ND STATE INVESTMENT BOARD MEETING

Friday, May 26, 2017, 8:30 a.m.
Peace Garden Room, State Capitol
600 E Blvd, Bismarck, ND

AGENDA (REVISED)

I. CALL TO ORDER AND ACCEPTANCE OF AGENDA

II. ACCEPTANCE OF MINUTES (April 28, 2017)

III. INVESTMENTS

A. Asset and Investment Performance Overview - Mr. Hunter (enclosed) (20 min.) **Board Action**
B. Fixed Income Update - Mr. Schulz (10 min.)
C. Callan Associates Performance Review - Mr. Erlendson, Mr. Browning (enclosed) (1 hour) **Board Acceptance**
   1. Pension Trust Review Quarter Ending 3-31-17
   2. Insurance Trust Review Quarter Ending 3-31-17
   3. Legacy Trust Review Quarter Ending 3-31-17

============================== Break from 10:00 to 10:15 a.m. ================================

D. Financial Recovery Technologies* - Mr. Hunter and Mr. Menard (enclosed) (20 min.) **Board Action**
   **Possible Executive Session for Attorney Consultation Pursuant to 44-04-19.2 and 44-04-19.1(2) and (5)*
E. Investment Policy Statement Revisions - Mr. Hunter (enclosed) (10 min.) **Board Acceptance**
   1. Public Employees Retirement System
   2. Job Service North Dakota
   3. Park District of the City of Grand Forks
F. Tobacco Prevention and Control Trust Fund Update - Ms. Flanagan (5 min.)

IV. ADMINISTRATION

A. Audit Committee Report - Ms. Miller-Bowley (enclosed) (10 min.) **Board Acceptance**
B. Executive Review Committee Update - Ms. Smith (to follow) (10 min.) **Board Acceptance**
C. RIO Code of Conduct and Ethics - Mr. Schulz (enclosed) (5 min.)
D. Callan College Onsite - Mr. Hunter (enclosed) (5 min.)
E. RIO Lease Update - Mr. Hunter

V. OTHER

Next Meetings:
SIB meeting - July 28, 2017, 8:00 a.m., BSC Energy Center - Room #335
SIB Audit Committee meeting - September 22 , 2017, 1:00 pm , State Capitol, Peace Garden Room

VI. ADJOURNMENT

NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
APRIL 28, 2017, BOARD MEETING

MEMBERS PRESENT:	Rob Lech, Parliamentarian Lance Gaebe, Commissioner of Trust Lands Mike Gessner, TFFR Board Mel Olson, TFFR Board (TLCF) Kelly Schmidt, State Treasurer Troy Seibel, PERS Board Yvonne Smith, PERS Board Cindy Ternes, WSI Designee
MEMBERS ABSENT:	Brent Sanford, Lt. Governor, Chair Mike Sandal, Vice Chair Jon Godfread, Insurance Commissioner
STAFF PRESENT:	Eric Chin, Investment Officer Connie Flanagan, Fiscal & Invt Ops Mgr Bonnie Heit, Assist to the SIB David Hunter, ED/CIO Fay Kopp, Dep ED/CRO Terra Miller Bowley, Supvr Audit Services Cody Schmidt, Compliance Officer Darren Schulz, Dep CIO Susan Walcker, Invt Acct
OTHERS PRESENT:	Jan Murtha, Attorney General's Office

CALL TO ORDER:

Mr. Lech, Parliamentarian, called the State Investment Board (SIB) meeting to order at 8:30 a.m. on Friday, April 28, 2017, at Workforce Safety & Insurance, 1600 E Century Ave, Bismarck, ND.

AGENDA:

IT WAS MOVED BY TREASURER SCHMIDT AND SECONDED BY MR. SEIBEL AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE AGENDA FOR THE APRIL 28, 2017, MEETING AS DISTRIBUTED.

AYES: COMMISSIONER GAEBE, TREASURER SCHMIDT, MR. OLSON, MS. TERNES, MR. GESSNER, MR. SEIBEL, MR. LECH, AND MS. SMITH
NAYS: NONE
MOTION CARRIED
ABSENT: MR. SANDAL, COMMISSIONER GODFREAD, LT. GOVERNOR SANFORD

MINUTES:

IT WAS MOVED BY MS. SMITH AND SECONDED BY MR. GESSNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE MINUTES OF THE MARCH 24, 2017, MEETING AS DISTRIBUTED.

AYES: MR. GESSNER, COMMISSIONER GAEBE, MS. SMITH, MS. TERNES, TREASURER SCHMIDT, MR. LECH, MR. OLSON, AND MR. SEIBEL
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER GODFREAD, MR. SANDAL, LT. GOVERNOR SANFORD

INVESTMENTS:

Planning Cycle – Mr. Hunter reviewed the SIB's planning cycle for the 2017-19 biennium.

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. OLSON AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE AGENDA AND STRATEGIC INVESTMENT PLAN FOR THE 2017-19 BIENNIUM.

AYES: MR. OLSON, MR. SEIBEL, COMMISSIONER GAEBE, MR. GESSNER, MS. SMITH, TREASURER SCHMIDT, MS. TERNES, AND MR. LECH
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER GODFREAD, MR. SANDAL, LT. GOVERNOR SANFORD

Legacy/Budget Stabilization Advisory Board – Included in the board member's meeting materials was the April 20, 2017, presentation given to the Legacy and Budget Stabilization Fund Advisory Board by RIO personnel. The presentation included updates on earnings, fees, and asset allocation.

Tobacco Prevention/Control Trust Fund – Senate Bill 2024 eliminates the North Dakota Center for Tobacco Prevention and Control Executive Committee (BreathND). Effective July 1, 2017, the Office of Management and Budget will become the administrator of the Tobacco Prevention and Control Fund. Ms. Flanagan briefed the SIB on the status of the assets. The SIB has been under contract with the Center for Tobacco Prevention and Control since July 24, 2015.

BOARD EDUCATION/GOVERNANCE:

Open Records/Meetings – Ms. Murtha provided an educational segment on North Dakota's open records and meetings laws along with the changes enacted during the 2017 legislative session, particularly those which fall under the emergency clause.

Client Investment Policy Statements and Social Investing – Mr. Hunter provided an update on Social Investing as it relates to the SIB clients. Mr. Hunter also referenced articles published in "Pensions and Investments", which reference statements made by the California Public Employees Retirement System and Norway's Government Pension Fund on the cost of Social Investing. Nearly all of the SIB client's investment policy statements include language prohibiting Social Investing unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

GM Litigation – Mr. Lech stated the SIB will move into Executive Session if the discussion warrants it.

Ms. Murtha included an update on the status of the GM Litigation. The case is currently at a trial stage for the determination of the valuation of assets, which were not released and were securing the term loan.

ADMINISTRATION:

Executive Review Committee – Ms. Smith, Chair, along with Committee members Ms. Ternes and Mr. Sandal, met on April 18, 2017, to review the survey results of the evaluation of the Executive Director/CIO for calendar year 2016 by the SIB. The Committee will be working on the evaluation of the Executive Director/CIO which will be reviewed with Mr. Hunter prior to the SIB's May meeting. The Committee will be giving their final report to the SIB at their May 26, 2017, meeting.

Included in this year's survey was a request to the SIB for feedback on the actual survey itself. Feedback received was positive but also indicated the survey is a work in progress and that there is always room for improvement. The Committee will be sharing the results with the next appointed Committee.

Legislative Update – Mr. Hunter reviewed legislation which may affect RIO or the SIB: HB1022 - RIO Budget, HB1175 – SIB Membership, HB1023 – PERS Budget, HB1088 – Data Breach Response/Remediation Costs, HB1155 – Transfer/Expenditures from the Budget Stabilization Fund, HB1345 – Open Records/Meetings Laws, and HB 1425 – Protection from Foreign Laws.

Agency Update – Mr. Hunter stated the agency is continuing to look at options for a new office location and will only move forward on relocating if it is in the best interests of the State.

Mr. Hunter also stated RIO has offered the Voluntary Separation Incentive Program to RIO personnel through the timeline of April 13 – May 30, 2017. Any applications received will be reviewed and taken into consideration after the deadline.

QUARTERLY MONITORING:

Per Governance Policy, Board/Staff Relationship/Monitoring Executive Performance C-4, the following monitoring reports for the quarter ending March 31, 2017, were provided to the SIB for their consideration: Budget/Financial Conditions, Executive Limitations/Staff Relations, Investment Program, and Retirement Program.

An updated Watch List for the same period was also included. There are four firms currently on the Watch List – PIMCO (MBS & Unconstrained mandates), JP Morgan (MBS Strategy mandate) UBS (International Fixed Income mandate), and Adams Street Partners.

IT WAS MOVED BY MR. OLSON AND SECONDED BY MS. SMITH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE MONITORING REPORTS FOR THE QUARTER ENDING MARCH 31, 2017.

AYES: TREASURER SCHMIDT, MR. GESSNER, MS. TERNES, COMMISSIONER GAEBE, MS. SMITH, MR. LECH, MR. SEIBEL, AND MR. OLSON
NAYS: NONE
MOTION CARRIED
ABSENT: COMMISSIONER GODFREAD, MR. SANDAL, LT. GOVERNOR SANFORD

RIO personnel recommended that Adams Street be removed from the Watch List as the firm has restated its willingness to provide full investment transparency in their offices and substantially reinstated detailed reporting in their quarterly reports

IT WAS MOVED BY MS. TERNES AND SECONDED BY TREASURER SCHMIDT AND CARRIED BY A ROLL CALL VOTE TO ACCEPT STAFF RECOMMENDATION TO REMOVE ADAMS STREET PARTNERS FROM THE WATCH LIST.

AYES: MS. SMITH, MR. OLSON, MR. GESSNER, MR. LECH, MR. SEIBEL, MS. TERNES, COMMISSIONER GAEBE, AND TREASURER SCHMIDT
NAYS: NONE
MOTION CARRIED
ABSENT: MR. SANDAL, COMMISSIONER GODFREAD, LT. GOVERNOR SANFORD

OTHER:

Treasurer Schmidt stated she recently attended the State Financial Officers Foundation meeting in Dallas, TX. While in Dallas, Treasurer Schmidt toured some of the SIB’s properties in Invesco’s real estate portfolio and was pleased to report that the State’s pension dollars are being invested wisely.

The next meeting of the SIB Audit Committee is scheduled for May 25, 2017, at 3:00 p.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

The next meeting of the SIB is scheduled for May 26, 2017, at 8:30 a.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

With no further business to come before the SIB, Mr. Lech adjourned the meeting at 9:55 a.m.

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Mr. Rob Lech, Parliamentarian
State Investment Board

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Bonnie Heit
Assistant to the Board

Asset and Performance Review

For the periods ended March 31, 2017

Dave Hunter, Executive Director / CIO

Darren Schulz, Deputy Chief Investment Officer

ND Retirement & Investment Office (RIO)

State Investment Board (SIB)

Overview of SIB Client Assets Under Management

Fund Name	Market Values as of 3/31/17 (1)	Market Values as of 6/30/16 (2)	Market Values as of 3/31/16 (1)
Pension Trust Fund			
Public Employees Retirement System (PERS)	2,674,985,155	2,459,388,086	2,421,987,130
Teachers' Fund for Retirement (TFFR)	2,233,677,182	2,082,183,640	2,057,394,854
City of Bismarck Employees Pension	88,725,174	82,441,003	81,075,233
City of Grand Forks Employees Pension	59,120,819	57,975,758	54,800,673
City of Bismarck Police Pension	36,752,705	33,983,598	33,434,044
Grand Forks Park District	6,101,375	5,720,245	5,813,061
Subtotal Pension Trust Fund	**5,099,362,410**	**4,721,692,330**	**4,656,075,053**
Insurance Trust Fund			
Workforce Safety & Insurance (WSI)	1,862,876,379	1,832,104,203	1,801,047,070
Budget Stabilization Fund	6,114,884	575,918,381	579,947,916
PERS Group Insurance Account	36,420,972	37,715,356	38,575,386
City of Fargo FargoDome Permanent Fund	39,360,095	38,782,721	38,079,559
State Fire and Tornado Fund	21,909,910	24,091,203	23,599,019
Petroleum Tank Release Compensation Fund	6,608,229	7,149,512	7,034,692
State Risk Management Fund	5,893,871	6,534,801	6,357,621
State Risk Management Workers Comp Fund	5,894,479	5,516,177	5,853,318
ND Association of Counties (NDACo) Fund	4,270,549	4,048,863	3,967,813
State Bonding Fund	3,326,741	3,296,372	3,238,892
ND Board of Medicine	2,291,639	2,208,667	2,183,569
Insurance Regulatory Trust Fund	1,981,524	1,085,836	1,071,344
Bismarck Deferred Sick Leave Account	678,719	642,265	628,166
Cultural Endowment Fund	419,582	386,452	378,831
Subtotal Insurance Trust Fund	**1,998,047,573**	**2,539,480,809**	**2,511,963,196**
Legacy Trust Fund			
Legacy Fund	4,430,195,818	3,809,485,177	3,673,717,322
PERS Retiree Insurance Credit Fund	112,184,277	101,623,224	98,401,571
Job Service of North Dakota Pension	97,008,805	96,588,333	95,573,693
ND Tobacco Prevention and Control Trust Fund	48,910,227	54,366,538	44,805,976
Total Assets Under SIB Management	**11,785,709,110**	**11,323,236,410**	**10,984,963,118**

(1) *3/31/17 and 3/31/16 market values are unaudited and subject to change.*

(2) *6/30/16 market values as stated in the Comprehensive Annual Financial Report.*

- **SIB client assets grew by approximately $800 million (or 7.3%) in the last year** due to a combination of net investment earnings across client funds and Legacy Fund deposits.
- **The Pension Trust posted a net return of 10.27% in the last year. During the last 5-years, the Pension Trust generated a net annualized return of 7.82%, exceeding the performance benchmark of 7.17%.**
- **The Insurance Trust generated a net return of 6.67% in the last year. During the last 5-years, the Insurance Trust posted a net annualized return of 4.91%, exceeding the performance benchmark of 3.54%.**
- **The Legacy Fund generated a net investment gain of 10.13% for the year ended March 31, 2017, exceeding its performance benchmark. Since inception, the Legacy Fund has generated a net annualized return of 3.91% (over the last 5 1/2 years) exceeding the performance benchmark of 3.02%.**
- **SIB client assets totaled approximately $11.8 billion as of March 31, 2017, based on unaudited valuations.**

Legacy Fund – Actual Performance vs Policy Benchmark

Net Returns Exceed Policy Benchmark – Periods Ended 3/31/17

The SIB Governance Manual states "SIB clients should receive investment returns consistent with their written investment policies and market variables. This "End" is evaluated based on comparison of each client's (a) actual net investment return, (b) standard deviation and (c) risk adjusted excess return, to the client's policy benchmark over 5 years."

LEGACY FUND	Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
Total Fund Return - Net	8.4%	10.1%	5.1%	4.2%	3.8%	0.58%
Policy Benchmark Return	7.0%	8.7%	4.3%	3.3%	3.5%	OK
Excess Return	1.4%	1.4%	0.8%	0.9%	109%	
Estimated Incremental Income:		*$50 million*	*$80 million*	*$100 million*		

1. **For the 1-Year Ended 3/31/17**, the Legacy Fund earned a **Net Return of 10.1%** exceeding the Policy Benchmark (of 8.7%) and creating **Excess Return of 1.4%.** Actual net returns exceed the Policy Benchmark by over **$50 million** **for the year ended 3/31/17** ($4 billion x 1.4% = $56 million).

2. **For the 5-Years Ended 3/31/17,** the Fund earned a **Net Return of 4.2%** exceeding the Policy Benchmark (of 3.3%) and creating **Excess Return of 0.9%.** Actual returns exceed the Policy Benchmark Return by **$100 million** **for the 5 years ended 3/31/17** (e.g. $2.25 billion x 0.9% x 5 years).

3. **Returns achieved while adhering to stated investment guidelines for Risk (of no more than 115%) and generating 0.58% of Risk Adjusted Excess Return over the last 5-years.**

Note: Current Fiscal Year To Date and all returns as of March 31, 2017, are unaudited and subject to change.

The Policy Benchmark is 50% Equity, 35% Bonds and 15% Real Assets (including Real Estate and Infrastructure).

Pension Trust Return & Risk Summary – **March 31, 2017**

Returns: Every Pension client generated positive "Excess Return" for the 5-years ended 3/31/17 including 0.70% for PERS and 0.73% for TFFR.

Risk: Excess Return was achieved while adhering to prescribed risk metrics (e.g. within 115% of the Policy Benchmark the last 5-years) and with positive Risk Adjusted Excess Returns.

	Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
PERS - $2.675 billion						
Total Fund Return - Net	8.77%	10.37%	5.39%	7.90%	5.1%	0.30%
Policy Benchmark Return	8.28%	10.10%	4.75%	7.21%	4.8%	
Excess Return	0.50%	0.27%	0.64%	0.70%	105%	
TFFR - $2.234 billion						
Total Fund Return - Net	8.65%	10.18%	5.35%	7.95%	5.1%	0.35%
Policy Benchmark Return	8.09%	9.94%	4.70%	7.22%	4.8%	
Excess Return	0.56%	0.24%	0.65%	0.73%	105%	

1. **PERS & TFFR Returns exceeded 10.1% for 1-year and 7.9% for the 5-years ended 3/31/17.**
2. **Active management enhanced PERS and TFFR income by over $100 million for the 5-years ended 3/31/2017. This is based on average invested assets of $4 billion x 0.70% of annual excess return = $28 million/year x 5 years = $140 million.**

Note: Returns as of March 31, 2017, are unaudited and subject to change.

Pension Trust Return & Risk Summary – **March 31, 2017**

	Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
BISMARCK EMPLOYEES - $89 million						
Total Fund Return - Net	7.64%	9.47%	5.20%	7.42%	4.4%	0.41%
Policy Benchmark Return	6.93%	8.94%	4.55%	6.54%	4.1%	
Excess Return	0.71%	0.54%	0.65%	0.88%	107%	
BISMARCK POLICE - $37 million						
Total Fund Return - Net	8.17%	9.97%	5.17%	7.60%	4.8%	0.38%
Policy Benchmark Return	7.71%	9.69%	4.59%	6.80%	4.5%	
Excess Return	0.46%	0.28%	0.58%	0.80%	106%	
JOB SERVICE - $97 million						
Total Fund Return - Net	4.05%	6.41%	5.36%	7.44%	4.1%	0.87%
Policy Benchmark Return	6.09%	7.89%	4.34%	5.96%	3.7%	
Excess Return	-2.04%	-1.47%	1.02%	1.49%	109%	
GRAND FORKS - $59 million						
Total Fund Return - Net	8.81%	10.54%	5.30%	8.02%	5.2%	0.36%
Policy Benchmark Return	8.69%	10.74%	4.91%	7.40%	5.0%	
Excess Return	0.12%	-0.21%	0.39%	0.63%	104%	
GRAND FORKS PARK DISTRICT - $6 million						
Total Fund Return - Net	8.76%	10.11%	5.55%	8.28%	5.2%	0.52%
Policy Benchmark Return	8.50%	10.26%	5.11%	7.56%	5.1%	
Excess Return	0.26%	-0.14%	0.44%	0.73%	103%	

Risk Adjusted Excess Returns for the 5-years ended March 31, 2017, were positive for all Pension Trust clients and generally exceeded 0.30%.

Risk Adjusted Excess Return measures actual portfolio results versus a benchmark adjusted by its risk relative to a benchmark portfolio. This metric is positive if excess returns are due to "smart" investment decisions or negative if driven by excess risk.

Note: Current year returns are unaudited and subject to change.

Non-Pension Return & Risk Summary – **March 31, 2017**

Note: Current year returns are unaudited and subject to change.

	Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
WSI - $1.86 billion						
Total Fund Return - Net	5.04%	7.45%	5.04%	6.43%	3.3%	1.31%
Policy Benchmark Return	3.10%	5.00%	4.03%	4.63%	3.0%	
Excess Return	1.94%	2.45%	1.00%	1.80%	OK	
Estimated Incremental Income:		*$40 million*	*$50 million*	*$135 million*		
BUDGET STABILIZATION - $6.1 million						
Total Fund Return - Net	0.50%	1.33%	1.58%	1.72%	0.7%	0.61%
Policy Benchmark Return	0.10%	0.64%	0.86%	0.68%	0.5%	
Excess Return	0.40%	0.69%	0.72%	1.03%	OK	
Estimated Incremental Income:		*$2 million*	*$10 million*	*$20 million*		

Returns and Risk: Every Non-Pension Trust client generated positive "Excess Return" and positive "Risk Adjusted Excess Return" for the 5-years ended 3/31/2017 (if applicable) with two exceptions for PERS Retiree Health and Group Insurance. These returns were achieved while adhering to reasonable risk levels which were within 1% of policy levels. Risk Adjusted Excess Return measures a portfolio's excess return adjusted by its risk relative to a benchmark portfolio. This metric is positive if returns are due to "smart" investment decisions or negative if driven by excess risk.

WSI = $1.5 billion x 1.8% = $27 million/year x 5 years = $135 million. **Budget Stabilization = $400 million x 1.0% = $4 million/year x 5 years = $20 million.**

Non-Pension Return & Risk Summary – **March. 31, 2017**

	Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
FIRE & TORNADO - $22 million						
Total Fund Return - Net	6.38%	8.58%	5.05%	6.99%	3.8%	0.72%
Policy Benchmark Return	4.27%	6.15%	4.01%	5.25%	3.3%	
Excess Return	2.11%	2.43%	1.04%	1.74%	OK	
STATE BONDING - $3.3 million						
Total Fund Return - Net	0.92%	2.72%	2.41%	2.81%	2.0%	1.11%
Policy Benchmark Return	-0.82%	0.43%	1.56%	1.35%	1.7%	
Excess Return	1.75%	2.30%	0.85%	1.46%	OK	
INSUR. REG. TRUST - $2 million						
Total Fund Return - Net	5.19%	6.59%	3.60%	5.24%	3.2%	0.37%
Policy Benchmark Return	3.91%	5.19%	3.02%	4.14%	2.7%	
Excess Return	1.28%	1.41%	0.58%	1.10%	OK	
PETROL.TANK COMP. - $7 million						
Total Fund Return - Net	0.87%	2.50%	2.20%	2.52%	1.8%	1.02%
Policy Benchmark Return	-0.72%	0.41%	1.43%	1.24%	1.6%	
Excess Return	1.59%	2.09%	0.77%	1.28%	OK	
STATE RISK MGMT. - $6 million						
Total Fund Return - Net	5.76%	8.69%	5.82%	7.45%	3.5%	0.97%
Policy Benchmark Return	3.58%	5.96%	4.67%	5.51%	3.0%	
Excess Return	2.19%	2.74%	1.15%	1.94%	OK	

SIB Client Commentary:

The State Fire & Tornado Fund, State Bonding Fund, Insurance Regulatory Trust Fund, Petroleum Tank Release Compensation Fund, and State Risk Management Fund have all posted positive Risk Adjusted Excess Returns for the 5-years ended 3/31/17, including Excess Returns of 1.1% or more.

Note: Current year returns are unaudited and subject to change.

Non-Pension Return & Risk Summary – **March 31, 2017**

	Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
STATE RISK MGMT WORKERS COMP - $6 million						
Total Fund Return - Net	6.85%	9.81%	6.31%	8.19%	3.9%	0.97%
Policy Benchmark Return	4.77%	7.28%	5.21%	6.32%	3.4%	
Excess Return	2.07%	2.53%	1.10%	1.87%	OK	
ND Association - $4.3 million						
Total Fund Return - Net	5.50%	7.62%	4.60%	6.35%	3.5%	0.68%
Policy Benchmark Return	3.44%	5.21%	3.59%	4.64%	2.9%	
Excess Return	2.05%	2.41%	1.01%	1.71%	OK	
BISMARCK DEFERRED SICK LEAVE - $678,719						
Total Fund Return - Net	5.79%	8.19%	5.02%	6.81%	3.7%	0.83%
Policy Benchmark Return	3.28%	5.23%	3.80%	4.83%	3.1%	
Excess Return	2.52%	2.96%	1.22%	1.98%	OK	
FARGODOME - $39 million						
Total Fund Return - Net	8.74%	10.74%	5.51%	8.15%	5.2%	0.79%
Policy Benchmark Return	7.01%	8.94%	4.61%	6.65%	4.7%	
Excess Return	1.73%	1.80%	0.91%	1.51%	OK	
CULTURAL ENDOWMENT - $419,582						
Total Fund Return - Net	9.59%	11.94%	6.78%	9.51%	5.2%	0.75%
Policy Benchmark Return	8.08%	10.31%	5.92%	7.99%	4.7%	
Excess Return	1.51%	1.63%	0.86%	1.52%	OK	

SIB Client Commentary:

The State Risk Management Workers Compensation Fund, North Dakota Association, City of Bismarck Deferred Sick Leave Account, Fargo Dome and Cultural Endowment Fund have all posted positive Risk Adjusted Excess Returns for the 5-years ended 3/31/17, including Excess Returns of 1.5% or more.

Note: Current year returns are unaudited and subject to change.

Non-Pension Return & Risk Summary – **March 31, 2017**

	Current FYTD 3/31/2017	1 Yr Ended 3/31/2017	3 Yrs Ended 3/31/2017	5 Yrs Ended 3/31/2017	Risk 5 Yrs Ended 3/31/2017	Risk Adj Excess Return 5 Yrs 3/31/2017
BOARD OF MEDICINE - $2.3 million						
Total Fund Return - Net	3.83%	5.03%				N/A
Policy Benchmark Return	2.82%	3.78%				
Excess Return	1.01%	1.25%				
PERS RETIREE HEALTH - $112 million						
Total Fund Return - Net	8.84%	11.20%	5.42%	7.80%	5.6%	-0.65%
Policy Benchmark Return	8.30%	10.44%	5.65%	7.89%	5.2%	
Excess Return	0.54%	0.77%	-0.24%	-0.09%	OK	
PERS GROUP INSURANCE - $36 million						
Total Fund Return - Net	-0.23%	0.39%	0.42%	0.33%	0.6%	-0.05%
Policy Benchmark Return	0.07%	0.67%	0.55%	0.37%	0.5%	
Excess Return	-0.30%	-0.28%	-0.13%	-0.04%	OK	
TOBACCO CONTROL - $49 million						
Total Fund Return - Net	1.17%	1.84%				
Policy Benchmark Return	1.19%	1.83%				
Excess Return	-0.02%	0.00%				

SIB Client Specific Commentary:

The **Board of Medical Examiners** became an SIB client less than two years ago noting they were previously investing in Certificates of Deposit.

Absolute returns for the **PERS Retiree Health Insurance Credit Fund** have been reasonable the last 5-years (at 7.8%) but disappointing on a risk adjusted basis (-0.65%). Returns have improved sharply to over 11% for the 1-year ended 3/31/2017.

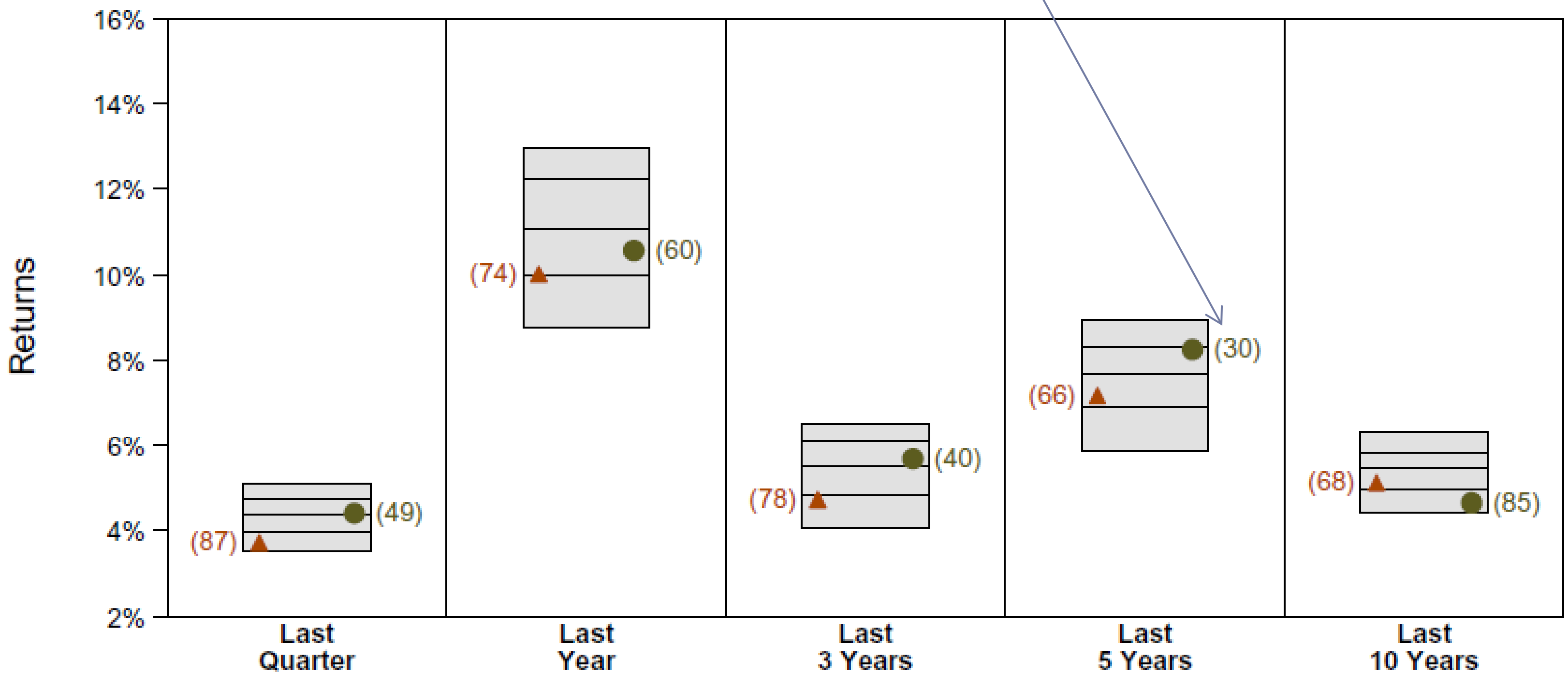
RIO implemented a new asset allocation policy **for PERS Group Insurance** in late-2015 in attempt to enhance returns and lower fees. Current year returns were negatively impacted by large outflows from the Budget Stabilization Fund noting JPM's Short-Term Bond Fund trailed the index 0.30% the past 9-months.

The **Tobacco Prevention and Control Trust Fund** became an SIB client on 9/30/15. Actual returns far exceed returns (of 0.10% per annum) prior to becoming an SIB client.

Note: Current year returns are unaudited and subject to change.

Pension Trust gross returns were ranked in the 30th percentile for the 5-years ended March 31, 2017, based on Callan's "Public Fund Sponsor Database".

CAI Public Fund Sponsor Database

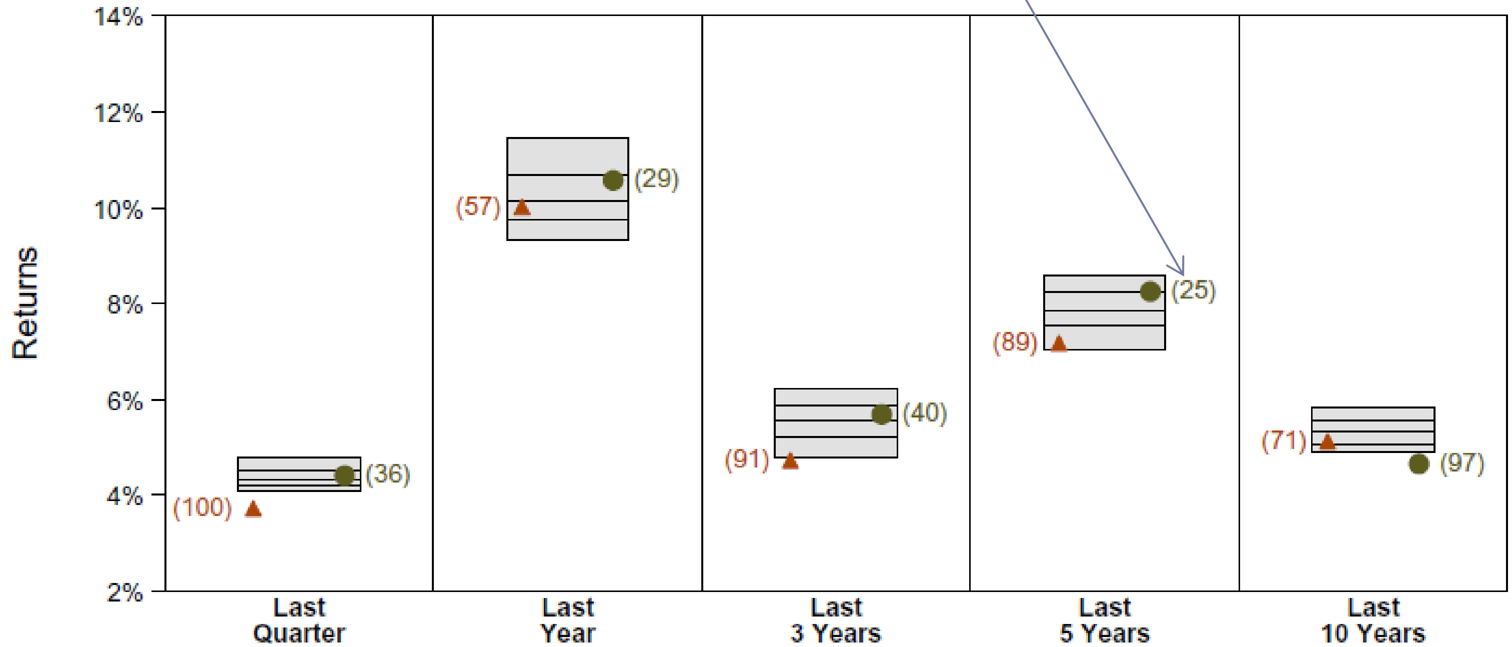


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	5.08	12.98	6.52	8.93	6.34
25th Percentile	4.75	12.26	6.09	8.32	5.84
Median	4.38	11.06	5.49	7.68	5.47
75th Percentile	3.98	9.99	4.84	6.89	4.98
90th Percentile	3.52	8.76	4.05	5.88	4.44
Total Fund ●	4.41	10.57	5.69	8.25	4.66
Policy Target ▲	3.73	10.02	4.73	7.17	5.13

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate Idx, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Gl Agg ex US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg US HY Cor 2%C, 3.1% MSCI EM, 3.0% NCREIF Timberland Index and 0.5% 3-month Treasury Bill.

Pension Trust gross returns were ranked in the 25th percentile for the 5-years ended March 31, 2017, on an "Asset Allocation Adjusted Basis".

Asset Allocation Adjusted Ranking



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	4.78	11.45	6.21	8.57	5.85
25th Percentile	4.51	10.68	5.86	8.26	5.58
Median	4.32	10.14	5.57	7.86	5.32
75th Percentile	4.19	9.74	5.23	7.55	5.08
90th Percentile	4.08	9.33	4.77	7.02	4.91
Total Fund ●	4.41	10.57	5.69	8.25	4.66
Policy Target ▲	3.73	10.02	4.73	7.17	5.13

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate Idx, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Gl Agg ex US, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg US HY Cor 2%C, 3.1% MSCI EM, 3.0% NCREIF Timberland Index and 0.5% 3-month Treasury Bill.

Board Approval Requested

Callan Investment Contact Renewal

RIO recommends the SIB renew Callan's investment consulting contract for the 2017-19 biennium. Callan provides the SIB and RIO with excellent client service noting that their consistent reporting format reduces staff review time, shortens the reporting production cycle and allows RIO more time for an in-depth review. RIO also notes the City of Bismarck Pension Plans and Workforce Safety and Insurance have expressed interest in engaging Callan to conduct asset liability studies in the upcoming fiscal year. Our existing Callan contract allows us to engage Callan to complete two "projects" every fiscal year (including the Callan College Onsite in the 2016-17 fiscal year). One of the two projects for fiscal year 2017-18 could include an asset liability study for the Legacy Fund which was last completed by R.V. Kuhns in April of 2013. Although RIO recommends that Callan serve as our consultant for the upcoming biennium, we acknowledge that an investment consultant search should be conducted in the next biennium.

RIO recommends the SIB approve the Callan contract renewal for the 2017-19 biennium and request RIO to commence an investment consultant search in June of 2018 for the 2019-21 biennium.

Legacy Fund

Summary of Deposits, Net Earnings and Balances – March 31, 2017

Key Point: Legacy Fund Net Earnings exceed $593 million since inception including $328 million for the 9 months ended March 31, 2017.

Column	A	B	C	D	E
	Deposits	Net Earnings	Net Increase/ (Decrease)	Ending Net Position	Earnings as defined in NDCC 21-10-12
FY2012	396,585,658	2,300,225	398,885,883	398,885,883	2,571,475
FY2013	791,126,479	4,216,026	795,342,505	1,194,228,388	15,949,089
FY2014	907,214,971	113,153,662	1,020,368,633	2,214,597,021	50,033,655
FY2015	1,011,343,040	99,895,650	1,111,238,690	3,325,835,711	95,143,905
FY2016	434,853,950	45,851,680	480,705,630	3,806,541,341	65,326,673
*FY2017**	*292,410,579*	*328,346,227*	*620,756,806*	*4,427,298,147*	*161,780,005*
Totals	**3,833,534,677 Total Deposits**	**593,763,470 Net Earnings**		**4,427,298,147 Ending Balance**	**390,804,802**

** FY2017 amounts are preliminary and unaudited.*

Column A - Deposits into the Legacy Fund total $3.833 billion since incepetion including $292,410,579 in Fiscal 2017.

Column B - Net Earnings for the Legacy Fund total $594 million since inception including $328,346,227 in Fiscal 2017.

Column C - Represents the sum of Deposits (Column A) and Net Earnings (Column B) totalling $620,756,806 in Fiscal 2017.

Column D - Represents the "Ending Net Position" of the Legacy Fund and approximates $4.427 billion at March 31, 2017.

Column E - Earnings (per NDCC 21-10-02) approximates $391 million since inception including $162 million in Fiscal 2017.

Note: Amounts are preliminary, unaudited and subject to change.

International Monetary Fund – Country GDP Rankings (2016):

The U.S. is # 1 followed by China, Japan, Germany, U.K., France and India.

Rank	Country	GDP - US $ (trillions)	%
1	United States	18.6	25%
—	*European Union*	*16.4*	*22%*
2	China	11.2	15%
3	Japan	4.9	7%
4	Germany	3.5	5%
5	United Kingdom	2.6	3%
6	France	2.5	3%
7	India	2.3	3%
8	Italy	1.9	3%
9	Brazil	1.8	2%
10	Canada	1.5	2%
11	South Korea	1.4	2%
12	Russia	1.3	2%
13	Australia	1.3	2%
14	Spain	1.2	2%
15	Mexico	1.0	1%
	Rest of World	18.3	24%
		75.3	100%

May 2017

North Dakota
State Investment Board

Performance Evaluation

as of March 31, 2017

Paul Erlendson
Senior Vice President

Alex Browning
Vice President

Agenda

- Review economic and market environment for periods ended March 31, 2017
- Pension Trust Quarterly Review
  - Results and Observations
- Insurance Trust Quarterly Review
  - Results and Observations
- Attribution Review
  - Manager Effect
  - Asset Allocation Effect

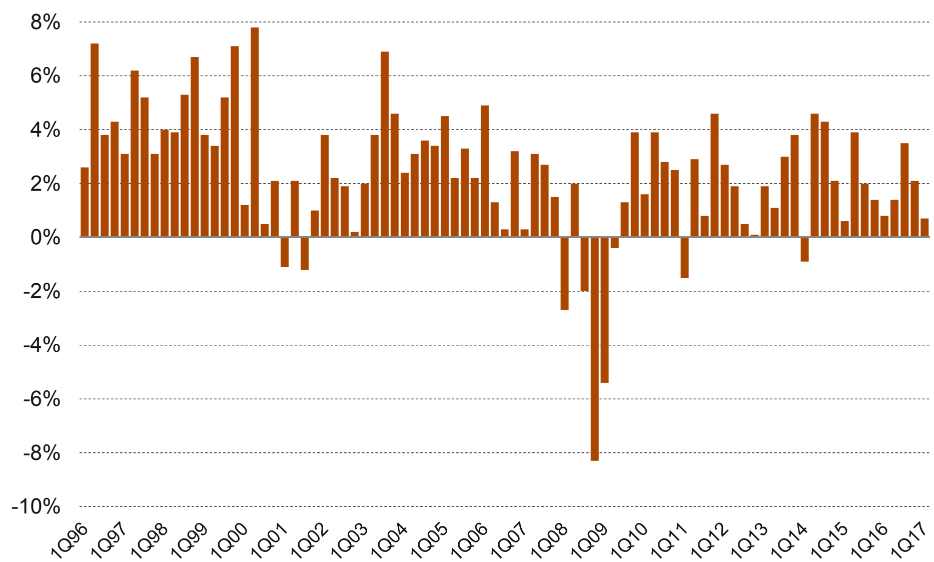
Review of Economic and Market Environment

- As of March 31, 2017

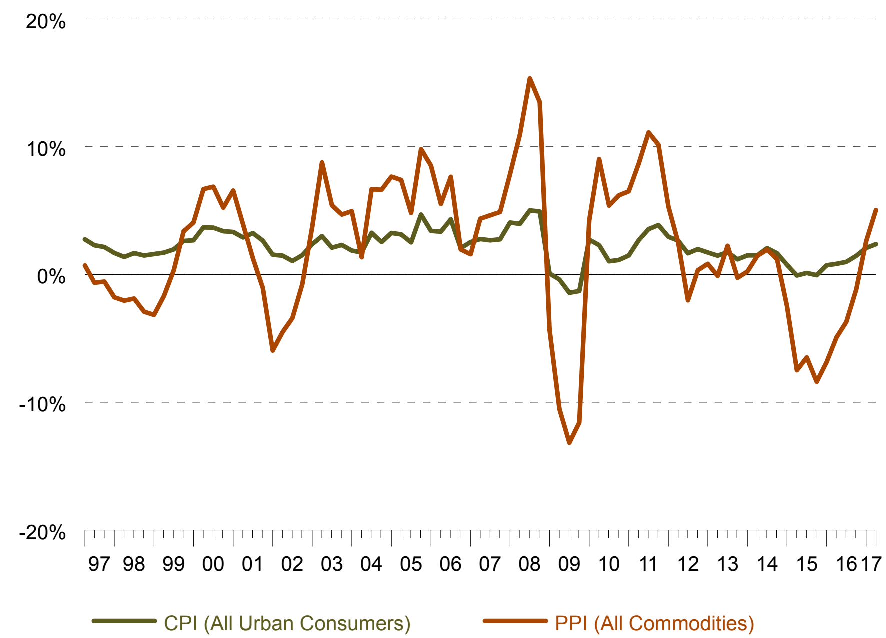
U.S. Economy

Periods Ending March 31, 2017

Quarterly Real GDP Growth (20 Years)

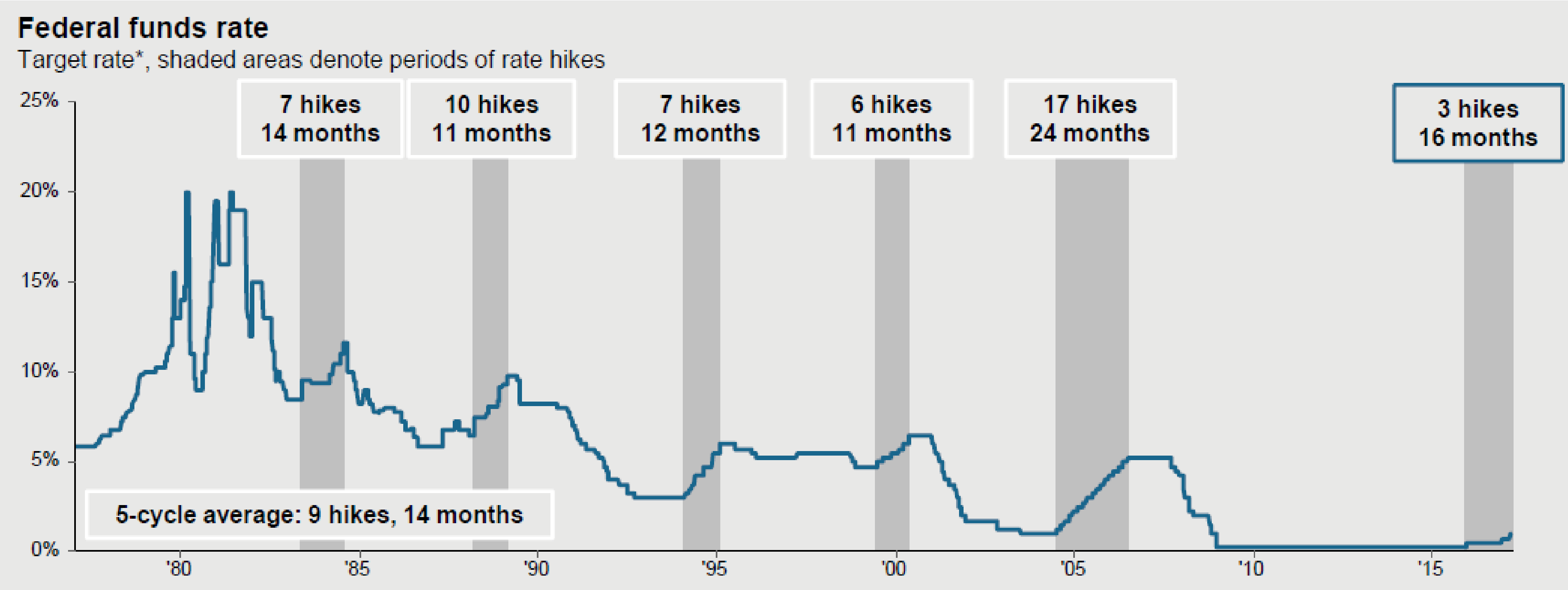


Inflation Year-Over-Year



- The initial estimate of 1st quarter GDP came out at 0.7%, lagging the 4th quarter, up 2.1%.
- March headline inflation rose 2.4% over the trailing twelve months. Core CPI increased 2.0%.
- March unemployment was 4.5% (down 0.2% from December) and the labor force participation rate rose to 63.0% (up 0.4%).
- The Fed increased the target overnight rate to 0.75% - 1.00% on March 15.

Historical Impact of Rising Fed Rate Environments

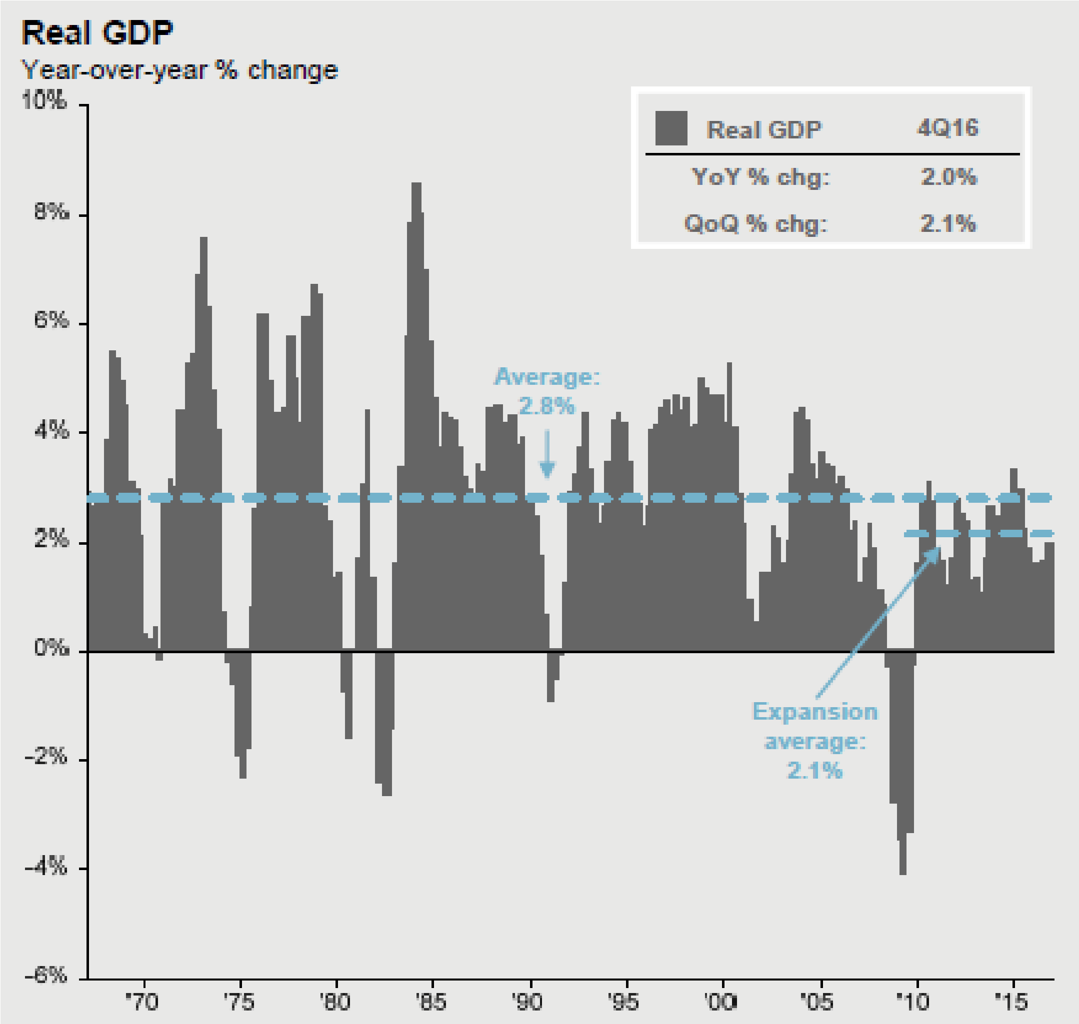


Market reaction during previous rate hiking cycles

	May 1983 – July 1984	March 1988 – February 1989	February 1994 – February 1995	June 1999 – May 2000	June 2004 – June 2006	Average of past five rate hiking cycles	Cycle beginning December 2015
Yield change (bps)							
Federal funds rate	313	325	300	175	425	308	75
2-year Treasury	311	227	305	121	238	240	25
10-year Treasury	274	91	185	50	52	130	10
S&P 500 return	-9.6%	6.8%	-2.1%	8.5%	12.0%	3.1%	14.0%
U.S. dollar	10.4%	1.7%	-4.7%	3.4%	-5.8%	1.0%	-0.3%

Source: FactSet, Federal Reserve, Standard & Poor's, J.P. Morgan Asset Management.

Historical Real GDP



Source: BEA, FactSet, J.P. Morgan Asset Management.
Values may not sum to 100% due to rounding. Quarter-over-quarter percent changes are at an annualized rate. Average represents the annualized growth rate for the full period. Expansion average refers to the period starting in the second quarter of 2009.
Guide to the Markets – U.S. Data are as of March 31, 2017.

Asset Class Performance

Periodic Table of Investment Returns for Periods Ended March 31, 2017

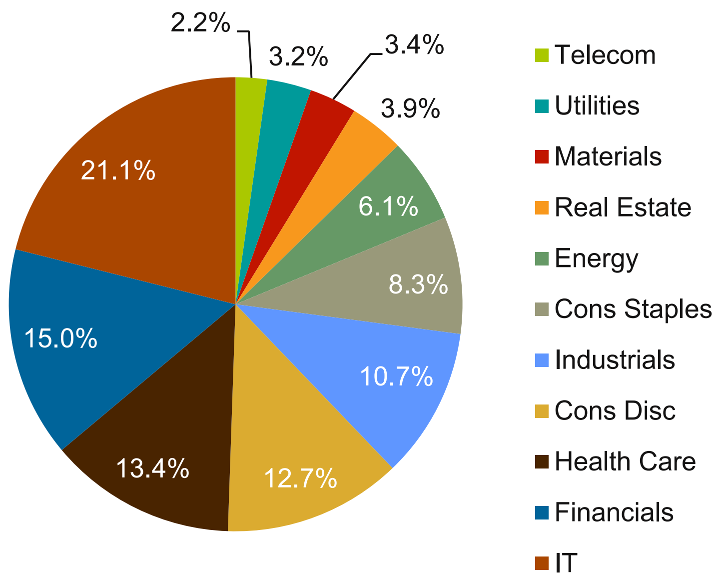
Best → Worst

Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
MSCI:EM Gross 11.5%	Russell:2000 Index 26.2%	S&P:500 10.4%	S&P:500 13.3%	S&P:500 7.5%	Russell:2000 Index 8.7%
MSCI:EAFE 7.2%	MSCI:EM Gross 17.7%	Russell:2000 Index 7.2%	Russell:2000 Index 12.4%	Russell:2000 Index 7.1%	S&P:500 7.9%
S&P:500 6.1%	S&P:500 17.2%	Blmbg:Aggregate 2.7%	MSCI:EAFE 5.8%	Blmbg:Aggregate 4.3%	MSCI:EM Gross 5.9%
Russell:2000 Index 2.5%	MSCI:EAFE 11.7%	MSCI:EM Gross 1.5%	Blmbg:Aggregate 2.3%	MSCI:EM Gross 3.0%	Blmbg:Aggregate 5.4%
Blmbg:Aggregate 0.8%	Blmbg:Commodity Price Idx **8.3%**	MSCI:EAFE 0.5%	MSCI:EM Gross 1.2%	MSCI:EAFE 1.1%	MSCI:EAFE 4.6%
3 Month T-Bill 0.1%	Blmbg:Aggregate 0.4%	3 Month T-Bill 0.2%	3 Month T-Bill 0.1%	3 Month T-Bill 0.7%	3 Month T-Bill 2.2%
Blmbg:Commodity Price Idx **(2.5%)**	3 Month T-Bill 0.4%	Blmbg:Commodity Price Idx **(14.1%)**	Blmbg:Commodity Price Idx **(9.7%)**	Blmbg:Commodity Price Idx **(6.8%)**	Blmbg:Commodity Price Idx **(1.9%)**

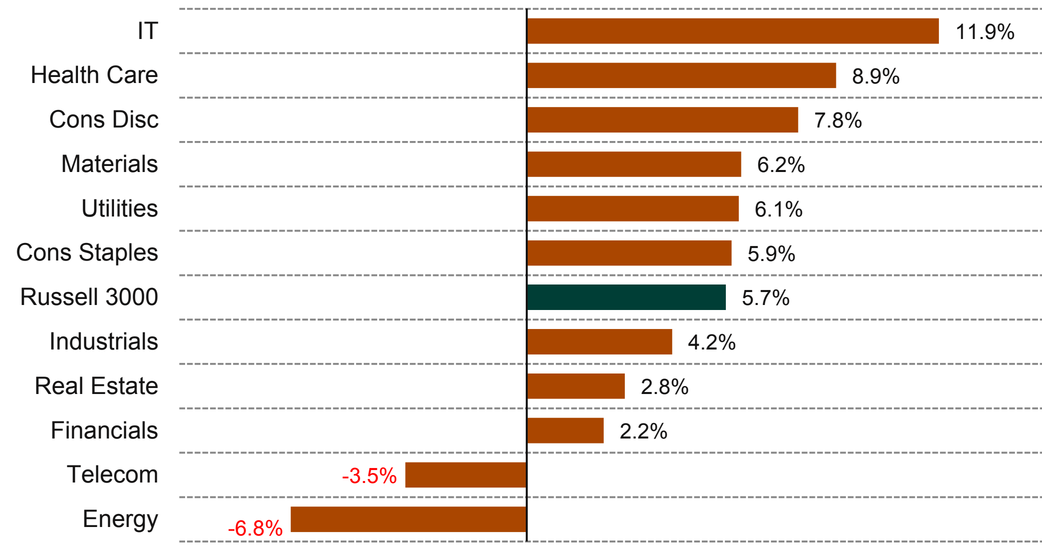
U.S. Equity Returns

Periods Ending March 31, 2017

Economic Sector Exposure (Russell 3000)



Quarterly Returns (Russell 3000)

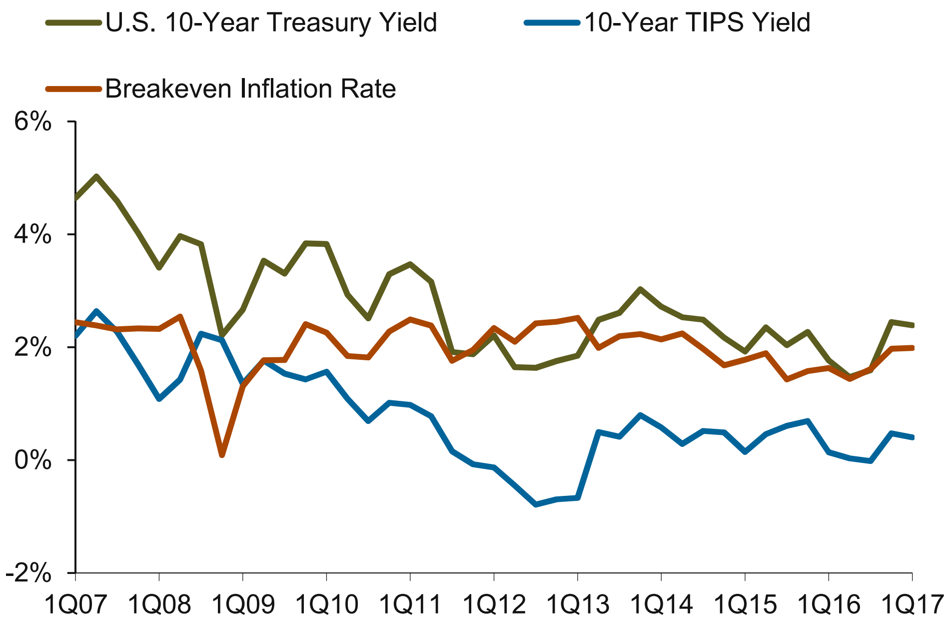


- The RU 1000 was up 6.0% - Information Technology (+12.3%) and Health Care (+8.6%) were the best performing sectors.
- The RU 2000 was up 2.5% - Health Care (+12.5%) and Information Technology (+6.0%) were the best performing sectors.
- Some lagging sectors through December regained traction in the first quarter - Utilities (+6.1%) and Consumer Staples (+5.9%) were strong performers.

U.S. Equity Returns

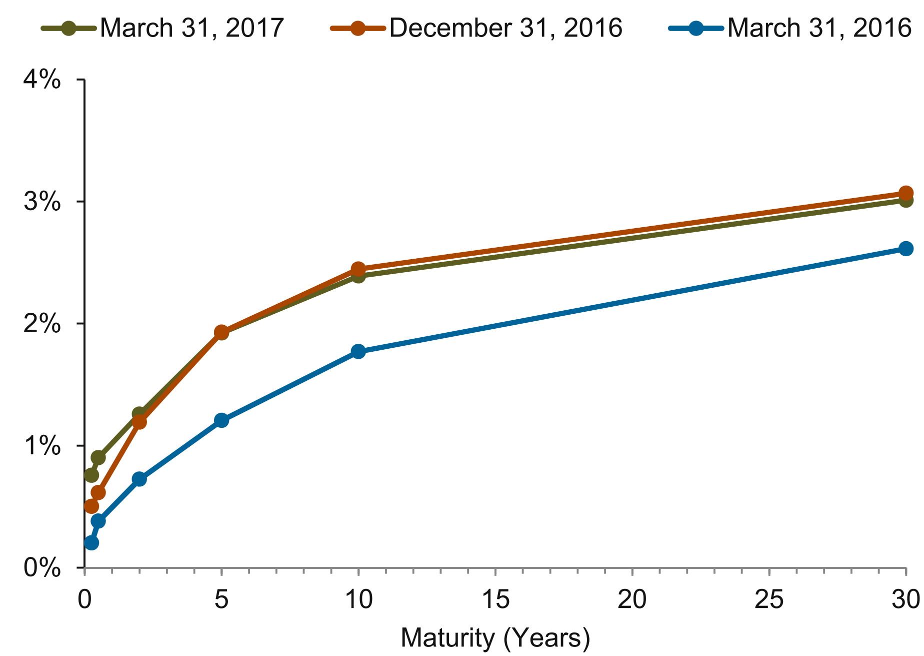
Periods Ending March 31, 2017

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



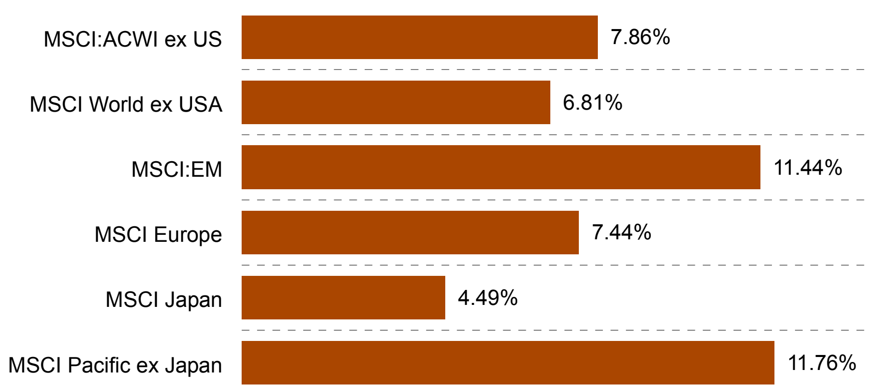
Source: U.S. Department of the Treasury

- Treasury yields rose at the short end of the curve and dipped slightly at the long end. The yield on the 10-year decreased 5 bps and the 30-year decreased 4 bps. The 1-month increased 30 bps.
- Breakeven inflation rate was flat on soft March inflation figures.
- Worldwide, rates remain low.

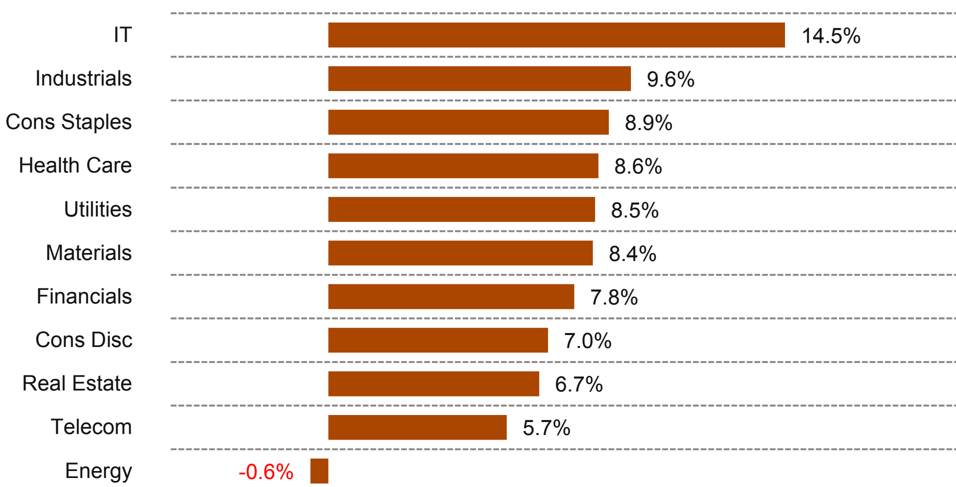
U.S. Equity Returns

Periods Ending March 31, 2017

Regional Quarterly Performance (U.S. Dollar)

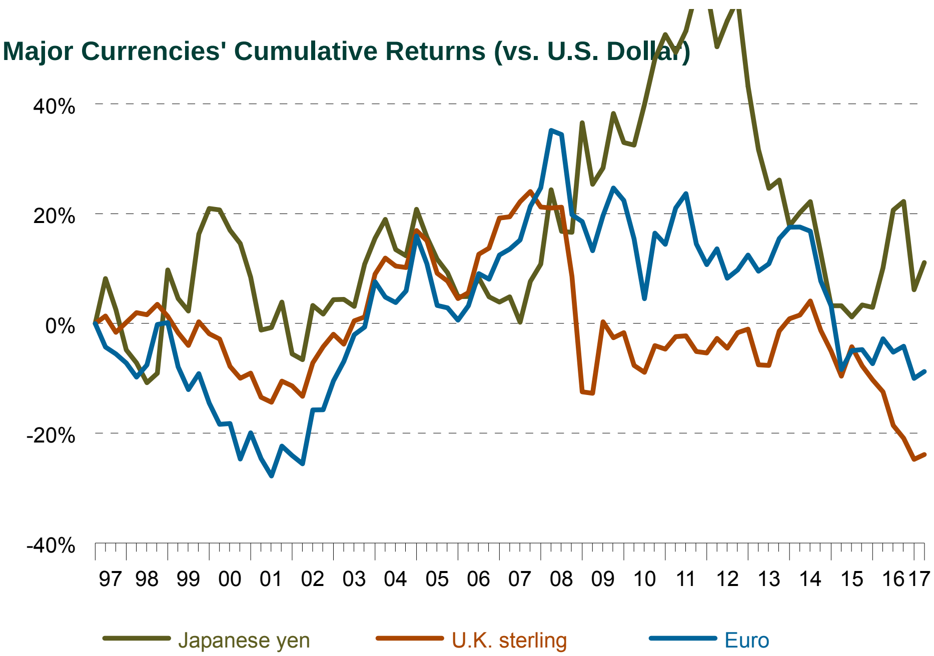


ACWI ex-U.S. Sector Returns



Source: Barrow Hanley Quarterly Benchmark Review

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



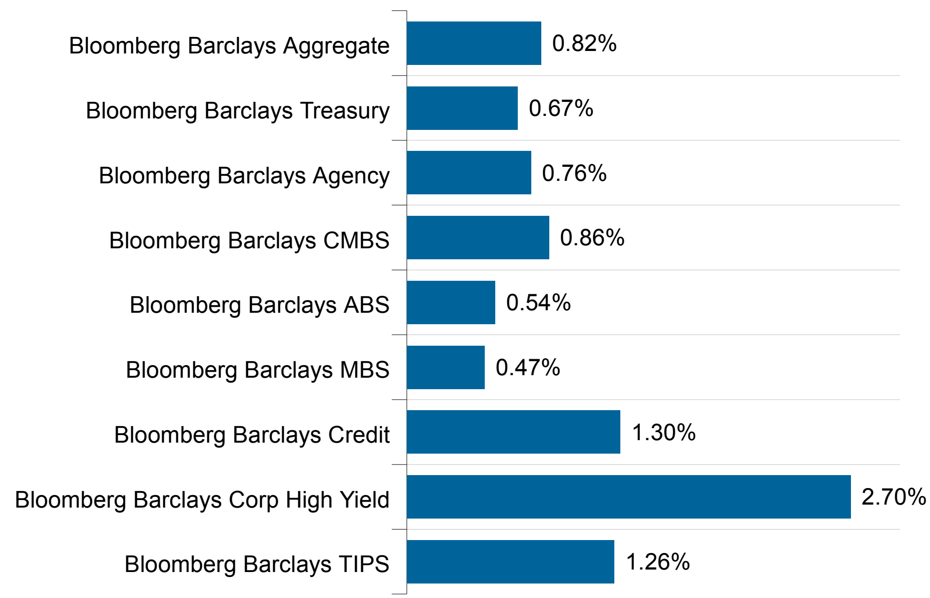
*Euro returns from 1Q99. German mark prior to 1Q99.
Source: MSCI

- Best performing region was Pacific ex Japan (+11.8%).
- The yen (+4.7%), pound (1.2%), and euro (+1.4%) strengthened versus the dollar.
- Information Technology and Industrials were the top and Telecom and Energy the worst performing sectors.

Total Rates of Return by Bond Sector

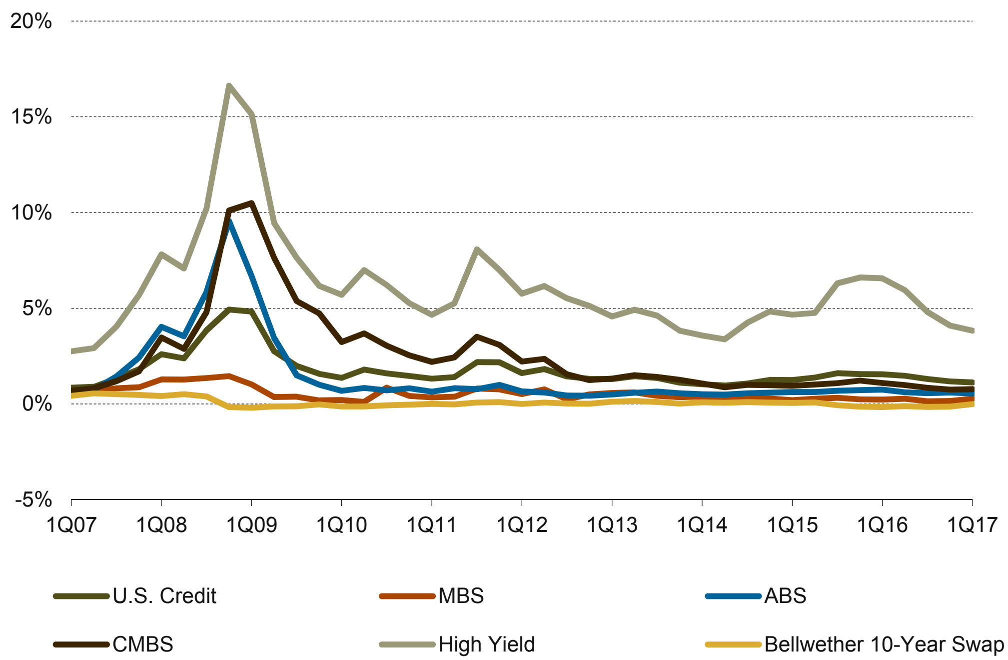
Periods Ending March 31, 2017

Total Returns



Source: Bloomberg Barclays

Effective Yield Over Treasuries



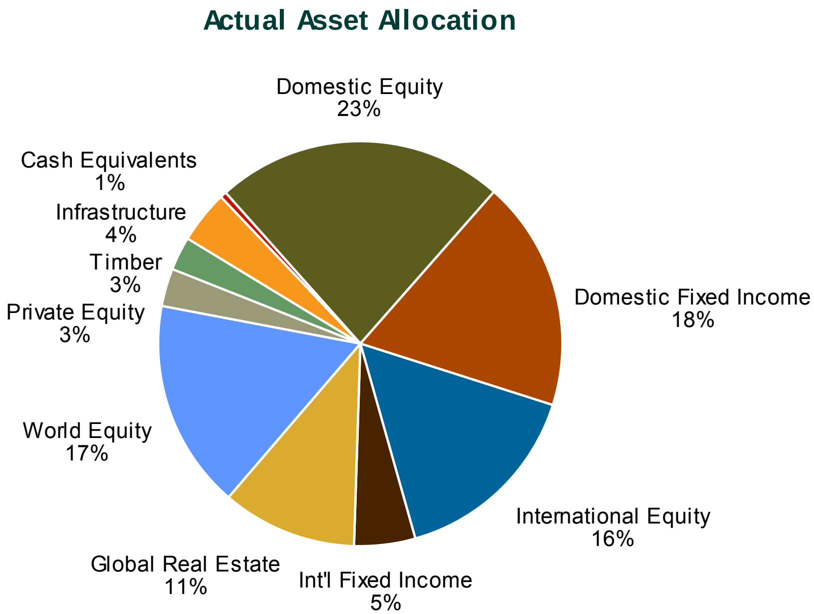
- All sectors experienced positive returns. The best performing sector was high yield (+2.7%).
- Worst performing sector of the Aggregate was mortgage-backed securities (+0.5%).
- Treasury Inflation Protected Securities (TIPS) outperformed Treasuries.
- Spreads contracted across investment grade credit, high yield, and asset-backed security sectors.

