
ALASKA RETIREMENT MANAGEMENT BOARD

BOARD OF TRUSTEES MEETING

December 3-4, 2015

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

Thursday, December 3, 2015

- 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 24-25, 2015
November 9, 2015
- VII. Election of Officers
- VIII. 9:15 Reports
 - 1. Chair Report, *Gail Schubert*
 - 2. Committee Reports
 - A. Audit Committee, *Martin Pihl, Chair*
 - B. Legislative Committee, *Gail Schubert, Chair*
 - 3. Retirement & Benefits Division Report
 - A. Membership Statistics (informational)
 - B. Buck Consulting Invoices (informational)
 - C. TRS FY17 Contribution Rate - Corrected Resolution
Resolution 2015-21
 - D. Legislative Session Update
John Boucher, Deputy Commissioner, DOA
Kevin Worley, CFO, Division of Retirement & Benefits
 - 4. Treasury Division Report
Pamela Leary, Treasury Division Director
 - 5. CIO Report, *Gary Bader, Chief Investment Officer*
 - 10:00-10:20 6. Fund Financial Presentation and Cash Flow Update
Scott Jones, Comptroller, Department of Revenue
Kevin Worley, CFO, Division of Retirement & Benefits

*10:20 - Break
10 Minutes*

- 10:30-11:10 7. Private Equity Review
Gary Robertson, Callan Associates Inc.
- 11:15-11:45 8. KPMG - Audit Report
Michael Hayhurst and Melissa Beedle, KPMG

Lunch - 11:45 - 1:15 pm

Thursday Afternoon

- 1:15-2:15 9. Performance Measurement - 3rd Quarter
Paul Erlendson and Steve Center, Callan Associates, Inc.
- 2:20-2:50 10. Victory Capital Management
Michael Hackett and Gary Miller

*2:50 - Break
10 Minutes*

- 3:00-3:30 11. Eaton Vance - Emerging Market
Daniel Ryan and Tim Atwill
- 3:35-4:05 12. Investment Actions
- A. Information: Manager Review
 - B. Securities Lending Policy
Resolution 2015-22
 - C. Securities Collateral Investment Guidelines
Resolution 2015-23
 - D. Insurance Linked Securities

End of Meeting Day

Friday, December 4, 2015

- 9:00 Call to Order
- 9:00-9:40 13. Barrow Hanley Mewhinney & Strauss LLC
Matt Egenes and Jim McClure
- 9:45-10:15 14. Lazard Asset Management
Tony Dote and Rob Failla

*10:15 - Break
15 Minutes*

- 10:30-11:00 15. Quantitative Asset Management
Steve Courtney
- IX. Unfinished Business
1. *Calendar, Judy Hall, Liaison Officer*
 2. *Disclosure Report, Judy Hall, Liaison Officer*
 3. *Legal Report, Stuart Goering, Department of Law*
- 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 Westmark Hotel
813 Noble Street
Fairbanks, Alaska

MINUTES OF
September 24-25, 2015

Thursday, September 24, 2015

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 Sheldon Fisher
Commissioner Randall Hoffbeck
Tom Brice
Sandi Ryan
Martin Pihl

Investment Advisory Council Members Present

Dr. William Jennings
Robert Shaw
Dr. Jerrold Mitchell

Department of Revenue Staff Present

Gary M. Bader, Chief Investment Officer
Scott Jones, State Comptroller
Pamela Leary, Director, Treasury Division
Judy Hall, Board Liaison
Bob Mitchell, Deputy Chief Investment Officer
Steve Sikes, State Investment Officer

Department of Administration Staff Present

Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits (DRB)

John Boucher, Deputy Commissioner, Office of Management & Budget

Joy Wilkinson, Office of Management and Budget

Consultants, Invited Participants, and Others Present

Todd Kanaster, Buck Consultants

David Kershner, Buck Consultants

Dave Slishinsky, Buck Consultants

Steven Center, Callan Associates, Inc.

Paul Erlendson, Callan Associates, Inc.

Bo Abesamis, Callan Associates, Inc.

Jennifer Ponce de Leon, Columbia Threadneedle Investments

Greg Spradling, Columbia Threadneedle Investments

Stuart Goering, Department of Law, Assistant Attorney General

Stephen Concannon, Eaton Vance

Rodrigo Soto, Eaton Vance

Michael Weilheimer, Eaton Vance

Chris Cunningham, Townsend Group

Micolyn Magee, Townsend Group

Ben Gugliotta, T. Rowe Price

Tony Luna, T. Rowe Price

PUBLIC MEETING NOTICE

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

APPROVAL OF AGENDA

MR. BRICE moved to approve the agenda. MS. RYAN seconded the motion.

The agenda was approved.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS, AND APPEARANCES

CHARLES GALLAGHER, Chairman of Retired Public Employees of Alaska, Northern Region, welcomed and expressed appreciation to the Board for traveling to Fairbanks each year. MR. GALLAGHER informed his organization's size has almost doubled since last year. He believes this is due to the organization's effective work of paying attention to the ARMB.

MR. GALLAGHER was pleased with last year's financial results. He expressed appreciation to COMMISSIONER FISHER and COMMISSIONER HOFFBECK for their attention and open dialog in working with the Administration.

APPROVAL OF MINUTES: June 18-19, 2015

MR. BRICE moved to approve the minutes of the June 18-19, 2015 meeting. MRS. HARBO seconded the motion.

The minutes were approved.

REPORTS

1. CHAIR REPORT

CHAIR SCHUBERT reported the privilege of participating in the Governor's fiscal policy review meeting recently. She suggested the consideration of pension obligation bonds. This possibility may be reviewed at a future meeting.

2. COMMITTEE REPORTS

A. Actuarial Committee

MS. ERCHINGER reported the Actuarial Committee met twice since the last ARMB meeting. The meeting on August 14th was for the purpose of holding a pre-valuation conference. In attendance were the two actuaries, Buck Consulting and GRS, and representatives from Department of Administration and Department of Revenue. A timeline was established in order for the ARMB to take action to approve the rates. OMB informational budget deadlines were discussed and a process was coordinated between the actuaries. An early warning signal system was developed for the calendar.

MS. ERCHINGER stated the outstanding audit findings identified by the review actuary over the last two years were reviewed. There are four remaining items the Committee will continue to work on through the next valuation.

MS. ERCHINGER advised the Actuarial Committee also met on September 23rd to vote on the employer contribution rate resolutions, which will be presented before the Board at this meeting. Substantial discussion occurred at the meeting regarding the legislative intent on the elimination of asset smoothing. The Committee voted to reinstate smoothing going forward. This was not a unanimous vote. MS. ERCHINGER indicated the resolutions the Committee will bring forward today are predicated on the ARMB's approval of reinstating asset smoothing.

MS. ERCHINGER advised the actuaries were requested to run the results of both smoothing and not smoothing. The information can be made available to the Legislature for consideration.

CHAIR SCHUBERT asked if the Committee requested an opinion from Department of Law as to the legislative intent regarding smoothing. COMMISSIONER FISHER does not believe the Department of Law has been asked for an opinion. He voted against smoothing in the

Committee meeting, but has since conducted additional due diligence, and now believes smoothing is the most prudent decision. He will change his vote to support smoothing.

VICE-CHAIR TRIVETTE commented that MR. JOHNSON, about a year ago, discussed the legal aspects of legislative intent and noted it is not a requirement under law. VICE-CHAIR TRIVETTE believes the ARMB has done its best to get as much information as possible and will make a decision based on its fiduciary responsibility.

B. Audit Committee

MR. PIHL reported the full Audit Committee met on September 23rd. The meeting was very well-attended and included representatives from Department of Revenue and Department of Administration. MR. PIHL reviewed the status of the audits of the June 30th financial statements. The Treasury Asset audit is near completion, and there has been excellent advance preparation and cooperation by staff. The Department of Administration Retirement System audits will be completed in October.

MR. PIHL stated the Committee discussed GASB 68 and the financial disclosures on pension unfunded liability. The issue remains whether or not Alaska has a special funding situation regarding state assistance. COMMISSIONER FISHER commented the discussion was valuable and healthy. He noted KPMG was requested to evaluate and provide additional scheduling options at a future Committee meeting.

C. Budget Committee

CHAIR SCHUBERT informed the Budget Committee met on September 23rd. A thorough discussion occurred regarding the FY 17 budget. The Committee recommended the Board adopt the 2017 budget. This will be discussed under the Treasury Division report.

D. Defined Contribution Committee

VICE-CHAIR TRIVETTE encouraged all members get a copy of the Chief Pension Officer Report, DC Committee of the Retirement Board, dated September 23, 2015, created by KATHY LEA. The Committee has been working very closely with the Division to understand the last five years' worth of data, specifically regarding disbursements. The information shows 69% of all dispersals from SBS, Deferred Comp, and DCRP are Defined Contribution. Out of those people, 77% did not go to a DRB or Empower/Great West educational seminar. Of the dispersals, 49% were taken out as cash and not rolled into an IRA or other kind of plan. MR. PIHL indicated employees have 90 days after withdrawal to reinvest their money into a plan of their choice.

MRS. HARBO asked if the information shows whether or not the people who took a complete disbursement of Defined Contribution, also took a complete disbursement of SBS and Deferred Comp. VICE-CHAIR TRIVETTE stated that information was not presented.

VICE-CHAIR TRIVETTE stated more than half of the active employees are now under the DCR plan. He noted staff is working very diligently to improve services and improve education. The process of implementing the ability that all public employees can buy into the Deferred Compensation plan is ongoing.

MS. RYAN advised the surveys used to acquire the information provided are volunteer surveys from the system SurveyMonkey. She believes the general takeaway is we need better education. MS. RYAN expressed a concern quoting the specific numbers and putting them in the record because they are highly suspect. A volunteer survey by nature gets responses from people who have a vested interest in answering the survey, and the actual numbers should be viewed with skepticism. VICE-CHAIR TRIVETTE commented DRB is aware of these concerns and is reviewing other survey options. The main focus is to improve services and education.

VICE-CHAIR TRIVETTE reported the Committee had a presentation by LORI LUCAS, Certified Financial Analyst and DC Practice Leader of Callan, regarding best practices. The Committee agreed to have ongoing discussions with staff, and possibly contract with Callan, to provide an assessment of the Alaska plan's strengths and weaknesses. VICE-CHAIR TRIVETTE indicated the Committee members are dedicated to the commitment of making the plan better for future generations.

3. RETIREMENT & BENEFITS DIVISION REPORT

A. Membership Statistics (informational)

Chief Financial Officer of the Division of Retirement and Benefits KEVIN WORLEY noted the informational membership statistics were provided in the packets. From June 30, 2014 to year-end June 30, 2015, PERS DB had a decrease of 1,486 members for a total of 17,988 active members; PERS DC had an increase of 1,464 members for a total of 17,476 members; TRS DB had a decrease of 376 members for a total of 5,606 members; TRS DC had an increase of 426 members for a total of 4,076 members; and retirees and beneficiaries increased to a total of 44,135, which equals approximately 32,000 for PERS and 12,000 for TRS.

MRS. HARBO asked if there are statistics on whether or not the 1,700 PERS DC people who took their funds out of the system also took their funds out of SBS and Deferred Comp. **MR. WORLEY stated a report could be compiled to cross-reference that information.** He noted the funds cannot be tracked once they leave Empower/Great West.

B. Buck Consulting Invoices (informational)

MR. WORLEY noted the Buck Consulting invoices informational worksheets were provided. The full year's worth of invoices have been broken down and reviewed by quarters.

MS. ERCHINGER requested additional explanation regarding calculation of termination costs for scenarios for a particular entity. MR. WORLEY explained according to statute, the

cost of termination studies is borne by the employer. There was a particular item discussed with Buck Consultants and it was determined no termination study was necessary. Those costs were covered by the Division.

4. TREASURY DIVISION REPORT

A. FY 17 Budget - Action

Treasury Division Director PAMELA LEARY informed the two documents included in the packet, Fiscal Year 2017 ARMB Working Budget, and proposed management and custody fees, were reviewed with the Budget Committee on September 23rd. MS. LEARY believes the FY16 and FY17 budgets have sufficient amounts to cover the current plan status of operations. The management and custody fees are the two largest line items. The numbers are derived by assuming the same component managers, taking the current asset values through June 30th, 2015, and projecting them forward to 2016 and 2017, using the 8% target rate of return. MS. LEARY noted the document includes room for the possibility of up to \$3 billion of pension obligation bonds, if authorized in 2017.

MS. LEARY noted the action item includes increases for personal services purchased from the Treasury Division for FY17. MS. LEARY advised Budget Committee and staff recommends the ARMB adopt the FY17 proposed budget, with the understanding that components will be subject to appropriation by OMB and the Legislature.

MRS. HARBO moved to adopt the FY17 Proposed Budget as attached, with the understanding that components will be subject to appropriation by OMB and the Legislature. VICE-CHAIR TRIVETTE seconded the motion.

MS. ERCHINGER commented she is not on the Budget Committee, but did attend the meeting, and acknowledged the ARMB will be recommending the budget to the Administration, who will pass a budget including additions or deletions deemed appropriate. MS. ERCHINGER noted for the record, the ARMB has not vetted the issue of potential funding for pension obligation bonds (POBs), nor is the ARMB involved in that conversation.

GARY BADER, Chief Investment Officer, stated the Board passed a resolution, preceding the membership of some of the members of the Board, that endorsed POBs. MR. PIHL recollected that resolution was in support of POBs as an option for management to consider. CHAIR SCHUBERT believes the Board authorized the issuance of POBs, should management decide to utilize that tool. MS. ERCHINGER requested a copy of that original resolution for clarification of this complicated topic. CHAIR SCHUBERT suggested a review of the original resolution in support of POBs take place later on in the meeting.

MRS. HARBO commented she is looking forward to seeing the vacancies filled at the Treasury Department, and believes the in-house management of funds provides a significant savings in management fees.

A vote was taken, and the motion passed unanimously.

5. CIO REPORT

MR. BADER reviewed the CIO Report included in the Board's packet. Six transfers were made to the Blue Glacier Fund and three transfers were made to the Polar Bear Fund. One transfer document is included in the packet as an example and each transfer is available for examination in the office, should Trustees request further review. MR. BADER reviewed the investment guidelines were modified several meetings ago and these transfers are part of that continuing effort. The Board-approved investments to Zebra Micro Cap and KKR Apex Equity were funded.

MR. BADER reported the reduction in small cap allocation of \$200 million in August was spread across several managers. The Large Cap International allocation was reduced by \$100 million and put into cash.

MR. BADER advised Capital Guardian International Equity Fund has lagged in performance over recent years. MR. BADER requested the Board make a motion to place Capital Guardian International Equity on the watch list.

MRS. HARBO moved to place Capital Guardian International Equity on the watch list. MS. RYAN seconded the motion.

A vote was taken, and the motion passed unanimously.

MR. BADER reviewed the next item and requested the Board remove McKinley Capital's Large Cap Domestic Growth Fund and International Growth Fund from the watch list. Their performance has recovered to initial expectations.

MRS. HARBO moved to remove McKinley Capital's Large Cap Domestic Growth Fund and International Growth Fund from the watch list. VICE-CHAIR TRIVETTE seconded the motion.

COMMISSIONER FISHER noted for the record he was the Chief Operating Officer of McKinley Capital immediately before joining the state, but has no current financial interests in McKinley Capital. CHAIR SCHUBERT believes COMMISSIONER FISHER may vote. STUART GOERING, Department of Law, Assistant Attorney General, agreed that if COMMISSIONER FISHER does not have a current financial interest, his disclosure at this meeting is adequate.

A vote was taken, and the motion passed unanimously.

MR. BADER reported on the rebalancings of the portfolio. MR. BADER gave an update on Guggenheim Investment Partners and the settlement with the Securities and Exchange Commission (SEC). The ARMB holds a municipal bond strategy with Guggenheim. MR. BADER informed he will be conferring with counsel and Guggenheim regarding these issues and will provide a report at the December Board meeting.

MR. BADER notified the Board the approved investment with Fidelity Real Estate High Income Fund will be treated as a purchase of a security and therefore, will not have any contract documents. MR. BADER noted BOB MITCHELL, Deputy Chief Investment Officer, will address this later in the meeting. MR. BADER informed the Board he requested MS. LUCAS provide a list of improvements for the Defined Contribution plan. MR. BADER intends to review the list with COMMISSIONER FISHER to determine which items can be addressed in-house and which items to request Callan address. This effort will be brought before the Board in December.

6. FUND FINANCIAL REPORT with CASH FLOW UPDATE

State Comptroller SCOTT JONES and MR. WORLEY presented the Fund Financial Report. MR. JONES reviewed the financial statements for the 12 months ending June 2015. The approximate numbers are: the PERS system ended with \$16.4 billion, the TRS system with \$8.2 billion, the JRS with \$171 million, the National Guard and Naval Militia (NGNMRS) with \$37 million, SBS with \$3.4 billion, and Deferred Comp with \$806 million, for a total of \$29 billion, of which \$24 billion is non-participant directed assets and \$5 billion is participant-directed assets.

MR. JONES stated the change in invested assets over the whole year was about 11.73%, and much of that was due to the \$3 billion infusion into the TRS and PERS Systems. All asset allocations were within the bands and close to the targets.

MR. JONES informed the plans were flat in July, down in August, and down in September. The total non-participant directed assets as of September 18th were about \$22.94 billion, with PERS at \$15.2 billion, TRS as \$7.6 billion, JRS at \$164 million, and NGNMRS at \$35 million. No current total was provided for the participant-directed assets.

COMMISSIONER FISHER requested additional information regarding the returns of the NGNMRS and why they do not correlate with the PERS and TRS. MR. BADER informed the NGNMRS is funded and invested completely differently from PERS and TRS. The investment options and asset allocation for NGNMRS is more modest than for PERS and TRS.

MR. WORLEY reported the FY16 appropriations are scheduled to occur on September 30th for PERS, TRS, and NGNMRS.

MRS. HARBO expressed appreciation for the additional pages of notes in the DRB Supplement to the Treasury Report. VICE-CHAIR TRIVETTE informed he will request line items to include in this report after the meeting.

7. ACTUARIAL RESOLUTIONS

A. Recommendation re: Asset Smoothing Resolution 2015-07

MS. ERCHINGER provided a detailed review of the robust discussion by the Actuarial Committee regarding legislative intent and asset smoothing. After strong debate of the Committee regarding this issue, the Committee recommends approval of Resolution 2015-07, which asks the actuary to perform the June 30, 2014 actuarial valuations for PERS and TRS using market value, and from that point forward, adopt five-year smoothing with the phase-in methodology.

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to adopt Resolution 2015-07. No second needed.

MR. BRICE commented the Committee has undertaken large amounts of review, discussion and debate on this issue. He supports the resolution.

COMMISSIONER HOFFBECK stated he supports the resolution. He believes it is critical to recognize there will be some push-back and would like to have the supporting documentation to show the Legislature how this utilizes best practice. MS. ERCHINGER informed the actuaries ran scenarios with smoothing and without smoothing. That information is available.

MR. PIHL stated he opposes the resolution, and believes the Legislature was fully aware of their intent to eliminate smoothing.

CHAIR SCHUBERT commented the recommendation was made in conformance with a Board resolution that is in effect and has not been repealed. She noted the Legislature, while expressing its intent, did not change the law concerning this. CHAIR SCHUBERT believes it is appropriate to move forward with the recommendation.

A roll vote was taken, and the motion passed, with Mr. Pihl voting against.

B. FY17 Contribution Rate Setting

MS. ERCHINGER advised Resolutions 2015-08, 09, 10, 11, 12, 13, and 14, are contribution rate resolutions consistent with the action to reinstate asset smoothing.

Action: Relating to FY17 PERS Contribution Rate Resolution 2015-08

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to approve Resolution 2015-08. No second needed.

CHAIR SCHUBERT noted the Board has a resolution in place concerning asset smoothing. She requested explanation of the use of the term reinstatement. MS. ERCHINGER explained SB 385 stopped asset smoothing when the actuaries rolled in all of the investment gains up to that point and reset the amortization period and method. MS. ERCHINGER clarified the term reinstate to mean asset smoothing will be used going forward.

A roll call vote was taken, and the motion passed unanimously

***Action: Relating to FY17 PERS RMMI Contribution Rate
Resolution 2015-09***

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to approve Resolution 2015-09. No second needed.

A roll call vote was taken, and the motion passed unanimously.

***Action: Relating to FY17 PERS ODD Contribution Rate
Resolution 2015-10***

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to approve Resolution 2015-10. No second needed.

A roll call vote was taken, and the motion passed unanimously.

***Action: Relating to FY17 TRS Contribution Rate
Resolution 2015-11***

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to approve Resolution 2015-11. No second needed.

A roll call vote was taken, and the motion passed unanimously.

***Action: Relating to FY17 TRS RMMI Contribution Rate
Resolution 2015-12***

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to approve Resolution 2015-12. No second needed.

A roll call vote was taken, and the motion passed unanimously.

***Action: Relating to FY17 TRS ODD Contribution Rate
Resolution 2015-13***

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to approve Resolution 2015-13. No second needed.

A roll call vote was taken, and the motion passed unanimously.

***Action: Relating to FY17 NGNMRS Contribution Amount
Resolution 2015-14***

MS. ERCHINGER, as Chair of the Actuarial Committee, moved to approve Resolution 2015-14. No second needed.

A roll call vote was taken, and the motion passed unanimously.

Information: JRS Contribution

JOHN BOUCHER, Deputy Commissioner, Office of Management & Budget, explained the Legislature has established a procedure whereby the normal cost for the JRS and the past service cost must be separated into two different line items. The total employer contribution rate is estimated at 76.4% for the fiscal year, with the past service cost representing about 35% of that total, approximately \$5.4 million. The Department will be crafting the appropriate letter to provide to OMB.

MS. ERCHINGER stated that DAVE SLISHINSKY of Buck Consultants is preparing for retirement. She wished him well during retirement and expressed the Board's appreciation for his years of service. CHAIR SCHUBERT echoed the appreciation.

CHAIR SCHUBERT recessed the meeting from 10:25 a.m. to 10:40 a.m.

9. SECURITIES LENDING

CHAIR SCHUBERT informed T. Rowe Price representatives have not yet arrived and the order of the agenda will continue with 9. Securities Lending, then 8. T. Rowe Price.

MR. BADER introduced BO ABESAMIS, Executive Vice President of Callan Associates, Inc., who provided a detailed presentation on best practices within a securities lending program. MR. BADER reminded the Board the securities lending program was suspended in 2008, which turned out to be a timely recommendation when markets fell. MR. BADER believes the ARMB is in a position now to consider every possible way to earn money for the fund, without taking an unreasonable amount of risk.

MR. ABESAMIS explained securities lending is a critical tool in capital markets, where securities are temporarily borrowed by one party, the borrower, from another party, the lender. Securities lending has to be managed in a careful manner and the risk components must be understood before proceeding. The reasons for borrowing securities include, avoiding trade fails or overdrafts. Hedge funds also borrow securities in order to effectuate their short selling strategy for arbitrage purposes. The Federal Reserve conducts securities lending to effectuate monetary policy in the repo and reverse repo market. Exchange traded funds (ETFs) are created through the power of securities lending.

MR. ABESAMIS discussed the two components of revenue to securities lending. Intrinsic value is how much a broker/dealer is willing to pay to secure access to the security. The second component of securities lending revenue is reinvestment of the cash collateral received. MR. ABESAMIS showed a graphic of the plan sponsors who lend securities. Retirement and pension funds are the biggest source of securities out on loan. In 2008, close to \$4 trillion of securities were out on loan. Today, there is less than \$1 trillion of securities out on loan.

PAUL ERLENDSON, Callan Associates, requested information regarding how the securities lending market has changed. MR. ABESAMIS stated there is more focus on intrinsic value-driven securities, U.S. Treasuries, microcap, small cap, and international equities. When the securities are lent, the proxy vote is relinquished, but other economic benefits of ownership remain, including the dividend, corporate action, stock split, M&A activity, and interest payments. If the beneficial owner wants to proxy vote, the loan must be terminated and the security recalled.

MR. ERLENDSON inquired about collateralization rates and negotiations. MR. ABESAMIS continued his presentation explaining the lending agent negotiates and administers the loans and determines collateral amounts. The disciplined institutional investor who is getting back to securities lending needs to pay attention to intrinsic value and does not want to chase returns on the reinvestment. MR. ABESAMIS informed securities lending is highly regulated. He provided a thorough review of the regulatory and reporting guidelines from Department of Labor, Federal Financial Institute Examination Council, Federal Reserve, GASB, SEC, Dodd Frank, FASB, and IRC.

MR. ABESAMIS discussed the potential risks associated with securities lending. Borrower default risk means the borrower does not return the securities. The recourse for this is borrower default indemnification by the lending agent, who will either use substitution to replace the securities, or pay cash at a later date for the securities, which changes the allocation of the portfolio. DR. JERROLD MITCHELL asked which of these risks were most detrimental during the financial crisis. MR. ABESAMIS explained collateral reinvestment risk was the most detrimental. It is the risk that the investment of the cash collateral will not earn a sufficient return to cover the agreed upon rebate rate due to interest rate risk, liquidity risk, and credit risk. Other risks discussed were operational negligence, trade settlement risk, and country and currency risks.

COMMISSIONER FISHER requested additional information from the perspective of the investment manager and impact of overall fund performance. MR. ABESAMIS stated the investment managers could be impacted, especially if they cannot recall the security. He believes managers should lend no more than 20% of any position in the portfolio.

MR. PIHL inquired about the role of currency value in this program. MR. ABESAMIS explained cross-currency lending, purchasing power parity, and the international Fisher effect that impacts currency movements. MR. ABESAMIS reminded the Board the subject of securities lending is complicated and is taught as a semester class at Columbia and Princeton for a full semester.

MR. ABESAMIS explained how today's securities lending environment is a different structure than pre-2008, and plans now focus on intrinsic value and risk-managed approaches to securities lending. The most conservative risk adverse program would lend a security to generate 50 basis points, minimum, of demand spread, and reinvest all of the cash collateral in U.S. Treasury overnight repo, fully match, to manage the cash collateral reinvestment risk.

MR. BRICE asked how this type of strategy would respond during the recent readjustments in the market. MR. ABESAMIS indicated the turmoil over the past few months has contributed to the increase of lending activity because of the opportunities emanating from volatility. He stated a concern that this lending activity could create some sort of an increase in further volatility.

8. T. ROWE PRICE - Stable Value Fund

CHAIR SCHUBERT introduced JOHN PLOWRIGHT, Institutional Client Service, TONY LUNA, Head of Stable Asset Management Team, and BEN GUGLIOTTA, Associate Portfolio Manager, from T. Rowe Price. MR. LUNA has been with the firm for 20 years in the Fixed Income Department and works day-to-day on the portfolio management with MR. GUGLIOTTA, who joined the firm in 2010. MR. GUGLIOTTA has a degree in economics, a JD in law, and works on the wrapper contracts, which are an integral part of the strategy. MR. LUNA provided a detailed PowerPoint presentation entitled Stable Asset Overview. He noted the T. Rowe Price Stable Value business is approximately \$20 billion. The Stable Value Fund comprises approximately \$12 billion, and is one of the largest and oldest stable value funds in the country. The 13 separate accounts comprise approximately \$7.5 billion. Two of the separate accounts are Alaska portfolios.

MR. LUNA explained a soft closed was placed on the fund in 2009 because investment capacity was drying up, and the fund reopened in 2014, as investment capacity came back. Capacity was found and preserved during this time for the Alaska plan. MR. LUNA mentioned TED WIESE, former Head of Stable Value and Low Duration, was promoted to Head of Fixed Income. This is important and efficient to have a member of the investment management committee at the firm level with stable value knowledge.

MR. LUNA reviewed the stable value portfolio structure. A wrap contract is responsible for catastrophic insurance, which bridges the gap if the liability is higher than the asset. The wrap contract smooths volatility over time. The wrap contract provides a 0% floor to preserve principal. The asset allocation includes a cash portion, an intermediate aggregate term bond portfolio, and a custom bond portfolio. The custom bond portfolio was introduced in 2013, is wrapped by RBC, and is run shorter than the intermediate bond portfolio. The four considerations for asset allocation are client objectives and risk tolerance, cash flows, demographics, and interest rate/yield curve position. MR. LUNA indicated SBS has a much different cash flow pattern than the 457 Plan, and thus the durations run differently.

MR. SHAW asked if the catastrophic insurance has ever been paid off and requested additional discussion. MR. LUNA does not believe the catastrophic insurance has ever been paid within the industry, even through the financial crisis, because employer initiated events are not covered. This is more of a concern for corporations, who can have spinoffs and mergers, than for state plans, but it is important to have communication between the manager and the client.

MR. LUNA reviewed the performance of the 457 Interest Income Fund and the SBS Stable Value Fund. The objective is to capture 80% of the Barclays U.S. Intermediate Aggregate

Index. The funds outperformed over one, three, and five years, and captured 90% of the returns for the 10-year.

MR. BADER inquired about the available amount of assets necessary to have sufficient diversification and wrappers in a stable value fund. MR. LUNA indicated the normal offering for a separately managed portfolio is \$100 million. The SBS portfolio started lower than that and is currently \$350 million. MR. LUNA explained thresholds below \$100 million have the challenge of diversifying the bond portfolios. Comingled products called building block trusts can be utilized to diversify smaller clients and further discussions could occur.

MR. LUNA presented one of the goals as plan sponsor is to provide a premium of 150 to 200 basis points over money markets. This was easily met. The performance over the last five years has been very strong. MR. LUNA stated the projection is the Fed may raise rates, but believes the curve will stay steep. If the curve is sloped, providing lower rates for longer periods of time, the stable value should continue to outperform.

MR. ERLENDSON requested to know how to evaluate stable value performance success or failure, since peer-to-peer comparisons and benchmarks are less than perfect fits. MR. LUNA noted one metric is comparing the yield being offered relative to peers. The second metric is market-to-book comparisons of assets to liabilities. The industry average right now is 101 and the Alaska separate accounts are strong at 103. These two metrics help gauge the health of a fund.

MR. LUNA directed the Board's attention to the graphic of the four counterparties, State Street, Prudential, PacLife, and Royal Bank of Canada (RBC). There is a plan to add a fifth wrap provider to the portfolios as this availability and capacity increases in the market. MR. LUNA reviewed the sector allocation of the underlying bond portfolios and discussed yield comparisons.

CHAIR SCHUBERT recessed the meeting from 11:45 a.m. to 1:30 p.m.

**10. A. Real Assets FY16 Annual Plan
Real Estate Guidelines Policies and Procedures**

State Investment Officer STEVE SIKES presented the Real Assets Fiscal Year 2016 Investment Plan. His presentation focused on real estate, farmland, timberland, and infrastructure. The TIPS component of the portfolio is managed by the fixed income team and will be updated at a future meeting. The energy component to the portfolio is managed by the private equity team and also will be updated at a future meeting. The energy investments shown today are only specific subcomponents of the larger energy portfolio.

MR. SIKES stated the real assets comprised 17.4% of total asset allocation, as of June 30th, 2015. The real assets portfolio has three primary goals; to generate attractive returns, to provide diversification, and to provide inflation hedging to the overall portfolio. The strategy is a lower risk, lower return approach that uses conservative leverage and focuses on high quality assets to produce stable returns. The return expectation for real estate, farmland,

timberland, and infrastructure is to exceed a 5% net real return over rolling five-year periods. Custom benchmarks are used to evaluate shorter-term performance compared to the market.

MR. SIKES stated the target allocation for real assets for the current fiscal year is 17%, with a band of 8%. The portfolio is within this target at 17.4%, as of June 30, 2015. MR. SIKES showed a graphic illustrating the target levels established for each asset class within real assets compared to the actual sector allocation. Real estate is slightly over the target levels, while farmland and timberland are underweight target levels.

The real assets portfolio returned 3.7% for FY ending June 30, 2015. The weaker energy markets affected this return. Longer term, the portfolio has done well, with almost 9% for the last three years, and over 10% for the last five years. Townsend will provide a detailed presentation on the real estate performance. The REIT portfolio is internally managed and continues to meet its objectives of producing index-like returns. Farmland returned 5.4% last year, which is slightly below the target of 5.7%. This is still meeting its 5% net real return goal, given the low inflation level. Farmland has returned 9.75% over three years, and has returned 10.86% over five years. The U.S. net farm income is anticipated to decline and level off, but is to remain healthy relative to longer-term historical perspectives.

VICE-CHAIR TRIVETTE asked if the droughts in Idaho, California, and Texas are expected to have a substantial impact on the farmland investments. MR. SIKES informed this issue is being observed from a fundamental perspective and a regulatory perspective. The managers have done a good job so far ensuring the water rights on properties are strong.

Timberland is one of the newest additions to the real asset portfolio, beginning in 2008. It returned 8.4% last year, and has done well in both three and five years. There have been few larger opportunities in the market and Hancock has struggled to invest the allocation, with approximately \$187 million remaining. They have kept to their investment discipline.

The newest addition to the real assets portfolio is the infrastructure and energy portfolios approved by the Board in FY 14, returning -5.5% for last fiscal year. The benchmark returned -5.1%. All mandates are now fully funded. A big part of the negative performance in the infrastructure portfolio is tied to unhedged currency exposures. The capital markets continue to be healthy across real estate, timberland, and farmland.

MR. SIKES stated the investment recommendations for FY 16 are to stay the course. There are no new strategies recommended at this time. The CIO has the liquid investments in MLPs, REITs, TIPS, and public infrastructure to rebalance the portfolio as determined necessary. MR. SIKES recommends an increase in the allocation to Sentinel Real Estate Advisors by \$10 million to address capital expenditure and improvement needs. MR. SIKES recognized the target underweights in farmland and timberland, and informed the CIO has discretion to make additional commitments to existing managers. There is a possible attractive opportunity to make an additional incremental investment to an existing infrastructure manager. The CIO currently has discretionary authority for this possibility.

VICE-CHAIR TRIVETTE reminded the Board the relationship with Sentinel spans over 20 years.

COMMISSIONER FISHER asked if consideration has been given to passive investments in farmland and timberland. MR. SIKES informed there are timber REITs and he would have to research in order to provide a specific answer. MR. SIKES believes farmland would be more challenging because the REITs in that area have struggled.

DR. JERROLD MITCHELL asked if other sectors have been reviewed to add to the portfolio, including hard commodities or intellectual property. MR. SIKES reported no other sectors are currently attractive.

MR. BRICE requested more information about the investments over the past two or three years into the timberland and farmland portfolios. MR. SIKES reported the Board hired two managers in the farmland portfolio. The UBS AgriVest is essentially fully invested. The Hancock portfolio still has capital to invest and has a more challenging time finding opportunities. The Board hired two managers in the timberland portfolio. The TIR is essentially fully invested. The trend for the Hancock portfolio strategy has slowed in finding larger wood product companies who are selling their timberland holdings.

CHAIR SCHUBERT asked if there are crop or timber insurance programs that may cover some of these investments. MR. SIKES noted he will have to respond to that question at a later time. MR. BADER stated managers do not suggest fire insurance for timberland. The farmland managers may require crop insurance if the grower is at risk of not making payments, but the funds do not insure specifically.

MS. ERCHINGER asked if the \$122 million remaining to be allocated is reflected in the total portfolio numbers. MR. SIKES stated the 17.4% allocation of real assets does not include uninvested funds. The projected allocations of the next five years make the assumption the capital is getting invested. MR. SIKES explained the dynamic part of the CIO's management of additional allocation. Historically, funds have come from fixed income when a capital allocation occurs.

MR. PIHL commented on the huge shift in the timber industry over the last 10 to 15 years to the production of OSB or wafer wood rather than plywood.

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

MICOLYN MAGEE, Townsend Group, provided a presentation regarding the previous year's evaluation of compliance to the program, performance relative to peers and objectives, and review of the appropriateness of any actions taken by staff. MS. MAGEE introduced her colleague CHRIS CUNNINGHAM, who works on the day-to-day production of reports on this account and is another resource person for the Board and staff.

MS. MAGEE reminded the Board about the idea to slowly fund the other real asset classes out of real estate through liquidations and the public securities portfolio. She believes this activity is going well and is within the expected timing and duration. The real rate of return objective is 5%, and performance has been strong since 2013. MS. MAGEE informed the public portfolio performance has been low and/or negative in the last year and quarter, but is performing very close to the index. MS. MAGEE indicated the tracking and the performance of the public securities managed by staff appears to be well managed and doing a good job, creating value for the portfolio.

MS. MAGEE discussed the private portfolio. She noted the returns are exceeding all benchmarks and well above the long-term norms. These are extraordinary returns for a real estate portfolio and are expected to moderate. The since inception gross return of 8.2% for the ARMB program is comprised of an 8.5% core return and a 6.5% non-core return. The net return for core is 7.4% and the net return for non-core is 4.7%. The fees for non-core real estate are much higher across the board, because they are paid on commitment fees, regardless of returns. MS. MAGEE reported the portfolio is within compliance for every element of the program structure and policies within the strategic plan.

MS. MAGEE discussed ARMB is a very low leverage core investor with 8% leverage in core, which contributes to the low volatility and stable returns. Non-core is at 44% and is also considered to be a low leverage investor, because the expected limitation is about 65%. MS. MAGEE informed Sentinel and UBS took over the assets of Cornerstone, and a reasonable write-down adjustment in the first quarter is anticipated, showing negative numbers and impacting performance for a short time. If an asset has not been sold by a manager three years after takeover, it is considered a purchase decision and moved into a permanent portfolio position.

MS. MAGEE reported detailed discussions were held with LaSalle regarding the separate account and each of the assets. There are some unique issues with the properties, but no great concerns, and LaSalle is working through the issues. MS. MAGEE reviewed the rolling five-year analysis and informed the core portfolio is trending with the market. She cautioned the use of the non-risk-adjusted separate manager chart, because the underlying assets are unknown. MS. MAGEE advised the core portfolio's managers are doing a good job, given the mandates, the size, and the risks in the portfolio. There are no changes in holdings recommended.

MS. MAGEE reviewed the performance of the non-core portfolio and indicated the investments have been well above the NCREIF Index, exceeding expectations. The longer-term investments dilute the non-core performance number because of vintage year allocations in 2004 through 2007. Some of the allocations in the later years are recovering funds and the allocations in 2014 are doing very well.

MR. BADER requested discussion about using leverage to increase investment returns and an explanation of zombie funds. MS. MAGEE explained leverage increases returns on the upside and increases negative returns on the downside. She believes the use of leverage in Alaska's accounts would be counterintuitive, because of the 5% real rate of return target. MS.

MAGEE noted zombie funds are investments that were negotiated at the peak with great clawbacks and great incentive fees. The investors are now gone and the leverages may have been so significant that the assets were given back and remain unsold due to market conditions.

MS. MAGEE continued the presentation and noted the separate account managers did a great job culling portfolios and getting rid of assets that were no longer accretive to the performance. Staff invested in Almanac VII. Townsend believes this is a successful team. Staff invested in Clarion Development Ventures 4, of which they have an extreme comfort and an extensive understanding. MS. MAGEE does not recommend development today, because of the risk involved.

MS. MAGEE stated staff made the correct decision in pulling funds for capital calls from other resources, instead of pulling from the negative market and realizing losses. The recommendations for next year are consistent with last year's recommendations to stay the course, maintain the portfolio, work to improve returns, and allocate to new comingled funds, as appropriate. Townsend will continue to provide staff with pipelines, best ideas, and to keep informed of the market cycles.

C. Adoption: Real Assets FY16 Plan & Policies Board Discussion

Action: Real Assets FY16 Annual Plan Resolution 2015-15

MR. SIKES advised all the action memos are included in the packet. Resolution 2015-15 details the recommendation page for the annual plan.

MS. RYAN moved to adopt Resolution 2015-15. MRS. HARBO seconded the motion.

A roll call vote was taken, and the motion passed unanimously.

Action: Revised Investment Guidelines Resolution 2015-16 - Real Estate

MR. SIKES stated Resolution 2015-16 relates to revisions of the investment guidelines, including the removal of the reference of the Real Assets Committee because the Board dissolved the Real Assets Committee earlier this year.

VICE-CHAIR TRIVETTE moved to adopt Resolution 2015-16. MRS. HARBO seconded the motion.

VICE-CHAIR TRIVETTE reminded the Board the decision to abolish the Real Assets Committee was supported by all members and staff.

A roll call vote was taken, and the motion passed unanimously.

***Action: Revised Investment Guidelines
Resolution 2015-17 - Farmland***

MRS. HARBO moved to adopt Resolution 2015-17. MS. RYAN seconded the motion.

A roll call vote was taken, and the motion passed unanimously.

***Action: Revised Investment Guidelines
Resolution 2015-18 - Timberland***

MRS. HARBO moved to adopt Resolution 2015-18. MS. RYAN seconded the motion.

A roll call vote was taken, and the motion passed unanimously.

***Action: Revised Investment Guidelines
Resolution 2015-19 - Infrastructure***

MRS. HARBO moved to adopt Resolution 2015-19. MS. RYAN seconded the motion.

A roll call vote was taken, and the motion passed unanimously.

CHAIR SCHUBERT recessed the meeting from 2:42 p.m. to 2:57 p.m.

11. EXECUTIVE SESSION

MR. BRICE moved to go into executive session to discuss two confidential matters: consideration of a small cap investment strategy and consideration of a higher and better use of a real asset, the immediate knowledge of which would clearly have an adverse impact upon the finances of the ARM Board. Public disclosure of these matters could affect the value of current investments and could impair the ability of the Board to acquire, maintain, or dispose of assets. COMMISSIONER HOFFBECK seconded the motion.

A vote was taken, and the motion passed unanimously.

RECESS FOR THE DAY

CHAIR SCHUBERT directed the recording device be turned off and the phone be disconnected. The meeting was recessed at 2:58 p.m.

Friday, September 25, 2015

CALL BACK TO ORDER

CHAIR SCHUBERT reconvened the meeting at 9:00 a.m.

Trustees Trivette, Hoffbeck, Fisher, Harbo, Erchinger, Brice, Ryan, and Pihl were also present.

12. PERFORMANCE MEASUREMENT - 2nd Quarter

MR. ERLENDSON and STEVE CENTER of Callan Associates, Inc., provided a detailed report on the second quarter performance measurement, through June 30th, 2015. MR. ERLENDSON requested Board members ask questions and make suggestions about additional information to include in future Board reports. Staff receives a much larger set of exhibits than what is included for the Board. MR. ERLENDSON noted the presentation provides context to the market overview and uses the PERS fund as a proxy for the pension assets.

MR. CENTER reported on the U.S. economy through the end of Q2. The final GDP number rebounded to 3.7% from 0.6%. It had been pushed down by a combination of weather, energy prices, and a strong dollar impacting exports. Improvements in the labor markets continued, with the unemployment rate down to 5.3%. Payroll has seen an uptick in growth. Inflation has been muted, mainly due to the drop in energy prices. In Q2, the S&P 500 return was 0.3%, the U.S. mid cap S&P 400 was -1.1%, and the Barclays Aggregate Index was -1.7%.

MR. ERLENDSON commented markets were doing fairly well through June 30th, and since then, markets have reversed. Interest rates have nudged up and are expected to rise before the end of the year. The dollar has strengthened, which has impacted performance returns for U.S. investors investing outside the United States. MR. ERLENDSON showed the year-to-date returns from January 1 through September 24, the S&P 500 at -4.7%, the mid cap S&P 400 at -3.2%, the Russell 2000 at -4.7%, the EAFE Index at -5.7%, emerging markets at almost -16%, and the fixed income market Aggregate Index up 1%.

MR. ERLENDSON reported the growth strategies have outperformed the value strategies over the last year. Sector dispersion was large with healthcare coming in strong for the quarter and utilities having difficulty in performance. The drop in energy prices had a substantial impact on the earnings per share growth in the S&P 500 at -5.6%. Internationally, Japan showed some strength during the quarter, even though the yen was down slightly. The euro rose versus the dollar during the second quarter. On a sector basis, telecom and energy performed quite well internationally. I.T. and emerging market I.T. was a big drag on performance of non-U.S. equities. Over the last year, investors within the MSCI EAFE Index would have returned almost 12%. U.S. dollar investors returned -4.2%, almost a 16% swing, which is driven entirely by the strengthening of the U.S. dollar relative to non-U.S. currencies. Over the last 10 years, the U.S. dollar has depreciated against most non-U.S. currencies and these variances are expected to smooth out over time.

The fixed income yield curve showed a slight uptick during the second quarter, but has since flattened out again during the third quarter-to-date. The Barclays Aggregate gave back much of the gains it had earned during the first quarter. MR. ERLENDSON discussed credit has been a difficult area within fixed income because of the high correlation to equities. The non-credit type fixed income sectors have been able to general positive returns. The percentage allocated to fixed income within public funds has steadily declined over the last 20 years. The fixed income allocations have been reallocated by many investors into either equity-oriented strategies or real asset type strategies.

The NCREIF Property Index returned 3.14% last quarter. The REITs had a difficult quarter at -9.95%. The global REIT space was down -6.5%. MR. BADER requested Callan's explanation on the consideration of REITs as real estate. MR. ERLENDSON informed Callan believes REITs are equity securities that are sector specific and highly correlated to the equity market. The factors that drive the REIT performance include a significant element of real estate type activity. REITs, as an asset, are viewed as a sector of the publically traded equity market. REITs have flexibility in the way they are utilized in smaller portfolios as real estate exposure. It is not recommended that large and sophisticated clients utilize REITs to fill the real estate allocation.

MR. ERLENDSON reviewed the actual asset allocation for PERS versus the target asset allocation and all fall within about a 1% band. This reveals very tight control and a disciplined active procedure to maintain the stated risk tolerance of the funds. Discussion continued regarding the utility of the chart showing PERS allocation versus other public pension funds. Real assets and global exposures are much higher than the typical fund, and fixed income allocation is much lower than the typical fund. This allocation is based on time horizon and risk tolerance.

Performance attributes were shown for the quarter and one year, outlining the manager effect in the portfolio versus the benchmark. Collectively, the manager effect has been positive and has added approximately 50 basis points of value before fees over the benchmark for both the quarter and the trailing one-year period.

COMMISSIONER FISHER requested the net of fee performance numbers be included, in addition to gross of fee performance, as part of the relative attribution effects chart in future presentations. He believes it is important for the Board to have net of fee performance correlation against the benchmarks. MR. ERLENDSON indicated the larger staff report contains tables showing the net of fee returns for each manager. The request will be included in the next report. Most comparisons are shown gross of fee because of the differentiating fee structure for peers.

MR. ERLENDSON discussed the cumulative long-term performance as of June 30, 2015. The total fund returns continue to closely track the strategic allocation target. Since the volatile 2008/2009 period, total fund performance has closed the gap versus the actuarial return. MR. ERLENDSON explained the portfolio is trending to achieve the actuarial target rate of return over the long-run. MR. PIHL commented the six-year, and never seven-year

run of the market, is apt to change these results, which calls into question the interest assumption. MR. ERLENDSON agreed markets trend.

MR. ERLENDSON noted the returns over the last six years for the domestic equity portfolio compared to the Russell 3000 Index are slightly below benchmark. He views this as a successful implementation, given the alternative equity pool which dampens volatility and lowers the return expectation. The small cap pool includes both small cap and microcap. Performance has been ahead of benchmark over the last three years and median over the shorter-term. Microcap-oriented portfolios have not been performing well, and the small cap portfolio has a smaller bias built into it compared to the index.

DR. JERROLD MITCHELL requested discussion regarding investment opportunity in the universe of small cap managers. MR. ERLENDSON explained the returns reflect the small cap managers are capacity-constrained. One of the challenges for large institutions is to get meaningful commitment to the small cap asset class without locking up all of the capacity of a given manager. The range of returns within the small cap universe is typically wider than it is for the large cap universe, because small differences in portfolios can result in very big differences in returns. It is a positive outcome the portfolio's results have remained close to the average. The new microcap investment Zebra has been performing particularly well relative to their benchmark.

MR. ERLENDSON indicated the microcap value manager DePrince, Race & Zollo has disappointing results, but is accurately reflecting the lower returns, given that small cap value is the lowest returning of all equity styles and capitalization. International equity is ahead of benchmark and better than average over the long-term. The international portfolio consists of developed market and emerging market strategies. The developed market portfolio is ahead of benchmark over all cumulative periods. The emerging market pool has been more challenged, and the returns are at the low end of the distribution over cumulative periods. During the second quarter, returns have risen. Callan and staff are closely observing this area to determine if changes are necessary.

MR. ERLENDSON commented the bond portfolio is very high quality. He is supportive of diversifying the high yield managers going forward. Two candidates, out of a universe of 300 candidates, have risen to the top for recommendation later in the meeting. The absolute return portfolio is at the top of the distribution for all periods, except the most recent quarter.

MR. CENTER reviewed the spotlight pages, noting the Balanced Funds and Target Date Funds are mostly beating their benchmark and peer group. The socially responsible strategies have had a difficult period of performance versus the rest of the equity market. There is no current concern with this performance lapse from RCM. It remains a very solid selection over the long-term and will be followed. The passive options have performed in line with expectations. The rankings for the money market funds are essentially meaningless because each rank is within five basis points. The money market fund benchmark over the last five years is 0.1%, and there is no concern with performance. The overall allocations of the portfolio are performing very well.

DR. JERROLD MITCHELL made an observation regarding the domestic equity chart on slide 24. The one-year returns show a much greater dispersion than the 10-year returns. The grouping will be tighter over the long-term and farther apart over the short-term. He indicated the manager lineup has also changed significantly over the time period.

13. HIGH YIELD MANAGER SEARCH

A. Eaton Vance

MR. BADER reported the Board authorized staff and Callan to conduct a search for additional high yield managers. He described the thorough, highly professional screening and final selection process of two managers to recommend to the Board. MR. BADER introduced RODRIGO SOTO, Institutional Business Development, MICHAEL WEILHEIMER, Portfolio Manager, and STEPHEN CONCANNON, Portfolio Manager, of Eaton Vance Investment Managers.

MR. SOTO expressed appreciation for being in front of the Board today, and provided an overview of the Boston-based investment management firm, established in 1924. The firm has over \$300 billion in assets under management, of which approximately \$100 billion is diversified across the fixed income spectrum. Eaton Vance has a long-term, time-tested, and consistent investment philosophy. MR. WEILHEIMER has been with the firm for 25 years, and MR. CONCANNON has been with the firm for 15 years. The broader resources, including global affiliates, available to the high yield team consist of 170 investment professionals.

MR. CONCANNON reviewed the biographies of the high yield investment team managers shown on slide eight. He described the analysts' responsibilities and noted sector allocations are delegated for the long-term. History covering a particular sector is a competitive advantage, because it allows for building a better mosaic of information through market cycles, which leads to better investment decisions. There are two dedicated traders on the team, who understand credit and are looking to add value to the portfolios.

MR. CONCANNON explained the investment market is 85% in U.S. companies and 15% in non-U.S. The non-U.S. is comprised half in Western Europe. There is currently one senior global analyst based in London, and two additional research analysts are expected to be added. MR. CONCANNON advised the portfolio capitalizes on structural and behavioral inefficiencies in the high yield market through in-depth fundamental credit analysis. The characteristics are core high yield investors, with a focus on the single B part of the market. Historically, returns have been competitive, and the risk metrics is top quartile in every timeframe referenced.

MR. CONCANNON provided a detailed review of the investment process and portfolio construction, including fundamental qualitative and quantitative assessment of the business, covenant structural analysis, and fundamental credit research. The analysis is thoughtful of down market capture, focusing on capital structure, adequacy of capital cushion, free cash flow characteristics, and a conservative position with cyclicals. Portfolio construction is 90% bottom-up, and 10% market factor analysis. The preference is for transparent and cash

generative businesses with a shorter duration perspective compared to the benchmark. These tend to hold value better in periods of market turbulence.

MR. BRICE asked if the portfolio has a geographical regional bias. MR. WEILHEIMER stated the preference is U.S. based companies, because the bankruptcy codes are enforced and the corporate governance is more transparent.

MR. ERLENDSON inquired as to the best benchmark to evaluate whether or not the portfolio's investment process was successfully implemented, given the aspects of fixed income and correlation to the equity market. MR. WEILHEIMER explained this is a hybrid asset class with dual correlations. He believes the portfolio's ability to outperform peer groups in down markets, while capturing upside returns, indicates their strategy is successful.

MR. CONCANNON indicated risk is managed throughout the portfolio construction process, by focusing on the company's cap structure, managing duration, sector weightings, ratings, quality, and utilizing Barclays POINT system to monitor historical risk through attribution and analyze prospective risk. The portfolio is expected to be comprised of 250 to 300 companies, with the top 10 positions representing 15% to 25% of portfolio assets. The overweight sectors include healthcare, retail, and services. Underweight sectors are banks and thrifts.

DR. JENNINGS asked if bond market liquidity is a challenge or an opportunity for this strategy. MR. WEILHEIMER believes bond market liquidity is an opportunity for institutional mandates, potentially at the expense of mutual funds. The industry has not responded yet to the recent rule changes by SEC regarding definitions of liquidity. One of the strategies clients may allow is to hold cash, instead of being fully invested at all times, in order to capture the opportunities when the market comes off. Derivatives are not used in the strategy. Clients may have discussions regarding being long CDX, which is essentially a derivative of the index. The CDX market is the most liquid security to hold. Returns can be enhanced by having liquidity or cash when the market trades down.

CHAIR SCHUBERT recessed the meeting from 10:32 a.m. to 10:42 a.m.

B. Columbia Threadneedle Investments

GREG SPRADLING, Business Development Institutional Distribution, and JENNIFER PONCE DE LEON, Senior Portfolio Manager, of Columbia Threadneedle, expressed appreciation for being in front of the Board today, and gave a detailed presentation regarding the high yield fixed income strategy. MS. PONCE DE LEON has been with the firm since 1997, and is the Head of High Yield Fixed Income. The team manages approximately \$16 billion of client assets, for about 40 institutional clients. The quality strategy of the portfolio produces consistent investment returns, while focusing on downside risk management.

MS. PONCE DE LEON informed Columbia Threadneedle is a wholly owned subsidiary of well-resourced Ameriprise, who manages \$505 billion in assets, and provides financial advisory, insurance, and annuity services. Columbia Threadneedle includes a London-based

operation, which utilizes the global resources of the company, as markets become increasingly global. MS. PONCE DE LEON described the company's commitment to research resources with 82 analysts and 78 portfolio managers. Specifically for the high yield assets, there are 21 experienced individuals across portfolio management, research, and trading. The portfolio management team has been together for 17 years, creating a quality partnership environment that drives performance.

MS. PONCE DE LEON explained 2/3 of the alpha of the portfolio is expected to be generated through credit selection. The approach is a risk-adjusted process managing the downside risk. The next 1/3 alpha is expected to be generated through the credit cycle through tactical portfolio management, positioning for the environment ahead. The three tactical adjustments in positioning include quality of the portfolio, capital structure positioning, and industry positioning. This is a combination of bottom-up security selection and top-down positioning, while reducing volatility through downside principal preservation. This process has generated 208 basis points in excess return since inception, with 84% of the volatility of the market. The upside and downside capture ratios relative to the market are strong and very compelling.

MR. BRICE asked if the assets will be focused in a particular geographical region. MS. PONCE DE LEON explained the benchmark incorporates about 15% foreign companies, but they are all U.S. dollar denominated.

MS. PONCE DE LEON explained the portfolio will include 150 to 200 different issuers and the ability to manage and evaluate more credits allows for the diversification that pays dividends to clients. The overall position will run within a 3% working maximum on any individual issuer based on capitalization, with no more than 10% to 20% of an individual issue, in terms of ownership across the company. An unfavorable industry may have a zero weighting and a favorable industry may have an overweight of up to 150% of the benchmark.

Columbia Threadneedle has used its own system of research since 1998, which evaluates companies from a forward-looking risk basis to ensure there are positive catalysts to drive the security. The research also reviews the companies on relative value from a security performance basis. The portfolio is not buy and hold. It is actively managed for downside risk and capital preservation. The analysts have a workload that allows them to cover their industries well and are limited to two to four different industries, with roughly 50 names within the opportunity set. This allows for well-resourced analysis of the recommendations. The rating system assists in managing the overall risk in the portfolio, as well as risk at the issuer level.

MR. BRICE asked if this portfolio favors particular sectors. MS. PONCE DE LEON believes the heavy asset businesses are favored. She indicated there is a place for any industry credit with high returning potential. MR. BRICE asked in what economic scenario does this strategy work best. MS. PONCE DE LEON stated the degree of all performance is going to be greatest in down markets. The second level would be in a regular, low growth environment. The portfolio in a high growth, beta-oriented environment would capture the majority of the performance, but would probably underperform.

MR. ERLENDSON asked for more information regarding the structure of the portfolio during its good performance in the down market in '08 and up market in '09. MS. PONCE DE LEON explained the team will stay true to the security selection discipline, while having the courage and insight to act on the evaluation of the market environment. The experience of understanding volatility and becoming more defensive than cyclical, along with the diligence in the company modeling information, provides the confidence needed to take advantage of opportunities during both markets environments. The tactical approach is an intentional strategy, combining superior credit selection with downside risk management. This allows for a consistent, repeatable process of managing high yield to get strong risk-adjusted returns with less volatility.

VICE-CHAIR TRIVETTE asked about the pressures senior positions in the company place on this strategy during market volatility. MS. PONCE DE LEON indicated the management look to her for guidance and trust the track record. She believes it is a supportive partnership.

14. INVESTMENT ACTIONS

A. High Yield Manager Approval

DEPUTY CIO BOB MITCHELL stated staff asks for authorization to hire both Eaton Vance and Columbia Threadneedle for the high yield investment mandate, subject to successful contract and fee negotiations.

MRS. HARBO moved to authorize staff to hire both Eaton Vance and Columbia Threadneedle for the high yield investment mandate, subject to successful contract and fee negotiations. MS. RYAN seconded the motion.

MR. BRICE requested the amount of each allocation. MR. BADER informed the MacKay Shield allocation would be reduced by \$400 million, and \$200 million would be given to each manager.

CHAIR SCHUBERT asked if staff believes these managers offer an advantage over index funds, after factoring fees. MR. MITCHELL replied that both managers' net performance is greater than the index, and are able to outperform during the downside, providing a valuable attribute to the overall portfolio.

A roll call vote was taken, and the motion passed unanimously.

B. High Yield Investment Guidelines *Resolution 2015-20*

DEPUTY CIO BOB MITCHELL stated the Board authorized the investment in a Fidelity Real Estate High Income Pool in June. The investment guidelines, when originally written, did not contemplate an investment of this nature and require revision in order for the manager to be compliant. The proposed change is an addition of a sentence allowing for the

investment in this strategy. The prospectus for the strategy would apply and the existing high yield investment guidelines would apply for other high yield managers in this space.

MRS. HARBO moved to adopt Resolution 2015-20. MS. RYAN seconded the motion.

A vote was taken, and the motion passed unanimously.

C. Securities Lending Program

DEPUTY CIO BOB MITCHELL reported staff recommends the Board restart securities lending for the portfolio and modify the securities lending program to include cash collateral, which staff would internally manage, in addition to the borrower default indemnification. Staff requests the approval authority over investment guidelines of any externally managed cash collateral pools. Staff recommends a negotiated split between State Street and the ARM Board. Staff recommends the ability to exclude specific securities or portfolios from the securities lending program, respecting investment manager concerns. Staff recommends a securities lending strategy that relies on implicit yield, essentially lending out only the special securities in the portfolio, rather than making the entire portfolio available.

VICE-CHAIR TRIVETTE moved to restart a securities lending program to include internally-managed cash collateral, staff approval authority over investment guidelines of externally managed cash collateral pools, a negotiated split between State Street and the ARM Board, the ability to exclude specific securities or portfolio, and a strategy that relies on implicit yield. COMMISSIONER HOFFBECK seconded the motion.

MS. ERCHINGER requested the advantages of using State Street. She asked if staff intends to bring the contract before the Board for approval. MR. MITCHELL advised staff considered the operational complexity that would be introduced by a third-party management firm. Staff is comfortable employing the current custodian State Street. MR. MITCHELL noted staff is happy to bring a specific policy back in front of the Board for review, prior to initiating the securities lending program.

COMMISSIONER FISHER expressed his concern about the securities that are the most valuable to lend are also the most illiquid and present the most risk, in terms of returning them to the managers. He encouraged manager communication and coordination regarding specific lending. MR. BADER agreed and stated the returns of the managers are far more important than the possible incremental gain from securities lending.

A roll call vote was taken, and the motion passed unanimously.

D. Small Cap Strategy

DEPUTY CIO BOB MITCHELL advised staff recommends the ARM Board authorize the creation of a fund for the purpose of investing in small capitalization domestic equity ETFs, and invest up to \$200 million in the strategy. The fund would be benchmarked against the Russell 2000 Index.

MRS. HARBO moved to authorize the creation of a fund for the purpose of investing in small capitalization domestic equity ETFs, and invest up to \$200 million in the strategy. MR. BRICE seconded the motion.

MS. HARBO asked if this fund would be managed in-house. MR. BOB MITCHELL agreed. MS. HARBO asked for the amount of assets currently being managed in-house. MR. BADER stated there are approximately \$200 million in REITs, \$200 million in equity yield, and adding this strategy of \$200 million, would bring the total to about \$600 million. There is an intent to increase the allocation in the equity yield strategy. Staff's goal is to have \$1 billion under internal management in the equity space before the end of the year, with the Board's concurrence.

VICE-CHAIR TRIVETTE asked if staff believes this is a manageable, considering the additional staff members expected to come onboard. MR. BADER stated he fully anticipates this is manageable with existing staff, and hopes to expand the program beyond the current vision with additional staff coming in.

CHAIR SCHUBERT expressed her support of the investment staff and this action. She believes allowing the investment staff to expand presents interesting challenges and opportunities, and helps against poaching from other companies.

A roll call vote was taken, and the motion passed unanimously.

E. Low Volatility Strategy

DEPUTY CIO BOB MITCHELL presented the information included in the Board's packet entitled Minimum Variance Portfolio Internal Management. This type of portfolio is comprised of securities and weights that are expected to minimize the portfolio's volatility. They are selected using a factor-based approach that attempts to measure the correlations and co-variances of the performances of the underlying securities to develop a portfolio that will have lower volatility. There is currently an existing similar strategy started last December with SSGA as the portfolio manager. Access to the index positions will be acquired by a Switzerland company STOXX.

MR. MITCHELL advised staff recommends the Board authorize up to \$200 million investment in an internally managed domestic large cap minimum variance portfolio, benchmarked against the STOXX USA 990 Minimum Variance Unconstrained Index.

MR. BRICE moved to authorize staff to manage a \$200 million investment in an internally managed domestic large cap minimum variance portfolio, benchmarked against the STOXX USA 900 Minimum Variance Unconstrained Index, and the authorization is subject to successful license, fee, and contract negotiations with STOXX Limited. MRS. HARBO seconded the motion.

COMMISSIONER FISHER requested DR. JENNINGS' opinion. DR. JENNINGS commented there are multiple factors in the stock market and there is growing academic evidence this minimum variance strategy is being included as a factor to explain performance. He believes the chart shown in the presentation captures the strategy as providing higher returns and smoothing out the risk/reward tradeoff.

A roll call vote was taken, and the motion passed unanimously.

UNFINISHED BUSINESS

1. Disclosure Report

2. Calendar

MS. HALL indicated the Disclosure Report and calendar were included in the Board's packet. There are no updates and nothing unusual to report.

3. Legal Report

MR. GOERING informed he will be meeting with MR. BADER to discuss the Guggenheim SEC consent decree issue. MR. GOERING provided written advice regarding the Actuarial Committee Charter, and has been engaged and will continue to be available for follow-up discussions regarding that advice.

NEW BUSINESS

VICE-CHAIR TRIVETTE requested the DC Committee meeting in April and September be tentatively added to the calendar.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD

MS. ERCHINGER suggested the Board send a letter to the Legislature regarding the FY 17 contribution rates approved this meeting, and specifically acknowledge the rates were approved based on investment return smoothing. She suggested the Legislature be provided with both sets of actuarial result information, smoothing and non-smoothing, and explain the Board's decision.

VICE-CHAIR TRIVETTE agreed with the recommendation and suggested including the explanation from the actuaries that part of the definition of smoothing is removing the corridor, and that was completed. VICE-CHAIR TRIVETTE believes providing the information to the Legislature may make the Board's decision-making clearer.

COMMISSIONER HOFFBECK concurs with the recommendation. He believes the discussion on the budget will be critical this year and it is important for the Legislature to understand what the Administration is presenting is in line with this Board. Providing the additional information for the Legislature to analyze will be helpful.

CHAIR SCHUBERT commented the Board will work together to compose the letter.

PUBLIC/MEMBER COMMENTS

None

INVESTMENT ADVISORY COUNCIL COMMENTS

None

TRUSTEE COMMENTS

COMMISSIONER HOFFBECK believes it is incumbent upon the Board to inform the Legislature on why it is a good decision to move more and more fund management in-house, in light of the declining state budgets. These positions are approved by the Legislature and the Board's support is needed in moving these programs forward.

MR. BRICE informed issues have been brought to his attention vigorously regarding the retiree program, in terms of coordinating benefits. He was requested to address a particular situation in this public forum of a husband and wife team, both retirees out of the State system, and the retiree health system is having a hard time coordinating benefits.

COMMISSIONER FISHER commented he is aware of similar issues, and appreciates hearing about individual issues to address specifically. A Retiree Advisory Committee is being established to advise on healthcare issues. More information will be presented at the December meeting.

MRS. HARBO expressed her appreciation to MS. ERCHINGER for her work on the Actuarial Committee. She expressed her appreciation to MS. HALL for her preparation and good work.

VICE-CHAIR TRIVETTE expressed his appreciation to MR. BADER for his work and research in bringing important strategies to the Board. VICE-CHAIR TRIVETTE noted he has also heard concerns regarding the issues with the retiree program. He believes the Administration and staff has made progress, spent considerable time addressing issues, and more time is needed. VICE-CHAIR TRIVETTE expressed his appreciation to staff and DRB for the cooperation given to the Defined Contribution Committee.

FUTURE AGENDA ITEMS

None

ADJOURNMENT

There being no objection and no further business to come before the Board, the meeting was adjourned at 11:48 a.m. on September 25, 2015, on a motion made by MRS. HARBO and seconded by MR. BRICE.

Chair of the Board of Trustees
Alaska Retirement Management Board

ATTEST:

Corporate Secretary

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
SPECIAL TELECONFERENCE MEETING

Location of Meeting
11th Floor Commissioner's Office, State Office Building
Willoughby Avenue, Juneau, Alaska

MINUTES OF
November 9, 2015

CALL TO ORDER

CHAIR GAIL SCHUBERT called the special teleconference meeting of the Alaska Retirement Management Board (ARMB) to order at 3:00 p.m.

ROLL CALL

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

ARMB Board Members Present

Gail Schubert, *Chair*
Sam Trivette, *Vice Chair*
Gayle Harbo, *Secretary*
Commissioner Sheldon Fisher
Commissioner Randall Hoffbeck
Kris Erchinger
Sandi Ryan
Tom Brice

ARMB Board Members Absent

Martin Pihl

Department of Revenue Staff Present

Jerry Burnett, Deputy Commissioner
Pam Leary, Treasury Division Director
Bob Mitchell, Deputy Chief Investment Officer
Judy Hall, Board Liaison

Department of Law Legal Counsel Present

Stuart Goering, Assistant Attorney General

PUBLIC MEETING NOTICE

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

APPROVAL OF AGENDA

GAYLE HARBO moved to approve the agenda. SANDI RYAN seconded. The agenda was approved without objection.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

There was no one who wished to address the Board.

EXECUTIVE SESSION – Potential Litigation Matter

At CHAIR SCHUBERT's request, Legal Counsel STUART GOERING confirmed the need for an executive session in order for the trustees to provide direction to legal counsel in a pending litigation matter which, if made public at this time, would have an adverse affect on the finances of the fund.

TOM BRICE moved that the Alaska Retirement Management Board enter executive session to receive privileged attorney-client communication about a pending litigation matter, the public discussion of which would clearly have an adverse effect on the finances of the board, and to give requested direction to our attorney in this matter. GAYLE HARBO seconded.

The motion carried unanimously on a roll call vote.

The meeting recording was stopped, and Board trustees, staff, and legal counsel met in executive session. The executive session started at 3:10 p.m. and concluded at 3:30 p.m.

Upon resuming the public meeting session, CHAIR SCHUBERT confirmed with Legal Counsel STUART GOERING that he had received the direction he needed from trustees during the executive session. He affirmed that he had.

OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD

None.

PUBLIC/MEMBER COMMENTS

None.

ADJOURNMENT

THERE BEING NO OBJECTION AND NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE MEETING WAS ADJOURNED AT 3:34 P.M. ON November 9, 2015, ON A MOTION MADE BY MS. HARBO AND SECONDED BY MS. RYAN.

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, 2015

ACTION: _____

DATE: December 2, 2015

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, 2015.

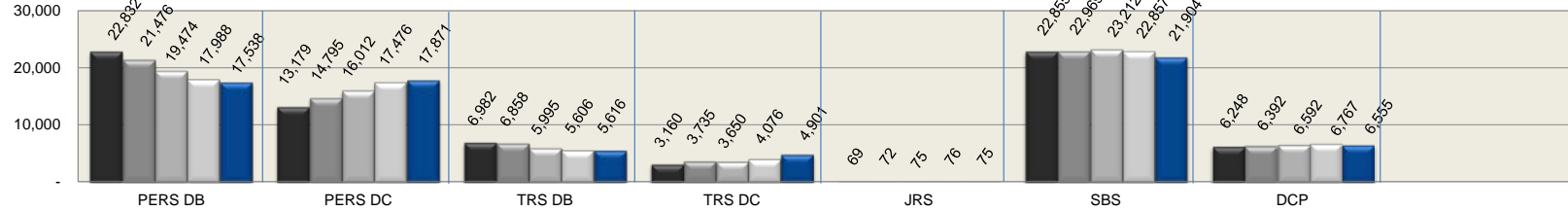
MEMBERSHIP STATISTICS AS OF SEPTEMBER 30, 2015

	PERS						TRS					JRS	NG	SBS	DCP
	DB				DC	SYSTEM	DB			DC	SYSTEM				
	Tier I	Tier II	Tier III	Total	Tier IV	TOTAL	Tier I	Tier II	Total	Tier III	TOTAL				
Active Members	2,140	4,744	10,654	17,538	17,871	35,409	672	4,944	5,616	4,901	10,517	75	n/a	21,904	6,555
Terminated Members															
Entitled to Future Benefits	632	2,491	2,878	6,001	521	6,522	73	701	774	259	1,033	3	n/a	21,891	4,404
Other Terminated Members	1,272	2,372	8,354	11,998	8,698	20,696	324	1,810	2,134	1,650	3,784	-	n/a	-	-
Total Terminated Members	1,904	4,863	11,232	17,999	9,219	27,218	397	2,511	2,908	1,909	4,817	3	n/a	21,891	4,404
Retirees & Beneficiaries	23,654	6,343	2,490	32,487	11	32,498	10,668	1,765	12,433	-	12,433	110	660	n/a	n/a
Managed Accounts	n/a	n/a	n/a	n/a	5,908	5,908	n/a	n/a	n/a	1,608	1,608	n/a	n/a	1,109	1,201
Retirements - 1st QTR FY16	199	188	160	547	n/a	547	217	201	418	n/a	418	1	31	n/a	n/a
Full Disbursements - 1st QTR FY16	29	33	123	185	483	668	21	38	59	97	156	-	n/a	636	133
Partial Disbursements - 1st QTR FY16	n/a	n/a	n/a	n/a	50	50	n/a	n/a	n/a	12	12	n/a	n/a	672	489

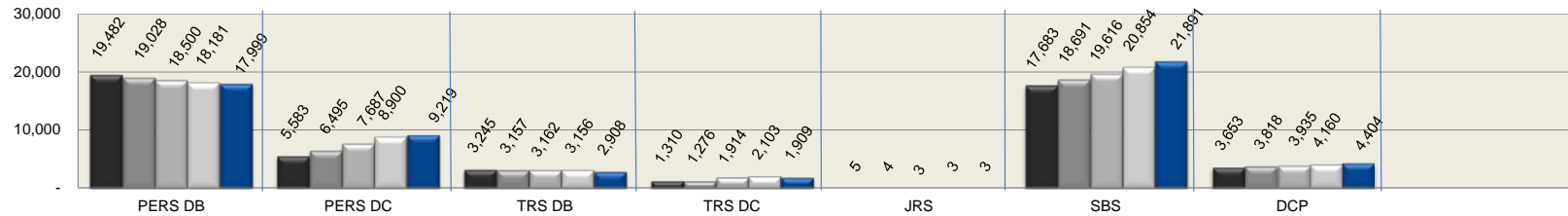
Alaska Division of Retirement and Benefits FY 2016 QUARTERLY REPORT OF MEMBERSHIP STATISTICS

Annual & Quarterly Trends as of September 30, 2015

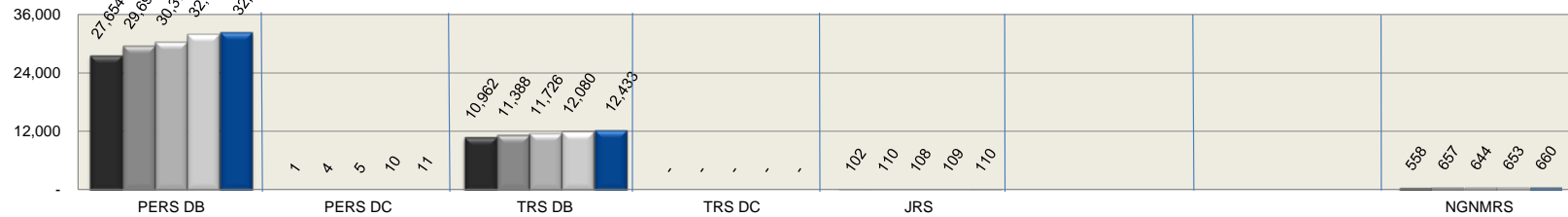
Active Members



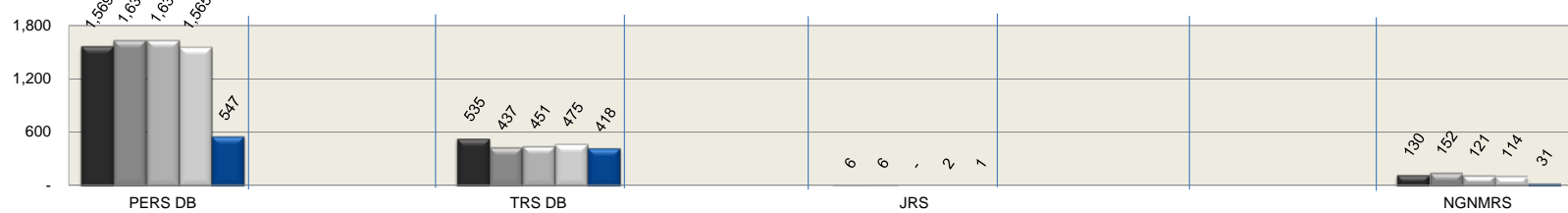
Terminated Members



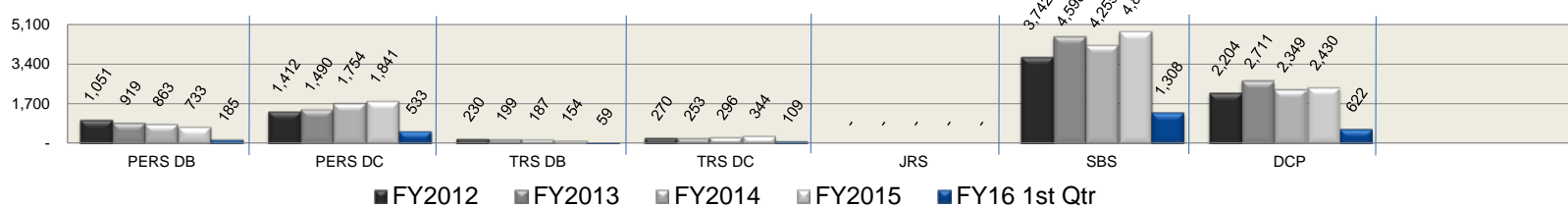
Retirees & Beneficiaries



Retirements



Disbursements



FY2012
 FY2013
 FY2014
 FY2015
 FY2016 1st Qtr

LEGEND

- Active Members** - All active members at the time of the data pull, except SBS & DCP, which are counts of contributors during the final quarter of each period.
- Terminated Members** - All members who have terminated without refunding their account, except SBS & DCP, which are counts of members with balances at the end of the period less active members.
- 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.
- Full Disbursements** - All types of disbursements that leave the member balance at zero.
- Partial Disbursements** - All types of disbursements that leave the member balance above zero. If more than one partial disbursement is completed during the quarter for a member, they are counted only once for statistical purposes.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Summary of Monthly Billings -
Buck Consultants

DATE: December 3, 2015

ACTION: _____

INFORMATION: **X**

BACKGROUND:

AS 37.10.220(a)(8) prescribes that the Alaska Retirement Management Board (Board) “coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios....”

As part of the oversight process, the Board has requested that the Division of Retirement & Benefits provide a quarterly summary update to review billings and services provided for actuarial valuations and other systems’ requests.

STATUS:

Attached are the summary totals for the quarter ended September 30, 2015.

Buck Consultants
Billing Summary
For the Three Months Ended September 30, 2015

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>	<u>EPORS</u>	<u>AHF</u>	<u>RHF</u>	<u>SBS</u>	<u>DCP</u>	<u>TOTAL</u>
System / Plan Actuarial Valuations	\$ 144,445	100,848	7,423	5,095	280	-	-	-	-	\$ 258,091
ARMB Presentations	39,014	14,354	268	48	-	-	-	-	-	53,684
System / Plan Audit Requests	2,565	-	1,432	1,002	-	-	-	-	-	4,999
GASB 68 work for PERS and TRS	9,078	3,551	-	-	-	-	-	-	-	12,629
GASB 67 Plan Accounting Reports	10,880	7,612	5,935	6,232	-	-	-	-	-	30,659
Level percent vs. level dollar methodology study for the September 2015 ARM Board meeting	4,500	-	-	-	-	-	-	-	-	4,500
TOTAL	<u>\$ 210,482</u>	<u>126,365</u>	<u>15,058</u>	<u>12,377</u>	<u>280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 364,562</u>
For the Three Months Ended September 30, 2014	<u>\$ 112,801</u>	<u>88,620</u>	<u>14,039</u>	<u>5,866</u>	<u>144</u>	<u>35</u>	<u>307</u>	<u>-</u>	<u>-</u>	<u>\$ 221,812</u>

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: FY2017 TRS Employer Contribution ACTION: X
Rate Tier I – II
DATE: December 3, 2015 INFORMATION: _____

BACKGROUND:

At the trustee meeting September 24, 2015, the Alaska Retirement Management Board (Board) passed Resolution 2015-11 adopting the FY2017 employer contribution rate for the Teachers' Retirement System (TRS) developed by the TRS consulting actuary, Buck Consultants, and was reviewed and recommended by the Board's Actuarial Committee.

Resolution 2015-11 contained a WHEREAS clause referencing AS 39.35.255, the statutory employer contribution rate of 22%, and AS 39.35.280, requiring additional state assistance to make up the difference between 22% and the actuarially determined contribution rate. These references are for the PERS, not the TRS, and must be updated to the proper statutory authority.

The FY 2017 TRS contribution rate adopted by Resolution 2015-11 was correct.

STATUS:

In order to have the TRS FY2017 employer contribution resolution reference the statutory authority correctly, staff has prepared a replacement for the resolution approved in September with the fifth WHEREAS clause citing the appropriate AS 14.25.070 and AS 14.25.085 statutory references.

RECOMMENDATION:

That the Alaska Retirement Management Board set Fiscal Year 2017 Teachers' Retirement System actuarially determined contribution rates attributable to employers consistent with its fiduciary duty, as set out in the attached form of Resolution 2015-21.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2017 Employer Contribution Rate
For the Teachers' Retirement System

Resolution 2015-21

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, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years; and

WHEREAS, AS 14.25.070 establishes a statutory employer contribution rate of 12.56 percent and AS 14.25.085 requires additional state contribution to make up the difference between 12.56 percent and the actuarially determined contribution rate;

WHEREAS, the "Alaska PERS, TRS, and JRS - Allocation of Additional State Contributions for FY 17" letter dated August 24, 2015 determines that the actuarially determined contribution rate for pension benefits is 17.78 percent composed of the normal cost rate of 2.44 percent and past service rate of 15.34 percent;

WHEREAS, the "Alaska PERS, TRS, and JRS - Allocation of Additional State Contributions for FY 17" letter dated August 24, 2015 determines that the actuarially determined contribution rate for postemployment healthcare benefits is 5.62 percent composed of the normal cost rate of 2.19 percent and past service rate of 3.42 percent;

WHEREAS, the “Alaska PERS, TRS, and JRS - Allocation of Additional State Contributions for FY 17” letter dated August 24, 2015 presents the employer rate incorporating the normal cost of the Defined Contribution Retirement Plan of 4.62 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2017 actuarially determined contribution rate attributable to employers participating in the Teachers’ Retirement System is set at 28.02 percent, composed of the contribution rate for defined benefit pension of 17.78 percent, the contribution rate for postemployment healthcare of 5.62 percent, and the contribution rate for defined contribution pension of 4.62 percent.

This resolution repeals and replaces Resolution 2015-11.

DATED at Anchorage, Alaska this _____ day of December, 2015.

Chair

ATTEST:

Secretary

CHIEF INVESTMENT OFFICER REPORT

1. Reduced MacKay Shields \$190 million in five separate transactions.
2. Reduced Brandes \$300 million and increased funding by \$100 million to Allianz, Baillie Gifford, and Arrowstreet International.
3. Made two transactions totaling ~\$31 million transferring cash to Blue Glacier funds.
4. Transferred \$25,000 from Cash to Fidelity Real Estate High Income Fund.
5. Rebalance Retirement funds on November 19.
6. _____
7. _____



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

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 20, 2015

Mary Ellen MacDonald
State Street Global Services
IIS Public Funds
1200 Crown Colony Drive, CC5
Quincy, MA 02169

Dear Ms. MacDonald:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on October 21, 2015:

MacKay Shields (AY9P)	\$<30,000,000>
Short-term Fixed Income Pool (AY70)	\$30,000,000

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 AY9P pertaining to all the funds referenced above.

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

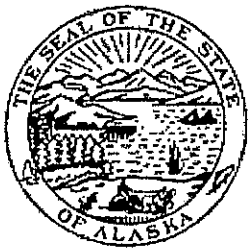
Sincerely,

A handwritten signature in black ink, appearing to read "GMB" followed by "FOR" in a larger, more stylized font.

Gary M. Bader
Chief Investment Officer

cc: Gail Schubert, Chair ARMB
Pamela Leary, Director
Scott Jones, State Comptroller
James McKnight, Senior Investment Compliance Officer
Bob Mitchell, Deputy Chief Investment Officer
Emily Howard, State Investment Officer

GMB/erh



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

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

November 17, 2015

Mary Ellen MacDonald
State Street Global Services
IIS Public Funds
1200 Crown Colony Drive, CC2
Quincy, MA 02169

Dear Ms. MacDonald,

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Friday, December 4, 2015. Please process the following cash transfer using the applicable sending pool ratios:

Brandes International (AY65)	< \$300,000,000 >
Allianz NFJ International (AYLP)	\$100,000,000
Baillie Gifford International (AYLR)	\$100,000,000
Arrowstreet International (AYLQ)	\$100,000,000

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

Sincerely,

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

Gary M. Bader
Chief Investment Officer

Cc: Gail Schubert, ARMB Chair
Randall Hoffbeck, Commissioner
Pamela Leary, Director
Scott Jones, State Comptroller
James McKnight, Senior Investment Compliance Officer
Bob Mitchell, Deputy Chief Investment Officer
Emily Howard, State Investment Officer
Shane Carson, State Investment Officer

GMB/smh



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

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 20, 2015

Mary Ellen MacDonald
Client Service Officer
State Street Global Services
IIS Public Funds
1200 Crown Colony Drive, CC5
Quincy, MA 02169

Dear Mary Ellen:

RE: Capital Contribution Blue Glacier Fund, L.P. – Class C-2


This letter is your authorization to transfer **\$20,979,000.00** on **October 22, 2015** from account AY70 to account AY9F using the currently applicable absolute return ratios and then wire transfer the full amount as soon as possible using the following instructions:

Bank Name: The Bank of New York Mellon
ABA Number: 021-000-018
Account Name: Blue Glacier Fund, L.P. (Class C-2)
Account Number: 890-1302-112
Reference: Investor – Capital Contribution – October 22, 2015
Reference Details: Alaska Retirement Management Board on behalf of the State of Alaska
Retirement and Benefits Plans Trust

Please provide the Fed Confirmation number for this transaction to Sarah Baulch of Bank of New York Mellon via e-mail at Sarah.Baulch@bnymellon.com.

Sincerely,


Gary M. Bader
Chief Investment Officer

GMB/sv 

cc: Scott Jones, Comptroller
Bob Mitchell, Deputy Chief Investment Officer
Zachary Hanna, Investment Officer
Sarah Baulch, Bank of New York Mellon
Travis Keith, Crestline Investors, Inc.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

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 26, 2015

Mary Ellen MacDonald
State Street Corporation
IIS Public Funds
1200 Crown Colony Drive, CC5
Quincy, MA 02169

Dear Ms. MacDonald:

The Alaska Retirement Management Board (ARMB) requests the following changes to be made on Friday, October 30th. Please process the transfer using the applicable sending pool ratios.

