
ALASKA RETIREMENT MANAGEMENT BOARD

BOARD OF TRUSTEES MEETING

December 6-7, 2012

*Anchorage Marriott Hotel
820 W. 7th Avenue
Anchorage, Alaska
907 279-8000
907 279-8005*

Thursday, December 6, 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 - September 20-21, 2012
- VII. Election of Officers
- VIII. 9:15 Reports
 - 1. Chair Report, *Gail Schubert*
 - 2. Committee Reports
 - A. Audit Committee, *Martin Pihl, Chair*
 - B. RFP Evaluation Committee
 - 3. Retirement & Benefits Division Report
 - A. Membership Statistics (informational)
 - B. Buck Consulting Invoices (informational)*Director Jim Puckett*
 - 4. Treasury Division Report
Deputy Commissioner Angela Rodell
 - 5. CIO Report, *Gary Bader, Chief Investment Officer*
 - 10:00 6. Fund Financial Presentation and Cash Flow Update
Pamela Leary, Comptroller, Dept. of Revenue
Jim Puckett, Director, DRB
 - 10:00-10:20 7. KPMG - Audit Report
Michael Hayhurst and Melissa Beedle, KPMG
Pamela Leary, Comptroller, Dept. of Revenue

*10:20 - Break
10 Minutes*

- 10:30-11:00 8. Private Equity Evaluation
Gary Robertson, Callan Associates, Inc.
- 11:05-12:05 9. Performance Measurement - 3rd Quarter
Michael O'Leary, Callan Associates, Inc.

Lunch - 12:05 - 1:15 pm

Thursday Afternoon

- 1:15-2:00 10. Economic Roundtable -
- 2:05-2:25 11. Frontier Capital Management
T.J. Duncan
- 2:30-2:50 12. Barrow Hanley Mewhinney & Strauss
Coleman Hubbard and Jim McClure
- 2:55-3:15 13. Jennison Associates LLC
Peter Reinemann and Jason Swiatek

*3:15- Break
10 Minutes*

- 3:25-3:45 14. Lord Abbett & Co LLC
Kristin Shofner and Mike Smith
- 3:50-4:10 15. Luther King Capital Management
Mark Johnson and Steve Purvis
- 4:15-4:35 16. Victory Capital Management
Don Frank and Gary Miller

End of Meeting Day

Friday, December 7, 2012

9:00 Call to Order

9:00-9:30 17. EIG Energy
Blair Thomas and Derek Lemke-von Ammon

9:35-10:05 18. SSgA/State Street
Rosalind Jacobsen

10:05-10:35 19. MacKay Shields
Matt Philo, John Akkerman and Jennifer Beatty

*10:35- Break
10 Minutes*

10:45-11:05 20. Rebalancing Theory
Dr. William Jennings, Investment Advisory Council

11:10-11:30 21. IFS Actions

B.#1 Develop a total fund investment policy statement

B.#2 Annual Review of Investment Policies

Resolution 2012-33

B.2#2 Discussion on Rebalancing Theory

Gary Bader, Chief Investment Officer

B.1 #5 Consider the addition of minimum portfolio characteristics versus an appropriate benchmark in the fixed income investment guidelines
Bob Mitchell, Fixed Income Manager

11:30-11:45 22. Investment Actions
A. Manager Review Report
B. RFP Evaluation Committee Recommendation
Gary Bader, Chief Investment Officer

Lunch - 11:45-1:00 pm

Friday Afternoon

- 1:00-1:30 22. Taxable Municipal Bonds
Jeff Pantages, Alaska Permanent Capital

- IX. Unfinished Business
1. *Calendar, Judy Hall, Liaison Officer*
 2. *Disclosure Report, Judy Hall, Liaison Officer*
 3. *Legal Report, Rob Johnson, Legal Counsel*
- X. Action Items - 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
Fairbanks Princess Hotel
4477 Pikes Landing Road
Fairbanks, Alaska

MINUTES OF
September 20-21, 2012

Thursday, September 20, 2012

CALL TO ORDER

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

ROLL CALL

Nine ARMB Trustees were present at roll call to form a quorum.

Board Members Present

Gail Schubert, *Chair*
Sam Trivette, *Vice Chair*
Gayle Harbo, *Secretary*
Kristin Erchinger
Commissioner Becky Hultberg
Martin Pihl
Tom Brice
Sandi Ryan
Commissioner Butcher

Board Members Absent

None

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

Jim Puckett, Director, Division of Retirement & Benefits

Consultants, Invited Participants, and Others Present

Robert Johnson, ARMB Legal Counsel
Michael O'Leary, Callan Associates, Inc.
Jennifer Young, Townsend Group
Jeff Maguire, UBS
Tom Anathan, UBS
Anne Pfeiffer, JP Morgan
Ann Cole, JP Morgan
George Duke, LaSalle
Steve Bolen, LaSalle
Arvin Soh, Global Asset Management
Kathryn Cicoletti, Global Asset Management
Doug Bratton, Crestline Investors, Inc.
Sam Levens, Crestline Investors, Inc.
Jim Cunnane, FAMCO
Trish Oppeau, FAMCO
Yves Siegel, Neuberger Berman
Mark Sullivan, Neuberger Berman
Douglas Rachlin, Neuberger Berman
Abel Mojica, Tortoise Capital Advisors
Matt Sallee, Tortoise Capital Advisors

PUBLIC MEETING NOTICE

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

APPROVAL OF AGENDA

MS. HARBO moved to approve the agenda. Mr. Brice seconded the motion.

MR. BADER requested deletion of item B-1, No. 5 under item 14 because Mr. Mitchell could not be present due to aircraft problems and deferred the item to the December meeting.

The agenda was approved as corrected.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

RON JOHNSON, a retiree from the UAF School of Engineering, addressed his concerns regarding building a sustainable world and the sustainability of the PERS and TRS and other state retirement funds. He commended the board for voting four-to-three to move from a level percent to a level dollar pay down of the \$11 billion dollar-plus liability. He addressed the liability and discount rates. He urged the board to deal with this unfunded liability issue and try to create a situation where people who are newly hired who might eventually go on a defined benefit plan. He thanked the Trustees for their service.

APPROVAL OF MINUTES

MR. TRIVETTE moved to approve the minutes of the June 21-22, 2012 meeting, as presented. MS. HARBO seconded the motion.

The minutes were approved without changes.

REPORTS

1. CHAIR REPORT

CHAIR SCHUBERT reported two new Trustees joined the ARMB: Sandi Ryan, TRS Representative, and Tom Brice, the PERS Representative.

MS. RYAN and MR. BRICE introduced themselves to the board.

2. COMMITTEE REPORTS

MR. PIHL reported that the Audit Committee met on September 19, 2012, and the meeting was well-attended. The main topic of the meeting was the update by KPMG on the audit. The audit has gone very well. There has been excellent preparation by the State, full cooperation. Everything seems to be clean and expected. There are a few items to wrap up. The Committee has been receiving the monthly compliance reports from the Department of Revenue. There have been no significant findings in those reports.

Upcoming over the next two to three years, there are two GASB regulations coming, one of which has far-reaching implications on the unfunded liability and disclosures required in financial statements. It will be of interest over the next couple years.

MR. PIHL reported that the Salary Review Committee met on September 19, 2012, and the meeting was well-attended. The main item was an update on the compensation program by Pam Leary. It covered the merit, COLA, and geographic increases over the last year. There is expected to be the regular December 1, 2012 increases, and there will be follow-up on that. Discussions and suggestions were made on how the system works and how it might work better.

CHAIR SCHUBERT reported that the Budget Committee met on September 19, 2012, and discussion was had about the budget, to ensure that there is sufficient money in the budget to cover salaries and manager fees, if the market improves.

MR. TRIVETTE further reported there is additional money in the budget, and there are a couple of issues that the committee needs to make sure there is sufficient money there if they came up, and there are several possibilities such as pension obligation bonds being discussed.

MS. ERCHINGER reported that the Real Assets Committee met on September 19, 2012, and had two presentations on the Real Assets Annual Plan for FY13 and a review by Townsend on the real estate plan. Real assets make up \$2.6 billion of the ARMB portfolio. In an action item, the board is going to be asked to adopt the Real Assets Annual Plan, and there will be a number of actions to take relative to implementing the report recommendations from IFS. Two resolutions and three motions will need to be approved during this meeting.

MR. TRIVETTE reported the Defined Contribution Plan Committee met on September 19, 2012, and three 50-minute presentations were made by Prudential, T.Rowe Price and Great-West. They primarily talked about a guaranteed minimum withdrawal of benefits. An item of interest is that it's an evolving field and not many participants of these three companies are using that option at this point in time. The committee will continue to work with Retirement & Benefits on this topic. Additional research will be done, including work with Callan and some of our Investment Advisory Council members. The committee will then get back together after the first of the year for further discussion.

CHAIR SCHUBERT reported the Legislative Committee met on September 19, 2012, and she was elected Chair. It was an organizational meeting to review and approve a charter. The Legislative Committee approved a recommendation to the board for approval of the charter.

CHAIR SCHUBERT moved the approval of the charter for the Legislative Committee. MR. PIHL seconded the motion.

Without objection, the motion was approved.

3. RETIREMENT & BENEFITS DIVISION REPORT

DIRECTOR PUCKETT reported there was nothing unusual in the statistics. The Division is on track to do another 2,100 retirements this year.

MR. TRIVETTE pointed out, in terms of PERS and TRS, the numbers of terminating members is over 6,000 and that they were paid in excess of \$838,000 for nine months. DIRECTOR PUCKETT stated both numbers are correct. MRS. HARBO noted another 1,600 people withdrew about over \$14 million.

DIRECTOR PUCKETT reported there was a total of almost \$45,000 worth of studies and work done with the Defined Contribution Retirement Health Plan of which the board got a

summary of from Deputy Commissioner Barnhill in the last meeting. It is anticipated there will be additional studies for that retiree health plan by the next meeting.

MS. ERCHINGER asked how the decision is made who will be charged for the legislative review work done by Buck and when those charges will be assessed to the retirement plans versus when the Legislature or the General Fund will pay a portion.

DIRECTOR PUCKETT responded that Deputy Commissioner Barnhill will make the determination of whether it is paid by General Funds or the retirement fund.

4. TREASURY DIVISION REPORT

Department of Revenue Deputy Commissioner ANGELA RODELL reported the proposed fiscal year 2014 budget was recommended by the Budget Committee. The total is approximately \$47 million. It would be included in the Department of Revenue budget that goes before the Legislature.

CHAIR SCHUBERT reported the Budget Committee took action on the proposed budget on September 19, 2012 and passed a motion to recommend that the board adopt the budget.

CHAIR SCHUBERT moved that the board adopt the fiscal year 2014 budget. MR. TRIVETTE seconded the motion.

MS. ERCHINGER questioned how costs associated with utilization of the actuary will be borne and expressed concern that they not be borne by the participants of the retirement system and requested that should be a consideration in the budget.

Deputy Commissioner ANGELA RODELL responded costs of the actuarial amounts are shared with the Department of Administration. To the extent that needs to increase, there is room in the budget, so any required Buck invoices should be covered.

The motion passed unanimously. 9-0.

5. CHIEF INVESTMENT OFFICER REPORT

MR. BADER reported the first item is to rebalance all retirement funds closer to strategic asset allocation. Four rebalancings have taken place between when we reported at the last meeting. Items one and two are those types of transactions. Item three relates to the termination of Capital International in the emerging market fund, the first step in the beginning of that termination. The fourth and fifth items are to rebalance funds. On the sixth item, move \$250 million from short-term fixed income to the U.S. Treasury fixed income pool. The last item relates to placing Brandes Investment Partners on the watch list for performance.

MS. HARBO moved to place Brandes Investment Partners on the watch list. MS. RYAN seconded the motion.

MR. TRIVETTE asked why Brandes should be placed on the watch list. MR. BADER responded Brandes has underperformed for three years.

The motion passed unanimously.

6. FUND FINANCIAL REPORT

Comptroller PAMELA LEARY presented a report for invested assets for the month ending July 31st. The total, as of July 31st, of invested assets is \$20.5 billion, broken out between the assets that are directly managed by the portfolio group of 16.8 billion and those directed by participants of 3.6 billion. Ending assets were \$11.9 billion for PERS, \$5 billion for TRS. Judicial was \$131 million, and the National Guard Naval Militia was \$32.8 million. The supplemental annuity plan ended July with \$2.6 billion, and deferred compensation with \$619.5 million.

The \$20.5 billion has increased to \$20.7 billion, and with the 16.9 billion of the non-participant directed funds, that has grown from \$16.9 billion to \$17.5 billion, so a 7.5% increase for those assets over the two-and-a-half months.

DIRECTOR PUCKETT reported State of Alaska contributions down at \$613 million. This is the annual on-behalf contributions, and they were received by the State in July. The National Guard and Naval Militia Reserves Retirement System info was not entered until August. Under TRS and the DC, there is a sizable withdrawal, which includes the employer and the employee contribution to the individual accounts. This is dependent on the years that the members have worked, and this is due to a seasonal variation. Many of the teachers were cashing out their plans at the end of the school year, and it reflected in this over \$1 million withdrawal.

MS. HARBO requested the report for the end of last fiscal year with the figures for the year ending FY12, which DIRECTOR PUCKETT will provide.

CHAIR SCHUBERT thanked the presenters for their reports and recessed the meeting from 9:42 a.m. to 9:48 a.m.

7. BUSINESS AND STOCK MARKET CYCLES

MR. BADER reported on the watch list. When looking at it from peak-to-peak or trough-to-trough, using either of those two methodologies and looking over the entire 168-year period, the average economic cycle was about 56 months or about 47 years. There is a strong relationship between returns in the stock market and the business market cycle.

MR. PIHL AND MR. O'LEARY questioned the 2007-2008 business cycles.

MR. BADER pointed out that the economic cycles have taken longer and longer. So the current could go on for several years, if it follows the trends of the past.

MR. BADER noted Mr. Sikes will present on IFS recommendations and touch on the topic of the three-year versus a six-year period that is being recommended for a change in quantitative measures. Greater emphasis should be placed on the qualitative considerations in a manager than on the quantitative in the short run.

CHAIR SCHUBERT commented on the Ark termination in the mid-'90s. MR. O'LEARY noted they are no longer in business.

MS. HARBO mentioned that Tukman had seven stocks in their portfolio; MR. BADER confirmed 13.

MR. TRIVETTE cautioned careful integration of this knowledge into the system moving forward.

8. REAL ASSETS

A. Real Assets FY13 Annual Plan Real Estate Guidelines, Policies and Procedures

State Investment Officer STEVE SIKES presented the Fiscal Year 2013 Real Assets Plan. The main recommendation is a recommendation to allocate an additional \$200 million to the timberland managers and then some fine-tuning around target the board has adopted.

As of June 30, 2012, the real assets portfolio was 16.6% of ARMB's total portfolio. The majority of that was in real estate at 9.3%. The next largest component was farmland at 4%, then timberland at 1.4%, TIPS at 1.2%, and energy at 0.7%.

The strategy is a lower risk/lower return approach using low leverage, focusing on higher quality assets with stable returns. In terms of the return expectation, the goal is to achieve a 5% net real return over rolling five-year periods and custom benchmarks also employed to evaluate the component performance.

A blended benchmark is used to evaluate the performance, which is 60% NCREIF property index, which is the main private real estate index, then 10% NCREIF farmland index, 10% timberland, and 20% TIPS. The structure of the portfolio is primarily in private illiquid assets requiring long-term hold periods. The exception is, in the real estate portfolio, there is a REIT portfolio, which is a public stock portfolio managed internally, and then the U.S. TIPS portfolio, which is managed by the fixed income group.

In terms of the investments, discretionary authority is given to the board's managers to select the investments and manage the investments.

MS. ERCHINGER questioned the rationale of the use of the benchmark; MR. SIKES responded regarding inflation hedging.

MR. SIKES reported real estate currently dominates at about 56% of the real assets portfolio. Real estate was the first asset class of these the board invested in and so it's the largest. Timberland is the most recent addition to the program, which was started in 2000 or 2008. The most meaningful differences are real estate being about 20% over the target and then timberland being about 16% under the target. The board will be able to achieve these targets over the next five years.

Last year was at 10.36%, below the target benchmark of 11.41%, mainly due to a lower return from real estate and then also a strong return from the TIPS portfolio, which, at 20% of the target, is higher than the actual allocation in the portfolio. The three-year return is very close to the target at 8.23%. The real estate numbers reflect the poor performance experienced during the credit crisis and recession. The farmland numbers are fantastic, five-year annualized return at 10.24% and so that program continues to do very well.

The primary component of the real estate is the core strategy, which is 62% of the portfolio. That returned 11% net for the fiscal year, 12% NCREIF property index.

In terms of transactions, there was one sale by Cornerstone Real Estate Advisors and no acquisitions. The non-core portfolio returned 3.1% net during the fiscal year.

The core structure is four separate accounts and two open-ended funds; the non-core structure is 14 commingled funds and the remaining separate account allocations.

The farmland portfolio was 15.2% net for the fiscal year, which underperformed the benchmark return, which was 17.9%. The board's target is 80% row crop, which the annual plant cycle, and 20% permanent, which is trees and vines type of products and are close to those targets at 81.6% row and 18.4% permanent. Corn is the largest crop type on the row side of things at 22%. There is not expected to be a significant impact on the returns of the farmland portfolio because of the drought.

MS. HARBO commented on not being affected by drought, and MR. SIKES confirmed. An overview of the portfolio is \$645 million invested, 92 properties, just over 162,000 acres. The board has two separate account managers, UBS Agrivest and Hancock, and the remaining allocation is \$91 million.

The timberland portfolio returned 5.1% net for the fiscal year, which outperformed the benchmark return of 1.1%.

The energy portfolio is unique in that it reflects the investments with EIG Global Energy Partners, formerly TCW and it's not designed to hold all of the board's energy investments. The value of that portfolio was just under \$116 million as of June 30.

The TIPS portfolio was valued just under \$200 million as of June 30, 2012, managed internally by the Fixed Income Group.

The allocation is very close to the target, 16.6%, but 20% overweight real estate, underweight timberland, 16.5%. The board also has targets around the core and non-core mix, which are relatively close. The target there is 75/25, which is currently at 70/30.

The board established a private real estate mix compared to the public real estate mix at 90% private/10% public, the public being the REIT portfolio, and the portfolio is very close to those targets. The timberland allocation is never expected to get close to its current target of 25%.

MR. SIKES reported the recommendations in this year's plan. At the real assets overall level, no recommended changes to the constituents or the target allocations. For real estate, new allocations or commitments to the funds are not recommended. Continue with the strategy of investing in entry markets and encouraging advisors to sell non-strategic assets and improve the quality of the income stability of those portfolios. No changes to the REIT portfolio strategy or allocation are recommended. A band of plus or minus 10% is recommended to be established around the 90%/10% mix target.

For the non-core funds, offerings in the marketplace will continue to be evaluated, but no commitments are expected. The one recommendation here is to modify the bands, which are currently plus or minus 10% to plus or minus 25% to allow the non-core portfolio to go to zero, if no compelling future opportunities.

No recommended changes to the farmland strategy. In the timberland portfolio, no recommended changes to the strategy, but recommend the board increase the allocations to the timberland managers by \$200 million to start down a path of reinvesting anticipated real estate distributions into the timberland sector in order to get the portfolio closer to the board's targets in timberland.

MR. BADER recommends Hancock receive \$124 million and Timberland Investment Resources receive \$76 million of the \$200 million, so each of these advisors has the same total allocation when the pre-existing allocations are considered. If the board approves it, each of the managers will have the same allocation at \$244 million.

With TIPS and energy, no recommended changes to the strategy or the allocations.

CHAIR SCHUBERT thanked the presenters and recessed meeting from 10:38 a.m. to 10:57 a.m.

B. Consultant Evaluation of Real Estate Plan: Diversification, Compliance & Performance Measurement

JENNIFER YOUNG of TOWNSEND GROUP reported that the board has invested in two open end core vehicles, UBS Trumbull Property Fund and JP Morgan Strategic Property Fund. The real estate portfolio value is at around \$1.5 billion. For the fiscal year ending June 30, 2012, the plan reported a 10.1% total gross return and a 9.2% total net return. The private real estate portfolio represents around 88% of the total investments. As of June 30th, the

portfolio lagged its benchmark, posting returns of 8.6% for the one-year period. The core portfolio has produced a total gross return of 8.3% versus 8.4% of the NCREIF Property Index over the same time period. On a three-year basis, there is a performance of 32.4% of the public real estate portfolio.

CHAIR SCHUBERT thanked MS. YOUNG for her presentation.

C. Adoption: Real Assets FY13 Plan & Policies - Board Discussion

MS. ERCHINGER moved the approval of Resolution 2012-30, which adopts the Real Estate Annual Investment Plan for Fiscal Year 2013. MS. RYAN seconded the motion.

The motion passed unanimously.

MS. ERCHINGER moved approval of Resolution 2012-31, which adopts the Revised Real Estate Investment Policies, Procedures, and Guidelines. Motion was seconded by MR. PIHL.

The motion passed unanimously.

MR. BADER requested to move item 14, B1 No. 5 to the December meeting agenda; CHAIR SCHUBERT approved agenda change.

14. IFS ACTION ITEMS (note: *change in agenda to item 14, due to time allowance*)

State Investment Officer STEVE SIKES stated the recommendation is to change the benchmarks in both the McKinley international and domestic portfolios to the growth benchmarks in those respective areas.

MS. HARBO moved to approve the change the benchmarks in both the McKinley international and domestic portfolios to the growth benchmarks in those respective areas. The motion was seconded by MS. ERCHINGER.

The motion passed unanimously.

MR. SIKES recommended moving 5% from the NCREIF Property Index component to the NAREIT Equity Index component, which approximates the 90/10 private/public mix that the board has established for that portfolio. MS. ERCHINGER reported the Real Assets Committee met and concurs with this recommendation.

MS. ERCHINGER moved for approval of the full board to affirm the recommendation to revise the Real Assets benchmark by adding the FTSE NAREIT Equity Index. The motion was seconded by MS. HARBO.

The motion passed unanimously.

MR. SIKES recommends affirmation of the current approach as to the energy investments.

MS. ERCHINGER moved for affirmation of the current approach as to the energy investments. The motion was seconded by MS. HARBO.

The motion passed unanimously.

MR. SIKES reported staff concurs with the recommendation and proposes Resolution 2012-29, which adopts the new guidelines for the internally managed REIT portfolio.

MS. ERCHINGER moved to approve Resolution 2012-29 implementing the IFS recommendation relating to establishing REIT guidelines. MR. PIHL seconded the motion.

The motion passed unanimously.

MR. SIKES reported the recommendation is that the board affirm its current direction with the U.S.-only timberland strategy.

MS. ERCHINGER moved the full board to affirm its current timberland investment strategy of investing exclusively in U.S. timberland on behalf of the Real Assets Committee. MS. HARBO seconded the motion.

The motion passed unanimously.

MR. SIKES reported the recommendation is to approve Resolution 2012-28, which adopts the IFS recommendations relating to the timberland investment guidelines.

MS. ERCHINGER moved for approval of Resolution 2012-28 implementing the IFS recommendation related to timberland investment guidelines. MR. PIHL seconded the motion.

The motion passed unanimously.

MR. SIKES reported the recommendation is to approve Resolution 2012-27 implementing the IFS recommendations relating to the farmland guidelines.

MS. ERCHINGER moved for approval of Resolution 2012-27 implementing the IFS recommendations relating to farmland guidelines. MS. RYAN seconded the motion.

The motion passed unanimously.

MR. SIKES reported the recommendation is to approve Resolution 2012-25, which implements the IFS recommendation and amends the ARMB Manager Watch List Guidelines to review managers based on a six-year performance history relative to the mandates benchmark and pair group.

MS. HARBO moved for approval of Resolution 2012-25, which implements the IFS recommendation and amends the ARMB Manager Watch List Guidelines to review managers based on a six-year performance history relative to the mandates benchmark and peer group. MS. RYAN seconded the motion.

After discussion on the motion, CHAIR SCHUBERT reported the motion would be changed, and under the qualitative factors, it would read, “Below are qualitative factors that may be considered in determining whether an investment manager should be placed on the watch list” rather than terminated.

The motion passed unanimously.

CHAIR SCHUBERT recessed the meeting for lunch from 11:58 a.m. until 1:16 p.m.

9. REAL ESTATE ROUND TABLE

MR. BADER welcomed Jeff Maguire and Tom Anathan with UBS; Anne Pfeiffer and Ann Cole with JP Morgan Asset Management; George Duke and Steve Bolen with LaSalle Investment Management. MR. BADER led the Q&A discussion with the panel.

10. UBS - SEPARATE ACCOUNT & TRUMBULL PROPERTY FUND

MR. TOM ANATHAN provided overview of investment history. They are approximately 35% of multi-family. They have outperformed ODCE on a ten, five, and three-year basis, and are slightly underperformed on one-year basis, and matched it on a quarter.

MR. JEFF MAGUIRE reported the separate account has been managed on behalf of the board 14 years, with 11 individual investments. The account allocation is \$305 million, with approximately \$40 million to invest. Total returns, over 14 years, are 8.7% gross, just under 8% net. Supply constrained markets for acquisitions are targeted. The weighting toward industrial is 46% within the Separate Account. The board has provided \$308 million in total capital, sent back to the board not quite \$100 million in distributions from sales and also about \$190 million in earnings, so distributable cash flow after our investment management fee, \$262 million in real estate.

One of the goals or objectives for the account is to have a 5% net real return on a rolling five-year basis. The Separate Account is a high quality core portfolio. It’s totally unlevered, has a history of strong income returns, and leasing efforts over the next three years should drive net operating income substantially higher.

CHAIR SCHUBERT thanked presenters for presentation.

11. JP MORGAN REAL ESTATE

ANNE PFEIFFER, Portfolio Manager of the Strategic Property Fund, welcomed Assistant Portfolio Managers, Ann Cole and Kim Adams. MS. PFEIFFER reported the balance sheet of the portfolio at the end of the June was that the fund’s size is \$17.5 billion. The gross size is

about \$23 billion. JP Morgan invests in four traditional sectors in real estate: office, industrial, residential, and retail. The residential sector, at the end of June, is 22.5%, and the office sector is at 43%. The portfolio has about 7% cash at the end of June.

CHAIR SCHUBERT thanked MS. PFEIFFER for her presentation and recessed the meeting for a break from 2:35 p.m. to 2:46 p.m.

12. LASALLE - SEPARATE ACCOUNT & LASALLE MEDICAL OFFICE FUND

CHAIR SCHUBERT welcomed George Duke and Steve Bolen from LaSalle.

MR. DUKE reported exceeding NCREIF, the 12% that NCREIF had last year, and the three-year return has been in excess of 400 points ahead of NCREIF, and they have seven assets, the value just over \$200 million.

MR. BOLEN reported on Medical Office Fund. ARMB made this commitment in 2006-2007 timeframe. It's a commingled fund with 11 investors, one of which is LaSalle Investment Management. The investment period expired in April of last year, and the hold period expires in April of 2015, and ARMB is about 10% of the overall capitalized of the fund at \$25.4 million.

CHAIR SCHUBERT thanked LASALLE for their presentation.

13. Investment Performance Measurement – Periods Ended 3/31/12

CHAIR SCHUBERT welcomed MICHAEL O'LEARY of Callan Associates, Inc.

Executive Vice President of Callan Associates Inc., MICHAEL O'LEARY, and Senior Vice President, PAUL ERLENDSON, presented a performance review of the retirement fund portfolio and individual participant plans as of March 31, 2012. *[A copy of Callan's slides for this presentation is on file at the ARMB office.]*

MR. O'LEARY said he would provide a brief economic and market summary highlighting some areas that will provide background context for future presentations and recommendations that staff will be bringing forward, first referred to graphs indicating that growth slowed in the second quarter and inflation was not a problem. Next MR. O'LEARY showed a graph showing 10-year treasury rates in 1790. The 1790 number is a hypothetical, but it is amazing to see in a historical context how low interest rates are – almost as low as the post-World War II era. These are the key elements of the economic setting: we're experiencing slow growth and literally unprecedented levels of interest rates.

MR. O'LEARY referred to the slide showing returns for domestic equity, emerging markets and international equity, with spread differences between the markets at extraordinary levels. MR. O'LEARY drew attention to the best performing investment option in the individual accounts plans – the initial balanced fund up over 5%, with the long-term balanced fund up 3+%, both plain vanilla equity/fixed income portfolios. Over the same time period, the best

performing asset classes in PERS and TRS were real assets and private equity, which are not represented in either balanced fund. The individual option performances in the Defined contribution Plans were very good – not one of the target date funds had a negative performance. The board and staff should be congratulated for making the policy decisions that put the asset categories in place.

Moving to the PERS and TRS funds, MR. O'LEARY noted that there had been an industry-wide trend moving to a global equity benchmark which the board moved toward, but didn't get there. PERS and TRS would have performed less well with international exposure higher. The performance of PERS for the fiscal year of 47 basis points was behind the target of 102. Underperformance by 57 basis points in domestic equity hurt, but international did slightly better than the benchmark. Real assets was slightly behind its target, with private equity being the biggest contributor to the positive manager effect calculation. Under-allocation to fixed income relative to the target also contributed to underperformance.

For the benefit of the two new board members, MR. O'LEARY reviewed calendar period performance noting that 2008, the meltdown year, showed better than median performance attributable primarily to timing differences because the valuation of real estate was at non-market related levels, as was private equity, but both caught up in 2009. In 2009, the target index is right at median, and relative performance is well below median when the revaluations of real estate and private equity hit the numbers. During the current fiscal year, the valuations lags were a benefit.

MR. O'LEARY noted the heavy equity orientation and wanted the trustees to understand the biases in the asset allocation policy. During asset allocation discussions at least annually, it is pointed out how equity-centric the allocation is with a pronounced equity bias which he feels comfortable with given the unfunded liability and 1.75% on ten-year treasuries isn't going to fill the gap.

MR. O'LEARY next looked at domestic fixed income performance. Most funds' domestic fixed income exposure includes some international bonds as well as domestic bonds – all grouped together. The board's fixed income exposure is comprised primarily of an intermediate U.S. treasury bond portfolio, but also includes a non-dollar bond portfolio managed by Mondrian, a sliver of emerging market debt managed by Lazard, and a below investment grade (junk bonds) fixed income portfolio. The junk bonds did fine, and Treasuries did okay, but non-dollar bonds, which have helped over the long-term hurt, as did the shorter term emerging market debt.

Looking at each of the components of the fixed income allocation, MR. O'LEARY noted that the in-house managed intermediate treasury bond portfolio was up eight basis points over the benchmark; Mondrian was right at the benchmark, down 7 basis points. Looking back three, five, seven and more years, their returns have been very attractive. MacKay Shields, investing in below investment grade bonds, had their best year of relative performance up over 9% for the fiscal year, better than the target index.

MR. O'LEARY reviewed equity performance, noting the domestic equity pool was up 1.81%, below the Russell 3000 at 3.8%. The large cap component was underperformed at 3.19% compared to the Russell 1000 at 4.37%. The small cap equity return for the fiscal year was down, with the active managers underperforming the small cap market. By policy, there is a small cap bias, which hurt performance. The "other" category is comprised of three portfolios whose long-term objective is to generate equity-like returns not correlated to the equity market. First is Analytic, with an option overriding strategy who has met that objective; RCM has not done well, and Advent, who manages a convertible bond portfolio has done well when compared to a universe of convertible bond managers, but has underperformed the S&P 500. There is a question whether this mandate isn't more analogous to a high yield bond portfolio and perhaps should be grouped there.

MR. O'LEARY referred to a graph showing the large cap portfolio breakdown: 82+% of total equity exposure is large cap; 31% is large cap active; 44% is large cap passive. Small cap is 17.8% of the total equity exposure which is more than double the exposure to small cap. MR. WILSON, acknowledging the overweight, wondered if it would be fair to say that some of the money in small cap space has moved up to mid-cap. MR. O'LEARY affirmed that there definitely is mid cap exposure within the small cap component, and there is also small cap exposure within the large cap component. Looking at the weighted median market cap of the large cap portfolio is very close to the weighted median of the index, and a similar chart in the performance book shows that the weighted median market cap is greater than that of the Russell 2000 index, but not by much.

MR. O'LEARY then referred to a graph depicting small cap passive, small cap active and the three components of large cap: active, passive and other. Active large cap, as a proportion of total equity exposure has really been reduced since 2003 in response to the underperformance of active management. Looking at performance for each component, large cap passive did significantly better than large cap active. The same comparison in the small cap pool shows that active small cap managers underperformed, but the three-five and seven-year returns, show an outperformance and the source of underperformance in the small cap pool was the small cap passive piece. In fairness, staff would use the small cap passive in rebalancing, and with money going in and out, there is a day or two-day lag for it to be actually invested in equities. MR. BADER confirmed that there was a cash drag during rebalancing using the small cap passive fund, which hurt returns.

MR. WILSON asked for confirmation whether the numbers included or excluded manager fees. MR. O'LEARY replied that fees were excluded, but once a year net of fee numbers were updated and included in the books sent out. MR. WILSON noted that taking fees into account, active small cap managers had not met their benchmark on a seven-year basis. MR. O'LEARY acknowledged that conclusion, and further noted higher fees in small cap passive.

MR. O'LEARY next referred to page 43, 44 and 45 showing small cap active versus passive on a cumulative basis, with three groupings: small cap, small cap managers in total, and active small cap with a cumulative return lines. This is 12-quarter rolling returns for the last four years, the first data point was four year prior which included the three years before that. Then every quarter, one quarter is added and one quarter drops off. There are a lot of data points

with colors used to try and differentiate them. The ellipses account for about 80% of the observations and show that the indexes, active and passive, are all pointed in the same place. On average, active did better than passive, but the index was essentially right there with active. Active was a little bit less volatile, but none of the observations are really significant.

DR. JENNINGS asked if the trend to the overweight in small cap is something Mr. O'Leary sees with other clients, are people maintaining the overweights, or unwinding them? MR. O'LEARY replied that for asset planning purposes, we tend to think of an 80/20 type mix between really large and everything else. One corporate client believed in active management and small cap and had 50% small cap allocation. It is a publicly traded small cap company which explains part of their bias. A more prevalent bias is to have a value bias. The Alaska Permanent Fund has a value bias in its manager structure. MR. WILSON asked about the percentage of clients that have biases. MR. O'LEARY replied that the majority do not, and the reason is that there is an opportunity for error – to have a pronounced bias and have it go against you. There is policy risk in manager structure, so if you have a bias you have to really believe that and accept that there are going to be protracted periods where it works against you.

MR. WILSON said from his perspective one of the most important decisions in the portfolio is to have a bias when most people don't. The portfolio is betting that small cap is going to better than large cap and it's a significant bet and one of the most important that is made.

Moving to the international portfolio, MR. O'LEARY noted that the total exposure is measured against two market indices, EAFE the developed market, and ACWI ex-US developed, which is a combination of developed and emerging. The long term performance is competitive over three, five, seven and ten years, but the last fiscal year was not outstanding. Excluding the dedicated emerging markets managers, the remaining international managers' performance is above the developed market benchmark. The policy document approved by the board limits the magnitude of the exposure in emerging markets that the developed market managers can have which allows managers the flexibility to have some non-index exposure, and it will be easier for staff to control the aggregate emerging market's exposure. In emerging markets, MR. O'LEARY noted that as a group performance is not exciting, but the five-year number is better than median. Lazard, as the only global manager, has done a great job.

MR. O'LEARY noted that the real assets allocation had been a focus of the meeting, with a report on real assets underperformance of the NCREIF, but farmlands' absolute return was terrific. The internally managed REIT portfolio as done well in an absolute sense, and has been right on top of the target, along with the internally managed TIPS portfolio. The absolute return portfolio is a mixed bag. The relative performance of the managers in aggregate has been better than the fund-to-fund peers, but a long way from the absolute target T-Bills plus 5. Is there any type of environment where these funds contribute? It didn't happen in the decline and didn't happen in the recovery. One answer has been that the environment where it isn't all risk on or risk off, with less correlation amongst risk assets. So we are monitoring and there will be continuing discussion during the asset allocation process ahead.

MR. O'LEARY noted that in the defined contribution accounts, the red light/green light exhibit shows more green than anything else. The exception is the RCM social responsibility option in SBS, with a three-year return in the third quartile and the one-year return in the fourth quartile. The returns for the balanced options and target date funds all did a good job.

Looking forward, MR. O'LEARY noted that he was eager to return at the next meeting to discuss the third quarter, with another week to go in the quarter, the S&P 500 is up 19% on a calendar year-to-date basis, and further good news in the international area measured in dollar terms has participated fully this quarter. It's been a really good quarter.

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

15. PROPOSED INVESTMENT RESOLUTION

COMMISSIONER BUTCHER reported 20 states have taken actions not to invest in companies that do business in Iran, and many of them, if not most of them, have talked about it from a social investing position. COMMISSIONER BUTCHER emphasized that any decision made with our funds should be made in the sole financial best interest of the State, which is our fiduciary responsibility.

COMMISSIONER BUTCHER moved the adoption of Resolution 2012-32. MR. BRICE seconded the motion.

MR. PIHL requested list of eight companies; COMMISSIONER BUTCHER confirmed he will provide the list.

Deputy Commissioner ANGELA RODELL provided the following list: Air Liquide, China Petroleum, Costain Group, Gazprom, OMV, Petrofac, SGS, and Technew.

The motion passed unanimously.

RECESS FOR THE DAY

CHAIR SCHUBERT recessed the meeting at 4:26 p.m.

Friday, September 21, 2012

CALL BACK TO ORDER

CHAIR SCHUBERT reconvened the meeting at 8:59 a.m. Along with the Chair, Trustees Trivette, Harbo, Erchinger, Hultberg, Pihl, Brice, Ryan, and Butcher were present.

REPORTS (continued)

16. GLOBAL ASSESSMENT MANAGEMENT REPORT

ARVIN SOH and KATHRYN CICOLETTI of GLOBAL ASSESSMENT MANAGEMENT reported on customized accounts and Fund of Hedge Funds and Fund of Funds. Last year, the account was down approximately 2%, and even though that was significantly better than the HFRI Fund of Funds, it did not hit the absolute return. This year, the account is up roughly 5.7% year-to-date, which is significantly better than both the benchmark from the absolute as well as from the relative. MR. O'LEARY asked questions about performance. MR. BADER questioned the volatility.

CHAIR SCHUBERT thanked GAM for their presentation.

17. CRESTLINE INVESTORS, INC. REPORT

MR. BADER reported CRESTLINE INVESTORS manages about \$250 million in this strategy. They are also an investor for the Alaska Permanent Fund and one of the original hedge fund hires for this mandate.

MR. DOUG BRATTON, Founder and Chief Investment Officer of Crestline, and MR. SAM LEVENS, Senior Portfolio Manager for diversified funds and on this account, reported the year-to-date 2012 number is positive 2.32, a return of 32 basis points compared to a return objective of 2.95 and comparator benchmark, HFRI Fund of Funds Conservative Index, which is 1.77. For this mandate, they've had very low betas to the equity markets, very low negative betas to the Barclay Ag, and then very low betas to the commodity markets.

MR. BRATTON talked about active management changes they're making in the portfolio to deal with this environment, including the state of hedge funds, market environment, and expectations on returns.

MR. LEVENS explained two account options for new board members, diversified account versus managed account. MR. BRATTON provided overview of what causes hedge fund returns to go up. CHAIR SCHUBERT inquired as to the factors that the board should expect to help CRESTLINE to outperform its benchmark. A discussion on benchmark and treasuries followed.

MR. BRATTON indicated CRESTLINE was put on the watch list because of its acquisition of North Water about two or three years ago. CHAIR SCHUBERT thanked CRESTLINE for their presentation.

18. INVESTMENT ACTIONS

A. Prisma Capital Management Mandate

MR. BADER reported Prisma was hired in January of 2010 to manage an absolute return portfolio for the ARMB. Prisma currently manages about \$145 million for the ARMB. At the April 2012 meeting, the ARMB elected to invest an additional \$50 million with Prisma. ARMB staff has not invested that money with Prisma at this point. In June of 2012, Prisma was placed on the watch list.

MR. BADER stated this action item is a request that the Alaska Retirement Management Board rescind the decision to invest an additional \$50 million with Prisma Capital Partners in a sub-portfolio targeted towards fixed income characteristics.

MR. TRIVETTE moved that the Alaska Retirement Management Board rescind the decision to invest an additional \$50 million with Prisma Capital Partners in a sub-portfolio targeted towards fixed income characteristics. MS. RYAN seconded the motion.

MR. O'LEARY stated, in the interest of full disclosure, his daughter is a partner at KKR, so he recused himself from consideration of hiring/firing of anybody that is affiliated with KKR. The motion passed unanimously

B. International Emerging Market Exposure

MR. BADER reported this action item is to ask the board to approve a change in the guidelines to also apply that limit to the EAFE large cap index, emerging market -- the emerging market limitation to the EAFE index. There are two managers that would be affected by this. That would be Cap Guardian and Brandes.

MS. HARBO moved for a change in the guidelines. MR. BRICE seconded the motion. All members were in favor of the motion; none were opposed. Motion carried unanimously.

C. Contract Award

MR. BADER Staff is recommending that the board issue a Notice of Intent to Award a Contract, and subsequent to the expiration of the ten-day period for protest, negotiate a contract with MAP Alternative Investment for risk analysis services.

MS. HARBO moved that the board issue a Notice of Intent to Award a Contract, and subsequent to the expiration of the ten-day period for protest, negotiate a contract with MAP Alternative Investment for risk analysis services. MR. PIHL seconded the motion. All were in favor; none were opposed. The motion carried unanimously.

CHAIR SCHUBERT announced a break for the EXECUTIVE SESSION at 9:58 a.m.

19. EXECUTIVE SESSION

CHAIR SCHUBERT called meeting back to order at 10:10 a.m. and reported there was no action taken in EXECUTIVE SESSION.

20. MANAGER SEARCH - MASTER LIMITED PARTNERSHIPS

MR. O'LEARY described the process at Callan that created the list of managers, and MR. BADER described the selection process for managers to come before the board today. A discussion followed on the selection process.

A. Advisory Research, Inc./FAMCO

JIM CUNNANE, MLP CIO, and TRISH OPPEAU, Vice President, presented and discussed active management and the Alerian Index. They discussed their unique process and indicated they have competitive fees of 50 basis points.

MS. ERCHINGER requested explanation on the float-adjusted market capitalization methodology. DR. MITCHELL questioned the timing of the strategy.

MR. WILSON asked who owns the company and how the team is compensated. MR. CUNNANE stated that the parent company is Piper Jaffrey out of Minneapolis, which is a 100-plus year old investment firm. FAMCO is part of an asset management arm in Piper Jaffrey, and the team is compensated based on the results of the team.

MR. O'LEARY questioned cash flow distributions. MR. CUNNANE stated a typical distribution from an MLP is the cash flow that they're bringing in, minus a cushion for the volatility in their business, minus a cushion to maintain the assets that they own. One of the very positive things about MLPs and very negative things about MLPs, to fund the growth, MLPs require access to the equity market and to the debt market.

CHAIR SCHUBERT thanked FAMCO for their presentation and announced lunch break at 11:47 a.m.

B. Neuberger Berman

CHAIR SCHUBERT called the meeting back to order and welcomed YVES SIEGEL, MARK SULLIVAN, and DOUGLAS RACHLIN from NEUBERGER BERMAN.

MR. RACHLIN, Chief Portfolio Manager, explained they have been managing an MLP strategy since the summer of 1996. MR. RACHLIN discussed performance, including Alerian Index and four pillars that support their investment thesis: 1) recognizing and identifying the current trends and where consumption is going and where to get the products to the individual markets; 2) significantly overweighted in publicly traded general partners,

due to Incentive Distribution Rights; 3) there has been a recent trend in the last three or so years of limited partners buying in their general partners and taking out these Incentive Distribution Rights; and 4) 35% or so of portfolio is invested in LPs that do not pay Incentive Distribution Rights.

MR. SIEGEL stated the board should think of NEUBERGER BERMAN as being excellent stewards of their clients' capital. First and foremost, they're focused on safety and sustainability of the yield as well as being focused on growth, but it's that fit of the safety and sustainability of the yield that they really focus on.

MR. SULLIVAN discussed the strength of Neuberger Berman, what Yves and he do on a daily basis in terms of fundamental research. Neuberger Berman is a \$200 billion asset manager. Neuberger also has a research department and has the second most management meetings of any asset manager. They look at SEC filings and read research and model each of the companies in their portfolio.

MR. RACHLIN discussed growth and interest rate correlation. They are uniquely focused on separately managed accounts. That is all they do, separately managed accounts. They have about \$3 billion in the MLP strategy that we execute. Their average client pays about 120 basis points. If ARMB selects them to manage assets, it will be significantly below that.

CHAIR SCHUBERT thanked NEUBERGER BERMAN for their presentation.

C. Tortoise Capital Advisors

ABEL MOJICA, Head of Corporate Development, and MATT SALLEE, Senior Investment Analyst, reported their approach has been to do everything with a bottom-up approach, bottom-up research. TORTOISE is the largest MLP manager with the largest and most diversified institutional client set.

MR. SALLEE discussed development of resource across the U.S.

TORTOISE'S motto is "Steady Wins," but they think that, for a long-term institutional investor, they have the appropriate approach for long-term kind of low risk institutional investors. Their fee structure is a flat 75 basis points.

MR. BRICE questioned pipeline tariffs, and DR. MITCHELL questioned the timing. CHAIR SCHUBERT thanked the presenters and announced a break at 2:16 p.m.

D. Board Discussion and Selection

CHAIR SCHUBERT called the meeting back to order at 2:30 p.m. MR. BADER led the discussion and pointed to a spreadsheet created by ZACH HANNA and then led discussion on strengths and weaknesses of each presenter.

CHAIR SCHUBERT requested a motion that the Alaska Retirement Management Board directs staff to hire one or more managers to manage up to \$200 million in MLP investments, subject to successful contract and fee negotiations.

MR. PIHL moved that the Alaska Retirement Management Board directs staff to hire one or more managers to manage up to \$200 million in MLP investments, subject to successful contract and fee negotiations. MS. HARBO seconded the motion. The motion carried unanimously.

MS. ERCHINGER moved that the ARMB invest \$200 million equally between Tortoise Capital at \$100 million and FAMCO at \$100 million. MS. RYAN seconded the motion.

The motion passed. 9-0.

UNFINISHED BUSINESS

1. Disclosure Report

MS. HALL stated that the disclosure report was included in the packet.

2. Calendar

MS. HALL reported the following additions to the calendar: 1) Education Conference on October 25th and 26th; 2) an Audit Committee teleconference October 17th; and 3) a date will be set for a Legislative Committee teleconference meeting early in November.

3. Legal Report

MR. JOHNSON indicated, since the last meeting in June, he has assisted some of the revenue investment contract evaluations, primarily with Mr. Sikes and has assisted Deputy Commissioner Rodell and others in working on a revision to the procedures manual, policy and procedures manual. He attended the National Association of Public Pension Attorneys Conference. At that conference, it was noted the Dodd-Frank bill is slowly being implemented, the Supreme Court decision came down on the Affordable Care Act, and the issue of GASB disclosures was a point that came up.

NEW BUSINESS - None.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD

MS. HARBO requested, at the next meeting in December, the board receive some kind of an informational brief introduction to the new GASB rule, that would provide an implication of how those rules are going to affect employers in the state. MR. PIHL stated it was discussed at the Audit Committee Meeting and MR. PUCKETT is going to get a summation version to the board.

PUBLIC/MEMBER COMMENTS

CHARLIE GALLAGHER, the Northern Chair of the Retired Public Employees of Alaska, read a statement by Mr. Jay Dulaney, the RPEA President.

INVESTMENT ADVISORY COUNCIL COMMENTS

DR. MITCHELL commented on a list of 22 major markets in the world and stated we're experiencing a terrific year for equities in 2012. He reported bank stocks are down. Two of the major banks in the U.S. over the last ten years are down. Citicorp is down 87%, and Bank of America is down 71%.

MR. WILSON discussed asset allocation and stated the ARMB has a fairly low allocation to fixed income, which is in the low 20% range, depending upon how it is calculated, and that is very low for public plans. This topic will be taken up over the next, three to six months. One of the more important decisions the board will make is whether the board wants to continue to have, at least, 20% of assets earning somewhere between zero and 1.5%.

TRUSTEE COMMENTS

MS. HARBO commented on two interesting publications, one by the National Institute of Retirement Security called *Pensionomics* available on its website, and the other by Fairbanks Economic Development Corporation titled, "Retirees in Fairbanks are a growing \$300 million annual economic stabilizer."

MR. PIHL commented he is increasingly uneasy with the board's 8% interest assumption and would like to have it on the agenda at some time in the near future.

MS. ERCHINGER commented she thinks it would be a good idea for the board to have a discussion and develop some sort of policy, in response to Deputy Commissioner Barnhill's comments that they have a methodology for assessing the actuarial costs that are incurred as a result of looking at the impacts of pending legislation.

MS. ERCHINGER welcomed the new board members, TRUSTEE RYAN and TRUSTEE BRICE.

MS. ERCHINGER stated she hopes the board will continue to work closely with the Division of Retirement and Benefits as it relates to a discussion that was had the Audit Committee regarding employer audits.

MS. ERCHINGER encouraged board members to have participation in the Legislative Committee meeting before the Alaska Municipal League meeting in November.

MS. ERCHINGER expressed appreciation for Dr. Jennings' recommendation on the MLP investment that the ARMB consider limiting its investment to one manager.

MR. TRIVETTE agreed with comments by MS. HARBO regarding money being spent in Alaska by pensioners. MR. TRIVETTE expressed concern about having seven committee meetings in one day and expressed appreciation for new Trustees.

MR. BRICE thanked CHAIR SCHUBERT for her leadership.

MS. RYAN thanked the Trustees for help in getting her up and running on the board.

FUTURE AGENDA ITEMS - None.

ADJOURNMENT

There being no objection and no further business to come before the board, the meeting was adjourned at 3:22 p.m., on a motion by made MS. HARBO and seconded by MR. BRICE.

Chair of the Board of Trustees
Alaska Retirement Management Board

ATTEST:

Corporate Secretary

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Retirement System Membership Activity
as of September 30, 2012

ACTION: _____

DATE: December 6, 2012

INFORMATION: **X**

BACKGROUND:

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

STATUS:

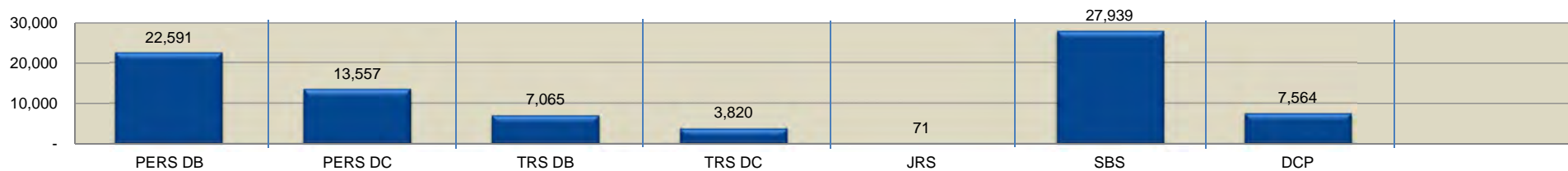
Membership information as of September 30, 2012.

MEMBERSHIP STATISTICS AS OF SEPTEMBER 30, 2012

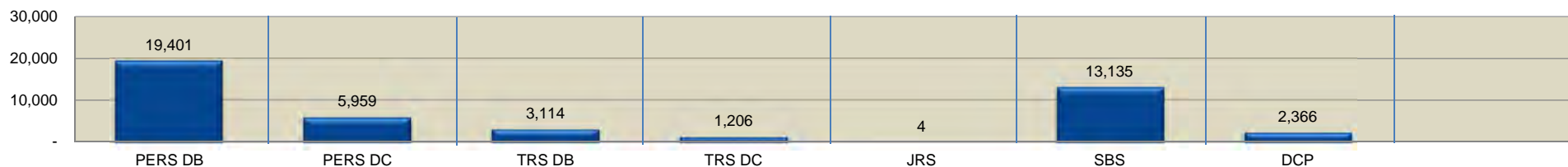
	PERS					TRS				JRS	NG	SBS	DCP
	DB		DC		TOTAL	DB		DC		DB	DB	DC	DC
	Tier I	Tier II	Tier III	Tier IV		Tier I	Tier II	Tier III	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Active Members	3,689	6,149	12,753	13,557	36,148	1,277	5,788	3,820	10,885	71	n/a	27,939	7,564
Terminated Members	2,593	5,391	11,417	5,959	25,360	520	2,594	1,206	4,320	4	n/a	13,135	2,366
Retirees & Beneficiaries	21,990	4,422	1,127	1	27,540	10,079	853	-	10,932	102	554	n/a	n/a
Managed Accounts	n/a	n/a	n/a	7,070	7,070	n/a	n/a	1,826	1,826	n/a	n/a	819	672
Retirements - 1st QTR FY13	222	125	73	n/a	420	189	134	n/a	323	1	57	n/a	n/a
Withdrawals - 1st QTR FY13	40	40	188	383	651	18	57	115	190	0	n/a	657	144
Partial Payments - 1st QTR FY13	n/a	n/a	n/a	11	11	n/a	n/a	2	2	n/a	n/a	418	432

Alaska Division of Retirement and Benefits
FY 2013 QUARTERLY REPORT OF MEMBERSHIP STATISTICS
as of September 30, 2012

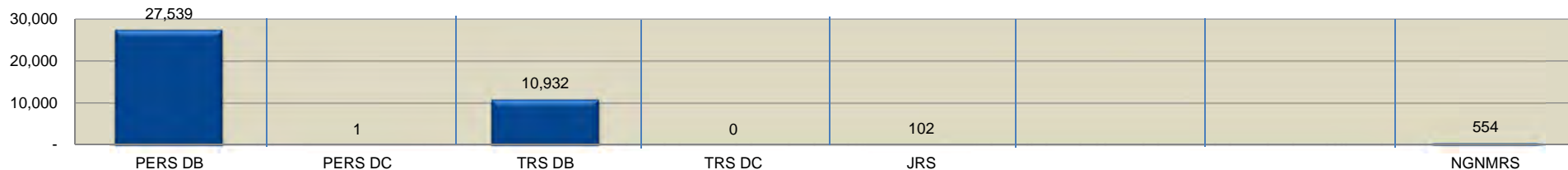
Active Members



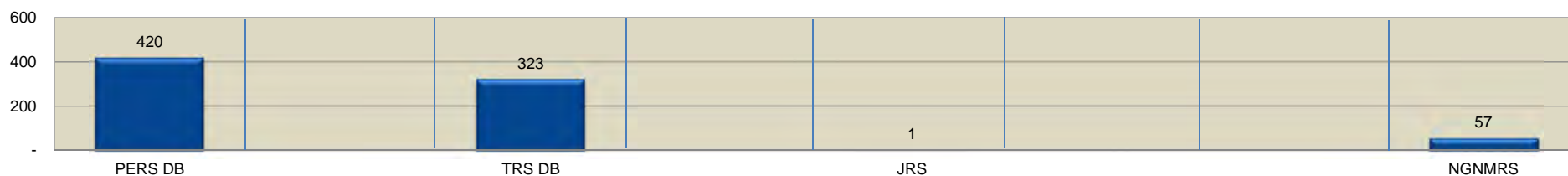
Terminated Members



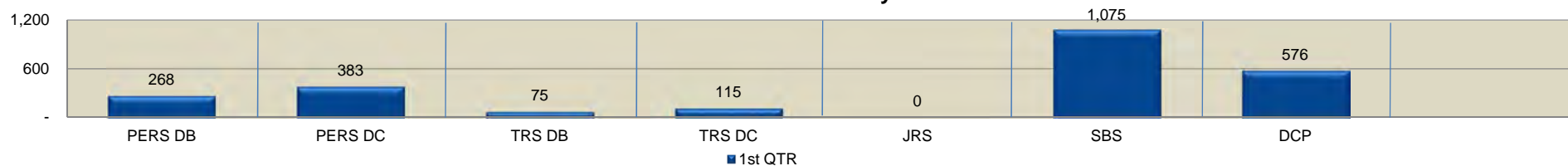
Retirees & Beneficiaries



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:	<u>Invoices & Summary of Billings -</u>	ACTION:	<u> </u>
	<u>Buck Consultants, a Xerox Company</u>		
DATE:	<u>December 6, 2012</u>	INFORMATION:	<u> X </u>

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 2013 for the months of July, August and September 2012.

Attached are the summary totals for the three months ended September 30, 2012.

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

[illegible]

buckconsultants

September 28, 2012

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

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

Client #: 00019732
Invoice #: 2123641

A Xerox Company

REMIT BY CHECK TO:

Buck Consultants, LLC

Dept. CH 14061

Palatine, IL 60055-4061

BY WIRE TO:

Buck Consultants, LLC

The Bank of New York Mellon, NA

A B A # 043000261

D D A # 0038720

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

Direct Inquiries to:

Judy Daszkiewicz - Finance Dept.

Email: Judith.Daszkiewicz@acs-inc.com

Phone: (201) 902-2842

Services rendered from July 1 through July 31, 2012
(see attached):

\$34,145.00

sk to pay am 10/17/12

RECEIVED

OCT 04 2012

Ret. & Benefits

State of Alaska

Date _____

July 2012 - June 2013

Expenses

RECEIVED

OCT 04 2012

Ret. & Benefits

Subtotal	\$	11,456 \$	0 \$	11,456	\$	11,456.00 \$	0.00 \$	11,456.00
Non-Regular Services								
Work in process on DCR Healthcare Plan design modeling tool	\$	12,049 \$	0 \$	12,049				
Work in process on the actuarial study to determine costs for DCR Healthcare plan designs								
- PERS	\$	4,864 \$	0 \$	4,864				
- TRS	\$	3,946 \$	0 \$	3,946				
Completion of the allocation of employer normal costs between benefits for PERS and TRS								
- PERS	\$	866 \$	0 \$	866				
- TRS	\$	601 \$	0 \$	601				
Miscellaneous administration, emails and phone calls	\$	363 \$	0 \$	363				
Subtotal	\$	22,689 \$	0 \$	22,689	\$	22,689.00 \$	0.00 \$	22,689.00
Total Actuarial Services	\$	34,145 \$	0 \$	34,145	\$	34,145.00 \$	0.00 \$	34,145.00
Special Projects								
Consulting project to assist in the Consolidation of the Retirement and the Health and Welfare Sections within DRB	\$	0 \$	0 \$	0	\$	0.00 \$	0.00 \$	0.00
Grand Total	\$	34,145 \$	0 \$	34,145	\$	34,145.00 \$	0.00 \$	34,145.00

RECEIVED

OCT 04 2012

Ret. & Benefits
Fiscal Year-to-Date
July 2012 - June 2013

July 2012

Staff Member	Hours*	Hours*
- Chris Hullia	16.00	16.00
- Colin Wein	12.50	12.50
- David Slishinsky	23.50	23.50
- Doug Fiddler	0.50	0.50
- Gail Warner-Brown	0.25	0.25
- Karen Hancock	0.00	0.00
- Kathy Recchiuti	0.00	0.00
- Kyla Kaltenbach	14.50	14.50
- Lee James	0.00	0.00
- Melissa Bissett	0.00	0.00
- Michelle Pritchard	29.25	29.25
- Monica DeGraff	3.25	3.25
- Nisha Doshi	2.75	2.75
- Patrick Kowalsky	0.00	0.00
- Peter Gold	0.00	0.00
- Reza Vahid	0.00	0.00
- Robert Besenhofer	0.00	0.00
- Robin Simon	0.00	0.00
- Ron Thompson	0.00	0.00
- Soon Kyu Son	0.00	0.00
- Steve Robb	0.00	0.00
- Tammy Ringel	0.00	0.00
- William Detweiler	0.00	0.00
	102.50	102.50

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



RECEIVED

OCT 04 2012

Ret. & Benefits

A Xerox Company

September 28, 2012

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

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

Client #: 00019732
Invoice #: 2123696

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

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

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

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

Services rendered from August 1 through August 31, 2012 (see attached):

\$15,608.00

ok to pay
CTM 10/17/12

RECEIVED

State of Alaska
August 2012 Invoice for Actuarial Services

COT 04 2012

Ret & benefits
Fiscal Year to Date
July 2012 - June 2013

Regular Services Under Contract				Services		Expenses		Total	
2012 Actuarial Valuations									
- PERS				\$	8,220	\$	0	\$	8,220
- TRS					3,056		0		3,056
- JRS roll-forward					0		0		0
- NGNMRS roll-forward					0		0		0
Subtotal				\$	11,276	\$	0	\$	11,276
Non-Regular Services									
Work in process on DCR Healthcare Plan design modeling tool				\$	3,364	\$	0	\$	3,364
Preparation of employer contribution rates for FY14 split between pension and healthcare benefits requested by Christina Maiquis				\$	726	\$	0	\$	726
Miscellaneous administration, emails and phone calls				\$	242	\$	0	\$	242
Subtotal				\$	4,332	\$	0	\$	4,332
Total Actuarial Services				\$	15,608	\$	0	\$	15,608
Special Projects									
Consulting project to assist in the Consolidation of the Retirement and the Health and Welfare Sections within DRB				\$	0	\$	0	\$	0
Grand Total				\$	15,608	\$	0	\$	15,608

RECEIVED
OCT 04 2012
Ret. & Benefits

Staff Member	August 2012 Hours*	Fiscal Year-to-Date July 2012 - June 2013 Hours*
- Chris Hulla	6.00	22.00
- Colin Wein	9.75	22.25
- David Slishinsky	6.00	29.50
- Doug Fiddler	0.00	0.50
- Gail Warner-Brown	0.00	0.25
- Karen Hancock	10.25	10.25
- Kathy Recchiuti	10.00	10.00
- Kyla Kaltenbach	3.50	18.00
- Lee James	0.00	0.00
- Melissa Bissett	0.25	0.25
- Michelle Pritchard	21.75	51.00
- Monica DeGraff	0.75	4.00
- Nisha Doshi	0.00	2.75
- Patrick Kowalsky	0.00	0.00
- Peter Gold	0.00	0.00
- Reza Vahid	0.00	0.00
- Robert Besenhofer	0.00	0.00
- Robin Simon	0.00	0.00
- Ron Thompson	0.00	0.00
- Soon Kyu Son	0.00	0.00
- Steve Robb	0.00	0.00
- Tammy Ringel	0.00	0.00
- William Detweiler	0.00	0.00
	68.25	170.75

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

buckconsultants

RECEIVED
OCT 17 2012
Ret. & Benefits

A Xerox Company

October 12, 2012

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

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

Client #: 00019732
Invoice #: 2124777

REMIT BY CHECK TO:

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

BY WIRE TO:

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

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

Direct Inquiries to:

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

Services rendered from September 1 through September 30, 2012
(see attached):

\$ 40,065.00

*ok to pay
C/M 10/17/12*

RECEIVED

OCT 17 2012

Ret. & Benefits

State of Alaska
September 2012 Invoice for Actuarial Services

	September 2012			Fiscal Year to Date July 2012 - June 2013		
	Services	Expenses	Total	Services	Expenses	Total
Regular Services Under Contract						
2012 Actuarial Valuations						
- PERS	\$ 11,339	\$ 0	\$ 11,339			
- TRS	11,032	0	11,032			
- JRS roll-forward	0	0	0			
- NGNMRS roll-forward	0	0	0			
Subtotal	\$ 22,371	\$ 0	\$ 22,371	\$ 45,103.00	\$ 0.00	\$ 45,103.00
Non-Regular Services						
Work in process on DOR Healthcare Plan design modeling tool, including discussions with GRS and DRB	\$ 8,842	\$ 0	\$ 8,842			
Actuarial calculations, consulting, and discussions to present the impact of new GASB rules, Moody's proposed measurements, and Fitch position discussed on September 12th						
- PERS	\$ 4,784	\$ 0	\$ 4,784			
- TRS	2,844	0	2,844			
Miscellaneous administration, emails and phone calls	\$ 1,224	\$ 0	\$ 1,224			
Subtotal	\$ 17,694	\$ 0	\$ 17,694	\$ 44,715.00	\$ 0.00	\$ 44,715.00
Total Actuarial Services	\$ 40,065	\$ 0	\$ 40,065	\$ 89,818.00	\$ 0.00	\$ 89,818.00
Special Projects						
Consulting project to assist in the Consolidation of the Retirement and the Health and Welfare Sections within DRB	\$ 0	\$ 0	\$ 0	\$ 0.00	\$ 0.00	\$ 0.00
Grand Total	\$ 40,065	\$ 0	\$ 40,065	\$ 89,818.00	\$ 0.00	\$ 89,818.00

RECEIVED

OCT 17 2012

Ret. & Benefits

Fiscal Year-to-Date
July 2012 - June 2013

September 2012

Staff Member	Hours*	Hours*
- Chris Hulla	5.75	27.75
- Colin Wein	20.50	42.75
- Daniel Levin	2.00	2.00
- David Slishinsky	24.00	53.50
- Doug Fiddler	0.00	0.50
- Gail Warner-Brown	0.00	0.25
- Tianle Hu	12.75	12.75
- Karen Hancock	1.50	11.75
- Kathy Recchiuti	1.00	11.00
- Kyla Kaltenbach	21.25	39.25
- Lee James	0.00	0.00
- Marissa Melander	1.00	1.00
- Melissa Bissett	7.00	7.25
- Michelle Pritchard	23.25	74.25
- Monica DeGraff	3.75	7.75
- Nisha Doshi	0.00	2.75
- Patrick Kowalsky	0.00	0.00
- Peter Gold	0.00	0.00
- Reza Vahid	0.00	0.00
- Robert Besenhofer	0.00	0.00
- Robin Simon	0.25	0.25
- Ron Thompson	0.00	0.00
- Soon Kyu Son	0.00	0.00
- Steve Robb	0.00	0.00
- Tammy Ringel	2.00	2.00
- William Detweiler	0.00	0.00
Totals	126.00	296.75

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

CHIEF INVESTMENT OFFICER REPORT

1. Rebalance Retirement funds closer to target allocation
2. Liquidate \$25 million from RCM Buy-Write account
3. Rebalance Retirement funds closer to target allocation
4. Transfer \$25 million from Fixed Income to Lazard Emerging Income
5. Transfer \$25 million from Fixed Income to MacKay Shields High Yield Fund
6. Transfer \$200 million from Short Term Pool to fund FAMCO and Tortoise MLP accounts
7. Rebalance Retirement funds closer to target allocation
8. Announcement of Analytic Investors sale to senior management team.
9. Announcement of transition of Brandes CEO position from Glen Carlson to Brent Woods.
10. _____
11. _____



ALASKA RETIREMENT MANGEMENT BOARD

333 Willoughby Avenue, 11th Floor
PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.4399
Fax: 907.465.4397

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

Please make the following transactions on September 27, 2012 to bring the ARMB funds allocations closer to target.

n		AY21	AY22	AY23	AY24	AYW2	AYW3	AYW4	AYX2	AYX3	AYY2	AYY3	AYG	AYH	AYI
Broad Domestic Equity	Asset ID														
EXTERNAL LG CAP DOMESTIC	309991916	2,021,324	(26,465)	39,776	(44,441)	(1,235,250)	(1,008,568)	(7,464)	25,608	3,396	193,100	26,319	6,868	(254)	6.0
CONVERTIBLE BOND TRUST	9398UC909	58,708	(38)	1,151	(1,253)	(36,549)	(29,276)	(213)	730	98	5,524	757	196	(8)	1.7
EXTERNAL SM CAP DOM EQ POOL	321990821	452,531	(9,214)	8,929	(10,112)	(273,527)	(225,880)	(1,683)	5,791	768	43,609	5,922	1,555	(56)	1.34
Fixed Composite															
AY77 AK RET FXD INC POOL	001986833	4,710	115	93	(409)	(2,820)	(2,258)	(14)	57	8	429	57	19	-	1
AY1A US TREASURY FI POOL	959WQA902	970,179	10,733	18,955	(86,029)	(567,126)	(464,742)	(3,301)	11,851	1,614	89,525	12,469	3,184	(117)	2.80
INTERNATIONAL FIXED INC POOL	460994932	197,120	3,149	3,848	(17,339)	(116,112)	(94,424)	(682)	2,389	321	18,055	2,493	641	(24)	56
AK HIGH YIELD POOL	01199H902	233,858	2,817	4,570	(20,692)	(136,853)	(112,027)	(814)	2,853	384	21,526	2,966	765	(27)	67
EMERGING MARKETS DEBT POOL A	29099E910	64,560	624	1,263	(5,733)	(37,630)	(30,927)	(225)	791	106	5,960	820	212	(7)	18
Global Equity Ex-US															
INTERNATIONAL POOL	460181993	1,313,343	(17,585)	25,852	(36,039)	(797,076)	(653,289)	(4,838)	16,644	2,210	125,451	17,093	4,467	(164)	3.93
INTERNATIONAL EQUITY SM CAP	AC006021	215,998	(1,057)	2,280	(3,159)	(70,854)	(57,687)	(426)	1,461	194	11,023	1,505	392	(15)	34
EMERGING MARKET EQUITY POOL	290990969	270,084	(6,356)	5,334	(7,539)	(161,410)	(134,417)	(1,004)	3,473	460	26,113	3,542	932	(31)	81
Private Equity															
ALASKA PRIVATE EQUITY POOL	011993995	780,296	16,945	15,164	-	(513,180)	(393,154)	(2,818)	9,402	1,247	71,543	9,930	2,504	(120)	2.24
Real Assets															
ALASKA REAL ESTATE POOL	011991916	192,775	(146,467)	4,331	-	34,982	(177,569)	(650)	9,253	1,618	66,550	10,311	2,664	104	2,098
REAL ESTATE POOL B	756072922	52,602	(53,844)	1,242	-	-	-	-	-	-	-	-	-	-	-
RET POOL A	769488917	93,145	(1,486)	1,834	-	(58,168)	(47,071)	(349)	1,186	157	8,947	1,218	318	(12)	281
FARMLAND POOL A	311990986	314,870	2,756	6,145	-	(203,487)	(158,808)	(1,151)	3,888	513	29,343	4,045	1,032	(46)	920
FARMLAND WATER POOL	313548919	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMBER POOL A	886995943	111,767	979	2,181	-	(72,230)	(56,371)	(409)	1,373	182	10,416	1,436	366	(17)	327
ENERGY POOL A	293188918	56,363	493	1,099	-	(36,423)	(28,426)	(206)	692	92	5,252	724	185	(9)	164
AK TIPS POOL	46599K949	98,607	458	1,928	-	(63,368)	(49,789)	(362)	1,218	161	9,236	1,271	326	(15)	289
Absolute Return															
ALASKA ABSOLUTE RETURN POOL	857993901	296,845	(3,563)	5,836	-	(186,411)	(149,961)	(1,107)	3,757	497	28,378	3,873	1,005	(36)	889
Short-term Fixed Income															
AY70 SHORT TERM POOL	825990961	(7,699,685)	227,006	(151,811)	232,745	4,533,492	3,874,604	27,716	(102,397)	(14,026)	(769,980)	(106,751)	(27,631)	856	(24,138)
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0



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

October 2, 2012

Melody McDonald
RCM
555 Mission Street, Suite 1700
San Francisco, CA 94105

Dear Ms. McDonald:

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

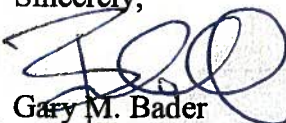
RCM Buy-Write (AY4Y)

< \$25,000,000 >

I grant the portfolio manager full discretion to sell securities to affect this liquidation when in his/her best judgment it is most advantageous to the ARMB, but in any event, the funds should be available for transfer on Thursday, November 1, 2012.

If you have any questions, please do not hesitate to contact me 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, State Investment Officer
Steve Sikes, State Investment Officer

GMB/smh



ALASKA RETIREMENT MANGEMENT BOARD

333 Willoughby Avenue, 11th Floor
PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.4395
Fax: 907.465.4397

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

Please make the following transactions on October 15, 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	(1,860,319)	(3,525,747)	(34,792)	(5,142)	4,021,364	888,430	13,497	50,747	16,178	330,234	78,104	15,877	2,495	9,074
CONVERTIBLE BOND TRUST	939RUC909	(54,067)	(103,591)	(1,011)	(164)	117,789	25,809	392	1,498	476	9,758	2,302	468	73	268
EXTERNAL SM CAP DOM EQ POOL	321990921	(414,558)	(778,673)	(7,758)	(1,052)	890,421	198,058	2,996	11,162	3,568	72,589	17,207	3,495	553	1,992
Fixed Composite															
AY77 AK RET FXD INC POOL	001998933	(4,239)	(8,142)	(80)	106	9,172	1,991	30	117	38	765	182	33	6	21
AY1A US TREASURY FI POOL	959WQA902	(888,211)	(1,710,544)	(16,582)	21,783	1,924,676	416,759	6,423	24,791	7,850	161,640	38,020	7,743	1,203	4,449
INTERNATIONAL FIXED INC POOL	460994932	(178,017)	(341,142)	(3,325)	4,422	384,353	83,533	1,282	4,933	1,565	32,156	7,569	1,544	242	885
AK HIGH YIELD POOL	01199N902	(212,812)	(405,436)	(3,975)	5,368	457,505	99,875	1,530	5,848	1,858	38,098	8,982	1,827	285	1,047
EMERGING MARKETS DEBT POOL A	29099E910	(58,717)	(112,539)	(1,096)	1,459	126,787	27,552	424	1,627	516	10,608	2,498	509	79	293
Global Equity Ex-US															
INTERNATIONAL POOL	460181993	(1,196,708)	(2,260,571)	(22,389)	(8,136)	2,584,281	573,021	8,681	32,487	10,373	211,347	50,039	10,166	1,601	5,808
INTERNATIONAL EQUITY SM CAP	ACI006021	(106,180)	(202,320)	(1,985)	(755)	230,720	50,825	774	2,920	931	19,001	4,490	913	144	522
EMERGING MARKET EQUITY POOL	290990969	(246,452)	(468,937)	(4,610)	(1,738)	534,974	117,978	1,796	6,761	2,154	44,013	10,402	2,119	332	1,208
Private Equity															
ALASKA PRIVATE EQUITY POOL	011993995	(721,509)	(1,395,153)	(13,481)	-	1,580,513	343,579	5,279	20,261	6,423	132,052	31,086	6,330	986	3,634
Real Assets															
ALASKA REAL ESTATE POOL	011991916	(126,311)	(716,814)	(2,685)	-	632,533	61,242	1,764	14,899	4,482	100,452	22,760	4,450	521	2,707
REAL ESTATE POOL B	756072922	135,339	(137,581)	2,242	-	-	-	-	-	-	-	-	-	-	-
REIT POOL A	769488917	(87,015)	(165,092)	(1,627)	-	188,068	41,484	631	2,377	757	15,473	3,658	743	117	426
FARMLAND POOL A	311990988	(174,613)	(274,434)	(11,532)	-	343,334	43,113	1,003	7,266	2,208	48,753	11,135	2,184	270	1,313
FARMLAND WATER POOL	313548919	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMBER POOL A	886995943	(103,292)	(199,627)	(1,929)	-	226,183	49,188	755	2,898	920	18,889	4,448	906	142	519
ENERGY POOL A	293188918	(53,409)	(103,216)	(997)	-	116,947	25,432	390	1,499	476	9,767	2,300	468	74	269
AK TIPS POOL	46599K949	(91,359)	(177,450)	(1,706)	-	200,764	43,493	670	2,583	818	16,835	3,959	806	125	462
Absolute Return															
ALASKA ABSOLUTE RETURN POOL	857993901	(277,326)	(535,975)	(5,182)	-	607,280	132,065	2,028	7,782	2,468	50,717	11,939	2,433	376	1,395



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Revenue

ALASKA RETIREMENT MANAGEMENT BOARD

333 Willoughby Avenue, 11th Floor
PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.3749
Fax: 907.465.2389

October 16, 2012

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

Dear Mr. McElligott:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on November 1, 2012:

AY1A US Treasury FI Pool	\$<25,000,000>
AY5M Lazard Emerging Income	\$25,000,000

This transaction applies to 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 AY1A pertaining to all the Pension Plans, Retirement Health Funds and Defined Contribution Plans referenced above.

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

USD

Bank: JP Morgan Chase Bank NA
Address: 270 Park Avenue, NY, NY 10017, United States
ABA: 021-000-021
Account name: Lazard Emerging Income, Ltd
Account #: 432218407
Reference: Alaska Retirement Management Board

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

Sincerely,

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

Gary M. Bader
Chief Investment Officer



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Revenue

ALASKA RETIREMENT MANAGEMENT BOARD

333 Willoughby Avenue, 11th Floor
PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.3749
Fax: 907.465.2389

October 16, 2012

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

Dear Mr. McElligott:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on October 22, 2012:

AY1A US Treasury FI Pool	\$<25,000,000>
AY9P MacKay Shields	\$25,000,000

This transaction applies to the ARMB Defined Benefit Pension Plans (AY21-AY24), the ARMB Retirement Health Funds (AYW2-AYW4) and the ARMB Defined Contribution Plans (AY6G-AY6I, AYY2-AYY3, AYY2-AYY3). Please use a pro-rata split based on ownership in AY1A pertaining to all the Pension Plans, Retirement Health Funds and Defined Contribution Plans referenced above.

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

Sincerely,

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

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Angela Rodell, Deputy Commissioner
Bob Mitchell, Manager of Fixed Income Investments
Casey Colton, Investment Officer Fixed Income
Emily Peyton, Assistant Investment Officer
Pam Leary, State Comptroller
Scott Jones, Assistant State Comptroller
James McKnight, Senior Investment Compliance Officer

GMB/jnw



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Revenue

ALASKA RETIREMENT MANAGEMENT BOARD

333 Willoughby Avenue, 11th Floor
PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.3749
Fax: 907.465.2389

October 31, 2012

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

Dear Mr. McElligott:

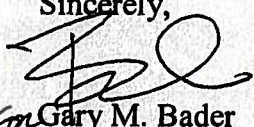
The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Thursday, November 1, 2012. Please process the following cash transfer as soon as possible on that day:

Short Term Pool (AY70)	< \$200,000,000 >
FAMCO MLP (AY1P)	\$100,000,000
Tortoise MLP (AY1Q)	\$100,000,000

This transaction applies to the ARMB Defined Benefit Pension Plans (AY21-AY23, but not AY24), the ARMB Retirement Health Funds (AYW2-AYW4) and the ARMB Defined Contribution Plans (AY6G-AY6I, AXX2-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.

If you have any questions, please do not hesitate to contact me 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, State Investment Officer
Zachary Hanna, State Investment Officer

GMB/zah



ALASKA RETIREMENT MANGEMENT BOARD

333 Willoughby Avenue, 11th Floor
PO Box 110405
Juneau, Alaska 99811-0405
Main: 907.465.3749
Fax: 907.465.2389

	Asset ID	AY21	AY22	AY23	AY24	AYW2	AYW3	AYW4	AYX2	AYX3	AYY2	AYY3	AYG6	AYH1	AYH
Broad Domestic Equity															
EXTERNAL LG CAP DOMESTIC	309997316	(921,152)	(3,031,519)	6,196	199,910	2,979,500	(8,719)	10,022	71,792	25,216	481,062	149,892	21,476	2,474	13.8
CONVERTIBLE BOND TRUST	9398U/C909	(27,176)	(89,476)	183	5,904	87,932	(269)	297	2,119	744	14,201	4,425	633	73	4
EXTERNAL SM CAP DOM EQ POOL	321990921	(203,958)	(673,304)	1,409	44,587	661,307	(2,648)	2,224	15,972	5,611	107,027	33,366	4,776	549	3.0
Fixed Composite															
AY77 AK RET FXD INC POOL	001996933	(1,852)	(6,856)	19	(276)	7,111	57	23	166	99	1,114	347	50	5	
AY1A US TREASURY FI POOL	999WQA902	(378,364)	(1,400,563)	3,893	(56,157)	1,452,430	11,821	4,909	33,970	11,943	227,367	70,836	10,178	1,186	6.5
INTERNATIONAL FIXED INC POOL	460994932	(77,697)	(286,570)	785	(11,431)	297,279	2,678	1,006	6,941	2,440	46,446	14,464	2,080	242	1.3
AK HIGH YIELD POOL	01199W9D2	(98,246)	(363,019)	1,002	(14,520)	376,527	3,229	1,272	8,797	3,092	58,885	18,341	2,637	306	1.6
EMERGING MARKETS DEBT POOL A	29099E910	(30,527)	(113,047)	314	(4,535)	117,228	944	397	2,743	965	18,355	5,719	821	95	52
Global Equity Ex-US															
INTERNATIONAL POOL	460181993	(596,813)	(1,976,290)	4,065	112,683	1,952,352	(1,877)	6,572	46,824	16,442	313,695	97,688	14,010	1,617	9.03
INTERNATIONAL EQUITY SM CAP	AC1006021	(52,961)	(175,693)	366	10,041	173,502	(275)	584	4,167	1,463	27,915	8,696	1,246	144	80
EMERGING MARKET EQUITY POOL	290990969	(125,517)	(413,986)	828	23,463	409,318	176	1,377	9,786	3,437	65,567	20,401	2,925	337	1.88
Private Equity															
ALASKA PRIVATE EQUITY POOL	011993995	(334,608)	(1,183,039)	2,965	-	1,202,551	4,839	4,061	28,444	9,998	190,444	59,336	8,534	992	5.48
Real Assets															
ALASKA REAL ESTATE POOL	011991916	(586,750)	(932,756)	(4,783)	-	1,195,077	68,587	4,124	24,174	8,539	160,817	50,113	7,309	908	4.64
REAL ESTATE POOL B	756072922	132,565	(136,683)	4,118	-	-	-	-	-	-	-	-	-	-	-
REIT POOL A	769488917	(39,309)	(139,670)	360	-	141,878	375	478	3,366	1,183	22,538	7,028	1,007	117	6.4
FARMLAND POOL A	311990988	(135,011)	(477,345)	1,196	-	485,229	1,957	1,638	11,475	4,033	76,841	23,941	3,435	398	2.21
FARMLAND WATER POOL	313548919	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TIMBER POOL A	886996943	(47,954)	(169,552)	424	-	172,353	694	582	4,076	1,432	27,294	8,504	1,221	140	7.8
ENERGY POOL A	293188918	(24,536)	(86,752)	217	-	88,185	356	298	2,085	732	13,964	4,351	625	73	40
AK TIPS POOL	46599K949	(42,317)	(149,952)	380	-	152,380	518	515	3,609	1,289	24,165	7,532	1,079	126	69
AYWK ALASKA MLP POOL	AC102NNY3	1,750,227	2,714,428	29,502	-	(3,293,515)	(634,147)	(13,150)	(50,711)	(22,281)	(324,834)	(126,919)	(15,880)	(2,698)	(10,08)
Absolute Return															
ALASKA ABSOLUTE RETURN POOL	857993901	(121,904)	(431,021)	1,080	-	438,134	1,764	1,480	10,362	3,641	69,384	21,619	3,102	361	1.99
Short-term Fixed Income															
AY70 SHORT TERM POOL	825990961	1,963,860	9,522,669	(54,519)	(309,669)	(9,096,758)	549,940	(28,709)	(240,157)	(79,958)	(1,622,247)	(479,680)	(71,248)	(7,505)	(46,009)
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0

Old Mutual Asset Management Strategically Focuses Portfolio to Align with Growth Plan

-Senior management teams agree to purchase select affiliated firms-

-Repositioning of existing portfolio now complete-

BOSTON – Oct. 11, 2012 – Old Mutual Asset Management (OMAM), the U.S.-based global asset management business of Old Mutual plc, announced today that it has entered into definitive agreements to sell five of its U.S. affiliates to their current senior management teams. The five affiliate asset managers are 2100 Xenon Group, 300 North Capital, Analytic Investors, Ashfield Capital Partners and Larch Lane Advisors. These businesses had combined assets under management of \$11.7 billion as of June 30, 2012.

Terms of the transactions were not disclosed. The sales are expected to close in the fourth quarter of 2012, subject to customary closing conditions.

"These transactions complete the transition of our existing portfolio, begun 18 months ago, and will enable us to focus our capital and distribution resources on our largest affiliates and those that are pursuing initiatives most highly aligned with our overall strategy," said Peter Bain, Chief Executive Officer of Old Mutual Asset Management. "Our growth plan is grounded in creating a portfolio of diverse affiliates with institutionally-focused active strategies that can benefit from our global distribution capabilities."

"As OMAM's strategy has advanced, we believe these five firms are best positioned for continued growth as independent entities owned and managed by their employees. We value the partnerships we have had with these five firms and are pleased that we will have an economic interest in their continued success," said Steve Belgrad, Executive Vice President and Chief Financial Officer of OMAM.

Over the past 18 months, OMAM has appointed key executives to lead its strategic growth initiatives. Following the closing of these five transactions, OMAM will have nine affiliate asset managers with a broad array of investment expertise that had combined assets under management of \$196.9 billion as of June 30, 2012. These transactions are expected to improve OMAM's margin in 2013 and result in the return of over \$100 million of funding to reinvest in the business. Going forward, the company intends to expand its business through strategic growth initiatives, driven by strong investment performance and targeted investments in new products, continued investment in global distribution, and diversifying its asset classes and strategies.

About Old Mutual Asset Management

OMAM is a global multi-boutique investment organization, managing and growing a diverse portfolio of asset managers that serve institutional investors around the world. The assets under management of OMAM's affiliated investment firms were \$208.6 billion as of June 30, 2012. OMAM is the name through which Old Mutual (US) Holdings Inc. conducts its U.S. asset management business. Its parent company is London-based Old Mutual plc. More information about OMAM, its member firms, and their investment teams and strategies, is available at www.oldmutualus.com.

About Old Mutual plc

Old Mutual is an international long-term savings, protection and investment Group. Originating in South Africa in 1845, the Group provides life assurance, asset management, banking and general insurance to more than 12 million customers in Africa, the Americas, Asia and Europe. Old Mutual has been listed on the London and Johannesburg Stock Exchanges, among others, since 1999. In the year ended 31 December 2011, the Group reported adjusted operating profit before tax of £1.5 billion (on an IFRS basis) and had £267 billion of funds under management from core operations.

For further information please contact:

Doug Hesney, Dukas Public Relations, (212) 704-7385 x3664 or doug@dukaspr.com

Bader, Gary M (DOR)

From: Juan Benito <Juan.Benito@brandes.com>
Sent: Monday, November 05, 2012 8:33 AM
To: Bader, Gary M (DOR); Sikes, Stephen R (DOR)
Cc: Howard, Sean M (DOR)
Subject: Brandes Investment Partners - 2013 CEO Succession / Large Cap Investment Committee Structure
Attachments: LCIC Changes Attachment.pdf

Hi Gary and Steve,

As Glenn and I discussed on Friday, we're excited to be planning some senior management transitions at Brandes and this e-mail provides a summary of our plans. If you have any questions or comments, please contact me at anytime.

CEO Succession

Brandes Investment Partners, L.P. ("Brandes") has enjoyed remarkable stability in its leadership team since its founding by our Chairman, Charles Brandes, in 1974. As part of our history and practice, we strive to achieve planned and organized succession in key roles. We are pleased to announce that, effective February 1, 2013; Glenn Carlson will transition the CEO position to our current Managing Director of Investments, Brent Woods.

Glenn has been in a leadership role at Brandes for over 25 years and has recently decided, for personal and professional reasons, that it is time to announce his decision to step aside as CEO early next year. Although Glenn will take advantage of some time to pursue personal interests, his dedication to Brandes will carry on after the transition as he will continue to be a senior partner and a member of the Investment Oversight Committee.

Brent has been with Brandes for 17 years and has been a partner since 1998. In addition to serving as our Managing Director of Investments, he has been extensively involved in the strategy and overall management of our business as a member of our Executive Committee for over a decade. Brent's leadership will provide great continuity and guidance in the firm's pursuit of its long-term vision.

Our business objectives will remain consistent through this succession. As Charles Brandes noted in his recent email to Brandes employees describing the CEO transition: "We will continue to be a privately owned firm. We will focus on value investing. Client service is paramount, and we remain committed to our distribution channels. Our long-term mission and core business strategy will not be impacted."

Large Cap Investment Committee Structure

In concert with CEO succession, Glenn will rotate out of the Large Cap Investment Committee (the "LCIC") and we will implement some refinements to that committee. Effective February 1, 2013, we will split the existing LCIC, creating two committees. Each committee will manage half of the current LCIC products and will include legacy and new LCIC members. The committee members and the products they will manage are described in the attached document.

This refinement to our structure will result in each committee having fewer products to manage and will increase the focus of on each product. It provides an opportunity for us to rotate in new members from our seasoned and experienced investment professional roster. Importantly, it does not represent a change in our philosophy or the basic process for building client portfolios.

We are not making changes to other committees at this time. We review the roles and responsibilities for our investment team at the beginning of each year, typically resulting in a small number of changes. We will proceed with that routine review in January so that any changes are also effective February 1st.

We remain committed to doing our best to serve the long-term interests of our clients. Please don't hesitate to let me know if you have any questions or comments on these planned changes.

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

As of September 30, 2012

ALASKA RETIREMENT MANAGEMENT BOARD
Schedule of Investment Income and Changes in Invested Assets by Fund
For the Three Months Ending September 30, 2012

	Beginning Invested Assets	Investment Income (1)	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income (2)
<u>Public Employees' Retirement System (PERS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	\$ 6,105,946,336	\$ 230,813,662	\$ 76,313,396	\$ 6,413,073,394	5.03%	3.76%
Retirement Health Care Trust	5,193,885,276	195,407,438	112,410,488	5,501,703,202	5.93%	3.72%
Total Defined Benefit Plans	11,299,831,612	426,221,100	188,723,884	11,914,776,596	5.44%	3.74%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	236,965,621	12,065,134	13,892,469	262,923,224	10.95%	4.95%
Health Reimbursement Arrangement	74,424,033	2,775,543	4,808,890	82,008,466	10.19%	3.61%
Retiree Medical Plan	15,337,965	569,166	717,140	16,624,271	8.39%	3.63%
Defined Benefit Occupational Death and Disability:						
Public Employees	6,387,143	236,200	206,498	6,829,841	6.93%	3.64%
Police and Firefighters	2,499,287	93,139	158,964	2,751,390	10.09%	3.61%
Total Defined Contribution Plans	335,614,049	15,739,182	19,783,961	371,137,192	10.58%	4.56%
Total PERS	11,635,445,661	441,960,282	208,507,845	12,285,913,788	5.59%	3.76%
<u>Teachers' Retirement System (TRS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	3,005,557,437	118,351,819	105,855,209	3,229,764,465	7.46%	3.87%
Retirement Health Care Trust	1,644,357,499	64,336,941	82,766,874	1,791,461,314	8.95%	3.82%
Total Defined Benefit Plans	4,649,914,936	182,688,760	188,622,083	5,021,225,779	7.99%	3.85%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	107,836,445	5,422,199	267,660	113,526,304	5.28%	5.02%
Health Reimbursement Arrangement	24,431,777	906,403	516,892	25,855,072	5.83%	3.67%
Retiree Medical Plan	6,744,806	249,260	104,335	7,098,401	5.24%	3.67%
Defined Benefit Occupational Death and Disability	2,310,906	84,356		2,395,262	3.65%	3.65%
Total Defined Contribution Plans	141,323,934	6,662,218	888,887	148,875,039	5.34%	4.70%
Total TRS	4,791,238,870	189,350,978	189,510,970	5,170,100,818	7.91%	3.88%
<u>Judicial Retirement System (JRS)</u>						
Defined Benefit Plan Retirement Trust	107,053,406	4,068,828	2,065,596	113,187,830	5.73%	3.76%
Defined Benefit Retirement Health Care Trust	20,482,507	751,790	(144,820)	21,089,477	2.96%	3.68%
Total JRS	127,535,913	4,820,618	1,920,776	134,277,307	5.29%	3.75%
<u>National Guard/Naval Militia Retirement System (MRS)</u>						
Defined Benefit Plan Retirement Trust	32,700,652	1,149,341	232,093	34,082,086	4.22%	3.50%
<u>Other Participant Directed Plans</u>						
Supplemental Annuity Plan	2,656,000,434	94,393,010	3,976,045	2,754,369,489	3.70%	3.55%
Deferred Compensation Plan	614,417,787	21,395,904	(1,349,961)	634,463,730	3.26%	3.49%
Total All Funds	19,857,339,317	753,070,133	402,797,768	21,013,207,218		
Total Non-Participant Directed	16,242,119,030	619,793,886	386,011,555	17,247,924,471	6.19%	3.77%
Total Participant Directed	3,615,220,287	133,276,247	16,786,213	3,765,282,747	4.15%	3.68%
Total All Funds	\$ 19,857,339,317	\$ 753,070,133	\$ 402,797,768	\$ 21,013,207,218	5.82%	3.75%

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 September 30, 2012

	Beginning Invested Assets	Investment Income (1)	Net Contributions (Withdrawals)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income (2)
<u>Public Employees' Retirement System (PERS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	\$ 6,333,146,173	\$ 112,709,024	\$ (32,781,803)	\$ 6,413,073,394	1.26%	1.78%
Retirement Health Care Trust	5,417,676,312	96,233,756	(12,206,866)	5,501,703,202	1.55%	1.78%
Total Defined Benefit Plans	11,750,822,485	208,942,780	(44,988,669)	11,914,776,596	1.40%	1.78%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	254,141,851	5,379,272	3,402,101	262,923,224	3.46%	2.10%
Health Reimbursement Arrangement	79,350,620	1,382,371	1,275,475	82,008,466	3.35%	1.73%
Retiree Medical Plan	16,166,760	283,142	174,369	16,624,271	2.83%	1.74%
<u>Defined Benefit Occupational Death and Disability:</u>						
Public Employees	6,666,866	117,337	45,638	6,829,841	2.44%	1.75%
Police and Firefighters	2,656,196	46,492	48,702	2,751,390	3.58%	1.73%
Total Defined Contribution Plans	358,982,293	7,208,614	4,946,285	371,137,192	3.39%	1.99%
Total PERS	12,109,804,778	216,151,394	(40,042,384)	12,285,913,788	1.45%	1.79%
<u>Teachers' Retirement System (TRS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	3,202,084,423	57,327,947	(29,647,905)	3,229,764,465	0.86%	1.80%
Retirement Health Care Trust	1,767,570,459	31,487,365	(7,596,510)	1,791,461,314	1.35%	1.79%
Total Defined Benefit Plans	4,969,654,882	88,815,312	(37,244,415)	5,021,225,779	1.04%	1.79%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	110,711,347	2,391,465	423,492	113,526,304	2.54%	2.16%
Health Reimbursement Arrangement	25,217,941	447,593	189,538	25,855,072	2.53%	1.77%
Retiree Medical Plan	6,944,962	123,246	30,193	7,098,401	2.21%	1.77%
Defined Benefit Occupational Death and Disability	2,353,481	41,781		2,395,262	1.78%	1.78%
Total Defined Contribution Plans	145,227,731	3,004,085	643,223	148,875,039	2.51%	2.06%
Total TRS	5,114,882,613	91,819,397	(36,601,192)	5,170,100,818	1.08%	1.80%
<u>Judicial Retirement System (JRS)</u>						
Defined Benefit Plan Retirement Trust	111,616,152	1,987,098	(415,420)	113,187,830	1.41%	1.78%
Defined Benefit Retirement Health Care Trust	20,760,359	371,708	(42,590)	21,089,477	1.59%	1.79%
Total JRS	132,376,511	2,358,806	(458,010)	134,277,307	1.44%	1.78%
<u>National Guard/Naval Militia Retirement System (MRS)</u>						
Defined Benefit Plan Retirement Trust	33,782,051	520,252	(220,217)	34,082,086	0.89%	1.55%
<u>Other Participant Directed Plans</u>						
Supplemental Annuity Plan	2,717,100,697	35,514,841	1,753,951	2,754,369,489	1.37%	1.31%
Deferred Compensation Plan	628,535,910	8,544,613	(2,616,793)	634,463,730	0.94%	1.36%
Total All Funds	20,736,482,560	354,909,303	(78,184,645)	21,013,207,218		
Total Non-Participant Directed	17,025,992,755	303,079,112	(81,147,396)	17,247,924,471	1.30%	1.78%
Total Participant Directed	3,710,489,805	51,830,191	2,962,751	3,765,282,747	1.48%	1.40%
Total All Funds	\$ 20,736,482,560	\$ 354,909,303	\$ (78,184,645)	\$ 21,013,207,218	1.33%	1.71%

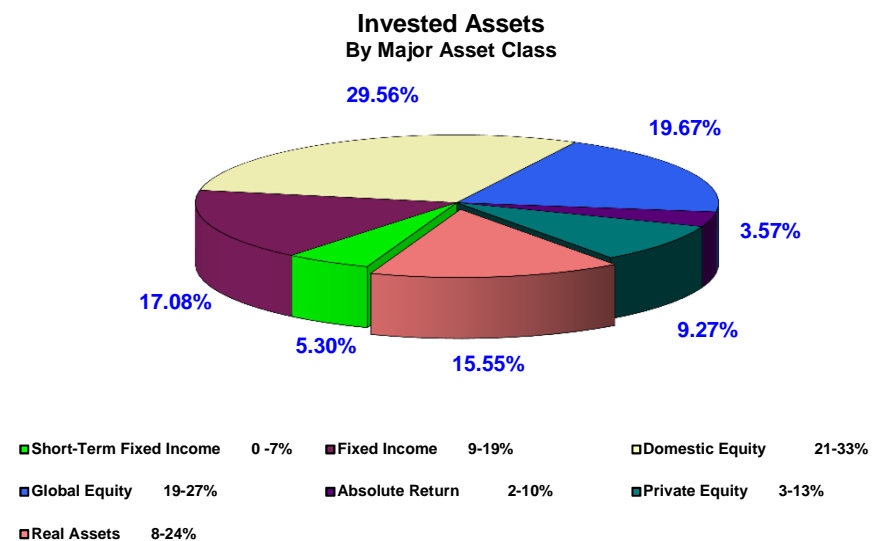
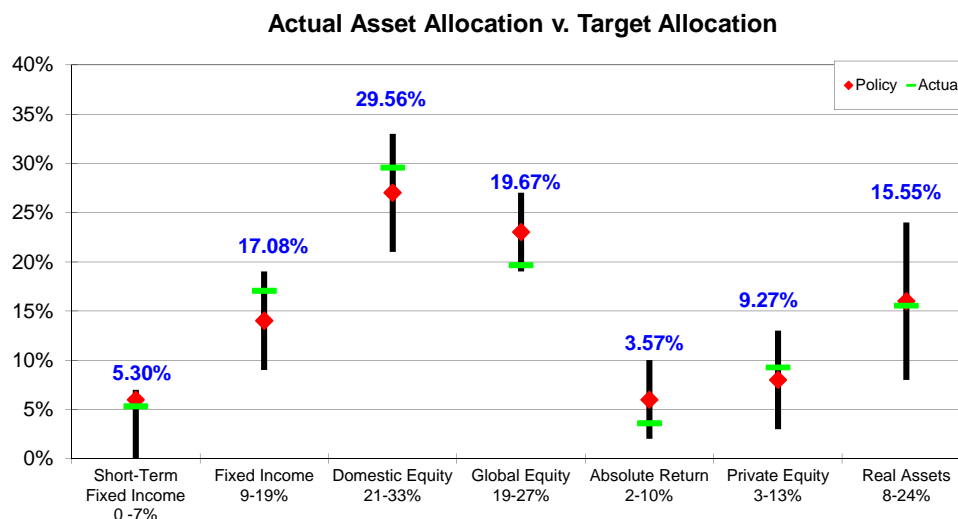
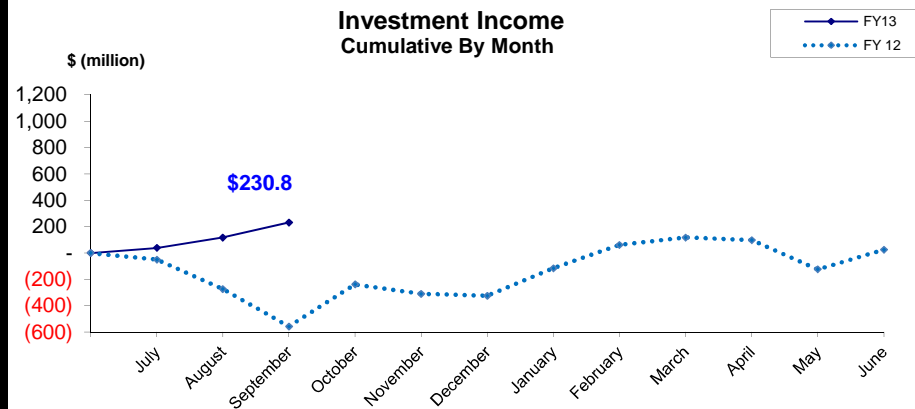
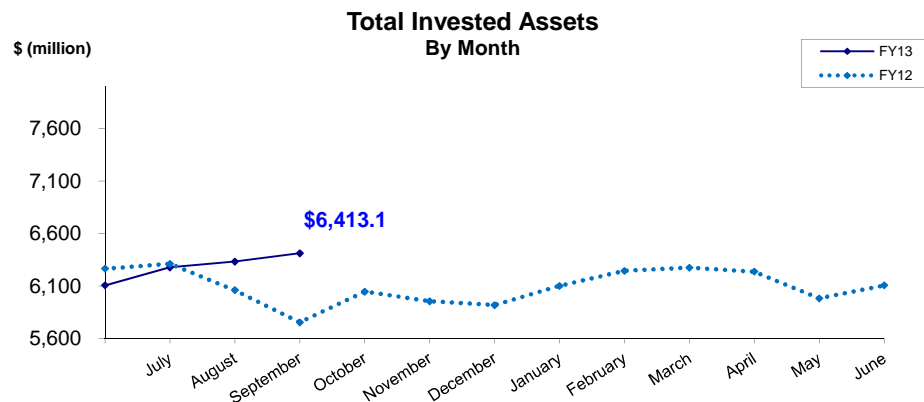
Notes:

(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>

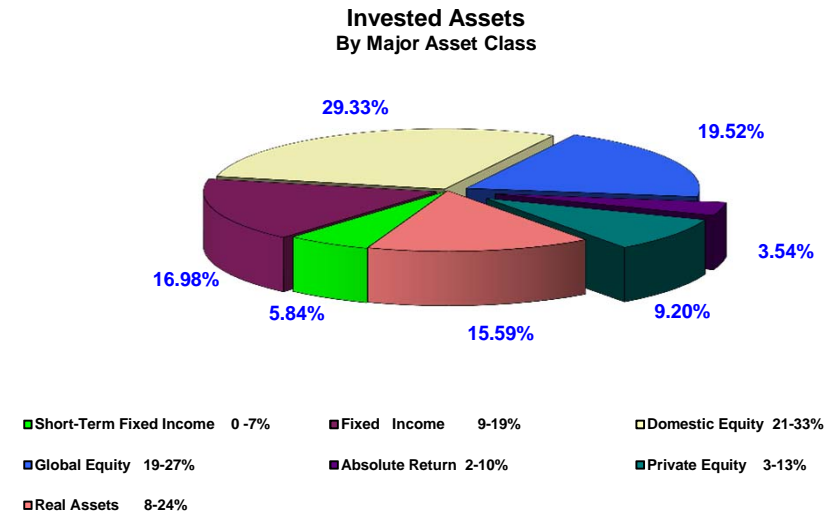
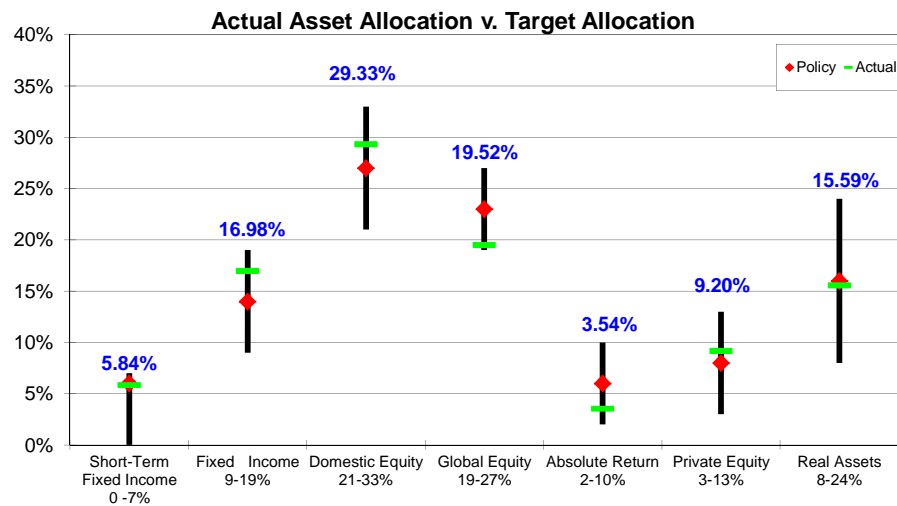
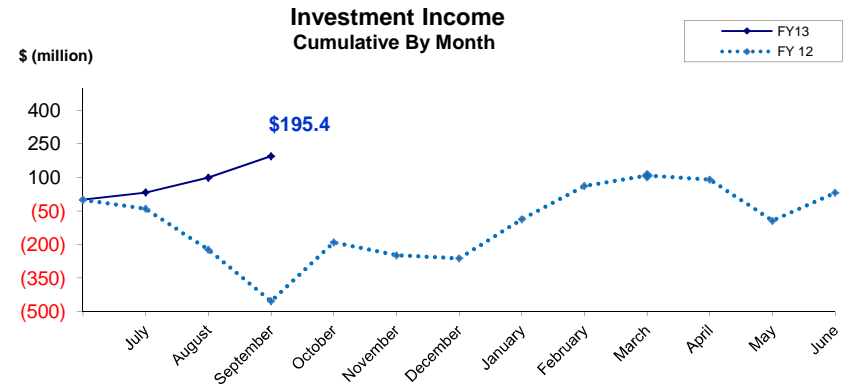
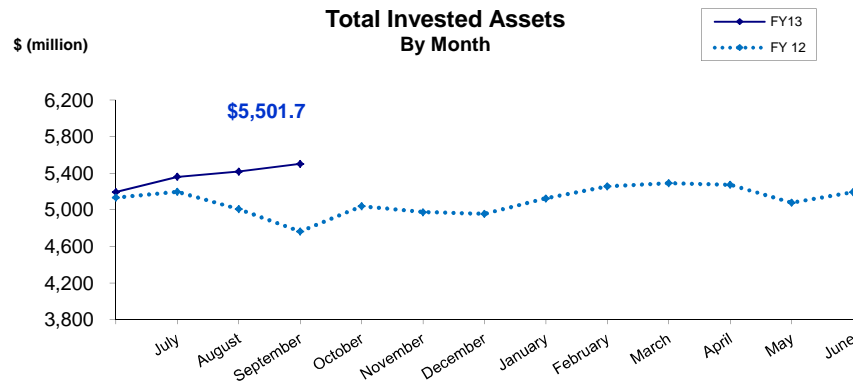
PUBLIC EMPLOYEES' RETIREMENT TRUST FUND

As of September 30, 2012



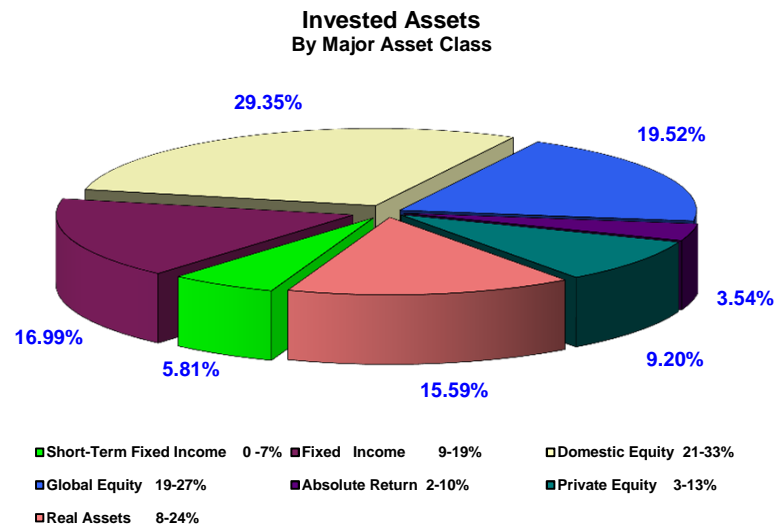
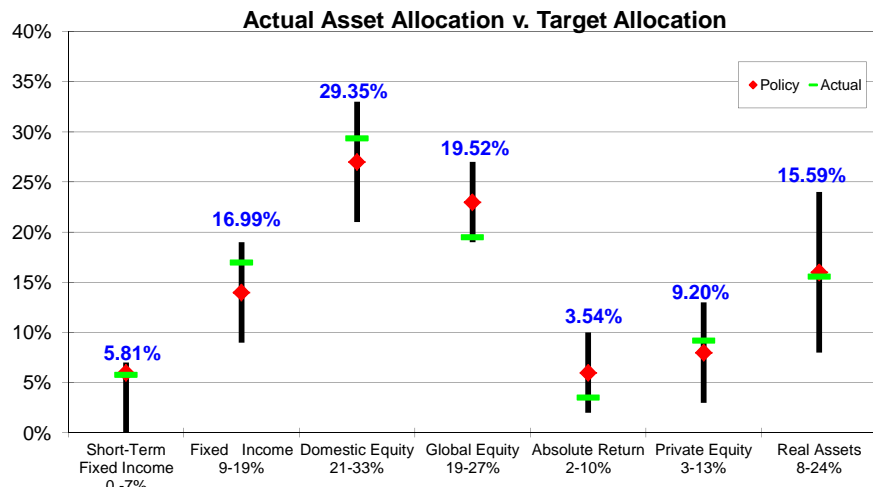
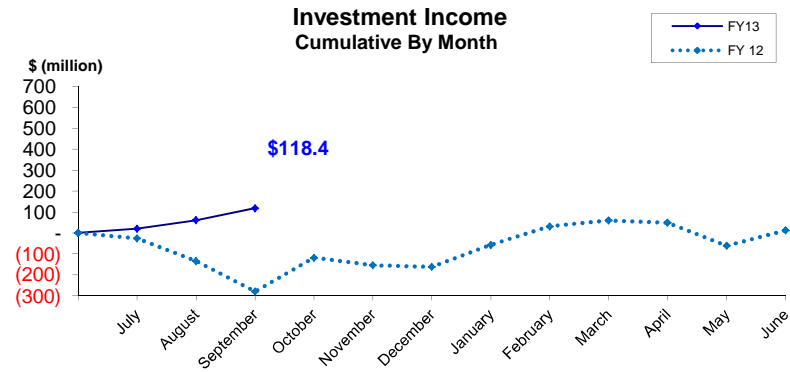
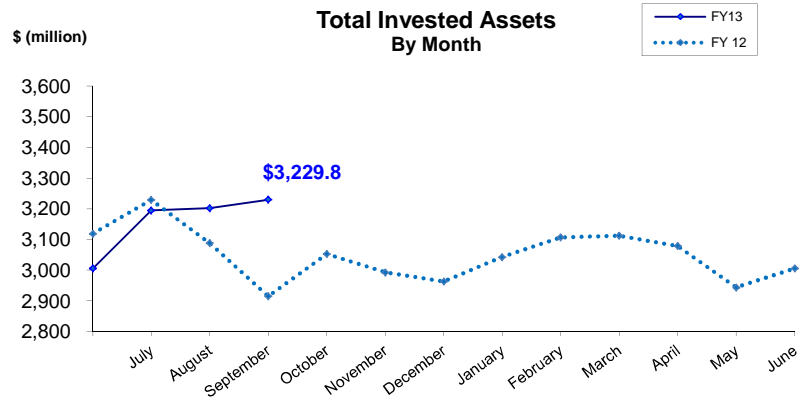
PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND

As of September 30, 2012



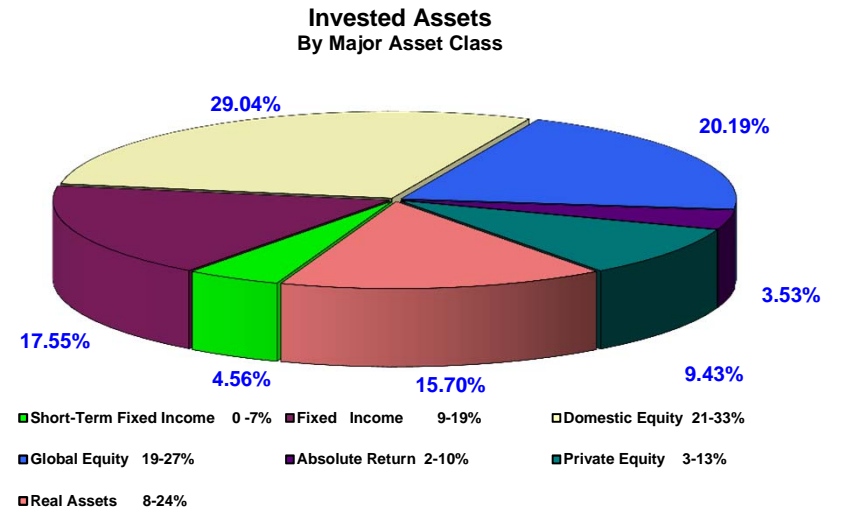
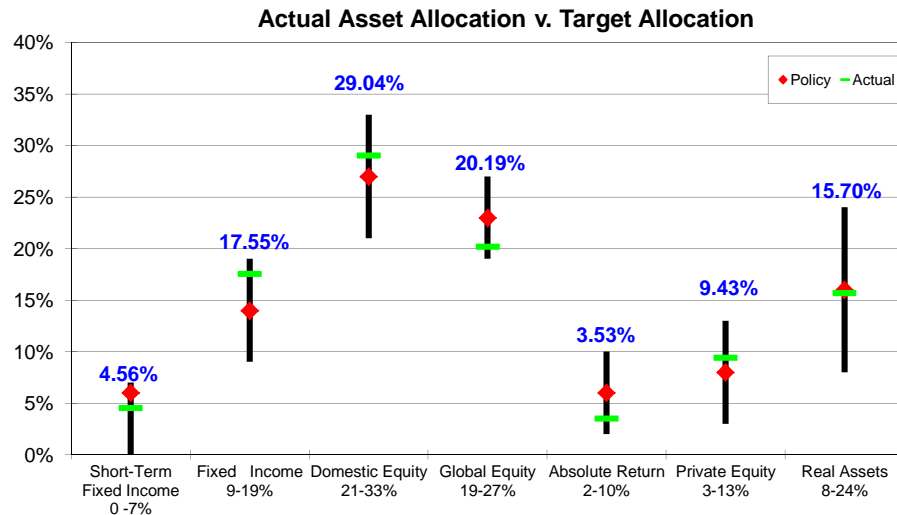
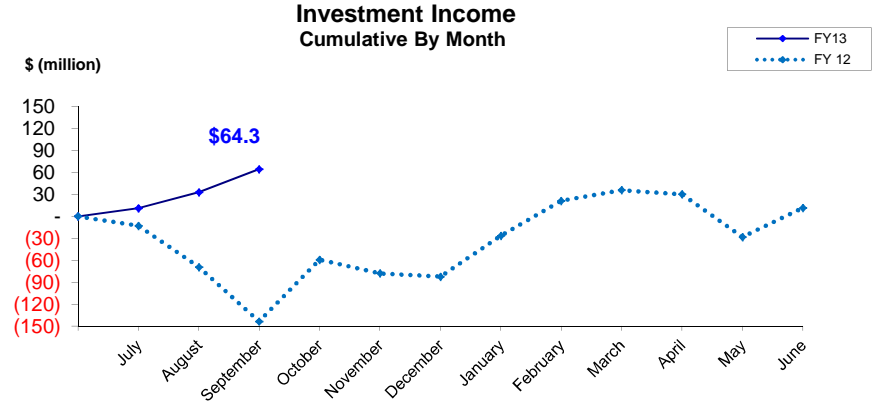
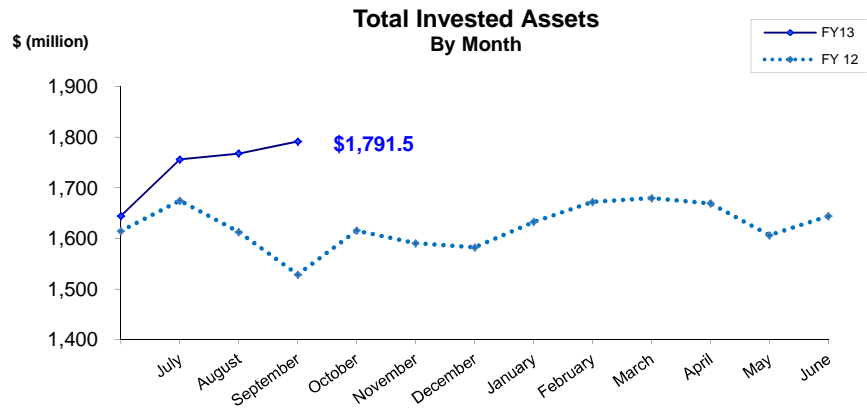
TEACHERS' RETIREMENT TRUST FUND

As of September 30, 2012



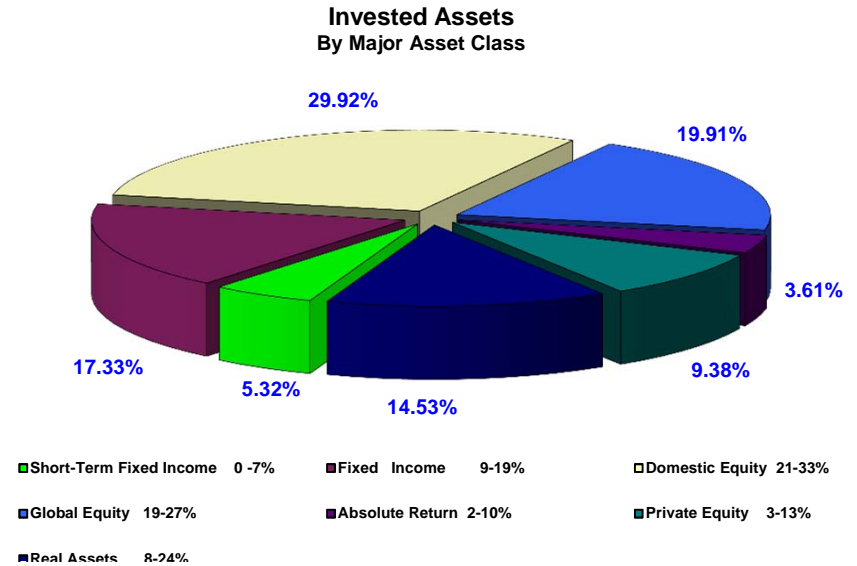
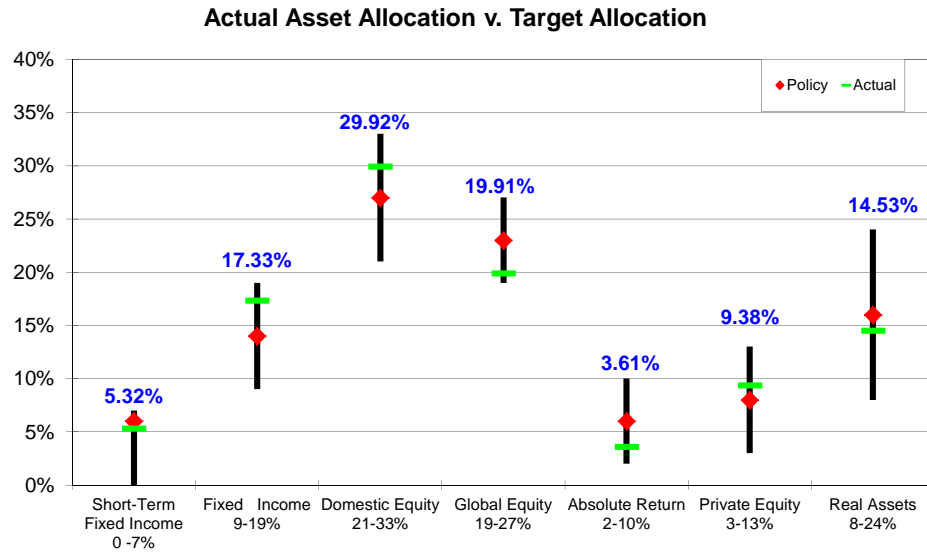
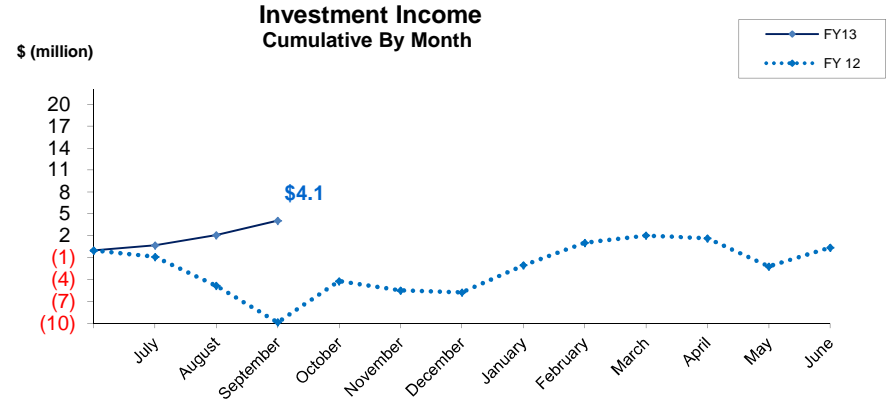
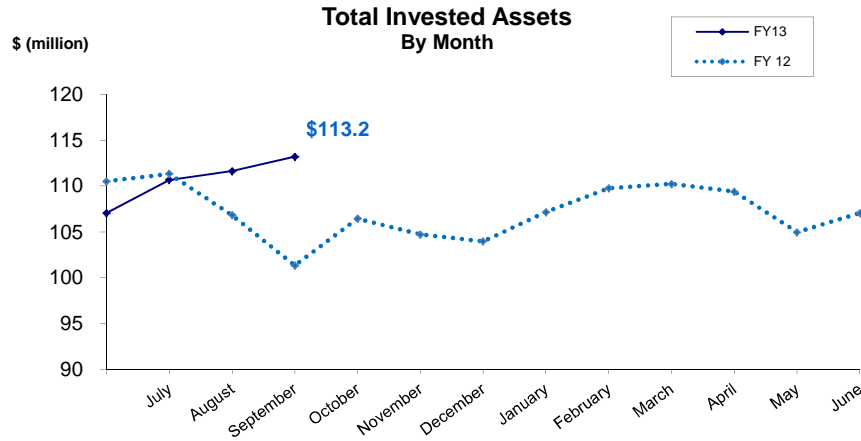
TEACHERS' RETIREE HEALTH CARE TRUST FUND

As of September 30, 2012



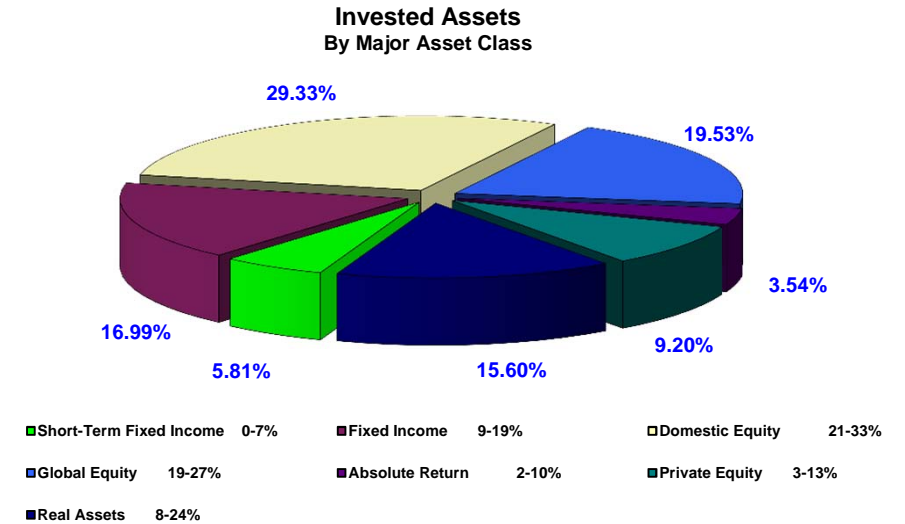
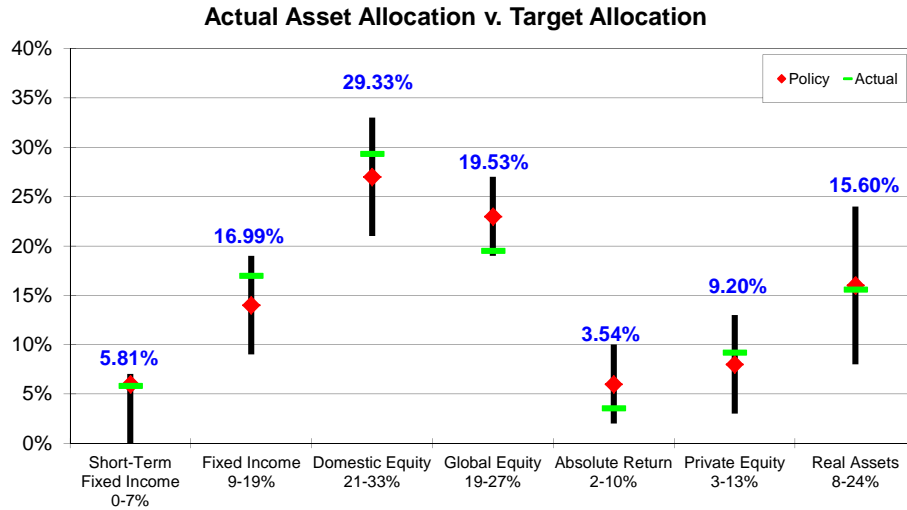
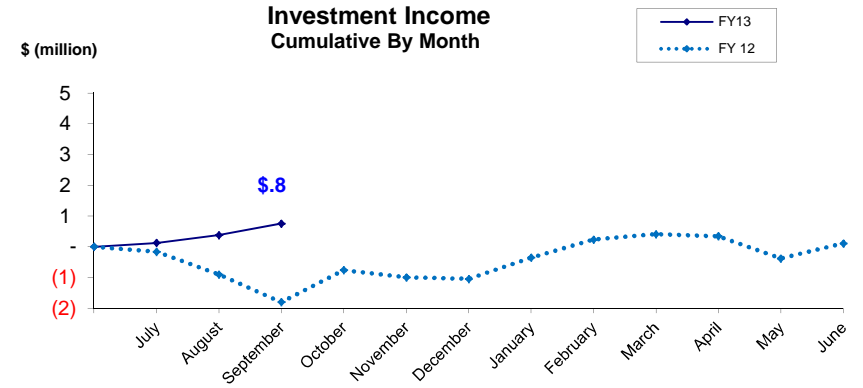
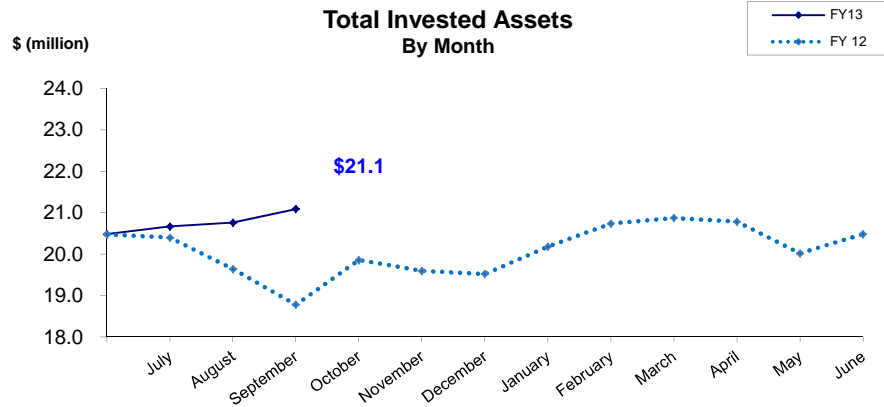
JUDICIAL RETIREMENT TRUST FUND

As of September 30, 2012



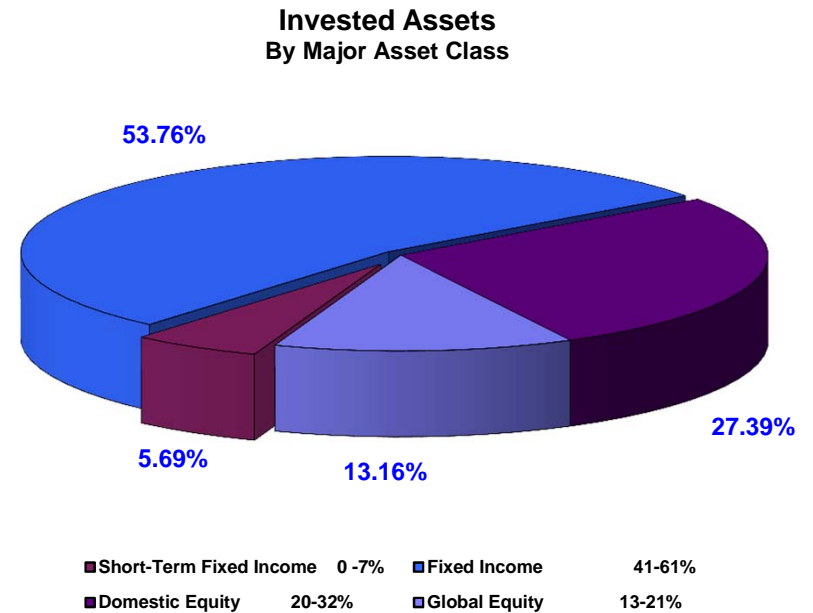
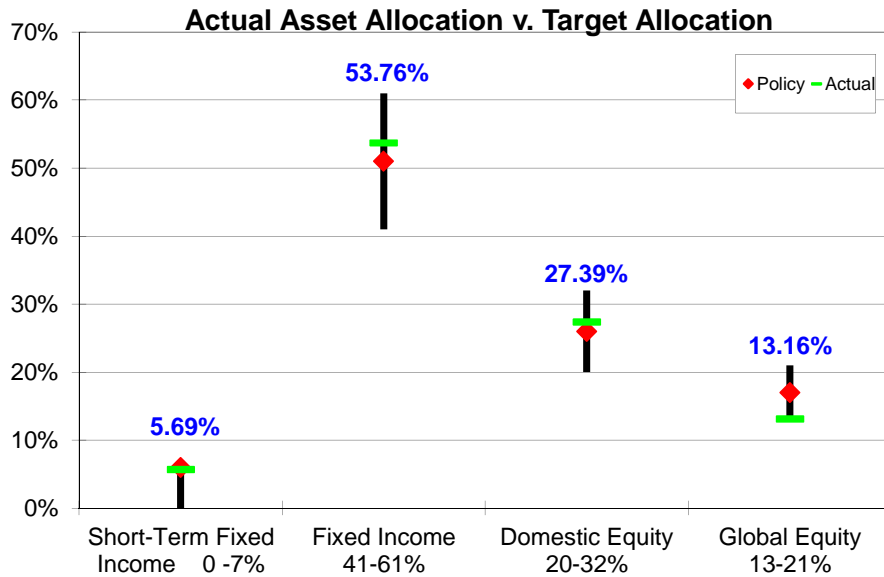
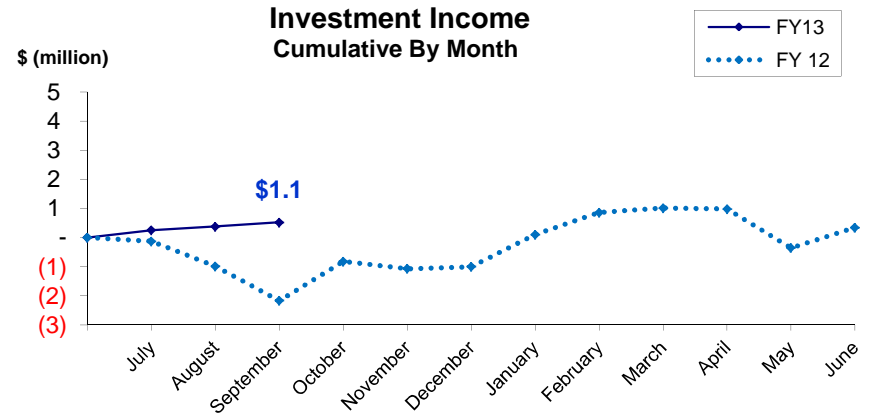
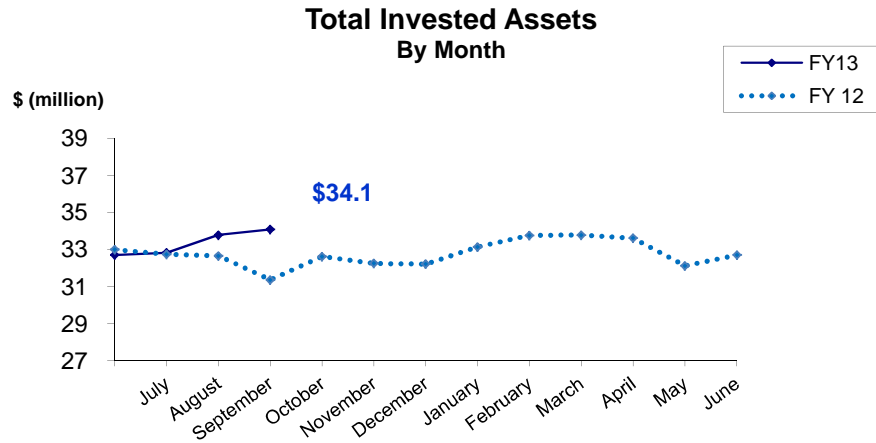
JUDICIAL RETIREE HEALTH CARE TRUST FUND

As of September 30, 2012



MILITARY RETIREMENT TRUST FUND

As of September 30, 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 September 30, 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	<u>\$ 816,066,435</u>	<u>\$ 398,507</u>	<u>\$ 130,049,450</u>	<u>\$ 946,514,392</u>	15.98%
	Total Cash	<u>816,066,435</u>	<u>398,507</u>	<u>130,049,450</u>	<u>946,514,392</u>	15.98%
	Fixed Income					
1A	US Treasury Fixed Income	<u>1,965,998,383</u>	<u>200,687</u>	<u>(5,152,134)</u>	<u>1,961,046,936</u>	-0.25%
77	Internal Fixed Income Investment Pool	<u>9,264,132</u>	<u>85,097</u>	<u>-</u>	<u>9,349,229</u>	0.92%
	International Fixed Income Pool					
63	Mondrian Investment Partners	<u>384,889,024</u>	<u>7,390,916</u>	<u>-</u>	<u>392,279,940</u>	1.92%
	High Yield Pool					
9P	MacKay Shields, LLC	<u>457,053,251</u>	<u>5,717,731</u>	<u>-</u>	<u>462,770,982</u>	1.25%
	Total High Yield	<u>457,053,251</u>	<u>5,717,731</u>	<u>-</u>	<u>462,770,982</u>	1.25%
	Emerging Debt Pool					
5M	Lazard Emerging Income	<u>126,390,854</u>	<u>1,788,997</u>	<u>-</u>	<u>128,179,851</u>	1.42%
	Total Fixed Income	<u>2,943,595,644</u>	<u>15,183,428</u>	<u>(5,152,134)</u>	<u>2,953,626,938</u>	0.34%
	(cont.)					

Alaska Retirement Management Board
All Non-Participant Directed Plans by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended September 30, 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	11,651,627	363,299	-	12,014,926	3.12%
4P	SSgA Russell 2000 Value	12,369,626	445,405	-	12,815,031	3.60%
	Total Passive	24,021,253	808,704	-	24,829,957	3.37%
Actively Managed						
43	Transition Account	-	-	-	-	
4E	DePrince, Race & Zollo Inc.- Micro Cap	73,665,256	1,542,830	-	75,208,086	2.09%
4F	Luther King Capital Management	132,722,529	4,455,640	-	137,178,169	3.36%
4G	Jennison Associates, LLC	128,101,563	4,045,236	-	132,146,799	3.16%
5G	Frontier Capital Mgmt Co.	116,257,921	4,302,322	-	120,560,243	3.70%
5H	Victory Capital Management	73,276,837	1,267,693	-	74,544,530	1.73%
6A	SSgA Futures Small Cap	6,560,637	409,664	-	6,970,301	6.24%
4H	Lord Abbett & Co.	134,706,220	2,186,983	-	136,893,203	1.62%
4Q	Barrow, Haney, Mewhinney & Strauss	116,365,916	3,934,273	-	120,300,189	3.38%
4Z	Lord Abbett & Co.- Micro Cap	69,484,107	3,952,251	-	73,436,358	5.69%
	Total Active	851,140,986	26,096,892	-	877,237,878	3.07%
	Total Small Cap	875,162,239	26,905,596	-	902,067,835	3.07%
Large Cap Pool						
Passively Managed						
4L	SSgA Russell 1000 Growth	798,813,906	15,648,599	-	814,462,505	1.96%
4M	SSgA Russell 1000 Value	979,704,737	30,938,981	-	1,010,643,718	3.16%
4R	SSgA Russell 200	409,237,453	11,254,473	-	420,491,926	2.75%
	Total Passive	2,187,756,096	57,842,053	-	2,245,598,149	2.64%
Actively Managed						
47	Lazard Freres	310,793,345	8,121,661	-	318,915,006	2.61%
48	McKinley Capital Mgmt.	333,669,787	8,808,443	-	342,478,230	2.64%
4U	Barrow, Haney, Mewhinney & Strauss	150,941,979	4,093,239	-	155,035,218	2.71%
4V	Quantitative Management Assoc.	146,626,219	5,063,149	-	151,689,368	3.45%
4W/4X	Analytic Buy Write Account	114,842,191	1,538,271	-	116,380,462	1.34%
4Y	RCM Buy Write Account	100,976,313	635,724	-	101,612,037	0.63%
38	RCM	363,736,103	6,979,807	-	370,715,910	1.92%
6B	SSgA Futures large cap	9,305,725	296,945	-	9,602,670	3.19%
4J	Relational Investors, LLC	240,246,741	3,833,371	1,873,454	245,953,566	2.38%
	Total Active	1,771,138,403	39,370,610	1,873,454	1,812,382,467	2.33%
	Total Large Cap	3,958,894,499	97,212,663	1,873,454	4,057,980,616	2.50%
(cont.)						

Alaska Retirement Management Board
All Non-Participant Directed Plans by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended September 30, 2012

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% increase (decrease)
Convertible Bond Pool						
52	Advent Capital	116,853,007	1,655,083	-	118,508,090	1.42%
	Total Convertible Bond Pool	116,853,007	1,655,083	-	118,508,090	1.42%
	Total Domestic Equity	4,950,909,745	125,773,342	1,873,454	5,078,556,541	2.58%
Global Equities Ex US						
Small Cap Pool						
5B	Mondrian Investment Partners	117,356,675	4,124,601	-	121,481,276	3.51%
5D	Schroder Investment Management	106,516,591	4,545,227	-	111,061,818	4.27%
	Total Small Cap	223,873,266	8,669,828	-	232,543,094	3.87%
Large Cap Pool						
65	Brandes Investment Partners	750,727,040	16,524,955	-	767,251,995	2.20%
58	Lazard Freres	378,114,479	15,030,390	-	393,144,869	3.98%
67	Cap Guardian Trust Co	588,318,265	20,641,995	-	608,960,260	3.51%
68	State Street Global Advisors	498,200,739	19,352,263	-	517,553,002	3.88%
69	McKinley Capital Management	303,890,986	11,043,397	-	314,934,383	3.63%
	Total Large Cap	2,519,251,509	82,593,000	-	2,601,844,509	3.28%
Emerging Markets Equity Pool A ⁽¹⁾						
6P	Lazard Asset Management	321,333,061	15,383,885	-	336,716,946	4.79%
6Q	Eaton Vance	196,749,376	9,902,048	-	206,651,424	5.03%
62	The Capital Group Inc.	177,758,724	12,850,029	(190,608,753)	-	-100.00%
	Total Emerging Markets Pool A	695,841,161	38,135,962	(190,608,753)	543,368,370	-21.91%
	Total Global Equities	3,438,965,936	129,398,790	(190,608,753)	3,377,755,973	-1.78%
Private Equity Pool						
7Z	Merit Capital Partners	9,533,895	1,982	-	9,535,877	0.02%
98	Pathway Capital Management LLC	748,027,323	6,114,660	(13,060,121)	741,081,862	-0.93%
85	Abbott Capital	733,667,094	(2,466,233)	(4,189,569)	727,011,292	-0.91%
8A	Blum Capital Partners-Strategic	15,823,907	(2,470,945)	-	13,352,962	-15.62%
8P	Lexington Partners	33,841,567	1,353,943	(553,360)	34,642,150	2.37%
8Q	Onex Partnership III	11,038,426	278,129	-	11,316,555	2.52%
8W	Warburg Pincus X	29,104,015	(322,947)	300,000	29,081,068	-0.08%
8X	Angelo, Gordon & Co.	23,319,993	343,989	(624,892)	23,039,090	-1.20%
	Total Private Equity	1,604,356,220	2,832,578	(18,127,942)	1,589,060,856	-0.95%
(cont.)						

Alaska Retirement Management Board
All Non-Participant Directed Plans by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended September 30, 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.	144,139,108	4,215,085	-	148,354,193	2.92%
8N	Prisma Capital Partners	145,426,446	2,979,059	-	148,405,505	2.05%
9D	Mariner Investment Group, Inc.	57,823,141	480,049	-	58,303,190	0.83%
9F	Crestline Investors, Inc.	253,653,180	2,905,864	-	256,559,044	1.15%
	Total Absolute Return Investments	601,041,875	10,580,057	-	611,621,932	1.76%
Real Assets						
Farmland Pool A						
9B	UBS Agrivest, LLC	375,427,945	-	(729,150)	374,698,795	-0.19%
9G	Hancock Agricultural Investment Group	236,174,224	-	-	236,174,224	0.00%
	Total Farmland Pool A	611,602,169	-	(729,150)	610,873,019	-0.12%
Farmland Water Pool						
8Y	Hancock Water PPTY	8,916,994	-	-	8,916,994	0.00%
8Z	UBS Agrivest, LLC	21,242,821	(1)	(900,000)	20,342,820	-4.24%
	Total Farmland Water Pool	30,159,815	(1)	(900,000)	29,259,814	-2.98%
Timber Pool A						
9Q	Timberland INVT Resource LLC	147,643,039	-	-	147,643,039	0.00%
9S	Hancock Natural Resource Group	80,158,598	-	-	80,158,598	0.00%
	Total Timber Pool A	227,801,637	-	-	227,801,637	0.00%
Energy Pool A						
5A	EIG Energy Fund XV	28,269,838	136,551	-	28,406,389	0.48%
9A	EIG Energy Fund XD	9,136,668	(12,614)	-	9,124,054	-0.14%
9Z	EIG Energy Fund XIV-A	77,477,514	150,754	-	77,628,268	0.19%
	Total Energy Pool A	114,884,020	274,691	-	115,158,711	0.24%
REIT Pool						
9H	REIT Holdings	190,456,960	(2,373,006)	-	188,083,954	-1.25%
Treasury Inflation Proof Securities						
6N	TIPS Internally Managed Account (cont.)	200,297,635	922,107	-	201,219,742	0.46%

Alaska Retirement Management Board
All Non-Participant Directed Plans by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended September 30, 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	177,521,718	2,063,532	-	179,585,250	1.16%
7B	UBS Trumbull Property Fund	75,777,982	-	-	75,777,982	0.00%
	Total Core Commingled	253,299,700	2,063,532	-	255,363,232	0.81%
Core Separate Accounts						
7D	Cornerstone Real Estate Advisers Inc.	92,062,152	742,444	(354,356)	92,450,240	0.42%
7E	LaSalle Investment Management	205,884,109	3,073,244	(449,358)	208,507,995	1.27%
7F	Sentinel Separate Account	110,238,843	3,197,864	(237,553)	113,199,154	2.69%
7G	UBS Realty	258,469,894	2,919,476	(483,276)	260,906,094	0.94%
	Total Core Separate	666,654,998	9,933,028	(1,524,543)	675,063,483	1.26%
Non-Core Commingled Accounts						
7H	Coventry	17,481,922	340,331	-	17,822,253	1.95%
7J	Lowe Hospitality Partners	5,373,074	178,281	-	5,551,355	3.32%
7N	ING Clarion Development Ventures II	3,111,263	4,781,564	-	7,892,827	153.69%
7P	Silverpeak Legacy Pension Partners II, L.P. ⁽³⁾	73,198,662	31,946	-	73,230,608	0.04%
7Q	Almanac Realty Securities IV ⁽⁵⁾	41,823,613	491,137	-	42,314,750	1.17%
7R	Tishman Speyer Real Estate Venture VI	67,218,601	(208,440)	-	67,010,161	-0.31%
7X	Tishman Speyer Real Estate Venture VII	18,754,830	160,587	-	18,915,417	0.86%
7S	Almanac Realty Securities V ⁽⁶⁾	22,599,409	403,062	-	23,002,471	1.78%
7V	ING Clarion Development Ventures III	19,860,124	1,735,697	-	21,595,821	8.74%
7W	Silverpeak Legacy Pension Partners III, L.P. ⁽⁴⁾	10,059,347	(747,814)	-	9,311,533	-7.43%
8R	BlackRock Diamond Property Fund	24,515,232	-	-	24,515,232	0.00%
8S	Colony Investors VIII, L.P.	19,560,051	(624,265)	4,250,000	23,185,786	18.54%
8U	LaSalle Medical Office Fund II	21,746,647	428,675	-	22,175,322	1.97%
8V	Cornerstone Apartment Venture III	30,597,190	1,121,299	(277,778)	31,440,711	2.76%
	Total Non-Core Commingled	375,899,965	8,092,060	3,972,222	387,964,247	3.21%
	Total Real Estate	1,295,854,664	20,088,620	2,447,679	1,318,390,963	1.74%
	Total Real Assets	2,671,056,900	18,912,411	818,529	2,690,787,840	0.74%
Totals	\$ 17,025,992,755	\$ 303,079,112	\$ (81,147,396)	\$ 17,247,924,471	1.30%	

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 Realty Securities V
- (6) Previously titled Rothschild Five Arrows Realty 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
September 30, 2012

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division ⁽¹⁾					
Cash and Cash Equivalents	\$ 2,468,418	\$ 2,326	\$ 5,353,405	\$ -	\$ 7,824,149
Participant Options ⁽²⁾					
T. Rowe Price					
Stable Value Fund	325,004,598	736,635	(1,228,389)	865,011	325,377,855
Small-Cap Stock Fund	90,589,538	2,164,393	(294,651)	776,191	93,235,471
Alaska Balanced Fund	1,115,765,109	12,847,474	(2,240,177)	223,503	1,126,595,909
Long Term Balanced Fund	374,612,464	6,594,521	787,636	(10,589)	381,984,032
AK Target Date 2010 Trust	5,871,093	85,313	(66,170)	73,239	5,963,475
AK Target Date 2015 Trust	88,482,433	1,523,822	(112,139)	353,374	90,247,490
AK Target Date 2020 Trust	38,853,958	746,239	119,414	66,781	39,786,392
AK Target Date 2025 Trust	21,315,939	449,243	60,766	122,858	21,948,806
AK Target Date 2030 Trust	9,384,306	211,886	74,721	(98,636)	9,572,277
AK Target Date 2035 Trust	8,347,631	195,981	123,226	92,047	8,758,885
AK Target Date 2040 Trust	8,518,953	205,672	128,434	36,937	8,889,996
AK Target Date 2045 Trust	8,598,669	204,116	186,884	182,996	9,172,665
AK Target Date 2050 Trust	8,817,475	211,413	197,397	7,736	9,234,021
AK Target Date 2055 Trust	5,136,930	126,711	174,199	179,377	5,617,217
Total Investments with T. Rowe Price	2,109,299,096	26,303,419	(2,088,849)	2,870,825	2,136,384,491
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	36,772,048	1	(425,133)	981,703	37,328,619
S&P 500 Stock Index Fund Series A	240,696,100	6,243,559	(224,937)	(1,260,024)	245,454,698
Russell 3000 Index	18,437,831	483,414	(104,436)	(358,296)	18,458,513
US Real Estate Investment Trust Index	34,755,158	(769,790)	72,263	1,883,685	35,941,316
World Equity Ex-US Index	13,852,456	525,164	5,661	269,225	14,652,506
Long US Treasury Bond Index	26,056,353	(604,428)	(39,024)	(3,311,037)	22,101,864
US Treasury Inflation Protected Securities Index	22,038,190	110,049	(20,113)	611,937	22,740,063
World Government Bond Ex-US Index	6,159,717	117,567	(1,980)	(100,380)	6,174,924
Global Balanced Fund	50,626,046	1,082,914	(255,089)	493,793	51,947,664
Total Investments with SSGA	449,393,899	7,188,450	(992,788)	(789,394)	454,800,167
BlackRock					
Government Bond Fund	50,982,663	30,028	(484,467)	(131,684)	50,396,540
Intermediate Bond Fund	14,511,325	(3,545)	(20,946)	(26,045)	14,460,789
Total Investments with BlackRock	65,493,988	26,483	(505,413)	(157,729)	64,857,329
Brandes Institutional					
International Equity Fund Fee	61,180,656	1,442,656	(16,516)	(1,217,788)	61,389,008
RCM					
Sustainable Opportunities Fund	29,264,640	551,507	4,112	(705,914)	29,114,345
Total Externally Managed Funds	2,714,632,279	35,512,515	(3,599,454)	-	2,746,545,340
Total All Funds	\$ 2,717,100,697	\$ 35,514,841	\$ 1,753,951	\$ -	\$ 2,754,369,489

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
September 30, 2012
\$ (Thousands)

<u>Invested Assets (At Fair Value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with Treasury Division			
Cash and cash equivalents	\$ 5,603	\$ 2,468	\$ 7,824
Investments with T. Rowe Price			
Stable Value Fund	326,006	325,005	325,378
Small-Cap Stock Fund	87,043	90,590	93,235
Alaska Balanced Fund	1,106,437	1,115,765	1,126,596
Long Term Balanced Fund	364,538	374,612	381,984
AK Target Date 2010 Trust	5,659	5,871	5,963
AK Target Date 2015 Trust	87,366	88,482	90,247
AK Target Date 2020 Trust	37,937	38,854	39,786
AK Target Date 2025 Trust	20,564	21,316	21,949
AK Target Date 2030 Trust	8,543	9,384	9,572
AK Target Date 2035 Trust	7,861	8,348	8,759
AK Target Date 2040 Trust	7,841	8,519	8,890
AK Target Date 2045 Trust	7,784	8,599	9,173
AK Target Date 2050 Trust	8,039	8,818	9,234
AK Target Date 2055 Trust	4,064	5,137	5,617
Investments with State Street Global Advisors			
State Street Treasury Money Market Fund - Inst.	37,162	36,772	37,329
S&P 500 Stock Index Fund Series A	235,676	240,696	245,455
Russell 3000 Index	17,468	18,438	18,459
US Real Estate Investment Trust Index	35,011	34,755	35,941
World Equity Ex-US Index	12,961	13,852	14,652
Long US Treasury Bond Index	26,693	26,056	22,102
US Treasury Inflation Protected Securities Index	22,194	22,038	22,740
World Govt Bond Ex-US Index	6,058	6,160	6,175
Global Balanced Fund	49,376	50,626	51,948
Investments with BlackRock			
Government Bond Fund	50,680	50,983	50,397
Intermediate Bond Fund	14,852	14,511	14,461
Investments with Brandes Investment Partners			
International Equity Fund Fee	59,070	61,181	61,389
Investments with RCM			
Sustainable Opportunities Fund	28,526	29,265	29,114
Total Invested Assets	\$ 2,681,012	\$ 2,717,101	\$ 2,754,369
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 2,656,000	\$ 2,681,012	\$ 2,717,101
Investment Earnings	23,717	35,162	35,514
Net Contributions (Withdrawals)	1,295	927	1,754
Ending Invested Assets	\$ 2,681,012	\$ 2,717,101	\$ 2,754,369

Deferred Compensation Plan
Schedule of Invested Assets and Changes in Invested Assets
for the Month Ended
September 30, 2012

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Participant Options					
T. Rowe Price					
Interest Income Fund	\$ 176,177,454	\$ 439,402	\$ (1,416,515)	\$ 929,741	\$ 176,130,082
Small Cap Stock Fund	71,207,805	1,721,172	(509,792)	(466,731)	71,952,454
Long Term Balanced Fund	36,716,919	646,718	(15,072)	80,275	37,428,840
Alaska Balanced Trust	9,253,460	105,376	(3,959)	(14,044)	9,340,833
AK Target Date 2010 Trust	1,761,042	25,902	(12,400)	10,390	1,784,934
AK Target Date 2015 Trust	4,804,564	81,397	(43,103)	243,275	5,086,133
AK Target Date 2020 Trust	4,873,714	92,588	49,616	84,029	5,099,947
AK Target Date 2025 Trust	2,289,259	48,627	25,923	(83,100)	2,280,709
AK Target Date 2030 Trust	1,493,263	33,468	16,473	(2,732)	1,540,472
AK Target Date 2035 Trust	1,198,524	27,060	23,759	(122,144)	1,127,199
AK Target Date 2040 Trust	779,445	18,096	10,116	92,696	900,353
AK Target Date 2045 Trust	414,266	9,643	7,256	14,749	445,914
AK Target Date 2050 Trust	289,434	6,709	5,670	16,209	318,022
AK Target Date 2055 Trust	613,785	14,629	7,283	(45,404)	590,293
Total Investments with T. Rowe Price	<u>311,872,934</u>	<u>3,270,787</u>	<u>(1,854,745)</u>	<u>737,209</u>	<u>314,026,185</u>
State Street Global Advisors					
State Street Treasury Money Market Fund - Inst.	9,179,669	-	(91,719)	289,876	9,377,826
Russell 3000 Index	7,179,318	181,507	(73,734)	(253,550)	7,033,541
US Real Estate Investment Trust Index	11,629,082	(253,236)	20,774	978,060	12,374,680
World Equity Ex-US Index	4,835,549	175,793	11,419	18,840	5,041,601
Long US Treasury Bond Index	6,506,937	(137,669)	19,680	(242,004)	6,146,944
US Treasury Inflation Protected Securities Index	11,299,272	54,493	(127,677)	289,106	11,515,194
World Government Bond Ex-US Index	2,159,419	41,302	2,985	45,956	2,249,662
Global Balanced Fund	37,512,561	800,482	(46,412)	190,875	38,457,506
Total Investments with SSGA	<u>90,301,807</u>	<u>862,672</u>	<u>(284,684)</u>	<u>1,317,159</u>	<u>92,196,954</u>
BlackRock					
S&P 500 Index Fund	129,612,076	3,330,755	(276,560)	(1,627,175)	131,039,096
Government/Credit Bond Fund	33,301,022	22,831	(58,835)	220,044	33,485,062
Intermediate Bond Fund	16,501,165	(4,402)	(43,884)	(58,418)	16,394,461
Total Investments with Barclays Global Investors	<u>179,414,263</u>	<u>3,349,184</u>	<u>(379,279)</u>	<u>(1,465,549)</u>	<u>180,918,619</u>
Brandes Institutional					
International Equity Fund Fee	35,909,865	855,275	(118,511)	(429,204)	36,217,425
RCM					
Sustainable Core Opportunities Fund	11,037,041	206,695	20,426	(159,615)	11,104,547
Total All Funds	<u>\$ 628,535,910</u>	<u>\$ 8,544,613</u>	<u>\$ (2,616,793)</u>	<u>\$ -</u>	<u>\$ 634,463,730</u>

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

Deferred Compensation Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
September 30, 2012
\$ (Thousands)

<u>Invested Assets (at fair value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with T. Rowe Price			
Interest Income Fund			
Cash and cash equivalents	\$ 13,002	\$ 11,754	\$ 10,372
Synthetic Investment Contracts	164,611	164,424	165,758
Small Cap Stock Fund	68,583	71,208	71,952
Long Term Balanced Fund	35,553	36,717	37,429
Alaska Balanced Trust	8,884	9,253	9,341
AK Target Date 2010 Trust	1,829	1,761	1,785
AK Target Date 2015 Trust	4,489	4,805	5,086
AK Target Date 2020 Trust	4,475	4,874	5,100
AK Target Date 2025 Trust	2,153	2,289	2,281
AK Target Date 2030 Trust	1,418	1,493	1,540
AK Target Date 2035 Trust	1,155	1,199	1,127
AK Target Date 2040 Trust	714	779	900
AK Target Date 2045 Trust	406	414	446
AK Target Date 2050 Trust	272	289	318
AK Target Date 2055 Trust	474	614	590
State Street Global Advisors			
State Street Treasury Money Market Fund - Inst.	9,166	9,180	9,378
Russell 3000 Index	6,615	7,179	7,034
US Real Estate Investment Trust Index	11,944	11,629	12,375
World Equity Ex-US Index	4,491	4,836	5,042
Long US Treasury Bond Index	6,397	6,507	6,147
US Treasury Inflation Protected Securities Index	11,326	11,299	11,515
World Government Bond Ex-US Index	2,144	2,159	2,250
Global Balanced Fund	36,799	37,513	38,458
Investments with BlackRock			
S&P 500 Index Fund	127,174	129,612	131,039
Government/Credit Bond Fund	33,320	33,301	33,485
Intermediate Bond Fund	16,352	16,501	16,394
Investments with Brandes Institutional			
International Equity Fund Fee	34,990	35,910	36,217
Investments with RCM			
Sustainable Opportunities Fund	10,796	11,037	11,105
Total Invested Assets	\$ 619,532	\$ 628,536	\$ 634,464
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 614,418	\$ 619,532	\$ 628,536
Investment Earnings	3,798	9,053	8,545
Net Contributions (Withdrawals)	1,316	(49)	(2,617)
Ending Invested Assets	\$ 619,532	\$ 628,536	\$ 634,464

Defined Contribution Retirement - Participant Directed PERS
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
September 30, 2012

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division ⁽¹⁾					
Cash and Cash Equivalents	\$ 7,083,299	\$ 3,219	\$ 179,669	\$ -	\$ 7,266,187
Participant Options ⁽²⁾					
T. Rowe Price					
Alaska Money Market	2,914,906	259	39,964	(32,028)	2,923,101
Small-Cap Stock Fund	37,860,683	902,539	271,598	(111,072)	38,923,748
Long Term Balanced Fund	4,642,518	81,773	1,956	84,307	4,810,554
Alaska Balanced Fund	732,790	8,608	16,776	18,332	776,506
AK Target Date 2010 Trust	703,100	10,328	26,418	-	739,846
AK Target Date 2015 Trust	2,861,532	48,986	84,436	(2,918)	2,992,036
AK Target Date 2020 Trust	5,300,337	101,703	141,503	(3,122)	5,540,421
AK Target Date 2025 Trust	7,380,543	154,211	229,359	52	7,764,165
AK Target Date 2030 Trust	7,437,321	166,257	162,079	-	7,765,657
AK Target Date 2035 Trust	8,061,217	190,519	226,571	(27,096)	8,451,211
AK Target Date 2040 Trust	11,430,773	275,711	260,643	(8,933)	11,958,194
AK Target Date 2045 Trust	12,581,959	303,090	297,119	(2,582)	13,179,586
AK Target Date 2050 Trust	13,946,211	335,702	403,116	(16,709)	14,668,320
AK Target Date 2055 Trust	5,179,638	124,245	170,798	(136)	5,474,545
Total Investments with T. Rowe Price	121,033,528	2,703,931	2,332,336	(101,905)	125,967,890
State Street Global Advisors					
Money Market	649,133	-	11,702	225,993	886,828
S&P 500 Stock Index Fund Series A	33,231,451	860,814	248,890	1,986,241	36,327,396
Russell 3000 Index	4,147,151	107,774	33,312	(285,623)	4,002,614
US Real Estate Investment Trust Index	4,911,328	(100,956)	42,894	135,637	4,988,903
World Equity Ex-US Index	12,802,745	478,070	104,516	2,124,617	15,509,948
Long US Treasury Bond Index	518,467	(10,419)	(9,562)	(4,672)	493,814
US Treasury Inflation Protected Sec Index	1,085,430	5,639	11,875	113,135	1,216,079
World Government Bond Ex-US Index	1,515,853	28,980	4,747	43,092	1,592,672
Global Balanced Fund	5,546,672	118,434	40,784	215,380	5,921,270
Total Investments with SSGA	64,408,230	1,488,336	489,158	4,553,800	70,939,524
BlackRock					
Government Bond Fund	10,453,279	8,631	75,530	287,259	10,824,699
Intermediate Bond Fund	337,980	(110)	(17,524)	(1,440)	318,906
Total Investments with BlackRock	10,791,259	8,521	58,006	285,819	11,143,605
Brandes Institutional					
International Equity Fund Fee	40,695,925	984,797	281,331	(2,709,779)	39,252,274
RCM					
Sustainable Opportunities Fund	10,129,610	190,468	61,601	(2,027,935)	8,353,744
Total Externally Managed Funds	247,058,552	5,376,053	3,222,432	-	255,657,037
Total All Funds	\$ 254,141,851	\$ 5,379,272	\$ 3,402,101	\$ -	\$ 262,923,224

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
September 30, 2012
\$ (Thousands)

<u>Invested Assets (At Fair Value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with Treasury Division			
Cash and cash equivalents	\$ 7,044	\$ 7,083	\$ 7,266
Investments with T. Rowe Price			
Alaska Money Market	2,837	2,915	2,923
Small-Cap Stock Fund	35,862	37,861	38,924
Long Term Balanced Fund	4,530	4,643	4,811
Alaska Balanced Fund	692	733	776
AK Target Date 2010 Trust	670	703	740
AK Target Date 2015 Trust	2,703	2,862	2,992
AK Target Date 2020 Trust	5,001	5,300	5,540
AK Target Date 2025 Trust	6,857	7,381	7,764
AK Target Date 2030 Trust	6,955	7,437	7,766
AK Target Date 2035 Trust	7,477	8,061	8,451
AK Target Date 2040 Trust	10,594	11,431	11,958
AK Target Date 2045 Trust	11,567	12,582	13,180
AK Target Date 2050 Trust	12,904	13,946	14,668
AK Target Date 2055 Trust	4,667	5,180	5,474
Investments with State Street Global Advisors			
Money Market	590	649	887
S&P 500 Stock Index Fund Series A	29,959	33,231	36,327
Russell 3000 Index	4,171	4,147	4,003
US Real Estate Investment Trust Index	4,745	4,911	4,989
World Equity Ex-US Index	10,106	12,803	15,510
Long US Treasury Bond Index	720	518	494
US Treasury Inflation Protected Sec Index	1,046	1,085	1,216
World Government Bond Ex-US Index	1,449	1,516	1,593
Global Balanced Fund	5,280	5,547	5,921
Investments with BlackRock			
Government Bond Fund	10,162	10,453	10,825
Intermediate Bond Fund	328	338	319
Investments with Brandes Investment Partners			
International Equity Fund Fee	41,282	40,696	39,252
Investments with RCM			
Sustainable Opportunities Fund	11,830	10,130	8,354
Total Invested Assets	\$ 242,028	\$ 254,142	\$ 262,923
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 236,966	\$ 242,028	\$ 254,142
Investment Earnings	855	5,831	5,379
Net Contributions (Withdrawals)	4,207	6,283	3,402
Ending Invested Assets	\$ 242,028	\$ 254,142	\$ 262,923

Defined Contribution Retirement - Participant Directed TRS
Schedule of Investment Income and Changes in Invested Assets

for the Month Ended
September 30, 2012

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division ⁽¹⁾					
Cash and Cash Equivalents	\$ 2,494,220	\$ 1,137	\$ 19,714	\$ -	\$ 2,515,071
Participant Options ⁽²⁾					
T. Rowe Price					
Alaska Money Market	1,365,691	123	10,143	-	1,375,957
Small-Cap Stock Fund	15,806,993	379,154	(9,887)	(7,855)	16,168,405
Long Term Balanced Fund	2,405,138	42,510	(6,202)	95,329	2,536,775
Alaska Balanced Fund	123,598	1,420	2,554	-	127,572
AK Target Date 2010 Trust	364,208	5,482	(13,526)	-	356,164
AK Target Date 2015 Trust	1,026,320	17,688	16,683	(2,230)	1,058,461
AK Target Date 2020 Trust	1,971,812	37,291	34,301	(21,560)	2,021,844
AK Target Date 2025 Trust	2,439,164	51,265	48,376	-	2,538,805
AK Target Date 2030 Trust	2,408,560	54,241	56,110	-	2,518,911
AK Target Date 2035 Trust	3,917,804	92,889	76,317	-	4,087,010
AK Target Date 2040 Trust	4,464,691	108,612	34,060	-	4,607,363
AK Target Date 2045 Trust	8,163,991	197,986	19,012	-	8,380,989
AK Target Date 2050 Trust	10,456,782	253,218	117,526	-	10,827,526
AK Target Date 2055 Trust	817,296	19,598	43,442	-	880,336
Total Investments with T. Rowe Price	55,732,048	1,261,477	428,909	63,684	57,486,118
State Street Global Advisors					
Money Market	50,890	-	291	5,262	56,443
S&P 500 Stock Index Fund Series A	13,434,427	348,540	(2,078)	862,999	14,643,888
Russell 3000 Index	1,608,490	43,035	473	(159,728)	1,492,270
US Real Estate Investment Trust Index	1,828,763	(35,990)	1,441	8,583	1,802,797
World Equity Ex-US Index	5,332,565	199,093	(4,028)	888,768	6,416,398
Long US Treasury Bond Index	55,934	(1,073)	936	-	55,797
US Treasury Inflation Protected Sec Index	460,017	2,353	(1,332)	12,691	473,729
World Government Bond Ex-US Index	706,897	13,697	(2,848)	35,755	753,501
Global Balanced Fund	3,242,711	69,331	(1,316)	140,373	3,451,099
Total Investments with SSGA	26,720,694	638,986	(8,461)	1,794,703	29,145,922
BlackRock					
Government Bond Fund	4,942,880	4,080	(9,708)	187,836	5,125,088
Intermediate Bond Fund	75,949	(15)	697	743	77,374
Total Investments with BlackRock	5,018,829	4,065	(9,011)	188,579	5,202,462
Brandes Institutional					
International Equity Fund Fee	16,560,473	406,523	(7,146)	(1,193,324)	15,766,526
RCM					
Sustainable Opportunities Fund	4,185,083	79,277	(513)	(853,642)	3,410,205
Total Externally Managed Funds	108,217,127	2,390,328	403,778	-	111,011,233
Total All Funds	\$ 110,711,347	\$ 2,391,465	\$ 423,492	\$ -	\$ 113,526,304

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
September 30, 2012
\$ (Thousands)

<u>Invested Assets (At Fair Value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with Treasury Division			
Cash and cash equivalents	\$ 2,513	\$ 2,494	\$ 2,515
Investments with T. Rowe Price			
Alaska Money Market	1,365	1,366	1,376
Small-Cap Stock Fund	15,252	15,807	16,168
Long Term Balanced Fund	2,302	2,405	2,537
Alaska Balanced Fund	165	124	128
AK Target Date 2010 Trust	378	364	356
AK Target Date 2015 Trust	1,010	1,026	1,058
AK Target Date 2020 Trust	1,923	1,972	2,022
AK Target Date 2025 Trust	2,430	2,439	2,539
AK Target Date 2030 Trust	2,360	2,408	2,519
AK Target Date 2035 Trust	3,894	3,918	4,087
AK Target Date 2040 Trust	4,427	4,465	4,607
AK Target Date 2045 Trust	8,006	8,164	8,381
AK Target Date 2050 Trust	10,300	10,457	10,828
AK Target Date 2055 Trust	808	817	880
Investments with State Street Global Advisors			
Money Market	45	51	56
S&P 500 Stock Index Fund Series A	12,356	13,434	14,644
Russell 3000 Index	1,734	1,608	1,492
US Real Estate Investment Trust Index	1,857	1,829	1,803
World Equity Ex-US Index	4,329	5,333	6,416
Long US Treasury Bond Index	55	56	56
US Treasury Inflation Protected Sec Index	438	460	474
World Government Bond Ex-US Index	660	707	754
Global Balanced Fund	3,112	3,243	3,451
Investments with BlackRock			
Government Bond Fund	4,816	4,943	5,125
Intermediate Bond Fund	76	76	77
Investments with Brandes Investment Partners			
International Equity Fund Fee	17,157	16,560	15,767
Investments with RCM			
Sustainable Opportunities Fund	4,989	4,185	3,410
Total Invested Assets	\$ 108,757	\$ 110,711	\$ 113,526
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 107,836	\$ 108,757	\$ 110,711
Investment Earnings	421	2,609	2,392
Net Contributions (Withdrawals)	500	(655)	423
Ending Invested Assets	\$ 108,757	\$ 110,711	\$ 113,526

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

(Supplement to the Treasury Division Report)

As of September 30, 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 Three Months Ending September 30, 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)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	\$ 69,509,288	\$ 164,087,043	\$ 7,660	\$ 233,603,991	\$ (147,494,503)	\$ (2,941,279)	\$ (6,854,816)	\$ (157,290,598)	\$ 76,313,393
Retirement Health Care Trust	50,453,744	143,215,349	407,304	194,076,397	(79,616,721)	-	(2,049,188)	(81,665,909)	112,410,488
Total Defined Benefit Plans	119,963,032	307,302,392	414,964	427,680,388	(227,111,224)	(2,941,279)	(8,904,004)	(238,956,507)	188,723,881
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	19,275,235	-	-	19,275,235	-	(4,382,294)	(1,000,472)	(5,382,766)	13,892,469
Health Reimbursement Arrangement	(a) 4,815,962	-	-	4,815,962	-	-	(7,071)	(7,071)	4,808,891
Retiree Medical Plan	(a) 724,213	-	-	724,213	-	-	(7,073)	(7,073)	717,140
Occupational Death and Disability:	(a)								
Public Employees	206,498	-	-	206,498	-	-	-	-	206,498
Police and Firefighters	170,805	-	-	170,805	(11,841)	-	-	(11,841)	158,964
Total Defined Contribution Plans	25,192,713	-	-	25,192,713	(11,841)	(4,382,294)	(1,014,616)	(5,408,751)	19,783,962
Total PERS	145,155,745	307,302,392	414,964	452,873,101	(227,123,065)	(7,323,573)	(9,918,620)	(244,365,258)	208,507,843
Teachers' Retirement System (TRS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	7,546,838	196,944,800	2,015	204,493,653	(94,854,713)	(1,114,263)	(2,669,468)	(98,638,444)	105,855,209
Retirement Health Care Trust	4,103,153	105,832,353	171,739	110,107,245	(26,538,389)	-	(801,982)	(27,340,371)	82,766,874
Total Defined Benefit Plans	11,649,991	302,777,153	173,754	314,600,898	(121,393,102)	(1,114,263)	(3,471,450)	(125,978,815)	188,622,083
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	2,960,216	-	-	2,960,216	-	(2,417,531)	(275,025)	(2,692,556)	267,660
Health Reimbursement Arrangement	(a) 519,329	-	-	519,329	-	-	(2,437)	(2,437)	516,892
Retiree Medical Plan	(a) 106,772	-	-	106,772	-	-	(2,437)	(2,437)	104,335
Occupational Death and Disability:	(a)								
Public Employees	-	-	-	-	-	-	-	-	-
Total Defined Contribution Plans	3,586,317	-	-	3,586,317	-	(2,417,531)	(279,899)	(2,697,430)	888,887
Total TRS	15,236,308	302,777,153	173,754	318,187,215	(121,393,102)	(3,531,794)	(3,751,349)	(128,676,245)	189,510,970
Judicial Retirement System (JRS)									
Defined Benefit Plan Retirement Trust	1,003,792	3,650,650	-	4,654,442	(2,518,246)	-	(70,599)	(2,588,845)	2,065,597
Defined Benefit Retirement Health Care Trust	38,867	134,921	1,137	174,925	(313,598)	-	(6,147)	(319,745)	(144,820)
Total JRS	1,042,659	3,785,571	1,137	4,829,367	(2,831,844)	-	(76,746)	(2,908,590)	1,920,777
National Guard/Naval Militia Retirement System (NGNMRS)									
Defined Benefit Plan Retirement Trust	(a) 739,100	-	-	739,100	(465,637)	-	(41,370)	(507,007)	232,093
Other Participant Directed Plans									
Supplemental Annuity Plan	44,220,873	-	-	44,220,873	-	(39,107,313)	(1,137,515)	(40,244,828)	3,976,045
Deferred Compensation Plan	10,082,577	-	-	10,082,577	-	(11,153,984)	(278,554)	(11,432,538)	(1,349,961)
Total All Funds	216,477,262	613,865,116	589,855	830,932,233	(351,813,648)	(61,116,664)	(15,204,154)	(428,134,466)	402,797,767
Total Non-Participant Directed	139,938,361	613,865,116	589,855	754,393,332	(351,813,648)	(4,055,542)	(12,512,588)	(368,381,778)	386,011,554
Total Participant Directed	76,538,901	-	-	76,538,901	-	(57,061,122)	(2,691,566)	(59,752,688)	16,786,213
Total All Funds	\$ 216,477,262	\$ 613,865,116	\$ 589,855	\$ 830,932,233	\$ (351,813,648)	\$ (61,116,664)	\$ (15,204,154)	\$ (428,134,466)	\$ 402,797,767

(a) Employer only contributions.