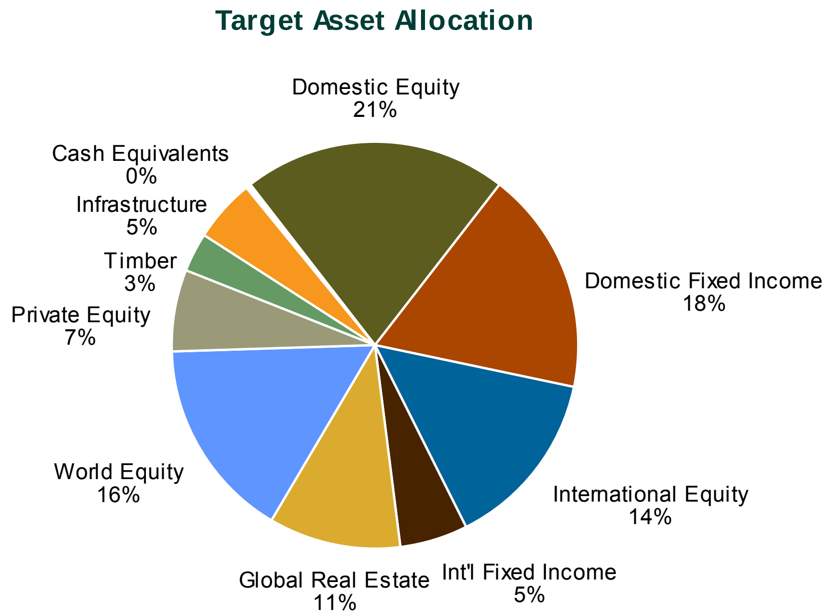
Consolidated Pension Trusts Quarterly Review

- Public Employees Retirement System
- Teachers' Fund for Retirement

Consolidated Pension Trust Allocation

As of March 31, 2017

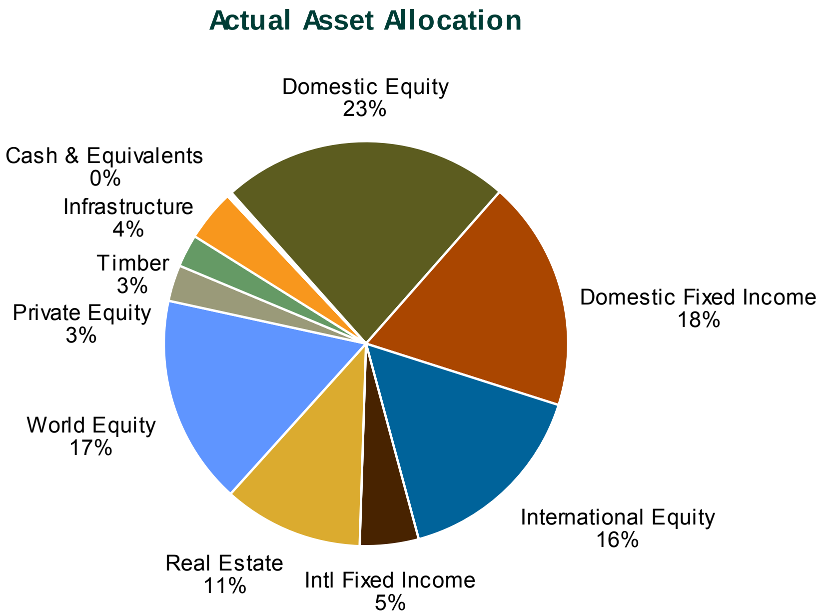


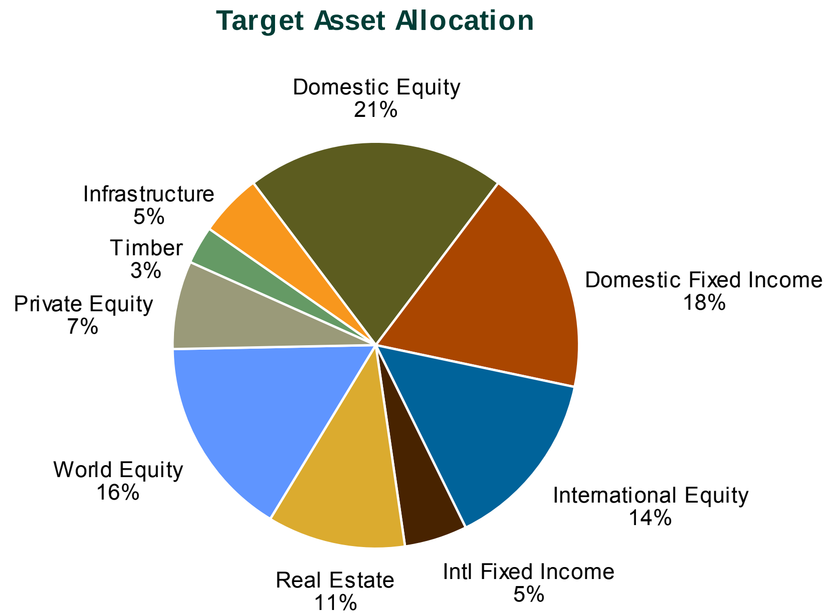


Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	1,175,451	23.1%	21.0%	2.1%	104,585
Domestic Fixed Income	937,338	18.4%	17.8%	0.6%	29,651
International Equity	801,493	15.7%	14.3%	1.4%	72,284
Int'l Fixed Income	249,821	4.9%	5.4%	(0.5%)	(25,545)
Global Real Estate	548,322	10.8%	10.5%	0.3%	12,889
World Equity	849,243	16.7%	16.0%	0.7%	33,345
Private Equity	155,216	3.0%	6.5%	(3.5%)	(176,242)
Timber	139,660	2.7%	3.1%	(0.4%)	(18,421)
Infrastructure	215,493	4.2%	5.0%	(0.8%)	(39,475)
Cash Equivalents	27,325	0.5%	0.4%	0.1%	6,928
Total	5,099,362	100.0%	100.0%		

PERS Allocation

As of March 31, 2017



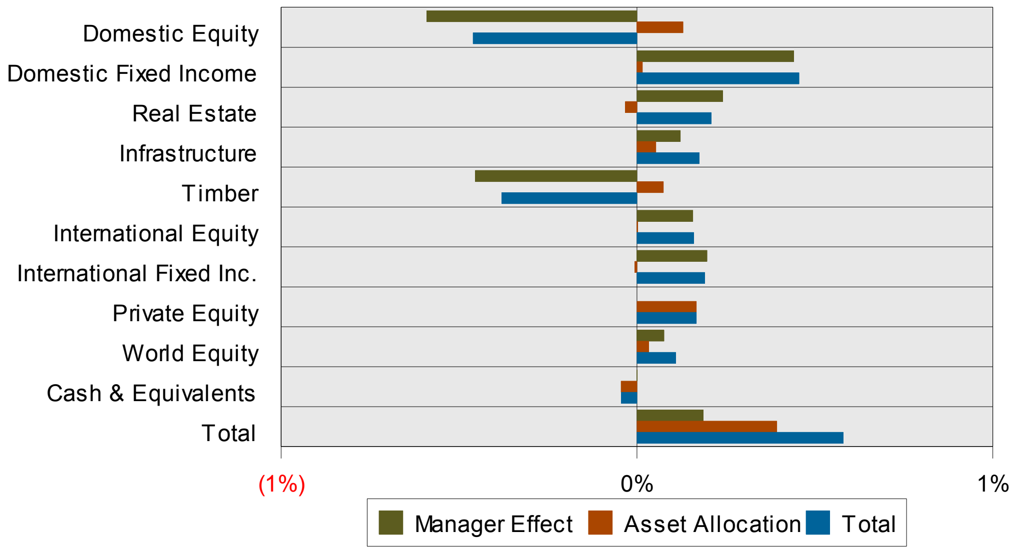


Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	619,104	23.1%	20.6%	2.5%	68,057
Domestic Fixed Income	492,079	18.4%	18.0%	0.4%	10,581
International Equity	425,043	15.9%	14.4%	1.5%	39,845
Intl Fixed Income	125,236	4.7%	5.0%	(0.3%)	(8,514)
Real Estate	299,704	11.2%	11.0%	0.2%	5,455
World Equity	447,105	16.7%	16.0%	0.7%	19,107
Private Equity	77,870	2.9%	7.0%	(4.1%)	(109,379)
Timber	70,545	2.6%	3.0%	(0.4%)	(9,705)
Infrastructure	110,505	4.1%	5.0%	(0.9%)	(23,244)
Cash & Equivalents	7,797	0.3%	0.0%	0.3%	7,797
Total	2,674,985	100.0%	100.0%		

PERS Performance and Attribution

As of March 31, 2017

One Year Relative Attribution Effects



1 Year Ended 3/31/2017	
Gross:	10.67%
Net of fees:	10.37%
Target:	10.09%
Net Added:	0.28%

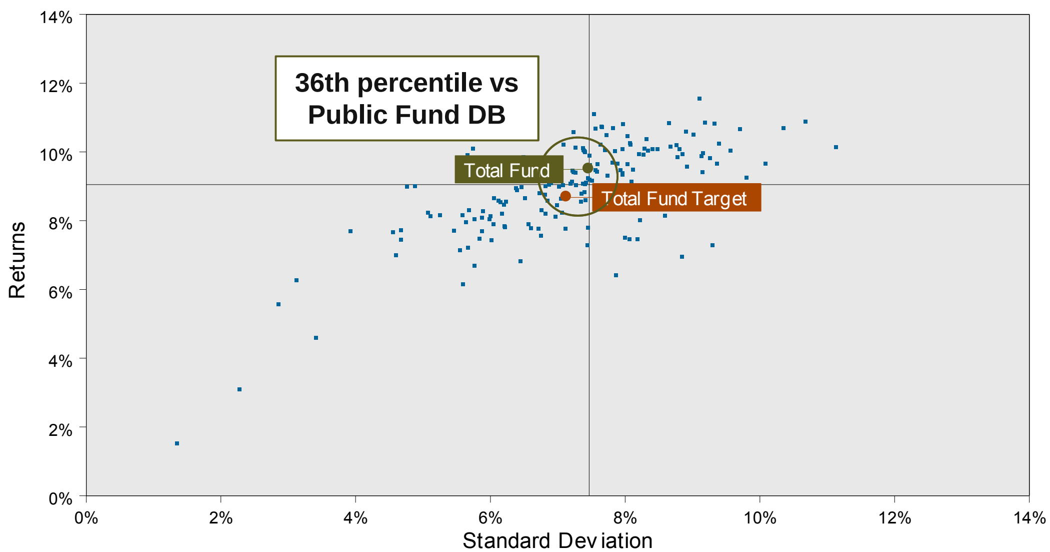
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	16.67%	19.44%	(0.59%)	0.13%	(0.46%)
Domestic Fixed Income	18%	18%	7.21%	4.80%	0.44%	0.02%	0.46%
Real Estate	11%	11%	9.32%	7.27%	0.24%	(0.03%)	0.21%
Infrastructure	4%	5%	4.96%	2.35%	0.12%	0.05%	0.18%
Timber	3%	4%	(9.81%)	3.64%	(0.45%)	0.07%	(0.38%)
International Equity	15%	14%	13.93%	12.92%	0.16%	0.00%	0.16%
International Fixed Inc.	5%	5%	(0.30%)	(3.93%)	0.20%	(0.01%)	0.19%
Private Equity	3%	6%	3.30%	3.30%	0.00%	0.17%	0.17%
World Equity	17%	16%	15.20%	14.77%	0.08%	0.03%	0.11%
Cash & Equivalents	1%	0%	0.61%	0.52%	0.00%	(0.04%)	(0.04%)
Total			**10.67% =**	**10.09% +**	**0.19% +**	**0.39%**	**0.58%**

PERS Performance and Attribution

As of March 31, 2017

Six and Three-Quarter Year Annualized Risk vs Return



Squares represent membership of the CAI Public Fund Sponsor Database

6¾ Years Ended 3/31/2017	
Gross:	9.50%
Net of fees:	9.15%
Target:	8.68%
Net Added:	0.47%

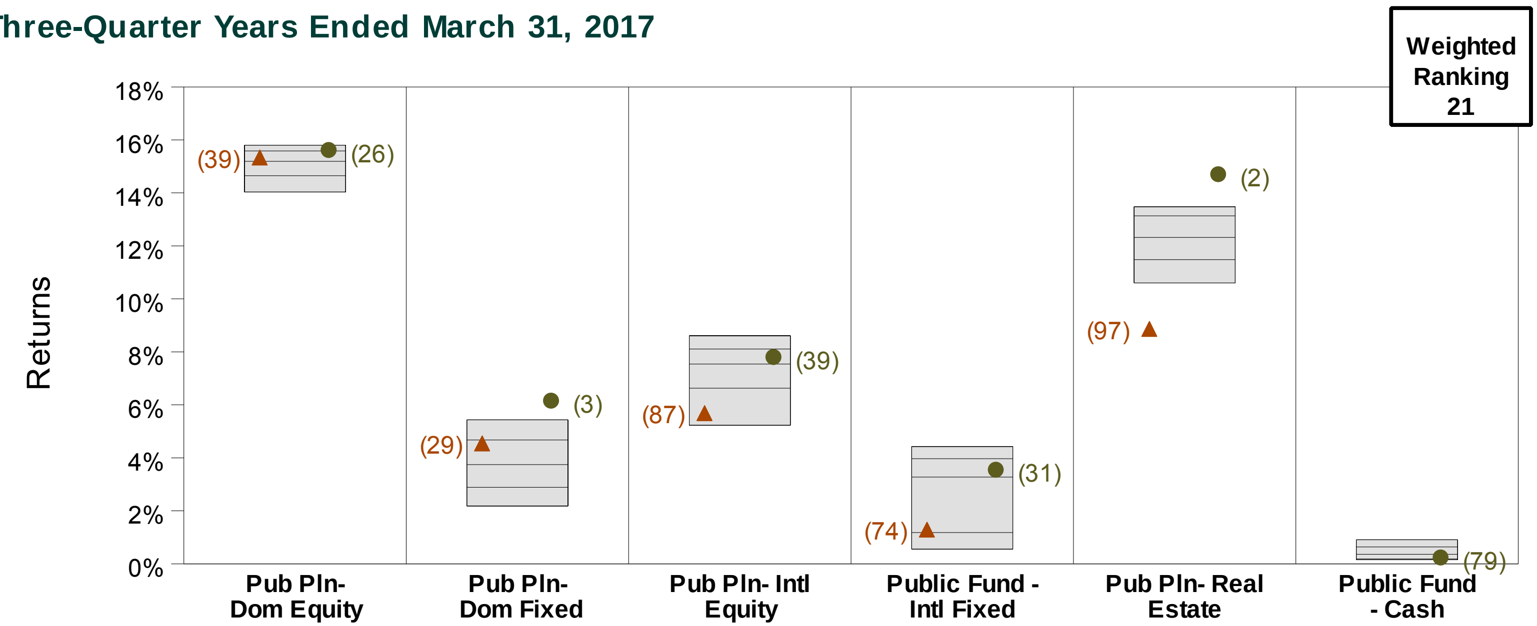
Six and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
Domestic Equity	27%	26%	15.55%		15.34%		0.00%		0.11%	0.11%
Domestic Fixed Income	20%	19%	6.09%		4.55%		0.26%		(0.04%)	0.22%
Real Estate	9%	9%	14.64%		11.75%		0.23%		0.01%	0.24%
Timber	4%	4%	-		-		(0.27%)		(0.04%)	(0.30%)
Infrastructure	3%	4%	-		-		0.15%		0.08%	0.23%
Interntional Equity	16%	16%	7.74%		5.70%		0.31%		(0.06%)	0.25%
International Fixed Inc.	5%	5%	3.49%		1.30%		0.12%		(0.01%)	0.11%
Private Equity	4%	5%	2.92%		2.92%		0.00%		(0.00%)	(0.00%)
World Equity	11%	11%	-		-		0.02%		(0.03%)	(0.02%)
Cash & Equivalents	1%	1%	0.18%		0.16%		0.00%		(0.02%)	(0.02%)
Total			**9.50%**	**=**	**8.68%**	**+**	**0.82%**	**+**	**0.00%**	**0.82%**

Asset Class Composite Results

PERS' results vs other Public Funds

Total Asset Class Performance
Six and Three-Quarter Years Ended March 31, 2017

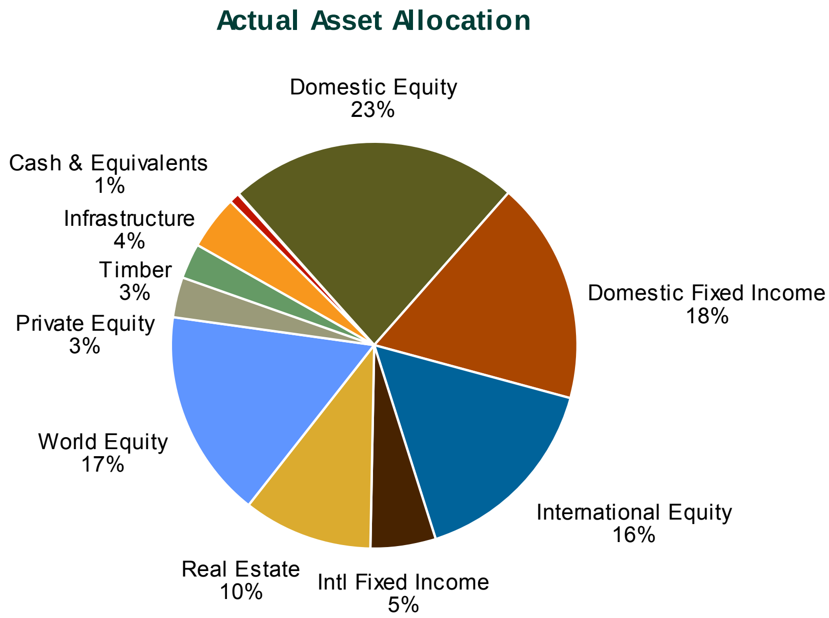


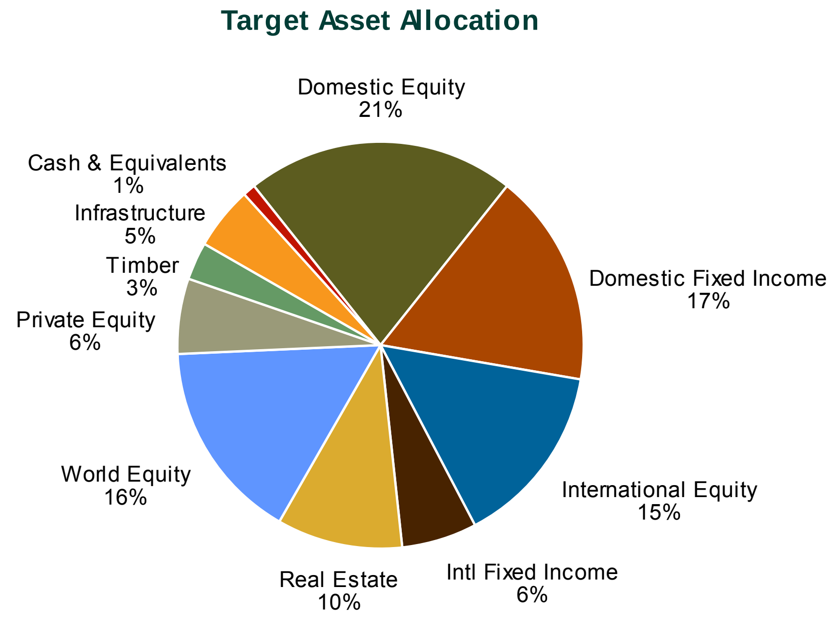
	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	15.81	5.44	8.61	4.43	13.48	0.91
25th Percentile	15.59	4.68	8.11	3.97	13.14	0.64
Median	15.20	3.75	7.55	3.27	12.33	0.36
75th Percentile	14.65	2.89	6.63	1.18	11.49	0.19
90th Percentile	14.03	2.18	5.23	0.55	10.61	0.15
Asset Class Composite ●	15.55	6.09	7.74	3.49	14.64	0.18
Composite Benchmark ▲	15.34	4.55	5.70	1.30	8.87	-

- Public market asset classes are above median except cash.
  - Many "cash" funds have exposure to higher return and risk strategies (i.e. credit and longer duration) than NDSIB does.
- Domestic fixed income and real estate returns in top decile.

TFFR Allocation

As of March 31, 2017



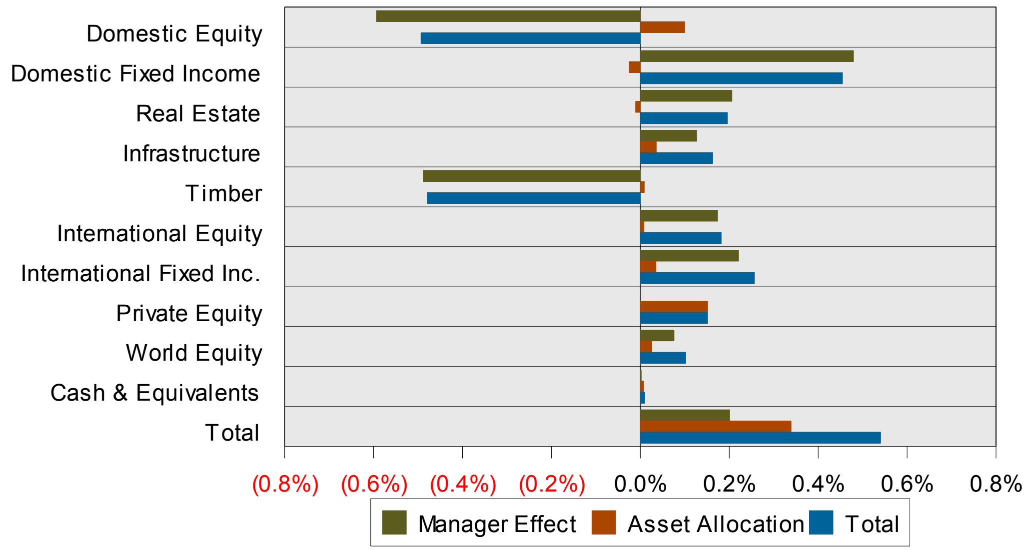


Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	516,998	23.1%	21.4%	1.7%	38,991
Domestic Fixed Income	396,452	17.7%	17.0%	0.7%	16,727
International Equity	354,113	15.9%	14.6%	1.3%	27,996
Intl Fixed Income	116,575	5.2%	6.0%	(0.8%)	(17,446)
Real Estate	229,197	10.3%	10.0%	0.3%	5,829
World Equity	371,124	16.6%	16.0%	0.6%	13,736
Private Equity	71,475	3.2%	6.0%	(2.8%)	(62,545)
Timber	63,041	2.8%	3.0%	(0.2%)	(3,969)
Infrastructure	96,277	4.3%	5.0%	(0.7%)	(15,406)
Cash & Equivalents	18,425	0.8%	1.0%	(0.2%)	(3,912)
Total	2,233,677	100.0%	100.0%		

TFFR Performance and Attribution

As of March 31, 2017

One Year Relative Attribution Effects



1 Year Ended 3/31/2017	
Gross:	10.48%
Net of fees:	10.18%
Target:	9.94%
Net Added:	0.24%

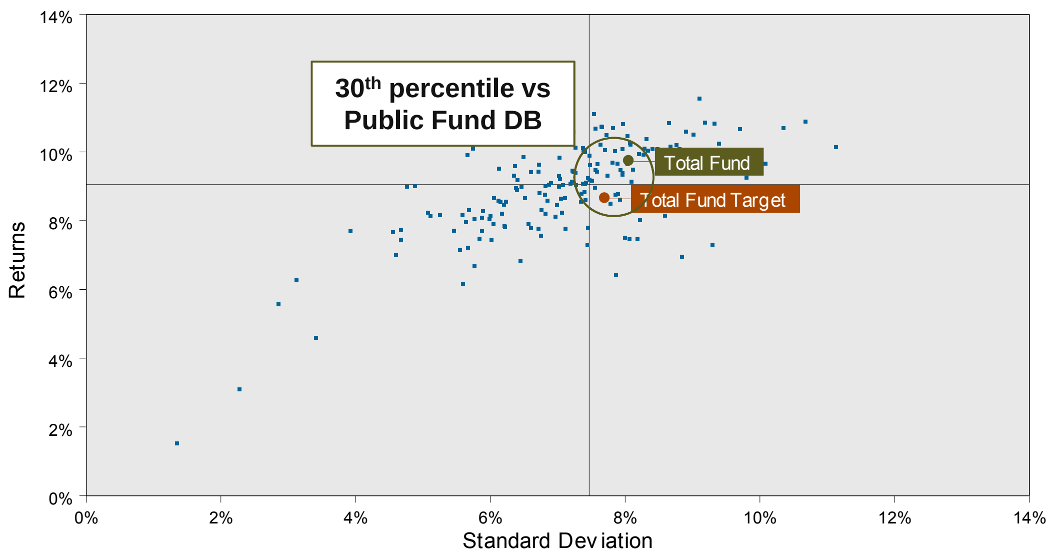
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	16.64%	19.42%	(0.59%)	0.10%	(0.49%)
Domestic Fixed Income	17%	17%	6.93%	4.26%	0.48%	(0.02%)	0.45%
Real Estate	10%	10%	9.32%	7.27%	0.21%	(0.01%)	0.20%
Infrastructure	5%	5%	4.96%	2.35%	0.13%	0.04%	0.16%
Timber	3%	3%	(9.81%)	3.64%	(0.49%)	0.01%	(0.48%)
International Equity	16%	15%	13.72%	12.64%	0.17%	0.01%	0.18%
International Fixed Inc.	6%	6%	(0.30%)	(3.93%)	0.22%	0.04%	0.26%
Private Equity	3%	6%	3.30%	3.30%	0.00%	0.15%	0.15%
World Equity	16%	16%	15.20%	14.77%	0.08%	0.03%	0.10%
Cash & Equivalents	1%	1%	0.60%	0.36%	0.00%	0.01%	0.01%
Total			**10.48% =**	**9.94% +**	**0.20% +**	**0.34%**	**0.54%**

TFFR Performance and Attribution

As of March 31, 2017

Six and Three-Quarter Year Annualized Risk vs Return



Squares represent membership of the CAI Public Fund Sponsor Database

6¾ Years Ended 3/31/2017

Gross:	9.72%
Net of fees:	9.37%
Target:	8.64%
Net Added:	0.73%

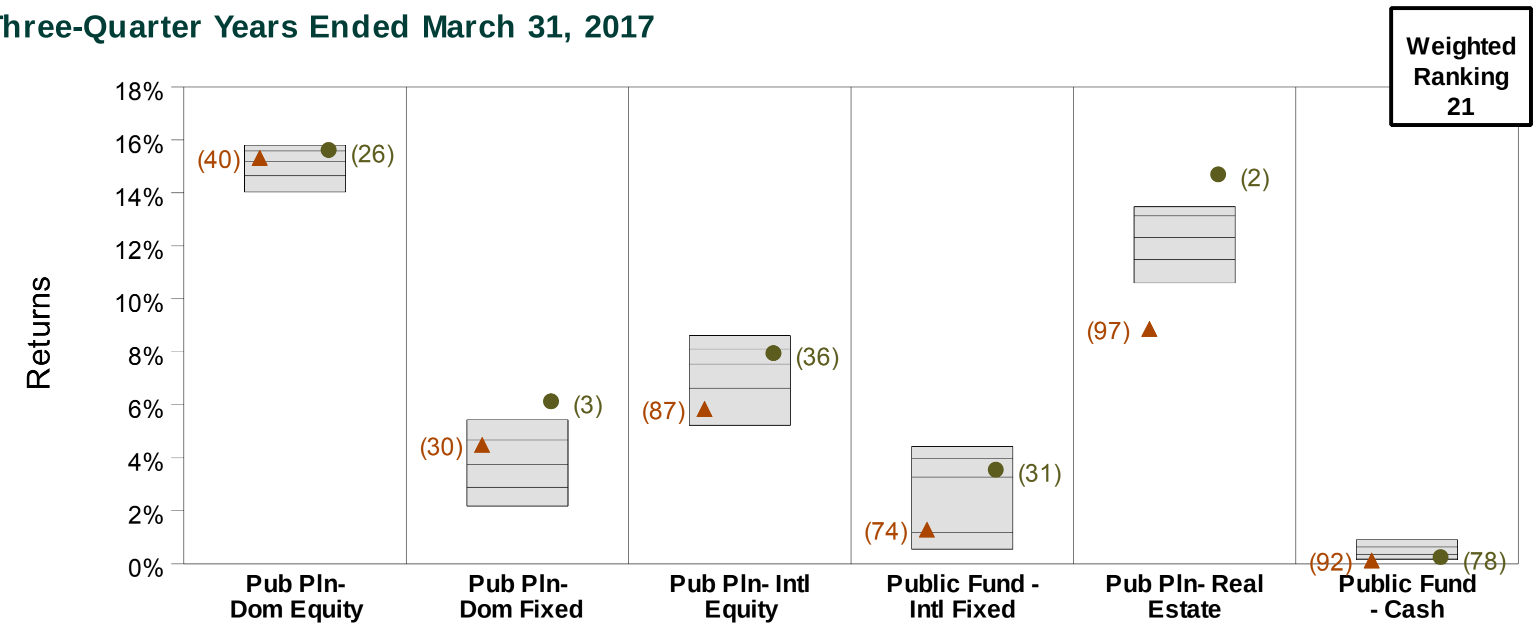
Six and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
Domestic Equity	27%	26%	15.55%		15.32%		0.01%		0.09%	0.11%
Domestic Fixed Income	18%	17%	6.07%		4.50%		0.27%		(0.02%)	0.25%
Real Estate	10%	10%	14.64%		11.75%		0.27%		0.02%	0.30%
Timber	4%	4%	-		-		(0.26%)		(0.00%)	(0.27%)
Infrastructure	3%	4%	-		-		0.15%		0.10%	0.25%
International Equity	17%	17%	7.88%		5.85%		0.37%		(0.02%)	0.35%
International Fixed Inc.	5%	5%	3.49%		1.30%		0.12%		(0.01%)	0.12%
Private Equity	5%	5%	2.94%		2.94%		0.00%		(0.00%)	(0.00%)
World Equity	11%	11%	-		-		0.02%		(0.03%)	(0.02%)
Cash & Equivalents	1%	1%	0.18%		0.13%		0.00%		(0.00%)	(0.00%)
Total			**9.72%**	**=**	**8.64%**	**+**	**0.96%**	**+**	**0.12%**	**1.08%**

Asset Class Composite Results

TFFR's asset class results vs other Public Pension Funds

Total Asset Class Performance
Six and Three-Quarter Years Ended March 31, 2017



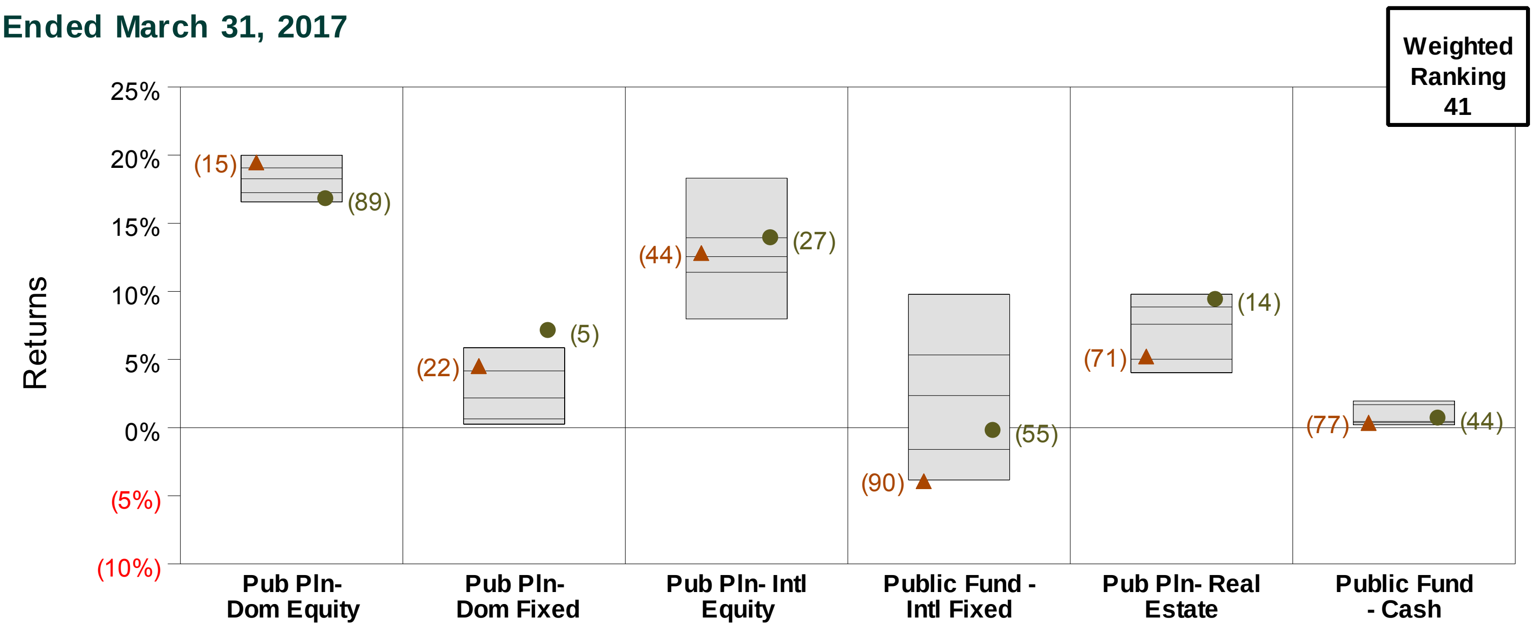
	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	15.81	5.44	8.61	4.43	13.48	0.91
25th Percentile	15.59	4.68	8.11	3.97	13.14	0.64
Median	15.20	3.75	7.55	3.27	12.33	0.36
75th Percentile	14.65	2.89	6.63	1.18	11.49	0.19
90th Percentile	14.03	2.18	5.23	0.55	10.61	0.15
Asset Class Composite ●	15.55	6.07	7.88	3.49	14.64	0.18
Composite Benchmark ▲	15.32	4.50	5.85	1.30	8.87	0.13

- Public market asset classes are all above their respective benchmark.
- Public market asset classes are all above median with the exception of cash.

Asset Class Composite Results

Consolidated Pension Trust asset class results vs other Public Pension Funds

Total Asset Class Performance
One Year Ended March 31, 2017



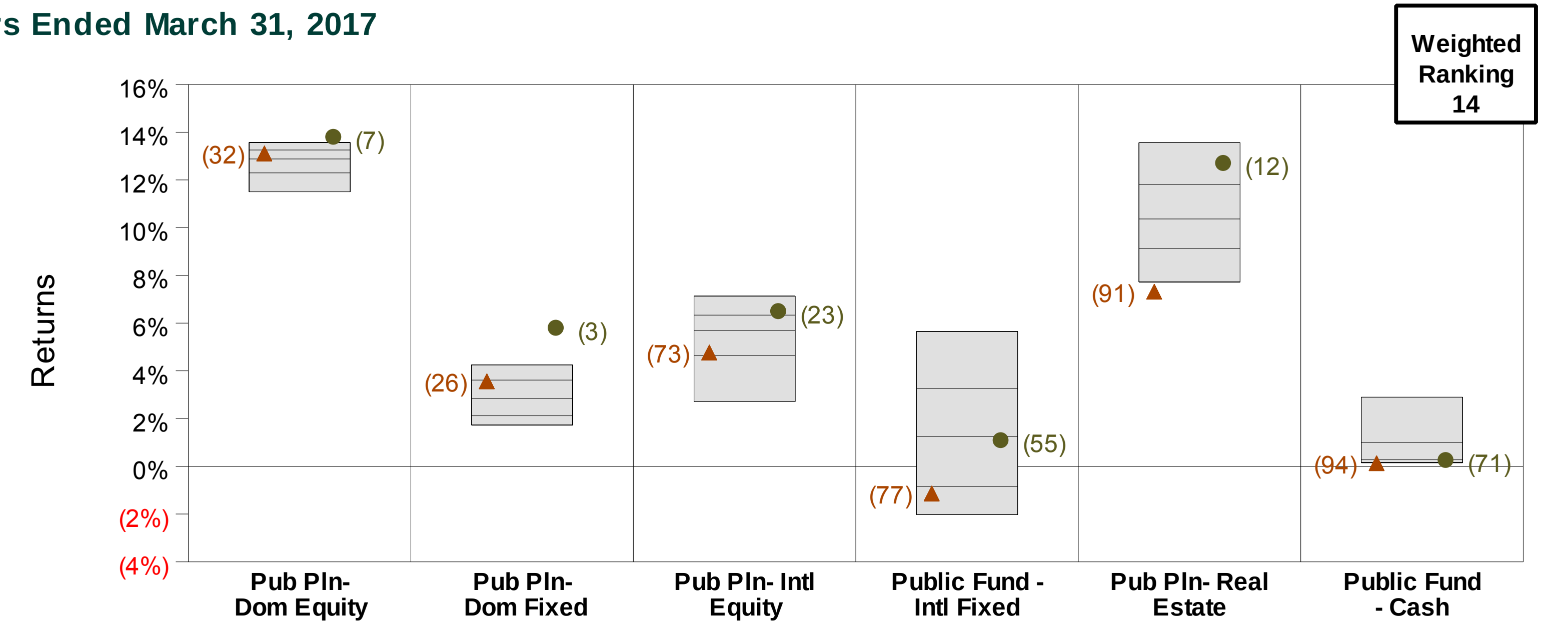
	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	19.99	5.86	18.31	9.79	9.80	1.96
25th Percentile	19.07	4.16	13.93	5.34	8.85	1.68
Median	18.26	2.18	12.55	2.36	7.58	0.45
75th Percentile	17.24	0.64	11.41	(1.60)	5.02	0.37
90th Percentile	16.57	0.26	7.97	(3.84)	4.03	0.21
Asset Class Composite ●	16.71	7.03	13.84	(0.32)	9.32	0.60
Composite Benchmark ▲	19.47	4.53	12.82	(3.93)	5.22	0.36

- Public market asset classes are all above median with the exception of domestic equity and international fixed income.
- Domestic fixed income and real estate returns in top quartile.

Asset Class Composite Results

Consolidated Pension Trust asset class results vs other Public Pension Funds

Total Asset Class Performance
Five Years Ended March 31, 2017



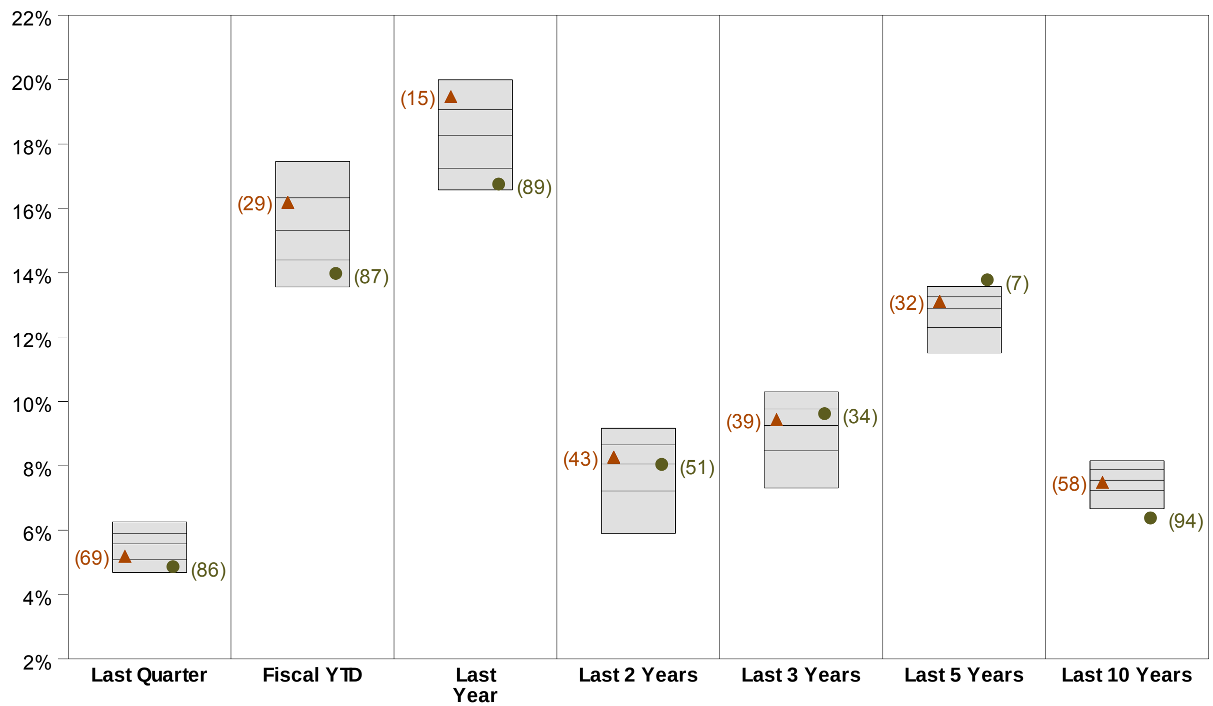
	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	13.57	4.26	7.14	5.66	13.57	2.90
25th Percentile	13.25	3.62	6.33	3.26	11.81	1.00
Median	12.88	2.86	5.69	1.25	10.36	0.28
75th Percentile	12.30	2.12	4.64	(0.85)	9.14	0.18
90th Percentile	11.51	1.74	2.71	(2.02)	7.73	0.15
Asset Class Composite ●	13.73	5.74	6.43	1.03	12.64	0.20
Composite Benchmark ▲	13.11	3.56	4.77	(1.13)	7.32	0.14

- Public market asset classes are all above median with the exception of international fixed income and cash.
- Domestic equity and fixed income returns in top decile.

Consolidated Pension Trust: U.S. Equity

As of March 31, 2017

Performance vs Pub Pln- Domestic Equity (Gross)



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	6.26	17.46	19.99	9.17	10.30	13.57	8.16
25th Percentile	5.90	16.33	19.07	8.65	9.77	13.25	7.88
Median	5.58	15.31	18.26	8.06	9.26	12.88	7.55
75th Percentile	5.08	14.40	17.24	7.21	8.47	12.30	7.23
90th Percentile	4.69	13.56	16.57	5.90	7.31	11.51	6.67
Domestic Equity ●	4.82	13.93	16.71	8.00	9.58	13.73	6.34
	5.19	16.19	19.47	8.27	9.43	13.11	7.49

- Domestic equity returns are above median and the benchmark over the last 3 and 5 years ended March 31, 2017.

Domestic Equity

Quarter Ended March 31, 2017

Index	Return
Russell 3000 Index	5.7%
Russell 1000 Index	6.0%
Russell 2000 Index	2.5%

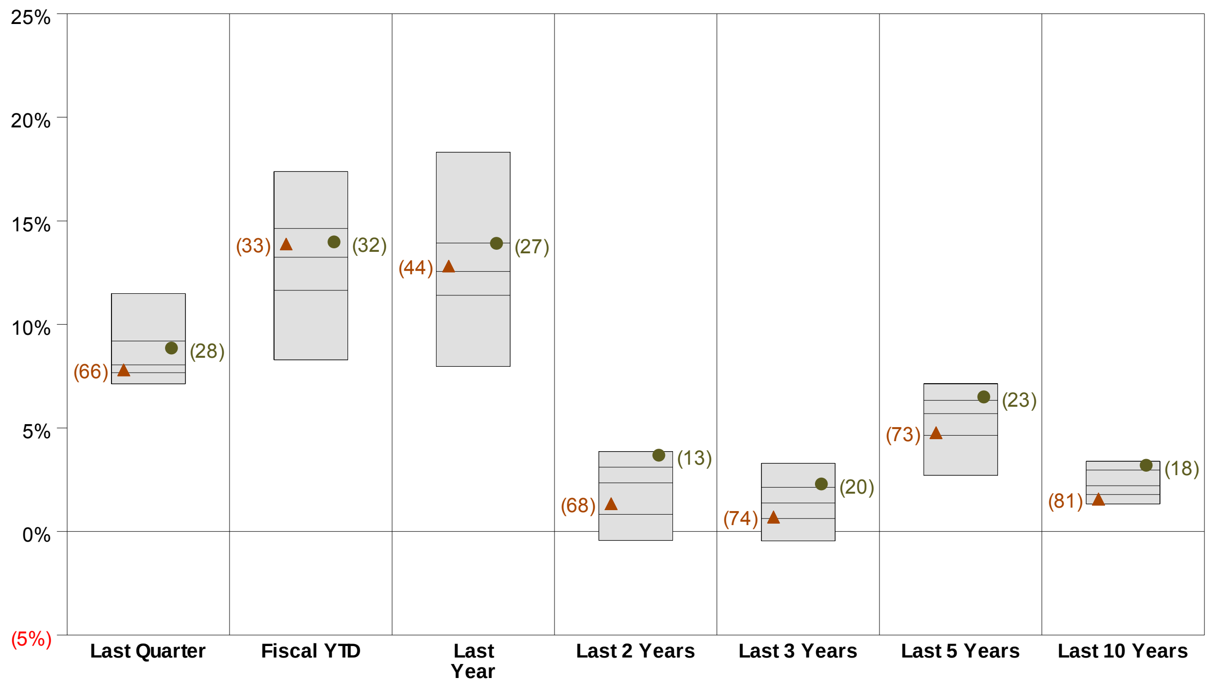
Style Exposure Matrix
Holdings as of March 31, 2017

	Value	Core	Growth	Total
Large	17.4% (106) 29.3% (105)	15.4% (87) 20.5% (89)	19.4% (92) 24.5% (98)	**52.1% (285)** **74.3% (292)**
Mid	8.1% (126) 4.9% (168)	9.9% (143) 6.7% (221)	5.9% (103) 5.7% (196)	**24.0% (372)** **17.3% (585)**
Small	4.9% (300) 2.3% (344)	10.5% (423) 3.0% (461)	6.5% (333) 2.2% (366)	**22.0% (1056)** **7.4% (1171)**
Micro	0.7% (268) 0.4% (269)	0.7% (380) 0.4% (382)	0.5% (223) 0.3% (225)	**1.9% (871)** **1.0% (876)**
Total	**31.1% (800)** **36.8% (886)**	**36.5% (1033)** **30.6% (1153)**	**32.4% (751)** **32.6% (885)**	**100.0% (2584)** **100.0% (2924)**

- The Consolidated Pension Trust's relative overweight to small cap assets in domestic equity served as a headwind during the first quarter of 2017.
- As noted in the table to the left, small cap stocks trailed large cap stocks by 3.5% during the quarter.
- As of March 31, 2017, the Consolidated Pension Trust's domestic equity program was considerably underweight small cap equities (Consolidated Pension Trust: 22.0% vs. Russell 3000: 7.4%)

Consolidated Pension Trust: International Equity

As of March 31, 2017



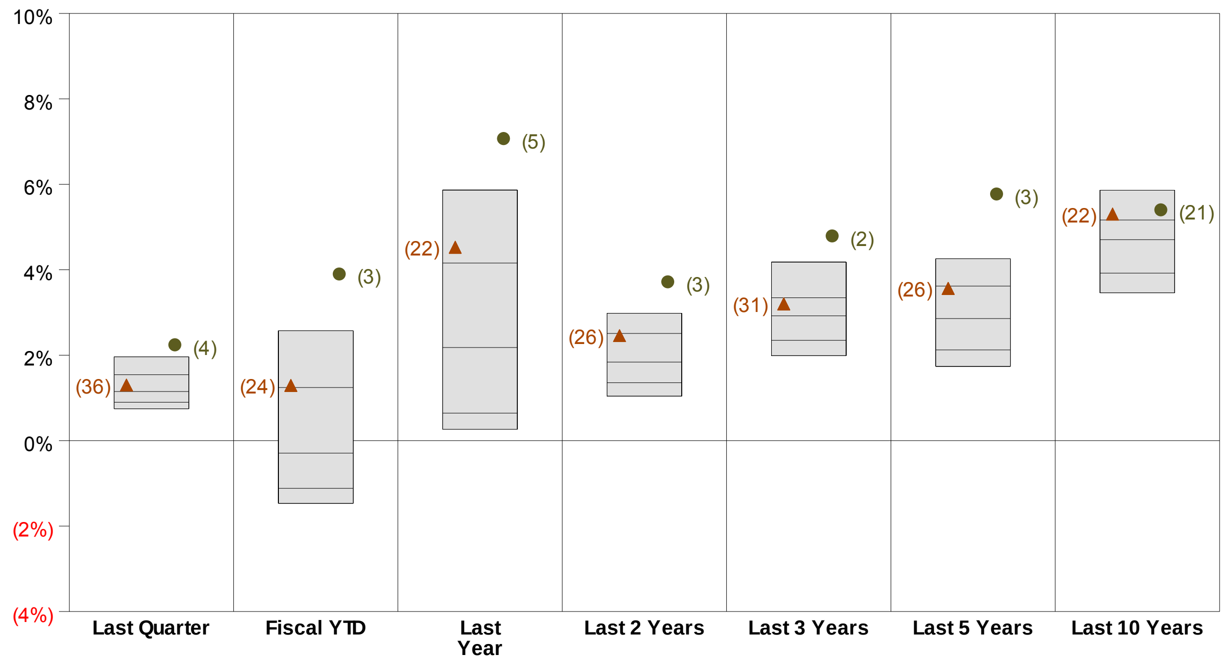
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	11.49	17.38	18.31	3.87	3.29	7.14	3.39
25th Percentile	9.19	14.63	13.93	3.10	2.14	6.33	2.97
Median	8.05	13.24	12.55	2.35	1.38	5.69	2.21
75th Percentile	7.67	11.64	11.41	0.82	0.63	4.64	1.78
90th Percentile	7.13	8.29	7.97	(0.43)	(0.45)	2.71	1.33
International Equity ●	8.79	13.91	13.84	3.62	2.23	6.43	3.13
International Equity Target ▲	7.81	13.88	12.82	1.34	0.70	4.77	1.57

- International equity returns are above the benchmark and median for all time periods represented above.

Consolidated Pension Trust: U.S. Fixed Income

As of March 31, 2017

Performance vs Pub Pln- Domestic Fixed (Gross)



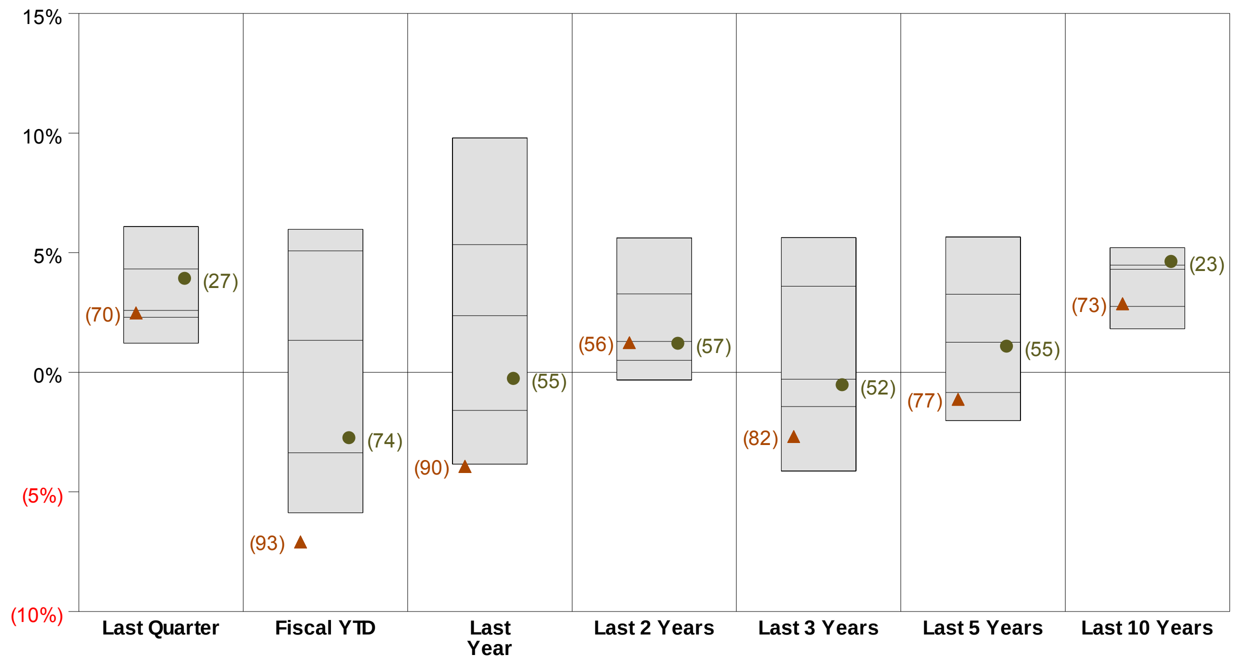
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.96	2.58	5.86	2.98	4.18	4.26	5.86
25th Percentile	1.55	1.24	4.16	2.51	3.34	3.62	5.16
Median	1.15	(0.29)	2.18	1.84	2.92	2.86	4.70
75th Percentile	0.90	(1.12)	0.64	1.36	2.35	2.12	3.92
90th Percentile	0.74	(1.47)	0.26	1.04	1.99	1.74	3.46
Domestic Fixed Income ●	2.20	3.87	7.03	3.69	4.76	5.74	5.37
Domestic Fixed Income Target ▲	1.30	1.29	4.53	2.46	3.20	3.56	5.30

- The domestic fixed income program has placed in the top decile consistently over the last 5 years.

Consolidated Pension Trust: International Fixed Income

As of March 31, 2017

Performance vs Public Fund - International Fixed (Gross)



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	6.09	5.98	9.79	5.62	5.63	5.66	5.20
25th Percentile	4.32	5.07	5.34	3.27	3.60	3.26	4.48
Median	2.59	1.34	2.36	1.29	(0.29)	1.25	4.31
75th Percentile	2.30	(3.37)	(1.60)	0.50	(1.43)	(0.85)	2.75
90th Percentile	1.21	(5.87)	(3.84)	(0.33)	(4.13)	(2.02)	1.82
International Fixed Income ●	3.87	(2.80)	(0.32)	1.15	(0.58)	1.03	4.57
International Fixed Income Target ▲	2.48	(7.09)	(3.93)	1.24	(2.68)	(1.13)	2.87

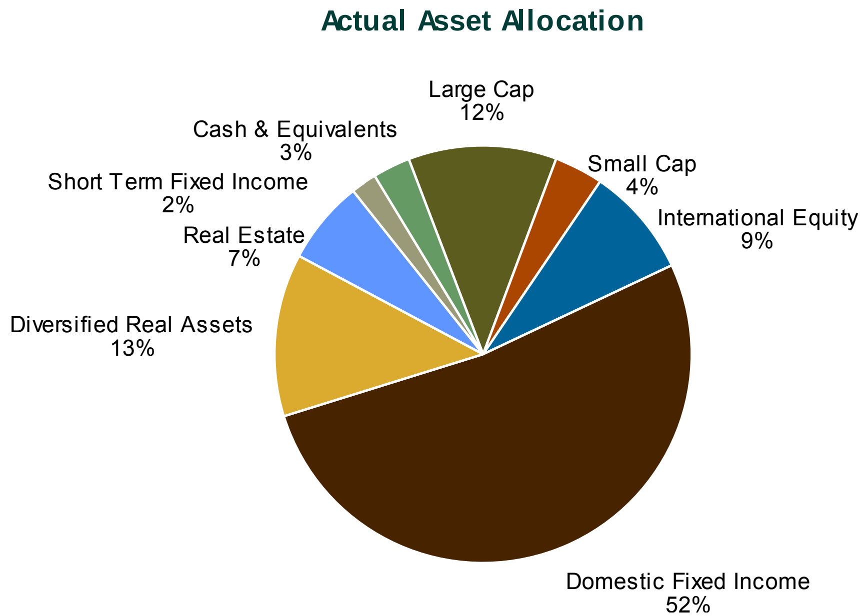
- The international fixed income program outperformed the benchmark during the last quarter, fiscal year to date and last year.

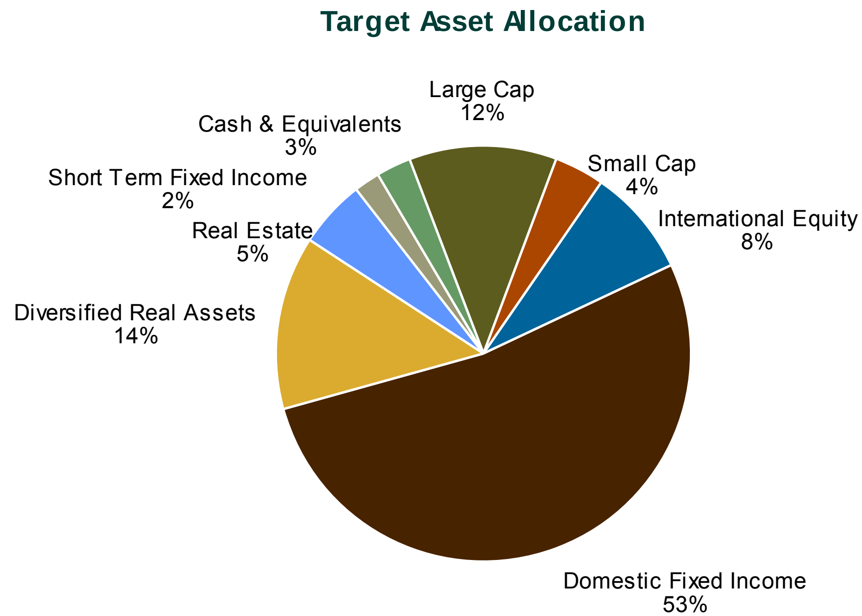
Consolidated Insurance Trust Quarterly Review

- Workforce Safety & Insurance Legacy Fund
- Budget Stabilization Fund

Consolidated Insurance Trust Allocation

As of March 31, 2017

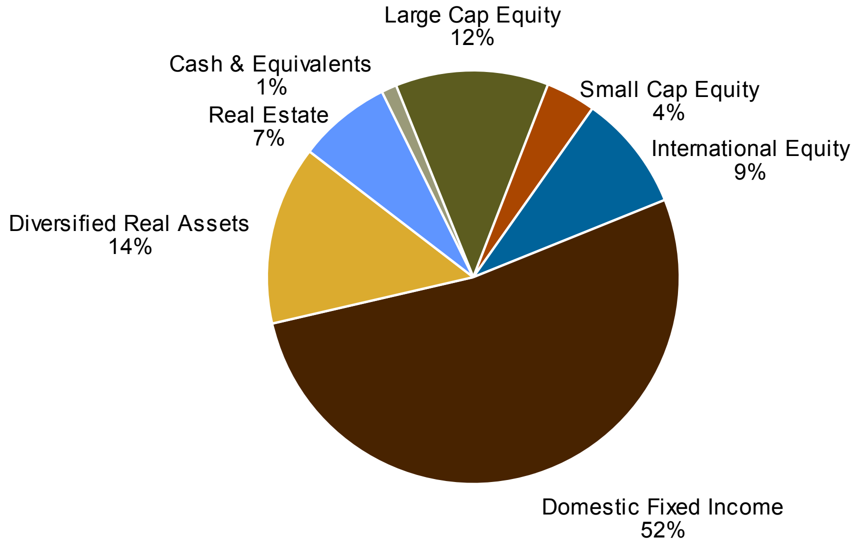


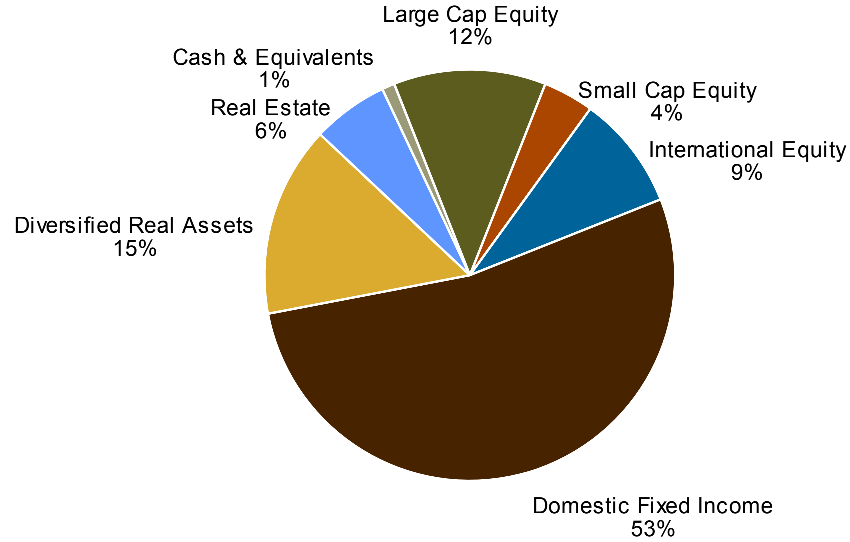


Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap	241,086	11.5%	11.5%	0.0%	134
Small Cap	80,065	3.8%	3.9%	(0.1%)	(1,649)
International Equity	178,846	8.5%	8.4%	0.1%	2,847
Domestic Fixed Income	1,093,616	52.2%	52.7%	(0.5%)	(10,572)
Diversified Real Assets	263,869	12.6%	13.5%	(0.9%)	(18,987)
Real Estate	136,762	6.5%	5.3%	1.2%	25,715
Short Term Fixed Income	41,012	2.0%	2.0%	0.0%	(892)
Cash & Equivalents	59,976	2.9%	2.7%	0.2%	3,405
Total	2,095,234	100.0%	100.0%		

WSI Allocation

As of March 31, 2017



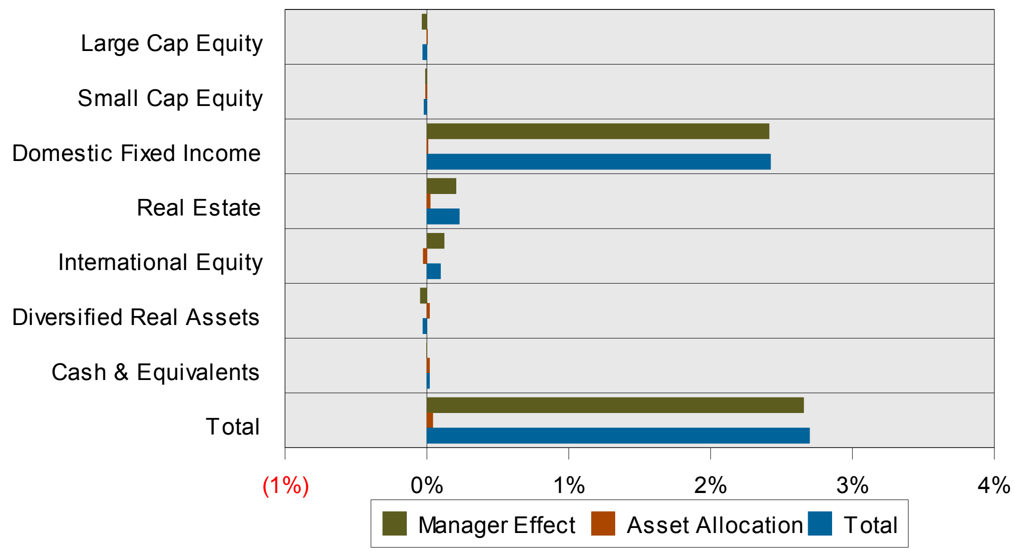


Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap Equity	223,639	12.0%	12.0%	0.0%	94
Small Cap Equity	72,593	3.9%	4.0%	(0.1%)	(1,922)
International Equity	169,734	9.1%	9.0%	0.1%	2,075
Domestic Fixed Income	977,624	52.5%	53.0%	(0.5%)	(9,701)
Diversified Real Assets	259,947	14.0%	15.0%	(1.0%)	(19,484)
Real Estate	136,695	7.3%	6.0%	1.3%	24,922
Cash & Equivalents	22,645	1.2%	1.0%	0.2%	4,016
Total	1,862,876	100.0%	100.0%		

WSI Performance and Attribution

As of March 31, 2017

One Year Relative Attribution Effects



1 Year Ended 3/31/2017

Gross:	7.70%
Net of fees:	7.45%
Target:	5.00%
Net Added:	2.45%

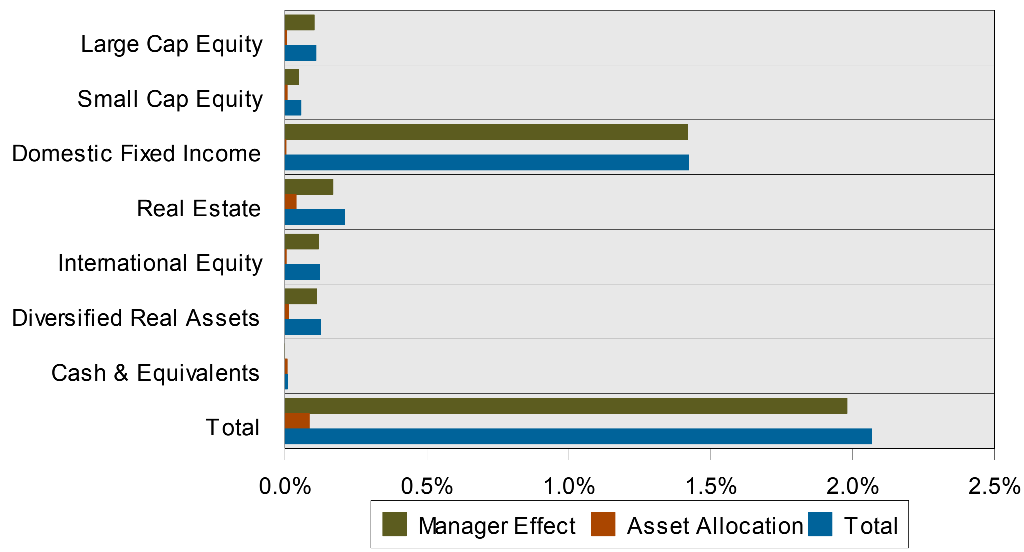
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	17.09%	17.43%	(0.03%)	0.01%	(0.03%)
Small Cap Equity	4%	4%	25.89%	26.22%	(0.01%)	(0.01%)	(0.02%)
Domestic Fixed Income	53%	53%	4.89%	0.44%	2.41%	0.01%	2.42%
Real Estate	7%	6%	10.18%	7.27%	0.20%	0.02%	0.23%
International Equity	9%	9%	12.82%	11.46%	0.12%	(0.03%)	0.10%
Diversified Real Assets	14%	15%	1.56%	1.89%	(0.05%)	0.02%	(0.03%)
Cash & Equivalents	1%	1%	0.32%	0.36%	(0.00%)	0.02%	0.02%
Total			**7.70% =**	**5.00% +**	**2.66% +**	**0.04%**	**2.70%**

WSI Performance and Attribution

As of March 31, 2017

Five Year Annualized Relative Attribution Effects



<u>5 Year Ended 3/31/2017</u>

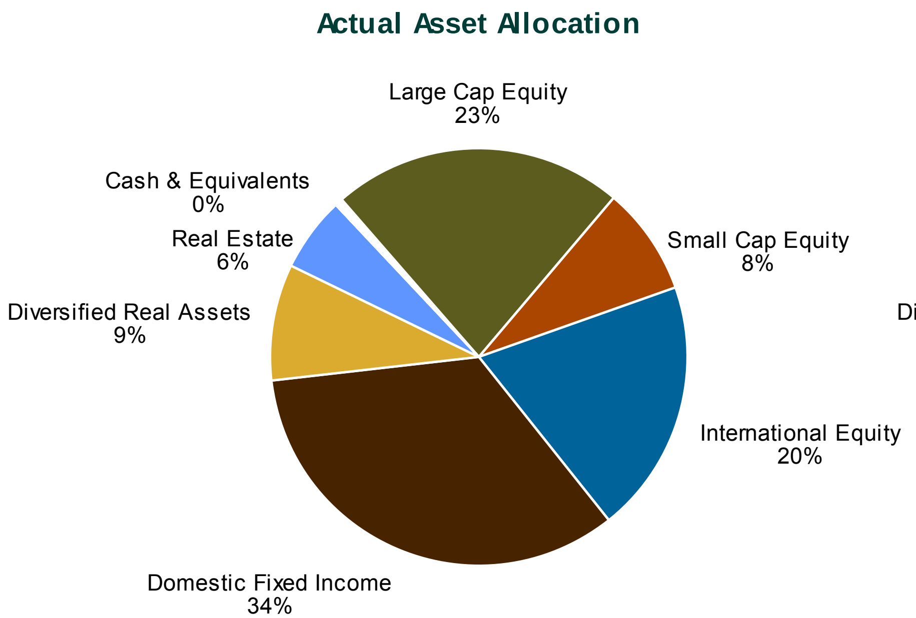
Gross:	6.70%
Net of fees:	6.43%
Target:	4.63%
Net Added:	1.80%

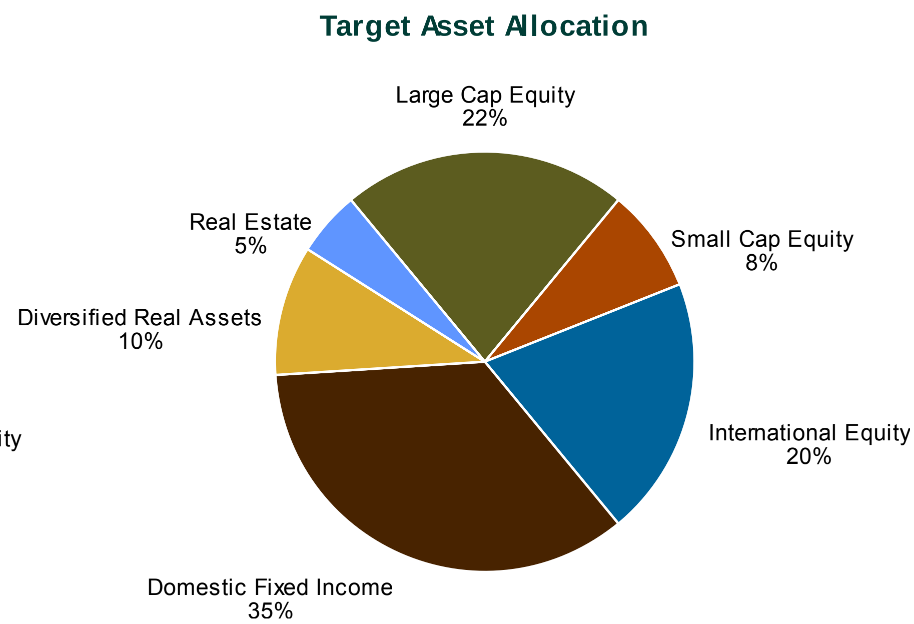
Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	11%	14.30%	13.26%	0.10%	0.01%	0.11%
Small Cap Equity	4%	4%	13.81%	12.35%	0.05%	0.01%	0.06%
Domestic Fixed Income	52%	52%	5.06%	2.34%	1.42%	0.00%	1.42%
Real Estate	7%	6%	13.34%	10.69%	0.17%	0.04%	0.21%
International Equity	8%	8%	7.22%	5.79%	0.12%	0.00%	0.12%
Diversified Real Assets	18%	18%	2.81%	2.28%	0.11%	0.01%	0.13%
Cash & Equivalents	1%	1%	0.15%	0.14%	0.00%	0.01%	0.01%
Total			**6.70% =**	**4.63% +**	**1.98% +**	**0.09%**	**2.07%**

Legacy Fund Allocation

As of March 31, 2017



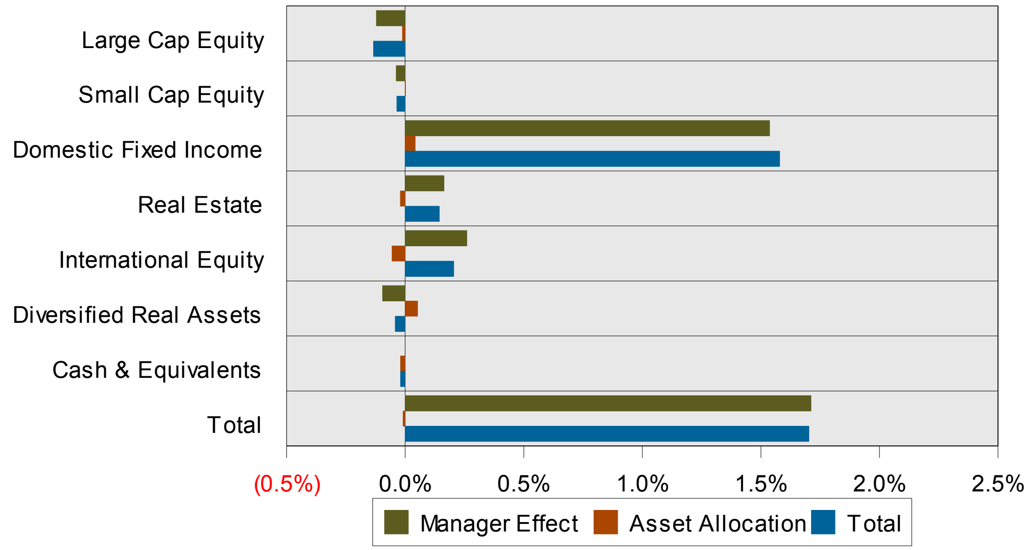


Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap Equity	1,003,268	22.6%	22.0%	0.6%	28,625
Small Cap Equity	373,687	8.4%	8.0%	0.4%	19,272
International Equity	874,864	19.7%	20.0%	(0.3%)	(11,175)
Domestic Fixed Income	1,503,998	33.9%	35.0%	(1.1%)	(46,571)
Diversified Real Assets	397,940	9.0%	10.0%	(1.0%)	(45,080)
Real Estate	258,430	5.8%	5.0%	0.8%	36,920
Cash & Equivalents	18,010	0.4%	0.0%	0.4%	18,010
Total	4,430,196	100.0%	100.0%		

Legacy Fund Performance and Attribution

As of March 31, 2017

One Year Relative Attribution Effects



1 Year Ended 3/31/2017	
Gross:	10.40%
Net of fees:	10.13%
Target:	8.69%
Net Added:	1.44%

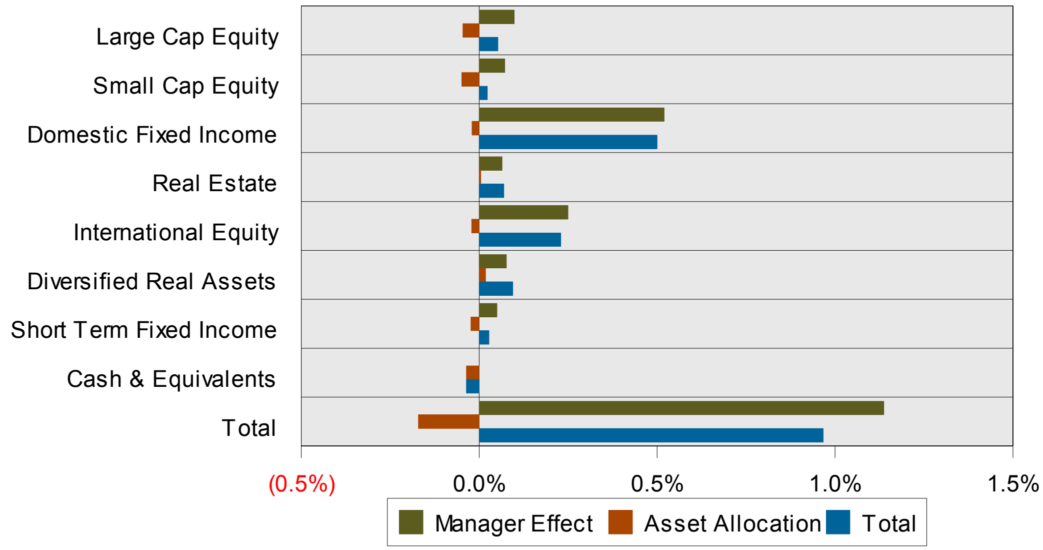
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	22%	22%	16.87%	17.43%	(0.12%)	(0.01%)	(0.13%)
Small Cap Equity	8%	8%	25.73%	26.22%	(0.04%)	0.00%	(0.04%)
Domestic Fixed Income	34%	35%	4.64%	0.44%	1.54%	0.04%	1.58%
Real Estate	6%	5%	10.17%	7.27%	0.16%	(0.02%)	0.14%
International Equity	19%	20%	12.74%	11.46%	0.26%	(0.06%)	0.20%
Diversified Real Assets	9%	10%	0.10%	1.01%	(0.09%)	0.05%	(0.04%)
Cash & Equivalents	0%	0%	0.32%	0.32%	0.00%	(0.02%)	(0.02%)
Total			**10.40% =**	**8.69% +**	**1.71% +**	**(0.01%)**	**1.70%**

Legacy Fund Performance and Attribution

As of March 31, 2017

Three Year Annualized Relative Attribution Effects



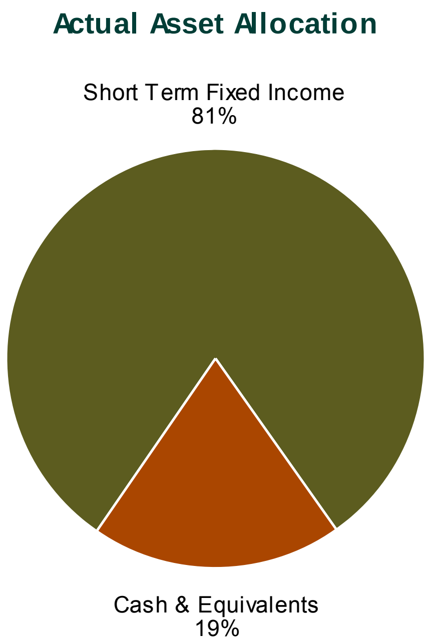
3 Year Ended 3/31/2017	
Gross:	5.33%
Net of fees:	5.08%
Target:	4.36%
Net Added:	0.72%

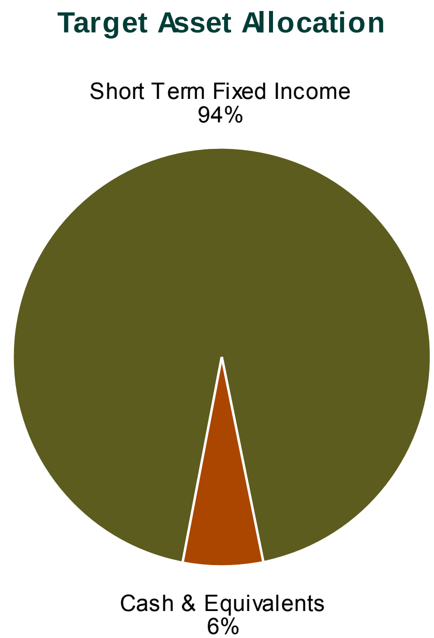
Three Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	21%	22%	10.48%	9.99%	0.10%	(0.05%)	0.05%
Small Cap Equity	8%	8%	8.27%	7.22%	0.07%	(0.05%)	0.02%
Domestic Fixed Income	33%	33%	4.28%	2.68%	0.52%	(0.02%)	0.50%
Real Estate	6%	5%	11.91%	10.58%	0.06%	0.00%	0.07%
International Equity	19%	20%	1.54%	0.43%	0.25%	(0.02%)	0.23%
Diversified Real Assets	8%	8%	1.29%	0.44%	0.08%	0.02%	0.09%
Short Term Fixed Income	5%	4%	-	-	0.05%	(0.02%)	0.03%
Cash & Equivalents	0%	0%	0.13%	0.13%	0.00%	(0.04%)	(0.04%)
Total			**5.33% =**	**4.36% +**	**1.14% +**	**(0.17%)**	**0.97%**

Budget Stabilization Fund Allocation

As of March 31, 2017



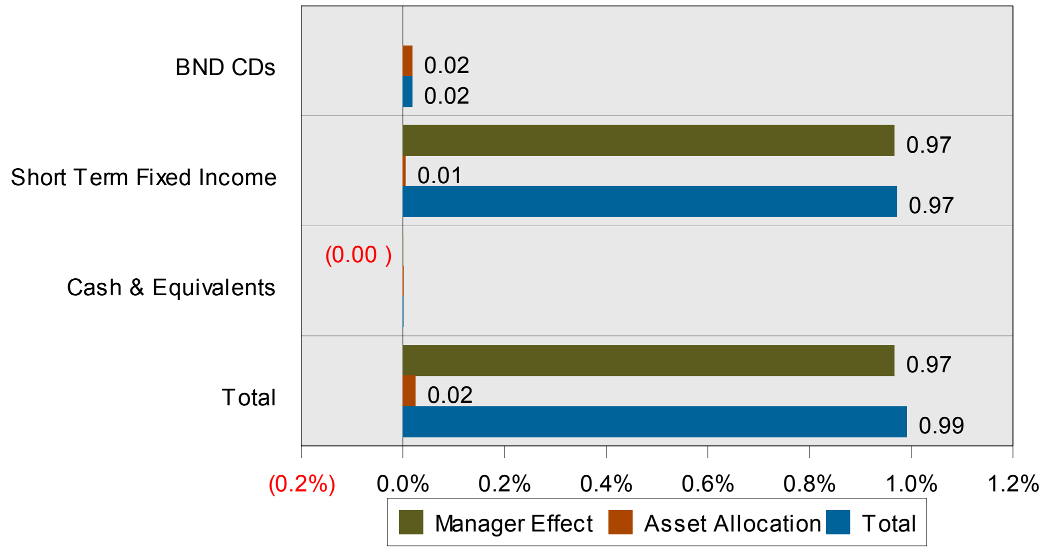


Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Short Term Fixed Income	4,931	80.6%	93.8%	(13.2%)	(805)
Cash & Equiv alents	1,184	19.4%	6.2%	13.2%	805
Total	6,115	100.0%	100.0%		

Budget Stabilization Fund Overview

As of March 31, 2017

One Year Relative Attribution Effects



1 Year Ended 3/31/2017	
Gross:	1.63%
Net of fees:	1.32%
Target:	0.64%
Net Added:	0.68%

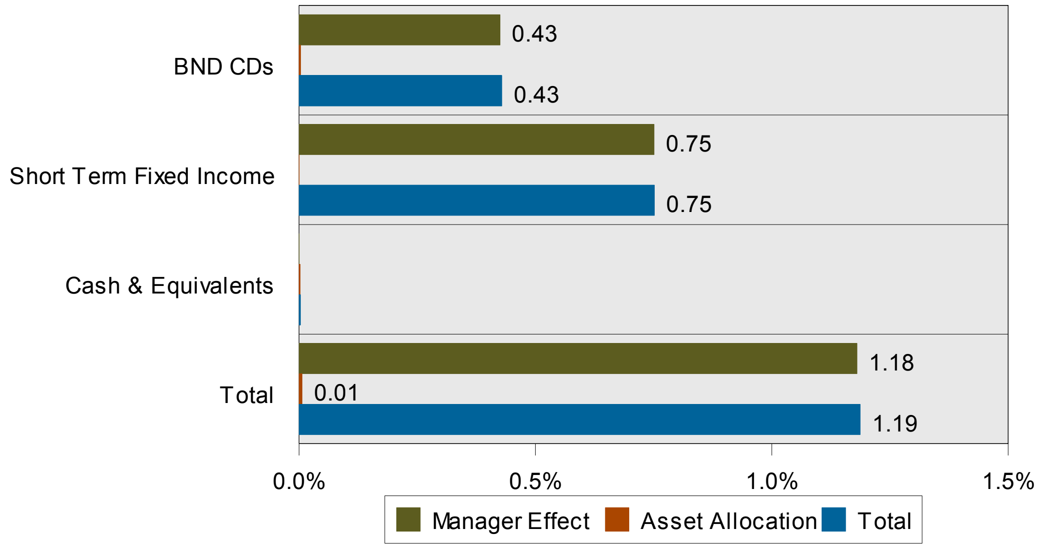
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
BND CDs	15%	15%	2.21%		2.21%		0.00%		0.02%	0.02%
Short Term Fixed Income	82%	82%	1.43%		0.25%		0.97%		0.01%	0.97%
Cash & Equivalents	3%	3%	0.31%		0.36%		(0.00%)		0.00%	0.00%
Total			**1.63%**	**=**	**0.64%**	**+**	**0.97%**	**+**	**0.02%**	**0.99%**

Budget Stabilization Fund Overview

As of March 31, 2017

Five Year Annualized Relative Attribution Effects



5 Year Ended 3/31/2017	
Gross:	1.86%
Net of fees:	1.72%
Target:	0.68%
Net Added:	1.04%

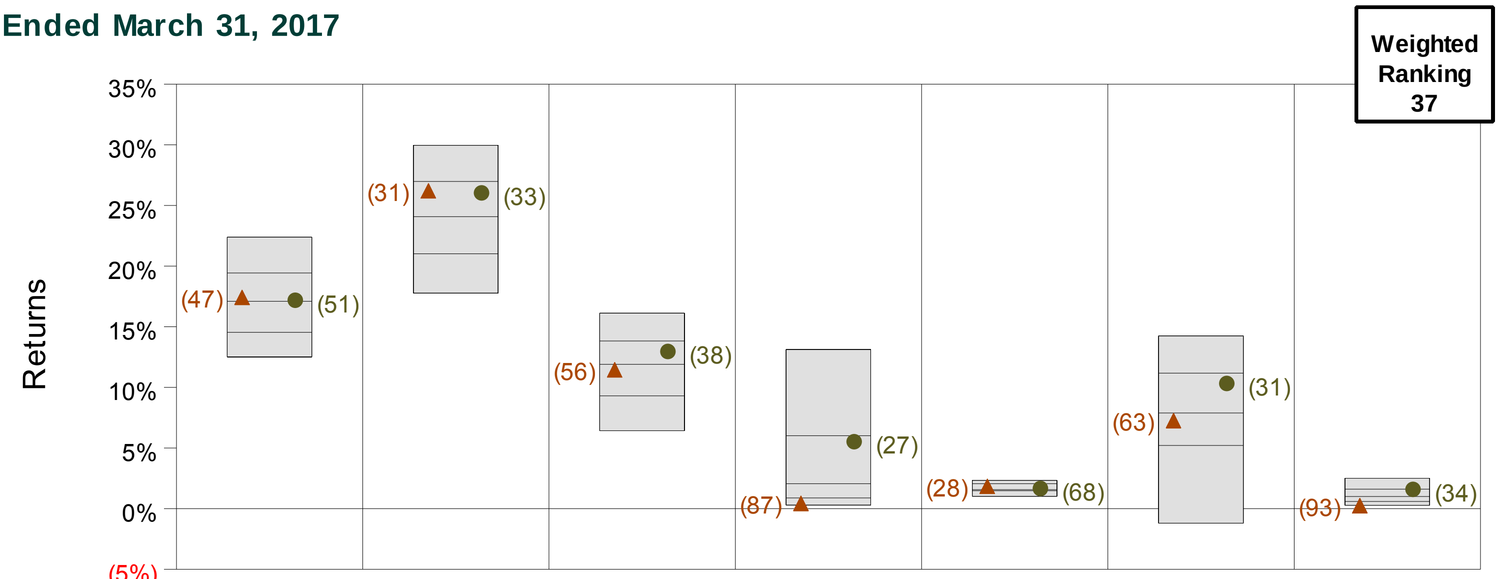
Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return		Target Return		Manager Effect		Asset Allocation	Total Relative Return
BND CDs	19%	19%	2.88%		0.87%		0.43%		0.00%	0.43%
Short Term Fixed Income	79%	79%	1.61%		0.65%		0.75%		0.00%	0.75%
Cash & Equivalents	2%	2%	0.15%		0.14%		0.00%		0.00%	0.00%
Total			**1.86%**	**=**	**0.68%**	**+**	**1.18%**	**+**	**0.01%**	**1.19%**

Asset Class Composite Results

Consolidated Insurance Trust asset class results vs Callan Style Groups

Total Asset Class Performance
One Year Ended March 31, 2017



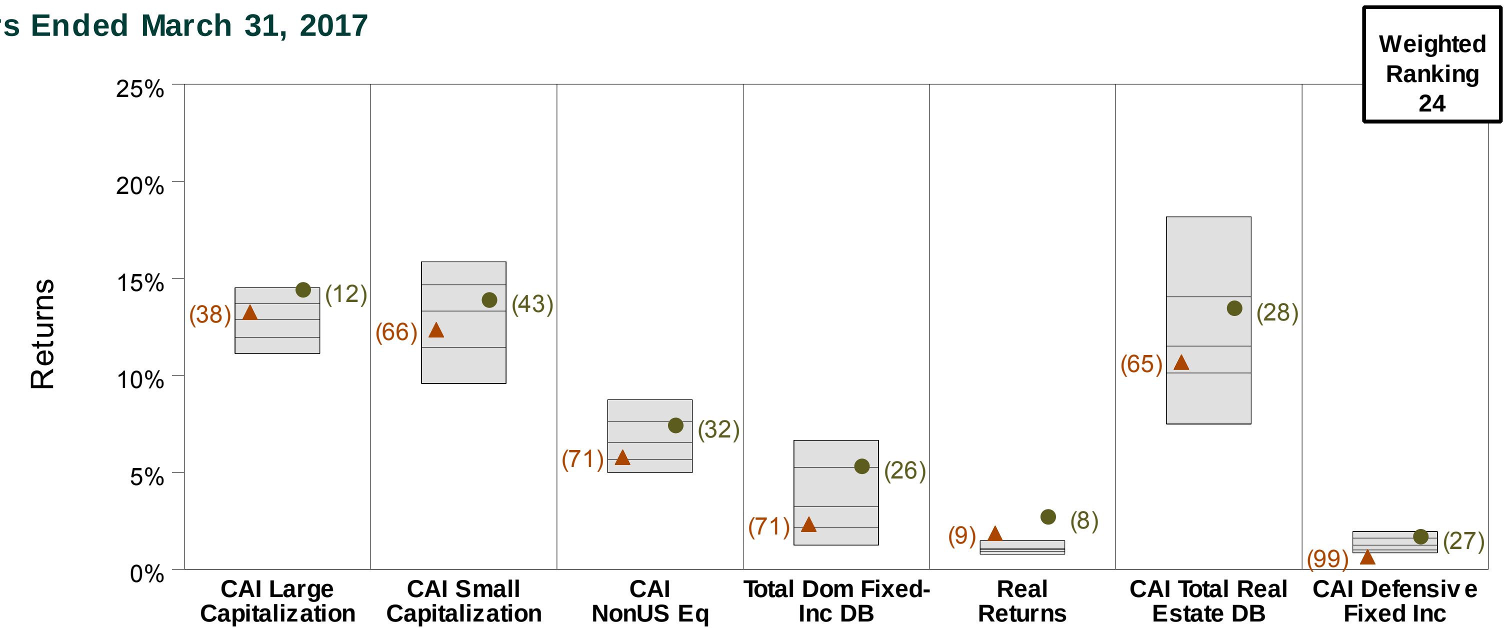
	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Defensive Fixed Inc
10th Percentile	22.39	29.98	16.13	13.13	2.34	14.27	2.52
25th Percentile	19.46	26.99	13.83	6.03	2.07	11.19	1.61
Median	17.12	24.10	11.91	2.07	1.58	7.90	1.02
75th Percentile	14.55	21.04	9.31	0.88	1.49	5.21	0.60
90th Percentile	12.52	17.78	6.42	0.30	1.03	(1.19)	0.30
Asset Class Composite ●	17.04	25.90	12.82	5.39	1.51	10.18	1.45
Composite Benchmark ▲	17.43	26.22	11.46	0.44	1.86	7.27	0.25

- With the exception of large cap and real return, all asset classes were above median for the year ended March 31, 2017.

