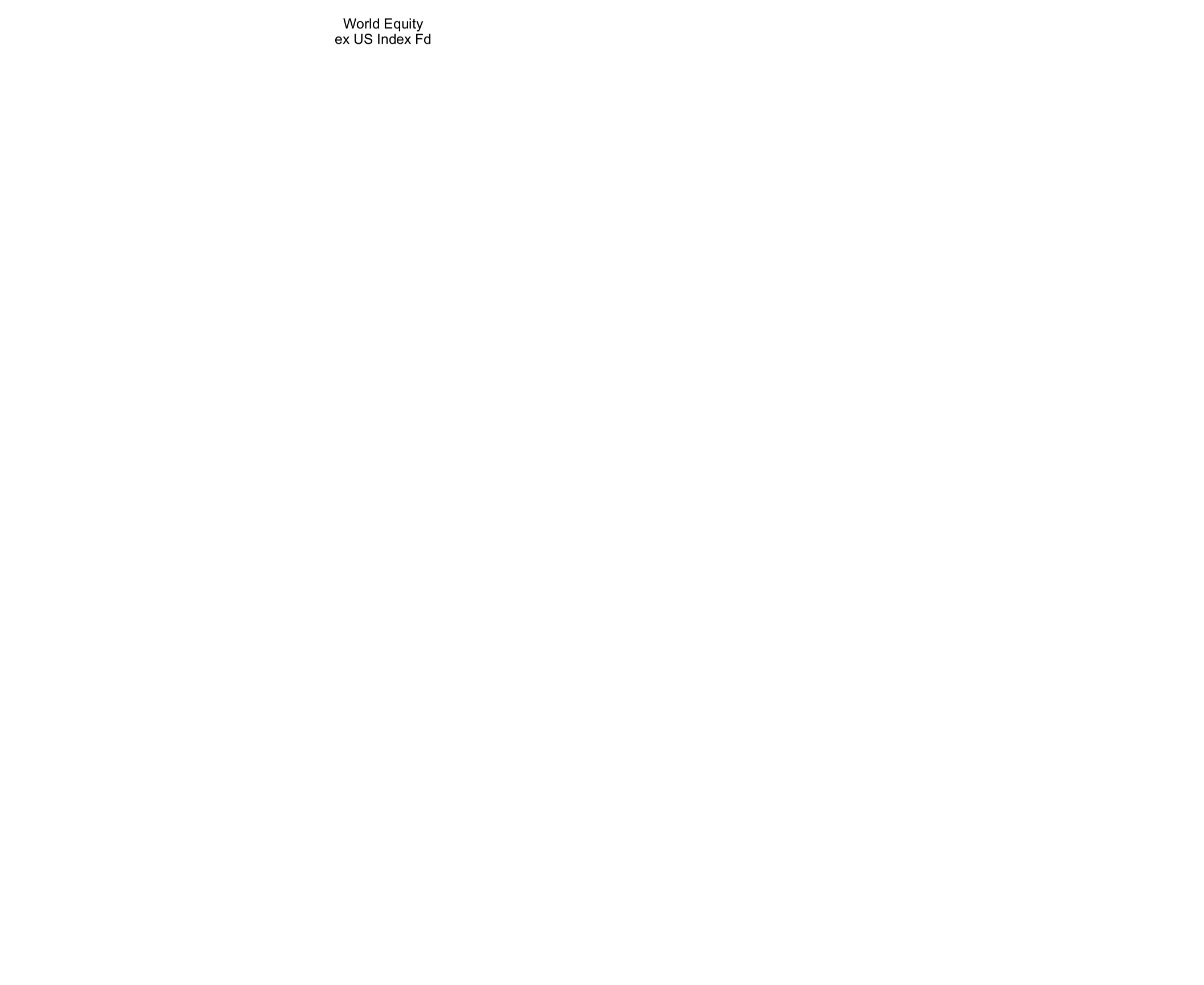
Risk Adjusted Return Measures vs Russell 3000 Index
Rankings Against CAI MF - Large Cap Broad Style (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.98	10.16
25th Percentile	0.78	7.58
Median	(1.03)	5.38
75th Percentile	(2.57)	3.86
90th Percentile	(3.85)	2.50
Russell 3000 Index Fund ●	0.11	6.73



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.40	0.38	0.35
25th Percentile	0.18	0.30	0.12
Median	(0.30)	0.22	(0.31)
75th Percentile	(0.76)	0.15	(0.72)
90th Percentile	(1.17)	0.10	(1.20)
Russell 3000 Index Fund ●	0.81	0.27	0.89


World Equity
ex US Index Fd

World Eq ex-US Index
Period Ended June 30, 2012

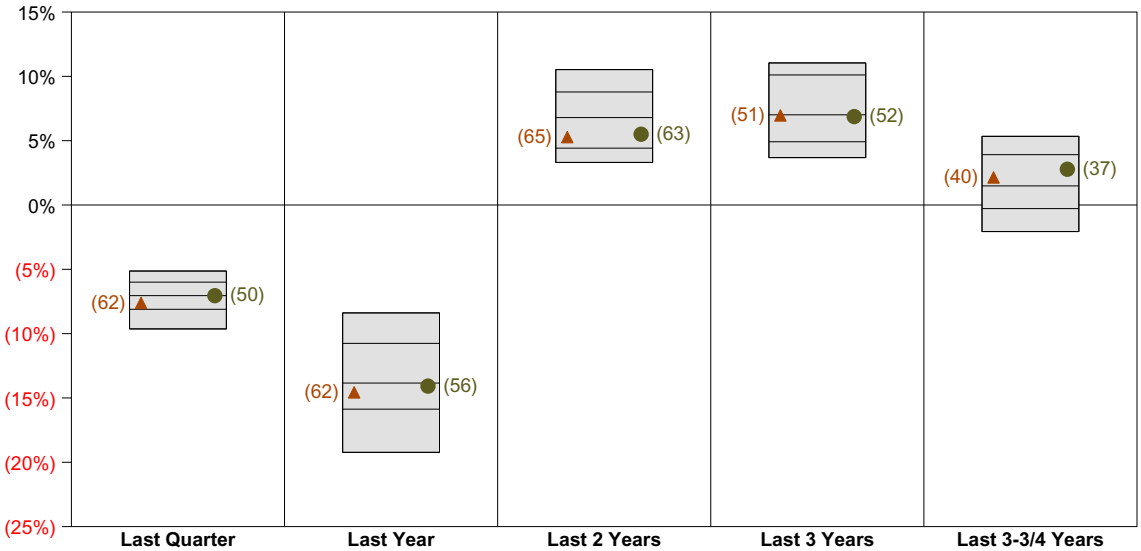
Investment Philosophy

State Street's objective is to provide the most cost-effective implementation with stringent risk control and tracking requirements.

Quarterly Summary and Highlights

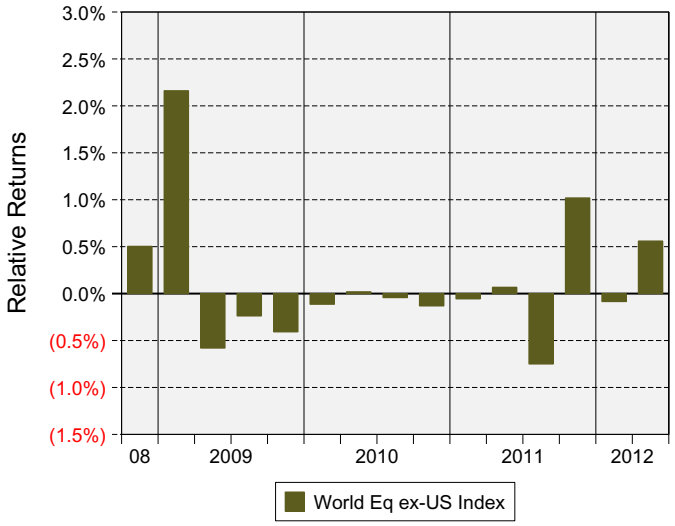
- World Eq ex-US Index's portfolio posted a (7.05)% return for the quarter placing it in the 50 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 56 percentile for the last year.
- World Eq ex-US Index's portfolio outperformed the MSCI ACWI x US (Net Div) by 0.56% for the quarter and outperformed the MSCI ACWI x US (Net Div) for the year by 0.48%.

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

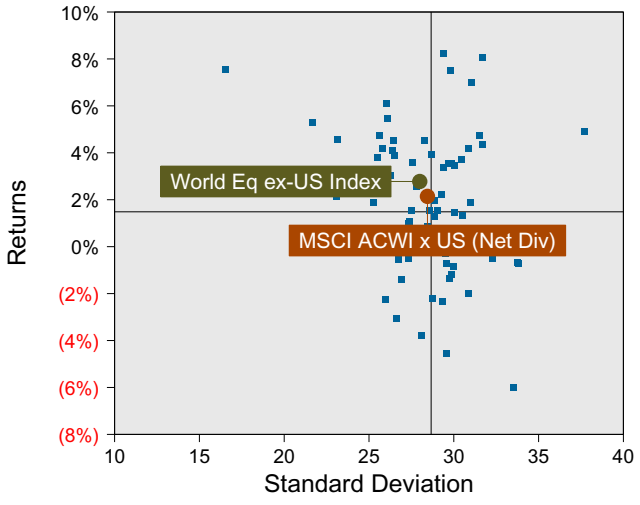


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	(5.13)	(8.39)	10.53	11.04	5.34
25th Percentile	(6.00)	(10.76)	8.79	10.11	3.91
Median	(7.05)	(13.84)	6.79	7.01	1.48
75th Percentile	(8.11)	(15.87)	4.42	4.92	(0.28)
90th Percentile	(9.63)	(19.23)	3.31	3.68	(2.07)
World Eq ex-US Index ●	(7.05)	(14.08)	5.50	6.87	2.78
MSCI ACWI x US (Net Div) ▲	(7.61)	(14.57)	5.28	6.97	2.14

Relative Return vs MSCI ACWI x US (Net Div)



CAI MF - Non-US Equity Style (Net)
Annualized Three and Three-Quarter Year Risk vs Return

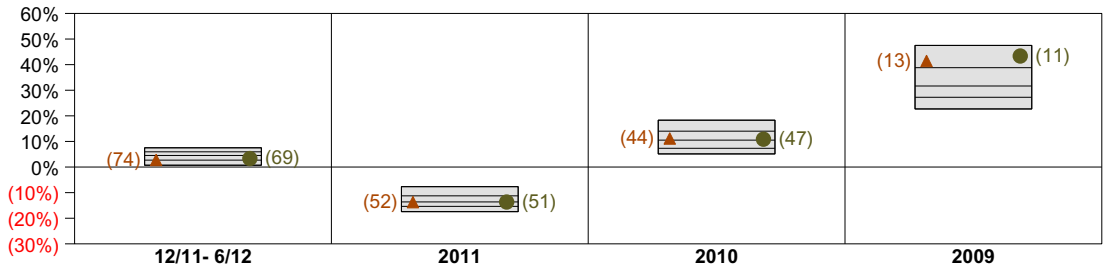


World Eq ex-US Index
Return Analysis Summary

Return Analysis

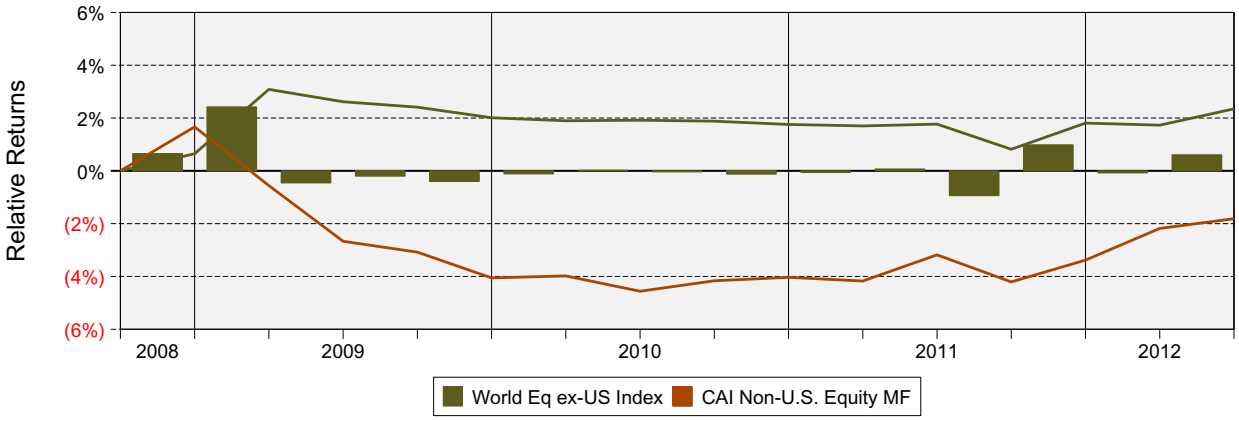
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

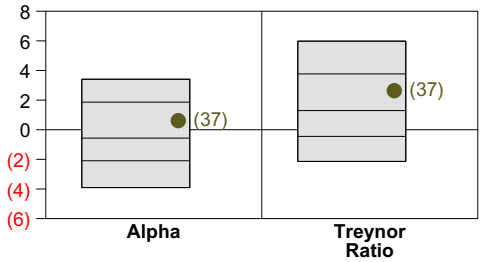


	12/11- 6/12	2011	2010	2009
10th Percentile	7.52	(7.66)	18.30	47.51
25th Percentile	5.95	(11.25)	14.01	38.81
Median	4.52	(13.62)	10.51	31.65
75th Percentile	2.70	(15.37)	7.32	27.25
90th Percentile	0.71	(17.43)	5.13	22.69
World Eq ex-US Index ●	3.31	(13.66)	10.88	43.36
MSCI ACWI x US (Net) ▲	2.77	(13.71)	11.15	41.45

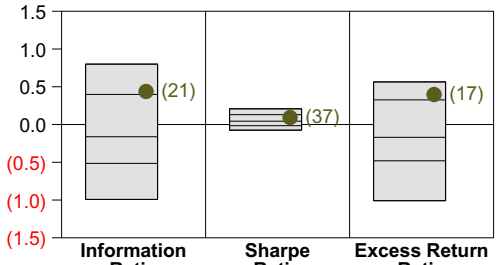
Cumulative and Quarterly Relative Return vs MSCI ACWI x US (Net)



Risk Adjusted Return Measures vs MSCI ACWI x US (Net)
Rankings Against CAI MF - Non-US Equity Style (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	3.41	5.98
25th Percentile	1.86	3.77
Median	(0.57)	1.29
75th Percentile	(2.10)	(0.45)
90th Percentile	(3.91)	(2.14)
World Eq ex-US Index ●	0.61	2.64



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.80	0.21	0.56
25th Percentile	0.40	0.13	0.33
Median	(0.16)	0.04	(0.17)
75th Percentile	(0.51)	(0.02)	(0.48)
90th Percentile	(0.99)	(0.07)	(1.01)
World Eq ex-US Index ●	0.44	0.09	0.40

Long US Treasury
Bond Index

Long US Treasury Bond Index
Period Ended June 30, 2012

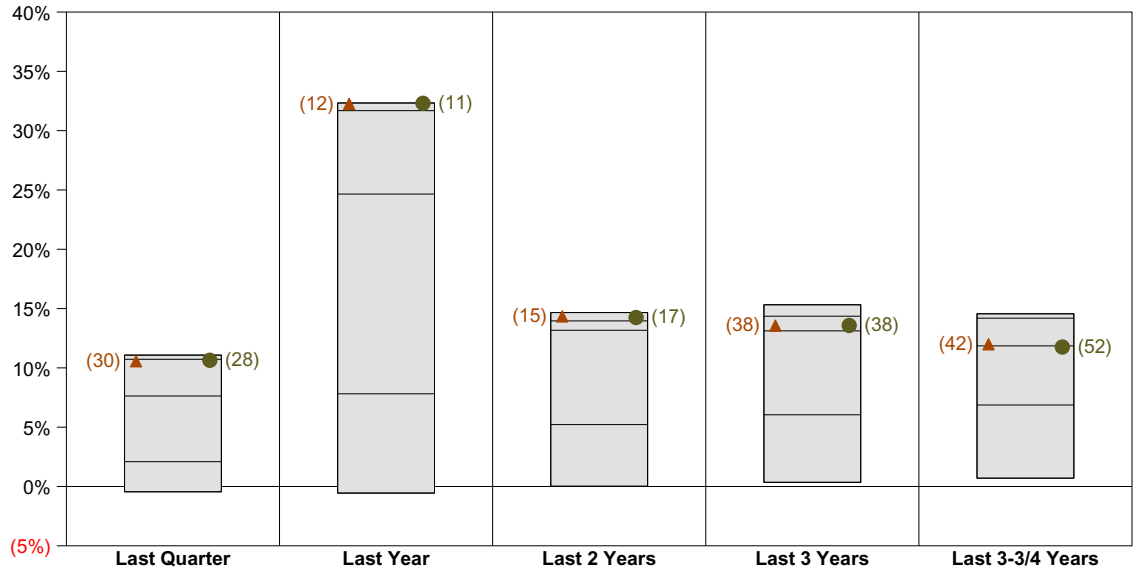
Investment Philosophy

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

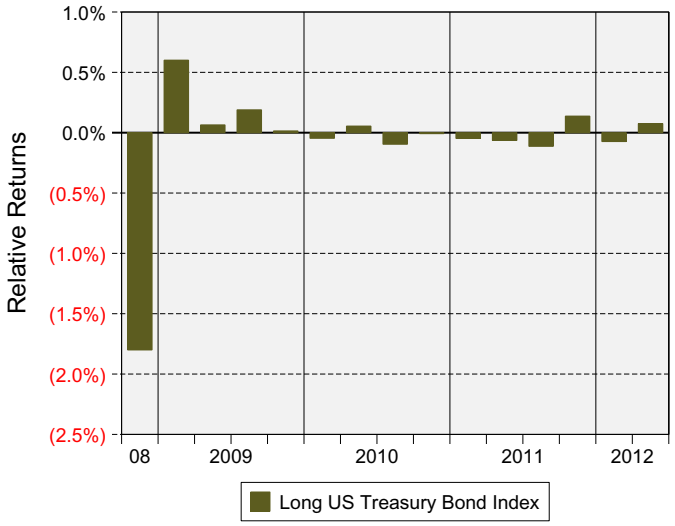
- Long US Treasury Bond Index's portfolio posted a 10.64% return for the quarter placing it in the 28 percentile of the CAI MF - Extended Maturity group for the quarter and in the 11 percentile for the last year.
- Long US Treasury Bond Index's portfolio outperformed the Barclays Long Treas by 0.07% for the quarter and outperformed the Barclays Long Treas for the year by 0.05%.

Performance vs CAI MF - Extended Maturity (Net)

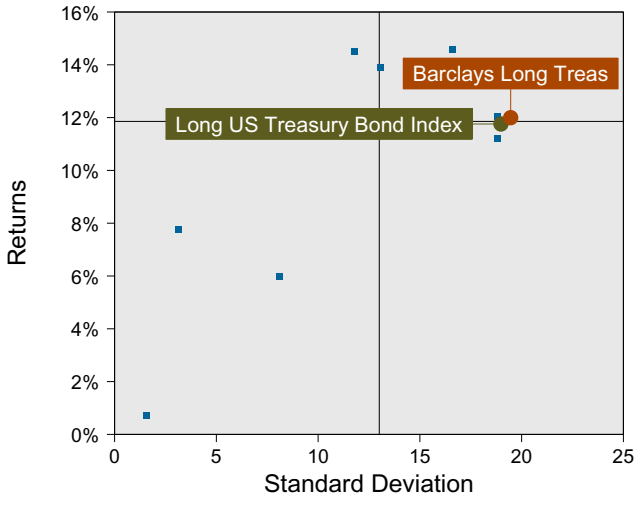


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	11.08	32.33	14.66	15.32	14.56
25th Percentile	10.72	31.69	13.96	14.36	14.19
Median	7.63	24.65	13.17	13.12	11.86
75th Percentile	2.09	7.82	5.22	6.05	6.87
90th Percentile	(0.45)	(0.56)	0.02	0.35	0.70
Long US Treasury Bond Index	10.64	32.31	14.25	13.57	11.76
Barclays Long Treas	10.57	32.26	14.35	13.57	12.00

Relative Return vs Barclays Long Treas



CAI MF - Extended Maturity (Net)
Annualized Three and Three-Quarter Year Risk vs Return

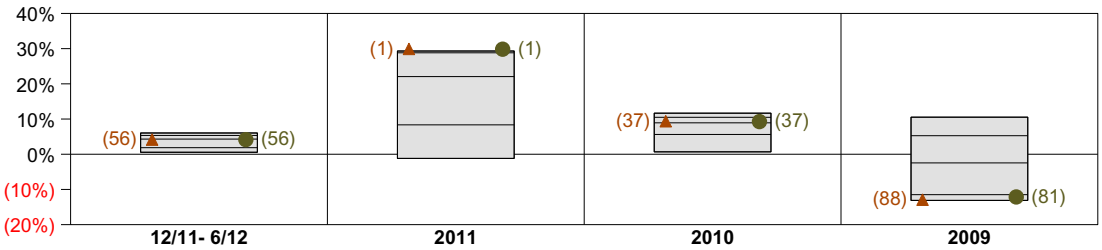


Long US Treasury Bond Index
Return Analysis Summary

Return Analysis

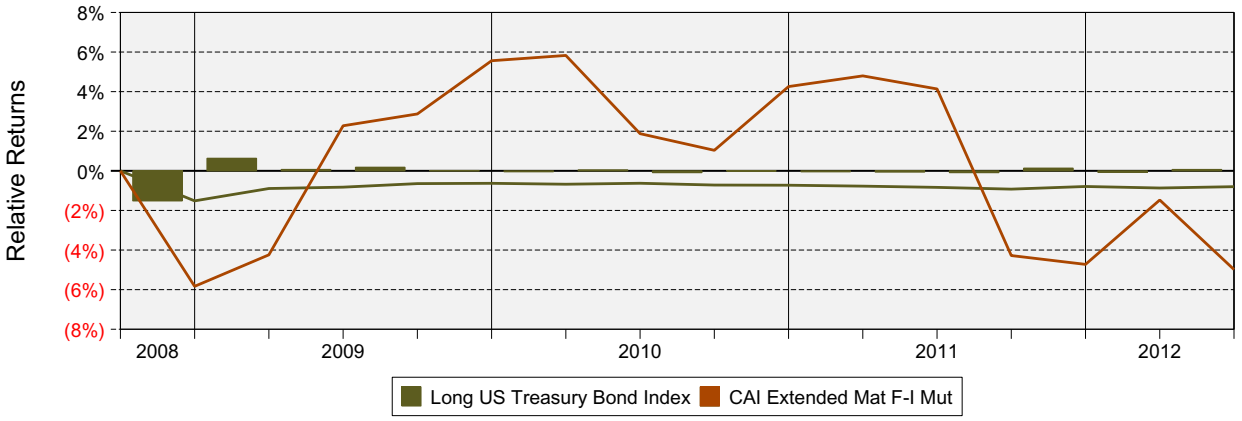
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

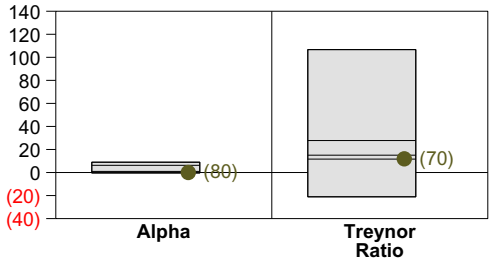


	12/11- 6/12	2011	2010	2009
10th Percentile	6.04	29.33	11.67	10.53
25th Percentile	5.34	28.82	10.49	5.27
Median	4.30	22.06	8.92	(2.46)
75th Percentile	1.86	8.35	5.62	(11.48)
90th Percentile	0.56	(1.18)	0.67	(13.11)
Long US Treasury Bond Index	4.15	29.84	9.27	(12.14)
Barclays Long Treas	4.16	29.93	9.38	(12.92)

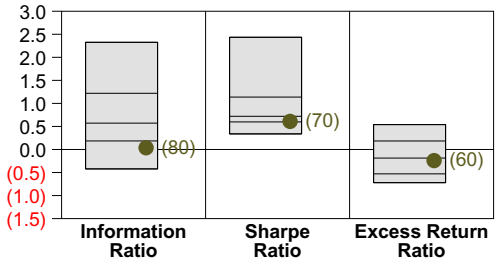
Cumulative and Quarterly Relative Return vs Barclays Long Treas



Risk Adjusted Return Measures vs Barclays Long Treas
Rankings Against CAI MF - Extended Maturity (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	8.96	106.69
25th Percentile	6.25	27.75
Median	0.97	15.04
75th Percentile	0.20	11.65
90th Percentile	(0.36)	(21.09)
Long US Treasury Bond Index	0.03	11.88



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.33	2.44	0.54
25th Percentile	1.22	1.14	0.18
Median	0.57	0.72	(0.19)
75th Percentile	0.19	0.60	(0.53)
90th Percentile	(0.42)	0.34	(0.72)
Long US Treasury Bond Index	0.04	0.61	(0.24)

US Treasury Inflation
Protected

US Treasry Infl Prtcd Sec Index
Period Ended June 30, 2012

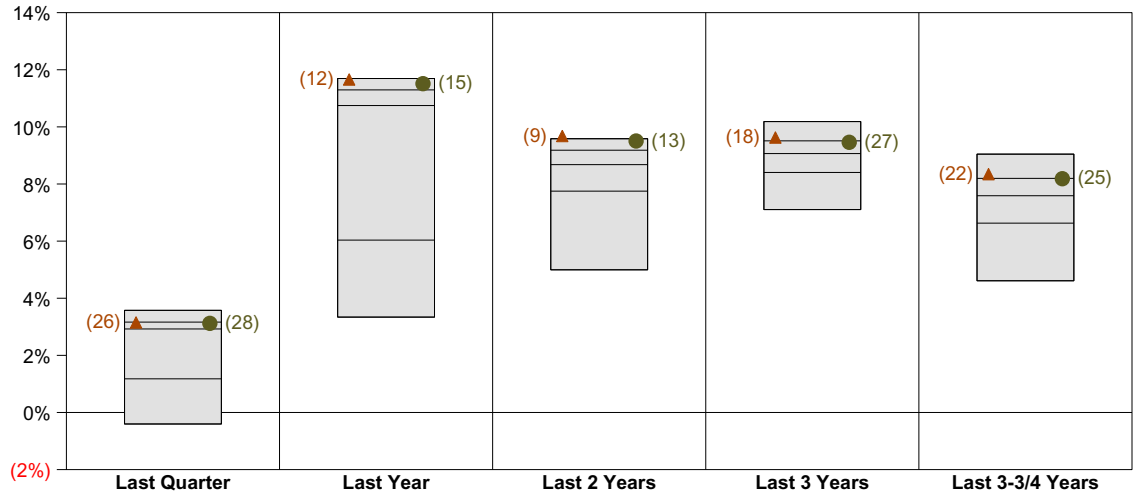
Investment Philosophy

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

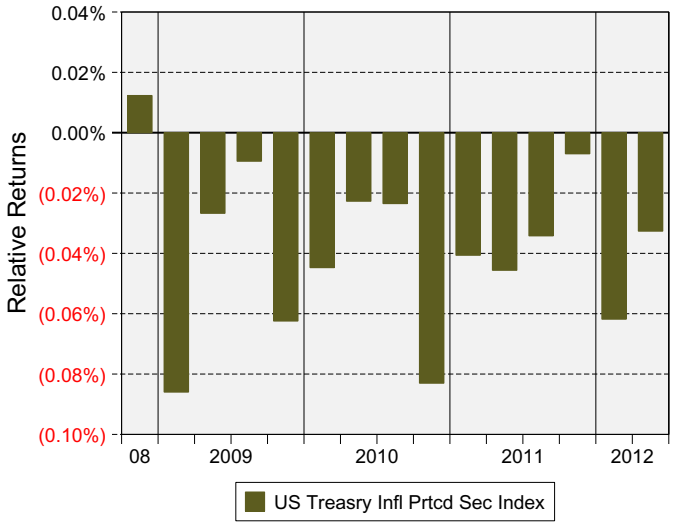
- US Treasry Infl Prtcd Sec Index's portfolio posted a 3.12% return for the quarter placing it in the 28 percentile of the Lipper: TIPS Funds group for the quarter and in the 15 percentile for the last year.
- US Treasry Infl Prtcd Sec Index's portfolio underperformed the Barclays US TIPS Index by 0.03% for the quarter and underperformed the Barclays US TIPS Index for the year by 0.15%.

Performance vs Lipper: TIPS Funds (Net)

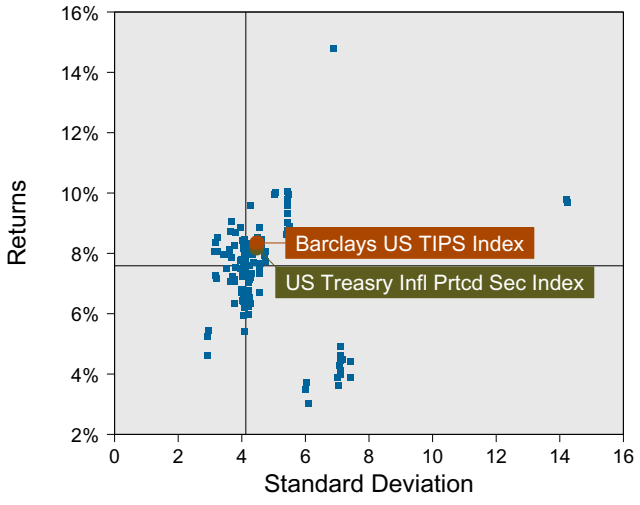


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	3.58	11.69	9.59	10.19	9.05
25th Percentile	3.16	11.30	9.18	9.51	8.20
Median	2.92	10.75	8.68	9.07	7.59
75th Percentile	1.18	6.04	7.75	8.40	6.63
90th Percentile	(0.40)	3.34	5.00	7.10	4.61
US Treasry Infl Prtcd Sec Index ●	3.12	11.51	9.50	9.46	8.18
Barclays US TIPS Index ▲	3.15	11.66	9.68	9.63	8.35

Relative Return vs Barclays US TIPS Index



Lipper: TIPS Funds (Net)
Annualized Three and Three-Quarter Year Risk vs Return

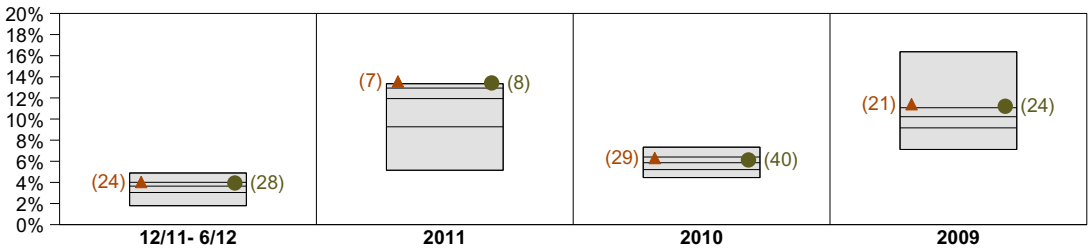


US Treasry Infl Prtcd Sec Index
Return Analysis Summary

Return Analysis

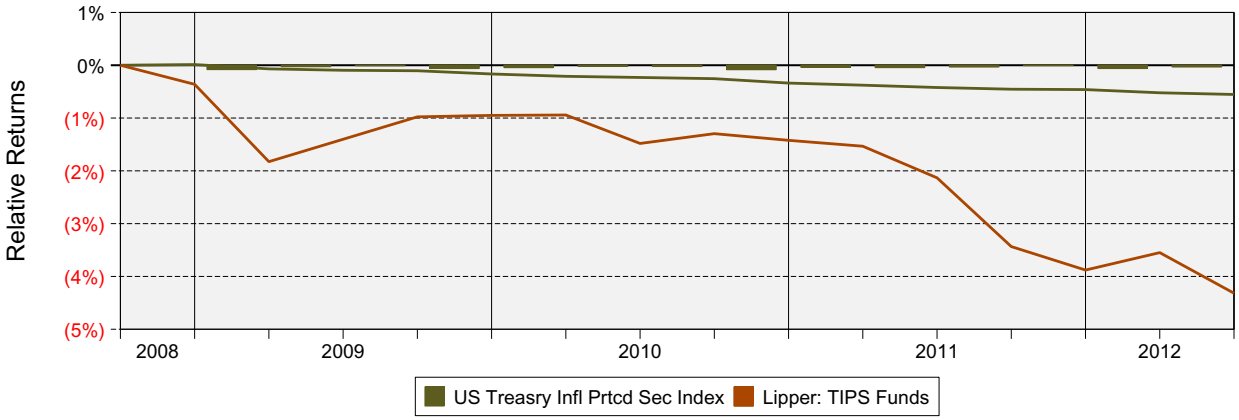
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Lipper: TIPS Funds (Net)

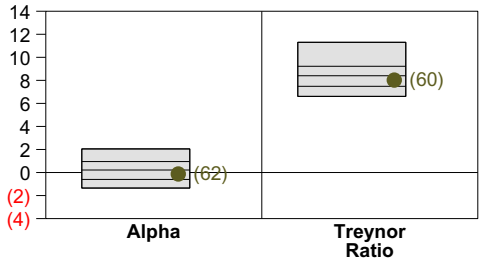


	12/11- 6/12	2011	2010	2009
10th Percentile	4.89	13.35	7.34	16.37
25th Percentile	4.01	12.93	6.40	11.07
Median	3.65	11.94	5.86	10.22
75th Percentile	3.04	9.27	5.21	9.16
90th Percentile	1.79	5.15	4.46	7.12
US Treasry Infl Prtcd Sec Index ●	3.94	13.42	6.13	11.21
Barclays US TIPS Index ▲	4.04	13.56	6.31	11.41

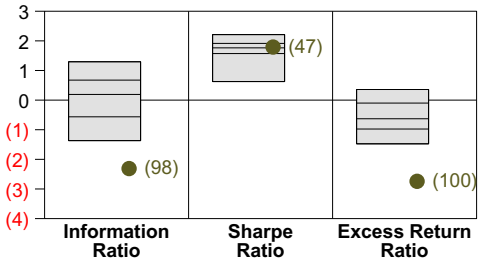
Cumulative and Quarterly Relative Return vs Barclays US TIPS Index



Risk Adjusted Return Measures vs Barclays US TIPS Index
Rankings Against Lipper: TIPS Funds (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.05	11.30
25th Percentile	0.95	9.22
Median	0.22	8.40
75th Percentile	(0.60)	7.48
90th Percentile	(1.35)	6.61
US Treasry Infl Prtcd Sec Index ●	(0.13)	8.02



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.29	2.21	0.36
25th Percentile	0.68	1.91	(0.10)
Median	0.19	1.76	(0.63)
75th Percentile	(0.56)	1.57	(0.98)
90th Percentile	(1.37)	0.63	(1.48)
US Treasry Infl Prtcd Sec Index ●	(2.31)	1.79	(2.74)

World Gov't Bond
ex US Index

World Gov't Bond ex-US Index
Period Ended June 30, 2012

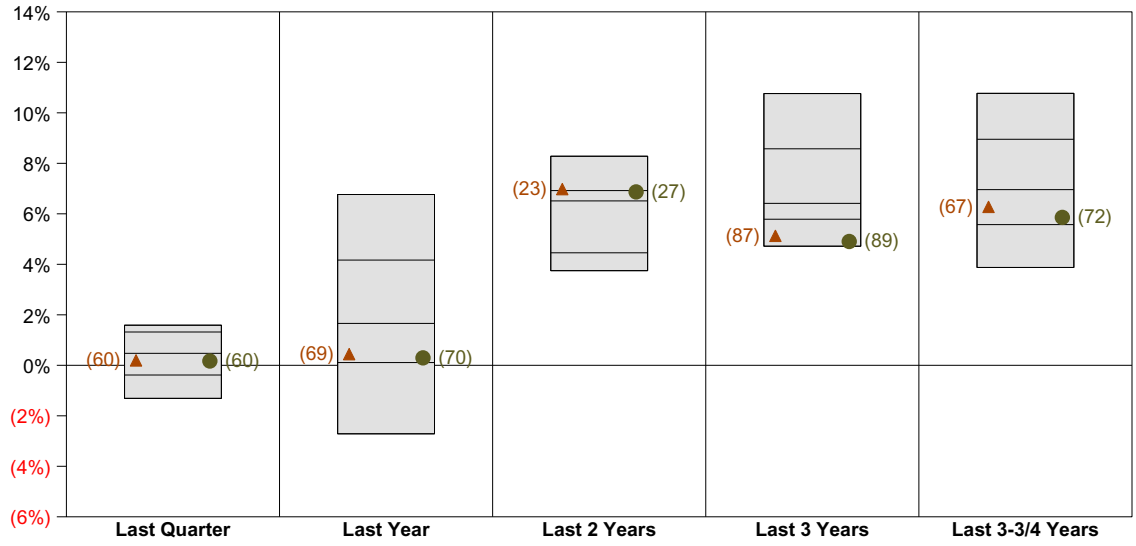
Investment Philosophy

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

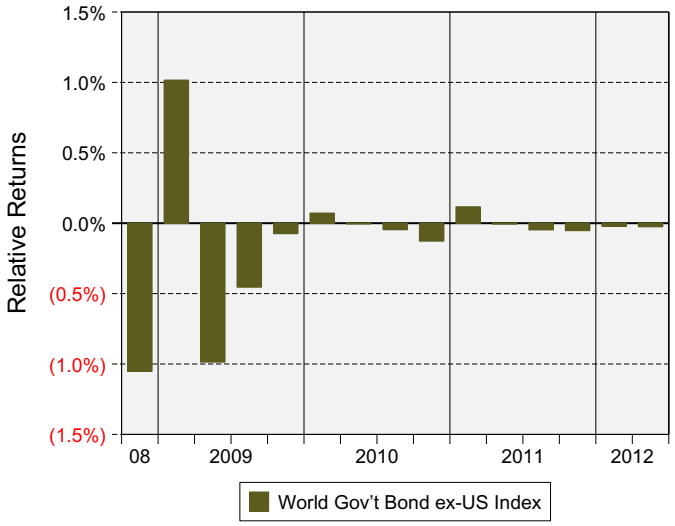
- World Gov't Bond ex-US Index's portfolio posted a 0.17% return for the quarter placing it in the 60 percentile of the CAI MF - Global Fixed Income Style group for the quarter and in the 70 percentile for the last year.
- World Gov't Bond ex-US Index's portfolio underperformed the Citi WGBI Non-US Idx by 0.03% for the quarter and underperformed the Citi WGBI Non-US Idx for the year by 0.15%.

Performance vs CAI MF - Global Fixed Income Style (Net)

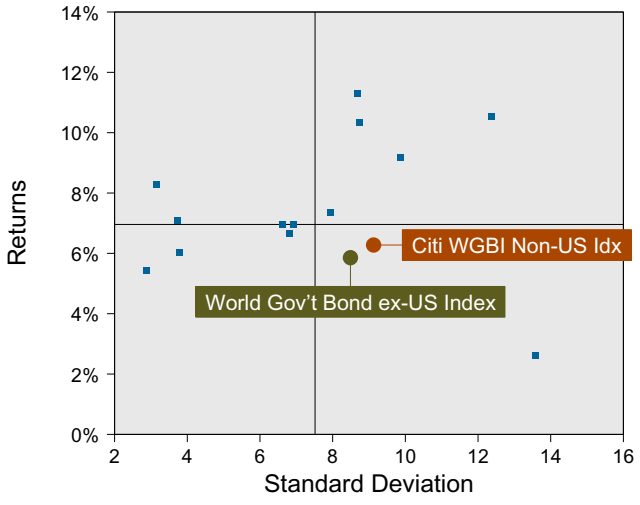


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	1.59	6.76	8.28	10.76	10.77
25th Percentile	1.32	4.17	6.92	8.58	8.95
Median	0.47	1.66	6.51	6.41	6.96
75th Percentile	(0.38)	0.11	4.46	5.79	5.57
90th Percentile	(1.31)	(2.71)	3.75	4.72	3.87
World Gov't Bond ex-US Index ●	0.17	0.29	6.87	4.90	5.86
Citi WGBI Non-US Idx ▲	0.20	0.44	6.98	5.13	6.28

Relative Return vs Citi WGBI Non-US Idx



CAI MF - Global Fixed Income Style (Net)
Annualized Three and Three-Quarter Year Risk vs Return

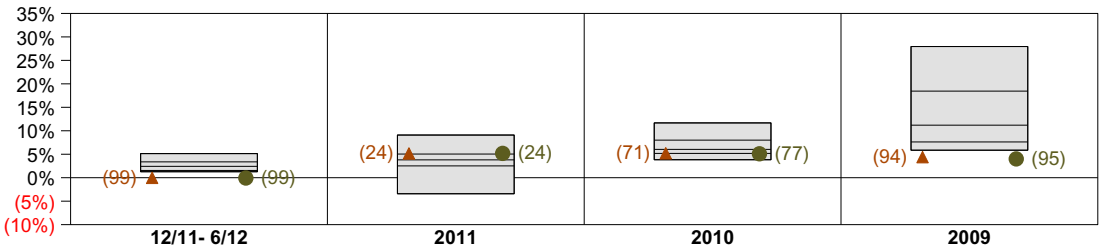


World Gov't Bond ex-US Index
Return Analysis Summary

Return Analysis

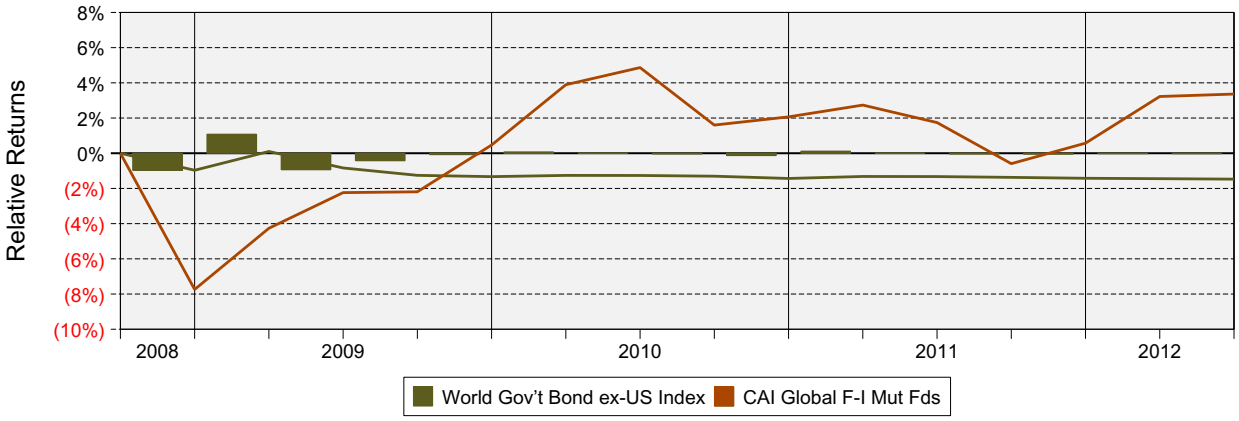
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

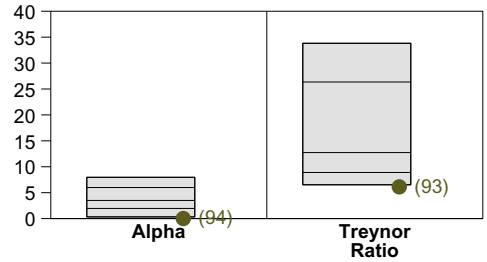


	12/11- 6/12	2011	2010	2009
10th Percentile	5.14	9.09	11.68	27.95
25th Percentile	3.38	5.04	8.00	18.45
Median	2.42	3.80	6.03	11.19
75th Percentile	1.54	2.52	5.18	7.62
90th Percentile	1.27	(3.42)	3.83	5.86
World Gov't Bond ex-US Index ●	(0.07)	5.18	5.10	4.01
Citi WGBI Non-US Idx ▲	(0.02)	5.17	5.21	4.39

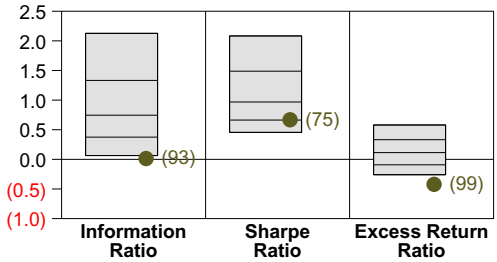
Cumulative and Quarterly Relative Return vs Citi WGBI Non-US Idx



Risk Adjusted Return Measures vs Citi WGBI Non-US Idx
Rankings Against CAI MF - Global Fixed Income Style (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	7.97	33.82
25th Percentile	5.99	26.35
Median	3.50	12.74
75th Percentile	1.96	8.90
90th Percentile	0.32	6.52
World Gov't Bond ex-US Index ●	0.01	6.12



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.13	2.08	0.58
25th Percentile	1.33	1.49	0.33
Median	0.75	0.97	0.11
75th Percentile	0.37	0.66	(0.09)
90th Percentile	0.06	0.45	(0.26)
World Gov't Bond ex-US Index ●	0.01	0.67	(0.42)

US Real Estate
Investment Trust

US Real Estate Invmnt Tr Index
Period Ended June 30, 2012

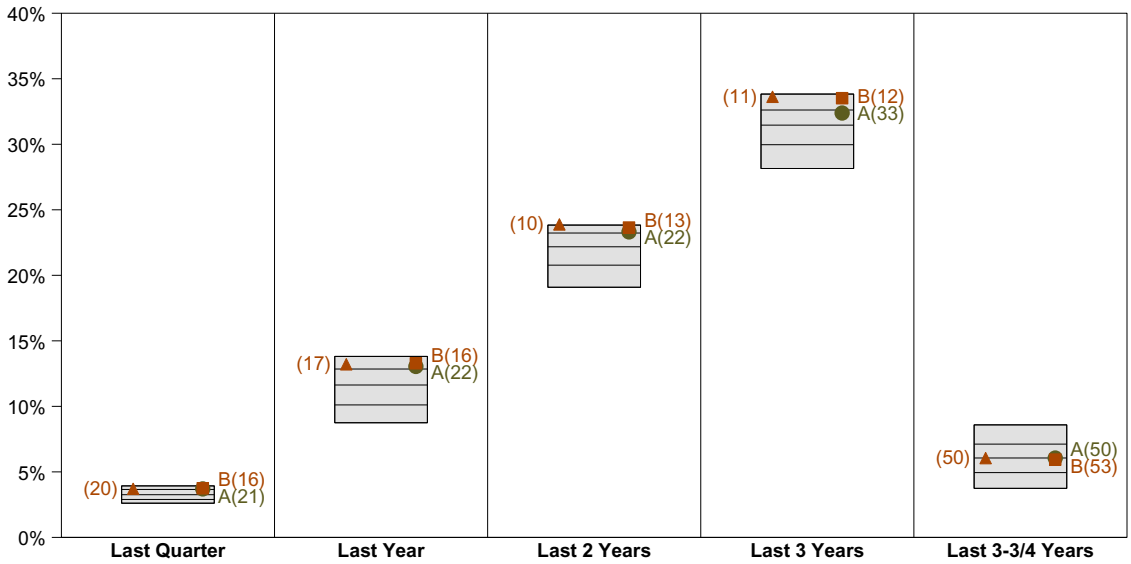
Investment Philosophy

Mutual fund database group consisting of funds that invest in Real Estate Investment Trusts (REITs).

Quarterly Summary and Highlights

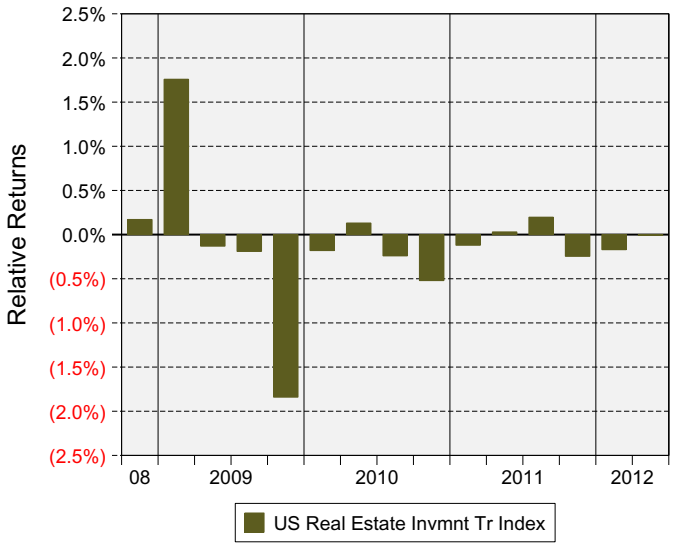
- US Real Estate Invmnt Tr Index's portfolio posted a 3.70% return for the quarter placing it in the 21 percentile of the MF - Real Estate group for the quarter and in the 22 percentile for the last year.
- US Real Estate Invmnt Tr Index's portfolio underperformed the Wilshire REIT by 0.01% for the quarter and underperformed the Wilshire REIT for the year by 0.16%.

Performance vs MF - Real Estate (Net)

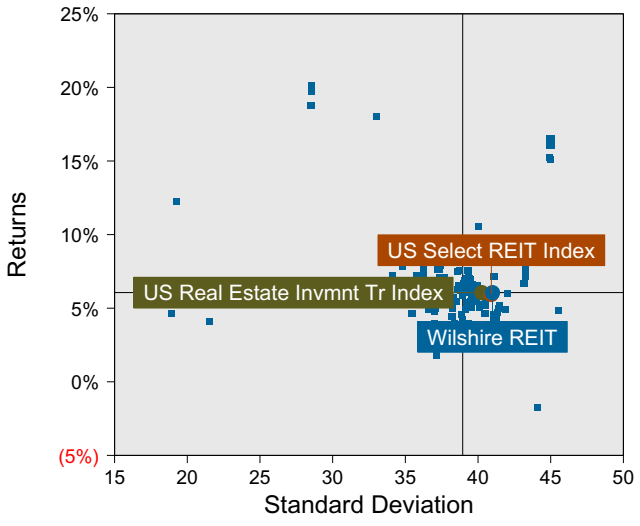


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	3.93	13.81	23.83	33.83	8.59
25th Percentile	3.66	12.85	23.23	32.62	7.12
Median	3.26	11.63	22.18	31.46	6.06
75th Percentile	2.90	10.11	20.78	29.97	4.94
90th Percentile	2.61	8.75	19.09	28.15	3.74
US Real Estate Invmnt Tr Index ● A	3.70	13.05	23.31	32.39	6.06
US Select REIT Index ■ B	3.75	13.29	23.65	33.52	5.94
Wilshire REIT ▲	3.71	13.21	23.88	33.62	6.05

Relative Return vs Wilshire REIT



MF - Real Estate (Net)
Annualized Three and Three-Quarter Year Risk vs Return



US Real Estate Invmnt Tr Index
Return Analysis Summary

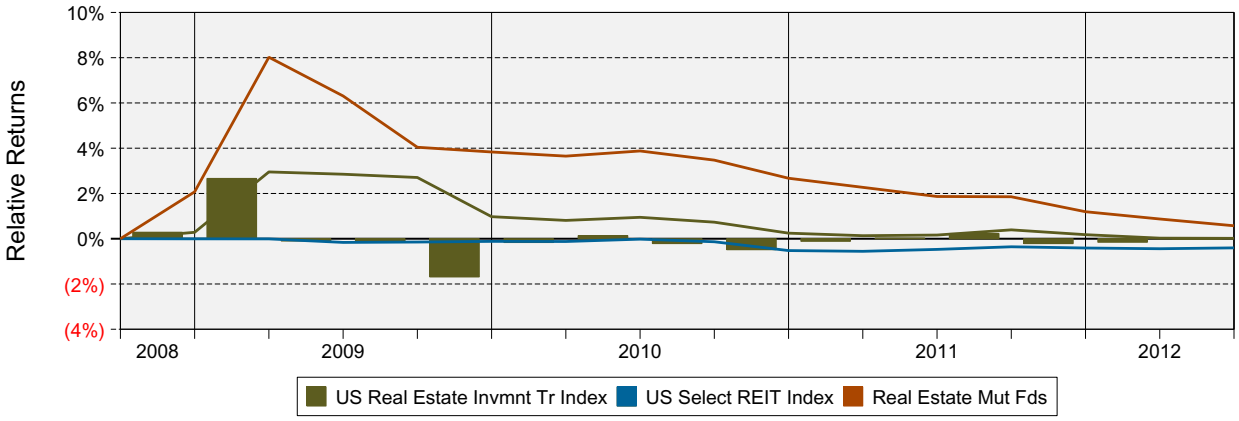
Return Analysis

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.

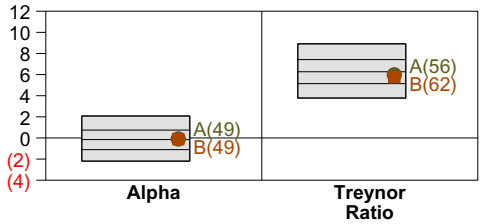
Performance vs MF - Real Estate (Net)

	12/11- 6/12	2011	2010	2009
10th Percentile	15.62	10.47	31.39	36.54
25th Percentile	14.74	9.27	29.04	31.27
Median	14.16	7.91	27.45	29.22
75th Percentile	13.55	5.88	25.54	25.26
90th Percentile	12.33	3.32	23.53	22.74
US Real Estate Invmnt Tr Index ● A	14.71	9.17	27.67	29.49
US Select REIT Index ■ B	14.91	9.37	28.07	28.46
Wilshire REIT ▲	14.90	9.24	28.60	28.60

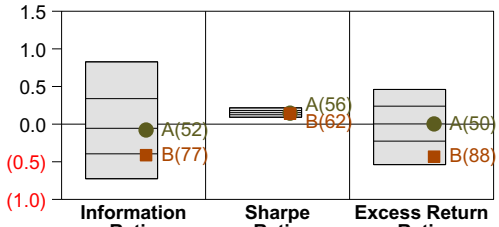
Cumulative and Quarterly Relative Return vs Wilshire REIT



Risk Adjusted Return Measures vs Wilshire REIT
Rankings Against MF - Real Estate (Net)
Three and Three-Quarter Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	2.08	8.91
25th Percentile	0.74	7.42
Median	(0.15)	6.27
75th Percentile	(1.11)	5.14
90th Percentile	(2.19)	3.78
US Real Estate Invmnt Tr Index ● A	(0.10)	5.98
US Select REIT Index ■ B	(0.11)	5.76



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.83	0.22	0.46
25th Percentile	0.34	0.18	0.24
Median	(0.06)	0.15	0.00
75th Percentile	(0.39)	0.13	(0.23)
90th Percentile	(0.73)	0.09	(0.54)
US Real Estate Invmnt Tr Index ● A	(0.08)	0.15	0.00
US Select REIT Index ■ B	(0.41)	0.14	(0.43)

SSgA Treasury
Money Market Fd

State Street Inst Trsry MM
Period Ended June 30, 2012

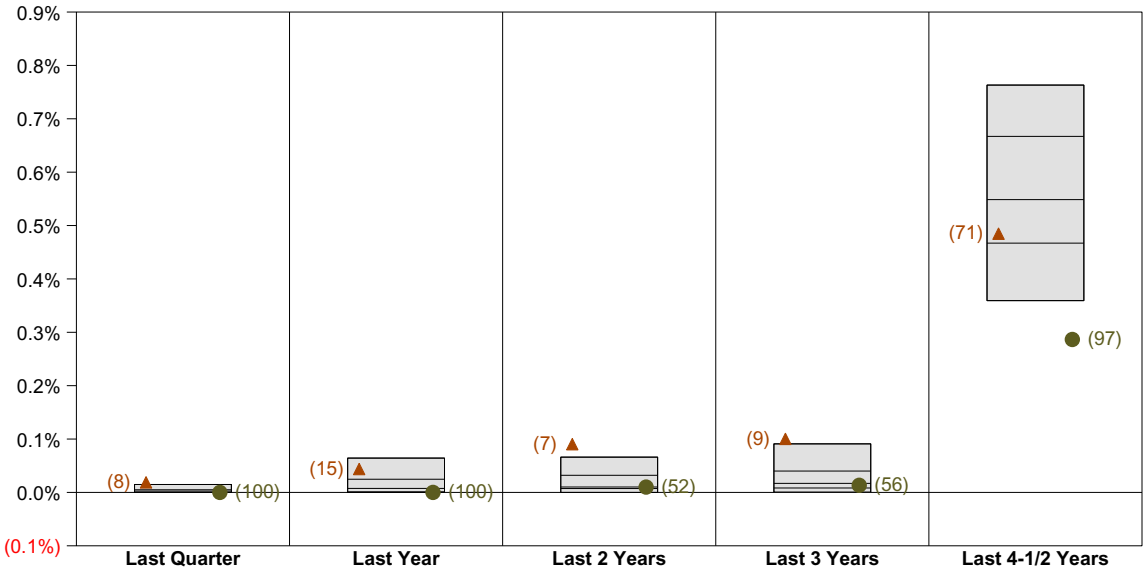
Investment Philosophy

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

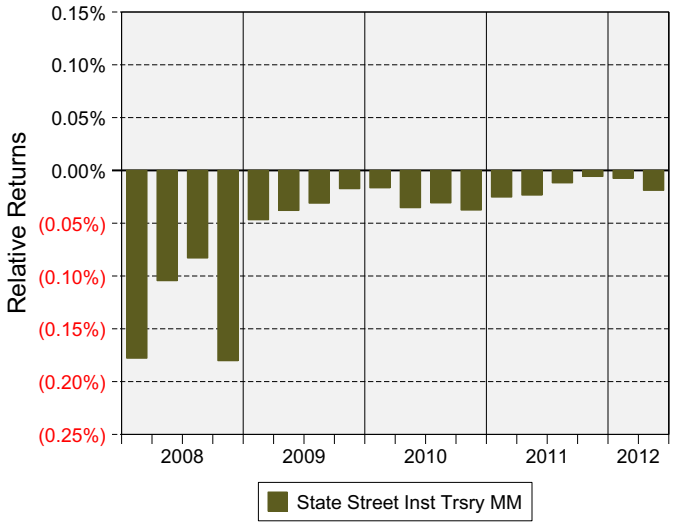
- State Street Inst Trsry MM's portfolio posted a 0.00% return for the quarter placing it in the 100 percentile of the Money Market Funds group for the quarter and in the 100 percentile for the last year.
- State Street Inst Trsry MM's portfolio underperformed the Citigroup 3mo T-Bills by 0.02% for the quarter and underperformed the Citigroup 3mo T-Bills for the year by 0.04%.

Performance vs Money Market Funds (Net)

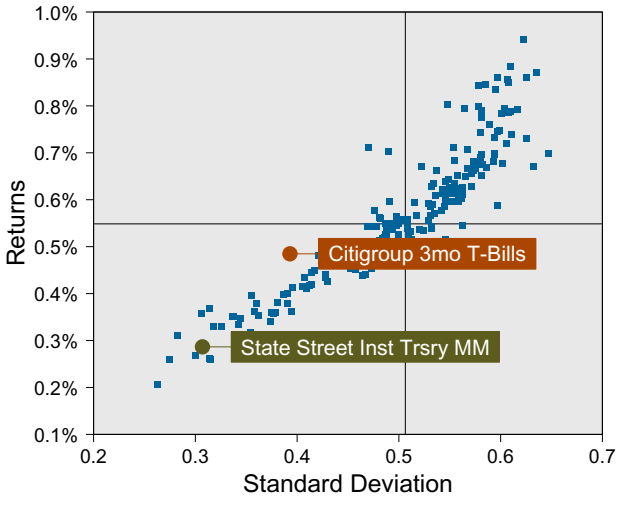


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	0.01	0.06	0.07	0.09	0.76
25th Percentile	0.00	0.02	0.03	0.04	0.67
Median	0.00	0.01	0.01	0.02	0.55
75th Percentile	0.00	0.00	0.01	0.01	0.47
90th Percentile	0.00	0.00	0.00	0.00	0.36
State Street Inst Trsry MM ●	0.00	0.00	0.01	0.01	0.29
Citigroup 3mo T-Bills ▲	0.02	0.04	0.09	0.10	0.48

Relative Return vs Citigroup 3mo T-Bills



Money Market Funds (Net)
Annualized Four and One-Half Year Risk vs Return

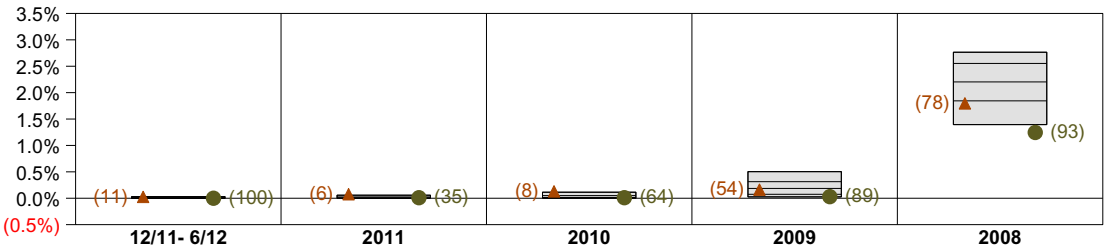


State Street Inst Trsry MM
Return Analysis Summary

Return Analysis

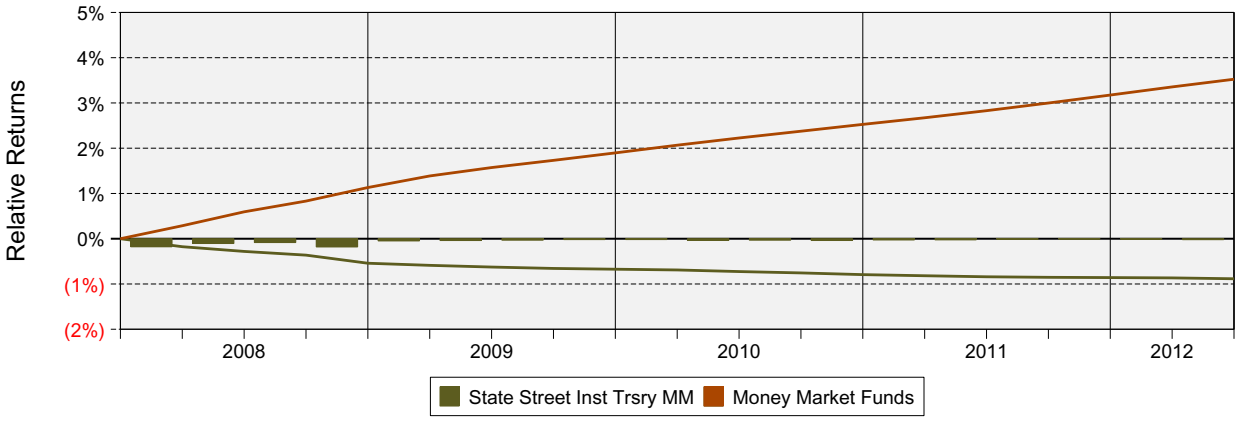
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

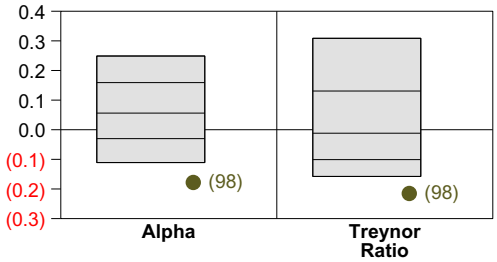


	12/11- 6/12	2011	2010	2009	2008
10th Percentile	0.03	0.06	0.11	0.50	2.77
25th Percentile	0.01	0.02	0.05	0.31	2.55
Median	0.00	0.01	0.02	0.19	2.20
75th Percentile	0.00	0.00	0.01	0.07	1.84
90th Percentile	0.00	0.00	0.00	0.03	1.39
State Street Inst Trsry MM	0.00	0.01	0.01	0.03	1.25
3mo T-Bills	0.03	0.08	0.13	0.16	1.80

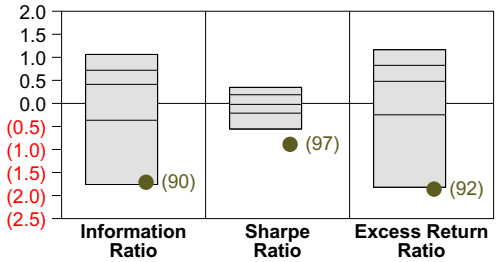
Cumulative and Quarterly Relative Return vs 3mo T-Bills



Risk Adjusted Return Measures vs 3mo T-Bills
Rankings Against Money Market Funds (Net)
Four and One-Half Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	0.25	0.31
25th Percentile	0.16	0.13
Median	0.06	(0.01)
75th Percentile	(0.03)	(0.10)
90th Percentile	(0.11)	(0.16)
State Street Inst Trsry MM	(0.18)	(0.22)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.06	0.35	1.17
25th Percentile	0.72	0.19	0.83
Median	0.41	(0.02)	0.48
75th Percentile	(0.37)	(0.21)	(0.25)
90th Percentile	(1.76)	(0.56)	(1.82)
State Street Inst Trsry MM	(1.71)	(0.89)	(1.86)

BlackRock
Govt/Credit Bond Fund

BlackRock Govt/Credit Fund
Period Ended June 30, 2012

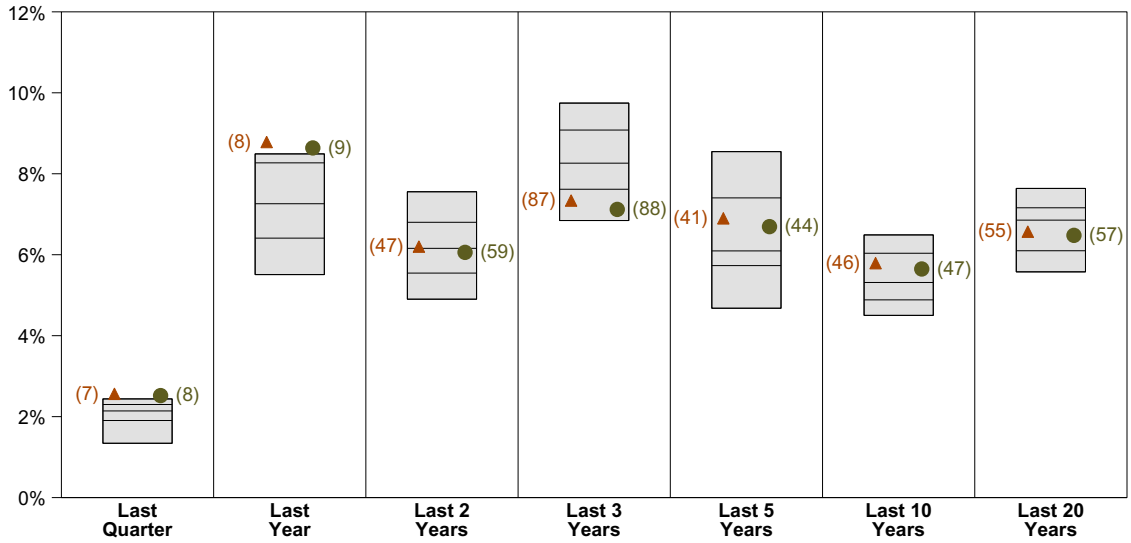
Investment Philosophy

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

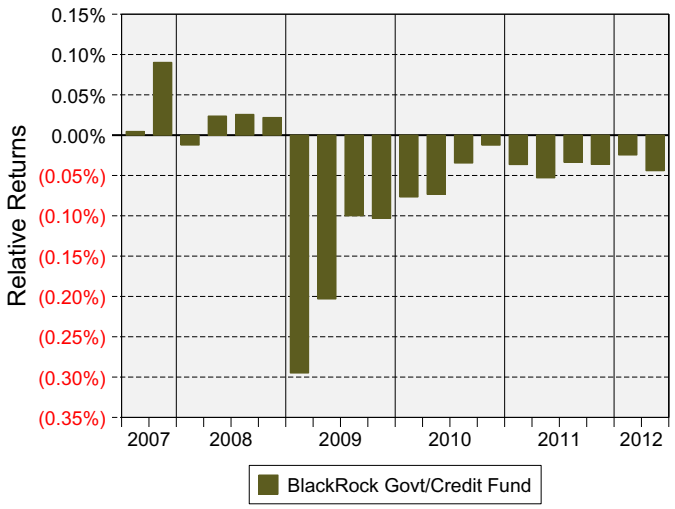
- BlackRock Govt/Credit Fund's portfolio posted a 2.52% return for the quarter placing it in the 8 percentile of the CAI MF - Core Bond Style group for the quarter and in the 9 percentile for the last year.
- BlackRock Govt/Credit Fund's portfolio underperformed the Barclays Govt/Credit Bd by 0.04% for the quarter and underperformed the Barclays Govt/Credit Bd for the year by 0.15%.