Prepared by the Division of Retirement and Benefits

ALASKA RETIREMENT MANAGEMENT BOARD
SCHEDULE OF NON-INVESTMENT CHANGES BY FUND
(Supplement to the Treasury Division Report)
For the Month Ended September 30, 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)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	\$ 17,581,986	\$ -	\$ 3,283	\$ 17,585,269	\$ (48,822,170)	\$ (851,474)	\$ (693,428)	\$ (50,367,072)	\$ (32,781,803)
Retirement Health Care Trust	12,007,876	-	191,244	12,199,120	(23,727,784)	-	(678,202)	(24,405,986)	(12,206,866)
Total Defined Benefit Plans	29,589,862	-	194,527	29,784,389	(72,549,954)	(851,474)	(1,371,630)	(74,773,058)	(44,988,669)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	4,953,296	-	-	4,953,296	-	(1,259,198)	(291,997)	(1,551,195)	3,402,101
Health Reimbursement Arrangement	(a) 1,282,340	-	-	1,282,340	-	-	(6,865)	(6,865)	1,275,475
Retiree Medical Plan	(a) 181,236	-	-	181,236	-	-	(6,867)	(6,867)	174,369
Occupational Death and Disability:	(a)								
Public Employees	45,638	-	-	45,638	-	-	-	-	45,638
Police and Firefighters	52,649	-	-	52,649	(3,947)	-	-	(3,947)	48,702
Total Defined Contribution Plans	6,515,159	-	-	6,515,159	(3,947)	(1,259,198)	(305,729)	(1,568,874)	4,946,285
Total PERS	36,105,021	-	194,527	36,299,548	(72,553,901)	(2,110,672)	(1,677,359)	(76,341,932)	(40,042,384)
Teachers' Retirement System (TRS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	2,493,018	-	-	2,493,018	(31,505,242)	(416,339)	(219,342)	(32,140,923)	(29,647,905)
Retirement Health Care Trust	446,822	-	79,610	526,432	(7,859,079)	-	(263,863)	(8,122,942)	(7,596,510)
Total Defined Benefit Plans	2,939,840	-	79,610	3,019,450	(39,364,321)	(416,339)	(483,205)	(40,263,865)	(37,244,415)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	981,305	-	-	981,305	-	(454,815)	(102,998)	(557,813)	423,492
Health Reimbursement Arrangement	(a) 191,904	-	-	191,904	-	-	(2,366)	(2,366)	189,538
Retiree Medical Plan	(a) 32,559	-	-	32,559	-	-	(2,366)	(2,366)	30,193
Occupational Death and Disability	(a)								
Total Defined Contribution Plans	1,205,768	-	-	1,205,768	-	(454,815)	(107,730)	(562,545)	643,223
Total TRS	4,145,608	-	79,610	4,225,218	(39,364,321)	(871,154)	(590,935)	(40,826,410)	(36,601,192)
Judicial Retirement System (JRS)									
Defined Benefit Plan Retirement Trust	422,236	-	-	422,236	(829,646)	-	(8,010)	(837,656)	(415,420)
Defined Benefit Retirement Health Care Trust	50,351	-	564	50,915	(91,478)	-	(2,027)	(93,505)	(42,590)
Total JRS	472,587	-	564	473,151	(921,124)	-	(10,037)	(931,161)	(458,010)
National Guard/Naval Militia Retirement System (NGNMRS)									
Defined Benefit Plan Retirement Trust	(a) -	-	-	-	(207,460)	-	(12,757)	(220,217)	(220,217)
Other Participant Directed Plans									
Supplemental Annuity Plan	13,757,841	-	-	13,757,841	-	(11,528,001)	(475,889)	(12,003,890)	1,753,951
Deferred Compensation Plan	1,826,671	-	-	1,826,671	-	(4,339,597)	(103,867)	(4,443,464)	(2,616,793)
Total All Funds	56,307,728	-	274,701	56,582,429	(113,046,806)	(18,849,424)	(2,870,844)	(134,767,074)	(78,184,645)
Total Non-Participant Directed	34,788,615	-	274,701	35,063,316	(113,046,806)	(1,267,813)	(1,896,093)	(116,210,712)	(81,147,396)
Total Participant Directed	21,519,113	-	-	21,519,113	-	(17,581,611)	(974,751)	(18,556,362)	2,962,751
Total All Funds	\$ 56,307,728	\$ -	\$ 274,701	\$ 56,582,429	\$ (113,046,806)	\$ (18,849,424)	\$ (2,870,844)	\$ (134,767,074)	\$ (78,184,645)

(a) Employer only contributions.

Prepared by the Division of Retirement and Benefits



cutting through complexity™

State of Alaska Division of Retirement Audit Results June 30, 2012

This presentation to the Audit Committee is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

December 5, 2012

Agenda

Audit Status

Areas of Interest

Regulatory and Accounting Update

Appendix

Audit Status



Audit Status

Unqualified opinion on the financial statements for:

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

Unqualified opinion on the financial statements and supplement schedules for:

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

Significant Changes to our Audit Plan

There were no significant changes to our audit plan



Audit Status

Corrected Misstatements

None identified during our audit.

Uncorrected Misstatements

Difference in valuation of alternative investments between year end and lag period used to record investments

Internal Control Deficiencies

Significant Deficiency related to preparation and review of the financial statements for the Supplemental Benefits System



Other Matters

Going Concern	None noted
Related Party Transactions	None noted
Litigations, Claims, and Assessments	None noted that would result in significant changes to the audit report
Illegal Acts or Fraud	None noted
Non-compliance with Laws and Regulations	None noted
Other Information in Documents Containing Audited Financial Statements	KPMG will review the draft CAFR when it is provided to us
Significant Difficulties Encountered During the Audit	No matters to report
Disagreements with Management	No matters to report
Management's Consultation with Other Accountants	No matters to report
Significant Issues Discussed, or Subject to Correspondence, with Management	No matters to report
Alternative Accounting Treatments Discussed with Management	No matters to report
Other Findings or Issues Relevant Regarding Oversight of the Financial Reporting Process	No matters to report
Communications with the Firm's National Office	No matters to report



Audit Team

Total of approximately 1,800 hours performed by the following levels across the firm.

Core Audit Team:

Michael Hayhurst, Engagement Audit Partner, Anchorage Managing Partner

David Hill, Engagement Quality Concurring Review Partner, Billings Managing Partner

Melissa Beedle, Audit Senior Manager, Juneau

3 Audit Senior Associates

6 Audit Associates

2 Audit Interns

Specialists:

Nick Katsanos, Financial Risk Management Specialist, New York

Jon Keithley, IT Attestation Advisory Manager, Portland

Dennis Polisner, KPMG Employee Benefit Plan Actuary, Chicago

Terri Stecher, Director, Washington National Tax, Washington DC

KPMG National Pricing Desk, Boston

Areas of Interest

Areas of Interest – Summary of Risks

Accuracy of Contributions

- Verified accuracy of employee data including eligibility**
- Recalculated a selection of contributions**
- Reviewed reconciliation between AKSAS and CRS**

Valuation of Alternative Investments

- Confirmed investments**
- Performed Benchmark analysis**
- Verified reliability of valuation estimates**
- Performed a lag analysis**

Valuation of Benefit Plan Obligations including IBNR

- Obtain Actuarial determined liabilities**
- Tested completeness and accuracy of data sent to actuary**
- Consulted with KPMG actuary on reasonableness of assumptions and calculations**

Regulatory and Accounting Update



Regulatory and Accounting Update

New or Proposed Pronouncement	Comments
GASB 67 – Financial Reporting for Pension Plans – applies to financial reporting by pension plans	Effective for fiscal years beginning after June 15, 2013 (Year ended June 30, 2014)
GASB 68 – Accounting and Financial Reporting for Pensions – applies to financial reporting by most Governments that provide their employees with pension benefits	Effective for fiscal years beginning after June 15, 2014 (Year ended June 30, 2015)

KPMG Government Institute Webcast: GASB Pension Standards and Financial Reporting Part 1

<http://www.kpmginstitutes.com/government-institute/events/pension-accounting-and-financial-reporting.aspx>

KPMG Government Institute Webcast: GASB Pension Standards and Financial Reporting Part 2: Potential Issues

<http://www.kpmginstitutes.com/government-institute/events/pensions-accounting-and-reporting-part-ii.aspx>

KPMG Government Institute Webcast: GASB Activities Update

<http://www.kpmginstitutes.com/government-institute/events/gasb-activities-update.aspx>

GASB Pension Fact Sheets

<http://www.gasb.org/cs/ContentServer?site=GASB&c=Page&pagename=GASB%2FPage%2FGASBSectionPage&cid=1176160426013>



GASB 67: Financial Reporting for Pension Plans

GASB 68: Accounting and Financial Reporting for Pensions

Summary of Employer Provisions:

The following amounts are required to be determined related to a defined-benefit pension plan as of a date (measurement date) no earlier than the end of the employer's prior fiscal year:

-Net pension liability (asset)

-Pension expense

-Pension deferred outflows and inflows of resources

Substantial changes to methods and assumptions used to determine actuarial information for GAAP reporting purposes. Could potentially have two different actuarial calculations, one for funding and one for GAAP reporting.

Note disclosures and required supplementary information related to pensions are expanded.

Summary of Plan Provisions:

A little bit of expansion in note disclosures and RSI.

Required to provide ACTUAL rate of return and a 10 year table of returns. No actuarial related disclosures for agent multiple-employer plans. Only for single employer plans and cost-sharing plans.

Pension plans will be required to disclose the Net Pension Liability but will not be on the financials – employer liability not pension liability.

Potential Implementation Issues

- Changes made to comply with the standards should be treated as an adjustment of prior periods, resulting in a restatement of those periods.
- Ten year required supplementary information related to contributions should be presented in full upon implementation.
- **Cost-Sharing Multiple-Employer Plans:**
 - Calculation of proportion of liability will be performed by the plan for all participating employers, based on either required contributions or covered payroll.
 - Include supplemental “Schedule of Employer Allocations” in financial statements
 - Include supplemental “Schedule of Plan Pension Amounts” to include net pension liability, deferred outflows, deferred inflows and pension expense for the plan as a whole.
- **Agent Multiple Employer Plans:**
 - Include supplemental condensed “Schedule of Changes in Fiduciary Position”
 - Plan actuary may issue a separate actuarial report for each participating employer.
 - Plan auditor may be engaged to issue SOC 1 type 2 report on census data controlled by the plan.
 - Employer auditor tests census data of active employees and confirms actuarial information used by actuary.
 - Employer and Employer auditor are responsible for validating deferred outflows/inflows and pension expense related to the individual employer.

Appendix

- Responsibilities
- Audit Committee Institute

Responsibilities

Management is responsible for:

- Adopting sound accounting policies
- Fairly presenting the financial statements in conformity with generally accepted accounting principles
- Establishing and maintaining effective ICFR
- Identifying and confirming that the Company complies with laws and regulations applicable to its activities
- Making all financial records and related information available to the auditor
- Providing the auditor with a letter confirming certain representations made during the audit that includes, but are not limited to management's:
 - disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data; and
 - acknowledgement of their responsibility for the design and implementation of programs and controls to prevent and detect fraud

Responsibilities (continued)

The Audit Committee is responsible for:

- Oversight of the financial reporting process and ICFR

Management and the Audit Committee are responsible for:

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

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

Responsibilities (continued)

KPMG is responsible for:

- Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are presented fairly, in all material respects, in conformity with generally accepted accounting principles
- Planning and performing the audit to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Because of the nature of audit evidence and the characteristics of fraud, we are able to obtain reasonable, but not absolute, assurance that material misstatements will be detected.
- Evaluating:
 - (a) whether the Company's controls sufficiently address identified risks of material misstatement due to fraud; and
 - (b) controls intended to address the risk of management override of other controls
- Communicating to you in writing all significant deficiencies and material weaknesses in internal control identified in the audit and reporting to management all deficiencies noted during our audit that are of sufficient importance to merit management's attention
- Conducting our audit in accordance with professional standards
- Complying with the rules and regulations of the Code of Professional Conduct of the American Institute of Certified Public Accountants, and the ethical standards of relevant CPA societies and relevant state boards of accountancy
- Planning and performing our audit with an attitude of professional skepticism
- Communicating all required information, including significant matters, to management and the Audit Committee

Responsibilities (continued)

Other Information in Documents Containing Audited Financial Statements

- The auditors' report on the financial statements does not extend to other information in documents containing audited financial statements, excluding required supplementary information.
- We are required to read the other information to identify material inconsistencies or misstatement of facts, if any, with the audited financial statements and make appropriate arrangements with management or the Audit Committee to obtain the other information prior to the date of the auditors' report.
- Any material inconsistencies or misstatement of facts that are not resolved prior to the report release date, and that require revision of the other information, may result in a modification or withdrawal of the auditors' report.



KPMG's Audit Committee Institute (ACI)

Communicating with Audit Committees Since 1999

Resources

- *Audit Committee Insights – U.S. and International editions (biweekly electronic publications):* www.kpmginsights.com
- ACI Website: www.auditcommitteeinstitute.com
- ACI mailbox: auditcommittee@kpmg.com
- ACI hotline: [1-877-KPMG-ACI](tel:1-877-KPMG-ACI)



cutting through complexity™

© 2012 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. Printed in the U.S.A.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative (“KPMG International”).



**ALASKA RETIREMENT MANAGEMENT BOARD
TREASURY DIVISION
STATE OF ALASKA DEPARTMENT OF REVENUE**

Letter to the Audit Committee

October 16, 2012



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

October 16, 2012

Audit Committee
Alaska Retirement Management Board
Treasury Division
State of Alaska Department of Revenue
Juneau, Alaska

Ladies and Gentlemen:

We have audited the financial statements of the Invested Assets of the State of Alaska's Retirement and Benefits Plans and the Invested Assets Under the Investment Authority of the Commissioner of Revenue (collectively, Treasury) as of June 30, 2012 and 2011 and for the years then ended, and have issued our report thereon under date of October 16, 2012. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

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

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

We also have a responsibility to communicate significant matters related to the financial statement audits that are, in our professional judgment, relevant to the responsibilities of the Alaska Retirement Management Board in overseeing the financial reporting process. We are not



Audit Committee
Alaska Retirement Management Board
Treasury Division
State of Alaska Department of Revenue
October 16, 2012
Page 2 of 4

required to design procedures for the purpose of identifying other matters to communicate to you.

Accounting Practices and Alternative Treatments

Significant Accounting Policies

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

Unusual Transactions

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

Qualitative Aspects of Accounting Practices

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

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the Treasury to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Investments

Certain fair value measurements and disclosures included in the financial statements, including determining the fair value of investments for which a readily determinable fair value does not exist require estimation of fair value. Management has established an accounting and financial reporting process for determining the fair value measurements and disclosures, considered the appropriateness of valuation methods, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with generally accepted accounting principles.



Audit Committee
Alaska Retirement Management Board
Treasury Division
State of Alaska Department of Revenue
October 16, 2012
Page 3 of 4

Uncorrected and Corrected Misstatements

In connection with our audits of the Funds' financial statements, we have not identified any significant financial statement misstatements that have not been corrected in the system's books and records as of and for the year ended June 30, 2012.

Disagreements with Management

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

Management's Consultation with Other Accountants

To the best of our knowledge management has not consulted with or obtained opinions, written or oral, from other independent accounts during the past year that were subject to the requirements of Statement on Auditing Standards No. 50, *Reports on the Application of Accounting Principles*.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with you and management each year prior to our retention by you as the plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Material Written Communications

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

1. Representations we are requesting from management

Significant Difficulties Encountered During the Audit

We encountered no difficulties in dealing with management in performing our audits.

* * * * *



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Revenue

TREASURY DIVISION

333 Willoughby Avenue, 11th Floor

PO Box 110405

Juneau, Alaska 99811-0405

Main: 907.465.2350

Fax: 907.465.2454

October 16, 2012

KPMG LLP

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the combined schedule of invested assets of the State of Alaska's Retirement and Benefits Plans and the schedule of invested assets under the investment authority of the Commissioner of Revenue (collectively, Treasury) as of and for the year ended June 30, 2012, and corresponding schedules of invested income (loss) and changes in invested assets for the year then ended as of June 30, 2012. This letter is provided for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Treasury, and the respective changes in financial position, and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the schedules in conformity with U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.
2. We have made available to you:
 - a. All financial records and related data.

- b. All minutes of the meetings of Alaska Retirement Management Board and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3. There are no:
 - a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our General Counsel has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, *Accounting for Contingencies*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SFAS No. 5.
 - d. Material transactions, for example, grants and other contractual arrangements, that have not been properly recorded in the accounting records underlying the financial statements.
 - e. Events that have occurred subsequent to June 30, 2012 and through the date of this letter that would require adjustment to or disclosure in the financial statements.
- 4. Treasury has no commitments for the purchase or sale of services or assets at prices involving material probable loss.
- 5. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Treasury's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*.
- 6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.
- 7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.
- 8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

9. Treasury has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
10. We have no knowledge of any officer of Treasury, Director of the Alaska Retirement Management board or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
11. The following have been properly recorded or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which Treasury is contingently liable.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
 - c. Agreements to repurchase assets previously sold, including sales with recourse.
 - d. Changes in accounting principle affecting consistency.
 - e. The existence of and transactions with joint ventures and other related organizations.
12. Treasury has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
13. Treasury has complied with applicable laws, regulations, contracts, and grants that could have a material effect on the financial statements in the event of noncompliance.
14. Management is responsible for compliance with the laws and regulations, applicable to Treasury. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
15. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:
 - a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;
 - b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and
 - c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.
16. Deposits and investment securities are properly classified and reported.
17. Treasury is responsible for determining the fair value of certain investments as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External*

Investment Pools, as amended. The amounts reported represent Treasury's best estimate of fair value of investments required to be reported under the Statement. Treasury also has disclosed the methods and significant assumptions used to estimate the fair value of its investments.

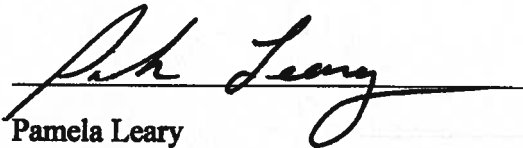
Very truly yours,

State of Alaska, Department of Revenue, Division of Treasury

A handwritten signature in cursive script, reading "Gary M. Bader", written over a horizontal line.

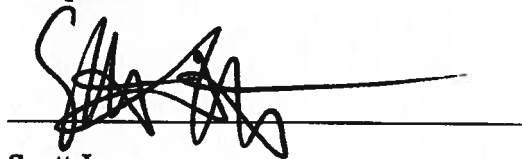
Gary Bader

Chief Investment Officer

A handwritten signature in cursive script, reading "P. Leary", written over a horizontal line.

Pamela Leary

Comptroller

A handwritten signature in cursive script, reading "Scott Jones", written over a horizontal line.

Scott Jones

Assistant Comptroller

December 6, 2012



**ARMB Private Equity Portfolio
Review and Performance
Analysis**

Gary Robertson
Senior Vice President

Private Equity Discussion Topics

- ARMB Private Equity Program Overview
- Market Conditions
- ARMB Private Equity Performance
 - Portfolio and Manager Performance
 - Vintage Year Benchmarking
 - Strategy Diversification
- Corporate Governance Portfolio
- Summary

Appendix: How Private Equity Works (Cash Flows)

ARMB Private Equity Program Overview

Timeline

- 1998 - ARMB initiates a 3% allocation 13 years ago and hires Abbott to invest in partnerships
- 2001 - ARMB raises the allocation to 6%
- 2001 - Hires Pathway to develop a second partnerships portfolio
 - Managers have 39 investments in common (35% of total dollar commitments)
- 2005 - ARMB hires Blum Capital for direct Corporate Governance
 - Two products: listed and hybrid, neither are “private equity”
- 2006 - Private equity allocation raised to 7%
- 2007- ARMB Initiates In-House private equity portfolio
- 2009 - ARMB liquidates Corporate Governance listed product
- 2011 - Private equity allocation raised to 8% in July

ARMB Private Equity Program Overview

Funding – ARMB’s total assets decreased \$120 million (0.7%) during the 12-month period, which decreased the private equity target by \$10 million. Total private equity NAV increased \$109 million (7%), so ARMB’s over funding to private equity increased by 0.7%. The portfolio is 1.9% over target but well within its upper target range of 12%.

As of June 30, 2012

Measure	2011	2012	%
Total Assets	16,361,852,972	16,242,119,030	
PE % Target	8.0%	8.0%	
PE \$ Target	1,308,948,238	1,299,369,522	
Abbott	688,362,000	735,952,298	46%
Pathway	698,091,000	745,877,853	46%
In-House	87,336,000	108,408,467	7%
Blum	23,589,000	15,823,907	1%
Total Private Equity	1,497,378,000	1,606,062,525	100%
% PE	9.2%	9.9%	
Difference from Target	188,429,762	306,693,003	

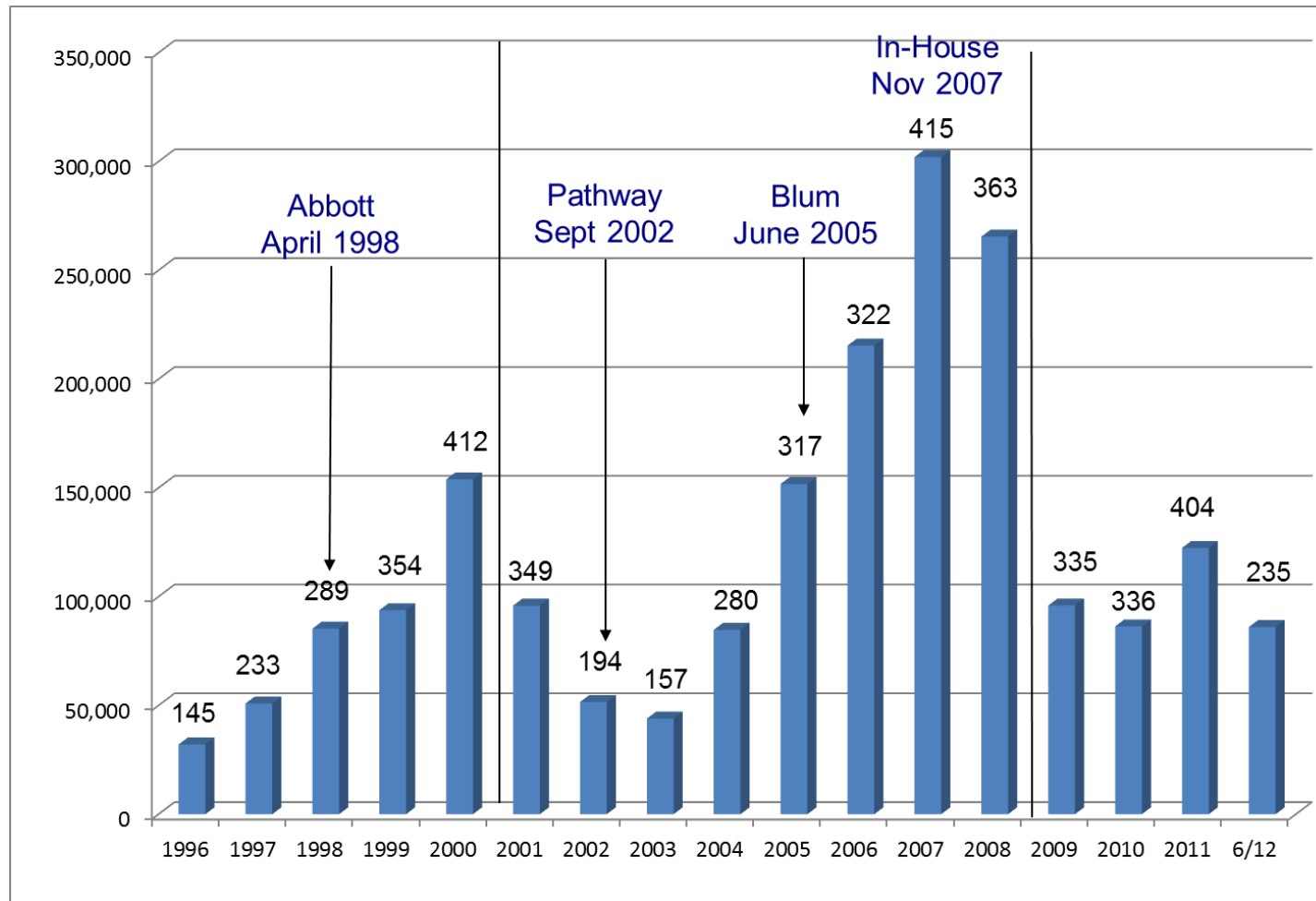
- Uncalled capital is less than NAV (35% and 65%, respectively, of the combined total “economic exposure”), so funding momentum should moderate

Note: 1) Table NAVs are June 30 actual. These differ from the manager analyses which are March 31 values updated for June 30 roll-forward cash flows.

Private Equity Market Conditions

Industry Commitments To Partnerships

(\$ Millions, # Funds Formed)



Source: *Private Equity Analyst*

ARMB has been through almost two market cycles

Private Equity Market Conditions

Fiscal Year Observations – Volatility and Low Growth

- The past 12 months have been characterized by “risk-on, risk-off” behavior in the capital markets, and the flight to quality periods have slowed private equity market liquidity
- ARMB’s fiscal year started off in 3Q11 with a dramatic 15.3% decline in the Russell 3000, and while the public equity market rallied 12.1% in 4Q11, private equity activity was slow to respond. Private equity liquidity resumed in 1Q12 as the R3000 rallied 12.9%, and transaction momentum continued in 2Q12 when public equity dropped only 3.2%
- While the fundraising market is regarded as difficult for general partners, it is characterized as healthy for plan sponsors. There is a steady stream of quality partnerships coming to market. A glacial industry shake-out among general partner groups is in progress
- At mid-year 2012, private equity fundraising totaled \$86 billion (\$18 billion ahead of 1H11), with 235 funds formed (10 fewer than 1H11). Fundraising is tracking to come in under \$200 billion – the level above which caution may begin to be warranted
- The investment pace by partnerships into companies is up slightly by deal count, but slightly lower by announced dollar volume year-over-year. At 1H12, buyout deals totaled 506 with \$35 billion of announced value compared to 1H11’s 468 deals and \$49 billion of announced value. The last two quarters of 2012 had a slowing trend. For venture capital, the investment rate has stayed fairly stable at about \$6 billion per quarter
- Exits and distributions dipped after the 3Q11 market rout but have begun a recovery. At 1H12 there have been 158 M&A exits with announced values of \$23.3 billion, versus 1H11’s 143 exits with \$37.7 billion of announced values. Public markets have been fickle, and IPOs this year were not helped by May’s Facebook debacle
- While the market feels frustratingly “slow” it is important to consider that today’s liquidity volumes approximate 2005’s pre-bubble levels, which were then considered robust and healthy

Private Equity Market Conditions

Private Equity Industry Returns IRRs through March 31, 2012

<u>Strategy</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>
All Venture	6.4%	6.0%	1.9%	2.7%	15.0%
Buyouts	9.7%	13.0%	4.2%	9.6%	10.1%
Mezzanine	11.2%	7.5%	4.7%	6.9%	8.2%
All Private Equity	9.8%	11.7%	4.1%	8.0%	11.0%
S&P 500	8.5%	23.4%	2.1%	4.1%	8.6%

Source: Thomson ONE - All Regions

- All Private Equity has provided the expected return premium over longer time periods
- All Private Equity lags the public market over the three-year horizon due to its appraisal valuation methodology, which reduces both gain and loss volatility
- The All Private Equity database is up almost 10% for the trailing 12 months (the trailing four quarter returns starting in 2Q12 were: 4.3%, -3.8%, 4.1% and 5.1%)
- ACM's 14 year IRR of 8.9% appears competitive with the database and compares well to public equities

ARMB Private Equity Performance

Total Portfolio: 12-Month Changes, June 30, 2012 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI
2011	3,137,245	2,285,180	850,282	1,565,519	1,497,378	0.69	0.66	1.34
2012	3,376,366	2,546,467	828,116	1,859,734	1,604,129	0.73	0.63	1.36
Change	239,121	261,287	(22,166)	294,215	106,751	0.05	(0.03)	0.02

ACM and PCM private equity holdings are March 31 values updated for June 30 cash flows, In-House and Blum are June 30 actual

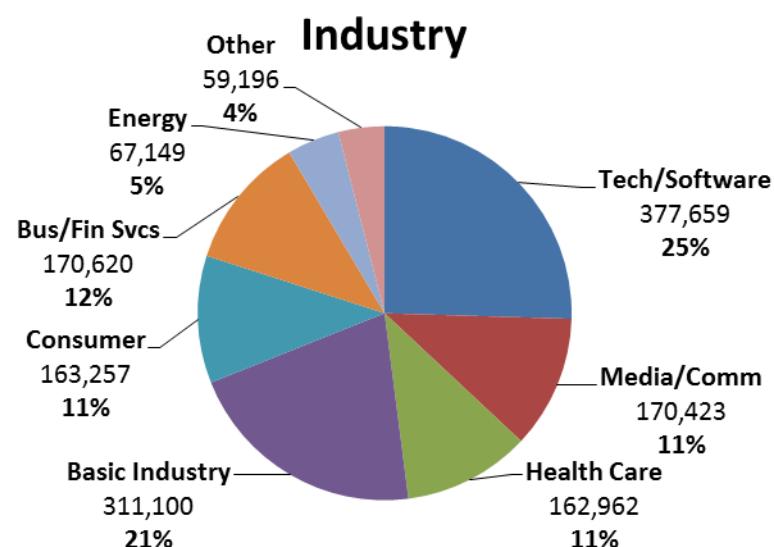
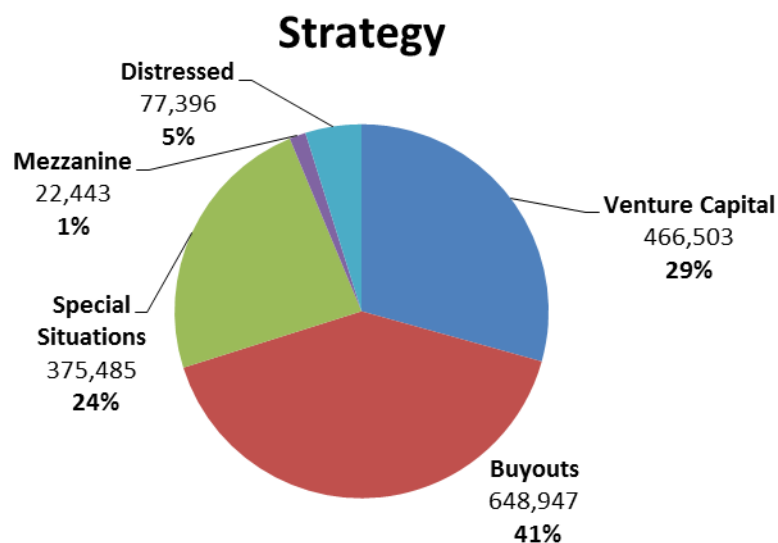
DPI = Distributions as a ratio of (divided by) Paid-In capital

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

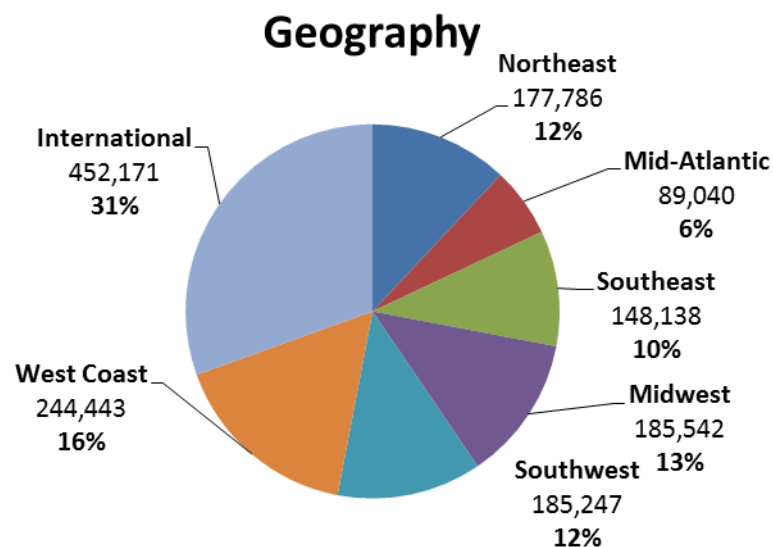
TVPI = Total Value (Distributions + NAV) as a ratio of (divided by) Paid-In Capital

1. Total of 265 partnerships, up 21 from last year (compared to 17 in the prior review)
2. Commitments increased by 8%, versus 10% the prior year
3. Paid-in capital increased 11%, down from 12% last year
4. However, the dollar amount of paid-in capital of \$261 million was an increase from \$242 last year
5. Uncalled capital decreased 3%, a change from the 4% increase last year
6. The portfolio is 75% paid-in (mature) up from 73%, with Abbott 76% and Pathway 75%
7. The portfolio distributed \$294 million, a 20% cash yield (distributions divided by beginning NAV), up from \$287 million (22%) last year
8. Unrealized appreciation was \$140 million (9%), compared to \$253 million (20%) last year. NAV increased by \$107 million or 7%.
9. Performance ratios DPI and TVPI increased, and RVPI decreased
10. The TVPI of 1.36x is second quartile versus the Thomson ONE All Region upper quartile of 1.45x and a median of 1.07x.

ARMB Portfolio Diversification June 30, 2012 (\$000)



International = Europe 20%, Asia 3%, and Rest-of-World 8%



Note: Strategy allocations based on partnership NAV and includes ACM, PCM and In-House.

Industry and Geography allocations based underlying portfolio companies and include ACM and PCM.

Abbott Capital Management Profile

- Founded in 1986. The firm is an independent registered investment advisor and is 100% employee-owned. ACM has 10 senior professionals, six junior professionals and a total staff of 46 employees
- ACM has had a stable team with little senior professional turnover
- The firm is headquartered in New York and has an additional office in London
- The firm has \$7.2 billion in AUM (Uncalled + NAV), in both fund-of-funds and separate accounts, and has a large established client base
- ACM's ARMB investment program started in mid-1998 and represents 46% of the ARMB's private equity portfolio NAV
- ACM invests in key private equity strategies, except distressed debt, in a diversified manner. The firm has strong relationships in venture capital and an expertise in non-US investing.
- Callan would characterize ACM as a conservative global boutique, with a strong historical experience with venture capital and European private equity investing. The firm also has long-standing with highly-developed corporate finance funds

ARMB Private Equity Performance

Abbott Portfolio: 12-Month Changes, June 30, 2012 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2011	1,615,509	1,238,144	377,365	1,014,258	688,362	0.82	0.56	1.38	8.6%
2012	1,767,592	1,345,991	421,601	1,159,104	736,267	0.86	0.55	1.41	8.9%
Change	152,083	107,847	44,236	144,846	47,905	0.04	(0.01)	0.03	0.3%

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

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

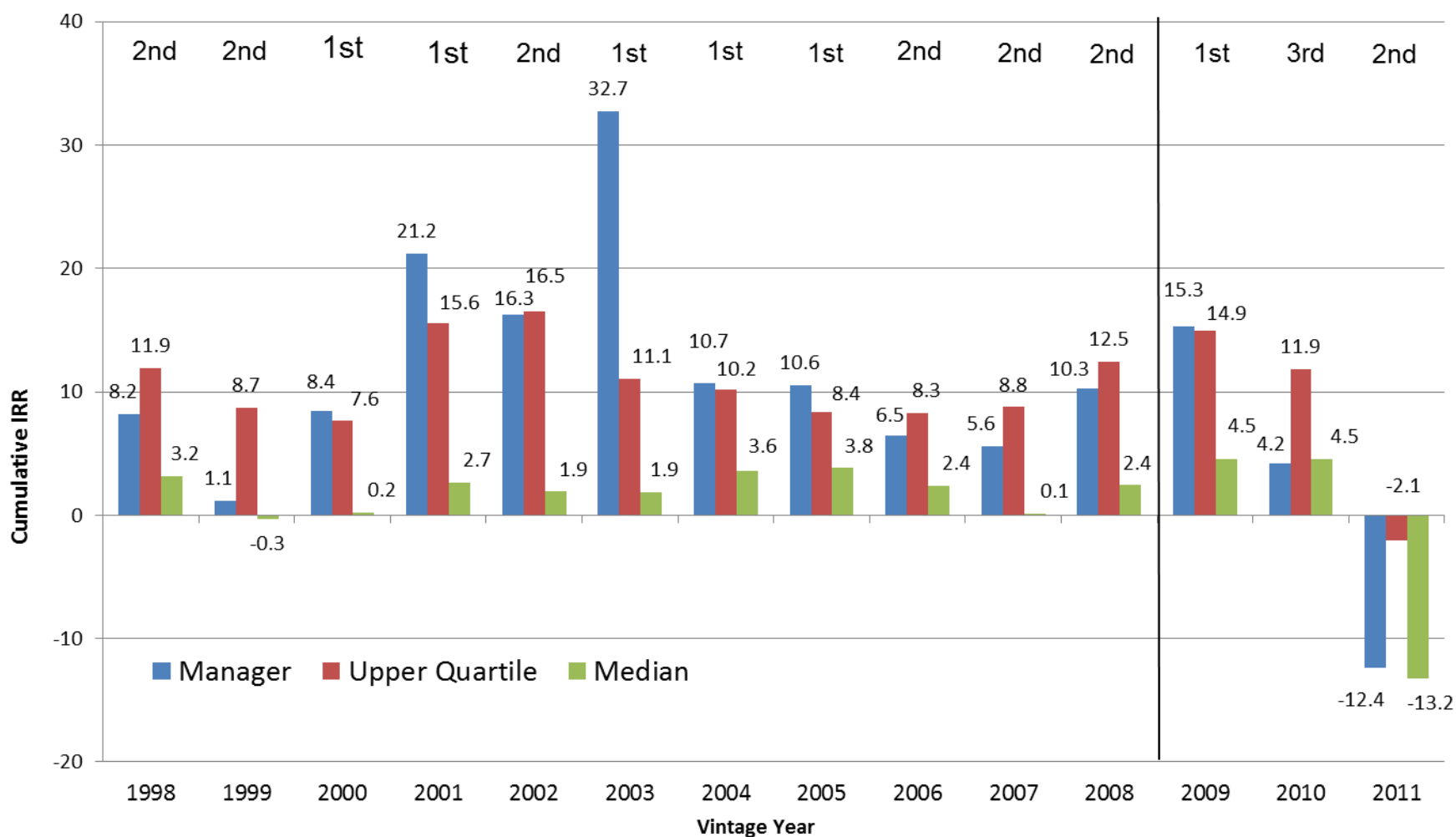
TVPI = Total Value (Distributions + NAV) as a ratio of (divided by) Paid-In Capital

Benchmarks are Thomson ONE All Regions 3/31/12

1. Initiated in 1998 (14 years), invested in 159 partnerships (+11), 46% of NAV
2. Commitments increased \$152 million (9%), up from \$119 million (8%) last year
3. Paid-in increased \$108 million (9%), up from \$87 million (8%) last year
4. The portfolio is 76% paid-in (mature) and DPI should turn positive in about four years
5. Uncalled capital increased 12% (vs. 9% last year) as more capital was committed than paid-in
6. The portfolio distributed \$145 million (21% cash yield), down from \$152 million (24% cash yield)
7. Portfolio net cash flow was a positive \$37 million as more capital was distributed than paid-in, down from a positive \$65 million in the prior year
8. Portfolio unrealized appreciation was \$85 million (12%), down from \$109 million (17%) last year. NAV increased \$48 million (7%), similar to last year's \$44 million (+7%)
9. Abbott's IRR of 8.9% is high in the second quartile versus the Thomson ONE All Region composite since 1998, which has a top quartile of 10.2% and a median of 1.6%
10. The TVPI of 1.41x is also high in the second quartile versus a top quartile of 1.45x and a median of 1.07x

Abbott: Thomson ONE Vintage Year Peer Group Benchmark

IRRs and All Region Benchmarks as of March 31, 2012



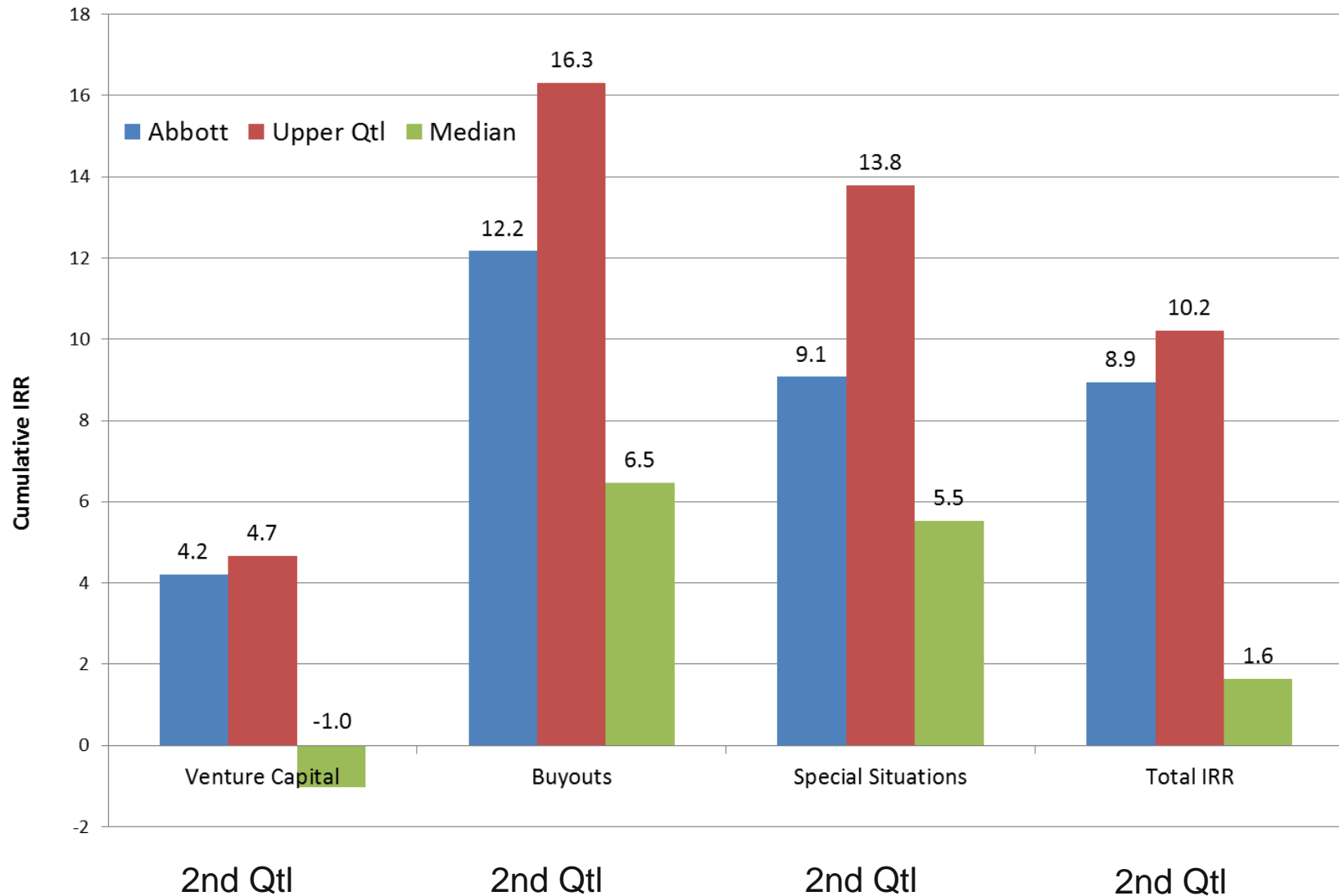
1st Quartile: 6 years

2nd Quartile: 7 years

Below Median: 1 years

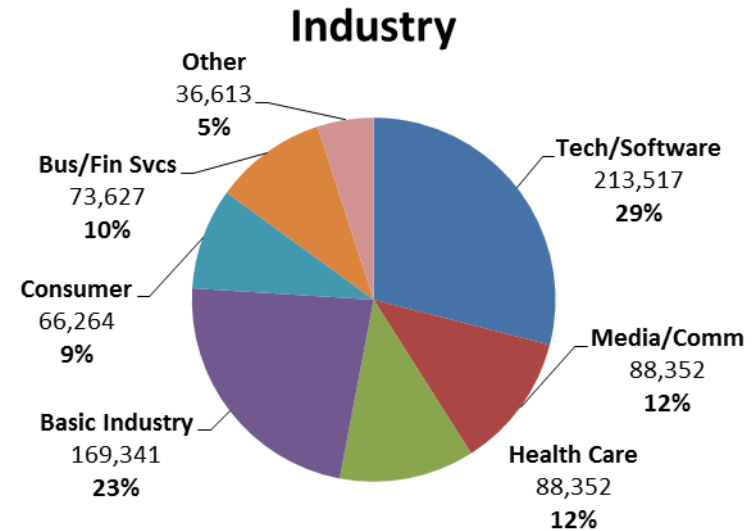
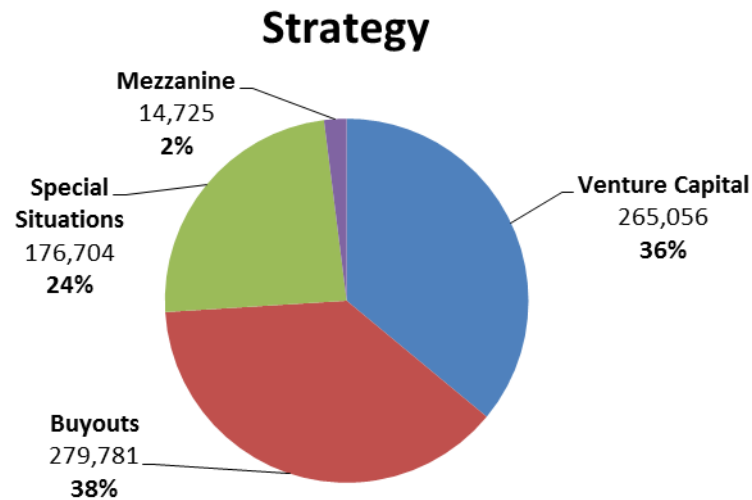
Abbott: Thomson ONE Strategy Peer Group Benchmark

Cumulative Composite Benchmarks Inception through 3/31/2012

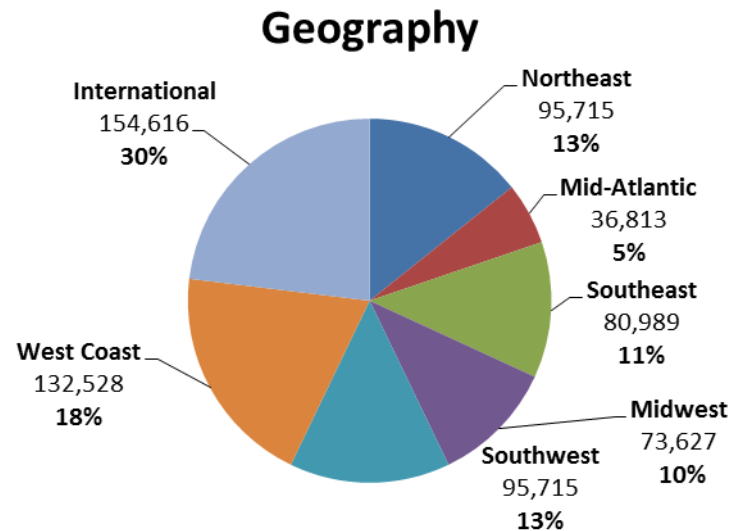


All Composites: VY 1998 – 2011

ACM Portfolio Diversification June 30, 2012 (\$000)



International = Europe 21%, Asia 2%, and Rest-of-World 7%



Note: Strategy allocations are based on partnership NAV, Industry and Geography allocations are based on underlying portfolio company valuations

Pathway Capital Management Profile

- Founded in 1993. The firm is an independent registered investment advisor and is wholly owned by its twelve principals. PCM has 24 senior professionals and 13 junior professionals, with 110 total employees
- PCM has had a stable team. One of the three founding partners departed in early-2012, but the firm has a deep staff.
- The firm is headquartered in Irvine, CA and has additional offices located in London and Rhode Island. The firm also has a Pacific Basin strategic alliance with its client Tokyo Marine
- Total AUM is \$25 billion (NAV plus uncalled), with a large established client base
- ARMB's initial manager starting in mid-2004 and represents 46% of the ARMB's private equity portfolio NAV
- Pathway states that they use a market weighting investment strategy and do not tend to overweight particular investment strategies. The investment approach is conservative, investing with highly developed general partners with proven track records and experience investing through market cycles, primarily in developed markets
- Callan would characterize PCM as a conservative global boutique core manager that invests in key private equity strategies, except mezzanine and has an expertise in non-US investing. The firm's corporate finance investments have a mid- to large-buyouts orientation

ARMB Private Equity Performance

Pathway Portfolio: 12-Month Changes, June 30, 2012 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2011	1,241,736	871,109	370,627	486,267	698,091	0.56	0.80	1.36	13.4%
2012	1,328,774	990,649	338,125	619,314	746,100	0.63	0.75	1.38	12.8%
Change	87,038	119,540	(32,502)	133,047	48,009	0.07	(0.05)	0.02	-0.6%

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

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

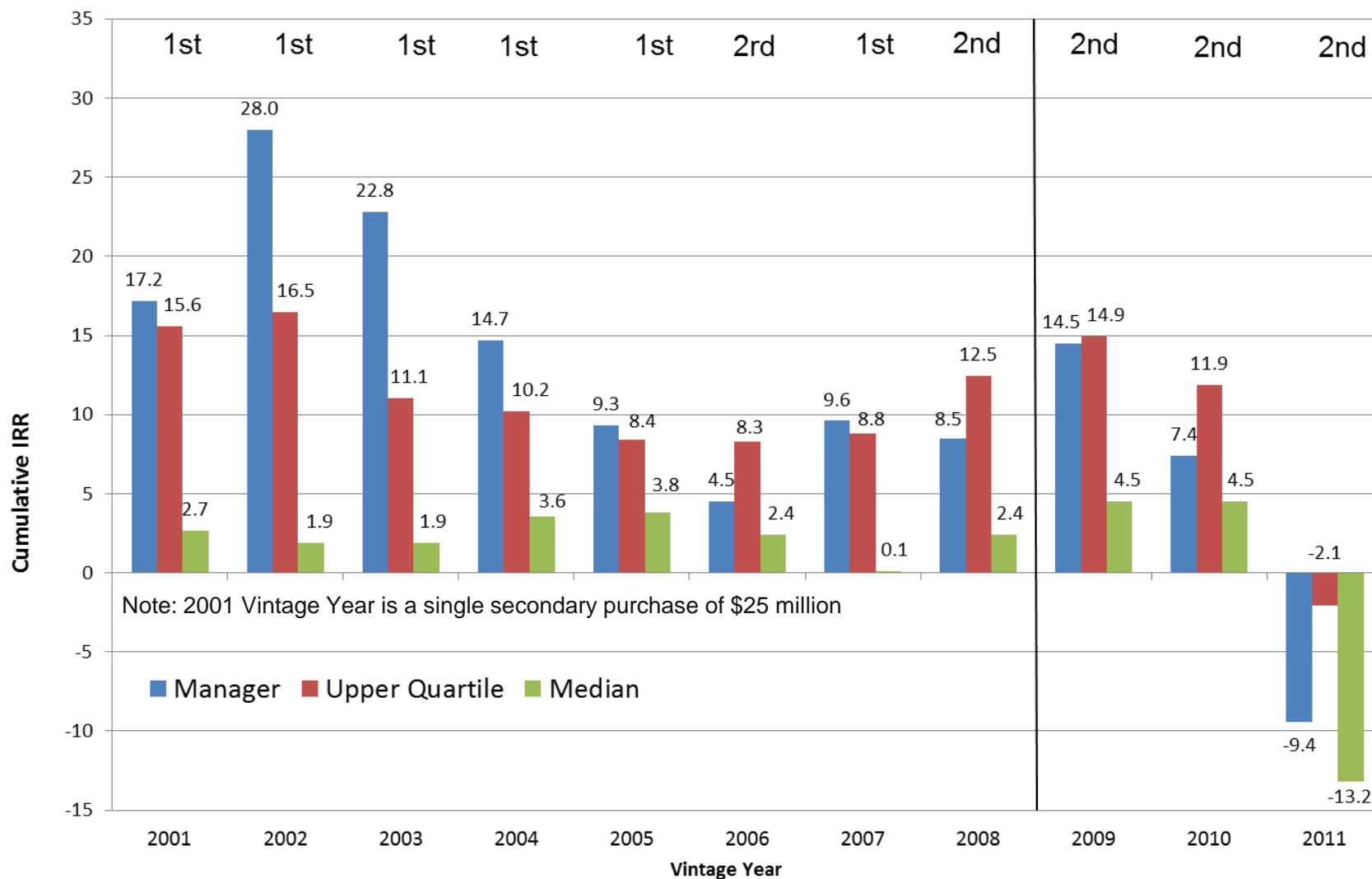
TVPI = Total Value (Distributions + NAV) as a ratio of (divided by) Paid-In Capital

Benchmarks are Thomson ONE All Regions 3/31/12

1. Initiated in mid-2002 (10 years), invested in 100 partnerships (+10), 46% of NAV
2. Commitments increased by 7%, down from 12% (\$130 million) the previous year
3. Paid-in increased 14%. The portfolio is 75% paid-in (mature), up from 70% last year
4. Uncalled capital decreased 9% (new capital calls exceeded new commitments), versus a 3% increase last year
5. Distributions were \$133 million (19% cash yield) down, from \$129 million (22% yield)
6. Portfolio net cash flow was \$13 million or 2% of initial NAV (distributions exceeded paid-in), compared to \$9 million or 2% of initial NAV last year
7. Unrealized appreciation was \$62 million (9%), down from \$130 million (+23%) last year.
8. NAV increased \$48 million (7%), versus \$121 million (+21) last year
9. Pathway's IRR of 12.8% is first quartile versus the Thomson ONE All Region composite since 2002, which has a top quartile of 10.2% and a median of 2.1%
10. The 1.38x TVPI is also first quartile versus the top quartile and median of 1.33x and 1.07x

Pathway: Thomson ONE Vintage Year Peer Group Benchmark

IRRs and All Region Benchmarks as of March 31, 2012



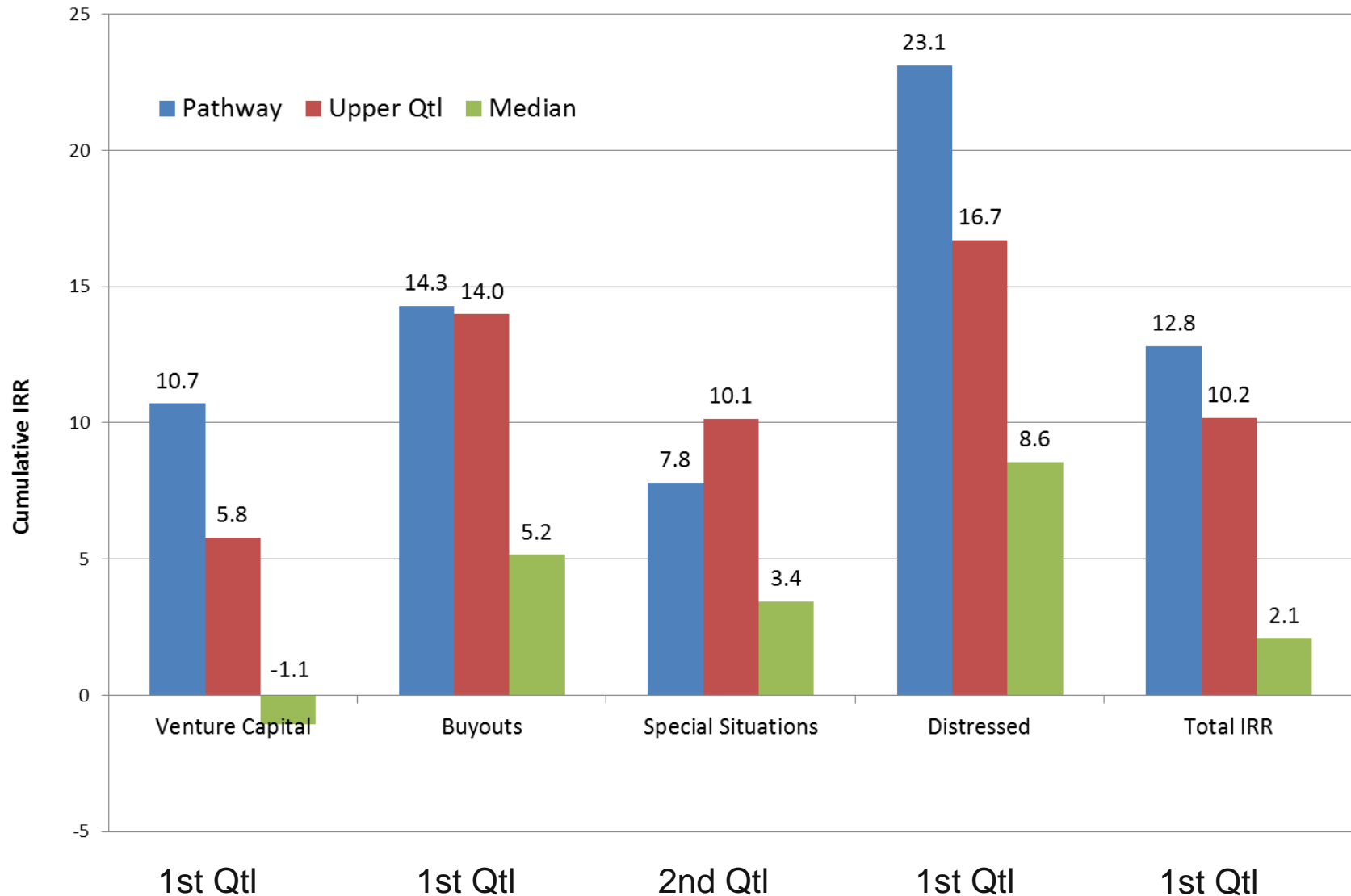
1st Quartile: 6 years

2nd Quartile: 5 years

Below Median: 0 years

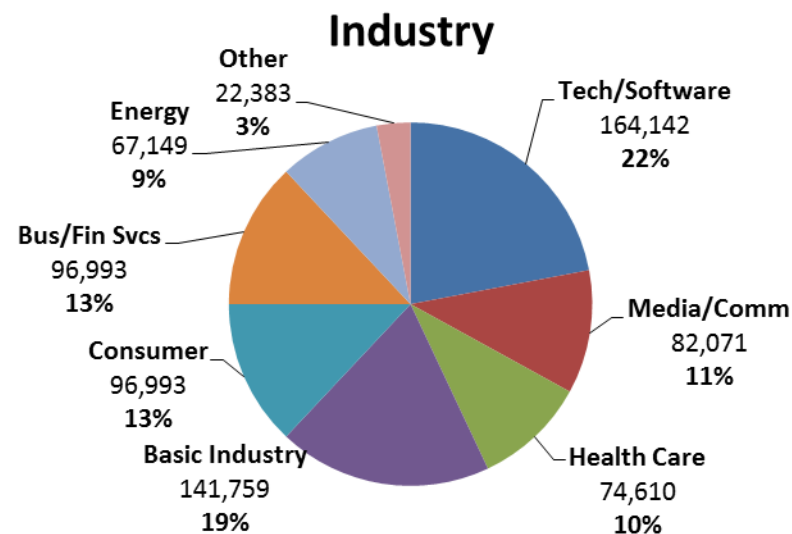
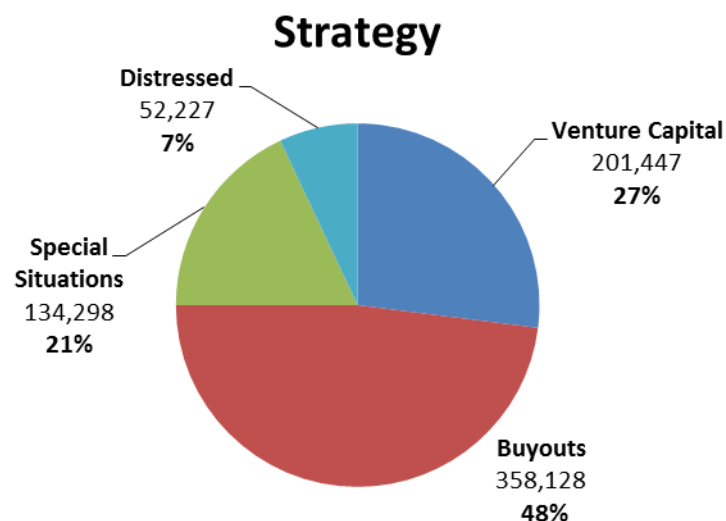
Pathway: Thomson ONE Strategy Peer Group Benchmark

Cumulative Composite Benchmarks Inception through 3/31/2012

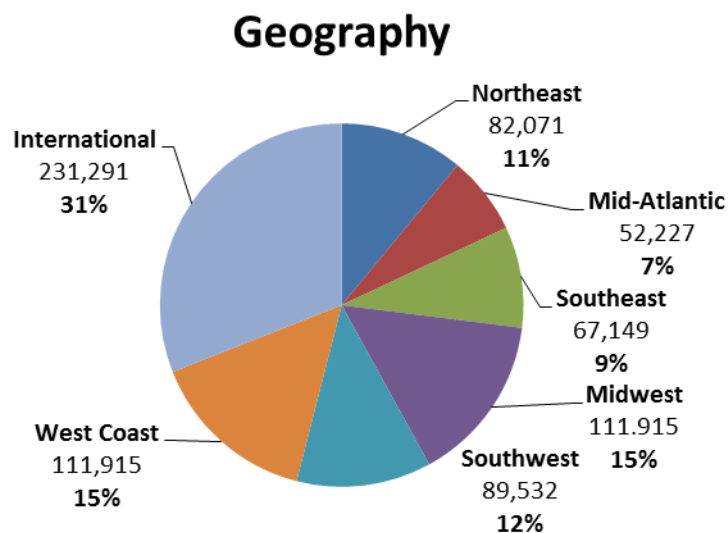


All Composites: VY 2002 – 2011

PCM Portfolio Diversification June 30, 2012 (\$000)



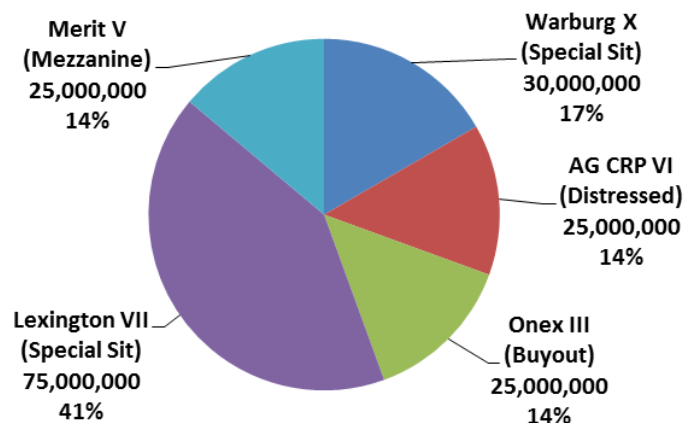
International = Europe 19%, Asia 4%, and Rest-of-World 8%



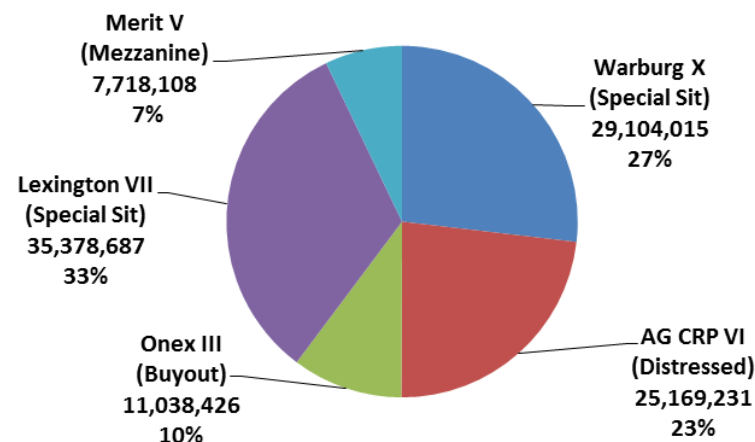
Note: Strategy allocations are based on partnership NAV, Industry and Geography allocations are based on underlying portfolio company valuations

In-House Portfolio Overview June 30, 2012 (\$000)

In-House Commitments



In-House NAV



Partnership	VY	Strategy	Overlap	Committed	Paid-In	% PI
Warburg X	2007	Special Sit	Abbott	30,000,000	28,770,000	96%
AG CRP VI	2008	Distressed	None	25,000,000	25,000,000	100%
Onex III	2008	Buyout	Pathway	25,000,000	14,099,250	48%
Lexington VII	2010	Special Sit	None	75,000,000	35,156,494	47%
Merit V	2010	Mezzanine	None	25,000,000	8,897,959	36%
Total				180,000,000	111,923,703	61%

- Commitments have slowed due to the overfunded status of the overall private equity portfolio
- Warburg and AG were caught in the downdraft but are recovering well, and Onex has been slow to invest
- The portfolio represents all key strategies except venture capital (although some VC exposure will be provided by Warburg)
- The newer investments, Lexington and Merit, should benefit from good timing
- The portfolio has distributed \$18.0 million (up from \$1.8 million last year), and has a NAV of \$108 million (up from \$87 million last year), for a gain of \$14.5 million (up from \$11 million last year)

ARMB Private Equity Performance

In-House Portfolio: 12-Month Changes, June 30, 2012 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2011	180,000	78,024	101,976	1,794	87,336	0.02	1.12	1.14	7.9%
2012	180,000	111,924	70,277	17,874	108,409	0.16	0.97	1.13	6.1%
Change	-	33,900	(31,699)	16,080	21,073	0.14	(0.15)	(0.01)	-1.8%

1. Initiated November 2007, five partnerships: VYs: 1-2007, 2-2008, 2-2010, 7% of NAV
2. Lexington received an additional \$25 million commitment in 2011 (+16% total commitments)
3. Diversified by strategy: Special Situation, Distressed, Buyout, Secondary, Mezzanine. Venture capital is not a priority given its general risk profile
4. Portfolio is 61% paid-in, up from 43% last year. The last three partnerships were 48%, 47% and 36% paid-in at June 30, 2012
5. Uncalled capital declined 31% since no new commitments were made
6. Distributions were \$16 million (18% cash yield), up from \$1.7 million last year (4% yield)
7. Net cash flow was -\$18 million as paid-in exceeded distributions, a reduced amount from -\$33 million last year.
8. Unrealized appreciation was \$3.2 million (4%), down from \$10 million (+22%). NAV increased \$21 million (+24%), down from \$32 million (+95%) last year
9. The portfolio was initiated just before the bubble peaked, has weathered the downturn
10. While still early for benchmarking, the 6.1% IRR is second quartile versus a Thomson upper quartile of 10.4% and median of 1.0%. The 1.13x TVPI is also second quartile versus an upper quartile of 1.25x and median of 1.02x

ARMB Private Equity Performance

Blum Strategic Partners III: 12-Month Changes, June 30, 2012 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR	TWR	S&P 500
2011	50,000	47,903	314	28,452	23,589	0.59	0.49	1.09	2.1%	3.5%	4.0%
2012	50,000	47,903	314	28,694	13,353	0.60	0.28	0.88	-3.6%	-4.6%	4.2%
Change	-	-	-	242	(10,236)	0.01	(0.21)	(0.21)	-5.7%	-8.1%	0.2%

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

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

1. Two \$50 million commitments initiated in May 2005 focusing on activist investments in under-performing publicly-traded small- and mid-cap companies
2. Public-only vehicle was fully redeemed in 2009 with a \$15 million loss
3. Strategic III is almost fully paid-in and is 1% of the portfolio's NAV.
4. The portfolio distributed \$242,000 (1% yield), with no additional contributions
5. NAV decreased by \$10 million compared to a \$1 million increase last year
6. Strategic III has 7 public positions and 2 private investments, unchanged from last year. Three public companies account for 76% of the value
7. The portfolio has had challenges with Financials, Digital Media, and Education sector companies
8. Performance has reflected a concentrated, small company public stock portfolio

ARMB Summary

Observations

- ARMBs private equity portfolio is mature, has provided good performance, and is well-diversified
 - Had to overcome initial timing issue and target increases
 - The portfolio should take about three to five years to be “fully mature” defined as being cumulatively cash positive (currently 73 cents on the dollar has been received)
 - Performance is high in the second quartile versus the Thomson ONE private equity database
 - Both managers are performing well relative to benchmarks and their strategies are complementary
 - *Abbott provides more to hard-to-access venture capital, and mezzanine debt*
 - *Pathway is more buyout-oriented and does distressed debt*
 - The In-House portfolio had strong cash inflows and outflows this year
 - *The new commitment pace has been slow due to market conditions and ARMB’s overfunding*
 - Blum investments are not private equity, and have been challenged
 - The portfolio is composed of tenured, high-quality general partners
 - ARMB has an attractive strategy mix for a large fund, and is well-diversified by other measures

ARMB Summary

Observations

- ARMB's private equity portfolio had a good year
 - Private equity industry liquidity declined slightly from the prior 12-months, primarily due to the 3Q11 public market rout
 - The commitment rate declined slightly which will help the overfunded status and paid-in capital was up moderately
 - The portfolio produced a 20% cash yield, 9% unrealized appreciation, and positive net cash flow of \$33 million to ARMB
- Looking forward
 - Portfolio is over the 8% nominal target, but within range. Uncalled commitments are only 52% of NAV, so we expect the percentage exposure to moderate
 - After July 2012, private equity is beginning to show some signs of increased activity but the market is still choppy and cautious
 - It is likely that private equity activity (including commitments, investment pace, and distributions) will be similar in Fiscal 2013 to Fiscal 2012
 - ARMB's portfolio is becoming mature and year-over-year performance changes are going to become smaller although we expect the portfolio's performance to continue to improve as the bubble period recedes
 - General partners are keenly focused on portfolio exits, so we expect that distributions will be as strong as practicable



Appendix

How Private Equity Works

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

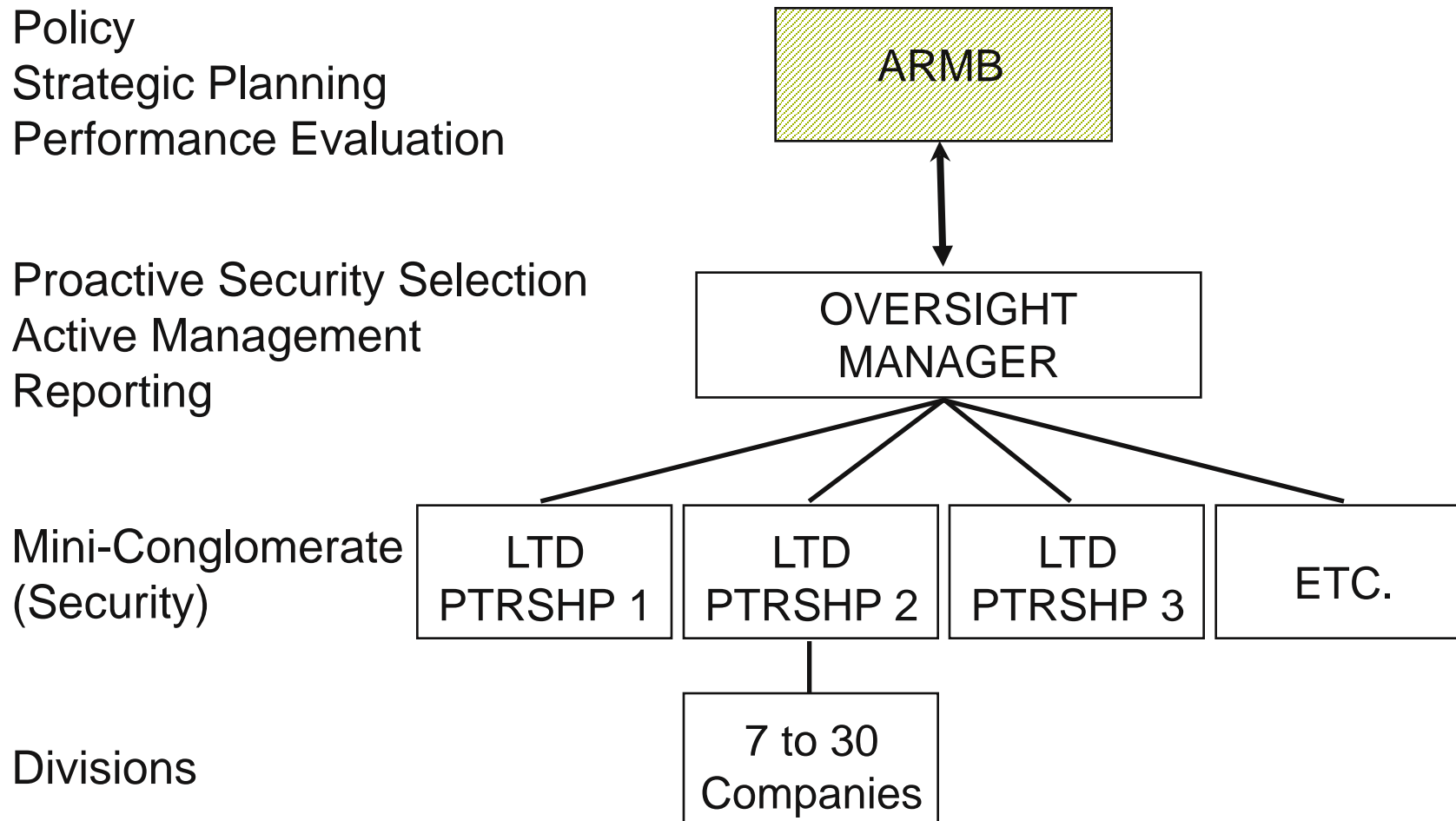
- **Venture Capital**
 - Smaller technology/medical companies
- **Buyouts and Special Situations**
 - Larger company equity, traditional industries
- **Subordinated Debt (Mezzanine)**
 - Private high yield, senior to equity, junior to bank debt, equity-linked
- **Distressed Debt**
 - Larger company restructuring,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

* ARMB’s strategy targets are governed by the Investment Policy Guidelines and the Annual Tactical Plan

* For distressed debt and mezzanine, the tactical plan takes into account other ARMB investment activity in this strategy

How Private Equity Works

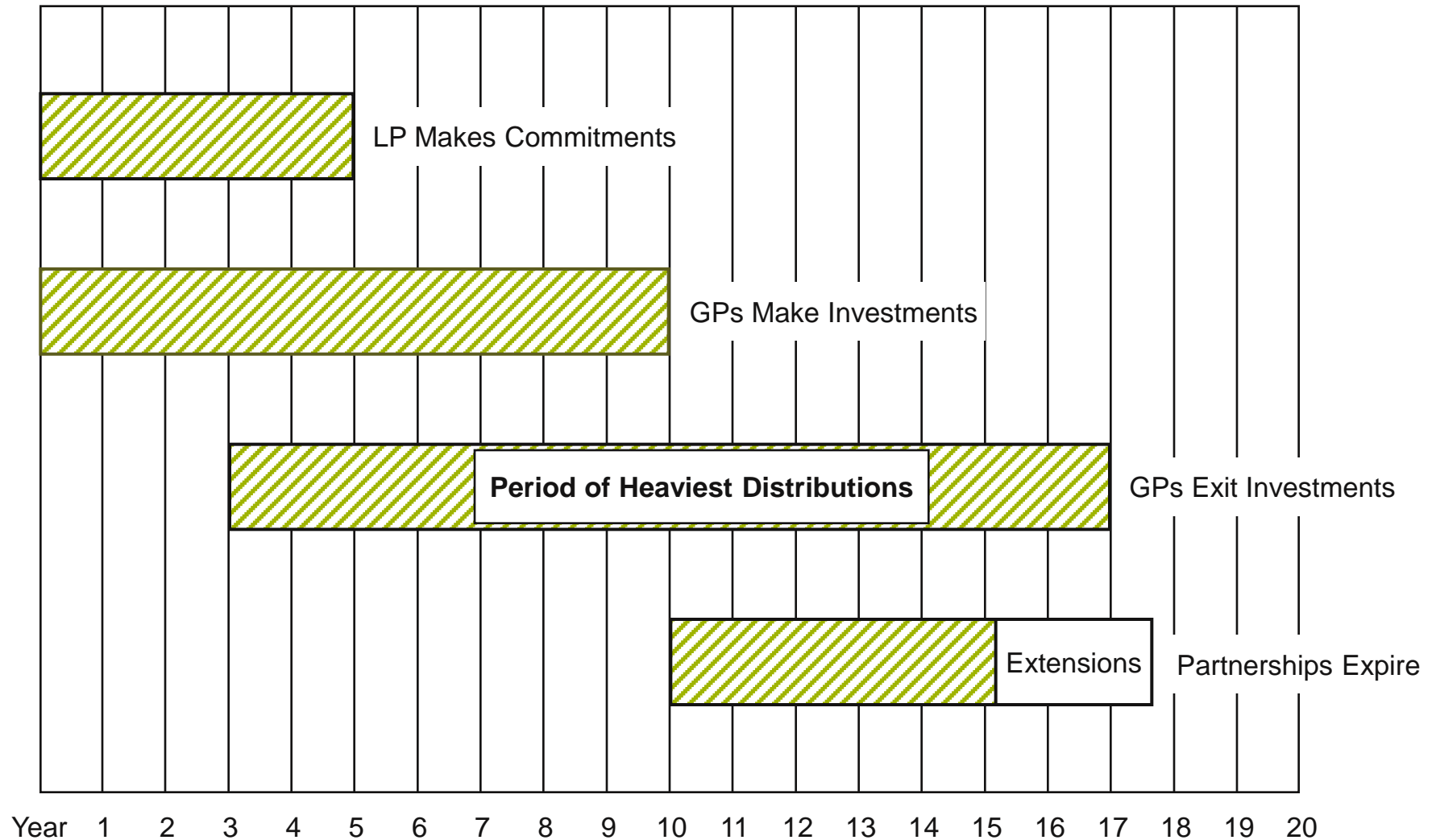
Private Equity Partnerships Program Structure



How Private Equity Works

A Private Equity Investment Program Requires a Long-Term Horizon

Source: *The Private Equity Analyst*





ARMB Board Meeting

Investment Performance
Periods Ended 9/30/12

Michael J. O'Leary, CFA
Executive Vice President

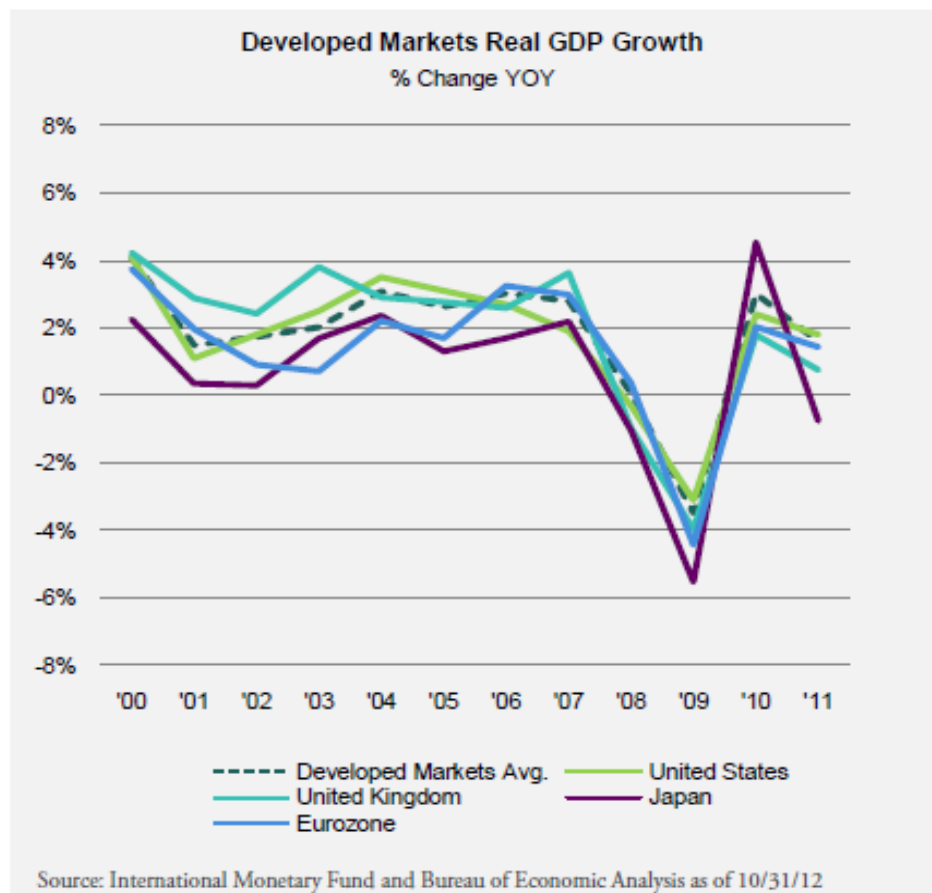
Paul Erlendson
Senior Vice President

Agenda

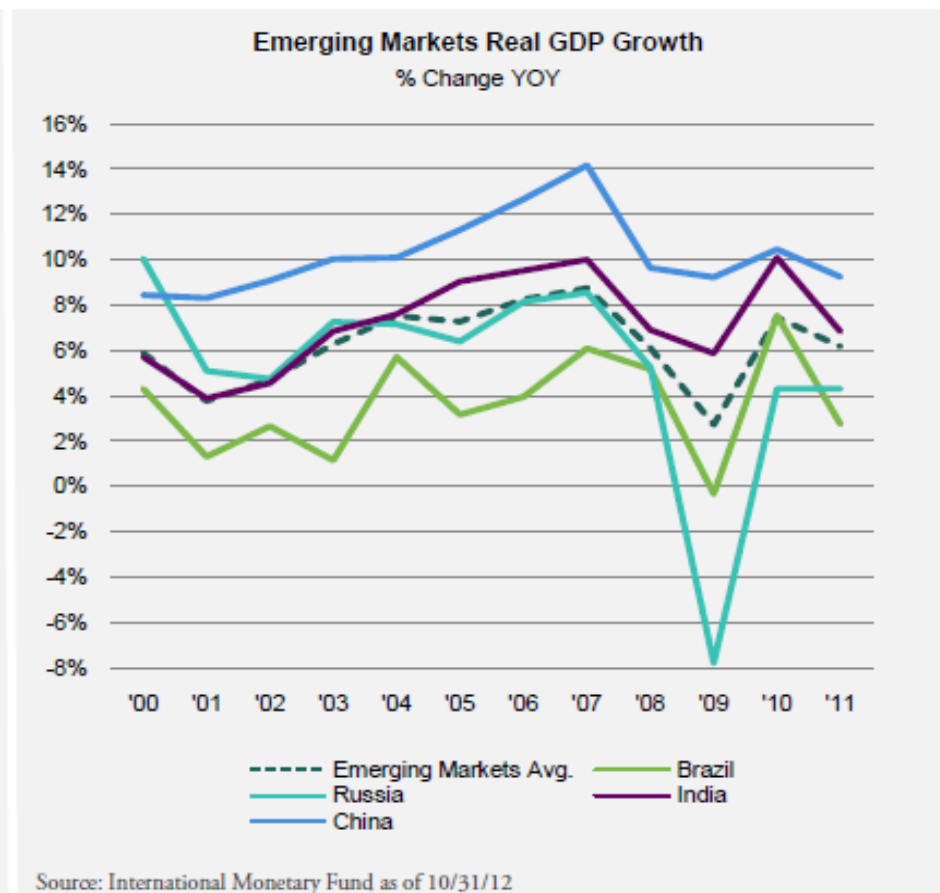
- Economic & Market Summary
- Performance Overview
 - DB Plans
- DB Domestic Equity Structure Overview
 - Overall characteristics
 - Large Cap & Small Cap
 - Active and Passive Orientation
- Individual Account Plans
- Supplemental Materials for Reference

Economic Growth

Global Growth

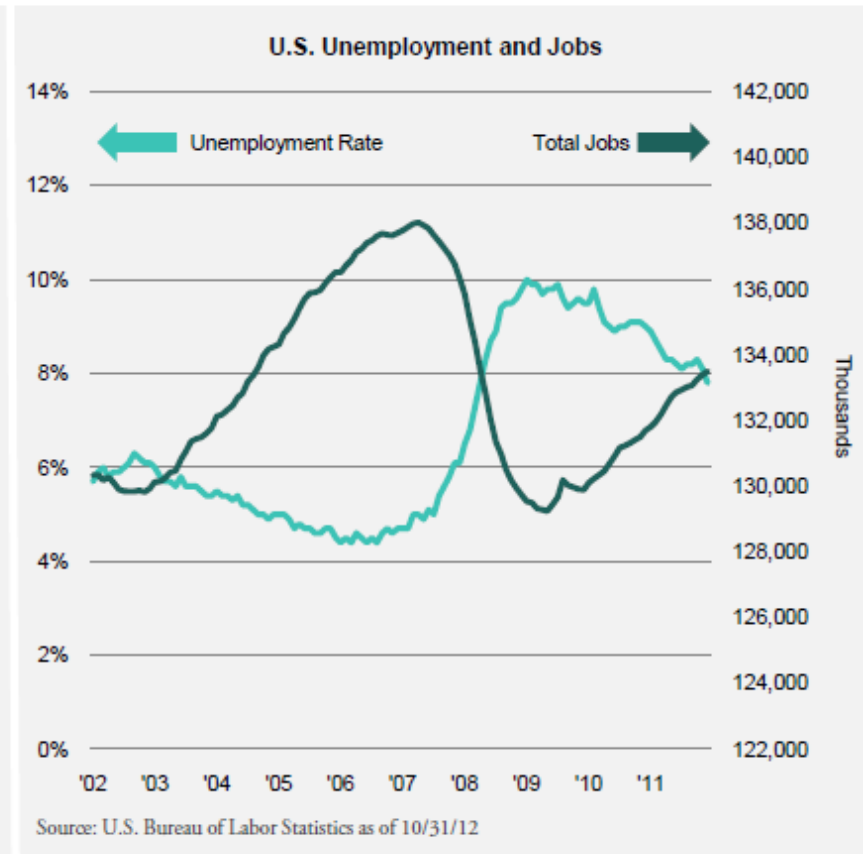
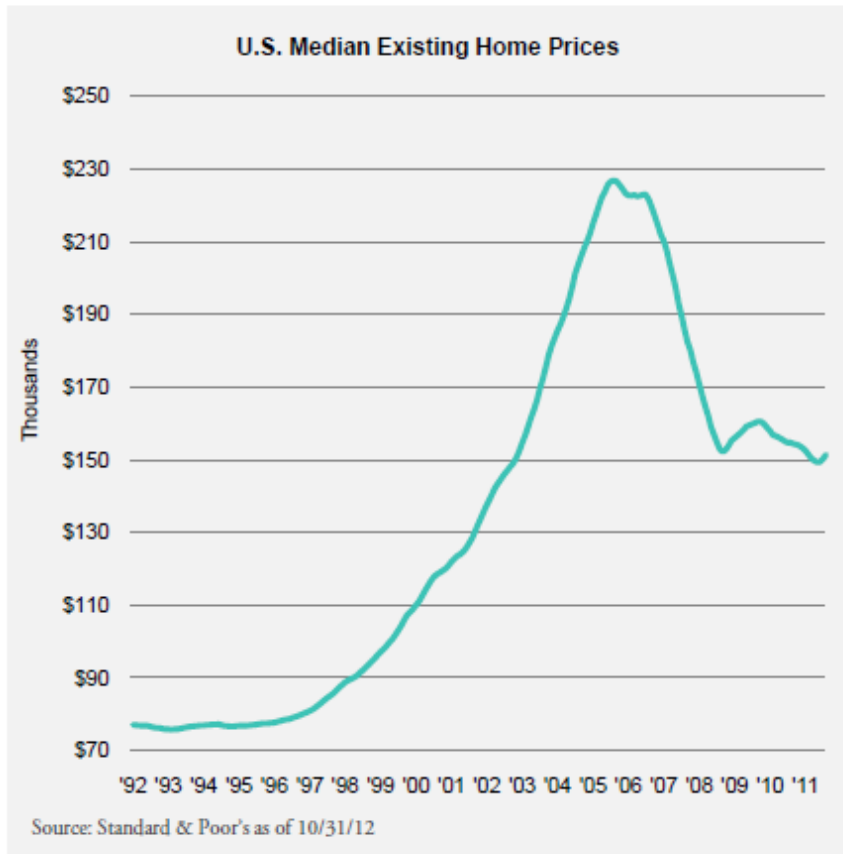


Source: Eaton Vance



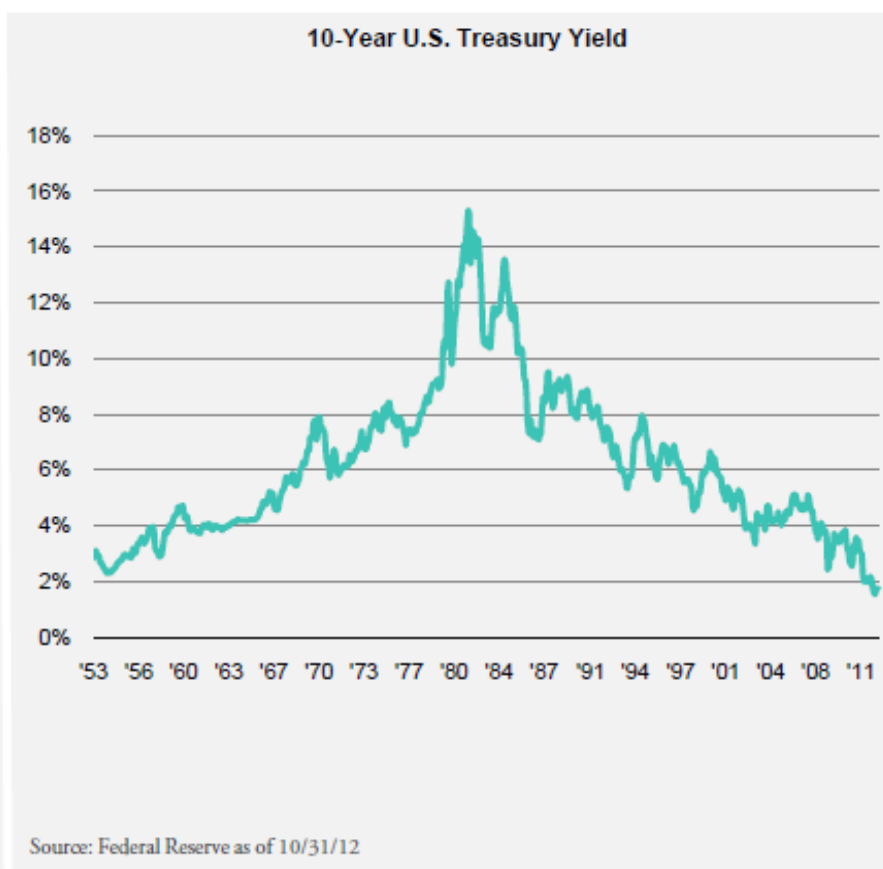
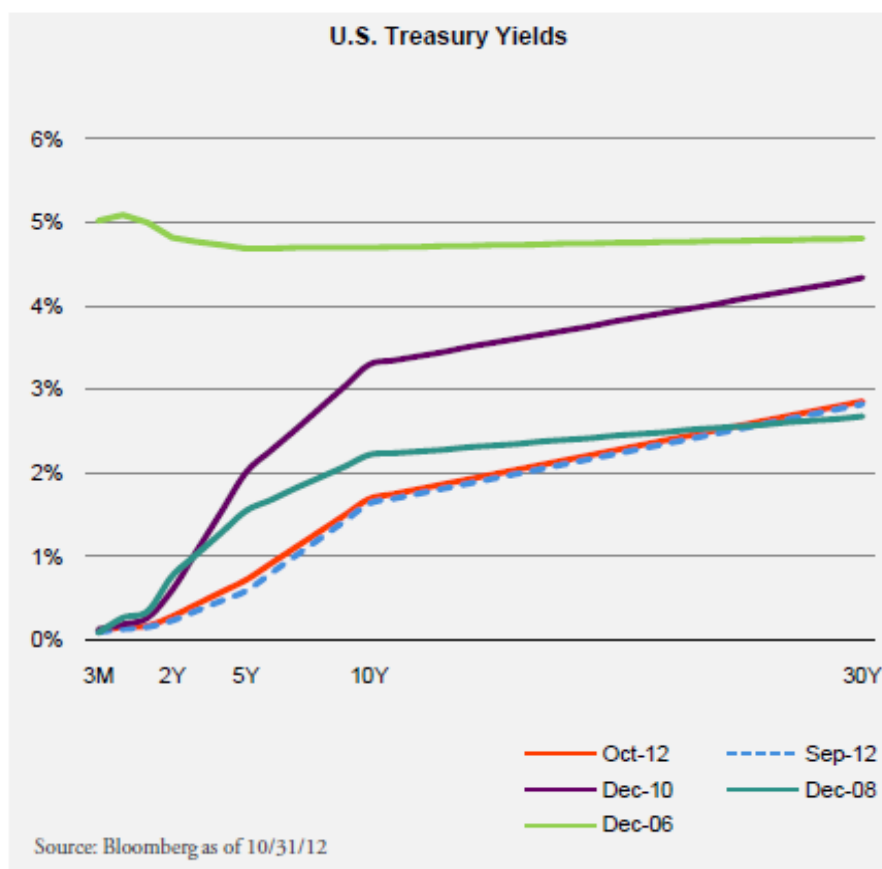
Home Prices & Unemployment

U.S. Housing and Unemployment

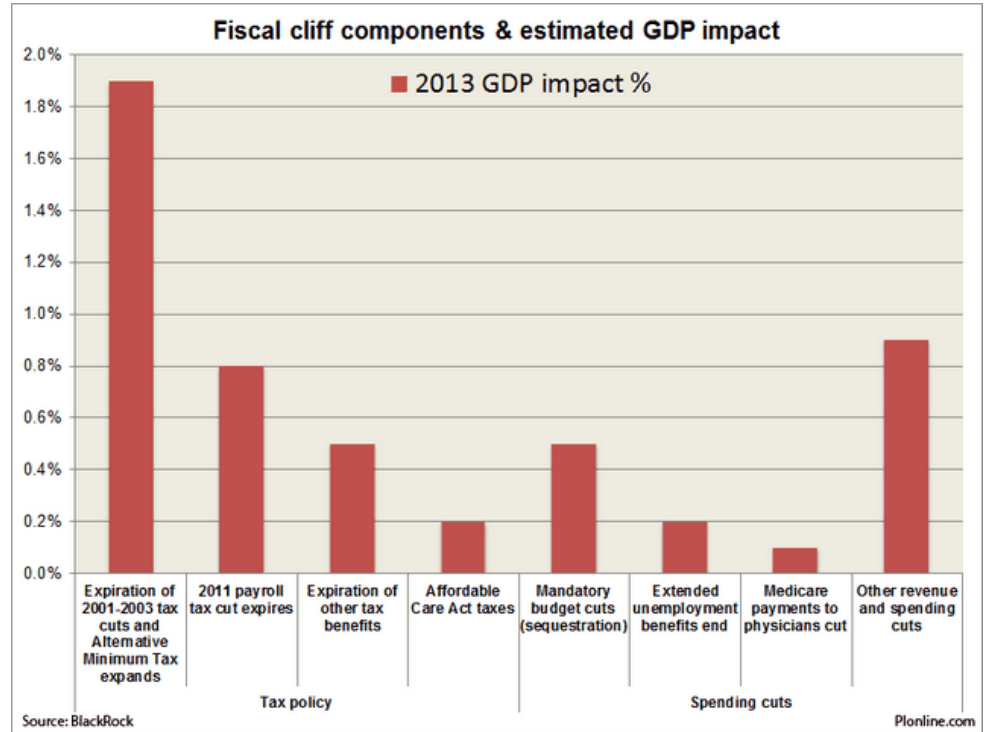
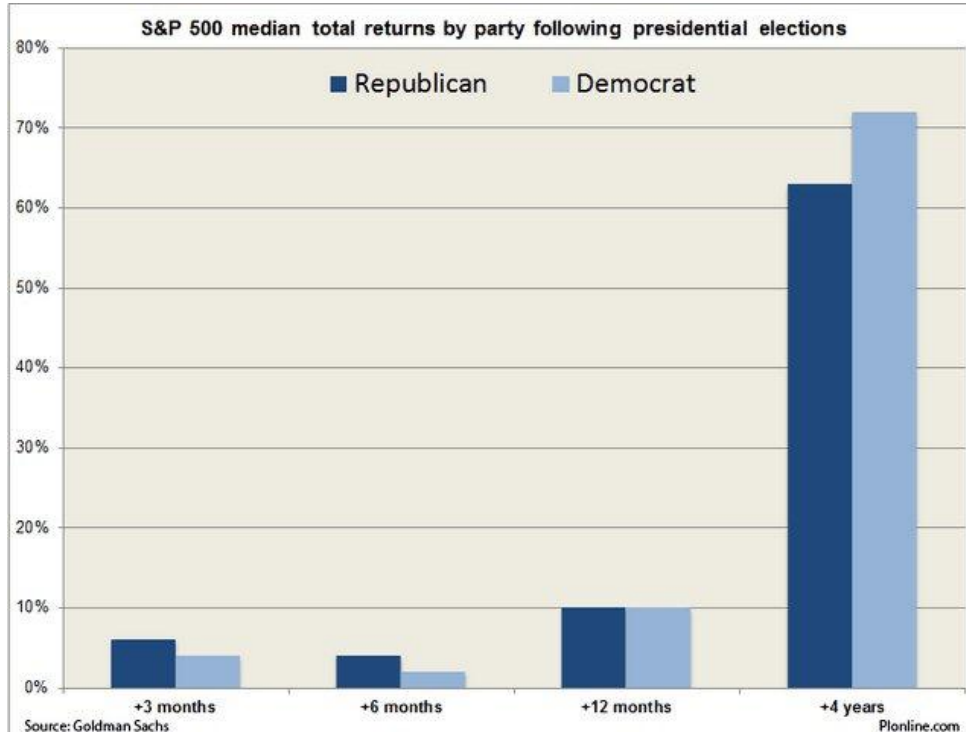


Treasury Yield Curve

U.S. Yields



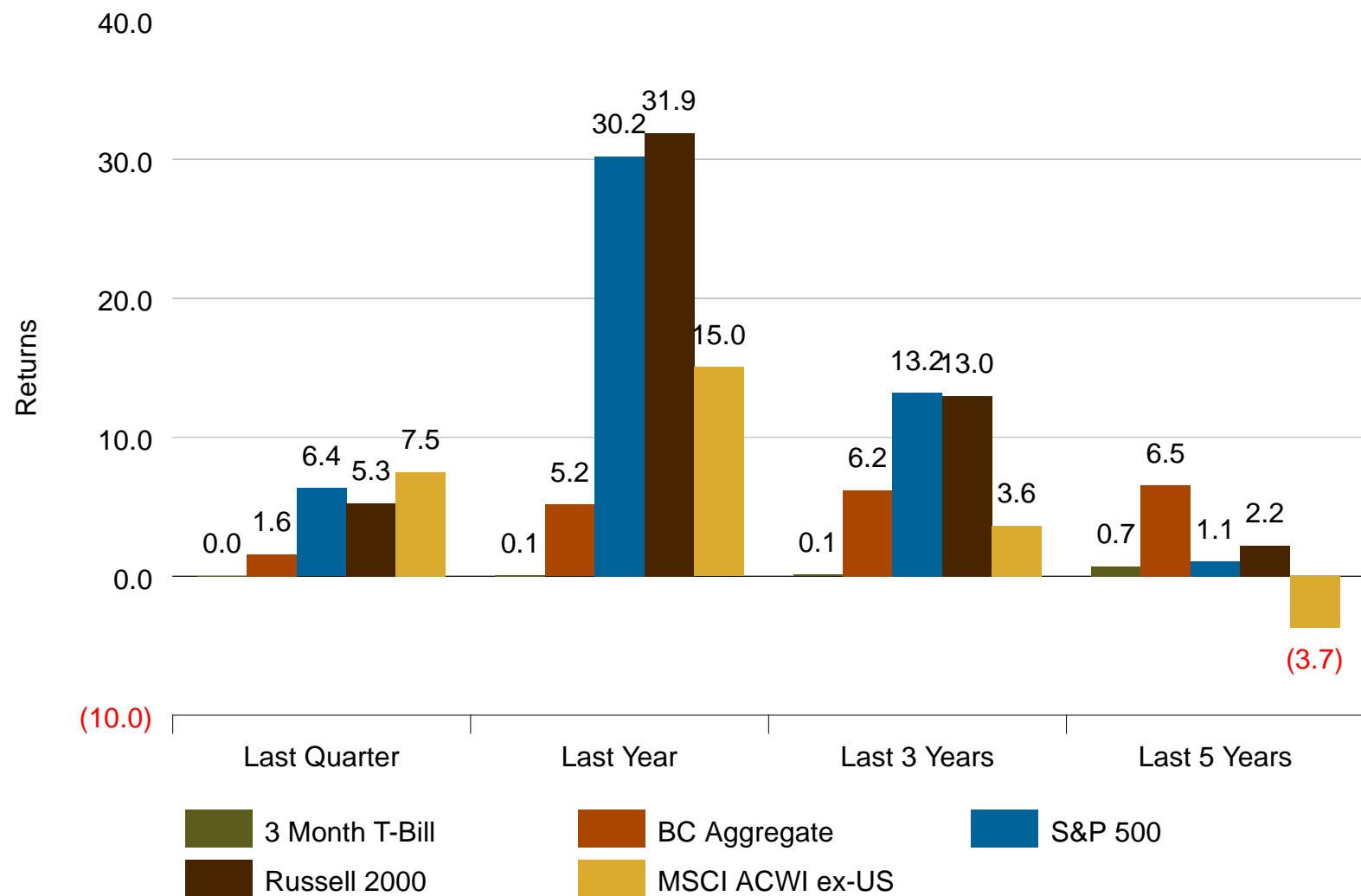
Current Market & Fiscal Issue



Sources: Goldman Sachs & BlackRock

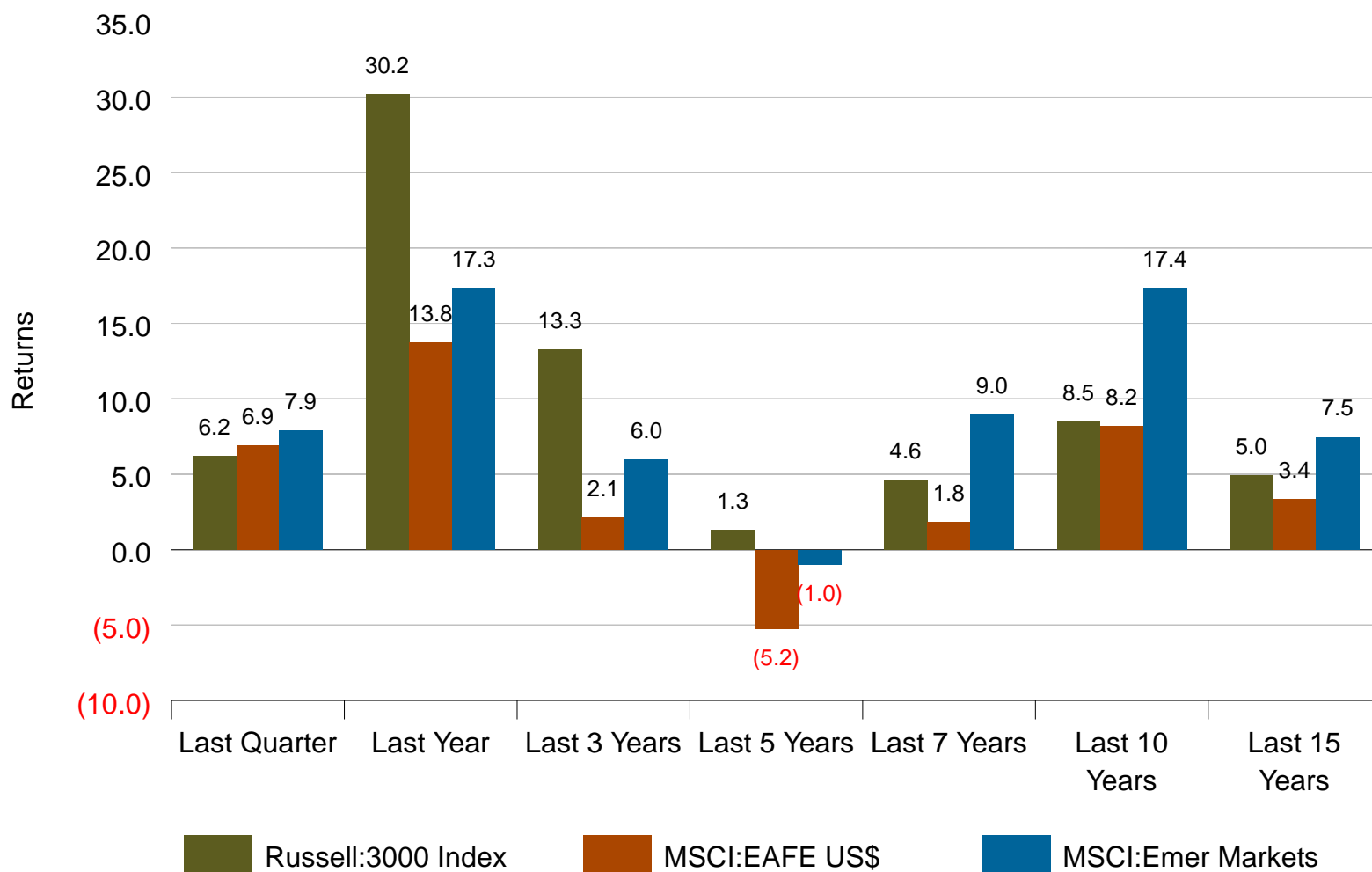
Performance Across Major Asset Categories

Returns for Quarter Ended September 30, 2012



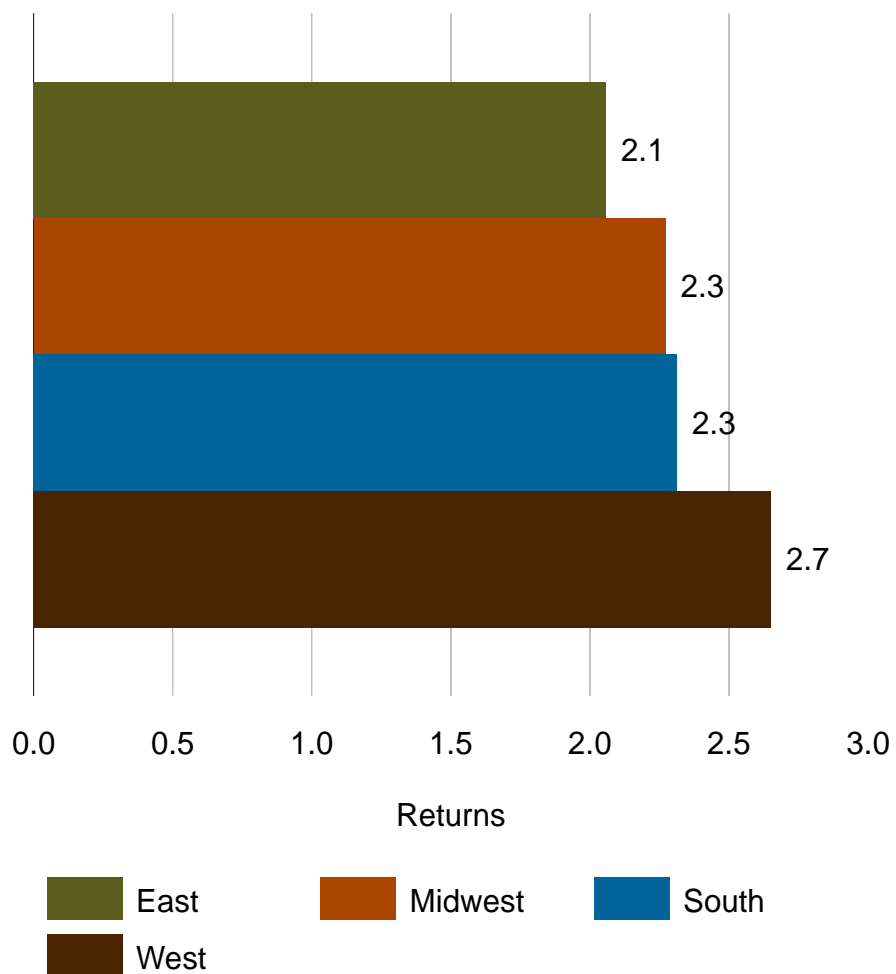
Domestic, Developed, and Emerging Stock Returns

Returns for Various Periods
Current Quarter Ending September 30, 2012

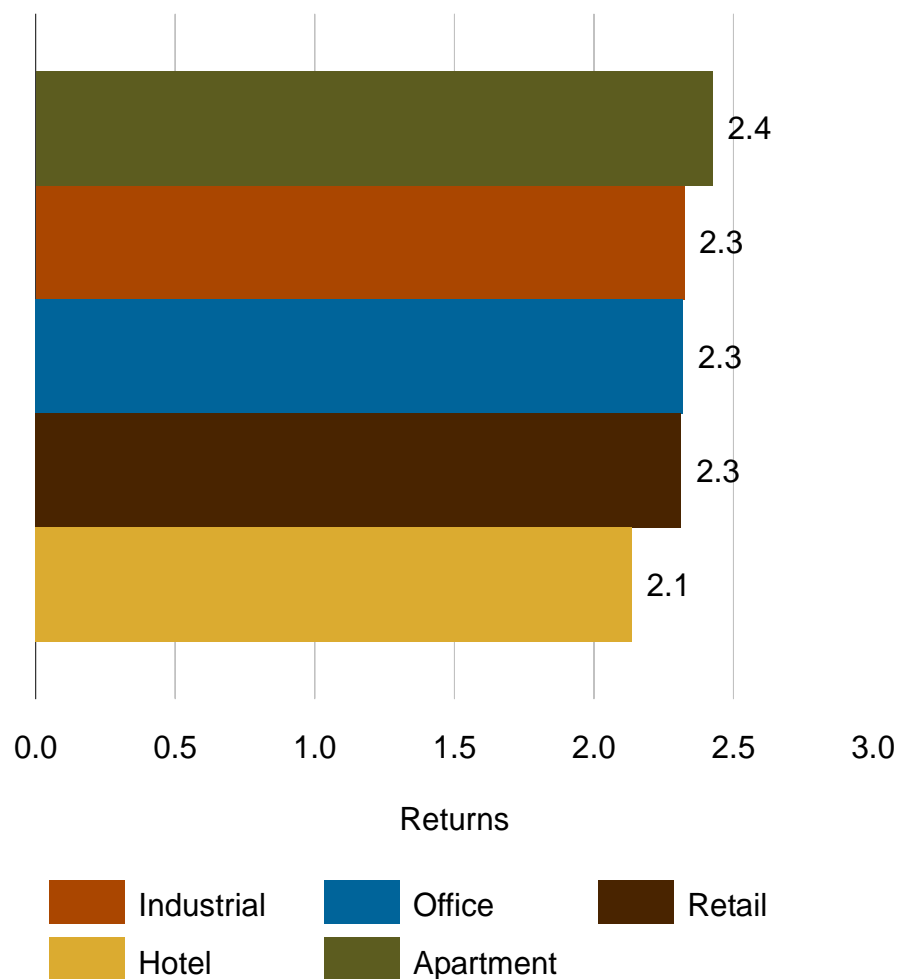


Real Estate

NCREIF Regional Returns
for Quarter Ending September 30, 2012



NCREIF Property Type Returns
for Quarter Ending September 30, 2012



Real Estate Returns

Style Median and Index Returns* for Periods ended September 30, 2012

Private Real Estate	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Real Estate Database (net of fees)	2.35	7.76	11.08	11.45	-1.00	6.93
NCREIF Property**	2.34	7.81	11.00	10.90	2.26	8.35
Public Real Estate	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
REIT Database	0.22	15.01	33.35	21.42	3.35	12.79
FTSE NAREIT Equity	0.16	15.09	32.61	20.38	2.11	11.39
Global Real Estate	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
REIT Global Database	5.74	21.75	31.18	13.35	-1.07	12.96
FTSE EPRA/NAREIT Developed	5.51	21.64	30.59	12.92	-2.20	11.77

*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	3Q12	2Q12	3Q11
Apartment	2.43%	5.10%	5.04%
Industrial	2.32%	5.87%	5.98%
Office	2.32%	5.37%	5.46%
Retail	2.31%	5.86%	6.05%

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

Source: NCREIF

Absolute Return Benchmarks

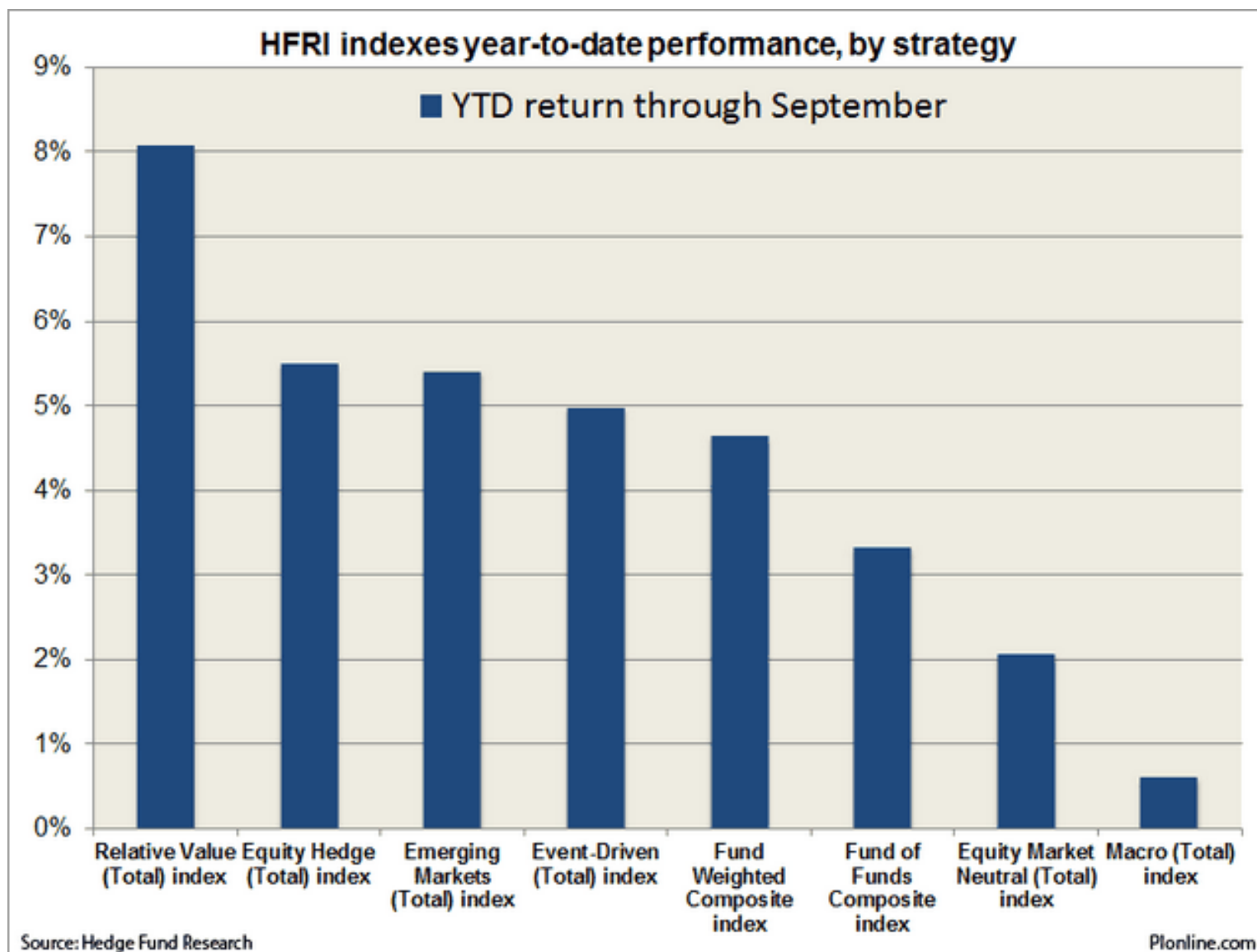
Style Median and Index Returns* for Periods ended September 30, 2012

Diversified Hedge Fund Strategies	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Hedge Fund-of-Funds Database	2.48	4.72	5.00	3.75	0.61	4.88
DJCS Hedge Fund Index	3.34	5.61	6.36	5.62	2.33	6.93
DJCS Investable Blue Chip Index	3.07	3.83	3.76	8.52	0.63	3.95
DJCS Subindices	Quarter	3 Quarters	Year	3 Years	5 Years	10 Years
Equity Market Neutral	1.41	0.02	2.37	0.81	-7.97	-0.40
Convertible Arb	1.71	5.86	7.13	7.73	3.72	5.39
Fixed Income Arb	3.95	8.82	9.93	10.22	3.28	4.14
Multi-Strategy	3.48	8.23	9.61	7.55	3.09	7.11
Distressed	3.65	8.28	9.05	6.41	1.95	8.80
Risk Arb	0.42	1.01	2.27	2.19	2.76	4.85
Event Driven Multi	3.64	6.70	7.37	3.98	2.00	8.04
Long-Short Equity	3.67	5.97	8.09	3.20	1.05	6.89
Short Bias	-8.27	-17.56	-24.37	-13.76	-9.38	-8.80
Global Macro	3.14	3.28	3.88	8.45	6.68	9.78
Managed Futures	1.64	0.12	-4.03	1.64	4.24	4.91

*Returns less than one year are not annualized.

Sources: Callan Associates Inc., Credit Suisse Hedge Index LLC

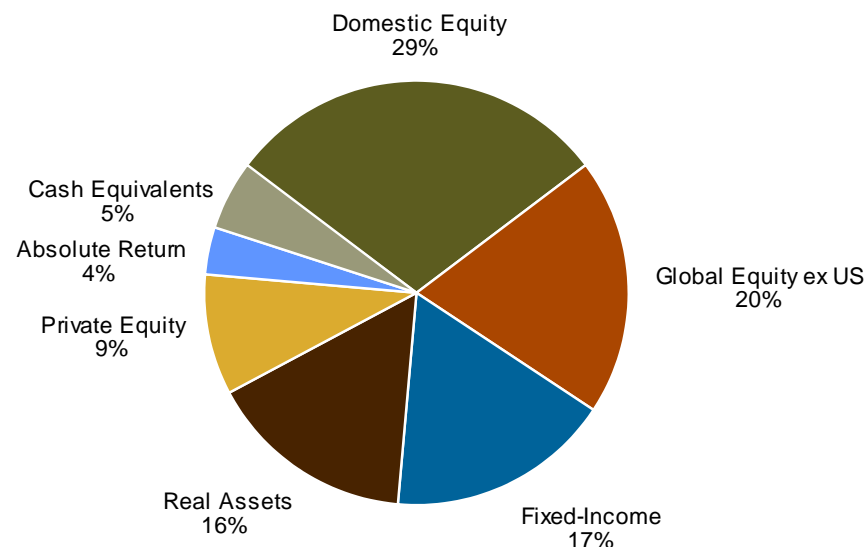
Hedge Fund Index Returns



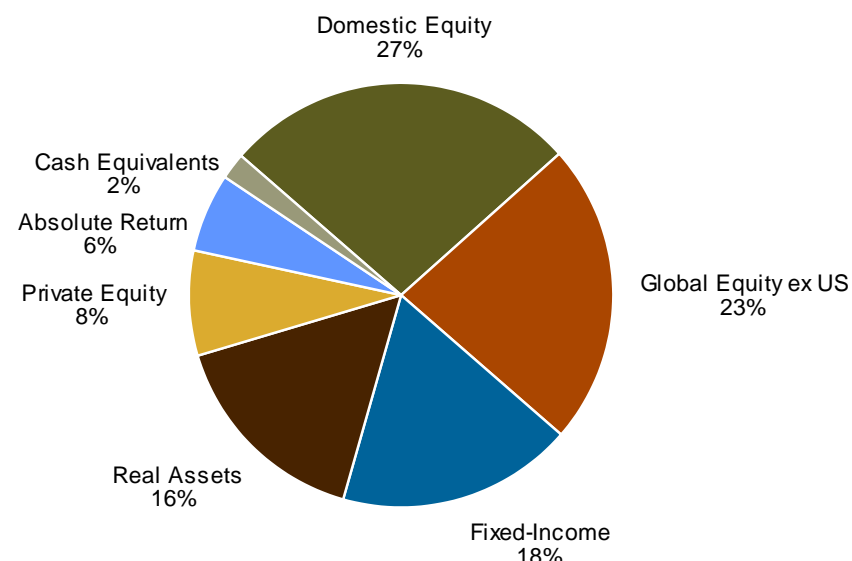
Asset Allocation – Employees' Retirement Plan

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

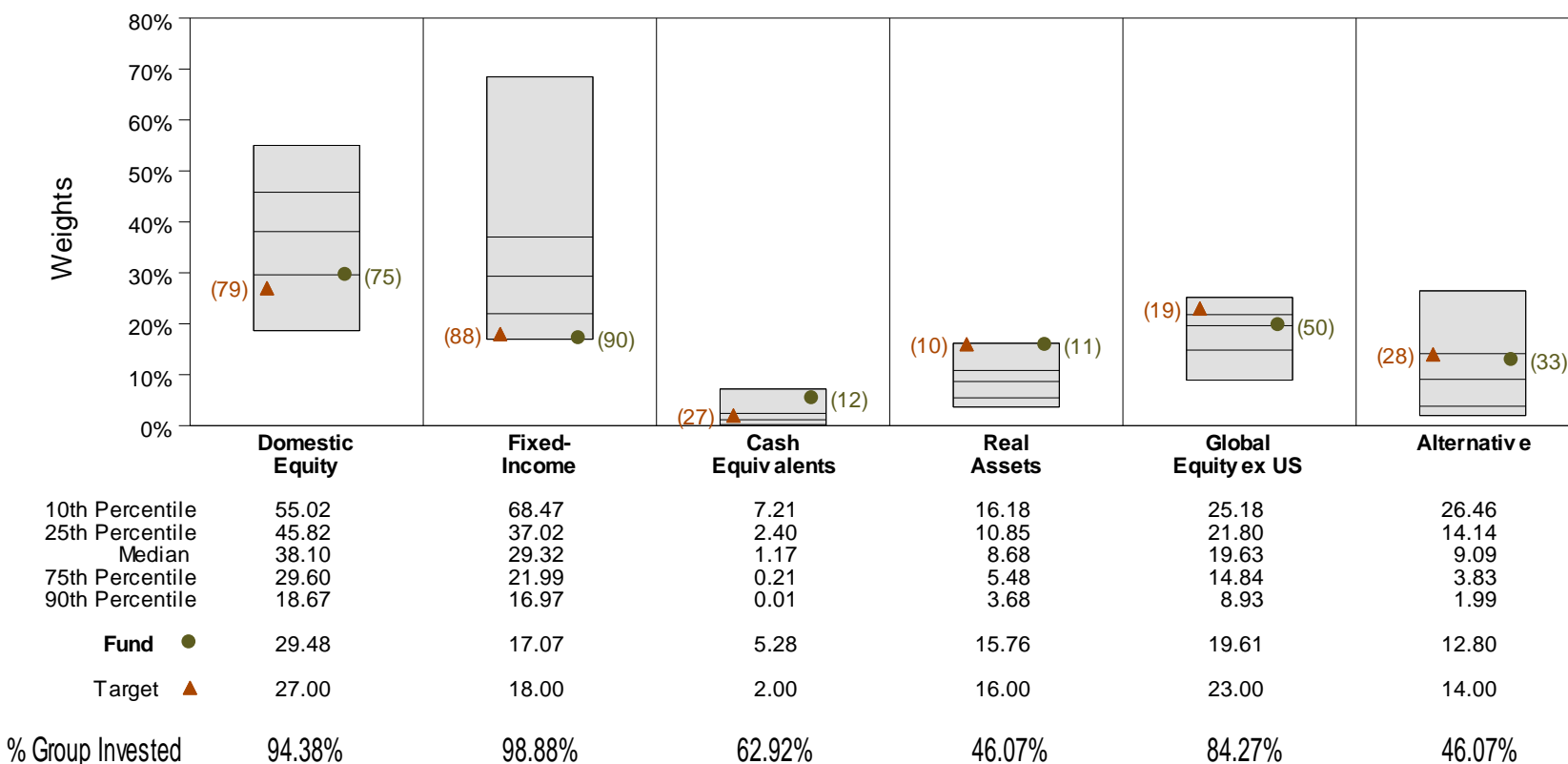


Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	1,892,756	29.5%	27.0%	2.5%	159,025
Global Equity ex US	1,259,520	19.6%	23.0%	(3.4%)	(217,362)
Fixed-Income	1,095,960	17.1%	18.0%	(0.9%)	(59,861)
Real Assets	1,011,972	15.8%	16.0%	(0.2%)	(15,424)
Private Equity	593,311	9.2%	8.0%	1.2%	79,625
Absolute Return	228,363	3.6%	6.0%	(2.4%)	(156,911)
Cash Equivalents	339,344	5.3%	2.0%	3.3%	210,920
Total	6,421,226	100.0%	100.0%		

Asset Allocation Versus Public Funds (ERP)

Callan Public Fund Database

Asset Class Weights vs CAI Public Fund Sponsor Database



- 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 – Third Quarter 2012 & Trailing 12 Months

Relative Attribution Effects for Quarter ended September 30, 2012

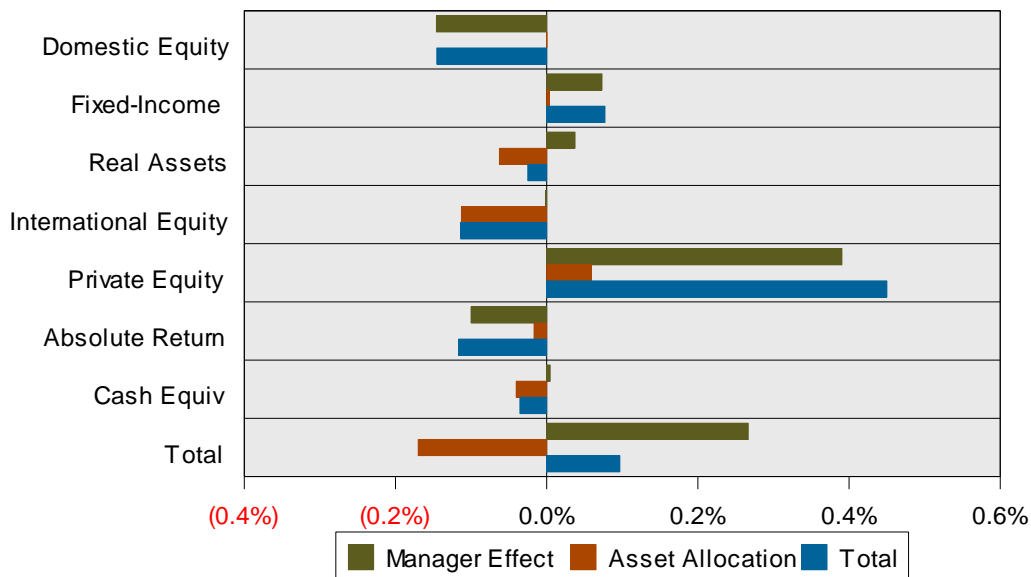
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	29%	27%	5.72%	6.23%	(0.15%)	0.03%	(0.12%)
Fixed-Income	17%	18%	1.94%	1.35%	0.10%	0.03%	0.13%
Real Assets	16%	16%	1.59%	2.08%	(0.08%)	(0.01%)	(0.09%)
Global Equity ex US	20%	23%	6.82%	7.49%	(0.14%)	(0.09%)	(0.23%)
Private Equity	10%	8%	0.38%	6.18%	(0.56%)	0.02%	(0.54%)
Absolute Return	4%	6%	1.63%	1.26%	0.01%	0.06%	0.07%
Cash Equivalents	4%	2%	0.13%	0.03%	0.00%	(0.08%)	(0.08%)
Total			3.70%	= 4.55%	+ (0.81%)	+ (0.04%)	(0.85%)

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%	28.82%	30.20%	(0.38%)	0.13%	(0.25%)
Fixed-Income	17%	18%	5.53%	4.11%	0.24%	0.09%	0.33%
Real Assets	16%	16%	11.96%	10.37%	0.25%	(0.05%)	0.20%
Global Equity ex US	22%	23%	14.84%	15.04%	(0.02%)	(0.13%)	(0.15%)
Private Equity	10%	8%	5.14%	25.18%	(2.06%)	0.16%	(1.90%)
Absolute Return	4%	6%	2.34%	5.07%	(0.14%)	0.14%	0.00%
Cash Equiv	2%	2%	0.55%	0.07%	0.01%	(0.15%)	(0.14%)
Total			14.37%	= 16.27%	+ (2.09%)	+ 0.19%	(1.90%)

PERS Intermediate Term Performance

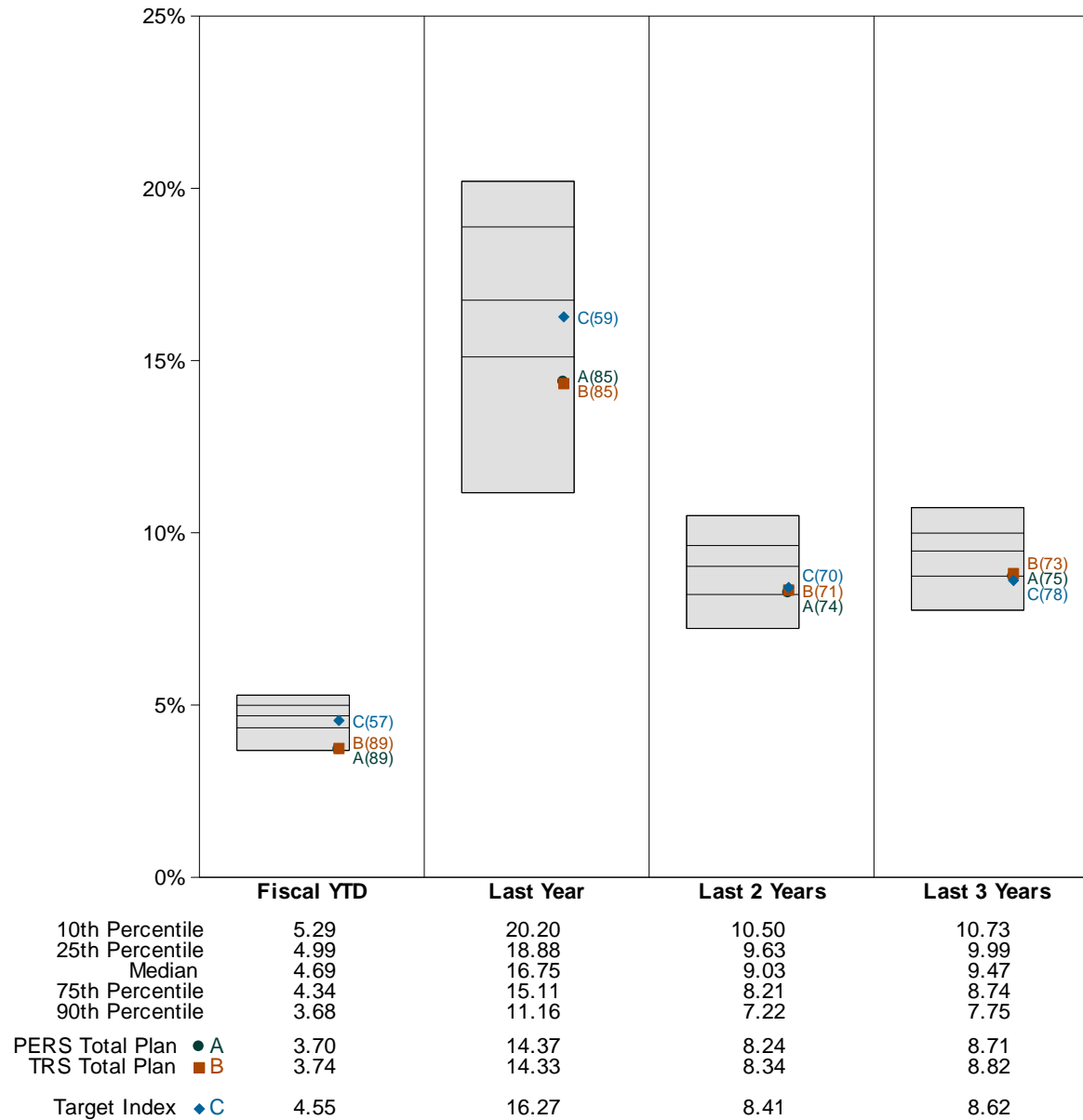
Three Year Annualized Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

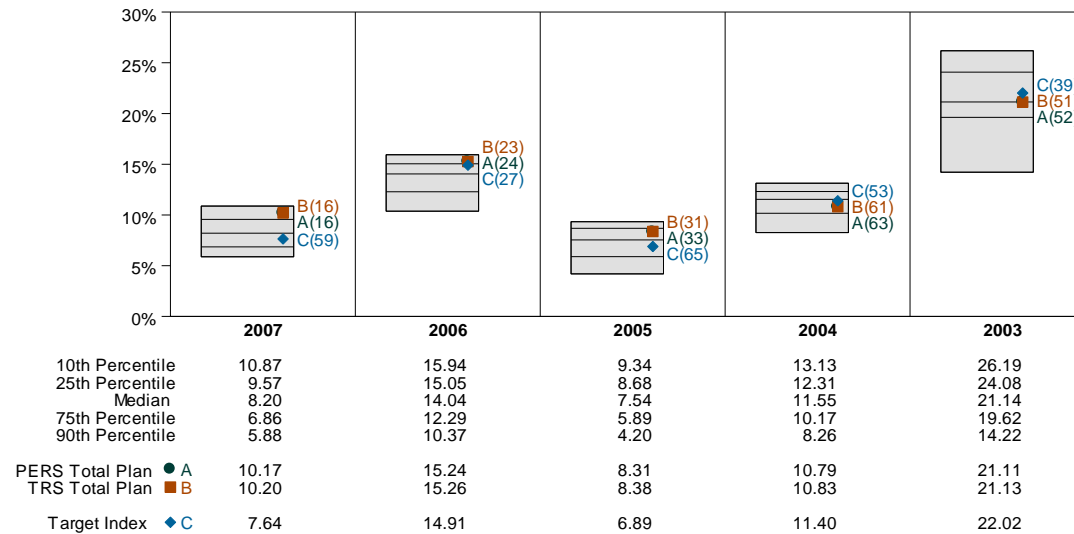
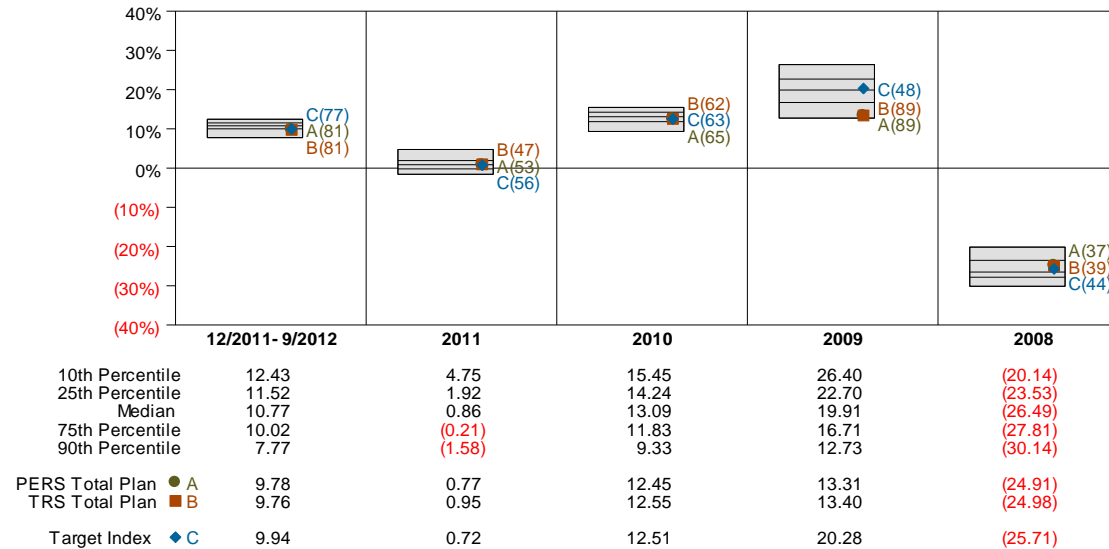
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	28%	12.70%	13.26%	(0.15%)	0.00%	(0.15%)
Fixed-Income	17%	19%	5.97%	5.48%	0.07%	0.00%	0.08%
Real Assets	15%	16%	9.90%	9.49%	0.04%	(0.06%)	(0.02%)
International Equity	23%	23%	3.67%	3.63%	(0.00%)	(0.11%)	(0.11%)
Private Equity	9%	7%	14.90%	9.46%	0.39%	0.06%	0.45%
Absolute Return	5%	5%	3.15%	5.11%	(0.10%)	(0.02%)	(0.12%)
Cash Equiv	1%	1%	-	-	0.00%	(0.04%)	(0.04%)
Total			8.71%	8.62%	+ 0.27%	+ (0.17%)	0.10%

Cumulative Total Fund Returns



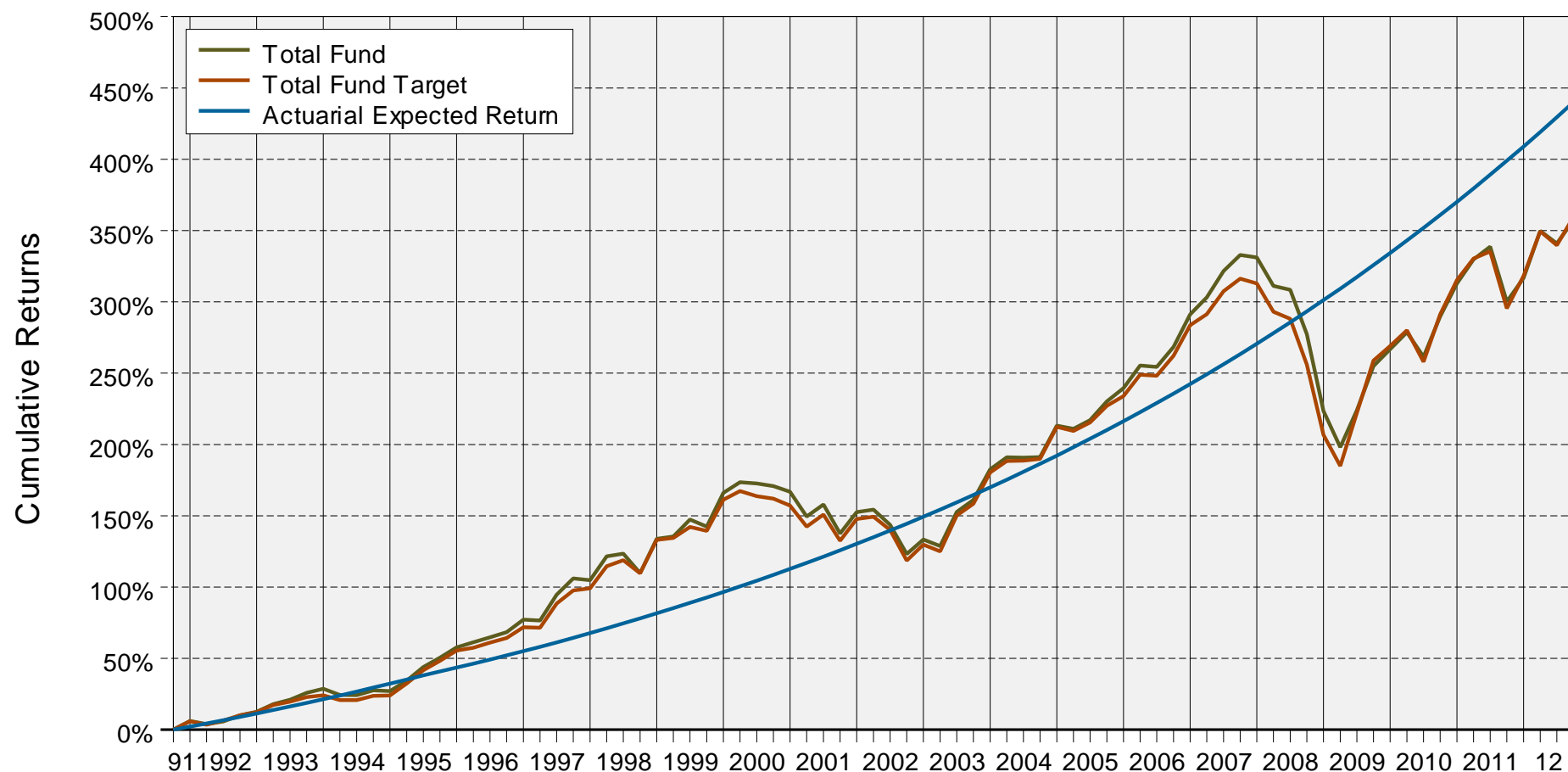
Calendar Period Performance

Relative to Public Fund Database



Long-term Return Relative to Target –TRS

Cumulative Returns Actual vs Target

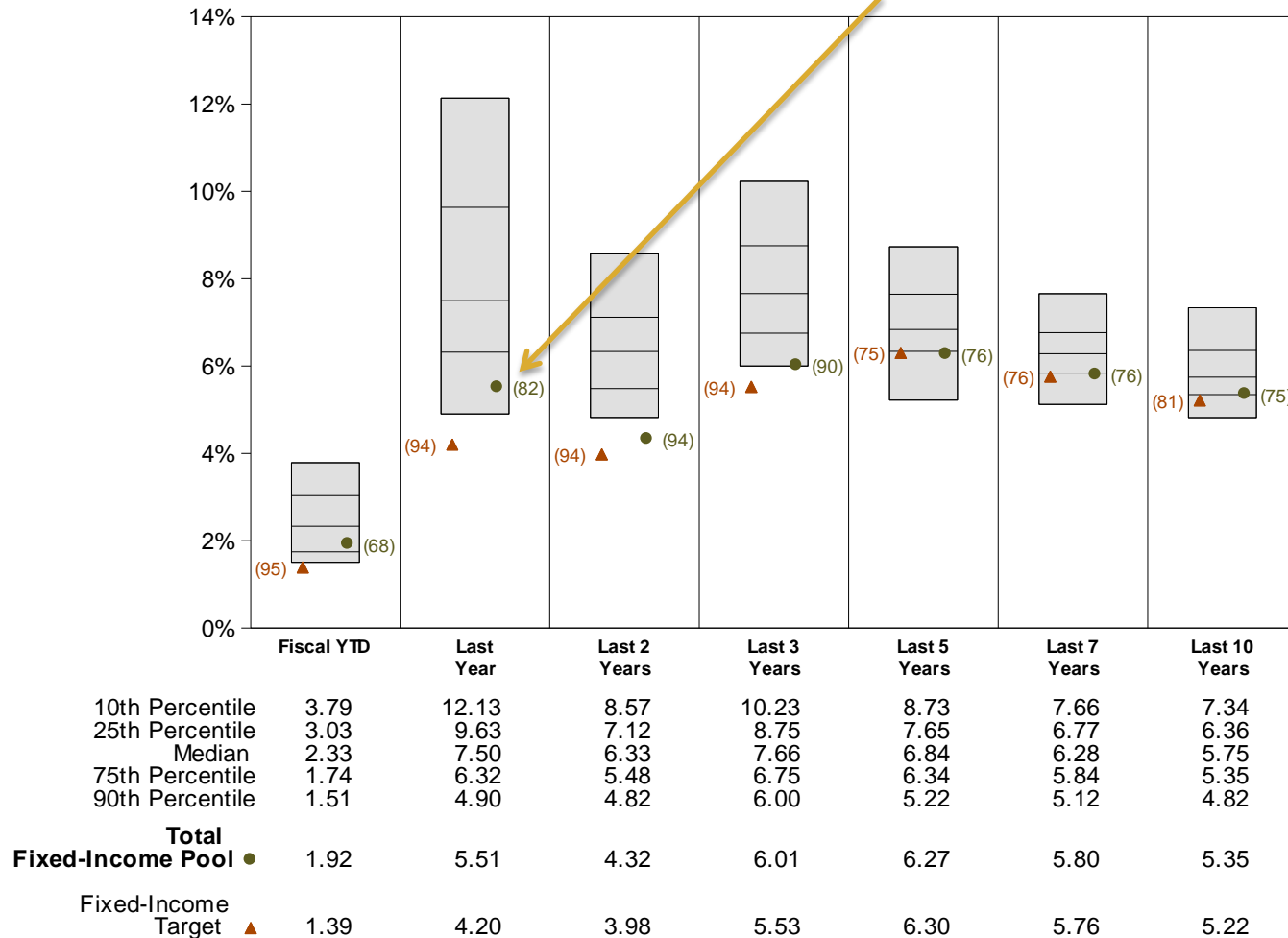


Total Bond Performance

Includes In-House and External Portfolios

Performance vs Public Fund - Domestic Fixed (Gross)

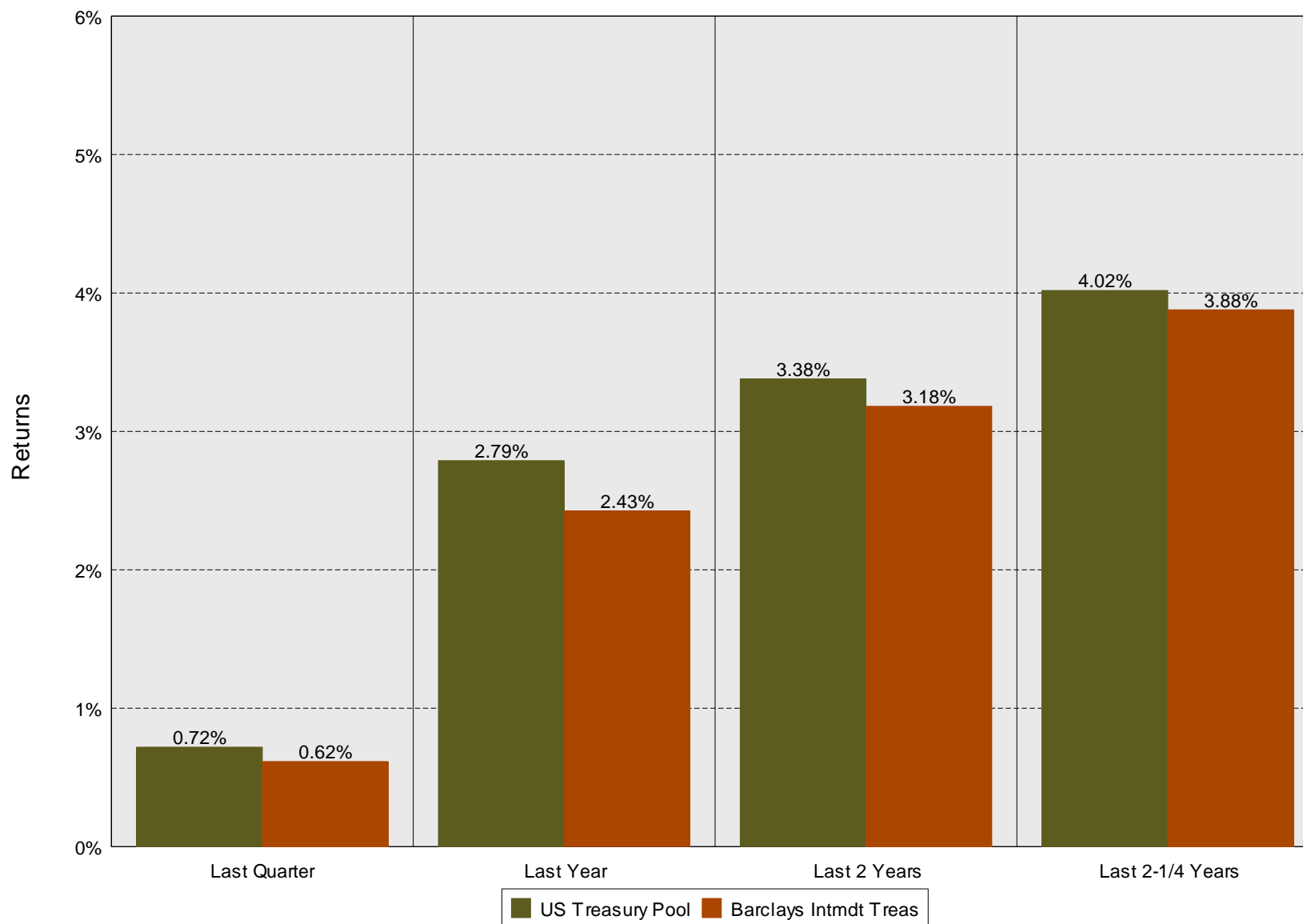
Focus on trailing 1-year return



- The Treasury component outpaced the Intermediate Treasury Index but Treasuries lagged credit sectors of the bond market. The Mondrian portfolio exceeded its custom non-\$ benchmark. McKay Shields posted the greatest return (17.87% vs. benchmark of 18.94%).