Asset Class Composite Results

Consolidated Insurance Trust asset class results vs Callan Style Groups

Total Asset Class Performance
Five Years Ended March 31, 2017



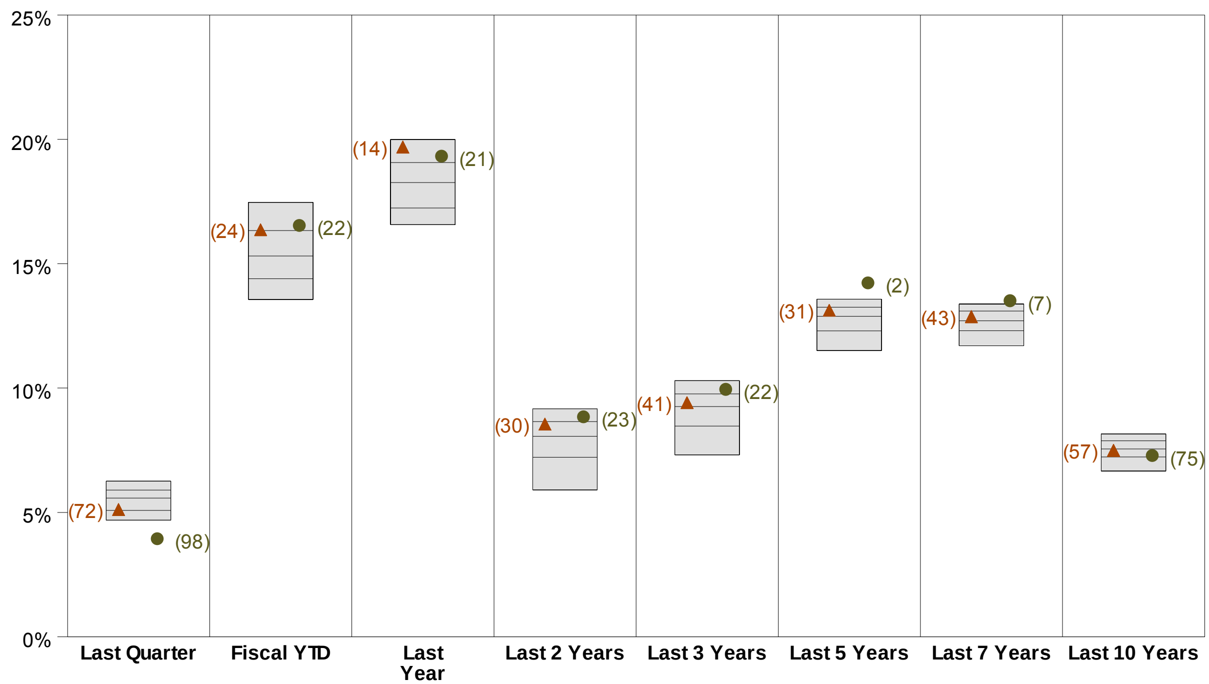
	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Defensive Fixed Inc
10th Percentile	14.52	15.85	8.75	6.65	1.48	18.17	1.95
25th Percentile	13.70	14.67	7.61	5.26	1.07	14.05	1.62
Median	12.88	13.31	6.54	3.22	1.02	11.51	1.25
75th Percentile	11.96	11.44	5.67	2.17	0.92	10.12	1.00
90th Percentile	11.12	9.58	4.99	1.25	0.78	7.49	0.86
Asset Class Composite ●	14.32	13.79	7.33	5.22	2.62	13.36	1.59
Composite Benchmark ▲	13.26	12.35	5.79	2.34	1.87	10.69	0.65

- Large cap and real return placed in the top quartile over the last five years ended March 31, 2017
- All asset classes outperformed their respective benchmarks over the last five years.

Consolidated Insurance Trust: Domestic Equity

As of March 31, 2017

Performance vs Pub Pln- Domestic Equity (Gross)



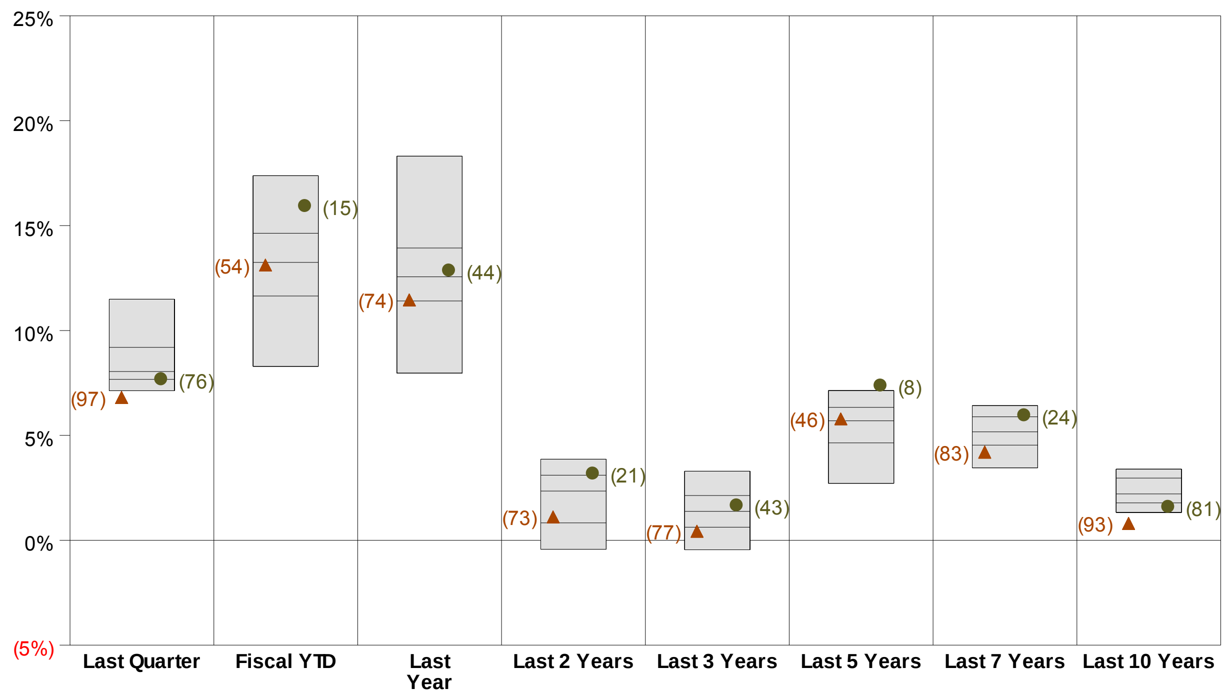
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	6.26	17.46	19.99	9.17	10.30	13.57	13.38	8.16
25th Percentile	5.90	16.33	19.07	8.65	9.77	13.25	13.09	7.88
Median	5.58	15.31	18.26	8.06	9.26	12.88	12.70	7.55
75th Percentile	5.08	14.40	17.24	7.21	8.47	12.30	12.30	7.23
90th Percentile	4.69	13.56	16.57	5.90	7.31	11.51	11.70	6.67
Domestic Equity ●	3.89	16.48	19.27	8.78	9.89	14.18	13.46	7.23
Domestic Equity Target ▲	5.12	16.37	19.69	8.55	9.42	13.13	12.87	7.50

- The domestic equity program has consistently placed about the median manager, but placed 98th percentile for the last quarter.

Consolidated Insurance Trust: International Equity

As of March 31, 2017

Performance vs Pub Pln- International Equity (Gross)



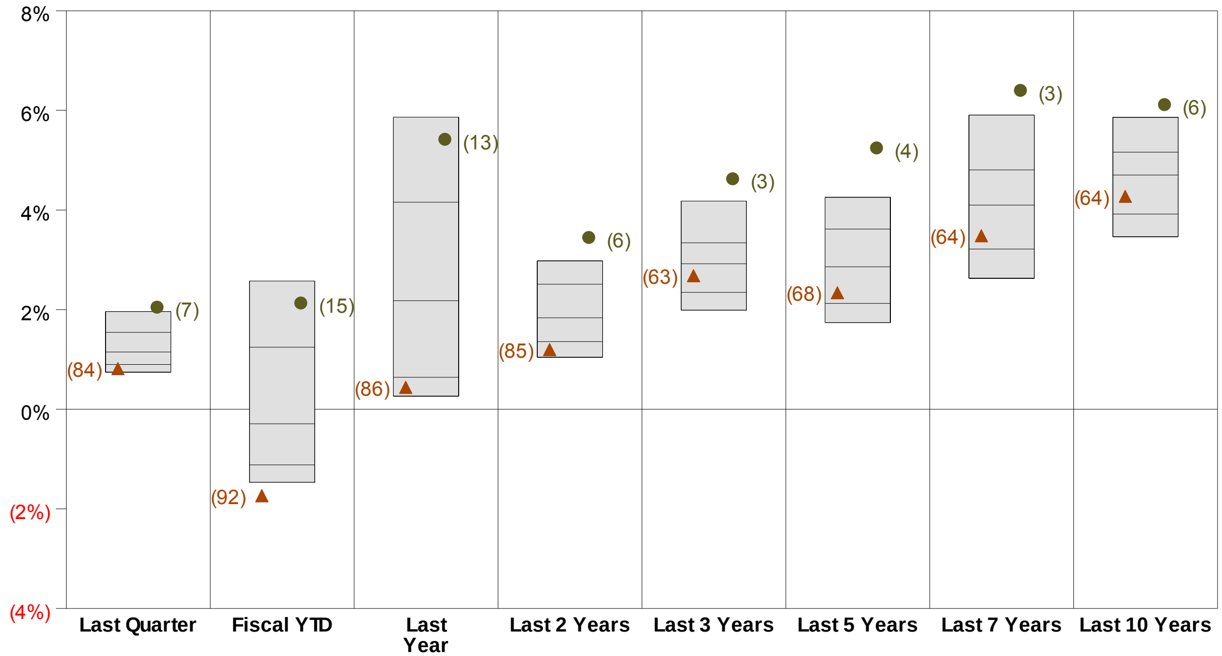
	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	11.49	17.38	18.31	3.87	3.29	7.14	6.42	3.39
25th Percentile	9.19	14.63	13.93	3.10	2.14	6.33	5.89	2.97
Median	8.05	13.24	12.55	2.35	1.38	5.69	5.17	2.21
75th Percentile	7.67	11.64	11.41	0.82	0.63	4.64	4.54	1.78
90th Percentile	7.13	8.29	7.97	(0.43)	(0.45)	2.71	3.45	1.33
International Equity ●	7.63	15.89	12.82	3.14	1.62	7.33	5.91	1.55
International Equity Target ▲	6.81	13.12	11.46	1.12	0.43	5.79	4.21	0.81

- The international equity program has placed above median for all periods except the last quarter, and 10 year time frames.

Consolidated Insurance Trust: Domestic Fixed Income

As of March 31, 2017

Performance vs Pub Pln- Domestic Fixed (Gross)



	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	1.96	2.58	5.86	2.98	4.18	4.26	5.91	5.86
25th Percentile	1.55	1.24	4.16	2.51	3.34	3.62	4.81	5.16
Median	1.15	(0.29)	2.18	1.84	2.92	2.86	4.10	4.70
75th Percentile	0.90	(1.12)	0.64	1.36	2.35	2.12	3.22	3.92
90th Percentile	0.74	(1.47)	0.26	1.04	1.99	1.74	2.63	3.46
Domestic Fixed Income ●	2.02	2.10	5.39	3.42	4.60	5.22	6.37	6.09
Domestic Fixed Inc. Target ▲	0.82	(1.73)	0.44	1.20	2.68	2.34	3.48	4.27

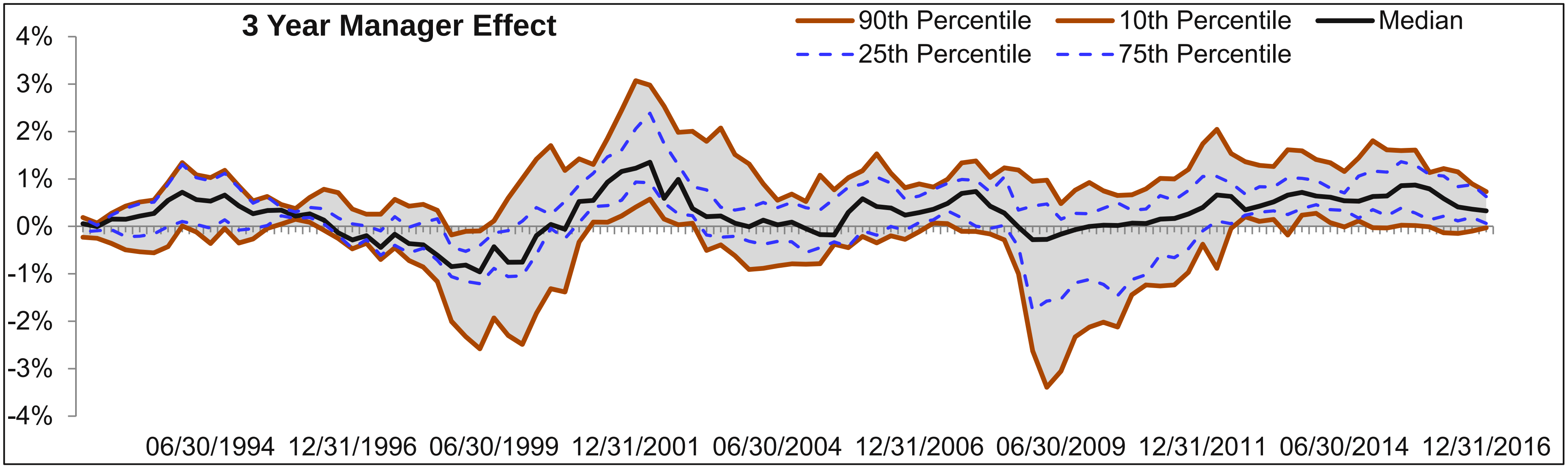
- Fixed income has been an exceptionally well-performing asset in the Insurance Trust, placing in the top decile over all time periods except fiscal YTD and last year.

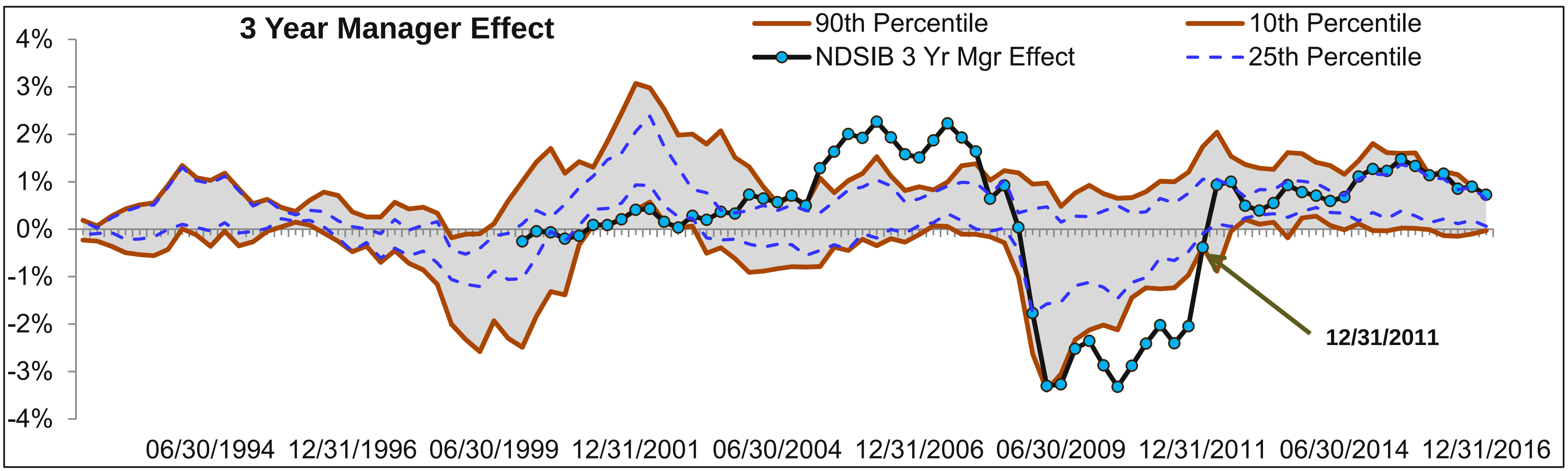
Watchlist Managers

As of March 31, 2017

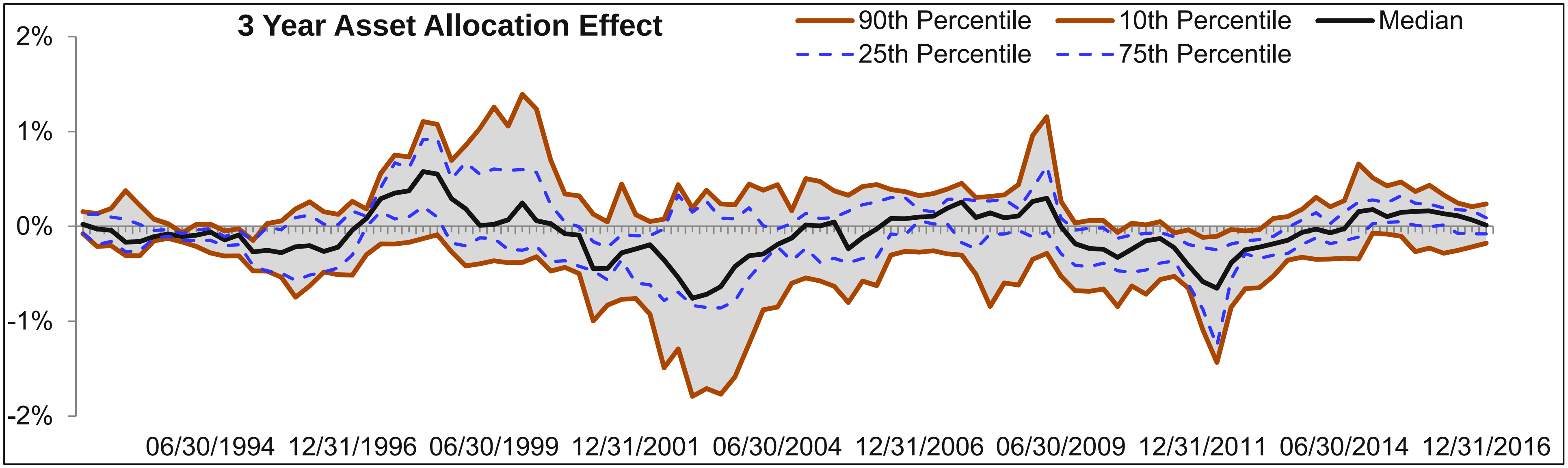
- PIMCO MBS
- PIMCO Unconstrained
- UBS Global Fixed Income
- JP Morgan MBS

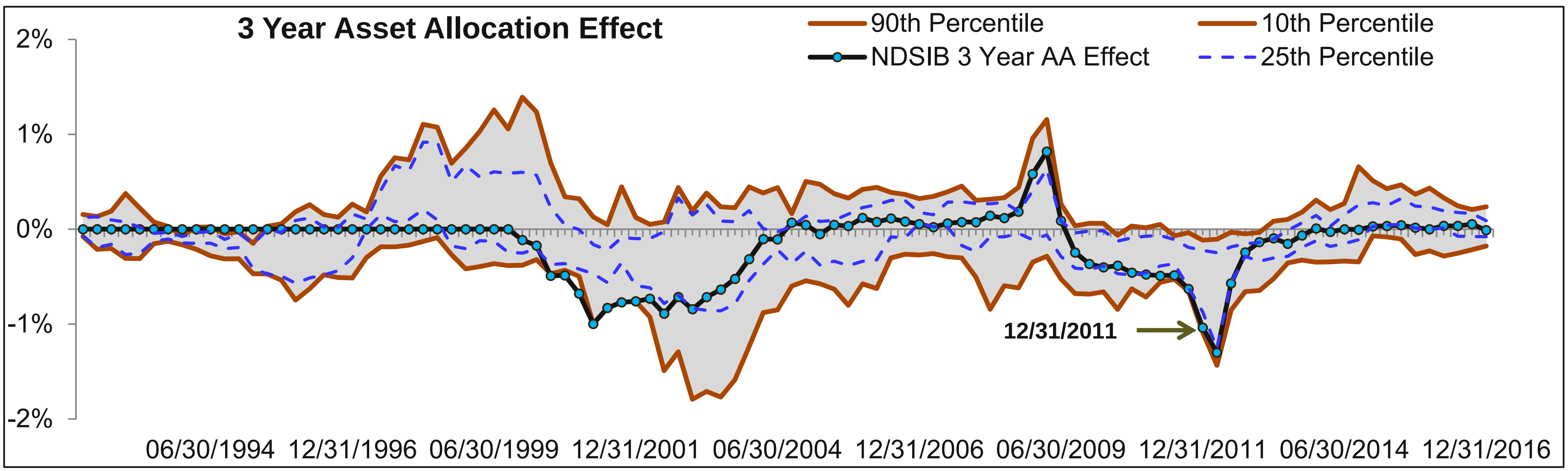
3-Year Rolling Manager Effect Attribution (4% Y-Axis)





3-Year Rolling Asset Allocation Effect Attribution (2% Y-Axis)





Callan

March 31, 2017

North Dakota State Investment Board Pension Funds

Investment Measurement Service Quarterly Review

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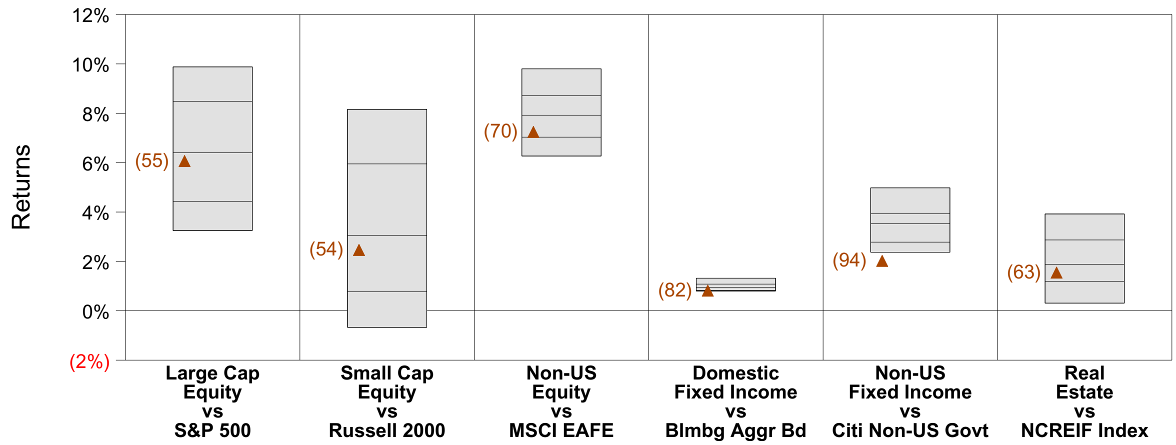
Market Overview
Active Management vs Index Returns

Market Overview

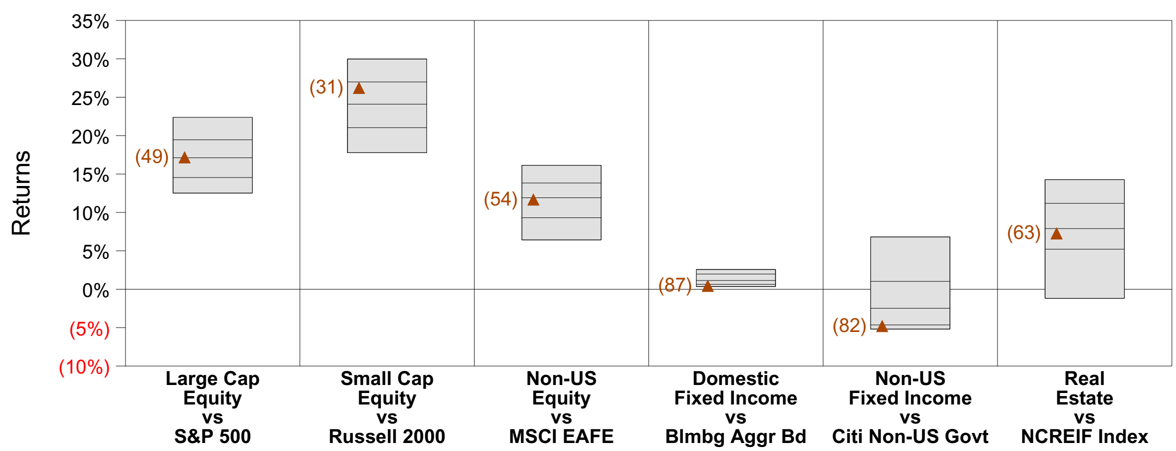
The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also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

Range of Separate Account Manager Returns by Asset Class
One Quarter Ended March 31, 2017



	Large Cap Equity vs S&P 500	Small Cap Equity vs Russell 2000	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Blmbg Aggr Bd	Non-US Fixed Income vs Citi Non-US Govt	Real Estate vs NCREIF Index
10th Percentile	9.88	8.16	9.80	1.32	4.98	3.92
25th Percentile	8.48	5.95	8.72	1.08	3.93	2.87
Median	6.40	3.05	7.90	0.95	3.53	1.88
75th Percentile	4.43	0.77	7.03	0.83	2.78	1.19
90th Percentile	3.25	(0.67)	6.27	0.80	2.37	0.31
Index ▲	6.07	2.47	7.25	0.82	2.02	1.55

Range of Separate Account Manager Returns by Asset Class
One Year Ended March 31, 2017



	Large Cap Equity vs S&P 500	Small Cap Equity vs Russell 2000	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Blmbg Aggr Bd	Non-US Fixed Income vs Citi Non-US Govt	Real Estate vs NCREIF Index
10th Percentile	22.39	29.98	16.13	2.57	6.81	14.27
25th Percentile	19.46	26.99	13.83	1.98	1.03	11.19
Median	17.12	24.10	11.91	1.14	(2.48)	7.90
75th Percentile	14.55	21.04	9.31	0.64	(4.64)	5.21
90th Percentile	12.52	17.78	6.42	0.34	(5.19)	(1.19)
Index ▲	17.17	26.22	11.67	0.44	(4.80)	7.27

Callan

CALLAN INSTITUTE

Capital Market Review

First Quarter 2017

'Hitch in Our Git-Along'?

ECONOMY

2 PAGE

GDP growth disappointed in the first quarter for the fourth straight year. But other measures such as consumer confidence held up during the quarter. The question is whether this is a hitch—or a problem with the GDP metric.

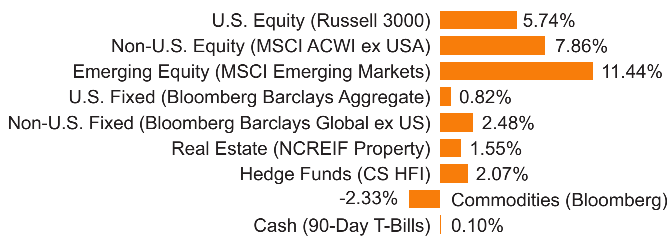
No Homefield Advantage

FUND SPONSOR

4 PAGE

Strong equity results helped boost institutional funds. The median return for all fund types was +4.31%; endowments and foundations did best, jumping 4.58%. Taft-Hartley plans had the lowest return at +3.93%. The key difference was exposure to non-U.S. equities.

Broad Market Quarterly Returns



Sources: Bloomberg Barclays, Bloomberg, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group

Steady as She Goes

U.S. EQUITY

6 PAGE

The **S&P 500 Index** hit a high during the first quarter and ended with a 6.07% jump, continuing last year's gains. But in a reversal from the previous quarter, small cap stocks fell behind large cap and growth overtook value.

Profits Trump Populism

NON-U.S. EQUITY

8 PAGE

Despite political turmoil in Europe and choppy growth in Asia, non-U.S. markets advanced in the first quarter. The dollar's weakness bolstered returns for U.S. investors. Emerging markets outpaced their developed peers, and non-U.S. growth stocks bested their value counterparts.

Up, Up, and Away

U.S. FIXED INCOME

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Strong economic data and upbeat investors drove U.S. bond returns higher. High yield securities performed the best, but returns were up for all fixed income sectors. The Treasury yield curve flattened as short-term Treasuries rose while longer-term issues fell.

Separation Anxiety

NON-U.S. FIXED INCOME

12 PAGE

Sovereign debt performed strongly amid policy uncertainty in the European Union, and emerging market debt outperformed developed market debt for the third straight quarter. Returns were bolstered by the U.S. dollar's broad-based decline against most currencies.

New Year, New Lows

REAL ESTATE

14 PAGE

The **NCREIF Property Index** turned in its worst performance (+1.55%) since 2010, while the **NCREIF Open End Diversified Core Equity Index** also set a new seven-year low (+1.77%). U.S. REITs underperformed global REITs, but still managed to generate positive returns.

On a Roll

PRIVATE EQUITY

16 PAGE

Private equity stayed healthy in the first quarter. Buyout M&A exits dropped significantly, while venture capital-backed M&A exits were mixed. Both buyout and VC-backed IPOs raised more money than in the previous quarter.

Dollops of Alpha with Beta

HEDGE FUNDS

17 PAGE

Most hedge fund strategies reported positive returns in the first quarter, amid a broad rally in global markets. The **Credit Suisse Hedge Fund Index** advanced 2.07% and the median manager in the **Callan Hedge Fund-of-Funds Database** appreciated 2.29%.

Eventful Year, but TDFs Still Rule

DEFINED CONTRIBUTION

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The Callan DC Index™ increased 7.99% during 2016, its best year since 2013. But it trailed the Age 45 Target Date Fund, which gained 8.59% in 2016. For the year, DC plan balances increased 8.31%, mostly attributable to market performance.

Knowledge. Experience. Integrity.

'Hitch in Our Git-Along'?

ECONOMY | Jay Kloepfer

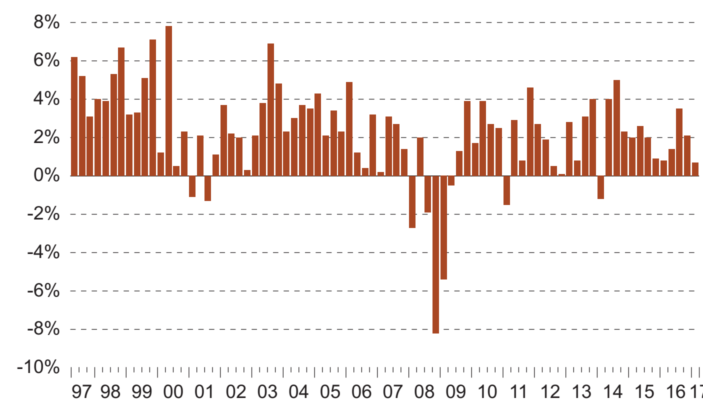
For the fourth year in a row, reported GDP growth disappointed in the first quarter, coming in at just 0.7%, down from a 2.1% rate in the fourth quarter. This paltry gain was the weakest in three years and was concentrated in consumer spending on autos and utilities (reflecting unseasonably warm weather in states with typically cold winters), a drop in defense spending, and a sharp slowdown in the accumulation of inventories. "Softer" measures of economic activity like consumer confidence and the ISM Report on Business, which records the forward-looking purchasing intentions of industry, held up through the first quarter, countering the weakening of GDP as the quarter unfolded. Business and consumer confidence rose after the U.S. presidential election, likely in anticipation of changes to policy and taxes, and without any reference to the strength of the underlying economy.

The question is whether we really have an annual "hitch in our git-along" each January, or is something else going on? Four years in a row with an unexpected drop in growth during the first quarter, which is then typically made up with an offsetting increase in the second quarter—although the GDP numbers are supposed to be seasonally adjusted—suggests perhaps a problem with this metric of evaluating the volume of our economic activity. GDP has come under increasing scrutiny as an outdated measure of the modern U.S. (and global) economy, predicated more on the flow of traditional goods and services, particularly agriculture and manufacturing. It may be very challenged to measure the output and economic impact of industries such as software, social media, and electronic commerce.

Inventory buildup usually signals confidence in the prospects for the economy. For several years prior to 2016, inventory "decumulation" was a clear drag on growth, as firms were reluctant to maintain output in the face of soft demand. The U.S. economy shifted toward inventory accumulation in the third and fourth quarters of 2016, only to reverse in the first quarter. That reversal subtracted almost 1% from GDP growth. Total personal consumption expenditures led broad economic growth in 2016, averaging gains of well over 3% during each of the last three quarters of the year, only to drop to just 0.3% growth during the first quarter.

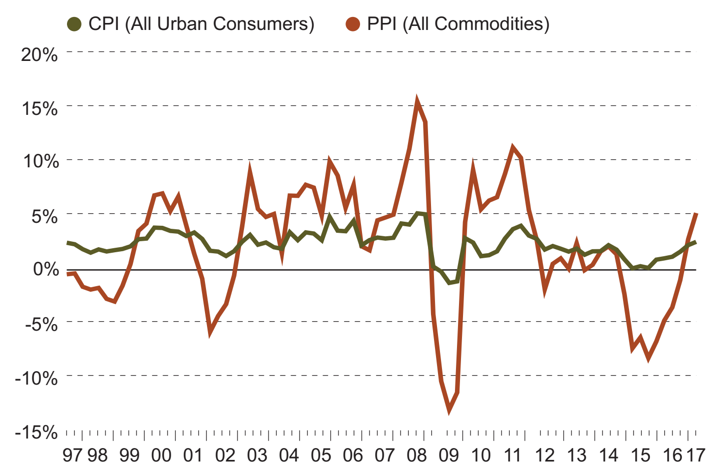
The U.S. job market enjoyed a robust 2016, adding 2.2 million new jobs. The economy entered 2017 with two strong months in January and February, adding more than 200,000 net new jobs each month, before the rate of job creation halved in March

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

to 98,000. Retail jobs took a serious hit in both February and March (seasonally adjusted), with the continuing advance of e-commerce challenging retail establishments, particularly shopping malls. Signs now point to further softness in the job market as the second quarter begins.

In spite of this potential softening, the unemployment rate dipped to 4.5% in March, the lowest in the current cycle, and many urban regions report very tight job markets, with unemployment rates as low as 2% to 3%. In response, the growth in average hourly earnings, which had been stuck in a narrow range below a 2% annual rate for five years following the Global Financial Crisis, rose above 2.5% annual growth during 2016 and continued at this rate through the first quarter.

The minutes of the past several Federal Reserve Open Market Committee meetings show a continuing split among members about whether or not an acceleration of inflation is a looming concern. The data suggest inflation remains low, and futures markets indicate expectations are still anchored at or below the Fed's long-term target of 2% for core inflation. While the Fed uses the consumption deflator in its targeting, the CPI is still a useful measure of price activity. The headline CPI All-Urban index rose 2.4% year-over-year through March, although the measure actually declined between February and March. The energy portion of the Index rose 10.9% over the last 12 months, even after a 3.2% drop in March, reflecting a return toward normal in energy prices after the sharp drop in 2015. The core measure of CPI—which excludes food and energy—rose 2.0% over the 12 months ended in March, the smallest 12-month increase since the end of 2015.

The Long-Term View

Index	2017 1st Qtr	Periods ended Dec. 31, 2016 Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	5.74	12.74	14.67	7.07	9.29
S&P 500	6.07	11.96	14.66	6.95	9.15
Russell 2000	2.47	21.31	14.46	7.07	9.69
Non-U.S. Equity					
MSCI EAFE	7.25	1.00	6.53	0.75	4.95
MSCI Emerging Markets	11.44	11.19	1.28	1.84	--
MSCI ACWI ex USA Small Cap	8.78	3.91	7.74	2.89	–
Fixed Income					
Bloomberg Barclays Agg	0.82	2.65	2.23	4.34	5.63
90-Day T-Bill	0.10	0.33	0.12	0.80	2.71
Bloomberg Barclays Long G/C	1.58	6.67	4.07	6.85	7.58
Bloomberg Barclays Gl Agg ex US	2.48	1.49	-1.39	2.44	4.73
Real Estate					
NCREIF Property	1.55	7.97	10.91	6.93	8.63
FTSE NAREIT Equity	1.16	8.52	12.01	5.08	11.13
Alternatives					
CS Hedge Fund	2.07	1.25	4.34	3.75	--
Cambridge PE*	–	9.17	13.05	10.59	15.53
Bloomberg Commodity	-2.33	11.77	-8.95	-5.57	2.55
Gold Spot Price	8.64	8.63	-5.97	6.08	4.82
Inflation – CPI-U	0.98	2.07	1.36	1.81	2.26

*Private equity returns show pooled horizon IRRs for periods ended September 30, 2016. Most recent quarterly data not available.

Sources: Bloomberg Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge, Bureau of Economic Analysis.

Recent Quarterly Economic Indicators

	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15
Employment Cost–Total Compensation Growth	2.4%	2.2%	2.3%	2.3%	1.9%	2.0%	2.0%	2.0%
Nonfarm Business–Productivity Growth	-0.6%*	1.3%	3.3%	-0.1%	-0.6%	-2.0%	1.8%	1.0%
GDP Growth	0.7%	2.1%	3.5%	1.4%	0.8%	0.9%	2.0%	2.6%
Manufacturing Capacity Utilization	75.4%	75.1%	74.9%	75.1%	75.4%	75.4%	75.7%	75.5%
Consumer Sentiment Index (1966=100)	97.2	93.2	90.3	92.4	91.5	91.3	90.8	94.2

*Estimate.

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, IHS Economics, Reuters/University of Michigan.

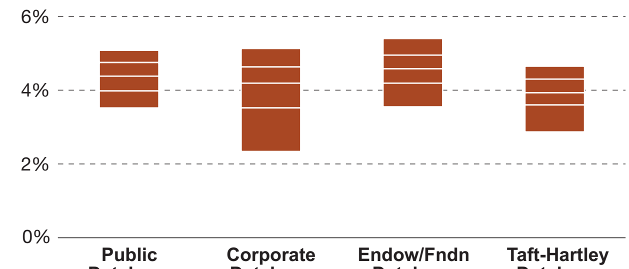
No Homefield Advantage

FUND SPONSOR | Kitty Lin

A post-election rally, higher interest rates, and political uncertainty in Europe and Asia left global markets unfazed as stocks and bonds rallied. Both U.S. and non-U.S. stocks delivered stellar returns in the first three months of 2017. That put some juice into the performance of institutional funds tracked by Callan, which did far better than they had in the last quarter of 2016.

The median return for all fund types for the first quarter clocked in at +4.31%, compared to only +0.65% in the fourth quarter. Endowment and foundation funds bested all other fund types and jumped 4.58%, while Taft-Hartley plans slipped in the ranks and had the lowest median return, up only 3.93%.

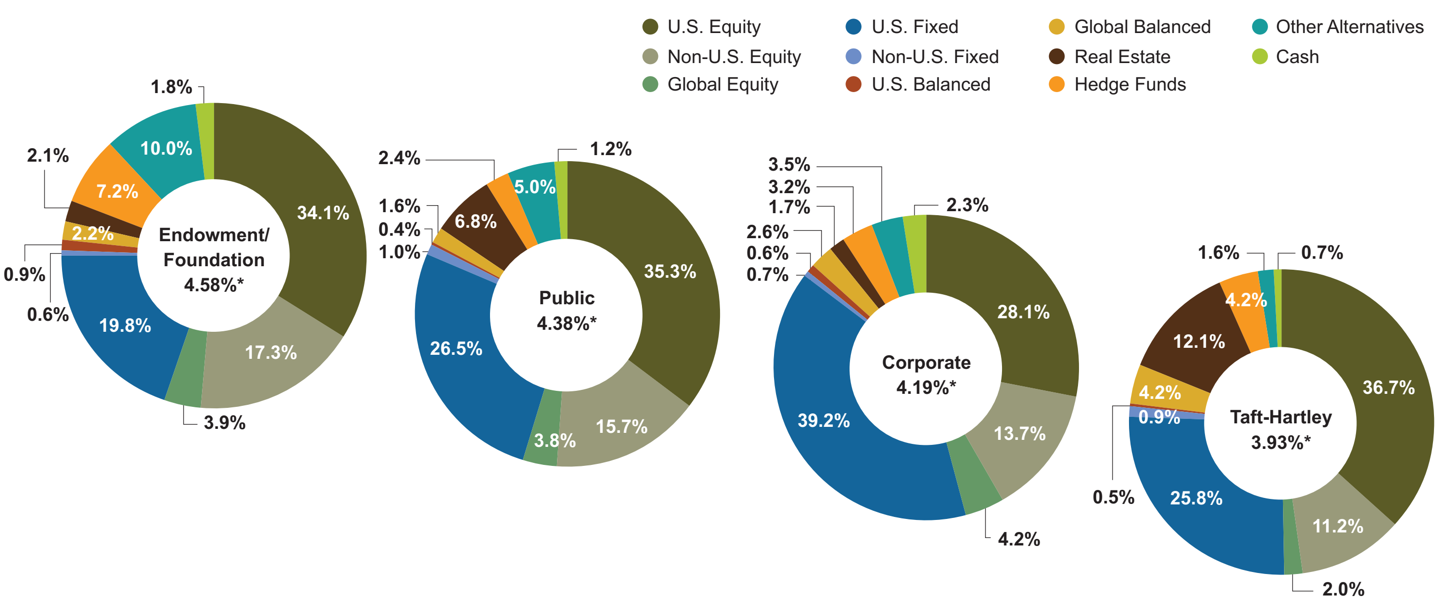
Callan Fund Sponsor Returns for the Quarter



	Public Database	Corporate Database	Endow/Fndn Database	Taft-Hartley Database
10th Percentile	5.08	5.13	5.40	4.65
25th Percentile	4.75	4.63	4.95	4.30
Median	4.38	4.19	4.58	3.93
75th Percentile	3.98	3.52	4.19	3.60
90th Percentile	3.52	2.34	3.55	2.87

Source: Callan

Callan Fund Sponsor Average Asset Allocation



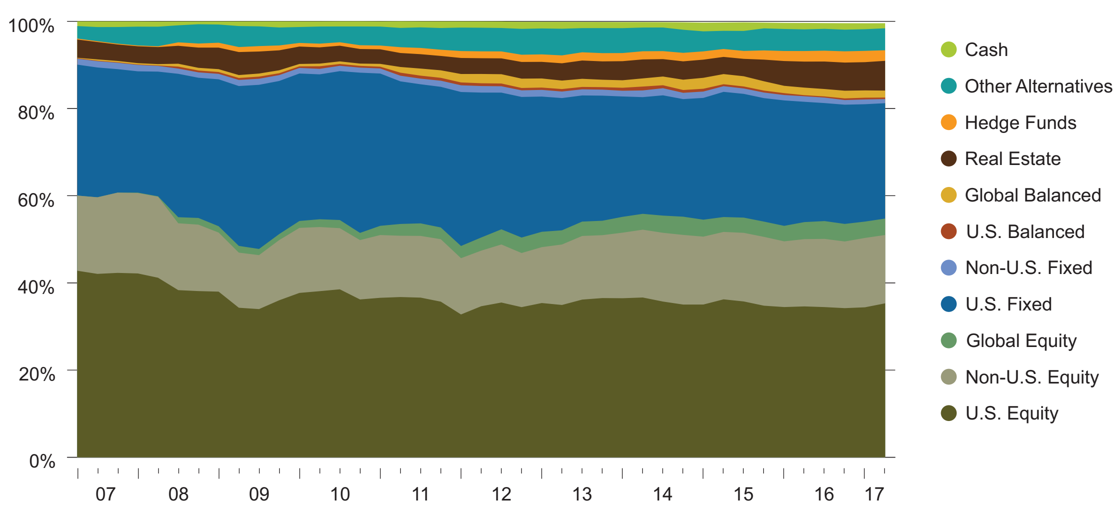
*Latest median quarter return.
Note: charts may not sum to 100% due to rounding.
Source: Callan

How funds did depended in large part on where they had their money. Endowment and foundation plans have the highest exposure to non-U.S. equity, which performed quite well despite an ousted South Korean president and an unpredictable French election. The **MSCI ACWI ex USA Index** rose 7.86%, the **MSCI EAFE Index** gained 7.25%, and the **MSCI Emerging Markets Index** jumped 11.44%.

On the other end of the spectrum, Taft-Hartley plans had the most exposure to U.S. equity and the lowest to non-U.S. and global equity. While U.S. equities delivered strong returns, they lagged their overseas counterparts; the **S&P 500 Index** surged 6.07% and the **Russell 1000 Index** rose 6.02%. Taft-Hartley plans had an average allocation of 11.2% to non-U.S. equity, which was the lowest of all fund types.

Although Taft-Hartley plans had the worst performance in the first quarter, they had the best returns over the last three (+5.99%) and five years (+8.22%) due to their home country bias in equities and the dominance of U.S. versus non-U.S. stocks. Endowment and foundation funds had the best performance in the first quarter (+4.58%) and last year (+11.32%).

Callan Public Fund Database Average Asset Allocation (10 Years)



Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance is no guarantee of future results. Reference to or inclusion in this report of any product, service, or entity should not be construed as a recommendation, approval, affiliation, or endorsement of such product, service, or entity by Callan.

Steady as She Goes

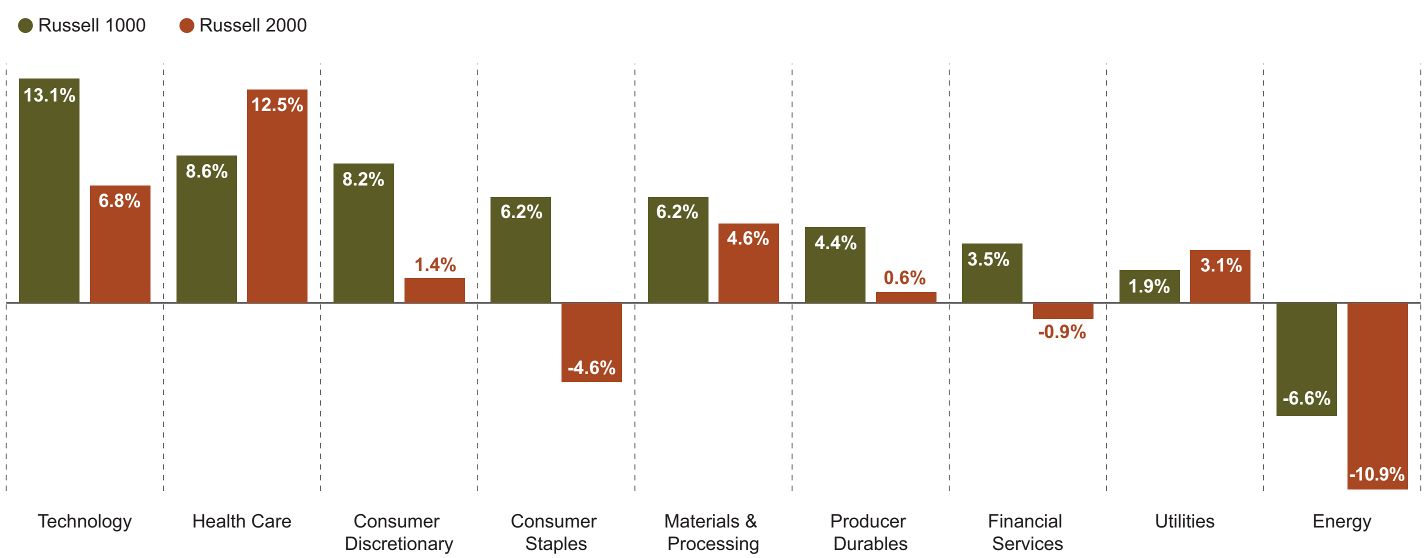
U.S. EQUITY | Lauren Mathias, CFA

Despite concerns over the Trump administration's ability to follow through on promises of lower taxes and decreased regulation, the market accelerated higher in the first quarter. The **S&P 500 Index** hit a peak (2,396) in March and notched a 6.07% gain over the full three-month period. But the quarter was marked by reversals from the previous one—small cap fell behind large cap (**Russell 2000 Index**: +2.47% vs. **Russell 1000 Index**: +6.03%) and growth overtook value (**Russell 1000 Growth Index**: +8.91% vs. **Russell 1000 Value Index**: +3.27%).

The broader U.S. economy reflected the market's optimism, and to no one's surprise the Fed raised rates a quarter-point in mid-March. Wages continued to grow, consumer confidence was up, inflation moved closer to the Fed's 2% target, and unemployment fell to 4.7%. Yet some headwinds persisted in the U.S., with slowing GDP growth (the fourth quarter trailed the third, 2.1% vs. 3.5%), and significant issues abroad: elections and Brexit in Europe, the Syrian war in the Middle East, and South Korea's presidential impeachment in Asia. Valuations in the U.S. remain high by various measures, but investors appear unfazed—for now.

Technology shares were especially strong; the FANG stocks—Facebook, Amazon, Netflix, and Google—hit record highs during the quarter. (Technically it should be the FANA stocks because Google is officially Alphabet—but FANG sounds better!) Micro and small cap companies ran out of steam after a strong 2016, while mid and large cap stocks charged ahead (**Russell Microcap Index**: +0.38%, Russell 2000 Index: +2.47%, **Russell Midcap Index**: +5.15%, and Russell 1000 Index: +6.03%). Value lost its lead over growth in all capitalizations (**Russell 2000 Value Index**: -0.13% vs. **Russell 2000 Growth Index**: +5.35%). The dispersion in style returns was broad across market capitalizations.

Economic Sector Quarterly Performance



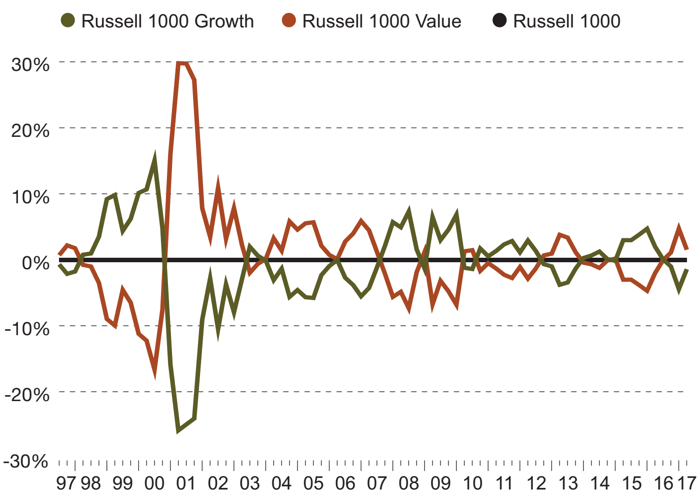
Source: Russell Investment Group

Note: As of the fourth quarter of 2015, the Capital Market Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS uses a four-tier system containing 11 sectors.

Reflecting the reversal in investor preference, the best-performing sectors in the S&P 500 Index during the quarter were growth-oriented; Technology (+12.57%) was No. 1, followed by Consumer Discretionary (+8.45%) and Health Care (+8.37%). After leading in the fourth quarter, Financials (+2.53%) and Energy (-6.68%) trailed the broad market in the first. Both Health Care and Financials traded on President Donald Trump's failure to amend the Affordable Care Act—Health Care stocks gained on the certainty of the status quo and Financials dropped on fear the administration may fall short on deregulation and tax reform as well. Energy was the worst-performing sector during the quarter as last year's agreement by the Organization of the Petroleum Exporting Countries (OPEC) has not reduced fears of oversupply or meaningfully increased the price of oil.

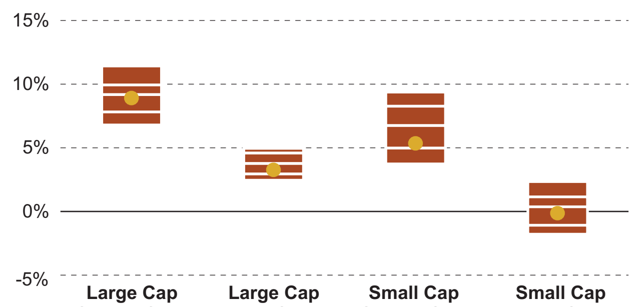
As the U.S. equity market powered on, valuations across indices traded at historically high levels—the S&P 500 Index NTM (next 12 months) P/E was 17.5x versus the 25-year average of 14x as of March 31, 2017. Correlation among stocks (measured by S&P 500 stocks) ended the quarter below average and at levels not seen in 10 years, a positive for active management. Volatility (as measured by the **CBOE Market Volatility Index**, or VIX) also tracked below its average, seemingly unfazed by geopolitical uncertainty.

Rolling One-Year Relative Returns (vs. Russell 1000)



Source: Russell Investment Group

Callan Style Group Quarterly Returns



	Large Cap Growth Style	Large Cap Value Style	Small Cap Growth Style	Small Cap Value Style
10th Percentile	11.43	4.96	9.38	2.35
25th Percentile	9.94	4.59	8.27	1.15
Median	9.18	3.77	6.75	0.37
75th Percentile	7.82	2.95	4.98	-1.08
90th Percentile	6.80	2.46	3.74	-1.78
	R1000 Growth	**R1000 Value**	**R2000 Growth**	**R2000 Value**
Benchmark	8.91	3.27	5.35	-0.13

Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of March 31, 2017

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Number of Issues	507	2,941	995	792	2,438	1,946
Wtd Avg Mkt Cap ($bn)	151.6	127.6	137.9	13.7	4.6	2.2
Price/Book Ratio	2.9	2.8	2.9	2.6	2.3	2.1
Forward P/E Ratio	17.7	18.2	18	19.3	20.4	21.1
Dividend Yield	2.0%	1.9%	2.0%	1.7%	1.5%	1.4%
5-Yr Earnings (forecasted)	12.6%	12.5%	12.5%	11.8%	11.8%	12.4%

Sources: Russell Investment Group, Standard & Poor's.

Profits Trump Populism

NON-U.S. EQUITY | Irina Sushch

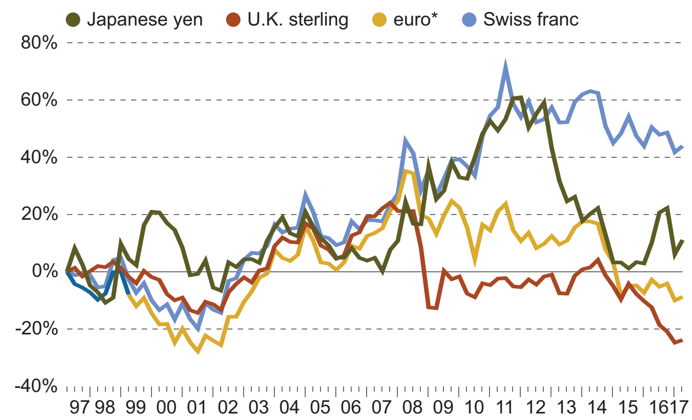
A flurry of political skirmishes and uneven growth in Asia failed to deter non-U.S. equity investors, and the "risk-on" theme of last year continued into 2017. The weak U.S. dollar also bolstered overseas returns for U.S. investors.

The **MSCI ACWI ex USA Index** jumped 7.86% during the quarter. All of its sectors were in the black, with the exception of Energy (-0.91%), which was hurt by falling oil prices. Economically sensitive sectors led the pack: Information Technology contributed 14.59% and Industrials added 9.48%. Defensive and cyclical sectors such as Telecommunications (+5.98%) and Real Estate (+6.72%) lagged.

Helped by a weaker dollar, emerging markets (**MSCI Emerging Markets Index**: +11.44%) outperformed their developed peers (**MSCI World ex USA Index**: +6.81% and **MSCI EAFE Index**: +7.25%). The **MSCI ACWI ex USA Growth Index** (+9.13%) resumed dominance over the **MSCI ACWI ex USA Value Index** (+6.68%). Small cap stocks also performed well (**MSCI ACWI ex USA Small Cap Index**: +8.78%).

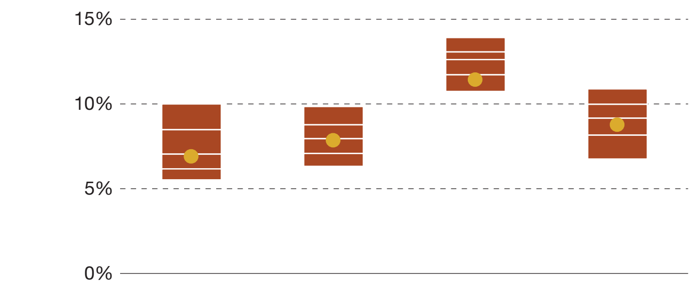
Politics continued to roil Europe. Most notably, British Prime Minister Theresa May triggered Article 50 of the Lisbon Treaty on March 29, giving the U.K. two years to negotiate an exit from the European Union. The negotiations are likely to be arduous, particularly concerning trade and immigration. And France's presidential elections weighed on investors during the quarter. (A runoff is slated for May. Marine Le Pen, the far right contender and opponent of the EU, finished second in the first round of voting but is widely expected to lose to Emmanuel Macron, a more centrist leader and supporter of the EU.) On the other hand, the economic outlook brightened in the euro zone. Inflation hit a four-year high (2%) in February. Fourth quarter GDP was 1.7% (year-over-year) and positive in each country except Greece (-1.2%). The **MSCI Europe Index** jumped 7.44% in the first quarter; all of the countries posted positive returns. Spain (+14.76%) and the Netherlands (+11.33%) contributed most, while Ireland (+3.75%) and Norway (+1.43%) lagged.

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



* German mark returns before 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



	Global Eq Style	Non-U.S. Eq Style	Emg Mkt Style	Non-U.S. SC Style
10th Percentile	9.95	9.80	13.87	10.84
25th Percentile	8.43	8.72	13.02	9.93
Median	6.99	7.90	12.57	9.11
75th Percentile	6.12	7.03	11.67	8.11
90th Percentile	5.47	6.27	10.69	6.70
	MSCI ACWI	**MSCI ACWI ex USA**	**MSCI Emg Mkts**	**MSCI ACWI ex USA SC**
Benchmark ●	6.91	7.86	11.44	8.78

Sources: Callan, MSCI

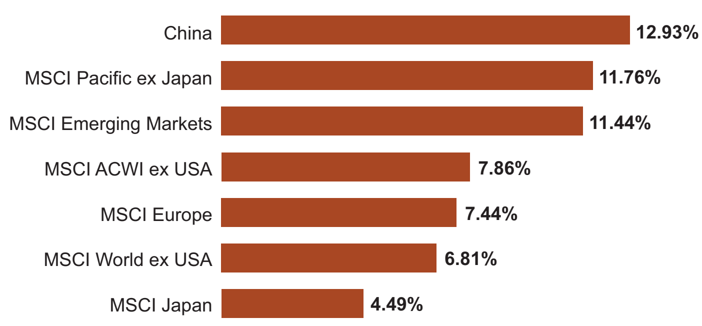
Information Technology (+12.89%) and Industrials (+10.39%) rallied, while Energy stocks (-3.10%) brought up the rear.

In Southeast Asia and the Pacific, Japan's economy grew at a meager (yet notably positive) annualized 1.2% in the fourth quarter. Industrial output and inflation rose and unemployment fell. But the stronger yen (+5%) dampened exporters' returns, and Japan ended the quarter up just 4.49%; only New Zealand

posted worse returns (+1.95%) in the region, owing to a faltering Materials sector (-19.33%). Singapore (+13.46%) and Hong Kong (+13.41%) fared best, thanks to thriving real estate markets. Australia advanced 10.98%, propped up by currency strength. The **MSCI Pacific Index** was up 6.92% and the **MSCI Pacific ex Japan Index** jumped 11.76%.

Emerging market returns were boosted by a weaker U.S. dollar, economic growth in China, and rising industrial metal prices. Poland (+17.75%) and India (+17.12%) were the top performers. The party of India's prime minister, Narendra Modi, won a key regional election despite an abrupt currency recall last year, and the central bank predicted strong economic growth for the next 12 months. Gains in IT stocks bolstered Korean returns. China, which makes up more than a quarter of the MSCI Emerging Markets Index, also experienced growth in its IT sector, as well as in Manufacturing and Real Estate. Its fourth quarter GDP came in at 6.8%, and China ended the quarter up 12.93%. Mexico was among the top performers (+16.03%) as the peso rebounded 9%. Russia (-4.61%) and Greece (-3.49%) were the region's poorest performers. Russia was hurt by falling oil prices, and Greece by negative GDP growth.

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

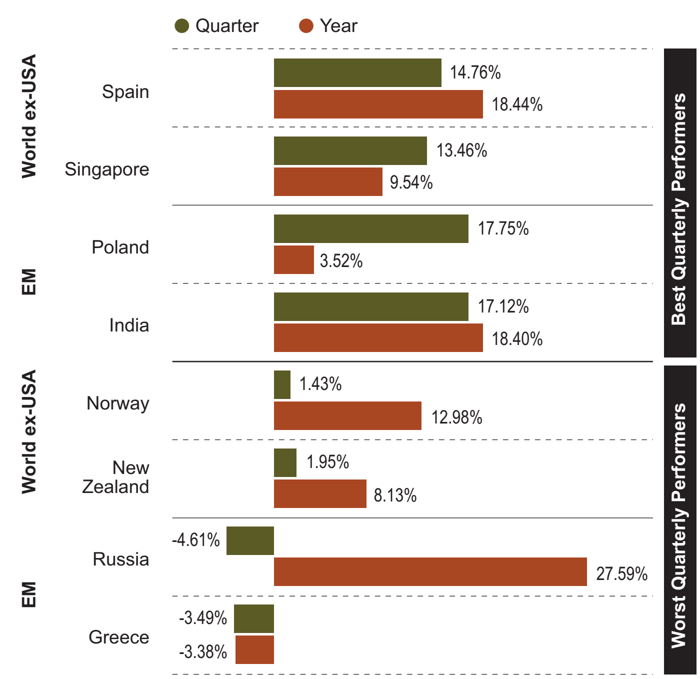
Quarterly Returns for Non-U.S. Developed Countries

Country	Equity Index (US$)	Equity Index (Local Currency)	Currency Return	Weight*
Australia	10.98%	5.34%	5.35%	5.30%
Austria	8.96%	7.45%	1.40%	0.14%
Belgium	5.13%	3.68%	1.40%	0.81%
Canada	2.51%	1.94%	0.55%	6.85%
Denmark	6.11%	4.65%	1.39%	1.14%
Finland	7.31%	5.83%	1.40%	0.67%
France	7.28%	5.80%	1.40%	7.10%
Germany	8.36%	6.87%	1.40%	6.62%
Hong Kong	13.41%	13.65%	-0.24%	2.44%
Ireland	3.75%	2.32%	1.40%	0.32%
Israel	5.53%	3.28%	6.01%	0.47%
Italy	6.17%	4.70%	1.40%	1.51%
Japan	4.49%	-0.17%	4.67%	16.29%
Netherlands	11.33%	9.92%	1.40%	2.41%
New Zealand	1.95%	1.69%	0.25%	0.12%
Norway	1.43%	1.21%	0.22%	0.44%
Portugal	8.25%	6.75%	1.40%	0.11%
Singapore	13.46%	9.79%	3.39%	0.92%
Spain	14.76%	13.18%	1.40%	2.34%
Sweden	9.46%	7.58%	1.75%	2.01%
Switzerland	8.34%	6.70%	1.54%	6.08%
U.K.	5.04%	3.80%	1.20%	12.44%

*Weight in the MSCI ACWI ex USA Index

Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly and Annual Country Performance Snapshot



Source: MSCI

Up, Up, and Away

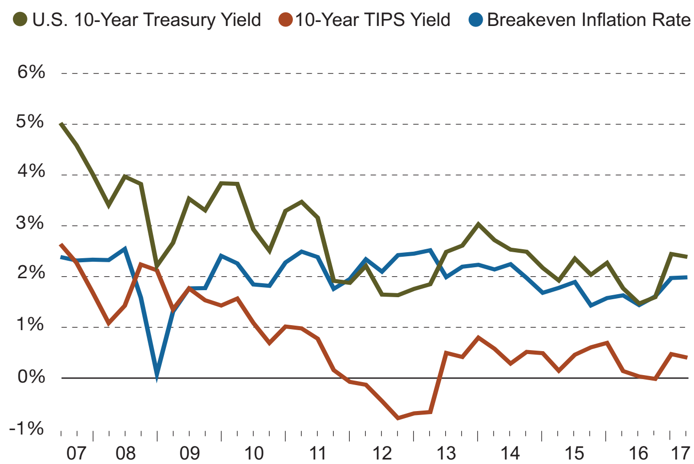
U.S. FIXED INCOME | Rufash Lama

During the first quarter, the U.S. bond market generated positive returns across the board due in part to strong economic data and upbeat investors compressing spreads. U.S. fourth quarter GDP grew at an annualized rate of 2.1%, consumer spending rose 3.5%, and the unemployment rate fell to 4.7%. High yield bonds performed best; the **Bloomberg Barclays High Yield Index** climbed 2.70% for the quarter.

The Fed increased rates by 25 basis points in March, to a range of 0.75% – 1.00%, as U.S. economic indicators continued to signal growth; two additional hikes are expected over the rest of the year. The Treasury yield curve flattened during the quarter as short-term Treasury yields rose while longer-term Treasury yields fell. Despite hitting an intra-quarter high of 2.62%, the benchmark 10-year Treasury note ended the quarter at 2.39%, 5 bps lower than the yield at the end of 2016. For the quarter, U.S. Treasuries returned 0.67%; long Treasuries (+1.40%) outperformed intermediate ones (+0.54%). TIPS were up 1.26% as expectations for future inflation rose. At the end of the quarter, the 10-year breakeven inflation rate, a market-based gauge of investors' expectations for future inflation, stood at 1.97%.

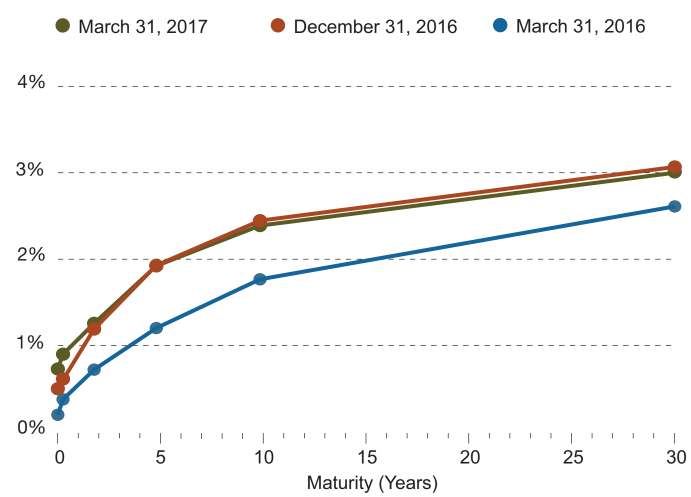
All fixed income sectors reported returns in the black as both the corporate credit market and the structured-debt market benefited from strong investor demand; the **Bloomberg Barclays U.S. Aggregate Bond Index** rose 0.82%. Issuance in the investment-grade primary market totaled $390 billion, easily surpassing the prior record of $357 billion in the second quarter

Historical 10-Year Yields



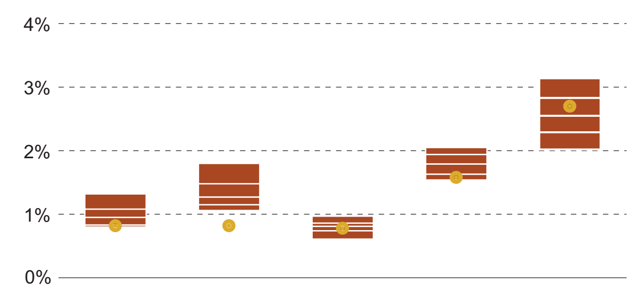
Source: Bloomberg

U.S. Treasury Yield Curves



Source: Bloomberg

Callan Style Group Quarterly Returns



	Core Bond Style	Core Plus Style	Interm Style	Ext Maturity G/C Style	High Yld Style
10th Percentile	1.32	1.80	0.97	2.05	3.14
25th Percentile	1.08	1.48	0.86	1.94	2.83
Median	0.95	1.27	0.81	1.79	2.55
75th Percentile	0.83	1.15	0.74	1.63	2.29
90th Percentile	0.80	1.06	0.61	1.54	2.02
	Bloomberg Barclays Agg	**Bloomberg Barclays Agg**	**Bloomberg Barclays Interm G/C**	**Bloomberg Barclays Long G/C**	**Bloomberg Barclays High Yld**
Benchmark	0.82	0.82	0.78	1.58	2.70

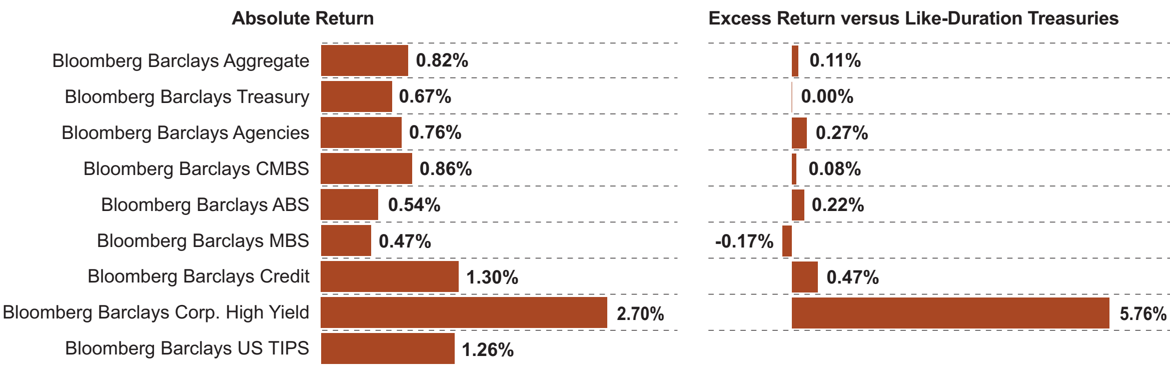
Source: Bloomberg Barclays, Callan

of 2015. Overall, spreads tightened and investor appetite for bonds remained strong despite the headwind of higher rates. High yield spreads over comparable Treasuries tightened by 26 bps and delivered the strongest return. Lower-rated bonds outperformed higher-rated issues; BBB-rated securities generated an excess return of 85 bps and outperformed AAA securities by 70 bps. ABS and investment-grade corporate spreads tightened by 5 bps and rose 1.22% and 0.54%, respectively.

Mortgage-backed securities (MBS) (+0.47%) underperformed duration-matched Treasuries by 17 bps. Commercial mortgage-backed securities (CMBS) rose 0.86% for the quarter and benefited from strong demand.

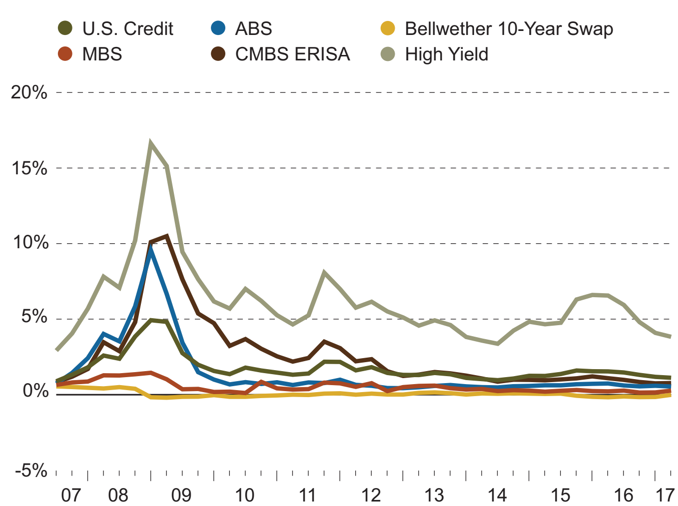
Municipal bonds also delivered a strong quarter as expectations for U.S. tax reform fell and new issuance remained light. The **Bloomberg Barclays Municipal Bond Index** jumped 1.58%.