Performance vs CAI MF - Core Bond Style (Net)

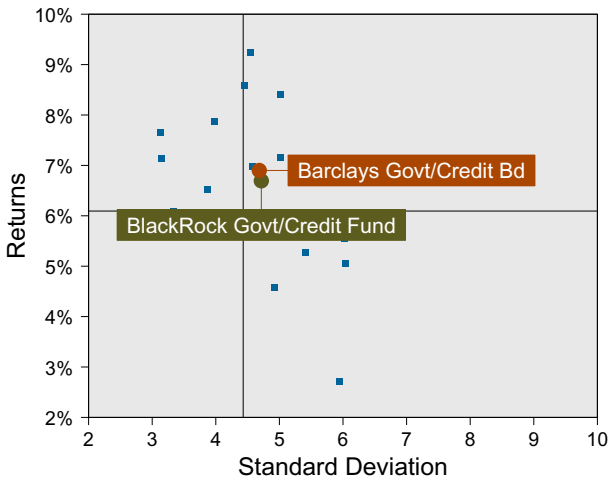


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	2.44	8.49	7.56	9.75	8.55	6.49	7.64
25th Percentile	2.30	8.27	6.80	9.08	7.40	6.04	7.16
Median	2.14	7.26	6.16	8.26	6.09	5.31	6.85
75th Percentile	1.90	6.41	5.55	7.62	5.73	4.88	6.10
90th Percentile	1.34	5.51	4.90	6.84	4.68	4.50	5.58
BlackRock Govt/Credit Fund ●	2.52	8.64	6.06	7.12	6.69	5.65	6.48
Barclays Govt/Credit Bd ▲	2.56	8.78	6.20	7.34	6.90	5.79	6.57

Relative Return vs Barclays Govt/Credit Bd



CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return

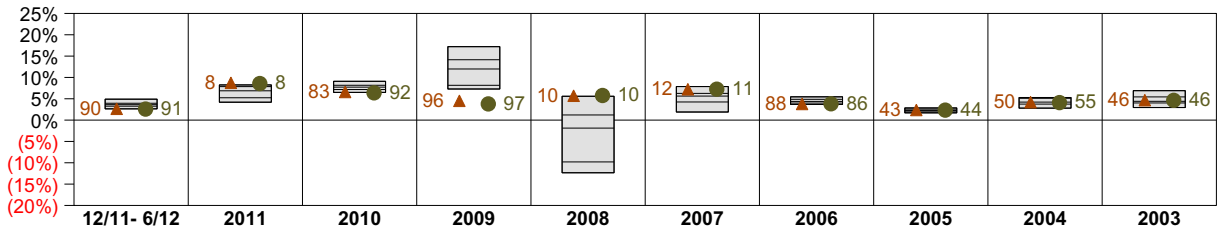


BlackRock Govt/Credit Fund
Return Analysis Summary

Return Analysis

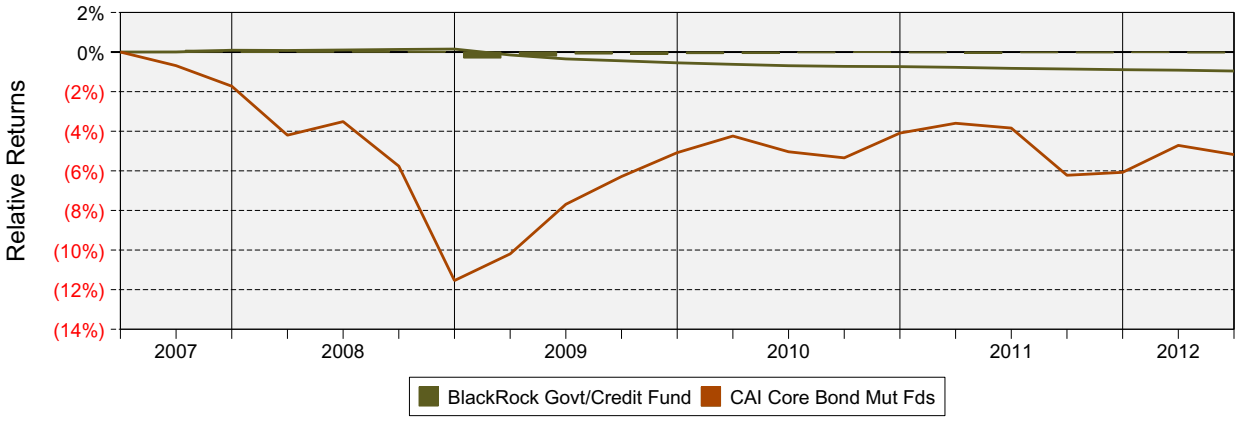
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI MF - Core Bond Style (Net)

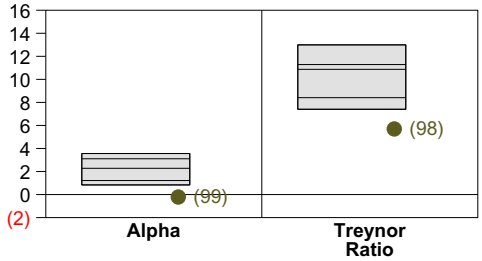


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	4.91	8.24	9.09	17.21	5.59	7.86	5.45	2.85	5.30	6.90
25th Percentile	3.95	7.85	8.16	14.15	1.21	6.27	4.87	2.57	5.11	5.44
Median	3.62	6.87	7.73	11.98	(1.88)	5.63	4.38	2.24	4.22	4.41
75th Percentile	3.26	5.24	7.17	8.16	(9.80)	4.25	3.99	1.93	3.75	4.02
90th Percentile	2.64	4.20	6.49	7.29	(12.35)	1.90	3.67	1.70	2.81	2.94
BlackRock Govt/Credit Fund ●	2.58	8.57	6.39	3.79	5.77	7.24	3.82	2.34	4.10	4.63
Barclays Govt/Credit Bd ▲	2.65	8.74	6.59	4.52	5.70	7.23	3.78	2.37	4.19	4.67

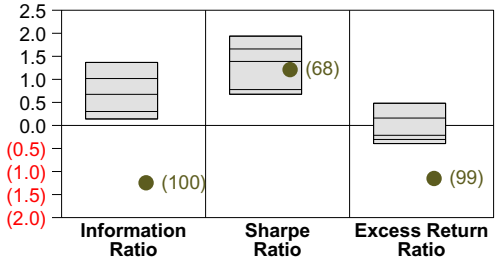
Cumulative and Quarterly Relative Return vs Barclays Govt/Credit Bd



Risk Adjusted Return Measures vs Barclays Govt/Credit Bd
Rankings Against CAI MF - Core Bond Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	3.56	13.00
25th Percentile	3.11	11.28
Median	2.28	10.87
75th Percentile	1.22	8.41
90th Percentile	0.84	7.40
BlackRock Govt/Credit Fund ●	(0.21)	5.69



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.37	1.94	0.48
25th Percentile	1.02	1.66	0.16
Median	0.67	1.39	(0.21)
75th Percentile	0.30	0.78	(0.30)
90th Percentile	0.14	0.68	(0.39)
BlackRock Govt/Credit Fund ●	(1.24)	1.21	(1.15)

Intermediate Bond Fund

Intermediate Bond Fund
Period Ended June 30, 2012

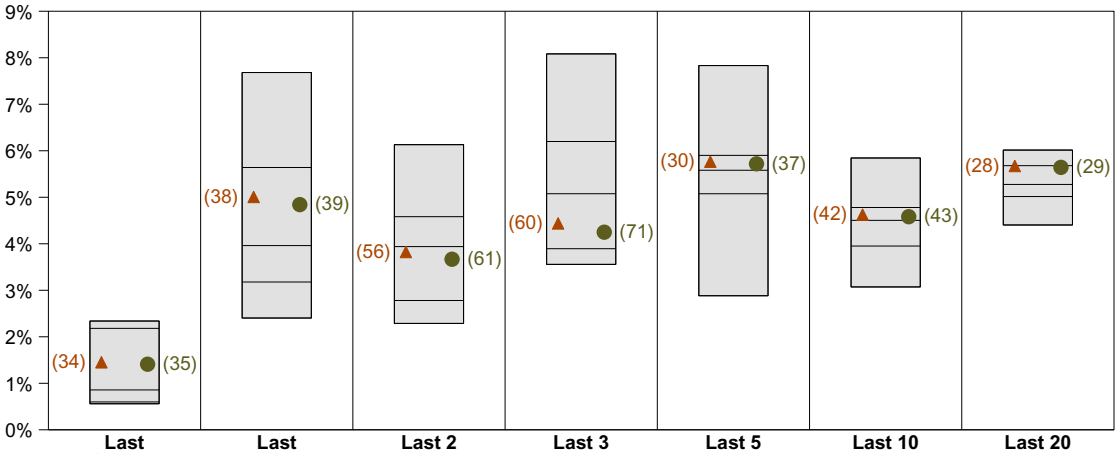
Investment Philosophy

The objective of the Intermediate Government/Credit Bond Index Fund is to track the performance of its benchmark, the Barclays Capital Intermediate Government/Credit Bond Index. The fund provides institutional investors a high quality, cost-effective, index-based solution to their bond investment needs. Our proprietary databases amass a wealth of real-time data each day, providing us with an unmatched ability to efficiently execute market transactions. Additionally, we leverage our size and trading volume to minimize or eliminate transaction costs for our clients. These competitive advantages enable us to deliver superior investment performance to our clients with efficiency and consistency that is unsurpassed.

Quarterly Summary and Highlights

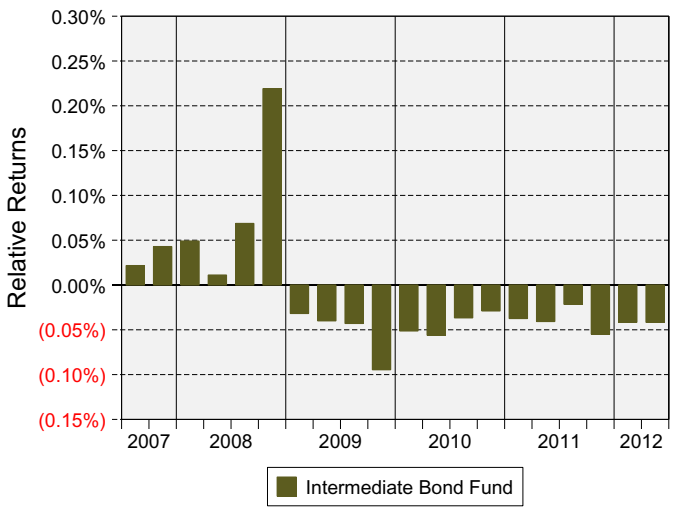
- Intermediate Bond Fund's portfolio posted a 1.41% return for the quarter placing it in the 35 percentile of the CAI MF - Intermediate Style group for the quarter and in the 39 percentile for the last year.
- Intermediate Bond Fund's portfolio underperformed the Barclays Gov Inter by 0.04% for the quarter and underperformed the Barclays Gov Inter for the year by 0.17%.

Performance vs CAI MF - Intermediate Style (Net)

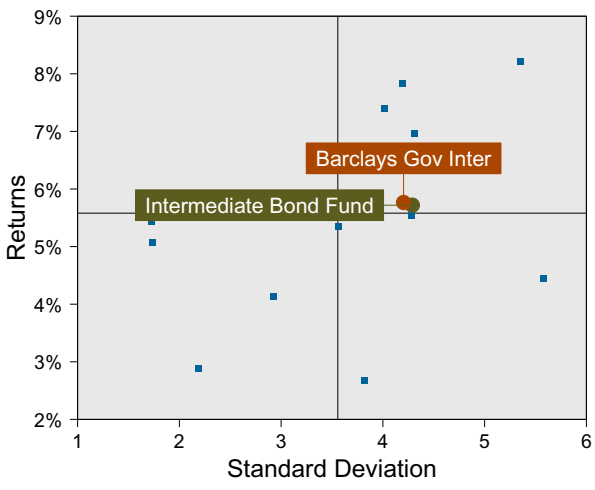


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile	2.34	7.68	6.13	8.08	7.83	5.84	6.01
25th Percentile	2.18	5.64	4.58	6.20	5.90	4.78	5.68
Median	0.86	3.96	3.94	5.08	5.58	4.50	5.28
75th Percentile	0.60	3.18	2.78	3.89	5.08	3.95	5.02
90th Percentile	0.56	2.40	2.29	3.56	2.88	3.07	4.40
Intermediate Bond Fund ●	1.41	4.84	3.67	4.25	5.72	4.58	5.64
Barclays Gov Inter ▲	1.45	5.01	3.82	4.44	5.77	4.63	5.67

Relative Return vs Barclays Gov Inter



CAI MF - Intermediate Style (Net) Annualized Five Year Risk vs Return

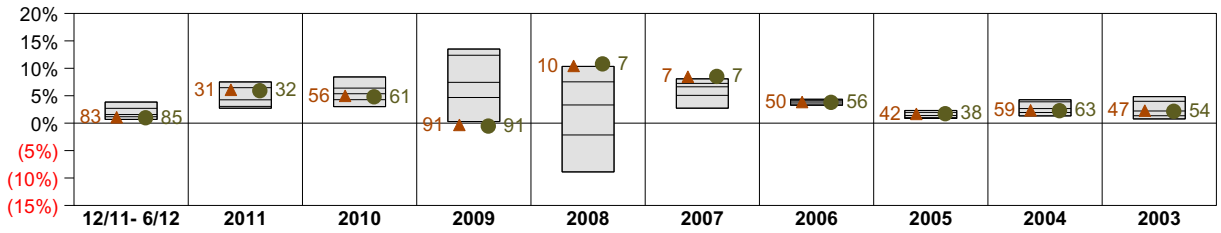


Intermediate Bond Fund
Return Analysis Summary

Return Analysis

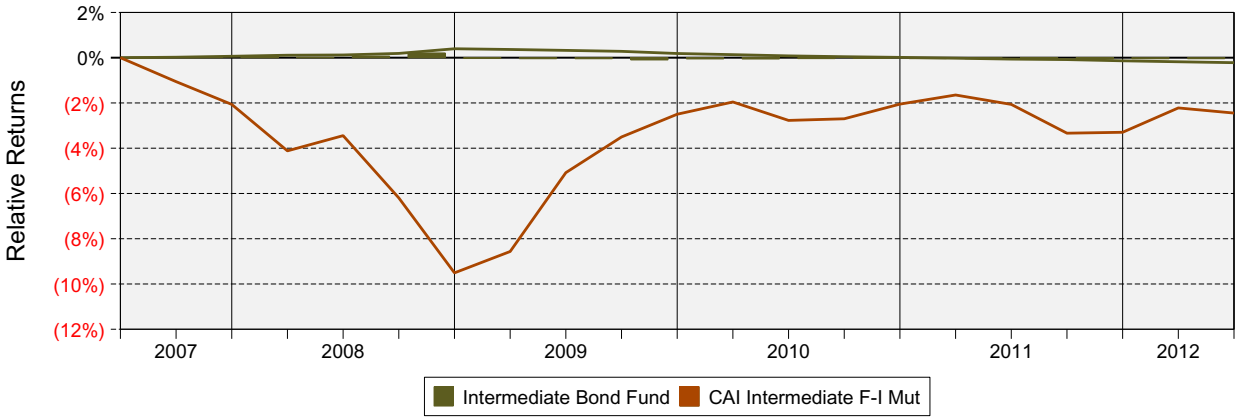
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

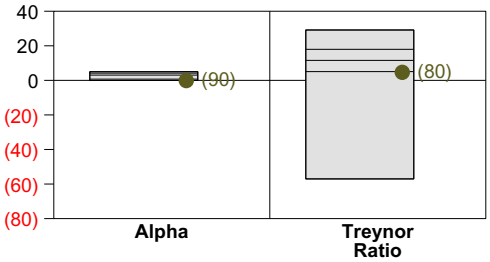


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	3.85	7.52	8.43	13.51	10.35	8.08	4.35	2.31	4.26	4.84
25th Percentile	2.70	6.47	6.39	12.38	7.53	7.25	4.09	1.97	3.89	3.98
Median	1.57	4.26	5.36	7.44	3.32	6.63	3.85	1.39	2.66	2.22
75th Percentile	1.17	3.06	4.28	4.68	(2.15)	5.07	3.49	1.01	1.94	1.35
90th Percentile	0.68	2.72	3.01	0.29	(8.89)	2.73	3.27	0.86	1.32	0.77
Intermediate Bond Fund ●	0.98	5.92	4.80	(0.53)	10.80	8.52	3.79	1.72	2.27	2.16
Barclays Gov Inter ▲	1.07	6.08	4.98	(0.32)	10.43	8.47	3.84	1.68	2.33	2.29

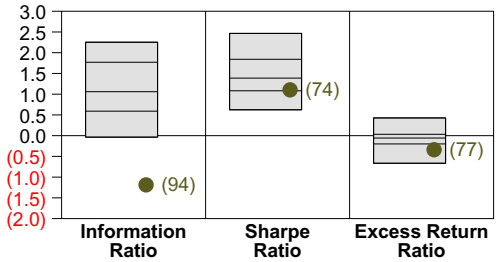
Cumulative and Quarterly Relative Return vs Barclays Gov Inter



Risk Adjusted Return Measures vs Barclays Gov Inter
Rankings Against CAI MF - Intermediate Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	4.99	29.15
25th Percentile	4.18	17.96
Median	3.04	11.56
75th Percentile	0.70	5.07
90th Percentile	(0.04)	(57.03)
Intermediate Bond Fund ●	(0.14)	4.65



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.25	2.47	0.43
25th Percentile	1.77	1.84	0.03
Median	1.06	1.39	(0.06)
75th Percentile	0.59	1.08	(0.20)
90th Percentile	(0.04)	0.62	(0.67)
Intermediate Bond Fund ●	(1.19)	1.10	(0.34)

Brandes Int'l Fund
Period Ended June 30, 2012

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.

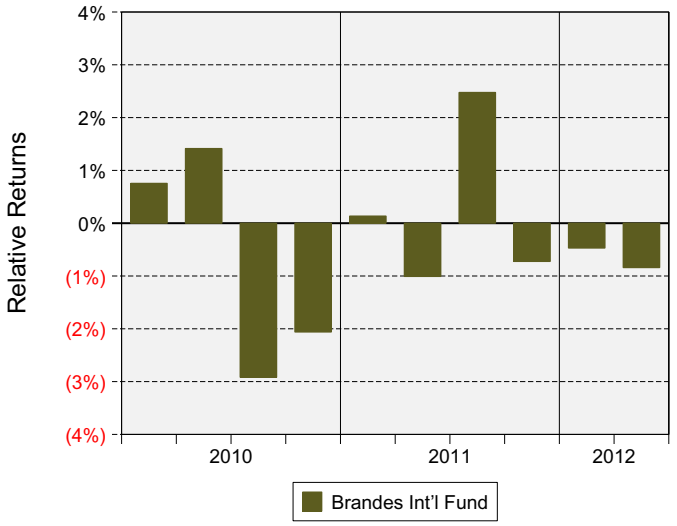
Quarterly Summary and Highlights

- Brandes Int'l Fund's portfolio posted a (7.97)% return for the quarter placing it in the 72 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 41 percentile for the last year.
- Brandes Int'l Fund's portfolio underperformed the MSCI EAFE Index by 0.84% for the quarter and outperformed the MSCI EAFE Index for the year by 0.84%.

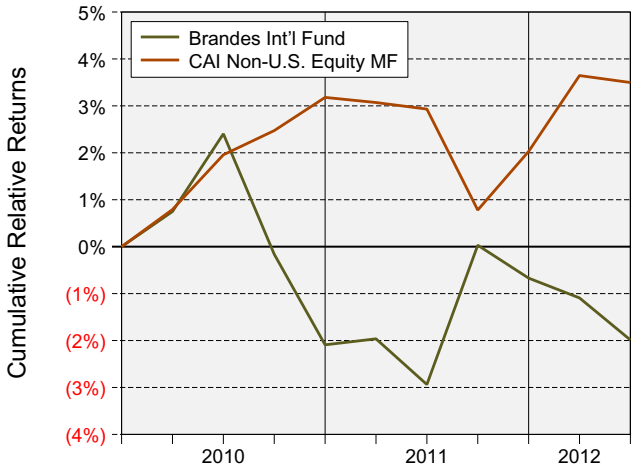
Performance vs CAI MF - Non-US Equity Style (Net)

	Last Quarter	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	(5.13)	(8.39)	10.53	4.66
25th Percentile	(6.00)	(10.76)	8.79	2.52
Median	(7.05)	(13.84)	6.79	0.01
75th Percentile	(8.11)	(15.87)	4.42	(1.83)
90th Percentile	(9.63)	(19.23)	3.31	(3.34)
Brandes Int'l Fund ●	(7.97)	(12.99)	3.69	(1.81)
MSCI EAFE Index ▲	(7.13)	(13.83)	5.98	(1.02)

Relative Return vs MSCI EAFE Index



Cumulative Returns vs MSCI EAFE Index



SSgA Global
Balanced Fund

SSgA Global Balanced
Period Ended June 30, 2012

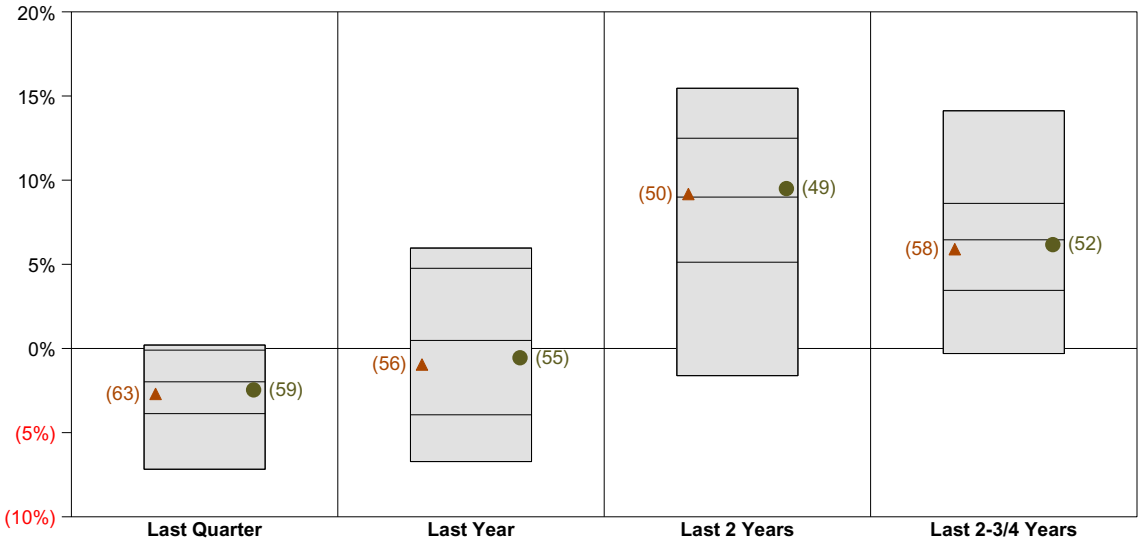
Investment Philosophy

The Global Balanced Database consists of all mutual funds that invest in international and domestic equity and fixed-income securities. Custom Benchmark is 60% MSCI ACWI Index, 30% BarCap US Agg Bond Index, and 10% Citigroup World Gov't Bond ex-US Idx.

Quarterly Summary and Highlights

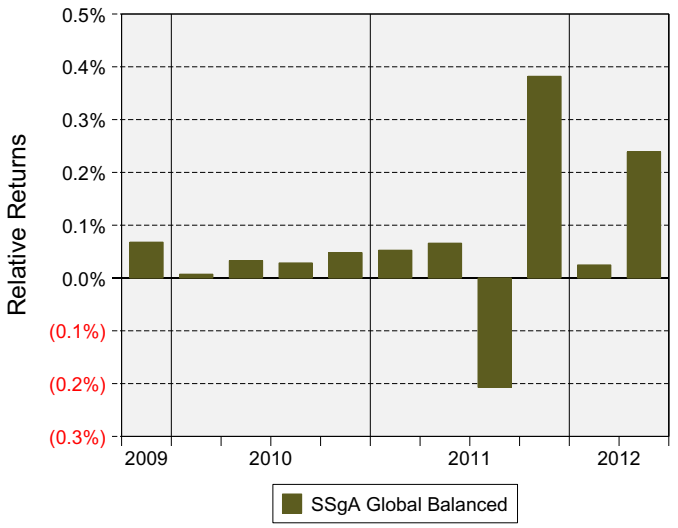
- SSgA Global Balanced's portfolio posted a (2.46)% return for the quarter placing it in the 59 percentile of the CAI Int'l/Global Balanced Database group for the quarter and in the 55 percentile for the last year.
- SSgA Global Balanced's portfolio outperformed the Custom Benchmark by 0.24% for the quarter and outperformed the Custom Benchmark for the year by 0.40%.

Performance vs CAI Int'l/Global Balanced Database (Gross)

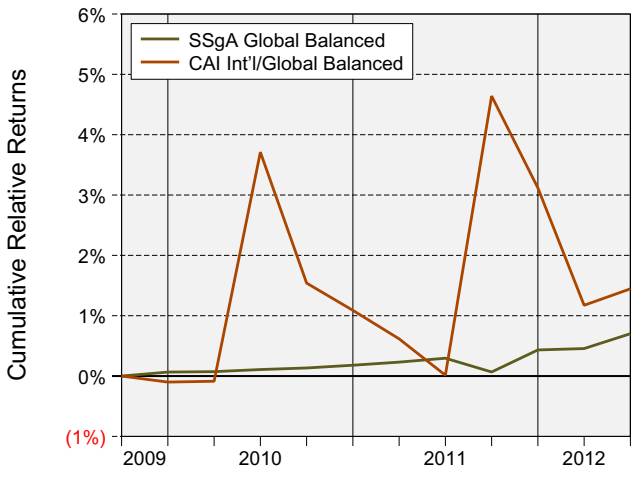


	Last Quarter	Last Year	Last 2 Years	Last 2-3/4 Years
10th Percentile	0.20	5.97	15.46	14.12
25th Percentile	(0.10)	4.76	12.49	8.62
Median	(1.98)	0.48	8.99	6.46
75th Percentile	(3.87)	(3.94)	5.13	3.45
90th Percentile	(7.18)	(6.72)	(1.61)	(0.30)
SSgA Global Balanced ●	(2.46)	(0.55)	9.50	6.17
Custom Benchmark ▲	(2.70)	(0.95)	9.18	5.90

Relative Return vs Custom Benchmark



Cumulative Returns vs Custom Benchmark



RCM Socially
Resp Inv Fund

RCM Socially Responsible
Period Ended June 30, 2012

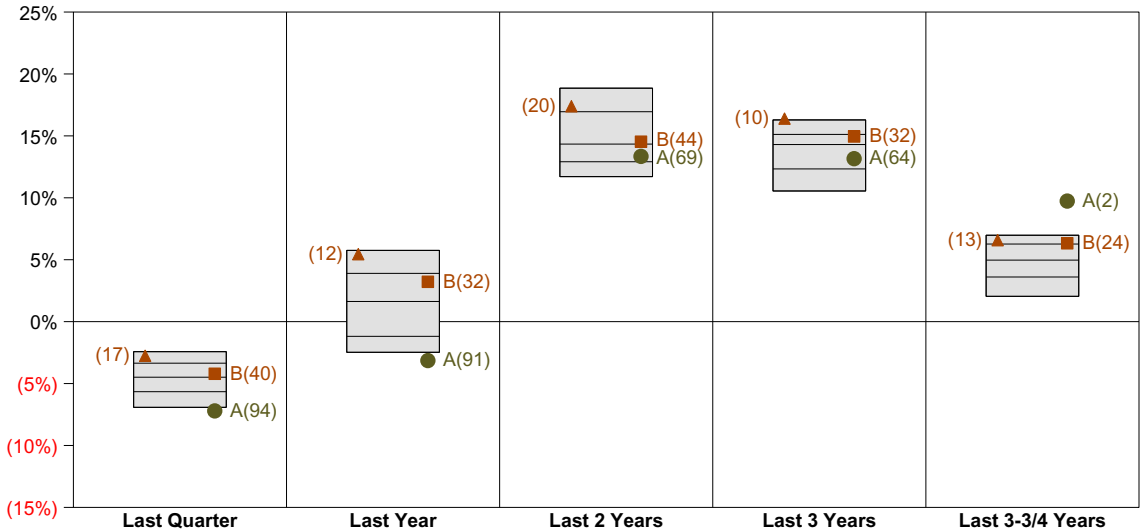
Investment Philosophy

Core Equity Style mutual funds have characteristics similar to those of the broader market as represented by the Standard & Poor's Index. Their objective is to add value over and above the index, typically from sector or issue selection.

Quarterly Summary and Highlights

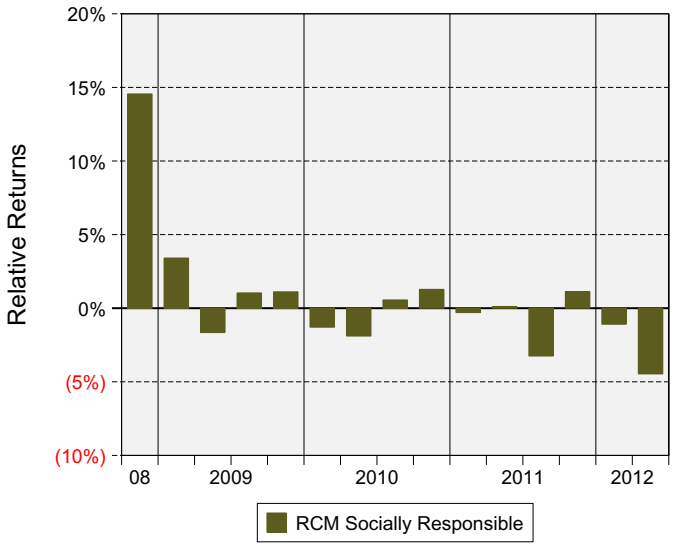
- RCM Socially Responsible's portfolio posted a (7.21)% return for the quarter placing it in the 94 percentile of the CAI MF - Core Equity Style group for the quarter and in the 91 percentile for the last year.
- RCM Socially Responsible's portfolio underperformed the S&P 500 Index by 4.46% for the quarter and underperformed the S&P 500 Index for the year by 8.59%.

Performance vs CAI MF - Core Equity Style (Net)

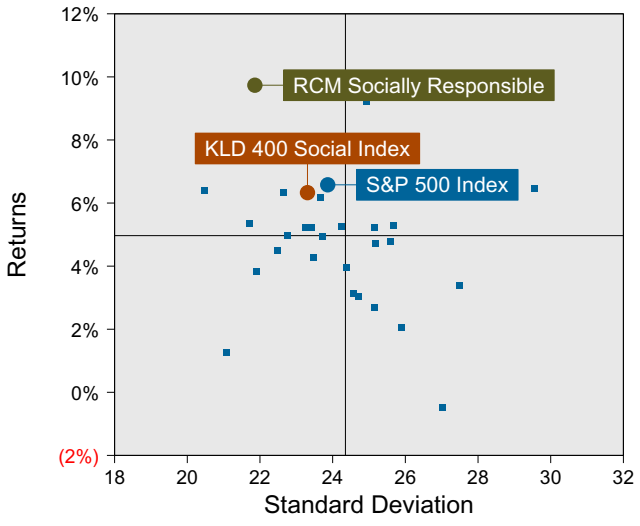


		Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile		(2.42)	5.75	18.85	16.29	6.98
25th Percentile		(3.35)	3.90	16.95	15.12	6.27
Median		(4.49)	1.63	14.34	14.30	4.97
75th Percentile		(5.66)	(1.19)	12.91	12.33	3.60
90th Percentile		(6.92)	(2.48)	11.71	10.55	2.04
RCM Socially Responsible	A	(7.21)	(3.14)	13.34	13.16	9.74
KLD 400 Social Index	B	(4.21)	3.22	14.53	14.95	6.33
S&P 500 Index	▲	(2.75)	5.45	17.39	16.40	6.58

Relative Return vs S&P 500 Index



CAI MF - Core Equity Style (Net)
Annualized Three and Three-Quarter Year Risk vs Return

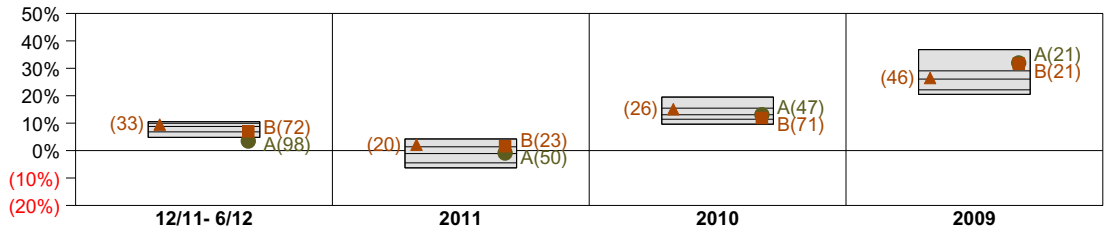


RCM Socially Responsible
Return Analysis Summary

Return Analysis

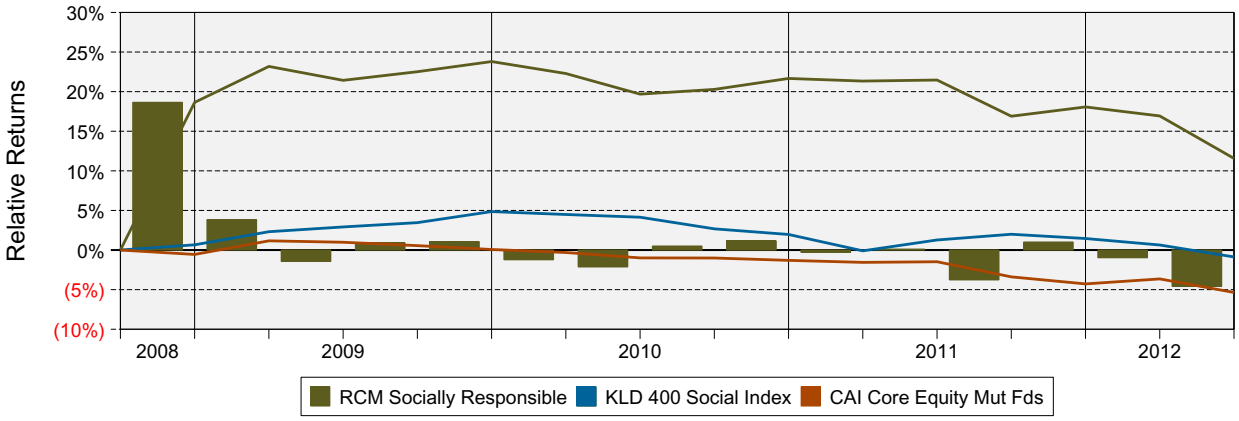
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI MF - Core Equity Style (Net)

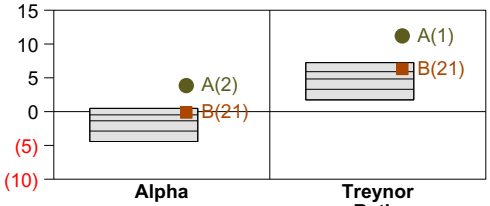


		12/11- 6/12	2011	2010	2009
10th Percentile		10.53	4.23	19.51	36.80
25th Percentile		9.95	1.38	15.47	29.07
Median		8.80	(1.09)	13.07	26.06
75th Percentile		6.82	(4.47)	11.43	22.15
90th Percentile		4.82	(6.30)	9.62	20.49
RCM Socially Responsible	A	3.46	(0.91)	13.08	31.96
KLD 400 Social Index	B	6.98	1.60	11.89	31.74
S&P 500 Index	▲	9.49	2.11	15.06	26.47

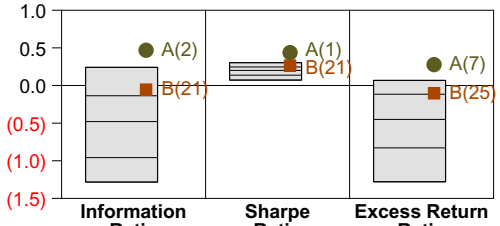
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI MF - Core Equity Style (Net)
Three and Three-Quarter Years Ended June 30, 2012



		Alpha	Treynor Ratio
10th Percentile		0.48	7.25
25th Percentile		(0.48)	5.91
Median		(1.36)	4.83
75th Percentile		(2.88)	3.30
90th Percentile		(4.42)	1.74
RCM Socially Responsible	A	3.85	11.20
KLD 400 Social Index	B	(0.13)	6.32



		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		0.24	0.30	0.07
25th Percentile		(0.14)	0.25	(0.12)
Median		(0.48)	0.20	(0.45)
75th Percentile		(0.96)	0.14	(0.83)
90th Percentile		(1.28)	0.07	(1.28)
RCM Socially Responsible	A	0.47	0.44	0.28
KLD 400 Social Index	B	(0.06)	0.26	(0.10)

T. Rowe Price

T. Rowe Price Small-Cap Stock Trust
Period Ended June 30, 2012

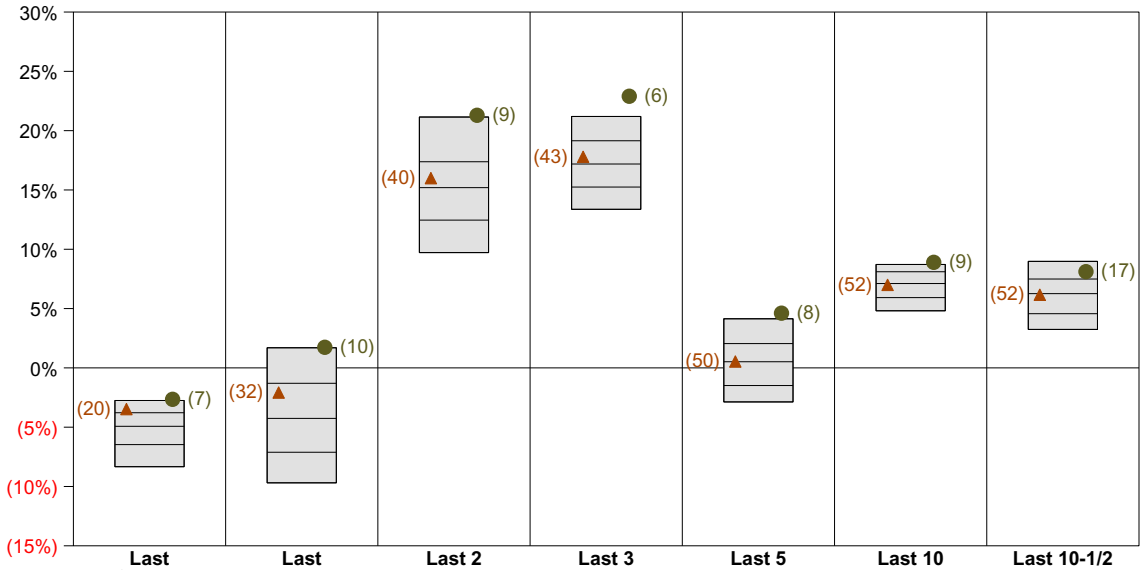
Investment Philosophy

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

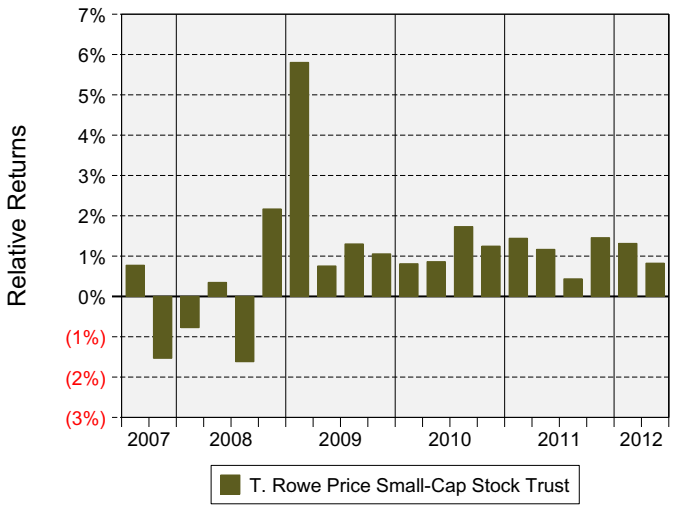
- T. Rowe Price Small-Cap Stock Trust's portfolio posted a (2.65)% return for the quarter placing it in the 7 percentile of the CAI MF - Small Cap Broad Style group for the quarter and in the 10 percentile for the last year.
- T. Rowe Price Small-Cap Stock Trust's portfolio outperformed the Russell 2000 Index by 0.82% for the quarter and outperformed the Russell 2000 Index for the year by 3.81%.

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

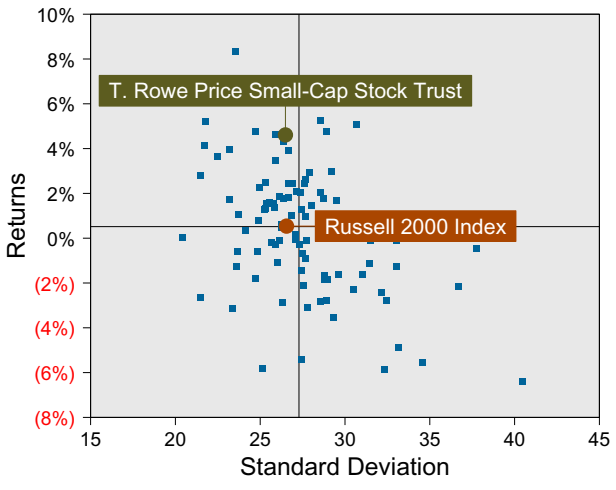


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 10-1/2 Years
10th Percentile	(2.75)	1.70	21.15	21.20	4.14	8.72	8.98
25th Percentile	(3.78)	(1.30)	17.38	19.15	2.05	8.10	7.49
Median	(4.93)	(4.26)	15.20	17.19	0.52	7.11	6.26
75th Percentile	(6.47)	(7.11)	12.46	15.24	(1.49)	5.92	4.57
90th Percentile	(8.33)	(9.69)	9.72	13.37	(2.87)	4.81	3.24
T. Rowe Price Small-Cap Stock Trust ●	(2.65)	1.73	21.30	22.90	4.61	8.90	8.11
Russell 2000 Index ▲	(3.47)	(2.08)	16.00	17.80	0.54	7.00	6.17

Relative Return vs Russell 2000 Index



CAI MF - Small Cap Broad Style (Net) Annualized Five Year Risk vs Return

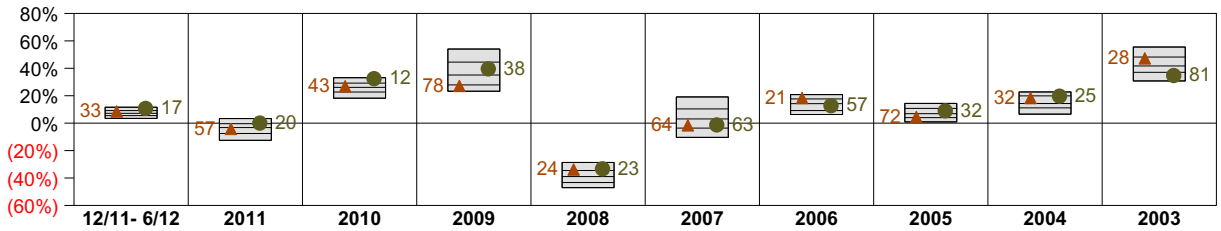


T. Rowe Price Small-Cap Stock Trust
Return Analysis Summary

Return Analysis

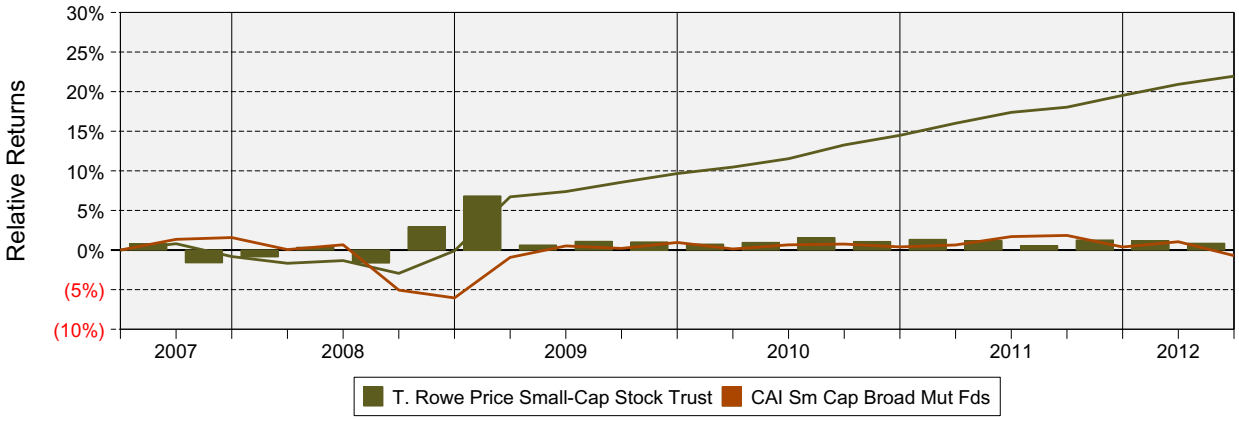
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

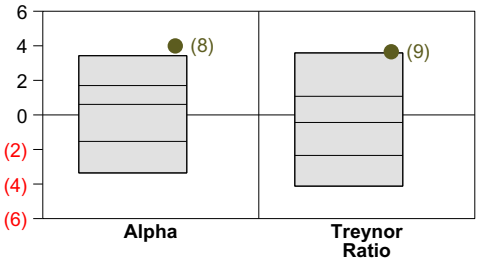


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005	2004	2003
10th Percentile	11.60	3.34	33.15	54.04	(28.66)	19.12	20.83	14.40	22.75	55.52
25th Percentile	9.17	(0.39)	29.20	44.52	(34.53)	10.39	17.65	10.76	19.90	48.21
Median	7.15	(3.22)	26.10	35.11	(38.94)	3.07	14.23	6.91	14.31	41.71
75th Percentile	5.49	(7.55)	22.70	27.89	(43.30)	(3.60)	9.19	4.04	11.15	37.07
90th Percentile	3.44	(12.53)	18.19	23.27	(47.03)	(10.37)	6.31	0.92	6.56	30.77
T. Rowe Price Small-Cap Stock Trust ●	10.74	0.05	32.43	39.59	(33.30)	(1.29)	12.74	8.94	19.67	34.72
Russell 2000 Index ▲	8.53	(4.18)	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33	47.25

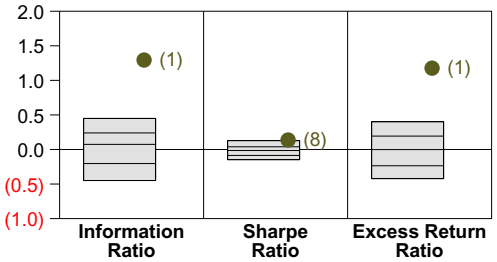
Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI MF - Small Cap Broad Style (Net)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	3.43	3.59
25th Percentile	1.70	1.08
Median	0.61	(0.44)
75th Percentile	(1.53)	(2.34)
90th Percentile	(3.36)	(4.12)
T. Rowe Price Small-Cap Stock Trust ●	3.99	3.65



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.45	0.13	0.40
25th Percentile	0.24	0.04	0.19
Median	0.07	(0.02)	(0.00)
75th Percentile	(0.20)	(0.09)	(0.24)
90th Percentile	(0.45)	(0.15)	(0.42)
T. Rowe Price Small-Cap Stock Trust ●	1.29	0.14	1.18

T. Rowe Price Stable Value Fund
Period Ended June 30, 2012

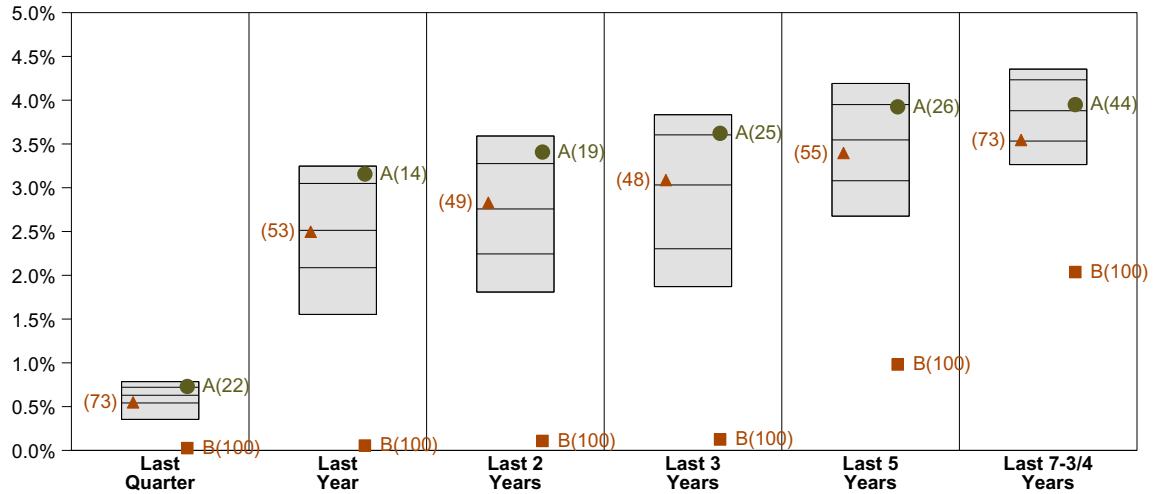
Investment Philosophy

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

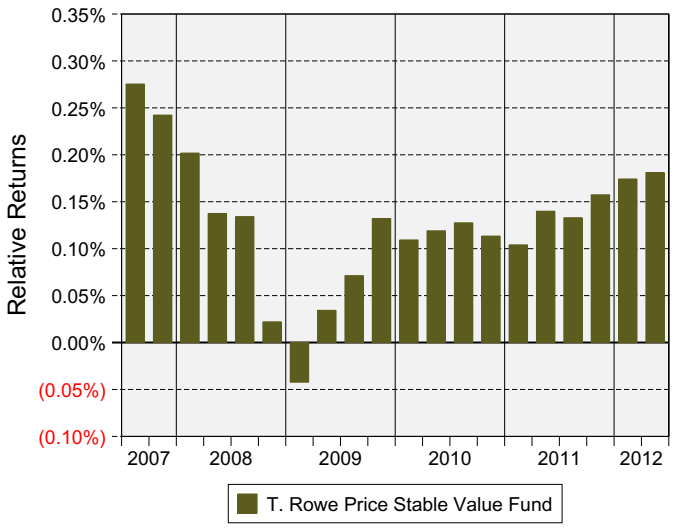
- T. Rowe Price Stable Value Fund's portfolio posted a 0.73% return for the quarter placing it in the 22 percentile of the CAI Stable Value Database group for the quarter and in the 14 percentile for the last year.
- T. Rowe Price Stable Value Fund's portfolio outperformed the 5 Yr US Treas Rolling by 0.18% for the quarter and outperformed the 5 Yr US Treas Rolling for the year by 0.66%.

Performance vs CAI Stable Value Database (Gross)

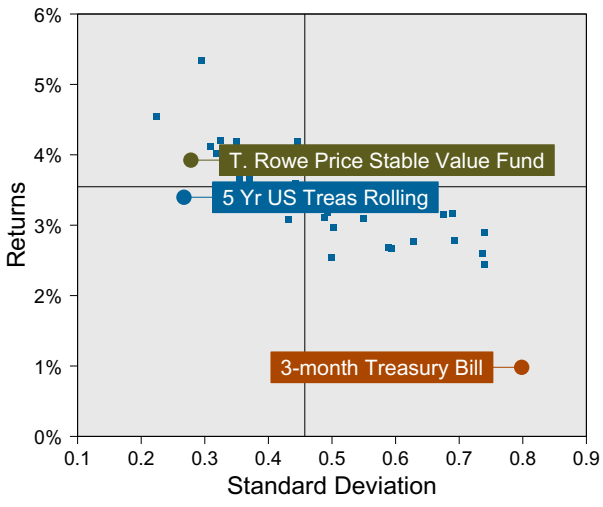


	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-3/4 Years
10th Percentile	0.79	3.25	3.59	3.83	4.19	4.36
25th Percentile	0.72	3.05	3.28	3.60	3.95	4.23
Median	0.63	2.51	2.76	3.03	3.55	3.88
75th Percentile	0.54	2.09	2.24	2.30	3.08	3.53
90th Percentile	0.35	1.55	1.81	1.87	2.68	3.26
T. Rowe Price Stable Value Fund (A)	0.73	3.16	3.41	3.62	3.92	3.95
3-month Treasury Bill (B)	0.03	0.06	0.11	0.12	0.98	2.04
5 Yr US Treas Rolling	0.55	2.50	2.83	3.09	3.40	3.55

Relative Return vs 5 Yr US Treas Rolling



CAI Stable Value Database (Gross) Annualized Five Year Risk vs Return

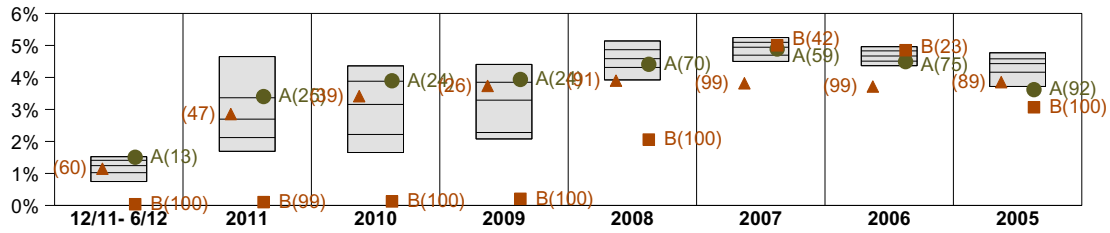


T. Rowe Price Stable Value Fund
Return Analysis Summary

Return Analysis

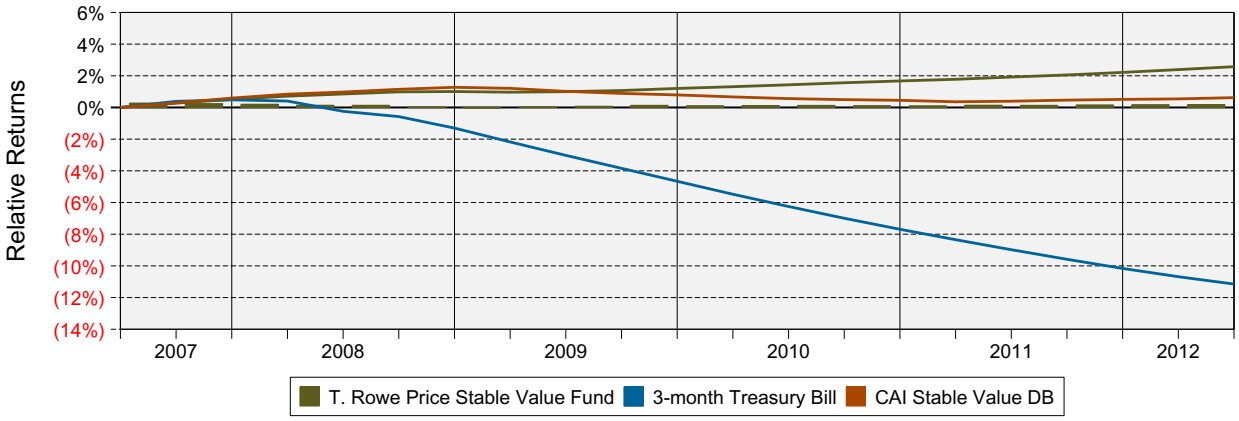
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate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

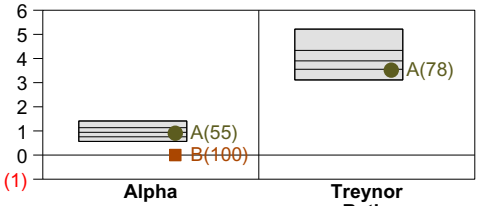


	12/11- 6/12	2011	2010	2009	2008	2007	2006	2005
10th Percentile	1.52	4.65	4.36	4.41	5.14	5.25	4.96	4.77
25th Percentile	1.41	3.36	3.88	3.85	4.87	5.10	4.83	4.58
Median	1.24	2.70	3.16	3.29	4.59	4.94	4.67	4.43
75th Percentile	1.02	2.12	2.22	2.28	4.31	4.70	4.51	4.16
90th Percentile	0.75	1.69	1.65	2.08	3.92	4.50	4.37	3.72
T. Rowe Price Stable Value Fund (A)	1.51	3.40	3.90	3.94	4.41	4.89	4.49	3.62
3-month Treasury Bill (B)	0.04	0.10	0.13	0.21	2.06	5.00	4.85	3.07
5 Yr US Treas Rolling	1.15	2.86	3.41	3.74	3.90	3.82	3.72	3.85

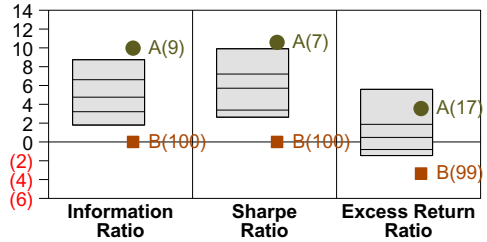
Cumulative and Quarterly Relative Return vs 5 Yr US Treas Rolling



Risk Adjusted Return Measures vs 5 Yr US Treas Rolling
Rankings Against CAI Stable Value Database (Gross)
Five Years Ended June 30, 2012



	Alpha	Treynor Ratio
10th Percentile	1.41	5.22
25th Percentile	1.13	4.34
Median	0.94	3.90
75th Percentile	0.76	3.55
90th Percentile	0.57	3.11
T. Rowe Price Stable Value Fund (A)	0.90	3.52
3-month Treasury Bill (B)	0.00	-



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	8.74	9.91	5.59
25th Percentile	6.62	7.22	1.87
Median	4.76	5.71	0.48
75th Percentile	3.22	3.39	(0.81)
90th Percentile	1.80	2.63	(1.45)
T. Rowe Price Stable Value Fund (A)	9.97	10.58	3.55
3-month Treasury Bill (B)	0.00	0.00	(3.36)

Callan

CALLAN
INVESTMENTS
INSTITUTE

SECOND QTR 2012

Education

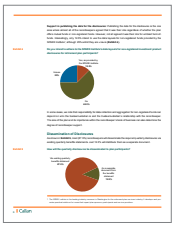
Research and Educational Programs

The Callan Investments Institute provides research that keeps clients updated on the latest trends in the investment industry, and helps clients learn through carefully structured educational programs. Below are the Institute's recent publications – all of which can be found on our website at: www.callan.com/research.

White Papers

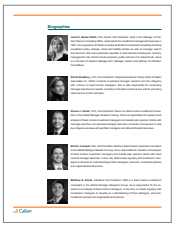
Risk Factors as Building Blocks for Portfolio Diversification:
The Chemistry of Asset Allocation

In search of higher returns at current risk levels, institutional investors have expressed intense interest in further diversifying seemingly staid "traditional" asset allocations constructed using asset class inputs with mean-variance optimization (MVO) tools. In this paper we explore portfolio construction using risk factors, also referred to as risk premia, as the basic elements.



Status of Required Participant Disclosure Compliance:
2012 DC Recordkeeper Survey

Callan canvassed the major recordkeepers in March 2012 regarding the amount of support they are providing to plan sponsors to satisfy fee disclosure regulations. In this report, we examine the status of recordkeepers in providing disclosure support to plan sponsors, discuss compliance issues both recordkeepers and plan sponsors face, and recommend best practices for plan sponsors for the required disclosures.