In-House Portfolio

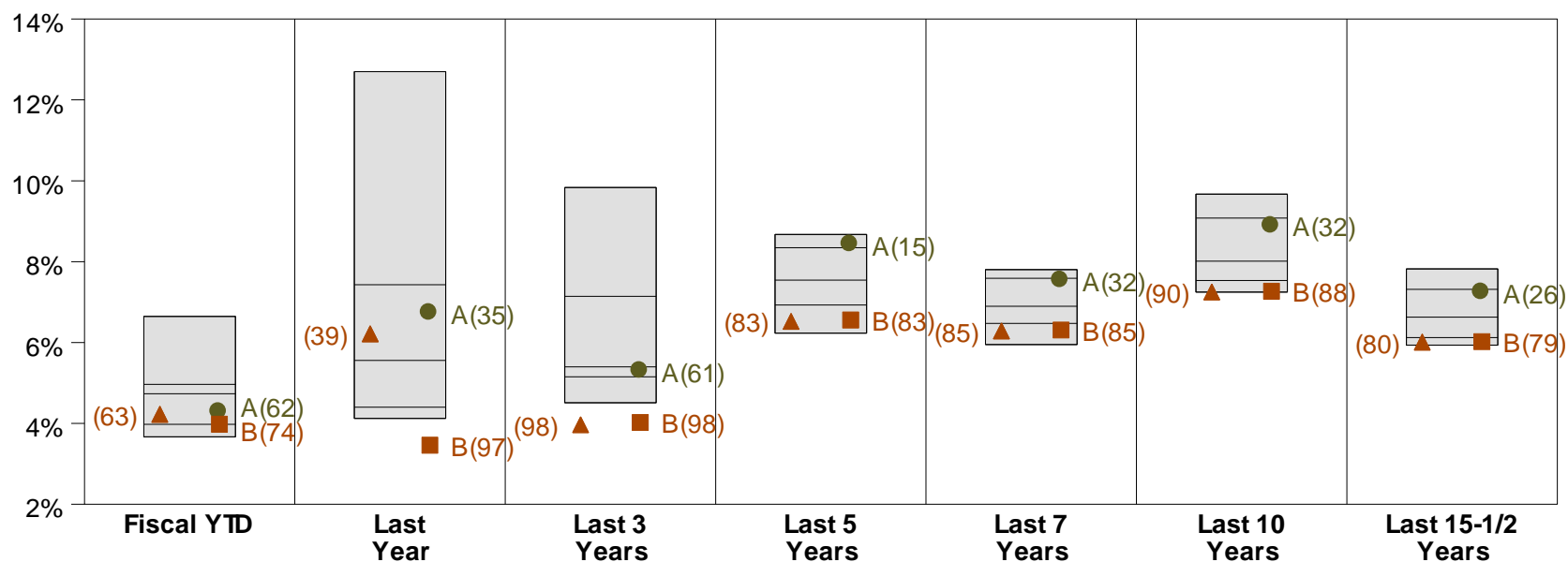
Compared to BC Intermediate Treasury Index



Non-US Fixed Income

Mondrian

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



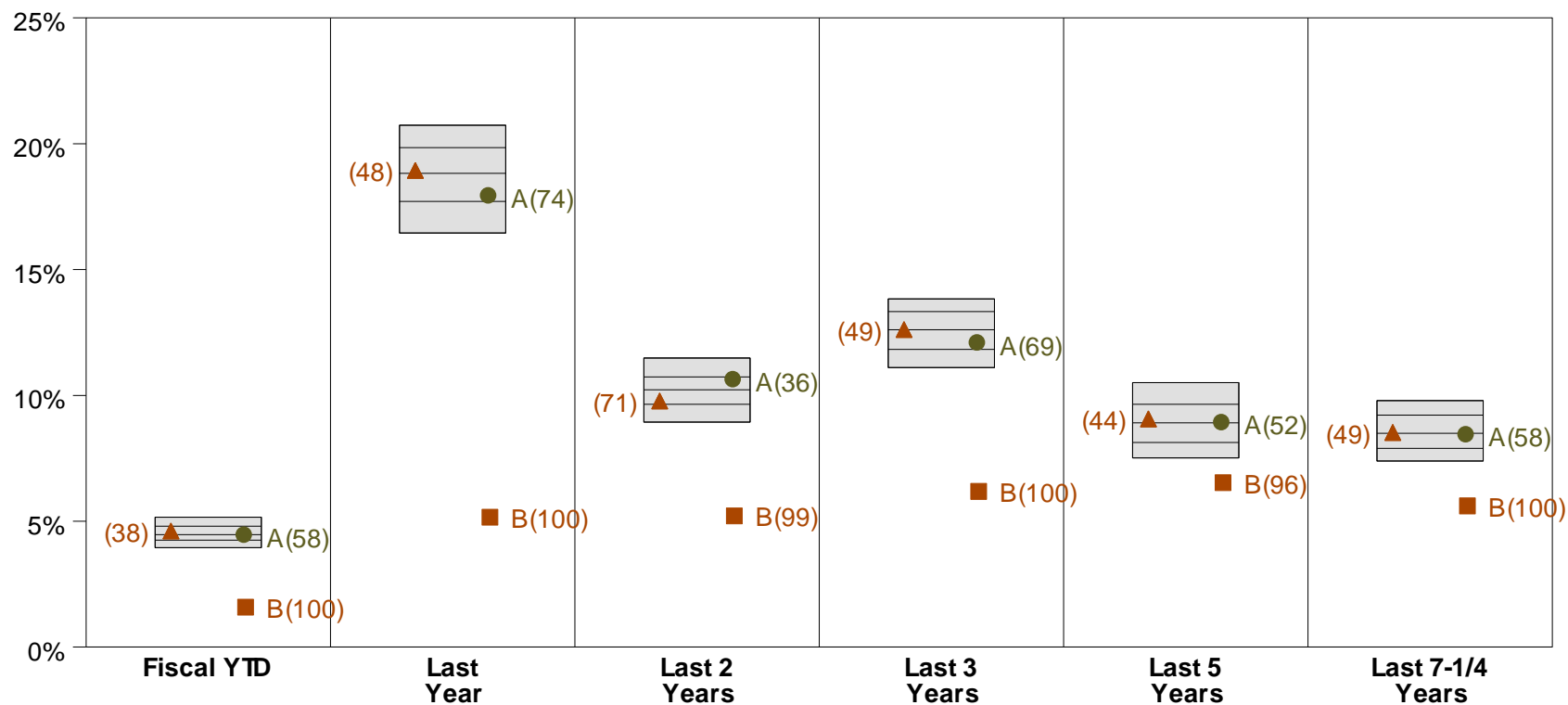
10th Percentile	6.65	12.70	9.84	8.67	7.80	9.67	7.82
25th Percentile	4.97	7.43	7.14	8.34	7.59	9.08	7.31
Median	4.74	5.56	5.40	7.54	6.90	8.01	6.63
75th Percentile	3.98	4.40	5.15	6.93	6.47	7.53	6.12
90th Percentile	3.67	4.12	4.51	6.23	5.95	7.25	5.94




Mondrian								
Investment Partners	● A	4.27	6.72	5.29	8.42	7.53	8.88	7.23
Citi WGBI Non-US Idx	■ B	3.98	3.46	4.02	6.56	6.31	7.27	6.02
Mondrian Benchmark	▲	4.23	6.22	3.97	6.52	6.29	7.25	6.01

High Yield Bonds

MacKay Shields

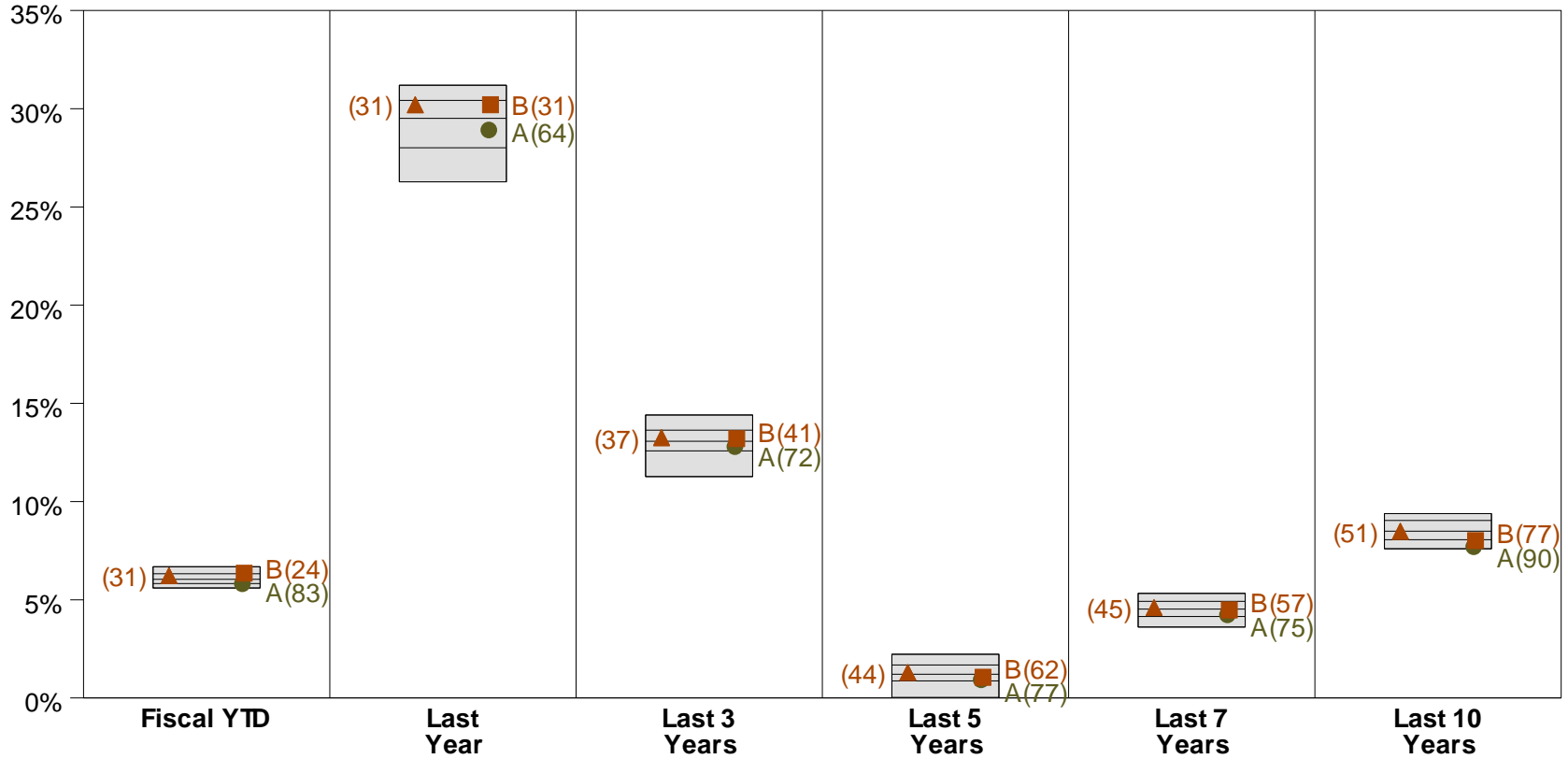
Performance vs CAI High Yield Fixed-Inc Style (Gross)



10th Percentile	5.16	20.73	11.48	13.84	10.51	9.79
25th Percentile	4.80	19.85	10.73	13.33	9.64	9.22
Median	4.47	18.82	10.22	12.61	8.91	8.49
75th Percentile	4.25	17.70	9.64	11.83	8.13	7.90
90th Percentile	3.95	16.45	8.94	11.11	7.52	7.39
MacKay Shields  A	4.39	17.87	10.56	12.02	8.87	8.39
BC Aggregate Index  B	1.58	5.16	5.21	6.19	6.53	5.61
High Yield Target 	4.61	18.94	9.78	12.61	9.07	8.53

Total Domestic Equity

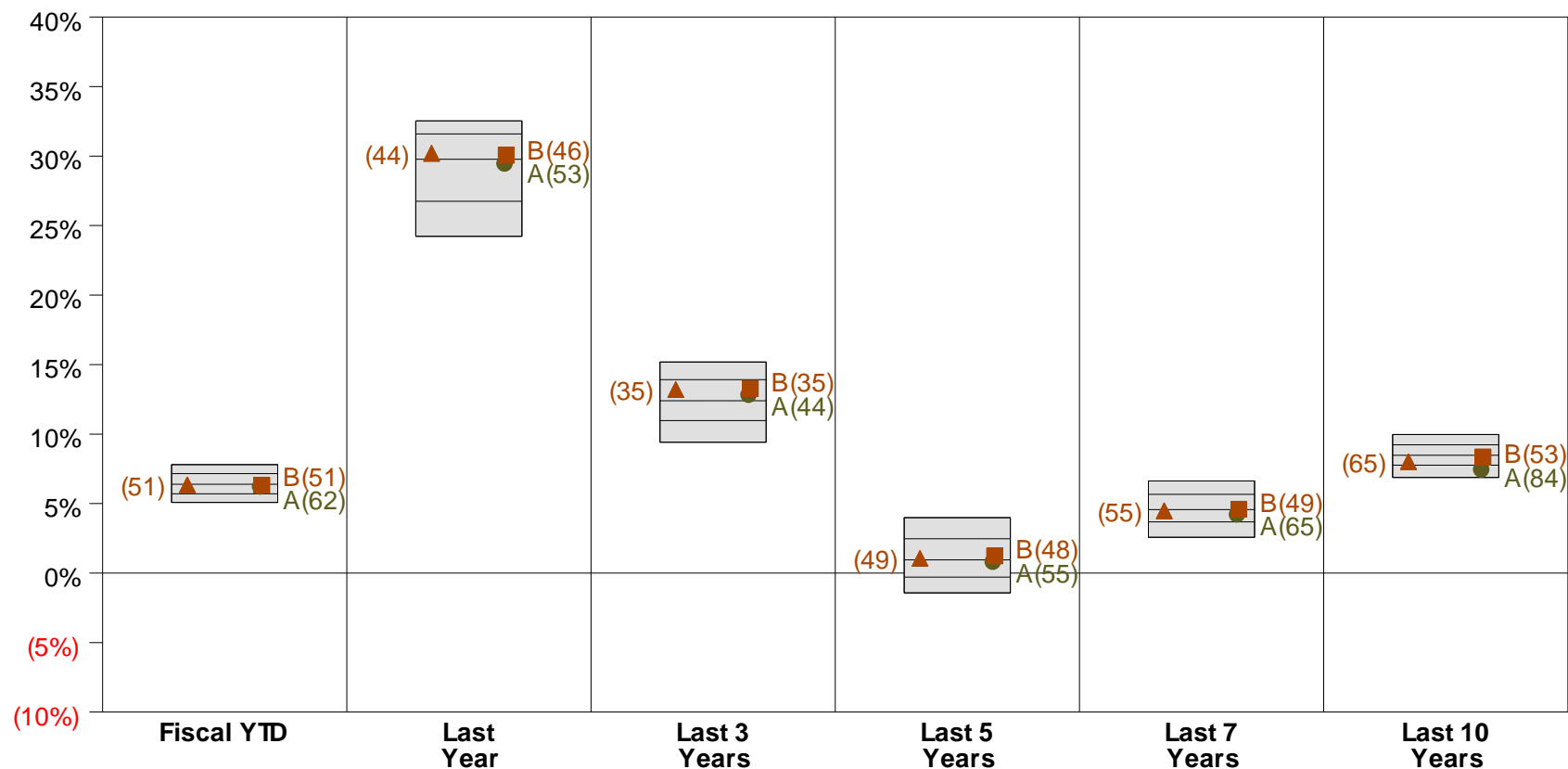
Performance vs Public Fund - Domestic Equity (Gross)



10th Percentile	6.68	31.19	14.41	2.22	5.33	9.38	
25th Percentile	6.33	30.42	13.63	1.68	4.92	9.03	
Median	6.04	29.51	13.07	1.21	4.53	8.50	
75th Percentile	5.82	28.01	12.58	0.87	4.15	8.06	
90th Percentile	5.60	26.28	11.27	0.02	3.61	7.60	
Domestic Equity Pool	● A	5.73	28.83	12.71	0.83	4.15	7.60
Standard							
& Poor's 500	■ B	6.35	30.20	13.20	1.05	4.48	8.01
Russell 3000 Index	▲	6.23	30.20	13.26	1.30	4.60	8.49

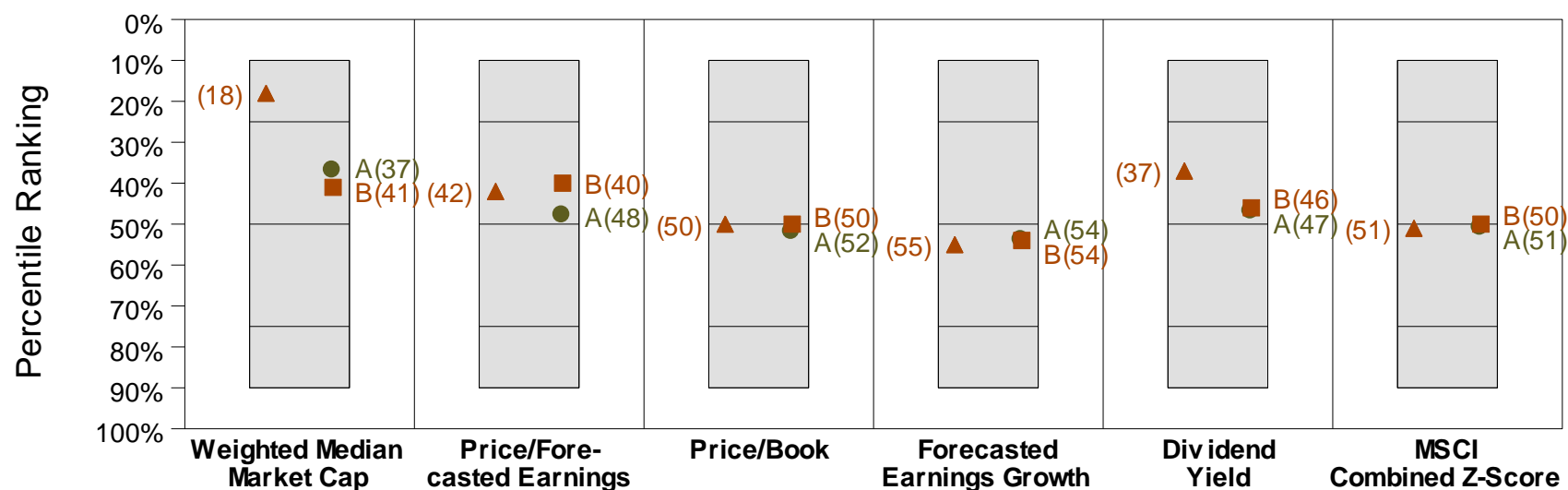
Large Cap Domestic Equity Pool

Performance vs CAI Large Capitalization Style (Gross)



Large Cap Total Equity Characteristics

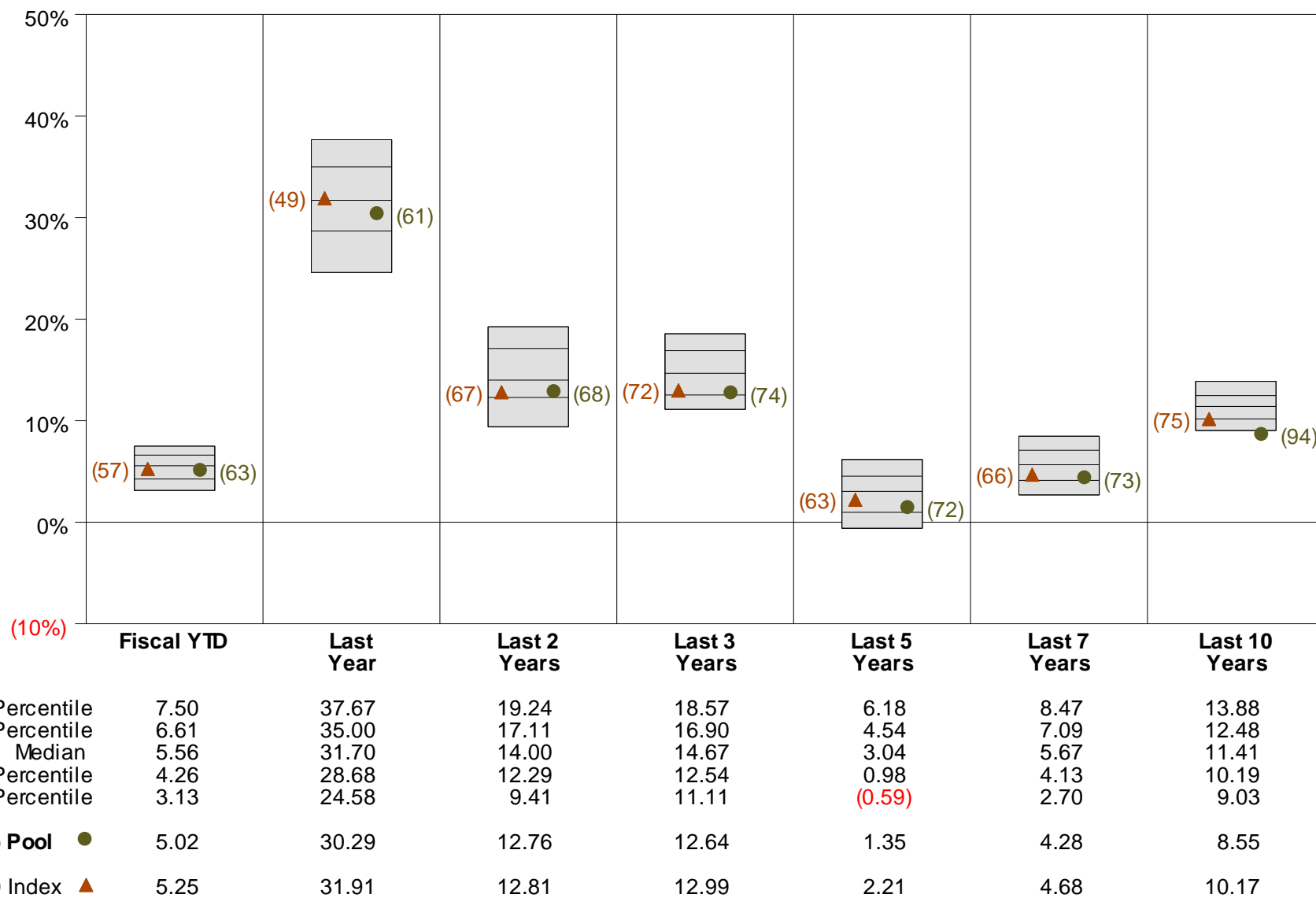
Portfolio Characteristics Percentile Rankings Rankings Against CAI Large Capitalization Style as of September 30, 2012



10th Percentile	64.86	16.39	4.06	15.98	2.66	1.44
25th Percentile	56.35	14.41	3.26	13.89	2.41	0.94
Median	39.31	12.34	2.17	11.23	2.01	0.09
75th Percentile	32.99	11.14	1.64	8.90	1.46	(0.70)
90th Percentile	24.69	10.47	1.44	7.80	0.98	(0.95)
Large Cap Pool ● A	48.45	12.46	2.12	10.78	2.09	0.01
Russell 1000 ■ B	45.23	13.12	2.17	10.94	2.11	0.04
S&P 500 Index ▲	57.19	12.87	2.17	10.76	2.19	0.01

Small Cap Pool

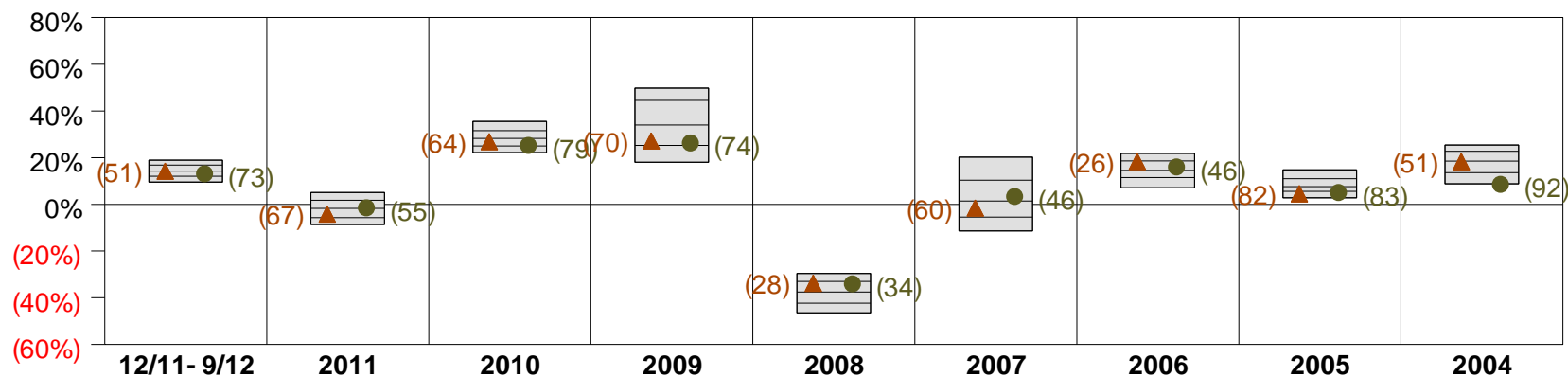
Performance vs CAI Small Capitalization Style (Gross)



Small Cap Performance

Calendar Periods

Performance vs CAI Small Capitalization Style (Gross)

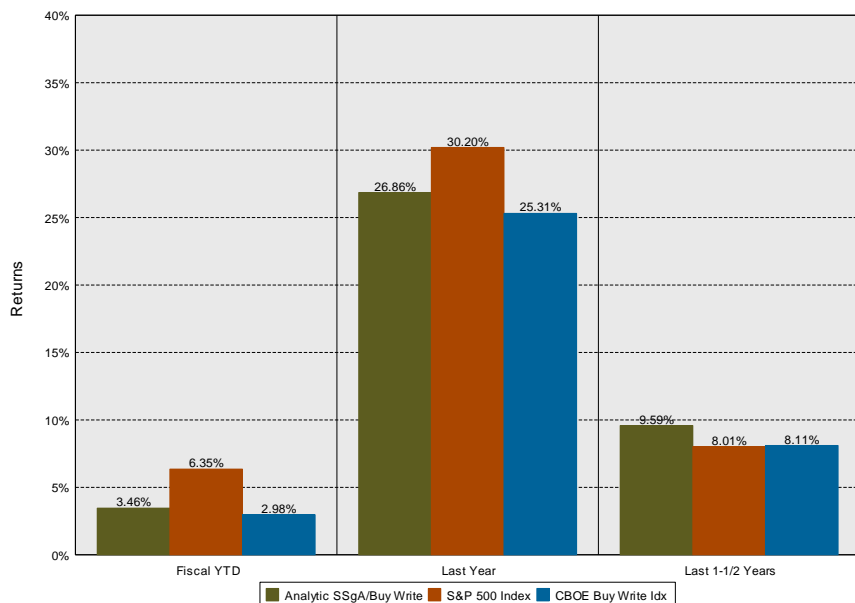


	12/11- 9/12	2011	2010	2009	2008	2007	2006	2005	2004
10th Percentile	18.97	5.06	35.55	49.83	(29.58)	20.20	21.82	14.79	25.44
25th Percentile	16.84	1.78	31.53	44.57	(33.03)	10.32	18.62	10.97	22.73
Median	14.27	(1.76)	28.25	34.00	(37.57)	1.39	14.59	7.55	18.56
75th Percentile	12.07	(5.72)	24.99	25.24	(42.30)	(5.47)	11.44	5.55	13.61
90th Percentile	9.51	(8.64)	22.16	18.02	(46.48)	(11.41)	7.07	2.77	8.83
Small Cap Pool ●	12.19	(2.33)	24.35	25.40	(34.97)	2.53	15.24	4.28	7.65
Russell 2000 Index ▲	14.23	(4.18)	26.85	27.17	(33.79)	(1.57)	18.37	4.55	18.33

Other Equity

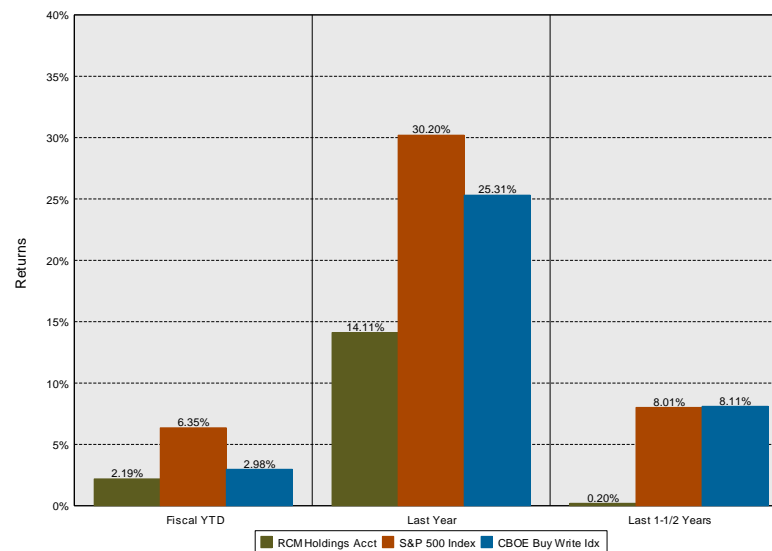
Convertible Bonds, Option Strategies

Analytic Buy-Write



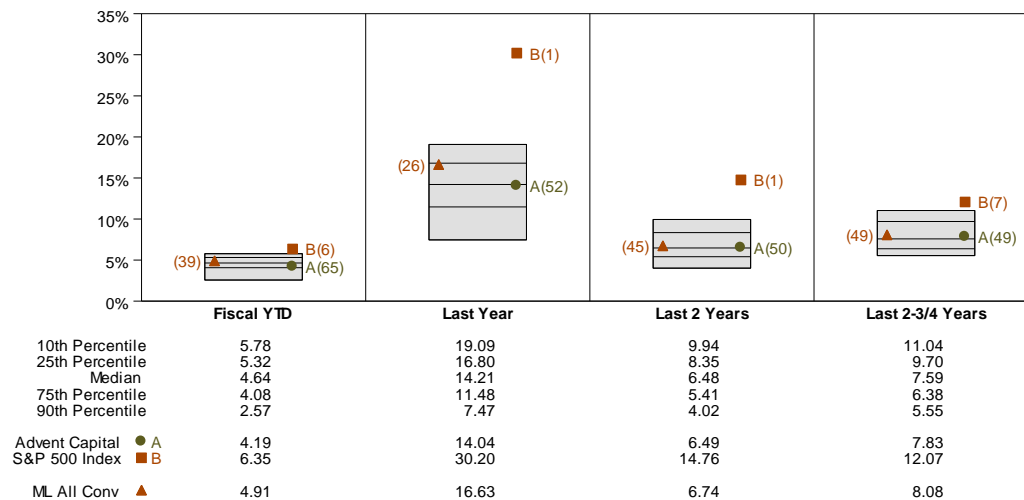
- Analytic benefited from market weakness & now leads both the S&P & CBOE index.
- RCM lags the S&P 500 in all periods.
- Advent has produced competitive results versus convert index but lags S&P

RCM Buy Write



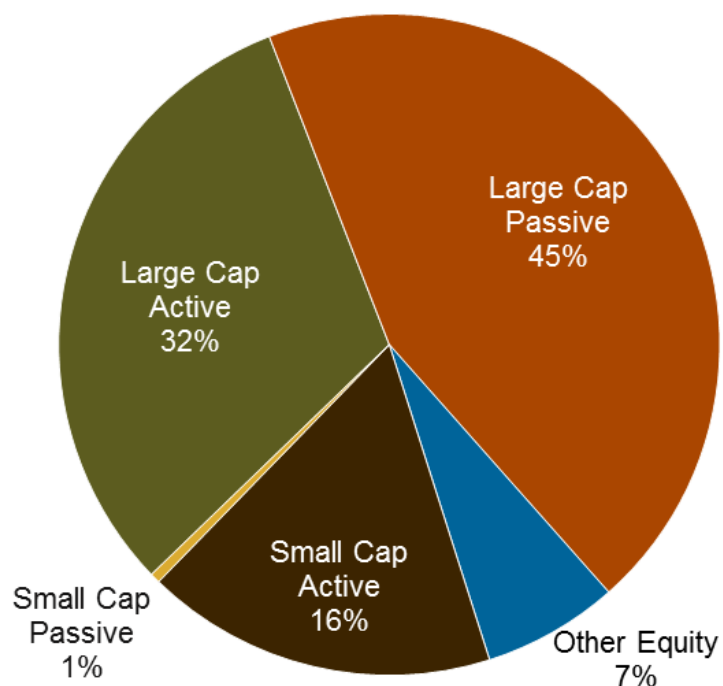
Advent – Convertible Bonds

Performance vs CAI Convertible Bonds Database (Gross)



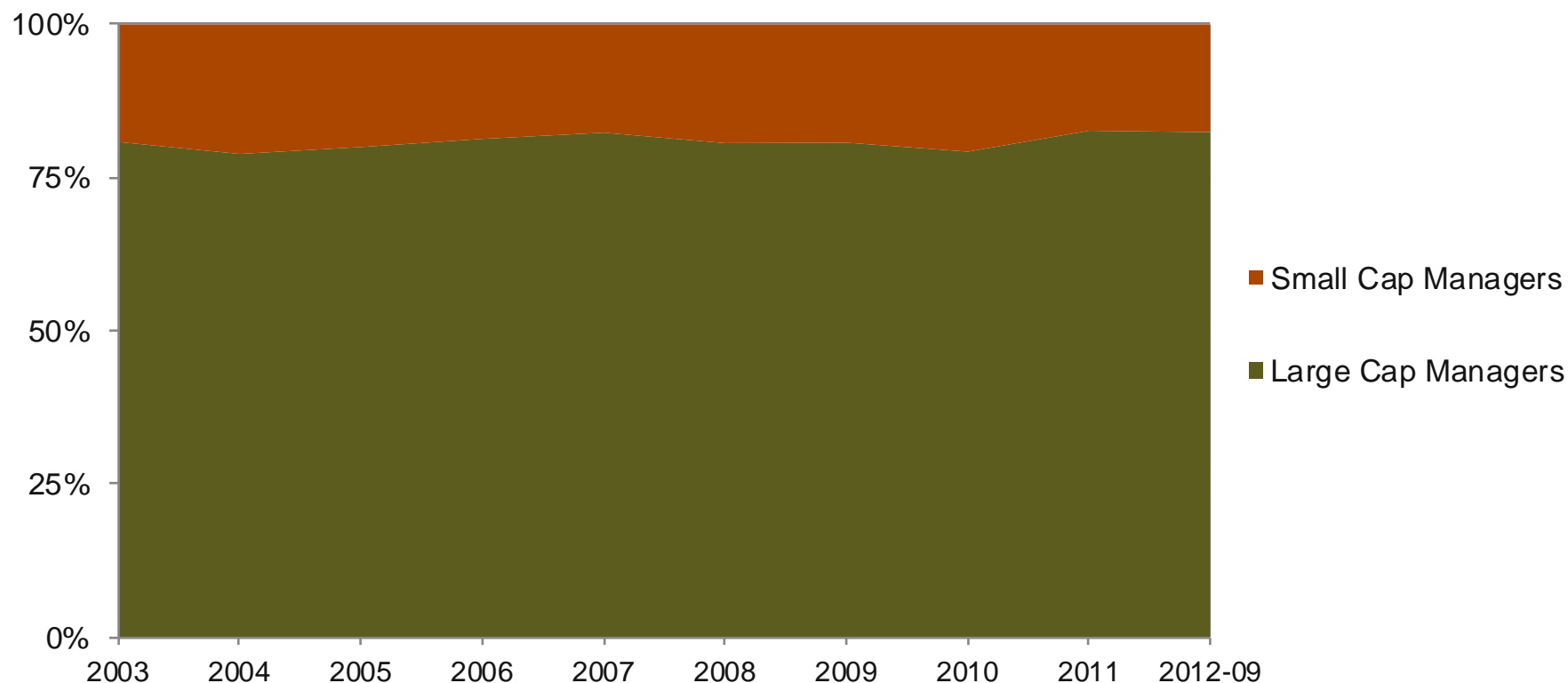
Equity Composite Allocation

ARMB Equity Composites
As of June 30, 2012



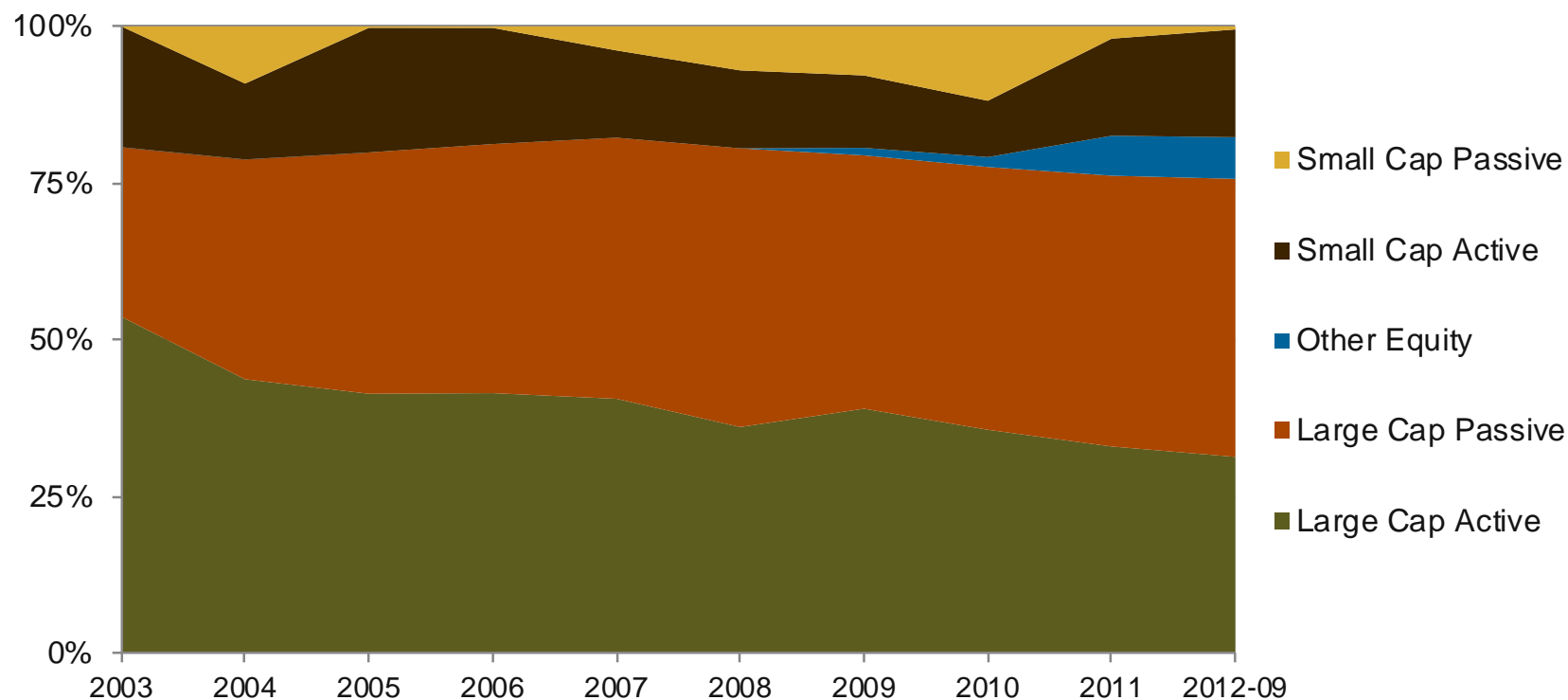
Composite	Market Value	Comp.	Total
<i>Large Cap Managers</i>	4,166,887,212	100.0%	82.3%
Large Cap Active	1,584,787,308	38.0%	31.3%
Large Cap Passive	2,245,599,315	53.9%	44.4%
Other Equity	336,500,589	8.1%	6.6%
<i>Small Cap Managers</i>	895,100,391	100.0%	17.7%
Small Cap Active	870,270,494	97.2%	17.2%
Small Cap Passive	24,829,897	2.8%	0.5%
Total Equity	5,061,987,603	100.0%	100.0%

Equity Composite Allocation – Large Cap and Small Cap



Composite	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012-09
Large Cap Managers	80.7%	78.8%	79.9%	81.2%	82.2%	80.5%	80.6%	79.1%	82.5%	82.3%
Small Cap Managers	19.3%	21.2%	20.1%	18.8%	17.8%	19.5%	19.4%	20.9%	17.5%	17.7%

Equity Composite Allocation



Composite	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012-09
Large Cap Active	53.7%	43.7%	41.4%	41.5%	40.6%	36.1%	39.0%	35.6%	33.0%	31.3%
Large Cap Passive	27.1%	35.1%	38.5%	39.7%	41.7%	44.5%	40.4%	41.9%	43.2%	44.4%
Other Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	1.6%	6.4%	6.6%
Small Cap Active	19.3%	12.1%	19.9%	18.5%	13.9%	12.4%	11.6%	9.0%	15.5%	17.2%
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 September 30, 2012

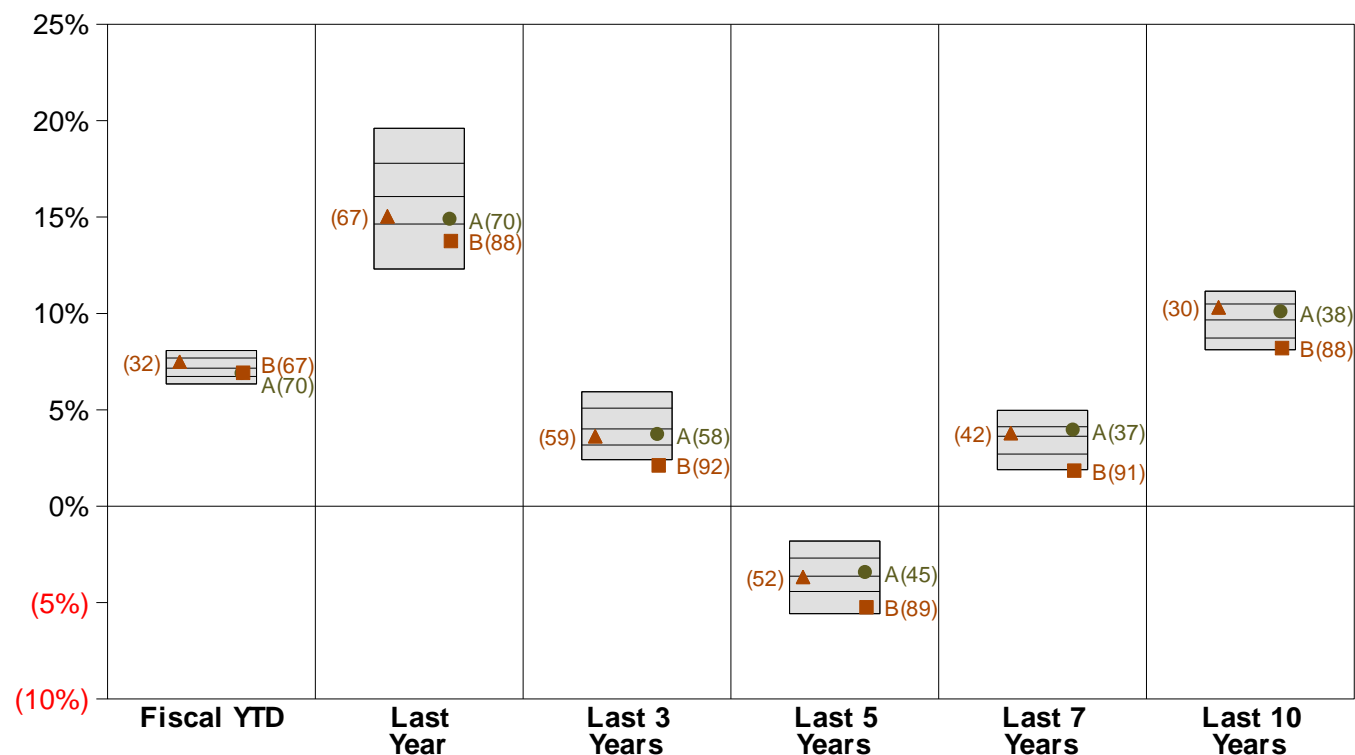
Composite	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
ARMB-Lg Cap Mgrs	6.10	29.32	12.70	0.68	4.10
ARMB-Large Cap Eq Active	5.70	27.95	12.27	0.58	3.88
ARMB-Large Cap Passive Equity	6.37	30.25	12.95	0.72	4.28
ARMB-Other Equity	3.33	18.60	--	--	--
Russell:1000 Index	6.31	30.06	13.27	1.22	4.60
ARMB-Sm Cap Mgrs	5.02	30.29	12.64	1.35	4.28
ARMB - Active SC Composite	5.00	30.50	14.06	2.00	4.99
ARMB - Passive SC Composite	5.42	32.61	11.38	1.06	3.37
Russell:2000 Index	5.25	31.91	12.99	2.21	4.68
Russell:3000 Index	6.23	30.20	13.26	1.30	4.60

- Small cap underperformed large cap in the quarter but has outperformed large cap over trailing 1-, 5- and 7-year periods
- Active small cap has outperformed over trailing 3, 5 and 7 years despite underperforming over the last quarter and year
- Passive small cap underperformed index over trailing 3, 5 & 7 years

International Equity

Compared to Other Public Funds

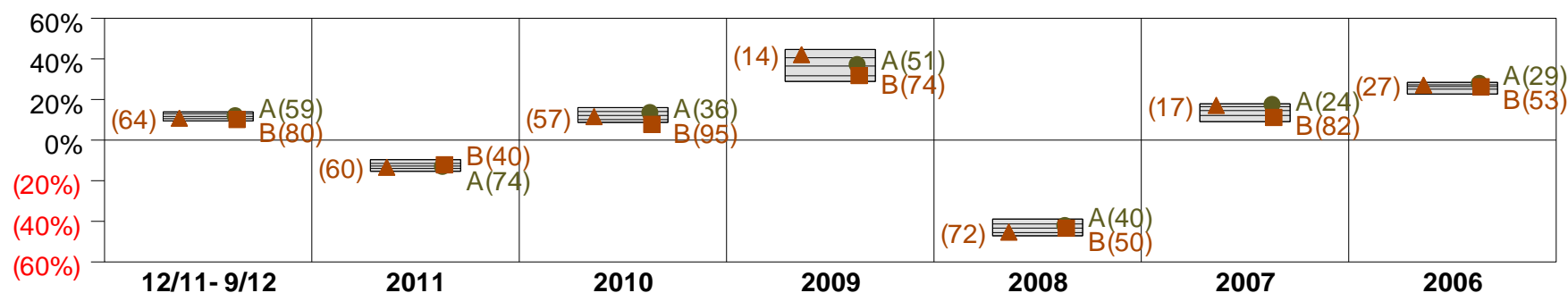
Performance vs Public Fund - International Equity (Gross)



International

Calendar Periods

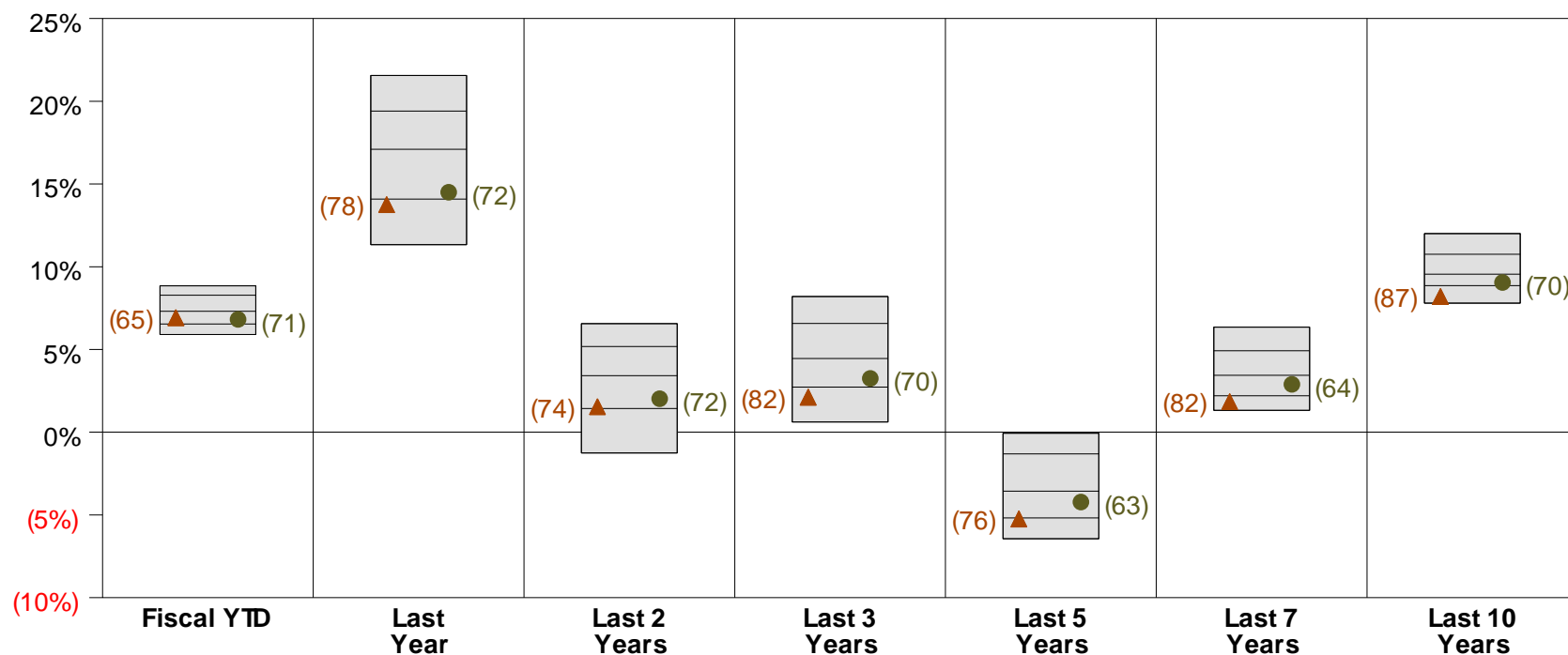
Performance vs Public Fund - International Equity (Gross)



10th Percentile	13.92	(9.61)	16.00	44.65	(38.84)	17.89	28.48	
25th Percentile	12.99	(11.50)	14.07	40.56	(41.28)	16.50	27.22	
Median	11.72	(12.75)	12.17	36.53	(43.30)	14.59	26.44	
75th Percentile	10.62	(14.00)	10.09	31.65	(45.51)	12.13	25.15	
90th Percentile	9.46	(15.33)	8.68	28.94	(47.15)	9.11	22.70	
Total								
International Equity	● A	11.05	(13.95)	12.70	36.35	(43.03)	16.61	27.06
MSCI EAFE Index	■ B	10.08	(12.14)	7.75	31.78	(43.38)	11.17	26.34
MSCI ACWI								
ex US Index	▲	10.86	(13.33)	11.60	42.14	(45.24)	17.12	27.16

International ex EM Versus Managers

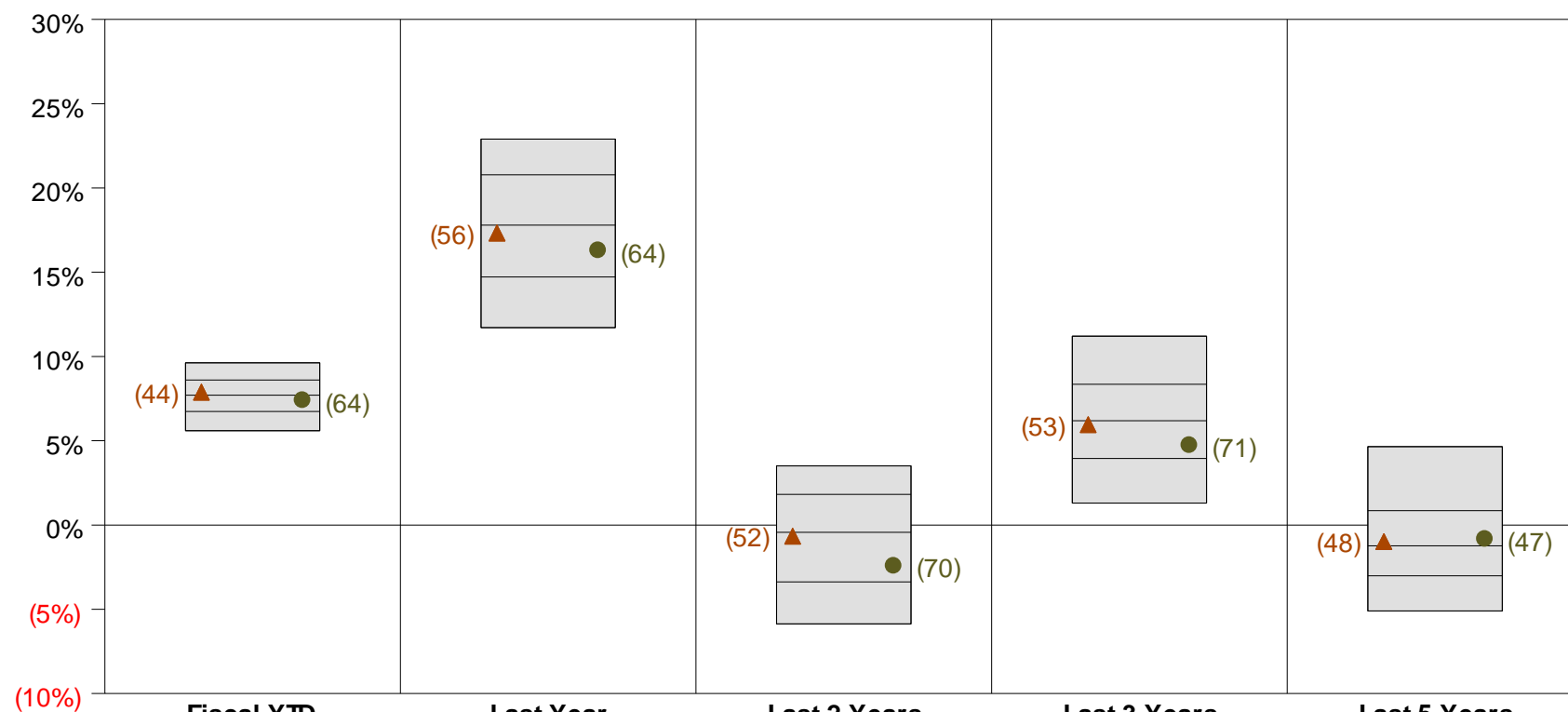
Performance vs CAI Non-U.S. Equity Style (Gross)



10th Percentile	8.84	21.56	6.56	8.20	(0.06)	6.35	12.00
25th Percentile	8.28	19.41	5.18	6.58	(1.31)	4.92	10.75
Median	7.30	17.10	3.42	4.45	(3.57)	3.44	9.55
75th Percentile	6.54	14.09	1.43	2.72	(5.17)	2.21	8.85
90th Percentile	5.91	11.34	(1.25)	0.62	(6.44)	1.32	7.80
Int'l Equity Pool (ex Emerging. Mkt)	6.71	14.38	1.92	3.15	(4.33)	2.78	8.95
MSCI EAFE Index	6.92	13.75	1.54	2.12	(5.24)	1.85	8.20

Emerging Markets Pool

Performance vs CAI Emerging Markets Equity DB (Gross)



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

Fiscal YTD

Last Year

Last 2 Years

Last 3 Years

Last 5 Years

9.63
8.60
7.70
6.74
5.60

22.90
20.78
17.80
14.72
11.71

3.51
1.81
(0.44)
(3.38)
(5.87)

11.20
8.35
6.19
3.95
1.30

4.65
0.85
(1.23)
(3.01)
(5.10)

**Emerging
Markets Pool**



7.33

16.22

(2.48)

4.66

(0.91)

**MSCI Emerging
Mkts Idx**



7.89

17.33

(0.66)

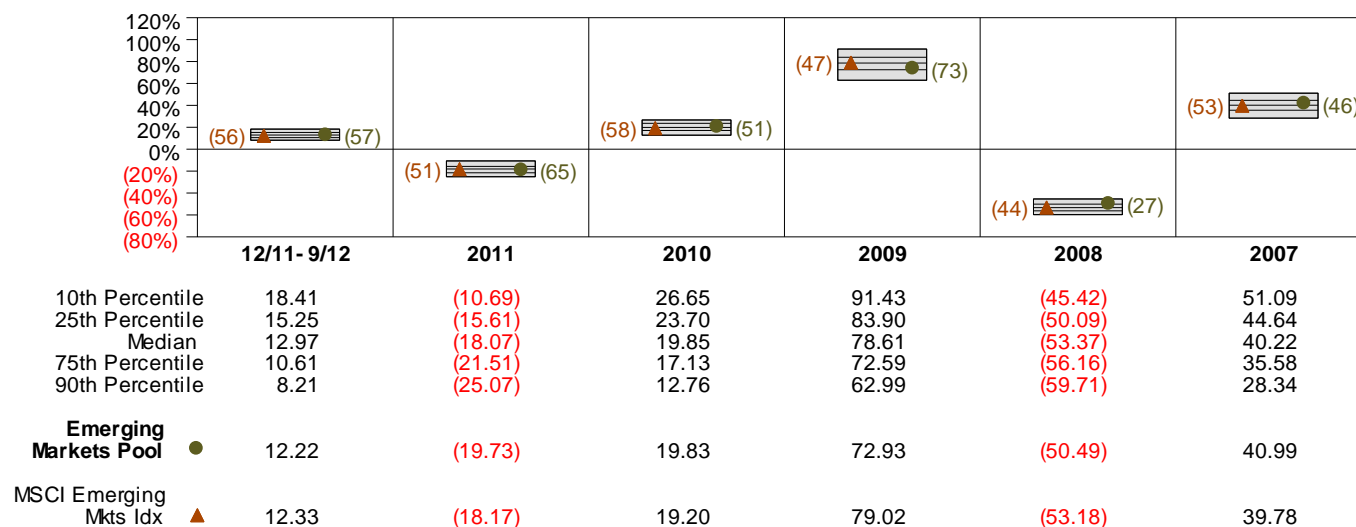
5.96

(0.98)

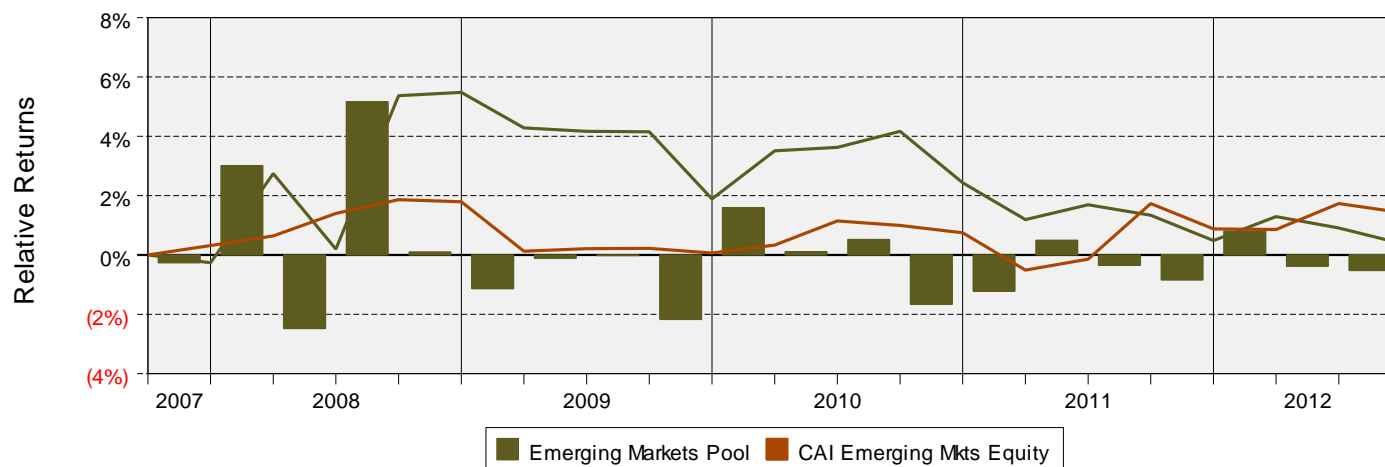
Emerging Markets Pool

Calendar Periods

Performance vs CAI Emerging Markets Equity DB (Gross)



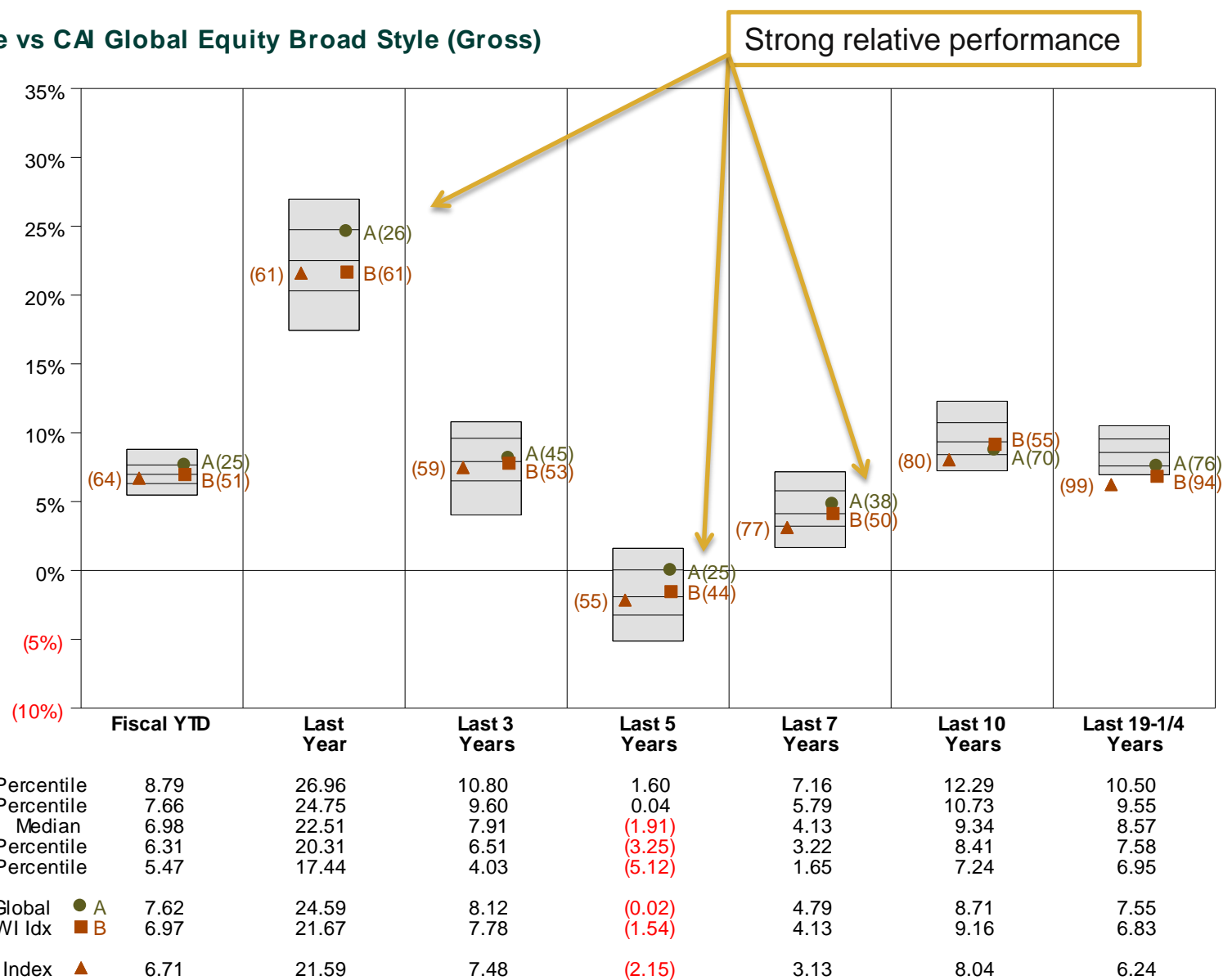
Cumulative and Quarterly Relative Return vs MSCI Emerging Mkts Idx



Global

Lazard

Performance vs CAI Global Equity Broad Style (Gross)



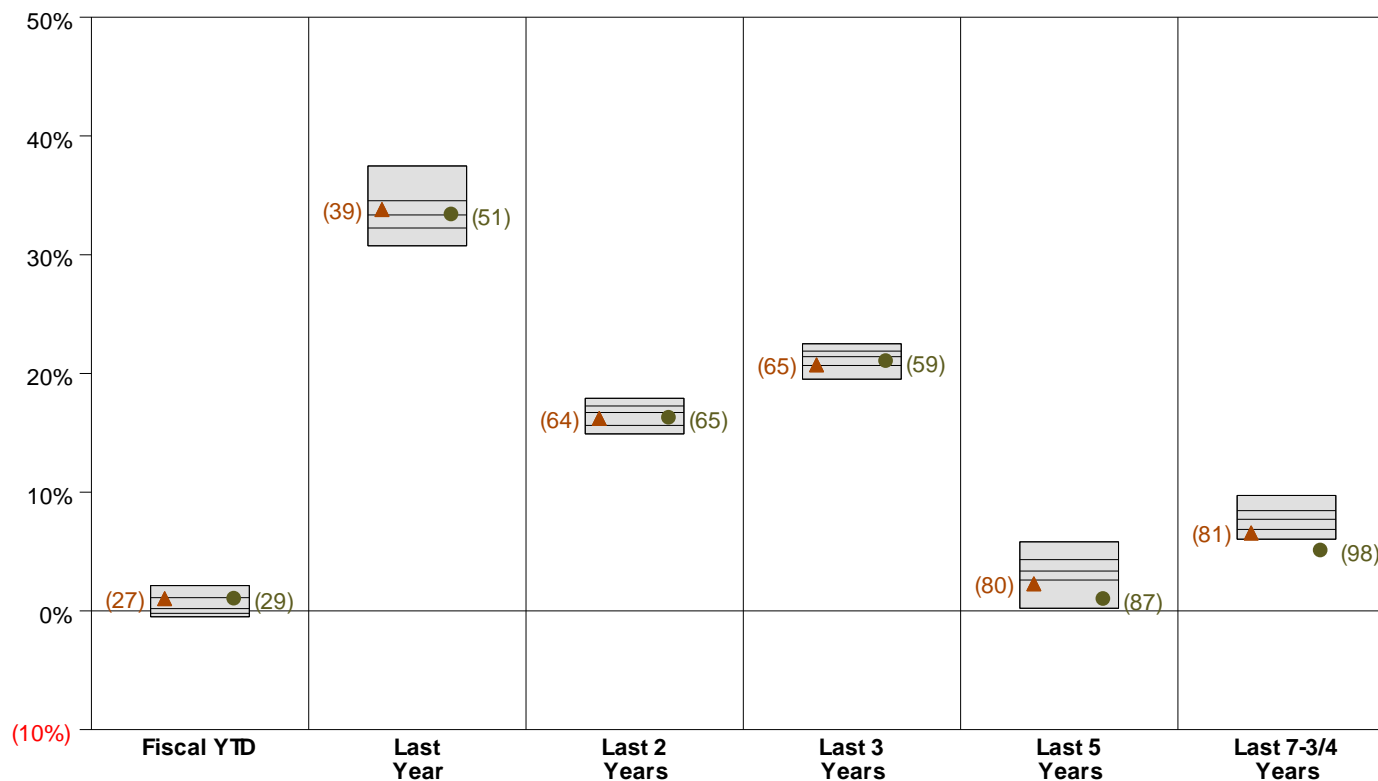
Real Assets Category

	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	
Real Assets(Prelim)	1.54%	11.87%	9.78%	-	
Real Assets Target (1)	2.08%	10.37%	9.49%	4.58%	
Real Estate Pool(Prelim)	2.07%	12.05%	10.90%	(2.90%)	
Real Estate Target (2)	2.21%	13.19%	12.00%	2.79%	
Private Real Estate	2.26%	9.78%	10.41%	(3.15%)	RE trailed target
NCREIF Total Index	2.34%	11.00%	10.90%	2.26%	
REIT Internal Portfolio	0.94%	33.31%	20.95%	0.90%	
NAREIT Equity Index	1.03%	33.81%	20.73%	2.28%	
 Total Farmland	 0.64%	 15.26%	 10.07%	 10.15%	
UBS Agrivest	0.58%	16.05%	10.20%	10.38%	
Hancock Agricultural	0.75%	14.01%	10.01%	10.32%	
ARMB Farmland Target (3)	1.87%	17.38%	11.25%	11.88%	
 Total Timber	 0.71%	 5.23%	 1.70%	 -	
Timberland Investment Resources	1.18%	3.18%	0.21%	-	
Hancock Timber	(0.16%)	8.28%	4.44%	-	
NCREIF Timberland Index	0.61%	2.11%	(0.56%)	3.29%	TIPS & Timber better than target
TIPS Internal Portfolio	2.18%	9.43%	9.75%	8.08%	
BC US TIPS Index	2.12%	9.10%	9.29%	7.93%	
 Total Energy Funds *	 1.05%	 5.65%	 8.29%	 10.01%	
CPI + 5%	2.14%	7.01%	7.59%	7.29%	

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

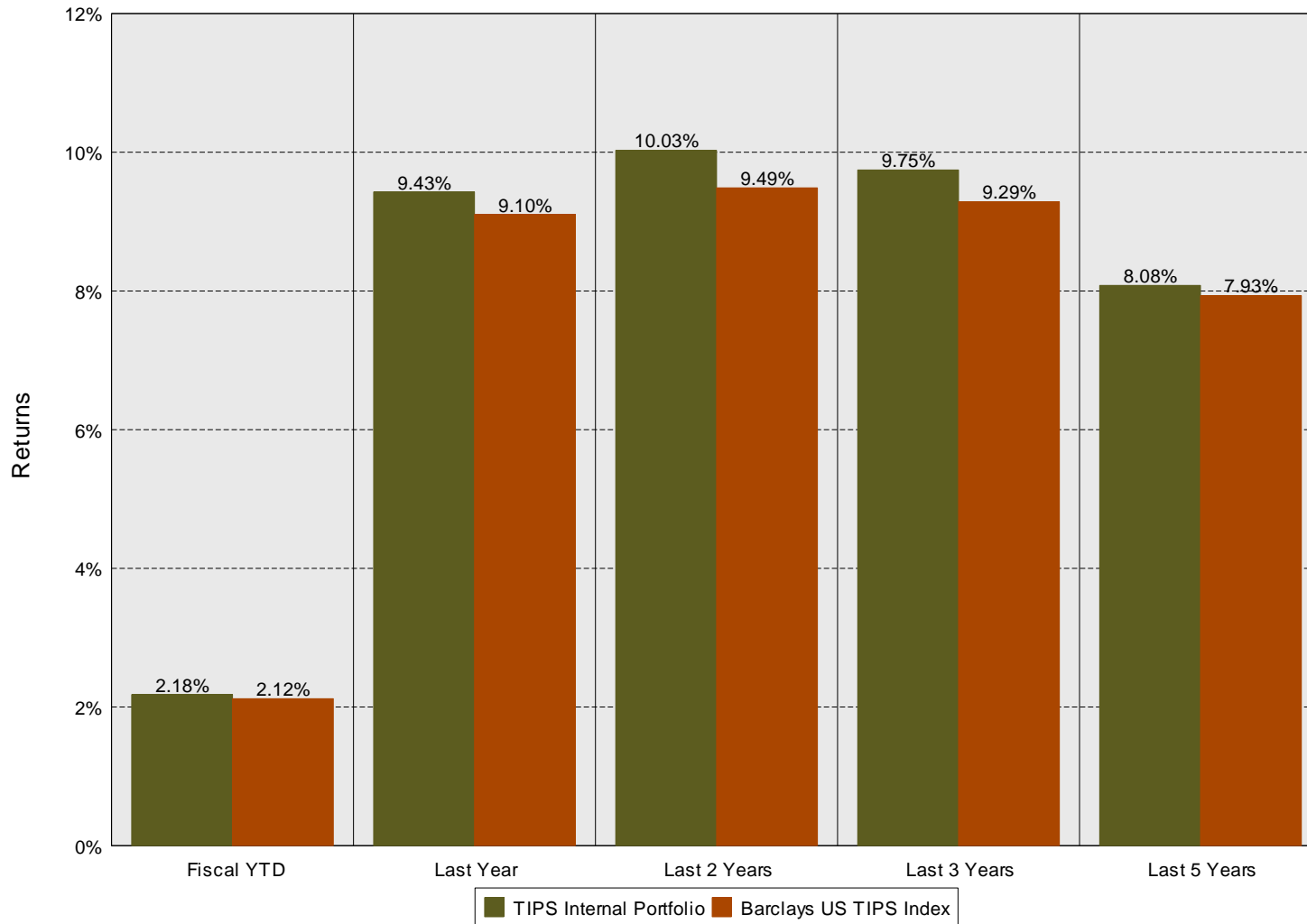
REIT Portfolio

Performance vs CAI Real Estate-REIT DB (Gross)



- Near index returns in the quarter
- Index like performance over the last 1-, 2-, and 3-year periods

Internally Managed TIPS Portfolio

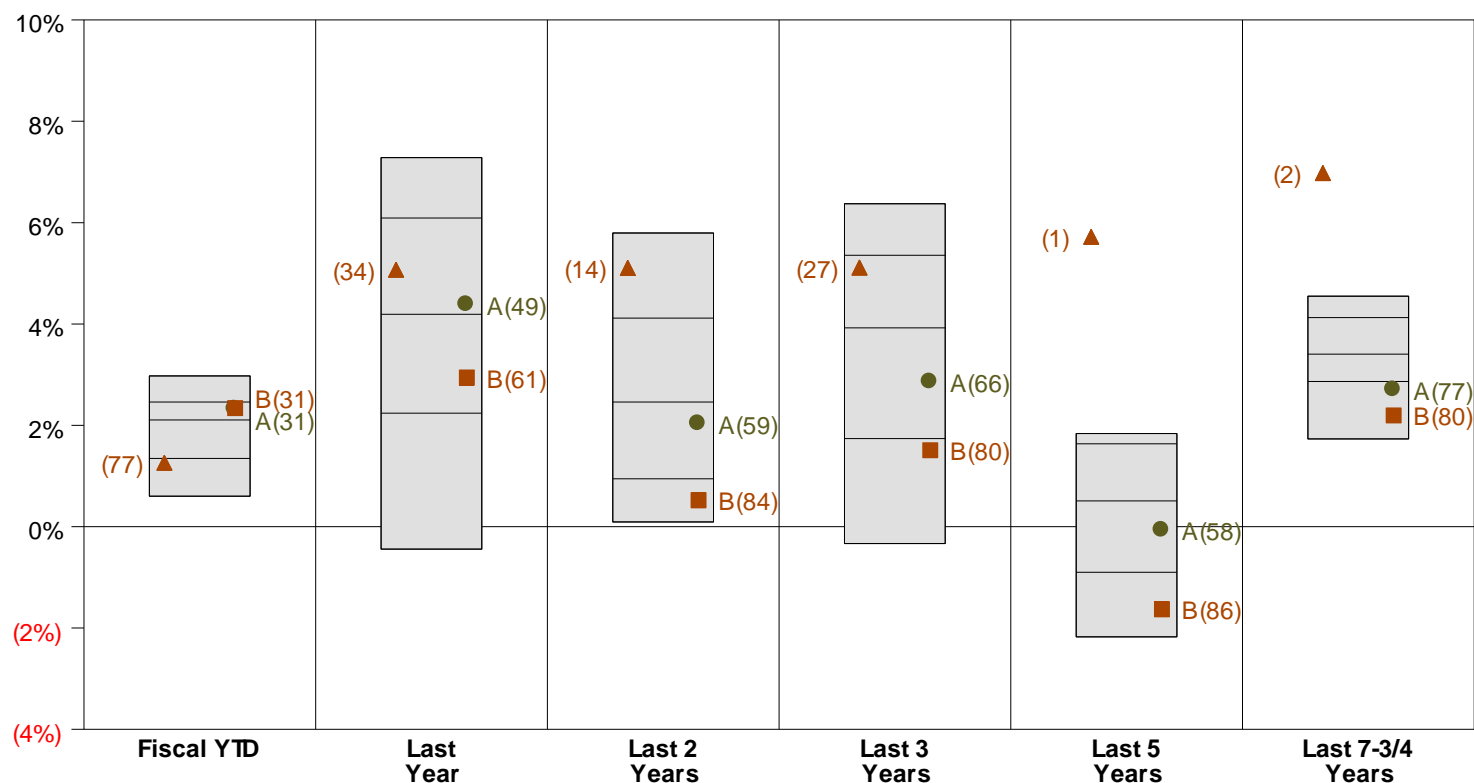


- Index+ performance over longer-term periods at minimal cost

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)



10th Percentile	2.97	7.28	5.80	6.37	1.84	4.55
25th Percentile	2.46	6.09	4.12	5.35	1.64	4.13
Median	2.10	4.19	2.46	3.92	0.51	3.41
75th Percentile	1.35	2.24	0.94	1.74	(0.90)	2.86
90th Percentile	0.60	(0.44)	0.09	(0.33)	(2.17)	1.73

Absolute Return Composite	● A	2.32	4.38	2.03	2.85	(0.08)	2.70
Fund of Funds Index	■ B	2.34	2.94	0.52	1.51	(1.63)	2.19
T-Bills + 5%	▲	1.26	5.07	5.11	5.11	5.72	6.98

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	\$1,125	13.3 ⁹⁶	8.2 ⁷²	4.8 ³	5.7 ¹⁴	8.1 ⁹⁹		0.1 ²	0.5 ¹⁰⁰	0.5 ¹
CAI Mt Fd: Dom Bal Style										
Passive Target		12.5 ⁹⁶	8.1 ⁷³	4.7 ⁴	5.6 ¹⁵	7.6 ⁹⁹				0.5 ¹
Long Term Balanced Fund	\$417	18.6 ⁷¹	9.4 ⁵⁴	3.2 ²³	5.2 ²¹	13.8 ⁸⁶		-0.0 ²⁵	0.4 ¹⁰⁰	0.2 ²¹
CAI Mt Fd: Dom Bal Style										
Passive Target		18.0 ⁸²	9.5 ⁵⁴	3.3 ²³	5.2 ²¹	13.4 ⁹¹				0.2 ¹⁶
Target 2010 Fund										
CAI Tgt Date 2010										
Custom Index										
Target 2010 Trust	\$9	15.8 ²⁵	8.5 ³¹						0.2 ¹⁰⁰	
CAI Tgt Date 2010										
Custom Index		15.8 ²⁵	8.6 ³⁰							
Target 2015 Trust	\$97	18.2 ¹¹	9.1 ¹⁷	4.8 ¹	6.1 ¹	11.3 ⁷⁹		0.7 ¹	0.3 ¹⁰⁰	0.4 ²
CAI Tgt Date 2015										
Custom Index		18.2 ¹¹	9.0 ¹⁹	4.6 ¹	5.9 ¹	11.5 ⁷⁹				0.3 ²
Target 2020 Trust	\$51	20.1 ¹⁰	9.7 ¹¹	2.0 ³¹	5.0 ¹¹	16.1 ⁵⁴		0.2 ⁷	0.3 ¹⁰⁰	0.1 ³²
CAI Tgt Date 2020										
Custom Index		20.1 ¹⁰	9.9 ⁸	1.9 ³⁶	4.9 ¹²	16.2 ⁵⁰				0.1 ³⁶
Target 2025 Trust	\$33	21.7 ⁹	10.3 ³	0.8 ⁵⁶		19.0 ³⁶		0.1 ⁴⁶	0.3 ¹⁰⁰	0.0 ⁵⁶
CAI Tgt Date 2025										
Custom Index		21.9 ⁷	10.4 ²	0.7 ⁵⁷	3.8 ³⁷	19.1 ³¹				0.0 ⁵⁷
Target 2030 Trust	\$21	23.2 ³	10.4 ⁷						0.3 ¹⁰⁰	
CAI Tgt Date 2030										
Custom Index		23.3 ³	10.6 ⁶							
Target 2035 Trust	\$21	24.3 ⁸	10.6 ²						0.3 ¹⁰⁰	
CAI Tgt Date 2035										
Custom Index		24.4 ⁷	10.7 ¹							
Target 2040 Trust	\$25	24.5 ⁷	10.6 ⁷						0.3 ¹⁰⁰	
CAI Tgt Date 2040										
Custom Index		24.7 ⁵	10.8 ⁵							
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	\$29	24.6 ⁷	10.7 ⁷						0.3 ¹⁰⁰	
CAI Tgt Date 2040										
Custom Index		24.7 ⁵	10.8 ⁵							
Target 2050 Trust	\$33	24.5 ¹³	10.6 ⁶						0.3 ¹⁰⁰	
CAI Tgt Date 2050										
Custom Index		24.7 ¹²	10.8 ⁵							
Target 2055 Trust	\$12	24.6 ³³	10.6 ¹²						0.3 ¹⁰⁰	
CAI Tgt Date 2055										
Custom Index		24.7 ³²	10.8 ⁹							

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) CAI Large Cap Core Style	\$245	30.2 51	13.2 40	1.1 59	4.5 52	21.8 57		0.6 10	0.0 99	0.0 59
S&P 500 Index		30.2 52	13.2 40	1.1 60	4.5 65	21.9 54				0.0 60
Russell 3000 Index (i) CAI Large Cap Style	\$18	30.1 45	13.3 35						0.1 100	
Russell 3000 Index		30.2 44	13.3 35	1.3 47	4.6 49	22.7 50				0.0 47
World Eq Ex-US Index (i) CAI Non-U.S. Equity Style	\$15	15.6 63	3.0 72						1.0 100	
MSCI ACWI x US (Net)		14.5 72	3.2 70	-4.1 60	3.3 51	27.1 30				-0.2 55
Long US Treasury Bond Index (i) CAI Extended Mat FI Style	\$22	6.5 97	11.9 82						0.1 98	
BC Long Treas		6.3 97	12.0 81	11.1 60	8.9 61	17.0 2				0.6 97
US Treasry Infl Prtcd SEC (i) CAI Real Return	\$23	9.0 58	9.1 68						0.0 93	
BC US TIPS Index		9.1 50	9.3 53	7.9 63	6.6 63	5.1 37				1.4 60
World Gov't Bond Ex-US Indx (i) CAI Non-U.S. F-I Style	\$6	3.5 97	4.0 98						0.1 99	
Citi WGBI Non-US Idx		3.5 97	4.0 98	6.6 83	6.3 85	9.9 54				0.6 73
US Real Estate Invmnt Trust (i) CAI Real Estate-REIT DB	\$36	31.6 85	19.6 90						1.0 91	
US Select REIT Index		32.1 84	20.5 81	1.6 85	5.3 86	36.2 13				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) CAI Core Bond Mut Fds	\$50	5.5 91	6.3 88	6.4 48	5.8 48	4.7 40		-1.2 99	0.1 99	1.2 69
BC Govt/Credit Bd		5.7 91	6.5 87	6.6 46	5.9 47	4.6 40				1.3 69
Intermediate Bond Fund (i) CAI Intermediate F-I Mut	\$14	2.3 77	3.9 64	5.1 61	5.0 51	4.2 18		-0.4 81	0.0 99	1.1 76
BC Gov Inter		2.4 76	4.1 60	5.2 59	5.1 42	4.1 26				1.1 74

Returns:
■ above median
■ third quartile
■ fourth quartile

Risk:
■ below median
■ second quartile
■ first quartile

Risk Quadrant:


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

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

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

(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 CAI Non-U.S. Equity MF MSCI EAFE Index	\$61	9.4 92								
		13.8 78	2.1 66	-5.2 64	1.8 65	26.1 66				-0.2 67
SSgA Global Balanced CAI Mt Fd: GI Bal Style Custom Benchmark	\$52	15.1 28	7.3 54							
RCM Soc Resp CAI Core Equity Mut Fds S&P 500 Index		22.9 84	9.3 80						3.7 27	
		30.2 27	13.2 21	1.1 29	4.5 32	21.9 63				0.0 29
T. Rowe Price Small Cap CAI Sm Cap Broad Mut Fds Russell 2000 Index	\$93	36.3 5	17.5 7	6.2 4	7.5 8	26.4 59		1.1 1	0.8 99	0.2 5
		31.9 23	13.0 47	2.2 47	4.7 51	26.5 58				0.1 46

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

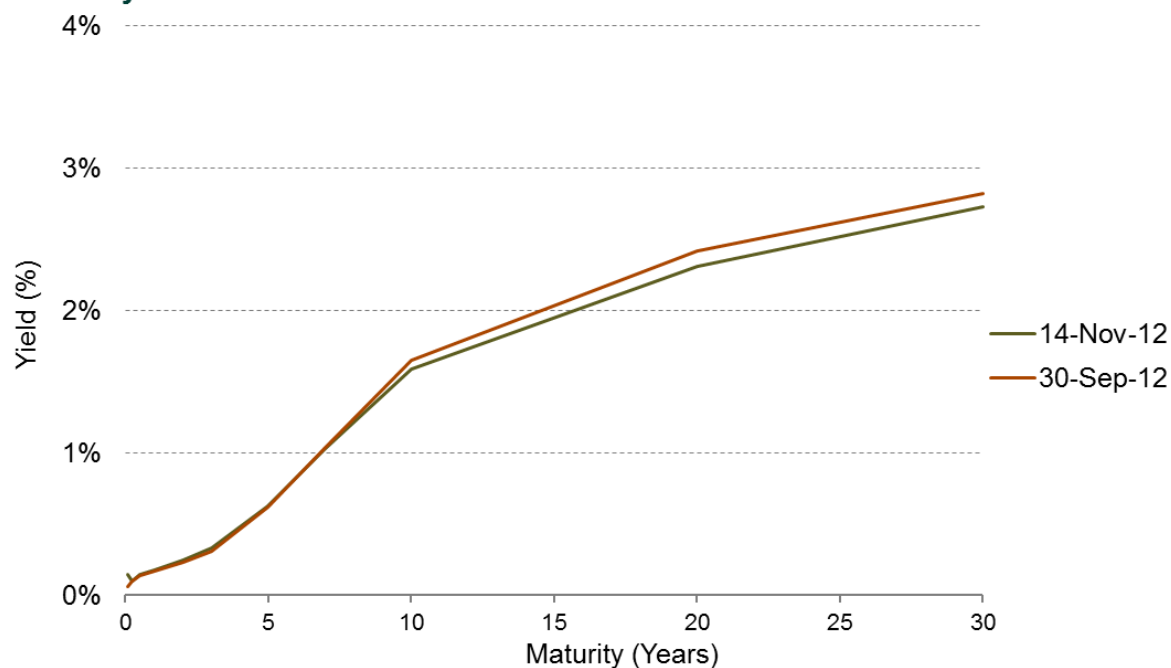
Subsequent Market Results

YTD Through 11/14/12

Index	YTD
Barclays Aggregate	4.39%
US Treasury	2.53%
1-3 Year Treasury	0.40%
7-10 Year Treasury	5.03%
US Credit	9.52%
High Yield (2% Constr.)	12.78%

Index	YTD
S&P 500	9.91%
Russell 2000	5.61%
MSCI EAFE	8.35%
MSCI Emerging Markets	11.21%

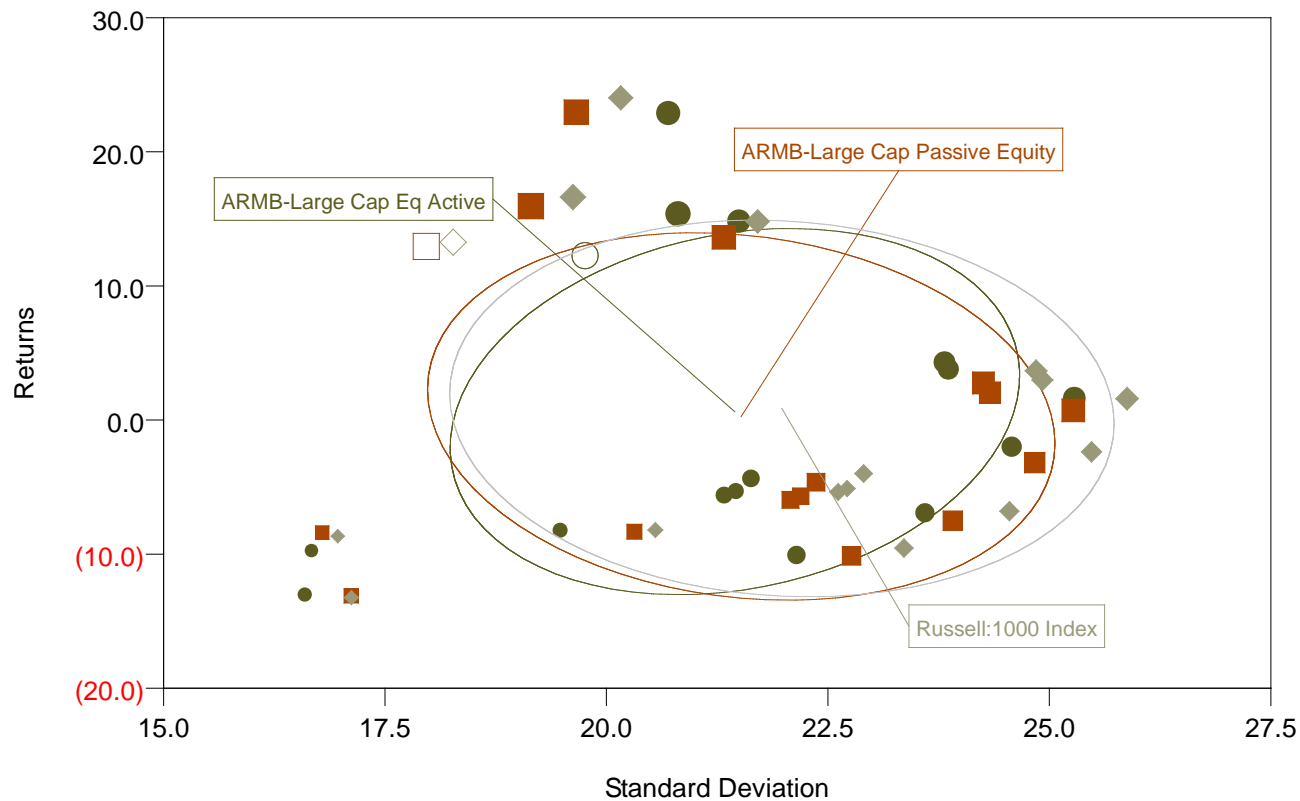
Treasury Yield Curve



Supplemental Reference Exhibits

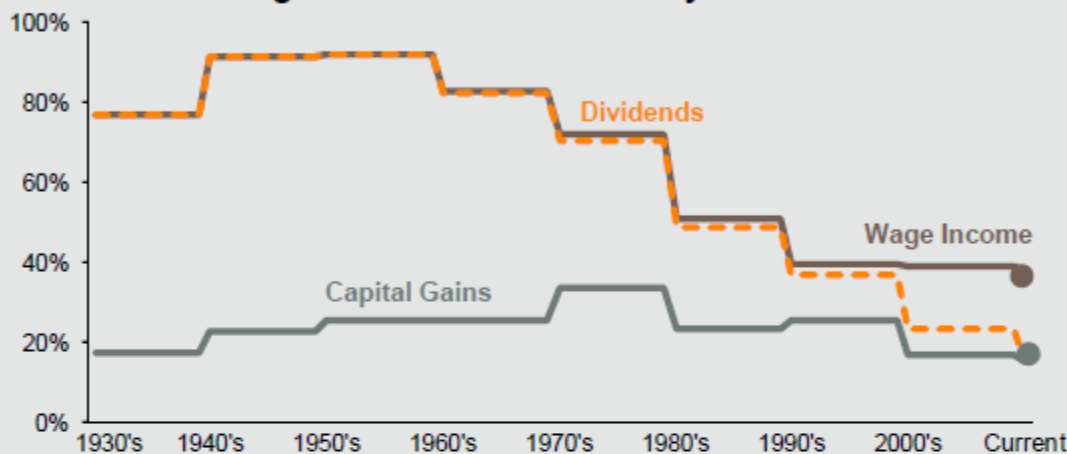
Active versus Passive Large Cap Equity over different rolling 3 year periods

Rolling 12 Quarter Scatter Chart
for 4 Years Ended September 30, 2012



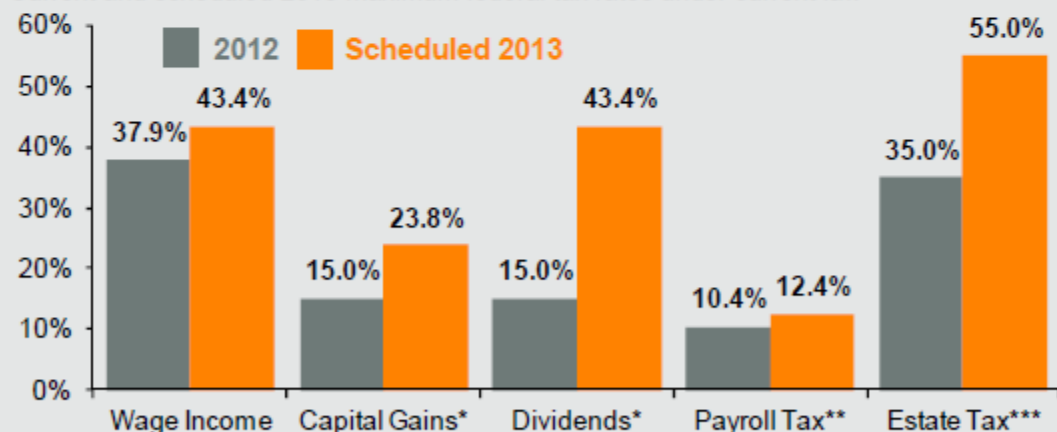
Tax Rates and the Distribution of Income & Taxes

Historical Average Maximum Tax Rates by Decade



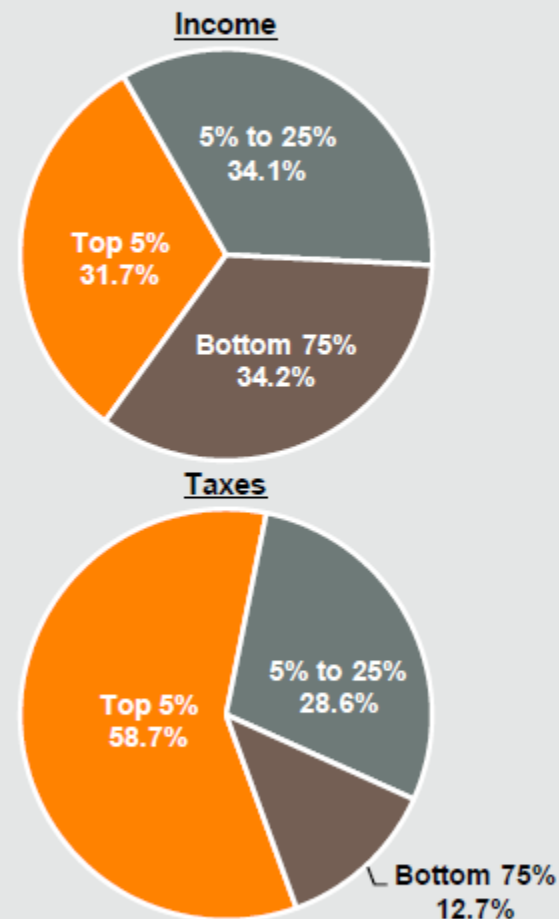
Potential Tax Rate Changes

Current and scheduled 2013 maximum federal tax rates under current law



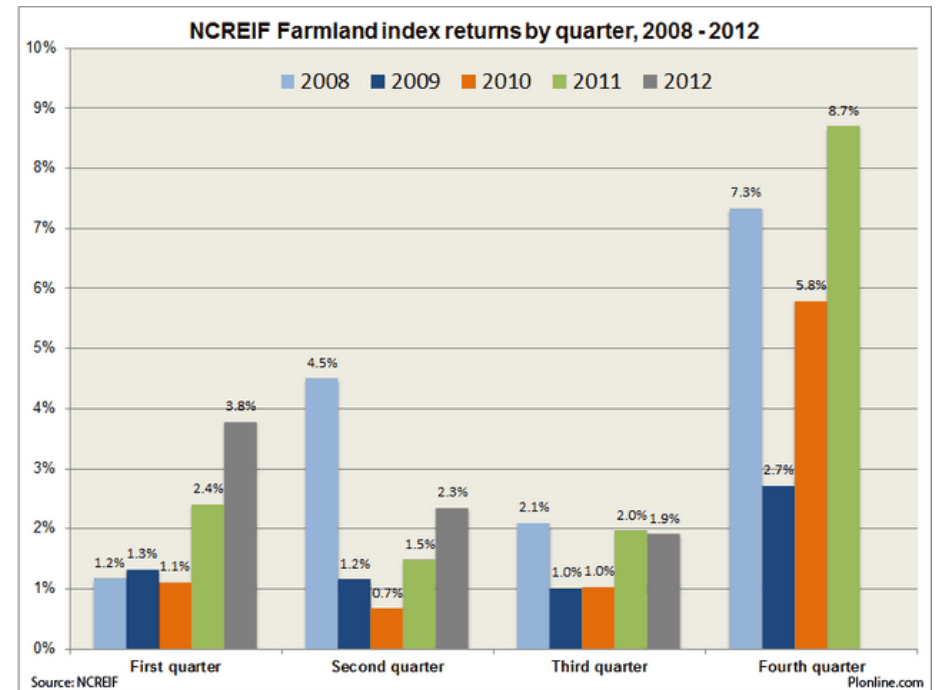
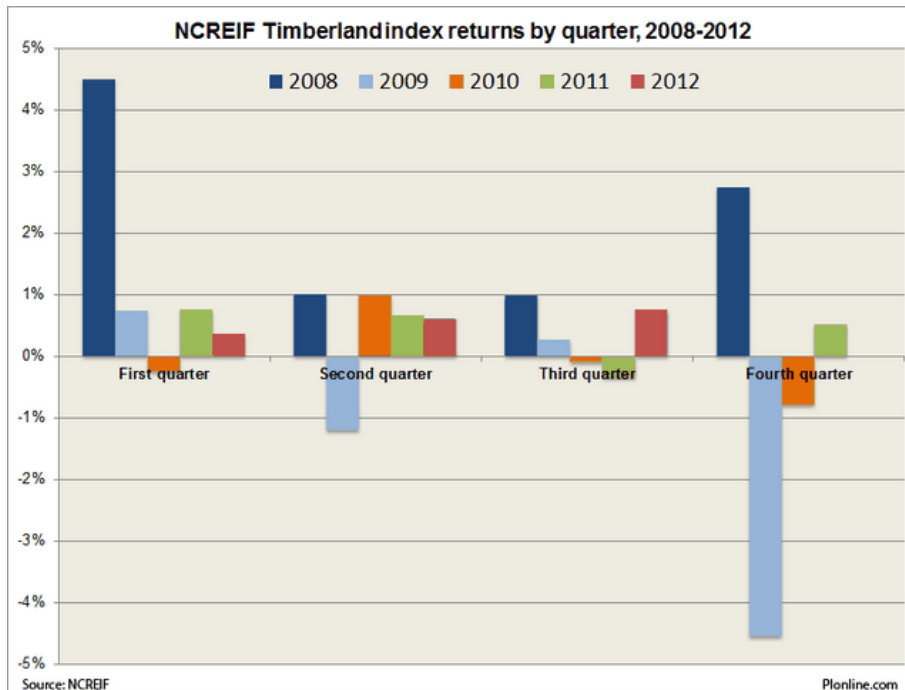
Share of Income and Taxes by Income Level

Based on adjusted gross income and federal taxes, 2009



Source: (Top left) IRS, J.P. Morgan Asset Management. Wage income tax rates include employer and employee contributions to the Medicare tax. (Bottom left) IRS, The Tax Foundation, J.P. Morgan Asset Management. Tax rates based on maximum U.S. individual income tax. Wage income tax rates include employer and employee contributions to the Medicare tax. *Includes recently enacted healthcare tax of 3.8%. **In 2011 and 2012, the payroll tax cut reduced the employee's share of Social Security taxes by 2%. Rates shown include both employer and employee contributions to the payroll tax. ***In 2013, the estate tax exemption amount was expected to fall to \$1 million from \$5.12 million in 2012. (Right) IRS, J.P. Morgan Asset Management. Taxes paid are based on federal individual income taxes, which are responsible for about 25% of the nation's taxes paid. Data are as of 9/30/12.

Timber & Farmland Returns (NCREIF)



Frontier Capital Management

Mandate: Small Cap Value

Hired: 2011

Firm Information	Investment Approach	Total ARMB Mandate
<p>Frontier Capital Management Company (“Frontier”) was incorporated on November 26, 1980, as a Subchapter S Corporation and filed with the SEC on January 14, 1981. The firm began managing accounts on January 31, 1981. Frontier is an independently managed firm. Frontier is a research driven investment management boutique specializing in U.S. equity strategies.</p> <p>As of 9/30/12, the firm’s total assets under management were \$9.7 billion.</p> <p>Key Executives: Thomas W. Duncan, Jr., <i>Senior Vice President, Co-Portfolio Manager</i> Leigh Anne Yoo, <i>Vice President, Marketing and Client Service</i></p>	<p>Frontier’s small cap value strategy seeks to capitalize on their expertise in small cap U.S. equities, applying internally generated fundamental research and bottom-up stock selection in creating a defined small cap value portfolio. Frontier believes that a disciplined and consistent approach to fundamental, bottom-up research leads to superior long-term investment performance.</p> <p>Consistent since its inception in 1999, the Frontier small cap value strategy has sought 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. They purchase companies with prospects for improving business that have multiple levers to drive the stock price and that are selling at reasonable valuations. Frontier’s philosophy combines rigorous bottom-up fundamental analysis with a proven investment process.</p> <p>Benchmark: Russell 2000 Value Index</p>	<p>Assets Under Management: 9/30/12 \$120,560,243</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (gross)	6.37%	N/A	N/A	N/A
Fee	0.21%			
Manager (net)	6.16%			
Benchmark	5.67%			

December 6, 2012

Small Cap Value Portfolios

William A. Teichner, CFA
Thomas W. "TJ" Duncan
Co-Portfolio Managers



FRONTIER SMALL CAP VALUE

Portfolio description

Portfolio Managers	William A. Teichner, CFA and Thomas W. “TJ” Duncan
Inception	January 1, 1999
Style	Relative Small Cap Value
Capitalization Range	Within the range of the Russell 2000® Index <i>(at time of initial purchase for the investment strategy)</i>
Performance History	Top quartile performance for 1-, 3-, 5-, 7-, 10-year and since inception periods Performed well in fundamentally driven markets History of protecting capital in down markets Likely challenged in speculative markets
Basic Product Design	Approximately 70 – 100 stocks 80 – 100% of value added from stock selection <i>(trailing 5 years as of 9/30/12)</i>

ALASKA RETIREMENT MANAGEMENT BOARD PERFORMANCE

GROSS RETURNS (%)	YTD <i>(thru 9/30/12)</i>	3Q 2012	2Q 2012	1Q 2012
Alaska Retirement Management Board	18.8%	6.4%	-3.2%	15.4%
Russell 2000 Value	14.4%	5.7%	-3.0%	11.6%
<i>Excess Return</i>	+4.4%	+0.7%	+0.2%	+3.8%

ASSET SUMMARY

Portfolio Market Value (9/30/12)	\$120,569,128.93
----------------------------------	------------------

EQUITY ATTRIBUTION

Small Cap Value vs. Russell 2000 Value

ATTRIBUTION ANALYSIS

RUSSELL SECTORS	SECTOR SELECTION	STOCK SELECTION	TOTAL EFFECT
Materials & Processing	0.2	2.1	2.3
Producer Durables	-0.5	2.7	2.2
Health Care	-0.1	1.2	1.1
Consumer Discretionary	-0.2	0.6	0.4
Consumer Staples	0.1	0.2	0.3
Energy	-0.1	0.2	0.1
Utilities	0.1	-0.2	-0.1
Technology	0.0	-0.2	-0.2
Financial Services	-0.5	-0.3	-0.8
Total	-0.9	6.2	5.3

TOP FIVE CONTRIBUTORS		Contribution to Return
On Assignment Inc.	Producer Durables	+ 1.1%
IRIS International Inc.	Health Care	+ 1.0%
RailAmerica Inc.	Producer Durables	+ 0.9%
Eagle Materials Inc.	Materials & Processing	+ 0.9%
Celadon Group Inc.	Producer Durables	+ 0.9%

BOTTOM FIVE CONTRIBUTORS		Contribution to Return
ON Semiconductor Corp.	Technology	- 0.4%
SM Energy Co.	Energy	- 0.4%
Heidrick & Struggles Int'l	Producer Durables	- 0.4%
Accuride Corp.	Producer Durables	- 0.3%
Brightpoint Inc.	Technology	- 0.3%

PORTFOLIO ACTIVITY – YTD 2012

LARGEST PURCHASES / ADDITIONS*

Endurance Specialty Holdings	Financial Services	Insurance: Property-Casualty
Ingram Micro Inc.	Technology	Computer Technology
Bonanza Creek Energy Inc.	Energy	Oil: Crude Producers
Popular Inc.	Financial Services	Banks: Diversified
Washington Federal Inc.	Financial Services	Savings, Thrift, & Mortgage Lending

LARGEST SALES / REDUCTIONS*

On Assignment Inc.	Producer Durables	Back Office Support, HR, Consulting
RailAmerica Inc.	Producer Durables	Railroads
IRIS International Inc.	Health Care	Medical Equipment
Kirby Corp.	Producer Durables	Shipping
MTS Systems Corp.	Producer Durables	Machinery: Industrial

SMALL CAP VALUE PORTFOLIO

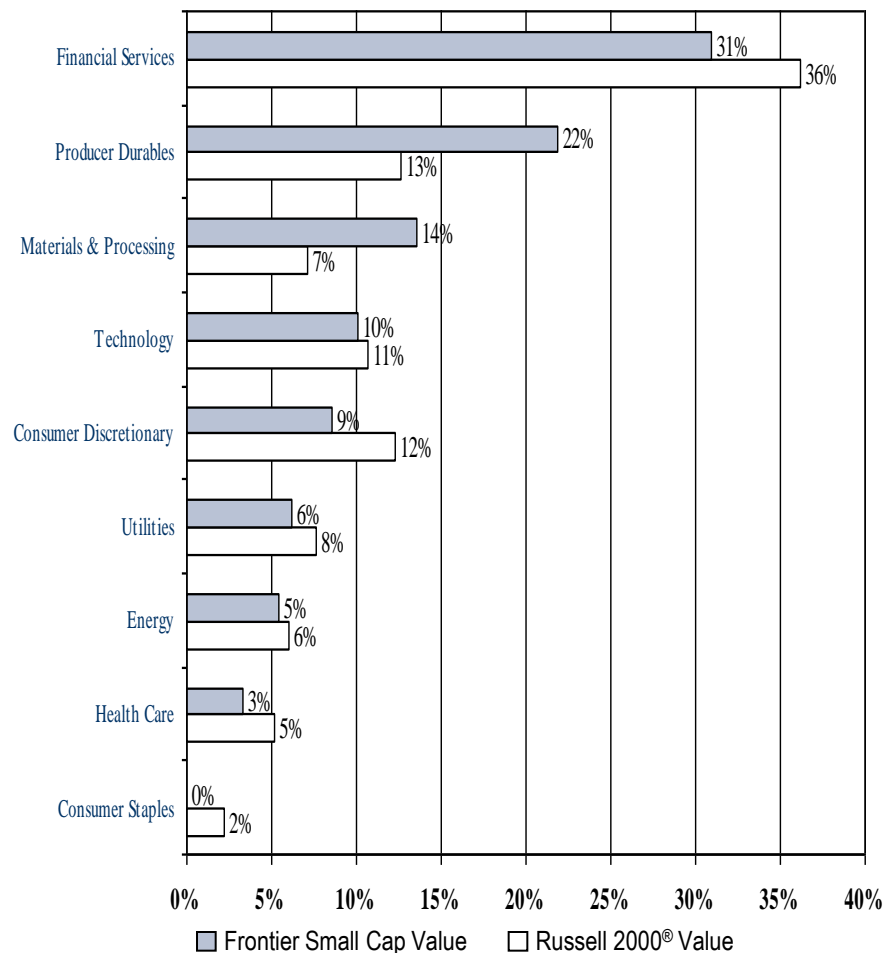
PORTFOLIO CHARACTERISTICS

		Frontier Small Value	Russell 2000® Value
Number of Holdings		82	1,406
Capitalization	Weighted Average	\$1.7 B	\$1.1 B
	Weighted Median	\$1.3 B	\$1.0 B
P/B Ratio		1.6x	1.4x
Turnover	Trailing 12 Months	36%	n/a

TOP TEN HOLDINGS

Security Name*	Sector	Percentage of Portfolio
Celadon Group Inc.	Producer Durables	2.7
Aspen Insurance Holdings Ltd.	Financial Services	2.0
Westar Energy Inc.	Utilities	1.9
Cooper Companies Inc.	Health Care	1.9
HCC Insurance Holdings Inc.	Financial Services	1.9
Flushing Financial Corp.	Financial Services	1.9
Eagle Materials Inc.	Materials & Processing	1.8
Snap-On Inc.	Consumer Discretionary	1.8
Saia Inc.	Producer Durables	1.7
Bonanza Creek Energy Inc.	Energy	1.7
Total		19.3

RUSSELL GLOBAL SECTOR WEIGHTS



SMALL CAP VALUE PORTFOLIO HOLDINGS

Financial Services

- Argo Group Int'l Holdings Ltd.
- Aspen Insurance Holdings Ltd.
- Cousins Properties Inc.
- Endurance Specialty Holdings Ltd.
- First Community Bancshares Inc.
- First Horizon National Corp.
- First Midwest Bancorp
- Flushing Financial Corp.
- Hancock Holding Co.
- HCC Insurance Holdings Inc.
- Jefferies Group Inc.
- National Retail Properties Inc.
- Navigators Group Inc.
- Parkway Properties Inc.
- Pinnacle Financial Partners Inc.
- Popular Inc.
- Raymond James Financial Inc.
- Renasant Corp.
- Selective Insurance Group Inc.
- Texas Capital Bancshares Inc.
- Washington Federal Inc.
- WSFS Financial Corp.

Energy

- Bonanza Creek Energy Inc.
- Carrizo Oil & Gas Inc.
- Comstock Resources Inc.
- SM Energy Co.

Producer Durables

- Accuride Corp.
- Advanced Energy Industries Inc.
- Altra Holdings Inc.
- BE Aerospace Inc.
- Briggs & Stratton Corp.
- Carlisle Companies Inc.
- Celadon Group Inc.
- Columbus McKinnon Corp.
- CRA International Inc.
- DXP Enterprises Inc.
- Furmanite Corp.
- Harsco Corp.
- Heidrick & Struggles Int'l Inc.
- HNI Corp.
- Lexmark International Inc.
- Littelfuse Inc.
- Mine Safety Appliances Co.
- Orbital Sciences Corp.
- OSI Systems Inc.
- Saia Inc.
- Wesco International Inc.

Technology

- CIBER Inc.
- Diebold Inc.
- Fairchild Semiconductor Int'l Inc.
- Ingram Micro Inc.
- Insight Enterprises Inc.
- Jabil Circuit Inc.
- On Semiconductor Corp.
- Pericom Semiconductor Corp.
- Virtusa Corp.

Health Care

- Cooper Companies Inc.
- Symmetry Medical Inc.

Utilities

- Piedmont Natural Gas Co.
- Portland General Electric Co.
- Southwest Gas Corp.
- Unitil Corp.
- Westar Energy Inc.

Consumer Discretionary

- Body Central Corp.
- Chico's FAS Inc.
- Inter Parfums Inc.
- International Speedway Corp.
- Meredith Corp.
- Newell Rubbermaid Inc.
- Snap-On Inc.
- Wabco Holdings Inc.

Materials & Processing

- Apogee Enterprises Inc.
- Beacon Roofing Supply Inc.
- Cabot Corp.
- Cytec Industries Inc.
- Eagle Materials Inc.
- Encore Wire Corp.
- Glatfelter Co.
- Interface Inc.
- Lennox International Inc.
- MRC Global Inc.
- RTI International Metals Inc.

SMALL CAP VALUE PERFORMANCE HISTORY

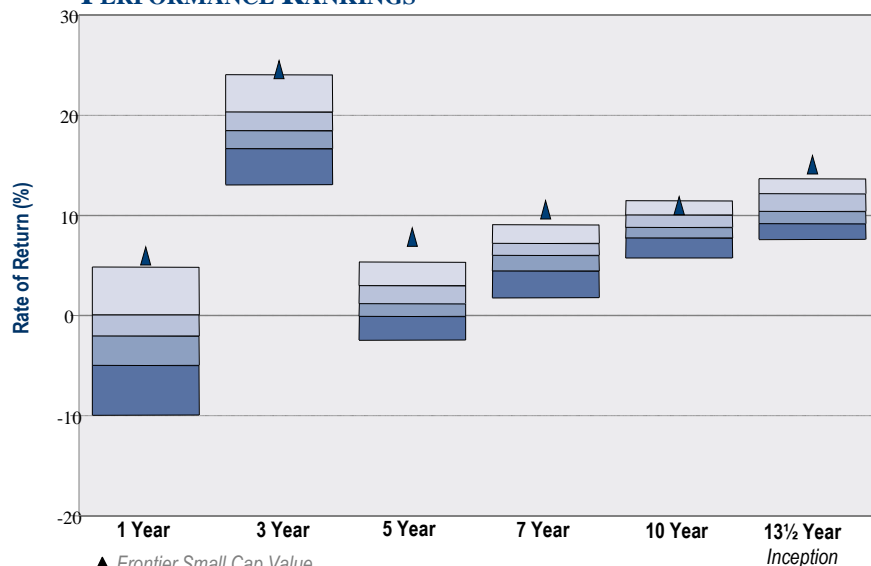
For Annualized Periods Ending September 30, 2012

ANNUALIZED RETURNS (%)	1 YEAR	3 YEAR	5 YEAR	7 YEAR	10 YEAR	13¾ YEAR*
Frontier Small Cap Value <i>(gross of fees)</i>	42.7%	19.6%	9.4%	10.7%	13.8%	15.3%
Russell 2000® Value	32.6%	11.7%	1.4%	3.7%	9.7%	8.1%
Excess Return	+10.1%	+7.9%	+8.0%	+7.0%	+4.1%	+7.2%

Information herein refers to the composite portfolio and is provided for illustrative purposes only. Characteristics and performance of individual client accounts will vary, and no assurances are provided regarding future performance or results. Returns are shown gross of fees. A client's returns will be reduced by any management fees, as well as any other expenses incurred in the management of their account. Please refer to the net returns and important disclosure at the end of this presentation. Past performance is no guarantee of future results.

*Since Inception: 1/1/99

PERFORMANCE RANKINGS



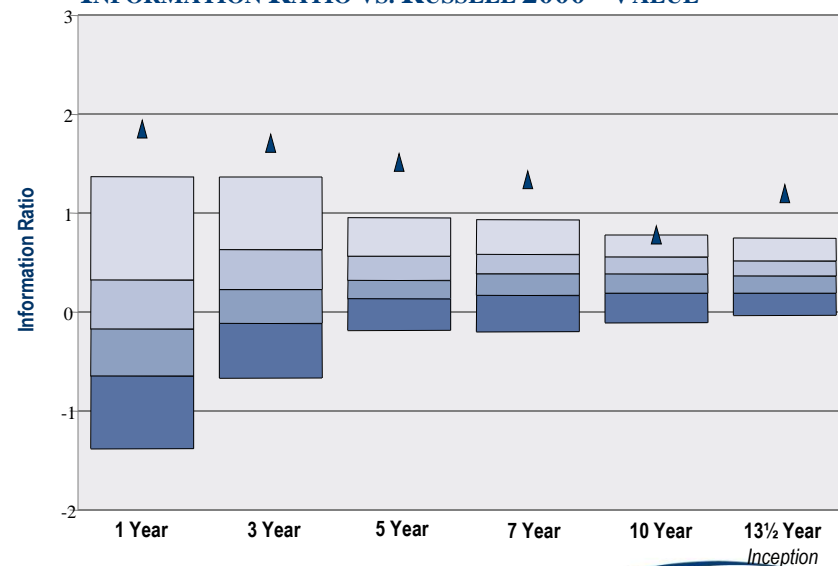
▲ Frontier Small Cap Value

Source: eVestment Alliance (monthly return data)

Universe: Small Cap Value (223 products in universe: 94% updated)

Period: Ending June 30, 2012

INFORMATION RATIO VS. RUSSELL 2000® VALUE



SMALL CAP VALUE PERFORMANCE ATTRIBUTION

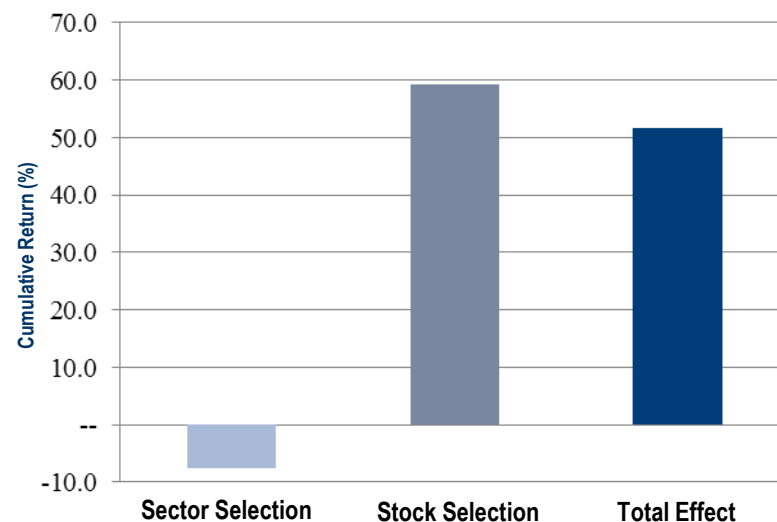
Proven stock picking ability

- Positive stock selection across multiple sectors
- 100% of performance contributions, over the last 5 years, can be attributed to stock selection

PORTFOLIO ATTRIBUTION

Five Years Ending September 30, 2012

Russell Global Sector	Sector Selection	Stock Selection	Total Effect
Financial Services	-0.8	15.7	14.9
Technology	0.6	13.2	13.8
Producer Durables	-1.2	14.7	13.5
Health Care	0.5	6.0	6.5
Energy	-4.2	7.4	3.1
Utilities	1.1	2.0	3.1
Materials & Processing	-0.2	2.0	1.8
Consumer Staples	-0.7	-0.8	-1.5
Consumer Discretionary	-2.3	-0.8	-3.1
Total	-7.6	59.3	51.7

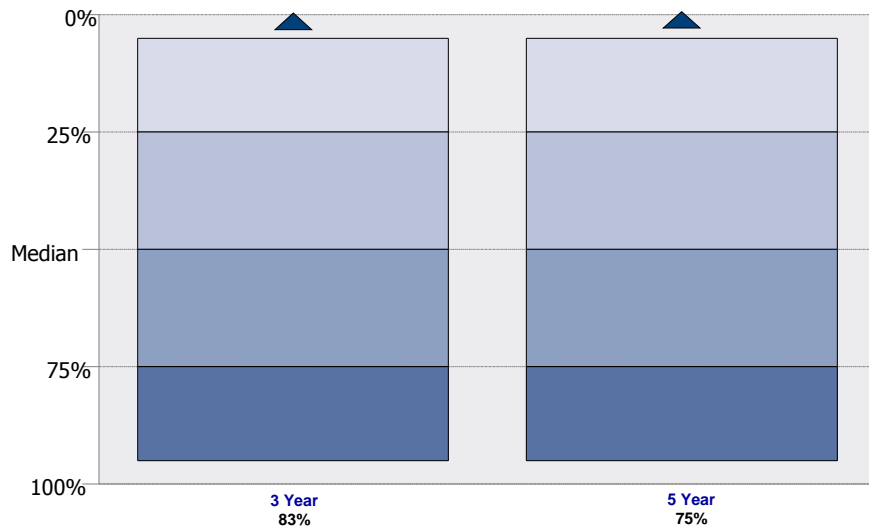


Source: FactSet Research Systems, Inc.© Attribution
Benchmark: Russell 2000 Value
Period: 5 Years Ending September 30, 2012

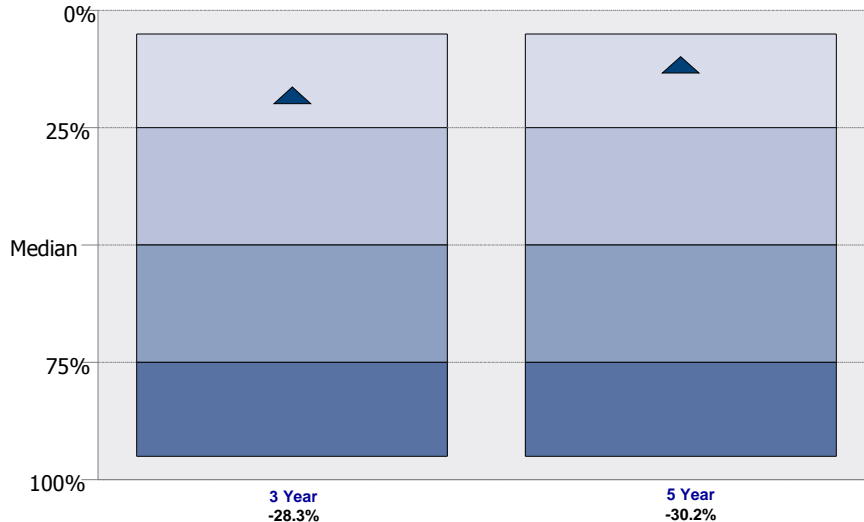
The performance quoted represents past performance. Past performance does not guarantee future results.
Performance attribution is based upon a representative account within Frontier's Small Cap Value composite.
Data is represented on a cumulative basis.

SMALL CAP VALUE RISK ANALYSIS

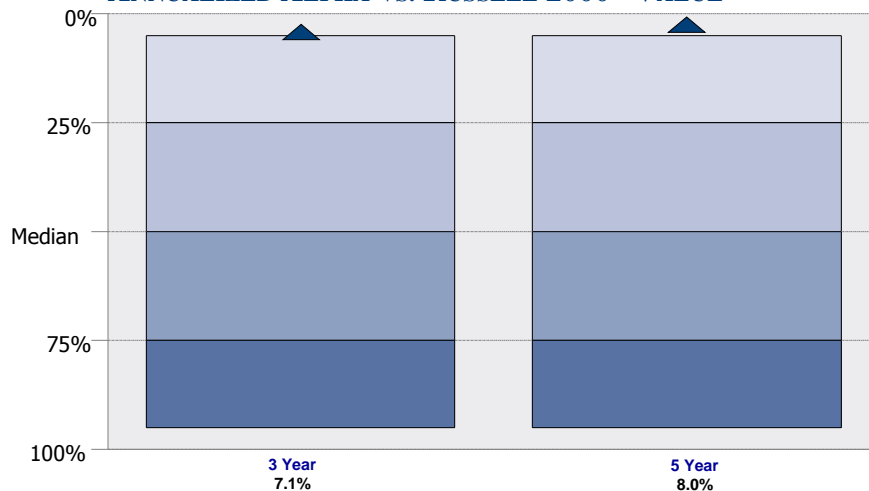
BATTING AVERAGE VS. RUSSELL 2000® VALUE



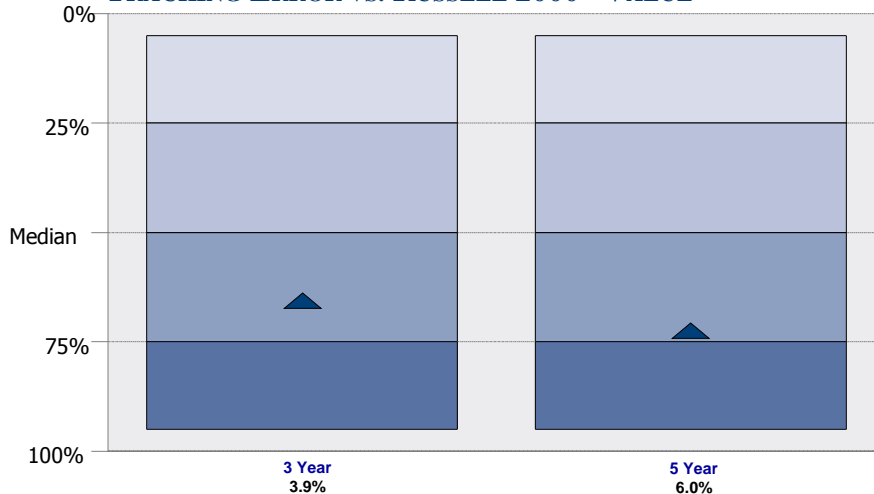
DOWNSIDE MARKET RETURN VS. RUSSELL 2000® VALUE



ANNUALIZED ALPHA VS. RUSSELL 2000® VALUE



TRACKING ERROR VS. RUSSELL 2000® VALUE



▲ Frontier Small Cap Value
 Source: eVestment Alliance
 Universe: Small Cap Value (223 products in universe: 94% updated)
 Period: Ending September 30, 2012

APPENDIX

BIOGRAPHIES



Michael A. Cavarretta, CFA

Chairman

Responsibility

Portfolio Manager, Frontier Capital Appreciation
Team Leader, Frontier Research Portfolios

Prior Experience

Financial Analyst, General Electric Company

Education

B.S. University of Maine

M.B.A. Harvard Graduate School of Business Administration



Thomas (T.J.) W. Duncan, Jr.

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Value

Prior Experience

Equity Trader, Cowen & Company

Education

B.A. Skidmore College

M.B.A. Cornell University Johnson Graduate School of Management



Stephen M. Knightly, CFA

President

Responsibility

Portfolio Manager, Frontier Mid Cap Growth

Prior Experience

Analyst and Account Manager, Bankers Trust Company

Education

B.S. Lehigh University

M.B.A. The University of Pennsylvania Wharton School



James A. Colgan

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Growth

Prior Experience

Manager, Digital Equipment Corporation

Program Manager, United Technologies Corporation

Education

B.S. University of Connecticut

M.S. University of Massachusetts

M.S., M.B.A. MIT Sloan School of Management



William A. Teichner, CFA

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Value

Prior Experience

President's Council of Economic Advisers, The White House

Corporate Finance Analyst, Shearson Lehman Brothers Inc.

Education

B.A. Columbia University

M.B.A. Harvard Graduate School of Business Administration



G. Michael Novak, Jr.

Senior Vice President

Responsibility

Portfolio Manager, Frontier Small Cap Growth

Prior Experience

Captain, United States Army

Education

B.S. United States Military Academy

M.B.A. Harvard Graduate School of Business Administration

BIOGRAPHIES



Christopher J. Scarpa

Vice President

Responsibility

Assistant Portfolio Manager, Frontier Mid Cap Growth
Research Analyst

Prior Experience

Institutional Research Equity Sales, Merrill Lynch & Co.
Area Director, Public Employees Benefit Services Corp.
Financial Analyst, Drexel Burnham Lambert, Inc.

Education

B.A. Tufts University
M.B.A. Harvard Graduate School of Business Administration



Jonathan M. Levin, MD

Vice President

Responsibility

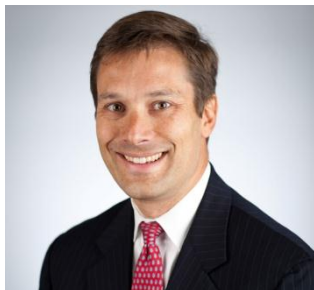
Research Analyst

Prior Experience

Equity Analyst, State Street Research and Management
Clinical Director, Brain Imaging Center and Director, Laboratory for Cerebral Blood Flow, Harvard Medical School/McLean Hospital
Neurology Resident, Brigham and Women's Hospital

Education

B.A. Yale University
M.D. Emory University School of Medicine
M.P.H. Harvard School of Public Health
M.B.A. MIT Sloan School of Management



Peter G. Kuechle

Vice President

Responsibility

Team Leader, Frontier Research
Research Analyst

Prior Experience

Associate, Bain Capital Ventures
Manager, Corporate Development, SupplierMarket/Ariba
Principal, Advent International
Business Analyst, McKinsey & Company, Inc.

Education

B.A. Dartmouth College
M.B.A. Harvard Graduate School of Business Administration



Rushan (Greg) Jiang, CFA

Vice President

Responsibility

Research Analyst

Prior Experience

Associate, Equity Research, India Capital Fund
Project Leader and Senior Engineer, Oracle Corporation

Education

B.S. The University of Texas at Austin
M.S. Stanford University
M.B.A. MIT Sloan School of Management

Andrew B. Bennett, CFA

Vice President

Responsibility

Assistant Portfolio Manager, Frontier Capital Appreciation
Research Analyst

Prior Experience

Assistant Portfolio Manager, Wellington Management Company, LLP
Research Associate, Frontier Capital Management Company, LLC

Associate Analyst, Alex. Brown & Sons

Education

B.A. Wheaton College



Ravi Dabas

Vice President

Responsibility

Research Analyst

Prior Experience

Director, Information Technology, Agere Systems Inc.
Senior Manager, Information Technology, EMC Corporation
Senior Consultant, Deloitte Consulting/CGI Group Inc.
Systems Analyst, BP/Amoco Corporation

Education

B.E. Delhi College of Engineering, University of New Delhi
M.S. University of Houston
M.B.A. The University of Pennsylvania Wharton School

BIOGRAPHIES



Nathan A. Hayman

Vice President

Responsibility

Research Analyst

Prior Experience

Senior Associate, Yigal Arnon & Co.

Education

L.L.B. Hebrew University Law School

M.B.A. Dartmouth College Tuck School of Business



Emmanuel Franjul

Research Analyst

Responsibility

Research Analyst

Prior Experience

Edison Leadership Program, General Electric Company

Education

B.S. Cornell University

M.B.A. Cornell University Johnson Graduate School of Management



Kristin S. King, CFA

Research Analyst

Responsibility

Research Analyst

Prior Experience

Fixed Income Corporate Credit Analyst, Emerging

Market Debt, Wellington Management Company

Associate and Business Analyst, Global Investment

Research, Goldman, Sachs & Co.

Education

B.S. University of Notre Dame

M.B.A. The University of Pennsylvania Wharton School

Adam K. Panasiewicz

Research Analyst

Responsibility

Research Analyst

Prior Experience

Associate, Stellation Asset Management

Education

B.S. University of Toronto

M.B.A. Harvard Graduate School of Business Administration



Michael E. Gargano

Research Analyst

Responsibility

Research Analyst

Prior Experience

Sr. Research Analyst, Copper Rock Capital Partners, LLC

Vice President, Analyst, BlackRock, Inc./State Street

Research & Management

Research Associate, Bear, Stearns & Company, Inc.

Research Associate, Loomis, Sayles & Company, L.P.

Financial Analyst, Charterhouse, Inc.

Education

B.S. Boston College



Carolyn C. Shea

Vice President

Responsibility

Institutional Trader

Prior Experience

Senior Equity Trader, Principal, Arlington Capital Management

Senior Equity Trader, Assistant Vice President, ING Pilgrim Investments

Senior Equity Trader, Vice President, Frontier Capital Management

Company, LLC

Equity Trader, Harbor Capital Management

Research Analyst/Assistant, Franklin Research & Development

Education

B.A. St. Lawrence University

BIOGRAPHIES



Lisa A. Turley

Vice President

Responsibility

Institutional Trader

Education

B.S. University of Massachusetts



Richard H. Binder, CPA

Chief Financial Officer

Responsibility

Finance

Prior Experience

Manager, Wolf & Company

Education

B.A. University of Massachusetts



William J. Ballou

Chief Operating Officer

Responsibility

Legal and Compliance

Prior Experience

Senior Vice President and Senior Counsel, Liberty

Financial Companies, Inc.

Vice President and Associate Counsel, MFS

Investment Management

Associate, Ropes & Gray

Education

B.S. Union College

J.D. Duke University School of Law



Forrest H. Letarte

Operations Manager

Responsibility

Operations

Prior Experience

Business Consultant, Eze Castle Software, LLC

President and Co-Founder, Our Town Biodiesel, LLC

Education

B.S. Plymouth State University



Sarah J. Jankowski

Chief Administrative Officer

Responsibility

Institutional Client Service and Administrative

Prior Experience

Associate Director, Investment Counsel Association of America, Inc. (now Investment Adviser Association)

Education

B.A. Wells College



William (Skip) A. Carino

Network / IT Manager

Responsibility

Information Technology

Prior Experience

Senior Architect and Financial Systems Analyst, Computer Sciences Corporation

AVP and Manager of Internet Systems Operations,

Scudder, Stevens & Clark & Kemper Investments

Systems Analyst/Designer/Developer, Fidelity Investments

Education

B.S. University of Massachusetts

BIOGRAPHIES



Christopher W. Premock

Vice President

Responsibility

Institutional Marketing and Client Service

Prior Experience

Vice President, Lehman Brothers Asset Management

Vice President, Neuberger Berman, LLC

Founder, Premier Travel Bags

Education

A.A.S. Vermont Technical College

B.S. Arizona State University

M.S. Baruch College



Leigh Anne Yoo

Vice President

Responsibility

Institutional Marketing and Client Service

Prior Experience

Vice President, Lazard Asset Management

Education

B.B.A. University of Georgia



Amy L. Janezic

Vice President

Responsibility

Institutional Marketing and Client Service

Prior Experience

Custody Accountant, Investors Bank & Trust Company

Education

B.S. Boston College

M.B.A. Babson College



Kimberly J. Wilkinson

Client Service Associate

Responsibility

Institutional Client Service

Prior Experience

Business Development Analyst, Wellington Management Company, LLP

Senior Accounting and Administration Analyst, UMB Fund Services, Inc.

Education

B.S. University of Wisconsin – Milwaukee

M.B.A. University of Wisconsin – Milwaukee

DISCLOSURE

Frontier Small Cap Value Composite

Performance Results: January 1, 1999, through December 31, 2011

Year	Gross of Fees Return (%)	Net of Fees Return (%)	Benchmark Return (%)	Composite 3-Year Std. Deviation (%)	Benchmark 3-Year Std. Deviation (%)	Composite Dispersion (%)	At End of Period			
							Number of Portfolios	Total Composite Assets (USD millions)	Percentage of Non-Fee-Paying Portfolios	Total Firm Assets (USD millions)
1999	32.0%	32.0%	-1.5%	N/A	N/A	N/A	1	\$8	100	\$4,987
2000	52.3%	52.3%	22.8%	N/A	N/A	N/A	1	\$13	100	\$4,848
2001	16.0%	15.8%	14.0%	17.5%	14.9%	N/A	3	\$62	25	\$4,396
2002	-13.2%	-13.7%	-11.4%	19.2%	17.6%	0.41%	8	\$116	11	\$3,852
2003	35.7%	35.4%	46.0%	19.5%	18.7%	0.65%	9	\$169	10	\$5,661
2004	20.8%	20.0%	22.3%	17.6%	17.8%	0.11%	9	\$89	22	\$5,629
2005	9.3%	8.5%	4.7%	14.5%	14.3%	0.47%	7	\$73	25	\$5,411
2006	19.6%	18.9%	23.5%	13.3%	12.5%	0.23%	7	\$85	24	\$6,076
2007	1.1%	0.5%	-9.8%	11.9%	12.8%	0.17%	7	\$83	25	\$6,305
2008	-27.4%	-27.9%	-28.9%	19.4%	19.4%	0.27%	7	\$55	20	\$4,397
2009	33.6%	32.7%	20.6%	23.5%	26.0%	0.78%	6	\$65	15	\$6,776
2010	36.1%	35.4%	24.5%	26.2%	28.8%	0.40%	7	\$121	11	\$9,950
2011	2.7%	2.2%	-5.5%	23.4%	26.4%	0.20%	10	\$151	9	\$9,015

Frontier Capital Management Co., LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Frontier Capital Management Co., LLC has been independently verified for the periods January 1, 1993 to December 31, 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 Frontier Small Cap Value Composite has been examined for the periods January 1, 1999 to December 31, 2011. The verification and performance examination reports are available upon request.

- Frontier Capital Management Co., LLC ("Frontier") is a registered investment advisor and is an affiliate of Affiliated Managers Group, Inc.
- The firm's list of composite descriptions is available upon request.
- Inception date and composite creation date: Frontier Small Cap Value: January 1, 1999.
- Frontier Small Cap Value composite portfolios include investments in companies typically with a price/book ratio of less than 3.0 and with a market capitalization within the range of companies in the Russell 2000® Index at the time of initial purchase.
- Benchmark: Russell 2000® Value. Russell indices are unmanaged and their results include income, but do not include fees, commissions or other expenses. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values.
- Securities transactions are accounted for on trade date and accrual accounting is utilized.
- Valuations and performance results are computed and stated in U.S. Dollars.
- Both gross and net returns were calculated on a total return basis, including all dividends and interest, accrued income, realized and unrealized gains or losses, and are net of all brokerage commissions, execution costs, without provision for federal or state income taxes. Gross-of-fees returns are presented before management fees. Net-of-fees returns are presented after the deduction of actual management fees. Cash and equivalents are included in performance returns. Standard management fees are 1.0% for Small Cap Value. Actual fees are negotiable and may vary depending on account type and portfolio size.
- The monthly returns of the composite combine the individual accounts' returns by asset-weighting. Quarterly and yearly returns are calculated by geometrically linking the monthly and quarterly returns, respectively. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- The composite includes all actual, fee-paying, discretionary accounts, with comparable investment objectives and risks with the exception of the Small Cap Value Composite, which contains a single, actual, non-fee paying, discretionary account.
- Composite dispersion is computed using the asset-weighted standard deviation of all accounts that were included in the composite for the entire year. Dispersion is not considered meaningful and is not presented when there are less than five accounts included in the composite for the entire year.
- The results for individual accounts or for different periods may vary. Other performance calculation methods might produce different results. Investors should not rely on prior performance as a reliable indication of future performance.
- 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 presented for periods where there is not a continuous 36-month history of returns.

ADDITIONAL DISCLOSURES

The holdings of the strategy may differ significantly from the securities that comprise the indexes and universes shown. The index and universe have been selected to represent what Frontier believes are appropriate benchmarks to compare the strategy's performance to. The index is unmanaged and cannot be invested in directly. The returns of the index do not include any transaction costs, management fees, or other costs.

The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, duration and timing of participation as a Frontier client, and a client portfolio's risk tolerance, investment objectives, and investment time horizon.

Charts and graphs included in this presentation are not meant as investment tools or to assist with investment decisions.

The Russell 2000® Value Index is a trademark of Russell Investments. Russell Investments is the owner of the trademarks, service marks and copyrights related to its respective indexes.

There is no guarantee that the investment objective will be met. There is no guarantee that this investment strategy will work under all market conditions and each investor should evaluate his or her ability to invest for a long term, especially during periods of downturn in the market.

Frontier data reflected in all universe charts and graphs is that of the product composite and is gross of fees. Information contained in this presentation has been obtained from sources believed to be reliable, but not guaranteed. Furthermore, there can be no assurance that any trends described in this presentation will continue because economic and market conditions change frequently.

The product composite represents the investment results of a group of accounts with similar investment philosophies and objectives, managed by Frontier. The composite is an asset-weighted average of each account's time-weighted return, and includes reinvestment of income. Composite returns have the potential to be adjusted until reviewed and finalized following calendar quarter ends, and changes to monthly data will be made without any notification to institutional clients, prospects, or consultants.

Frontier endeavors to manage client portfolios within the same investment strategy consistently. Consequently, for the initial funding of new client portfolios Frontier may purchase securities of companies that exceed the market capitalization of the benchmark if these companies were within the range of the benchmark market capitalization at the time of Frontier's initial purchase of the company for the investment strategy.

Returns reflect the reinvestment of dividends and earnings.

Any sectors, industries or securities discussed should not be perceived as investment recommendations.

Barrow, Hanley, Mewhinney & Strauss, LLC

Mandate: Small Cap Value

Hired: 2011

Firm Information	Investment Approach	Total ARMB Mandate
<p>Barrow, Hanley, Mewhinney & Strauss ("BHMS") is a subsidiary of Old Mutual Asset Management. In January 2010, BHMS became a Delaware limited liability company; the LLC structure enables key BHMS employees to maintain significant economic ownership in the firm.</p> <p>As of 9/30/12, the firm's total assets under management were \$67.9 billion.</p> <p>Key Executives: James McClure, <i>Managing Director, Portfolio Manager</i> John Harloe, <i>Managing Director, Portfolio Manager</i> Matt Egenes, <i>Director, Portfolio Specialist</i></p>	<p>BHMS's small cap equity strategy is designed to exploit inefficiencies in that sector of the market by carefully employing high value added proprietary research in a universe of small capitalization, low-expectation stocks. This process is directed toward the discovery of companies in which the value of the underlying business is significantly greater than the market price. This phenomenon is referred to as the "value gap". BHMS's goal is to consistently generate superior returns while assuming below average levels of risk. Since sector decisions are not part of the research process, construction of portfolios from the bottom-up results in stock selection being the primary source of value.</p> <p>The small cap value group operates as a team for the purposes of generating and researching all investment ideas and in the production of a "buy list." While all investment professionals contribute to the process, the lead portfolio manager is responsible for assimilating the information and implementing the investment ideas. The firm has established guidelines regarding industry and sector weightings, position sizes, number of holdings, etc.</p> <p>Benchmark: Russell 2000 Value Index</p>	<p>Assets Under Management: 9/30/12 \$120,300,189</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (gross)	8.66%	45.23%	N/A	N/A
Fee	0.14%	0.54%		
Manager (net)	8.52%	44.69%		
Benchmark	5.67%	32.63%		

PORTFOLIO REVIEW

Alaska Retirement Management Board
~Diversified Large Cap Value~
~Small Cap Value~

DECEMBER 6, 2012

JAMES S. McCLURE, CFA
MANAGING DIRECTOR

COLEMAN HUBBARD

ORGANIZATIONAL OVERVIEW

AS OF SEPTEMBER 30, 2012

33-Year-Old Firm, Founded in 1979 in Dallas, Texas

Sole Focus is “Long Only” Value Management for Institutional Investors

Firm is Financially Strong and Adding to Staff

Employee Equity Ownership

Large Manager of Institutional Assets - \$68 Billion

Strategy	Inception	Assets Under Management
Large Cap Value Equity		
Institutional	1979	\$ 15.1 Billion
Sub-Advisory	1985	\$ 28.7 Billion
Diversified Large Cap Value Equity	2000	\$ 1.7 Billion
Mid Cap Value Equity	1999	\$ 3.7 Billion
All Cap Value Equity	2004	\$ 0.6 Billion
Small Cap Value Equity	1995	\$ 1.9 Billion
International Value Equity	2006	\$ 2.3 Billion
Global Value Equity	2010	\$ 1.6 Billion
Emerging Markets Equity	2012	\$ 10 Million
Fixed Income	1983	\$ 12.2 Billion

BHMS PROFESSIONALS

EQUITY INVESTMENT TEAM

PORTFOLIO MANAGERS	YEARS OF EXPERIENCE	YEARS WITH BHMS	GLOBAL SECTOR ANALYSTS	YEARS OF EXPERIENCE	YEARS WITH BHMS
Jim Barrow	50	33	Jeff Fahrenbruch, CFA	15	10
Bob Chambers, CFA	40	18	David Ganucheau, CFA	16	8
Tim Culler, CFA	28	13	Jane Gilday, CFA	44	14
Mark Giambrone, CPA	20	13	Monroe Helm	36	10
John Harloe, CFA	36	17	Coleman Hubbard	3	<1
Dave Hodges, CFA	12	11	Laura Jirele-Borleske, CFA, CIPM	7	6
Jim McClure, CFA	40	17	Caroline Le Feuvre	4	<1
Ray Nixon	35	18	Michael Nayfa, CFA	8	4
Lewis Ropp	31	11	Terry Pelzel, CFA	7	3
			Brian Quinn, CFA	11	7
PORTFOLIO SPECIALISTS	YEARS OF EXPERIENCE	YEARS WITH BHMS			
Matt Egenes, CFA	25	7			
Cory Martin	22	13			
Kirby Smith, CFA, CPA	19	7			
Bill Underwood	16	14			

BHMS CLIENT PARTNERSHIPS

CORPORATE

Air Products & Chemicals Inc-28
 Alabama Power Company-13
 American Airlines-28
 American Electric Power-21
 American Institute of CPAs
 Bechtel Corporation
 CVS Caremark Corporation
 Caterpillar Inc-7
 CenterPoint Energy Inc-14
 Chattem Inc-29
 Coca-Cola Refreshments Inc-10
 ConocoPhillips Company-33
 DTE Energy LLC
 Ericsson Inc-7
 Exelis, Inc. (formerly ITT Corp.)-29
 Fulbright & Jaworski LLP-9
 Genuine Parts Company-11
 Girl Scouts of the USA
 Hess Corporation
 Highmark Inc-8
 Johnson & Johnson-13
 MeadWestvaco Corporation
 Monsanto Company
 Morgan, Lewis & Bockius
 National Rural Electric Co-op-33
 OfficeMax Inc
 Owens Corning-15
 Pepco Holdings Inc
 Prudential Retirement-10
 Saint-Gobain Corporation
 The Sherwin-Williams Company-13
 Southern Company-14
 Stanley Black & Decker Inc
 SYSCO Corporation-30
 Teck Resources
 Thomson Reuters
 UBS Financial Services Inc
 VF Corporation
 Valero Energy Corporation-28
 Verizon Communications-25

ENDOWMENT/FOUNDATION

Communities Foundation of Texas-9
 The Constantin Foundation-14
 Dallas Museum of Art-20
 Foundation for Research-9
 The Frey Foundation
 The Hubbard Foundation-14
 The Joyce Foundation-28
 Kentucky Baptist Foundation
 Purdue University-13
 St Mark's School of Texas-15
 Texas Christian University-24
 Texas Presbyterian Foundation-9
 UniHealth Foundation-9
 University of West Florida Fdn-9

MUTUAL FUNDS

American Beacon Funds-25
 AXA Offshore Multi-Manager Funds
 Columbia Small Cap Value Fund-8
 Genworth - GuideMark Funds
 Principal Financial Group-7
 Russell Investment Group
 The Timothy Plan-8
 USAA Value Fund-7
 VALIC Broad Cap Value Income Fd-7
 Vanguard Windsor II Fund-27

HEALTHCARE

Albert Einstein Healthcare-10
 All Saints Insurance Co Ltd-9
 Bon Secours Health System Inc-14
 Cape Fear Valley Health System
 Catholic Health Initiatives-13
 Children's Medical of Dallas-22
 Cook Ft Worth Children's-18
 Dallas County Hosp-Parkland-21
 DeKalb Medical Center-11
 Edward Health Service Corp-14
 El Camino Hospital-21
 Hartford Hospital
 Hunterdon Medical Center-7
 Kelsey-Seybold Clinic-8
 McLaren Health Care Corporation
 The Methodist Hospital
 N Shore-Long Island Jewish Health Sys
 New Jersey Hospital Association-8
 Novant Health Inc-14
 Pathways Home Health and Hospice-8
 Pinnacle Health System-7
 Rapid City Regional Hospital-13
 St George Corporation
 St Luke's Episcopal-Houston-18
 St Luke's Regional Medical Center-10
 Scott & White Memorial-20
 Sturdy Memorial Hospital-11
 Texas Hospital Association-8
 Univ of Alabama Health Services-17
 VHA Inc-20
 WakeMed-12
 Washington Regional Med Center-9

PUBLIC

Alaska Retirement Mgmt. Board
 Boca Raton Police & Fire-15
 East Bay Municipal Utility District -7
 Lower Colorado River Authority-18
 D/FW Airport Employees Ret Plan-15
 State of Hawaii Employee Ret Sys-27
 Firefighters' Ret Sys of Louisiana
 City of Memphis Retirement Sys-30
 City of Miami Fire & Police-22
 The Navajo Nation-22
 New York City Retirement Systems
 San Mateo County Employees' Ret Assoc
 St Paul Teachers Ret Fund Assoc-12
 Employees Retirement System of Texas
 Tulsa County Retirement Sys-17
 Wichita Retirement System

TAFT-HARTLEY

Allied Pilots Association-28
 Atlanta Plumbers & Steamfitters-8
 Directors Guild of America - 7
 Glaziers Metal & Glass Local 513-7
 Houston Carpenters'-23
 IBEW Local 456 Pension Fund-7
 Major League Baseball Players'-13
 National Electric Benefit Fd-19
 Retail Clerks Pension Trust-23
 Texas Iron Workers Trust Fd-17
 UFCW-Midwest-28
 United Mine Workers of America-26

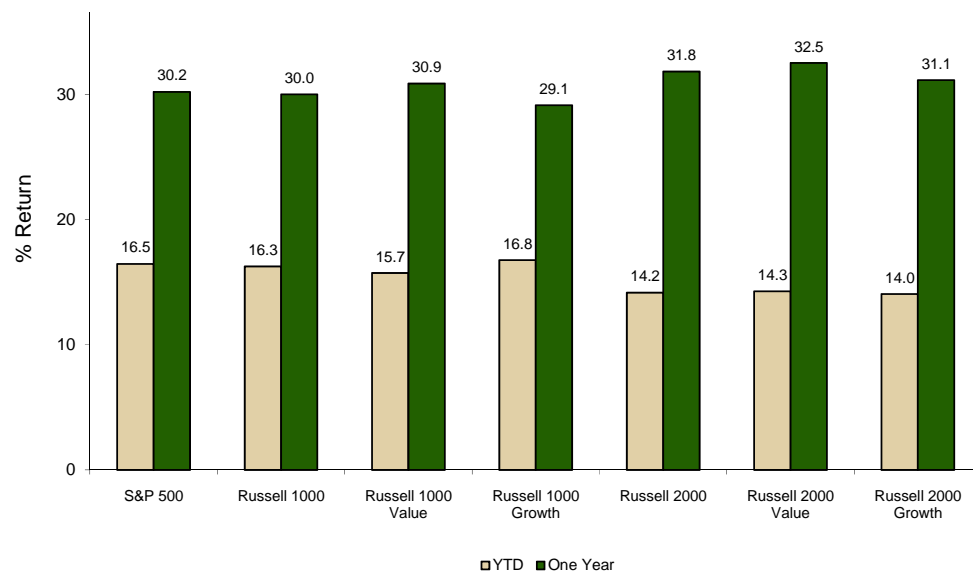
Number indicates client for 7 years or more
 Partial client list – see appendix for disclosure

MARKET OVERVIEW

INDEX AND SECTOR RETURNS

INDEX RETURNS

AS OF SEPTEMBER 30, 2012

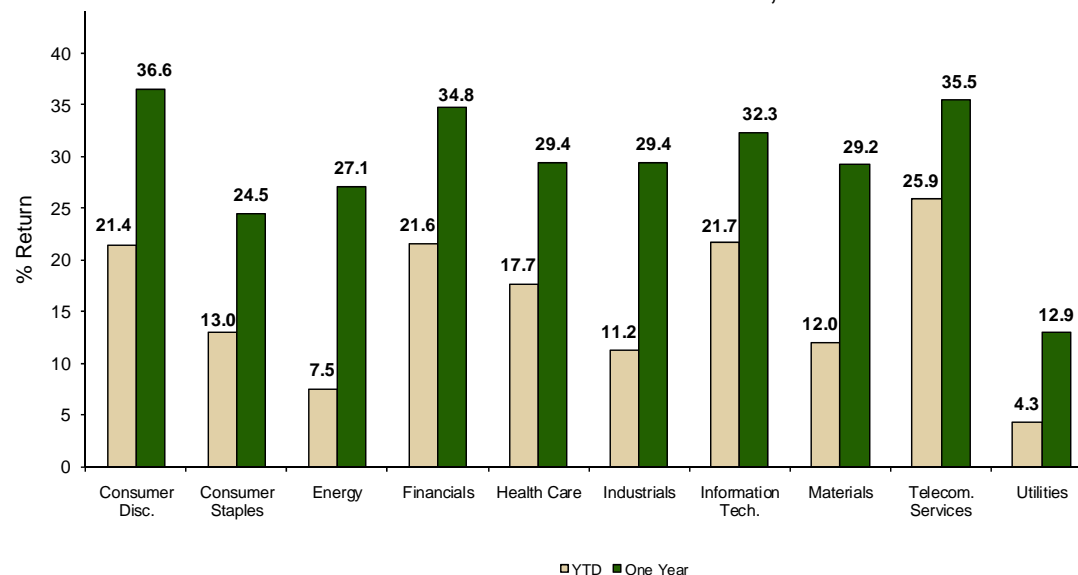


Domestically year-to-date, larger cap stocks have slightly outperformed smaller cap stocks, but for the year period, small caps have the advantage.

Sectors more leveraged to an improving economy, such as Financials and Consumer Discretionary, continue to outperform for both the year-to-date and one year periods.

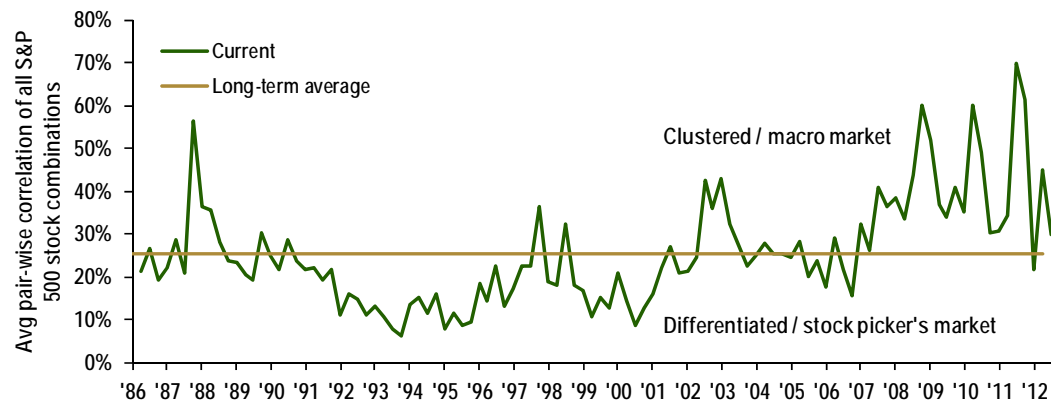
S&P SECTOR RETURNS

AS OF SEPTEMBER 30, 2012



STOCK CORRELATIONS AND MARKET BREADTH

CORRELATIONS OF S&P 500 STOCKS ¹
(DAILY RETURNS PER QUARTER, 2Q '86 – 3Q '12)

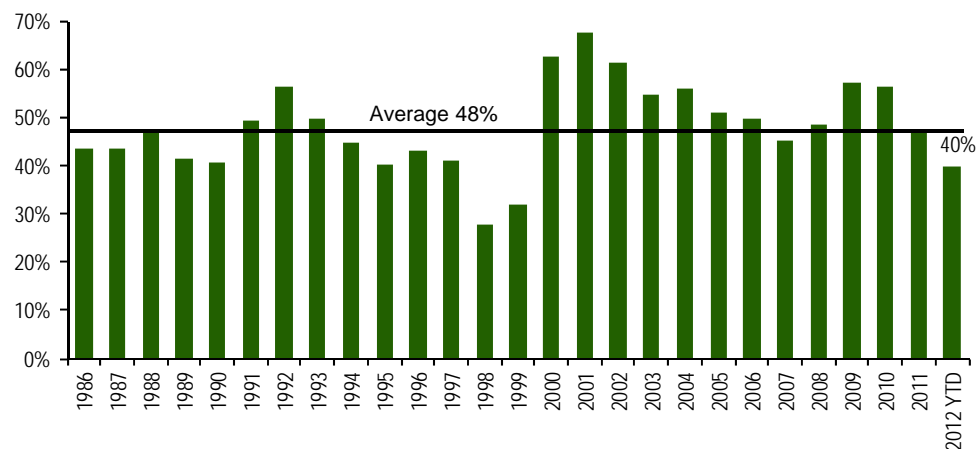


¹ This chart measures the average correlation of daily returns of every stock in the index relative to the other 499, and plots the average for each quarter, dating back to 1986.

- ❖ Driven by macro issues, correlations have risen over the last several years, providing a challenging backdrop for active stock selection.

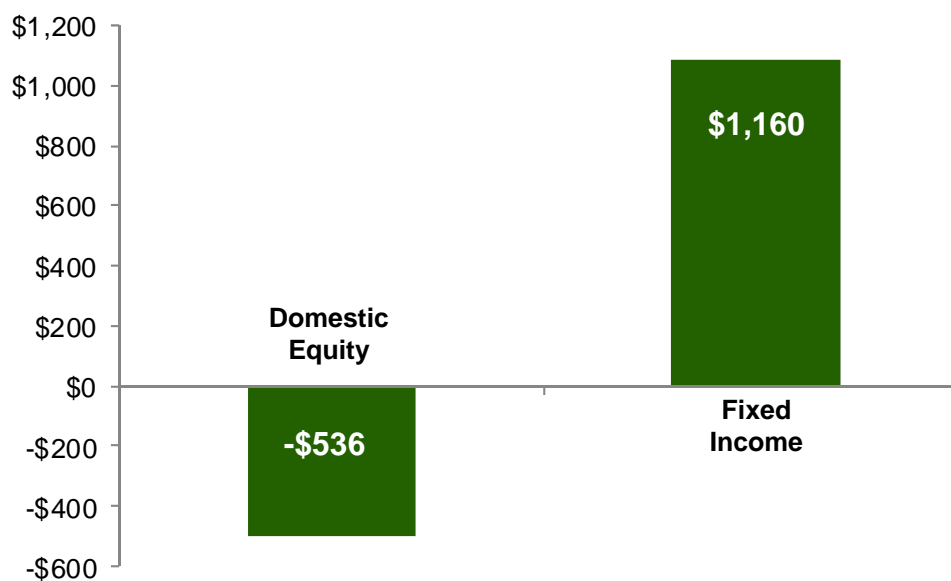
- ❖ Meanwhile, market breadth (the probability of picking an outperforming stock) has narrowed and is the lowest since the Nifty 50 period in 1998-99.

PERCENTAGE OF STOCKS THAT OUTPERFORMED THE S&P 500
1986 – September 2012



MARKET ENVIRONMENT

STOCKS vs. BONDS NET MUTUAL FUND FLOWS (BILLIONS) 2006 – AUGUST 2012

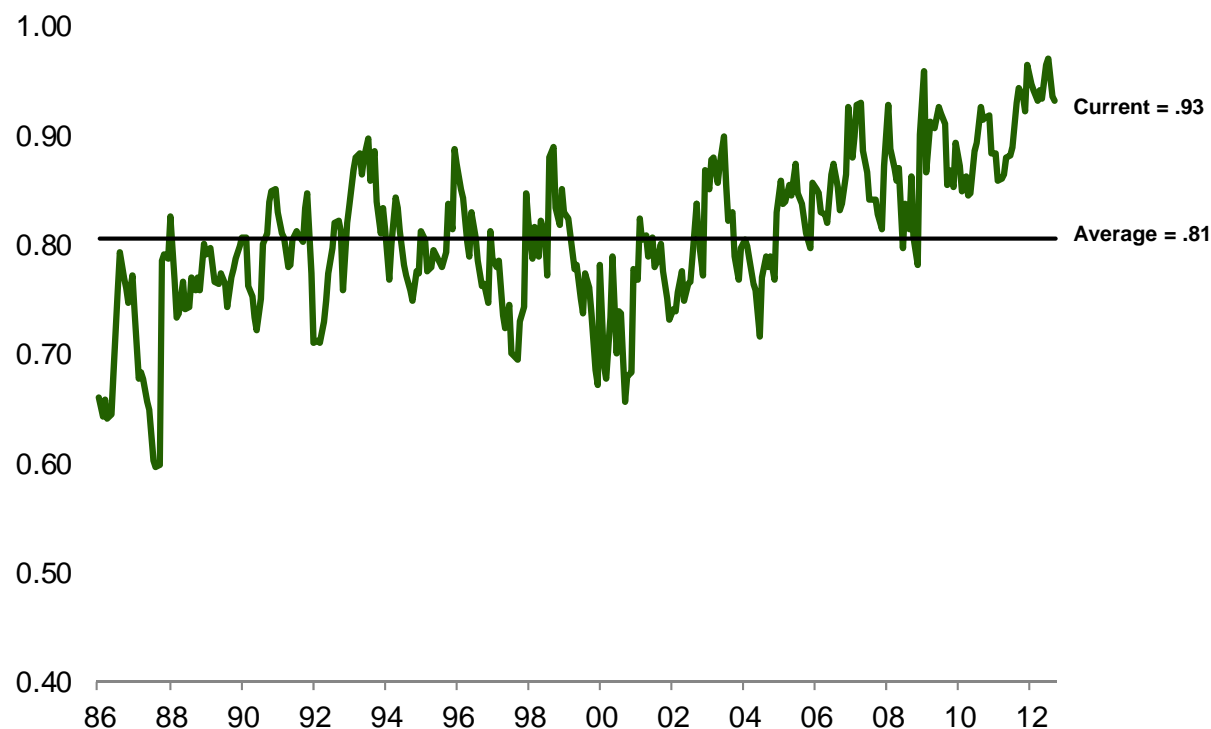


- ❖ Investor preference for yield remained a dominant theme.
- ❖ Retail investors shifted yet more assets from equities to the perceived safety of bonds.