Short-term Fixed Income Pool (AY70)	<\$25,000,000>
Fidelity Real Estate High Income Fund (AYRP)	\$25,000,000

Furthermore take this letter as your authorization to wire the following amounts listed to the corresponding accounts per the wire instructions below:

Wire out on behalf of AYRP	
Wire out from AYRP	\$25,000,000

Bank Name: Deutsche Bank
Bank ABA#: 021-001-033
Account Number: 000159759
Account Name: Fidelity Dart Depository
OBI Field #: State of Alaska, Acct # 00701454464

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

Sincerely,

for Gary M. Bader
Chief Investment Officer

11/19/2015

Rebalancing Trades (Final)		Pension				Health Care		
		AY21	AY22	AY23	AY24	AYW2	AYW3	AYW4
		PERS	TRS	JRS	Mil	PERS	TRS	JRS
Broad Domestic Equity								
AYQK	Large Cap Pool (AYQK)	2,144,718	1,259,738	54,422	76,574	(3,205,867)	(950,063)	(6,888)
AYQC	Small Cap Pool (AYQC)	351,216	206,291	8,913	12,539	(524,988)	(155,581)	(1,127)
Alternative Equity Strategies								
AY52	Advent Capital Convertible Bond (AY52)	78,354	46,046	1,981		(114,837)	(33,969)	(245)
AYYK	Alternative Equity Strategies Pool (AYYK)	267,774	157,356	6,768		(392,450)	(116,087)	(838)
Global Equity Ex-US								
AYRC	International Equity Pool (AYRC)	1,806,972	1,060,448	46,189	183,680	(2,798,375)	(831,995)	(6,073)
AYRK	International Equity - Small Cap Pool (AYRK)	121,756	71,455	3,112	12,377	(188,559)	(56,061)	(409)
AYSC	Emerging Markets Pool (AYSC)	212,975	124,987	5,444	21,649	(329,825)	(98,062)	(715)
AYMC	Frontier Market Pool (AYMC)	33	18	1	3	(49)	(14)	-
Private Equity								
AYSK	Private Equity Pool (AYSK)	737,067	433,132	18,628		(1,080,248)	(319,538)	(2,308)
Real Assets								
AYVK	Real Estate Pool (AYVK)	210,986	119,718	6,915		(428,457)	(94,601)	(198)
AY7A	JP Morgan Real Estate (AY7A)	1,313	(2,597)	1,284				
AYPC	REIT Holdings (AYPC)	140,010	82,276	3,540		(205,200)	(60,698)	(439)
AYTK	Farmland Pool (AYTK)	313,947	184,494	7,934		(460,127)	(136,106)	(983)
AYUK	Timber Pool (AYUK)	151,007	88,743	3,813		(221,318)	(65,466)	(473)
AYVC	Energy Pool (AYVC)	35,995	21,156	910		(52,758)	(15,606)	(113)
AY6N	TIPS Internally Managed (AY6N)	53,206	31,267	1,345		(77,981)	(23,067)	(166)
AYWK	MLP Pool (AYWK)	167,432	98,389	4,232		(245,389)	(72,586)	(524)
AYZK	Private Infrastructure (AYZK)	123,114	72,347	3,111		(180,436)	(53,373)	(385)
AYMK	Public Infrastructure (AYMK)	99,259	58,327	2,509		(145,473)	(43,032)	(310)
Absolute Return								
AYTC	Absolute Return Pool (AYTC)	552,390	324,607	13,961		(809,583)	(239,475)	(1,729)
Fixed Income								
AYZC	Taxable Municipal Bond Pool (AYZC)	91,531	53,738	2,332	6,687	(139,613)	(41,452)	(302)
AY1A	US Treasury Fixed Income Pool (AY1A)	453,171	264,561	12,100	228,221	(850,635)	(256,879)	(1,935)
AY63	Mondrian Inv. Partners Inc (AY63)	128,698	75,200	3,412	55,887	(234,282)	(70,589)	(529)
AYPK	High Yield Pool (AYPK)	50,498	27,270	2,169	314,576	(331,030)	(105,170)	(869)
AY5M	Lazard Emerging Income (AY5M)	61,234	35,950	1,560	4,473	(93,400)	(27,731)	(202)
AYIC	Tactical Fixed Income Pool (AYIC)	47,208	27,712	1,204	3,449	(72,005)	(21,379)	(156)
Short-term Fixed Income								
AY70	State of AK Short Term Pool (AY70)	(8,401,864)	(4,922,629)	(217,789)	(920,115)	13,182,885	3,888,580	27,916

11/19/2015

Rebalancing Trades (Final)	DC Medical		DC Health Reimbursement			DC OD&D			P&F
	PERS	TRS	PERS	TRS	PERS	TRS			
	AYX2	AYX3	AYY2	AYY3	AY6G	AY6H	AY6I		
Broad Domestic Equity									
Large Cap Pool (AYQK)	107,984	101,652	241,744	155,703	11,930	(465)	8,818		
Small Cap Pool (AYQC)	17,683	16,647	39,588	25,498	1,954	(77)	1,444		
Alternative Equity Strategies									
Advent Capital Convertible Bond (AY52)	3,901	3,669	8,743	5,624	431	(16)	318		
Alternative Equity Strategies Pool (AYYK)	13,331	12,538	29,881	19,218	1,476	(56)	1,089		
Global Equity Ex-US									
International Equity Pool (AYRC)	92,861	87,550	207,427	133,943	10,220	(417)	7,570		
International Equity - Small Cap Pool (AYRK)	6,257	5,899	13,977	9,026	688	(29)	511		
Emerging Markets Pool (AYSC)	10,945	10,319	24,448	15,787	1,205	(49)	892		
Frontier Market Pool (AYMC)	1	2	3	2	-	-	-		
Private Equity									
Private Equity Pool (AYSK)	36,695	34,514	82,250	52,900	4,063	(154)	2,999		
Real Assets									
Real Estate Pool (AYVK)	31,234	27,781	75,446	44,484	3,926	65	2,701		
JP Morgan Real Estate (AY7A)									
REIT Holdings (AYPC)	6,970	6,556	15,624	10,049	772	(29)	569		
Farmland Pool (AYTK)	15,630	14,701	35,034	22,533	1,731	(66)	1,278		
Timber Pool (AYUK)	7,518	7,071	16,851	10,838	832	(31)	615		
Energy Pool (AYVC)	1,792	1,686	4,017	2,583	198	(7)	147		
TIPS Internally Managed (AY6N)	2,649	2,492	5,938	3,818	293	(11)	217		
MLP Pool (AYWK)	8,336	7,840	18,684	12,017	923	(35)	681		
Private Infrastructure (AYZK)	6,129	5,764	13,739	8,836	679	(26)	501		
Public Infrastructure (AYMK)	4,942	4,648	11,077	7,124	547	(21)	403		
Absolute Return									
Absolute Return Pool (AYTC)	27,500	25,865	61,641	39,646	3,045	(116)	2,248		
Fixed Income									
Taxable Municipal Bond Pool (AYZC)	4,663	4,393	10,425	6,724	514	(20)	380		
US Treasury Fixed Income Pool (AY1A)	26,166	24,870	57,758	37,809	2,820	(142)	2,115		
Mondrian Inv. Partners Inc (AY63)	7,289	6,920	16,122	10,531	789	(38)	590		
High Yield Pool (AYPK)	7,482	7,397	15,543	10,909	723	(76)	578		
Lazard Emerging Income (AY5M)	3,120	2,938	6,974	4,498	344	(13)	255		
Tactical Fixed Income Pool (AYIC)	2,405	2,266	5,377	3,468	265	(10)	196		
Short-term Fixed Income									
State of AK Short Term Pool (AY70)	(453,483)	(425,978)	(1,018,311)	(653,568)	(50,368)	1,839	(37,115)		

**ALASKA RETIREMENT MANAGEMENT BOARD
FINANCIAL REPORT**

As of September 30, 2015

ALASKA RETIREMENT MANAGEMENT BOARD
Schedule of Investment Income and Changes in Invested Assets by Fund
For the Three Months Ending September 30, 2015

	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	\$ 8,586,489,509	\$ (480,518,765)	\$ (102,036,745)	\$ 8,003,933,999	-6.78%	-5.63%
Retirement Health Care Trust	7,012,198,154	(391,550,557)	(66,718,650)	6,553,928,947	-6.54%	-5.61%
Total Defined Benefit Plans	<u>15,598,687,663</u>	<u>(872,069,322)</u>	<u>(168,755,395)</u>	<u>14,557,862,946</u>	-6.67%	-5.62%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	582,368,666	(40,348,888)	17,353,926	559,373,704	-3.95%	-6.83%
Health Reimbursement Arrangement	191,992,905	(11,001,088)	7,174,038	188,165,855	-1.99%	-5.62%
Retiree Medical Plan	43,611,892	(2,568,145)	3,658,368	44,702,115	2.50%	-5.65%
<u>Defined Benefit Occupational Death and Disability:</u>						
Public Employees	12,857,318	(732,986)	373,907	12,498,239	-2.79%	-5.62%
Police and Firefighters	6,187,308	(355,604)	230,080	6,061,784	-2.03%	-5.64%
Total Defined Contribution Plans	<u>837,018,089</u>	<u>(55,006,711)</u>	<u>28,790,319</u>	<u>810,801,697</u>	-3.13%	-6.46%
Total PERS	<u>16,435,705,752</u>	<u>(927,076,033)</u>	<u>(139,965,076)</u>	<u>15,368,664,643</u>	-6.49%	-5.66%
<u>Teachers' Retirement System (TRS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	5,242,445,334	(292,161,651)	(102,152,658)	4,848,131,025	-7.52%	-5.63%
Retirement Health Care Trust	2,606,131,168	(145,373,576)	(29,732,910)	2,431,024,682	-6.72%	-5.61%
Total Defined Benefit Plans	<u>7,848,576,502</u>	<u>(437,535,227)</u>	<u>(131,885,568)</u>	<u>7,279,155,707</u>	-7.26%	-5.62%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	250,086,268	(16,833,269)	304,597	233,557,596	-6.61%	-6.73%
Health Reimbursement Arrangement	59,380,498	(3,355,490)	779,439	56,804,447	-4.34%	-5.61%
Retiree Medical Plan	17,463,072	(999,112)	547,033	17,010,993	-2.59%	-5.63%
Defined Benefit Occupational Death and Disability	3,164,542	(177,017)	(9,711)	2,977,814	-5.90%	-5.60%
Total Defined Contribution Plans	<u>330,094,380</u>	<u>(21,364,888)</u>	<u>1,621,358</u>	<u>310,350,850</u>	-5.98%	-6.46%
Total TRS	<u>8,178,670,882</u>	<u>(458,900,115)</u>	<u>(130,264,210)</u>	<u>7,589,506,557</u>	-7.20%	-5.66%
<u>Judicial Retirement System (JRS)</u>						
Defined Benefit Plan Retirement Trust	143,835,542	(8,060,021)	(1,283,618)	134,491,903	-6.50%	-5.63%
Defined Benefit Retirement Health Care Trust	27,224,906	(1,525,375)	(66,342)	25,633,189	-5.85%	-5.61%
Total JRS	<u>171,060,448</u>	<u>(9,585,396)</u>	<u>(1,349,960)</u>	<u>160,125,092</u>	-6.39%	-5.63%
<u>National Guard/Naval Militia Retirement System (MRS)</u>						
Defined Benefit Plan Retirement Trust	36,944,780	(1,675,161)	(490,228)	34,779,391	-5.86%	-4.56%
<u>Other Participant Directed Plans</u>						
Supplemental Annuity Plan	3,394,333,691	(135,794,717)	(9,247,916)	3,249,291,058	-4.27%	-4.01%
Deferred Compensation Plan	806,278,563	(38,290,757)	(1,147,708)	766,840,098	-4.89%	-4.75%
Total All Funds	<u>29,022,994,116</u>	<u>(1,571,322,179)</u>	<u>(282,465,098)</u>	<u>27,169,206,839</u>		
Total Non-Participant Directed	23,989,926,928	(1,340,054,548)	(289,727,997)	22,360,144,383	-6.79%	-5.62%
Total Participant Directed	5,033,067,188	(231,267,631)	7,262,899	4,809,062,456	-4.45%	-4.59%
Total All Funds	<u>\$ 29,022,994,116</u>	<u>\$ (1,571,322,179)</u>	<u>\$ (282,465,098)</u>	<u>\$ 27,169,206,839</u>	-6.39%	-5.44%

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, 2015

	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	\$ 8,228,709,504	\$ (190,809,856)	\$ (33,965,649)	\$ 8,003,933,999	-2.73%	-2.32%
Retirement Health Care Trust	6,723,876,150	(153,578,543)	(16,368,660)	6,553,928,947	-2.53%	-2.29%
Total Defined Benefit Plans	<u>14,952,585,654</u>	<u>(344,388,399)</u>	<u>(50,334,309)</u>	<u>14,557,862,946</u>	-2.64%	-2.31%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	567,923,231	(14,791,459)	6,241,932	559,373,704	-1.51%	-2.59%
Health Reimbursement Arrangement	190,122,452	(4,385,177)	2,428,580	188,165,855	-1.03%	-2.29%
Retiree Medical Plan	44,522,525	(1,038,942)	1,218,532	44,702,115	0.40%	-2.30%
<u>Defined Benefit Occupational Death and Disability:</u>						
Public Employees	12,656,273	(291,585)	133,551	12,498,239	-1.25%	-2.29%
Police and Firefighters	6,138,154	(141,756)	65,386	6,061,784	-1.24%	-2.30%
Total Defined Contribution Plans	<u>821,362,635</u>	<u>(20,648,919)</u>	<u>10,087,981</u>	<u>810,801,697</u>	-1.29%	-2.50%
Total PERS	<u>15,773,948,289</u>	<u>(365,037,318)</u>	<u>(40,246,328)</u>	<u>15,368,664,643</u>	-2.57%	-2.32%
<u>Teachers' Retirement System (TRS)</u>						
<u>Defined Benefit Plans:</u>						
Retirement Trust	4,997,529,296	(115,605,227)	(33,793,044)	4,848,131,025	-2.99%	-2.32%
Retirement Health Care Trust	2,496,369,147	(56,963,270)	(8,381,195)	2,431,024,682	-2.62%	-2.29%
Total Defined Benefit Plans	<u>7,493,898,443</u>	<u>(172,568,497)</u>	<u>(42,174,239)</u>	<u>7,279,155,707</u>	-2.87%	-2.31%
<u>Defined Contribution Plans:</u>						
Participant Directed Retirement	238,735,876	(6,144,176)	965,896	233,557,596	-2.17%	-2.57%
Health Reimbursement Arrangement	57,816,012	(1,325,971)	314,406	56,804,447	-1.75%	-2.29%
Retiree Medical Plan	17,202,558	(395,826)	204,261	17,010,993	-1.11%	-2.29%
Defined Benefit Occupational Death and Disability	3,048,203	(69,615)	(774)	2,977,814	-2.31%	-2.28%
Total Defined Contribution Plans	<u>316,802,649</u>	<u>(7,935,588)</u>	<u>1,483,789</u>	<u>310,350,850</u>	-2.04%	-2.50%
Total TRS	<u>7,810,701,092</u>	<u>(180,504,085)</u>	<u>(40,690,450)</u>	<u>7,589,506,557</u>	-2.83%	-2.32%
<u>Judicial Retirement System (JRS)</u>						
Defined Benefit Plan Retirement Trust	138,160,071	(3,203,662)	(464,506)	134,491,903	-2.66%	-2.32%
Defined Benefit Retirement Health Care Trust	26,229,941	(599,274)	2,522	25,633,189	-2.28%	-2.28%
Total JRS	<u>164,390,012</u>	<u>(3,802,936)</u>	<u>(461,984)</u>	<u>160,125,092</u>	-2.59%	-2.32%
<u>National Guard/Naval Militia Retirement System (MRS)</u>						
Defined Benefit Plan Retirement Trust	35,482,547	(585,758)	(117,398)	34,779,391	-1.98%	-1.65%
<u>Other Participant Directed Plans</u>						
Supplemental Annuity Plan	3,294,359,410	(47,084,604)	2,016,252	3,249,291,058	-1.37%	-1.43%
Deferred Compensation Plan	781,617,530	(14,274,938)	(502,494)	766,840,098	-1.89%	-1.83%
Total All Funds	<u>27,860,498,880</u>	<u>(611,289,639)</u>	<u>(80,002,402)</u>	<u>27,169,206,839</u>		
Total Non-Participant Directed	22,977,862,833	(528,994,462)	(88,723,988)	22,360,144,383	-2.69%	-2.31%
Total Participant Directed	4,882,636,047	(82,295,177)	8,721,586	4,809,062,456	-1.51%	-1.68%
Total All Funds	<u>\$ 27,860,498,880</u>	<u>\$ (611,289,639)</u>	<u>\$ (80,002,402)</u>	<u>\$ 27,169,206,839</u>	-2.48%	-2.20%

Notes:

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

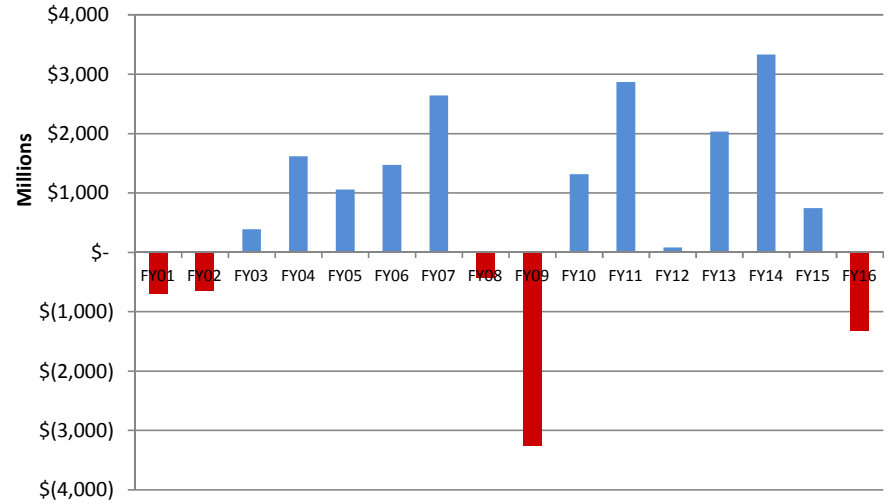
(2) Income divided by beginning assets plus half of net contributions/(withdrawals). Actual returns are calculated by Callan and Associates and can be found at: <http://www.revenue.state.ak.us/treasury/programs/programs/other/armb/investmentresults.aspx>

Total Defined Benefit Assets As of September 30, 2015

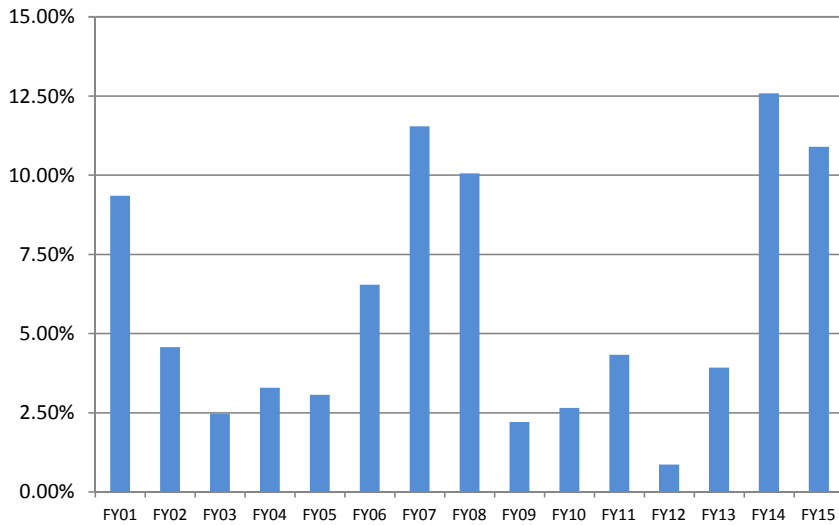
Totals Assets History



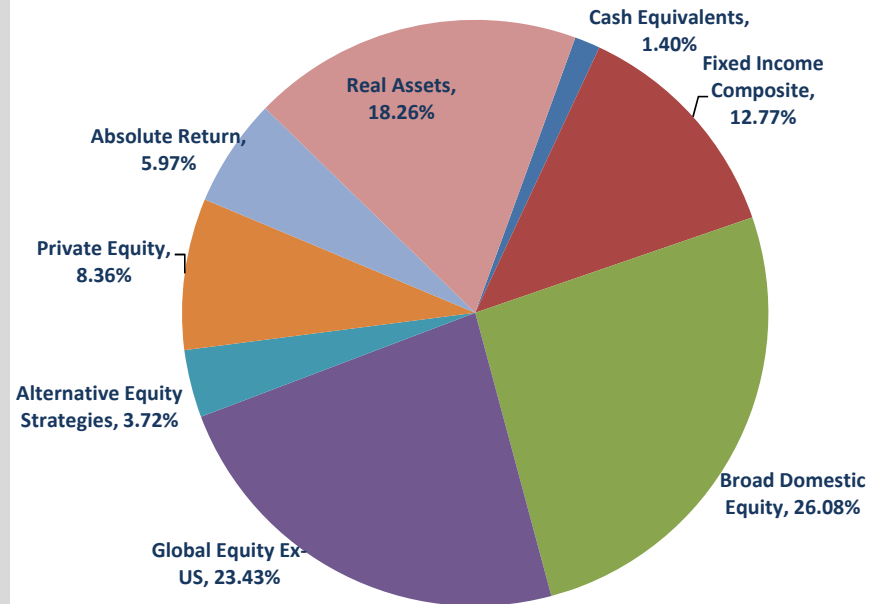
Income by Fiscal Year



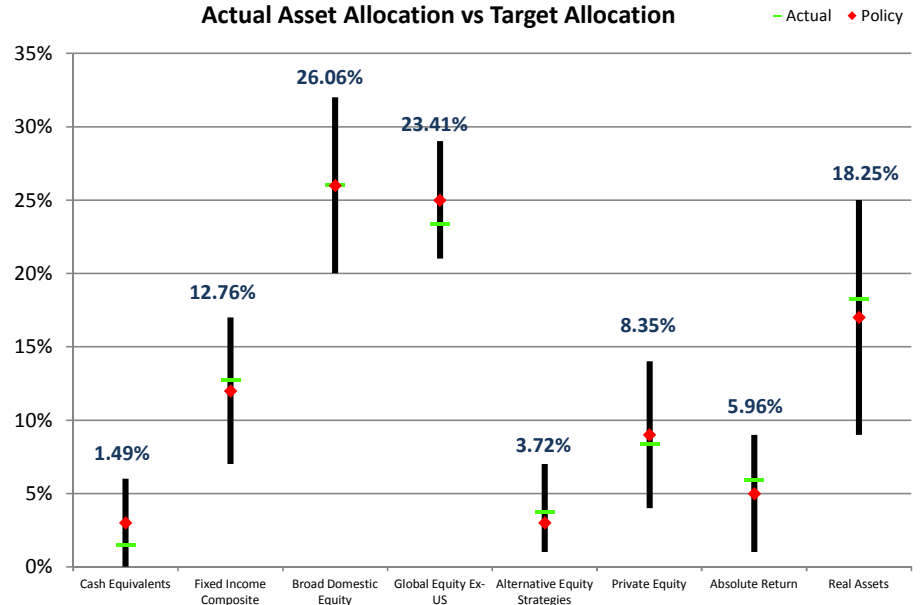
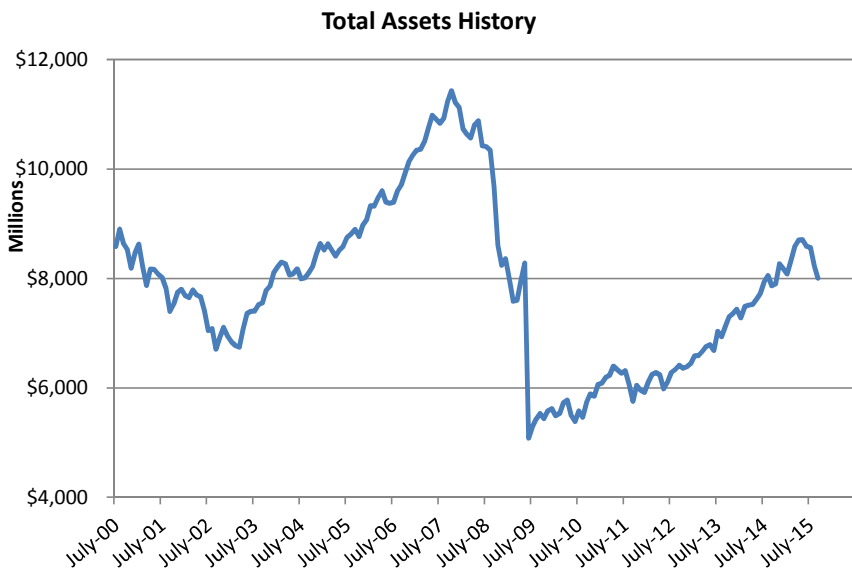
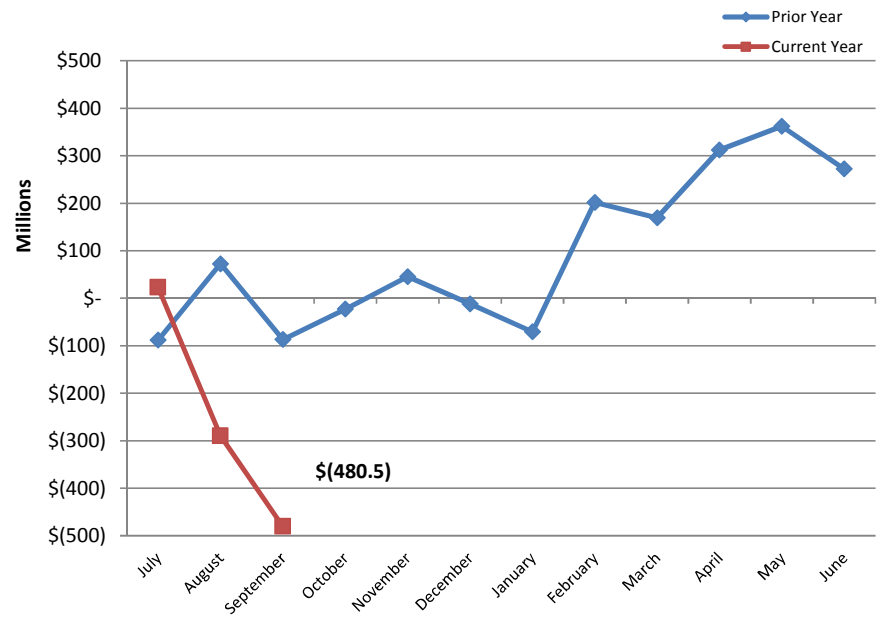
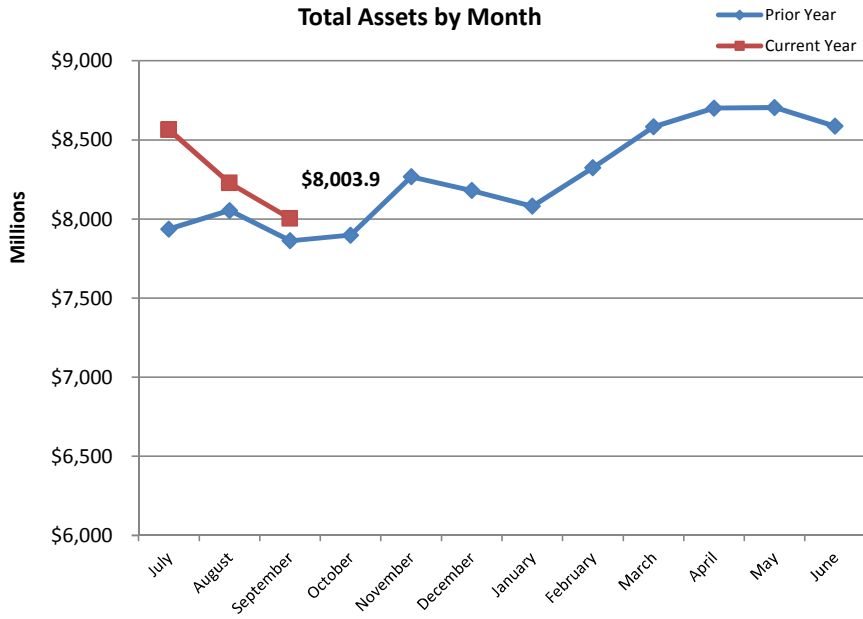
5-year Annualized Returns as of Fiscal Year End



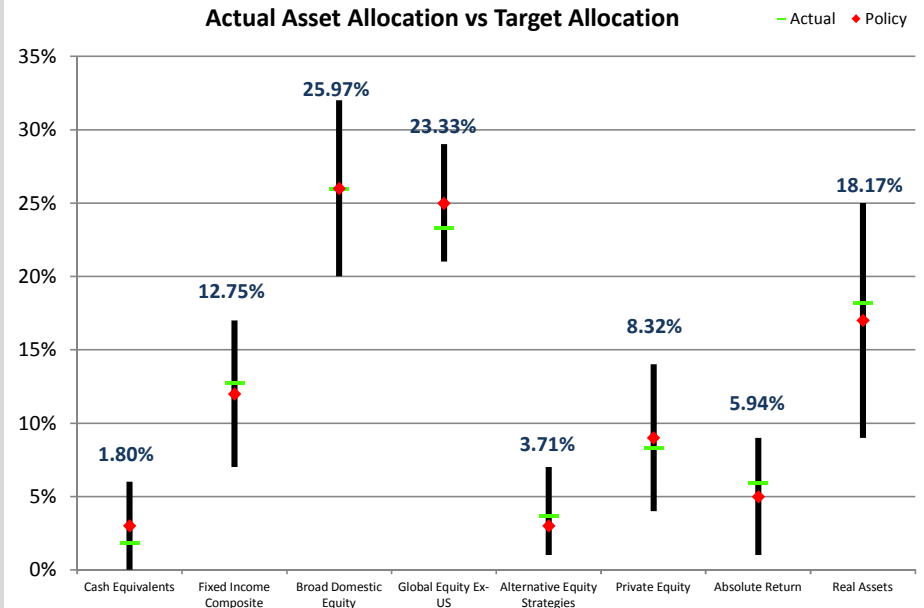
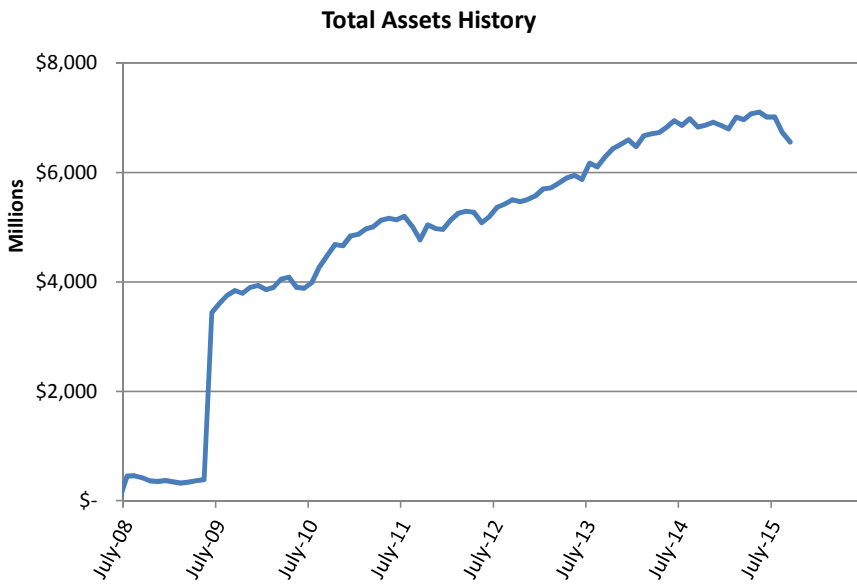
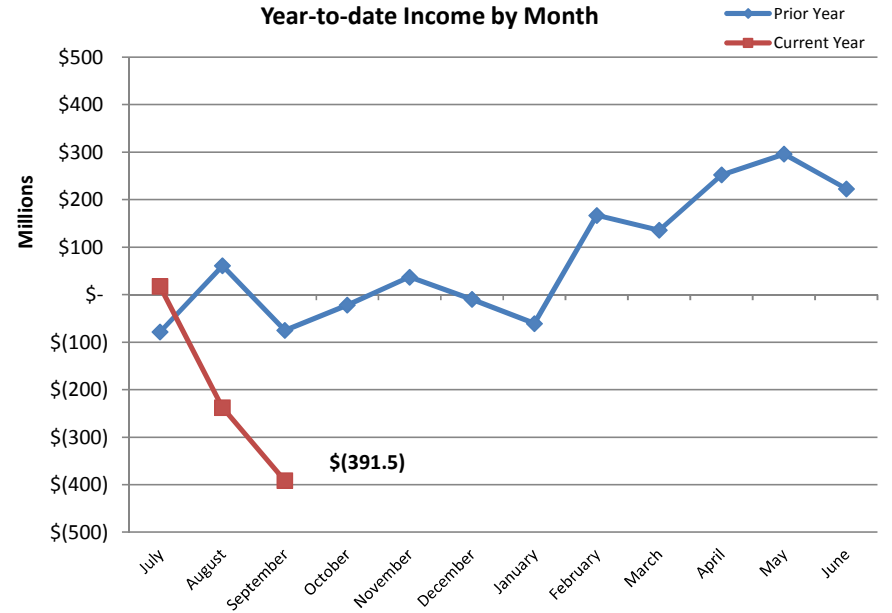
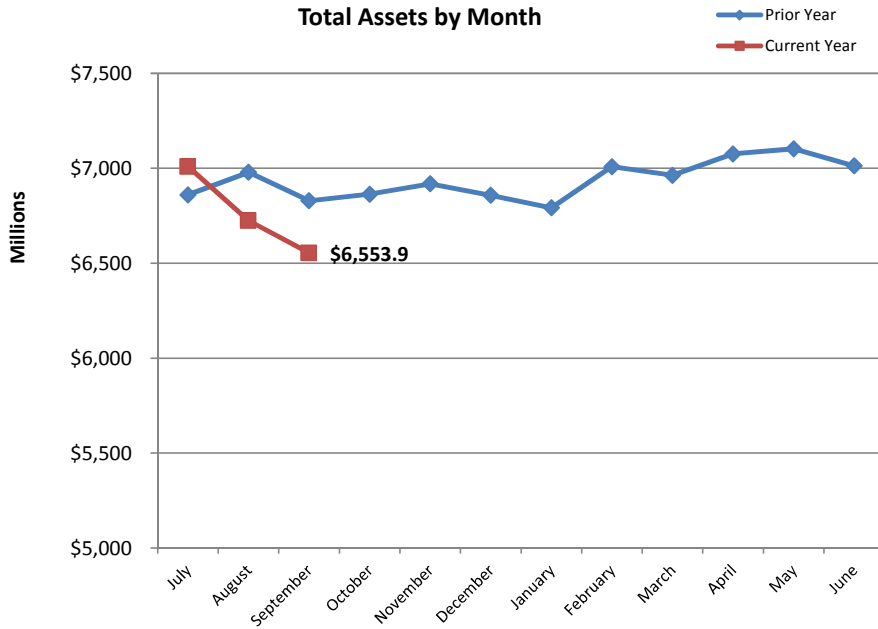
Actual Asset Allocation



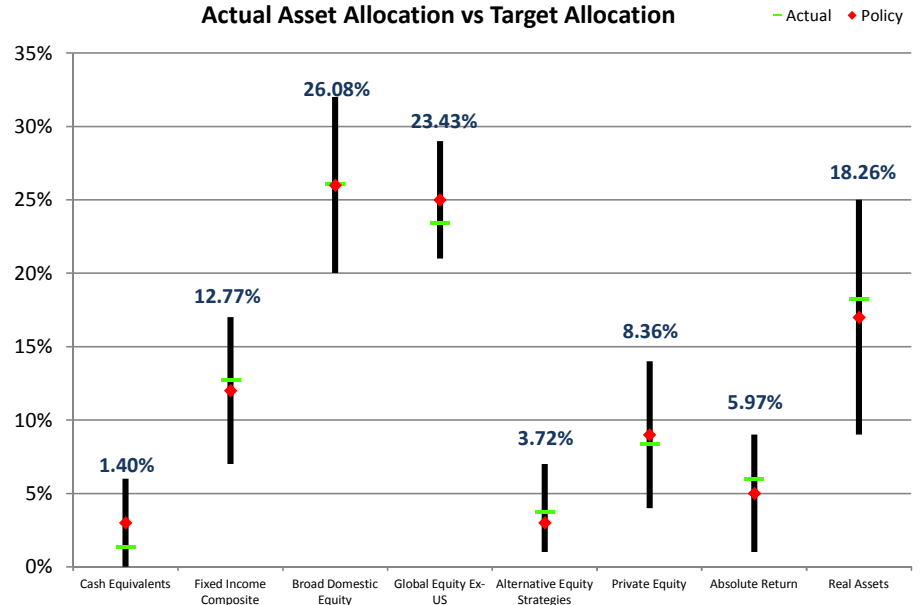
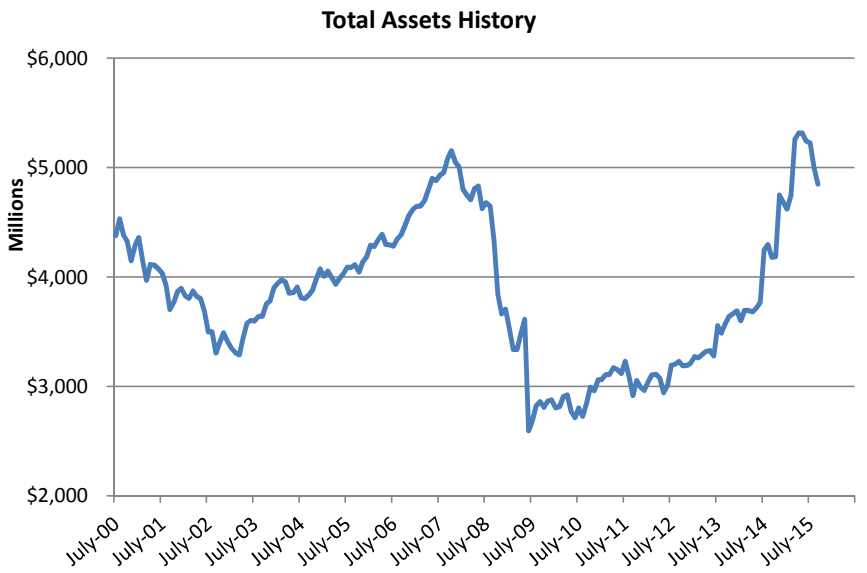
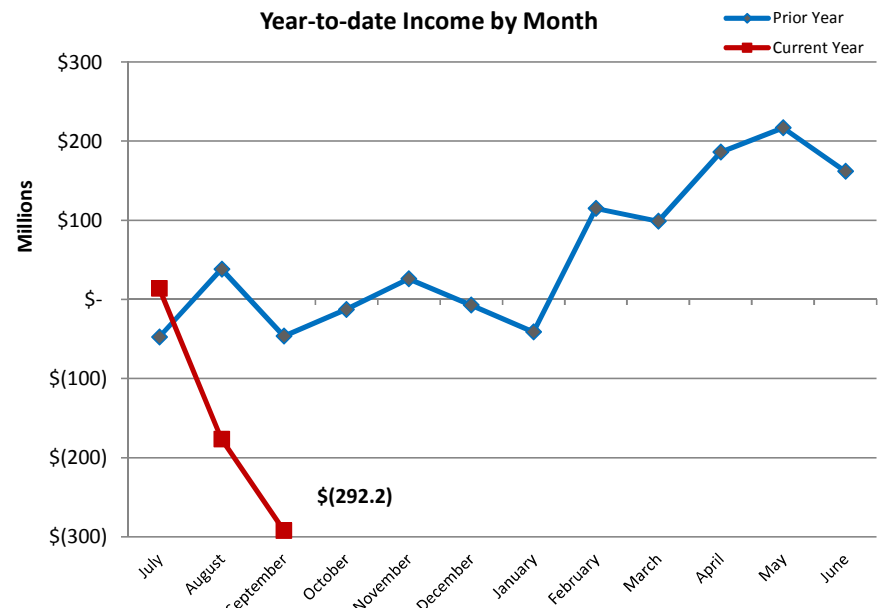
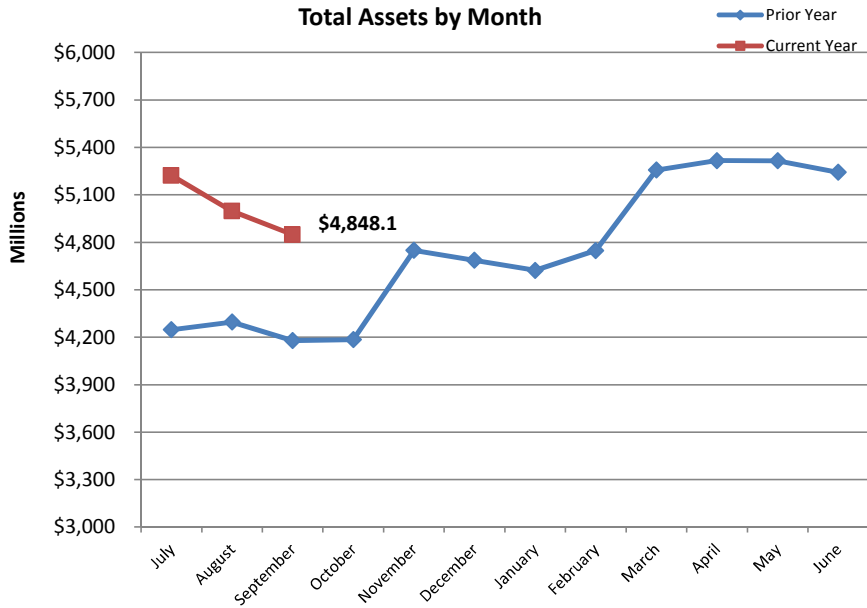
Public Employees' Retirement Pension Trust Fund For the Three Months Ending September 30, 2015



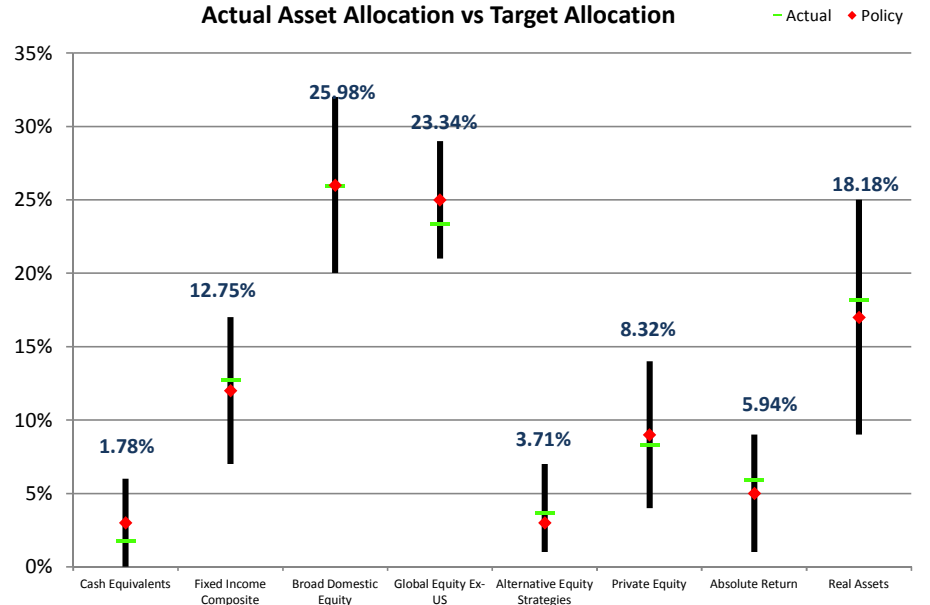
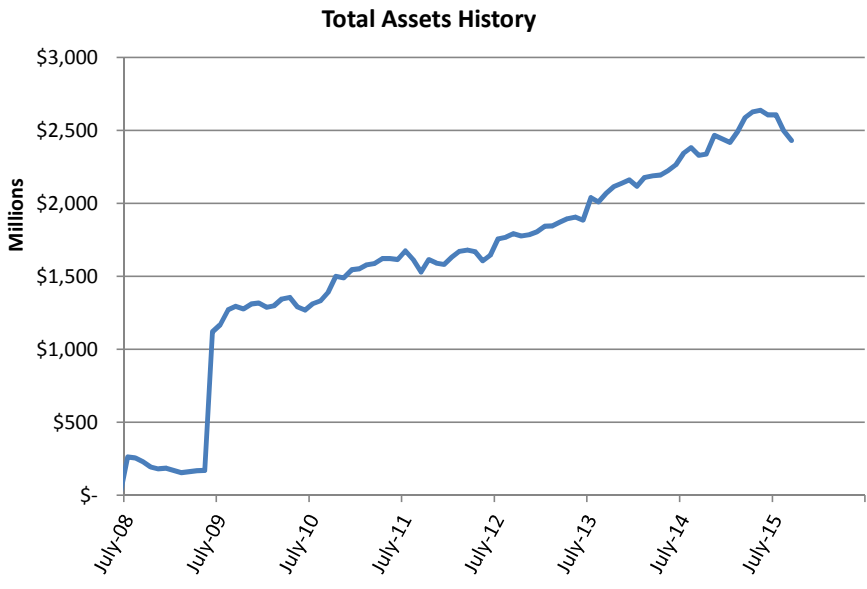
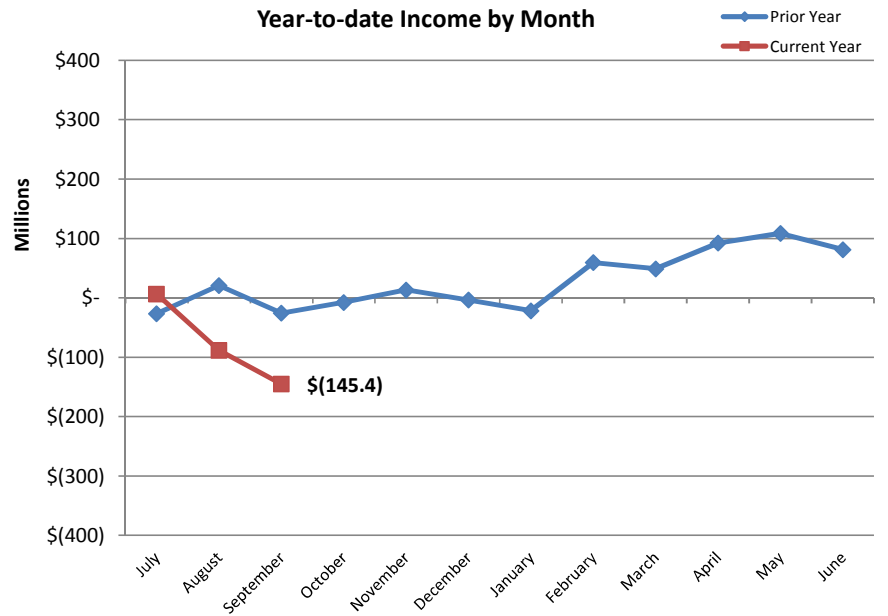
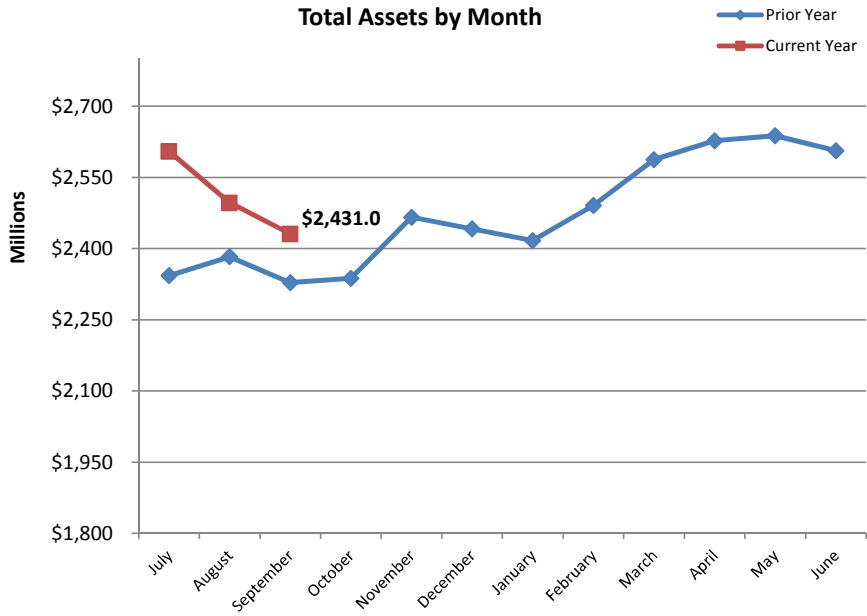
Public Employees' Retirement Health Care Trust Fund For the Three Months Ending September 30, 2015



Teachers' Retirement Pension Trust Fund For the Three Months Ending September 30, 2015

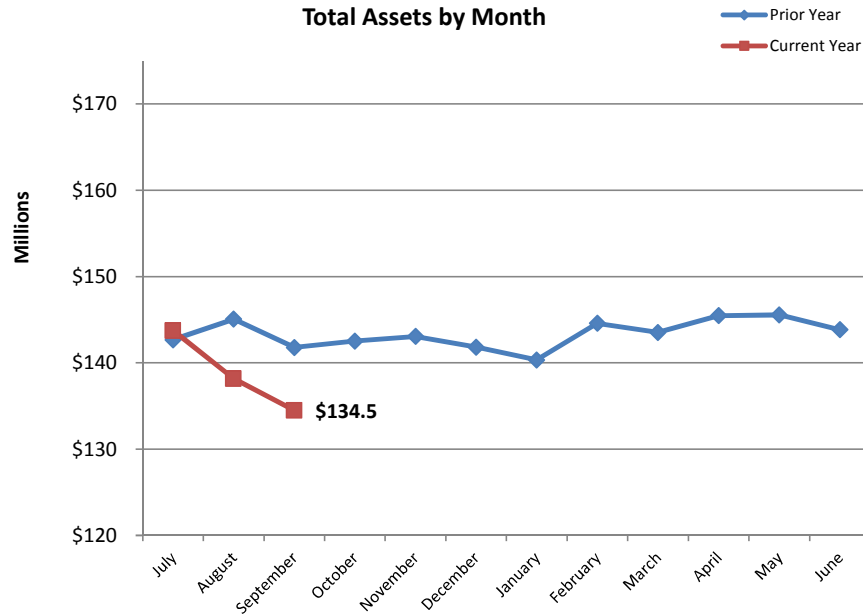


Teachers' Retirement Health Care Trust Fund For the Three Months Ending September 30, 2015

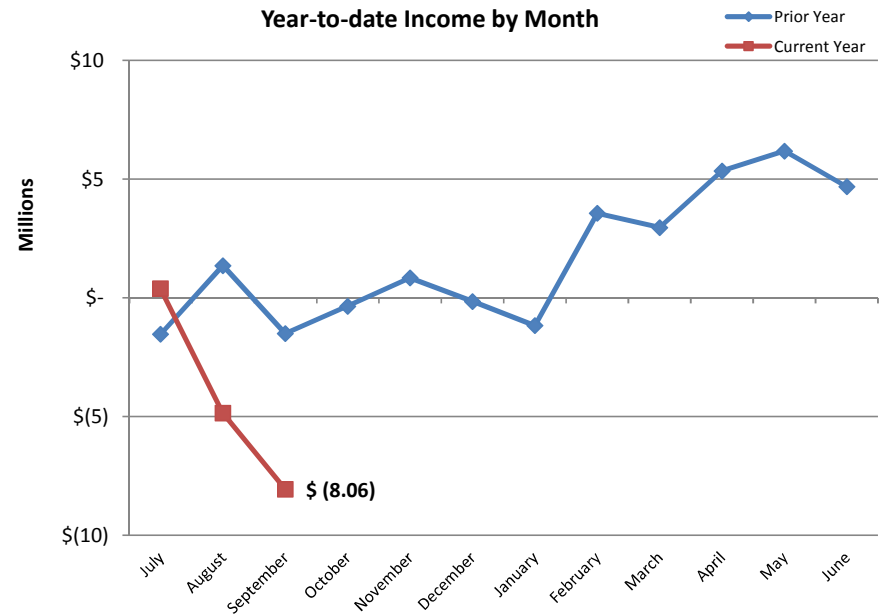


Judicial Retirement Pension Trust Fund For the Three Months Ending September 30, 2015

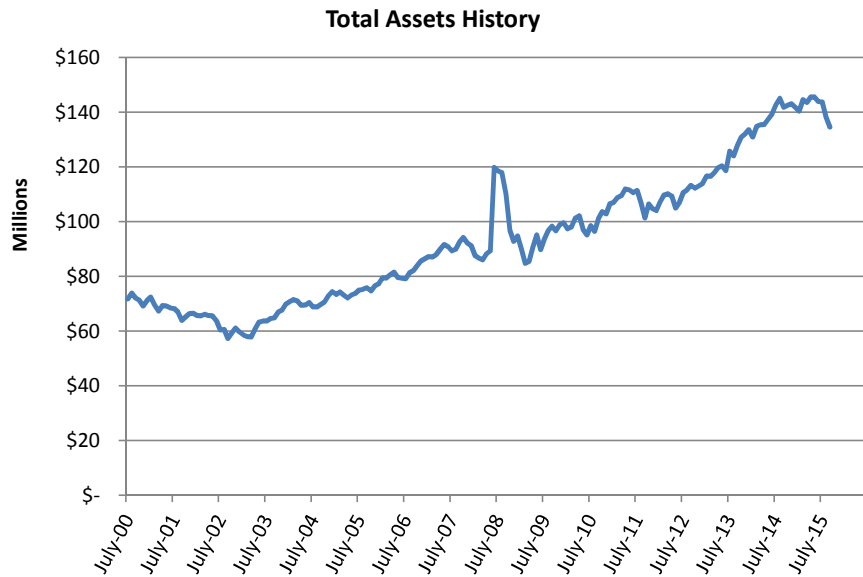
Total Assets by Month



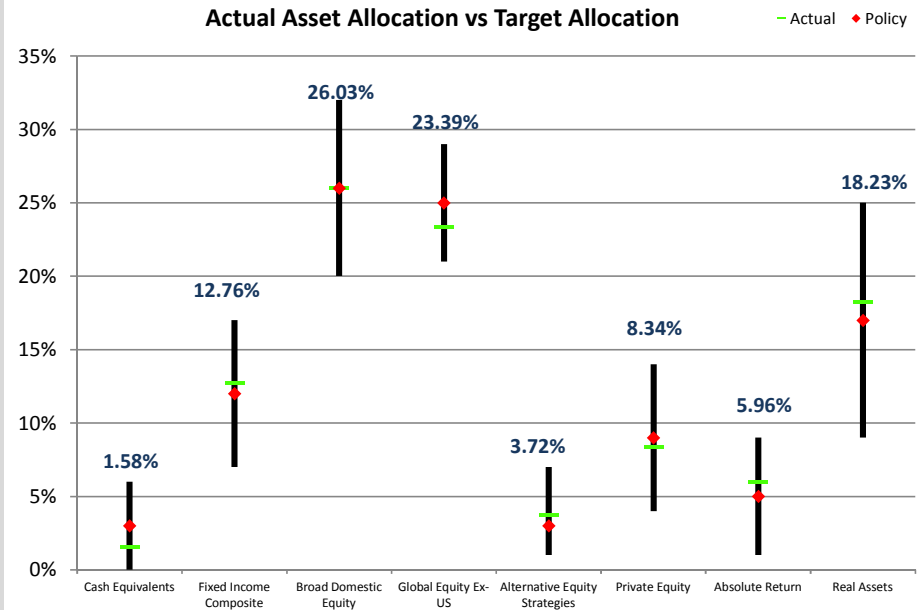
Year-to-date Income by Month



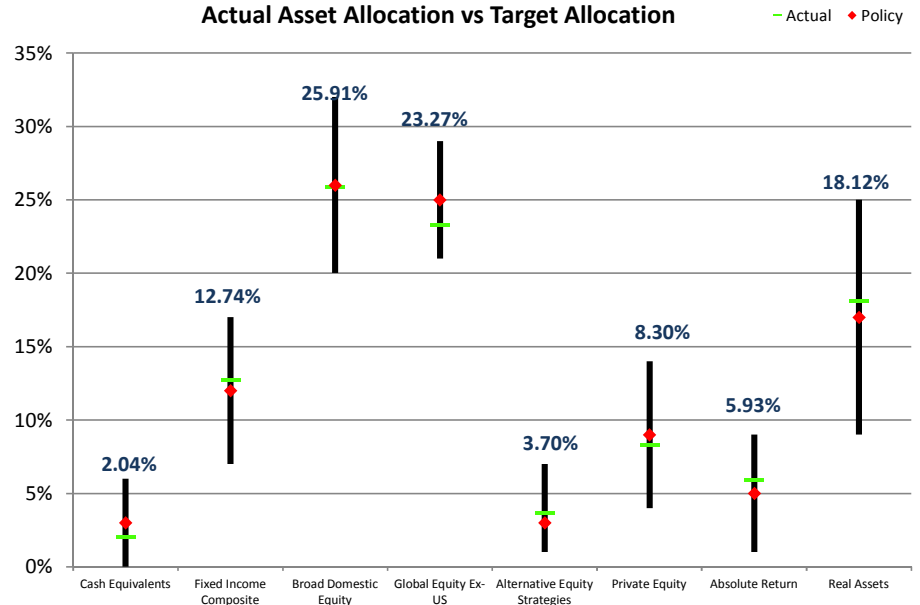
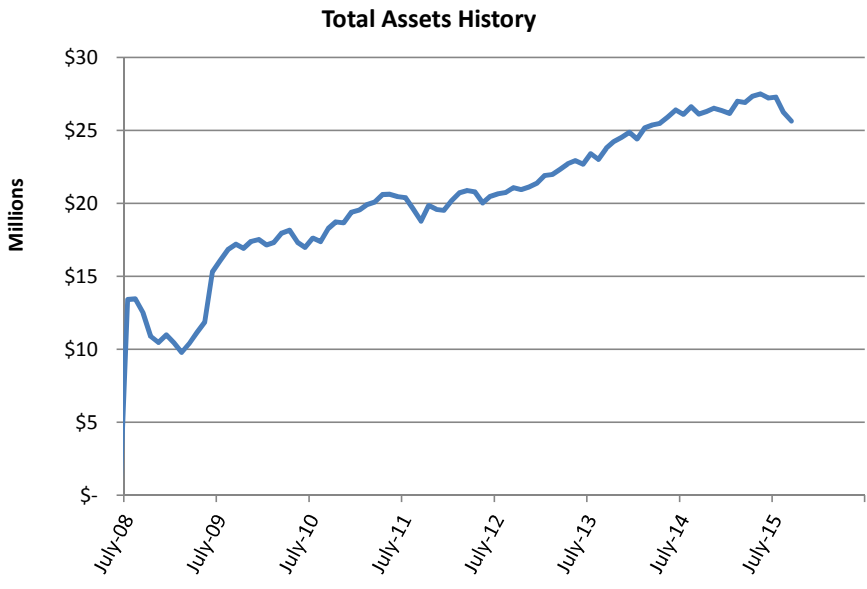
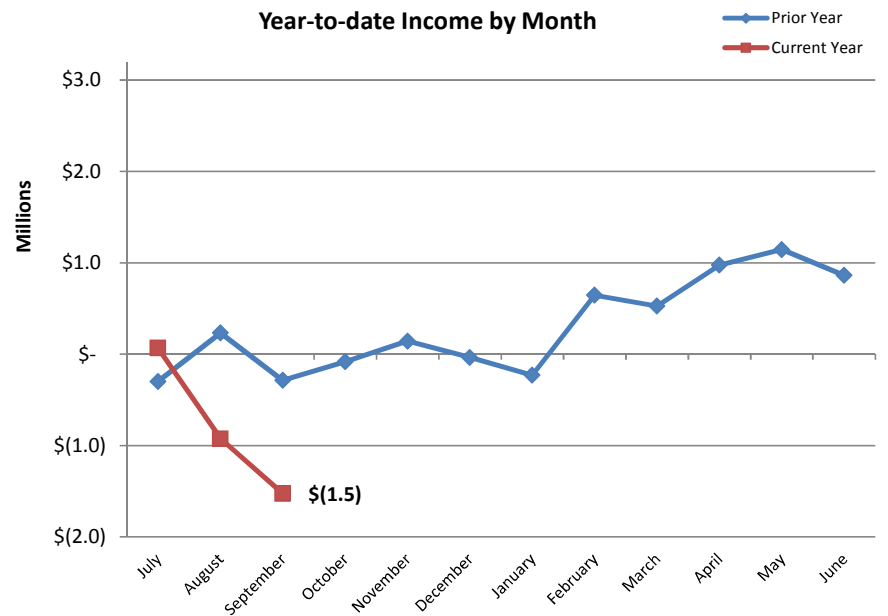
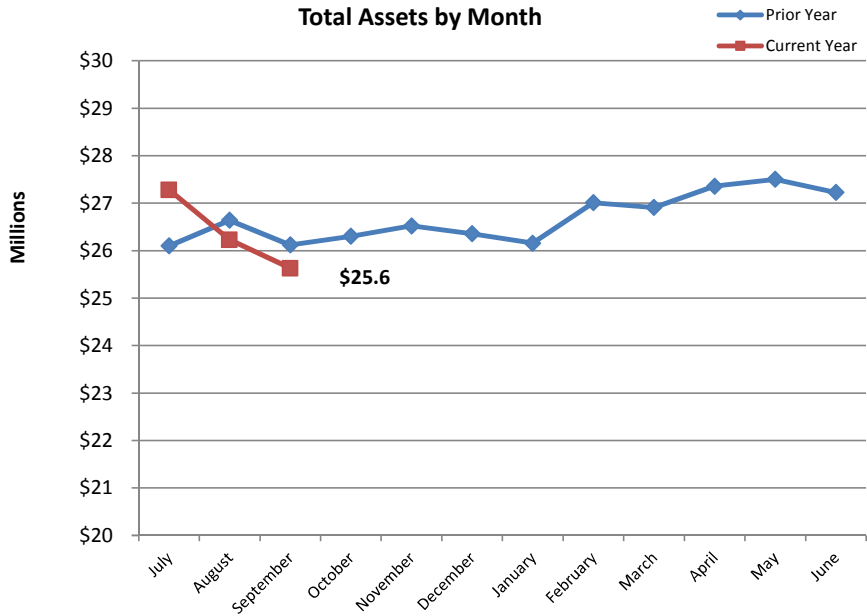
Total Assets History



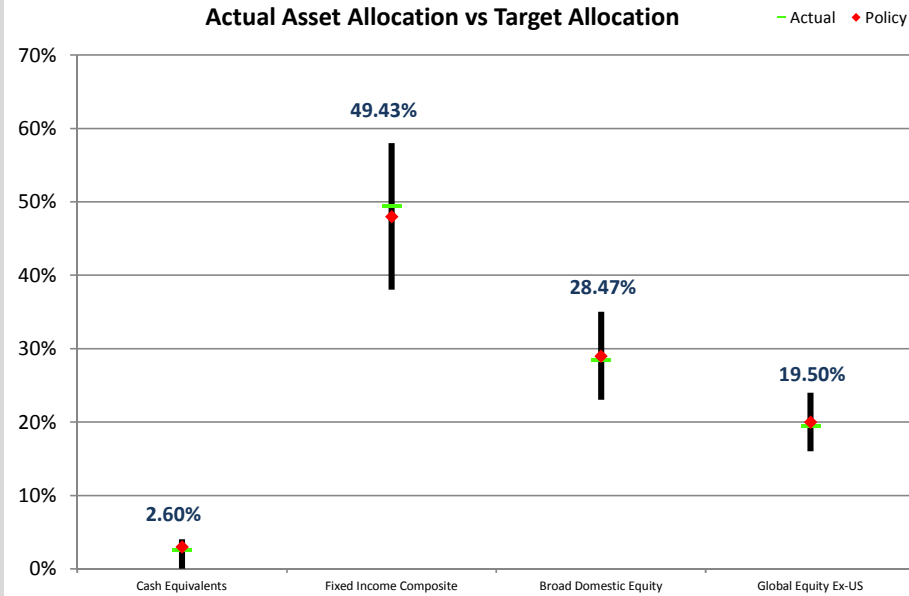
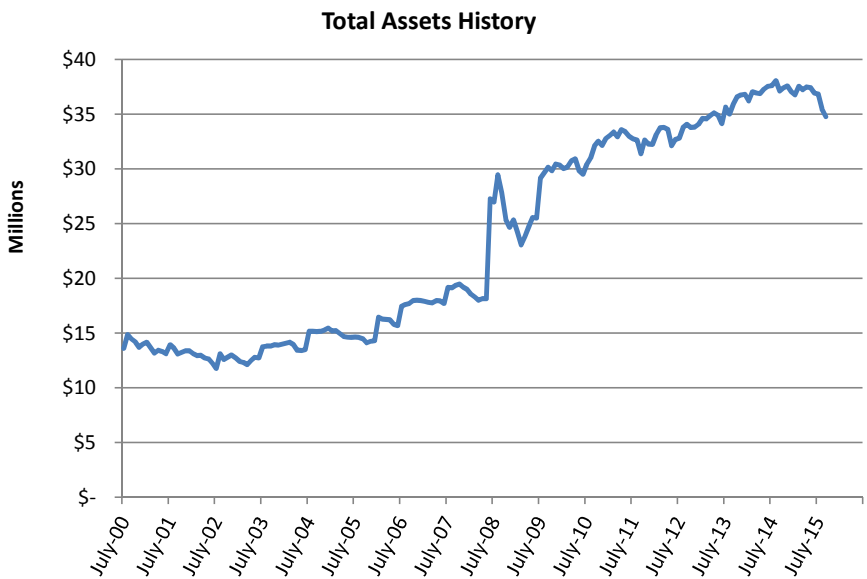
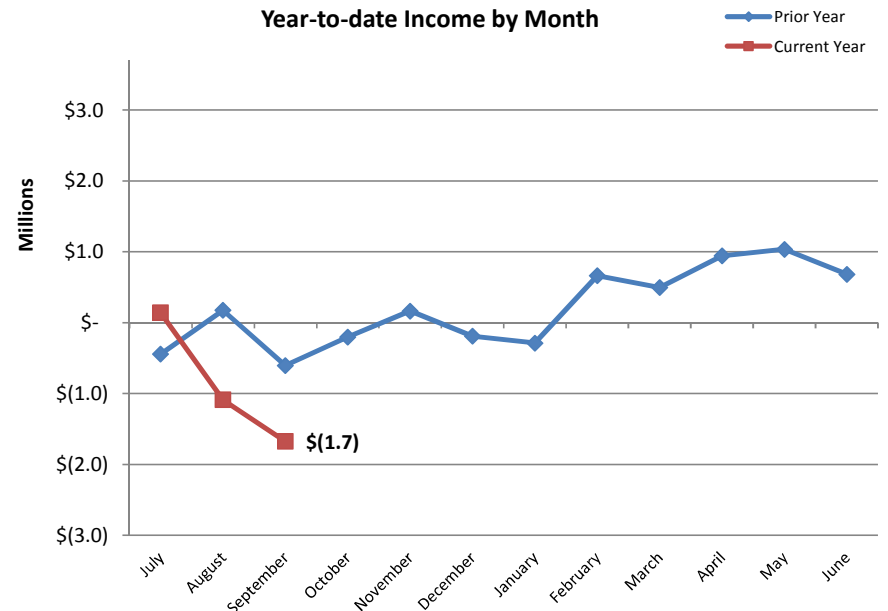
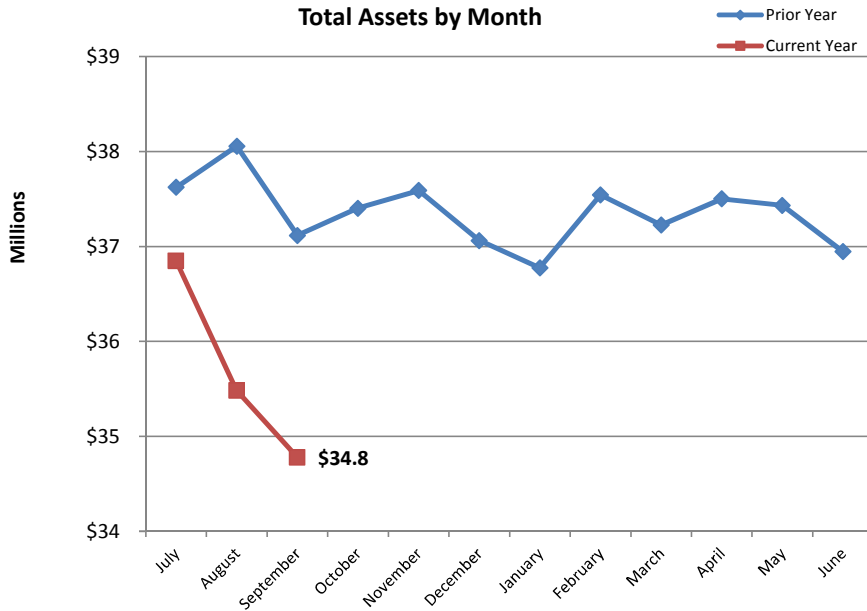
Actual Asset Allocation vs Target Allocation



Judicial Retirement Health Care Trust Fund For the Three Months Ending September 30, 2015



Military Retirement Trust Fund For the Three Months Ending September 30, 2015



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, 2015

	<u>Beginning Invested Assets</u>	<u>Investment Income</u>	<u>Net Contributions and (Withdrawals)</u>	<u>Ending Invested Assets</u>	<u>% increase (decrease)</u>
Cash					
Short-Term Fixed Income Pool	\$ 462,264,566	\$ 241,497	\$ (101,677,270)	\$ 360,828,793	-21.94%
Total Cash	<u>462,264,566</u>	<u>241,497</u>	<u>(101,677,270)</u>	<u>360,828,793</u>	-21.94%
Fixed Income					
US Treasury Fixed Income	<u>1,339,258,125</u>	<u>10,357,394</u>	<u>-</u>	<u>1,349,615,519</u>	0.77%
Taxable Municipal Bond Pool					
Western Asset Management	116,891,049	1,155,656	-	118,046,705	0.99%
Guggenheim Partners	<u>112,820,811</u>	<u>1,287,154</u>	<u>-</u>	<u>114,107,965</u>	1.14%
	<u>229,711,860</u>	<u>2,442,810</u>	<u>-</u>	<u>232,154,670</u>	1.06%
Tactical Fixed Income Pool					
Pyramis Global Advisors	<u>121,416,289</u>	<u>(673,911)</u>	<u>-</u>	<u>120,742,378</u>	-0.56%
International Fixed Income Pool					
Mondrian Investment Partners	<u>374,500,845</u>	<u>(3,605,832)</u>	<u>-</u>	<u>370,895,013</u>	-0.96%
High Yield Pool					
MacKay Shields, LLC	616,304,966	(10,243,204)	-	606,061,762	-1.66%
Pyramis Global Advisors High Yield CMBS	<u>-</u>	<u>-</u>	<u>30,000,000</u>	<u>30,000,000</u>	
	<u>616,304,966</u>	<u>(10,243,204)</u>	<u>30,000,000</u>	<u>636,061,762</u>	
Emerging Debt Pool					
Lazard Emerging Income	<u>157,478,550</u>	<u>(1,605,035)</u>	<u>-</u>	<u>155,873,515</u>	-1.02%
Total Fixed Income	<u>2,838,670,635</u>	<u>(3,327,778)</u>	<u>30,000,000</u>	<u>2,865,342,857</u>	0.94%

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, 2015

Domestic Equities

Small Cap Pool

Passively Managed

SSgA Russell 2000 Growth	18,462,737	(1,160,694)	-	17,302,043	-6.29%
SSgA Russell 2000 Value	29,655,108	(1,039,484)	-	28,615,624	-3.51%
Total Passive	48,117,845	(2,200,178)	-	45,917,667	-4.57%

Actively Managed

Barrow, Haney, Mewhinney & Strauss	83,153,288	(2,693,739)	-	80,459,549	-3.24%
DePrince, Race & Zollo Inc.- Micro Cap	72,623,912	(3,857,526)	-	68,766,386	-5.31%
Frontier Capital Mgmt. Co.	82,881,612	(1,733,793)	-	81,147,819	-2.09%
Jennison Associates, LLC	86,470,166	(4,859,430)	-	81,610,736	-5.62%
Lord Abbett Small Cap Growth Fund	83,975,382	(4,980,626)	-	78,994,756	-5.93%
Lord Abbett & Co.- Micro Cap	88,839,984	(6,993,025)	-	81,846,959	-7.87%
Luther King Capital Management	80,591,702	(2,195,941)	-	78,395,761	-2.72%
SSgA Futures Small Cap	11,260,715	(528,281)	-	10,732,434	-4.69%
Transition Account	39,926	(1,041)	-	38,885	-2.61%
Sycamore Capital	93,561,179	(2,992,056)	-	90,569,123	-3.20%
SSgA Volatility-Russell 2000	75,317,171	(960,545)	-	74,356,626	-1.28%
Zebra Capital Management	71,539,891	(2,793,350)	-	68,746,541	-3.90%
Total Active	830,254,928	(34,589,353)	-	795,665,575	-4.17%
Total Small Cap	878,372,773	(36,789,531)	-	841,583,242	-4.19%

Large Cap Pool

Passively Managed

SSgA Russell 1000 Growth	1,143,828,286	(28,184,723)	-	1,115,643,563	-2.46%
SSgA Russell 1000 Value	1,356,925,876	(40,784,808)	-	1,316,141,068	-3.01%
SSgA Russell 200	752,744,221	(17,805,278)	-	734,938,943	-2.37%
Total Passive	3,253,498,383	(86,774,809)	-	3,166,723,574	-2.67%

Actively Managed

Allianz Global Investors	354,554,526	(8,761,814)	-	345,792,712	-2.47%
Barrow, Haney, Mewhinney & Strauss	340,803,959	(11,652,084)	-	329,151,875	-3.42%
Lazard Freres	374,817,062	(10,586,929)	-	364,230,133	-2.82%
McKinley Capital Mgmt.	357,266,167	(9,915,137)	-	347,351,030	-2.78%
Quantitative Management Assoc.	324,136,986	(9,844,659)	-	314,292,327	-3.04%
SSgA Futures large cap	13,615,046	(350,243)	-	13,264,803	-2.57%
Transition Account	223	-	-	223	-
SSgA Volatility-Russell 1000	98,987,509	(1,050,418)	-	97,937,091	-1.06%
Total Active	1,864,181,478	(52,161,284)	-	1,812,020,194	-2.80%
Total Large Cap	5,117,679,861	(138,936,093)	-	4,978,743,768	-2.71%
Total Domestic Equity	5,996,052,634	(175,725,624)	-	5,820,327,010	-2.93%

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, 2015

Alternative Equity Strategies

Alternative Equity Strategy Pool

Relational Investors, LLC	45,875,178	(244,843)	(5,545,906)	40,084,429	-12.62%
Analytic Buy Write Account	279,620,697	(145,287)	-	279,475,410	-0.05%
Allianz Global Investors Buy-Write Account	-	-	-	-	-
Quantitative Management Associates MPS	192,359,650	(4,461,466)	-	187,898,184	-2.32%
ARMB Equity Yield Strategy	130,929,106	(1,755,437)	-	129,173,669	-1.34%
Total Alternative Equity Strategy Pool	<u>648,784,631</u>	<u>(6,607,033)</u>	<u>(5,545,906)</u>	<u>636,631,692</u>	<u>-1.87%</u>

Convertible Bond Pool

Advent Capital	193,095,012	(250,878)	-	192,844,134	-0.13%
Total Alternative Equity Strategies	<u>841,879,643</u>	<u>(6,857,911)</u>	<u>(5,545,906)</u>	<u>829,475,826</u>	<u>-1.47%</u>

Global Equities Ex US

Small Cap Pool

Mondrian Investment Partners	147,634,836	(5,391,363)	-	142,243,473	-3.65%
Schroder Investment Management	163,794,410	(6,369,896)	-	157,424,514	-3.89%
Total Small Cap	<u>311,429,246</u>	<u>(11,761,259)</u>	<u>-</u>	<u>299,667,987</u>	<u>-3.78%</u>

Large Cap Pool

Blackrock ACWI Ex-US IMI	502,573,193	(21,962,540)	-	480,610,653	-4.37%
Brandes Investment Partners	1,048,803,711	(60,327,580)	-	988,476,131	-5.75%
Cap Guardian Trust Co	741,311,735	(37,504,967)	-	703,806,768	-5.06%
Lazard Freres	382,182,702	(17,046,286)	-	365,136,416	-4.46%
McKinley Capital Management	496,818,098	(21,698,403)	-	475,119,695	-4.37%
SSgA Futures International	-	-	-	-	-
Allianz Global Investors	232,833,985	(16,240,553)	-	216,593,432	-6.98%
Arrow Street Capital	194,366,239	(9,309,261)	-	185,056,978	-4.79%
Baillie Gifford Overseas Limited	254,346,848	(8,997,524)	-	245,349,324	-3.54%
State Street Global Advisors	779,350,878	(33,980,261)	-	745,370,617	-4.36%
Total Large Cap	<u>4,632,587,389</u>	<u>(227,067,375)</u>	<u>-</u>	<u>4,405,520,014</u>	<u>-4.90%</u>

Emerging Markets Equity Pool

Lazard Asset Management	321,570,092	(16,678,947)	-	304,891,145	-5.19%
Eaton Vance	224,115,649	(7,754,152)	-	216,361,497	-3.46%
Total Emerging Markets Pool	<u>545,685,741</u>	<u>(24,433,099)</u>	<u>-</u>	<u>521,252,642</u>	<u>-4.48%</u>

Frontier Market Pool

Everest Capital Frontier Markets Equity	1,028,288	(40,686)	(888,842)	98,760	-90.40%
---	-----------	----------	-----------	--------	---------

Total Global Equities	<u>5,490,730,664</u>	<u>(263,302,419)</u>	<u>(888,842)</u>	<u>5,226,539,403</u>	<u>-4.81%</u>
------------------------------	----------------------	----------------------	------------------	----------------------	---------------

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, 2015

Private Equity Pool

Abbott Capital	781,085,419	8,752,141	2,679,066	792,516,626	1.46%
Angelo, Gordon & Co.	5,869,909	(2)	-	5,869,907	0.00%
Blum Capital Partners-Strategic	2,525,460	-	(2,215,909)	309,551	-87.74%
Lexington Partners	41,750,507	1,674,677	(983,750)	42,441,434	1.65%
Merit Capital Partners	13,970,212	167,857	-	14,138,069	1.20%
NB SOF III	18,595,728	(6)	-	18,595,722	0.00%
Resolute Fund III	5,345,665	-	-	5,345,665	-
Glendon Opportunities	20,867,817	(4)	2,000,000	22,867,813	9.58%
New Mountain Partners IV	7,282,899	(1)	-	7,282,898	0.00%
KKR Lending Partners II	34,835,537	-	-	34,835,537	-
NGP XI	2,939,900	-	-	2,939,900	-
Lexington Capital Partners VIII	7,700,556	(437,086)	-	7,263,470	-5.68%
Onex Partnership III	22,913,421	-	(1,993,876)	20,919,545	-8.70%
Pathway Capital Management LLC	845,297,605	4,872,054	(9,746,330)	840,423,329	-0.58%
Warburg Pincus Prvt Eqty XI	24,720,074	(5)	-	24,720,069	0.00%
Warburg Pincus X	20,871,575	(24,158)	-	20,847,417	-0.12%
Total Private Equity	<u>1,856,572,284</u>	<u>15,005,467</u>	<u>(10,260,799)</u>	<u>1,861,316,952</u>	0.26%

Absolute Return Pool

Global Asset Management (USA) Inc.	377,328,322	(10,125,292)	-	367,203,030	-2.68%
Prisma Capital Partners	448,739,260	(10,136,911)	-	438,602,349	-2.26%
Crestline Investors, Inc.	217,296,334	(1)	12,186,717	229,483,050	5.61%
Allianz Global Investors	217,145,721	(22,013,066)	-	195,132,655	-10.14%
Crestline Specialty Fund	4,372,780	-	-	4,372,780	-
KKR Apex equity Fund	98,966,120	(4,520,933)	-	94,445,187	-4.57%
Total Absolute Return Investments	<u>1,363,848,537</u>	<u>(46,796,203)</u>	<u>12,186,717</u>	<u>1,329,239,051</u>	-2.54%

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, 2015

Real Assets

Farmland Pool

UBS Agrivest, LLC	534,076,136	-	(754,470)	533,321,666	-0.14%
Hancock Agricultural Investment Group	243,548,059	-	-	243,548,059	-
Total Farmland Pool	<u>777,624,195</u>	<u>-</u>	<u>(754,470)</u>	<u>776,869,725</u>	<u>-0.10%</u>

Timber Pool

Timberland Invt Resource LLC	281,367,619	-	-	281,367,619	-
Hancock Natural Resource Group	102,114,610	(101,622)	(485,000)	101,527,988	-0.57%
Total Timber Pool	<u>383,482,229</u>	<u>(101,622)</u>	<u>(485,000)</u>	<u>382,895,607</u>	<u>-0.15%</u>

Energy Pool

EIG Energy Fund XV	35,224,033	79,320	(919,902)	34,383,451	-2.39%
EIG Energy Fund XD	6,367,091	-	-	6,367,091	-
EIG Energy Fund XIV-A	40,960,322	(7)	(511,939)	40,448,376	-1.25%
EIG Energy Fund XVI	19,802,998	-	-	19,802,998	-
Total Energy Pool	<u>102,354,444</u>	<u>79,313</u>	<u>(1,431,841)</u>	<u>101,001,916</u>	<u>-1.32%</u>

REIT Pool

REIT Trans Account	-	-	-	-	-
REIT Holdings	324,456,322	7,014,758	-	331,471,080	2.16%
Total REIT Pool	<u>324,456,322</u>	<u>7,014,758</u>	<u>-</u>	<u>331,471,080</u>	<u>2.16%</u>

Treasury Inflation Proof Securities

TIPS Internally Managed Account	133,353,942	(848,545)	-	132,505,397	-0.64%
---------------------------------	-------------	-----------	---	-------------	--------

Master Limited Partnerships

Advisory Research MLP	228,148,174	(40,065,250)	-	188,082,924	-17.56%
Tortoise Capital Advisors	248,541,948	(43,284,786)	-	205,257,162	-17.42%
Total Master Limited Partnerships	<u>476,690,122</u>	<u>(83,350,036)</u>	<u>-</u>	<u>393,340,086</u>	<u>-17.49%</u>

Infrastructure Private Pool

IFM Global Infrastructuer Fund-Private	201,242,595	(746,627)	-	200,495,968	-0.37%
JP Morgan Infrastructure Fund-Private	96,693,173	-	-	96,693,173	-
Total Infrastructure Private Pool	<u>297,935,768</u>	<u>(746,627)</u>	<u>-</u>	<u>297,189,141</u>	<u>-0.25%</u>

Infrastructure Public Pool

Brookfield Investment Mgmt.-Public	118,894,735	(5,506,835)	-	113,387,900	-4.63%
Lazard Asset Mgmt.-Public	125,495,948	1,682,983	-	127,178,931	1.34%
Total Infrastructure Public Pool	<u>244,390,683</u>	<u>(3,823,852)</u>	<u>-</u>	<u>240,566,831</u>	<u>-1.56%</u>

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, 2015

Real Estate

Core Commingled Accounts					
JP Morgan	225,903,799	2,188,648	-	228,092,447	0.97%
UBS Trumbull Property Fund	91,787,211	-	-	91,787,211	-
Total Core Commingled	317,691,010	2,188,648	-	319,879,658	0.69%
Core Separate Accounts					
LaSalle Investment Management	203,728,095	-	59,868	203,787,963	0.03%
Sentinel Separate Account	206,598,413	3,924,957	(548,649)	209,974,721	1.63%
UBS Realty	408,716,619	28,925,116	(638,313)	437,003,422	6.92%
Total Core Separate	819,043,127	32,850,073	(1,127,094)	850,766,106	3.87%
Non-Core Commingled Accounts					
Almanac Realty Securities IV	2,254,499	-	(2,206,065)	48,434	-97.85%
Almanac Realty Securities V	16,923,210	(343,354)	-	16,579,856	-2.03%
Almanac Realty Securities VII	7,098,910	(53,860)	3,165,809	10,210,859	43.84%
BlackRock Diamond Property Fund	16,258,674	-	-	16,258,674	-
Colony Investors VIII, L.P.	19,028,899	(758,669)	-	18,270,230	-3.99%
Cornerstone Apartment Venture III	178,246	-	-	178,246	-
Coventry	13,247,488	(66,677)	-	13,180,811	-0.50%
ING Clarion Development Ventures II	-	-	-	-	-
ING Clarion Development Ventures III	15,228,386	-	(3,645,000)	11,583,386	-23.94%
ING Clarion Development Ventures IIII	11,774,084	(109,734)	-	11,664,350	-0.93%
KKR Real Estate Partners Americas LP.	43,178,231	-	(3,118,724)	40,059,507	-7.22%
LaSalle Medical Office Fund II	3,096,912	100,541	(2,806,762)	390,691	-87.38%
Lowe Hospitality Partners	1,823,750	(969,153)	-	854,597	-53.14%
Silverpeak Legacy Pension Partners II, L.P.	48,758,422	-	-	48,758,422	-
Silverpeak Legacy Pension Partners III, L.P.	7,113,427	-	-	7,113,427	-
Tishman Speyer Real Estate Venture VI	37,212,168	528,429	-	37,740,597	1.42%
Tishman Speyer Real Estate Venture VII	7,646,722	178,876	(128,741)	7,696,857	0.66%
Total Non-Core Commingled	250,822,028	(1,493,601)	(8,739,483)	240,588,944	-4.08%
Total Real Estate	1,387,556,165	33,545,120	(9,866,577)	1,411,234,708	1.71%
Total Real Assets	4,127,843,870	(48,231,491)	(12,537,888)	4,067,074,491	-1.47%
Total Assets	\$ 22,977,862,833	\$ (528,994,462)	\$ (88,723,988)	\$ 22,360,144,383	-2.69%

ALASKA RETIREMENT MANAGEMENT BOARD

Reporting of Funds by Manager

Participant Directed Plans

Supplemental Annuity Plan
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
September 30, 2015

	<u>Beginning Invested Assets</u>	<u>Investment Income</u>	<u>Net Contributions (Withdrawals)</u>	<u>Transfers In (Out)</u>	<u>Ending Invested Assets</u>	<u>% Change in Invested Assets</u>	<u>% Change due to Investment Income (2)</u>
Participant Options							
T. Rowe Price							
Stable Value Fund	\$ 349,358,525	\$ 647,049	\$ (1,574,460)	\$ 5,063,581	\$ 353,494,695	1.18%	0.18%
Small Cap Stock Fund	124,648,513	(5,898,023)	290,076	(918,548)	118,122,018	-5.24%	-4.74%
Alaska Balanced Trust	1,148,636,391	(8,856,926)	(4,295,376)	(49,138)	1,135,434,951	-1.15%	-0.77%
Long Term Balanced Fund	521,767,567	(8,961,335)	1,811,108	(868,037)	513,749,303	-1.54%	-1.72%
AK Target Date 2010 Trust	9,073,375	(117,095)	25,179	181,835	9,163,294	0.99%	-1.28%
AK Target Date 2015 Trust	92,442,744	(1,452,788)	42,939	(62,449)	90,970,446	-1.59%	-1.57%
AK Target Date 2020 Trust	67,573,682	(1,279,560)	342,557	(353,228)	66,283,451	-1.91%	-1.89%
AK Target Date 2025 Trust	44,542,089	(975,683)	482,526	(442,637)	43,606,295	-2.10%	-2.19%
AK Target Date 2030 Trust	31,730,979	(778,755)	483,856	(86,483)	31,349,597	-1.20%	-2.44%
AK Target Date 2035 Trust	27,945,254	(735,430)	439,448	(36,728)	27,612,544	-1.19%	-2.61%
AK Target Date 2040 Trust	28,734,608	(815,109)	638,766	75,022	28,633,287	-0.35%	-2.80%
AK Target Date 2045 Trust	30,614,409	(865,389)	797,881	(255,295)	30,291,606	-1.05%	-2.80%
AK Target Date 2050 Trust	33,342,627	(956,786)	1,115,741	(28,461)	33,473,121	0.39%	-2.82%
AK Target Date 2055 Trust	24,989,095	(717,357)	979,307	318,392	25,569,437	2.32%	-2.80%
Total Investments with T. Rowe Price	<u>2,535,399,858</u>	<u>(31,763,187)</u>	<u>1,579,548</u>	<u>2,537,826</u>	<u>2,507,754,045</u>		
State Street Global Advisors							
State Street Treasury Money Market Fund - Inst.	39,465,229	2	(464,942)	87,829	39,088,118	-0.96%	0.00%
S&P 500 Stock Index Fund Series A	324,294,371	(8,021,877)	789,545	(1,023,896)	316,038,143	-2.55%	-2.47%
Russell 3000 Index	61,814,796	(1,785,335)	189,324	426,282	60,645,067	-1.89%	-2.87%
US Real Estate Investment Trust Index	33,999,475	1,092,914	(199,046)	(464,776)	34,428,567	1.26%	3.25%
World Equity Ex-US Index	28,858,383	(1,360,784)	84,195	1,349,908	28,931,702	0.25%	-4.60%
Long US Treasury Bond Index	16,355,147	226,179	(93,513)	(1,224,687)	15,263,126	-6.68%	1.44%
US Treasury Inflation Protected Securities Index	14,808,578	(87,041)	(81,323)	230,445	14,870,659	0.42%	-0.58%
World Government Bond Ex-US Index	10,877,362	75,630	(66,467)	(132,656)	10,753,869	-1.14%	0.70%
Global Balanced Fund	56,836,503	(1,029,616)	51,340	(739,545)	55,118,682	-3.02%	-1.82%
Total Investments with SSGA	<u>587,309,844</u>	<u>(10,889,928)</u>	<u>209,113</u>	<u>(1,491,096)</u>	<u>575,137,933</u>		
BlackRock							
Government/Credit Bond Fund	53,142,917	398,218	(47,156)	104,806	53,598,785	0.86%	0.75%
Intermediate Bond Fund	12,342,583	90,594	51,357	454,932	12,939,466	4.84%	0.72%
Total Investments with Barclays Global Investors	<u>65,485,500</u>	<u>488,812</u>	<u>4,201</u>	<u>559,738</u>	<u>66,538,251</u>		
Brandes/Allianz (3)							
AK International Equity Fund	68,179,235	(4,245,952)	190,233	(1,914,704)	62,208,812	-8.76%	-6.31%
RCM							
Sustainable Core Opportunities Fund	37,984,973	(674,349)	33,157	308,236	37,652,017	-0.88%	-1.77%
Total All Funds	<u>\$ 3,294,359,410</u>	<u>\$ (47,084,604)</u>	<u>\$ 2,016,252</u>	<u>\$ -</u>	<u>\$ 3,249,291,058</u>	-1.37%	-1.43%

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

(2) Income divided by beginning assets plus half of net contributions/(withdrawals). Actual returns are calculated by Callan and Associates.

(3) This investment is comprised of two funds, Brandes International Equity Fund and Allianz NFJ International Fund effective March 30, 2015.

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, 2015
\$ (Thousands)

<u>Invested Assets</u> (at fair value)	<u>July</u>	<u>August</u>	<u>September</u>
Investments with T. Rowe Price	\$		
Stable Value Fund	346,173	349,359	353,495
Small Cap Stock Fund	134,022	124,649	118,122
Alaska Balanced Trust	1,175,887	1,148,636	1,135,435
Long Term Balanced Fund	543,965	521,768	513,749
AK Target Date 2010 Trust	9,263	9,073	9,163
AK Target Date 2015 Trust	96,167	92,443	90,970
AK Target Date 2020 Trust	69,848	67,574	66,283
AK Target Date 2025 Trust	46,272	44,542	43,606
AK Target Date 2030 Trust	34,476	31,731	31,350
AK Target Date 2035 Trust	29,802	27,945	27,613
AK Target Date 2040 Trust	30,048	28,735	28,633
AK Target Date 2045 Trust	32,463	30,614	30,292
AK Target Date 2050 Trust	34,657	33,343	33,473
AK Target Date 2055 Trust	26,703	24,989	25,569
State Street Global Advisors			
State Street Treasury Money Market Fund - Inst.	38,582	39,465	39,088
S&P 500 Stock Index Fund Series A	346,334	324,294	316,038
Russell 3000 Index	66,039	61,815	60,645
US Real Estate Investment Trust Index	36,332	33,999	34,429
World Equity Ex-US Index	30,072	28,858	28,932
Long US Treasury Bond Index	13,012	16,355	15,263
US Treasury Inflation Protected Securities Index	14,943	14,809	14,871
World Government Bond Ex-US Index	10,659	10,877	10,754
Global Balanced Fund	59,906	56,837	55,119
Investments with BlackRock			
Government/Credit Bond Fund	53,260	53,143	53,599
Intermediate Bond Fund	12,158	12,343	12,939
Investments with Brandes/Allianz Institutional			
AK International Equity Fund	76,997	68,179	62,209
Investments with RCM			
Sustainable Core Opportunities Fund	41,359	37,985	37,652
Total Invested Assets	\$ 3,409,401	\$ 3,294,359	\$ 3,249,291
<u>Change in Invested Assets</u>			
Beginning Assets	\$ 3,394,334	\$ 3,409,401	\$ 3,294,359
Investment Earnings	26,325	(115,035)	(47,085)
Net Contributions (Withdrawals)	(11,258)	(7)	2,016
Ending Invested Assets	\$ 3,409,401	\$ 3,294,359	\$ 3,249,291

Deferred Compensation Plan
Schedule of Invested Assets and Changes in Invested Assets
for the Month Ended
September 30, 2015

	<u>Beginning Invested Assets</u>	<u>Investment Income</u>	<u>Net Contributions (Withdrawals)</u>	<u>Transfers In (Out)</u>	<u>Ending Invested Assets</u>	<u>% Change in Invested Assets</u>	<u>% Change due to Investment Income (1)</u>
Participant Options							
T. Rowe Price							
Interest Income Fund	\$ 179,048,022	\$ 369,614	\$ (799,052)	\$ 1,170,537	\$ 179,789,121	0.41%	0.21%
Small Cap Stock Fund	89,472,386	(4,225,304)	74,034	(292,059)	85,029,057	-4.97%	-4.73%
Alaska Balanced Trust	17,514,242	(133,490)	24,401	119,364	17,524,517	0.06%	-0.76%
Long Term Balanced Fund	49,279,220	(845,941)	161,326	(111,429)	48,483,176	-1.62%	-1.72%
AK Target Date 2010 Trust	3,055,456	(39,294)	17,426	122,223	3,155,811	3.28%	-1.26%
AK Target Date 2015 Trust	10,564,289	(160,602)	55,264	(87,355)	10,371,596	-1.82%	-1.52%
AK Target Date 2020 Trust	16,145,578	(307,391)	(131,040)	(230,397)	15,476,750	-4.14%	-1.93%
AK Target Date 2025 Trust	8,443,237	(183,661)	90,287	(28,761)	8,321,102	-1.45%	-2.17%
AK Target Date 2030 Trust	6,035,087	(142,982)	72,557	(252,542)	5,712,120	-5.35%	-2.41%
AK Target Date 2035 Trust	3,482,588	(91,796)	56,670	8,232	3,455,694	-0.77%	-2.61%
AK Target Date 2040 Trust	3,729,499	(104,314)	22,802	(111,388)	3,536,599	-5.17%	-2.83%
AK Target Date 2045 Trust	2,427,704	(69,030)	68,120	32,382	2,459,176	1.30%	-2.79%
AK Target Date 2050 Trust	1,601,651	(48,057)	39,652	1,708	1,594,954	-0.42%	-2.96%
AK Target Date 2055 Trust	2,636,634	(76,332)	38,766	338,779	2,937,847	11.42%	-2.70%
Total Investments with T. Rowe Price	<u>393,435,593</u>	<u>(6,058,580)</u>	<u>(208,787)</u>	<u>679,294</u>	<u>387,847,520</u>		
State Street Global Advisors							
State Street Treasury Money Market Fund - Inst.	12,540,570	1	(309,333)	(604,624)	11,626,614	-7.29%	0.00%
Russell 3000 Index	23,382,059	(685,461)	139,487	266,970	23,103,055	-1.19%	-2.91%
US Real Estate Investment Trust Index	12,098,730	391,219	(2,634)	(214,024)	12,273,291	1.44%	3.26%
World Equity Ex-US Index	10,171,884	(480,475)	14,735	355,946	10,062,090	-1.08%	-4.64%
Long US Treasury Bond Index	4,997,267	71,401	14,890	(125,969)	4,957,589	-0.79%	1.44%
US Treasury Inflation Protected Securities Index	7,210,083	(42,153)	(18,210)	(1,161)	7,148,559	-0.85%	-0.59%
World Government Bond Ex-US Index	3,886,554	25,093	(37,289)	396,435	4,270,793	9.89%	0.62%
Global Balanced Fund	39,217,965	(708,765)	(45,660)	(505,545)	37,957,995	-3.21%	-1.82%
Total Investments with SSGA	<u>113,505,112</u>	<u>(1,429,140)</u>	<u>(244,014)</u>	<u>(431,972)</u>	<u>111,399,986</u>		
BlackRock							
S&P 500 Index Fund	172,868,893	(4,274,792)	(130,034)	(225,308)	168,238,759	-2.68%	-2.48%
Government/Credit Bond Fund	30,168,975	223,631	(31,059)	(43,646)	30,317,901	0.49%	0.74%
Intermediate Bond Fund	14,657,786	106,990	8,143	421,819	15,194,738	3.66%	0.72%
Total Investments with Barclays Global Investors	<u>217,695,654</u>	<u>(3,944,171)</u>	<u>(152,950)</u>	<u>152,865</u>	<u>213,751,398</u>		
Brandes/Allianz (2)							
AK International Equity Fund	40,645,485	(2,545,713)	93,653	(615,311)	37,578,114	-7.55%	-6.30%
RCM							
Sustainable Core Opportunities Fund	16,335,686	(297,334)	9,604	215,124	16,263,080	-0.44%	-1.81%
Total All Funds	<u>\$ 781,617,530</u>	<u>\$ (14,274,938)</u>	<u>\$ (502,494)</u>	<u>\$ -</u>	<u>\$ 766,840,098</u>	-1.89%	-1.83%

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

(1) Income divided by beginning assets plus half of net contributions/(withdrawals). Actual returns are calculated by Callan and Associates.

(2) This investment is comprised of two funds, 50% Brandes International equity Fund and 50% Allianz NFJ International Fund effective March 30, 2015.

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, 2015
\$(Thousands)

<u>Invested Assets (at fair value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with T. Rowe Price			
Interest Income Fund			
Cash and cash equivalents	\$ 9,454	\$ 7,141	\$ 7,495
Synthetic Investment Contracts	170,674	171,907	172,294
Small Cap Stock Fund	95,872	89,472	85,029
Alaska Balanced Trust	16,896	17,514	17,525
Long Term Balanced Fund	51,174	49,279	48,483
AK Target Date 2010 Trust	3,137	3,055	3,156
AK Target Date 2015 Trust	11,155	10,564	10,372
AK Target Date 2020 Trust	16,856	16,146	15,477
AK Target Date 2025 Trust	8,868	8,443	8,321
AK Target Date 2030 Trust	6,016	6,035	5,712
AK Target Date 2035 Trust	3,684	3,483	3,456
AK Target Date 2040 Trust	3,954	3,729	3,537
AK Target Date 2045 Trust	2,593	2,428	2,459
AK Target Date 2050 Trust	1,787	1,602	1,595
AK Target Date 2055 Trust	3,089	2,637	2,938
State Street Global Advisors			
State Street Treasury Money Market Fund - Inst.	12,621	12,541	11,627
Russell 3000 Index	24,500	23,382	23,103
US Real Estate Investment Trust Index	12,682	12,099	12,273
World Equity Ex-US Index	10,720	10,172	10,062
Long US Treasury Bond Index	4,426	4,997	4,958
US Treasury Inflation Protected Securities Index	7,286	7,210	7,149
World Government Bond Ex-US Index	3,813	3,887	4,271
Global Balanced Fund	40,816	39,218	37,958
Investments with BlackRock			
S&P 500 Index Fund	183,818	172,869	168,239
Government/Credit Bond Fund	30,447	30,169	30,318
Intermediate Bond Fund	14,747	14,658	15,195
Investments with Brandes/Allianz			
AK International Equity Fund	44,643	40,645	37,578
Investments with RCM			
Sustainable Opportunities Fund	17,575	16,336	16,263
Total Invested Assets	\$ 813,302	\$ 781,618	\$ 766,840
 <u>Change in Invested Assets</u>			
Beginning Assets	\$ 806,279	\$ 813,302	\$ 781,618
Investment Earnings	6,564	(30,580)	(14,275)
Net Contributions (Withdrawals)	460	(1,105)	(502)
Ending Invested Assets	\$ 813,302	\$ 781,618	\$ 766,840

Defined Contribution Retirement - Participant Directed PERS
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
September 30, 2015

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers In (Out)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income (2)
Participant Options							
T. Rowe Price							
Alaska Money Market	\$ 5,332,774	\$ 126	\$ 42,914	\$ 199,693	\$ 5,575,507	4.55%	0.00%
Small Cap Stock Fund	48,845,144	(2,316,010)	235,253	54,484	46,818,871	-4.15%	-4.73%
Alaska Balanced Trust	5,597,031	(45,818)	(58,455)	823,424	6,316,182	12.85%	-0.77%
Long Term Balanced Fund	21,959,857	(376,576)	36,380	(237,393)	21,382,268	-2.63%	-1.72%
AK Target Date 2010 Trust	1,843,419	(23,379)	(28,675)	2,356	1,793,721	-2.70%	-1.28%
AK Target Date 2015 Trust	8,147,892	(128,147)	95,178	(62,902)	8,052,021	-1.18%	-1.57%
AK Target Date 2020 Trust	17,143,179	(324,591)	316,159	(111,502)	17,023,245	-0.70%	-1.88%
AK Target Date 2025 Trust	24,995,290	(546,532)	516,528	(10,338)	24,954,948	-0.16%	-2.16%
AK Target Date 2030 Trust	26,014,643	(632,987)	442,158	(35,392)	25,788,422	-0.87%	-2.41%
AK Target Date 2035 Trust	29,618,494	(779,278)	529,783	45,055	29,414,054	-0.69%	-2.61%
AK Target Date 2040 Trust	36,000,615	(1,015,252)	685,323	(40,672)	35,630,014	-1.03%	-2.80%
AK Target Date 2045 Trust	44,386,282	(1,252,577)	767,902	(28,305)	43,873,302	-1.16%	-2.80%
AK Target Date 2050 Trust	52,186,577	(1,477,438)	1,064,049	(85,833)	51,687,355	-0.96%	-2.80%
AK Target Date 2055 Trust	30,294,931	(858,374)	918,542	4,838	30,359,937	0.21%	-2.79%
Total Investments with T. Rowe Price	<u>352,366,128</u>	<u>(9,776,833)</u>	<u>5,563,039</u>	<u>517,513</u>	<u>348,669,847</u>		
State Street Global Advisors							
Money Market	1,985,508	-	8	324,917	2,310,433	16.36%	0.00%
S&P 500 Stock Index Fund Series A	32,481,719	(785,021)	207,192	(1,536,539)	30,367,351	-6.51%	-2.47%
Russell 3000 Index	36,806,966	(1,093,651)	162,984	1,989,289	37,865,588	2.88%	-2.89%
US Real Estate Investment Trust Index	9,346,535	310,343	27,787	(76,294)	9,608,371	2.80%	3.33%
World Equity Ex-US Index	31,993,566	(1,548,952)	184,359	3,418,788	34,047,761	6.42%	-4.58%
Long US Treasury Bond Index	820,560	8,674	(44,678)	(34,658)	749,898	-8.61%	1.11%
US Treasury Inflation Protected Securities Index	4,170,668	(24,544)	(1,231)	(28,246)	4,116,647	-1.30%	-0.59%
World Government Bond Ex-US Index	7,432,673	52,874	(14,333)	(578,560)	6,892,654	-7.27%	0.74%
Global Balanced Fund	19,800,248	(348,035)	40,513	(1,481,269)	18,011,457	-9.03%	-1.82%
Total Investments with SSGA	<u>144,838,443</u>	<u>(3,428,312)</u>	<u>562,601</u>	<u>1,997,428</u>	<u>143,970,160</u>		
BlackRock							
Government/Credit Bond Fund	37,388,314	275,141	(12,379)	(764,813)	36,886,263	-1.34%	0.74%
Intermediate Bond Fund	885,476	6,844	12,355	120,773	1,025,448	15.81%	0.72%
Total Investments with Barclays Global Investors	<u>38,273,790</u>	<u>281,985</u>	<u>(24)</u>	<u>(644,040)</u>	<u>37,911,711</u>		
Brandes/Allianz (3)							
AK International Equity Fund	29,679,136	(1,820,277)	116,160	(1,815,129)	26,159,890	-11.86%	-6.31%
RCM							
Sustainable Core Opportunities Fund	2,765,734	(48,022)	156	(55,772)	2,662,096	-3.75%	-1.75%
Total All Funds	<u>\$ 567,923,231</u>	<u>\$ (14,791,459)</u>	<u>\$ 6,241,932</u>	<u>\$ -</u>	<u>\$ 559,373,704</u>	-1.51%	-2.59%

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

(2) Income divided by beginning assets plus half of net contributions/(withdrawals). Actual returns are calculated by Callan and Associates.