On the Frontline of Fixed Income:
A Roundtable Discussion with Callan's Bond Experts

We assembled a group of Callan's bond experts – Brett Cornwell, Steve Center, Janet Becker-Wold, Matt Routh, and Kristin Bradbury – to address some of the issues that fixed income investors are facing in this low-yield environment.

Domestic Equity Benchmark Review: Year-End 2011

The Domestic Equity Benchmark Review is designed to aid in portfolio monitoring and evaluation by helping readers assess the similarities and differences in coverage, performance, characteristics and style of popular domestic equity indices alongside Callan's active manager style groups.

Quarterly Publications

Quarterly Data Package: Quarterly investment performance information gathered (for a variety of time periods) from Callan's proprietary database. This report allows you to compare the results of your own funds with our database.

Capital Market Review: a quarterly macro-economic indicator newsletter that provides thoughtful insights on the economy as well as recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

Private Markets Trends: a seasonal newsletter that discusses the market environment, recent events, performance and other issues involving private equity.

Hedge Fund Monitor: a quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

DC Observer & Callan DC Index™: a quarterly newsletter that offers Callan's observations and opinions on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

Surveys

2012 Defined Contribution Trends Survey:
Where Have We Come From and What Lies Ahead
This survey shows that the defined contribution environment has been, and continues to be, dominated by a focus on plan fees. But while plan sponsors are prioritizing, monitoring, and evaluating plan fees for reasonableness, they do not always understand plan fees. Find out about this and much more, as the results from the survey incorporate responses from nearly 100 companies across the U.S.

2011 Investment Manager Fee Survey
A current report on institutional investment management fee payment practices and trends. The survey includes published and actual fee data, and qualitative and quantitative observations from both fund sponsors and investment managers.

Events

Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our "Event Summaries" and downloading the actual presentation slides from our website. Our most recent programs:

Summary write-up and the presentation of our June 2012 Regional Workshop, **Plan Sponsor Roundtable – Shifting to an Institutional Approach to DC Investments**. This workshop featured Mark Kelliher from Deluxe Corporation, and Craige Stone from Utah Retirement System. These two DC plan experts discussed how they took their plan "institutional" by incorporating separate accounts, collective trusts, and unitized fund of funds, as well as discussed the pros and cons of these approaches.

The **2012 National Conference Summary** features a synopsis of our speakers: Sheila Bair, Ian Bremmer, David Laibson, 2012 Capital Markets Panel, and Tony LaRussa. The Summary also reviews our three workshops on: defined contribution, investment perceptions and myths, and international investing. Select PowerPoint presentations from the conference are also available on our website.

Upcoming Educational Programs

Our October 2012 Regional Workshops will be held on October 24 in Chicago, and then on October 25 in New York City. The topic will be announced shortly.

Our 33rd Annual National Conference will be held in San Francisco on January 28-30, 2013. More information will be available this fall.

Our research can be found at www.callan.com/research or feel free to contact us for hard copies.

For more information about research or educational events, please contact Ray Combs or Gina Falsetto at 415-974-5060 or institute@callan.com

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. Continuing education credits are available for The CFA Institute, IBCFP, and NASBA. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the different types of sessions Callan offers.

Standard Session

July 10-11, 2012 in Chicago

This is a two day session that provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds (defined benefit and/or defined contribution); representatives of family trusts; and investment management professionals and staff involved in client service, business development, consultant relations, and portfolio management.

Defined Contribution

July 12, 2012 in Chicago

Callan Associates will share its expertise through a one day educational program on defined contribution plan investing, delivery, and communication/education. Callan's consultants have extensive knowledge and experience in the DC arena and will provide insights relating to the role of the fiduciary; plan investment structure evaluation and implementation; plan monitoring and evaluation; investment and fee policy statements; and meeting the needs of the participant through plan features such as automatic enrollment, Roth designated accounts, managed accounts and advice.

An Introduction to Investments

October 23-24, 2012 in San Francisco

This one and one half day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The program will familiarize fund sponsor trustees, staff, and asset management advisors 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.

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. For more information on a customized "Callan College" for your organization, please send an email to Kathleen Cunnie at college@callan.com.

For more information please contact Kathleen Cunnie, at 415.274.3029 or college@callan.com.

Callan

Quarterly List as of
June 30, 2012

List of Managers That Do Business with Callan Associates Inc.

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 06/30/12, 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	
Apollo Global Management	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	
BMO Asset Management	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Calamos Advisors, LLC	Y	
Capital Guardian Trust Company	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
Citigroup Asset Management	Y	
ClearBridge Advisors	Y	
Columbia Management Investment Advisors, LLC	Y	
Columbus Circle Investors	Y	Y
Cooke & Bieler, L.P.		Y
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Crestline Investors		Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Diamond Hill Investments	Y	
Dimensional Fund Advisors Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Echo Point Investment Management	Y	
Epoch Investment Partners	Y	
Evanston Capital Management	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fiduciary Asset Management Company	Y	Y
First Eagle Investment Management	Y	
Flag Capital 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	Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.	Y	Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
Harris Investment Management, Inc.	Y	

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hermes Investment Management (North America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INTECH Investment Management	Y	
Invesco	Y	Y
Investec	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
KeyCorp		Y
Knightsbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	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	
Manulife Asset Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
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

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	
Oppenheimer Funds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC	Y	Y
Partners Group	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
Private Advisors	Y	
Prudential Fixed Income	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
Russell Investment Management	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	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
Stratton Management		Y

List of Managers That Do Business with Callan Associates Inc. (continued)

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Manager Name	Educational Services	Consulting Services
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TIAA-CREF	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
Thrivent Asset Management	Y	
Tradewinds Global Investors	Y	
Turner Investment Partners	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Valley Forge Asset Management	Y	
Victory Capital Management Inc.	Y	
Virtus Investment Partners		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

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: IFS Report Recommendation
Task Area B.1, Recommendation #5
Fixed Income Investment Guidelines

ACTION: **X**

INFORMATION:

DATE: September 20, 2012

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 Investment Performance Reporting to the Board

IFS Report Recommendation #5, page 48, states:

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

The second sentence of the recommendation was addressed in February 2011 when IFS Task Area B.1 #4 was addressed. The staff recommendation, which was adopted, was for all guidelines to reside in the investment guidelines and not in the manager contracts.

The first sentence recommends establishing "minimum portfolio characteristics versus an appropriate benchmark" in the investment guidelines.

Based on the context of the comments in the fixed income section of the IFS report, staff defines the specific areas to address as follows:

1. Specify a benchmark.
2. Identify target return, tracking error, and the timeframe for measuring success both versus an index and peers.

3. Specify limitations on exposures to specific corporate sectors and individual companies within the portfolio.

DISCUSSION

The table below indicates the degree of compliance of the existing investment guidelines with these recommendations:

Existing State of Compliance With IFS Recommendations				
Fixed Income Type	**Specify Benchmark?**	**ID target return, tracking error, timeframe**	**Exposure Limitations**	
			Corporate Sector	**Corporate Issuer**
Intermediate Treasury	No	No	-	5%
TIPS	No	No	5% limit on corporate debt	No
High Yield	No	No	25%	5%
International	Yes	> Bmark, net of fees over time.	-	5%
Convertible Bond	Yes	No	25%	5%

Advent Capital Management (convertible bonds) and MacKay Shields (high yield) are active, bottom-up investment managers that emphasize quality security selection. Mondrian Investment Partners (international bonds) primarily considers prospective real yield when it evaluates the portfolio. None of these managers explicitly manages to a tracking error constraint. Placing such a constraint on these managers may ultimately result in their noncompliance, or constrain their investment style.

The TIPS investment guidelines limit overall corporate exposure to five percent of the portfolio. Staff does not recommend further limiting corporate exposure by industry for this mandate.

Investment guidelines have been drafted for intermediate Treasuries, TIPS, high yield, international fixed income and convertible bonds. The draft guidelines reflect changes that address the IFS recommendations, investment manager and legal counsel suggestions, and a desire to make the formatting more consistent between the various guidelines.

The recommended draft investment guidelines include:

- Where absent, the relevant benchmark and performance expectations.
    - The stated performance expectation for high yield, international fixed income and convertible bonds is to outperform the benchmark, net of fees, over rolling 5-year periods.
    - The stated performance expectation for TIPS and intermediate Treasuries is to outperform the benchmark, net of fees, over rolling 5-year periods with an ex-ante tracking error of less than two percent.

- A ten percent constraint by corporate sector in the international fixed income guidelines and to the intermediate U.S. Treasury fixed income guidelines.
- More consistent formatting.
- A change to the regulatory reference relating to internal cross trading for external managers, updating it to cite the existing federal ERISA statutes.
- Removal in the TIPS and intermediate Treasury investment guidelines of the requirement that trades be conducted with Primary Dealers.
- Removal in the high yield investment guidelines of the ability to invest in non-dollar securities and to engage in foreign currency transactions.
- A modification of the emerging market component index from the JP Morgan Global Bond Index – Emerging Markets Broad Diversified Index to the JP Morgan Global Bond Index – Emerging Markets Global Diversified Index.
- The removal of redundant language in the international fixed income guidelines that exists in the contract relating to representations and warranties, and to trade execution, and the addition of Romania to the list of allowable currency and sovereign issuer weightings.
- Specified language in the international fixed income investment guidelines relating to expected remedies when the portfolio falls outside of the investment guidelines.

State of Compliance with Proposed Investment Guidelines				
Fixed Income Type	**Specify Benchmark?**	**ID target return, tracking error, timeframe**	**Exposure Limitations**	
			Corporate Sector	**Corporate Issuer**
Intermediate Treasury	Yes	Yes	10%	5%
TIPS	Yes	Yes	5% limit on corporate debt	No
High Yield	Yes	Yes, w/o tracking error	25%	5%
International	Yes	Yes, w/o tracking error	10%	5%
Convertible Bond	Yes	Yes, w/o tracking error	25%	5%

RECOMMENDATIONS:

Recommended motion: approve resolutions 2012-20, 2012-21, 2012-22, 2012-23 and 2012-24.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to Inflation-Indexed Fixed Income Guidelines

Resolution 2012-20

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 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 2011-17.

DATED at Fairbanks, Alaska this _____ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

INFLATION-INDEXED FIXED INCOME 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. Investment Management Service to be Performed. Inflation-indexed fixed income Contractors shall invest and reinvest the cash and securities allocated to them and deposited in their account, without distinction between principal and income, in a portfolio consisting of fixed income securities with an intended emphasis on inflation-protected securities. These securities will be selected and retained by Contractors 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.

C. Performance Standards. Contractors are expected to have returns, net of fees, in excess of the appropriate benchmark over rolling 5-year periods with an ex-ante tracking error, defined as the annualized standard deviation of returns relative to the index, of less than two percent. The benchmark is the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index.

D. Investment Structure. Permissible Investments shall be limited to the following:

1. Money market investments comprising:

    a. 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; ~~or~~

    b. Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; ~~or~~

    c. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of $5 billion.

2. 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.

3. Other full faith and credit obligations of the U.S. Government.

4. 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.

5. Securities issued or guaranteed by municipalities in the United States.

6. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities.

7. Investment grade corporate debt securities comprising:

    a. Corporate debt issued in the U.S. capital markets by U.S. companies; ~~and~~

    b. 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~~

    c. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers); ~~and~~

    d. Corporate debt issued outside of the U.S. capital markets.

8. Asset-backed Securities (ABS).

9. 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.

10. 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.

E. Portfolio Constraints. The Contractor of the fixed-income portfolio shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:

1. A minimum of 80% of the portfolio's assets will be invested in inflation-indexed bonds.

2. The portfolio's duration may not exceed a band of +/-20% around the duration of the benchmark, or a reasonable proxy thereof.

3. The manager may not invest more than 10% of the portfolio's assets in non U.S. dollar-denominated debt.

4. The Contractor may not invest more than 5% of the portfolio's assets in investment grade corporate debt.

5. Non-U.S.-Treasury-issued 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.

6. The Contractor 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.

7. The Contractor may not purchase more than 10% of the currently outstanding par value of any corporate bond issue.

8. There shall be no investment in private placements, except Rule 144A securities.

9. The Contractor shall not sell securities short.

10. The Contractor shall not purchase securities on margin.

11. The Contractor shall not utilize options or futures.

12. Internally Managed Assets: the Contractor 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.

13. Externally Managed Assets: ~~Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.~~ Internal cross trading is permitted but only in accordance with requirements under: (1) 29 U.S.C. §1108(b)(19); (2) 29 C.F.R. §2550.408b-19; and (3) 26 U.S.C. §4975(d)(22).

F. Required Remedies. Recognizing that ratings and relative asset worth may change, the Contractor 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 Contractor 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.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Intermediate U.S. Treasury Fixed Income Guidelines

Resolution 2012-21

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 fixed income securities; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for fixed income securities.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the attached Intermediate U.S. Treasury Fixed Income Guidelines, attached hereto and made a part hereof, regarding investment in domestic fixed income securities.

This resolution repeals and replaces Resolution 2012-09.

DATED at Fairbanks, Alaska this _____ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

INTERMEDIATE U.S. TREASURY FIXED INCOME GUIDELINES

A. Purpose. The emphasis of investments in fixed income securities shall be diversification, subject to defined constraints, to minimize risk.

B. Investment Management Service to be Performed. Intermediate U.S. Treasury fixed income Contractors shall invest and reinvest the cash and securities allocated to them and deposited in their account, without distinction between principal and income, in a portfolio consisting of fixed income securities with an intended emphasis on U.S. Treasury securities. These securities will be selected and retained by Contractors 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.

C. Performance Standards. Contractors are expected to have returns, net of fees, in excess of the appropriate benchmark over rolling 5-year periods with an ex-ante tracking error, defined as the annualized standard deviation of returns relative to the index, of less than two percent. The benchmark is the Barclays Intermediate U.S. Treasury Index.

D. Investment Structure. Permissible U.S. dollar denominated debt investments shall be limited to the following:

1. Money market investments comprising:

    a. 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;

    b. Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation;

    c. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of $5 billion.

2. 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.

3. Other full faith and credit obligations of the U.S. Government.

4. 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.

5. Securities issued or guaranteed by municipalities in the United States.

6. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars.

7. Investment grade corporate debt securities comprising:

   a. Corporate debt issued in the U.S. capital markets by U.S. companies;

   b. 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);

   c. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers).

8. Asset-backed Securities (ABS).

9. 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.

10. 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.

11. The internally managed short-term or substantially similar portfolio.

E. Portfolio Constraints. The Contractor of the fixed-income portfolio shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:

1. The portfolio's effective duration may not exceed a band of +/ 20% around the modified adjusted duration (or effective duration) of the Barclays Capital U.S. Treasury: Intermediate Index, unless the investment agreement with an external Contractor specifically allows for a different band.

2. Investments in fixed-income securities shall be placed solely in U.S. dollar denominated debt instruments.

3. The Contractor may not invest more than 30% of the portfolio in securities that are not nominal United States Treasury obligations or the internally managed short-term or substantially similar portfolio at the time of purchase.

4. The Contractor may not invest more than 10% of the portfolio's assets in any one corporate sector as defined by the Barclays indices.

5. 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.

6. The Contractor may not purchase more than 10% of the currently outstanding par value of any corporate bond issue.

7. The Contractor may not invest more than 5% of the portfolio's assets in corporate bonds of any one company or affiliated group.

8. There shall be no investment in private placements, except Rule 144A securities.

9. The Contractor shall not sell securities short.

10. The Contractor shall not purchase securities on margin.

11. The Contractor shall not utilize options or futures.

12. Internally Managed Assets: the Contractor 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.

13. Externally Managed Assets: ~~Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.~~ Internal cross trading is permitted but only in accordance with requirements under: (1) 29 U.S.C. §1108(b)(19); (2) 29 C.F.R. §2550.408b-19; and (3) 26 U.S.C. §4975(d)(22).

F. Required Remedies. Recognizing that ratings and relative asset worth may change, the Contractor 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 Contractor 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.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to High Yield Fixed Income Guidelines

Resolution 2012-22

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 2011-18.

DATED at Fairbanks, Alaska this _____ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

HIGH YIELD FIXED INCOME GUIDELINES

A. Purpose. The emphasis of investments in high yield fixed income securities shall be diversification, subject to defined constraints, to minimize risk.

B. Investment Management Service to be Performed. High yield fixed income Contractors shall invest and reinvest the cash and securities allocated to them and deposited in their account, without distinction between principal and income, in a portfolio consisting of fixed income securities with an intended emphasis on high yield securities. These securities will be selected and retained by Contractors 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.

C. Performance Standards. Contractors are expected to have returns, net of fees, in excess of the appropriate benchmark over rolling 5-year periods. The benchmark is the Bank of America Merrill Lynch High Yield Master II Contrained Index.

D. Permissible Investments. ~~**Investment Structure.**~~ Permissible high yield investments shall be limited to the following:

1. Money market investments comprising:

    a. 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; ~~or~~

    b. Commercial paper; ~~or~~

    c. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of $5 billion.

2. 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.

3. Other full faith and credit obligations of the U.S. Government.

4. 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.

5. Securities issued or guaranteed by states or municipalities in the United States.

6. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities.

7. Corporate debt securities comprising:

    a. Corporate debt issued in the U.S. capital markets by U.S. companies; ~~and~~

    b. 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~~

    c. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers);

    ~~d. Non-U.S. dollar-denominated debt, if hedged to U.S. dollars.~~

8. Convertible bonds.

9. Bank debt.

10. Preferred stock.

11. Common stock.

12. Warrants.

E. Portfolio Constraints. ~~Limitations 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. Contractors shall apply appropriate diversification standards and 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. The portfolio's duration may not exceed a band of +/-20% around the duration of the benchmark.

2. 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.

3. 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.

~~4. 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.~~

~~5. The Contractor 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.~~

~~6. 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 E5.~~

7. The Contractor may not invest more than 25% of the portfolio's assets in any one corporate sector as defined by the benchmark as defined as Industry Level 3.

8. Warrants and common stock are authorized investments only if issued in conjunction with or related to bonds purchased by the contractor.

9. 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.

10. The Contractor may not invest more than 5% of the portfolio's assets in any one corporate issuer.

11. ~~Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-96.~~ Internal cross trading is permitted but only in accordance with requirements under: (1) 29 U.S.C. §1108(b)(19); (2) 29 C.F.R. §2550.408b-19; and (3) 26 U.S.C. §4975(d)(22).

12. There shall be no investment in private placements, except Rule 144A securities and bank debt.

13. The Contractor shall not sell securities short.

14. The Contractor shall not purchase securities on margin.

15. The Contractor shall not utilize options or futures~~, other than as described in section E6.~~

F. Required Remedies. Recognizing that ratings and relative asset worth may change, the Contractor 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 Contractor 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.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to International Fixed Income Guidelines

Resolution 2012-23

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 international 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 International Fixed Income Guidelines, attached hereto and made a part hereof, regarding investment in international fixed income securities, and repeals and replaces Resolution 2011-02.

DATED at Fairbanks, Alaska this _____ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

INTERNATIONAL FIXED INCOME GUIDELINES

A. Purpose. The portfolio will have a primary emphasis on diversification, subject to defined constraints, to minimize risk.

B. Investment Management Service to be Performed. International fixed income Contractors shall invest and reinvest the cash and securities allocated to them and deposited in their account, without distinction between principal and income, in a portfolio consisting of fixed income securities with an intended emphasis on international fixed income securities. These securities will be selected and retained by the Contractors 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.

C. Performance Standards. Contractors are expected to have returns, net of fees, in excess of the appropriate benchmark over rolling 5-year periods. The benchmark is a blend of 70% Citigroup World Government Bond Index Ex-US and 30% JP Morgan Government Bond Index – Emerging Markets ~~Broad~~ Global Diversified Index.

D. Investment Structure. Permissible international fixed income investments include:

1. Obligations of the United States government and foreign governments, sovereign states (including local currency emerging markets) and supranational entities.

2. Obligations of the agencies of the above.

3. Certificates of deposit.

4. Corporate debt obligations.

5. Commercial paper and euro commercial paper.

6. Bankers acceptances.

7. Repurchase agreements.

8. Asset-backed obligations.

~~**External International Fixed Income Manager.** The manager must represent and warrant:~~

~~1. that it is an "investment advisor" 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 these contracts; and~~

~~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 Alaska Retirement Management Board (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.~~

E. Portfolio Constraints. Contractors 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. The portfolio's duration may not exceed a band of +/- 25% around the duration of the Benchmark.

2. No more than ten percent of an outstanding non-government issue or non-government agency issue may be acquired.

3. No more than five percent of the portfolio's assets by market value may be invested in the corporate bonds of any one company or affiliated group.

4. The Contractor may not invest more than 10% of the portfolio's assets in any one corporate sector as defined by the Barclays indices.

   ~~Obligations are restricted to those denominated in the currencies as listed in section H;~~

5. Certificates of deposit must have been issued in a currency of an allowable country and must be readily saleable in a recognized secondary market for such instruments.

6. No more than 20 percent of the Portfolio, measured on the date of purchase, may be invested in corporate debt obligations. Corporate debt obligations must be rated investment grade or better by a recognized credit rating agency. In the event a split rating exists, the lower of the ratings shall apply for evaluating credit quality. ~~In the event that the rating becomes less than previously specified, the corresponding debt obligations will be liquidated at the discretion of the manager to obtain the best price for the downgraded security. If the securities are not liquidated within 90 days, the manager must have explained in writing to the CIO the decision to retain the securities~~.

7. Asset-backed obligations must be rated investment grade or better by a recognized credit rating agency. In the event a split rating exists, the lower of the ratings shall apply for evaluating credit quality. ~~In the event that the rating becomes less than previously specified, the corresponding debt obligations will be liquidated at the discretion of the manager to obtain the best price for the downgraded security. If the securities have not been liquidated within 90 days, the manager must explain in writing to the CIO the decision to retain the securities~~.

8. Commercial paper and euro commercial paper must bear the rating of A-1 by Standard & Poor's or P-1 by Moody's or the equivalent of a comparable rating agency. In the event a split rating exists, the lower of the ratings shall apply for evaluating credit quality. ~~In the event that the rating becomes less than previously specified, the corresponding commercial paper will be liquidated at the discretion of the manager to obtain the best price for the downgraded security. If the securities are not liquidated within 90 days, the manager must explain in writing to the CIO the decision to retain the securities~~.

9. Bankers' acceptances must have been drawn on and accepted by United States banks that have capital and surplus of at least $200 million each.

10. Repurchase agreements must be secured by the debt obligations set forth in section D(1)-(2) of this guideline.

11. 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 for purposes of this Section E as hedging of foreign currency exposure directly into the U.S. dollar.

12. 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 (11).

13. Except in the context of transactions permitted under this Section E, the use of leverage is specifically prohibited.

14. Obligations are restricted to those denominated in the currencies as listed below. The following are allowable currency and sovereign issuer weightings:

Country	**Minimum**	**Maximum**
Argentina	0	10
Australia	0	20
Brazil	0	10
Canada	0	25
Chile	0	10
China	0	10
Colombia	0	10
Czech Republic	0	10
Denmark	0	20
Egypt	0	10
Euro*	0	80
Hungary	0	10
India	0	10
Indonesia	0	10
Israel	0	10
Japan	0	60
Malaysia	0	10
Mexico	0	10
New Zealand	0	15

Norway	0	20
Peru	0	10
Poland	0	15
Romania	0	10
Russia	0	10
Singapore	0	15
South Africa	0	10
South Korea	0	10
Sweden	0	20
Switzerland	0	10
Thailand	0	10
Turkey	0	10
UK	0	30
United States	0	20
For each new Country entered into Benchmark	0	10

***Eurozone sovereign issuers in the aggregate**

~~**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 (recognizing that such commissions may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range, unless good cause exists), 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.~~

F. Required Remedies. Recognizing that ratings and relative asset worth may change, the Contractor 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 Contractor 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.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to Convertible Fixed Income Investment Guidelines
Resolution 2012-24

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 convertible fixed income securities; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for convertible fixed income securities.

NOW THEREFORE BE IT RESOLVED, THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the Convertible Fixed Income and Preferred Stock Investment Guidelines attached hereto and made a part hereof, regarding investment in convertible fixed income securities. This resolution repeals and replaces Resolution 2010-01.

DATED at Fairbanks, Alaska this _____ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

CONVERTIBLE FIXED INCOME AND PREFERRED STOCK GUIDELINES

Investment Objectives

The investment objective is to capture most of the performance of equities during rising markets, while outperforming equities in flat or down markets by investing in convertible securities. The Manager is expected to ~~add value versus~~ outperform the Merrill Lynch Yield Alternative Index (VYLD) ("Benchmark") over rolling 5-year periods net of fees by investing in U.S. and non-U.S. convertible securities. The manager may also hold cash. The manager may add value versus the Benchmark by 1) selecting convertible securities considered to be undervalued because of better-than-expected corporate fundamentals or other features of the particular issue; 2) over or under-weighting sectors relative to that of the Benchmark weights; 3) investing in privately placed convertible debt; 4) investing in non-U.S. convertible issues. The Manager is expected to maximize returns within reasonable and prudent levels of risk versus that of the Benchmark and to control costs of administering and managing the portfolio.

Securities Guidelines and Restrictions

- The Manager is responsible for implementing and adhering to risk control processes as stated in its investment contract.
- The Manager may invest in investment or non-investment grade rated convertible securities, which include 1) convertible bonds; 2) convertible preferred stock; 3) bonds or preferred stock with warrants; and 4) zero- and low-coupon convertibles. The ratings for investment and non-investment grade credit ratings are as defined below:

	Investment Grade	Non-Investment Grade
Standard & Poors' (S&P)	BBB- or higher	BB+ or lower
Moody Investor Services	Baa3 or higher	Ba1 or lower
Fitch	BBB- or higher	BB+ or lower

In the case of a split rating by two or more of the rating agencies, the lower rating shall be utilized.

- Non-rated convertible securities are permitted provided that the Manager is able to assign an appropriate credit rating consistent with the criteria used by the agencies stated above. Non-rated securities are limited to 35%

of the total market value of the portfolio. Non-rated securities to which the Manager assigns a non-investment grade rating are subject to the below investment grade limitation.

- The weighted-average rating of the portfolio shall not fall below the S&P rating equivalent of B. The Manager shall not purchase any security with a credit rating at or below CCC- by S&P and C3 by Moody's. However, the Manager may continue to hold securities downgraded below CCC- by S&P and C3 by Moody's if, in the opinion of the Manager, such an investment is considered appropriate given the ARMB's investment objective.

- Common shares obtained as a result of conversion must be liquidated within 20 trading days after conversion. This period may be extended upon approval by the Chief Investment Officer.

- The Manager shall not purchase any security, which would cause more than 5% of the portfolio assets at market at the time of purchase to be invested in the securities of any one issuer.

- The Manager shall not purchase any security, which would cause more than 25% of the invested assets at market to be invested in securities of issuers primarily engaged in any one industry.

- The Manager shall not purchase the securities of a company for the purpose of acquiring control or management thereof.

- The Manager shall not purchase shares of mutual funds or commingled vehicles.

- The Manager shall not make short sales of securities or maintain a short position, nor purchase securities on margin.

- The Manager is not permitted to lend or pledge securities in the account.

- Non-US securities are permitted provided that the security is dollar denominated. These securities are limited to 25% of the portfolio at market. Issuers included in the Merrill Lynch US All Convertible Index (VXA0) will be considered domestic/US for purposes of the account restrictions.

- The use of derivative securities including (but not limited to), futures, options, & swaps is prohibited.

Any changes deemed necessary by the Chief Investment Officer or Manager will be fully discussed and agreed upon by both before taking effect. Any such changes will then be incorporated in writing into the Guidelines.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	IFS Report Recommendation	ACTION:	**X**
	Task Area A.2., Recommendation #1		
	Investment Performance Benchmarks	INFORMATION:	
DATE:	September 20, 2012		

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 A.2. Investment Performance Benchmarks

IFS Report Recommendation #1, page 32 states:

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

The McKinley International and Domestic accounts have contractually been measured against core indexes since inception while secondarily being evaluated against their respective growth benchmarks. Given McKinley's strong growth characteristics in both mandates, staff recommends that the primary benchmarks for both mandates be adjusted to reflect their growth benchmarks. For international, the benchmark will move from the MSCI EAFE to the MSCI ACWI Ex-US Growth Index. No portfolio changes are expected as the result of this change. For domestic large cap, the benchmark will move from the Russell 1000 to the Russell 1000 Growth Index. Some portfolio changes may occur as a result of the domestic large cap change due to different sector weights between the two indexes.

RECOMMENDATION

The Alaska Retirement Management Board approve IFS Recommendation #1 in Task Area A.2., directing staff to work with McKinley on amending the Investment Management Agreement to change McKinley's primary international benchmark to the MSCI ACWI Ex-US Growth Index as well as changing McKinley's primary large cap benchmark to the Russell 1000 Growth Index.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	IFS Report Recommendation Task Area A.2, Recommendation #2 Add FTSE NAREIT Equity Index to Real Assets Benchmark	ACTION:	**X**
DATE:	September 20, 2012	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 A.2 Investment Performance Benchmarks

IFS Report Recommendation #2, page 34, states:

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

Staff concurs with this recommendation and will work with Callan to implement a revised Real Assets benchmark to include the FTSE NAREIT Equity Index. The current Real Assets benchmark and proposed new Real Assets benchmark are in the following table:

Benchmark Component	Current Real Assets Benchmark	Proposed New Real Assets Benchmark
NCREIF Property Index	60%	55%
NCREIF Farmland Index	10%	10%
NCREIF Timberland Index	10%	10%
Barclays US TIPS Index	20%	20%
FTSE NAREIT Equity Index		5%

RECOMMENDATION

The Alaska Retirement Management Board revise its Real Assets benchmark by adding the FTSE NAREIT Equity Index.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	IFS Report Recommendations Task Area A.2, Rec #3 and Task Area B.5, Rec #5 Energy Related Recommendations	ACTION:	**X**
		INFORMATION:	
DATE:	September 20, 2012		

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 A.2 Investment Performance Benchmarks

IFS Report Recommendation #3, page 34, states:

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

IFS Task Area B.5 Real Estate Guidelines

IFS Report Recommendation #5, page 65, states:

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

Staff does not concur with these recommendations. ARMB's Energy investments reflect a series of follow-on closed-end commingled funds with EIG (formerly TCW). There is no current intention to construct a large and diversified energy portfolio within Real Assets and therefore, development of an investment policy to that end is unnecessary. Given the relative size of ARMB's Energy investments (approximately $116 million as of June 30, 2012), and closed-end nature of the vehicles, it is also unnecessary to modify the Real Assets Benchmark to reflect these investments.

RECOMMENDATION

The Alaska Retirement Management Board affirm its current approach to Energy investing within the Real Assets asset class.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	IFS Report Recommendation Task Area B.5, Recommendation #2 REIT Guidelines	ACTION:	**X**
		INFORMATION:	
DATE:	September 20, 2012		

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.5 Real Estate Guidelines

IFS Report Recommendation #2, page 65, states:

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

Staff concurs with this recommendation and has developed investment guidelines specific to the internally managed REIT portfolio, separate from the total Real Estate Policy. The REIT guidelines are based on ARMB's current Investment Guidelines for Domestic and International Equities which staff has used heretofore to govern the management of the REIT portfolio.

RECOMMENDATION

The ARMB approve Resolution 2012-29 implementing the IFS recommendation relating to REIT Guidelines.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to REIT Investment Guidelines

Resolution 2012-29

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 REIT securities 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 REIT securities;

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the REIT Investment Policies, Procedures, and Guidelines, attached hereto and made a part hereof.

DATED at Fairbanks, Alaska this ___ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

ALASKA RETIREMENT MANAGEMENT BOARD (ARMB)

INVESTMENT GUIDELINES FOR REAL ESTATE INVESTMENT TRUSTS (REITs)

A. Purpose. The portfolio will have a primary emphasis on diversification to minimize risk.

B. Investment Structure. Permissible REIT security investments include:

1. Common stock of Real Estate Investment Trusts as qualified in the United States and that are listed on the New York or American exchanges or are NASDAQ listed;

C. Internal Equity Management – Limitations on Holdings. The manager of the REIT portfolio shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:

1. Sector limitation: No sector portfolio weight shall be greater than four percent (4%) of the sector's benchmark weight; and

2. Single security limitation: No single security portfolio weight shall be greater than two percent (2%) of the stock's benchmark weight.

D. Investment Management Service to be Performed. From time to time, the manager shall invest and reinvest the cash and securities allocated to it in a portfolio consisting of REIT securities. These securities will be selected and retained by the manager solely within the investment mandate approved by the ARMB and based on that manager's independent judgment relating to economic conditions, financial conditions, market timing, and market analysis.

E. Manager will be Authorized. The manager is authorized to invest or reinvest or dispose of any cash or securities held in the account or invest the proceeds of any disposition provided that no more than ten percent (10%) of the voting stock of any REIT is acquired or held.

F. Cash Held in Portfolio. The manager is expected to maintain a fully invested portfolio. The ARMB considers a portfolio to be fully invested as long as cash levels are below a maximum of five percent (5%), calculated using a 10-day moving average. In implementing this portion of the REIT guidelines, the Chief Investment Officer (CIO) will consider any cash in an account in excess of the maximum to be available for use as a funding source for other ARMB needs. If the manager expects to exceed the maximum cash level in the short-term, as the result of a specific strategy, the CIO must be notified in writing in advance. Upon CIO approval, such notice will provide temporary exemption from the maximum cash rebalancing threshold.

G. Performance Standards. The manager is expected to have returns, over time, in excess of the appropriate benchmark.

H. Performance Benchmarks. The benchmark is the FTSE NAREIT All Equity REITs Index.

I. Brokerage and Commissions. In carrying out its functions, the 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.

J. Voting and Other Action. The manager 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 provided by ARMB. In voting securities of the ARMB, the manager 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

SUBJECT:	IFS Report Recommendation Task Area B.6., Recommendation #2 Loosen Constraint for Non-U.S. Timber	ACTION:	**X**
		INFORMATION:	
DATE:	September 20, 2012		

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.6. Timberland Guidelines

IFS Report Recommendation #2, page 69, states:

> *ARMB should consider loosening the constraint on investing solely within the United States in the Timberland Policy.*

Staff does not concur with this recommendation. Staff recommends continuing to focus on building out a core U.S. Timberland portfolio at this time. The following characteristics of international timberland investing were considered:

1) Currently no international timberland investment benchmark;
2) Difficult to obtain historical market data;
3) Limited investment manager universe;
4) Risks are difficult to quantify and measure (regulatory, political, tax, transparency/corruption);
5) Information is typically not timely;
6) Appraisal process may vary; and,
7) Diversification and/or return enhancement benefits are uncertain.

RECOMMENDATION

The Alaska Retirement Management Board affirm its current Timberland investment strategy of investing exclusively in U.S. Timberland.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	IFS Report Recommendations Task Area B.6, Recommendations #1, #3,#4,#5, and #6 Timberland Guidelines	ACTION:	**X**
		INFORMATION:	
DATE:	September 20, 2012		

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.6 Timberland Guidelines
IFS Report Recommendation #1, page 68, states:

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

Staff concurs with this recommendation. The Timberland Investment Guidelines will be expanded to provide more information on the program.

IFS Report Recommendation #3, page 69, states:

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

Staff does not concur with this recommendation. The development of diversification parameters was explored with the managers at the time the program was started. Collectively, staff and the managers determined the best way to balance diversification, the unknown opportunity set, and the resulting portfolio was to mandate diversified portfolios but not to set hard constraints on the various dimensions of diversification. Currently, the Timberland Investment Guidelines require that portfolios be diversified as described by the following language:

Diversification and Concentration: Advisor will ensure the Timberland portfolios under their control are adequately diversified. While Advisor will seek to invest across the primary timberland regions of the United States as defined by the National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index, geographic diversification will ultimately depend on the availability of attractive investment opportunities, as well as potential diversification by species, age classes of trees and suitability for a variety of end products.

IFS Report Recommendation #4, page 69, states:

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

Staff concurs with this recommendation. The Timberland Investment Guidelines will be revised to add a minimum of two Timberland investment managers.

IFS Report Recommendation #5, page 69, states:

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

Staff concurs with this recommendation. The Timberland Investment Guidelines will be revised to add a constraint limiting maximum leverage to 10% at the aggregate portfolio level. This is the same constraint level imposed in the Farmland Investment Guidelines. Currently, the Timberland portfolio utilizes no debt.

IFS Report Recommendation #6, page 69, states:

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

Staff concurs with this recommendation. The Timberland Investment Guidelines will be revised to add descriptions of the roles of ARMB, staff, and the managers/advisors.

RECOMMENDATION

The ARMB approve Resolution 2012-28 implementing IFS recommendation relating to the Timberland Investment Guidelines.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Timberland Investment Guidelines

Resolution 2012-28

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 timberland 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 timberland;

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the Timberland Investment Policies, Procedures, and Guidelines, attached hereto and made a part hereof.

DATED at Fairbanks, Alaska this ___ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

Appendix C – Exhibit B

Timberland

ARMB Investment Guidelines

Section 1. Investment Objective

~~**Section 2.**~~ To develop a diversified portfolio of Timberland Investments with a focus on total return which will seek to produce a minimum 5% net real total rate or return over rolling five-year periods. Portfolio risk shall reflect, in ~~the~~each ARMB Timberland Advisor's (as defined in Section 2 below) judgment, the lowest expected risk profile required to achieve the return objectives. ~~The~~Each ARMB Timberland Advisor will place an emphasis on the preservation of capital and diversify the Timberland Investments to minimize risk. To the extent return objectives can be met, current income shall be given preference over appreciation.

Section 2. ARMB Timberland Advisor Selection

ARMB will select qualified investment managers who have the discretion to invest in Timberland ("ARMB Timberland Advisors). In order for entities to be considered, the entity must demonstrate that it is able to add value through its Timberland knowledge, experience and strategy; evaluate the risks of each Timberland Investment which is contemplated; and, comply with these ARMB Timberland Investment Guidelines (the "ARMB Investment Guidelines").

ARMB will implement an investment process for Timberland which will, over time, include a minimum of two (2) qualified ARMB Timberland Advisors who have been selected on a competitive basis. Each ARMB Timberland Advisor will provide services according to an agreed upon investment management agreement (contract) and the ARMB Investment Guidelines. ARMB will endeavor to allocate specific funds to each ARMB Timberland Advisor on a separate account basis (each a "Separate Account"). ARMB Timberland Advisors will invest funds on a discretionary basis in Timberland Investment opportunities to the extent of its specific allocation and Separate Account.

Compensation for investment management services will be done on a fee basis that is competitive. The preferred method of calculating ARMB Timberland Advisor fees will be based upon a formula, which considers 1) the cost basis of assets under management and 2) market value of the assets under management.

Section 3. Allocation

ARMB's allocation to Timberland Investments shall be determined by the Board of Trustees and reviewed annually.

~~Section 3.~~Section 4. Advisor Performance Benchmark

NCREIF Timberland Index

~~Section 4.~~Section 5. Investment Constraints~~Guidelines~~

(a) Each property underlying a Timberland Investment will be commercial timberland in accordance with the standards and customs of the region in which the property is located. Although commercial attributes vary significantly across regions and among forest types, generally, properties will be characterized by adequate timber stocking, sufficient productivity, established timber markets, and ready access.

(b) Location: Timberland Investments will be located inside the United States of America.

(c) Diversification and Concentration: Each ARMB Timberland Advisor will undertake to ensure that the Timberland Investments~~portfolios~~ under its~~their~~ control are adequately diversified. While each ARMB Timberland Advisor will seek to invest across the primary timberland regions of the United States as defined by the National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index, geographic diversification will ultimately depend on the availability of attractive investment opportunities, as well as potential diversification by species, age classes of trees and suitability for a variety of end products.

~~(d)~~ Leverage: The total amount of leverage placed on the aggregate Separate Accounts allocated to all ARMB Timberland Advisors for investment will not exceed ten percent (10%) of the total market value of all such Timberland Investments at the time such leverage is incurred. The purchase or refinance of Timberland Investments with debt and borrowing against Timberland Investments ~~the aggregate value of the portfolio~~ shall be permitted only with the prior consent of ARMB's Chief Investment Officer. The Advisor will not cause the Account to incur indebtedness without ~~the~~ ARMB's prior consent.

(d)

(e) Allocation: Each ARMB Timberland Advisor may exceed its Separate Account Allocation by up to 5% for the purposes of capital expenditures on existing assets and/or the completion of an acquisition.

~~(e)~~(f) Non-Routine Activity: Each ARMB Timberland Advisor will seek the prior approval of ARMB's Chief Investment Officer before entering into any arrangements which provide ancillary income activity from the Timberland which are not routinely associated with Timberland Investments. Examples include mining, wind farms, and utility infrastructure.

Section 6. ARMB Timberland Advisor Annual Portfolio Review

Annually, each ARMB Timberland Advisor will submit an annual portfolio review to ARMB staff ("Staff") which shall include an annual business plan addressing each Timberland Investment in the portfolio in its Separate Account and an annual portfolio level strategic plan. The objective of this effort is to facilitate Staff's monitoring of the Timberland Investments to ensure existing investments and future strategy are consistent with ARMB's objectives and to recognize any program changes, which may require ARMB approval, to facilitate the efficient operation of the investment program. Each ARMB Timberland Advisor will collaborate with Staff to identify the specific content of the business plan and strategic plan for the Timberland Investments in its Separate Account, but should consider the following:

Annual business plans will focus on past performance and future performance expectations for existing assets in the portfolio. Information should include performance analysis, hold/sell analysis, and investment budgets including explanations for future capital budget items.

Annual portfolio level strategic plans will focus on overall portfolio and market performance, portfolio diversification, market conditions, and strategy for acquisitions and disposition for the upcoming year. The strategic plan should also include any recommendations to improve the ARMB Investment Guidelines and/or ARMB's Timberland investment strategy.

Section 7. Ownership Structure

Timberland Investments will be owned in a structure designed to limit ARMB's liability to the amount of its capital commitment to such Timberland Investment and, where feasible, to recognize and preserve tax-exempt status.

Section 8. Reporting System

Staff will develop and implement a comprehensive and responsive reporting and monitoring system for all Timberland Investments and each ARMB Timberland Advisor. In order to facilitate active portfolio management, Staff will develop a reporting and monitoring system which will endeavor to identify under-performing investments, control portfolio diversification deficiencies and manage inherent conflicts of interest. A cash-based internal rate of return (IRR) will be used when evaluating the long-term performance of a Timberland Investment. Time-weighted returns will be used to measure comparative performance.

Section 9. Lines of Responsibility

The Timberland investment program will be implemented and monitored through the coordinated efforts of the ARMB, Staff, and the ARMB Timberland Advisors. A description of the program participants and their general responsibilities are as follows:

ARMB – The statutorily created board which is the fiduciary for the retirement trust funds, comprised of trustees appointed by the Governor to represent the beneficiaries' interest. ARMB hires qualified ARMB Timberland Advisors and consultants; approves the ARMB Investment Guidelines and revisions to them; and approves the Annual Investment Plan prepared by Staff.

Staff - Investment professionals on staff at the Department of Revenue assigned to ARMB Timberland Investments, who will assist in the Timberland investment program's design, policy implementation, and administration. Staff coordinates program and guidelines compliance among all participants and communicates the investment policies, objectives, and performance criteria to the ARMB Timberland Advisors; monitors diversification compliance on a quarterly basis; and coordinates the receipt and distribution of capital. Staff will review and approve each ARMB Timberland Advisor's annual business plan, including revisions to the investment budgets in accordance with Section 13 hereof, and annual portfolio level strategic plan. Staff will recommend, to ARMB, revisions to the Timberland Investment Guidelines as may be necessary from time to time.

Annually, Staff will prepare an Annual Investment Plan after reviewing the annual business and annual portfolio level strategic plan prepared by the ARMB Timberland Advisors. This document will recommend, as appropriate, revisions to the overall Timberland Investment strategy, revisions to the Timberland Investment Guidelines, and make recommendations for additional allocations to the ARMB Timberland Advisors as may be desirable.

ARMB Timberland Advisors – Qualified entities selected by ARMB that provide institutional Timberland investment management services to ARMB. ARMB Timberland Advisors will invest and manage the Timberland Investment portfolios in accordance with their contracts.

Section 10. Property Management

The selection of on-site property management will generally be left to the discretion of the applicable ARMB Timberland Advisor. It is expected the ARMB Timberland Advisor will retain the highly qualified, market rate property management service either through a third party fee manager or the ARMB Timberland Advisor's affiliated property management division. This business relationship will be periodically reviewed by Staff and ARMB.

Section 11. Insurance Coverage

Each ARMB Timberland Advisor shall obtain insurance coverage with respect to the Timberland and the Timberland Investments in such amounts and against such risks as, in such ARMB Timberland Advisor's professional judgment, are in accordance with sound institutional practices applicable to Timberland Investments.

Section 12. Environmental Evaluations

As part of the pre-acquisition analysis for all prospective new Timberland Investments, each ARMB Timberland Advisor shall conduct a Phase 1 Environmental Site Assessment to identify the presence or likely presence of hazardous substances or petroleum products under conditions that indicate an imminent, existing or past release, or a material threat of a release into structures, or into the ground, groundwater or surface water.

Section 13. Delegation of Authority

ARMB shall delegate authority to Staff to approve the following:

- Annual business plans and annual portfolio strategic plans prepared by the ARMB Timberland Advisors;
- Revised investment budgets and variances in approved annual business plans for unanticipated activity; and
- Line item variances in approved capital expenditure budgets in amounts up to $500,000 with a cumulative fiscal year maximum of $3,000,000 per Advisor.

~~Section 5.~~**Section 14.** Confidentiality

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by ARMB Timberland Advisor(s) or c~~C~~onsultant(s) which is reasonably designated by ARMB Timberland Advisor(s) or c~~C~~onsultant(s) as being confidential or proprietary, within the meaning of Alaska Statutes regarding rights to public information, except to the extent that the information is needed by ARMB in order to adequately report on the status and performance of the portfolio, or to comply with a court subpoena or with an official criminal investigation.

Those portions of reports provided pursuant to ~~Section 10 of~~ the Agreement with ARMB Timberland Advisor(s) shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by ARMB Timberland Advisor(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of ARMB Timberland Advisor(s) or ARMB to manage, lease, market or sell such property or Assets.

~~Section 6.~~**Section 15.** Unrelated Business Income Tax

~~The~~Each ARMB Timberland Advisor will manage its respective Separate Account~~the Account~~ with a view toward minimizing the recognition of unrelated business taxable income ("UBTI") to the extent consistent with the Investment Objective set forth in Section 1 above. ~~The~~Each ARMB Timberland Advisor will consult with ~~the~~ ARMB prior to entering into any transaction that could reasonably be expected to result in the recognition of significant amounts of UBTI.

Section 16. Revisions

The ARMB Investment Guidelines are to be reviewed no less than annually and revised as appropriate.

Section 17. ARMB Timberland Advisors

The following entities have been selected and appointed as ARMB Timberland Advisors to acquire Timberland properties on a discretionary basis for the Alaska Retirement Management Board:

Hancock Timber Resource Group	**Timberland Investment Resources, LLC**
99 High Street, 26th Floor	115 Perimeter Center Place, Suite 940
Boston, MA 02110-2320	Atlanta, GA 30346
Telephone: 617-747-1600	Telephone: 404-848-2000
Fax: 617-747-1516	Fax: 404-848-2006
www.hancocktimber.com	www.tirllc.com

Section 18. Definitions

~~Section 6. Definitions~~

(a) "Timber" means trees growing on Timberland, or trees which have been cut but not removed from Timberland.

(b) "Timberland" means real property which is to be planted with Timber or real property on which Timber is growing.

(c) "Timberland Investment" means, in general, all interests (including fee ownership, leasehold interests or management rights) in Timberland; timber deeds, timber cutting contracts and other rights, contracts or agreements relating to the ownership, cutting and/or use of Timber; options to acquire or sell Timber or Timberland or interests therein; mineral rights (including oil and gas rights), biomass or carbon credits attendant to the ownership of Timberland; and personal property, both tangible and intangible, directly associated or connected with the use of Timberland.

Appendix C – Exhibit B

Timberland

ARMB Investment Guidelines

Section 1. Investment Objective

To develop a diversified portfolio of Timberland Investments with a focus on total return which will seek to produce a minimum 5% net real total rate or return over rolling five-year periods. Portfolio risk shall reflect, in each ARMB Timberland Advisor's (as defined in Section 2 below) judgment, the lowest expected risk profile required to achieve the return objectives. Each ARMB Timberland Advisor will place an emphasis on the preservation of capital and diversify the Timberland Investments to minimize risk. To the extent return objectives can be met, current income shall be given preference over appreciation.

Section 2. ARMB Timberland Advisor Selection

ARMB will select qualified investment managers who have the discretion to invest in Timberland ("ARMB Timberland Advisors). In order for entities to be considered, the entity must demonstrate that it is able to add value through its Timberland knowledge, experience and strategy; evaluate the risks of each Timberland Investment which is contemplated; and, comply with these ARMB Timberland Investment Guidelines (the "ARMB Investment Guidelines").

ARMB will implement an investment process for Timberland which will, over time, include a minimum of two (2) qualified ARMB Timberland Advisors who have been selected on a competitive basis. Each ARMB Timberland Advisor will provide services according to an agreed upon investment management agreement (contract) and the ARMB Investment Guidelines. ARMB will endeavor to allocate specific funds to each ARMB Timberland Advisor on a separate account basis (each a "Separate Account"). ARMB Timberland Advisors will invest funds on a discretionary basis in Timberland Investment opportunities to the extent of its specific allocation and Separate Account.

Compensation for investment management services will be done on a fee basis that is competitive. The preferred method of calculating ARMB Timberland Advisor fees will be based upon a formula, which considers 1) the cost basis of assets under management and 2) market value of the assets under management.

Section 3. Allocation

ARMB's allocation to Timberland Investments shall be determined by the Board of Trustees and reviewed annually.

Section 4. Advisor Performance Benchmark

NCREIF Timberland Index

Section 5. Investment Constraints

(a) Each property underlying a Timberland Investment will be commercial timberland in accordance with the standards and customs of the region in which the property is located. Although commercial attributes vary significantly across regions and among forest types, generally, properties will be characterized by adequate timber stocking, sufficient productivity, established timber markets, and ready access.

(b) Location: Timberland Investments will be located inside the United States of America.

(c) Diversification and Concentration: Each ARMB Timberland Advisor will undertake to ensure that the Timberland Investments under its control are adequately diversified. While each ARMB Timberland Advisor will seek to invest across the primary timberland regions of the United States as defined by the National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index, geographic diversification will ultimately depend on the availability of attractive investment opportunities, as well as potential diversification by species, age classes of trees and suitability for a variety of end products.

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ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	IFS Report Recommendations Task Area B.7, Recommendations #1, #2, and #3. Farmland Guidelines	ACTION:	**X**
		INFORMATION:	
DATE:	September 20, 2012		

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.7 Farmland Guidelines

IFS Report Recommendation #1, page 73, states:

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

Staff concurs with this recommendation. Currently, ARMB's Farmland investments are U.S. domestic investments only. Staff continues to monitor the marketplace for international opportunities but has not identified anything compelling thus far. Should a compelling international opportunity be identified, staff will propose guideline modifications to the ARMB at that time. The Farmland Guidelines will be revised to clarify that the Farmland portfolio is U.S. domestic only.

IFS Report Recommendation #2, page 73, states:

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

Staff concurs with this recommendation. ARMB's current Farmland Guidelines allow for both fixed cash rents and participating rents calculated as a percentage of gross income. The Farmland Guidelines will be revised to clarify that a mix of fixed rent and participating rent is also acceptable.

IFS Report Recommendation #3, page 73, states:

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

Staff partially concurs with this recommendation. ARMB's current Farmland portfolio utilizes no debt. The current Farmland guidelines restrict the use of debt but will be further constrained to require CIO approval in all instances where leverage may be utilized. The 10% maximum is a good control to limit the aggregate leverage level of the Farmland portfolio. Lowering this level to 0% would effectively mean the CIO could never approve the use of debt, and therefore is not being incorporated in the revised guidelines.

RECOMMENDATION

The ARMB approve Resolution 2012-27 implementing IFS recommendations relating to the Farmland Guidelines.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Farmland Investment Guidelines

Resolution 2012-27

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 farmland 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 farmland;

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the Farmland Investment Policies, Procedures, and Guidelines, attached hereto and made a part hereof.

This resolution repeals and replaces Resolution 2009-29

DATED at Fairbanks, Alaska this ___ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

APPENDIX E

ALASKA RETIREMENT MANAGEMENT BOARD
FARMLAND INVESTMENT
POLICIES, PROCEDURES AND GUIDELINES

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ALASKA RETIREMENT MANAGEMENT BOARD
FARMLAND INVESTMENT
POLICIES, PROCEDURES AND GUIDELINES

I. INVESTMENT OBJECTIVES

A. Investments in Farmland and Other Farmland Related Assets

The Alaska Retirement Management Board (ARMB) will invest in Farmland 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 **(Managers)** who have the discretion to invest in Farmland, subject to ARMB's approval of an Annual Strategic/Tactical Plan and an Annual Investment Plan. In order for Farmland investments to be considered, the Manager must demonstrate that it is able to: add value through its Farmland knowledge, experience and strategy; underwrite the risks of the investment which is contemplated; and comply with the intent of the Farmland Investment Policies, Procedures and Guidelines **(Guidelines)**.

Single property and multi property strategies will be considered.

B. Asset Allocation

The ARMB allocation to Farmland investments shall be determined by the Board of Trustees and reviewed annually.

Farmland Investments will be allocated 80% to row crops and 20% to permanent crops, +/- ten (10%) percent.

Allocated capital to 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 Farmland 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 4.0% returns over rolling five-year periods with a minimum of 3.0% distributed income for individual properties after fees and projected capital expenditures.

3. **Minimum Going-In Yields**
   The investment manager's initial three-year period projection will equal or exceed 5.0% income before fees for the entire portfolio, but individual properties may have a projected current income as low as 4.0%.

II. PROGRAM RISK MANAGEMENT AND IMPLEMENTATION

The selection and management of assets in the Farmland 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 Farmland 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 Farmland 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; i.e., properties that have high percentage of Class I & II soils or other soil types appropriate for the production of the targeted commodity, adequate sources of water for irrigation (if applicable) at reasonable costs, located in well established agricultural regions.

"Eligible Properties" mean real property in which ownership in fee vests in ARMB or an ARMB Title Holding Entity. Subsurface, water or other property rights will be acquired and/or retained consistent with use of the property for Farmland, and the terms of acquisition shall include the most favorable rights and terms accorded to any other participant in any controlling or overriding master lease or utilization type agreement which might be applicable to the use of the property (for example, if the ARMB property is a portion of a larger agricultural unit). For purposes of this definition, real property includes any property treated as real property either by local law or state law or for federal income tax purposes.

Investments will be located in the United States of America. International investments are not permitted.

B. Diversification

The Farmland portfolio will be diversified as to crop type, property type and geographical location. Diversification reduces the impact on the portfolio of any one investment.

Diversification compliance will be monitored on a quarterly basis for compliance with ARMB's Guidelines by staff.

For purposes of calculating diversification compliance, the overall Farmland portfolio size will be considered the allocation to Farmland. Unless exceptional circumstances justify a deviation, the maximum percentage of the Farmland portfolio investment for each of the identified categories is as follows:

Controlled Investments:	100 %
(ARMB can liquidate within 180 days –targeted, not guaranteed))	
Non-Controlled Investments:	50%
(ARMB cannot liquidate within 180 days)	

Public Equity:	0 %
Public Debt:	0 %
Private Equity:	100 %
Private Debt:	0 %

Geographic:

ARMB will avoid over-concentration in areas of similar Farmland performance. The consultant will monitor ARMB's concentrations in this area. The consultant will report its conclusions regarding the acceptability of ARMB's concentration limits quarterly.

Properties Within the Same NCREIF Farmland Region	40%
Single Property Investment:* *(acquisition cost plus projected capital additions and improvements)*	15%
Single-Tenant/Sub-Tenant (any one firm):	15%
Crop Type (with a band of +/- 10%)	
Row Crop	80%
Permanent Crop	20%
Properties Producing the Same Commodity	30%

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.

* Exception for high cost markets shall be approved annually by the ARMB through its Annual Investment Plan.

C. Implementation Approach

The ARMB will implement an investment process for Farmland which will, over time, include a minimum of two (2) qualified 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 Farmland investment opportunities in privately-placed equity sectors. Investments will be made on a discretionary basis subject to ARMB Staff approval of the Annual Strategic/Tactical Plans prepared by Managers and Staff's approval of the Annual Investment Plan.

All allocation of funds to a manager (including additional investment with existing accounts) and investment strategy must be recommended to Staff 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 the Guidelines and the then current Annual Investment Plan; historical performance of 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 Farmland investment for the purpose of rendering a report to ARMB supplementing reports provided by Staff or others**.**

D. Prudent Leverage

The total amount of leverage placed on the aggregate Separate Account assets will not exceed ten percent (10%) of the total market value of the Farmland separate account portfolio. Directly-owned properties will not be leveraged by the separate account investment manager unless, with approval from the Chief Investment Officer, the property was encumbered by debt at the time of purchase and leaving the debt in place can be justified on a risk-return basis. With authorization by the ARMB, the Chief Investment Officer may place leverage on a pool of existing core Farmland assets held in ARMB's separate account portfolio in a manner consistent with the ARMB's Guidelines.

E. Lease Structure

All leases must be of institutional investment quality with a precedent of institutional investment in similar properties; Leases will be structured with fixed cash rents, or participating rents calculated as a percentage of gross income. A lease structure incorporating both fixed cash rent and participating rent is also acceptable.

F. 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. 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 1) the cost basis of assets under management and 2) market value of the assets under management. All fee structures will be approved by 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 Farmland 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 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, control 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 less expenses and prudent operating reserves will be distributed to ARMB or its designee on a quarterly basis 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 Farmland 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 Farmland investment decisions.

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

Separate Account Managers – Qualified entities that provide institutional Farmland 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 Managers.

III. CONFLICTS OF INTEREST

In Farmland 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. Additionally, Managers may now or in the future maintain or manage properties and provide discretionary or non-discretionary advisory services for a number of other accounts and clients, including accounts affiliated with the Manager. These inherent or potential conflicts 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 following valuation procedures shall be applied to all farmland assets managed in separate accounts for the Alaska Retirement Management Board:

1) All assets shall be appraised at the time of acquisition.

2) All assets shall be appraised annually during the quarter ending March 31 unless the property was acquired during the preceding twelve months in which case, based on a recommendation from the advisor, staff may allow an appraisal update or waive the appraisal requirement if such appraisal would not be a cost effective exercise.

3) All property valuations shall be reviewed internally by advisors for the quarters ending in June, September, and December. If changes in market conditions, expected cash flows, or other factors suggest a property valuation has likely changed by more than 3% to 5% the advisor shall prepare a documented internal valuation and record the resulting value in the financial statements.

4) Appraisals will be prepared by a qualified independent third party entity in accordance with industry standards. Appraisers shall be selected by the advisor in a manner that achieves a high quality appraisal at a reasonable cost.

5) Advisor shall attempt to rotate appraisers on each property every three years.

B. Property Management

The selection of on-site property management will generally be left to the discretion of the Manager. It is expected that the Manager will retain the highest caliber, market rate property management service either through a third party fee manager or the Manager's

affiliated property management division. This business relationship will be periodically reviewed by Staff and ARMB.

IV. INSURANCE COVERAGE

The 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 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 Manager, disaster-type insurance coverage; comprehensive general liability; and title insurance.

V. UNRELATED BUSINESS INCOME TAX

The Manager will provide ARMB with an opinion of counsel satisfactory to ARMB that the standard lease or subsequent revisions to the standard lease used to lease Account Property 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.

VI. ENVIRONMENTAL EVALUATIONS

As a standard procedure during the pre-acquisition analysis, the Manager will initiate a formal evaluation for each property though 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.

VII. PROCEDURES FOR INVESTMENT

A. Delegation of Responsibilities

The Farmland investment program will be implemented and monitored through the coordinated efforts of the ARMB; Staff 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 Farmland 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 Farmland consultants; and set investment limits.

2. Staff

Staff will coordinate program compliance among all participants and communicate the investment policies, objectives and performance criteria to the Managers and monitor diversification compliance on a quarterly basis. Staff will also coordinate the receipt and distribution of capital. Staff~~,~~ will periodically review the Managers' and portfolio's performance in relation to target returns; review and approve the Manager's Annual Business Plan and Annual Strategic/Tactical Plan; review and recommend an Annual Investment Plan; and recommend revisions to the Farmland 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.

3. Managers

Separate account investment managers will acquire and manage Farmland 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.

B. Investment Procedure

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

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. Staff shall review the Manager's Annual Business Plans and Annual Strategic/Tactical Plans for consistency with the Annual Investment Plan. Staff will approve all Plans prepared by the 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. Investments will be approved in accordance with Managers' standard internal investment approval process, which may involve levels of authority delegated to senior officers and/or one or more investment committees. Upon the request of ARMB, separate account investment managers will provide copies of their internal Investment Committee reports for each asset purchased.

VIII. DELEGATION OF AUTHORITY

ARMB shall delegate authority to Staff to approve the following:

- Each separate account Manager's detailed property operating budgets for each fiscal year;
- Annual Business Plans and Annual Tactical/Strategic Plans prepared by ARMB's separate account 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 $500,000 with a cumulative fiscal year maximum of $3,000,000 per 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 is to be reviewed no less than annually and revised as appropriate.

XI. FARMLAND SEPARATE ACCOUNT INVESTMENT MANAGERS

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

Hancock Agricultural Investment Group

Oliver Williams ~~Jeffrey A. Conrad~~
99 High Street, 26th Floor
Boston, MA 02110-2320
Telephone: 617-747-164~~501~~
Fax: 617-747-8645~~1616~~
E-mail:
~~jconrad@hnrg.com~~owilliams@hnrg.com
Web site: www.haig.jhancock.com

UBS AgriVest LLC

James B. McCandless
10 State House Square, 15th Floor~~242 Trumbull Street~~
Hartford, CT 06103-3604~~1212~~
Telephone: 860-616-9200
Fax: 860-616-9204
E-mail: james.mccandless@ubs.com
Web site: www.ubs.com

Attachment 1

FARMLAND INVESTMENT POLICIES, PROCEDURES AND GUIDELINES - Delegation of Responsibilities "Attachment 1"					
	Frequency	**Separate Account Investment Managers**	**Consultant**	**Staff**	**Board**
Farmland Investment Policies Procedures and Guidelines Review and Revise	Annually			P, R	A
Separate Account Investment Manager Selection Request for Proposals (RFP)	Periodically		P, G, R	P, G, R	A
Farmland Investment Plan	Annually			P, R	A
Separate Account Business Plan and Strategic/Tactical Plan	Annually	P, R		A	
Quarterly Performance	Quarterly		P		
Portfolio/Property Diversification Compliance	Quarterly	P		M	
Geographic Concentration Limit	Quarterly	P		M	
A = Approve R = Recommend G = Grade M = Monitor P = Prepare					

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	IFS Report Recommendation	ACTION:	**X**
	Task Area B.8., Recommendation #2		
	Watch List Guidelines	INFORMATION:	
DATE:	September 20, 2012		

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.8. Watch List Guidelines

IFS Report Recommendation #2, page 75 states:

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

Staff performed an analysis of business cycles and manager excess returns. This analysis suggests the review timeframe should be expanded from 3 years to 6 years.

RECOMMENDATION

The Alaska Retirement Management Board approve Resolution 2012-25 which implements the IFS recommendation and amends the ARMB Manager Watch List Guidelines to review managers based on a 6-year performance history relative to the mandate’s benchmark and peer group.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Watch List Guidelines

Resolution 2012-25

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 established qualitative and quantitative criteria to evaluate investment manager performance; and

WHEREAS, the Board will from time to time as necessary modify guidelines for the evaluation.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the Watch List Guidelines, attached hereto and made a part hereof.