VALUATIONS

VALUATION (P/E) OF TOP QUINTILE OF DIVIDEND PAYING COMPANIES vs. ALL DIVIDEND PAYING COMPANIES

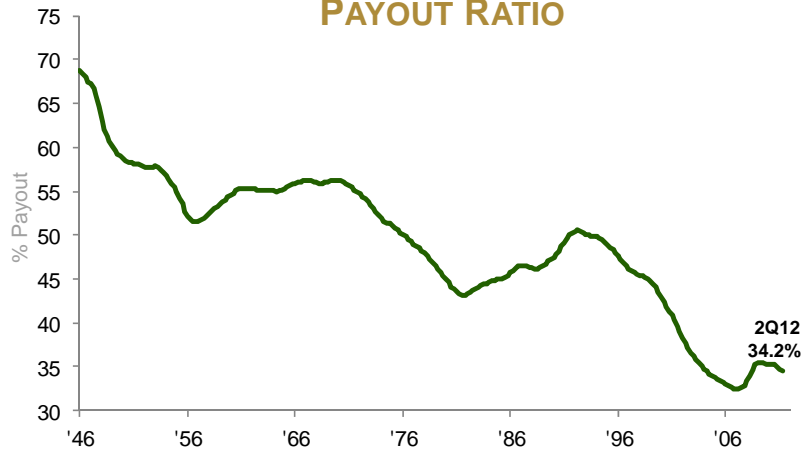
JANUARY 1, 1986 – SEPTEMBER 30, 2012



- ❖ The highest dividend-paying stocks now trade close to parity with the rest of the universe.
- ❖ Historically, these stocks have traded at a discount.

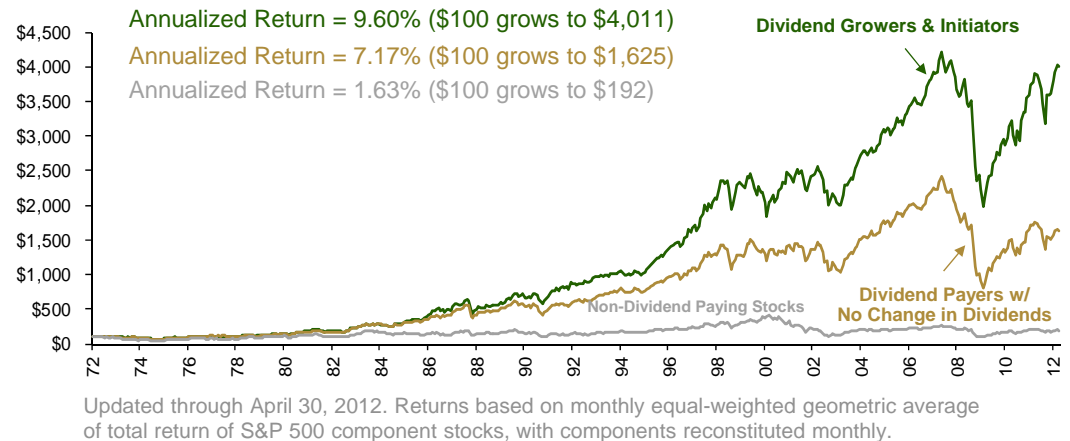
THE POWER OF DIVIDENDS

S&P 500 10-YEAR NORMALIZED DIVIDEND PAYOUT RATIO



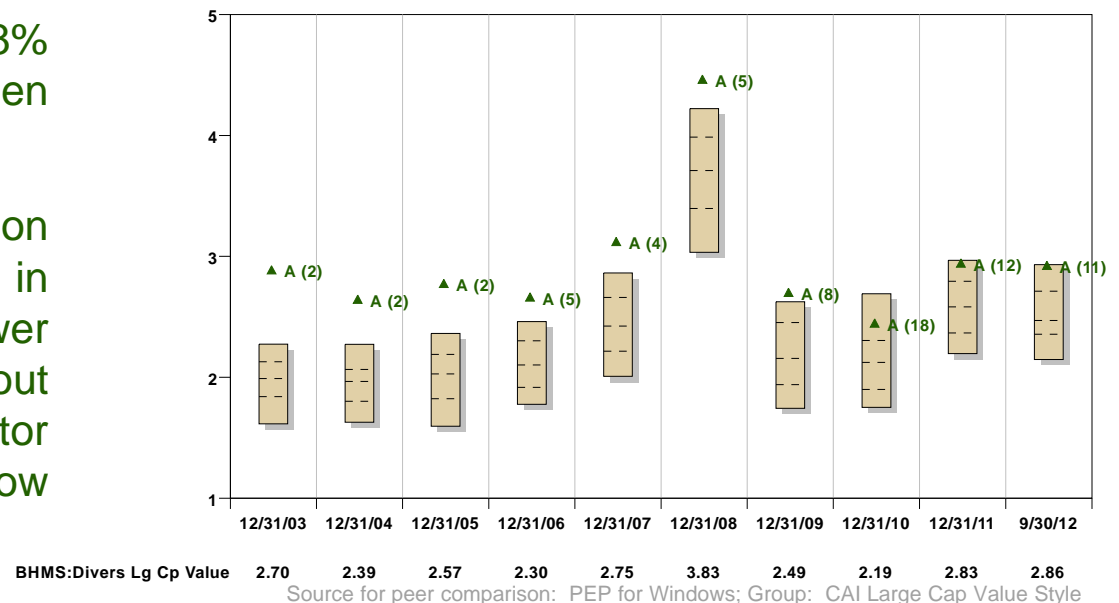
Sources: S&P; Strategas Research Partners

IMPACT OF DIVIDENDS ON TOTAL RETURN *



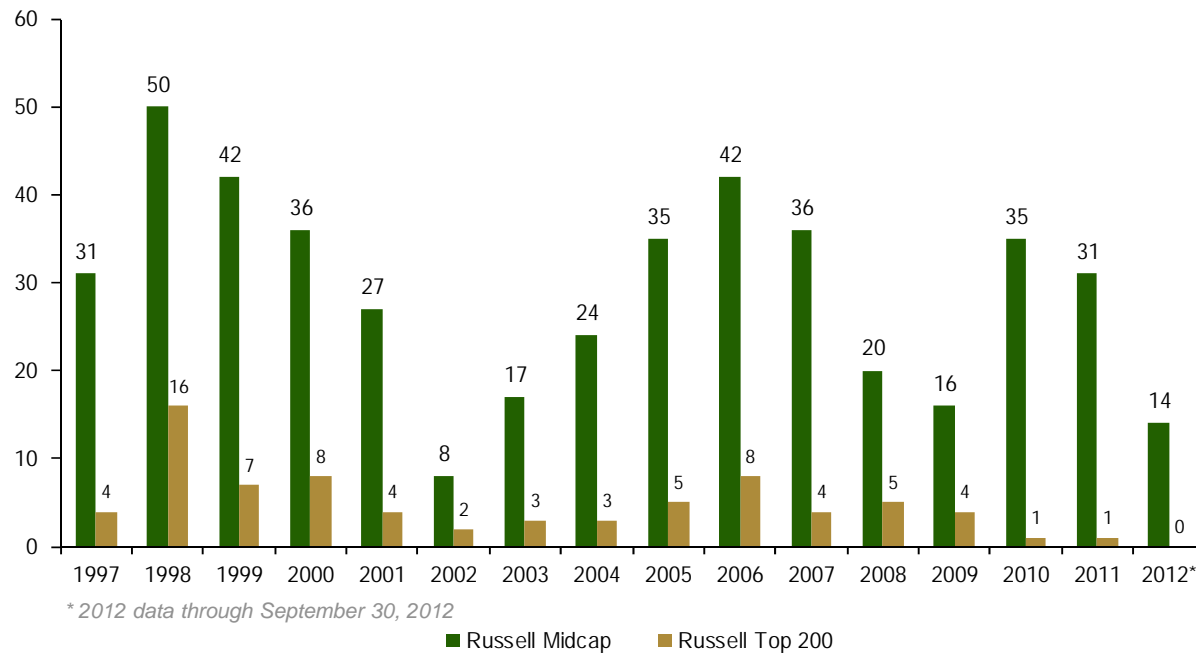
- ❖ Since 1929, nearly 50% of the 9.8% return of the S&P 500 has been derived from dividends.
- ❖ With record levels of cash flow on balance sheets, a change in corporate conservatism, fewer government restrictions, low payout ratios, and increased investor demand, dividends can grow meaningfully from current levels.

BHMS – ONE OF THE HIGHEST YIELDING MANAGERS IN THE LARGE CAP VALUE UNIVERSE



MERGER & ACQUISITION ACTIVITY

LARGE AND MID CAP MERGER & ACQUISITION ACTIVITY



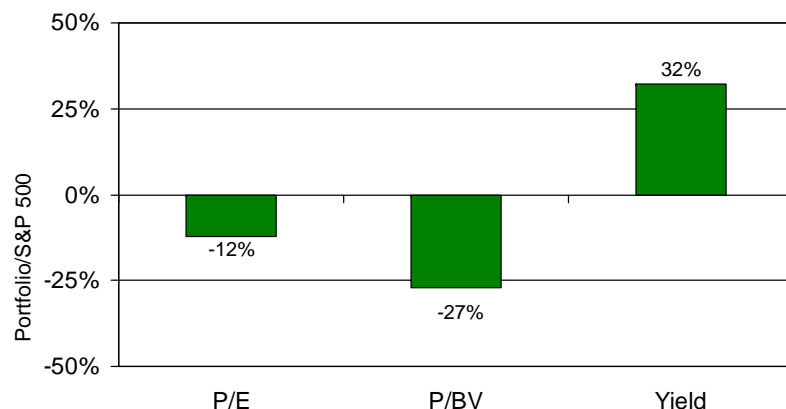
- ❖ Although the number of M&A deals has slowed, companies across the market cap spectrum are benefitting.

DIVERSIFIED LARGE CAP VALUE

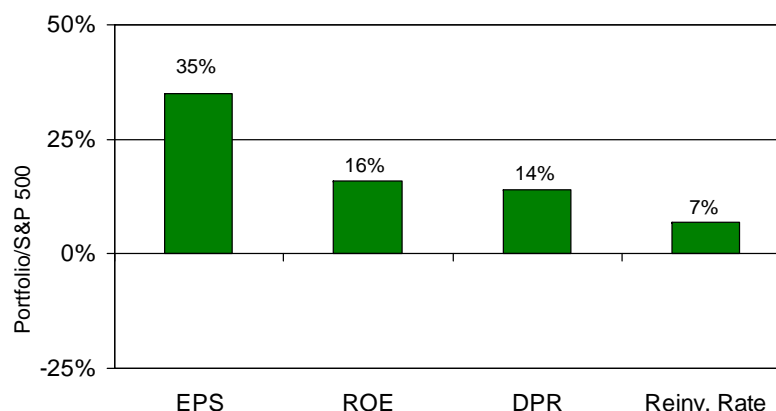
EQUITY PORTFOLIO CHARACTERISTICS

SEPTEMBER 30, 2012

CHARACTERISTICS VS. S&P 500



CHARACTERISTICS VS. S&P 500



The BHM&S philosophy requires that the portfolio must always have the following characteristics:

- ❖ Price/Earnings *Lower* than the Market
- ❖ Price/Book *Lower* than the Market
- ❖ Dividend Yield *Higher* than the Market

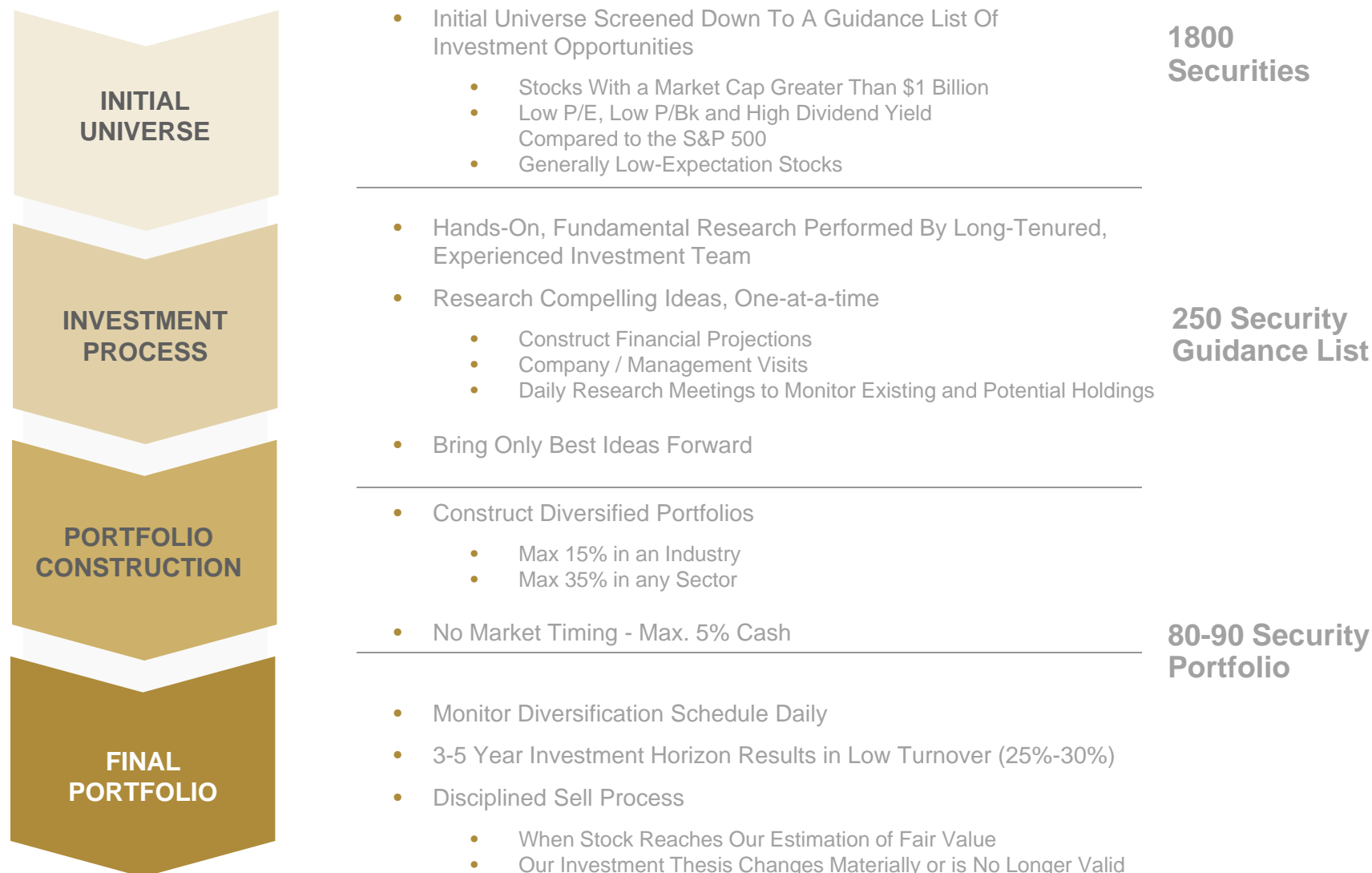
	ARMB	S&P 500	Russell 1000 Value
Price/Earnings ¹	12.8 x	14.6 x	12.8 x
Price/Book Value	1.6 x	2.2 x	1.5 x
Div. Yield	2.9 %	2.2 %	2.5 %
BHMS 5-Year Projections			
EPS Growth	11.5 %	8.5 %	
Profitability (ROE)	19.8 %	17.0 %	
Div. Payout Ratio (DPR)	39.9 %	35.0 %	
Reinv. Rate [ROE (1-DPR)]	11.9 %	11.1 %	

¹ Based on trailing 12 months operating earnings

STOCK SELECTION OBJECTIVES:

- ❖ Bottom-up Stock Selection
- ❖ Buy Stocks Trading at Discount to Market
- ❖ Low Turnover Approach
- ❖ 80-90 Stock Portfolios
- ❖ Max. 15% in an Industry Group
- ❖ Max. 5% Cash

BHMS DIVERSIFIED LARGE CAP VALUE PROCESS



PORTFOLIO STRUCTURE AND PERFORMANCE

SEPTEMBER 30, 2012

PORTFOLIO STRUCTURE

PORTFOLIO COMPOSITION		
	<i>Market Value</i>	<i>Pct. Assets</i>
Cash and Equiv.	\$ 3,657,965	2.4
Equities	\$ 151,373,107	97.6
Total	\$ 155,031,072	100.0

CHANGE IN PORTFOLIO		
Portfolio Value on 12-31-11	\$	136,126,338
Net Additions/Withdrawals		2,562
Realized Gains		550,823
Unrealized Gains		15,280,007
Income Received		3,071,342
Portfolio Value on 09-30-12	\$	155,031,072

PERFORMANCE

For Periods Ended September 30, 2012

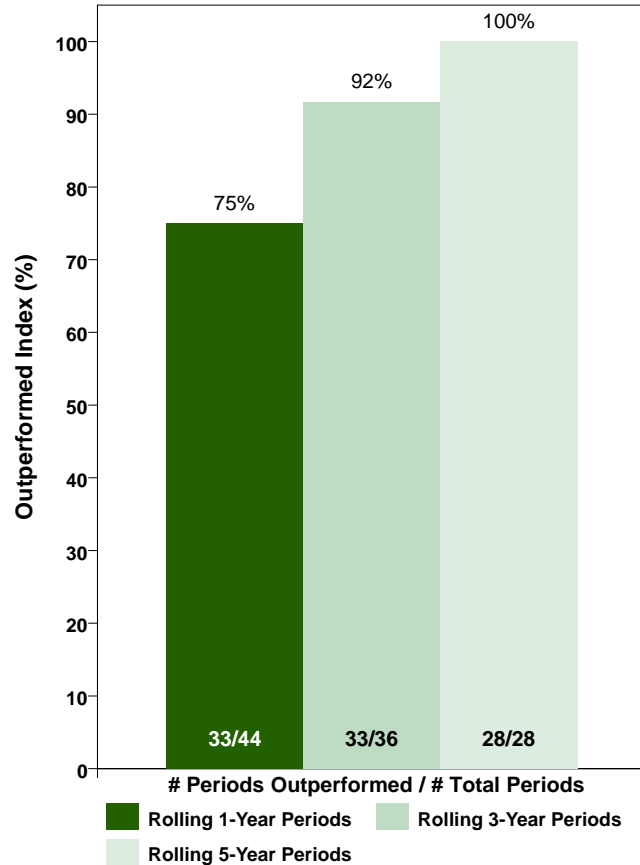
	QTR	YTD	1 Year	3 Years	5 Years	Since Inception (7/2/07)
ARMB - DLCV	6.19 %	13.88 %	29.45 %	12.89 %	1.13 %	0.50 %
Russell 1000 Value	6.51 %	15.75 %	30.92 %	11.84 %	-0.90 %	-1.12 %

Periods over one year are annualized.

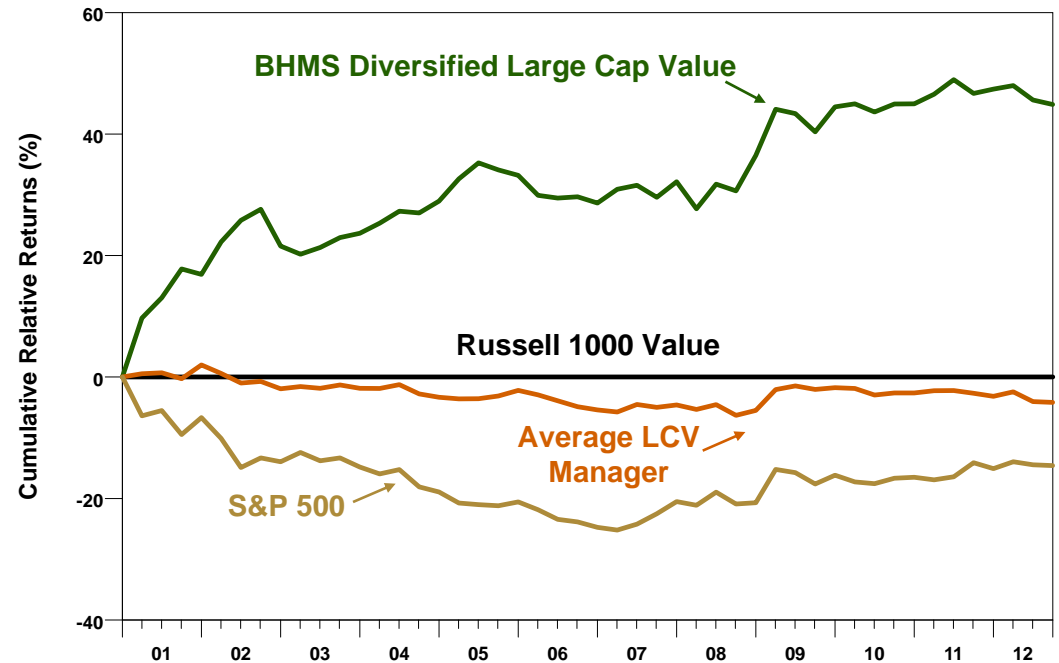
LONG-TERM PERFORMANCE

VS. RUSSELL 1000 VALUE INDEX

PERFORMANCE CONSISTENCY SINCE INCEPTION AS OF 9/30/2012



CUMULATIVE RETURNS SINCE INCEPTION As of 9/30/12



- ❖ Since inception, BHMS' Diversified Large Cap Value strategy has consistently outdistanced the broad market, the value benchmark, and our peers.

Since inception data begins on January 1, 2001, as performance is based on quarterly returns and the inception date of the BHMS Diversified Large Cap Value composite is November 1, 2000. Charts presented as supplemental information to the BHMS DLCV composite. See appendix for a GIPS® compliant presentation.

PORTFOLIO ATTRIBUTION

VS. RUSSELL 1000 VALUE – YEAR TO DATE ENDING SEPTEMBER 30, 2012

BHMS Sector	ARMB		Russell 1000 Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection + Interaction	Total Effect
Utilities	3.5	9.4	7.2	4.2	0.4	0.2	0.6
Financials	24.7	23.2	26.1	21.1	-0.1	0.4	0.3
Consumer Staples	8.0	14.1	7.6	12.7	0.0	0.1	0.1
Industrials	16.0	16.5	9.2	17.4	0.1	-0.1	0.0
Materials	1.0	-3.2	3.1	11.2	0.1	-0.2	-0.1
Information Technology	9.1	5.2	8.1	4.7	-0.2	-0.0	-0.2
Energy	11.4	6.1	13.6	6.7	-0.3	-0.0	-0.3
Telecommunication Services	2.9	20.1	4.3	29.2	-0.2	-0.2	-0.4
Health Care	15.7	12.0	12.2	15.4	-0.0	-0.5	-0.6
Consumer Discretionary	7.7	13.5	8.7	25.8	-0.1	-0.8	-0.9
Total	100.0	14.2	100.0	15.7	-0.3	-1.2	-1.5

Selection=return differential x portfolio weight

Allocation=weight differential x return differential between benchmark sector return and benchmark total return

Note: Performance Analysis does not include impact of cash holdings.

Largest Contributors		
	Avg. Weight	Contribution
Capital One Financial Corp.	3.2 %	1.00 %
Discover Financial Services	1.5 %	0.82 %
SLM Corp.	2.4 %	0.53 %
Coventry Health Care Inc.	1.2 %	0.48 %
Hanesbrands Inc.	1.1 %	0.42 %

Largest Detractors		
	Avg. Weight	Contribution
International Game Technology	1.1 %	-0.34 %
WellPoint Inc.	1.6 %	-0.20 %
Occidental Petroleum Corp.	1.5 %	-0.07 %
* Xerox Corp.	0.4 %	-0.07 %
Microchip Technology Inc.	0.9 %	-0.06 %

*sold

Best Performing Stocks	
	Performance
Discover Financial Services	68 %
Bank of America Corp.	59 %
Coventry Health Care Inc.	52 %
Masco Corp.	46 %
Hanesbrands Inc.	46 %

Worst Performing Stocks	
	Performance
International Game Technology	-23 %
* Dun & Bradstreet Corp.	-14 %
WellPoint Inc.	-11 %
* Xerox Corp.	-9 %
Microchip Technology Inc.	-8 %

*sold

See Appendix for disclosure

PORTFOLIO ATTRIBUTION

VS. RUSSELL 1000 VALUE – ONE YEAR ENDING SEPTEMBER 30, 2012

BHMS Sector	ARMB		Russell 1000 Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection + Interaction	Total Effect
Utilities	3.6	23.8	7.3	13.2	0.6	0.4	1.0
Industrials	16.1	40.8	9.2	38.6	0.5	0.4	0.9
Consumer Staples	8.0	30.2	7.7	25.0	0.0	0.3	0.4
Financials	24.2	36.8	25.7	34.5	-0.1	0.4	0.3
Energy	11.6	31.4	13.3	26.3	-0.3	0.6	0.3
Materials	0.9	15.5	3.0	30.9	-0.1	-0.2	-0.2
Telecommunication Services	2.9	31.4	4.4	38.5	-0.1	-0.2	-0.2
Information Technology	9.4	16.5	8.3	18.6	-0.1	-0.3	-0.4
Health Care	15.7	21.7	12.3	28.8	-0.1	-1.1	-1.2
Consumer Discretionary	7.6	26.8	8.8	47.6	-0.2	-1.2	-1.4
Total	100.0	30.2	100.0	30.9	0.2	-0.9	-0.7

Selection=return differential x portfolio weight

Allocation=weight differential x return differential between benchmark sector return and benchmark total return

Note: Performance Analysis does not include impact of cash holdings.

Largest Contributors		
	Avg. Weight	Contribution
Stanley Black & Decker Inc.	3.0 %	1.57 %
Capital One Financial Corp.	3.2 %	1.25 %
Discover Financial Services	1.5 %	0.91 %
Philip Morris International Inc.	1.9 %	0.86 %
Masco Corp.	1.0 %	0.80 %

Largest Detractors		
	Avg. Weight	Contribution
Xylem Inc.	0.4 %	-0.28 %
WellPoint Inc.	1.6 %	-0.15 %
Exelis Inc.	0.2 %	-0.12 %
International Game Technology	1.2 %	-0.06 %
Cardinal Health Inc.	0.8 %	-0.05 %

Best Performing Stocks	
	Performance
Masco Corp.	117 %
Discover Financial Services	77 %
New ell Rubbermaid Inc.	64 %
Coventry Health Care Inc.	60 %
Stanley Black & Decker Inc.	59 %

Worst Performing Stocks	
	Performance
WellPoint Inc.	-10 %
International Game Technology	-8 %
Xylem Inc.	-6 %
Exelis Inc.	-5 %
Cardinal Health Inc.	-5 %

See Appendix for disclosure

PORTFOLIO HOLDINGS

SEPTEMBER 30, 2012

	Port. Wtg. %	R1000V Wtg. %		Port. Wtg. %	R1000V Wtg. %		Port. Wtg. %	R1000V Wtg. %
CONSUMER DISCRETIONARY	8.2	7.9	FINANCIALS	24.8	26.4	INDUSTRIALS	16.2	9.1
Carnival Corp.	1.4		Capital One Financial Corp.	3.2		Stanley Black & Decker Inc.	3.0	
Target Corp.	1.3		SLM Corp.	2.3		Illinois Tool Works Inc.	1.6	
Royal Caribbean Cruises Ltd.	1.2		American Express Co.	1.6		General Electric Co.	1.4	
Hanesbrands Inc.	1.1		JPMorgan Chase & Co.	1.5		L-3 Communications Holdings Inc.	1.2	
International Game Technology	0.9		Wells Fargo & Co.	1.4		Honeywell International Inc.	1.2	
* Hasbro Inc.	0.9		Fifth Third Bancorp	1.4		Raytheon Co.	1.2	
Rent-A-Center Inc.	0.6		Discover Financial Services	1.3		Masco Corp.	1.1	
Service Corp. International	0.4		New York Community Bancorp Inc.	1.2		Tyco International Ltd.	1.1	
Newell Rubbermaid Inc.	0.4		Travelers Cos. Inc.	1.2		* Pentair Ltd.	1.0	
			Essex Property Trust Inc.	1.1		Eaton Corp.	1.0	
			Willis Group Holdings PLC	1.1		Emerson Electric Co.	0.9	
CONSUMER STAPLES	7.8	7.3	XL Group PLC	1.0		SPX Corp	0.7	
Philip Morris International Inc.	1.9		PNC Financial Services Group Inc.	1.0		Xylem Inc.	0.4	
CVS Caremark Corp.	1.4		Citigroup Inc.	1.0		Exelis Inc.	0.2	
Walgreen Co.	1.3		* People's United Financial	0.9		ITT Corp	0.2	
Reynolds American Inc.	1.2		Ameriprise Financial Inc.	0.8				
Lorillard Inc.	1.1		State Street Corp.	0.8		INFORMATION TECHNOLOGY	8.4	6.4
Altria Group Inc.	0.9		Chubb Corp.	0.7		International Business Machines Corp.	1.4	
			Bank of America Corp.	0.7		Microsoft Corp.	1.3	
			Annaly Capital Management Inc.	0.6		* CA Inc.	1.3	
ENERGY	10.4	16.9	HEALTH CARE	14.5	11.7	Molex Inc.	1.2	
ConocoPhillips	1.6		Pfizer Inc.	1.9		Texas Instruments Incorporated	1.1	
BP PLC ADS	1.5		UnitedHealth Group Inc.	1.8		Microchip Technology Inc.	0.8	
Marathon Oil Corp.	1.4		Medtronic Inc.	1.7		Western Union Co.	0.7	
Occidental Petroleum Corp.	1.3		Johnson & Johnson	1.5		Coming Inc.	0.6	
Seadrill Ltd (US)	1.3		WellPoint Inc.	1.3				
Spectra Energy Corp.	1.1		Omnicare Inc.	1.3		TELECOMMUNICATION SRVS	2.9	3.8
Chevron Corp.	1.1		Cigna Corporation	1.2		AT&T Inc.	1.5	
* Phillips 66 (ConocoPhillips spinoff)	0.8		Baxter International Inc.	1.2		Vodafone Group PLC ADS	0.7	
Murphy Oil Corp.	0.3		Cardinal Health Inc.	0.7		Verizon Communications Inc.	0.7	
			Sanofi ADS	0.6				
			* St. Jude Medical Inc.	0.5		UTILITIES	3.4	6.8
			Teva Pharmaceutical Industries Ltd.ADS	0.4		CenterPoint Energy Inc.	1.0	
			Coventry Health Care Inc.	0.4		Pinnacle West Capital Corp.	0.9	
NEW HOLDING IN 2012 (*)			MATERIALS	0.9	3.9	Xcel Energy Inc.	0.9	
Holdings Eliminated in 2012			Sonoco Products Co.	0.9		Oneok Inc.	0.6	
Applied Materials Inc.			CASH & EQUIV.	2.4				
Dun & Bradstreet Corp.								
Engility Holdings Inc. (L-3 Communications spinoff)								
Goodrich Corp.								
Royal Dutch Shell PLC (ADS cl A)								
Xerox Corp.								

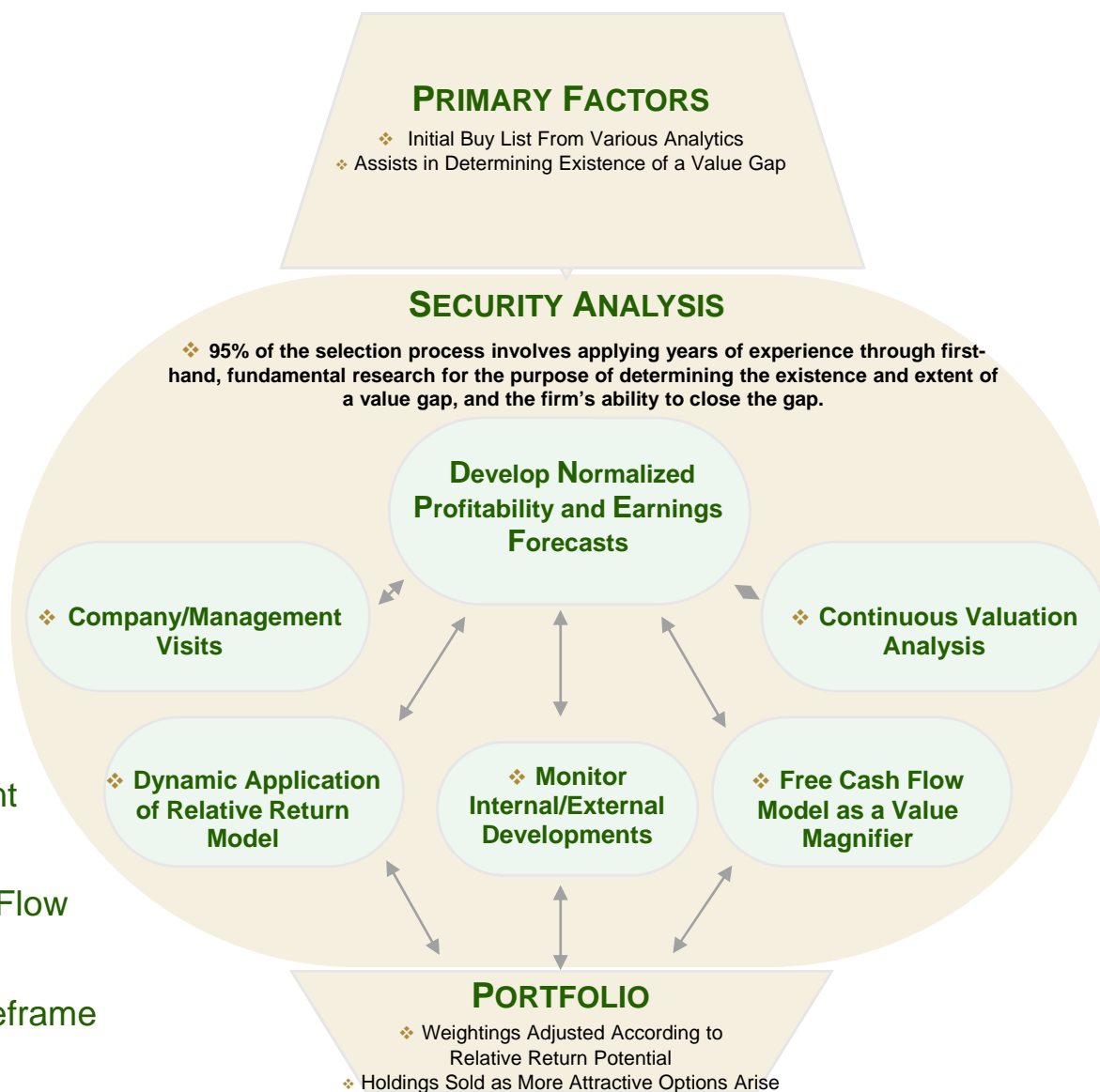
SMALL CAP VALUE

EXPERIENCE - 3½ DECADES - INVESTMENT MANAGEMENT



PHILOSOPHY AND PROCESS

- ❖ Disciplined and Repeatable Process Utilizing *Original, Internal* Research
- ❖ Universe of Under-Researched and/or Misunderstood, “*Low Expectation*” Stocks
- ❖ Stock Selection Concentrated on the *Simultaneous* Improvement of Both Earnings Power and Valuation to Proven Levels
- ❖ Long-Term, Patient Approach Allows Process to Maximize Excess Returns
- ❖ We Look For Companies With:
 - Shareholder Oriented Management
 - Complete Ownership Candidate
 - Persistent Normalized Free Cash Flow
 - High Probability of Improving Fundamentals in Reasonable Timeframe



PORTFOLIO HOLDINGS

SEPTEMBER 30, 2012

	% Port.	%R2000V		%Port.	%R2000V		%Port.	%R2000V
CONS. DISCRETIONARY	20.1	11.6	FINANCIALS	14.4	35.8	INFO. TECHNOLOGY	20.9	12.4
Cabela's Inc.	3.4		Synovus Financial Corp.	3.4		Vishay Intertechnology Inc.	3.4	
Men's Wearhouse Inc.	3.1		Prosperity Bancshares Inc.	3.3		Mentor Graphics Corp.	3.4	
American Axle & Manufacturing Holdings	3.0		Janus Capital Group Inc.	2.3		Plexus Corp.	2.8	
Whirlpool Corp.	3.0		ProAssurance Corp.	2.0		Cognex Corp.	2.5	
Brunswick Corp.	2.5		Duff & Phelps Corp. CI A	1.7		Littelfuse Inc.	2.4	
AMC Networks Inc CI A	2.0		BBCN Bancorp Inc.	1.7		Brooks Automation Inc.	2.1	
Gentex Corp.	1.4					Park Electrochemical Corp.	1.8	
John Wiley & Sons Inc. (CI A)	1.2		HEALTH CARE	5.7	4.9	FARO Technologies Inc.	1.5	
Aaron's Inc.	0.5		HealthSouth Corp.	3.9		Mercury Computer Systems Inc.	1.0	
			Covance Inc.	1.8				
CONSUMER STAPLES	0.0	2.6	INDUSTRIALS	30.1	12.8	MATERIALS	5.1	5.6
			Terex Corp.	3.8		PolyOne Corp.	3.4	
ENERGY	2.2	6.5	Oshkosh Corp.	3.8		Myers Industries Inc.	1.7	
Berry Petroleum Co. CI A	2.2		Mobile Mini Inc.	3.0		TELECOM. SERVICES	0.0	0.6
			Regal-Beloit Corp.	2.8				
			Forward Air Corp.	2.7		UTILITIES	0.0	6.9
			Aegion Corporation	2.4				
			Simpson Manufacturing Co.	2.3		CASH AND EQUIV.	1.5	
			Trex Co. Inc.	2.3				
			Korn/Ferry International	2.0				
			Herman Miller Inc.	1.9				
			Gibraltar Industries Inc.	1.6				
			Comfort Systems USA Inc.	1.5				

PORTFOLIO CHANGES - BHMS SMALL CAP VALUE STRATEGY

TWELVE MONTHS ENDING SEPTEMBER 30, 2012

Top Ten Holdings September 30, 2011	
	(%)
Prosperity Bancshares Inc.	3.5
Mentor Graphics Corp.	3.5
Men's Wearhouse Inc.	3.3
ProAssurance Corp.	3.2
Forward Air Corp.	3.2
Mobile Mini Inc.	3.1
Cabela's Inc.	3.1
Vishay Intertechnology Inc.	3.1
HealthSouth Corp.	3.1
PolyOne Corp.	3.1
Total	32.2

Top Ten Holdings September 30, 2012	
	(%)
HealthSouth Corp.	3.9
Terex Corp.	3.8
Oshkosh Corp.	3.8
Vishay Intertechnology Inc.	3.4
Synovus Financial Corp.	3.4
Mentor Graphics Corp.	3.4
PolyOne Corp.	3.4
Cabela's Inc.	3.4
Prosperity Bancshares Inc.	3.3
Men's Wearhouse Inc.	3.1
Total	34.8

Additions
AMC Networks Inc. C/A
BBCN Bancorp Inc.
Berry Petroleum Co. C/A
Covance Inc.
Duff & Phelps Corp. C/A
Myers Industries Inc.

Eliminations
Center Financial Corp. (merger)
EXCO Resources Inc.
Federated Investors Inc.
Nara Bancorp Inc. (merger)
RSC Holdings Inc. (buyout)
Valassis Communications Inc.

PORTFOLIO CHARACTERISTICS

AS OF SEPTEMBER 30, 2012

	BHMS SCV	Russell 2000 Value	Russell 2000	BHMS / Russell 2000 Value	BHMS / Russell 2000
Normalized P/E	9.7 x	24.7 x	27.2 x	39%	36%
Price/Book Value	2.4 x	1.3 x	1.9 x	184%	126%
Price/Sales	1.5 x	1.0 x	1.2 x	153%	128%
ROE 5 Yr Average	12.9 %	5.3 %	8.0 %	243%	161%
Div. Yield	1.0 %	1.9 %	1.4 %	51%	70%
Wtd. Med. Mkt. Cap (\$m)	\$2,139	\$1,038	\$1,182	206%	181%

Source: FactSet, Russell and internal estimates for portfolio data.

PORTFOLIO STRUCTURE AND PERFORMANCE

SEPTEMBER 30, 2012

PORTFOLIO STRUCTURE

PORTFOLIO COMPOSITION		
	<i>Market Value</i>	<i>Pct. Assets</i>
Cash and Equiv.	\$ 1,780,199	1.5
Equities	\$ 118,513,448	98.5
Total	\$ 120,293,647	100.0

CHANGE IN PORTFOLIO		
Portfolio Value on 12-31-11	\$	103,531,133
Net Additions/Withdrawals		(12)
Realized Gains		2,931,328
Unrealized Gains		13,050,932
Income Received		780,266
Portfolio Value on 09-30-12	\$	120,293,647

PERFORMANCE

For Periods Ended September 30, 2012

	QTR	YTD	1 Year	Since Inception (5/31/11)
ARMB - SCV	8.65 %	16.19 %	45.22 %	-0.07 %
Russell 2000 Value	5.67 %	14.37 %	32.63 %	1.19 %

Periods over one year are annualized.

PORTFOLIO ATTRIBUTION

VS. RUSSELL 2000 VALUE – YEAR TO DATE ENDING SEPTEMBER 30, 2012

BHMS Sector	ARMB		Russell 2000 Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection + Interaction	Total Effect
Consumer Discretionary	20.4	27.6	11.8	21.2	0.4	1.1	1.5
Industrials	32.1	14.4	14.2	9.6	-0.6	2.0	1.4
Utilities	0.0	0.0	6.8	7.4	0.5	0.0	0.5
Materials	4.0	34.0	5.1	18.0	0.0	0.3	0.3
Financials	13.9	30.7	36.8	19.1	-1.0	1.1	0.1
Health Care	4.1	33.2	4.9	23.2	-0.1	0.1	0.0
Consumer Staples	0.0	0.0	2.8	12.9	0.0	0.0	0.0
Telecommunication Services	0.0	0.0	0.6	14.9	-0.0	0.0	-0.0
Energy	1.9	-32.3	5.3	1.0	0.2	-0.6	-0.4
Information Technology	23.5	2.7	11.5	1.8	-1.3	0.2	-1.1
Total	100.0	16.6	100.0	14.3	-2.0	4.3	2.3

Selection=return differential x portfolio weight

Allocation=weight differential x return differential between benchmark sector return and benchmark total return

Note: Performance Analysis does not include impact of cash holdings.

Largest Contributors		
	Avg. Weight	Contribution
Cabela's Inc.	3.9 %	3.01 %
Terex Corp.	3.7 %	1.75 %
Synovus Financial Corp.	3.0 %	1.47 %
Whirlpool Corp.	2.6 %	1.46 %
PolyOne Corp.	3.1 %	1.26 %

Largest Detractors		
	Avg. Weight	Contribution
Gentex Corp.	2.0 %	-1.16 %
Brooks Automation Inc.	2.9 %	-0.63 %
Berry Petroleum Co. Cl A	1.9 %	-0.49 %
Simpson Manufacturing Co.	2.6 %	-0.42 %
Mercury Computer Systems Inc.	1.2 %	-0.27 %

Best Performing Stocks	
	Performance
Cabela's Inc.	116 %
Whirlpool Corp.	79 %
Synovus Financial Corp.	70 %
Terex Corp.	67 %
Janus Capital Group Inc.	53 %

Worst Performing Stocks	
	Performance
Gentex Corp.	-42 %
Mercury Computer Systems Inc.	-20 %
Brooks Automation Inc.	-20 %
Berry Petroleum Co. Cl A	-18 %
* EXCO Resources Inc.	-17 %

*sold

See Appendix for disclosure

PORTFOLIO ATTRIBUTION

VS. RUSSELL 2000 VALUE – ONE YEAR ENDING SEPTEMBER 30, 2012

BHMS Sector	ARMB		Russell 2000 Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection + Interaction	Total Effect
Industrials	32.7	60.0	14.3	31.9	0.4	8.8	9.2
Consumer Discretionary	20.7	49.9	11.8	42.8	0.8	1.1	1.8
Information Technology	23.6	27.7	11.4	16.2	-1.5	2.9	1.4
Utilities	0.0	0.0	7.0	18.9	1.1	0.0	1.1
Financials	13.5	54.6	36.6	38.6	-1.1	1.5	0.4
Health Care	3.9	57.5	5.0	40.4	-0.0	0.3	0.3
Consumer Staples	0.0	0.0	2.9	27.0	0.2	0.0	0.2
Materials	3.7	45.1	5.1	37.3	0.0	0.1	0.1
Telecommunication Services	0.0	0.0	0.6	24.3	0.1	0.0	0.1
Energy	1.9	-33.8	5.2	15.1	0.3	-0.9	-0.6
Total	100.0	46.6	100.0	32.6	0.2	13.8	14.0

Selection=return differential x portfolio weight

Allocation=weight differential x return differential between benchmark sector return and benchmark total return

Note: Performance Analysis does not include impact of cash holdings.

Largest Contributors		
	Avg. Weight	Contribution
* RSC Holdings Inc.	2.3 %	6.21 %
Cabela's Inc.	3.7 %	3.95 %
Terex Corp.	3.5 %	2.71 %
Oshkosh Corp.	3.4 %	2.25 %
Mentor Graphics Corp.	4.0 %	2.14 %

Largest Detractors		
	Avg. Weight	Contribution
Berry Petroleum Co. CI A	1.4 %	-0.49 %
Gentex Corp.	2.2 %	-0.34 %
* EXCO Resources Inc.	0.5 %	-0.24 %
Duff & Phelps Corp. CI A	1.0 %	-0.22 %
Myers Industries Inc.	0.7 %	-0.10 %

*sold

Best Performing Stocks	
	Performance
* RSC Holdings Inc.	218 %
Cabela's Inc.	168 %
Synovus Financial Corp.	125 %
Terex Corp.	120 %
Trex Co. Inc.	113 %

Worst Performing Stocks	
	Performance
Gentex Corp.	-28 %
* EXCO Resources Inc.	-19 %
Berry Petroleum Co. CI A	-18 %
Mercury Computer Systems Inc.	-8 %
Duff & Phelps Corp. CI A	-2 %

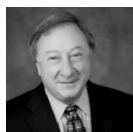
*sold

See Appendix for disclosure

APPENDIX

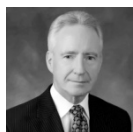
BHMS EQUITY PROFESSIONALS

VALUE EQUITY



JAMES P. BARROW – Executive Director, Portfolio Manager

During Mr. Barrow's 50-year investment career, he has worked as a securities analyst and portfolio manager for several major institutions including Citizens & Southern Bank of South Carolina, Atlantic Richfield, and Reliance Insurance. In 1973 he joined Republic National Bank of Dallas as a portfolio manager. He later was placed in charge of the Employee Benefit Portfolio Group and was a member of the Trust Investment Committee until the founding of this firm in 1979. Mr. Barrow graduated from the University of South Carolina.



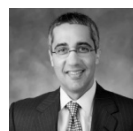
ROBERT J. CHAMBERS, CFA – Managing Director, Portfolio Manager

Mr. Chambers joined BHMS in 1994. During his 40-year investment career, he worked as a senior securities analyst and portfolio manager for General Accident Group, the U.S. subsidiary of General Accident Fire and Life Assurance Co., Ltd. of Perth, Scotland. Mr. Chambers graduated from Drexel University with a BS in Finance.



TIMOTHY J. CULLER, CFA – Managing Director, Portfolio Manager

Mr. Culler joined BHMS in 1999 from INVESCO Capital Management, where he served as their Chief Investment Officer. Prior to his 9 years at INVESCO, Mr. Culler served as a securities analyst and a portfolio manager at First Union National Bank in Charlotte, where he began his 28-year career in the investment management industry. Mr. Culler graduated from Miami University in Ohio with BA and MA degrees.



MATTHEW P. EGES, CFA – Director, Portfolio Specialist

Mr. Egenes joined BHMS as a portfolio specialist in 2005. He joined our firm from American Century Investments, where he served as vice president and institutional client advisor. Prior to his eight years at American Century, Mr. Egenes was executive vice president and portfolio manager for the firm that is now U.S. Bancorp, where he began his 25-year career in the investment management industry. Mr. Egenes graduated from Iowa State University with a BBA in Finance. He is a member of the CFA Institute and the CFA Society of Dallas-Fort Worth.



JEFF G. FAHRENBRUCH, CFA – Managing Director, Analyst

Mr. Fahrenbruch joined BHMS in 2002. Prior to joining BHMS, he was an equity analyst at Westwood Holdings Group. Mr. Fahrenbruch, with 15 years of experience in the investment industry, serves on the Board of Directors and the Strategic Advisory Board of the CFA Society of Dallas-Fort Worth. He earned a BBA in Finance with Highest Honors from the University of Texas, where he also served as an analyst on the MBA Investment Fund, LLC and competed on the UT golf team. In 1997, Mr. Fahrenbruch received the Ben Hogan Award and now serves on the selection committee for the award.



DAVID W. GANUCHEAU, CFA – Managing Director, Analyst

Mr. Ganuchau joined BHMS in 2004. Prior to joining BHMS, he was a portfolio manager and analyst for Clover Partners, LP. His 16-year career in the investment management industry includes serving as an analyst at GSB Investment Management. Mr. Ganuchau graduated from Southern Methodist University with a BBA in Accounting.



MARK GIAMBRONE, CPA – Managing Director, Portfolio Manager

Mr. Giambrone joined BHMS in 1999. Prior to joining BHMS, Mr. Giambrone served as a portfolio consultant at HOLT Value Associates. During his 20-year career, he has also served as a senior auditor/tax specialist for KPMG Peat Marwick and Ernst & Young Kenneth Leventhal. Mr. Giambrone is a member of the American Institute of Certified Public Accountants. He graduated summa cum laude from Indiana University with a BS in Business and received an MBA from the University of Chicago.

BHMS EQUITY PROFESSIONALS

VALUE EQUITY (Continued)



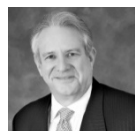
JANE GILDAY, CFA – Managing Director, Analyst

Ms. Gilday joined BHMS in 1998. During her 44-year investment career, she has worked as a securities analyst at Argus Research, Spencer Trask & Co., First Boston Corp., M.J. Gilday Associates Inc., McKinley Allsopp, Gruntal & Co., Hancock Institutional Equity Services, and Advest Inc. Ms. Gilday graduated from Smith College, where she earned her BS in Economics, cum laude.



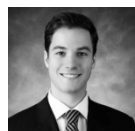
JOHN P. HARLOE, CFA – Managing Director, Portfolio Manager

Mr. Harloe joined BHMS in 1995 from Sterling Capital Management, where he served as a vice president and equity portfolio manager/analyst for 9 years. During the remainder of his 36-year investment career, Mr. Harloe worked with James McClure at American National Insurance Company, American Capital Management and Research, and Oppenheimer & Co., Inc. Mr. Harloe graduated from the University of South Carolina with a BA and an MBA.



H. MONROE HELM, III – Director, Analyst

Mr. Helm joined BHMS as an equity analyst in 1997 and 2010. He founded Cimarrone Capital Management, LLC and was a co-manager of Monomoy Natural Resources Fund, both affiliated with CM Energy Partners, Inc. Mr. Helm was also a founding member of RoundRock Capital Management, LLC. During his 36-year investment career, he has worked as a securities analyst at Republic National Bank of Dallas, Wells Fargo Investment Advisors, Morgan Stanley & Co., and Dillon, Read & Co. Mr. Helm has also worked for finance groups at Tenneco, Inc. and Lear Petroleum Corporation. He graduated from the University of Texas, where he earned both his BA and MBA.



W. COLEMAN HUBBARD, JR. – Analyst

Mr. Hubbard joined BHMS in 2012 as an equity analyst, focusing on small cap stocks. Prior to joining BHMS, he served as a financial analyst at Edgeview Partners. Mr. Hubbard began his investment career as an analyst at Bank of America Merrill Lynch. He graduated from Davidson College, where he earned a BA in Economics.



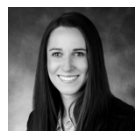
DAVID A. HODGES, JD, CFA – Managing Director, Portfolio Manager

Mr. Hodges joined BHMS in 2001. During his 12-year investment career, he served as an equity analyst for Sawgrass Asset Management. Prior to his tenure at Sawgrass, he was a partner at the Hodges Law Firm in Little Rock. Mr. Hodges graduated from Southern Methodist University with a BA. He received an MBA from the University of Florida with a concentration in Security Analysis. He also holds a JD degree from the University of Arkansas School of Law, where he graduated magna cum laude.



LAURA JIRELE-BORLESKE, CFA, CIPM – Analyst

Ms. Jirele-Borleske joined BHMS in 2006. She became an equity analyst in 2012, after serving most recently as an equity trader. Her work at the firm initially included international operations and GIPS compliance. Ms. Jirele-Borleske's experience prior to joining BHMS includes working on the trading desk of Jefferies & Company. She graduated magna cum laude from the A.B. Freeman School of Business at Tulane University, where she earned a BS with a concentration in finance and served as a research equity analyst for the Burkenroad Reports. She is a member of the CFA Institute and the CFA Society of Dallas-Fort Worth.



CAROLINE R. LE FEUVRE – Analyst

Ms. Le Feuvre joined BHMS in 2012. Her prior investment experience includes work as an equity analyst at Morgan Stanley Investment Management and JP Morgan Securities, Inc. She received a BS in Commerce with Distinction from the University of Virginia, with a concentration in Finance and a second major in French. Ms. Le Feuvre holds an MBA from the Stanford University Graduate School of Business.

BHMS EQUITY PROFESSIONALS

VALUE EQUITY (Continued)



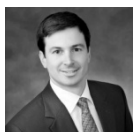
CORY L. MARTIN – Managing Director, Portfolio Specialist Group

Mr. Martin joined BHMS in 1999. Prior to joining BHMS, he served as a vice president at Templeton Investment Counsel, Inc. in Fort Lauderdale, Florida where he was responsible for a number of international separate account and institutional fund client relationships. His 22-year career in the investment management industry includes serving as an institutional investment consultant with LCG Associates, Inc., where he was responsible for advising institutional clients. Mr. Martin is a member of the CFA Institute and the CFA Society of Dallas-Fort Worth. He graduated from Baylor University.



JAMES S. McCLURE, CFA – Managing Director, Portfolio Manager

Mr. McClure joined BHMS in 1995 from Goldman Sachs Asset Management, where he had been a vice president and senior portfolio manager, managing the Capital Growth Fund, as well as separate accounts. During his 40-year investment career, he has served as the Chief Investment Officer, and then President and Chief Operating Officer at National Securities and Research Corporation. He also served as the Chief Investment Officer and executive vice president at Oppenheimer & Co., Inc. He managed mutual funds at American Capital Management and Research and was initially a securities analyst at American National Insurance Company. Mr. McClure graduated from the University of Texas where he earned both his BA and MBA.



MICHAEL B. NAYFA, CFA – Analyst

Michael joined BHMS in 2008 as an equity analyst. Prior experience includes work as an analyst at HBK and institutional equity sales at Natexis Bleichroeder. Mr. Nayfa began his career in institutional sales at Sidoti & Company, LLC. He holds an MBA from the University of Texas, as well as a BBA in Finance from Texas Christian University, and is a member of the CFA Society of Dallas-Fort Worth.



RAY NIXON, JR. – Executive Director, Portfolio Manager

Mr. Nixon joined BHMS in 1994 from Smith Barney, Inc., where he was a member of the firm's Investment Policy Committee and served as their lead institutional stockbroker for the Southwest. During his 35-year investment career, he also served as a research analyst for the Teacher Retirement System of Texas. Mr. Nixon is a member of the Board of the Presbyterian Healthcare Foundation, the Board of the Salvation Army, and the Investment Committee of the Susan G. Komen Foundation. He holds a BA and an MBA from the University of Texas.



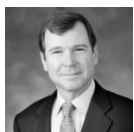
TERRY L. PELZEL, CFA – Analyst

Mr. Pelzel joined BHMS in 2010 as an equity analyst. Prior to joining BHMS, he served as a senior portfolio analyst for Highland Capital Management, LP and as a financial analyst for Houlihan, Lockey, Howard & Zukin, Inc. Mr. Pelzel graduated from Texas A&M University, where he earned his BBA in Finance, magna cum laude.



BRIAN F. QUINN, CFA – Director, Analyst

Mr. Quinn joined BHMS in 2005 as an equity analyst. During his 11-year investment career, he has served as an equity analyst for Clover Partners, LP and as a credit analyst for Frost Bank. Mr. Quinn received an MBA from Texas Christian University, where he served as a portfolio manager and equity research analyst for the William C. Conner Foundations Educational Investment Fund. He earned a BS, with a concentration in Finance, from Fordham University and is a member of the CFA Society of Dallas-Fort Worth.



R. LEWIS ROPP – Managing Director, Portfolio Manager

Mr. Ropp joined BHMS in 2001 from Frost Securities, where he was a senior equity analyst and served as managing director of the Energy Group. He served in management positions at Shell Oil Company and as a securities analyst in the energy sector at Howard, Weil, Labouisse, Friedrichs, Inc. prior to joining Frost Securities. Mr. Ropp received a Wall Street Journal "Best On The Street" listing in 2001 for his coverage of the secondary oil sector. Mr. Ropp graduated from the University of Louisiana at Lafayette with a BS in Mechanical Engineering. He received an MBA, as well as an MS in Civil and Environmental Engineering from Tulane University.

BHMS EQUITY PROFESSIONALS

VALUE EQUITY (Continued)



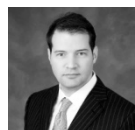
KIRBY H. SMITH, CFA, CPA – Director, Portfolio Specialist

Mr. Smith joined BHMS in 2005 as a portfolio specialist. During his 19-year career, Mr. Smith served as a managing director of institutional equity sales for Bear Stearns. Prior to joining Bear Stearns, he worked at Donaldson, Lufkin & Jenrette and Lehman Brothers. Prior to his investment banking tenure, Mr. Smith held positions in public accounting and corporate finance. He graduated from Rhodes College with a BA and received an MBA in Finance and Accounting from Emory University. Mr. Smith is a member of the American Institute of Certified Public Accountants, and the CFA Society of Dallas-Fort Worth.



WILLIAM B. UNDERWOOD – Director, Portfolio Specialist

Mr. Underwood joined BHMS in 1998. Prior to servicing the firm's client relationships, his work at the firm included market and index research and portfolio analysis. Mr. Underwood began his 16-year career as a financial analyst at First City Financial Corporation. He graduated from Baylor University with a BBA and received an MBA from the Cox School of Business at Southern Methodist University.



MICHAEL J. WETHERINGTON, CFA – Director, Analyst

Mr. Wetherington joined BHMS in 1997. He serves as an equity analyst at BHMS. Mr. Wetherington began his 19-year investment career as an equity trader for Fidelity Investments, where he later served as an analyst for their brokerage advisors. Mr. Wetherington graduated from Southern Methodist University with a BS in Economics/Finance.



RANDOLPH S. WRIGHTON, JR., CFA – Director, Analyst

Mr. Wrighton joined BHMS in 2005 as an equity analyst. During his 10-year investment career, he worked as an intern analyst for the University of Texas Investment Management Company in Austin and Perry Capital in New York while attending graduate school at the McCombs School of Business at the University of Texas. Prior experience includes work as an associate in institutional equity sales for Deutsche Bank Securities in Atlanta. Mr. Wrighton served in the U.S. Marine Corps for four years, where he attained the rank of Captain. He is a member of the CFA Society of Dallas-Fort Worth. Mr. Wrighton holds an MBA from the University of Texas and a BA in Economics from Vanderbilt University.

TRADING



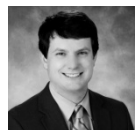
JASON W. SKINNER – Director, Head Trader

Mr. Skinner joined our firm in 1993 and currently serves as head equity trader. Mr. Skinner started his 19-year investment career with Fidelity Investments. He graduated from the University of Texas at Arlington with a BBA in Finance.



AARON J. SKIPWITH – Director

Mr. Skipwith joined BHMS in 2003. Mr. Skipwith currently serves as an equity trader. His 12-year investment career includes working for Lamp Technologies LLC, a technology consultant and service provider to the alternative investment community. Mr. Skipwith also served as a quantitative analyst at ATA Research, Inc. He graduated from the University of Texas at Dallas with a BS in Economics and Finance, cum laude.

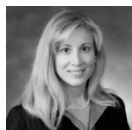


CLAYTON D. RODGERS – Trader

Mr. Rodgers joined BHMS in 2005. Prior to becoming an equity trader in 2012, he served as an information technology specialist at BHMS. His work in this area included the testing and implementation of a new firm-wide trading system and a new research management system, as well as back-office automation projects. Mr. Rodgers earned a BBA from Texas A&M University at Commerce, where he is currently an MBA candidate.

BHMS EQUITY PROFESSIONALS

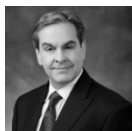
COMPLIANCE



PATRICIA B. ANDREWS – Director, Chief Compliance & Risk Officer

Ms. Andrews joined our firm in 2000. She began serving as BHMS' Compliance Officer in 2001 and was appointed Chief Compliance Officer (CCO) in 2004. In 2010, Ms. Andrews was also appointed Risk Officer. She is responsible for overseeing the firm's compliance program. Her 26-year career in the investment industry includes serving at Smith Barney and Morgan Stanley. Ms. Andrews holds the Investment Adviser Certified Compliance Professional (IACCP) certification.

CLIENT DEVELOPMENT



ROBERT D. BARKLEY – Managing Director

Mr. Barkley joined BHMS in 1996. Prior to joining the firm, Mr. Barkley was a vice president and regional sales manager for Goldman Sachs Asset Management. During his 32-year investment career, he has worked as a senior capital advisor with SEI Corporation, and as a vice president in charge of institutional marketing at L.J. Melody & Co. He began his career at Goldman, Sachs & Co. as a member of the firm's private client services group. Mr. Barkley graduated from Baylor University with a BBA and from the Baylor School of Law with a JD.



LIN FITZENHAGEN, CFA – Director

Mr. Fitzenhagen joined our firm as a director in 2010. Prior to joining BHMS, he worked for Callan Associates, where before acting as a general consultant, he was a specialty consultant in Callan's Global Manager Research Group responsible for covering international and global equity strategies. During his 11-year investment career, Mr. Fitzenhagen also served at the San Diego City Employees' Retirement System as an investment analyst. He graduated from Washington and Lee University with a BA and received an MBA from the University of Texas at Dallas. Mr. Fitzenhagen is a member of the CFA Society of Dallas-Fort Worth, the Financial Analysts Society of San Diego and the CFA Institute.



HUNTER WOOD – Director

Mr. Wood joined BHMS in 2001. Prior to joining the firm, Mr. Wood was director of business development for Digital Century Capital in New York. During his 20-year investment career, Mr. Wood has served as director of product development at MINT Investment Management Company in New York and vice president of trading operations at Chesapeake Capital Corporation in Richmond. Mr. Wood graduated from the University of Richmond with a BSBA in Finance.

REGULATORY DISCLOSURES

Partial Client List: The representative client list was compiled based on diversity of client type and length of relationship with BHMS (both old and new relationships). Performance-based criteria was not used in determining which clients to include on the list. Inclusion on this list does not reflect an endorsement of our firm or the advisory services provided.

Russell Indexes: Russell Investment Group is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

General Disclosures: A complete list and details concerning all composites are available upon request. Past performance is not indicative of future results. This information is to be used solely in one-on-one discussions with plan sponsors and consultants, with the appropriate reference to these disclosures.

Largest Contributors/Detractors and Largest Gainers/Decliners: Returns shown are of an actual client's portfolio managed by BHMS as of the date noted. Performance is expressed in U.S. currency. The returns include the reinvestment of all income. Gross returns are presented before investment management and custodial fees. Past performance does not guarantee future results. The calculation methodology used and a list of the contribution to overall performance for each holding during the measurement period is available by contacting clientservices@barrowhanley.com. Holdings identified do not represent all of the securities purchased, sold, or recommended.

Jennison Associates, LLC

Mandate: Small Cap

Hired: 2005

Firm Information	Investment Approach	Total ARMB Mandate
<p>Jennison Associates, LLC (“Jennison”) is organized under the laws of Delaware as a single member limited liability company whose sole member is Prudential Investment Management, Inc., which is a direct, wholly-owned subsidiary of Prudential Asset Management Holding Company LLC, which is a direct, wholly-owned subsidiary of Prudential Financial, Inc.</p> <p>As of 9/30/12, the firm’s total assets under management were \$156.3 billion.</p> <p>Key Executives: Jason Swiatek, <i>Managing Director, Portfolio Manager</i> John Mullman, <i>Managing Director, Portfolio Manager</i> Richard Mastain, <i>Managing Director, Client Relationship Management</i></p>	<p>Jennison’s small cap team believes that active management through bottom-up fundamental research can add significant value in uncovering inefficiencies that exist in the small cap asset class. The team seeks to uncover companies that have attractive valuations and should experience superior earnings growth on an intermediate term basis. The underlying philosophy is to buy businesses rather than just companies.</p> <p>Jennison conducts comprehensive fundamental analysis across a wide variety of industries to identify investment potential. Original, fundamental bottom-up company research is the basis of Jennison’s small cap investment process, and the team primarily relies on internal analysis of companies and industry dynamics to make investment decisions. The combination of internal research, a wide-ranging Jennison research staff and an extensive network of Wall Street analysts provide a strong capability for the identification of outstanding stock candidates.</p> <p>Benchmark: Russell 2000 Index</p>	<p>Assets Under Management: 9/30/12 \$132,146,800</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (gross)	4.53%	26.17%	15.01%	3.40%
Fee	0.20%	0.77%	0.77%	0.77%
Manager (net)	4.33%	25.40%	14.24%	2.63%
Benchmark	5.25%	31.91%	12.99%	2.21%

Alaska Retirement Management Board

Jason M. Swiatek, CFA
Managing Director

Peter H. Reinemann, CFA
Managing Director

Jennison Associates

Commitment to Performance:

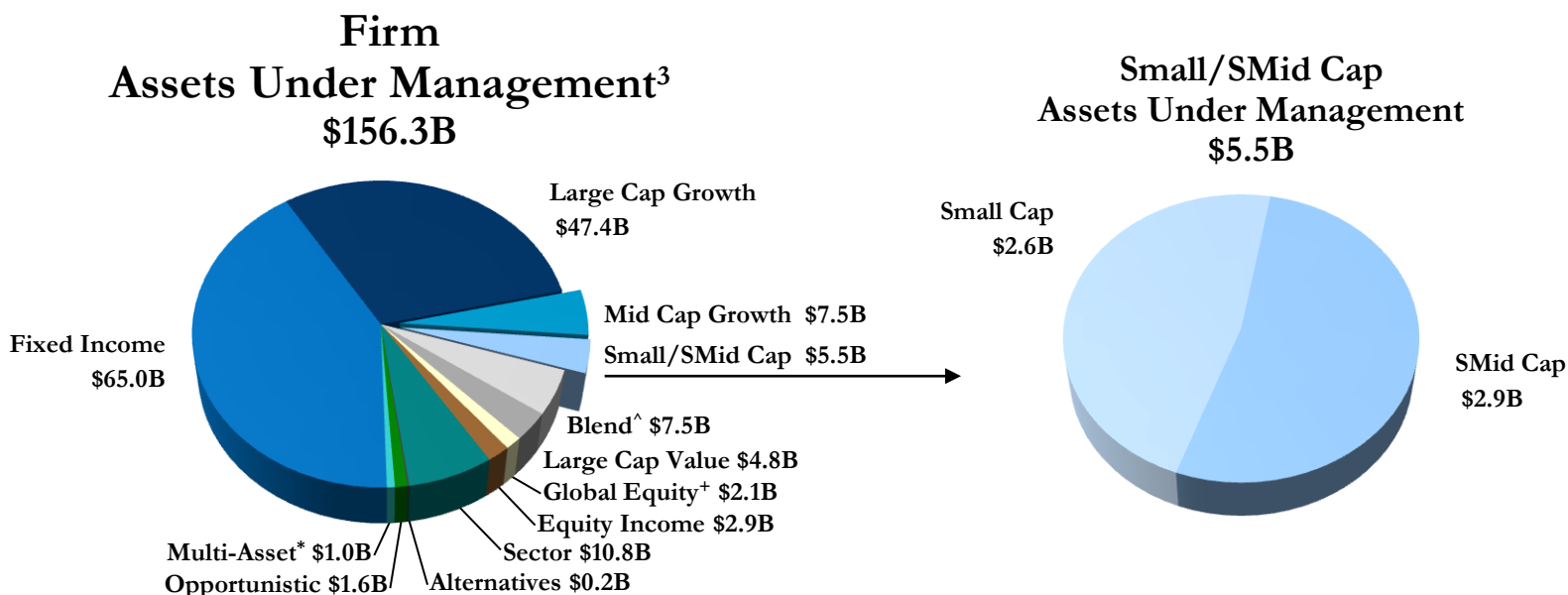
- Investment excellence across our capabilities¹
- Superior long-term investment returns for over 43 years²

Investment Culture:

- Singular focus on delivering results for clients
- Success measured as investment outperformance
- Team-based approach with benefit of individual accountability

Investment Objective:

- Long-term outperformance of relevant benchmarks driven by fundamental research and security selection



Assets under management (AUM) are as of September 30, 2012.

*Multi-Asset AUM also includes Balanced AUM.

[^]Blend Equity AUM includes Large Cap Blend Equity and All Cap Blend Equity AUM.

⁺Global Equity AUM includes Global Equity and International Equity AUM.

Footnotes 1, 2 & 3: See Notes 1, 2 & 3 in the Appendix.

Past performance does not guarantee future results.

Performance Evaluation

As of September 30, 2012, Gross of Fee

	Alaska Retirement Management Board	Russell 2000® Index	Portfolio vs. Russell 2000® Index -- Excess Returns --
YTD to 9/30/12	10.1%	14.2%	-4.1%
Third Quarter 2012	4.5	5.3	-0.7
YTD to 11/14/12	5.2	5.6	-0.4
Full Year 2011	-0.5%	-4.2%	3.6%
Full Year 2010	31.2	26.9	4.4
Full Year 2009	35.2	27.2	8.1
Full Year 2008	-37.1	-33.8	-3.3
Full Year 2007	6.9	-1.6	8.5
Full Year 2006	19.9	18.4	1.6
Since Inception (7.4 Years)			
Cumulative	84.6%	59.6%	24.9%
Annualized	8.6	6.5	2.1

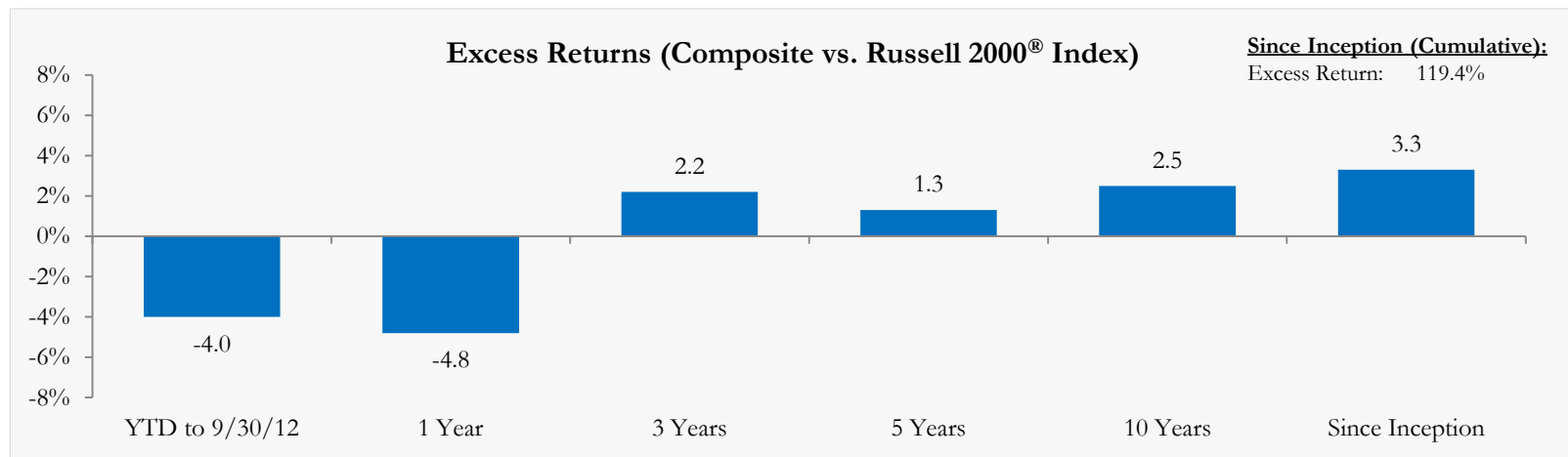
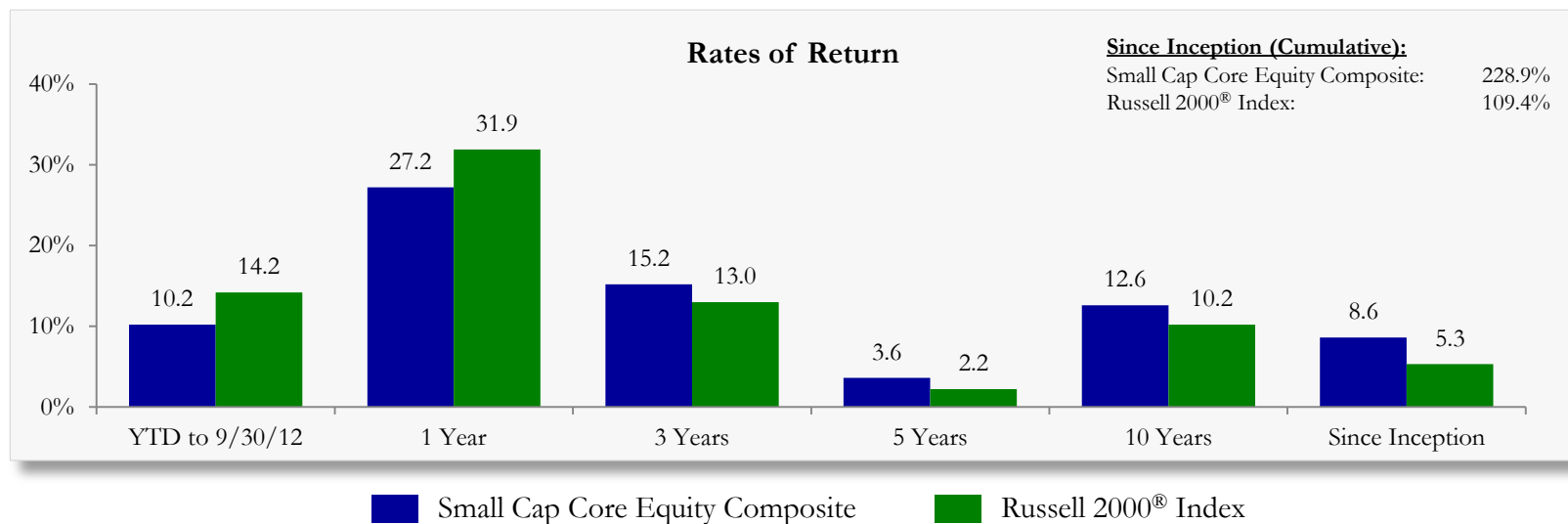
Inception of Alaska Retirement Management Board portfolio: 5/2/05.

See Notes 4, 5, 6 & 7 in the Appendix.

Past performance does not guarantee future results.

Performance Evaluation

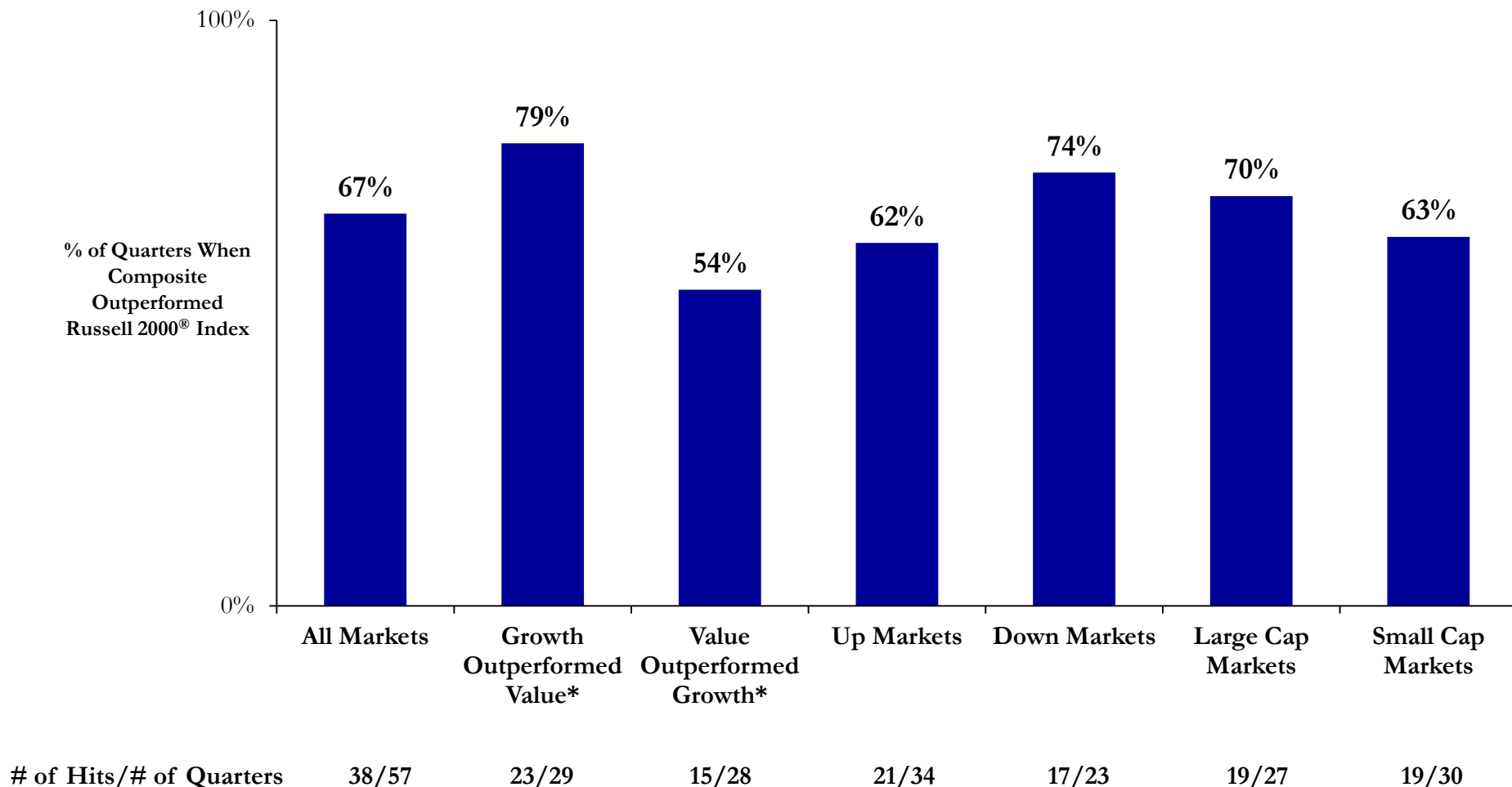
As of September 30, 2012, Gross of Fee



*Inception of Small Cap Core Equity Composite: 4/30/98. Periods greater than 1 year are annualized unless otherwise noted.
 See Small Cap Core Equity presentation and Notes 5, 6 & 7 in the Appendix.
 Past performance does not guarantee future results.*

Performance In Different Market Conditions

*Small Cap Core Equity Composite, Gross of Fee
Since Inception to September 30, 2012*



Inception of Small Cap Core Equity Composite: 4/30/98.

**Growth is measured by the Russell 2000® Growth Index. Value is measured by the Russell 2000® Value Index.*

See Small Cap Core Equity Composite presentation and Notes 4, 5, 6 & 8 in the Appendix.

Past performance does not guarantee future results.

JENNISON ASSOCIATES

Focused Small and Mid Cap Team

Jennison Small and Mid Cap Team	Years of Investment Experience	Research Coverage
John P. Mullman, CFA <i>Portfolio Manager</i>	25	Special Situations
Jason M. Swiatek, CFA <i>Portfolio Manager</i>	17	Financials, Real Estate
Benjamin F. Bryan, CFA <i>Research Analyst</i>	17	Business Services, Internet, Technology, Telecommunications
Hilary Frisch, CFA <i>Research Analyst</i>	19	Technology: Semiconductors, Capital Equipment, Communications, Electronics, Software, Storage
Jodi I. Love <i>Research Analyst</i>	10	Consumer Discretionary, Retail, Restaurants, Apparel
Steven P. McNeil, CPA <i>Research Analyst</i>	16	Capital Goods & Industrials, Basic Materials, Autos & Auto Parts
Sheetal M. Prasad, CFA <i>Research Analyst</i>	12	Health Care
Jonathan M. Shapiro <i>Research Analyst</i>	15	Consumer Services, Gaming & Lodging, Financials, Real Estate
Kelly Thomas <i>Research Analyst</i>	6	Consumer Staples, Health Care, Software, REITs

John P. Mullman, CFA, Head of Small and Mid Cap Equity Investment Team

- A decade of private investing with Prudential's private asset management group
- Experience in a wide range of industries and types of financings with various intermediaries
- Managed workouts of over 20 distressed investments

Dedicated team of 9 with an average of 15 years experience

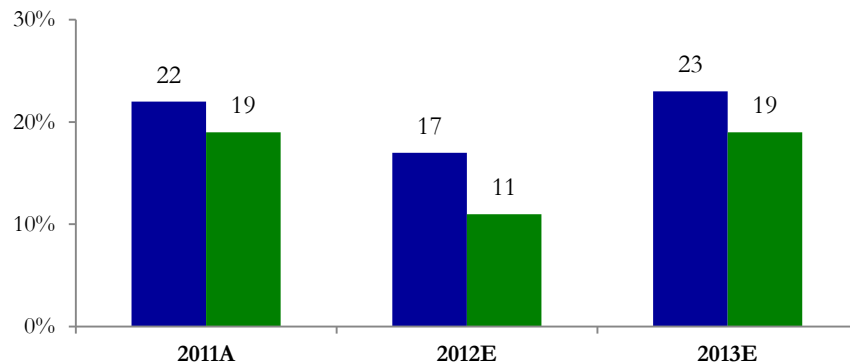
- Well rounded skill set, solid sector coverage and diverse backgrounds

Portfolio managers and analysts support multiple products.

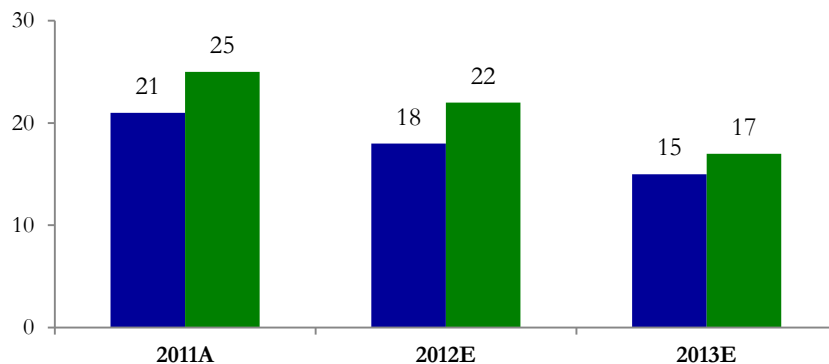
Portfolio Characteristics

As of September 30, 2012

EPS Growth

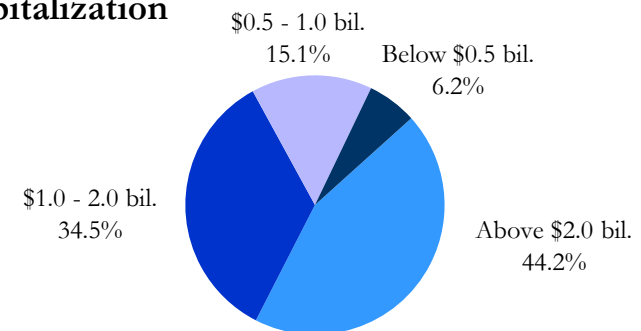


P/E



■ Alaska Retirement Management Board ■ Russell 2000® Index

Market Capitalization



Other Characteristics

Weighted Average Market Capitalization -

Performance-Based Historical Beta
(vs. R2000®) -

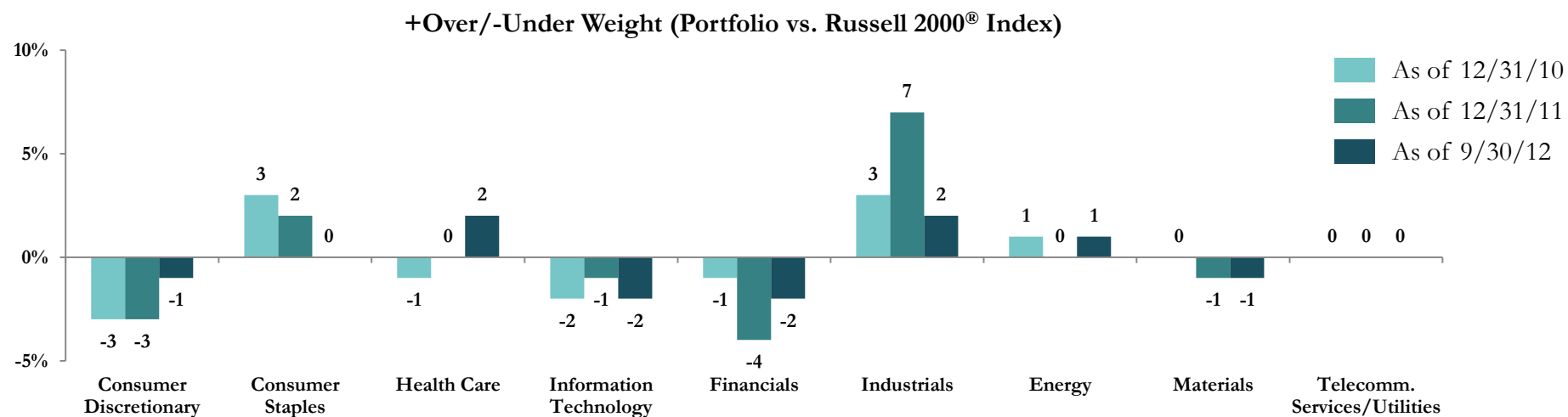
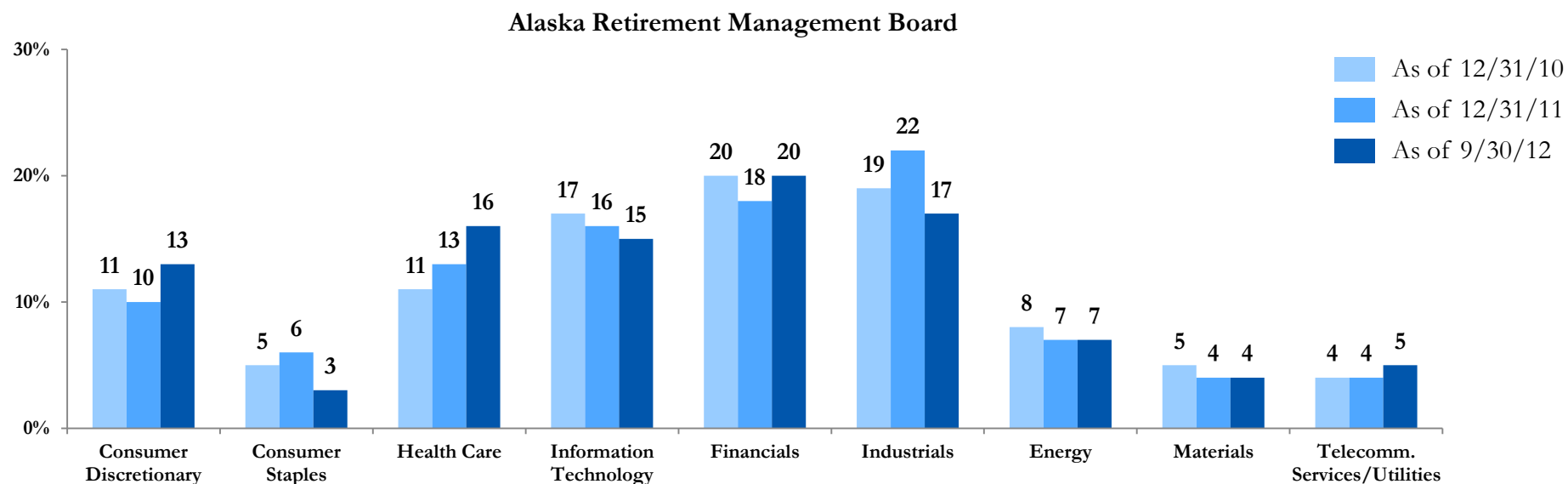
Number of Holdings -

Estimated Annual Turnover -

Alaska Retirement Management Board	Russell 2000® Index
\$2.07 bil.	\$1.28 bil.
0.96 [^]	
128	
40 - 60%	

[^]Performance-Based Historical Beta is based on the annualized (Gross of Fee) 5 year performance returns of the Alaska Retirement Management Board portfolio.
See Notes 4, 5, 6 & 9 in the Appendix.

Portfolio Sector Allocation



Data shown above represents % of Equity.

For ease of reference, certain similar GICS sectors have been grouped together.

See Notes 4, 5, 6 & 10 in the Appendix.

Largest Equity Holdings

Alaska Retirement Management Board as of September 30, 2012

<u>Security</u>	<u>% of Portfolio</u>	<u>Sector</u>	<u>P/E Cal Yr. 2012E</u>	<u>P/E Cal Yr. 2013E</u>	<u>Est. 3 Yr. Normalized Growth Rates</u>
Rosetta Resources, Inc.	2.1%	Energy	15x	12x	43%
tw telecom inc.	2.0	Telecommunication Services	48	37	12
Air Methods Corporation	2.0	Health Care	21	19	14
White Mountains Insurance Group Ltd.	1.9	Financials	12	11	12
RBC Bearings, Inc.	1.8	Industrials	19	17	15
The Cheesecake Factory Incorporated	1.7	Consumer Discretionary	19	16	15
Wright Express Corporation	1.6	Information Technology	17	15	15
Heartland Express, Inc.	1.6	Industrials	19	18	15
BioMarin Pharmaceutical, Inc.	1.6	Health Care	NM	NM	18
MFA Financial, Inc.	1.6	Financials	9	9	8
NETGEAR, Inc.	1.5	Information Technology	14	13	30
Vail Resorts, Inc.	1.4	Consumer Discretionary	NM	33	12
AMERIGROUP Corporation	1.3	Health Care	28	16	14
MWI Veterinary Supply, Inc.	1.3	Health Care	24	20	20
Pier 1 Imports, Inc.	1.3	Consumer Discretionary	16	13	20
Protective Life Corporation	1.3	Financials	7	7	10
Bio-Reference Labs, Inc.	1.3	Health Care	19	16	18
MAP Pharmaceuticals, Inc.	1.2	Health Care	NM	NM	25
Eaton Vance Corp.	1.2	Financials	16	14	14
Symetra Financial Corporation	1.2	Financials	8	8	10

NM: Not Meaningful and applies to securities with P/Es greater than 50 or less than 0.
See Notes 10, 11, 12, 13 & 14 in the Appendix.

Performance Summary

January 1, 2012 to September 30, 2012, Gross of Fee

- The portfolio advanced, but underperformed the Russell 2000® Index, which gained 14.2%.
- All sectors except Energy had positive gains in the index. Health Care, Telecomm. Services, Consumer Discretionary, and Financials had the strongest performances.
- Stock selection in Consumer Discretionary and Industrials detracted most from relative returns in the portfolio. An underweight position in Financials and an overweight position in Industrials were also detrimental.
- Stock selection in Health Care contributed most to relative returns. An underweight position in Utilities and an overweight position in Telecomm. Services benefitted.

Largest Absolute Impact		Alaska Retirement Management Board		
		Average Weight	Total Return	Contribution to Return
Top Five				
Catalyst Health Solutions, Inc.	Health Care	0.8%	77%	0.75%
Air Methods Corporation	Health Care	1.8	41	0.69
MWI Veterinary Supply, Inc.	Health Care	1.3	61	0.60
AMERIGROUP Corporation	Health Care	1.2	55	0.59
Bio-Reference Laboratories, Inc.	Health Care	1.0	76	0.57
Bottom Five				
Bridgepoint Education, Inc.	Consumer Discretionary	0.4%	-58%	-0.65%
ADTRAN, Inc.	Information Technology	1.0	-42	-0.56
FTI Consulting, Inc.	Industrials	0.9	-37	-0.45
Key Energy Services, Inc.	Energy	0.4	-56	-0.40
Express, Inc.	Consumer Discretionary	1.1	-26	-0.36

Source for commentary data and table data: FactSet. The holdings identified do not represent all of the securities purchased, sold or recommended by Jennison.

See Note 15 in the Appendix for how the contribution to return was calculated.

A complete list of holdings and how each contributed to the portfolio's return is available upon request.

See Notes 6, 10, 11 & 12 in the Appendix.

Past performance does not guarantee future results.

Portfolio Outlook

- Despite volatility in the equity markets and concerns about a slowdown in global growth, we are maintaining our outlook for modest economic growth in the US this year.
 - This is unlikely to result in robust earnings growth or meaningful changes in unemployment or inflation.
 - Some renewed activity in depressed sectors, such as autos and housing, appears likely.
 - This environment should enable many companies to sustain and potentially expand operating margins, but this will be increasingly difficult with rising commodity prices.
- While the Federal Reserve has continued to hold interest rates at or near zero, this is unlikely to accelerate economic growth beyond our expectations.
 - We are increasingly concerned about the depressed economic environment in Europe and the decelerating China economy and their impact on corporate profits of companies operating in these markets.
- We expect that following the election, budget deliberations in Congress will result in tighter fiscal policy.
 - Investors will monitor federal and state debt, which could dampen corporate revenue growth.
 - Increasing political rhetoric leading up to the election and the potential economic fallout from the expiration of tax and spending cuts due to “sequestration” also present risks.
- Cash levels on corporate balance sheets remain at historically high levels.
 - Companies are likely to increase cash deployment through capital investment, share buybacks/dividends, and mergers and acquisitions.
 - We expect the portfolio to continue to benefit from an acceleration of M&A activity.
- Industry weightings in the portfolio are balanced as we continue to find attractive investments across all industry groups.
 - In our view, companies that are benefitting from strong secular trends and can demonstrate pricing power should prosper in the current economic environment.

Appendix

Performance Analysis

Small Cap Core Equity Composite Gross of Fee vs. Russell 2000® Index

As of September 30, 2012

Annualized Performance and Statistics

<i>Based on Monthly Returns</i>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Annualized Returns				
Small Cap Core Equity Composite	27.2%	15.2%	3.6%	12.6%
Russell 2000® Index	31.9	13.0	2.2	10.2
Excess Returns	-4.8	2.2	1.3	2.5
Annualized Standard Deviation (Composite)	18.0%	19.8%	24.0%	19.3%
Annualized Standard Deviation (Russell 2000® Index)	17.7	21.0	24.5	20.3
Sharpe Ratio (Composite)	1.5	0.8	0.1	0.6
Sharpe Ratio (Russell 2000® Index)	1.8	0.6	0.1	0.4
<i>Composite vs. Russell 2000® Index</i>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Annualized Tracking Error	4.3%	3.8%	4.7%	4.3%
Information Ratio	-1.1	0.6	0.3	0.6
Annualized Alpha	-3.29%	2.77%	1.43%	2.90%
Performance-Based Historical Beta	---	0.93	0.96	0.93
R Squared	94%	97%	96%	95%

Inception of Small Cap Core Equity Composite: 4/30/98.

See Small Cap Core Equity Composite presentation and Notes 5, 6, 7 & 17 in the Appendix.

Past performance does not guarantee future results.

Biographies - Small and Mid Cap Investment Team

John P. Mullman, CFA, Managing Director, Head of Small and Mid Cap Equity, & Small, SMid, and Mid Cap Equity Portfolio Manager ♦ John Mullman joined Jennison Associates in August 2000 when Prudential's public equity asset management capabilities merged into Jennison. John has been managing institutional small cap portfolios since 1996 and was named the portfolio manager of the Prudential Jennison Small Company Fund in May 2000. He was also named portfolio manager for the Prudential Jennison Mid-Cap Growth Fund in 2005. *Barron's* magazine has named John as one of the top 100 mutual fund managers in 2006, 2007 and 2008. John joined Prudential in 1987 as an associate in the corporate finance group, where he originated a variety of private placement investments, including fixed rate debt securities, leverage buyouts, ESOP financings and asset-backed investments. From 1991 to 1995, John served as a vice president in Prudential's financial restructuring group, where he managed a \$500 million portfolio of privately-placed debt and equity securities in financially troubled or over-leveraged companies. He managed the workouts of over 20 distressed investments through a variety of out-of-court restructurings, bankruptcies and complex recapitalizations. The bulk of the investments were in companies with market capitalizations below \$1 billion. Through his private equity and workout experience, John has served on the boards of directors of three public and private firms and has worked closely with management in developing and implementing strategic growth plans for several small cap companies. Over the course of his career, John has worked with a wide variety of small companies, industries, LBO sponsors and financial intermediaries and has developed an in-depth knowledge of business assessment and valuation methodologies. John received a B.A. in economics from the College of the Holy Cross and an M.B.A. from Yale University. He is also a member of the New York Society of Security Analysts and CFA Institute.

Jason M. Swiatek, CFA, Managing Director & Small Cap Equity Portfolio Manager ♦ Jason Swiatek joined Jennison Associates in August 2000 when Prudential's public equity asset management capabilities merged into Jennison, and was officially named co-manager of small cap portfolios in September 2005. Jason joined Prudential in 1995 as a financial reviewer for the asset management group. He then moved to Prudential's global growth equities team in 1996 before joining the small cap equity team in January 1999. Prior to Prudential, Jason worked at Munistat/PFA, Inc. and the Center for Entrepreneurship. Jason received a B.S., *summa cum laude*, in finance from Canisius College. He is a member of the New York Society of Security Analysts and CFA Institute.

Benjamin F. Bryan, CFA, Managing Director & Equity Research Analyst ♦ Benjamin Bryan joined Jennison Associates in August 2000 when Prudential's public equity asset management team merged into Jennison. Ben was a broker in the retail division of Waterhouse Securities before joining Prudential as a trader for the Prudential individually managed accounts group in 1997. He moved to Prudential's U.S. emerging growth equity team in November 1999. Currently, as a member of Jennison's equity research team, Ben focuses primarily on small to mid-cap growth stocks. Ben received his B.S. from the State University of New York College at Oswego and is a member of the New York Society of Security Analysts.

Hilary Frisch, CFA, Managing Director & Equity Research Analyst ♦ Hilary Frisch joined Jennison Associates in August 2008. She came to Jennison after being with Neuberger Berman/Lehman Brothers since 2000, where she was a portfolio manager and portfolio analyst for the company's top performing mid-cap and large cap value funds. From 1997 to 2000, Hilary was an equity research associate at Donaldson, Lufkin & Jenrette covering internet and software industries. Hilary also worked for Dean Witter Reynolds as an associate technology analyst and Merrill Lynch & Co, Inc. from 1993 to 1996 completing a two-year investment banking analyst program and then as an associate analyst researching the Latin American telecom industry. Hilary received her B.A., *cum laude*, in international studies from the University of North Carolina at Chapel Hill. She is a member of the New York Society of Security Analysts and CFA Institute.

Jodi I. Love, *Managing Director & Equity Research Analyst* ♦ Jodi Love joined Jennison Associates in April 2012 as an analyst covering consumer stocks with a focus on retail, restaurants, and apparel companies for the small and midcap team. She came to Jennison after being with Balyasny Asset Management since 2008, where she was a senior equity analyst for consumer retail. From 2005 to 2008, she was a director, equity research for retail softlines at Oppenheimer & Co. Prior to that, she was an equity research associate, covering retail softlines, for Lehman Brothers. She has also been a merchandise analyst for Saks Fifth Avenue Enterprises. She began her career as an investment banking analyst for global real estate and lodging at J.P. Morgan Securities. Jodi received her B.A. with first class honors from McGill University. She received an associate's degree in applied science and fashion merchandising management with highest honors from the Fashion Institute of Technology.

Steven P. McNeil, *Managing Director & Equity Research Analyst* ♦ Steve McNeil joined Jennison Associates in June 2004. Prior to Jennison, Steve was an equity research analyst at State Street Research and Management for three years. His responsibilities included coverage of the multi-industry, electrical equipment, airline and aerospace/defense industries. During the summer of 2000, Steve was with Wellington Management Company, where he was an analyst covering the Internet travel industry. Prior to that, he was with Midtown Research Group as an equity analyst covering the media/broadcasting, retail, health care, and technology sectors. Steve was also a financial analyst in the health care group at Salomon Smith Barney from 1996 to 1998. He received a B.S. in finance and accounting, *cum laude*, from Northeastern University. Steve received an M.B.A. from the Tuck School of Business at Dartmouth and is also a certified public accountant.

Sheetal M. Prasad, CFA, *Managing Director & Equity Research Analyst* ♦ Sheetal Prasad joined Jennison in October 2007. Prior to Jennison, Sheetal was a small and mid-cap healthcare equity research analyst at DWS Scudder Investments, a division of Deutsche Bank. Her equity research career began in 2000 as an associate at Bear Stearns & Co., where she worked with the medical device research team. Sheetal received a B.S. in biology from Georgetown University. She is a member of the New York Society of Security Analysts and CFA Institute.

Jonathan M. Shapiro, *Managing Director & Equity Research Analyst* ♦ Jonathan Shapiro joined Jennison Associates in June 2006. Prior to Jennison, Jonathan worked at Goldman Sachs & Co. as a vice president, and was head of the small companies/special situations research group, where he actively covered a group of small and mid-cap stocks in multiple industries, including consumer, industrial and business services companies. Jonathan started as an associate with Goldman in 2001 and spent his entire tenure within the small companies/special situations research group. From 1997 to 1999 Jonathan worked at KPMG Consulting as a senior consultant for the real estate and hospitality group. Jonathan also worked with Jones Lang Wootton Realty Advisors (now ING Clarion) from 1995 to 1997 as a senior analyst. Jonathan received his B.A. with high honors in history from Dartmouth College. He received an M.B.A. from The Wharton School at the University of Pennsylvania.

Kelly Thomas, *Principal & Equity Research Analyst* ♦ Kelly Thomas joined Jennison in November 2006 as a research assistant on the Small/Mid Cap team. She was promoted to principal in December 2009 and research analyst in December 2011. She covers primarily the consumer staples, health care, and software industries as well as real estate investment trusts (REITs). Prior to Jennison, Kelly worked at Metro International as a traffic coordinator, with advertising sales and production layout responsibilities. She received her B.A. in studio art from Dartmouth College.

Biographies - Client Relationship Management

Joseph M. Carrabes, *Managing Director, Head of Institutional Sales & Client Service* ♦ Joseph Carrabes joined Jennison Associates in March 2006. Prior to joining Jennison, Joe was managing director and director of institutional sales and relationship management at Putnam Investments. While managing Putnam's Global Institutional Management sales effort, he was responsible for the management of all sales and client service professionals in the U.S. and worked with Putnam's largest clients. He joined Putnam in 1993 as a client service associate serving as a liaison between institutional clients and Putnam Institutional Management. Prior to Putnam, Joe was a senior financial services officer and senior financial analyst for The Boston Company/Boston Safe Deposit and Trust Company. Joe graduated from Villanova University with a B.S. in business administration.

Karen E. McQuiston, CFA, *Managing Director, Head of Institutional Client Strategy* ♦ Karen McQuiston joined Jennison Associates in May 2010. Prior to joining Jennison, Karen was vice president of the Pensions, Endowments and Foundations Group at Goldman Sachs where she was responsible for developing and managing relationships with major US corporate and public pension plans. Previously, Karen headed the Strategic Investment Advisory Group at JPMorgan Investment Management. She started her investment management career at Salomon Brothers Asset Management in the Quantitative Research Group developing customized asset allocation and asset/liability studies for institutional clients. Karen received a B.S. in agricultural economics from Cornell University and an M.A. in biology from the University of California, Santa Cruz. She is a member of the CFA Institute.

Peter L. Clark, *Managing Director, Global Client and Product Specialist* ♦ Peter Clark joined Jennison Associates in December 2011. He is a product specialist currently responsible for the Global Equity product and Jennison's international sales and client service. Peter has 25 years of experience in financial markets. Before joining Jennison, he was a partner and the head of distribution and product development at The Rohatyn Group (TRG). Prior to TRG, he served as head of emerging market equity at Schroders Investment Management in London before becoming the chief executive officer and chairman of Schroders' Americas business. Peter started his career at JP Morgan, where he held positions that spanned sell-side and buy-side groups in fixed income, sovereign advisory, capital markets, and proprietary trading. In his final role at JPMorgan, he headed the emerging markets strategies at JPMorgan Investment Management. Peter earned an A.B. in history and government from Harvard College.

James L. Haggerty, CFA, *Managing Director, Consultant Relationship Management* ♦ Jim Haggerty joined Jennison Associates in October 2005. Prior to joining Jennison, Jim was a vice president at Ariel Capital Management, LLC, where he was responsible for east coast sales and client service to financial intermediaries. From 1995 to 2003, Jim was with Harbor Fund/HCA Securities, Inc., where he most recently held the position of vice president and treasurer. His responsibilities included consultant communications and institutional client service. From 1988 until 1995, Jim held positions at various companies including Dean Witter Reynolds, Inc. and Marathon Oil Company/USX Corporation. Jim received his B.A. in psychology with a concentration in industrial psychology from Bowling Green State University. He received an M.B.A. with a concentration in finance and marketing, also from Bowling Green State University. Jim was president of the Financial Analysts Society of Toledo from 1999 to 2000 and vice president from 1998 to 1999. He is a member of CFA Institute and Association of Investment Management Sales Executives.

Richard K. Mastain, *Managing Director, Client Relationship Management* ♦ Rick Mastain joined Jennison Associates in November 2000. He is a product specialist currently responsible for institutional client service. He began his career as a marketing officer at IBM in 1977. In 1981, he joined Scudder, Stevens & Clark, Inc. as a portfolio manager and marketing officer for the fixed income group responsible for short term fixed income instruments serving corporate clients. From 1983 to 1986, Rick was a regional vice president at The Pacific Century Group responsible for developing plan sponsor relationships in the Midwest. From 1986 to 1993, he was at Prudential Asset Management Company as co-managing director of national sales & marketing and in 1993, he joined Dreman Value Advisor/Zurich Investment Management as a managing director and partner. At Dreman, Rick served on the investment committee and managed value equity portfolios for clients in addition to being responsible for client service and marketing. Rick received his B.A. in American history and minor in economics from Bowdoin College. Rick was a board member of Noble International from 1997 to 2001.

Daniel J. Nichols, *Managing Director, Client Relationship Management* ♦ Dan Nichols joined Jennison in August 2004. He joined the institutional client relationship management team in January 2006 and is a product specialist responsible for client service. Before joining the institutional team at Jennison, Dan was responsible for relationships with subadvisory clients, managed account and mutual fund platforms, and retail distribution channels with respect to Jennison's Large Cap Growth, Mid-Cap Growth, Small/Mid Cap Core, Technology, and Health Sciences capabilities. Prior to Jennison, he was director of portfolio management at NetBank, Inc. His responsibilities have included corporate finance, derivatives, capital markets, institutional and retail product sales, balance sheet and portfolio management, trading and risk management. Dan also served in the US Navy for nine years as a Surface Warfare Officer. Dan graduated, *summa cum laude*, from the University of Pennsylvania with a B.S. in systems engineering and received his M.B.A. from the University of Arizona.

Peter H. Reinemann, CFA, *Managing Director, Client Relationship Management* ♦ Peter Reinemann joined Jennison Associates in 1992 as a member of the opportunistic equity and balanced portfolio management group. He was named Associate Portfolio Manager of the Prudential Jennison Growth Fund in 1995. In 2000, Peter was made responsible for client relationship management and added institutional equity marketing for both Jennison Associates and Quantitative Management Associates to his duties. Prior to joining Jennison, Peter held the title of vice president at Paribas Asset Management where he was responsible for developing the firm's global asset allocation, global fixed income and regional equity asset management activities in North America. Peter also served with Contravisory Research Corp., an institutional equity research and investment management firm. He received his B.A., *cum laude*, from Boston University. Peter is a member of the New York Society of Security Analysts, CFA Institute, and the Association of Investment Management Sales Executives. He is also a member of the Parents Council at the University of Richmond.

Kerry Ann Shanley, CFA, *Managing Director, Client Relationship Management* ♦ Kerry Shanley joined Jennison Associates in June 1988. She is head of consultant relations and responsible for institutional client service and new business activities. Kerry graduated from Mary Washington College with a B.S., *magna cum laude*, in business administration. She received an M.B.A. with honors from Columbia University. She is a member of the New York Society of Security Analysts, CFA Institute, and Association of Investment Management Sales Executives.

Notes

These materials may not take into account all individual client circumstances, objectives or needs. Jennison makes no representations regarding the suitability of any securities, financial instruments or strategies described in these materials for particular clients or prospects.

These materials do not purport to provide any legal, tax or accounting advice.

- 1 Jennison's core capabilities (Large Cap Growth Equity Composite - Russell 1000® Growth Index, Opportunistic Equity Composite - Russell 3000® Index, Utility Equity Composite - S&P Composite 1500 Utilities Index, Small Cap Core Equity Composite - Russell 2000® Index, Large Cap Value Equity Composite - Russell 1000® Value Index, Global Equity Opportunities Composite - MSCI All Country World Index, Active Long Treasury/Agency Fixed Composite - Active Long Treasury/Agency Custom Benchmark) have outperformed their relevant benchmark since their respective inception dates as of September 30, 2012.
- 2 Jennison Associates LLC began offering its Large Cap Growth Equity strategy to institutional clients in July of 1969. Since the firm's inception, the Large Cap Growth Equity institutional composite has outperformed the S&P 500 Index and the Russell 1000® Growth Index (since the index's inception) through September 30, 2012.
- 3 Due to rounding, individual product assets may not sum to total AUM shown.
- 4 The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000® Index. The **Russell 1000® Index** measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000® Index. The **Russell 2000® Growth Index** measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 2000® Value Index** measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The financial indices referenced herein are provided for informational purposes only. When comparing the performance of a manager to its benchmark(s), please note that the manager's holdings and portfolio characteristics may differ from those of the benchmark(s). Additional factors impacting the performance displayed herein may include portfolio-rebalancing, the timing of cash flows, and differences in volatility, none of which impact the performance of the financial indices. Financial indices assume reinvestment of dividends but do not reflect the impact of fees, applicable taxes or trading costs which may also reduce the returns shown. Indices referenced in this presentation are registered trade names or trademark/service marks of third parties. References to such trade names or trademark/service marks and data is proprietary and confidential and cannot be redistributed without Jennison's prior consent. Investors cannot directly invest in an index.
- 5 Unless otherwise noted, source for Russell® Index data: Mellon Analytical Solutions or FactSet.
- 6 Certain information in this document has been obtained from sources that Jennison believes to be reliable as of the date presented; however, Jennison cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. Jennison has no obligation to update any or all such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy.
- 7 Due to rounding, calculations based on the returns provided may not result exactly in Excess Returns shown. **Excess Return** is the additional return generated by the portfolio or composite relative to the market index.
- 8 A **Hit Rate** represents periods in which the Small Cap Core Equity Composite outperformed the Russell 2000® Index within each market segment. A **Growth Market** is when the Russell 2000® Growth Index outperforms the Russell 2000® Value Index. A **Value Market** is when the Russell 2000® Value Index outperforms the Russell 2000® Growth Index. An **Up Market** is when the Russell 2000® Index return is positive. A **Down Market** is when the Russell 2000® Index return is negative. A **Large Cap Market** is when the Russell 1000® Index outperforms the Russell 2000® Index. A **Small Cap Market** is when the Russell 2000® Index outperforms the Russell 1000® Index.

Notes

- 9 **Beta** measures the volatility of the composite relative to the chosen risk market index. Portfolio **EPS Growth** and **P/E** are based on estimates determined by Jennison investment professionals. They are based on operating earnings per share and are subject to periodic change without prior notice. Although Jennison believes that the expectations reflected in such forward looking statements are based on reasonable assumptions it can give no assurance that its expectations will be achieved and actual results may differ materially from those projected. Portfolio EPS Growth is calculated considering the effect of stock option expenses. In cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses, the earnings estimates used in the calculation would not be adjusted for stock option expenses. EPS estimates used to calculate portfolio P/E will include the effect of stock option expenses, except in cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses. Index EPS Growth and P/E are calculated by Jennison using estimates from I/B/E/S. Portfolio and index EPS Growth are calculated using weighted average interquartile methodology. Portfolio and index P/E is calculated using harmonic mean methodology. Market Capitalization ranges are determined by Jennison investment professionals.
- 10 The Global Industry Classification Standard (“GICS”) was developed by and is the exclusive property and a service mark of MSCI, Inc. (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”) and is licensed for use by Jennison Associates LLC “as is”. As of October 1, 2009, Jennison Associates LLC (“Jennison”) does not reclassify securities classified by S&P/MSCI GICS. Only securities not classified by S&P/MSCI GICS will be classified by Jennison. Therefore, this report may include companies that have been classified by S&P/MSCI GICS or classified by Jennison. Companies classified by Jennison are not sponsored by the S&P/MSCI GICS classification system. Due to rounding, percentages may not sum to 100% or totals shown. If shown, the cash percentage represents trade date cash and cash equivalents.
- 11 These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services. These materials do not constitute investment advice and should not be used as the basis for any investment decision. There is no assurance that any securities discussed herein will remain in an account’s portfolio at the time you receive this report or that securities sold have not been repurchased. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.
- 12 The securities discussed do not represent an account’s entire portfolio and in the aggregate may represent only a small percentage of an account’s portfolio holdings.
- 13 The characteristics of the individual securities in the portfolio are available upon request. The **P/E** and **EPS Growth** are estimates determined by Jennison investment professionals. They are based on operating earnings per share and are subject to periodic change without prior notice. Although Jennison believes that the expectations reflected in such forward looking statements are based on reasonable assumptions, it can give no assurance that its expectation will be achieved and actual results may differ materially from those projected. Portfolio EPS Growth is calculated considering the effect of stock option expenses. In cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses, the earnings estimates used in the calculation would not be adjusted for stock option expenses. EPS estimates used to calculate portfolio P/E will include the effect of stock option expenses, except in cases where Jennison's investment professionals believe it is inappropriate to include stock option expenses.
- 14 The Estimated 3 Yr Normalized Growth Rates are determined by Jennison investment professionals and are subject to periodic change.

Notes

- 15 **Average Weight** is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values. **Total Return** is the price change of a security or group including dividends accrued over the report period or the "in-portfolio return" which includes only the time period that each security was in the portfolio. **Contribution to Return** is the contribution of a security or group to the overall portfolio return. **Stock Selection** is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period. These materials do not constitute investment advice and should not be used as the basis for any investment decision.
- 16 The views expressed herein are those of Jennison investment professionals at the time the comments were made. They may not be reflective of their current opinions, are subject to change without prior notice, and should not be considered investment advice.
- 17 All statistics are based on monthly gross of fee returns. **Annualized Return** is a compounded annualized total return based upon geometrically linking a return series. $((1 + \text{rate of return}) * (1 + \text{rate of return}) \dots \text{etc.})$. **Annualized Standard Deviation** is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The annualized standard deviation shows how far away numbers on a list are from their averages and takes that number and multiplies it by the square root of the frequency. For example, monthly frequency would multiply the standard deviation * the square root of 12 (3.4641). The greater degree of dispersion, the greater degree of risk. **Sharpe Ratio** is the measure of risk adjusted returns. It is a risk-adjusted measure developed by Professor William F. Sharpe, which measures reward per unit of risk. The higher the Sharpe Ratio, the better. The numerator is the difference between the portfolio's annualized return and the annualized return of the risk-free instrument (T-Bills). The denominator is the portfolio's annualized standard deviation. It is the performance of the Composite less the performance of the risk-free instrument divided by the standard deviation of the Composite. **Excess Return** is the additional return provided by the composite over the relative market index. **Tracking Error** is the standard deviation of the difference in monthly returns between the composite and the market index. **Information Ratio** is the excess return of the composite over the market index divided by the Tracking Error. **Alpha** is a risk (beta-adjusted) return measurement. If two managers had the same return, but one had a lower beta, that manager would have a higher alpha. **Beta** measures the volatility of the composite relative to the chosen risk market index. **R Squared** is used in style analysis to determine how much information about the composite return series the style benchmark has been able to capture. The higher the R-squared, the better the benchmark.

Small Cap Core Equity Composite

April 30, 1998 to December 31, 2011

Year Ended	Composite Gross of Fee Returns	Composite Net of Fee Returns	Russell 2000® Index Returns	Composite Assets (\$ in Millions)	# of Accounts	Standard Deviation (Equal- Weighted)	Total Firm Assets (\$ in Millions)
Since Inception to 12/31/98	-16.61%	-17.17%	-11.94%	\$ 96.1	3	N/A	\$ 46,357.8 ¹
1999	40.57	39.18	21.26	149.1	4	0.79	58,765.7 ¹
2000	0.62	-0.27	-3.02	1,132.3	7	N/A	80,264.2
2001	17.87	17.35	2.49	1,236.8	7	0.24	61,606.1
2002	-23.96	-24.30	-20.48	947.5	7	0.19	47,386.2
2003	47.26	46.59	47.25	1,344.3	7	0.50	58,056.0
2004	21.63	21.07	18.33	959.9	6	0.48	63,488.1
2005	11.08	10.51	4.55	1,342.4	10	0.49	71,278.1
2006	19.24	18.60	18.37	1,571.4	10	0.53	77,665.6
2007	6.93	6.36	-1.57	1,646.3	10	0.25	86,478.1
2008	-36.98	-37.35	-33.79	1,291.5	16	0.33	62,155.3
2009	35.32	34.50	27.17	1,546.3	11	0.43	93,316.5
2010	31.08	30.29	26.85	2,706.9	15	0.15	123,901.0
2011	-0.50	-1.09	-4.18	2,333.5	15	0.23	135,729.3

¹ This Composite was transferred to Jennison in August of 2000 as part of a merger of certain active public equity management strategies as described below. Therefore this Composite was not part of Jennison's historical assets under management. Total Firm Assets for 1998 and 1999 represents the assets under management of Jennison and does not include assets transferred from the Predecessor.

- Jennison Associates LLC (Jennison or the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Jennison has been independently verified for the period from January 1, 1993 through 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 Small Cap Core Equity Composite ("Composite") has been examined for the period from May 1, 1998 through December 31, 2010. Gross and net of fee performance for periods after 2010 is preliminary and may change as a result of our independent verifier's annual examination. The verification and performance examination reports are available upon request.
- Jennison Associates LLC is an investment adviser registered under the Investment Advisers Act of 1940, as amended, and an indirect wholly owned subsidiary of Prudential Financial, Inc. ("Parent"). Registration does not imply a certain level of skill or training. Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom. In 2000, the Parent's predecessor ("Predecessor") reorganized and transferred certain active public equity asset management capabilities and personnel to Jennison Associates LLC resulting in the transfer of approximately \$27 billion in assets. Prior to January 1, 2006, the Firm assets of Jennison did not include assets managed through wrap fee programs (Jennison Managed Accounts or JMA). On January 1, 2006, Jennison redefined the Firm to include JMA assets, for all periods after January 1, 2006.
- The Composite contains assets that were transferred from the Predecessor. Jennison did not previously manage assets with a style similar to that of the Composite. The Composite inception date was April 30, 1998 and the Composite creation date under the GIPS standards was November 2000. The Small Cap Core Equity Strategy seeks to buy both growth and value stocks using a research-intensive process that uses both fundamental research and a disciplined portfolio construction process. A list of Jennison's composite descriptions is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- Performance results are calculated in US dollars and reflect reinvestment of dividends and other earnings. Performance returns for periods prior to August 24, 2000 were achieved at and calculated by the Predecessor. All institutional account returns were calculated using a Modified Dietz methodology. The net of fee performance was calculated using the highest fee charged by the accounts' previous investment adviser, which was 100 basis points. Subsequently, net of fee performance is presented net of Jennison's actual advisory fees and transaction costs. Since August 24, 2000, gross of fee performance is presented before custodial and Jennison's actual advisory fees but after transaction costs. Returns are gross of reclaimable withholding taxes, if any, and net of non-reclaimable withholding taxes. For a small cap core equity separate account the fee schedule offered to US-based institutional clients is as follows: 0.90% on first \$50 million of assets managed; 0.70% on next \$50 million; 0.60% on next \$100 million; 0.50% on next \$200 million; 0.45% on the balance. Actual advisory fees charged and actual account minimum size may vary by account due to various conditions described in Jennison Associates LLC's Form ADV.

JENNISON ASSOCIATES

Small Cap Core Equity Composite April 30, 1998 to December 31, 2011

5. The data presented represents past performance and does not guarantee future results. Performance results fluctuate, and there can be no assurances that objectives will be achieved. Client's principal may be at risk under certain market conditions.
6. The equal-weighted standard deviation of individual account returns within a composite is a measure of how consistently a strategy has been applied across accounts within a composite (Dispersion). The dispersion is calculated when there are at least two accounts in the Composite for a full year and is based on the Gross of fee annual returns of accounts in the Composite for the full year. For those periods where less than 2 accounts are in the Composite for a full year, or where the period is less than a full year, "N/A" is presented.
7. The three-year annualized standard deviation measures the variability of the composite and the benchmark over the preceding 36-month period.

	Composite Gross of Fee 3-Yr St Dev	Russell 2000® Index 3-Yr St Dev
Year	(%)	(%)
2009	24.54	24.83
2010	27.22	27.69
2011	22.80	24.99

8. The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000® Index. Index returns are not covered by the report of the independent verifier. The financial indices referenced herein are provided for informational purposes only. When comparing the performance of a manager to its benchmark(s), please note that the manager's holdings and portfolio characteristics may differ from those of the benchmark(s). Additional factors impacting the performance displayed herein may include portfolio-rebalancing, the timing of cash flows, and differences in volatility, none of which impact the performance of the financial indices. Financial indices assume reinvestment of dividends but do not reflect the impact of fees, applicable taxes or trading costs which may also reduce the returns shown. All indices referenced in this presentation are registered trade names or trademark/service marks of third parties. References to such trade names or trademark/service marks and data is proprietary and confidential and cannot be redistributed without Jennison's prior consent. Investors cannot directly invest in an index.

Lord, Abbett & Co., LLC

Mandate: Small Cap

Hired: 2005

Firm Information	Investment Approach	Total ARMB Mandate
<p>Lord, Abbett & Co. (“Lord Abbett”) was founded in 1929 and is an independent money management firm structured as a limited liability company. Currently, Lord Abbett has 57 executive members (“partners”).</p> <p>As of 9/30/12, the firm’s total assets under management were \$126.1 billion.</p> <p>Key Executives: Michael Smith, <i>Portfolio Manager</i> Stacia Ikpe, <i>Partner, Director of Client Portfolio Management</i> Kristin Shofner, <i>Director of Public Funds Marketing</i></p>	<p>Lord Abbett believes mispriced small company stocks with improving fundamentals can provide significant capital appreciation. Utilizing a disciplined investment process that incorporates quantitative analysis and fundamental research, the small cap core team seeks to identify and invest in mispriced small capitalization securities. Lord Abbett believes that over time, a well-diversified portfolio of stocks utilizing this approach will generate attractive risk adjusted returns.</p> <p>Lord Abbett emphasizes in-house, independent and proprietary research. Quantitative and valuation research provide a focal point to direct the firm’s fundamental research effort, in which a team of analysts seeks to identify catalysts that will propel stocks to outperform the market.</p> <p>Benchmark: Russell 2000 Index</p>	<p>Assets Under Management: 9/30/12 \$136,895,969</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years</u> <u>Annualized</u>	<u>5-Years</u> <u>Annualized</u>
Manager (gross)	4.36%	24.87%	9.73%	0.60%
Fee	0.17%	0.72%	0.70%	0.70%
Manager (net)	4.19%	24.15%	9.03%	-0.10%
Benchmark	5.25%	31.91%	12.99%	2.21%

Small Cap Core Equity Management

Alaska Retirement Management Board

December 6, 2012

Michael T. Smith
Partner & Director

Kristin v. Shofner
Director of Public Fund Marketing

Table of Contents

	<i>Page</i>
About Lord Abbett	3
Investment Philosophy and Process	6
Investment Performance	8
Portfolio Characteristics	11
Appendix	13
Annual Rates of Return	
Portfolio Holdings	
Investment Team Biographies	



About Lord Abbett

Independent

- Privately held since 1929
- 69 partners with an average of 13 years at Lord Abbett

Singular Focus

- Solely dedicated to investment management
- Interests aligned with our clients

Prudent Approach Built on Experience and Insight

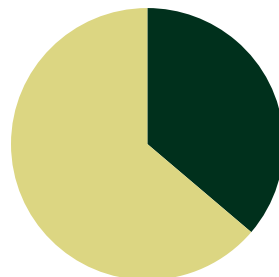
- Over 100 investment professionals with an average of 17 years of industry experience
- Research driven – fundamental & quantitative



Assets & Investment Capabilities

\$126.1 Billion Assets Under Management*
As of 09/30/2012

Total Fixed Income Assets
\$80.4 billion



Total Equity Assets
\$45.7 billion
(Small Cap Core Assets
\$1.3 billion)

Domestic Equity

Multi Cap Value
Large Cap Value
Mid Cap Value
Smid Cap Value
Small Cap Value
Micro Cap Value
Large Cap Core
Small Cap Core
Multi Cap Growth
Large Cap Growth
Mid Cap Growth
Small Cap Growth
Micro Cap Growth

International

International Core - ACWI ex U.S.
International Core - EAFE Plus
International Dividend
International Small Cap Core

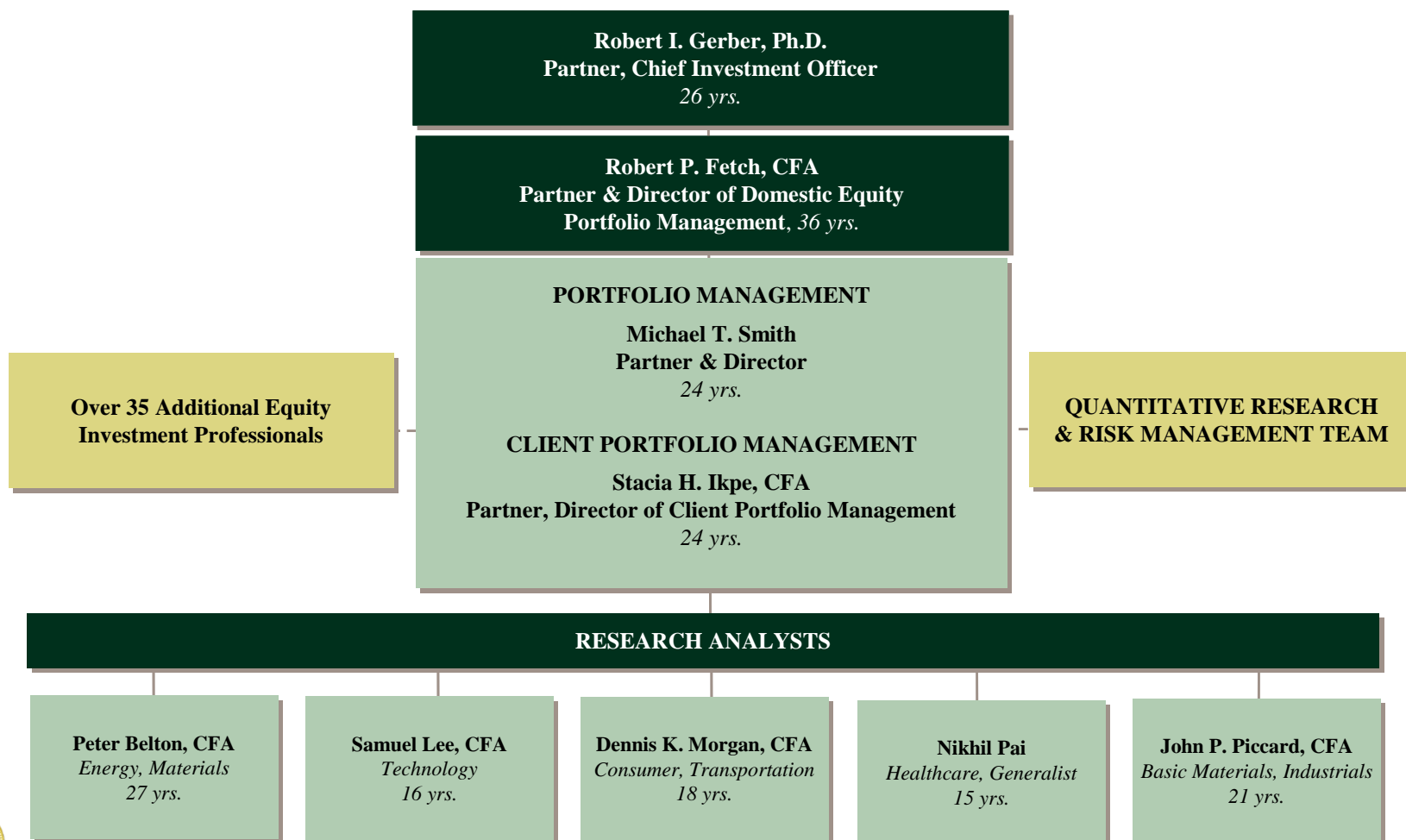
Fixed-Income

Core
Core Plus
Inflation Linked
Short Duration
Government
Corporates
Bank Loans
Multi-Sector
High Yield
Convertibles
Municipal Bonds
Emerging Markets Currency



*Includes \$1.7 billion for which Lord Abbett provides investment models to managed account sponsors.

Small Cap Core Investment Team



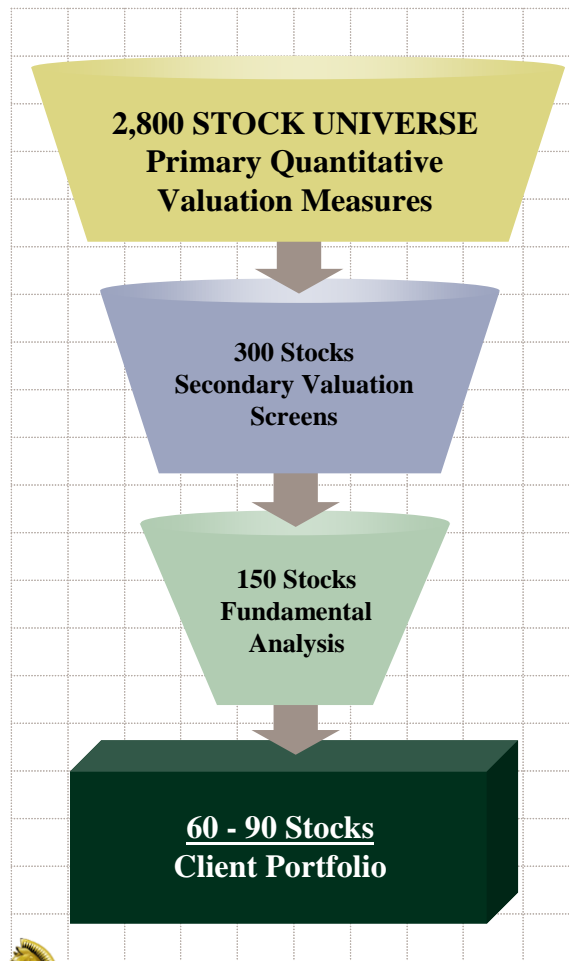
Small Cap Core Investment Philosophy

Lord Abbett's Small Cap Core investment team believes:

- Mispriced small company stocks with improving fundamentals can provide capital appreciation.
- A disciplined investment philosophy incorporating quantitative screens and fundamental research can identify attractive stocks, while reducing downside risk.
- A well-diversified portfolio of stocks with attractive fundamentals and strong growth prospects should produce attractive risk-adjusted returns.



Small Cap Core Investment Process



Russell 2000® universe market cap range

Identify stocks with the following characteristics

- Selling at low end of historic valuation range
- 3 year EPS growth of 10% or greater
- Positive earnings

Screen for a positive fundamental change

- Earnings surprises
- Insider buying

Visit with top management, suppliers, customers and competitors

- Identify catalyst to drive shareholder value

Competitive advantage

Leverage regional brokerage community and Lord Abbett analysts

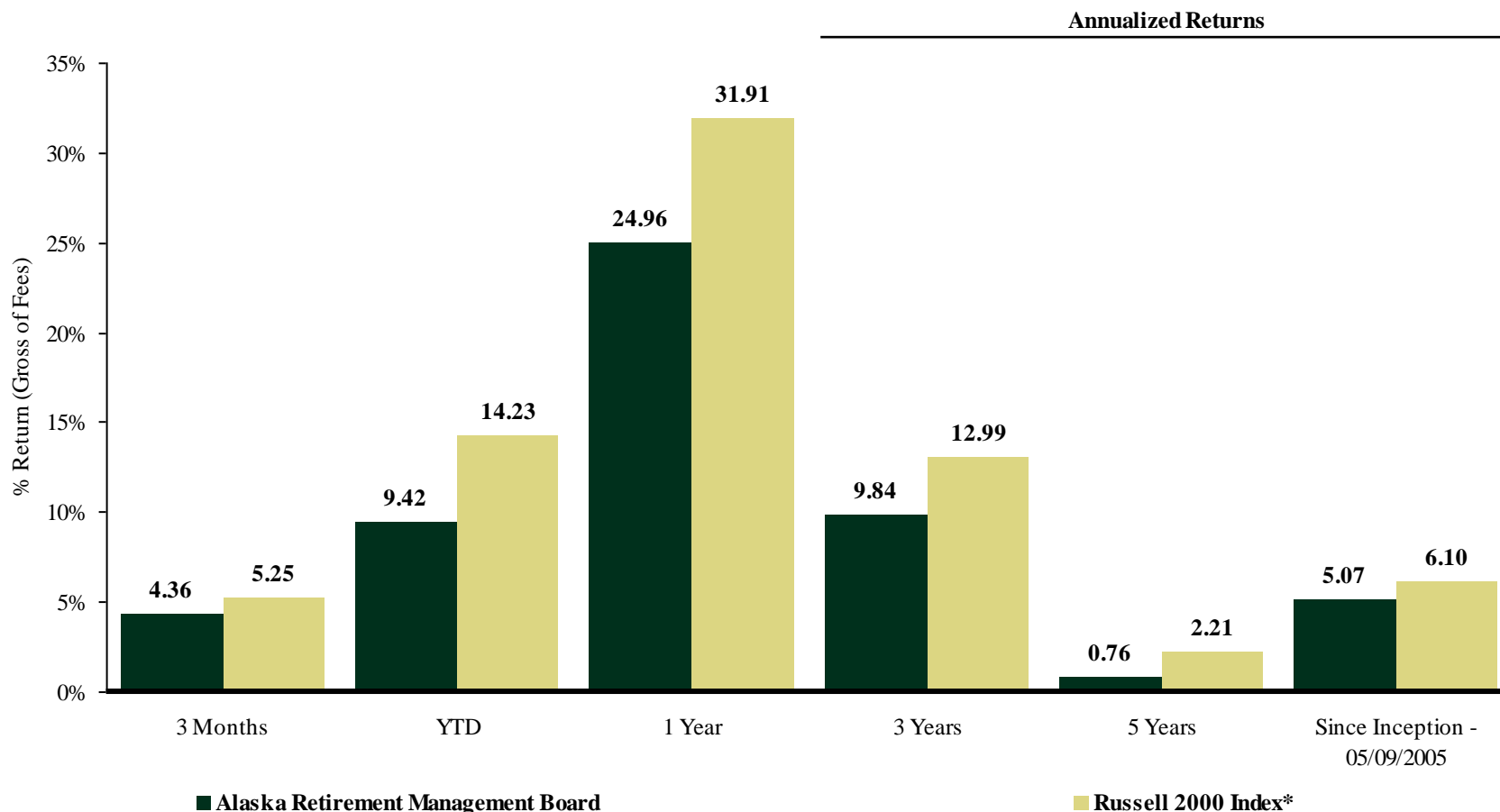
Portfolio constructed with stocks that have:

- Strong fundamentals
- Attractive valuations
- Favorable growth prospects
- Consistent risk parameters versus benchmark



Rates of Return

As of 09/30/2012



The information contained herein is being provided at your request and is intended solely for your review of the account and may not be used for any other purposes. Please note that the performance information is gross of advisory fees and other expenses, with the exception of brokerage commissions and/or mark-ups and mark-downs with respect to fixed income and/or over-the-counter securities transactions, if any.

*Source: Russell.

Attribution Analysis: YTD

As of 09/30/2012

Sectors*	Alaska Retirement Management		Russell 2000® Index		Variance		
	Avg. Weight%	Base Rtn%	Avg. Weight%	Base Rtn%	Stock Selection%	Group Weight%	Total%
Financials	19.1	23.1	22.3	18.6	0.7	-0.1	0.6
Industrials	18.4	11.9	15.4	8.1	0.7	-0.2	0.5
Utilities	0.0	0.0	3.5	7.3	0.0	0.3	0.3
Telecommunication Services	0.0	0.0	0.8	21.8	0.0	0.0	0.0
Consumer Staples	5.3	6.0	3.6	12.1	-0.1	-0.1	-0.2
Health Care	10.1	24.8	12.9	26.6	-0.2	-0.2	-0.4
Energy	7.5	-9.1	6.3	-2.7	-0.5	-0.2	-0.7
Materials	7.0	4.4	4.7	17.5	-1.0	0.2	-0.8
Information Technology	17.1	-0.9	16.9	7.7	-1.6	0.0	-1.6
Consumer Discretionary	12.5	5.7	13.7	20.2	-1.8	-0.1	-2.0
Cash	3.0	0.2	0.0	0.0	0.0	-0.4	-0.4
Total	100.0	9.4	100.0	14.2	-3.8	-1.0	-4.8

Noteworthy Contributors

Financials: Stock Selection (Ocwen Financial Corp.; Altisource Portfolio Solutions S.A.; Jones Lang LaSalle, Inc.)

Industrials: Stock Selection (The Shaw Group, Inc.; Portfolio Recovery Associates, Inc.; Middleby Corp.)

Noteworthy Detractors

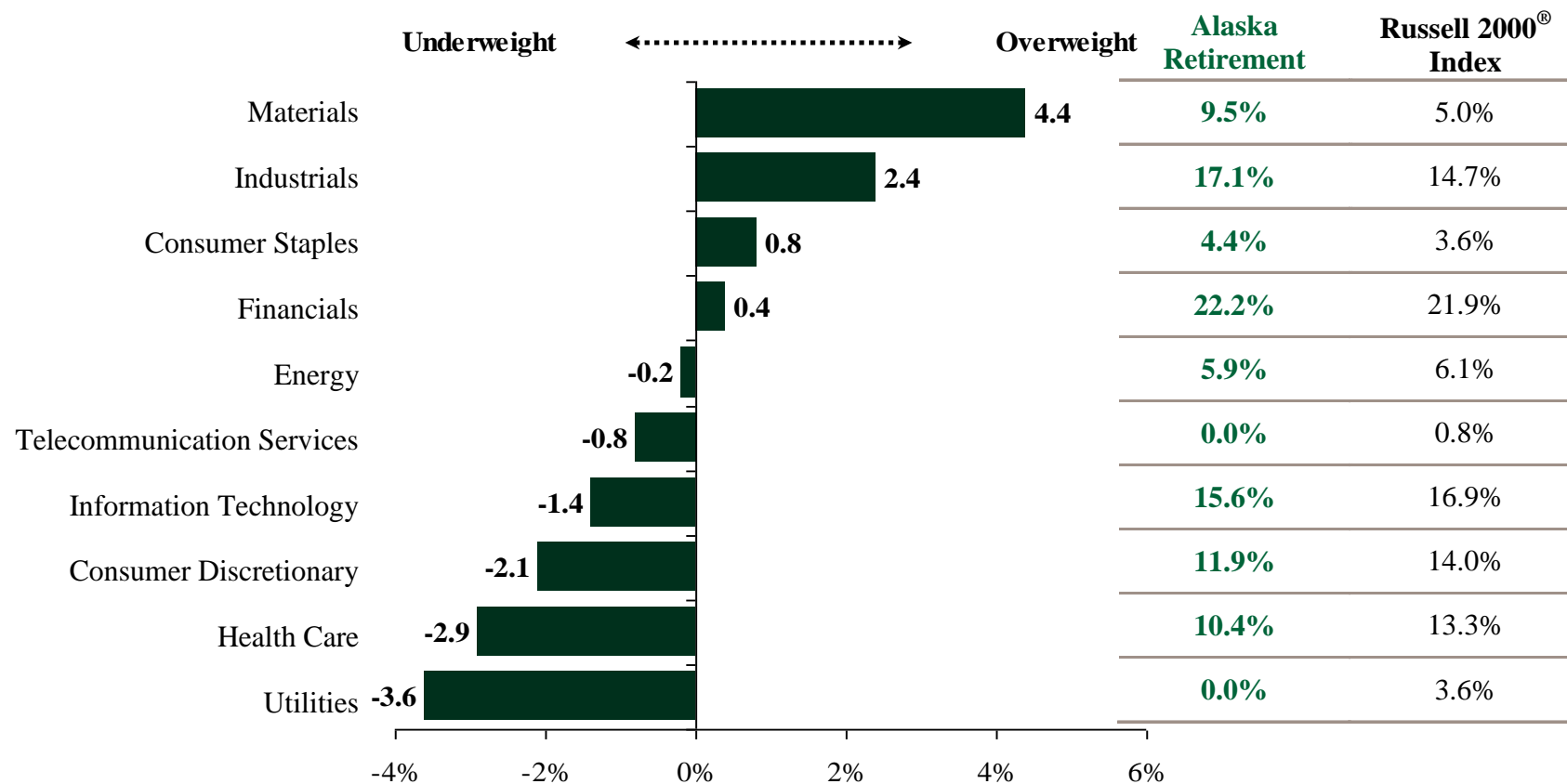
Consumer Discretionary: Stock Selection (Crocs, Inc.; Dana Holding Corp.; Digital Generation, Inc.)

Information Technology: Stock Selection (Polycom, Inc.; Cypress Semiconductor Corp.; Constant Contact, Inc.)



Sector Allocation

As of 09/30/2012



Source: Wilshire AtlasSM ("Wilshire"). Please see Appendix for information "About Wilshire" and the calculation of performance attribution information, including information about Not Classified securities. GICS Sectors. Sectors may include many industries.

Portfolio Characteristics

As of 09/30/2012

	Alaska Retirement Management Board	Russell 2000® Index
Total Market Value	\$136,889,712	N/A
Number of Holdings	82	1,975
Weighted Average Market Capitalization (\$M)	\$2,042	\$1,292
Median Market Capitalization (\$M)	\$1,834	\$508
Price/Book Ratio	2.0x	1.8x
Price/Earnings Ratio (<i>1 Year Forecast</i>)	14.5x	14.8x
Price/Earnings Ratio (<i>without negative earnings</i>)	19.2x	17.7x
Long Term Growth (<i>IBES Median</i>)	14.5%	13.7%
Return on Equity (<i>5 Year Average</i>)	9.0%	8.0%



Ten Largest Holdings

As of 09/30/2012

Company Name	Sector**	% of Total
Ocwen Financial Corp.	Financials	2.9
Jones Lang LaSalle, Inc.*	Financials	2.3
Cardtronics, Inc.	Information Technology	2.2
Semtech Corp.	Information Technology	1.9
Middleby Corp.	Industrials	1.9
SS&C Technologies Holdings, Inc.*	Information Technology	1.8
Energy XXI Bermuda Ltd.*	Energy	1.8
Foster Wheeler AG*	Industrials	1.7
Detour Gold Corp.*	Materials	1.7
Tenet Healthcare Corp.*	Health Care	1.7
Total		19.9%



*New to Ten Largest Holdings from one year ago. **GICS Sectors.

Appendix



Annual Rates of Return

	Alaska Retirement Management Board	Russell 2000® Index*
	(Gross of fees)	
2011	-0.37%	-4.18%
2010	14.83%	26.86%
2009	25.85%	27.17%
2008	-32.44%	-33.79%
2007	11.36%	-1.57%
2006	7.63%	18.37%
2005 [†]	13.02%	13.77%



The information contained herein is being provided at your request and is intended solely for your review of the account and may not be used for any other purposes. Please note that the performance information is gross of advisory fees and other expenses, with the exception of brokerage commissions and/or mark-ups and mark-downs with respect to fixed income and/or over-the-counter securities transactions, if any.

*Source: Russell. [†]Partial Year 5/9-12/31.

Annual Rates of Return

	Small Cap Core (Gross of Fees)	Russell 2000 [®] Index*
2011	-0.56%	-4.18%
2010	14.88%	26.86%
2009	25.49%	27.17%
2008	-32.47%	-33.79%
2007	11.23%	-1.57%
2006	7.41%	18.37%
2005	14.70%	4.55%
2004	22.91%	18.33%
2003	54.54%	47.25%
2002	-13.77%	-20.48%



Please see end notes for important additional information regarding composite performance, including net-of-fees returns. Past performance is not indicative of future results.

*Source: Russell.

Portfolio Holdings

As of 09/30/2012

Sector/Company	% of Total	% of Index	Sector/Company	% of Total	% of Index	Sector/Company	% of Total	% of Index
Consumer Discretionary	11.9	14.0	Financials Cont'd	22.2	21.9	Information Technology Cont'd	15.6	16.9
Aaron's, Inc.	1.5		SVB Financial Group	0.8		FleetCor Technologies, Inc.	1.4	
Bally Technologies, Inc.	0.6		Synovus Financial Corp.	0.8		Itron, Inc.	1.1	
Crocs, Inc.	1.6		Webster Financial Corp.	1.1		NIC, Inc.	1.4	
DSW, Inc.	1.5		Wintrust Financial Corp.	1.3		Polycom, Inc.	1.1	
Hibbett Sports, Inc.	0.7					SS&C Technologies Holdings, Inc.	1.8	
John Wiley & Sons, Inc.	1.4		Health Care	10.4	13.3	Semtech Corp.	1.9	
Kayak Software Corp.	0.3		Centene Corp.	1.4		Silicon Laboratories, Inc.	1.2	
Life Time Fitness, Inc.	1.2		Covance, Inc.	1.5		WebMD Health Corp.	0.4	
Penn National Gaming, Inc.	0.6		Dynavax Technologies Corp.	0.5				
Pool Corp.	1.2		ExamWorks Group, Inc.	1.4		Materials	9.5	5.0
Sotheby's	1.2		Hanger Orthopedic Group, Inc.	0.8		Allied Nevada Gold Corp.	1.0	
			Hill-Rom Holdings, Inc.	0.9		AuRico Gold, Inc.	1.4	
Consumer Staples	4.4	3.6	Masimo Corp.	1.4		Detour Gold Corp.	1.7	
Casey's General Stores, Inc.	1.3		Providence Service Corp.	0.9		H.B. Fuller Co.	0.5	
Central Garden and Pet Co.	0.5		Tenet Healthcare Corp.	1.7		KapStone Paper and Packaging Corp.	0.6	
Harris Teeter Supermarkets, Inc.	1.1					Molycorp, Inc.	1.5	
J & J Snack Foods Corp.	1.4		Industrials	17.1	14.7	New Gold, Inc.	1.5	
			CRA International, Inc.	0.4		Osisko Mining Corp.	1.3	
Energy	5.9	6.1	Chicago Bridge & Iron Co. NV	1.0				
Energy XXI Bermuda Ltd.	1.8		DXP Enterprises, Inc.	0.6		Telecommunication Services	0.0	0.8
Hornbeck Offshore Services, Inc.	1.6		Encore Capital Group, Inc.	1.1				
ION Geophysical Corp.	1.2		Esterline Technologies Corp.	1.2		Utilities	0.0	3.6
McMoRan Exploration Co.	1.4		Foster Wheeler AG	1.7				
			HEICO Corp.	0.7				
Financials	22.2	21.9	HEICO Corp.	0.6				
Altisource Portfolio Solutions S.A.	1.5		Kaman Corp.	0.8				
American Campus Communities, Inc.	1.3		Middleby Corp.	1.9				
Columbia Banking System, Inc.	0.5		Mistras Group, Inc.	1.3				
Endurance Specialty Holdings Ltd.	1.0		Oshkosh Corp.	1.6				
First American Financial Corp.	1.2		Portfolio Recovery Associates, Inc.	1.3				
IBERIABANK Corp.	1.3		Titan Machinery, Inc.	1.1				
Jones Lang LaSalle, Inc.	2.3		Triumph Group, Inc.	1.1				
Mid-America Apartment	1.3		WESCO International, Inc.	0.7				
Ocwen Financial Corp.	2.9							
PacWest Bancorp	0.8		Information Technology	15.6	16.9			
Pebblebrook Hotel Trust	1.4		Anixter International, Inc.	0.7				
Post Properties, Inc.	1.1		Cardtronics, Inc.	2.2				
RLI Corp.	1.1		Constant Contact, Inc.	1.2				
SCBT Financial Corp.	0.5		Cypress Semiconductor Corp.	1.2				



Small Cap Core Investment Team

Robert I. Gerber, Ph.D., Partner, Chief Investment Officer

Mr. Gerber is the Chief Investment Officer and is responsible for directing the portfolio management, research and trading activities for our equity and fixed income strategies. He is the portfolio manager of the Allocation Strategies and the chair of the Asset Allocation Investment Committee. Mr. Gerber joined Lord Abbett in 1997 as Director of Taxable Fixed Income Management and was named Partner in 1998. His prior experience includes: Shareholder and Senior Portfolio Manager-Mortgage Group at Sanford C. Bernstein & Co., Inc.; and Vice President, Fixed-Income Research at the First Boston Corporation. Before his entry into the investment management business, Mr. Gerber had a career in academics, teaching economics at the State University of New York at Albany, Vassar College and Columbia University. Mr. Gerber received a BA from Union College and an MA and Ph.D. from Columbia University. He has been in the investment business since 1987.

Robert P. Fetch, CFA, Partner & Director of Domestic Equity Portfolio Management

Mr. Fetch is the lead portfolio manager of the multi, large, and mid cap value equity strategies and oversees the domestic equity portfolio managers. Mr. Fetch joined Lord Abbett in 1995 as the lead portfolio manager of the small cap value equity strategy portfolio and Director of Small, Smid, Multi and Micro Value Equities. He was named Partner in 1998. His prior experience includes: Managing Director at Prudential Investment Advisors; Senior Investment Officer at Chemical Bank/Favia Hill & Associates; and Equity Analyst/Trader at Mutual Benefit Life. Mr. Fetch received a BS from Bucknell University and an MBA from Seton Hall University. He is a holder of a Chartered Financial Analyst designation and has been in the investment business since 1977.

Michael T. Smith, Partner & Director

Mr. Smith is the lead portfolio manager of the small cap core equity strategy. Mr. Smith joined Lord Abbett in 1997 as a research analyst for the small cap value equity strategy. He was named Partner in 2002. His prior experience includes: Vice President - Analyst at Capital Management Associates; Analyst at Laifer, Inc.; and Senior Associate Coopers & Lybrand. Mr. Smith received a BA from California State University and an MBA New York University. He has been in the investment business since 1988.

Stacia H. Ikpe, CFA, Partner, Director of Client Portfolio Management

Ms. Ikpe is the Director of Client Portfolio Management responsible for building and servicing client relationships, as well as reviewing the philosophy, process, portfolio positioning, and performance for our small cap core, smid cap value, small cap value and micro cap value equity strategies. Ms. Ikpe joined Lord Abbett in 2006 and was named Partner in 2011. Her prior experience includes: Senior Research Analyst at Prudential Investments; Investment Consultant at Prudential Retirement Services. Ms. Ikpe received a BS from the University of Minnesota and an MBA from Columbia University. She is the holder of a Chartered Financial Analyst designation. She has been in the investment business since 1989.



Small Cap Core Investment Team

Peter Belton, CFA, Research Analyst

Mr. Belton is a research analyst for the small cap core equity strategy. Mr. Belton joined Lord Abbett in 2012. His prior experience includes: Founder and Managing Member of Prime Mover Capital; Portfolio Manager and Principal at Downtown Associates; Portfolio Manager at Crabbe Huson; Senior Analyst at Capital Management Associates; Analyst at Arnhold and S. Bleichroeder; Analyst at Tiger Management; and Equity Research Assistant at Morgan Stanley. Mr. Belton received a BA from Kenyon College and an MBA from the University of North Carolina. He is a holder of a Chartered Financial Analyst designation and has been in the investment business since 1986.

Samuel Lee, CFA, Research Analyst

Mr. Lee is a research analyst for the small cap core equity strategy. Mr. Lee joined Lord Abbett in 2010. His prior experience includes: Director – Technology Equity Analyst at AG Asset Management; Vice President – Technology Equity Analyst at Pioneer Investments; Associate Analyst – Communications Equipment and Semiconductors at UBS Warburg; Research Associate for Needham & Co. and Group Leader in Product Development at Microtel Pacific Research/PMC. Mr. Lee received a BS from University of British Columbia and an MBA from Columbia University. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1997.

Dennis K. Morgan, CFA, Research Analyst

Mr. Morgan is a research analyst on the small cap core equity strategy. Mr. Morgan joined Lord Abbett in 2008. His prior experience includes: Vice President/Senior Research Analyst and Co-Portfolio Manager at Neuberger Berman; Research Associate at Bear Stearns; and Research Analyst at Dreman Value Advisors. Mr. Morgan received a BS from The College of New Jersey. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1995.

Nikhil Pai, Research Analyst

Mr. Pai is a research analyst for the small cap core equity strategy. Mr. Pai joined Lord Abbett in 2012. His prior experience includes roles at G-2 Trading, Loeb Partners, Siegler & Company, West Side Capital, and Cambridge International. Mr. Pai received a BS from the Wharton School of Business at the University of Pennsylvania. He has been in the investment business since 1998.

John P. Piccard, CFA, Research Analyst

Mr. Piccard is a research analyst for the small cap core equity strategy. Mr. Piccard joined Lord Abbett in 2004. His prior experience includes: Vice President-Portfolio Manager at JP Morgan Investment Management; First Vice President-Portfolio Manager/Research Analyst at UBS Global Asset Management; and Associate-Proprietary Portfolio at JP Morgan & Co. Mr. Piccard received a BA from Fordham University and an MA from New York University. He is the holder of a Chartered Financial Analyst designation and has been in the investment business since 1992.



About Wilshire

The Wilshire Atlas Variance Analysis tool provides a methodology for explaining the difference in performance between a portfolio and its benchmark, based on the decomposition of returns. The user specifies the portfolio, index, link frequency, sector and weighting. The weighting can be shown as beginning, average or end weights and is used for display purposes only.

Portfolio Weight	Portfolio Base Return	Benchmark Weight	Benchmark Base Return	Stock Selection	Group Weight	Total
------------------	-----------------------	------------------	-----------------------	-----------------	--------------	-------

Weight (Portfolio): This is the average weight of each group in the portfolio. Alternatively, the weight at the end of the reporting period, or on average across the reporting period, may be selected.

Base Return (Portfolio): This is the weighted average holding period return for the securities in each group. This weighted average is calculated for each link period using beginning weights and then the resulting values are linked together to calculate the displayed value.

Weight (Benchmark): This is the average weight of each group in the benchmark. Alternatively, the weight at the end of the reporting period, or on average across the reporting period, may be selected.

Base Return (Benchmark): This is the weighted average holding period return for the benchmark securities in each group. This weighted average is calculated for each link period using beginning weights, then the resulting values are linked together to calculate the displayed value.

Stock Selection Variance: This is the success of selection decisions within each group versus the benchmark. It is calculated for each link period using the following equation: Stock Selection Variance = $W_{P,G} * (R_{P,G} - R_{B,G})$, where $W_{P,G}$ = Weight of the group in the portfolio, $R_{P,G}$ = Return of the group in the portfolio, $R_{B,G}$ = Return of the group in the benchmark.

Group Weighting Variance: This is the result of weighting decisions in each group versus the benchmark. It is calculated for each link period using the following equation: Group Weighting Variance = $(W_{P,G} - W_{B,G}) * (R_{B,G} - R_{B,T})$, where $W_{P,G}$ = Weight of the group in the portfolio, $W_{B,G}$ = Weight of the group in the benchmark, $R_{B,G}$ = Return of the group in the benchmark, $R_{B,T}$ = Overall return of the benchmark.

Total Variance: This is the sum of group weighting and stock selection variances. This represents the amount of total variance that is explained by the selection and allocation decisions for each group.

Hedging Cost: This is the contribution due to the difference in the risk-free rates between currencies and is a function of the time left to maturity. It can be positive or negative, depending on the interest rate differentials between the long and short currencies. The hedge cost for each contract is calculated individually by multiplying its exposure by its hedge cost; then these contributions are summed to give the total contribution shown on the report.

Hedging Effect: This is the contribution due to hedging. It is calculated by multiplying the exposure associated with each currency forward by the portion of the forward's return due to currency fluctuations; then, each of the forward's contributions are summed together to give the total that appears in the Contribution Summary table. The return that is used in the calculation excludes the hedge cost.

Portfolio Return: This is the sum of each of contributions displayed in the Contribution Summary table.

Wilshire generated returns are calculated gross of fees based on end of day prices and do not capture intraday cash flow, price changes or trading activity, and therefore are subject to some variance from Lord Abbett returns. In addition, Wilshire and Lord Abbett may use different pricing sources and methodologies.

Not Classified securities represent those securities which have not been assigned an official GICS Direct classification. GICS Direct, a joint product of Standard & Poor's and MSCI, provides industry classifications for more than 40,000 companies and over 45,000 securities. Not Classified securities may include, but are not limited to: Exchange-Traded Funds (ETFs), pink sheet-listed issues, pre-IPO placements, private placements, secondary issues, open-end funds, closed-end funds, and non-operating establishments.

Under certain circumstances, Lord Abbett may elect to have Wilshire map an ETF holding to the relevant characteristics represented by that ETF's underlying index in order to reflect the exposure and performance contributed by the ETF to the overall portfolio. When this option is selected, Wilshire will remove the ETF from the Not Classified category and instead allocate the ETF's exposures across the relevant attributes based on the composition of the ETF's underlying index.

Small Cap Core Equity Institutional End Notes to Performance

The Global Investment Performance Standards (GIPS®) compliant performance results shown represent the investment performance record for the Lord, Abbett & Co. LLC (Lord Abbett) Small Cap Core Equity Institutional Composite. This composite is comprised of all fully discretionary portfolios managed on behalf of institutional investors investing primarily in a combination of growth and value small-capitalization equity securities. Other than registered investment companies sponsored by Lord Abbett, accounts opened/funded on or before the 15th day of the month are included in the Composite effective on the first day of the second following month. Accounts opened/funded after the 15th of the month will be included in the Composite effective on the first day of the third month following. Registered investment companies sponsored by Lord Abbett are included in the Composite in the first full month of management. Closed accounts will be removed from the Composite after the last full month in which they were managed in accordance with the applicable objectives, guidelines and restrictions. Performance results are expressed in U.S. dollars and reflect reinvestment of any dividends and distributions. The Composite was created in 2002. A complete list of Lord Abbett composites and a description of their investment strategies is available on request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

For GIPS® purposes, Lord Abbett defines the firm as all assets managed by the firm, including mutual funds (all classes of shares), separate/institutional accounts, individual accounts, and separately managed accounts managed by Lord Abbett. This definition of the firm does not include any hedge fund or separately managed program accounts where Lord Abbett does not have the records so long as it is impossible for Lord Abbett to have the records (within the meaning of relevant GIPS® interpretations). No alteration of the Composite as presented has occurred because of changes in personnel or other reasons at any time. Leverage has not been used in the portfolios included within the Composite. There has been no linkage with simulated or model portfolios.

The number of portfolios and total assets in the Composite, and the percentage of total “firm” assets represented by the Composite at the end of each calendar year for which performance information is provided are as follows:

<u>Calendar Year Ended</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Number of Portfolios	10	12	14	15	15	15	11	4	2	1
Total Assets (\$M)	\$1,582	\$2,210	\$2,205	\$1,760	\$2,722	\$2,546	\$1,992	\$692	\$251	\$64
Percentage of Firm Assets	1.5%	2.1%	2.5%	2.5%	2.5%	2.3%	2.0%	0.7%	0.4%	0.1%
Dispersion	0.40	0.06	0.19	0.05	0.14	0.08	N/A	N/A	N/A	N/A
Total Firm Assets (\$M)	\$107,449	\$106,528	\$88,895	\$70,347	\$110,201	\$112,193	\$101,946	\$93,560	\$72,237	\$48,179
LA Small Cap Core Composite Gross - Annual	-0.56%	14.88%	25.49%	-32.47%	11.23%	7.41%	14.70%	22.91%	54.54%	-13.77%
LA Small Cap Core Composite- Gross – 3 yr Annualized Return	12.76%	-0.89%	-1.95%	-6.90%	11.08%	14.83%	29.64%	17.88%	N/A	N/A
LA Small Cap Core Composite- Gross – 3 yr Annualized Ex-Post Standard Deviation	23.73%	25.68%	22.74%	18.72%	10.82%	12.22%	14.29%	19.39%	N/A	N/A
LA Small Cap Core Composite Net - Annual	-1.60%	13.76%	24.26%	-33.17%	10.13%	6.35%	13.57%	21.71%	53.06%	-14.64%
LA Small Cap Core Composite – Net – 3 yr Annualized Return	11.64%	-1.88%	-2.93%	-7.84%	9.98%	13.70%	28.37%	16.72%	N/A	N/A
Russell 2000® Index - Annual	-4.18%	26.86%	27.17%	-33.79%	-1.57%	18.37%	4.55%	18.33%	47.25%	-20.48%
Russell 2000® Index – 3 yr Annualized Return	15.63%	2.22%	-6.07%	-8.29%	6.80%	13.56%	22.13%	11.48%	N/A	N/A
Russell 2000® Index – 3 yr Annualized Ex-Post Standard Deviation	25.34%	28.08%	25.19%	20.13%	13.35%	13.95%	15.30%	19.23%	N/A	N/A

Small Cap Core Equity Institutional End Notes to Performance

Dispersion is represented by the asset-weighted standard deviation, a measure that explains deviations of portfolio rates of return from the asset-weighted composite return. Only portfolios that have been managed within the Composite style for a full year are included in the asset-weighted standard deviation calculation. The measure may not be meaningful (N/A) for composites consisting of five or fewer portfolios or for periods of less than a full year.