Fixed Income Index Quarterly Returns



Source: Bloomberg Barclays

Effective Yield Over Treasuries



Source: Bloomberg Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2017

Bloomberg Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity
Bloomberg Barclays Aggregate	2.61	6.00	8.22
Bloomberg Barclays Universal	2.95	5.78	7.99
Bloomberg Barclays Gov/Credit	2.49	6.47	8.70
1-3 Year	1.50	1.94	2.00
Intermediate	2.10	4.06	4.41
Long-Term	3.88	15.15	24.19
Bloomberg Barclays Long Credit	4.51	13.71	23.76
Bloomberg Barclays Corp High Yield	5.84	4.03	6.24
Bloomberg Barclays TIPS	2.27	5.72	8.31
Bloomberg Barclays Municipal	2.46	6.40	12.85
1-5 Year	1.46	2.65	3.13
1-10 Year	1.86	4.03	5.77

Source: Bloomberg Barclays

Separation Anxiety

NON-U.S. FIXED INCOME | Kyle Fekete

Sovereign debt performed well in the first quarter amid political uncertainty about the future of the European Union (EU). Emerging market debt outperformed developed market debt for the third straight quarter as the **JPM GBI-EM Global Diversified Index** advanced 6.50% versus the **Bloomberg Barclays Global Aggregate ex-US Index**'s 2.48% gain. Returns were bolstered by the U.S. dollar's drop against most currencies.

European sovereign bond yields rose in the midst of critical elections and debate over the future of the EU. The safe-haven German 10-year bond yield climbed 12 basis points to 0.33%, steepening the yield curve to its highest since 2014. France's 10-year bonds sold off in the middle of the quarter as the markets priced in the risk of a potential victory by presidential candidate Marine Le Pen, who wants the French to vote on whether to leave the EU. The Italian 10-year yield jumped 50 bps to 2.32% as an air of political risk also loomed over Europe's third-largest economy.

The European Central Bank continued its stimulus efforts, extending its bond-buying program until December 2017 and maintaining interest rates near record lows. Yet there was renewed confidence in the region's economic health as a result of solid manufacturing data, strength in the region's labor market, and encouraging inflation news. The euro strengthened against the U.S. dollar, providing some headwind to the hedged Bloomberg Barclays Global Aggregate ex-US Index, which increased only slightly (+0.06%).

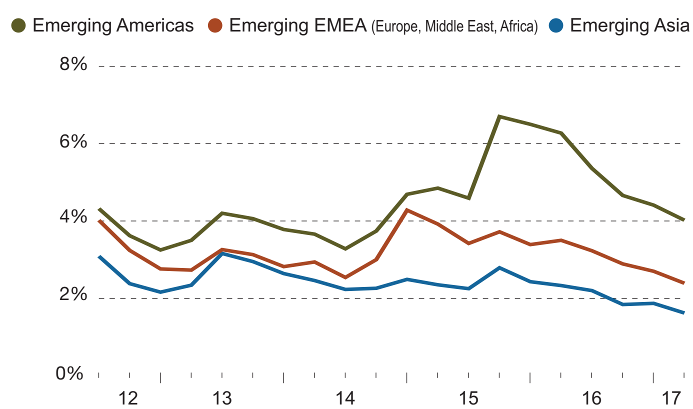
In the Asia-Pacific region, Japan's 10-year yield edged up 2 bps to 0.07%, in line with the Bank of Japan's goal of maintaining its yield at approximately zero. The Reserve Bank of Australia left rates unchanged despite rapid growth in household debt. The Australian 10-year yield declined 6 bps to 2.70%. Both countries' currencies advanced roughly 5% against the U.S. dollar.

Quarterly Returns for Non-U.S. Government Indices

Country	Country Debt*	Country Debt**	Currency Return	Weight***
Australia	6.66%	1.24%	5.35%	2.64%
Austria	0.60%	-0.80%	1.40%	1.75%
Belgium	-0.31%	-1.69%	1.40%	2.99%
Canada	1.05%	0.50%	0.55%	2.54%
Denmark	0.79%	-0.59%	1.39%	0.71%
Finland	0.65%	-0.75%	1.40%	0.74%
France	-0.92%	-2.29%	1.40%	11.85%
Germany	0.64%	-0.75%	1.40%	8.62%
Ireland	0.05%	-1.34%	1.40%	0.96%
Italy	-0.60%	-1.98%	1.40%	11.24%
Japan	4.15%	-0.50%	4.67%	33.21%
Malaysia	2.94%	1.56%	1.37%	0.50%
Mexico	13.62%	3.88%	9.38%	1.11%
Netherlands	0.50%	-0.90%	1.40%	2.75%
Norway	1.44%	1.22%	0.22%	0.33%
Poland	7.16%	1.71%	5.36%	0.81%
Singapore	5.69%	2.22%	3.39%	0.50%
South Africa	4.42%	2.38%	1.99%	0.66%
Spain	0.60%	-0.79%	1.40%	6.70%
Sweden	1.31%	-0.43%	1.75%	0.55%
Switzerland	1.07%	-0.46%	1.54%	0.23%
U.K.	2.85%	1.63%	1.20%	8.63%

*U.S. dollar-denominated.
**Local currency-denominated.
***Weight in the Citi Non-U.S. World Government Bond Index.
Source: Citigroup

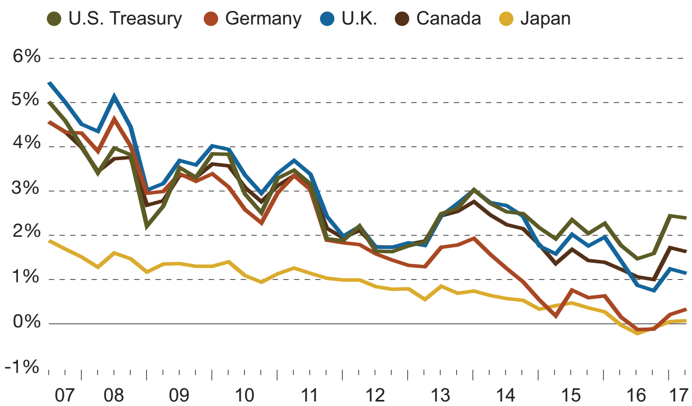
Emerging Spreads Over Developed (By Region)



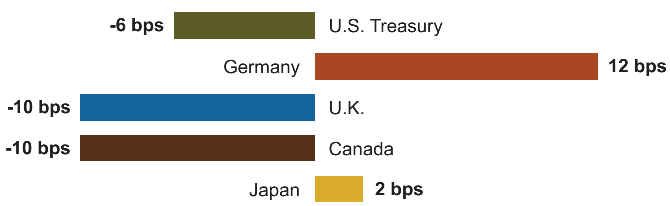
Source: Bloomberg Barclays

Emerging markets performed quite well. The U.S. dollar-denominated **JPM EMBI Global Diversified Index** rose 3.87%, and only three countries out of 65 posted negative returns for the quarter. Mexico, the most heavily weighted in the Index, was the strongest performer (+5.46%). Venezuela was the worst, falling 1.29%. Emerging market currencies also generally appreciated versus the U.S. dollar, accounting for the JPM GBI-EM Global Diversified Index's 6.50% rise. Argentina reentered the Index in February, and its debt posted the strongest return (+15.60%). Mexico (+13.60%) and Brazil (+9.69%) were also top performers, while Turkey (-0.68%) was the only country in the index to deliver a negative return.

10-Year Global Government Bond Yields

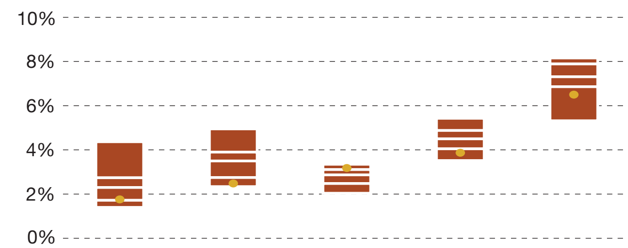


Change in 10-Year Yields from 4Q16 to 1Q17



Source: Bloomberg

Callan Style Group Quarterly Returns



	Global Fixed Style	Non-U.S. Fixed Style	Global High Yld Style	Em Debt Style (USD)	Em Debt Style (local)
10th Percentile	4.40	4.98	3.38	5.46	8.19
25th Percentile	2.77	3.93	3.14	4.91	7.92
Median	2.33	3.53	2.90	4.53	7.34
75th Percentile	1.75	2.78	2.51	4.08	6.89
90th Percentile	1.43	2.37	2.07	3.55	5.35
	Bloomberg Barclays Gl Agg	**Bloomberg Barclays Gl Agg ex US**	**Bloomberg Barclays Gl High Yld**	**JPM EMBI Global Diversified**	**JPM GBI-EM Global Diversified**
Benchmark ●	1.76	2.48	3.18	3.87	6.50

Sources: Bloomberg Barclays, Callan, JPMorgan Chase

New Year, New Lows

REAL ESTATE | Kevin Nagy

The **NCREIF Property Index** advanced 1.55% during the first quarter (1.15% from income and 0.40% from appreciation). This was the lowest return since 2010, eclipsing the fourth quarter's mark of 1.73%. Appreciation fell for the eighth consecutive quarter and made up less than a third of total return.

Industrial (+2.83%) was the best-performing sector for the fourth consecutive quarter with Retail (+1.56%) and Apartments (+1.30%) also posting positive returns; Hotels (-0.16%) fared the worst and the was only property sector to fall during the quarter. All property sectors posted lower results than the previous quarter.

The West surpassed all other regions for the second quarter in a row, rising 1.96%; the East was the weakest, up only 0.95%. Transaction volume fell steeply to $6.6 billion, a 53% decline from last quarter's all-time high. This also represented a drop of 13% from the first quarter of 2016. Appraisal capitalization rates stayed mostly flat, increasing to 4.44%, 1 basis point above last quarter's all-time low of 4.43%. Transaction capitalization rates recovered from the precipitous decline of the fourth quarter and rose from 5.7% to 6.3%. The spread between appraisal and transactional rates increased to 183 bps.

Occupancy rates dropped slightly from the 15-year high in the fourth quarter to 92.96%. Apartment occupancy rates increased slightly while Industrial, Office, and Retail rates decreased.

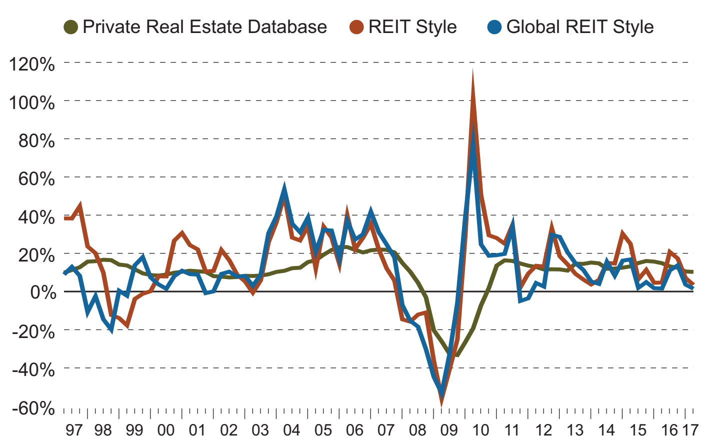
The **NCREIF Open End Diversified Core Equity Index** rose 1.54%. This marked a 34 basis point decrease from the fourth quarter return of 1.88%, and was the lowest for the index since 2010. Income accounted for 0.84% of the return, moderating slightly; appreciation (+0.71%, with rounding accounting for the slight discrepancy) fell to a new seven-year low.

Global real estate investment trusts (REITs), tracked by the **FTSE EPRA/NAREIT Developed REIT Index** (USD), outperformed their U.S. counterparts and rose 2.29%. U.S. REITs, as measured by the **FTSE NAREIT Equity REITs Index**, gained 1.16% for the quarter.

In the U.S., REITs enjoyed two months of positive returns to start the quarter before giving some of the gains back with a poor showing in March. Retail (-4.75%) fared the worst, hurt by weak earnings results from large retailers and the fear of store closings because of the emergence of e-commerce. Hotel (-1.90%) and Self Storage (-1.42%) also did poorly. Health Care (+6.92%) recovered from a sharp decline in the fourth quarter on the back of the failure of the new administration to fulfill its promise to repeal the Affordable Care Act. Specialty (+13.23%), Timber (+12.85%), Infrastructure (+12.25%), and Data Centers (+11.45%) all experienced double-digit gains.

Europe, as represented by the **FTSE EPRA/NAREIT Europe Index**, bested the U.S. in both local currency and U.S. dollar terms, buoyed by a weakening greenback and improving

Rolling One-Year Returns



Source: Callan

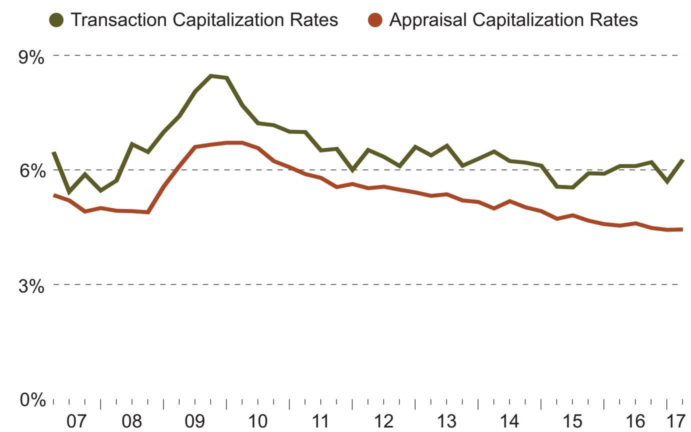
*Index subreturns are calculated separately from index return and may not total.

economic data. Markets also reacted positively to the failure of populist politicians to gain power in the Netherlands. As in the U.S., Retail lagged the broader index as e-commerce continued to take market share from traditional retailers.

The Asia-Pacific region beat all others with the **FTSE EPRA/ NAREIT Asia Index** jumping 5.94% during the first quarter in U.S. dollar terms. Singapore and Hong Kong were the major winners, up 17.4% and 16.2%, respectively. In both countries this was mainly attributed to strong performance by their residential sectors.

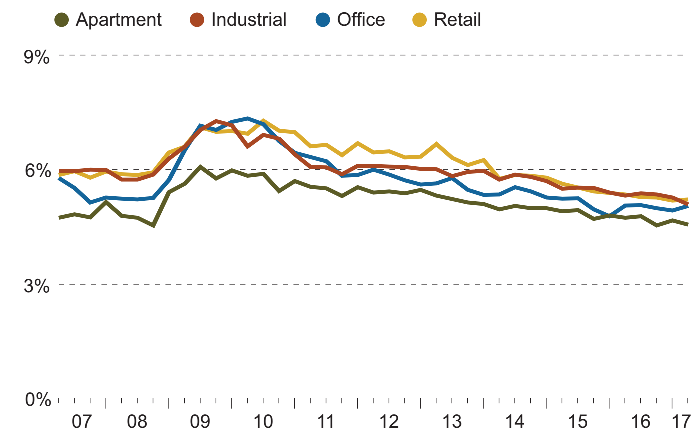
Commercial mortgage-backed securities (CMBS) issuance for the quarter was down sharply, by 58%, to $11.3 billion from the $26.9 billion in the fourth quarter of 2016. This represents a 42% decrease from the first quarter of 2016 ($19.4 billion).

NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF
Note: Transaction capitalization rate is equal weighted.

NCREIF Capitalization Rates by Property Type



Source: NCREIF
Note: Capitalization rates are appraisal-based.

On a Roll

PRIVATE EQUITY | Gary Robertson

New private equity partnership commitments totaled $80.0 billion in the first quarter, with 310 new partnerships formed, according to preliminary data from *Private Equity Analyst*. The number of partnerships jumped 75% from 177 in the first quarter of 2016, and the dollar volume rose 51% from $53.1 billion. KKR Americas Fund XII raised the most money in the quarter, $3.1 billion, and its final close of $13.9 billion exceeded its $12 billion target.

Investments by funds into companies totaled 379 deals, up 18% from 322 in the prior quarter, according to *Buyouts* newsletter. The announced total volume was $35.0 billion, up 24% from $28.3 billion in the fourth quarter. The $6.0 billion take-private of hospital staffing firm Team Health Holdings was the quarter's largest buyout. Nine deals with announced values of $1 billion or more closed in the quarter.

According to the National Venture Capital Association, new investments in VC companies totaled 1,808 rounds with $16.5 billion of announced value. The number of rounds fell by 5% from 1,898 in the fourth quarter, but disclosed value increased 15% from $14.3 billion.

Buyout M&A exits fell steeply; there were just 117 in the first quarter, down 25% from the prior quarter's 157, according to *Buyouts*. Announced deal value also dropped: 30 deals totaling $14.4 billion, off 47% from $27.0 billion in the fourth. Three buyout-backed IPOs in the first quarter raised an aggregate $2.4 billion. The number of IPOs was the same as the prior quarter, but the proceeds increased from $2.0 billion.

Venture-backed M&A exits totaled 132 and disclosed value hit $10.4 billion. The number of exits declined 19% but the dollar volume increased 53% from the fourth quarter, which had 162 sales totaling $6.8 billion. There were seven VC-backed IPOs in the first quarter with a combined float of $4 billion. The fourth quarter also had seven but they only raised $684 million.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

Funds Closed January 1 to March 31, 2017

Strategy	No. of Funds	Amt ($mm)	Percent
Venture Capital	145	7,505	9%
Buyouts	108	54,622	68%
Subordinated Debt	13	3,038	4%
Distressed Debt	7	4,526	6%
Secondary and Other	7	5,162	6%
Fund-of-funds	30	5,178	6%
Totals	**310**	**80,031**	**100%**

Source: Private Equity Analyst
Figures may not total due to rounding.

Private Equity Performance Database (%) (Pooled Horizon IRRs through September 30, 2016*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	3.33	3.35	17.77	14.78	10.51	6.72	20.92
Growth Equity	3.82	8.77	11.95	12.28	11.20	10.92	13.62
All Buyouts	3.91	11.48	11.97	13.68	10.41	12.96	12.60
Mezzanine	2.92	9.19	8.75	10.32	9.38	8.96	9.17
Distressed	4.22	7.72	7.30	11.93	9.42	10.71	10.67
All Private Equity	**3.80**	**9.08**	**12.24**	**13.41**	**10.37**	**11.06**	**13.23**
S&P 500	3.85	15.43	11.16	16.37	7.24	7.15	7.91
Russell 3000	4.40	14.96	10.44	16.36	7.37	7.61	8.03

Private equity returns are net of fees.
Sources: Standard & Poor's, Thomson Reuters/Cambridge
*Most recent data available at time of publication.

Note: Transaction count and dollar volume figures across all private equity measures are preliminary figures and are subject to update in subsequent versions of *Capital Market Review* and other Callan publications.

Dollops of Alpha with Beta

HEDGE FUNDS | Jim McKee

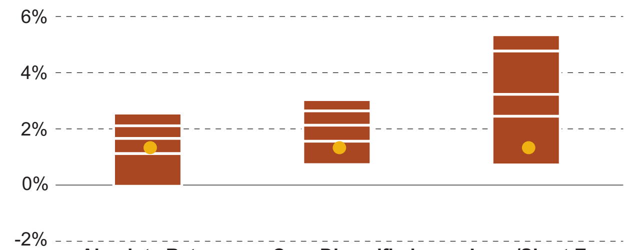
The U.S. economy moved steadily forward with revived animal spirits in the first quarter. Tangible evidence of growth and inflation emerged in the euro zone, soothing market worries globally. Amid geopolitical anxieties testing the Trump administration, the **S&P 500 Index** cleared 6.07% with very little market volatility. With more upbeat expectations abroad, **MSCI EAFE** climbed 7.25% while **MSCI Emerging Markets** soared 11.44%. After being beaten down in the prior quarter, the **Citi 10-Year Treasury** (+0.79%) held steady.

With global risk appetites encouraged by improving fundamentals, most hedge fund strategies generated positive returns. The **Credit Suisse Hedge Fund Index (CS HFI)**, a proxy of unmanaged hedge fund interests gross of fees, advanced 2.07%. Representing live hedge fund portfolios net of all fees, the median manager in the **Callan Hedge Fund-of-Funds Database** appreciated 2.29%.

Within CS HFI, *Long-Short Equity* (+3.46%) was particularly strong in the first quarter compared to 2016, even after adjusting for equity beta. Lack of market volatility and distinct trends left *Managed Futures* (-1.02%) and *Global Macro* (+0.24%) struggling.

Within the **Callan Hedge Fund-of-Funds Database**, market exposures differentiated performance. Supported by the stock market rallies around the globe, the median *Callan Long/Short Equity FOF* (+3.23%) outpaced the *Callan Absolute Return FOF* (+1.66%). With exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 2.13%.

Callan Style Group Quarterly Returns



	Absolute Return FOF Style	Core Diversified FOF Style	Long/Short Eq FOF Style
10th Percentile	2.56	3.04	5.35
25th Percentile	2.11	2.64	4.77
Median	1.66	2.13	3.23
75th Percentile	1.12	1.56	2.45
90th Percentile	-0.04	0.73	0.72
T-Bills + 5% ●	1.33	1.33	1.33

Sources: Callan, Merrill Lynch

Callan Database Median and Index Returns* for Periods ended March 31, 2017

	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	**2.29**	**2.29**	**8.04**	**2.00**	**4.66**	**3.24**	**4.83**
CS Hedge Fund Index	2.07	2.07	5.67	1.92	3.95	3.62	5.83
CS Equity Market Neutral	2.13	2.13	-2.19	-0.62	1.26	-2.99	0.55
CS Convertible Arbitrage	2.25	2.25	9.43	1.78	3.33	3.61	4.74
CS Fixed Income Arbitrage	2.32	2.32	8.02	3.15	4.64	3.43	4.23
CS Multi-Strategy	2.76	2.76	7.92	5.05	6.9	5.09	6.98
CS Distressed	2.23	2.23	10.91	0.82	5.28	3.75	6.94
CS Risk Arbitrage	1.21	1.21	4.94	1.78	2.33	3.18	3.74
CS Event-Driven Multi-Strategy	2.88	2.88	10.33	-1.48	3.53	3.4	6.11
CS Long/Short Equity	3.46	3.46	3.91	2.44	5.35	3.99	6.29
CS Global Macro	0.24	0.24	6.2	2.57	2.87	5.53	7.88
CS Managed Futures	-1.02	-1.02	-11.63	4.15	0.59	3.06	5.02
CS Emerging Markets	4.27	4.27	10.28	4.04	4.55	3.79	7.59

*Returns less than one year are not annualized. Sources: Callan, Credit Suisse.

Eventful Year, but TDFs Still Rule

DEFINED CONTRIBUTION | Tom Szkwarla

The Callan DC Index™ increased 7.99% during the wild year that was 2016, its best year since 2013. And the Index did not suffer a single negative quarter, ending with a fourth quarter return of 1.59%. But the Index trailed the average Age 45 Target Date Fund, which gained 8.59% in 2016.

For the year, DC plan balances increased 8.31%. Almost all of the growth is attributable to market performance. Inflows (participant and plan sponsor contributions) added only 32 basis points to total growth.

Turnover (i.e., net transfer activity levels within DC plans) in 2016 reached 2.31%, the highest since 2012.

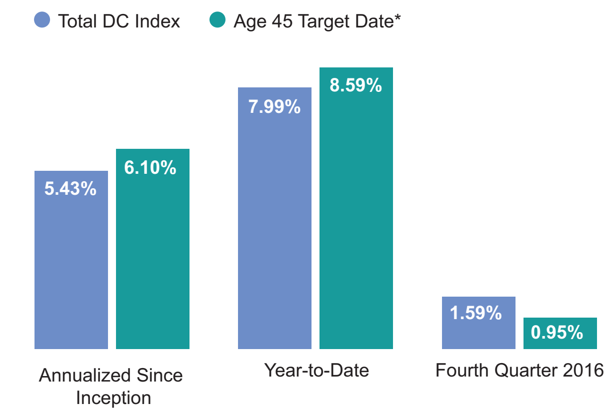
Last year, flows retreated from equities into stable value, money market, and domestic fixed income funds. As usual, TDFs dominated net inflows for the quarter and the year. For the year, roughly 61 cents of every dollar flowed to TDFs. The fourth quarter of 2016 saw a significant spike in TDF assets, increasing 1.3% from the third quarter to make up 29.0% of the average DC plan.

The Callan DC Index's equity allocation ended the quarter at 69%, below the equity allocation of the average Age 45 Target Date Fund (74%) but above the Index's historical average (67%).

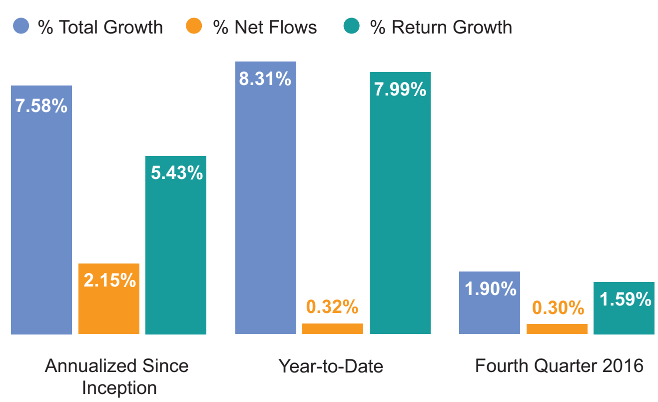
TDFs' dominance of the typical DC plan continues to grow. When TDFs are held within a DC plan, they now account for 35% of plan assets, up from 30% a year ago. The next largest plan holding, U.S. large cap equity funds, now account for 22.7% of plan assets. The fourth quarter of 2016 marks the highest level of TDF prevalence (91%) since the inception of the Callan DC Index™.

The Callan DC Index is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over $135 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.

Investment Performance



Growth Sources



Net Cash Flow Analysis (Fourth Quarter 2016)
(Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	68.47%
Stable Value	22.76%
U.S. Large Cap	-30.44%
Company Stock	-40.41%
Total Turnover**	**0.50%**

Data provided here is the most recent available at time of publication.

Source: Callan DC Index

Note: DC Index inception date is January 2006.

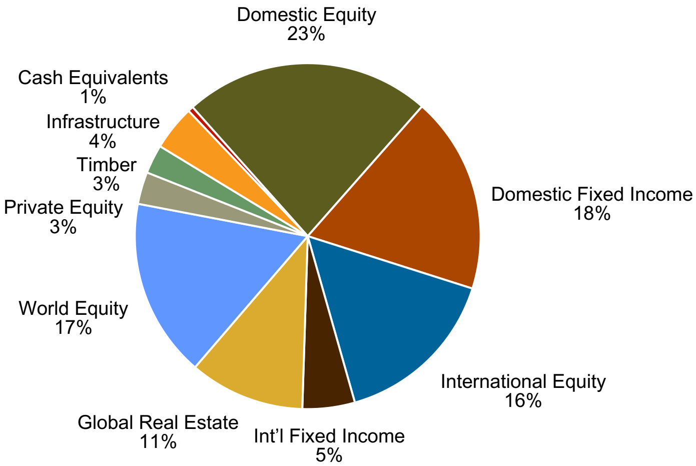
* The Age 45 Fund transitioned from the average 2030 TDF to the 2035 TDF in June 2013.

** Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

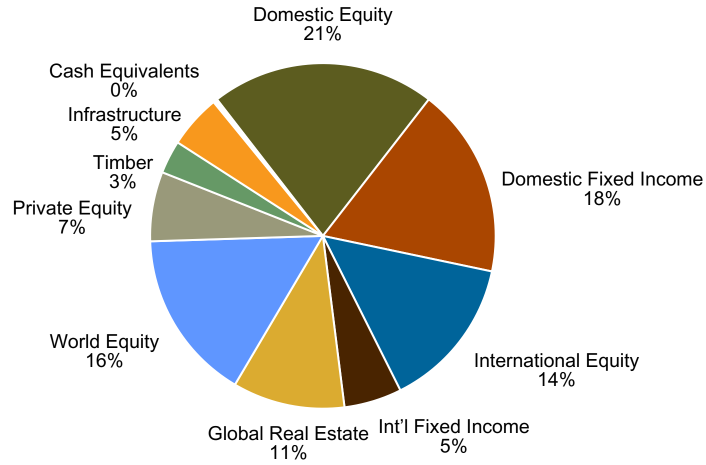
Actual vs Target Asset Allocation
As of March 31, 2017

The top left chart shows the Fund's asset allocation as of March 31, 2017. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

Actual Asset Allocation

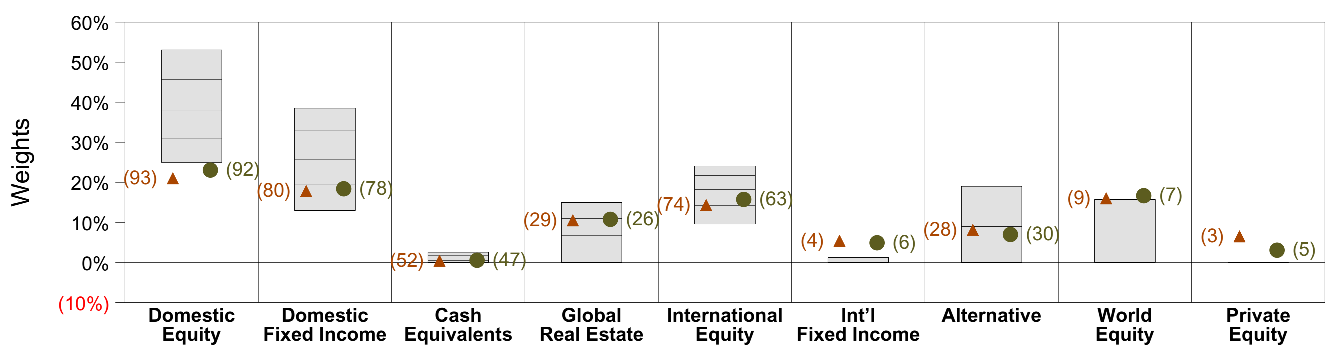


Target Asset Allocation



Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	1,175,451	23.1%	21.0%	2.1%	104,585
Domestic Fixed Income	937,338	18.4%	17.8%	0.6%	29,651
International Equity	801,493	15.7%	14.3%	1.4%	72,284
Int'l Fixed Income	249,821	4.9%	5.4%	(0.5%)	(25,545)
Global Real Estate	548,322	10.8%	10.5%	0.3%	12,889
World Equity	849,243	16.7%	16.0%	0.7%	33,345
Private Equity	155,216	3.0%	6.5%	(3.5%)	(176,242)
Timber	139,660	2.7%	3.1%	(0.4%)	(18,421)
Infrastructure	215,493	4.2%	5.0%	(0.8%)	(39,475)
Cash Equivalents	27,325	0.5%	0.4%	0.1%	6,928
Total	5,099,362	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



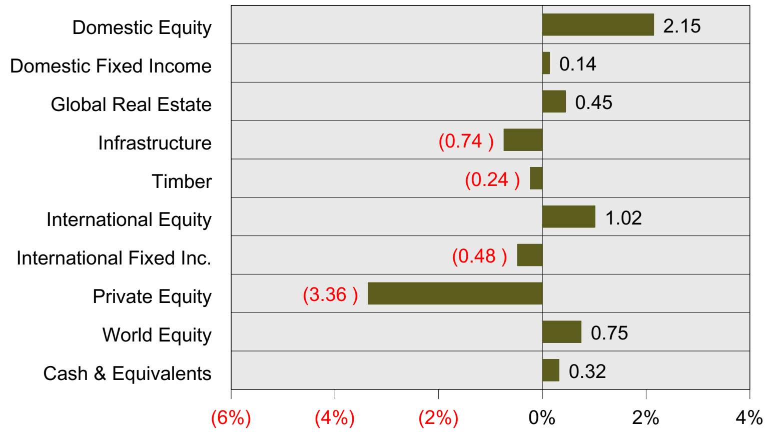
	Domestic Equity	Domestic Fixed Income	Cash Equivalents	Global Real Estate	International Equity	Int'l Fixed Income	Alternative	World Equity	Private Equity
10th Percentile	53.04	38.53	2.57	14.95	24.07	1.19	19.03	15.71	0.00
25th Percentile	45.72	32.83	1.78	10.93	21.72	0.00	8.94	0.00	0.00
Median	37.81	25.77	0.43	6.66	18.17	0.00	0.00	0.00	0.00
75th Percentile	31.03	19.56	0.00	0.00	14.16	0.00	0.00	0.00	0.00
90th Percentile	25.00	12.95	0.00	0.00	9.58	0.00	0.00	0.00	0.00
Fund ●	23.05	18.38	0.54	10.75	15.72	4.90	6.96	16.65	3.04
Target ▲	21.00	17.80	0.40	10.50	14.30	5.40	8.10	16.00	6.50
% Group Invested	96.59%	97.16%	69.32%	64.20%	89.20%	13.64%	37.50%	22.73%	6.25%

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

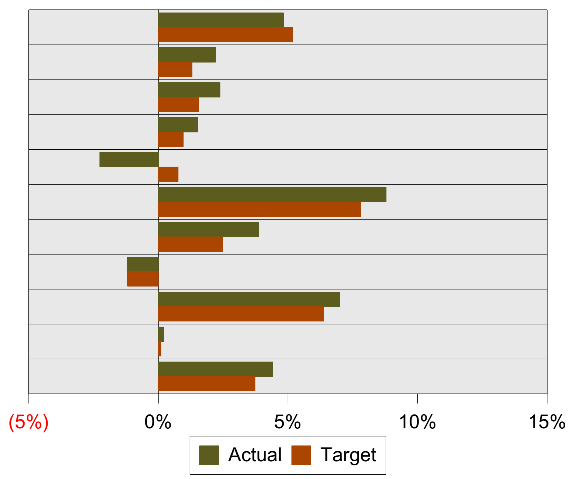
Quarterly Total Fund Relative Attribution - March 31, 2017

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

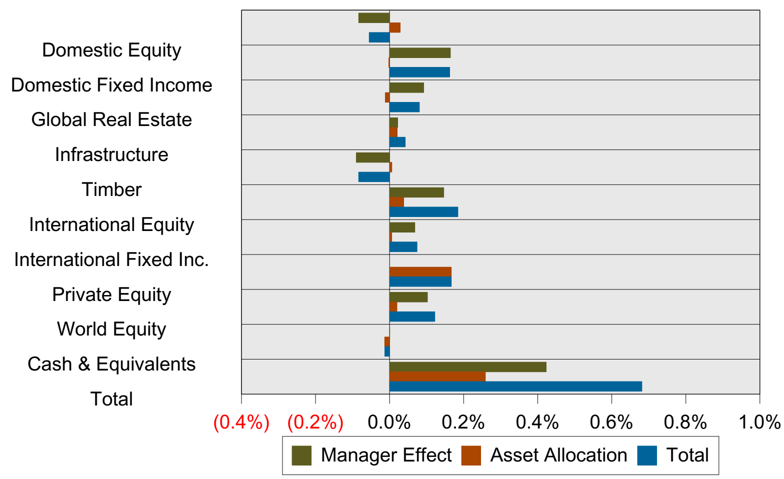
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2017

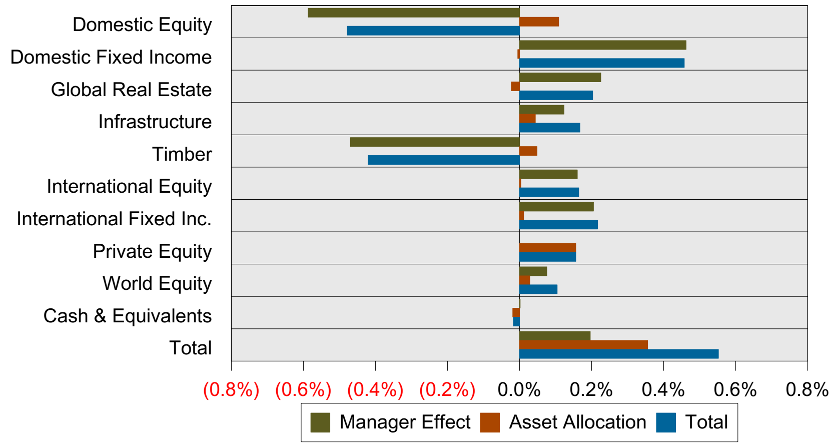
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	4.82%	5.19%	(0.08%)	0.03%	(0.06%)
Domestic Fixed Income	18%	18%	2.20%	1.30%	0.16%	(0.00%)	0.16%
Global Real Estate	11%	10%	2.38%	1.55%	0.09%	(0.01%)	0.08%
Infrastructure	4%	5%	1.52%	0.96%	0.02%	0.02%	0.04%
Timber	3%	3%	(2.26%)	0.76%	(0.09%)	0.01%	(0.08%)
International Equity	15%	14%	8.79%	7.81%	0.15%	0.04%	0.18%
International Fixed Inc.	5%	5%	3.87%	2.48%	0.07%	0.01%	0.07%
Private Equity	3%	6%	(1.19%)	(1.19%)	0.00%	0.17%	0.17%
World Equity	17%	16%	6.99%	6.38%	0.10%	0.02%	0.12%
Cash & Equivalents	1%	0%	0.20%	0.10%	0.00%	(0.01%)	(0.01%)
Total			**4.41% =**	**3.73% +**	**0.42% +**	**0.26%**	**0.68%**

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

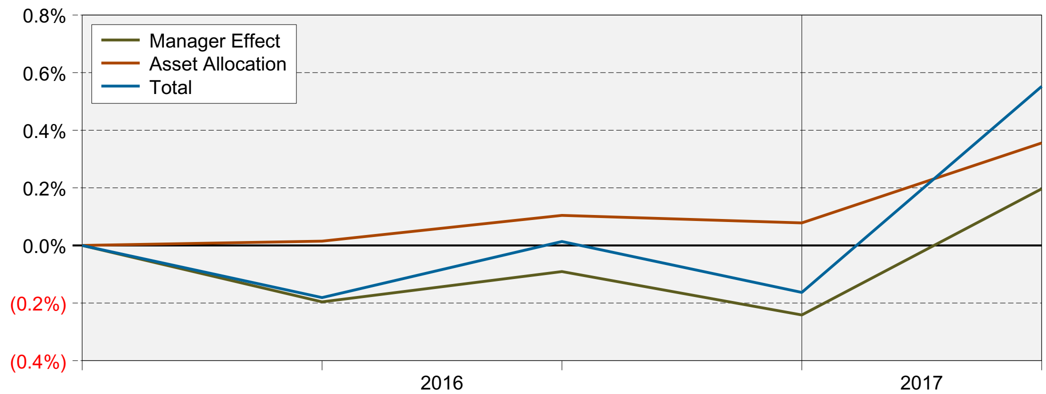
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

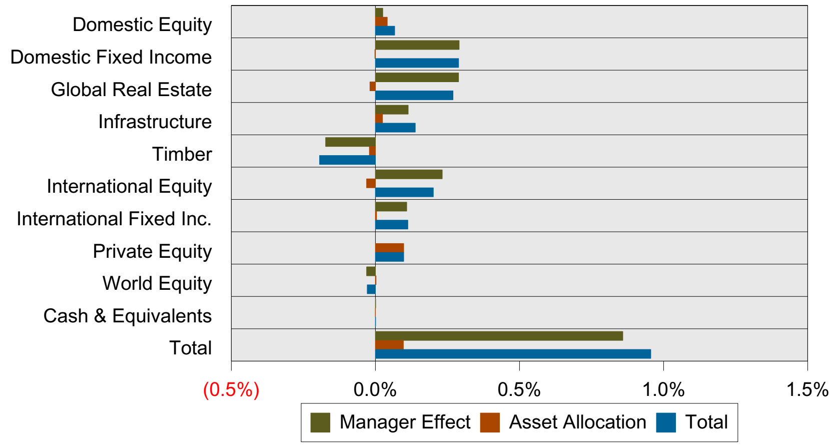
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	16.71%	19.47%	(0.59%)	0.11%	(0.48%)
Domestic Fixed Income	18%	18%	7.03%	4.53%	0.46%	(0.00%)	0.46%
Global Real Estate	11%	10%	9.32%	7.27%	0.23%	(0.02%)	0.20%
Infrastructure	4%	5%	4.96%	2.35%	0.12%	0.04%	0.17%
Timber	3%	4%	(9.81%)	3.64%	(0.47%)	0.05%	(0.42%)
International Equity	15%	14%	13.84%	12.82%	0.16%	0.00%	0.16%
International Fixed Inc.	5%	5%	(0.32%)	(3.93%)	0.21%	0.01%	0.22%
Private Equity	3%	6%	3.30%	3.30%	0.00%	0.16%	0.16%
World Equity	17%	16%	15.20%	14.77%	0.08%	0.03%	0.10%
Cash & Equivalents	1%	1%	0.60%	0.36%	0.00%	(0.02%)	(0.02%)
Total			**10.57% =**	**10.02% +**	**0.20% +**	**0.36%**	**0.55%**

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

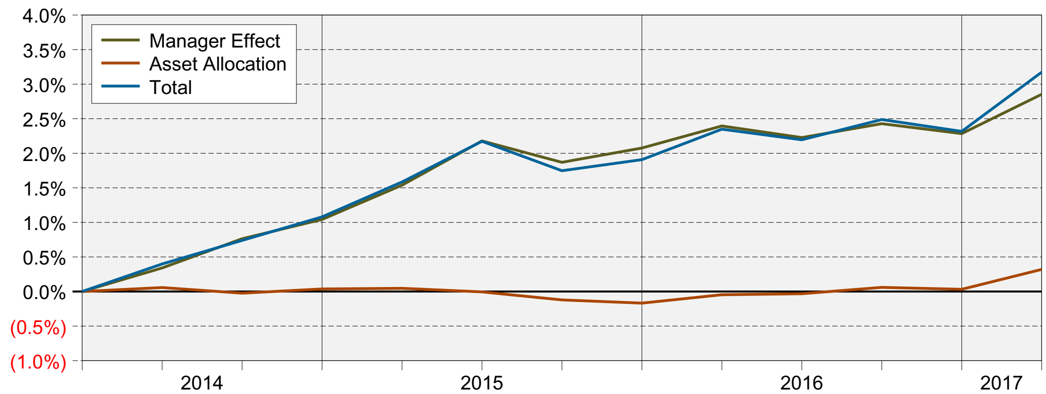
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

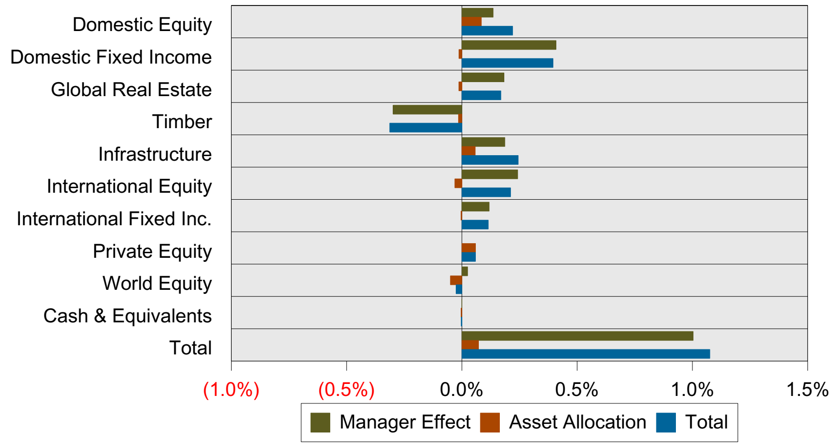
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	9.58%	9.43%	0.03%	0.04%	0.07%
Domestic Fixed Income	19%	18%	4.76%	3.20%	0.29%	(0.00%)	0.29%
Global Real Estate	10%	10%	13.71%	10.58%	0.29%	(0.02%)	0.27%
Infrastructure	4%	5%	3.42%	0.73%	0.11%	0.02%	0.14%
Timber	4%	4%	0.50%	5.67%	(0.17%)	(0.02%)	(0.19%)
International Equity	15%	14%	2.23%	0.70%	0.23%	(0.03%)	0.20%
International Fixed Inc.	5%	5%	(0.58%)	(2.68%)	0.11%	0.00%	0.11%
Private Equity	4%	5%	(3.05%)	(3.05%)	0.00%	0.10%	0.10%
World Equity	16%	16%	5.33%	5.52%	(0.03%)	0.00%	(0.03%)
Cash & Equivalents	1%	1%	0.28%	0.17%	0.00%	(0.00%)	0.00%
Total			**5.69% =**	**4.73% +**	**0.86% +**	**0.10%**	**0.96%**

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

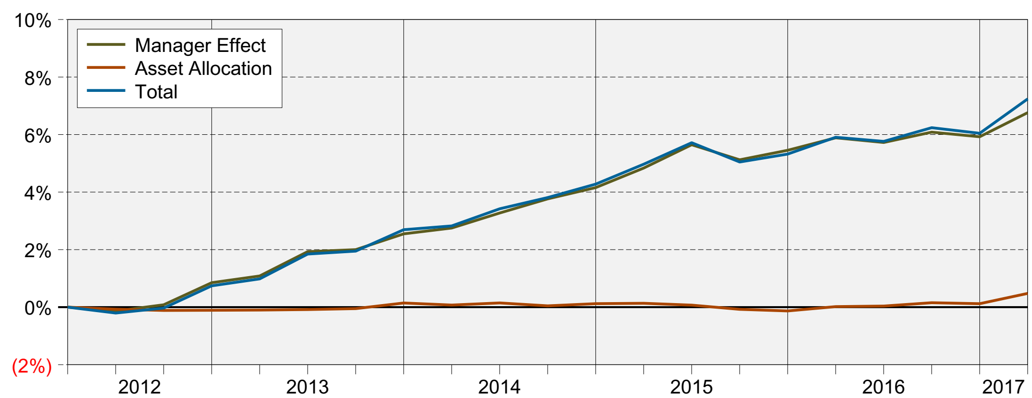
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

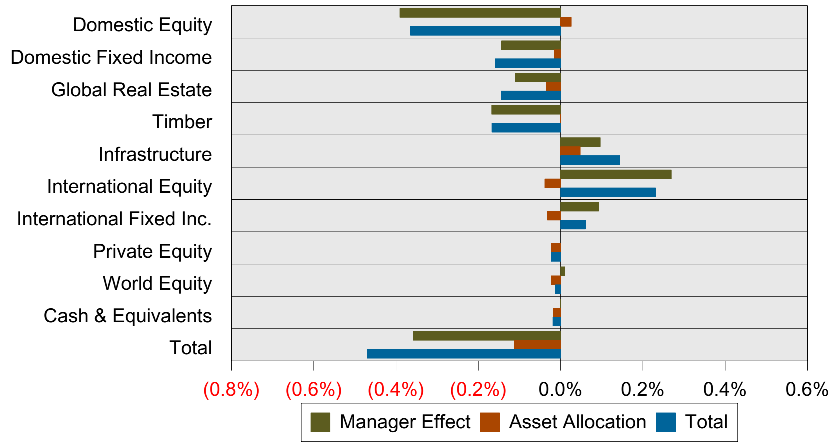
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	22%	13.73%	13.11%	0.14%	0.08%	0.22%
Domestic Fixed Income	19%	18%	5.74%	3.56%	0.41%	(0.01%)	0.40%
Global Real Estate	10%	10%	12.64%	10.69%	0.18%	(0.01%)	0.17%
Timber	4%	5%	0.24%	7.14%	(0.30%)	(0.01%)	(0.31%)
Infrastructure	4%	5%	5.68%	0.98%	0.19%	0.06%	0.24%
International Equity	15%	15%	6.43%	4.77%	0.24%	(0.03%)	0.21%
International Fixed Inc.	5%	5%	1.03%	(1.13%)	0.12%	(0.00%)	0.11%
Private Equity	4%	5%	1.40%	1.40%	0.00%	0.06%	0.06%
World Equity	14%	15%	9.18%	9.37%	0.03%	(0.05%)	(0.02%)
Cash & Equivalents	1%	1%	0.20%	0.14%	0.00%	(0.00%)	(0.00%)
Total			**8.25% =**	**7.17% +**	**1.00% +**	**0.07%**	**1.08%**

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

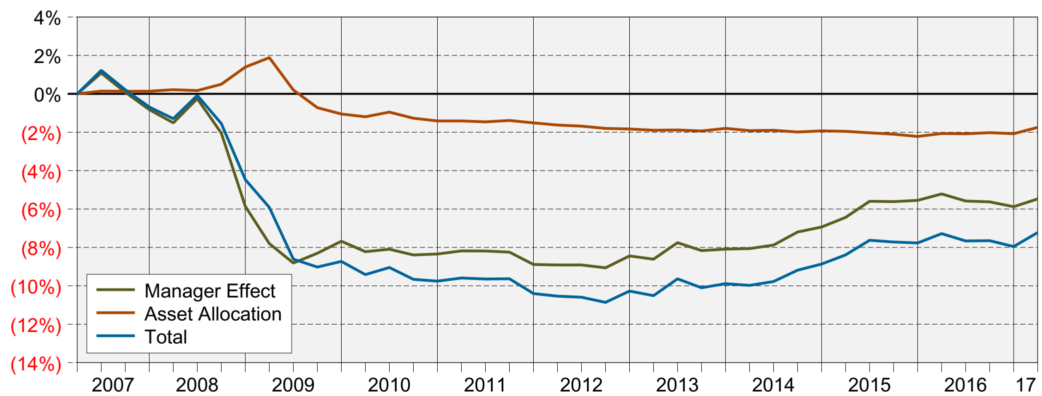
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Ten Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Ten Year Annualized Relative Attribution Effects

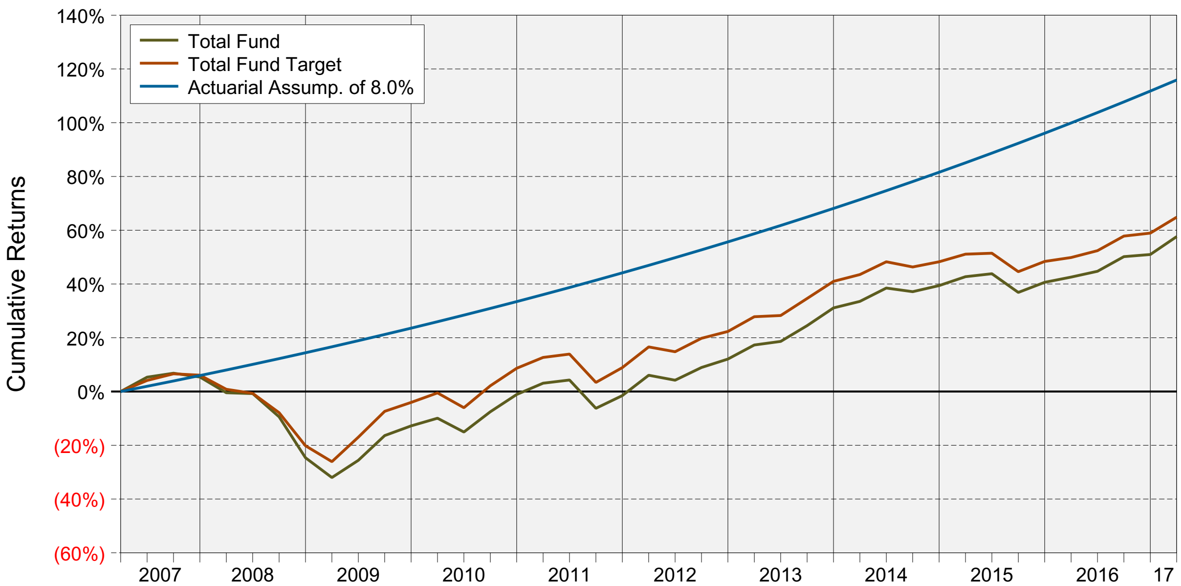
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	30%	30%	6.34%	7.49%	(0.39%)	0.03%	(0.36%)
Domestic Fixed Income	22%	21%	5.37%	5.30%	(0.14%)	(0.02%)	(0.16%)
Global Real Estate	9%	8%	5.36%	6.72%	(0.11%)	(0.03%)	(0.14%)
Timber	2%	3%	-	-	(0.17%)	0.00%	(0.17%)
Infrastructure	2%	3%	-	-	0.10%	0.05%	0.14%
International Equity	16%	17%	3.13%	1.57%	0.27%	(0.04%)	0.23%
International Fixed Inc.	5%	5%	4.57%	2.87%	0.09%	(0.03%)	0.06%
Private Equity	4%	5%	(0.47%)	(0.47%)	0.00%	(0.02%)	(0.02%)
World Equity	7%	7%	-	-	0.01%	(0.02%)	(0.01%)
Cash & Equivalents	1%	1%	0.45%	0.68%	(0.00%)	(0.02%)	(0.02%)
Total			**4.66% =**	**5.13% +**	**(0.36%) +**	**(0.11%)**	**(0.47%)**

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

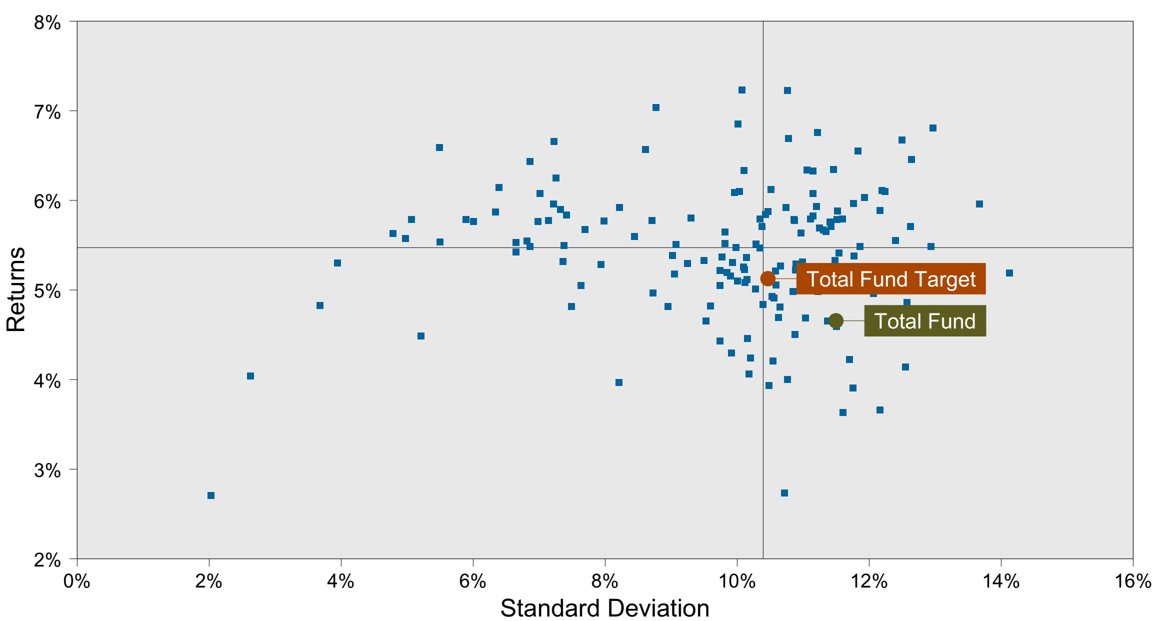
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Ten Year Annualized Risk vs Return



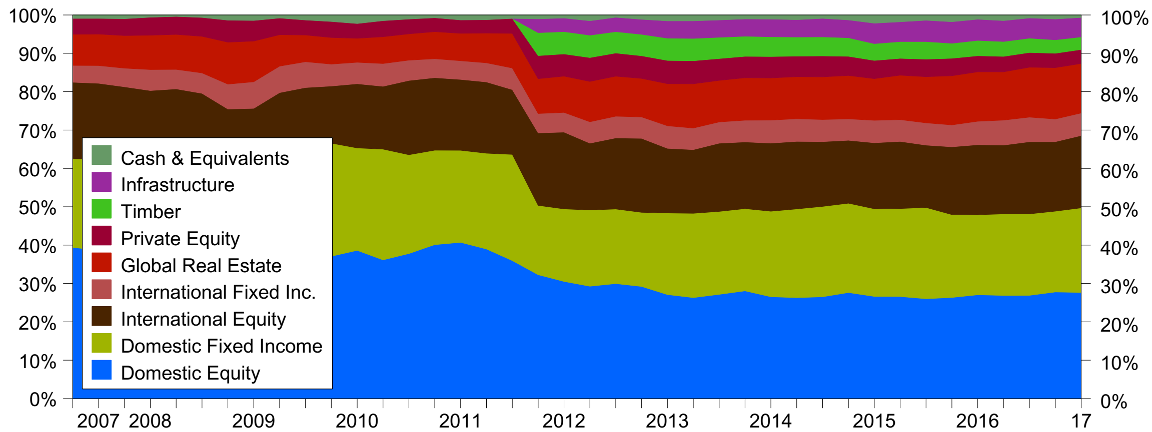
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

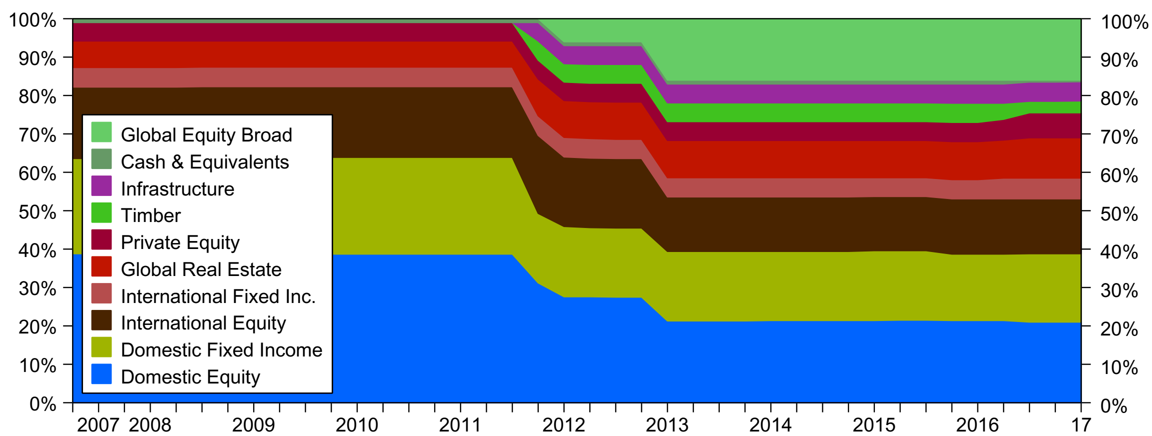
Actual vs Target Historical Asset Allocation

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

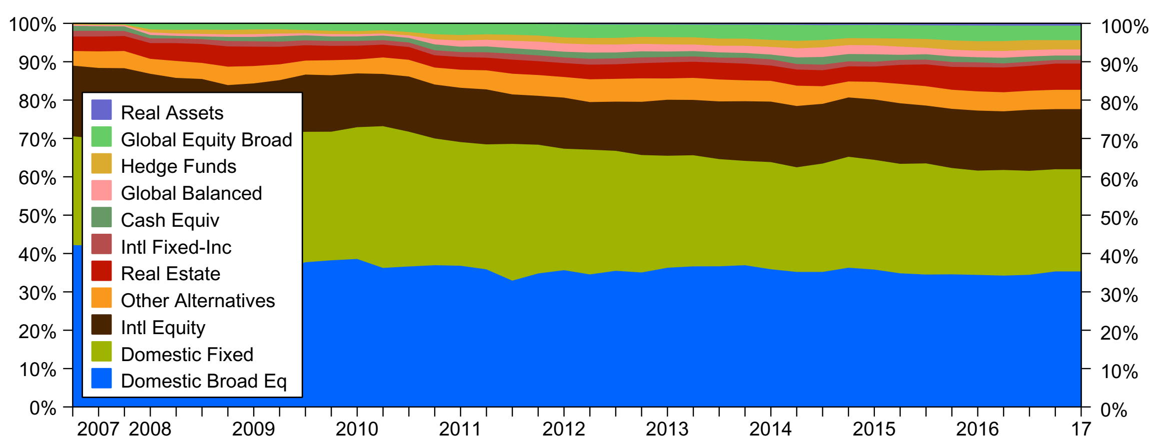
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

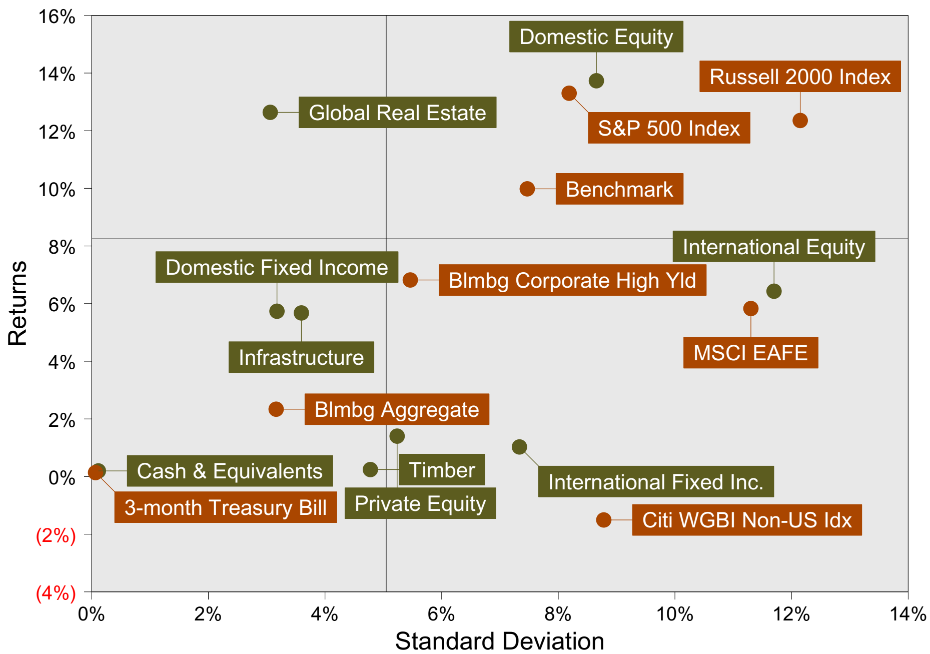


* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

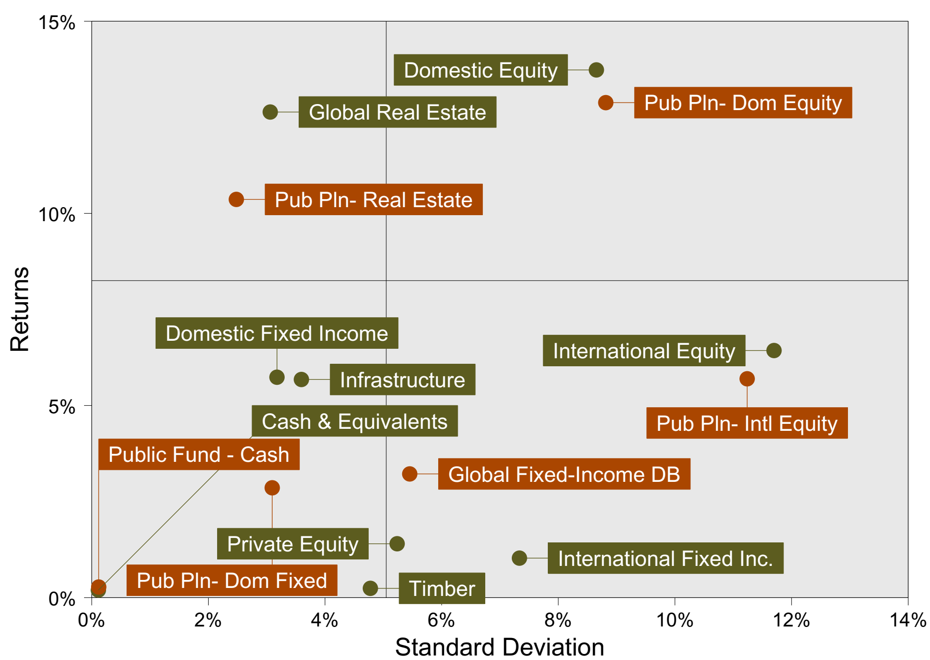
Asset Class Risk and Return

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

Five Year Annualized Risk vs Return
Asset Classes vs Benchmark Indices



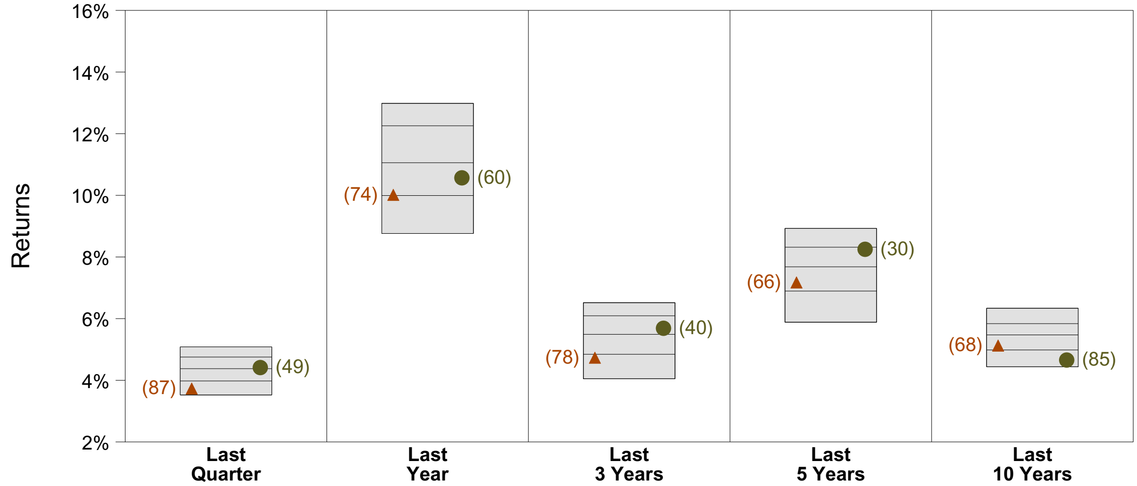
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



Total Fund Ranking

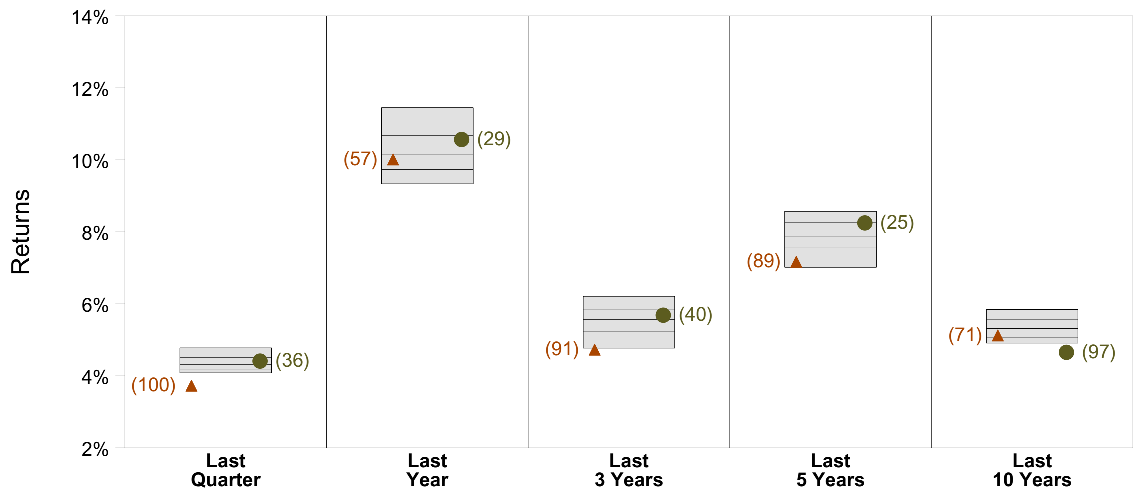
The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended March 31, 2017. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	5.08	12.98	6.52	8.93	6.34
25th Percentile	4.75	12.26	6.09	8.32	5.84
Median	4.38	11.06	5.49	7.68	5.47
75th Percentile	3.98	9.99	4.84	6.89	4.98
90th Percentile	3.52	8.76	4.05	5.88	4.44
Total Fund ●	4.41	10.57	5.69	8.25	4.66
Policy Target ▲	3.73	10.02	4.73	7.17	5.13

Asset Allocation Adjusted Ranking



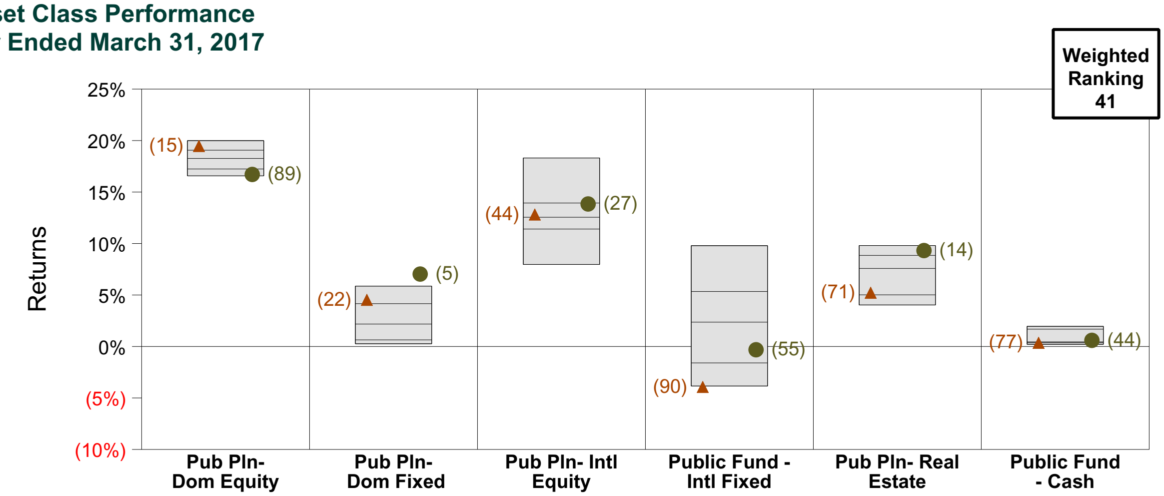
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	4.78	11.45	6.21	8.57	5.85
25th Percentile	4.51	10.68	5.86	8.26	5.58
Median	4.32	10.14	5.57	7.86	5.32
75th Percentile	4.19	9.74	5.23	7.55	5.08
90th Percentile	4.08	9.33	4.77	7.02	4.91
Total Fund ●	4.41	10.57	5.69	8.25	4.66
Policy Target ▲	3.73	10.02	4.73	7.17	5.13

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

Asset Class Rankings

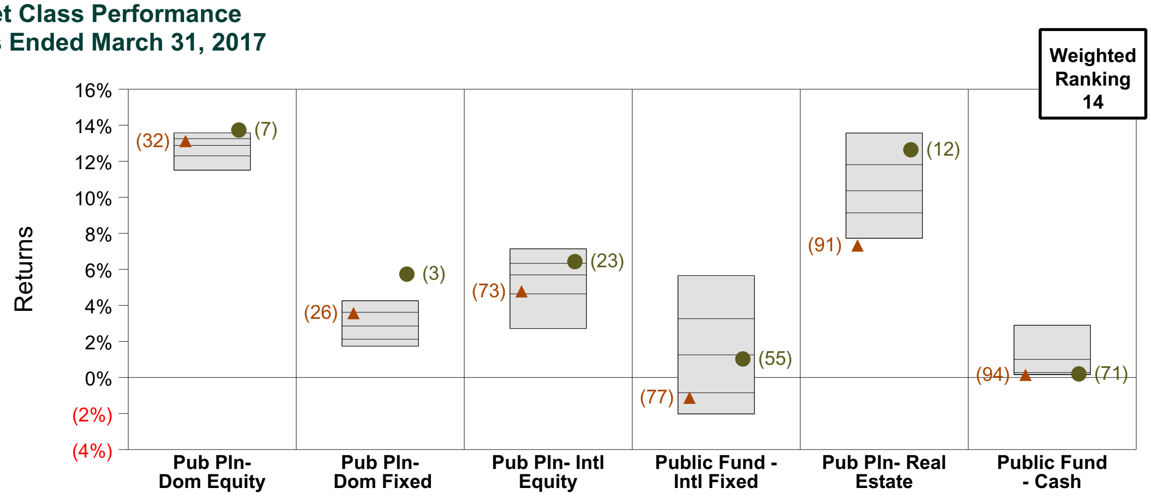
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Year Ended March 31, 2017



	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	19.99	5.86	18.31	9.79	9.80	1.96
25th Percentile	19.07	4.16	13.93	5.34	8.85	1.68
Median	18.26	2.18	12.55	2.36	7.58	0.45
75th Percentile	17.24	0.64	11.41	(1.60)	5.02	0.37
90th Percentile	16.57	0.26	7.97	(3.84)	4.03	0.21
Asset Class Composite ●	16.71	7.03	13.84	(0.32)	9.32	0.60
Composite Benchmark ▲	19.47	4.53	12.82	(3.93)	5.22	0.36

Total Asset Class Performance
Five Years Ended March 31, 2017



	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	13.57	4.26	7.14	5.66	13.57	2.90
25th Percentile	13.25	3.62	6.33	3.26	11.81	1.00
Median	12.88	2.86	5.69	1.25	10.36	0.28
75th Percentile	12.30	2.12	4.64	(0.85)	9.14	0.18
90th Percentile	11.51	1.74	2.71	(2.02)	7.73	0.15
Asset Class Composite ●	13.73	5.74	6.43	1.03	12.64	0.20
Composite Benchmark ▲	13.11	3.56	4.77	(1.13)	7.32	0.14

* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
GLOBAL EQUITY	**$2,981,403,922**	**58.47%**	**$(38,644,698)**	**$174,344,752**	**$2,845,703,868**	**58.13%**
Domestic Equity	**$1,175,451,410**	**23.05%**	**$(9,439,516)**	**$54,512,709**	**$1,130,378,217**	**23.09%**
Large Cap Domestic Equity	**$894,977,576**	**17.55%**	**$(9,216,025)**	**$48,712,667**	**$855,480,934**	**17.48%**
L.A. Capital	344,266,846	6.75%	(164,875)	21,376,399	323,055,323	6.60%
LACM Enhanced Index	195,695,452	3.84%	(9,051,150)	8,873,633	195,872,968	4.00%
Northern Trust AM Enh S&P 500	163,853,565	3.21%	0	7,712,510	156,141,055	3.19%
Parametric Clifton Enh S&P 500	191,161,713	3.75%	0	10,750,125	180,411,587	3.69%
Small Cap Domestic Equity	**$280,473,834**	**5.50%**	**$(223,491)**	**$5,800,042**	**$274,897,283**	**5.62%**
Atlanta Capital	125,881,599	2.47%	(223,491)	2,110,841	123,994,249	2.53%
Parametric Clifton Enh Small Cap	154,592,235	3.03%	0	3,689,201	150,903,033	3.08%
International Equity	**$801,493,046**	**15.72%**	**$(317,184)**	**$64,765,958**	**$737,044,271**	**15.06%**
Developed Int'l Equity	**$602,141,373**	**11.81%**	**$(317,184)**	**$42,735,714**	**$559,722,843**	**11.43%**
DFA Int'l Small Cap	87,118,785	1.71%	0	6,250,103	80,868,682	1.65%
Northern Trust AM World Ex US	289,224,921	5.67%	(22,853)	18,777,983	270,469,791	5.53%
Wellington Management Co.	90,245,871	1.77%	(172,441)	8,074,375	82,343,938	1.68%
William Blair	135,551,796	2.66%	(121,890)	9,633,253	126,040,433	2.57%
Emerging Markets Equity	**$199,351,673**	**3.91%**	**$0**	**$22,030,244**	**$177,321,428**	**3.62%**
Axiom	145,467,301	2.85%	0	15,073,342	130,393,959	2.66%
DFA	53,884,372	1.06%	0	6,956,902	46,927,469	0.96%
World Equity	**$849,243,368**	**16.65%**	**$(33,672,760)**	**$56,946,016**	**$825,970,113**	**16.87%**
EPOCH Investment Partners	372,990,266	7.31%	(551,836)	29,869,318	343,672,784	7.02%
LSV Asset Management	476,253,103	9.34%	(33,120,924)	27,076,697	482,297,329	9.85%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Private Equity	**$155,216,098**	**3.04%**	**$4,784,762**	**$(1,879,931)**	**$152,311,267**	**3.11%**
Adams Street Direct Co-Invest Fd	3,303,266	0.06%	(434,865)	(412,532)	4,150,663	0.08%
Adams Street Direct Fund 2010	938,253	0.02%	(192,986)	(30,030)	1,161,269	0.02%
Adams Street 1998 Partnership	124,632	0.00%	0	(552)	125,184	0.00%
Adams Street 1999 Partnership	325,595	0.01%	0	(7,140)	332,735	0.01%
Adams Street 2000 Partnership	939,314	0.02%	0	(4,722)	944,036	0.02%
Adams Street 2001 Partnership	1,273,948	0.02%	0	(46,603)	1,320,551	0.03%
Adams Street 2002 Partnership	330,776	0.01%	0	117	330,659	0.01%
Adams Street 2003 Partnership	318,536	0.01%	0	(3,533)	322,069	0.01%
Adams Street 2010 Partnership	6,118,947	0.12%	75,000	102,151	5,941,796	0.12%
Adams Street 2008 Fund	7,547,063	0.15%	0	1,003	7,546,060	0.15%
Adams Street 1999 Non-US	67,135	0.00%	0	(1,583)	68,718	0.00%
Adams Street 2000 Non-US	506,920	0.01%	(248,644)	20,657	734,907	0.02%
Adams Street 2001 Non-US	147,479	0.00%	0	(1,315)	148,794	0.00%
Adams Street 2002 Non-US	684,841	0.01%	0	(32,163)	717,004	0.01%
Adams Street 2003 Non-US	308,454	0.01%	0	31,717	276,737	0.01%
Adams Street 2004 Non-US	299,548	0.01%	0	(15,381)	314,929	0.01%
Adams Street 2010 Non-US	2,870,497	0.06%	(106,898)	44,527	2,932,868	0.06%
Adams Street 2010 Non-US Emg	1,381,548	0.03%	0	8,264	1,373,284	0.03%
Adams Street 2015 Global Fd	6,324,760	0.12%	2,355,000	635,419	3,334,341	0.07%
Adams Street 2016 Global Fd	1,059,493	0.02%	0	309,493	750,000	0.02%
Adams Street BVCF IV Fund	3,310,064	0.06%	(575,878)	(322)	3,886,264	0.08%
BlackRock	4,728,677	0.09%	4,728,677	0	-	-
Capital International V	5,173,642	0.10%	28,729	(506,562)	5,651,475	0.12%
Capital International VI	21,404,154	0.42%	2,172,919	(165,935)	19,397,170	0.40%
CorsAir III	13,934,738	0.27%	77,285	(374,048)	14,231,501	0.29%
CorsAir IV	21,347,542	0.42%	(203,515)	609,718	20,941,339	0.43%
ND Investors	-	-	0	(1)	1	0.00%
EIG Energy Fund XIV	5,121,952	0.10%	0	564,712	4,557,240	0.09%
Hearthstone Advisors MS II	3,355	0.00%	0	(7,387)	10,742	0.00%
Hearthstone Advisors MS III	2,198,582	0.04%	0	(2,255,313)	4,453,895	0.09%
Lewis & Clark, LP	1,329,909	0.03%	0	0	1,329,909	0.03%
Lewis & Clark II	8,726,535	0.17%	(445,016)	235,617	8,935,935	0.18%
Matlin Patterson II	1,293,112	0.03%	0	(324,820)	1,617,932	0.03%
Matlin Patterson III	26,593,366	0.52%	(506,206)	(253,383)	27,352,955	0.56%
Quantum Energy Partners	5,139,842	0.10%	(1,938,840)	()	7,078,682	0.14%
Quantum Resources	39,623	0.00%	0	0	39,623	0.00%