This resolution repeals and replaces Resolution 2006-01

DATED at Fairbanks, Alaska this ___ day of September, 2012.

_____
Chair

ATTEST:

_____
Secretary

GUIDELINES FOR MANAGER "WATCH LIST"

The performance of the Board's investment managers will be monitored on an ongoing basis. The Board may place a manager on a "Watch List" at any time. The Board may also terminate a manager at any time whether or not a manager is on the "Watch List".

Managers may be placed on a "Watch List" for a variety of reasons: Personnel changes, violation of policy and investment guidelines, style deviation, underperformance and asset allocation changes. The ARMB has two clearly stated fund performance objectives in the investment guidelines, the preservation of capital and consistent positive returns. These "Watch List" guidelines were formulated with these objectives as a foundation. There are various factors that should be taken into account when considering placing a manager on a "Watch List". These can be separated into two broad categories – qualitative and quantitative factors. The former focuses on personnel, organizational and legal issues while the latter addresses performance.

Placing a manager on the "Watch List" is an intermediate step which may be taken to either resolve the problem or terminate the manager. Managers may only be removed from the "Watch List" under these two conditions.

QUALITATIVE FACTORS

Below are *qualitative* factors that may be considered in determining whether an investment manager should be terminated.

FACTOR	***EVALUATION***	**ACTION STEPS**
• Violation of investment guidelines	• Review portfolio holdings vis-a-vis the investment guidelines - individual securities. - their percentage weight in the portfolio.	Correct violation. Review violations with manager to reestablish appropriate guidelines. Manager to compensate ~~ASPIB~~ARMB for any losses that occurred from violation. Place on watch list for one year – may terminate on additional violation.
• Deviation from stated investment style and philosophy	• Style mapping – total fund analysis. • Style attribution – manager specific style analysis.	Place on watch list. Monitor for ongoing fit with asset allocation policy. Terminate if no longer consistent with asset allocation structure.
• Changes in ownership	Require immediate notification of any pending changes in ownership.	Place on watch list for 18 months. Qualitatively determine if change may detrimentally affect asset performance.
• Turnover of key personnel	Require manager to establish a list of key personnel, and rank in level of importance, at the inception of the account. Manager updates on an as needed basis.	Place on watch list. May terminate if 60% of the key personnel turnover on the account (as specified in the manager-provided list) and/or 2 out of the top 3 people leave.
• Litigation	Require manager to notify immediately if entity which manages the funds is involved in any litigation.	Evaluate seriousness and likely impact of changes on the investment process and take appropriate action.

QUANTITATIVE FACTORS

Below are *quantitative* factors to be considered in determining the appropriateness of placing and investment manager on the "Watch List".

⇒ Minimum of ~~three~~six years of performance required prior to placement on the watch list.

⇒ Three out of three (where applicable) performance tests must be failed for watch list.

PERFORMANCE TEST	*BENCHMARK*	FAIL CRITERIA
Test 1: Trailing ~~3~~6 year results	Annualized performance relative to the agreed upon market index.	Fail if underperform index by 1% per annum over measurement period, gross of fees.
Test 2: Trailing ~~3~~6 year results	Relative to an appropriate style index (if applicable).	Fail if underperform style index by 1% per annum over measurement period, gross of fees.
Test 3: Peer group comparison	Performance compared to that of an appropriate peer group.	Fail if cumulative performance is at 65% percentile or lower over relevant timeframe.

The following factors are important to monitor on an ongoing basis to understand and track the performance of the investment managers who have been placed on the watch list:

FACTOR	*EVALUATION TECHNIQUE*
Consistency of returns	• Rolling ~~3~~6 year returns relative to market index. • Rolling ~~3~~6 year returns relative to appropriate style group. • Rolling correlations to market index.
Risk-adjusted performance	• Rolling ~~3~~6 year information ratio. • Risk reward chart. • Sharpe ratio. • Treynor ratio.

GUIDELINES FOR MANAGER "WATCH LIST"

The performance of the Board's investment managers will be monitored on an ongoing basis. The Board may place a manager on a "Watch List" at any time. The Board may also terminate a manager at any time whether or not a manager is on the "Watch List".

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Placing a manager on the "Watch List" is an intermediate step which may be taken to either resolve the problem or terminate the manager. Managers may only be removed from the "Watch List" under these two conditions.

QUALITATIVE FACTORS

Below are *qualitative* factors that may be considered in determining whether an investment manager should be terminated.

FACTOR	***EVALUATION***	**ACTION STEPS**
• Violation of investment guidelines	• Review portfolio holdings vis-a-vis the investment guidelines - individual securities. - their percentage weight in the portfolio.	Correct violation. Review violations with manager to reestablish appropriate guidelines. Manager to compensate ARMB for any losses that occurred from violation. Place on watch list for one year – may terminate on additional violation.
• Deviation from stated investment style and philosophy	• Style mapping – total fund analysis. • Style attribution – manager specific style analysis.	Place on watch list. Monitor for ongoing fit with asset allocation policy. Terminate if no longer consistent with asset allocation structure.
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• Litigation	Require manager to notify immediately if entity which manages the funds is involved in any litigation.	Evaluate seriousness and likely impact of changes on the investment process and take appropriate action.

QUANTITATIVE FACTORS

Below are *quantitative* factors to be considered in determining the appropriateness of placing and investment manager on the "Watch List".

⇒ Minimum of six years of performance required prior to placement on the watch list.
⇒ Three out of three (where applicable) performance tests must be failed for watch list.

PERFORMANCE TEST	***BENCHMARK***	**FAIL CRITERIA**
Test 1: Trailing 6 year results	Annualized performance relative to the agreed upon market index.	Fail if underperform index by 1% per annum over measurement period, gross of fees.
Test 2: Trailing 6 year results	Relative to an appropriate style index (if applicable).	Fail if underperform style index by 1% per annum over measurement period, gross of fees.
Test 3: Peer group comparison	Performance compared to that of an appropriate peer group.	Fail if cumulative performance is at 65% percentile or lower over relevant timeframe.

The following factors are important to monitor on an ongoing basis to understand and track the performance of the investment managers who have been placed on the watch list:

FACTOR	***EVALUATION TECHNIQUE***
Consistency of returns	• Rolling 6 year returns relative to market index. • Rolling 6 year returns relative to appropriate style group. • Rolling correlations to market index.
Risk-adjusted performance	• Rolling 6 year information ratio. • Risk reward chart. • Sharpe ratio. • Treynor ratio.

Global Asset Management USA (GAM)

Mandate: Absolute Return **Hired:** January 2010

Firm Information

GAM is an asset management company listed on the Swiss stock exchange with over $40 billion in total assets under management and $6.2 billion in multi-manager absolute return strategies as of June 30, 2012. GAM has 85 professionals working in offices in New York, London, and Hong Kong.

Key Executives:

David Smith, Chief Investment Officer

Arvin Soh, Portfolio Manager

Joe Gieger, Managing Director

Kathryn Cicoletti, Director, Institutional Sales

Investment Approach

GAM's investment evaluation and portfolio construction process has three components:

- Investment Due Diligence seeks to identify the sources and repeatability of a manager's competitive edge;
- Operational Due Diligence is a key factor in avoiding manager failure and fraud for both new and existing managers;
- Forward-looking expectations for return, risk, maximum drawdown and correlation on an absolute and relative basis are formed to construct portfolios with an aim to achieve investment goals.

Investments are made through a Portfolio Management Committee comprised of 9 portfolio managers, including CIO, David Smith. The CIO has ultimate decision making authority, but all decisions are made with input from the Committee. The operational due diligence team can veto any investment.

Benchmark: T-Bills +5%

Total ARMB Mandate & Fees

Assets Managed (FY End)

6/30/11	$142.2 MM
6/30/12	$144.1 MM

Management Fee: 0.85%

Concerns:

6/30/2012 Performance (net of fees)

	Last Quarter	1-Year	2-Years Annualized
GAM - Net	-1.25%	1.34%	1.93%
Benchmark	1.25%	5.06%	5.11%

Alaska Retirement Management Board

GAM

September 2012

Arvin Soh, Portfolio Manager
Kathryn Cicoletti, Director, Institutional Sales

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Table of Contents

I. GAM Business Update

II. Account Review

III. Market Outlook

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GAM Business Update

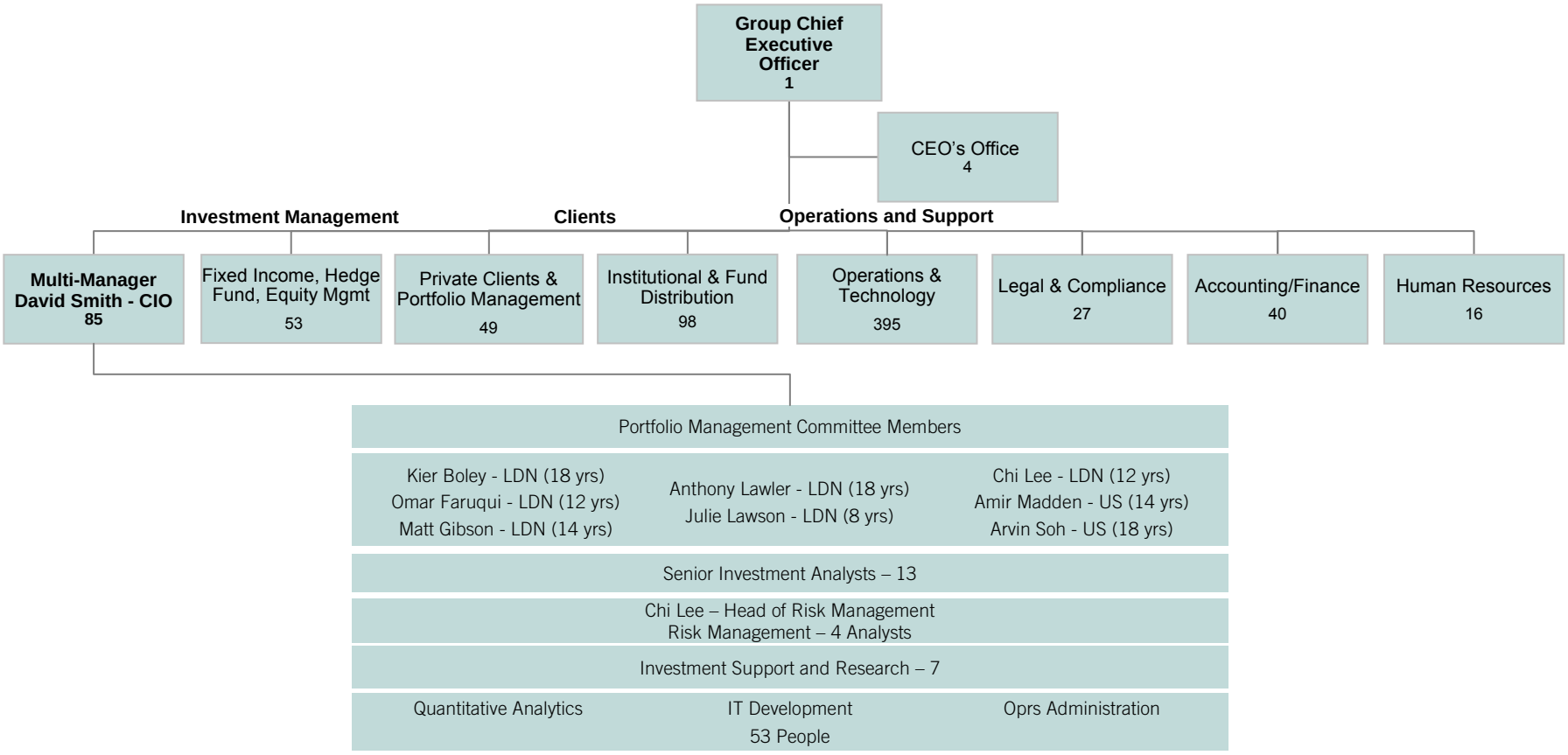
GAM Business Update

Bringing experience, resources and institutional discipline to fund of hedge funds management

- **Assets Under Management***
  - Over $40 billion* in firm assets and over $6.2 billion* in Multi-Manager assets
- **Personnel**
  - 85** professionals working out of offices located in New York, London and Hong Kong
  - Employees have an equity interest in GAM Holding
- **Initiatives**
  - Strategic solutions and partnerships
  - Significant customized and segregated account growth
  - Continued growth in single manager hedge funds, absolute return fixed income strategies, and catastrophe bonds
  - *GAMfolio* on-line client reporting system, improved transparency and risk reporting available online
  - Acquisition of Arkos Capital, deal closed in July 2012***

Source: GAM
*As of Jun 30, 2012
**As of Jun 30, 2012 (includes IT and dealing support)
***On July 31, 2012, GAM completed its acquisition of 74.95% of Arkos Capital SA as announced on February 28, 2012 and closed agreements with the management of Arkos for the future purchase of the remaining 25.05%.

GAM Organization and Multi-Manager Team



Source: GAM as of Jun 30, 2012.

Note: Numbers represent Headcount for permanent and consultant investment staff. The number of years represent the years of investment experience.

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)	
Benchmark:	HFRI Fund of Funds Conservative Index	
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.

Portfolios – Why add hedge funds to a portfolio?

Diversifying your strategy across asset classes

GAM

Funds of hedge funds provide:

- The potential to generate positive returns when markets rise, and also to minimize losses when markets fall
- Potential to stabilize portfolio returns by adding un-correlated assets
- A possible reduction in overall portfolio volatility
- Improved liability hedging without reducing expected returns

Long Term Investment Solution:

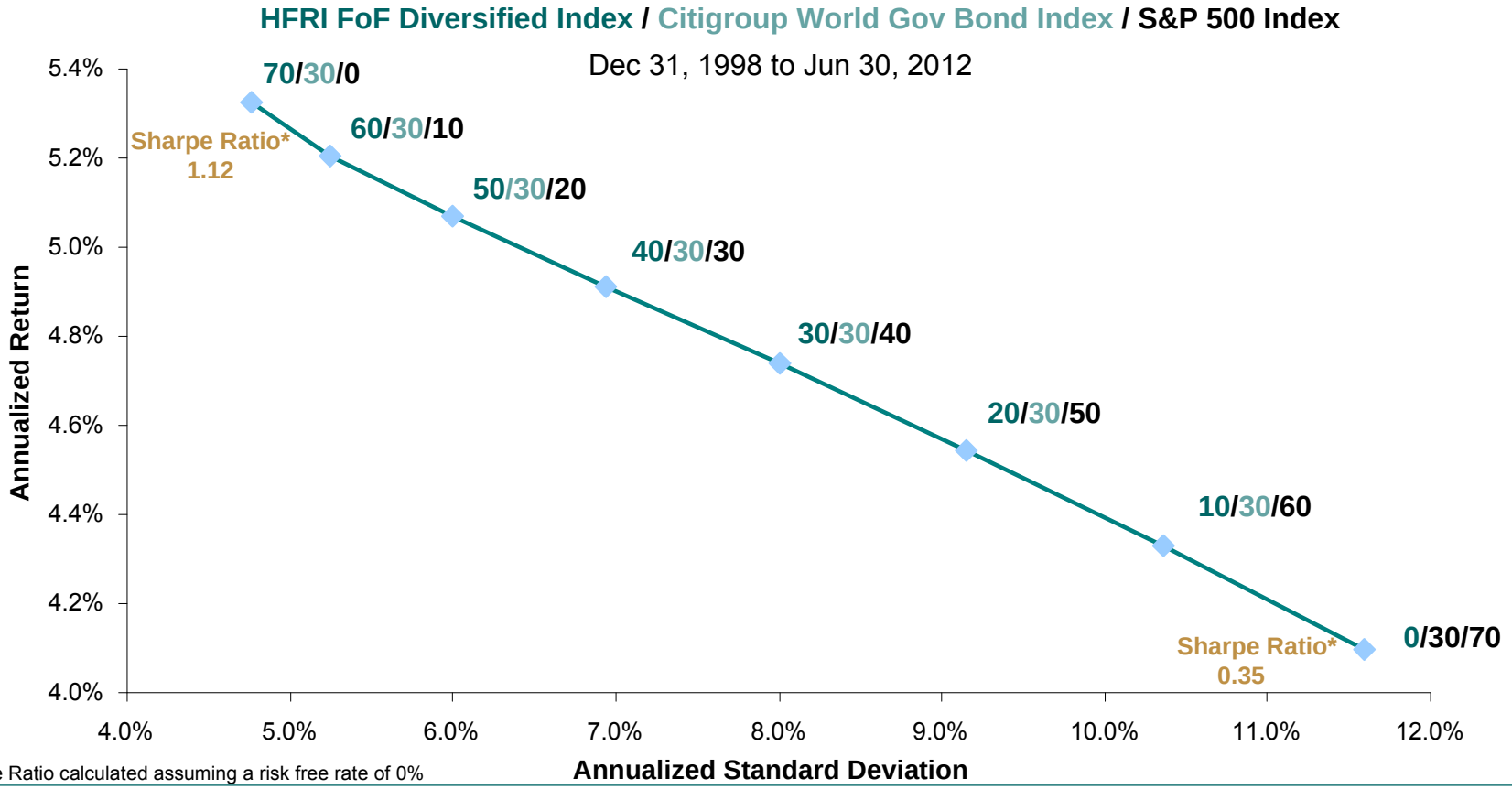
Combine traditional and alternative investment strategies in order to create solutions that balance risk and return over market cycles

Portfolios: Efficient Frontier Analysis

Hedge fund returns can improve risk/return trade-off in portfolios

GAM

- As hedge funds are added to a portfolio of equities and bonds
  - Annualized returns increase
  - Annualized standard deviation decreases



* Sharpe Ratio calculated assuming a risk free rate of 0%

Source: GAM

Past performance is not indicative of future performance. Indices cannot be purchased directly.

GAM - Alaska Retirement Management Board

Constructing balanced portfolios through four core strategies

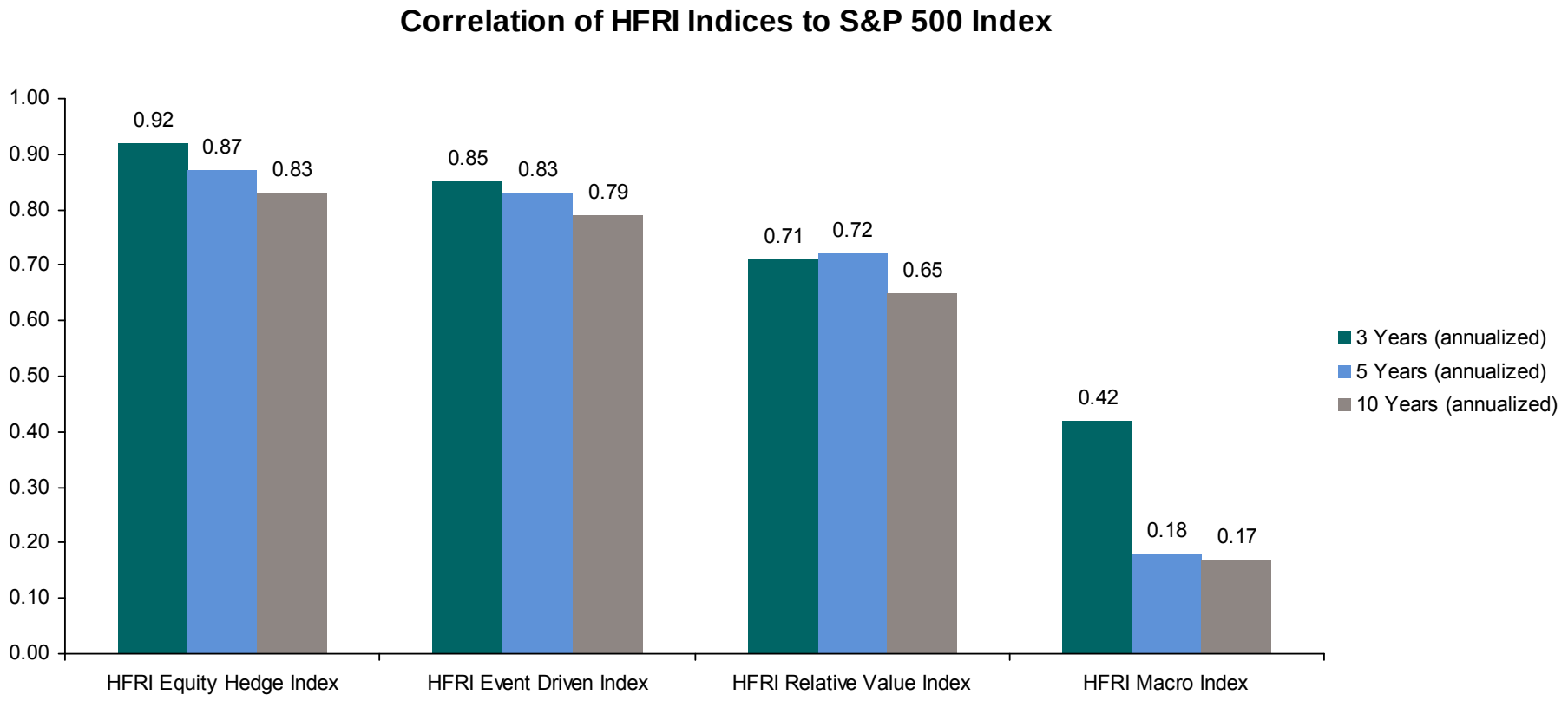
GAM

Strategy	Characteristics and Benefits
Trading/Macro	Takes advantage on economic investment themes Benefit – Uncorrelated return profile to both equities and fixed income
Equity Hedge	Strategies can be long/short or market neutral Benefit – Less volatile equity return profile
Event Driven	Exploit mis-pricing surrounding corporate events Benefit – Uncorrelated to broad equity indices
Relative Value	Exploit pricing inefficiencies in credit markets Benefit – Lower volatility fixed income return profile

Correlation of Hedge Fund Strategies to Equities

Attractive long-term correlation profile versus equities as of July 31, 2012

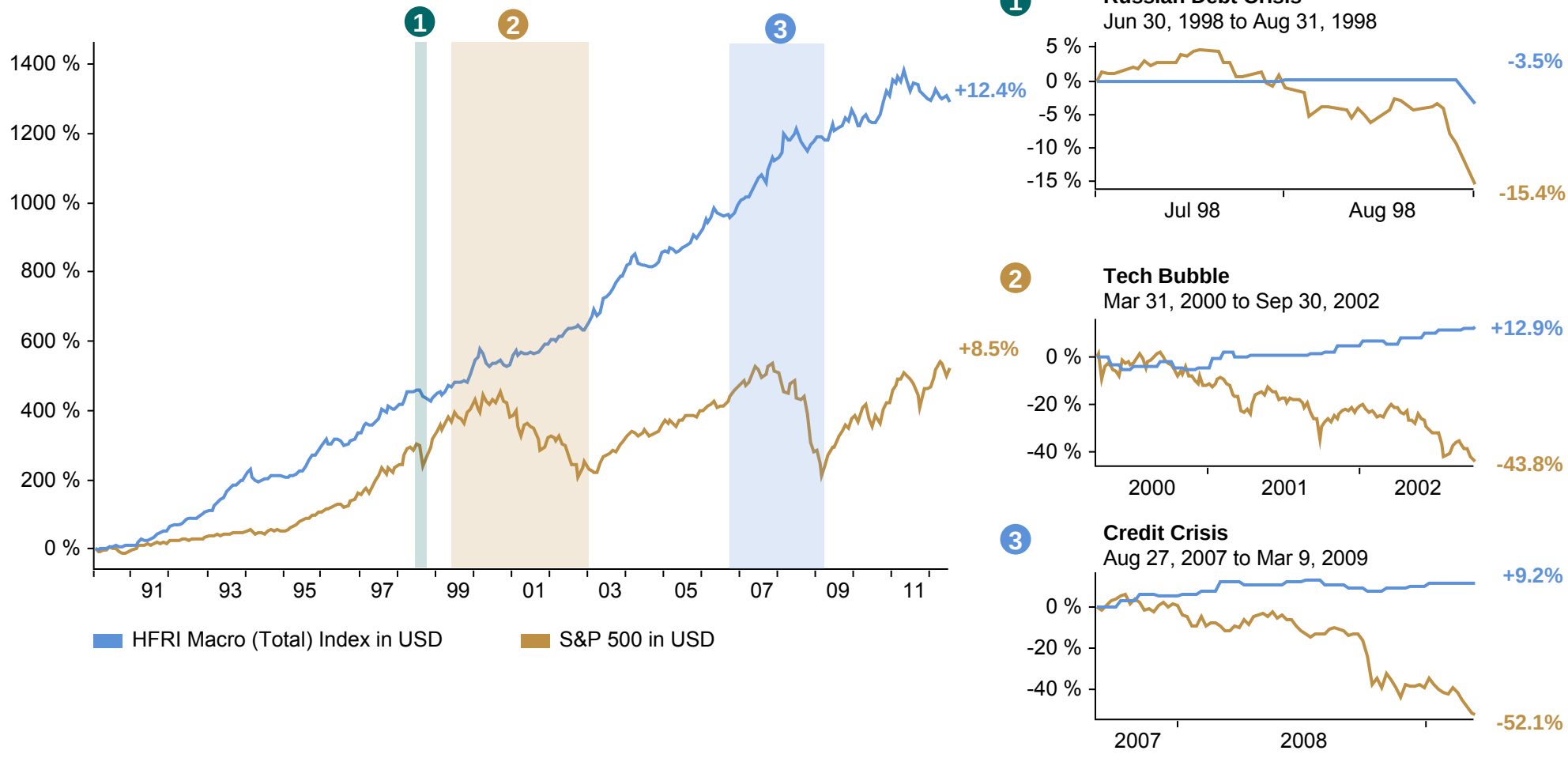
GAM



Source: Bloomberg, HFR. Past performance is not indicative of future returns. Indices cannot be purchased directly.

HFRI Macro (Total) Index in USD

Performance from December 31, 1989 to June 30, 2012

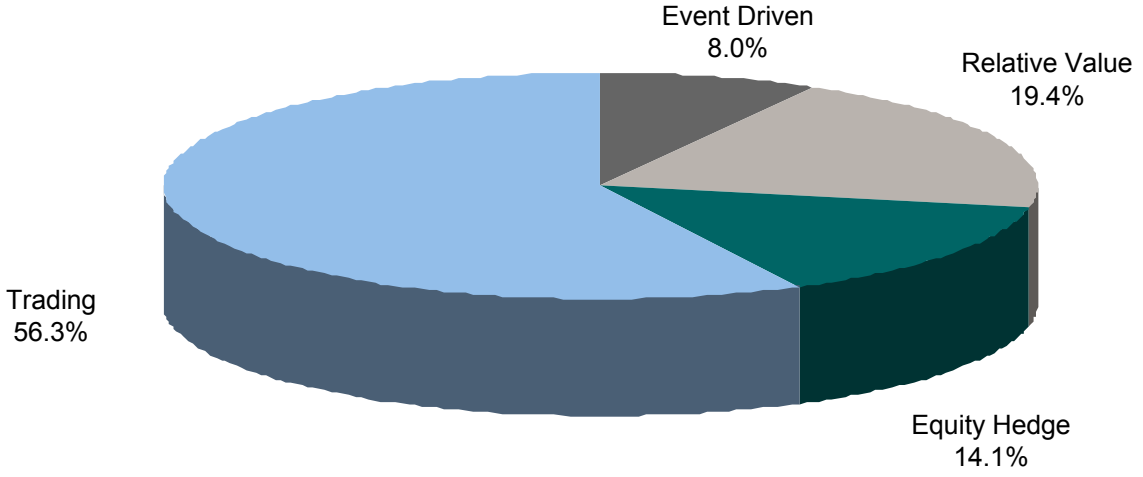


Source: Hedge Fund Research, Thomson Reuters

Past performance is not indicative of future performance. Indices cannot be purchased directly.

GAM - Alaska Retirement Management Board

Strategy allocation as of July 31, 2012



Source: GAM. Allocations and holdings are subject to change.

GAM - Alaska Retirement Management Board

Account Summary

GAM

Account Values	Date	Amount (USD)
Beginning Market Value	January 1, 2010	75,000,000
Additional Subscription	*April 30, 2010*	*25,000,000*
Additional Subscription	*September 30, 2010*	*15,000,000*
Additional Subscription	*April 1, 2011*	*25,000,000*
Current Market Value	July 31, 2012	147,500,494

Source: GAM

GAM – Alaska Retirement Management Board

Performance from January 4, 2010 to July 31, 2012

Return (% in USD)	Alaska Retirement Management Board	HFRI Fund of Funds: Conservative Index in USD	GAM - US Treasury Bill 3 Month + 5 % Index in USD
2012 YTD	4.53	1.77	2.94
Since investment (cumulative)	7.05	3.13	13.64
Since investment (annualized)	2.69	1.20	5.10

Source: GAM, Hedge Fund Research
Past performance is not indicative of future performance. Performance is provided net of fees. Indices cannot be purchased directly.
Please see "Disclaimer" at the end of this material for important disclosures regarding the information contained herein.

GAM - Alaska Retirement Management Board

Contribution Analysis by Strategy from December 31, 2011 to July 31, 2012

Strategies	Current Exposure (%)	2012 YTD Return	2012 YTD Contribution
Equity Hedge	14.16	2.70	0.62
Equity Hedge Global	2.05	3.77	0.21
Equity Hedge US	4.24	-4.04	-0.04
Equity Hedge Europe	7.87	5.70	0.44
Trading	56.30	4.93	2.78
Macro – Discretionary	42.04	5.13	2.12
Managed Futures – Trend	7.25	5.78	0.40
Managed Futures - Short-Term	7.00	3.44	0.26
Event Driven	8.01	3.11	0.61
Credit Arbitrage	-	3.94	0.07
Event Driven Multi-Strategy	3.50	5.52	0.19
Special Situations	4.51	2.20	0.36
Relative Value	19.50	7.08	1.26
ABS	3.13	10.37	0.19
Convertible Arbitrage	4.83	2.06	0.09
Fixed Income Relative Value	11.54	11.12	0.99
Volatility	-	-0.87	-0.02
Cash	2.03	-	-0.22
TOTAL (USD)	100.00		5.05

Source: GAM, Hedge Fund Research, Thomson Reuters
Allocations and holdings are subject to change. Past performance is not indicative of future performance. Performance is provided gross of fees.
Please see "Disclaimer" at the end of this material for important disclosures regarding the information contained herein.

GAM - Alaska Retirement Management Board

Core Holdings as of July 31, 2012

GAM

Description	Strategy	July 2012 (%)
Tewksbury	Managed Futures - Short-Term	7.00
Pine River Fixed Income	Fixed Income Relative Value	5.91
Autonomy Global	Macro – Discretionary	5.27
Silverback Arbitrage	Convertible Arbitrage	4.83
Pivot Global	Macro – Discretionary	4.52
Fortress	Macro – Discretionary	4.46
Eureka 2x	Equity Hedge Europe	4.24
Winton Diversified	Managed Futures – Trend	3.92
Pharo Macro	Macro – Discretionary	3.87
Pelagus	Fixed Income Relative Value	3.84
Egerton European	Equity Hedge Europe	3.62
Tyrus	Event Driven Multi-Strategy	3.50
Global Ag	Macro – Discretionary	3.43
London Select	Macro – Discretionary	3.40
LD Commodities	Macro – Discretionary	3.22
Alphadyne Global Rates II	Macro – Discretionary	3.19
LibreMax	ABS	3.13

Description	Strategy	July 2012 (%)
Seligman Technology Spectrum	Equity Hedge US	2.96
Dymon Asia	Macro – Discretionary	2.77
Luxor	Special Situations	2.70
Sasco Energy	Macro – Discretionary	2.69
Eckhardt	Managed Futures – Trend	2.11
Pacific and General	Equity Hedge Global	2.05
CC+ Fund	Macro – Discretionary	1.88
Tamarisk	Macro – Discretionary	1.84
Proxima	Special Situations	1.81
Pine River Liquid mortgage	Fixed Income Relative Value	1.79
Tudor	Macro – Discretionary	1.50
Force Capital II	Equity Hedge US	1.28
Aspect Diversified	Managed Futures – Trend	1.23

Source: GAM
Allocations and holdings are subject to change.

Multi-Manager Market Outlook

Strategy Outlooks – Through Year End

GAM

Equity Hedge

- Valuations remain attractive/cheap and the corporate sector remains in reasonable health at this point in the cycle
- Short term, conditions should remain similar to 2011, with markets range bound on the top by unresolved EU issues and a floor from monetary authority actions
- Equity cross correlation likely remains high

Trading

- Elevated asset class correlation levels likely to stay, resulting in choppy markets favoring less directional expressions
- Managers that can express trades both non directionally and directionally will uncover good opportunities, and specialized, smaller managers should outperform given lower correlation with macro issues

Event Driven

- Corporate activity and capital market activity levels may accelerate in the second half benefiting event driven sub-strategies

Relative Value

- With the Fed keeping rates low, managers are focused on opportunities in spread products
- Continued improvement in housing could mean further upside potential in RMBS driven more by specific security selection
- Potential for active trading opportunities in CMBS

There is no guarantee that forecasts will be achieved.

Views expressed are those of the manager at the time and are subject to change.

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.

Source: Hedge Fund Research.

Disclaimer

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.

Effect of Fees on Gross Only Performance Figures:
Gross only performance figures: (i) do not reflect the deduction of investment advisory fees; and (ii) will be reduced by investment advisory fees and any other expenses that may be incurred in the management of an account, e.g., the effect of investment advisory fees on the total value of an account, a three year compound return of 8.83% before the deduction of investment advisory fees would be 7.74% after deduction of investment advisory fees of 1.00% per annum accrued monthly and payable quarterly.

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 of 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.

Crestline Investors, Inc.

Mandate: Absolute Return **Hired:** November 2004

Firm Information

Founded in 1997, Crestline is an investment manager specializing in absolute return and hedge fund investments. Crestline is registered with the SEC and managed $6.9 billion in investments as of June 30, 2012.

Crestline has 82 employees, including 42 investment professionals and has offices in Fort Worth, TX; Toronto, Canada; and New York City. Crestline is an employee-owned firm and Doug Bratton, Caroline Cooley, and John Cochran are the principal owners. Crestline shares ownership via phantom equity and profit sharing participation with its employees.

Key Executives:

Doug Bratton, Present/CIO
Caroline Cooley, CIO/Diversified Funds
John Cochran, Chief Operating Officer

Investment Approach

Crestline's investment approach is team oriented with an Investment Committee that has ultimate decision-making authority and accountability.

Hedge funds are evaluated in the following areas:

- Investment Strategy/Opportunity Set with an emphasis on understanding the drivers of return and repeatability of the investment process.
- Portfolio/Investment Manager assessing the manager's skill at managing assets and generating alpha with an emphasis on the team's credentials and track record. Also evaluated is the manager as a partner – investing only with managers who display high integrity.
- Fund Performance – analyzing past and future returns, as well as the quality of the returns (alpha vs. beta and performance vs. relevant peers)
- Risk Management – how is risk measured and controlled.
- Business Risk – evaluation of firms' ownership structure, organization chart, compensation structure and investor base as well as business practices

Benchmark: T-Bills +5%

Total ARMB Mandate & Fees

Assets Managed (FY End)

6/30/11	$220.5 MM
6/30/12	$253.7 MM

Management Fee: 0.85%

Concerns:

6/30/2012 Performance (net of fees)

	Last Quarter	1-Year	3-Years Annualized	5-Years Annualized	7.5-Years Annualized
Crestline-Net	-0.51%	-1.37%	4.39%	-0.66	2.75
Benchmark	1.25%	5.06%	5.12%	5.98	7.04

Crestline

Alaska Retirement Management Board

September 21, 2012

Crestline Investors, Inc. · 201 Main Street, Suite 1900 · Fort Worth, Texas 76102 · (817) 339-7600
Crestline Research Associates, Inc. · 375 Park Avenue, Suite 2505 · New York, New York 10152 · (212) 584-4140
Crestline Canada, Inc. · Bay Adelaide Centre, 333 Bay Street, Suite 4930, P.O. Box 29 · Toronto, Ontario M5H 2R2 · Canada · (416) 644-8750
Confidential and Proprietary

Topics to Be Addressed

Crestline

Crestline Firm Overview

Performance Review

Active Portfolio Management Changes

Appendix

Crestline Firm Overview

Organizational Highlights

Crestline

Experienced Management Team

- Three partners have a combined 78 years industry experience in trading, management and due diligence of hedge fund strategies
- Eighteen senior investment professionals average 16 years investment experience

Top Down Active Management

- Portfolio managers supplement trading experience with capital market information to actively manage funds
- We are forward looking

Rigorous Risk Management

- Extensive risk management gained by managing through crisis markets
- Use both qualitative and quantitative tools to manage risk

Strong Institutional Focus and Client Base

- Developed infrastructure designed to meet needs of institutional clients
- Provide high-quality client servicing with open book policy and knowledge transfer
- Investor base is 95% institutional

Stable Organization

- Managing fund of fund investments for 14 years
- Manage approximately $6.9 billion* in AUM
- Crestline Management, L.P. has been a registered investment adviser with SEC since 2002 and is an ERISA Fiduciary
- Employee owned firm with low turnover

*AUM estimated as of 8/1/2012 includes uncalled capital commitments and beta overlay notional amounts.
See Notes to Performance History & Comparisons.

Organization

Crestline

Douglas Bratton *
President / CIO
Investment Committee Chair
Executive Committee Chair

42 Investment Professionals
82 Employees

Caroline Cooley *
CIO / Diversified Funds
Investment Committee
Executive Committee Member

John Cochran *
COO
Investment Committee
Executive Committee Member

Research and Portfolio Management
Nowlin Randolph — Managing Director, Head of Research
Sam Levens — Managing Director, Senior Portfolio Mgr

Alex Green, Managing Director – *Fixed Income / Derivatives*
Neilson Arbour, Director - *Equities*
Jeff Marcinowski, Senior Analyst - *Credit*
Adnan Rehmatullah, Senior Analyst – *Event / Multi Strategy*
Kris Chikelue, Senior Analyst - *Converts / Macro*
Randy Griffith, Senior Analyst – *Managed Futures*
Jeff Tack, Senior Analyst – *Fixed Income*
Andrew Hill, Analyst – *Credit*
Graham Ballard, *Analyst - Equities*
Garrett Isbell, Junior Analyst – *Multi-Strategy*
Sasha Aldridge, Junior Analyst

Portfolio Construction
Glenn Bearden, Managing Director
Jim Shaw, Analyst
Jessica Spruiell, Senior Middle Office Analyst
Matthew Cave, Analyst - Opportunistic Strategies
Cathleen Redus, Middle Office Analyst
Yousuf Huda, Middle Office Junior Analyst

Beta & Hedging Strategies
David Finch, Managing Director
Scott Henshaw, Vice President
Head of Beta Management
Umar Malik, Vice President

Opportunistic Strategies
Curt Futch, Managing Director
Senior Portfolio Manager *

James Favero
Director,
Associate Portfolio Manager
Matt McCutchen
Director,
Associate Portfolio Manager
Andrew Bernstein, Associate
Matthew Walters, Associate
William Wennerth, Associate
Michael Ramsey, Analyst
Joseph Scala, *Analyst*

Private Credit Strategies
Keith Williams, Managing Director
Senior Portfolio Manager

Chris Semple
Director,
Associate Portfolio Manager

Strategic Partnerships / Client Solutions
Paul Robson, President
– *Crestline Canada*

Risk Management
Operational Due Diligence
Roger Marcincuk, Managing Director
Chris Smith, Associate Director
Jeremiah Loeffler, Associate Director
Matt Schmitt, Analyst
Investment Risk
Alex Didych, Director
Anton Slepnev, Risk Systems Dev.
Richard Xu, Risk Analyst

Accounting
Camille Sassman, CFO
Shelly Boynton, Controller
Valerie Hull, Assistant Controller
John Daniel, Assistant Controller
Marie Hunzeker, Senior Accountant
Leanna Howard, Senior Accountant
Carmen Lee, Senior Accountant
Mimsy Henderson, Accountant
Jean Johnson, Accountant
Jennifer Palmer, Accountant
Christopher Lawler, Accountant
Luzcille Hall, Associate

Legal / Compliance
Jesús Payán, General Counsel
Jonathan Rude, Asst. General Counsel
Paula Roberts, Analyst
Megan Phillips, Associate

Technology
Nathan Shulman, Director
Software Development
Craig Pope, Associate Director
Allison Ortegon, Software Developer
Jeremy Koelliker, Hardware Support

Client Service & Development
Bruce Pflug, Managing Director
Executive Committee Member

Consultant Relations
Rhoni Wiswall, Managing Director

Client Service
David Mabry, Managing Director
Daniel Schwarz, Senior Manager
Kelly Kruse, Associate
Travis Keith, Associate
Megan Price, Associate
Jenny Dorough, Associate
Kyle Viebig, Associate
Christopher Dacy, Associate

Development
Bill Braxton, Director
Sean Gannon, Director

Employees joining Crestline since January 1, 2012 are highlighted in green.
Crestline Partners Strategies Investment Committee – Bold
* Crestline Opportunistic Strategies Investment Committee

See Notes to Performance History & Comparisons.

Key Professionals' Background and Tenure

Crestline

Partners

		Years at Crestline	Years Experience
Doug Bratton Partner & President / CIO	• 27 years of experience in alternative asset strategies • Expertise in hedge funds, private equity, venture capital and structured products	15	27
Caroline Cooley Partner & CIO / Diversified Funds	• Expertise in risk management • Expertise in trading equity derivatives and fixed income arbitrage	14	28
John Cochran, CPA Partner, COO	• 10 years with KPMG LLP / Certified Public Accountant • Expertise with back office due diligence on hedge funds, venture capital & private equity	13	23

Core Diversified Strategies

Sam Levens, CFA Managing Director, Senior Portfolio Manager	• Expertise in portfolio management, fundamental analysis and arbitrage strategies • 13 years in alternative investments	6	13
Nowlin Randolph, CFA, CAIA Managing Director, Head of Research	• Expertise in fundamental analysis and management of long/short equity portfolios • Broad hedge fund manager research experience	9	13
Alexander Green Managing Director	• Previous experience as a fixed income portfolio manager for Freddie Mac • Expertise in mortgage securities, asset-backed and other fixed income products	8	15
Roger Marcincuk, Jr., CPA Managing Director of Operational Due Diligence	• Expertise in investigative financial due diligence since 1993 • Previous experience includes consulting on over 100 M&A transactions	8	19
Glenn Bearden, CPA Managing Director	• 10 years with the Bass Group managing hedge fund back office operations • Expertise in settlement of complex derivatives & fixed income arbitrage products	11	21
Alex Didych, CFA Director of Risk Management	• Expertise in portfolio risk management across various asset classes and trading strategies • Previous experience with market risk management of trading activities for ABN AMRO Bank	5	13
Neilson Arbour, CFA Director	• Expertise in global equity markets, fundamental analysis and hedge fund manager research • Previous experience with equity research and capital market transactions for JP Morgan	6	11

See Notes to Performance History & Comparisons.

Key Professionals' Background and Tenure

Crestline

Opportunistic Strategies

		Years at Crestline	Years Experience
Curt Futch Managing Director, Senior Portfolio Manager	• 16 years hedge fund / private equity / investment banking experience evaluating and executing private transactions • Expertise in leveraged lending, buyouts, strategic acquisitions and recapitalizations	6	16
James Favero Director, Associate Portfolio Manager	• 11 years experience in private equity / investment banking focusing on deal diligence, execution and value creation • Expertise in leveraged buyouts, strategic acquisitions, recapitalizations and operational improvement initiatives	1	11
Matt McCutchen Director, Associate Portfolio Manager	• 10 years hedge fund / private equity / investment banking experience evaluating and executing private transactions • Expertise in leveraged lending, buyouts, acquisitions and recapitalizations	1	10

Private Credit Strategies

		Years at Crestline	Years Experience
Keith Williams Managing Director, Senior Portfolio Manager	• 16 years credit / private equity / distressed investing and advisory experience • Previous experience includes distressed and credit investing at Goldman Sachs and restructuring advisory at McKinsey & Co.	-	16
Chris Semple Director, Associate Portfolio Manager	• 11 years hedge fund / private equity / leveraged lending / structured products experience • Previous experience includes middle market leveraged lending and buyouts for Goldman Sachs	-	11

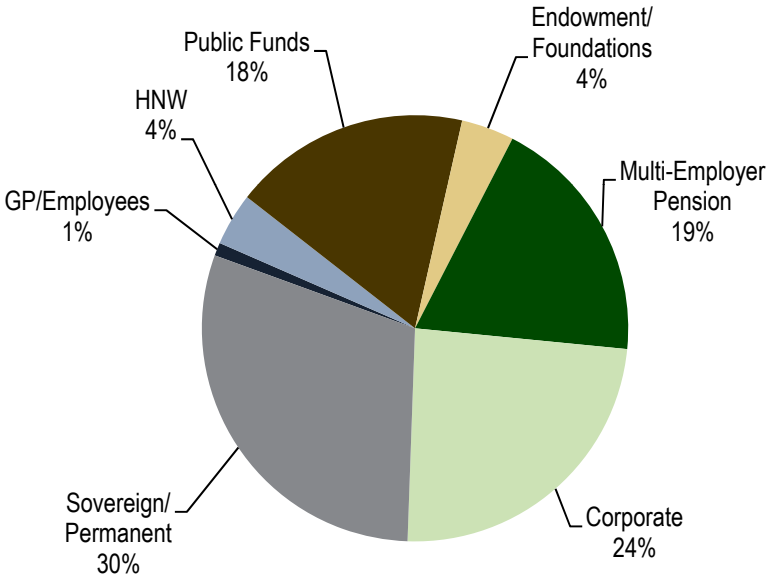
Beta and Hedging Strategies

		Years at Crestline	Years Experience
David Finch, CFA Managing Director	• 14 years hedge fund / derivatives / fixed income experience • Expertise in portfolio management, market risk management and hedging strategies	3	20
Scott Henshaw Vice President	• 17 years derivatives / structuring / trading / investment banking experience • Previous experience in capital re-structuring, merger & acquisitions, private equity & business valuation for UBS	3	18
Umar Malik Vice President	• 10 years derivatives / trading / structuring / leveraged lending experience • Previous experience includes leveraged lending at JPMorgan	3	10

See Notes to Performance History & Comparisons.

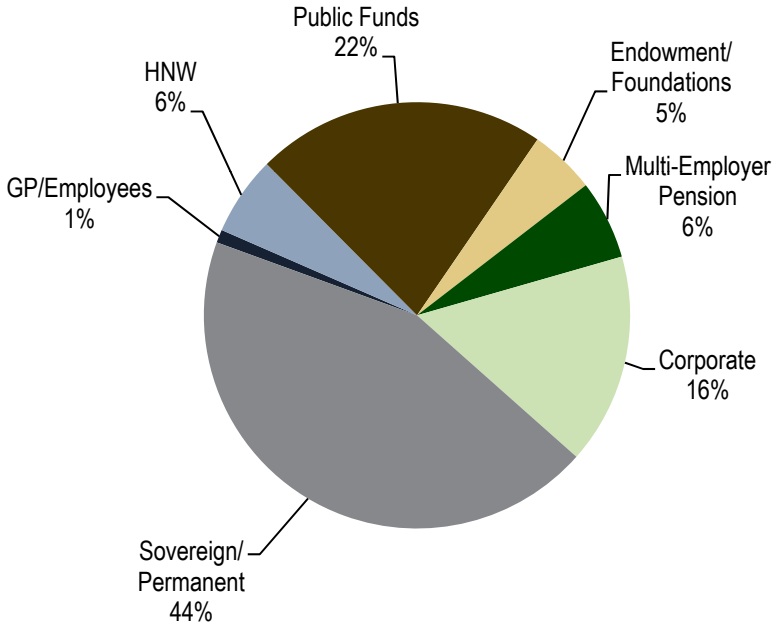
Client Base

$6.9 billion of Firm assets under management



95% of Crestline's assets are from institutional investors

$4.8 billion of HFOF assets under management



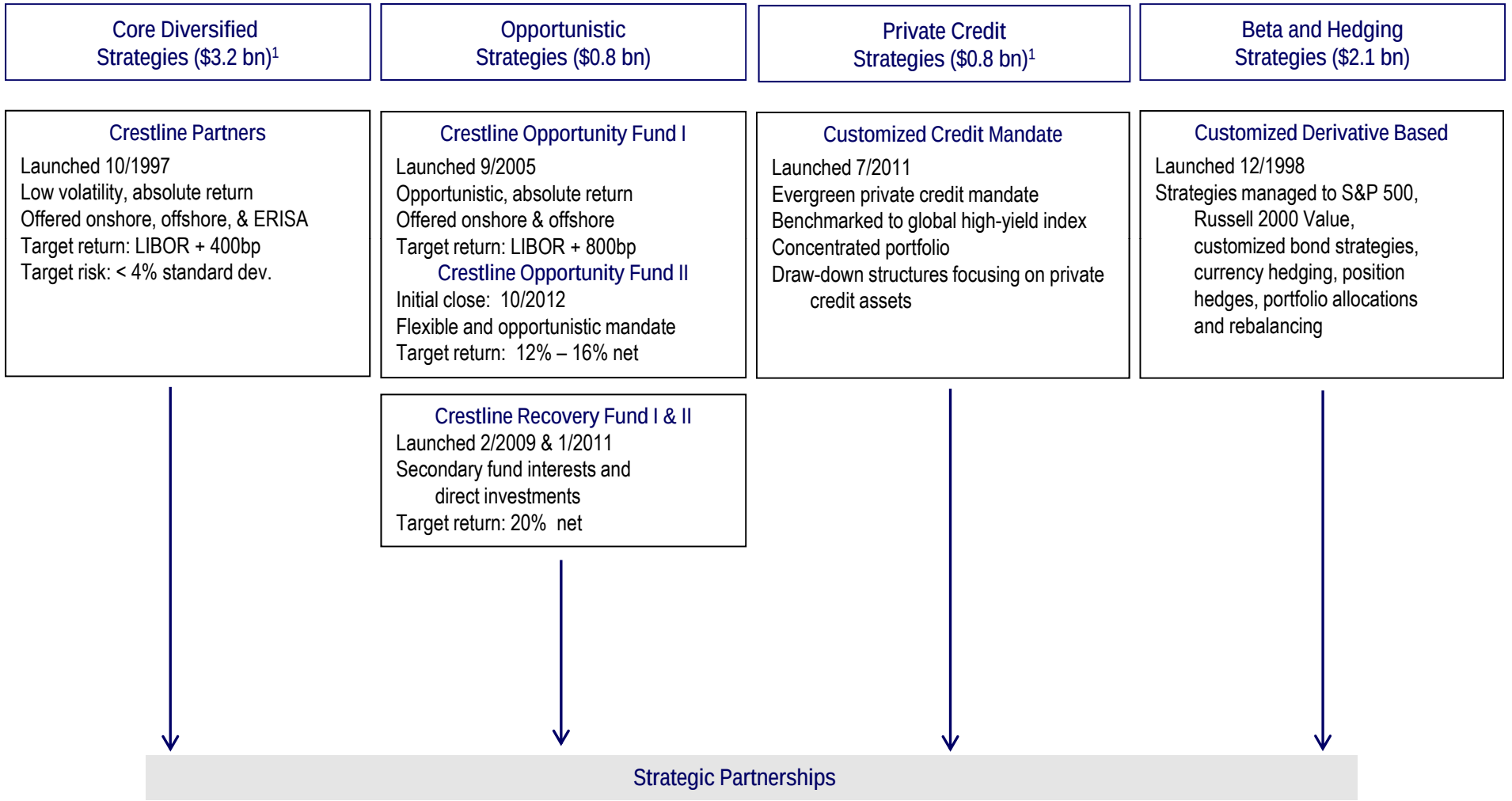
93% of Crestline's hedge fund of funds assets are from institutional investors

AUM estimated as of 8/1/2012 includes uncalled capital commitments and beta overlay notional amounts.
See Notes to Performance History & Comparisons.

Institutional Product Array

Crestline

A family of funds with complementary investment approaches



AUM estimated as of 8/1/2012 includes uncalled capital commitments and beta overlay notional amounts.
[1]These strategies include other specialized portfolios in addition to the funds listed.
See Notes to Performance History & Comparisons.

Crestline

Performance Review

Performance Summary

Crestline

Blue Glacier Fund, L.P.
July 2012

	Blue Glacier Fund, L.P.	HFRI FOF Conservative Index	S&P 500	Barclays Aggregate Bond Index	3 Mo. T-Bills + 500 bps
Q1 2012	2.24%	2.47%	12.59%	0.31%	1.25%
Q2 2012	-0.51%	-1.22%	-2.75%	2.06%	1.26%
July 2012[1]	0.59%	0.54%	1.39%	1.38%	0.42%
YTD 2012[1]	2.32%	1.77%	11.01%	3.78%	2.95%
ITD, annualized[1,2]	3.13%	1.87%	4.75%	5.57%	7.03%
Standard Deviation[1,2]	4.71%	4.90%	16.04%	3.34%	
Core Portfolio, YTD 2012[1]	2.74%	1.77%	11.01%	3.78%	2.95%
Equity Portfolio, YTD 2012[1]	0.61%	1.77%	11.01%	3.78%	2.95%

Crestline returns are net of all fees & expenses.

Performance numbers above reflect the Blue Glacier Fund, L.P. (Total), except where denoted as either Core Portfolio or Equity Portfolio.

[1] Returns are estimated.

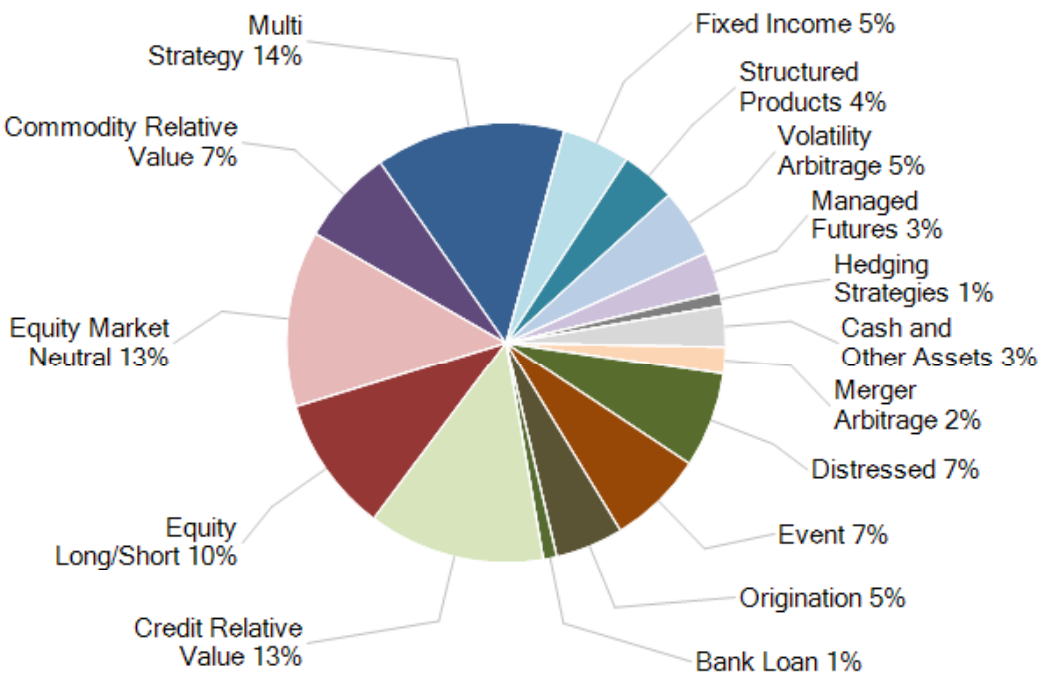
[2] For the period November 2004 to July 2012.

See Notes to Performance History & Comparisons.

Portfolio Construction

Crestline

Blue Glacier Fund, L.P.
Current Portfolio Statistics



Geographic Distribution:	North America:	71%
	Europe:	15%
	Asia:	6%
	Global:	8%
Diversification:	Strategies:	15
	Managers:	47[1]
	Funds:	48[1]
	29 Funds represent 80% of the portfolio	
Fund Size:	< $500 million:	28%
	$500mm - $2.5 billion:	31%
	$2.5 - $5 billion:	13%
	> $5 billion:	28%
Manager Size:	< $500 million:	6%
	$500mm - $2.5 billion:	40%
	$2.5 - $5 billion:	9%
	> $5 billion:	45%

Data represents Blue Glacier Fund, L.P. (Core)
As of: July 2012
[1] Excludes funds with less than 0.3% of NAV.
See Notes to Performance History & Comparisons.

Portfolio Review

Crestline

Blue Glacier Fund, L.P.

For the period January 2012 - July 2012

Performance:	2.74 %	Number of funds:	48
Ending Capital	$205,841,519	Number of managers:	47

Performance by Strategy

Strategy	Performance	7/1/12	Contribution
Multi Strategy	4.78%	14.40%	0.76%
Distressed	7.03%	7.25%	0.48%
Fixed Income	7.55%	4.84%	0.38%
Event	4.62%	6.90%	0.37%
Credit Relative Value	2.08%	13.30%	0.34%
Structured Products	8.87%	3.64%	0.28%
Origination	4.36%	4.94%	0.18%
Equity Long/Short	3.25%	9.67%	0.16%
Volatility Arbitrage	2.88%	5.31%	0.15%
Managed Futures	7.28%	2.94%	0.12%
Equity Market Neutral	0.69%	12.96%	0.08%
Merger Arbitrage	2.56%	2.52%	0.06%
Bank Loan	7.03%	0.96%	0.06%
Commodity Relative Value	-0.30%	6.50%	0.04%
Hedging Strategies	-7.89%	1.00%	-0.09%

Top Contributors	Performance	Contribution
Good Hill Partners Fund II, LP	9.89%	0.29%
Blue Mountain Credit Alternatives Fund, Ltd. (Class S)	10.84%	0.29%
Metacapital Mortgage Opportunities Fund, Ltd.	25.28%	0.26%
OZ Overseas Fund II, Ltd.	5.44%	0.24%
Anchorage Capital Partners Offshore Ltd.	9.40%	0.19%

Bottom Contributors	Performance	Contribution
Gotham Diversified Hedge (US), LP	-5.35%	-0.13%
Touradji Global Resources Holdings LLC	-36.78%	-0.12%
CL Asymmetry Fund LP (Class A)	-7.89%	-0.09%
Taylor Woods Fund, Ltd.	-2.91%	-0.06%
Nantahala Capital CL Offshore Fund, Ltd.	0.05%	-0.04%

Largest Allocations	7/1/12 Weight	Performance	Contribution
Saba Capital Partners, L.P. (Class A)	4.02%	0.62%	0.03%
O'Connor Global Fundamental Market Neutral Long/Short Limited	3.86%	-0.59%	-0.02%
GS Gamma Investments, Ltd.	3.62%	3.42%	0.12%
Davidson Kempner Institutional Partners, L.P.	3.62%	3.83%	0.14%
OZ Overseas Fund II, Ltd.	3.59%	5.44%	0.24%

Data represents Blue Glacier Fund, L.P. (Core)

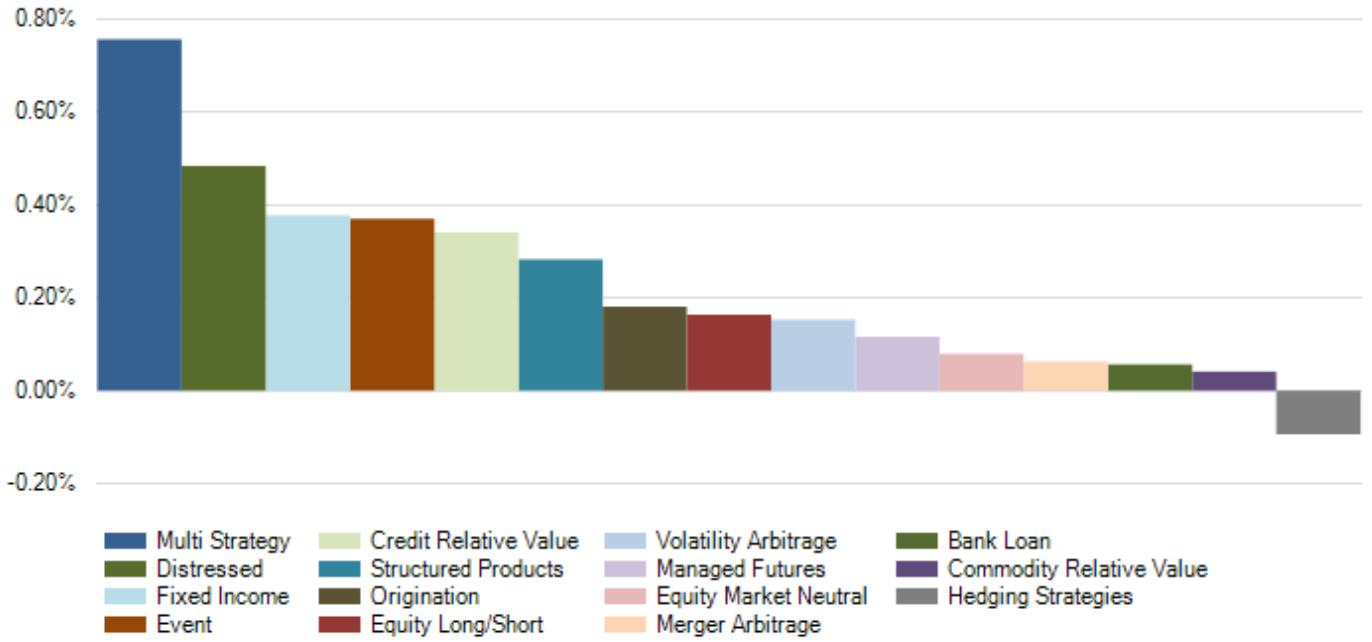
Based on estimates.

Returns and attribution data presented in this section are shown gross of management fees and expenses.
See Notes to Performance History & Comparisons.

Attribution Analysis

Crestline

Attribution Analysis
January – July 2012
Blue Glacier Fund, L.P.



Data represents Blue Glacier Fund, L.P. (Core)
Returns and attribution data presented in this section are shown gross of management fees and expenses.
See Notes to Performance History & Comparisons.

Portfolio Review

Crestline

Blue Glacier Fund, L.P.