The performance of the Composite is shown net and gross of advisory fees, and reflects the deduction of transaction costs. The deduction of advisory fees and expenses (and the compounding effect thereof over time) will reduce the performance results and, correspondingly, the return to an investor. For all periods through December 31, 2010, net performance of the Composite as presented in the table on the previous page reflects the deduction of a “model” advisory fee, calculated as the highest advisory fee, borne by any account (without giving effect to any performance fee that may be applicable) in the Composite (an annual rate of 1.00% of assets) and other expenses (including trade execution expenses). For all periods beginning January 1, 2011, the table on the previous page includes net performance for the Composite to illustrate the effect of the deduction of the actual advisory fee borne by each account in the Composite and other expenses (including trade execution expenses and performance incentive fees). Portfolio incentive fees are applied on a cash basis in the period in which they are paid. The effect of fees and expenses on performance will vary with the relative size of the fee and account performance. **For example, if \$10 million were invested and experienced a 10% compounded annual return for 10 years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be \$25,937,425. If an advisory fee of 1.00% of average net assets per year for the 10-year period were deducted, the annual total return would be 8.92% and the ending dollar value would be \$23,673,637.** The management fee schedule is as follows: 1.00% on the first \$10 million, 0.75% on the next \$40 million, 0.65% on the next \$50 million, 0.60% on the next \$100 million, and 0.55% on all assets over \$200 million. Certain securities held in portfolios contained in this composite may have valuations determined using both subjective observable and subjective unobservable inputs. The Firm’s valuation hierarchy does not materially differ from the hierarchy in the GIPS Valuation Principles.

Lord Abbett claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Lord Abbett has been independently verified for the periods 1993 through 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 Small Cap Core composite has been examined for the periods 2001 through 2011. The verification and performance examination reports are available upon request.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. The Russell 3000® Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 2000® Index has not been examined by Deloitte & Touche.

Past performance is not indicative of future results. Differences in account size, timing of transactions, and market conditions prevailing at the time of investment may lead to different results among accounts. Differences in the methodology used to calculate performance also might lead to different performance results than those shown. Composite performance is compared to that of an unmanaged index, which does not incur management fees, transaction costs, or other expenses associated with a managed account.

Glossary of Portfolio Characteristics

Long Term Growth (IBES Median) is the consensus outlook for a portfolio's EPS growth. I/B/E/S provides medians of research analysts' estimates for companies' long-term (typically five years) growth rates.

Median Market Capitalization is a measurement of the market capitalization of the holding that is in the arithmetic middle of the portfolio or index.

Price/Book Ratio is a ratio that helps determine whether a stock is undervalued or overvalued. It is calculated by dividing a stock's price per share by its book value per share.

Price/Earnings Ratio (forecast) is a ratio that reflects how much a stock costs relative to its earnings. It is calculated by dividing the current stock price by the estimated future earnings per share.

Price/Earnings Ratio (trailing) is a ratio that reflects how much a stock costs relative to its earnings. It is calculated by dividing the current stock price by the trailing earnings per share.

Return on Equity (5 Year Average) is a measurement of how much profit a company earned relative to the amount of a shareholder's equity that is found on a company's balance sheet. It is calculated by taking the arithmetic average of the five most recent fiscal year-end ROE ratios.

Weighted Average Market Capitalization is the average market capitalization of all companies held in the portfolio.



Small Cap Core Client Service Contacts

Kristin v. Shofner

Director of Public Fund Marketing

(201) 827 - 2326

kshofner@lordabbett.com

Stacia H. Ikpe, CFA

Client Portfolio Manager

(201) 827 - 2853

sikpe@lordabbett.com

Dafina Kukaj

Client Service Associate

(201) 827 - 2506

dkukaj@lordabbett.com



Luther King Capital Management

Mandate: Small Cap

Hired: 2005

Firm Information	Investment Approach	Total ARMB Mandate
<p>Luther King Capital Management (“LKCM”) was founded as a registered investment advisory firm by Mr. King in 1979. The firm maintains its independence and the seven shareholders of LKCM are all active members of the firm.</p> <p>As of 9/30/12, the firm’s total assets under management were \$10.3 billion.</p> <p>Key Executives: Steve R. Purvis, <i>Principle, Vice President, Portfolio Manager</i> Mark L. Johnson, <i>Vice President, Portfolio Manager</i></p>	<p>Luther King’s small cap equity philosophy is a “Core” investment philosophy based on the belief that competitively advantaged companies, which typically generate a high and/or improving return on invested capital, can provide superior rates of return to shareholders over long periods of time. These companies will also have strong balance sheets and generate free cash flow. LKCM's time-tested investment philosophy adds value through the creation of wealth and the management of risk. LKCM's small cap strategy adds value by bringing a thorough internal due diligence process to bear on the inefficient small cap market. This process has led to successful sector and stock selection over time. The firm also adds value through the management of risk by working to remove "problem" stocks from the portfolio in a timely manner.</p> <p>Benchmark: Russell 2000 Index</p>	<p>Assets Under Management: 9/30/12 \$137,178,169</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (gross)	5.98%	28.15%	18.19%	3.76%
Fee	0.14%	0.54%	0.54%	0.54%
Manager (net)	5.84%	27.61%	17.65%	3.22%
Benchmark	5.25%	31.91%	12.99%	2.21%

**ALASKA RETIREMENT
MANAGEMENT BOARD
INVESTMENT REVIEW
DECEMBER 6, 2012**

**LUTHER KING CAPITAL MANAGEMENT
301 Commerce, Suite 1600
Fort Worth, Texas 76102
Tel: (817) 332-3235 Fax: (817) 332-4630**

TABLE OF CONTENTS

I.	SMALL CAP INVESTMENT SUMMARY	1 - 12
II.	PORTFOLIO REVIEW	
	Investment Performance	13 - 15
	Sector Weightings/Portfolio Characteristics	16
	Attribution	17
	Fifteen Largest Holdings/Top & Bottom Contributors	18
	Current Market Observations	19
III.	PORTFOLIO HOLDINGS	20 - 24

Luther King Capital Management

- Independent Investment Counseling Firm - founded in 1979
- 100% employee-owned and controlled “C” Corporation –
61 employees, 29 investment professionals, 7 principals
- \$10.3 billion in total assets Taxable / Non Taxable 56% / 44%
 - Dedicated Small Cap Assets \$ 2.0 bil – 53 portfolios - since 1994
 - Dedicated SMID Cap Assets \$ 0.5 bil – 29 portfolios - since 2005
- Research intensive, fundamentally based investment strategy
- “Client focused culture”
- Highly aligned with our clients’ success – LKCM, employees and affiliates are collectively the firm’s largest client
- Successful long-term performance track record

Total Assets Under Management

\$10.3 Billion

Client Base

Institutional

Foundation/Endowment	2.1 bil	20%
Employee Benefit	\$1.3 bil	13%
Other Institutional	0.7 bil	7%
Public	<u>0.4 bil</u>	<u>4%</u>
Total Institutional	\$4.5 bil	44%

Taxable

Individuals & Families	3.3 bil	32%
Mutual Funds	\$1.7 bil	17%
<i>Small Cap Fund (LKSCX)</i>	<i>0.8 bil</i>	
<i>Smid Cap Fund (LKSMX)</i>	<i>0.2 bil</i>	
Limited Partnerships	<u>0.8 bil</u>	<u>8%</u>
Total Taxable	\$5.8 bil	56%

Investment Type

Equity	86%
<i>Small Cap Core</i>	<i>20%</i>
<i>Smid Cap Equity</i>	<i>5%</i>
Fixed Income & Short-Term Investments	<u>14%</u>
Total	100%

Market Capitalization

Mega Cap (>\$57 bil)	25%
Large Cap (\$6-\$57 bil)	33%
Mid Cap (\$2.5-\$6 bil)	14%
Small Cap (<\$2.5 bil)	28%

As of 09/30/12

LKCM Investment Staff

**21 Years Average Investment Experience
14 Years Average with LKCM**

29 Investment Professionals

21 CFA's, 6 CPA's

- * 12 Portfolio Managers
 - 11 Equity
 - 1 Fixed Income
- * 14 Analysts
 - 11 Firm Wide / Sector
 - 3 Small Cap
- * 3 Traders
 - 2 Equity
 - 1 Fixed Income
- * 7 Private Equity

(8 have multiple responsibilities)

LKCM Small / SMID Cap Strategy

- * 2 Portfolio Managers
 - J. Luther King, Jr., CFA
 - Lead Manager - Steven R. Purvis, CFA
- * 3 Small Cap Analysts
 - Benjamin M. Cowan, CFA
 - Mason D. King, CFA
 - C. Brett Scarbrough, CPA
- * 11 Firmwide / Sector Analysts
- * 2 Equity Traders

LKCM Investment Strategy

- ***Strategy:*** Identify and invest in high-quality, competitively-advantaged companies that have the ability to reinvest their free cash flow internally at high rates of return to grow the value of the company, thus, allowing wealth to compound over time as management executes its business strategy
- ***Goals:*** To consistently generate superior returns with lower volatility relative to the benchmark
- ***Approach:*** A research intensive, rigorous, bottoms-up, fundamental approach utilizing the knowledge and experience of our investment professionals

LKCM Small Cap Core Investment Process

Idea Generation

- ☐ **IDEA UNIVERSE**
 - *between \$400 mil-\$2.5 bil market cap*
 - *adequate trading liquidity*
- ☐ **COMPETITIVELY ADVANTAGED COMPANIES**
 - *high quality, proven business models*
 - *positive wealth creation attributes*
 - *credible management*
 - *multi year growth opportunities*
- ☐ **HIGHLY PROFITABLE**
 - *improving return profile*
 - *return on invested capital*
- ☐ **RE-INVESTMENT OPPORTUNITIES**
 - *at high rates of return*
 - *eliminates most Utilities & REIT's*
- ☐ **WELL CAPITALIZED**
 - *appropriate debt levels*
- ☐ **VALUATION**
 - *utilize company/sector specific valuation methodology*

Portfolio Construction

- ☐ **OVERALL**
 - *a fundamentally driven, knowledge based approach used to build a diversified portfolio of high-quality companies at attractive valuations*
 - *executed by lead manager*
- ☐ **STOCK DIVERSIFICATION**
 - *85 – 95 holdings*
 - *initial position 0.8% - 1.2%*
- ☐ **SECTOR DIVERSIFICATION**
 - *limit sector overweights to roughly 500 bps*
 - *underweights where appropriate*
- ☐ **OTHER CONSIDERATIONS**
 - *cash position typically < 5%*
 - *average annual turnover 50-70%*
- ☐ **SYSTEMICALLY MONITOR PORTFOLIO**
 - *weekly portfolio attribution analysis focused on stock and sector allocation decisions*
 - *special attention to investments down >15% from cost*

Sell Discipline

- ☐ **TRIM**
 - *position > 2% of portfolio*
 - *market cap > \$3.5 bil*
- ☐ **SELL**
 - *market cap > \$5 bil*
 - *valuation becomes excessive*
 - *fundamental outlook weakens*
 - *changes in investment thesis*
- ☐ **EXCEPTIONS REPORT PROCESS**
 - *since 1997, a structured process to review all 'struggling' investments*
 - *typically review 6-8 investments each month*
 - *analysts formally review the investment thesis with the focus on making a better 'second' decision.*
 - *the goal is to prevent stock problems from becoming portfolio problems thus minimizing negative tail risk*

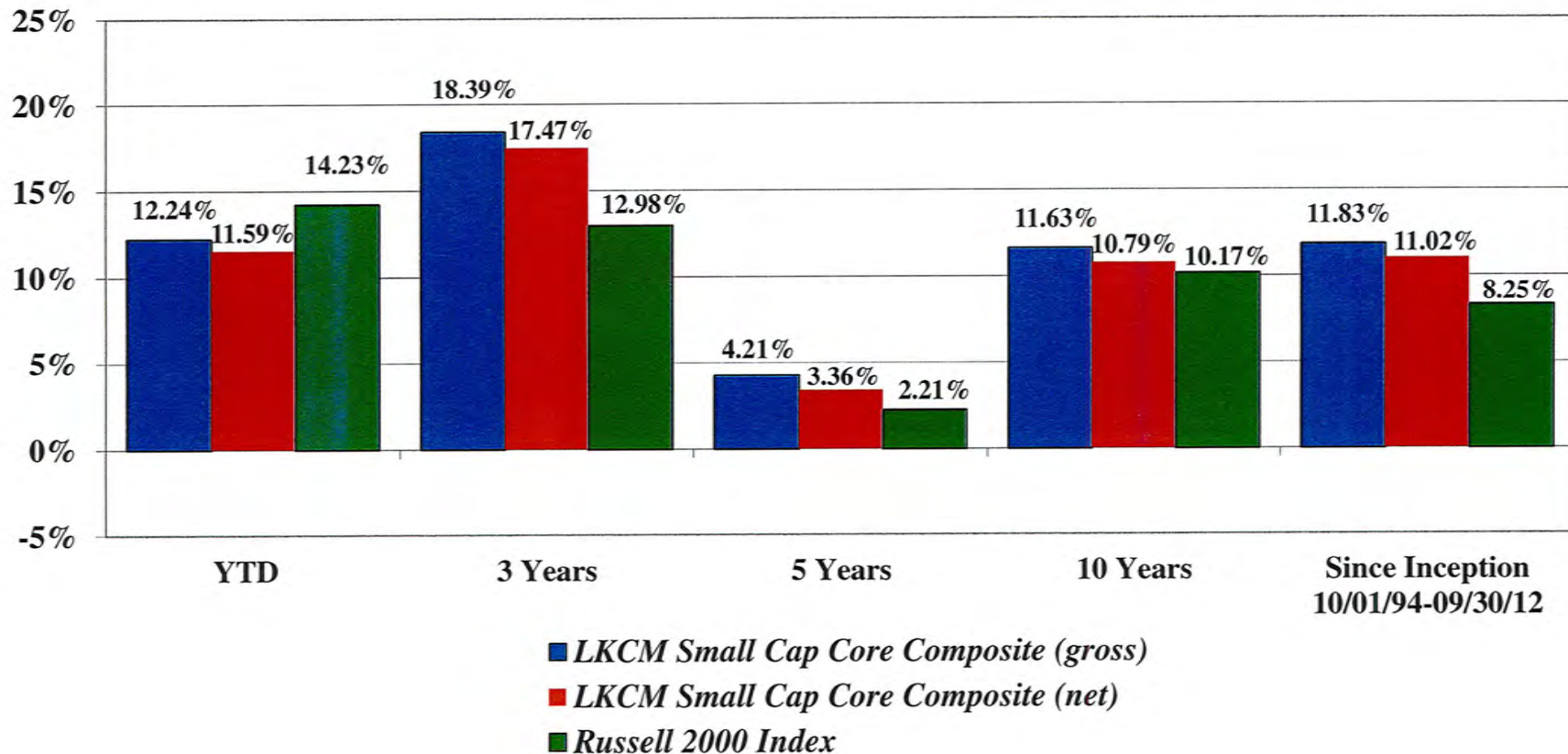
LKCM Investment Process Summary

- *Disciplined knowledge based investment process*
- *Invested in high quality, competitively advantaged companies*
- *Diversified portfolio that historically captures the upside and protects on the downside.*
- *Repeatable, fundamentally driven investment strategy*

A Core portfolio of competitively advantaged Small Cap companies

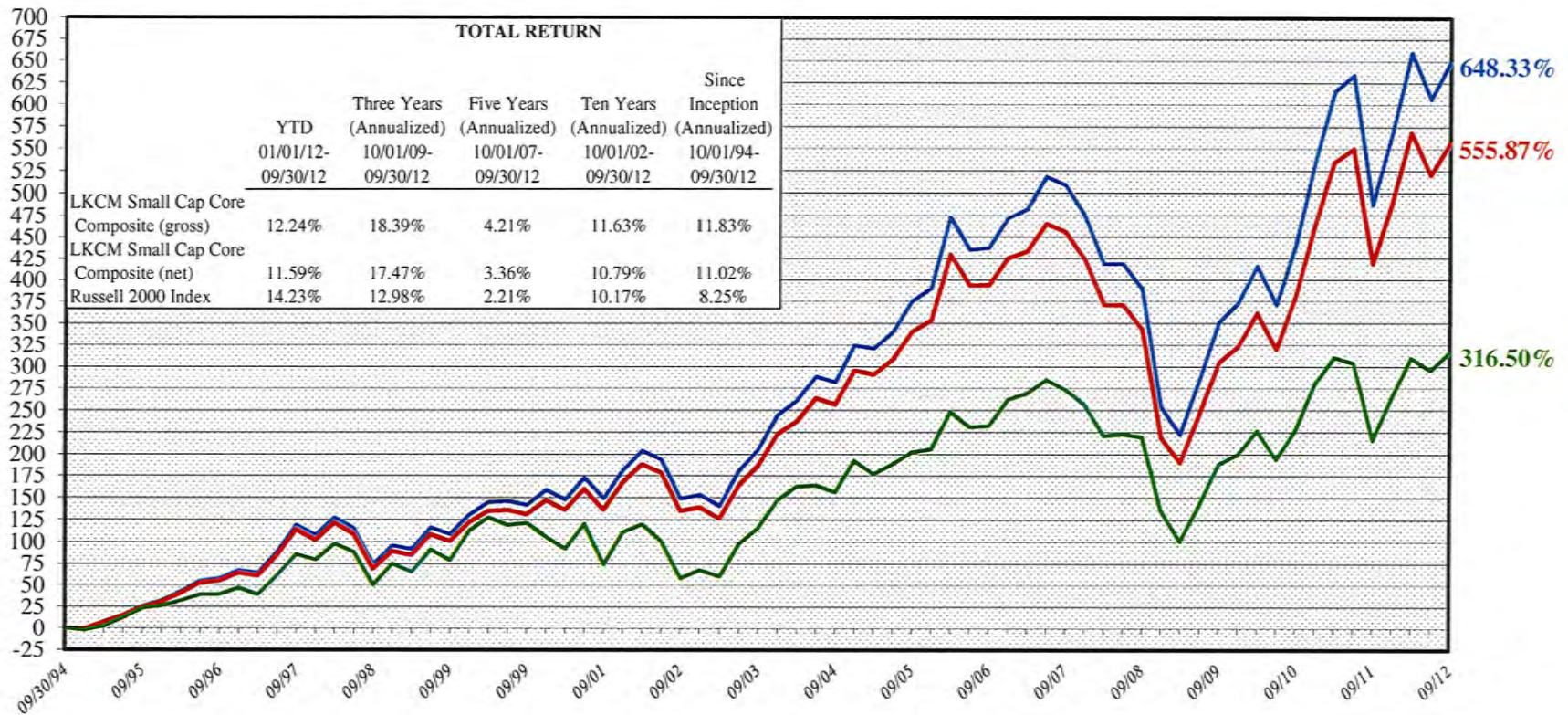
LKCM Small Cap Core Composite

Annualized Performance (Periods Ending 09/30/12)



*The performance results should be reviewed along with the attached full disclosure presentation.
Past performance is not indicative of future results.*

Cumulative Returns Since Inception (10/01/94 – 09/30/12)

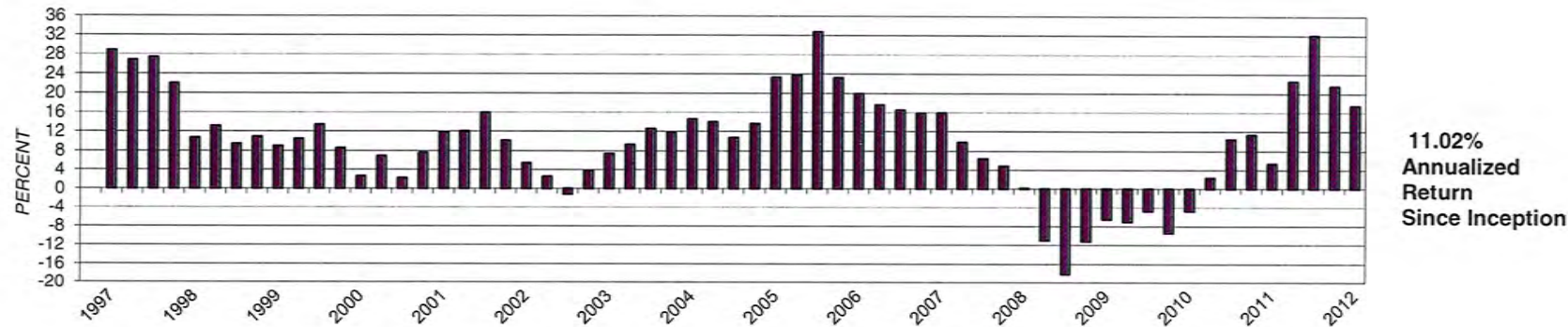


LKCM
LUTHER KING CAPITAL MANAGEMENT

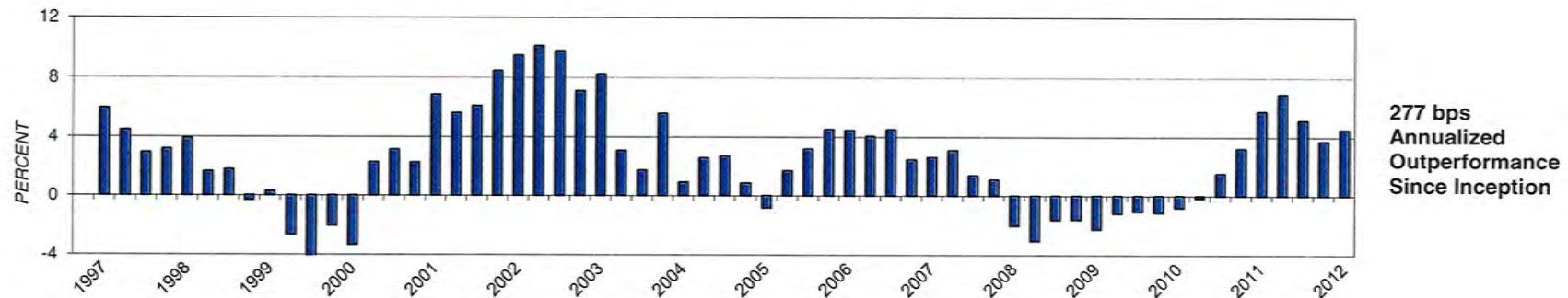
LKCM Small Cap Core Composite

Three Year Rolling Returns Annualized (10/01/94 – 09/30/12)

LKCM Small Cap Core Composite (Net)
Three Year Rolling Returns (Annualized)



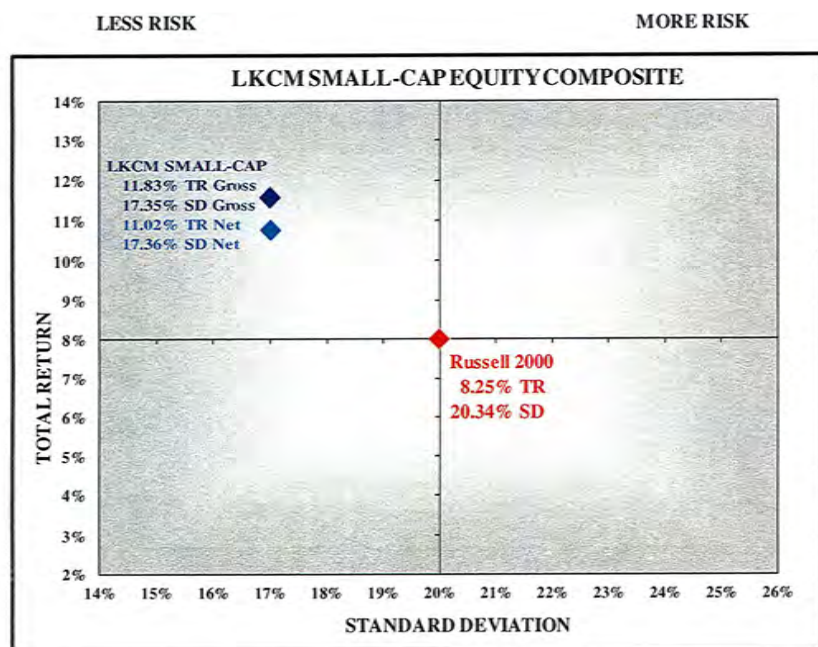
LKCM Small Cap Core Composite
Three Year Rolling Returns (Net Annualized) vs. Russell 2000



*The performance results should be reviewed along with the attached full disclosure presentation.
Past performance is not indicative of future results.*

LKCM Small Cap Core Composite

Risk and Return/Portfolio Characteristics (10/01/94 – 09/30/12)



TR = Total Return (10/01/94 to 09/30/2012) Annualized

SD = Standard Deviation

Standard deviation measures the volatility of prices around the mean average. This presentation is supplemental to the attached full disclosure presentation. Past performance is not indicative of future results.

SINCE INCEPTION RISK/RETURN			
	LKCM SMALL-CAP EQUITY COMPOSITE		RUSSELL 2000
	Gross	Net	
Portfolio Return	11.83%	11.02%	8.25%
Standard Deviation	17.35%	17.36%	20.34%
Alpha	4.81%	4.04%	0.00%
Beta	0.80	0.80	1.00
R ²	88%	88%	100%
Up Capture	98%	95%	100%
Down Capture	77%	79%	100%

Alpha represents the excess return of the composite over the expected market return

Beta measures the risk of volatility of the composite relative to the market as a whole

R² measures the correlation of composite returns to the benchmark

Up Capture measures the percentage of benchmark performance captured by the composite during up quarters

Down Capture measures the percentage of benchmark performance captured by the composite during down quarters

Source: LKCM Small Cap Core Composite and Zephyr Associates, Inc.

LKCM Small Cap Core Composite

Attribution Analysis ⁽¹⁾

	<u>Stock Selection</u>	<u>Sector Allocation Decisions</u>	<u>Total Excess Return</u>
3 Year	24.58	0.61	25.19
5 Year	8.45	2.13	10.58
10 year	-	-	-
Since Inception	-	-	-

As of 9/30/12

(1) vs. Russell 2000 Index

(2) Gross of Fees

(3) 10/01/94

*This presentation is supplemental to the attached full disclosure presentation.
Past performance is not indicative of future results.*

Source: Thomson Reuters (Thomson One Analytics) and Zephyr Associates, Inc.

Portfolio Characteristics ^(1,2)

	<u>Alpha</u>	<u>Beta</u>	<u>Upside</u>	<u>Downside</u>
3 Year	5.78	0.92	115.9	91.5
5 Year	2.03	0.93	107.0	97.5
10 year	2.27	0.90	102.5	94.3
Since Inception	4.81	0.80	97.6	76.7

LUTHER KING CAPITAL MANAGEMENT

SMALL CAP CORE COMPOSITE

Full Disclosure Presentation as of September 30, 2012

Year	Total Return Gross of Fees	Total Return Net of Fees	Russell 2000 Index	Annual Standard Deviation	Number of Accounts	Small Cap Core Composite Assets (millions)	Percentage of Firm Assets	Total Firm Assets (millions)
2012 (1/1-9/30)	12.24 %	11.59 %	14.23 %	NA %	43	1888	18 %	10267
2011	5.09	4.27	-4.18	0.5	41	1673	19	8780
2010	34.17	33.16	26.85	0.5	41	1632	20	8111
2009	33.51	32.43	27.17	1.0	45	1351	19	6976
2008	-38.52	-39.08	-33.79	0.4	49	1039	18	5635
2007	0.63	-0.16	-1.57	0.5	47	1640	21	7743
2006	16.76	15.87	18.37	0.7	36	1530	21	7261
2005	15.42	14.61	4.55	0.2	21	1099	17	6377
2004	23.28	22.48	18.32	0.9	6	509	9	5399
2003	35.95	35.09	47.25	NA	5	389	7	5372
2002	-9.80	-10.39	-20.48	NA	4	278	6	4674

NA -- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Luther King Capital Management (LKCM) is a registered investment adviser under the Investment Advisors Act of 1940 and is defined as an independent investment management firm. LKCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LKCM has been independently verified for the periods January 1, 1992 through December 31, 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 Small Cap Core Composite has been examined for the periods October 1, 1994 to December 31, 2010. The verification and performance examination reports are available upon request. The firm-wide verification and composite performance examination for the period January 1, 2011 through December 31, 2011 is currently being conducted.

The Small Cap Core Composite contains all fully discretionary taxable and non-taxable, fee-paying small cap accounts under management. Our small-cap strategy seeks to generate investment returns that exceed the applicable benchmark while attempting to manage portfolio risk and volatility. Our small-cap strategy seeks to achieve its investment objective through fundamental analysis of individual companies and seeks high quality companies based on various criteria, such as profitability levels, balance sheet quality, competitive advantages, market share positions, ability to generate excess cash flows, meaningful management ownership stakes, and relative valuation. The strategy typically purchases securities of companies with market capitalizations between \$400 million and \$2.5 billion at the initial time of purchase. For comparison purposes, the composite is measured against the Russell 2000 Index, which is a market capitalization weighted index that is the most representative of the market capitalization of the securities in this composite.

January 1, 2003 is the effective creation date of the Small Cap Core Composite. Quarterly performance from October 1, 1994 to September 30, 2012 is available upon request. The annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite the entire year. The 3-year annualized standard deviation ending September 30, 2012 for the composite is 19.76% (gross) and 20.99% for the Russell 2000 Index. Ten years annualized compound return ending September 30, 2012: Small Cap Core Composite 11.63% (gross), 10.79% (net); Russell 2000 Index 10.17%. The current management fee schedule for this composite is as follows: 1% on the first \$5,000,000; .75 of 1% on the next \$5,000,000; .50 of 1% above \$10,000,000; minimum annual fee \$30,000. LKCM Small Cap Equity Fund fees are calculated and paid quarterly in arrears, at annualized rates up to 0.75% of the Fund's average daily net assets. In some instances, LKCM voluntarily waives these fees and/or reimburses the LKCM Small Cap Equity Fund in order to maintain a designated expense ratio. LKCM may adjust or otherwise negotiate management fees in its discretion and, therefore, clients may have a different fee schedule. For a complete list of our management fees, please see our Form ADV, Part 2A.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Effective January 1, 2005, new accounts are added quarterly when the account is at least 75% invested and fully representative of investment style. Prior to January 1, 2005, accounts were added soon after inception on a quarterly basis and/or when considered fully representative of investment style. A complete list and description of the firm's composites is available upon request. Terminated accounts are included through the last full calendar quarter under management. Results are presented before taxes, both gross of management fees and net of actual management fees, net of commissions and other transaction costs, and include the reinvestment of all income. The U.S. dollar is the currency used to express performance. Past performance is not indicative of future results.

ALASKA RETIREMENT MANAGEMENT BOARD
INVESTMENT PERFORMANCE*
SEPTEMBER 30, 2012

	PORTFOLIO	RUSSELL 2000 INDEX
2012 YEAR TO DATE (01/01/12 - 09/30/12)	12.74 %	14.23 %
FY 2013 YEAR TO DATE (07/01/12 - 09/30/12)	5.97 %	5.25 %
FY 2012 (07/01/11 - 06/30/12)	(3.65) %	(2.08) %
FY 2011 (07/01/10 - 06/30/11)	56.00 %	37.41 %
FY 2010 (07/01/09 - 06/30/10)	21.67 %	21.48 %
THREE YEARS ENDING 09/30/12	66.12 %	44.24 %
ANNUALIZED RETURN	18.45 %	13.00 %
FIVE YEARS ENDING 09/30/12	20.75 %	11.57 %
ANNUALIZED RETURN	3.84 %	2.21 %
SINCE INCEPTION		
(04/29/05 - 09/30/12)	82.95 %	59.67 %
ANNUALIZED RETURN	8.48 %	6.50 %

* *INVESTMENT RESULTS ARE BEFORE FEES AND INCLUDE REALIZED AND UNREALIZED GAINS AND LOSSES AND DIVIDENDS AND INTEREST.*

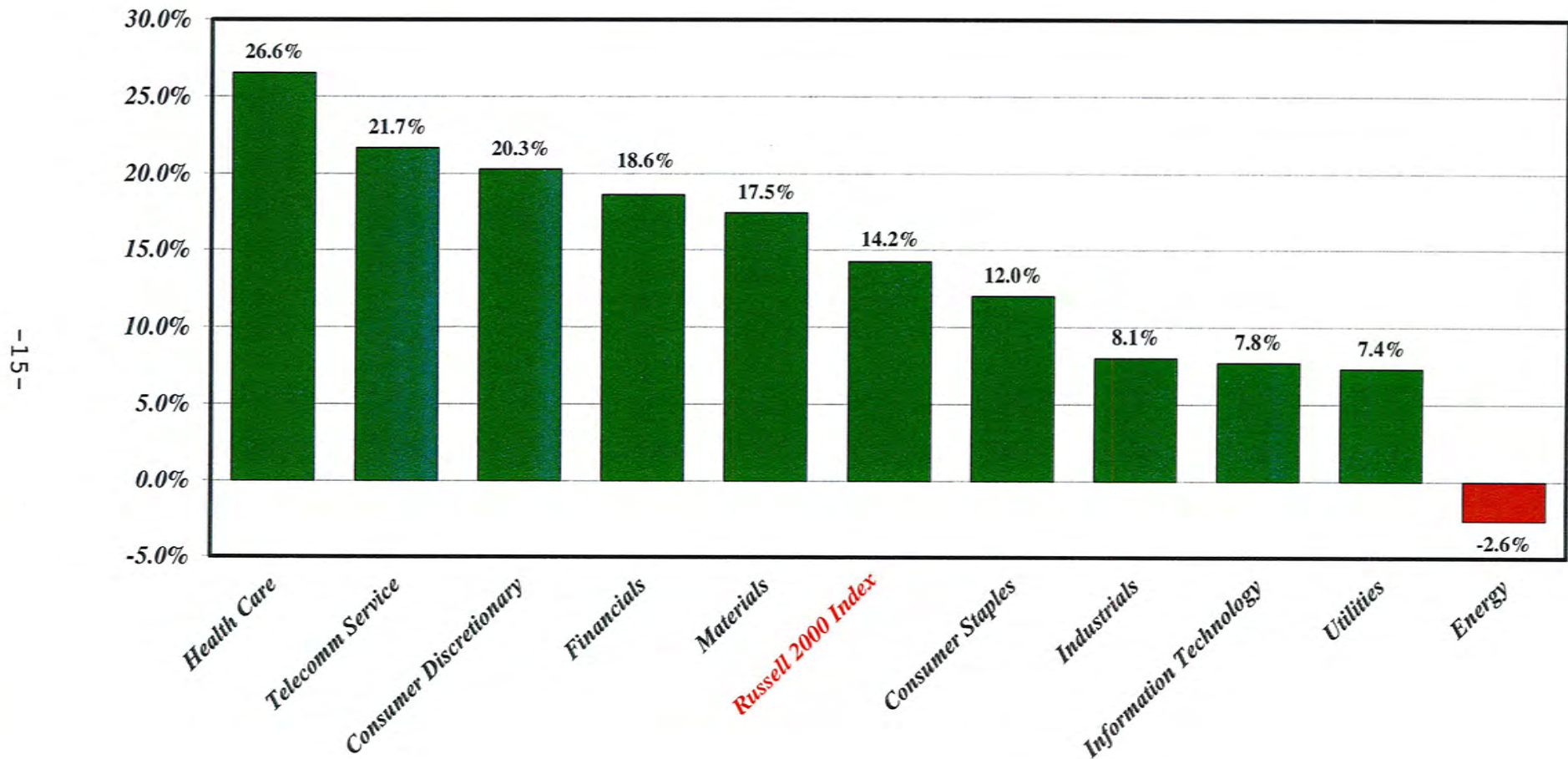
ALASKA RETIREMENT MANAGEMENT BOARD

SEPTEMBER 30, 2012

	<u>CONTRIBUTIONS</u>	<u>DISTRIBUTIONS</u>	
04/29/05	BEGINNING MARKET VALUE		\$ 97,230,351
05/31/05	\$ 304,548		
08/19/05	\$ 500,000		
10/25/06	\$ 30,000,000		
10/07/08		\$ 10,000,000	
07/24/09		\$ 20,000,000	
05/11/10		\$ 20,000,000	
	<hr/>	<hr/>	<hr/>
	TOTALS/NET	\$ 50,000,000	\$ (19,195,452)
	ADJUSTED CAPITAL INVESTED		\$ 78,034,899
09/30/12	CURRENT MARKET VALUE		\$ 137,166,645
09/30/12	NET INVESTMENT GAIN *		\$ 59,131,746

* TOTAL OF REALIZED AND UNREALIZED GAINS PLUS DIVIDENDS AND INTEREST INCOME

***RUSSELL 2000 INDEX SECTOR PERFORMANCE
TOTAL RETURN
JANUARY 1, 2012 - SEPTEMBER 30, 2012***

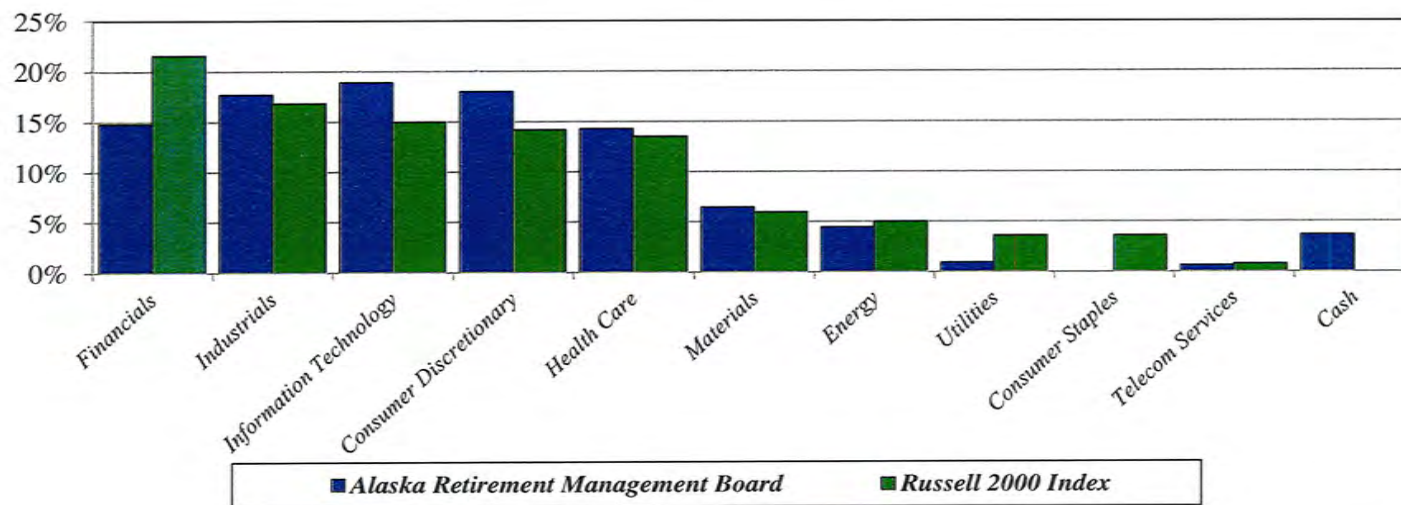


Source: The Thomson Corporation (Thomson ONE Analytics)

ALASKA RETIREMENT MANAGEMENT BOARD

SECTOR WEIGHTINGS/PORTFOLIO CHARACTERISTICS

SEPTEMBER 30, 2012



<i>Market Capitalization</i>	<i>% of Portfolio</i>	<i>Portfolio Characteristics</i>	<i>Alaska Retirement</i>	<i>Russell 2000</i>
> \$5 Bil	0%	<i>Return on Equity</i>	16 %	11 %
\$2.5 bil - \$5 bil	12%	<i>Debt/Total Capital</i>	23 %	26 %
\$1.5 bil - \$2.5 bil	40%	<i>LT Earnings Growth</i>	18 %	13 %
\$500 mil - \$1.5 bil	46%	<i>'13e P/E</i>	18 x	17 x
< \$500 mil	1%	<i>Weighted Avg Mkt Cap (\$ mil)</i>	\$ 1,686	\$ 1,281
		<i>Number of Holdings</i>	93	2,000

Source: Thomson Reuters (Baseline product)

ALASKA RETIREMENT MANAGEMENT BOARD

ATTRIBUTION

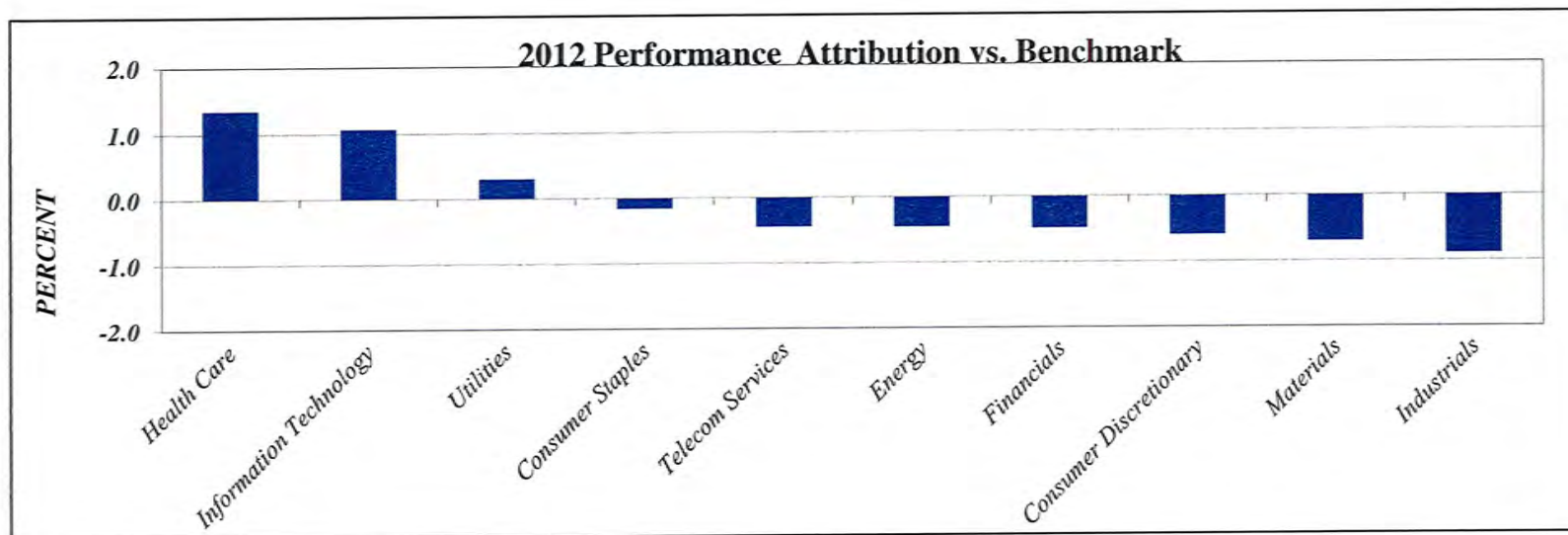
January 1, 2012 - September 30, 2012

Positives to 2012 YTD Performance

- ⇒ Stock selection in the Technology and Healthcare sectors
- ⇒ Overweight Consumer Discretionary sector
- ⇒ Underweight the Utilities sector
- ⇒ Two of our portfolio companies were acquired

Negatives to 2012 YTD Performance

- ⇒ Stock selection in the Consumer Discretionary and Materials sectors
- ⇒ Overweight Energy and Industrials sector
- ⇒ Underweight Financials sector



Source: The Thomson Corporation (Thomson ONE Analytics product).

ALASKA RETIREMENT MANAGEMENT BOARD

SEPTEMBER 30, 2012

Fifteen Largest Holdings

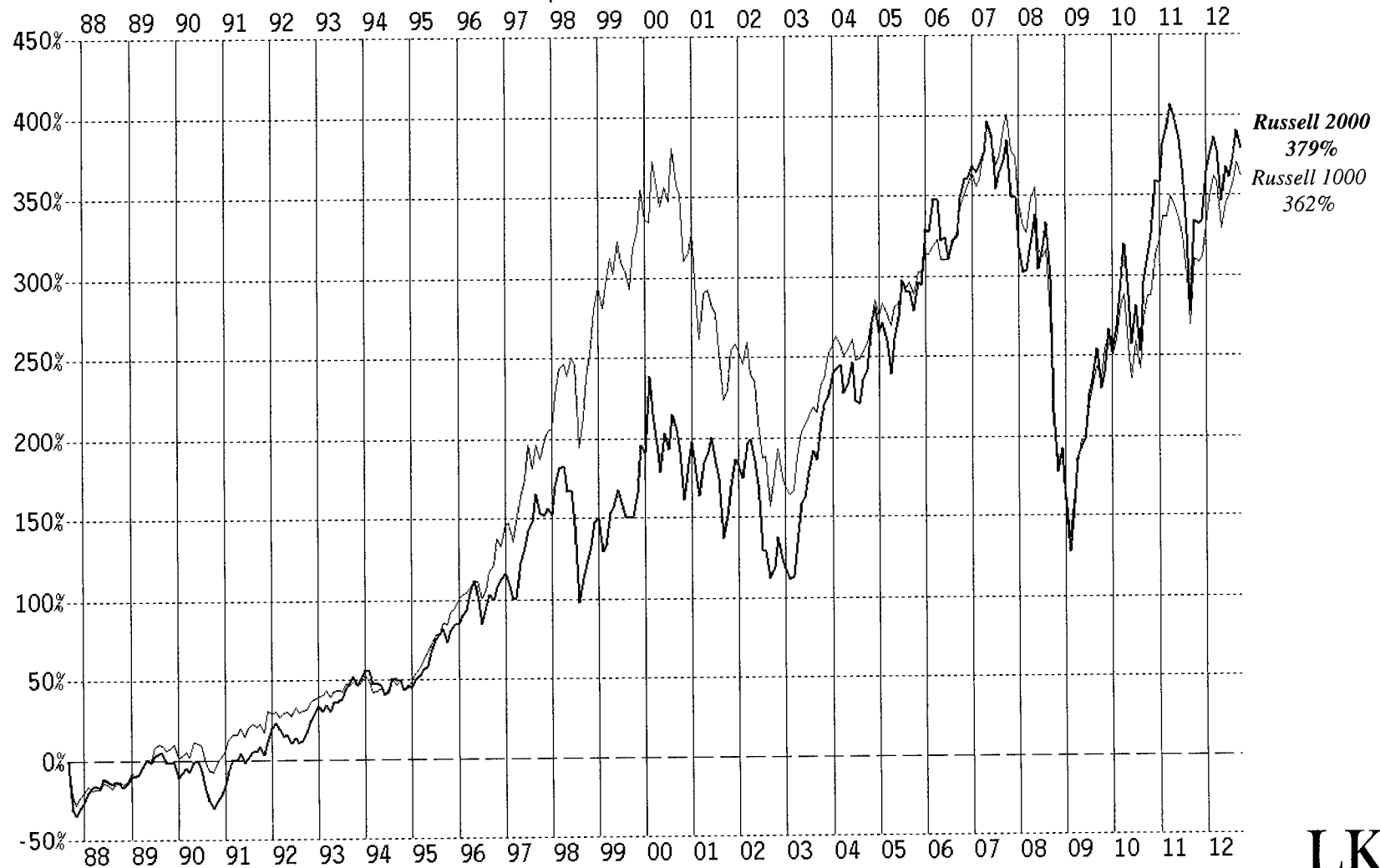
Top & Bottom Contributors - 3Q12

COMPANY	% OF HOLDING	9/30/12 CLOSING PRICE	MARKET CAPITALIZATION (MILLIONS)	YTD % CHANGE		09/30/12 WEIGHTINGS	TOTAL RETURN	PORTFOLIO CONTRIBUTION
ASPEN TECHNOLOGY INC	1.8 %	\$ 25.84	\$ 2,409	40.5 %	TOP 5 CONTRIBUTORS			
TEXAS CAPITAL BANCSHARES	1.7	49.71	1,994	50.3				
GROUP 1 AUTOMOTIVE	1.7	60.23	1,371	6.2	GREENHILL & CO INC	1.28 %	47 %	0.54 %
MWI VETERINARY SUPPLY INC	1.6	106.68	1,359	51.7	SELECT COMFORT CORP	1.31	51	0.49
APPROACH RESOURCES INC	1.5	30.12	1,161	(2.3)	GULFPORT ENERGY CORP	1.27	52	0.47
FIRST CASH FINL SVCS INC	1.4	46.01	1,316	27.2	GROUP 1 AUTOMOTIVE	1.66	32	0.45
HEXCEL CORPORATION	1.4	24.02	2,395	(6.4)	SONIC AUTOMOTIVE INC	1.37	39	0.44
SONIC AUTOMOTIVE INC - CLASS A	1.4	18.98	781	20.7				
AMTRUST FINANCIAL SERVICES	1.4	25.62	1,712	20.7	BOTTOM 5 CONTRIBUTORS			
CYBERONICS INC	1.4	52.42	1,446	49.0				
MIDDLEBY CORP	1.4	115.64	2,164	22.4	WESTPORT INNOVATIONS INC	0.93 %	(24) %	(0.30) %
FIFTH & PACIFIC COMPANIES, INC	1.4	12.78	1,445	53.5	ACTIVE NETWORK INC	0.25	(19)	(0.26)
DEXCOM	1.3	15.03	1,038	42.9	AKORN INC	1.09	(16)	(0.23)
IMPAX LABORATOR	1.3	25.96	1,747	17.4	CIENA CORP	1.00	(17)	(0.22)
FRANKLIN ELEC INC	1.3	60.49	1,414	24.5	LOGMEIN INC	0.87	(27)	(0.22)
TOTAL	21.8 %							

Source: Thomson Reuters (Baseline product)

Stock Market Performance

September 1987 – October 2012



Source: Thomson Reuters (Baseline product)

ALASKA RETIREMENT MANAGEMENT BOARD
PORTFOLIO REVIEW
SEPTEMBER 30, 2012

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
EQUITIES							
CONSUMER DISCRETIONARY							
AUTO COMPONENTS							
GROUP 1 AUTOMOTIVE	37,800	37.78	60.23	2,276,694	1.72	1.66	1.0
HOUSEHOLD DURABLES							
SELECT COMFORT CORP	56,875	17.73	31.53	1,793,269	1.36	1.31	0.0
TEMPUR PEDIC INTL INC	34,550	26.74	29.89	1,032,700	0.78	0.75	0.0
TOTAL HOUSEHOLD DURABLES				\$ 2,825,968	2.14	2.06	0.0
MEDIA							
CINEMARK HOLDINGS INC	63,275	18.85	22.43	1,419,258	1.07	1.03	3.7
SPECIALTY RETAIL							
BEBE STORES INC	161,500	8.03	4.80	775,200	0.59	0.57	2.1
DSW INC	26,575	17.43	66.72	1,773,084	1.34	1.29	1.1
GENESCO INC	25,725	56.05	66.73	1,716,629	1.30	1.25	0.0
GNC HOLDINGS INC - CL A	34,825	25.73	38.97	1,357,130	1.03	0.99	1.1
HIBBETT SPORTS INC	30,350	18.78	59.45	1,804,308	1.37	1.32	0.0
MONRO MUFFLER BRAKE INC	34,750	23.52	35.19	1,222,853	0.93	0.89	1.1
SONIC AUTOMOTIVE INC - CLASS A	99,175	14.93	18.98	1,882,342	1.43	1.37	0.5
TOTAL SPECIALTY RETAIL				\$ 10,531,545	7.97	7.68	0.7
TEXTILES, APPAREL & LUXURY GOODS							
CHILDRENS PLACE RETAIL STORES	28,265	49.56	60.00	1,695,900	1.28	1.24	0.0
CROCS INC	75,700	10.13	16.21	1,227,097	0.93	0.89	0.0
FIFTH & PACIFIC COMPANIES, INC	145,225	12.62	12.78	1,855,976	1.41	1.35	0.0
OXFORD INDUSTRIES INC	13,075	51.89	56.45	738,084	0.56	0.54	1.1
WARNACO GROUP INC	13,575	33.06	51.90	704,543	0.53	0.51	0.0
WOLVERINE WORLD WIDE INC	31,725	39.74	44.37	1,407,638	1.07	1.03	1.1
TOTAL TEXTILES, APPAREL & LUXURY GOODS				\$ 7,629,237	5.78	5.56	0.3
TOTAL CONSUMER DISCRETIONARY				\$ 24,682,703	18.69	17.99	0.7
CONSUMER STAPLES							
FOOD & STAPLES RETAILING							
CASEYS GENERAL STORES	23,300	59.48	57.14	1,331,362	1.01	0.97	1.2
ENERGY							
ENERGY EQUIPMENT & SERVICES							
ATWOOD OCEANICS INC	22,850	32.38	45.45	1,038,533	0.79	0.76	0.0

ALASKA RETIREMENT MANAGEMENT BOARD
PORTFOLIO REVIEW
SEPTEMBER 30, 2012

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
EQUITIES							
ENERGY							
OIL, GAS & CONSUMABLE FUELS							
APPROACH RESOURCES INC	67,450	19.07	30.12	2,031,594	1.54	1.48	0.0
GULFPORT ENERGY CORP	55,525	26.37	31.26	1,735,712	1.31	1.27	0.0
KODIAK OIL & GA	147,225	8.52	9.36	1,378,026	1.04	1.00	0.0
OASIS PETROLEUM INC	44,450	16.27	29.47	1,309,942	0.99	0.96	0.0
ROSETTA RESOURCES INC	30,225	22.84	47.89	1,447,475	1.10	1.06	0.0
TOTAL OIL, GAS & CONSUMABLE FUELS				\$ 7,902,748	5.98	5.76	0.0
TOTAL ENERGY				\$ 8,941,281	6.77	6.52	0.0
FINANCIALS							
CAPITAL MARKETS							
GREENHILL & CO INC	33,875	36.71	51.75	1,753,031	1.33	1.28	3.5
COMMERCIAL BANKS							
COMMUNITY BANK SYSTEM	57,550	28.71	28.19	1,622,335	1.23	1.18	3.8
FIRST HORIZON NATL CORP	177,330	9.48	9.63	1,707,688	1.29	1.24	0.4
HOME BANCSHARES INC	41,150	23.40	34.09	1,402,804	1.06	1.02	1.4
PROSPERITY BANCSHARES INC	33,600	32.02	42.62	1,432,032	1.08	1.04	1.8
TEXAS CAPITAL BANCSHARES	48,000	18.22	49.71	2,386,080	1.81	1.74	0.0
UMB FINANCIAL CORP	30,625	48.15	48.68	1,490,825	1.13	1.09	1.7
UMPQUA HOLDINGS CORP	117,350	12.54	12.90	1,513,827	1.15	1.10	2.8
TOTAL COMMERCIAL BANKS				\$ 11,555,590	8.75	8.42	1.6
CONSUMER FINANCE							
CASH AMER INTL INC	26,850	37.29	38.57	1,035,605	0.78	0.75	0.4
FIRST CASH FINL SVCS INC	41,750	18.51	46.01	1,920,918	1.45	1.40	0.0
TOTAL CONSUMER FINANCE				\$ 2,956,522	2.24	2.16	0.1
INSURANCE							
AMTRUST FINANCIAL SERVICES	73,012	15.75	25.62	1,870,567	1.42	1.36	1.6
REAL ESTATE							
FIRSTSERVICE CORP	24,102	35.19	27.95	673,651	0.51	0.49	0.0
THRIFTS & MORTGAGE FINANCE							
CAPITAL FEDERAL FINANCIAL INC	129,600	11.14	11.96	1,550,016	1.17	1.13	2.5
TOTAL FINANCIALS				\$ 20,359,377	15.42	14.84	1.5
HEALTH CARE							
BIOTECHNOLOGY							
EXACT SCIENCES CORP	30,740	11.07	11.00	338,140	0.26	0.25	0.0

ALASKA RETIREMENT MANAGEMENT BOARD
PORTFOLIO REVIEW
SEPTEMBER 30, 2012

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
EQUITIES							
HEALTH CARE							
HEALTH CARE EQUIP. & SUPPLIES							
CYBERONICS INC	35,650	33.34	52.42	1,868,773	1.42	1.36	0.0
DEXCOM	122,050	13.12	15.03	1,834,412	1.39	1.34	0.0
ENDOLOGIX INC	114,534	11.21	13.82	1,582,860	1.20	1.15	0.0
INTEGRA LIFESCIENCES HOLDING	40,775	38.94	41.10	1,675,853	1.27	1.22	0.0
MWI VETERINARY SUPPLY INC	20,150	32.90	106.68	2,149,602	1.63	1.57	0.0
SPECTRANETICS CORP	23,000	13.58	14.75	339,250	0.26	0.25	0.0
TOTAL HEALTH CARE EQUIP. & SUPPLIES				\$ 9,450,749	7.16	6.89	0.0
HEALTH CARE PROVIDERS & SVCS.							
COMPUTER PROGRAMS & SYSTEMS	28,550	57.11	55.55	1,585,953	1.20	1.16	3.3
HEALTH MGMT ASSOCIATES	170,250	8.43	8.39	1,428,398	1.08	1.04	0.0
HMS HOLDINGS CORP	50,190	19.77	33.39	1,675,844	1.27	1.22	0.0
TEAM HEALTH HOL	65,650	20.29	27.13	1,781,085	1.35	1.30	0.0
TOTAL HEALTH CARE PROVIDERS & SVCS.				\$ 6,471,279	4.90	4.72	0.8
PHARMACEUTICALS							
AKORN	113,232	11.90	13.22	1,496,927	1.13	1.09	0.0
IMPAX LABORATOR	69,975	23.72	25.96	1,816,551	1.38	1.32	0.0
TOTAL PHARMACEUTICALS				\$ 3,313,478	2.51	2.42	0.0
TOTAL HEALTH CARE				\$ 19,573,646	14.82	14.27	0.3
INDUSTRIALS							
AEROSPACE & DEFENSE							
HEXCEL CORPORATION	79,000	13.57	24.02	1,897,580	1.44	1.38	0.0
COMMERCIAL SERVICES & SUPPLIES							
INSPERITY INC	42,450	23.31	25.23	1,071,014	0.81	0.78	2.7
ELECTRICAL EQUIPMENT & INSTRUMENTS							
BELDEN INC	42,325	29.92	36.88	1,560,946	1.18	1.14	0.5
FRANKLIN ELEC INC	29,975	41.99	60.49	1,813,188	1.37	1.32	1.0
THERMON GROUP HOLDINGS	58,725	20.10	24.99	1,467,538	1.11	1.07	0.0
WOODWARD INC	36,825	34.84	33.98	1,251,314	0.95	0.91	0.9
TOTAL ELECTRICAL EQUIPMENT & INSTRUMENTS				\$ 6,092,985	4.61	4.44	0.6
INDUSTRIAL CONGLOMERATES							
RAVEN INDS INC	38,900	15.14	29.43	1,144,827	0.87	0.83	1.4
REXNORD HOLDINGS INC	62,075	19.50	18.22	1,131,007	0.86	0.82	0.0
TOTAL INDUSTRIAL CONGLOMERATES				\$ 2,275,834	1.72	1.66	0.7

ALASKA RETIREMENT MANAGEMENT BOARD
PORTFOLIO REVIEW
SEPTEMBER 30, 2012

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
EQUITIES							
INDUSTRIALS							
MACHINERY							
ACTUANT CORP	55,700	20.16	28.62	1,594,134	1.21	1.16	0.1
BARNES GROUP, INC	62,375	26.21	25.01	1,559,999	1.18	1.14	1.6
CHART INDUSTRIES INC	16,025	53.73	73.85	1,183,446	0.90	0.86	0.0
CLARCOR INC	29,600	33.16	44.63	1,321,048	1.00	0.96	1.2
ENPRO INDUSTRIES INC	4,025	36.83	36.01	144,940	0.11	0.11	0.0
MIDDLEBY CORP	16,100	48.00	115.64	1,861,804	1.41	1.36	0.0
WESTPORT INNOVATIONS	43,900	20.35	27.84	1,222,176	0.93	0.89	0.0
TOTAL MACHINERY				\$ 8,887,547	6.73	6.48	0.5
MARINE							
KIRBY CORPORATION	22,850	22.56	55.28	1,263,148	0.96	0.92	0.0
TRADING COS. & DISTRIBUTORS							
BEACON ROOFING SUPPLY INC	50,300	26.60	28.48	1,432,569	1.08	1.04	0.0
KAMAN CORP	39,975	34.52	35.86	1,433,504	1.09	1.05	1.8
WESCO INTERNATIONAL INC	27,650	34.72	57.20	1,581,580	1.20	1.15	0.0
TOTAL TRADING COS. & DISTRIBUTORS				\$ 4,447,653	3.37	3.24	0.6
TOTAL INDUSTRIALS				\$ 25,935,760	19.64	18.91	0.6
INFORMATION TECHNOLOGY							
COMMUNICATION EQUIPMENT							
BROCADE COMMUNICATIONS	186,075	5.35	5.92	1,100,634	0.83	0.80	0.0
CIENA CORP	100,600	13.09	13.59	1,367,154	1.04	1.00	0.0
INFINERA CORP	150,475	7.14	5.48	824,603	0.62	0.60	0.0
IXIA	88,750	10.10	16.07	1,426,213	1.08	1.04	0.0
LORAL SPACE & COMMUNICATIONS	17,175	59.24	71.10	1,221,143	0.92	0.89	0.0
NICE SYS LTD SPONSORED ADR	45,125	36.81	33.22	1,499,053	1.14	1.09	0.0
TOTAL COMMUNICATION EQUIPMENT				\$ 7,438,798	5.63	5.42	0.0
ELECTRONIC EQUIP. & INSTRUMENT							
FARO TECHNOLOGIES INC	18,300	35.92	41.32	756,156	0.57	0.55	0.0
MERCURY COMPUTER SYS	77,320	14.07	10.62	821,138	0.62	0.60	0.0
NATIONAL INSTRUMENTS CORP	39,375	19.67	25.13	989,494	0.75	0.72	2.2
TOTAL ELECTRONIC EQUIP. & INSTRUMENT				\$ 2,566,788	1.94	1.87	0.9
INTERNET SOFTWARE & SERVICES							
ACTIVE NETWORK INC	27,585	16.26	12.53	345,640	0.26	0.25	0.0
LIVEPERSON INC	77,585	10.75	18.11	1,405,064	1.06	1.02	0.0
LOGMEIN INC	52,975	24.45	22.43	1,188,229	0.90	0.87	0.0
TOTAL INTERNET SOFTWARE & SERVICES				\$ 2,938,934	2.23	2.14	0.0

ALASKA RETIREMENT MANAGEMENT BOARD
PORTFOLIO REVIEW
SEPTEMBER 30, 2012

	AMOUNT	COST	LAST	MARKET VALUE	% SEG	% PF	YIELD
EQUITIES							
INFORMATION TECHNOLOGY							
IT CONSULTING & SERVICES							
ACXIOM CORPORATION	59,145	18.30	18.27	1,080,579	0.82	0.79	0.0
SEMICONDUCTOR EQUIP. & PRODUCT							
CIRRUS LOGIC INC	40,425	16.49	38.39	1,551,916	1.18	1.13	0.0
SOFTWARE							
ACI WORLDWIDE	41,325	39.91	42.26	1,746,395	1.32	1.27	0.0
ASPEN TECHNOLOGY INC	93,350	9.64	25.84	2,412,164	1.83	1.76	0.0
INTERACTIVE INTELLIGENCE GROUP	50,950	24.62	30.05	1,531,048	1.16	1.12	0.0
MICROSTRATEGY INC	12,125	74.27	134.07	1,625,599	1.23	1.19	0.0
PEGASYSTEMS INC	48,450	30.11	29.04	1,406,988	1.07	1.03	0.4
TOTAL SOFTWARE				<u>\$ 8,722,193</u>	<u>6.60</u>	<u>6.36</u>	<u>0.1</u>
TOTAL INFORMATION TECHNOLOGY				<u>\$ 24,299,208</u>	<u>18.40</u>	<u>17.72</u>	<u>0.1</u>
MATERIALS							
CONTAINERS & PACKAGING							
SILGAN HOLDINGS INC	32,100	22.83	43.51	1,396,671	1.06	1.02	1.1
METALS & MINING							
CARPENTER TECHNOLOGY	34,225	24.50	52.32	1,790,652	1.36	1.31	1.4
COMMERCIAL METALS CO	110,300	14.36	13.20	1,455,960	1.10	1.06	3.6
HAYNES INTERNATIONAL INC	27,750	35.96	52.15	1,447,163	1.10	1.06	1.7
TOTAL METALS & MINING				<u>\$ 4,693,775</u>	<u>3.55</u>	<u>3.42</u>	<u>2.2</u>
TOTAL MATERIALS				<u>\$ 6,090,446</u>	<u>4.61</u>	<u>4.44</u>	<u>1.9</u>
TELECOM SERVICES							
WIRELESS TELECOM. SERVICES							
LEAP WIRELESS	125,500	12.57	6.81	854,693	0.65	0.62	0.0
TOTAL EQUITIES				<u>\$ 132,068,474</u>	<u>100.00</u>	<u>96.28</u>	<u>0.6</u>
CASH EQUIVALENTS							
AY70 SHORT TERM POOL AK ST	5,038,083			5,038,083	100.00	3.67	1.3
TOTAL CASH EQUIVALENTS				<u>\$ 5,038,083</u>	<u>100.00</u>	<u>3.67</u>	<u>1.3</u>
TOTAL INVESTMENTS				<u>\$ 137,106,556</u>		<u>99.96</u>	<u>0.7</u>
ACCRUAL				<u>60,089</u>		<u>0.04</u>	
TOTAL PORTFOLIO				<u>\$ 137,166,645</u>		<u>100.00</u>	

Victory Capital Management

Mandate: Small Cap Value

Hired: 2012

Firm Information	Investment Approach	Total ARMB Mandate
<p>Victory Capital Management Inc. ("Victory") is an SEC-registered investment adviser in the United States. Victory is a wholly owned subsidiary of KeyBank N.A. and KeyCorp (NYSE: KEY), a publicly-held financial services company.</p> <p>As of 9/30/12, the firm's total assets under management were \$20.0 billion.</p> <p>Key Executives: Gary H. Miller, <i>CIO, Senior Portfolio Manager</i> Don Frank, <i>Director Institutional Sales</i></p>	<p>Victory's small cap value strategy employs a bottom-up, classic value investment process to build a diversified portfolio of small cap companies that the investment team believes are undervalued and offer above-average total return potential. The team utilizes elements of both deep and relative value in order to exploit the inefficiencies inherent in the small cap asset class as well as the short-term nature of many market participants. In building portfolios, the team identifies companies that it believes to possess each of the following attributes: better business with above average financial strength, an exploitable valuation disparity between the current market value for the shares versus their estimation of fair value and finally, but importantly, the prospect for improving fundamentals. The investment team believes that companies with the combination of these attributes offer the greatest upside potential yet the widest margin of safety and thus provides the clearest path to excess return over the cycle.</p> <p>Benchmark: Russell 2000 Value Index</p>	<p>Assets Under Management: 9/30/12 \$74,544,680</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years</u> <u>Annualized</u>	<u>5-Years</u> <u>Annualized</u>
Manager (gross)	2.91%	N/A	N/A	N/A
Fee	0.20%			
Manager (net)	2.71%			
Benchmark	5.67%			

Victory Capital Management

Alaska Retirement Management Board

Data as of September 30, 2012

Gary H. Miller

*CIO, Small Cap Value and Mid Cap Value Equity
Victory Capital Management
gmiller@vcm.com
513.830.1269*

Presented by:

Donald R. Frank

*Institutional Sales Director
Victory Capital Management
dfrank@vcm.com
314.854.1340*

This material is approved for use in one-on-one presentations by authorized individuals only. It is not approved for public use or distribution.

Victory
Capital Management

Investment Highlights

Third Quarter 2012

Index	3Q 2012	YTD 2012
Russell 2000® Value	5.67%	14.37%
Russell 2000®	5.25%	14.23%
DJIA	5.02%	12.19%
S&P 500	6.35%	16.44%
NASDAQ	6.50%	20.66%
Russell Midcap®	5.59%	14.00%
Russell 1000® Value	6.51%	15.75%
Russell 1000® Growth	6.11%	16.80%
MSCI ACWI ex-USA*	7.40%	10.38%
ML IG Convertibles	5.15%	11.20%
3-Month T-bill (Citi)	0.02%	0.05%
Barclays Aggregate	1.58%	3.99%

Source: created with Zephyr StyleADVISOR.

*With Net Dividends - This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. This Index does not include the effect of expenses, is not representative of any specific fund or product and cannot be invested in directly.

Equities rallied across the size/style spectrum driven by anticipation of and eventual announcement of additional monetary stimulus from the Federal Reserve and from central banks around the world.

- For the quarter, the S&P 500 Index and DJIA increased 6.35% and 5.02%, respectively, while the technology-heavy NASDAQ Index rallied 6.50%.
- Small caps outperformed leading up to the policy announcement, but not after.
- Small cap stocks saw the lowest returns as the Russell 2000 Index rose 5.25% while mid caps came in between with the Russell Midcap Index increasing 5.59%.
- Style-wise, value overcame growth as Financials, specifically REITS, posted a strong quarter and represent a larger component of the value index.
- The Russell 2000® Value Index generated a 5.67% return for the quarter, outpacing the 4.84% return realized by the Russell 2000® Growth Index.

Markets rewarded risk-taking following pledges from the FED and ECB to provide liquidity. Economic data was mixed; slowing global growth is affecting the domestic economy but labor and housing markets are improving supporting consumer sentiment and spending.

- The ISM Manufacturing Index rose to a 4-month high in September to 51.5, indicative of GDP growth in the 1.5-2.0% range. ISM Non-Manufacturing of 55.1 has consistently outpaced manufacturing in recent months, reflecting slowing growth opportunities in Europe and most Emerging Markets.
- Labor markets are improving, but at an inconsistent rate. Non-farm payrolls averaged growth of 145k/month in Q3, following growth of 70k /month in Q2 and 225k/month in Q1. The unemployment rate remains high at 8.2%.
- The Conference Board's Consumer Confidence Index reached a 7-month high in September on the heels of improving labor markets and higher equity and housing prices.

Nine of ten Russell 2000® Value sectors were positive in the quarter, with only the Information Technology sector showing a decline.

- Combination of cyclical & defensive sectors led during the quarter.
- Outperforming defensive groups included Telecom, Health Care & Utilities.
- Among the cyclical sectors, Materials, Consumer Discretionary and Energy showed the strongest returns in the quarter with the global cyclical sectors gathering strength as the quarter progressed.
- The laggards included Industrials, Consumer Staples, and Information Technology sectors.

The Barclays Aggregate Index returned 1.58% during the quarter as continued slow-growing domestic economy suggests an extended period of a low interest rate environment.

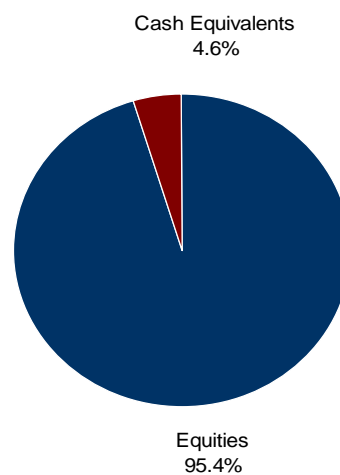
This information is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections, or recommendations in this report are subject to change without notice and are not intended as individual investment advice. Past investment performance of markets or securities mentioned herein should not be considered to be indicative of future results.

Asset Allocation as of September 30, 2012

As of September 30, 2012

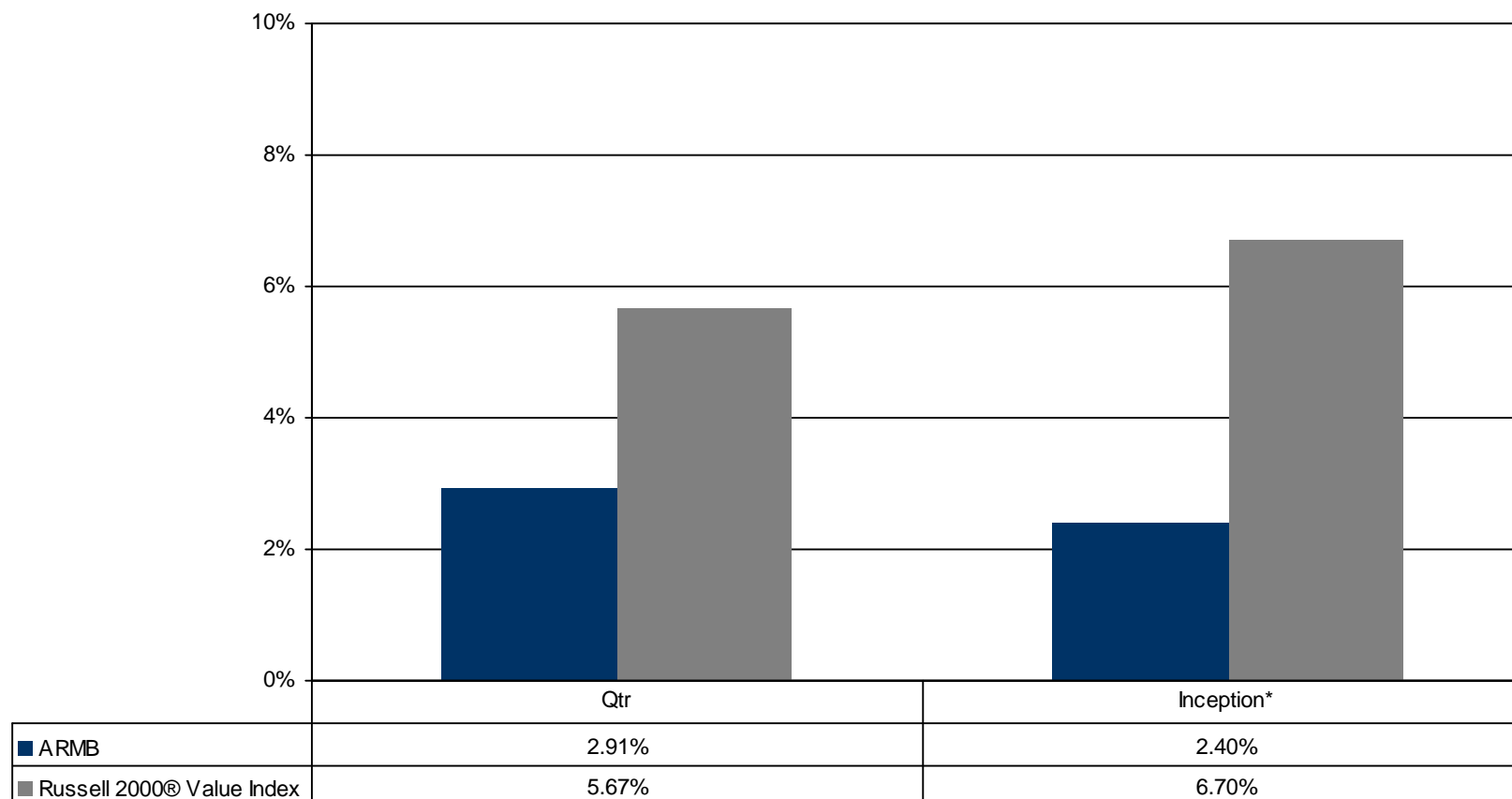
	Market Value	% of Assets
Equities	\$ 71,087,868	95.4%
Cash Equivalents	3,452,464	4.6%
Total Assets	\$ 74,540,332	100.0%

September 30, 2012



Source: HiPerformance Measurement System, Inc.

Investment Performance



Returns reflected are gross of fees as of 09.30.2012. Return Source: Statpro.

*Inception Date is 05/09/2012.

For one-on-one use only. Past performance should not be considered indicative of future results.
See the composite performance slide at the end of the presentation for additional information.

Performance Attribution Overview

Portfolio delivered weak relative returns during the period due to style factors and poor stock selection

- **Style factors provided key headwind for our return-to-risk relative value focused strategy**
 - The best returns accrued to companies with higher leverage, higher beta and deeper valuation metrics
 - Beta factor alone detracted 128 bps in terms of overall contribution during period
 - Significant compression in high yield bond spreads provided a tailwind to heightened risk taking
- **Small caps levered to higher international sales lagged those with more domestically focused exposure**
 - During 3rd quarter, companies with high international sales ticked up 2.6% compared to domestic only issues which gained 7.0%
 - Ongoing concerns regarding European recession and Chinese hard landing remained in focus
- **Portfolio was not positioned for dominant investment themes during the subject period**
 - U.S. housing recovery, related consumer wealth effect, dollar rally and slowing global growth were all key drivers to returns
 - Underestimated the “vacuum effect” of election and fiscal cliff on capital spending and business investment

More specifics on ARMB SCV relative results

- **Sector allocation detracted modestly from performance**
 - Outsized weight in Information Technology & Industrials proved to be biggest detractors
 - An overweighted posture in Staples & underweighted positions in Energy and Consumer Discretionary were also a drag on returns
 - Materials & Health Care sector overweights contributed positively but were not enough to offset detractors
- **Stock picking was particularly weak during the period under review**
 - Relative underperformance was widespread (holdings lagged in all 9 sectors with exposure) – highlighting the challenging style backdrop
 - Financials, Health Care & Materials holdings posted the weakest relative returns and represent the largest detractors to stock selection
 - Industrials & Information Technology positions did not fare much better, also lagging the universe by a decent margin
 - Positions exposed to Technology Enterprise spending or the PC Supply Chain were exceptionally soft as new product cycles disappointed
 - Within Industrials, Machinery & Employment related share weakness offset other pockets of strength which hurt results
 - Holdings in Energy, Staples & Consumer Discretionary also failed to keep pace with the index peers

*This information is based on data obtained from recognized services and sources and is believed to be reliable.
Any opinions, projections, or recommendations in this report are subject to change without notice and are not intended as individual investment advice.*

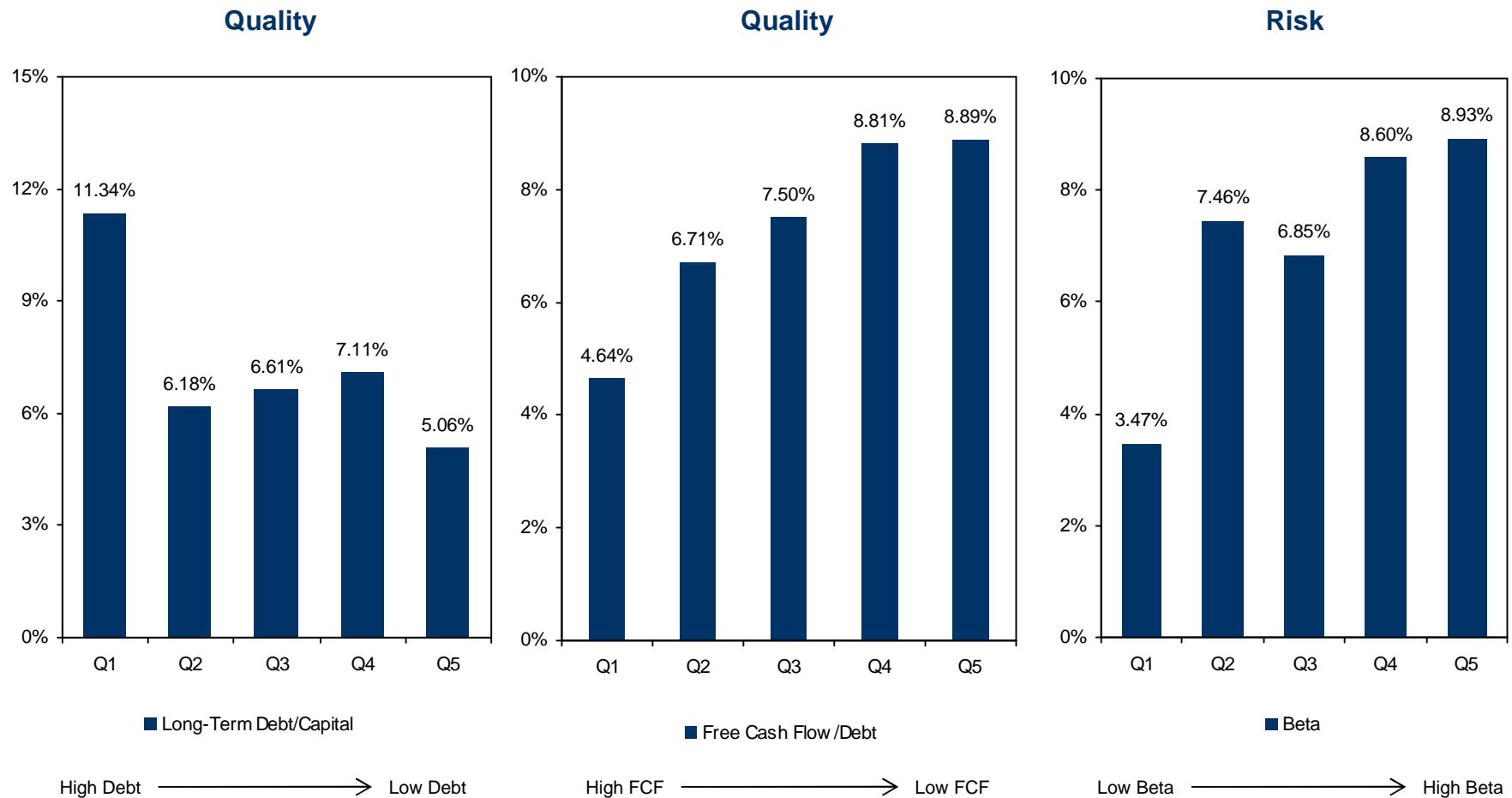
High Yield Spreads



Source: Bloomberg. For one-on-one use only. Past performance should not be considered indicative of future results.

Performance Factors

May 9, 2012 through September 30, 2012



Source: FactSet Research Systems, Inc.

For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.
The factors are equal-weighted quintile spreads.

Victory
Capital Management

Attribution Analysis – Sector Level

Since Inception

Performance Attribution

ARMB vs. Russell 2000® Value

05/10/2012 to 09/30/2012

U.S. Dollar

	ARMB			Russell 2000® Value			Variation			Attribution Analysis		
GICS Sector	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction	Total Effect
Consumer Disc.	9.83	7.15	0.71	11.74	8.55	0.93	-1.90	-1.40	-0.22	-0.02	-0.15	-0.17
Consumer Staples	4.38	2.58	0.14	2.72	5.47	0.14	1.66	-2.89	--	-0.02	-0.10	-0.12
Energy	5.53	-0.71	-0.03	5.80	2.20	0.37	-0.26	-2.91	-0.40	-0.16	-0.17	-0.33
Financials	18.95	2.99	0.56	36.95	7.17	2.58	-18.00	-4.19	-2.02	-0.09	-0.79	-0.88
Health Care	8.31	8.87	0.69	4.89	17.22	0.82	3.41	-8.35	-0.13	0.33	-0.69	-0.36
Industrials	21.87	1.47	0.28	13.37	3.46	0.36	8.51	-1.99	-0.07	-0.26	-0.45	-0.71
Information Tech.	14.96	-3.60	-0.47	11.86	-0.77	-0.02	3.10	-2.84	-0.45	-0.16	-0.43	-0.59
Materials	8.22	4.29	0.35	5.09	12.33	0.65	3.14	-8.05	-0.29	0.15	-0.64	-0.49
Telecomm. Svcs.	--	--	--	0.61	12.68	0.08	-0.61	-12.68	-0.08	-0.04	--	-0.04
Utilities	3.38	6.43	0.24	6.97	10.29	0.74	-3.59	-3.86	-0.51	-0.08	-0.13	-0.21
Cash	4.55	0.03	0.00	--	--	--	4.55	0.03	0.00	-0.28	--	-0.28
Total	100.00	2.48	2.48	100.00	6.65	6.65	--	-4.17	-4.17	-0.62	-3.55	-4.17

Source: FactSet Research Systems, Inc. Attribution Analysis is based on a representative account and may not match the performance of the composite. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Victory
Capital Management

Contribution to Return

Since Inception

Top Contributors:

Security	Contribution to Return %	Holding Period Return %
MTS Systems Corp.	0.22	29.69
AZZ Inc.	0.19	42.68
STERIS Corp.	0.16	19.11
Jack in the Box Inc.	0.15	23.23
Worthington Industries Inc.	0.15	23.07
West Pharmaceutical Services Inc.	0.13	20.30
Home BancShares Inc.	0.12	19.92
First American Financial Corp.	0.12	31.48
PetroQuest Energy Inc.	0.12	24.72
Granite Construction Inc.	0.11	18.63

Top Detractors:

Security	Contribution to Return %	Holding Period Return %
QLogic Corp.	-0.27	-24.72
VCA Antech Inc.	-0.26	-12.08
Diebold Inc.	-0.25	-9.09
WebSense Inc.	-0.24	-17.37
Synaptics Inc.	-0.21	-13.41
Commercial Vehicle Group Inc.	-0.20	-32.26
Prosperity Bancshares Inc.	-0.19	-8.11
Lincoln Electric Holdings Inc.	-0.19	-19.50
Tech Data Corp.	-0.18	-11.38
Superior Energy Services Inc.	-0.17	-14.96

Source: FactSet Research Systems, Inc.

For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Portfolio Positioning

We continue to invest your portfolio with a steady eye on the risk and return merits of each investment. We remain focused on business quality, valuation, financial strength, returns and cash flows in the pursuit of company specific opportunities and superior performance over the cycle.

- **The portfolio maintains meaningful overweighted positions in Industrials & Information Technology**
 - Recent earnings slowdown may be nothing more than a lagging reflection of European recession, China slowdown & fiscal cliff worries
 - Industrial exposures are focused in non-residential construction, heavy-duty trucks and general industrial
 - Information Technology spending has been relatively weak due to ongoing economic and political uncertainty
 - Remain cyclically biased in Technology due to compelling valuations, strong balance sheets and management returning cash
 - Technology holdings are concentrated in technology distribution, semiconductors and semi capital equipment
- **Materials sector is modestly overweighted with emphasis on specialty chemicals and construction materials**
- **The Health Care and Staples sectors represent relatively small absolute weights yet are overweighted**
 - Health Care holdings represent strong franchises with highly recurring revenue business models trading at attractive relative valuations
- **Financials and Utilities sectors represent the portfolio largest underweights**
 - Within Financials, we maintain significant underweights in REITs and Commercial Banks as we find more compelling value elsewhere
 - Insurance is overweighted as we believe valuations are supportive and pricing continues to improve for many lines
 - Interest rate suppression has led to a chase for yield and caused Utilities valuations to become less attractive, in our view
- **A modest underweight in Consumer Discretionary and Energy is maintained**
 - Lack of differentiated business models at compelling valuations drives our underweight in Consumer Discretionary
 - Exposures across Consumer Discretionary diversified across Leisure, Services and Specialty Retail.
 - Less than benchmark weight in Energy a result of a challenging fundamental backdrop not fully discounted in valuations yet

*Data as of 09.30.2012. Holdings are subject to change. Composite returns reflected are gross of fees. See definitions section for additional information.
For one-on-one use by authorized individuals only. Not approved for public use or distribution. Past performance is not indicative of future results.*

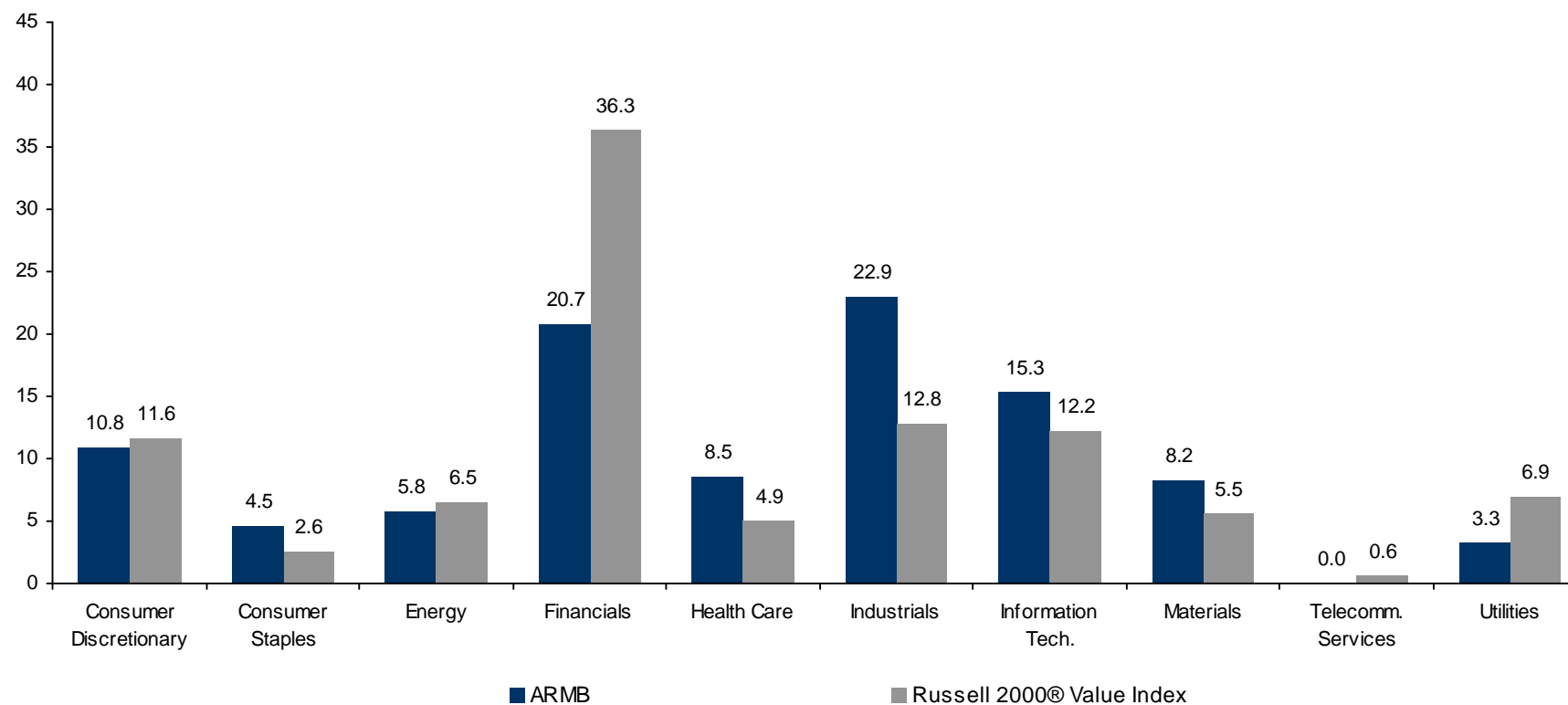
Top Ten Holdings & Portfolio Characteristics

Top Ten Holdings	%
EMCOR Group Inc.	1.8
Prosperity Bancshares Inc	1.6
STERIS Corp.	1.5
Diebold Inc.	1.5
Steiner Leisure Ltd.	1.5
Carlisle Cos.	1.5
Berry Petroleum Co.	1.4
Anixter International Inc.	1.4
Charles River Laboratories Intl. Inc.	1.4
Sensient Technologies Corp.	1.4
TOTAL	14.9

	ARMB	Russell 2000® Value
Average Weighted Market Capitalization	\$1.6 billion	\$1.1 billion
Average Price/Earnings (FY1)	15.2x	14.7x
Enterprise Value/EBITDA	7.1x	8.4x
Average Price/Book	1.6x	1.2x
Enterprise Value/Sales	0.8x	1.1x
5-Year Dividend Growth	4.7%	-3.0%
L-T Debt to Capital	27.4%	31.9%
5- Year Return on Equity	7.70%	-0.11%
5- Year Return on Invested Capital	7.08%	2.90%
Number of Holdings	106	1,406

*Data is for the period ending 09.30.2012. Source: FactSet Research Systems, Inc. Holdings are subject to change.
For one-on-one use only. Past performance should not be considered indicative of future results.*

Sector Allocation



*Data is for the period ending 09.30.2012. Source: FactSet Research Systems, Inc. Holdings are subject to change.
For one-on-one use only. Past performance should not be considered indicative of future results.*

Portfolio Holdings

Consumer Discretionary

10.8

Brunswick Corp.
Cato Corp. CI A
Cheesecake Factory Inc.
Drew Industries Inc.
Group 1 Automotive Inc.
Jack in the Box Inc.
La-Z-Boy Inc.
Maidenform Brands Inc.
Oxford Industries Inc.
Rent-A-Center Inc.
Skechers USA Inc. CI A
Steiner Leisure Ltd.
Wolverine World Wide Inc.

Consumer Staples

4.5

Casey's General Stores Inc.
Flowers Foods Inc.
Harris Teeter Supermarkets Inc
Lancaster Colony Corp.
Snyders-Lance Inc.

Energy

5.8

Berry Petroleum Co. CI A
C&J Energy Services Inc.
Cloud Peak Energy Inc.
Contango Oil & Gas Co.
PetroQuest Energy Inc.
Superior Energy Services Inc.
Tesco Corp.

Financials

20.7

Alterra Capital Holdings Ltd.
American Financial Group Inc.
Arthur J. Gallagher & Co.
Brown & Brown Inc.
Columbia Banking System Inc.
First American Financial Corp.
Healthcare Realty Trust Inc.
Highwoods Properties Inc.
Home BancShares Inc.
IBERIABANK Corp.
Independent Bank Corp.
Infinity Property & Casualty Corp.
LaSalle Hotel Properties
Old National Bancorp

Financials cont.

PacWest Bancorp
Primerica Inc.
Prosperity Bancshares Inc
PS Business Parks Inc.
RLI Corp.
Selective Insurance Group Inc.
Stifel Financial Corp.

Health Care

8.5

Charles River Laboratories International Inc.
CONMED Corp.
Haemonetics Corp.
Merit Medical Systems Inc.
Owens & Minor Inc.
STERIS Corp.
VCA Antech Inc.
West Pharmaceutical Services Inc.

*Data is for the period ending 09.30.2012. Source: FactSet Research Systems, Inc. Holdings are subject to change.
For one-on-one use only. Past performance should not be considered indicative of future results.*

Portfolio Holdings continued

Industrials 22.9

American Science & Engineering Inc.
 Astec Industries Inc.
 AZZ Inc.
 Barnes Group Inc.
 Beacon Roofing Supply Inc.
 Brady Corp. CI A
 Carlisle Cos.
 Celadon Group Inc.
 Commercial Vehicle Group Inc.
 EMCOR Group Inc.
 Forward Air Corp.
 GATX Corp.
 Granite Construction Inc.
 HNI Corp.
 John Bean Technologies Corp.
 Kennametal Inc.
 Kforce Inc.
 Korn/Ferry International
 Lincoln Electric Holdings Inc.
 LMI Aerospace Inc.
 Mueller Industries Inc.
 Quanex Building Products Corp.
 Rush Enterprises Inc. CI A
 Sterling Construction Co. Inc.
 Tetra Tech Inc.
 Viad Corp.
 Woodward Inc.

Information Technology 15.3

Anixter International Inc.
 Arris Group Inc.
 Benchmark Electronics Inc.
 CACI International Inc. CI A
 Diebold Inc.
 Fairchild Semiconductor International Inc.
 Microsemi Corp.
 MKS Instruments Inc.
 MTS Systems Corp.
 QLogic Corp.
 Quest Software Inc.
 Rudolph Technologies Inc.
 ScanSource Inc.
 Synaptics Inc.
 Tech Data Corp.
 Websense Inc.

Materials 8.2

A. Schulman Inc.
 H.B. Fuller Co.
 Olin Corp.
 OM Group Inc.
 Sensient Technologies Corp.
 Silgan Holdings Inc.
 Texas Industries Inc.
 Worthington Industries Inc.

Telecommunication Services 0.0

Utilities 3.3

Allete Inc.
 Northwest Natural Gas Co.
 NorthWestern Corp.

*Data is for the period ending 09.30.2012. Source: FactSet Research Systems, Inc. Holdings are subject to change.
 For one-on-one use only. Past performance should not be considered indicative of future results.*

Appendix

- Detailed Attribution
- Portfolio Management Team
- Investment Philosophy and Process
- Composite Performance Information

Attribution Analysis – Industry Detail

Since Inception

Performance Attribution

ARMB vs. Russell 2000® Value

05/10/2012 to 09/30/2012

U.S. Dollar

	ARMB			Russell 2000® Value			Variation			Attribution Analysis		
GICS Sector/Industry	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction	Total Effect
Consumer Disc.	9.83	7.15	0.71	11.74	8.55	0.93	-1.90	-1.40	-0.22	-0.02	-0.15	-0.17
Auto Components	--	-0.43	--	0.73	2.66	0.03	-0.73	-3.09	-0.03	0.03	--	0.03
Automobiles	--	--	--	0.03	28.22	0.01	-0.03	-28.22	-0.01	-0.01	--	-0.01
Distributors	--	--	--	0.13	-2.87	-0.01	-0.13	2.87	0.01	0.01	--	0.01
Div. Consumer Svcs.	1.39	-0.92	-0.01	0.80	-1.85	-0.02	0.59	0.94	0.01	-0.03	0.01	-0.02
Hotel, Rest. & Leisure	2.41	17.49	0.40	2.00	4.76	0.08	0.41	12.73	0.32	-0.01	0.28	0.27
Household Durables	0.12	8.29	0.01	1.53	23.76	0.33	-1.41	-15.47	-0.31	-0.19	-0.04	-0.23
Internet & Catalog	--	--	--	0.12	6.32	0.01	-0.12	-6.32	-0.01	--	--	--
Leisure Equip.	0.94	-7.63	-0.05	0.29	-8.01	-0.03	0.65	0.38	-0.02	-0.10	0.02	-0.08
Media	--	--	--	1.56	11.86	0.20	-1.56	-11.86	-0.20	-0.08	--	-0.08
Multiline Retail	--	--	--	0.35	8.78	0.04	-0.35	-8.78	-0.04	-0.01	--	-0.01
Specialty Retail	2.62	8.65	0.23	3.02	9.60	0.11	-0.39	-0.94	0.12	0.08	-0.02	0.06
Textiles, App. & Luxury	2.35	4.55	0.13	1.19	14.47	0.18	1.16	-9.92	-0.05	0.09	-0.21	-0.12
Consumer Staples	4.38	2.58	0.14	2.72	5.47	0.14	1.66	-2.89	--	-0.02	-0.10	-0.12
Beverages	--	--	--	0.05	-29.40	-0.03	-0.05	29.40	0.03	0.03	--	0.03
Food & Staples Retail	1.73	-0.44	0.01	0.89	-7.99	-0.07	0.84	7.55	0.08	-0.13	0.16	0.03
Food Products	2.65	4.42	0.13	1.17	14.42	0.14	1.48	-9.99	-0.01	0.11	-0.23	-0.13
Household Products	--	--	--	0.16	22.49	0.04	-0.16	-22.49	-0.04	-0.02	--	-0.02
Personal Products	--	--	--	0.17	19.44	0.03	-0.17	-19.44	-0.03	-0.02	--	-0.02
Tobacco	--	--	--	0.28	9.85	0.03	-0.28	-9.85	-0.03	-0.01	--	-0.01
Energy	5.53	-0.71	-0.03	5.80	2.20	0.37	-0.26	-2.91	-0.40	-0.16	-0.17	-0.33
Energy Equip.	2.07	-11.42	-0.27	2.30	-1.50	0.04	-0.23	-9.92	-0.30	-0.04	-0.23	-0.27
Oil, Gas & Cons. Fuel	3.47	6.47	0.24	3.50	4.93	0.34	-0.04	1.53	-0.10	-0.10	0.05	-0.05

Source: FactSet Research Systems, Inc. Attribution Analysis is based on a representative account and may not match the performance of the composite. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Victory
Capital Management

Attribution Analysis – Industry Detail

Since Inception

Performance Attribution

ARMB vs. Russell 2000® Value

05/10/2012 to 09/30/2012

U.S. Dollar

	ARMB			Russell 2000® Value			Variation			Attribution Analysis		
GICS Sector/Industry	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction	Total Effect
Financials	18.95	2.99	0.56	36.95	7.17	2.58	-18.00	-4.19	-2.02	-0.09	-0.79	-0.88
Capital Markets	0.20	11.52	0.04	3.28	6.04	0.20	-3.08	5.47	-0.16	0.05	--	0.05
Commercial Banks	6.17	-0.66	-0.10	12.42	5.39	0.68	-6.25	-6.06	-0.79	0.08	-0.40	-0.32
Consumer Finance	--	--	--	0.32	-6.72	-0.02	-0.32	6.72	0.02	0.04	--	0.04
Div. Fin. Svcs.	--	--	--	0.40	12.41	0.05	-0.40	-12.41	-0.05	-0.02	--	-0.02
Insurance	8.23	8.23	0.69	4.67	10.58	0.47	3.56	-2.29	0.22	0.13	-0.19	-0.07
REITs	4.34	-1.73	-0.06	12.89	7.10	0.81	-8.55	-8.82	-0.87	-0.02	-0.37	-0.39
Real Est. Mgmt & Dev	--	--	--	0.24	0.73	0.01	-0.24	-0.73	-0.01	0.01	--	0.01
Thriffs & Mtg Finance	--	--	--	2.73	13.83	0.39	-2.73	-13.83	-0.39	-0.18	--	-0.18
Health Care	8.31	8.87	0.69	4.89	17.22	0.82	3.41	-8.35	-0.13	0.33	-0.69	-0.36
Biotechnology	--	--	--	0.75	26.99	0.26	-0.75	-26.99	-0.26	-0.21	--	-0.21
Equipment & Supplies	4.71	13.77	0.61	1.31	8.04	0.11	3.40	5.74	0.51	0.04	0.25	0.29
Providers & Services	2.39	-3.44	-0.10	1.94	13.45	0.26	0.44	-16.89	-0.36	0.05	-0.44	-0.39
Technology	--	--	--	0.17	24.54	0.04	-0.17	-24.54	-0.04	-0.03	--	-0.03
Life Sciences	1.21	15.28	0.18	0.17	4.25	0.01	1.05	11.03	0.17	-0.02	0.11	0.09
Pharmaceuticals	--	--	--	0.56	31.23	0.15	-0.56	-31.23	-0.15	-0.12	--	-0.12

Source: FactSet Research Systems, Inc. Attribution Analysis is based on a representative account and may not match the performance of the composite. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Victory
Capital Management

Attribution Analysis – Industry Detail

Since Inception

Performance Attribution

ARMB vs. Russell 2000® Value

05/10/2012 to 09/30/2012

U.S. Dollar

	ARMB			Russell 2000® Value			Variation			Attribution Analysis		
GICS Sector/Industry	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction	Total Effect
Industrials	21.87	1.47	0.28	13.37	3.46	0.36	8.51	-1.99	-0.07	-0.26	-0.45	-0.71
Aerospace & Defense	1.40	4.35	0.04	1.92	0.81	-0.01	-0.52	3.55	0.05	0.04	0.03	0.07
Air Freight & Logistics	0.27	-9.12	-0.05	0.29	-2.16	-0.01	-0.02	-6.95	-0.04	0.03	-0.10	-0.07
Airlines	--	--	--	0.60	9.43	0.11	-0.60	-9.43	-0.11	-0.11	--	-0.11
Building Products	0.81	4.67	0.04	1.02	12.31	0.11	-0.22	-7.63	-0.07	-0.01	-0.06	-0.07
Comm. Svcs. & Supply	1.60	7.29	0.10	2.08	4.05	0.10	-0.48	3.24	--	0.01	0.05	0.05
Construction & Eng.	2.57	7.25	0.24	1.16	5.19	0.06	1.41	2.06	0.18	-0.02	0.05	0.04
Electrical Equip.	1.51	11.70	0.16	0.83	0.44	0.01	0.69	11.26	0.15	-0.04	0.15	0.11
Industrial Congl.	1.43	-3.80	-0.07	0.19	8.54	0.02	1.24	-12.34	-0.09	0.04	-0.20	-0.15
Machinery	6.45	-4.89	-0.39	2.82	5.45	0.16	3.63	-10.33	-0.55	-0.05	-0.70	-0.75
Marine	--	--	--	0.06	-21.86	-0.02	-0.06	21.86	0.02	0.02	--	0.02
Professional Svcs.	1.76	-8.58	-0.23	1.01	-6.58	-0.09	0.75	-1.99	-0.14	-0.12	-0.05	-0.17
Road & Rail	0.92	15.18	0.11	0.66	-0.03	--	0.26	15.21	0.11	-0.03	0.12	0.09
Trading & Dist.	3.15	11.13	0.35	0.71	-4.11	-0.07	2.45	15.24	0.42	-0.20	0.43	0.23
Transportation Infr.	--	--	--	0.03	-2.63	--	-0.03	2.63	--	--	--	--
Information Tech.	14.96	-3.60	-0.47	11.86	-0.77	-0.02	3.10	-2.84	-0.45	-0.16	-0.43	-0.59
Communications	0.83	0.79	0.01	1.82	0.15	0.01	-0.99	0.64	--	0.07	--	0.06
Computers	3.55	-14.62	-0.56	0.61	-11.27	-0.08	2.95	-3.35	-0.48	-0.50	-0.16	-0.66
Elec. Components	5.05	1.27	0.12	2.32	-2.02	-0.03	2.72	3.29	0.15	-0.24	0.20	-0.04
Internet Software	--	--	--	1.01	-5.85	-0.06	-1.01	5.85	0.06	0.14	--	0.14
IT Services	0.69	8.48	0.09	1.28	11.83	0.15	-0.59	-3.35	-0.06	-0.02	--	-0.02
Semiconductors	3.94	0.62	0.05	3.70	-5.11	-0.18	0.24	5.73	0.23	0.02	0.23	0.25
Software	0.91	-17.37	-0.19	1.12	13.85	0.15	-0.22	-31.22	-0.34	-0.01	-0.30	-0.32

Source: FactSet Research Systems, Inc. Attribution Analysis is based on a representative account and may not match the performance of the composite. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Victory
Capital Management

Attribution Analysis – Industry Detail

Since Inception

Performance Attribution

ARMB vs. Russell 2000® Value

05/10/2012 to 09/30/2012

U.S. Dollar

	ARMB			Russell 2000® Value			Variation			Attribution Analysis		
GICS Sector/Industry	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection + Interaction	Total Effect
Materials	8.22	4.29	0.35	5.09	12.33	0.65	3.14	-8.05	-0.29	0.15	-0.64	-0.49
Chemicals	5.34	0.60	0.01	1.81	6.87	0.08	3.52	-6.26	-0.07	0.01	-0.32	-0.31
Construction Materials	0.59	17.79	0.10	0.19	14.35	0.02	0.40	3.43	0.08	0.03	0.02	0.05
Containers & Pkg	1.19	-0.61	-0.02	0.27	12.32	0.04	0.92	-12.93	-0.06	0.04	-0.15	-0.11
Metals & Mining	1.11	23.07	0.26	1.87	10.83	0.35	-0.77	12.24	-0.09	-0.09	0.08	-0.01
Paper & Forest Prod.	--	--	--	0.94	18.17	0.15	-0.94	-18.17	-0.15	-0.10	--	-0.10
Telecomm. Svcs.	--	--	--	0.61	12.68	0.08	-0.61	-12.68	-0.08	-0.04	--	-0.04
Diversified Telecomm.	--	--	--	0.48	10.34	0.05	-0.48	-10.34	-0.05	-0.02	--	-0.02
Wireless Telecomm.	--	--	--	0.13	23.26	0.03	-0.13	-23.26	-0.03	-0.02	--	-0.02
Utilities	3.38	6.43	0.24	6.97	10.29	0.74	-3.59	-3.86	-0.51	-0.08	-0.13	-0.21
Electric Utilities	1.46	6.56	0.11	3.06	10.13	0.32	-1.60	-3.58	-0.21	--	-0.06	-0.06
Gas Utilities	1.13	7.01	0.08	2.07	7.19	0.16	-0.95	-0.17	-0.08	-0.01	--	-0.01
Ind. Power Producers	--	--	--	0.52	29.41	0.17	-0.52	-29.41	-0.17	-0.12	--	-0.12
Multi-Utilities	0.79	5.53	0.04	0.91	4.97	0.05	-0.12	0.55	--	--	--	0.01
Water Utilities	--	--	--	0.40	11.88	0.05	-0.40	-11.88	-0.05	-0.02	--	-0.02

Source: FactSet Research Systems, Inc. Attribution Analysis is based on a representative account and may not match the performance of the composite. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change.

Victory
Capital Management

Portfolio Management Team

Gary H. Miller
CIO- Small Value Equity

Joined firm in 1987
MBA, Xavier University
BBA, University of Cincinnati

Greg M. Conners
Portfolio Manager

Joined firm in 1999
5 years prior investment experience
MBA, Xavier University
BS, College of Mount St. Joseph
Specialization: Electronics, Energy

Jeffrey M. Graff, CFA
Portfolio Manager

Joined firm in 2001
6 years prior investment experience
Master of Finance, St. Louis University
BBA, Cleveland State University
Specialization: Capital Goods, Consumer Cyclicals

James M. Albers, CFA
Portfolio Manager/ Research Analyst

Joined firm in 2005
BS, University of Wisconsin
MS, University of Wisconsin
Specialization: Banks, Financial Services, Hardware/Software, Utilities

Michael F. Rodarte, CFA
Portfolio Manager/ Research Analyst

Joined firm in 2006
BBA, Ohio University
Specialization: Health Care, Insurance, Retail, REITs, Staples

Jason W. Brown, CFA
Research Associate

Joined firm in 2011
5 years prior investment experience
BBA, The Ohio State University
Specialization: Basic Industry, Generalist

Abigayle B. Conner
Portfolio Manager Associate

Joined firm in 2011
BBA, University of Dayton
Generalist

Risk Management
Bob Payne, Quantitative Risk Analyst

Trading
Crispin Napolitano, Dedicated Trader

Administration
Lori Swain

Victory
Capital Management

Small Cap Value Objective and Philosophy

Objective:

Deliver superior relative and risk-adjusted returns over a market cycle by opportunistically investing in high quality small-cap companies which we believe to be mispriced.

Philosophy:

A bottom-up, value approach to investing in better businesses purchased with a margin of safety offers the clearest path to excess return. We invest in:

Better Businesses

- Industry leaders with a defensible market position.
- Strong operators who are diligent stewards of capital.
- Sound balance sheet and healthy cash flow provides financial flexibility.

Margin of Safety

- Value Disparity – market value for shares below intrinsic worth of the underlying business.
- Asymmetrical risk/return profile provides higher probability for positive outcomes.

Positive Change

- Positive fundamental inflection is key driver to stock realizing full potential.
- Identifying and anticipating change enhances returns while others await certainty.

Margin of safety does not refer to the overall portfolio risk to the investor. In this context, margin of safety refers to Victory's opinion of the current valuation and price direction of the underlying portfolio investments.

Small Cap Value Investment Attributes

Invest in high potential, lower risk companies characterized by three attributes:

Better Business w/ Financial Strength

Proven Management
Strong Balance Sheet
Cash Flow Supports Growth
Flexibility & Enhanced Capital Preservation



Margin of Safety

Value Disparity
Multifaceted Approach to Appraisal Value
Assess Reasons for Value Disparity
Compelling Risk/Return Profile

Positive Change

Identify Company-Specific Drivers
Anticipating Change Enhances Returns
Estimated Earnings Power
High Probability Catalyst

Margin of safety does not refer to the overall portfolio risk to the investor. In this context, margin of safety refers to Victory's opinion of the current valuation and price direction of the underlying portfolio investments.

Small Cap Value Sell Discipline

Clearly defined approach - consistently applied

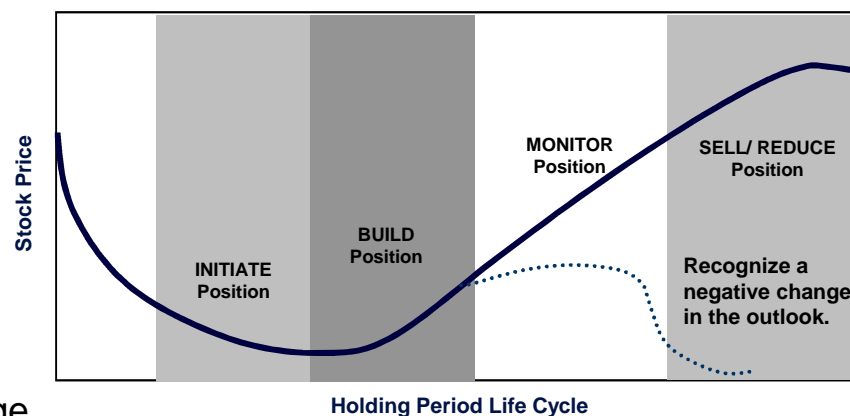
- Same criteria employed in purchase decision (what gets us in gets us out)
- Unemotional in the implementation protects the portfolio
- Incremental approach optimizes position size with risk/reward

Portfolio Turnover

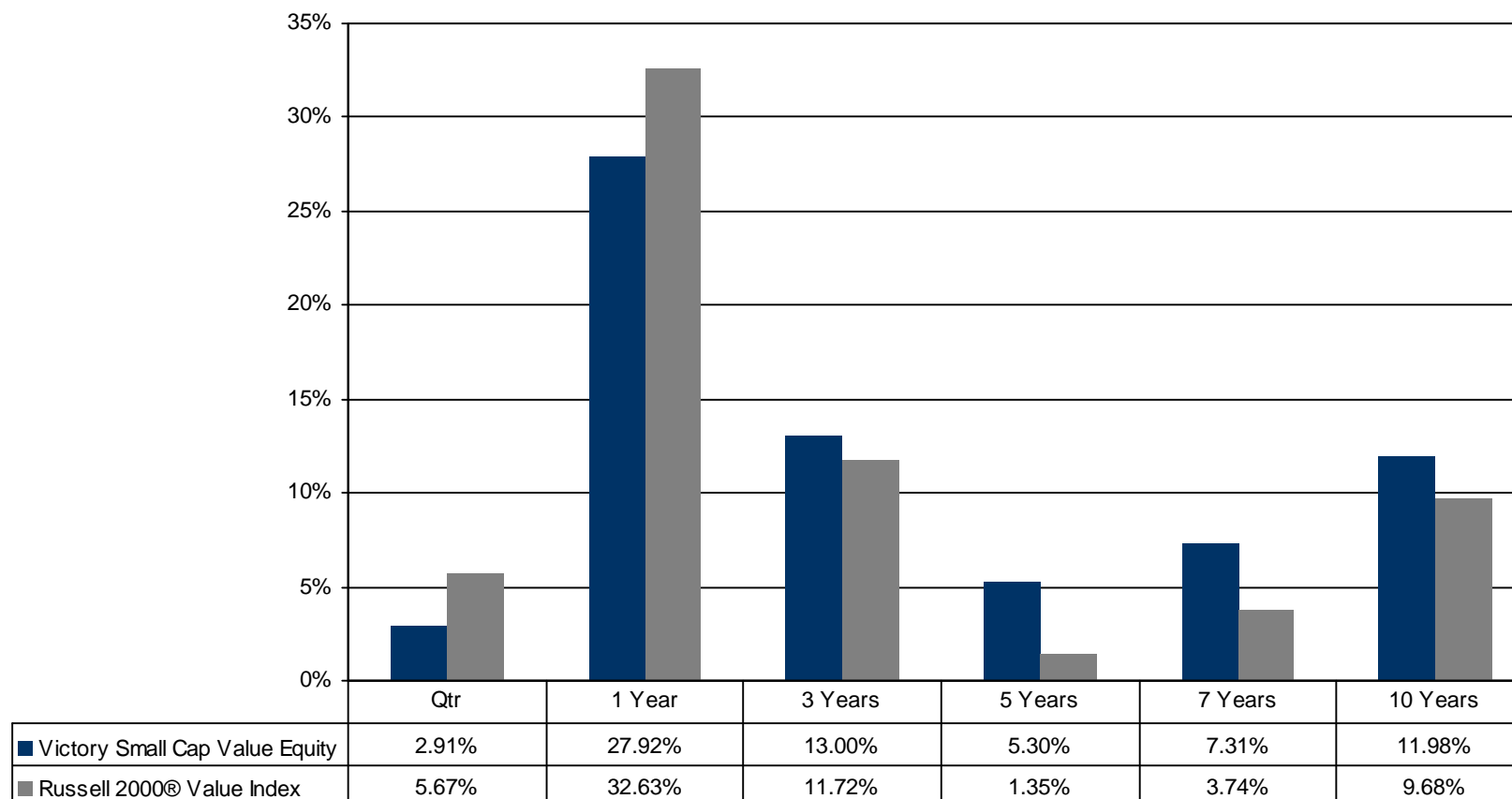
- Driven by relative risk/reward
- Not confuse action with accomplishment

Sale of a Position

- Stock reaches or exceeds our fair value range
- Identify another candidate with more attractive risk/reward profile
- Our research reveals that fundamentals are peaking or deteriorating
- Diminished financial strength
- Recognize a negative change in our thesis

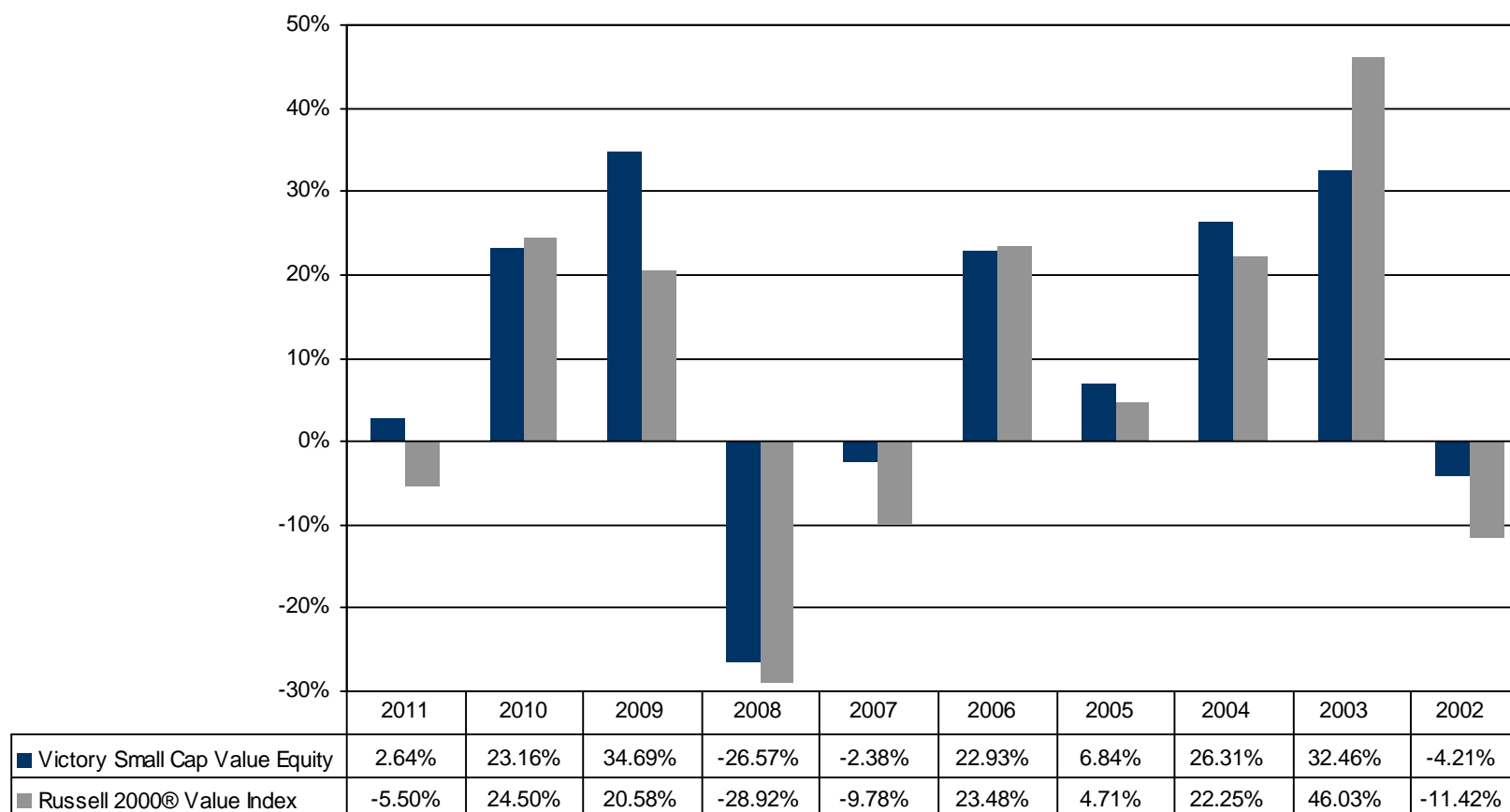


Annualized Performance



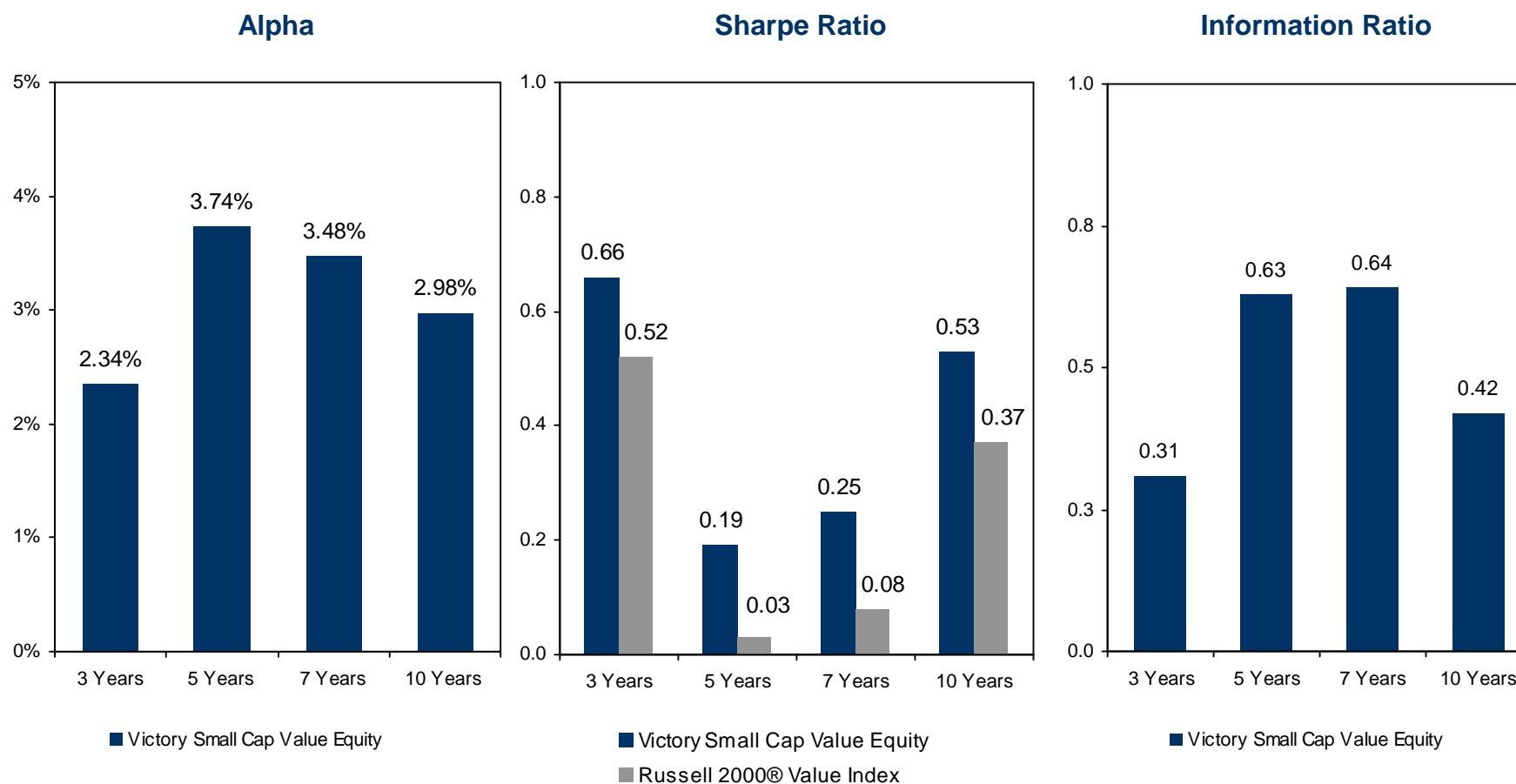
Composite returns reflected are gross of fees as of 09.30.2012. Source: CAPS 4.0. See definitions section for additional information.
 For one-on-one use only. Past performance should not be considered indicative of future results.
 See the composite performance slide at the end of the presentation for additional information.

Annual Performance



Composite returns reflected are gross of fees as of 12.31.2011. Source: CAPS 4.0. See definitions section for additional information.
 For one-on-one use only. Past performance should not be considered indicative of future results.
 See the composite performance slide at the end of the presentation for additional information.

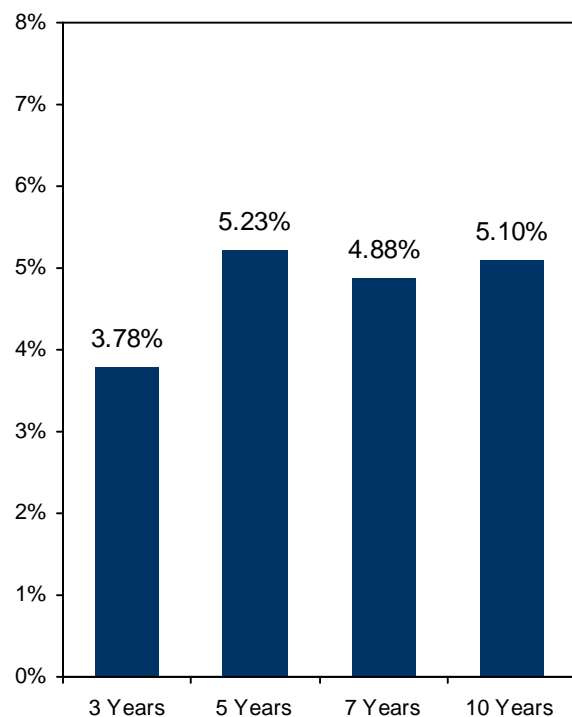
Relative Risk Metrics



Data is for the periods ending 09.30.2012. Source: created with Zephyr StyleADVISOR. Risk statistics are calculated quarterly gross of fees. See definitions section for additional information. For one-on-one use only. Past performance should not be considered indicative of future results. See the composite performance slide at the end of the presentation for additional information.

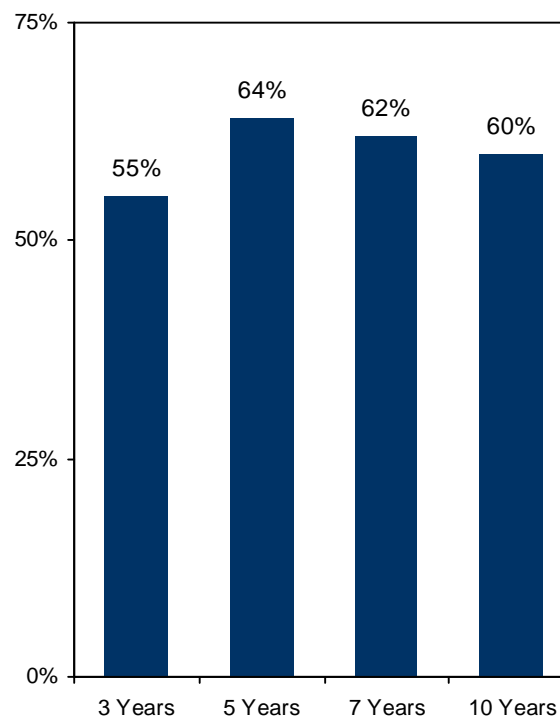
Relative Risk Metrics

Tracking Error



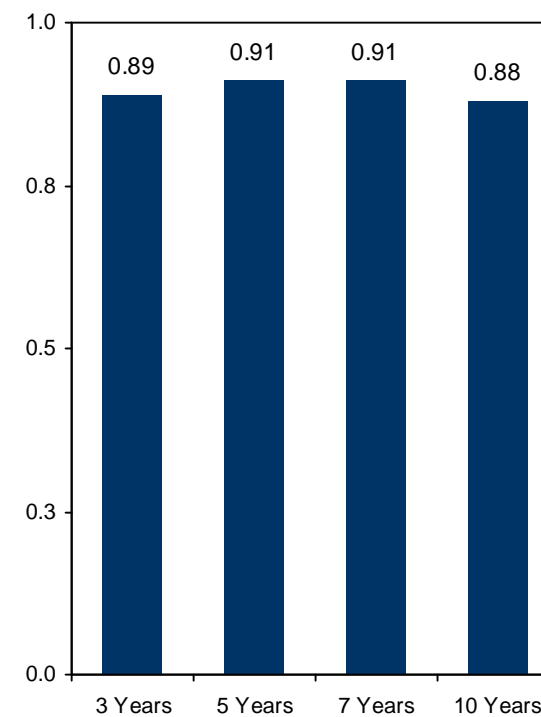
■ Victory Small Cap Value Equity

Turnover*



■ Victory Small Cap Value Equity

Beta

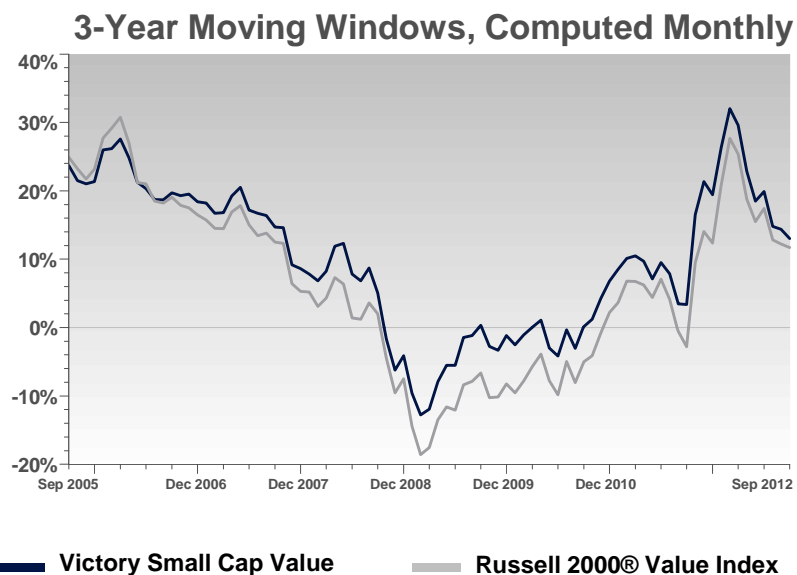


■ Victory Small Cap Value Equity

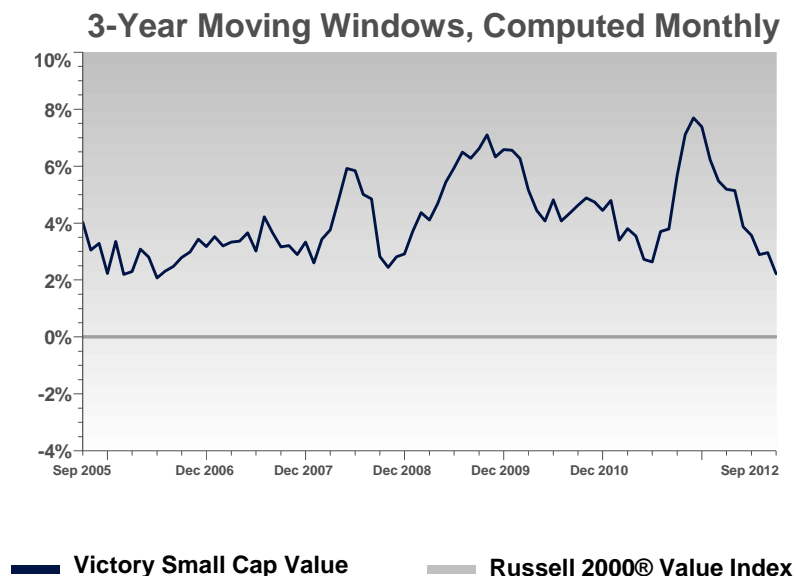
Data is for the periods ending 09.30.2012. Source: created with Zephyr StyleADVISOR. Tracking Error and Beta are calculated monthly gross of fees. See definitions section for additional information. Turnover source: FactSet Research Systems, Inc. Turnover shown is calculated annually excluding cash. *Data as of 12.31.2011. For one-on-one use only. Past performance should not be considered indicative of future results. See the composite performance slide at the end of the presentation for additional information..

Delivering Reliable Alpha

Consistent Excess Return



Reliable Alpha Generation



Data is for the periods ending 09.30.2012. Source: created with Zephyr StyleADVISOR. Risk statistics shown are calculated monthly gross of fees. See definitions section for additional information. For one-on-one use only. Past performance should not be considered indicative of future results.

Definitions

5- Year Dividend Growth Rate

The compound annual growth rate of cash dividends per common share of stock over the last 5 years.

Alpha

Alpha is a risk (beta adjusted) measurement. Alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Higher risk generally means higher reward. A positive alpha means the fund has beaten expectations. A negative alpha means that the manager failed to match performance with risk. If two managers have the same return but one has a lower beta, that manager would have a higher alpha.

Assets Under Advisement

Includes assets that are invested by an overlay manager based on a Victory Capital Management investment model portfolio (i.e., UMA). These assets are in addition to the Assets Under Management.

Average Price/Book Ratio

Compares a stock's market value to the value of total assets less total liabilities (book value). Determined by dividing current stock price by common stockholder equity per share (book value), adjusted for stock splits.

Average Price/Earnings Ratio

Shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. Higher multiple means investors have higher expectations for future growth, and have bid up the stock's price.

Average Price/Sales Ratio

The Price to Sales ratio is the current price divided by the Sales Per Share.

Average Weighted Market Capitalization

The total dollar value of all outstanding shares. Computed as shares times current market price. Capitalization is a measure of corporate size.

Definitions

Gross of Fees Performance

Past performance is not indicative of future results. The performance figures do not reflect the deduction of investment advisory fees. A client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its investment advisory account. The investment advisory fees are described in Part II of the adviser's Form ADV.

Composite fee-based performance results are taken at the account level, and reflect the deduction of appropriate investment management fees, but do not include other expenses, which will have an adverse compounding effect. All returns over one year are expressed as annualized total returns. For example, on a \$10 million portfolio charged an investment management fee of 0.65% of managed assets, employing a buy and hold strategy and earning a 10% gross-of-fee annualized rate of return over a five year period, the portfolio would have a market value of \$16,105,000 before fees and \$15,588,455 after fees at the end of five years. This will result in a cumulative gross of fee return over five years of 61.05% [10% annualized] and a cumulative net of fee return of 55.88% [9.29% annualized].

Holdings Disclosure

The securities highlighted, if any, were not intended as individual investment advice. A complete list of all recommendations of security selection is available by request for the previous 12 months. Furthermore, Victory Capital Management Inc., and its affiliates, as agents for their clients, and any of its officers or employees, may have a beneficial interest or position in any of the securities mentioned, which may be contrary to any opinion or projection expressed in this report.

Information Ratio

The information ratio is a measure of the consistency of excess return. The value is calculated by taking the annualized excess return over a benchmark and dividing it by the standard deviation of excess return.

Long-Term Debt/Capitalization

Indicator of financial leverage. Shows long-term debt as a proportion of the capital available. Determined by dividing long-term debt by the sum of long-term debt, preferred stock and common stockholder's equity.

Predicted Tracking Error

The difference between a portfolio's return and its benchmark, determined by the standard deviation of the active return (annual %). It is the square root of total risk at the portfolio-level.

Definitions

Return on Equity

A measure of how well a company used reinvested earnings to generate additional earnings.

Return on Invested Capital

A measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

Russell 2000® Index

An unmanaged index comprised of approximately 2000 of the smallest securities in the Russell 3000® Index, which represent approximately 10% of the total market capitalization of the Russell 3000® index. This index does not include the effect of expenses, is not representative of any specific fund or product and cannot be invested in directly.

Russell 2000® Value Index

An unmanaged index comprised of Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values. This index does not include the effect of expenses, is not representative of any specific fund or product and cannot be invested in directly.

Sharpe Ratio

A portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Standard Deviation

A statistical measure of volatility indicated the risk associated with a return series. Standard deviation of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager.

Turnover

The lesser of purchases or sales divided by the average value of the portfolio securities.

Upside/Downside Market Capture

The upside and downside market capture is a measure of how well a manager was able to replicate or improve on phases of positive benchmark returns, and how badly the manager was affected by phases of negative benchmark returns.

Victory Capital Management Inc.

Victory is a wholly owned subsidiary of KeyBank N.A. and a second tier subsidiary of KeyCorp.

Small Cap Value Composite Performance

Victory Small Cap Value Equity vs. Russell 2000® Value Index

Year Ending	Gross Return	Net Return	Russell 2000® Value Benchmark	3yr Annualized Standard Deviation (%) Composite	3yr Annualized Standard Deviation (%) Benchmark	Number of Portfolios	Internal Dispersion	Composite Assets - (mm)	Total Firm Assets (mm)
12/31/2011	2.64%	1.62%	-5.50%	23.66%	26.42%	14	0.14%	\$1,185	\$26,490
12/31/2010	23.16%	21.96%	24.50%	26.84%	28.77%	13	0.19%	\$1,039	\$35,219
12/31/2009	34.69%	33.38%	20.58%	24.56%	25.98%	7	0.46%	\$654	\$48,009
12/31/2008	-26.57%	-27.32%	-28.92%	19.01%	19.41%	7	0.56%	\$471	\$46,555
12/31/2007	-2.38%	-3.35%	-9.78%	11.41%	12.77%	7	0.32%	\$527	\$62,136
12/31/2006	22.93%	21.73%	23.48%	11.37%	12.50%	11	0.46%	\$435	\$60,896
12/31/2005	6.84%	5.79%	4.71%	12.10%	14.29%	13	0.20%	\$413	\$56,013
12/31/2004	26.31%	25.08%	22.25%	14.58%	17.76%	13	0.29%	\$424	\$52,979
12/31/2003	32.46%	31.17%	46.03%	16.25%	18.68%	15	0.63%	\$358	\$49,185
12/31/2002	-4.21%	-5.15%	-11.42%	18.25%	17.64%	17	0.52%	\$305	\$43,669

1. Victory Capital Management Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Victory Capital Management has been independently verified for the period from January 1, 2001 through 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 Small Cap Value composite has been examined for the periods January 1, 2004 through December 31, 2010. The verification and performance examination reports are available upon request.
2. Victory Capital Management is an independent investment advisor registered under the Investment Advisers Act of 1940. Victory is a wholly owned subsidiary of KeyBank National Association and a member of the Keyfinancial network. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
3. The Victory Small Cap Value Equity composite includes separately managed accounts primarily invested in stocks of small/emerging companies with market capitalizations of less than \$2 billion. Product generally has a minimum equity commitment of 90%. Benchmark is Russell 2000® Value Index. Composite creation date is 1Q93.
4. Returns are net of non-reclaimable withholding taxes, if any. Returns reflect the reinvestment of dividends and other earnings. All returns are expressed in U.S. Dollars. Minimum asset size requirements for composite participation were used prior to 1/1/2004. The minimum asset size for this composite was previously set at \$1m.
5. The benchmark returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns have been taken from a published source and do not include any transaction fees, management fees or other costs.
6. The internal dispersion of annual returns is measured by the asset-weighted standard deviation of accounts returns included in the composite for the full year. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark for the 36-month period ended at the above dates.
7. Victory Capital Management net of fee performance results for composites are based on model fees. The model fee is set equal to the highest fee on the fee schedule for the product and deducted from the composite's gross return on a monthly basis. The model fee for this composite is set at 100 bps. The fee schedule for this product was updated 10/01/05. The model fee used for calculating net of fee returns for this composite did not change. The complete fee schedule for this product is:

Market Value	Annual Fee
First \$10,000,000	1.00% (Min. Annual Fee: \$100,000)
Next \$15,000,000	0.85%
Next \$25,000,000	0.80%
Next \$50,000,000	0.75%
Above \$100,000,000	0.70%

8. Past performance should not be considered indicative of future performance.

EIG Global Energy Partners

Mandate: Real Assets/Energy

Hired: January 2004

Firm Information	Investment Approach	Total ARMB Mandate								
<p>EIG is a leading global energy investor with \$10.3 billion of hybrid debt and equity assets under management as of September 30, 2012. EIG is an active investor across the entire energy and resources value chain including upstream E&P, infrastructure, midstream, power, transportation and renewables.</p> <p>EIG has integrated technical and investment capabilities with more than 30 investment professionals and 11 petroleum or mining engineers.</p> <p>EIG has investments in 33 countries on six continents and has offices in Washington DC, Houston, Hong Kong, London, Sydney, Seoul, and Rio de Janeiro.</p> <p>Key Executives: R. Blair Thomas, CEO Kurt Talbot, Co-President Randall Wade, Co-President</p>	<p>EIG’s investment process involves evaluating physical energy assets with long useful lives and strong cash flows using bottom-up internal technical analysis. The firm employs a disciplined, value-oriented investment process and structures investments as hybrid debt or structured equity to provide upside participation along with downside protection. EIG actively manages the investments through covenants and board participation.</p> <p>Benchmark: CPI +5%</p>	<p>Assets Managed (09/12, millions)</p> <p>The ARMB participates in three closed end funds managed by EIG:</p> <table><tr><td>EIG Fund – XD</td><td>\$ 9.1</td></tr><tr><td>EIG Fund – XIV</td><td>\$77.6</td></tr><tr><td>EIG Fund – XV</td><td>\$28.4</td></tr><tr><td>Total</td><td>\$115.1</td></tr></table>	EIG Fund – XD	\$ 9.1	EIG Fund – XIV	\$77.6	EIG Fund – XV	\$28.4	Total	\$115.1
EIG Fund – XD	\$ 9.1									
EIG Fund – XIV	\$77.6									
EIG Fund – XV	\$28.4									
Total	\$115.1									

Concerns:

9/30/2012 Performance (net of fees)

Internal Rate of Return (IRR)

EIG – XV: 11%

EIG – XIV: 13%

EIG – XV: 25%



Alaska Retirement Management Board

December 7, 2012



CONFIDENTIAL – Prepared exclusively for the use of ARMB

Table of Contents

- I. EIG Overview
- II. Fund Performance
- III. Appendix
- IV. End Notes and Disclosures

Contacts:

R. Blair Thomas
Chief Executive Officer
EIG Global Energy Partners
1700 Pennsylvania Avenue NW, Suite 800
Washington, DC 20006
(202) 600-3301
blair.thomas@eigpartners.com

Derek Lemke-von Ammon
Managing Director
EIG Global Energy Partners
1700 Pennsylvania Avenue NW, Suite 800
Washington, DC 20006
(202) 600-3344
derek.lemke@eigpartners.com

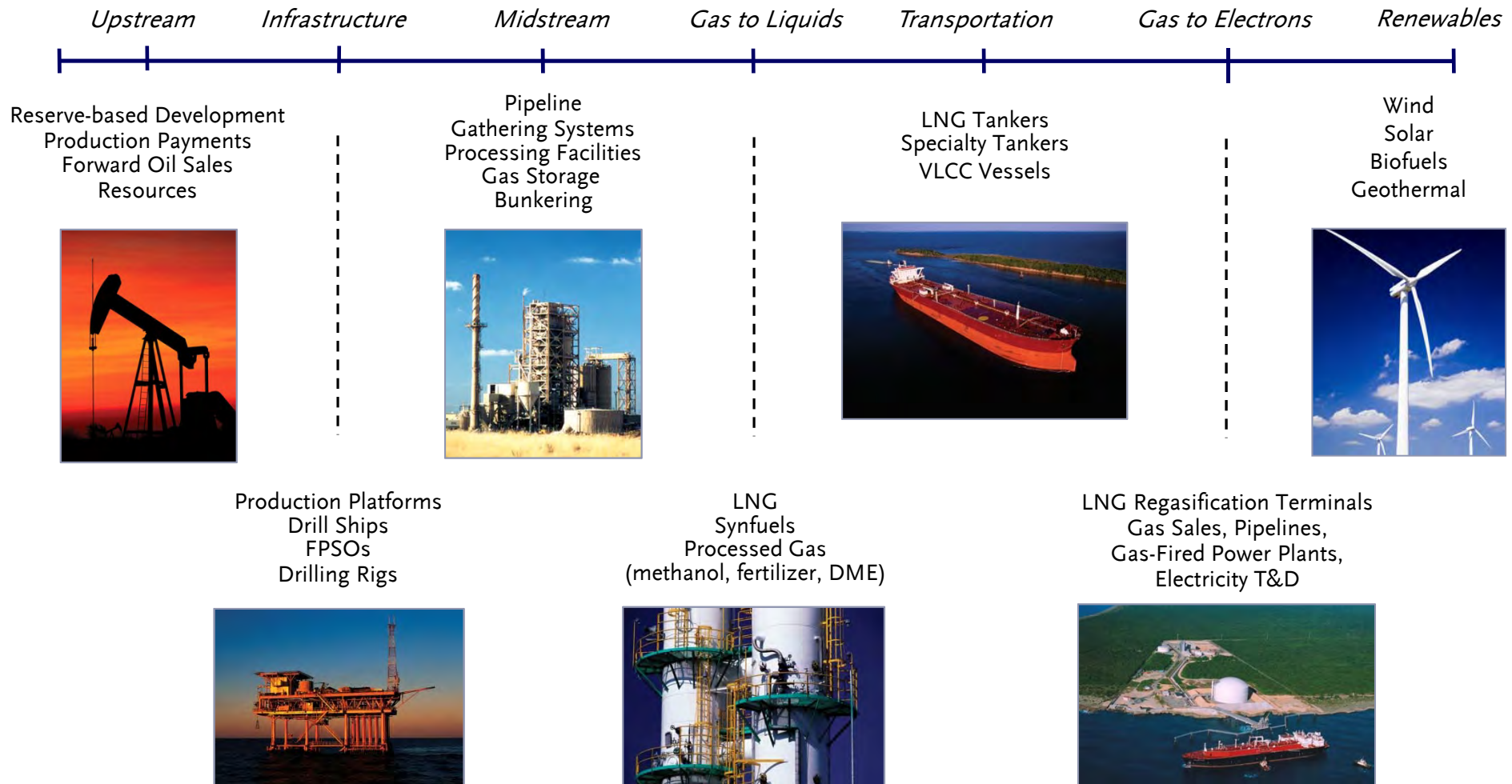
Tab I - EIG Global Energy Partners Overview

EIG Global Energy Partners

- EIG is a leading institutional investor in energy globally with \$10.3 billion of assets under management as of September 30, 2012
 - Active across the entire energy and resources value chain: upstream E&P, infrastructure, midstream, power, transportation and renewables
 - Customized hybrid debt and structured equity financing solutions for energy, resource and related infrastructure projects
 - Integrated technical and investment capabilities with more than 30 investment professionals with 11 petroleum or mining engineers
- 30-year track record
 - 15 funds / 290+ portfolio investments
 - Consistent returns through multiple commodity and business cycles
- Global investment platform
 - Offices in Washington, Houston, Hong Kong, London, Sydney, Seoul & Rio de Janeiro
 - Investments in 33 countries on six continents
- Energy Fund XV: US\$4.1 billion raised with final closing in April 2011
- Target investment size of \$100-500 million

EIG Target Energy Markets

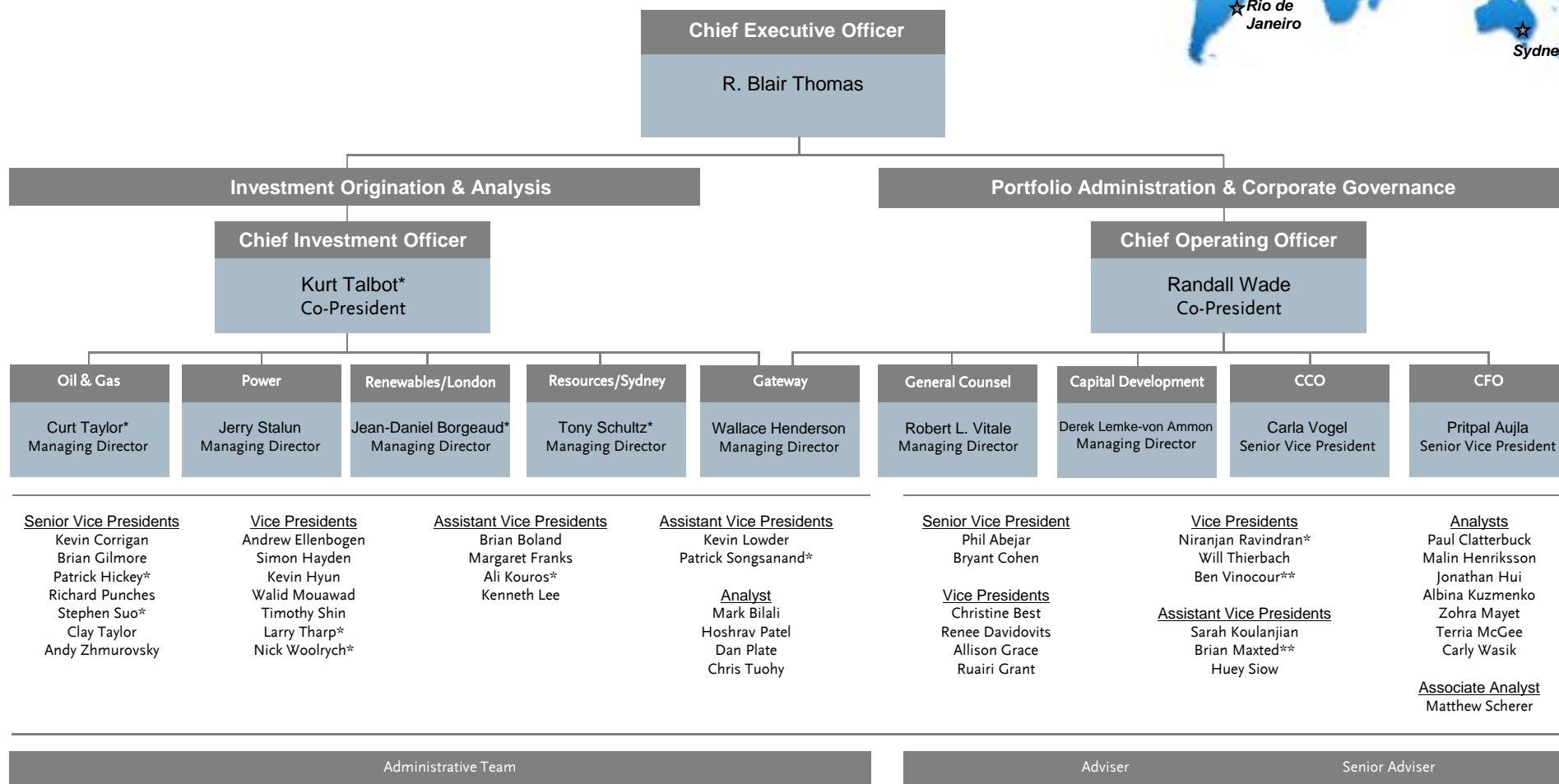
- EIG actively invests globally throughout the energy and resource value chain



EIG Team

- Experienced team with significant technical expertise

- Managing Directors have over 250 years of combined investment experience
- 11 engineers with an average of 21 years of industry experience



*Engineer

**Associate Counsel

EIG's Investment Platform

EIG's Global Presence

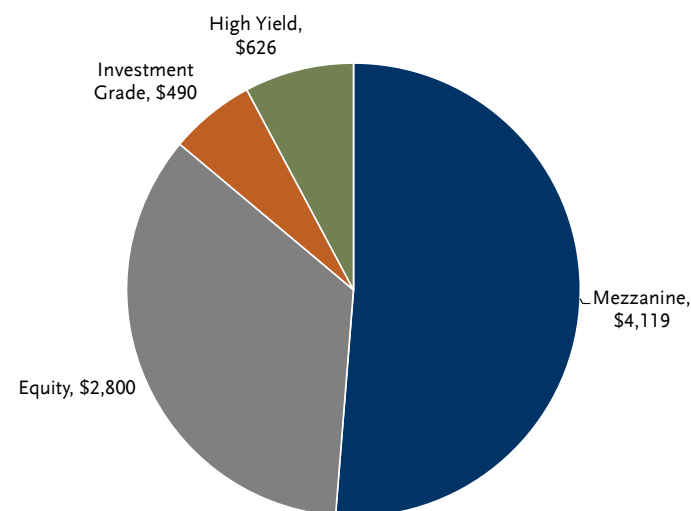


■ EIG Historical Investment Activity

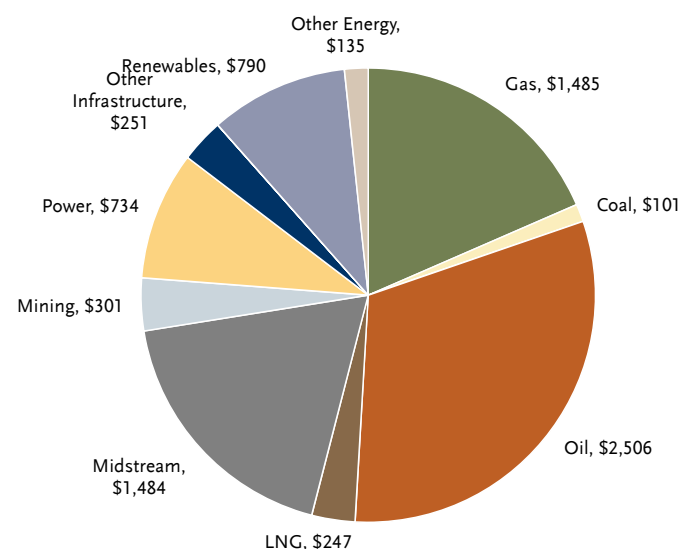
- EIG is one of the leading institutional investors in energy globally with \$10.3 billion of assets under management as of September 30, 2012
- 67-person experienced team with in-house technical capability
- Invested in 33 countries on six continents

¹. Reflects all investment activity of EIG through the period 2008 - September 2012.

EIG's Investments by Type⁽¹⁾ (2008-2012YTD) - \$8.0 Billion



EIG's Investment by Subsector⁽¹⁾ (2008-2012YTD) - \$8.0 Billion


























Keys to EIG's Investment Style

We seek:

- *Bottom-up internal technical analysis*
- *Investment underpinned by physical assets with long useful life and strong cash flow*
- *Hybrid debt: secured by shares or assets*
- *Structured equity: preferred or common equity supported by physical assets and contracts*
- *Yield enhancement and inflation hedge through equity participation*
- *Active management of investments through covenants and board participation*
- *Self liquidating structures with meaningful prepayment premiums*

Current Areas of Opportunity

Opportunity	Current Dynamic	EIG Portfolio Examples*
Oil versus Gas	<ul style="list-style-type: none"> Onshore and offshore primary and tertiary oil recovery plays recognizing the relative value of oil versus gas on a BTU equivalent basis in the current market 	    
Energy-related Infrastructure	<ul style="list-style-type: none"> Pipelines, gathering systems, compression, processing and rigs for energy companies looking for growth capital or to recycle capital currently tied-up on their balance sheet 	     
Structured Equity	<ul style="list-style-type: none"> Significant companies adverse to additional debt that want to finance specific assets or projects effectively non-recourse, and are looking for customization not available in the capital markets 	    
Resources	<ul style="list-style-type: none"> Driven by China/Asian demand with assets primarily in emerging markets, Australia and North America 	   
Renewable Energy	<ul style="list-style-type: none"> Wind, geothermal, solar and biofuels primarily in the US and Europe in response to the implementation of carbon regimes 	  

* A list of all investments made by EIG-managed funds (including the performance of such funds) is available upon request.

Tab II – Fund Performance

EIG's Investment Track Record – Defaulted Investments

Summary of Default & Recovery Rates

(as of June 30, 2012)

	Since EIG Inception In 1982
Debt Investments Made ⁽¹⁾	260
Total Debt Investments ⁽¹⁾	~US\$10.1 billion
Investments Defaulted ⁽²⁾	41
Total Defaults ⁽²⁾	~US\$1.5 billion
Cumulative Default Rate	15.1%
Annual Default Rate ⁽³⁾	0.5%
Recovery Rate ⁽⁴⁾	164%
Gross IRR on defaulted investments	~6%

(1) Only debt investments are included.

(2) Default is defined to include a payment default, a material covenant default or a significant restructuring. Amounts include principal balances of the defaulted investments at the times the defaults occurred.

(3) Annual default rate calculated as cumulative default rate divided by maximum number of years since default.

(4) In calculating recovery rates, only investments in which the ultimate recovery is realized are used. Investments that have defaulted but in which the ultimate recovery is not yet known are included in the cumulative default calculation but not the recovery rate calculation (13 investments totaling US\$786,189 outstanding at time of each debt restructuring).

Fund XV Portfolio Summary (2010 Vintage)

(\$ Millions, unaudited)

	<u>9/30/12</u>	<u>ARMB</u>
Total Commitments	\$4,121.1	\$50.0
Total Drawdowns (Including Deemed Contributions)	(2,230.8)	(27.1)
Current Available for Reinvestment	252.8	3.1
Remaining Commitments	<u>\$2,143.1</u>	<u>\$26.0</u>

Total Number of Investments since inception	10
Number of Portfolio Companies	9

Total Distributions (Including Deemed)¹	\$252.5	\$3.1
---	---------	-------

Key Fund Valuation Metrics

DPI (Distributions to paid-in capital)	0.11x
RVPI (Residual value to paid-in capital)	1.12x
TVPI (Total value to paid-in capital)	1.23x

Key Fund Performance Metrics

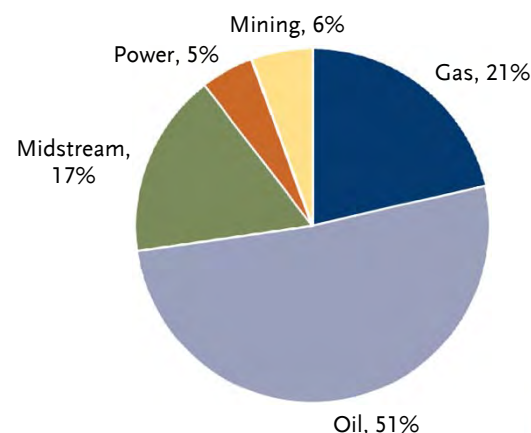
Average Yield	11%
Gross IRR	43%
Net IRR	25%

¹ Includes \$139.4 million holdback of principal repayment for reinvestment as deemed contribution.
Excludes 3Q12 distribution made in November 2012 for \$31.4 million.

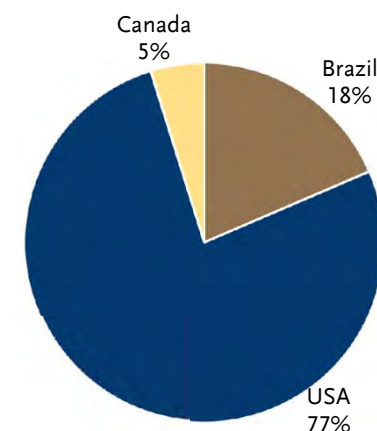
Note: Past performance is not a guarantee of future results. Please see explanatory notes and disclosures on page 32.

Portfolio Breakdown (By Committed Capital)

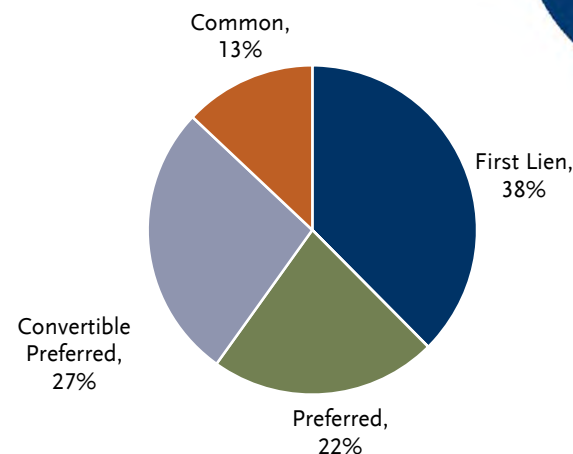
By Sector



By Region



By Ranking



Fund XV - Current Portfolio Investments

<u>Name/Country</u>	<u>Committed</u>	<u>Par Funded</u>	<u>Outstanding Par</u>
BlackBrush/US	210,000,000	180,304,554	180,304,554
BTB Pipeline/Brazil	213,555,000	213,555,000	213,555,000
Cleveland Tonkawa/US	100,000,000	100,000,000	100,000,000
Greenfield/Canada	130,000,000	29,133,213	Repaid
Intervention/US	200,000,000	72,000,001	72,000,001
Jamestown/US	600,000,000	567,200,000	567,200,000
Manabi/Brazil ^(a)	151,300,000	151,300,000	151,300,000
Plains/US	450,000,000 ^(b)	450,000,000 ^(b)	340,000,000
Sete/Brazil	135,000,000	87,535,149	87,535,149
Utica/US	500,000,000	500,000,000	500,000,000
Total	\$2,689,855,000	\$2,344,635,417	\$2,315,502,204

Approved and In Documentation^(c)

Talon/US	109,000,000
Total	\$2,798,855,000

(a) Funded October 2012.

(b) Final hold is \$340M. Sold \$40M and \$70M in December 2011 and January 2012, respectively.

(c) Investment not yet closed.