(3) This investment is comprised of two funds, 50% Brandes International Equity Fund and 50% Allianz NFJ International Fund effective March 30, 2015.

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, 2015
\$ (Thousands)

<u>Invested Assets (at fair value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with T. Rowe Price			
Alaska Money Market	\$ 5,125	5,333	5,576
Small Cap Stock Fund	51,481	48,845	46,819
Alaska Balanced Trust	4,701	5,597	6,316
Long Term Balanced Fund	22,448	21,960	21,382
AK Target Date 2010 Trust	1,876	1,843	1,794
AK Target Date 2015 Trust	8,400	8,148	8,052
AK Target Date 2020 Trust	17,681	17,143	17,023
AK Target Date 2025 Trust	25,673	24,995	24,955
AK Target Date 2030 Trust	26,831	26,015	25,788
AK Target Date 2035 Trust	30,667	29,618	29,414
AK Target Date 2040 Trust	37,548	36,001	35,630
AK Target Date 2045 Trust	46,210	44,386	43,873
AK Target Date 2050 Trust	53,982	52,187	51,687
AK Target Date 2055 Trust	30,995	30,295	30,360
State Street Global Advisors			
Money Market	1,757	1,986	2,310
S&P 500 Stock Index Fund Series A	36,123	32,482	30,367
Russell 3000 Index	37,400	36,807	37,866
US Real Estate Investment Trust Index	9,872	9,347	9,608
World Equity Ex-US Index	30,991	31,994	34,048
Long US Treasury Bond Index	753	821	750
US Treasury Inflation Protected Securities Index	4,131	4,171	4,117
World Government Bond Ex-US Index	7,856	7,433	6,893
Global Balanced Fund	21,814	19,800	18,011
Investments with BlackRock			
Government/Credit Bond Fund	37,763	37,388	36,886
Intermediate Bond Fund	626	885	1,025
Investments with Brandes/Allianz			
International Equity Fund	34,231	29,679	26,160
Investments with RCM			
Sustainable Opportunities Fund	2,885	2,766	2,662
Total Invested Assets	\$ 589,820	\$ 567,923	\$ 559,374
 <u>Change in Invested Assets</u>			
Beginning Assets	\$ 582,369	\$ 589,820	\$ 567,923
Investment Earnings	4,591	(30,149)	(14,791)
Net Contributions (Withdrawals)	2,860	8,252	6,242
Ending Invested Assets	\$ 589,820	\$ 567,923	\$ 559,374

Defined Contribution Retirement - Participant Directed TRS
Schedule of Investment Income and Changes in Invested Assets
for the Month Ended
September 30, 2015

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers In (Out)	Ending Invested Assets	% Change in Invested Assets	% Change due to Investment Income (2)
Participant Options							
T. Rowe Price							
Alaska Money Market	\$ 1,689,822	\$ 37	\$ (33,813)	\$ 260	\$ 1,656,306	-1.98%	0.00%
Small Cap Stock Fund	19,927,679	(944,538)	9,368	51,664	19,044,173	-4.43%	-4.73%
Alaska Balanced Trust	2,763,503	(22,910)	8,132	503,150	3,251,875	17.67%	-0.76%
Long Term Balanced Fund	11,041,923	(191,072)	6,283	277,722	11,134,856	0.84%	-1.71%
AK Target Date 2010 Trust	303,395	(3,864)	3,580	(2,800)	300,311	-1.02%	-1.27%
AK Target Date 2015 Trust	2,207,432	(34,717)	2,650	(1,359)	2,174,006	-1.51%	-1.57%
AK Target Date 2020 Trust	5,252,486	(99,818)	57,398	(1,226)	5,208,840	-0.83%	-1.89%
AK Target Date 2025 Trust	7,978,323	(174,352)	87,740	(1,645)	7,890,066	-1.11%	-2.17%
AK Target Date 2030 Trust	8,486,619	(205,102)	82,856	(64,098)	8,300,275	-2.20%	-2.41%
AK Target Date 2035 Trust	12,985,798	(341,970)	150,666	(739)	12,793,755	-1.48%	-2.62%
AK Target Date 2040 Trust	13,917,687	(392,340)	133,559	(16,391)	13,642,515	-1.98%	-2.81%
AK Target Date 2045 Trust	23,028,212	(647,856)	173,244	(860)	22,552,740	-2.06%	-2.80%
AK Target Date 2050 Trust	31,699,803	(890,732)	122,979	33	30,932,083	-2.42%	-2.80%
AK Target Date 2055 Trust	8,206,953	(231,556)	91,852	(4,163)	8,063,086	-1.75%	-2.81%
Total Investments with T. Rowe Price	<u>149,489,635</u>	<u>(4,180,790)</u>	<u>896,494</u>	<u>739,548</u>	<u>146,944,887</u>		
State Street Global Advisors							
Money Market	300,185	-	495	(60,009)	240,671	-19.83%	0.00%
S&P 500 Stock Index Fund Series A	11,500,616	(278,564)	15,288	(668,440)	10,568,900	-8.10%	-2.49%
Russell 3000 Index	14,923,892	(438,249)	7,242	687,257	15,180,142	1.72%	-2.87%
US Real Estate Investment Trust Index	3,660,980	122,329	647	33,498	3,817,454	4.27%	3.33%
World Equity Ex-US Index	12,277,231	(596,333)	2,225	1,636,879	13,320,002	8.49%	-4.55%
Long US Treasury Bond Index	190,993	2,961	457	-	194,411	1.79%	1.55%
US Treasury Inflation Protected Securities Index	1,640,975	(9,609)	2,147	(19,209)	1,614,304	-1.63%	-0.59%
World Government Bond Ex-US Index	3,573,290	25,447	3,923	(321,245)	3,281,415	-8.17%	0.75%
Global Balanced Fund	9,997,943	(177,050)	5,443	(574,764)	9,251,572	-7.47%	-1.82%
Total Investments with SSGA	<u>58,066,105</u>	<u>(1,349,068)</u>	<u>37,867</u>	<u>713,967</u>	<u>57,468,871</u>		
BlackRock							
Government/Credit Bond Fund	17,999,067	132,300	15,580	(475,913)	17,671,034	-1.82%	0.74%
Intermediate Bond Fund	169,541	1,425	347	40,258	211,571	24.79%	0.75%
Total Investments with Barclays Global Investors	<u>18,168,608</u>	<u>133,725</u>	<u>15,927</u>	<u>(435,655)</u>	<u>17,882,605</u>		
Brandes/Allianz Institutional (3)							
AK International Equity Fund	11,975,756	(729,770)	9,941	(1,016,364)	10,239,563	-14.50%	-6.36%
RCM							
Sustainable Core Opportunities Fund	1,035,772	(18,273)	5,667	(1,496)	1,021,670	-1.36%	-1.76%
Total All Funds	<u>\$ 238,735,876</u>	<u>\$ (6,144,176)</u>	<u>\$ 965,896</u>	<u>\$ -</u>	<u>\$ 233,557,596</u>	-2.17%	-2.57%

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

(2) Income divided by beginning assets plus half of net contributions/(withdrawals). Actual returns are calculated by Callan and Associates.

(3) This investment option is comprised of two funds, 50% Brandes International equity Fund and 50% Allianz NFJ International Fund effective March 30, 2015.

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, 2015
\$ (Thousands)

<u>Invested Assets (at fair value)</u>	<u>July</u>	<u>August</u>	<u>September</u>
Investments with T. Rowe Price			
Alaska Money Market	\$ 1,691	1,690	1,656
Small Cap Stock Fund	21,277	19,928	19,044
Alaska Balanced Trust	2,159	2,764	3,252
Long Term Balanced Fund	11,012	11,042	11,135
AK Target Date 2010 Trust	388	303	300
AK Target Date 2015 Trust	2,316	2,207	2,174
AK Target Date 2020 Trust	5,500	5,252	5,209
AK Target Date 2025 Trust	8,424	7,978	7,890
AK Target Date 2030 Trust	8,968	8,487	8,300
AK Target Date 2035 Trust	13,706	12,986	12,794
AK Target Date 2040 Trust	14,850	13,918	13,643
AK Target Date 2045 Trust	24,442	23,028	22,553
AK Target Date 2050 Trust	33,920	31,700	30,932
AK Target Date 2055 Trust	8,737	8,207	8,063
State Street Global Advisors			
Money Market	233	300	241
S&P 500 Stock Index Fund Series A	12,971	11,501	10,569
Russell 3000 Index	15,454	14,924	15,180
US Real Estate Investment Trust Index	3,950	3,661	3,817
World Equity Ex-US Index	11,754	12,277	13,320
Long US Treasury Bond Index	182	191	194
US Treasury Inflation Protected Securities Index	1,678	1,641	1,614
World Government Bond Ex-US Index	3,798	3,573	3,281
Global Balanced Fund	10,909	9,998	9,252
Investments with BlackRock			
Government/Credit Bond Fund	18,405	17,999	17,671
Intermediate Bond Fund	119	170	212
Investments with Brandes/Allianz			
AK International Equity Fund	14,223	11,976	10,240
Investments with RCM			
Sustainable Opportunities Fund	1,131	1,036	1,022
Total Invested Assets	\$ 252,196	\$ 238,736	\$ 233,558
 <u>Change in Invested Assets</u>			
Beginning Assets	\$ 250,086	\$ 252,196	\$ 238,736
Investment Earnings	1,987	(12,676)	(6,144)
Net Contributions (Withdrawals)	123	(785)	966
Ending Invested Assets	\$ 252,196	\$ 238,736	\$ 233,558

Notes for the DRB Supplement to the Treasury Report
September 2015

This report is the DRB supplement to the Financial Report presented by the Treasury Division, and expands their “Net Contributions (Withdrawals)” column into contributions and expenditures. It shows contributions received from both employers and employees, contributions from the State of Alaska, and other non-investment income. It also breaks out expenditures into benefits, refunds, and administrative & investment expenditures. The net amount of total contributions and total expenditures, presented as “Net Contributions (Withdrawals)”, agrees with the same column in Treasury’s report. Page one shows the year-to-date totals for the first three months of Fiscal Year 2016, while page two shows only the month of September 2016.

Highlights – On page one, for the **three months** ending September 30, 2015:

- PERS DB Pension – Averaging employer and employee contributions of \$24.6 million per month; benefit payments of approximately \$60.3 million per month; refunds average \$980 thousand with HIGH of \$1.4 million in July 2015 and LOW of \$603 thousand in August 2015. During month of August, Treasury made FY15 true-up adjustments to Administrative & Investment expenditures, which decreased by \$12.7 million.
- PERS DB Healthcare – Averaging employer contributions of \$12.2 million per month; other income from Rx rebates and similar of \$6.4 million; benefit payments of approximately \$32.1 million per month; and average Administrative and Investment expenditures of \$4.4 million per month (DOR and DRB). During month of August, Treasury made FY15 true-up adjustments to Administrative & Investment expenditures, which increased by \$11.3 million.
- PERS DC Pension – Averaging employer and employee contributions of \$9.2 million per month; participant disbursements average \$3.3 million per month; and average Administrative and Investment expenditures of \$146 thousand per month (DOR and DRB).
- PERS DC Health – For HRA, RMP, and OD&D, only employer contributions on behalf of participating employees; currently eleven (11) benefits are being paid from the Occupational Death & Disability plans; 5 are for Public Employees and 6 are for Police and Firefighters.
- TRS DB - Averaging employer and employee contributions of \$3.0 million per month; benefit payments of approximately \$36.4 million per month; refunds average \$326 thousand with HIGH of \$431 thousand in September 2015 and LOW of \$170 thousand in August 2015; and average Administrative and Investment expenditures of \$340 thousand per month (DOR and DRB).
- TRS DB Healthcare – Averaging employer contributions of \$1.1 million per month; other income from Rx rebates and similar of \$2.1 million; benefit payments of approximately \$9.9 million per month; and average Administrative and Investment expenditures of \$1.7 million per month (DOR and DRB).

- TRS DC Pension – Averaging employer and employee contributions of \$1.3 million per month; participant disbursements average \$1.1 million per month; and average Administrative and Investment expenditures of \$53 thousand per month (DOR and DRB).
- TRS DC Health – For HRA, RMP, and OD&D, only employer contributions on behalf of participating employees; currently no benefits paid from any category; and minor Administrative and Investment expenditures for each category (DOR and DRB).
- JRS Pension – Averaging employer and employee contributions of \$521 thousand per month; benefit payments of approximately \$929 thousand per month; and average Administrative and Investment expenditures of \$19 thousand per month (DOR and DRB).
- JRS Healthcare – Averaging employer contributions of \$129 thousand per month; other income from Rx rebates and similar of \$20 thousand; benefit payments of approximately \$134 thousand per month; average Administrative and Investment expenditures of \$24 thousand per month (DOR and DRB).
- NGNMRS – Annual contribution from DMVA in the amount of \$533 thousand as specified in FY16 HB 72 Operating Bill has not been received yet; combination of lump-sum and monthly benefit payments of \$141 thousand per month with a HIGH of \$210 thousand in July 2015 and LOW of \$100 thousand in September 2015; and average Administrative and Investment expenditures of \$22 thousand per month (DOR and DRB).
- SBS – Average employer and employee contributions and transfers in of \$14.8 million per month; benefit payments associated with providing cafeteria plan are approximately \$128 thousand per month. Participant disbursements average of \$17.2 million per month with HIGH of \$19.3 million in July 2015 and LOW of \$15.3 million in August 2015; average Administrative and Investment expenditures of \$538 thousand per month (DOR and DRB).
- Deferred Compensation – Average member only contributions and transfers in of \$3.6 million per month; participant disbursements average of \$3.9 million per month; average Administrative and Investment expenditures of \$109 thousand per month (DOR and DRB).

Highlights – On page two, activity for the one month ending June 30, 2015 only:

- PERS DB Pension – nothing significant to report
- PERS DB Healthcare – received Medicare retiree drug subsidies of \$4.2 million and Aetna pharmacy rebates of \$2.2 million
- PERS DC Pension – nothing significant to report
- PERS DC Health – nothing significant to report
- TRS DB Pension – nothing significant to report
- TRS DB Healthcare – received Medicare retiree drug subsidies of \$1.3 million and Aetna pharmacy rebates of \$701 thousand
- TRS DC Pension – nothing significant to report
- TRS DC Health – nothing significant to report
- JRS Pension – nothing significant to report
- JRS Healthcare – received Medicare retiree drug subsidies of \$14 thousand and Aetna pharmacy rebates of \$6 thousand
- NGNMRS – nothing significant to report
- SBS – nothing significant to report
- Deferred Compensation – nothing significant to report

If you have any questions or comments, please let me know.

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

(Supplement to the Treasury Division Report)

As of September 30, 2015

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, 2015

	Contributions				Expenditures				Net Contributions/ (Withdrawals)
	Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds & Disbursements	Administrative & Investment	Total Expenditures	
Public Employees' Retirement System (PERS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	\$ 73,925,443	\$ -	\$ 5,044	\$ 73,930,487	\$ (180,783,571)	\$ (2,940,913)	\$ 7,757,252	\$ (175,967,232)	\$ (102,036,745)
Retirement Health Care Trust	36,544,510	-	6,422,528	42,967,038	(96,363,470)	-	(13,322,218)	(109,685,688)	(66,718,650)
Total Defined Benefit Plans	110,469,953	-	6,427,572	116,897,525	(277,147,041)	(2,940,913)	(5,564,966)	(285,652,920)	(168,755,395)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	27,669,316	-	1	27,669,317	-	(9,874,991)	(440,400)	(10,315,391)	17,353,926
Health Reimbursement Arrangement ^(a)	7,210,116	-	-	7,210,116	-	-	(36,078)	(36,078)	7,174,038
Retiree Medical Plan ^(a)	3,665,059	-	-	3,665,059	-	-	(6,691)	(6,691)	3,658,368
Occupational Death and Disability: ^(a)									
Public Employees	416,782	-	-	416,782	(36,186)	-	(6,689)	(42,875)	373,907
Police and Firefighters	292,929	-	-	292,929	(53,828)	-	(9,021)	(62,849)	230,080
Total Defined Contribution Plans	39,254,202	-	1	39,254,203	(90,014)	(9,874,991)	(498,879)	(10,463,884)	28,790,319
Total PERS	149,724,155	-	6,427,573	156,151,728	(277,237,055)	(12,815,904)	(6,063,845)	(296,116,804)	(139,965,076)
Teachers' Retirement System (TRS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	9,086,766	-	878	9,087,644	(109,244,069)	(977,210)	(1,019,023)	(111,240,302)	(102,152,658)
Retirement Health Care Trust	3,187,255	-	2,050,313	5,237,568	(29,756,991)	-	(5,213,487)	(34,970,478)	(29,732,910)
Total Defined Benefit Plans	12,274,021	-	2,051,191	14,325,212	(139,001,060)	(977,210)	(6,232,510)	(146,210,780)	(131,885,568)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	3,792,917	-	-	3,792,917	-	(3,329,349)	(158,971)	(3,488,320)	304,597
Health Reimbursement Arrangement ^(a)	791,199	-	-	791,199	-	-	(11,760)	(11,760)	779,439
Retiree Medical Plan ^(a)	550,009	-	-	550,009	-	-	(2,976)	(2,976)	547,033
Occupational Death and Disability ^(a)	-	-	-	-	-	-	(9,711)	(9,711)	(9,711)
Total Defined Contribution Plans	5,134,125	-	-	5,134,125	-	(3,329,349)	(183,418)	(3,512,767)	1,621,358
Total TRS	17,408,146	-	2,051,191	19,459,337	(139,001,060)	(4,306,559)	(6,415,928)	(149,723,547)	(130,264,210)
Judicial Retirement System (JRS)									
Defined Benefit Plan Retirement Trust	1,562,446	-	-	1,562,446	(2,788,469)	-	(57,595)	(2,846,064)	(1,283,618)
Defined Benefit Retirement Health Care Trust	387,153	-	20,341	407,494	(401,825)	-	(72,011)	(473,836)	(66,342)
Total JRS	1,949,599	-	20,341	1,969,940	(3,190,294)	-	(129,606)	(3,319,900)	(1,349,960)
National Guard/Naval Militia Retirement System (NGNMRS)									
Defined Benefit Plan Retirement Trust ^(a)	-	-	1	1	(424,098)	-	(66,131)	(490,229)	(490,228)
Other Participant Directed Plans									
Supplemental Annuity Plan	44,356,851	-	1	44,356,852	(385,402)	(51,605,476)	(1,613,890)	(53,604,768)	(9,247,916)
Deferred Compensation Plan	10,774,233	-	-	10,774,233	-	(11,594,716)	(327,225)	(11,921,941)	(1,147,708)
Total All Funds	224,212,984	-	8,499,107	232,712,091	(420,237,909)	(80,322,655)	(14,616,625)	(515,177,189)	(282,465,098)
Total Non-Participant Directed	137,619,667	-	8,499,105	146,118,772	(419,852,507)	(3,918,123)	(12,076,139)	(435,846,769)	(289,727,997)
Total Participant Directed	86,593,317	-	2	86,593,319	(385,402)	(76,404,532)	(2,540,486)	(79,330,420)	7,262,899
Total All Funds	\$ 224,212,984	\$ -	\$ 8,499,107	\$ 232,712,091	\$ (420,237,909)	\$ (80,322,655)	\$ (14,616,625)	\$ (515,177,189)	\$ (282,465,098)

(a) Employer only contributions.

ALASKA RETIREMENT MANAGEMENT BOARD
SCHEDULE OF NON-INVESTMENT CHANGES BY FUND
(Supplement to the Treasury Division Report)
For the Month Ended September 30, 2015

	Contributions				Expenditures				Net Contributions/ (Withdrawals)
	Contributions EE and ER	State of Alaska	Other	Total Contributions	Benefits	Refunds & Disbursements	Administrative & Investment	Total Expenditures	
Public Employees' Retirement System (PERS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	\$ 28,005,505	\$ -	\$ 555	\$ 28,006,060	\$ (60,500,543)	\$ (900,689)	\$ (570,477)	\$ (61,971,709)	\$ (33,965,649)
Retirement Health Care Trust	9,390,102	-	6,414,645	15,804,747	(31,219,987)	-	(953,420)	(32,173,407)	(16,368,660)
Total Defined Benefit Plans	37,395,607	-	6,415,200	43,810,807	(91,720,530)	(900,689)	(1,523,897)	(94,145,116)	(50,334,309)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	9,337,516	-	1	9,337,517	-	(2,890,188)	(205,397)	(3,095,585)	6,241,932
Health Reimbursement Arrangement ^(a)	2,429,918	-	-	2,429,918	-	-	(1,338)	(1,338)	2,428,580
Retiree Medical Plan ^(a)	1,218,834	-	-	1,218,834	-	-	(302)	(302)	1,218,532
Occupational Death and Disability: ^(a)									
Public Employees	143,006	-	-	143,006	(9,372)	-	(83)	(9,455)	133,551
Police and Firefighters	83,376	-	-	83,376	(17,943)	-	(47)	(17,990)	65,386
Total Defined Contribution Plans	13,212,650	-	1	13,212,651	(27,315)	(2,890,188)	(207,167)	(3,124,670)	10,087,981
Total PERS	50,608,257	-	6,415,201	57,023,458	(91,747,845)	(3,790,877)	(1,731,064)	(97,269,786)	(40,246,328)
Teachers' Retirement System (TRS)									
<u>Defined Benefit Plans:</u>									
Retirement Trust	3,594,978	-	81	3,595,059	(36,733,465)	(431,042)	(223,596)	(37,388,103)	(33,793,044)
Retirement Health Care Trust	217,227	-	2,050,006	2,267,233	(10,283,844)	-	(364,584)	(10,648,428)	(8,381,195)
Total Defined Benefit Plans	3,812,205	-	2,050,087	5,862,292	(47,017,309)	(431,042)	(588,180)	(48,036,531)	(42,174,239)
<u>Defined Contribution Plans:</u>									
Participant Directed Retirement	1,439,474	-	-	1,439,474	-	(397,484)	(76,094)	(473,578)	965,896
Health Reimbursement Arrangement ^(a)	314,808	-	-	314,808	-	-	(402)	(402)	314,406
Retiree Medical Plan ^(a)	204,379	-	-	204,379	-	-	(118)	(118)	204,261
Occupational Death and Disability ^(a)	-	-	-	-	-	-	(774)	(774)	(774)
Total Defined Contribution Plans	1,958,661	-	-	1,958,661	-	(397,484)	(77,388)	(474,872)	1,483,789
Total TRS	5,770,866	-	2,050,087	7,820,953	(47,017,309)	(828,526)	(665,568)	(48,511,403)	(40,690,450)
Judicial Retirement System (JRS)									
Defined Benefit Plan Retirement Trust	476,323	-	-	476,323	(936,105)	-	(4,724)	(940,829)	(464,506)
Defined Benefit Retirement Health Care Trust	284,677	-	20,340	305,017	(297,752)	-	(4,743)	(302,495)	2,522
Total JRS	761,000	-	20,340	781,340	(1,233,857)	-	(9,467)	(1,243,324)	(461,984)
National Guard/Naval Militia Retirement System (NGNMRS)									
Defined Benefit Plan Retirement Trust ^(a)	-	-	-	-	(100,450)	-	(16,948)	(117,398)	(117,398)
Other Participant Directed Plans									
Supplemental Annuity Plan	20,377,290	-	-	20,377,290	(58,439)	(16,951,667)	(1,350,932)	(18,361,038)	2,016,252
Deferred Compensation Plan	3,616,240	-	-	3,616,240	-	(3,902,725)	(216,009)	(4,118,734)	(502,494)
Total All Funds	81,133,653	-	8,485,628	89,619,281	(140,157,900)	(25,473,795)	(3,989,988)	(169,621,683)	(80,002,402)
Total Non-Participant Directed	46,363,133	-	8,485,627	54,848,760	(140,099,461)	(1,331,731)	(2,141,556)	(143,572,748)	(88,723,988)
Total Participant Directed	34,770,520	-	1	34,770,521	(58,439)	(24,142,064)	(1,848,432)	(26,048,935)	8,721,586
Total All Funds	\$ 81,133,653	\$ -	\$ 8,485,628	\$ 89,619,281	\$ (140,157,900)	\$ (25,473,795)	\$ (3,989,988)	\$ (169,621,683)	\$ (80,002,402)

(a) Employer only contributions.

ALASKA RETIREMENT MANAGEMENT BOARD
SCHEDULE OF NON-INVESTMENT CHANGES BY FUND
(Supplement to the Treasury Division Report)
For the Three Months Ending September 30, 2015

PARTICIPANT DIRECTED DISBURSEMENTS BY PLAN AND BY TYPE

	<u>PERS DCR Plan</u>	<u>TRS DCR Plan</u>	<u>Supplemental Annuity Plan</u>	<u>Deferred Compensation</u>	<u>TOTAL</u>	<u>% of Total</u>
Payment to Beneficiary	-	-	22,752	60,116	82,867	0.1%
Death Benefit	68,457	-	1,317,852	212,335	1,598,644	2.1%
Disability / Hardship	-	-	123,719	21,860	145,578	0.2%
Minimum Required Distribution	14,420	-	838,621	354,020	1,207,061	1.6%
Qualified Domestic Relations Order	119,912	-	1,329,283	159,140	1,608,335	2.1%
Separation from Service / Retirement	9,672,202	3,329,349	47,540,620	10,701,129	71,243,300	93.2%
Purchase of Service Credit	-	-	432,630	86,117	518,747	0.7%
Transfer to a Qualifying Plan	-	-	-	-	-	0.0%
TOTAL	<u>9,874,991</u>	<u>3,329,349</u>	<u>51,605,476</u>	<u>11,594,716</u>	<u>76,404,532</u>	<u>100.0%</u>

December 3, 2015



**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 18 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
- 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%
- 2013 - Private equity allocation raised to 9%

ARMB Private Equity Program Overview

Funding – ARMB’s total assets increased \$2.8 billion (13%) during the 12-month period. The private equity target increased by \$254 million as a result. The total private equity NAV increased \$105 million (6%), so the private equity funding dropped a modest 0.6% and is within 1.5% of the target

As of June 30, 2015

Measure	2014	2015	%
Total Assets*	21,133,515,139	23,952,982,149	
PE % Target	9.0%	9.0%	
PE \$ Target	1,902,016,363	2,155,768,393	
Abbott	768,955,246	775,455,531	42%
Pathway	804,846,110	831,496,280	45%
In-House	142,390,977	221,916,546	12%
Blum	10,958,531	2,955,929	0%
Total Private Equity	1,727,150,864	1,831,824,286	100%
% PE	8.2%	7.6%	
Difference from Target	-174,865,499	-323,944,107	

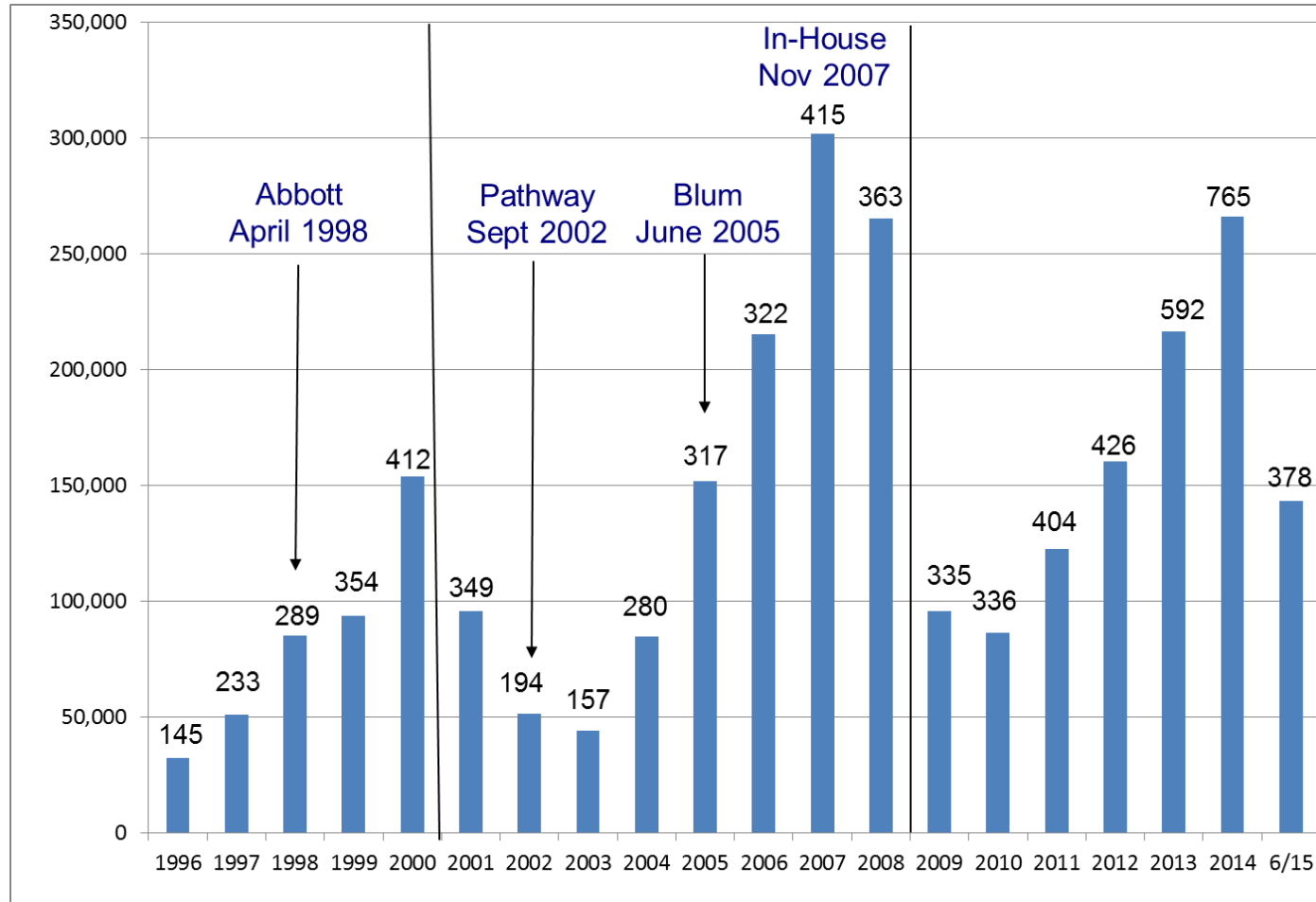
* Treasury Financials less MRS which doesn’t invest in PE

- ARMB’s uncalled capital increased to 69% of NAV compared to 58% last year, which will support continued growth in the NAV
- Given asset valuations, Callan is encouraging clients to be mindful of “denominator effects”

Private Equity Market Conditions

Industry Commitments To Partnerships

(\$ Millions, # Funds Formed)



Source: *Private Equity Analyst*

ARMB has been through about 2.5 market cycles. The recent economic expansion has been tepid, but financial asset returns have been robust

Private Equity Market Conditions

Late-Expansion Phase – Increased Volatility Ahead?

- In fiscal year 2015, equity markets had four positive quarters, but returns moderated (R3000 up 7.29%) relative to fiscal 2014 and 2013 (R3000 up 25.2% and 21.5%, respectively)
- Distributions increased following two strong prior years, but the new company investment pace remained moderate due to high prices and competition from strategic acquirers
- Fundraising rose to \$266 billion (from \$217 billion) aided by strong distributions and moderate rising total plan values, with large funds driving the total
- Average U.S. buyout deal pricing moved to 10.0x EBITDA in 1H15, up from 9.1x in the prior year
- Credit is readily available, but regulators have been enforcing 6x EBITDA bank guideline and average leverage in 1H15 was 5.54x EBITDA, up only slightly from 5.49x a year earlier
 - Larger equity investments are required given the moderate total leverage
 - A growing cadre of non-bank lenders are not held to the regulatory limits
- Exits and distributions have been very strong for investors with mature portfolios
 - Companies purchased after the financial crisis are now being exited, and legacy companies remain
- The SEC established a regulatory presence in 2014 and is focusing on transparency, which has spurred limited partners' interest in better disclosure of fees, expenses and carried interest detail
- The global conditions of weak economic fundamentals, elevated government debt levels, and high asset prices, have the potential to cause future fluctuations in liquidity to which private equity is keenly sensitive

Private Equity Market Conditions

Private Equity Industry Returns IRRs through March 31, 2015

<u>Strategy</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>
All Venture	22.4%	18.6%	17.2%	10.9%	3.8%	27.7%
Buyouts	7.7%	13.3%	14.3%	12.6%	10.9%	13.1%
Mezzanine	7.1%	10.9%	11.2%	10.8%	7.2%	10.0%
All Private Equity	10.1%	13.9%	14.2%	12.0%	8.9%	14.4%
S&P 500	12.7%	16.1%	14.5%	8.0%	4.2%	9.4%

Source: Thomson/Cambridge

- All Private Equity has provided the expected return premium over longer time periods
- All Private Equity lags the public market over horizons of five-years and less, but is still double-digit and attractive.
- The recent lag is due to its appraisal valuation methodology, which reduces gain and loss volatility
- It has been six years public markets bottomed 1Q2009 and the bull market began.
- Last year's change from Thomson/Venture Economics to the Cambridge database has made private equity's revised history much more competitive with public equity

ARMB Private Equity Performance

Total Portfolio: 12-Month Changes, June 30, 2015 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2014	3,969,626	3,073,494	995,506	2,792,318	1,726,998	0.91	0.56	1.47	11.0%
2015	4,610,928	3,474,104	1,266,675	3,306,981	1,831,824	0.95	0.53	1.48	11.1%
Change	641,302	400,610	271,169	514,663	104,826	0.04	(0.03)	0.01	0.1%

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

NAV reflects Treasury Financials which includes additional accruals.

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 341 partnerships, up 41 from last year (compared to an increase of 31 funds last year)
2. Commitments increased by \$641 million (16%), versus \$435 million (12%) the prior year
3. Paid-in capital increased \$401 million (13%), up significantly from \$261 million (9%) last year
4. Uncalled capital increased \$271 million (27%), up from \$192 million (24%) last year
5. The portfolio is 75% paid-in (mature) down from 77%, with Abbott 78% and Pathway 77%
6. The portfolio distributed \$515 million, a 30% gross cash flow return (distributions divided by beginning NAV), up from \$460 million (29%) last year
7. Net cash flow to ARMB was \$114 million (7%), down from \$199 million (12%) last year
8. NAV increased by \$105 million (6%), down from \$116 million (7%) last year
9. Total portfolio appreciation was \$219 million (13%), compared to \$315 million (20%) last year
10. IRR of 11.1% is second quartile versus the Thomson/Cambridge All Region composite since 1998, which has a top quartile of 15.8% and a median of 8.1%
11. Performance ratios DPI and TVPI increased, and RVPI decreased. The TVPI of 1.48x is second quartile versus the Thomson/Cambridge upper quartile of 1.73x and a median of 1.30x

ARMB Private Equity Performance

Total Portfolio Summary Change Metrics: Last 9 Years Ended June 30, 2015 (\$000)

ARMB Summary Changes Metrics - Fiscal Years ended June 30 (\$000)

Cumulative Values	2007	2008	2009	2010	2011	2012	2013	2014	2015
Commitments	2,095,104	2,474,744	2,742,373	2,863,483	3,137,245	3,376,366	3,536,444	3,969,626	4,610,928
Paid-In	1,383,305	1,698,786	1,882,191	2,043,035	2,285,180	2,546,467	2,812,066	3,073,494	3,474,104
% PI	66%	69%	69%	71%	73%	75%	80%	77%	75%
Uncalled	711,799	773,553	857,745	818,549	850,282	830,317	803,896	995,506	1,266,675
Distributed	828,482	1,053,166	1,135,362	1,278,525	1,565,519	1,859,734	2,332,346	2,792,318	3,306,981
NAV	1,061,115	1,283,311	1,069,319	1,289,123	1,497,378	1,604,129	1,610,963	1,726,998	1,831,824

Annual Changes	2007	2008	2009	2010	2011	2012	2013	2014	2015
Commitments	273,848	379,640	267,629	121,110	273,762	239,121	160,078	433,182	641,302
Paid-In	283,329	315,481	183,405	160,844	242,145	261,287	265,599	261,428	400,610
Uncalled	(9,482)	61,754	84,192	(39,196)	31,733	(19,965)	(26,421)	191,610	271,169
Gross Distributed	300,837	224,684	82,196	143,163	286,994	294,215	472,612	459,972	514,663
Net Cash Flow	17,508	(90,797)	(101,209)	(17,681)	44,849	32,928	207,013	198,544	114,053
NAV	201,726	222,196	(213,992)	219,804	208,255	106,751	6,834	116,035	104,826
Total Appreciation	219,234	131,399	(315,201)	202,123	253,104	139,679	213,847	314,579	218,879

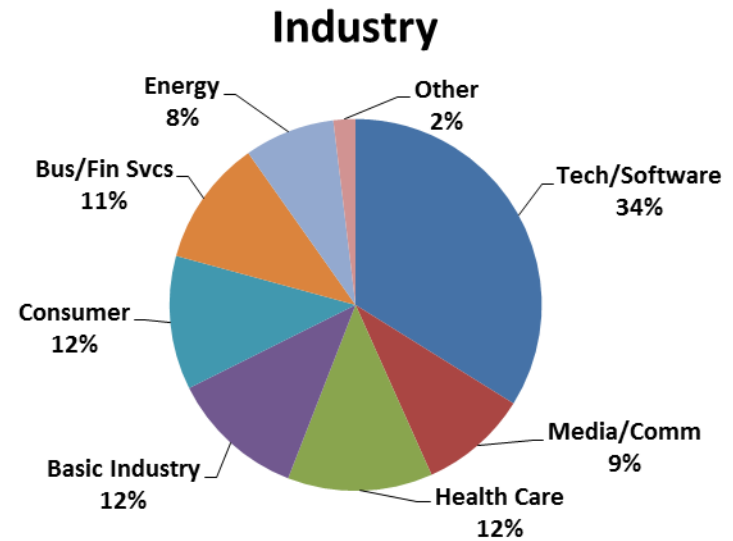
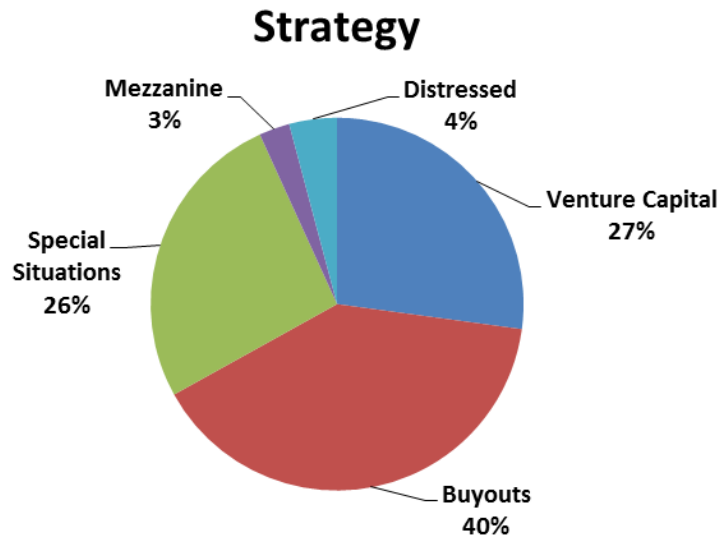
Annual Results (Change/Prior NAV)	2008	2009	2010	2011	2012	2013	2014	2015	
Gross Cash Flow Return	35%	21%	6%	13%	22%	20%	29%	29%	30%
Paid-In Change	33%	30%	14%	15%	19%	17%	17%	16%	23%
Net Cash Flow Return	2%	-9%	-8%	-2%	3%	2%	13%	12%	7%
NAV % Increase	23%	21%	-17%	21%	16%	7%	0%	7%	6%
Total Portfolio Appreciation	26%	12%	-25%	19%	20%	9%	13%	20%	13%

PE Funded Versus Target	2007	2008	2009	2010	2011	2012	2013	2014	2015
Target	7.0%	7.0%	6.6%	7.0%	8.0%	8.0%	8.0%	9.0%	9.0%
% Funded	6.7%	8.5%	8.7%	9.6%	9.2%	9.9%	8.9%	8.2%	7.6%
Over/Under Target	-0.3%	1.5%	2.1%	2.6%	1.2%	1.9%	0.9%	-0.8%	-1.4%

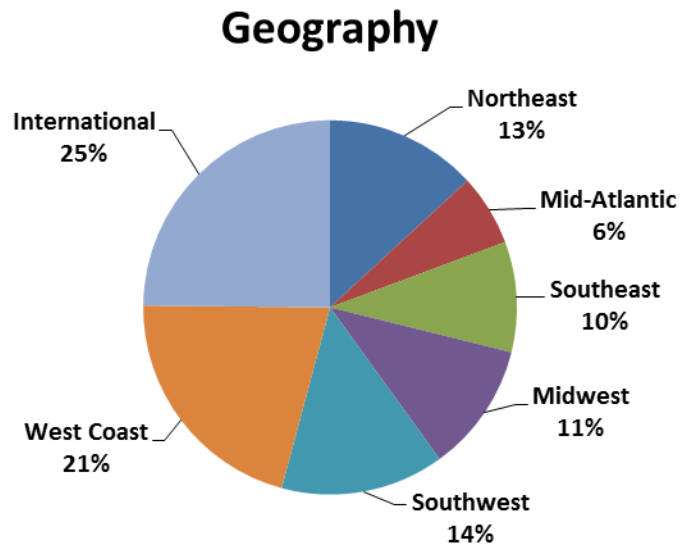
Key: Poor Weak Good Strong

- Strong Gross Cash Flow and moderate Paid-In have provided good Net Cash Flow in recent years
- Good net cash flow and moderate NAV Increases result in attractive Total Portfolio Appreciation
- The large paid-in increase in 2015, was prodded by the jump in commitments in the last two years
- Total Portfolio Appreciation changes have averaged an annual 12% over the past nine-years

ARMB Portfolio Diversification June 30, 2015 (\$000)



International = Europe 16%, Asia 3%, and Rest-of-World 6%



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 11 senior investment professionals, 7 junior investment professionals and a total staff of 61 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 \$7.6 billion in AUM (Uncalled + NAV), in both fund-of-funds and separate accounts, and has a large established client base. ARMB represents 16% of the ACM's AUM
- ACM's ARMB investment program started in mid-1998 and represents 42% of the ARMB's private equity portfolio NAV
- ACM invests in all 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, 2015 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2014	1,991,045	1,548,450	442,595	1,548,191	768,955	1.00	0.50	1.50	9.8%
2015	2,137,485	1,676,430	461,055	1,758,777	775,456	1.05	0.46	1.51	9.9%
Change	146,440	127,980	18,460	210,586	6,501	0.05	(0.03)	0.02	0.1%

NAV reflects Treasury Financials which includes additional accruals. Abbott's reported NAV was \$2.8 more due to distributed stock being held.

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

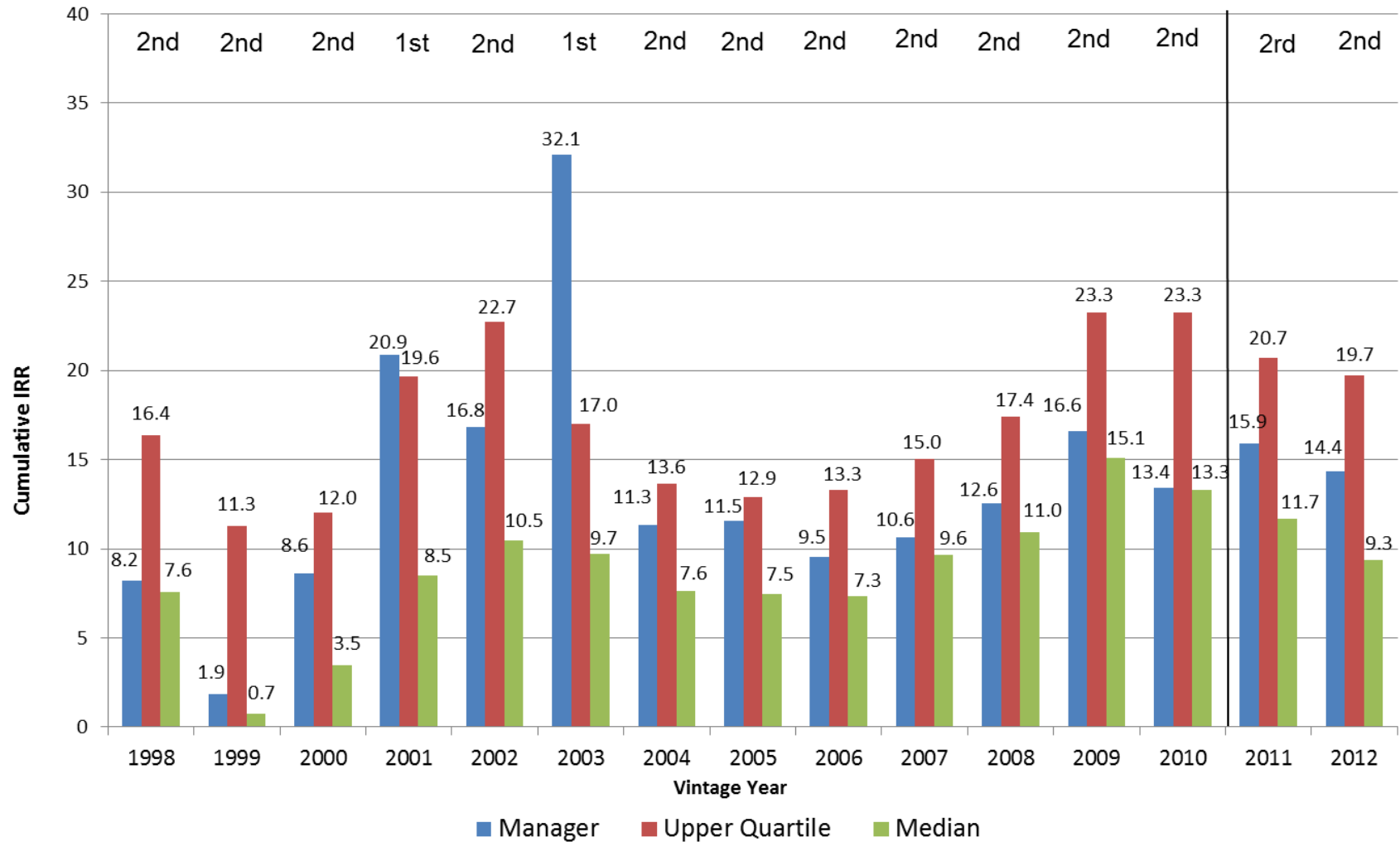
TVPI = Total Value (Distributions + NAV) as a ratio of (divided by) Paid-In Capital

Benchmarks are Thomson/Cambridge All Regions 3/31/15

1. Initiated in 1998, invested in 176 partnerships (+9). 42% of NAV
2. Commitments increased \$146 million (7%), up from \$ 182 million (10%) last year
3. Paid-in increased \$128 million (8%), up slightly from \$105 million (7%) last year
4. The portfolio is 78% paid-in (mature) and this year became net cash flow positive by \$82 million.
5. Uncalled capital increased \$19 million (4%), down from \$76 (21%) last year
6. The portfolio distributed \$210 million (27% cash flow yield), down from \$219 million (30%)
7. Portfolio net cash flow was a positive \$83 million (11%) as more capital was distributed than paid-in, down from a positive \$114 million (16%) in the prior year
8. NAV rose \$7 million (1%), compared with last year's increase of \$42 million (6%)
9. Total portfolio appreciation was \$89 million (12%), down from \$156 million (21%) last year
10. Abbott's IRR of 9.8% is second quartile versus the Thomson/Cambridge All Region composite since 1998, which has a top quartile of 15.8% and a median of 8.1%
11. The TVPI of 1.51x is also second quartile versus a top quartile of 1.73x and a median of 1.30x

Abbott: Cambridge Vintage Year Peer Group Benchmark

IRRs and All Region Benchmarks as of March 31, 2015



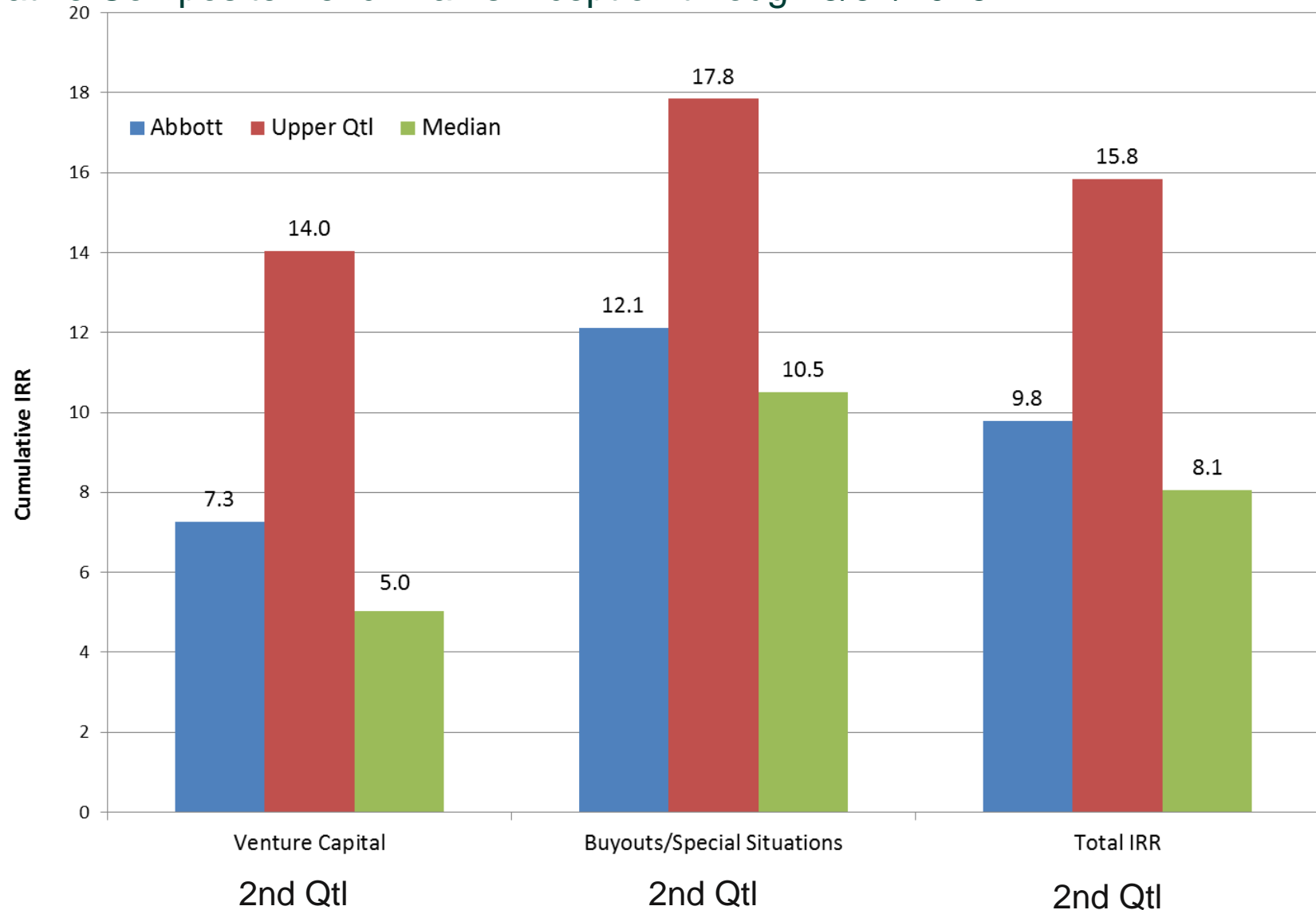
1st Quartile: 2 years

2nd Quartile: 13 years

Below Median: 0 years

Abbott: Cambridge Strategy Peer Group Benchmark

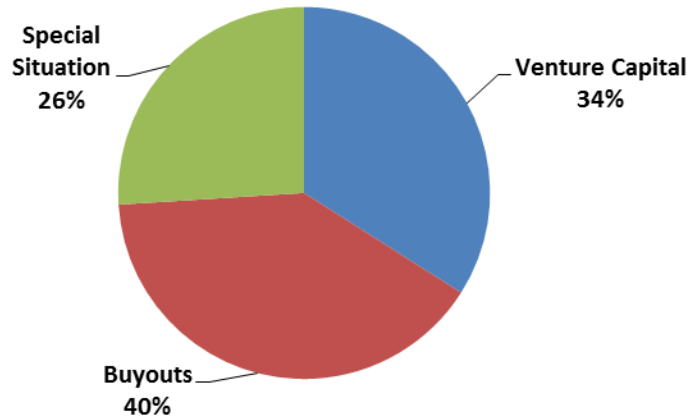
Cumulative Composite Benchmarks Inception through 3/31/2015



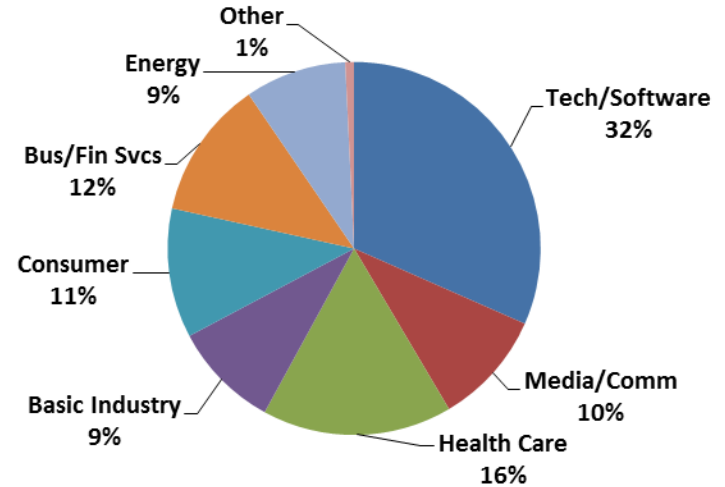
All Composites: VY 1998 – 2014

ACM Portfolio Diversification June 30, 2015 (\$000)

Strategy

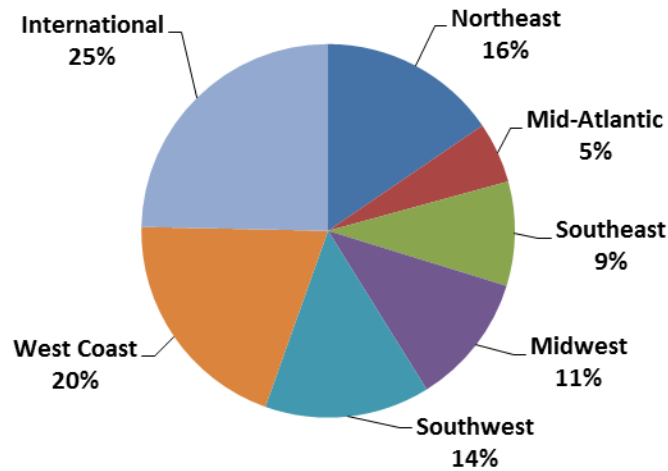


Industry



Geography

International = Europe 17%, Asia 4%, and Rest-of-World 4%



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 1991. The firm is an independent registered investment advisor and is wholly owned by its nineteen principals. PCM has 17 senior investment professionals and 24 junior investment professionals, with 118 total employees
- PCM has had a generally stable team. There have been two senior departures in recent years, one of the three founding partners departed in early-2012, and a director in 2013, but the firm has a deep staff
- The firm is headquartered in Irvine, CA and has additional offices located in London and Rhode Island and Hong Kong. PCM also has a Pacific Basin alliance with its client Tokyo Marine
- Total AUM is \$30.5 billion (NAV plus uncalled), with a large established client base. ARMB represents 4% of the ACM's AUM
- Pathway's portfolio initiated in mid-2002 and represents 45% 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, 2015 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2014	1,598,581	1,250,735	442,735	1,092,616	804,846	0.87	0.64	1.52	13.9%
2015	1,828,443	1,416,472	522,003	1,340,253	831,496	0.95	0.59	1.53	13.9%
Change	229,862	165,737	79,268	247,637	26,650	0.07	(0.06)	0.02	0.0%

NAV reflects Treasury Financials which includes additional accruals. Pathway's reported NAV was \$7.1 million lower

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

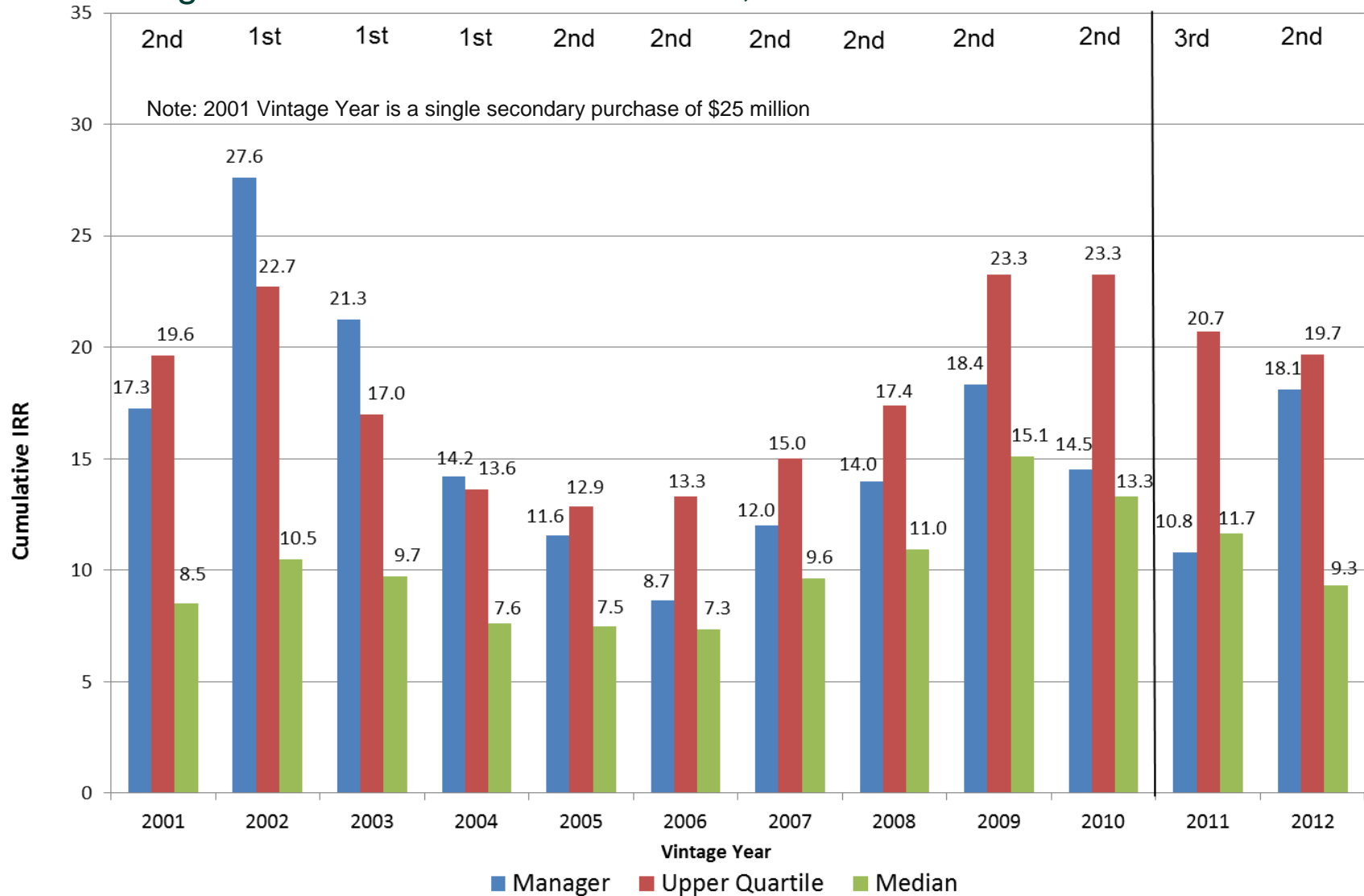
TVPI = Total Value (Distributions + NAV) as a ratio of (divided by) Paid-In Capital

Benchmarks are Thomson ONE All Regions 3/31/15

1. Initiated in mid-2002 (13 years), invested in 151 partnerships (+27), 45% of NAV
2. Commitments increased \$230 million (14%), up from \$181 million (13%) last year
3. Paid-in increased \$166 million (13%), up from \$130 million (12%) last year
4. The mature portfolio is 77% paid-in and is \$76 million shy of being net cash flow positive
5. Uncalled capital increased \$79 million (18%), up from \$65 million (17%) last year
6. Distributions were \$247 million (31% cash flow yield), up from \$208 million (28%)
7. Portfolio net cash flow was \$82 million or 10% of initial NAV (distributions exceeded paid-in), up from \$78 million (10%) last year
8. NAV increased \$27 million (3%), versus \$56 million (8%) last year
9. Total portfolio appreciation was \$109 million (13%), down from \$134 million (18%) last year
10. Pathway's IRR of 13.9% is second quartile versus the Thomson/Cambridge All Region composite since 2002, which has a top quartile of 16.4% and a median of 8.7%
11. The 1.53x TVPI is also second quartile versus the top quartile and median of 1.70x and 1.31x

Pathway: Cambridge Vintage Year Peer Group Benchmark

IRRs and All Region Benchmarks as of March 31, 2015



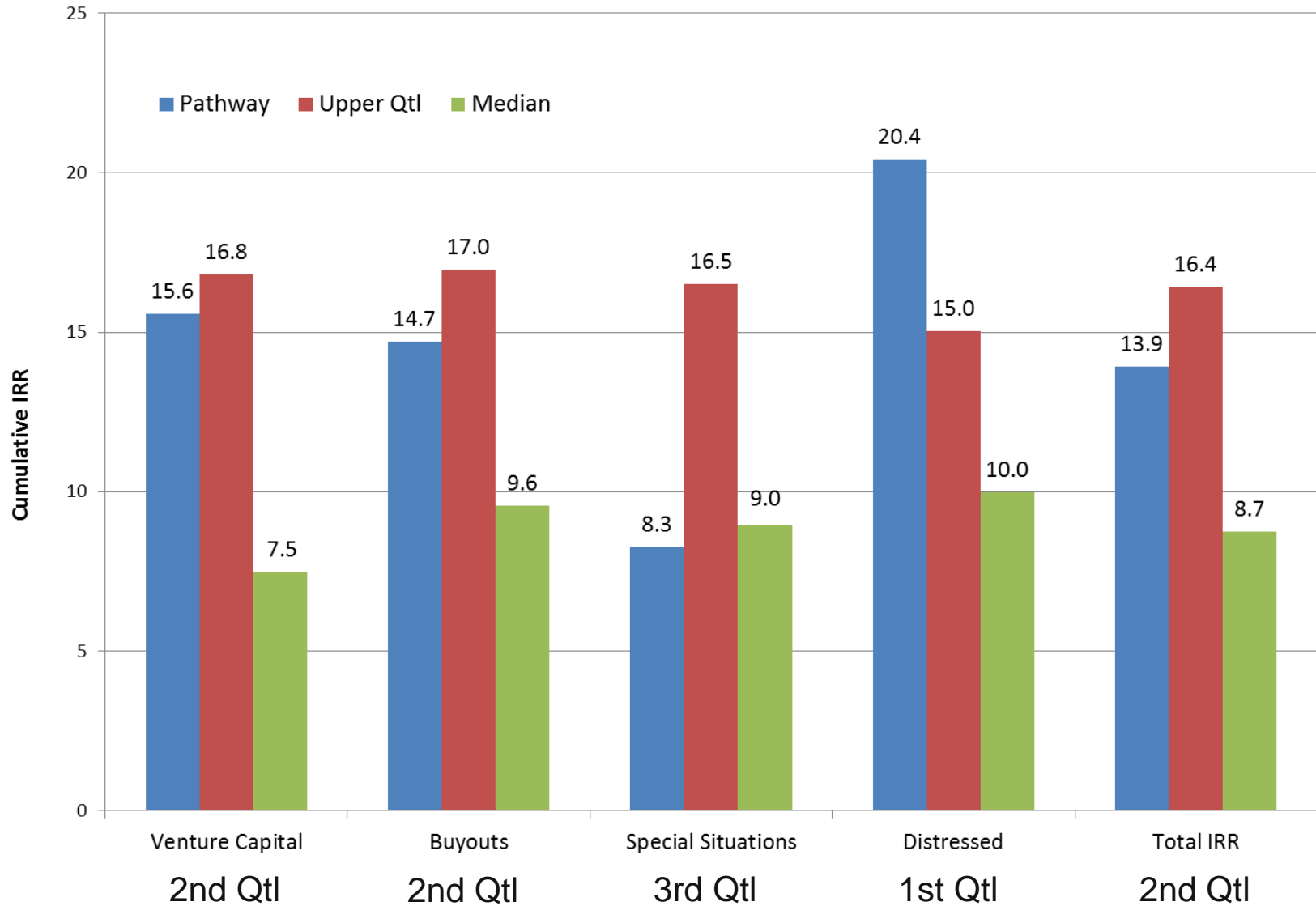
1st Quartile: 3 years

2nd Quartile: 8 years

Below Median: 1 years

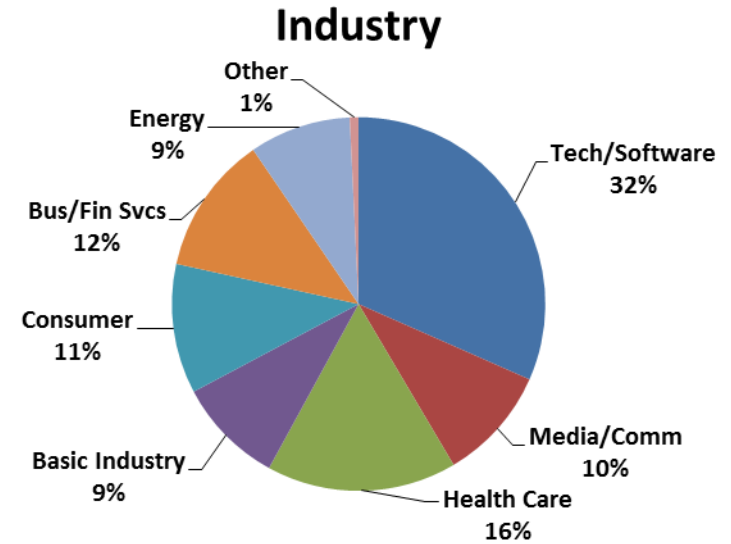
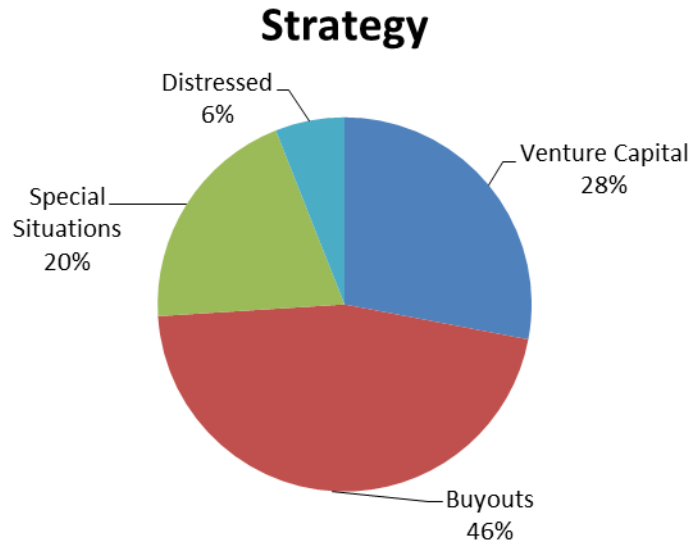
Pathway: Cambridge Strategy Peer Group Benchmark

Cumulative Composite Benchmarks Inception through 3/31/2015

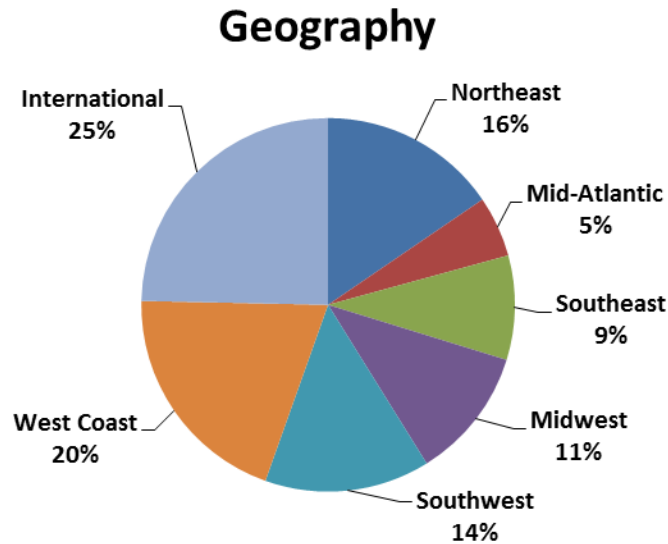


All Composites: VY 2002 – 2014

PCM Portfolio Diversification June 30, 2015 (\$000)



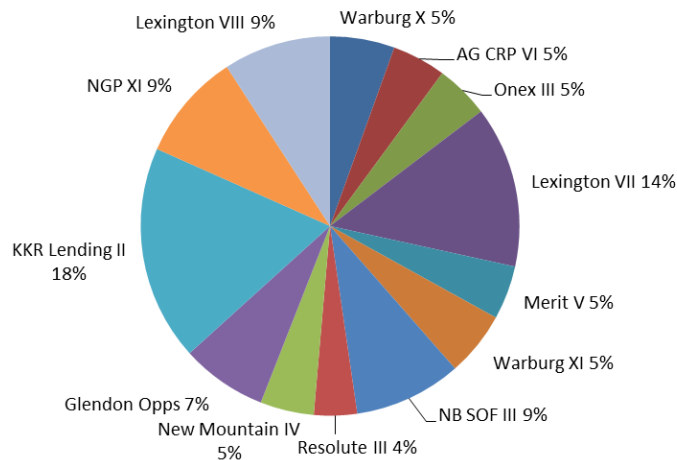
International = Europe 16%, Asia 2%, and Rest-of-World 7%



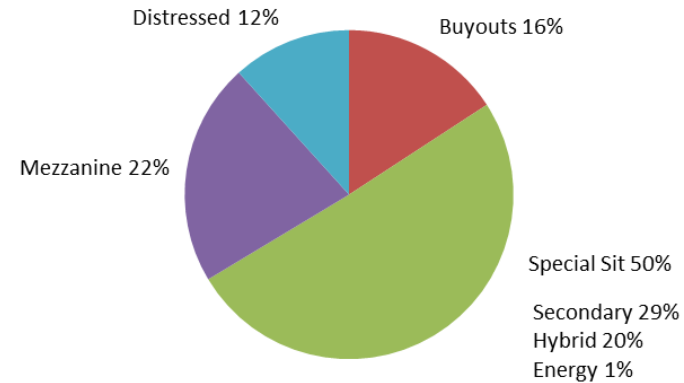
Note: Strategy allocations are based on partnership NAV, Industry and Geography allocations are based on underlying portfolio company valuations

In-House Portfolio Overview June 30, 2015 (\$000)

In-House Commitments



In-House Strategy NAV



Partnership	VY	Strategy	Overlap	Committed	Paid-In	% PI
Warburg X	2007	Special Sit	ACM	30,000,000	30,000,000	100%
AG CRP VI	2008	Distressed	None	25,000,000	25,000,000	100%
Onex III	2008	Buyout	PCM	25,000,000	26,063,171	90%
Lexington VII	2010	Secondary	None	75,000,000	66,613,130	75%
Merit V	2010	Mezzanine	None	25,000,000	19,877,551	80%
Warburg XI	2013	Special Sit	ACM	30,000,000	21,417,507	66%
NB SOF III	2013	Secondary	None	50,000,000	13,126,805	27%
Resolute III	2014	Buyout	ACM/PCM	20,000,000	8,679,651	31%
New Mountain IV	2014	Buyout	None	25,000,000	5,636,665	7%
Glendon Opps	2014	Distressed	PCM	40,000,000	19,981,992	50%
KKR Lending II	2015	Credit	None	100,000,000	40,739,302	40%
NGP XI	2015	Energy	None	50,000,000	2,612,503	5%
Lexington VIII	2015	Secondary	None	50,000,000	3,551,277	7%
Total				545,000,000	283,299,554	48%

VY	# Fds	Committed	%
2007	1	30,000,000	6%
2008	2	50,000,000	9%
2010	2	100,000,000	18%
2013	2	80,000,000	15%
2014	3	85,000,000	16%
2015	3	200,000,000	37%
Total	13	545,000,000	100%

- The portfolio represents all key strategies except venture capital (although some VC exposure will be provided by Warburg)
- The investment pace by partnerships has been increasing since the 2009-2010 lull, although the recent increases in commitments reduce the portfolio's paid-in percentage. All partnership returns over a year old are positive or at cost.
- The largest investment, KKR Lending II, is a private senior debt strategy, not a private equity strategy, and may affect benchmarking versus private equity databases.

ARMB Private Equity Performance

In-House Portfolio: 12-Month Changes, June 30, 2015 (\$000)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR
2014	280,000	176,406	109,862	85,781	142,238	0.49	0.81	1.29	10.9%
2015	545,000	283,300	283,303	132,499	221,917	0.47	0.78	1.25	11.2%
Change	265,000	106,894	173,441	46,718	79,679	(0.02)	(0.02)	(0.04)	0.3%

1. Initiated November 2007 (9 years), 13 partnerships (+5), 12% of NAV (+4%)
2. Commitments increased \$265 million (+95%), versus \$70 million (+33%) last year
3. Paid-in capital increased \$107 million (61%), up from \$26 million (17%) last year
4. Portfolio is 48% paid-in, down from 61% last year, due to the large increase in commitments
5. Uncalled capital increased \$173 million (158%), up from \$32 million (26%) last year
6. Distributions were \$47 million (26% of NAV), up from \$32 million (33%) last year
7. Net cash flow was negative \$60 million (-42%) as paid-in exceeded distributions, a reversal from a positive \$6.1 million (+5%) last year
8. NAV increased \$80 million (56%), up from \$16 million (13%) last year
9. Total portfolio appreciation was \$20 million (14%), compared to \$20 million (18%). The portfolio was initiated just before the bubble peaked, has weathered the downturn and continues building
10. While still early for benchmarking (given the distributed and increasing nature of the commitments) the in-house portfolio approximates the Thomson/Cambridge median
11. The 11.2% IRR is second quartile versus a database upper quartile of 16.2% and median of 8.9%. The 1.25x TVPI is third quartile versus an upper quartile of 1.63x and median of 1.27x

Benchmark = VY 2007, 2008, 2010, 2013, 2014 for Buyout, Mezzanine, Distressed, Secondary

ARMB Private Equity Performance

Blum Strategic Partners III: 12-Month Changes, June 30, 2015 (\$000)

Blum: 12-Month Changes (000) Strategic Partners III (Private)

Year	Committed	Paid-In	Uncalled	Distributed	NAV	DPI	RVPI	TVPI	IRR	TWR	S&P 500
2014	50,000	47,903	314	30,982	10,959	0.65	0.23	0.88	-2.9%	-3.1%	8.0%
2015	50,000	47,903	314	40,703	2,956	0.85	0.06	0.91	-2.3%	-2.5%	7.9%
Change	-	-	-	9,721	(8,003)	0.20	(0.17)	0.04	0.6%	0.6%	-0.1%

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 0.2% of the portfolio's NAV
4. Strategic III sold 4 of its 5 public stock positions, and a majority of the single public company was sold in the third quarter and the remaining value is a approximately \$300,000
5. The portfolio distributed \$9.7 million distribution, and NAV appreciated \$1.7 million (16%)
6. The portfolio had challenges with Financials, Digital Media, and Education sector companies
7. Performance has reflected a concentrated, small company public stock portfolio

ARMB Summary

Observations

- ARMB's private equity portfolio is mature, has provided good performance, and is well-diversified
 - Had to overcome initial timing issue and target increases
 - The private equity allocation is 1.4% below target, which could change quickly if public market “volatility” renews. The uncalled backlog has also increased to 69% of NAV
 - The ACM portfolio became cumulatively cash positive (DPI 1.05x) and the Total Portfolio DPI increased from 0.93x to 0.95x
- Performance is mid-second quartile versus a database of partnerships selected by other professionally-managed programs
 - ARMB's performance remains highly competitive relative to its peer group of institutional investors.
 - Both external managers are performing well relative to benchmarks and their strategy mixes are complementary
 - The In-House portfolio appreciated 14%, and new commitments, valuation, and cash flows were dynamic (large percentage changes), consistent with a developing portfolio
 - 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 another good year
 - Strong private equity industry liquidity continued for a third year, primarily due to continued appreciation in the public equity markets, an open IPO window, and easy credit
 - The total private equity portfolio produced a 30% distributed cash return, and 13% total appreciation from positive net cash flow of \$114 million (7%) to ARMB, and a 6% NAV increase
- Looking forward
 - Uncalled commitments rose to 69% of NAV, from 58% last year, which will support NAV growth
 - Public equity volatility appears to be increasing in the last years (particularly 3Q 2014 and 2015), and continued “risk-off” periods would impact private equity liquidity and valuation
 - The private equity market prices are “toppy,” but capital market liquidity is supporting incremental cash flow and valuation increases.
 - ARMB's portfolio is becoming mature (although the recent increase in uncalled commitments decreased its paid-in ratio), so year-over-year performance changes may become smaller
 - With the sellers market environment, we expect general partners will stay focused on portfolio exits, so distributions will continue to be as strong a practicable
 - Callan is cautioning clients to be mindful of the “denominator effect” if public markets contract



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

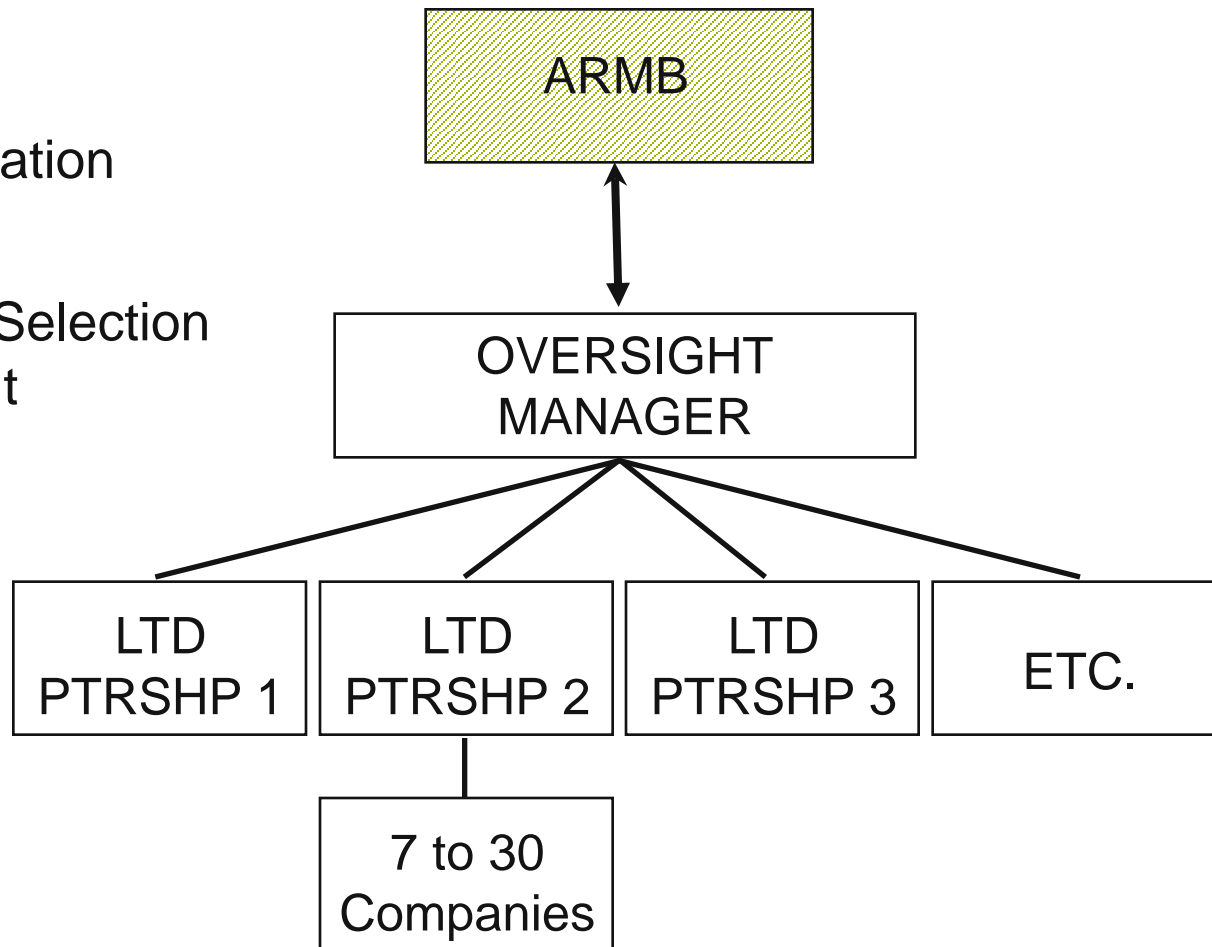
Private Equity Partnerships Program Structure

Policy
Strategic Planning
Performance Evaluation

Proactive Security Selection
Active Management
Reporting

Mini-Conglomerate
(Security)

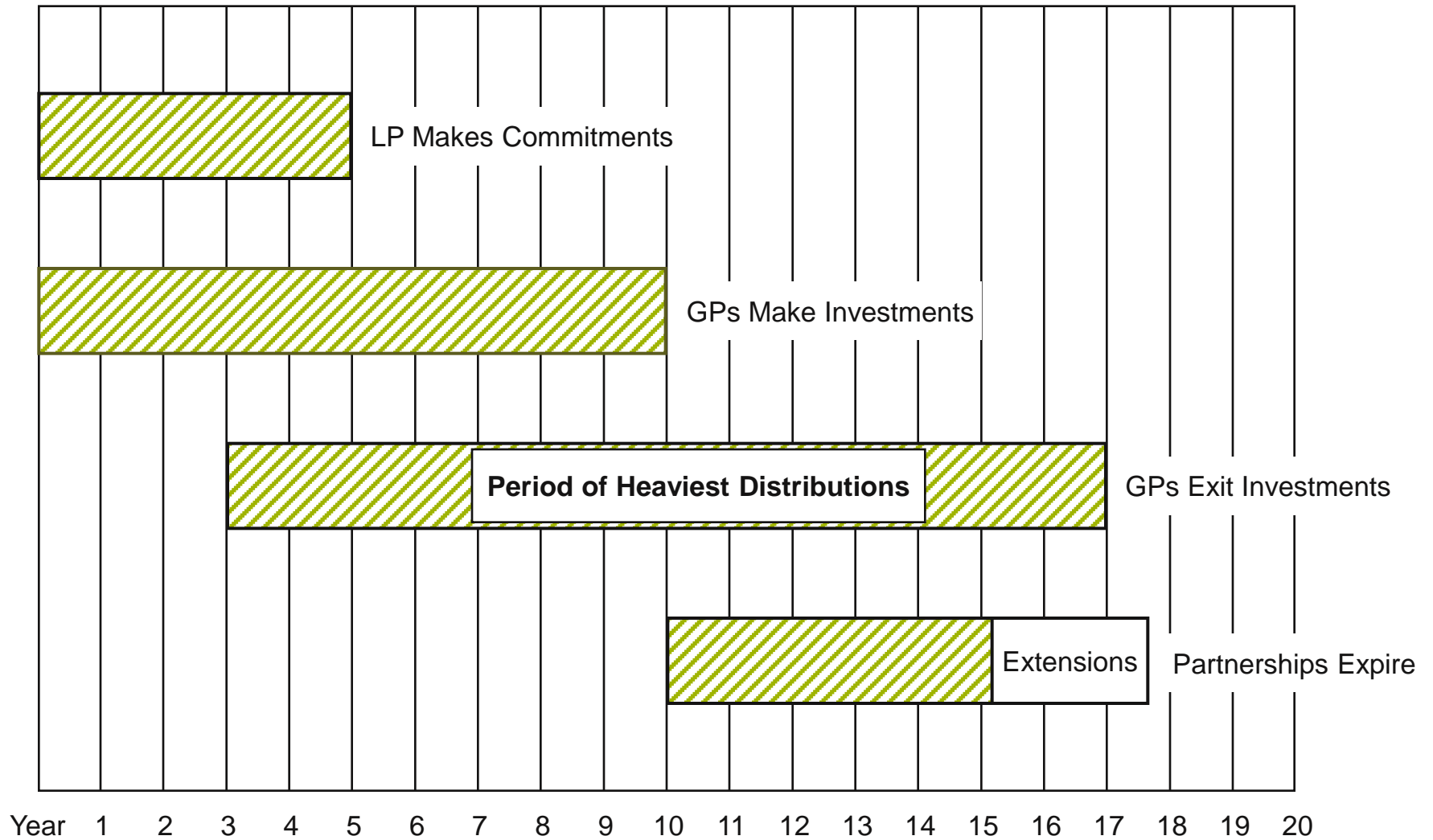
Divisions



How Private Equity Works

A Private Equity Investment Program Requires a Long-Term Horizon

Source: *The Private Equity Analyst*





cutting through complexity™

State of Alaska Division of Retirement and Benefits Audit Results June 30, 2015

This presentation to the Board of Trustees is intended solely for the information and use of the Board of Trustees 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 3, 2015

Agenda

Audit Status

Areas of Interest

Regulatory and Accounting Update

Appendix

Audit Status

Audit Status

We have issued an unmodified 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

We expect to issue an unmodified 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 Benefits System
- Deferred Compensation Plan

We expect to issue an unmodified opinion on Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer for:

- Public Employees' Retirement System
- Teachers' Retirement System

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

None identified during our audit

Other Matters

Going Concern	None noted
Related Party Transactions	None noted
Litigations, Claims, and Assessments	None noted
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	Consultation related to implementation of GASB 68

Audit Team

Core Audit Team:

Michael Hayhurst, Engagement Audit Partner, Anchorage Managing Partner

Anthony Berrett, Engagement Quality Concurring Review Partner, Salt Lake City

Melissa Beedle, Audit Senior Manager, Juneau

Specialists:

Nick Katsanos, Financial Risk Management Specialist, New York

Clay Greninger, IT Attestation Advisory Director, Seattle

Dennis Polisner, KPMG Employee Benefit Plan Actuary, Chicago

Cathy Perkins, Director, Washington National Tax

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
- Assessed underlying valuation related to Funds of One

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

Employer Census Testing

Tested 19 PERS employers 565 employees

Tested 16 TRS employers 400 employees

Issue encountered:

- **9 Original Date of Hire**
- **84 Marital Status**
- **\$1,953 recalculated pensionable wage difference**

Regulatory and Accounting Update

Regulatory and Accounting Update

New or Proposed Pronouncement	Comments
Fair Value Measurement	No significant impact anticipated
Financial Reporting for Postemployment Benefit Plans Other than Pension Plans	Similar to accounting for pensions under GASB 67 & 68
Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	Similar to accounting for pensions under GASB 67 & 68
Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68.	No significant impact anticipated

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 System 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 System'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 System’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™

© 2015 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”).

December 2015



ARMB Board Meeting

Investment Performance
(Preliminary Real Estate)
Periods Ended September 30,
2015

Paul Erlendson

Senior Vice President

Steve Center, CFA

Vice President

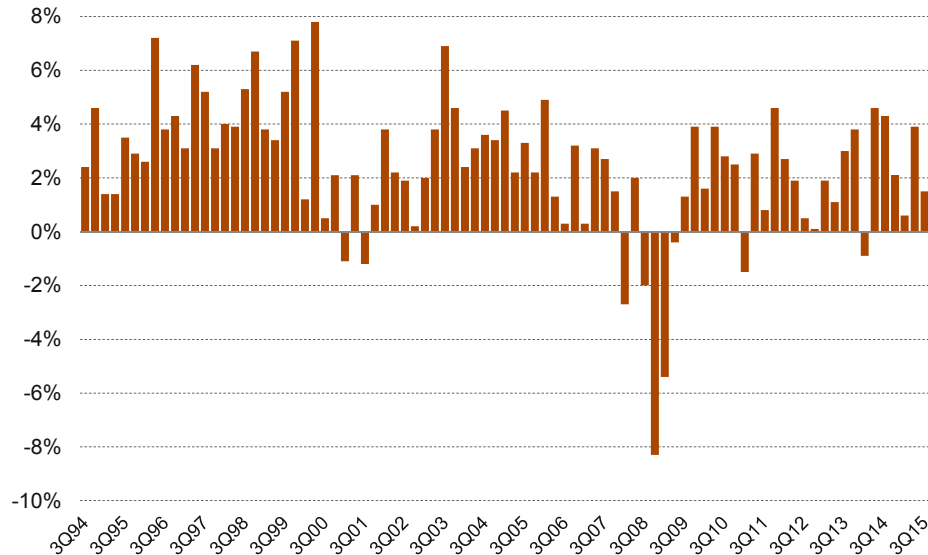
Agenda

- Market and Economic Environment
- Total Fund Performance
 - Major Asset Classes
- Review of Major Activities

U.S. Economy

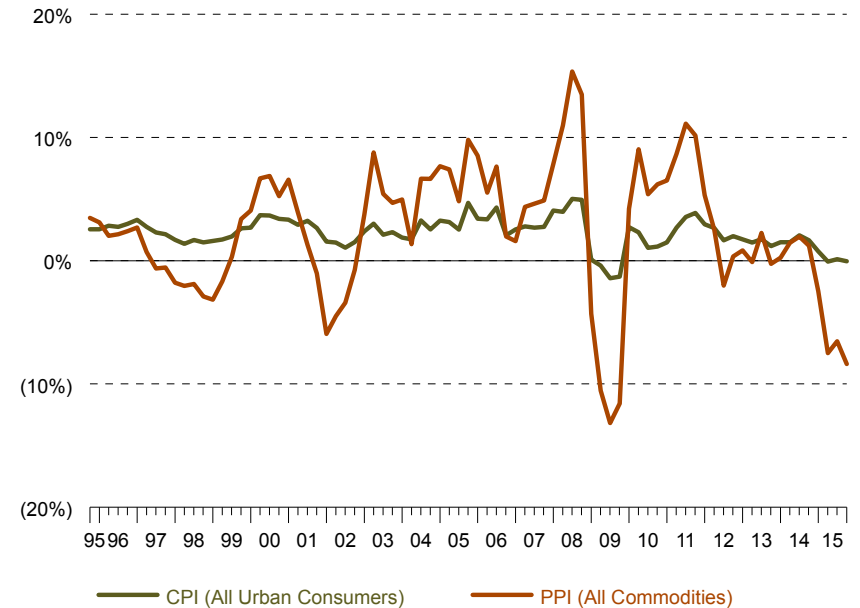
Periods Ending September 30, 2015

Quarterly Real GDP Growth (20 Years)*



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

- Post quarter end, the first estimate of third quarter GDP came out at 1.5%, down from the second quarter's 3.9%.
- September headline inflation was essentially unchanged (+0.1%) from a year earlier while core inflation rose 1.9%.
- The unemployment rate was 5.1% at quarter end, down 0.5% from the start of the year.
- Payroll growth slowed a bit with an average addition of 167,000 jobs per month in 3Q15, down from 231,000 in 2Q15. Wages for the third quarter rose 1.6% year-over-year.
- WTI oil price is down 51% from September 30, 2014.

Asset Class Performance

Periods Ending September 30, 2015

- S&P 500 lost 6.4% last quarter and entered negative territory for the year, down 5.3%.
- The Russell 2000 fell 11.9% last quarter but remains a solid performer over the last 1, 3, 5, and 10 years.
- Barclays Aggregate was the best performer in third quarter (+1.2%) and YTD (+1.1%).
- Domestic equities beat developed international equities (-10.2%) in 3Q but trailed slightly YTD.
- Emerging markets plunged 17.8% last quarter and are the worst performer over the past quarter, 1, 3, and 5 years.

	October	YTD (11/17/15)
Russell 3000	7.9%	0.8%
S&P 500	8.4%	1.5%
Russell 2000	5.6%	-3.2%
MSCI EAFE	7.8%	0.1%
MSCI EM	7.1%	-11.7%
BC Aggregate	0.0%	0.7%

**Periodic Table of Investment Returns
for Periods Ended September 30, 2015**



Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Barclays:Aggregate Index 1.2%	Barclays:Aggregate Index 2.9%	S&P:400 Mid Cap 13.1%	S&P:500 13.3%	S&P:400 Mid Cap 8.3%
3 Month T-Bill 0.0%	S&P:400 Mid Cap 1.4%	S&P:500 12.4%	S&P:400 Mid Cap 12.9%	S&P:500 6.8%
S&P:500 (6.4%)	Russell:2000 Index 1.2%	Russell:2000 Index 11.0%	Russell:2000 Index 11.7%	Russell:2000 Index 6.5%
S&P:400 Mid Cap (8.5%)	3 Month T-Bill 0.0%	MSCI:EAFE US\$ 5.6%	MSCI:EAFE US\$ 4.0%	Barclays:Aggregate Index 4.6%
MSCI:EAFE US\$ (10.2%)	S&P:500 (0.6%)	Barclays:Aggregate Index 1.7%	Barclays:Aggregate Index 3.1%	MSCI:Emer Markets 4.6%
Russell:2000 Index (11.9%)	MSCI:EAFE US\$ (8.7%)	3 Month T-Bill 0.1%	3 Month T-Bill 0.1%	MSCI:EAFE US\$ 3.0%
MSCI:Emer Markets (17.8%)	MSCI:Emer Markets (19.0%)	MSCI:Emer Markets (4.9%)	MSCI:Emer Markets (3.2%)	3 Month T-Bill 1.3%

U.S. Equity Style Returns

Periods Ending September 30, 2015

	3Q 2015		
	Value	Core	Growth
Large	-8.4%	-6.8%	-5.3%
Mid	-8.0%	-8.0%	-8.0%
Small	-10.7%	-11.9%	-13.1%

	Annualized 1 Year Returns		
	Value	Core	Growth
Large	-4.4%	-0.6%	3.2%
Mid	-2.1%	-0.3%	1.5%
Small	-1.6%	1.3%	4.0%

-  Represents 3 best performing asset classes in time period
-  Represents 3 middle performing asset classes in time period
-  Represents 3 worst performing asset classes in time period

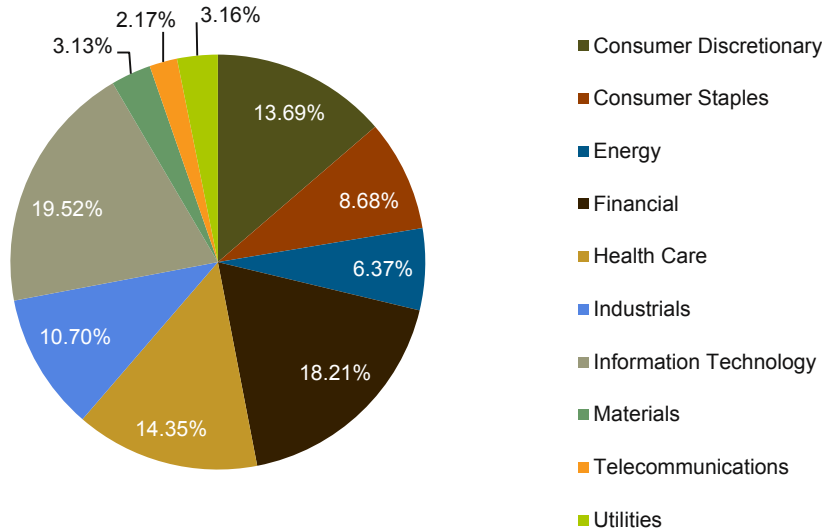
- Last Quarter: All capitalization and styles sustained major losses. Small caps suffered most.
- Last Year: Growth was best across all market cap ranges, followed by core and then value.