As of July 1, 2012

Strategy and Fund	Dollars (mm)	Percent
Merger Arbitrage		
Glazer Capital Management	5.1	2.52%
Total Merger Arbitrage	**5.1**	**2.52%**
Distressed		
Anchorage Capital Partners	4.3	2.13%
Cerberus SPV	1.4	0.70%
King Street Europe	2.9	1.44%
Marathon Special Opportunity Fund	0.9	0.42%
Silver Point Capital Fund	4.5	2.23%
Total Distressed	**14.8**	**7.25%**
Event		
Davidson Kempner Partners	7.4	3.62%
Empyrean Capital	2.0	0.97%
Farallon	0.9	0.45%
PSAM WorldArb	3.2	1.56%
Total Event	**14.1**	**6.90%**
Origination		
Drawbridge Special Opportunities Fund	3.5	1.72%
Elementum Directus Fund	3.1	1.50%
Garrison Opportunities Fund	2.1	1.01%
Marathon Structured Finance Fund	1.3	0.65%
Total Origination	**10.1**	**4.94%**
Bank Loan		
Redwood Opportunity Fund	2.0	0.96%
Total Bank Loan	**2.0**	**0.96%**
Credit Relative Value		
Blue Mountain Credit Alternatives Fund	6.1	2.97%
Chicago Fundamental Fund	1.7	0.85%
Claren Road Credit Master Fund, Ltd.	7.1	3.48%
PAMLI Global Credit Strategies Fund	3.9	1.92%
Saba Capital Fund	8.2	4.02%
Total Credit Relative Value	**27.1**	**13.30%**
Equity Long/Short		
Goldman Sachs Investment Partners	6.4	3.15%
Gotham Diversified Hedge	4.8	2.34%
Lansdowne UK Equity Fund	4.2	2.08%
Redmile Capital Fund	2.7	1.35%
TPG Axon Partners	1.6	0.76%
Total Equity Long/Short	**19.7**	**9.67%**

Strategy and Fund	Dollars (mm)	Percent
Equity Market Neutral		
Ascend CL Fund	3.1	1.50%
DSAM Partners	3.9	1.91%
Encompass Capital Fund	1.7	0.85%
Nantahala Capital Partners	4.1	1.99%
O'Connor Global Fundamental	7.9	3.86%
Perella Weinberg Partners Tokum Fund	5.6	2.74%
Total Equity Market Neutral	**26.4**	**12.96%**
Commodity Relative Value		
Bocage Global Resources	5.5	2.71%
Louis Dreyfus Commodities Alpha Fund	4.6	2.24%
Taylor Woods Commodities	2.8	1.36%
Total Commodity Relative Value	**13.3**	**6.50%**
Multi Strategy		
Alyeska Fund	4.1	1.99%
Arrowgrass Partnership	5.1	2.52%
HBK Fund	5.5	2.71%
Magnetar Capital Fund	2.6	0.41%
North Pole	5.1	2.50%
OZ Master Fund	7.3	3.59%
Polygon Global Opportunities Fund	1.2	0.61%
Total Multi Strategy	**31.1**	**14.40%**
Fixed Income		
GS Gamma Investments	7.4	3.62%
Metacapital Mortgage Opportunities	2.5	1.22%
Total Fixed Income	**9.9**	**4.84%**
Structured Products		
Good Hill Fund II	6.9	3.39%
Total Structured Products	**7.4**	**3.64%**
Volatility Arbitrage		
Parallax Fund, L.P.	5.3	2.62%
PEAK6 Performance Fund LLC & Ltd.	5.5	2.69%
Total Volatility Arbitrage	**10.8**	**5.31%**
Managed Futures		
DB CTA	6.0	2.94%
Total Managed Futures	**6.0**	**2.94%**
Hedging Strategies		
Fort Sheridan	2.0	1.00%
Total Hedging Strategies	**2.0**	**1.00%**
CASH		2.87%

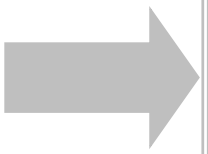
Data represents Blue Glacier Fund, L.P. (Core)
Based on estimates.
Returns and attribution data presented in this section are shown gross of management fees and expenses.
See Notes to Performance History & Comparisons.

Strategy Outlook

Crestline

Relevant market and strategy factors:

- Macro concerns still overhanging the market
- Rallies continue to make new highs, but weaker each time and on lower volume
- Depressed level of corporate activity, but high corporate cash balances
- Corporate credit spreads generally reflect normalized market risk
- Default rates and delinquencies remain low
- Interest rates remain very low
- Optionality on short credit remains attractive
- Decrease in prop desk capital (Volcker Rule, BASEL III) calls for focus on managers that can capitalize on the situation
- Quality hedge funds closing
- Assets in hedge funds continue to grow, fees for certain strategies need to rationalize
- European problems unresolved; Central banks providing excessive liquidity, adding to macro volatility.
- Macro uncertainty and higher volatility calls for portfolio balance (upside, downside protection, carry)



Portfolio Direction:

Overweight (risk weighted):

- Credit Relative Value
- Volatility Arbitrage
- Structured Products

Neutral:

- CTAs
- Commodity Relative Value
- Fixed Income Arbitrage
- Merger Arbitrage
- Long/Short Equity
- Equity Market Neutral

Underweight:

- Event
- Distressed

See Notes to Performance History & Comparisons.

Crestline

Active Portfolio Management Changes

Summary

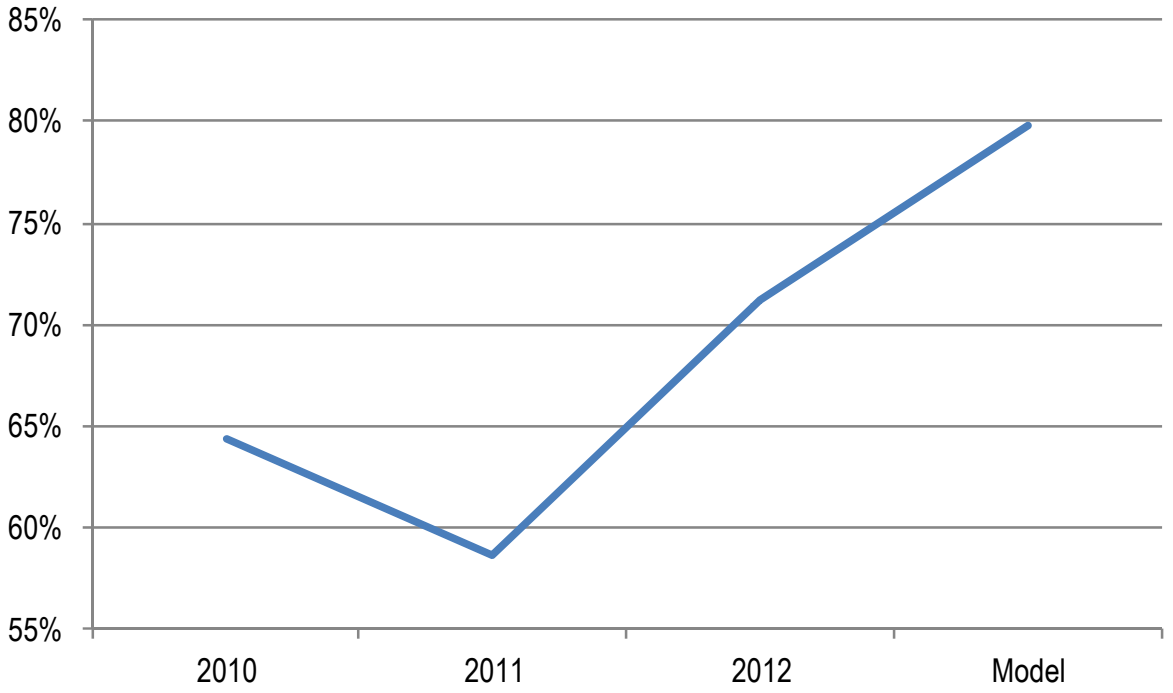
Given the lower return environment, Crestline has made several recent changes to enhance portfolio performance

- Concentration
- Value added accounts
- Active strategy calls
- Continue to focus on relative value and absolute return strategies

Conviction

Crestline

Top 25 Positions as a % of Portfolio

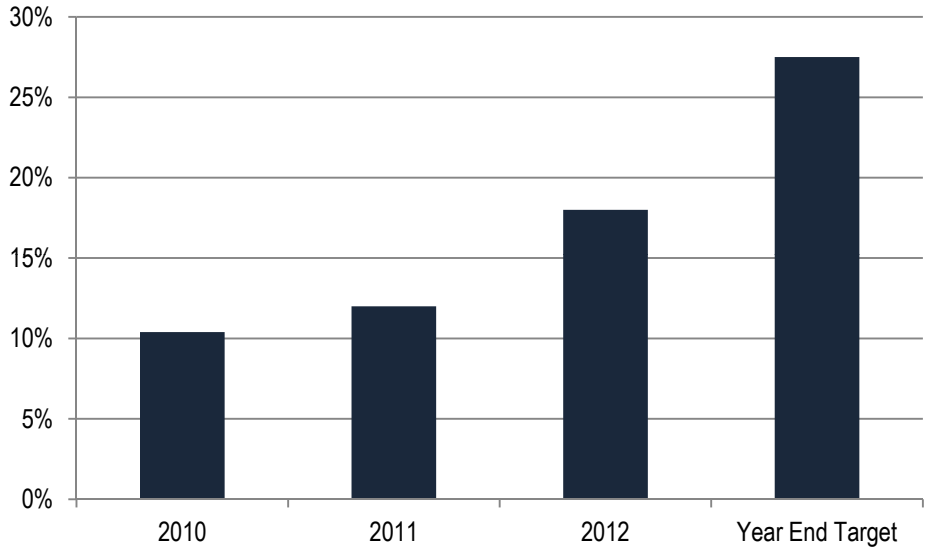


- At the end of 2008 we had 51 funds, highest weight was 4.83%
- Today, 25 funds comprise 71% of our portfolio

Data represents Blue Glacier Fund, L.P. (Core)
Excludes funds with less than 0.3% of NAV.
See Notes to Performance History & Comparisons.

Value Added Accounts

% of Model in Managed Accounts



Managed accounts allow for reduced fees and higher return opportunities

Chart is based on Crestline's low volatility, diversified model portfolio.
See Notes to Performance History & Comparisons.

Active Strategy Calls

Crestline

Crestline has a long history making opportunistic strategy calls

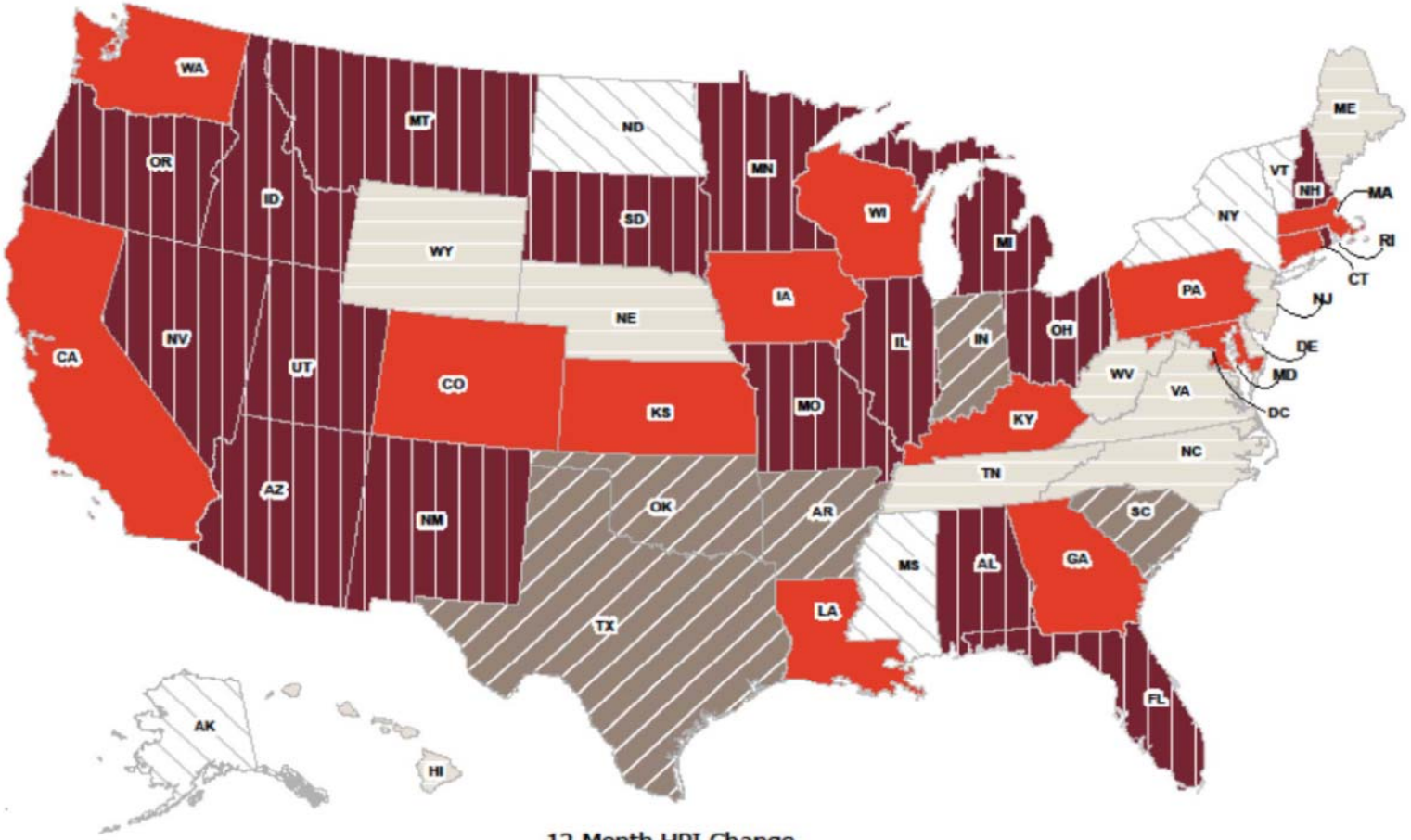
- Overweight in Distressed Debt: 59% outperformance from January 2001 to October 2005, approximately 219 basis points additional return to portfolio
- Short Structured Products in 2006 - 2007: 634% realized return (158 basis point contribution to portfolio)
- Overweight Fundamental Equity Market Neutral in 2008. 8% return vs. -19% for broader hedge funds, 97 basis point excess performance to portfolio
- We see a number of attractive opportunities currently on a risk-adjusted basis, including mortgage IOs, asymmetric risk/reward in RV credit, changing dynamics in commodity markets, and opportunities in equities in the rapidly changing healthcare and energy sectors
- We also see a particularly compelling opportunity now in structured products

Outperformance above is calculated relative to the HFRI Fund Weighted Composite Index. Statistics are for Crestline Partners, L.P.
See Notes to Performance History & Comparisons.

U.S. Home Prices

Crestline

April 2011



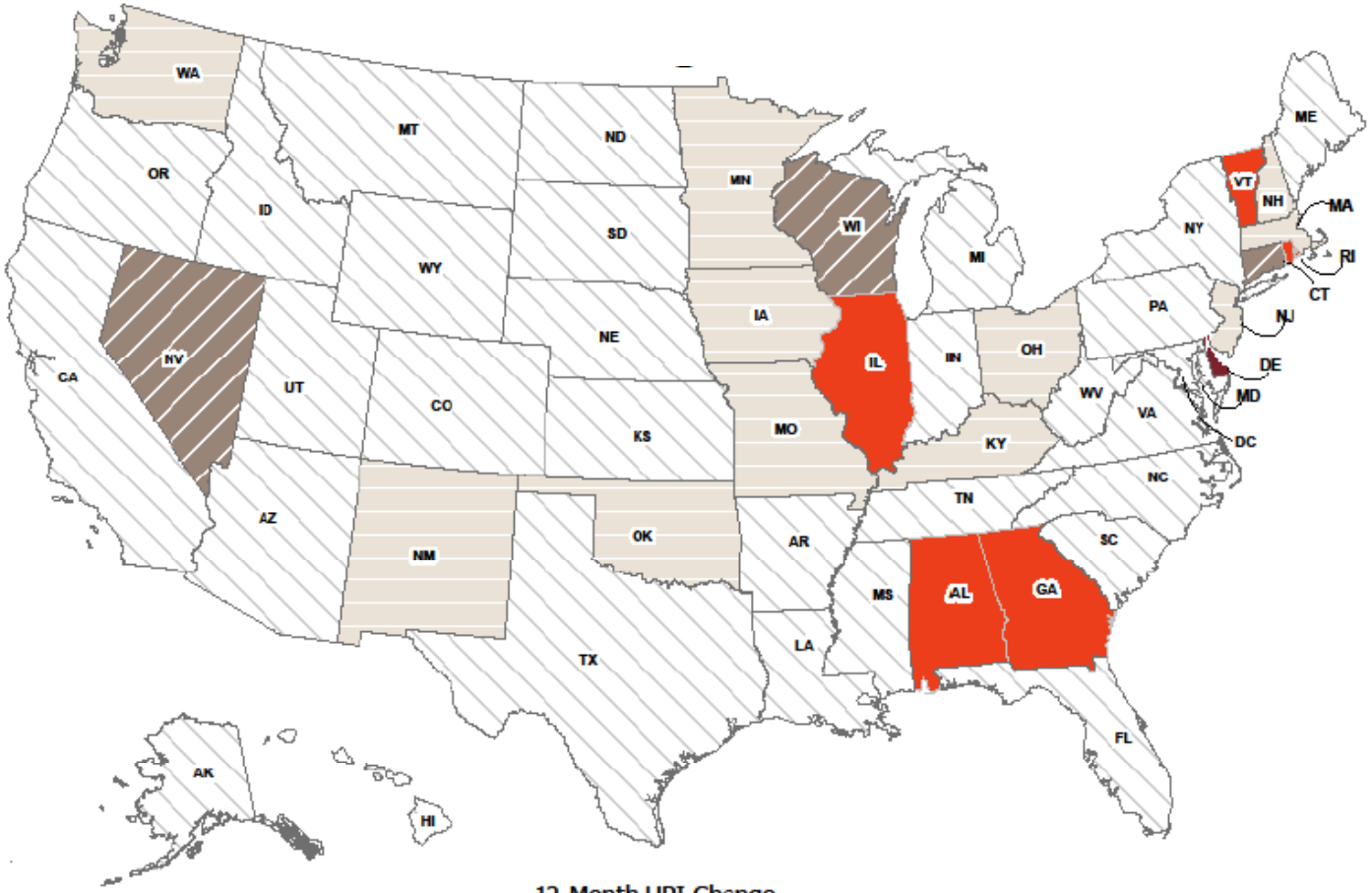
Source: CoreLogic HPI, 12 month change by state; single family combined series.

See Notes to Performance History & Comparisons.

U.S. Home Prices

April 2012

Housing market shows signs of stabilization



Source: CoreLogic HPI, 12-month change by state; single-family combined series.

See Notes to Performance History & Comparisons.

Residential Mortgages

Crestline

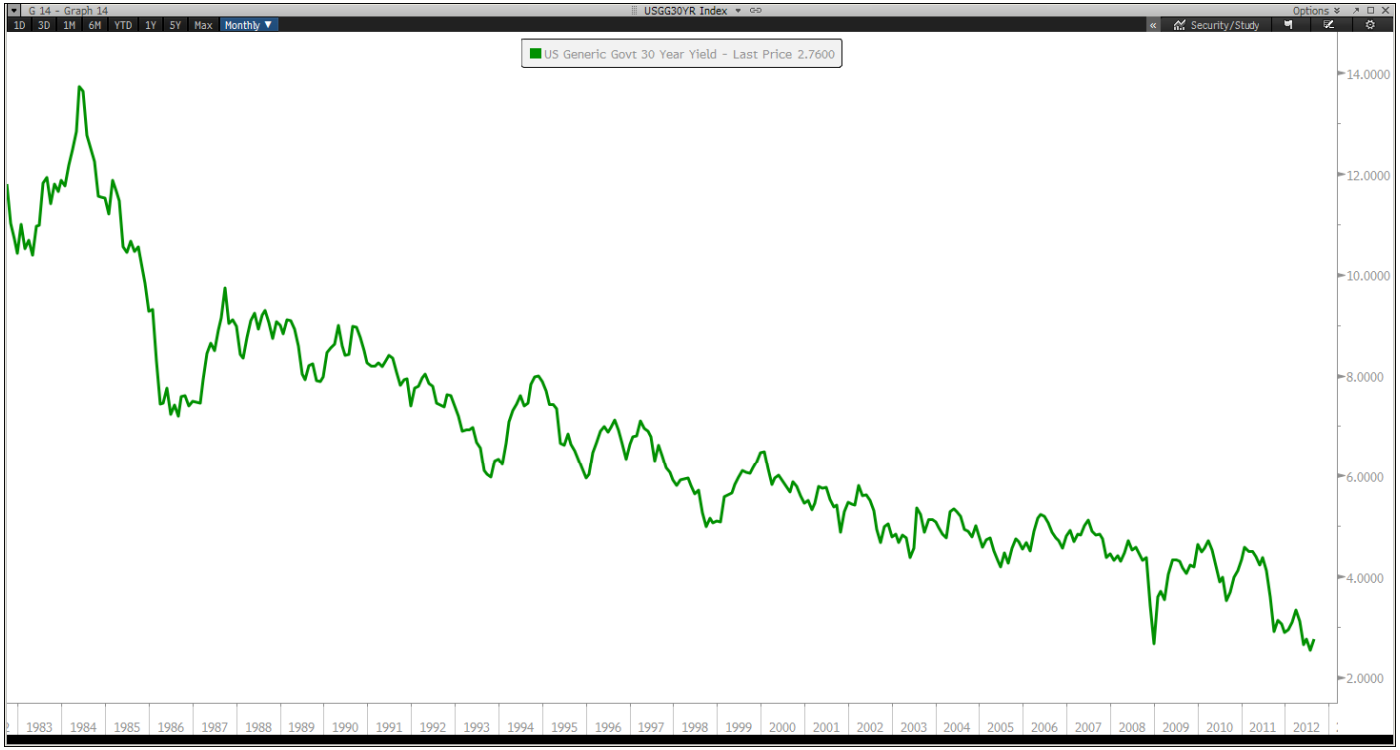
High risk-adjusted return opportunities in residential mortgages

- Non-agency Residential Mortgages are still a trillion dollar market
- Current yields on medium quality loans (Alt-A) imply extremely pessimistic assumptions:
  - 60% defaults, 30% - 40% value recovery on defaulted loans
  - No home price appreciation for at least 2 years
- Loss adjusted yields are in the 7% - 9% range
  - Every 10% reduction in defaults leads to roughly 3% - 4% increase in yield

30 Year Treasury Yield

Crestline

We believe Crestline's portfolio will benefit in a rising rate environment



See Notes to Performance History & Comparisons.

Hedge Funds vs. Treasuries

Crestline

	Length (months)	Change in 10-year US Treasury Rate over period	HFRI FOF Annualized Excess Return over 10-year US Treasury	HFRI FOF Composite Annualized Return	US 10-year Treasury Annualized Return
Average in **Rising** Rate Periods	20	2.14%	18.17%	12.04%	-6.14%
Average in **Falling** Rate Periods	52	-3.28%	-3.49%	7.33%	10.81%

See Notes to Performance History & Comparisons.

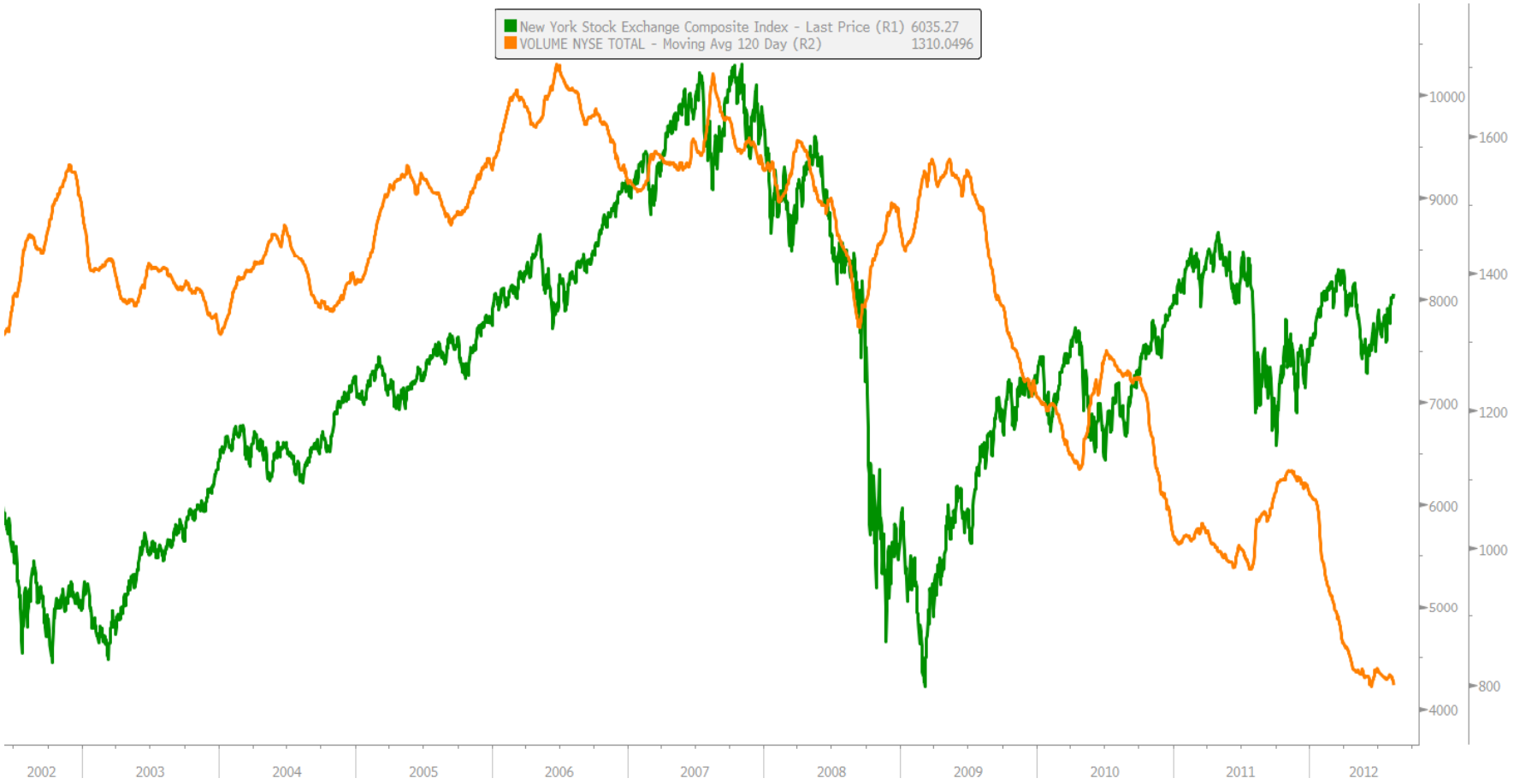
Crestline

Appendix

NYSE Volume

Crestline

Trading volume continues to fall



Source: Bloomberg
See Notes to Performance History & Comparisons.

Equities vs. Bonds

Crestline

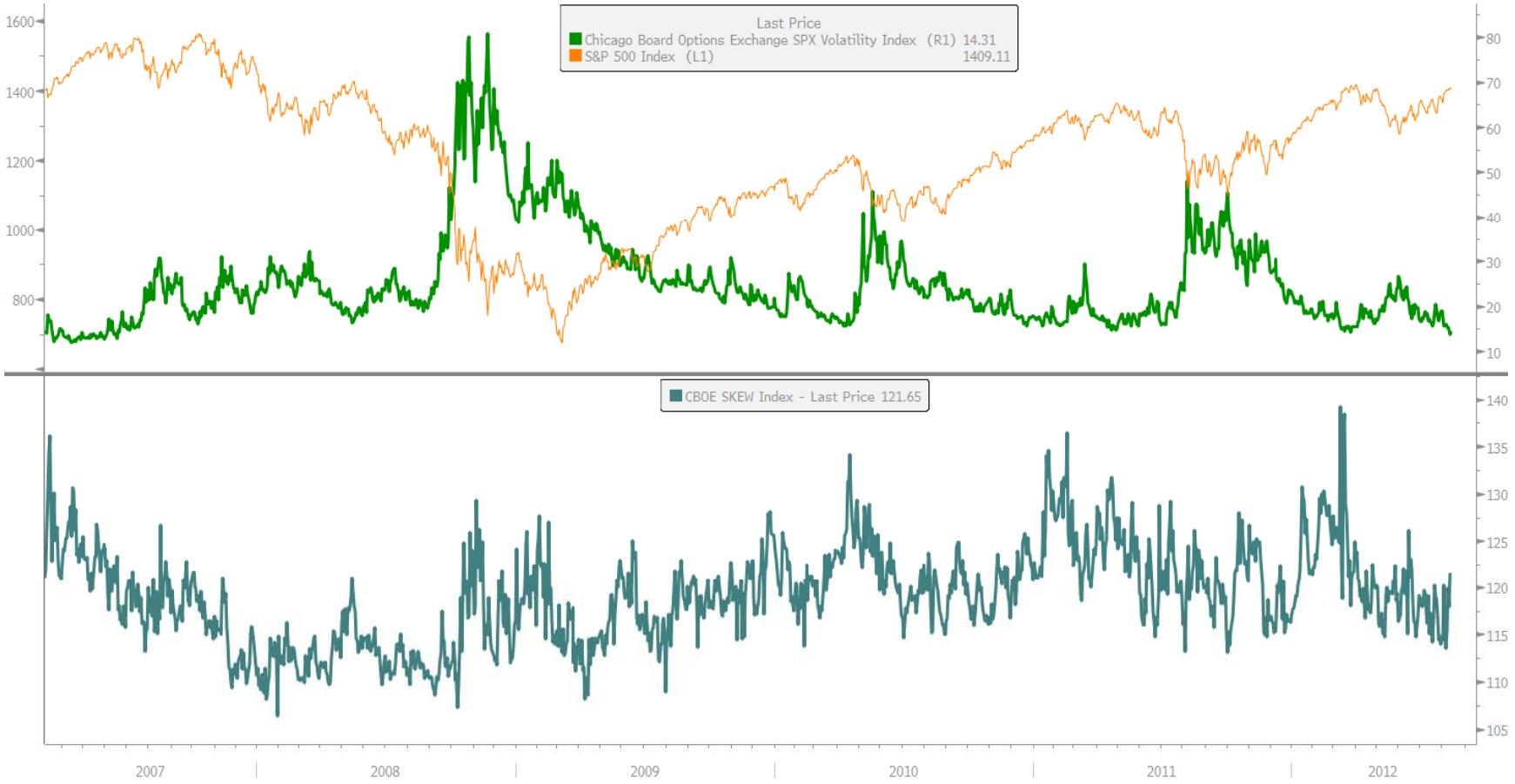
"Fed Model" - Equity earnings yield relative to yield on UST implies stocks cheap vs. bonds

Source: Bloomberg
See Notes to Performance History & Comparisons.

S&P Volatility Index

Crestline

Volatility reaches lowest level since 2007

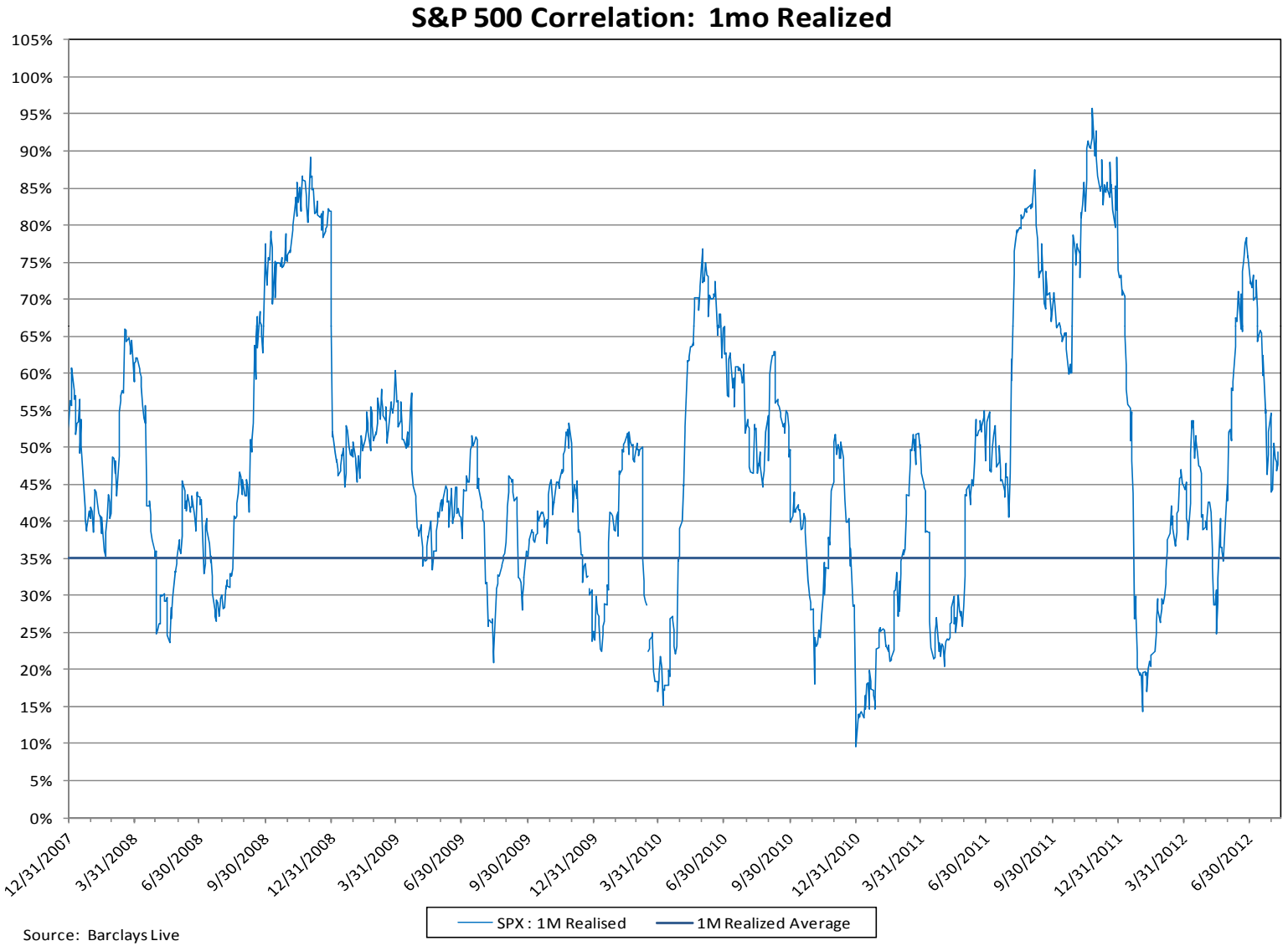


See Notes to Performance History & Comparisons.

S&P 500 Realized Correlation

Crestline

Correlation remains elevated



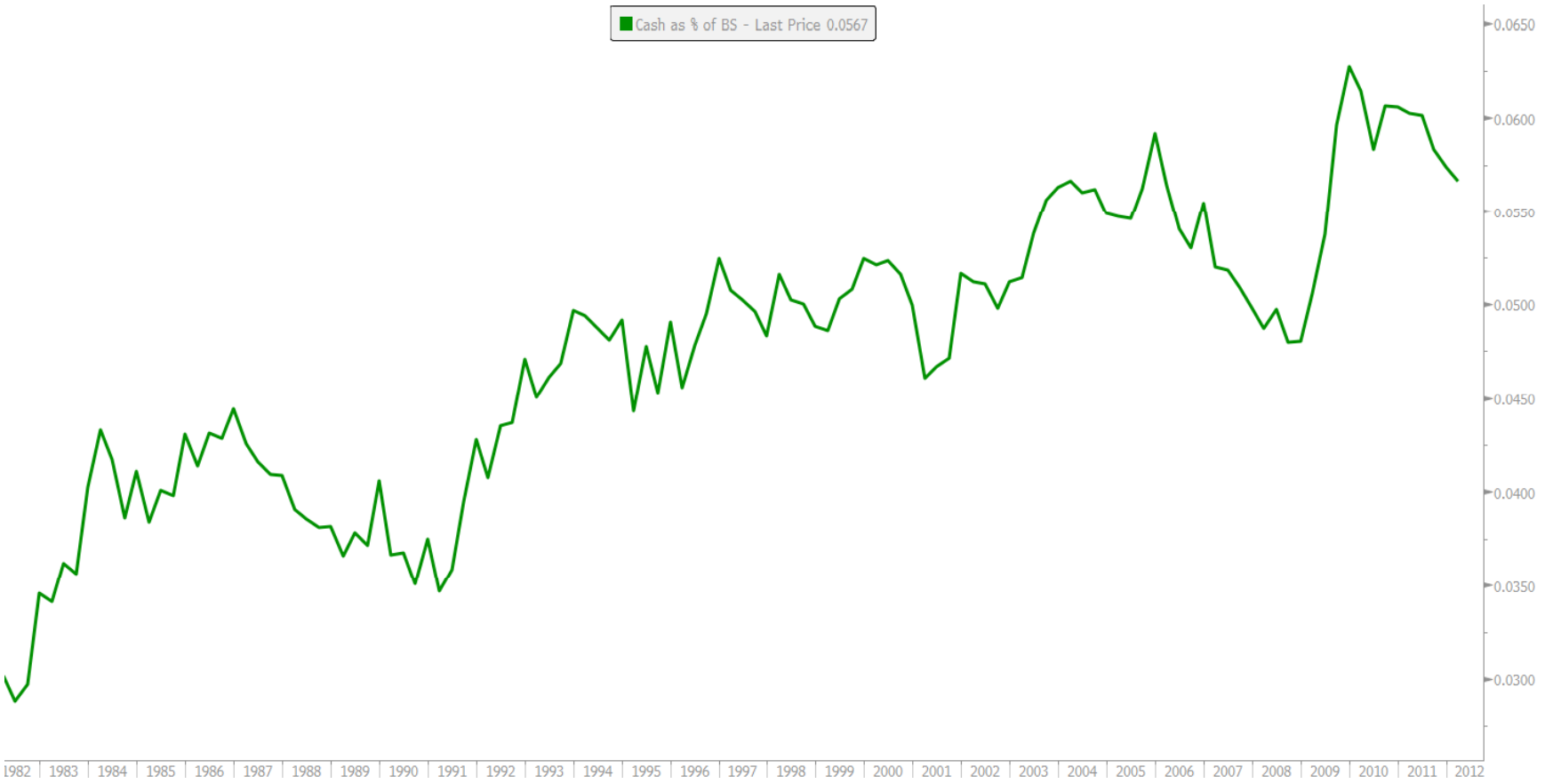
Source: Barclays Live

Source: Barclays Live. Updated through 8/10/2012
See Notes to Performance History & Comparisons.

Corporate Cash

Crestline

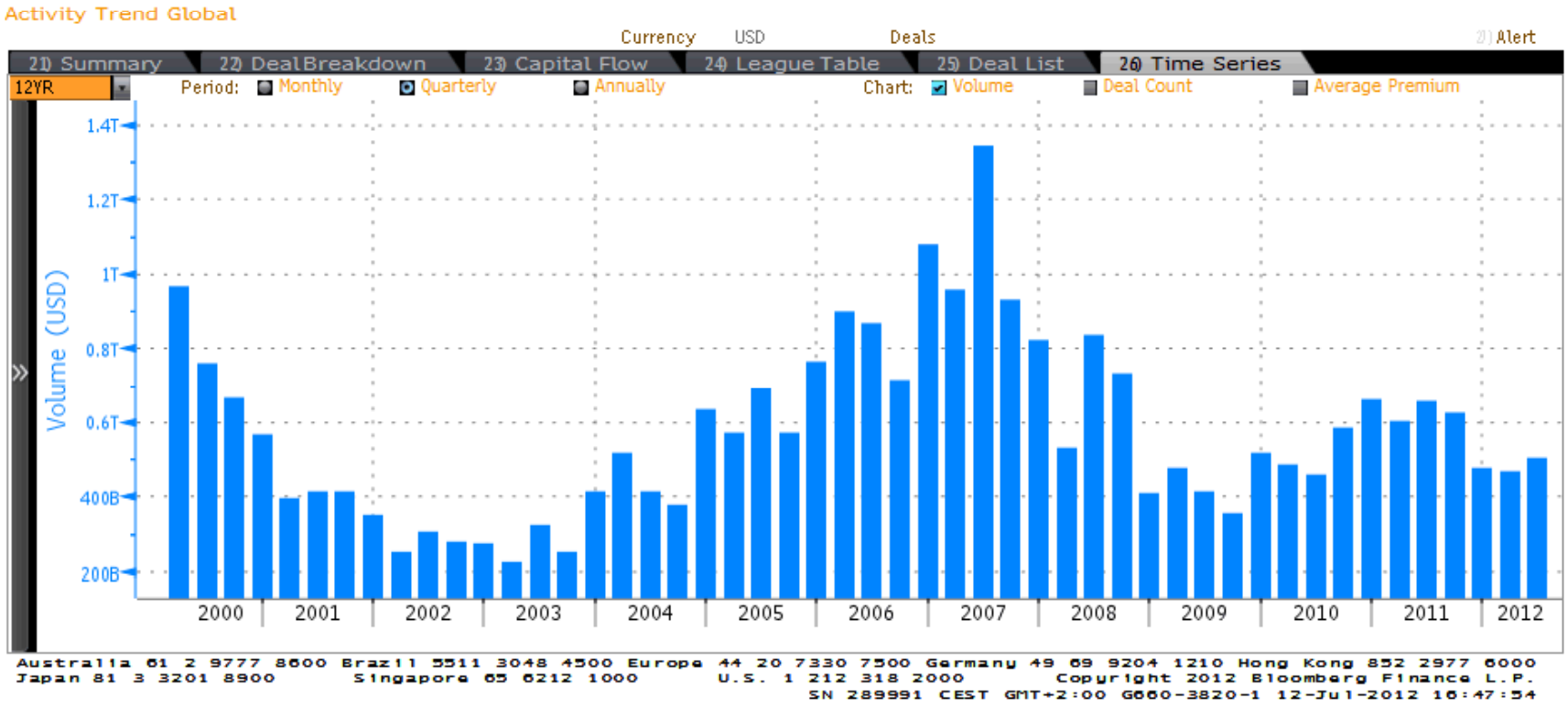
High cash balances support corporate actions



See Notes to Performance History & Comparisons.

M&A Volumes

Deal flow remains below pre-crisis levels

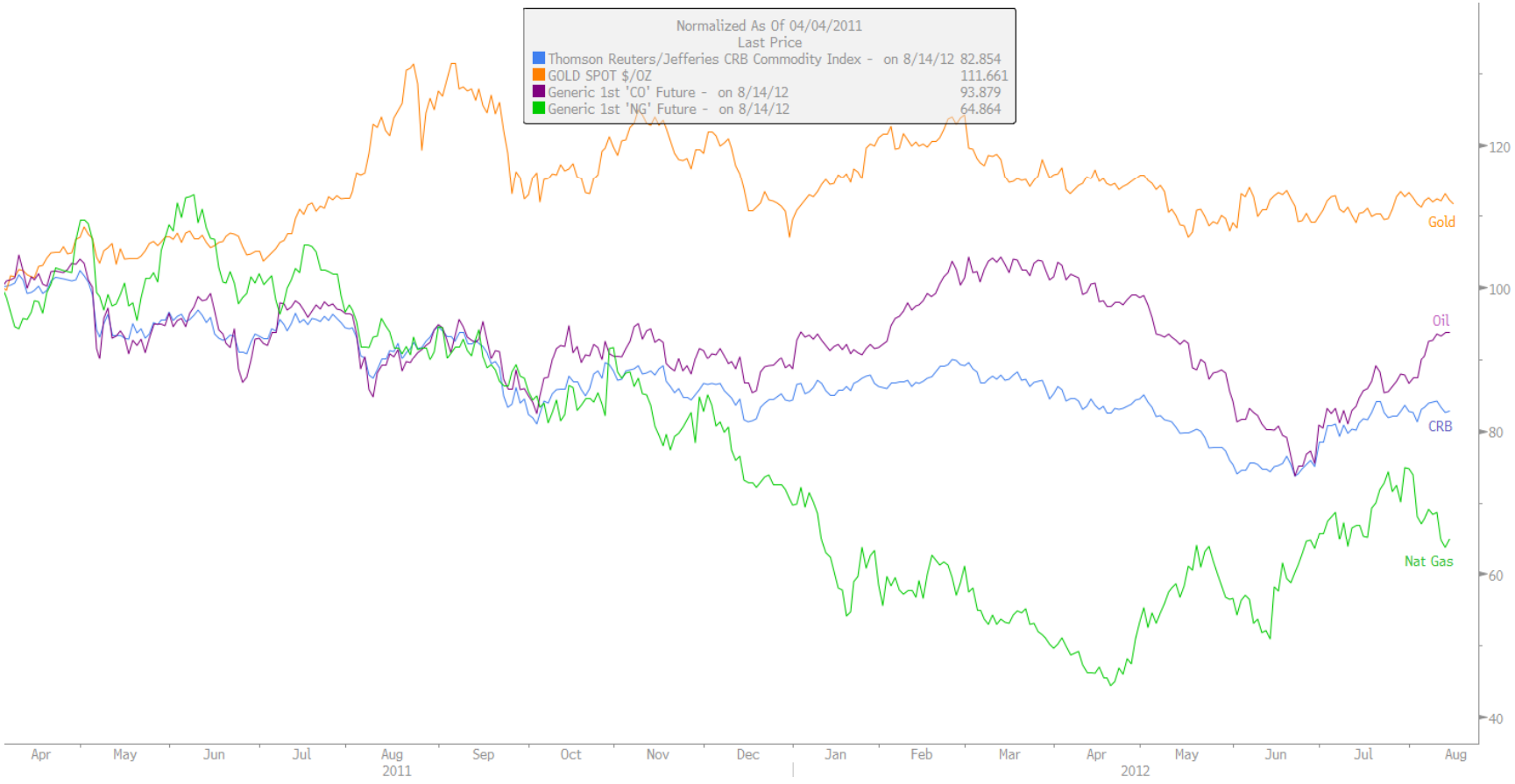


Source: Bloomberg
See Notes to Performance History & Comparisons.

Commodities

Crestline

Higher Dispersion in Commodity Prices



Source: Bloomberg
See Notes to Performance History & Comparisons.

High Yield Spreads

Crestline

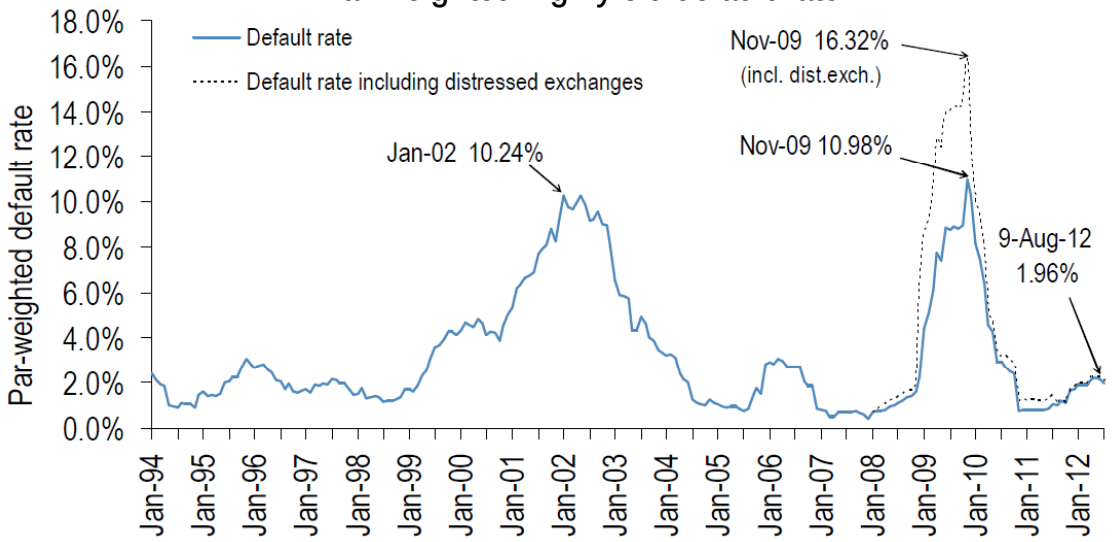
High yield spread continues to be moderately wide

Source: Bloomberg
See Notes to Performance History & Comparisons.

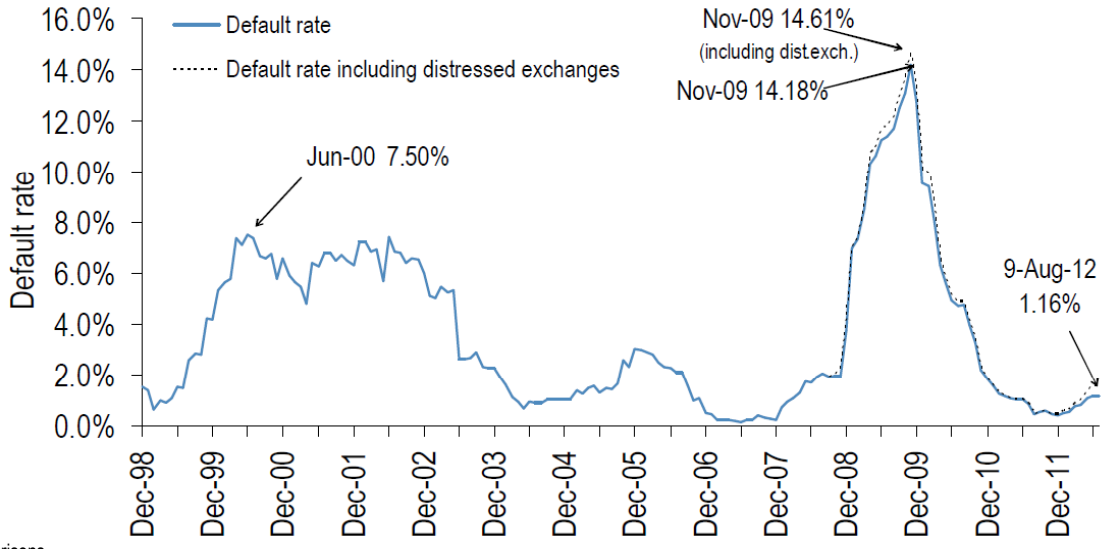
Default Rates

Default rate low as companies have refinanced debt

Par-weighted high yield default rate



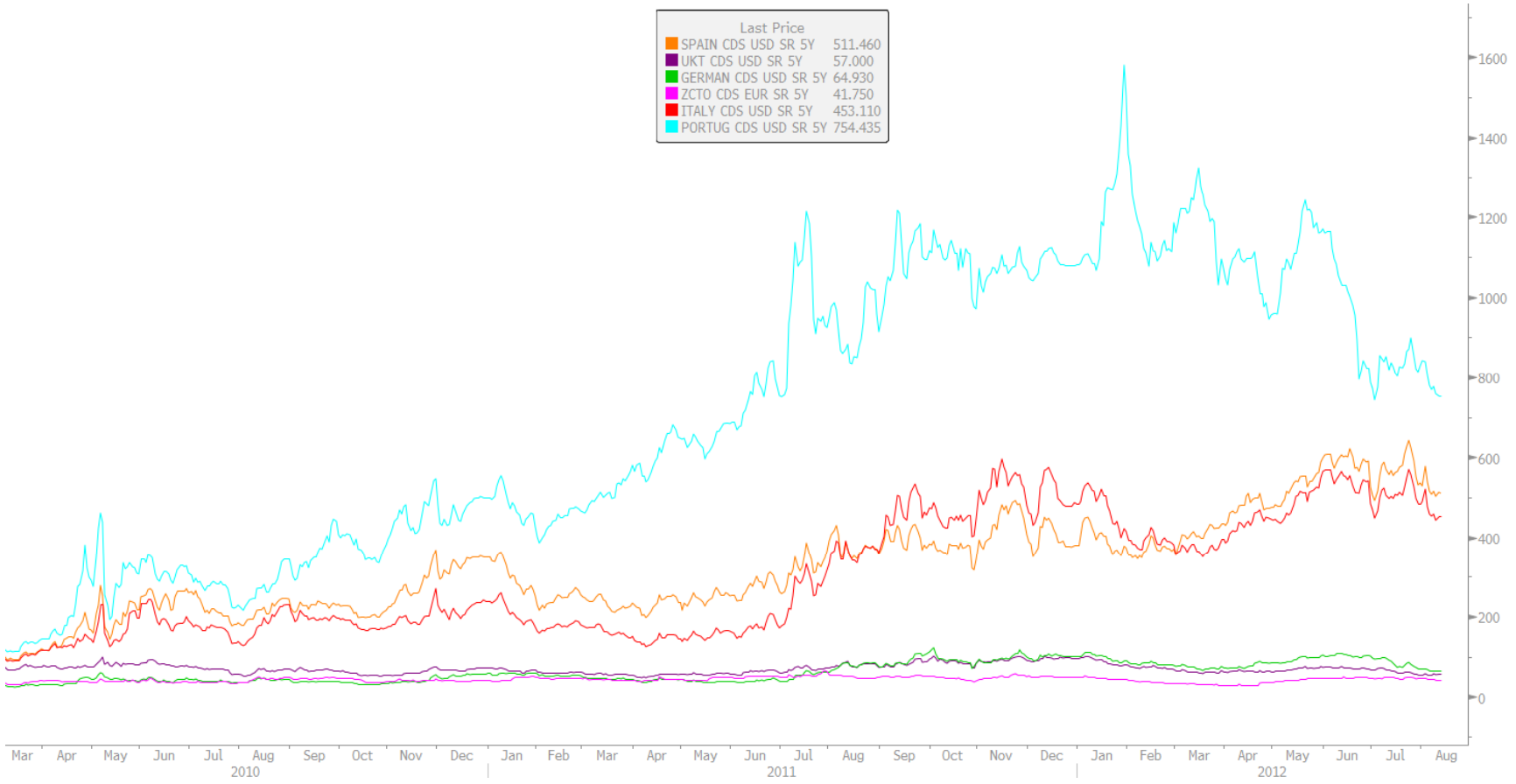
Leveraged Loans LTM default rate based on par amount



Sources: J.P. Morgan; S&P LCD
Note: Excludes distressed exchanges
Updated through 8/10/2012
See Notes to Performance History & Comparisons.

Global Sovereign CDS

Macro Risk – Sovereign credit concerns remain

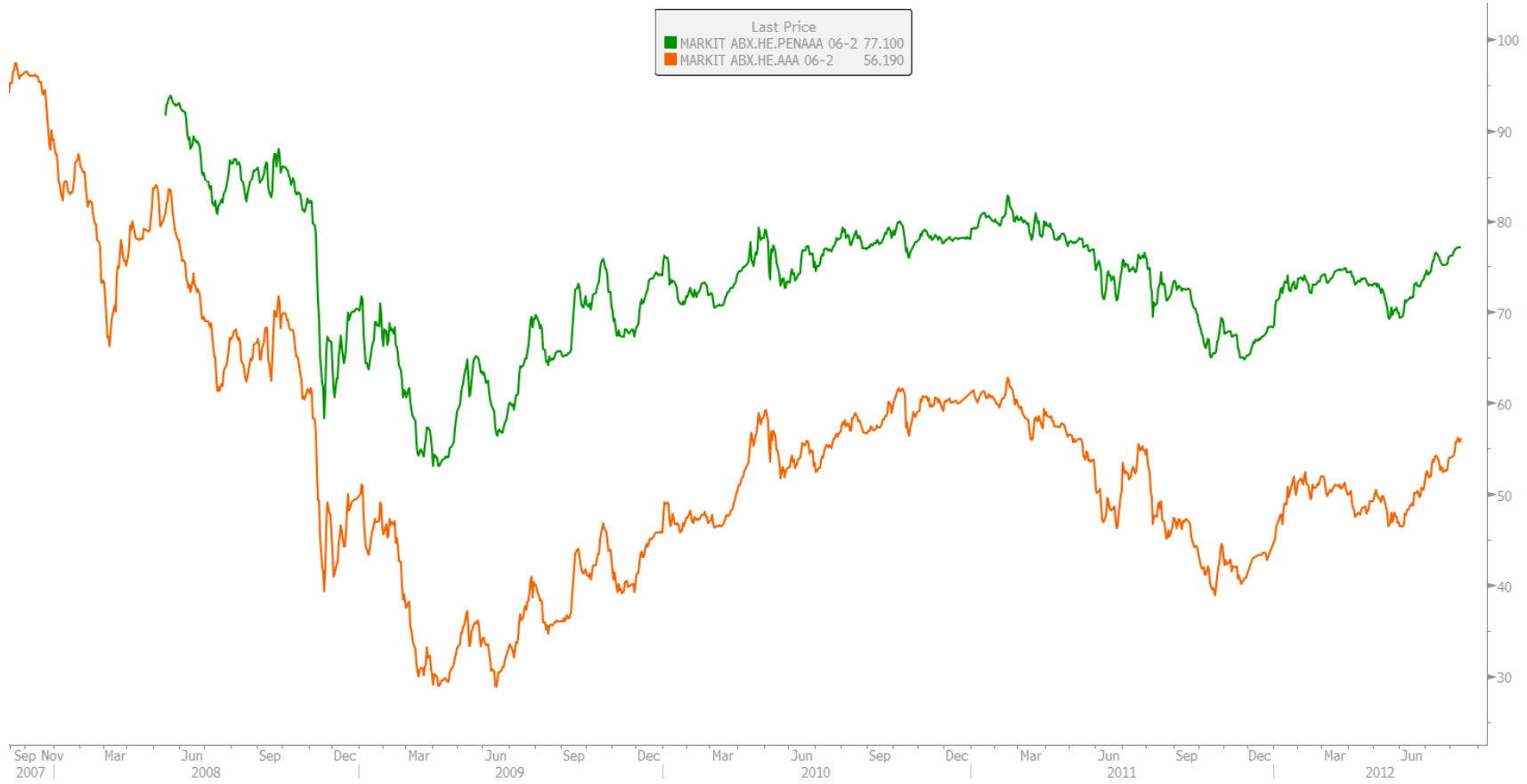


Source: Bloomberg
See Notes to Performance History & Comparisons.

ABX 06-2 Prices

Crestline

Pricing moves higher in subprime mortgage sector

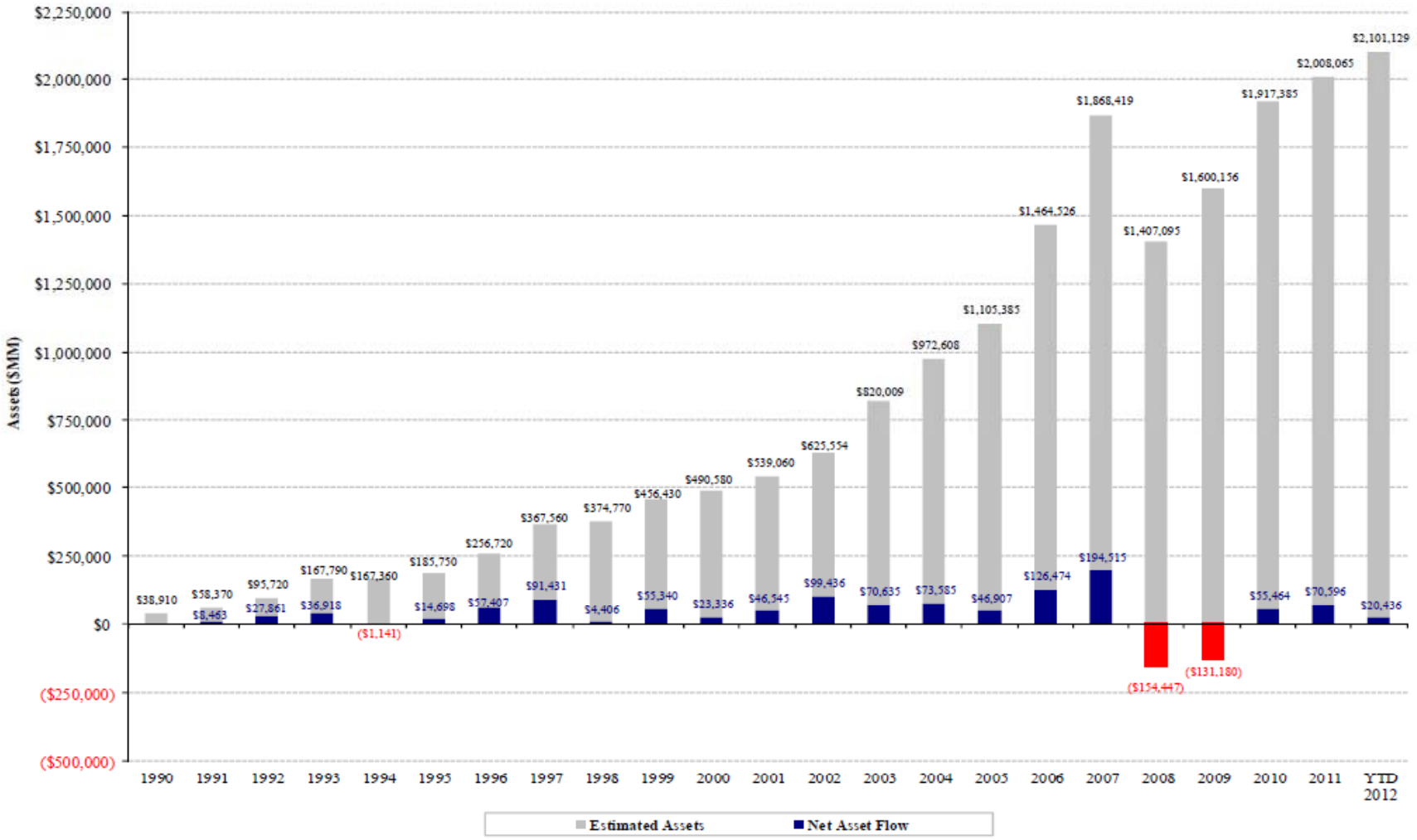


Source: Bloomberg
See Notes to Performance History & Comparisons.

Hedge Fund Asset Flows

Crestline

Estimated Growth of Assets / Net Asset Flow Hedge Fund Industry Since 1990

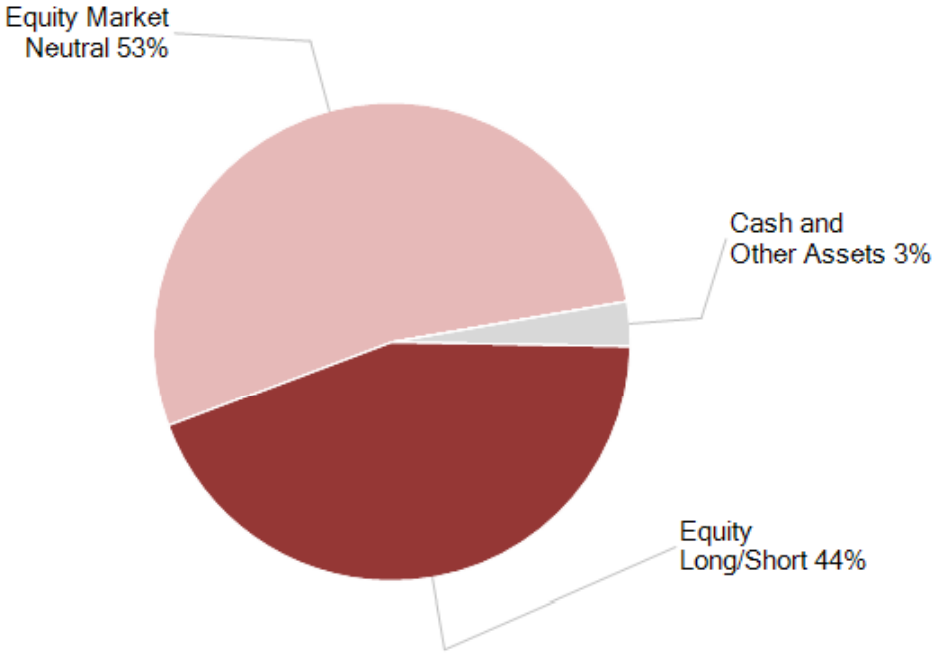


Source: Hedge Fund Research
See Notes to Performance History & Comparisons.

Portfolio Construction

Crestline

Blue Glacier Fund, L.P. (Equity Portfolio)
Current Portfolio Statistics



Geographic Distribution:	North America:	72%
	Europe:	23%
	Asia:	5%
	Global:	0%
Diversification:	Strategies:	2
	Managers:	12[1]
	Funds:	12[1]
	9 Funds represent 80% of the portfolio	
Fund Size:	< $500 million:	52%
	$500mm - $2.5 billion:	26%
	$2.5 - $5 billion:	0%
	> $5 billion:	22%
Manager Size:	< $500 million:	15%
	$500mm - $2.5 billion:	35%
	$2.5 - $5 billion:	11%
	> $5 billion:	39%

As of: July 2012
[1] Excludes funds with less than 0.3% of NAV.
See Notes to Performance History & Comparisons.