Fund XIV Portfolio Summary (2006 Vintage)

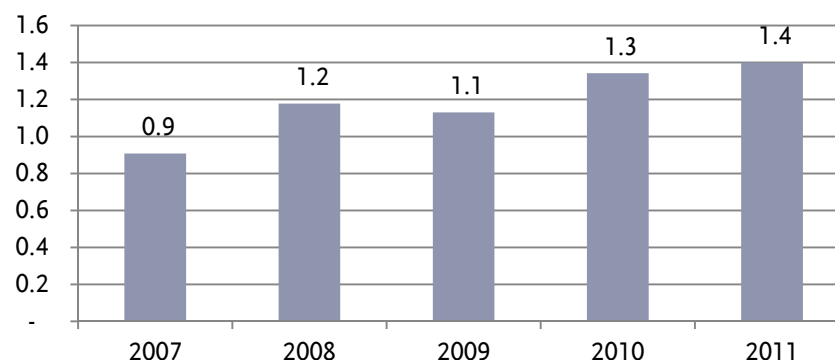
(\$ Millions, unaudited)

	<u>9/30/12</u>	<u>ARMB</u>
Total Commitments	\$2,569.1	\$100.0
Total Drawdowns (Including Deemed Contributions)	(2,975.6)	(115.7)
Current Available for Reinvestment	723.3	28.2
Remaining Commitments	<u>\$316.8</u>	<u>\$12.4</u>

Total Number of Investments since inception

	30
Number of Portfolio Companies	18

Historical Fund Performance (TVPI)



Total Distributions¹ \$1,791.7 \$70.0

% of total drawdowns	60%
% of committed capital	70%

Key Fund Valuation Metrics

DPI (Distributions to paid-in capital)	0.6x
RVPI (Residual value to paid-in capital)	0.8x
TVPI (Total value to paid-in capital)	1.4x

Key Fund Performance Metrics

Average Yield ²	9%
Gross IRR	19%
Net IRR	13%

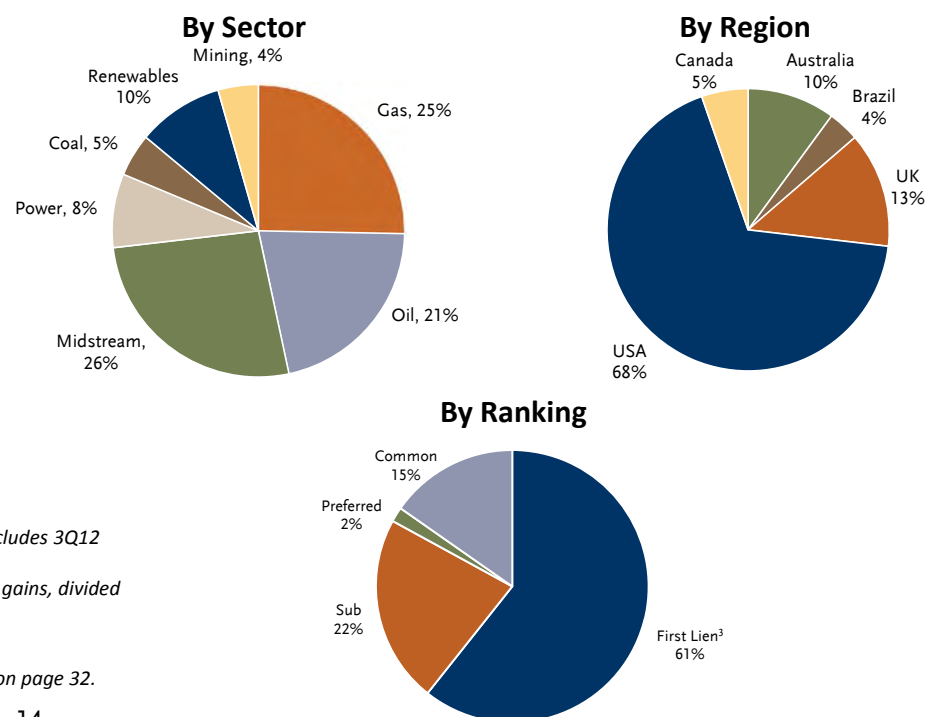
¹ Includes \$792 million holdback of principal repayment for reinvestment as deemed contribution. Excludes 3Q12 distribution made November 2012 for \$29 million.

² Calculated by taking the average of the quarterly yield (net investment income, inclusive of realized gains, divided by capital outstanding) since inception.

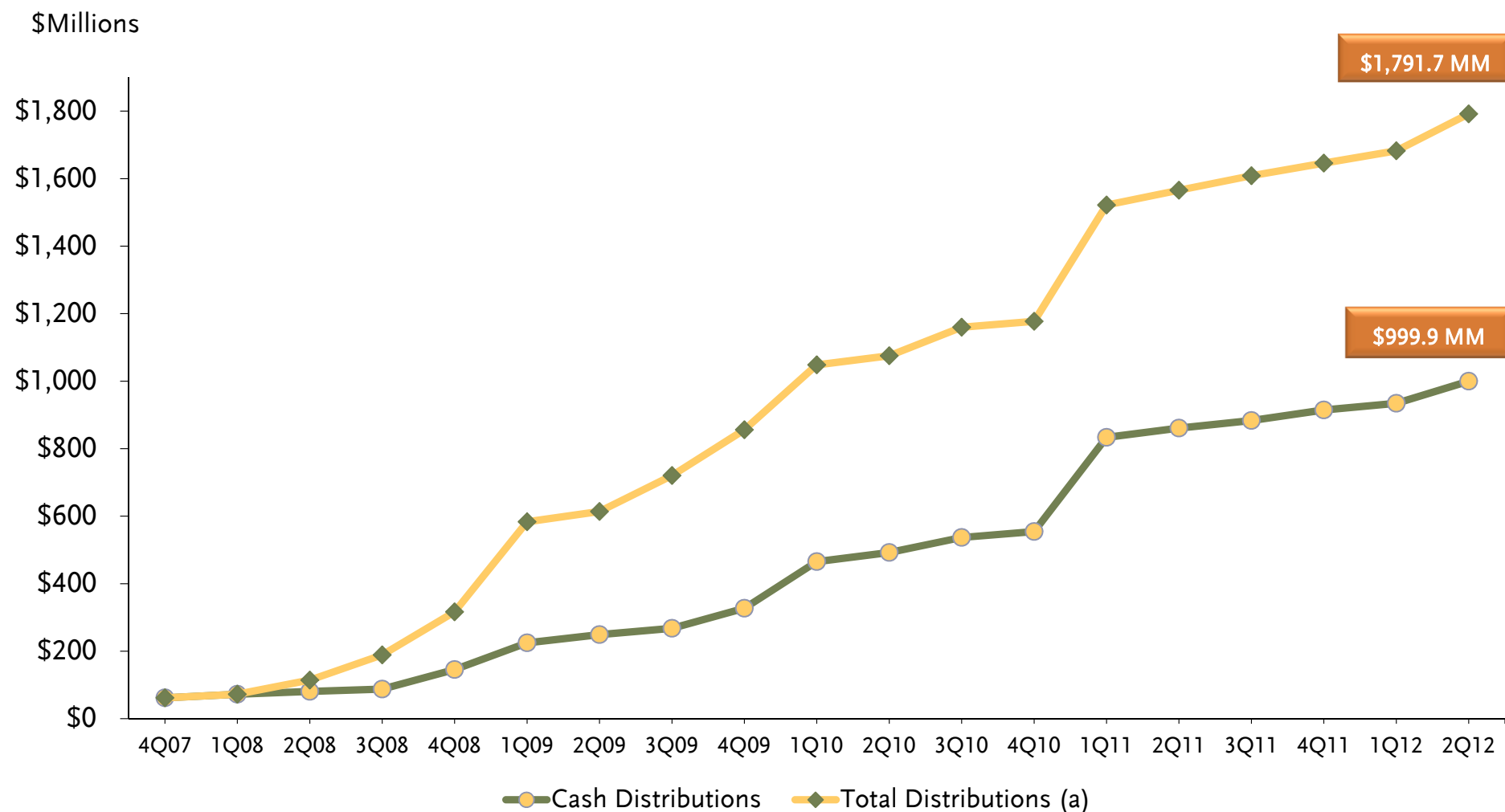
³ Includes Net Profits. Interests in two investments structurally equivalent to a first lien position.

Past performance is not a guarantee of future results. Please see explanatory notes and disclosures on page 32.

Portfolio Breakdown (By Committed Capital)



Fund XIV - Portfolio Distributions



(a) Includes principal holdbacks totaling \$792 million. Excludes 3Q12 distribution made November 2012 for \$29 million.

Fund XIV - Portfolio Status

Realized Investments

	IRR
Ambrose	491%
Batesville	20%
Cheniere	62%
Coogee	78%
Greenfield	207%
Invenergy I	38%
Lipari	45% ^(a)
Moly Mines	35% ^(b)
Nations Petroleum	53%
Severn	10% ^(c)
Wise	Loss
Xinergy	35%

Active Investments

Abbot/KCA
Anadarko DF III ^(d)
Anadarko EOR
Big Sky
BlackBrush
Coyle
GLID
Invenergy II
Kelson
Larchmont
National Coal
Nevada Geothermal
Piñon
Presidium
Sete
Sunshine
Tarpon
Umbria

(a) Cash on cash IRR to date is 45%. IRR will increase with the sale of equity still held by the Fund.

(b) Cash on cash IRR to date is 35%. IRR will increase with the sale of 24 million warrants still held by the Fund.

(c) 28% realized IRR on a GBP basis.

(d) Though the par value of this investment has been fully amortized, the Fund continues to receive monthly NPI payments.

Fund X – Summary (2003 Vintage)

- \$734,000,000 Fund with Final Closing March 2004
- 102 Participants
- Portfolio of Mezzanine & Equity Investments
- Ramp-Up Termination Date: March 18, 2007
- Total Number of Investments: 22
- Total Commitments: \$815,248,127 (111% Invested)

Alaska Retirement Management Board

- Commitment of \$80 million out of \$734 million total is approximately 10.9% of Fund X
- Contributions to-date total \$83.2 million^(a)
- Distributions to-date total \$94.6 million^(a) or 114% of the \$83.2 million contributed to-date

^(a) Includes \$0.8 million holdback as deemed contribution.

Fund X - Portfolio Status

Realized Investments

	IRR
Ambrose	70%
Aurora	21%
Batesville	15%
BlueCreek	34%
Bowery Bay/Astoria	12%
CDX	27%
CDX Equity	Loss
CH4	37%
Energy XXI	13%
Sanchez	30%
SandRidge Preferred ^(a)	84%
TEP III Equity	225%
Trident Preferred	Loss
Trust Energy (NAMI)	18%
USA Compression	53%
VeraSun Fort Dodge	76%

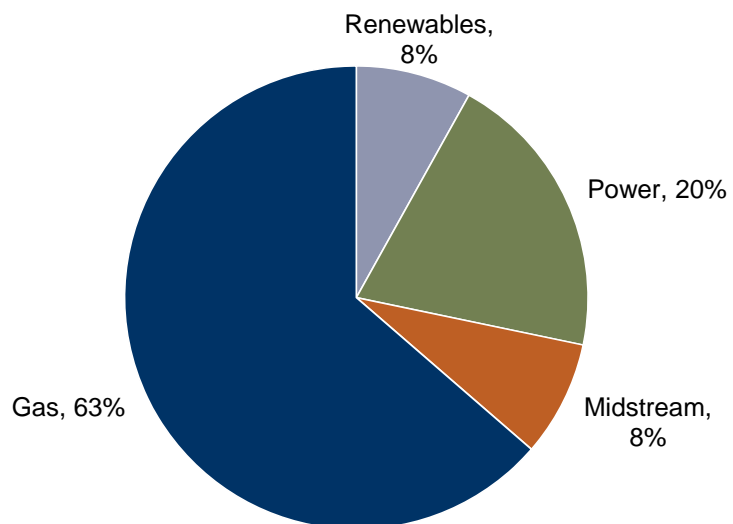
Active Investments

Fortistar Renewables (GRS)
KGen Equity
La Paloma
Pinpoint
Rio Vista/GM

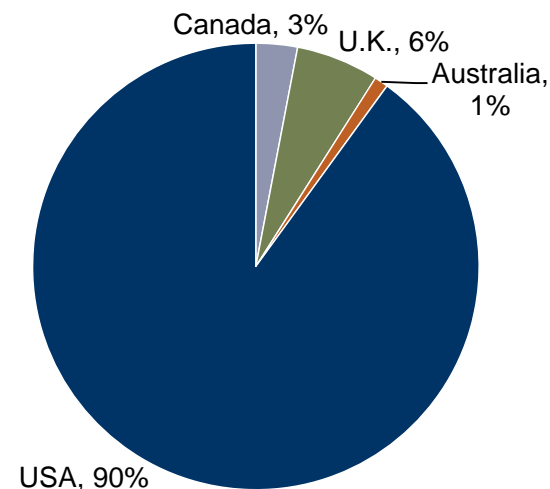
(a) Not all Fund X entities were eligible to make this investment.

Fund X - Portfolio Diversification*

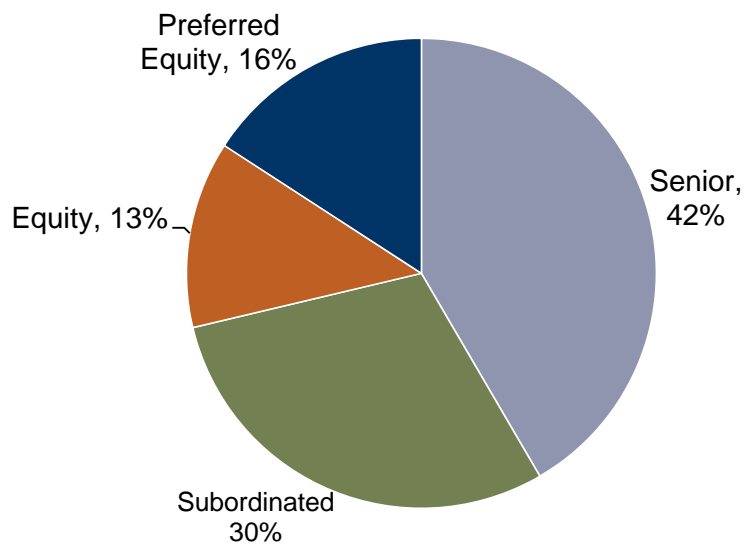
Sector Diversity



Geographic Diversity



Asset Diversity



*Based on investments committed & closed.

Appendix

- Investment Summaries*
- Important Information

* The investment summaries included in pages 21-30 represent a complete list of investments made by Energy Fund XV through September 30, 2012.

Asset Review – BlackBrush

Issuer	BlackBrush TexStar LP
Committed Investment	\$420,000,000
Initial Funding Date	March 21, 2011
Outstanding at 9/30/12	\$360,609,108
Sector	Upstream Oil & Gas
Project Location	U.S.A.
Ranking	First Lien Notes & Common Equity
Final Maturity	March 2016
Interest Rate	13% (9% Cash, 4% PIK)
Yield Enhancement	Warrants and all gains attributable to equity ownership

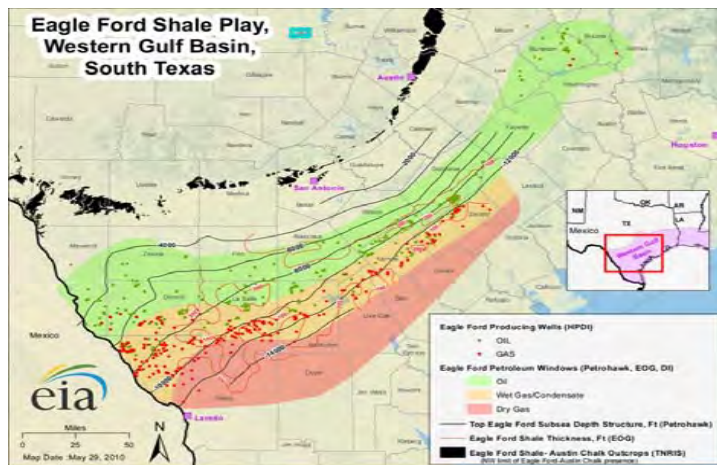
Note: Past performance is not a guarantee of future results.

Background

- \$420 million investment (split between Funds XIV and XV)
- BlackBrush is a diversified exploration and production Company with producing upstream assets in the Eagle Ford Shale, a midstream gathering and processing business and an oil field services business
- The investment closed on March 21, 2011, with an initial equity investment of \$155 million for 51.2% of the Issuer

Current Status

- The Issuer has signed crude oil transportation contracts and has begun obtaining right of ways to construction of a crude oil pipeline which will traverse the “liquids rich” Eagle Ford formation in South Texas.



Asset Review – BTB Pipeline

Issuer	Gas Transboliviano S.A. Transportadora Brasileira Gasoducto Bolivia-Brasil S.A.
Committed Investment	\$213,555,000
Initial Funding Date	July 12, 2012
Outstanding at 9/30/12	\$213,555,000
Sector	Midstream
Project Location	Brazil & Bolivia
Ranking	Common Equity
Average Cash Yield	14-15%
Yield Enhancement	All gains attributable to equity ownership

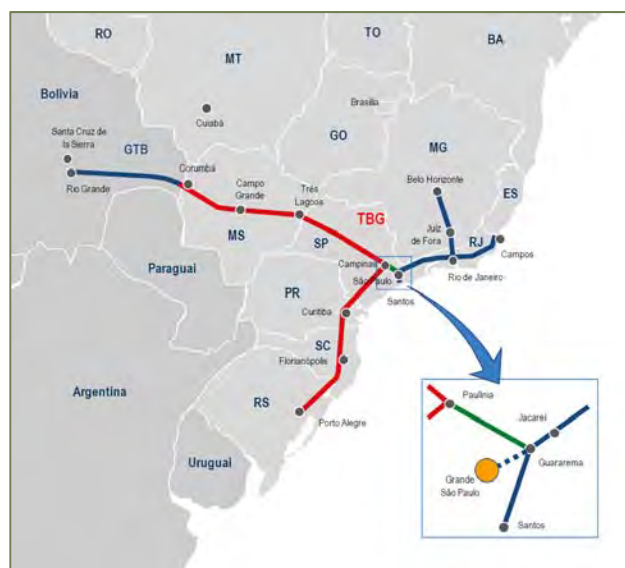
Note: Past performance is not a guarantee of future results.

Background

- \$213.5 million investment in GTB-TBG Holdings S.à r.l., a newly formed entity which holds substantial minority equity interests in Transportadora Brasileira Gasoducto Bolivia-Brasil S.A. and Gas Transboliviano S.A., the entities that own and operate the Bolivia-Brazil pipeline ("BTB").
- BTB is 3,150 kilometers in length, stretching from Rio Grande, Bolivia to Guararema, São Paulo state, the largest natural gas market in Brazil, and southward to Porto Alegre in Rio Grande do Sul, Brazil.
- Along the majority of the line, BTB has a capacity of 33 million cubic meters per day ("MMcm/d") and measures 32 inches in diameter.
- In 2011, over 35% of Brazil's natural gas consumption was imported from Bolivia through BTB.

Current Status

- The investment closed and funded in July 2012.
- EIG is currently negotiating two tack-on acquisitions which may be funded in part by co-investment.



Asset Review – Cleveland Tonkawa

Issuer	CHK Cleveland Tonkawa, LLC
Committed Investment	\$100,000,000
Initial Funding Date	March 29, 2012
Outstanding at 9/30/12	\$100,000,000
Sector	Upstream Oil & Gas
Project Location	U.S.
Ranking	Preferred Equity
Yield Enhancement	Overriding Royalty Interest

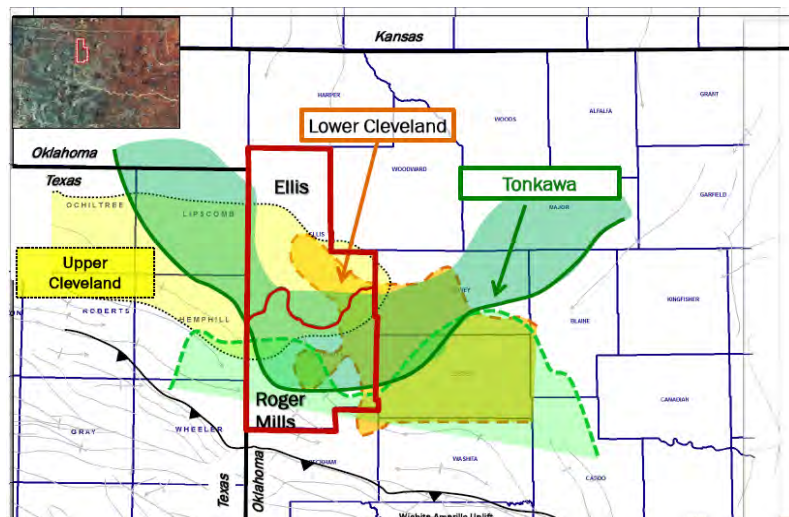
Note: Past performance is not a guarantee of future results.

Background

- CHK Cleveland Tonkawa, L.L.C. ("CHK CT") is a newly-formed unrestricted subsidiary of Chesapeake Energy Corporation that will own and develop 245,000 net acres in the Cleveland and Tonkawa formations in the Anadarko Basin in Oklahoma.
- Preferred stock with 6% cash dividend and a detachable overriding royalty interest of 3.75% in the existing production plus the first 1,000 net wells drilled on CHK CT's assets.

Current Status

- The investment closed and funded in March 2012



COURTESY: CHESAPEAKE ENERGY CORPORATION

Asset Review – Greenfield

Issuer	Greenfield South HoldCo, LLC
Committed Investment	\$260,000,000
Initial Funding Date	May 26, 2011
Outstanding at 9/30/12	Repaid
Sector	Power (Natural Gas)
Project Location	Mississauga, Ontario, Canada
Ranking	Second Lien Notes
Final Maturity	December 2019
Interest Rate	14% (8% Cash; 6% PIK)
Yield Enhancement	Yield Maintenance, Detachable Warrants (24.9% of Issuer)

Note: Past performance is not a guarantee of future results.

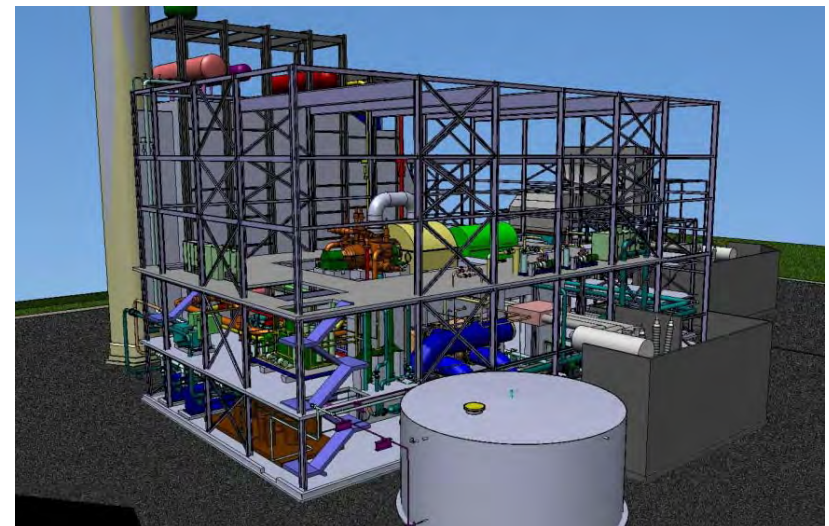


Background

- \$260 million commitment (Split equally between Funds XIV and XV, the “Funds”) of which \$58 million was funded in May 2011.
- Greenfield South Power Corporation is constructing a 293 MW combined cycle gas fired power plant located just outside Toronto, Canada
- Power from the facility will be sold under a long-term Power Purchase Agreement (“PPA”) to the Ontario Power Authority (“OPA”)
- Amortization of the Notes will be through a 75% excess cash flow sweep and a pay down from the addition of First Lien Debt after the Plant achieves commercial operations.

Current Status

- Construction was progressing on schedule and on budget but was halted before completion in November 2011 when the OPA announced it would not honor the PPA.
- The Funds prevailed in litigation proceedings and were ultimately able to reach a negotiated settlement with all defendants.
- Settlement proceeds were received in June 2012 for a final 207% IRR.



Asset Review – Intervention

Issuer	Intervention Energy, LLC
Committed Investment	\$200,000,000
Initial Funding Date	January 6, 2012
Outstanding at 9/30/12	\$72,000,000
Sector	Upstream Oil & Gas
Project Location	Montana & North Dakota
Ranking	Senior Secured Notes
Final Maturity	December 2016
Interest Rate	10%
Yield Enhancement	Penny Warrants for 20% of the company's fully diluted common stock

Note: Past performance is not a guarantee of future results.

Background

- Intervention's primary focus is on developing oil prospective Bakken Shale and Three Forks acreage located in Montana and North Dakota, USA
- Intervention participates in non-operated working interests, typically in the 3-5% range.

Current Status

- \$72 million has been funded as of September 30, 2012 and oil production is approximately 450 bopd (net).
- EIG estimates the Company will participate in 150 gross wells in 2012.



Asset Review – Jamestown Resources

Issuer	Jamestown Resources, LLC
Committed Investment	\$600,000,000
Initial Funding Date	June 2010
Outstanding at 9/30/12	\$559,200,000
Sector	Upstream Oil & Gas
Project Location	U.S.
Ranking	First Lien Notes
Final Maturity	December 2016
Interest Rate	12% cash or 14% PIK
Yield Enhancement	Net Profits Interest

Note: Past performance is not a guarantee of future results.

Background

- Jamestown was formed to fund the Founders Well Participating Program of Chesapeake Energy, a shareholder-approved management compensation program for Chesapeake's CEO.
- Jamestown is a highly diversified well program and will likely participate in over 2,500 wells during 2011 and 2012 with significant infill drilling in 2013 and beyond
- Shale gas currently accounts for approximately 20% of U.S. natural gas production and is expected to increase significantly over the next 10 years
- Chesapeake is one of the most experienced and active oil and natural gas drillers in the U.S.
- Jamestown has a low cost acreage position due to Chesapeake's "first mover" position in many of the key shale plays

Current Status

- As of June 30, 2012, Fund XV had invested \$559.2 million with the balance funding over the course of 2012.

CHK's Operating Areas



Asset Review – Manabi

Issuer	Manabi S.A.
Committed Investment	\$151,300,000
Initial Funding Date	October 2, 2012
Outstanding at 10/2/12	\$151,300,000
Sector	Mining
Project Location	Brazil
Ranking	Preferred Equity

Note: Past performance is not a guarantee of future results.



Background

- Company was formed in March 2011 for the purpose of developing iron ore and export infrastructure assets in Brazil.
- Manabi holds 78 mining rights in the State of Minas Gerais, which include the Morro do Pilar export projects and Morro Escuro domestic iron ore currently under the early stages of development.
- Highly experienced management team with proven Brazilian iron ore industry expertise.
- Iron ore mining development of up to 56 mtpa / Brazil, integrated iron ore transportation infrastructure and multi-use port development of up to 100 mtpa
- High Fe content / lowest impurity level project in development globally

Current Status

- The investment closed in August 2012 with initial funding in October 2012.

North Port



Asset Review – Plains Offshore (PXP)

Issuer	Plains Offshore Operations, Inc.
Committed Investment	\$450,000,000
Initial Funding Date	November 17, 2011
Outstanding at 9/30/12	\$340,000,000
Sector	Offshore Oil
Project Location	U.S.
Ranking	Preferred Equity with conversion rights
Yield Enhancement	Equity Warrants and all gains attributable to equity ownership

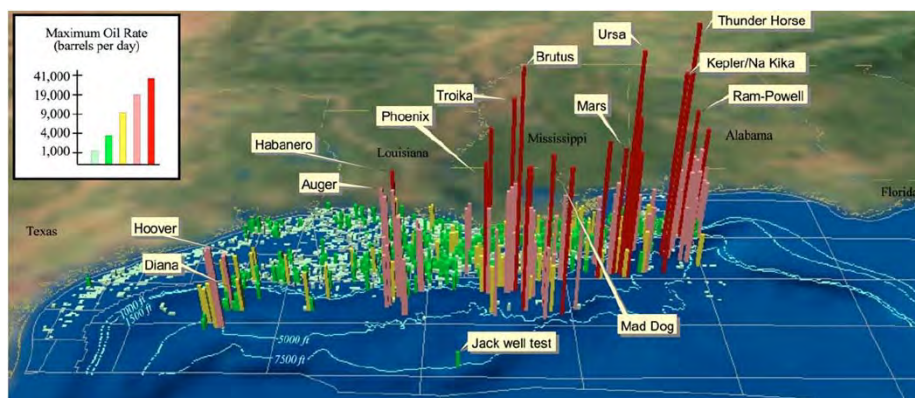
Note: Past performance is not a guarantee of future results.

Background

- \$450 million Fund XV investment (Target final hold of \$340M)
- Newly-formed subsidiary of Plains Exploration & Production Company that holds all of Plain's deepwater Gulf of Mexico assets.
 - Will fund development of Lucius and Phobos prospects (both Anadarko-operated) located nearby Exxon's well-publicized Hadrian discovery
- Convertible preferred stock with 8% coupon (6% cash / 2% PIK) and attached warrants

Current Status

- \$40M of the commitment was sold in December 2011. An additional \$70M was sold in January 2012.
- Project has been sanctioned by all working interest holders with development to commence in the second half of 2012.



Asset Review – Sete Brasil

Issuer	Sete Brasil Participações S.A. ("Sete")
Committed Investment	\$270,000,000
Initial Funding Date	January 18, 2012
Outstanding at 9/30/12	\$174,706,298
Sector	Midstream (Drillships)
Project Location	Brazil
Ranking	Common Equity
Yield Enhancement	All gains attributable to equity ownership

Note: Past performance is not a guarantee of future results.

Background

- 500 million Brazilian Reais (approximately US\$270 mm) equity investment split between Fund XIV and XV.
- Sete Brasil created by Petrobras and its Brazilian partners to build and own ultra-deepwater drillships for charter for development of massive "pre-salt" oil reserves.
- Charter agreements with Petrobras are for 10 years or more in duration and largely US dollar denominated.

Current Status

- The initial \$100M investment closed in January 2012 is an unsecured debt financing as a bridge to the common equity investment.
- In August 2012, the Bridge Loan maturity was extended to November 14, 2012 and the interest rate was increased to Libor + 4.0%. Also, EIG funds were allocated an equity ownership of 3.3% of Sete in return for a commitment to invest R\$500 million of which R\$152 million has been funded.



Asset Review – Utica (Chesapeake)

Issuer	CHK Utica, LLC
Committed Investment	\$500,000,000
Initial Funding Date	November 2, 2011
Outstanding at 9/30/12	\$500,000,000
Sector	Upstream Gas
Project Location	U.S.
Ranking	Preferred Equity
Yield Enhancement	Overriding Royalty Interest

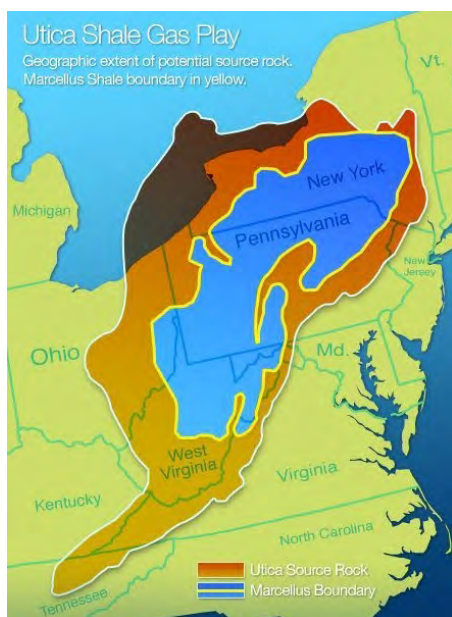
Note: Past performance is not a guarantee of future results.

Background

- \$500 million Fund XV investment (plus \$316.5 million investment made by other EIG related co-investors).
- Newly-formed subsidiary of Chesapeake Energy Corporation that will own and develop 700,000 acres in the liquids-rich Utica Shale in Ohio.
- Preferred stock with 7% cash dividend and a detachable overriding royalty interest of 3% in first 1,500 net Utica wells drilled.

Current Status

- The investment closed and funded in November 2011 with the first dividend payment received in December.
- Subsequent to closing, Chesapeake announced a \$2.3 billion joint venture with Total SA at a substantial step-up to the implied acreage price paid by EIG and its co-investors.



Tab IV – End Notes and Disclosures

Important Information



The information contained herein is being provided to you at your request for informational purposes only and is not, and may not be relied on in any manner as, legal, tax or investment advice or as an offer to sell or a solicitation of an offer to buy an interest in an investment vehicle (a "Fund") sponsored by EIG Global Energy Partners, LLC or its affiliates (together with such affiliates, "EIG"), or any other security. Such an offer will only be made pursuant to the delivery of the related organizational and offering documents for the Fund (the "Organizational Documents"), which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. The information contained herein does not purport to be complete and is qualified in its entirety by the applicable Organizational Documents. No person has been authorized to make any statement concerning a Fund other than as set forth in the applicable Organizational Documents and any such statements, if made, may not be relied upon.

The information contained herein must be kept strictly confidential and may not be reproduced or redistributed, in whole or in part, in any format without the express written approval of EIG. By accepting this information, the recipient agrees that it will, and it will cause its directors, partners, officers, employees and representatives, to use the information only to evaluate its potential interest in EIG and for no other purpose and will not divulge any such information to any other party.

EIG Global Energy Partners does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein shall be relied upon as a promise or representation whether as to the past or future performance. Certain information contained herein has been obtained from published and non-published sources. It has not been independently verified by EIG Global Energy Partners. Except where otherwise indicated herein, the information provided herein are based on matters as they exist as of September 30, 2012 and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. Furthermore, in certain respects, the information contained herein is incomplete without being supplemented by the accompanying oral presentation and discussion.

Effective June 30, 2012, EIG has revised its methodology for calculating IRR for Energy Fund XIV and Energy Fund XV in two ways that it believes results in a calculation that more appropriately reflects the economic performance of the investments. First, cash flows used in calculation of the IRRs now include fee income (transaction, investment banking, break-up, advisory and monitoring or other similar fees received in connection with the Fund's investments). Fee Income was not included in the gross IRR calculations for previous quarters. This change does not affect the calculation of net IRRs. Second, IRRs are calculated using actual daily gross cash flows and day counts. Previously, IRRs were calculated based on a monthly gross cash flow and compounding convention.

In certain instances, the above described changes in calculation methodology have resulted in a difference in the IRR reported here versus the IRR that was previously reported in the June 30, 2012 Energy Fund XIV and Energy Fund XV financial statements. Future financial statements will use the methodologies described herein. Terminal values used in calculating the current IRRs represent the Fair Market Value ("FMV") of the investment at September 30, 2012 calculated in accordance with FAS 157 and our valuation policy. There have been no changes to this calculation.

Unless otherwise stated, all FMV IRRs and FMV Investment Multiples are presented on a "gross" basis (i.e., they do not reflect the management fees, carried interest or expenses that are borne by investors in the Fund, all of which will reduce returns and, in the aggregate, are expected to be substantial). Prospective investors are encouraged to contact EIG to discuss the procedures and methodologies used to calculate the investment returns and other information provided herein.

While valuations of unrealized investments are based on assumptions that EIG believes are reasonable under the circumstances, the actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein.

Past performance is not indicative of future results; no representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. EIG managed funds invest in a number of securities and obligations that entail substantial inherent risks. The applicable Organizational Documents of a Fund describe certain risks and other important information and should be reviewed carefully before deciding to invest in such Fund. Such investment is only suitable for sophisticated investors and requires the financial ability and willingness to accept the high risks and the lack of liquidity inherent in such investment. Prospective investors must be prepared to bear such risks for an indefinite period of time. Each prospective investor should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning the information contained herein and such offering.

Many of the investments are highly illiquid, and there can be no assurance that an investor will be able to realize on such investments in a timely manner. There can be assurance that an investment objective will be achieved or that an investor will receive any return of capital. Interest rates, general level of economic activity, price of securities, price of commodities, the rate of inflation and participation of other investors in the financial markets may affect the value and number of investments made by a fund or considered for prospective investment. (3Q2012US)

Important Information

Australia Disclaimer

This general advice has been prepared by EIG Global Energy(Australia) Pty Ltd (ABN 34 138 667 517 AFSL 342578) for its wholesale clients only. It does not take into account investor's personal objectives, financial situation or needs. Before acting on this advice, investors should consider its appropriateness based on their personal circumstances, obtain a copy of the relevant offer document, and consult their investment advisor before doing so.

This report was prepared as a private communication to clients and was not intended for public circulation or publication or for the use of any third party, without the approval of EIG Global Energy (Australia) Pty Ltd. Whilst this report is based on information from sources which EIG Global Energy (Australia) Pty Ltd considers reliable, its accuracy and completeness cannot be guaranteed. Data are not necessarily audited or independently verified. Any opinions reflect EIG Global Energy (Australia) Pty Ltd's judgement at this date and are subject to change. EIG Global Energy (Australia) Pty Ltd has no obligation to provide revised assessments in the event of changed circumstances. EIG Global Energy (Australia) Pty Ltd, its directors and employees do not accept any liability for the results of any actions taken or not taken on the basis of information in this report, or for any negligent misstatements, errors or omissions.

This report is not intended as an offer or solicitation for the purchase or sale of any financial product.

EIG Global Energy (Australia) Pty Ltd, its affiliated companies, director or employees advise that they and persons associated with them may have an interest in the financial products discussed and that they may receive brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with this advice.

Past performance is not a reliable indication of future performance.

The distribution of the information in jurisdiction outside Australia may be restricted by law and person into whose possession the information come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of an applicable jurisdiction. This report is current September 2012 and subject to change without notice. (112811AUS)

UK Disclaimer

This document provides information about EIG Global Energy Partners' funds (the "Funds") and EIG Global Energy (Europe) Limited (the "Firm"). The Firm is authorised and regulated by the UK Financial Services Authority (the "FSA") under number 513967. This financial promotion is not intended to be and should not be construed as an invitation or inducement to participate in a collective investment scheme for the purposes of the restrictions on the promotion of such schemes contained in section 238 of the Financial Services and Markets Act 2000 and it has been issued to you by the Firm based on your representation to it that you are (or are the director, officer or employee of):

- (i) a potential investee company or provider of finance and that you are not a potential investor in any of the funds to which it relates; and
- (ii) you are either a Professional Client or Eligible Counterparty as defined in the FSA's Handbook of rules and guidance.

Nothing in this promotion is intended to constitute investment advice or an offer to invest. Potential investors in the Funds should note that they will only be able to invest after receiving a final prospectus and subscription document. Any decision to invest should be based upon the final prospectus document and you should take independent legal and investment advice if necessary.

Opinions expressed whether in general or in both on the performance of individual funds and in a wider economic context represent the views of the contributor at the time of preparation.

This financial promotion has been provided to you solely for your information and may not be copied, reproduced, further distributed to any other person or published, in whole or in part, for any purpose. (031312UK)

State Street Global Advisors

Mandate: MSCI ACWI Ex-US Index

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (SSgA) is a division of State Street Bank and Trust Company, a wholly-owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, SSgA's total assets under management were \$2.06 billion.</p> <p>Key Executives: Payal Kapoor Gupta, <i>Portfolio Manager</i> Rosalind Jacobsen, <i>Client Service</i></p>	<p>At the security level, The MSCI ACWI ex-US strategy employs a combination of replication and sampling to reflect the returns of each market. In markets that contain liquid securities and few foreign ownership restrictions, we attempt to hold every security in its approximate index weight.</p> <p>Investment research is conducted by portfolio managers, including the Global Structured Products Group, and our Advanced Research Center. Within these groups, SSgA uses proprietary software as well as a variety of outside data sources to generate internal research.</p> <p>The MSCI-ACWI ex US Index Strategy seeks to replicate the returns and characteristics of the MSCI ACWI ex US Index, thus security selection is dictated by the index.</p> <p>Benchmark: MSCI All Country World Ex-US Index</p>	<p>Assets Under Management: 09/30/2012 \$41,632,882</p>

Concerns: None.

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	6.87%	15.77%	3.14%	N/A
Fee	0.17%	0.17%	0.17%	
Manager (Net)	6.83%	15.60%	2.97%	
Benchmark	7.40%	14.48%	3.17%	

State Street Global Advisors

Mandate: Global Balanced Strategy

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>Tyhesha Harrington, <i>Portfolio Manager</i></p> <p>Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>SSgA portfolio managers monitor the asset allocation of the funds on a daily basis and are required to manage the strategic asset allocation portfolios in accordance with the investment guidelines. The Global Balanced Fund has a target asset allocation of 60% equities and 40% fixed income, and is invested in a mix of passively managed index commingled funds which, in combination, are designed to replicate the returns and characteristics of the Global Balanced Fund Index. The Fund will be managed to approximate this target asset allocation.</p> <p>Benchmark: Global Balanced Fund Index (60% MSCI All Country World ex-U.S. Index, 30% Barclays Capital U.S. Aggregate Bond Index and 10% Citigroup World Government Bond Index ex-U.S.)</p>	<p>Assets Under Management:</p> <p>09/30/2012 \$99,825,240</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	4.89%	15.23%	7.42%	N/A
Fee	0.03%	0.10%	0.10%	
Manager (Net)	4.86%	15.13%	7.32%	
Benchmark	4.97%	14.53%	7.11%	

State Street Global Advisors

Mandate: Long U.S. Treasury Index

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>Michael Brunell, <i>Portfolio Manager</i></p> <p>Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>SSgA's Long U.S. Treasury Bond Index Strategy employs a passive bond indexing process. It seeks to match the return of the Barclays Aggregate Long U.S. Treasury Bond Index by investing in a well-diversified portfolio of U.S. Treasury and agency securities with maturities longer than ten years. It is managed duration neutral to the Index at all times. Overall sector and quality weightings are also matched to the Index, with individual security selection based upon criteria generated by the credit and research group, security availability, and analysis of its impact on the portfolio's weightings.</p> <p>Benchmark: Barclays Aggregate Long U.S. Treasury Bond Index</p>	<p>Assets Under Management:</p> <p>09/30/2012 \$28,807,849</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	0.23%	6.52%	11.99%	N/A
Fee	0.02%	0.07%	0.07%	
Manager (Net)	0.21%	6.45%	11.92%	
Benchmark	0.20%	6.31%	11.97%	

State Street Global Advisors

Mandate: U.S. REIT Index

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>Amos Rogers (Tuckerman Group), <i>Portfolio Manager</i></p> <p>Rosalind Jacobsen, Client Service <i>Contact</i></p>	<p>The Tuckerman/SSgA REIT Index Strategy seeks to create a portfolio of securities which replicates, as closely as possible, the returns and characteristics of the Dow Jones U.S. Select REIT Index. Index strategies generally help clients achieve broad diversification across the equity markets and take advantage of low implementation costs. In general, the benefits of the REIT Index Strategy are: broad exposure to asset class, historically small tracking error thanks to sound portfolio construction, relatively low costs, high transparency, less need for corporate governance, and low turnover.</p> <p>The REIT Index Strategy is designed to fully replicate the index.</p> <p>Benchmark: Dow Jones U.S. Select REIT Index</p>	<p>Assets Under Management: 09/30/2012 \$55,125,208</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	-0.37%	31.75%	19.72%	N/A
Fee	0.04%	0.17%	0.17%	
Manager (Net)	-0.41%	31.58%	19.55%	
Benchmark	-0.38%	32.06%	20.52%	

State Street Global Advisors

Mandate: Russell 3000 Index

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>David Chin, <i>Portfolio Manager</i></p> <p>Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA Russell 3000 strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Russell 3000 Index</p>	<p>Assets Under Management:</p> <p>09/30/2012 \$30,988,824</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	6.22%	30.13%	13.30%	N/A
Fee	0.01%	0.03%	0.03%	
Manager (Net)	6.21%	30.10%	13.27%	
Benchmark	6.23%	30.20%	13.26%	

State Street Global Advisors

Mandate: S&P 500 Index

Hired: 1996

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>Theodore Janowsky, <i>Portfolio Manager</i></p> <p>Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>Investment research is conducted by portfolio managers, including the Global Structured Products Group, and the Advanced Research Center.</p> <p>SSgA's S&P 500 Flagship Strategy seeks to replicate the construction of the S&P 500 Index by holding every security in the fund in its approximate index weight. SSgA trades only when there is a change to the Index, when they have participant cash flows, or when they receive significant dividend income into the fund.</p> <p>Benchmark: S&P 500 Index</p>	<p>Assets Under Management:</p> <p>09/30/2012 \$296,432,769</p>

Concerns: None

9/30/2012 Performance

		1-Year	3-Years	5-Years
	<u>Last Quarter</u>	<u>Annualized</u>	<u>Annualized</u>	<u>Annualized</u>
Manager (Gross)	6.35%	30.24%	13.23%	1.13%
Fee	0.00%	0.01%	0.01%	0.01%
Manager (Net)	6.35%	30.23%	13.22%	1.12%
Benchmark	6.35%	30.20%	13.20%	1.05%

State Street Global Advisors

Mandate: U.S. Treasury Inflation Protected Securities (TIPS) Index

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>Massimo DeSantis, <i>Portfolio Manager</i></p> <p>Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA U.S. Treasury Inflation Protected Securities (TIPS) Index strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Barclays U.S. Treasury Inflation Notes Index</p>	<p>Assets Under Management:</p> <p>09/30/2012 \$35,952,400</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	2.13%	9.07%	9.21%	N/A
Fee	0.02%	0.09%	0.09%	
Manager (Net)	2.11%	8.98%	9.12%	
Benchmark	2.12%	9.10%	9.29%	

State Street Global Advisors

Mandate: State Street Institutional Treasury Money Market

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The Fund is a money market fund that seeks to achieve its investment objective by investing substantially all of its investable assets in the State Street Money Market Portfolio of State Street Master Funds, which has the same investment objective as, and investment policies that are substantially similar to those of the Fund. The Fund may also invest in other mutual funds, subject to regulatory limitations, that invest exclusively in such obligations.</p> <p>Benchmark: Citigroup 3-Month Treasury Bill Index</p>	<p>Assets Under Management:</p> <p>09/30/2012 \$47,649,715</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	0.03%	0.13%	0.14%	N/A
Fee	0.03%	0.13%	0.13%	
Manager (Net)	0.00%	0.00%	0.01%	
Benchmark	0.02%	0.05%	0.09%	

State Street Global Advisors

Mandate: World Government Bond Ex-U.S. Index

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors ("SSgA") is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 09/30/2012, the firm's total assets under management were \$2.1 trillion.</p> <p>Key Executives:</p> <p>Pascal Chiknagi, <i>Portfolio Manager</i></p> <p>Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA World Government Bond Ex-U.S. Index Strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Citigroup World Government Bond Ex-U.S. Index</p>	<p>Assets Under Management:</p> <p>09/30/2012 \$10,772,676</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year Annualized</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (Gross)	4.11%	3.56%	4.07%	N/A
Fee	0.02%	0.09%	0.09%	
Manager (Net)	4.09%	3.47%	3.98%	
Benchmark	3.98%	3.46%	4.02%	

State Street Global Advisors

Mandate: Russell 1000 Growth

Hired: 2006

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 9/30/12, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives: Kala Croce, <i>Portfolio Manager</i> Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA Russell 1000 Growth strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Russell 1000 Growth Index</p>	<p>Assets Under Management: 9/30/12 \$814,463,579</p>

Concerns: None

9/30/2012 Performance				
	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (gross)	6.10%	29.13%	14.81%	3.33%
Fee	0.01%	0.03%	0.03%	0.04%
Manager (net)	6.09%	29.10%	14.78%	3.29%
Benchmark	6.11%	29.19%	14.73%	3.24%

State Street Global Advisors

Mandate: Russell 1000 Value

Hired: 2006

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 9/30/12, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives: Kala Croce, <i>Portfolio Manager</i> Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA Russell 1000 Value strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Russell 1000 Value Index</p>	<p>Assets Under Management: 9/30/12 \$1,010,643,769</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years</u> <u>Annualized</u>	<u>5-Years</u> <u>Annualized</u>
Manager (gross)	6.50%	30.91%	11.87%	-0.68%
Fee	0.01%	0.03%	0.03%	0.03%
Manager (net)	6.49%	30.88%	11.84%	-0.71%
Benchmark	6.51%	30.92%	11.84%	-0.90%

State Street Global Advisors

Mandate: Russell Top 200

Hired: 2006

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 9/30/12, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives: Kala Croce, <i>Portfolio Manager</i> Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA Russell Top 200 strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Russell Top 200 Index</p>	<p>Assets Under Management: 9/30/12 \$420,491,967</p>

Concerns: None

9/30/2012 Performance				
	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (gross)	6.60%	30.82%	12.96%	0.89%
Fee	0.01%	0.04%	0.04%	0.04%
Manager (net)	6.59%	30.78%	12.92%	0.85%
Benchmark	6.61%	30.87%	12.89%	0.85%

State Street Global Advisors

Mandate: Russell 2000 Growth

Hired: 2006

Firm Information	Investment Approach	Total ARMB Mandate
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 9/30/12, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives: Amy Cheng, <i>Portfolio Manager</i> Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA Russell 2000 Growth strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Russell 2000 Growth Index</p>	<p>Assets Under Management: 9/30/12 \$12,014,912</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years</u> <u>Annualized</u>	<u>5-Years</u> <u>Annualized</u>
Manager (gross)	5.04%	30.90%	14.26%	2.63%
Fee	0.01%	0.05%	0.05%	0.05%
Manager (net)	5.03%	30.85%	14.21%	2.58%
Benchmark	4.84%	31.18%	14.19%	2.96%

State Street Global Advisors

Mandate: Russell 2000 Value

Hired: 2006

Firm Information	Investment Approach	Total ARMB Mandate & Fees
<p>State Street Global Advisors (“SSgA”) is a division of State Street Bank and Trust Company, a wholly owned subsidiary of State Street Corporation. SSgA is the investment management division of State Street Bank and Trust Company.</p> <p>As of 9/30/12, the firm’s total assets under management were \$2.1 trillion.</p> <p>Key Executives: Amy Cheng, <i>Portfolio Manager</i> Rosalind Jacobsen, <i>Client Service Contact</i></p>	<p>The SSgA Russell 2000 Value strategy is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may sell securities that are represented in the Index or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index.</p> <p>Benchmark: Russell 2000 Value Index</p>	<p>Assets Under Management: 9/30/12 \$12,814,985</p>

Concerns: None

9/30/2012 Performance

	<u>Last Quarter</u>	<u>1-Year</u>	<u>3-Years Annualized</u>	<u>5-Years Annualized</u>
Manager (gross)	5.77%	32.93%	10.53%	0.77%
Fee	0.01%	0.05%	0.05%	0.05%
Manager (net)	5.76%	32.88%	10.48%	0.72%
Benchmark	5.67%	32.63%	11.72%	1.35%

State of Alaska

December 7, 2012

Rosalind Meade Jacobsen



Table of Contents

- 1. SSgA Firm Overview**
 - 2. Account Summary – State of Alaska Defined Benefit Plan**
 - 3. Account Summary – State of Alaska Defined Contribution Plan**
 - 4. Global Equity Beta Solutions Overview**
 - 5. Portfolio Review**
- Appendix A:** GIPS® Presentations
- Appendix B:** Important Disclosures
- Appendix C:** Biography

SSgA Firm Overview



A Leading Provider of Financial Services to Institutional Investors



STATE STREET.

***SSgA is a global leader
in asset management relied
on by sophisticated
institutions worldwide for
their investment needs***

- Subsidiary of State Street Corporation, one of the world's leading providers of financial services to institutional investors, with a heritage dating back over two centuries
- Entrusted with over \$2.0 trillion* in assets worldwide
- Clients include governmental entities, corporations, endowments and foundations, third party asset gatherers, multi employer plans, pension funds and sovereign wealth funds
- ETF industry pioneer and leader since 1993 with \$336.8 billion* in AUM

**State Street
Global Services**

A global leader in
asset servicing

SSGA
**State Street
Global Advisors**

A global leader in
asset management

**State Street
Global Markets**

A global leader in
research and trading

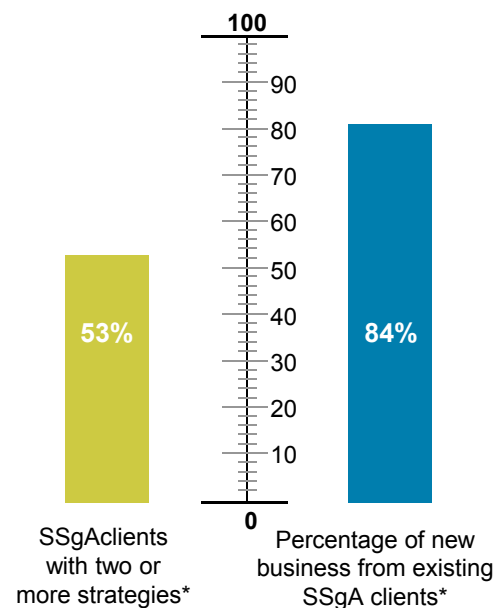
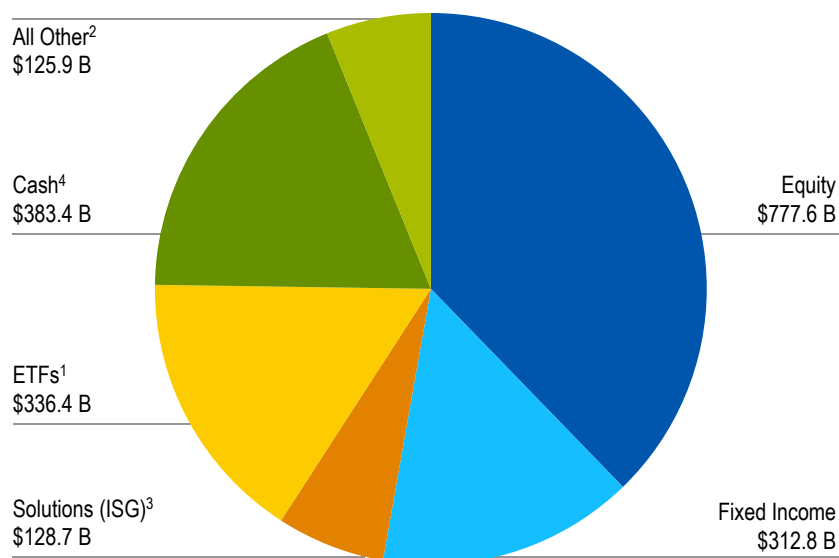
As of September 30, 2012

* This AUM includes the assets of the SPDR Gold Trust (approx. \$75.4 billion as of September 30, 2012), for which State Street Global Markets, LLC, an affiliate of State Street Global Advisors, serves as the marketing agent.

SSgA — A Trusted Partner

Active, enhanced, fundamental, passive, pure alpha and multi-asset class solutions

\$2.06 Trillion¹ in Assets Under Management*



*As of September 30, 2012

¹ This AUM includes the assets of the SPDR Gold Trust (approx. \$75.4 billion as of September 30, 2012), for which State Street Global Markets, LLC, an affiliate of State Street Global Advisors, serves as the marketing agent.

² Includes Absolute Return, Commodities, Currency, Company Stock, Global Multi Strategy, Hedge Fund of Funds, Managed Futures, Private Equity and Real Estate

³ Assets in Solutions are not counted in the underlying asset class

⁴ Includes securities lending collateral, cash, and money market

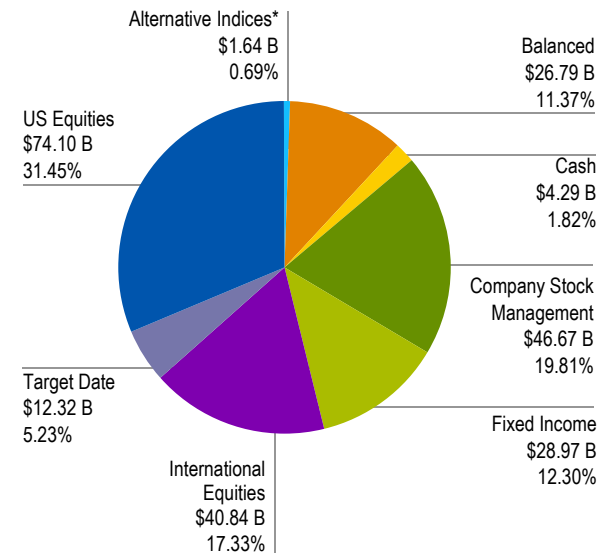
STATE STREET GLOBAL ADVISORS.

SSgA Global DC Capabilities and Business Profile

As one of the premier managers for global defined contribution plans, SSgA provides the following benefits to our clients:

- More than 30 years of DC market experience
 - Investing in DC is one of four strategic firm-wide initiatives
 - Managing target date strategies since 1995, across multiple market cycles
- Extensive product offerings across all major asset classes and risk spectrum
 - A leading manager of low cost index funds
 - Suite of QDIA eligible target date and balanced funds
 - Specialty asset classes and risk management strategies
- Dedicated on-boarding and client engagement specialists
 - Manage on-boarding process, plan changes and participants communications
- Relationships with major recordkeeping firms

\$235.63 Billion in Global DC Assets
As of September 30, 2012



* Includes real asset, commodities and domestic and international REIT funds
Source: SSgA
As of September 30, 2012

Account Summary – State of Alaska Defined Benefit Plan

Account Summary

Investment Summary

As of September 30, 2012

	Market Value
State of Alaska Defined Benefit Plan	\$2,901,415,741
Total	\$2,901,415,741

Statement of Asset Changes

The following changes took place in the State of Alaska Defined Benefit Plan accounts in the month of September 2012:

	Starting Balance 9/01/2012	Contributions	Withdrawals	Appreciation/ (Depreciation)*	Ending Balance 9/30/2012
MSCI ACWI ex-USA IMI Strategy	\$498,137,809	\$—	\$—	\$19,391,617	517,529,426
Russell 1000 Growth Index Strategy	798,808,815	—	—	15,647,754	814,456,569
Russell 1000 Value Index Strategy	979,678,304	—	—	30,955,074	1,010,633,378
Russell 2000 Growth Index Strategy	11,651,550	—	—	363,285	12,014,835
Russell 2000 Value Index Strategy	12,369,542	—	—	447,107	12,816,649
Russell Top 200 Index Strategy	409,232,733	—	—	11,254,120	420,486,853
S&P 500 Index Strategy	110,625,510	—	10	2,852,531	113,478,031
Total	\$2,820,504,263	\$—	\$10	80,911,488	2,901,415,741

Source: SSgA

* Includes dividends, interest, and realized/unrealized gains and losses.

Past performance is not a guarantee of future results.

Return periods of less than one year are not annualized.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Account Summary

Summary of Performance

Following are the gross and net returns for the State of Alaska Defined Benefit Plan accounts versus the corresponding benchmarks

	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Since Inception	Inception Date
MSCI ACWI ex-USA IMI Strategy (Gross)	3.89%	7.56%	10.96%	14.68%	3.84%	N/A	3.84%	Oct/ 2009
MSCI ACWI ex-US IMI Index	3.89	7.54	10.69	14.36	3.49	N/A	3.49	
Difference	0.00	0.02	0.27	0.32	0.35	N/A	0.35	
MSCI ACWI ex-USA IMI Strategy (Net)	3.89%	N/A	N/A	N/A	N/A	N/A	N/A	Oct/ 2009
MSCI ACWI ex-US IMI Index	3.89	N/A	N/A	N/A	N/A	N/A	N/A	
Difference	0.00	N/A	N/A	N/A	N/A	N/A	N/A	
Russell 1000 Growth Index Strategy (Gross)	1.96	6.10	16.78	29.15	14.71	3.25	4.60	Feb/2007
Russell 1000 Growth Index	1.96	6.11	16.80	29.19	14.73	3.24	4.57	
Difference	0.00	-0.01	-0.02	-0.04	-0.02	0.01	0.03	
Russell 1000 Growth Index Strategy (Net)	1.96	N/A	N/A	N/A	N/A	N/A	N/A	Feb/2007
Russell 1000 Growth Index	1.96	N/A	N/A	N/A	N/A	N/A	N/A	
Difference	0.00	N/A	N/A	N/A	N/A	N/A	N/A	
Russell 1000 Value Index Strategy (Gross)	3.16	6.51	15.81	30.94	11.94	-0.65	0.27	Feb/2007
Russell 1000 Value Index	3.17	6.51	15.75	30.92	11.83	-0.90	0.00	
Difference	-0.01	0.00	0.06	0.02	0.11	0.25	0.27	
Russell 1000 Value Index Strategy (Net)	3.16	N/A	N/A	N/A	N/A	N/A	N/A	Feb/2007
Russell 1000 Value Index	3.17	N/A	N/A	N/A	N/A	N/A	N/A	
Difference	-0.01	N/A	N/A	N/A	N/A	N/A	N/A	
Russell 2000 Growth Index Strategy (Gross)	3.12	5.04	14.45	31.26	13.87	2.70	3.24	Aug/2007
Russell 2000 Growth Index	3.00	4.84	14.08	31.18	14.19	2.95	3.93	
Difference	0.12	0.20	0.37	0.08	-0.32	-0.25	-0.69	
Russell 2000 Growth Index Strategy (Net)	3.11	N/A	N/A	N/A	N/A	N/A	N/A	Aug/2007
Russell 2000 Growth Index	3.00	N/A	N/A	N/A	N/A	N/A	N/A	
Difference	0.11	N/A	N/A	N/A	N/A	N/A	N/A	

Source: SSgA

* Includes dividends, interest, and realized/unrealized gains and losses.

Past performance is not a guarantee of future results. Return periods of less than one year are not annualized.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

The performance for State of Alaska shown above is reflected on a gross basis as of September 30, 2012. Due to SSgA FM's CTA status, beginning with the September month-end period going forward, net returns will be reflected in addition to gross returns. Net returns will be expressed net of actual management fees, actual brokerage fees and trading commissions.

Net returns will not be expressed net of administration, custody and/or other fees that may be externally negotiated. If so, net returns would be lower than what will be reflected.

STATE STREET GLOBAL ADVISORS.

Account Summary

Summary of Performance

Following are the gross and net returns for the State of Alaska Defined Benefit Plan accounts versus the corresponding benchmarks

	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Since Inception	Inception Date
Russell 2000 Value Index Strategy (Gross)	3.61	5.78	14.63	32.90	11.90	1.55	-0.11	June/2007
Russell 2000 Value Index	3.56	5.67	14.37	32.63	11.72	1.35	-0.40	
Difference	0.05	0.11	0.26	0.27	0.18	0.20	0.29	
Russell 2000 Value Index Strategy (Net)	3.61	N/A	N/A	N/A	N/A	N/A	N/A	June/2007
Russell 2000 Value Index	3.56	N/A	N/A	N/A	N/A	N/A	N/A	
Difference	0.05	N/A	N/A	N/A	N/A	N/A	N/A	
Russell Top 200 Index Strategy (Gross)	2.75	6.60	17.19	30.82	12.90	0.92	2.19	Feb/2007
Russell Top 200 Index	2.76	6.61	17.22	30.87	12.89	0.85	2.10	
Difference	-0.01	-0.01	-0.03	-0.05	0.01	0.07	0.09	
Russell Top 200 Index Strategy (Net)	2.75	N/A	N/A	N/A	N/A	N/A	N/A	Feb/2007
Russell Top 200 Index	2.76	N/A	N/A	N/A	N/A	N/A	N/A	
Difference	-0.01	N/A	N/A	N/A	N/A	N/A	N/A	
S&P 500 Index Strategy (Gross)	2.58	6.33	16.38	30.12	N/A	N/A	9.36	Mar/2011
S&P 500 Index	2.58	6.35	16.44	30.20	N/A	N/A	9.38	
Difference	0.00	-0.02	-0.06	-0.08	N/A	N/A	-0.02	
S&P 500 Index Strategy (Net)	2.58	N/A	N/A	N/A	N/A	N/A	N/A	Mar/2011
S&P 500 Index	2.58	N/A	N/A	N/A	N/A	N/A	N/A	
Difference	0.00	N/A	N/A	N/A	N/A	N/A	N/A	

Source: SSgA

* Includes dividends, interest, and realized/unrealized gains and losses.

Past performance is not a guarantee of future results.

Return periods of less than one year are not annualized.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

The performance for State of Alaska shown above is reflected on a gross basis as of September 30, 2012.

Due to SSgA FM's CTA status, beginning with the September month-end period going forward, net returns will be reflected in addition to gross returns.

Net returns will be expressed net of actual management fees, actual brokerage fees and trading commissions.

Net returns will not be expressed net of administration, custody and/or other fees that may be externally negotiated. If so, net returns would be lower than what will be reflected.

STATE STREET GLOBAL ADVISORS.

Account Summary – State of Alaska Defined Contribution Plan

Account Summary

Investment Summary

As of September 30, 2012

	Market Value
State of Alaska Defined Contribution Plan	\$599,537,848
Total	\$599,537,848

Statement of Asset Changes

The following changes took place in the State of Alaska Defined Contribution Plan accounts in the month of September 2012:

	Starting Balance 9/01/2012	Contributions	Withdrawals	Appreciation/ (Depreciation)*	Ending Balance 9/30/2012
SSgA/Tuckerman REIT Index NL Series Fund Class A	\$53,134,725	\$7,591,815	\$4,448,438	\$(1,152,894)	\$55,125,208
Russell All Cap Index NL Series Fund Class A	31,373,947	617,568	1,819,151	816,460	\$30,988,824
S&P 500 Index NL Series Fund Class A	287,366,515	5,699,610	4,088,522	7,455,166	296,432,769
Global Equity ex US Index NL Series Fund Class A	36,830,558	5,468,875	2,049,857	1,383,307	41,632,882
US Inflation Protected Bond Index NL Series Fund Class A	34,887,815	1,954,931	1,065,308	174,963	35,952,400
US Long Treasury Index NL Series Fund Class A	33,145,374	4,859,173	8,444,855	(751,842)	28,807,849
World Government Bond Ex-US Index NL Series Fund Class A	10,543,065	282,827	255,498	202,282	10,772,676
Global Balanced Investment Strategy	96,967,577	997,665	219,277	2,079,275	99,825,240
Total	\$584,249,576	\$27,472,464	\$22,390,906	\$10,206,718	\$599,537,848

Source: SSgA

* Includes dividends, interest, and realized/unrealized gains and losses.

Past performance is not a guarantee of future results.

Return periods of less than one year are not annualized.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Account Summary

Summary of Performance

Following are the gross returns for the State of Alaska Defined Contribution Plan accounts versus the corresponding benchmarks as of September 30, 2012:

	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Since Inception	Inception Date
SSgA/Tuckerman REIT Index NL Series Fund Class A	-1.95%	-0.37%	14.38%	31.80%	20.36%	N/A	5.29%	Oct/2008
Dow Jones US Select REIT Index	-1.97	-0.38	14.47	32.06	20.52	N/A	5.46	
Difference	0.02	0.01	-0.09	-0.26	-0.16	N/A	-0.17	
Russell All Cap Index NL Series Fund Class A	2.60	6.22	16.08	30.14	13.29	N/A	8.11	Oct/2008
Russell 3000 Index	2.63	6.23	16.13	30.20	13.25	N/A	7.98	
Difference	-0.03	-0.01	-0.05	-0.06	0.04	N/A	0.13	
S&P 500 Index NL Series Fund Class A	2.59	6.35	16.46	30.22	13.22	1.12	6.97	Mar/1996
Russell 1000 Value Index	2.58	6.35	16.44	30.20	13.20	1.05	6.94	
Difference	0.01	0.00	0.02	0.02	0.02	0.07	0.03	
Global Equity ex US Index NL Series Fund Class A	3.74	6.87	10.51	15.80	3.27	N/A	4.27	Oct/2008
MSCI ACWI ex-USA Index	3.74	7.40	10.38	14.48	3.17	N/A	3.85	
Difference	0.00	-0.53	0.13	1.32	0.10	N/A	0.42	
US Inflation Protected Bond Index NL Series Fund Class A	0.51	2.13	6.21	9.08	9.21	N/A	8.31	Oct/2008
Barclays Capital US Treasury Inflation Protected Securities (TIPS) Index	0.51	2.12	6.25	9.10	9.28	N/A	8.37	
Difference	0.00	0.01	-0.04	-0.02	-0.07	N/A	-0.06	
US Long Treasury Index NL Series Fund Class A	-1.93	0.23	4.41	6.52	12.01	N/A	11.25	Oct/2008
Barclays Capital US Long Treasury Bond Index	-1.96	0.20	4.36	6.31	11.97	N/A	11.26	
Difference	0.03	0.03	0.05	0.21	0.04	N/A	-0.01	
World Government Bond Ex-US Index NL Series Fund Class A	1.91	4.11	4.08	3.56	3.65	N/A	6.57	Oct/2008
Citigroup World Government Bond ex-US Index	1.88	3.98	3.96	3.46	4.02	N/A	6.91	
Difference	0.03	0.13	0.12	0.10	-0.37	N/A	-0.34	
Global Balanced Investment Strategy	2.15	4.86	9.67	15.12	7.32	N/A	8.95	Aug/2009
Custom Blended Index**	2.13	4.97	9.49	14.53	7.11	N/A	8.75	
Difference	0.02	-0.11	0.18	0.59	0.21	N/A	0.20	

Source: SSgA

** Custom Blended Index consists of 60% MSCI ACWI Index / 30% Barclays Capital U.S. Aggregate Bond Index / 10% Citigroup World Government Bond ex-U.S.

Past performance is not a guarantee of future results.

Return periods of less than one year are not annualized.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Global Equity Beta Solutions Overview

Investing involves risk including the risk of loss of principal.



Philosophy and Competitive Advantages

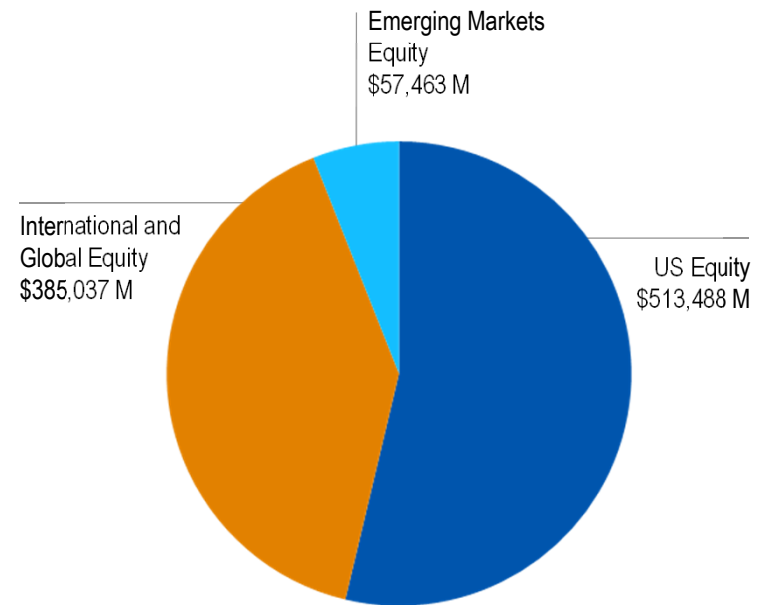
What we do

- Seek to deliver returns that our clients want and expect at the lowest possible implementation cost

How we strive to do it better

- **Experienced, tenured team of portfolio managers**
 - GEBS team in seven investment centers worldwide
 - Market-leading infrastructure and proprietary portfolio construction tools
- **Size and scale**
 - Significant asset base and economies of scale
 - Substantial liquidity and diversity of client accounts (flows)
- **Modular approach to product lineup**
 - Flexible, customizable solutions
 - Breadth of commingled funds available
- **Innovative, client-tailored solutions**
 - Traditional beta, ETFs, rules-based and factor tilted indexing strategies
 - Strong, proprietary research capability

Total Team Assets Under Management
\$956 Billion (USD) as of September 30, 2012

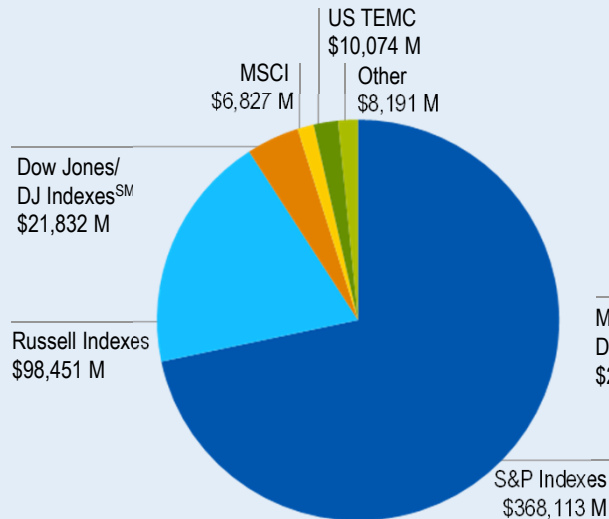


A Leading Manager of Global Indexed Assets

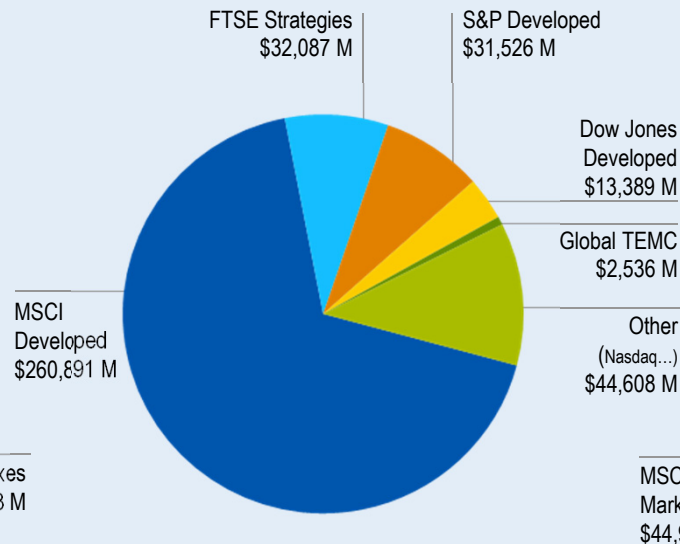
Total Assets Under Management: \$956 Billion (USD) as of September 30, 2012

- An average of \$72 billion in annual net new assets over past five years*
- 85% of new assets derived from existing clients

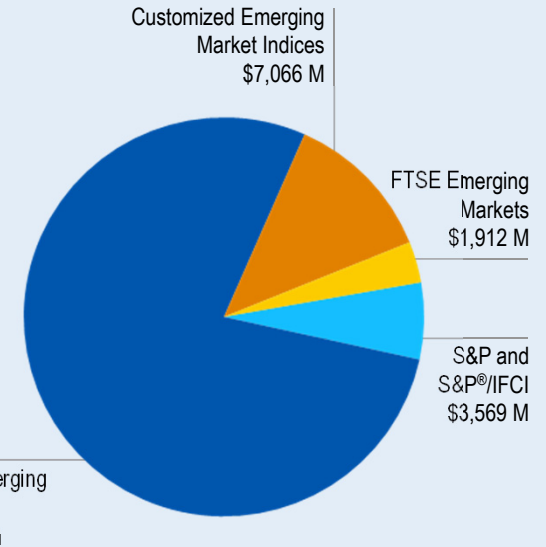
US Index Assets Under Management
\$513,488 Million as of September 30, 2012



International and Global Equity AUM
\$385,037 Million as of September 30, 2012



Emerging Markets Equity AUM
\$57,463 Million as of September 30, 2012**



*As of December 31, 2011, includes 5 year GEBS institutional average of \$50 B and 5 year average SSgA ETF of \$21 B, updated annually.

**Exclusive of Emerging Markets Equities invested in other MSCI-benchmarked strategies such as MSCI ACWI and MSCI ACWI ex US.

"FTSE®", "FT-SE®" and "Footsie®" are trade marks of the Exchange and FT and are used by FTSE under license. "All-World", "All-Share", "All-Small" and "FTSE4Good" are trademarks of FTSE.

All Standard & Poor's Indexes are registered trademarks of Standard & Poor's Financial Services LLC.

Dow Jones and Dow Jones Indices are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by State Street Global Advisors (SSgA).

Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell Indexes are trademarks of Russell Investment Group.

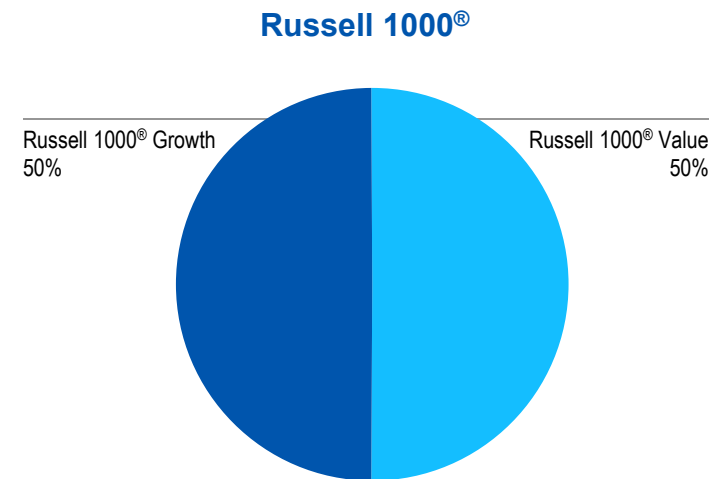
The MSCI Indexes are trademarks of MSCI Inc.

Portfolio Review

Russell 1000® Growth Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 1000® Growth Index as closely as practicable, before expenses

- Russell 1000® Growth Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 1000® Growth Index
 - Large-cap equity representing approximately 50% of the Russell 1000® Index
 - The US securities in the Russell 1000® Index that have the greatest growth characteristics
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 17.3%



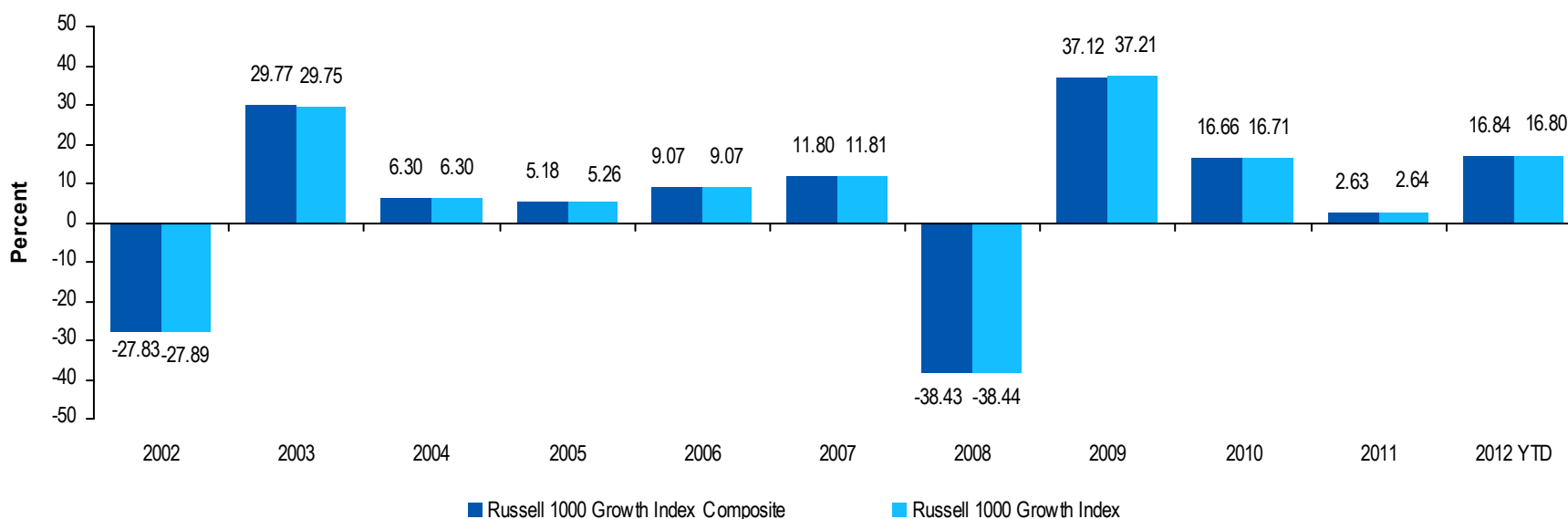
As of September 30, 2012

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 1000® Growth Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole. The Russell 1000® Growth Index is a trademark of the Russell Investment Group. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell 1000® Growth Index Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 1000 Growth Index Composite	6.11	16.84	29.20	14.71	3.22	8.40	7.66
Russell 1000 Growth Index	6.11	16.80	29.19	14.73	3.24	8.41	7.70
Difference*	0.00	0.04	0.01	-0.02	-0.02	-0.01	-0.04



Source: SSgA

† Inception date: October 1991

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

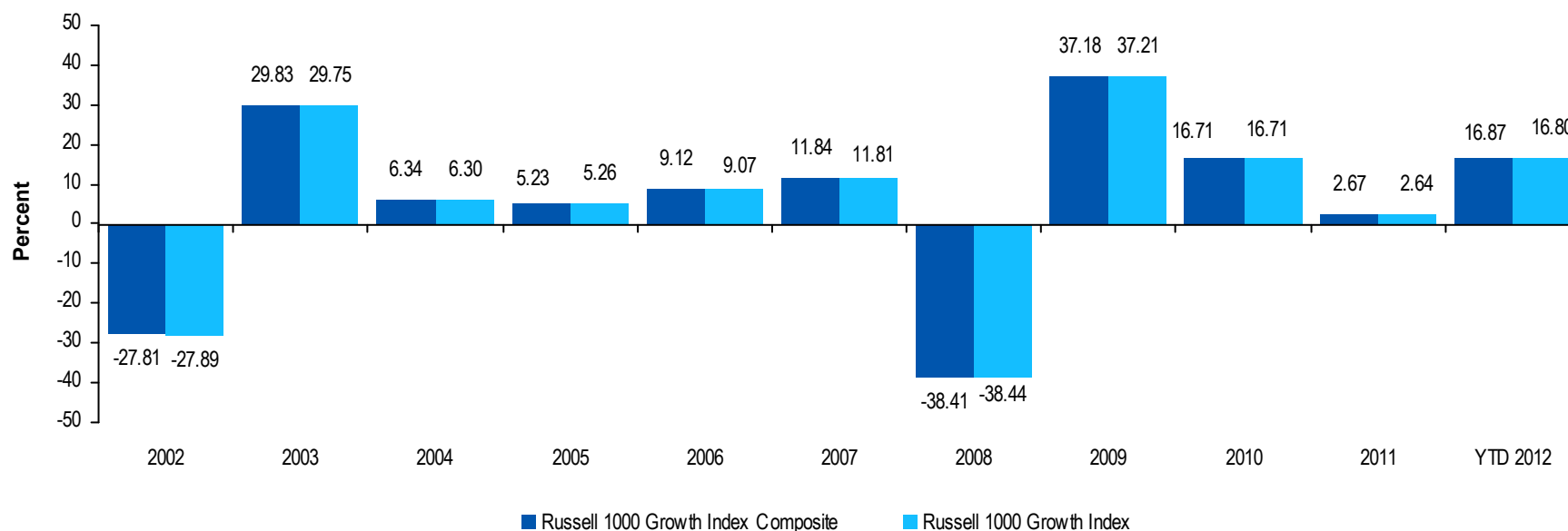
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gPAR100G

Russell 1000® Growth Index Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 1000® Growth Index Composite	6.12%	16.87%	29.25%	14.76%	3.26%	8.44%	7.71%
Russell 1000® Growth Index	6.11	16.80	29.19	14.73	3.24	8.41	7.70
Difference*	0.01	0.07	0.06	0.02	0.02	0.03	0.01



Source: SSgA

† Inception date: October 1, 1991

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

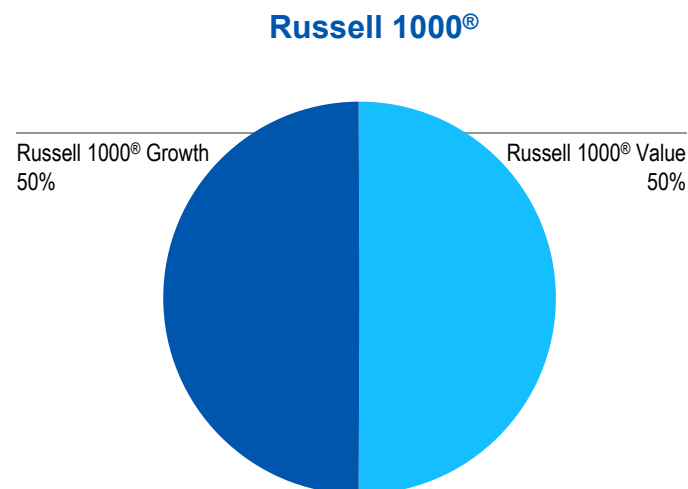
S:R10G/C:gPAR100G

STATE STREET GLOBAL ADVISORS

Russell 1000® Value Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 1000® Value index as closely as practicable, before expenses

- Russell 1000® Value Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 1000® Value Index
 - Large-cap value equity representing approximately 50% of the Russell 1000® Index
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 18.2%



As of September 30, 2012

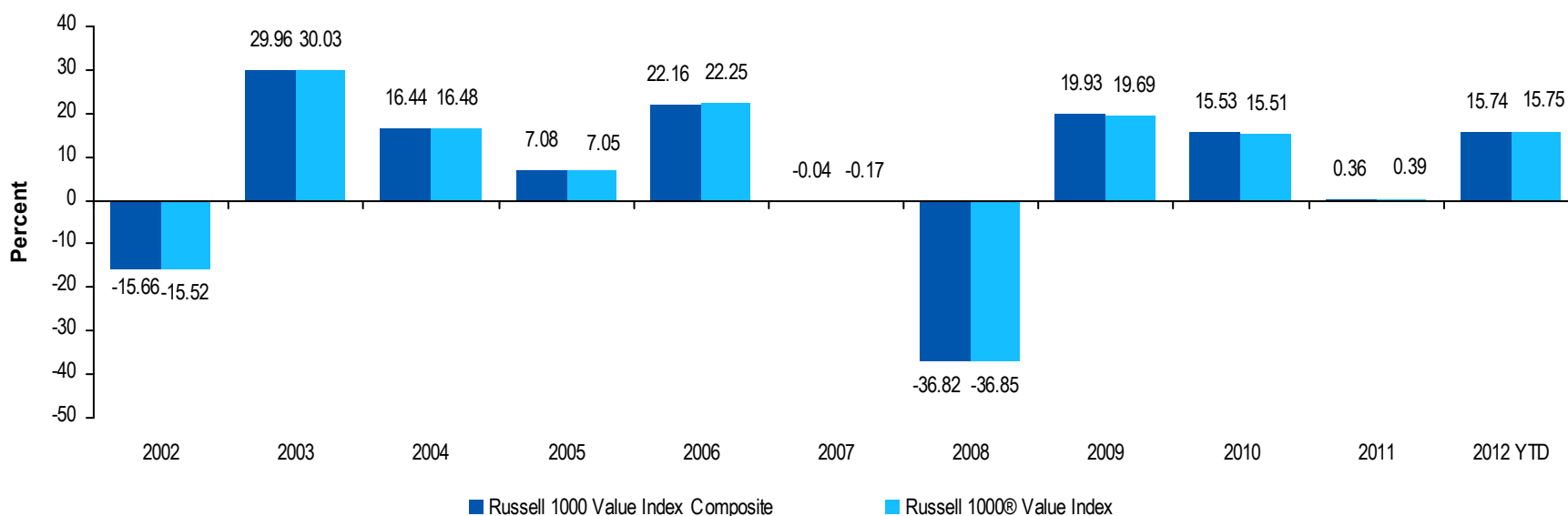
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 1000® Value Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

The Russell 1000® Value Index is a trademark of the Russell Investment Group. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell 1000® Value Index Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 1000 Value Index Composite	6.48	15.74	30.85	11.85	-0.85	8.19	9.42
Russell 1000 Value Index	6.51	15.75	30.92	11.84	-0.90	8.17	9.45
Difference*	-0.02	-0.01	-0.06	0.01	0.05	0.02	-0.04



Source: SSgA

† Inception date: October 1991

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

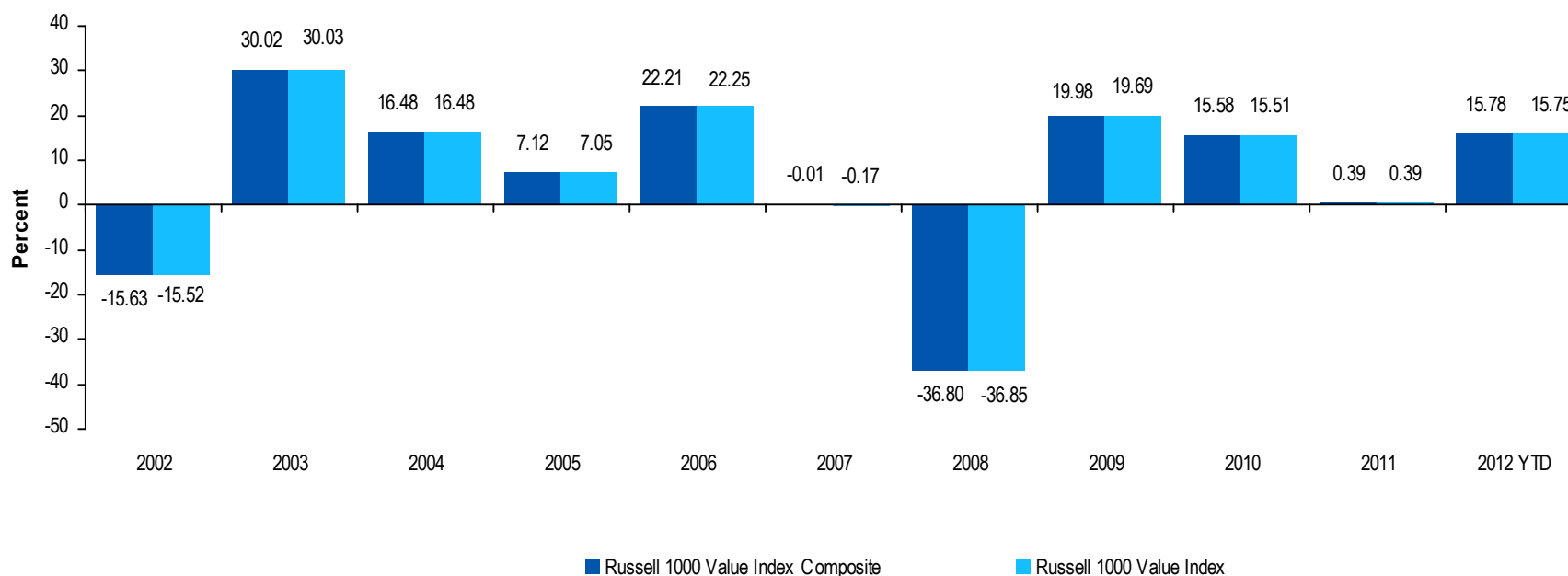
gPAR100V

STATE STREET GLOBAL ADVISORS

Russell 1000® Value Index Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 1000® Value Index Composite	6.49%	15.78%	30.91%	11.89%	-0.81%	8.23%	9.46%
Russell 1000® Value Index	6.51	15.75	30.92	11.84	-0.90	8.17	9.45
Difference*	-0.01	0.03	-0.01	0.06	0.09	0.06	0.01



Source: SSgA

† Inception date: October 1, 1991

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

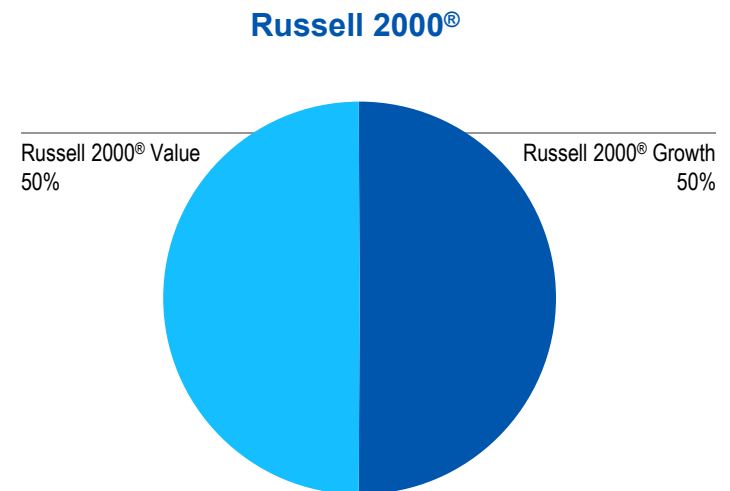
S:R10V/C: gPAR100V

STATE STREET GLOBAL ADVISORS

Russell 2000® Growth Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 2000® Growth index as closely as practicable, before expenses

- Russell 2000® Growth Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 2000® Growth Index
 - Small-cap growth equity representing approximately 50% of the Russell 2000® Index
 - The US securities in the Russell 2000® Index that have the greatest growth characteristics
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 30.3%



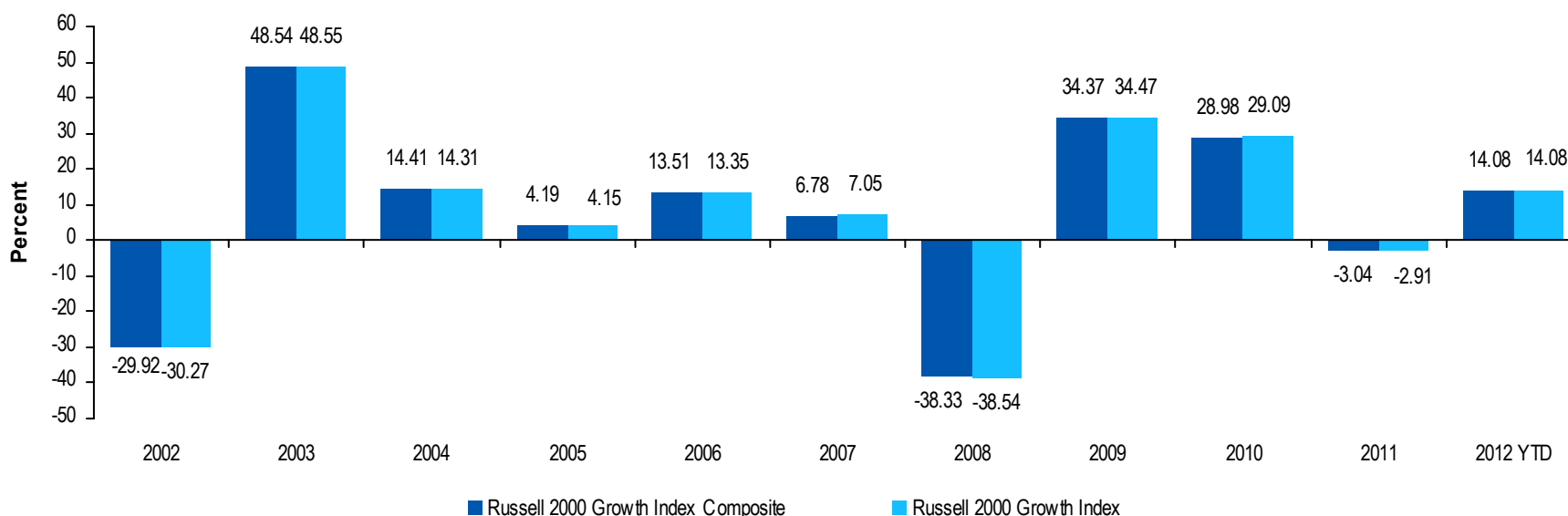
As of September 30, 2012

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 2000® Growth Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. The Russell 2000® Growth Index is a trademark of Russell Investment Group.

Russell 2000® Growth Index Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 2000 Growth Index Composite	4.84	14.08	31.14	14.10	2.96	10.56	5.56
Russell 2000 Growth Index	4.84	14.08	31.18	14.19	2.96	10.55	5.56
Difference*	0.01	0.00	-0.04	-0.09	0.00	0.01	0.00



Source: SSgA

† Inception date: May 1997

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

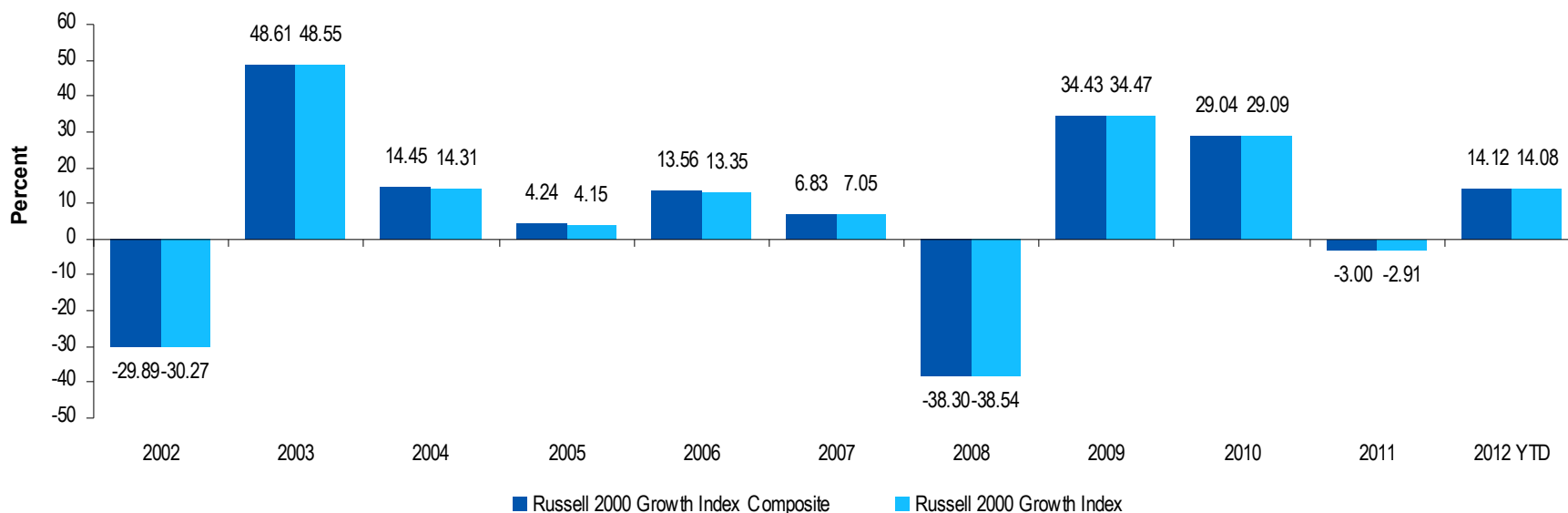
gPAR200G

STATE STREET GLOBAL ADVISORS

Russell 2000® Growth Index Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 2000 Growth Index Composite	4.86%	14.12%	31.20%	14.15%	3.01%	10.61%	5.63%
Russell 2000 Growth Index	4.84	14.08	31.18	14.19	2.96	10.55	5.56
Difference*	0.02	0.05	0.03	-0.04	0.05	0.06	0.07



Source: SSgA

† Inception date: May 1, 1997; data is preliminary

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in [INSERT CURRENCY] (e.g. US dollars). The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

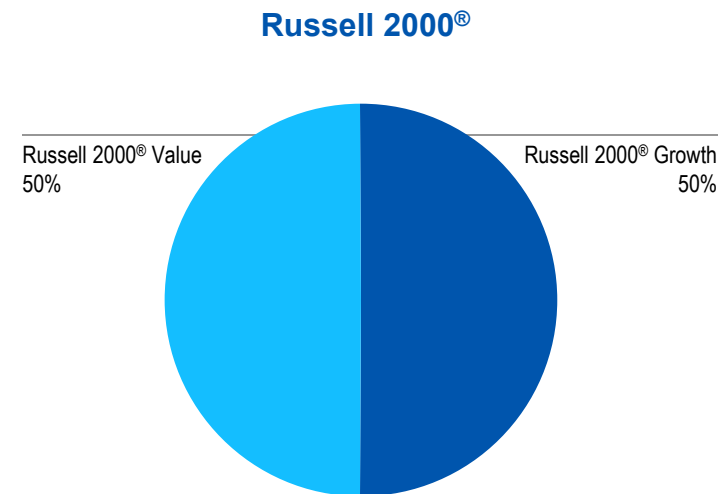
S:R20G/C:gPAR200G

STATE STREET GLOBAL ADVISORS

Russell 2000® Value Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 2000® Value Index as closely as practicable, before expenses

- Russell 2000® Value Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 2000® Value Index
 - Small-cap value equity representing approximately 50% of the Russell 2000® Index
 - The US securities in the Russell 2000® Index that have the greatest value characteristics
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 27.4%



As of September 30, 2012

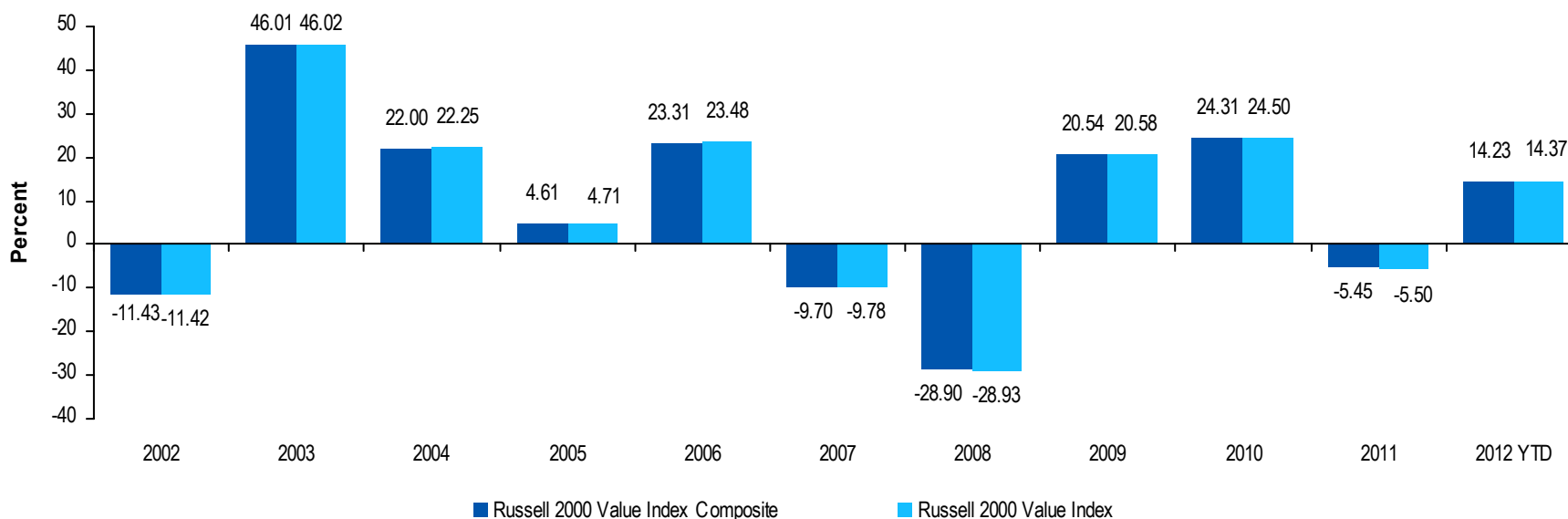
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 2000 Value Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. The Russell 2000® Value Index is a trademark of Russell Investment Group.

Russell 2000® Value Index Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 2000 Value Index Composite	5.58	14.23	32.45	11.62	1.31	9.62	8.85
Russell 2000 Value Index	5.67	14.37	32.63	11.72	1.35	9.68	8.97
Difference*	-0.08	-0.14	-0.18	-0.09	-0.04	-0.07	-0.12



Source: SSgA

† Inception date: May 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

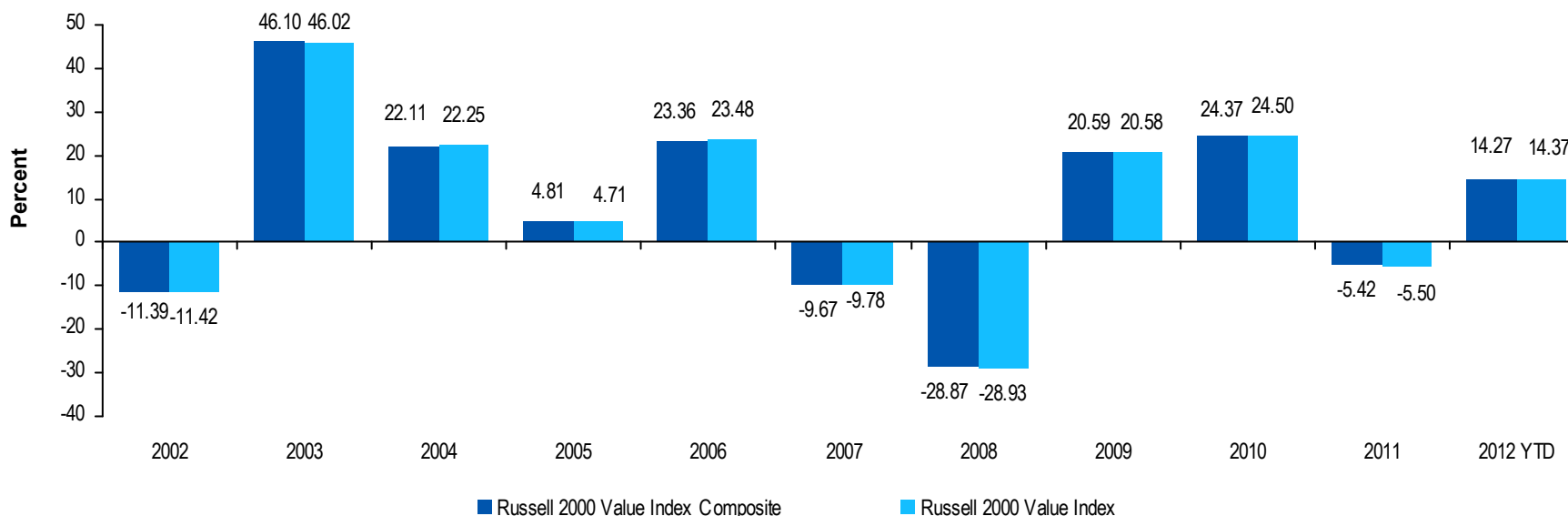
gPR2000V

STATE STREET GLOBAL ADVISORS

Russell 2000® Value Index Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 2000® Value Index Strategy	5.60%	14.27%	32.51%	11.67%	1.35%	9.66%	8.91%
Russell 2000® Value Index	5.67	14.37	32.63	11.72	1.35	9.68	8.97
Difference*	-0.07	-0.10	-0.12	-0.05	0.01	-0.02	-0.05



Source: SSgA

† Inception date: May, 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

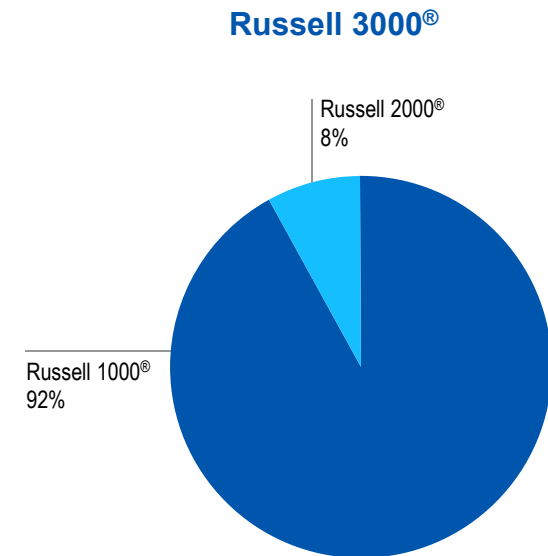
S:R20V/C:gPR2000V

CMC6

Russell 3000® Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell 3000® Index as closely as practicable, before expenses

- Russell 3000® Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell 3000® Index
 - Broad market equity covering approximately 98% of the investable US equity market
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 3.8%



As of September 30, 2012

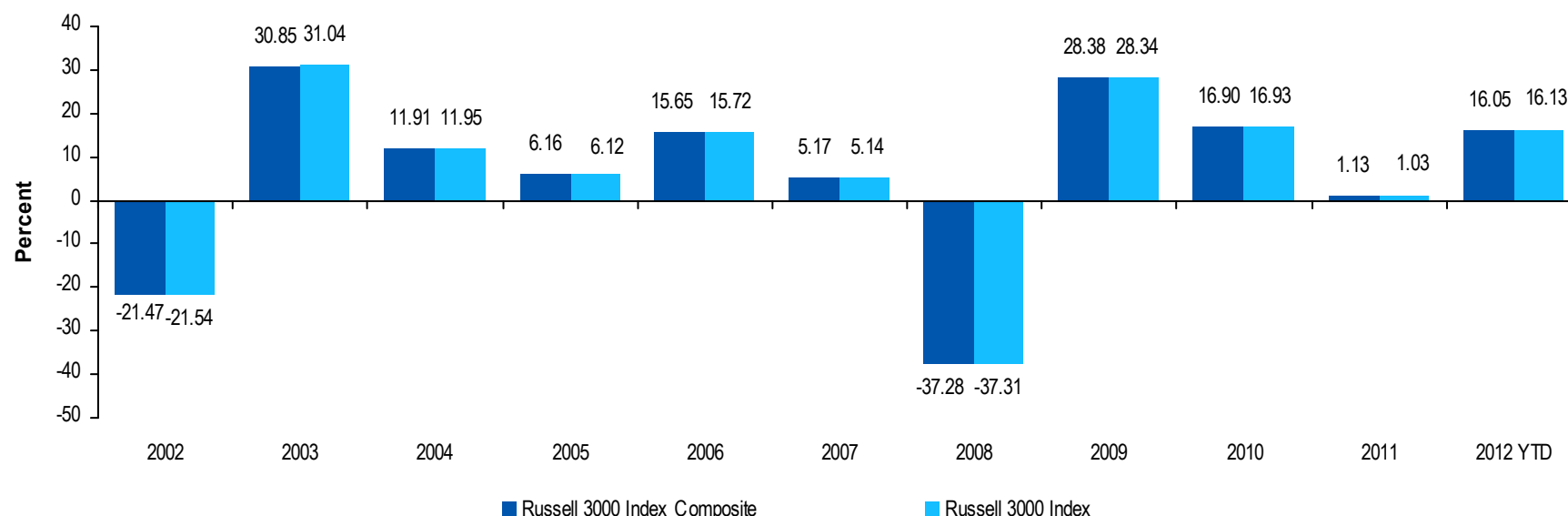
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell 3000® Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

The Russell 3000® Index is a trademark of the Russell Investment Group. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell 3000® Index Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 3000 Index Composite	6.21	16.05	30.12	13.27	1.32	8.47	7.18
Russell 3000 Index	6.23	16.13	30.20	13.26	1.30	8.49	7.11
Difference*	-0.02	-0.07	-0.08	0.01	0.01	-0.01	0.06



Source: SSgA

† Inception date: September 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

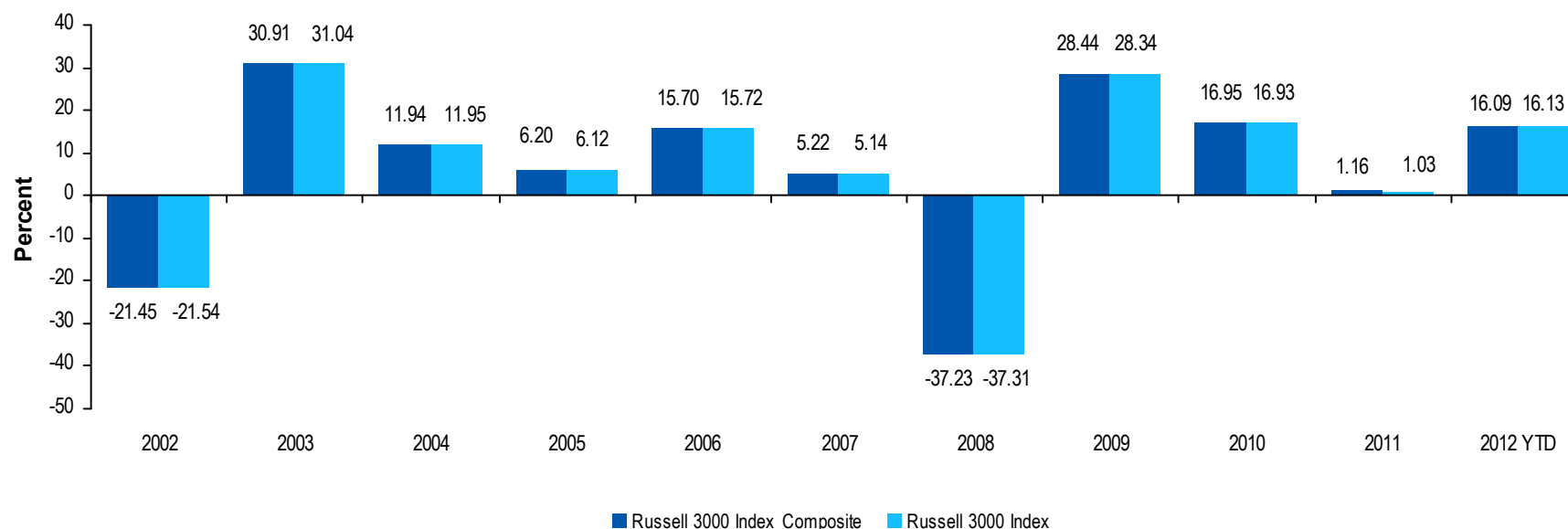
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gPAR3000

Russell 3000® Index Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell 3000® Index Composite	6.22%	16.09%	30.17%	13.31%	1.36%	8.52%	7.22%
Russell 3000® Index	6.23	16.13	30.20	13.26	1.30	8.49	7.11
Difference*	-0.01	-0.03	-0.03	0.06	0.05	0.03	0.11



Source: SSgA

† Inception date: September 1, 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

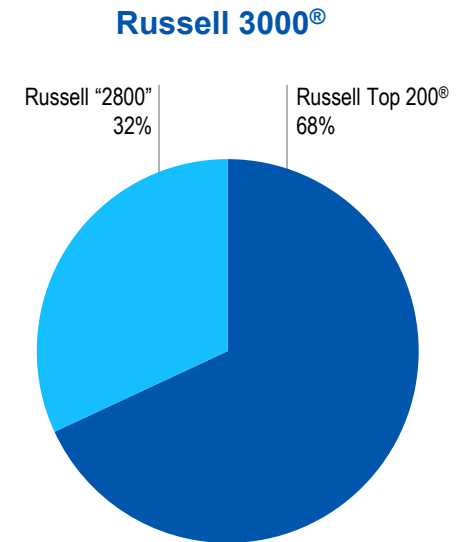
S:R30/C gPAR3000

CMV1LEN

Russell Top 200® Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the Russell Top 200® index as closely as practicable, before expenses

- Russell Top 200® Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- Russell Top 200® Index
 - Largest 200 US securities in the US equity market based on total market capitalization
 - Represents approximately 68% of the broad market Russell 3000® Index
 - Float adjusted market capitalization
 - Annual reconstitution
 - Five year average historical turnover: 4.6%



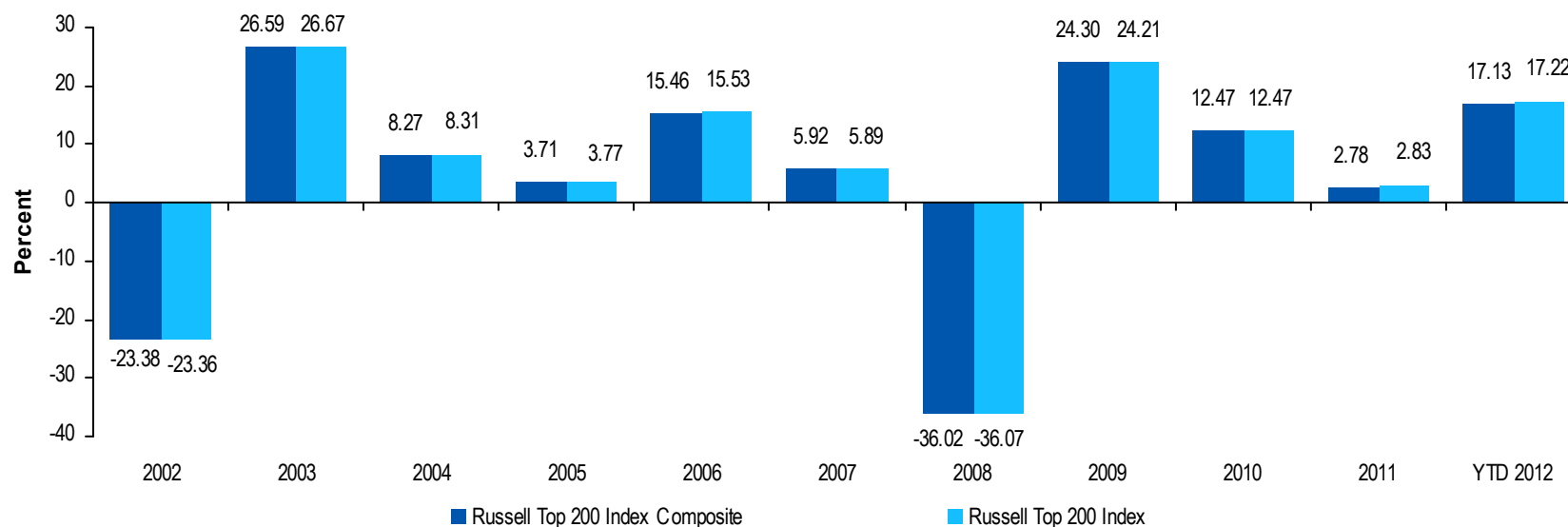
As of September 30, 2012

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the Russell Top 200 Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes.

Russell Top 200® Index Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell Top 200 Index Composite	6.58	17.13	30.75	12.85	0.85	7.31	6.49
Russell Top 200 Index	6.61	17.22	30.87	12.89	0.85	7.33	6.53
Difference*	-0.03	-0.09	-0.12	-0.04	0.01	-0.02	-0.04



Source: SSGA

† Inception date: August 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

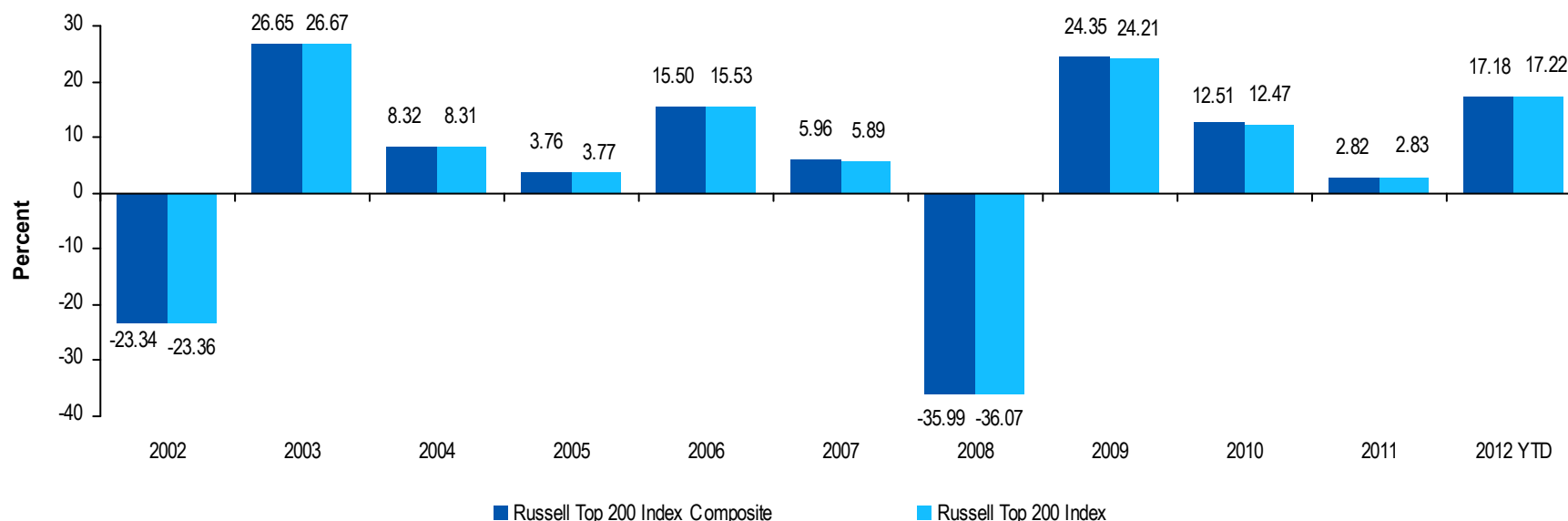
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gPART200

Russell Top 200® Index Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Russell Top 200 Index Composite	6.60%	17.18%	30.82%	12.90%	0.90%	7.36%	6.54%
Russell Top 200 Index	6.61	17.22	30.87	12.89	0.85	7.33	6.53
Difference*	-0.01	-0.04	-0.06	0.01	0.05	0.03	0.01



Source: SSgA

† Inception date: August, 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:R200/C:gPART200

CMP6

S&P 500® Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the S&P 500 Index as closely as practicable, before expenses

- S&P 500 Index Strategy
 - Replication with additive offsets
 - Daily openings
 - May use exchange traded index futures to achieve equity exposure
- S&P 500 Index: Exposure to 500 leading companies in leading industries
 - Large-cap equity covering about 75% of US market
 - Float-adjusted market capitalization
 - Continuous reconstitution
 - Five year average historical turnover: 4.4%

As of September 30, 2012

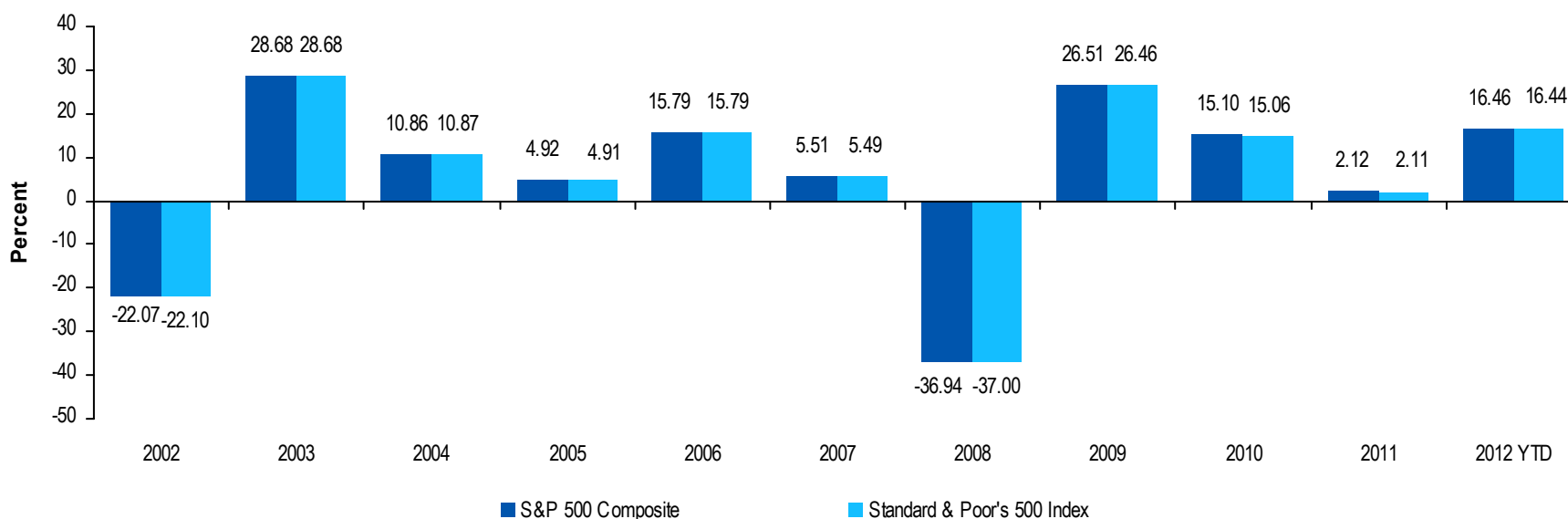
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the S&P 500 Index Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

Standard & Poor's S&P Indices are registered trademarks of Standard & Poor's Financial Services LLC.

S&P 500® Index Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
S&P 500 Index Composite	6.35	16.46	30.20	13.23	1.09	8.03	9.97
S&P 500 Index	6.35	16.44	30.20	13.20	1.05	8.01	9.97
Difference*	0.00	0.02	0.00	0.03	0.03	0.02	0.01



Source: SSgA

† Inception date: January 1986

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

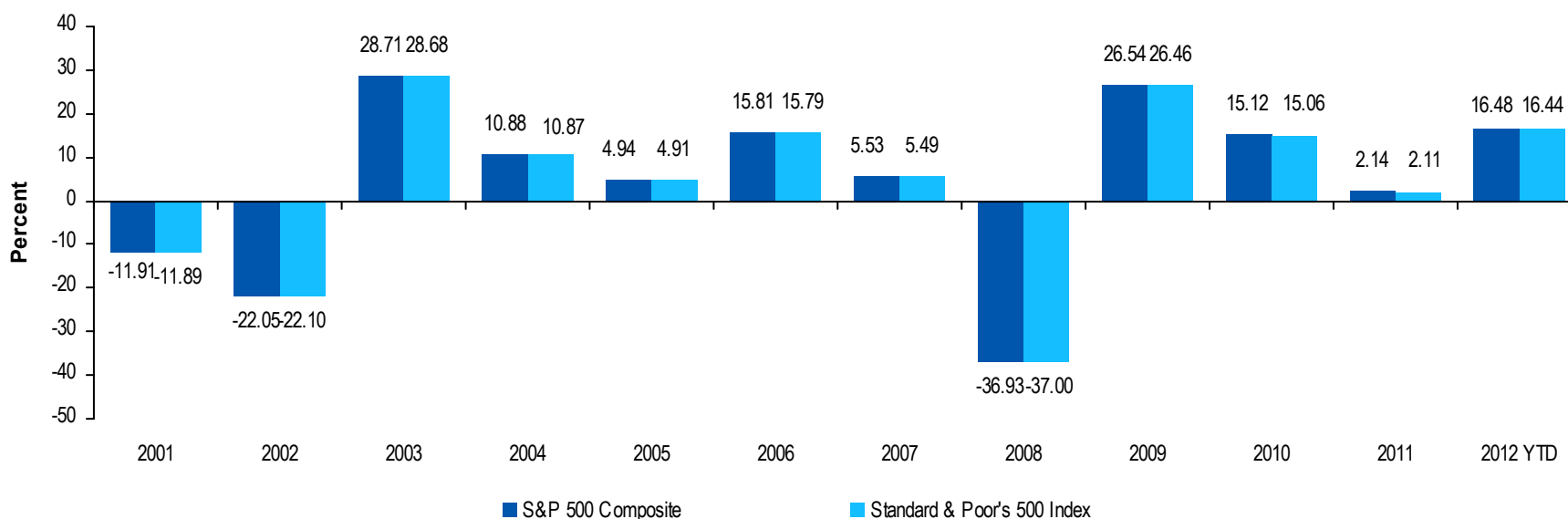
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gPASP500

S&P 500® Index Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
S&P 500 Index Composite	6.36%	16.48%	30.23%	13.25%	1.11%	8.05%	10.00%
S&P 500 Index	6.35	16.44	30.20	13.20	1.05	8.01	9.97
Difference*	0.01	0.04	0.03	0.05	0.05	0.04	0.03



Source: SSgA

† Inception date: January 1, 1986

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

S:SP5/C:gPASP500

CM11

MSCI ACWI[®] ex-USA IMI Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the MSCI ACWI ex-USA IMI Index as closely as practicable, before expenses

- MSCI ACWI ex-USA IMI Index Strategy
 - Replication with additive offsets; with some sampling and optimization
 - Bi-monthly fund to maximize crossing opportunities
 - May use exchange traded index futures to achieve equity exposure
- MSCI ACWI ex-USA IMI Index
 - Broad-based global index
 - Representative sampling of approximately 6,100 stocks in 44 countries
 - Consists of the MSCI All Country World Standard Index and MSCI All Country World Small Cap Index
 - Seeks to capture 99% of investable market universe
 - Quarterly reconstitution
 - Four year average historical turnover: 3.5%

MSCI ACWI ex-USA IMI Markets

Developed

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Italy
Japan
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
UK

Emerging

Brazil
Chile
China
Colombia
Czech Rep.
Egypt
Hungary
India
Indonesia
Korea
Malaysia
Mexico
Morocco
Peru
Philippines
Poland
Russia
South Africa
Taiwan
Thailand
Turkey

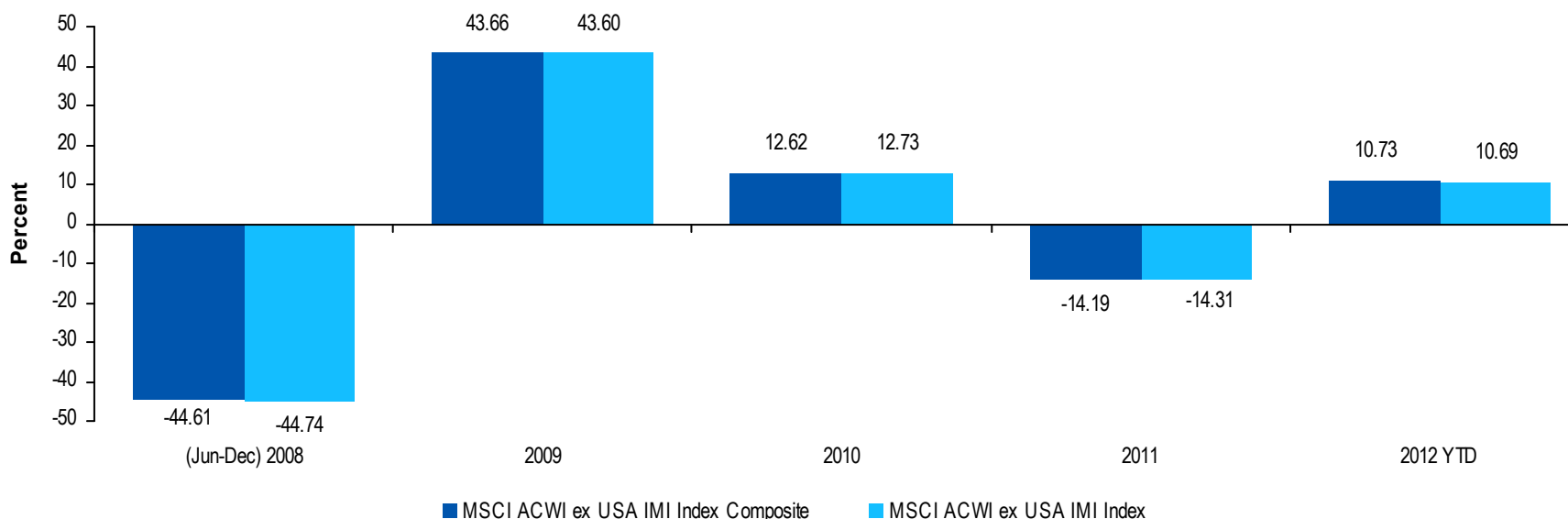
As of September 30, 2012

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the MSCI ACWI IMI Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

MSCI ACWI[®] ex-USA IMI Index Strategy – Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
MSCI ACWI ex USA IMI Index Composite	7.51	10.73	14.41	3.54	N/A	N/A	-3.64
MSCI ACWI ex USA IMI Index	7.54	10.69	14.36	3.49	N/A	N/A	-3.72
Difference*	-0.03	0.03	0.05	0.05	N/A	N/A	0.08



Source: SSgA

[†] Inception date: June 2008

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

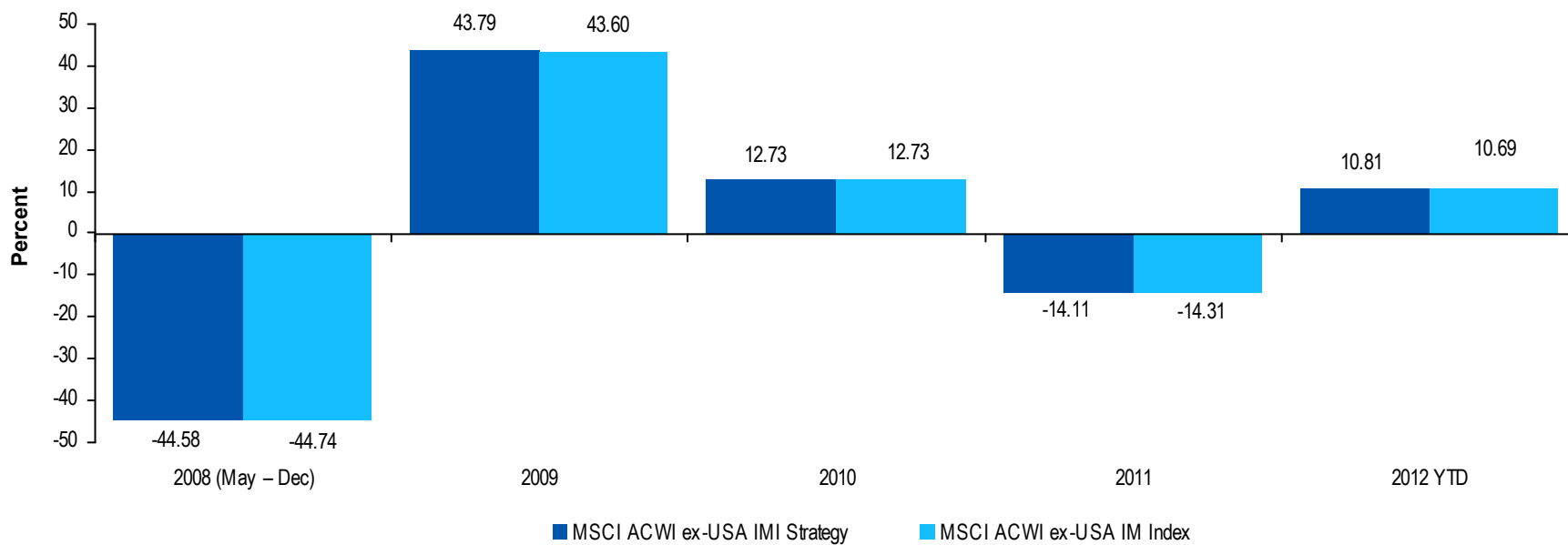
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gPACWIMI

MSCI ACWI[®] ex-USA IMI Index Strategy

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
MSCI ACWI ex-USA IMI Index Composite	7.54%	10.81%	14.52%	3.64%	N/A	N/A	-3.55%
MSCI ACWI ex USA IMI Index	7.54	10.69	14.36	3.49	N/A	N/A	-3.72
Difference*	0.00	0.12	0.16	0.15	N/A	N/A	0.17



Source: SSgA

[†] Inception date: June 2008. Performance above represents that of the composite and does not include securities lending revenue.

* The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses.

The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Composite Code: gPACWIMI

MSCI ACWI® ex-USA Strategy Overview

Objective: Seeks to match the returns and characteristics of the MSCI ACWI ex-USA Index as closely as practicable, before expenses

- MSCI ACWI ex-USA Strategy
 - Replication with additive offsets
 - Daily fund for DC Plans
 - Bi-monthly fund for maximized crossing opportunities
 - Securities Lending available
 - May use exchange traded index futures to achieve equity exposure
- MSCI All Country World ex-USA Index: Broad-based global index
 - Representative sampling of approximately 1,800 stocks in 44 countries
 - Seeks to capture 85% of the global investable market universe outside the US
 - Quarterly reconstitution
 - Five year average historical turnover: 3.7%

MSCI ACWI ex-USA Markets

Developed

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Japan
Italy
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
UK

Emerging

Brazil
Chile
China
Colombia
Czech Rep.
Egypt
Hungary
India
Indonesia
Korea
Malaysia
Mexico
Morocco
Peru
Philippines
Poland
Russia
South Africa
Taiwan
Thailand
Turkey

As of September 30, 2012

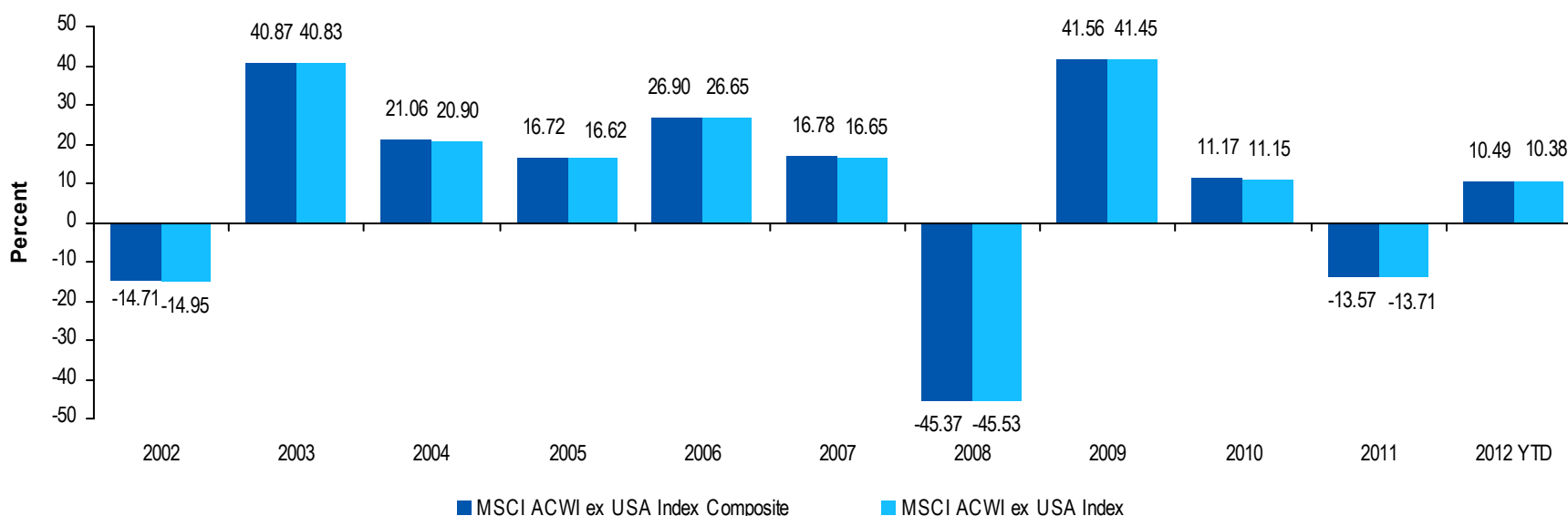
Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the MSCI ACWI ex-US Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

STATE STREET GLOBAL ADVISORS.

MSCI ACWI[®] ex-USA Composite Performance – Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
MSCI ACWI ex USA Index Composite	7.40	10.49	14.62	3.29	-3.99	9.97	4.47
MSCI ACWI ex USA Index	7.40	10.38	14.48	3.17	-4.12	9.84	4.35
Difference*	-0.01	0.11	0.14	0.12	0.13	0.13	0.12



Source: SSGA

[†] Inception date: August 1998

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

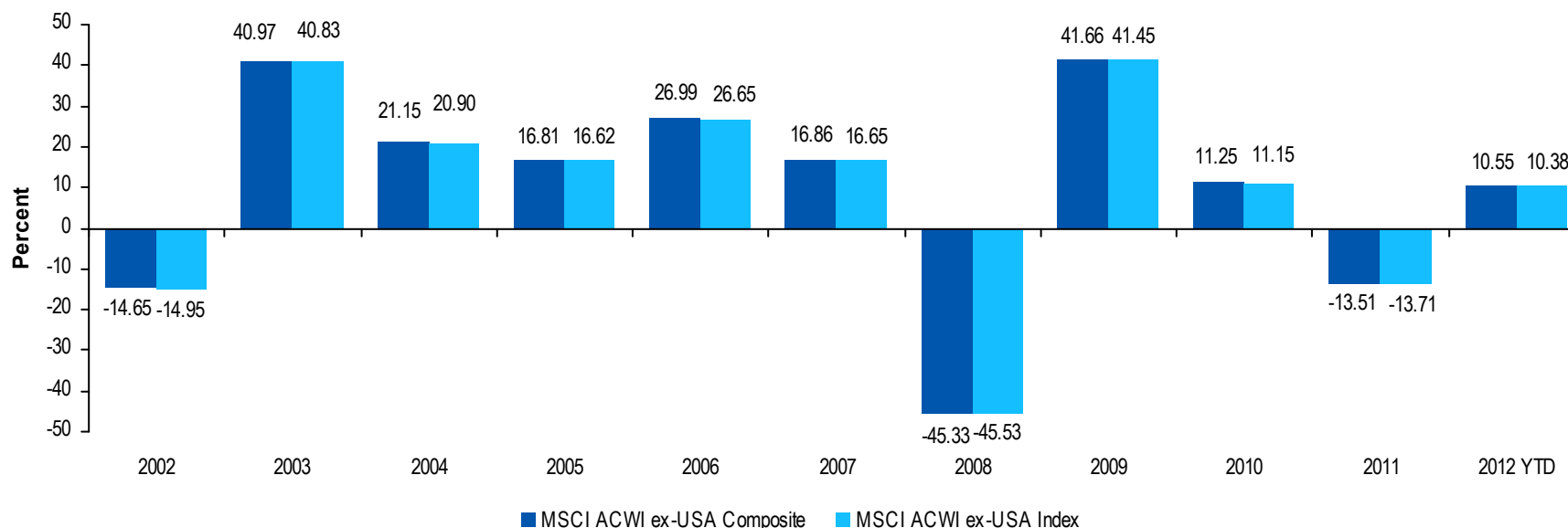
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gP-ACWI

MSCI ACWI[®] ex-USA Composite Performance

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
MSCI ACWI ex-USA Composite	7.42%	10.55%	14.70%	3.37%	-3.92%	10.05%	4.55%
MSCI ACWI ex-USA Index	7.40	10.38	14.48	3.17	-4.12	9.84	4.35
Difference*	0.01	0.17	0.22	0.19	0.20	0.21	0.20



Source: SSgA

[†] Inception date: August 1, 1998

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gP-ACWI

STATE STREET GLOBAL ADVISORS

MSCI ACWI® Index Strategy Overview

Objective: Seeks to match the returns and characteristics of the MSCI ACWI Index as closely as practicable, before expenses

- MSCI ACWI Index Strategy
 - Replication with additive offsets
 - Bi-monthly fund for maximized crossing opportunities
 - May use exchange traded index futures to achieve equity exposure
- MSCI ACWI Index: Broad-based global index
 - Comprised of approximately 2,500 stocks in 45 countries
 - Seeks to capture 85% of the market cap in each country
 - Quarterly reconstitution
 - Five year average historical turnover: 3.3%

MSCI ACWI Markets

Developed

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Hong Kong
Ireland
Israel
Italy
Japan
Netherlands
New Zealand
Norway
Portugal
Singapore
Spain
Sweden
Switzerland
UK
United States

Emerging

Brazil
Chile
China
Colombia
Czech Rep.
Egypt
Hungary
India
Indonesia
Korea
Malaysia
Mexico
Morocco
Peru
Philippines
Poland
Russia
South Africa
Taiwan
Thailand
Turkey

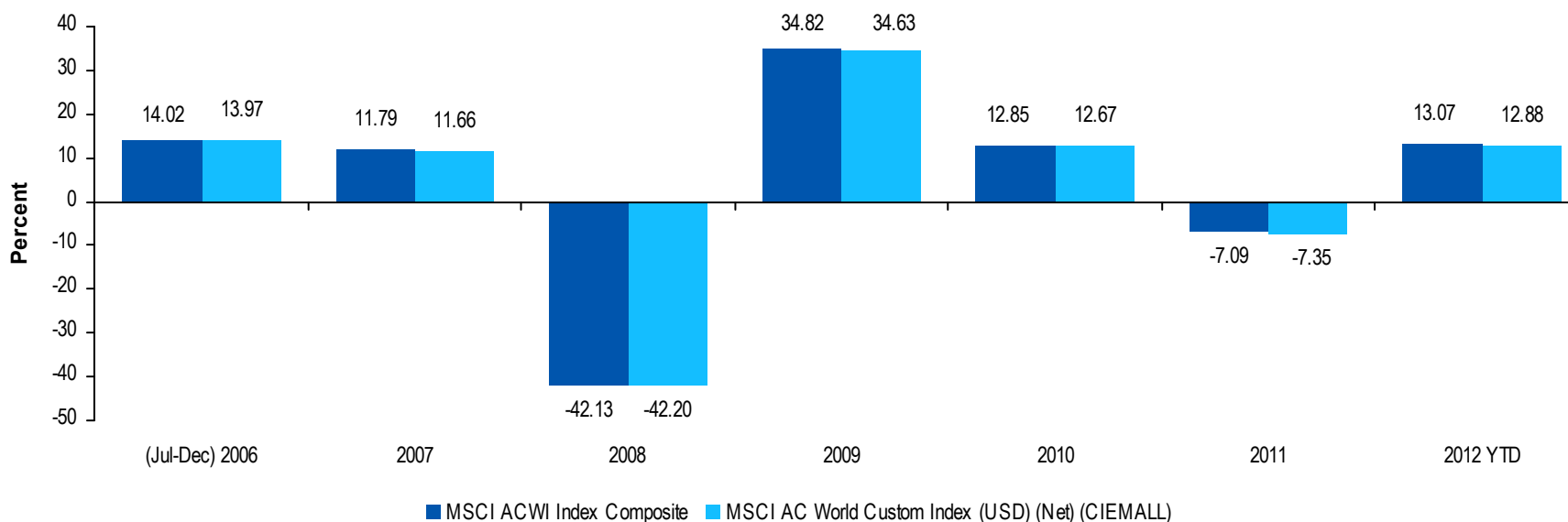
As of September 30, 2012

Although some investments may exhibit certain characteristics of leverage transactions, SSgA will not borrow money or use derivatives for the MSCI ACWI Strategy in a manner that SSgA considers to have the purpose of creating investment leverage. Investments made by SSgA to hedge or reduce risk will not be considered to have been made for the purpose of creating investment leverage; SSgA generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Strategy's portfolio as a whole.

MSCI ACWI® Index Strategy Composite — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
MSCI ACWI Index Composite	6.88	13.07	21.27	7.47	-1.89	N/A	2.67
MSCI AC World Custom Index (USD) (Net) (CIEMALL)	6.84	12.88	20.98	7.23	-2.07	N/A	2.50
Difference*	0.05	0.19	0.28	0.24	0.18	N/A	0.17



Source: SSgA

† Inception date: July 2006

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

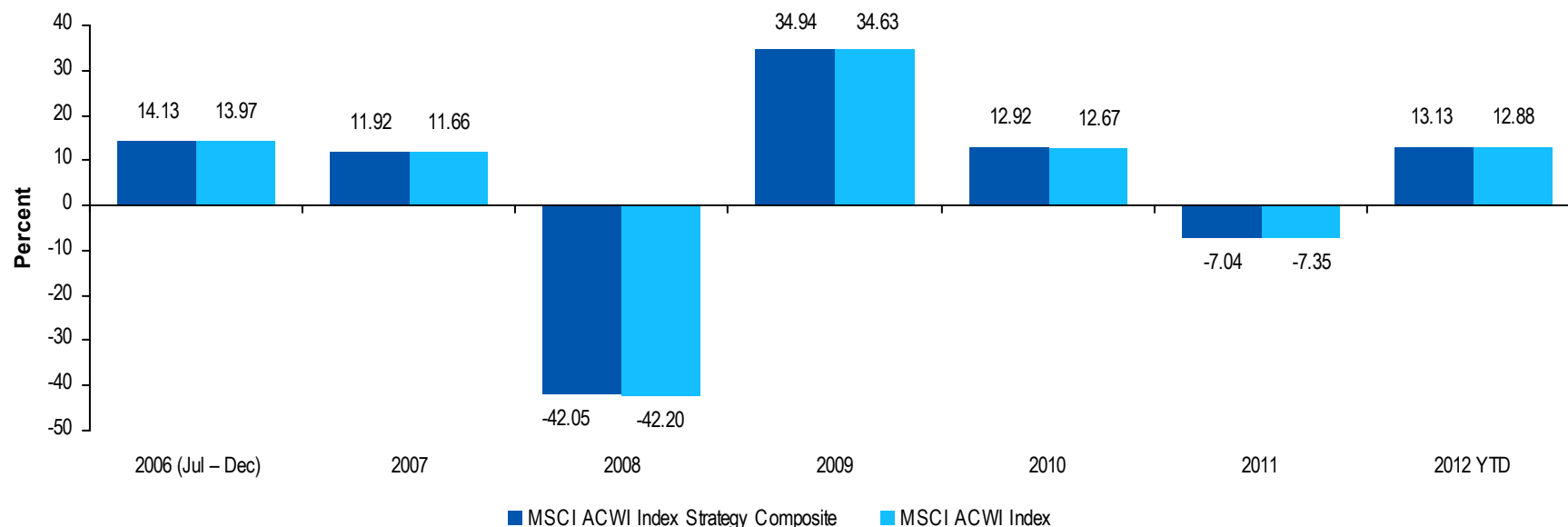
gP-ACWI2

STATE STREET GLOBAL ADVISORS

MSCI ACWI® Index Strategy Composite

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
MSCI ACWI Index Strategy Composite	6.90%	13.13%	21.35%	7.54%	-1.81%	N/A	2.77%
MSCI ACWI Index	6.84	12.88	20.98	7.23	-2.07	N/A	2.50
Difference*	0.07	0.26	0.37	0.31	0.26	N/A	0.27



Source: SSgA

† Inception date: July 1, 2006

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gP-ACWI2

STATE STREET GLOBAL ADVISORS

US REIT Index Investment Strategy Overview

Objective: Seeks to match the returns and characteristics of the Dow Jones US Select REIT Index as closely as practicable, before expenses

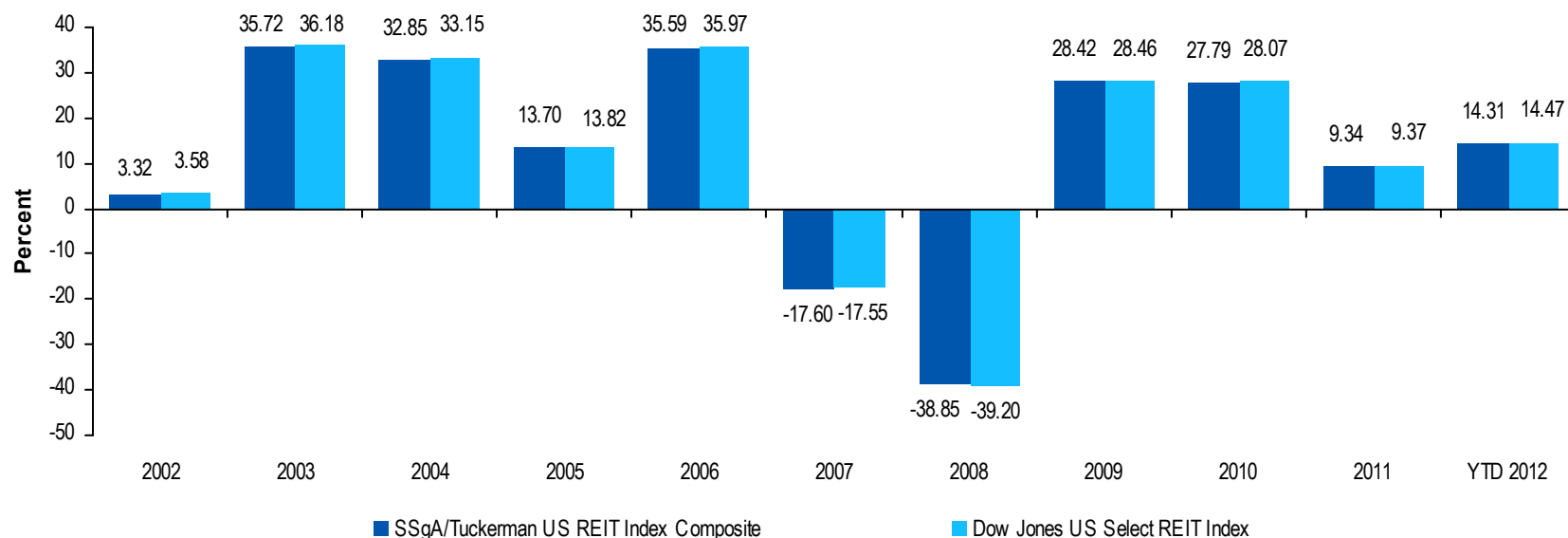
- Approach
 - Replicate the index by using SSgA's size and indexing experience to produce cost effective market exposure
 - Attributes of the strategy:
 - Diversified and liquid exposure to the US core commercial real estate market
 - Low turnover and consistent tracking
 - Distinct opportunities for low cost trading
 - Dedicated real estate expertise provided by the Tuckerman Group and SSgA Real Estate Affiliate
- The Dow Jones US Select REIT Index
 - Float adjusted market capitalization weighted index of US publicly traded Real Estate Investment Trusts (REITs), whose charter is the equity ownership and operation of commercial real estate
 - Includes core commercial real estate sectors; excludes Specialty, Mortgage and Hybrid REITs
 - Rebalanced and reconstituted quarterly, priced and valued daily

Dow Jones, "DJ US Select REIT IndexSM," are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by State Street Global Advisors (SSgA).
SSgA/Tuckerman US REIT Index Strategy based on the Dow Jones US Select REIT IndexSM are not sponsored, endorsed, sold, or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of investing in such product(s).

US REIT Index Investment Strategy Performance — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
SSgA/Tuckerman US REIT Index Composite	-0.40	14.31	31.78	20.34	1.65	11.18	10.25
Dow Jones US Select REIT Index ^(SM)	-0.38	14.47	32.06	20.52	1.60	11.28	10.32
Difference*	-0.02	-0.16	-0.28	-0.18	0.05	-0.10	-0.07



Source: SSgA

† Inception date: November 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

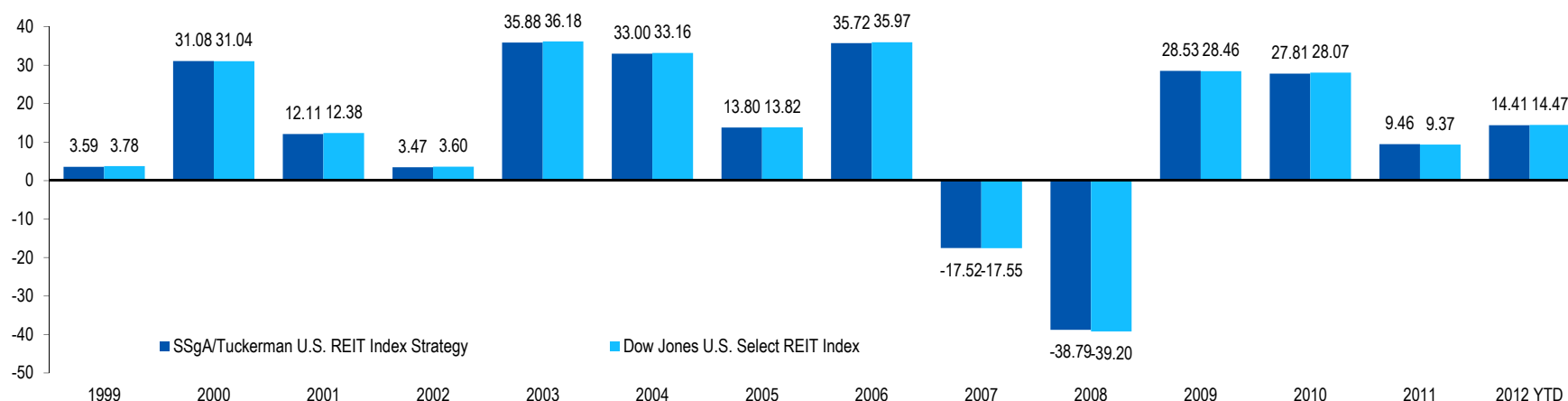
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gREALPAS

US REIT Index Investment Strategy Performance

Gross Annualized Returns for the period ending September 30, 2012 (USD)

	September	Q3	YTD	1 Year	3 Yrs	5 Yrs	10 Yrs	Since Inception†
SSgA/Tuckerman US REIT Index Strategy (Composite)†	-1.96	-0.37	14.41	31.92	20.47	1.75	11.30	10.38
Dow Jones US Select REIT Index	-1.97	-0.38	14.47	32.06	20.52	1.60	11.28	10.32
Difference	0.01	0.01	-0.07	-0.14	-0.06	0.15	0.02	0.05



Source: Dow Jones, SSgA/Tuckerman as of September 30, 2012.

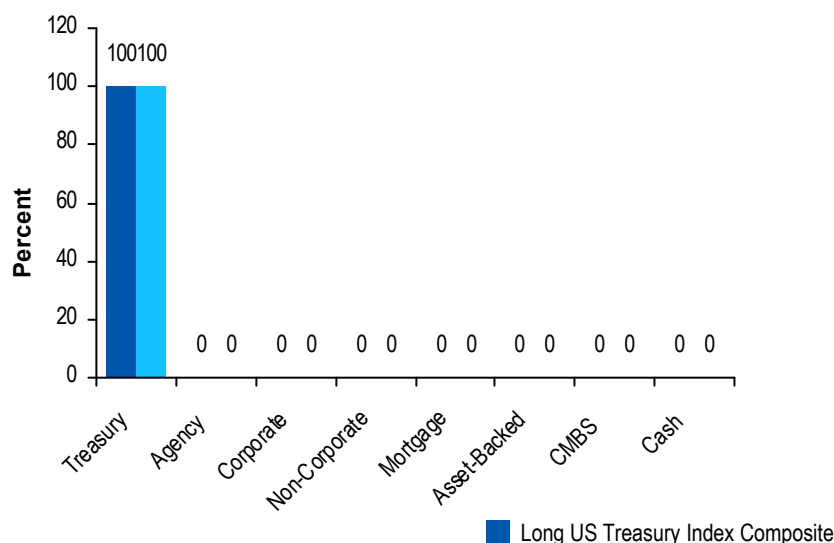
† Inception date: November, 1996.

The calculation method for value added returns may show rounding differences. The performance is based on preliminary data, which has not been finalized and may contain inaccurate information. The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

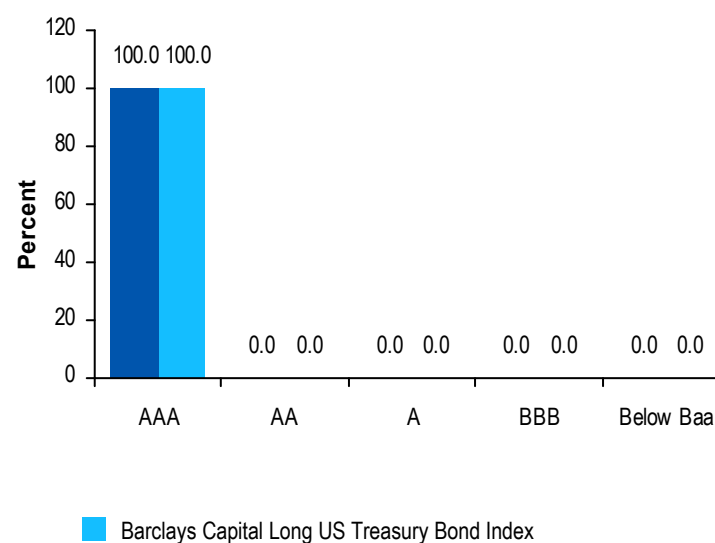
Long US Treasury Index Composite — Characteristics

	Long US Treasury Index Composite	Barclays Capital Long US Treasury Bond Index
Number of Issues	39	38
Average Quality	AAA	AAA
Average Maturity	24.35	24.35
Yield to Worst	2.56%	2.56%
Average Convexity	3.81	3.81
Modified Adjusted Duration	16.71	16.71
Composite Assets Under Management (\$M)	\$3,431.13	N/A

Breakdown by Market Value By Sector



By Quality



As of September 30, 2012

This information should not be considered a recommendation to invest in any particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results.

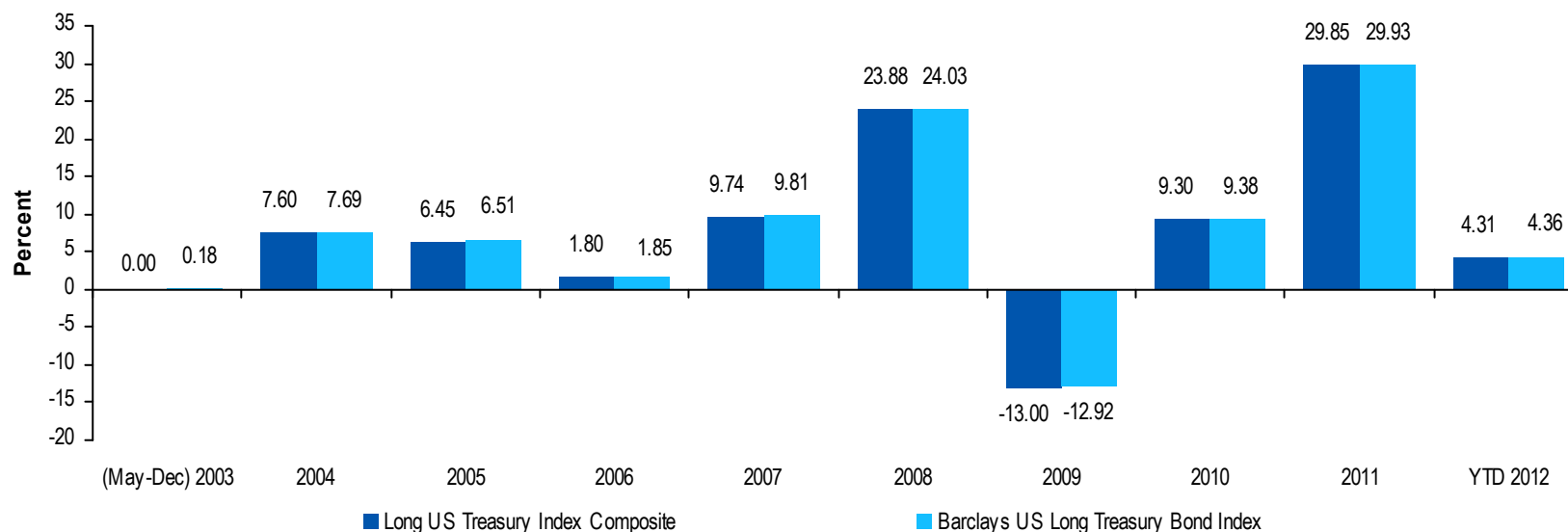
Source: Barclays Capital POINT/Global Family of Indices. ©2012 Barclays Capital Inc. Used with permission.