Large Cap Core is represented by the Russell 1000 Index, Large Cap Value is represented by the Russell 1000 Value Index and Large Cap Growth is represented by the Russell 1000 Growth Index. Mid Cap Core is represented by the Russell Midcap Index, Mid Cap Value is represented by the Russell Midcap Value Index and Mid Cap Growth is represented by the Russell Midcap Growth Index. Small Cap Core is represented by the Russell 2000 Index, Small Cap Value is represented by the Russell 2000 Value Index and Small Cap Growth is represented by the Russell 2000 Growth Index.

U.S. Equity Returns

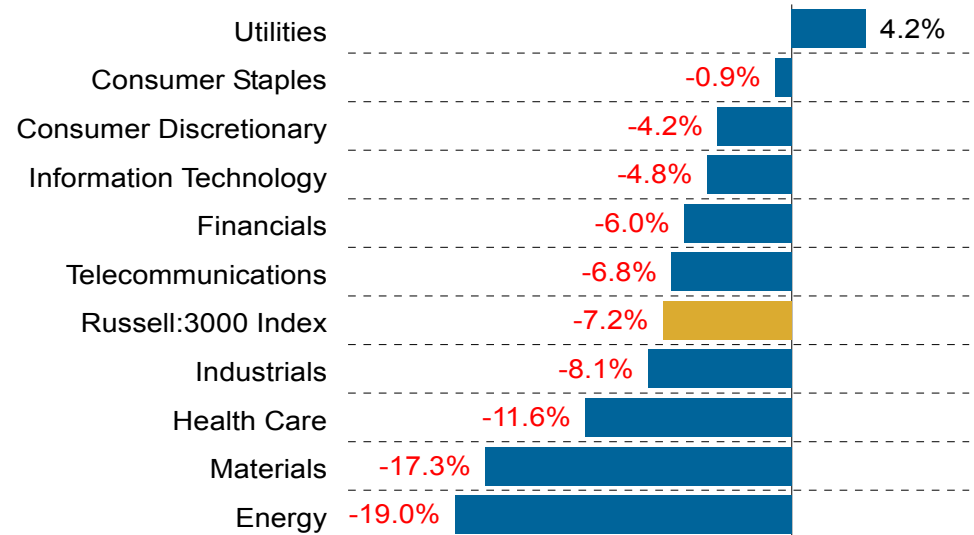
Periods Ending September 30, 2015

Economic Sector Exposure (Russell 3000)



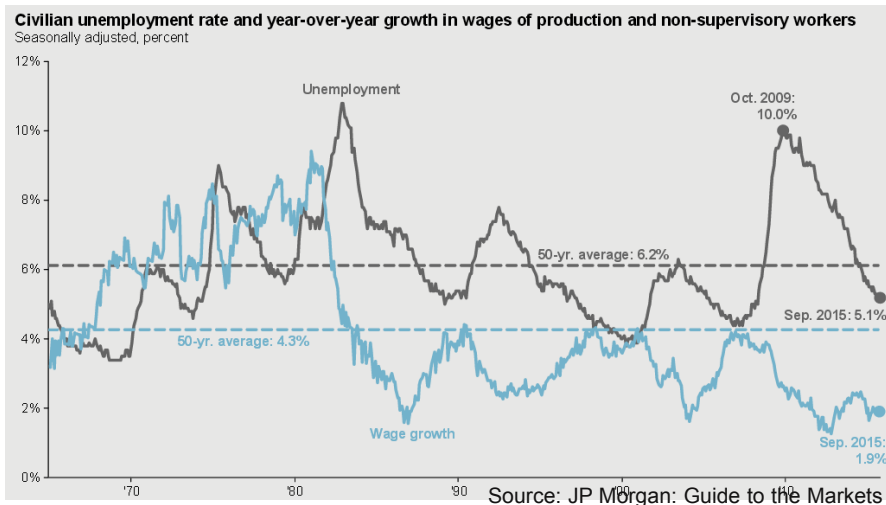
Pie chart may not sum to 100% due to rounding
Source: Russell Investment Group

Quarterly Returns (Russell 3000)

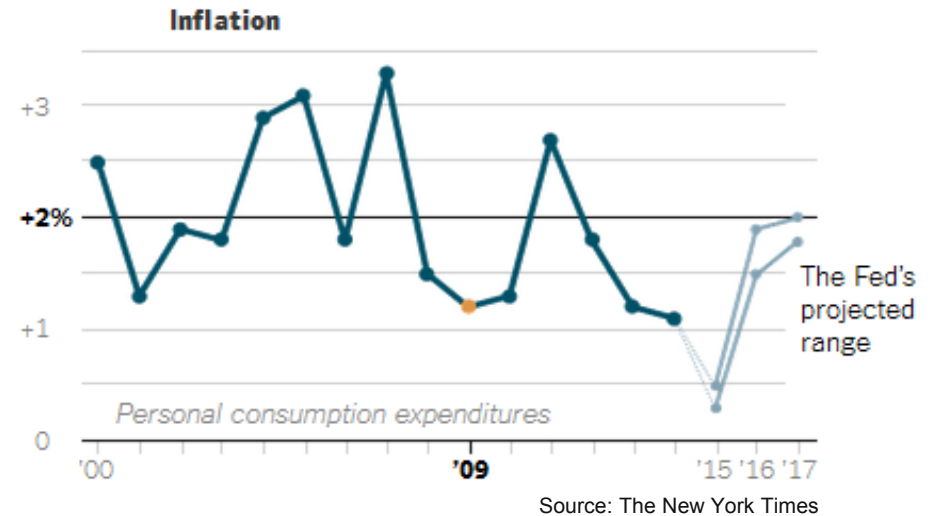


- Sector dispersion was large this quarter with a 23.2% spread between the best (Utilities: +4.2%) and worst (Energy: -19.0%) sectors.
- In the RU 1000, large size, high quality and low beta were the best performing factors.
- In the RU 2000, low beta, larger stocks with a yield outperformed (Utilities, Consumer Staples and REITS). Poor performance from Biotech (-24.6%) weighed on the Health Care sector. Energy was down over 33%.

The Fed Left Rates Unchanged



- Unemployment rate continues trend towards pre-crisis levels and is in the Fed's long-term target range.
- Reported unemployment as 5.0% as of October 30, 2015, very close to the "normal" rate of approximately 4.9%.
- The Civilian Labor Force Participation Rate in September and October remained stuck at 62.4%, the lowest rate since 1977.



- However, inflation remains weak. Falling energy and commodity prices put downward pressure on headline inflation.
- U.S. dollar strength also dampens inflation by making imports cheaper.

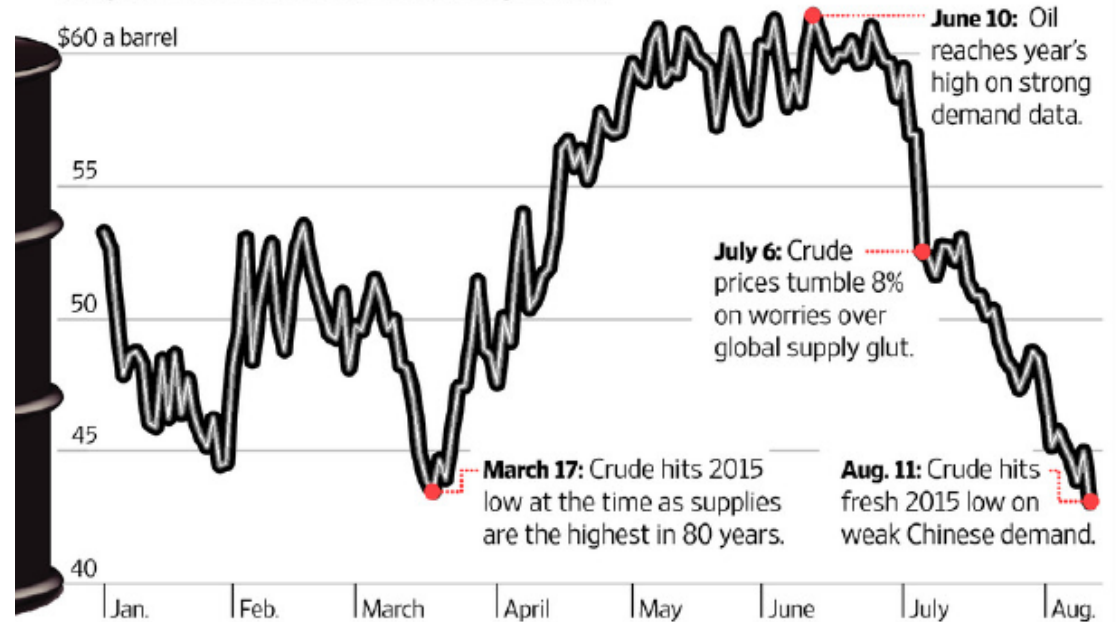
China's Yuan Devaluation and Aftermath

PBOC's yuan daily fixing rate



Source: WSJ

The yuan decline sent **crude oil** to a six-year low...



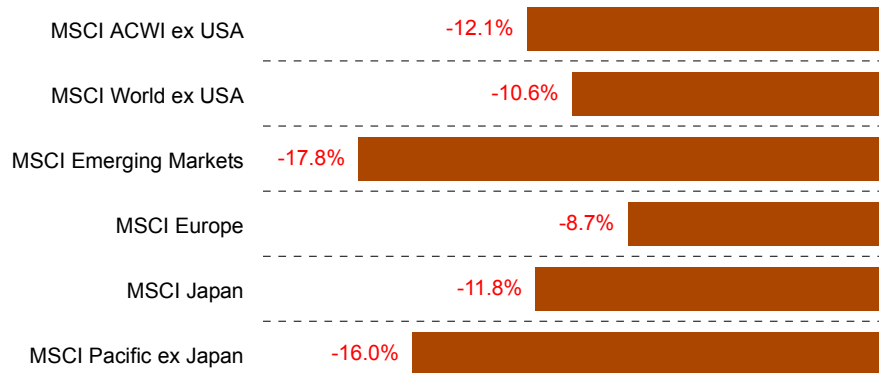
Source: WSJ

- China's devaluation of the yuan in August caught markets off-guard, raising growth concerns and pushing oil prices to a new 2015 low.
- The VIX Index, a measure of U.S. equity volatility, spiked to its highest level since late 2012 post the devaluation.
- The market meltdown in China (plunging 40% since mid-June, erasing all 2015 gains) was swiftly met with government intervention.

International Equity Returns

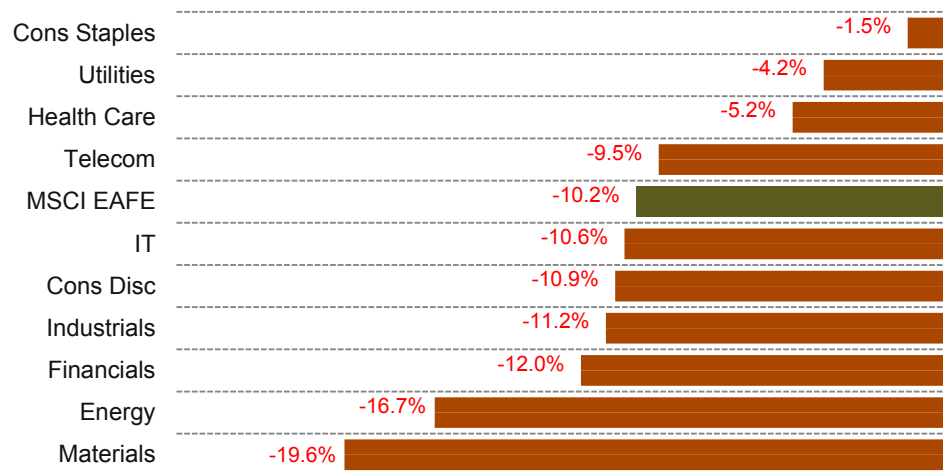
Periods Ending September 30, 2015

Regional Quarterly Performance (U.S. Dollar)



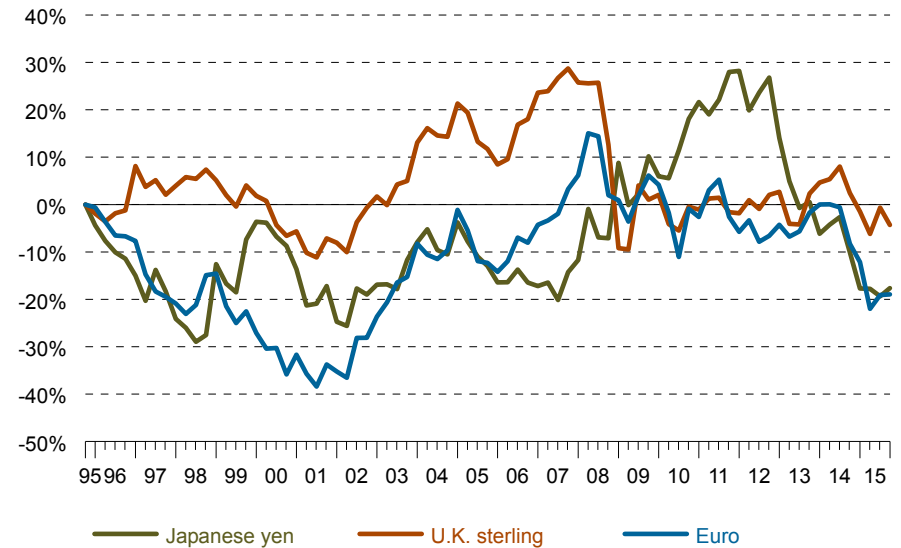
Source: MSCI

MSCI EAFE Sector Returns



Source: Barrow Hanley Quarterly Benchmark Review

Major Currencies' Cumulative Returns (vs. U.S. Dollar)



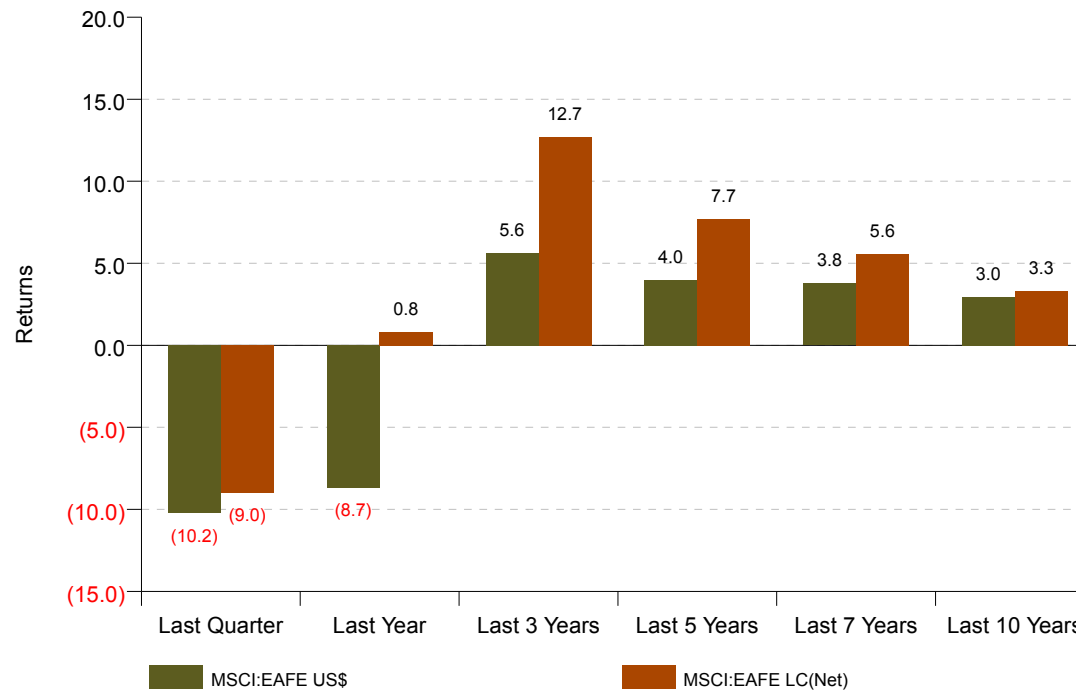
*Euro returns from 1Q99. German mark prior to 1Q99.
Source: MSCI

- Best performing region was Europe (-8.7%).
- The euro (0.2%) and yen (2.2%) appreciated versus US dollar.
- People's Bank of China devalued the yuan, led to broad EM currency weakening.
- Consumer Staples performed best while Materials and Energy lagged.

Domestic vs. Local Currency Returns

Currency Effect on U.S. Investors' International Equity Returns

Returns for Various Time Periods
Current Quarter Ending September 30, 2015



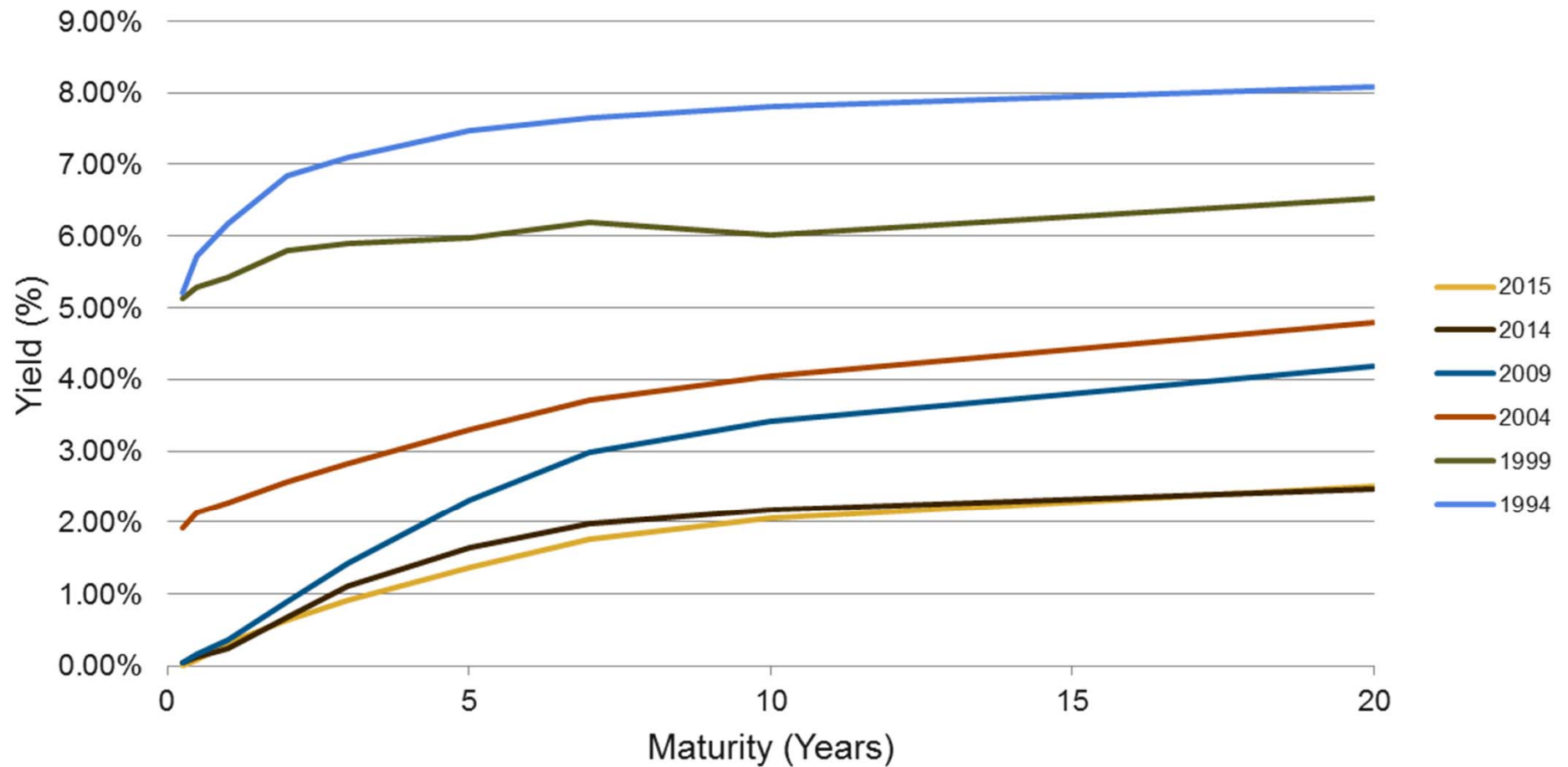
- For the quarter, U.S. investors' international equity returns were hurt by the strengthening U.S. dollar. Additionally, over the last year the dollar has cost U.S. investors 9%.
- For the last ten years, the U.S. dollar has depreciated against most foreign currencies.

Historical Yield Curves

As of September 30, 2015

Treasury Yield Curve

Declining yields over the last 20 years have fueled bond returns – and risk.

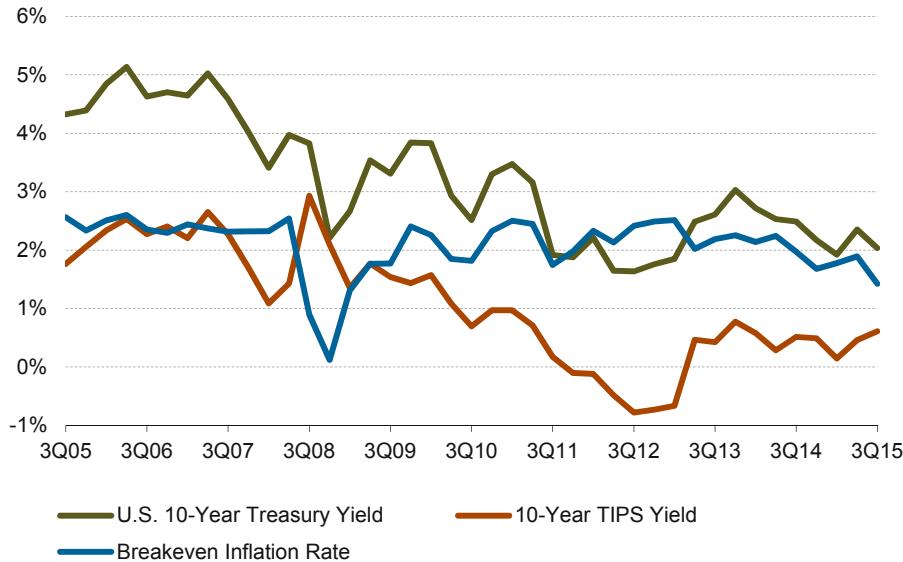


Source: U.S. Treasury Department
Excludes 1-Month and 30-Year Treasuries as yields were not available for all time periods.

Yield Curve Changes

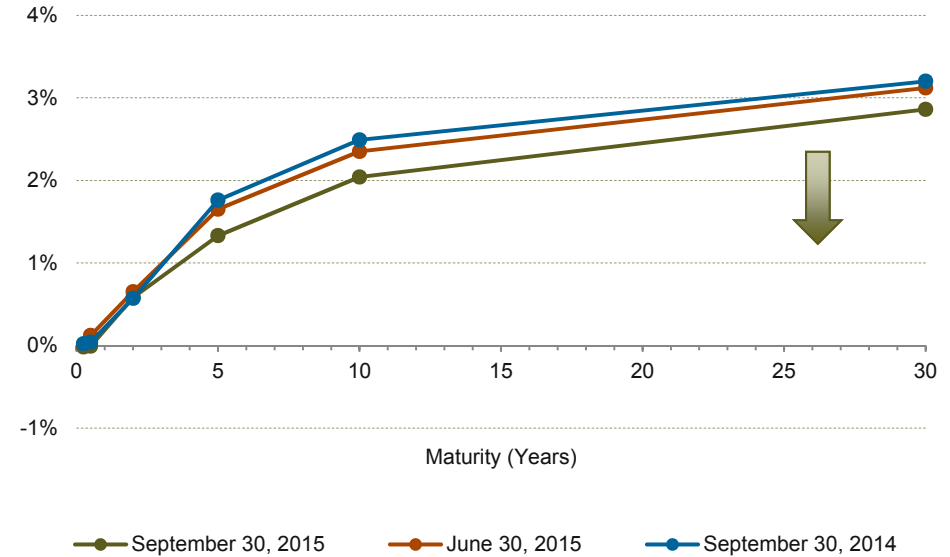
Periods Ending September 30, 2015

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



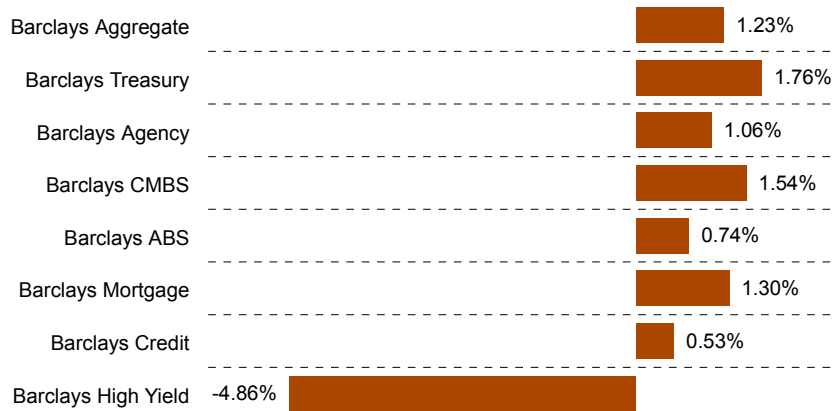
Source: U.S. Department of the Treasury

- In a flight to quality environment, the yield curve flattened as yields on the long end dropped more than the short end. The 10 and 30 year fell 29 and 24 bps, respectively from June 30.
- The breakeven inflation rate declined considerably to 1.43%.
- Real yields rose causing TIPS to underperform nominal treasuries.

Total Rates of Return by Bond Sector

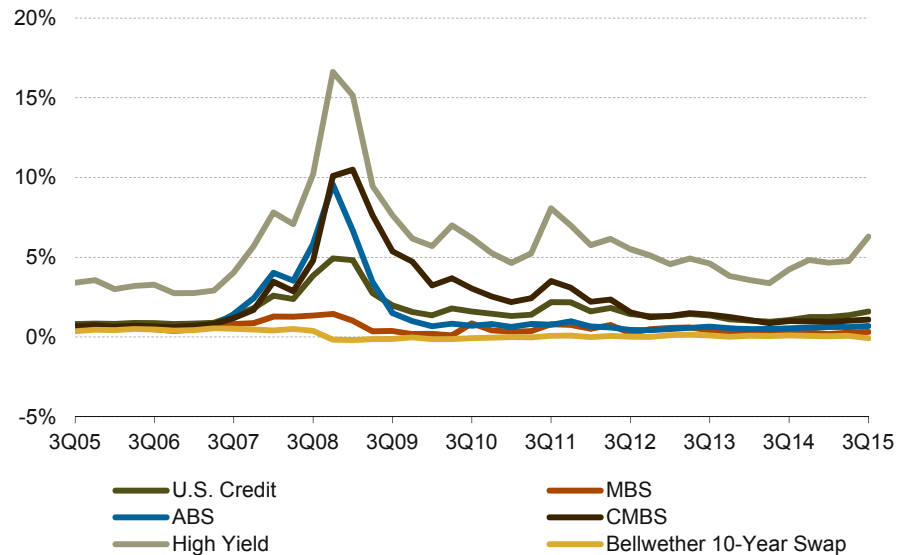
Periods Ending September 30, 2015

Absolute Returns for Quarter ended September 30, 2015



Source: Barclays

Effective Yield Over Treasuries



- Barclays Aggregate advanced 1.2% as yields fell in an environment of global volatility and a flight to quality.
- Yield spreads widened during the quarter, causing spread sectors to underperform like-duration Treasuries, with the exception of asset-backed securities.
- In a risk off environment, high yield corporates sank 4.8%, trailing all other sectors.
- Energy, which represents roughly 13% of the Barclays High Yield Index, was down 16% for the quarter and 21.6% year to date.

Real Estate

Style medians and index returns as of 9/30/15

	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
Private Real Estate							
Real Estate Database (net of fees)	2.92	10.24	14.12	13.06	13.70	5.55	8.08
NCREIF Property**	3.09	10.12	13.48	11.90	12.55	8.02	8.99
Public Real Estate							
REIT U.S. Database	2.63	-2.94	11.38	10.10	12.89	7.88	11.96
NAREIT Equity	2.00	-3.79	9.88	9.59	12.00	6.82	10.91
Global Real Estate							
Global REIT Database	-0.73	-3.00	5.16	8.18	9.08	6.38	10.63
EPRA/NAREIT Global Developed	-1.42	-4.16	3.58	7.05	8.33	5.42	9.23

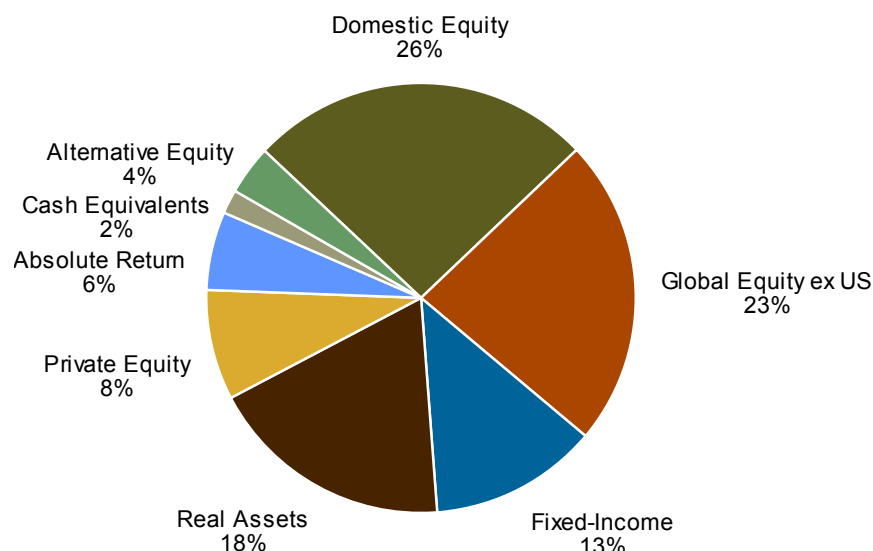
Sources: Callan, Citigroup, JPMorgan Chase & Co.

- The NCREIF Property index's 3.09% return in the third calendar quarter of 2015 was split between a 1.22% income return and a 1.87% appreciation return.
- A preliminary query of NCREIF tracked 204 institutional asset trades and \$7.8 billion in volume.
 - Third quarter trades since 2005 have averaged about \$5.0 billion.
- Domestic REITs raised about \$8.6 billion during the third quarter of 2015.

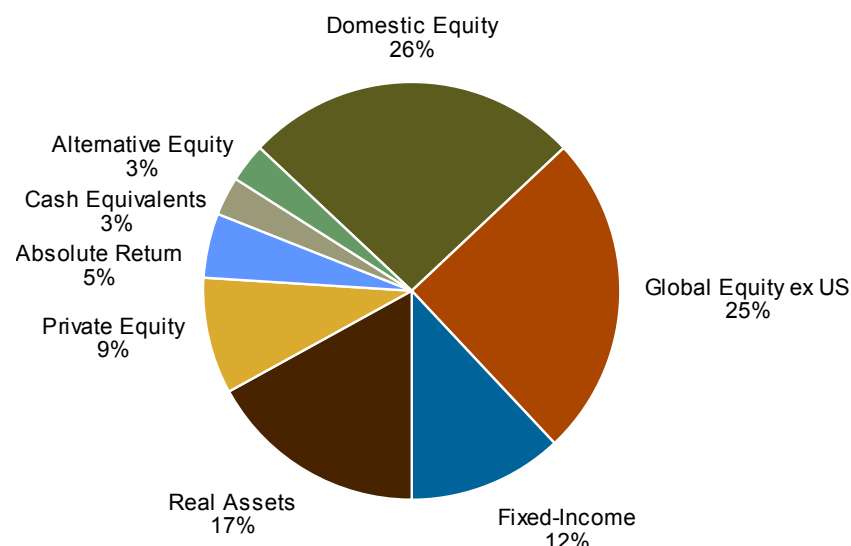
Asset Allocation – Public Employees’ Retirement System

Quarter Ending September 30, 2015

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	1,702,354	25.9%	26.0%	(0.1%)	(8,057)
Global Equity ex US	1,529,299	23.2%	25.0%	(1.8%)	(115,327)
Fixed-Income	835,522	12.7%	12.0%	0.7%	46,102
Real Assets	1,215,590	18.5%	17.0%	1.5%	97,245
Private Equity	545,334	8.3%	9.0%	(0.7%)	(46,731)
Absolute Return	389,444	5.9%	5.0%	0.9%	60,519
Cash Equivalents	117,937	1.8%	3.0%	(1.2%)	(79,418)
Alternative Equity	243,022	3.7%	3.0%	0.7%	45,667
Total	6,578,502	100.0%	100.0%		

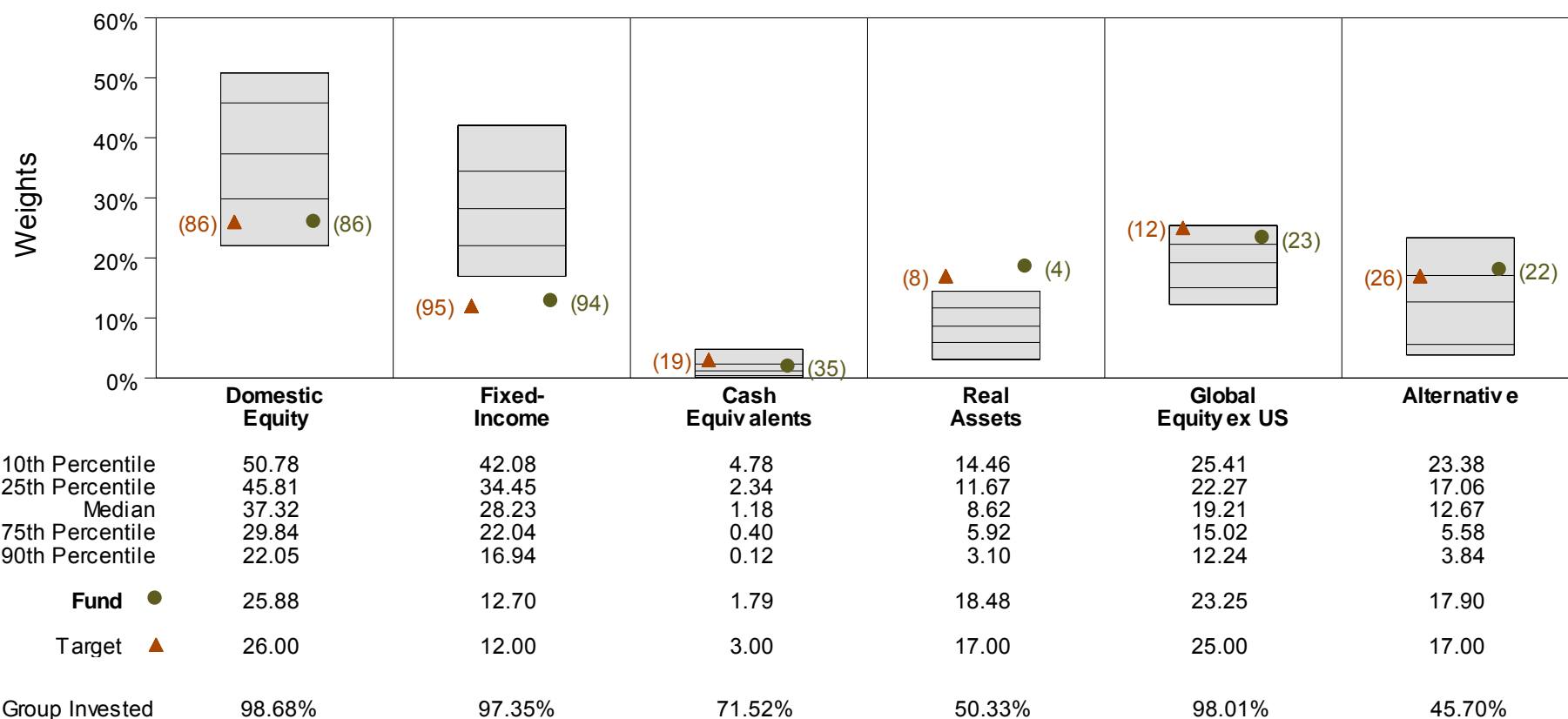
PERS is used as illustrative throughout the presentation.

The other plans exhibit similar modest and understandable variations from strategic target allocations.

Asset Allocation vs. Public Funds (PERS)

Callan Public Fund Database

Asset Class Weights vs Public Fund Sponsor Database



- Total domestic equity and international equity is below target after the recent market selloff while fixed is marginally above target. 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 – 3rd Quarter 2015 & Trailing Year

Relative Attribution Effects for Quarter ended September 30, 2015

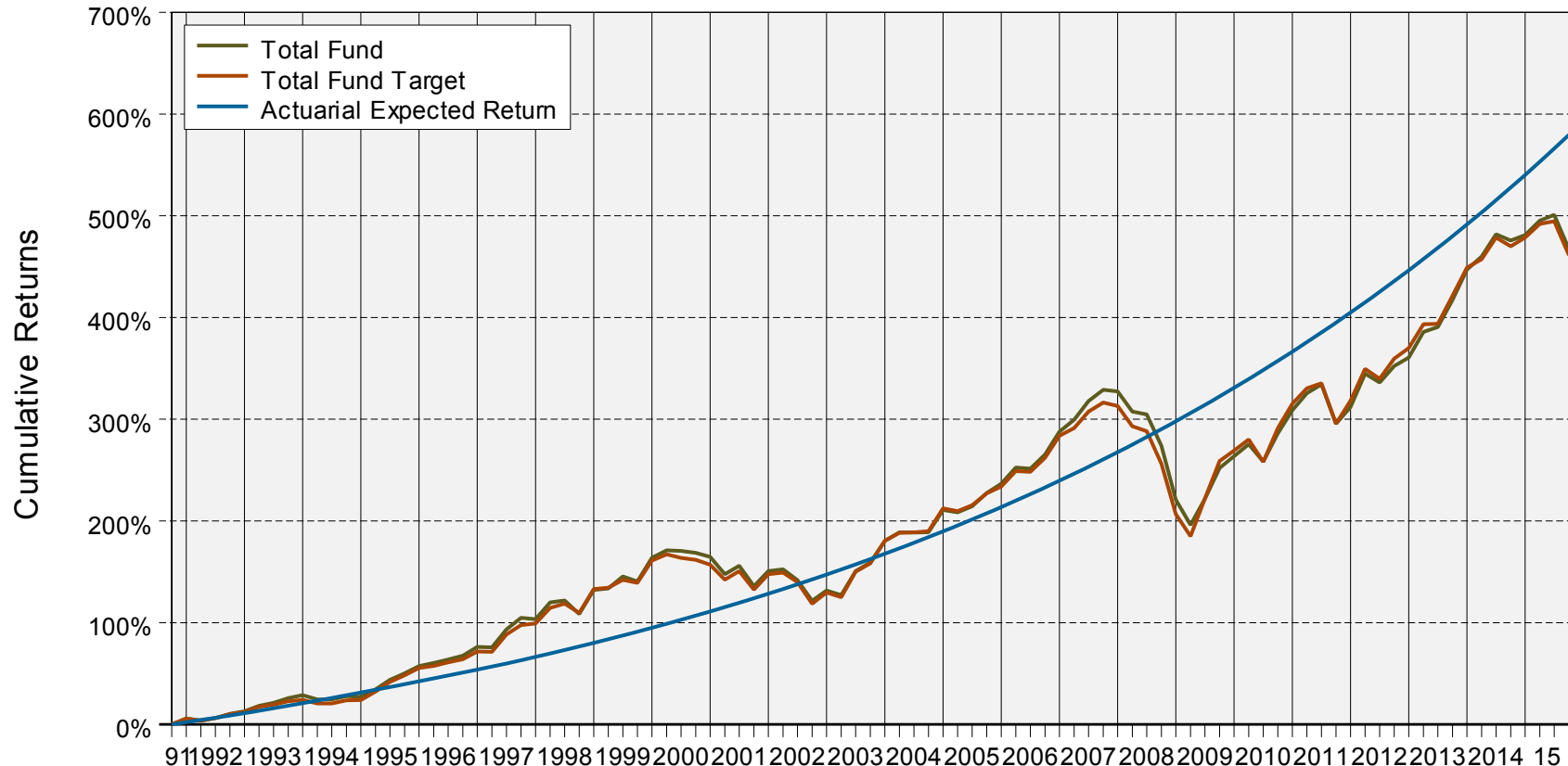
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Domestic Equity	27%	26%	(7.54%)	(7.25%)	(0.08%)	(0.01%)	(0.09%)	
Fixed-Income	12%	12%	(0.79%)	0.57%	(0.16%)	(0.00%)	(0.17%)	
Real Assets	17%	17%	(1.88%)	1.04%	(0.51%)	0.03%	(0.48%)	
Global Equity ex US	25%	25%	(12.02%)	(12.10%)	0.02%	0.01%	0.03%	
Private Equity	8%	9%	2.97%	(9.53%)	0.95%	0.06%	1.01%	
Absolute Return	6%	5%	(3.97%)	1.24%	(0.30%)	0.06%	(0.25%)	
Alternative Equity	4%	3%	(4.24%)	(5.11%)	0.03%	0.00%	0.04%	
Cash Equivalents	2%	3%	0.08%	0.01%	0.00%	(0.07%)	(0.07%)	
Total			(5.60%)	(5.61%)	+	(0.05%)	+	0.06%

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Domestic Equity	27%	26%	0.40%	(0.49%)	0.25%	0.00%	0.26%	
Fixed-Income	12%	12%	(0.38%)	1.57%	(0.24%)	(0.02%)	(0.25%)	
Real Assets	17%	17%	1.02%	8.25%	(1.18%)	0.02%	(1.16%)	
Global Equity ex US	25%	25%	(10.05%)	(11.78%)	0.47%	0.01%	0.48%	
Private Equity	8%	9%	10.81%	(2.59%)	0.99%	0.02%	1.01%	
Absolute Return	5%	5%	0.90%	5.02%	(0.25%)	0.06%	(0.19%)	
Alternative Equity	4%	3%	(3.19%)	(1.56%)	(0.06%)	0.00%	(0.06%)	
Cash Equivalents	2%	3%	0.30%	0.02%	0.00%	(0.02%)	(0.01%)	
Total			(1.47%)	(1.53%)	+	(0.02%)	+	0.09%

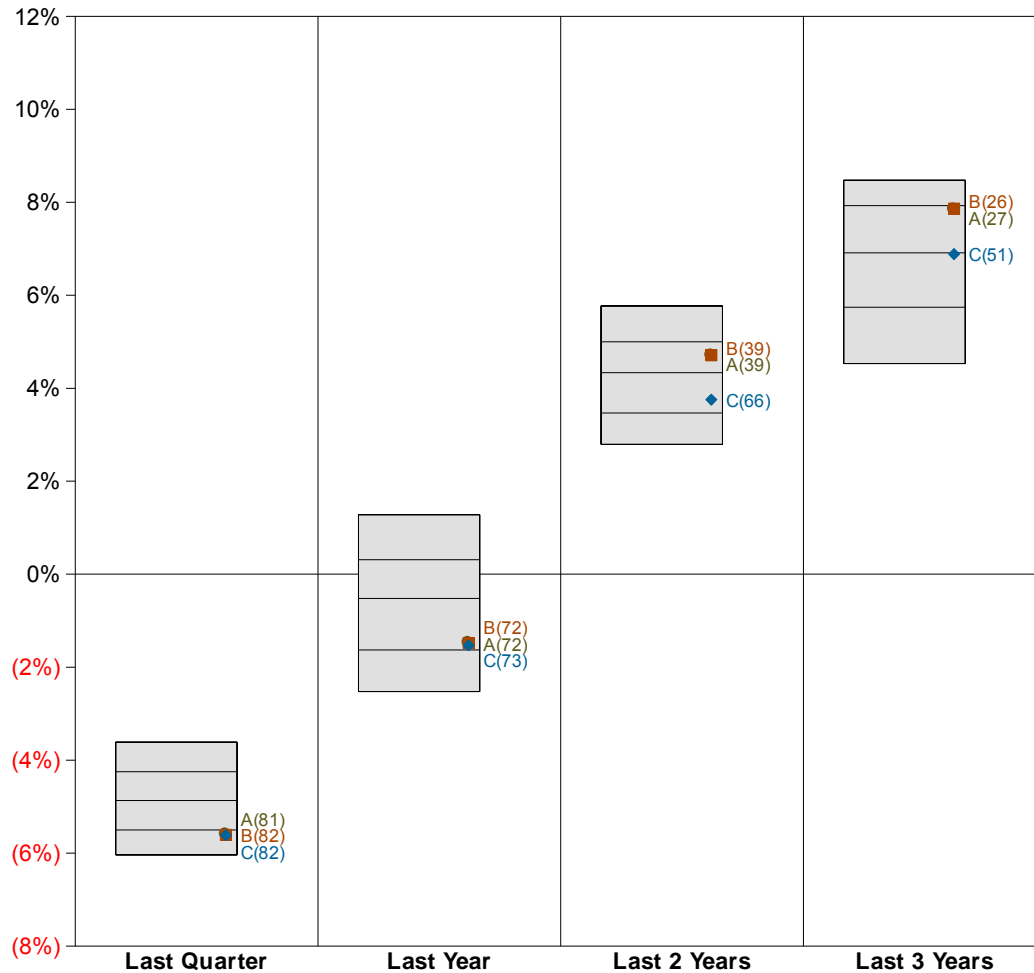
PERS Long-Term Performance as of 9/30/15

Cumulative Returns Actual vs Target



- Each Fund has two targets: the asset allocation policy return and the actuarial return.
- Total Fund returns continue to closely track the strategic allocation target.
- Since the volatile 2008/2009 period, Total Fund performance has largely closed the gap versus the actuarial return but suffered a setback during 3Q15.

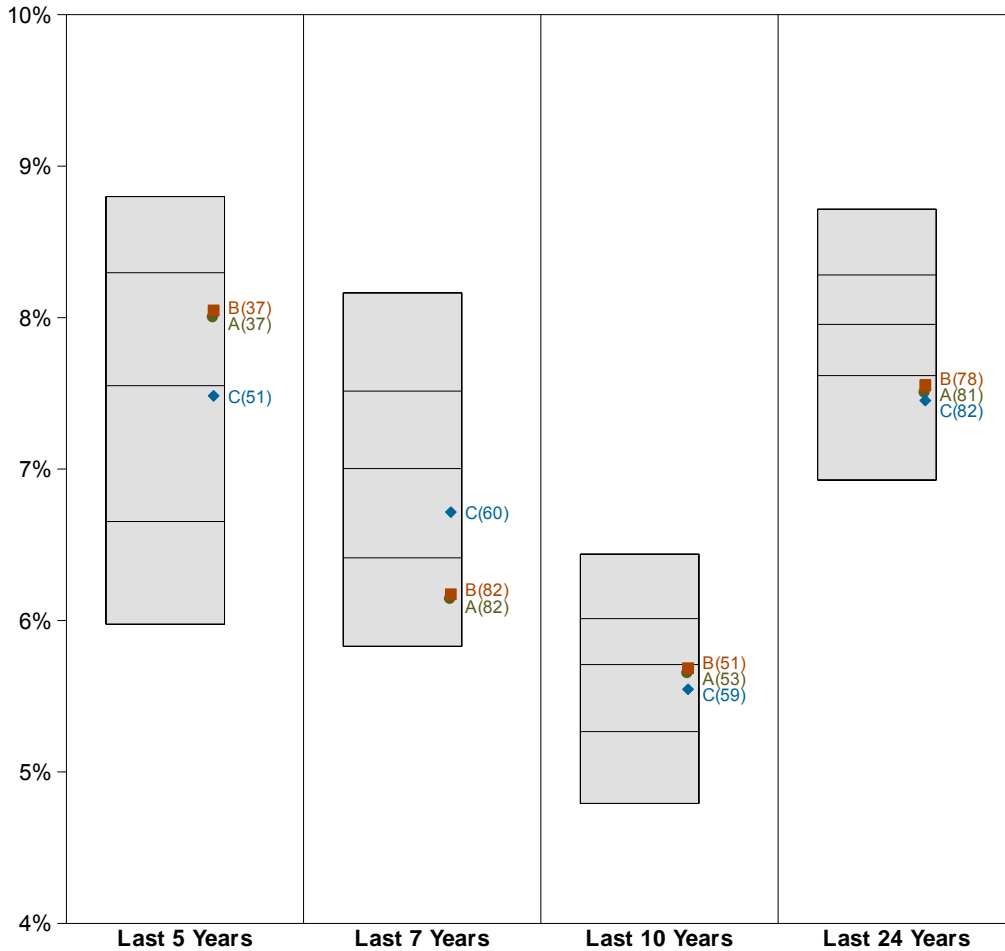
Cumulative Total Fund Returns as of 9/30/15



- PERS and TRS have outperformed their target for all recent cumulative periods.
- 3rd quarter 2015 performance was weak versus peers.

	Last Quarter	Last Year	Last 2 Years	Last 3 Years
10th Percentile	(3.61)	1.28	5.77	8.48
25th Percentile	(4.25)	0.31	5.00	7.93
Median	(4.87)	(0.52)	4.34	6.91
75th Percentile	(5.50)	(1.63)	3.47	5.74
90th Percentile	(6.04)	(2.52)	2.79	4.53
PERS Total Plan ● A	(5.60)	(1.48)	4.70	7.84
TRS Total Plan ■ B	(5.60)	(1.48)	4.71	7.86
Target Index ◆ C	(5.61)	(1.53)	3.75	6.89

Longer-Term Returns as of 9/30/15

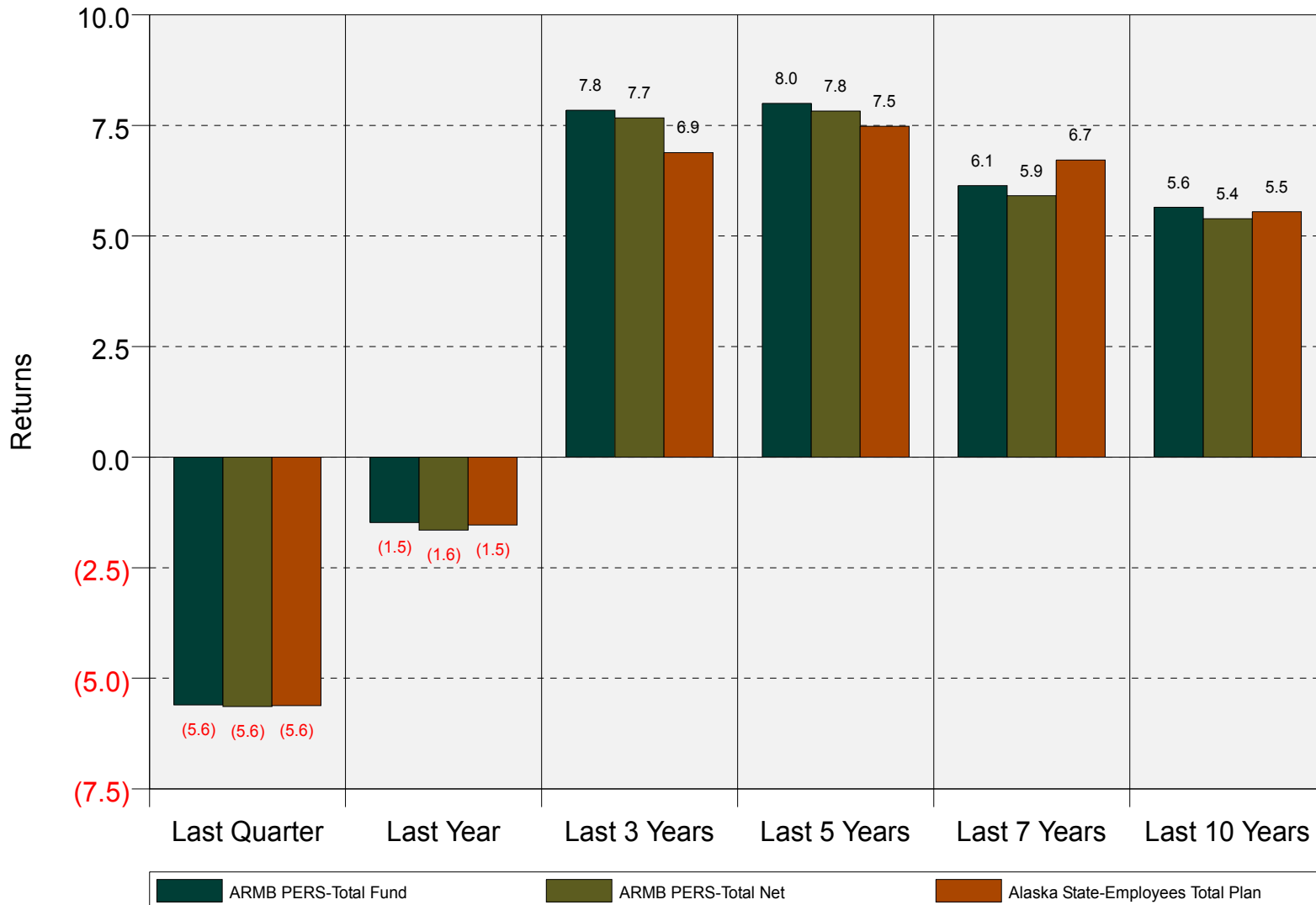


10th Percentile	8.80	8.16	6.44	8.72
25th Percentile	8.30	7.52	6.01	8.28
Median	7.55	7.00	5.71	7.95
75th Percentile	6.65	6.41	5.27	7.62
90th Percentile	5.98	5.83	4.79	6.93
PERS Total Plan ● A	8.00	6.14	5.65	7.50
TRS Total Plan ■ B	8.05	6.17	5.68	7.55
Target Index ◆ C	7.48	6.72	5.55	7.45

- 5-year performance is above target and median
- 7-year performance still affected by 2009 timing related issues
- 10- and 23-1/2 year results above Target
- 10-year return near median with improvement over the longer term rankings

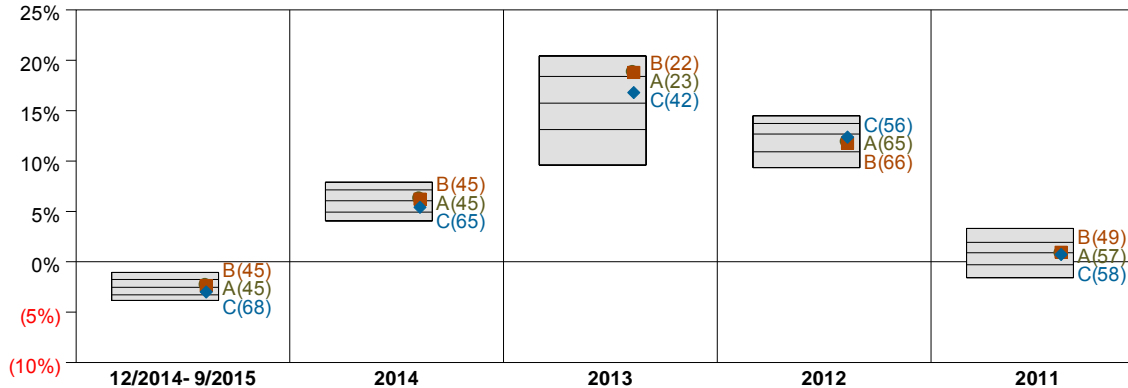
Total Fund Returns – Net and Gross of Fee*

Returns for Various Periods Current Quarter Ending September 30, 2015

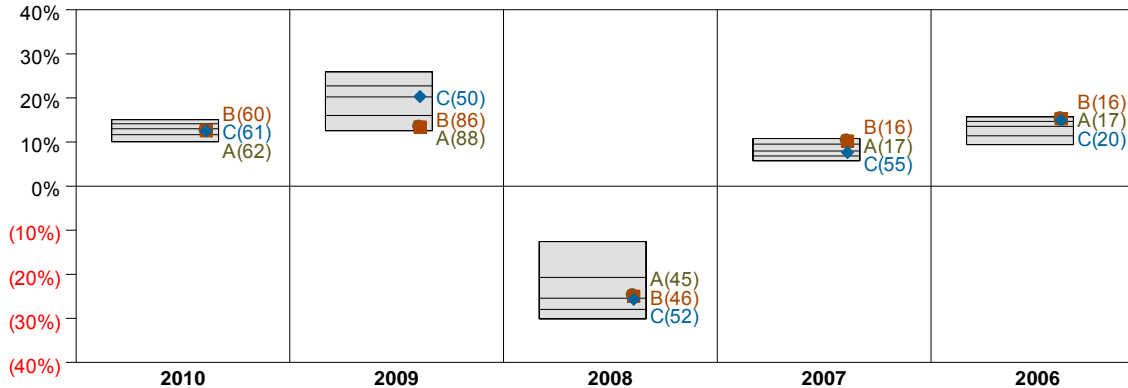


* PERS portfolio used as illustrative of all plans

Calendar Period Performance



10th Percentile	(1.07)	7.91	20.43	14.49	3.31
25th Percentile	(1.74)	7.14	18.39	13.73	1.92
Median	(2.54)	6.07	15.74	12.68	0.91
75th Percentile	(3.29)	4.92	13.14	10.92	(0.29)
90th Percentile	(3.83)	4.05	9.60	9.34	(1.58)
PERS Total Plan	● A (2.38)	6.22	18.74	11.81	0.77
TRS Total Plan	■ B (2.37)	6.22	18.79	11.79	0.95
Target Index	◆ C (3.00)	5.40	16.79	12.38	0.72

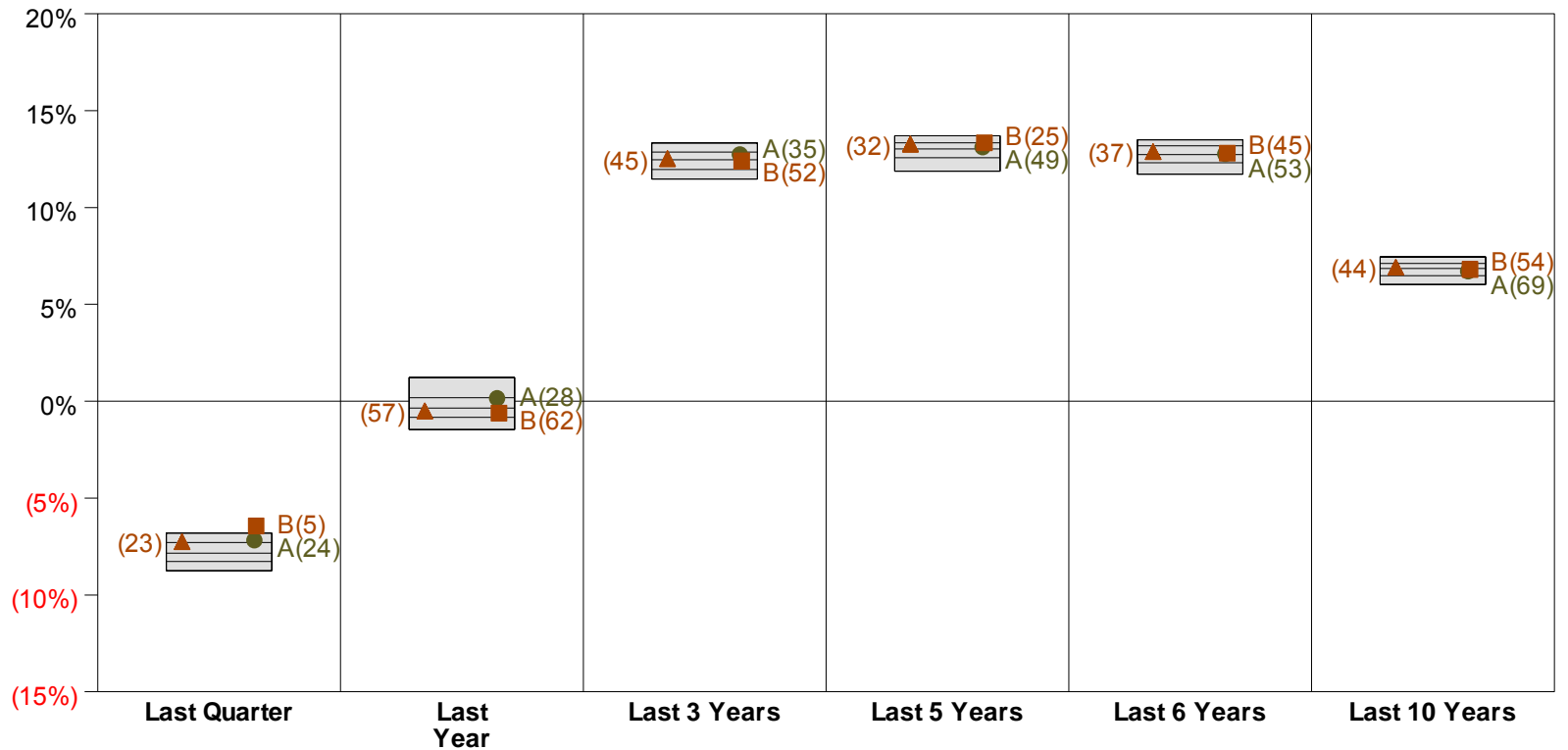


10th Percentile	15.10	25.93	(12.58)	10.77	15.73
25th Percentile	14.11	22.73	(20.71)	9.53	14.67
Median	13.00	20.23	(25.43)	7.97	13.54
75th Percentile	11.68	16.02	(27.97)	6.84	11.42
90th Percentile	10.06	12.57	(30.14)	5.75	9.41
PERS Total Plan	● A 12.45	13.31	(24.91)	10.17	15.24
TRS Total Plan	■ B 12.55	13.40	(24.98)	10.20	15.26
Target Index	◆ C 12.51	20.28	(25.71)	7.64	14.91

- Very tight range of returns during the year of 2014.
- Wide range of returns during calendar 2013 due to varying fixed-income allocations within the Public Fund universe.
- PERS and TRS have ranked above median in six of the ten periods shown, including 2015 year-to-date.

Total Domestic Equity through 9/30/15

Performance vs Pub Pln- Domestic Equity (Gross)



10th Percentile	(6.81)	1.22	13.33	13.70	13.49	7.45
25th Percentile	(7.29)	0.18	12.86	13.34	13.18	7.11
Median	(7.84)	(0.36)	12.46	13.02	12.73	6.85
75th Percentile	(8.27)	(0.83)	11.97	12.57	12.32	6.48
90th Percentile	(8.75)	(1.46)	11.46	11.87	11.72	6.03
Domestic Equity Pool Standard & Poor's 500	● A (7.27)	0.05	12.64	13.03	12.67	6.63
	■ B (6.44)	(0.61)	12.40	13.34	12.80	6.80
Russell 3000 Index	▲ (7.25)	(0.49)	12.53	13.28	12.89	6.92

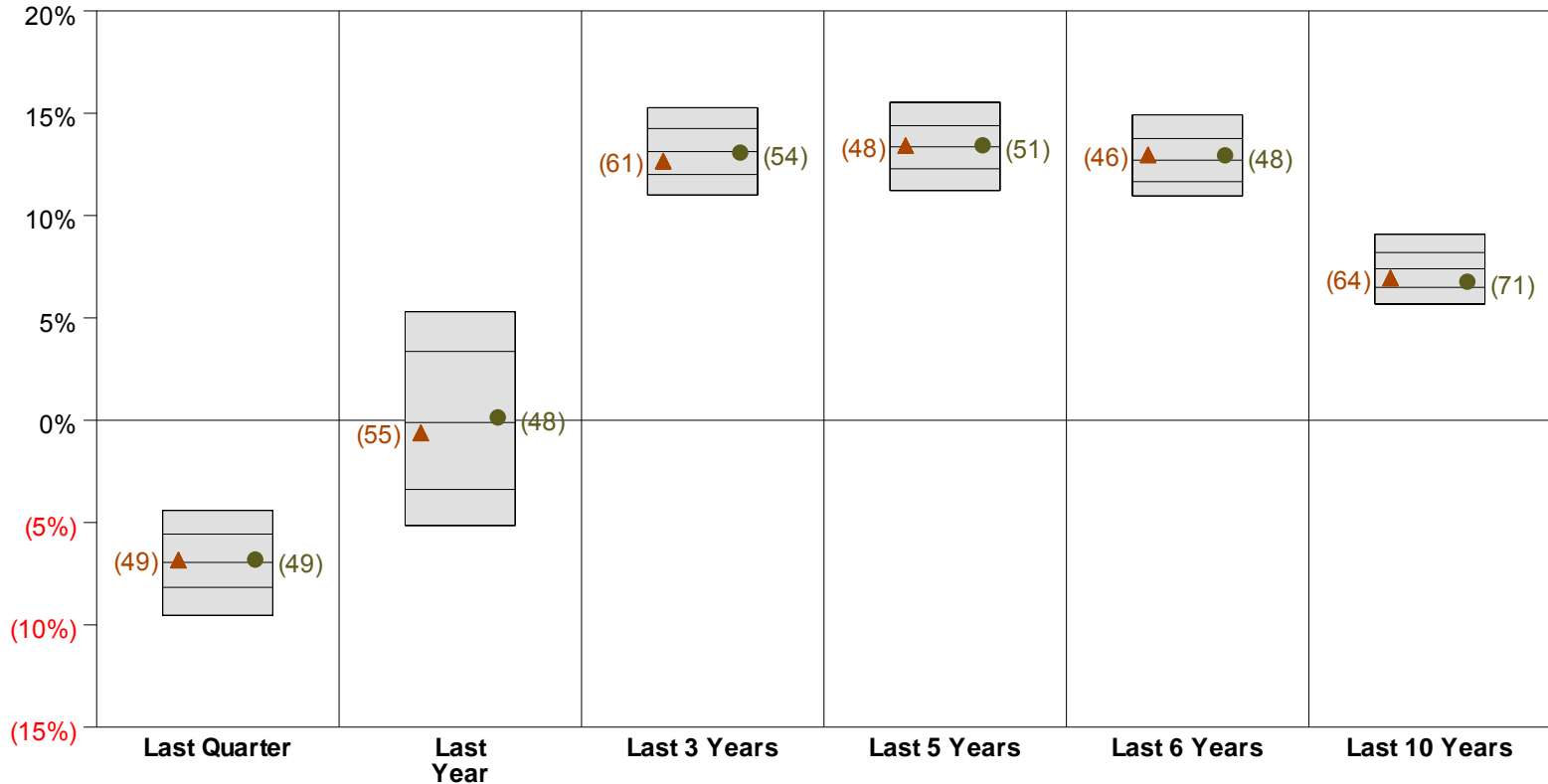
Domestic Equity Component Returns

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years
Total Dom Equity Pool	(7.27%)	0.05%	12.64%	13.03%	12.67%
Russell 3000 Index	(7.25%)	(0.49%)	12.53%	13.28%	12.89%
Large Cap Managers	(6.89%)	0.05%	12.98%	13.33%	12.84%
Large Cap Active	(7.31%)	1.04%	13.51%	13.28%	12.89%
Large Cap Passive	(6.67%)	(0.46%)	12.70%	13.39%	12.83%
Russell 1000 Index	(6.83%)	(0.61%)	12.66%	13.42%	12.97%
Small Cap Managers	(10.71%)	2.80%	13.05%	12.94%	12.85%
Small Cap Active	(11.11%)	3.18%	13.32%	13.79%	13.69%
Small Cap Passive	(8.39%)	1.39%	10.45%	10.76%	10.91%
Russell 2000 Index	(11.92%)	1.25%	11.02%	11.73%	12.00%
Alternative Equity	(4.23%)	(3.17%)	7.36%	7.86%	-

- Newly adopted policy (effective 7-1-13) alters cosmetics of “true” traditional active & passive returns
 - *Alternative Equity* category includes defensive equity oriented portfolios
 - Now includes the Relational portfolio & in-house equity yield portfolio
- Alternative Equity continues to mute overall volatility within the equity portfolio
- Alternative equity performance helped the Total Domestic Equity portfolio during quarter as Large Cap active managers and Small Cap managers lagged

Large Cap Domestic Equity Pool through 9/30/15

Performance vs CAI Large Capitalization Style (Gross)

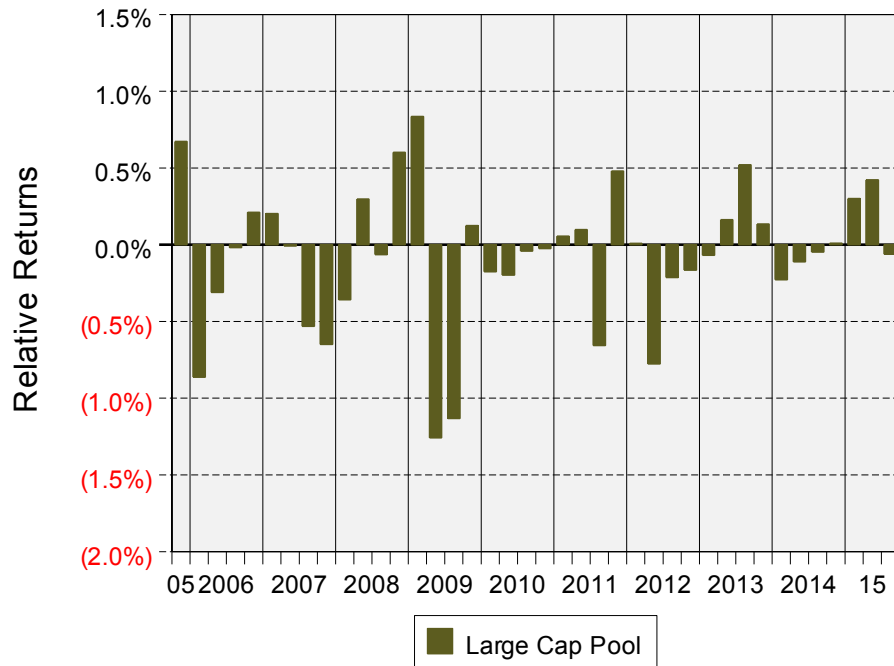


10th Percentile	(4.40)	5.30	15.27	15.53	14.92	9.08
25th Percentile	(5.55)	3.36	14.25	14.39	13.76	8.20
Median	(6.95)	(0.11)	13.13	13.36	12.71	7.41
75th Percentile	(8.17)	(3.38)	12.00	12.30	11.66	6.50
90th Percentile	(9.53)	(5.14)	11.01	11.23	10.96	5.68
Large Cap Pool ●	(6.89)	0.05	12.98	13.33	12.84	6.68
Russell 1000 Index ▲	(6.83)	(0.61)	12.66	13.42	12.97	6.95

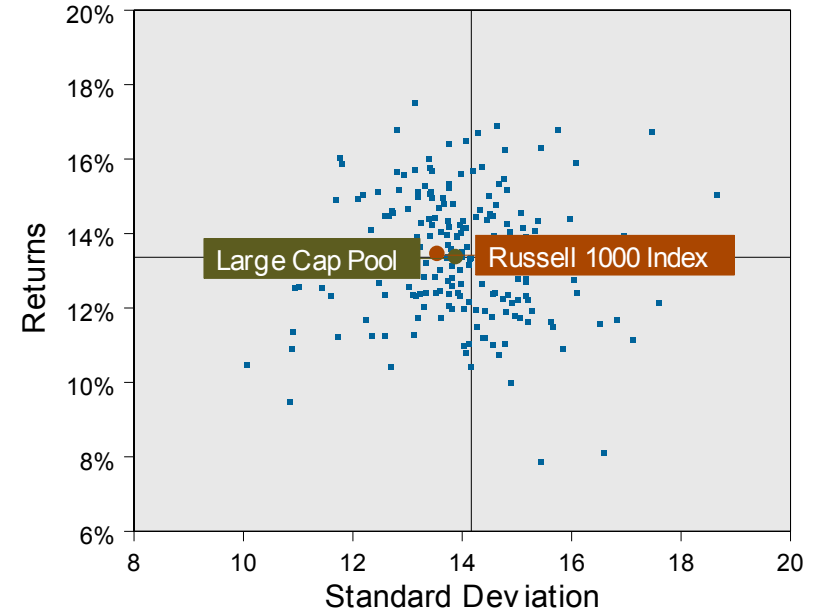
- Performance relative to peers continues to show stability over the last six (6) years

Large Cap Domestic Equity Pool as of 9/30/15

Relative Return vs Russell 1000 Index



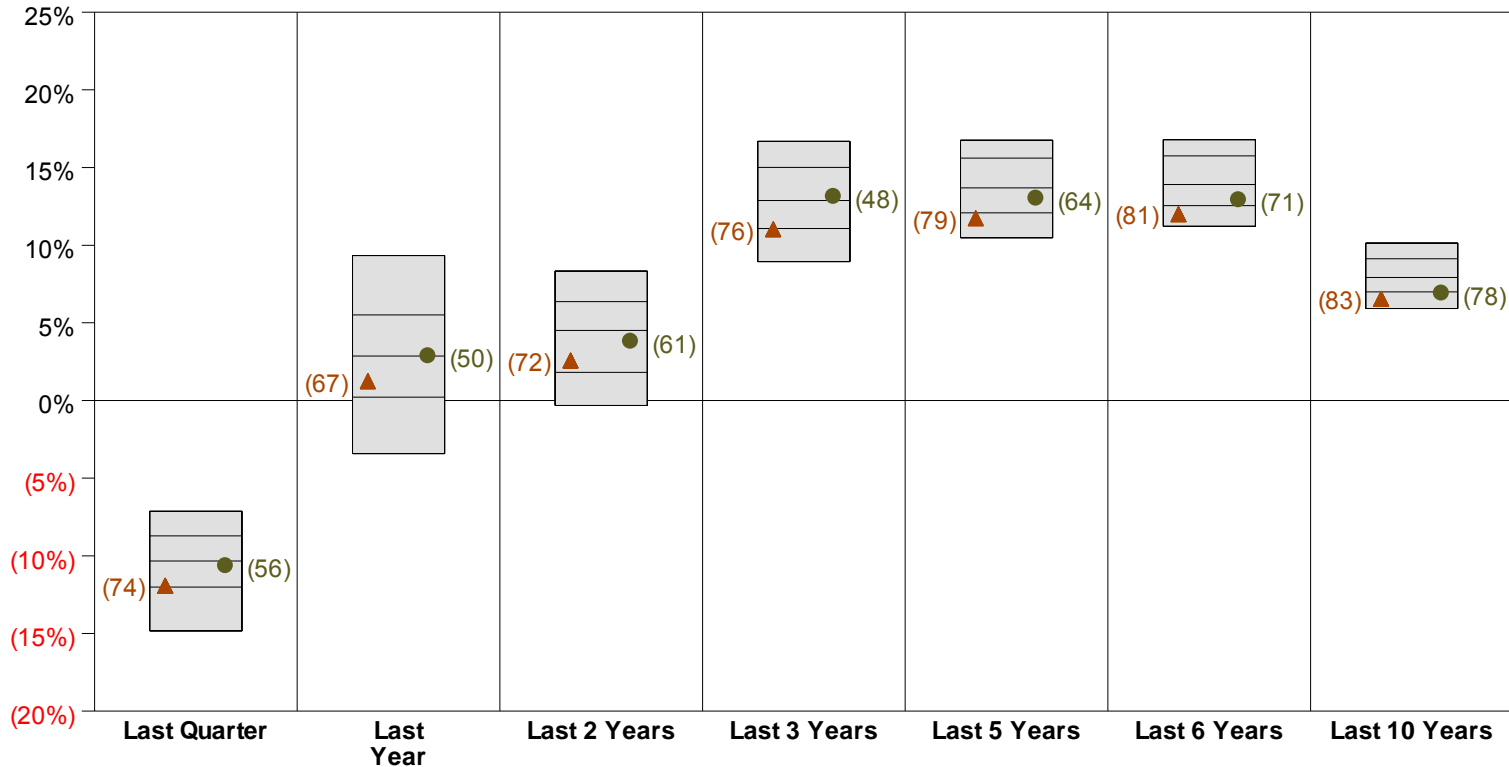
CAI Large Capitalization Style (Gross) Annualized Five Year Risk vs Return



- Nearly 2/3 of large cap allocation is passively managed.
- Long-term performance exhibits market-like returns with similar risk.

Small Cap Domestic Equity Pool through 9/30/15

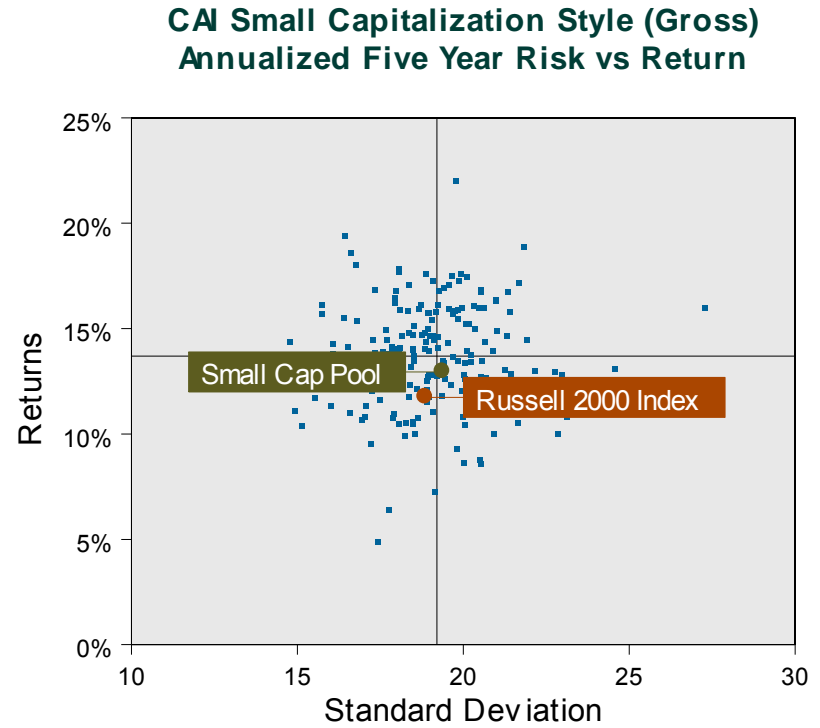
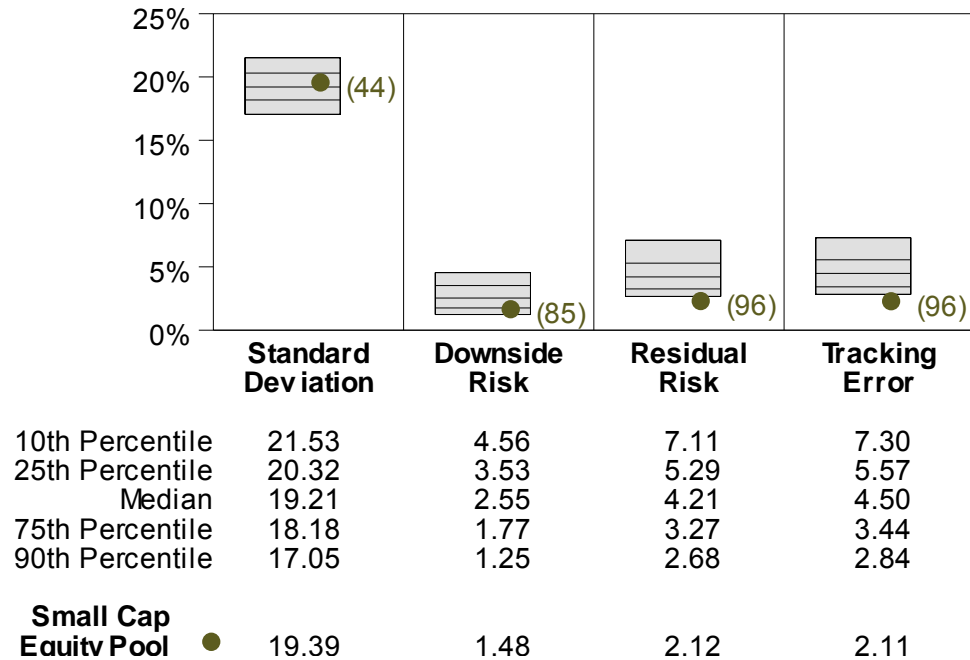
Performance vs CAI Small Capitalization Style (Gross)



10th Percentile	(7.13)	9.33	8.33	16.69	16.76	16.79	10.13
25th Percentile	(8.72)	5.51	6.36	15.01	15.61	15.76	9.12
Median	(10.33)	2.86	4.51	12.88	13.70	13.91	7.92
75th Percentile	(12.02)	0.22	1.81	11.07	12.08	12.55	6.99
90th Percentile	(14.83)	(3.42)	(0.32)	8.94	10.47	11.22	5.92
Small Cap Pool	(10.71)	2.80	3.72	13.05	12.94	12.85	6.84
Russell 2000 Index	(11.92)	1.25	2.58	11.02	11.73	12.00	6.55

- Returns compare favorably versus the index across all time periods

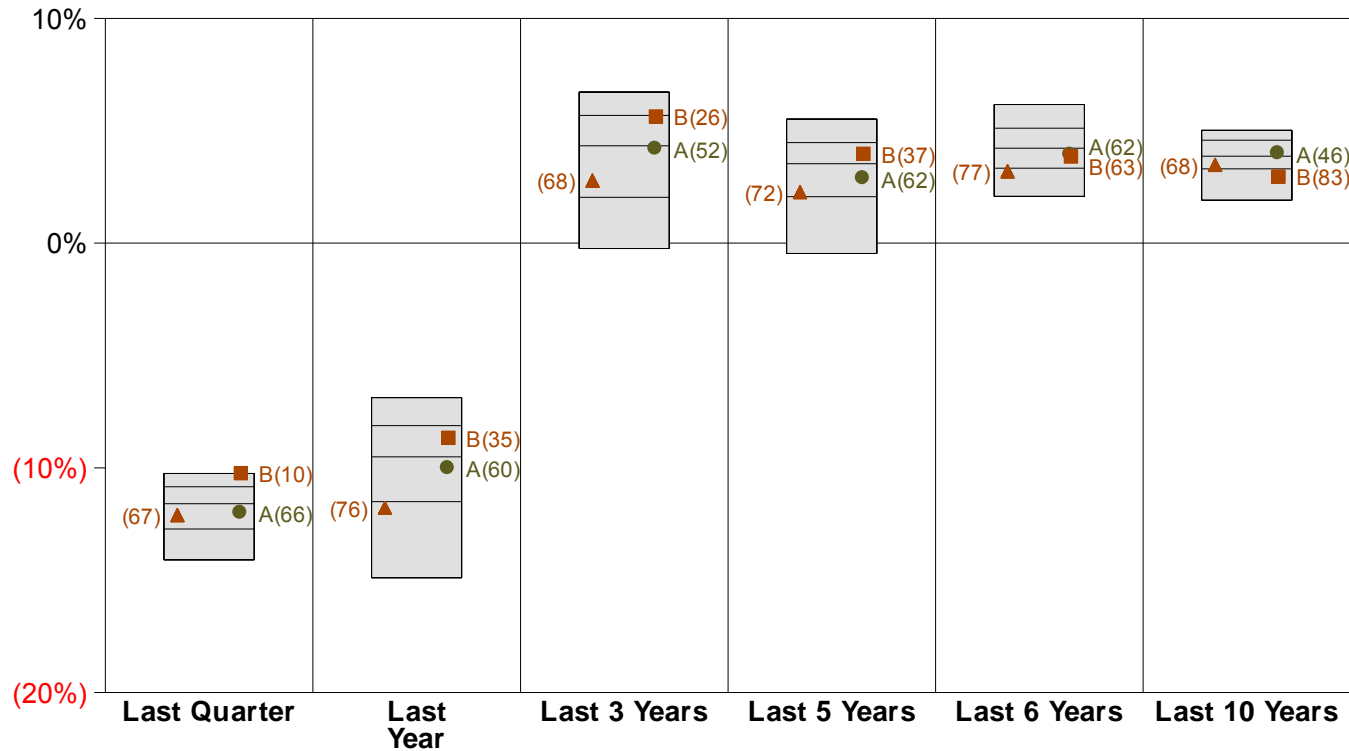
Small Cap Pool through 9/30/15



- Cumulative returns are above benchmark over all trailing time periods as of most recent quarter-end.
- Five-year risk statistics, including standard deviation and tracking error, compare favorably versus the peer group of small cap managers.

International Equity through 9/30/15

Performance vs Pub Pln- International Equity (Gross)

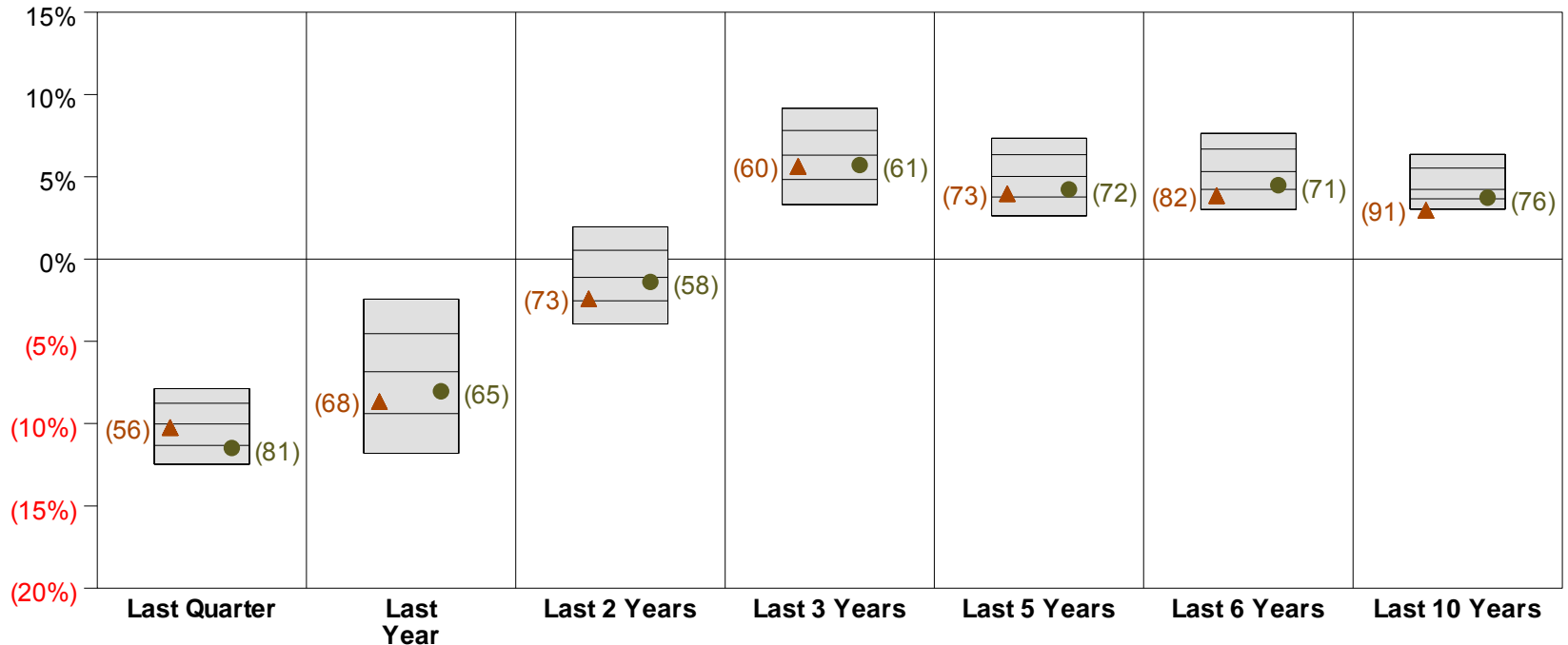


- Relative returns are improving, driven by strong recent performance.
- Risk-adjusted returns are in line with median.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6 Years	Last 10 Years
10th Percentile	(10.25)	(6.87)	6.73	5.52	6.17	5.02
25th Percentile	(10.84)	(8.12)	5.69	4.48	5.12	4.59
Median	(11.60)	(9.51)	4.34	3.53	4.22	3.87
75th Percentile	(12.72)	(11.51)	2.04	2.07	3.34	3.31
90th Percentile	(14.10)	(14.89)	(0.24)	(0.46)	2.08	1.91
Employees' Total Int'l Equity MSCI						
● A	(12.02)	(10.03)	4.17	2.87	3.92	3.98
EAFE Index						
■ B	(10.23)	(8.66)	5.63	3.98	3.86	2.97
MSCI ACWI ex US Index						
▲	(12.10)	(11.78)	2.78	2.27	3.21	3.49

International Equity ex Emerging Markets through 9/30/15

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



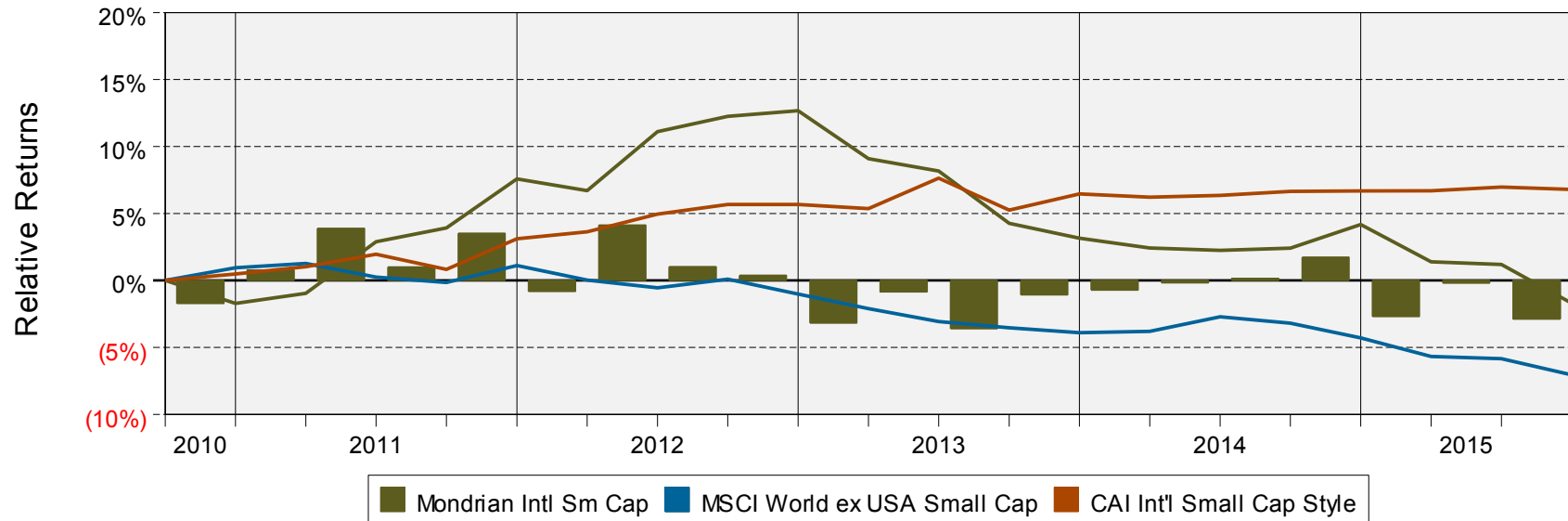
	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6 Years	Last 10 Years
10th Percentile	(7.88)	(2.43)	1.96	9.16	7.35	7.63	6.37
25th Percentile	(8.76)	(4.53)	0.53	7.81	6.34	6.68	5.52
Median	(10.02)	(6.86)	(1.10)	6.31	5.02	5.32	4.24
75th Percentile	(11.32)	(9.40)	(2.54)	4.83	3.78	4.23	3.67
90th Percentile	(12.47)	(11.80)	(3.94)	3.30	2.62	3.01	3.03
Int'l Equity Pool (ex Emerging. Mkt)	● (11.57)	(8.13)	(1.49)	5.60	4.12	4.37	3.62
MSCI EAFE Index	▲ (10.23)	(8.66)	(2.42)	5.63	3.98	3.86	2.97

International Equity ex Emerging Markets through 9/30/15

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Int'l Equity Pool (ex Emerging Mkt)	(11.57%)	(8.13%)	5.60%	4.12%	3.62%
Allianz Global Investors	(15.74%)	(17.92%)	-	-	-
Baillie Gifford ACWI ex US	(11.50%)	(5.88%)	-	-	-
Blackrock ACWI ex US IMI	(11.85%)	(11.20%)	-	-	-
Brandes Investment	(10.09%)	(5.17%)	8.80%	5.23%	4.62%
Capital Guardian	(13.49%)	(9.61%)	4.94%	4.38%	3.65%
Lazard Asset Intl	(10.41%)	(6.81%)	5.51%	5.19%	4.87%
McKinley Capital	(9.51%)	(0.51%)	8.91%	5.59%	3.36%
SSgA Int'l	(11.78%)	(11.08%)	3.10%	2.43%	-
Schroder Inv Mgmt	(6.64%)	0.64%	12.33%	8.24%	-
Mondrian Intl Sm Cap	(9.50%)	(3.74%)	5.40%	6.93%	-
MSCI EAFE Index	(10.23%)	(8.66%)	5.63%	3.98%	2.97%
MSCI ACWI ex-US IMI Index	(11.88%)	(11.42%)	2.75%	2.08%	3.31%

Mondrian International Small Cap

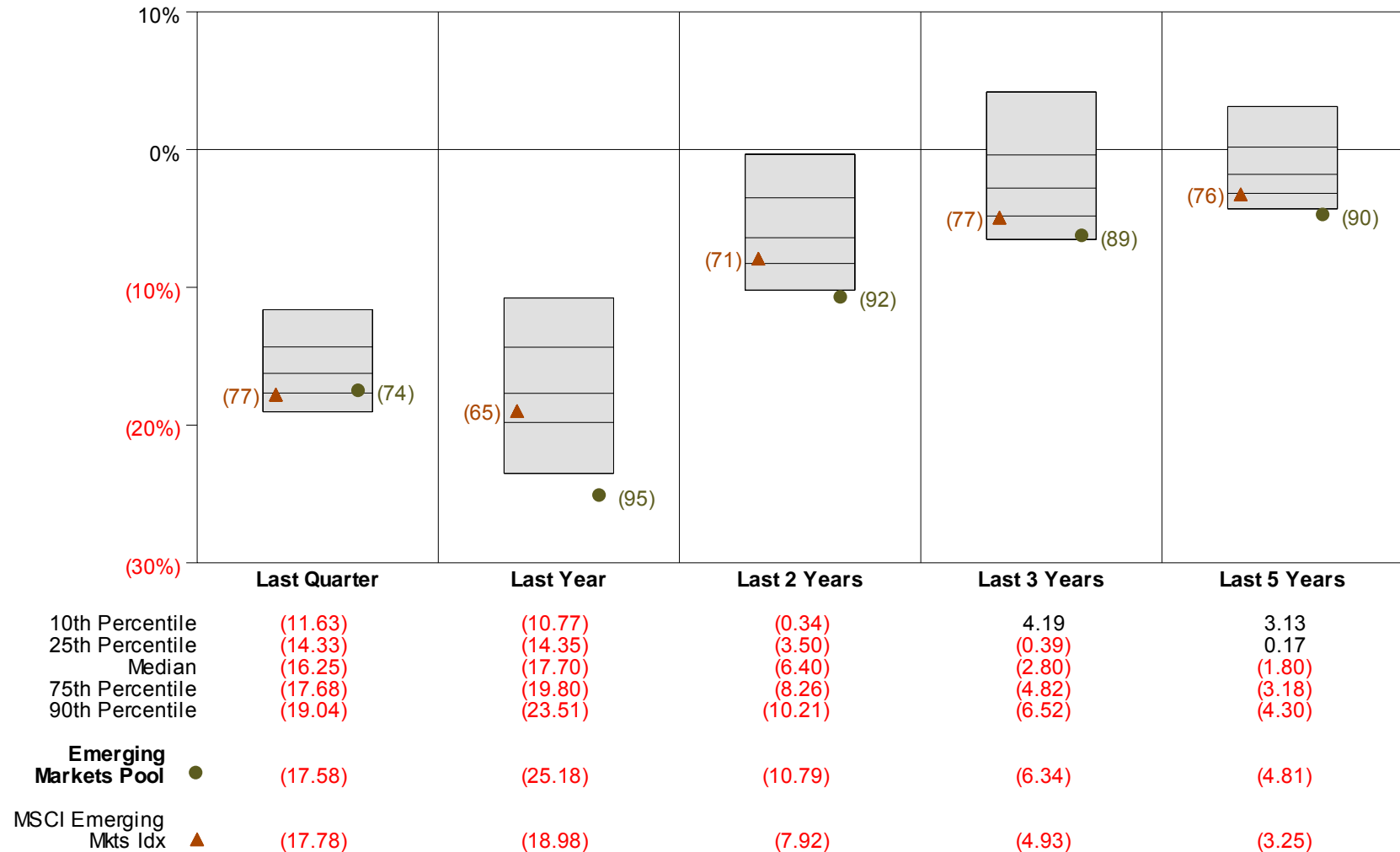
Cumulative and Quarterly Relative Return vs EAFE Small Cap Index



- The Mondrian International Small Cap portfolio has struggled over the last three years, particularly versus the EAFE Small Cap Index
- Versus the MSCI World ex-US Small Cap index, which does include Canada, the strategy has maintained pace – though it does lag year-to-date. Mondrian does have minor China exposure (2.2%), not represented in either index.
- Both stock selection and currency exposure have hurt performance. Selection in U.K. and Germany have detracted, while Hong Kong, Denmark, and France have been positive.
- Mondrian is a defensive manager that should protect during negative market cycles. Recent loose monetary policy and unrealistic growth expectations in developed markets have been a headwind.