Portfolio Review

Crestline

Blue Glacier Fund, L.P. (Equity Portfolio)

For the period January 2012 - July 2012

Performance:	0.61 %	Number of funds:	12
Ending Capital	$49,889,280	Number of managers:	12

Performance by Strategy

Strategy	Performance	7/1/12	Contribution
Equity Long/Short	1.81%	44.16%	0.50%
Equity Market Neutral	0.89%	53.01%	0.46%
Multi Strategy	2.44%	0.00%	0.20%
Hedging Strategies	16.52%	0.15%	0.03%

Top Contributors	Performance	Contribution
Redmile Capital Offshore Fund, Ltd. (Class A – Series 2)	9.26%	0.55%
Lansdowne Developed Markets Fund Limited	5.29%	0.45%
Aleutian Fund, Ltd.	2.44%	0.20%
Perella Weinberg Partners Tokum Offshore Fund Ltd	1.45%	0.14%
Ascend CL Fund, Ltd. (Class A)	1.29%	0.13%

Bottom Contributors	Performance	Contribution
Gotham Diversified Hedge (US), LP	-3.50%	-0.34%
Manatuck Hill Mariner Onshore Fund	-2.23%	-0.15%
O'Connor Global Fundamental Market Neutral Long/Short Limited	-0.59%	-0.07%
MBAM Active Long Short Fund (The)	-0.44%	-0.04%
Goldman Sachs Investment Partners Offshore, L.P.	-0.09%	0.00%

Largest Allocations	7/1/12 Weight	Performance	Contribution
Goldman Sachs Investment Partners Offshore, L.P.	14.24%	-0.09%	0.00%
Ascend CL Fund, Ltd. (Class A)	10.13%	1.29%	0.13%
Gotham Diversified Hedge (US), LP	9.75%	-3.50%	-0.34%
O'Connor Global Fundamental Market Neutral Long/Short Limited	8.46%	-0.59%	-0.07%
Perella Weinberg Partners Tokum Offshore Fund Ltd	8.03%	1.45%	0.14%

Investment Activity

Fund Name	Trade Date	Strategy	Activity
DSAM Partners	01/01/2012	Equity Market Neutral	New Investment
Gotham Diversified Hedge	02/01/2012	Equity Long/Short	New Investment
Encompass Capital Fund	03/01/2012	Equity Market Neutral	New Investment
Alyeska Fund	05/01/2012	Multi Strategy	Full Redemption
Mariner Fund (Manatuck)	05/01/2012	Equity Long/Short	New Investment

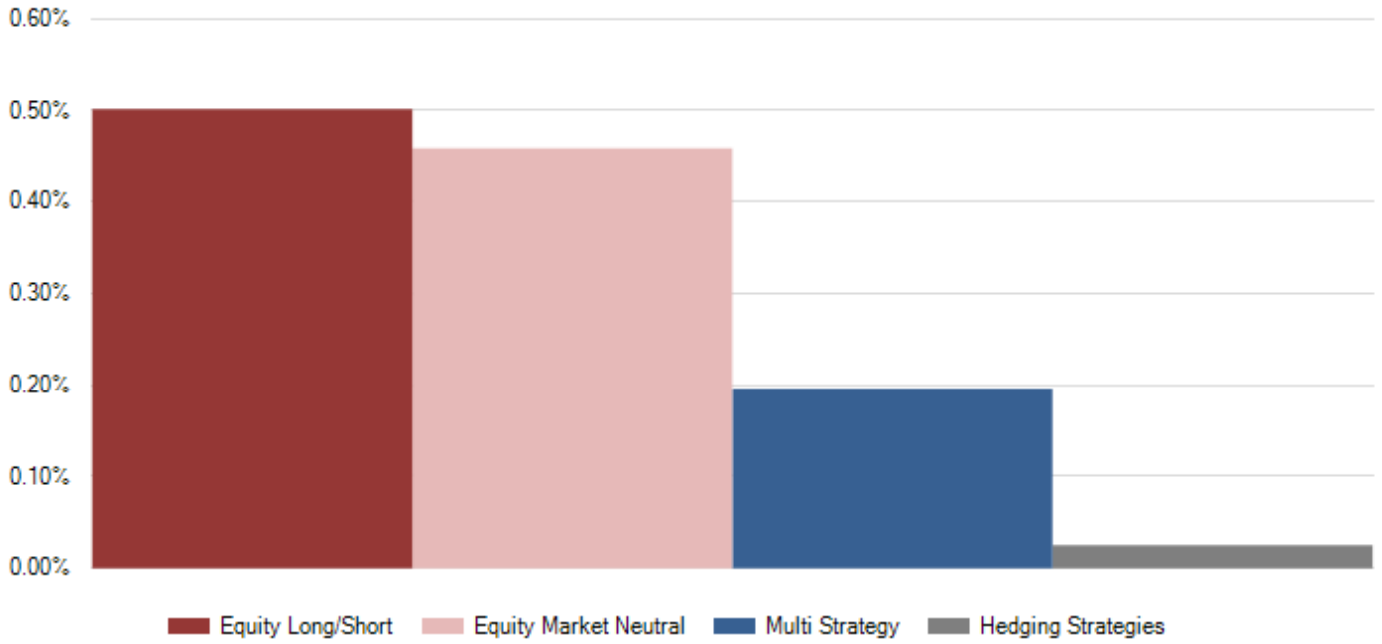
Based on estimates.

Returns and attribution data presented in this section are shown gross of management fees and expenses.
See Notes to Performance History & Comparisons.

Attribution Analysis

Crestline

Attribution Analysis
January – July 2012
Blue Glacier Fund, L.P. (Equity Portfolio)



Returns and attribution data presented in this section are shown gross of management fees and expenses.
See Notes to Performance History & Comparisons.

Performance History and Comparisons

Crestline

1. Past performance is not a guaranty of future results. Current and prospective investors should not assume that the future performance of any Crestline fund will equal its prior performance results, and investors risk loss of their entire investment. Each fund's performance results portrayed reflect the deduction of that fund's advisory fees, brokerage commissions and other expenses. The performance results also include the reinvestment of income and dividends. For each Crestline fund, an individual investor's returns will vary from the historical performance due to participation in new issues and due to the timing of subscriptions, withdrawals, and redemptions.

2. Within a particular strategy, Crestline may offer a domestic fund and an offshore fund ("Funds") that are managed *pari passu*. In such cases the Funds managed by Crestline will have investment objectives that are identical or substantially similar. It is not anticipated, however, that the Funds managed by Crestline having identical or substantially similar investment objectives will have identical or substantially similar investment portfolios. Differing investment portfolios can be expected to result from several factors, including, without limitation, the following:
    - regulatory constraints that apply to the Funds managed by Crestline;
    - investment constraints imposed by the Investment Managers of the underlying fund that the Funds may invest in;
    - the availability of underlying funds for investment at certain times but not at others; and
    - the amount of cash available for investment at certain time by the Funds.

    As a result of factors such as these, Funds that are managed *pari passu* may have a different investment portfolio (and, as a result, different performance results) even though the funds may have identical or substantially similar investment objectives.

3. The targeted returns are based on research conducted by Crestline and the conclusions are Crestline's opinions based on its own independent study. The return targets are supported by various quantitative measures including 1) the actual track record of the funds, 2) back-tested returns of a pro-forma portfolio using the fund's current asset allocation, 3) a forecast return calculated using a third-party risk model and 4) for Crestline Plus and Crestline Plus Offshore, a calculation of the funds' returns based on achieving the unlevered return targets, then applying a leverage factor and subtracting leverage costs from these returns. For further information on targeted returns including input data and calculation methodology please contact Investor Relations. While Crestline believes that the return targets are supportable, there is no guarantee that the funds will achieve the targeted returns.

    The targeted rates of return included in this presentation are hypothetical returns, and are for illustrative purposes only. Accordingly, no assumptions or comparisons should be made based upon these returns. Targeted returns are subject to inherent limitations. One limitation is that the returns do not take into account the impact that market and economic risks may have on investment decision trading. In no circumstances should the targeted returns be regarded as a representation, warranty or prediction that the fund will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

4. Standard deviation is a statistical measure of the dispersion of a fund's monthly returns. The greater the standard deviation, the greater a fund's volatility. The indices presented in this report (including, but not limited to the Russell 2000, S&P 500, and NASDAQ 100) indices are diversified indices of equity securities, while the Funds managed by Crestline invest in other private investment funds. Due to the differences between the funds' portfolios and the composition of the aforementioned indices, Crestline Investors, Inc. cautions potential investors that no such index is directly comparable to the funds. The indices provided herein have not been selected to represent an appropriate benchmark but rather are used to allow for comparison of standard deviations to that of well-known and widely recognized indices.

5. Correlations to the performance of the indices presented in this report (including, but not limited to the Barclays Capital Aggregate Index, S&P 500 Index, and HFR Fund of Fund Conservative Index) are shown for comparison purposes only. The securities included in those indices are not necessarily included in the portfolios of the investment funds in which Crestline funds invest and criteria for inclusion in those indices are different and not limited to particular investment strategies. In addition, investors may not invest directly in an index. Therefore, the returns of Crestline funds and the returns of such indices may not be comparable.

6. Prior to the commencement of Crestline Partners, L.P.'s operations in January 1998, Crestline Investors, Inc. invested proprietary money through managed accounts among hedge funds following the strategies to be pursued by Crestline Partners, L.P. Upon commencement of Crestline Partners' operations, the managed account portfolio of funds was transferred to Crestline Partners, L.P. As such, the performance history of Crestline Partners, L.P. prior to January 1998 represents the stand-alone performance of the managed accounts.

    Additionally, effective May 1, 2002, Crestline Partners, LP revised its fee structure to raise its management fee from 1.00% to 1.25% (annualized) on accounts opened on or after the effective date. The first month where the increased management fee charge is reflected in the return history is February 2003. Prior to this date, there were no accounts in Crestline Partners, LP subject to the higher management fee rate. The performance results for the time period prior to February 2003 would have been lower had the higher management fee been charged.

7. The Crestline Partners composite performance results are un-audited and do not represent the performance of any one specific account managed by Crestline. The Crestline Partners composite results are an aggregate presentation of the returns (after deduction of fees) of various portfolios managed by Crestline (Crestline Partners LP, Crestline Offshore Fund Ltd., Crestline AK Permanent Fund LP, Blue Glacier Fund LP, Lonestar Patriot LLC and Crestline Murray Hill, LP). An investor could not invest in one specific entity currently managed by Crestline that would give it the composite return achieved by the entities making up the composite performance results. The composite returns are for illustration purposes only; actual portfolio composition of any product offered by Crestline may differ from the portfolio composition of the various portfolios contributing to the composite performance returns indicated in this document. In addition, actual returns of any such portfolio would differ due to various factors; including but not limited to the following: fees, capacity limitations, allocation targets, market conditions, changing investment strategies and objectives, etc.

    These composite performance results include the reinvestment of all dividends, interest, and capital gains and are net of all fees at the level of the individual portfolios contributing to the composite performance results.

Performance History and Comparisons

Crestline

8. Performance returns shown for a particular Crestline fund may relate to a: (i) representative account, or (ii) the blended rate of return of the fund. Blended returns may include both investors who pay management and performance fees and investors who do not pay such fees. Representative accounts are used for illustrative purposes and the accounts presented will be those that pay the highest level of all fees for a particular fund and who are eligible to participate in new issues. The following is a schedule of the type of returns presented for the Crestline funds.
   Crestline Partners, LP
   Blended returns are presented for the period October 1997 – February 2003. Representative account returns are presented for the period March 2003 – present. Please refer to Note 6 for further information.
   Crestline Offshore Fund, Ltd. – US$ denominated shares
   Blended returns are presented for the period November 2001 – March 2003. Representative account returns reflect Class D performance and are presented for the period April 2003 – present.

9. The reader should not assume that forecast returns imply Crestline planning beforehand what the return would be for the month. Instead the forecast performance presented in the table on the Risk Management – History slide represents a performance estimate based on combined simulated index data provided by an independent third party. Simulated index data is based on the performance of certain indexes. The simulated index data is calculated by matching investments in a portfolio of hedge funds to returns of certain indexes that best fit the historical performance of the hedge funds.

10. Principal executive officers of Crestline are also associated with Bratton Capital Management, LP ("BCM") a firm that acts as the investment adviser and general partner to single family-office-related investments. Crestline and BCM are under common control.

11. This report may not be reproduced, distributed or transmitted in whole or in part in any media.

12. Some information contained in this document is based on data received from third parties that we consider reliable and is accurate to the best of Crestline's knowledge. However, Crestline has not independently verified the information and does not otherwise give any warranty as to the truth, accuracy, or completeness of such third party data, and it should not be relied upon as such. The material is not intended to be a formal research report and nothing in this presentation should be interpreted to state or imply that past results are an indication of future performance.

13. This document is a summary and does not constitute an offer to sell or a solicitation of any offer to buy or sell securities of any entity, investment product or investment advisory service. Any offer will be made only pursuant to a confidential offering memorandum.

14. Any opinions expressed herein are our current opinions only. There can be no assurance or guarantee that Crestline's investment strategy will achieve its stated goal. All information provided in this presentation is for informational purposes only. In addition, it should not be assumed that any of the securities and/or strategies discussed herein were or will prove to be profitable. Crestline accepts no liability for loss arising from the use of this material.

15. The estimated return presented herein for the relevant month is calculated using performance information supplied by the underlying investment funds included in the portfolio as of the 5th business day following month end. For any investment fund not supplying performance information by the 5th business day following month end a return of 0.00% is assumed until performance information on such fund is actually received. This is only an estimate and the actual performance results will vary from this estimate. Past performance is not a guaranty of future results. The performance results portrayed reflect the deduction of that fund's advisory fees, brokerage commissions and other expenses. The performance results also include the reinvestment of income and dividends.

16. Crestline Management, L.P., a federally registered investment adviser, acknowledges that such registration does not imply a certain level of skill or training.

17. General Risks of Investing in the Crestline Funds
   An investment in the Funds is speculative and involves a high degree of risk. Crestline Management, L.P., is a federally registered investment adviser and serves as the investment manager to the domestic and offshore hedge fund of funds. Crestline Canada, Inc., an affiliate, provides portfolio overlay and hedging execution capabilities to client portfolios as well as Crestline's diversified fund of hedge funds. Crestline Investors, Inc., Crestline Management, L.P. and Crestline Canada, Inc. are individually and collectively referred to herein as "Crestline" or "the Firm." Crestline's investment funds (the "Funds") utilize a fund of funds investment approach whereby Fund assets are allocated among portfolio managers. As a result, the success of the Funds is dependent on the portfolio managers' ability to develop and implement investment strategies that achieve the Funds' investment strategies. The Funds are not subject to regulatory restrictions or oversight. The principals of Crestline Investors, Inc. are Douglas K. Bratton, John Cochran and Caroline Cooley (the "Principals"). The success of the Funds' investment program will also depend on the expertise of the Principals in choosing portfolio managers. If the Principals were to cease to be associated with the Funds it is likely that the success of their investment program would be adversely affected. The Funds, particularly Crestline Plus, employ leverage, which among other investment techniques, can make their investment performance volatile. Opportunities for redemptions and transferability of interests in the Funds are restricted so investors may not have access to their capital if and when it is needed. There is no secondary market for an investor's interest in the Funds and none is expected to develop. The Funds' management fees, incentive fees/allocations, and expenses, may offset their trading profits. An investor should not invest in the Funds unless it is prepared to lose all or a substantial portion of its investment.

Performance History and Comparisons

Crestline

18. THE PROFORMA RETURN BASED ANALYSIS PERFORMANCE INFORMATION PRESENTED HEREIN REPRESENTS BACKTESTED PERFORMANCE BASED ON SIMULATED INDEX DATA AND ACTUAL PERFORMANCE RESULTS OF INVESTMENTS THAT WOULD HAVE BEEN MADE AND MANAGED BY CRESTLINE. BACKTESTED PERFORMANCE IS HYPOTHETICAL (IT DOES NOT REFLECT TRADING IN ACTUAL ACCOUNTS) AND IS PROVIDED FOR INFORMATIONAL PURPOSES TO INDICATE HISTORICAL PERFORMANCE FOR A MODEL PORTFOLIO. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN ADDITION, BACKTESTED PERFORMANCE RESULTS DO NOT REPRESENT THE IMPACT THAT MATERIAL ECONOMIC AND MARKET FACTORS MIGHT HAVE ON CRESTLINE'S DECISION-MAKING PROCESS IF WE WERE ACTUALLY MANAGING CLIENT MONEY. ALSO, BACKTESTED PERFORMANCE DIFFERS FROM ACTUAL PERFORMANCE BECAUSE IT IS ACHIEVED THROUGH THE RETROACTIVE APPLICATION OF MODEL PORTFOLIOS DESIGNED WITH THE BENEFIT OF HINDSIGHT. AS A RESULT, THE MODELS THEORETICALLY MAY BE CHANGED FROM TIME TO TIME TO OBTAIN MORE FAVORABLE PERFORMANCE RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING STRATEGY WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Prisma – Yield Portfolio

ACTION: X

DATE: September 21, 2012

INFORMATION: ____

BACKGROUND:

Prisma Capital Partners was hired in January of 2010 to manage an absolute return portfolio for the Alaska Retirement Management Board. Prisma is a high quality institutional asset manager with demonstrated success managing hedge fund portfolios. Prisma currently manages $145 million for the ARMB. At the ARMB meeting in April 2012, Prisma presented a potential addition to the portfolio structured to offer many of the characteristics of a fixed income portfolio. The ARMB elected to invest an additional $50 million in this fixed income oriented sub-portfolio.

STATUS:

ARMB staff has not invested the additional $50 million in the fixed income oriented strategy. In June, 2012, Prisma announced that they were in the process of entering into a transaction to sell ownership of the business to KKR. This transaction is expected to close in October of 2012. Due to this pending organizational change, the ARMB placed Prisma on the manager watch list in June. Subsequently, ARMB staff and the IAC have discussed the potential purchase by KKR and recommend that the ARMB not make the additional $50 million investment with Prisma while they remain on the manager watch list.

RECOMMENDATION:

That the Alaska Retirement Management Board rescind the decision to invest an additional $50 million with Prisma Capital Partners in a sub-portfolio targeted at fixed income characteristics

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	International Equity Emerging Markets Exposure	ACTION:	X
DATE:	September 21, 2012	INFORMATION:	

BACKGROUND

The Alaska Retirement Management Board's (ARMB) international equity portfolio is policy benchmarked against the MSCI ACWI Ex-US Index which contains a 24% exposure to emerging markets as of June 30, 2012. ARMB's emerging markets exposure is captured through both international and emerging market mandates. Historically, ARMB's international managers have not been contractually constrained to the amount of allowable emerging markets exposure that can be held in their portfolios.

At the December 2011 board meeting, the Board approved Resolution 2011-21 which amended the Investment Guidelines for Domestic and International Equities. This amendment imposed a 10% portfolio limit on exposure to emerging markets for mandates benchmarked against the MSCI EAFE Small Cap Index. However, there is currently no limit on emerging markets for international, developed market managers.

STATUS

Allowing international managers to invest in emerging markets greatly expands their investable universe and allows the portfolio managers flexibility in executing their investment process. However, from a top-level portfolio management perspective, it is important to constrain emerging markets exposure where the ARMB has hired a manager to invest in a developed markets strategy. For emerging markets, the ARMB has hired ACWI and emerging market managers. Significant emerging markets exposure in developed market portfolios could introduce higher than expected portfolio risk.

The two managers impacted are Brandes and Capital Guardian. As of June 30, 2012, their emerging market weights were 11% and 10% respectively. Staff recommends imposing a 10% emerging markets limit on portfolios benchmarked against the MSCI EAFE Index. This limit should not have a significant impact on the management of these portfolios as they are currently positioned.

RECOMMENDATION

The Alaska Retirement Management Board approve Resolution 2012-26 which amends the Investment Guidelines for Domestic and International Equities and limits the weight of investment in emerging markets to 10% of the portfolio weight for managers that are benchmarked against the MSCI EAFE Index.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Investment Guidelines for
Domestic and International Equities

Resolution 2012-26

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 2012-08

DATED at Fairbanks, Alaska this ___ day of September, 2012.

_____
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 or 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;

11. no more than ten percent (10%) of any international ~~small cap~~ portfolio benchmarked against the MSCI EAFE Index or the MSCI EAFE Small Cap Index may be invested in emerging markets.

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 their appropriate contractual benchmark, net of fees.

H. Performance Benchmarks. ARMB's asset class level benchmarks for domestic and international equities are as follows:

Broad Domestic Equity – Russell 3000 Index

I. **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.

J. **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

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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;

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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;

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ALASKA RETIREMENT MANAGEMENT BOARD

RFP Evaluation Committee

SUBJECT: Proposal Review – Risk Analysis Manager

ACTION: X

DATE: September 21, 2012

INFORMATION: ____

BACKGROUND:

AS 37.10.220 sets forth the powers and duties of the Alaska Retirement Management Board (Board) which include hiring investment advisors and contracting for other services necessary to execute the board's powers and duties. At its June 21-22, 2012 meeting, the staff advised the board the intention to develop and issue an RFP for a risk analysis manager as previously authorized by the Board.

STATUS:

Staff prepared an RFP notice which was published in Pensions & Investments Magazine (print copy and the on-line edition), in the Anchorage Daily News, and on the State of Alaska on-line procurement notice website. The notice set forth the requirements for the position, the deadline for submitting a proposal, and a calendar for the investment consultant procurement process.

Six proposals were received within the deadline. One proposal was declared non-responsive. Each committee member was provided with the RFP, a copy of each proposal and scoring evaluation sheets for the purpose of independently reviewing and scoring each proposal consistently and fairly. Staff scored each cost proposal based on criteria set out in the RFP and provided the results of the scoring to the committee. The committee met September 10, 2012 for the purpose of reviewing and consolidating the scoring sheets of the individual committee members and formulating a recommendation to the Board.

Based on the scores awarded, MAP Alternative Investment Management Company emerged as the highest score and qualified applicant.

RECOMMENDATION:

The RFP Evaluation Committee recommends that the Board issue a Notice of Intent to Award a Contract, and subsequent to the expiration of the ten-day period for appeals, negotiate a contract with MAP Alternative Investment Management Company for risk analysis services.

FAMCO MLP

Prepared for:

Alaska Retirement Management Board

September 21, 2012

Presented by:

Jim Cunnane – Managing Director, Chief Investment Officer

Trish Oppeau –Vice President

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FAMCO MLP

A DIVISION OF ADVISORY RESEARCH

FAMCO MLP

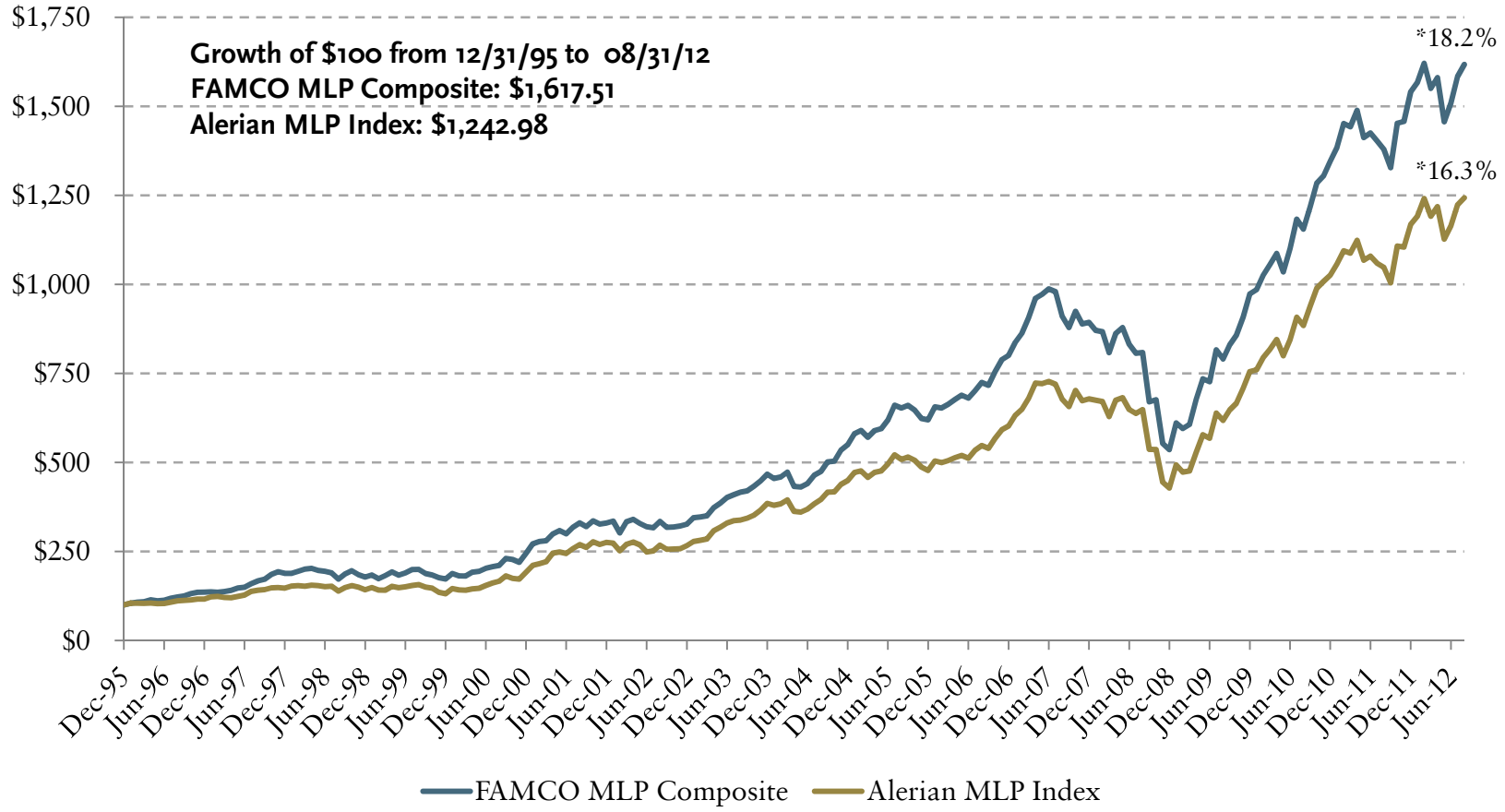
FAMCO MLP's Competitive Advantages

Experience	• Longest MLP track record* • MLP investor since 1995
Institutional Quality Team	• 11 person dedicated team with 14 years average industry experience
Available Investment Capacity	• $3.0 billion in MLP and energy infrastructure assets under management as of 8/31/2012 • Total projected capacity of $4 to $6 billion as of 8/31/2012
Investment Process	• Unique process that identifies industry and market themes • Bottom-up, company specific cash flow models for every MLP in our coverage universe

* FAMCO MLP has the longest track record out of all MLP managers in the Parker Global Strategies MLP Manager Index (PMLPI). This index is composed of 37 underlying investment programs managed by a total of 15 constituent investment managers.

FAMCO MLP

Our MLP Composite has returned 30% more than the Alerian MLP Index Gross of Fees

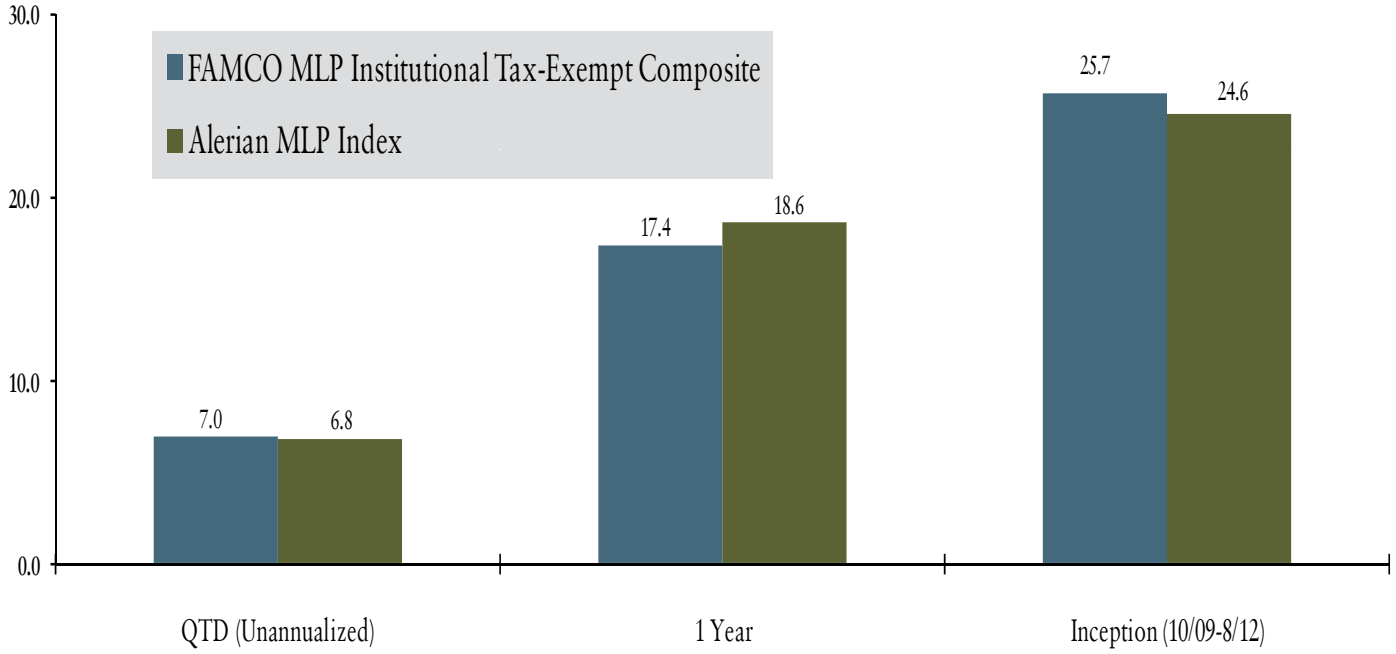


Source: FAMCO MLP, Alerian Capital Management
Period: December 1995 to August 2012
* Annualized Returns

FAMCO MLP

FAMCO MLP's institutional clients who are not subject to tax considerations have performed better than the Alerian MLP Index since inception.

Annualized returns (Gross of Fees %) for periods ended August 31, 2012



Supplemental Information to the Master Limited Partnerships Composite

Note: The performance disclosures included herein are an integral part of this presentation.

FAMCO MLP
A DIVISION OF ADVISORY RESEARCH

FAMCO MLP

FAMCO MLP has a focused, experienced and qualified investment team

Focus	• Dedicated five person investment team • Team is solely focused on 76 MLPs and their affiliates
Experience	• Average investment team tenure of 7.8 years • Average industry experience of 15.8 years
Qualification	• 80% of investment team has earned an MBA degree and/or is a CFA charterholder

FAMCO MLP

Dedicated and Experienced MLP Team

	James J. Cunnane Jr., CFA	**Quinn T. Kiley**	**William N. Adams, CFA**	**Farah Alam**	**Gregory P. Westrich**	
Title	Managing Director, Chief Investment Officer	Managing Director, Senior Portfolio Manager	Senior Research Analyst	Research Analyst	Research Analyst	
Years of Industry Experience	20	12	31	10	6	
FAMCO MLP Tenure*	16	6	8	5	4	
	Becky J. Roesch, CFA	**Marcey J. Wolter**	**Susan L. Steiner, CPA**	**Ryan C. Crislip**	**Zack Rasure**	**Niraj Shah**
Title	Senior Vice President, Client Services	Head of Institutional Client Services	Vice President, Chief Compliance Officer	Head Trader	Trade/Settlement Administrator	Head of Information Technology & Operations
Years of Industry Experience	25	14	13	12	5	6
FAMCO MLP Tenure*	13	7	7	7	5	5

*includes tenure at affiliated predecessor firm.

FAMCO MLP

FAMCO MLP has been a leader in managing public fund MLP mandates

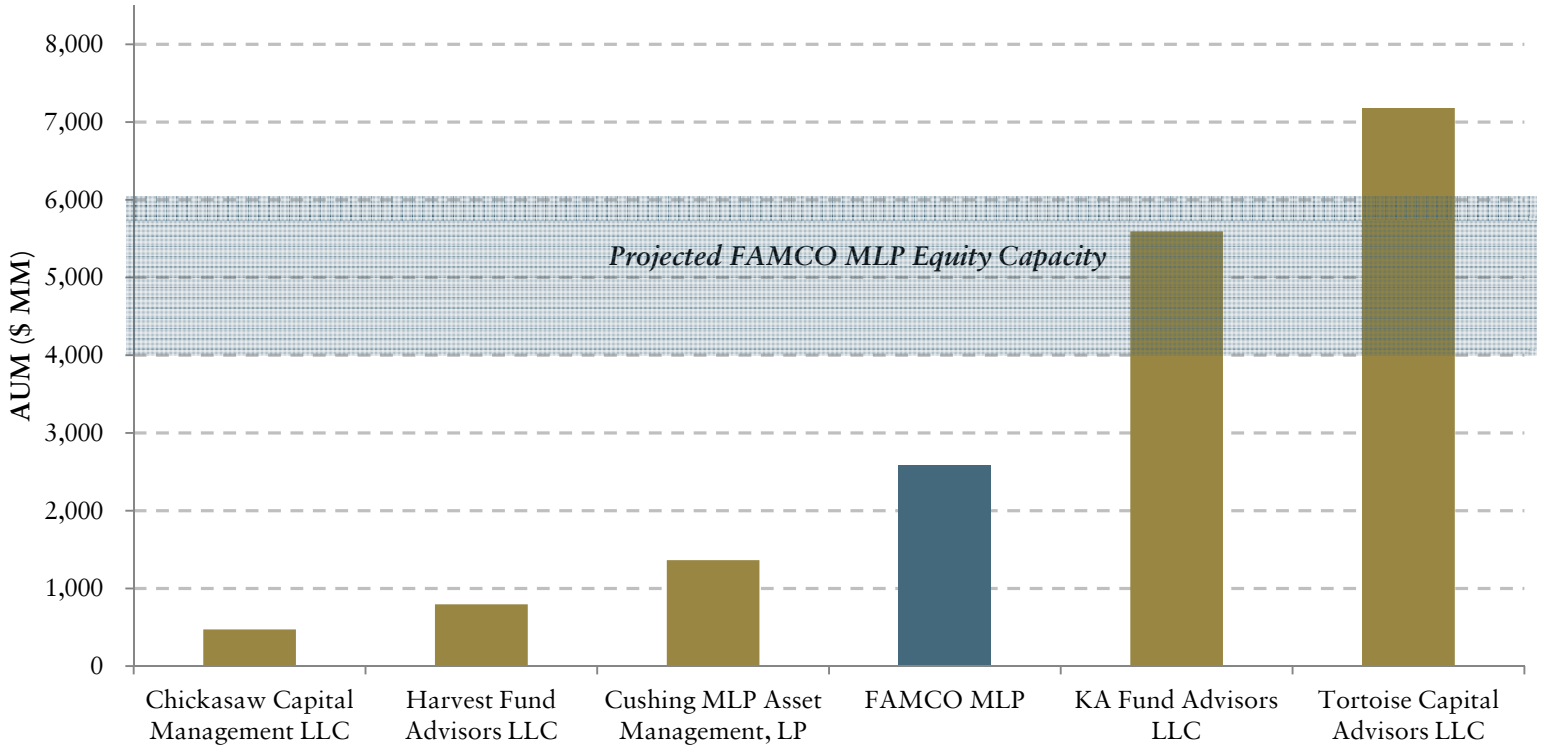
Growth	• Public fund investments in MLPs have grown significantly over the past five years.
Experience	• FAMCO MLP manages $437 million in public fund assets, including large mandates from Oklahoma State Teachers Retirement System and Kansas Public Employees Retirement System*.
Focus	• Managing MLPs for public funds is the fastest growing part of our business and accounts for 15% of our total AUM.

* It is not known whether the listed clients approve or disapprove of the advisory services provided.

FAMCO MLP

FAMCO MLP has substantial asset capacity as of 6/30/12

FAMCO's Projected MLP Equity Capacity

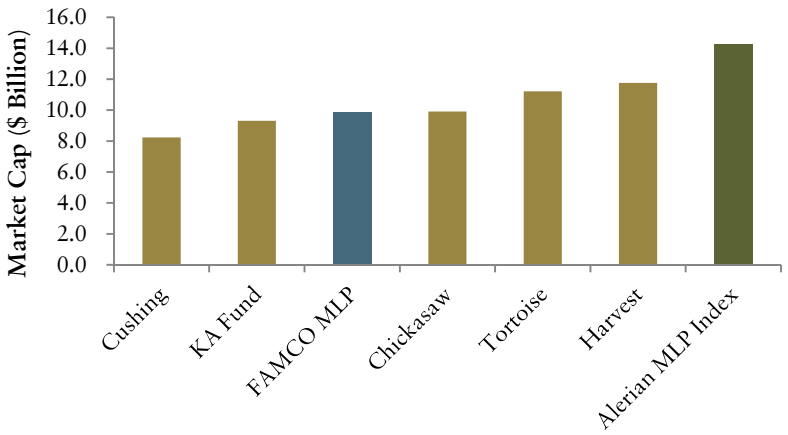


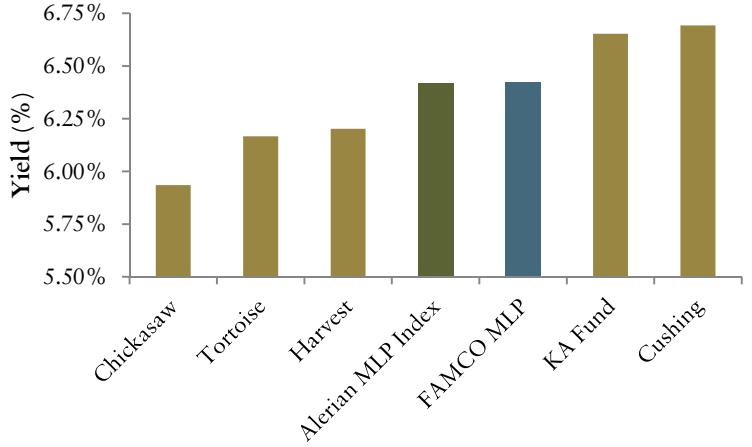
Capacity is measured by using average trailing twelve month $ liquidity of the Energy MLP Universe segmented by sector and market cap and weighted by FAMCO MLP's exposure to those segments, bound by 6 days to build or eliminate positions at 10% ADV, assuming 1% cash in the portfolio. It is further nuanced by using a range of 10%-15% concentration limits in a single security's total outstanding shares. Capacity is rounded down to the nearest billion.

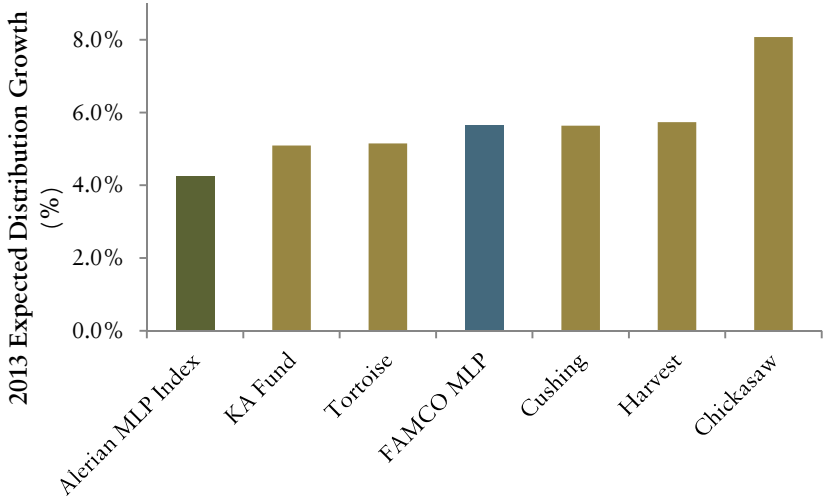
Data Source: MLP only AUM for other managers is as per 13F Filings as of 6/30/12

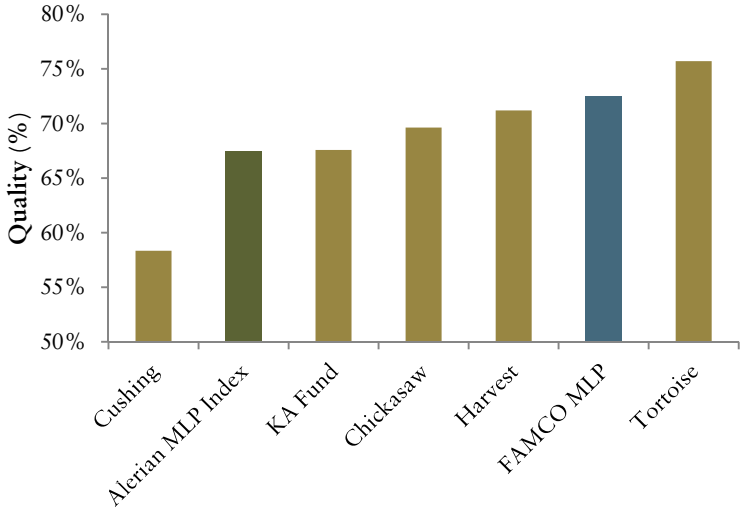
FAMCO MLP

Our MLP portfolio is geared towards yield and growth while staying high quality









Analysis Date: 06/30/2012
MLP only holdings for other MLP Managers are sourced from 13F filings as of 06/30/2012
Quality measurement is a proprietary FAMCO MLP valuation technique
All metrics are weighted averages apart from 2013 E Distribution Growth where we have used the median value to exclude outliers

FAMCO MLP
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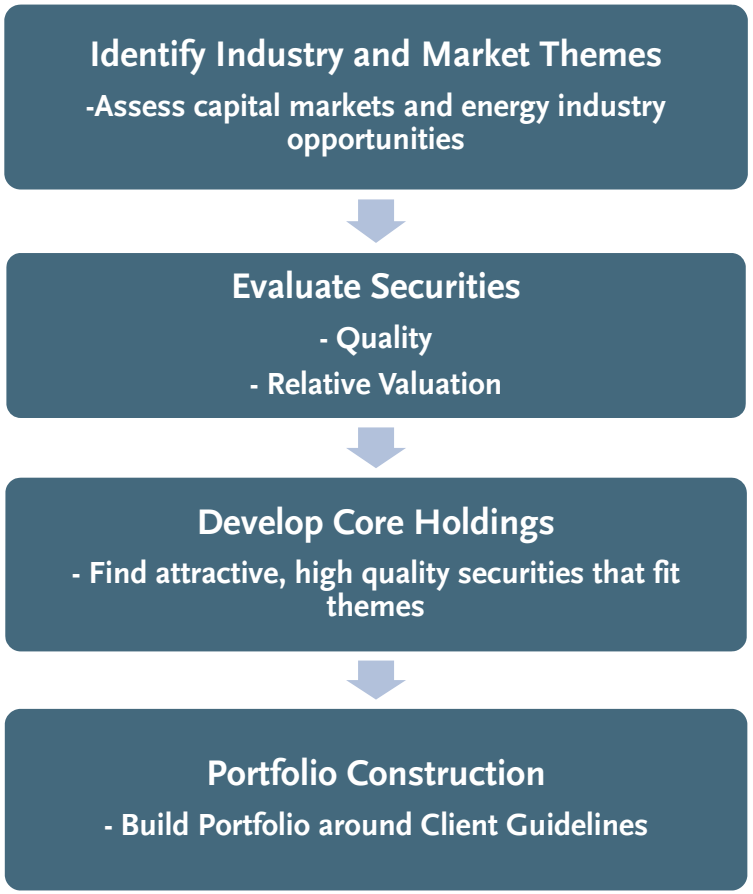
MLP INVESTMENT PROCESS

FAMCO MLP's four-step investment process



FAMCO MLP
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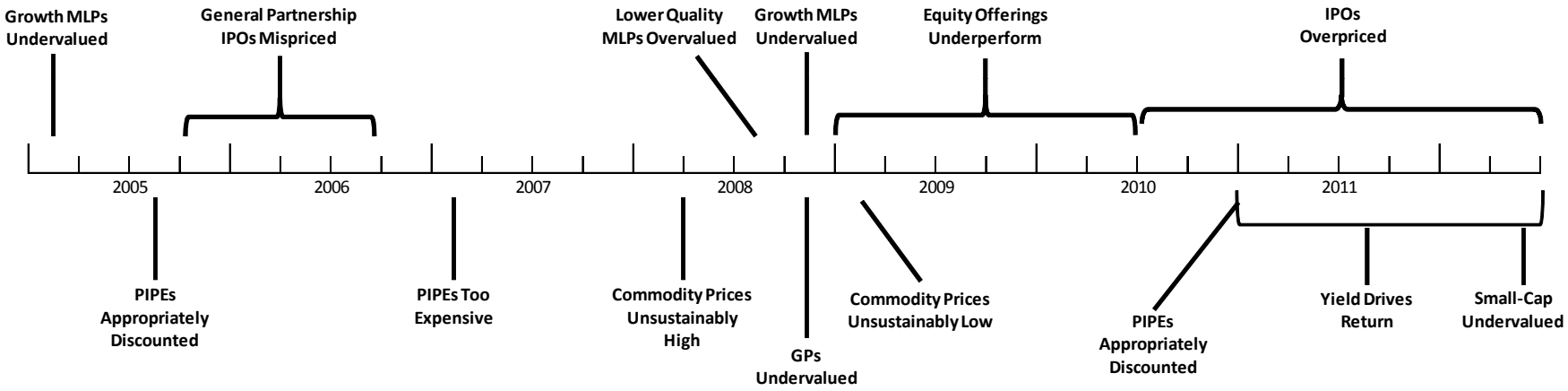
MLP INVESTMENT PROCESS - THEMES

Identify industry and market themes



FAMCO MLP
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MLP INVESTMENT PROCESS - THEMES

Current Themes

Structural

Avoiding the lowest quality MLPs

- Over the long-term this helps clients avoid "land mine" holdings
- 74% of portfolio cash flows from stable or fee-based businesses
- May provide sustainable and repeatable performance

Prefer smaller-capitalized MLPs

- Can provide value creating opportunities while reducing concentration risk to the largest MLPs
- Often provides better long-term distribution growth prospects

Tactical

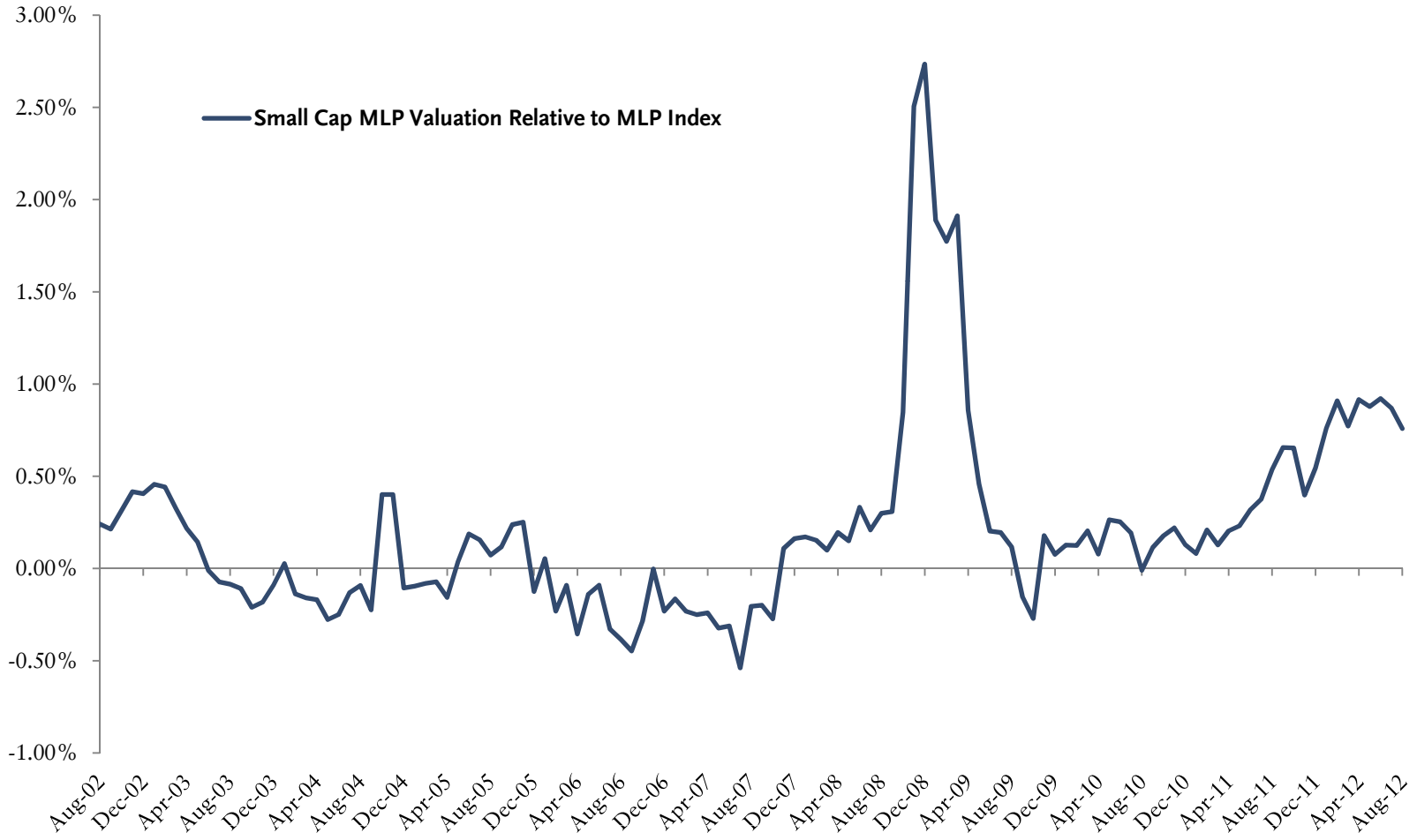
Prefer more fee-based exposure in light of global economic uncertainty

- Abundance of oil and gas production due to non-conventional reserve development creates interesting logistical opportunities for natural gas and liquids infrastructure players

Current themes are the opinion of the investment team and are subject to change.

MLP INVESTMENT PROCESS - THEMES

Currently, Small Cap MLPs appear undervalued on a historical basis



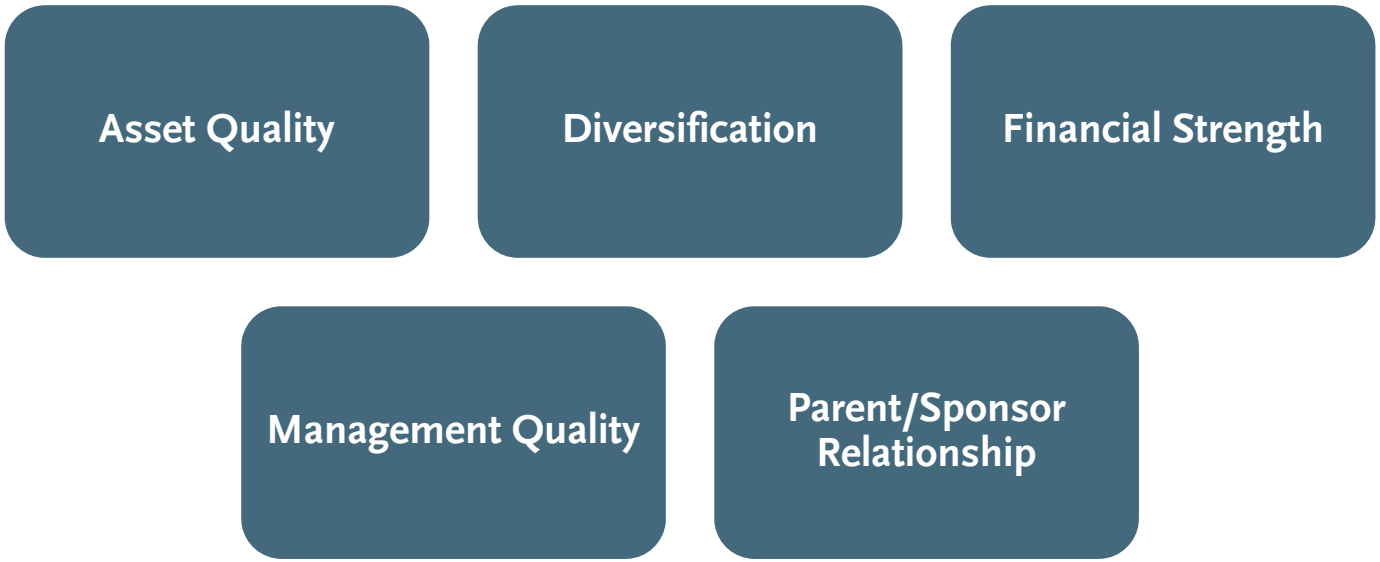
Current themes are the opinion of the investment team and are subject to change.
The valuation line depicts the spread between the MLP Universe Median Yield and the Alerian MLP Index Yield

FAMCO MLP
A DIVISION OF ADVISORY RESEARCH

MLP INVESTMENT PROCESS – EVALUATE SECURITIES

•FAMCO MLP's bottom-up process begins by evaluating the quality of every MLP in the universe and eliminating the bottom 20% from further analysis.

•Quality is determined by assessing the following five factors.



MLP INVESTMENT PROCESS – EVALUATE SECURITIES

Cash flow models are maintained with the goal of measuring relative valuation

Fundamental Analysis

- Model each MLP in our coverage universe
- Maintain proprietary statistical database
- Meetings with management
- Active in investor community

Differentiated Approach

- Capital Expenditures
- Capital Structure
- Normalized Distribution Policy
- Standardized Cost of Equity

MLP INVESTMENT PROCESS – PORTFOLIO CONSTRUCTION

Investment Objectives & Risk Guidelines

- Achieve 200-400 bps of annual excess return against the Alerian MLP Index with risk levels similar to the Index
- Provide high levels of after-tax total return and a growing cash yield
- Provide low correlation to the broader equity market over the long-term

Criteria	Range	FAMCO MLP Institutional Composite As of 8/31/2012
Return Objective	200-400 bps annual excess return	110 bps annualized excess return achieved since inception*
Benchmark	Alerian MLP Index	Alerian MLP Index
Tracking Error	2% - 8%	2.6% since inception
Sector Weights	+/- 20%	+/-5%
Position Size	Max 10%	Max 9.1%
Number of Holdings	15-30	25
Cash Balance	Max 10%	2.6%
Permissible Security Types	MLPs and MLP affiliates	MLPs and MLP affiliates

- Final step - Implement client specific investment guidelines

*Inception date as of 10/2009.

WHY HIRE FAMCO MLP?

Team:	**Dedicated, institutional quality team**
Unique Process:	**Build portfolios around industry and market themes**
Performance:	**16 + year track record of outperforming the Alerian MLP Index**
Client Orientation:	**Exceptional commitment to partnering with our clients**
Competitive Fees:	**$100 million and above – 50bps**

APPENDIX

Index Definitions

- **Alerian MLP Index (AMZ)** – A composite of the 50 most prominent energy master limited partnerships using a float-adjusted market capitalization methodology.

- **S&P 500 Index** – A value-weighted index of the prices of 500 large cap common stocks actively trading in the United States.

- **Russell 2000 Index** – Measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

- **Barclays U.S. Aggregate Bond Index** – Covers the U.S. dollar denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors.

- **Philadelphia Stock Exchange Utility Sector Index** – A capitalization-weighted index composed of 20 geographically diverse public utility stocks.

- **FTSE NAREIT U.S. Real Estate Index** – Designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the U.S. economy, offering exposure to all investment and property sectors.

APPENDIX

MLP Investment Team

James J. Cunnane Jr., CFA

Managing Director,
Chief Investment Officer

Mr. Cunnane is the Managing Director and Chief Investment Officer of FAMCO MLP. He oversees the firm's MLP and energy infrastructure product lines and chairs the Risk Management Committee. He joined the FAMCO MLP team in 1996 and currently serves as a portfolio manager for three publicly traded closed-end mutual funds: the Fiduciary/Claymore MLP Opportunity Fund, the MLP & Strategic Equity Fund, Inc. and the Nuveen Energy MLP Total Return Fund. He also serves as a portfolio manager for the FAMCO MLP & Energy Income Fund, an open-end mutual fund, as well as a privately offered open-end mutual fund. Mr. Cunnane holds a B.S. in finance from Indiana University and is a Chartered Financial Analyst (CFA) charterholder. He serves on the finance council and investment committee of the Archdiocese of St. Louis and on the Board of Directors of St. Patrick's Center.

Quinn T. Kiley

Managing Director,
Senior Portfolio Manager

Mr. Kiley is a Managing Director and Senior Portfolio Manager of FAMCO MLP and his responsibilities include portfolio management of various energy infrastructure assets and oversight of the energy infrastructure research process. He joined the FAMCO MLP team in 2005. Mr. Kiley serves as a portfolio manager for three publicly traded closed-end mutual funds: the Fiduciary/Claymore MLP Opportunity Fund, the MLP & Strategic Equity Fund, Inc. and the Nuveen Energy MLP Total Return Fund. He also serves as a portfolio manager for the FAMCO MLP & Energy Income Fund, an open-end mutual fund, as well as a privately offered open-end mutual fund. Prior to joining the FAMCO MLP team, Mr. Kiley served as Vice President of Corporate & Investment Banking at Banc of America Securities in New York. He was responsible for executing strategic advisory and financing transactions for clients in the Energy & Power sectors. Mr. Kiley holds a B.S. with Honors in Geology from Washington & Lee University, a M.S. in Geology from the University of Montana, a Juris Doctorate from Indiana University School of Law, and a M.B.A. from the Kelley School of Business at Indiana University. Mr. Kiley has been admitted to the New York State Bar.

APPENDIX

MLP Investment Team

William N. Adams, CFA

Senior Research Analyst

Mr. Adams is responsible for performing quantitative and qualitative research and analysis for Master Limited Partnership (MLP) portfolios. Prior to joining the FAMCO MLP team in 2004, Mr. Adams was a vice president in the Research Department at Banc of America Capital Management, specializing in the integrated oils, oil field services, oil and natural gas exploration, and refining and marketing industries. His previous coverage includes utilities, leisure, transportation, paper and forest products, and building industries. Mr. Adams received his B.S.B.A. and M.B.A. with a focus in finance from Washington University in St. Louis. Mr. Adams is a Chartered Financial Analyst (CFA) charterholder and member of the St. Louis Society of Financial Analysts.

Farah Alam

Quantitative Research Analyst

Ms. Alam is responsible for performing quantitative and qualitative research and analysis for Master Limited Partnership (MLP) portfolios. Prior to joining the FAMCO MLP team in 2007, Ms. Alam was employed as an Associate with Chescor Capital FZ LLC – an international investment banking firm – in Dubai, UAE where she audited and developed financial models and conducted valuation for equity and debt raising projects in the infrastructure and IT industries in the Middle East. She also previously worked for three years as Manager – Research & Accounts with Chescor Capital Consultancy Services in Delhi, India with responsibilities in performing financial research, writing analytical reports and analyzing industry trends in diverse sectors such as Oil and Gas, Insurance, Offsets. In May 2007, she earned her M.B.A with a concentration in Finance from the Olin School of Business at Washington University in St. Louis. Ms. Alam holds a B.S. in Chemistry and M.S. in Chemistry from J.M.I. University.

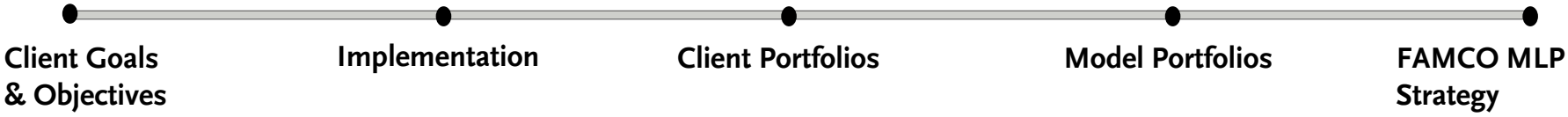
Gregory P. Westrich

Research Analyst

Mr. Westrich is responsible for performing quantitative and qualitative research and analysis for Master Limited Partnership (MLP) portfolios. He joined the FAMCO MLP team in September of 2008. Mr. Westrich served as an investment banking analyst in the Energy & Power group at A.G. Edwards & Sons, Inc. and Wachovia Capital Markets, LLC, focusing on equity capital markets transactions for master limited partnerships and exploration & production companies. In May 2006, he earned his B.S.B.A. with concentrations in Economics, Finance and Real Estate from the Robert J. Trulaske, Sr. College of Business at the University of Missouri.

APPENDIX: MLP INVESTMENT PROCESS

Risk Management Process



Compliance Risk Committee (4 people*)

- Confirm client portfolios match objectives
- Monitor client performance and position deviations from model portfolio
- Monitor client investment guidelines through our OMS(MOXY) and internally generated reports.
- Oversee operational risks (pricing, trade execution, employee trading, proxy voting)
- Monitor to ensure compliance with Regulatory Acts

Risk Management Committee (4 people*)

- Outline risks of FAMCO MLP's strategy
- Review model portfolios for consistency with strategy and risk guidelines
- Approve model guideline changes and new products/models
- Oversee compliance risk committee (exceptions reports on performance, etc.)
- Review performance and attribution by product line
- Review industry and sector exposures by product line
- Review collateral analysis for leveraged accounts
- Review interest rate swap analysis for accounts holding swaps
- Review exposure by counterparty for total return swap accounts

*Committee members include FAMCO MLP and Piper Jaffray employees

APPENDIX: MLP STRATEGY CHARACTERISTICS

FAMCO MLP Portfolio Statistics

Portfolio Characteristics As of 6/30/2012	FAMCO MLP Composite	Alerian MLP Index	MLP Equal Weighted Index*	MLP Cap Weighted Index*
Weighted Average Market Cap	$ 10.1 Billion	$14.3 Billion	$3.8 Billion	$14.7 Billion
Distribution Yield	6.5%	6.4%	7.8%	6.4%
Distribution Rate Growth (LTM)*	4.9%	6.5%	6.5%	6.5%

Sector Weights As of 6/30/2012	FAMCO MLP Composite	Alerian MLP Index
Midstream Oil	35.6%	35.4%
Diversified Natural Gas	32.5%	35.7%
Coal	1.1%	2.5%
Propane	3.7%	3.4%
Gathering & Processing	12.3%	8.0%
Natural Gas Pipelines	5.8%	4.9%
Upstream	3.3%	7.7%
Marine Transportation	2.8%	1.9%
Other	0.0%	0.5%
Cash & Equivalents	2.9%	0.0%

Turnover	FAMCO MLPs	Alerian MLP Index
Average Turnover **	16.1%	5.3%

Ten Largest Holdings in MLP Composite As of 6/30/2012	
Kinder Morgan Management, LLC	9.0%
Enterprise Products Partners L.P.	8.7%
Plains All American Pipeline, L.P.	8.6%
Energy Transfer Equity, L.P.	8.2%
Enbridge Energy Partners, L.P.	6.2%
DCP Midstream Partners, LP	5.5%
Williams Partners L.P.	5.3%
Genesis Energy LP	4.1%
Regency Energy Partners LP	3.7%
Magellan Midstream Partners L.P.	3.2%
Percent of Portfolio	62.5%

Source: FactSet Research Systems *The equal and cap weighted indices and distribution growth rate (LTM) are internally generated by FAMCO MLP's proprietary database. **Average turnover is calculated using the turnover for calendar years from Alerian MLP Index inception of 12/31/1995 through 12/31/11. Prior to 2004, FAMCO MLP's turnover was calculated based on the composite. For 2004 and thereafter, a representative account was used due to the large cash flows in the composite.