Market data, prices, and estimates for characteristics calculations provided by Barclays Capital POINT Average Credit Quality reflects market value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody and Fitch or lower if only two agency ratings are available. All other portfolio data provided by SSGA. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Long US Treasury Index Composite Performance — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Long US Treasury Index Composite	0.18	4.31	6.24	11.90	11.01	N/A	7.88
Barclays US Long Treasury Bond Index	0.20	4.36	6.31	11.97	11.09	N/A	7.97
Difference*	-0.01	-0.05	-0.07	-0.07	-0.09	N/A	-0.09



Source: SSgA

† Inception date: May 2003

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

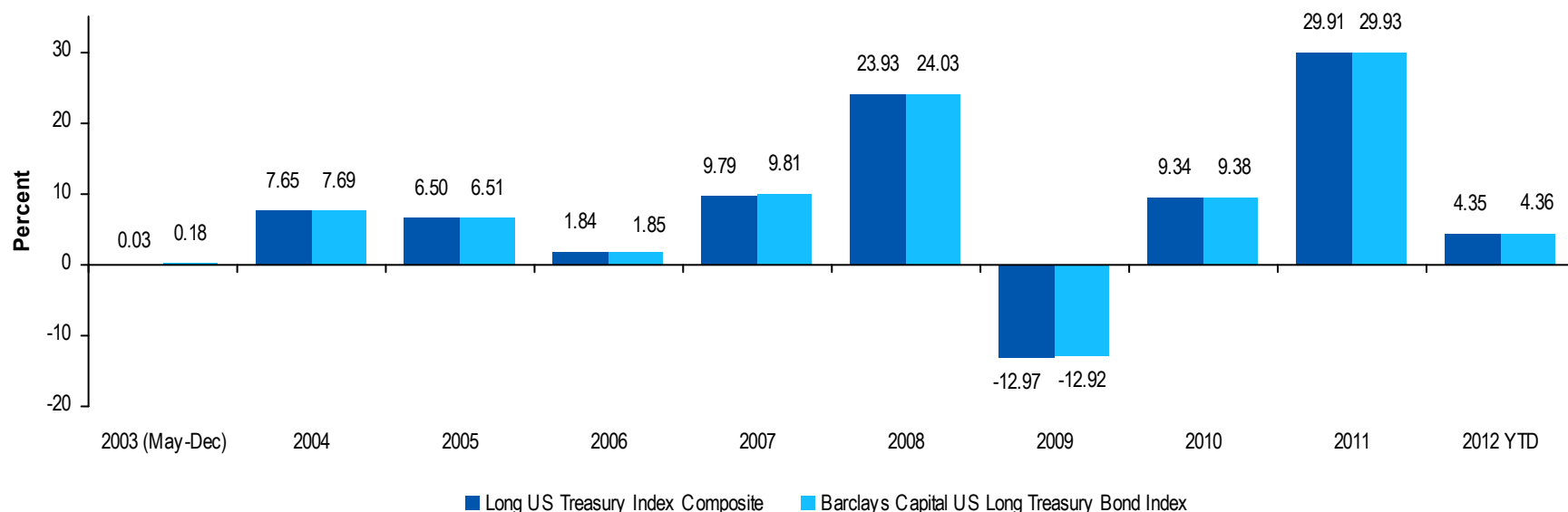
Source: Barclays Capital POINT/Global Family of Indices. ©2012 Barclays Capital Inc. Used with permission.

gUSTL

Long US Treasury Index Composite Performance

Gross annualized returns for the period ending September 30, 2012 (USD)

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
Long US Treasury Index Composite	0.19%	4.35%	6.28%	11.95%	11.05%	N/A	7.92%
Barclays Capital US Long Treasury Bond Index	0.20	4.36	6.31	11.97	11.09	N/A	7.97



† Inception Date: May 2003

Source: SSgA; Barclays Capital

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

The Barclays Capital US Long Treasury Bond Index is a trademark of Barclays Capital, Inc.

Source: Barclays Capital POINT/Global Family of Indices. ©2012 Barclays Capital Inc. Used with permission.

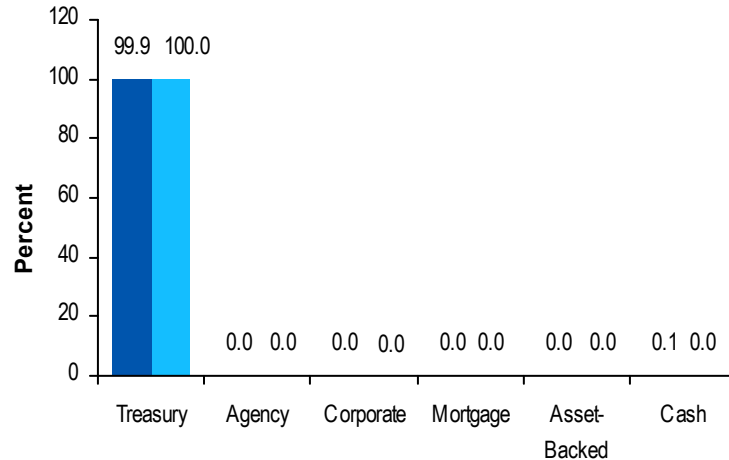
gUSTL

US Treasury Inflation Protected Securities Index Strategy

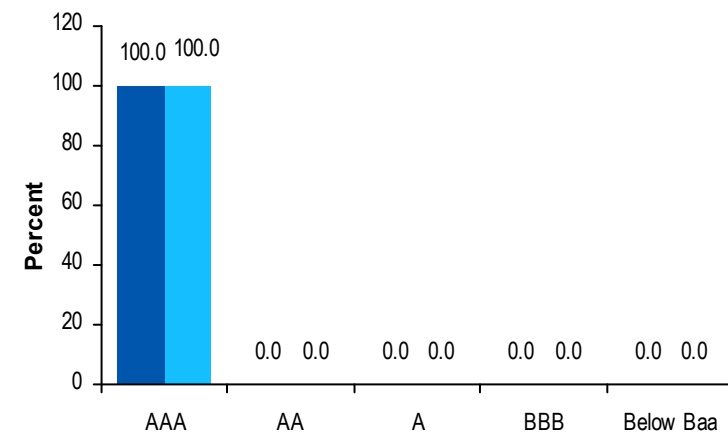
Portfolio Characteristics

	US Treasury Inflation Protected Securities Index Strategy	Barclays US TIPS Index
Number of Issues	34	33
Average Quality	AAA	AAA
Average Maturity	9.18	9.18
Yield to Worst	1.46%	1.46%
Real Yield	-0.94%	-0.94%
Average Convexity	1.21	1.21
Modified Adjusted Duration	5.28	5.28
Real Duration	8.29	8.28
Composite AUM (\$M)	\$13,464.40	—

Breakdown by Market Value By Sector



By Quality



■ US Treasury Inflation Protected Securities Index Strategy

■ Barclays US TIPS Index

As of September 30, 2012

This information should not be considered a recommendation to invest in any particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results.

Source: Barclays POINT/Global Family of Indices. ©2012 Barclays, Inc. Used with permission.

Market data, prices, and estimates for characteristics calculations provided by Barclays POINT Average Credit Quality reflects market value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody and Fitch or lower if only two agency ratings are available. All other portfolio data

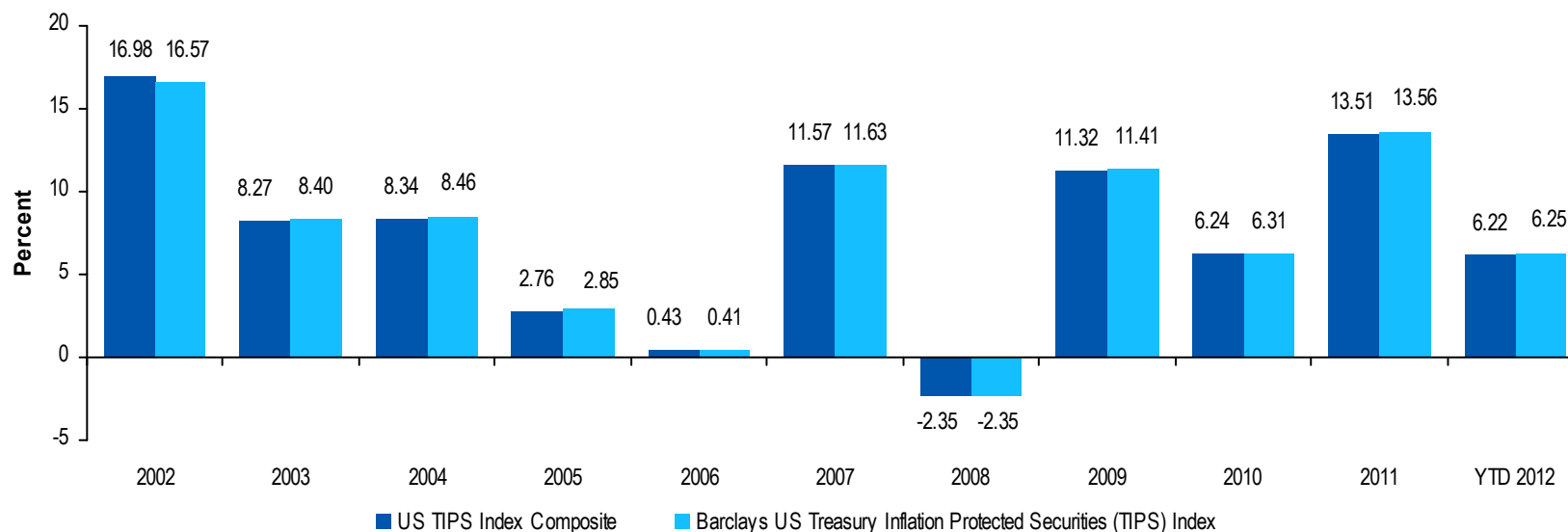
provided by SSgA. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

STATE STREET GLOBAL ADVISORS

US Treasury Inflation Protected Securities Index Composite Performance — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
US TIPS Index Composite	2.12	6.22	9.07	9.23	7.89	6.58	7.67
Barclays US Treasury Inflation Protected Securities (TIPS) Index	2.12	6.25	9.10	9.29	7.93	6.64	7.82
Difference*	0.00	-0.03	-0.04	-0.05	-0.04	-0.05	-0.15



Source: SSgA

† Inception date: August 2000

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

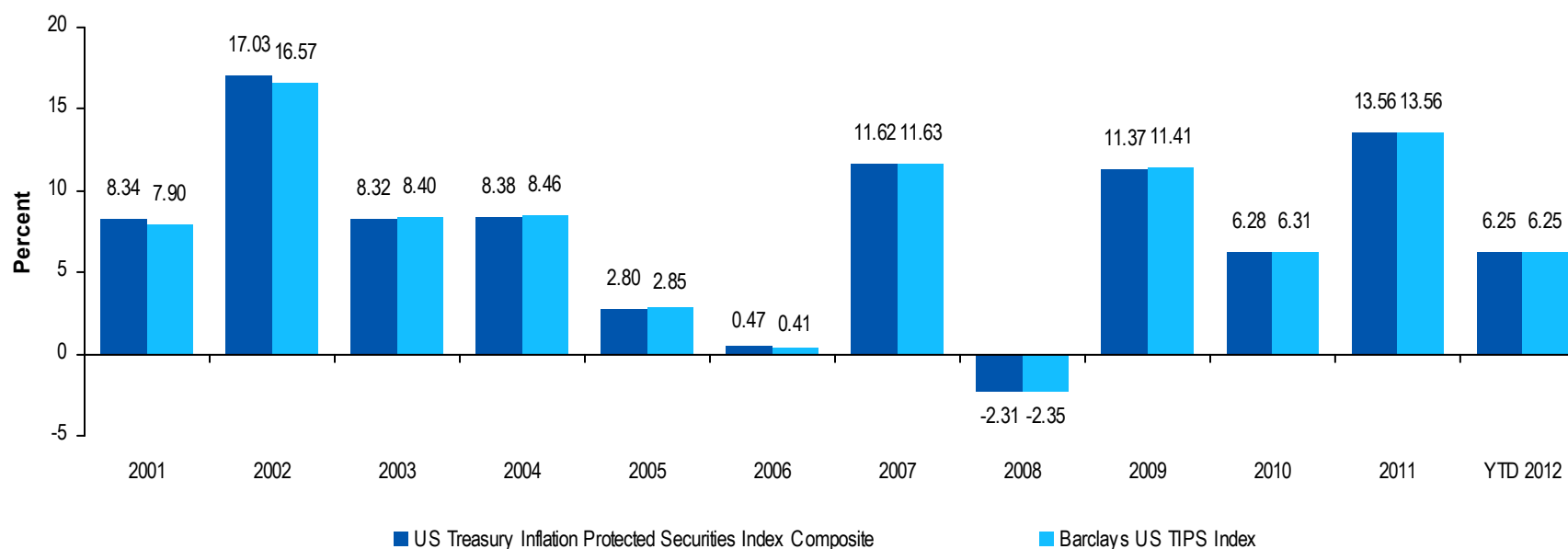
Source: Barclays POINT/Global Family of Indices. ©2012 Barclays, Inc. Used with permission.

gTPCMP

US Treasury Inflation Protected Securities Index Composite Performance

Gross annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
US Treasury Inflation Protected Securities Index Composite	2.13%	6.25%	9.11%	9.28%	7.93%	6.63%	7.84%
Barclays US TIPS Index	2.12	6.25	9.10	9.29	7.93	6.64	7.82



† Inception date: August 2000

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

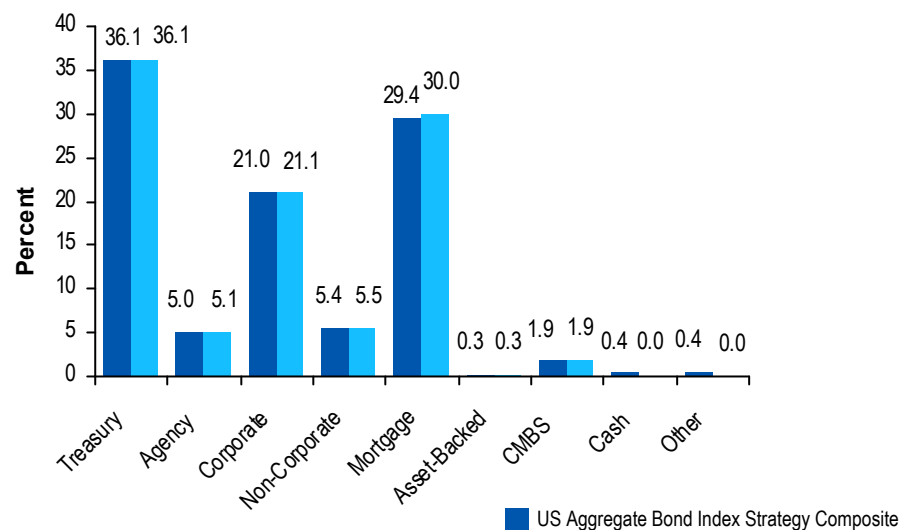
Source: Barclays POINT/Global Family of Indices. ©2012 Barclays, Inc. Used with permission.

gTPCMP

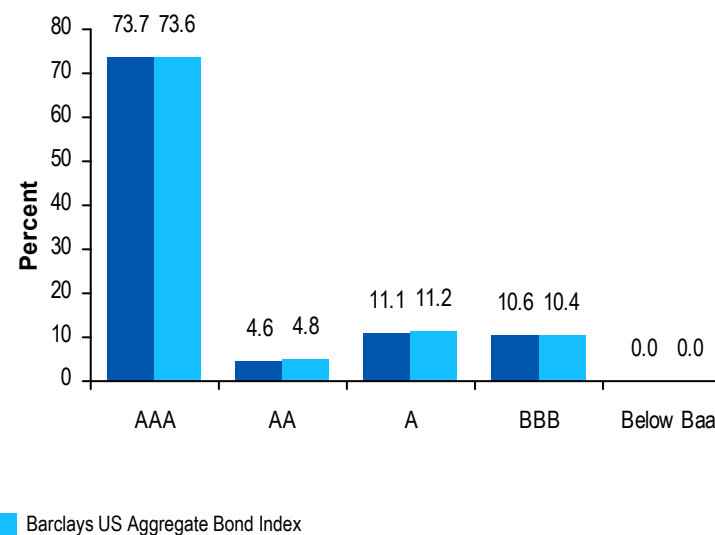
US Aggregate Bond Index Strategy Composite — Characteristics

	US Aggregate Bond Index Strategy Composite	Barclays US Aggregate Bond Index
Number of Issues	6096	7999
Average Quality	AA2	AA2
Average Maturity	6.67	6.73
Yield to Worst	1.63%	1.61%
Average Convexity	-0.04	-0.10
Modified Adjusted Duration	4.84	4.85
Composite Assets Under Management (\$M)	\$20,229	NA

Breakdown by Market Value By Sector



By Quality



As of September 30, 2012

This information should not be considered a recommendation to invest in any particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request. Past performance is not a guarantee of future results.

Source: Barclays POINT/Global Family of Indices. ©2012 Barclays, Inc. Used with permission.

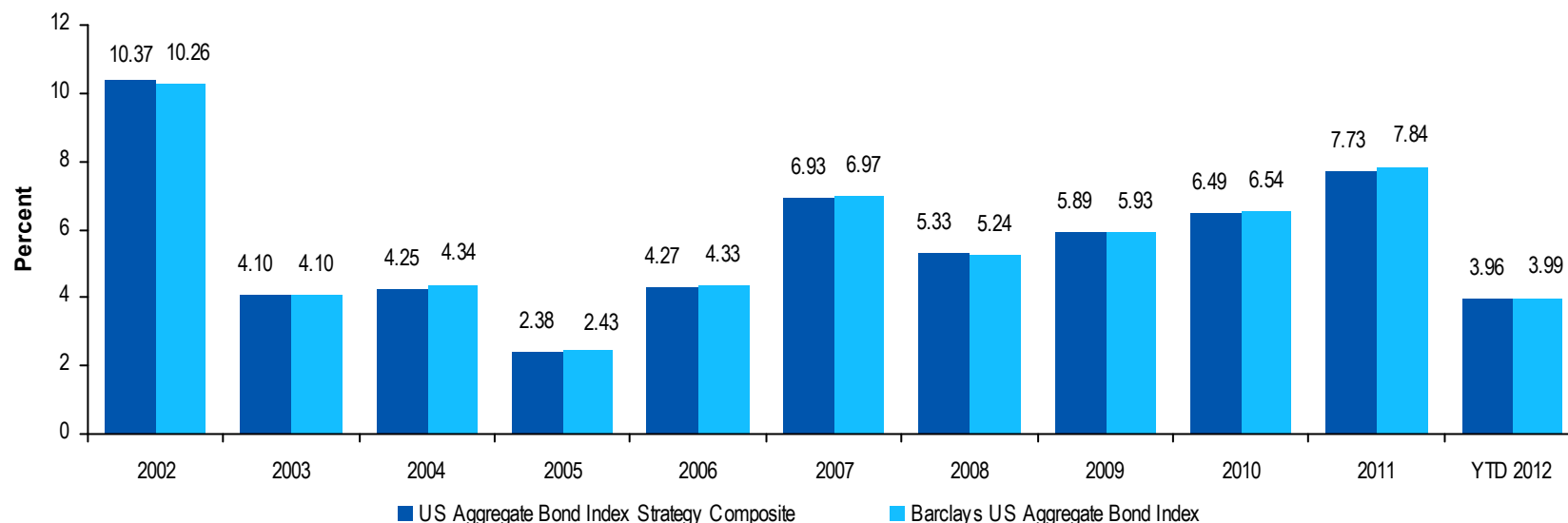
Market data, prices, and estimates for characteristics calculations provided by Barclays POINT Average Credit Quality reflects market value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody and Fitch or lower if only two agency ratings are available. All other portfolio data provided by SSgA. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

STATE STREET GLOBAL ADVISORS

US Aggregate Bond Index Strategy Composite Performance — Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
US Aggregate Bond Index Strategy Composite	1.57	3.96	5.11	6.13	6.50	5.29	6.33
Barclays US Aggregate Bond Index	1.58	3.99	5.16	6.19	6.53	5.32	6.33



Source: SSgA

† Inception date: April 1996

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

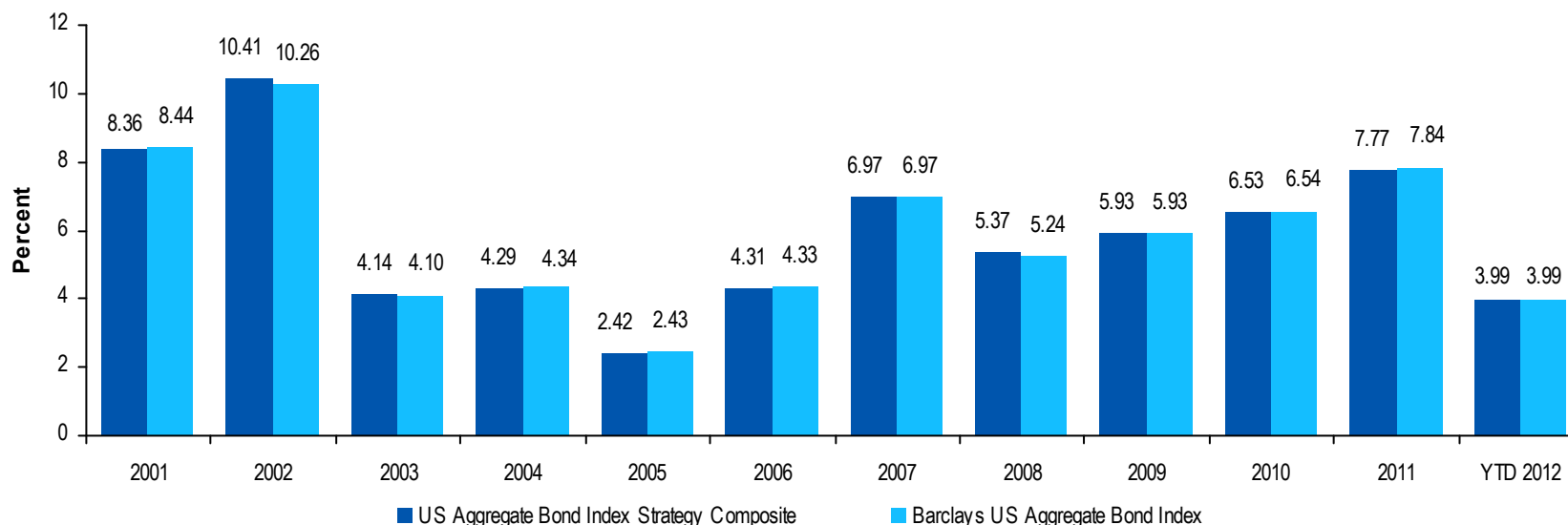
Source: Barclays POINT/Global Family of Indices. ©2012 Barclays, Inc. Used with permission.

gPBMIC

US Aggregate Bond Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2012 (USD)

	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
US Aggregate Bond Index Strategy Composite	1.58%	3.99%	5.16%	6.17%	6.54%	5.33%	6.37%
Barclays US Aggregate Bond Index	1.58	3.99	5.16	6.19	6.53	5.32	6.33



† Inception Date: April 1996

Source: SSgA; Barclays

The performance shown is of a composite created 01/01/09 consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental. A complete description of this composite as well as a complete presentation that complies with the requirements of the GIPS standards is provided in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

The Barclays US Aggregate Bond Index is a trademark of Barclays, Inc.

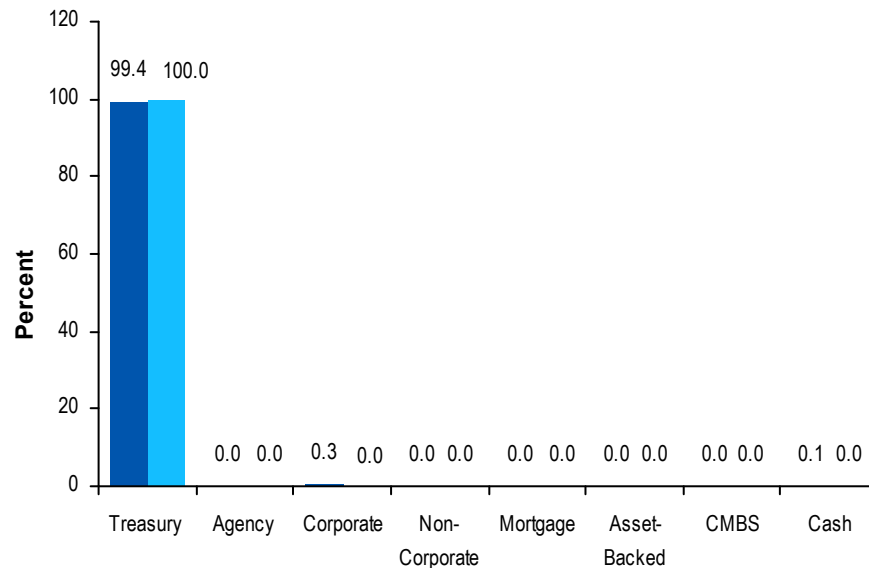
Source: Barclays POINT/Global Family of Indices. ©2012 Barclays, Inc. Used with permission.

gPBMIC

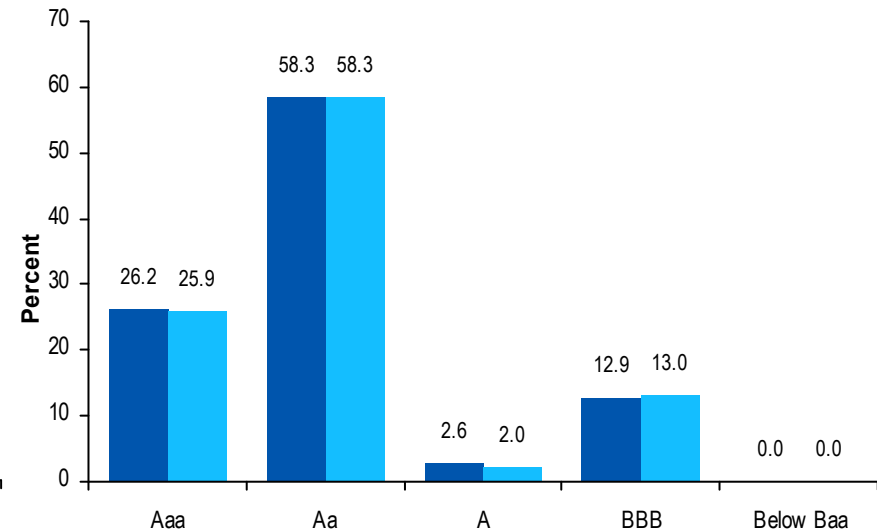
World Government Bond ex U.S. Index Strategy Composite Characteristics

	World Government Bond Index ex US Index Strategy Composite	Citigroup World Government Bond ex US Index
Average Quality	AA	AA
Yield to Worst	1.53%	1.53%
Effective Duration	7.35	7.36
Convexity	1.10	1.09

Breakdown by Market Value By Sector



By Quality



■ World Government Bond ex U.S. Index Strategy Composite ■ Citigroup World Government Bond ex U.S. Index

As of September 30, 2012

The characteristics, holdings and sections are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

This information should not be considered a recommendation to invest in any particular sector or to buy or sell any security shown.

It is not known whether the sectors or securities shown will be profitable in the future.

The above ratings are created by Citigroup Index LLC, where they use multiple rating agencies to come up with an "Index Rating."

For more information on this rating methodology, please go to www.citigroup.com

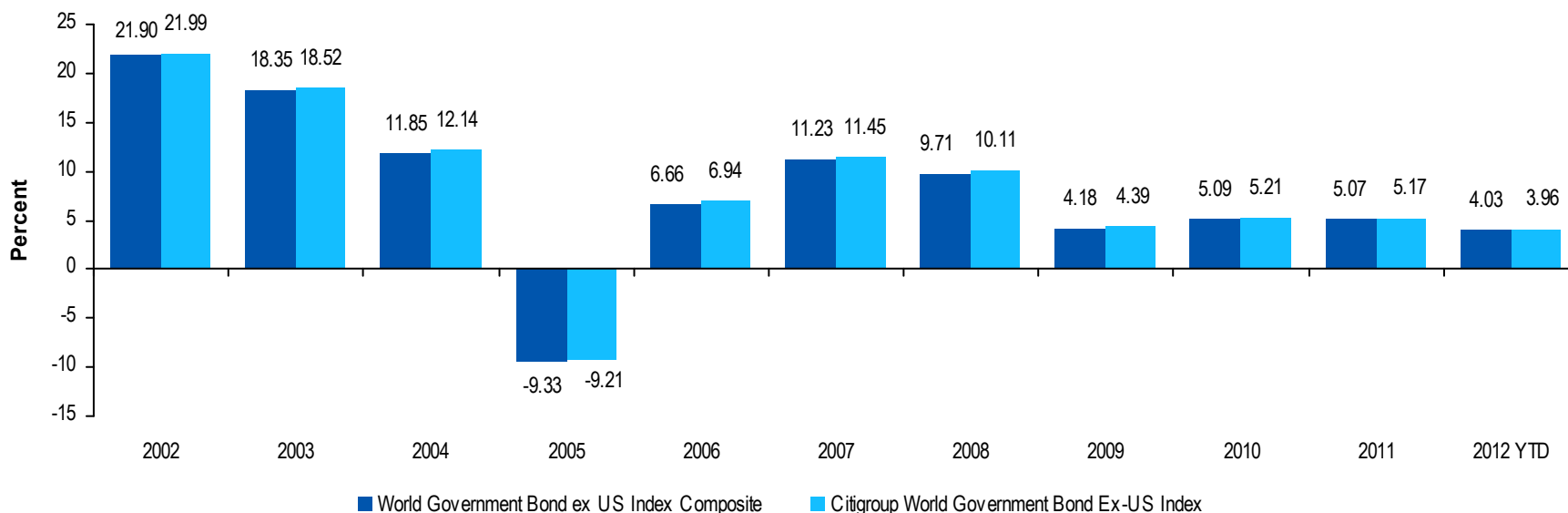
The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented.

A GIPS presentation is also available upon request.

World Government Bond ex US Index Strategy Composite Performance – Total Net of Fees Returns

Net annualized returns for the period ending September 30, 2012 (USD)

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception [†]
World Government Bond ex US Index Comp	4.09	4.03	3.47	3.93	6.40	7.07	5.91
Citigroup World Government Bond Ex-US Index	3.98	3.96	3.46	4.02	6.56	7.27	6.09
Difference*	0.11	0.08	0.01	-0.09	-0.16	-0.19	-0.18



Source: SSGA

[†] Inception date: November 1999

*The value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

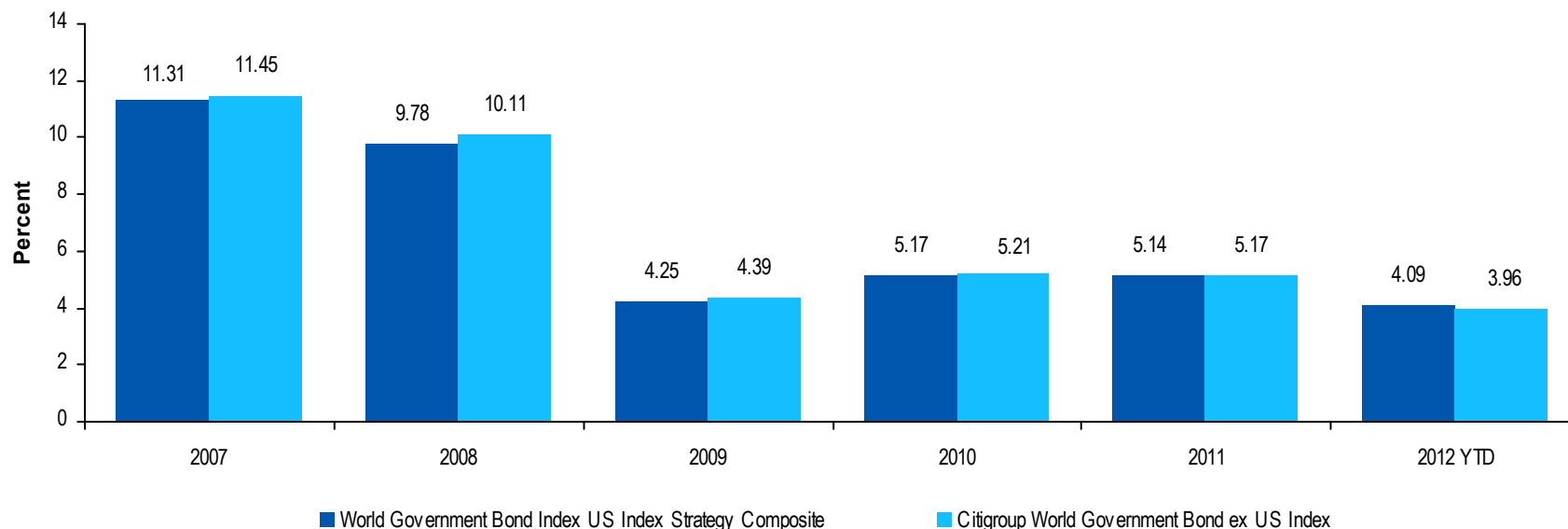
Past performance is no guarantee of future results. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a net of fees basis, reflecting the deduction of investment management fees. Some members of this composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

gPWXUS

World Government Bond ex US Index Strategy Composite Performance

Gross annualized returns for the period ending September 30, 2012 (USD)

	Q3	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception†
World Government Bond ex US Index Strategy Composite	4.11%	4.09%	3.54%	4.01%	6.47%	7.15%	5.98%
Citigroup World Government Bond ex US Index	3.98	3.96	3.46	4.02	6.56	7.27	6.09



† Inception Date: November 1999

Source: SSgA

All returns greater than one year are annualized. Performance shown represents past performance. Past Performance is not a guarantee of future results.

Current performance may be lower or higher than the performance shown above.

The performance figures contained herein are provided gross of investment management fees and reflect all items of income, gain and loss and the investment of dividends and other income.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Performance of certain portfolios within the Composite is net of administrative costs.

The performance figures above do not take account of the mark to market value of the units of the securities lending cash collateral pools held by any of the Portfolios in the Composite.

If the mark to market unit value of the securities lending cash collateral pools were reflected, the performance may be lower.

Performance returns are calculated in US dollars.

Appendix A: GIPS® Presentations

Russell 1000 Growth Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Oct 1991
Russell 1000 Growth Index Composite	10.58	2.63	2.63	17.97	2.48	2.58	2.63
Russell 1000® Growth Index	10.61	2.64	2.64	18.02	2.50	2.60	2.64

Net of Fees Total Returns

Year	Russell 1000 Index Composite	Russell 1000 Growth Index
2011	2.63	2.64
2010	16.66	16.71
2009	37.12	37.21
2008	-38.43	-38.44
2007	11.80	11.81
2006	9.07	9.07
2005	5.18	5.26
2004	6.30	6.30
2003	29.77	29.75
2002	-27.83	-27.89

Footnotes

Composite Description: The Russell 1000 Growth Index Composite seeks to replicate the returns and characteristics of the Russell 1000 Growth Index.

Benchmark Description: The benchmark for the composite is the Russell 1000(R) Growth Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter, with the minimum annual management fee of \$50,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: Russell 1000 Growth Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Oct 1991
Russell 1000 Growth Index Composite	10.59	2.67	2.67	18.02	2.52	2.62	7.18
Russell 1000® Growth Index	10.61	2.64	2.64	18.02	2.50	2.60	7.17

Year	Russell 1000 Growth Index Composite	Russell 1000® Growth Index
2011	2.67	2.64
2010	16.71	16.71
2009	37.18	37.21
2008	-38.41	-38.44
2007	11.84	11.81
2006	9.12	9.07
2005	5.23	5.26
2004	6.34	6.30
2003	29.83	29.75
2002	-27.81	-27.89

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	*	N/A	17.77	17.76	8,247,334,156	0.46	1,789,204
2010	*	N/A	22.11	22.11	10,092,564,831	0.66	1,519,244
2009	*	N/A	19.74	19.73	8,924,027,159	0.66	1,360,125
2008	*	N/A	16.39	16.40	7,087,236,273	0.75	949,988
2007	*	N/A	8.54	8.54	12,775,887,859	1.03	1,246,382
2006	*	N/A	8.30	8.31	10,402,519,045	0.97	1,073,038
2005	*	N/A	9.54	9.53	9,955,958,627	1.09	910,097
2004	*	N/A	15.44	15.45	6,686,825,829	0.79	841,422
2003	*	N/A	22.61	22.66	5,291,349,178	0.65	814,497
2002	*	N/A	25.17	25.22	3,219,725,601	0.58	552,079

gPAR100G

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The Russell 1000 Growth Composite seeks to replicate the returns and characteristics of the Russell 1000 Growth Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Russell 1000® Growth Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from 07/01/01 to 08/31/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Russell 1000 Value Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Oct 1991
Russell 1000 Value Index Composite	13.06	0.36	0.36	11.62	-2.56	3.90	0.36
Russell 1000® Value Index	13.11	0.39	0.39	11.55	-2.64	3.89	0.39

Net of Fees Total Returns

Year	Russell 1000 Value Index Composite	Russell 1000 Value Index
2011	0.36	0.39
2010	15.53	15.51
2009	19.93	19.69
2008	-36.82	-36.85
2007	-0.04	-0.17
2006	22.16	22.25
2005	7.08	7.05
2004	16.44	16.48
2003	29.96	30.03
2002	-15.66	-15.52

Footnotes

Composite Description: The Russell 1000 Value Index Composite seeks to replicate the returns and characteristics of the Russell 1000 Value Index.

Benchmark Description: The benchmark for the composite is the Russell 1000(R) Value Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter, with the minimum annual management fee of \$50,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: Russell 1000 Value Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Oct 1991
Russell 1000 Value Index Composite	13.07	0.40	0.40	11.66	-2.53	3.94	9.04
Russell 1000® Value Index	13.11	0.39	0.39	11.55	-2.64	3.89	9.03

Year	Russell 1000 Value Index Composite	Russell 1000® Value Index
2011	0.40	0.39
2010	15.58	15.51
2009	19.98	19.69
2008	-36.80	-36.85
2007	-0.01	-0.17
2006	22.21	22.25
2005	7.12	7.05
2004	16.48	16.48
2003	30.02	30.03
2002	-15.63	-15.52

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	5	0.02	20.63	20.69	9,179,381,756	0.51	1,789,204
2010	6	0.03	23.13	23.18	11,442,818,075	0.75	1,519,244
2009	*	N/A	21.06	21.10	9,024,484,585	0.66	1,360,125
2008	*	N/A	15.34	15.36	8,119,084,473	0.85	949,988
2007	*	N/A	8.05	8.06	12,962,941,255	1.04	1,246,382
2006	*	N/A	6.67	6.68	12,844,067,918	1.20	1,073,038
2005	*	N/A	9.45	9.46	11,558,713,361	1.27	910,097
2004	*	N/A	14.76	14.76	10,014,236,623	1.19	841,422
2003	*	N/A	16.00	15.99	6,964,805,987	0.86	814,497
2002	*	N/A	16.94	16.98	4,960,518,811	0.90	552,079

gPAR100V

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The Russell 1000 Value Composite seeks to replicate the returns and characteristics of the Russell 1000 Value Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group [IBG]) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Russell 1000(R) Value Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are 08% of the first \$50,000,000 .06% of the next \$50,000,000; and 04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are 08% of the first \$50,000,000; 06% of the next \$50,000,000 and 04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Russell 2000 Growth Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 1997
Russell 2000 Growth Index Composite	14.95	-3.04	-3.04	18.89	2.05	4.54	-3.04
Russell 2000® Growth Index	14.99	-2.91	-2.91	19.00	2.09	4.48	-2.91

Net of Fees Total Returns

Year	Russell 2000 Growth Index Composite	Russell 2000 Growth Index
2011	-3.04	-2.91
2010	28.98	29.09
2009	34.37	34.47
2008	-38.33	-38.54
2007	6.78	7.05
2006	13.51	13.35
2005	4.19	4.15
2004	14.41	14.31
2003	48.54	48.55
2002	-29.92	-30.27

Footnotes

Composite Description: The Russell 2000 Growth Index Composite seeks to gain exposure to small growth-oriented U.S. companies by closely replicating the returns and characteristics of the Russell 2000 Growth Index.

Benchmark Description: The benchmark for the composite is the Russell 2000(R) Growth Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter, with the minimum annual management fee of \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: Russell 2000 Growth Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 1997
Russell 2000 Growth Index Composite	14.98	-2.99	-2.99	18.94	2.09	4.58	4.97
Russell 2000® Growth Index	14.99	-2.91	-2.91	19.00	2.09	4.48	4.90

Year	Russell 2000 Growth Index Composite	Russell 2000® Growth Index
2011	-2.99	-2.91
2010	29.03	29.09
2009	34.43	34.47
2008	-38.30	-38.54
2007	6.83	7.05
2006	13.56	13.35
2005	4.24	4.15
2004	14.45	14.31
2003	48.61	48.55
2002	-29.89	-30.27

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	5	0.16	24.29	24.31	663,064,468	0.04	1,789,204
2010	6	N/A	27.66	27.70	853,938,625	0.06	1,519,244
2009	*	N/A	24.82	24.85	613,477,740	0.05	1,360,125
2008	*	N/A	21.22	21.26	480,376,569	0.05	949,988
2007	*	N/A	14.21	14.23	699,367,816	0.06	1,246,382
2006	*	N/A	15.52	15.57	632,894,594	0.06	1,073,038
2005	*	N/A	16.47	16.51	573,338,805	0.06	910,097
2004	*	N/A	21.33	21.40	710,640,197	0.08	841,422
2003	*	N/A	26.86	27.00	1,037,848,557	0.13	814,497
2002	*	N/A	33.06	33.33	577,833,317	0.10	552,079

gPAR200G

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The Russell 2000 Growth Composite seeks to gain exposure to small growth-oriented US companies by closely replicating the returns and characteristics of the Russell 2000 Growth Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Russell 2000(R) Growth Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Russell 2000 Value Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 1996
Russell 2000 Value Index Composite	15.95	-5.45	-5.45	12.31	-1.88	6.35	-5.45
Russell 2000® Value Index	15.97	-5.50	-5.50	12.36	-1.87	6.40	-5.50

Net of Fees Total Returns

Year	Russell 2000 Value Index Composite	Russell 2000 Value Index
2011	-5.45	-5.50
2010	24.31	24.50
2009	20.54	20.58
2008	-28.90	-28.93
2007	-9.70	-9.78
2006	23.31	23.48
2005	4.61	4.71
2004	22.00	22.25
2003	46.01	46.02
2002	-11.43	-11.42

Footnotes

Composite Description: The Russell 2000 Value Index Composite seeks to gain exposure to small, value-oriented U.S. companies by closely replicating the returns and characteristics of the Russell 2000 Value Index.

Benchmark Description: The benchmark for the composite is the Russell 2000(R) Value Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter, with the minimum annual management fee of \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: Russell 2000 Value Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 1996
Russell 2000 Value Index Composite	15.97	-5.42	-5.42	12.36	-1.84	6.42	8.44
Russell 2000® Value Index	15.97	-5.50	-5.50	12.36	-1.87	6.40	8.48

Year	Russell 2000 Value Index Composite	Russell 2000® Value Index
2011	-5.42	-5.50
2010	24.37	24.50
2009	20.59	20.58
2008	-28.87	-28.93
2007	-9.67	-9.78
2006	23.36	23.48
2005	4.81	4.71
2004	22.11	22.25
2003	46.10	46.02
2002	-11.39	-11.42

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	*	N/A	26.01	26.05	611,485,496	0.03	1,789,204
2010	*	N/A	28.33	28.37	1,193,368,055	0.08	1,519,244
2009	*	N/A	25.57	25.62	1,261,580,683	0.09	1,360,125
2008	*	N/A	19.13	19.14	997,166,209	0.10	949,988
2007	*	N/A	12.58	12.59	1,035,691,320	0.08	1,246,382
2006	*	N/A	12.31	12.33	1,392,093,308	0.13	1,073,038
2005	*	N/A	14.06	14.09	998,425,453	0.11	910,097
2004	*	N/A	17.47	17.51	871,366,367	0.10	841,422
2003	*	N/A	18.38	18.42	970,752,390	0.12	814,497
2002	*	N/A	17.37	17.39	561,628,944	0.10	552,079

gPR2000V

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The Russell 2000 Value Composite seeks to gain exposure to small, value-oriented US companies by closely replicating the returns and characteristics of the Russell 2000 Value Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group [IBG]) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Russell 2000(R) Value Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Russell 3000 Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Sept 1996
Russell 3000 Index Composite	12.12	1.13	1.13	14.92	0.02	3.52	1.13
Russell 3000® Index	12.12	1.03	1.03	14.88	-0.01	3.51	1.03

Net of Fees Total Returns

Year	Russell 3000 Index Composite	Russell 3000 Index
2011	1.13	1.03
2010	16.90	16.93
2009	28.38	28.34
2008	-37.28	-37.31
2007	5.17	5.14
2006	15.65	15.72
2005	6.16	6.12
2004	11.91	11.95
2003	30.85	31.04
2002	-21.47	-21.54

Footnotes

Composite Description: The Russell 3000 Index Composite seeks to match the returns and characteristics of the Russell 3000 Index.

Benchmark Description: The benchmark for the composite is the Russell 3000(R) Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .08% of the first \$50,000,000; .06% of the next \$50,000,000 and .04% thereafter, with the minimum annual management fee of \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: Russell 3000 Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Sep 1996
Russell 3000 Index Composite	12.13	1.16	1.16	14.97	0.06	3.56	6.54
Russell 3000® Index	12.12	1.03	1.03	14.88	-0.01	3.51	6.43

Year	Russell 3000 Index Composite	Russell 3000® Index
2011	1.16	1.03
2010	16.95	16.93
2009	28.43	28.34
2008	-37.26	-37.31
2007	5.21	5.14
2006	15.70	15.72
2005	6.20	6.12
2004	11.95	11.95
2003	30.91	31.04
2002	-21.44	-21.54

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	15	0.05	19.30	19.35	31,502,678,183	1.76	1,789,204
2010	14	0.04	22.59	22.62	38,078,814,729	2.51	1,519,244
2009	6	0.04	20.30	20.32	11,750,254,410	0.86	1,360,125
2008	*	N/A	15.79	15.79	11,307,975,072	1.19	949,988
2007	*	N/A	8.12	8.14	18,606,635,123	1.49	1,246,382
2006	*	N/A	7.48	7.51	18,982,304,133	1.77	1,073,038
2005	*	N/A	9.46	9.50	18,102,396,644	1.99	910,097
2004	*	N/A	14.79	14.84	20,327,046,076	2.42	841,422
2003	*	N/A	18.06	18.12	30,147,145,581	3.70	814,497
2002	*	N/A	18.50	18.56	16,083,006,501	2.91	552,079

gPAR3000

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The Russell 3000 Index Composite seeks to match the returns and characteristics of the Russell 3000 Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group [IBG]) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Russell 3000® Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from the period from 01/09/05 to 31/08/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are 08% of the first \$50,000,000; 06% of the next \$50,000,000; and 04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are 08% of the first \$50,000,000; 06% of the next \$50,000,000 and 04% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Error Correction Q4 2010: The Total GIPS® Firm Assets as of 12/31/2010 was revised.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Russell Top 200 Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 1996
Russell Top 200 Index Composite	11.63	2.78	2.78	12.84	-0.53	2.05	2.78
Russell Top 200 Index	11.65	2.83	2.83	12.83	-0.56	2.06	2.83

Net of Fees Total Returns

Year	Russell Top 200 Index Composite	Russell Top 200 Index
2011	2.78	2.83
2010	12.47	12.47
2009	24.30	24.21
2008	-36.02	-36.07
2007	5.92	5.89
2006	15.46	15.53
2005	3.71	3.77
2004	8.27	8.31
2003	26.59	26.67
2002	-23.38	-23.36

Footnotes

Composite Description: The Russell Top 200 Index Composite seeks to replicate the performance of the Russell Top 200 Index.

Benchmark Description: The benchmark for the composite is the Russell Top 200 Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fee is .08% of the first \$50,000,000; .06% of the next \$50,000,000; and .04% thereafter, with the minimum of \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: Russell Top 200 Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 1996
Russell Top 200 Index Composite	11.64	2.82	2.82	12.89	-0.49	2.09	5.78
Russell Top 200 Index	11.65	2.83	2.83	12.83	-0.56	2.06	5.77

Year	Russell Top 200 Index Composite	Russell Top 200 Index
2011	2.82	2.83
2010	12.51	12.47
2009	24.35	24.21
2008	-35.99	-36.07
2007	5.96	5.89
2006	15.50	15.53
2005	3.76	3.77
2004	8.32	8.31
2003	26.65	26.67
2002	-23.34	-23.36

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	*	N/A	18.13	18.18	868,504,321	0.05	1,789,204
2010	*	N/A	20.90	20.95	675,691,445	0.04	1,519,244
2009	*	N/A	18.73	18.76	1,180,005,457	0.09	1,360,125
2008	*	N/A	14.31	14.34	1,671,787,023	0.18	949,988
2007	*	N/A	7.52	7.53	1,853,084,781	0.15	1,246,382
2006	*	N/A	6.40	6.41	718,802,774	0.07	1,073,038
2005	*	N/A	8.71	8.71	734,217,976	0.08	910,097
2004	*	N/A	14.88	14.88	703,367,209	0.08	841,422
2003	*	N/A	18.33	18.35	737,802,762	0.09	814,497
2002	*	N/A	19.11	19.15	670,498,756	0.12	552,079

gPART200

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The Russell Top 200 Index Composite seeks to replicate the performance of the Russell Top 200 Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Russell Top 200 Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .08% of the first 50,000,000; .06% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

S&P 500 Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jan 1986
S&P 500 Index Composite	11.80	2.12	2.12	14.14	-0.21	2.94	2.12
S&P 500® Index	11.82	2.11	2.11	14.11	-0.25	2.92	2.11

Net of Fees Total Returns

Year	S&P 500 Index Composite	S&P 500 Index
2011	2.12	2.11
2010	15.10	15.06
2009	26.51	26.46
2008	-36.94	-37.00
2007	5.51	5.49
2006	15.79	15.79
2005	4.92	4.91
2004	10.86	10.87
2003	28.68	28.68
2002	-22.07	-22.10

Footnotes

Composite Description: The S&P 500 Index Composite seeks to replicate the returns and characteristics of the Standard & Poor's 500 Index.

Benchmark Description: The benchmark for the composite is the S&P 500(R). The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fee is .05% of the first \$50,000,000; .04% of the next \$50,000,000 and .02% thereafter, with the minimum annual management fee of \$50,000. Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: S&P 500 Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jan 1986
S&P 500 Index Composite	11.81	2.14	2.14	14.16	-0.19	2.96	9.65
S&P 500®	11.82	2.11	2.11	14.11	-0.25	2.92	9.63

Year	S&P 500 Index Composite	S&P 500®
2011	2.14	2.11
2010	15.12	15.06
2009	26.54	26.46
2008	-36.93	-37.00
2007	5.53	5.49
2006	15.81	15.79
2005	4.94	4.91
2004	10.88	10.87
2003	28.71	28.68
2002	-22.05	-22.10

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	19	0.01	18.69	18.71	62,533,513,974	3.50	1,789,204
2010	14	0.02	21.84	21.85	58,677,181,141	3.86	1,519,244
2009	17	0.06	19.62	19.63	56,089,319,018	4.12	1,360,125
2008	13	0.02	15.07	15.08	63,339,358,250	6.67	949,988
2007	12	0.07	7.68	7.68	105,916,299,878	8.50	1,246,382
2006	12	0.10	6.82	6.82	105,498,089,610	9.83	1,073,038
2005	12	0.05	9.04	9.04	102,507,256,676	11.26	910,097
2004	15	0.05	14.86	14.86	101,019,651,849	12.01	841,422
2003	16	0.08	18.07	18.07	109,663,641,800	13.46	814,497
2002	17	0.04	18.55	18.55	81,604,207,292	14.78	552,079

gPASP500

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The S&P 500 Index Composite seeks to replicate the returns and characteristics of the Standard & Poor's 500 Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group [IBG]) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the S&P 500(R). The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from 01/09/02 to 31/08/08.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .05% of the first \$50,000,000; .04% of the next \$50,000,000; and .02% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .05% of the first \$50,000,000; .04% of the next \$50,000,000 and .02% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

MSCI ACWI ex USA IMI Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jun 2008
MSCI ACWI ex USA IMI Index Composite	3.32	-14.19	-14.19	11.56	N/A	N/A	-14.19
MSCI ACWI ex USA IMI	3.31	-14.31	-14.31	11.53	N/A	N/A	-14.31

Net of Fees Total Returns

Year	MSCI ACWI ex USA IMI Index Composite	MSCI ACWI ex USA IMI
2011	-14.19	-14.31
2010	12.62	12.73
2009	43.66	43.60
(Jun-Dec) 2008	-44.61	-44.74
2007	—	—
2006	—	—
2005	—	—
2004	—	—
2003	—	—
2002	—	—

Footnotes

Composite Description: The MSCI All Country World ex-USA IMI Index strategy seeks to match the returns of the MSCI All Country World ex- US IMI Index and provide broad-based, low-cost exposure to both the developed and emerging markets.

Benchmark Description: The benchmark for the composite is the MSCI ACWI ex USA IMI. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts the management fee is .17% of the first \$50,000,000; .12% of the next \$50,000,000; and .09% thereafter, with the minimum annual fee of \$175,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: MSCI ACWI ex USA IMI Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jun 2008
MSCI ACWI ex USA IMI Index Composite	3.35	-14.11	-14.11	11.66	N/A	N/A	-6.98
MSCI ACWI ex USA IMI	3.31	-14.31	-14.31	11.53	N/A	N/A	-7.15

Year	MSCI ACWI ex USA IMI Index Composite	MSCI ACWI ex USA IMI
2011	-14.11	-14.31
2010	12.73	12.73
2009	43.79	43.60
2008 (Jun-Dec)	-44.58	-44.74
2007	—	—
2006	—	—
2005	—	—
2004	—	—
2003	—	—
2002	—	—

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	5	0.19	22.80	22.79	1,990,872,856	0.11	1,789,204
2010	6	0.11	**	**	1,893,748,422	0.12	1,519,244
2009	9	0.49	**	**	4,144,261,387	0.30	1,360,125
2008 (Jun-Dec)	8	0.00	**	**	2,897,771,584	0.31	949,988
2007	—	—	—	—	—	—	—
2006	—	—	—	—	—	—	—
2005	—	—	—	—	—	—	—
2004	—	—	—	—	—	—	—
2003	—	—	—	—	—	—	—
2002	—	—	—	—	—	—	—

gPACWIMI

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The MSCI All Country World ex-USA IMI Index strategy seeks to match the returns of the MSCI All Country World ex- US IMI Index and provide broad-based, low-cost exposure to both the developed and emerging markets.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the MSCI ACWI ex USA IMI. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Composite Name Change: The composite's name changed on 12/01/2009 from MSCI ACWI World x US IMI Index Composite to MSCI ACWI ex US IMI Index Composite. The composite's name was changed on 3/01/2010 from MSCI ACWI ex US IMI Index Composite to MSCI ACWI ex USA IMI Index Composite.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled Funds management fees are .15% of the first \$50,000,000; .10% of the next \$50,000,000; and .07% thereafter. There is a minimum annual fee of \$10,000. For Separate Accounts the management fees are .15% of the first \$50,000,000; .10% of the next \$50,000,000; and .07% thereafter. There is a minimum annual fee of \$175,000.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

MSCI ACWI ex USA Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 1998
MSCI ACWI ex USA Index Composite	3.74	-13.57	-13.57	10.80	-2.80	6.46	-13.57
MSCI ACWI ex USA Index	3.72	-13.71	-13.71	10.70	-2.92	6.31	-13.71

Net of Fees Total Returns

Year	MSCI ACWI ex USA Index Composite	MSCI ACWI ex USA Index
2011	-13.57	-13.71
2010	11.17	11.15
2009	41.56	41.45
2008	-45.37	-45.53
2007	16.78	16.65
2006	26.90	26.65
2005	16.72	16.62
2004	21.06	20.90
2003	40.87	40.83
2002	-14.71	-14.95

Footnotes

Composite Description: The MSCI ACWI ex USA Index Composite seeks to match the returns of the MSCI ACWI ex USA Index and provide broad-based, low-cost exposure to both the developed and emerging markets.

Benchmark Description: The benchmark for the composite is the MSCI ACWI ex USA Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, the management fees is .15% of the first \$50,000,000; .10% of the next \$50,000,000; and .07% thereafter with the minimum annual fee of \$175,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: MSCI ACWI ex USA Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 1998
MSCI ACWI ex USA Index Composite	3.76	-13.52	-13.52	10.88	-2.73	6.53	4.03
MSCI ACWI ex USA Index	3.72	-13.71	-13.71	10.70	-2.92	6.31	3.83

Year	MSCI ACWI ex USA Index Composite	MSCI ACWI ex USA Index
2011	-13.52	-13.71
2010	11.25	11.15
2009	41.66	41.45
2008	-45.33	-45.53
2007	16.86	16.65
2006	26.99	26.65
2005	16.81	16.62
2004	21.15	20.90
2003	40.97	40.83
2002	-14.65	-14.95

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	11	0.10	22.70	22.71	10,686,572,347	0.60	1,789,204
2010	11	0.14	27.28	27.29	10,017,316,655	0.66	1,519,244
2009	11	0.26	25.23	25.24	4,920,726,552	0.36	1,360,125
2008	10	0.13	20.87	20.88	5,443,694,662	0.57	949,988
2007	11	0.17	10.60	10.63	5,780,959,417	0.46	1,246,382
2006	12	0.08	10.18	10.22	7,962,029,279	0.74	1,073,038
2005	11	0.14	11.59	11.63	6,584,611,679	0.72	910,097
2004	10	0.06	15.28	15.28	2,352,089,094	0.28	841,422
2003	15	0.09	17.95	17.93	3,084,535,516	0.38	814,497
2002	8	0.00	16.38	16.38	1,523,464,412	0.28	552,079

gP-ACWI

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The MSCI ACWI ex USA Index Composite seeks to match the returns of the MSCI ACWI ex USA Index and provide broad-based, low-cost exposure to both the developed and emerging markets.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the MSCI ACWI ex USA Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .15% of the first \$50,000,000; .10% of the next \$50,000,000; and .07% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$175,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

MSCI ACWI Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jul 2006
MSCI ACWI Index Composite	7.25	-7.09	-7.09	12.23	-1.77	N/A	0.76
MSCI AC World Custom Index (USD) (Net) (CIEMALL)	7.18	-7.35	-7.35	12.01	-1.93	N/A	0.61

Net of Fees Total Returns

Year	MSCI ACWI Index Composite	MSCI AC World Custom Index (USD) (Net) (CIEMALL)
2011	-7.09	-7.35
2010	12.85	12.67
2009	34.82	34.63
2008	-42.13	-42.20
2007	11.79	11.66
2006 (Jul-Dec)	14.02	13.97
2005	—	—
2004	—	—
2003	—	—
2002	—	—

Footnotes

Composite Description: The MSCI ACWI Index Composite seeks to match the performance and characteristics of the MSCI ACWI Index.

Benchmark Description: The benchmark for the composite is the MSCI ACWI Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .10% of the first 50,000,000; .07% of the next \$50,000,000; and .05% thereafter. The annual minimum management fee is \$175,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: MSCI ACWI Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jul 2006
MSCI ACWI Index Composite	7.27	-7.04	-7.04	12.30	-1.68	N/A	0.86
MSCI ACWI Index	7.18	-7.35	-7.35	12.01	-1.93	N/A	0.61

Year	MSCI ACWI Index Composite	MSCI ACWI Index
2011	-7.04	-7.35
2010	12.92	12.67
2009	34.94	34.63
2008	-42.05	-42.20
2007	11.92	11.66
2006 (Jul-Dec)	14.13	13.97
2005	—	—
2004	—	—
2003	—	—
2002	—	—

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	12	0.07	20.57	20.59	620,055,176	0.03	1,789,204
2010	12	0.05	24.48	24.49	706,543,643	0.05	1,519,244
2009	12	0.01	22.33	22.34	384,968,700	0.03	1,360,125
2008	*	N/A	**	**	74,519,129	0.01	949,988
2007	*	N/A	**	**	153,662,283	0.01	1,246,382
2006 (Jul-Dec)	*	N/A	**	**	70,620,984	0.01	1,073,038
2005	—	—	—	—	—	—	—
2004	—	—	—	—	—	—	—
2003	—	—	—	—	—	—	—
2002	—	—	—	—	—	—	—

gP-ACWI2

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The MSCI ACWI Index Composite seeks to match the performance and characteristics of the MSCI ACWI Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group [IBG]) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the MSCI ACWI Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .10% of the first 50,000,000; .07% of the next \$50,000,000; and .05% thereafter. The annual minimum management fee \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$175,000. Minimum Annual Fee rebalancing between commingled MSCI ACWI ex US and MSCI US Index: \$20,000 Management fees maybe adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In May 2010, Lynn Blake assumed the role as global head of Index Equity following the retirement of Paul Brakke.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

SSgA/Tuckerman US REIT Index Strategy — Total Net of Fees Returns

December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Nov 1996
SSgA/Tuckerman US REIT Index Composite	15.28	9.34	9.34	21.52	-1.99	10.01	9.81
Dow Jones US Select REIT Index ^(SM)	15.36	9.37	9.37	21.63	-2.04	10.12	9.88

Net of Fees Total Returns

Year	SSgA/Tuckerman US REIT Index Composite	Dow Jones US Select REIT Index
2011	9.34	9.37
2010	27.79	28.07
2009	28.42	28.46
2008	-38.85	-39.20
2007	-17.60	-17.55
2006	35.59	35.97
2005	13.70	13.82
2004	32.85	33.15
2003	35.72	36.18
2002	3.32	3.58

Footnotes

Composite Description: The SSgA/Tuckerman Index REIT Composite seeks to create a portfolio of securities that replicates, as closely as possible, the returns and characteristics of the Dow Jones US Select REIT Index.

Benchmark Description: The benchmark for the composite is the Dow Jones US Select REIT Index^(SM). The benchmark changed on 12/31/2010 from DJ US Select Custom REIT (Float Adj). The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .15% of the first \$50,000,000; .12% of the next \$50,000,000 and .10% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: SSgA/Tuckerman Index REIT Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Nov 1996
SSgA/Tuckerman Index REIT Composite	15.31	9.46	9.46	21.64	-1.90	10.13	9.94
Dow Jones U.S. Select REIT Index ^(SM)	15.36	9.37	9.37	21.63	-2.04	10.12	9.88

Year	SSgA/Tuckerman Index REIT Composite	Dow Jones U.S. Select REIT Index ^(SM)
2011	9.46	9.37
2010	27.92	28.07
2009	28.56	28.46
2008	-38.79	-39.20
2007	-17.52	-17.55
2006	35.72	35.97
2005	13.82	13.82
2004	32.99	33.15
2003	35.88	36.18
2002	3.43	3.58

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	*	N/A	32.35	32.58	491,827,903	0.03	1,789,204
2010	*	N/A	40.61	40.91	446,903,775	0.03	1,519,244
2009	*	N/A	40.54	40.84	525,244,349	0.04	1,360,125
2008	*	N/A	30.57	30.77	608,570,062	0.06	949,988
2007	*	N/A	17.17	17.27	1,174,723,137	0.09	1,246,382
2006	*	N/A	16.43	16.53	1,224,335,229	0.11	1,073,038
2005	*	N/A	15.39	15.50	894,209,300	0.10	910,097
2004	*	N/A	14.66	14.76	682,964,013	0.08	841,422
2003	*	N/A	11.09	11.15	538,769,248	0.07	814,497
2002	*	N/A	12.89	13.00	308,337,659	0.06	552,079

gREALPAS

* Less than 5 accounts

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The SSgA/Tuckerman Index REIT Composite seeks to create a portfolio of securities that replicates, as closely as possible, the returns and characteristics of the Dow Jones U.S. Select REIT Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Dow Jones U.S. Select REIT Index(SM). The benchmark changed on 12/31/2010 from DJ US Select Custom REIT (Float Adj). The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: This composite contains portfolios that were managed on a sub-advised basis for the period from 01-Nov-96 to current.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .15% of the first \$50,000,000; .12% of the next \$50,000,000; and .10% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .15% of the first \$50,000,000; .12% of the next \$50,000,000 and .10% thereafter. The minimum annual management fee for separately managed accounts is \$50,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO).

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Long US Treasury Index Strategy — Total Net of Fees Returns

December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 2003
Long US Treasury Index Composite	1.84	29.85	29.85	7.28	10.92	N/A	8.06
Barclays US Long Treasury Bond Index	1.86	29.93	29.93	7.36	11.00	N/A	8.15

Net of Fees Total Returns

Year	Long US Treasury Index Composite	Barclays US Long Treasury Bond Index
2011	29.85	29.93
2010	9.30	9.38
2009	-13.00	-12.92
2008	23.88	24.03
2007	9.74	9.81
2006	1.80	1.85
2005	6.45	6.51
2004	7.60	7.69
2003 (May-Dec)	0.00	0.18
2002	—	—

Footnotes

Composite Description: The Long US Treasury Index Composite seeks to match the total rate of return of the Barclays Long US Treasury Bond Index each calendar year.

Benchmark Description: The benchmark for the composite is the Barclays US Long Treasury Bond Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .06% of the first \$0,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for separately managed accounts is \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: Long US Treasury Index Composite

As of December 31, 2011

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 2003
Long US Treasury Index Composite	1.85	29.91	29.91	7.32	10.96	N/A	8.10
Barclays Capital US Long Treasury Bond Index	1.86	29.93	29.93	7.36	11.00	N/A	8.15

Year	Long US Treasury Index Composite	Barclays Capital US Long Treasury Bond Index
2011	29.91	29.93
2010	9.34	9.38
2009	-12.97	-12.92
2008	23.93	24.03
2007	9.79	9.81
2006	1.84	1.85
2005	6.50	6.51
2004	7.65	7.69
2003 (May-Dec)	0.03	0.18
2002	—	—

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	*	N/A	13.48	13.48	3,731,299,055	0.21	1,789,204
2010	*	N/A	13.8	13.82	2,764,779,980	0.18	1,519,244
2009	*	N/A	12.75	12.77	2,282,186,012	0.17	1,360,125
2008	*	N/A	10.45	10.47	4,561,619,030	0.48	949,988
2007	*	N/A	6.89	6.89	3,935,908,016	0.32	1,246,382
2006	*	N/A	7.43	7.44	3,087,511,462	0.29	1,073,038
2005	*	N/A	**	**	2,944,814,505	0.32	910,097
2004	*	N/A	**	**	2,698,350,203	0.32	841,422
2003 (May-Dec)	*	N/A	**	**	2,549,850,241	0.31	814,497
2002	—	—	—	—	—	—	—

gUSTL

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Composite Description: The Long US Treasury Index Composite seeks to match the total rate of return of the Barclays Capital Long U.S. Treasury Bond Index each calendar year.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Barclays Capital U.S. Long Treasury Bond Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .06% of the first 50,000,000; .05% of the next 50,000,000; and .04% thereafter. The annual minimum management fee for commingled accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum management fee of \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In October 2010, Kevin Anderson, Ph.D. was appointed CIO of Fixed Income and Currency replacing Mark Marinella.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

US Treasury Inflation Protected Securities (TIPS) Index Strategy — Total Net of Fees Returns

December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 2000
US TIPS Index Composite	2.68	13.51	13.51	10.32	7.90	7.55	7.63
Barclays US Treasury Inflation Protected Securities (TIPS) Index	2.69	13.56	13.56	10.38	7.95	7.57	7.78

Net of Fees Total Returns

Year	US TIPS Index Composite	Barclays US Treasury Inflation Protected Securities (TIPS) Index
2011	13.51	13.56
2010	6.24	6.31
2009	11.32	11.41
2008	-2.35	-2.35
2007	11.57	11.63
2006	0.43	0.41
2005	2.76	2.85
2004	8.34	8.46
2003	8.27	8.40
2002	16.98	16.57

Footnotes

Composite Description: The US TIPS Index Composite seeks to match the total rate of return of the benchmark during each calendar year.

Benchmark Description: The benchmark for the composite is the Barclays US Treasury Inflation Protected Securities (TIPS) Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .06% of the first \$50,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for separately managed accounts is \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: US TIPS Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Aug 2000
US TIPS Index Composite	2.69	13.55	13.55	10.36	7.94	7.60	7.81
Barclays Capital US Treasury Inflation Protected Securities (TIPS) Index	2.69	13.56	13.56	10.38	7.95	7.57	7.78

Year	US TIPS Index Composite	Barclays Capital US Treasury Inflation Protected Securities (TIPS) Index
2011	13.55	13.56
2010	6.28	6.31
2009	11.37	11.41
2008	-2.31	-2.35
2007	11.62	11.63
2006	0.47	0.41
2005	2.80	2.85
2004	8.38	8.46
2003	8.32	8.40
2002	17.03	16.57

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	11	0.01	5.74	5.75	14,408,675,241	0.81	1,789,204
2010	10	0.03	8.73	8.74	12,164,540,518	0.80	1,519,244
2009	12	0.06	8.72	8.72	11,740,388,855	0.86	1,360,125
2008	8	0.08	7.90	7.89	9,144,823,596	0.96	949,988
2007	7	0.09	4.50	4.50	9,475,120,589	0.76	1,246,382
2006	5	0.06	5.14	5.15	5,235,572,252	0.49	1,073,038
2005	*	N/A	6.64	6.64	4,555,714,998	0.50	910,097
2004	*	N/A	7.12	7.12	2,874,749,550	0.34	841,422
2003	*	N/A	6.62	6.58	1,421,801,481	0.17	814,497
2002	*	N/A	**	**	909,265,957	0.16	552,079

gTPCMP

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The U.S. TIPS Index Composite seeks to match the total rate of return of the Barclays Capital U.S. TIPS Index during each calendar year.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group [IBG]) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2010 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS) Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .06% of the first \$50,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for commingled accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In October 2010, Kevin Anderson, Ph.D. was appointed CIO of Fixed Income and Currency replacing Mark Marinella.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

US Aggregate Bond Index Strategy — Total Net of Fees Returns

As of December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Apr 1996
US Aggregate Bond Index Composite	1.11	7.73	7.73	6.70	6.47	5.75	7.73
Barclays Capital US Aggregate Bond Index	1.12	7.84	7.84	6.77	6.50	5.78	7.84

Net of Fees Total Returns

Year	US Aggregate Bond Index Composite	Barclays Capital US Aggregate Bond Index
2011	7.73	7.84
2010	6.49	6.54
2009	5.89	5.93
2008	5.33	5.24
2007	6.93	6.97
2006	4.27	4.33
2005	2.38	2.43
2004	4.25	4.34
2003	4.10	4.10
2002	10.37	10.26

Footnotes

Composite Description: The U.S. Aggregate Bond Index Composite seeks to match the total rate of return of the Barclays Capital U.S. Aggregate Bond Index each calendar year.

Benchmark Description: The benchmark for the composite is the Barclays Capital U.S. Aggregate Bond Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: For separately managed accounts, management fees are .06% of the first \$50,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: US Aggregate Bond Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Apr 1996
US Aggregate Bond Index Composite	1.12	7.77	7.77	6.74	6.51	5.79	6.42
Barclays Capital US Aggregate Bond Index	1.12	7.84	7.84	6.77	6.50	5.78	6.38

Year	US Aggregate Bond Index Composite	Barclays Capital US Aggregate Bond Index
2011	7.77	7.84
2010	6.53	6.54
2009	5.93	5.93
2008	5.37	5.24
2007	6.97	6.97
2006	4.31	4.33
2005	2.42	2.43
2004	4.29	4.34
2003	4.14	4.10
2002	10.41	10.26

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period	% of Firm's Assets	Total Firm Assets (\$ mil)
2011	10	0.03	2.76	2.78	21,201,702,595	1.18	1,789,204
2010	11	0.07	4.17	4.17	24,587,323,007	1.62	1,519,244
2009	10	0.14	4.13	4.11	19,319,859,205	1.42	1,360,125
2008	9	0.09	4.00	3.97	25,551,854,320	2.69	949,988
2007	8	0.03	2.78	2.76	32,991,429,103	2.65	1,246,382
2006	8	0.01	3.22	3.21	44,998,614,342	4.19	1,073,038
2005	8	0.02	4.10	4.07	29,845,605,723	3.28	910,097
2004	6	0.01	4.33	4.28	28,708,002,579	3.41	841,422
2003	6	0.02	4.24	4.20	28,393,352,626	3.49	814,497
2002	6	0.06	3.37	3.35	21,889,258,340	3.96	552,079

gPBMIC

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The U.S. Aggregate Bond Index Composite seeks to match the total rate of return of the Barclays Capital U.S. Aggregate Bond Index each calendar year.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Barclays Capital U.S. Aggregate Bond Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .06% of the first 50,000,000; .05% of the next \$50,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are the same as above with a minimum of \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In October 2010, Kevin Anderson, Ph.D. was appointed CIO of Fixed Income and Currency replacing Mark Marinella.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

World Government Bond ex US Index Strategy — Total Net of Fees Returns

December 31, 2011

Net of Fees Total Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Nov 1999
World Government Bond ex US Index Composite	-0.54	5.07	5.07	4.78	7.02	8.16	5.94
Citigroup World Government Bond Ex-US Index	-0.48	5.17	5.17	4.92	7.23	8.36	6.14

Net of Fees Total Returns

Year	World Government Bond ex US Index Composite	Citigroup World Government Bond Ex-US Index
2011	5.07	5.17
2010	5.09	5.21
2009	4.18	4.39
2008	9.71	10.11
2007	11.23	11.45
2006	6.66	6.94
2005	-9.33	-9.21
2004	11.85	12.14
2003	18.35	18.52
2002	21.90	21.99

Footnotes

Composite Description: The World Government Bond ex US Index Composite seeks to match the performance and characteristics of the Citigroup World ex-US Government Bond Index.

Benchmark Description: The benchmark for the composite is the Citigroup World Government Bond Ex-US Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Fees: The standard fee (see schedule below) was applied on the gross of management fees composite return stream on a monthly basis. Returns are not expressed net of administration, custody and/or other fees that may be externally negotiated. If so, returns would be lower than reflected. The returns are net of trading expenses.

Fee Schedule: The maximum fee rate of the standard strategy fee of .07% was applied to this composite. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Annualized Returns: All returns for periods greater than one year have been annualized.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. The return on individual portfolios included in the composite may be lower than the composite return. The accounts included in the composite are reasonably representative of all reasonably comparable accounts.

Risk of Loss: There are a number of risks associated with futures investing including but not limited to counter party credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks. Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

GIPS® Report: World Government Bond ex US Index Composite

As of December 31, 2011

Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Nov 1999
World Government Bond ex US Index Composite	-0.52	5.14	5.14	4.85	7.09	8.23	6.01
Citigroup World Government Bond Ex-US Index	-0.48	5.17	5.17	4.92	7.23	8.36	6.14

Year	World Government Bond ex US Index Composite	Citigroup World Government Bond Ex-US Index
2011	5.14	5.17
2010	5.17	5.21
2009	4.25	4.39
2008	9.78	10.11
2007	11.31	11.45
2006	6.73	6.94
2005	-9.27	-9.21
2004	11.92	12.14
2003	18.43	18.52
2002	21.98	21.99

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period (USD)	% of Firm's Assets	Total Firm Assets (USD mil)
2011	*	N/A	9.48	9.47	361,741,930	0.02	1,789,204
2010	*	N/A	11.00	11.06	420,929,167	0.03	1,519,244
2009	*	N/A	10.05	10.09	438,600,684	0.03	1,360,125
2008	*	N/A	8.40	8.44	370,126,251	0.04	949,988
2007	*	N/A	6.37	6.38	429,143,967	0.03	1,246,382
2006	*	N/A	6.94	6.97	354,074,060	0.03	1,073,038
2005	*	N/A	8.26	8.30	382,754,474	0.04	910,097
2004	*	N/A	8.53	8.59	257,535,633	0.03	841,422
2003	*	N/A	8.91	8.95	172,928,348	0.02	814,497
2002	*	N/A	9.04	9.05	170,357,702	0.03	552,079

gPWXUS

* Less than 5 accounts

** Less than 3 years

Quarterly and YTD returns are not annualized

Footnotes

Composite Description: The World Government Bond ex US Index Composite seeks to match the performance and characteristics of the Citigroup World ex-US Government Bond Index.

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSgA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group (IBG)) and assets accounted for on a book value basis (global cash and stable value assets).

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Compliance Statement: SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

Creation Date: The composite was created on 1 Jan 09.

Verification Statement: SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of 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.

Benchmark Description: The benchmark for the composite is the Citigroup World Government Bond Ex-US Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

Fee Schedule: For commingled funds, management fees are .07% of the first \$25,000,000; .045% of the next \$75,000,000; and .04% thereafter. The annual minimum management fee for these accounts is \$10,000. For separately managed accounts, management fees are .07% of the first \$25,000,000; .045% of the next \$75,000,000 and .04% thereafter. The minimum annual management fee for separately managed accounts is \$200,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: Composite returns are calculated net of withholding tax on interest income whereas benchmark returns are calculated gross of withholding tax on interest income.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0.

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In October 2010, Kevin Anderson, Ph.D. was appointed CIO of Fixed Income and Currency replacing Mark Marinella.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Appendix B: Important Disclosures

CTA Disclosures

SSgA generally delegates commodities management for separately managed accounts to SSgA FM, a wholly owned subsidiary of State Street and an affiliate of SSgA. SSgA FM is registered as a commodity trading advisor (“CTA”) with the Commodity Futures Trading Commission and National Futures Association.

Important Disclosures

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Risk associated with equity investing include stock values which may fluctuate in response to the activities of individual companies and general market and economic conditions.

Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

There are a number of risks associated with futures investing including but not limited to counterparty credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks.

This document provides summary information regarding the Strategy. This document should be read in conjunction with the Strategy's Disclosure Document, which is available from SSgA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

Important Risk Disclosure

In general, fixed income securities carry interest rate risks; the risk of issuer default; and inflation risk. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Government bonds and corporate bonds have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. US Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

MSCI Index Disclaimer

MSCI Indices are trademarks of MSCI Inc. Any financial products referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such financial products or any index on which such financial products are based. The fund documents contain a more detailed description of the limited relationship MSCI has with SSgA and any related financial products. Source: MSCI: Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Important Disclosures

This material is solely for the private use of SSgA clients and is not intended for public dissemination.

Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

This document provides summary information regarding the Strategy. This document should be read in conjunction with the Strategy's Disclosure Document, which is available from SSgA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

The Tuckerman Group LLC (Tuckerman) is an independently managed subsidiary of State Street Global Alliance, LLC and is an affiliate of SSgA. Tuckerman does not claim compliance with GIPS. The SSgA/Tuckerman strategies included in this presentation are SSgA managed and sub-advised by Tuckerman. SSgA-Global claims compliance with GIPS. Please refer to the GIPS Presentations at the end of this document for additional information.

There are a number of risks associated with futures investing including but not limited to counterparty credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks.

Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

Dow Jones, "DJ US Select REITSM", are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by State Street Global Advisors (SSgA). SSgA/Tuckerman US REIT Index Strategy based on the DJ US Select REIT IndexSM is not sponsored, endorsed, sold, or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of investing in such product(s).

Index Trademark Attribution

Dow Jones IndicesSM, are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by State Street Global Advisors (SSgA).

"FTSE[®]", "FT-SE[®]" and "Footsie[®]" are trade marks jointly owned by the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited ("FTSE") under license. "All-World", "All-Share" and "All-Small" and "FTSE4Good" are trademarks of FTSE.

The MSCI Indexes are trademarks of MSCI, Inc.

Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell Indices are trademarks of Russell Investment Group.

Standard & Poor's S&P Indices are registered trademarks of Standard & Poor's Financial Services LLC.

S&P GSCI[™] is a trademark of Standard & Poor's Financial Services LLC. and has been licensed for use by Goldman, Sachs & Co.

Appendix C: Biography

Biography

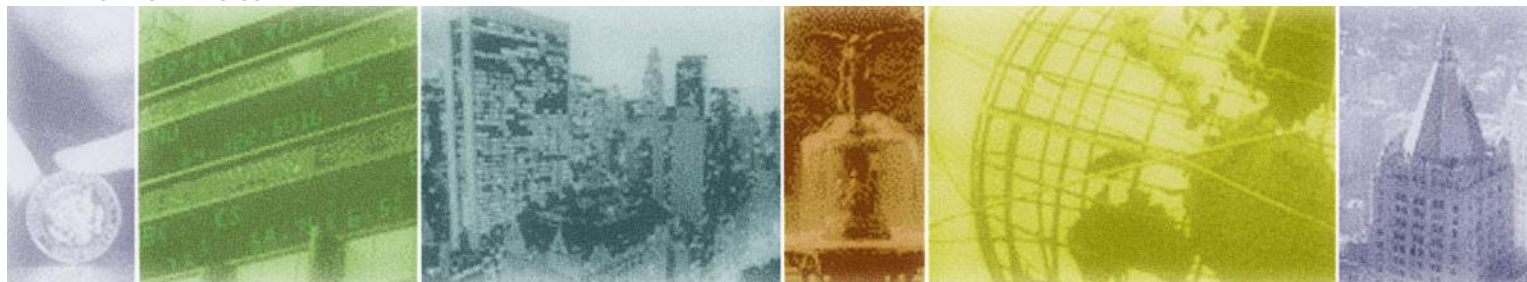


Rosalind Meade Jacobsen

Rosalind is the western region leader of SSgA's Institutional Client Group, located in San Francisco and serving our clients in the western 13 states. Previously, Rosalind was part of SSgA's dedicated Defined Contribution Group focused on recordkeeper/advisor relationships. Prior to joining SSgA in 1998, Rosalind worked in Mellon Capital Management's Client Service Group.

ALASKA RETIREMENT MANAGEMENT BOARD

WWW.MACKAYSHIELDS.COM



INVESTMENT REVIEW

John W. Akkerman, CFA CAIA
Senior Managing Director
Global Head of Distribution

J. Matthew Philo, CFA
Senior Managing Director
Head of High Yield Division

Jennifer Beatty
Director
Product Specialist—High Yield

MacKayShields

December 7, 2012

AGENDA

	Page
Firm Overview	1
Performance	3
Portfolio Characteristics	5
High Yield Overview	6
Current Outlook — Strategy	9
Investment Team & Process	10
Appendix	
<i>Investment Guidelines</i>	15
<i>Professional Biographies</i>	19
<i>Portfolio</i>	23

FIRM OVERVIEW

October 31, 2012

Overview

- Founded in 1938
- Strong AAA parent company
- Equity alignment for senior professionals
- 50 investment professionals, 135 employees
- Non-bureaucratic, entrepreneurial culture
- Team approach across all products and business units
- Research-centered investment professionals

Group Segmentation (US, blns)

\$76.4

Global Fixed Income

47.7

US High Yield Strategies

13.8

Core Plus Strategies

8.8

Global High Yield

8.3

Core Investment Grade Strategies

5.4

Investment Grade Credit

4.2

Other Strategies

7.2

High Yield

19.6

Municipals

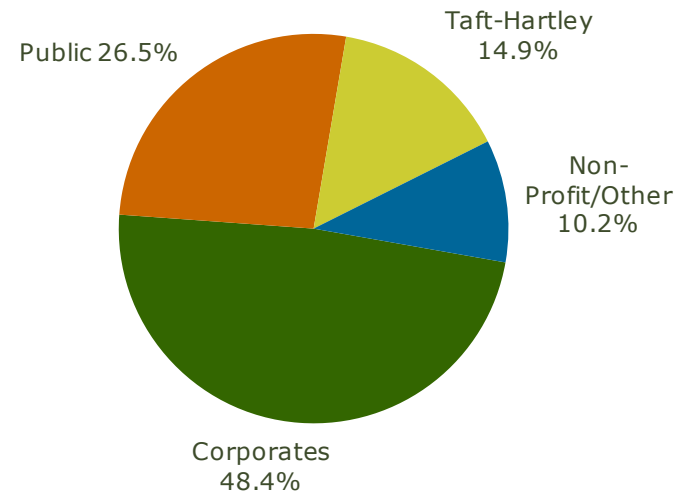
6.7

Convertibles

2.4

Institutional Separate Account Assets

By Client Type



Due to rounding, the sum of the items shown may not equal 100% or any expressed totals, as applicable.

MACKAY SHIELDS ORGANIZATIONAL CHART

JEFFREY PHLEGAR

Chairman & Chief Executive Officer

ADVISORY COMMITTEE

John Akkerman
Sr. Managing Director

Robert DiMella
Sr. Managing Director

John Loffredo
Sr. Managing Director

Ellen Metzger
General Counsel
Sr. Managing Director

Matthew Philo
Sr. Managing Director

Lucille Protas
President
& Chief Operating Officer
Sr. Managing Director

Dan Roberts
Sr. Managing Director

Virginia Rose
Managing Director

Edward Silverstein
Sr. Managing Director

GLOBAL FIXED INCOME

Dan Roberts

Louis Cohen	Ryan Downey
Michael Kimble	Dennis Hsu
Taylor Wagenseil	Susan Hutchison
Steven Rich	Nancy Poz
Claude Athaide	Jeffrey Saxon
Jakob Bak	Fran Schulman
Shu-Yang Tan	Alexander Davidovich
Matthew Jacob	Bernardo Mesa
Michael Starr	Anthi Simotas

TRADING

Scott Dolph • Laurie Walters
Seng Liew • Andrew Ruskulis

MUNICIPALS

Robert DiMella
John Loffredo
David Dowden
Mike Petty
Brian Stewart
Frances Lewis
Craig Munro
Joanna Ng
Chris Roberti
Scott Sprauer
Andrew Foust

HIGH YIELD

Matthew Philo
Nate Hudson
Michael Snyder
Andrew Susser
James Wolf
Dohyun Cha
Won Choi
Eric Gold
Thomas Metcalf

TRADING

Scott Mallek
Alex Leites

CONVERTIBLES

Edward Silverstein
Elizabeth Xu

GLOBAL MARKETING AND CLIENT SERVICE

John Akkerman

Jeffrey Anderson	Virginia Rose
James Farrell	Jennifer Beatty
Therese Hernandez	Steven Buckley
Kirk Kashevaroff	Beth Griper
Andrew Lai	Bernard Litzinger
Michelle Hennigar	Charles Youngblood
Marie Medina	Heather Howell
Brenda Rippe	Mary Ellen Sadim
	Danielle Weiss
	Robert Hannon

LEGAL/COMPLIANCE

Ellen Metzger

Rene Bustamante
Young Lee
John Rynn
Marina Semenenko
Peggy Musa
Lorena Cardenas
Ryan Biolsi

FINANCIAL/OPERATIONS/ HUMAN RESOURCES/TECHNOLOGY

Lucille Protas

Michael Corker	Ray LeFante
Frank Delia	Nunzia Mazzocchi
Stephanie Braico	Steve Wizeman
Steven Caiazzo	Tanya Garzon
Lu Ann Gilhooly	Anthony Vigilante
James Abbey	Patrick Fennessey

ALASKA RETIREMENT MANAGEMENT BOARD

Historical Rates of Return (%)

October 31, 2012

(except as noted)

	Alaska Retirement Management Board*	Custom Index**
Third Quarter	4.43	4.61
October	0.84	0.82
Year-to-Date	12.49	12.90
One Year	13.35	13.15
Three Years – Annualized	12.06	12.20
<i>2009</i>	<i>45.54</i>	<i>58.10</i>
Five Years – Annualized	9.02	9.28
Seven Years – Annualized	8.83	9.11
Since Inception – Annualized (4/15/2005)	8.44	8.82

* Gross of fees

** The custom index consists of the BofA Merrill Lynch High Yield Master II Index from inception through 12/31/06 and the BofA Merrill Lynch High Yield Master II Constrained Index thereafter.

Past performance is not indicative of future results.

ALASKA RETIREMENT MANAGEMENT BOARD

Historical Rates of Return (%)

	Alaska Retirement Management Board*	Custom Index**
2011	7.19	4.37
2010	13.22	15.07
2009	45.54	58.10
2008	-21.55	-26.11
2007	2.66	2.53
2006	11.14	11.77
2005 (4/15-12/31)	3.71	4.30

* Gross of fees

** The custom index consists of the BofA Merrill Lynch High Yield Master II Index from inception through 12/31/06 and the BofA Merrill Lynch High Yield Master II Constrained Index thereafter.

Past performance is not indicative of future results.

ALASKA RETIREMENT MANAGEMENT BOARD

Portfolio Characteristics

October 31, 2012

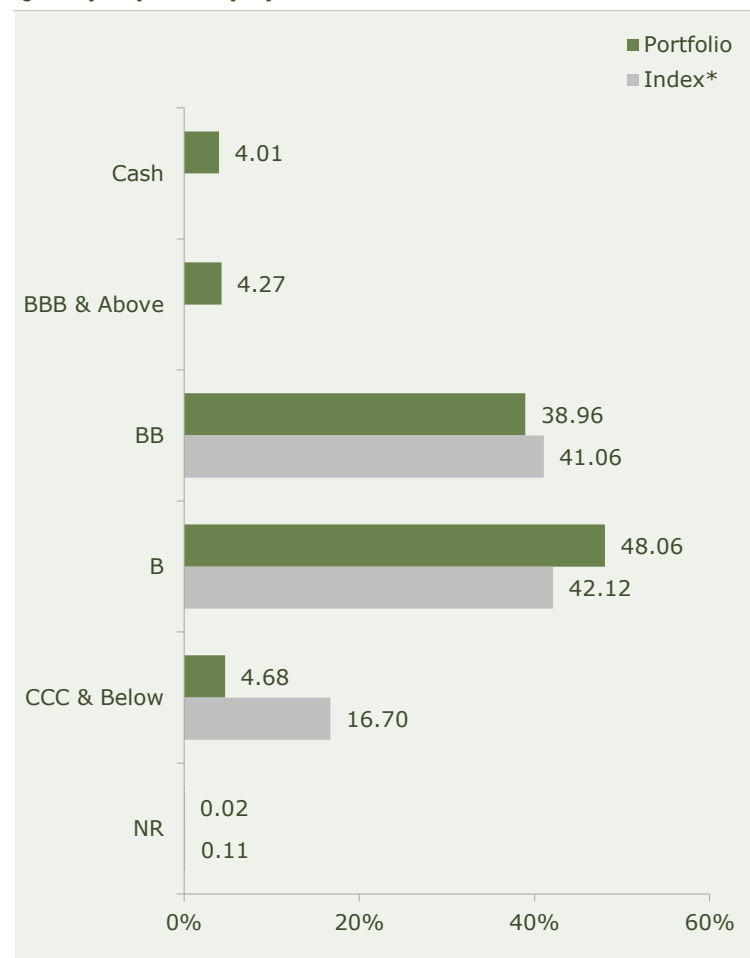
Market Value: \$491,784,089

Statistics	Portfolio	Index*
Current Yield (%)	7.16	7.68
Yield to Worst (%)	5.65	6.52
Modified Duration (years)	3.59	3.83
Average Credit Quality	BB-	B+

Yield to Worst is the lower of the yield to maturity or yield to call.

Top Ten Industries (%)	Portfolio	Index*
Energy – Exploration & Production	9.12	7.56
Auto Parts & Equipment	4.64	1.56
Support – Service	4.14	3.52
Building Materials	4.04	2.43
Chemicals	3.86	2.36
Metals/Mining – Excluding Steel	3.60	3.30
Telecom – Integrated/Services	3.59	4.94
Health Facilities	3.48	4.58
Diversified Capital Goods	3.38	1.02
Telecom – Wireless	3.18	4.19

Quality Exposure (%)



Portfolio using higher quality rating if split-rated.

*BofA Merrill Lynch High Yield Master II Constrained Index

HISTORICAL HIGH YIELD MARKET QUALITY SPREADS (CCC – B)

Current CCC-B Spread Near 20 Year Median

	BB	B	CCC	B – BB	CCC – B
31 October 2012 (bp)	411	626	1,035	215	409
16 December 2008 Peak (bp)	1,322	1,866	3,364	544	1,498
20 Year Median (bp)	347	535	1,034	182	521
1990 through 1991 (bp) <i>(recessionary period)</i>					
Median	460	730	2,041	341	1,348
Peak	540	1,026	3,568	579	2,542
2000 through 2002 (bp) <i>(recessionary period)</i>					
Median	426	748	2,172	291	1,378
Peak	670	1,025	2,741	465	1,826
2004 through 2006 (bp) <i>(period of growth)</i>					
Median	249	353	853	115	491
Peak	323	511	1,067	204	610

MACKAY SHIELDS PRE-CRISIS LBO SAMPLE INDEX*

September 30, 2012

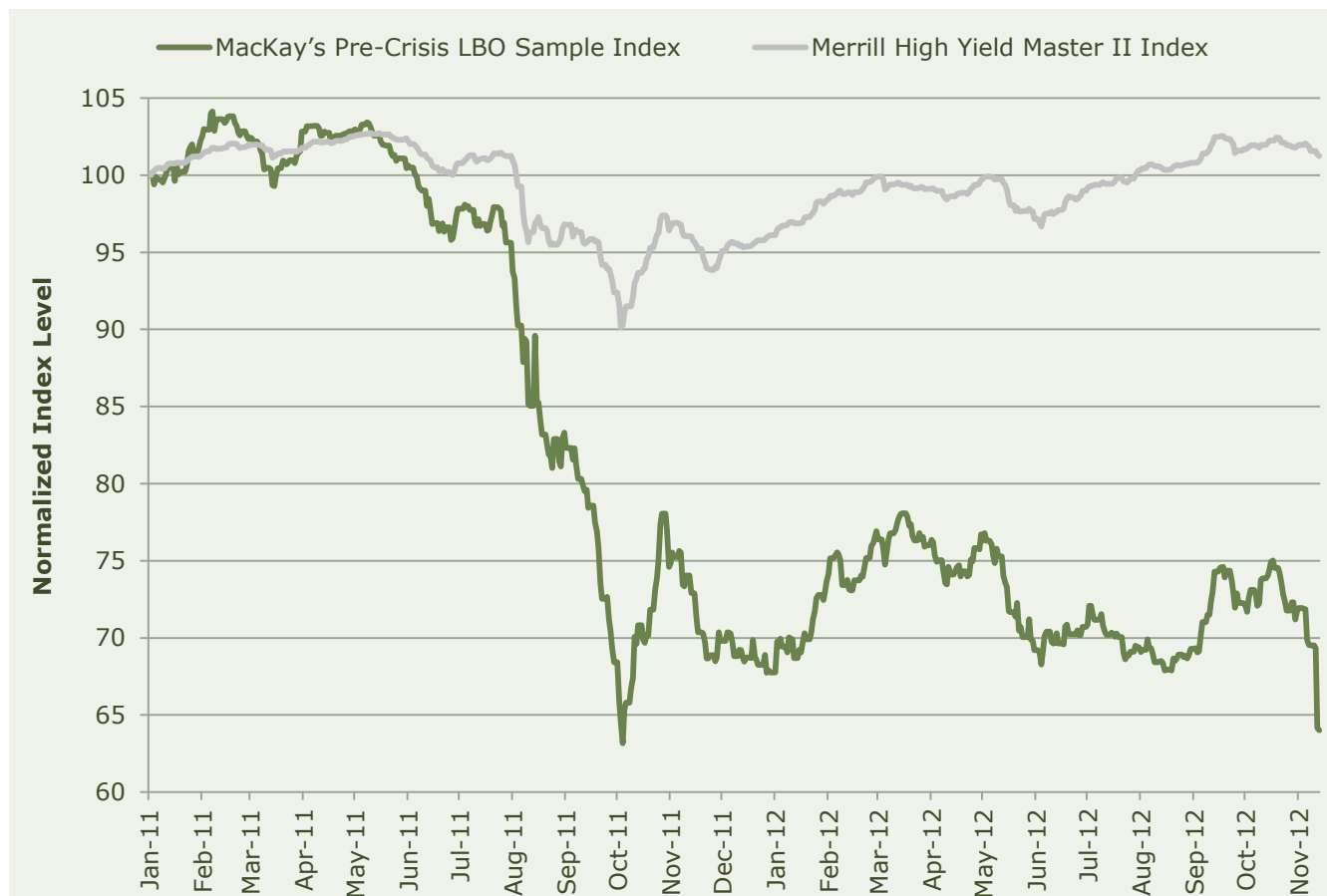
Issuer	Description	LBO	Year	Heavy 1 st Lien Leverage	Weak Covenants	Current Ratings	Current Net Leverage**
Affinion Group	11.500% due 2015	✓	2005	✓	✓	Caa2/CCC+	6.7x
Cengage	10.500% due 2015	✓	2007	✓	✓	Caa3/CCC	9.2x
Clear Channel	10.750% due 2016	✓	2008	✓	✓	Ca/CCC-	10.1x
TXU	10.250% due 2015	✓	2007	✓	✓	Ca/D	8.3x
First Data Corp	11.250% due 2016	✓	2007	✓	✓	Caa2/CCC+	9.5x
Momentive	11.500% due 2016	✓	2006		✓	Caa3/CC	11.4x
Hexion	9.000% due 2020	✓	2005	✓	✓	Caa1/CCC+	4.9x
Travelport	11.875% due 2016	✓	2006	✓	✓	Caa3/CCC	6.6x
Verso Paper	11.375% due 2016	✓	2006	✓	✓	Caa1/CCC+	7.9x
Claire's	10.500% due 2017	✓	2007	✓	✓	Caa3/CCC	8.2x
Harrahs Op Co	10.000% due 2018	✓	2008	✓	✓	NR/CCC	10.7x

*Qualities of the 11 credits in the MacKay Shields Pre-Crisis LBO sample Index are unsecured CCC & Below HY Issuers Trading at a Discount to Par with >\$1 Billion Bonds Outstanding.

**Source: Company's most recent 2012 reports and filings; MacKay analysis as of 9/30/12

MACKAY SHIELDS PRE-CRISIS LBO SAMPLE INDEX

As of November 14, 2012



Source: Bloomberg

The above graphic depicts the daily price returns for the MacKay Shields LBO Sample Index versus the Merrill Lynch HY Master II Index beginning January 3, 2011. Please note this LBO Sample Index is an equally weighted price index (each price value is equally weighted with all other price values over the time period), whereas the Merrill Lynch HY Master II Index is market value weighted and rebalanced monthly. Please also note that 100 has been used as the normalized starting point for both indices and that the issuers were priced off of real quotes from Bloomberg.

Due to the small number of issuers selected for the MacKay Shields LBO Sample Index, the lack of objective methodology for choosing the selected issuers, and therefore the potential for selection bias and other considerations, no representation can or is being made as to the reliability or usefulness of the LBO Sample Index for comparison purposes against the Merrill Lynch HY Master II Index. Nevertheless, we believe that the sample group is illustrative of a theme we have detected in high yield.

CURRENT OUTLOOK — STRATEGY

- Fundamentals: Bottom-up focus; listen to corporate managements
 - Recent corporate earnings mixed; guidance weaker
 - Global economic growth has slowed; revenue growth problematic
 - Capital expenditures and hiring plans reflect caution
 - Concern economy has not achieved self-sustaining growth
- Opportunity: Higher quality credits remain attractive
 - Strong asset coverage and free cash flows that fit Investment Process
 - Spreads remain attractive relative to default risk and in historical context
 - Liquidity/maturity profiles extremely strong
 - Well positioned to survive an extended period of challenged economic growth
- Danger: Weaker CCC-type credits generally unattractive
 - Largest CCC issuers are 2006-08 LBO financings
 - Weak covenants, high leverage, significant bank debt
 - Defaults postponed, not avoided – simple bond math
 - Not adequately capitalized to survive recent/current economic environment
- Strategy: Always maintain strict adherence to Investment Process
 - Require margin of safety through excess asset coverage and free cash flow generation
 - Investment in companies with strategic importance

HIGH YIELD INVESTMENT TEAM

Name	Responsibilities	Investment Experience	Education
J. Matthew Philo, CFA <i>Senior Managing Director Lead Portfolio Manager</i>	<ul style="list-style-type: none"> Generalist 	Thorsell, Parker Partners Inc. Moran Asset Management	New York University, MBA SUNY Albany, BA Chartered Financial Analyst
Nate Hudson, CFA <i>Managing Director Portfolio Manager/Analyst</i>	<ul style="list-style-type: none"> Automotive/Transportation Building Materials Homebuilding 	Banc of America Securities Nomura Corporate Research & Asset Management (NCRAM)	Yale University, BA Chartered Financial Analyst
Michael A. Snyder <i>Managing Director Portfolio Manager/Analyst</i>	<ul style="list-style-type: none"> Aerospace/Defense Consumer Products Manufacturing Media-Diversified 	AllianceBernstein DLJ Asset Management Bear Stearns Asset Management Group Prudential Insurance Company of America	Duke University's Fuqua School of Business, MBA Dickinson College, BA
Andrew Susser <i>Managing Director Portfolio Manager/Analyst</i>	<ul style="list-style-type: none"> Food Gaming & Leisure Lodging Retail Services 	GoldenTree Asset Management Banc of America Salomon Brothers Moody's Investors Service Shearman & Sterling	University of Pennsylvania Law School, JD Wharton Graduate School of Business, MBA Vassar College, BA
James S. Wolf <i>Managing Director Portfolio Manager/Analyst</i>	<ul style="list-style-type: none"> Finance Health Care 	First Albany Capital RBC Capital Markets Bear, Stearns Co.	University Of Rochester's Simon School of Business, MBA Northwestern University, BA
Dohyun Cha, CFA <i>Director Analyst/Portfolio Manager</i>	<ul style="list-style-type: none"> Energy Utilities 	Credit Suisse First Boston CIBC World Markets	Boston College, BS Chartered Financial Analyst
Won Choi, CFA <i>Director Analyst/Portfolio Manager</i>	<ul style="list-style-type: none"> Chemicals Metals Paper & Packaging 	Fenway Partners, Inc. Salomon Smith Barney	Yale University, BA Chartered Financial Analyst
Eric Gold <i>Director Analyst/Portfolio Manager</i>	<ul style="list-style-type: none"> Media-Cable TV/Broadcasting Technology Telecommunications 	Sterne, Agee & Leach Inc. BlackRock Grantchester Securities	New York University, MBA Vassar College, BA
Thomas Metcalf <i>Associate Research Analyst</i>	<ul style="list-style-type: none"> Generalist 	iO Global Ltd.	University of Durham, MS, BS
Traders			
Scott Mallek <i>Director High Yield Trader</i>	<ul style="list-style-type: none"> Trading 	Salomon Smith Barney	Fairfield University, BA
J. Alex Leites <i>Associate Director High Yield Trader</i>	<ul style="list-style-type: none"> Trading 	Credit Suisse First Boston Kinexus Inc.	New York University, BS

HIGH YIELD INVESTMENT PROCESS

VALUE-ORIENTED SECURITY SELECTION PROCESS

OBJECTIVES

Meet minimum yield requirement
Generally exclude illiquid issues

CRITERIA

Generally YTM >200 bps over comparable Treasury
Minimum issue size of \$100 million (95%)

HIGH YIELD UNIVERSE
≈ 2,000 COMPANIES

MARGIN-OF-SAFETY FINANCIAL ANALYSIS

Control default risk

Excess asset coverage (i.e. Loan to Value)
Free cash flow

BUSINESS JUDGEMENT

Identify strategic companies

Quality of business
Management intent
Direction of business

CATALYST

Identify improving credits

Free cash flow used to retire 1/2 of debt in 5 years
Company willingness to access equity markets
Corporate restructuring in place

HIGH YIELD FOCUS LIST
≈ 300 Companies

Relative value

Reduce risk through diversification

HIGH YIELD PORTFOLIO
≈ 200-225 ISSUERS

Sector weighting limits
Individual issue limit

All numbers and ranges referred to above are approximations only, and assume normal market conditions and the application of MacKay Shields standard investment guidelines. In addition, the 200 – 225 range for high yield portfolio issuers referred to above is an approximation of the average number of issuers in a typical portfolio over a rolling three year period only. Unusual market conditions, client cash flow activity, compliance with specific client instructions and other factors may cause the number of issuers in the portfolio to fall outside this approximate range during any given rolling three year period.

WE DEVELOP A THOROUGH UNDERSTANDING OF RISK AND ASSET VALUE

Every Holding is in 1 of 4 Groups

■ Group I Highest Quality Credits (BBB-BB)

- Minimum 2x asset coverage
- Low cash flow volatility

■ Group II Seasoned Issuers (BB-B)

- Minimum 2x asset coverage
- Moderate cash flow volatility

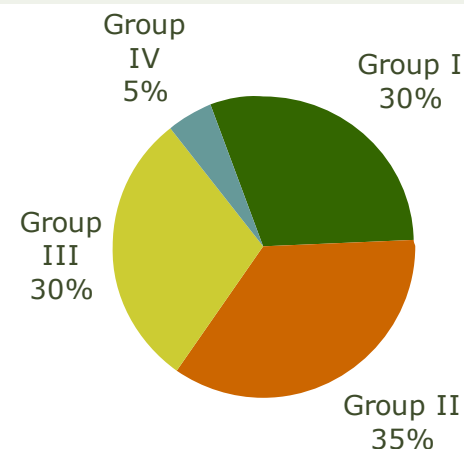
■ Group III Risk Credits (B-CCC)

- Minimum 1.5x asset coverage
- Higher cash flow volatility

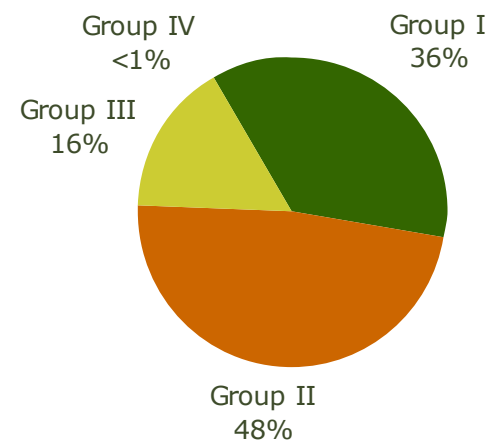
■ Group IV Restructurings

- Current or anticipated defaults

Normal Portfolio Over Time



Current Portfolio*



*October 31, 2012 – Preliminary

ARMB 120712 HY R

HOW MACKAY SHIELDS MANAGES RISK

- **Minimize default risk**
 - Focus on asset coverage and free cash flow
 - Our default rate has historically averaged 53% of the market*
- **Diversification of holdings with average position size less than 1%**
 - No single position is more than 4% of the portfolio
- **Diversification of portfolio sector weights**
 - Industry weights limited to greater of 15% or 2x the index weight
- **Sell discipline**
 - Change in fundamentals
 - Valuation exceeds target price

* For the period 1/92 – 12/11, MacKay Shields' average default rate was 1.93%, the Credit Suisse High Yield Default Rate average was 3.64%. (Default rates are calculations which represent the total dollar volume of defaulted speculative grade or high yield corporate bonds over a twelve-month period divided by the total face amount of such bonds outstanding that could have defaulted during the period of their respective bond universes.)

APPENDIX

ALASKA RETIREMENT MANAGEMENT BOARD

Investment Guidelines

- A. Purpose.** The emphasis of investments in high yield fixed income securities shall be diversification, subject to defined constraints, to minimize risk.
- B. Merrill Lynch U.S. High Yield Master II Constrained Index Portfolio.**
- 1. Investment Structure.** Permissible investments shall be limited to the following:
- a. Money market investments comprising:
 - 1. Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by retirement funds will take custody of the collateral;
 - 2. Commercial paper; and
 - 3. Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of \$5 billion.
 - b. United States Treasury obligations including bills, notes, bonds other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
 - c. Other full faith and credit obligations of the U.S. Government.
 - d. Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
 - e. Securities issued or guaranteed by states or municipalities in the United States.

ALASKA RETIREMENT MANAGEMENT BOARD

Investment Guidelines - Continued

- a. Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities.
- b. Corporate debt securities comprising:
 - 1. Corporate debt issued in the U.S. capital markets by U.S. companies; and
 - 2. Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
 - 3. Yankee debt (that is, U.S. dollar denominated obligations and issued in the U.S. capital markets by foreign issuers).
 - 4. Non-U.S. dollar denominated debt, if hedged to U.S. dollars.
- c. Convertible bonds.
- d. Bank debt.
- e. Preferred stock.
- f. Common stock.
- g. Warrants.

2. Limitation on Holdings. The lower of any S&P, Moody's or Fitch rating will be used for limits on securities rated below B3 or B-, and the higher rating will be used for limits on securities rated A3 or A- or higher. Only one rating is necessary. The following restrictions reference Moody's ratings, but apply to all corresponding ratings by S&P, Moody's or Fitch for a given security. The Contractor shall apply appropriate diversification standards subject, however, to the following limitations based on the current market value of assets:

- a. The portfolio's duration may not exceed a band of +/-20% around the duration of the of the Merrill Lynch U.S. High Yield Master II Constrained Index.

ALASKA RETIREMENT MANAGEMENT BOARD

Investment Guidelines - Continued

- a. 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.
- b. 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.
- c. 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.
- d. The manager is not allowed to hold a net short position in any currency and may not participate in hedging other than defensive hedging which is defined as hedging of foreign currency exposure directly into the U.S. dollar.
- e. Futures and forward contracts for the purchase or sale of currencies may be entered into only to facilitate securities transactions or for defensive hedging as described in 2e.
- f. The Contractor may not invest more than 25% of the portfolio's assets in any one corporate sector as defined by the Merrill Lynch U.S. High Yield Master II Constrained Index, as defined as Industry Level 3.
- g. Warrants and common stock are authorized investments only if issued in conjunction with or related to bonds purchased by the contractor.
- h. 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.
- i. The Contractor may not invest more than 5% of the portfolio's assets in any one corporate issuer.
- j. Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.

ALASKA RETIREMENT MANAGEMENT BOARD

Investment Guidelines - Continued

1. **Specific Exclusions on Investments.** The manager shall apply appropriate limitations designed to reduce risk exposure at the time investment securities are purchased, and shall, at a minimum, apply the following limitations:
 - a. There shall be no investment in private placements, except Rule 144A securities and bank debt.
 - b. The manager shall not sell securities short.
 - c. The manager shall not purchase securities on margin.
 - d. The manager shall not utilize options or futures, other than as described in section 2f.
2. **Required Remedies.** Recognizing that ratings and relative asset worth may change, the manager shall liquidate invested securities with care and prudence when the relative market value of an investment type limited by these guidelines exceeds the levels of holdings permitted. The manager is required to notify the chief investment officer to discuss the situation and the proposed liquidation strategy if it is not prudent simply to liquidate immediately.

BIOGRAPHIES

Investment Professionals/High Yield

J. Matthew Philo, CFA

*Senior Managing Director
Head of High Yield Division*

Matt joined the firm in 1996 from Thorsell, Parker Partners Inc. where he was a Research Analyst and Portfolio Manager focusing on mid-cap companies. He was previously with Moran Asset Management as an Equity Portfolio Manager and Analyst. Matt became a CFA Charterholder in 1993. He received a BA in Economics from the State University of New York at Albany and an MBA in Finance from New York University. Matt has been in the investment management and research industry since 1984.

Nate Hudson, CFA

*Managing Director
Portfolio Manager/Analyst
High Yield Division*

Nate joined MacKay Shields in 2008 from Banc of America Securities where he was a Senior Analyst of High Yield Credit in Strategic Capital's (White Ridge Advisors) proprietary investment group. Prior to that, he was a sell-side High Yield Analyst at Banc of America Securities. Nate began his career at Nomura Corporate Research & Asset Management (NCRAM) as a High Yield Credit Analyst after receiving a BA in both History and Economics from Yale University in 1991. Nate became a CFA Charterholder in 1994 and has been in the investment management industry since 1991.

Michael A. Snyder

*Managing Director
Portfolio Manager/Analyst
High Yield Division*

Prior to joining MacKay Shields in 2006, Michael was a Managing Director with AllianceBernstein as the Director of their Global High Yield Group. He was previously a Managing Director with both DLJ Asset Management and Bear Stearns Asset Management Group as the Director for DLJ's Leverage Investment Group and Director of Bear Stearns High Yield Investment Group. Michael began his career as a Senior Vice President with Prudential Insurance Company of America, first in Merchant Banking and then High Yield Investments. He graduated with an MBA in Finance from Duke University's Fuqua School of Business and a BA in Economics from Dickinson College. Michael has been in the investment management industry since 1987.

Andrew Susser

*Managing Director
Portfolio Manager/Analyst
High Yield Division*

Prior to joining MacKay Shields in 2006, Andrew was a Portfolio Manager with GoldenTree Asset Management. He was previously a Managing Director and Head of High Yield Bond Research at Banc of America Securities covering the gaming, lodging and leisure sectors. From 1999-2004, Andrew was a member of the Institutional Investor All-America Fixed Income Research Team and, from 2002 through 2004, he was ranked the No. 1 analyst in his sector. Andrew has worked as a Fixed Income Analyst for Salomon Brothers, a Senior Analyst at Moody's Investors Service and a Market Analyst and Institutional Trading Liaison for Merrill Lynch Capital Markets. He began his career as a Corporate Finance and M&A Attorney at Shearman & Sterling in their New York office. Andrew graduated with an MBA from the Wharton Graduate School of Business, a JD from the University of Pennsylvania Law School and a BA in Economics from Vassar College. Andrew worked in the institutional capital markets from 1986 to 1996, and has been in the investment management industry since 1996.

James S. Wolf

*Managing Director
Portfolio Manager/Analyst
High Yield Division*

Joining the firm in 2006, Jim was formerly at First Albany Capital where he was a Managing Director and Director of Research. Prior to First Albany, Jim was a Director with RBC Capital Markets and a Managing Director of High Yield Research at Bear, Stearns & Co. Jim received a BA from Northwestern University and an MBA from the University of Rochester's Simon School of Business. He has been in the investment management industry since 1987.

BIOGRAPHIES

Investment Professionals/High Yield

Dohyun Cha, CFA

Director

Analyst/Portfolio Manager

High Yield Division

Dohyun joined MacKay Shields as an Associate Director and Research Analyst in 2006. Dohyun was most recently a Vice President and Equity Analyst at Credit Suisse. Prior to that, he was a Financial Analyst at CIBC World Markets. He received his BS in both Finance and Marketing from Boston College and is a CFA Charterholder. Dohyun has been in the investment management and research industry since 1997.

Won Choi, CFA

Director

Analyst/Portfolio Manager

High Yield Division

Won joined MacKay Shields in 2002 from Fenway Partners, Inc. where he was a Private Equity Associate. Previously, he was a Financial Analyst in the Financial Entrepreneurs Group at Salomon Smith Barney. Won received a BA in Economics from Yale University and became a CFA Charterholder in 2005. He has been in the investment management industry since 1997.

Eric Gold

Director

Analyst/Portfolio Manager

High Yield Division

Eric joined MacKay Shields in 2010 from Sterne Agee & Leach, Inc. where he worked as a sell-side Analyst covering the telecommunications, cable and media sectors. Previously, Eric was an Analyst at BlackRock and a sell-side Analyst at Grantchester Securities where he was ranked by Institutional Investor as the #1 analyst in the wireless telecommunications sector for 1999, 2000, 2001 and 2002. Eric has a BA from Vassar College and an MBA from New York University. He has been in the investment management industry since 1987.

Thomas Metcalf

Associate

Research Analyst

Tom joined MacKay Shields in 2011 as an intern in the High Yield Division. Prior to joining the firm, he was a Content Publisher at iO Global Ltd. Tom earned a BS in Natural Sciences and an MS in Economics and Finance from the University of Durham. He has been in the investment management industry since 2011.

Traders

Scott D. Mallek

Director

High Yield Division

Scott joined MacKay Shields in 2002 after spending six years with Salomon Smith Barney, where he was an Assistant Vice President involved with IFG High Yield Trading. Scott received a BA in Economics from Fairfield University and has been in the investment management industry since 1996.

Alex Leites

Associate Director

High Yield Division

Alex joined MacKay Shields in 2002 from Credit Suisse First Boston where he was a Settlements Specialist. Alex was previously affiliated with Kinexus, Inc. and Bank of New York. Earlier in his career he was with Lazard Asset Management and Prudential Securities. Alex has a BS in Economics and Business Management from New York University's Stern School of Business and has been in the investment management industry since 1993.

BIOGRAPHIES

Senior Management

Jeffrey Phlegar

Chairman & Chief Executive Officer

Jeffrey Phlegar became the Chairman and Chief Executive Officer of MacKay Shields LLC in December, 2011. An 18 year veteran of AllianceBernstein, Jeff most recently served as president of Special Opportunities and Advisory Services, responsible for building a variety of new business initiatives, including the firm's new alternatives platform.

From 2004 through 2008, Jeff co-led AllianceBernstein's fixed income division as executive vice president and chief investment officer. In this role, he was responsible for overseeing all aspects of the firm's fixed income business, including oversight of its portfolio management, research and risk management teams, client relationships worldwide, as well as the development and implementation of new products and successful strategies for distribution, servicing, and technology/operations.

Previous roles at AllianceBernstein included serving as Director of U.S. Fixed Income and Insurance, Director of Liquid Markets/MBS and portfolio manager for Taxable Fixed Income & Insurance. Prior to joining AllianceBernstein in 1993, Jeff had portfolio manager responsibilities at Equitable Capital Management and served as a fixed income product specialist at Dreyfus Corp.

Jeff received his MBA from Adelphi University and a BBA at Hofstra University.

Lucille Protas

President & Chief Operating Officer

Lucille joined the firm in 1973 as an Investment Research Assistant and became Senior Analyst in the accounting and financial division in 1977. Lucille was named Treasurer in 1983, became a Director in 1988, and was made Chief Administrative Officer in 1992 and then Chief Operating Officer in 2007. Lucille was promoted to Managing Director in 1996 and Senior Managing Director in 2000. Lucille has been in the investment management industry since 1973. She attended Fairleigh Dickinson University.

BIOGRAPHIES

Marketing & Client Service

John W. Akkerman, CFA CAIA
Senior Managing Director
Global Head of Distribution

A Senior Managing Director and the Global Head of Distribution, John is responsible for creating and implementing strategies for MacKay's distribution, marketing, consultant relations, and client service practices. He joined MacKay Shields in September 2012 after sixteen years in various leadership roles at AllianceBernstein where he most recently led the firm's specialist institutional sales and marketing functions focused on alternatives and fixed income. From 2004 through 2010 he was responsible for the expansion and leadership of the institutional business in Canada, the United States and Latin America. This followed the launch and development of AllianceBernstein's Canadian business from 1996-2004 where he successfully established the firm as one of the country's preeminent asset managers. Prior to 1996, Akkerman was a shareholder at TAL Investment Counsel, a business development executive at Sun Life and a corporate banking officer with Bank of Montreal. He earned a BComm in finance and marketing from Saint Mary's University and an MBA from the University of Western Ontario. John is a member of the Toronto Society of Financial Analysts and is also a CFA charterholder, as well as a Chartered Alternative Investment Analyst (CAIA).

Virginia E. Rose
Managing Director
Head of Institutional Client Service

Virginia is Head of Institutional Client Service. Prior to joining MacKay Shields in 1990, Virginia was a Marketing Assistant with Glickenhau & Co., Stamford Capital and a Research Analyst at New York Capital Resources specializing in Mergers & Acquisitions. Virginia attended Northeastern University and has been in the investment industry since 1985.

Jennifer R. Beatty
Director
Product Specialist-High Yield

Jennifer joined MacKay Shields in 2005 as an Associate in the Institutional Client Service Division. Most recently Jennifer was with Trainer Wortham & Co. Inc., a subsidiary of First Republic Bank, as a Marketing Associate. Prior to that, she was a Marketing Associate at Victory SBSF Capital Management. Jennifer began her career as a Financial Advisor Assistant with American Express Financial Advisors. She received a BBA in Finance and an AAB in Business Management from Ohio University. Jennifer's career in the investment management industry began in 1997.

ALASKA RETIREMENT MANAGEMENT BOARD

HIGH YIELD PORTFOLIO

ALASKA STATE HIGH YIELD

Summary Report — Account 1022 October 31, 2012

	Market Value	Percent of Assets
AUTOMOTIVE	32,824,916	6.67
BANKING	8,447,261	1.72
BASIC INDUSTRY	65,303,462	13.28
CAPITAL GOODS	34,509,277	7.02
CONSUMER CYCLICAL	23,312,054	4.74
CONSUMER NON-CYCLICAL	22,704,809	4.62
ENERGY	63,514,412	12.92
FINANCIAL SERVICES	20,595,702	4.19
HEALTHCARE	47,204,898	9.60
INSURANCE	3,819,568	0.78
MEDIA	29,663,296	6.03
NOT APPLICABLE	977,550	0.20
SERVICES	59,390,766	12.08
TECHNOLOGY & ELECTRONICS	8,970,024	1.82
TELECOMMUNICATIONS	34,055,003	6.92
UTILITY	16,777,650	3.41
Cash & Equivalents	19,710,790	4.01
Accrual Adjustment for Unsettled Trades	2,650	0.00
Total Portfolio	\$491,784,089	100.00%

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxyt
AUTOMOTIVE - Auto Loans													
225310AD3	665	CREDIT ACCEPTANC	9.125	02/01/17	BB	B1	101.53	109.75	745,008	0.15	4.54	1.10	0.15
345397VC4	1,700	FORD MOTOR CREDIT CO LLC	8.000	12/15/16	BB+	Baa3	113.25	121.10	2,110,129	0.43	2.57	3.52	0.15
345397VH3	780	FORD MOTOR CREDIT CO LLC REG	12.000	05/15/15	BB+	Baa3	127.00	123.25	1,004,510	0.20	2.49	2.17	0.06
37045XAD8	1,130	GENERAL MOTORS FINANCIAL CO 144A	4.750	08/15/17	BB-	Ba3	100.00	102.38	1,168,075	0.24	4.19	4.22	0.21
37045XAB2	1,850	GENERAL MOTORS FINL REG	6.750	06/01/18	BB-	Ba3	100.00	110.87	2,103,036	0.43	4.52	4.57	0.26
			7.780	04/14/17	BB	Ba2			7,130,757	1.45	3.61	3.50	0.18
AUTOMOTIVE - Auto Parts & Equipment													
00828BAB1	1,205	AFFINIA GROUP INC REG	9.000	11/30/14	CCC+	B3	100.00	100.50	1,256,526	0.26	8.72	1.80	0.04
019736AC1	1,895	ALLISON TRANSMISSION INC 144A	7.125	05/15/19	B-	B3	96.42	106.38	2,078,065	0.42	5.51	4.20	-0.46
030210AF5	2,000	AMERICAN TIRE DISTRIBUTORS REG	9.750	06/01/17	B-	B2	105.97	105.63	2,193,750	0.45	7.91	2.90	0.16
DE000A1G9JJ0	1,155	CONTINENTAL RUBBER OF AMERICA CORP 144A	4.500	09/15/19	BB-	Ba2	100.28	102.15	1,185,174	0.24	4.01	5.70	-0.39
216762AE4	1,680	COOPER STANDARD AUTOMOTIVE INC REG	8.500	05/01/18	BB-	B2	107.26	107.13	1,871,100	0.38	6.17	2.70	0.23
235825AA4	500	DANA HOLDINGS CORP REG	6.500	02/15/19	BB	B2	97.95	104.38	528,736	0.11	5.34	4.50	0.31
235825AB2	910	DANA HOLDINGS CORP REG	6.750	02/15/21	BB	B2	104.12	105.75	975,293	0.20	5.65	6.00	0.49
24713EAC1	1,650	DELPHI CORP REG	5.875	05/15/19	BB+	Ba2	99.64	106.88	1,808,136	0.37	4.03	1.43	0.34
302051AQ0	1,705	EXIDE TECHNOLOGIES REG	8.625	02/01/18	B	B2	87.59	81.13	1,419,945	0.29	13.80	3.80	0.19
DD9FPC17	935	FLEETPRIDE CORP TERM LOAN	6.750	12/06/17	B+	B1	98.00	99.88	934,306	0.19	6.49	0.25	0.31
45903PAA5	545	INTL AUTOMOTIVE COMPONENTS 144A	9.125	06/01/18	B	Caa1	100.00	96.38	545,965	0.11	9.98	4.10	0.22
806261AC7	3,095	SCHAEFFLER FINANCE BV 144A	7.750	02/15/17	B+	Ba3	102.85	110.38	3,466,744	0.70	5.03	3.62	0.16
806261AA1	875	SCHAEFFLER FINANCE BV 144A	8.500	02/15/19	B+	Ba3	103.27	111.63	992,420	0.20	5.64	3.60	-0.74
86183PAE2	355	STONERIDGE INC 144A	9.500	10/15/17	BB-	B2	100.00	107.88	384,455	0.08	7.18	3.28	0.19
880349AN5	345	TENNECO AUTOMOTIVE REG	7.750	08/15/18	BB-	B1	100.00	108.88	381,263	0.08	4.62	1.65	0.26
880349AQ8	915	TENNECO INC REG	6.875	12/15/20	BB-	B1	100.00	108.88	1,019,971	0.21	4.81	2.75	0.47
87264MAA7	1,665	TRW AUTOMOTIVE INC 144A	7.000	03/15/14	BB	Ba2	104.89	105.63	1,773,549	0.36	2.79	1.31	0.02
			7.638	01/20/18	B+	B1			22,815,399	4.64	6.14	3.11	0.08
AUTOMOTIVE - Automakers													
345277AB3	60	FORD HOLDING INC	9.375	03/01/20	BB+	Baa3	86.38	126.13	76,613	0.02	5.06	5.49	0.39
345277AE7	810	FORD HOLDINGS INC	9.300	03/01/30	BB+	Baa3	108.73	140.38	1,149,593	0.23	5.62	9.83	1.43
345370BX7	85	FORD MOTOR CO	6.500	08/01/18	BB+	Baa3	68.50	114.13	98,388	0.02	3.75	4.80	0.28
47009XAB5	690	JAGUAR LAND ROVER PLC 144A	8.125	05/15/21	BB-	Ba3	96.78	107.75	769,326	0.16	6.64	4.32	0.47
688225AB7	550	OSHKOSH CORP REG	8.250	03/01/17	BB	B1	107.18	108.88	606,375	0.12	4.36	1.25	0.16
688225AD3	160	OSHKOSH CORP REG	8.500	03/01/20	BB	B1	100.00	110.13	178,467	0.04	5.53	2.30	0.38
			8.622	10/17/23	BB	Ba2			2,878,760	0.59	5.54	5.80	0.77
			7.755	05/23/18	BB-	Ba3			\$32,824,916	6.67%	5.54	3.43	0.16
Banking - BANKING													
370425RZ5	1,308	ALLY FINANCIAL INC	8.000	11/01/31	B+	B1	93.93	119.10	1,610,181	0.33	6.27	10.14	1.58
36186CBZ5	360	ALLY FINANCIAL INC REG	7.500	12/31/13	B+	B1	100.75	106.13	391,125	0.08	2.15	1.10	0.02

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
BANKING - Banking (Continued)													
02005NAD2	2,695	ALLY FINANCIAL INC REG	6.250	12/01/17	B+	B1	98.60	109.82	3,029,950	0.62	4.09	4.28	0.28
02005NAJ9	1,695	ALLY FINANCIAL INC REG	7.500	09/15/20	B+	B1	95.19	117.88	2,014,225	0.41	4.75	6.05	0.47
36186CBY8	371	ALLY FINANCIAL INC REG	8.000	11/01/31	B+	B1	93.38	119.00	456,330	0.09	6.27	10.14	1.58
12527MAA8	955	CFG HOLDINGS LTD 144A	11.500	11/15/19	B	B3	98.00	99.00	945,450	0.19	11.70	4.73	0.30
			7.622	01/09/22	B+	B1			\$8,447,261	1.72%	5.54	6.04	0.63
BASIC INDUSTRY - Building Materials													
120111BL2	340	BUILDING MATERIALS CORP 144A	6.750	05/01/21	BB+	Ba3	103.00	109.00	382,075	0.08	4.82	5.50	-0.29
120111BH1	330	BUILDING MATERIALS CORP AMERICA 144A	7.000	02/15/20	BB+	Ba1	105.50	108.50	362,927	0.07	4.50	2.70	-1.06
120111BJ7	555	BUILDING MATERIALS CORP OF AMER 144A	7.500	03/15/20	BB+	Ba3	104.27	108.75	608,881	0.12	5.03	3.00	-0.92
120111BK4	2,258	BUILDING MATERIALS CORP OF AMERICA 144A	6.875	08/15/18	BB+	Ba3	100.65	107.25	2,454,477	0.50	4.47	1.66	0.27
42210PAQ5	1,700	HEADWATERS INC	7.625	04/01/19	B+	B2	96.91	102.25	1,749,052	0.36	7.02	3.69	0.31
458665AR7	1,535	INTERFACE INC REG	7.625	12/01/18	BB	B1	100.00	108.13	1,708,487	0.35	5.20	2.90	-0.90
475793AA3	1,130	JELD WEN ESCROW CORP 144A	12.250	10/15/17	B-*	B3	97.42	115.25	1,308,477	0.27	6.77	1.75	0.18
644274AB8	1,615	NEW ENTERPRISE STONE & LIME REG	11.000	09/01/18	C	Caa3	96.99	73.00	1,208,558	0.25	18.81	3.70	0.19
644274AC6	1,264	NEW ENTERPRISE STONE AND LIME CO 144A	13.000	03/15/18	CCC-	Caa1	101.32	102.00	1,310,743	0.27	12.38	3.23	0.19
882491AQ6	4,800	TEXAS INDUSTRIES INC	9.250	08/15/20	B-	Caa2	100.60	106.75	5,217,733	1.06	7.77	5.10	-0.20
903293BB3	875	USG CORP 144A	7.875	03/30/20	BB-	B2	100.50	109.00	959,684	0.20	5.90	4.90	-0.21
903293AR9	65	USG CORP REG	6.300	11/15/16	B-	Caa2	97.25	101.75	68,026	0.01	5.81	3.43	0.15
929160AQ2	1,525	VULCAN MATERIALS COMPANY	6.500	12/01/16	BB	Ba3	101.36	110.00	1,718,802	0.35	3.83	3.52	0.15
929160AR0	695	VULCAN MATERIALS COMPANY	7.500	06/15/21	BB	Ba3	110.58	113.00	805,042	0.16	5.58	6.31	0.59
			8.697	04/25/19	B+	B2			19,862,964	4.04	7.26	3.73	-0.06
BASIC INDUSTRY - Chemicals													
12527GAA1	265	CF INDUSTRIES HOLDINGS INC	6.875	05/01/18	BBB-	Baa3	100.00	122.80	334,525	0.07	2.42	4.58	0.28
12527GAB9	290	CF INDUSTRIES HOLDINGS INC	7.125	05/01/20	BBB-	Baa3	99.88	126.75	377,895	0.08	3.10	5.88	0.44
373200AV6	1,571	GEORGIA GULF CORPORATION 144A	9.000	01/15/17	BB	B1	107.56	111.00	1,785,442	0.36	3.30	1.13	0.15
44701QAV4	870	HUNTSMAN INTERNATIONAL REG	5.500	06/30/16	BB-	B1	92.80	100.25	888,258	0.18	1.86	0.10	0.00
44984WAE7	1,375	INEOS FINANCE PLC 144A	7.500	05/01/20	B+	B1	101.00	101.25	1,442,891	0.29	7.22	4.30	0.39
500605AE0	982	KOPPERS INC REG	7.875	12/01/19	B+	B1	104.86	109.75	1,109,967	0.23	4.71	1.90	-1.07
50077DAB0	1,253	KRATON POLYMERS LLC/CAP REG	6.750	03/01/19	B+	B1	101.60	103.00	1,304,686	0.27	5.95	4.80	0.31
65339VAB2	800	NEXEO SOLUTIONS REG	8.375	03/01/18	B-	B3	100.00	98.50	799,167	0.16	8.73	4.16	0.22
66977WAM1	660	NOVA CHEMICALS CORP REG	8.625	11/01/19	BB+	Ba2	109.25	113.25	775,913	0.16	3.75	1.80	-0.95
66977WAK5	610	NOVA CHEMICALS REG	8.375	11/01/16	BB+	Ba2	98.75	110.25	698,069	0.14	2.13	0.94	0.14
680665AG1	1,045	OLIN CORP	8.875	08/15/19	BB-	Ba1	106.56	113.50	1,205,654	0.25	3.41	1.60	-0.99
680665AH9	1,136	OLIN CORP	5.500	08/15/22	BB-	Ba1	100.49	103.25	1,184,895	0.24	5.07	7.47	0.69
71742QAQ9	2,625	PHIBRO ANIMAL HEALTH CORP 144A	9.250	07/01/18	B-	Caa1	102.01	97.00	2,627,188	0.53	9.95	4.20	0.23
73179PAH9	760	POLYONE CORPORATION	7.375	09/15/20	B+	Ba3	103.78	107.75	826,062	0.17	5.61	2.56	0.44
73179VAF0	1,940	POLYPORE INTERNATIONAL INC REG	7.500	11/15/17	B+	B3	100.00	108.00	2,162,292	0.44	4.82	1.40	-2.24
774477AJ2	1,395	ROCKWOOD SPECIALTIES GROUP INC	4.625	10/15/20	BB	Ba2	100.00	103.00	1,443,302	0.29	4.05	6.50	0.03
			7.595	01/28/19	BB-	B1			18,966,204	3.86	5.35	3.28	-0.23

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxyt
BASIC INDUSTRY - Forestry/Paper													
097395AJ6	1,925	BOISE CASCADE LLC 144A	6.375	11/01/20	B+	B2	101.01	101.50	1,956,943	0.40	6.07	4.93	0.47
373298BU1	400	GEORGIA PACIFIC	8.875	05/15/31	A	Baa3	99.97	155.20	637,178	0.13	4.47	10.66	1.67
37331NAA9	505	GEORGIA PACIFIC LLC 144A	8.250	05/01/16	A	Baa3	96.16	107.02	561,305	0.11	2.13	0.40	0.01
003687AB6	646	RESOLUTE FOREST PRODUCTS REG	10.250	10/15/18	BB	Ba3	107.21	114.00	739,383	0.15	5.15	1.78	0.26
803071AA7	235	SAPPI PAPIER HOLDING 144A	6.625	04/15/21	BB	Ba2	84.84	94.50	222,767	0.05	7.51	6.29	0.49
803071AC3	485	SAPPI PAPIER HOLDING GMBH 144A	7.750	07/15/17	BB	Ba2	100.00	106.25	527,424	0.11	6.12	3.67	0.18
832724AB4	3,365	SMURFIT CAPITAL FUNDING PLC	7.500	11/20/25	BB	Ba2	92.91	103.00	3,578,818	0.73	7.14	8.06	0.95
83272TAC7	450	SMURFIT KAPPA ACQUISITIONS 144A	4.875	09/15/18	BB	Ba2	100.00	100.00	452,986	0.09	4.87	5.02	0.30
962166BR4	70	WEYERHAEUSER CO	7.375	03/15/32	BBB-	Ba1	84.50	127.28	89,757	0.02	5.13	11.24	1.84
			7.485	01/08/23	BB	Ba2			8,766,561	1.78	6.03	6.10	0.69
BASIC INDUSTRY - Metals/Mining Excluding Steel													
02932XAA4	1,065	AMERICAN ROCK SALT CO 144A	8.250	05/01/18	CCC	Caa1	97.91	92.00	1,023,731	0.21	10.19	4.08	0.22
039380AB6	325	ARCH COAL INC REG	8.750	08/01/16	B-	B3	102.25	101.25	336,172	0.07	8.22	2.70	0.14
039380AE0	700	ARCH COAL INC REG	7.000	06/15/19	B-	B3	86.74	88.75	639,761	0.13	9.32	5.00	0.32
039380AC4	1,045	ARCH COAL INC REG	7.250	10/01/20	B-	B3	104.08	88.50	931,139	0.19	9.34	5.80	0.45
20854PAD1	1,440	CONSOL ENERGY INC REG	8.000	04/01/17	BB	B1	103.09	105.75	1,532,400	0.31	6.10	2.90	-1.01
20854PAF6	1,022	CONSOL ENERGY INC REG	8.250	04/01/20	BB	B1	110.25	106.00	1,090,346	0.22	6.90	5.10	-0.44
483007AE0	1,095	KAISER ALUMINUM CORP REG	8.250	06/01/20	BB-	Ba3	100.00	108.25	1,224,986	0.25	6.46	4.90	0.39
640071AV8	237	NEENAH CORP	15.000	07/29/15	CCC+*	Caa1*	100.00	91.25	225,032	0.05	19.21	2.04	0.06
644535AD8	2,320	NEW GOLD INC 144A	7.000	04/15/20	BB-	B2	103.71	106.00	2,466,418	0.50	5.70	5.40	0.41
67000XAL0	910	NOVELIS INC REG	8.375	12/15/17	B	B2	100.09	108.75	1,018,416	0.21	5.68	2.20	-5.39
67000XAM8	700	NOVELIS INC REG	8.750	12/15/20	B	B2	99.15	110.25	794,889	0.16	6.36	4.50	-2.20
704549AE4	365	PEABODY ENERGY CORP	7.375	11/01/16	BB+	Ba1	86.00	114.50	431,384	0.09	3.46	3.40	0.15
704549AH7	150	PEABODY ENERGY CORP	6.500	09/15/20	BB+	Ba1	100.00	106.00	160,246	0.03	5.55	6.12	0.47
704549AF1	725	PEABODY ENERGY CORP	7.875	11/01/26	BB+	Ba1	108.39	107.00	804,297	0.16	7.08	8.30	1.02
704549AK0	1,625	PEABODY ENERGY CORP REG	6.000	11/15/18	BB+	Ba1	100.00	103.75	1,730,896	0.35	5.27	4.91	0.30
704549AM6	955	PEABODY ENERGY CORP REG	6.250	11/15/21	BB+	Ba1	100.00	103.25	1,013,560	0.21	5.78	6.69	0.59
70788AAA6	310	PENN VIRGINIA RESOURCES	8.250	04/15/18	B	B2	101.50	103.88	323,149	0.07	6.96	3.30	-0.07
70788TAA5	880	PENN VIRGINIA RESOURCES 144A	8.375	06/01/20	B	B2	100.00	105.00	957,574	0.19	7.27	4.29	0.38
			7.667	10/16/19	BB-	B1			16,704,396	3.40	6.83	4.72	-0.27
BASIC INDUSTRY - Steel Producers/Products													
016900AC6	455	ALLEGHENY LUDLUM CORP	6.950	12/15/25	BBB-	Baa3	83.00	119.80	557,049	0.11	4.89	8.81	1.07
03754HAA2	540	APERAM 144A	7.750	04/01/18	BB-	B2	101.00	82.00	446,288	0.09	12.41	4.13	0.28
			7.306	07/11/22	BB+	Ba2			1,003,337	0.20	8.23	6.73	0.72
			7.929	11/30/19	BB-	B1			\$65,303,462	13.28%	6.45	4.21	-0.05
CAPITAL GOODS - Aerospace/Defense													
000361AP0	810	AAR CORP 144A	7.250	01/15/22	BB	Ba3	97.00	103.75	857,666	0.17	6.59	5.47	0.55

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxyt
CAPITAL GOODS - Aerospace/Defense (Continued)													
018804AP9	730	ALLIANT TECHNOLOGIES REG	6.875	09/15/20	BB-	Ba3	101.11	109.50	805,763	0.16	4.44	3.80	-0.63
055381AS6	1,465	BE AEROSPACE INC	5.250	04/01/22	BB	Ba2	100.59	104.25	1,533,672	0.31	4.57	7.40	0.17
055381AR8	350	BE AEROSPACE INC REG	6.875	10/01/20	BB	Ba2	105.25	111.00	390,505	0.08	3.95	3.10	-0.66
233707AA6	445	DAE AVIATION HOLDINGS 144A	11.250	08/01/15	CCC	Caa2	97.24	102.75	469,753	0.10	7.38	0.70	0.07
446413AB2	180	HUNTINGTON INGALLS INDUSTRIES REG	6.875	03/15/18	B+	Ba3	103.71	108.00	195,981	0.04	4.66	2.17	-0.12
446413AD8	545	HUNTINGTON INGALLS INDUSTRIES REG	7.125	03/15/21	B+	Ba3	102.15	107.50	590,837	0.12	5.62	5.80	-0.33
893647AQ0	930	TRANSDIGM INC 144A	5.500	10/15/20	B-	B3	100.00	101.25	943,898	0.19	5.25	5.02	0.49
893647AP2	1,255	TRANSDIGM INC REG	7.750	12/15/18	B-	B3	100.00	110.25	1,420,381	0.29	4.38	1.90	-0.95
			6.872	07/01/20	B+	B1			7,208,457	1.47	5.09	4.43	-0.15
CAPITAL GOODS - Diversified Capital Goods													
00508XAF1	610	ACTUANT CORP REG	5.625	06/15/22	BB	Ba2	100.00	103.25	642,788	0.13	5.10	6.05	0.66
032177AD9	1,900	AMSTED INDUSTRIES INC 144A	8.125	03/15/18	BB-	B1	103.40	107.50	2,062,226	0.42	5.25	1.30	-1.75
035287AD3	875	ANIXTER INC	5.625	05/01/19	BB	Ba3	100.25	105.25	945,684	0.19	4.68	5.29	0.34
077454AF3	2,490	BELDEN INC 144A	5.500	09/01/22	B+	Ba2	100.00	101.75	2,557,922	0.52	5.22	6.26	0.69
148411AE1	2,560	CASTLE (A.M.) & CO REG	12.750	12/15/16	B+	B3	106.88	114.50	3,054,507	0.62	7.43	2.50	0.13
369300AM0	590	GENERAL CABLE CORPORATION 144A	5.750	10/01/22	B+	B1	100.00	101.75	603,718	0.12	5.47	6.28	0.69
527288BD5	465	LEUCADIA NATIONAL CORP REG	8.125	09/15/15	BB+	B1	98.70	112.63	528,534	0.11	3.47	2.57	0.12
624758AB4	1,330	MUELLER WATER PRODUCTS REG	7.375	06/01/17	CCC+	Caa2	87.44	103.00	1,410,770	0.29	6.09	1.80	-2.48
624758AD0	945	MUELLER WATER PRODUCTS REG	8.750	09/01/20	B+*	B2	101.81	114.75	1,098,169	0.22	4.58	2.50	-0.66
784635AL8	1,613	SPX CORPORATION	7.625	12/15/14	BB+	Ba2	108.61	110.50	1,828,828	0.37	2.51	1.93	0.05
784635AP9	770	SPX CORPORATION REG	6.875	09/01/17	BB+	Ba2	104.50	112.50	875,073	0.18	4.00	4.11	0.21
88830MAF9	930	TITAN INTERNATIONAL INC REG	7.875	10/01/17	B+	B1	105.27	105.75	989,578	0.20	6.20	3.34	0.20
			8.088	08/29/18	BB-	B1			16,597,794	3.38	5.28	3.38	-0.24
CAPITAL GOODS - Machinery													
109043AG4	770	BRIGGS & STRATTON CORP	6.875	12/15/20	BB	Ba3	100.00	110.50	870,849	0.18	5.27	6.15	0.49
			6.875	12/15/20	BB	Ba3			870,849	0.18	5.27	6.15	0.49
CAPITAL GOODS - Packaging													
001031AH6	2,260	AEP INDUSTRIES CORP REG	8.250	04/15/19	B-	B3	102.67	106.00	2,403,887	0.49	6.67	3.70	0.31
058498AM8	300	BALL CORP	7.125	09/01/16	BB+	Ba1	97.98	107.50	326,063	0.07	2.17	0.80	-0.01
058498AP1	680	BALL CORP	6.750	09/15/20	BB+	Ba1	100.00	109.75	752,165	0.15	3.77	2.30	-1.03
397624AE7	335	GREIF INC	6.750	02/01/17	BB	Ba2	98.00	110.25	374,991	0.08	4.10	3.66	0.18
397624AG2	690	GREIF INC REG	7.750	08/01/19	BB	Ba2	112.75	114.75	805,144	0.16	5.13	5.26	0.41
69073TAP8	255	OWENS BROCKWAY REG	7.375	05/15/16	BB	Ba3	96.72	114.50	296,677	0.06	3.02	3.11	0.12
727610AE7	880	PLASTIPAK HOLDINGS 144A	10.625	08/15/19	B	B3	104.66	114.00	1,022,939	0.21	5.19	1.61	0.31
81211KAQ3	440	SEALED AIR CORP 144A	8.125	09/15/19	BB-	B1	100.00	109.25	485,268	0.10	5.88	4.20	-0.40
81211KAR1	500	SEALED AIR CORP 144A	8.375	09/15/21	BB-	B1	100.23	110.00	555,351	0.11	6.38	5.70	-0.12
827048AP4	1,300	SILGAN HOLDINGS INC REG	5.000	04/01/20	BB-	Ba2	100.00	102.75	1,341,167	0.27	4.42	4.70	0.45

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxyt
CAPITAL GOODS - Packaging (Continued)													
87910PAM2	1,320	TEKNI-PLEX INC 144A	9.750	06/01/19	B-	Caa1	98.82	107.00	1,468,528	0.30	8.16	4.14	0.29
			8.002	07/03/19	B+	B1			9,832,177	2.00	5.67	3.73	0.15
			7.779	05/05/19	B+	B1			\$34,509,277	7.02%	5.35	3.77	-0.09
CONSUMER CYCLICAL - Apparel/Textiles													
410345AF9	490	HANESBRANDS INC	8.000	12/15/16	BB-	B1	99.16	110.38	555,651	0.11	2.13	1.06	0.15
718592AK4	710	PVH CORP (PHILLIPS-VAN HEUSEN)	7.375	05/15/20	BB+	Ba3	107.10	112.00	819,345	0.17	3.76	2.30	-0.80
			7.628	12/28/18	BB	Ba3			1,374,996	0.28	3.10	1.80	-0.42
CONSUMER CYCLICAL - Consumer Products													
978097AA1	925	WOLVERINE WORLD WIDE, INC. 144A	6.125	10/15/20	B+	B2	100.00	104.13	966,619	0.20	5.31	4.95	0.48
			6.125	10/15/20	B+	B2			966,619	0.20	5.31	4.95	0.48
CONSUMER CYCLICAL - Department Stores													
708160BE5	565	JC PENNEY CORP	7.125	11/15/23	B+	Ba3	98.63	98.13	572,969	0.12	7.38	7.27	0.81
			7.125	11/15/23	B+	Ba3			572,969	0.12	7.38	7.27	0.81
CONSUMER CYCLICAL - Food & Drug Retailers													
030096AF8	1,565	AMER STORES CO	8.000	06/01/26	B-	Caa1	88.66	89.50	1,452,842	0.30	9.38	7.57	0.83
			8.000	06/01/26	B-	Caa1			1,452,842	0.30	9.38	7.57	0.83
CONSUMER CYCLICAL - Household & Leisure Products													
00213LAA4	1,165	AMERICAN STANDARD 144A	10.750	01/15/16	B-	Caa1	78.03	93.50	1,126,150	0.23	13.29	2.52	0.08
117043AL3	205	BRUNSWICK CORP 144A	11.250	11/01/16	BB-	Ba1	97.04	114.00	245,231	0.05	2.46	0.90	0.02
			10.839	03/07/16	B	B3			1,371,382	0.28	11.35	2.23	0.07
CONSUMER CYCLICAL - Restaurants													
254423AB2	2,710	DINEEQUITY INC REG	9.500	10/30/18	B-	B3	104.71	112.63	3,052,853	0.62	5.04	1.80	0.27
			9.500	10/30/18	B-	B3			3,052,853	0.62	5.04	1.80	0.27
CONSUMER CYCLICAL - Specialty Retail													
043436AK0	3,155	ASBURY AUTOMOTIVE GROUP REG	8.375	11/15/20	B	B3	102.10	110.50	3,608,115	0.73	5.82	4.10	0.43
05329WAJ1	500	AUTONATION INC	6.750	04/15/18	BB+	Ba2	98.49	112.25	562,750	0.11	4.21	4.60	0.26
532716AT4	760	LIMITED BRANDS INC	6.625	04/01/21	BB+	Ba1	100.00	114.38	873,446	0.18	4.55	6.54	0.53
532716AR8	220	LIMITED BRANDS INC REG	8.500	06/15/19	BB+	Ba1	96.75	121.13	273,539	0.06	4.74	5.09	0.33
70959WAD5	1,425	PENSKE AUTO GROUP INC 144A	5.750	10/01/22	B	B2	100.00	101.88	1,466,058	0.30	5.45	6.26	0.69
749951AA7	1,630	RADIO SYSTEMS CORP 144A	8.375	11/01/19	B-	B3	100.00	102.00	1,665,634	0.34	7.95	5.20	0.34
76009NAH3	285	RENT-A-CENTER INC REG	6.625	11/15/20	BB	Ba3	100.00	108.13	316,863	0.06	4.75	2.67	0.47
79546VAJ5	440	SALLY BEAUTY INC	5.750	06/01/22	BB+	Ba3	100.00	106.88	481,705	0.10	4.63	7.10	0.65
79546VAH9	820	SALLY HOLDINGS/CAP REG	6.875	11/15/19	BB+	Ba3	100.00	110.88	935,170	0.19	4.10	2.68	0.37
83545GAU6	1,155	SONIC AUTOMOTIVE INC 144A	7.000	07/15/22	B+	B3	99.63	107.13	1,264,019	0.26	5.84	5.85	0.62

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
CONSUMER CYCLICAL - Specialty Retail (Continued)													
83545GAT9	550	SONIC AUTOMOTIVE INC REG	9.000	03/15/18	B+	B3	100.77	108.88	605,138	0.12	5.40	1.28	0.22
869237AE7	2,225	SUSSER HOLDINGS & FINANCE LLC REG	8.500	05/15/16	B+	B2	103.24	107.00	2,467,958	0.50	3.05	0.50	0.11
			7.650	02/04/20	B+	B2			14,520,394	2.95	5.21	4.03	0.40
			8.024	02/24/20	B+	B2			\$23,312,054	4.74%	5.74	3.84	0.36
CONSUMER NON-CYCLICAL - Beverage													
21036PAG3	295	CONSTELLATION BRANDS REG	8.375	12/15/14	BB+	Ba1	91.57	113.00	342,683	0.07	2.08	1.92	0.05
221643AF6	1,410	COTT BEVERAGES INC REG	8.125	09/01/18	B+	B3	103.90	111.00	1,584,194	0.32	3.97	1.60	0.27
221643AD1	925	COTT BEVERAGES USA INC REG	8.375	11/15/17	B+	B3	100.74	109.50	1,048,597	0.21	2.95	1.00	-0.78
			8.242	12/16/17	B+	B2			2,975,474	0.61	3.39	1.43	-0.13
CONSUMER NON-CYCLICAL - Consumer Products													
153527AG1	435	CENTRAL GARDEN & PET COMPANY	8.250	03/01/18	B	B2	104.50	105.50	464,906	0.09	6.39	2.86	0.22
30252FAA6	1,405	FGI OPERATING CO LLC 144A	7.875	05/01/20	B-	B3	102.19	108.50	1,583,435	0.32	6.03	5.00	0.39
471109AE8	410	JARDEN CORP	6.125	11/15/22	BB-	Ba3	100.00	107.50	452,330	0.09	4.41	6.00	-0.48
471109AB4	370	JARDEN CORPORATION	7.500	05/01/17	B	B2	81.30	113.50	433,825	0.09	4.18	3.74	0.18
52989LAF6	1,090	LIBBEY GLASS INC 144A	6.875	05/15/20	B+	B2	100.24	106.50	1,194,780	0.24	5.50	5.30	0.41
02079DAA1	1,550	NBTY INC 144A	7.750	11/01/17	B-	Caa1	99.64	100.88	1,568,234	0.32	7.42	2.00	0.20
628782AH7	1,530	NBTY INC REG	9.000	10/01/18	B	B3	104.53	112.00	1,725,075	0.35	4.63	1.70	0.27
74112BAE5	744	PRESTIGE BRANDS INC REG	8.250	04/01/18	BB-	Ba3	102.42	109.88	822,585	0.17	3.88	1.34	0.23
74112BAH8	195	PRESTIGE BRANDS INC REG	8.125	02/01/20	B-	B3	100.00	112.38	223,092	0.05	5.10	3.70	0.38
810186AK2	990	SCOTTS MIRACLE GROW REG	6.625	12/15/20	BB	B1	100.44	108.63	1,100,165	0.22	4.62	2.76	0.48
84762LAH8	375	SPECTRUM BRANDS INC	9.500	06/15/18	B	B1	108.87	112.25	434,396	0.09	4.40	1.40	0.23
84762LAG0	1,485	SPECTRUM BRANDS INC	9.500	06/15/18	B	Ba3	109.01	112.25	1,720,208	0.35	4.40	1.40	-1.01
84762LAJ4	130	SPECTRUM BRANDS INC 144A	6.750	03/15/20	B-	B3	100.00	102.13	133,884	0.03	6.28	4.43	0.40
DD99SPC13	900	SPECTRUM BRANDS INC SENIOR UNSEC BRIDGE	0.000	04/09/13	B-*	B3*	100.00	100.00	900,000	0.18	0.00	0.44	0.00
			7.485	10/27/18	B	B2			12,756,914	2.59	4.88	2.74	0.08
CONSUMER NON-CYCLICAL - Food-Wholesale													
00190B113	0	ASG CONSOLIDATED	0.000	12/31/17	NR	NR	0.00	5.00	1,725	0.00	0.00	0.00	0.00
02944RAA3	480	ASG CONSOLIDATED LLC 144A	10.750	05/15/16	B-	B3	98.91	101.75	512,193	0.10	10.15	2.76	0.10
00210VAD9	871	ASG CONSOLIDATED LLC 144A	15.000	05/15/17	B-*	B3*	97.55	87.25	819,951	0.17	19.34	2.84	0.12
05508RAD8	1,330	B&G FOODS PRICES REG	7.625	01/15/18	B-	B1	106.77	107.75	1,462,935	0.30	4.08	1.13	0.22
12467AAA6	765	C & S GROUP ENTERPRISES LLC 144A	8.375	05/01/17	BB-	B1	98.75	105.38	838,153	0.17	6.62	3.00	-0.22
41321TAA0	2,050	HARMONY FOODS CORP 144A	10.000	05/01/16	B-	B3	104.09	106.50	2,285,750	0.46	7.53	2.50	0.10
832248AV0	650	SMITHFIELD FOODS INC	6.625	08/15/22	BB	B1	99.50	104.75	691,641	0.14	5.85	7.10	0.29
89469AAA2	325	TREEHOUSE FOODS INC	7.750	03/01/18	BB-	Ba2	100.00	109.50	360,073	0.07	3.23	1.20	-0.79
			9.496	08/26/17	B	B2			6,972,421	1.42	7.89	2.72	0.06
			8.202	05/08/18	B	B2			\$22,704,809	4.62%	5.61	2.56	0.05

*MackKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
ENERGY - Electric-Distr/Trans													
834628AA7	135	SOMERSET CAYUGA HOLDING CO CV BOND 144.	20.000	06/15/17	B-*	B3*	100.00	135.00	192,450	0.04	10.09	3.12	0.14
916783103	2	UPSTATE NY POWER PRODUCERS INC	0.000		NR	NR	84.31	17.00	34,289	0.01	0.00	0.00	0.00
			16.975	06/15/17	CCC+	Caa1			226,739	0.05	8.57	2.65	0.11
ENERGY - Energy-Exploration & Production													
106777AB1	1,130	BREITBURN ENERGY PARTNERS LP REG	8.625	10/15/20	B	B3	99.84	108.25	1,227,557	0.25	6.83	5.10	0.42
165167CF2	1,200	CHESAPEAKE ENERGY CORP REG	6.625	08/15/20	BB-	Ba3	100.34	105.00	1,276,783	0.26	5.82	6.10	0.46
165167CH8	1,630	CHESAPEAKE ENERGY CORPORATION	6.775	03/15/19	BB-	Ba3	98.44	100.25	1,648,186	0.34	3.14	0.10	0.00
205768AG9	500	COMSTOCK RESOURCES INC	8.375	10/15/17	B-	B3	97.86	104.75	525,611	0.11	6.57	2.60	0.20
205768AH7	1,415	COMSTOCK RESOURCES INC	7.750	04/01/19	B-	B3	100.87	101.50	1,445,364	0.29	7.34	3.67	0.31
205768AJ3	425	COMSTOCK RESOURCES INC	9.500	06/15/20	B-	B3	95.30	107.00	471,124	0.10	7.93	4.21	0.37
20605PAA9	600	CONCHO RESOURCES INC	8.625	10/01/17	BB+	B1	108.85	109.50	661,313	0.13	2.65	0.80	-0.08
20605PAB7	1,115	CONCHO RESOURCES INC	7.000	01/15/21	BB+	B1	100.00	111.00	1,260,631	0.26	4.31	3.90	-0.51
20605PAC5	1,320	CONCHO RESOURCES INC	6.500	01/15/22	BB+	B1	100.00	109.75	1,473,963	0.30	4.62	6.20	-0.12
20605PAD3	410	CONCHO RESOURCES INC	5.500	10/01/22	BB+	B1	100.00	104.75	431,354	0.09	4.77	7.60	0.25
20605PAE1	365	CONCHO RESOURCES INC	5.500	04/01/23	BB+	B1	100.00	104.75	384,010	0.08	4.77	7.90	0.28
212015AJ0	910	CONTINENTAL RESOURCES INC 144A	5.000	09/15/22	BB+	Ba2	102.38	105.50	965,864	0.20	4.12	5.42	0.73
212015AD3	340	CONTINENTAL RESOURCES INC REG	7.375	10/01/20	BB+	Ba2	99.50	112.50	384,590	0.08	4.00	2.63	0.45
212015AF8	1,540	CONTINENTAL RESOURCES INC REG	7.125	04/01/21	BB+	Ba2	104.81	112.50	1,741,644	0.35	4.13	3.80	-0.44
24823UAG3	365	DENBURY RESOURCES INC	8.250	02/15/20	BB	B1	101.23	113.25	419,720	0.09	3.86	2.00	-0.78
40537QAC4	1,490	HALCON RESOURCES CORP 144A	8.875	05/15/21	CCC+	B3	99.25	101.38	1,510,488	0.31	8.55	4.62	0.46
536022AK2	1,680	LINN ENEREGY LLC REG	6.500	05/15/19	B	B2	100.63	100.75	1,742,953	0.35	6.31	5.10	0.33
536020AB6	188	LINN ENERGY LLC	9.875	07/01/18	B	B2	98.02	109.75	212,518	0.04	2.28	0.60	-0.15
536022AD8	221	LINN ENERGY LLC REG	11.750	05/15/17	B	B2	95.08	110.00	255,074	0.05	3.72	0.50	0.15
651290AN8	530	NEWFIELD EXPLORATION CO	6.875	02/01/20	BB+	Ba2	107.00	108.25	582,834	0.12	4.43	2.70	-3.17
651290AQ1	1,445	NEWFIELD EXPLORATION COMPANY	5.625	07/01/24	BBB-	Ba1	100.00	106.75	1,570,760	0.32	4.86	8.46	0.94
674215AC2	2,045	OASIS PETROLEUM INC REG	7.250	02/01/19	B	B3	99.83	107.00	2,225,216	0.45	5.38	3.60	0.30
670849AA6	1,433	OGX PETROLEO E GAS PARTICIPATE 144A	8.500	06/01/18	B	B1	94.68	87.25	1,301,045	0.26	11.67	4.10	0.15
69327RAA9	1,045	PDC ENERGY INC 144A	7.750	10/15/22	B-	B3	100.00	101.75	1,069,587	0.22	7.45	5.85	0.61
707882AB2	280	PENN VIRGINIA CORP	10.375	06/15/16	B	B3	95.75	105.50	306,374	0.06	8.00	2.20	0.11
707882AC0	1,420	PENN VIRGINIA CORP	7.250	04/15/19	B	B3	98.16	96.00	1,367,776	0.28	8.06	5.00	0.31
716495AL0	1,400	PETROHAWK ENERGY CORP REG	7.250	08/15/18	BBB+	Baa3	102.20	114.00	1,617,373	0.33	1.27	1.60	-0.25
716748AA6	3,200	PETROQUEST ENERGY INC	10.000	09/01/17	B	Caa1	102.01	103.50	3,365,333	0.68	8.89	3.30	0.18
726505AG5	175	PLAINS EXPLORATION & PRODUCTION COMPAN	10.000	03/01/16	BB-	B1	96.60	106.50	189,292	0.04	5.04	0.32	-0.26
74837RAF1	1,425	QUICKSILVER RESOURCES INC	11.750	01/01/16	CCC+	B3	102.44	103.00	1,523,563	0.31	10.41	2.10	0.08
75281AAN9	690	RANGE RESOURCES	5.000	08/15/22	BB	Ba3	100.00	104.50	728,333	0.15	4.27	6.04	0.71
75281AAK5	340	RANGE RESOURCES CORP	8.000	05/15/19	BB	Ba3	95.07	110.50	388,242	0.08	3.48	1.41	-0.77
78454LAB6	635	SM ENERGY COMPANY REG	6.625	02/15/19	BB	B1	103.00	104.75	674,044	0.14	5.36	4.40	-0.29
78454LAF7	220	SM ENERGY COMPANY REG	6.500	01/01/23	BB	B1	100.00	104.50	234,746	0.05	5.76	5.90	0.68
861642AG1	460	STONE ENERGY CORP	6.750	12/15/14	CCC+	Caa1	85.43	100.45	473,800	0.10	2.52	0.10	0.05
861642AM8	2,000	STONE ENERGY CORP	7.500	11/15/22	B-	B3	98.28	98.75	1,975,000	0.40	7.66	6.95	0.62