Emerging Markets Pool through 9/30/15

Performance vs CAI Emerging Markets Equity DB (Gross)



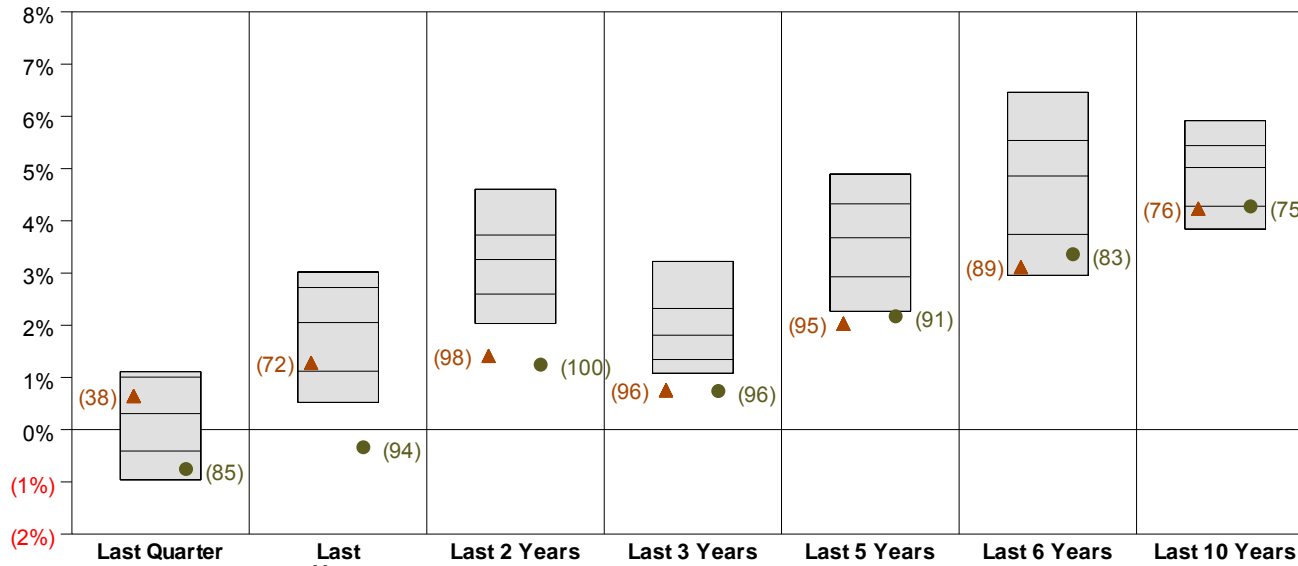
- The Emerging Markets Pool struggled over the last year, and continues to lag longer term.
- Eaton Vance beat its benchmarks, but Lazard and Everest Frontier lagged.

Emerging Markets Pool through 9/30/15

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Emerging Markets Pool	(17.58%)	(25.18%)	(6.34%)	(4.81%)	4.29%
Lazard Emerging	(19.07%)	(25.28%)	(7.04%)	(4.20%)	-
Eaton Vance(net)	(15.38%)	(22.25%)	(4.61%)	(3.19%)	-
MSCI Emerging Mkts	(17.78%)	(18.98%)	(4.93%)	(3.25%)	4.60%
Everest Frontier Markets	(20.49%)	(37.87%)	-	-	-

Total Bond as of 9/30/15

Performance vs Pub Pln- Domestic Fixed (Gross)



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 6 Years	Last 10 Years
10th Percentile	1.11	3.02	4.60	3.22	4.90	6.46	5.92
25th Percentile	1.01	2.72	3.73	2.32	4.33	5.54	5.44
Median	0.31	2.05	3.26	1.81	3.68	4.85	5.02
75th Percentile	(0.41)	1.12	2.60	1.35	2.93	3.74	4.28
90th Percentile	(0.96)	0.52	2.03	1.08	2.27	2.95	3.84
Total Fixed-Income Pool ●	(0.79)	(0.37)	1.22	0.71	2.14	3.33	4.25
Fixed-Income Target ▲	0.65	1.28	1.41	0.76	2.03	3.11	4.23

- The Total Bond portfolio has a custom target, intermediate in nature, that reflects a cautious view on the risk of rising rates.
- The strategy's returns have trailed its benchmark recently, but are ahead longer term.

Includes In-House and External Portfolios

Preliminary Real Assets through 9/30/15

	Last Quarter	Last Year	Last 3 Years	Last 5 Years
Real Assets	(1.87%)	0.97%	7.78%	9.53%
Real Assets Target (1)	1.04%	8.25%	8.72%	9.86%
Real Estate Pool	2.52%	12.74%	11.00%	12.07%
Real Estate Target (2)	2.88%	13.02%	11.68%	12.58%
Private Real Estate	2.89%	14.06%	11.54%	12.26%
NCREIF Total Index	3.09%	13.48%	11.90%	12.55%
REIT Internal Portfolio	1.09%	7.93%	8.91%	11.76%
NAREIT Equity Index	0.99%	7.84%	9.04%	11.86%
Total Farmland	1.70%	5.62%	10.13%	11.04%
UBS Agrivest	1.96%	5.93%	11.78%	12.44%
Hancock Agricultural	1.12%	4.92%	7.20%	8.62%
ARMB Farmland Target (3)	2.02%	6.37%	11.77%	12.83%
Total Timber	0.95%	8.84%	8.77%	7.30%
Timberland Investment Resources	1.28%	9.66%	7.82%	6.23%
Hancock Timber	0.05%	6.59%	10.43%	8.92%
NCREIF Timberland Index	0.77%	9.26%	9.77%	6.28%
TIPS Internal Portfolio	(1.10%)	(0.68%)	(1.81%)	2.76%
BC US TIPS Index	(1.15%)	(0.83%)	(1.83%)	2.55%
Total Energy Funds *	0.14%	(18.29%)	(5.95%)	(1.22%)
CPI + 5%	0.76%	4.36%	5.65%	6.66%
MLP Composite	(25.54%)	(34.27%)	-	-
Advisory Research (FKA FAMCO) MLP	(26.74%)	(34.44%)	-	-
Tortoise Capital Adv MLP	(24.41%)	(34.11%)	-	-
Alerian MLP Index	(22.10%)	(39.19%)	(3.62%)	3.87%
Total Infrastructure	(0.66%)	(4.13%)	-	-
Brookfield	(10.16%)	(15.19%)	-	-
Lazard	0.88%	1.58%	-	-
JPM Infrastructure	6.42%	(3.31%)	-	-
IFM Infrastructure (funded May 2015)	1.16%	-	-	-
Global Infrastructure Idx	(7.05%)	(8.37%)	6.43%	6.59%

Real estate returns are provided to Callan by ARMB's real estate consultant.

Absolute Return Composite through 9/30/15

Performance vs Absolute Return Hedge FoFs Style (Net)



10th Percentile	(0.47)	3.32	5.86	6.48	5.93	5.97	5.15
25th Percentile	(1.79)	1.48	4.50	5.98	5.19	5.47	4.61
Median	(2.21)	(0.40)	3.31	4.66	3.63	4.23	4.05
75th Percentile	(2.75)	(3.67)	1.66	3.27	2.91	3.71	3.44
90th Percentile	(3.37)	(4.28)	0.38	2.65	2.51	2.89	2.92
Absolute Return Composite	● A (3.09)	(0.40)	5.58	5.88	4.32	4.36	3.58
HFRI Fund of Funds Compos	■ B (3.55)	(0.00)	3.03	4.17	2.69	2.83	2.73
T-Bills + 5%	▲ 1.24	5.02	5.04	5.06	5.08	5.09	6.44

- Other than the last year, absolute return allocation has exceeded HFRI FoF Index over each trailing time period shown

Absolute Return Composite through 9/30/15

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Absolute Ret Composite	(3.09%)	(0.40%)	5.88%	4.32%	3.38%
Crestline	(0.46%)	(0.52%)	8.39%	5.79%	4.32%
Glob Asset Mgt	(2.62%)	(1.01%)	5.12%	3.97%	-
Prisma Capital	(5.07%)	(0.40%)	5.85%	4.71%	-
HFRI Fund of Funds Compos	(3.55%)	(0.00%)	4.17%	2.69%	2.42%

Individual Account Option Performance: 9/30/15

Balanced & Target Date Funds

Investment Manager	Market Value (\$mm)	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio	
Balanced & Target Date Funds												
Alaska Balanced Trust	\$1,163	-2.4 22	0.3 10	4.8 12	6.0 13	6.5 24	4.6 75		0.5 2	0.2 100	1.3 3	
Lipper: Mixed-Asset Target Alloc Cons												
Passive Target		-2.5 24	0.2 11	4.6 16	5.9 14	6.3 30	4.3 83				1.3 2	
Alaska Long-Term Balanced	\$595	-4.9 38	-1.2 24	7.0 17	8.0 13	7.4 17	8.1 58		0.4 4	0.2 100	1.0 15	
Lipper: Mixed-Asset Target Alloc Mod												
Passive Target		-4.9 41	-1.3 27	6.9 20	7.9 16	7.3 20	7.9 69				1.0 13	
Target 2010 Trust	\$14	-3.6 36	-0.6 24	5.9 6	7.0 5		6.8 43		0.3 5	0.1 99	1.0 30	
CAI Tgt Date 2010												
Custom Index		-3.8 45	-0.8 28	5.8 6	6.9 5		6.8 42				1.0 32	
Target 2015 Trust	\$112	-4.4 53	-1.0 44	6.9 4	7.9 4	7.7 1	8.1 23		0.2 1	0.1 99	1.0 22	
CAI Tgt Date 2015												
Custom Index		-4.6 66	-1.2 49	6.8 4	7.8 4	7.6 2	8.2 22				0.9 24	
Target 2020 Trust	\$104	-5.2 63	-1.4 48	7.7 4	8.6 3	7.3 17	9.3 21		0.2 1	0.2 100	0.9 19	
CAI Tgt Date 2020												
Custom Index		-5.4 70	-1.7 53	7.6 4	8.6 3	7.3 18	9.4 20				0.9 24	
Target 2025 Trust	\$85	-5.9 64	-1.8 53	8.5 6	9.3 6	7.4 32	10.3 28		0.1 3	0.3 99	0.9 10	
CAI Tgt Date 2025												
Custom Index		-6.1 68	-2.2 63	8.3 6	9.2 7	7.4 33	10.5 22				0.9 13	
Target 2030 Trust	\$70	-6.6 61	-2.3 49	9.0 7	9.8 1		11.2 34		0.1 1	0.3 100	0.9 8	
CAI Tgt Date 2030												
Custom Index		-6.8 65	-2.6 52	8.9 7	9.8 1		11.4 30				0.9 9	
Target 2035 Trust	\$73	-7.0 44	-2.5 44	9.5 3	10.2 1		12.0 45		0.1 1	0.3 100	0.8 7	
CAI Tgt Date 2035												
Custom Index		-7.3 55	-2.9 55	9.4 6	10.1 1		12.1 39				0.8 8	
Target 2040 Trust	\$81	-7.5 42	-2.9 44	9.7 2	10.3 1		12.2 68		0.1 1	0.3 99	0.8 5	
CAI Tgt Date 2040												
Custom Index		-7.8 56	-3.3 57	9.5 3	10.3 1		12.4 62				0.8 8	
Target 2045 Trust	\$99	-7.5 29	-2.9 33	9.7 2	10.3 1		12.2 74		0.1 1	0.3 100	0.8 5	
CAI Tgt Date 2045												
Custom Index		-7.8 38	-3.3 45	9.5 4	10.3 1		12.4 73				0.8 7	

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

Investment Manager	Market Value (\$mm)	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
Target 2050 Trust	\$118	-7.5 30	-2.9 44	9.7 4	10.3 1		12.2 75		0.1 2	0.3 99	0.8 4
CAI Tgt Date 2050											
Custom Index		-7.8 41	-3.3 50	9.5 5	10.3 1		12.4 74				0.8 7
Target 2055 Trust	\$67	-7.5 21	-2.9 44	9.7 5	10.3 1		12.2 49		0.1 1	0.3 99	0.8 3
CAI Tgt Date 2055											
Custom Index		-7.8 34	-3.3 51	9.5 6	10.3 1		12.4 47				0.8 15

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

Other Options: 9/30/15

Active Equity, Stable Value, and Interest Income

Investment Manager	Market Value (\$mm)	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
Active and Other Funds											
International Equity Fund	\$62	-14.1 ⁹⁵									
CAI Mut Fd: Non-U.S. Equity Style											
MSCI ACWI ex US Index		-12.1 ⁸¹	-11.8 ⁹¹	2.8 ⁹⁷	2.3 ⁹⁰	3.7 ⁶⁶	15.3 ⁶⁷				0.1 ⁸⁷
Allianz/RCM Socially Responsible	\$38	-6.1 ³¹	-2.5 ⁶⁶	11.4 ⁶⁸	10.8 ⁷⁹	10.9 ⁵	14.6 ³¹		-0.6 ⁸⁵	2.2 ⁸⁰	0.7 ⁸⁵
CAI Mut Fd: Core Equity Style											
KLD 400 Social Idx		-6.3 ⁴¹	-1.4 ⁵⁵	13.0 ²¹	12.8 ⁴⁰	9.8 ²²	13.0 ⁸³				1.0 ²¹
T. Rowe Price Small Cap	\$118	-10.4 ³⁸	1.3 ⁵¹	12.2 ⁴²	14.1 ¹⁵	12.7 ¹⁰	18.9 ⁴⁹		1.4 ¹	1.5 ⁹⁹	0.7 ¹⁷
CAI Mut Fd: Sm Cap Broad Style											
Russell 2000 Index		-11.9 ⁶²	1.2 ⁵¹	11.0 ⁶⁰	11.7 ⁵⁴	8.6 ⁷⁴	18.9 ⁵⁰				0.6 ⁴⁸
T. Rowe Price Stable Value	\$353	0.6 ¹	2.5 ¹	2.5 ¹	2.8 ¹	3.2 ⁹	0.2 ⁶⁹		6.9 ¹³	0.1 ⁵²	12.9 ¹³
CAI Stable Value Database											
5 Yr U.S. Treas Rolling		0.3 ⁷⁸	1.3 ⁷⁷	1.5 ⁶¹	2.0 ⁵²	2.4 ⁴³	0.3 ²¹				5.9 ⁷⁹
Def Comp Interest Income Fund	\$183	0.7 ¹	2.8 ¹	3.0 ¹	3.3 ¹	3.6 ¹	0.2 ⁶⁵		11.9 ³	0.0 ⁸⁷	14.3 ¹⁰
CAI Stable Value Database											
5 Yr U.S. Treas Rolling		0.3 ⁷⁸	1.3 ⁷⁷	1.5 ⁶¹	2.0 ⁵²	2.4 ⁴³	0.3 ²¹				5.9 ⁷⁹

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: 9/30/15

Investment Manager	Market Value (\$mm)	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
Index Funds											
SSgA S&P 500 Index Fund (i) CAI Large Cap Core Style S&P 500 Index	\$316	-6.4 40	-0.7 58	12.4 70	13.3 55	9.8 55	13.1 78		-0.4 85	0.0 100	1.0 45
BlackRock S&P 500 Index Fund (i) CAI Mut Fd: Core Equity Style (Gross) S&P 500 Index	\$168	-6.4 49	-0.7 54	12.4 53	13.4 46	9.8 45	13.1 83		0.4 22	0.0 99	1.0 31
SSgA Russell 3000 Index Fund (i) CAI Mut Fd: Large Cap Broad Style (Net) Russell 3000 Index	\$61	-7.2 54	-0.5 48	12.6 37	13.3 32	10.0 31	13.9 68		0.2 20	0.1 100	1.0 29
SSgA World Equity ex-US Index Fund (i) CAI MF: Non-U.S. Equity Style (Net) MSCI ACWI x U.S. Index (Net)	\$29	-12.2 80	-12.1 90	2.4 97	1.9 91	3.5 64	15.5 58		0.0 91	0.9 100	0.1 91
SSgA Global Balanced (i) CAI Int'l/Global Balanced Database Global Balanced Custom Benchmark	\$55	-5.1 36	-3.5 58	4.6 47	5.4 49		8.0 52		0.8 10	0.3 100	0.7 61
SSgA Long US Treasury Bond (i) CAI Mut Fd: Extended Mat Fixed Income Barclays Long Treasury Index	\$15	5.2 23	9.0 20	2.8 38	6.2 46	7.4 72	15.1 30		-0.1 59	0.1 99	0.4 49
SSgA US TIPS (i) Lipper: TIPS Funds Barclays U.S. TIPS Index	\$15	-1.2 28	-0.9 13	-2.0 25	2.4 6	3.7 16	5.3 40		-3.7 95	0.0 100	0.4 8
SSgA World Gov't Bond ex-US (i) CAI Mut Fd: Global Fixed Income Style Citi WGBI Non-U.S. Index	\$11	1.7 2	-7.1 86	-4.7 96	-1.4 98	1.6 91	5.9 3		-0.5 100	0.1 100	-0.2 96
SSgA US REIT Index Fund (i) CAI Mut Fd: Real Estate Database DJ US Select REIT Index	\$34	3.0 12	11.5 15	9.6 19	12.0 21	7.3 42	15.0 47		-2.1 99	0.1 99	0.8 26

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

Investment Manager	Market Value (\$mm)	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	5 Year Risk	5 Year Risk Quadrant	5 Year Excess Rtn Ratio	3 Year Tracking Error	5 Year Sharpe Ratio
BlackRock Govt/Credit (i) CAI Mut Fd: Core Bond Style Barclays Govt/Credit Bd	\$54	1.2 12	2.6 26	1.5 64	3.0 79	4.8 87	3.5 5		-2.1 98	0.1 100	0.8 88
BlackRock Intermediate Gov't Bond (i) CAI MF: Intermediate Fixed Income Style Barclays Gov Inter	\$15	1.2 8	2.9 11	0.9 70	1.7 78	3.0 86	2.2 47		-4.6 100	0.0 98	0.7 91

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.

Victory Capital Management

Mandate: Victory/Sycamore Small Cap Value

Hired: 2012

Firm Information	Investment Approach	Total ARMB Mandate
<p>Victory Capital Management Inc. (“Victory Capital”) is structured as an independent SEC-registered investment advisor.</p> <p>Currently, equity ownership is held by employees and directors of Victory Capital (approximately 21%), funds managed by Crestview Partners (approximately 62%), and funds managed by outside investors (approximately 17%).</p> <p>As of 9/30/15, the firm’s total assets under management and advisement were \$33.4 billion.</p> <p>Key Executives: Gary H. Miller, CIO, Lead Portfolio Manager Mike Hackett, Director Institutional Markets</p>	<p>The Sycamore 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 classes 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 the 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: 9/30/15: \$90,568,265</p>

Concerns: None

9/30/2015 Performance

	Last <u>Quarter</u>	<u>1 Year</u>	3 Years <u>Annualized</u>	5 Years <u>Annualized</u>
Manager (gross)	-5.97%	6.54%	13.84%	N/A
Fee	0.19%	0.84%	0.90%	
Manager (net)	-6.16%	5.70%	12.94%	
Benchmark	-10.73%	-1.60%	9.18%	



A VICTORY CAPITAL INVESTMENT FRANCHISE

Sycamore Small Cap Value Equity

**Presented to:
Alaska Retirement Management Board**

Investment Review

Data as of September 30, 2015

Contents



A VICTORY CAPITAL INVESTMENT FRANCHISE

- Victory Capital Overview
- Performance
- Attribution and Characteristics
- Sycamore Capital Philosophy, Team and Process

This material is approved for use in one-on-one presentations by authorized individuals only. It is not approved for public use or distribution in part or its entirety and must be shown with the composite performance slide at the end of the presentation.



A VICTORY CAPITAL INVESTMENT FRANCHISE

Victory Capital Overview

SYCAMORE CAPITAL



Client-focused business model connects the right talent with the right resources in the right environment.

About Victory Capital

- **Independently owned asset management firm with \$33.4 billion in assets under management and advisement.***
- **Multi-boutique business model in which autonomous investment franchises are supported by a robust distribution, operational and technology platform.**
- **Meaningful employee ownership in our firm and in our products aligns our interests with those of our clients.**
- **Serving institutional investors, retirement platforms, and financial advisors through a variety of vehicles, including separately managed accounts, collective trusts, mutual funds, ETFs and UMA/SMAs.**

Assets Under Management

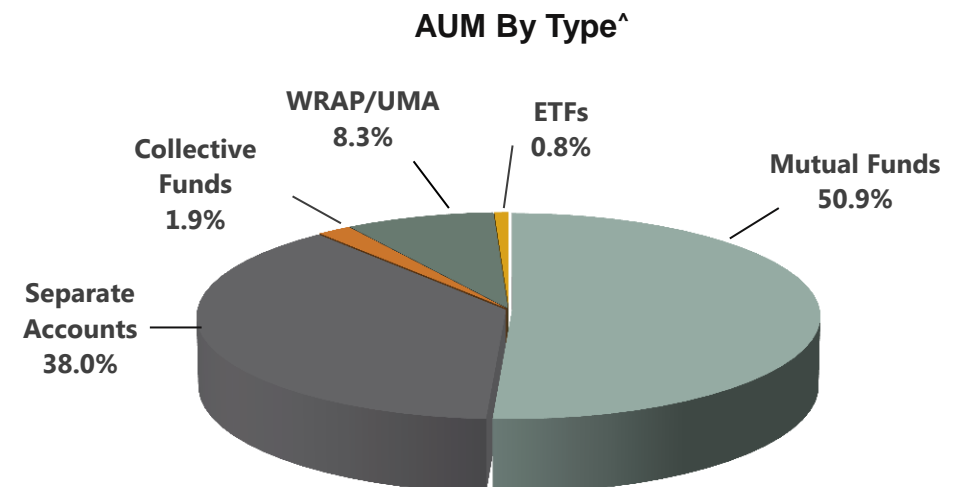
• Domestic Equity	\$ 25.9 billion
• International Equity	\$ 2.1 billion
• Fixed Income	\$ 5.1 billion
• Multi-Asset & Alternatives	\$ 0.3 billion
Total AUM	\$ 33.4 billion*

*As of September 30, 2015

^Includes Institutional separate accounts and retail WRAP separate accounts.

Benefits of Multi-Boutique Model

- **Investment professionals are focused solely on client portfolios and outcomes.**
- **Autonomous decision making, led by dedicated Chief Investment Officers.**
- **Independent investment philosophies, processes and cultures driven by team members with long-standing working relationships.**
- **Economic incentives for the franchises are aligned with client success.**
- **Ability to attract and maintain best-in-class investment professionals who value independence and autonomy.**



Our Investment Franchises



A VICTORY CAPITAL INVESTMENT FRANCHISE

Victory Capital is comprised of nine autonomous investment franchises, each operating with its own independent culture, philosophy and process. Our franchises are well supported in all non-investment activities, which allows them to focus on client portfolios.



Victory Capital Investment Franchises



Client Portfolios and Relationships



- Risk Management
- Trading



- Relationship Management
- Client Reporting/Analysis
- Consultant Relations



- Operations Management
- Technology and Infrastructure
- Compliance
- Legal



A VICTORY CAPITAL INVESTMENT FRANCHISE



Performance

SYCAMORE CAPITAL

Portfolio Summary

As of September 30, 2015



A VICTORY CAPITAL INVESTMENT FRANCHISE

Alaska Retirement Management Board

Equities	\$87,261,281
Cash Equivalents	\$3,304,643
Total Market Value	\$90,565,924

Asset Mix (%)

Equities	96.4
Cash	3.6

Source: MultiFonds. This material is approved for use in one-on-one presentations by authorized individuals only. It is not approved for public use.

Performance (%)

As of September 30, 2015



A VICTORY CAPITAL INVESTMENT FRANCHISE

	ANNUALIZED TOTAL RETURN				
	Quarter	YTD	1-YR	3-YR	Inception*
Alaska Retirement Management Board	-6.01	-2.75	6.49	13.80	12.90
Russell 2000® Value Index	-10.73	-10.06	-1.60	9.17	10.15

*Inception Date: May 9, 2012.

**Source: StatPro. 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. As of September 30, 2015.

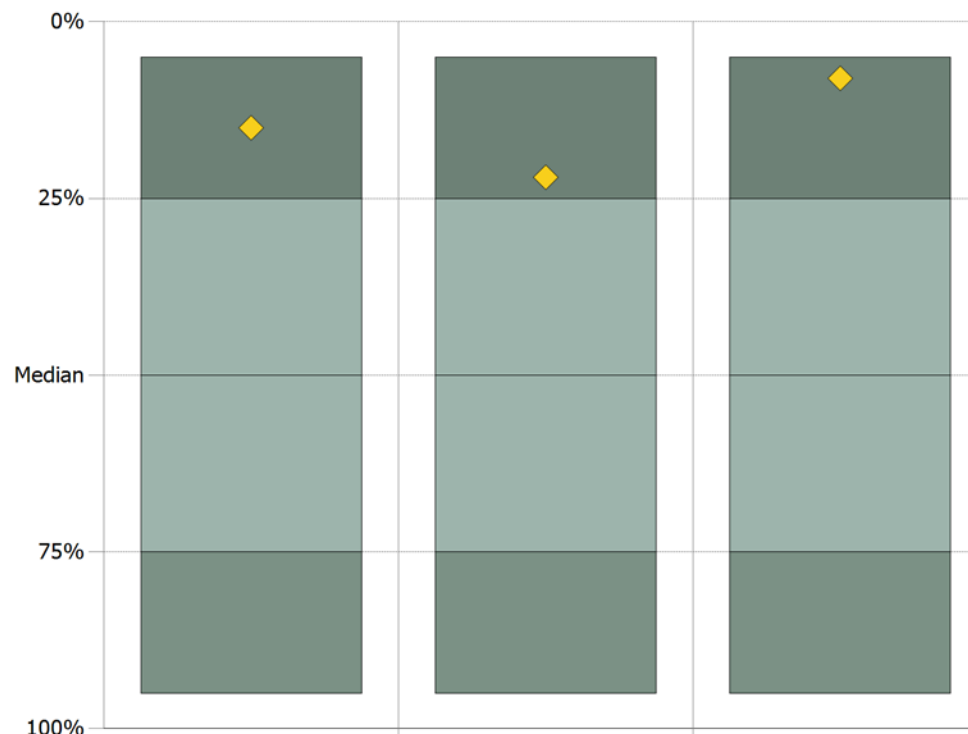
Composite Risk-Adjusted Returns



A VICTORY CAPITAL INVESTMENT FRANCHISE

◆ Victory Capital Management Inc.:
Sycamore Small Cap Value

3 Years As Of: September 30, 2015



Universe:
eVestment US Small Cap Value Equity

	VT	RM	Alpha ¹	Rk	IR ¹	Rk	Sharpe ²	Rk
5th percentile			7.23		2.27		1.24	
25th percentile			5.02		1.36		1.04	
Median			3.46		0.77		0.91	
75th percentile			1.18		0.11		0.70	
95th percentile			-3.76		-0.56		0.29	
# of Observations			250		250		250	
◆ Victory Capital Management Inc.	SA	GF	5.83	15	1.41	22	1.19	8

Results displayed in US Dollar (USD)

¹Russell 2000 Value; ²Citigroup 3-Month T-Bill



A VICTORY CAPITAL INVESTMENT FRANCHISE

Attribution and Characteristics

SYCAMORE CAPITAL



Third Quarter 2015

Positive Contributors



Stock Selection in Financials; *partially offset by underweight*

- SCV sector return of +1.8% vs. R2000V sector return of -5.3%

Stock Selection in Industrials; *partially offset by overweight*

- SCV sector return of -9.7% vs. R2000V sector return of -16.5%

Stock Selection in Information Technology

- SCV sector return of -3.8% vs. R2000V sector return of -11.0%

Stock Selection in Materials; *partially offset by overweight*

- SCV sector return of -15.4% vs. R2000V sector return of -26.5%

Stock Selection in Consumer Staples

- SCV sector return of +11.1% vs. R2000V sector return of -6.0%

Stock Selection in Consumer Discretionary

- SCV sector return of -6.9% vs. R2000V sector return of -14.0%

Stock Selection in Health Care

- SCV sector return of -4.8% vs. R2000V sector return of -11.3%

Negative Contributors



Stock Selection in Energy; *entirely offset by underweight in sector*

- SCV sector return of -40.8% vs. R2000V sector return of -33.6%

Stock selection was the driver of relative performance (adding 100% value).

Sector weightings—the result of bottom-up security selection rather than tactical allocation decisions—detracted from return.

ARMB Small Cap Value: -6.01%
Russell 2000 Value Index: -10.73%
eVestment SCV Median: -9.86%

Sector over- and underweights are a by-product of the bottom-up security selection process.

Source: FactSet. For one-on-one use only. Past performance should not be considered indicative of future results.

Performance Attribution Analysis



A VICTORY CAPITAL INVESTMENT FRANCHISE

Third Quarter 2015

GICS Sector	Alaska Retirement Management Board			Russell 2000® Value			Variation			Attribution Analysis		
	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.	9.21	-6.90	-0.77	10.78	-13.99	-1.53	-1.57	7.09	0.76	0.04	0.66	0.70
Consumer Staples	4.35	11.14	0.41	3.14	-5.98	-0.19	1.20	17.12	0.60	0.05	0.73	0.78
Energy	3.10	-40.83	-1.64	5.16	-33.59	-1.98	-2.06	-7.24	0.34	0.50	-0.31	0.19
Financials	22.78	1.84	0.21	42.87	-5.29	-2.29	-20.09	7.13	2.50	-1.05	1.68	0.63
Health Care	9.30	-4.83	-0.52	4.42	-11.30	-0.52	4.87	6.47	0.00	-0.03	0.65	0.62
Industrials	22.24	-9.67	-2.39	12.08	-16.46	-2.04	10.15	6.78	-0.35	-0.68	1.64	0.97
Information Tech.	13.55	-3.82	-0.65	10.29	-11.02	-1.09	3.26	7.20	0.44	-0.04	1.00	0.95
Materials	7.66	-15.42	-1.30	3.47	-26.46	-1.00	4.19	11.04	-0.30	-0.84	1.07	0.22
Telecom. Services	0.00	0.00	0.00	0.88	-6.00	-0.06	-0.88	6.00	0.06	-0.05	0.00	-0.05
Utilities	3.90	10.42	0.33	6.91	-0.19	-0.04	-3.00	10.62	0.36	-0.28	0.37	0.08
[Cash]	3.91	0.01	0.00	0.00	0.00	0.00	3.91	0.01	0.00	-0.68	0.00	-0.68
Total	100.00	-6.32	-6.32	100.00	-10.73	-10.73	0.0	4.41	4.41	-3.06	7.49	4.41

Source: FactSet. Attribution may not match the portfolio performance. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change. Data as of September 30, 2015.

Contribution to Return – Top Contributors



A VICTORY CAPITAL INVESTMENT FRANCHISE

Third Quarter 2015

	Contribution to Return %	Holding Period Return %
StanCorp Financial Group, Inc.	0.69	50.62
Symetra Financial Corporation	0.45	34.03
Flowers Foods, Inc.	0.24	17.72
Central Garden & Pet Company Class A	0.15	26.85
MicroStrategy Incorporated Class A	0.14	15.51
Comfort Systems USA, Inc.	0.11	26.39
Buffalo Wild Wings, Inc.	0.11	19.08
NorthWestern Corporation	0.10	11.49
Ingram Micro Inc. Class A	0.10	9.24
ICU Medical, Inc.	0.10	14.47

Source: FactSet. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change. Data as of September 30, 2015.

Contribution to Return – Top Detractors



A VICTORY CAPITAL INVESTMENT FRANCHISE

Third Quarter 2015

	Contribution to Return %	Holding Period Return %
Helix Energy Solutions Group, Inc.	-0.64	-62.07
Unit Corporation	-0.61	-58.48
Olin Corporation	-0.47	-37.07
Men's Wearhouse, Inc.	-0.43	-33.39
Delek US Holdings, Inc.	-0.28	-24.41
Haemonetics Corporation	-0.26	-21.86
WOODWARD, INC.	-0.24	-25.83
Potlatch Corporation	-0.24	-17.51
Calgon Carbon Corporation	-0.21	-19.35
Celadon Group, Inc.	-0.21	-22.46

Source: FactSet. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change. Data as of September 30, 2015.

Year to Date as of September 30, 2015

Positive Contributors



Stock Selection in Financials; *partially offset by underweight*

- SCV sector return of +8.9% vs. R2000V sector return of -4.0%

Stock Selection in Industrials; *partially offset by overweight*

- SCV sector return of -7.1% vs. R2000V sector return of -16.7%

Stock Selection in Materials; *partially offset by overweight*

- SCV sector return of -13.4% vs. R2000V sector return of -30.1%

Stock Selection in Consumer Discretionary

- SCV sector return of +0.9% vs. R2000V sector return of -12.4%

Stock Selection in Information Technology

- SCV sector return of -1.9% vs. R2000V sector return of -9.4%

Stock Selection in Consumer Staples

- SCV sector return of +9.9% vs. R2000V sector return of -3.7%

Negative Contributors



Stock selection in Energy; *entirely offset by underweight in sector*

- SCV sector return of -44.8% vs. R2000V sector return of -38.3%

Stock selection was the driver of relative performance (adding 100% value).

Sector weightings—the result of bottom-up security selection rather than tactical allocation decisions—detracted from return.

ARMB Small Cap Value: -2.75%

Russell 2000 Value Index: -10.06%

eVestment SCV Median: -6.98%

Performance Attribution Analysis



A VICTORY CAPITAL INVESTMENT FRANCHISE

Year to Date as of September 30, 2015

GICS Sector	Alaska Retirement Management Board			Russell 2000® Value			Variation			Attribution Analysis		
	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.	9.23	0.90	-0.05	11.58	-12.38	-1.30	-2.36	13.28	1.26	0.01	1.22	1.23
Consumer Staples	3.71	9.86	0.35	2.85	-3.72	-0.14	0.85	13.58	0.48	0.07	0.57	0.64
Energy	3.55	-44.80	-1.82	4.42	-38.29	-2.32	-0.87	-6.51	0.50	0.59	-0.27	0.32
Financials	22.14	8.87	1.63	41.53	-3.96	-1.78	-19.39	12.84	3.41	-1.12	2.82	1.70
Health Care	9.34	4.36	0.33	5.37	1.63	0.23	3.97	2.73	0.10	0.42	0.24	0.66
Industrials	22.35	-7.13	-1.82	12.58	-16.64	-2.08	9.77	9.51	0.25	-0.75	2.26	1.50
Information Tech.	14.53	-1.90	-0.39	9.89	-9.41	-0.93	4.64	7.51	0.54	0.02	1.00	1.02
Materials	7.73	-13.41	-1.19	4.09	-30.14	-1.19	3.64	16.73	0.01	-1.04	1.58	0.54
Telecom. Services	0.00	0.00	0.00	0.80	-8.28	-0.08	-0.80	8.28	0.08	-0.02	0.00	-0.02
Utilities	3.53	-3.67	-0.09	6.88	-7.31	-0.47	-3.35	3.64	0.38	-0.02	0.17	0.15
[Cash]	3.91	0.02	0.00	0.00	0.00	0.00	3.91	0.02	0.00	-0.75	0.00	-0.75
Total	100.00	-3.05	-3.05	100.00	-10.05	-10.05	0.0	7.00	7.00	-2.58	9.59	7.00

Source: FactSet. Attribution may not match the portfolio performance. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change. Data as of September 30, 2015.

Contribution to Return – Top Contributors



A VICTORY CAPITAL INVESTMENT FRANCHISE

Year to Date as of September 30, 2015

	Contribution to Return %	Holding Period Return %
StanCorp Financial Group, Inc.	0.78	63.01
HCC Insurance Holdings, Inc.	0.53	46.62
Symetra Financial Corporation	0.43	36.26
Flowers Foods, Inc.	0.35	31.76
Comfort Systems USA, Inc.	0.32	70.43
Oxford Industries, Inc.	0.30	35.18
Integra LifeSciences Holdings Corporation	0.29	21.49
Eagle Bancorp, Inc.	0.24	27.52
ICU Medical, Inc.	0.24	33.70
Fair Isaac Corporation	0.23	21.56

Source: FactSet. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change. Data as of September 30, 2015.

Contribution to Return – Top Detractors



A VICTORY CAPITAL INVESTMENT FRANCHISE

Year to Date as of September 30, 2015

	Contribution to Return %	Holding Period Return %
Helix Energy Solutions Group, Inc.	-1.13	-77.93
Unit Corporation	-0.83	-66.98
Anixter International Inc.	-0.57	-34.68
Potlatch Corporation	-0.43	-29.03
Modine Manufacturing Company	-0.36	-42.14
Cabot Corporation	-0.31	-26.84
LaSalle Hotel Properties	-0.27	-27.12
Granite Construction Incorporated	-0.27	-21.03
Calgon Carbon Corporation	-0.27	-24.43
H.B. Fuller Company	-0.22	-23.08

Source: FactSet. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change. Data as of September 30, 2015.

One-year period as of December 31, 2014

Positive Contributors



Stock Selection in Information Technology

- SCV sector return of 16.8% vs. R2000V sector return of 6.9%

Stock Selection and underweight in Energy

- SCV sector return of -24.8% vs. R2000V sector return of -37.2%

Stock Selection in Industrials; *partially offset by overweight*

- SCV sector return of +3.7% vs. R2000V sector return of -2.1%

Stock Selection in Materials; *partially offset by overweight*

- SCV sector return of -0.3% vs. R2000V sector return of -5.7%

Overweight in Health Care

- SCV avg. weight of 18.8% vs. R2000V avg. weight of 16.3%

Stock Selection in Consumer Staples

- SCV sector return of 22.1% vs. R2000V sector return of 8.3%

Negative Contributors



Underweight in Financials; *partially offset by stock selection*

- SCV avg. weight of 21.3% vs. R2000V avg. weight of 39.8%

Underweight in Utilities

- SCV avg. weight of 3.7% vs. R2000V avg. weight of 6.4%

- *Top-performing sector +21.4%*

Stock selection was the driver of relative performance (adding 100% value).

Sector weightings—the result of bottom-up security selection rather than tactical allocation decisions—deducted from return.

ARMB Small Cap Value: 8.05%

Russell 2000 Value Index: 4.22%

eVestment SCV Median: 5.69%

Performance Attribution Analysis



A VICTORY CAPITAL INVESTMENT FRANCHISE

One-year period as of December 31, 2014

GICS Sector	Alaska Retirement Management Board			Russell 2000 [®] Value			Variation			Attribution Analysis		
	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.	9.21	9.46	1.02	10.80	6.34	0.67	-1.59	3.13	0.35	0.01	0.28	0.29
Consumer Staples	2.20	22.05	0.64	2.58	8.27	0.21	-0.38	13.78	0.44	0.03	0.40	0.42
Energy	4.98	-24.82	-1.18	6.67	-37.16	-2.64	-1.69	12.34	1.47	0.34	1.11	1.45
Financials	21.33	10.33	2.27	39.80	9.46	3.93	-18.47	0.87	-1.67	-0.80	0.16	-0.64
Health Care	7.54	18.82	1.39	4.92	16.25	0.81	2.62	2.57	0.58	0.40	0.11	0.51
Industrials	24.05	3.65	0.83	13.32	-2.09	-0.33	10.73	5.74	1.16	-0.67	1.37	0.70
Information Tech.	15.20	16.80	2.46	10.14	6.86	0.62	5.05	9.94	1.84	0.14	1.44	1.58
Materials	7.33	-0.27	0.03	4.56	-5.69	-0.33	2.77	5.42	0.37	-0.25	0.46	0.20
Telecom. Services	0.00	0.00	0.00	0.67	-1.20	-0.02	-0.67	1.20	0.02	0.04	0.00	0.04
Unassigned	0.00	0.00	0.00	0.12	14.37	0.04	-0.12	-14.37	-0.04	-0.03	0.00	-0.03
Utilities	3.71	20.37	0.72	6.42	21.41	1.40	-2.71	-1.04	-0.68	-0.45	-0.04	-0.49
[Cash]	4.46	0.03	0.00	0.00	0.00	0.00	4.46	0.03	0.00	-0.21	0.00	-0.21
Total	100.00	8.18	8.18	100.00	4.34	4.34	0.0	3.84	3.84	-1.44	5.27	3.84

Source: FactSet. Attribution may not match the portfolio performance. For one-on-one use only. Past performance should not be considered indicative of future results. Holdings are subject to change. Data as of September 30, 2015.

Sector Weightings

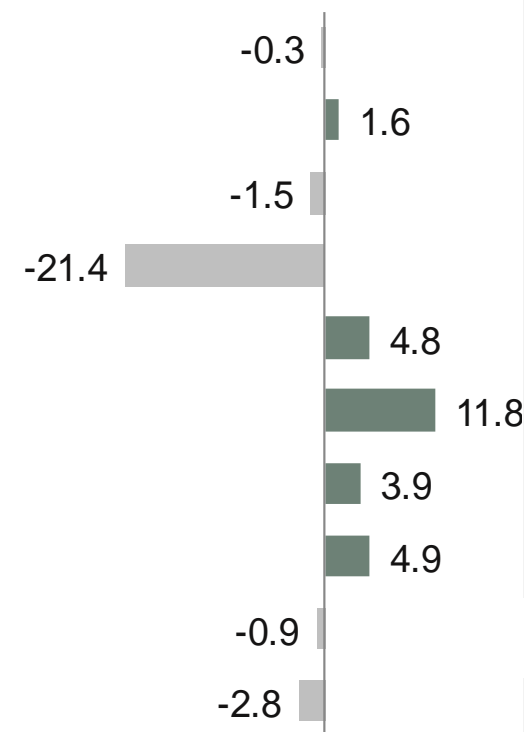
As of September 30, 2015



A VICTORY CAPITAL INVESTMENT FRANCHISE

Sector	Alaska Retirement Management Board (%)	Russell 2000 Value Index (%)
Consumer Discretionary	10.2	10.5
Consumer Staples	4.8	3.2
Energy	3.1	4.6
Financials	22.4	43.8
Health Care	9.1	4.3
Industrials	23.4	11.6
Information Technology	14.4	10.5
Materials	8.0	3.1
Telecom Services	0.0	0.9
Utilities	4.6	7.4

RELATIVE WEIGHT



Sector weightings are a by-product of the stock selection process.

Source: FactSet. For one-on-one use only. Past performance should not be considered indicative of future results. Data as of September 30, 2015.

Top Ten Holdings

As of September 30, 2015



A VICTORY CAPITAL INVESTMENT FRANCHISE

Top Ten Holdings	%
Flowers Foods, Inc.	1.7
EMCOR Group, Inc.	1.7
Owens & Minor, Inc.	1.6
Sterling Bancorp	1.6
Ingram Micro Inc. Class A	1.6
Columbia Banking System, Inc.	1.5
Brown & Brown, Inc.	1.5
F.N.B. Corporation	1.5
American Financial Group, Inc.	1.5
Eagle Bancorp, Inc.	1.5
TOTAL	15.6

Source: FactSet. Holdings are subject to change. For one-on-one use only. Past performance should not be considered indicative of future results. Data as of September 30, 2015.

Portfolio Characteristics

As of September 30, 2015



A VICTORY CAPITAL INVESTMENT FRANCHISE

	Alaska Retirement Management Board	Russell 2000® Value
Weighted Average Market Capitalization	\$2.1 billion	\$1.6 billion
Average Price/Earnings (FY1)	17.3x	17.8x
Average Price/Sales	1.7x	2.5x
Average Price/Book*	1.8x	1.4x
5-Year Dividend Growth	11.2%	9.5%
L-T Debt to Capital	27.2%	32.1%
Number of Holdings	103	1,308
Turnover**	55%	---
5-Year Return on Equity	10.5%	6.6%
5-Year Return on Invested Capital	7.9%	4.7%
Active Share	90.1%	---

Portfolio typically reflects value orientation and our preference for financially sound companies

Characteristics source: FactSet. *The metric for our portfolio uses a weighted harmonic average given the limited number of securities held. Extreme outliers may be removed from the portfolio and the index when deemed appropriate. **Turnover shown is calculated annually excluding cash. For one-on-one use only. Past performance should not be considered indicative of future results.

Portfolio Holdings (%)

As of September 30, 2015



A VICTORY CAPITAL INVESTMENT FRANCHISE

Consumer Discretionary 10.2%

Big Lots, Inc.
Buffalo Wild Wings, Inc.
Caleres, Inc.
Culp, Inc.
Core-Mark Holding Company, Inc.
Callaway Golf Company
LaZBoy Incorporated
Modine Manufacturing Company
Men's Wearhouse, Inc.
Oxford Industries, Inc.
Steven Madden, Ltd.
E. W. Scripps Company Class A

Consumer Staples 4.8%

Andersons, Inc.
Casey's General Stores, Inc.
Central Garden & Pet Company Class A
Flowers Foods, Inc.
Lancaster Colony Corporation

Energy 3.1%

Delek US Holdings, Inc.
Helix Energy Solutions Group, Inc.
Synergy Resources Corporation
Unit Corporation

Financials 22.4%

American Financial Group, Inc.
Argo Group International Holdings, Ltd.
AMERISAFE, Inc.
Associated Banc-Corp
Brown & Brown, Inc.
Columbia Banking System, Inc.
Eagle Bancorp, Inc.
FBL Financial Group, Inc. Class A
F.N.B. Corporation
Independent Bank Corp.
Infinity Property and Casualty Corporation
LaSalle Hotel Properties
Lakeland Financial Corporation
LTC Properties, Inc.
Old National Bancorp
PacWest Bancorp
Potlatch Corporation
South State Corporation
Sterling Bancorp
Symetra Financial Corporation
Virtus Investment Partners, Inc.

Health Care 9.1%

Analogic Corporation
Bruker Corporation
Haemonetics Corporation
Integra LifeSciences Holdings Corporation
ICU Medical, Inc.
Owens & Minor, Inc.
STERIS Corporation
VWR Corp.
WellCare Health Plans, Inc.
West Pharmaceutical Services, Inc.

Industrials 23.4%

ABM Industries Incorporated
Altra Industrial Motion Corp.
Applied Industrial Technologies, Inc.
Aerojet Rocketdyne Holdings, Inc.
Astec Industries, Inc.
AZZ Inc.
Barnes Group Inc.
Beacon Roofing Supply, Inc.
Briggs & Stratton Corporation
Progressive Waste Solutions Ltd.
Celadon Group, Inc.
Carlisle Companies Incorporated
EMCOR Group, Inc.

Source: FactSet. Holdings are listed in alphabetical order under respective sector. Holdings are subject to change. For one-on-one use only. Past performance should not be considered indicative of future results. As of September 30, 2015.

Portfolio Holdings (%)

As of September 30, 2015



A VICTORY CAPITAL INVESTMENT FRANCHISE

Industrials - Continued	Information Technology	14.4%	Materials	8.0%
FTI Consulting, Inc.	Acxiom Corporation		Cabot Corporation	
Forward Air Corporation	Anixter International Inc.		Calgon Carbon Corporation	
Granite Construction Incorporated	Diodes Incorporated		Compass Minerals International, Inc.	
Korn/Ferry International	Entegris, Inc.		H.B. Fuller Company	
Mueller Industries, Inc.	Ingram Micro Inc. Class A		Hawkins, Inc.	
Quanex Building Products Corporation	Littelfuse, Inc.		Kaiser Aluminum Corporation	
Standex International Corporation	Mentor Graphics Corporation		Orion Engineered Carbons SA	
UniFirst Corporation	MKS Instruments, Inc.		Olin Corporation	
Werner Enterprises, Inc.	Mesa Laboratories, Inc.		Sensient Technologies Corporation	
Watts Water Technologies, Inc. Class A	Microsemi Corporation			
WOODWARD, INC.	MicroStrategy Incorporated Class A			
	Plexus Corp.		Telecom Services	—
	PTC Inc.		Utilities	4.6%
	Sykes Enterprises, Incorporated		ALLETE, Inc.	
			EI Paso Electric Company	
			NorthWestern Corporation	
			Piedmont Natural Gas Company, Inc.	

Source: FactSet. Holdings are listed in alphabetical order under respective sector. Holdings are subject to change. For one-on-one use only. Past performance should not be considered indicative of future results. As of September 30, 2015.



A VICTORY CAPITAL INVESTMENT FRANCHISE

Team, Philosophy and Process

SYCAMORE CAPITAL



Why Partner with Our Team?

Disciplined Approach and Stable Team Specializing in Small & Mid Cap Value

- Delivered by a team with experience, continuity and depth
- Two most senior Portfolio Managers have been investing together for over 16 years
- Over 100 years of cumulative investment experience on team

Relentless Focus on Risk/ Reward Assessment

- Aim to limit mistakes by not only assessing the upside potential but also evaluating what could go wrong in an investment opportunity
- Investment candidates must have a disproportionate risk/reward profile

Culture

- We harbor a collaborative and transparent investment culture
- We value a team-approach over a star system (process is bigger than any individual)
- We debate, challenge and vet investment ideas in order to deliver better outcomes for clients

Consistent Long-Term Investment Performance

- Outperformance over 3, 5, and 10 year annualized periods

Investment Team



A VICTORY CAPITAL INVESTMENT FRANCHISE

NAME	TITLE	JOINED	EXPERIENCE	INDUSTRY RESPONSIBILITY
Gary H. Miller	CIO	1987	28	Lead Portfolio Manager for Mid Cap/Small Cap Value
Greg M. Conners	Portfolio Manager	1999	21	Electronics, Energy, Transportation
Jeffrey M. Graff, CFA	Portfolio Manager	2006	20	Industrials, Autos
Michael F. Rodarte, CFA	Portfolio Manager	2006	11	Consumer Discretionary, Consumer Staples, Health Care, Insurance
James M. Albers, CFA	Portfolio Manager	2009	10	Banks, Financial Services, Hardware/Software, Utilities
Jason W. Brown, CFA	Research Analyst	2011	9	Basic Industry, REITs, Generalist
Abigayle B. Conner, CFA	Research Associate	2011	4	Generalist
Erik G. Nabhan	Portfolio Specialist	2015	10	PM Support, Liaison to Client Service, Sales and Marketing
John W. Van der Oord*	Trader	2014	8	Dedicated Mid Cap and Small Cap Trader

Long History of Small Cap Value Investing

*Trader joined Victory Capital's trading desk in 2007 and became dedicated to the Sycamore Capital investment team in 2014.

What We Believe...



A VICTORY CAPITAL INVESTMENT FRANCHISE

Philosophy

We believe that a disciplined, bottom-up value approach to investing offers the clearest path to consistent long-term investment performance. The bedrock of our investment philosophy is to optimize our clients' returns with the goal of minimizing the risk of permanent capital loss. We achieve this by investing in businesses that possess the following attributes:

Better Business

Financially strong with a sustainable business model



Margin of Safety

Trading at a discount to our estimate of intrinsic value



Positive Change

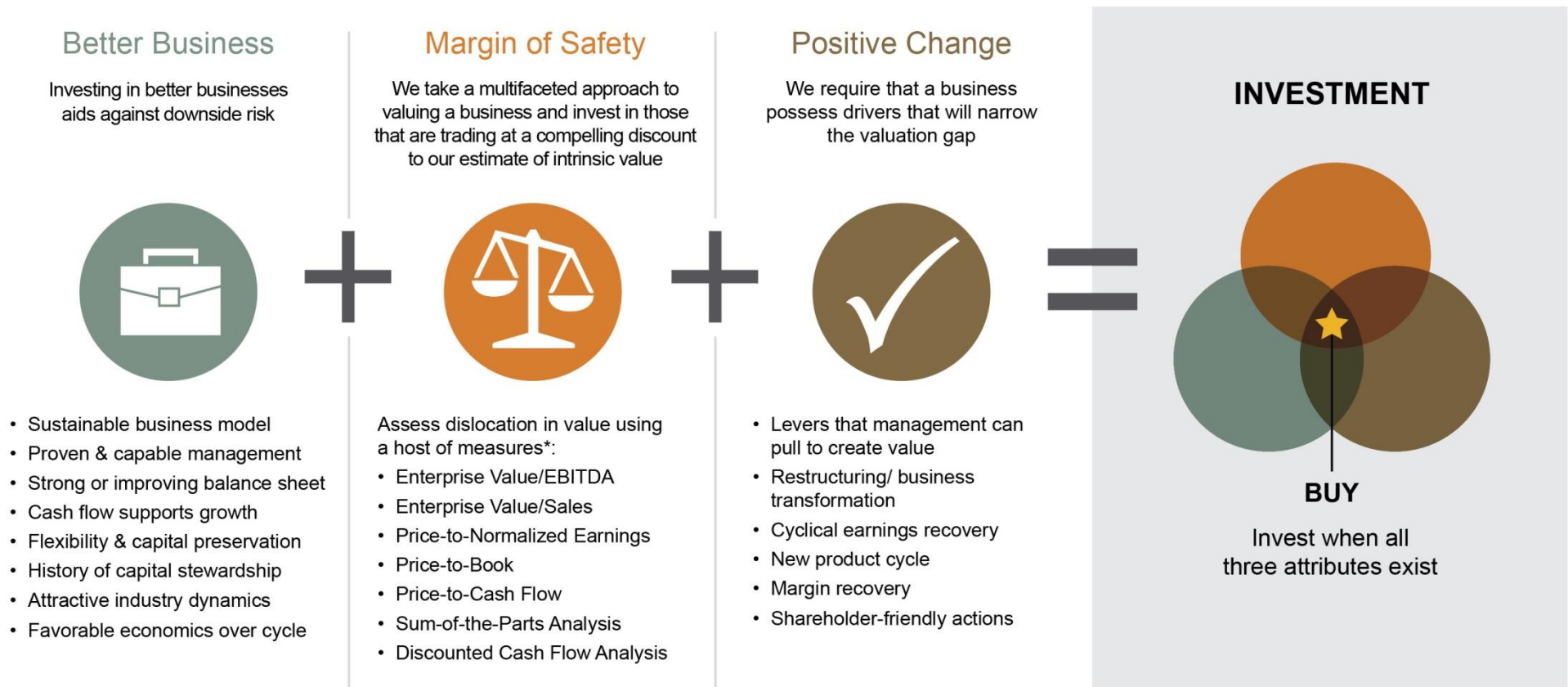
Fundamental drivers that will narrow the valuation gap



Margin of safety does not refer to the overall portfolio risk to the investor. In this context, margin of safety refers to Sycamore Capital's opinion of the current valuation and price direction of the underlying portfolio investments.

Valuation alone does not result in an investment

A business must possess **all three attributes** before an investment is made



* Varies from sector-to-sector

Margin of safety does not refer to the overall portfolio risk to the investor. In this context, margin of safety refers to Sycamore Capital's opinion of the current valuation and price direction of the underlying portfolio investments.


Investment Process Overview

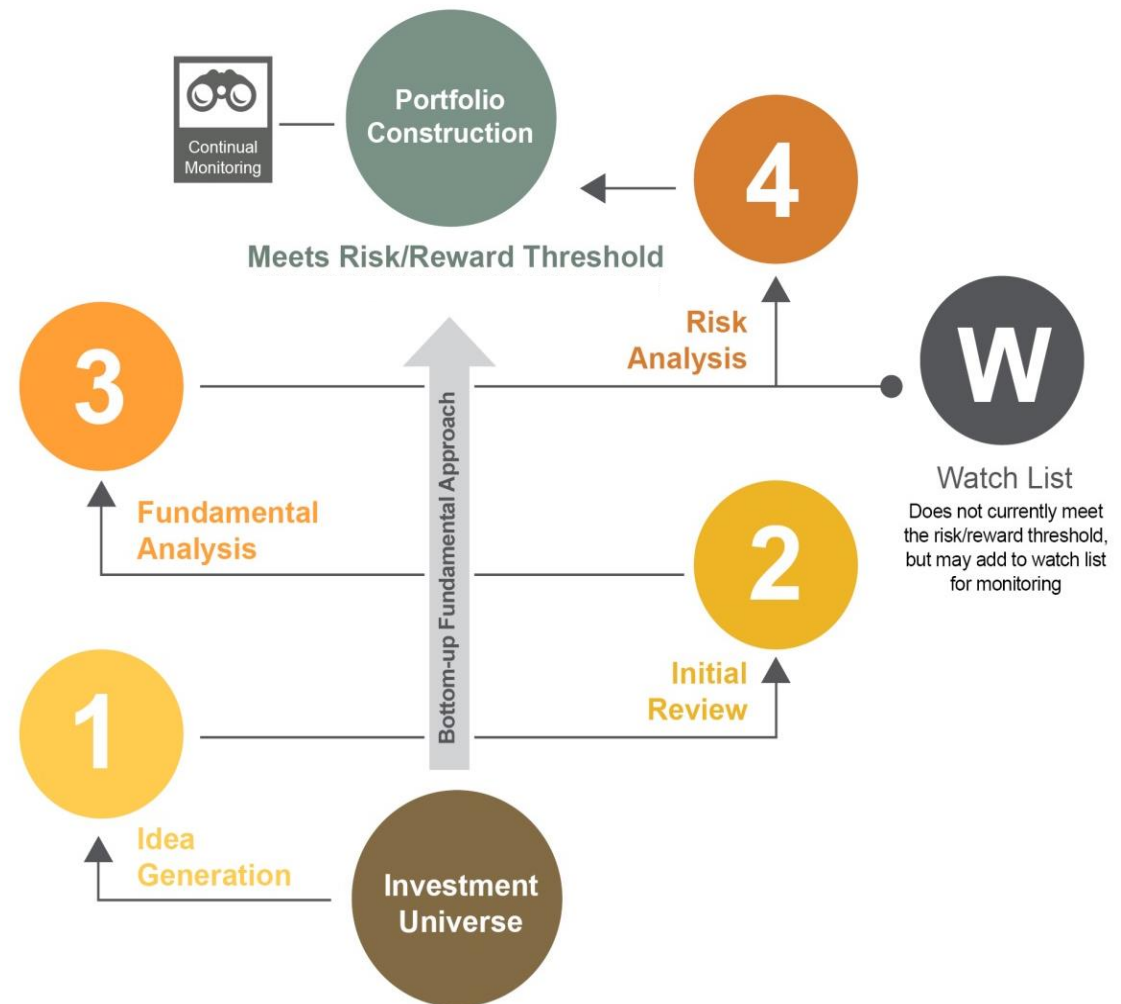


A VICTORY CAPITAL INVESTMENT FRANCHISE

Our bottom-up approach enables us to uncover the most compelling opportunities in our universe.

We employ a disciplined and dynamic process that includes:

- 1** Idea Generation
 - 2** Initial Review
 - 3** Fundamental Analysis
 - 4** Risk Analysis
-  **Portfolio Construction**





A VICTORY CAPITAL INVESTMENT FRANCHISE



Appendix

SYCAMORE CAPITAL



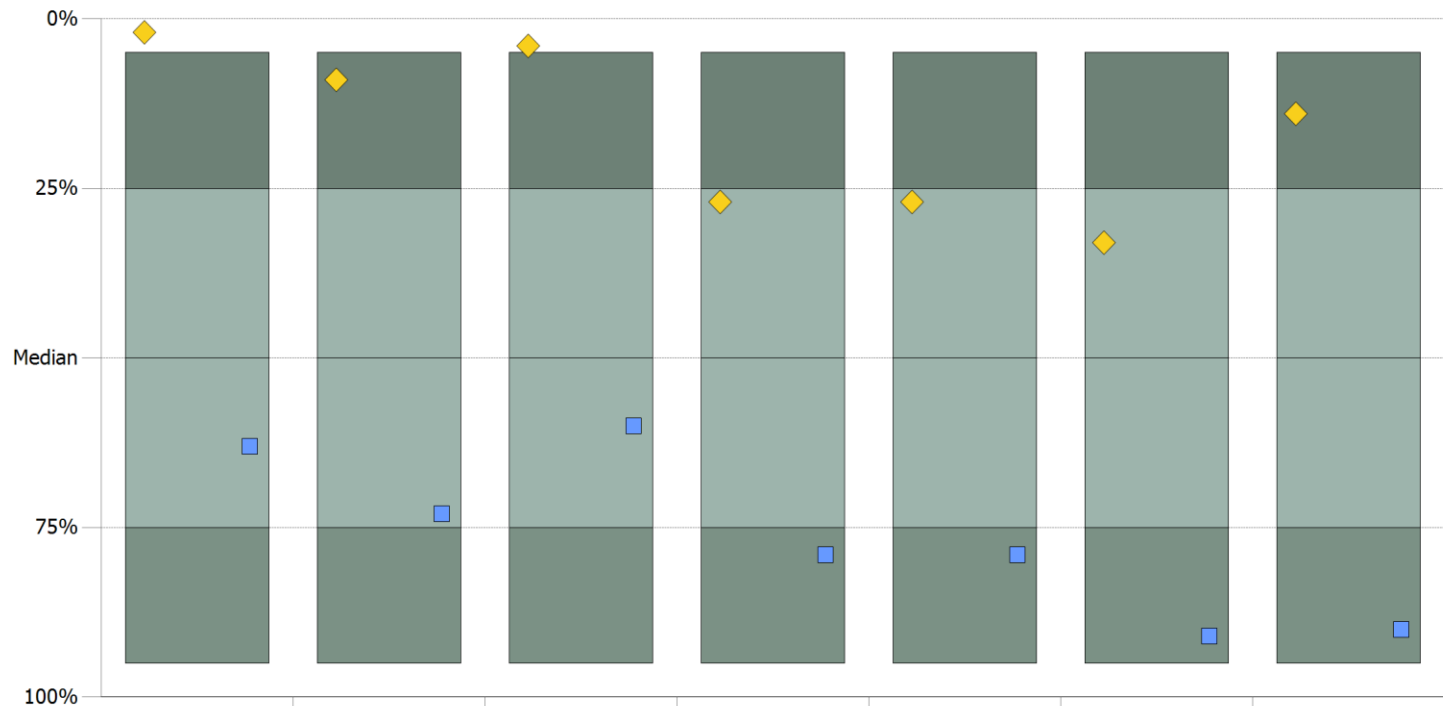
Performance vs. eVestment US Small Cap Value Equity Universe



A VICTORY CAPITAL INVESTMENT FRANCHISE

- ◆ Victory Capital Management Inc.: Sycamore Small Cap Value (Victory)
- Russell Index: Russell 2000 Value

Returns as Of: September 30, 2015



Universe:
eVestment US Small Cap Value Equity

	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			-6.16		-1.28		6.42		16.38		15.86		14.13		10.66	
25th percentile			-8.44		-5.13		3.03		13.91		13.78		11.53		8.71	
Median			-9.90		-6.97		0.05		11.91		12.34		10.14		7.55	
75th percentile			-11.90		-10.44		-5.54		9.50		10.59		8.71		6.38	
95th percentile			-16.77		-15.67		-14.59		4.08		7.02		6.17		4.96	
# of Observations			211		211		211		206		194		178		153	
◆ Victory Capital Management Inc.	SA	GF	-5.51	2	-2.33	9	6.75	4	13.85	27	13.72	27	11.06	33	9.23	14
■ Russell Index	IX	IX	-10.73	63	-10.06	73	-1.60	60	9.18	79	10.17	79	6.81	91	5.35	90

Results displayed in US Dollar (USD)

Source: eVestment

As of 09.30.15, the number of observations for the eVestment US Small Cap Value Equity Universe varied depending on the trailing performance category. The information and statistical data contained in this material were obtained from third party sources believed to be reliable; however, Victory Capital management does not guarantee the accuracy of the information and data may differ from information provided by Victory Capital Management. Performance numbers may differ due to rounding differences.

Past performance does not guarantee future results. This information cannot be shown without the fully-compliant presentation for the Small-Cap Value Equity composite, which contains net of fees performance and is located on the last page(s) of this book.

Calendar Year Performance (%)



A VICTORY CAPITAL INVESTMENT FRANCHISE

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Small Cap Value	6.84	22.93	-2.38	-26.57	34.69	23.16	2.64	13.73	34.60	7.90
Russell 2000 [®] Value Index	4.71	23.48	-9.78	-28.92	20.58	24.50	-5.50	18.05	34.52	4.22

Source: Returns reflect gross of fees using StatPro. 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.

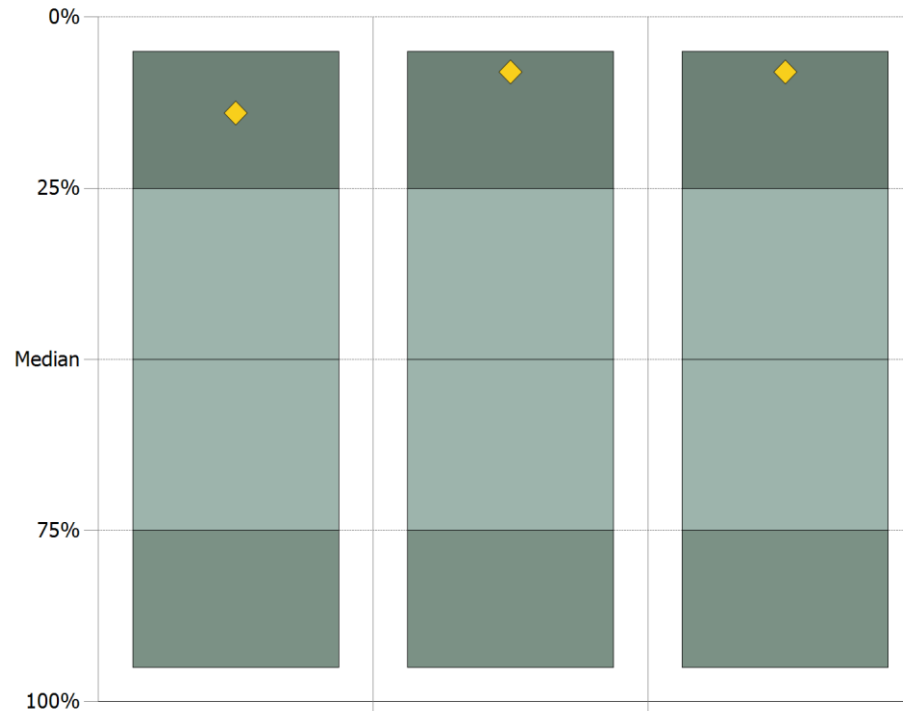
Compelling Long-Term Risk-Adjusted Performance



A VICTORY CAPITAL INVESTMENT FRANCHISE

◆ Victory Capital Management Inc.:
Sycamore Small Cap Value (Victory)

10 Years As Of: September 30, 2015



Universe:
eVestment US Small Cap Value Equity

	VT	RM	Alpha ¹	Rk	IR ¹	Rk	Sharpe ²	Rk
5th percentile			5.60		0.89		0.48	
25th percentile			3.62		0.53		0.36	
Median			2.60		0.32		0.30	
75th percentile			1.30		0.13		0.24	
95th percentile			-0.32		-0.05		0.15	
# of Observations			175		175		175	
◆ Victory Capital Management Inc.	SA	GF	4.16	14	0.79	8	0.42	8

Results displayed in US Dollar (USD)

¹Russell 2000 Value; ² Citigroup 3-Month T-Bill

Source: eVestment

As of 09.30.15 the eVestment US Small Cap Value Equity Universe contained 175 institutional products with a 10-year history. The information and statistical data contained in this material were obtained from third party sources believed to be reliable; however, Victory Capital management does not guarantee the accuracy of the information and data may differ from information provided by Victory Capital Management. Performance numbers may differ due to rounding differences.

Past performance does not guarantee future results. This information cannot be shown without the fully-compliant presentation for the Small-Cap Value Equity composite, which contains net of fees performance and is located on the last page(s) of this book.

Consistent Long-Term Performance



A VICTORY CAPITAL INVESTMENT FRANCHISE

Rolling Composite Returns since 1/1/2002*

As of September 30, 2015

Quarterly	No. of Periods (quarterly basis)	Outperformance (%)	Avg. Outperformance (%)	Avg. Underperformance (%)
3-Year Rolling	43	88%	3.3%	1.4%
5-Year Rolling	35	100%	3.3%	N/A
7-Year Rolling	27	100%	3.6%	N/A
10-Year Rolling	15	100%	3.1%	N/A

Source: Statpro.

*Represents Composite rolling period returns versus its representative benchmark, the Russell 2000® Value Index on a quarterly basis dating back to when current investment team took over investment decision-making authority on January 1, 2002. Returns are preliminary and gross of fees.

Past performance does not guarantee future results. This information cannot be shown without the fully-compliant presentation for The Victory Small Cap Value Composite, which contains net of fees performance and is located at the end of this presentation.

An index is not available for direct investment; therefore its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio. Please reference important index considerations on the last page(s) of this material.

Composite Performance

Victory Small Cap Value Equity



A VICTORY CAPITAL INVESTMENT FRANCHISE

Year Ending	Gross Return	Net Return	Benchmark	3yr Annualized Standard Deviation (%) Composite	3yr Annualized Standard Deviation (%) Benchmark	Number of Portfolios	Internal Dispersion	Composite Assets - (mm)	Total Firm Assets (mm)
12/31/2014	7.90%	6.82%	4.22%	12.55%	12.98%	16	0.23%	\$2,937	\$33,678
12/31/2013	34.60%	33.26%	34.52%	15.12%	16.05%	17	0.32%	\$2,625	\$16,758
12/31/2012	13.73%	12.61%	18.05%	18.34%	20.17%	16	0.19%	\$1,700	\$20,347
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

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, 2013. 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 Victory Small Cap Value Equity Composite has been examined for the periods January 1, 2004 through December 31, 2013. 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. Effective August 2013 Victory Capital Management became an independent firm. Prior to August 2013 Victory Capital Management was a wholly-owned subsidiary of KeyBank National Association. Registration with the SEC does not imply a certain level of skill or training. 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 all accounts, except wrap fee paying accounts, primarily invested in stocks of small/emerging companies with market capitalizations of less than \$2 billion. The 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 are net of transaction costs and include the reinvestment of dividends and other earnings. Gross returns reflect the deduction of trading expenses. Additionally, for some accounts within the composite, gross returns also reflect the deduction of custodian fees. 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 (using gross returns) 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. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and also may be found on Part II of its Form ADV. 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.

Eaton Vance/Parametric Portfolio Associates LLC

Mandate: Parametric Emerging Markets Equity

Hired: 2008

Firm Information	Investment Approach	Total ARMB Mandate
<p>Parametric Portfolio Associates LLC (“Parametric”), is a registered investment adviser based in Seattle, WA and has Investment Centers in Minneapolis, MN and Westport, CT. Parametric has been providing engineered portfolio solutions to institutional and private clients for over a quarter of a century, with a sharp focus on implementation excellence and client-specific customization.</p> <p>As of 9/30/15, Parametric’s AUM was approximately \$144.42B including the assets of Parametric’s subsidiary, Parametric Risk Advisors LLC (“PRA”).</p> <p>Key Executives: Paul Bouchey, CFA, Chief Investment Officer Thomas Seto, Head of Investment Management Timothy Atwill, Ph.D., CFA, Head of Investment Strategy Daniel Ryan, Managing Director, Relationship Management</p>	<p>The Parametric Emerging Markets Fund is Sub-Advised by Parametric for Eaton Vance Management (“Eaton Vance”). The Fund is managed by a team of portfolio managers from Parametric, who are primarily responsible for the day-to-day management of the Fund’s portfolio.</p> <p>Parametric’s investment philosophy is based on the mathematical principles of diversification, compounded growth, and volatility capture. Parametric’s active strategies are designed to provide long-term diversified exposure to a given asset class with a consistent level of excess return versus a given benchmark. The bedrock investment philosophy of the strategy is to reweight the concentration risks that dominate the emerging markets index, reduce the volatility of the portfolio in a risky asset class and capture a rebalancing premium across countries which continue to experience elevated levels of volatility and lower cross correlations.</p> <p>Benchmark: MSCI Emerging Markets Index</p>	<p>Assets Under Management: 9/30/15: \$216,377,770</p>

Concerns: None

9/30/2015 Performance

	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized
Manager (net)	-15.38%	-22.25%	-4.61%	-3.19%
Benchmark	-17.78%	-18.98%	-4.93%	-3.25%



Parametric™
Engineered Portfolio Solutions

**PARAMETRIC EMERGING MARKETS FUND –
R6 CLASS**

**ALASKA RETIREMENT
MANAGEMENT BOARD
PORTFOLIO REVIEW**

December 3rd, 2015

Dan Ryan

Managing Director – Client Relationship Management

Parametric Portfolio Associates LLC

(206) 381-7036

DRyan@paraport.com

Tim Atwill, Ph.D., CFA

Head of Investment Strategy

Parametric Portfolio Associates LLC

(206) 381-6107

TAtwill@paraport.com

Not FDIC Insured

Not Bank Guaranteed

May Lose Value

Not for Use With the Public.

WHO WE ARE

We provide systematic, disciplined portfolio management solutions

- > Parametric Portfolio Associates LLC (“Parametric”) is a majority-owned subsidiary of Eaton Vance Corp.
- > Parametric equity ownership is broadly distributed among senior management and investment professionals.
- > Approximately \$144.4 Billion in assets under management; 77 investment professionals*.

We offer investment solutions through our three investment centers:

Seattle, WA	Minneapolis, MN	Westport, CT
<ul style="list-style-type: none">• Leaders in rules-based, engineered portfolio solutions• Strategies ranging from index tracking portfolios to managed smart beta• Founded 1987• A subsidiary of Eaton Vance Corp. since 2003	<ul style="list-style-type: none">• Pioneers in overlay strategies and custom risk management solutions (formerly The Clifton Group)• Innovative product solutions in real asset and liquid alternatives• Founded 1972• Acquired by Parametric in 2012	<ul style="list-style-type: none">• Specialists in option portfolio management**• Provide product-based and custom option overlay solutions• Founded 2003• A part of Parametric since 2007

Parametric is divided into two segments: Parametric Investment & Overlay Strategies and Parametric Custom Tax-Managed & Centralized Portfolio Management. For compliance with the Global Investment Performance Standards (GIPS®), the Firm is defined and held out to the public as Parametric Investment & Overlay Strategies.

*As of 9/30/2015. Includes AUM and investment professionals of Parametric Risk Advisors LLC (“PRA”), a wholly owned subsidiary of Parametric. Includes AUM of Parametric Investment & Overlay Strategies and Parametric Custom Tax-Managed & Centralized Portfolio Management.

**The Westport, CT investment center is home to PRA (formerly Managed Risk Advisors prior to 2007).

Not for Use With the Public.

KEY DIFFERENTIATORS

Aligned investment philosophy across three investment centers, where we:

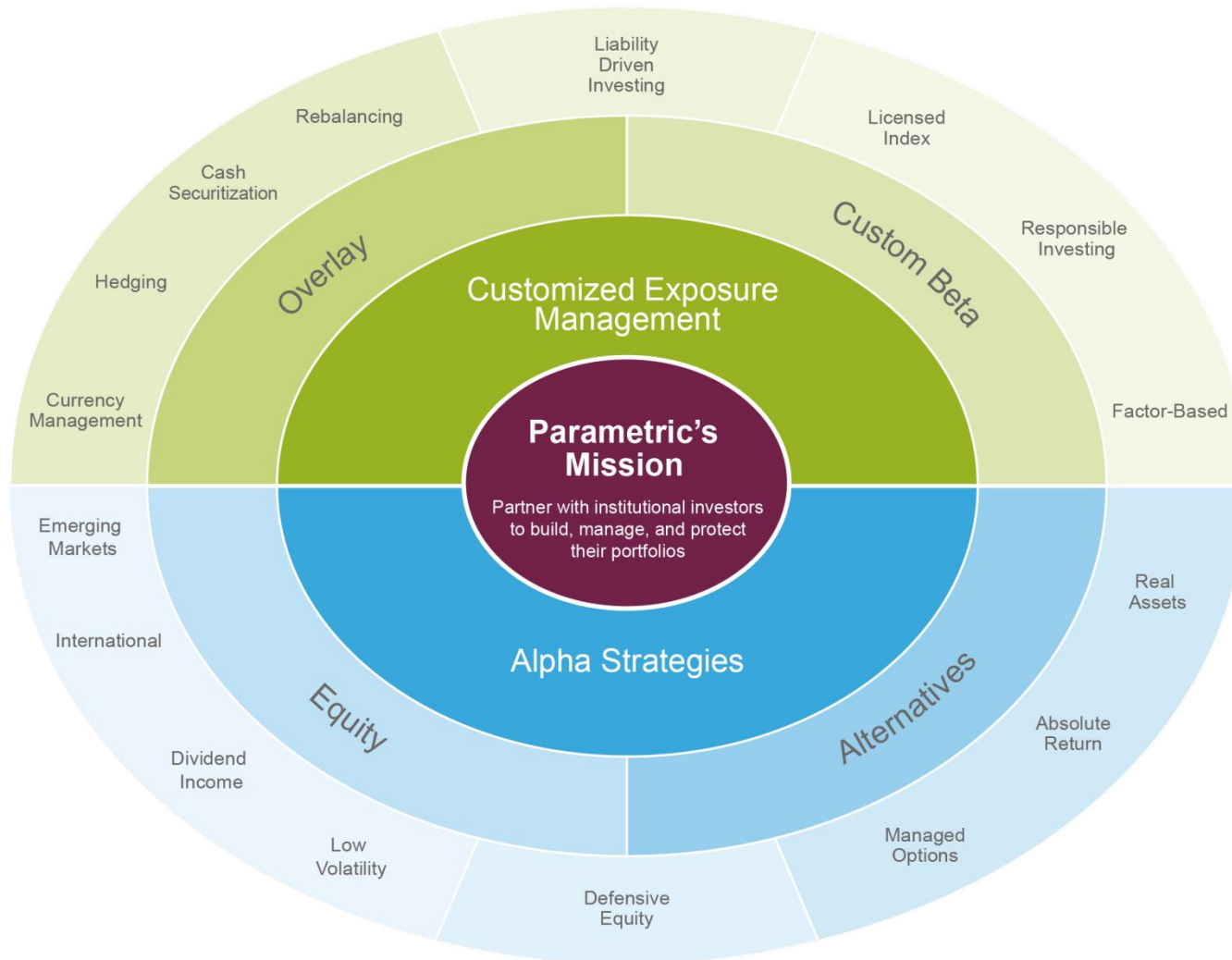
- Dismiss traditional market forecasts
- Seek to add value through portfolio construction
- Implement a disciplined, transparent investment process, with extensive risk management

Self-managed, with a culture of innovation and pragmatism

Deep, experienced, and stable team

Client-centered with a focus on service

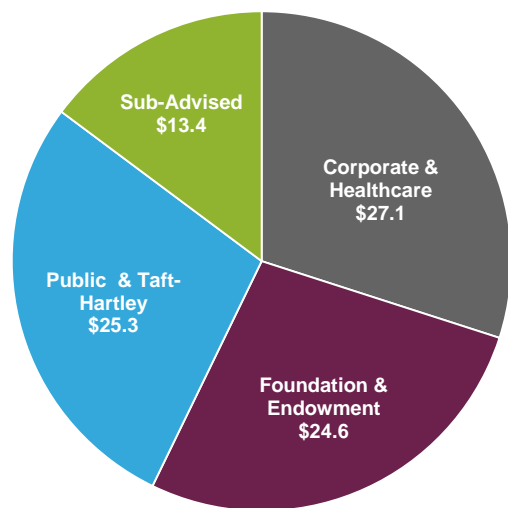
PARAMETRIC INVESTMENT PLATFORM



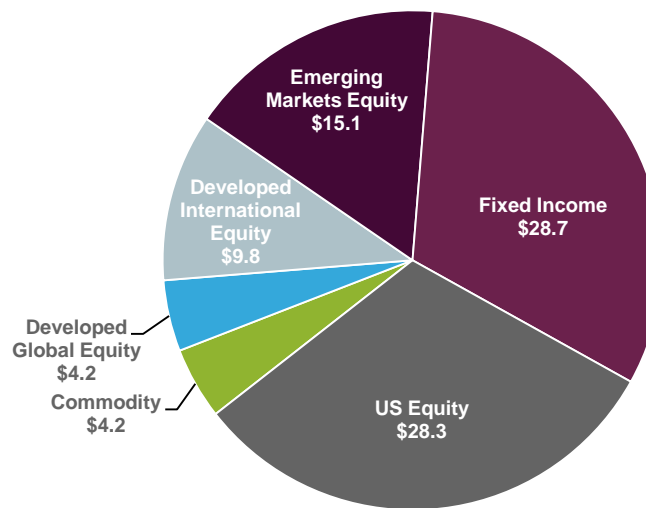
Not for Use With the Public.

ASSETS UNDER MANAGEMENT AS OF SEPTEMBER 30, 2015

Institutional Assets by Client Type



Institutional Assets by Asset Class



Total Institutional Assets \$90.4 Billion
 Consists of Funded and Overlay Assets

All numbers are approximate as of 9/30/2015 and include PRA's assets.

Parametric is divided into two segments: Parametric Investment & Overlay Strategies and Parametric Custom Tax-Managed & Centralized Portfolio Management. For compliance with the Global Investment Performance Standards (GIPS®), the Firm is defined and held out to the public as Parametric Investment & Overlay Strategies. Parametric Investment & Overlay Strategies provides rules-based investment management services to institutional investors, individual clients and registered investment vehicles. For a complete list and description of composites, please contact us at 206.694.5575. Total Institutional Assets presented above include assets from the Parametric Investment & Overlay Strategies segment. Please refer to the GIPS® Presentation and the Disclosures included at the end of this presentation for additional important information.

Not for Use With the Public.

REPRESENTATIVE CLIENT LIST AS OF SEPTEMBER 30, 2015

>Public

Alaska Retirement Management Board
Arizona State Retirement System
California State Teachers' Retirement System
East Bay Municipal Utility District
Fairfax County Employees' Retirement System
Houston Police Officers' Pension System
Manhattan and Bronx Surface Transit Operating Authority Pension Plan
Marin County Employees' Retirement Association
Massachusetts Pension Reserves Investment Management Board
New Mexico Public Employees' Retirement Association
Oakland Police and Fire Retirement System
San Joaquin County Employees' Retirement Association
San Luis Obispo County
San Mateo County Employees' Retirement System
Seattle City Employees' Retirement System
State of Wisconsin Investment Board

>Endowments

Baylor University
Pepperdine University
Texas Christian University
The University of Pittsburgh
University of Missouri System
University of St. Thomas
Regents of the University of Michigan

>Corporate

Cargill, Inc.
Macy's, Inc.
Minnesota Mining and Manufacturing Company
Nestlé in the USA Pension Trust
Eversource Energy Service Company
Target Corporation
United Technologies Corporation Master Retirement Trust

>Healthcare

Advocate Health and Hospitals Corporation
Cook Children's Health Care System
North Memorial Health Care
OhioHealth Corporation
Rochester General Master Investment Trust
Trinity Health Corporation

>Taft-Hartley

1199 SEIU Health Care Employees' Pension Fund
Boilermaker-Blacksmith National Pension Trust
Central Laborers' Pension Fund
National Automatic Sprinkler Pension Fund
National Retirement Fund

>Foundations

Auburn University
The California Endowment
Doris Duke Charitable Foundation
The John D. & Catherine T. MacArthur Foundation
Indiana University Foundation
The McKnight Foundation
The Minneapolis Foundation
University of Minnesota Foundation

>Faith Based

Covenant Ministries of Benevolence
The Minister & Missionaries' Benefit Board of American Baptist Churches
Pension Fund of the Christian Church

It is not known whether the listed clients approve or disapprove of the adviser. The partial list of clients included herein were selected as being representative of the different types of institutional clients and businesses serviced by Parametric. Performance-based data was not a determining factor in their selection.

Not for Use With the Public.

WHAT OUR CLIENTS ARE TALKING TO US ABOUT

Implementing Policy Objectives: Increasing Efficiency & Cost Effectiveness

- Liquidity Management
- Rebalancing
- LDI / Dynamic Asset Allocation
- Tactical Market Views

Managing Downside: Addressing Discrete Portfolio Risks

- Equity Volatility
- Currency Hedging
- Rising Rates
- Deflation/Inflation

Strategy Solutions: Systematic Alpha, Diversifiers, and Liquid Alternatives

- Emerging Markets
- Real Assets
- Option Writing
- Dividend Income

ALASKA RETIREMENT MANAGEMENT BOARD RELATIONSHIP WITH PARAMETRIC

Parametric Relationship Management

Dan Ryan
Managing Director – Client Relationship Management
(206) 381-7036
DRyan@paraport.com

Amy Arslain
Relationship Management Associate
(206) 381-7008
AArslain@paraport.com

Doug Miller
Director – Institutional Relationships
(206) 381-2705
DMiller@paraport.com

Portfolio Management

Thomas Seto
Head of Investment Management – Seattle Investment Center
Timothy Atwill, Ph.D., CFA
Head of Investment Strategy – Seattle Investment Center

Jodi Wong
Managing Director – Emerging Markets Portfolio Management

Institutional Portfolio Managers

Jeffrey Brown, CFA
Director – Institutional Portfolio Manager

Brian Dillon
Director – Institutional Portfolio Manager

Gregory Johnsen, CFA
Director – Institutional Portfolio Manager

Features and Benefits

- Your advocate within Parametric
- Broad knowledge of your portfolio, investment strategy and the market
- Single point of contact to coordinate all matters related to your portfolio
- Manage dynamic client objectives and goals

Reporting and Communication

- Account performance, appraisals and trading activity
- Written portfolio investment review and market commentary
- Periodic portfolio review meetings and updates
- White papers and market overviews

Not for Use With the Public.



ALASKA RETIREMENT MANAGEMENT BOARD PORTFOLIO REVIEW

ALASKA RETIREMENT MANAGEMENT BOARD RELATIONSHIP REVIEW

- March 26, 2008:** ARMB invested \$100,000,000 into the Eaton Vance Parametric Structured Emerging Markets Strategy
- April 1, 2009:** ARMB transitioned assets to Parametric Emerging Markets Fund – Institutional Class (EIEMX)
- 2009:** Additional investments of \$25,000,000 into the Fund
- August 20, 2014:** Additional investment of \$50,000,000 into the Fund
- August 25, 2014:** ARMB transitioned assets to Parametric Emerging Markets Fund – R6 Class (EREMX)
- October 31, 2015:** Market Value: \$227,085,880

Performance % as of October 31, 2015 <i>Periods over one year are annualized</i>	MTD	QTD	YTD	1 Year	3 Year	5 Year	7 Year	Since ARMB's Inception (3/26/2008)
Parametric Emerging Markets Fund*	4.95	-6.61	-11.02	-18.20	-2.98	-2.94	7.15	-1.87
MSCI Emerging Markets Index (Net Dividends)	7.13	-5.49	-9.45	-14.53	-2.87	-2.79	8.40	-1.05

*Blended performance is shown for all time periods greater than 1 Year. Blended performance consists of the CIT from 3/26/2008 to 3/31/2009, EIEMX from 4/1/2009 to 8/25/2014, and EREMx thereafter.

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than quoted. Returns are historical and mutual fund returns are calculated by determining the percentage change in net asset value (NAV) with all distributions reinvested. Performance less than one year is cumulative. Institutional shares for this fund are subject to a 2% redemption fee when exchanged or redeemed.

Not for Use With the Public.

ATTRIBUTION COMMENTS

Contributors

Factors contributing to the Fund's relative performance compared to the Index during the quarter:

- An underweight to China contributed to performance versus the Index. Chinese securities dropped dramatically over the course of the quarter, as growth concerns and forceful market interventions by the central government spooked investors.
- An underweight to Brazil also lifted performance relative to the Index, as this country's markets continued to drop in the third quarter, primarily due to concerns surrounding its economic growth, and a downgrade by S&P of its sovereign debt to junk.
- An overweight to Bangladesh further aided performance relative to the Index.

Detractors

Factors detracting from the Fund's relative performance compared to the Index during the quarter:

- An underweight to Korea detracted from performance versus the Index, as Korean markets outperformed the Index over the quarter, due in part to a rebound in consumer spending stemming from the resolution of its MERS virus outbreak.
- An underweight to India also detracted from performance, as Indian equities outperformed the Index over the quarter, partially due to a larger than expected rate cut by its central bank.
- An overweight to Kazakhstan also detracted from performance relative to the Index, as falling energy prices negatively impacted the economy of this oil exporter.

PERFORMANCE ATTRIBUTION

Q3 2015

COUNTRY	Fund		MSCI Emerging Markets Index		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection Effect	Total Effect
China	8.89	-19.85	23.92	-22.71	0.83	0.29	1.12
Poland	3.16	-7.37	1.54	-10.81	0.13	0.10	0.23
Bangladesh	0.80	6.58	--	--	0.18	--	0.18
Hungary	1.58	-3.08	0.24	-3.30	0.18	--	0.18
Czech Republic	1.37	-4.35	0.20	-6.62	0.12	0.03	0.15
Brazil	5.68	-34.53	6.90	-33.60	0.23	-0.08	0.15
Kuwait	1.56	-8.29	--	--	0.15	--	0.15
Romania	0.78	-0.58	--	--	0.13	--	0.13
Jordan	0.81	-2.36	--	--	0.12	--	0.12
Croatia	0.80	-2.92	--	--	0.12	--	0.12
Morocco	0.78	-2.78	--	--	0.12	--	0.12
Chile	3.05	-13.33	1.27	-13.59	0.09	0.01	0.10
Mauritius	0.78	-6.17	--	--	0.09	--	0.09
Egypt	1.61	-12.74	0.20	-12.94	0.08	--	0.08
Greece	1.57	-17.67	0.29	-35.79	-0.21	0.29	0.08
Sri Lanka	0.77	-6.38	--	--	0.08	--	0.08
Vietnam	0.79	-8.27	--	--	0.08	--	0.08
U.A.E.	1.59	-10.13	0.79	-10.40	0.07	--	0.07
Nigeria	0.74	-9.71	--	--	0.07	--	0.07
Bahrain	0.76	-8.62	--	--	0.07	--	0.07
Oman	0.77	-9.45	--	--	0.07	--	0.07
Russia	5.60	-14.80	3.78	-14.80	0.07	--	0.06
Slovenia	0.76	-9.83	--	--	0.06	--	0.06
Pakistan	0.77	-10.07	--	--	0.06	--	0.06
Thailand	2.98	-16.29	2.28	-17.60	0.01	0.05	0.06
Mexico	6.24	-12.99	4.72	-11.98	0.10	-0.07	0.04

Source: Eaton Vance, Factset, MSCI. The above material is provided for informational and illustrative purposes only. The information does not constitute investment advice and should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any particular securities or to adopt any particular investment strategy. The Performance Attribution is based upon the total assets of the Fund for the periods shown. A description of the methodology used to calculate the performance attribution is available upon request. It should not be assumed that any of the countries mentioned were or will be profitable, or that any recommendations in the future will be profitable or will equal the performance of the listed securities. Not all of Eaton Vance/Parametric's recommendations have been or will be profitable. It is not possible to directly invest in an index. Past performance does not predict future results.

Not for Use With the Public.

PERFORMANCE ATTRIBUTION

Q3 2015

COUNTRY	Fund		MSCI Emerging Markets Index		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection Effect	Total Effect
Qatar	1.54	-8.74	1.04	-6.59	0.07	-0.03	0.03
Estonia	0.18	3.15	--	--	0.03	--	0.03
Kenya	0.75	-13.79	--	--	0.03	--	0.03
Botswana	0.29	-7.83	--	--	0.03	--	0.03
Malaysia	2.84	-17.67	3.22	-18.23	--	0.02	0.03
Philippines	3.05	-13.18	1.45	-10.34	0.12	-0.09	0.02
Taiwan	6.02	-15.29	12.46	-16.95	-0.08	0.10	0.02
Lebanon	0.12	-9.45	--	--	0.01	--	0.01
Lithuania	0.06	-2.44	--	--	0.01	--	0.01
Ghana	0.07	-9.94	--	--	0.01	--	0.01
Latvia	0.01	6.09	--	--	--	--	--
Bulgaria	0.04	-11.81	--	--	--	--	--
Saudi Arabia	0.77	-17.72	--	--	--	--	--
Ukraine	0.17	-23.30	--	--	-0.01	--	-0.01
Turkey	3.09	-18.89	1.44	-19.49	-0.03	0.02	-0.01
South Africa	6.02	-19.42	7.99	-18.63	0.04	-0.06	-0.02
Peru	1.51	-21.39	0.39	-21.50	-0.04	--	-0.04
Colombia	1.37	-23.12	0.55	-23.23	-0.04	--	-0.04
Argentina	0.72	-24.54	--	--	-0.06	--	-0.06
Indonesia	2.76	-25.62	2.33	-24.22	-0.03	-0.05	-0.08
Panama	0.24	-48.38	--	--	-0.10	--	-0.10
Kazakhstan	0.69	-39.59	--	--	-0.19	--	-0.19
India	6.09	-8.13	8.41	-6.74	-0.19	-0.08	-0.27
Korea	6.06	-11.70	14.57	-11.82	-0.61	0.01	-0.60
Cash	0.56	-31.67	--	--	0.05	--	0.05
Total	100.00	-15.35	100.00	-17.90	2.09	0.45	2.55

Source: Eaton Vance, Factset, MSCI. The above material is provided for informational and illustrative purposes only. The information does not constitute investment advice and should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any particular securities or to adopt any particular investment strategy. The Performance Attribution is based upon the total assets of the Fund for the periods shown. A description of the methodology used to calculate the performance attribution is available upon request. It should not be assumed that any of the countries mentioned were or will be profitable, or that any recommendations in the future will be profitable or will equal the performance of the listed securities. Not all of Eaton Vance/Parametric's recommendations have been or will be profitable. It is not possible to directly invest in an index. Past performance does not predict future results.
Not for Use With the Public.