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
GLOBAL FIXED INCOME	**$1,187,158,313**	**23.28%**	**$60,492,183**	**$28,565,719**	**$1,098,100,411**	**22.43%**
Domestic Fixed Income	**$937,337,798**	**18.38%**	**$60,716,020**	**$19,264,347**	**$857,357,432**	**17.51%**
Inv. Grade Fixed Income	**$683,122,475**	**13.40%**	**$57,217,570**	**$10,294,686**	**$615,610,220**	**12.58%**
Declaration Total Return	89,114,855	1.75%	(63,941)	1,226,833	87,951,963	1.80%
J. P. Morgan MBS	129,628,371	2.54%	7,436,243	944,064	121,248,064	2.48%
PIMCO DiSCO II	102,736,042	2.01%	0	4,271,673	98,464,369	2.01%
PIMCO MBS	181,843,474	3.57%	(75,511)	1,163,083	180,755,902	3.69%
PIMCO Unconstrained	66,110,009	1.30%	(72,333)	1,515,489	64,666,853	1.32%
SSgA Long US Treas Index	113,689,725	2.23%	49,993,112	1,173,544	62,523,069	1.28%
Below Inv. Grade Fixed Income	**$254,215,323**	**4.99%**	**$3,498,451**	**$8,969,661**	**$241,747,212**	**4.94%**
Goldman Sachs 2006 Offshore	342,555	0.01%	(14,136)	68,672	288,019	0.01%
Goldman Sachs Offshore V	2,744,146	0.05%	0	80,391	2,663,755	0.05%
Loomis Sayles	196,359,304	3.85%	(237,413)	6,672,271	189,924,447	3.88%
PIMCO Bravo II Fund	54,769,318	1.07%	3,750,000	2,148,327	48,870,991	1.00%
Internationall Fixed Income	**$249,820,515**	**4.90%**	**$(223,837)**	**$9,301,372**	**$240,742,980**	**4.92%**
Brandywine	147,764,749	2.90%	(134,946)	6,934,687	140,965,008	2.88%
UBS Global Asset Mgmt.	102,055,766	2.00%	(88,892)	2,366,686	99,777,972	2.04%
GLOBAL REAL ASSETS	**$903,474,824**	**17.72%**	**$(18,046,448)**	**$12,811,480**	**$908,709,793**	**18.56%**
Global Real Estate	**$548,322,227**	**10.75%**	**$(9,689,404)**	**$12,835,168**	**$545,176,463**	**11.14%**
Invesco Core Real Estate	254,847,158	5.00%	(2,054,012)	6,315,937	250,585,232	5.12%
Invesco Fund II	182,209	0.00%	0	33,068	149,141	0.00%
Invesco Fund III	32,199,552	0.63%	0	2,322,748	29,876,804	0.61%
Invesco Asia RE Feeder	727,901	0.01%	0	645,803	82,099	0.00%
Invesco Asia RE Fund III	17,246,354	0.34%	(1,602,652)	(583,710)	19,432,715	0.40%
Invesco Value Added Fd IV	26,021,563	0.51%	(3,965,119)	311,565	29,675,117	0.61%
JP Morgan	195,974,565	3.84%	(2,058,607)	3,779,071	194,254,102	3.97%
JP Morgan Alternative Fd	286,429	0.01%	0	9,283	277,146	0.01%
JP Morgan China Property Fd	11,697,616	0.23%	(3,782)	(131,466)	11,832,864	0.24%
JP Morgan Greater European Opp Fd	9,138,881	0.18%	(5,231)	132,870	9,011,242	0.18%
Timber	**$139,659,517**	**2.74%**	**$0**	**$(3,231,957)**	**$142,891,474**	**2.92%**
TIR Teredo	32,004,093	0.63%	0	(1,977,123)	33,981,216	0.69%
TIR Springbank	107,655,424	2.11%	0	(1,254,834)	108,910,258	2.22%
Infrastructure	**$215,493,080**	**4.23%**	**$(8,357,045)**	**$3,208,268**	**$220,641,856**	**4.51%**
JP Morgan Asian Infrastructure	23,333,530	0.46%	(11,402,272)	5,506,339	29,229,463	0.60%
JP Morgan IIF	149,352,050	2.93%	(296,355)	(2,140,416)	151,788,821	3.10%
Grosvenor Cust. Infrastructure	34,699,804	0.68%	786,933	(56,136)	33,969,006	0.69%
Grosvenor Cust. Infrastructure II	8,107,696	0.16%	2,554,649	(101,519)	5,654,566	0.12%
CASH & CASH EQUIVALENTS	**$27,325,348**	**0.54%**	**$(15,613,671)**	**$81,860**	**$42,857,158**	**0.88%**
Northern Trust Cash Account	17,293,707	0.34%	(15,613,671)	65,097	32,842,281	0.67%
Bank of ND	10,031,640	0.20%	0	16,763	10,014,877	0.20%
Securities Lending Income	**$0**	**0.00%**	**$(70,841)**	**$70,841**	**-**	**-**
Total Fund	**$5,099,362,407**	**100.0%**	**$(11,883,476)**	**$215,874,652**	**$4,895,371,231**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Global Equity					
Gross	6.14%	14.73%	5.62%	9.78%	-
Net	6.09%	14.46%	5.30%	9.41%	-
Wtd Avg Global Equity Benchmark	5.44%	14.85%	5.01%	8.97%	-
Domestic Equity					
Gross	4.82%	16.71%	9.58%	13.73%	6.34%
Net	4.78%	16.45%	9.37%	13.47%	6.03%
Wtd Avg Domestic Equity Benchmark	5.19%	19.47%	9.43%	13.11%	7.49%
Large Cap Equity					
Gross	5.69%	15.16%	10.76%	14.17%	5.78%
Net	5.67%	14.99%	10.59%	13.98%	5.54%
Large Cap Benchmark (1)	6.03%	17.43%	9.99%	13.26%	7.52%
L.A. Capital - Gross	6.62%	13.49%	11.63%	14.14%	9.02%
L.A. Capital - Net	6.57%	13.26%	11.40%	13.90%	8.81%
Russell 1000 Growth Index	8.91%	15.76%	11.27%	13.32%	9.13%
LACM Enhanced Index - Goss	4.52%	15.91%	10.76%	14.10%	8.34%
LACM Enhanced Index - Net	4.50%	15.79%	10.63%	13.97%	8.18%
Russell 1000 Index	6.03%	17.43%	9.99%	13.26%	7.58%
Northern Tr AM Enh S&P500 - Gross	4.94%	15.25%	8.81%	13.36%	7.42%
Northern Tr AM Enh S&P500 - Net	4.94%	15.25%	8.60%	13.05%	7.24%
S&P 500 Index	6.07%	17.17%	10.37%	13.30%	7.51%
Parametric Clifton Enh S&P500 - Gross	5.96%	17.18%	10.67%	13.55%	-
Parametric Clifton Enh S&P500 - Net	5.96%	16.93%	10.59%	13.44%	-
S&P 500 Index	6.07%	17.17%	10.37%	13.30%	7.51%
Small Cap Equity					
Gross	2.11%	21.99%	5.52%	12.01%	7.58%
Net	2.03%	21.39%	5.19%	11.53%	7.06%
Russell 2000 Index	2.47%	26.22%	7.22%	12.35%	7.12%
Atlanta Capital - Gross	1.71%	-	-	-	-
Atlanta Capital - Net	1.52%	-	-	-	-
S&P 600 Small Cap Index	1.06%	24.59%	9.45%	14.25%	8.80%
Parametric Clifton Enh SmCap - Gross	2.44%	26.85%	8.25%	13.52%	-
Parametric Clifton Enh SmCap - Net	2.44%	26.31%	7.82%	13.03%	-
Russell 2000 Index	2.47%	26.22%	7.22%	12.35%	7.12%

(1) S&P 500 Index through 12/31/2011 and Russell 1000 Index thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
International Equity					
Gross	8.79%	13.84%	2.23%	6.43%	3.13%
Net	8.74%	13.66%	2.03%	6.11%	2.78%
Wtd Avg Int'l Equity Benchmark	7.81%	12.82%	0.70%	4.77%	1.57%
Developed Intl Equity					
Gross	7.64%	12.40%	1.76%	7.45%	2.24%
Net	7.58%	12.16%	1.50%	7.13%	1.92%
Benchmark(1)	6.81%	11.46%	0.43%	5.79%	0.81%
DFA Int'l Small Cap Value - Net	7.73%	17.30%	2.71%	9.78%	-
World ex US SC Value	6.80%	13.86%	1.77%	7.76%	2.79%
Northern Tr AM World ex US - Gross	6.94%	12.42%	0.72%	-	-
Northern Tr AM World ex US - Net	6.93%	12.38%	0.69%	-	-
MSCI World ex US	6.81%	11.93%	0.35%	5.38%	1.13%
Wellington Management - Gross	9.82%	10.43%	5.71%	11.93%	6.00%
Wellington Management - Net	9.60%	9.51%	4.82%	10.99%	5.10%
BMI, EPAC, <$2 B	7.79%	11.92%	4.48%	8.46%	2.76%
William Blair - Gross	7.65%	-	-	-	-
William Blair - Net	7.55%	-	-	-	-
MSCI ACWI ex US	7.86%	13.13%	0.56%	4.36%	1.35%
Emerging Markets Equity					
Gross	12.42%	18.17%	3.33%	2.23%	4.39%
Net	12.42%	18.17%	3.29%	1.91%	3.95%
Emerging Mkts - Net	11.44%	17.21%	1.18%	0.81%	2.72%
Axiom - Net	11.56%	17.11%	-	-	-
Emerging Mkts - Net	11.44%	17.21%	1.18%	0.81%	2.72%
DFA - Net	14.82%	21.12%	5.03%	4.63%	5.65%
Emerging Mkts - Net	11.44%	17.21%	1.18%	0.81%	2.72%
World Equity					
Gross	6.99%	15.20%	5.33%	9.18%	-
Net	6.91%	14.77%	4.65%	8.48%	-
MSCI World Index	6.38%	14.77%	5.52%	9.37%	4.21%
EPOCH Investment - Gross(2)	8.70%	10.61%	4.52%	9.06%	-
EPOCH Investment - Net	8.53%	9.91%	3.84%	8.32%	-
MSCI World Index	6.38%	14.77%	5.52%	9.37%	4.21%
LSV Asset Management - Gross(3)	5.73%	18.77%	5.87%	-	-
LSV Asset Management - Net	5.71%	18.57%	5.20%	-	-
MSCI ACWI Idx	7.05%	15.69%	5.65%	8.97%	4.56%

(1) MSCI EAFE through 12/31/1996; 50% Hedged EAFE through 3/31/2011; MSCI EAFE again through 6/30/2016; MSCI World ex-US thereafter.
(2) EPOCH Investment was removed from the Domestic Equity Composite to the World Equity Composite as of 1/1/2012.
(3) LSV Asset Management was removed from the Domestic Equity and International Equity Composites to the World Equity Composite as of February 1, 2013.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Private Equity*					
Net	(1.19%)	3.29%	(3.06%)	1.37%	(0.65%)
Adams Street Direct Co-Invest Fd	(9.94%)	(1.66%)	12.38%	12.32%	5.44%
Adams Street Direct Fund 2010	(2.88%)	(3.48%)	10.21%	10.64%	-
Adams Street 1998 Partnership	(0.44%)	(0.83%)	1.22%	4.03%	(1.18%)
Adams Street 1999 Partnership	(2.15%)	(2.01%)	(3.13%)	2.68%	2.26%
Adams Street 2000 Partnership	(0.50%)	(3.39%)	(3.45%)	0.61%	3.16%
Adams Street 2001 Partnership	(3.53%)	(3.95%)	(0.13%)	5.32%	3.38%
Adams Street 2002 Partnership	0.04%	22.33%	2.62%	6.79%	3.71%
Adams Street 2003 Partnership	(1.10%)	1.34%	8.31%	10.64%	5.27%
Adams Street 2010 Partnership	1.70%	10.44%	13.45%	12.93%	-
Adams Street 2008 Fund	0.01%	6.32%	10.00%	10.67%	-
Adams Street 1999 Non-US	(2.30%)	(0.89%)	(1.17%)	3.12%	4.28%
Adams Street 2000 Non-US	4.25%	6.05%	(0.90%)	(0.74%)	1.91%
Adams Street 2001 Non-US	(0.88%)	(17.88%)	9.49%	14.00%	2.77%
Adams Street 2002 Non-US	(4.49%)	(6.83%)	5.42%	4.13%	1.80%
Adams Street 2003 Non-US	11.46%	25.79%	13.46%	17.68%	11.04%
Adams Street 2004 Non-US	(4.88%)	(2.88%)	2.39%	4.76%	3.49%
Adams Street 2010 Non-US	1.53%	11.10%	7.00%	8.08%	-
Adams Street 2010 Non-US Emg	0.60%	4.81%	12.72%	5.08%	-
Adams Street 2015 Global Fd	12.14%	36.84%	-	-	-
Adams Street 2016 Global Fd	41.27%	-	-	-	-
Adams Street BVCF IV Fund	(0.01%)	2.89%	16.30%	22.81%	30.23%
Capital International V	(8.92%)	(18.28%)	(20.20%)	(12.38%)	-
Capital International VI	(0.82%)	14.23%	(7.55%)	(8.40%)	-
CorsAir III	(2.61%)	2.69%	6.72%	2.66%	(4.34%)
CorsAir IV	2.94%	16.61%	16.18%	13.53%	-
EIG Energy Fund XIV	12.39%	(32.10%)	(37.98%)	(25.91%)	-
Lewis & Clark, LP	0.00%	(51.19%)	(35.55%)	(19.69%)	(7.95%)
Lewis & Clark II	2.64%	4.56%	(5.96%)	(5.07%)	-
Matlin Patterson II	(20.08%)	(25.86%)	0.23%	(11.14%)	(27.45%)
Matlin Patterson III	(0.93%)	5.02%	(3.81%)	10.15%	-
Quantum Energy Partners	0.00%	(5.58%)	(8.36%)	3.61%	3.20%

* Corsair III was taken out from the Private Equity Composite on July 1, 2009. It was then added back into the Private Equity Composite on October 1, 2011. At this time Corsair IV, Capital Intl and EIG were also added to this composite.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Global Fixed Income					
Gross	2.56%	5.31%	3.65%	4.74%	-
Net	2.50%	5.05%	3.40%	4.50%	-
Wtd Avg Global FI Benchmark	1.61%	2.63%	1.94%	2.56%	-
Domestic Fixed Income					
Gross	2.20%	7.03%	4.76%	5.74%	5.37%
Net	2.15%	6.81%	4.53%	5.52%	5.10%
Wtd Avg Domestic FI Benchmark	1.30%	4.53%	3.20%	3.56%	5.30%
Inv. Grade Fixed Income					
Gross	1.61%	3.75%	4.27%	4.67%	4.82%
Net	1.58%	3.61%	4.14%	4.54%	4.60%
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.34%	4.27%
Declaration Total Return - Net	1.40%	5.16%	4.13%	-	-
Libor-3 Month	0.26%	0.84%	0.49%	0.42%	1.10%
J.P. Morgan MBS - Gross	0.77%	1.12%	-	-	-
J.P. Morgan MBS - Net	0.72%	0.91%	-	-	-
Blmbg Mortgage	0.47%	0.17%	2.69%	2.04%	4.16%
PIMCO Unconstrained - Gross(1)	2.34%	9.38%	3.08%	3.11%	-
PIMCO Unconstrained - Net	2.23%	8.89%	2.71%	2.84%	-
Blended Benchmark(2)	0.26%	0.84%	0.49%	0.47%	-
PIMCO DiSCO II - Net	4.34%	14.64%	7.67%	13.46%	-
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.34%	4.27%
PIMCO MBS - Gross	0.64%	0.70%	2.76%	2.12%	-
PIMCO MBS - Net	0.60%	0.54%	2.58%	1.96%	-
Blmbg Mortgage	0.47%	0.17%	2.69%	2.04%	4.16%
SSgA Long US Treas Idx - Gross	1.39%	(5.02%)	5.81%	-	-
SSgA Long US Treas Idx - Net	1.38%	(5.06%)	5.77%	-	-
Blmbg Long Treas	1.40%	(5.01%)	5.83%	4.04%	6.71%
Below Inv. Grade Fixed Income					
Gross	3.71%	15.78%	5.85%	8.53%	6.42%
Net	3.61%	15.33%	5.41%	8.07%	6.04%
Blmbg HY Corp 2% Issue	2.70%	16.39%	4.58%	6.82%	7.54%
Goldman Sachs 2006 Offshore - Net	24.37%	41.67%	26.88%	22.32%	9.91%
Goldman Sachs Offshore V - Net	3.02%	0.84%	7.19%	10.48%	-
PIMCO Bravo II Fund - Net	4.40%	10.62%	11.74%	-	-
Blmbg HY Corp 2% Issue	2.70%	16.39%	4.58%	6.82%	7.54%
Loomis Sayles - Gross	3.52%	17.27%	5.13%	7.50%	7.51%
Loomis Sayles - Net	3.39%	16.69%	4.61%	6.97%	7.15%
Blmbg HY Corp 2% Issue	2.70%	16.39%	4.58%	6.82%	7.54%

(1) The product changed from Commingled Fund to Separate Account in March 2014.
(2) Libor-3 month through Feb. 28, 2014; Fund's performance through March 31, 2014; Libor-3 month thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
International Fixed Income					
Gross	3.87%	(0.32%)	(0.58%)	1.03%	4.57%
Net	3.77%	(0.67%)	(0.94%)	0.69%	4.33%
Wtd Avg Int'l FI Benchmark	2.48%	(3.93%)	(2.68%)	(1.13%)	2.87%
Brandywine - Gross	4.92%	2.25%	1.36%	3.16%	6.27%
Brandywine - Net	4.82%	1.87%	0.97%	2.80%	6.09%
Blmbg Global Aggregate	1.76%	(1.90%)	(0.39%)	0.38%	3.34%
UBS Global Asset Mgmt. - Gross	2.37%	(3.93%)	(2.81%)	(1.29%)	2.53%
UBS Global Asset Mgmt. - Net	2.28%	(4.23%)	(3.12%)	(1.60%)	2.22%
Blended Benchmark(1)	2.48%	(3.93%)	(2.69%)	(1.13%)	2.87%
Global Real Assets					
Gross	1.44%	4.86%	8.53%	8.11%	-
Net	1.34%	4.42%	8.09%	7.56%	-
Wtd Avg Global Real Assets Benchmark	1.24%	5.13%	6.82%	7.30%	-
Global Real Estate					
Gross	2.38%	9.32%	13.71%	12.64%	5.36%
Net	2.26%	8.78%	13.15%	11.84%	3.75%
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	6.72%
Invesco Core Real Estate - Gross	2.54%	10.38%	12.38%	11.96%	5.73%
Invesco Core Real Estate - Net	2.45%	10.00%	11.99%	11.55%	5.28%
Invesco Fund II - Net	22.17%	20.95%	12.81%	15.14%	-
Invesco Fund III - Net	7.77%	18.67%	18.36%	-	-
Invesco Asia RE Feeder - Net	786.62%	812.57%	158.60%	76.73%	-
Invesco Asia RE Fund III - Net	(3.05%)	1.23%	-	-	-
Invesco Value Added Fd IV - Net	1.05%	2.78%	-	-	-
JP Morgan - Gross	1.97%	8.67%	12.26%	13.05%	6.04%
JP Morgan - Net	1.74%	7.68%	11.14%	11.96%	4.90%
JP Morgan Alternative Fd - Net	3.35%	3.89%	(8.33%)	(2.07%)	(5.27%)
JP Morgan China Property Fd - Net	(1.11%)	20.73%	22.94%	15.64%	-
JPM Greater European Opp Fd - Net	1.47%	(5.25%)	26.59%	(20.00%)	-
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	6.72%
Timber					
Net	(2.26%)	(9.81%)	0.50%	0.24%	-
TIR Teredo	(5.82%)	(10.19%)	8.23%	5.33%	9.68%
TIR Springbank	(1.15%)	(9.71%)	(2.97%)	(2.15%)	(1.83%)
NCREIF Timberland Index	0.76%	3.64%	5.67%	7.14%	5.71%
Infrastructure					
Gross	1.52%	4.96%	3.42%	5.68%	-
Net	1.40%	4.38%	2.86%	5.07%	-
JP Morgan Asian Infrastructure - Net	29.84%	30.35%	7.18%	9.03%	-
JP Morgan IIF - Gross	(1.41%)	2.26%	1.62%	4.95%	-
JP Morgan IIF - Net	(1.57%)	1.42%	0.77%	4.02%	-
Grosvenor Cust. Infrastructure - Net	(0.16%)	4.94%	8.50%	7.11%	-
Grosvenor Cust. Infrastructure II - Net	(1.35%)	(4.74%)	-	-	-
CPI-W	0.96%	2.35%	0.73%	0.98%	1.71%
Cash & Cash Equivalents - Net	**0.20%**	**0.60%**	**0.28%**	**0.20%**	**0.45%**
Cash Account - Net	0.21%	0.63%	0.29%	0.20%	0.45%
Bank of ND - Net	0.17%	-	-	-	-
3-month Treasury Bill	0.10%	0.36%	0.17%	0.14%	0.68%
Total Fund					
Gross	4.41%	10.57%	5.69%	8.25%	4.66%
Net	4.35%	10.27%	5.36%	7.82%	4.18%
Target*	3.73%	10.02%	4.73%	7.17%	5.13%

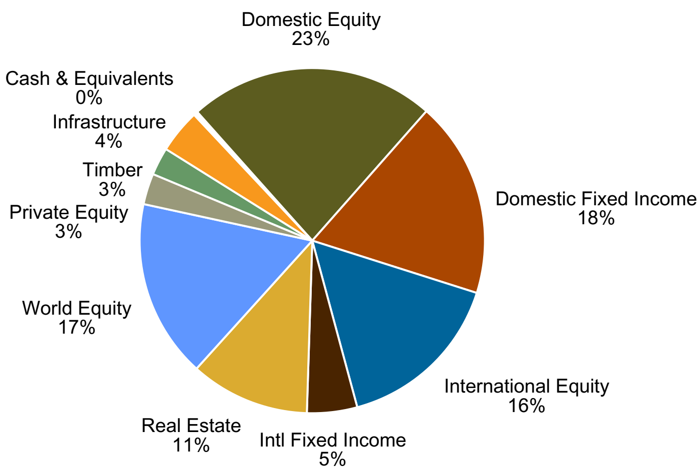
* Current Quarter Target = 16.1% Russell 1000 Index, 16.0% MSCI World, 13.2% Blmbg Aggregate, 11.2% MSCI World ex US, 10.5% NCREIF Total Index, 6.5% NDSIB PEN - Private Equity, 5.4% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.9% Russell 2000 Index, 4.6% Blmbg HY 2% Iss Cap, 3.1% MSCI EM, 3.1% NCREIF Timberland Index and 0.4% 3-month Treasury Bill.

(1) Citigroup Non-US Govt through 12/31/2009 and the Bloomberg Global Aggregate Index ex US thereafter.

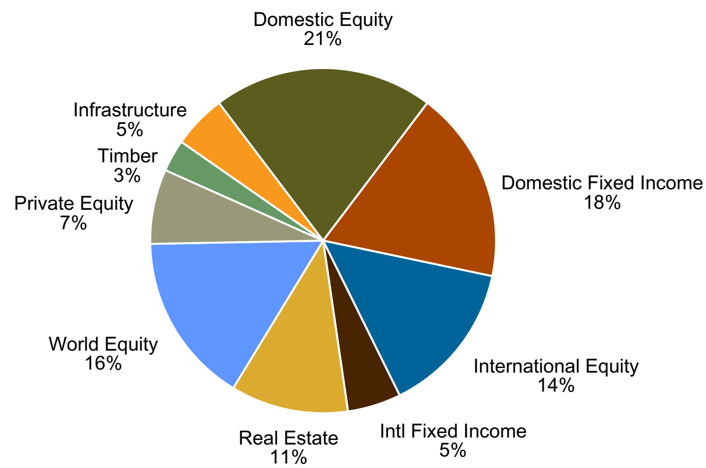
Actual vs Target Asset Allocation
As of March 31, 2017

The top left chart shows the Fund's asset allocation as of March 31, 2017. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

Actual Asset Allocation

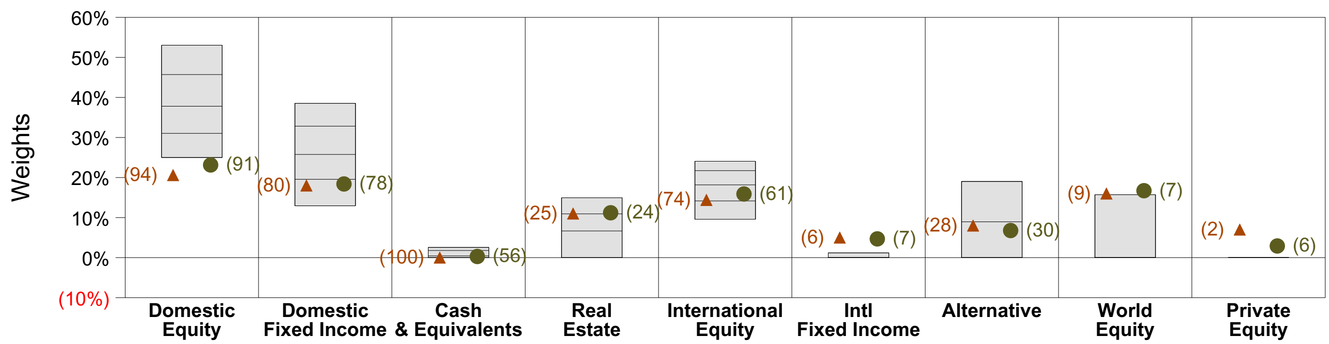


Target Asset Allocation



Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	619,104	23.1%	20.6%	2.5%	68,057
Domestic Fixed Income	492,079	18.4%	18.0%	0.4%	10,581
International Equity	425,043	15.9%	14.4%	1.5%	39,845
Intl Fixed Income	125,236	4.7%	5.0%	(0.3%)	(8,514)
Real Estate	299,704	11.2%	11.0%	0.2%	5,455
World Equity	447,105	16.7%	16.0%	0.7%	19,107
Private Equity	77,870	2.9%	7.0%	(4.1%)	(109,379)
Timber	70,545	2.6%	3.0%	(0.4%)	(9,705)
Infrastructure	110,505	4.1%	5.0%	(0.9%)	(23,244)
Cash & Equivalents	7,797	0.3%	0.0%	0.3%	7,797
Total	2,674,985	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



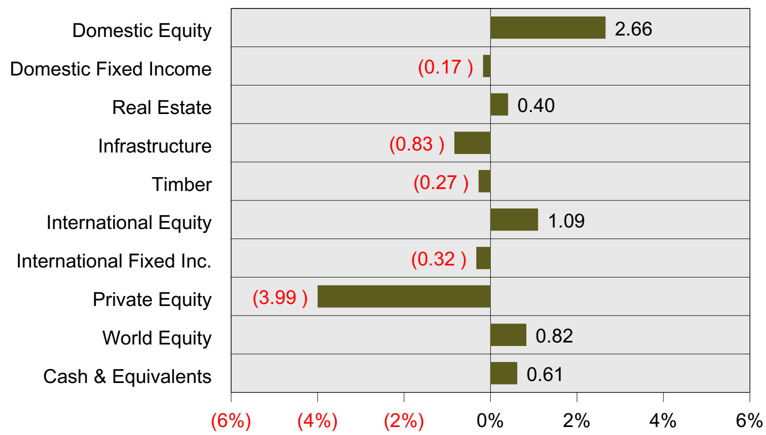
	Domestic Equity	Domestic Fixed Income	Cash & Equivalents	Real Estate	International Equity	Intl Fixed Income	Alternative	World Equity	Private Equity
10th Percentile	53.04	38.53	2.57	14.95	24.07	1.19	19.03	15.71	0.00
25th Percentile	45.72	32.83	1.78	10.93	21.72	0.00	8.94	0.00	0.00
Median	37.81	25.77	0.43	6.66	18.17	0.00	0.00	0.00	0.00
75th Percentile	31.03	19.56	0.00	0.00	14.16	0.00	0.00	0.00	0.00
90th Percentile	25.00	12.95	0.00	0.00	9.58	0.00	0.00	0.00	0.00
Fund ●	23.14	18.40	0.29	11.20	15.89	4.68	6.77	16.71	2.91
Target ▲	20.60	18.00	0.00	11.00	14.40	5.00	8.00	16.00	7.00
% Group Invested	96.59%	97.16%	69.32%	64.20%	89.20%	13.64%	37.50%	22.73%	6.25%

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

Quarterly Total Fund Relative Attribution - March 31, 2017

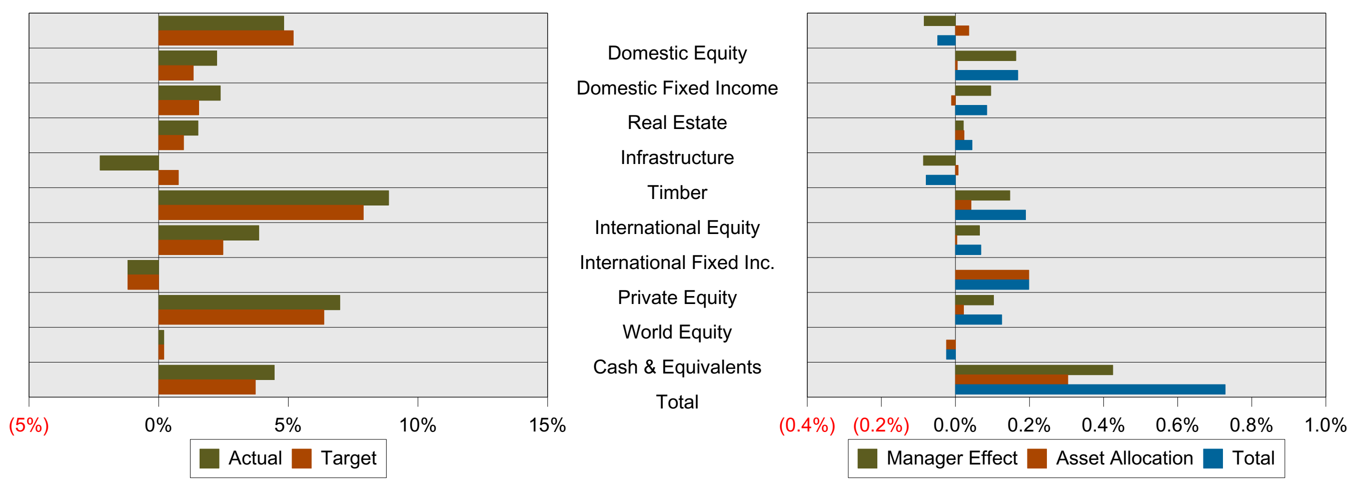
The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

Asset Class Under or Overweighting



Actual vs Target Returns

Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2017

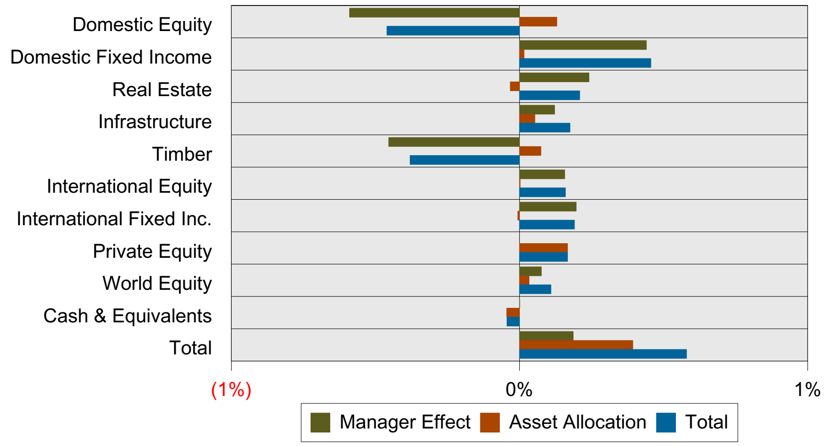
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	4.82%	5.19%	(0.08%)	0.04%	(0.05%)
Domestic Fixed Income	18%	18%	2.24%	1.34%	0.16%	0.01%	0.17%
Real Estate	11%	11%	2.38%	1.55%	0.10%	(0.01%)	0.08%
Infrastructure	4%	5%	1.52%	0.96%	0.02%	0.02%	0.04%
Timber	3%	3%	(2.26%)	0.76%	(0.09%)	0.01%	(0.08%)
International Equity	15%	14%	8.87%	7.89%	0.15%	0.04%	0.19%
International Fixed Inc.	5%	5%	3.87%	2.48%	0.06%	0.00%	0.07%
Private Equity	3%	7%	(1.19%)	(1.19%)	0.00%	0.20%	0.20%
World Equity	17%	16%	6.99%	6.38%	0.10%	0.02%	0.13%
Cash & Equivalents	1%	0%	0.20%	0.20%	0.00%	(0.02%)	(0.02%)
Total			**4.46% =**	**3.73% +**	**0.42% +**	**0.30%**	**0.73%**

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

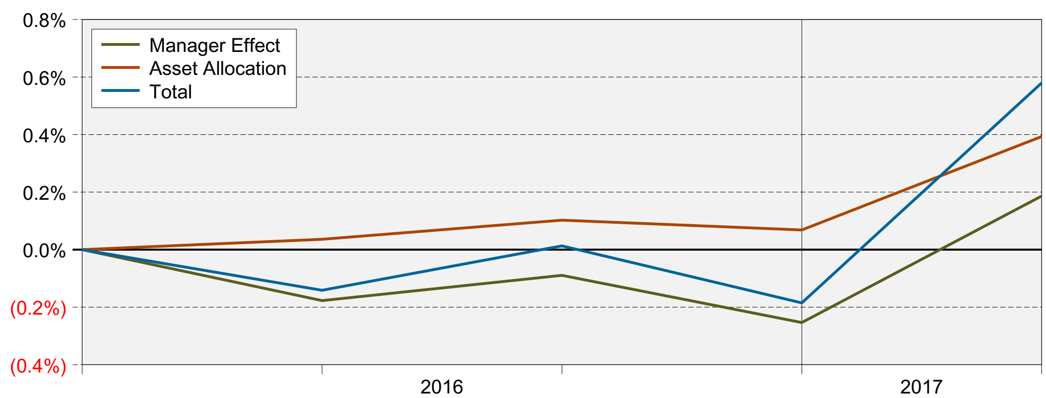
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

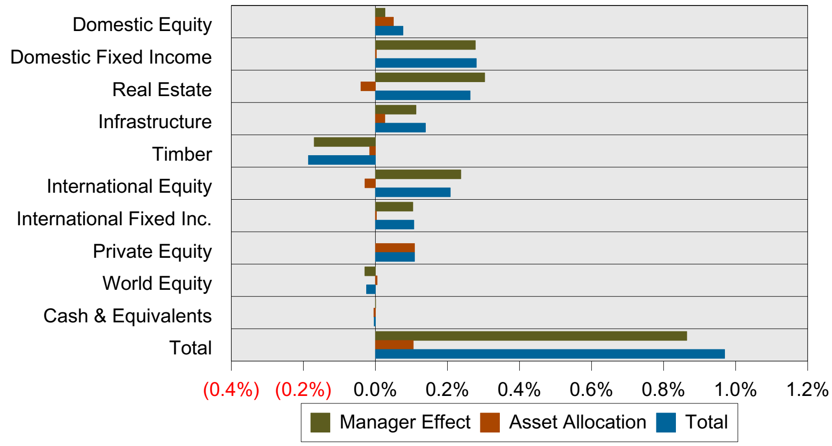
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	16.67%	19.44%	(0.59%)	0.13%	(0.46%)
Domestic Fixed Income	18%	18%	7.21%	4.80%	0.44%	0.02%	0.46%
Real Estate	11%	11%	9.32%	7.27%	0.24%	(0.03%)	0.21%
Infrastructure	4%	5%	4.96%	2.35%	0.12%	0.05%	0.18%
Timber	3%	4%	(9.81%)	3.64%	(0.45%)	0.07%	(0.38%)
International Equity	15%	14%	13.93%	12.92%	0.16%	0.00%	0.16%
International Fixed Inc.	5%	5%	(0.30%)	(3.93%)	0.20%	(0.01%)	0.19%
Private Equity	3%	6%	3.30%	3.30%	0.00%	0.17%	0.17%
World Equity	17%	16%	15.20%	14.77%	0.08%	0.03%	0.11%
Cash & Equivalents	1%	0%	0.61%	0.52%	0.00%	(0.04%)	(0.04%)
Total			**10.67% =**	**10.09% +**	**0.19% +**	**0.39%**	**0.58%**

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

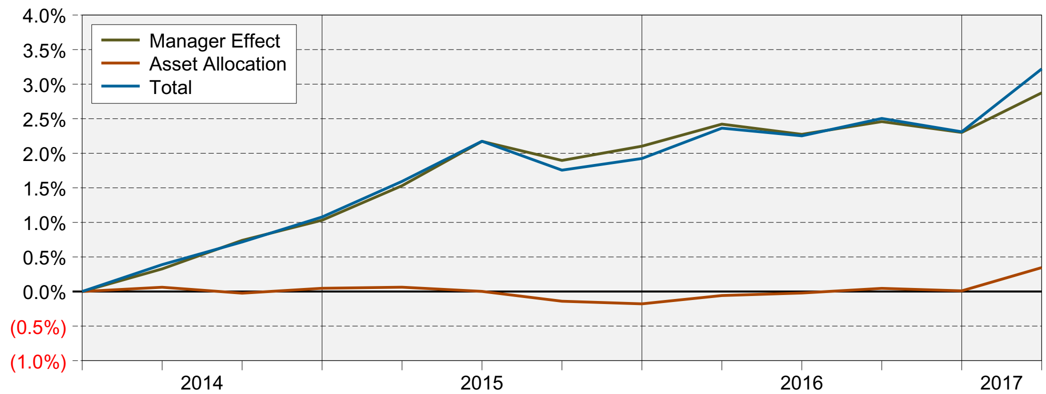
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

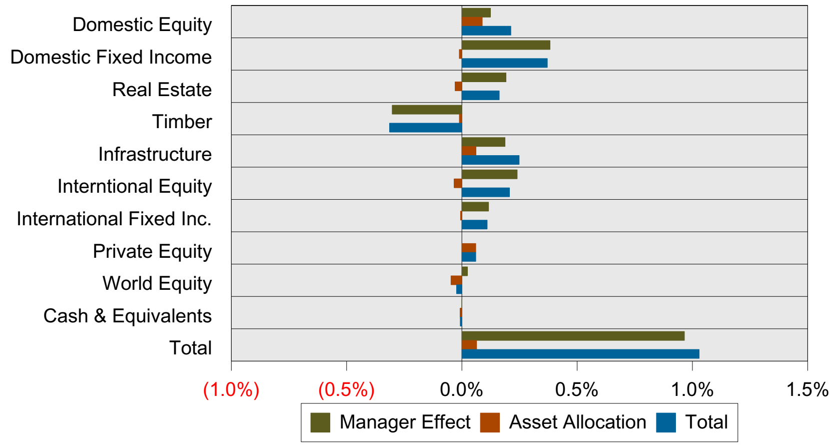
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	9.59%	9.45%	0.03%	0.05%	0.08%
Domestic Fixed Income	18%	17%	4.78%	3.24%	0.28%	0.00%	0.28%
Real Estate	10%	10%	13.79%	10.58%	0.30%	(0.04%)	0.26%
Infrastructure	4%	5%	3.42%	0.73%	0.11%	0.03%	0.14%
Timber	4%	5%	0.50%	5.67%	(0.17%)	(0.02%)	(0.19%)
International Equity	15%	15%	2.25%	0.71%	0.24%	(0.03%)	0.21%
International Fixed Inc.	5%	5%	(0.58%)	(2.68%)	0.10%	0.00%	0.11%
Private Equity	4%	5%	(3.05%)	(3.05%)	0.00%	0.11%	0.11%
World Equity	16%	16%	5.34%	5.52%	(0.03%)	0.00%	(0.02%)
Cash & Equivalents	1%	1%	0.29%	0.22%	0.00%	(0.00%)	(0.00%)
Total			**5.71% =**	**4.74% +**	**0.86% +**	**0.11%**	**0.97%**

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

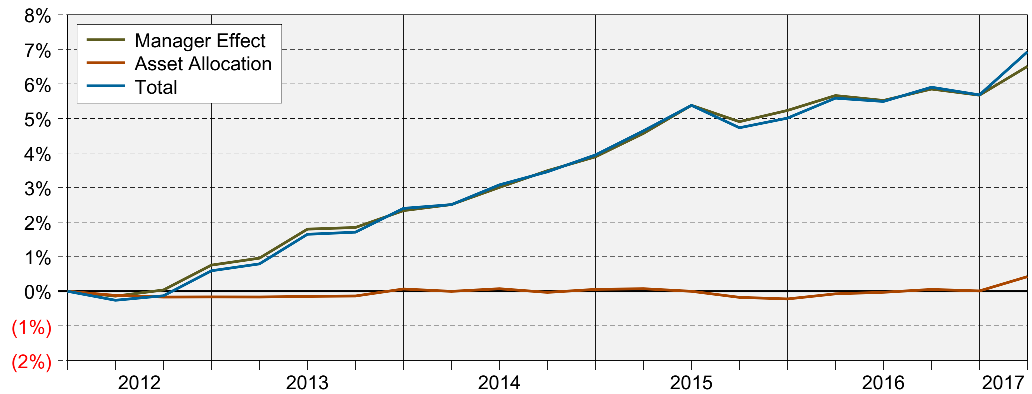
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

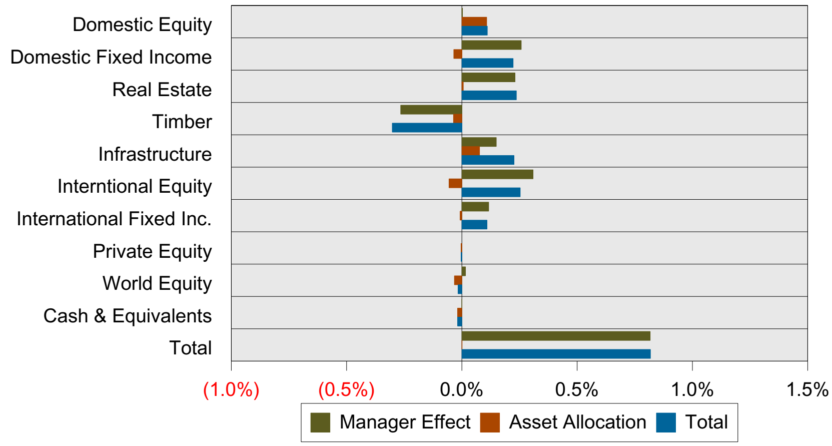
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	24%	22%	13.68%	13.12%	0.12%	0.09%	0.21%
Domestic Fixed Income	18%	17%	5.78%	3.64%	0.38%	(0.01%)	0.37%
Real Estate	10%	10%	12.67%	10.69%	0.19%	(0.03%)	0.16%
Timber	4%	5%	0.24%	7.14%	(0.30%)	(0.01%)	(0.31%)
Infrastructure	4%	5%	5.70%	0.98%	0.19%	0.06%	0.25%
Interntional Equity	15%	15%	6.28%	4.66%	0.24%	(0.03%)	0.21%
International Fixed Inc.	5%	5%	1.03%	(1.13%)	0.12%	(0.01%)	0.11%
Private Equity	4%	5%	1.36%	1.36%	0.00%	0.06%	0.06%
World Equity	14%	15%	9.18%	9.37%	0.02%	(0.05%)	(0.02%)
Cash & Equivalents	1%	1%	0.20%	0.17%	0.00%	(0.01%)	(0.01%)
Total			**8.23% =**	**7.20% +**	**0.97% +**	**0.06%**	**1.03%**

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

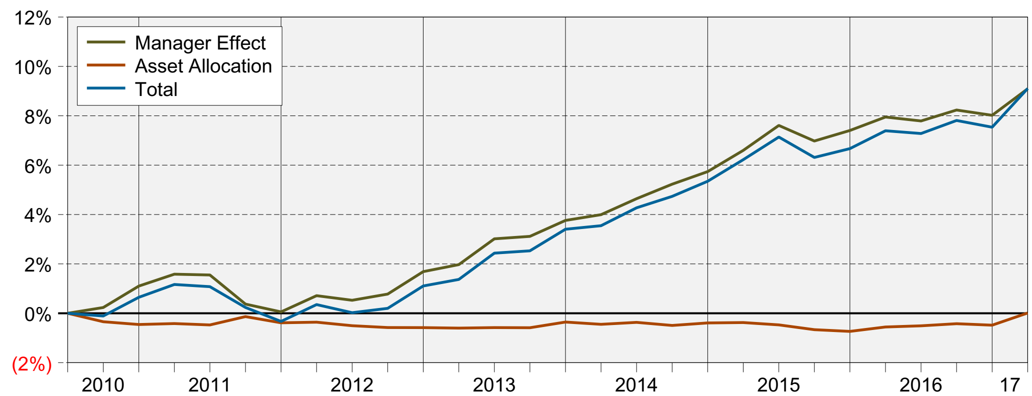
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Six and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Six and Three-Quarter Year Annualized Relative Attribution Effects

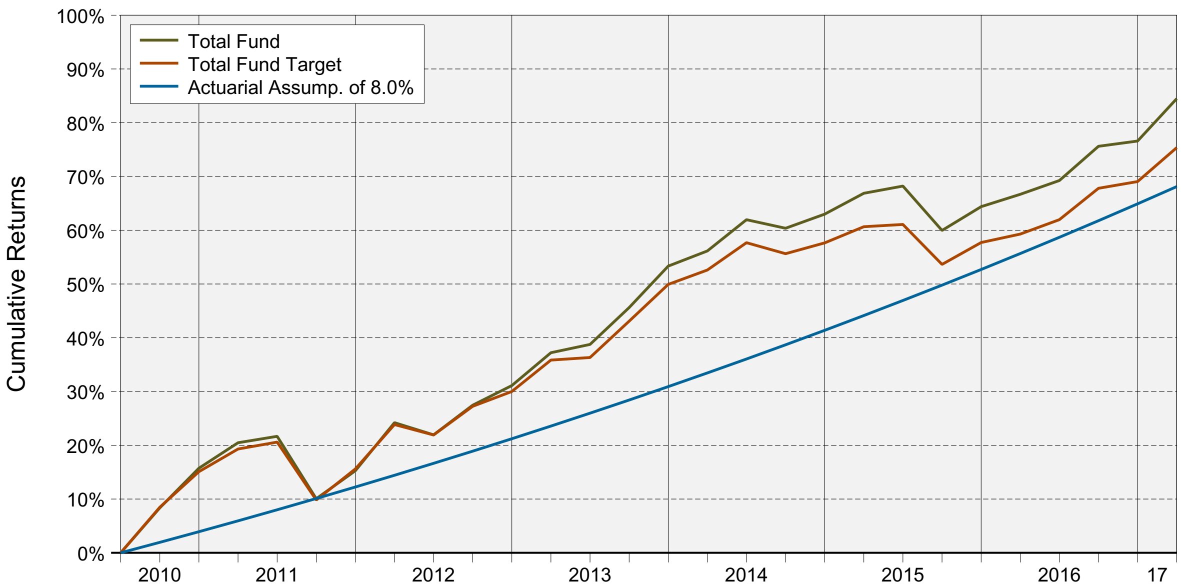
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	27%	26%	15.55%	15.34%	0.00%	0.11%	0.11%
Domestic Fixed Income	20%	19%	6.09%	4.55%	0.26%	(0.04%)	0.22%
Real Estate	9%	9%	14.64%	11.75%	0.23%	0.01%	0.24%
Timber	4%	4%	-	-	(0.27%)	(0.04%)	(0.30%)
Infrastructure	3%	4%	-	-	0.15%	0.08%	0.23%
Interntional Equity	16%	16%	7.74%	5.70%	0.31%	(0.06%)	0.25%
International Fixed Inc.	5%	5%	3.49%	1.30%	0.12%	(0.01%)	0.11%
Private Equity	4%	5%	2.92%	2.92%	0.00%	(0.00%)	(0.00%)
World Equity	11%	11%	-	-	0.02%	(0.03%)	(0.02%)
Cash & Equivalents	1%	1%	0.18%	0.16%	0.00%	(0.02%)	(0.02%)
Total			**9.50% =**	**8.68% +**	**0.82% +**	**0.00%**	**0.82%**

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

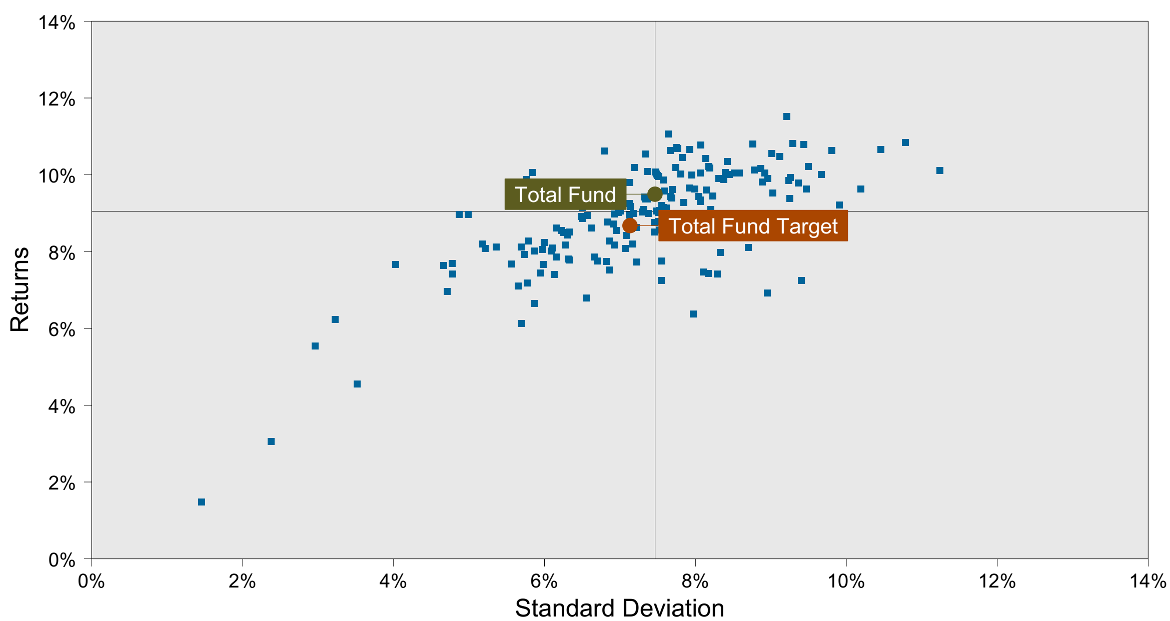
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Six and Three-Quarter Year Annualized Risk vs Return



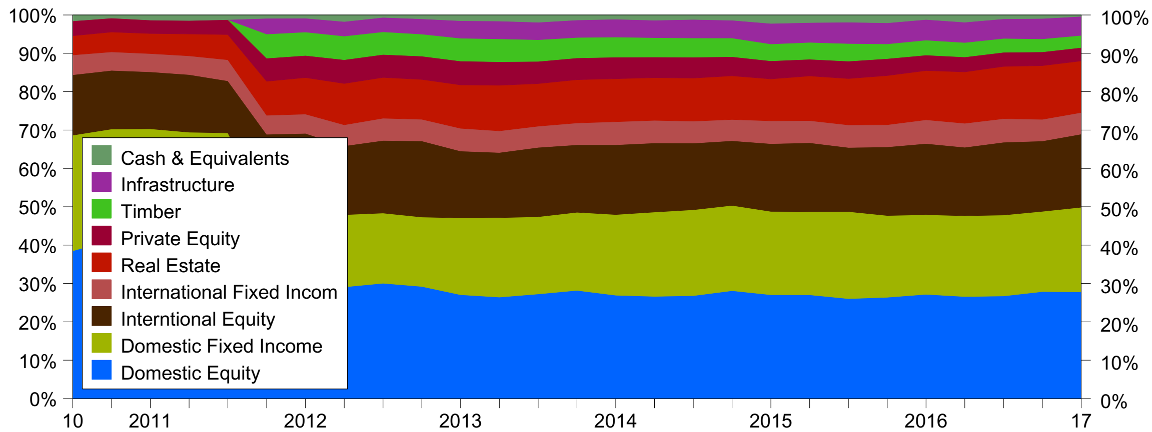
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

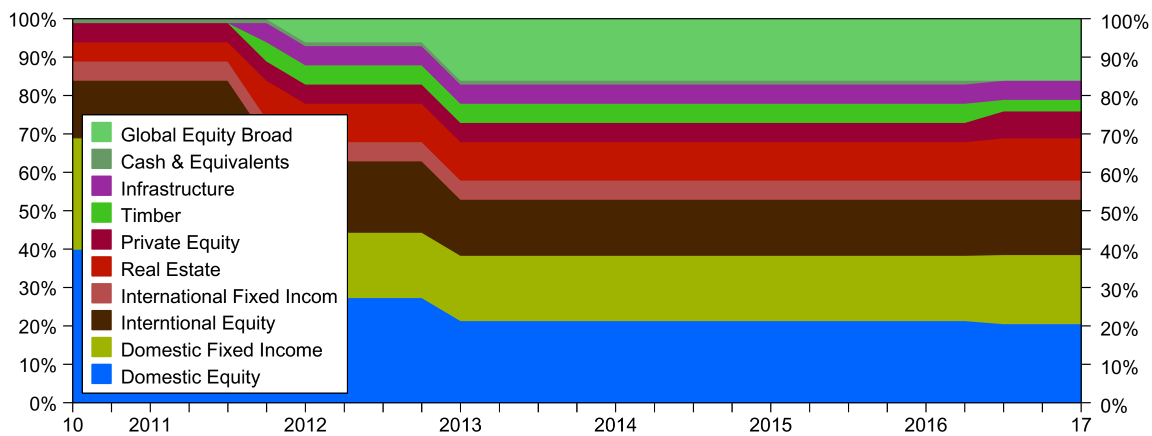
Actual vs Target Historical Asset Allocation

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

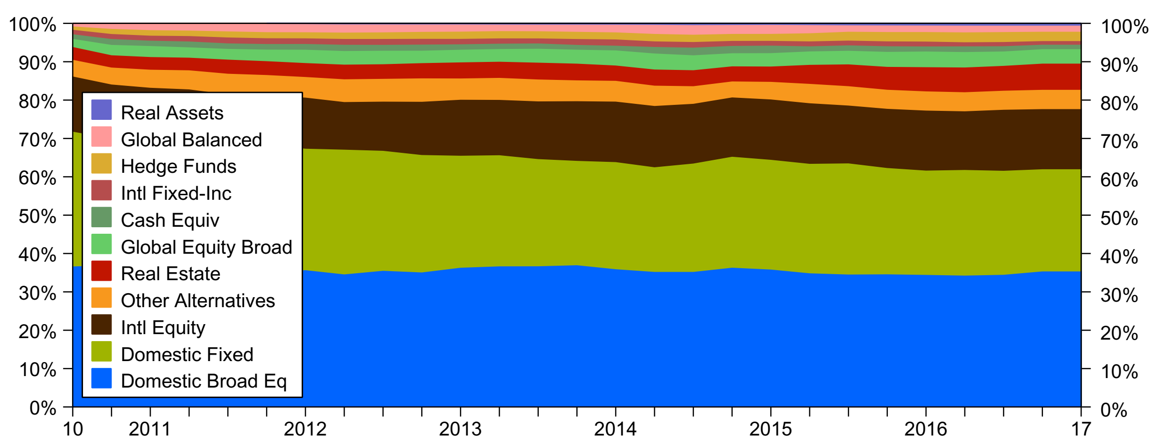
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

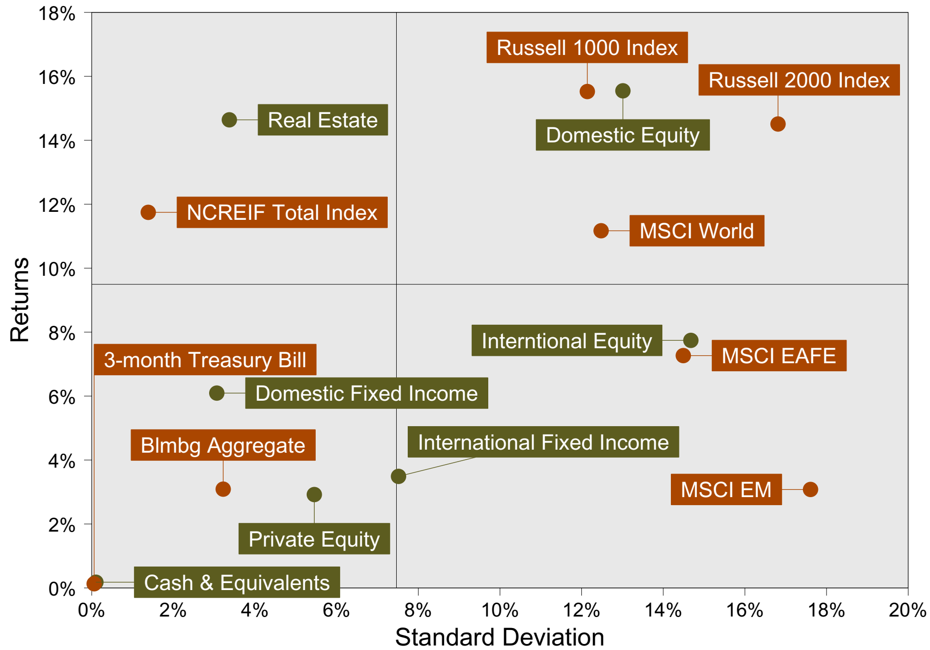


* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

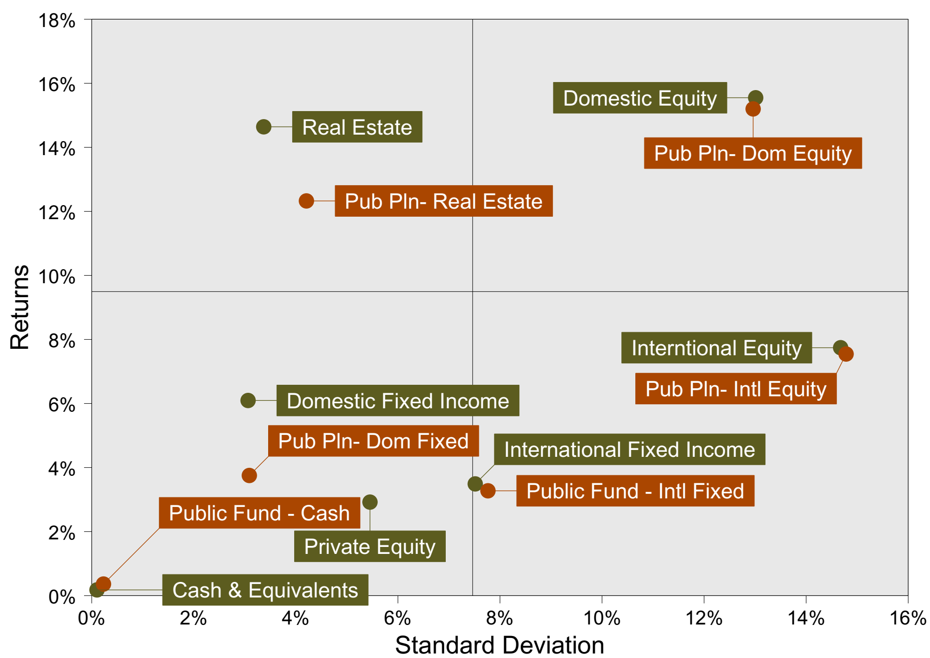
Asset Class Risk and Return

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

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



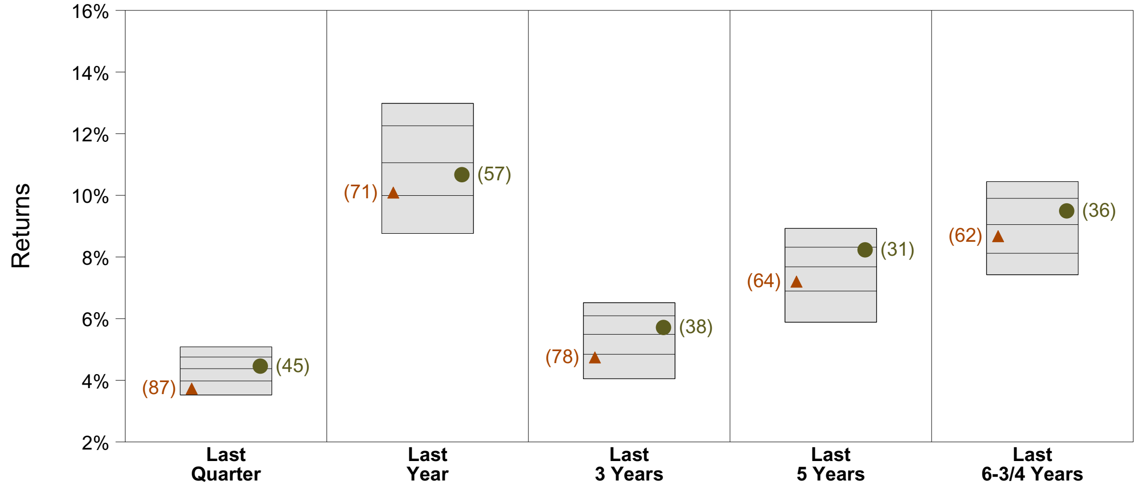
Six and Three-Quarter Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



Total Fund Ranking

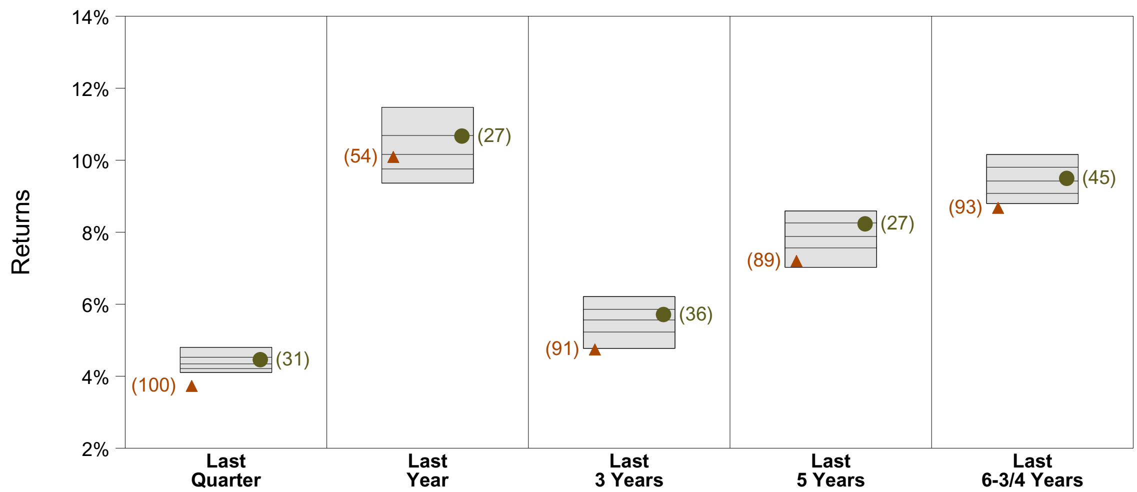
The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended March 31, 2017. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	5.08	12.98	6.52	8.93	10.45
25th Percentile	4.75	12.26	6.09	8.32	9.90
Median	4.38	11.06	5.49	7.68	9.05
75th Percentile	3.98	9.99	4.84	6.89	8.12
90th Percentile	3.52	8.76	4.05	5.88	7.42
Total Fund ●	4.46	10.67	5.71	8.23	9.50
Policy Target ▲	3.73	10.09	4.74	7.20	8.68

Asset Allocation Adjusted Ranking



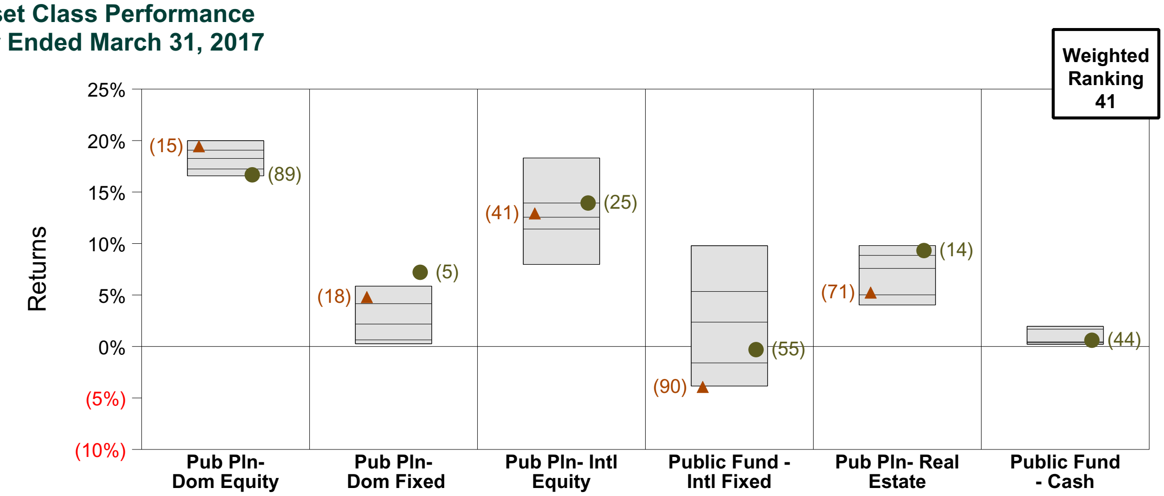
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	4.80	11.47	6.21	8.59	10.16
25th Percentile	4.53	10.69	5.86	8.26	9.80
Median	4.34	10.16	5.56	7.88	9.42
75th Percentile	4.21	9.76	5.23	7.56	9.08
90th Percentile	4.10	9.36	4.77	7.02	8.80
Total Fund ●	4.46	10.67	5.71	8.23	9.50
Policy Target ▲	3.73	10.09	4.74	7.20	8.68

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

Asset Class Rankings

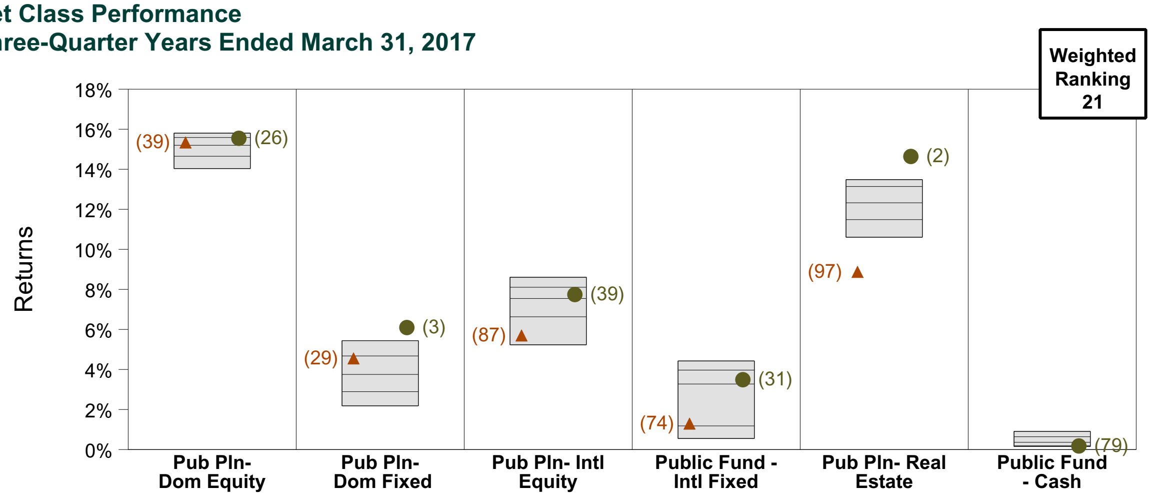
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Year Ended March 31, 2017



	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	19.99	5.86	18.31	9.79	9.80	1.96
25th Percentile	19.07	4.16	13.93	5.34	8.85	1.68
Median	18.26	2.18	12.55	2.36	7.58	0.45
75th Percentile	17.24	0.64	11.41	(1.60)	5.02	0.37
90th Percentile	16.57	0.26	7.97	(3.84)	4.03	0.21
Asset Class Composite ●	16.67	7.21	13.93	(0.30)	9.32	0.61
Composite Benchmark ▲	19.44	4.80	12.92	(3.93)	5.24	-

Total Asset Class Performance
Six and Three-Quarter Years Ended March 31, 2017



	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	15.81	5.44	8.61	4.43	13.48	0.91
25th Percentile	15.59	4.68	8.11	3.97	13.14	0.64
Median	15.20	3.75	7.55	3.27	12.33	0.36
75th Percentile	14.65	2.89	6.63	1.18	11.49	0.19
90th Percentile	14.03	2.18	5.23	0.55	10.61	0.15
Asset Class Composite ●	15.55	6.09	7.74	3.49	14.64	0.18
Composite Benchmark ▲	15.34	4.55	5.70	1.30	8.87	-

* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
GLOBAL EQUITY	**$1,569,121,178**	**58.66%**	**$(17,929,233)**	**$92,347,235**	**$1,494,703,175**	**58.32%**
Domestic Equity	**$619,104,093**	**23.14%**	**$(3,161,654)**	**$28,700,210**	**$593,565,537**	**23.16%**
Large Cap	471,190,931	17.61%	(3,543,792)	25,640,664	449,094,059	17.52%
Small Cap	147,913,162	5.53%	382,138	3,059,546	144,471,478	5.64%
International Equity	**$425,042,789**	**15.89%**	**$(169,380)**	**$34,644,835**	**$390,567,334**	**15.24%**
Developed Intl Equity	311,901,027	11.66%	(169,380)	22,141,600	289,928,807	11.31%
Emerging Markets	113,141,762	4.23%	0	12,503,234	100,638,527	3.93%
World Equity	**$447,104,711**	**16.71%**	**$(16,998,642)**	**$29,945,324**	**$434,158,030**	**16.94%**
Private Equity	**$77,869,585**	**2.91%**	**$2,400,443**	**$(943,133)**	**$76,412,275**	**2.98%**
GLOBAL FIXED INCOME	**$617,314,180**	**23.08%**	**$36,857,849**	**$14,821,618**	**$565,634,712**	**22.07%**
Domestic Fixed Income	**$492,078,570**	**18.40%**	**$36,494,498**	**$10,181,601**	**$445,402,470**	**17.38%**
Inv. Grade Fixed Income	352,291,332	13.17%	34,620,827	5,248,382	312,422,123	12.19%
Below Inv. Grade Fixed Income	139,787,238	5.23%	1,873,672	4,933,219	132,980,347	5.19%
International Fixed Income	**$125,235,610**	**4.68%**	**$363,351**	**$4,640,017**	**$120,232,242**	**4.69%**
GLOBAL REAL ASSETS	**$480,753,087**	**17.97%**	**$(9,581,552)**	**$7,028,159**	**$483,306,480**	**18.86%**
Real Estate	299,703,599	11.20%	(5,296,063)	7,015,484	297,984,177	11.63%
Timber	70,544,724	2.64%	0	(1,632,524)	72,177,248	2.82%
Infrastructure	110,504,763	4.13%	(4,285,489)	1,645,199	113,145,054	4.41%
Cash & Equivalents	**$7,796,709**	**0.29%**	**$(11,611,428)**	**$33,554**	**$19,374,583**	**0.76%**
Securities Lending Income	**$0**	**0.00%**	**$(37,551)**	**$37,551**	**-**	**-**
Total Fund	**$2,674,985,154**	**100.0%**	**$(2,301,914)**	**$114,268,118**	**$2,563,018,950**	**100.0%**

PLEASE REFER TO PAGES 33-35 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
Global Equity					
Gross	6.19%	14.76%	5.63%	9.69%	-
Net	6.14%	14.49%	5.32%	9.35%	-
Wtd Avg Global Equity Benchmark	5.44%	14.85%	4.89%	8.80%	-
Domestic Equity					
Gross	4.82%	16.67%	9.59%	13.68%	15.55%
Net	4.78%	16.41%	9.39%	13.46%	15.29%
Wtd Avg Domestci Equity Benchmark	5.19%	19.44%	9.45%	13.12%	15.34%
Large Cap Equity					
Gross	5.70%	15.13%	10.75%	14.15%	15.86%
Net	5.67%	14.97%	10.58%	13.96%	15.62%
Benchmark(1)	6.03%	17.43%	9.99%	13.26%	15.52%
Small Cap Equity					
Gross	2.11%	21.95%	5.48%	11.93%	14.37%
Net	2.03%	21.37%	5.18%	11.62%	14.08%
Russell 2000 Index	2.47%	26.22%	7.22%	12.35%	14.51%
International Equity					
Gross	8.87%	13.93%	2.25%	6.28%	7.74%
Net	8.83%	13.75%	2.06%	6.01%	7.43%
Wtd Avg Intl Equity Benchmark	7.89%	12.92%	0.71%	4.66%	5.70%
Developed Intl Equity					
Gross	7.64%	12.41%	1.76%	7.39%	8.36%
Net	7.58%	12.17%	1.52%	7.11%	8.05%
Benchmark(2)	6.81%	11.46%	0.43%	5.79%	6.39%
Emerging Markets					
Gross	12.42%	18.17%	3.25%	2.14%	5.25%
Net	12.42%	18.17%	3.23%	1.92%	4.95%
Benchmark(3)	11.44%	17.21%	1.18%	0.81%	3.12%
World Equity					
Gross	6.99%	15.20%	5.34%	9.18%	-
Net	6.91%	14.77%	4.65%	8.47%	-
MSCI World Index	6.38%	14.77%	5.52%	9.37%	11.17%
Private Equity					
Net	(1.19%)	3.29%	(3.06%)	1.33%	2.84%

(1) S&P 500 Index through 12/31/2011 and the Russell 1000 Index thereafter.
(2) 50% Hedged EAFE through 3/31/2011, MSCI EAFE through 6/30/2016; MSCI World ex-US thereafter.
(3) MSCI Emerging Mkts Idx (Gross) through 6/30/2011 and MSCI Emerging Mkts Idx Net thereafter.

PLEASE REFER TO PAGES 36-40 FOR INVESTMENT MANAGER LEVEL RETURNS.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
Global Fixed Income					
Gross	2.58%	5.48%	3.65%	4.75%	-
Net	2.52%	5.22%	3.40%	4.49%	-
Wtd Avg Global Fixed Income Benchmark	1.62%	2.89%	1.93%	2.59%	-
Domestic Fixed Income					
Gross	2.24%	7.21%	4.78%	5.78%	6.09%
Net	2.19%	6.98%	4.55%	5.56%	5.85%
Wtd Avg Domestic FI Benchmark	1.34%	4.80%	3.24%	3.64%	4.55%
Inv. Grade Fixed Income					
Gross	1.62%	3.76%	4.28%	4.67%	4.95%
Net	1.58%	3.62%	4.14%	4.55%	4.78%
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.34%	3.09%
Below Inv. Grade Fixed Income					
Gross	3.71%	15.73%	5.83%	8.52%	9.13%
Net	3.61%	15.28%	5.39%	8.06%	8.69%
Blmbg HY Corp 2% Issue	2.70%	16.39%	4.58%	6.82%	8.10%
International Fixed Income					
Gross	3.87%	(0.30%)	(0.58%)	1.03%	3.49%
Net	3.77%	(0.66%)	(0.93%)	0.68%	3.12%
Wtd Avg Intl Fixed Income Benchmark	2.48%	(3.93%)	(2.68%)	(1.13%)	1.30%
Global Real Assets					
Gross	1.48%	5.09%	8.67%	8.19%	-
Net	1.38%	4.64%	8.22%	7.76%	-
Wtd Avg Global Real Assets Benchmark	1.20%	5.11%	6.82%	7.31%	-
Real Estate					
Gross	2.38%	9.32%	13.79%	12.67%	14.64%
Net	2.26%	8.79%	13.22%	12.14%	14.07%
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	11.75%
Timber					
Net	(2.26%)	(9.81%)	0.50%	0.24%	-
NCREIF Timberland Index	0.76%	3.64%	5.67%	7.14%	5.40%
Infrastructure					
Gross	1.52%	4.96%	3.42%	5.70%	-
Net	1.40%	4.38%	2.86%	5.07%	-
CPI-W	0.96%	2.35%	0.73%	0.98%	1.58%
Cash & Equivalents - Net	**0.20%**	**0.61%**	**0.29%**	**0.20%**	**0.18%**
3-month Treasury Bill	0.10%	0.36%	0.17%	0.14%	0.13%
Total Fund					
Gross	4.46%	10.67%	5.71%	8.23%	9.50%
Net	4.40%	10.37%	5.39%	7.90%	9.15%
Target*	3.73%	10.09%	4.74%	7.20%	8.68%

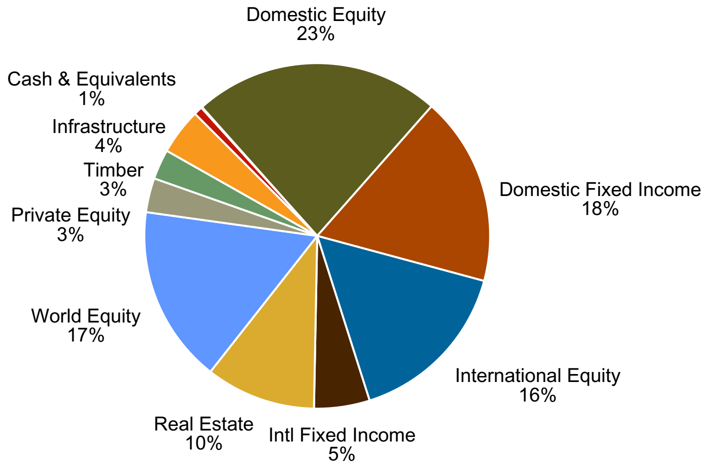
* Current Quarter Target = 16.0% MSCI World, 15.8% Russell 1000 Index, 13.0% Blmbg Aggregate, 11.0% MSCI World ex US, 11.0% NCREIF Total Index, 7.0% NDSIB PERS - Private Equity, 5.0% CPI-W, 5.0% Blmbg HY 2% Iss Cap, 5.0% Blmbg Glob Agg ex USD, 4.8% Russell 2000 Index, 3.4% MSCI EM and 3.0% NCREIF Timberland Index.