APPENDIX

Performance Presentation Notes

MASTER LIMITED PARTNERSHIPS	Composite Total Return Gross of Fees (%)	Alerian MLP Index Total Return (%)	S&P 500 Index Total Return (%)	Barclays Capital Aggregate U.S. Index Total Return (%)	Composite Assets at End of Period ($millions)	Total Strategy Assets ($ millions)	Total Firm Assets at End of Period ($millions)	Number of Portfolios	Composite Dispersion (%)
3/31/95 – 12/31/95	13.8	(see note 7)	25.2	12.8	2	2	2,795	13	(see note 8)
1996	35.8	16.6	23.1	3.6	3	3	2,773	15	2.0
1997	38.8	26.2	33.4	9.7	5	5	3,139	15	1.4
1998	-5.6	-3.0	28.6	8.7	4	4	3,882	14	1.0
1999	-3.0	-7.8	21.0	-0.8	3	3	4,782	13	1.8
2000	41.8	45.7	-9.1	11.6	10	10	5,070	23	0.8
2001	34.7	43.7	-11.9	8.4	18	18	5,616	33	1.0
2002	-1.0	-3.4	-22.1	10.3	18	18	5,981	37	0.6
2003	43.0	44.5	28.7	4.1	19	19	7,679	35	1.4
2004	17.8	16.7	10.9	4.3	202	522	8,728	41	1.1
2005	12.6	6.3	4.9	2.4	753	764	9,542	49	0.6
2006	29.2	26.1	15.8	4.3	1,001	1,038	8,867	50	0.3
2007	11.6	12.7	5.5	7.0	867	1,136	8,985	64	0.2
2008	-40.0	-36.9	-37.0	5.2	84	590	5,910	129	0.6
2009	81.7	76.4	26.5	5.9	743	1,032	6,859	233	0.9
2010	38.3	35.9	15.1	6.5	1,213	1,552	5,852	349	1.5
2011	14.5	13.9	2.1	7.8	2,348	2,689	6,367	387	0.8
6/30/12 YTD	-2.1	-0.4	9.5	2.4	2,278	2,591	8,504	389	(see note 8)
Annualized Since Inception	17.9	(see note 7)	8.0	6.6					

1. **Advisory Research, Inc. claims compliance with the Global Investment Performance Standards ("GIPS"®) and has prepared and presented this report in compliance with the GIPS® standards. Advisory Research has been independently verified for the ten year period ending December 31, 2010.**
   Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Master Limited Partnerships (MLPs) Composite has been examined for the periods March 31, 1995 to December 31, 2010. The verification and performance examination reports are available upon request.
2. Advisory Research is an investment adviser registered with the Securities and Exchange Commission. Advisory Research's clientele consists of taxable and nontaxable individual and institutional accounts. FAMCO MLP is a division of Advisory Research that invests in U.S. dollar-based Master Limited Partnerships ("MLPs") and energy infrastructure securities as well as options and other derivatives strategies for select client portfolios.
3. Composite results shown include all fully discretionary portfolios that are managed in accordance with the Master Limited Partnerships (MLPs) strategy from inception of April 1995. The FAMCO MLP team is responsible for all performance results. In March 2012, the FAMCO MLP team transferred its business and personnel from an affiliated adviser. Performance results prior to and after this transfer are linked as there were no changes to portfolio managers, the FAMCO MLP team, management oversight, the investment strategy or processes as a result of this transfer. The composite excludes all MLP accounts with less than 5 MLP holdings. Prior to 1/1/08, the composite included the MLP portion of multiple-asset class accounts. The cash portion and earnings on such cash balances were excluded for these accounts as such amounts were deemed to have an immaterial impact on the composite performance.
4. Performance results include income and capital appreciation net of all transaction costs and are presented gross of management fees and any foreign withholding taxes. The standard management fee schedule is available in FAMCO MLP's Part II of Form ADV. The fee schedule is based on total assets managed as follows: 1.00% on all assets for relationships up to $20 million, 0.75% on all assets for relationships between $20 million and $100 million and 0.50% on all assets for relationships over $100 million. Giving effect to FAMCO MLP's normal fee schedule would reduce performance. For example, if $10 million had been invested and had earned a return before fees of 10% per annum, the values at 1, 3, and 5 years would be $11.0 million, $13.3 million and $16.1 million, respectively. After payment of a fee of 1% per annum, the value in 1, 3, and 5 years would be $10.9 million, $13.0 million and $15.4 million, respectively.
5. Results for the full historical period are time-weighted. Cash flows are weighted as of the date of occurrence. Split-period returns are calculated and linked for cash flows greater than 5 percent of portfolio net assets. Portfolios are valued monthly based on trade-date valuations, with income fully accrued.
6. The primary benchmark is the Alerian MLP Index, which is widely regarded as a standard for measuring MLP market performance. Secondary benchmarks are the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index. The S&P 500 Index is widely regarded as a standard for measuring U.S. large capitalization stock market performance while the Barclays Capital U.S. Aggregate Bond Index is a generally accepted measure of U.S. dollar denominated, investment grade bond markets.
7. The Alerian MLP Index was launched June 1, 2006, and provides data back to January 1, 1996.
8. The dispersion of annual returns is measured by the asset-weighted standard deviation for portfolios that were included in the composite for the entire year. No dispersion is calculated for partial years. Most of the portfolios are managed in a tax aware manner and, therefore, we expect return dispersion among the portfolios over time.
9. The three-year standard deviation (based on monthly returns, annualized) measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not required to be presented for periods prior to 2011. The three-year annualized standard deviations of the composite and the benchmark returns follow: 15.2%; Alerian MLP Index: 15.3%; S&P 500 Index: 16.1%; Barclays Capital U.S. Aggregate Bond Index: 2.7%.
10. This composite was created September 2001. All presentations are U.S. dollar denominated.
11. Past performance does not guarantee future results.
12. A complete list of firm composite descriptions is available upon request. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is also available upon request.

APPENDIX

Performance Presentation Notes – Supplemental Information to the Master Limited Partnerships Composite

MLP INSTITUTIONAL TAX EXEMPT COMPOSITE	Composite Total Return Gross of Fees (%)	Composite Total Return Net of Fees (%)	Alerian MLP Index Total Return (%)	S&P 500 Index Total Return (%)	Barclays Capital Aggregate U.S. Index Total Return (%)	Composite Assets at End of Period ($millions)	Total Firm Assets at End of Period ($millions)	Number of Portfolios	Composite Dispersion (%)
10/31/09-12/31/09	13.0	12.9	13.4	8.1	-0.3	0.2	6,859	1	(see note 7)
2010	37.7	36.9	35.9	15.1	6.5	24.0	5,852	9	0.1
2011	17.5	16.9	13.9	2.1	7.8	312.2	6,367	11	0.2
6/30/12 YTD	-2.2	-2.5	-0.4	9.5	2.4	319.6	8,504	15	(see note 7)
Annualized Since Inception	24.4	23.7	23.3	13.2	6.2				

1. **Advisory Research, Inc. claims compliance with the Global Investment Performance Standards ("GIPS"®) and has prepared and presented this report in compliance with the GIPS® standards. Advisory Research has been independently verified for the ten year period ending December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.**
2. Advisory Research is an investment adviser registered with the Securities and Exchange Commission. Advisory Research's clientele consists of taxable and nontaxable individual and institutional accounts. FAMCO MLP is a division of Advisory Research that invests in U.S. dollar-based Master Limited Partnerships ("MLPs") and energy infrastructure securities as well as options and other derivatives strategies for select client portfolios.
3. This composite serves as a supplement to the Master Limited Partnerships (MLPs) Composite. Whereas the latter composite includes all fully discretionary portfolios managed in accordance with the MLP strategy whereby most of the portfolios are subject to tax considerations, this composite only includes fully discretionary portfolios which are institutional and tax-exempt. FAMCO MLP has managed institutional, tax-exempt MLP portfolios since May 2006, however, a continuous return stream for this supplemental information is only available since 10/31/09. The FAMCO MLP team is responsible for all performance results. In March 2012, the FAMCO MLP team transferred its business and personnel from an affiliated adviser. Performance results prior to and after this transfer are linked as there were no changes to portfolio managers, the FAMCO MLP team, management oversight, the investment strategy or processes as a result of this transfer.
4. Performance results include income and capital appreciation net of all transaction costs and are presented gross and net of management fees. The standard management fee schedule for MLPs is available in FAMCO MLP's Part II of Form ADV. The fee schedule is based on total assets managed as follows: 1.00% on all assets for relationships up to $20 million, 0.75% on all assets for relationships between $20 million and $100 million and 0.50% on all assets for relationships over $100 million. Giving effect to FAMCO MLP's normal fee schedule would reduce performance. The net return is calculated by reducing the gross return for the quarterly fees charged to each account in the composite.
5. Results for the full historical period are time-weighted. Cash flows are weighted as of the date of occurrence. Split-period returns are calculated and linked for cash flows greater than 5 percent of portfolio net assets. Portfolios are valued monthly based on trade-date valuations, with income fully accrued.
6. The primary benchmark is the Alerian MLP Index, which is widely regarded as a standard for measuring MLP market performance. Secondary benchmarks are the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index. The S&P 500 Index is widely regarded as a standard for measuring U.S. large capitalization stock market performance while the Barclays Capital U.S. Aggregate Bond Index is a generally accepted measure of U.S. dollar denominated, investment grade bond markets.
7. The dispersion of annual returns is measured by the asset-weighted standard deviation for portfolios that were included in the composite for the entire year. No dispersion is calculated for partial years.
8. GIPS® requires firms to present the three-year annualized ex-post standard deviation of the composite and benchmarks when the composite has three years of returns. At this time, this composite does not have three years of returns.
9. This composite was created June 2011. All presentations are U.S. dollar denominated.
10. Past performance does not guarantee future results.
11. Due to its use as a supplement to the Master Limited Partnerships (MLPs) Composite, a separate performance examination of the composite has not been conducted. A performance examination report for the Master Limited Partnerships (MLPs) Composite, however, is available upon request.
12. A complete list of firm composite descriptions is available upon request. Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is also available upon request.

NEUBERGER BERMAN

Neuberger Berman

Douglas Rachlin
Portfolio Manager, Managing Director

Yves Siegel, CFA
Portfolio Manager, Managing Director

Mark Sullivan
Portfolio Manager, Senior Vice President

Presentation to:

The Alaska Retirement Management Board

September 21, 2012

NEUBERGER BERMAN

Neuberger Berman Rachlin Income Plus Strategy

MLP Investment Manager Since 1996

- One of the longest tenured MLP portfolio managers – portfolio inception July 1996
- Assets under management exceed $3 billion
  - Clients include high net worth individuals, family offices, university endowments, corporate treasury and pension funds, and leading non-profit organizations
- Disciplined Investment Approach
- History of identifying MLPs with above average distribution growth
- Long-term outperformance of the benchmark (Alerian MLP Index) since 1996

This material is intended as a broad overview of the Portfolio Managers' style, philosophy and process and is subject to change without notice. The Portfolio Managers' views may differ from those of Neuberger Berman LLC, its portfolio managers employees or affiliates. Of course, all accounts are managed based upon each client's needs and objectives. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

NEUBERGER BERMAN

Neuberger Berman Rachlin Income Plus Strategy and Benchmark Performance

Preliminary Performance

ANNUALIZED SINCE INCEPTION1 – *Period ending August 31, 2012 (16 1/12 years) *Preliminary**

	Income Plus Portfolio	Alerian MLP Index	S&P 500 Index
Annualized Total Return - Total Portfolio (Net of Fees)	17.90%	16.43%	6.94%

2012 YTD PERFORMANCE – *Period ending August 31, 2012 *Preliminary**

	Income Plus Portfolio	Alerian MLP Index	S&P 500 Index
Total Return - Total Portfolio (Net of Fees)	10.24%	6.38%	13.51%
Total Return - Equity Only (Gross of Fees)	11.31%		

_____

1. *Inception: 7/31/96.*
2. *Periods of less than one year are not annualized.*

Source: Neuberger Berman, Alerian, Factset.

Past performance is no guarantee of future results. Please refer to the attached GIPS compliant composite for complete performance information. *Indexes are unmanaged and are not available for direct investment. Equity Only (EO) performance is shown gross of fees and excludes the performance of any cash or fixed income instruments held in the portfolio. Indexes are unmanaged and are not available for direct investment. Unless otherwise indicated returns assume reinvestment of any dividends and distributions. Investing entails risks, including possible loss of principal. See Additional Disclosures at the end of this piece, which are an important part of this presentation.*

NEUBERGER BERMAN

Investment Process

Consistently apply, multi-tiered investment process driven by fundamental research

DYNAMIC INVESTMENT PROCESS

- Identify major market trends and invest in well positioned MLPs
- In depth analysis of MLP investments – maintain proprietary models, on-site visits and field trips, and active dialogue with management
- Weekly team meetings to review portfolio and recommend additions or sales
- Impromptu meetings to discuss current developments
- Leverage long-term relationships with our network of wall street analysts
- Collaboration with Neuberger Berman Global Equity Research Analysts and Strategists

INITIAL UNIVERSE:
MLP Universe and Dividend Paying Equity Securities

ATTRACTIVE COMPANIES

- Strong management teams
- High quality assets
- Significant barriers to entry
- Predictable and stable cash flows
- Recurring revenue model
- Solid financial position
- History of growing distributions
- Scarcity value

COMPANIES WE AVOID

- Commodity price sensitive
- Depleting assets
- High maintenance capital
- Cyclical businesses
- Questionable stability of cash flows
- Limited trading flow

Portfolio of 18 – 25 Securities
Focused on the Following Areas of the MLP Market

Natural Gas Industry Midstream Infrastructure MLPs	**Publicly Traded General Partnership (GP) Units**	**Limited Partnership (LP) Units with no IDR liability to the General Partner (GP)**	**Limited Partnership (LP) Units with Large and Supportive Sponsors**

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NEUBERGER BERMAN

Risk Management and Sell Discipline

Ongoing analysis of portfolio holdings

ONGOING MONITORING AND RISK ASSESSMENT[1]

- Portfolio monitoring and risk assessment
  - The team believes that focusing on companies' fundamentals can help mitigate against long-term principal erosion
    - Regularly evaluate returns on capital; growth of cash flows and distributions; total debt/capital; debt to EBITDA; and interest coverage to ensure the company has sufficient liquidity to fund growth projects and fund debt maturities
  - Focus on Investment Grade MLPs
  - Ongoing monitoring includes frequent meetings with company management and onsite visits
  - Neuberger Berman's performance analytics department performs independent risk management evaluation

STRAIGHTFORWARD SELL DISCIPLINE

- Securities may be sold for any of the following reasons:
  - Fundamentals begin to deteriorate
  - An investment opportunity arises that the team believes to be more compelling, in which case holdings determined to be the weakest will be sold to enable investment in the new security
  - A security becomes meaningfully overvalued in the team's estimation

_____

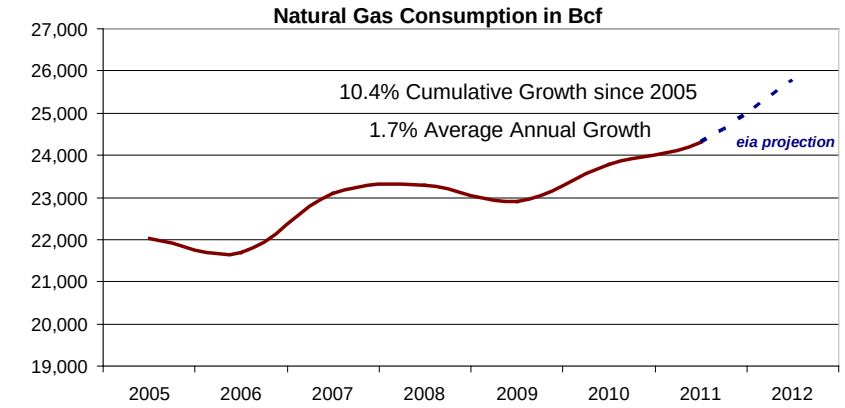
1. *Describes the internal portfolio-driven risk management process performed by the investment team, as well as the independent strategy analysis performed by the firm's performance analytics department. The team's risk management techniques are based in part on the observation of historical market behavior, and no assurance can be given that such historical trading patterns will accurately predict future trading patterns or that such pricing models will necessarily accurately predict the manner in which such financial instruments are priced in financial markets in the future. Risk management methods may not accurately forecast or effectively mitigate against risk exposures.*

This material is intended as a broad overview of the Portfolio Managers' style, philosophy and process and is subject to change without notice. The Portfolio Managers' views may differ from those of Neuberger Berman LLC, its portfolio managers employees or affiliates. Of course, all accounts are managed based upon each client's needs and objectives. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

NEUBERGER BERMAN

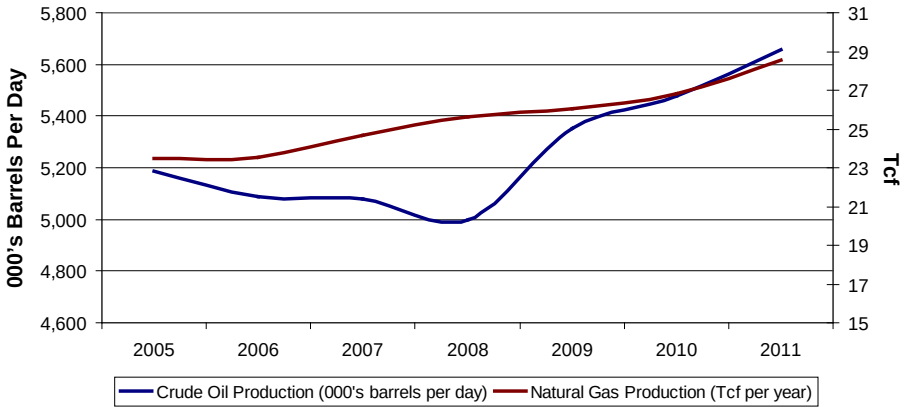
Demand Pull and Supply Push Generate Investment Opportunities

Growing Demand for Natural Gas in the U.S.



Current Overweight to Natural Gas Infrastructure MLPs

U.S. Crude Oil and Natural Gas Production is on the rise



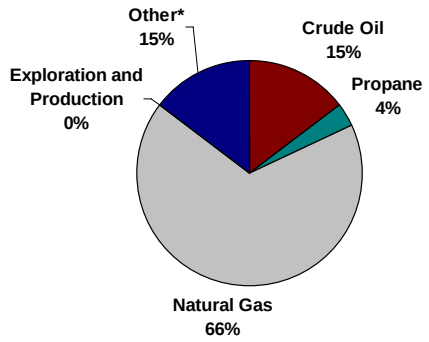
MLPs are playing a leading role in the build-out of U.S. Energy Infrastructure

Source: EIA – US Energy Information Administration

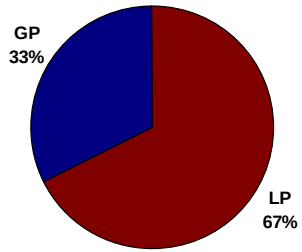
NEUBERGER BERMAN

Neuberger Berman Rachlin Income Plus is quite different than the Alerian MLP Index

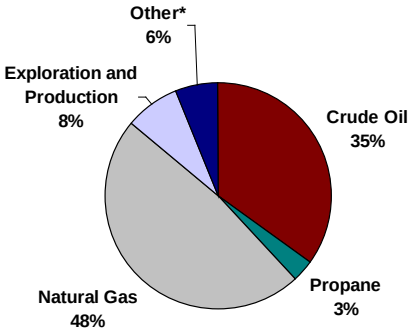
Neuberger Berman Rachlin - Income Plus



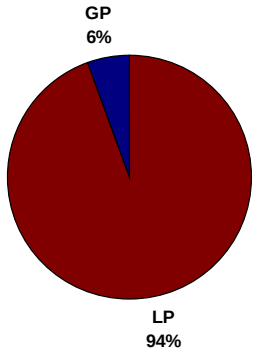
Neuberger Berman Rachlin - Income Plus



Alerian MLP Index



Alerian MLP Index



**Other for Neuberger Berman: 7% Coal, 1% Marine Transport & 7% Non-energy MLP*

Source: Neuberger Berman, Alerian

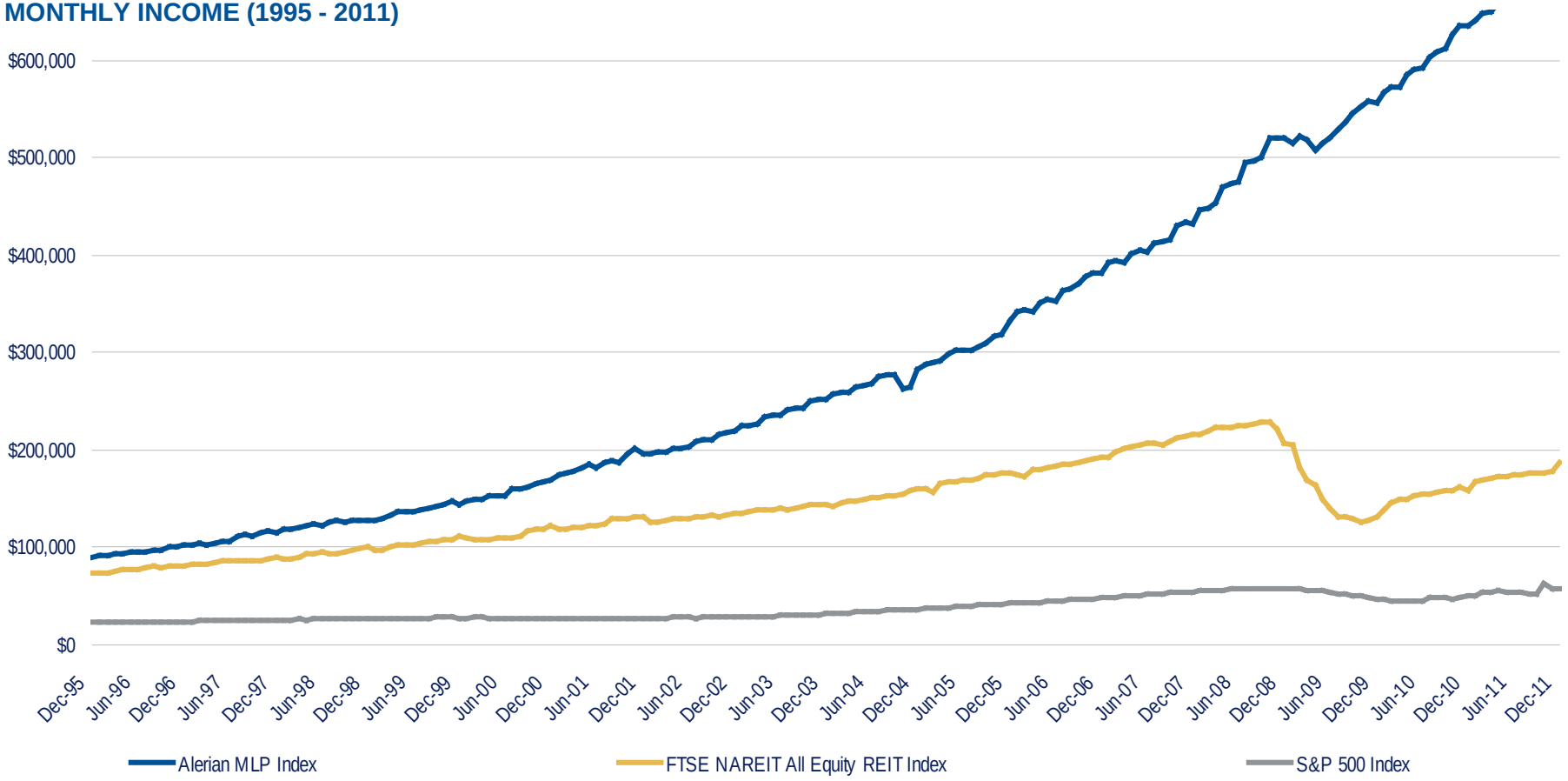
This material is intended as a broad overview of the portfolio managers' current style, philosophy and process. Representative portfolio information (characteristics, holdings, weightings, etc.) is subject to change without notice. Client accounts are individually managed and may vary significantly from composite performance and representative portfolio information. Indexes are unmanaged and are not available for direct investment. Unless otherwise indicated, returns reflect reinvestment of dividends and distributions. Investing entails risks, including possible loss of principal. See Additional Disclosures at the end of this piece, which are an important part of this presentation

NEUBERGER BERMAN

Consistent Historical Record of MLP Income Growth

MLP income growth relative to Real Estate Investment Trusts and the S&P 500

MONTHLY INCOME (1995 - 2011)



As of December 31, 2011.
Sources: Alerian, NAREIT, FactSet.
Indexes are unmanaged and are not available for direct investment. Unless otherwise indicated returns assume reinvestment of any dividends and distributions. Investing entails risks, including possible loss of principal. ***Past performance is no guarantee of future results.*** *See Additional Disclosures at the end of this piece, which are an important part of this presentation.*

NEUBERGER BERMAN

Low Correlation to Interest Rates and Commodity Prices

THE NEUBERGER BERMAN RACHLIN INCOME PLUS PORTFOLIO – HISTORICAL CORRELATION TO SELECT BOND AND COMMODITY INDEXES

Periods Ending June 30, 2012

	Since Inception 15 7/8 Years[1]	10-Years	5-Years	3-Years	1-Year
Bond Index (Interest Rate) Correlations[2]					
BC 7-Year Municipal Bond Index	0.12	0.15	0.16	-0.01	0.04
BC Intermediate Corporate Bond Index	0.29	0.32	0.35	0.39	0.53
Commodity Correlations[3]					
West Texas Intermediate (WTI) Spot Price	0.17	0.21	0.30	0.04	0.11
U.S. Natural Gas Henry Hub Spot Price	0.14	0.08	0.08	0.12	0.05

1. Inception: 5/31/00.
2. Source: Callan Associates.
3. Source: Economagic.
4. FactSet.

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NEUBERGER BERMAN

Performance and Risk Metrics

ANNUALIZED SINCE INCEPTION[1]– PERIOD ENDED JUNE 30, 2012 (15 7/8 YEARS)

	Income Plus Portfolio	S&P 500 Index	Income Plus Portfolio	Alerian MLP Index
Annualized Total Return - Total Portfolio (Net of Fees)	17.59%	6.77%	17.59%	16.14%
Standard Deviation	14.43	16.46	14.33	16.00
Beta	0.42	1.00	0.81	1.00
Sharpe Ratio	1.02	0.24	1.02	0.83
R-Squared	0.23	1.00	0.81	1.00
Alpha	13.10	-	3.64	-

Source: Callan Associates.
1. Inception: 7/31/96.
Past performance is no guarantee of future results. Please refer to the attached GIPS compliant composite for complete performance information. Indexes are unmanaged and are not available for direct investment. Unless otherwise indicated returns assume reinvestment of any dividends and distributions. Investing entails risks, including possible loss of principal. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

NEUBERGER BERMAN

Team Structure

Cohesive investment team with extensive industry relationships and experience

DOUGLAS A. RACHLIN
Portfolio Manager, Managing Director
26 Years Industry Experience
Investing in Energy Infrastructure, Utilities & MLPs since 1996

- **Yves C. Siegel, CFA**
  Portfolio Manager
  Managing Director
  27 Years Industry Experience
- **Mark D. Sullivan**
  Portfolio Manager
  Senior Analyst
  Senior Vice President
  20 Years Industry Experience
- **Paolo R. Frattaroli**
  Research Analyst
  Senior Vice President
  12 Years Industry Experience
- **Robert J. Russo**
  Portfolio Analyst
  Vice President
  8 Years Industry Experience
- **Kyle A. Jones**
  Portfolio Administrator
  2 Years Industry Experience

As of June 22, 2012.
See Additional Disclosures at the end of this piece, which are an important part of this presentation.

NEUBERGER BERMAN

Neuberger Berman

Founded in 1939, today we are among the world's leading private, employee-controlled asset management companies

Independent, stable and focused on the long term

- More than 400 investment professionals averaging 17 years of industry experience; portfolio managers average 26 years of experience
- Over $194 billion assets under management
- More than 1700 employees in 27 cities worldwide

Attractive long-term investment performance

- 90% of the firm's equity and fixed income AUM outperformed over 10 years ended 6/30/12[1]
  - Ranked # 3 by Barron's/Lipper as one of The Best Fund Families of 2011[2]

Alignment of interests between investors and clients

- Employee controlled with outside minority equity intended to be repurchased in annual installments throughout the next four years[3]
- Up to 25% of annual compensation is contingent/deferred, a portion which is invested into the same strategies that clients invest

All information as of June 30, 2012, except as otherwise noted.
Source: Neuberger Berman. Firm data, including employee and assets under management figures, reflects collective data for the various affiliated investment advisers that are subsidiaries of Neuberger Berman Group LLC (the "firm"). See Additional Disclosures for the definition of "investment professionals" and certain exclusions.

1. *As of June 30, 2012, 42% of the total firm equity and fixed income Assets Under Management ("AUM") outperformed on a 3-year basis and 74% on a 5-year basis; 22% of total firm equity AUM outperformed on a 3-year basis and 64% on a 5-year basis; 73% of the total firm fixed income AUM outperformed on a 3-year basis and 88% on a 5-year basis. The AUM outperformance results are based on the overall performance of each individual investment strategy against its respective strategy benchmark and results are asset weighted so strategies with the largest amount of assets under management have the largest impact on the results. Individual strategies may have experienced negative performance during certain periods of time. Hedge fund, private equity and other private investment vehicle assets are not reflected in the outperformance results shown. See Additional Disclosures for information regarding AUM outperformance statistics. Unless otherwise indicated, returns reflect reinvestment of dividends and distributions. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results.*
2. *Barron's "Best Fund Families of 2011" measures one year results of 58 fund families. Neuberger Berman was not ranked in the 5- or 10-year category by Barron's because it previously did not have broad enough categories for this survey. See Additional Disclosures for information regarding the Lipper/Barron's Fund Survey.*
3. *Proceeds from March 2012 $800 million private bond issuance and excess cash flow were used to redeem all of the firm's preferred units. Common equity held by Lehman Brothers is expected to be liquidated or redeemed over the next four years, using excess cash flow and the proceeds of employee equity offerings.*

NEUBERGER BERMAN

Key Takeaways

MLP Investment Manager Since 1996

- One of the longest tenured MLP portfolio manager – portfolio inception July 1996
- Unique focus on separately managed accounts and client service
- Disciplined Investment Approach
- History of identifying MLPs with above average distribution growth
- Long-term outperformance of the benchmark (Alerian MLP Index) since 1996

This material is intended as a broad overview of the Portfolio Managers' style, philosophy and process and is subject to change without notice. The Portfolio Managers' views may differ from those of Neuberger Berman LLC, its portfolio managers employees or affiliates. Of course, all accounts are managed based upon each client's needs and objectives. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

NEUBERGER BERMAN

Private Asset Management – Rachlin Income Plus

Investment Performance – As of June 30, 2012

			Annualized Rates of Return (%) (for periods ended June 30, 2012)				
	2Q12	YTD	1 Year	3 Years	5 Years	10 Years	Since 07/31/96
Total Portfolio Return (Gross of Fees)	1.13	3.45	5.34	29.63	9.17	-	-
Total Portfolio Return (Net of Fees)	0.85	2.89	4.20	28.10	7.86	16.26	17.59
Equity Only Return (Gross of Fees)	1.16	3.49	5.46	30.72	9.43	-	-
S&P 500 Index	-2.75	9.49	5.45	16.40	0.22	5.33	6.77
Barclays Intermediate U.S. Government/Credit Index	1.48	2.10	5.42	5.81	6.01	5.08	5.88

				Annual Rates of Return (%) (for periods ended December 31)				
	2011	2010	2009	2008	2007	2006	2005	2004
Total Portfolio Return (Gross of Fees)	10.24	41.04	83.17	-42.52	10.05	29.61	--	--
Total Portfolio Return (Net of Fees)	9.05	39.13	81.12	-43.25	8.82	28.19	8.33	25.87
Equity Only Return (Gross of Fees)	10.56	42.18	89.14	-43.99	10.36	30.76	--	--
S&P 500 Index	2.11	15.06	26.46	-37.00	5.49	15.79	4.91	10.88
Barclays Intermediate U.S. Government/Credit Index	5.80	5.89	5.24	5.06	7.39	4.08	1.58	3.04
	2003	2002	2001	2000	1999	1998	1997	5 Mos 1996
Total Portfolio Return (Gross of Fees)	--	--	--	--	--	--	--	--
Total Portfolio Return (Net of Fees)	43.49	-3.76	29.45	37.68	0.93	17.34	27.85	15.91
Equity Only Return (Gross of Fees)	--	--	--	--	--	--	--	--
S&P 500 Index	28.68	-22.10	-11.88	-9.11	21.04	28.58	33.36	16.85
Barclays Intermediate U.S. Government/Credit Index	4.31	9.84	8.96	10.12	0.39	8.44	7.87	3.96

*Please see attached disclosures, which are a **required** part of this presentation. Past performance is no guarantee of future results.*

Biographies

Douglas A. Rachlin
Managing Director
Joined the firm in 1996. He is the Senior Portfolio Manager and founder of the Rachlin Group within the firm's Private Asset Management group. Prior to joining the firm, he served as the president for Rachlin Investment Management. Prior to that, Doug was a securities analyst for Standard & Poor's Corporation. In addition, he was a pension consultant for Philip Morris Companies, Inc. as well as an analyst at Morgan Stanley & Company. Doug earned a BA from Tufts University and an MBA from New York University, Leonard N. Stern School of Business.

Yves C. Siegel, CFA
Managing Director
Joined the firm in 2012. Yves is a Portfolio Manager for the Rachlin Group within the firm's Private Asset Management group. Prior to joining the firm, he was a Managing Director and Senior Equity Analyst at Credit Suisse. Before that, he was a senior portfolio manager at a New York hedge fund focused on MLPs and was also a Managing Director and Senior Analyst with Wachovia Securities, where he worked for ten years. Yves also had successful sell-side engagements in senior analyst positions with Smith Barney and Lehman Brothers. He has appeared on CNBC and in front of several energy and MLP-related regulatory and industry panels. Yves received both a BA and MBA from New York University and has been awarded the Chartered Financial Analyst designation.

Mark D. Sullivan
Senior Vice President
Joined the firm in 2000. Mark is a Portfolio Manager/Senior Analyst for the Rachlin Group within the firm's Private Asset Management group. Prior to joining the firm, Mark was a manager at Bristol-Myers Squibb. He was also a finance manager at TJX Companies and a senior associate at Coopers & Lybrand, where he spent three years. Mark earned a BS, cum laude, in Accounting and Management from Boston College and an MBA from Duke University. He has been awarded the Certified Public Accountant designation.

Paolo R. Frattaroli
Senior Vice President
Joined the firm in 2000. Paolo is a Research Analyst for the Rachlin Group within the firm's Private Asset Management group. Prior to his current position, he was an Associate and Analyst for Lehman Brothers in its private investment management and equity derivatives businesses. Paolo earned a BA in Economics from Boston College.

NEUBERGER BERMAN

Biographies

Robert J. Russo
Vice President
Joined the firm in 2004. He is a Portfolio Analyst for the Rachlin Group. He earned a BBA cum laude in Finance and Business from the University of Notre Dame and an MBA from New York University, Leonard N. Stern School of Business.

Kyle A. Jones
Portfolio Administrator
Joined the firm in 2010. He is a Portfolio Administrator for the Rachlin Group. He earned a BA in Quantitative Economics from Tufts University.

NEUBERGER BERMAN

Investment Performance Disclosure Statement

Rachlin Income Plus – Inception 07/31/96

				Benchmark		Composite						
	Composite Total Return (Gross of Fees)	Composite Total Return (Net of Fees)	Composite Equity Only Return (Gross of Fees)	S&P 500 Index	Barclays Intermediate Govt/Credit Index	No. of Accounts	Market Value	Group Composite AUM	Total Firm Assets	Internal Dispersion	Composite 3 Year Standard Deviation	Benchmark 3 Year Standard Deviation
	%	%	%	%			(millions)	(millions)	(billions)		%	%
YTD Jun-12	3.45	2.89	3.49	9.49	2.10	1,470	2228.7	2481.6	N/A	N/A	15.90	15.88
2011	10.24	9.05	10.56	2.11	5.80	1,453	2361.9	2591.2	193.1	1.7	16.58	18.71
2010	41.04	39.13	42.18	15.06	5.89	1,127	2127.5	2198.4	102.3	3.8		
2009	83.17	81.12	89.14	26.46	5.24	1,035	1394.5	1456.4	91.4	11.3		
2008	-42.52	-43.25	-43.99	-37.00	5.06	708	565.4	593.6	79.2	2.5		
2007	10.05	8.82	10.36	5.49	7.39	1,375	1614.0	1699.2	148.5	2.5		
2006	29.61	28.19	30.76	15.79	4.08	518	625.4	692.4	127.0	1.5		
2005	--	8.33	N/A	4.91	1.58	162	180.7	220.4	105.9	N/A		
2004	--	25.87	N/A	10.88	3.04	89	82.1	109.9	82.9	N/A		
2003	--	43.49	N/A	28.68	4.31	46	37.6	61.1	70.5	N/A		
2002	--	-3.76	N/A	-22.10	9.84	26	20.2	37.6	56.1	N/A		

Compliance Statement

- Neuberger Berman Group LLC ("NB") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. NB has been independently verified for the periods January 1, 1997 through December 31, 2010. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Definition of the Firm

- The firm is defined as Neuberger Berman Group LLC ("NB"). NB is comprised of Neuberger Berman LLC, Neuberger Berman Management LLC, Neuberger Berman Fixed Income LLC, NB Alternative Fund Management LLC, Neuberger Berman Europe Ltd., Neuberger Berman Asia Ltd, Neuberger Berman National Trust Company N.A., Neuberger Berman Trust Company of Delaware N.A., NB Alternatives Advisers LLC and NB Alternative Investment Management LLC. The firm definition above is effective December 31, 2011. Prior to that day, there were two firm definitions, Neuberger Berman LLC ("NBLLC") and Neuberger Berman Fixed Income ("NBFI"). NB was redefined to more accurately reflect how it holds itself out to the public, and to adopt the broadest, most meaningful definition of the firm.

Policies

- Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Composite Description

- The Rachlin Income Plus (the "Composite") employs a diversified strategy intended to seek strong and consistent investment returns by purchasing small, mid, and large-cap value stocks of industry leading, financially strong companies, with high levels of free cash flows, and those that earn strong returns on capital. This presentation represents performance that was achieved at another firm. Effective October 1, 2005, the money manager and assets under management were transferred to Neuberger Berman LLC. The investment objectives, policies, and strategies utilized by the Group while employed at their former firm are substantially similar to those used by the them at Neuberger Berman LLC. The Composite performance schedule is provided as supplemental information to the firm composite. From August 1996 to September 2005, the Composite represents the performance of all fee paying, discretionary portfolios, regardless of asset size invested according to the Composite's strategy.

Composite Description (continued)

- Beginning October 1, 2005, the minimum account size for composite inclusion must be greater than or equal to $250,000. A complete list and description of Neuberger Berman's composites and performance results is available upon request.

Benchmark Description

- The benchmark is the S&P 500 Index, which is designed to measure the domestic equity market performance. The benchmark is calculated on a total return basis and is market cap weighted and unmanaged. Additional disclosures for complete benchmark descriptions are available upon request.

Reporting Currency

- Valuations are computed and performance is reported in U.S. dollars

Fees

- Effective January 1, 2006 accounts in the composite were moved to an all – inclusive fee schedule which includes investment advisory fees, trading expenses, custody fees, and other administrative fees. Composite Total Return (Gross of Fees) is presented before fees and after the deduction of trading expenses. Composite Total Return (Net of Fees) is presented after the deduction of fees and trading expenses. Composite Equity Only Return (Gross of Fees) excludes the performance of any cash or fixed income instruments that may also be held in the portfolio. Composite Equity Only Return (Gross of Fees) does not reflect the deduction of fees and beginning January 1, 2006 does not reflect the deduction of trading expenses. Composite Equity Only Return is presented as supplemental information and is not a required part of this presentation.

Fee Schedule

- The annual investment advisory fee, payable quarterly, for each portfolio with a market value of less than $10mn is: 1.5% of the first $2.5mn of market value; 1.4% of the next $2.5mn of market value; 1.3% of the next $2.5mn of market value; 1.2% of the next $2.49mn. For each portfolio with a market value, equal to, or greater than $10mn, the annual fee payable quarterly is: 1.25% of the first $10mn of market value and 0.9% of the remaining value of market value.

Internal Dispersion

- Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were in the composite for the entire year.

Annualized Standard Deviation

- The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not required for periods prior to 2011.

Additional Disclosures

Definitions

Standard Deviation is a statistical measure of portfolio risk. Standard Deviation is equal to the square root of the Variance. It reflects the average deviation of the observations from their sample mean. In the case of portfolio performance, the Standard Deviation describes the average deviation of the portfolio returns from the mean portfolio return over a certain period of time. Standard Deviation measures how wide this range of returns typically is. The wider the typical range of returns, the higher the Standard Deviation of returns, and the higher the portfolio risk.

Sharpe Ratio is a measure of the risk-adjusted return of a portfolio. The ratio represents the return gained per unit of risk taken. The Sharpe ratio can be used to compare the performance of managers. Managers with the same excess return for a period but different levels of risk will have Sharpe ratios that reflect the difference in the level of risk. The performance of the manager with the lower Sharpe ratio would be interpreted as exhibiting comparatively more risk for the desired return compared to the other manager. If the two managers had the same level of risk but different levels of excess return, the manager with the higher Sharpe ratio would be preferable because the manager achieved a higher return with the same level of risk as the other manager. The Sharpe ratio is most helpful when comparing managers with both different returns and different levels of risk. In this case, the Sharpe ratio provides a per-unit measure of the two managers that enables a comparison. The ratio is equal to the excess return divided by the Standard Deviation of the portfolio.

R-Squared is a measure of the extent to which the variability of a portfolio's returns is explained by the variability of the market. The value will be between 0 and 1. The higher the number, the greater the extent to which portfolio returns are related to the market return. An R-Squared value of 0.75 implies that 75% of the fluctuation in a portfolio's return is explained by fluctuation in the market. An R-Squared of 1.0 indicates that portfolio returns are completely explained by movements in the index. An R-Squared of 0 indicates that no relationship exists between the portfolio's returns and the market return. R-Squared measures the strength and not the positive or negative direction of the relationship between assets and the market. R-squared can be used to ascertain the significance of a particular Beta or Alpha. Generally, a higher R-Squared will indicate a more useful Beta figures.

Beta is a measure of the systematic risk of a security or portfolio. Beta measures the historical sensitivity of portfolio or security excess returns to movement in the excess return of the market index. The value for Beta is expressed as a percentage of the market where the market Beta is 1.00. A security or portfolio with a Beta above the market has volatility greater than the market. If the Beta of a security was 1.3, a 1% increase in the market return resulted, on average, in a 1.3% increase in the security's return. A security or portfolio with Beta below the market has lower volatility than the market and the return on the security will move less than the market return. If the Beta of the security was 0.9, a 1% decrease in the market resulted in only a 0.9% decrease in the security's return.

Correlation measures the degree to which two variables are associated. Correlation is a commonly used tool for constructing a well diversified portfolio. Traditionally, equities and fixed-income asset returns have not moved closely together. The asset returns are not strongly correlated. A balanced fund with equities and fixed-income assets represents a diversified portfolio that attempts to take advantage of the low Correlation between the two asset classes. The value for Correlation ranges from +1.0 to -1.0. A positive Correlation means that the two variables move, to a degree, in the same manner or direction, and a negative Correlation means that the variables move, to a degree, in the opposite manner or direction. A Correlation of +1.0 (-1.0) means the two variables move in exactly the same (opposite) direction.

Additional Disclosures (continued)

Definitions (continued)

S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. The "500" is one of the most widely used benchmarks of U.S. equity performance. As of September 16, 2005, S&P switched to a float-adjusted format, which weights only those shares that are available to investors, not all of a company's outstanding shares. The value of the index now reflects the value available in the public markets.

Barclays Capital 7-Year Municipal Bond Index is the 7-Year (6–8) component of the Municipal Bond index. The Lehman Brothers Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and pre-refunded bonds. Most of the index has historical data to January 1980. In addition, sub-indices have been create based on maturity, state, sector, quality, and revenue source, with inception dates later than January 1980. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark.

Barclays Capital Intermediate Credit Bond Index is comprised of securities in the intermediate maturity range of the U.S. Credit Index. It includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government. Publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The index has Inherited and Unique rules. The Unique Rules are: must have at least one year to final maturity regardless of call features; must have at least $250 million par amount outstanding; must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade; must be fixed rate, although it can carry a coupon that steps up or changes according to a predetermined schedule; Must be dollar-denominated and non-convertible; must be publicly issued; must be an investment grade credit security. The Unique Rule of the index is: must have a maturity from 1 up to (but not including) 10 years.

Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships calculated by Standard & Poor's using a float-adjusted market capitalization methodology. The index is disseminated by the New York Stock Exchange real-time on a price return basis.

FTSE NAREIT All Equity REITs Index is a free float adjusted, market capitalization weighted index that includes all tax qualified REITs listed in the NYSE, AMEX, or NASDAQ Global Market List which pass FTSE's minimum size and liquidity criteria.

Additional Disclosures (continued)

Firm history/timeline information dates back to the 1939 founding of Neuberger & Berman (the predecessor to Neuberger Berman LLC), and highlights key business expansions, including those that resulted from acquisitions of the various affiliated investment advisers that now comprise the firm. Investment professionals referenced include: Equity portfolio managers, research analysts/associates, traders, and product specialists; Fixed Income portfolio managers, research analysts/associates, traders, and investment support (product specialists, portfolio analysts, and trading support); Alternatives investment professionals who are involved in the decisions concerning asset allocation, investment monitoring and making new investments (includes two consultants). Average years experience does not include Equity product specialists or Fixed Income investment support.

Equity and Fixed Income AUM Outperformance Note: Firm equity and fixed income Assets Under Management ("AUM") outperformance figures are based upon the aggregate assets for all Neuberger Berman LLC and Neuberger Berman Fixed Income LLC traditional equity and fixed income strategies that are included in each firm's institutional separate account ("ISA"), managed account/wrap ("MAG") and private asset management/high net worth ("PAM") composites. The AUM outperformance results are based on the overall performance of each individual investment strategy against its respective strategy benchmark and results are asset weighted so strategies with the largest amount of assets under management have the largest impact on the results. As of 6/30/2012, seven equity teams/strategies accounted for approximately 51% of the total firm equity (PAM, ISA and MAG combined) assets reflected, and eight strategies accounted for approximately 65% of the total firm fixed income (PAM, ISA and MAG combined) assets reflected. The performance of the individual PAM equity teams/strategies is generally shown as a supplemental exhibit to the PAM Equity Composite. The respective ISA, MAG and PAM composite reports, as well as the PAM Management Team supplemental performance exhibits are available upon request. Individual strategies may have experienced negative performance during certain periods of time. Hedge fund, private equity and other private investment vehicle assets are not reflected in the AUM and product outperformance results shown. AUM outperformance for ISA and MAG strategies is based on gross of fee returns. Gross of fee returns do not reflect the deduction of investment advisory fees and other expenses. If such fees and expenses were reflected, AUM and products outperformance results would be lower. Investing entails risk, including possible loss of principal. **Past performance is no guarantee of future results.**

Barron's "Best Fund Families of 2011": To qualify for the Lipper/Barron's Fund Survey, a group must have at least three funds in Lipper's general U.S.-stock category, as well as one in world equity, which combines global and international funds. They also require at least one mixed-equity fund, which holds stocks and bonds. Fund shops also must have at least two taxable-bond funds and one-tax-exempt offering. Each fund's returns are adjusted for 12b-1 fees, which are used for marketing and distribution expenses. The funds usually add these fees back into returns. Lipper/Barron's aim is to measure the manager's skill. Fund loads, or sales charges, aren't included in the calculation of returns, either. Each fund's return is measured against those of all funds in its Lipper category, such as, say, small-cap value. That leads to a percentile ranking, with 100 the highest and 1 the lowest, which is then weighted by asset size, relative to the fund family's other assets in its general classification¬ -world equity, for instance. If a family's biggest funds do well, that boosts its overall ranking. Poor performance in a big fund obviously has a big effect on the ranking. Finally, the score is multiplied by the weighting of its general classification, as determined by the entire Lipper universe of funds. The category weightings for the one-year results: general equity, 38.04%; world equity, 12.77%; mixed equity, 17.36%; taxable bonds, 27.43% and tax-exempt bonds, 4.40%.

NEUBERGER BERMAN

Additional Disclosures (continued)

This material is intended as a broad overview of the portfolio manager's current style, philosophy and process. This material is presented solely for informational purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Third-party economic or market estimates discussed herein may or may not be realized and no opinion or representation is being given regarding such estimates. Certain products and services may not be available in all jurisdictions or to all client types.). Unless otherwise indicated, returns shown reflect reinvestment of dividends and distributions. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**

Master Limited Partnerships (MLPs) are limited partnerships that are publicly traded and which have the tax benefits of a limited partnership and the liquidity of a publicly traded company. As an income producing investment, MLPs could be affected by increases in interest rates and inflation.

The properties held by REITs could fall in value for a variety of reasons, such as declines in rental income, poor property management, environmental liabilities, uninsured damage, increased competition, or changes in real estate tax laws. There is also a risk that REIT stock prices overall will decline over short or even long periods because of rising interest rates.

Representative portfolio information (characteristics, holdings, weightings, attribution, etc.) is based upon the manager's composite or a representative composite account. Representative accounts are selected based on such factors as size, length of time under management and amount of restrictions. Equity only (EO) performance is shown gross of fee and excludes the performance of any cash or fixed income instruments held in the portfolio. Client accounts are individually managed and may vary significantly from composite performance and representative portfolio information.

Neither Neuberger Berman nor its employees provide tax or legal advice. All investors are strongly urged to consult their own tax or legal advisors with respect to the impact on their personal situation of any potential strategy or investment.

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Alaska Retirement Management Board

September 2012

Tortoise Capital Advisors

Tortoise Capital – a focus on Master Limited Partnerships

Committed to energy infrastructure investment

- Large team dedicated to long-only energy infrastructure
- Pioneering investment products have broadened and deepened investor base

Developed a solid investment process focused on risk and return

- Consistent strategy concentrated in low risk long haul pipelines
- Proprietary risk, financial and valuation models

Delivered strong returns to our investors since inception

- Our separate accounts have outperformed the Tortoise MLP Index since inception by 200+ bps
- Tortoise returns compliant with GIPS®, results are verified semi-annually

Please refer to the Appendix for additional performance information. It is not possible to invest directly in an index.

Past performance is no guarantee of future results.

Master limited partnerships

How we view the asset class

First belief

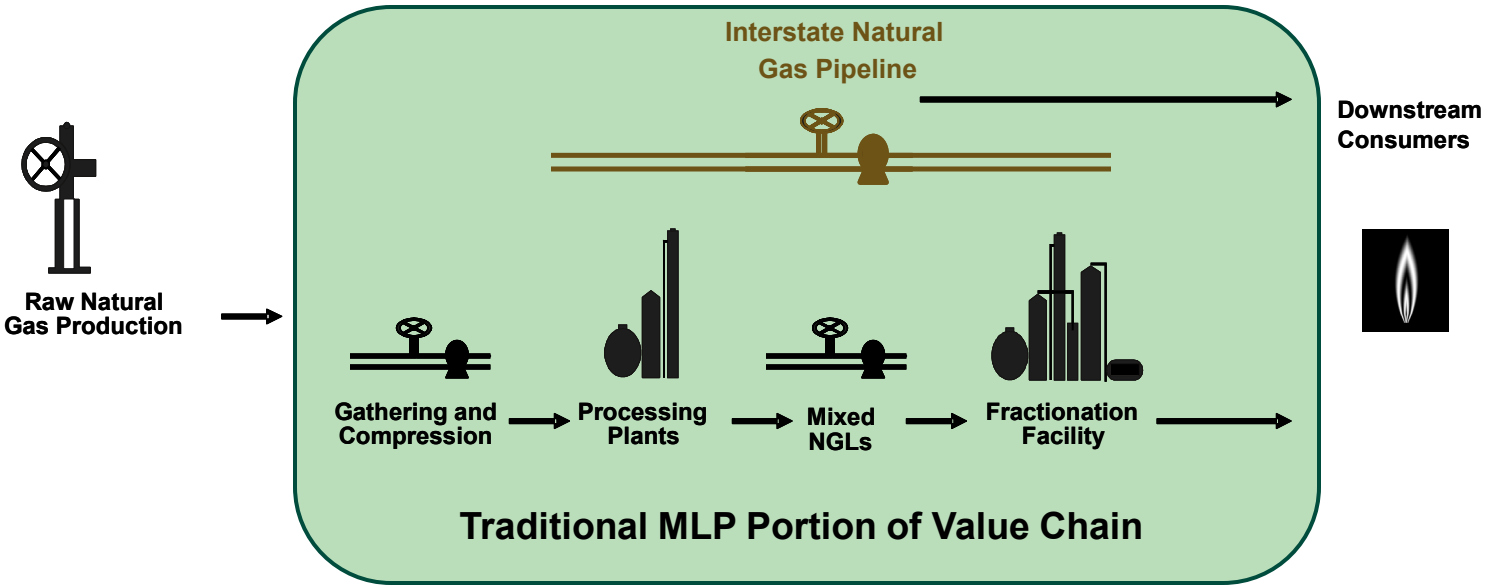
MLP is not analogous with pipeline

Second belief

The primary advantage of investing in pipeline MLPs is their underlying assets and source of cash flows

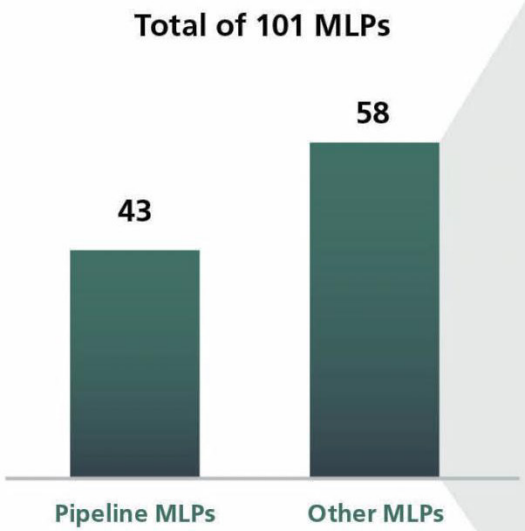
The quality of an MLP's cash flows can vary widely

MLPs are publicly traded companies operating essential energy toll roads



- Pipeline companies generally have steady, recurring, fee-based cash flows with limited direct commodity price exposure.
- Cash flow generally grows with the economy, population and project development and acquisitions.

Most MLPs are not pipeline companies



E&P MLPs (Total 15)
Atlas Energy, LP
Atlas Resource Partners, LP
BreitBurn Energy Partners, LP
Constellation Energy Partners, LLC
Dorchester Minerals, LP
Eagle Rock Energy Partners, LP
EV Energy Partners, LP
Legacy Reserves, LP
Linn Energy, LLC
LRR Energy, LP
Memorial Production Partners, LP
Mid-Con Energy Partners, LP
Pioneer Southwest Energy Partners, LP
QR Energy, LP
Vanguard Natural Resources, LLC

Propane MLPs (Total 6)
AmeriGas Partners, LP
Ferrellgas Partners, LP
Inergy, LP
NGL Energy Partners, LP
Star Gas Partners, LP
Suburban Propane Partners, LP

Shipping MLPs (Total 5)
Capital Product Partners, LP
Golar Energy Partners, LP
Navios Maritime Partners, LP
Teekay LNG Partners, LP
Teekay Offshore Partners, LP

Other Natural Resources (Total 6)
Calumet Specialty Prod. Partners, LP
CVR Partners, LP
Petro Logistics, LP
Pope Resources, LP
Rentech Nitrogen Partners, LP
Terra Nitrogen Company, LP

Coal (Total 6)
Alliance Resource Partners, LP
Alliance Holdings GP, LP
Natural Resources Partners, LP
Oxford Resource Partners, LP
Penn Virginia Resource Partners, LP
Rhino Resource Partners, LP

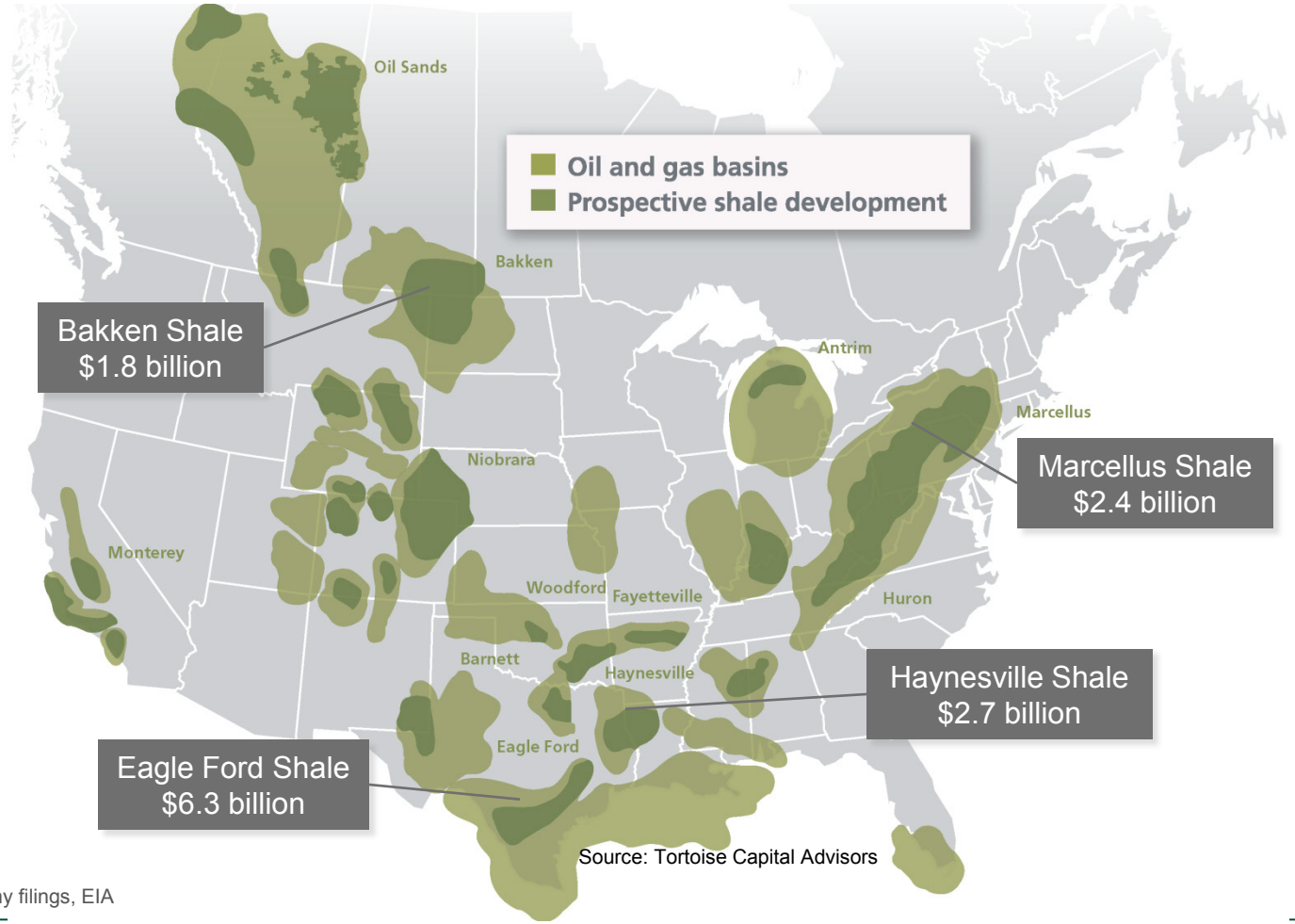
Real Estate (Total 6)
New England Realty Associates, LP
NTS Realty, Ltd.
W. P. Carey & Co, LLC
America First Tax Exempt Investors
Ellington Financial, LLC
Municipal Mortgage and Equity, LLC

Financial Services (Total 10)
Alliance Bernstein, LP
Apollo Global Management, LLC
The Blackstone Group, LP
Compass Diversified Holdings, LLC
Fortress Investment Group
Icahn Enterprises, LP
KKR & Co., LP
KKR Financial Holdings, LLC
Lazard Ltd.
Och-Ziff Capital Management Group, LLC

Other MLPs (Total 4)
Brookfield Infrastructure Partners, LP
Cedar Fair, LP (amusement parks)
ML Macadamia Orchards, LP (agriculture)
StoneMor Partners, LP (cemetaries)

Clear need for additional capital for development

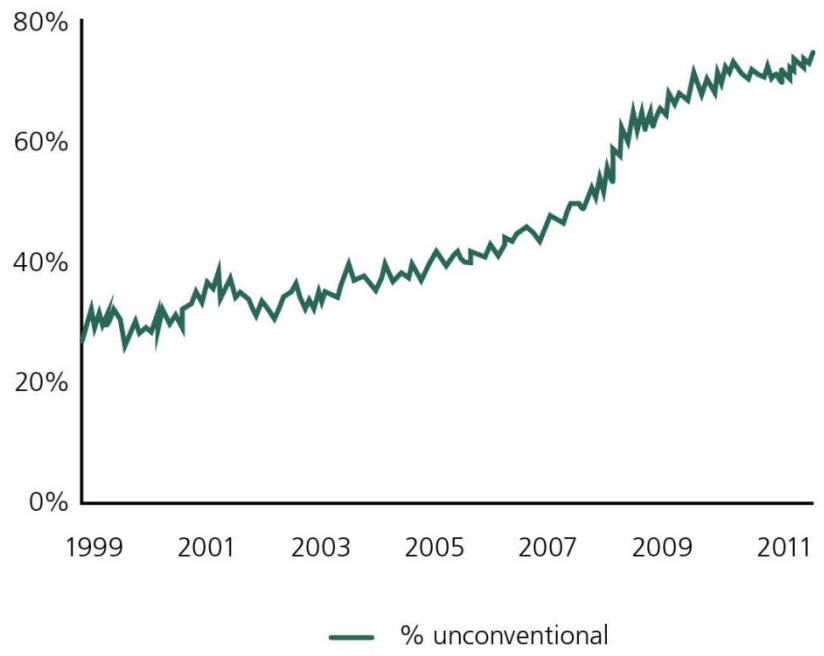
- $100 billion spent over last three years to accommodate oil sands, shale gas and Rockies gas
- An additional $100 billion expected over next three years for new production



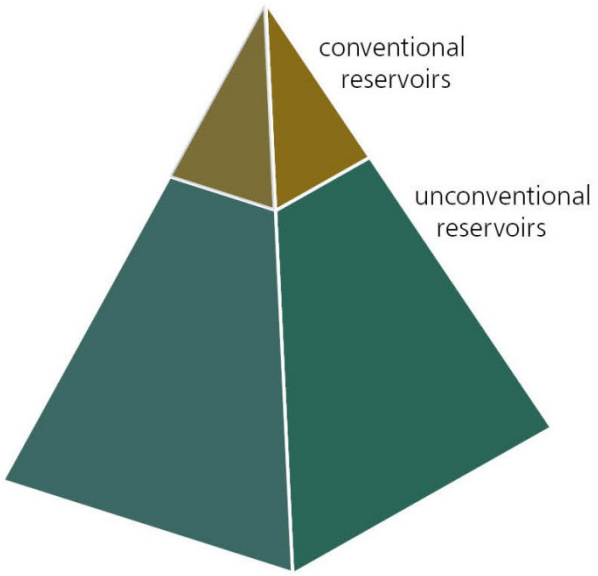
Based on: Company filings, EIA

The domestic unconventional reservoir opportunity

US drilling rigs



Resource potential



Source: Tortoise Capital.