PERFORMANCE ATTRIBUTION

One Year as of 9/30/2015

COUNTRY	Fund		MSCI Emerging Markets Index		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection Effect	Total Effect
Brazil	5.81	-49.55	8.09	-48.39	0.94	-0.15	0.78
Hungary	1.30	3.19	0.21	6.68	0.29	-0.03	0.26
Pakistan	0.81	3.88	--	--	0.17	--	0.17
Jordan	0.81	-0.92	--	--	0.15	--	0.15
Poland	3.03	-19.94	1.56	-26.25	-0.06	0.21	0.15
Romania	0.79	-2.10	--	--	0.14	--	0.14
Malaysia	2.86	-33.49	3.46	-33.66	0.12	0.02	0.14
Thailand	3.08	-20.03	2.35	-23.70	-0.01	0.13	0.12
Bangladesh	0.84	-4.79	--	--	0.11	--	0.11
Czech Republic	1.24	-13.62	0.20	-22.34	-0.01	0.11	0.10
Turkey	3.11	-21.17	1.57	-23.77	-0.01	0.07	0.06
Korea	6.05	-14.82	14.64	-18.44	-0.18	0.24	0.06
Vietnam	0.77	-13.24	--	--	0.05	--	0.05
Botswana	0.24	2.12	--	--	0.05	--	0.05
Sri Lanka	0.69	-10.42	--	--	0.05	--	0.05
Argentina	0.77	-17.41	--	--	0.04	--	0.04
Morocco	0.81	-13.75	--	--	0.04	--	0.04
U.A.E.	1.54	-20.44	0.67	-26.41	-0.05	0.09	0.04
Estonia	0.15	3.53	--	--	0.04	--	0.04
Croatia	0.74	-16.74	--	--	0.03	--	0.03
Bahrain	0.58	-29.43	--	--	0.02	--	0.02
Mauritius	0.74	-17.65	--	--	0.02	--	0.02
Kenya	0.76	-17.21	--	--	0.02	--	0.02
Qatar	1.55	-16.96	0.86	-18.34	-0.01	0.02	0.02
Lithuania	0.05	-6.24	--	--	0.01	--	0.01
Lebanon	0.10	-16.75	--	--	0.01	--	0.01

Source: Eaton Vance, Factset, MSCI. The above material is provided for informational and illustrative purposes only. The information does not constitute investment advice and should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any particular securities or to adopt any particular investment strategy. The Performance Attribution is based upon the total assets of the Fund for the periods shown. A description of the methodology used to calculate the performance attribution is available upon request. It should not be assumed that any of the countries mentioned were or will be profitable, or that any recommendations in the future will be profitable or will equal the performance of the listed securities. Not all of Eaton Vance/Parametric's recommendations have been or will be profitable. It is not possible to directly invest in an index. Past performance does not predict future results.

Not for Use With the Public.

PERFORMANCE ATTRIBUTION

One Year as of 9/30/2015

COUNTRY	Fund		MSCI Emerging Markets Index		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection Effect	Total Effect
Latvia	0.01	-2.21	--	--	0.01	--	0.01
Ghana	0.08	-26.44	--	--	-0.01	--	-0.01
Chile	3.08	-21.14	1.36	-21.22	-0.02	0.01	-0.01
Bulgaria	0.04	-50.62	--	--	-0.02	--	-0.02
Oman	0.75	-22.58	--	--	-0.02	--	-0.02
Philippines	2.61	-12.27	1.34	-5.73	0.15	-0.19	-0.04
Greece	1.51	-42.29	0.39	-66.00	-0.59	0.54	-0.05
Slovenia	0.73	-26.08	--	--	-0.05	--	-0.05
Ukraine	0.16	-48.84	--	--	-0.07	--	-0.07
Kuwait	1.51	-26.57	--	--	-0.10	--	-0.10
Saudi Arabia	0.74	-34.79	--	--	-0.13	--	-0.13
Panama	0.28	-59.24	--	--	-0.14	--	-0.14
Nigeria	0.75	-41.85	--	--	-0.15	--	-0.15
Colombia	1.36	-49.77	0.70	-50.46	-0.20	0.01	-0.19
Peru	1.49	-32.93	0.42	-26.23	-0.08	-0.12	-0.19
Mexico	5.91	-27.63	4.80	-24.02	0.04	-0.25	-0.20
Indonesia	2.92	-36.79	2.54	-32.94	-0.05	-0.16	-0.21
India	6.35	-6.10	7.56	-5.90	-0.21	-0.02	-0.23
Egypt	1.72	-32.93	0.23	-24.29	-0.07	-0.19	-0.26
South Africa	6.09	-18.88	7.84	-14.18	-0.02	-0.31	-0.34
Kazakhstan	0.71	-58.33	--	--	-0.39	--	-0.39
Russia	5.64	-32.91	3.85	-27.09	-0.05	-0.39	-0.44
Taiwan	6.34	-13.03	12.48	-11.31	-0.47	-0.09	-0.56
China	9.36	-5.38	22.87	-5.04	-1.31	-0.04	-1.36
Cash	0.62	-37.00	--	--	0.09	--	0.09
Total	100.00	-21.68	100.00	-19.28	-1.92	-0.48	-2.40

Source: Eaton Vance, Factset, MSCI. The above material is provided for informational and illustrative purposes only. The information does not constitute investment advice and should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any particular securities or to adopt any particular investment strategy. The Performance Attribution is based upon the total assets of the Fund for the periods shown. A description of the methodology used to calculate the performance attribution is available upon request. It should not be assumed that any of the countries mentioned were or will be profitable, or that any recommendations in the future will be profitable or will equal the performance of the listed securities. Not all of Eaton Vance/Parametric's recommendations have been or will be profitable. It is not possible to directly invest in an index. Past performance does not predict future results.

Not for Use With the Public.

COUNTRY WEIGHTS

Parametric Emerging Markets Fund – R6 Class – Country Allocation as of 9/30/2015 (total net assets)

	EM Fund	MSCI Emerging Market Index	Target Weights
Tier 1	51.18	82.95	52.70
China	9.23	23.44	9.30
Taiwan	5.94	12.53	6.20
India	6.17	8.91	6.20
Brazil	5.22	6.10	6.20
Mexico	6.42	4.78	6.20
South Africa	5.78	7.84	6.20
Korea	6.44	15.53	6.20
Russia	5.98	3.82	6.20

	EM Fund	MSCI Emerging Market Index	Target Weights
Tier 2	20.46	13.24	21.70
Chile	3.07	1.28	3.10
Turkey	2.97	1.42	3.10
Poland	3.02	1.55	3.10
Thailand	2.96	2.25	3.10
Philippines	2.88	1.47	3.10
Indonesia	2.78	2.14	3.10
Malaysia	2.78	3.13	3.10

	EM Fund	MSCI Emerging Market Index	Target Weights
Tier 3	10.86	3.30	10.85
Egypt	1.78	0.22	1.55
Peru	1.57	0.38	1.55
Kuwait	1.47	0.00	1.55
Qatar	1.55	1.14	1.55
U.A.E.	1.59	0.81	1.55
Colombia	1.42	0.50	1.55
Greece	1.48	0.25	1.55

This information is for illustrative purposes only and should not be considered investment advice. Allocations are subject to change due to active management.

Not for Use With the Public.

	EM Fund	MSCI Emerging Market Index	Target Weights
Tier 4	15.77	0.46	14.82
Hungary	1.60	0.25	0.78
Czech Republic	1.37	0.21	0.78
Saudi Arabia	0.87	0.00	0.78
Oman	0.79	0.00	0.78
Mauritius	0.79	0.00	0.78
Bangladesh	0.78	0.00	0.78
Croatia	0.78	0.00	0.78
Nigeria	0.78	0.00	0.78
Morocco	0.77	0.00	0.78
Jordan	0.76	0.00	0.78
Romania	0.76	0.00	0.78
Vietnam	0.76	0.00	0.78
Bahrain	0.76	0.00	0.78
Sri Lanka	0.75	0.00	0.78
Kenya	0.74	0.00	0.78
Slovenia	0.74	0.00	0.78
Pakistan	0.72	0.00	0.78
Argentina	0.68	0.00	0.78
Kazakhstan	0.57	0.00	0.78
Transition Countries	1.45	0.00	0.00
Botswana	0.31	0.00	0.00
Panama	0.28	0.00	0.00
Ukraine	0.27	0.00	0.00
Estonia	0.20	0.00	0.00
Lebanon	0.13	0.00	0.00
Ghana	0.08	0.00	0.00
Lithuania	0.07	0.00	0.00
Latvia	0.07	0.00	0.00
Bulgaria	0.04	0.00	0.00

CHARACTERISTICS

Parametric Emerging Markets Fund – R6 Class

CHARACTERISTICS ending 9/30/2015	Parametric Emerging Markets Fund – R6 Class	MSCI Emerging Markets Index
Number of Holdings	1,637	837
Weighted Avg. Market Cap (millions)	\$14.5	\$40.2
Median Market Cap (millions)	\$1.8	\$4.1
Weight in Top 10 Names	7.19%	12.10%
Number of Countries	50	23

Sectors (%)	Parametric Emerging Markets Fund – R6 Class	MSCI Emerging Markets Index
Consumer Discretionary	9.17	9.45
Consumer Staples	10.70	8.82
Energy	8.80	7.35
Financials	22.47	28.54
Health Care	3.95	2.89
Industrials	11.26	7.43
Information Technology	6.88	18.08
Materials	10.21	6.73
Telecom Services	10.73	7.37
Utilities	5.83	3.35

Source: Eaton Vance and Factset as of 9/30/2015. It is not possible to invest directly in an Index or Category. Portfolio information is subject to change due to active management. Past performance does not predict future results. Top Sectors exclude cash and equivalents. Percent of total net assets.

Not for Use With the Public.

PERFORMANCE

Parametric Emerging Markets Fund – R6 Class

Total Returns as of 9/30/2015

	QTD	YTD	1 Year	3 Years	5 Years	Life of Fund
Returns at NAV ¹	-15.38%	-15.21%	-22.25%	-4.59%	-3.17%	3.12%
MSCI Emerging Markets Index	-17.90%	-15.48%	-19.28%	-5.27%	-3.57%	3.06%

¹Net Asset Value: without sales charge

Trailing period over one year is annualized

Fund inception is July 1, 2014

Total Annual Operating Expenses: 1.07%

Source: Prospectus dated 6/1/15

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than quoted. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) with all distributions reinvested. Returns for other classes of shares offered by the Fund are different. Performance less than one year is cumulative. Total return prior to the commencement of the class reflects returns of another Fund class. Prior returns are adjusted to reflect applicable sales charge (but were not adjusted for other expenses). If adjusted for other expenses, returns would be lower

Not for Use With the Public.

PERFORMANCE

Parametric Emerging Markets Fund – R6 Class

Calendar Year History as of 9/30/2015

	2014	2013	2012	2011	2010	2009	2008	2007
Parametric Emerging Markets Fund – R6 Class	-3.80%	1.00%	19.64%	-19.15%	22.14%	67.84%	-51.62%	36.23%
MSCI Emerging Markets Index ¹	-2.19%	-2.60%	18.22%	-18.42%	18.88%	78.51%	-53.33%	39.39%

¹MSCI is a capitalization-weighted unmanaged index. It is not possible to invest in an index. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.

Fund inception is July 1, 2014

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than quoted. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) with all distributions reinvested. Returns for other classes of shares offered by the Fund are different. Performance less than one year is cumulative. Total return prior to the commencement of the class reflects returns of another Fund class. Prior returns are adjusted to reflect applicable sales charge (but were not adjusted for other expenses). If adjusted for other expenses, returns would be lower

Not for Use With the Public.

CHARACTERISTICS

Parametric Emerging Markets Fund – R6 Class

RETURNS-BASED CHARACTERISTICS 5 Yrs ending 9/30/2015	Parametric Emerging Markets Fund – R6 Class	MSCI Emerging Markets Index
Alpha	-0.13%	--
Beta	0.88	1
R-Squared	0.95	1
Standard Deviation	16.01%	17.78%
Tracking Error	4.07%	--
Information Ratio	0.1	--
Sharpe Ratio	-0.20	-0.21

Source: Eaton Vance and Zephyr. It is not possible to invest directly in an Index or Category. Past performance is no guarantee of future results.

Alpha is the incremental return of a manager when the market is stationary. This risk-adjusted factor takes into account both the performance of the market as a whole and the volatility of the manager. A positive alpha indicates that a manager has produced returns above the expected level at that risk level, and vice versa for a negative alpha. Beta is a measure of risk which shows a fund's volatility relative to the market. A fund with a beta of 1 performed exactly like the market index; a beta less than 1 means its performance was less volatile than the index, positive or negative. Standard Deviation is a measure of a security's volatility, or variability, in expected return. As such, it is a measure of risk; higher numbers indicate higher historical volatility. Sharpe Ratio is a measure of risk-adjusted performance. The higher the Sharpe Ratio, the better the Fund's historical risk-adjusted performance. Information Ratio is a measure of the value added per unit of active risk by a manager over an index. Managers taking on higher levels of risk are expected to then generate higher levels of return, so a positive Information Ratio would indicate "efficient" use of risk by a manager. R-Squared is a measure of a manager's movement in relation to the market. Generally, the R-Squared of a manager versus a benchmark is a measure of how closely related the variance of the manager returns and the variance of the benchmark returns are. Tracking Error is a measure of the amount of active risk that is being taken by a manager. A higher tracking error indicates a higher level of risk being taken relative to the specified benchmark.

Not for Use With the Public.



PARAMETRIC EMERGING MARKETS STRATEGY OVERVIEW

PARAMETRIC INVESTMENT COMMITTEE: EMERGING MARKETS STRATEGIES

Investment Strategy

Timothy Atwill, Ph.D., CFA
Head of Investment Strategy (Strategist)

Paul Bouchey, CFA
Chief Investment Officer

Portfolio Management

Thomas Seto
Head of Investment Management

Jodi Wong
Managing Director – Emerging Markets Portfolio Management

All Investment Committee members are Seattle Investment Center staff.

Not for Use With the Public.

PARAMETRIC INVESTMENT STAFF: SEATTLE INVESTMENT CENTER

Investment Leadership Team

Paul Bouchey, CFA
Chief Investment Officer

Timothy Atwill, Ph.D., CFA
Head of Investment Strategy

Thomas Seto
Head of Investment Management

Investment Staff

Portfolio Management

Custom Portfolios

James Reber
Managing Director – Portfolio Management
Trip Brannen, CFA
Steve Kleyn, CFA
Xiaozhen Li, Ph.D., CFA
Jennifer Mihara
Jeremy Milleson
Andrew Subkoviak, CFA

Custom Core™

Gordon Wotherspoon
Director – Advisor Channel Portfolio Management
August Kristoferson
Egan Ludwig, CFA
Ryan Olsen, CFA
Samuel Swartz
Robert Yocum

Emerging Markets

Jodi Wong
Managing Director – Emerging Markets Portfolio Management
Rodolfo Galgana
Anu Ganti, CFA
Rainer Germann, CFA
Thomas Hardy, CFA
Robert Osborne, CFA

Centralized Portfolio Management

Geoff Longmeier, CFA
Director – Centralized Portfolio Management
Ben Finley, CFA
Qiwen (Gigi) Liu, CFA
Hang Nguyen
Robert Rowe
Michael Yip, CFA

Trading

Lee Thacker, CFA
Director – Trading
Roy Belen
Adam Bodnarchuk
Eric Britt
Kim Day
Megan Fiorito
Chris Hackman

Investment Strategy & Research

Institutional Portfolio Management

Jeffrey Brown, CFA
Brian Dillon
Greg Johnsen, CFA

Strategy

Travis Bohon
Jacob Homchick, CFA
Michael Kincheloe
Alexander Paulsen
Rey Santodomingo, CFA
Jennifer Sireklove, CFA

Research

Tim Li
Vassilii Nemtchinov, Ph.D.
Mahesh Pritamani, Ph.D., CFA
Hemambara Vadlamudi, CFA

EMERGING MARKET CHARACTERISTICS

Emerging Markets are characterized by the following:

- Highly volatile assets with low correlations
- Unreliable information
- High transaction costs

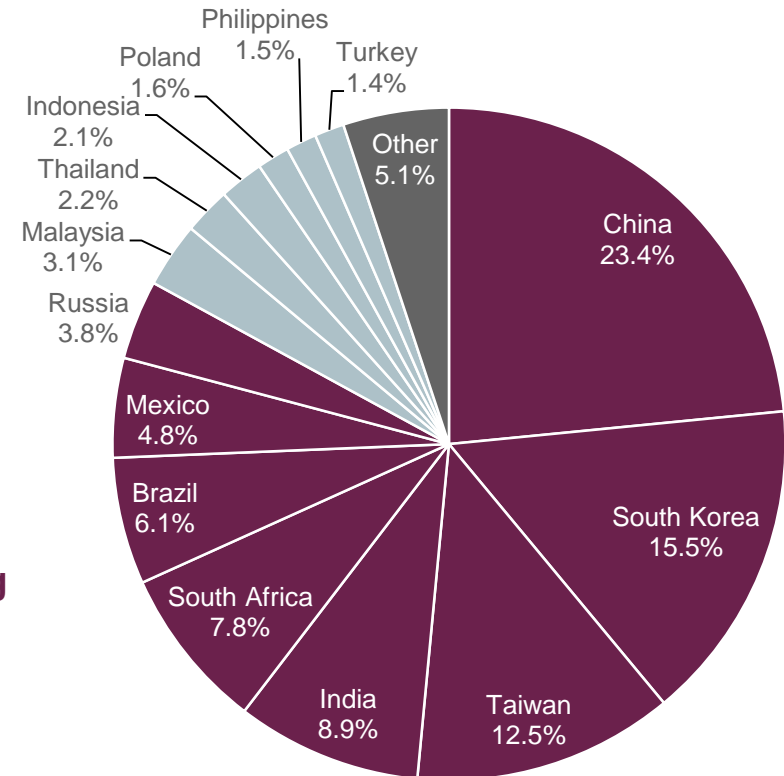
A capitalization-weighted index is risky:

- Highly concentrated country allocations
- Over 80% of the Index concentrated in just 8 countries

Arbitrary distinction between frontier and emerging

- Similar investment thesis for investing in both
- Diversification and operational benefits from including frontier

MSCI Emerging Markets Index*



*Source: MSCI EM. Data as of 9/30/2015. It is not possible to invest directly in an index. Please refer to the Disclosure at the end of this presentation for further information.

Not for Use With the Public.

INVESTMENT PROCESS

We utilize an engineered and disciplined approach to exploit the unique characteristics of the emerging markets equity asset class.

Country Selection

- Broad country universe
- Countries are equally-weighted within each of the model tiers
- A systematic rebalancing trigger brings countries back to target weights
- Determined by country-specific volatility and transaction costs
- Robust investment process maintains exposure to major economic sectors
- Highly-diversified equity holdings throughout the global marketplace

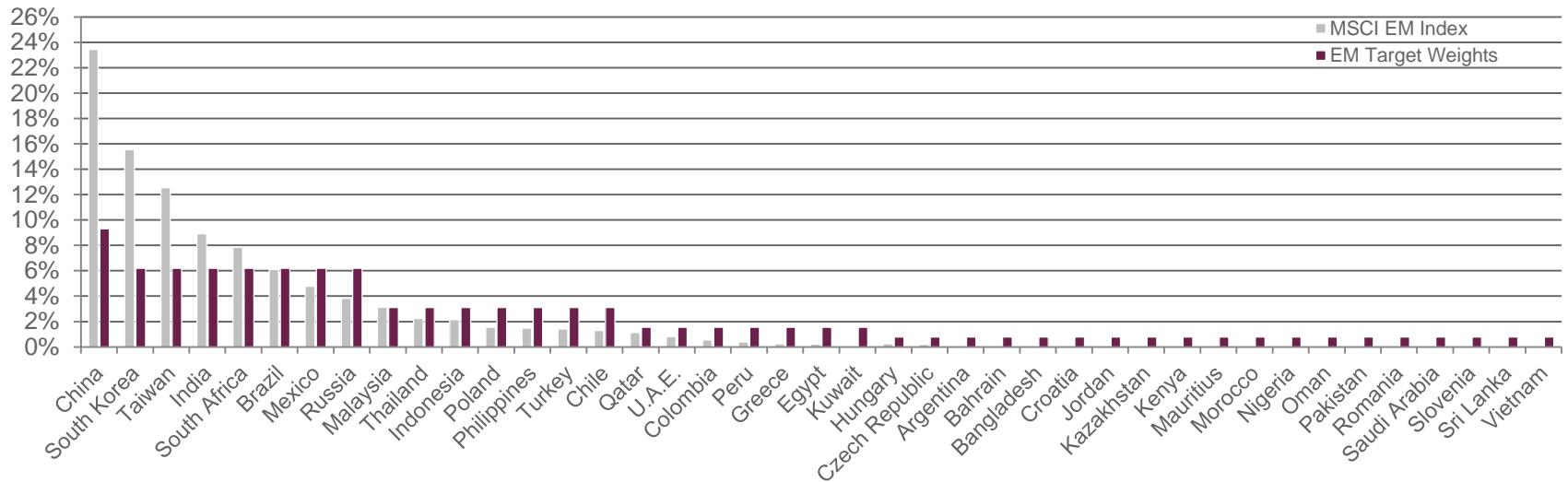
Rebalancing

Sector and Stock Allocation

CURRENT COUNTRY TARGETS

PARAMETRIC EMERGING MARKETS MODEL PORTFOLIO

Countries are assigned to tiers based upon market capitalization and liquidity. Countries unable to maintain a Tier IV weight are considered Transition Countries.



Tier I: Brazil, China, India, Mexico, Russia, South Africa, South Korea, Taiwan

Tier II: Chile, Indonesia, Malaysia, Philippines, Poland, Thailand, Turkey

Tier III: Colombia, Egypt, Greece, Kuwait, Peru, Qatar, U.A.E.

Tier IV: Argentina, Bahrain, Bangladesh, Croatia, Czech Republic, Hungary, Jordan, Kazakhstan, Kenya, Mauritius, Morocco, Nigeria, Oman, Pakistan, Romania, Saudi Arabia, Slovenia, Sri Lanka, Vietnam

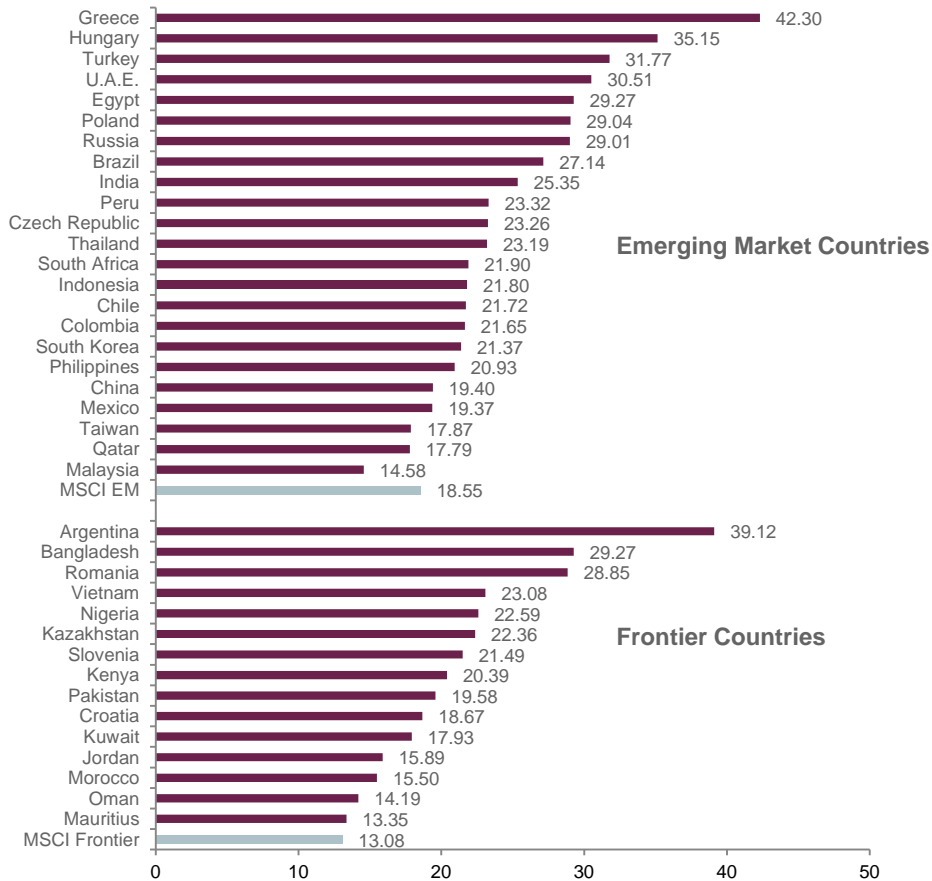
Transition Countries: Botswana, Bulgaria, Estonia, Ghana, Latvia, Lebanon, Lithuania, Panama, Tunisia, Ukraine

Source: Parametric and MSCI as of 9/30/2015. Strategy target information presented is for illustrative purposes only as of the date hereof and is subject to change at any time. Actual client portfolio allocation will vary. It is not possible to directly invest in an Index. Please refer to the Disclosure at the end of this presentation for further information.

Not for Use With the Public.

DYNAMICS OF THE EMERGING MARKETS

Annualized Standard Deviation
5 Years Ending December 2014



Average Correlation of Members of Country Tiers
5 Years Ending December 2014

Tier	1	2	3	4	Transition
1	0.69				
2	0.61	0.59			
3	0.45	0.44	0.35		
4	0.33	0.30	0.28	0.28	
Transition	0.28	0.28	0.22	0.23	0.23

Moderate Correlation (0.70-0.90)
 Low Correlation (0.45-0.70)
 Very Low Correlation (0-0.45)

Source: Parametric, MSCI, S&P 12/31/2009-12/31/2014. Correlation is a statistical measurement of how two sequences of returns move with respect to each other. Values range from -1 to 1, with -1 indicating that if one return moves upward or downward, the other moves in the opposite direction and 1 indicating that as one moves upward or downward, the other moves in the same direction. This information is for illustrative purposes only. Countries are classified as either Emerging Markets or Frontier Markets according to their membership in the MSCI Emerging Markets Index or the MSCI Frontier Markets Index, respectively.

Not for Use With the Public.

CURRENT REBALANCE TRIGGERS

Emerging Markets

20% Trigger:

Brazil, China, India, Indonesia, Malaysia, Mexico, Pakistan, Poland, Qatar, Saudi Arabia, South Africa, South Korea, Taiwan, Thailand, Turkey

30% Trigger:

Argentina, Bahrain, Chile, Colombia, Croatia, Czech Republic, Egypt, Greece, Jordan, Kazakhstan, Kenya, Kuwait, Mauritius, Morocco, Oman, Peru, Philippines, Romania, Russia, Slovenia, Sri Lanka, U.A.E., Vietnam

40% Trigger:

Bangladesh, Hungary, Nigeria

- Rebalancing is prompted by a country's overweight within the portfolio
- Rebalance triggers are based on each country's transaction costs and volatility
- Results in a reduction in concentration and seeks to capture a rebalancing premium

As of 9/30/2015. Strategy target information presented is for illustrative purposes only as of the date hereof and is subject to change at any time. Generally, the "Trigger" is a weight to the upside where a country will be rebalanced back to its target weight. This information for the strategy target model is as of the date hereof and may change at any time without notice. This does not represent the allocation or experience that any particular investor actually attained. Please refer to the end Disclosure for further information.

Not for Use With the Public.

SYSTEMATIC REBALANCING: CAPTURING REVERSION

Examples of Reversals in Emerging and Frontier Country Returns



Source: S&P/IFCI Emerging Markets as of 12/31/2014. This information is for illustrative purposes only, is subject to change at any time and should not be considered investment advice or a recommendation to buy or sell any particular security or adopt any particular strategy. The purpose of this information is to provide an example (historically) of emerging markets volatility from 2003 to 2014. Note that these are the most extreme cases of reversals in the emerging and frontier market countries. Past performance is not indicative of future results.

Not for Use With the Public.

CURRENT SECTOR CONSTRAINTS

Emerging Markets Target

4x / .25x Index Weights*:

Brazil, Chile, China, Greece, India, Indonesia, Malaysia, Mexico, South Africa, South Korea, Thailand

2x / .5x Index Weights*:

Argentina, Bahrain, Bangladesh, Colombia, Croatia, Czech Republic, Egypt, Hungary, Jordan, Kazakhstan, Kenya, Kuwait, Mauritius, Morocco, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, Slovenia, Sri Lanka, Taiwan, Turkey, U.A.E., Vietnam

- A country is assigned to a sector constraint category based on relative liquidity within its sectors
- Sector targets influenced by concentration in the largest sectors and illiquidity of smallest sectors

*Our universe for stock selection and sector target creation is based on the S&P BMI family of indexes.

As of 9/30/2015. Strategy target information presented is for illustrative purposes only as of the date hereof and is subject to change at any time. It is not possible to invest directly in an index. Please refer to the Disclosure at the end of this presentation for further information.

Not for Use With the Public.

INVESTMENT PROCESS EXAMPLE: SECTORS IN PHILIPPINES

- Parametric sector constraints for Philippines

- Minimum: .5x index weight*

- Maximum: 2x index weight*

Example Country Allocation: Philippines

Sector	S&P Emerging Plus BMI	Strategy Target Weight
Financials	38.8%	19.4%
Industrials	25.8%	15.3%
Consumer Staples	10.0%	15.3%
Utilities	8.1%	15.3%
Telecommunication Services	7.4%	14.8%
Consumer Discretionary	5.9%	11.8%
Materials	2.2%	4.4%
Energy	1.8%	3.6%
Health Care	0.0%	0.0%
Information Technology	0.0%	0.0%

*Our universe for stock selection and sector target creation is based on the S&P BMI family of indexes.

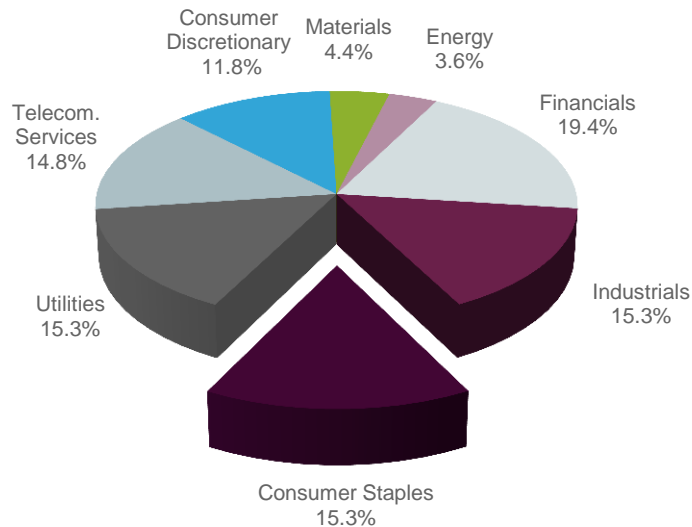
Philippines was chosen as an example due to its representative size and liquidity.

Source: Parametric and S&P. All Data as of 12/31/2014. Strategy target information presented is for illustrative purposes only as of the date hereof and is subject to change at any time. It is not possible to invest directly in an index. Please refer to the Disclosure at the end of this presentation for further information.

Not for Use With the Public.

INVESTMENT PROCESS EXAMPLE: STOCK ALLOCATION IN PHILIPPINES CONSUMER STAPLES SECTOR

Approximate strategy target sector weights in Philippines:



Security	Stock Weight in Consumer Staples Sector	
	S&P Emerging Plus BMI	Strategy Target Weight
Universal Robina	46.6%	46.6%
Puregold Price Club	11.9%	11.9%
Robinsons Retail Holdings	11.6%	11.6%
Emperador	9.6%	9.6%
LT Group	9.5%	9.5%
Cosco Capital	7.2%	7.2%
San Miguel Pure Foods Company	2.1%	2.1%
Pepsi-Cola Products Philippines	1.5%	1.5%
Total	100%	100%

Philippines was chosen as an example due to its representative size and liquidity.

Source: Parametric and S&P. All Data as of 12/31/2014. Strategy target information presented is for illustrative purposes only as of the date hereof and is subject to change at any time. This information does not constitute investment advice, and Parametric makes no representation, recommendation or solicitation regarding the purchase or sale of these positions. Parametric may or may not currently hold these securities and makes no representation for future investments. This is not indicative of any client account. Actual portfolio holdings will vary, and there is no guarantee that a particular client's account will hold any or all of the securities listed. It is not possible to invest directly in an index. Please refer to the Disclosure at the end of this presentation for further information.

Not for Use With the Public.



APPENDIX



EVIDENCE FOR STRATEGIC ALLOCATION TO EMERGING MARKETS

Emerging markets have consistently increased their share of global GDP over the last 30 years

- As of 2014, emerging and frontier market countries account for 56.4% of global GDP¹

Population growth

- 85.3% of the world's population lives in an emerging or frontier markets country¹
- Large potential for consumer growth if urbanization trend continues

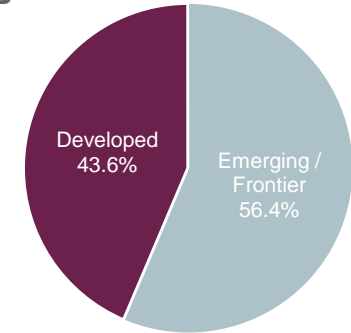
Landmass

- 7 of the 10 largest countries worldwide are classified as emerging or frontier²
- Large infrastructure build out yet to occur in many countries

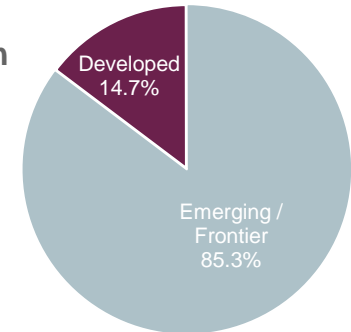
Emerging Markets makes up a growing portion of the World Equity Markets

- Over 10.0% of MSCI ACWI³

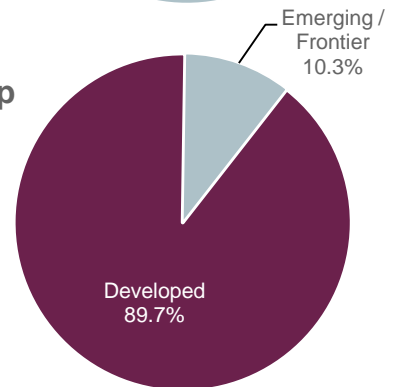
World GDP



World Population



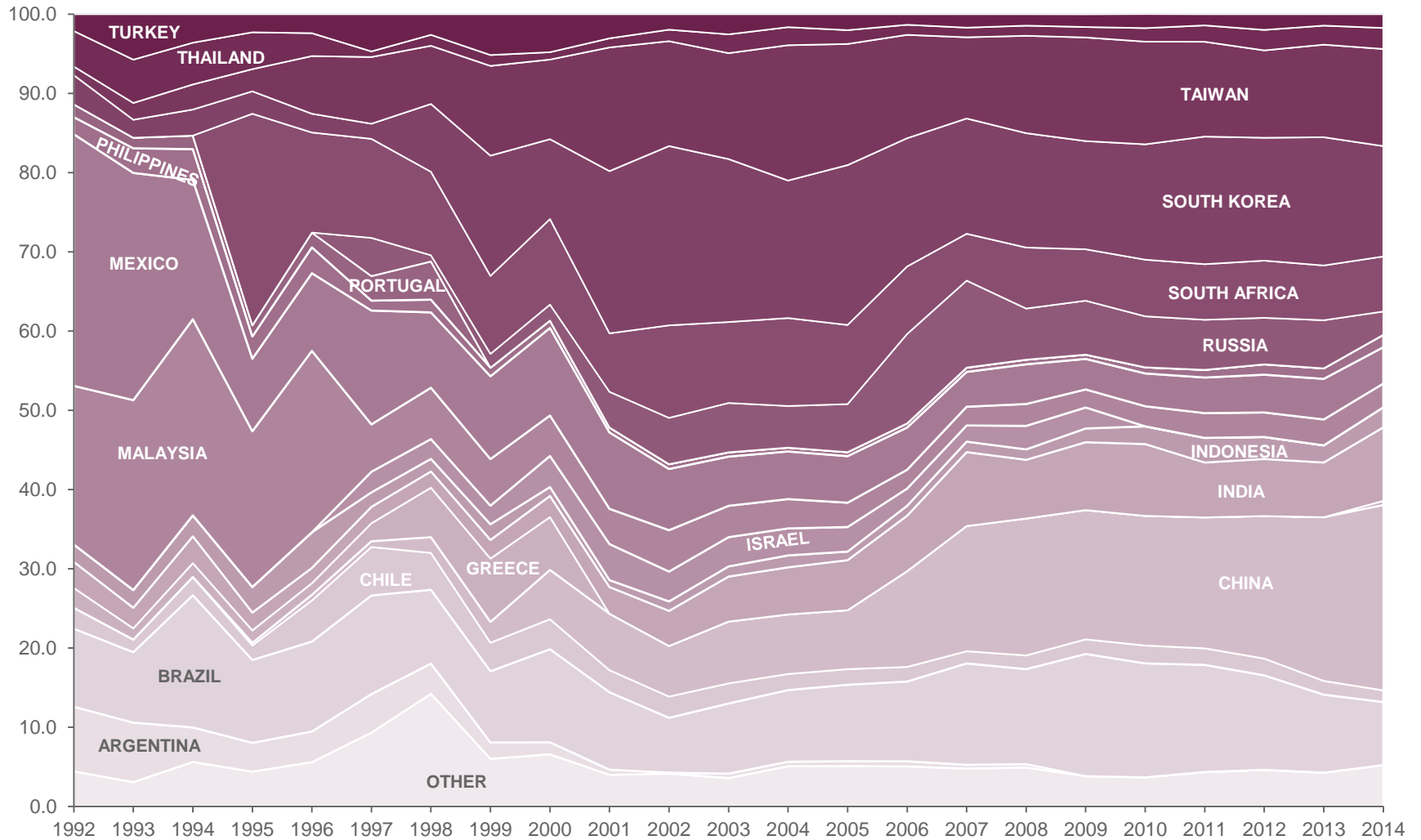
Global Market Cap



Source: ¹IMF World Economic Outlook, October 2014, ²CIA The World Factbook 2014, ³MSCI, 12/31/2014. Information is for illustrative purposes only, is subject to change at any time and should not be considered investment advice.

Not for Use With the Public.

INDEX WEIGHTS OVER TIME



Sources: S&P/International Financial Corporation Investable Index and Factset Research Systems. It is not possible to directly invest in an index. All data as of 12/31/2014.
Not for Use With the Public.

PARAMETRIC IMPLEMENTATION EFFICIENCIES

Parametric ranked in the top 9% of emerging market managers for low trading costs:*

- We invest in significantly more names than the average manager. This has led to smaller order sizes and lower overall implementation shortfall.
- Implementation shortfall measures the implicit costs of trading (bid/ask spread, market impact).
- Parametric had a weighted average implementation shortfall cost of -10 bps, compared to -54 bps for the peer manager universe studied.



*Source: ITG independent study of Parametric Emerging Markets trading as of 3/31/2015. Data represents average values over the period Q1 2014 to Q4 2014 for countries in the MSCI EM Index. The ITG Peer Trader Universe for this study was determined by those who have traded in at least one emerging market country. To eliminate any survivorship bias, a client had to trade in all 4 consecutive quarters starting in Q1 2014 to be included. Small orders are defined as less than 5% of median daily volume, medium orders are between 5% and 50% of median daily volume, and large orders are greater than 50% of median daily volume. Any information excerpted from reports prepared by ITG is for informational purposes only, and is not intended to be used for trading or investment purposes or as an offer to sell or the solicitation of an offer to buy any security or financial product. No guarantee or warranty is made by ITG with respect to the information provided herein, including as to the reasonableness of the assumptions or the accuracy of the models or market data used by ITG, the completeness of any information provided herein or the actual results that may be achieved. No information provided herein should be deemed any form of advice (investment, tax or legal). Information is believed to be reliable but accuracy cannot be guaranteed. Past performance is not indicative of future results.

Not for Use With the Public.

PARAMETRIC EMERGING MARKETS FUND – R6 CLASS

Investment Objective

The Fund's objective is to seek long-term capital appreciation.

About Risk

Fund share values are sensitive to stock market volatility. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical or other conditions. In emerging countries, these risks may be more significant. No Fund is a complete investment program and you may lose money investing in a Fund. The Fund may engage in other investment practices that may involve additional risks and you should review the Fund prospectus for a complete description.

PORTFOLIO FACTS – PARAMETRIC EMERGING MARKETS FUND – R6 CLASS

Symbol - CUSIP Number

- R6 Shares EREMX 27826A797

Portfolio Facts

- Fund Inception - June 30, 2006
- R6 Inception - July 1, 2014
- Total Net Assets - \$3.3 billion
- R6 Class Minimum Investment - \$1,000,000
- Subsequent Investment Any
- Portfolio Managers Thomas Seto, Head of Investment Management – Seattle Investment Center
Timothy Atwill, Ph.D., CFA, Head of Investment Strategy – Seattle Investment Center

BIOGRAPHIES

Timothy Atwill, Ph.D., CFA

Head of Investment Strategy

Mr. Atwill leads the Investment Strategy team at Parametric, which is responsible for articulating and evolving Parametric's current investment strategies. In addition, he has investment responsibilities for Parametric's emerging markets equity, commodity and equity income strategies. Prior to joining Parametric in 2010, Tim worked at Russell Investments in their manager research unit, and in their trading group, implementing derivative strategies for institutional clients. He earned a Ph.D. in Mathematics from Dartmouth College, as well as a B.A. in Mathematics from Reed College.

Paul Bouchey, CFA

Chief Investment Officer

Mr. Bouchey leads Parametric's Investment, Research and Strategy activities. He is responsible for setting the overall research agenda and new product development. Prior to joining Parametric in 2006, Paul was a senior researcher at Russell Investment Group, where he focused on simulation, optimization, and quantitative decision models for institutional and private clients. He holds a patent on cross-sectional volatility indexing and has authored more than 10 academic and practitioner articles in journals such as The Journal of Portfolio Management, The Journal of Wealth Management, and The Journal of Index Investing. Paul earned a B.A. in Mathematics and Physics from Whitman College and an M.S. in Computational Finance and Risk Management from the University of Washington. He holds the Chartered Financial Analyst designation.

Thomas Seto

Head of Investment Management

Mr. Seto is responsible for all portfolio management and trading at the Seattle Investment Center, and is a member of the Executive Committee. Prior to joining Parametric in 1998, Thomas served as the Head of U.S. Equity Index Investments at Barclays Global Investors. He earned an MBA in Finance from the University of Chicago's Booth School of Business, and a B.S. in Electrical Engineering from the University of Washington.

Jodi Wong

Managing Director – Emerging Markets Portfolio Management

Ms. Wong is the Managing Director overseeing the Portfolio Management team responsible for all the emerging markets mandates in the form of commingled vehicles and separately managed accounts. Additionally she oversees valuation and supports business development, client service, and compliance adherence. Before joining Parametric in 2004, Jodi was a Portfolio Analytics Manager at G.E. Financial Assurance, with subsequent posts at Frank Russell Company and Quellos Fixed Income Advisors. She earned a B.A. in Biochemistry from Columbia University, a C.A.S. in Computer Science from Harvard University, and an MBA from the University of Washington.

Seattle Investment Center Staff unless otherwise indicated.

Not for Use With the Public.

BIOGRAPHIES: PARAMETRIC INSTITUTIONAL INVESTMENT SOLUTIONS

Daniel Ryan

Managing Director – Client Relationship Management

Mr. Ryan is responsible for the direct oversight of our U.S. institutional client servicing efforts. This includes managing and directing the day-to-day activities of our relationship management team. Dan is also responsible for managing client relationships throughout the Western U.S. Prior to joining Parametric in 2013, Dan was Vice President and Senior Relationship Manager at State Street Global Advisors. He earned a B.A. in History from the University of Michigan.

Jason Chalmers

Director – Client Relationship Management

Mr. Chalmers is based in Boston and is responsible for managing client relationships throughout the Eastern United States. Prior to joining Parametric in 2014, Jason was a Vice President and Relationship Manager at Acadian Asset Management LLC. He earned a B.S., Economics, Northeastern University, and a M.S., Finance, Boston College Carroll School of Management.

Amy Arslain

Relationship Management Associate

Ms. Arslain is responsible for managing Parametric's Institutional client relationships and supporting the Client Relationship Management team. Prior to joining Parametric in 2014, Amy spent eight years at The Yucaipa Companies as Marketing Associate, Investor Relations. She earned a B.S. in Psychology from California Polytechnic State University, San Luis Obispo.

Craig Letendre, CAIA

Relationship Management Associate

Mr. Letendre is responsible for managing Parametric's Institutional client relationships and supporting the Client Relationship Management team. Prior to joining Parametric in 2015, Craig worked at NEPC, LLC where he was a Senior Analyst since 2010. In that position, Craig supported and serviced outsourced CIO clients, including endowments, foundations and taxable accounts, with asset allocation, portfolio implementation and rebalancing, policy formation and review, and investment manager selection. He earned a B.A. in Economics and American Studies from Brandeis University, and is working to complete an MBA in Finance at the University of Massachusetts at Amherst and holds a CAIA designation.

Christopher Uhas, CFA

Director, Institutional Relationships – Eastern North America

Mr. Uhas joined Parametric in 2007* and is responsible for developing, coordinating, and executing sales and marketing strategies for Parametric's products in the Eastern region of the United States and Canada. Before entering the investment management field, he was the Director of New Product Launch for Seagate Technology, based in Singapore, and also served for five years as a nuclear-trained submarine officer in the United States Navy. He earned a B.S. in Electrical Engineering from the University of Notre Dame, and an MBA from the University of Chicago Booth School of Business. He is a CFA charterholder and a member of the CFA Society of Minnesota.

*Reflects the year employee was hired by The Clifton Group, which was acquired by Parametric Portfolio Associates LLC on December 31, 2012.

Not for Use With the Public.

BIOGRAPHIES: PARAMETRIC INSTITUTIONAL INVESTMENT SOLUTIONS

Greg Bauer, CFA

Director, Institutional Relationships – Southeastern North America

Mr. Bauer is responsible for developing, coordinating, and executing the sales and marketing strategies for Parametric's unique family of products in the Southeast region of the United States. Prior to joining Parametric in 2015, Greg worked at Crawford Investment Counsel where he was the Director of Institutional Services, responsible for leading the institutional sales and consultant relations efforts. Prior to Crawford, Greg worked for both Callan Associates and NEPC. Greg earned a B.A. from Brown University and an MBA from the Georgia Institute of Technology. Greg is a CFA charterholder and a member of the CFA Society of Atlanta. He also holds a CAIA designation.

Gregory Baranivsky, CFA

Director, Institutional Relationships – Central North America

Mr. Baranivsky is responsible for developing, coordinating, and executing the sales and marketing strategies for Parametric's unique family of products in the Central sales territory. Prior to joining Parametric in 2010*, Greg spent 12 years at First American Funds/FAF Advisors (now Nuveen Asset Management) in various sales, national accounts, and product management leadership roles. Greg earned a B.A. from Benedictine University and an MBA from the Illinois Institute of Technology. Greg is a CFA charterholder, is a member of the CFA Institute and the CFA Society of Minnesota where he previously served as a member of its board of directors.

Doug Miller

Director, Institutional Relationships – Western North America

Mr. Miller is responsible for institutional business development and relationships in the Western region of the United States. Prior to joining Parametric in 2014, Doug was a regional director for Russell Investments' Americas institutional business. Before that, he was a Regional Director of U.S. Sales for several different business units within Bank of New York Mellon Corporation. Doug earned a B.A. in Political Science from the University of Washington.

Julianne Williams

Associate Director, Business Development

Ms. Williams is responsible for building institutional relationships in the Western region of the United States. Prior to joining Parametric in 2015, Julie worked at Russell Investments as the Director of Client Service. She managed a global client service organization and oversaw more than 1,000 client relationships. She earned a B.A. in Political Science and Economics from Pacific Lutheran University.

Daniel Sullivan

Institutional Sales Associate

Mr. Sullivan is a Sales Associate on the institutional sales and service team. He is responsible for assisting in promoting, coordinating, and executing the sales and marketing strategies for Parametric's unique family of products. Prior to joining Parametric, Dan worked at Eaton Vance Investment Management in Boston providing sales support to the Wire, and Independent channels of the retail business. Dan graduated from Providence College with a B.A. in Business Economics. He is a Level II candidate in the CFA Program.

Michi McDonough, CFA

Managing Director – Consultant Relations

Ms. McDonough is responsible for the direct oversight of our consultant relations effort across North America and for the coordination of Parametric's consultant relations efforts globally. She is also responsible for developing and maintaining relationships within the institutional investment consultant community. Prior to joining Parametric in 2013, Michi was Vice President and Consultant Relations Manager at Wellington Management. She earned a B.A. in Economics from Emory University and an MBA, magna cum laude, from Babson College. She is a CFA charterholder and a member of the CFA Society of Boston and holds a CAIA designation.

Not for Use With the Public.

BIOGRAPHIES: PARAMETRIC INSTITUTIONAL INVESTMENT SOLUTIONS

Christopher Wisdom, CFA

Director – Consultant Relations

Mr. Wisdom is responsible for developing and maintaining relationships within the institutional investment consultant community. He serves as a key contact for consultant inquiries and coordinates new business opportunities, working in conjunction with the Sales and Portfolio Management teams. Prior to joining Parametric in 2013, Chris held various roles at Dimensional Fund Advisors, MSCI, and Towers Watson. He earned a B.A. in Mathematics and Statistics from the University of Windsor. He is a CFA charterholder and a member of the CFA Society of San Diego.

William Busch

Associate Director – Consultant Relations

Mr. Busch is responsible for developing and maintaining relationships within the institutional investment consultant community. Prior to joining Parametric in 2015, Bill held positions at State Street Global Advisors in Consultant Relations and as a Product Analyst. Bill earned a B. A. in Sociology and Spanish from Bowdoin College, and an MBA from the Carroll School of Management at Boston College.

DISCLOSURE

Parametric Portfolio Associates, LLC (“Parametric”), headquartered in Seattle, WA, is a leading global asset management firm, providing investment strategies and implementation services to institutions and individual investors around the world. Parametric offers a variety of rules-based, risk-controlled investment strategies, including alpha-seeking equity, alternative and options strategies, as well as implementation services, including customized equity, traditional overlay and centralized portfolio management. Parametric is a majority-owned subsidiary of Eaton Vance and offers these capabilities through investment centers in Seattle, WA, Minneapolis, MN and Westport, CT (home to Parametric affiliate Parametric Risk Advisors, LLC, a registered investment adviser).

Index Definitions:

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. MSCI Emerging Markets Index “Net Dividends” 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. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

“MSCI®” is a registered trademarks of MSCI Inc. 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. Please refer to the specific service provider’s web site for complete details on all indices. Parametric makes no representation or endorsement concerning the accuracy or propriety of information received from any other third party.

The S&P Emerging Plus BMI index captures all companies domiciled in emerging markets within the S&P Global BMI (plus Korea) with a float adjusted market capitalization of at least US\$100 million and a minimum annual trading liquidity of US\$50 million. The index is segmented by country/region, size (large, mid and small), style (value and growth), and GICS (sectors/industry groups).

Standard and Poor’s (“S&P”) is a trademark of the McGraw-Hill Companies, Inc. These strategies are not sponsored or endorsed by S&P, and S&P makes no representation regarding the content of this material. Please refer to the specific service provider’s website for complete details on all indices.

Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index.

All contents copyright 2014–2015 Parametric Portfolio Associates LLC. All rights reserved. Parametric Portfolio Associates, PIOS, and Parametric with the iris flower logo are all trademarks registered in the US Patent and Trademark Office.

Parametric, a majority-owned subsidiary of Eaton Vance, is located at 1918 8th Avenue, Suite 3100, Seattle, WA 98101. For more information regarding Parametric and its investment strategies, or to request a copy of Parametric’s Form ADV, please contact 206.694.5575 or visit our website, www.parametricportfolio.com. For more information regarding Parametric and its investment strategies, or to request a copy of Parametric’s Form ADV, please contact us at 206.694.5575 or visit our website, www.parametricportfolio.com. Parametric is located at 1918 8th Avenue, Suite 3100, Seattle, WA 98101. For more information regarding Parametric and its investment strategies, or to request a copy of Parametric’s Form ADV, please contact us at 206.694.5575 or visit our website, www.parametricportfolio.com.

Not for Use With the Public.

DISCLOSURE

Before investing, investors should consider carefully the investment objectives, risks, charges and expenses of a mutual fund. This and other important information is contained in the prospectus and summary prospectus which can be obtained from a financial advisor. Prospective investors should read the prospectus carefully before investing.

Mutual funds are distributed through:

Eaton Vance Distributors, Inc.
Member FINRA/SIPC
Two International Place, Boston, MA 02110
800.836.2414
www.eatonvance.com

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Manager Review Meeting ACTION: _____
October 5, 2015

DATE: December 3, 2015 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 2015 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; Paul Erlendson and Steve Center, Callan Associates; and Dr. Jerrold Mitchell, Dr. Bill Jennings and Robert Shaw, IAC members. The reviewers met in Denver October 5, 2015 (Dr. Mitchell participated via teleconference).

REPORT

Manager Review

Discussion on managers covered three broad categories:

- 1. Below benchmark performance:** DePrince, Race & Zollo (DRZ) and Luther King. The discussion covered portfolio construction and process of each firm. DRZ provided additional information with questionnaire response highlighting actions that should pay-off, but limiting stock selection to only dividend paying companies may limit them too much. The DRZ team is stable and the process is consistent so expect performance to snap back. Luther King has same dilemma with respect to portfolio construction; have now added REITs, but question whether this is the right time. The consensus: continue to monitor both firm's performance, but if not improved during the second half of the year, then evaluate again, but look over a full market cycle before deciding that strategy is flawed. Mr. Bader noted that the Board has had overweight exposure to small cap for some time; with approval of ETF fund, the small cap allocation may be pared back to implement the ETF strategy.
 - 2. Managers not addressing performance:** Real Estate and Farmland manager returns measured differently from public market assets, so returns can be bumpy and depend when the start is. Nothing of concern to note with any of the firms (Hancock Farmland, TIR, Clarion, Colony, Lowes, Silverpeak and Tishman).
-

3. **Managers with changes in the firm worth noting:** McKinley Capital Management and Capital Group have lost assets under management, although the loss of assets at McKinley seems to have stabilized since the 2012-2013 period; Capital Group has made management changes, with senior managers retiring, and managers promoted, underperforming contributors removed from account; and culture of firm changing with increased commitment towards transparency of process and management. DRZ also lost clients during last year, as did Mondrian. The questionnaire next year will be modified to clarify a firm's assets under management and assets held within the particular mandate for ARMB.

Additional discussion topics:

Corporate Governance Investment Mandate. Mr. Bader noted that concentrated portfolios were not necessarily a bad idea, the issue is sector heavy-weighting. With Blum it was a big bet on for profit education; with Relational it was the Sovereign Bank buy-out which was complete disaster. The Blum portfolio has taken longer than expected to wind down, but the Relational unwinding is progressing. He does not see a need to replace this mandate in the portfolio.

Portfolio Structure. Dr. Jennings recommended a future "big picture" look at strategy, particularly the placement of mandates in the portfolio. As examples, he noted that Analytic Buy-Write is in large cap, but another mandate is in absolute return, one firm is buying options, another selling. After general discussion, Mr. Bader stated a consensus that staff would analyze the type of options currently in portfolio. Dr. Mitchell noted that ARMB and APFC are the majority of the Crestline's client base and questioned whether the firm is actively looking for more assets to broaden the base.

Addressing sizing within the portfolio, Mr. Bader requested that the group come back to this topic particularly with respect to balancing size and allocation in international space. Also, the discussion noted that with respect to allocation to municipal bonds, whether potentially rising interest rates makes the stand-alone allocation worth it. Mr. Erlendson noted that the opportunity set is there, but it might be worth revisiting guidelines. Many investors allow managers to be strategically or tactically allocated when such bonds are attractive. In other words, for most institutional investors municipal bonds are an allowable fixed income sector within a broad fixed income allocation; ARMB is unique in designating this as specific allocation. Mr. Bader said action might be timely since consent decree with Guggenheim entered into recently (see discussion below).

Guggenheim: Mr. Bader has been in contact with Guggenheim regarding the SEC consent decree and portfolio update. He noted that performance is good. He plans a personal visit to Guggenheim offices to meet and make determination on ARMB future with the firm.

Leverage in Portfolio: Mr. Bader requested opinions from participants on the question of leverage in the ARMB portfolio. Mr. Shaw noted that leverage can be very dangerous, so corporate governance of the fund is key – and freedom from political interference. Dr. Mitchell noted that the Harvard Endowment Fund was the prime example for unsuccessful leverage – even cash was levered within the portfolio. He would be very reluctant to put leverage on an entire portfolio; it can be used on the real estate side, but good people need to manage both the borrowing and the investing. After further discussion, the consensus of the group was that leverage on the ARMB fund was a small opportunity.

Education Conference: Mr. Bader requested that participants consider upcoming education conference topics, particularly from Capital Group and Lord Abbett, very carefully as potential additions to the ARMB portfolio. He is looking for additions that are uncorrelated to the market, i.e. frontier markets, pharmaceutical royalties, etc. He also asked for ideas on developing the internal investment capabilities of staff.

Brokerage Window for Defined Contribution Plans: Mr. Bader asked for opinions on establishing a brokerage window for the Alaska defined contribution plans. Mr. Erlendson noted that he had recently written an article for the *DC Observer* highlighting brokerage window use by engineering, professional services firms. Most plans end up with 4%-7% use, typically male, older, over 50 and with large account balance. The dilemma is what access is allowed in a brokerage window – completely open or some limitations. He said he would provide the article to the group participants.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to Securities Lending Policy

Resolution 2015-22

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 a securities lending program.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the Securities Lending Program Policy, attached hereto and made a part hereof, regarding investment of securities lending cash collateral.

DATED at Anchorage, Alaska this _____ day of December, 2015.

Chair

ATTEST:

Secretary

SECURITIES LENDING PROGRAM POLICY

1. Program Objectives:

The strategic objective for the securities lending program is to assist the trusts under the fiduciary responsibility of the Alaska Retirement Management Board (ARMB) in meeting their investment goals by generating incremental income through collateralized, low-risk, short-term loans using a portion of the lendable assets within the total investment portfolio.

2. Performance Objectives:

There are no explicit goals with respect to the nominal amount of income generated by the securities lending program. The performance objective for the program is to achieve lending income commensurate with: 1) the market demand for the securities made available for lending and, 2) the return earned on the investment of the cash collateral within the cash collateral investment guidelines.

3. Program Structure:

The securities lending program shall be designed to provide a balance between risk control and diversification, and structured to take advantage of the benefits of both internal and external management in a prudent manner. The program will be administered by State Street Bank and Trust Company (State Street).

The features of the program include: borrower default indemnification from State Street, receipt of cash collateral, staff investment of the cash collateral to the extent practical, staff approval of investment guidelines for any cash collateral invested externally, a negotiated split in revenues between the trusts and State Street, the ability for staff to preclude securities or portfolios from lending, and a minimum spread on securities lent that is set and adjustable by staff.

4. Risk Management:

a. Scope of Lending Activity – Lending thresholds will be established and modified from time to time by staff, in an effort to balance the income generated from the program with the operational complexity associated with lending out securities.

b. Cash Collateral Portfolios – Diversification within investment portfolios is critical in order to control risk, defined as the loss of capital. Limits will be specified within the investment guidelines for the cash collateral portfolios with regard to credit quality and security maturity.

c. Borrower Concentration– State Street will manage borrower diversification as part of its management of lending activity. These exposures will be reviewed regularly by staff, with staff reserving the right to exclude or limit any borrower from the program.

d. Counterparty Risk – Each loan shall be collateralized by cash delivered to the ARMB’s custodian/sub-custodian bank prior to or simultaneous with the release of ARMB’s assets. To protect ARMB, the borrower must post cash collateral in an amount that exceeds the market value of the securities borrowed. The margin percentages shall be documented within the contract with State Street and shall be subject to change as conditions warrant, as determined by the chief investment officer.

5. Monitoring and Reporting:

To facilitate visibility of compliance monitoring and to inform the ARMB on the status of the securities lending program, staff will periodically report to the ARMB on the status of the program.

6. Delegation of Authority:

The investment, administration and management of the securities lending program is delegated to staff within the boundaries established by these policies and the processes described within the relevant investment guidelines.

7. Board Review:

The ARMB shall administer and review these policies periodically as it deems appropriate and in keeping with its fiduciary standards.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Cash Collateral Pool Investment Guidelines

ACTION: X

DATE: December 3-4, 2015

INFORMATION: _____

BACKGROUND:

In September 2015, the Alaska Retirement Management Board (ARMB) authorized staff to negotiate a securities lending contract with State Street and to restart the securities lending program. The features of the program include: borrower default indemnification, receipt of cash collateral, staff investment of the cash collateral to the extent practical, staff approval of investment guidelines for any cash collateral invested by State Street, a negotiated split in revenues between ARMB and State Street, the ability for staff to preclude securities or portfolios from lending, and a minimum spread on securities lent that is set and adjustable by staff.

STATUS:

Staff has developed a set of investment guidelines for a cash collateral pool.

RECOMMENDATION:

The Alaska Retirement Management Board approve Resolution 2015-23, adopting the investment guidelines for a cash collateral pool.

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Relating to Securities Lending Cash Collateral Investing Guidelines

Resolution 2015-23

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 a securities lending program; and

WHEREAS, the Board has authorized the creation of an investment pool into which the cash securities lending collateral will be placed; and

WHEREAS, the Board will establish and from time to time as necessary modify guidelines for the cash collateral pool.

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the Cash Collateral Investment Guidelines, attached hereto and made a part hereof, regarding investment of securities lending cash collateral.

DATED at Anchorage, Alaska this _____ day of December, 2015.

Chair

ATTEST:

Secretary

CASH COLLATERAL INVESTMENT GUIDELINES

- A. Purpose.** The emphasis of investments in this fund shall be liquidity and preservation of the fund's market value.
- B. Investment Management Service to be Performed.** Cash collateral managers shall invest and reinvest cash allocated to them and deposited into their accounts, without distinction between principal and income. The securities will be selected and retained by managers 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.** The benchmark is the three-month Treasury bill.
- D. Investment Structure.** Permissible investments shall be limited to the following:
1. 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; and
 - b. Commercial paper rated at least Prime-1 by Moody's Investors Service and A-1 by Standard and Poor's Ratings Services; and
 - c. Negotiable certificates of deposit; provided that an issuing bank must have total assets in excess of \$5 billion.
 2. United States Treasury obligations including bills, notes, bonds and 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:
 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).
8. Asset-backed Securities (ABS).
9. Institutional money market funds, or similar.
10. 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.

E. Limitation on Holdings. Appropriate diversification standards shall apply subject, however, to the following limitations based on the current market value of assets:

1. Investments in fixed-income securities shall be placed solely in U.S. dollar-denominated debt instruments.

2. Individual fixed rate securities will be limited to 14 months to maturity or expected average life upon purchase for amortizing securities. Floating rate securities will be limited to three years to maturity or three years average life upon purchase for amortizing securities. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies.
3. Corporate securities must be rated investment grade at the time of purchase. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings. Corporate bonds may be purchased if rated by two of these agencies.
4. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent at the time of purchase. The A3 or equivalent rating is defined as the median rating of the following three rating agencies: Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA at the time of purchase.
5. The manager may not purchase more than 10% of the currently outstanding par value of any corporate bond issue.
6. The manager may not invest more than 5% of the portfolio's assets in corporate bonds of any one company or affiliated group.
7. There shall be no investment in private placements, except Rule 144A securities.
8. The manager shall not sell securities short.
9. The manager shall not purchase securities on margin.
10. The manager shall not utilize options or futures.

- F. Coverage.** The manager will execute trades with dealers that will execute orders promptly at the most favorable prices reasonably attainable.

The manager 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.

- G. Required Remedies.** The manager shall liquidate invested securities with care and prudence when the minimum standards set in these guidelines are violated. The manager is required to notify the chief investment officer to discuss the situation and the proposed liquidation strategy if it is not prudent simply to liquidate immediately.

ALASKA RETIREMENT MANAGEMENT BOARD

SUBJECT: Schroders Insurance Linked Securities (ILS)

ACTION: X

DATE: December 3, 2015

INFORMATION: _____

BACKGROUND:

Schroder Investment Management North America Inc. (Schroders) provided a presentation to the Alaska Retirement Management Board (ARMB) at its October 2015 education conference. The presentation focused on insurance-linked securities (ILS) and the firm's approach to investing in that market.

Insurance-linked securities represent investment instruments that provide exposure to various insurance risks. Such insurance risks include weather-related risks, catastrophic events, and life-related risk.

A diversified ILS portfolio is expected to generate returns that have a low correlation to other assets such as fixed income, equities, hedge funds, and commodities. Schroders indicates the securities have an attractive spread level and risk return profile as well as a floating rate coupon which can protect against rising interest rates.

STATUS:

Schroders is currently developing an investment vehicle for U.S investors.

RECOMMENDATION:

The Alaska Retirement Management Board authorize staff to work with Callan Associates to perform due diligence on Schroders' ILS investment capabilities and products. Assuming a favorable review, authorize staff to enter into contract negotiations with Schroders to invest up to \$75 million in an ILS strategy.

Barrow, Hanley, Mewhinney & Strauss, LLC

Mandate: Diversified Large Cap Value

Hired: 1997

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 9/30/15, the firm’s total assets under management were \$88.1 billion.</p> <p>Key Executives: Mark Giambrone, Managing Director, Portfolio Manager Michael Nayfa, Director, Assistant Portfolio Manager Terry Pelzel, Director, Assistant Portfolio Manager Matt Egenes, Director, Client Portfolio Manager</p>	<p>BHMS’s approach to the equity market is based on the underlying philosophy that markets are inefficient. These inefficiencies can best be exploited through adherence to a value-oriented investment process dedicated to the selection of securities on a bottom-up basis. BHMS does not attempt to time the market or rotate in and out of broad market sectors, as they believe it is difficult, if not impossible, to add incremental value on a consistent basis by market timing.</p> <p>BHMS stays fully invested with a defensive, conservative orientation based on their belief that superior returns can be achieved while taking below-average risks. BHMS implements this strategy by constructing portfolios of individual stocks that reflect all three value characteristics: price/earnings and price/book ratios below the market and dividend yields above the market (S&P 500). BHMS’ history indicates that a strategy of emphasizing low price/book ratios and high dividend yields provides a measure of protection in down markets, as well as participation in improving economic cycles.</p> <p>The diversified large 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 1000 Value Index</p>	<p>Assets Under Management: 9/30/15 \$329,151,875</p>

Concerns: None

9/30/2015 Performance

	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized
Manager (gross)	-8.54%	-0.31%	13.62%	13.48%
Fee	0.09%	0.35%	0.42%	0.46%
Manager (net)	-8.63%	-0.66%	13.20%	13.02%
Benchmark	-8.39%	-4.42%	11.59%	12.29%

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 9/30/15, the firm’s total assets under management were \$88.1 billion.</p> <p>Key Executives: James McClure, Managing Director, Portfolio Manager John Harloe, Managing Director, Portfolio Manager Matt Egenes, Director, Portfolio Specialist</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: 9/30/15: \$80,459,550</p>

Concerns: None

9/30/2015 Performance

	Last <u>Quarter</u>	<u>1 Year</u>	3 Years <u>Annualized</u>	5 Years <u>Annualized</u>
Manager (gross)	-11.39%	0.44%	13.50%	N/A
Fee	0.13%	0.55%	0.61%	
Manager (net)	-11.52%	-0.11%	12.89%	
Benchmark	-10.73%	-1.60%	9.18%	

PRESENTATION TO

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

DECEMBER 4, 2015

DIVERSIFIED LARGE CAP VALUE

MATT EGENES, CFA

SMALL CAP VALUE

JOHN P. HARLOE, CFA
JAMES S. McCLURE, CFA

ORGANIZATIONAL OVERVIEW

AS OF SEPTEMBER 30, 2015

36-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

Institutional Focus – Boutique Culture

Strategy	Inception	Assets Under Management
Large Cap Value Equity	1979	\$ 47.3 Billion
Diversified Large Cap Value Equity	2000	\$ 3.7 Billion
Dividend Focused Value Equity	2000	\$ 6.0 Billion
Mid Cap Value Equity	1999	\$ 7.4 Billion
Small Cap Value Equity–Concentrated (Closed)	1995	\$ 2.4 Billion
Diversified Small Cap Value Equity	2006	\$ 365 Million
Non-U.S. Value Equity	2006	\$ 4.2 Billion
Global Value Equity	2010	\$ 3.3 Billion
Emerging Markets Equity	2012	\$ 32 Million
Fixed Income	1983	\$ 12.9 Billion

BHMS INVESTMENT PROFESSIONALS

EQUITY INVESTMENT TEAM

EQUITY PORTFOLIO MANAGERS			EQUITY ANALYSTS		
	YEARS OF EXPERIENCE	YEARS WITH BHMS		YEARS OF EXPERIENCE	YEARS WITH BHMS
1 st Jim Barrow	53	36	Mike Wetherington, CFA	22	18
Tim Culler, CFA	31	16	Jane Gilday, CFA	47	17
John Harloe, CFA	39	20	Monroe Helm	39	13
2 nd Jim McClure, CFA	43	20	Brian Quinn, CFA	14	10
Ray Nixon	38	21	Michael Nayfa, CFA	11	7
Jeff Fahrenbruch, CFA	18	13	Terry Pelzel, CFA	10	6
3 rd David Ganuchau, CFA	19	11	Coleman Hubbard	6	3
Mark Giambone	23	16	Sherry Zhang, CFA	18	2
Dave Hodges, JD, CFA	15	14	Pranay Laharia, CFA	17	2
Cory Martin	25	16	Eric Micek, CFA	10	2
Lewis Ropp	34	14	T. J. Carter, CFA, CPA	11	1
Rand Wrighton, CFA	13	10	Josh Ayers	11	*1
			John Barber, CFA	8	*1
			Zane Keller, CFA	4	*1
			Melodie Hunt	<1	*1

CLIENT PORTFOLIO MANAGERS		
	YEARS OF EXPERIENCE	YEARS WITH BHMS
James Carpenter, CFA	18	*1
Matt Egenes, CFA	28	10
Kirby Smith, CFA	22	10
Bill Underwood	19	17

1st, 2nd, and 3rd designations indicate the multi-generational depth within the BHMS equity investment team.

*Joined Barrow Hanley in 2015.

BHMS CLIENT PARTNERSHIPS

CORPORATE

AT&T Services Inc	Monsanto Company
Air Products & Chemicals Inc-31	National Rural Electric Co-op-36
Alabama Power Company-16	Norton Rose Fulbright US LLP-12
American Airlines-31	Office Depot Inc
American Institute of CPA's	Pepco Holdings Inc
The Boeing Company	Phillips 66 Company
CVS Caremark Corporation-7	Presbyterian Church-25
Caterpillar Inc-10	Prudential Retirement-13
CenterPoint Energy Inc-17	Public Service Enterprise Group
Chattem Inc-32	Saint-Gobain Corporation
ConocoPhillips Company-36	The Sherwin-Williams Company-16
Consolidated Edison Co of NY Inc	Southern Company-17
Cox Enterprises Inc	Stanley Black & Decker Inc
Ericsson Inc-10	Teck Resources-8
Harris Corporation (Exelis Inc)-32	Thomson Reuters
Genuine Parts Company-14	Valero Energy Corporation-31
Johnson & Johnson-16	Verizon Communications-28
MeadWestvaco Corporation	Wells Fargo & Company

ENDOWMENT / FOUNDATION

The Constantin Foundation-17	Purdue University-16
Dallas Museum of Art-23	St Mark's School of Texas-19
The Hubbard Foundation-17	Texas Presbyterian Foundation-12
The Joyce Foundation-31	UniHealth Foundation-12
Richard King Mellon Foundation	University of West Florida Fdn-12

MUTUAL FUNDS

AXA O/S Multi-Manager Funds-11	Russell Investment Group
American Beacon Funds-28	The Timothy Plan-11
Columbia Threadneedle Invstmnts-11	Transamerica Asset Management
AssetMark Inc – GuideMark Fund	USAA Value Fund-11
Old Mutual U.S. Dividend Fund	VALIC Broad Cap Value Income Fd-10
Principal Financial Group-10	Vanguard Windsor II Fund-30

HEALTHCARE

BaylorScott&White Health-23	New Jersey Hospital Association-11
Cape Fear Valley Health System	N Shore-Long Isl Jewish Health Sys
Catholic Health Initiatives-16	Novant Health Inc-17
Children's Hospital Medical Center	Parkland Health and Hospital Sys-24
Children's Medical Center of Dallas-25	Pathways Home Hlth and Hospice-11
El Camino Hospital-24	Rapid City Regional Hospital-16
Fidelis Care New York	St George Corporation
Hartford Hospital-7	St Luke's Reg Medical Center-13
Hunterdon Medical Center-10	Sturdy Memorial Hospital-14
Huntington Hospital	Texas Hospital Association-11
Kelsey-Seybold Clinic-11	Univ of Alabama Health Services-20
McLaren Health Care Corporation	VHA Inc-23
The Methodist Hospital of Houston-9	WakeMed-15
Methodist Le Bonheur Healthcare	Washington Reg Med Center-12
Nash Health Care Systems-7	

PUBLIC

Alaska Retirement Mgmt Board - 8	Merced County (CA) Ret System
Anchorage Police & Fire Ret System	City of Miami Fire & Police-25
Boca Raton Police & Fire-18	The Navajo Nation-25
Charlotte Firefighters' Ret System-12	New York City Retirement Systems
D/FW Airport Employees Ret Plan-18	St Paul Teachers Ret Fund Assoc-15
State of Hawaii Employee Ret Sys-30	Schuylkill County Emps Ret Plan
Lower Colorado River Authority-21	Employees Retirement System of Texas
Memphis City Retirement System-33	Tulsa County Retirement Sys-20

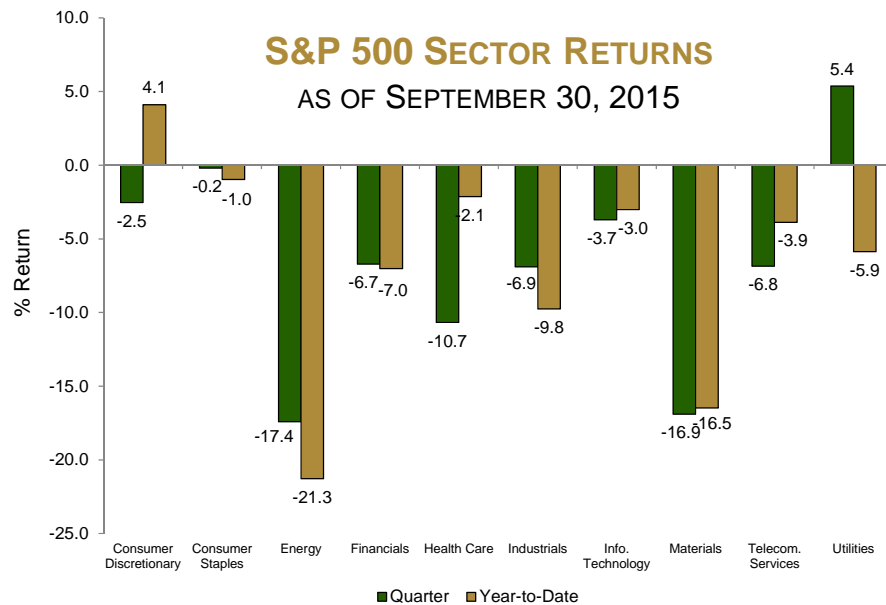
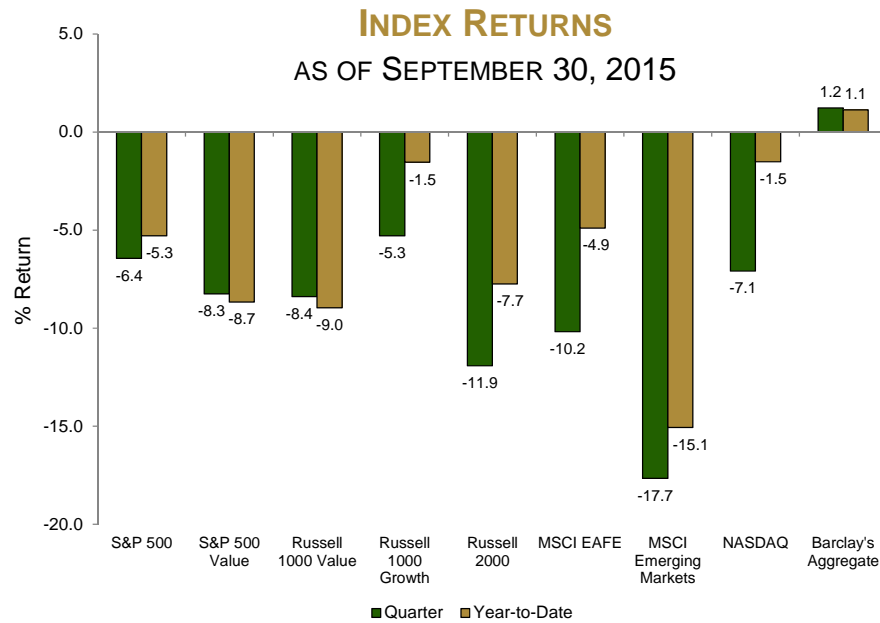
TAFT-HARTLEY

Allied Pilots Association-30	Major League Baseball Players'-16
Atlanta Plumbers & Steamfitters-11	National Electric Benefit Fd-22
Glaziers Metal & Glass Local 513-10	Retail Clerks Pension Trust-26
Houston Carpenters'-25	Texas Iron Workers Trust Fd-20
IBEW Local 22	UFCW-Midwest-31
IBEW Local 332-9	United Mine Workers of America-29

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

MARKET OVERVIEW

INDEX AND SECTOR RETURNS



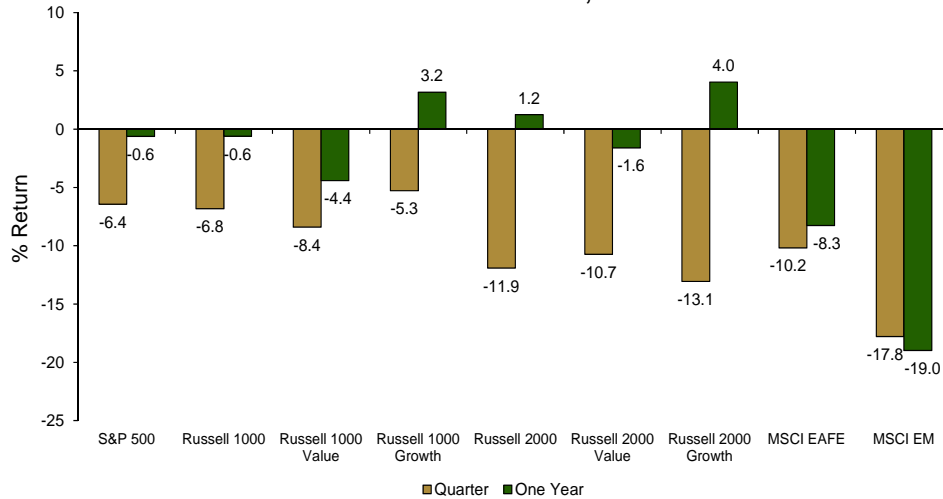
- ❖ Oil and other commodities remained weak, or weakened further, amid growing speculation that Saudi Arabia (and perhaps other oil-dependent nations) was a large seller of stocks during the quarter, adding to the negative pressure on global equities. The bond market was slightly positive for the quarter, as there was a typical flight to safety in U.S. Treasuries and other equity "bond-proxies" such as Utilities and REITs.
- ❖ In the U.S., all the uncertainty and volatility have given the U.S. Federal Reserve pause, and the September FOMC meeting came and went without a rate hike. Downward price pressure from a rising dollar, falling oil prices, and a reasonably strong U.S. labor market were inconsistent signals that have left the U.S. Federal Reserve and equity investors confused.
- ❖ Sectors with the most leverage to economic growth prospects (e.g., China) fell during the third quarter. Health Care stocks also fell sharply amid renewed fears of pharmaceutical price controls and a sharp pull-back in many biotech stocks. Financials sector stocks also lagged the broad market, as the anticipated boost to earnings from higher interest rates was delayed yet again.

Source: FactSet.

INDEX AND SECTOR RETURNS

INDEX RETURNS

AS OF SEPTEMBER 30, 2015

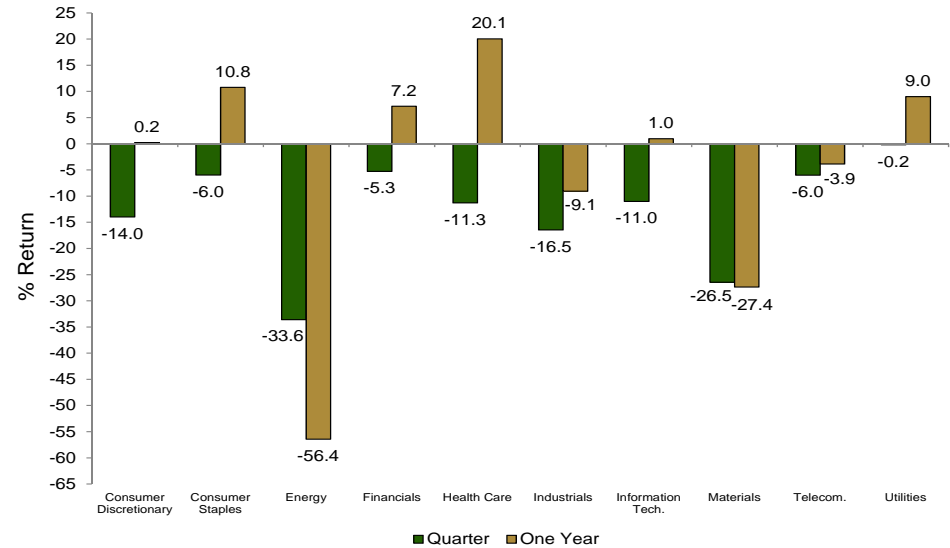


❖ As the chart to the left indicates, volatility was the watchword during the third quarter: domestic large cap stocks held sway and, in a complete reversal from August returns, growth outperformed value.

- ❖ Oil prices fell sharply during 3Q15, making the Energy sector the weakest by far.
- ❖ Sector performance varied widely over the last year as Health Care and Consumer Staples outperformed, while Energy and Materials sectors have lagged.

RUSSELL 2000 VALUE SECTOR RETURNS

AS OF SEPTEMBER 30, 2015

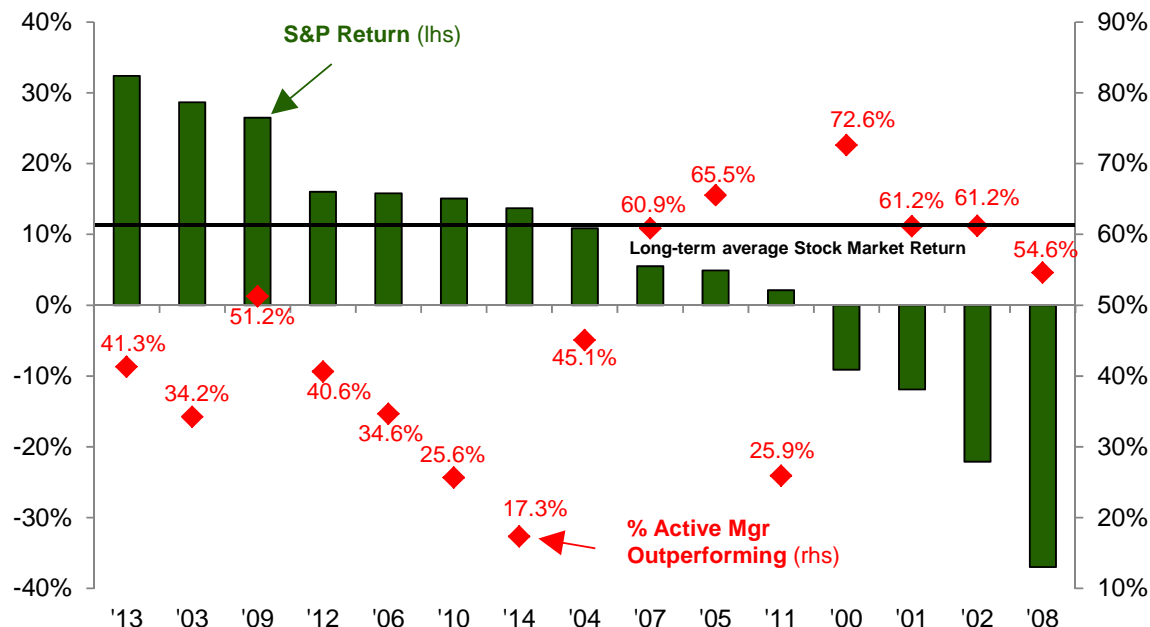


Source: FactSet.

ACTIVE VS. PASSIVE

ANNUAL S&P 500 PERFORMANCE VS. % OF ACTIVE MANAGERS OUTPERFORMING

(SORTED BY ANNUAL S&P PERFORMANCE HIGH TO LOW)



- ❖ The past 15 years have seen active managers struggle in robust, above-average return years, but outperform in more modest or down-return environments.
- ❖ Since the March 2009 market low, active managers have been disadvantaged by the Fed's zero interest policy, which has forced investors out the risk spectrum.
- ❖ We expect a more moderate return environment going forward – and better opportunities for active management to outperform.

Source: Strategas Research Partners.

DIVERSIFIED LARGE CAP VALUE

BHMS DIVERSIFIED LARGE CAP VALUE PROCESS



- Initial Universe Screened Down To A Guidance List Of Investment Opportunities

1800 Securities

- Stocks With a Market Cap Greater Than \$1 Billion
- Low P/E, Low P/Bk and High Dividend Yield Compared to the S&P 500
- Generally Low-Expectation Stocks

- Hands-On, Fundamental Research Performed By Long-Tenured, Experienced Investment Team

- Research Compelling Ideas, One-at-a-time

250 Security Guidance List

- Construct Financial Projections
- Company / Management Visits
- Daily Research Meetings to Monitor Existing and Potential Holdings

- Bring Only Best Ideas Forward

- Construct Diversified Portfolios

- Max 15% in an Industry
- Max 35% in any Sector

- No Market Timing - Max. 5% Cash

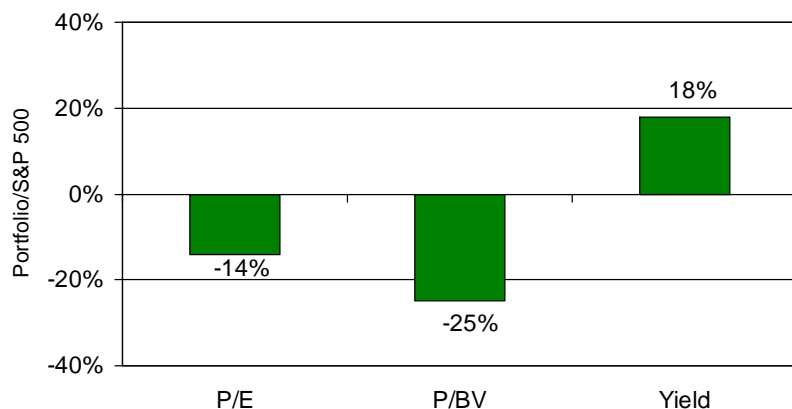
70-80 Security Portfolio

- Monitor Diversification Schedule Daily
- 3-5 Year Investment Horizon Results in Low Turnover (25%-30%)
- Disciplined Sell Process
 - When Stock Reaches Our Estimation of Fair Value
 - Our Investment Thesis Changes Materially or is No Longer Valid

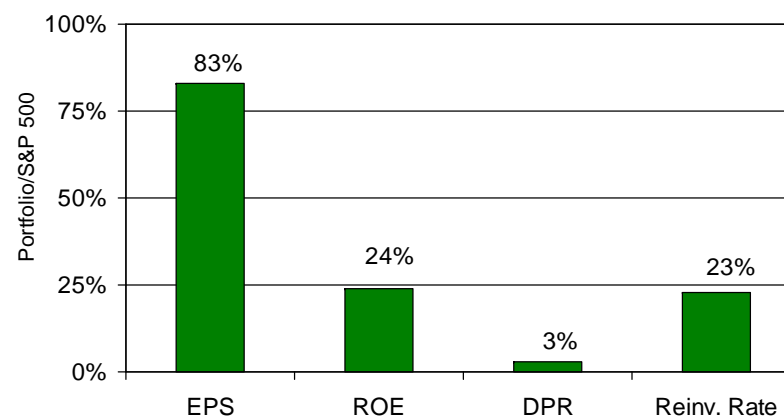
EQUITY PORTFOLIO CHARACTERISTICS

AS OF SEPTEMBER 30, 2015

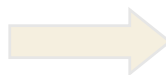
CHARACTERISTICS VS. S&P 500



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 DLCV	Russell 1000 Value	S&P 500
Price/Earnings ¹	15.7 x	16.1 x	18.2 x
Price/Book Value	1.8 x	1.6 x	2.4 x
Div. Yield	2.6 %	2.7 %	2.2 %
BHMS 5-Year Projections			
EPS Growth	12.8 %		7.0 %
Profitability (ROE)	19.8 %		16.0 %
Div. Payout Ratio (DPR)	36.9 %		36.0 %
Reinv. Rate [ROE (1-DPR)]	12.5 %		10.2 %

STOCK SELECTION OBJECTIVES:

- ❖ Bottom-up Stock Selection
- ❖ Buy Stocks Trading at Discount to Market
- ❖ Low Turnover Approach
- ❖ 70-80 Stock Portfolios
- ❖ Max. 15% in an Industry Group
- ❖ Max. 5% Cash

¹ Based on trailing 12 months operating earnings; harmonically averaged
Source: FactSet

PORTFOLIO STRUCTURE AND PERFORMANCE

AS OF SEPTEMBER 30, 2015

PORTFOLIO STRUCTURE

PORTFOLIO COMPOSITION		
	<i>Market Value</i>	<i>Pct. Assets</i>
Cash and Equiv.	\$ 7,071,604	2.1
Equities	322,072,435	97.9
Total	\$ 329,144,039	100.0

CHANGE IN PORTFOLIO			
Portfolio Value on	12/31/14	\$	344,713,759
Net Additions/Withdrawals			36,138
Realized Gains			21,328
Unrealized Gains			(21,533,776)
Income Received			5,906,590
Portfolio Value on	9/30/15	\$	329,144,039

PERFORMANCE

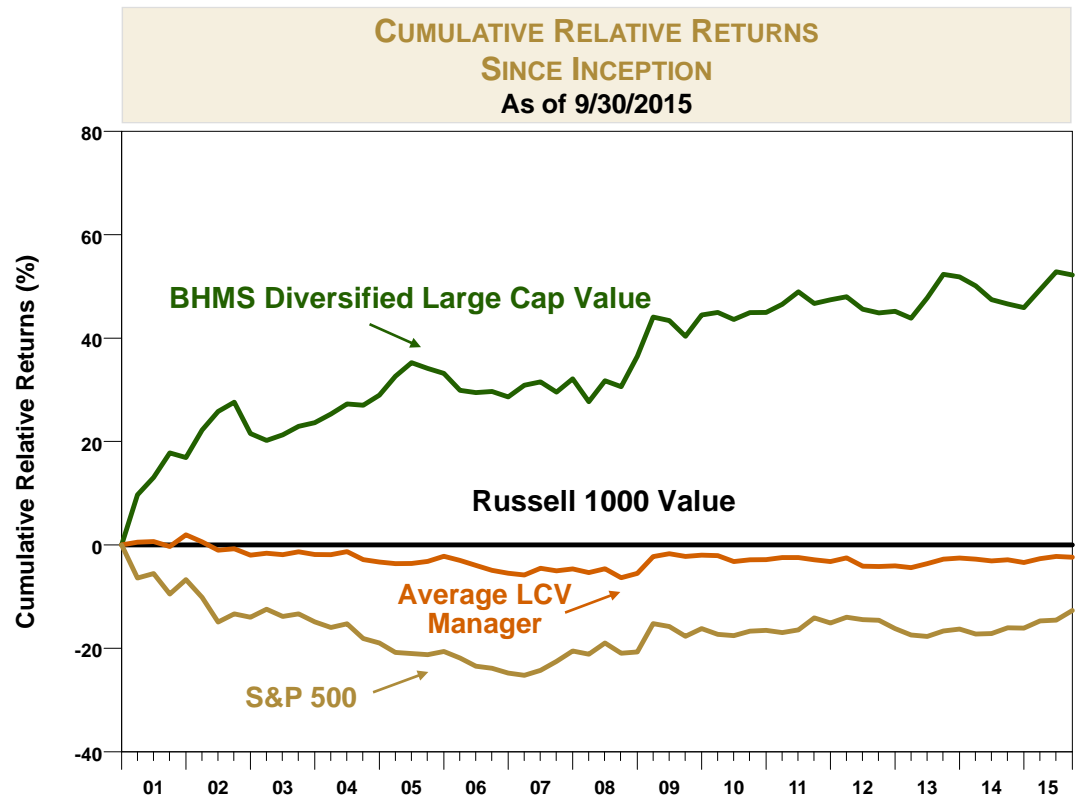
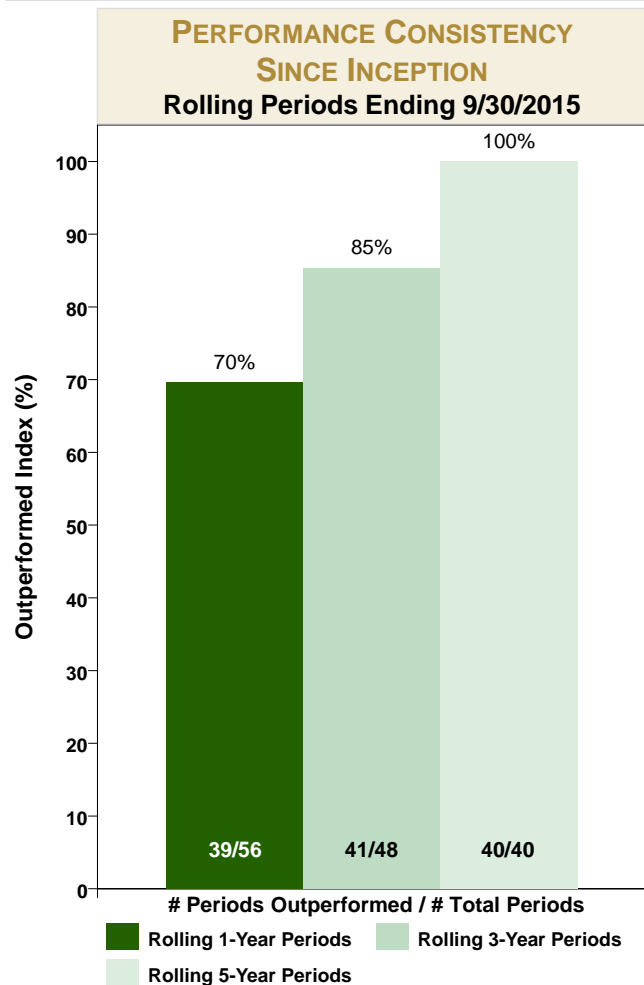
For Periods Ending September 30, 2015

	<i>YTD</i>	<i>One Year</i>	<i>Three Years</i>	<i>Five Years</i>	<i>Seven Years</i>	<i>Since Inception (7/2/07)</i>
ARMB - DLCV	-4.53%	-0.32%	13.60%	13.46%	10.64%	5.08%
Russell 1000 Value	-8.96%	-4.42%	11.59%	12.29%	8.21%	3.33%
S&P 500	-5.29%	-0.61%	12.40%	13.34%	9.75%	5.13%

Periods over one year are annualized.