PLEASE REFER TO PAGES 36-40 FOR INVESTMENT MANAGER LEVEL RETURNS.

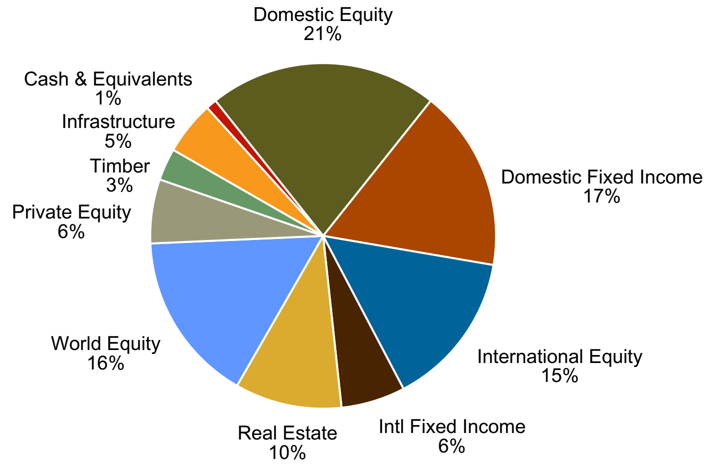
Actual vs Target Asset Allocation
As of March 31, 2017

The top left chart shows the Fund's asset allocation as of March 31, 2017. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund Sponsor Database.

Actual Asset Allocation

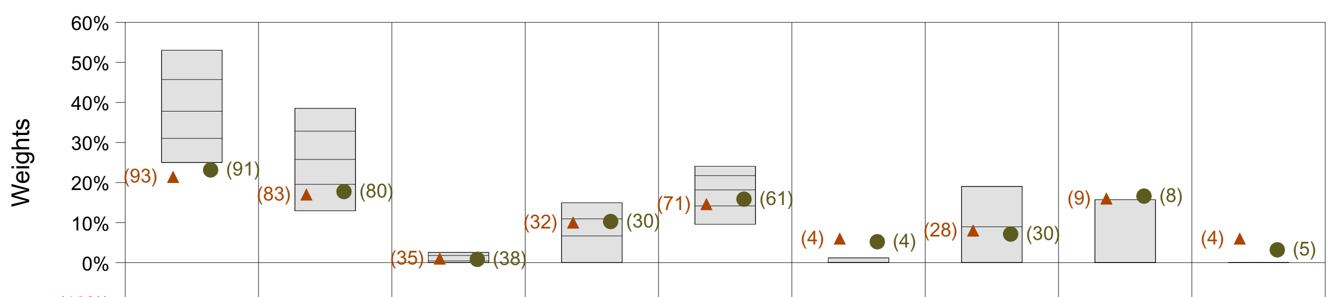


Target Asset Allocation



Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	516,998	23.1%	21.4%	1.7%	38,991
Domestic Fixed Income	396,452	17.7%	17.0%	0.7%	16,727
International Equity	354,113	15.9%	14.6%	1.3%	27,996
Intl Fixed Income	116,575	5.2%	6.0%	(0.8%)	(17,446)
Real Estate	229,197	10.3%	10.0%	0.3%	5,829
World Equity	371,124	16.6%	16.0%	0.6%	13,736
Private Equity	71,475	3.2%	6.0%	(2.8%)	(62,545)
Timber	63,041	2.8%	3.0%	(0.2%)	(3,969)
Infrastructure	96,277	4.3%	5.0%	(0.7%)	(15,406)
Cash & Equivalents	18,425	0.8%	1.0%	(0.2%)	(3,912)
Total	2,233,677	100.0%	100.0%		

Asset Class Weights vs CAI Public Fund Sponsor Database



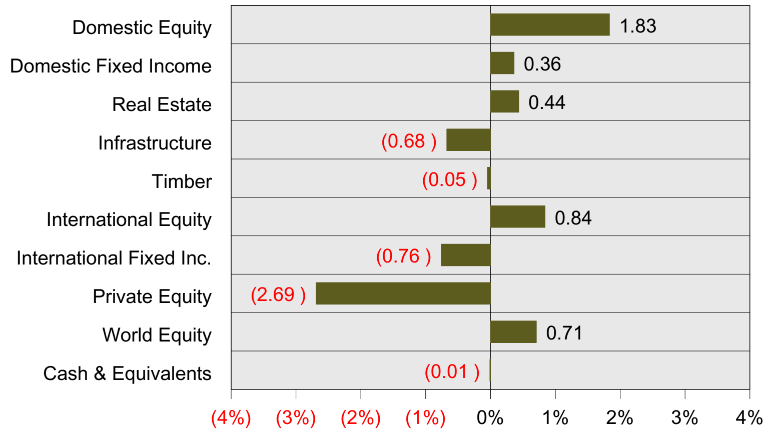
	Domestic Equity	Domestic Fixed Income	Cash & Equivalents	Real Estate	International Equity	Intl Fixed Income	Alternative	World Equity	Private Equity
10th Percentile	53.04	38.53	2.57	14.95	24.07	1.19	19.03	15.71	0.00
25th Percentile	45.72	32.83	1.78	10.93	21.72	0.00	8.94	0.00	0.00
Median	37.81	25.77	0.43	6.66	18.17	0.00	0.00	0.00	0.00
75th Percentile	31.03	19.56	0.00	0.00	14.16	0.00	0.00	0.00	0.00
90th Percentile	25.00	12.95	0.00	0.00	9.58	0.00	0.00	0.00	0.00
Fund ●	23.15	17.75	0.82	10.26	15.85	5.22	7.13	16.61	3.20
Target ▲	21.40	17.00	1.00	10.00	14.60	6.00	8.00	16.00	6.00
% Group Invested	96.59%	97.16%	69.32%	64.20%	89.20%	13.64%	37.50%	22.73%	6.25%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% Blmbg Glob Agg ex USD, 6.0% NDSIB TFFR - Private Equity, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

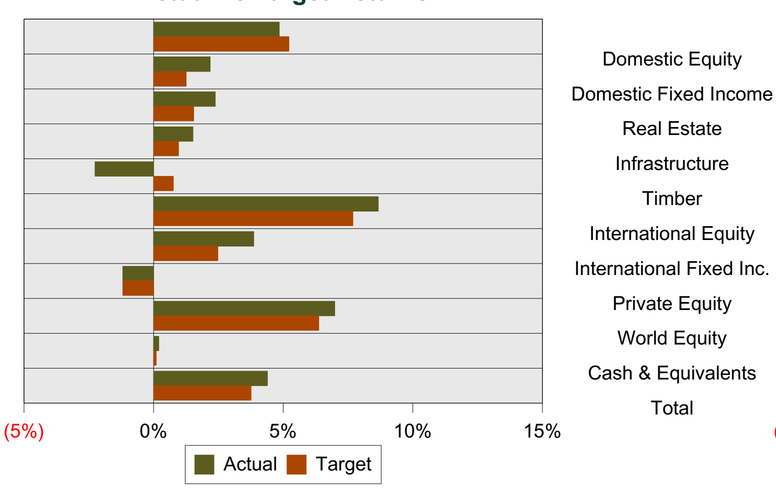
Quarterly Total Fund Relative Attribution - March 31, 2017

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

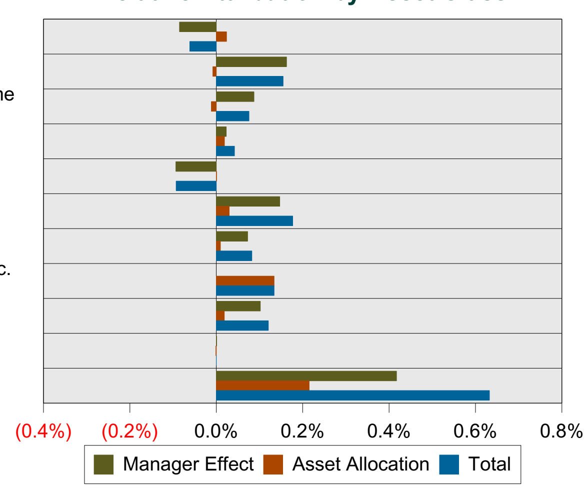
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2017

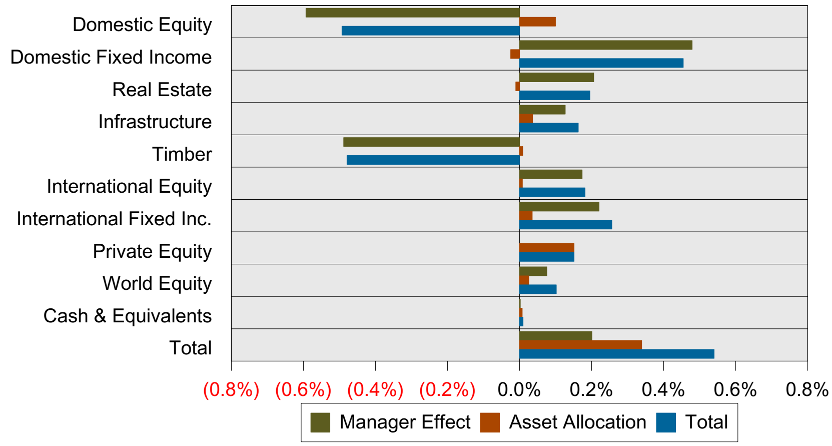
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	4.85%	5.22%	(0.09%)	0.02%	(0.06%)
Domestic Fixed Income	17%	17%	2.18%	1.26%	0.16%	(0.01%)	0.15%
Real Estate	10%	10%	2.38%	1.55%	0.09%	(0.01%)	0.08%
Infrastructure	4%	5%	1.52%	0.96%	0.02%	0.02%	0.04%
Timber	3%	3%	(2.26%)	0.76%	(0.09%)	0.00%	(0.09%)
International Equity	15%	15%	8.67%	7.69%	0.15%	0.03%	0.18%
International Fixed Inc.	5%	6%	3.87%	2.48%	0.07%	0.01%	0.08%
Private Equity	3%	6%	(1.19%)	(1.19%)	0.00%	0.13%	0.13%
World Equity	17%	16%	6.99%	6.38%	0.10%	0.02%	0.12%
Cash & Equivalents	1%	1%	0.20%	0.10%	0.00%	(0.00%)	(0.00%)
Total			**4.39% =**	**3.76% +**	**0.42% +**	**0.22%**	**0.63%**

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

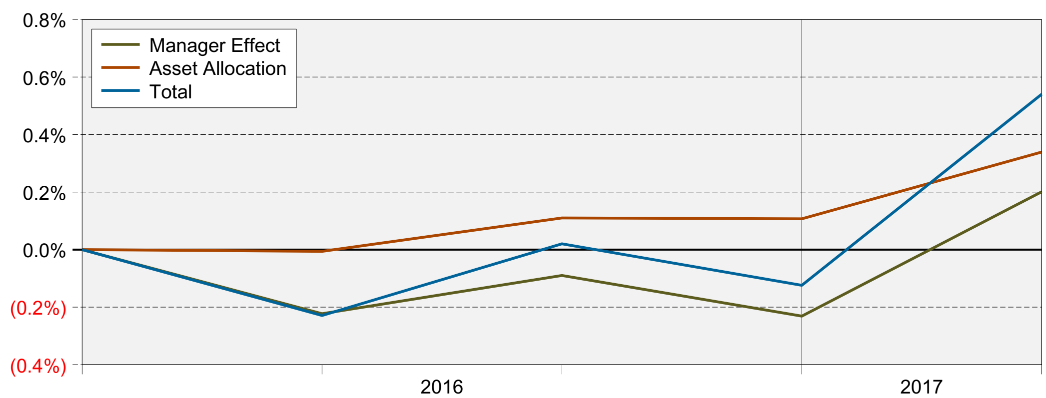
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

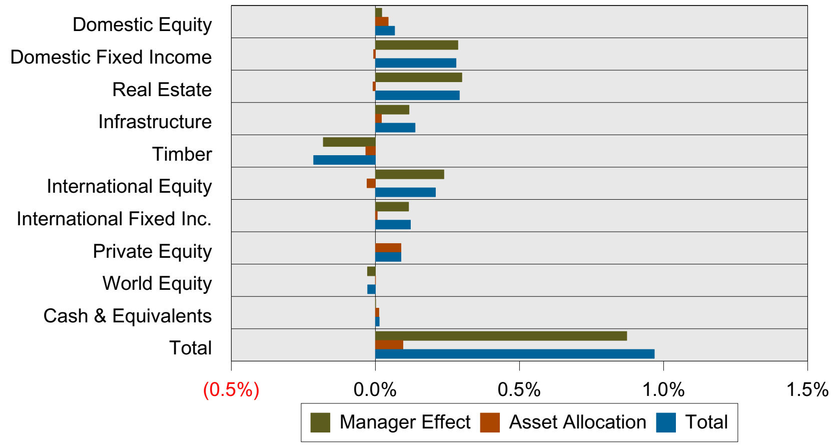
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	16.64%	19.42%	(0.59%)	0.10%	(0.49%)
Domestic Fixed Income	17%	17%	6.93%	4.26%	0.48%	(0.02%)	0.45%
Real Estate	10%	10%	9.32%	7.27%	0.21%	(0.01%)	0.20%
Infrastructure	5%	5%	4.96%	2.35%	0.13%	0.04%	0.16%
Timber	3%	3%	(9.81%)	3.64%	(0.49%)	0.01%	(0.48%)
International Equity	16%	15%	13.72%	12.64%	0.17%	0.01%	0.18%
International Fixed Inc.	6%	6%	(0.30%)	(3.93%)	0.22%	0.04%	0.26%
Private Equity	3%	6%	3.30%	3.30%	0.00%	0.15%	0.15%
World Equity	16%	16%	15.20%	14.77%	0.08%	0.03%	0.10%
Cash & Equivalents	1%	1%	0.60%	0.36%	0.00%	0.01%	0.01%
Total			**10.48% =**	**9.94% +**	**0.20% +**	**0.34%**	**0.54%**

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

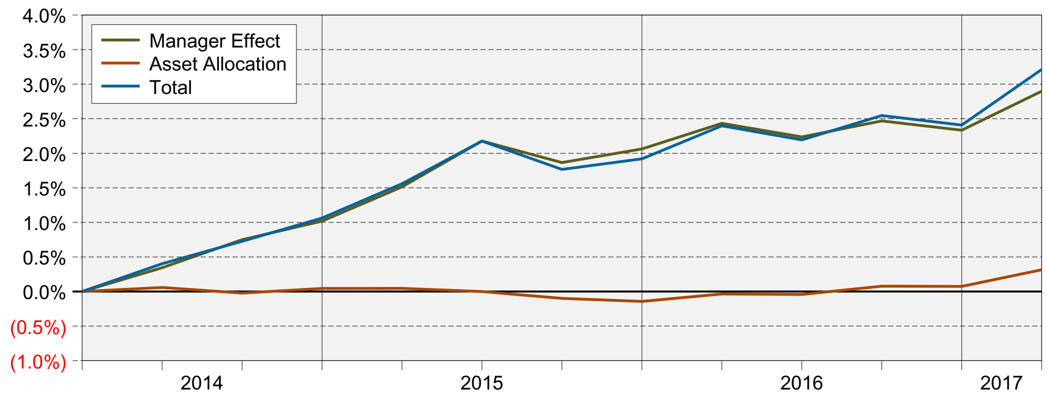
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

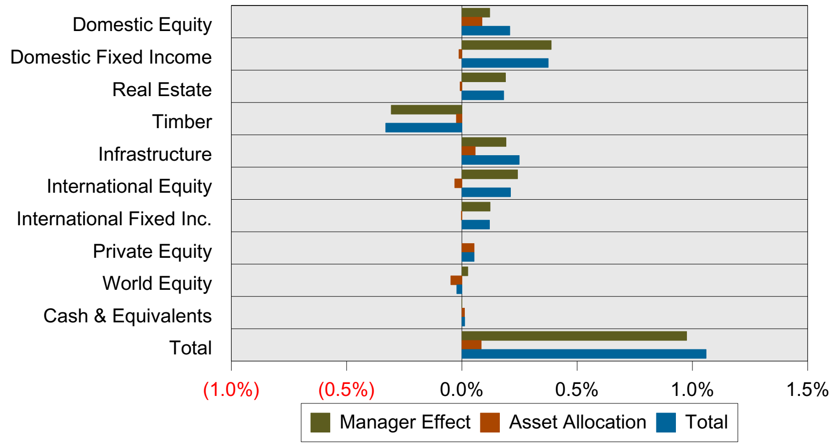
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	21%	9.58%	9.44%	0.02%	0.04%	0.07%
Domestic Fixed Income	18%	17%	4.68%	3.06%	0.29%	(0.01%)	0.28%
Real Estate	10%	10%	13.79%	10.58%	0.30%	(0.01%)	0.29%
Infrastructure	4%	5%	3.42%	0.73%	0.12%	0.02%	0.14%
Timber	4%	4%	0.50%	5.67%	(0.18%)	(0.03%)	(0.21%)
International Equity	15%	15%	2.18%	0.66%	0.24%	(0.03%)	0.21%
International Fixed Inc.	5%	5%	(0.58%)	(2.68%)	0.12%	0.01%	0.12%
Private Equity	4%	5%	(3.05%)	(3.05%)	0.00%	0.09%	0.09%
World Equity	16%	16%	5.34%	5.52%	(0.03%)	0.00%	(0.03%)
Cash & Equivalents	1%	1%	0.29%	0.17%	0.00%	0.01%	0.01%
Total			**5.67% =**	**4.70% +**	**0.87% +**	**0.10%**	**0.97%**

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

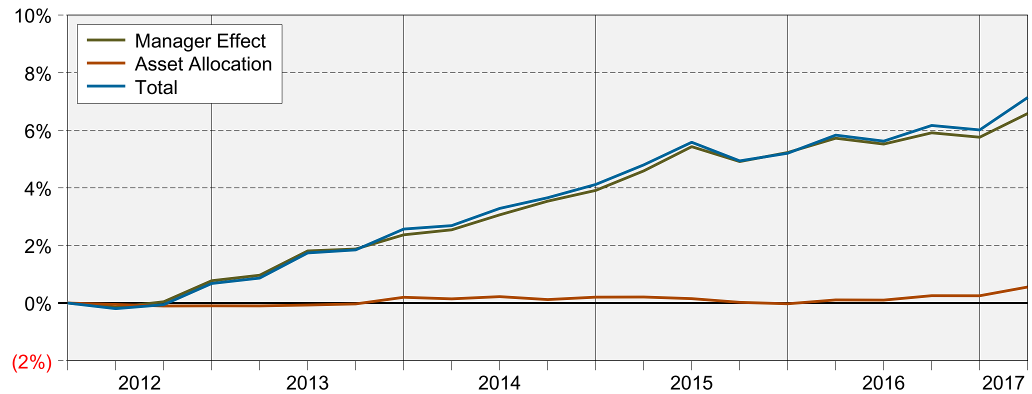
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

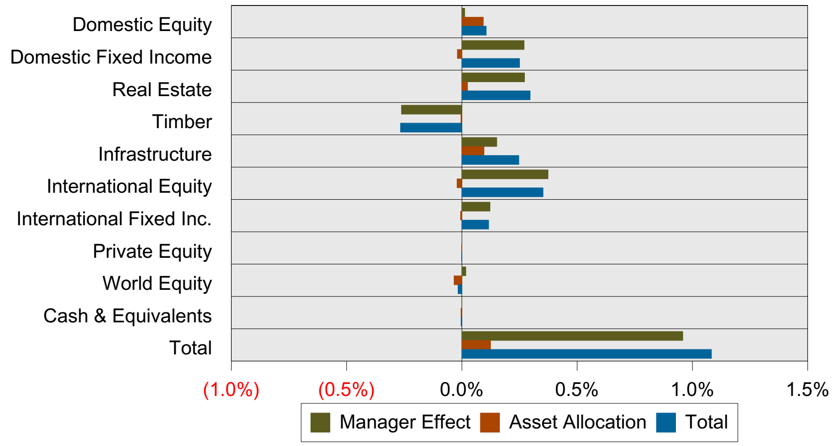
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	23%	22%	13.67%	13.11%	0.12%	0.09%	0.21%
Domestic Fixed Income	18%	17%	5.73%	3.54%	0.39%	(0.01%)	0.37%
Real Estate	10%	10%	12.67%	10.69%	0.19%	(0.01%)	0.18%
Timber	4%	5%	0.25%	7.14%	(0.31%)	(0.02%)	(0.33%)
Infrastructure	4%	5%	5.70%	0.98%	0.19%	0.06%	0.25%
International Equity	15%	15%	6.51%	4.89%	0.24%	(0.03%)	0.21%
International Fixed Inc.	5%	5%	1.04%	(1.13%)	0.12%	(0.00%)	0.12%
Private Equity	5%	5%	1.37%	1.37%	0.00%	0.05%	0.05%
World Equity	14%	15%	9.18%	9.37%	0.03%	(0.05%)	(0.02%)
Cash & Equivalents	1%	1%	0.20%	0.14%	0.00%	0.01%	0.01%
Total			**8.27% =**	**7.21% +**	**0.98% +**	**0.08%**	**1.06%**

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

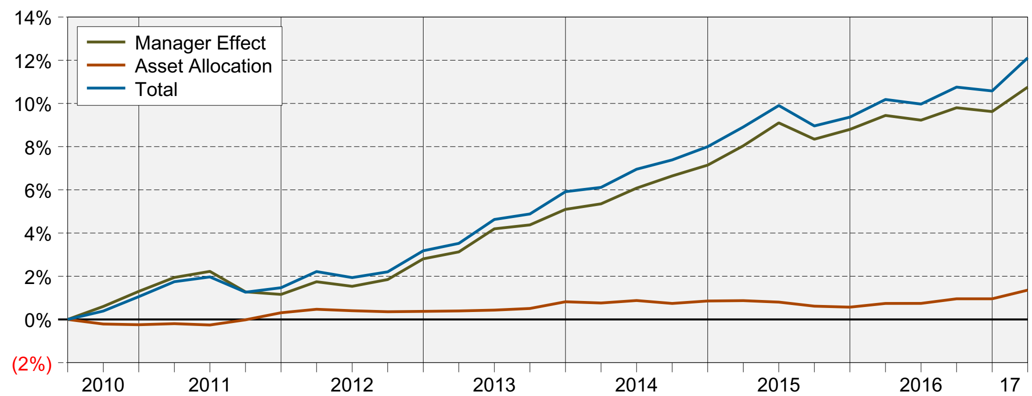
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Six and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Six and Three-Quarter Year Annualized Relative Attribution Effects

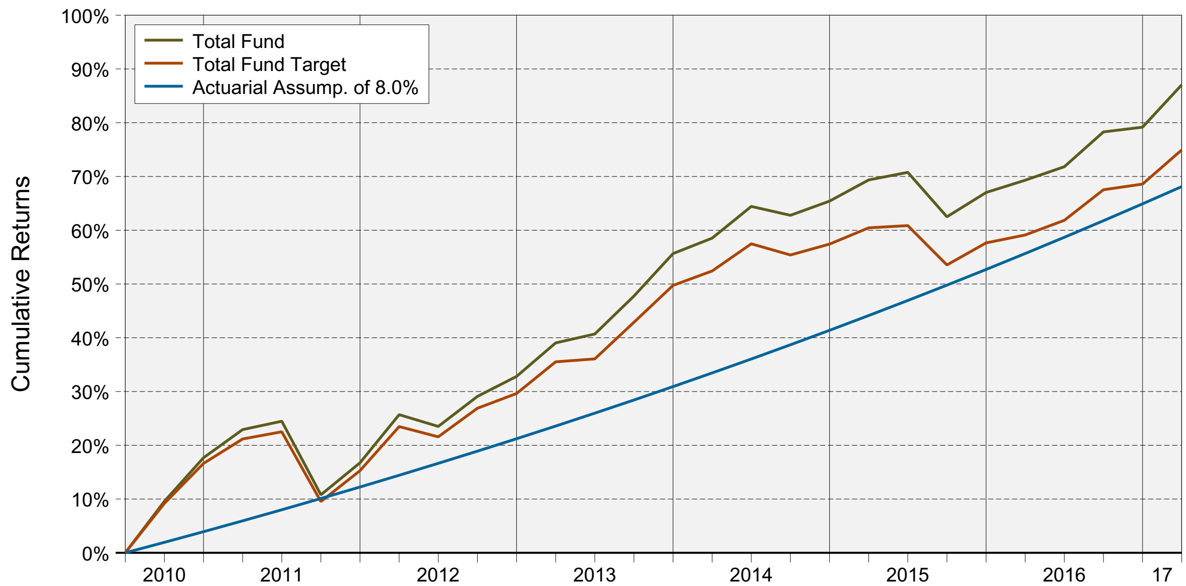
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	27%	26%	15.55%	15.32%	0.01%	0.09%	0.11%
Domestic Fixed Income	18%	17%	6.07%	4.50%	0.27%	(0.02%)	0.25%
Real Estate	10%	10%	14.64%	11.75%	0.27%	0.02%	0.30%
Timber	4%	4%	-	-	(0.26%)	(0.00%)	(0.27%)
Infrastructure	3%	4%	-	-	0.15%	0.10%	0.25%
International Equity	17%	17%	7.88%	5.85%	0.37%	(0.02%)	0.35%
International Fixed Inc.	5%	5%	3.49%	1.30%	0.12%	(0.01%)	0.12%
Private Equity	5%	5%	2.94%	2.94%	0.00%	(0.00%)	(0.00%)
World Equity	11%	11%	-	-	0.02%	(0.03%)	(0.02%)
Cash & Equivalents	1%	1%	0.18%	0.13%	0.00%	(0.00%)	(0.00%)
Total			**9.72% =**	**8.64% +**	**0.96% +**	**0.12%**	**1.08%**

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

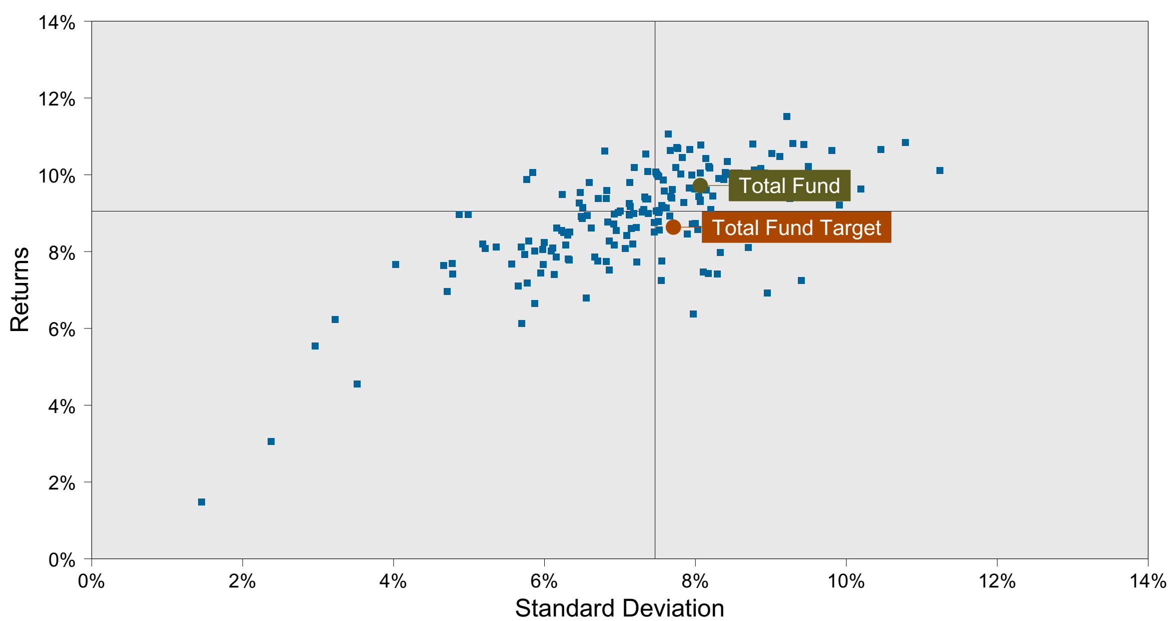
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Six and Three-Quarter Year Annualized Risk vs Return



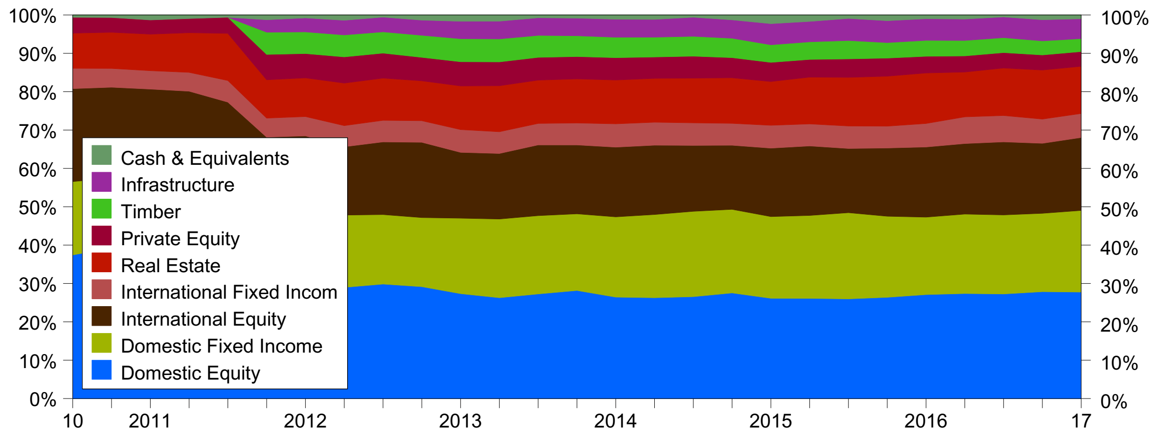
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

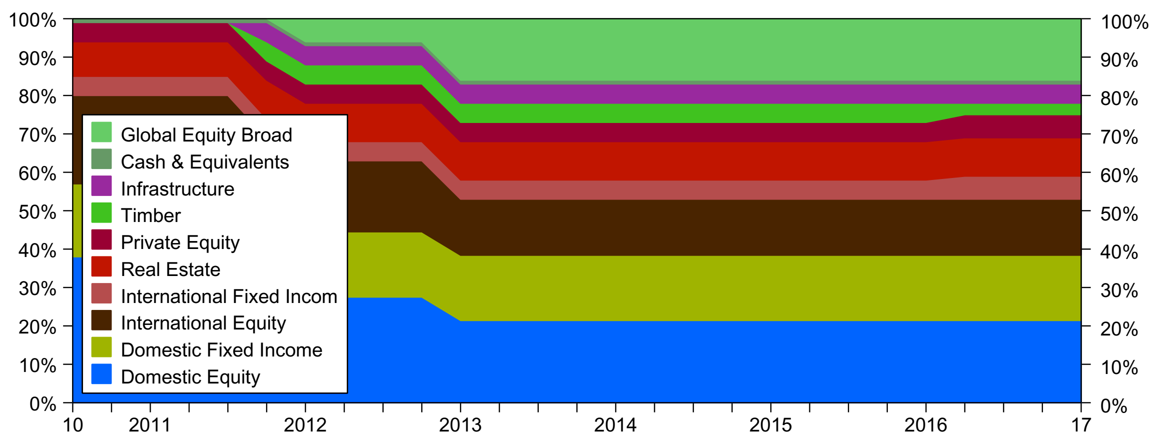
Actual vs Target Historical Asset Allocation

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

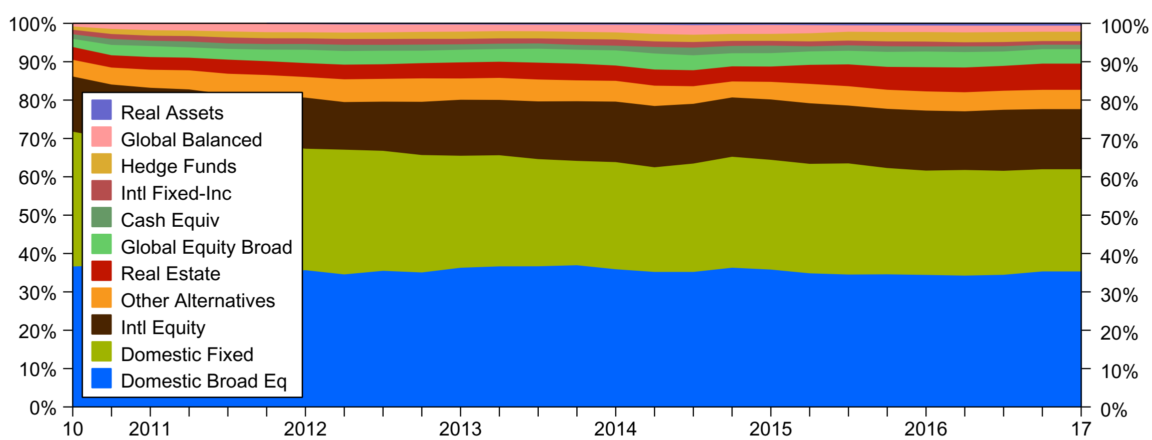
Actual Historical Asset Allocation



Target Historical Asset Allocation



Average CAI Public Fund Sponsor Database Historical Asset Allocation

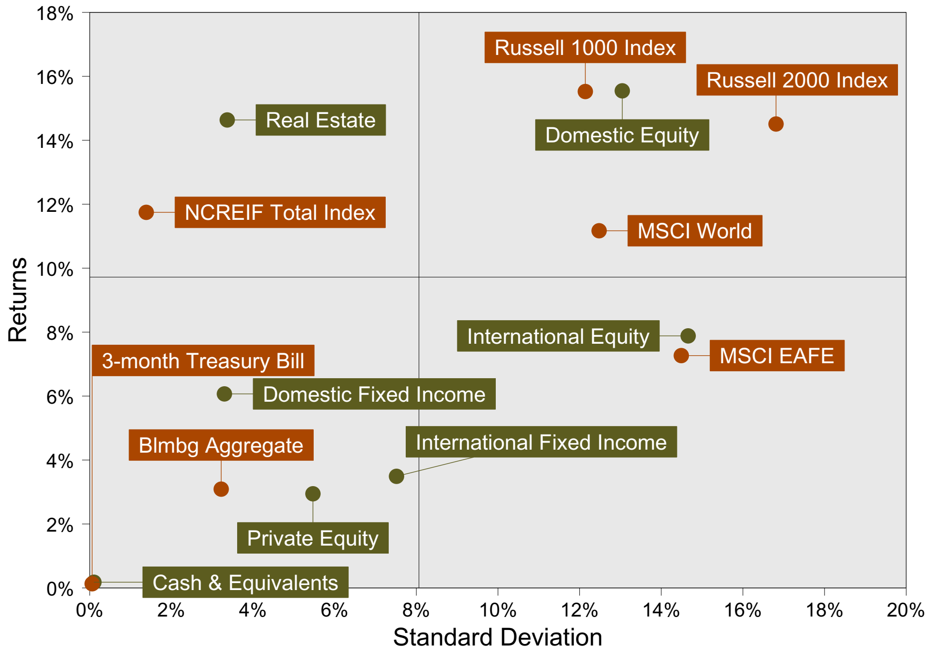


* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

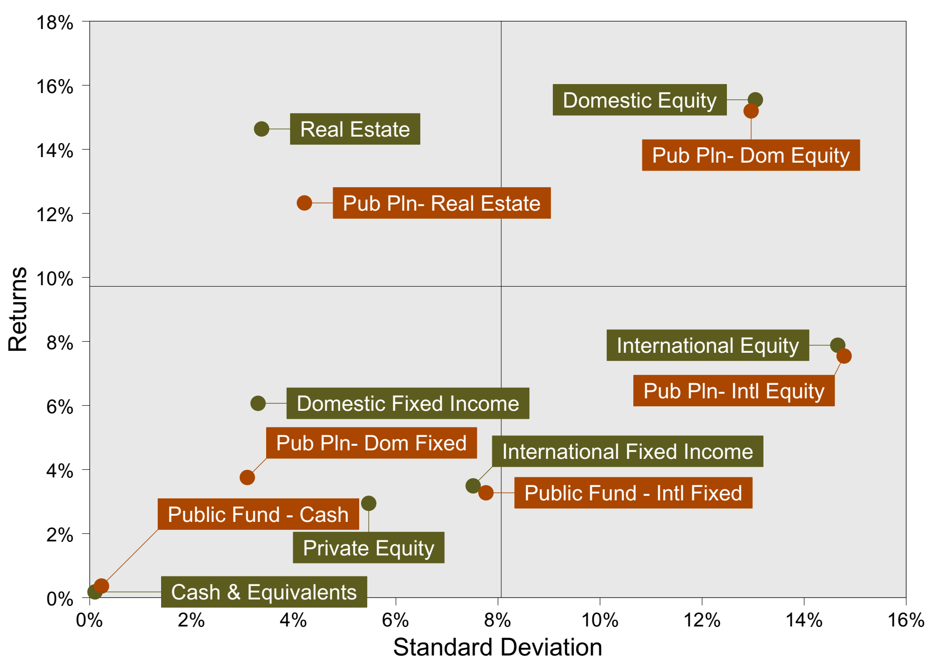
Asset Class Risk and Return

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

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



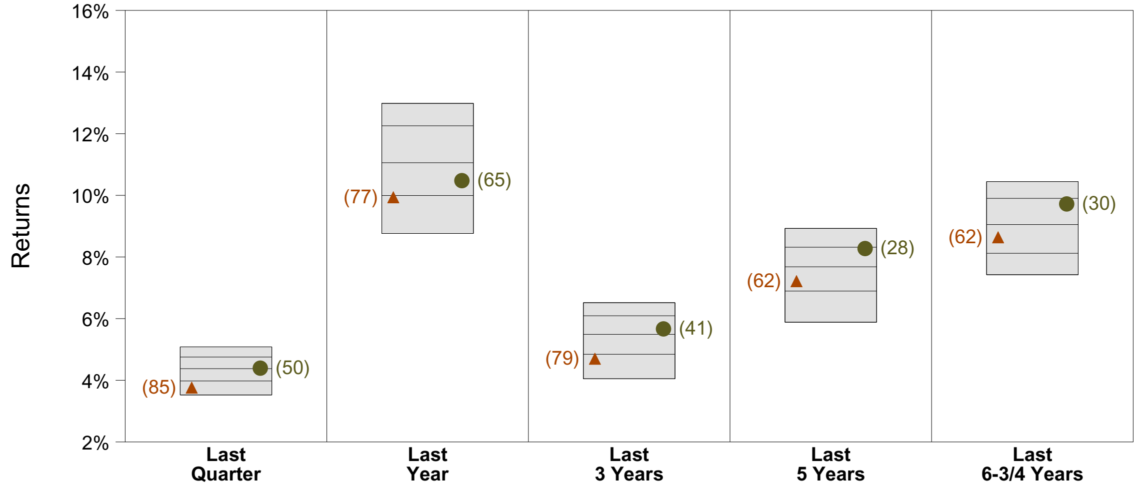
Six and Three-Quarter Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



Total Fund Ranking

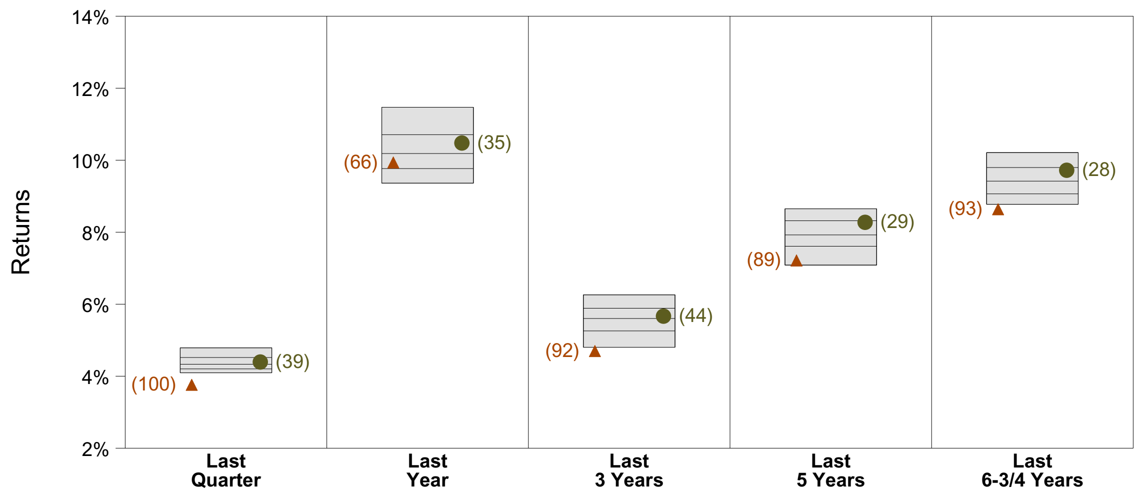
The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended March 31, 2017. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	5.08	12.98	6.52	8.93	10.45
25th Percentile	4.75	12.26	6.09	8.32	9.90
Median	4.38	11.06	5.49	7.68	9.05
75th Percentile	3.98	9.99	4.84	6.89	8.12
90th Percentile	3.52	8.76	4.05	5.88	7.42
Total Fund ●	4.39	10.48	5.67	8.27	9.72
Policy Target ▲	3.76	9.94	4.70	7.21	8.64

Asset Allocation Adjusted Ranking



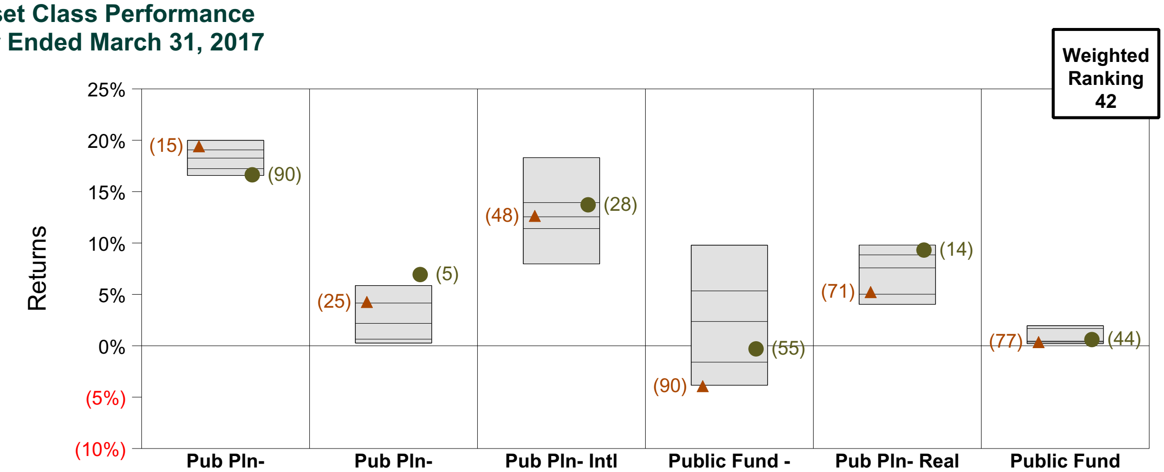
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
10th Percentile	4.79	11.47	6.26	8.65	10.21
25th Percentile	4.52	10.71	5.89	8.32	9.80
Median	4.33	10.18	5.60	7.92	9.42
75th Percentile	4.20	9.77	5.26	7.61	9.07
90th Percentile	4.09	9.36	4.80	7.09	8.77
Total Fund ●	4.39	10.48	5.67	8.27	9.72
Policy Target ▲	3.76	9.94	4.70	7.21	8.64

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% Blmbg Glob Agg ex USD, 6.0% NDSIB TFFR - Private Equity, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

Asset Class Rankings

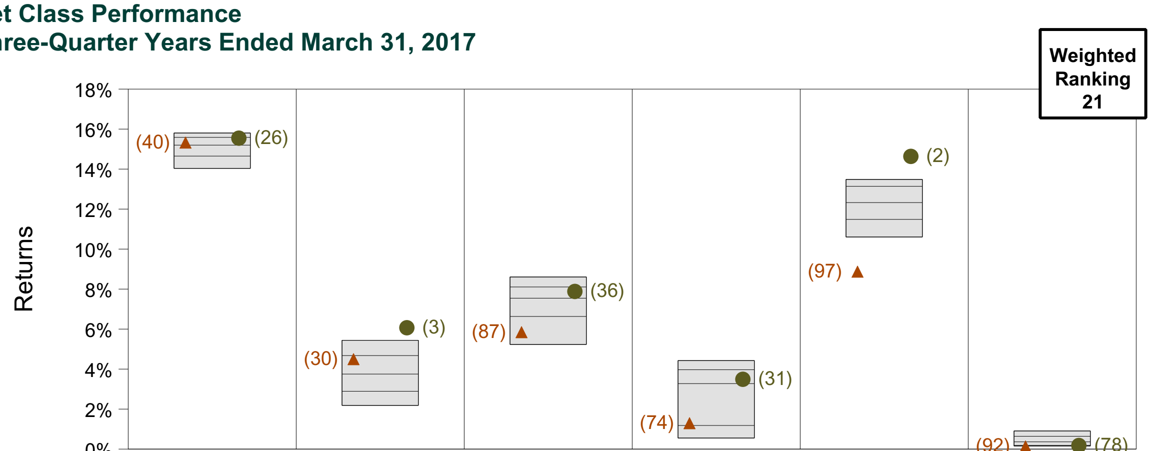
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Year Ended March 31, 2017



	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	19.99	5.86	18.31	9.79	9.80	1.96
25th Percentile	19.07	4.16	13.93	5.34	8.85	1.68
Median	18.26	2.18	12.55	2.36	7.58	0.45
75th Percentile	17.24	0.64	11.41	(1.60)	5.02	0.37
90th Percentile	16.57	0.26	7.97	(3.84)	4.03	0.21
Asset Class Composite ●	16.64	6.93	13.72	(0.30)	9.32	0.60
Composite Benchmark ▲	19.42	4.26	12.64	(3.93)	5.23	0.36

Total Asset Class Performance
Six and Three-Quarter Years Ended March 31, 2017



	Pub Pln- Dom Equity	Pub Pln- Dom Fixed	Pub Pln- Intl Equity	Public Fund - Intl Fixed	Pub Pln- Real Estate	Public Fund - Cash
10th Percentile	15.81	5.44	8.61	4.43	13.48	0.91
25th Percentile	15.59	4.68	8.11	3.97	13.14	0.64
Median	15.20	3.75	7.55	3.27	12.33	0.36
75th Percentile	14.65	2.89	6.63	1.18	11.49	0.19
90th Percentile	14.03	2.18	5.23	0.55	10.61	0.15
Asset Class Composite ●	15.55	6.07	7.88	3.49	14.64	0.18
Composite Benchmark ▲	15.32	4.50	5.85	1.30	8.87	0.13

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
GLOBAL EQUITY	**$1,313,710,084**	**58.81%**	**$(17,931,992)**	**$76,432,711**	**$1,255,209,365**	**58.45%**
Domestic Equity	**$516,997,751**	**23.15%**	**$(4,691,464)**	**$24,127,775**	**$497,561,440**	**23.17%**
Large Cap	397,181,411	17.78%	(4,595,990)	21,650,040	380,127,361	17.70%
Small Cap	119,816,340	5.36%	(95,474)	2,477,735	117,434,079	5.47%
International Equity	**$354,113,057**	**15.85%**	**$(149,409)**	**$28,259,705**	**$326,002,762**	**15.18%**
Developed Intl Equity	275,128,088	12.32%	(149,409)	19,531,119	255,746,378	11.91%
Emerging Markets	78,984,969	3.54%	0	8,728,586	70,256,384	3.27%
World Equity	**$371,123,886**	**16.61%**	**$(15,294,451)**	**$24,910,920**	**$361,507,417**	**16.83%**
Private Equity	**$71,475,390**	**3.20%**	**$2,203,333**	**$(865,688)**	**$70,137,746**	**3.27%**
GLOBAL FIXED INCOME	**$513,027,083**	**22.97%**	**$22,906,859**	**$12,442,536**	**$477,677,688**	**22.24%**
Fixed Income Comp	**$396,452,428**	**17.75%**	**$23,411,531**	**$8,094,317**	**$364,946,580**	**16.99%**
Investment Grade Fixed	292,683,077	13.10%	22,033,529	4,431,943	266,217,605	12.40%
Below Inv. Grade Fixed Income	103,769,351	4.65%	1,378,002	3,662,375	98,728,975	4.60%
International Fixed Income	**$116,574,655**	**5.22%**	**$(504,672)**	**$4,348,218**	**$112,731,109**	**5.25%**
GLOBAL REAL ASSETS	**$388,515,364**	**17.39%**	**$(9,331,832)**	**$5,322,678**	**$392,524,518**	**18.28%**
Real Estate	229,196,503	10.26%	(4,653,094)	5,370,051	228,479,546	10.64%
Timber	63,041,448	2.82%	(945,000)	(1,480,754)	65,467,202	3.05%
Infrastructure	96,277,413	4.31%	(3,733,738)	1,433,381	98,577,769	4.59%
Cash & Equivalents	**$18,424,650**	**0.82%**	**$(3,783,885)**	**$45,657**	**$22,162,877**	**1.03%**
Securities Lending Income	**$0**	**0.00%**	**$(30,670)**	**$30,670**	**-**	**-**
Total Fund	**$2,233,677,181**	**100.0%**	**$(8,171,520)**	**$94,274,253**	**$2,147,574,448**	**100.0%**

PLEASE REFER TO PAGES 33-35 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
Global Equity					
Gross	6.11%	14.66%	5.57%	9.73%	-
Net	6.06%	14.40%	5.25%	9.40%	-
Wtd Avg Global Equity Benchmark	5.49%	14.79%	4.88%	8.89%	-
Domestic Equity					
Gross	4.85%	16.64%	9.58%	13.67%	15.55%
Net	4.81%	16.39%	9.39%	13.46%	15.29%
Wtd Avg Domestic Equity Benchmark	5.22%	19.42%	9.44%	13.11%	15.32%
Large Cap Equity					
Gross	5.70%	15.13%	10.75%	14.13%	15.85%
Net	5.67%	14.97%	10.58%	13.94%	15.60%
Benchmark(1)	6.03%	17.43%	9.99%	13.26%	15.52%
Small Cap Equity					
Gross	2.11%	21.95%	5.48%	11.93%	14.39%
Net	2.03%	21.37%	5.18%	11.62%	14.11%
Russell 2000 Index	2.47%	26.22%	7.22%	12.35%	14.51%
International Equity					
Gross	8.67%	13.72%	2.18%	6.51%	7.88%
Net	8.62%	13.53%	1.99%	6.23%	7.57%
Wtd Avg Intl Equity Benchmark	7.69%	12.64%	0.66%	4.89%	5.85%
Developed Intl Equity					
Gross	7.64%	12.41%	1.76%	7.40%	8.41%
Net	7.58%	12.17%	1.52%	7.11%	8.10%
Benchmark(2)	6.81%	11.46%	0.43%	5.79%	6.39%
Emerging Markets					
Gross	12.42%	18.17%	3.26%	2.15%	5.22%
Net	12.42%	18.17%	3.23%	1.92%	4.92%
Benchmark(3)	11.44%	17.21%	1.18%	0.81%	3.12%
World Equity					
Gross	6.99%	15.20%	5.34%	9.18%	-
Net	6.91%	14.77%	4.66%	8.47%	-
MSCI World Index	6.38%	14.77%	5.52%	9.37%	11.17%
Private Equity					
Net	(1.19%)	3.29%	(3.06%)	1.34%	2.87%

(1) S&P 500 Index through 12/31/2011 and the Russell 1000 Index thereafter.
(2) 50% Hedged EAFE through 3/31/2011; MSCI EAFE through 6/3016; MSCI World ex-US thereafter.
(3) MSCI Emerging Mkts Idx (Gross) through 6/30/2011 and MSCI Emerging Mkts Idx Net thereafter.

PLEASE REFER TO PAGES 36-40 FOR INVESTMENT MANAGER LEVEL RETURNS.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
Global Fixed Income					
Gross	2.57%	5.12%	3.50%	4.66%	-
Net	2.51%	4.86%	3.24%	4.40%	-
Wtd Avg Global Fixed Inc. Benchmark	1.58%	2.18%	1.69%	2.44%	-
Domestic Fixed Income					
Gross	2.18%	6.93%	4.68%	5.73%	6.07%
Net	2.13%	6.71%	4.45%	5.51%	5.92%
Wtd Avg Domestic FI Benchmark	1.26%	4.26%	3.06%	3.54%	4.50%
Inv. Grade Fixed Income					
Gross	1.62%	3.76%	4.27%	4.67%	4.95%
Net	1.58%	3.62%	4.14%	4.54%	4.78%
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.34%	3.09%
Below Inv. Grade Fixed Income					
Gross	3.71%	15.73%	5.83%	8.52%	9.12%
Net	3.61%	15.28%	5.39%	8.06%	8.68%
Blmbg HY Corp 2% Issue	2.70%	16.39%	4.58%	6.82%	8.10%
International Fixed Income					
Gross	3.87%	(0.30%)	(0.58%)	1.04%	3.49%
Net	3.77%	(0.66%)	(0.93%)	0.68%	3.12%
Wtd Avg Intl Fixed Income Benchmark	2.48%	(3.93%)	(2.68%)	(1.13%)	1.30%
Global Real Assets					
Gross	1.38%	4.58%	8.50%	8.11%	-
Net	1.29%	4.15%	8.06%	7.68%	-
Wtd Avg Global Real Assets Benchmark	1.25%	5.23%	6.86%	7.34%	-
Real Estate					
Gross	2.38%	9.32%	13.79%	12.67%	14.64%
Net	2.26%	8.79%	13.22%	12.14%	14.07%
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	11.75%
Timber					
Net	(2.26%)	(9.81%)	0.50%	0.25%	-
NCREIF Timberland Index	0.76%	3.64%	5.67%	7.14%	5.40%
Infrastructure					
Gross	1.52%	4.96%	3.42%	5.70%	-
Net	1.40%	4.38%	2.86%	5.07%	-
CPI-W	0.96%	2.35%	0.73%	0.98%	1.58%
Cash & Equivalents - Net	**0.20%**	**0.60%**	**0.29%**	**0.20%**	**0.18%**
3-month Treasury Bill	0.10%	0.36%	0.17%	0.14%	0.13%
Total Fund					
Gross	4.39%	10.48%	5.67%	8.27%	9.72%
Net	4.33%	10.18%	5.34%	7.95%	9.37%
Target*	3.76%	9.94%	4.70%	7.21%	8.64%

* Current Quarter Target = 16.6% Russell 1000 Index, 16.0% MSCI World, 13.0% Blmbg Aggregate, 11.8% MSCI World ex US, 10.0% NCREIF Total Index, 6.0% NDSIB TFFR - Private Equity, 6.0% Blmbg Glob Agg ex USD, 5.0% CPI-W, 4.8% Russell 2000 Index, 4.0% Blmbg HY 2% Iss Cap, 3.0% NCREIF Timberland Index, 2.8% MSCI EM and 1.0% 3-month Treasury Bill.

PLEASE REFER TO PAGES 36-40 FOR INVESTMENT MANAGER LEVEL RETURNS.

Domestic Equity
Period Ended March 31, 2017

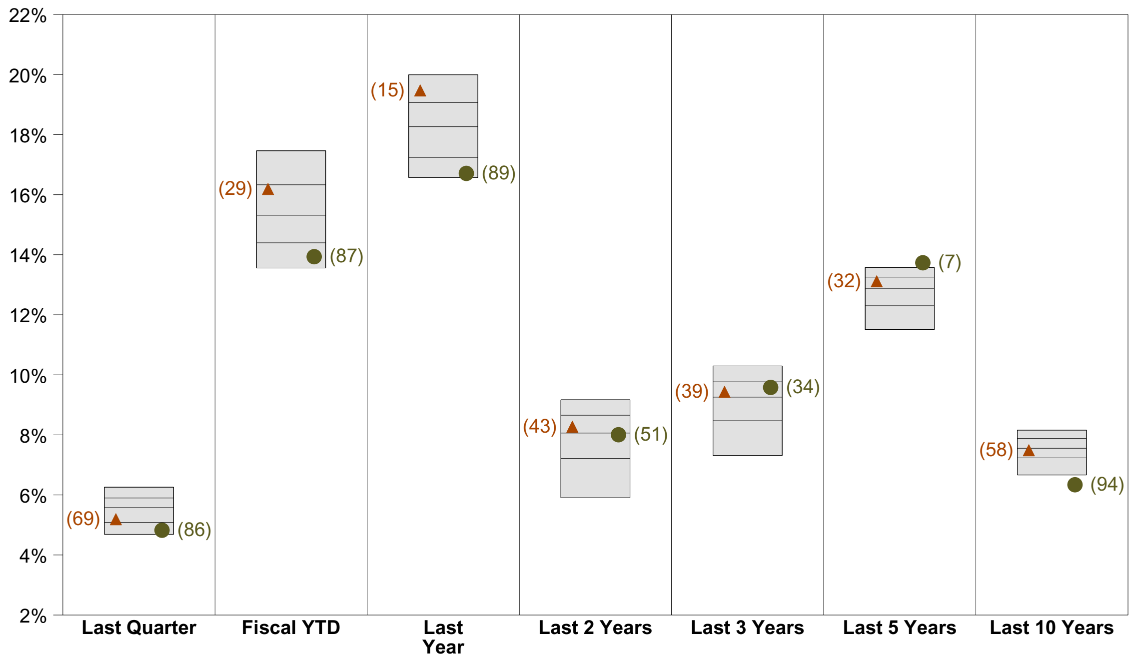
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 4.82% return for the quarter placing it in the 86 percentile of the Pub Pln- Domestic Equity group for the quarter and in the 89 percentile for the last year.
- Domestic Equity's portfolio underperformed the by 0.37% for the quarter and underperformed the for the year by 2.76%.

Quarterly Asset Growth

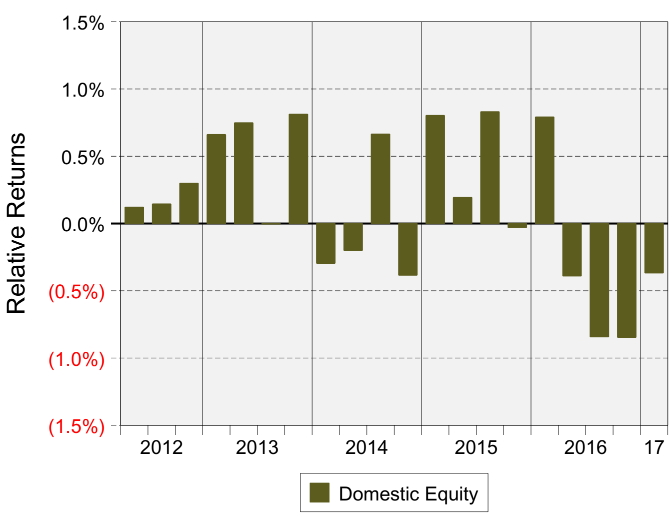
Beginning Market Value	$1,130,378,217
Net New Investment	$-9,439,516
Investment Gains/(Losses)	$54,512,709
Ending Market Value	$1,175,451,410

Performance vs Pub Pln- Domestic Equity (Gross)

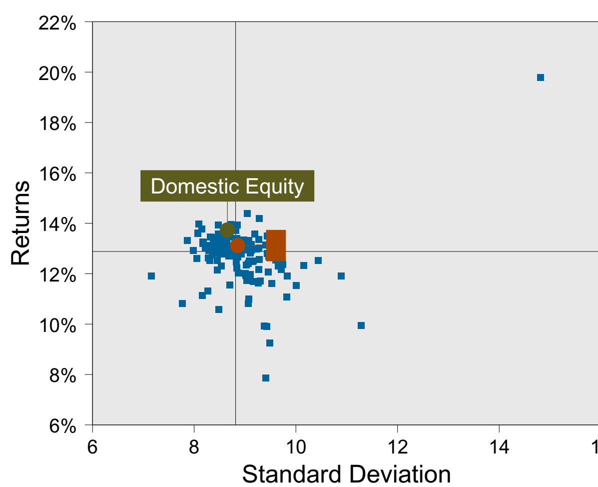


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	6.26	17.46	19.99	9.17	10.30	13.57	8.16
25th Percentile	5.90	16.33	19.07	8.65	9.77	13.25	7.88
Median	5.58	15.31	18.26	8.06	9.26	12.88	7.55
75th Percentile	5.08	14.40	17.24	7.21	8.47	12.30	7.23
90th Percentile	4.69	13.56	16.57	5.90	7.31	11.51	6.67
Domestic Equity ●	4.82	13.93	16.71	8.00	9.58	13.73	6.34
	5.19	16.19	19.47	8.27	9.43	13.11	7.49

Relative Return vs



Pub Pln- Domestic Equity (Gross)
Annualized Five Year Risk vs Return



L.A. Capital
Period Ended March 31, 2017

Investment Philosophy

The LA Capital Structured portfolio is a large growth portfolio benchmarked to the Russell 1000 Growth Index. It is an active assignment meaning that it targets a 2% alpha and constrains its risk budget (tracking error) to 4% relative to the benchmark. LA Capital believes that investment results are driven by Investor Preferences and thus recognize that when preferences shift a different posture related to that factor is warranted.

Quarterly Summary and Highlights

- L.A. Capital's portfolio posted a 6.62% return for the quarter placing it in the 94 percentile of the CAI Large Cap Growth group for the quarter and in the 67 percentile for the last year.
- L.A. Capital's portfolio underperformed the Russell 1000 Growth Index by 2.29% for the quarter and underperformed the Russell 1000 Growth Index for the year by 2.26%.

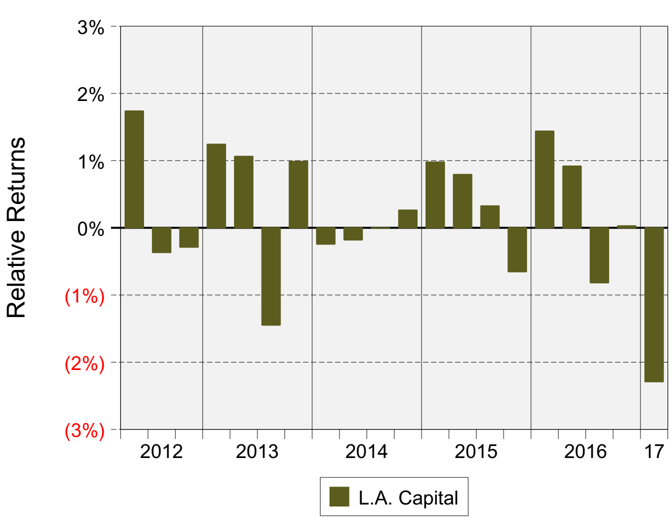
Quarterly Asset Growth

Beginning Market Value	$323,055,323
Net New Investment	$-164,875
Investment Gains/(Losses)	$21,376,399
Ending Market Value	$344,266,846

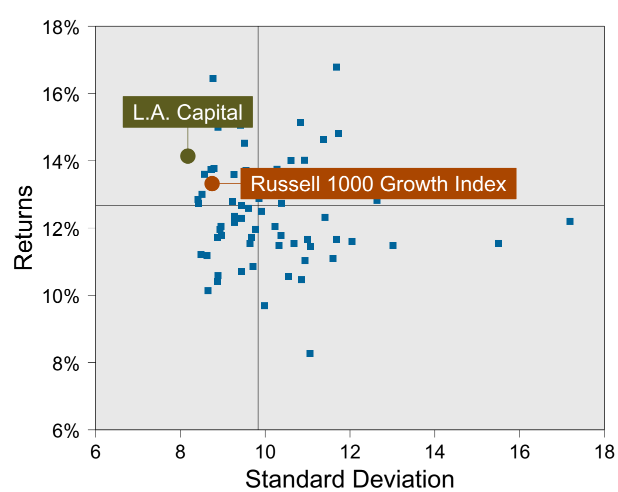
Performance vs CAI Large Cap Growth (Gross)

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 13-1/4 Years
10th Percentile	11.43	18.43	18.39	9.52	12.28	14.57	10.41	9.99
25th Percentile	9.94	16.59	16.89	8.55	11.22	13.56	9.61	9.37
Median	9.18	14.42	14.80	7.38	10.31	12.66	8.88	8.60
75th Percentile	7.82	12.17	12.94	5.85	8.59	11.54	8.14	8.24
90th Percentile	6.80	9.97	10.23	4.55	7.74	10.66	7.18	7.57
L.A. Capital ●	6.62	11.78	13.49	8.92	11.63	14.14	9.02	9.59
Russell 1000 Growth Index ▲	8.91	15.05	15.76	8.94	11.27	13.32	9.13	8.53

Relative Return vs Russell 1000 Growth Index



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



L.A. Capital Management Enhanced Index
Period Ended March 31, 2017

Investment Philosophy

The LA Capital Enhanced portfolio is a large core portfolio benchmarked to the Russell 1000 Index. Characterized as an enhanced index assignment, its objective is to track the benchmark with lower variability. The pension portfolio began in August of 2000 and the insurance portfolio was initiated in April of 2004. Since October of 2006 a small portion of each of the two core accounts was allocated into the Large Cap Alpha Fund with intent to add incremental alpha to the assignment given that the information ratio was expected to be higher.

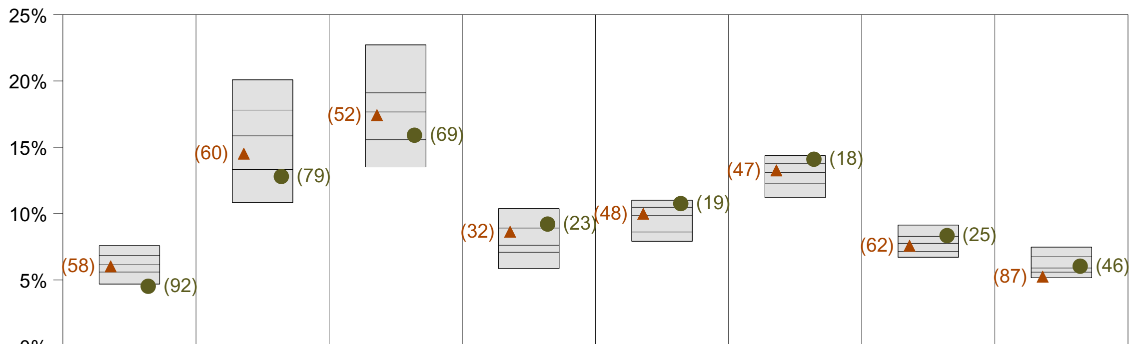
Quarterly Summary and Highlights

- LACM Enhanced Index's portfolio posted a 4.52% return for the quarter placing it in the 92 percentile of the CAI Large Cap Core group for the quarter and in the 69 percentile for the last year.
- LACM Enhanced Index's portfolio underperformed the Russell 1000 Index by 1.50% for the quarter and underperformed the Russell 1000 Index for the year by 1.52%.

Quarterly Asset Growth

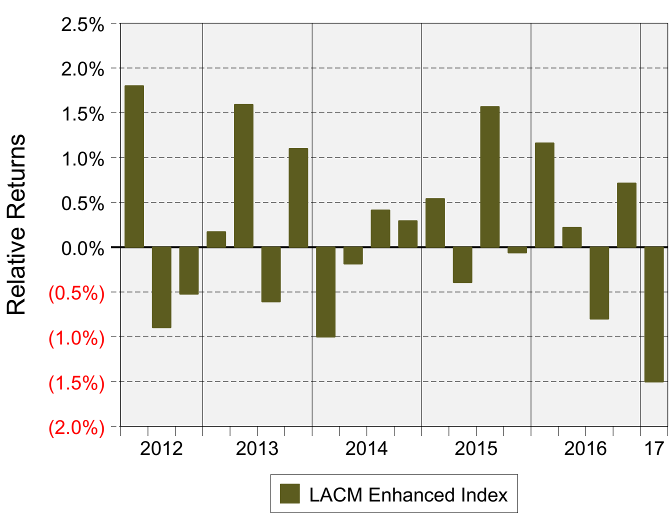
Beginning Market Value	$195,872,968
Net New Investment	$-9,051,150
Investment Gains/(Losses)	$8,873,633
Ending Market Value	$195,695,452

Performance vs CAI Large Cap Core (Gross)

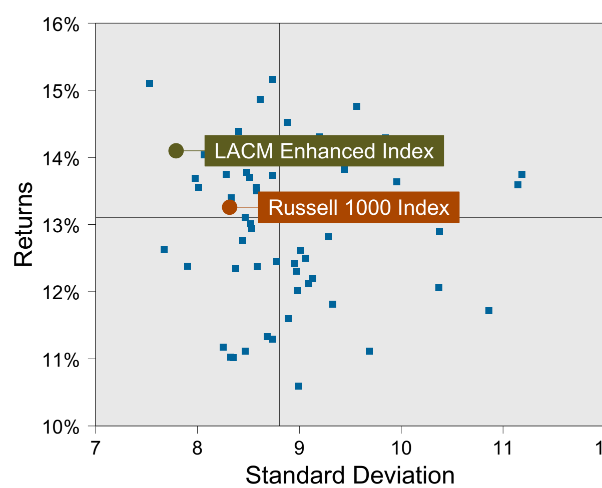


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 16-1/2 Years
10th Percentile	7.58	20.09	22.72	10.38	11.01	14.37	9.14	7.48
25th Percentile	6.84	17.80	19.11	8.91	10.47	13.76	8.29	6.75
Median	6.14	15.86	17.66	7.62	9.85	13.11	7.76	5.90
75th Percentile	5.59	13.33	15.57	7.09	8.61	12.25	7.14	5.59
90th Percentile	4.69	10.83	13.51	5.85	7.91	11.20	6.71	5.17
LACM Enhanced Index ●	4.52	12.80	15.91	9.21	10.76	14.10	8.34	6.04
Russell 1000 Index ▲	6.03	14.52	17.43	8.64	9.99	13.26	7.58	5.25

Relative Return vs Russell 1000 Index



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



Northern Trust AM Enh S&P500
Period Ended March 31, 2017

Investment Philosophy

Northern Trust AM Enhanced S&P 500 employs a quantitative investment approach, focusing on the stock selection process as the principal source of value added. The account invests primarily in a broadly diversified portfolio of equity securities that include securities convertible into equity securities (including common stock), warrants, rights and units or shares in trusts, exchange traded funds and investment companies. The Investment Manager intends to use futures and options to manage market risk associated with the account's investments.

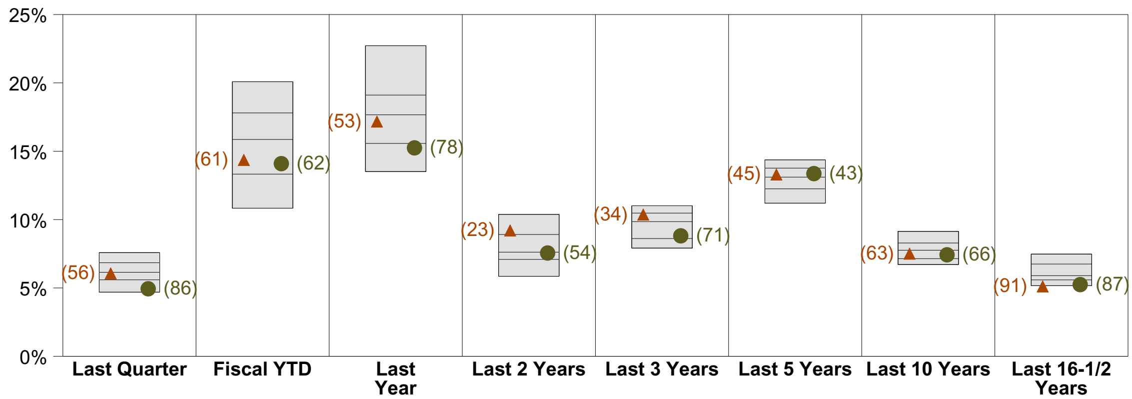
Quarterly Summary and Highlights

- Northern Trust AM Enh S&P500's portfolio posted a 4.94% return for the quarter placing it in the 86 percentile of the CAI Large Cap Core group for the quarter and in the 78 percentile for the last year.
- Northern Trust AM Enh S&P500's portfolio underperformed the S&P 500 Index by 1.13% for the quarter and underperformed the S&P 500 Index for the year by 1.92%.

Quarterly Asset Growth

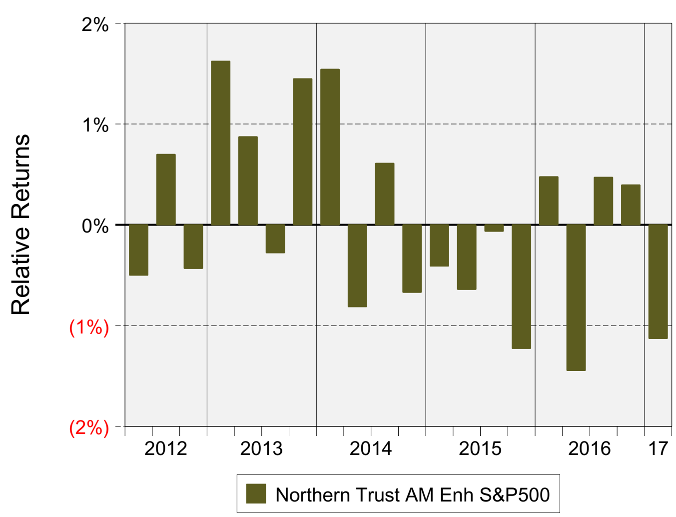
Beginning Market Value	$156,141,055
Net New Investment	$0
Investment Gains/(Losses)	$7,712,510
Ending Market Value	$163,853,565

Performance vs CAI Large Cap Core (Gross)

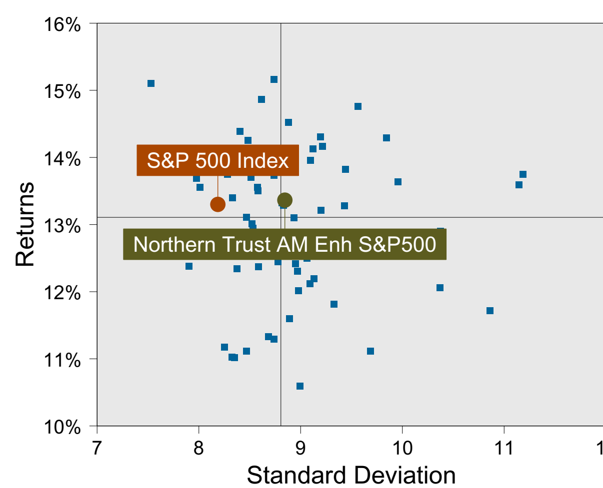


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 16-1/2 Years
10th Percentile	7.58	20.09	22.72	10.38	11.01	14.37	9.14	7.48
25th Percentile	6.84	17.80	19.11	8.91	10.47	13.76	8.29	6.75
Median	6.14	15.86	17.66	7.62	9.85	13.11	7.76	5.90
75th Percentile	5.59	13.33	15.57	7.09	8.61	12.25	7.14	5.59
90th Percentile	4.69	10.83	13.51	5.85	7.91	11.20	6.71	5.17
Northern Trust AM Enh S&P500 ●	4.94	14.09	15.25	7.56	8.81	13.36	7.42	5.24
S&P 500 Index ▲	6.07	14.36	17.17	9.21	10.37	13.30	7.51	5.11

Relative Return vs S&P 500 Index



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



Parametric Clifton Enh S&P
Period Ended March 31, 2017

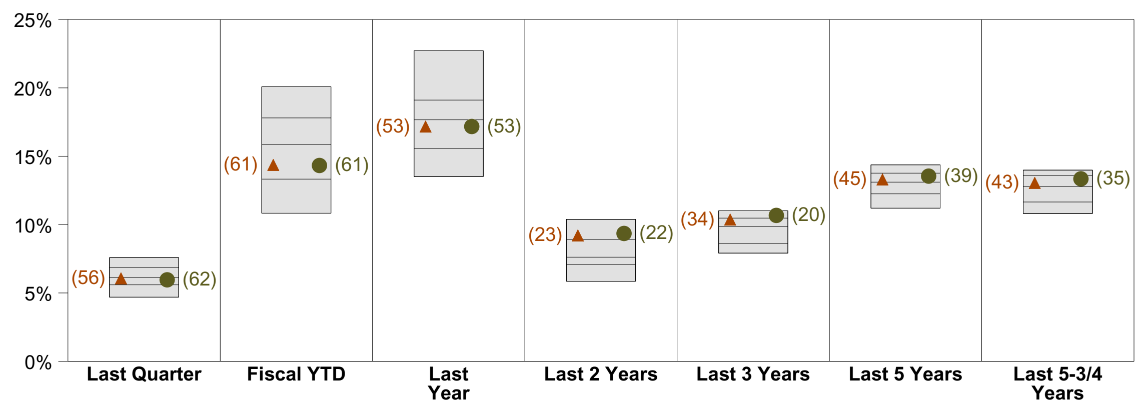
Investment Philosophy
Parametric Clifton utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

Quarterly Summary and Highlights
- Parametric Clifton Enh S&P's portfolio posted a 5.96% return for the quarter placing it in the 62 percentile of the CAI Large Cap Core group for the quarter and in the 53 percentile for the last year.
- Parametric Clifton Enh S&P's portfolio underperformed the S&P 500 Index by 0.11% for the quarter and outperformed the S&P 500 Index for the year by 0.00%.