On the road to energy independence

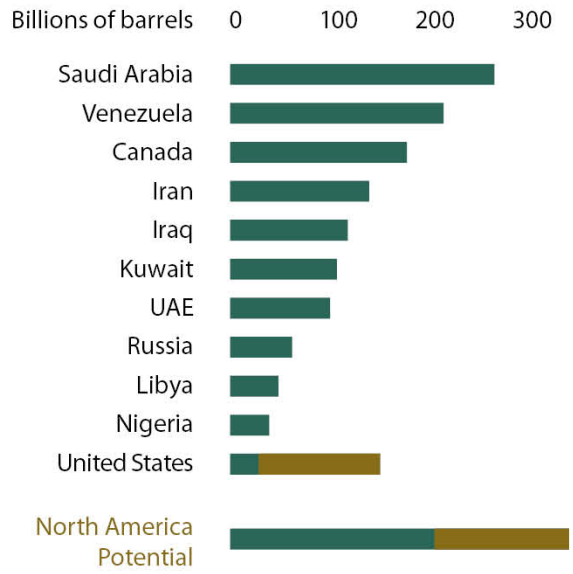
Proved Reserves

Quantities estimated with reasonable certainty to be producible from defined reservoirs under existing economic, technological, and regulatory conditions

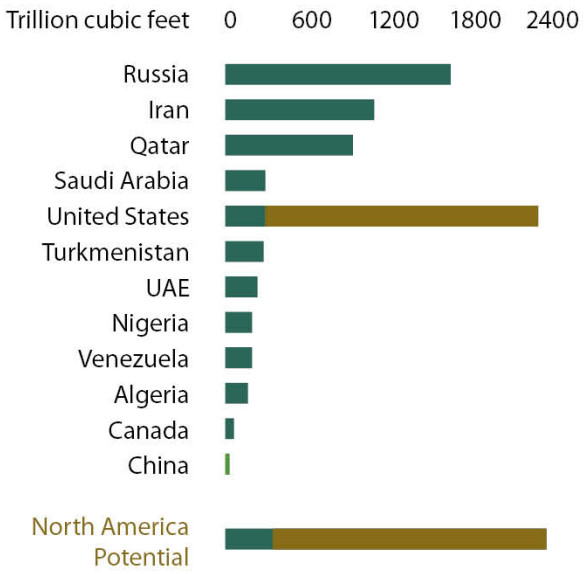
Potentially Recoverable Resources

Cumulative estimates of proved, probable, possible, currently uneconomic, and speculative reserves

Crude oil resources



Natural gas resources

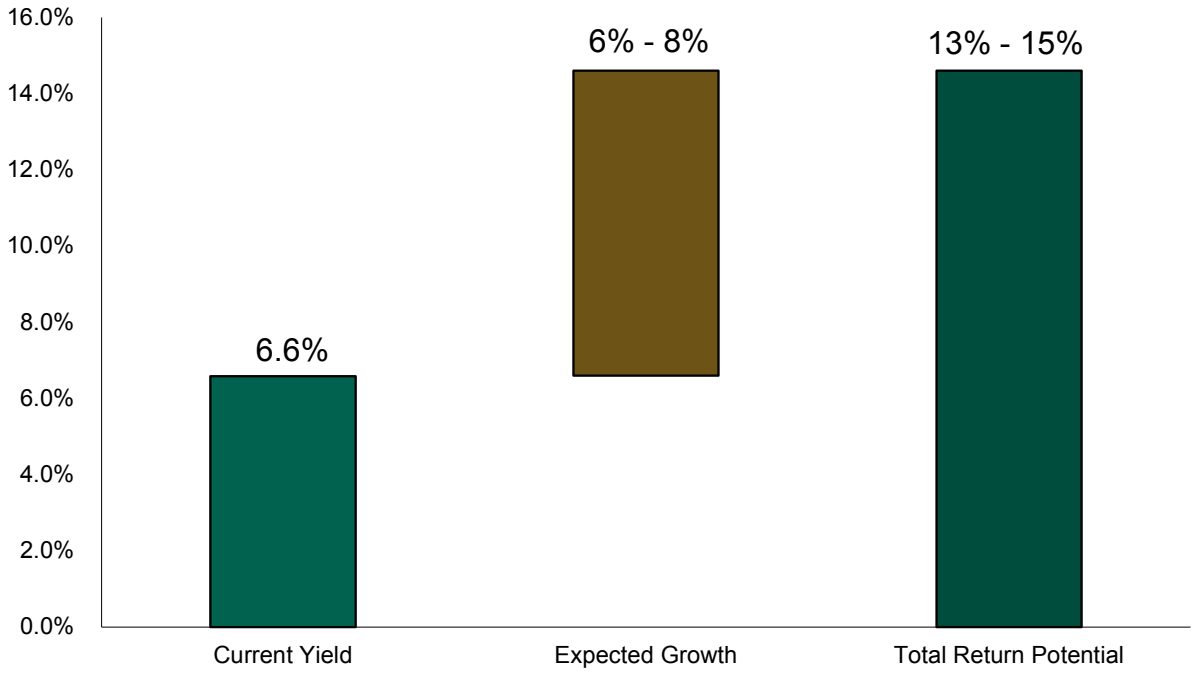


Source: Proved Reserves: CIA. Potentially recoverable resources of 2,190 trillion cubic feet of natural gas (EIA, ICF and Potential Gas Committee) and 164.6 billion barrels of crude oil (Senate Report, 2011). Assumes resource levels of other countries remain static due to lack of quantifiable data. Some sources believe there are significant potential natural gas resources in Canada and China, though no reliable data is available.

The data reflected on this page is based on industry estimates and are not a guarantee of future outcomes.

2012 MLP Total Return Outlook

- Expect cash distribution growth of 6% to 8% in 2012
  - Distribution growth is accelerating post 2009 lows, led by long-haul pipelines
- Current yield and growth equate to total return expectations in the low double digits



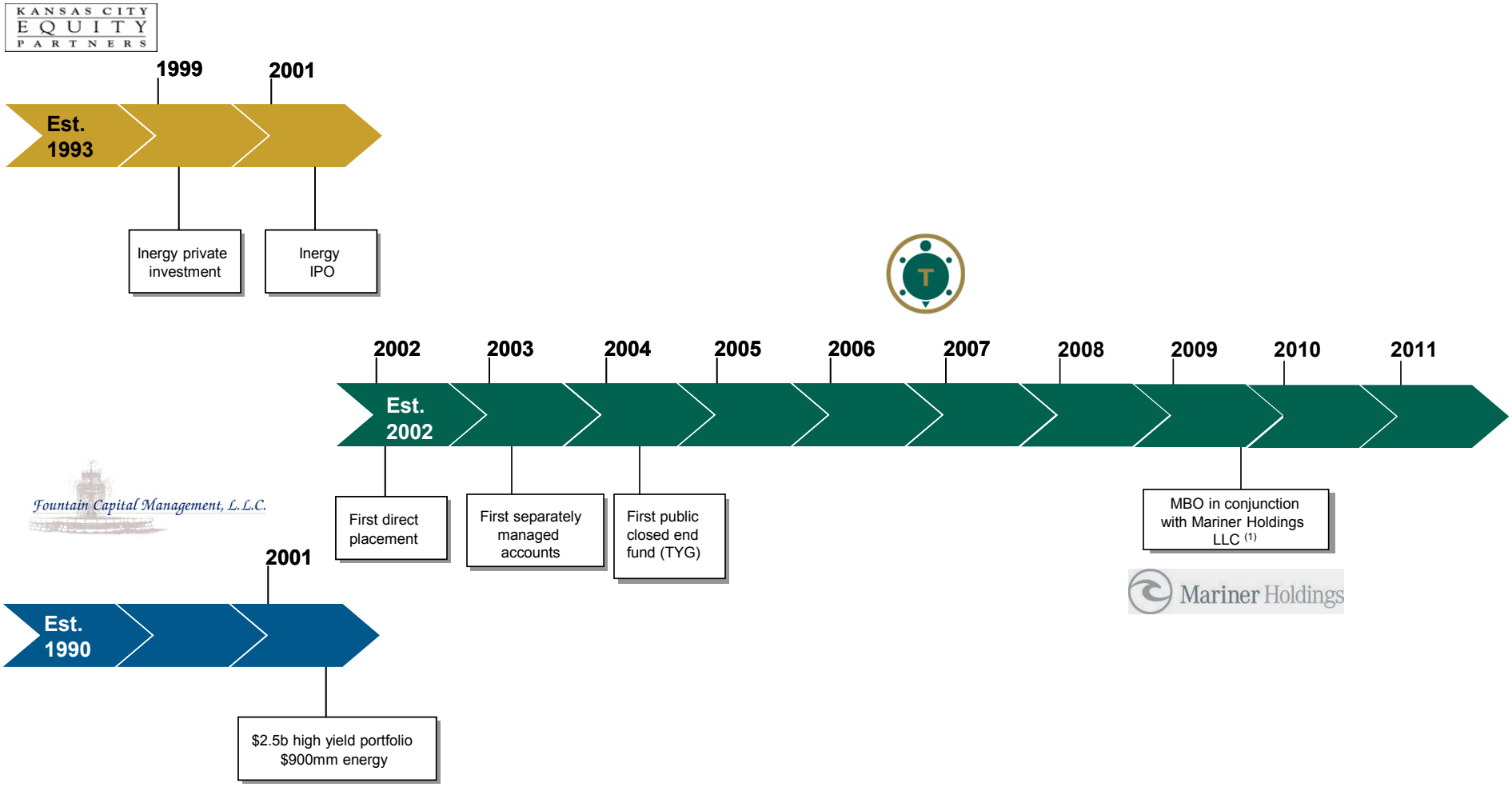
As of 6/30/12. MLP category represented by the Tortoise MLP Index.

Past performance is no guarantee of future results. There can be no guarantee that these expectations will be met.

Why Tortoise?

Tortoise
Capital Advisors

Company timeline

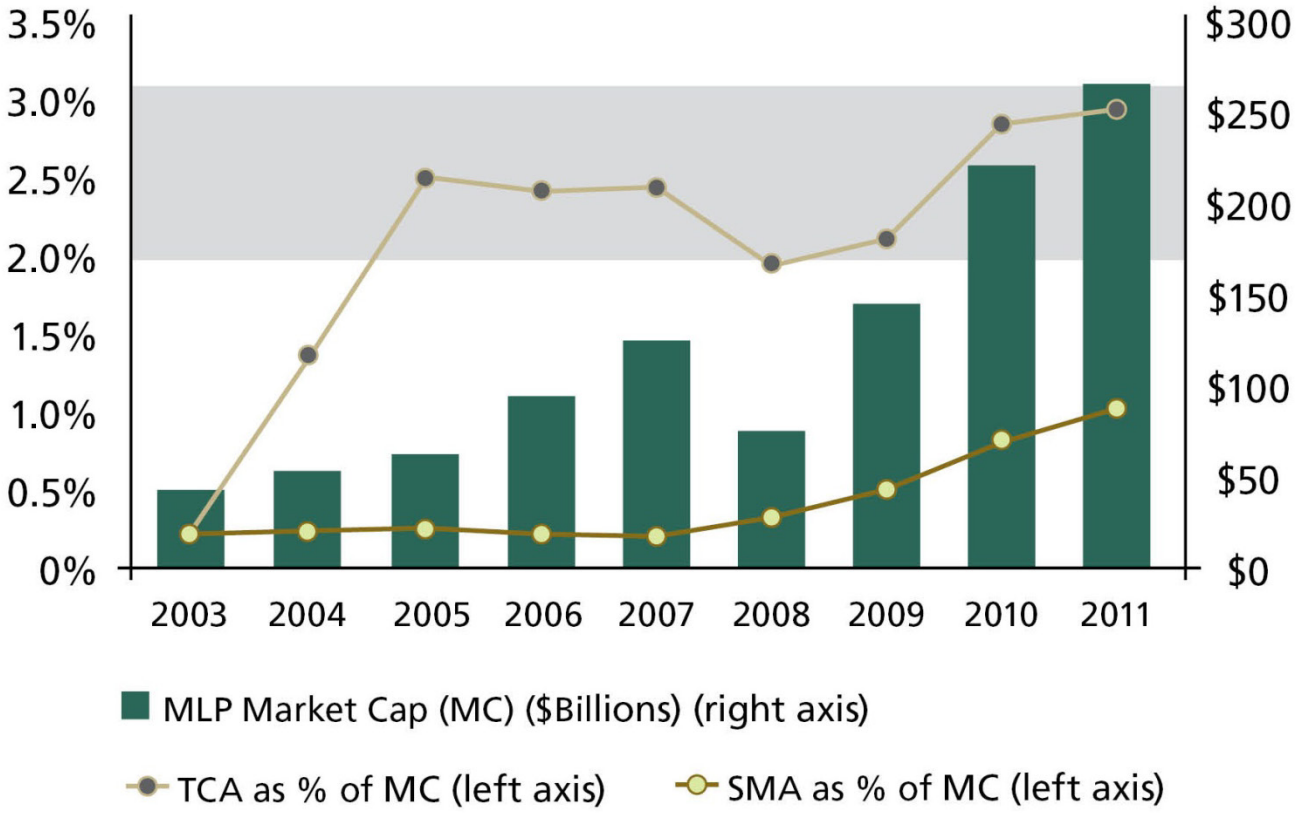


(1)Mariner Holdings, LLC ("Mariner") transferred its ownership in Tortoise Capital's sole member to Mariner's wholly-owned subsidiary, Montage Investments, in 2010. This did not result in a change in control.

Tortoise assets have grown alongside MLP industry

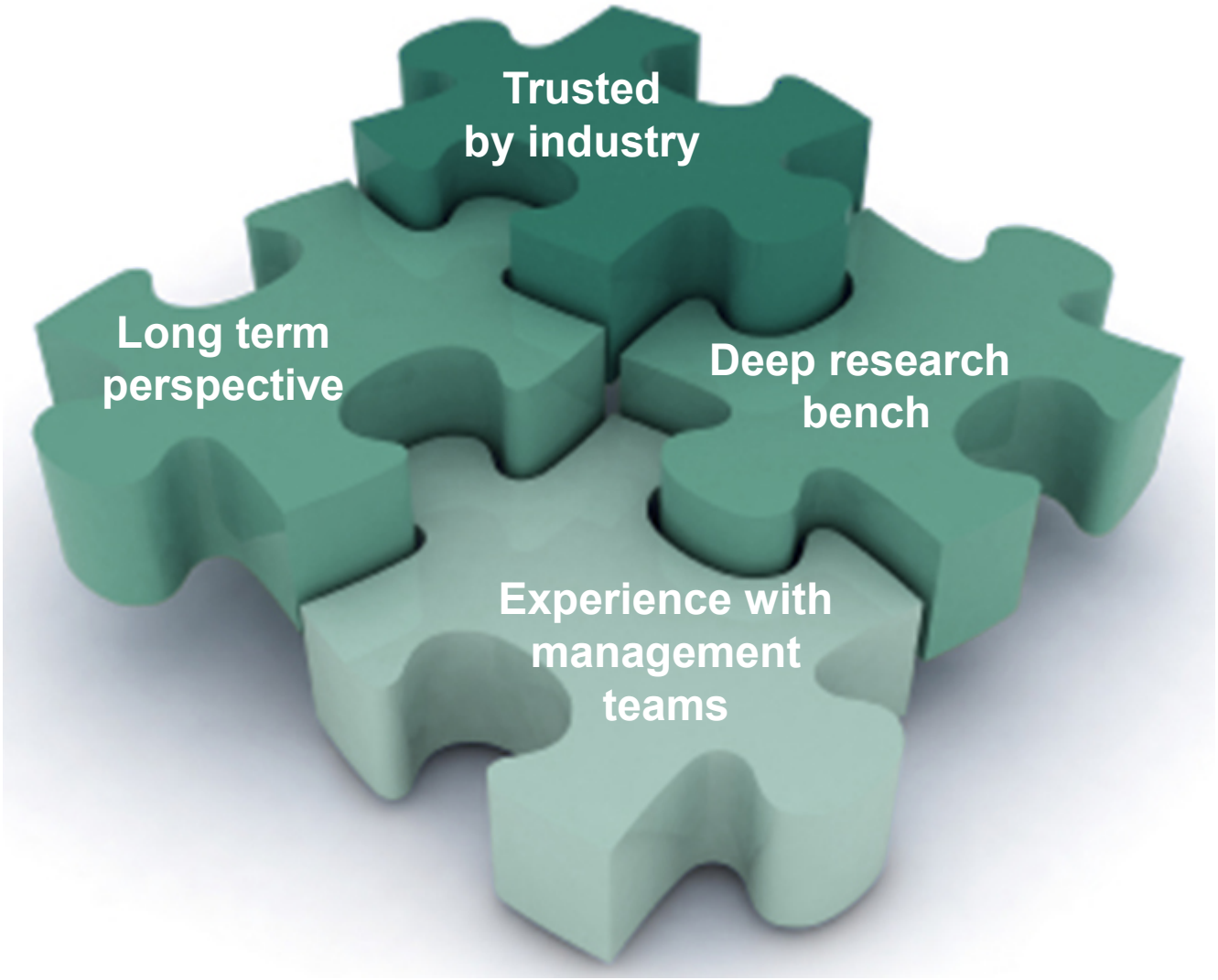
Growing asset manager in a growing industry

- Acceptance of the asset class and opportunity set has driven substantial growth
- Our AUM has historically constituted 2-3% of overall industry



Source: Bloomberg

What our experience and scale means to our clients



The Tortoise Capital team of 46

- Public company research
- Trading

- Corporate development
- Petroleum engineer/ geologist

Necessary resources to perform in-depth analysis

Proprietary risk models

- Management strength rating
- Stability of cash flows
- Asset quality assessment

Proprietary financial models

- Historical and projected operational and financial data
- Organic project / acquisition profile
- Liquidity analysis and credit sensitivities

Proprietary valuation models

- Discounted cash flow model
- Comparable company multiples
- Relative value

Risk model examples

Tier I company
Long haul pipeline

Management Strength Rating ★★★★★

- 40 consecutive quarters of meeting/exceeding guidance
- Deep bench
- Substantial ownership at mgmt. level
- >70 acquisitions completed in history
- Investment grade rated

Asset Quality ★★★★★

- 16,000 miles of pipeline
- 103 Million barrels of storage
- 2,450 railcars & ~700 trucks
- Touch 15% of all volumes utilized in US per day
- $5B+ project backlog

Stability of Cash Flows ★★★☆☆

- 70% fee-based
- 20% margin-based
- 10% optimization

Tier III company
Gathering & processing

Management Strength Rating ★★★★☆

- Experienced management team
- Transparent structure
- Ownership at mgmt. level
- Strong strategic vision (Eagle Ford Basin)

Asset Quality ★★★☆☆

- 7,000 miles of gathering pipelines
- 10 natural gas processing plants
- 1 NGL fractionation facility
- Multiple basins, including assets in OK, TX & CO

Stability of Cash Flows ★★☆☆☆

- 40% fee-based
- 60% commodity sensitive (KW or POP)
- Substantial hedging profile

Tortoise Capital investment process focuses on low risk segments

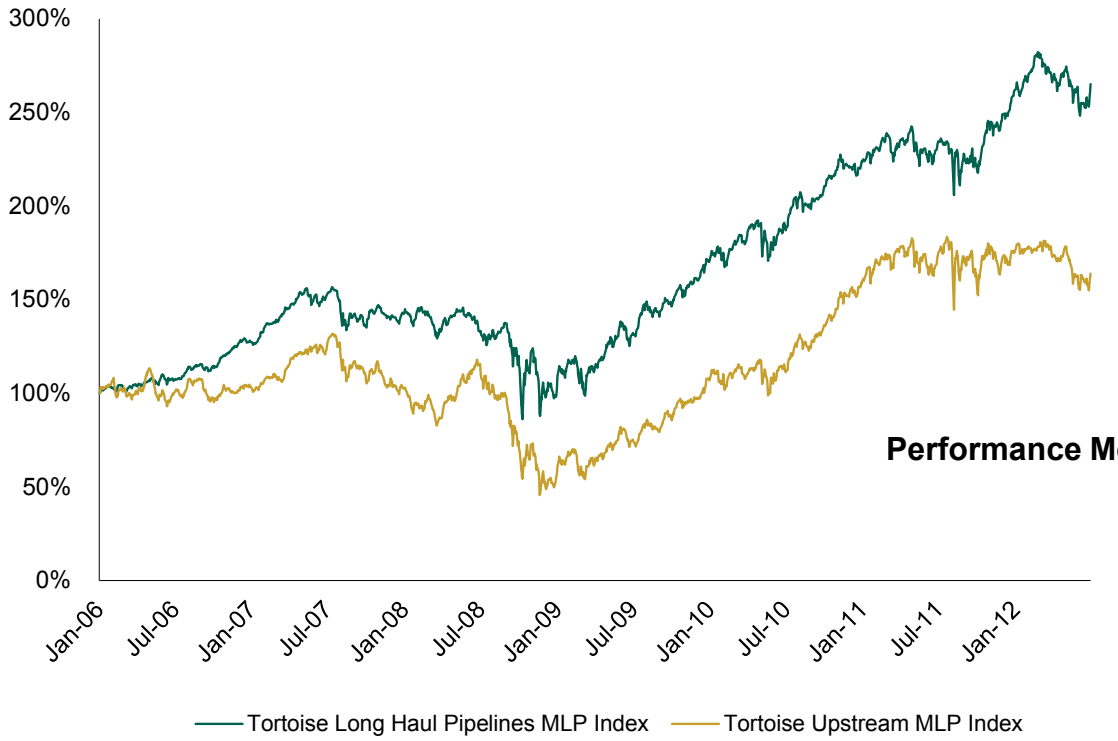
Segment	Commodity Exposure	Investment Grade	Beta	Distribution Cuts[1]
Long-Haul Natural Gas Pipelines	Low	54%	0.71	0%
Long-Haul Crude Oil & Refined Products Pipelines	Low	53%	0.68	7%
Natural Gas Gathering & Processing	Mixed	15.4%	0.91	23%
Upstream (E&P, Coal)	High	0%	0.91	46%

[1]Percent of universe with distribution cuts from 2008 forward through 6/30/12.
Source: Tortoise and Bloomberg.
Note: Betas based on 10-year historical raw beta as of 6/30/12 per Bloomberg, where available. Approximately nine years of data utilized for Upstream MLPs, due to existence of companies.

Past performance is no guarantee of future results.

Result of pursuing a high quality, low commodity risk strategy

Performance Since 2006



Performance Metrics

	Long Haul	Upstream
Return		
5 Year	11.8%	5.9%
3 Year	26.3	29.8
1 Year	13.5	(5.6)
Standard Deviation		
5 Year	18.7%	28.2%
3 Year	14.2	19.9
1 Year	15.2	18.3
Sharpe Ratio		
5 Year	0.58	0.17
3 Year	1.85	1.49
1 Year	0.87	(0.32)

Performance Metrics

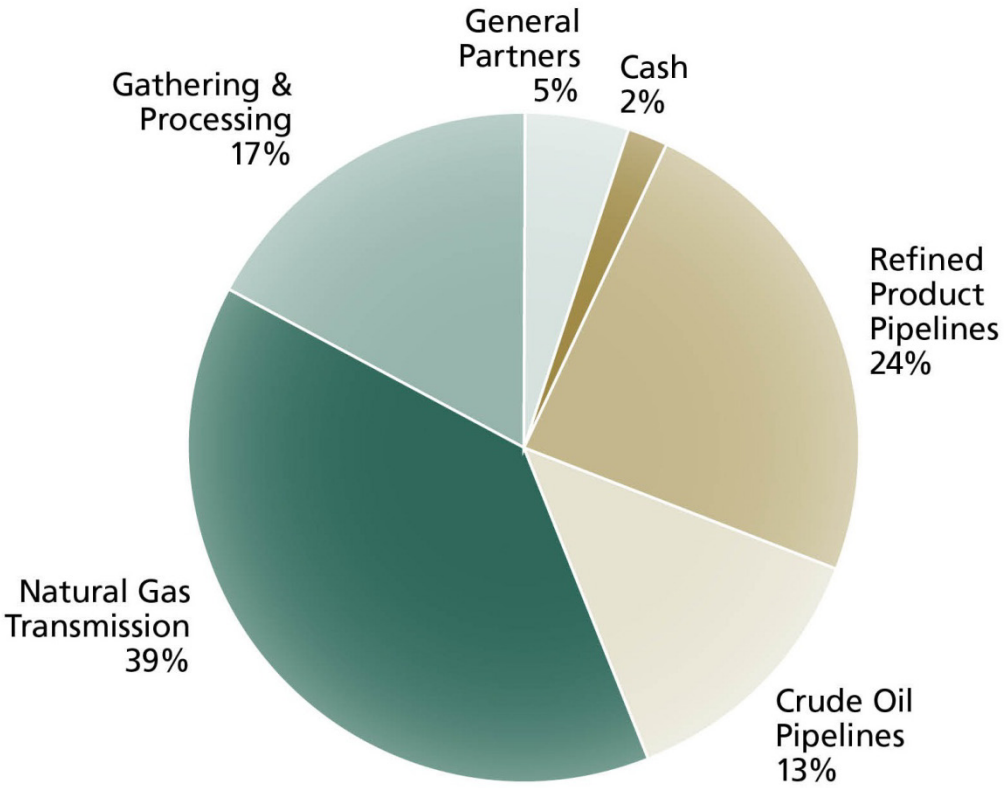
Source: Bloomberg and TCA through 6/30/12.

Representative MLP separate account profile

Model Strategy Characteristics (as of 6/30/12)

- Long-Haul pipelines: 82%
- Fee-Based cash flows: 88%
- Investment grade rating: 74%
- Capitalization above> $1bn: 99%
- # of names: 20 – 30
- Average annual turnover: 20-25%

Proposed fee: 75 bps flat

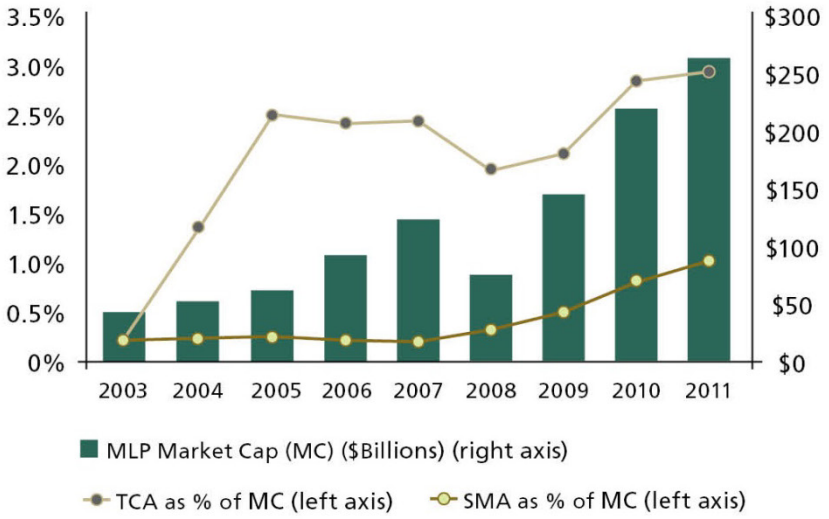


Emphasizing high-quality companies that generate stable and recurring cash flows

Performance metrics

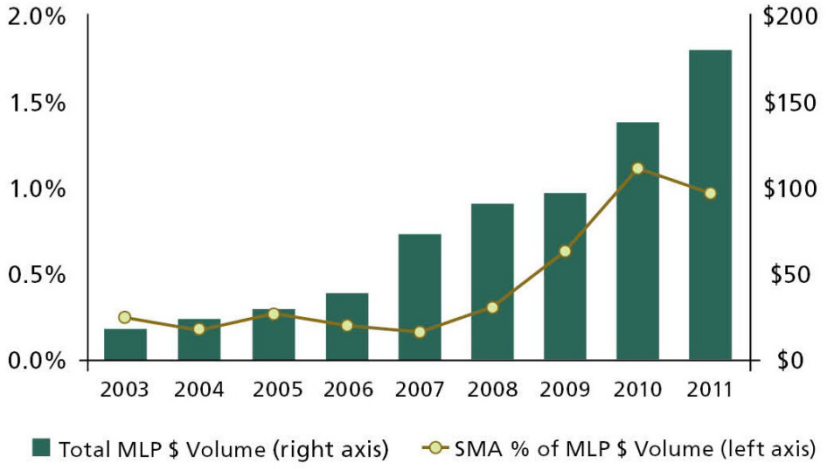
Tortoise
Capital Advisors

Our ability to trade is better today than it was five years ago



We remain at 2-3% of overall market

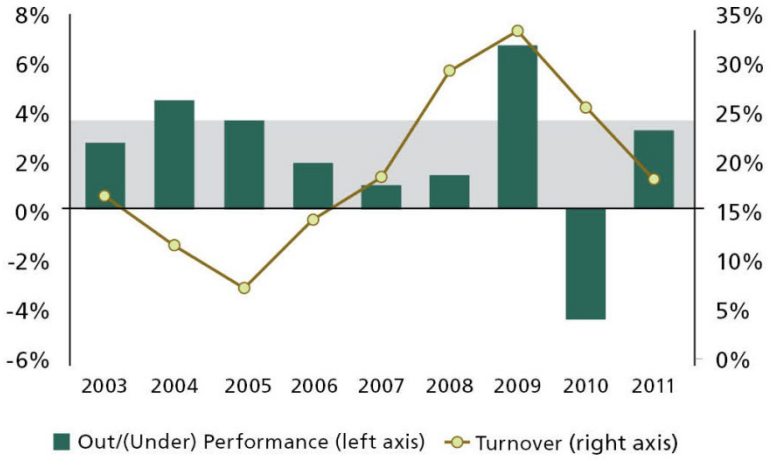
But market liquidity has improved by 5x



Source: Bloomberg

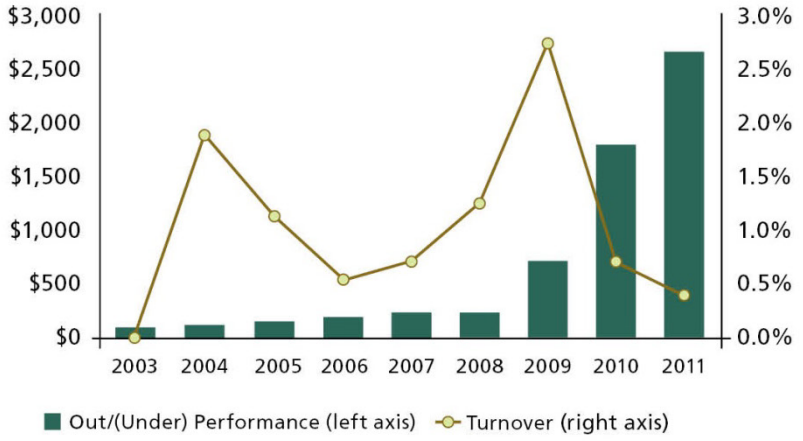
Past performance is no guarantee of future results.

Our strategy and approach continues to prove effective



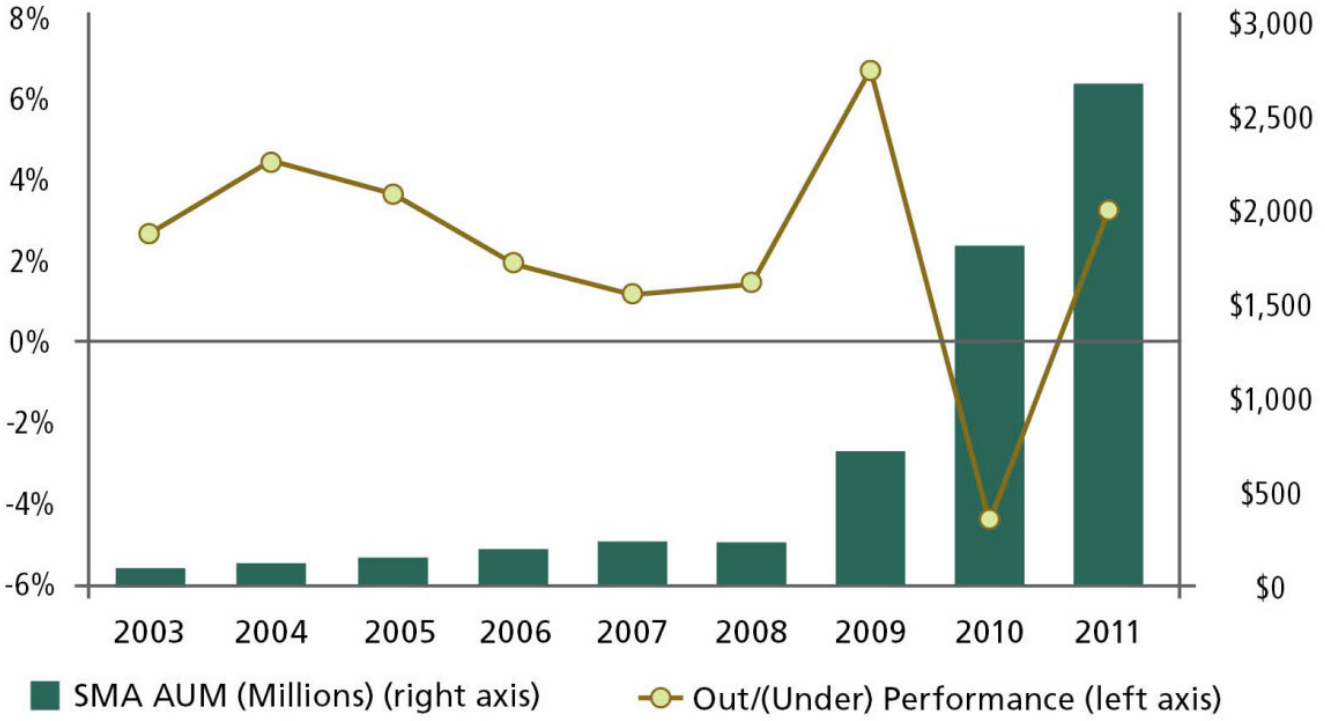
Portfolio turnover remains at target 15- 25% range

Dispersion of returns at lowest historical point



Past performance is no guarantee of future results.

Track record of outperformance over the long term

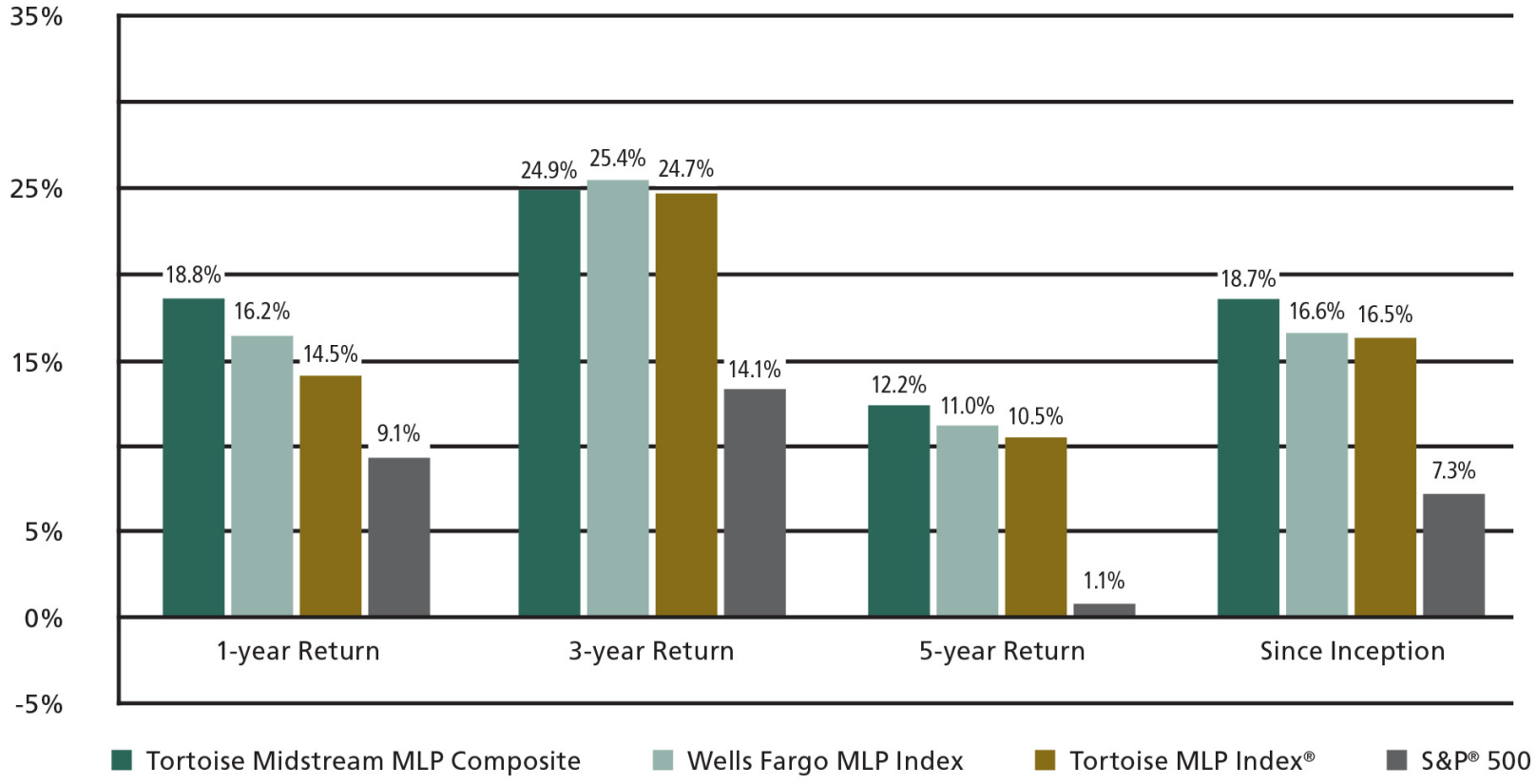


- Performance is the ultimate arbiter of success
- Absent a second half commodity run in 2010, we have consistently outperformed

(1) Out/(Under) performance is calculated based on the Tortoise Midstream MLP Composite only.
Note: All return information is before fees. Please refer to the Appendix for additional performance information.

Past performance is no guarantee of future results.

Performance of Tortoise Midstream MLP Composite (as of 7/31/12)



Source: Bloomberg and Tortoise Capital.
Note: All return information is before fees. Please refer to the Appendix for additional index and performance information. It is not possible to invest directly in an index.

Past performance is no guarantee of future results.

Year by year performance vs. MLP indexes (as of 7/31/12)

2003	vs. Index
39.6%	
38.4%	120 bps
36.9%	270 bps

2004	vs. Index
22.1%	
16.5%	560 bps
17.7%	440 bps

2005	vs. Index
6.1%	
4.8%	130 bps
2.5%	360 bps

2006	vs. Index
31.3%	
26.6%	470 bps
29.4%	190 bps

2007	vs. Index
12.7%	
11.7%	100 bps
11.7%	100 bps

2008	vs. Index
(-37.2%)	
(-38.2%)	100 bps
(-38.6%)	140 bps

2009	vs. Index
84.5%	
75.9%	860 bps
77.9%	660 bps

2010	vs. Index
33.3%	
37.3%	(400 bps)
37.7%	(440 bps)

2011	vs. Index
16.9%	
14.5%	240 bps
13.7%	320 bps

2012 YTD	vs. Index
5.5%	
5.6%	(10 bps)
4.6%	90 bps

Tortoise Composite
Wells Fargo MLP Index
Tortoise MLP Index

Source: Bloomberg and Tortoise Capital.
Note: All return information is before fees. Please refer to the Appendix for additional index and performance information. It is not possible to invest directly in an index.

Past performance is no guarantee of future results.

Public pension fund clients

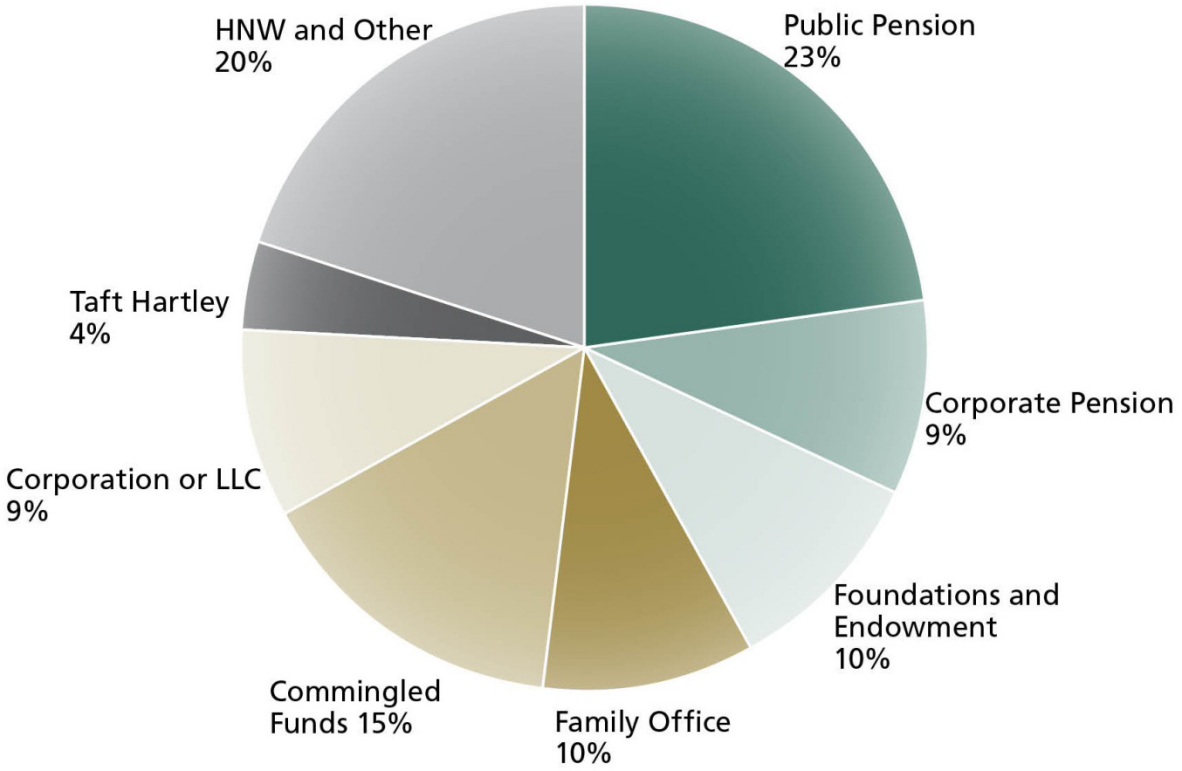
CITY	Inception Date
Denver Employees Retirement Plan	Apr- 10
City of Knoxville Employees' Pension System	Nov- 10
City of Jacksonville	Feb- 11
Tacoma Employees' Retirement System	Sep-11
City of Philadelphia Board of Pensions	Feb-12
Houston Municipal Employees Pension System	Jun-12

PUBLIC SAFETY	Inception Date
Missouri DOT & Patrol Employees' Retirement System	Sep- 10
The Firemen's Retirement System of St. Louis	Oct- 10
Fire & Police ERS of the City of Baltimore	Nov- 10
Jacksonville Police & Fire Pension Fund	Mar- 11
Louisiana Clerks of the Court	Apr- 11
St. Charles Fire Pension Fund	Mar-12
St. Charles Police Pension Fund	Apr-12

STATE	
Maryland State Retirement Agency	Jul- 09
Kentucky Retirement Systems	Jul- 09

COUNTY / OTHER	
Omaha School Employee Retirement System (OSERS)	Dec- 03
Weld County Retirement Plan	Aug - 11
Adams County Retirement Plan	Jan-12
Platte River Power Authority	Jan-12
Arapahoe County Retirement Plan	Mar-12
El Paso County Retirement Plan	Jun-12

Breakout of institutional clients (as of 7/31/12)



Institutions make up approximately 80% of the $3.0 billion that we manage in SMAs

Why Tortoise?

Dedicated team- focused on a single asset class

Investment philosophy - fee-based, quality names

Investment process - bottoms-up fundamental research

Strong track record of performance- large institutional clientele

Appendix

Tortoise
Capital Advisors

Performance record using *GIPS*® standards

Tortoise Midstream MLP Composite
February 1, 2003 through June 30, 2012

Period Ended	Total Return (Gross)	Benchmark Return	Composite 3 Year Std Dev	Benchmark 3 Year Std Dev	Composite Dispersion	Composite Ending Value (millions)	Ending Number of Portfolios	Total Firm Assets End of Period (millions)	Percentage of Firm Assets	Percentage of Bundled Fee Accounts
2/1/03-12/31/2003	39.60%	36.88%			NA	$23	69	$91	25%	4%
12/31/04	22.05%	17.71%			1.86%	$72	90	$692	10%	3%
12/31/05	6.06%	2.51%			1.11%	$127	143	$1,506	8%	2%
12/31/06	31.27%	29.42%	11.34%	11.06%	0.53%	$192	158	$2,175	9%	2%
12/31/07	12.73%	11.65%	11.35%	11.86%	0.69%	$232	176	$2,930	8%	2%
12/31/08	-37.22%	-38.61%	18.16%	19.09%	1.23%	$217	190	$1,440	15%	1%
12/31/09	84.46%	77.91%	22.91%	24.09%	2.70%	$659	245	$2,830	23%	1%
12/31/10	33.25%	37.71%	22.61%	24.05%	0.70%	$1,145	376	$6,119	19%	2%
12/31/11	16.92%	13.73%	16.34%	17.69%	0.39%	$1,602	456	$7,593	21%	3%
YTD 6/30/12	-0.42%	-0.66%	14.41%	15.45%	NA	$1,742	538	$7,745	22%	4%

Tortoise Capital Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Tortoise has been independently verified for the periods 2/1/03-12/31/11. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Tortoise Midstream MLP Composite has been examined for the periods 2/1/03-12/31/11. The verification and performance examination reports are available upon request.

Performance Disclosures

1. Tortoise Capital Advisors, LLC ("Tortoise") is a registered investment advisor established in 2002. Tortoise manages assets for closed-end funds and separately managed institutional and high net worth accounts primarily in energy infrastructure investments in the U.S. and Canada with a focus on Master Limited Partnerships.
2. The Tortoise Midstream MLP Composite (the "Composite") is a composite of Tortoise managed institutional and individual separate accounts focused on investments in publicly traded Master Limited Partnerships predominately comprised of U.S. energy infrastructure assets. The Composite name was previously known as the Tortoise MLP Separate Account Composite. A complete list of Tortoise performance composites is available upon request.
3. The creation and inception date for the Composite is 2/1/03; therefore, the period ended 12/31/03 includes 2/1/03 through 12/31/03 (eleven months).
4. Valuations are computed and stated in U.S. dollars.
5. The Composite includes all fee-paying, discretionary, similarly managed accounts starting with the first full month under management, including accounts no longer managed by the firm. One account totaling less than 1.5% of the composite utilizes total return swaps for all of its MLP investment exposure.
6. Performance is reported as a total rate of return, reflecting reinvested dividends and income. Performance is size weighted and is calculated using time weighted monthly returns for periods prior to 6/30/09. Periods after 6/30/09 are calculated using daily returns.
7. The ex-post risk measurement shown is the three year annualized standard deviation of monthly returns for both the Composite and the Index as of each year end if a full 36 months of trailing data is available.
8. Composite dispersion is measured by asset weighted standard deviation of returns for accounts managed for the full year.
9. Composite returns for periods prior to 12/31/04 are calculated based on dividend distribution pay dates. For periods after 12/31/04 returns are calculated using accruals for distributions based on distribution ex-dates.
10. Results are presented before management fees. Client returns will be reduced by advisory fees and other expenses incurred as a client. Tortoise's standard fee is 100 basis points of the market value of assets annually. The compounding effect of advisory fees would reduce annualized returns by approximately 110 basis points at 10% total annual return. Such impact would vary with rates of portfolio returns. Fees may be lower for older accounts with grandfathered fees or for accounts with negotiated fees based on size of account and the nature and level of services provided by Tortoise. See Part II of Tortoise's Form ADV for additional fee disclosures.
11. Bundled fees include advisory, trading, custody and other service fees.
12. The portfolio returns have been compared to the Tortoise MLP Total Return Index (the "Index") as a benchmark. The Index is a float-adjusted, capitalization weighted index of energy master limited partnerships. The Index has a 10% cap on any one constituent at the time it is rebalanced. Standard & Poor's Custom Indicies independently calculates the Index which is rebalanced quarterly. The benchmark was changed to the Index from the Atlantic Asset Management MLP Energy Index as of 1/1/10 when Atlantic discontinued publication of their index. The returns prior to 1/1/10 for the Index are not materially different from the Atlantic Index.
13. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
14. Consultants may provide Tortoise's gross performance results to prospective clients only on a "one-on-one" basis and with the above disclosures.
15. Past performance is not indicative of future results.

Wide range of operations and risk profiles under the MLP banner

Pipeline MLPs (Total 43)

Refined Products

Buckeye Partners
Global Partners
Holly Energy Partners
Kinder Morgan Energy Partners
Magellan Midstream Partners
NuStar Energy
NuStar GP Holdings
Sunoco Logistics Partners
TransMontaigne Partners

Crude Oil

Blueknight Energy Partners
Enbridge Energy Partners
Genesis Energy
Oiltanking Partners
Plains All American Pipeline
Rose Rock Midstream
Tesoro Logistics LP

Natural Gas Transmission

Boardwalk Pipeline Partners
El Paso Pipeline Partners
Energy Transfer Partners
Energy Transfer Equity
Enterprise Products Partners
EQT Midstream Partners
Niska Gas Storage Partners
Inergy Midstream
Oneok Partners
PAA Natural Gas Storage Partners
Regency Energy Partners
Spectra Energy Partners
TC Pipelines
Williams Partners

Gathering & Processing

American Midstream Partners
Atlas Pipeline Partners
Chesapeake Midstream Partners
Compressco Partners
Copano Energy
Crestwood Midstream Partners
Crosstex Energy
DCP Midstream Partners
Exterran Partners
MarkWest Energy Partners
Martin Midstream Partners
Targa Resources Partners
Western Gas Partners

Pipeline Affiliates (Total 13)

Crosstex Energy Inc
El Paso Corp
Enbridge Energy Management LLC
Enbridge Inc
Kinder Morgan Inc
Kinder Morgan Management LLC
Oneok Inc
SemGroup Corp
Spectra Energy Corp
Targa Resources Corp
TransCanada Corp
Williams Companies Inc

E&P MLPs (Total 15)

Atlas Energy, LP
Atlas Resource Partners, LP
BreitBurn Energy Partners, LP
Constellation Energy Partners, LLC
Dorchester Minerals, LP
Eagle Rock Energy Partners, LP
EV Energy Partners, LP
Legacy Reserves, LP
Linn Energy, LLC
LRR Energy, LP
Memorial Production Partners, LP
Mid-Con Energy Partners, LP
Pioneer Southwest Energy Partners, LP
QR Energy, LP
Vanguard Natural Resources, LLC

Propane MLPs (Total 6)

AmeriGas Partners, LP
Ferrellgas Partners, LP
Inergy, LP
NGL Energy Partners, LP
Star Gas Partners, LP
Suburban Propane Partners, LP

Shipping MLPs (Total 5)

Capital Product Partners, LP
Golar Energy Partners, LP
Navios Maritime Partners, LP
Teekay LNG Partners, LP
Teekay Offshore Partners, LP

Other Natural Resources (Total 6)

Calumet Specialty Prod. Partners, LP
CVR Partners, LP
Petro Logistics, LP
Pope Resources, LP
Rentech Nitrogen Partners, LP
Terra Nitrogen Company, LP

Coal (Total 6)

Alliance Resource Partners, LP
Alliance Holdings GP, LP
Natural Resources Partners, LP
Oxford Resource Partners, LP
Penn Virginia Resource Partners, LP
Rhino Resource Partners, LP

Real Estate (Total 6)

New England Realty Associates, LP
NTS Realty, Ltd.
W. P. Carey & Co, LLC
America First Tax Exempt Investors
Ellington Financial, LLC
Municipal Mortgage and Equity, LLC

Financial Services (Total 10)

Alliance Bernstein, LP
Apollo Global Management, LLC
The Blackstone Group, LP
Compass Diversified Holdings, LLC
Fortress Investment Group
Icahn Enterprises, LP
KKR & Co., LP
KKR Financial Holdings, LLC
Lazard Ltd.
Och-Ziff Capital Management Group, LLC

Other MLPs (Total 4)

Brookfield Infrastructure Partners, LP
Cedar Fair, LP (amusement parks)
ML Macadamia Orchards, LP (agriculture)
StoneMor Partners, LP (cemetaries)

Index descriptions

Energy Infrastructure MLPs	**Wells Fargo MLP Index** ***(formerly Wachovia MLP Index)***	A float-adjusted, capitalization-weighted index of energy master limited partnerships (MLPs) with a market capitalization of at least $200 million at the time of inclusion.
	Tortoise MLP Index®	A float-adjusted, capitalization weighted index of energy master limited partnerships (MLPs). To be eligible for inclusion in the Tortoise MLP Index®, a company must be publicly traded, organized as a limited partnership or a limited liability company, and be classified as an "energy MLP" by Tortoise Capital. The Long Haul Pipelines Sub Index is comprised of all constituents included in the following subsector indices: Crude Oil Pipelines, Natural Gas Pipelines and Refined Products Pipelines. The Upstream Sub Index is comprised of all constituents included in the Coal and Oil & Gas Production subsector indices.
Equities	**S&P 500® Index**	An unmanaged market-value weighted index of stocks.

Investment committee

H. Kevin Birzer, CFA

Mr. Birzer, Senior Managing Director, is a co-founder and has been at Tortoise Capital since 2002. Mr. Birzer began his career in 1981 at KPMG Peat Marwick. His subsequent experience includes three years working as a Vice President for F. Martin Koenig & Co., focusing on equity and option investments, and three years at Drexel Burnham Lambert, where he was a Vice President in the Corporate Finance Department. In 1990, Mr. Birzer co-founded Fountain Capital Management. Mr. Birzer graduated with a Bachelor of Business Administration degree from the University of Notre Dame and holds a Master of Business Administration degree from New York University. He earned his CFA designation in 1988.

Zachary A. Hamel, CFA

Mr. Hamel, Managing Director, is a co-founder and has been at Tortoise Capital since 2002. Mr. Hamel joined Fountain Capital, a founding sponsor of Tortoise, in 1997 and covered energy, chemicals and utilities. He was a member of the management committee at Fountain Capital until May 2012. Prior to joining Fountain Capital, Mr. Hamel worked for the Federal Deposit Insurance Corp. (FDIC) for eight years as a Bank Examiner and a Regional Capital Markets Specialist. Mr. Hamel graduated from Kansas State University with a Bachelor of Science in Business Administration. He attained a Master of Business Administration from the University of Kansas School of Business. He earned his CFA designation in 1998.

Kenneth P. Malvey, CFA

Mr. Malvey, Managing Director, is a co-founder and has been at Tortoise Capital since 2002. He joined Fountain Capital, a founding sponsor of Tortoise, in 2002 and was a member of the management committee there until May 2012. Prior to joining Fountain Capital, Mr. Malvey was one of three members of the Global Office of Investments for GE Capital's Employers Reinsurance Corporation. Most recently, he was the Global Investment Risk Manager for a portfolio of approximately $24 billion of fixed-income, public equity and alternative investment assets. Before joining GE Capital in 1996, he was a Bank Examiner and Regional Capital Markets Specialist with the FDIC for nine years. Mr. Malvey graduated with a Bachelor of Science degree in Finance from Winona State University, Winona, Minn. He earned his CFA designation in 1996.

Terry Matlack, CFA

Mr. Matlack, Managing Director, is a co-founder and has been at Tortoise Capital since 2002. Prior to Tortoise Capital, Mr. Matlack was a Managing Director at Kansas City Equity Partners and served as President of GreenStreet Capital and its affiliates in the telecommunications service industry. Mr. Matlack served as the Executive Vice President and a board member of W.K. Communications, Inc., a cable television acquisition company, and COO of W.K. Cellular, a cellular rural service area operator. Mr. Matlack graduated with a Bachelor of Science in Business Administration from Kansas State University. He holds a Juris Doctorate and a Master of Business Administration degree from the University of Kansas. He earned his CFA designation in 1985.

David Schulte, CFA

Mr. Schulte, Managing Director, is a co-founder and has been at Tortoise Capital since 2002. Previously, Mr. Schulte was a Managing Director at Kansas City Equity Partners where he led private financing for two growth MLPs. Mr. Schulte served on the Board of Directors of Inergy, LP, a propane gas MLP, from 2001 to 2004. Mr. Schulte served as the observer to the Board of Directors of MarkWest Energy Partners, a natural gas gathering and processing MLP from 2002 – 2004. Before joining KCEP, he spent five years as an investment banker at the predecessor of Oppenheimer & Co., Inc. Mr. Schulte holds a Bachelor of Science in Business Administration from Drake University and a Juris Doctorate from the University of Iowa. He earned his CFA designation in 1992.

Public securities team

Kevin Brown

Mr. Brown joined Tortoise Capital in 2011 as an Junior Analyst. Mr. Brown worked for Tortoise Capital as an intern in 2011. He received a Bachelor of Science in Financial Management and a Bachelor of Arts in Modern Languages – French from Kansas State University.

Braden Cielocha

Mr. Cielocha joined Tortoise Capital in 2011 as an Junior Analyst. Mr. Cielocha worked for Tortoise Capital as an intern in 2010. He received a Bachelor of Science degree in Finance from University of Kansas.

Nick Holmes

Mr. Holmes joined Tortoise Capital in 2010 as an Junior Analyst. Mr. Holmes worked for Tortoise Capital as an intern in 2009. He received a Bachelor of Arts degree in Political Science from Yale University. He earned a Master of Business Administration from the University of Kansas.

Brett Jergens, CFA, CPA, PFS, CFP

Mr. Jergens joined Tortoise Capital in 2007 and serves as an Investment Analyst. Previously, Mr. Jergens was a tax accountant with KPMG, LLP and most recently practiced as a financial planner. He received a Bachelor of Science degree in both Finance and Accounting from Kansas State University. Mr. Jergens is a licensed CPA, with the Personal Financial Specialist (PFS) designation from the AICPA and is a Certified Financial Planner (CFP). Mr. Jergens earned his CFA designation in 2011.

Brian Kessens, CFA

Mr. Kessens joined Tortoise Capital in 2008 as an Investment Analyst. Previously, he was a Vice President at Citigroup Global Markets in Global Energy Investment Banking from 2004 to 2008. He received a Bachelor of Science degree in Economics from the United States Military Academy at West Point. Mr. Kessens earned a Master of Business Administration from Columbia Business School in New York. He is also a CFA Charterholder.

Kyle Krueger, CFA, CIPM

Mr. Krueger joined Tortoise Capital in 2004 as a Trader. Prior to joining the company, Mr. Krueger was a fixed income analyst for Fountain Capital from 1999 to 2004. Mr. Krueger graduated Magna Cum Laude from William Jewell College with a degree in Business Administration. He earned a Master of Business Administration from the University of Kansas. Mr. Krueger earned his CFA designation in 2003.

Matt Lumpkin, CPA

Mr. Lumpkin joined Tortoise Capital in 2012 as a Research Analyst. Previously, Mr. Lumpkin was an Associate at Metalmark Capital from 2009 to 2012 and an analyst in the leveraged acquisition group at Bank of America Merrill Lynch from 2007 to 2009. Mr. Lumpkin graduated from the University of Missouri with a Bachelor of Science degree in Accounting. He holds a Masters of Accounting degree from the University of Missouri and is a CPA

Public securities team

James Mick, CFA

Mr. Mick joined Tortoise Capital in 2006 and serves as an Investment Analyst. Previously, he was a Senior Finance Specialist at General Electric Insurance Solutions (now Swiss Re) from 2003 to 2006 and a Senior Auditor at Ernst & Young from 2000 to 2003. Mr. Mick graduated from the University of Kansas with Bachelor of Science degrees in Business Administration and Accounting. He holds a Master of Accounting and Information Systems degree from the University of Kansas and is a CPA. Mr. Mick earned his CFA designation in 2010.

Michael Perry

Mr. Perry joined Tortoise Capital in 2011 as an Junior Analyst. Mr. Perry worked for Tortoise Capital as an intern in 2011. He received a Bachelors of Science in Finance from the University of Denver.

Evan Raynsford

Mr. Raynsford joined Tortoise Capital in 2011 as an Junior Analyst. Mr. Raynsford worked for Tortoise Capital as an intern in 2011. He received a Bachelor of Science in Economics and Finance from the University of Missouri.

Matthew Sallee, CFA

Mr. Sallee joined Tortoise Capital in 2005 and serves as an Investment Analyst. Previously, Mr. Sallee served for five years as a Senior Financial Analyst with Aquila, Inc where he was responsible for analysis of capital allocation at its communications infrastructure subsidiary, Everest Connections. In 2000, he graduated Magna Cum Laude from the University of Missouri - Columbia with a degree in Business Administration. Mr. Sallee earned his CFA designation in 2009.

Dave Santacroce

Mr. Santacroce joined Tortoise Capital in 2011 as a Trader. Previously he was a Global Equity Trader for General Electric Asset Management from 2005 to 2011 and an Operations Associate from 2003 to 2005. Mr. Santacroce graduated from Boston College with a Bachelor or Science degree in Finance and Economics.

Robert Thummel

Mr. Thummel joined Tortoise Capital in 2004 as an Investment Analyst. In September 2008 he was appointed President of Tortoise North American Energy Corp. Previously Mr. Thummel was Director of Finance at KLT Inc., a subsidiary of Great Plains Energy from 1998 to 2004 and a Senior Auditor at Ernst & Young from 1995 to 1998. Mr. Thummel earned a Master of Business Administration from the University of Kansas and a Bachelor of Science in Accounting from Kansas State University.

Matthew Weglarz

Mr. Weglarz joined Tortoise Capital in October 2008 as a Trading Assistant. Mr. Weglarz worked for Morgan Keegan as an intern in 2007. He received a Bachelor of Science degree in Finance from Missouri State University and, most recently, a Master of Business Administration from the University of Notre Dame in 2008.

Development team

Abel Mojica III – Head of Corporate Development Group

Mr. Mojica joined Tortoise Capital in 2005 and played a key role in the development of Tortoise Capital Resources Corp., the firm's publicly traded private equity vehicle. In 2008 he was named Head of the newly formed Corporate Development Group. He brings more than 17 years of experience, most recently as a private equity investor with Kansas City Equity Partners. His investment experience included early investments in Inergy Partners, LP (NRGY) and MarkWest Energy Partners, LP (MWE). Prior to KCEP, Mr. Mojica was a high yield investment banker with First Chicago Capital Markets and a commercial banker with Citigroup. His professional experience also includes serving as an adjunct faculty member at the Bloch School of Business at the University of Missouri where he taught the MBA level Venture Capital Finance course for six years. Mr. Mojica graduated with a Bachelor of Arts degree from the University of Chicago and holds a Master of Business Administration degree from the Kenan-Flagler School of Business at the University of North Carolina.

Jeff Fulmer- Senior Advisor

Mr. Fulmer joined Tortoise in 2007 and serves as a Senior Advisor. He brings more than 27 years of experience, most recently with the U.S. Department of Defense where he headed a group of infrastructure analysts engaged globally in critical infrastructure analysis, assessment, and protection. Prior to the DoD, Mr. Fulmer co-founded and served as president of Redland Energy after having served as senior vice president of Statoil Energy, and in engineering and geologic positions for ARCO Oil and Gas and Tenneco Oil Exploration and Production. Mr. Fulmer graduated with a Bachelor of Science in Geological Engineering from the Colorado School of Mines and holds a Master of Petroleum Engineering degree from the University of Southern California.

Michelle Kelly, CFA

Ms. Kelly joined Tortoise Capital in 2006 and serves as Director focused on business and product development, marketing and communications. Prior to joining the company, Ms. Kelly was an investment banker for Goldman, Sachs and Co. for more than 5 years in its Industrial & Natural Resources Group in Chicago and its Financial Institutions Group in New York. Ms. Kelly graduated Summa Cum Laude from DePauw University with a Bachelor of Arts degree in Economics. Ms. Kelly earned her CFA designation in 2009.

ALASKA RETIREMENT MANAGEMENT BOARD
M E M O R A N D U M

To: ARMB Trustees
From: Judy Hall
Date: September 7, 2012
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	6/14/12 8/27/12
Bob Mitchell	Investment Officer	Equities	7/31/12

Alaska Retirement Management Board
2012-2013 Meeting Calendar

December 5, 2012	Committee Meetings: Audit
December 6-7, 2012 Thursday-Friday Anchorage	Audit Report – KPMG Performance Measurement – 3rd Quarter Manager Review Private Equity Review Manager Presentations
February 20, 2013	Committee Meetings: Audit
February 21-22, 2013 Thursday-Friday Juneau	*Review Capital Market Assumptions *Manager Presentations *Actuarial Audit Report
April 18-19, 2013 Thursday-Friday Anchorage	*Adopt Asset Allocation *Performance Measurement – 4th Quarter *Buck Consulting Actuary Report *GRS Actuary Certification *Review Private Equity Annual Plan Pathway Capital Management *Manager Presentations
June 19, 2013	Committee Meetings: Audit
June 20-21 Thursday-Friday Anchorage	*Final Actuary Report/Adopt Valuation/Contribution Rates *Performance Measurement – 1st Quarter *Manager Presentations
September 18	Committee Meetings: Audit, Budget, Salary Review, Real Assets *Audit Results/Assets – KPMG *Approve Budget
September 19-20 Thursday-Friday Fairbanks	*Performance Measurement – 2nd Quarter *Real Estate Annual Plan *Real Estate Evaluation – Townsend Group *Manager Presentations
October ____	Education Conference
December 4	Committee Meetings: Audit
December 5-6 Thursday-Friday Anchorage	Audit Report - KPMG Performance Measurement – 3rd Quarter Manager Review (Questionnaire) Private Equity Review Economic Round Table *Manager Presentations