LONG-TERM PERFORMANCE

Vs. RUSSELL 1000 VALUE INDEX



Source: PEP for Windows.
Peer group: CAI Large Cap Value Style.

- ❖ 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 DLCV Composite is November 1, 2000.

PORTFOLIO ATTRIBUTION

vs. RUSSELL 1000 VALUE – YEAR TO DATE ENDING SEPTEMBER 30, 2015

<i>BHMS Sector</i>	ARMB - DLCV		Russell 1000 Value		Attribution Analysis		
	<i>Average Weight</i>	<i>Total Return</i>	<i>Average Weight</i>	<i>Total Return</i>	<i>Allocation Effect</i>	<i>Selection + Interaction</i>	<i>Total Effect</i>
Consumer Discretionary	14.7	6.5	6.2	-6.9	0.2	1.8	2.0
Energy	4.4	-22.4	11.8	-23.5	1.3	0.1	1.4
Consumer Staples	6.7	6.1	7.1	-8.1	0.0	0.9	0.9
Health Care	16.2	4.9	13.6	-0.1	0.1	0.8	0.9
Materials	3.3	-7.3	3.0	-18.5	-0.1	0.4	0.3
Information Technology	10.4	-11.8	9.9	-13.3	-0.1	0.3	0.1
Telecommunication Services	2.3	-3.8	2.2	-2.3	0.0	-0.0	-0.0
Utilities	0.0	-1.8	6.1	-6.7	-0.1	0.0	-0.1
Industrials	13.7	-9.7	10.2	-9.0	0.0	-0.2	-0.2
Financials	28.3	-9.2	29.9	-5.8	-0.1	-1.1	-1.1
Total	100.0	-4.7	100.0	-9.0	1.2	3.1	4.3

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 and is gross of fees.

Largest Relative Portfolio Contributors		
	<u>Avg. Wtg.</u>	<u>Contribution</u>
Reynolds American Inc.	0.7 %	0.48 %
* Omnicare, Inc.	1.2 %	0.46 %
NVR, Inc.	1.6 %	0.42 %
Ow ens Corning	1.7 %	0.38 %
Altria Group, Inc.	1.7 %	0.35 %

Largest Relative Portfolio Detractors		
	<u>Avg. Wtg.</u>	<u>Contribution</u>
Navient Corp	1.6 %	-0.68 %
Joy Global Inc.	0.9 %	-0.65 %
FMC Corporation	1.1 %	-0.34 %
SLM Corp	1.4 %	-0.30 %
SPX Corporation	0.8 %	-0.29 %

*Contribution to relative return is the combination of selection interaction and allocation interaction as defined above.
Note: Performance Analysis does not include impact of cash holdings.*

**sold*

PORTFOLIO HOLDINGS

AS OF SEPTEMBER 30, 2015

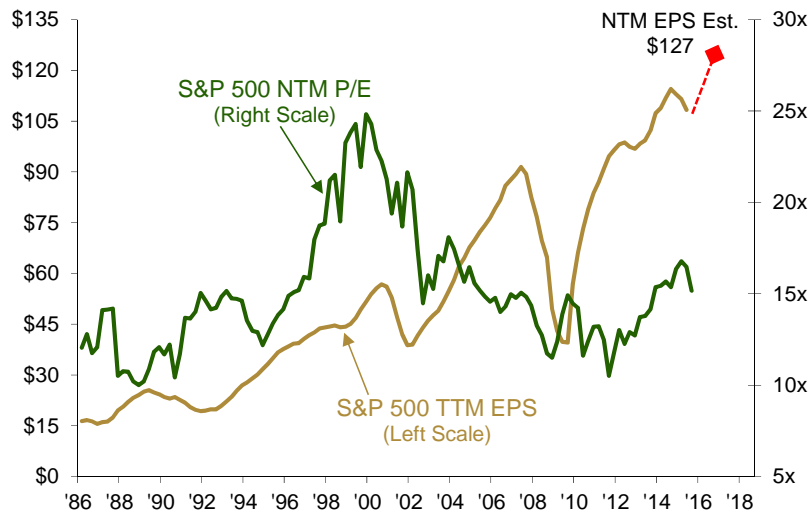
	Port. Wtg. %	R 1000V Wtg. %		Port. Wtg. %	R 1000V Wtg. %		Port. Wtg. %	R 1000V Wtg. %
CONSUMER DISCRETIONARY	15.1	5.4	FINANCIALS	27.1	30.3	INDUSTRIALS	14.3	10.0
Royal Caribbean Cruises Ltd.	2.1		Citigroup Inc.	2.5		Owens Corning	1.8	
Carnival Corporation	2.0		Wells Fargo & Company	2.1		Stanley Black & Decker, Inc.	1.7	
NVR, Inc.	1.9		JPMorgan Chase & Co.	2.0		Spirit AeroSystems Holdings, Inc. CI A	1.6	
Delphi Automotive PLC	1.9		Bank of America Corporation	2.0		* Nielsen Holdings Plc	1.3	
Hanesbrands Inc.	1.7		Capital One Financial Corporation	1.9		General Dynamics Corporation	1.2	
SeaWorld Entertainment, Inc.	1.6		American International Group, Inc.	1.7		* United Technologies Corporation	1.1	
* Norwegian Cruise Line Holdings Ltd	1.5		PNC Financial Services Group, Inc.	1.6		Raytheon Company	1.1	
Johnson Controls, Inc.	1.5		State Street Corporation	1.5		Honeywell International Inc.	1.0	
Target Corporation	1.1		American Express Company	1.5		* Deere & Company	0.9	
			Ameriprise Financial, Inc.	1.4		KBR, Inc.	0.9	
			People's United Financial, Inc.	1.3		Eaton Corp. Plc	0.9	
CONSUMER STAPLES	7.4	7.0	SLM Corp	1.2		* SPX Flow, Inc. (spinoff)	0.4	
* Reynolds American Inc.	1.9		Fifth Third Bancorp	1.2		Joy Global Inc.	0.3	
Altria Group, Inc.	1.8		Discover Financial Services	1.2		SPX Corporation	0.1	
CVS Health Corporation	1.4		First Niagara Financial Group, Inc.	1.1				
Philip Morris International Inc.	1.2		New York Community Bancorp, Inc.	1.1		INFO. TECHNOLOGY	9.6	11.3
Wal-Mart Stores, Inc.	1.1		Navient Corp	1.0		Microsoft Corporation	1.6	
			E*TRADE Financial Corporation	0.8		Texas Instruments Incorporated	1.6	
						Fairchild Semiconductor Intl, Inc.	1.6	
ENERGY	3.7	12.9				Microchip Technology Incorporated	1.4	
* Phillips 66	1.0		HEALTH CARE	14.8	11.6	Oracle Corporation	1.3	
BP p.l.c. ADR	0.8		Medtronic Plc	1.8		* QUALCOMM Incorporated	1.2	
ConocoPhillips	0.7		Cardinal Health, Inc.	1.6		Intel Corporation	0.8	
Occidental Petroleum Corporation	0.7		Sanofi ADR	1.6				
Seadrill Ltd.	0.2		Anthem, Inc.	1.5		TELECOMM. SERVICES	2.2	2.5
Fairmount Santrol Holdings, Inc.	0.2		UnitedHealth Group Incorporated	1.5		Verizon Communications Inc.	1.4	
			Cigna Corporation	1.5		Vodafone Group Plc ADR	0.8	
			Pfizer Inc.	1.5				
			Johnson & Johnson	1.4		UTILITIES	0.0	6.4
			Teva Pharmaceutical Ind Ltd ADR	1.3				
			Merck & Co., Inc.	1.2		CASH & EQUIV.	2.2	
* New Holdings in 2015			MATERIALS	3.7	2.7			
			CRH Plc ADR	1.7				
			* Air Products and Chemicals, Inc.	1.5				
			FMC Corporation	0.5				
Holdings Eliminated in 2015								
CA, Inc.								
California Resources Corp								
CIT Group Inc.								
DIRECTV								
Emerson Electric Co.								
Omnicare, Inc.								
Public Service Enterprise Group Inc.								

MARKET OUTLOOK

EARNINGS AND VALUATIONS

S&P 500 EARNINGS AND VALUATION

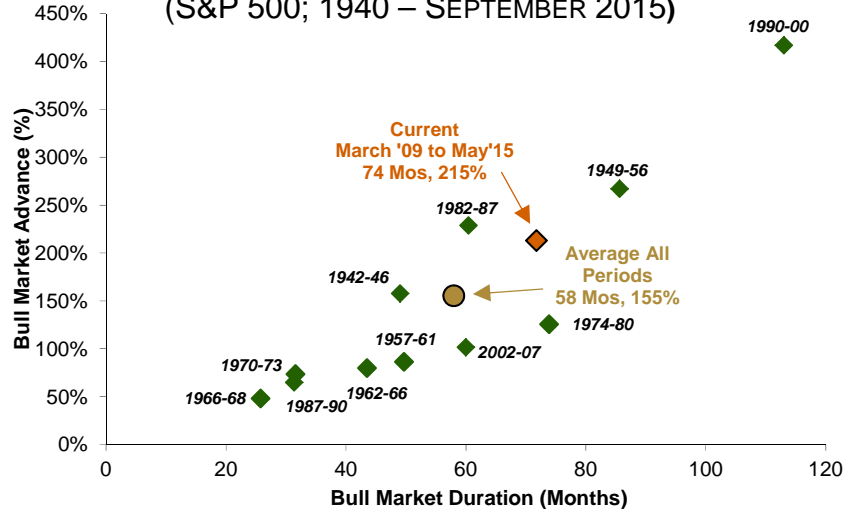
MARCH 1986 – SEPTEMBER 2015*



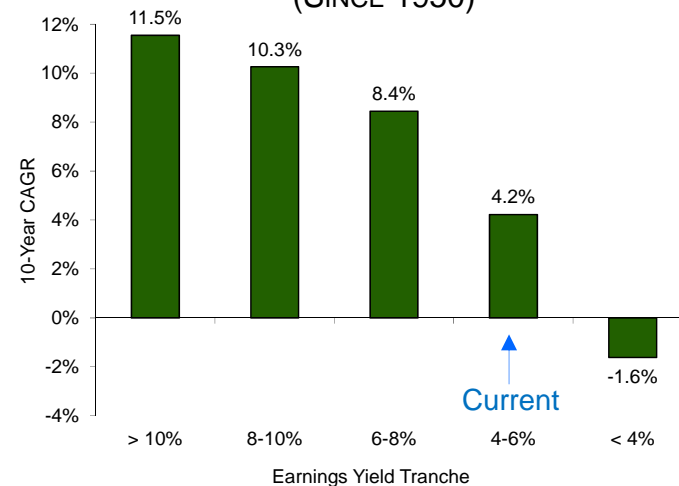
*September 2015 data is preliminary.

- ❖ Valuations, while off their lows, remain reasonable.
- ❖ After a sharp move up from the March 2009 lows, the current bull market approximates both the length and magnitude of past bull markets, adding to concerns about what is next for stocks.
- ❖ Current valuations suggest more modest prospective market returns.

HISTORICAL BULL MARKETS (S&P 500; 1940 – SEPTEMBER 2015)



S&P 500 10-YEAR RETURN BY EARNINGS YIELD (SINCE 1950)



(As of September 30, 2015; based on forward 12 months estimated earnings).

Source: Strategas Research Partners.

DIVERSIFIED LARGE CAP VALUE STRATEGY OUTLOOK

BHMS DLCV Average Annual Outperformance in Low/Moderate Return Environments

Annual Russell 1000 Value Performance	BHMS DLCV vs. Russell	
	1000 Value	BHMS DLCV vs. S&P 500
Returns < 10%	+3.9%	+3.9%
Returns < 5%	+4.1%	+4.1%
Returns < 0%	+4.1%	+4.6%

- ❖ In either a more modest return or down market scenario, our portfolios have historically added value relative to both the S&P 500 and the Russell 1000 Value.

Rolling 1-year annualized returns, calculated quarterly since BHMS DLCV inception. As of September 30, 2015

Source: FactSet.

SMALL CAP VALUE

PORTFOLIO STRUCTURE AND PERFORMANCE

AS OF SEPTEMBER 30, 2015

PORTFOLIO STRUCTURE

PORTFOLIO COMPOSITION		
	<i>Market Value</i>	<i>Pct. Assets</i>
Cash and Equiv.	\$ 5,855,131	7.3
Equities	\$ 74,605,586	92.7
Total	\$ 80,460,717	100.0

CHANGE IN PORTFOLIO		
Portfolio Value on 12-31-14	\$	109,085,966
Net Additions/Withdrawals		(20,000,113)
Realized Gains		(2,012,628)
Unrealized Gains		(7,512,402)
Income Received		899,894
Portfolio Value on 09-30-15	\$	80,460,717

PERFORMANCE

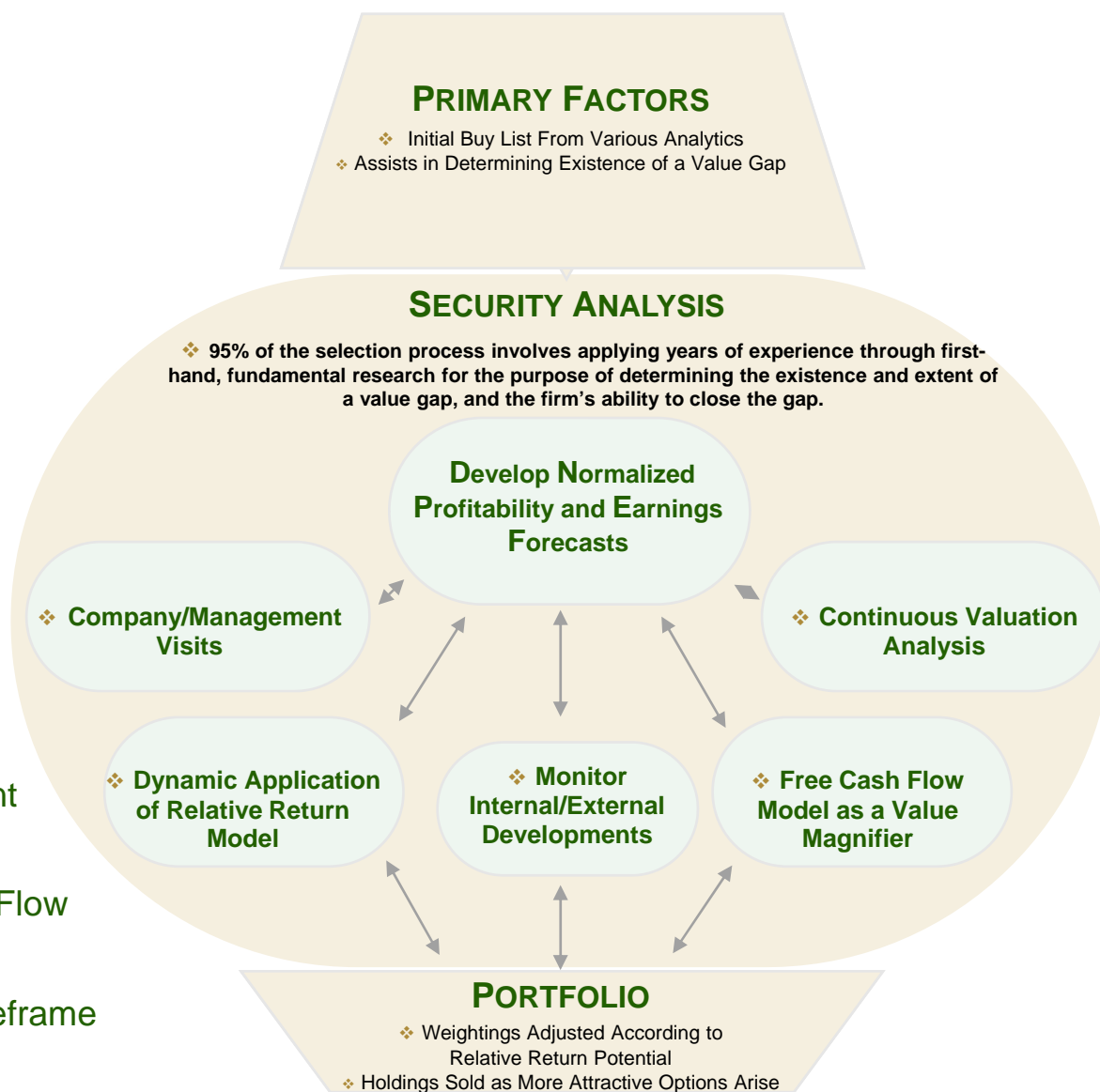
For Periods Ended September 30, 2015

	YTD	1 Year	3 Years	Since Inception (5/31/11)
ARMB-SCV	-7.61 %	1.38 %	13.99 %	9.46 %
Russell 2000 Value	-10.06 %	-1.60 %	9.18 %	6.66 %

Periods over one year are annualized.

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

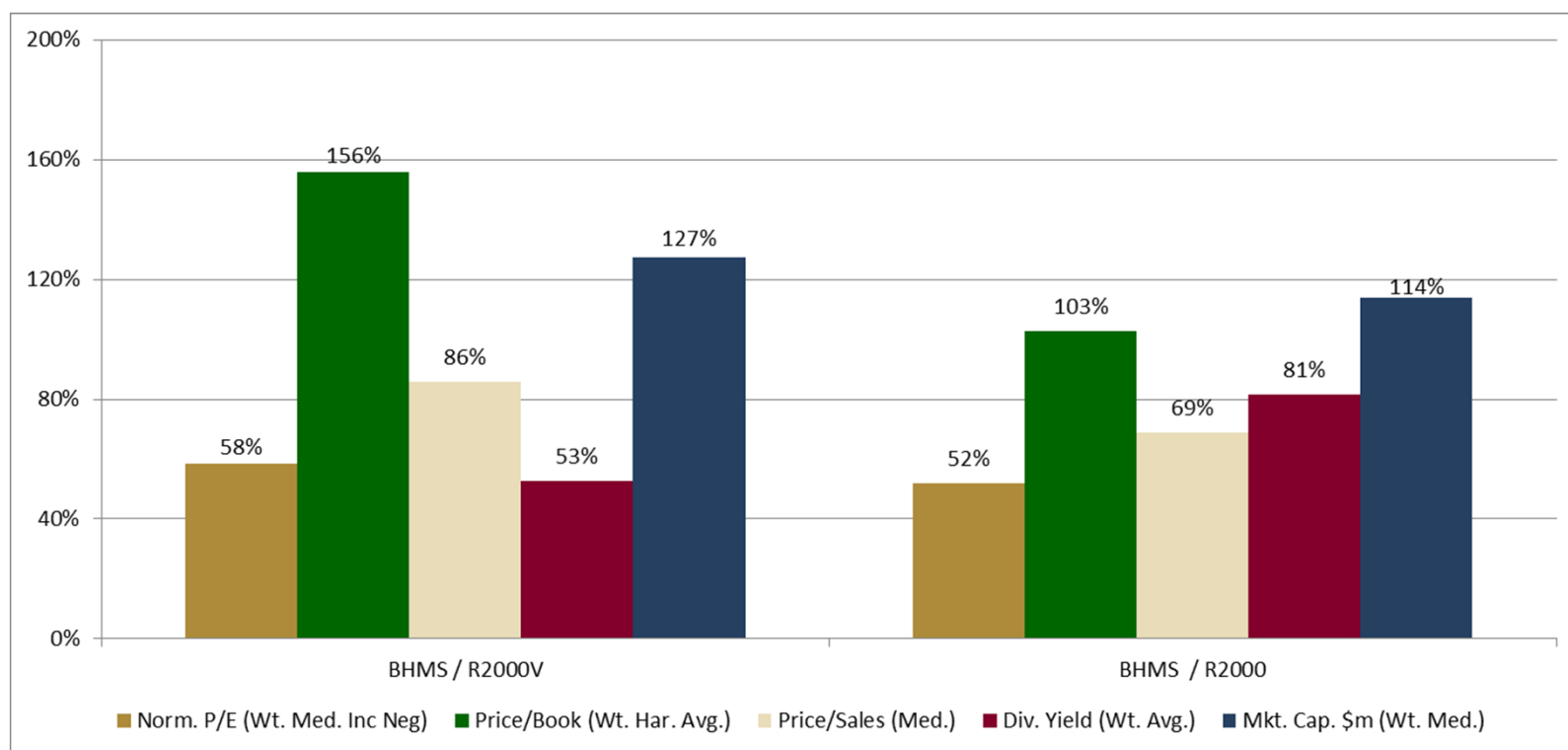


PORTFOLIO CHARACTERISTICS

AS OF SEPTEMBER 30, 2015

	BHMS SCV	Russell 2000 Value	Russell 2000	BHMS / Russell 2000 Value	BHMS / Russell 2000
Norm. P/E (Wt. Med. Inc. Neg)*	10.3 x	17.6 x	19.7 x	58%	52%
Price/Book (Wt. Har. Avg.)	2.1 x	1.3 x	2.0 x	156%	103%
Price/Sales (Med.)	1.4 x	1.6 x	2.0 x	86%	69%
Div. Yield (Wt. Avg.)	1.1 %	2.0 %	1.3 %	53%	81%
Mkt. Cap. \$m (Wt. Med.)	\$2,006	\$1,578	\$1,763	127%	114%

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



PORTFOLIO CHANGES - BHMS SMALL CAP VALUE STRATEGY

TWELVE MONTHS ENDING SEPTEMBER 30, 2015

Top Ten Holdings September 30, 2014	
	(%)
Haemonetics Corporation	4.0
City National Corporation	3.8
Tempur Sealy International Inc	3.7
Whirlpool Corporation	3.6
HealthSouth Corporation	3.5
Scotts Miracle-Gro Company	3.3
Brunswick Corporation	3.2
Mobile Mini, Inc.	3.2
Men's Wearhouse, Inc.	3.2
American Axle & Manufacturing Holdings, Inc.	3.1
Total	34.7

Top Ten Holdings September 30, 2015	
	(%)
Tempur Sealy International Inc	5.0
City National Corporation	4.3
Texas Capital Bancshares, Inc.	4.1
Barnes Group Inc.	3.8
Whirlpool Corporation	3.6
Fairchild Semiconductor International, Inc.	3.5
Simpson Manufacturing Co., Inc.	3.5
ILVI Incorporated	3.3
Haemonetics Corporation	3.3
Comfort Systems USA, Inc.	3.2
Total	37.6

Additions
Encore Wire Corporation
Primoris Services Corporation
Tutor Perini Corporation

Eliminations
Aegion Corporation
Brunswick Corporation
Covance Inc.
Forward Air Corporation
Heartland Express, Inc.
Herman Miller, Inc.
John Wiley & Sons, Inc.
Littelfuse, Inc.

PORTFOLIO ATTRIBUTION

vs. RUSSELL 2000 VALUE – YEAR TO DATE ENDING SEPTEMBER 30, 2015

<i>BHMS Sector</i>	ARMB SCV		Russell 2000 Value		Attribution Analysis		
	<i>Average Weight</i>	<i>Total Return</i>	<i>Average Weight</i>	<i>Total Return</i>	<i>Allocation Effect</i>	<i>Selection + Interaction</i>	<i>Total Effect</i>
Industrials	30.8	-7.4	12.5	-16.8	-1.5	3.1	1.5
Energy	0.5	-70.4	4.4	-38.3	1.6	-0.2	1.4
Consumer Discretionary	18.1	-6.8	11.6	-12.1	-0.1	1.2	1.0
Materials	5.2	-13.1	4.1	-30.2	-0.4	1.0	0.7
Telecommunication Services	0.0	0.0	0.8	-8.2	-0.0	0.0	-0.0
Consumer Staples	0.0	0.0	2.9	-4.3	-0.2	0.0	-0.2
Utilities	0.0	0.0	6.9	-7.3	-0.3	0.0	-0.3
Information Technology	27.0	-12.6	9.9	-9.7	0.1	-0.6	-0.4
Health Care	6.9	-6.9	5.4	1.9	0.1	-0.6	-0.5
Financials	11.5	2.9	41.5	-4.0	-1.8	0.7	-1.1
Total	100.0	-8.0	100.0	-10.1	-2.6	4.6	2.0

*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 and is gross of fees.*

Largest Relative Portfolio Contributors		
	<u>Avg. Weight</u>	<u>Contribution</u>
Tempur Sealy International Inc	4.0 %	1.34 %
Comfort Systems USA, Inc.	2.3 %	1.20 %
City National Corporation	3.9 %	0.75 %
* Con-way Inc.	2.5 %	0.66 %
II-VI Incorporated	3.1 %	0.65 %

*Contribution to relative return is the combination of selection interaction and allocation interaction as defined above.
Note: Performance Analysis does not include impact of cash holdings.*

Largest Relative Portfolio Detractors		
	<u>Avg. Weight</u>	<u>Contribution</u>
FARO Technologies, Inc.	1.7 %	-0.75 %
Terex Corporation	2.4 %	-0.70 %
Vishay Intertechnology, Inc.	2.9 %	-0.66 %
Whirlpool Corporation	4.0 %	-0.53 %
Vitamin Shoppe, Inc.	2.1 %	-0.51 %

*sold

See Appendix for disclosure
Source: FactSet

PORTFOLIO HOLDINGS

AS OF SEPTEMBER 30, 2015

	%Port.	%R2000V		%Port.	%R2000V		%Port.	%R2000V
CONSUMER DISCRETIONARY	15.5	10.5	FINANCIALS	12.2	43.8	INFO. TECHNOLOGY	26.6	10.5
Tempur Sealy International Inc	4.6		City National Corporation	4.0		Fairchild Semiconductor International	3.3	
Whirlpool Corporation	3.3		Texas Capital Bancshares, Inc.	3.8		II-VI Incorporated	3.1	
American Axle & Man. Holdings, Inc.	2.8		Prosperity Bancshares, Inc.(R)	2.5		Brooks Automation, Inc.	2.9	
Men's Wearhouse, Inc.	2.6		Hanmi Financial Corporation	1.9		Diodes Incorporated	2.8	
Vitamin Shoppe, Inc.	2.2					Vishay Intertechnology, Inc.	2.7	
						Mentor Graphics Corporation	2.3	
CONSUMER STAPLES	0.0	3.2	HEALTH CARE	6.0	4.3	FARO Technologies, Inc.	2.1	
			Haemonetics Corporation	3.1		Plexus Corp.	2.1	
			HealthSouth Corporation	2.9		Mercury Systems, Inc.	1.7	
						Photronics, Inc.	1.6	
						Xcerra Corporation	1.1	
						Park Electrochemical Corp.	1.0	
ENERGY	0.2	4.6	INDUSTRIALS	27.6	11.6	MATERIALS	4.7	3.1
LinnCo. LLC	0.2		Barnes Group Inc.	3.6		PolyOne Corporation	2.5	
			Simpson Manufacturing Co., Inc.	3.2		Scotts Miracle-Gro Company	2.2	
			Comfort Systems USA, Inc.	2.9				
			* Primoris Services Corporation	2.6		TELECOM. SERVICES	0.0	0.9
			Mobile Mini, Inc.	2.6				
			Terex Corporation	2.4		UTILITIES	0.0	7.4
			* Tutor Perini Corporation	2.4				
			Trex Company, Inc.	2.2		CASH AND EQUIV.	7.3	
			Oshkosh Corp	2.1				
			* Encore Wire Corporation	1.9				
			Gibraltar Industries, Inc.	1.6				

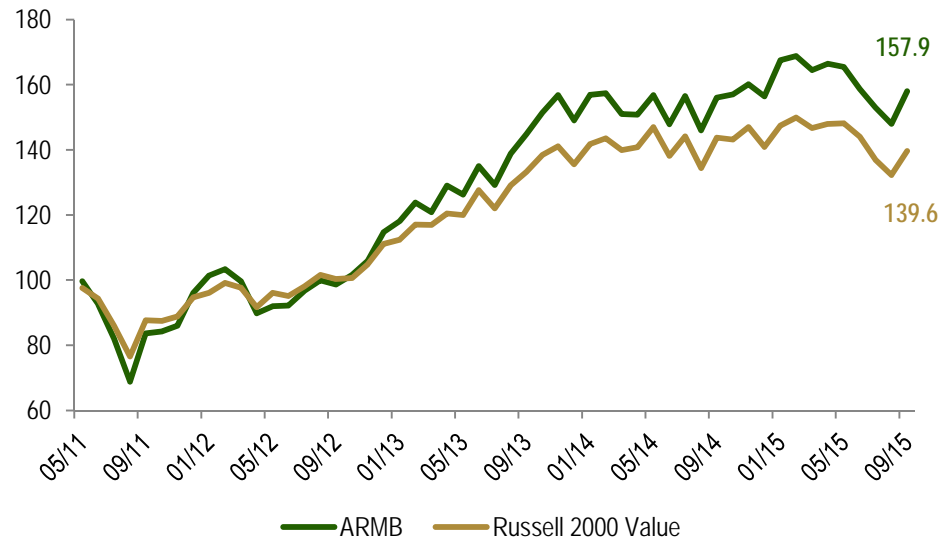
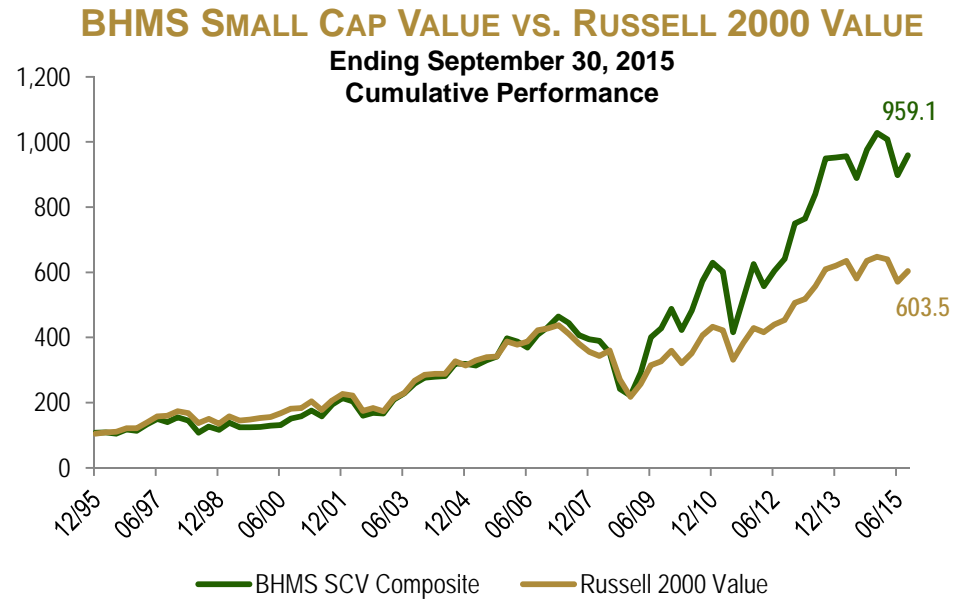
*New Holdings in 2015

Holdings Eliminated in 2015

Aegion Corporation
 Brunswick Corporation
 Forward Air Corporation
 Heartland Express, Inc.
 Herman Miller, Inc.
 John Wiley & Sons, Inc.
 Littelfuse, Inc.

Source: FactSet.

LONG-TERM PERFORMANCE



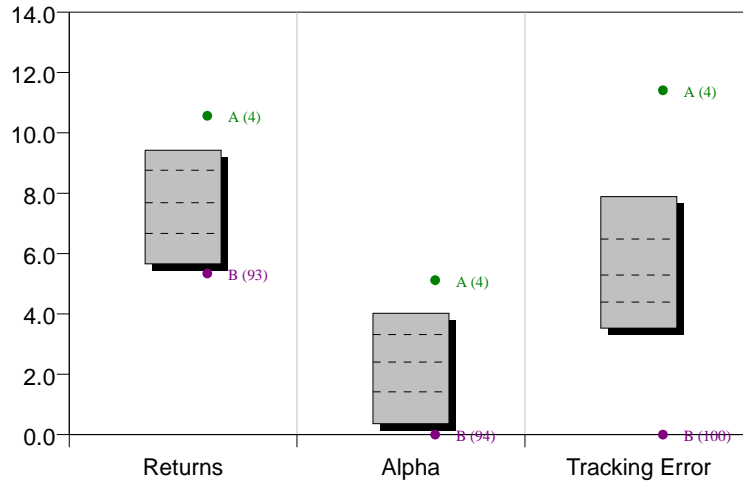
*ARMB SCV (#1539) inception date is 5/31/11.

Source: AxyS.

BHMS SMALL CAP VALUE PROCESS

BHMS SMALL CAP VALUE

Statistics relative to Russell:2000 Value
for 10 Years Ended September 30, 2015
Group: CAI Small Cap Value Style

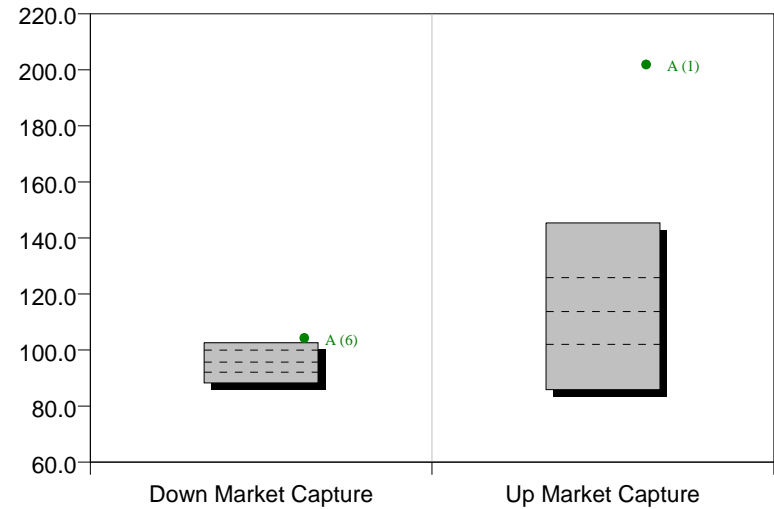


BHMS:Sm Cap Value	A	10.57	5.12	11.41
Russell:2000 Value	B	5.35	0.00	0.00

❖ The vast majority of our outperformance occurs in rising markets.

❖ Relative to our peer group and the index, our process results in long term outperformance.

Statistics relative to Russell:2000 Value
for 10 Years Ended September 30, 2015
Group: CAI Small Cap Value Style



BHMS:Sm Cap Value	A	104.33	201.92
-------------------	---	--------	--------

APPENDIX

BHMS EQUITY PROFESSIONALS

VALUE EQUITY



JOSH D. AYERS – Director, Equity Analyst

Mr. Ayers joined BHMS in 2015 from Paradarch Advisors, LLC, where he published the firm's investment research newsletter. Prior to founding Paradarch, he was a principal at Corriente Advisors, LLC, where he oversaw research and trading for Corriente's European Divergence Fund, LP. Mr. Ayers began his 11-year investment career at JP Morgan Chase. He received a BA from Southern Methodist University and an MBA from the University of Virginia's Darden School of Business.



JOHN W. BARBER, CFA – Equity Analyst

Mr. Barber joined BHMS in 2015 from Keefe, Bruyette & Woods, where he served as a vice president, working in the principal strategies group as a financials analyst. Prior to this role, he served as a bank analyst in the firm's equity research area. Mr. Barber received a BA in Economics from Trinity College in Hartford. He is a member of the CFA Institute.



JAMES P. BARROW – Executive Director, Portfolio Manager

During Mr. Barrow's 53-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.



JAMES M. CARPENTER, CFA – Director, Client Portfolio Manager

Mr. Carpenter joined BHMS in 2015 from Russell Investments, where he served as a portfolio manager for several multi-manager funds across the firm's international and global equity strategies. Previous to this role, Mr. Carpenter was head of the firm's global equity manager research team and was also responsible for researching and ranking the value strategies of investment management firms. Prior to his nearly 18-year tenure at Russell Investments, Mr. Carpenter served as an auditor at Ernst & Young LLP. He graduated from Brigham Young University with both a Bachelor's and Master's degree in Accounting. He is a member of the CFA Institute and the CFA Society of Seattle.



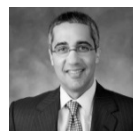
T.J. CARTER, CFA, CPA – Equity Analyst

Mr. Carter joined BHMS in 2014 from Kingstown Capital Management, where he served as an analyst. His prior experience includes analyst positions at Outpoint Capital Management and Highland Capital Management. Mr. Carter began his 11-year career at Deloitte & Touche, LLP. He received a BSBA from the University of Arkansas and an MBA from Columbia Business School.



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 31-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, Client Portfolio Manager

Mr. Egenes joined BHMS as a client portfolio manager 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 28-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.

BHMS EQUITY PROFESSIONALS

VALUE EQUITY (Continued)



JEFF G. FAHRENBRUCH, CFA – Managing Director, Portfolio Manager

Mr. Fahrenbruch joined BHMS in 2002. Prior to joining BHMS, he was an equity analyst at Westwood Holdings Group. Mr. Fahrenbruch, with 18 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, Portfolio Manager

Mr. Ganuchau joined BHMS in 2004 from Clover Partners, LP, where he served on the management team for several funds, including a financial sector fund. Prior to his tenure at Clover Partners, Mr. Ganuchau served as a securities analyst at GSB Investment Management, where he began his 19-year career in the investment management industry. Mr. Ganuchau graduated from Southern Methodist University with a BBA in Accounting and is a member of the CFA Society of Dallas-Fort Worth.



MARK GIAMBRONE – 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 23-year career, he has also served as a senior auditor/tax specialist for KPMG Peat Marwick and Ernst & Young Kenneth Leventhal. Mr. Giambrone graduated summa cum laude from Indiana University with a BS in Business and received an MBA from the University of Chicago.



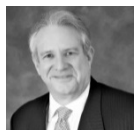
JANE GILDAY, CFA – Managing Director, Equity Analyst

Ms. Gilday joined BHMS in 1998. During her 47-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 39-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, Equity 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 39-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.

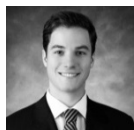


DAVID A. HODGES, JD, CFA – Managing Director, Portfolio Manager

Mr. Hodges joined BHMS in 2001. During his 15-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.

BHMS EQUITY PROFESSIONALS

VALUE EQUITY (Continued)



W. COLEMAN HUBBARD, JR. – Equity 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.



MELODIE C. HUNT – Equity Analyst

Ms. Hunt joined BHMS in 2015 as an equity analyst, focusing on small cap stocks. She graduated from the Honors College at the University of South Carolina, where she earned a BBA, cum laude, with a concentration in both Finance and Entrepreneurship.



PRANAY G. LAHARIA, CFA – Director, Equity Analyst

Mr. Laharia joined BHMS in 2013. Prior to joining the firm, he served as an analyst for State Street Global Advisors in Ireland, where he led a team that focused on the research of companies in the technology and telecom sectors. His 17-year career in the technology sector includes positions at Deutsche Bank Securities, Cambridge Technology Partners, and UOP, a Honeywell Company. Mr. Laharia graduated from the Indian Institute of Technology with a BTech in Chemical Engineering. He earned an MS in Chemical Engineering from The Ohio State University and an MBA, with High Honors, from University of Chicago.



ZANE C. KELLER, CFA – Equity Analyst

Mr. Keller joined BHMS in 2015. His prior experience includes serving as a research associate at Brandes Investment Partners in San Diego, where he specialized in analyzing financial institutions in both developed and emerging markets. Mr. Keller earned a BA in Economics and a BBA in Finance from the University of Texas. He received an MBA from the University of California at Berkeley.



CORY L. MARTIN – Managing Director, Portfolio Manager

Mr. Martin joined BHMS in 1999. During his 16-year tenure at BHMS, he has been instrumental in the creation, development, and implementation of our non-U.S. value equity strategies. He has also overseen the construction and management of the model portfolio that is used to manage a portion of assets in the firm's Large Cap Value strategy. Prior to joining BHMS, Mr. Martin served as a vice president at Templeton Investment Counsel, Inc. in Fort Lauderdale, Florida. His 25-year career in the investment management industry includes serving as an institutional investment consultant at LCG Associates, Inc. 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 43-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.



ERIC M. MICEK, CFA – Equity Analyst

Mr. Micek joined BHMS in 2013 from Wells Fargo Securities, where he served in the Energy and Power group in the investment banking division. His 10 years of experience includes positions at Standard and Poor's and the Royal Bank of Canada. Mr. Micek earned his BS degrees in Electrical Engineering and Mathematics from Southern Methodist University and his MBA from Columbia Business School, where he completed the Applied Value Investing program.

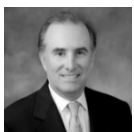
BHMS EQUITY PROFESSIONALS

VALUE EQUITY (Continued)



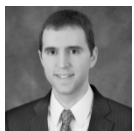
MICHAEL B. NAYFA, CFA – Director, Equity Analyst

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 38-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 – Director, Equity 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, Equity Analyst

Mr. Quinn joined BHMS in 2005 as an equity analyst. During his 14-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.



KIRBY H. SMITH, CFA – Director, Client Portfolio Manager

Mr. Smith joined BHMS in 2005 as a client portfolio manager. During his 22-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.

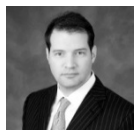


WILLIAM B. UNDERWOOD – Director, Client Portfolio Manager

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 19-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.

BHMS EQUITY PROFESSIONALS

VALUE EQUITY (Continued)



MICHAEL J. WETHERINGTON, CFA – Director, Equity Analyst

Mr. Wetherington joined BHMS in 1997. He serves as an equity analyst at BHMS. Mr. Wetherington began his 22-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 – Managing Director, Portfolio Manager

Mr. Wrighton joined BHMS in 2005 as an equity analyst. During his 13-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.



SHERRY ZHANG, CFA – Director, Equity Analyst

Ms. Zhang joined BHMS in 2013 from Matthews Asia, where she was responsible for the analysis and recommendation of Asian stocks across numerous economic sectors. Ms. Zhang's 18-year investment career includes analyst roles at Q Investments, ARC Communication, and Exxon Mobil Corporation. Her tenure at Q Investments included a two-year residency in China, where she gained valuable firsthand experience overseeing operating companies located in emerging market economies. Ms. Zhang received her BBA in Finance, cum laude, as well as her MBA, from Baylor University.

BHMS EQUITY PROFESSIONALS

TRADING



DHRUV V. KHADE – Trader

Mr. Khade joined BHMS in 2014 as an equity trader. Prior to joining the firm, he held positions at Bank of America Merrill Lynch and the Financial Industry Regulatory Authority (FINRA). He graduated from Cornell University, where he earned a BS in Policy Analysis and Management.



JASON W. SKINNER – Director, Head Trader

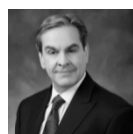
Mr. Skinner joined our firm in 1993 and currently serves as head equity trader. Mr. Skinner started his 22-year investment career with Fidelity Investments. He graduated from the University of Texas at Arlington with a BBA in Finance.



AARON J. SKIPWITH – Director, Trader

Mr. Skipwith joined BHMS in 2003. Mr. Skipwith currently serves as an equity trader. His 15-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.

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 35-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 14-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.

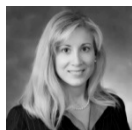


HUNTER WOOD – Director

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 23-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.

BHMS EQUITY PROFESSIONALS

COMPLIANCE



PATRICIA B. ANDREWS, IACCP – Managing 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 29-year career in the investment industry includes serving at Smith Barney and Morgan Stanley. Ms. Andrews graduated from Western Governors University with a BS in Business Management. She holds the Investment Adviser Certified Compliance Professional (IACCP) certification, as well as the Risk Management Specialist certification.

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.

AXIOMA RISK MODEL

1539/Alaska Retirement Management Board

BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC

Benchmark: Russell 2000 Value

Currency: USD

Risk Model: Axioma US Fundamental Equity Risk Model MH 3

Data from 12/31/2014 to 9/30/2015

Portfolio Summary

	Portfolio	Benchmark
# of Securities	38	1,308
Portfolio Value	80,460,717	
% Cash	7.3	
% of Top 10	34.9	4.5
Market Capitalization	2,240	1,604
Dividend Yield	1.12	2.26
Price/Earnings	30.0	42.3
Est 3-5 Yr EPS Growth	10.2	10.2
LT Debt/Capital	29.8	31.3
ROE	13.1	7.1

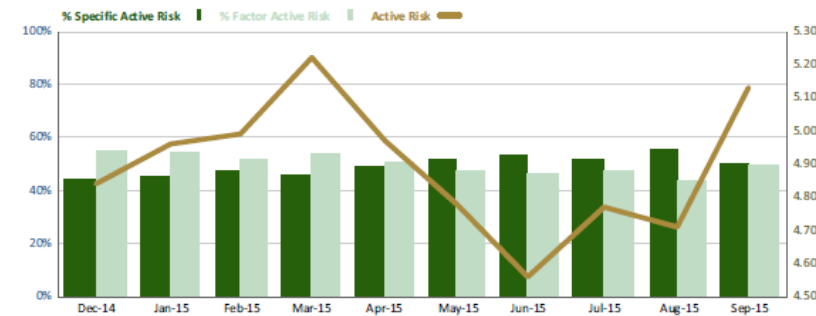
Risk Summary

	Portfolio
Predicted Beta	1.04
Portfolio Risk	15.93
Benchmark Risk	14.57
Active Risk	5.13
% Specific Active Risk	50.17
% Factor Active Risk	49.83
% Contr to Active Risk	
Market	-4.01
Style	8.48
Industries	45.36

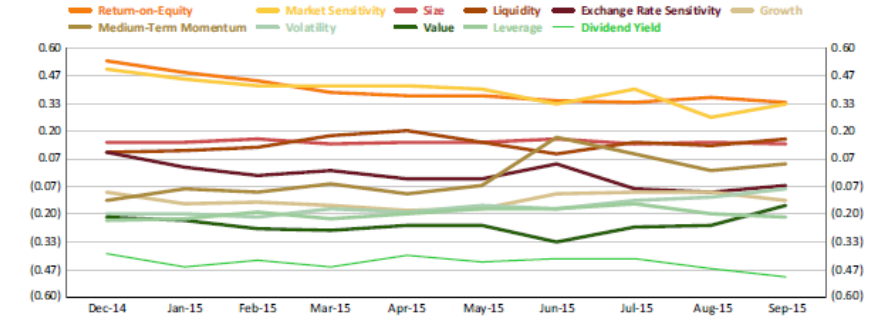
Risk Decomposition: Style Factors

	Contribution to Active Risk (%)	Portfolio Exposure	Benchmark Exposure	Active Exposure
Market Sensitivity	6.71	-0.13	-0.46	0.33
Dividend Yield	1.3	-0.71	-0.21	-0.50
Size	1.18	-0.79	-0.93	0.14
Liquidity	0.82	0.17	0.02	0.16
Growth	0.15	-0.02	0.10	-0.13
Exchange Rate Sensitivity	0	-0.16	-0.11	-0.06
Return-on-Equity	-0.02	-0.08	-0.42	0.34
Medium-Term Momentum	-0.05	-0.03	-0.07	0.04
Value	0.38	0.24	0.40	-0.16
Leverage	0.47	-0.27	-0.06	-0.21
Volatility	0.76	0.31	0.39	-0.08

Risk Over Time



Active Exposures: Style Factors



Top/Bottom Risk Contributors

	% Contr to Active Risk	Portfolio Weight	Benchmark Weight	Active Weight
5 Highest	32.26	16.03	0.39	15.64
Tempur Sealy International Inc	8.35	4.63	0.00	4.63
Fairchild Semiconductor International, I...	7.34	3.29	0.20	3.09
Brooks Automation, Inc.	5.83	2.85	0.10	2.76
Diodes Incorporated	5.56	2.83	0.10	2.73
Terex Corporation	5.17	2.43	0.00	2.43
5 Lowest	-1.46	0.00	1.34	-1.34
Intersil Corporation Class A	-0.27	0.00	0.19	-0.19
Con-way Inc.	-0.27	0.00	0.33	-0.33
MKS Instruments, Inc.	-0.29	0.00	0.22	-0.22
SYNNEX Corporation	-0.31	0.00	0.30	-0.30
Tech Data Corporation	-0.31	0.00	0.30	-0.30

Risk Decomposition: Other Factors

	% Contr to Active Risk	Portfolio Exposure	Benchmark Exposure	Active Exposure
5 Highest	33.22			
Real Estate Investment Trusts (REITs)	14.10	0.00	0.15	-0.15
Semiconductors & Semiconductor Equipment	8.71	0.12	0.03	0.09
Electronic Equipment, Instruments & Components	4.66	0.13	0.03	0.09
Building Products	2.89	0.07	0.00	0.07
Construction & Engineering	2.86	0.08	0.01	0.07
5 Lowest	-1.33			
Communications Equipment	-0.38	0.00	0.01	-0.01
Metals & Mining	-0.36	0.00	0.01	-0.01
Aerospace & Defense	-0.22	0.00	0.02	-0.02
Trading Companies & Distributors	-0.21	0.00	0.01	-0.01
Energy Equipment & Services	-0.17	0.00	0.02	-0.02

AXIOMA RISK MODEL

1539/Alaska Retirement Management Board

BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC

Benchmark: Russell 2000 Value

Currency: USD

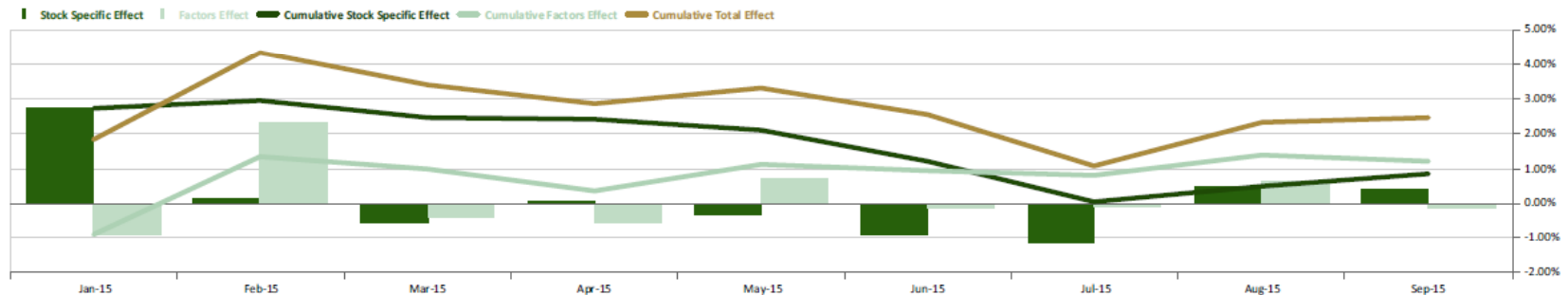
Risk Model: Axioma US Fundamental Equity Risk Model MH 3

Data from 12/31/2014 to 9/30/2015

Risk-Based Performance Attribution

	Portfolio			Benchmark			Variation			Attribution Analysis			
	Average Weight	Total Return	Contrib. to Return	Average Weight	Total Return	Contrib. to Return	Average Weight	Total Return	Contrib. to Return	Factors Effect	Specific Effect	Transaction Effect	Total Effect
Total	100.00	-7.61	-7.61	100.00	-10.07	-10.07	--	2.46	2.46	1.21	0.85	0.40	2.46
Financials	10.93	2.86	0.13	41.54	-3.96	-1.78	-30.61	6.82	1.91	1.41	0.40	0.22	2.03
Energy	0.51	-70.44	-0.37	4.43	-38.34	-2.33	-3.91	-32.10	1.95	2.23	-0.28	0.03	1.98
Materials	4.92	-13.06	-0.64	4.06	-30.22	-1.19	0.86	17.16	0.54	0.34	0.22	-0.01	0.55
Utilities	--	--	--	6.88	-7.29	-0.47	-6.88	7.29	0.47	0.67	-0.22	0.07	0.52
Consumer Discretionary	17.17	-6.78	-0.91	11.56	-12.14	-1.27	5.61	5.36	0.36	0.79	-0.43	-0.03	0.32
Consumer Staples	--	--	--	2.87	-4.32	-0.15	-2.87	4.32	0.15	0.37	-0.22	0.01	0.16
Telecommunication Services	--	--	--	0.80	-8.19	-0.07	-0.80	8.19	0.07	0.18	-0.11	0.01	0.08
[Cash]	5.08	0.21	0.01	--	--	--	5.08	0.21	0.01	--	0.00	0.01	0.01
Industrials	29.22	-7.35	-2.63	12.50	-16.81	-2.09	16.72	9.46	-0.54	-2.87	2.38	-0.01	-0.49
Health Care	6.50	-6.91	-0.45	5.43	1.87	0.26	1.07	-8.78	-0.71	-0.02	-0.72	0.00	-0.75
Information Technology	25.67	-12.64	-2.74	9.93	-9.71	-0.97	15.73	-2.93	-1.77	-1.89	-0.15	0.11	-1.94

Risk-Based Performance Attribution Over Time



Factor Attribution: Style Factors

	Average Portfolio Exposure	Average Active Exposure	Compounded Factor Return	Compounded Factor Impact
Volatility	0.21	-0.17	-14.03	2.32
Return-on-Equity	-0.06	0.40	2.40	0.90
Dividend Yield	-0.66	-0.43	-0.69	0.28
Leverage	-0.22	-0.20	-1.48	0.26
Value	0.10	-0.26	-0.04	0.05
Exchange Rate Sensitivity	-0.14	-0.01	-0.07	0.01
Liquidity	0.21	0.13	-0.14	-0.01
Medium-Term Momentum	-0.19	-0.03	7.42	-0.02
Growth	-0.04	-0.13	2.43	-0.28
Size	-0.78	0.15	-3.42	-0.48
Market Sensitivity	0.29	0.40	-5.03	-1.75

Factor Attribution: Other Factors

	Average Portfolio Exposure	Average Active Exposure	Compounded Factor Return	Compounded Factor Impact
5 Highest				1.47
Building Products	0.07	0.07	6.13	0.35
Market Intercept	0.95	-0.05	-7.30	0.34
Metals & Mining	0.00	-0.01	-19.35	0.28
Independent Power Producers & Energy Traders	0.00	-0.01	-24.75	0.26
Household Durables	0.07	0.06	4.60	0.24
5 Lowest				-1.89
Machinery	0.08	0.06	-10.83	-0.64
Road & Rail	0.03	0.03	-15.20	-0.36
Chemicals	0.05	0.03	-10.55	-0.33
Electronic Equipment, Instruments & Components	0.13	0.10	-2.97	-0.32

Lazard Asset Management

Mandate: Global Equity

Hired: 1993

Firm Information	Investment Approach	Total ARMB Mandate
<p>Lazard Asset Management is a subsidiary of Lazard Freres & Co., a limited liability company.</p> <p>As of 09/30/15, the firm's total assets under management were approximately \$164.8 billion.</p> <p>Key Executives Global Equity Team:</p> <p>John Reinsberg, Deputy Chairman Michael Bennett, Portfolio Manager/Analyst Michael Fry, Managing Director/PM/Analyst Andrew Lacey, PM/Analyst Ron Temple, Managing Director, PM/Analyst James Donald, Managing Director, Portfolio Manager/Analyst Anthony Dote, Marketing Representative</p>	<p>The strategy seeks to identify companies that are attractively priced (e.g. low price/earnings, price/book and price/cash flow) relative to their financial returns. The portfolio typically holds between 140-150 securities in both developed and emerging markets.</p> <p>The strategy seeks to generate strong relative returns over a long-term time horizon and also to outperform the MSCI AC World Index by 200-300 basis points over a full market cycle by investing in companies with strong financial productivity at attractive valuations. The benchmark was changed to the MSCI ACWI on September 30, 2010</p> <p>Benchmark: The Benchmark is comprised of the MSCI World Index from 4/20/93-9/30/10 and of the MSCI ACWI thereafter.</p>	<p>Assets Under Management: 9/30/15: \$729,366,552</p>

Concerns: None

9/30/2015 Performance

	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized
Manager (gross)	-8.84%	-2.43%	9.00%	8.76%
Fee	0.06%	0.27%	0.30%	0.30%
Manager (net)	-8.90%	-2.70%	8.70%	8.46%
Benchmark	-9.34%	-6.16%	7.52%	7.39%

LAZARD

ASSET MANAGEMENT

Alaska Retirement Management Board Lazard Global Equity Review

December 4, 2015

Robert Failla, CFA

Director, Client Portfolio Manager

Tony Dote

Managing Director

This presentation and all research and materials enclosed are property of Lazard Asset Management LLC.

Information and opinions presented have been obtained or derived from sources believed by Lazard to be reliable. Lazard makes no representation as to their accuracy or completeness. All opinions expressed herein are as of the date of this presentation and are subject to change.

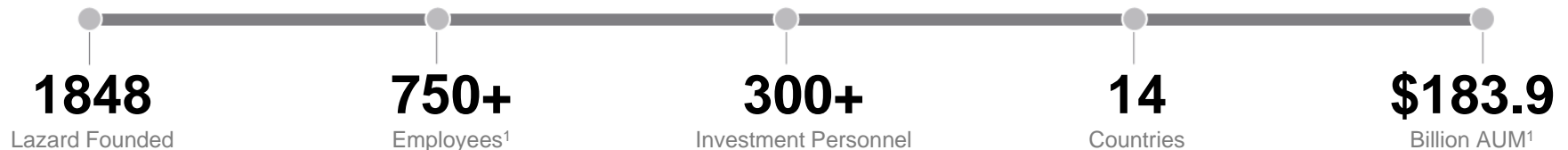
Table of Contents

- I. Organizational Overview
- II. Market, Performance, and Portfolio Review
- III. Outlook
- IV. Summary
- V. Appendices
 - Biographies
 - Disclosures

I

Organizational Overview

Lazard Asset Management



¹ As of 30 June 2015. Includes those of Lazard Asset Management LLC (New York) and its affiliates, but do not include those of Lazard Frères Gestion (Paris) or other asset management businesses of Lazard Ltd.

Lazard's Investment Organization

Ashish Bhutani
Chief Executive Officer

James Donald
Emerging Market Equity
Strategies

John Reinsberg
International/Global
Strategies

Ron Temple
Multi Asset/US Equity
Strategies

Oversight Committee

Management body for the investment platform that provides:

- Oversight for investment processes and products
- Reporting line for investment professionals

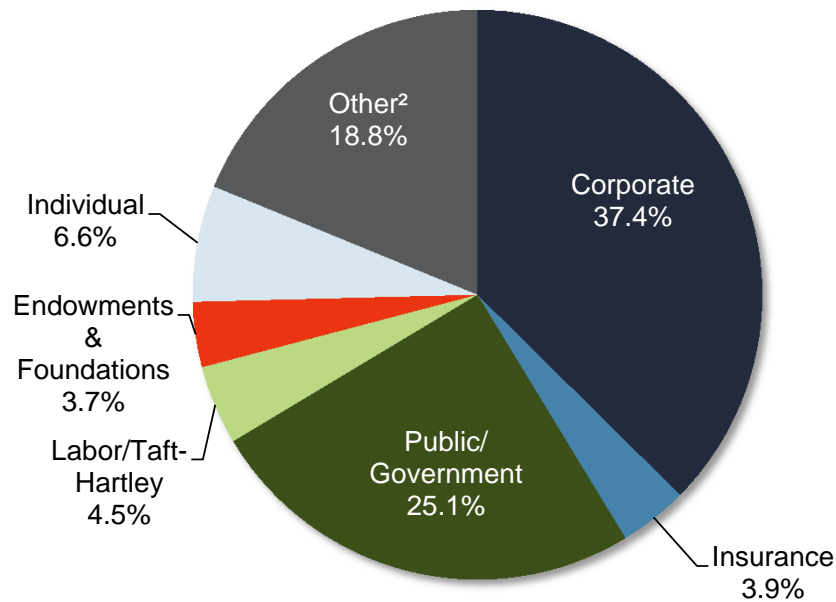
Investment Council

Senior investment professionals focused on:

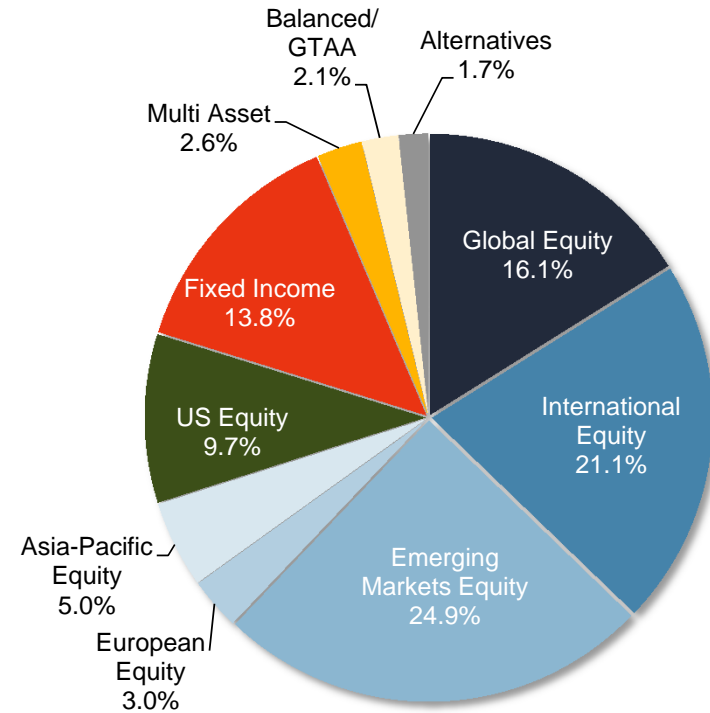
- Providing investment leadership and sharing insight
- Monitoring communication among investment platforms and regions

Assets Under Management

By Client Type



By Investment Mandate



Total Firm Assets Under Management¹: US\$183.9 billion

¹ As of 30 June 2015. Assets under management include those of Lazard Asset Management LLC (New York) and its affiliates, but do not include those of Lazard Frères Gestion (Paris) or other asset management businesses of Lazard Ltd.

² Other represents clients invested in hedge funds, mutual funds, and other investment vehicles for which client type is not reported.

Lazard Equity Investment Resources

Sector Expertise

Consumer

Aaron Binsted
Christopher Blake
Thomas Boyle
Rohit Chopra
Elizabeth Chung
Nathan Cockrell
Myla Cruz
Marina Erskine-Leacock
Stephen (Kelly) Knybel
Jerry Liu
Jake (Jaeyub) Myung
Dennis Neveling
Rob Osborn
Sookyum (Celine) Woo
Shuichi Yoshimura

Financials

Nigel Barrett
Dmitri Batsev
Daniel Breslin
Adrian Cheung
Elias Chrysostomou
Guatam Garg
Philipp Hofflin
Kaitlyn (Aekyung) Kim
Miriam Kim
Antony Knep
Jay Leupp
Mark Lien
Jonathan Morris
David Ronco
Stephen Russell
Guillaume Samama
Rahwa Senay
Monika Shrestha
Ronald Temple
Vernon Yu

Power

Georg Benes
Lily Chan
Bertrand Cliquet
James Donald
Alistair Godrich
Peter Hunsberger
Andrew Il-Kwean Dong
Eugene Krishnan
Matthew Landy
Neil Millar
Jacob (Ryan) Mims
John Mulquiney
Warryn Robertson
Anthony Rohrlach
Ben Wulfsohn

Health Care

Thurl Abrahams
Jelena Boskovic
Rhett Brown
John Mariano
Henry (Ross) Seiden
Nicholas Sordoni

Technology, Media, Telecom

Sudip Biswas
Giles Edwards
Donald Floyd
Jenny Hardy
Robert Horton
Alex Ingham
Ario Kishida
Bret Miller
Takayuki Natsume
Paul Rogers
Manish Singhai
Jeremy Taylor
Christopher Whitney
Tim Zhao

Industrials

Matthew Bills
Myung Hwan (Paul) Choi
Michael DeBernardis
Lada Emelianova
Peter Gillespie
Se Hoon Kim
Kevin Matthews
Erik McKee
Kevin Mori
Andrei Morosanu
Kevin O'Hare
David Pizzimenti
Daniel Rozier
Victoire Spahn
Philippe Tison

Lazard International Equity Platform Management

		Joined Lazard	Years in Industry
	Michael Bennett Managing Director, Portfolio Manager/Analyst	1992	29
	James Donald, CFA Managing Director, Portfolio Manager/Analyst	1996	32
	Michael G. Fry Managing Director, Portfolio Manager/Analyst	2005	34
	Robin O. Jones Managing Director, Portfolio Manager/Analyst	2002	13

		Joined Lazard	Years in Industry
	Mark Little Managing Director, Portfolio Manager/Analyst	1997	23
	Kevin J. Matthews, CFA Managing Director, Portfolio Manager/Analyst	2001	14
	Michael Powers Managing Director, Portfolio Manager/Analyst	1990	25
	John Reinsberg Deputy Chairman, International and Global Strategies	1992	34

Team membership is current as of the date of this document.
Personnel data are calculated as of year-end 2014; YTD 2015 experience/tenure is not reflected.

Investment Philosophy, Objectives and Process

Our Investment Philosophy

- Focus on those companies that are financially productive and inexpensively valued
- Add value through stock selection and portfolio management

Our Investment Objectives

- Outperform relevant benchmark over a full market cycle
- Participate in rising markets; preserve capital in falling markets
- Outperform our investment competitors
- Seek consistent results

Our Investment Process



Lazard's investment process for research and portfolio construction is presented here as sequential steps; in practice the process is neither static, nor sequential, but ongoing.

Executive Summary

Alaska Retirement Management Board

	Former	Current (as of 09/30/15)
Benchmark:	MSCI World Index	MSCI ACWI
Emerging Markets Equity		
Allocation Range:	0%-10% of total portfolio	0% to benchmark Plus 10% (current maximum at 19.7%)
Allocation:	8-9% of total portfolio	10.3%
US SMID Cap Equity		
Allocation Range:	N/A	0-10% of total portfolio (Int'l Small Cap and US SMID Cap)
Allocation:	N/A	9.4%
Expected Return:	1-2% over Index	3% over Index
Pattern of Returns:	Defensive in down markets Outpace in flat markets Participate in rising markets	Defensive in down markets Outpace in flat markets Participate in rising markets

II

Market, Performance, and Portfolio Review

Market Summary

1H2015

- International markets continued upward despite higher valuations and slower growth
- Easy monetary policy, lower commodity prices and weak currencies helped
 - MSCI EAFE +5.5%
 - MSCI ACW ex-US +4.0%
 - MSCI ACWI +2.7%

3Q2015

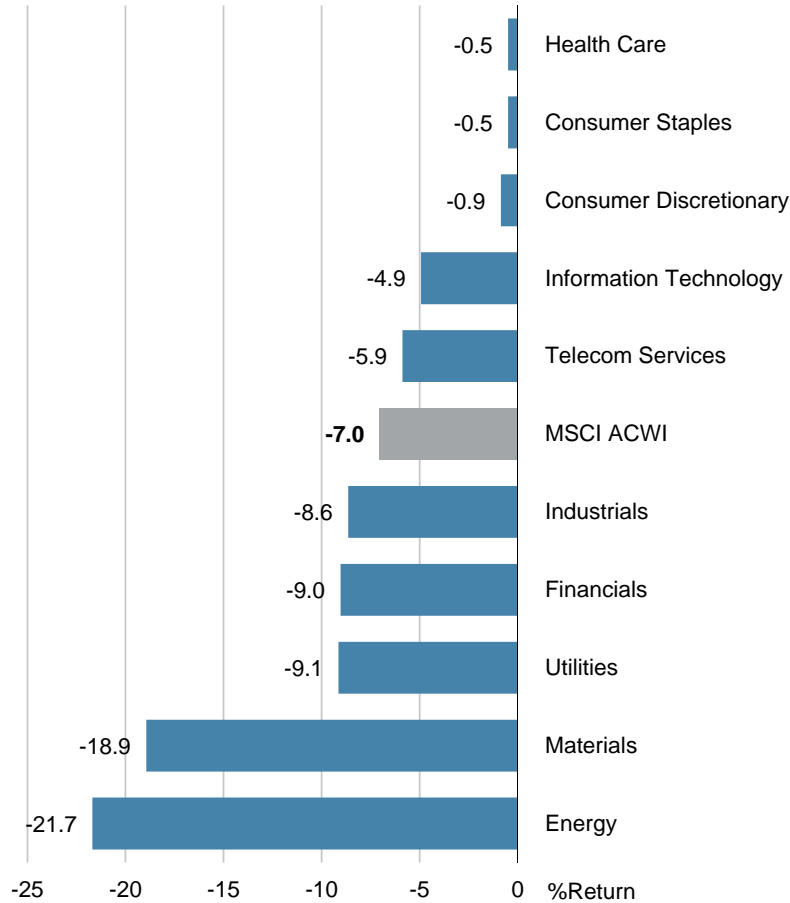
- Markets finally recognized valuation and growth risks
- Emerging Markets related (particularly currencies) took the biggest hit
 - MSCI EAFE -10.2%
 - MSCI ACW ex-US -12.2%
 - MSCI ACWI -9.4%

Outlook

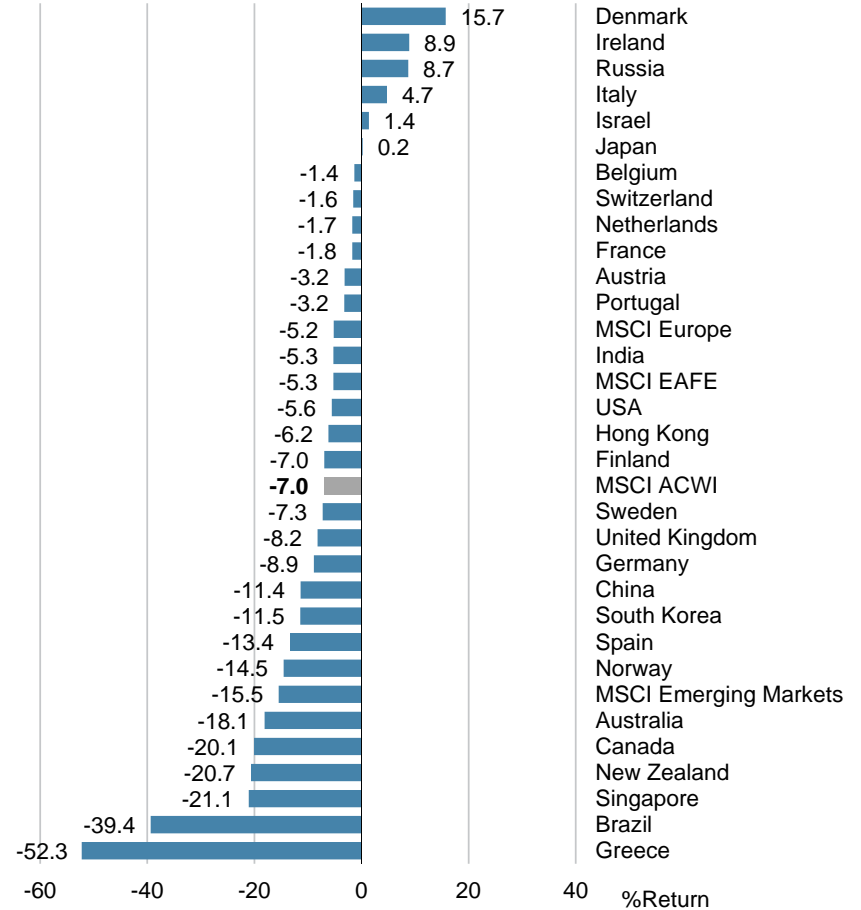
- Forward earnings still need to justify higher share prices and valuations
- Markets still being supported by easy monetary policy, lower commodity prices, and weak currencies
- Mitigated macro uncertainty by avoiding large directional bets and focusing on relative value ideas

Market Performance (US Dollar) – 2015YTD

MSCI ACWI Sector Performance



MSCI Country Performance¹



As of 30 September 2015

¹ The performance shown is that of various MSCI country indices, but is not representative of all the countries that make up the MSCI ACWI.

All performance presented in USD

The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

For illustrative purposes only. This information is not representative of any product or strategy managed by Lazard. The index is unmanaged and has no fees. One cannot invest directly in an index.

Source: MSCI

Performance Summary

Alaska Retirement Management Board

Performance as of 30 September 2015 (%)

	Annualized								
	2015Q3	YTD	1 Year	3 Years	Since (10/1/2010)	5 Years	7 Years	10 Years	Since Inception (20 April 1993)
Total Portfolio	-8.85	-4.23	-2.47	9.04	8.88	8.88	7.78	6.12	7.81
Linked Index ¹	-9.45	-7.04	-6.66	6.95	6.82	6.82	5.46	4.02	6.23
Excess Return (bps)	+60	+281	+419	+209	+206	+206	+232	+210	+158

Portfolio Composition as of 30 September 2015 (\$)

	Market Value	% of Portfolio	% of ACWI
Total International Equities:	\$357,365,627	49.0%	47.2%
International Equity Portfolio	\$282,584,458	38.8%	37.5%
Emerging Markets Equity Portfolio	\$74,781,170	10.3%	9.7%
Total US Equities:	\$351,828,003	48.3%	52.8%
US Equity Portfolio	\$283,140,111	38.8%	
Small-Mid Cap Equity Portfolio	\$68,687,891	9.4%	
Cash & Equivalents:	\$19,760,540	2.7%	
Total Portfolio	\$728,954,170	100.0	100.0

All data shown in USD.

¹ The Benchmark is comprised of the MSCI World Index from 11/2/93-9/30/10 and of the MSCI ACWI thereafter.

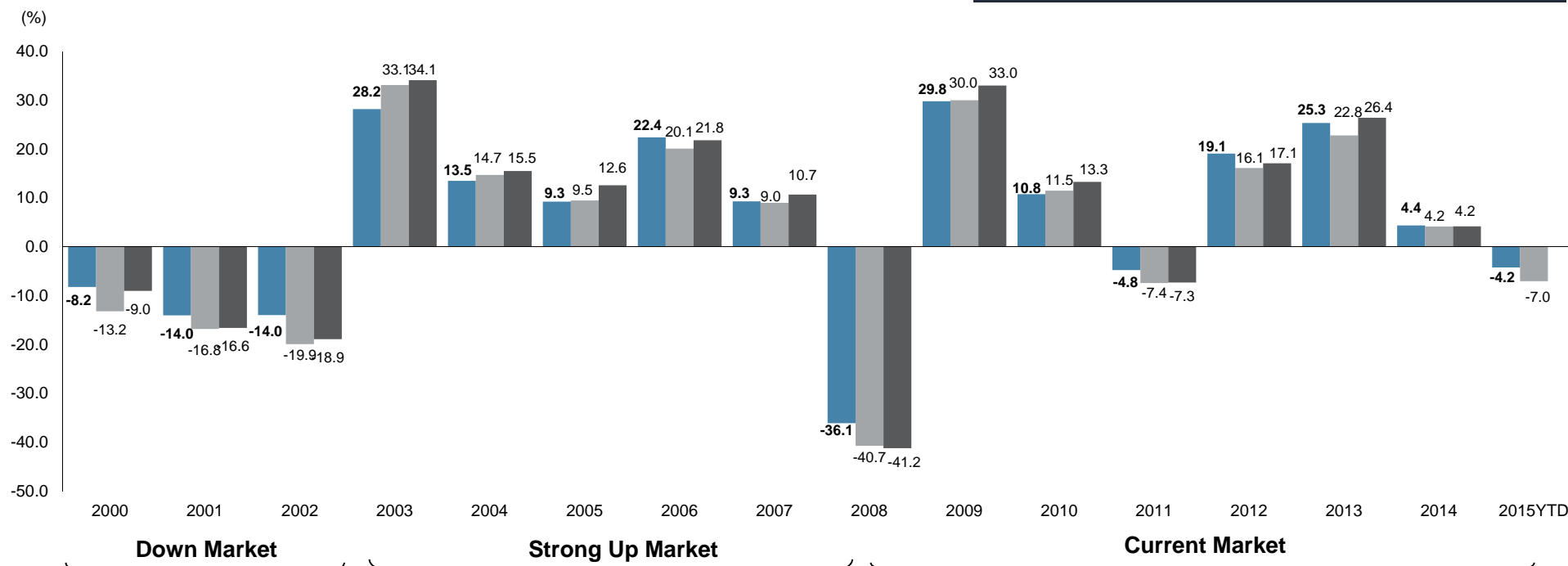
The performance presented is gross of fees and represents past performance. Past performance is not a reliable indicator of future results.

Source: Lazard, MSCI

Pattern of Performance

Alaska Retirement Management Board

Lazard's investment process and style of management has been consistently applied



Down Market
Portfolio¹: -12.1%
Benchmark^{1,2}: -16.7%
Callan¹: -14.9%

Strong Up Market
Portfolio¹: 16.3%
Benchmark^{1,2}: 17.0%
Callan¹: 19.4%

Current Market
Portfolio¹: 3.5%
Benchmark^{1,2}: 1.2%
Callan³:

■ Alaska Retirement Management Board
 ■ Benchmark²
 ■ Callan Global Universe (Median ROR%)³

As of 30 September 2015. All data shown in USD.

¹ Performance shown is annualized.

² The Benchmark is comprised of the MSCI World Index from 11/2/93-9/30/10 and of the MSCI ACWI thereafter.

Performance is presented gross of fees. The performance quoted represents past performance. Past performance is not a reliable indicator future results.

³ Callan data for time period is not yet available

Source: Lazard, MSCI, Callan Pepwin Database

Portfolio Direction

Sector and Regional Active Weights

Alaska Retirement Management Board¹ vs. MSCI World

Sector	31 Dec 2014	30 Sept 2015	Change in Weight
Consumer Staples	-3.1	0.5	3.6
Financials	-1.4	1.7	3.1
Energy	-3.3	-0.6	2.7
Utilities	-2.8	-2.7	0.1
Telecom Services	0.1	0.0	-0.1
Materials	-0.6	-1.4	-0.8
Industrials	1.7	0.6	-1.1
Consumer Discretionary	1.3	-0.4	-1.7
Health Care	3.6	1.4	-2.2
Information Technology	4.6	1.0	-3.6

Alaska Retirement Management Board vs. MSCI ACWI

Regional	31 Dec 2014	30 Sept 2015	Change in Weight
Asia ex-Japan	-3.0	-2.4	0.6
Japan	0.2	0.6	0.4
North America	-6.7	-6.4	0.3
Continental Europe	0.3	0.4	0.1
Middle East	1.0	0.7	-0.3
Emerging Markets	1.1	0.6	-0.5
United Kingdom	4.5	3.8	-0.7
Cash & Equivalents	2.7	2.7	0.0

As of 30 September 2015.

¹ Excludes the weights in LAM Mutual Funds which represents a 10.3% allocation in the Lazard Emerging Markets Equity Portfolio and a 9.4% allocation in the Lazard U.S. Small-Mid Cap Equity Portfolio, as well as cash which represents a 2.7% allocation.

Allocations are subject to change.

Source: Lazard, MSCI

Holdings by Sector

Alaska Retirement Management Board

	% of Portfolio ¹	% of MSCI World Index		% of Portfolio ¹	% of MSCI World Index		% of Portfolio ¹	% of MSCI World Index		% of Portfolio
Consumer Discretionary	12.9	13.3	Financials (cont.)			Industrials (cont.)			Lazard Mutual Fund	
Advance Auto Parts			Credit Suisse			Ryanair			Lazard Emerging Markets Equity Portfolio (Instl)	10.3
Autozone			Daiwa House			Tyco			Total Mutual Funds	19.7
Don Quijote			Direct Line			Union Pacific			Cash & Equivalents	2.7
Harley Davidson			Hartford Financial			VINCI				
Informa			Home Capital			Wolseley				
Isuzu Motors			Intercontinental Exchange			Information Technology	14.8	13.8		
Kohls			KBC			Apple				
Madison Square Garden			Lloyds			Applied Materials				
Norwegian Cruise Line			National Bank of Canada			Cap Gemini				
RELX			Provident Financial			Cisco				
RTL Group			Prudential			Citrix				
ServiceMaster			Sampo			EMC				
Sony			Signature Bank			Google				
United Arrows			SMFG			MasterCard				
Valeo			Springleaf			Microsoft				
Viacom			Swedbank			NXP Semiconductors				
William Hill			Uniqqa Insurance			Qualcomm				
Wolters Kluwer			Voya Financial			Twitter				
Consumer Staples	10.9	10.4	Wells Fargo			Visa				
Anheuser-Busch InBev			Health Care	14.7	13.3	Materials	3.1	4.5		
British American Tobacco			Aetna			Eastman Chemical				
Carlsberg			Ansell			Glencore				
CVS Health			Bayer			James Hardie				
Japan Tobacco			Bristol Myers Squibb			Monsanto				
JM Smucker			Eli Lilly			Rexam				
Kellogg			Mallinckrodt			Telecom Services	3.3	3.4		
Molson Coors			McKesson			Iliad				
Procter & Gamble			Novartis			KDDI				
Reynolds American			Pfizer			KPN				
Seven & I			Quintiles Transnational			Softbank				
Unilever			Shire			Telenor				
Energy	5.9	6.5	Teva			Utilities	0.6	3.3		
BG Group			Thermo Fisher Scientific			Red Electrica				
Caltex			Vertex			Total Portfolio	100.0	100.0		
Encana			Zoetis							
EOG Resources			Industrials	11.2	10.6					
Exxon Mobil			American Airlines							
Halliburton			Assa Abloy							
Royal Dutch Shell			Atlantia							
Schlumberger			Daikin							
Total			Eaton							
Financials	22.6	20.9	Honeywell							
Aon			International Consolidated Airlines							
Azimut			Macdonald Dettwiler							
Bank of America			Makita							
BNP Paribas			Parker Hannifin							
Charles Schwab			Rockwell Automation							
Citigroup										

As of 30 September 2015.

¹ Represents the portfolio allocation excluding the breakdown of the mutual fund positions and cash.

Cash is not viewed as a strategic asset class.

Allocations and security selection are subject to change. The information provided in this material should not be considered a recommendation or solicitation to purchase or sell any particular security. There is no assurance that any securities referenced herein will remain in the account's portfolio or that securities sold have not been repurchased. The securities discussed may not represent the account's entire portfolio. It should not be assumed that any of the referenced securities were or will prove to be profitable, or that the investment decisions we make in the future will be profitable.

Source: Lazard, MSCI

Holdings by Region

Alaska Retirement Management Board

	% of Portfolio	% of MSCI ACWI		% of Portfolio	% of MSCI ACWI		% of Portfolio	% of MSCI ACWI		% of Portfolio	% of MSCI ACWI
Australia	1.4	2.2	Japan	8.4	7.8	United States	47.9	52.7	United States (cont.)		
Ansell			Makita			Advance Auto Parts			Molson Coors		
Caltex			Seven & I			Aetna			Monsanto		
James Hardie			Softbank			American Airlines			Norwegian Cruise Line		
Austria	0.3	0.1	Sony			Apple			NXP Semiconductors		
Uniq Insurance			SMFG			Applied Materials			Parker Hannifin		
Belgium	1.6	0.5	United Arrows			Autozone			Pfizer		
Anheuser-Busch InBev			Netherlands	1.2	1.0	Bank of America			Procter & Gamble		
KBC			KPN			Bristol Myers Squibb			Qualcomm		
Canada	1.4	3.0	Wolters Kluwer			Charles Schwab			Quintiles		
Encana			New Zealand	0.0	0.0	Cisco Systems			Reynolds American		
Home Capital			Norway	0.6	0.2	Citigroup			Rockwell Automation		
Macdonald Dettwiler			Telenor			Citrix Systems			Schlumberger		
National Bank of Canada			Portugal	0.0	0.1	Comerica			ServiceMaster		
Denmark	0.5	0.6	Singapore	0.0	0.4	CVS Health			Signature Bank		
Carlsberg			Spain	0.4	1.2	Eastman Chemical			Springleaf		
Finland	0.8	0.3	Red Electrica			Eaton Corp			Thermo Fisher Scientific		
Sampo			Sweden	1.7	1.0	Eli Lilly			Twitter		
France	3.8	3.5	Assa Abloy			EMC			Tyco		
BNP Paribas			Swedbank			EOG Resources			Union Pacific		
Cap Gemini			Switzerland	2.5	3.3	Exxon Mobil			Vertex		
Iliad			Credit Suisse			Google			Viacom		
Total			Novartis			Google			Visa		
Valeo			United Kingdom	10.9	7.1	Halliburton			Voya Financial		
VINCI			Aon ¹			Harley Davidson			Wells Fargo		
Germany	1.5	3.1	BG Group			Hartford Financial Services			Zoetis		
Bayer			British American Tobacco			Honeywell International			Total Developed	87.0	89.3
RTL Group			Direct Line			Intercontinental Exchange			Emerging Markets	10.3	10.7
Ireland	0.4	0.1	Glencore			JM Smucker			Lazard Emerging Markets Equity Portfolio (Instl)		
Ryanair			Infoma			Kellogg			Cash & Equivalents	2.7	0.0
Israel	0.9	0.2	International Consolidated Airlines			Kohls			Total Portfolio	100.0	100.0
Teva			Lloyds			Lazard U.S. Small-Mid Cap Equity Instl					
Italy	0.9	0.9	Provident Financial			Madison Square Garden					
Atlantia			Prudential			Mallinckrodt					
Azimut			RELX			MasterCard					
Japan			Rexam			McKesson					
Daikin			Royal Dutch Shell			Microsoft					
Daiwa House			Shire								
Don Quijote			Unilever								
Isuzu Motors			William Hill								
Japan Tobacco			Wolseley								
KDDI											

As of 30 September 2015.

¹ Aon is held in both US Select and International Equity strategies, but is only included in the United Kingdom weighting.

Cash is not viewed as a strategic asset class.

Allocations and security selection are subject to change. The information provided in this material should not be considered a recommendation or solicitation to purchase or sell any particular security. There is no assurance that any securities referenced herein will remain in the account's portfolio or that securities sold have not been repurchased. The securities discussed may not represent the account's entire portfolio. It should not be assumed that any of the referenced securities were or will prove to be profitable, or that the investment decisions we make in the future will be profitable.

Source: Lazard, MSCI

III

Outlook

Outlook

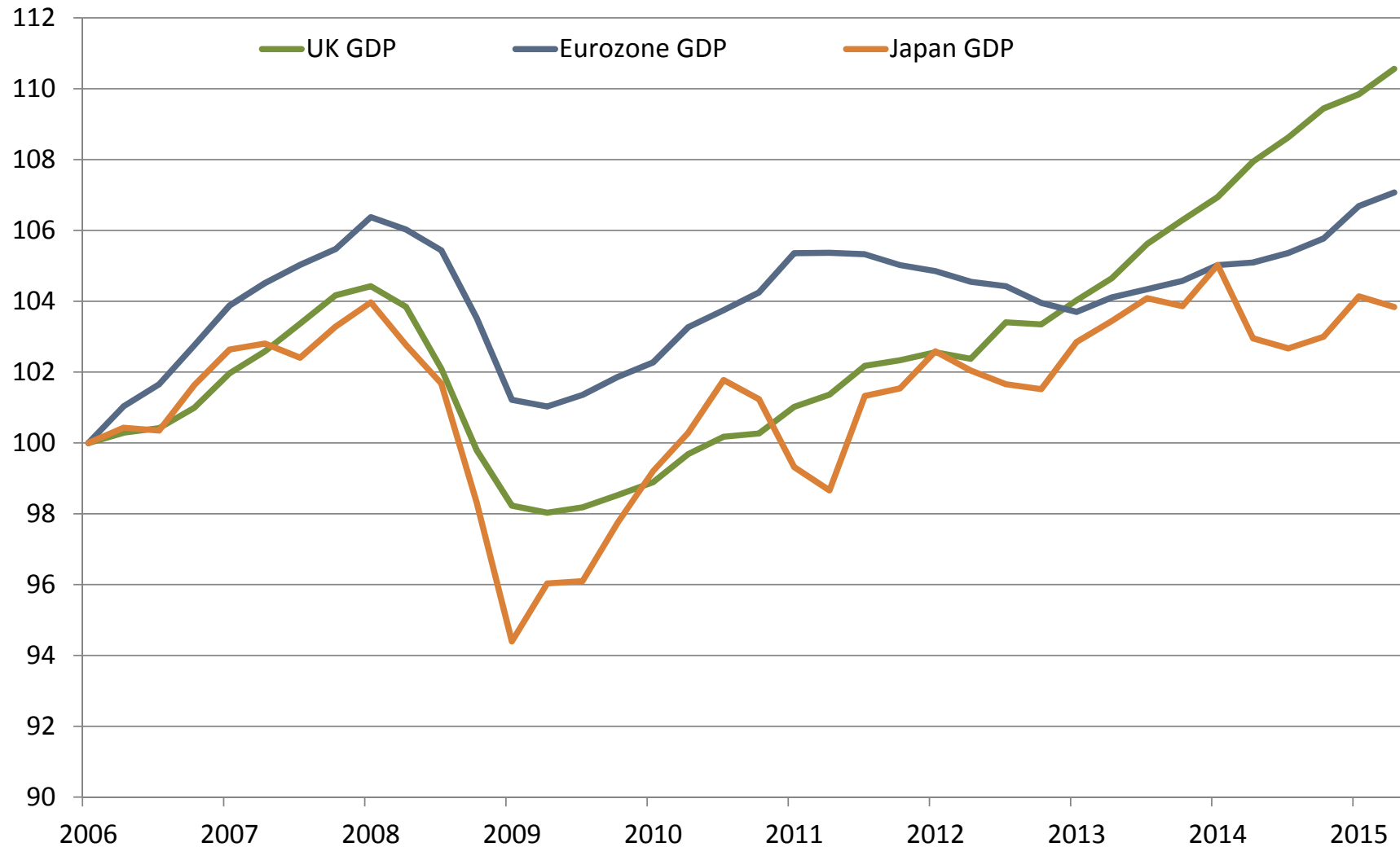
- Some growth in Europe helped by weaker euro, oil & commodity prices
 - Positive structural change and signs of growth in Japan
 - Emerging Markets are challenged by significant headwinds
-

- DM multiples may still be vulnerable to earnings disappointment or external events
 - EM multiples are at multi-year lows but macro and political risk remain high
-

- Central banks remain accommodative (abundant liquidity, low inflation)
- Corporate balance sheets are in great shape (cash redeployment)

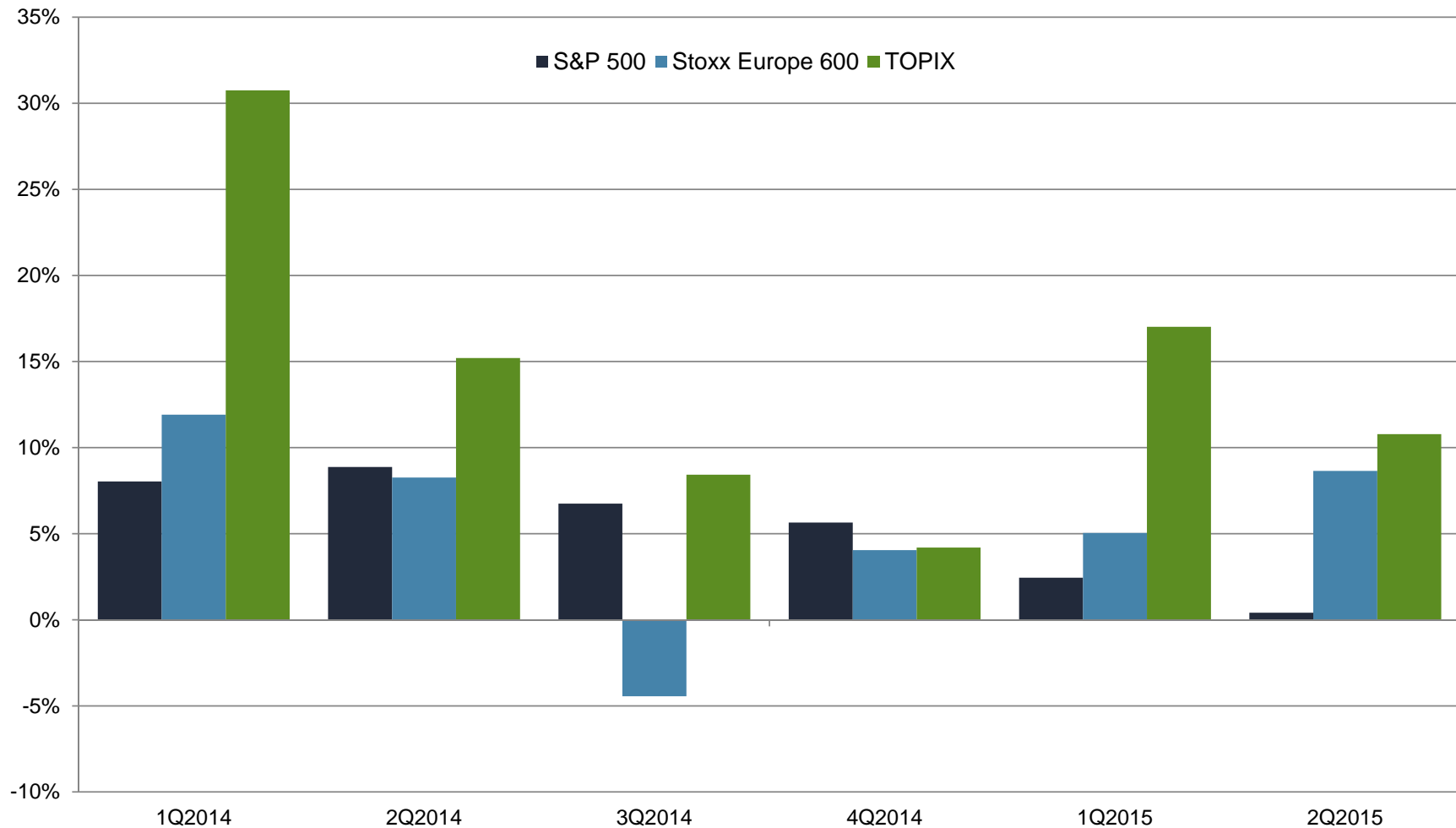
Focus on stocks as macro, political, regulatory risks are difficult to quantify

GDP



Improving GDP in Europe and Japan Has Helped Earnings Growth

Earnings Growth



European and Japanese Earnings Growth is Accelerating

Source: Bloomberg

Earnings Growth is defined as year on year percent change of trailing 12 month EPS.