Quarterly Asset Growth

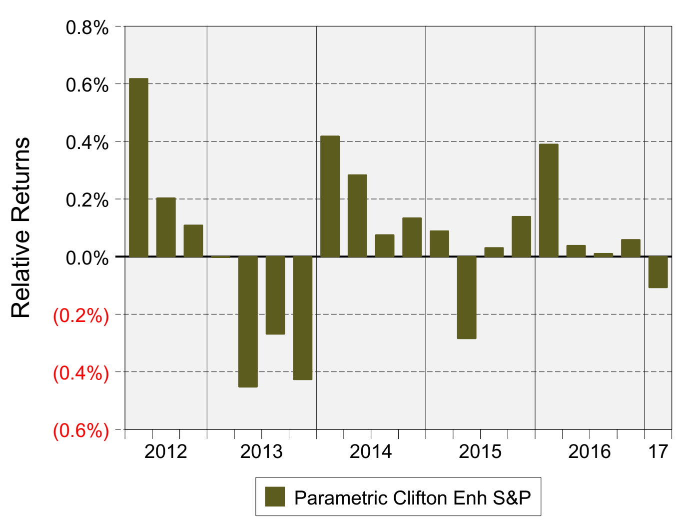
Beginning Market Value	$180,411,587
Net New Investment	$0
Investment Gains/(Losses)	$10,750,125
Ending Market Value	$191,161,713

Performance vs CAI Large Cap Core (Gross)

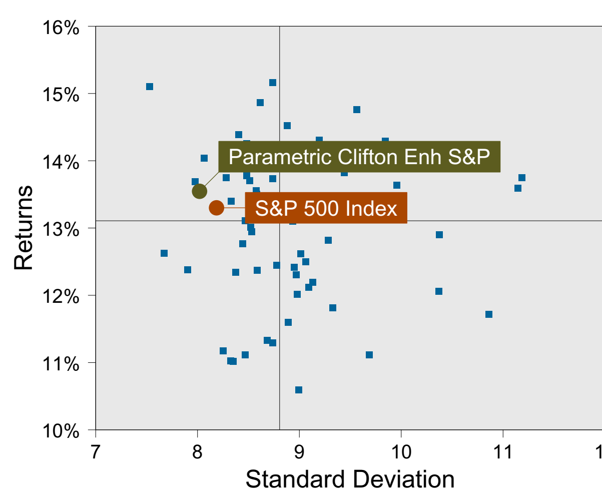


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-3/4 Years
10th Percentile	7.58	20.09	22.72	10.38	11.01	14.37	13.99
25th Percentile	6.84	17.80	19.11	8.91	10.47	13.76	13.58
Median	6.14	15.86	17.66	7.62	9.85	13.11	12.78
75th Percentile	5.59	13.33	15.57	7.09	8.61	12.25	11.65
90th Percentile	4.69	10.83	13.51	5.85	7.91	11.20	10.81
Parametric Clifton Enh S&P ●	5.96	14.32	17.18	9.35	10.67	13.55	13.35
S&P 500 Index ▲	6.07	14.36	17.17	9.21	10.37	13.30	13.05

Relative Return vs S&P 500 Index



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



Atlanta Capital
Period Ended March 31, 2017

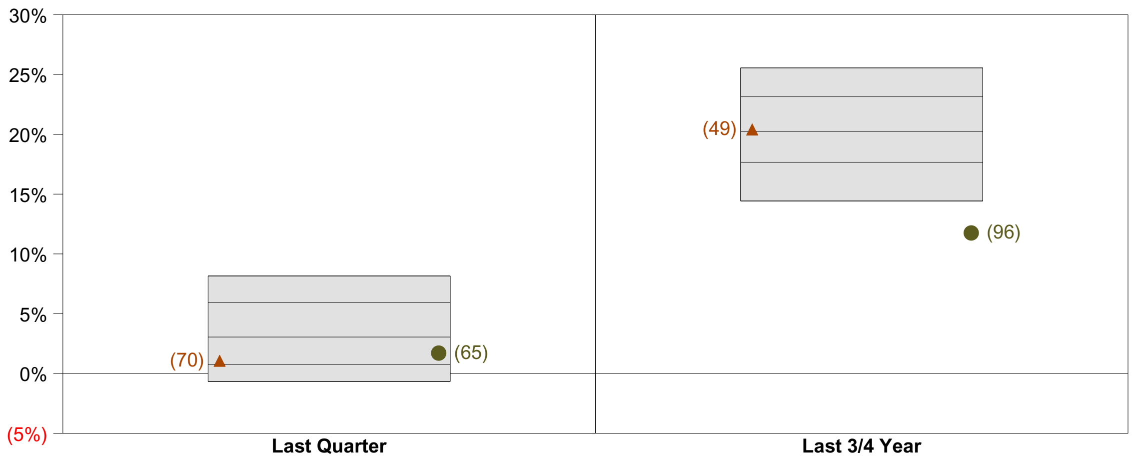
Investment Philosophy
Atlanta believes that high quality companies produce consistently increasing earnings and dividends, thereby providing attractive returns with moderate risk over the long-term.

Quarterly Summary and Highlights
- Atlanta Capital's portfolio posted a 1.71% return for the quarter placing it in the 65 percentile of the CAI Small Capitalization group for the quarter and in the 96 percentile for the last three-quarter year.
- Atlanta Capital's portfolio outperformed the S&P 600 Small Cap Index by 0.64% for the quarter and underperformed the S&P 600 Small Cap Index for the three-quarter year by 8.65%.

Quarterly Asset Growth

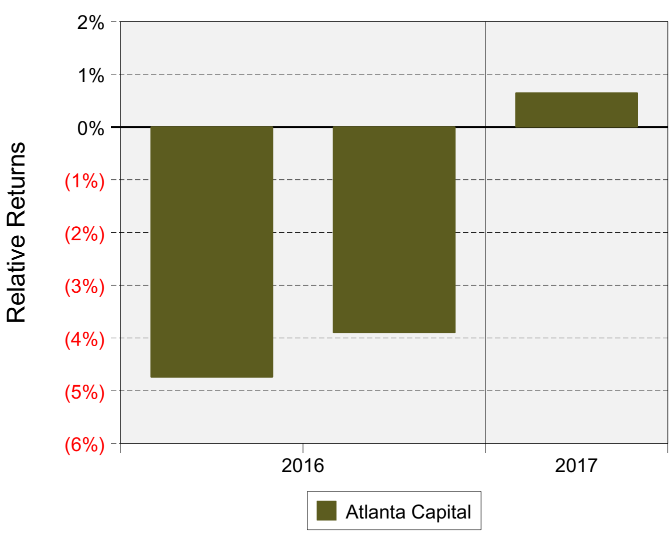
Beginning Market Value	$123,994,249
Net New Investment	$-223,491
Investment Gains/(Losses)	$2,110,841
Ending Market Value	$125,881,599

Performance vs CAI Small Capitalization (Gross)

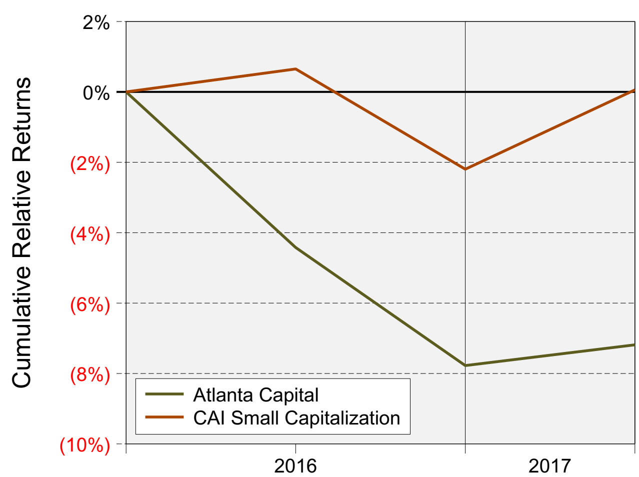


	Last Quarter	Last 3/4 Year
10th Percentile	8.16	25.56
25th Percentile	5.95	23.14
Median	3.05	20.26
75th Percentile	0.77	17.67
90th Percentile	(0.67)	14.43
Atlanta Capital ●	1.71	11.75
S&P 600 Small Cap Index ▲	1.06	20.40

Relative Return vs S&P 600 Small Cap Index



Cumulative Returns vs S&P 600 Small Cap Index



Parametric Clifton Enh SmCap
Period Ended March 31, 2017

Investment Philosophy

Parametric Clifton utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

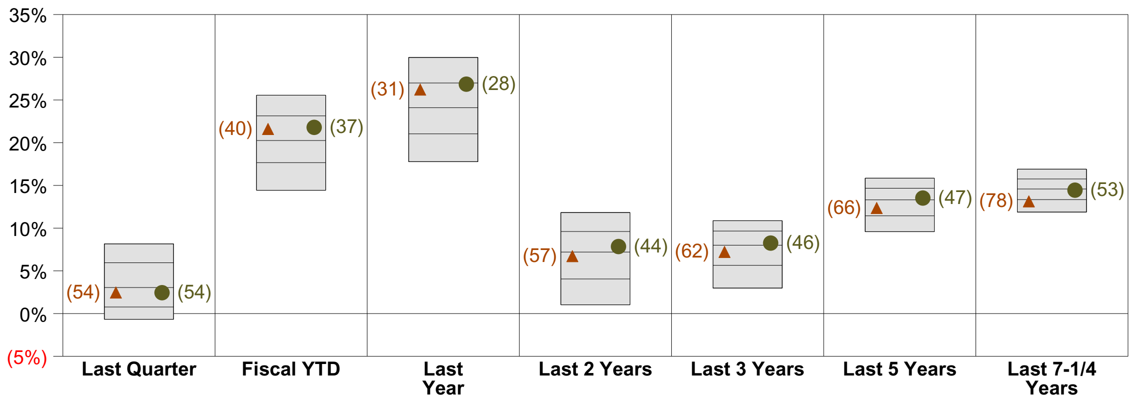
Quarterly Summary and Highlights

- Parametric Clifton Enh SmCap's portfolio posted a 2.44% return for the quarter placing it in the 54 percentile of the CAI Small Capitalization group for the quarter and in the 28 percentile for the last year.
- Parametric Clifton Enh SmCap's portfolio underperformed the Russell 2000 Index by 0.02% for the quarter and outperformed the Russell 2000 Index for the year by 0.63%.

Quarterly Asset Growth

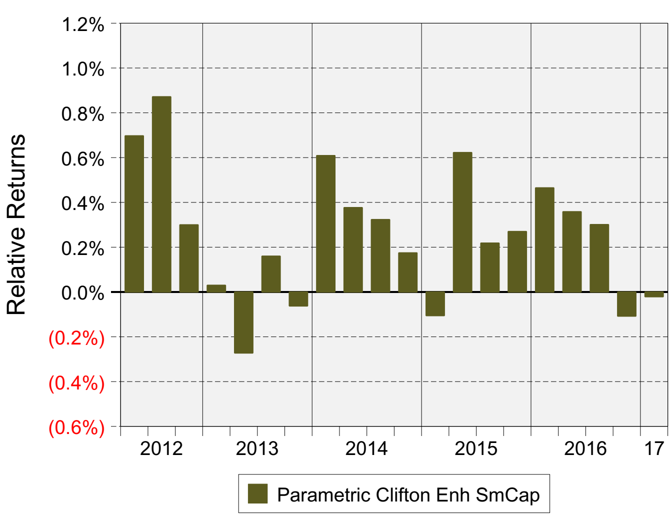
Beginning Market Value	$150,903,033
Net New Investment	$0
Investment Gains/(Losses)	$3,689,201
Ending Market Value	$154,592,235

Performance vs CAI Small Capitalization (Gross)

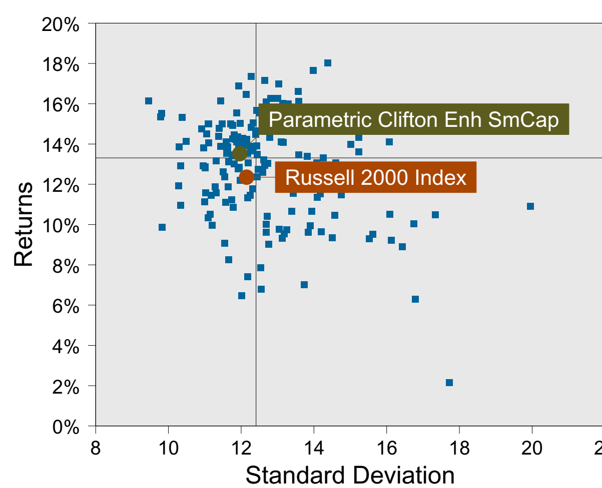


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/4 Years
10th Percentile	8.16	25.56	29.98	11.82	10.87	15.85	16.90
25th Percentile	5.95	23.14	26.99	9.61	9.66	14.67	15.75
Median	3.05	20.26	24.10	7.20	8.00	13.31	14.58
75th Percentile	0.77	17.67	21.04	4.05	5.65	11.44	13.34
90th Percentile	(0.67)	14.43	17.78	1.03	2.98	9.58	11.88
Parametric Clifton Enh SmCap ●	2.44	21.79	26.85	7.85	8.25	13.52	14.44
Russell 2000 Index ▲	2.47	21.60	26.22	6.72	7.22	12.35	13.14

Relative Return vs Russell 2000 Index



CAI Small Capitalization (Gross)
Annualized Five Year Risk vs Return



International Equity
Period Ended March 31, 2017

Quarterly Summary and Highlights

- International Equity's portfolio posted a 8.79% return for the quarter placing it in the 28 percentile of the Pub Pln- International Equity group for the quarter and in the 27 percentile for the last year.
- International Equity's portfolio outperformed the International Equity Target by 0.98% for the quarter and outperformed the International Equity Target for the year by 1.02%.

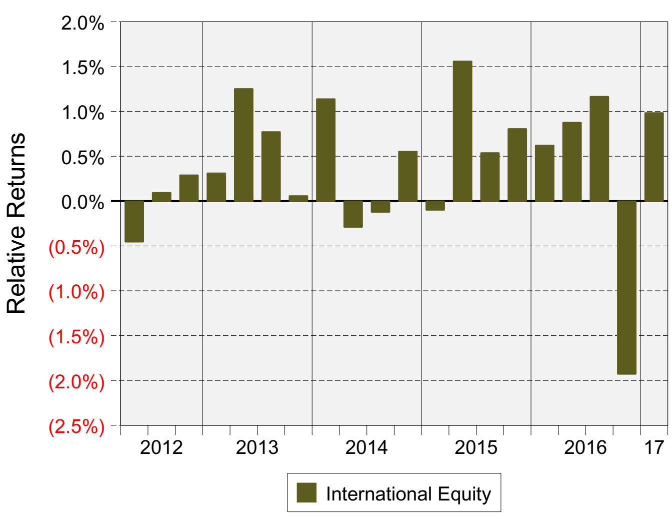
Quarterly Asset Growth

Beginning Market Value	$737,044,271
Net New Investment	$-317,184
Investment Gains/(Losses)	$64,765,958
Ending Market Value	$801,493,046

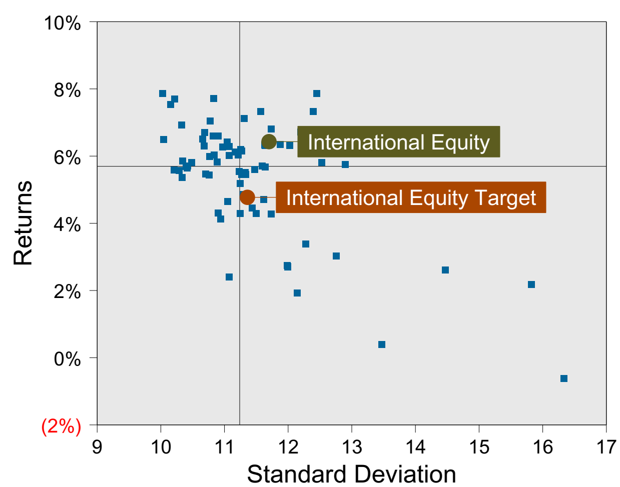
Performance vs Pub Pln- International Equity (Gross)

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	11.49	17.38	18.31	3.87	3.29	7.14	3.39
25th Percentile	9.19	14.63	13.93	3.10	2.14	6.33	2.97
Median	8.05	13.24	12.55	2.35	1.38	5.69	2.21
75th Percentile	7.67	11.64	11.41	0.82	0.63	4.64	1.78
90th Percentile	7.13	8.29	7.97	(0.43)	(0.45)	2.71	1.33
International Equity ●	8.79	13.91	13.84	3.62	2.23	6.43	3.13
International Equity Target ▲	7.81	13.88	12.82	1.34	0.70	4.77	1.57

Relative Return vs International Equity Target



Pub Pln- International Equity (Gross) Annualized Five Year Risk vs Return



DFA International Small Cap Value Fund
Period Ended March 31, 2017

Investment Philosophy

The International Small Cap Value Portfolio invests in the stocks of small, non-US developed markets companies that Dimensional believes to be value stocks at the time of purchase. Specifically, it looks at companies that fall within the smallest 8-10% of each country's market capitalization, and who's shares have a high book value in relation to their market value (BtM). It does not invest in emerging markets.

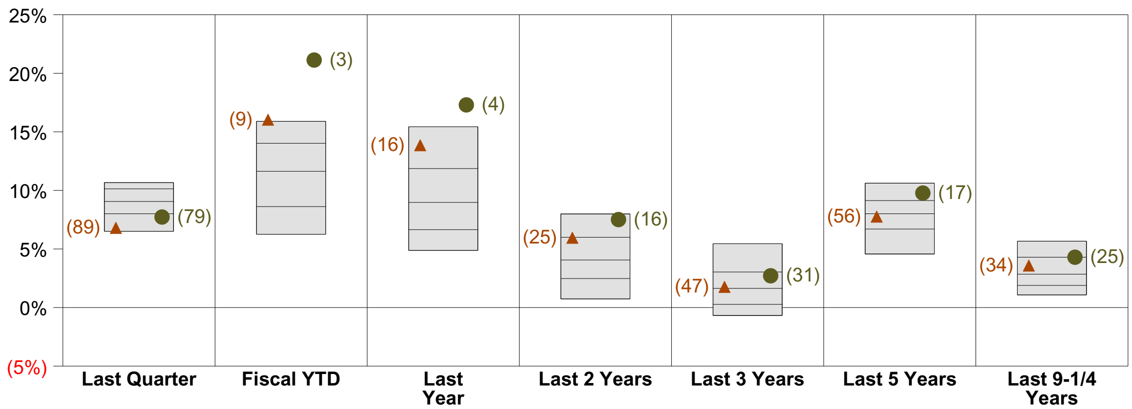
Quarterly Summary and Highlights

- DFA Intl Small Cap Value's portfolio posted a 7.73% return for the quarter placing it in the 79 percentile of the CAI International Small Cap Mut Funds group for the quarter and in the 4 percentile for the last year.
- DFA Intl Small Cap Value's portfolio outperformed the World ex US SC Value by 0.93% for the quarter and outperformed the World ex US SC Value for the year by 3.44%.

Quarterly Asset Growth

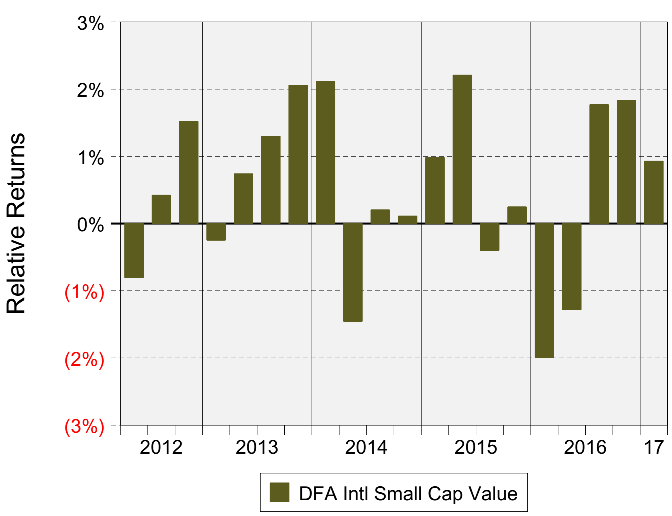
Beginning Market Value	$80,868,682
Net New Investment	$0
Investment Gains/(Losses)	$6,250,103
Ending Market Value	$87,118,785

Performance vs CAI International Small Cap Mut Funds (Net)

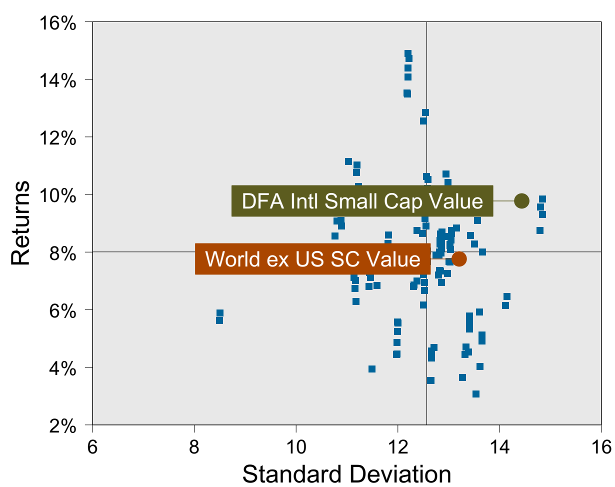


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/4 Years
10th Percentile	10.67	15.90	15.43	7.99	5.45	10.62	5.67
25th Percentile	10.13	14.03	11.87	6.00	3.03	9.14	4.30
Median	9.05	11.63	8.97	4.06	1.64	8.01	2.85
75th Percentile	8.01	8.62	6.65	2.48	0.27	6.70	1.89
90th Percentile	6.51	6.26	4.88	0.74	(0.68)	4.57	1.08
DFA Intl Small Cap Value ●	7.73	21.13	17.30	7.51	2.71	9.78	4.30
World ex US SC Value ▲	6.80	16.04	13.86	5.96	1.77	7.76	3.58

Relative Return vs World ex US SC Value



CAI International Small Cap Mut Funds (Net) Annualized Five Year Risk vs Return



Northern Tr AM Wrld ex US
Period Ended March 31, 2017

Investment Philosophy

The Fund's objective is to provide investment results that approximate the overall performance of the MSCI World ex-US Equity Index.

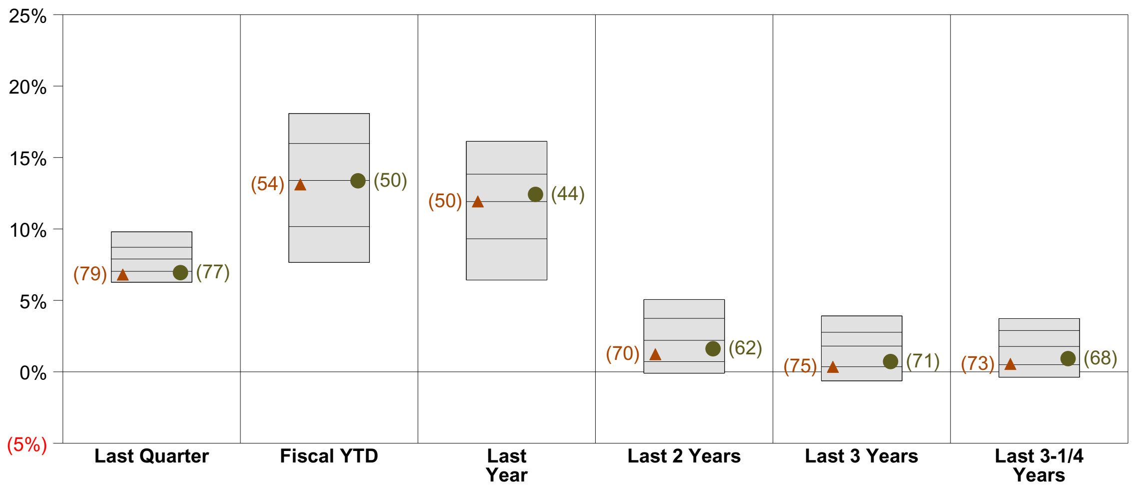
Quarterly Summary and Highlights

- Northern Tr AM Wrld ex US's portfolio posted a 6.94% return for the quarter placing it in the 77 percentile of the CAI Non-US Equity group for the quarter and in the 44 percentile for the last year.
- Northern Tr AM Wrld ex US's portfolio outperformed the MSCI World ex US by 0.13% for the quarter and outperformed the MSCI World ex US for the year by 0.49%.

Quarterly Asset Growth

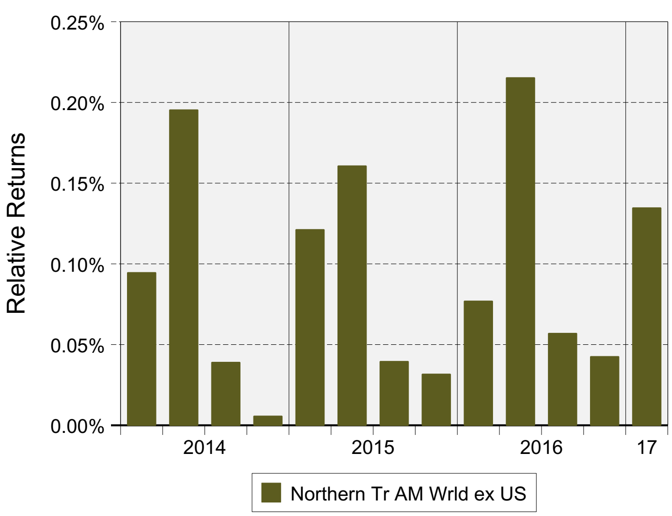
Beginning Market Value	$270,469,791
Net New Investment	$-22,853
Investment Gains/(Losses)	$18,777,983
Ending Market Value	$289,224,921

Performance vs CAI Non-US Equity (Gross)

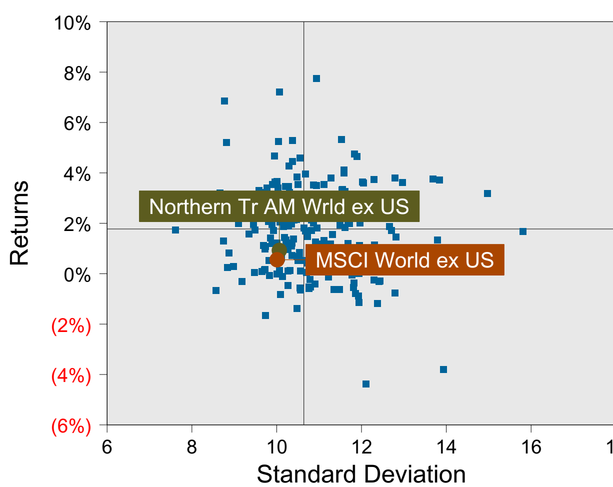


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	9.80	18.08	16.13	5.06	3.91	3.73
25th Percentile	8.72	15.98	13.83	3.74	2.77	2.89
Median	7.90	13.39	11.91	2.20	1.80	1.78
75th Percentile	7.03	10.17	9.31	0.71	0.36	0.50
90th Percentile	6.27	7.66	6.42	(0.10)	(0.63)	(0.38)
Northern Tr AM Wrld ex US ●	6.94	13.37	12.42	1.61	0.72	0.92
MSCI World ex US ▲	6.81	13.12	11.93	1.23	0.35	0.55

Relative Return vs MSCI World ex US



CAI Non-US Equity (Gross)
Annualized Three and One-Quarter Year Risk vs Return



Wellington Management
Period Ended March 31, 2017

Investment Philosophy

The International Small Cap Opportunities investment approach is bottom-up focused, and leverages the global research resources at Wellington Management. In implementing purchase decisions, consideration is given to the size, liquidity, and volatility of these prospects. Sell decisions are based on changing fundamentals or valuations, or on finding better opportunities elsewhere. The assets are not hedged.

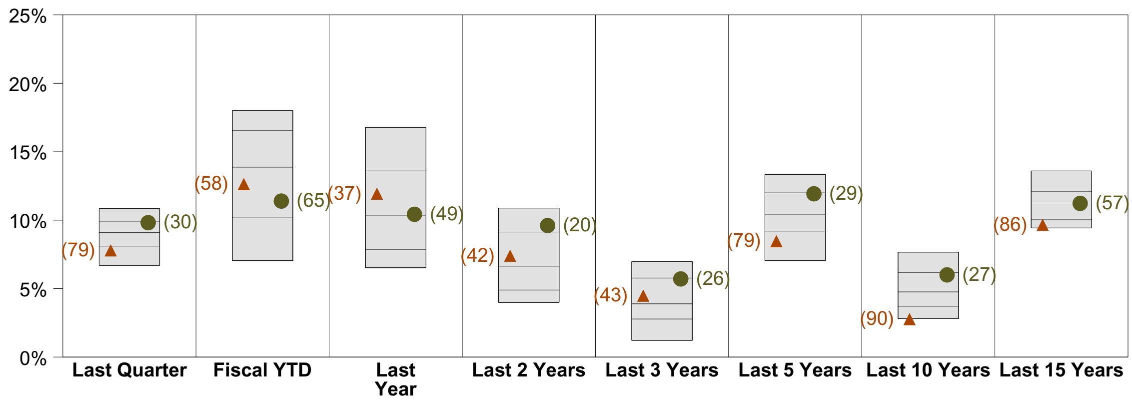
Quarterly Summary and Highlights

- Wellington Management's portfolio posted a 9.82% return for the quarter placing it in the 30 percentile of the CAI International Small Cap group for the quarter and in the 49 percentile for the last year.
- Wellington Management's portfolio outperformed the S&P BMI EPAC <$2 B by 2.03% for the quarter and underperformed the S&P BMI EPAC <$2 B for the year by 1.50%.

Quarterly Asset Growth

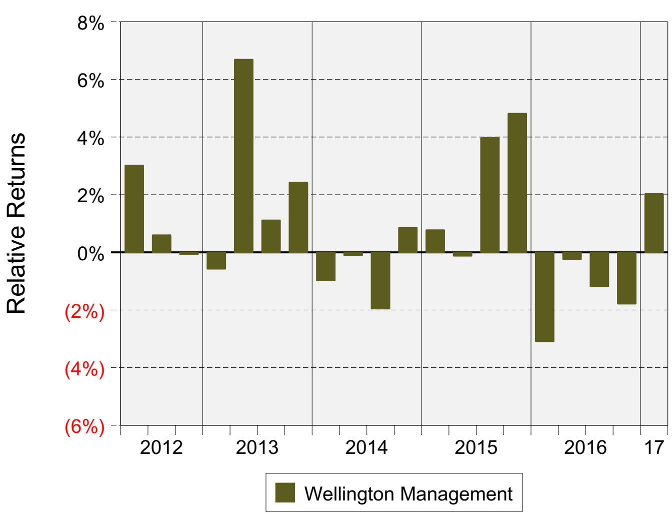
Beginning Market Value	$82,343,938
Net New Investment	$-172,441
Investment Gains/(Losses)	$8,074,375
Ending Market Value	$90,245,871

Performance vs CAI International Small Cap (Gross)

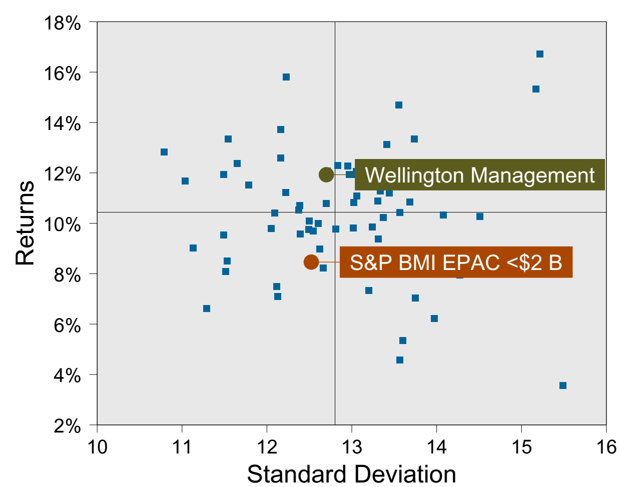


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
10th Percentile	10.84	18.01	16.78	10.88	6.97	13.35	7.66	13.60
25th Percentile	9.93	16.54	13.60	9.13	5.77	12.00	6.19	12.11
Median	9.11	13.87	10.36	6.64	3.89	10.44	4.76	11.40
75th Percentile	8.10	10.22	7.87	4.90	2.78	9.20	3.71	10.03
90th Percentile	6.70	7.05	6.52	3.99	1.22	7.04	2.81	9.43
Wellington Management ●	9.82	11.39	10.43	9.61	5.71	11.93	6.00	11.22
S&P BMI EPAC <$2 B ▲	7.79	12.63	11.92	7.39	4.48	8.46	2.76	9.65

Relative Return vs S&P BMI EPAC <$2 B



CAI International Small Cap (Gross)
Annualized Five Year Risk vs Return



William Blair
Period Ended March 31, 2017

Investment Philosophy

One of the basic investment tenets of William Blair & Company has been its focus on quality growth companies. They believe that investing in quality growth companies will generate above average results with generally less risk than the market. This opportunity exists because they believe the market underestimates the durability and rate of growth in companies that have the following characteristics: strong management with a unique vision, competitive advantages that prolong the duration and size of earnings growth, and conservative financing. Internationally, they believe that this philosophy can be combined with strategic flexibility in managing geographic exposure, capitalization, sector emphasis, and relative growth and valuation at the portfolio level in order to provide an appropriate degree of adaptability to cyclical conditions.

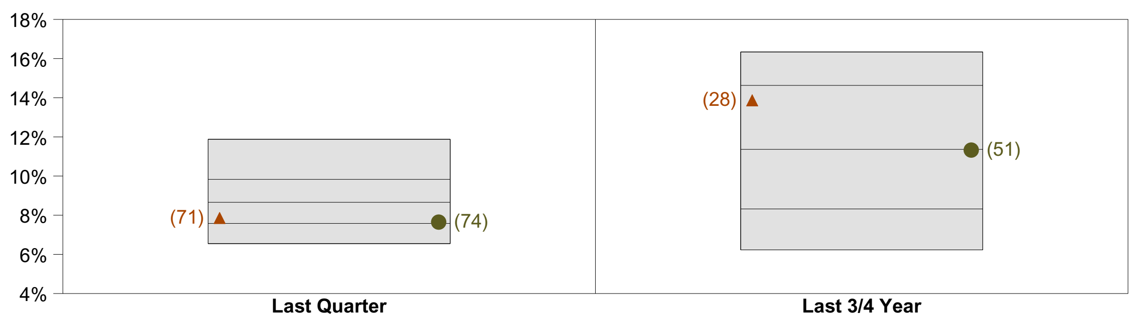
Quarterly Summary and Highlights

- William Blair's portfolio posted a 7.65% return for the quarter placing it in the 74 percentile of the CAI Non-US All Country Growth Equity group for the quarter and in the 51 percentile for the last three-quarter year.
- William Blair's portfolio underperformed the MSCI ACWI ex US by 0.21% for the quarter and underperformed the MSCI ACWI ex US for the three-quarter year by 2.54%.

Quarterly Asset Growth

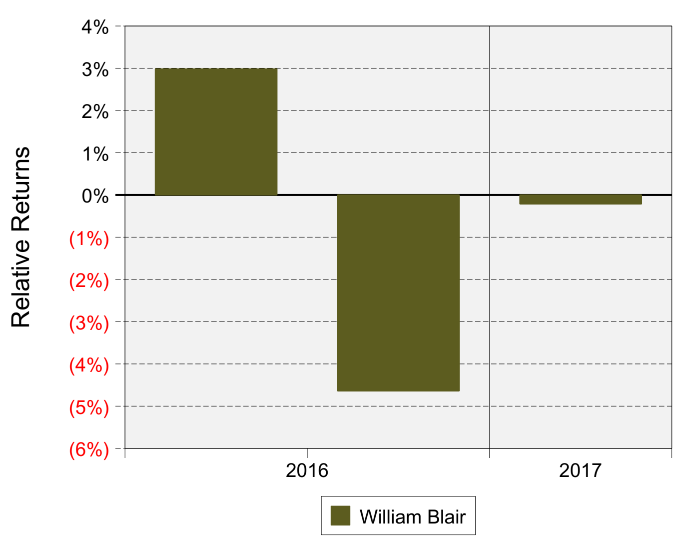
Beginning Market Value	$126,040,433
Net New Investment	$-121,890
Investment Gains/(Losses)	$9,633,253
Ending Market Value	$135,551,796

Performance vs CAI Non-US All Country Growth Equity (Gross)

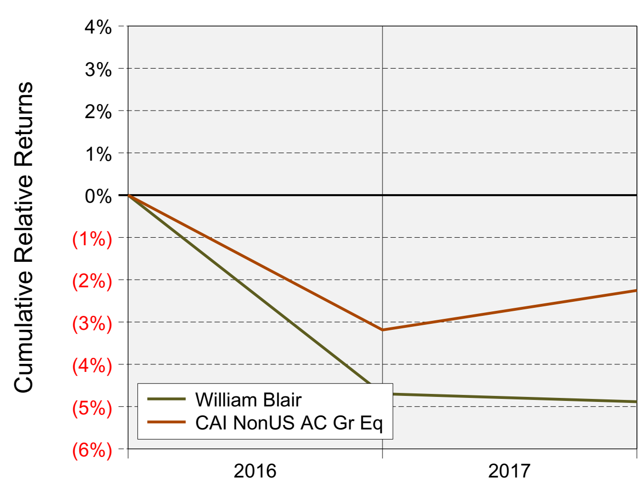


	Last Quarter	Last 3/4 Year
10th Percentile	11.88	16.34
25th Percentile	9.83	14.63
Median	8.66	11.36
75th Percentile	7.58	8.32
90th Percentile	6.55	6.23
William Blair ●	7.65	11.33
MSCI ACWI ex US ▲	7.86	13.87

Relative Return vs MSCI ACWI ex US



Cumulative Returns vs MSCI ACWI ex US



Axiom Emerging Markets
Period Ended March 31, 2017

Investment Philosophy

The Emerging Markets Equity strategy seeks to invest in emerging market securities issued by companies whose key business drivers are both improving and exceeding expectations, as determined by Axiom's stock selection techniques focused on fundamental company analysis. The strategy considers companies either (i) located in countries that are not included in the MSCI Developed Markets Index series or (ii) that derive a majority of their revenues or assets from a country or countries not included in the MSCI Developed Markets Index series, in each case at the time of investment. Although the Manager generally expects the strategy's investment portfolio to be geographically diverse, there are no prescribed limits on geographic distribution of the strategy's investments and the strategy has the authority to invest in securities traded in securities markets or any country in the world.

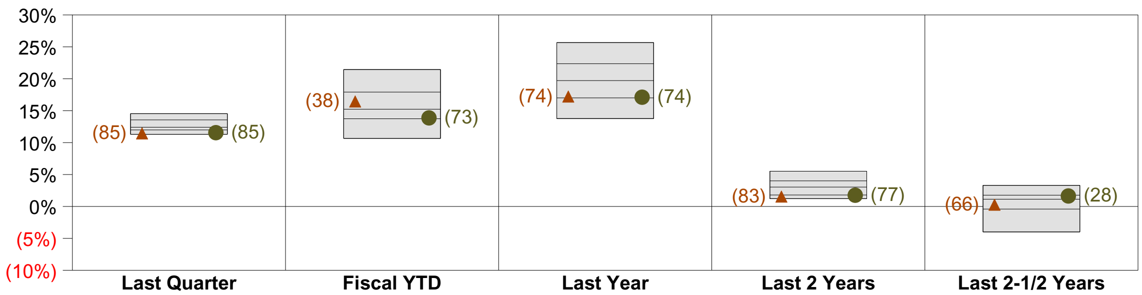
Quarterly Summary and Highlights

- Axiom Emerging Markets's portfolio posted a 11.56% return for the quarter placing it in the 85 percentile of the CAI Emerging Markets Equity Mut Funds group for the quarter and in the 74 percentile for the last year.
- Axiom Emerging Markets's portfolio outperformed the MSCI EM by 0.11% for the quarter and underperformed the MSCI EM for the year by 0.10%.

Quarterly Asset Growth

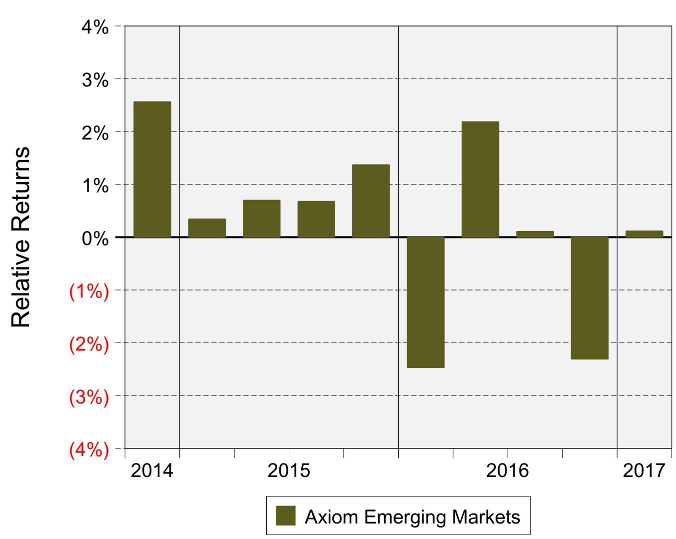
Beginning Market Value	$130,393,959
Net New Investment	$0
Investment Gains/(Losses)	$15,073,342
Ending Market Value	$145,467,301

Performance vs CAI Emerging Markets Equity Mut Funds (Net)

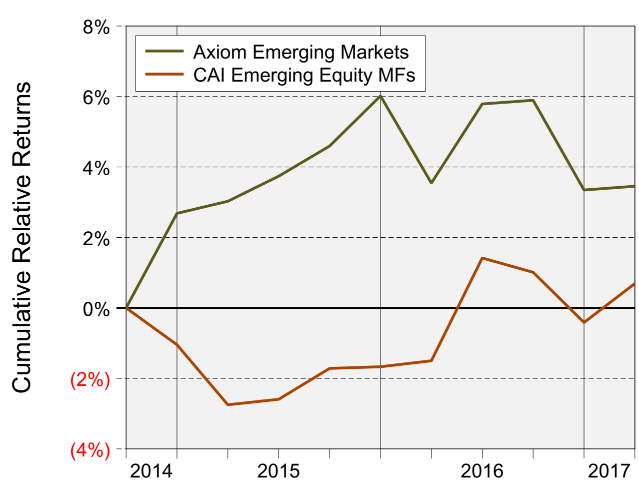


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	14.54	21.44	25.67	5.52	3.31
25th Percentile	13.56	17.91	22.36	4.01	1.77
Median	12.41	15.24	19.72	3.04	1.14
75th Percentile	11.99	13.74	17.00	1.80	(0.41)
90th Percentile	11.30	10.66	13.77	1.22	(3.99)
Axiom Emerging Markets ●	11.56	13.87	17.11	1.76	1.64
MSCI EM ▲	11.44	16.44	17.21	1.55	0.27

Relative Return vs MSCI EM



Cumulative Returns vs MSCI EM



DFA Emerging Markets
Period Ended March 31, 2017

Investment Philosophy

The Emerging Markets Small Cap Portfolio invests in small cap emerging markets companies. Presently, this means investment in companies whose market capitalization is less than $2.3 billion at the time of purchase. Dimensional considers, among other things, information disseminated by the International Finance Corporation in determining and approving emerging market countries.

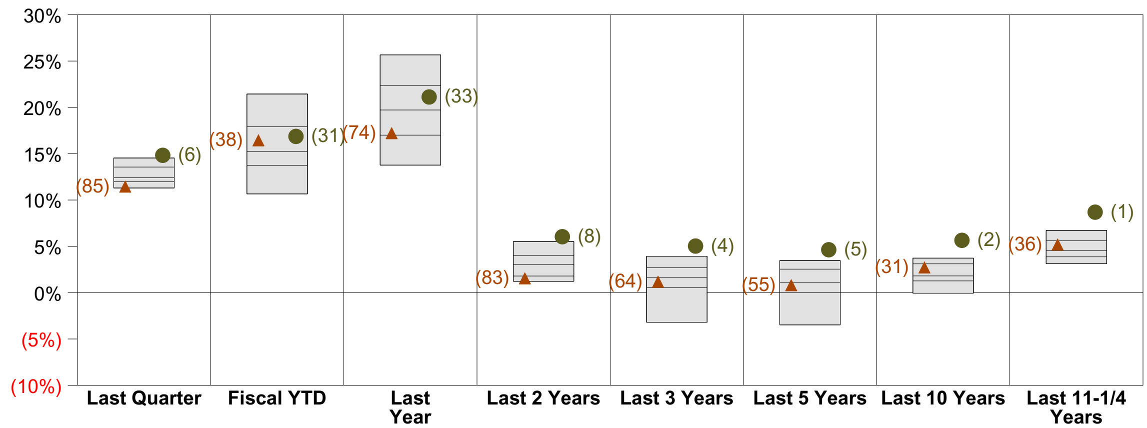
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 14.82% return for the quarter placing it in the 6 percentile of the CAI Emerging Markets Equity Mut Funds group for the quarter and in the 33 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI EM by 3.38% for the quarter and outperformed the MSCI EM for the year by 3.91%.

Quarterly Asset Growth

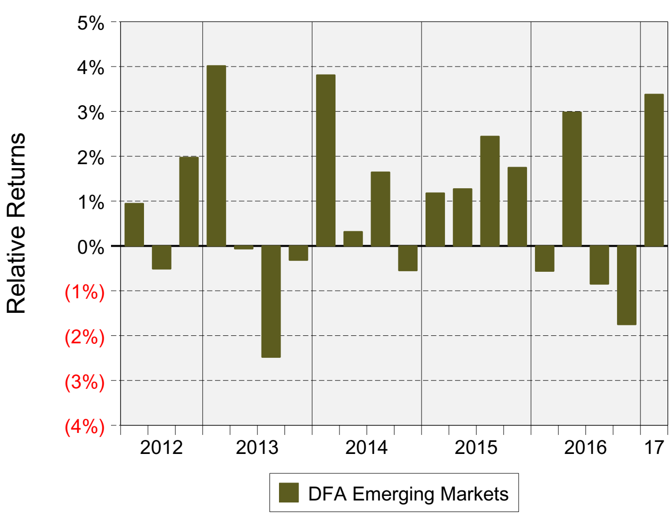
Beginning Market Value	$46,927,469
Net New Investment	$0
Investment Gains/(Losses)	$6,956,902
Ending Market Value	$53,884,372

Performance vs CAI Emerging Markets Equity Mut Funds (Net)

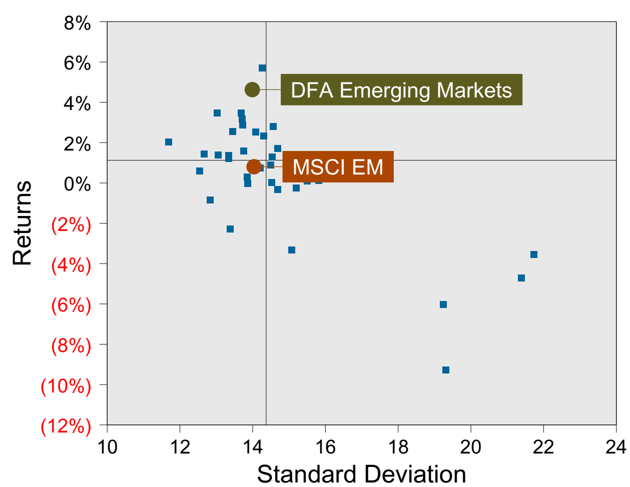


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 11-1/4 Years
10th Percentile	14.54	21.44	25.67	5.52	3.93	3.47	3.73	6.72
25th Percentile	13.56	17.91	22.36	4.01	2.70	2.54	3.11	5.60
Median	12.41	15.24	19.72	3.04	1.67	1.13	1.81	4.54
75th Percentile	11.99	13.74	17.00	1.80	0.55	0.01	1.27	3.87
90th Percentile	11.30	10.66	13.77	1.22	(3.20)	(3.48)	(0.06)	3.13
DFA Emerging Markets ●	14.82	16.86	21.12	6.04	5.03	4.63	5.65	8.69
MSCI EM ▲	11.44	16.44	17.21	1.55	1.18	0.81	2.72	5.19

Relative Return vs MSCI EM



CAI Emerging Markets Equity Mut Funds (Net)
Annualized Five Year Risk vs Return



EPOCH Investment
Period Ended March 31, 2017

Investment Philosophy

Epoch seeks to produce superior risk adjusted returns by building portfolios of businesses with outstanding risk/reward profiles without running a high degree of capital risk. They analyze businesses in the same manner private investors would in looking to purchase the entire company. The strategy only invests in businesses that are understood and where they have confidence in the financial statements. They seek businesses that generate "free cash flow" and securities that have unrecognized potential yet possess a combination of above average yield, above average free cash flow growth, and/or below average valuation. Global Choice is a "best ideas" portfolio at Epoch with every stock held in other strategies managed by the firm. **The EPOCH Blended Benchmark consists of the S&P 500 Index through 12/31/2011 and the MSCI World Index thereafter.**

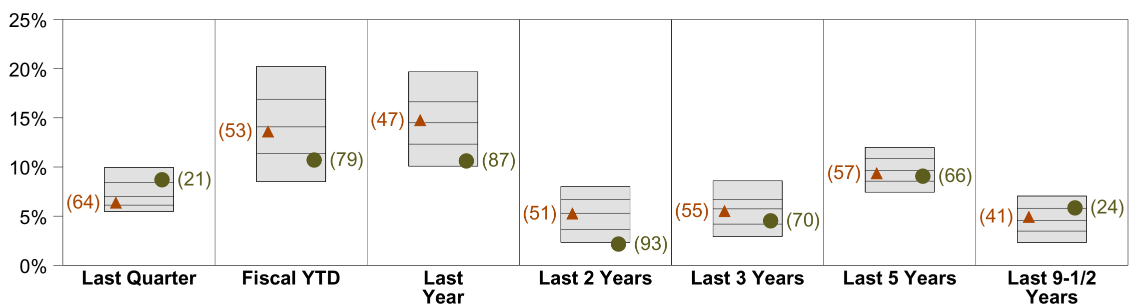
Quarterly Summary and Highlights

- EPOCH Investment's portfolio posted a 8.70% return for the quarter placing it in the 21 percentile of the CAI Global Equity group for the quarter and in the 87 percentile for the last year.
- EPOCH Investment's portfolio outperformed the EPOCH Blended Benchmark by 2.33% for the quarter and underperformed the EPOCH Blended Benchmark for the year by 4.15%.

Quarterly Asset Growth

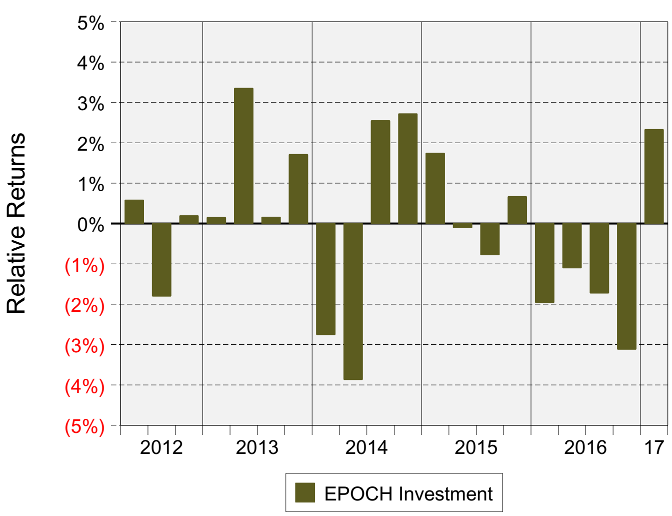
Beginning Market Value	$343,672,784
Net New Investment	$-551,836
Investment Gains/(Losses)	$29,869,318
Ending Market Value	$372,990,266

Performance vs CAI Global Equity (Gross)

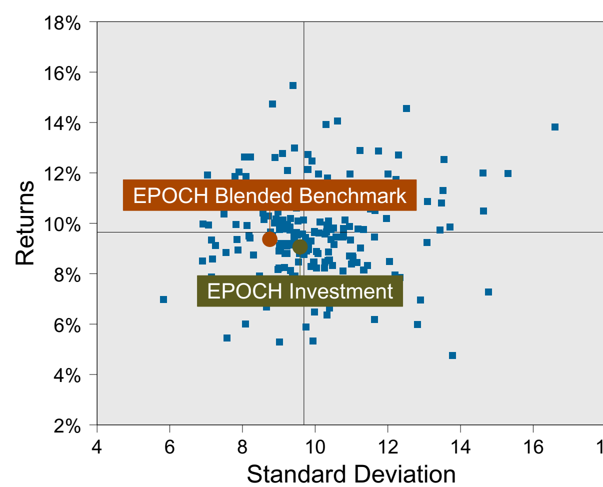


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/2 Years
10th Percentile	9.95	20.23	19.69	8.03	8.60	11.99	7.05
25th Percentile	8.43	16.89	16.63	6.69	6.71	10.88	5.81
Median	6.99	14.08	14.50	5.30	5.74	9.65	4.54
75th Percentile	6.12	11.38	12.33	3.65	4.19	8.56	3.48
90th Percentile	5.47	8.51	10.08	2.33	2.92	7.43	2.32
EPOCH Investment ●	8.70	10.71	10.61	2.16	4.52	9.06	5.84
EPOCH Blended Benchmark ▲	6.38	13.62	14.77	5.26	5.52	9.37	4.93

Relative Returns vs EPOCH Blended Benchmark



CAI Global Equity (Gross) Annualized Five Year Risk vs Return



LSV Asset Management
Period Ended March 31, 2017

Investment Philosophy

The Global Value (ACWI) Equity strategy is managed using quantitative techniques to select individual securities in a risk-controlled, bottom-up approach. Value factors and security selection dominate sector/industry factors as explanators of performance.

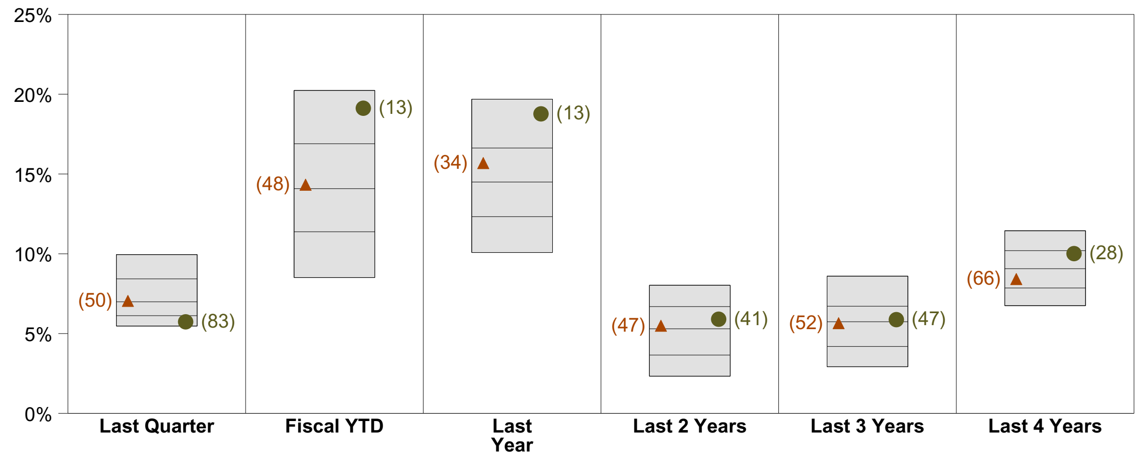
Quarterly Summary and Highlights

- LSV Asset Management's portfolio posted a 5.73% return for the quarter placing it in the 83 percentile of the CAI Global Equity group for the quarter and in the 13 percentile for the last year.
- LSV Asset Management's portfolio underperformed the MSCI ACWI Gross by 1.31% for the quarter and outperformed the MSCI ACWI Gross for the year by 3.08%.

Quarterly Asset Growth

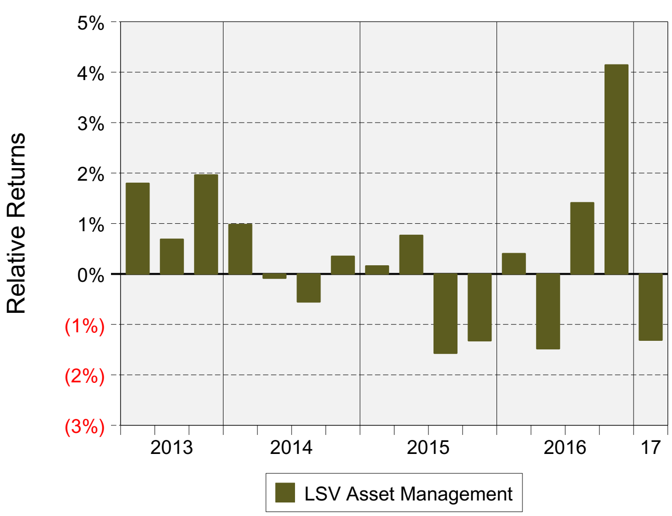
Beginning Market Value	$482,297,329
Net New Investment	$-33,120,924
Investment Gains/(Losses)	$27,076,697
Ending Market Value	$476,253,103

Performance vs CAI Global Equity (Gross)

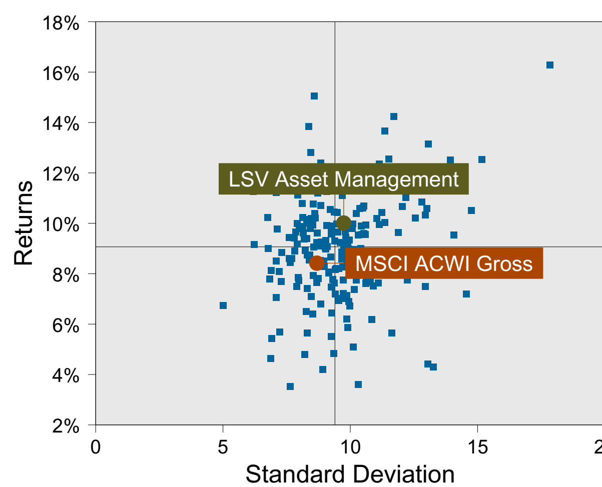


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4 Years
10th Percentile	9.95	20.23	19.69	8.03	8.60	11.44
25th Percentile	8.43	16.89	16.63	6.69	6.71	10.20
Median	6.99	14.08	14.50	5.30	5.74	9.07
75th Percentile	6.12	11.38	12.33	3.65	4.19	7.86
90th Percentile	5.47	8.51	10.08	2.33	2.92	6.75
LSV Asset Management ●	5.73	19.12	18.77	5.90	5.87	10.01
MSCI ACWI Gross ▲	7.05	14.33	15.69	5.49	5.65	8.42

Relative Return vs MSCI ACWI Gross



CAI Global Equity (Gross)
Annualized Four Year Risk vs Return



Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 16-1/4 Years
Private Equity	**(1.19%)**	**3.29%**	**(3.06%)**	**1.37%**	**1.94%**
Adams Street Direct Co-Invest Fd	(9.94%)	(1.66%)	12.38%	12.32%	-
Adams Street Direct Fd 2010	(2.88%)	(3.48%)	10.21%	10.64%	-
Adams Street 1998 Partnership	(0.44%)	(0.83%)	1.22%	4.03%	1.64%
Adams Street 1999 Partnership	(2.15%)	(2.01%)	(3.13%)	2.68%	2.56%
Adams Street 2000 Partnership	(0.50%)	(3.39%)	(3.45%)	0.61%	3.08%
Adams Street 2001 Partnership	(3.53%)	(3.95%)	(0.13%)	5.32%	3.49%
Adams Street 2002 Partnership	0.04%	22.33%	2.62%	6.79%	-
Adams Street 2003 Partnership	(1.10%)	1.34%	8.31%	10.64%	-
Adams Street 2010 Partnership	1.70%	10.44%	13.45%	12.93%	-
Adams Street 2008 Fund	0.01%	6.32%	10.00%	10.67%	-
Adams Street 1999 Non-US	(2.30%)	(0.89%)	(1.17%)	3.12%	6.08%
Adams Street 2000 Non-US	4.25%	6.05%	(0.90%)	(0.74%)	2.90%
Adams Street 2001 Non-US	(0.88%)	(17.88%)	9.49%	14.00%	-
Adams Street 2002 Non-US	(4.49%)	(6.83%)	5.42%	4.13%	-
Adams Street 2003 Non-US	11.46%	25.79%	13.46%	17.68%	-
Adams Street 2004 Non-US	(4.88%)	(2.88%)	2.39%	4.76%	-
Adams Street 2010 Non-US	1.53%	11.10%	7.00%	8.08%	-
Adams Street 2010 NonUS Emg	0.60%	4.81%	12.72%	5.08%	-
Adams Street 2015 Global Fd	12.14%	36.84%	-	-	-
Adams Street 2016 Global Fd	41.27%	-	-	-	-
Adams Street BVCF IV Fund	(0.01%)	2.89%	16.30%	22.81%	17.90%
Capital International V	(8.92%)	(18.28%)	(20.20%)	(12.38%)	-
Capital International VI	(0.82%)	14.23%	(7.55%)	(8.40%)	-
CorsAir III	(2.61%)	2.69%	6.72%	2.66%	-
CorsAir IV	2.94%	16.61%	16.18%	13.53%	-
EIG Energy Fund XIV	12.39%	(32.10%)	(37.98%)	(25.91%)	-
Lewis & Clark	0.00%	(51.19%)	(35.55%)	(19.69%)	-
Lewis & Clark II	2.64%	4.56%	(5.96%)	(5.07%)	-
Matlin Patterson II	(20.08%)	(25.86%)	0.23%	(11.14%)	-
Matlin Patterson III	(0.93%)	5.02%	(3.81%)	10.15%	-
Quantum Energy Partners	0.00%	(5.58%)	(8.36%)	3.61%	-
Russell 1000 Index	6.03%	17.43%	9.99%	13.26%	5.95%
Russell 2000 Index	2.47%	26.22%	7.22%	12.35%	8.13%

Domestic Fixed Income
Period Ended March 31, 2017

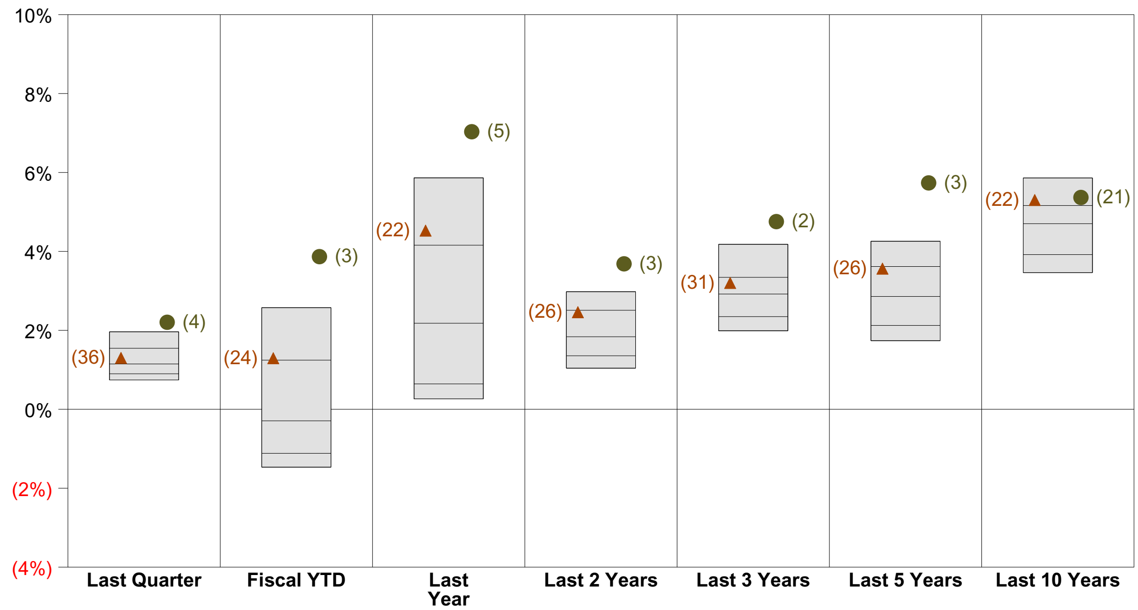
Quarterly Summary and Highlights

- Domestic Fixed Income's portfolio posted a 2.20% return for the quarter placing it in the 4 percentile of the Pub Pln- Domestic Fixed group for the quarter and in the 5 percentile for the last year.
- Domestic Fixed Income's portfolio outperformed the Domestic Fixed Income Target by 0.90% for the quarter and outperformed the Domestic Fixed Income Target for the year by 2.50%.

Quarterly Asset Growth

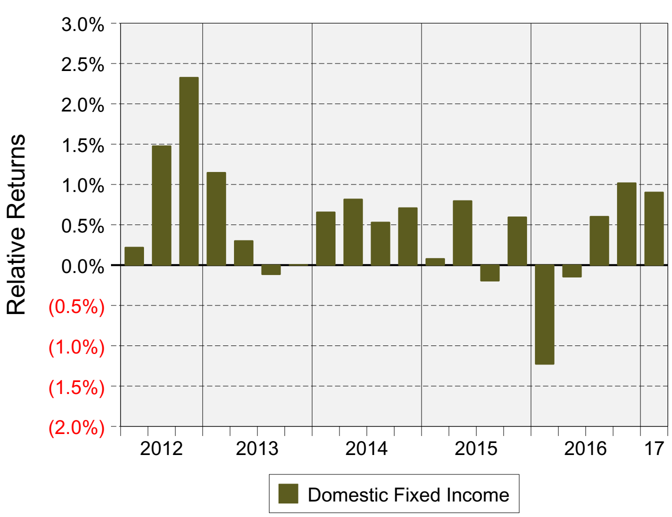
Beginning Market Value	$857,357,432
Net New Investment	$60,716,020
Investment Gains/(Losses)	$19,264,347
Ending Market Value	$937,337,798

Performance vs Pub Pln- Domestic Fixed (Gross)

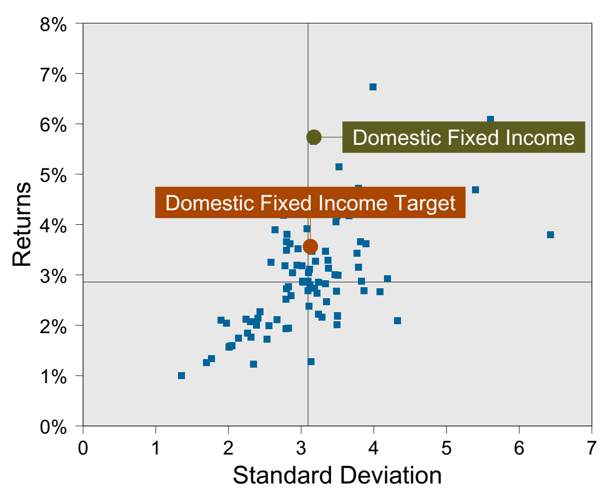


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.96	2.58	5.86	2.98	4.18	4.26	5.86
25th Percentile	1.55	1.24	4.16	2.51	3.34	3.62	5.16
Median	1.15	(0.29)	2.18	1.84	2.92	2.86	4.70
75th Percentile	0.90	(1.12)	0.64	1.36	2.35	2.12	3.92
90th Percentile	0.74	(1.47)	0.26	1.04	1.99	1.74	3.46
Domestic Fixed Income ●	2.20	3.87	7.03	3.69	4.76	5.74	5.37
Domestic Fixed Income Target ▲	1.30	1.29	4.53	2.46	3.20	3.56	5.30

Relative Returns vs Domestic Fixed Income Target



Pub Pln- Domestic Fixed (Gross) Annualized Five Year Risk vs Return



Declaration Total Return
Period Ended March 31, 2017

Investment Philosophy

The Fund's portfolio holdings consist primarily of RMBS issued by private sector companies (Non-Agency RMBS) and government agencies (Agency MBS) and CMBS issued by private sector companies. Agency MBS includes securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae). Portfolio holdings may range from short tenure senior classes to stressed issues or subordinated securities with substantial risk of non-payment and correspondingly higher yields. Smaller portfolio allocations may include consumer asset-backed securities (ABS), or other structured credit securities and corporate bonds. As a diversification strategy and a potential hedge to credit risk, the Fund may invest in securities which tend to benefit from slow mortgage prepayments and economic growth, such as interest only (IO) MBS.

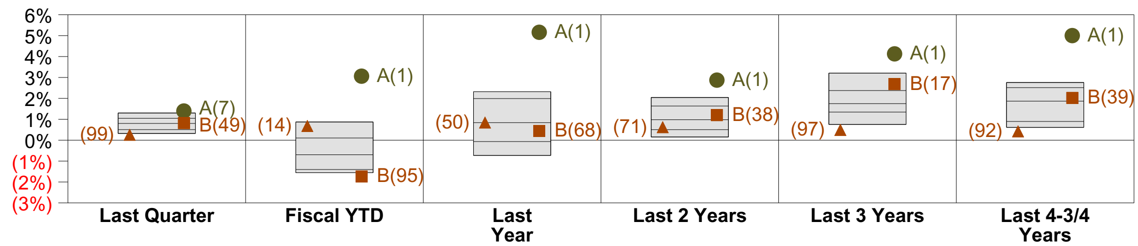
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a 1.40% return for the quarter placing it in the 7 percentile of the CAI Intermediate Fixed Income Mut Funds group for the quarter and in the 1 percentile for the last year.
- Declaration Total Return's portfolio outperformed the Libor-3 Month by 1.14% for the quarter and outperformed the Libor-3 Month for the year by 4.32%.

Quarterly Asset Growth

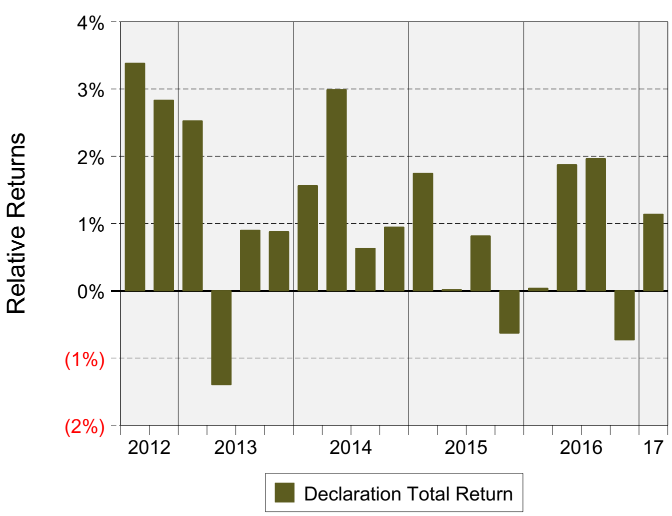
Beginning Market Value	$87,951,963
Net New Investment	$-63,941
Investment Gains/(Losses)	$1,226,833
Ending Market Value	$89,114,855

Performance vs CAI Intermediate Fixed Income Mut Funds (Net)

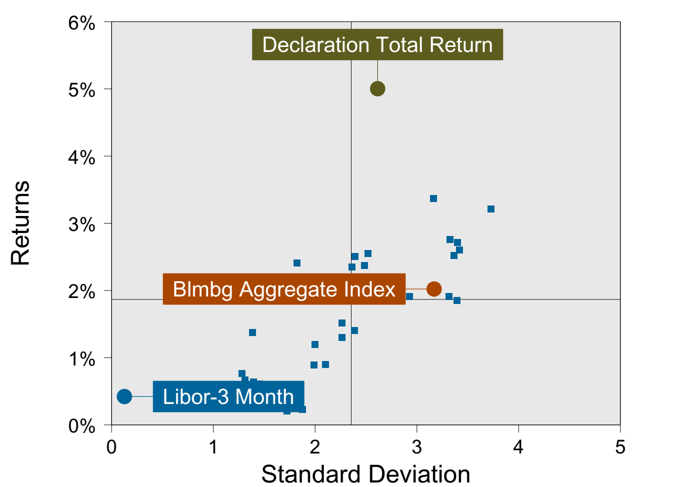


		Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-3/4 Years
10th Percentile		1.30	0.87	2.32	2.04	3.21	2.76
25th Percentile		1.05	0.10	1.99	1.63	2.37	2.51
Median		0.80	(0.70)	0.84	0.98	1.75	1.87
75th Percentile		0.51	(1.40)	(0.07)	0.50	1.34	0.90
90th Percentile		0.32	(1.56)	(0.73)	0.15	0.75	0.61
Declaration Total Return	● A	1.40	3.06	5.16	2.87	4.13	5.00
Blmbg Aggregate Index	■ B	0.82	(1.73)	0.44	1.20	2.68	2.02
Libor-3 Month	▲	0.26	0.68	0.84	0.62	0.49	0.42

Relative Return vs Libor-3 Month



CAI Intermediate Fixed Income Mut Funds (Net)
Annualized Four and Three-Quarter Year Risk vs Return



J.P. Morgan MBS
Period Ended March 31, 2017

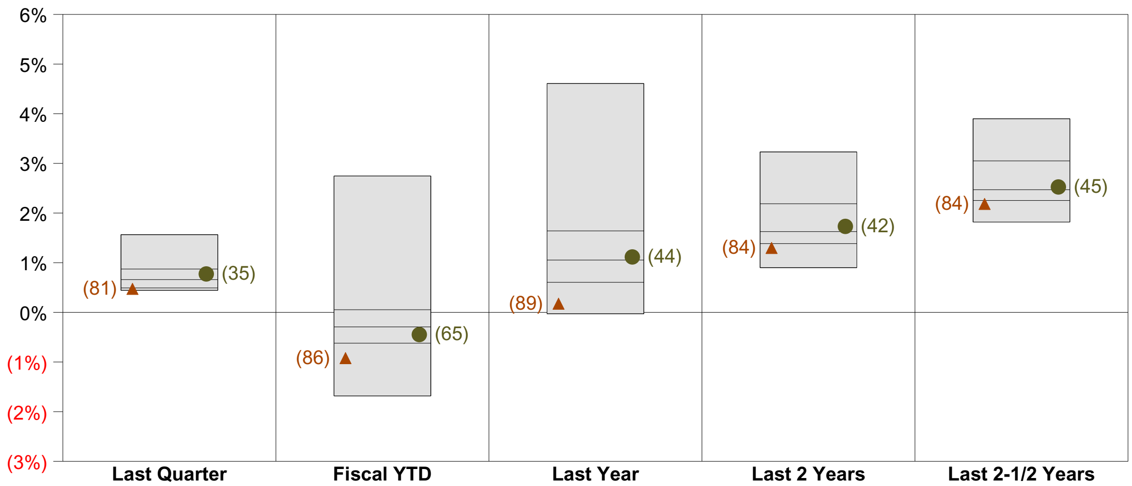
Investment Philosophy
JP Morgan seeks to outperform the benchmark over longer horizons regardless of the market environment.

Quarterly Summary and Highlights
- J.P. Morgan MBS's portfolio posted a 0.77% return for the quarter placing it in the 35 percentile of the CAI Mortgage Backed Fixed Income group for the quarter and in the 44 percentile for the last year.
- J.P. Morgan MBS's portfolio outperformed the Blmbg Mortgage Backed Sec by 0.30% for the quarter and outperformed the Blmbg Mortgage Backed Sec for the year by 0.94%.

Quarterly Asset Growth

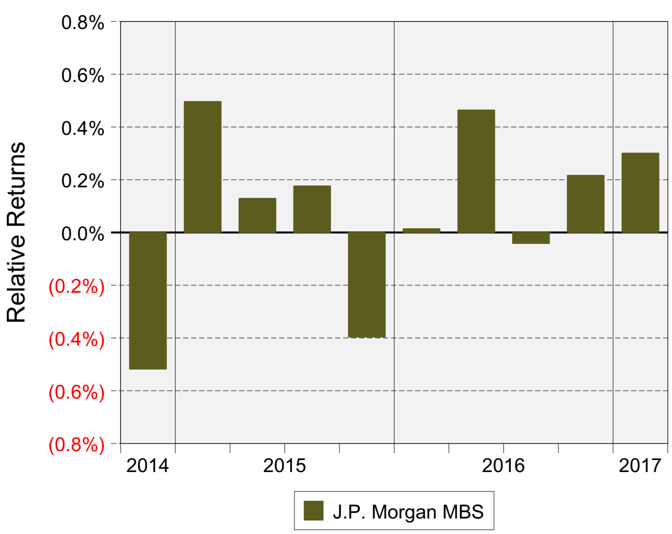
Beginning Market Value	$121,248,064
Net New Investment	$7,436,243
Investment Gains/(Losses)	$944,064
Ending Market Value	$129,628,371

Performance vs CAI Mortgage Backed Fixed Income (Gross)

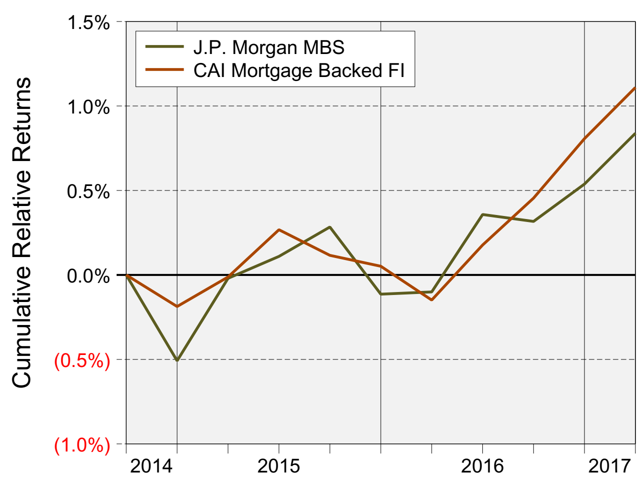


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 2-1/2 Years
10th Percentile	1.56	2.75	4.61	3.23	3.90
25th Percentile	0.87	0.05	1.64	2.19	3.05
Median	0.66	(0.29)	1.05	1.63	2.47
75th Percentile	0.49	(0.62)	0.61	1.38	2.25
90th Percentile	0.44	(1.68)	(0.03)	0.90	1.82
J.P. Morgan MBS ●	0.77	(0.45)	1.12	1.73	2.53
Blmbg Mortgage Backed Sec ▲	0.47	(0.92)	0.17	1.30	2.18

Relative Returns vs Blmbg Mortgage Backed Sec



Cumulative Returns vs Blmbg Mortgage Backed Sec



PIMCO DiSCO II
Period Ended March 31, 2017

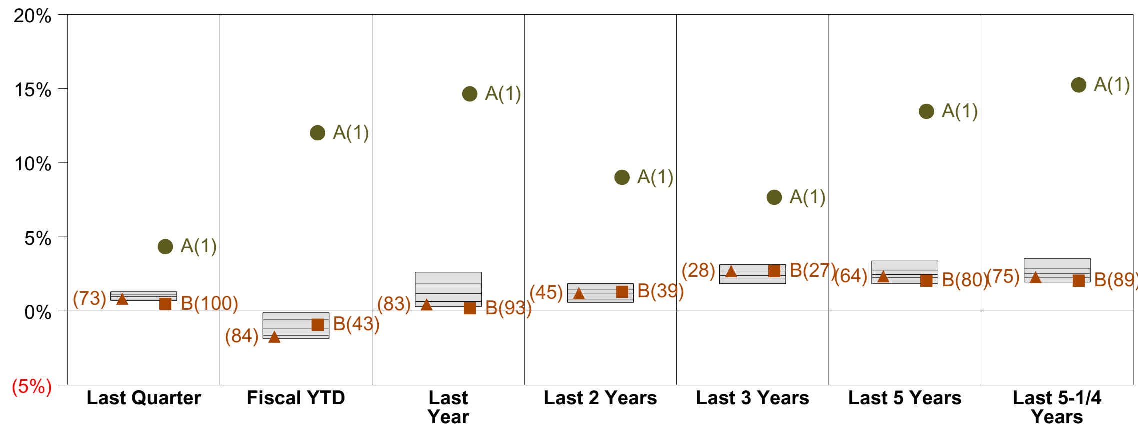
Investment Philosophy
The PIMCO Distressed Senior Credit Opportunities Fund is an opportunistic private-equity style Fund which seeks to provide investors enhanced returns principally through long-biased investments in undervalued senior and super senior structured credit securities that are expected to produce attractive levels of current income and that may also appreciate in value over the long term. The fund will look to capitalize on forced sales by liquidity constrained investors.