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
ENERGY - Energy-Exploration & Production (Continued)													
92922PAD8	1,200	W&T OFFSHORE INC 144A	8.500	06/15/19	B	B3	106.00	105.25	1,301,533	0.26	7.14	3.69	0.31
92922PAC0	810	W&T OFFSHORE INC REG	8.500	06/15/19	B	B3	100.00	105.25	878,535	0.18	7.14	4.30	0.31
966387AF9	2,985	WHITING PETROLEUM CORP	6.500	10/01/18	BB+	Ba3	102.33	107.88	3,236,238	0.66	3.83	1.80	-1.23
966387AE2	430	WHITING PETROLEUM CORP REG	7.000	02/01/14	BB+	Ba3	96.30	105.00	454,008	0.09	2.89	1.20	0.02
98212BAD5	1,235	WPX ENERGY INC REG	6.000	01/15/22	BB+	Ba1	100.00	107.00	1,343,268	0.27	5.02	7.10	0.61
			7.590	11/26/19	BB-	B1			44,845,646	9.12	5.93	4.02	0.07
ENERGY - Gas Distribution													
03077JAB6	460	AMERIGAS FINANCE CORP	7.000	05/20/22	BB*	Ba2	100.00	108.63	514,076	0.10	5.51	6.60	0.08
030981AG9	455	AMERIGAS PARTNERS LP	6.250	08/20/19	BB-*	Ba3	100.00	105.00	483,359	0.10	5.06	5.00	-0.12
030981AF1	320	AMERIGAS PARTNERS LP REG	6.500	05/20/21	BB-*	Ba3	100.00	106.00	348,502	0.07	5.40	6.20	-0.07
217203AE8	1,730	COPANO ENERGY LLC	7.125	04/01/21	B	B1	101.20	105.25	1,831,097	0.37	6.12	6.10	0.50
217203AD0	685	COPANO ENERGY LLC REG	7.750	06/01/18	B	B1	102.00	105.00	741,370	0.15	5.49	0.50	0.24
283695AZ7	80	EL PASO NATURAL GAS	8.625	01/15/22	BB	Baa1	111.95	136.80	111,473	0.02	3.84	6.71	0.57
570506AM7	2,410	MARKWEST ENERGY PARTNERS LP	6.750	11/01/20	BB	Ba3	102.50	109.00	2,708,238	0.55	4.56	4.50	-0.53
667748AF4	465	WILLIAMS COS INC - N WEST GAS PIPELINE	7.125	12/01/25	BBB	Baa1	110.13	132.95	632,017	0.13	3.89	8.98	1.05
			6.977	03/15/21	BB-	Ba3			7,370,130	1.50	5.11	5.17	0.05
ENERGY - Oil Field Equipment & Services													
028865AB9	987	AMERICAN PETROLEUM TAN REG	10.250	05/01/15	B+	B1	103.04	104.50	1,081,999	0.22	5.99	0.40	0.06
165258AA2	1,195	CHESAPEAKE OILFIELD OPERATINGS 144A	6.625	11/15/19	BB-	Ba3	97.35	95.25	1,174,743	0.24	7.51	5.40	0.35
302203AA2	1,606	EXPRO FINANCE LUX S.C.A. 144A	8.500	12/15/16	B	B3	93.95	102.50	1,697,720	0.35	7.58	2.80	0.14
723655AB2	1,695	PIONEER ENERGY SERVICES	9.875	03/15/18	B+	B2	100.72	108.25	1,856,225	0.38	6.95	1.26	0.22
			8.886	08/22/17	B+	B2			5,810,687	1.18	7.07	2.39	0.19
ENERGY - Oil Refining & Marketing													
131477AH4	315	CALUMET SPECIALTY PRODUCTS PARTNRS 144A	9.625	08/01/20	B	B3	98.25	108.75	352,837	0.07	7.70	4.80	0.38
131477AG6	200	CALUMET SPECIALTY PRODUCTS PARTNRS REG	9.375	05/01/19	B	B3	93.00	107.50	224,375	0.05	7.38	3.90	0.29
131477AE1	2,120	CALUMET SPECIALTY PRODUCTS PARTNRS REG	9.375	05/01/19	B	B3	101.29	107.50	2,378,375	0.48	7.38	3.90	0.29
35914PAK1	1,280	FRONTIER OIL CORP	6.875	11/15/18	BB+	Ba2	100.00	106.50	1,403,778	0.29	5.06	3.60	-0.78
435758AD9	800	HOLLYFRONTIER CORP CORP REG	9.875	06/15/17	BB+	Ba2	101.49	109.00	901,844	0.18	2.93	0.60	0.01
			8.810	12/20/18	BB-	B1			5,261,209	1.07	6.02	3.31	-0.04
			7.772	10/06/19	BB-	B1			\$63,514,412	12.92%	5.95	3.94	0.07
FINANCIAL SERVICES - Cons/Comm/Lease Financing													
12612DAG1	960	CNG HOLDINGS INC 144A	9.375	05/15/20	B	B3	100.77	103.00	1,031,800	0.21	8.68	4.10	0.35
20367QAB3	1,350	COMMUNITY CHOICE FINANCING REG	10.750	05/01/19	B-	B3	100.35	97.25	1,385,438	0.28	11.36	4.32	0.26
637004AC6	1,160	DOLLAR FINANCIAL CORP REG	10.375	12/15/16	B+	B2	103.54	111.63	1,340,316	0.27	4.21	1.03	0.14
63860UAD2	480	NATIONSTAR MORTGAGE LLC 144A	9.625	05/01/19	B+	B2	100.26	110.50	554,270	0.11	7.27	4.12	0.29
63860UAG5	1,445	NATIONSTAR MORTGAGE LLC 144A	7.875	10/01/20	B+	B2	100.68	103.00	1,500,045	0.31	7.24	4.66	0.43

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
FINANCIAL SERVICES - Cons/Comm/Lease Financing (Continued)													
63860UAB6	2,450	NATIONSTAR MORTGAGE LLC REG	10.875	04/01/15	B+	B2	98.78	108.13	2,671,266	0.54	4.03	0.41	0.06
64083AAA1	1,310	NESCO LLC/HOLDINGS CORP 144A	11.750	04/15/17	B-	Caa1	100.13	105.50	1,388,891	0.28	9.83	2.80	0.15
74387UAA9	735	PROVIDENT FUNDING ASSOC 144A	10.250	04/15/17	BB	Ba3	109.63	109.38	807,255	0.16	6.78	1.34	0.17
74387UAD3	395	PROVIDENT FUNDING ASSOCIATION 144A	10.125	02/15/19	B	B2	100.00	104.00	419,243	0.09	8.97	3.38	0.27
78442FEH7	825	SLM CORP	8.450	06/15/18	BBB-	Ba1	108.10	118.84	1,006,791	0.20	4.61	4.46	0.25
78442FEJ3	360	SLMA CORP	8.000	03/25/20	BBB-	Ba1	101.25	115.81	419,803	0.09	5.38	5.67	0.41
847791AA8	1,070	SPEEDY CASH INC 144A	10.750	05/15/18	B	B3	101.75	106.25	1,189,914	0.24	9.04	3.42	0.21
			10.074	01/30/18	B+	B2			13,715,031	2.79	7.04	2.86	0.22
FINANCIAL SERVICES - Investments & Misc Financial Services													
451102AB3	2,160	ICAHN ENTERPRISES LP CONV BOND REG	4.000	08/15/13	BB-*	Ba3*	92.32	100.80	2,181,120	0.44	2.96	0.78	0.01
46322VAA3	860	IRONSHORE HOLDING INC 144A	8.500	05/15/20	BBB-	Baa3	101.84	112.68	1,002,764	0.20	6.36	5.47	0.39
47102XAF2	140	JANUS CAPITAL GROUP	6.700	06/15/17	BBB-	Baa3	86.36	114.82	164,292	0.03	3.22	3.95	0.19
47102XAG0	1,615	JANUS CAPITAL GROUP INC CONV BOND	3.250	07/15/14	BBB-	Baa3	103.42	105.56	1,720,289	0.35	-0.01	1.66	0.04
DD90CWTLB	601	OCWEN FINANCIAL CORP INITIAL TERM LOAN	7.000	09/01/16	B	B1	98.00	100.00	600,647	0.12	6.62	3.21	0.20
D9VIRTU16	1,197	VFH PARENT LLC (VIRTU) TERM LN	7.500	07/08/16	BB+*	Ba1*	97.25	100.50	1,211,559	0.25	7.33	2.94	0.17
			5.411	09/13/15	BB	Ba1			6,880,671	1.40	3.81	2.35	0.12
			8.516	04/15/17	BB-	B1			\$20,595,702	4.19%	5.96	2.69	0.18
HEALTHCARE - Health Facilities													
029227AA3	1,701	AMERICAN RENAL HOLDINGS CO INC REG	10.500	03/01/16	CCC+	Caa2	101.63	106.00	1,832,629	0.37	6.90	0.32	0.10
029229AB7	285	AMERICAN RENAL HOLDINGS REG	8.375	05/15/18	B	B2	99.28	105.75	312,394	0.06	5.17	0.51	0.23
12543DAQ3	735	COMMUNITY HEALTH SYSTEMS	7.125	07/15/20	B	B3	100.00	105.75	792,246	0.16	5.92	4.59	0.43
12543DAR1	590	COMMUNITY HEALTH SYSTEMS INC	5.125	08/15/18	BB	Ba3	100.00	103.75	618,340	0.13	4.25	4.70	0.01
23918KAL2	1,285	DAVITA INC REG	6.375	11/01/18	B	B2	101.72	106.75	1,412,697	0.29	4.15	0.94	0.29
23918KAM0	334	DAVITA INC REG	6.625	11/01/20	B	B2	102.50	106.75	367,609	0.07	5.08	4.13	0.46
41043FAJ8	1,975	HANGER ORTHOPEDIC GROUP REG	7.125	11/15/18	B	B2*	100.49	104.50	2,128,762	0.43	5.86	3.38	0.28
40412CAB7	1,120	HCA HOLDINGS INC REG	7.750	05/15/21	B-	B3	101.37	107.75	1,246,824	0.25	6.09	5.40	-0.31
19767QAK1	135	HCA INC	9.000	12/15/14	B-	B3	104.75	111.25	154,778	0.03	3.45	1.90	0.05
404119AR0	1,280	HCA INC	6.500	02/15/16	B-	B3	102.61	109.38	1,417,564	0.29	3.46	2.94	0.11
404121AC9	505	HCA INC	6.500	02/15/20	BB	Ba3	112.50	110.50	564,955	0.11	4.78	5.79	0.42
404119BJ7	135	HCA INC	7.875	02/15/20	BB	Ba3	110.00	111.75	153,107	0.03	3.18	1.60	-1.14
404121AF2	3,170	HCA INC	4.750	05/01/23	BB	Ba3	100.00	100.00	3,173,346	0.65	4.75	8.18	0.85
404119BD0	484	HCA INC REG	9.875	02/15/17	BB	B2	94.50	107.00	527,970	0.11	2.18	0.20	0.15
404119BK4	200	HCA INC REG	7.250	09/15/20	BB	Ba3	112.00	110.63	223,103	0.05	3.97	2.20	-0.98
197677AD9	30	HCA THE HEALTHCARE CORP	7.190	11/15/15	B-	B3	110.75	110.00	33,995	0.01	3.68	2.67	0.09
421933AL6	645	HEALTH MANAGEMENT ASSOCIATES REG	7.375	01/15/20	B-	B3	100.31	107.75	708,994	0.14	5.63	4.24	0.38
78572XAB7	734	SABRA HEALTH CARE REG	8.125	11/01/18	BB-	B1	100.00	107.25	817,034	0.17	6.06	3.29	0.27
DD99SUNTL	260	SUN HEALTHCARE TERM LOAN	8.750	10/18/16	B+	Ba1	97.87	99.50	260,849	0.05	8.92	2.95	0.17

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
HEALTHCARE - Health Facilities (Continued)													
92203PAE6	350	VANGUARD HLT HDG LLC / INC REG	8.000	02/01/18	B-	B3	97.31	104.00	371,000	0.08	6.61	2.79	0.22
			7.109	06/10/19	B+	B2			17,118,195	3.48	5.20	3.87	0.28
HEALTHCARE - Health Services													
09069NAC2	830	BIOSCRIP INC REG	10.250	10/01/15	B-	Caa1	100.00	107.00	895,190	0.18	5.30	0.41	0.08
14150BAC8	1,413	CATALENT PHARMA SOLUTION REG	9.500	04/15/15	B	Caa1	94.59	102.63	1,456,116	0.30	3.61	0.45	0.06
14879EAC2	1,970	CATALENT PHARMA SOLUTIONS INC 144A	7.875	10/15/18	B	Caa1	100.61	101.00	2,008,230	0.41	7.57	3.32	0.27
436440AD3	650	HOLOGIC INC 144A	6.250	08/01/20	BB	B2	100.00	106.00	699,156	0.14	4.96	5.50	-0.47
44981UAA2	1,260	INC RESEARCH INC 144A	11.500	07/15/19	B-	Caa2	98.13	100.50	1,308,965	0.27	11.35	3.45	0.27
47009RAA0	475	JAGUAR HOLDING COMPANY 144A	9.375	10/15/17	CCC+	Caa1	98.06	101.50	484,104	0.10	8.91	3.24	0.19
52490FAA2	910	LEGEND ACQUISITION SUB 144A	10.750	08/15/20	B-	Caa1	98.69	97.50	907,358	0.18	11.23	5.04	0.34
91359PAE0	1,160	UNIVERSAL HOSPITAL SERVICE REG	4.111	06/01/15	B+	B3	79.63	98.63	1,163,922	0.24	4.68	2.38	0.07
91359PAH3	895	UNIVERSAL HOSPITAL SVC 144A	7.625	08/15/20	B+	B3	100.00	103.75	944,486	0.19	6.83	4.57	0.42
			8.566	02/12/18	B	Caa1			9,867,528	2.01	7.09	2.97	0.16
HEALTHCARE - Managed Care													
03073TAC6	1,220	AMERIGROUP CORPORATION	7.500	11/15/19	BB+	Ba2	100.49	116.75	1,466,542	0.30	2.89	2.68	0.37
15135BAC5	817	CENTENE CORPORATION REG	5.750	06/01/17	BB	Ba2	98.75	107.50	897,849	0.18	3.94	3.95	0.19
62546RAB7	1,975	MULTIPLAN INC 144A	9.875	09/01/18	CCC+	Caa1	105.00	110.00	2,205,005	0.45	6.56	1.65	0.25
			8.302	10/22/18	B+	B1			4,569,396	0.93	4.87	2.43	0.28
HEALTHCARE - Medical Products													
01449JAB1	135	ALERE INC	9.000	05/15/16	B-	B3	104.50	105.63	148,196	0.03	6.49	1.40	-2.56
01449JAE5	895	ALERE INC REG	8.625	10/01/18	B-	B3	103.93	105.00	946,183	0.19	7.13	3.60	-0.09
35802XAA1	200	FRESENIUS MEDICAL CARE 144A	6.500	09/15/18	BB+	Ba2	98.62	112.00	225,661	0.05	4.17	4.89	0.29
35802XAF0	205	FRESENIUS MEDICAL CARE 144A	5.875	01/31/22	BB+	Ba2	103.88	106.38	221,113	0.04	5.00	7.06	0.64
35803QAD9	585	FRESENIUS MEDICAL CARE US REG	6.875	07/15/17	BB+	Ba2	98.23	114.75	683,130	0.14	3.45	4.01	0.20
398436AA3	1,550	GRIFOLS INC REG	8.250	02/01/18	B+	B2	102.73	111.00	1,752,469	0.36	4.01	1.17	0.22
516545AC4	1,555	LANTHEUS MEDICAL IMAGING REG	9.750	05/15/17	B+	Caa2	101.32	92.25	1,504,398	0.31	12.02	3.40	0.15
879369AB2	1,225	TELEFLEX INC	6.875	06/01/19	BB-	B1	100.64	107.50	1,351,966	0.27	5.00	2.30	0.33
			8.104	05/04/18	B+	B2			6,833,116	1.39	6.44	2.82	0.14
HEALTHCARE - Pharmaceuticals													
21244WAA9	1,330	CONVATEC HEALTHCARE 144A	10.500	12/15/18	B	Caa1	98.19	108.50	1,495,807	0.30	8.03	3.23	0.25
29264FAG1	520	ENDO PHARMACEUTICALS HOLDINGS REG	7.000	07/15/19	BB-	Ba3	100.00	108.00	572,318	0.12	5.01	4.20	-0.44
628530AK3	1,153	MYLAN INC 144A	7.625	07/15/17	BB	Ba2	108.19	111.50	1,311,481	0.27	2.83	1.50	-0.81
628530AL1	890	MYLAN INC 144A	7.875	07/15/20	BB	Ba2	109.09	112.88	1,025,224	0.21	4.16	2.40	0.42
91911XAR5	765	VALEANT PHARMACEUTICALS 144A	6.500	07/15/16	BB-	B1	100.00	105.25	819,804	0.17	3.43	0.60	-1.55
91911XAN4	350	VALEANT PHARMACEUTICALS 144A	6.875	12/01/18	BB-	B1	101.41	106.63	383,214	0.08	5.04	3.60	-0.83
91911XAT1	490	VALEANT PHARMACEUTICALS 144A	6.375	10/15/20	BB-	B1	100.00	105.25	518,068	0.11	5.33	4.92	0.47
91911XAL8	305	VALEANT PHARMACEUTICALS INTERNA 144A	6.750	10/01/17	BB-	B1	99.87	107.25	328,828	0.07	4.45	2.40	0.21

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
HEALTHCARE - Pharmaceuticals (Continued)													
91911XAM6	559	VALEANT PHARMACEUTICALS INTERNA 144A	7.000	10/01/20	BB-	B1	104.74	107.63	604,885	0.12	5.26	5.10	-0.44
91829KAA1	985	VALEANT VPI ESCROW CORP 144A	6.375	10/15/20	BB-	B1	100.00	105.25	1,041,422	0.21	5.33	4.92	0.47
93443TAB2	672	WARNER CHILLCOTT REG	7.750	09/15/18	BB-	B3	104.00	105.50	715,615	0.15	6.10	3.50	-0.47
			7.678	02/13/19	BB-	B1			8,816,665	1.79	5.10	3.13	-0.21
			7.779	11/19/18	B+	B2			\$47,204,898	9.60%	5.72	3.25	0.14
INSURANCE - Insurance Brokerage													
44332PAA9	605	HUB INTERNATIONAL LTD 144A	8.125	10/15/18	CCC+	Caa2	100.00	102.75	627,509	0.13	7.30	3.32	0.27
90333HAD3	65	USI HOLDING CORP 144A	4.310	11/15/14	CCC	Caa1	94.83	97.00	63,657	0.01	5.86	1.94	0.04
90333HAE1	870	USI HOLDING CORP 144A	9.750	05/15/15	CCC	Caa2	94.78	101.50	922,164	0.19	6.79	0.50	0.06
			8.903	09/04/16	CCC	Caa2			1,613,330	0.33	6.95	1.65	0.14
INSURANCE - Life Insurance													
550060AC1	2,405	LUMBERMENS MUTUAL CASUALTY 144A (DEF)	0.000	12/01/37	D*	C*	4.25	0.06	1,503	0.00	-0.10	25.09	13.24
			0.000	12/01/37	D*	C*			1,503	0.00	-0.10	25.09	13.24
INSURANCE - P&C													
303901AG7	600	FAIRFAX FINANCIAL HLDGS	7.375	04/15/18	BBB-	Baa3	93.01	114.70	690,188	0.14	4.32	4.55	0.25
303901AB8	310	FAIRFAX FINANCIAL HLDGS	8.300	04/15/26	BBB-	Baa3	86.99	117.23	364,566	0.07	6.37	8.47	0.97
303901AE2	980	FAIRFAX FINANCIAL HLDGS	7.750	07/15/37	BBB-	Baa3	90.53	115.06	1,149,980	0.23	6.51	11.58	2.08
			7.724	08/25/29	BBB-	Baa3			2,204,735	0.45	5.80	8.86	1.32
			8.219	03/04/24	BB-	Ba3			\$3,819,568	0.78%	6.29	5.82	0.83
MEDIA - Media-Broadcast													
228411AE4	1,275	CROWN MEDIA HOLDINGS INC REG	10.500	07/15/19	B	B3	100.28	112.75	1,476,981	0.30	7.02	3.10	0.30
D99IONWTS	0	ION MEDIA (PAXSON) 2ND LIEN WARRANTS	0.000		NR	NR	3.07	0.01	0	0.00	0.00	0.00	0.00
DD99IONWT	0	ION MEDIA UNSEC DEBT WARRANTS	0.000		-	-	0.00	0.01	0	0.00	0.00	0.00	0.00
			10.500	07/15/19	B	B3			1,476,982	0.30	7.02	3.10	0.30
MEDIA - Media-Cable													
12686CAY5	805	CABLEVISION SYSTEMS CORP	8.625	09/15/17	B+	B1	107.74	116.75	948,709	0.19	4.73	4.02	0.20
1248EPAW3	1,735	CCO HOLDINGS LLC (CHARTER)	7.375	06/01/20	BB-	B1	100.35	112.00	1,996,515	0.41	4.30	3.30	-0.50
1248EPAQ6	950	CHARTER COMM HOLDING	7.250	10/30/17	BB-	B1	104.93	109.25	1,038,066	0.21	3.47	0.97	-1.17
1248EPAS2	980	CHARTER COMM HOLDING	7.000	01/15/19	BB-	B1	99.25	107.50	1,073,699	0.22	4.78	2.60	-1.97
1248EPAL7	190	CHARTER COMMUNICATIONS REG	7.875	04/30/18	BB-	B1	100.00	108.00	205,242	0.04	3.41	0.49	0.24
25470XAH8	2,210	DISH DBS CORP REG	4.625	07/15/17	BB-	Ba2	101.49	103.13	2,325,910	0.47	3.89	4.13	0.21
25470XAJ4	310	DISH DBS CORP REG	5.875	07/15/22	BB-	Ba2	100.00	105.00	333,847	0.07	5.21	7.22	0.66
25470XAE5	815	DISH DBS CORPORATION	6.750	06/01/21	BB-	Ba2	99.09	111.38	930,628	0.19	5.10	6.44	0.54
92658TAM0	1,285	VIDEOTRON LIFE REG	9.125	04/15/18	BB	Ba2	94.59	107.88	1,430,491	0.29	1.51	0.50	0.01
92658TAK4	690	VIDEOTRON LTEE	6.375	12/15/15	BB	Ba2	94.98	101.75	718,693	0.15	0.50	0.10	0.00

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
MEDIA - Media-Cable (Continued)													
92658TAQ1	2,080	VIDEOTRON LTEE REG	5.000	07/15/22	BB	Ba2	100.10	103.50	2,183,422	0.44	4.55	7.56	0.70
92769VAB5	395	VIRGIN MEDIA FINANCE PLC	8.375	10/15/19	BB-	Ba2	98.36	115.00	455,720	0.09	2.53	1.80	-0.98
			6.666	05/19/19	BB-	Ba3			13,640,942	2.77	3.79	3.70	-0.13
MEDIA - Media-Diversified													
74819RAN6	2,670	QUEBECOR MEDIA INC 144A	5.750	01/15/23	B+	B2	100.00	102.00	2,731,929	0.56	5.49	7.66	0.73
74819RAG1	555	QUEBECOR MEDIA INC REG	7.750	03/15/16	B+	B2	100.00	102.58	585,585	0.12	4.17	0.36	0.10
74819RAK2	200	QUEBECOR MEDIA INC REG	7.750	03/15/16	B+	B2	91.50	102.58	211,022	0.04	-0.89	0.37	0.10
748ESCAZ3	1,190	QUEBECOR WORLD LITIGATION TRUST 9.75%	0.000		NR	NR	0.34	0.02	19,040	0.00	0.00	0.00	0.00
			6.168	06/30/21	B+	B2			3,547,576	0.72	4.86	5.98	0.58
MEDIA - Media-Services													
513075AY7	885	LAMAR MEDIA CORP REG	7.875	04/15/18	BB-	B1	104.51	110.00	976,598	0.20	3.40	1.30	-1.02
513075BB6	550	LAMAR MEDIA CORP REG	5.875	02/01/22	BB-	B1	100.00	106.00	591,078	0.12	4.88	6.90	0.05
513075AV3	535	LAMAR MEDIA REG	9.750	04/01/14	BB+	Ba2	98.49	111.00	598,197	0.12	1.85	1.34	0.03
DD9NIEL13	120	NIELSEN FINANCE (VNU) CL A NOT EXT TRM	2.228	08/09/13	BB+	Ba2	71.85	100.00	120,392	0.02	2.23	0.77	0.01
65409QAZ5	1,160	NIELSEN FINANCE LLC 144A	4.500	10/01/20	BB-	B2	99.88	99.50	1,158,405	0.24	4.58	6.60	0.51
65409QAY8	2,535	NIELSEN FINANCE LLC REG	7.750	10/15/18	BB-	B2	102.29	112.50	2,860,607	0.58	3.02	1.80	0.28
92933BAD6	540	WMG ACQUISITION CORP REG	9.500	06/15/16	BB-	Ba2	104.75	109.88	612,705	0.12	1.15	0.60	0.11
			7.295	08/21/18	BB-	B1			6,917,981	1.41	3.21	2.80	0.08
MEDIA - Printing & Publishing													
15671BAE1	1,015	CENVEO CORP REG	8.875	02/01/18	B-	B3	84.15	90.25	938,558	0.19	11.39	3.93	0.24
74347AAA2	1,840	PROQUEST LLC 144A	9.000	10/15/18	B-	Caa1	102.57	93.00	1,718,560	0.35	10.62	4.40	0.25
DD9PROQ18	592	PROQUEST LLC TERM B LOAN (PP)	6.000	04/13/18	B+	Ba3	98.00	101.25	600,905	0.12	5.70	4.20	0.35
748ESCAA8	15	QUEBECOR WORLD LITIGATION TRST 8.75%	0.000		NR	NR	0.21	0.02	240	0.00	0.00	0.00	0.00
918866AU8	785	VALASSIS COMMUNICATIONS REG	6.625	02/01/21	BB-	Ba3	100.00	103.00	821,552	0.17	6.04	5.00	0.32
			8.051	01/06/19	B	B2			4,079,815	0.83	9.15	4.38	0.28
			7.135	06/01/19	BB-	B1			\$29,663,296	6.03%	4.68	3.83	0.08
NOT APPLICABLE - Metals/Mining Excluding Steel													
819204AA6	980	SHALE INLAND HOLDINGS LLC 144A	8.750	11/15/19	B-	B3	99.35	99.75	977,550	0.20	8.77	5.18	0.34
			8.750	11/15/19	B-	B3			\$977,550	0.20%	8.77	5.18	0.34
SERVICES - Building & Construction													
783764AR4	930	RYLAND GROUP	5.375	10/01/22	BB-	B1	100.03	101.50	949,504	0.19	5.18	7.59	0.74
85375CBB6	420	STANDARD PACIFIC CORP	8.375	01/15/21	B	B3	85.51	116.00	497,557	0.10	5.89	5.96	0.46
877249AA0	1,400	TAYLOR MORRISON 144A	7.750	04/15/20	BB-	B2	104.08	106.50	1,495,822	0.30	6.32	5.20	0.40
			7.089	03/17/21	BB-	B2			2,942,883	0.60	5.88	6.10	0.52

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
SERVICES - Environmental													
184496AH0	870	CLEAN HARBORS INC 144A	5.250	08/01/20	BB+	Ba3	100.00	102.50	903,296	0.18	4.75	4.87	0.47
237266AD3	1,150	DARLING INTERNATIONAL INC REG	8.500	12/15/18	BB+	Ba2	100.00	113.63	1,343,615	0.27	3.68	1.90	0.28
			7.193	08/11/19	BB+	Ba2			2,246,911	0.46	4.11	3.09	0.36
SERVICES - Gaming													
00829WAA6	2,360	AFFINITY GAMING LLC/FIN 144A	9.000	05/15/18	B	Caa1	101.95	103.75	2,549,980	0.52	8.00	3.90	0.22
DD99CAN18	500	CANNERY CASINO RESORTS FIRST LIEN TERM	6.000	10/02/18	BB-	B2	99.00	100.25	502,083	0.10	5.94	4.45	0.39
DD99CAN19	700	CANNERY CASINO RESORTS SECOND LIEN TERM	10.000	10/02/19	CCC+	Caa2	98.21	97.00	680,944	0.14	10.74	4.04	0.32
284710AE0	920	ELDORADO RESORTS LLC 144A	8.625	06/15/19	B+	B2	83.59	97.00	922,377	0.19	9.24	4.80	0.30
392485AC2	830	GREEKTOWN SUPERHOLDINGS REG	13.000	07/01/15	B+*	B1*	111.87	107.38	927,179	0.19	6.82	0.16	0.06
552953AR2	330	MGM MIRAGE INC	6.625	07/15/15	B-	B3	82.20	106.25	357,062	0.07	4.16	2.43	0.07
552953BE0	135	MGM MIRAGE REG	13.000	11/15/13	B+	Ba2	110.25	111.50	158,618	0.03	1.78	0.95	0.01
608328AV2	510	MOHEGAN TRIBAL GAMING 144A	10.500	12/15/16	CCC	Caa2*	86.00	94.25	515,631	0.10	12.30	3.02	0.12
553769AL4	485	MTR GAMING GROUP INC REG	11.500	08/01/19	B-	Caa1	102.15	104.50	521,120	0.11	11.18	5.80	0.14
707132AJ5	720	PENINSULA GAMING LLC REG	8.375	08/15/15	BB	Ba3	103.55	104.38	764,230	0.16	5.21	0.70	-0.07
707132AM8	1,415	PENINSULA GAMING LLC REG	10.750	08/15/17	B	Caa1	102.30	112.63	1,625,756	0.33	1.25	0.70	0.18
74965WAA5	1,080	ROC FINANCE LLC 144A	12.125	09/01/18	B	Caa2	98.72	115.50	1,269,225	0.26	7.61	1.62	0.23
816752AA7	465	SEMINOLE HARD ROCK ENT 144A	2.889	03/15/14	BB	B2	88.45	99.25	463,154	0.09	3.43	0.30	0.02
857691AA7	2,940	STATION CASINOS LLC 144A (STEP)	3.660	06/18/18	CCC+	Caa2	67.60	85.00	2,539,650	0.52	9.07	4.85	0.28
DSTACAS16	1,259	STATION CASINOS LLC TERM B2 LOAN	4.212	06/17/16	B	B2	86.43	96.50	1,214,666	0.25	5.08	3.21	0.20
			8.236	09/30/17	B	B3			15,011,677	3.05	7.06	3.01	0.20
SERVICES - Hotels													
169905AE6	1,315	CHOICE HOTELS INTERNATIONAL	5.750	07/01/22	BB	Baa3	101.66	109.50	1,465,969	0.30	4.52	7.36	0.67
44107TAQ9	365	HOST HOTELS AND RESORTS REG	6.000	10/01/21	BB+	Baa3	100.63	116.00	425,225	0.09	3.81	7.10	0.40
44108EBA5	284	HOST MARRIOTT LP	6.750	06/01/16	BB+	Baa3	84.87	102.69	299,620	0.06	0.50	0.10	0.00
450912AC4	220	STARWOOD HOTELS & RESORTS	7.375	11/15/15	BBB	Baa3	101.00	115.94	262,546	0.05	1.95	2.69	0.09
85590AAL8	195	STARWOODS HOTELS & RESORTS REG	6.750	05/15/18	BBB	Baa3	54.50	120.92	241,871	0.05	2.66	4.62	0.26
			6.149	09/07/20	BB+	Baa3			2,695,231	0.55	3.55	5.81	0.46
SERVICES - Leisure													
553799AA5	1,416	MU FINANCE PLC 144A	8.375	02/01/17	B+*	B1*	99.76	109.00	1,572,629	0.32	4.45	0.29	0.07
847788AN6	340	SPEEDWAY MOTORSPORTS REG	8.750	06/01/16	BB	Ba2	96.83	107.75	378,746	0.08	2.62	0.50	-0.80
91879QAK5	1,000	VAIL RESORTS REG	6.500	05/01/19	BB	Ba3	100.00	108.50	1,117,500	0.23	3.78	1.60	0.33
			7.739	10/27/17	BB-	Ba3			3,068,875	0.62	3.98	0.79	0.06
SERVICES - Media-Broadcast													
00164VAB9	1,010	AMC NETWORKS INC (CABLEVISION) REG	7.750	07/15/21	BB-	B2	100.00	113.25	1,166,873	0.24	4.77	3.19	0.51
			7.750	07/15/21	BB-	B2			1,166,873	0.24	4.77	3.19	0.51

*Mackay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxyt
SERVICES - Railroads													
340627AB4	235	FLORIDA EAST COAST HOLDINGS CORP REG	11.250	08/01/17	CCC	Caa3	98.51	96.00	232,196	0.05	12.38	3.47	0.16
34063PAB3	2,845	FLORIDA EAST COAST RAILWAY CORP REG	8.125	02/01/17	B-	B3	103.25	106.00	3,073,489	0.62	6.05	2.70	0.15
			8.345	02/13/17	B-	B3			3,305,685	0.67	6.49	2.75	0.15
SERVICES - Support-Services													
01551UAA2	2,550	ALGECO SCOTSMAN GLOBAL FINANCE PLC 144A	8.500	10/15/18	B+	B1	100.00	103.00	2,638,542	0.54	7.76	3.99	0.27
045054AB9	1,105	ASHTAD CAPITAL INC 144A	6.500	07/15/22	B+	B2	100.00	105.50	1,186,724	0.24	5.61	7.10	0.22
053773AN7	60	AVIS BUDGET CAR RENTAL	8.250	01/15/19	B	B2	103.00	109.13	66,933	0.01	5.29	2.00	-1.07
053773AQ0	620	AVIS BUDGET CORP REG	9.750	03/15/20	B	B2	99.21	113.88	713,749	0.15	5.99	2.50	0.36
142812AB2	2,925	CARLSON WAGONLIT B.V. 144A	6.875	06/15/19	B+	B1	102.12	104.50	3,148,793	0.64	5.92	5.00	0.33
22025YAK6	165	CORRECTIONS CORP OF AMERICA REG	7.750	06/01/17	BB	Ba1	97.12	106.88	181,672	0.04	2.32	0.50	0.01
302941AG4	245	FTI CONSULTING INC	7.750	10/01/16	BB	Ba2	101.75	102.75	253,320	0.05	5.49	0.87	0.14
428040CG2	923	HERTZ CORP REG	7.375	01/15/21	B	B2	108.25	107.63	1,013,422	0.21	5.79	5.50	-0.32
40416GAA6	290	HERTZ CORPORATION 144A	5.875	10/15/20	B	B2	100.00	101.00	293,610	0.06	5.67	4.96	0.07
49926AAA3	1,415	KNOWLEDGE LEARNING CTR 144A	7.750	02/01/15	CCC-	Caa1	92.28	88.00	1,272,616	0.26	14.18	1.90	0.05
518613AD6	735	LAUREATE EDUCATION INC 144A	9.250	09/01/19	CCC+	Caa1	97.75	98.50	742,105	0.15	9.54	4.85	0.31
60740FAK1	450	MOBILE MINI INC REG	7.875	12/01/20	B+	B2	102.12	108.13	501,328	0.10	6.12	5.20	0.44
693320AR4	455	PHH CORP	7.375	09/01/19	BB-	Ba2	100.00	107.00	493,188	0.10	6.10	5.31	0.35
693320AL7	860	PHH CORP REG	9.250	03/01/16	BB-	Ba2	100.94	115.50	1,006,558	0.20	4.21	2.88	0.13
85224CAB0	1,080	SQUARE TWO FINANCIAL CORP REG	11.625	04/01/17	B	B2	97.44	90.25	985,163	0.20	14.69	3.25	0.14
86800HAB9	2,235	SUNSTATE EQUIPMENT CO LTD 144A	12.000	06/15/16	CCC+	Caa1	100.13	105.50	2,459,245	0.50	9.90	2.48	0.10
911365AU8	770	UNITED RENTAL NORTH AMERICA	9.250	12/15/19	B+	B3	103.75	113.50	900,857	0.18	4.57	1.90	-0.81
911365AX2	1,375	UNITED RENTALS	6.125	06/15/23	B+	B3	100.00	101.25	1,392,421	0.28	5.93	6.34	0.75
90321NAB8	1,000	UNITED RENTALS 144A	7.375	05/15/20	B+	B3	100.65	108.25	1,116,507	0.23	5.62	5.00	-0.06
			8.423	02/09/19	B	B2			20,366,752	4.14	7.50	4.10	0.17
SERVICES - Theaters & Entertainment													
62875FAA6	2,867	NAI ENTERTAINMENT HOLDINGS 144A	8.250	12/15/17	BB	B1	102.51	111.25	3,278,892	0.67	3.35	1.00	-0.81
74308TAB6	1,245	PRODUCTION RESOURCES GROUP REG	8.875	05/01/19	CCC+	Caa1	99.43	71.00	939,197	0.19	16.27	4.15	0.24
			8.389	04/05/18	BB-	B2			4,218,089	0.86	6.23	1.70	-0.58
SERVICES - Transportation Excluding Air/Rail													
390607AB5	1,390	GREAT LAKES DREDGE & DOCK CORP REG	7.375	02/01/19	B	B3	100.26	106.25	1,502,503	0.31	5.69	3.90	0.30
87158XAA2	1,550	SYNCREON GLOBAL FINANCE INC 144A	9.500	05/01/18	B	B3	100.12	104.38	1,691,438	0.34	8.04	3.10	0.22
87264LAA9	1,130	TRAC INTERMODAL LLC / CORP 144A	11.000	08/15/19	B-	B3	100.02	101.38	1,173,850	0.24	10.67	4.12	0.28
			9.172	12/08/18	B	B3			4,367,791	0.89	7.94	3.65	0.26
			8.160	10/04/18	B+	B2			\$59,390,766	12.08%	6.65	3.50	0.17
TECHNOLOGY & ELECTRONICS - Computer Hardware													
62886EAE8	780	NCR CORP 144A	5.000	07/15/22	BB	Ba2	100.00	102.13	801,342	0.16	4.67	7.70	0.38

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
TECHNOLOGY & ELECTRONICS - Computer Hardware (Continued)													
81180WAE1	855	SEAGATE TECHNOLOGIES REG	7.750	12/15/18	BB+	Ba1	105.00	108.50	952,708	0.19	5.21	1.90	-0.37
81180WAF8	605	SEAGATE TECHNOLOGY REG	7.000	11/01/21	BB+	Ba1	100.00	104.50	646,342	0.13	5.84	3.76	0.54
			6.630	12/03/20	BB+	Ba1			2,400,391	0.49	5.20	4.34	0.13
TECHNOLOGY & ELECTRONICS - Electronics													
488360AF5	900	KEMET CORP	10.500	05/01/18	B+	B2	102.50	99.63	943,875	0.19	10.59	3.89	0.20
552715AC8	935	MEMC ELECTRONIC MATERIALS INC REG	7.750	04/01/19	B+	Caa1	94.95	74.63	703,782	0.14	13.85	4.60	0.27
			9.325	09/21/18	B+	B3			1,647,657	0.34	11.98	4.19	0.23
TECHNOLOGY & ELECTRONICS - Investments & Misc Financial Services													
018581AE8	1,025	ALLIANCE DATA SYSTEMS CORP 144A	6.375	04/01/20	BB*	Ba2*	100.26	106.13	1,093,227	0.22	5.07	4.55	0.42
			6.375	04/01/20	BB*	Ba2*			1,093,227	0.22	5.07	4.55	0.42
TECHNOLOGY & ELECTRONICS - Software/Services													
31620MAB2	1,040	FIDELITY NATIONAL INFORMATION SER REG	7.625	07/15/17	BB+	Ba2	106.26	109.13	1,158,249	0.24	2.48	0.60	-0.56
31620MAD8	120	FIDELITY NATIONAL INFORMATION SER REG	7.875	07/15/20	BB+	Ba2	100.00	111.75	136,883	0.03	4.02	1.50	-1.45
45169UAC9	1,090	IGATE CORP REG	9.000	05/01/16	B+	B2	98.69	109.25	1,239,875	0.25	5.00	2.20	0.11
867363AE3	340	SUNGARD DATA SYSTEMS INC	4.875	01/15/14	BB	B3	83.67	103.00	355,080	0.07	2.33	1.16	0.02
			7.889	09/24/16	BB	B1			2,890,087	0.59	3.62	1.40	-0.24
TECHNOLOGY & ELECTRONICS - Telecommunications Equipment													
67020YAD2	910	NUANCE COMMUNICATIONS INC 144A	5.375	08/15/20	BB-	Ba3	100.00	102.00	938,662	0.19	4.97	4.88	0.47
			5.375	08/15/20	BB-	Ba3			938,662	0.19	4.97	4.88	0.47
			7.368	01/20/19	BB	Ba3			\$8,970,024	1.82%	5.90	3.45	0.10
TELECOMMUNICATIONS - Media-Diversified													
35906AAL2	620	FRONTIER COMMUNICATIONS	9.250	07/01/21	BB	Ba2	100.00	118.25	758,480	0.15	6.46	5.97	0.47
			9.250	07/01/21	BB	Ba2			758,480	0.15	6.46	5.97	0.47
TELECOMMUNICATIONS - Telecom-Integrated/Services													
19239VAC8	2,145	COGENT COMMUNICATIONS GROUP INC 144A	8.375	02/15/18	B-	B2	103.24	108.50	2,365,250	0.48	6.06	3.50	0.22
29444UAK2	1,407	EQUINIX INC	7.000	07/15/21	BB-	Ba2	99.80	111.00	1,590,770	0.32	4.61	3.22	0.05
36155WAF3	1,115	GCI INC REG	8.625	11/15/19	BB-	B2	110.44	108.00	1,248,544	0.25	6.38	3.20	-0.99
36155WAH9	370	GCI INC REG	6.750	06/01/21	BB-	B2	101.25	100.00	380,406	0.08	6.75	5.10	0.50
444454AB8	810	HUGHES SATELITE SYSTEMS REG	6.500	06/15/19	B+	Ba3	100.00	107.00	886,590	0.18	5.23	5.27	0.35
444454AA0	1,225	HUGHES SATELITE SYSTEMS REG	7.625	06/15/21	B-	B3	101.12	111.25	1,398,099	0.28	5.94	6.25	0.52
45824TAE5	550	INTELSAT JACKSON HLDG REG	7.250	04/01/19	B	B3	100.00	107.25	593,198	0.12	5.38	4.00	-0.52
45824TAG0	120	INTELSAT JACKSON HLDG REG	7.500	04/01/21	B	B3	100.00	107.25	129,450	0.03	6.10	5.90	-0.16
45824TAK1	2,685	INTELSAT JACKSON HOLDINGS 144A	7.250	10/15/20	B	B3	105.72	106.00	2,854,752	0.58	6.03	5.70	0.45
45824TAL9	280	INTELSAT JACKSON HOLDINGS S.A. 144A	6.625	12/15/22	CCC+	Caa2	100.00	99.25	279,343	0.06	6.72	7.25	0.67
458204AH7	865	INTELSAT LUXEMBOURG SA	11.250	02/04/17	CCC+	Caa3	91.05	105.00	928,794	0.19	8.76	1.90	-0.70

*MacKay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
TELECOMMUNICATIONS - Telecom-Integrated/Services (Continued)													
785712AA8	1,210	SABLE INTERNATIONAL FINANCE LTD 144A	7.750	02/15/17	BB	Ba2	100.97	107.00	1,314,497	0.27	4.99	1.20	-1.64
785712AB6	970	SABLE INTL FINANCE LTD	8.750	02/01/20	BB	Ba2	100.00	114.00	1,127,019	0.23	5.24	3.20	0.37
803895AJ0	1,710	SATELITES MEXICANOS S.A. REG	9.500	05/15/17	B	B3	103.40	106.00	1,887,508	0.38	7.53	2.90	0.02
87311XAB4	610	TW TELECOM INC REG	8.000	03/01/18	BB-	B1	107.00	110.00	679,133	0.14	3.19	1.20	-0.94
			8.061	06/10/19	B+	B2			17,663,352	3.59	5.96	3.82	-0.07
TELECOMMUNICATIONS - Telecom-Wireless													
18538TAA7	485	CLEARWIRE COMM/FINANCE 144A	12.000	12/01/15	CCC	B3	99.75	106.50	540,775	0.11	5.21	0.08	0.08
228227BA1	1,470	CROWN CASTLE INTERNATIONAL CORP	7.125	11/01/19	B-	B1	99.56	109.75	1,665,694	0.34	3.73	1.80	-1.12
228227BC7	2,225	CROWN CASTLE INTERNATIONAL CORP 144A	5.250	01/15/23	B-	B1	100.00	103.50	2,308,067	0.47	4.81	7.87	0.76
228227AZ7	1,155	CROWN CASTLE INTL CORP	9.000	01/15/15	B-	B1	108.53	107.00	1,266,458	0.26	1.66	0.20	-0.17
45763PAC0	385	INMARSAT FINANCE PLC 144A	7.375	12/01/17	BB+	Ba2	99.26	107.75	426,668	0.09	3.35	1.00	-1.55
65332VBG7	60	NEXTEL COMMUNICATIONS	7.375	08/01/15	B+	B1*	99.25	100.13	61,181	0.01	7.20	1.30	0.00
67021BAE9	1,475	NII CAPITAL CORP	7.625	04/01/21	B-	B2	97.14	79.00	1,174,622	0.24	11.60	5.70	0.45
67021BAC3	925	NII CAPITAL CORP 8.875 12/15/19R	8.875	12/15/19	B-	B2	79.10	84.00	808,013	0.16	12.31	4.76	0.31
78401FAE7	1,115	SBA COMMUNICATIONS CORP 144A	5.750	07/15/20	B+	B1	100.43	104.00	1,178,834	0.24	4.94	4.77	0.46
78401FAD9	185	SBA TELECOMMUNICATION REG	8.250	08/15/19	B+	B1	99.15	111.75	209,960	0.04	3.62	1.60	-1.13
852060AD4	3,245	SPRINT CAP CORP	6.875	11/15/28	B+	B3	91.75	102.25	3,420,884	0.70	6.64	9.42	1.32
852060AT9	1,200	SPRINT CAPITAL CORP REG	8.750	03/15/32	B+	B3	106.99	118.00	1,429,417	0.29	7.03	9.95	1.53
852061AP5	960	SPRINT NEXTEL CORP REG	9.125	03/01/17	B+	B3	100.00	117.50	1,142,600	0.23	4.62	3.61	0.16
			7.456	10/16/22	B	B2			15,633,171	3.18	5.90	5.69	0.45
			7.810	01/09/21	B	B2			\$34,055,003	6.92%	5.94	4.73	0.18
UTILITY - Electric-Generation													
DD99AES17	365	AES ESCROW CLAIM (SOMERSET CAYUGA)	0.000		NR	NR	0.74	0.17	62,097	0.01	0.00	0.00	0.00
13134YAD9	2,480	CALPINE CONSTRUCTION & FINANCE 144A	8.000	06/01/16	BB	Ba3	102.60	106.75	2,730,067	0.56	2.97	0.50	0.01
131347BP0	2,199	CALPINE CORP 144A	7.250	10/15/17	BB-	B1	103.56	106.00	2,338,026	0.48	4.48	0.90	-1.19
29269QAA5	1,635	ENERGY FUTURE/EFIH FINAN	10.000	12/01/20	B-	Caa3	103.93	109.25	1,854,363	0.38	8.00	4.90	-0.40
37244DAC3	3,060	GENON ENERGY CORP REG	9.500	10/15/18	B-	B3	97.68	114.00	3,501,320	0.71	6.62	4.61	0.27
75952AAJ6	330	RELiant ENERGY - MID-ATLANTIC	9.681	07/02/26	B+	B1	119.50	107.00	363,660	0.07	8.43	5.37	0.46
74971XAB3	170	RRI ENERGY INC	7.625	06/15/14	B-	B3	99.49	107.00	186,797	0.04	3.16	1.50	0.04
74971XAC1	2,370	RRI ENERGY INC REG	7.875	06/15/17	B-	B3	95.88	108.00	2,630,108	0.53	5.87	3.78	0.18
			8.507	04/26/18	B	B2			13,666,436	2.78	5.54	2.99	-0.14
UTILITY - Electric-Integrated													
462613AE0	550	IPALCO ENTERPRISES INC 144A	7.250	04/01/16	BB+	Ba1	99.40	111.38	615,886	0.13	3.68	3.04	0.11
69349HAB3	603	PNM RESOURCES REG	9.250	05/15/15	BB+	Ba1	108.50	114.25	714,647	0.15	3.35	2.22	0.07
744499AP9	615	PUBLIC SERVICE CO OF NEW	7.950	05/15/18	BBB-	Baa3	100.86	121.26	768,320	0.16	3.67	4.47	0.29
			8.187	09/21/16	BB+	Ba1			2,098,853	0.43	3.56	3.28	0.16

*Mackay Shields' in-house rating for "NR" rated security.

ALASKA STATE HIGH YIELD

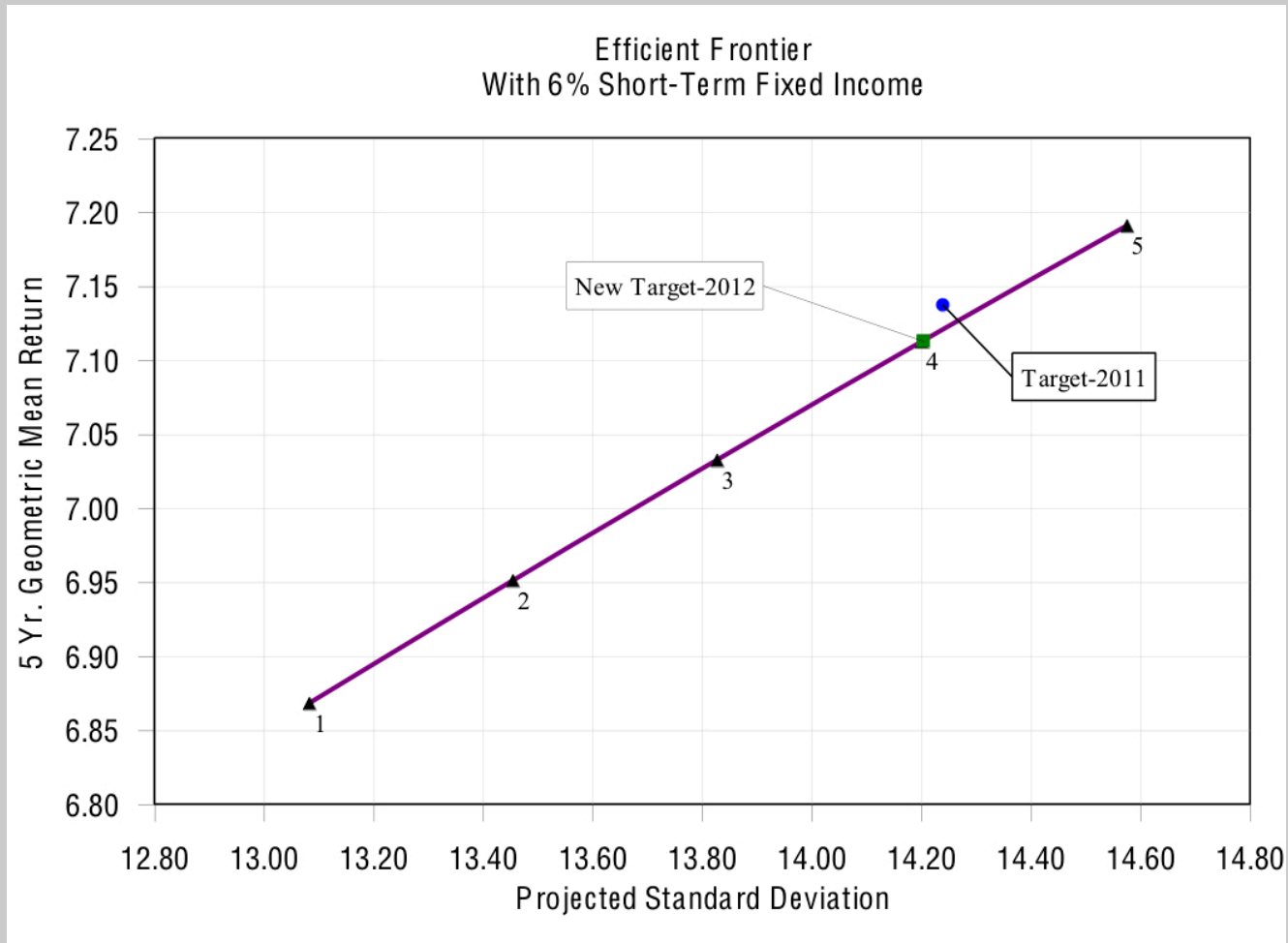
Holdings Report — Account 1022 October 31, 2012

Security Identifier	Shares or Par Value	Security	Coupon	Maturity	S&P	Moody	Unit Cost	Market Price	Market Value	Percent of Assets	YTW	Eff Dur	Convxy
UTILITY - Environmental													
422680AE8	655	HECKMANN CORPORATION REG	9.875	04/15/18	B-	Caa1	99.44	100.25	659,512	0.13	9.80	3.52	0.22
779102AA0	350	ROUGH RIDER ESCROW INC 144A	9.875	04/15/18	B	B3	100.25	100.38	352,849	0.07	9.77	3.52	0.22
			9.875	04/15/18	B-	Caa1			1,012,361	0.21	9.79	3.52	0.22
			8.549	02/12/18	B+	B2			\$16,777,650	3.41%	5.55	3.06	-0.08
Cash & Equivalents													
-CAD-		CANADIAN DOLLAR	0.000		AAA	Aaa	0.00	0.00	0	0.00	0.00	0.00	0.00
-CASH-		UNITED STATES DOLLAR	0.000		AAA	Aaa	0.00	0.00	19,710,790	4.01	0.00	0.00	0.00
			0.000		AAA	Aaa			\$19,710,790	4.01%	0.00	0.00	0.00
		Accrual Adjustment for Unsettled Trades							2,650	0.00			
Total Portfolio			7.577	05/12/19	BB-	B1			\$491,784,089	100.00%	5.65	3.59	0.10

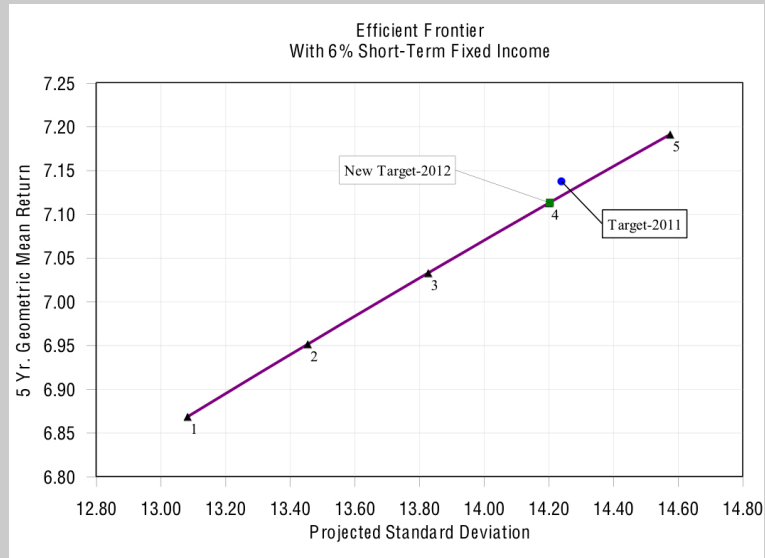
Rebalancing

The strategic asset mix
—so arduously specified—
is
immediately undone
by normal market action

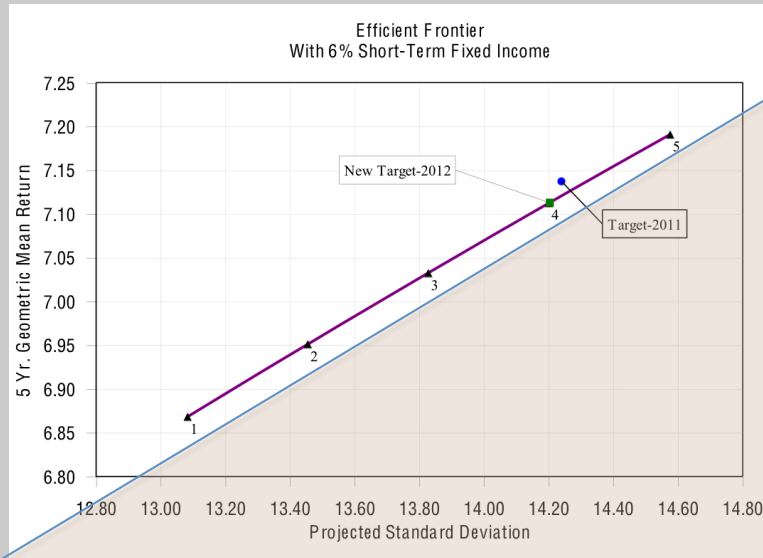
Each April we set the asset mix



Shrink the Callan frontier...



The shaded region represents allowable unrebalaanced mixes



The case for rebalancing

- + Maintains risk profile
- + Inherently contrarian
- + Monetizes diversification
- + Adds return
- + Decision made before crisis

The case against rebalancing

- + Trading costs

- + Oversight costs

- + Bad in trending market (???)

Three rebalancing decisions

- + How often?
- + How wide a trading range?
- + How big a trade?

Timing: How often?

- + Longer = more drift
- + Shorter = more trading
- + Monthly, quarterly, annually...
- + *Yale Daily News*

Rebalancing range: How wide?

NARROW

- + Risk control
- + Capture diversification

WIDE

- + Lower cost
- + Few reversals
- + Less work

Trading strategy: How big?

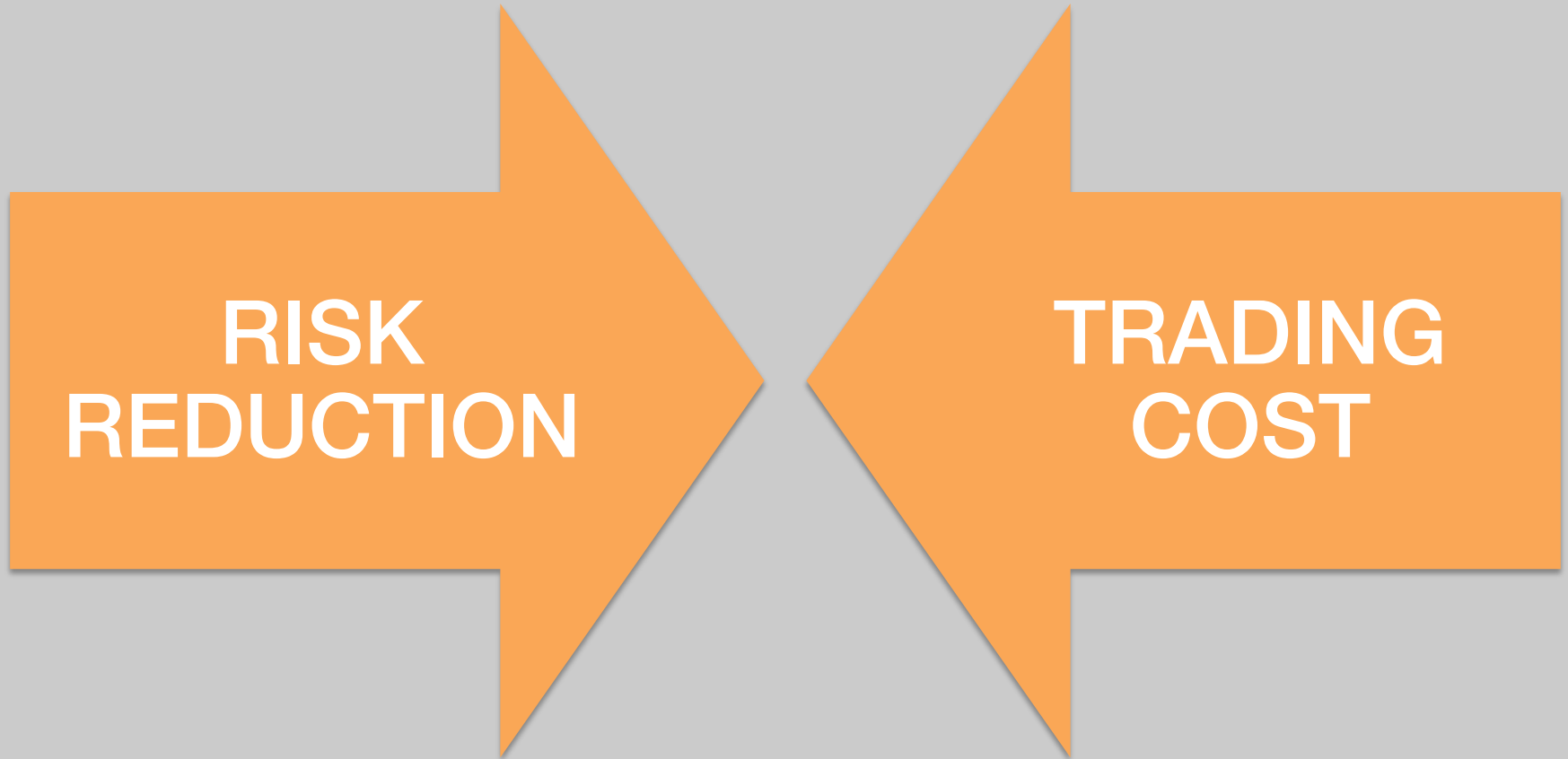
- + Back to range edge
- + Half-way back
- + Back to target

What to do?

Delay is costly

- + Portfolio drifts more the less often rebalanced
- + Yet, need not “look” every month
- + Low cost to extending to bi-monthly or tri-monthly

Cost-benefit analysis



Where is Tom Richards when you need him?

$$T_i = \frac{2\lambda_r C_i}{\left(\sigma_i^2 + \sigma_j^2 - 2\rho_{ij}\sigma_i\sigma_j\right)}$$

Cost-benefit ranges

- + Wider for high-cost trades
- + Wider for hi-correlation assets
- + Tight for riskier assets
- + Tight for riskier portfolios

Cost-benefit trading

- + “Half-way back”
between range edge & target
- + Balances cost of trade with
benefit of rebalancing
- + Also reduces frequency

Flow-based rebalancing

- + Use inflows & outflows to level buckets
- + Cuts trading costs in half



Liquid & illiquid subclasses

- + Use REITs to adjust overall real estate exposure
- + Use public equity to dial down overweight to private equity
- + “Beta-based rebalancing”

The rebalancing “premium”

- + Some argue that rebalancing enhances returns
 - Bernstein/Minneapolis: +40bps
- + Better to think the premium is for diversification + rebalancing
- + ARMB estimate: 57-59bps
 - Already in Callan geometric estimates

	Current	WJ
US Equity	± 6	± 5
Intl Equity	± 4	± 5
Pvt Equity	± 5	NMF
Real Assets	± 8	NMF
Hedge Funds	± 4	NMF
Bonds	± 5	± 2
Short Term	0-7	5-7

Conclusions

- + Do rebalance!
- + Ranges reasonable
- + Approach reasonable

Thank you

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Investment Policy Statement (IPS)

ACTION: X

DATE: December 7, 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 B.1 Total Fund Investment Policy Statement (IPS):

IFS Report Recommendation #1, page 38 states:

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

IFS Report Recommendation #2, page 38 states:

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

Staff concurs with these IFS recommendations and has prepared a total fund IPS which includes a requirement for staff to review all ARMB investment policies annually.

RECOMMENDATION:

That the Alaska Retirement Management Board approve Resolution 2012-33, which adopts a total fund IPS which includes a requirement for staff to review all ARMB investment policies annually.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Investment Policy Statement

Resolution 2012-33

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

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for each of the funds entrusted to it; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.2201(a)(12) requires the Board to obtain an external review to evaluate the investment policies of each fund entrusted to the Board and report the results of the review; and

WHEREAS, the Board received the report from Independent Fiduciary Services which included a recommendation that a total fund investment policy statement be developed and that all investment policies be reviewed annually;

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopt the Total Fund Investment Policy Statement, attached hereto and made a part hereof.

DATED at Anchorage, Alaska this ____ day of December, 2012.

Chair

ATTEST:

Secretary

Alaska Retirement Management Board

Investment Policy Statement

1. Purpose and background

The Alaska Retirement Management Board (ARMB) was established by the Legislature in 2005 to serve as trustee for the assets of the state's defined benefit and defined contribution retirement systems, the State of Alaska Supplemental Annuity Plan, the deferred compensation program for state employees, and the Alaska retiree health care trusts. Consistent with standards of prudence, the board has the fiduciary obligation to manage and invest these assets in a manner that is sufficient to meet the liabilities and obligations of the systems, plan, program, and trusts.

The ARMB manages over \$18 billion of investments on behalf of a diverse set of over 16 retirement and benefits accounts, each with unique attributes including funding status and demographic profile. The two biggest defined benefit systems, PERS and TRS are a large majority of the total assets. Both systems are significantly underfunded. The funding objective of these plans, as adopted by the ARMB, is to set a contribution rate that will pay the normal cost and amortize the initial unfunded actuarial accrued liability and each subsequent annual change in the unfunded actuarial accrued liability over a closed 25-year period. This funding objective is currently being met. The State of Alaska is the largest contributor to paying down the unfunded liability and the State is expected to make its contribution payments over the near term planning horizon. The demographics of PERS and TRS are such that over half of the total plan participants are retired and receiving benefits or otherwise no longer active in the system. Without investment gains, distributions out of PERS and TRS are now larger than payments into the systems. Like PERS and TRS, the other accounts that make up the system have their own unique funding, demographic, and other attributes for the ARMB to consider.

2. Statement of Objectives

The ARMB's general investment goals are broad in nature. For the defined benefit plans under its responsibility, the overall objective of the ARMB investment program is to provide members and beneficiaries with benefits as required by law. This will be accomplished through a carefully planned and executed long-term investment program that efficiently and effectively allocates and manages the assets entrusted to the ARMB.

The investment policies have been designed to allow ARMB to seek its expected long-term total return. Reasonable and prudent risk-taking is appropriate within the context of overall diversification to meet ARMB long-term investment objectives. The assets of ARMB will be broadly diversified to reduce the effect of short-term losses within any investment program in a manner that controls the costs of administering and managing the portfolio.

Regarding the defined contribution plans under its responsibility, each participant has his or her own risk tolerance, time horizon, and investment objectives. Participants are responsible for their own investment decisions. To help meet these varying needs, the ARMB seeks to provide participants with an array of investment choices across a range of asset classes, risk levels, and investment strategies so they can construct and/or invest in portfolios that address their individual needs, and do so using investment vehicles and structures that provide competitive risk-adjusted returns at a reasonable cost.

3. Investment Guidelines

The ARMB endeavors to achieve its expected long-term total return, as determined by the actuarially-required rate of return, while minimizing risk as determined by the projected standard deviation of the range of potential future returns.

The target allocation of assets among various asset classes shall be approved by the ARMB. The asset allocation policy shall be predicated on the following factors:

- The historical performance and risk measures of capital markets adjusted for expectations of the future long-term capital market performance
- The correlation of returns and risk among the relevant asset classes
- The expectations of future economic conditions, including inflation and interest rate assumptions
- The projected liability stream of benefits and the costs of funding to both covered employees and employers
- The relationship between the current and projected assets of the plan and the projected actuarial liability stream.

This asset allocation policy will identify target allocations to the classes of assets ARMB can utilize and the ranges within which each can fluctuate as a percent of the total portfolio for each plan. At times the asset allocation for a plan may drift beyond the proscribed bands of the target allocation. At such times, staff will consider the costs and benefits of rebalancing the asset allocation to comply with the plan's asset allocation policy.

4. Securities Guidelines

The desired attributes of a security vary substantially by asset class. As such, care is taken by the ARMB to identify the types of securities that are allowable when formulating and updating the investment guidelines at the asset class level. Particular care is given when considering the inclusion of guideline language that would allow for leverage, shorting and the use of derivatives.

5. Selection of Investment Managers

The ARMB may use internal and external investment managers, subject to the Board's discretion. In selecting external investment managers, the ARMB will engage a consultant to conduct an investment manager search. Investment staff will work with the consultant to construct applicable search criteria which may include, but is not limited to:

- Relevant experience managing investments for institutional clients
- Stability in attracting and retaining high quality investment professionals
- A record of managing asset and client growth and an asset base sufficient to accommodate the ARMB's investment
- Performance reporting compliant with Global Investment Performance Standards (GIPS)
- Competitive investment management fees

The consultant will recommend a group of semi-finalist candidates to staff. Staff will engage in additional research and due diligence and will recommend one or more of the semi-finalists to the ARMB for hiring consideration. Under certain circumstances, the ARMB may delegate investment manager hiring authority to staff or use a modified hiring process.

6. Control procedures

The ARMB has control procedures in place to monitor compliance with investment policies and objectives. The following parties have responsibility for elements of the investment monitoring and control process:

Investment Consultant

The ARMB's general Investment Consultant is a fiduciary and the primary source of asset allocation and investment manager performance information. At least annually, the Consultant will:

- Assist the ARMB in establishing long term goals and objectives that incorporate results from actuarial studies which the ARMB will provide to the Consultant.
- Develop risk guidelines that offer an acceptable likelihood of achieving the objectives.
- Develop forward-looking capital market assumptions.
- Optimize the risk-return characteristics for the funds.
- Document the entire asset allocation in a written formal report and present the report to ARMB at a regular meeting.

At least quarterly, the Consultant will provide the ARMB and Investment Staff with a performance report that, at minimum, includes information on:

- Rates of return presented in tables and graphs for the component portfolios, the asset and sub-asset classes, and the total investments for each of the funds for the past quarter as well as the past one, three, and five year periods.
- Performance comparisons using relevant investment universes and indexes for fund level returns as well as individual investment manager returns.
- Performance attribution analyses; market sensitivity analyses; measures of diversification, capital ratios, price-earnings ratios, turnover; comparisons by style of

management and other comparisons or information that is relevant to the particular manager, pool or asset class.

The Consultant will be available regularly to discuss the performance information with the ARMB.

Chief Investment Officer and Investment Staff

The ARMB's Chief Investment Officer (CIO) and Investment Staff advise on, implement, and monitor the board's investment program. Investment Staff is responsible for a variety of investment functions and provide the following investment controls that are reported to the ARMB:

- The CIO makes recommendations to the board on asset allocation and periodically rebalances the investment portfolio so that it remains compliant with the ARMB asset allocation. All rebalancing and manager allocation changes are regularly communicated to the ARMB Chair and communicated to the full ARMB at the next regular meeting.
- On an ongoing basis, often daily, the Investment Staff monitors managers using quantitative techniques, consultant information, discussions with managers, on-site due diligence, and other tools to identify potential issues. Issues are communicated through the CIO report to the ARMB at regular meetings. Exceptional issues are communicated to board members between regular meetings.
- The CIO leads a formal annual investment manager review. As part of this process, investment manager questionnaires are provided to the general consultant and the IAC. The CIO provides feedback to the ARMB on special concerns or other issues.
- The CIO and investment staff is responsible for reviewing all ARMB investment policies at least annually and recommending potential changes to the ARMB.

Comptroller and Accounting Staff

The State Comptroller is responsible for fund accounting and financial reporting. The State Comptroller and Accounting Staff perform a wide range of accounting functions and provide regular reporting to the ARMB that includes at minimum:

- A monthly financial report for each significant fund and investment manager including account balances and net cash flows.
- A monthly comparison of the target and the actual asset allocation.

Compliance

The Department of Revenue has a compliance function with direct reporting authority to the Comptroller. The Compliance function monitors the ARMB's investment managers and staff to ensure compliance with the ARMB's policies and procedures. Compliance reports to the Deputy Commissioner at least monthly on the investment program's adherence to board policies.

Financial Auditing Firm and ARMB Audit Committee

Annually, an independent accounting firm audits the financial statements of the pension system. The ARMB has an audit committee charged with overseeing this process and both the audit committee and the full ARMB meets directly with the auditors annually.

Fiduciary Auditing Firm

Every four years, the ARMB hires an independent firm to perform a review of the ARMB's investment policies and present their findings to the ARMB.

Consultant Auditing Firm

Every four years, the ARMB hires an independent firm to audit the performance reports of the Investment Consultant and present their findings to the ARMB.

Investment Advisory Council

The ARMB has an Investment Advisory Council (IAC) composed of up to five investment experts charged with providing advice to the ARMB at board meetings and as requested.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT:	<u>IFS Report Recommendation</u>	ACTION:	<u> </u>
	<u>Task Area B2, Recommendation #2</u>		
	<u>Rebalancing Discussion</u>	INFORMATION:	<u> X </u>
DATE:	<u>December 7, 2012</u>		

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.2. Rebalancing Guidelines

IFS Report Recommendation #2, page 69, states:

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

At the request of ARMB staff, Investment Advisory Council member Dr. William Jennings, made a presentation on Rebalancing Theory at the December 2012 meeting. The ARMB recently amended its rebalancing policy in June of 2012 and staff does not recommend any additional changes at this time.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: IFS Report Recommendation
Task Area B.1, Recommendation #5
Fixed Income Investment Guidelines
DATE: December 6-7, 2012

ACTION: X

INFORMATION:

BACKGROUND

AS 37.10.220(a)(11) and (12) require that the Alaska Retirement Management Board (Board) contract for an independent audit of the state's performance consultant not less than once every four years, obtain an external performance review to evaluate the investment policies of each fund entrusted to the board and report the results of the review. The Board entered into a contract with Independent Fiduciary Services (IFS) to provide the required reviews. IFS presented its final report at the December 2, 2010 Board meeting. At the conclusion of the presentation, CIO Gary Bader advised the trustees that each individual recommendation would be brought before the trustees at future meetings with a staff recommendation on action or implementation.

STATUS – IFS Task Area B.1 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.
-

- 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 Anchorage, Alaska this _____ day of December, 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.

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;
 - 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.
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);
 - 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 dealers that 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 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 Anchorage, Alaska this _____ day of December, 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.

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 dealers that 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 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 Anchorage, Alaska this _____ day of December, 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.

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.** 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;
 - b. Commercial paper;
 - 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;
 - 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. Convertible bonds.
9. Bank debt.
10. Preferred stock.
11. Common stock.
12. Warrants.

E. Portfolio Constraints. 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 any one corporate sector as defined by the benchmark as defined as Industry Level 3.
 5. Warrants and common stock are authorized investments only if issued in conjunction with or related to bonds purchased by the contractor.
 6. 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.
 7. The Contractor may not invest more than 5% of the portfolio's assets in any one corporate issuer.
 8. 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).
 9. There shall be no investment in private placements, except Rule 144A securities and bank debt.
 10. The Contractor shall not sell securities short.
 11. The Contractor shall not purchase securities on margin.
 12. The Contractor shall not utilize options or futures.
- 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 Anchorage, Alaska this _____ day of December, 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.

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 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.
- 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.
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.
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.
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.
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**

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 Anchorage, Alaska this _____ day of December, 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 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.

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: Manager Review Meeting

ACTION: _____

DATE: December 7, 2012

INFORMATION: X

BACKGROUND

In preparation for the annual Manager Review meeting with the Investment Advisory Council (IAC) members and the general consultant (Callan), staff updated and sent the 2011 Manager Questionnaire to all investment managers under contract with the Alaska Retirement Management Board (Board). The questionnaire topics can broadly be classified as: Ownership/Structure, Process, Portfolio Performance and Characteristics, and Other Issues – including the investment process, change in ownership, growth of assets, and legal issues.

Every manager completed a questionnaire, and the responses were provided to the CIO, Callan, and IAC members. After reviewing all questionnaires, the group met to discuss the manager responses and other matters to be brought before the group. Participants in the review were Gary Bader, Chief Investment Officer; Judy Hall, Board Liaison Officer; Michael O’Leary and Paul Erlendson, Callan Associates; and Dr. Jerrold Mitchell, Dr. Bill Jennings and George Wilson, IAC members. The reviewers met in Denver on August 23, 2012.

MEETING NOTES:

Discussion of the Merits of Active *versus* Passive Investment.

Mr. Wilson expressed his view that the fund should move most, if not all, of its publicly traded equities to passive management. Historically, the performance of the passive investment management has exceeded actively traded manager returns, especially when fees are taken into account. Mr. O’Leary explained that much of the domestic equity underperformance could be explained due to an explicit value bias the previous board expressed for value managers as well as a current overweight to small cap.

Mr. Wilson said the Russell 3000 is a reasonable domestic equity benchmark, and he did not believe there should be a style or size bias. He didn’t feel that personally he had the knowledge base or skill set to make a style or size bias decision. Mr. O’Leary noted that the conscious bias went back to IAC member Dr. Haugen when the value tilt and small cap bias were successful. Mr. Bader provided a handout looking at comparative returns going back ten years, then looking back to 1992, which justifies the bias that we have. Dr. Jennings said he supported value as a factor and small cap as a factor, but the separate question is—can we hold on during those bad times. He felt most boards should not have a style or size bias.

Mr. O’Leary noted the domestic equity pool underperformed the Russell 3000 benchmark. Callan believes that active small cap can add value, which has been shown; the same is true with emerging markets and international. The lowest probability of after-fee success is clearly U.S. large cap, so he is

quite comfortable with large portion of large cap assets being passively managed. Some funds are at 100%, the majority between 30-50%. ARMB large cap is 58% passive.

Mr. Bader stated that the way returns are calculated shows underperformance of Russell 2000. Staff follows the numbers daily, and is aware of information not readily apparent in Callan reports. Callan calculates return on cash in and cash out. During a rebalance, a purchase or sale at a price on trade date that is different than the price on settlement date will impact returns either positively or negatively. ARMB has experienced significant underperformance due to this day-to-day rebalancing anomaly. Mr. O'Leary confirmed the calculation process.

Mr. O'Leary stated the three-year return for the Russell 2000 at 17.8%; for ARMB the small cap passive was 16.88% and active 18.17% before-fee numbers, so the active-plus-passive aggregate of 17.31% looks like underperformance in total. Mr. Wilson inquired whether the difference is attributable to style. Mr. O'Leary noted that some is style, some is the rebalancing problem. Mr. Bader stated that staff does not rebalance unless outside of bands – tweaking for style is too costly. Mr. Wilson noted that domestic equity performance was less than the Russell 3000 benchmark after fees.

Dr. Mitchell stated that time periods are crucial and you can prove just about anything by choosing the time period. The previous discussion in May centered on ARMB performance and philosophically where articles show that it is very hard to outperform the index, but turn that around and the differing view is that you can outperform, it's just hard. The question is how do you have the best shot at hiring those managers and monitoring them in a way when they finish their 3 to 5 year outperformance, you take some money away, then give to a stable of managers that may have been underperforming. It is a hard sell to hire a manager who has been underperforming, but if you like the manager, count on them.

Mr. O'Leary noted the policy risk aspect of the discussion in light of the covered call, convertible and buy-write program where the exhibits show long-term performance against the S&P 500 which seemed to make sense, but you could be looking at a five year period of being below the market. Having them grouped separately may alleviate some discomfort, but if you can't maintain the discipline, then you shouldn't go into it.

Mr. Bader acknowledged the observation that ARMB has underperformed the Russell 3000. He believed it was caused by having an unequal allocation to managers. It should be a recommendation to balance the allocation to managers. Dr. Jennings noted that manager structure should be a conscious process. He encouraged a conscious thought that there is a number in international and small cap that we think is the right level of indexing. Mr. Bader agreed with that idea.

Mr. O'Leary noted that the biggest sizing bet was Relational in the large cap pool, at one time the largest manager, but have had more than half the money taken. Dr. Mitchell wondered whether Relational was properly placed in the large cap category. Dr. Jennings thought Relational along with other special equity situations like buy-write should be in a special category. Mr. O'Leary noted agreement that there should be three domestic buckets: large, small and other.

Consensus: Continue discussion at the December IAC/Callan meeting in New York.

Simplify Performance Reporting

Mr. Bader provided a handout as a potential template which was discussed and amended to include a column for assets under management, after fee returns and other items. Mr. O'Leary will create a new summary level report for distribution and further tweaking.

Hedge Funds

Mr. Bader stated that Mr. Wilson had prepared a presentation on Hedge Funds, but he felt that its timing should be concurrent with a presentation on asset allocation. Mr. Bader noted another discussion is where the money would go if the absolute return asset class is terminated. Mr. O'Leary stated loss of patience on the fund of funds situation. His interpretation is if the fiscal year numbers are not there Callan would potentially recommend zero for the year beginning 7/1/13, the fee hurdle and hedge fund structure is hard to justify. This discussion should happen prior to asset allocation deliberations.

Consensus: Continue discussion at the December IAC/Callan meeting in New York. This is well prior to the Board April asset allocation discussion, which will include discussing ending the absolute return allocation and resulting ramifications.

Earnings Assumption

The discussion centered on other states and funds that are struggling with having an 8%-or-more earnings assumption in the current very low interest environment along with the challenges of budgetary processes. Dr. Jennings noted that, despite industry practice, there was no law that any reduction come in ¼% increments.

Emerging Markets in EAFE benchmarked portfolios

Mr. Bader stated the potential problem of international and global managers making significant investment in emerging markets, so that the fund allocation to emerging markets is higher than asset allocation calls for. The group discussed potentially limiting managers to a fixed amount, or creating new benchmarks and then how to evaluate and manage to those benchmarks, the concern of the cost and the process to move to the ACWI benchmark.

Consensus: Limit Developed Country managers to 10% holdings in emerging market stocks

Grouping Differentiated Portfolios: Buy/Write, Convertible Bonds, Dow 100, etc.

Dr. Jennings noted that he would add Relational to part of the outlined "other equity" group. Dr. Mitchell thought the key question with Relational is—can we trust that they will do what they say; this is the time whether you believe in their process and you hire them, but if you don't believe the process will work over time, then you get out. Mr. Bader stated that he was content to stay with them for now, but the succession issue is something to watch. Mr. Bader stated that the particular convertibles strategy should perhaps be in bonds – it is closer to high yield in style.

Consensus: the benchmark for Other Equity category should be S&P 500, with convertibles going into high yield/fixed income bucket. Other Equity category includes RCM Redwood, Analytical, and

Relational, all with a S&P500 benchmark. Mr. Bader will discuss with Pam Leary any reconciliation issues with State Street.

Style Tilts

Mr. Bader defined this as a long-term bias. Dr. Mitchell stated the portfolio should not have a style tilt. Dr. Jennings stated that there should not be a value/growth bias because the risk is too great. The group discussion centered on moving to the Russell 3000 as the domestic equity benchmark, with a more balanced portfolio between large and small cap, possibly unwinding any bias toward value and small cap.

Consensus: Move to Russell 3000 domestic equity benchmark without a style tilt.

Manager Review:

McKinley: The same underlying investment strategy is used for the two mandates and doesn't seem to warrant a \$600 million investment, which is large relative to other managers. Dr. Mitchell noted they have followed their style, but if looking at equalizing money around managers, then this is a place to take from.

Consensus: Scale back allocation to McKinley

RCM: Questionnaire responses indicate an acknowledgment that Scott Migliori is spread too thin as CIO, but the group was not impressed with the list of portfolio personnel. The SRI fund performance has not been impressive and recent performance in large cap growth fund has trailed as well. A new risk management tool is being layered in from their German counterparts.

Mr. Bader reported on his face-to-face meeting with the entire team regarding the buy-write Redwood strategy, stating his concern that the approach should not be so style conscious even though they are a growth manager. It is too soon for watch list, but they have a deep hole to climb out of. Dr. Jennings thought that, separate from the question of whether buy-write is a good strategy, is whether RCM is the firm to implement it. Mr. Bader stated that he is comfortable paring back RCM.

Prisma: Dr. Mitchell expressed his concern with KKR acquisition, noting this is an automatic watch list criteria. The group recommends that funding of new mandate be delayed. In previous meetings, Mr. Bader's noted that acquisitions of firms rarely work well for investors. Following this thought, Mr. Wilson suggested that termination of Prisma be discussed as part of the asset allocation process.

MacKay Shields: Mr. Bader noted that the firm has under-performed in high yield.

SSgA: Mr. Bader noted that reading through the legal issues on the questionnaire makes him more and more uncomfortable with State Street as an umbrella organization. However on the investment side, we ask for index returns and they provide them. Dr. Mitchell noted that the more State Street gets away from its origins, which were plain vanilla custody and indexing, the more they get into trouble and get clients in trouble. They are not getting returns from custody and indexing, so shareholders want more return which means taking on more risk. Dr. Jennings noted Alaska had some concern in the past with SSgA but that the board already had a relationship with Barclays who could take over in a situation.

Conclusion: further discuss at the December IAC/Callan meeting in New York to discuss changing asset class and allocations – particularly absolute return.

Mr. Bader inquired whether Russell 1000 should be large cap benchmark – the consensus was to do that and still show the S&P 500.

State of Alaska

TAXABLE MUNICIPAL BONDS



Jeff Pantages, CFA – *Chief Investment Officer*

Jason Roth – *Portfolio Manager*

Agenda

- Why taxable municipal bonds make sense
- Market structure and performance
- Yield spread valuation
- Defaults: municipals vs. corporates
- Risk, reward, and diversification benefits
- Summary

Taxable Municipals for the State of Alaska

- **Competitive yields** and returns
- Historically **low default rates** vs. corporates point to high quality, second only to U.S. Governments
- **Diversification** benefits for bond or asset allocation accounts
 - Public purpose and dynamics of state and local government is different than private sector
 - Lower correlation to stocks and higher correlation to U.S. Treasuries

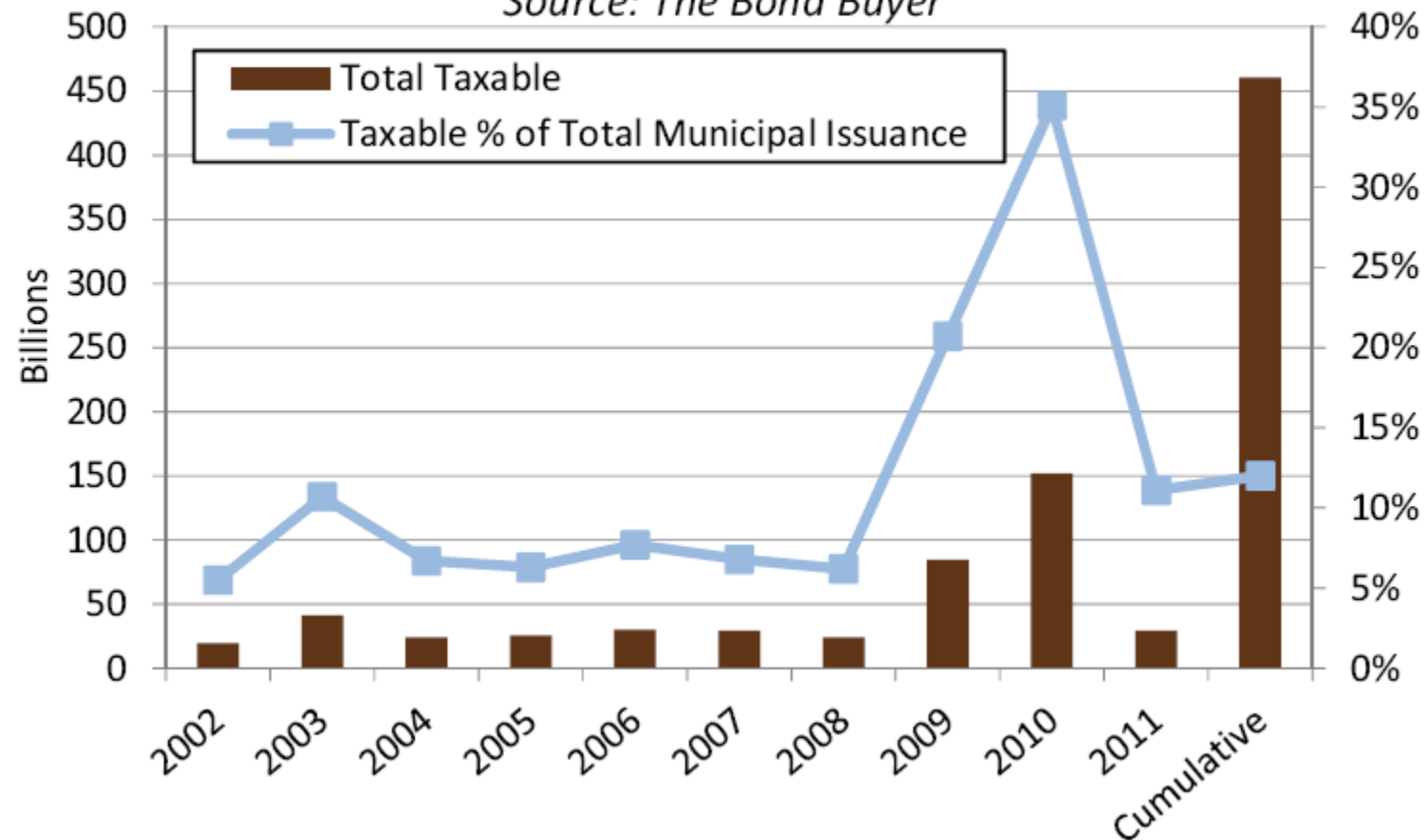
Taxable Municipal Market

- Issued since 1986
 - Housing bonds, local sports facilities, pension obligation bonds
 - Barclays Index since January 2006
 - S&P Index since November 2009
- Approx. \$300 billion outstanding
 - Issuance more than doubled with Build America Bond (BAB) program
 - Allowed state and local governments to issue taxable municipal debt with a valid public purpose and receive a subsidy equal to 35% of the interest on the bonds
 - The two year BAB program expired on 12/31/2010

BABs Expanded Market to \$300 billion

TAXABLE MUNICIPAL ISSUANCE

Source: The Bond Buyer



Source: Wasmer, Schroeder & Company

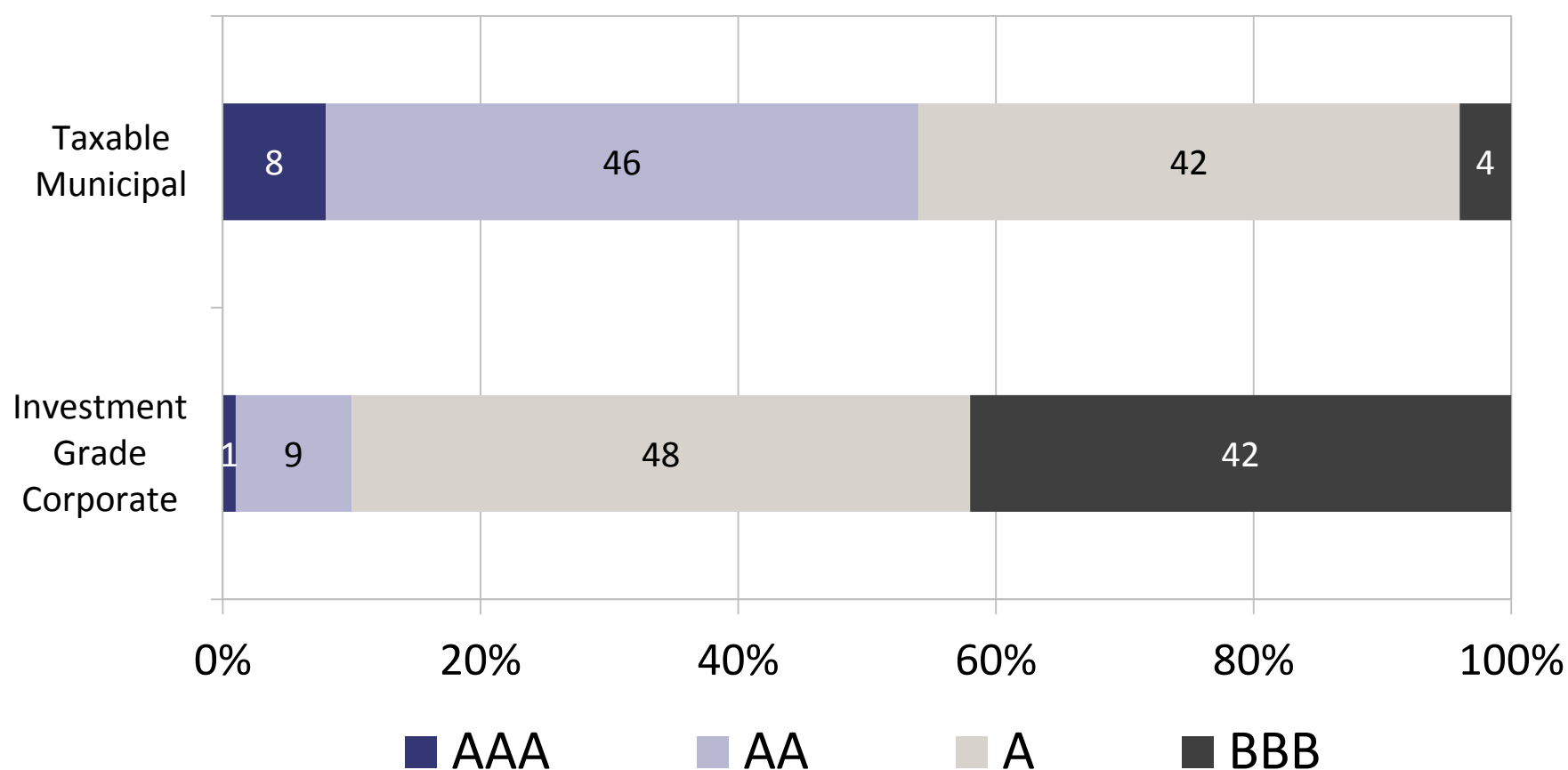
Index Comparisons

	Barclays Taxable Municipal Bond Index	Barclays Municipal Bond Index	Barclays U.S. Aggregate Index	Barclays U.S. Corporate Investment Grade Index
Yield	3.89%	2.17%	1.61%	2.79%
Quality	AA3/A1	AA3/A1	AA1/AA2	A3/BAA1
Duration	10.81	6.90	4.85	7.20
Maturity	20.38 Years	13.68 Years	6.73 Years	10.65 Years
Market Value	\$299 Billion	\$1.3 Trillion	\$16.8 Trillion	\$3.6 Trillion

Data: Barclays Indices as of September 30, 2012

Taxable Muni and Corporate Index Ratings

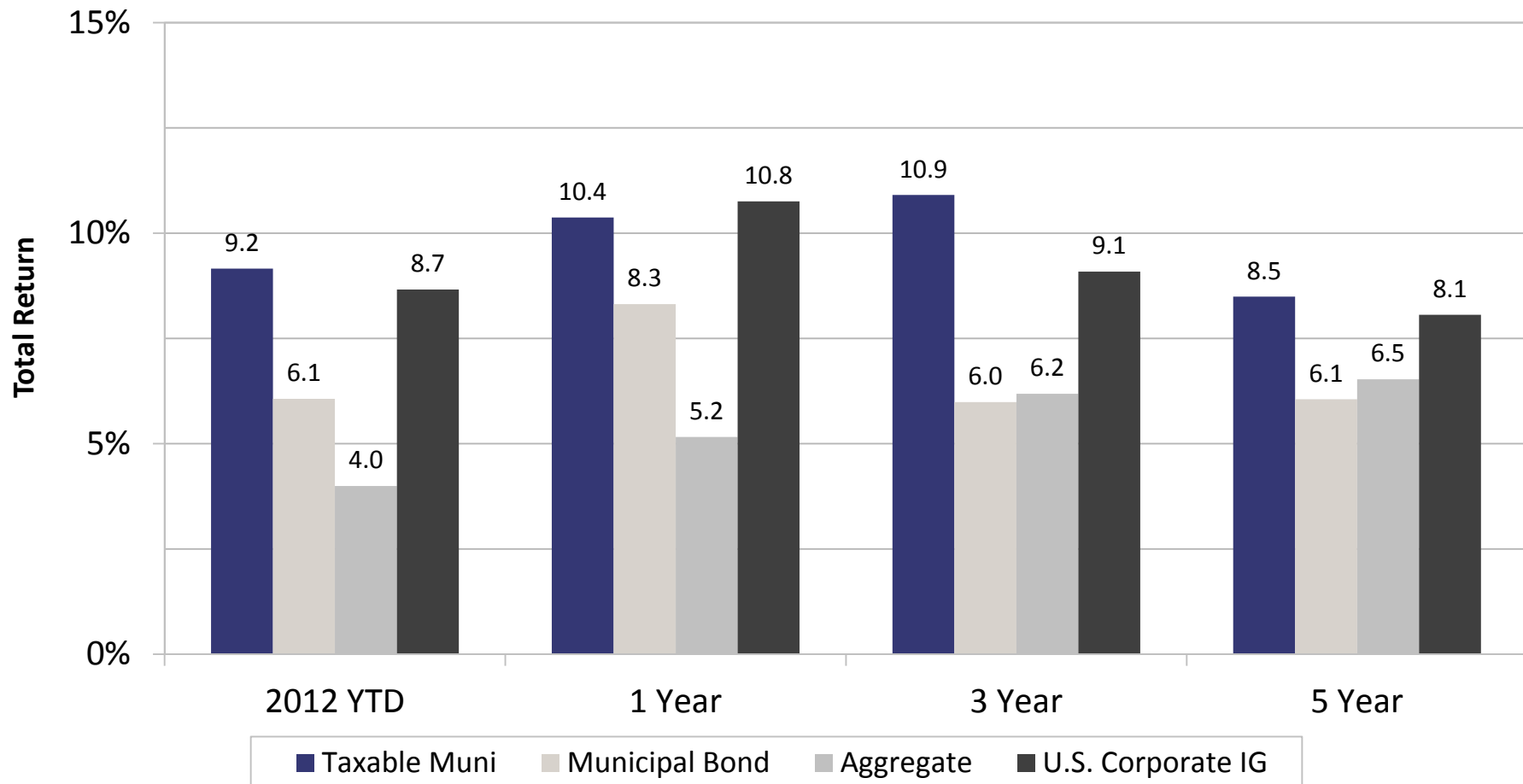
Index Weightings by Quality



Data: Barclays Research as of September 2012

Market Performance Has Been Good

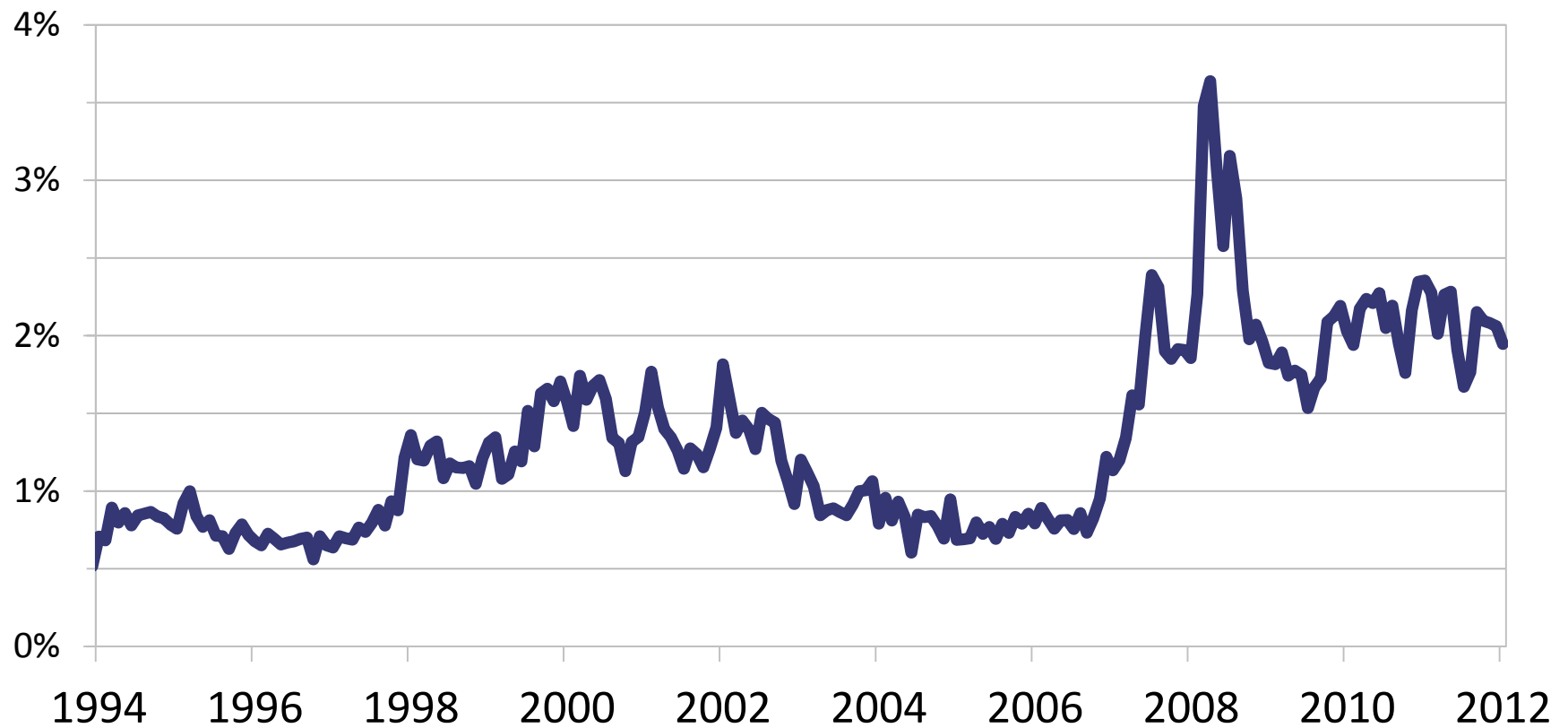
Index Total Return



Periods greater than 1 year are annualized. Barclays Index Data as of September 30, 2012.

Valuation: Yield Spreads

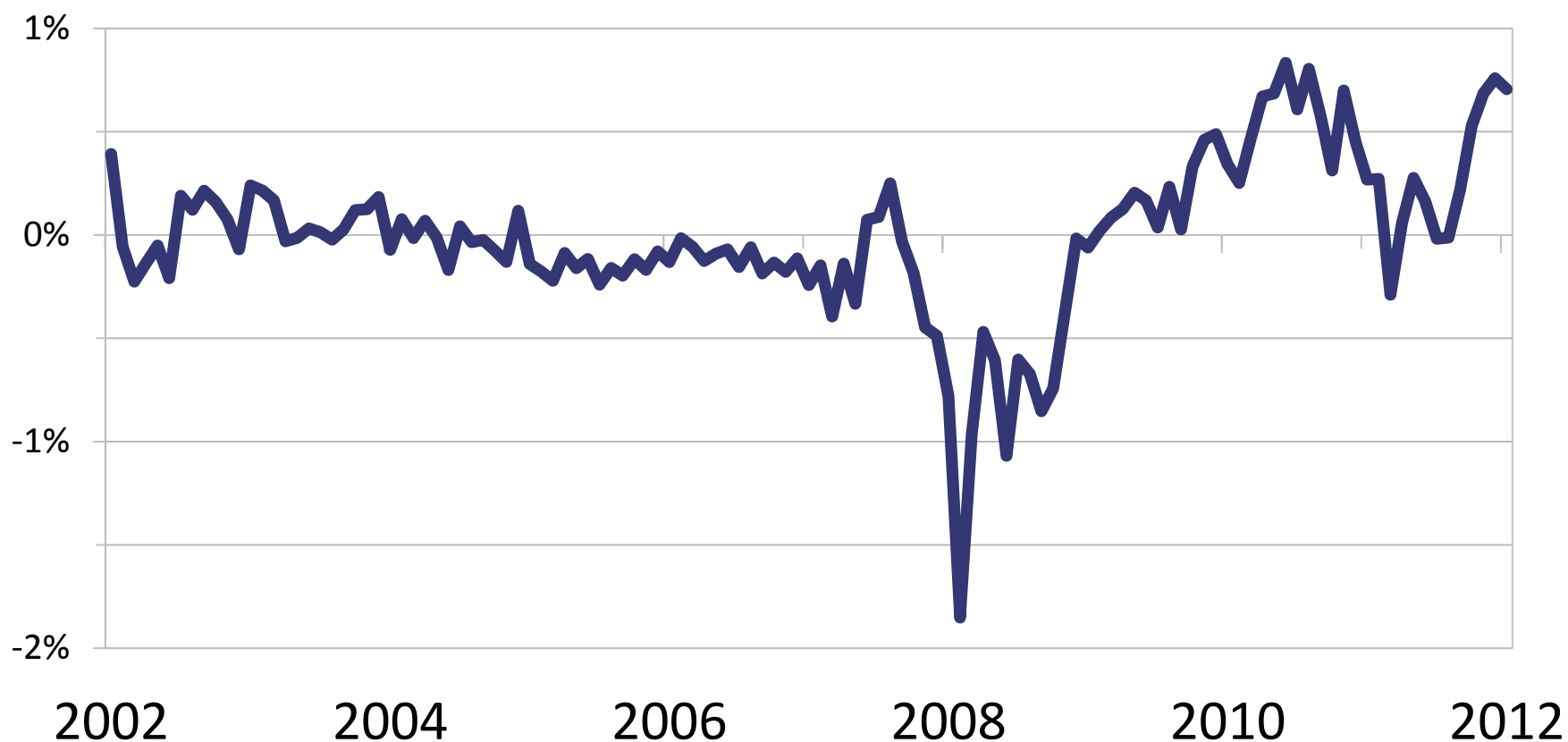
10 Year A Rated U.S. Taxable Muni vs. U.S. Treasury
September 1994 to September 2012



Data: Bloomberg Fair Value U.S. Taxable A 10 Year Muni Index – Bloomberg Generic 10 Year U.S. Treasury Index

Valuation: Yield Spreads

10 Year A Rated U.S. Taxable Muni vs. A Rated Corporates
September 2002 to September 2012



Data: Bloomberg Fair Value U.S. Taxable A 10 Year Muni Index – Bloomberg Composite A 10 Year Corporate Index

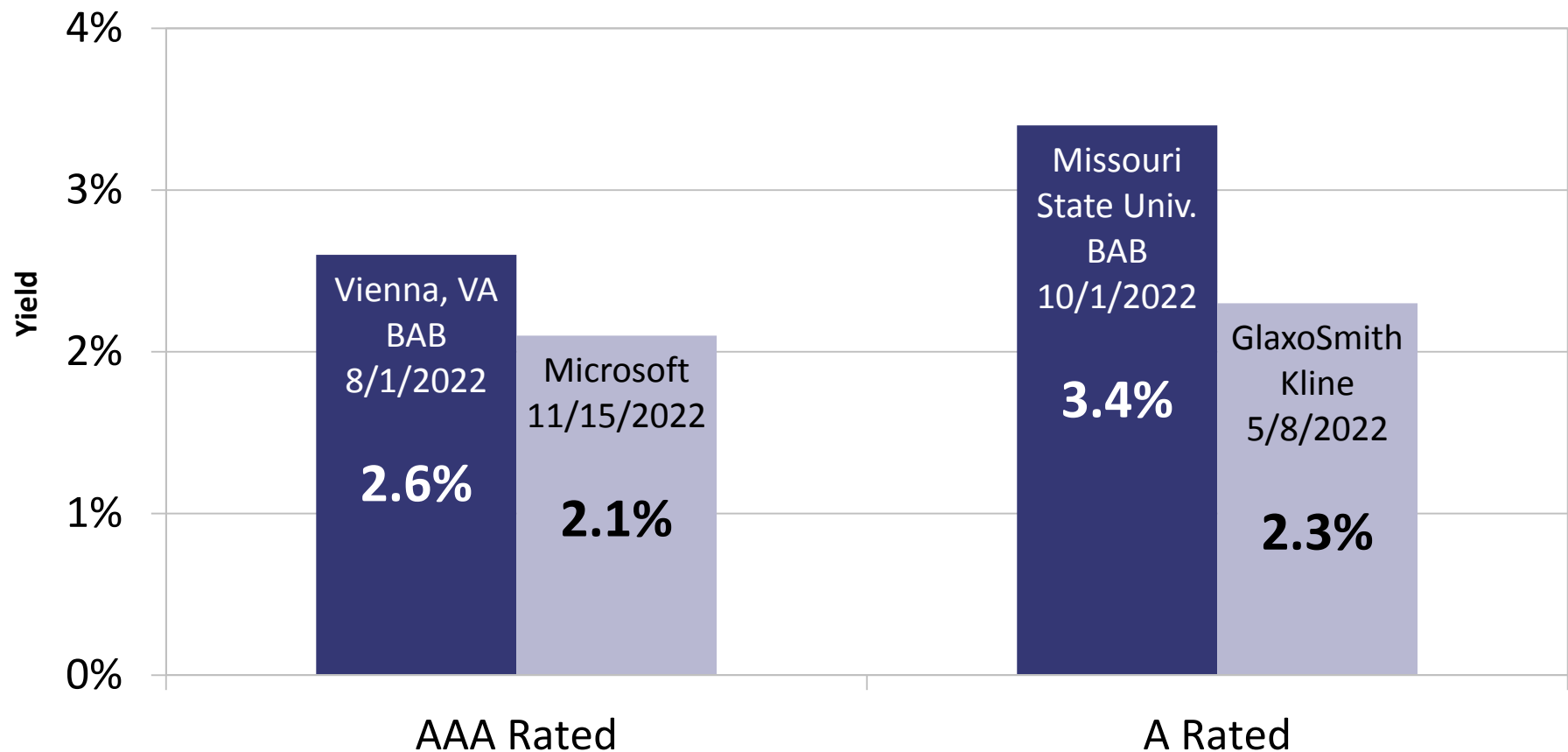
Valuation: Quality Spreads

BABs Universe			ML Long Corporate Index	
Rating	Treasury OAS	% Market	Treasury OAS	% Market
AAA	149	13.1	106	1.2
AA	197	55.9	180	11.4
A	279	29.6	206	42.3
BBB	393	1.4	294	45.1

Data: BondEdge Analytics as of June 30, 2012

Bond Comparison

Market Yields: Taxable Municipals vs. Corporates



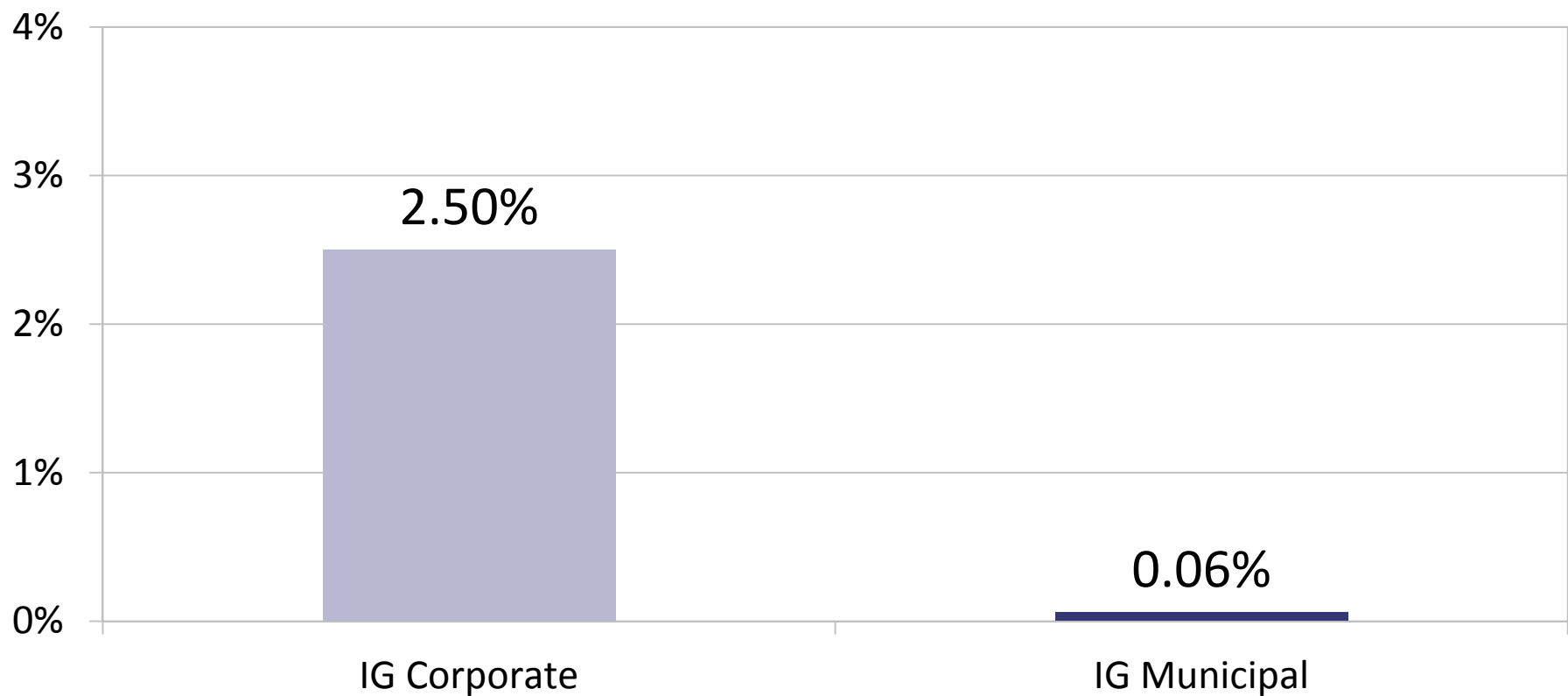
Data: Bloomberg as of November 20, 2012

Municipal Bonds and Defaults

- General obligation bonds considered the safest
 - Backed by the **full faith, credit, and taxing power** of state and local governments
- Revenue bonds riskier
 - Payment dependent on specific revenue stream
- Municipal defaults compare favorably to corporate debt
 - According to Moody's:
 - “Unlike corporates...only a small portion of rated municipalities have refinancing risks, and debt service typically represents a low percentage of municipal expenditures, so **municipal issuers have little to gain by defaulting.**”
 - “Municipal bankruptcy itself is a rare event given the significant political and legal hurdles to filing.”

Default Rates: Municipals vs. Corporates

10 Year Cumulative Default Rate 1970 – 2009



Data: Moody's Investors Service, February 2010. Study period was 1970 through 2009.

Default Rates: Municipals vs. Corporates

Ten-Year Cumulative Default Rates as of 12-31-09	Municipal Bonds	Corporate Bonds
Aaa	0.00%	0.50%
Aa	0.03%	0.54%
A	0.03%	2.05%
Baa	0.16%	4.85%
Ba	2.80%	19.96%
B	12.40%	44.38%
Caa to C	11.60%	71.38%
Investment Grade	0.06%	2.50%
Speculative Grade	4.55%	34.01%
All Rated	0.09%	11.06%

Cumulative **default rates** for all rated municipals is **LOWER** than the default rate of AAA corporate bonds.

Source: Moody's Investors Service, February 2010. Study period was 1970 through 2009.

Average Bond Default Recovery

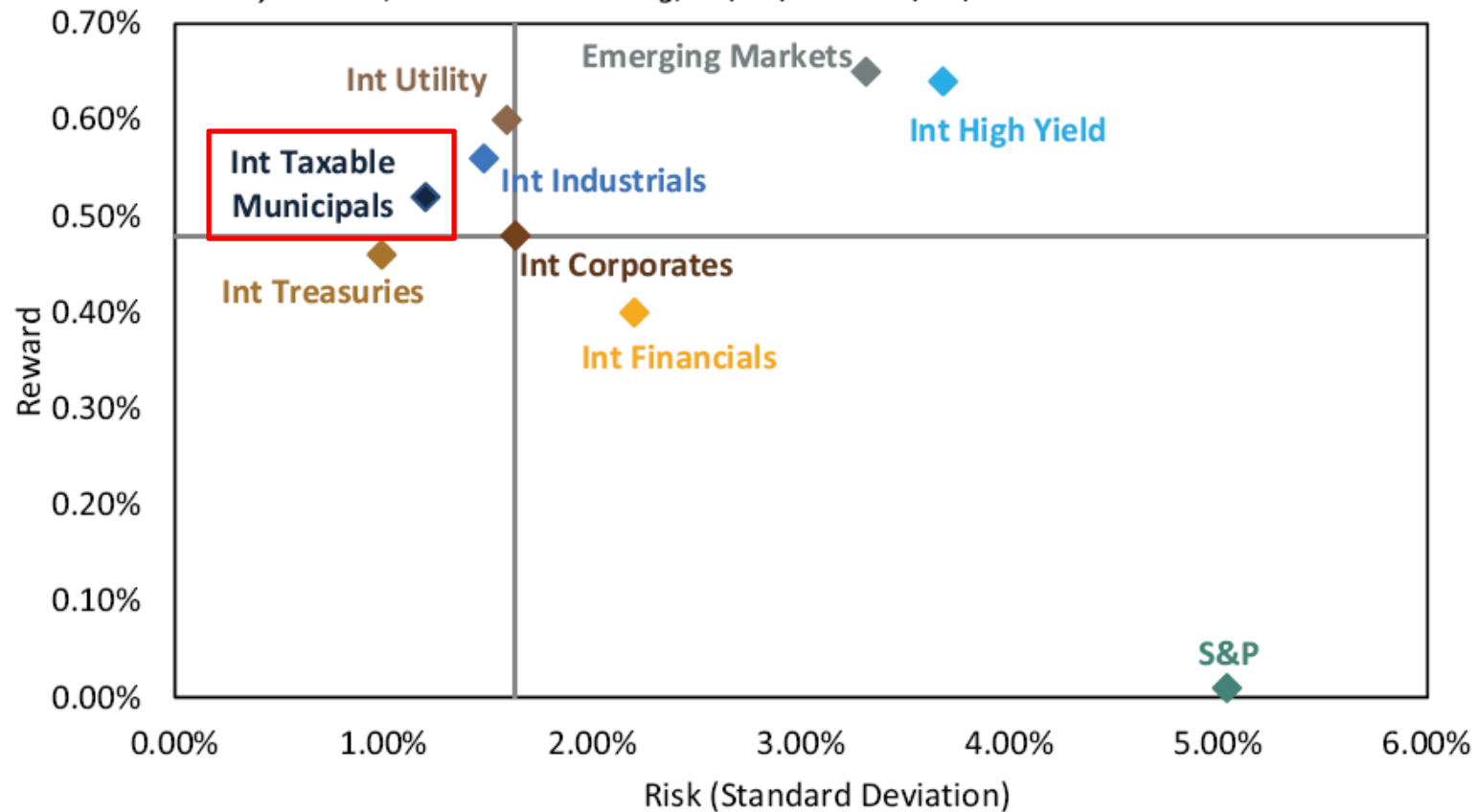
	30 Days Post Default	Ultimate Recovery
Municipal Bonds	59.9%	67.0%
Corporate Bonds	31.0%	41.0%

Data: Bloomberg News: *Munis Default Less, Pay Back More Than Corporates, Moody's Says* 2/11/2010

Reward and Risk

RISK/REWARD ANALYSIS (BARCLAYS CAPITAL INDICES AND S&P)

Based on monthly returns; Source: Bloomberg; 12/31/2005-12/31/2011

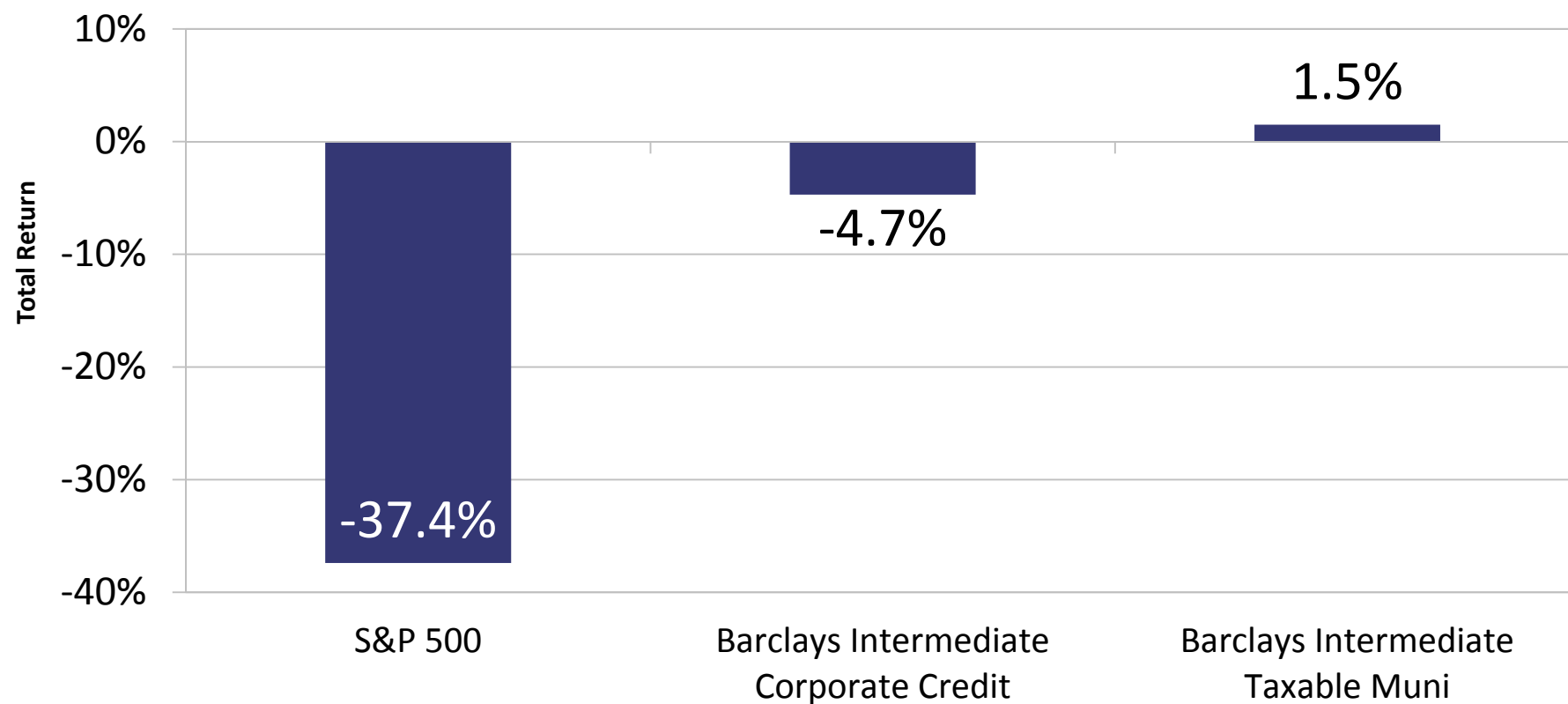


Source: Wasmer, Schroeder & Company

The 2008 Stress Test

Total Return

December 2007 – December 2008



Data: Windham Portfolio Advisor

Correlation Statistics Suggest Good Diversifier

Taxable municipals have the highest correlation to Treasuries and the highest (negative) correlation to stocks.

Barclays Index	Correlation to Intermediate Treasuries	Correlation to S&P 500
Intermediate Taxable Municipals	0.53	-0.13
Intermediate Utility	0.34	0.24
Intermediate Industrial	0.32	0.34
Intermediate Corporate	0.23	0.43
Intermediate Financial	0.09	0.45
Intermediate High Yield	-0.37	0.75
Intermediate Treasuries		-0.33

Data: Windham Portfolio Advisor. Based on monthly returns from January 2006 to September 2012.

Summary

- New asset class with appeal to pension plans, foreign institutions, endowments, foundations, and taxable bond funds
- Higher returns, yields, and credit quality compared to corporate issues argue for taxable municipals
- Diversification benefits due to lower volatility and lower correlation with equities
- Taxable municipals finance projects (infrastructure) with a valid public purpose that supports long term economic growth

Appendix

Alaska Permanent Capital Management

- SEC Registered Investment Advisor serving Alaska institutions
- Founded in July 1992 by Dave Rose
- Owned and operated by Alaskans, located in Anchorage
- Conservative investments tailored to each client
- \$3 billion in assets under management and advisement
- A FIDUCIARY, acting in the client's best interest only

Alaska Permanent Capital Management



Brandy Niclai: One of the First Alaska Native Women to Earn the CFA Charter

Brandy Niclai, CFA, spent her high school years living in Bethel, Alaska—a 6,000-person town in the interior of Alaska, accessible only by air or water—which serves as a hub for 56 surrounding Yupik villages. Her first job after earning a BBA from Washington State University in Anchorage was at a company formed by her father's Native corporation: the Calista Corporation of southwestern Alaska. She discovered fairly quickly that her calling was finance.

"I gravitated toward finance because it satisfied my more analytical side," she says. She made the move into finance by joining First Union, which later became Wachovia Securities. The branch manager at First Union told Brandy about the CFA Program, and after five years as a financial adviser, she took the plunge. "I decided to start the program because I wanted that deeper level of understanding, and I had an opportunity to earn a globally-recognized designation and still live here in Alaska."



APCM
Recognized
Nationally

Pensions & Investments Pionline.com

With Wall Street, relationships call for skepticism, not faith

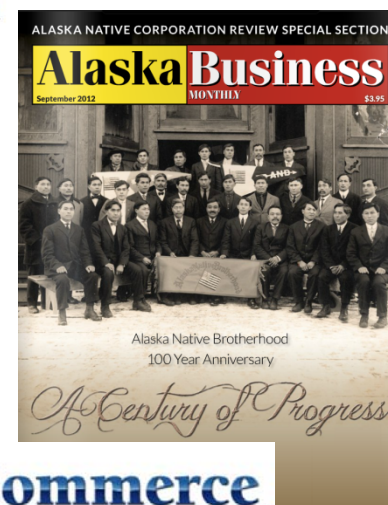
By Jeff Pantages

Source: Pensions & Investments
Date: April 14, 2008



Bloomberg
NEWS

ALASKA
Journal of Commerce
Alaska's Paper of Record • Established 1977



Experience that adds up:

5 Chartered Financial Analysts
+ 2 Certified Public Accounts
2 Certified Financial Planners

200 + Years of Industry Experience

Alaska Permanent Capital Management

Historical Assets Under Management

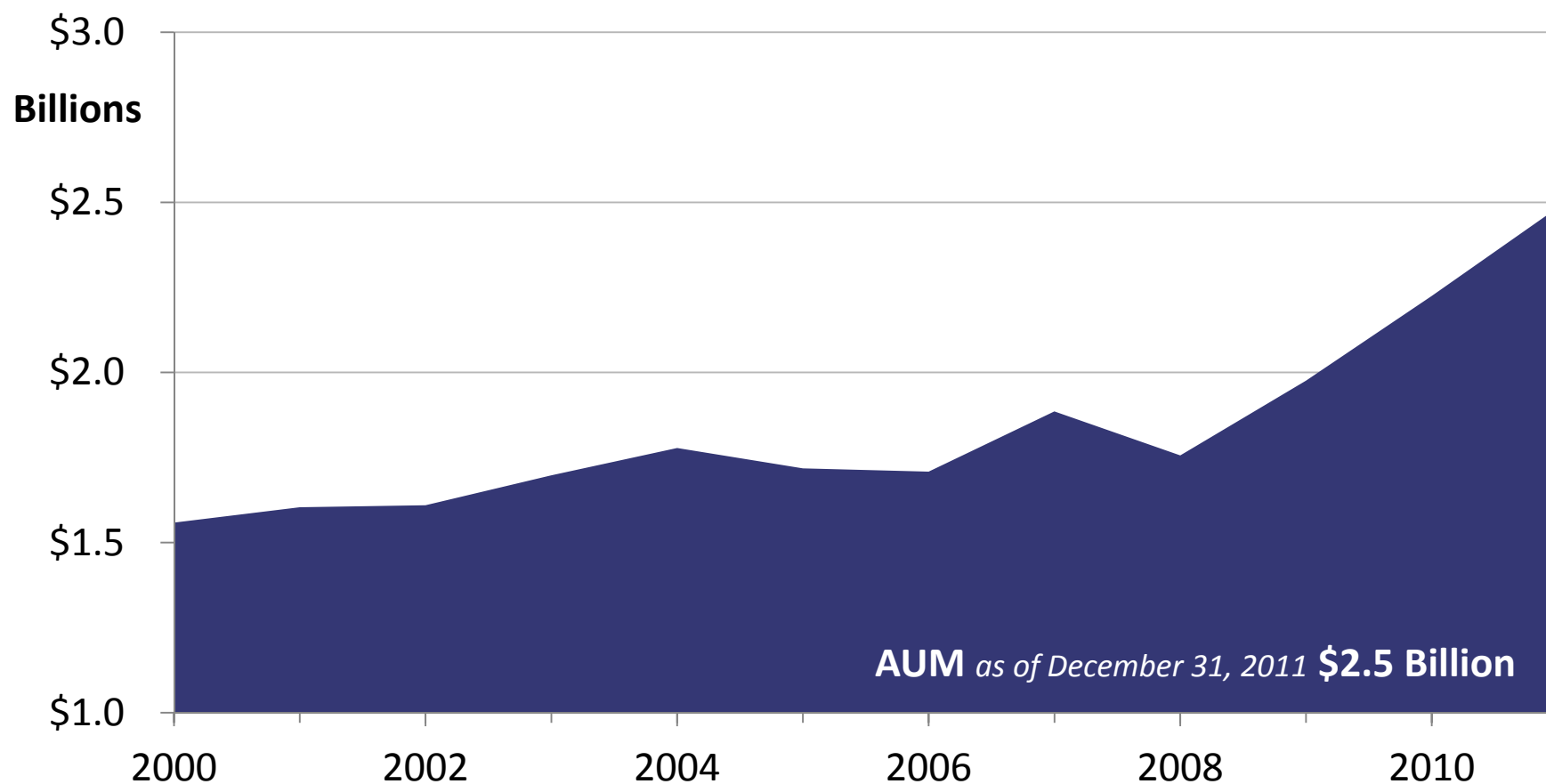
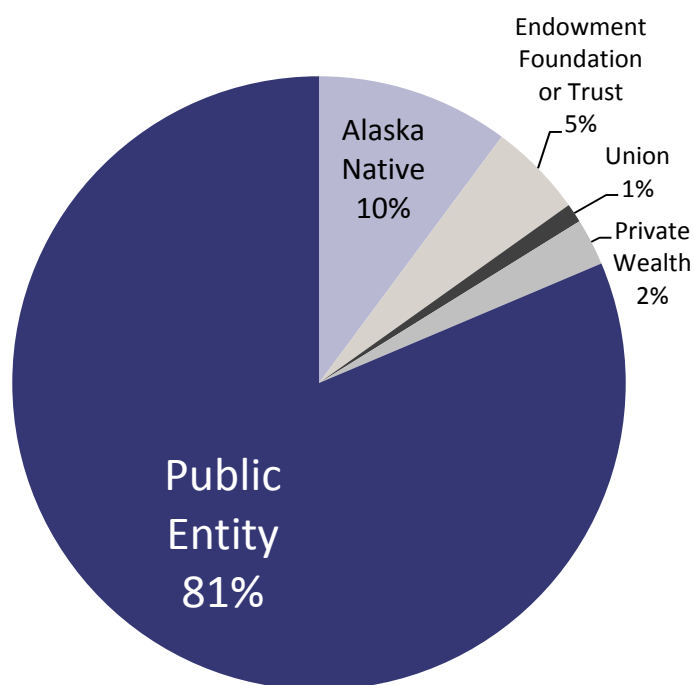


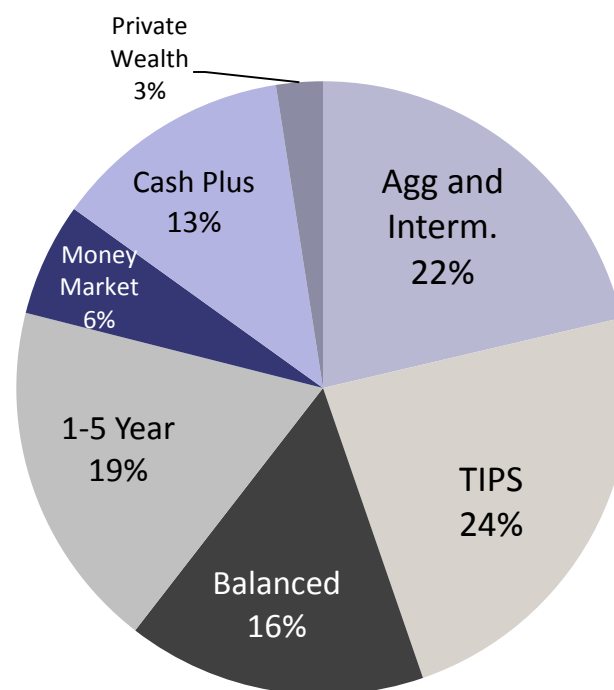
Chart shows annual year end figures.

Alaska Permanent Capital Management

Assets Under Management



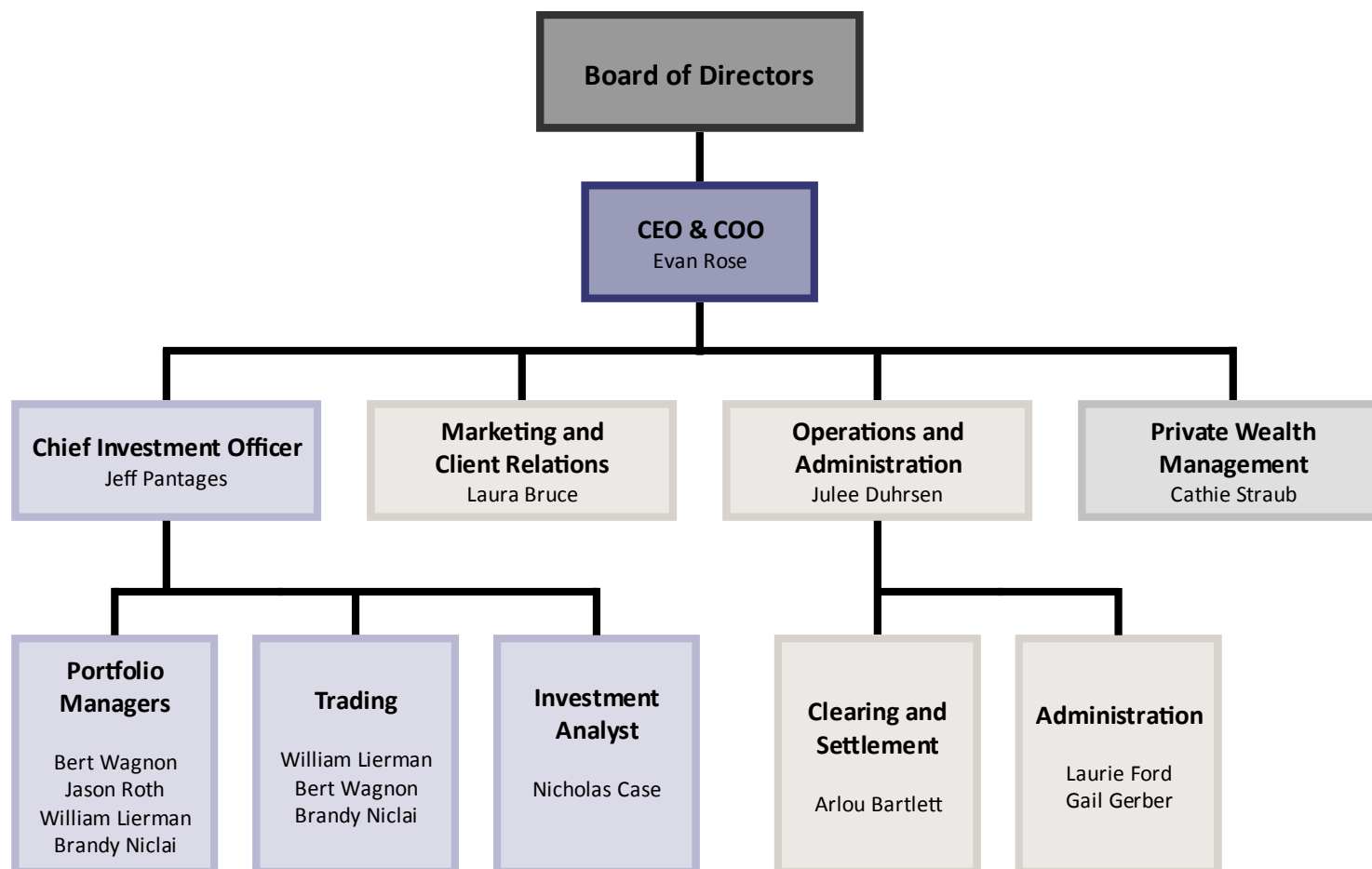
By Client Type



By Account Type

Data as of December 31, 2011

Alaska Permanent Capital Management



Portfolio Managers

■ Jeff Pantages, CFA

Jeff Pantages is the Chief Investment Officer at Alaska Permanent Capital Management. Jeff is responsible for the investment direction of one of Alaska's largest money managers, managing \$3 billion dollars and advising Alaska's local government investment pool.

Jeff is a Chartered Financial Analyst and has Masters degrees from both the University of Wisconsin and MIT. Jeff is a frequent contributor to such publications as Bloomberg, the GFOA quarterly, and Pension and Investment magazine.

His professional experience spans over 30 years of working as a portfolio manager for firms such as Prudential, Mellon Bank, Alliance Capital Management, and Cuna Mutual Group. While at Prudential, Jeff directed all municipal bond investing for the insurance company and its mutual funds. Jeff also has extensive experience teaching at the university level on such topics as derivatives and the capital markets.

■ Jason Roth

Jason Roth is a Senior Vice President at Alaska Permanent Capital Management. Jason serves as a core fixed income portfolio manager and is director of credit research at APCM

Jason joined APCM after a long career of over 30 years at First National Bank Alaska, where he served as Chief Financial Officer. At First National he was directly responsible for the management of the bank's \$1.3 billion reserve portfolio, including \$210 million of municipal bonds. Additionally, in his role as CFO, Mr. Roth oversaw the financial operations of more than \$3 billion in assets. Jason earned a Bachelor's Degree from the University of Arizona.

Municipal Bond Defaults, Safety, and Credit Ratings

There are 2 big differences between Corporate and Municipal Bond Credit Ratings that investors interested in municipal bond defaults should be aware of.

- The supply of high rated Municipal bonds is far greater than that of high rated corporate debt.
- The average municipal bond default rate is extremely low compared to corporate bonds, even when comparing bonds with similar ratings.

The highest credit rating is AAA. While 16 of the 50 States have triple AAA credit ratings, less than 5 US corporations have AAA rated debt. Over 90% of municipal debt (rated by Fitch), is rated in the A range, also known as high-investment grade. The majority of corporate debt is in the “B” range which includes low investment grade and junk bonds.

What is the probability of a municipal bond default?

Moody’s has compiled information which includes data from 1970 – 2011. Moody’s has said that it expects for municipal bond defaults to modestly rise, but it gives a basic framework for looking at municipal bonds.

- There have been no defaults on AAA rated Municipal Bonds.
- Less than 1 in 2000 A rated municipal bonds default
- Single A rated municipal bonds have less than one-tenth the defaults of AAA Rated Corporate bonds

Rating	Municipals	Corporates
AAA	0.0%	0.48%
AA	0.01%	0.86%
A	0.04%	2.22%
All Ratings	0.13%	11.17%

Historically, Municipal Bonds are between 50 and 100 times less likely to default than corporate debt with the same rating.

- Recent Municipal Bond Defaults Have Increased – In 2010 and 2011, the rate of defaults for municipal bonds has doubled. When looking at the actual numbers however we are still talking about very low numbers of defaults. There was an average of 5.5 defaults per year during this time vs. an average of 2.7 defaults per year for the previous 39 years.
- Ratings can change over time. In any given year, between 5 and 10% of municipal bonds can have their ratings changed or withdrawn. The largest portion of rating changes is one grade down. For example, a bond rated AAA becoming AA.
- The rating agencies have been trying to correct the difference between municipal and corporate ratings. In 2010, Moody’s and Fitch both changed the way they rated municipal bonds, resulting in a large number of upgrades. More recently, S&P has announced that it may be making changes as well.
- Aging Baby Boomers Will Be Hurting Municipal Finances Municipalities will be taking a double hit from America’s aging population. Less workers means lower tax revenues. More retirees means a bigger portion of budgets will be going cover underfunded pension liabilities and medical costs.

It is also worth noting that not all types of municipal bonds have the same default rates.

- General Obligation bonds have had an even lower default rate than revenue backed bonds. According to Moody’s only 5 defaults have occurred in General Obligation bonds in the last 41 years.
- Revenue bonds related to housing and healthcare projects have the highest default rates. Close to 75% of defaults over that same time period were from these two sectors.

Source: <http://www.learnbonds.com/municipal-bond-defaults/>

Taxable Issuers

Barclays | Municipal Indices Monthly

TAXABLE MUNICIPAL INDEX: LARGEST 25 ISSUERS

Figure 26: Largest 25 Issuers

Index / Issuer	Ratings			# of Bonds	Mkt. Value (\$mn)		OAS (bp)	Excess Returns (bp)				
	Moody's	S&P	Fitch		Amount	Pct.		OAD	(bp)	MTD	3 Mos	YTD
Taxable Municipals	NA	NA	NA	275	160,482	100%	12.3	201	74	247	619	552
State of California	A1	A-	A-	18	20,856	13%	11.4	249	216	479	889	868
State of Illinois	A2	A	A	13	16,453	10%	8.2	276	115	239	619	585
Port Authority of NY & NJ	AA3	AA-	AA-	7	5,263	3%	16.5	151	(10)	195	753	639
NJ State Turnpike Auth	A3	A+	A	3	5,255	3%	13.0	173	(74)	211	338	574
Bay Area Toll Authority	AA3/A1	AA-/A+	AA-	5	4,616	3%	16.1	162	59	421	833	737
NJ Econ. Development Auth	AA3/A1	AA-/A+	A+	11	4,438	3%	9.2	254	174	334	755	850
Metropolitan Trans. Authority (NY)	A2	AA-/A+	A+/A	8	4,197	3%	13.7	184	139	403	757	712
NY City Municipal Water Fin. Auth.	AA2	AA+	AA+	8	3,819	2%	16.3	142	56	353	854	639
University of California Med Center	AA1/AA2	AA/AA-	AA+	6	3,800	2%	15.4	185	47	135	677	529
American Municipal Power-Ohio Inc	A2/A3	A	A	7	3,361	2%	14.5	247	71	165	462	385
Los Angeles Unified School District	AA2	AA-	NR	3	3,294	2%	12.4	200	(66)	176	605	438
City of New York NY	AA2	AA	AA	8	3,165	2%	13.1	176	89	426	636	489
Gvt Dev Bank for Puerto Rico	BAA1	BBB	NR	8	3,008	2%	3.0	285	1	78	287	348
Municipal Elect. Auth. Georgia (MEAG)	A2/A3	A+/A	A+/A	3	3,005	2%	13.8	309	148	160	1,169	898
Commonwealth of Massachusetts	AAA/AA1	AAA/AA+	AA+	5	2,660	2%	12.9	119	44	132	385	279
Los Angeles Department of Water & Power	AA2/AA3	AA/AA-	AA/AA-	5	2,619	2%	15.6	159	76	202	1,064	883
Chicago Trans Auth-Sales Tax	AA3	AA	NR	3	2,527	2%	12.2	279	95	289	410	121
NY State Dorm. Auth - Pers Inc Tax	NR	AAA	AA	6	2,417	2%	13.2	145	34	141	505	404
NY City Transitional Finance Auth.	AA1/AA2	AAA/AA+	AAA/AA+	5	2,244	1%	12.5	149	40	255	585	390
State of Oregon	AA1	AA+	AA+	2	2,205	1%	8.4	152	(118)	(233)	335	312
NJ Trans. Trust Fund Auth	A1	A+	A+	4	2,187	1%	12.2	224	81	133	641	673
State of Texas	AAA	AA+	AAA	3	2,166	1%	15.3	107	(28)	88	535	234
State of Connecticut	AA3	AA	AA	3	2,165	1%	12.0	158	(24)	77	170	334
Dallas Area Rapid Transit	AA2	AA+	NR	4	1,984	1%	15.6	142	151	221	661	595
Texas State Transportation Commission	AAA	AAA	NR	2	1,820	1%	11.5	115	(51)	90	308	50

Source: As of September 30, 2012. Source: Barclays Research

Taxable Municipals: An Alternative to Corporates

Municipal Research

Thomas Weyl
+1 212 526 0751
thomas.weyl@barclays.com

Sarah Xue
+1 212 526 0790
sarah.xue@barclays.com

U.S. Credit Strategy

Bradley Rogoff, CFA
+1 212 412 7921
bradley.rogoff@barclays.com

Alex Gennis
+1 212 412 1370
alex.gennis@barclays.com

With investment grade credit trading close to LTM tight, we have been recommending that investors focus their attention on the parts of the market that have lagged the recent rally while staying in more liquid issues to remain nimble, given remaining macro uncertainties. For investors looking to diversify their holdings and pick up spread in a high-rated part of the market that is still trading off its tight, we believe that taxable municipals serve as an attractive alternative to corporates.

Taxable Municipals Trade Cheap to U.S. Corporates

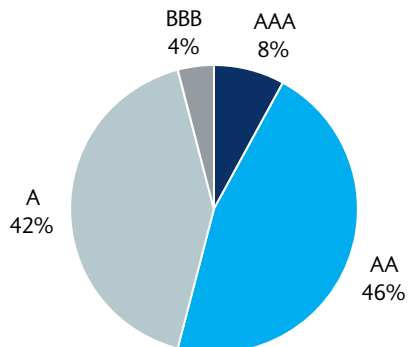
Taxable municipals currently offer value, in our view, trading 55bp back of the U.S. Corporate Index, while in the first half of 2012, they traded approximately on top of the Corporate Index (Figure 1). The wider trading levels are despite their higher ratings relative to the Corporate Index (Figures 2 and 3). The AA and A buckets compose 88% of the \$132bn taxable municipal index, while those same buckets are just 57% of the U.S. Corporate index. On the corporate side, demand for higher-rated paper has been extremely robust in the past year, with A and AA paper trading at their post-crisis tight. This has occurred as the highest-rated bucket of the Corporate Index has shrunk. Taxable municipals also appear more attractive from an upside/downside standpoint, trading nearly 31bp off their two-year tight. This stands in contrast to corporates, which are trading only 11bp off their tight. The relative cheapness of taxable municipals is even more pronounced in the highest-rated buckets (Figure 4). In the AA and A buckets, taxable munis are trading 28bp and 36bp wide, respectively, of post-crisis tight.

There are several key differences between corporates and taxable municipals that help explain the wider trading levels of the latter – namely, their longer duration and higher dollar prices. The Taxable Municipal Index has an average duration of 12.2, versus 7.2 for the U.S. Corporate Index; in addition, taxable municipals have a dollar price of \$119.6, above the average price of \$114.9 for U.S. corporates. However, as Figure 1 shows, municipals also trade wide of the Long Corporate Index, which has a slightly longer duration (14.0) and a higher dollar price (\$125.4) than the taxable municipal index. In other words, taxable municipals trade cheap to corporates, even after adjusting for their higher dollar price and

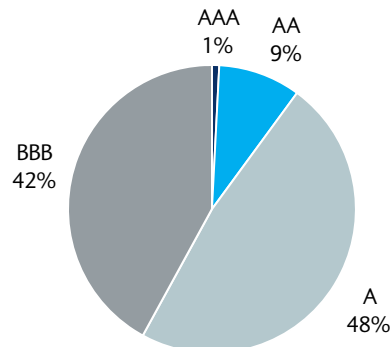
Figure 1: Taxable Municipal versus U.S. Corporates OAS (bp)



Source: Barclays Research

Figure 2: U.S. Taxable Municipals, Amount Outstanding by Rating

Source: Barclays Research

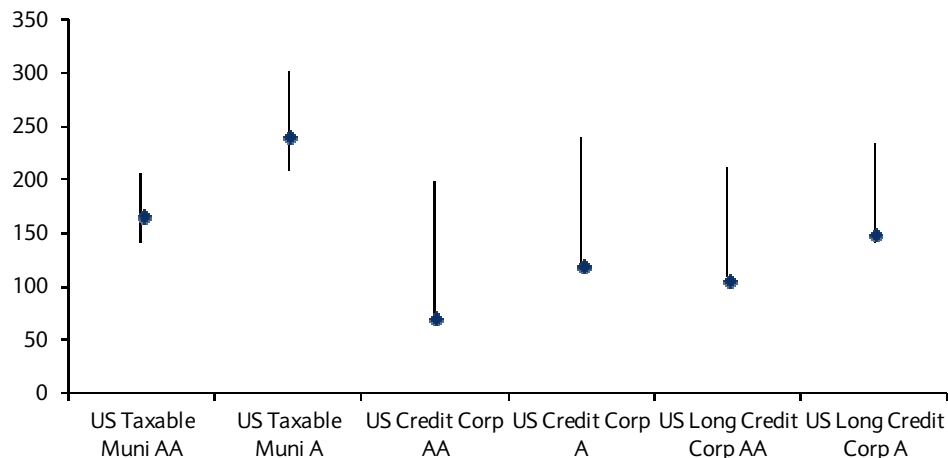
Figure 3: U.S. Corporates, Amount Outstanding by Rating

Source: Barclays Research

longer duration.

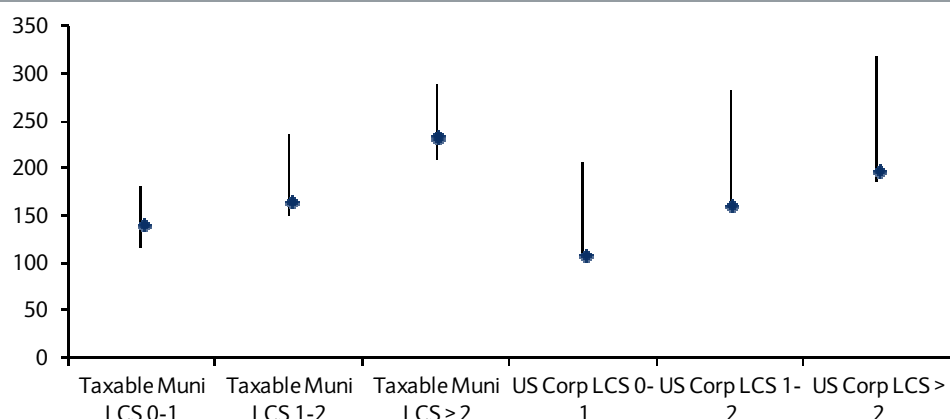
Several key differences between corporates and taxable municipals help explain the wider trading levels of the latter – namely, their longer duration and higher dollar prices. The Taxable Municipal Index has an average duration of 12.2, versus 7.2 for the U.S. Corporate Index; in addition, taxable municipals have a dollar price of \$119.6, above the average price of \$114.9 for U.S. corporates. However, as Figure 1 shows, municipals also trade wide of the Long Corporate Index, which has a slightly longer duration (14.0) and a higher dollar price (\$125.4) than the taxable municipal index. In other words, taxable municipals trade cheap to corporate even after adjusting for their higher dollar price and longer duration.

Although we prefer to stay liquid in the current environment, the most liquid parts of the corporate market appear rich, trading at or close to recent tights (Figure 5). In contrast, the most liquid parts of the taxable municipal universe have more room to run versus historical levels. Taxable municipal bonds with liquidity cost scores between zero and one are trading at an OAS of 142bp, 25bp wide of post-crisis tights. The most liquid part of the U.S. Corporate Index trades at an OAS of 112bp, only 1bp off its tights. With performance in liquid taxable munis lagging that of comparable corporates, we recommend considering high quality taxable municipal names as a way to pick up spread while staying in the most liquid parts of the market.

Figure 4: Current OAS versus Trading Range since January 2011: U.S. Taxable Municipal and U.S. Corporate Indices by Rating (bp)

Source: Barclays Research

Figure 5: Current OAS versus Trading Range since January 2011: Taxable Muni and U.S. Corporate Indices by Liquidity Cost Score (LCS, bp)



Source: Barclays Research

Taxable Municipal Underperformance Likely Due to Negative Technicals

We believe that the recent underperformance of the taxable municipal universe has been driven primarily by negative technicals rather than fundamental deterioration. The expiration of the BAB program in late 2010 and the subsequent lack of BAB new issuance has likely stemmed the growth of the taxable municipal investor base. The recent Office of Management and Budget sequestration report may have also affected trading in BABs (see *Sequestration's Implications for Build America Bonds*). The fact that the recent underperformance has been driven more by technicals than by fundamental is evident in the recently widened yield differential between taxable and tax-exempt municipals (Figure 6). In the past several months, taxable yields have been relatively unchanged while tax-exempt yields have declined in line with the rally in credit.

Figure 7 lists several of the more liquid, higher quality (AA and AAA-rated) taxable municipal issues that continue to trade wide of historical levels. We would expect these credits to tighten if market technicals improve.

Figure 6: Taxable minus Tax-Exempt Municipal Yield to Worst



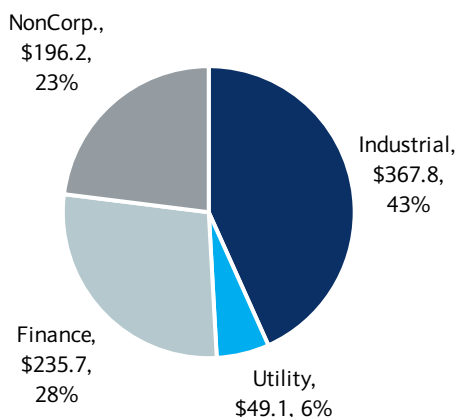
Source: Barclays Research

Figure 7: Select High Quality Liquid Names, Liquidity Cost Scores < 1

Identifier	Description	Coupon	Maturity Date	OAS	OAS v Tight	Liquidity Cost Score	Index Rating	Amt Out(\$mn)
57582PWK	MASSACHUSETTS ST	4.2	12/1/2021	107	45	0.84	AA1	350
882722KF	TEXAS ST	5.517	4/1/2039	112	35	0.35	AAA	1,148
882722VN	TEXAS ST	4.681	4/1/2040	112	35	0.35	AAA	317
882722VP	TEXAS ST	4.631	4/1/2033	107	24	0.35	AAA	258
88283LHU	TEXAS TRANSN COMMN ST HWY	5.178	4/1/2030	115	51	0.35	AAA	1,204
88283LHT	TEXAS TRANSN COMMN ST HWY	5.028	4/1/2026	98	58	0.35	AAA	296
9151375F	UNIVERSITY TEX	5.134	8/15/2042	107	25	0.35	AAA	252

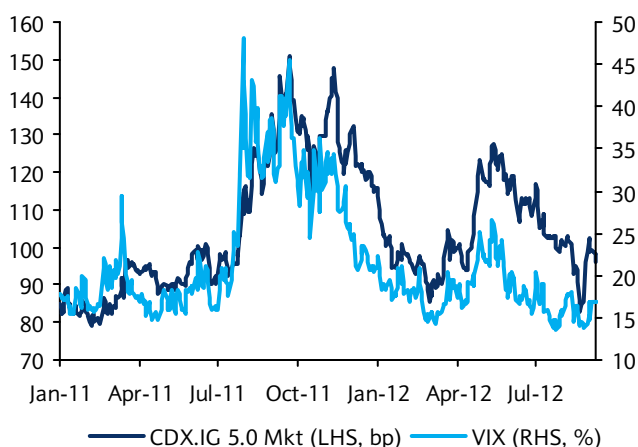
Source: Barclays Research

Year-to-Date 2012 Fixed Investment Grade Supply (\$bn)



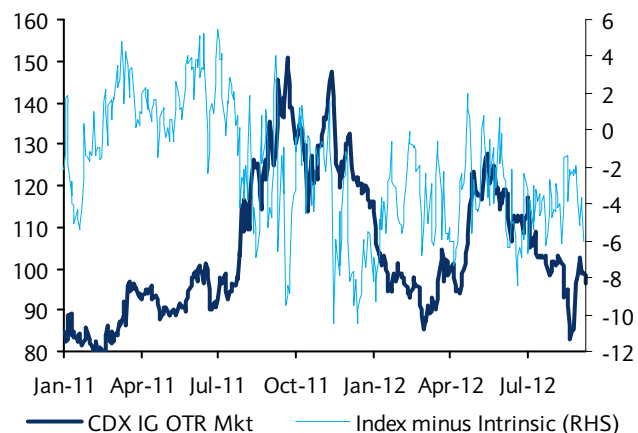
Note: Levels on this page as of Wednesday close. Source: Barclays Research

CDX.IG versus VIX



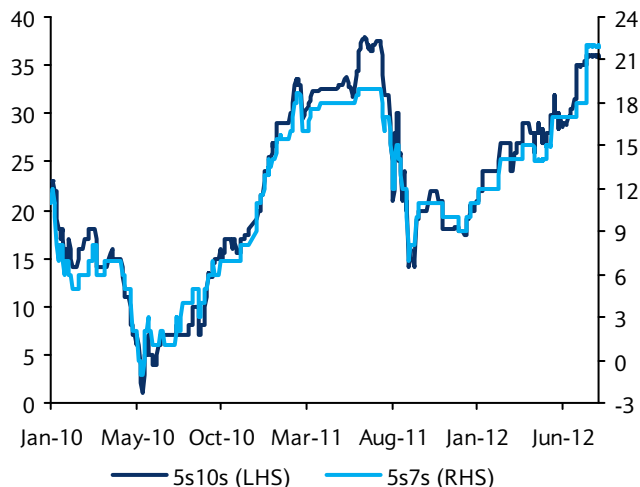
Source: Markit, Barclays Research

CDX.IG OTR Market versus Intrinsic (bp)



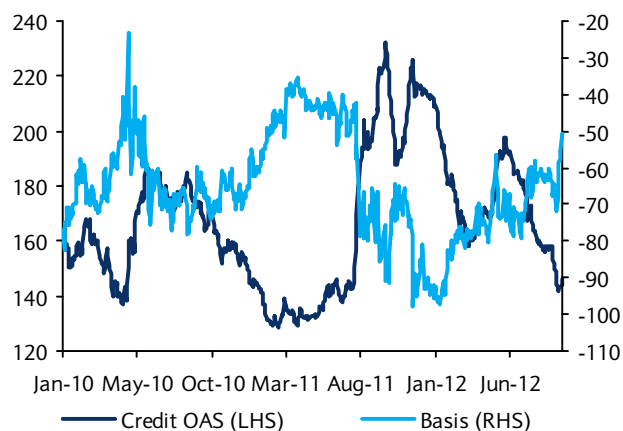
Source: Barclays Research

On-the-Run CDX.IG Curve (bp)



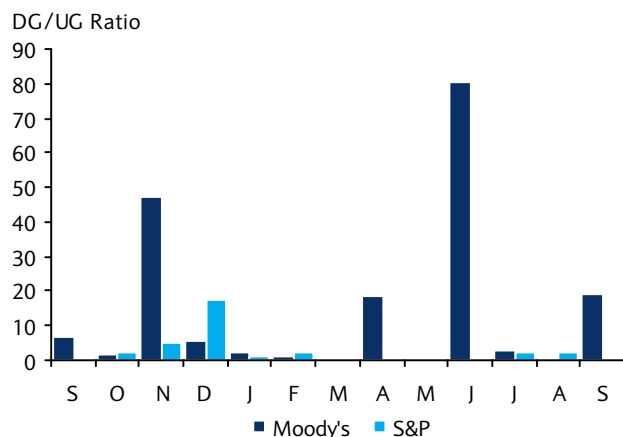
Source: Barclays Research

CDS-Cash Basis (bp)



Note: Basis defined as CDX.IG spread – corporate Libor OAS. Source: Barclays Research

Par Downgrade/Upgrade Ratio



Note: S&P had a par downgrade/upgrade ratio of 91.4 in January 2010. Moody's ratio was 0.4; however, Moody's downgraded only three companies and upgraded seven companies in January 2010. Source: Barclays Research

Alaska Retirement Management Board
2013 Meeting Calendar

February 20	Committee Meetings: Audit
February 21-22 Thursday-Friday Juneau	<ul style="list-style-type: none"> *Review Capital Market Assumptions *Manager Presentations *Actuarial Audit Report
April 18-19 Thursday-Friday Anchorage	<ul style="list-style-type: none"> *Adopt Asset Allocation *Performance Measurement - 4th Quarter *Buck Consulting Actuary Report *GRS Actuary Certification *Review Private Equity Annual Plan Pathway Capital Management *Manager Presentations
June 19	Committee Meetings: Audit
June 20-21 Thursday-Friday Anchorage	<ul style="list-style-type: none"> *Final Actuary Report/Adopt Valuation/Contribution Rates *Performance Measurement - 1st Quarter *Manager Presentations
September 18	Committee Meetings: Audit Budget Defined Contribution Plan
September 19-20 Thursday-Friday Fairbanks	<ul style="list-style-type: none"> *Audit Results/Assets - KPMG *Approve Budget *Performance Measurement - 2nd Quarter *Real Estate Annual Plan *Real Estate Evaluation - Townsend Group *Manager Presentations
October ____	Education Conference
December 4	Committee Meetings: Audit
December 5-6 Thursday-Friday Anchorage	Audit Report - KPMG Performance Measurement - 3 rd Quarter Manager Review (Questionnaire) Private Equity Review Economic Round Table *Manager Presentations

ALASKA RETIREMENT MANAGEMENT BOARD
M E M O R A N D U M

To: ARMB Trustees
From: Judy Hall
Date: November 21, 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	9/28/12 10/3/12
Sandra Ryan	Trustee	Equities/Mutual Funds	8/24/12