The indices mentioned are unmanaged and have no fees. One cannot invest directly in an index.

Relative Value

MSCI Regions

	Forward P/E ¹	Forward ROE (%) ¹	Dividend Yield (%)
EAFE	14.3	10.6	3.3
US	16.8	14.5	2.2
United Kingdom	14.8	11.8	4.2
Continental Europe	14.7	11.5	3.3
Asia	13.6	9.1	2.9
Japan	13.4	8.8	2.0
Emerging Markets	11.3	11.9	3.0

We believe the portfolio is well positioned where we see attractive relative value

As of 30 September 2015

¹ Forward Price/Earnings is defined as Price/Earnings FY1 and Forward Return on Equity as Return on Equity NTM.

The figures above represent expected returns. Expected returns do not represent a promise or guarantee of future results and are subject to change.

Source: Lazard, MSCI, I/B/E/S Consensus

How Strong Is the US Recovery?

Positive Factors

- Energy price declines
- Employment growth
- Credit score healing
- Consumer balance sheet improvement
- Public sector finances stabilized

Negative Factors

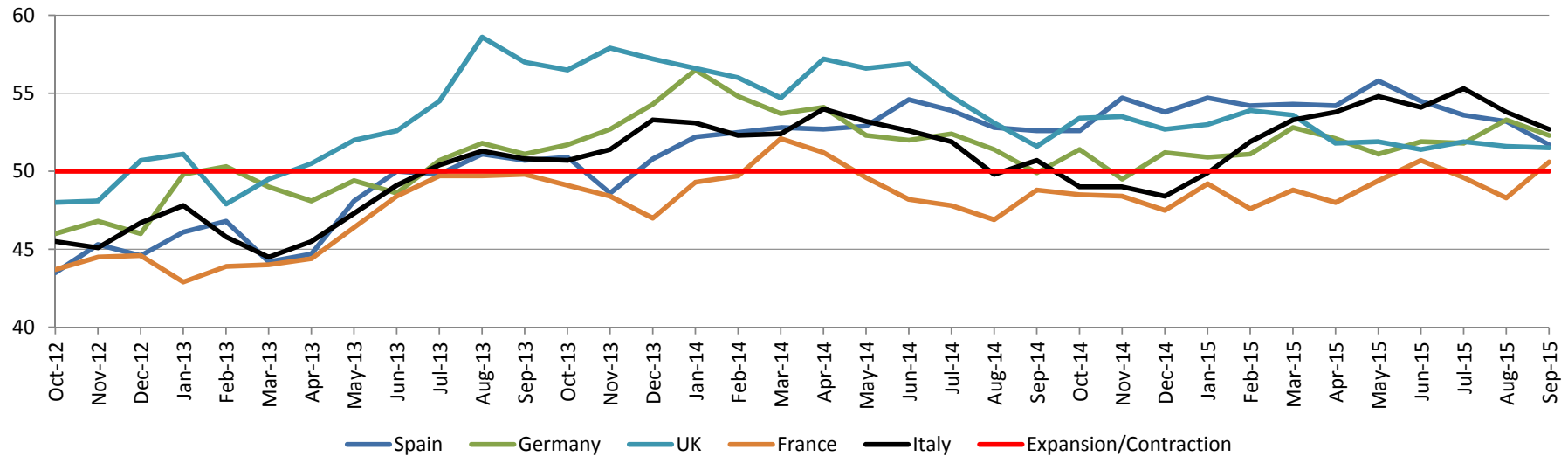
- Excess labor supply
- Middle class recession
- Deleveraging incomplete
- Public debt unsustainably high
- Interest rate risk

Base Case View

- US growth has been constrained by:
 - **De-leveraging**
 - **Widening inequality**
 - **Re-regulation**
- The recovery might be broadening on the back of:
 - Stronger job growth
 - Lower energy prices
 - Credit healing
- Base case implications:
 - Moderate growth: 2-2.5% real GDP
 - US rates: lower for even longer
 - Equities: more attractive than debt

Europe

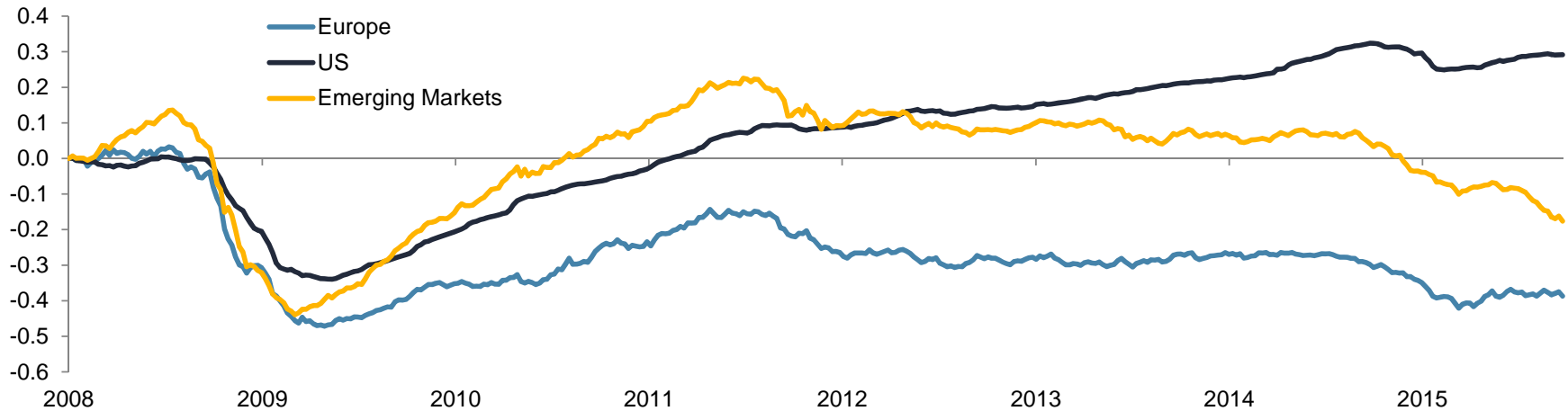
Manufacturing PMI



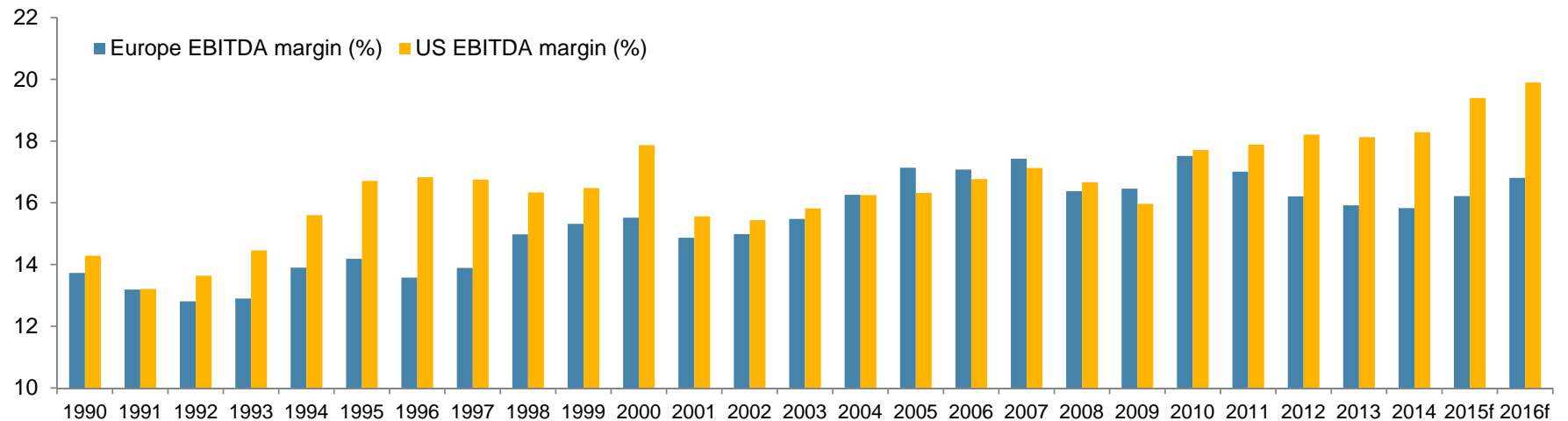
- Growth is in positive territory, helped by QE, weaker Euro and commodity prices
- UK valuation, growth, dividend yield remain attractive (election now complete)
- Greece appears stable with recent bailout for reform agreement
- Refugee situation may affect politics more than markets

Europe Offers Significant Recovery Potential

Earnings Rebased to 2008 for Europe, US and Emerging Markets¹



European and US Margins²

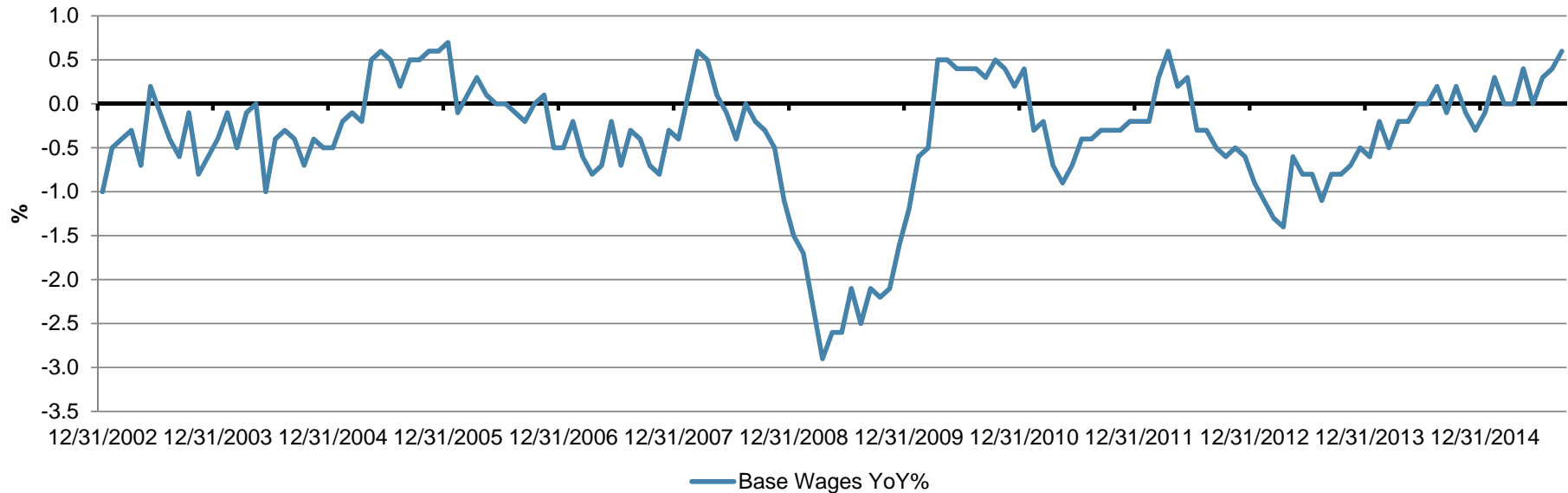


¹ As at 30 September 2015. Source: Factset. Earnings per share in USD

² As at 30 June 2015. Source: Factset, Redburn, Lazard Asset Management

Forecast or estimates results do not represent a promise or guarantee of future results and are subject to change.

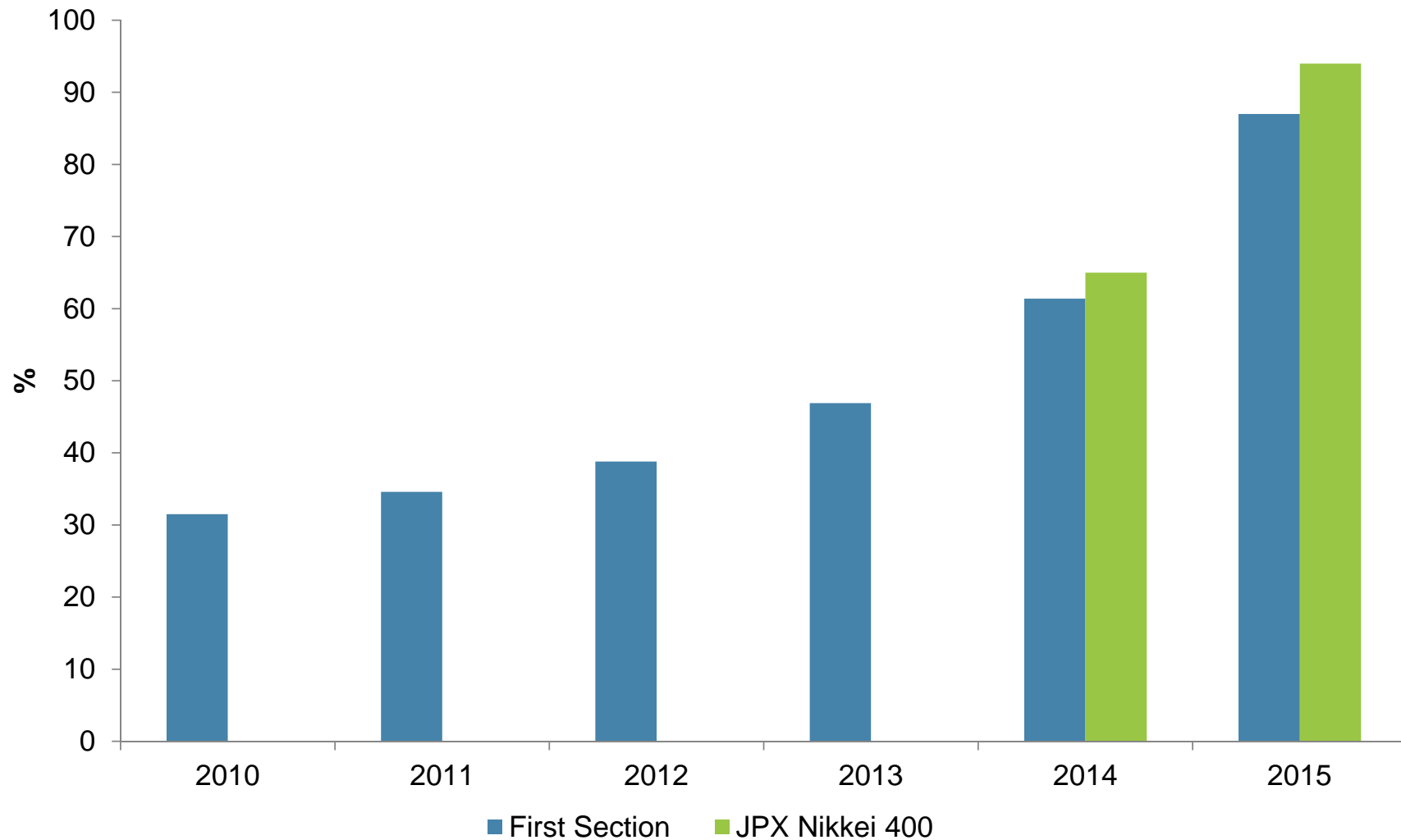
Japan



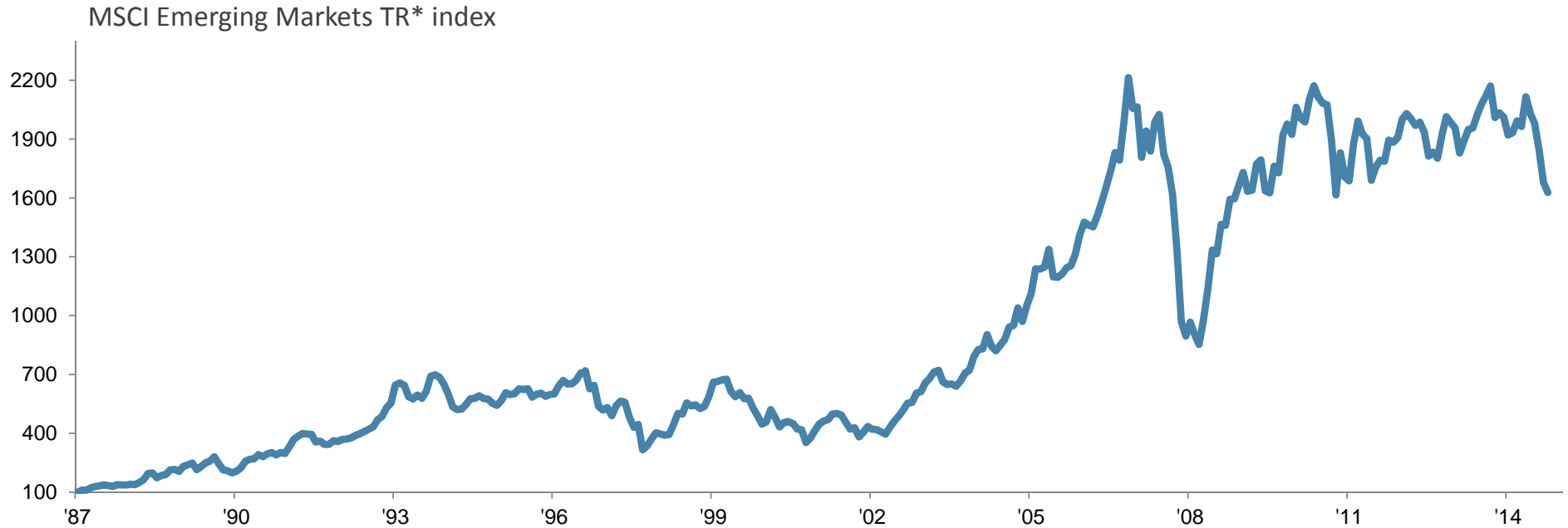
- Government pressure and profit recovery has driven wage increases
- Some economic growth starting to come through
- Shareholder return a new focus but companies remain slow to respond
- Valuations are cheap vs history, ROE is improving from low base

Evolution of Corporate Governance in Japan

Companies With One or More Independent Directors



Emerging Markets



Headwinds are dominating

- Structural shift from industrial to consumer
- Weaker growth, commodity prices, currencies
- Geo-politics
- Value stocks & countries have underperformed

Tailwinds are the long-term opportunity

- Economic growth STILL higher than DM
- Monetary / fiscal tools in place
- Valuations at significant discount to DM
- Headwinds priced in?

Note: * Total return includes reinvested dividends.

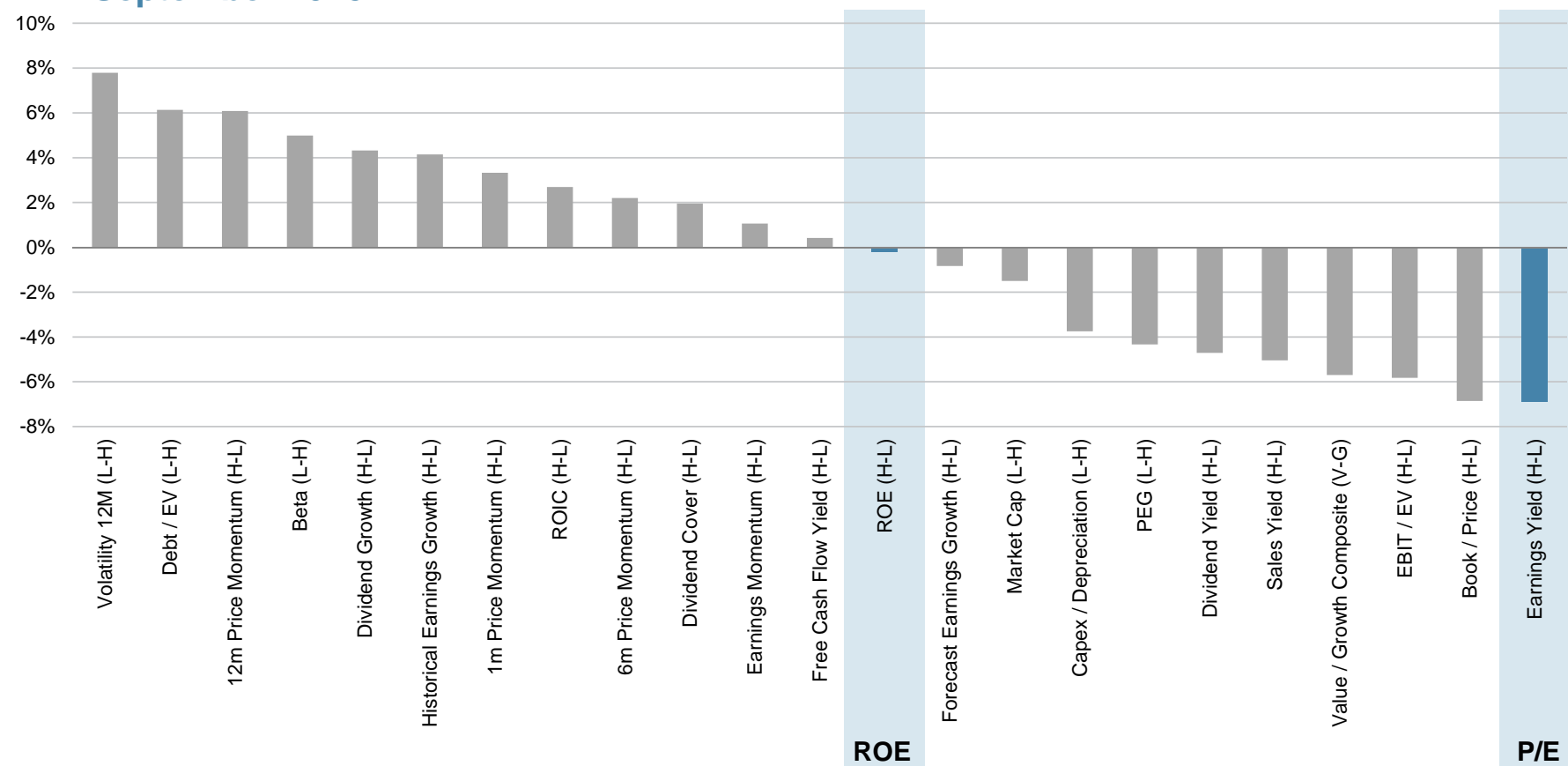
Source: Lazard, MSCI

Information and opinions are as of 30 September 2015 and are subject to change.

The index listed herein is unmanaged and has no fees. It is not possible to invest directly in an index. The performance quoted represents past performance. Past performance does not guarantee future results. It should not be assumed that any investment in these securities was, or will prove to be, profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein.

Global Emerging Markets Factor Returns¹

YTD September 2015



Relative Value has not been rewarded in Emerging Markets

As of 30 September 2015.

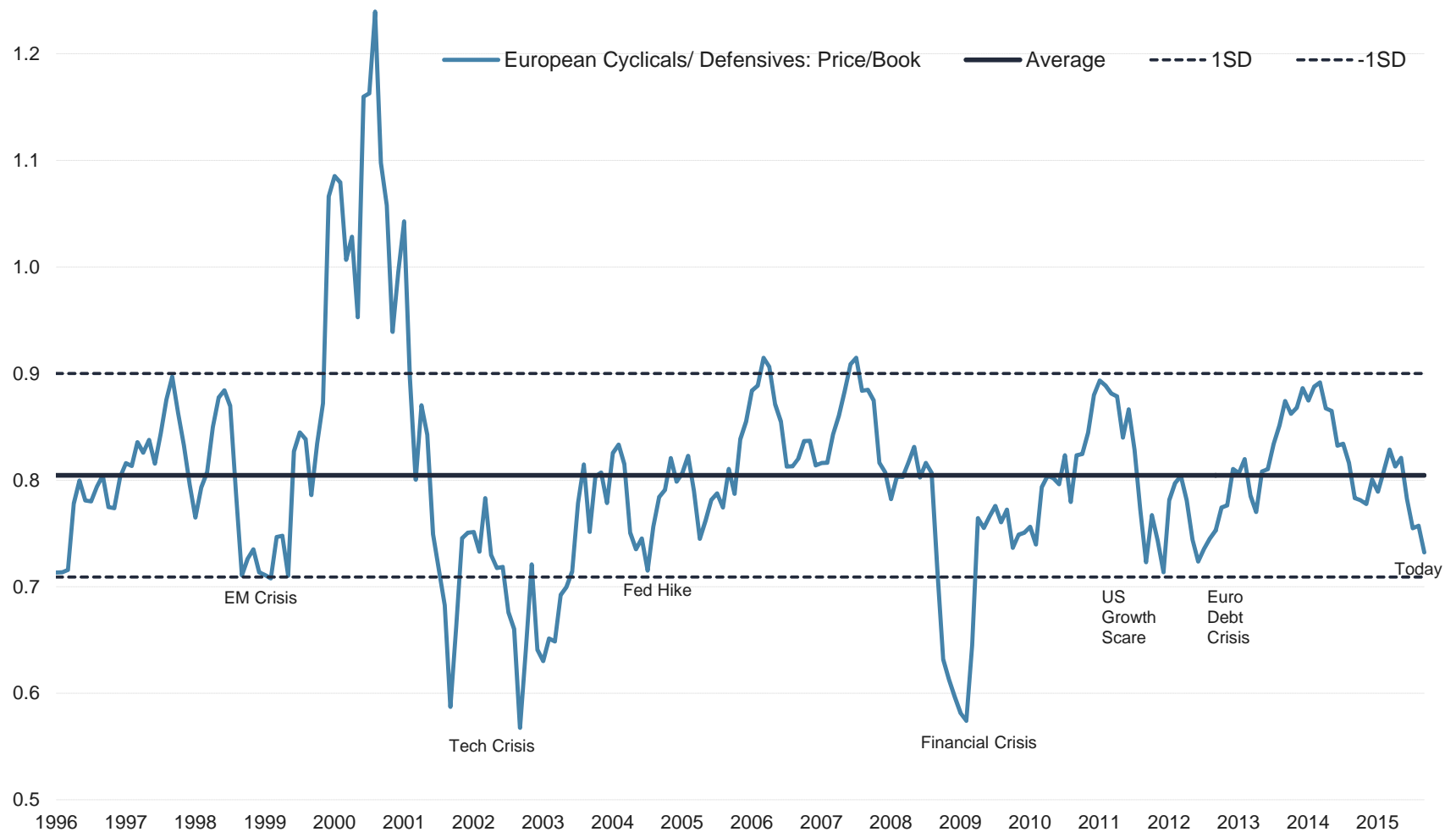
1. Represents the MSCI EM Index.

Not intended to represent any product or strategy managed by Lazard.

The index referenced herein is unmanaged and has no fees. It is not possible to invest directly in an index. The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

Source: UBS Quantitative Research, MSCI

20 Years of Cyclical vs Defensives



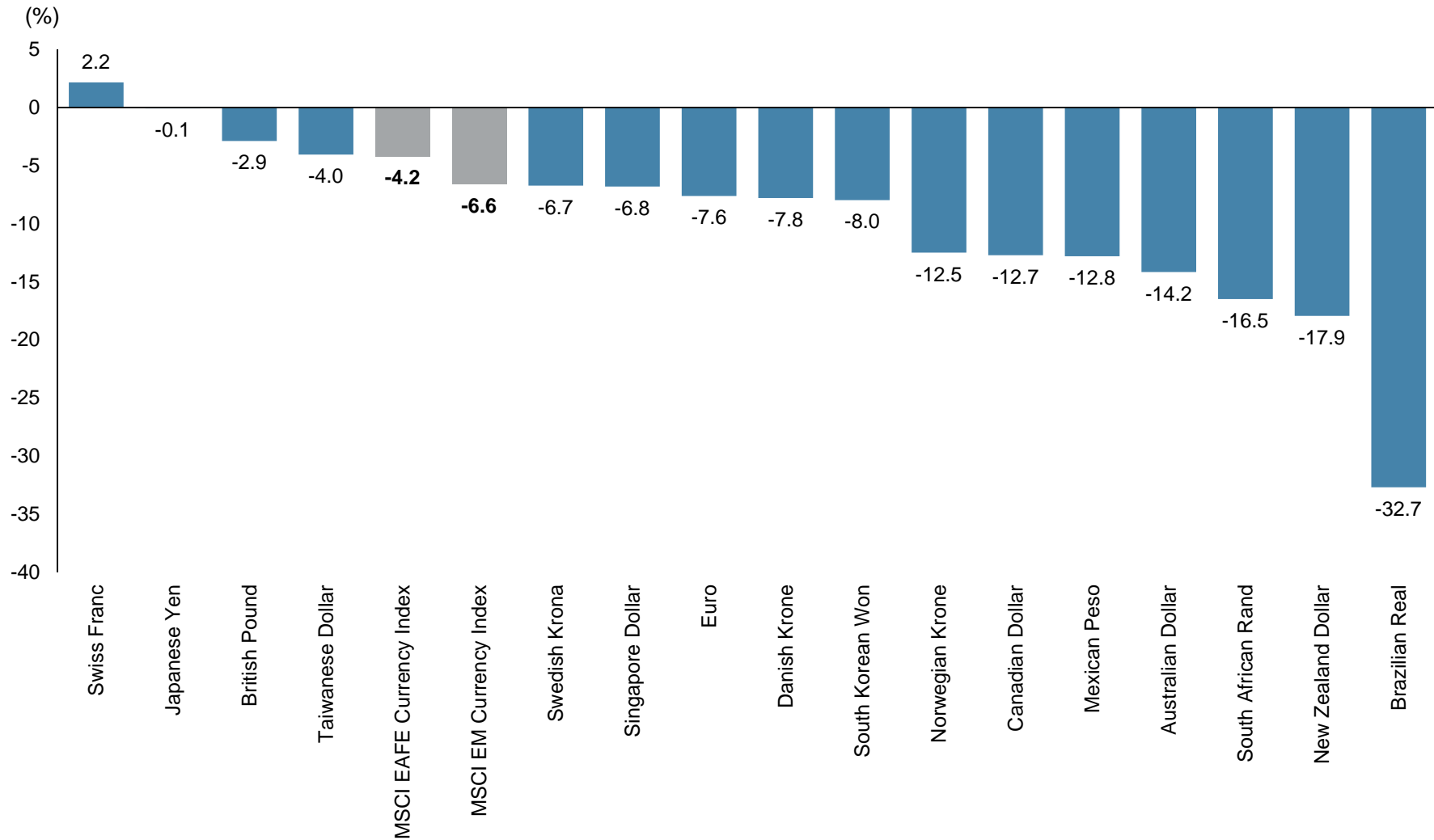
As of 30 September 2015

Source: Barclays

Defensives = Consumer Staples, Utilities, Health Care, and Telecom Services

Cyclicals = Consumer Discretionary, Energy, Financials, Industrials, Information Technology, and Materials

Foreign Currencies – 2015YTD



As of 30 September 2015

Currencies presented constitute Bloomberg's "Major Currencies" and versus USD.

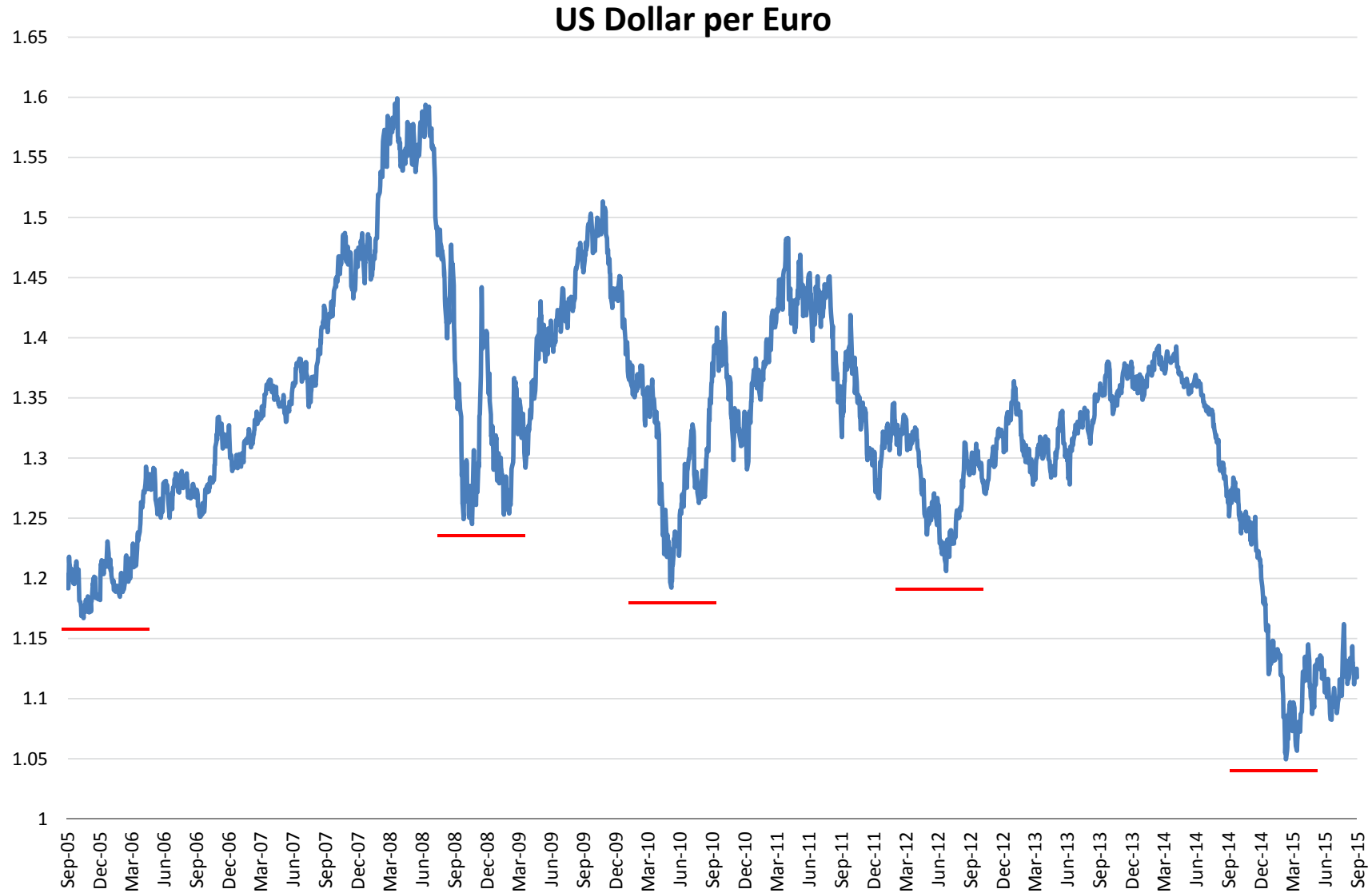
The MSCI EAFE Currency Index and the MSCI EM Currency Index sets the weights of each currency equal to the relevant weight in the MSCI EAFE Index and MSCI EM Index, respectively.

The indices listed are unmanaged and have no fees. It is not possible to invest in an index.

The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

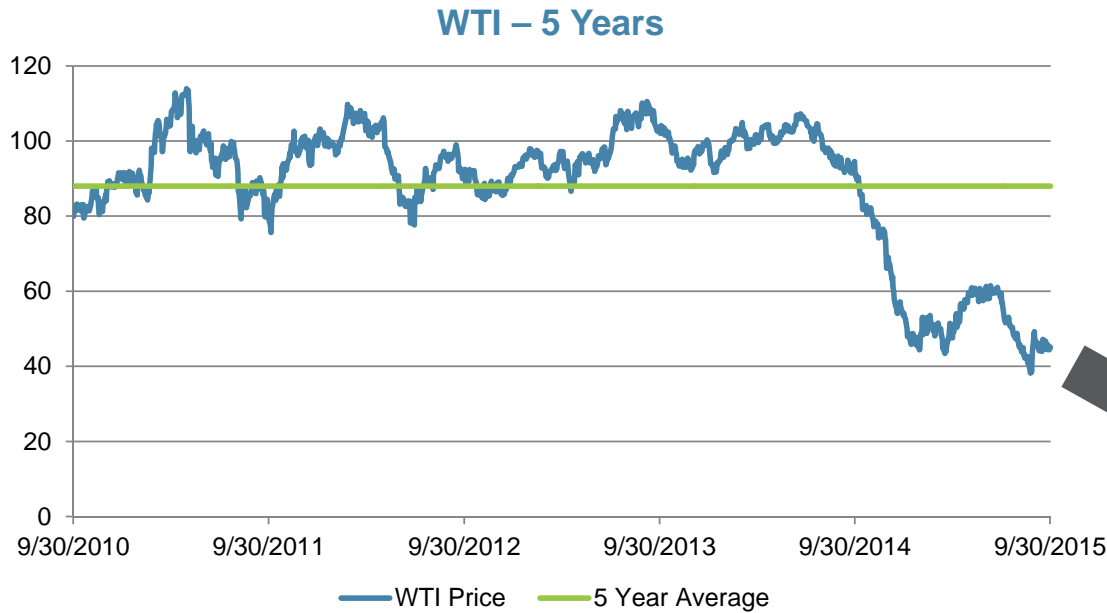
Source: Bloomberg

Ten-year USD/EUR

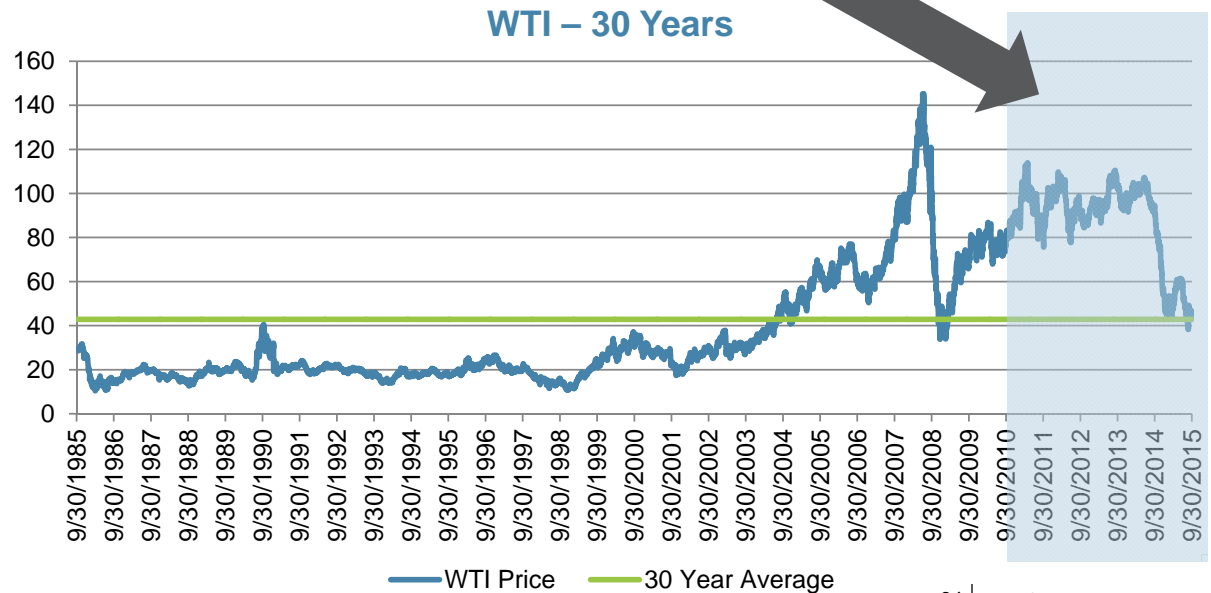


Euro once again rebounded from low levels

Oil Prices – Short- and Long-Term Prices



Time Frame Impacts Perspective



IV

Summary

Summary

Robust bottom-up relative value investment process

- Favorable trade-off between valuation and financial productivity
- Focus on both valuation and financial productivity helps avoid "value traps"
- Borderless alpha generation capability

Seeks to provide a strong pattern of performance

- Aims to achieve downside protection, good upside participation
- Seeks attractive risk adjusted returns

Complete opportunity set

- Use full capitalization spectrum to seek attractive ideas
- Strong emerging markets expertise

V

Appendices

Biographies

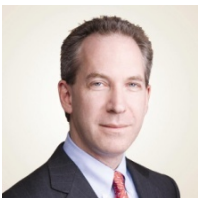
Lazard International Equity



Michael G. Fry

*Managing Director, Portfolio Manager/Analyst
Lazard Asset Management Limited (London)*

Michael G. Fry is a Portfolio Manager/Analyst on various global and international equity teams. He began working in the investment field in 1981. Prior to joining Lazard in 2005, Michael was Head of Global Equity Portfolio Management, Global Head of Equity Research and Head of Australian Equities with UBS Global Asset Management, and was also previously with Armstrong Jones Fund Management, Schroder Investment Management, and Price Waterhouse in Australia. He has a BE from Flinders University, Australia. Michael is a member of the Institute of Chartered Accountants in Australia and an associate of the Financial Services Institute of Australasia.



Michael A. Bennett

*Managing Director, Portfolio Manager/Analyst
Lazard Asset Management LLC (New York)*

Michael Bennett is a Managing Director of Lazard Asset Management and a Portfolio Manager/Analyst on various international and global equity teams. He also coordinates the activities of Lazard Asset Management's Investment Council. Michael began working in the investment field in 1986. Prior to joining Lazard in 1992, Michael was with G.E. Investment Corporation, Keith Lippert Associates and became a CPA while at Arthur Andersen. He has an MBA from University of Chicago and a BS in Accounting from New York University.



Kevin J. Matthews, CFA

*Managing Director, Portfolio Manager/Analyst
Lazard Asset Management LLC (New York)*

Kevin Matthews is a Portfolio Manager/Analyst on the International Equity and International Equity Select teams. Prior to joining the investment teams, he was a Research Analyst with a background in financials, automotive, aerospace, and capital goods sectors. He began working in the investment field in 2001 when he joined Lazard. Kevin has a BA in Politics and Philosophy from St. Chad's College, Durham University.



Michael Powers

*Managing Director, Portfolio Manager/Analyst
Lazard Asset Management LLC (New York)*

Michael Powers is a Portfolio Manager/Analyst on various International and Global Equity teams. He began working in the investment field in 1990 when he joined Lazard. Michael has an MBA from Long Island University and a BA from Brown University.



John R. Reinsberg

*Deputy Chairman, International and Global Strategies
Lazard Asset Management LLC (New York)*

John Reinsberg is Deputy Chairman of Lazard Asset Management responsible for oversight of the firm's international and global strategies. He is also a Portfolio Manager/Analyst on the Global Equity and International Equity portfolio teams. He began working in the investment field in 1981. Prior to joining Lazard in 1992, John was Executive Vice President with General Electric Investment Corporation and Trustee of the General Electric Pension Trust. He was also previously with Jardine Matheson (Hong Kong) and Hill & Knowlton, Inc. John has an MBA from Columbia University and a BA from the University of Pennsylvania. He is a member of the University of Pennsylvania School of Arts and Sciences Board of Overseers, the University of Pennsylvania Huntsman Program Advisory Board, the Board of Directors of the Alliance for Cancer Gene Therapy, a trustee of the NPR Foundation, as well as a member of the Board of Directors of the U.S. Institute (Institutional Investor).

Biographies

Lazard International Equity



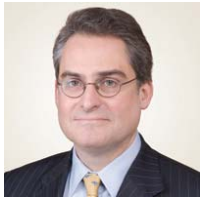
Robert A. Failla, CFA

*Director, Client Portfolio Manager
Lazard Asset Management LLC (New York)*

Robert Failla is a Director and Client Portfolio Manager on the International and Global Equity platforms. He began working in the investment field in 1993. Prior to joining Lazard in 2003, Robert was a Portfolio Manager with AllianceBernstein. He has an MBA from NYU's Stern School of Business and a BA (Hons) from Harvard. Robert is currently on the Board of Trustees at Delbarton School in Morristown, NJ.

Biographies

Emerging Markets Equity Management Team



James Donald, CFA

*Managing Director, Portfolio Manager/Analyst
Lazard Asset Management LLC (New York)*

James Donald is a Portfolio Manager/Analyst on the Emerging Markets Equity team and Head of the Emerging Markets Group. James is also a member of the International Equity Select with Emerging Markets team. He began working in the investment field in 1983. Prior to joining Lazard in 1996, James was a Portfolio Manager with Mercury Asset Management. He has a BA (Hons) in history from the University of Western Ontario.



Rohit Chopra

*Managing Director, Portfolio Manager/Analyst
Lazard Asset Management LLC (New York)*

Rohit Chopra is a Portfolio Manager/Analyst on the Emerging Markets Equity team, focusing on consumer and telecommunications research and analysis. He began working in the investment field in 1996. Prior to joining the Firm in 1999, Rohit was with Financial Resources Group, Deutsche Bank and Morgan Stanley. He has a BS in Finance and Information Systems from New York University and also studied at the London School of Economics and Political Science.



Monika Shrestha

*Director, Portfolio Manager/Analyst
Lazard Asset Management LLC (New York)*

Monika Shrestha is a Portfolio Manager/Analyst on the Emerging Markets Equity team, responsible for research coverage of companies in the financials sector. She began working in the investment field in 1997. Prior to joining Lazard in 2003, Monika was a principal at Waterview Advisors and a Corporate Finance Analyst with Salomon Smith Barney. She has an MBA from Harvard Business School, a BSE in Computer Science and Engineering and a BS in Economics (with a concentration in Finance) from the University of Pennsylvania.

Biographies

Emerging Markets Equity Management Team



Lada Emelianova

Senior Vice President, Research Analyst

Lazard Asset Management LLC (New York)

Lada Emelianova is a Research Analyst on the Emerging Markets Equity team, responsible for research coverage of companies in the materials sector. She began working in the investment field in 1998 as a senior investment analyst in the Alternative Assets group at CIBC World Markets. Prior to joining Lazard in 2010, Lada was a Portfolio Manager at Newgate Capital Management responsible for their EMEA investments. She also co-managed Newgate's Global Resource Fund. Prior to Newgate, Lada was an analyst at Libra Advisors LLC, an equity long/short hedge fund. She has a MALD degree in International Business and Finance from the Fletcher School of Law and Diplomacy at Tufts University and Harvard University, as well as a MA in Natural Resource Management from Tufts University. She also has a MS, Summa Cum Laude, in Seismology and Geophysics from Moscow State University.



Donald Floyd

Director, Research Analyst

Lazard Asset Management LLC (New York)

Donald Floyd is a Research Analyst on the Emerging Markets Equity team, responsible for research coverage of companies in the technology and industrials sectors. Donald began working in the investment field in 1995. Prior to joining Lazard in 2011, he worked at Royal Bank of Scotland and Citigroup in AsiaPAC Equity Sales focusing on the technology sector with a Taiwan/China bias. Prior to that, Donald was Head of Asia Technology Research at Lehman Brothers and CLSA based in Taiwan. Previously, he worked in the industry at Teradyne and M.I.T.'s Artificial Intelligence Lab. Donald has an MBA from Babson College and a BS in Electrical Engineering from Carnegie Mellon University.



Ben Wulfsohn, CFA

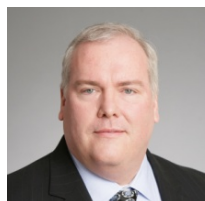
Director, Research Analyst

Lazard Asset Management LLC (New York)

Ben Wulfsohn is a Research Analyst on the Emerging Markets Equity and Emerging Markets Small Cap Equity teams. He is responsible for research coverage of the emerging markets utilities, energy and health care sectors, as well as client communications. Ben began working in the investment industry in 1991. Prior to joining Lazard in 2001, Ben was Director of Marketing Support with Weiss, Peck & Greer, LLC and an Investment Consultant for Segal Advisors, Inc. He has a BSC (Hons) in Physics from the University of London, Queen Mary College.

Biographies

Lazard US Small-Mid Cap Equity Management Team

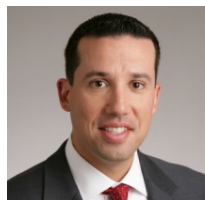


Daniel Breslin

Director, Portfolio Manager/Analyst

Lazard Asset Management LLC (New York)

Daniel Breslin is a Portfolio Manager/Analyst on the US Small-Mid Cap Equity team, focusing on the financials, utilities, healthcare and interest rate sensitive industries. He began working in the investment field in 1992. Prior to joining Lazard in 2002, Daniel was with Guardian Life and New York Life. He has an MBA from Pace University and a BA from Rutgers University.



Michael DeBernardis

Vice President, Portfolio Manager/Analyst

Lazard Asset Management LLC (New York)

Michael DeBernardis is a Portfolio Manager/Analyst on the US Small-Mid Cap Equity and Global Small Cap Equity teams with responsibility for coverage of the consumer supply chain, including the consumer discretionary, consumer staples, and industrials sectors. He began working in the investment industry in 1996. Prior to joining Lazard in 2005, Michael was a Senior Equity Analyst at Systematic Financial Management L.P. and a Market Data Analyst at Salomon Smith Barney. Michael has an MBA from New York University's Stern School of Business and a BS in Finance from the University of Rhode Island.



Martin Flood

Director, Portfolio Manager/Analyst

Lazard Asset Management LLC (New York)

Martin Flood is a Director and Portfolio Manager/Analyst on various US and global equity strategies, focusing on client communications. In addition, Martin is a Portfolio Manager/Analyst for the US Equity Select (PCG) strategy, which focuses on after-tax returns for private clients. He began working in the investment field in 1993. Prior to joining Lazard in 1996, Martin was a Senior Accountant with Arthur Andersen LLP. He has a BS in accounting from St. John's University. Martin is currently on the Board of Directors for the Cancer Research and Treatment Fund.

Biographies

Lazard US Small-Mid Cap Equity Management Team



Eugene Krishnan

Senior Vice President, Portfolio Manager/ Analyst

Lazard Asset Management LLC (New York)

Eugene Krishnan is a Senior Vice President and Portfolio Manager/ Analyst on the US Small-Mid Cap Equity team. He began working in the investment field in 1998. Eugene rejoined the firm in 2012, after previously serving as a Research Analyst from 2001 to 2009. Prior to joining Lazard in 2001, Eugene co-founded Carpe Diem Innovations, an incubator for Fortune 500 new ventures, and worked as a strategy consultant at PricewaterhouseCoopers. He has a BS in Chemical Engineering from Columbia University.

Important Information

Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy. Emerging market securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging market countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in emerging market countries.

Certain information included herein is derived by Lazard in part from an MSCI index or indices (the "Index Data"). However, MSCI has not reviewed this product or report, and does not endorse or express any opinion regarding this product or report or any analysis or other information contained herein or the author or source of any such information or analysis. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any Index Data or data derived therefrom. The MSCI Index Data may not be further redistributed or used as a basis for other indices or any securities or financial products.

This material is for informational purposes only. It is not intended to, and does not constitute financial advice, fund management services, an offer of financial products or to enter into any contract or investment agreement in respect of any product offered by Lazard Asset Management and shall not be considered as an offer or solicitation with respect to any product, security, or service in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or unauthorized or otherwise restricted or prohibited.

This document reflects the views of Lazard Asset Management LLC or its affiliates ("Lazard") and sources believed to be reliable as of the publication date. There is no guarantee that any projection, forecast, or opinion in this material will be realized. Past performance does not guarantee future results. This document is for informational purposes only and does not constitute an investment agreement or investment advice. References to specific strategies or securities are provided solely in the context of this document and are not to be considered recommendations by Lazard. Investments in securities and derivatives involve risk, will fluctuate in price, and may result in losses. Certain securities and derivatives in Lazard's investment strategies, and alternative strategies in particular, can include high degrees of risk and volatility, when compared to other securities or strategies. Similarly, certain securities in Lazard's investment portfolios may trade in less liquid or efficient markets, which can affect investment performance.

Australia: FOR WHOLESALE INVESTORS ONLY. Issued by Lazard Asset Management Pacific Co., ABN 13 064 523 619, AFS License 238432, Level 39 Gateway, 1 Macquarie Place, Sydney NSW 2000. **Dubai:** Issued and approved by Lazard Gulf Limited, Gate Village 1, Level 2, Dubai International Financial Centre, PO Box 506644, Dubai, United Arab Emirates. Registered in Dubai International Financial Centre 0467. Authorised and regulated by the Dubai Financial Services Authority to deal with Professional Clients only. **Germany:** Issued by Lazard Asset Management (Deutschland) GmbH, Neue Mainzer Strasse 75, D-60311 Frankfurt am Main. **Hong Kong:** Issued by Lazard Asset Management (Hong Kong) Limited (AQZ743), Unit 29, Level 8, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. Lazard Asset Management (Hong Kong) Limited is a corporation licensed by the Hong Kong Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. This document is only for "professional investors" as defined under the Hong Kong Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and its subsidiary legislation and may not be distributed or otherwise made available to any other person. **Japan:** Issued by Lazard Japan Asset Management K.K., ATT Annex 7th Floor, 2-11-7 Akasaka, Minato-ku, Tokyo 107-0052. **People's Republic of China:** Issued by Lazard Asset Management. Lazard Asset Management does not carry out business in the P.R.C. and is not a licensed investment adviser with the China Securities Regulatory Commission or the China Banking Regulatory Commission. This document is for reference only and for intended recipients only. The information in this document does not constitute any specific investment advice on China capital markets or an offer of securities or investment, tax, legal, or other advice or recommendation or, an offer to sell or an invitation to apply for any product or service of Lazard Asset Management. **Singapore:** Issued by Lazard Asset Management (Singapore) Pte. Ltd., 1 Raffles Place, #15-02 One Raffles Place Tower 1, Singapore 048616. Company Registration Number 201135005W. This document is for "institutional investors" or "accredited investors" as defined under the Securities and Futures Act, Chapter 289 of Singapore and may not be distributed to any other person. **South Korea:** Issued by Lazard Korea Asset Management Co. Ltd., 10F Seoul Finance Center, 136 Sejong-daero, Jung-gu, Seoul, 100-768. **United Kingdom:** FOR PROFESSIONAL INVESTORS ONLY. Issued by Lazard Asset Management Ltd., 50 Stratton Street, London W1J 8LL. Registered in England Number 525667. Authorised and regulated by the Financial Conduct Authority (FCA). **United States:** Issued by Lazard Asset Management LLC, 30 Rockefeller Plaza, New York, NY 10112.

Quantitative Management Associates LLC

Mandate: Large Cap Value

Hired: 2007

Firm Information	Investment Approach	Total ARMB Mandate
<p>QMA is a wholly-owned subsidiary of Prudential Investment Management Inc. (PIM) and an indirect, wholly-owned subsidiary of Prudential Financial Inc. (PRU) a publicly held company. PIM owns 100% of QMA.</p> <p>As of 09/30/15, the firm's total assets were \$105.1 billion.</p> <p>Key Executives: Mitchell Stern, Co-Head of Value Equity & Portfolio Manager Stephen Courtney, Co-Head of value Equity & Portfolio Manager Deborah Woods, Portfolio Manager Robert Leung, Portfolio Manager Kevin McGrory, Vice President, Client Relationship</p>	<p>QMA's Value Equity objective is to seek to outperform Russell 1000 Value Index over time, while managing risk relative to the benchmark.</p> <p>The Value Equity investment philosophy is built on the fact that out-of-favor stocks with low price/earnings (P/E) ratios have historically outperformed the broad stock market averages. Given that QMA feels this outperformance opportunity is driven by investor emotions, they think it is important to eliminate their own. Hence, QMA believes that a quantitative approach, applied in a consistent manner, is the most effective way to identify attractive, undervalued companies and to attempt to exploit the pricing discrepancies that exist between high- and low-expectation stocks.</p> <p>QMA seeks to capture this outperformance potential in a disciplined manner, with diversified portfolios that make small active bets on a large number of stocks. QMA believes they can not only "capture" the outperformance potential, but also enhance it, by incorporating aspects into their process that better time their purchase and sale decisions, and by employing their proprietary earnings database.</p> <p>QMA believes that their discipline keeps their portfolios moving in the direction of value. Therefore, QMA's portfolios have not exhibited the style drift that appears to have hurt some value investors. Finally, they believe that the "purity" and consistency of their approach helps clients achieve better diversification in a multi-manager context (as defined by low correlations to growth stock indexes and growth stock managers). Simply put, QMA believes their approach fits particularly well in a portfolio of diversified style managers.</p> <p>Benchmark: Russell 1000 Value Index</p>	<p>Assets under Management:</p> <p>9/30/15: \$314,292,325</p>

Concerns: None

9/30/2015 Performance

	Last <u>Quarter</u>	<u>1 Year</u>	3 Years <u>Annualized</u>	5 Years <u>Annualized</u>
Manager (gross)	-8.85%	-5.25%	11.55%	12.28%
Fee	0.07%	0.31%	0.37%	0.39%
Manager (net)	-8.92%	-5.56%	11.18%	11.89%
Benchmark	-8.39%	-4.42%	11.59%	12.29%

A high-angle, blurred photograph of a crowd of people walking on a checkered floor. A white network of lines and nodes is overlaid on the image, with several nodes highlighted by a white glow and a circular border. The overall color palette is a monochromatic blue.

QM^α

Alaska Retirement
Management Board

Value Equity
December 4, 2015

Stephen Courtney
Co-Head of Value Equity
973.367.7249

QMA Overview

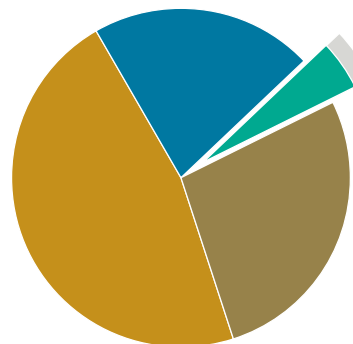


Serving investors since 1975, QMA combines detailed investment research with experienced judgment, seeking to isolate alpha and capture repeatable long-term outperformance.

- Highly experienced, stable team
 - Investment professionals include 21 PhDs and average 18 years of investment experience
- Worldwide institutional client base
- Wholly owned, independently operated subsidiary of Prudential Financial, Inc.

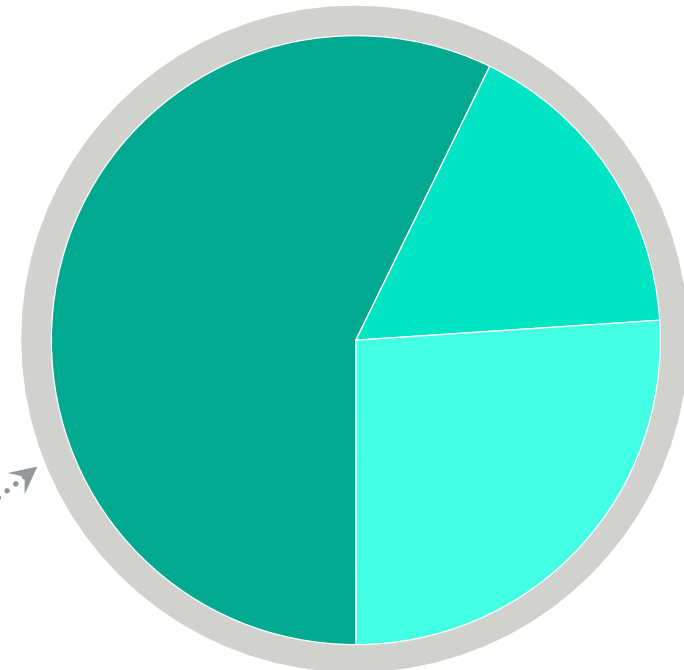
ASSETS UNDER MANAGEMENT*

Asset Allocation	\$49.0 billion
Core Equity	\$28.7 billion
Equity Index	\$22.3 billion
Value Equity	\$5.0 billion
Total	\$105.1 billion



VALUE EQUITY

Large Cap Value	\$2.9 billion
Mid Cap Value	\$0.8 billion
Small Cap Value	\$1.3 billion



As of 9/30/2015.

AUM totals may not sum due to rounding. QMA is the primary business name of Quantitative Management Associates LLC.

*QMA's total Asset Allocation AUM is \$61.9 billion, including \$12.8 billion that QMA's Asset Allocation team directs to equity strategies advised by QMA; in this pie chart, these assets are only included in the Core Equity, Equity Index, and Value Equity AUM in order to avoid double counting.

Value Equity Investment Team



Roy Henriksson, PhD — Chief Investment Officer
30 Years of Investment Experience

U.S. VALUE EQUITY		Years of Inv. Experience
Stephen Courtney	Co-Head of Value Equity	29
Mitchell Stern, PhD	Co-Head of Value Equity	30
Deborah Woods	Portfolio Manager	37
Robert Leung, CFA	Portfolio Manager	20
Maxwell Smith, PhD	Sr. Quantitative Analyst	27
Kevin Mo, PhD	Sr. Quantitative Analyst	5
Kerri Quinn, MBA	Quantitative Analyst	8

COMPLEMENTARY INVESTMENT RESOURCES		
Team	Members	Average Years of Inv. Experience
Research	11	12
Traders	3	26

Summary



Market Environment

- Large-cap stocks (Russell 1000[®]) outperformed small-cap stocks (Russell 2000[®]) for the year-to-date (2.4% vs -2.5%).
- Large-cap value stocks (Russell 1000[®] Value) underperformed large-cap growth stocks (Russell 1000[®] Growth) by 903 bps for the year-to-date.

Drivers of Relative Performance

- Your Value Equity portfolio trailed the Russell 1000[®] Value Index by 26 bps (net of fees) for the year-to-date.
- Within the Russell 1000[®] Value Index, our emphasis on deeper-valued stocks was penalized.
- Our model performed best among stocks in the Financial, Energy, and Healthcare sectors.
- Our model performed worst among stocks in the Consumer Discretionary, Information Technology and Consumer Staples.

Current Portfolio Positioning

- Looking forward, we believe our positioning in deeper-valued stocks will be rewarded over time.
- Financial (especially Banks and Insurers) and Consumer Discretionary stocks appear most attractively valued and are the largest over-weights in the portfolio.
- Healthcare and Consumer Staple stocks remain expensive and are the largest under-weights in the portfolio.

As of 10/31/2015.

Please see 'Notes to Disclosure' page for Important Information including risk factors and disclosures. The Russell[®] Indices are trademarks /service marks of Russell Investments. Russell is a trademark of Russell Investments.

Alaska Retirement Management Board

Investment Performance – As of 10/31/2015



Annualized (As of 10/31/2015)	Alaska (Gross)	Alaska (Net)	Russell 1000® Value Index	Net Difference (bps)	Tracking Error
YTD	-2.12%	-2.35%	-2.09%	-26 bps	--
1 Year	-0.03	-0.33	0.53	-86	2.07
3 Year	14.36	13.99	14.52	-53	1.65
5 Year	13.20	12.81	13.26	-45	1.57
Since Inception*	5.08	4.71	4.34	+37	1.73

Year

2015 (1/1 – 10/31)	-2.12%	-2.35%	-2.09%	-26 bps
2014	11.23	10.86	13.45	-259
2013	35.31	34.86	32.53	+233
2012	15.02	14.60	17.51	-291
2011	2.48	2.09	0.39	+170
2010	15.08	14.64	15.51	-87
2009	20.60	20.13	19.69	+44
2008	-33.15	-33.41	-36.85	+344
2007 (7/1 – 12/31)	-6.12	-6.30	-6.03	-27

Account Market Value as of 10/31/2015: **\$337,272,442**

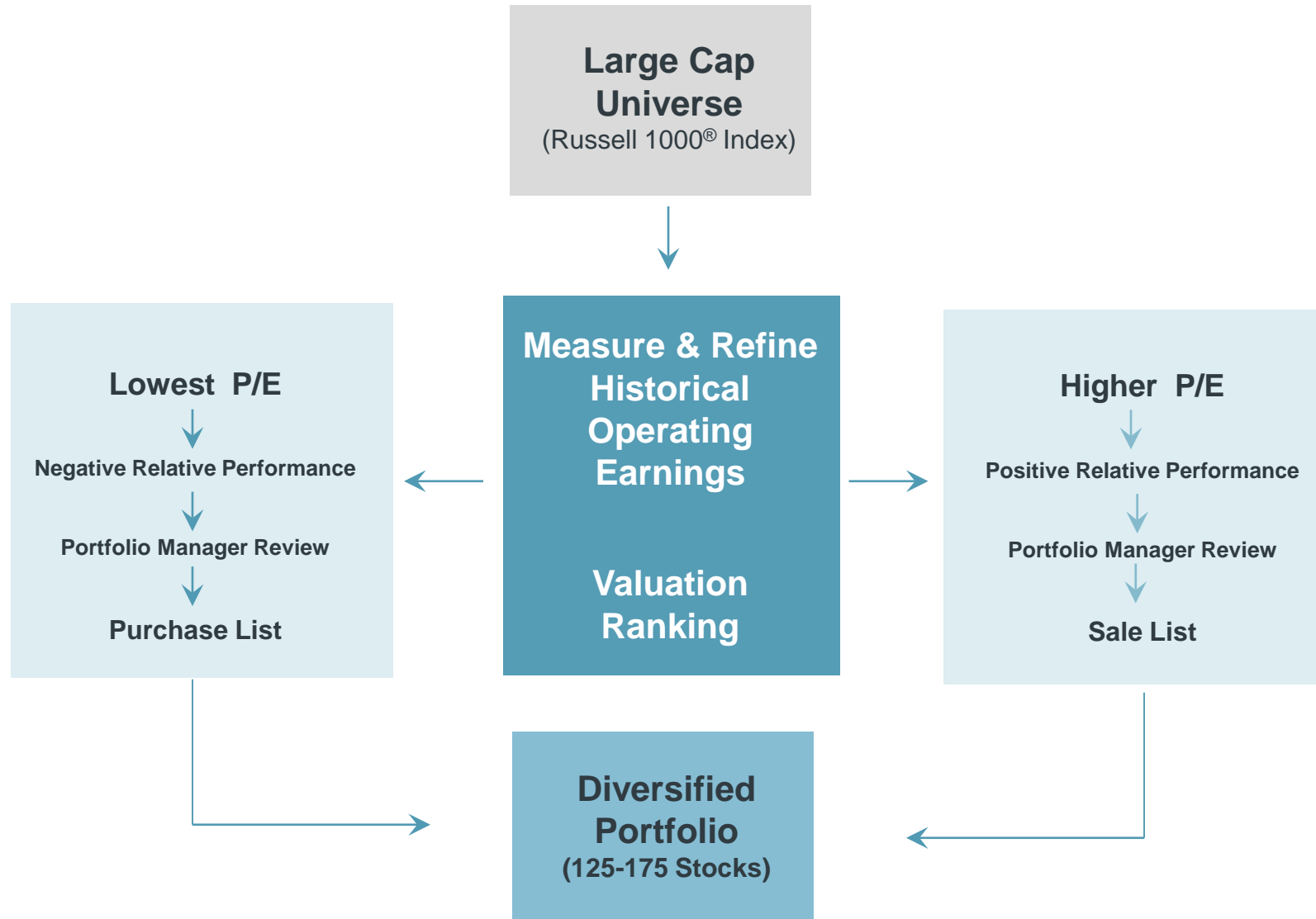
*Inception: 7/1/2007.

Source: QMA, Russell Investments, Standard & Poor's.

Past performance is not a guarantee or a reliable indicator of future results. Please see 'Notes to Disclosure' page for Important Information including risk factors and disclosures. The Russell® Indices are a trademark/service mark of Russell Investments. Russell is a trademark of Russell Investments.

Investment Process

Focus on large-cap companies that have low valuations and are out of favor



Shown for illustrative purposes only.

The Russell 1000® Index is a trademark/service mark of Russell Investments. Russell is a trademark of Russell Investments.

Alaska Retirement Management Board

Portfolio Positioning Relative to Russell 1000® Value Index - As of 10/31/2015



Diversified Exposure to Value with Managed Active Risk

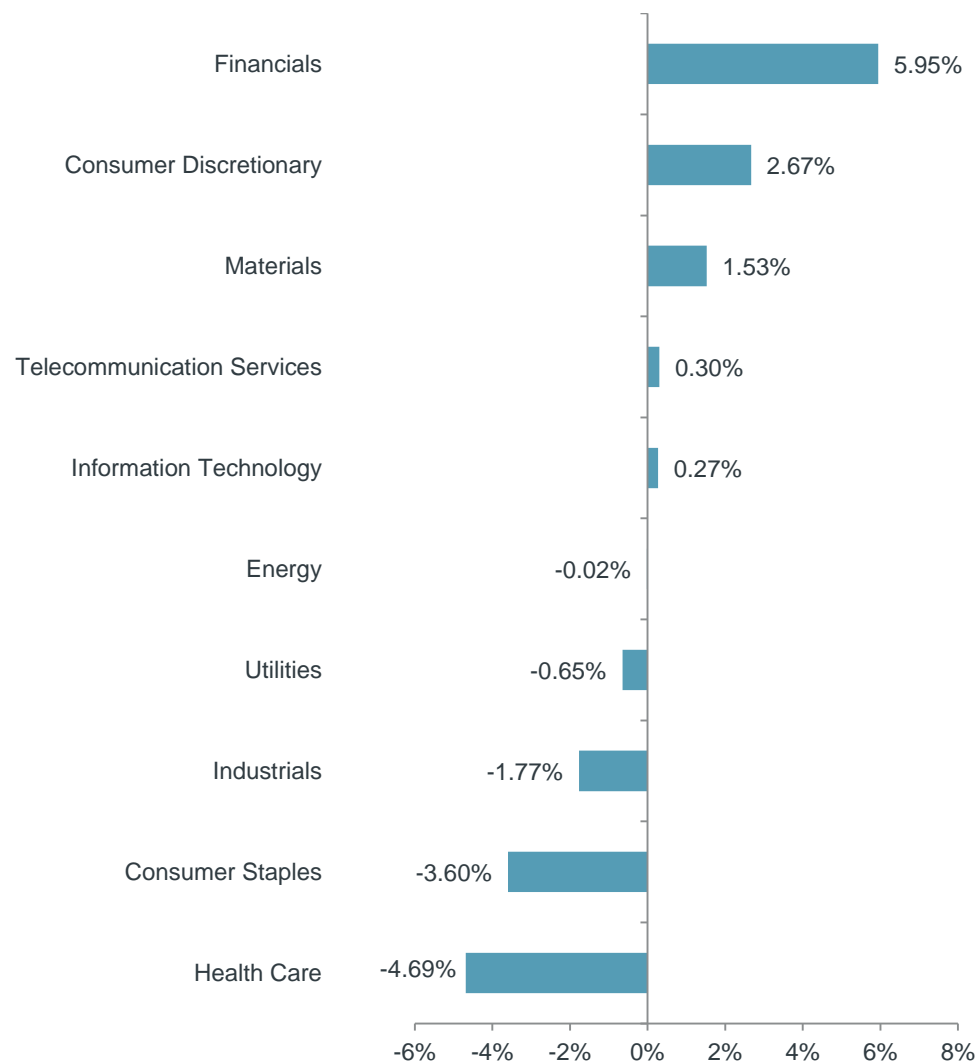
STOCK OVERWEIGHTS/UNDERWEIGHTS

	Portfolio Weight (%)	Active Weight (%)
Largest 5 Overweights		
Intel Corporation	2.07	0.60
Cisco Systems, Inc.	2.02	0.57
Chubb Corporation	0.86	0.57
Digital Realty Trust, Inc.	0.58	0.54
Assurant, Inc.	0.59	0.53
Largest 5 Underweights		
Microsoft Corporation	0.76	-1.06
Merck & Co., Inc.	0.39	-0.96
Procter & Gamble Company	1.08	-0.96
Berkshire Hathaway Inc. Class B	1.42	-0.91
QUALCOMM Incorporated	--	-0.81

INDUSTRY OVERWEIGHTS/UNDERWEIGHTS

	Portfolio Weight (%)	Active Weight (%)
Largest 5 Overweights		
Insurance	9.99	4.16
Banks	15.47	4.07
Specialty Retail	2.05	1.64
Chemicals	2.66	1.04
Electronic Equip. Instruments & Components	1.58	1.03
Largest 5 Underweights		
Health Care Equipment & Supplies	0.48	-2.07
Pharmaceuticals	4.81	-1.99
Software	1.18	-1.75
Diversified Financial Services	1.42	-1.60
Aerospace & Defense	1.16	-1.24

SECTOR OVERWEIGHTS/UNDERWEIGHTS



Source: QMA, FactSet.

Source of Sector classification: GICS- Multi Source. Holdings are subject to change. Characteristics are subject to change. Please see 'Notes to Disclosure' page for Important Information for additional disclosures. The Russell 1000® Value Index is a trademark/service mark of Russell Investments. Russell is a trademark of Russell.

Alaska Retirement Management Board

Portfolio Characteristics - As of 10/31/2015



Similar Size and Deeper Value than Benchmark

	Alaska Retirement Management Board	Russell 1000® Value Index
Market Cap (\$ bil.)		
Weighted Average	\$103.7	\$108.3
Median	16.7	7.4
Weighted Median	42.1	56.2
Valuation		
Price/Earnings	14.5x	17.2x
P/E using FY1 Estimate	13.1x	16.5x
Price/Book Ratio	1.5x	1.8x
Dividend Yield	2.8%	2.6%
Growth and Profitability		
Estimate 3-5 Year EPS Growth	5.0%	6.4%
Return on Equity	11.6%	9.6%
Number of Holdings		
	144	690

Source: QMA, FactSet,

Characteristics are subject to change. Please see 'Notes to Disclosure' page for Important Information for additional disclosures.

The Russell 1000® Value Index is a trademark/service mark of Russell Investments. Russell is a trademark of Russell Investments.

Alaska Retirement Management Board Performance Attribution



By Normalized P/E and Economic Sector – YTD through 10/31/2015

	Alaska Retirement Management Board		Russell 1000® Value Index		Variation		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection+ Interaction	Total Effect
Normalized P/E Ranking*									
Quintile 1 (BUY)	78.67	-2.43	40.88	-3.10	37.79	0.67	-0.21	0.41	0.20
Quintile 2 (HOLD)	16.34	-0.48	26.29	0.28	-9.95	-0.76	-0.24	-0.10	-0.34
Quintile 3-5 (SELL)	4.99	-9.73	32.83	-3.13	-27.84	-6.60	0.33	-0.33	-0.00
Total	100.00	-2.23	100.00	-2.09	--	-0.14	-0.12	-0.02	-0.14

*Our measured normalized P/E, with lowest positive values being the most attractive

	Alaska Retirement Management Board		Russell 1000® Value Index		Variation		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection+ Interaction	Total Effect
Sector									
Financials	34.15	0.19	29.89	-0.48	4.26	0.68	0.18	0.31	0.50
Energy	13.22	-10.76	11.96	-14.59	1.26	3.83	-0.12	0.58	0.46
Health Care	9.00	13.75	13.40	7.46	-4.40	6.29	-0.28	0.56	0.28
Utilities	5.58	-6.45	6.12	-5.31	-0.54	-1.13	0.10	-0.06	0.03
Telecommunication Services	2.47	4.57	2.26	3.53	0.21	1.04	0.02	0.01	0.03
Materials	4.28	-7.41	2.98	-7.51	1.30	0.10	-0.11	0.04	-0.07
Industrials	8.76	-1.16	10.16	0.19	-1.40	-1.35	-0.01	-0.12	-0.13
Consumer Staples	3.79	-13.99	7.06	-4.37	-3.27	-9.62	0.08	-0.38	-0.30
Information Technology	11.96	-5.56	10.04	-4.21	1.92	-1.35	-0.17	-0.17	-0.35
Consumer Discretionary	6.78	-7.94	6.13	-0.36	0.66	-7.58	-0.02	-0.57	-0.59
Total	100.00	-2.23	100.00	-2.09	--	-0.14	-0.35	0.21	-0.14

Source: QMA using data provided by FactSet. Source of sector classification: GICS- Multi Source.

Holdings-based analysis that is intended to illustrate significant performance drivers and is not intended to be a formal accounting of return. Holdings are subject to change. This is shown for illustrative purposes only. Past performance is not a guarantee or a reliable indicator of future results. Please see 'Notes to Disclosure' page for Important Information for additional disclosures. The Russell 1000® Value Index is a trademark/service mark of Russell Investments. Russell is a trademark of Russell Investments.

Alaska Retirement Management Board Performance Attribution

12/31/2014 – 10/31/2015



Top Individual Contributors and Detractors To Relative Performance

		Portfolio Average Weight	Active Weight	Stock Return	Total Contribution
Contributors					
Cigna Corporation	Health Care	0.48	0.30	30.29	0.21
Kinder Morgan Inc Class P	Energy	--	-0.47	-31.73	0.19
AGL Resources, Inc.	Utilities	0.17	0.10	18.19	0.17
Aetna Inc.	Health Care	0.79	0.51	30.45	0.16
GameStop Corp. Class A	Consumer Discretionary	0.49	0.44	39.86	0.14
Detractors					
Joy Global Inc.	Industrials	0.34	0.30	-62.37	0.27
Denbury Resources Inc.	Energy	0.14	0.12	-55.01	-0.20
Mondelez International, Inc. Class A	Consumer Staples	0.03	-0.63	28.60	-0.18
Western Digital Corporation	Information Technology	0.60	0.40	-38.54	-0.17
Huntsman Corporation	Materials	0.23	0.22	-41.06	-0.16

Source: QMA using data provided by FactSet.

Holdings-based analysis that is intended to illustrate significant performance drivers and is not intended to be a formal accounting of return. Holdings are subject to change. This is shown for illustrative purposes only. Holdings-based attribution does not include the impact of trading costs, or cash and assumes positions are held for the full day. Returns are measured before fees. Past performance is not a guarantee or a reliable indicator of future results. Please see 'Notes to Disclosure' page for Important Information for additional disclosures. The Russell 1000® Value Index is a trademark/service mark of Russell Investments. Russell is a trademark of Russell Investments.

Table of Contents



Appendix

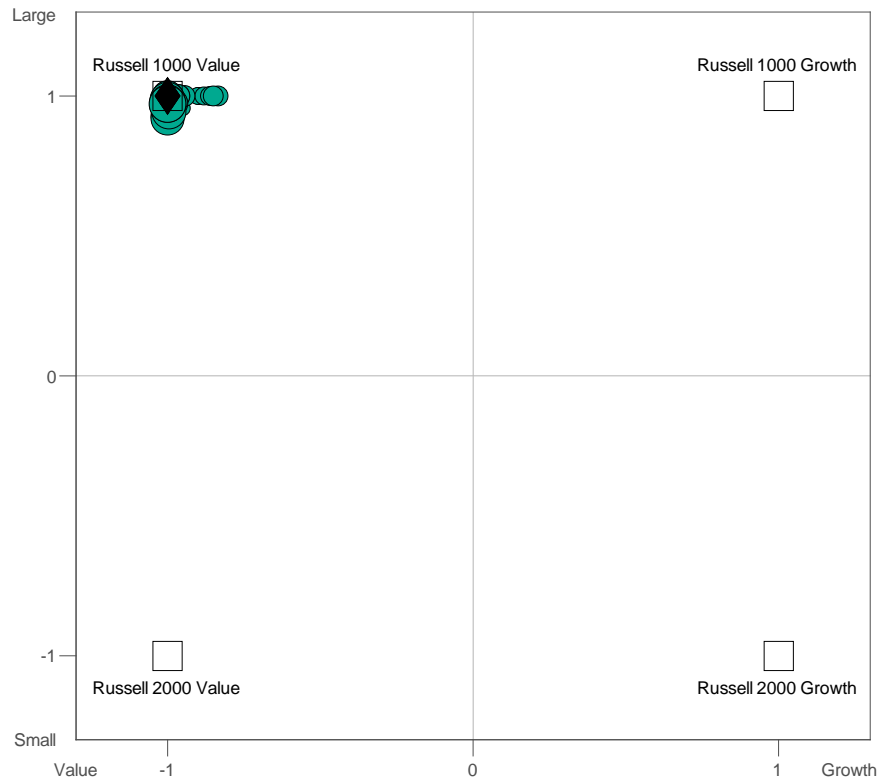
- Additional Exhibits
- Biographies
- Notes to Disclosure
- Composite Performance Returns

Style Analysis Suggests A Persistent Exposure to Value

Combined with Attractive Upside/Downside Capture

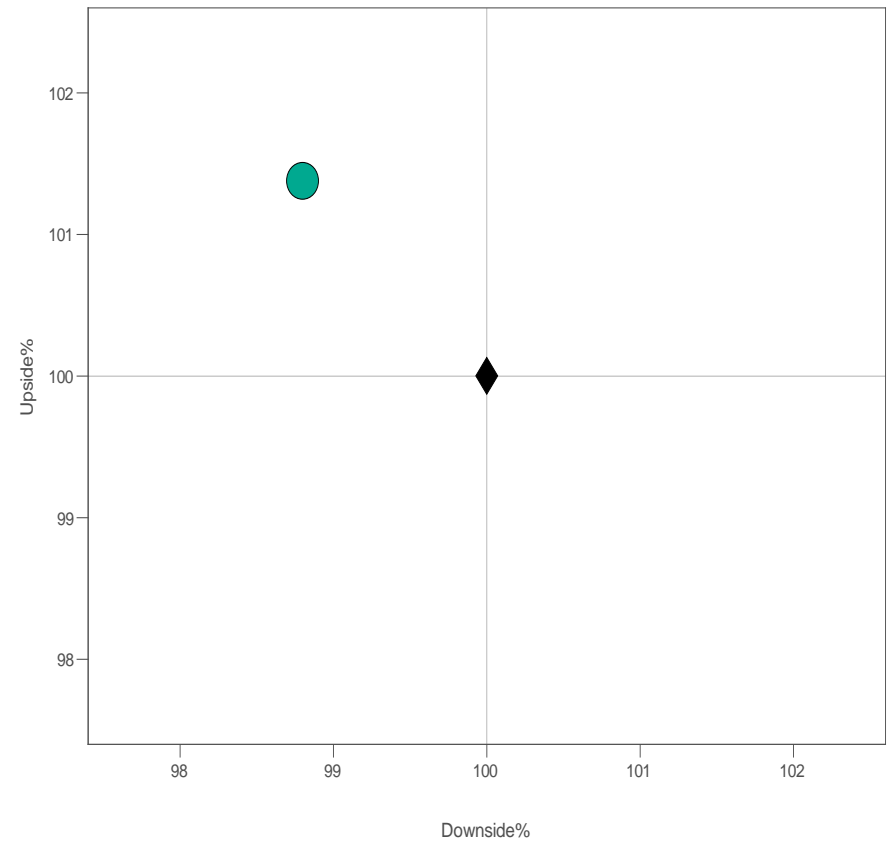


RETURNS BASED STYLE ANALYSIS
JUNE 2007 – SEPTEMBER 2015 (3-YEAR MOVING WINDOWS)



- QMA Value Equity
- ◆ Russell 1000® Value
- Russell Generic Corners

UPSIDE/DOWNSIDE
JUNE 2007 – SEPTEMBER 2015 (SINGLE COMPUTATION)



- QMA Value Equity
- ◆ Russell 1000® Value

Source: QMA using software provided by Zephyr. Zephyr is an outside vendor whose software has been used to create this exhibit. QMA pays a fee for this software. QMA has made efforts to confirm accuracy/reliability of the data provided by Zephyr but we disclaim responsibility for its accuracy or completeness. The Upside Downside chart shows how the fund performs relative to the benchmark in up and down markets. Please see 'Notes to Disclosure' page for Important Information for additional disclosures. The Russell® Indices are trademarks/service marks of Russell Investments. Russell is a trademark of Russell Investments.

Alaska Retirement Management Board Performance Attribution

By Normalized P/E and Economic Sector - Since Inception* through 10/31/2015



	Alaska Retirement Management Board		Russell 1000® Value Index		Variation		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection+ Interaction	Total Effect
Normalized P/E Ranking*									
Quintile 1 (BUY)	82.00	5.83	53.76	5.18	28.25	0.65	0.27	0.52	0.79
Quintile 2 (HOLD)	14.09	7.79	24.43	5.88	-10.34	1.92	-0.17	0.43	0.26
Quintile 3-5 (SELL)	3.91	-13.45	21.81	0.69	-17.90	-14.14	0.52	-0.74	-0.21
Total	100.00	5.18	100.00	4.34	--	0.84	0.62	0.22	0.84

*Our measured normalized P/E, with lowest positive values being the most attractive

	Alaska Retirement Management Board		Russell 1000® Value Index		Variation		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection+ Interaction	Total Effect
Sector									
Utilities	6.73	7.86	6.58	6.13	0.15	1.73	0.09	0.17	0.26
Health Care	13.38	12.12	11.71	11.05	1.67	1.07	0.06	0.19	0.25
Financials	22.87	-2.70	27.40	-2.58	-4.53	-0.11	0.27	-0.03	0.24
Energy	16.26	2.62	14.86	2.49	1.39	0.13	0.12	0.00	0.12
Consumer Staples	6.64	10.23	7.75	10.03	-1.11	0.20	0.05	0.02	0.07
Telecommunication Services	4.62	3.69	4.34	2.93	0.28	0.76	0.01	0.05	0.06
Industrials	9.46	4.90	9.72	5.13	-0.26	-0.23	0.05	-0.02	0.03
Materials	3.85	-2.02	3.36	2.97	0.49	-5.00	0.15	-0.15	0.00
Consumer Discretionary	8.68	7.74	7.69	10.04	0.99	-2.31	0.10	-0.16	-0.06
Information Technology	7.46	8.08	6.58	5.71	0.88	2.37	0.03	-0.14	-0.11
Total	100.00	5.18	100.00	4.34	--	0.84	0.91	-0.07	0.84

*Inception 7/1/2007.

Source: QMA using data provided by FactSet. Source of sector classification: GICS-Multi Source

Shown for illustrative purposes only. Holdings-based analysis that is intended to illustrate significant performance drivers and is not intended to be a formal accounting of return. Holdings are subject to change. Holdings-based attribution does not include the impact of trading costs, or cash and assumes positions are held for the full day. Returns are measured before fees. Please see 'Notes to Disclosure' page for Important Information for additional disclosures. Past performance is not a guarantee or a reliable indicator of future results. The Russell 1000® Value Index is a trademark/service mark of Russell Investments. Russell is a trademark of Russell Investments.

Biographies



Value Equity Team

Stephen Courtney is a Managing Director for QMA, as well as Co-Head of Research and Portfolio Management for Value Equity. His responsibilities include portfolio management, analysis, and research. Prior to joining QMA, Stephen was a Director at ClearBridge Investments and its predecessor organizations, where he served as a research analyst and portfolio manager for 26 years. He earned a BA in Political Science from Boston College. He is also a member of the CFA Institute and the New York Society of Security Analysts.

Mitchell Stern, PhD, is a Managing Director for QMA, as well as Co-Head of Research and Portfolio Management for Value Equity. His responsibilities include portfolio management, analysis, and research, and he has 29 years of industry experience. Mitch's experience at QMA has included leading value research, and managing core, long-short, and derivative portfolios. Previously, he was the lead researcher for Dreman Value Management. Earlier in his career, Mitch was an Assistant Professor of Finance at the University of Tennessee and Fairfield University. Mitch earned a BA *cum laude* in Economics from Brandeis University and an MA and a PhD in Economics from the University of Virginia.

Deborah D. Woods is a Portfolio Manager for QMA and a member of the Value Equity team. Her responsibilities include portfolio management and analysis, and involvement in the research effort for value portfolios. Debbie began her career as an industry analyst covering Medical Equipment companies as well as Personal Care Consumer Product companies. She earned a BA in History from Wellesley College.

Robert Leung, CFA, is a Portfolio Manager for QMA and a member of the Value Equity team. His responsibilities include portfolio management, analysis, and involvement in the research effort. Robert began with the team as a Portfolio Analyst/Research Assistant. He earned a BA *cum laude* in Economics from Union College and holds the Chartered Financial Analyst (CFA) designation.

Sheung Yin (Kevin) Mo, PhD, is a Senior Quantitative Analyst for QMA and a member of the Value Equity team. His responsibilities include research and analysis. Prior to joining QMA, Kevin was a financial engineering analyst at Northrop Grumman Corporation and also worked at Deloitte Consulting and Accenture as an analyst. His work is forthcoming in the *Journal of Quantitative Finance* and *Journal of Business and Economics*. Kevin earned a BS and ME in Systems Engineering from the University of Virginia and a PhD in Financial Engineering from the Stevens Institute of Technology.

Maxwell Smith, PhD, is a Senior Quantitative Analyst for QMA and a member of the Value Equity team. His responsibilities include research and analysis. Max has also served as a Municipal Bond Portfolio Manager with Prudential Fixed Income. His work has been published in the *Journal of Finance*, *Review of Financial Studies* and *Journal of Financial Markets*. He earned a BS in Physics from CalTech, an MS in Physics from the University of Illinois, and a PhD in Finance from the University of British Columbia.

Kerri Quinn is a Quantitative Analyst for QMA and a member of the Value Equity team. Her responsibilities include assisting portfolio managers, analysis, and involvement in the research effort for value portfolios. She earned a BS in Finance and Economics from Sacred Heart University and received an MBA in Finance from Seton Hall University.

Notes to Disclosure



IMPORTANT INFORMATION

The information contained herein is provided by Quantitative Management Associates LLC (“QMA”). This document may contain confidential information and the recipient hereof agrees to maintain the confidentiality of such information. Distribution of this information to any person other than the person to whom it was originally delivered and to such person’s advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of its contents, without the prior consent of QMA, is prohibited. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. Certain information in this document has been obtained from sources that QMA believes to be reliable as of the date presented.

Enhancements represent the results of ongoing research initiatives intended to continually advance the design of QMA’s model. An enhancement or collection of enhancements does not constitute a material change to QMA’s investment philosophy or strategy unless otherwise communicated to all clients.

The financial indices referenced herein are provided for informational purposes only. 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. You cannot invest directly in an index. The statistical data regarding such indices has been obtained from sources believed to be reliable but has not been independently verified.

Value Equity Composite



Value Equity Composite January 1, 2005 to December 31, 2014

Annual Returns for periods ended December 31

Year	Gross Return	Net Return	Russell 1000® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Number of Portfolios	Internal Dispersion	Composite Market Value (in millions)	Firm Assets (in millions)	Annualized Returns	Gross Return	Net Return	Russell 1000® Value Index	
2005	9.57%	8.86%	7.04%	NR	NR	5 or less	NM	\$1,894.4	\$52,410.0	As of December 31, 2014				
2006	22.57%	21.79%	22.23%	NR	NR	5 or less	NM	\$2,261.2	\$59,925.9		1 Year	11.41%	10.69%	13.45%
2007	-0.78%	-1.42%	-0.17%	NR	NR	9	NM	\$2,480.9	\$62,556.0		3 Year	20.29%	19.52%	20.89%
2008	-34.31%	-34.75%	-36.85%	NR	NR	11	0.33	\$1,578.9	\$53,456.9		5 Year	15.43%	14.70%	15.42%
2009	21.65%	20.88%	19.69%	NR	NR	11	0.70	\$2,364.1	\$70,162.1		10 Year	8.12%	7.42%	7.30%
2010	15.25%	14.51%	15.51%	NR	NR	11	0.12	\$2,137.6	\$79,735.3					
2011	2.18%	1.52%	0.39%	21.17%	20.98%	11	0.16	\$2,049.0	\$70,564.6					
2012	15.08%	14.35%	17.51%	15.82%	15.73%	10	0.08	\$1,944.1	\$86,274.3					
2013	35.75%	34.90%	32.53%	12.57%	12.88%	9	0.17	\$2,609.5	\$109,742.9					
2014	11.41%	10.69%	13.45%	9.77%	9.33%	9	0.15	\$2,855.3	\$113,073.6					

NR Not Required

NM Not meaningful when there are less than or equal to 5 accounts in the composite for the full year.

The inception date of the composite is January 1, 1989 and returns since inception are available upon request.

Quantitative Management Associates LLC (QMA) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. QMA has been independently verified for the period from January 1, 1993 to December 31, 2014.

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 Value Equity Composite has been examined for the period from January 1, 1993 to December 31, 2014. The verification and performance examination reports are available upon request.

Notes

- Quantitative Management Associates (QMA), an SEC-registered investment advisor, is a wholly-owned subsidiary of Prudential Investment Management, Inc. (PIM), a Prudential Financial, Inc. company. In 2008, QMA redefined the firm to include assets managed through wrap fee programs (QMA Managed Accounts) for all periods after January 1, 2006. Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.
- The Value Equity Composite includes all discretionary portfolios whose investment strategy is to outperform the Russell 1000® Value Index by using a quantitative approach to invest in a broad cross section of attractively valued stocks. As of January 1, 2008, the composite was redefined to include both institutional and retail accounts. Previously, only institutional accounts were included. This composite was created on December 31, 1998.
- A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- Performance results are stated gross and net of model fees. Performance has been calculated in US dollars and reflects the reinvestments of dividends and other earnings. Returns for each client will be reduced by such fees and expenses as described in their individual contract. The fee schedule currently in effect is as follows: .65% on the first \$10 million, .50% on the next \$15 million and .40% thereafter. Actual advisory fees charged and actual account minimum size may vary by account due to various conditions described in QMA's Form ADV 2A. Net returns are calculated by deducting the highest tier of the QMA fee schedule in effect for the respective time period from the monthly gross composite return. The composite shown may include accounts that are group annuity or life insurance products issued by The Prudential Insurance Company of America. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available. The internal dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio returns included in the composite for the entire year. The annualized return is equivalent to the annual return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative return over the time period. Past performance is not a guarantee or a reliable indicator of future results.
- The benchmark of this composite is the Russell 1000® Value Index. The Russell 1000® Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and low forecasted growth values. 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. Dividend income is reinvested. Source of the Russell 1000® Value Index: Russell Investments. Russell 1000® Value Index is a trademark/service mark of Russell Investments. Russell® is a trademark of Russell Investments. The financial indices referenced herein are provided for informational purposes only. 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. You cannot invest directly in an index. The statistical data regarding such indices has been obtained from sources believed to be reliable. Benchmark returns are not covered by the report of independent verifiers.

Alaska Retirement Management Board
2016 Meeting Calendar

February 17 – Wednesday	Committee Meetings: Actuarial Audit Legislative
February 18-19 Thursday-Friday Juneau	*Review Capital Market Assumptions *Manager Presentations
April 20 – Wednesday	Committee Meetings: Actuarial Committee
April 21-22 Thursday-Friday Anchorage	*Adopt Asset Allocation *Performance Measurement – 4 th Quarter *Buck Consulting Actuary Report *GRS Actuary Certification *Review Private Equity Annual Plan *Manager Presentations
June 22 – Wednesday	Committee Meetings: Actuarial Audit
June 23-24 Thursday-Friday Anchorage	*Final Actuary Report/Adopt Valuation *Performance Measurement – 1 st Quarter *Manager Presentations
September 28 – Wednesday	Committee Meetings: Actuarial Audit Budget Salary Review
September 29-30 Thursday-Friday Fairbanks	*Audit Results/Assets – KPMG *Approve Budget *Performance Measurement – 2 nd Quarter *Real Estate Annual Plan *Real Estate Evaluation – Townsend Group *Manager Presentations
October ____	Education Conference
October ____	Audit Committee
December 7 – Wednesday	Committee Meetings: Audit Legislative
December 8-9 Thursday-Friday Anchorage	Audit Report - KPMG Performance Measurement – 3 rd Quarter Manager Review (Questionnaire) Private Equity Review *Manager Presentations

**ALASKA RETIREMENT MANAGEMENT BOARD
M E M O R A N D U M**

To: ARMB Trustees
From: Judy Hall
Date: November 20, 2015
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
Scott Jones	Comptroller	Equities	11/3/15
Bob Mitchell	Deputy CIO	Equities	11/2/15