Quarterly Summary and Highlights
- PIMCO DiSCO II's portfolio posted a 4.34% return for the quarter placing it in the 1 percentile of the CAI Core Bond Mutual Funds group for the quarter and in the 1 percentile for the last year.
- PIMCO DiSCO II's portfolio outperformed the Blmbg Aggregate by 3.52% for the quarter and outperformed the Blmbg Aggregate for the year by 14.20%.

Quarterly Asset Growth

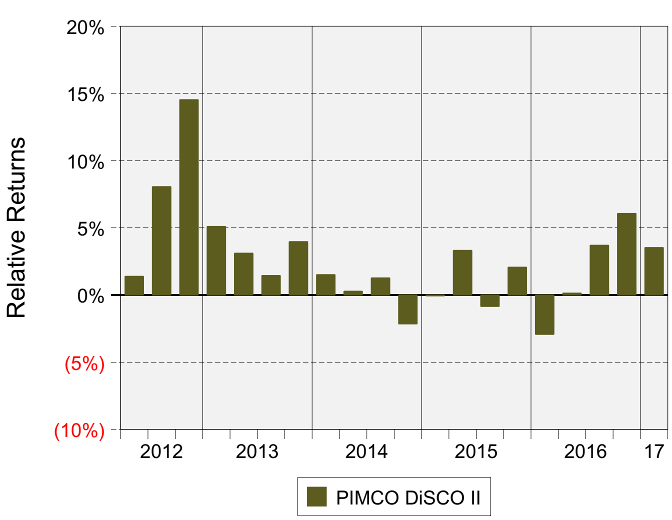
Beginning Market Value	$98,464,369
Net New Investment	$0
Investment Gains/(Losses)	$4,271,673
Ending Market Value	$102,736,042

Performance vs CAI Core Bond Mutual Funds (Net)

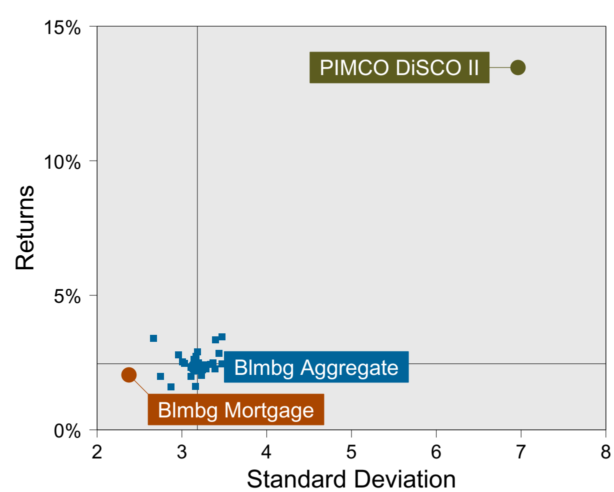


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile	1.29	(0.12)	2.62	1.84	3.12	3.37	3.56
25th Percentile	1.13	(0.60)	1.83	1.47	2.69	2.76	2.84
Median	0.98	(1.16)	1.17	1.15	2.40	2.45	2.54
75th Percentile	0.80	(1.67)	0.63	0.80	2.16	2.25	2.27
90th Percentile	0.72	(1.84)	0.28	0.59	1.84	1.83	1.95
PIMCO DiSCO II ● A	4.34	12.02	14.64	9.01	7.67	13.46	15.25
Blmbg Mortgage ■ B	0.47	(0.92)	0.17	1.30	2.69	2.04	2.05
Blmbg Aggregate ▲	0.82	(1.73)	0.44	1.20	2.68	2.34	2.28

Relative Return vs Blmbg Aggregate



CAI Core Bond Mutual Funds (Net)
Annualized Five Year Risk vs Return



PIMCO MBS
Period Ended March 31, 2017

Investment Philosophy

The PIMCO Mortgage-Backed Securities Strategy is an actively managed bond portfolio that invests in high quality, short to intermediate duration mortgage-backed securities. The fund invests primarily in securities that are highly rated, such as US Government guaranteed Ginnie Mae securities and Agency-guaranteed Fannie Mae and Freddie Mac mortgage-backed securities.

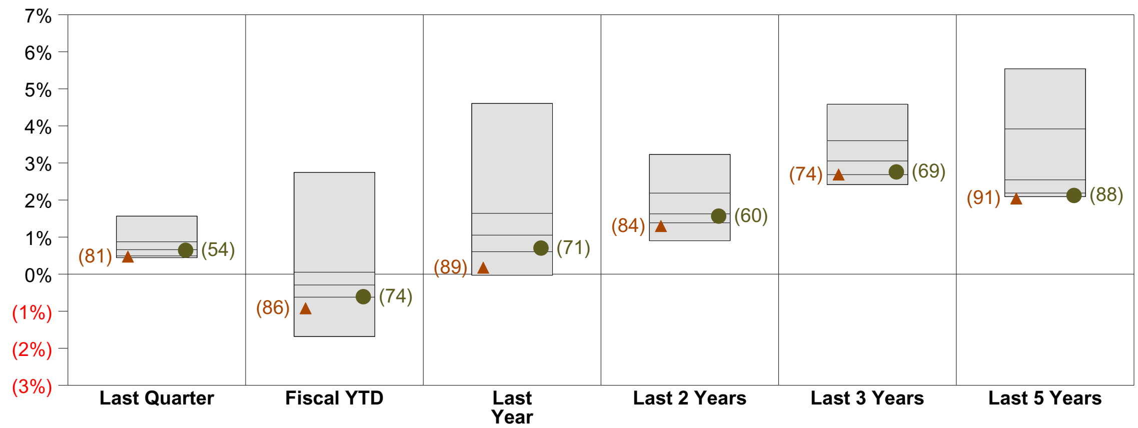
Quarterly Summary and Highlights

- PIMCO MBS's portfolio posted a 0.64% return for the quarter placing it in the 54 percentile of the CAI Mortgage Backed Fixed Income group for the quarter and in the 71 percentile for the last year.
- PIMCO MBS's portfolio outperformed the Blmbg Mortgage Backed Sec by 0.17% for the quarter and outperformed the Blmbg Mortgage Backed Sec for the year by 0.53%.

Quarterly Asset Growth

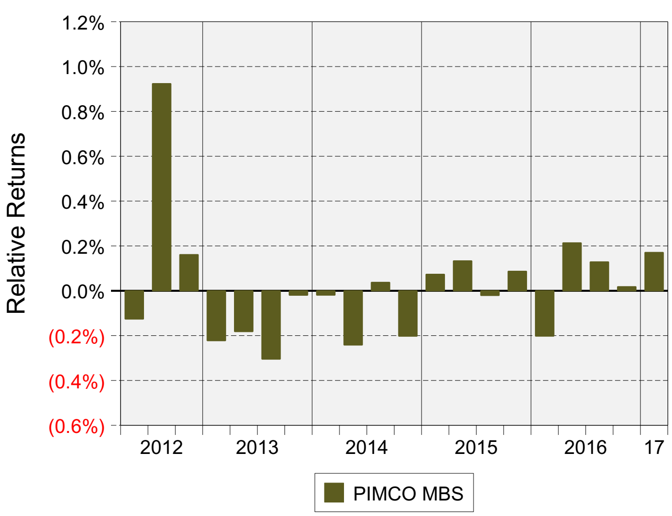
Beginning Market Value	$180,755,902
Net New Investment	$-75,511
Investment Gains/(Losses)	$1,163,083
Ending Market Value	$181,843,474

Performance vs CAI Mortgage Backed Fixed Income (Gross)

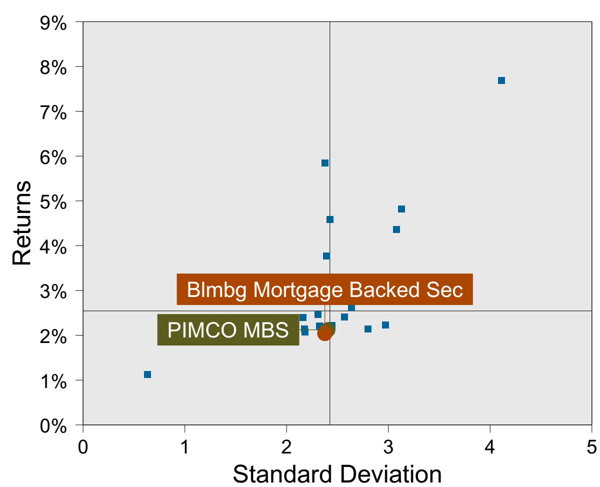


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	1.56	2.75	4.61	3.23	4.59	5.54
25th Percentile	0.87	0.05	1.64	2.19	3.60	3.92
Median	0.66	(0.29)	1.05	1.63	3.05	2.54
75th Percentile	0.49	(0.62)	0.61	1.38	2.69	2.19
90th Percentile	0.44	(1.68)	(0.03)	0.90	2.42	2.09
PIMCO MBS ●	0.64	(0.61)	0.70	1.57	2.76	2.12
Blmbg Mortgage Backed Sec ▲	0.47	(0.92)	0.17	1.30	2.69	2.04

Relative Returns vs Blmbg Mortgage Backed Sec



CAI Mortgage Backed Fixed Income (Gross) Annualized Five Year Risk vs Return



Callan

PIMCO Unconstrained
Period Ended March 31, 2017

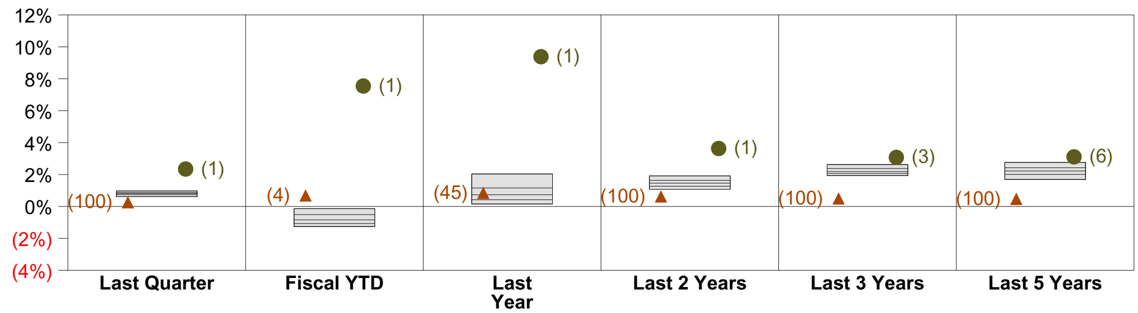
Investment Philosophy
The PIMCO Unconstrained Bond Strategy is an absolute return-oriented, investment grade quality fixed income strategy that leverages PIMCO's secular thinking, global themes, and integrated investment process without the constraints of a benchmark or significant sector/instrument limitations. The strategy focuses on long-term economic, social and political trends. Over shorter cyclical time frames, the unconstrained nature of the strategy allows PIMCO to take on more risk when tactical opportunities are identified, and it allows for reduction and diversification of risk at times when the outlook may be more challenging for traditional fixed income benchmarks. **The product changed from Commingled Fund to Separate Account in March 2014. *Libor-3 month through February 28, 2014; Fund's performance through March 31, 2014; Libor-3 month thereafter.**

Quarterly Summary and Highlights
- PIMCO Unconstrained's portfolio posted a 2.34% return for the quarter placing it in the 1 percentile of the CAI Intermediate Fixed Income group for the quarter and in the 1 percentile for the last year.
- PIMCO Unconstrained's portfolio outperformed the Blended Benchmark* by 2.09% for the quarter and outperformed the Blended Benchmark* for the year by 8.54%.

Quarterly Asset Growth

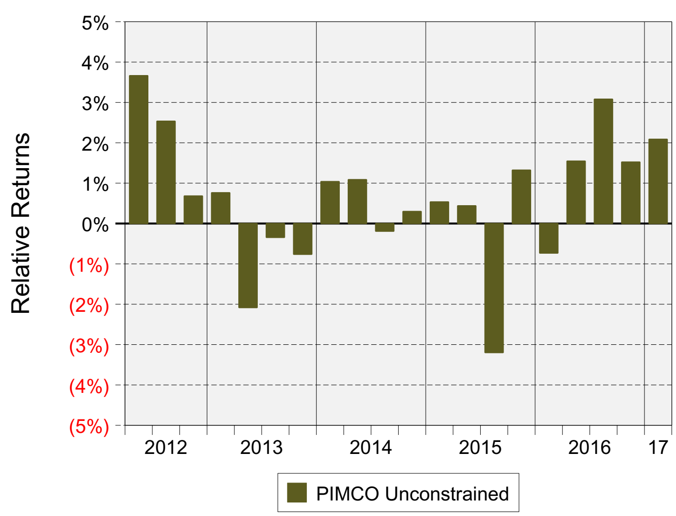
Beginning Market Value	$64,666,853
Net New Investment	$-72,333
Investment Gains/(Losses)	$1,515,489
Ending Market Value	$66,110,009

Performance vs CAI Intermediate Fixed Income (Gross)

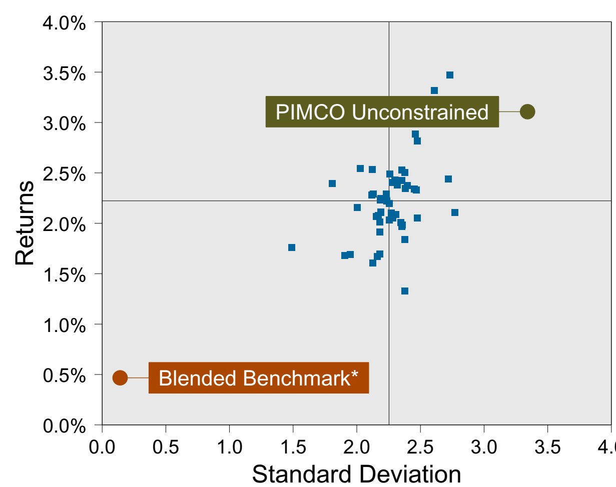


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
10th Percentile	0.97	(0.14)	2.04	1.92	2.63	2.76
25th Percentile	0.86	(0.51)	1.16	1.63	2.38	2.42
Median	0.81	(0.84)	0.73	1.46	2.19	2.22
75th Percentile	0.74	(1.07)	0.42	1.27	2.07	2.01
90th Percentile	0.61	(1.26)	0.15	1.08	1.93	1.69
PIMCO Unconstrained ●	2.34	7.55	9.38	3.63	3.08	3.11
Blended Benchmark* ▲	0.26	0.68	0.84	0.62	0.49	0.47

Relative Return vs Blended Benchmark*



CAI Intermediate Fixed Income (Gross)
Annualized Five Year Risk vs Return



SSgA Long US Treas Index
Period Ended March 31, 2017

Investment Philosophy

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Long Treasury Bond Index over the long term.

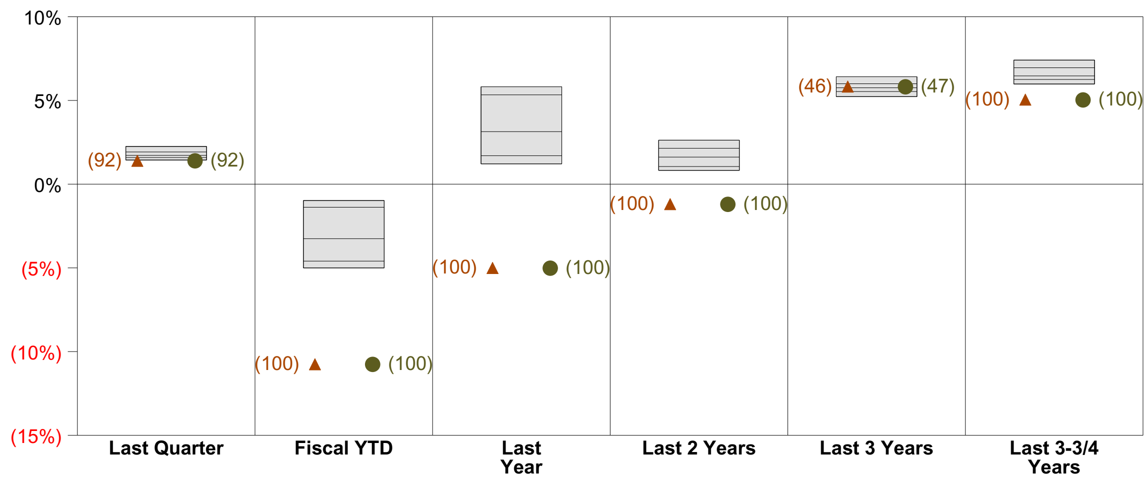
Quarterly Summary and Highlights

- SSgA Long US Treas Index's portfolio posted a 1.39% return for the quarter placing it in the 92 percentile of the CAI Extended Maturity Fixed Income group for the quarter and in the 100 percentile for the last year.
- SSgA Long US Treas Index's portfolio underperformed the Blmbg Treasury Long by 0.00% for the quarter and underperformed the Blmbg Treasury Long for the year by 0.01%.

Quarterly Asset Growth

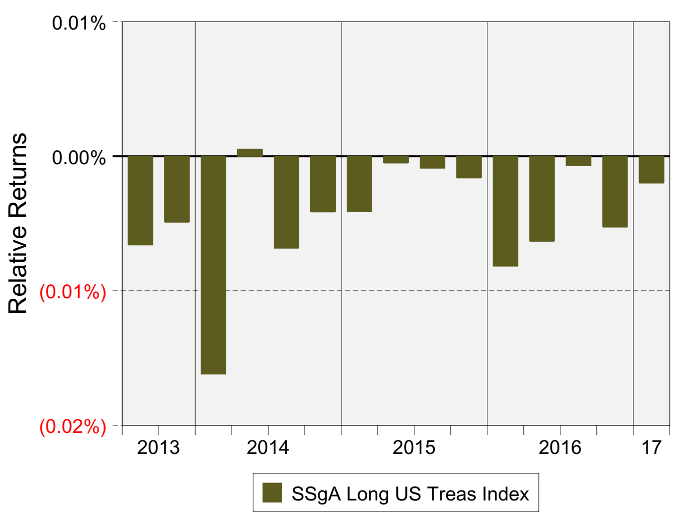
Beginning Market Value	$62,523,069
Net New Investment	$49,993,112
Investment Gains/(Losses)	$1,173,544
Ending Market Value	$113,689,725

Performance vs CAI Extended Maturity Fixed Income (Gross)

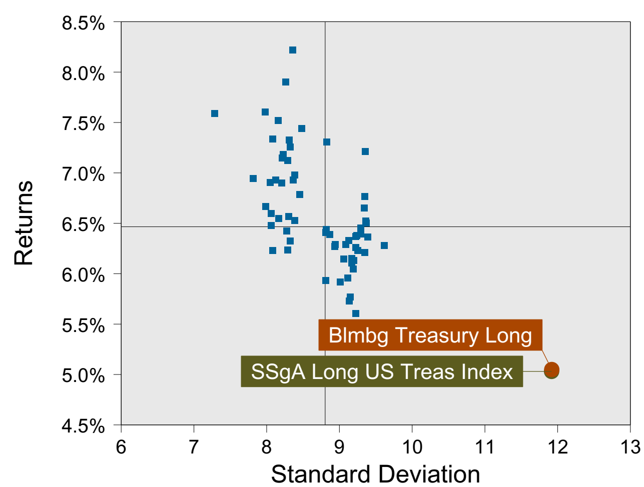


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	2.25	(0.98)	5.82	2.63	6.42	7.41
25th Percentile	1.92	(1.38)	5.33	2.14	6.00	6.95
Median	1.72	(3.26)	3.14	1.62	5.76	6.47
75th Percentile	1.59	(4.60)	1.70	1.05	5.53	6.25
90th Percentile	1.44	(5.00)	1.21	0.82	5.23	5.98
SSgA Long US Treas Index ●	1.39	(10.76)	(5.02)	(1.20)	5.81	5.03
Blmbg Treasury Long ▲	1.40	(10.76)	(5.01)	(1.19)	5.83	5.05

Relative Return vs Blmbg Treasury Long



CAI Extended Maturity Fixed Income (Gross)
Annualized Three and Three-Quarter Year Risk vs Return



Goldman Sachs 2006 Offshore
Period Ended March 31, 2017

Investment Philosophy

GS Mezzanine Partners seeks large-sized mezzanine investments comprised generally of fixed income securities and an associated equity component. They focus on providing "private high yield" capital for mid- to large-sized leveraged and management buyout transactions, recapitalizations, financings, re-financings, acquisitions and restructurings for private equity firms, private family companies and corporate issuers.

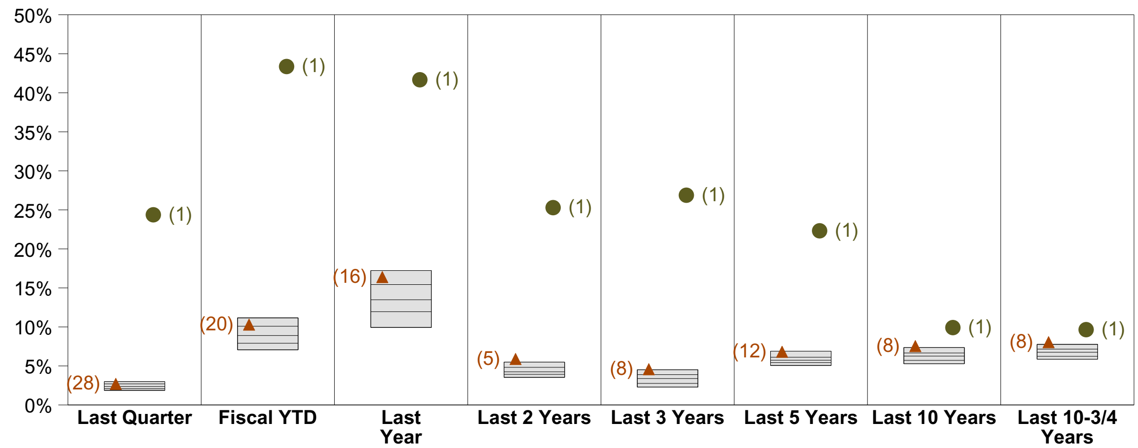
Quarterly Summary and Highlights

- Goldman Sachs's portfolio posted a 24.37% return for the quarter placing it in the 1 percentile of the CAI High Yield Mutual Funds group for the quarter and in the 1 percentile for the last year.
- Goldman Sachs's portfolio outperformed the Blmbg HY 2% Iss Cap by 21.67% for the quarter and outperformed the Blmbg HY 2% Iss Cap for the year by 25.29%.

Quarterly Asset Growth

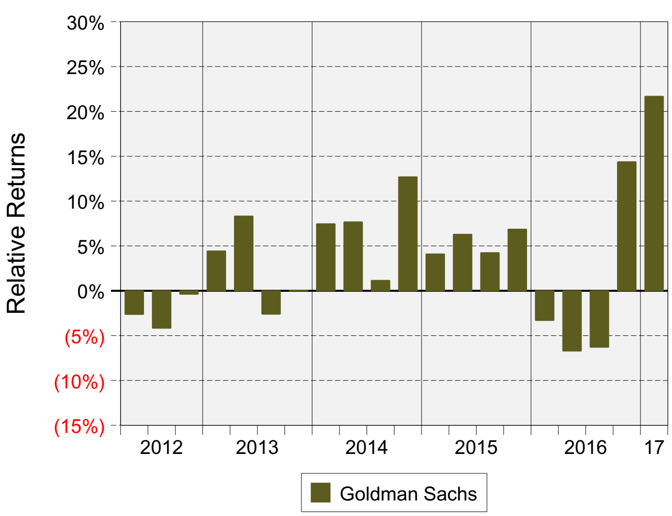
Beginning Market Value	$288,019
Net New Investment	$-14,136
Investment Gains/(Losses)	$68,672
Ending Market Value	$342,555

Performance vs CAI High Yield Mutual Funds (Net)

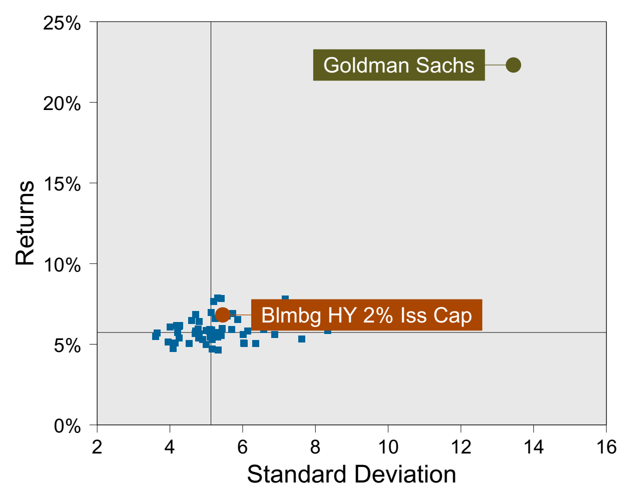


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 10-3/4 Years
10th Percentile	2.99	11.16	17.22	5.49	4.51	6.89	7.36	7.77
25th Percentile	2.70	10.09	15.43	4.82	3.88	6.11	6.66	7.16
Median	2.36	8.89	13.48	4.25	3.38	5.73	6.26	6.75
75th Percentile	2.08	7.90	11.95	3.92	2.76	5.42	5.71	6.23
90th Percentile	1.86	7.07	9.93	3.53	2.29	5.06	5.28	5.86
Goldman Sachs ●	24.37	43.37	41.67	25.28	26.88	22.32	9.91	9.65
Blmbg HY 2% Iss Cap ▲	2.70	10.30	16.39	5.89	4.58	6.82	7.54	8.05

Relative Return vs Blmbg HY 2% Iss Cap



CAI High Yield Mutual Funds (Net)
Annualized Five Year Risk vs Return



Goldman Sachs Offshore Fund V
Period Ended March 31, 2017

Investment Philosophy

GS Mezzanine Partners seeks large-sized mezzanine investments comprised generally of fixed income securities and an associated equity component. They focus on providing "private high yield" capital for mid- to large-sized leveraged and management buyout transactions, recapitalizations, financings, re-financings, acquisitions and restructurings for private equity firms, private family companies and corporate issuers.

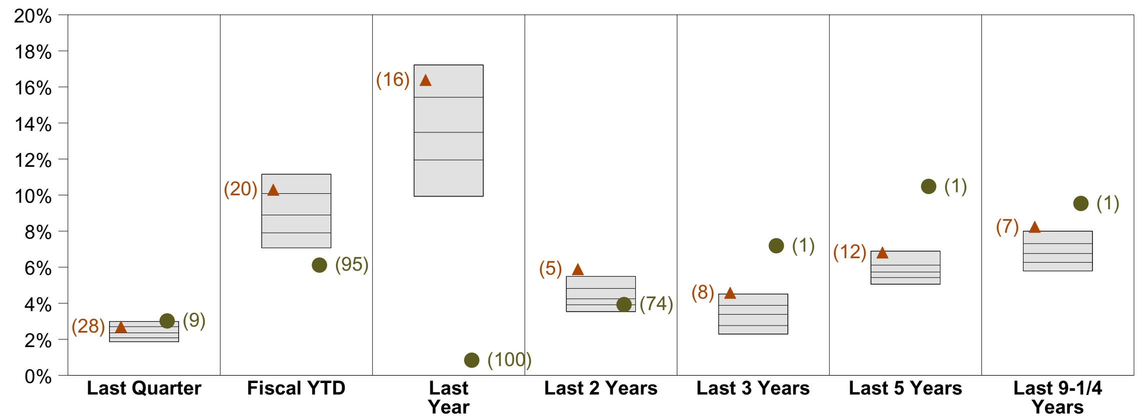
Quarterly Summary and Highlights

- Goldman Sachs Offshore V's portfolio posted a 3.02% return for the quarter placing it in the 9 percentile of the CAI High Yield Mutual Funds group for the quarter and in the 100 percentile for the last year.
- Goldman Sachs Offshore V's portfolio outperformed the Blmbg HY 2% Iss Cap by 0.32% for the quarter and underperformed the Blmbg HY 2% Iss Cap for the year by 15.54%.

Quarterly Asset Growth

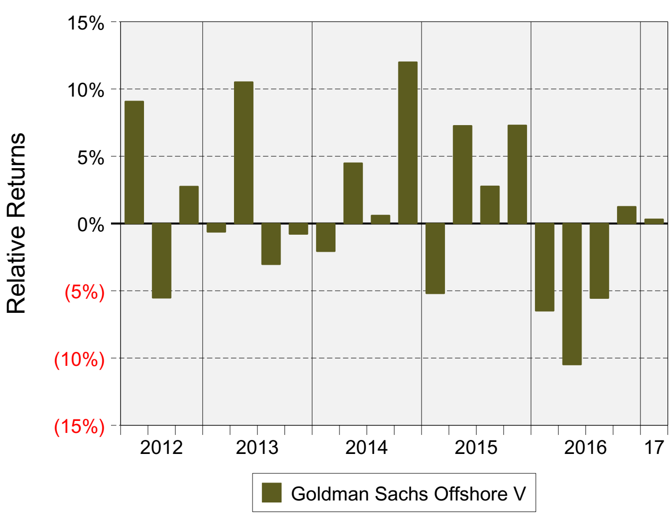
Beginning Market Value	$2,663,755
Net New Investment	$0
Investment Gains/(Losses)	$80,391
Ending Market Value	$2,744,146

Performance vs CAI High Yield Mutual Funds (Net)

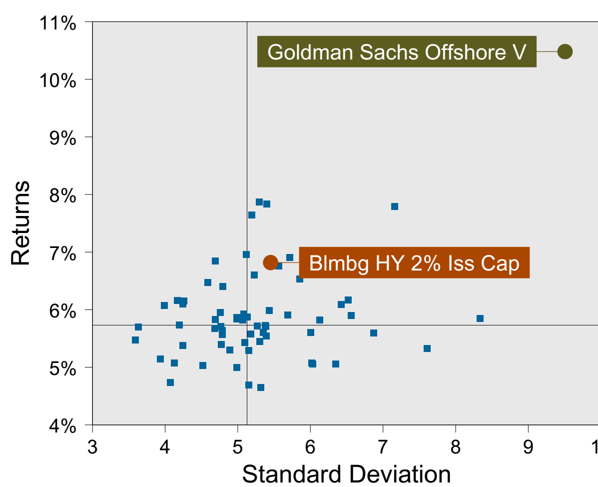


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/4 Years
10th Percentile	2.99	11.16	17.22	5.49	4.51	6.89	8.00
25th Percentile	2.70	10.09	15.43	4.82	3.88	6.11	7.31
Median	2.36	8.89	13.48	4.25	3.38	5.73	6.76
75th Percentile	2.08	7.90	11.95	3.92	2.76	5.42	6.27
90th Percentile	1.86	7.07	9.93	3.53	2.29	5.06	5.79
Goldman Sachs Offshore V ●	3.02	6.12	0.84	3.93	7.19	10.48	9.54
Blmbg HY 2% Iss Cap ▲	2.70	10.30	16.39	5.89	4.58	6.82	8.24

Relative Return vs Blmbg HY 2% Iss Cap



CAI High Yield Mutual Funds (Net)
Annualized Five Year Risk vs Return



Loomis Sayles
Period Ended March 31, 2017

Investment Philosophy

The High Yield Full Discretion Strategy seeks to identify attractive sectors and specific investment opportunities primarily within the global fixed income market through a global economic and interest rate framework. Portfolio managers incorporate a long-term macroeconomic view along with a stringent bottom-up investment evaluation process that drives security selection and resulting sector allocations. Opportunistic investments in non-benchmark sectors including investment grade corporate, emerging market, and non-US dollar debt and convertible bonds help to manage overall portfolio risk and enhance total return potential.

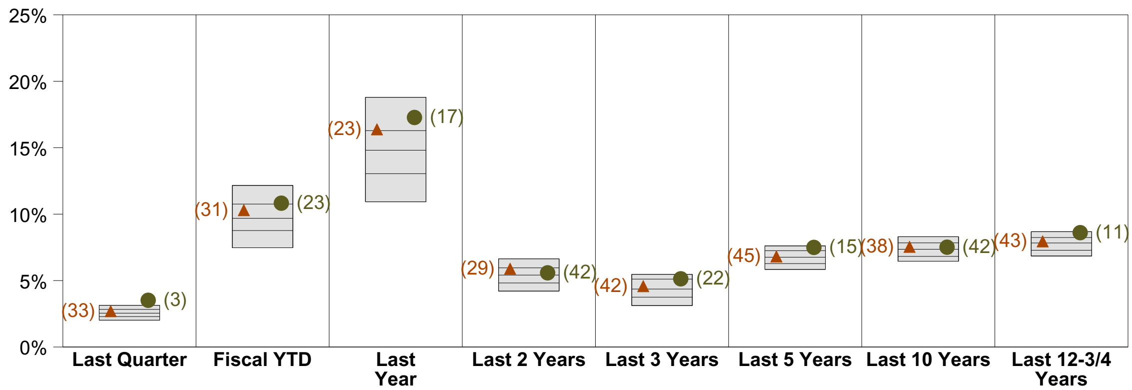
Quarterly Summary and Highlights

- Loomis Sayles's portfolio posted a 3.52% return for the quarter placing it in the 3 percentile of the CAI High Yield Fixed Income group for the quarter and in the 17 percentile for the last year.
- Loomis Sayles's portfolio outperformed the Blmbg HY 2% Iss Cap by 0.82% for the quarter and outperformed the Blmbg HY 2% Iss Cap for the year by 0.89%.

Quarterly Asset Growth

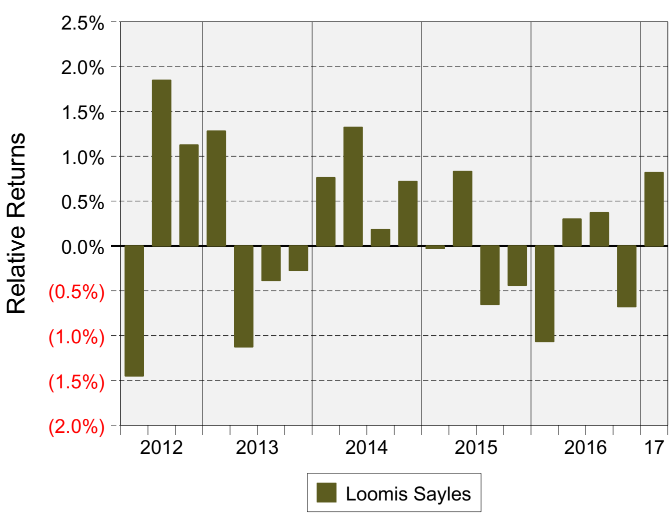
Beginning Market Value	$189,924,447
Net New Investment	$-237,413
Investment Gains/(Losses)	$6,672,271
Ending Market Value	$196,359,304

Performance vs CAI High Yield Fixed Income (Gross)

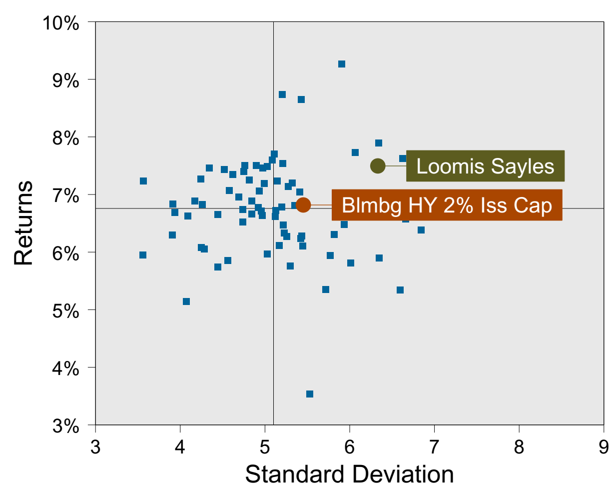


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 12-3/4 Years
10th Percentile	3.14	12.16	18.79	6.64	5.47	7.61	8.30	8.68
25th Percentile	2.83	10.76	16.28	5.96	5.11	7.25	7.84	8.24
Median	2.55	9.69	14.81	5.41	4.36	6.76	7.36	7.83
75th Percentile	2.29	8.77	13.05	4.82	3.75	6.28	6.82	7.28
90th Percentile	2.02	7.47	10.93	4.21	3.12	5.84	6.45	6.85
Loomis Sayles ●	3.52	10.82	17.27	5.58	5.13	7.50	7.51	8.61
Blmbg HY 2% Iss Cap ▲	2.70	10.30	16.39	5.89	4.58	6.82	7.54	7.95

Relative Return vs Blmbg HY 2% Iss Cap



CAI High Yield Fixed Income (Gross) Annualized Five Year Risk vs Return



PIMCO Bravo II Fund
Period Ended March 31, 2017

Investment Philosophy

The BRAVO II Fund is a private equity style fund targeting an annualized IRR of 15-20% and multiple of 1.8-2x, net of fees and carried interest with an initial 5-year term. The fund will seek to capitalize on non-economic asset sale decisions by global financial institutions. The fund will have the flexibility to acquire attractively discounted, less liquid loans, structured credit and other assets tied to residential or commercial real estate markets in the U.S. and Europe.

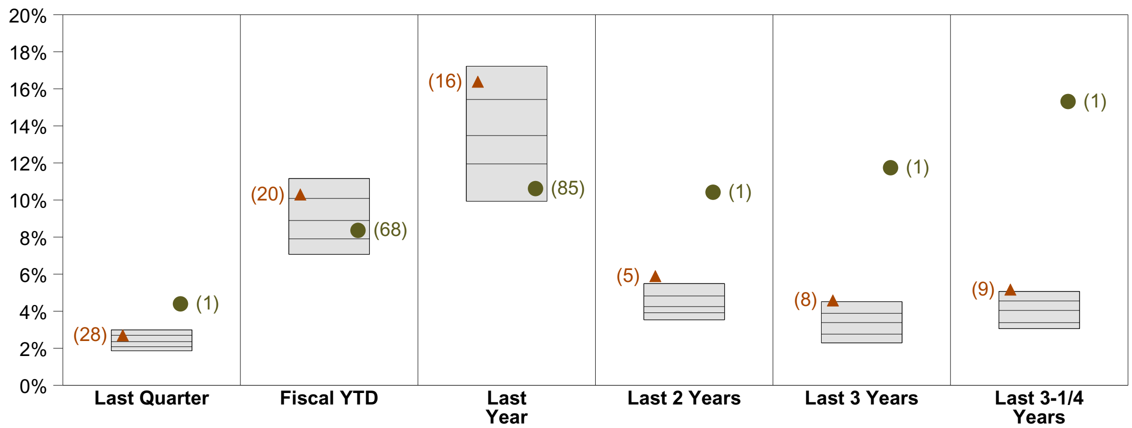
Quarterly Summary and Highlights

- PIMCO Bravo II Fund's portfolio posted a 4.40% return for the quarter placing it in the 1 percentile of the CAI High Yield Mutual Funds group for the quarter and in the 85 percentile for the last year.
- PIMCO Bravo II Fund's portfolio outperformed the Blmbg HY 2% Iss Cap by 1.70% for the quarter and underperformed the Blmbg HY 2% Iss Cap for the year by 5.77%.

Quarterly Asset Growth

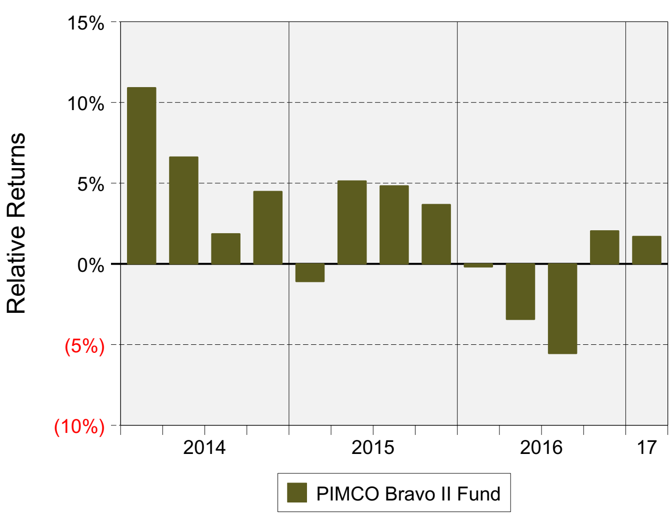
Beginning Market Value	$48,870,991
Net New Investment	$3,750,000
Investment Gains/(Losses)	$2,148,327
Ending Market Value	$54,769,318

Performance vs CAI High Yield Mutual Funds (Net)

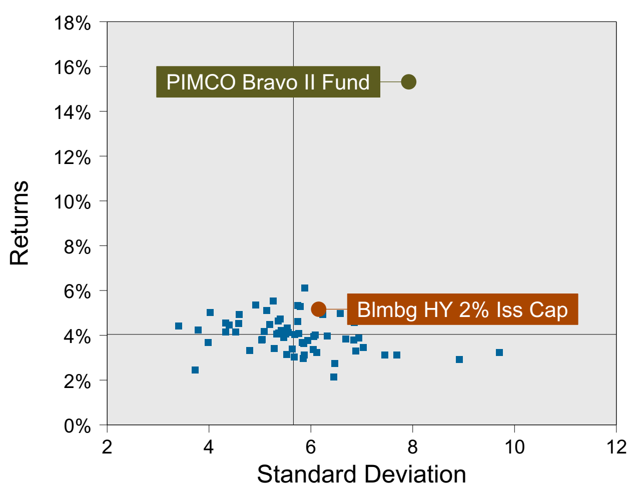


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	2.99	11.16	17.22	5.49	4.51	5.07
25th Percentile	2.70	10.09	15.43	4.82	3.88	4.55
Median	2.36	8.89	13.48	4.25	3.38	4.04
75th Percentile	2.08	7.90	11.95	3.92	2.76	3.38
90th Percentile	1.86	7.07	9.93	3.53	2.29	3.06
PIMCO Bravo II Fund ●	4.40	8.36	10.62	10.42	11.74	15.32
Blmbg HY 2% Iss Cap ▲	2.70	10.30	16.39	5.89	4.58	5.16

Relative Return vs Blmbg HY 2% Iss Cap



CAI High Yield Mutual Funds (Net)
Annualized Three and One-Quarter Year Risk vs Return



International Fixed Income
Period Ended March 31, 2017

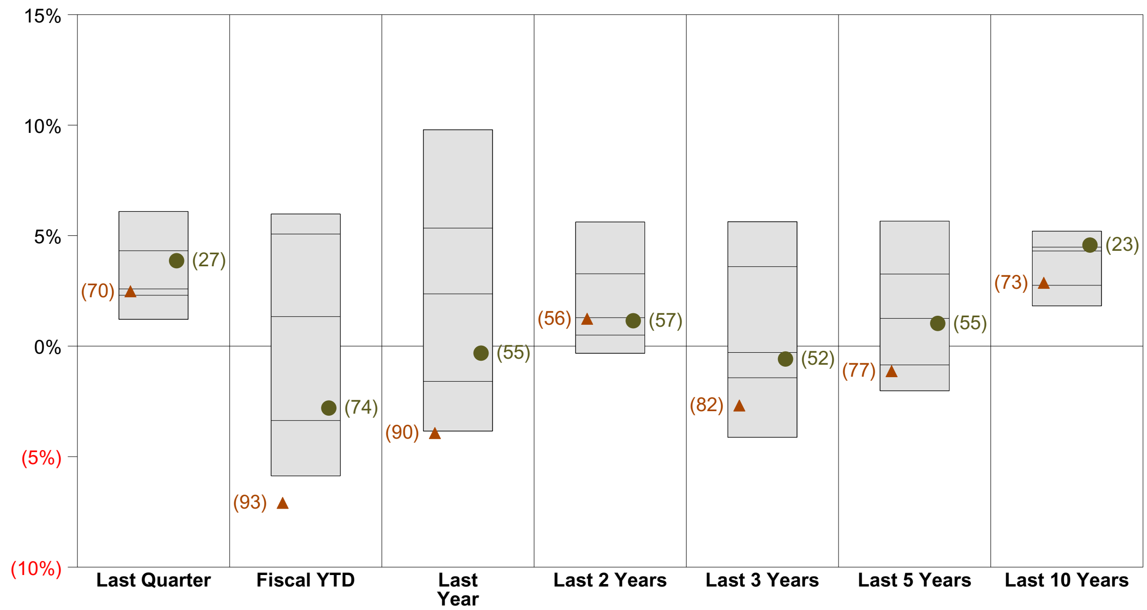
Quarterly Summary and Highlights

- International Fixed Income’s portfolio posted a 3.87% return for the quarter placing it in the 27 percentile of the Public Fund - International Fixed group for the quarter and in the 55 percentile for the last year.
- International Fixed Income’s portfolio outperformed the International Fixed Income Target by 1.38% for the quarter and outperformed the International Fixed Income Target for the year by 3.61%.

Quarterly Asset Growth

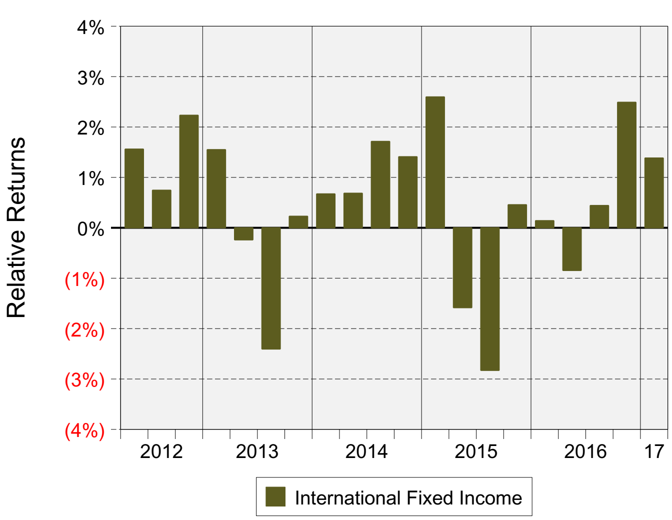
Beginning Market Value	$240,742,980
Net New Investment	$-223,837
Investment Gains/(Losses)	$9,301,372
Ending Market Value	$249,820,515

Performance vs Public Fund - International Fixed (Gross)

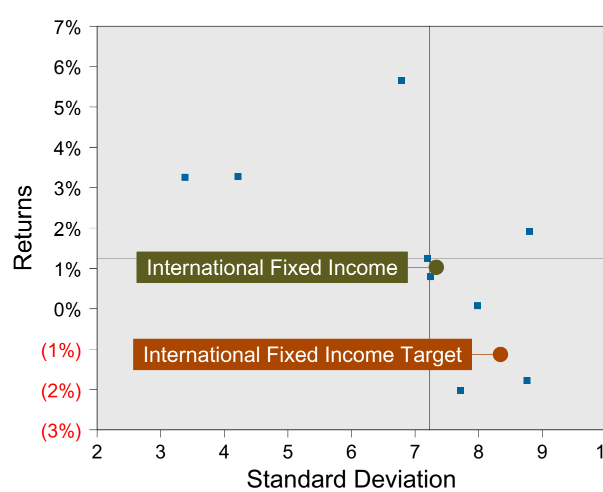


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	6.09	5.98	9.79	5.62	5.63	5.66	5.20
25th Percentile	4.32	5.07	5.34	3.27	3.60	3.26	4.48
Median	2.59	1.34	2.36	1.29	(0.29)	1.25	4.31
75th Percentile	2.30	(3.37)	(1.60)	0.50	(1.43)	(0.85)	2.75
90th Percentile	1.21	(5.87)	(3.84)	(0.33)	(4.13)	(2.02)	1.82
International Fixed Income ●	3.87	(2.80)	(0.32)	1.15	(0.58)	1.03	4.57
International Fixed Income Target ▲	2.48	(7.09)	(3.93)	1.24	(2.68)	(1.13)	2.87

Relative Returns vs International Fixed Income Target



Public Fund - International Fixed (Gross) Annualized Five Year Risk vs Return



Brandywine Asset Management
Period Ended March 31, 2017

Investment Philosophy

Brandywine engages in a disciplined, active, value-driven, strategic approach. Their investment strategy concentrates on top-down analysis of macro-economic conditions in order to determine where the most attractive valuations exist. Specifically, they invest in bonds with the highest real yields globally. They manage currency to protect principal and increase returns, patiently rotated among countries and attempt to control risk by purchasing undervalued securities.

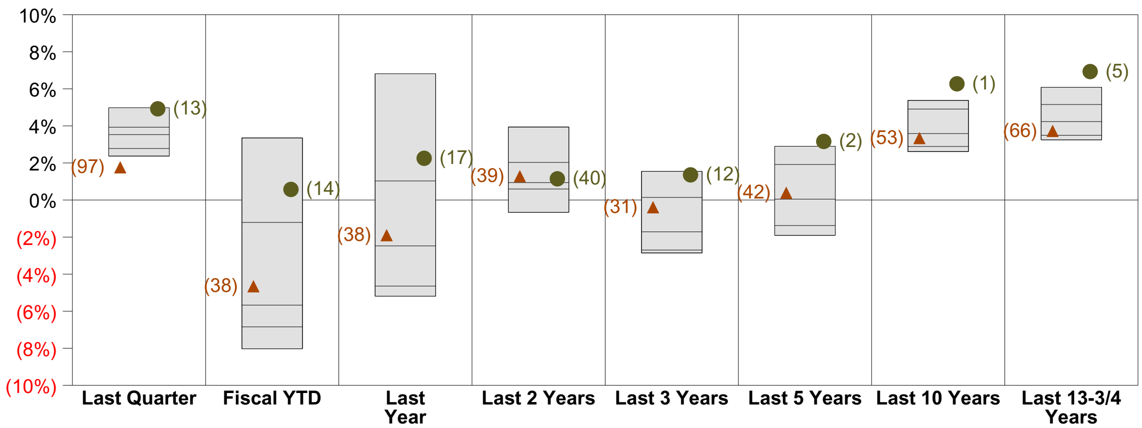
Quarterly Summary and Highlights

- Brandywine's portfolio posted a 4.92% return for the quarter placing it in the 13 percentile of the CAI Non US Fixed Income (Unhedged) group for the quarter and in the 17 percentile for the last year.
- Brandywine's portfolio outperformed the Blmbg Global Aggregate by 3.16% for the quarter and outperformed the Blmbg Global Aggregate for the year by 4.16%.

Quarterly Asset Growth

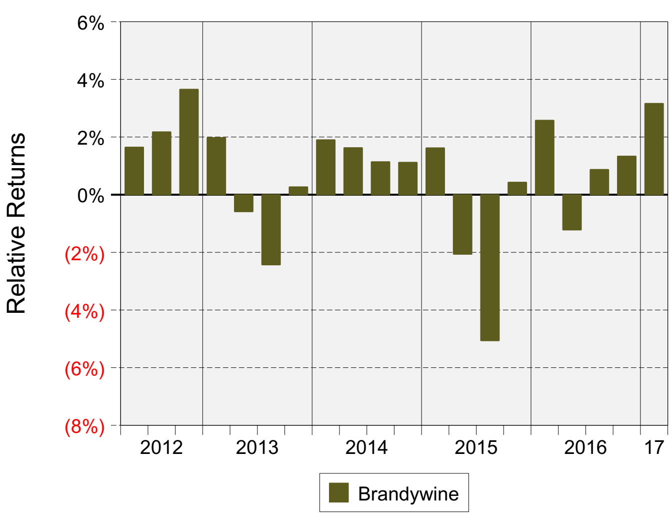
Beginning Market Value	$140,965,008
Net New Investment	$-134,946
Investment Gains/(Losses)	$6,934,687
Ending Market Value	$147,764,749

Performance vs CAI Non US Fixed Income (Unhedged) (Gross)

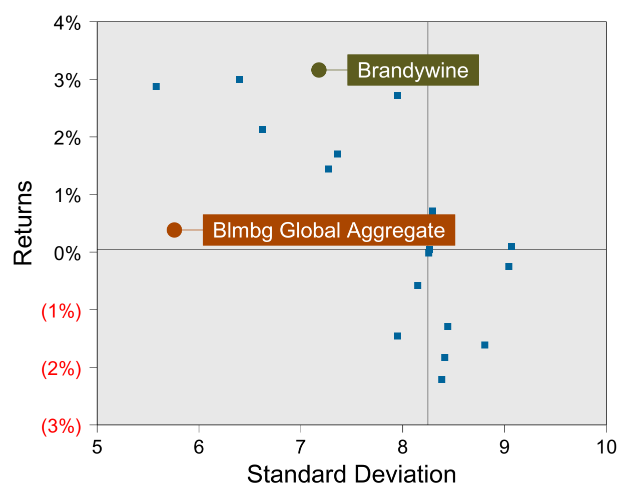


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 13-3/4 Years
10th Percentile	4.98	3.35	6.81	3.94	1.55	2.90	5.38	6.09
25th Percentile	3.93	(1.21)	1.03	2.03	0.14	1.92	4.91	5.16
Median	3.53	(5.67)	(2.48)	0.94	(1.72)	0.05	3.59	4.23
75th Percentile	2.78	(6.85)	(4.64)	0.59	(2.70)	(1.38)	2.89	3.49
90th Percentile	2.37	(8.03)	(5.19)	(0.66)	(2.86)	(1.91)	2.61	3.25
Brandywine ●	4.92	0.57	2.25	1.14	1.36	3.16	6.27	6.93
Blmbg Global Aggregate ▲	1.76	(4.66)	(1.90)	1.28	(0.39)	0.38	3.34	3.72

Relative Return vs Blmbg Global Aggregate



CAI Non US Fixed Income (Unhedged) (Gross) Annualized Five Year Risk vs Return



UBS Global Asset Management
Period Ended March 31, 2017

Investment Philosophy

UBS Global Asset Management's non-US fixed income portfolio's assets are invested in emerging markets debt on an opportunistic basis up to the stated maximum allocation of 5%. The account's non-US fixed income assets will be fully-invested at all times, but such assets may be invested in the UBS US Cash Management Prime Collective Fund for operational and risk management purposes. ***Citigroup Non-US Govt Index through 12/31/2009; Bloomberg Aggregate ex-US Index thereafter.**

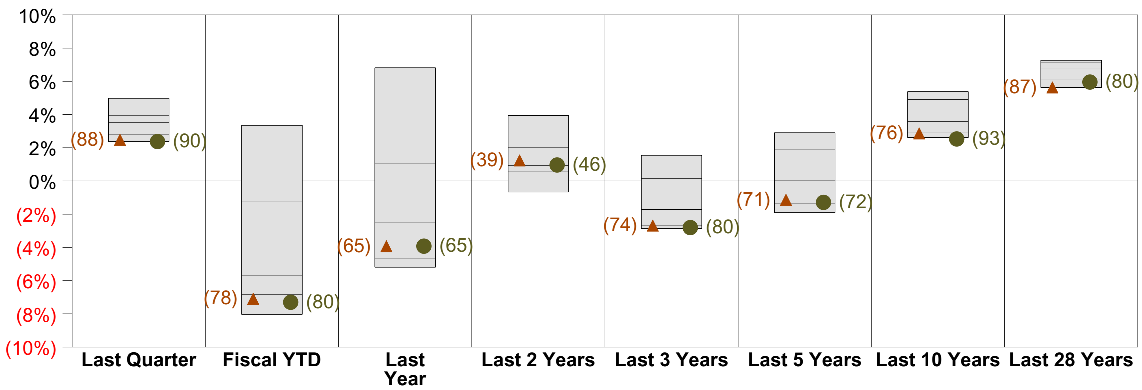
Quarterly Summary and Highlights

- UBS Global Asset Management's portfolio posted a 2.37% return for the quarter placing it in the 90 percentile of the CAI Non US Fixed Income (Unhedged) group for the quarter and in the 65 percentile for the last year.
- UBS Global Asset Management's portfolio underperformed the Blended Benchmark* by 0.11% for the quarter and outperformed the Blended Benchmark* for the year by 0.00%.

Quarterly Asset Growth

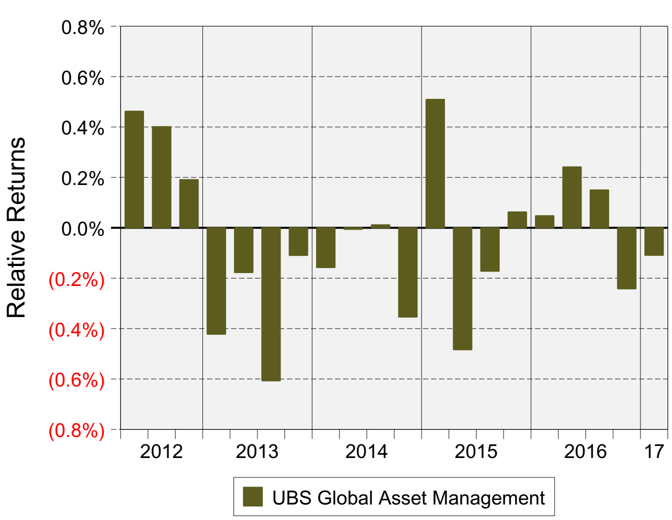
Beginning Market Value	$99,777,972
Net New Investment	$-88,892
Investment Gains/(Losses)	$2,366,686
Ending Market Value	$102,055,766

Performance vs CAI Non US Fixed Income (Unhedged) (Gross)

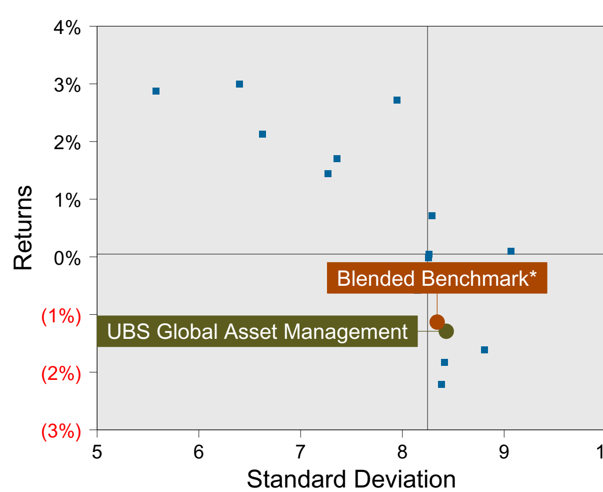


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 28 Years
10th Percentile	4.98	3.35	6.81	3.94	1.55	2.90	5.38	7.27
25th Percentile	3.93	(1.21)	1.03	2.03	0.14	1.92	4.91	7.11
Median	3.53	(5.67)	(2.48)	0.94	(1.72)	0.05	3.59	6.80
75th Percentile	2.78	(6.85)	(4.64)	0.59	(2.70)	(1.38)	2.89	6.14
90th Percentile	2.37	(8.03)	(5.19)	(0.66)	(2.86)	(1.91)	2.61	5.63
UBS Global Asset Management ●	2.37	(7.30)	(3.93)	0.96	(2.81)	(1.29)	2.53	5.96
Blended Benchmark* ▲	2.48	(7.09)	(3.93)	1.24	(2.69)	(1.13)	2.87	5.63

Relative Return vs Blended Benchmark*



CAI Non US Fixed Income (Unhedged) (Gross)
Annualized Five Year Risk vs Return



Global Real Estate Composite
Period Ended March 31, 2017

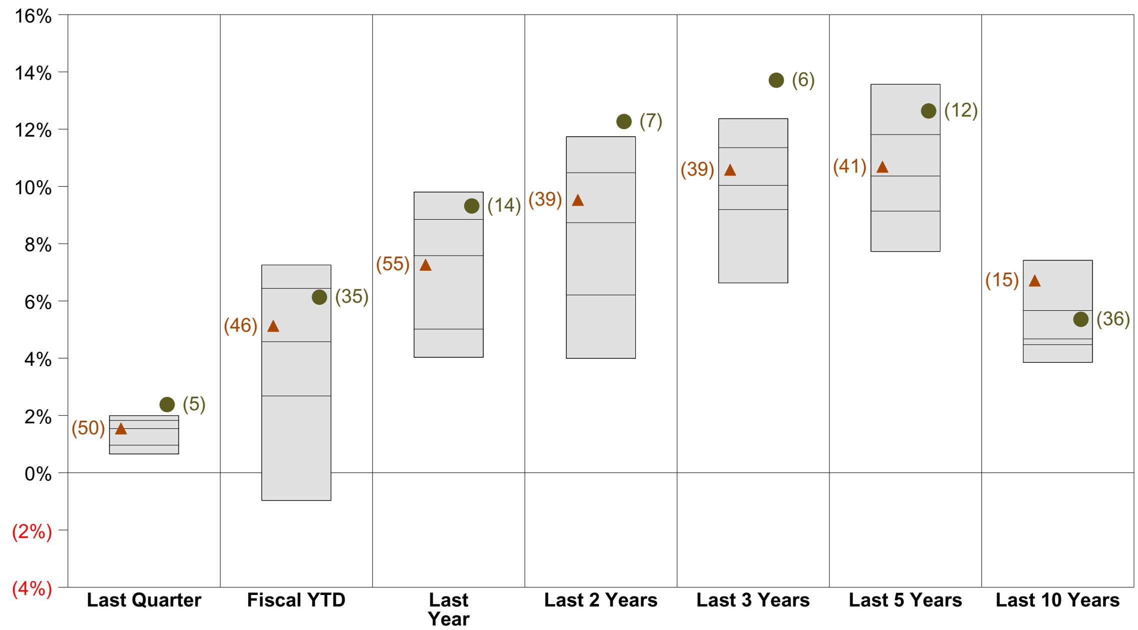
Quarterly Summary and Highlights

- Global Real Estate Composite's portfolio posted a 2.38% return for the quarter placing it in the 5 percentile of the Pub Pln- Real Estate group for the quarter and in the 14 percentile for the last year.
- Global Real Estate Composite's portfolio outperformed the NCREIF Total Index by 0.83% for the quarter and outperformed the NCREIF Total Index for the year by 2.05%.

Quarterly Asset Growth

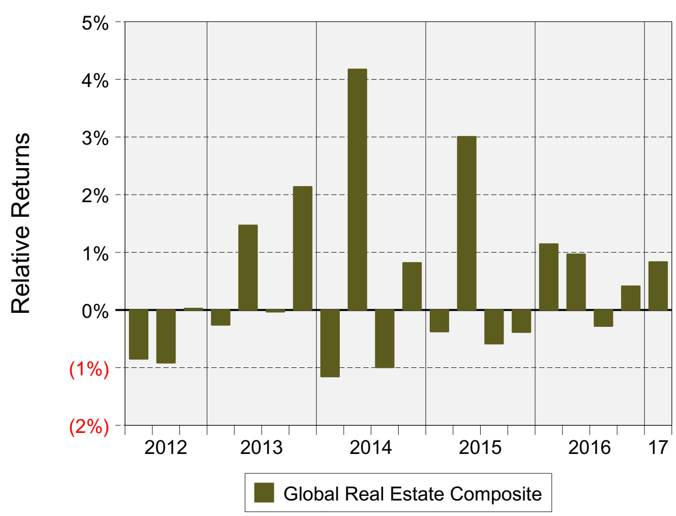
Beginning Market Value	$545,176,463
Net New Investment	$-9,689,404
Investment Gains/(Losses)	$12,835,168
Ending Market Value	$548,322,227

Performance vs Pub Pln- Real Estate (Gross)

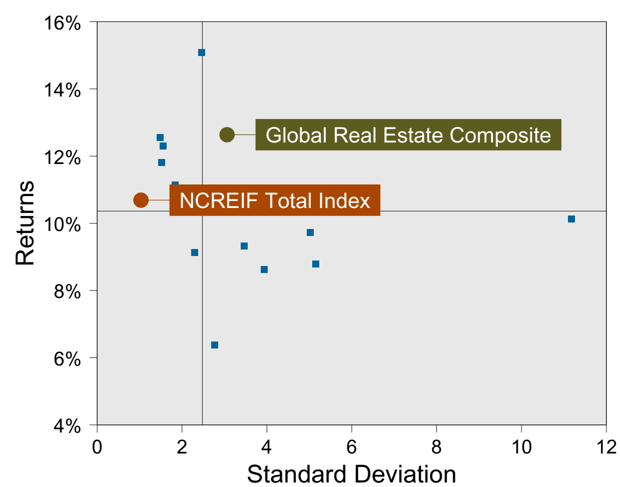


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.99	7.26	9.80	11.74	12.37	13.57	7.42
25th Percentile	1.83	6.44	8.85	10.48	11.36	11.81	5.67
Median	1.54	4.58	7.58	8.74	10.04	10.36	4.68
75th Percentile	0.96	2.68	5.02	6.21	9.19	9.14	4.47
90th Percentile	0.66	(0.97)	4.03	3.99	6.63	7.73	3.85
Global Real Estate Composite ●	2.38	6.13	9.32	12.27	13.71	12.64	5.36
NCREIF Total Index ▲	1.55	5.13	7.27	9.53	10.58	10.69	6.72

Relative Return vs NCREIF Total Index



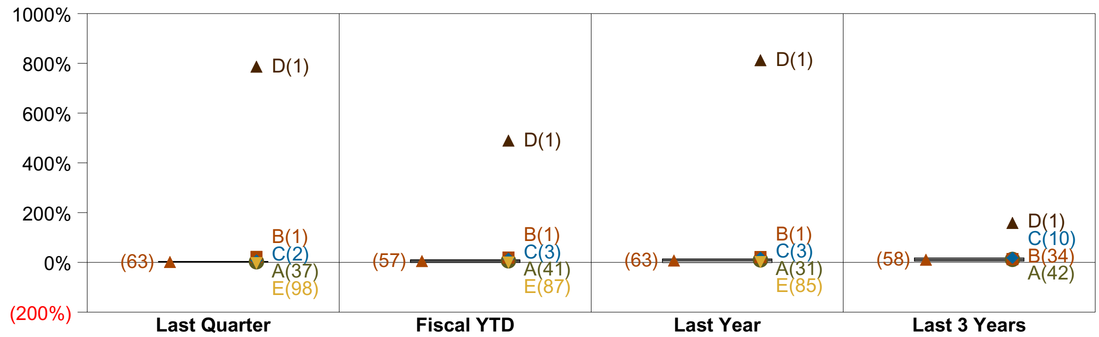
Pub Pln- Real Estate (Gross)
Annualized Five Year Risk vs Return



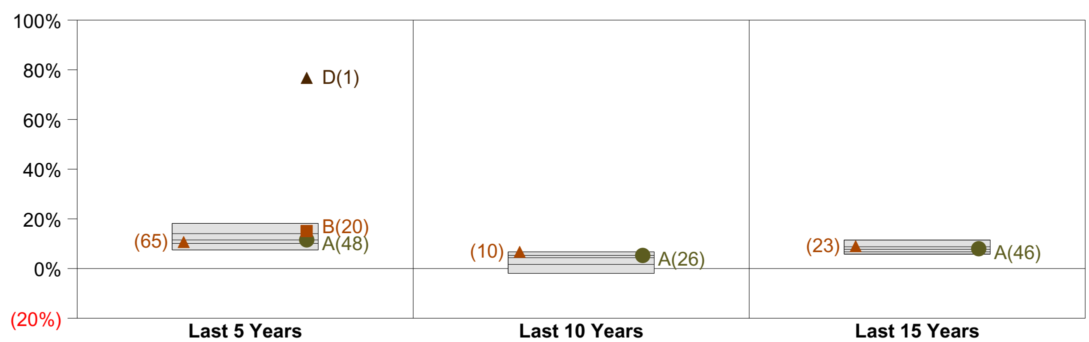
North Dakota State Investment Board Pension Funds
Performance vs CAI Total Real Estate Database
Periods Ended March 31, 2017

Return Ranking

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



		Last Quarter	Fiscal YTD	Last Year	Last 3 Years
10th Percentile		3.92	10.85	14.27	18.33
25th Percentile		2.87	8.11	11.19	14.14
Median		1.88	5.64	7.90	11.40
75th Percentile		1.19	2.80	5.21	9.02
90th Percentile		0.31	(0.83)	(1.19)	4.98
Invesco Core Real Estate	● A	2.45	6.25	10.00	11.99
Invesco Fund II	■ B	22.17	18.80	20.95	12.81
Invesco Fund III	◆ C	7.77	14.75	18.67	18.36
Invesco Asia RE Feeder	▲ D	786.62	489.43	812.57	158.60
Invesco Asia RE Fund III	▼ E	(3.05)	(0.35)	1.23	-
NCREIF Total Index	▲	1.55	5.13	7.27	10.58

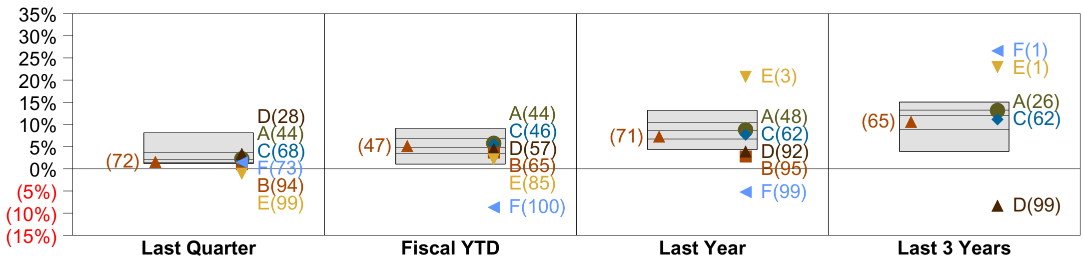


		Last 5 Years	Last 10 Years	Last 15 Years
10th Percentile		18.17	6.72	11.49
25th Percentile		14.05	5.30	8.77
Median		11.51	4.38	7.75
75th Percentile		10.12	1.68	6.74
90th Percentile		7.49	(1.94)	5.80
Invesco Core Real Estate	● A	11.55	5.28	7.99
Invesco Fund II	■ B	15.14	-	-
Invesco Fund III	◆ C	-	-	-
Invesco Asia RE Feeder	▲ D	76.73	-	-
Invesco Asia RE Fund III	▼ E	-	-	-
NCREIF Total Index	▲	10.69	6.72	9.01

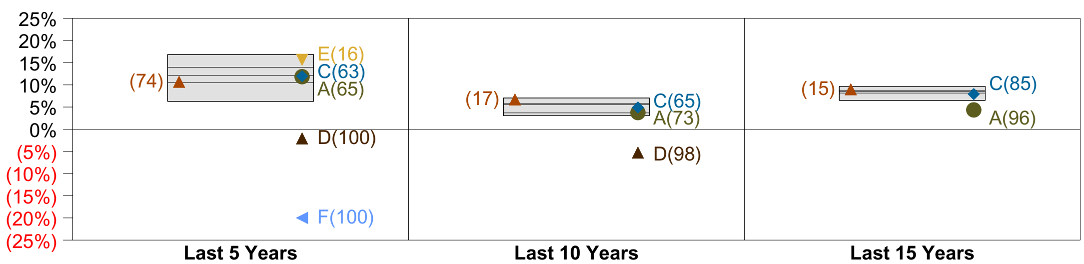
North Dakota State Investment Board Pension Funds
Performance vs CAI Total Real Estate Database
Periods Ended March 31, 2017

Return Ranking

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



		Last Quarter	Fiscal YTD	Last Year	Last 3 Years
10th Percentile		8.13	9.14	13.19	15.05
25th Percentile		3.66	6.79	10.40	13.23
Median		2.14	4.85	8.64	11.98
75th Percentile		1.43	3.40	6.71	8.87
90th Percentile		1.19	1.05	4.33	3.91
Total Real Estate	● A	2.26	5.75	8.78	13.15
Invesco Value Added Fd IV	■ B	1.05	3.67	2.78	-
JP Morgan Investment	◆ C	1.74	5.52	7.68	11.14
JP Morgan Alternative Fd	▲ D	3.35	4.46	3.89	(8.33)
JP Morgan Greater China Fund	▼ E	(1.11)	2.15	20.73	22.94
JPM GreaterEur Opp Prop Fd	◀ F	1.47	(8.69)	(5.25)	26.59
NCREIF Total Index	▲	1.55	5.13	7.27	10.58



		Last 5 Years	Last 10 Years	Last 15 Years
10th Percentile		16.85	7.04	9.66
25th Percentile		13.97	5.86	8.79
Median		12.12	5.56	8.48
75th Percentile		10.52	3.68	8.16
90th Percentile		6.27	3.06	6.49
Total Real Estate	● A	11.84	3.75	4.35
Invesco Value Added Fd IV	■ B	-	-	-
JP Morgan Investment	◆ C	11.96	4.90	7.91
JP Morgan Alternative Fd	▲ D	(2.07)	(5.27)	-
JP Morgan Greater China Fund	▼ E	15.64	-	-
JPM GreaterEur Opp Prop Fd	◀ F	(20.00)	-	-
NCREIF Total Index	▲	10.69	6.72	9.01

TIR Teredo
Period Ended March 31, 2017

Investment Philosophy

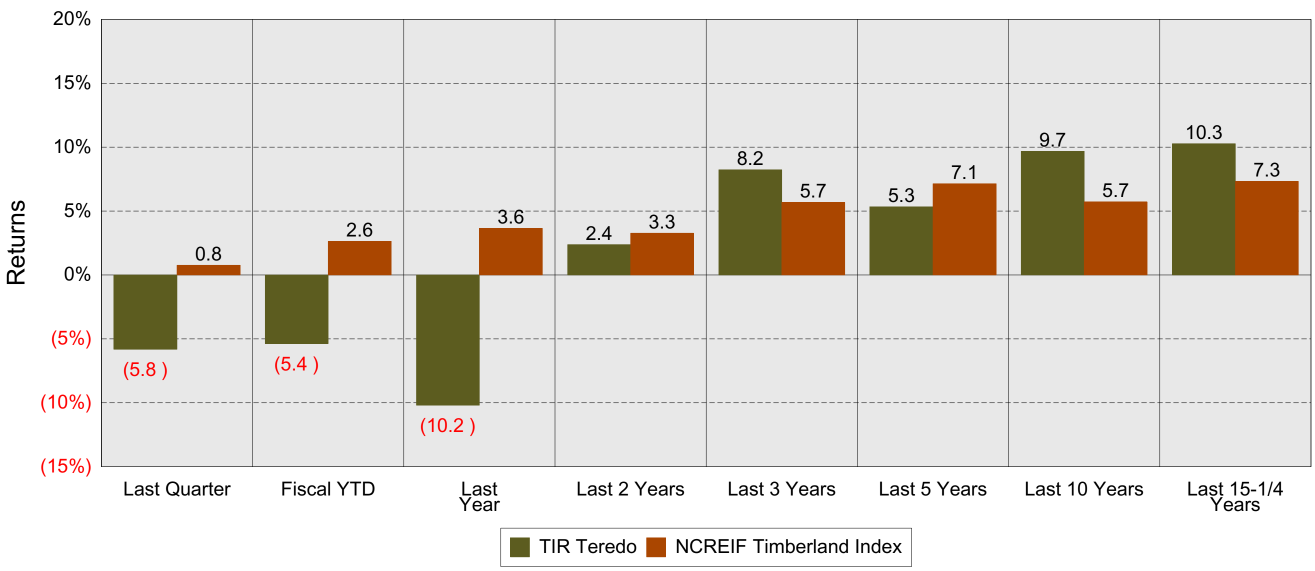
Teredo Timber LLC - The investment objective of Teredo is to provide competitive investment returns from increasing saw timber production through the 20 year term of the partnership. TIR's management strategy is to maximize saw timber volume by applying intensive forest management techniques which accelerate growth through the diameter class distribution. Periodic cash flows are produced from thinning and final harvests of the individual timber stands.

Quarterly Summary and Highlights

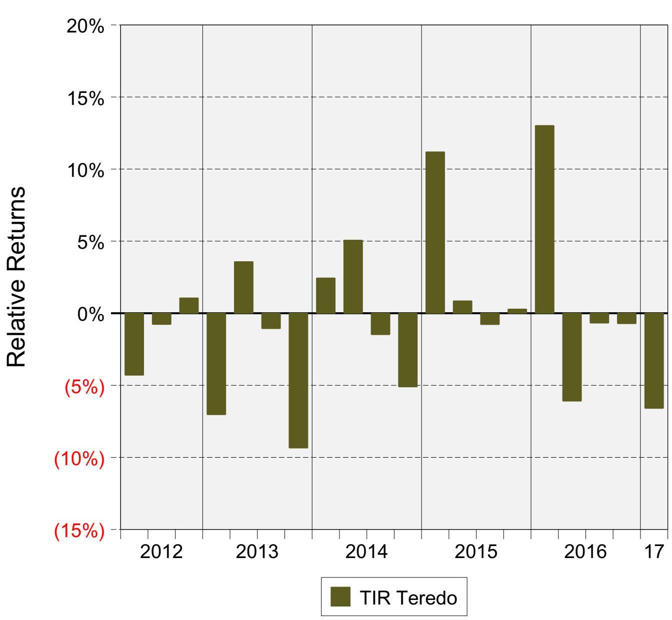
- TIR Teredo's portfolio underperformed the NCREIF Timberland Index by 6.58% for the quarter and underperformed the NCREIF Timberland Index for the year by 13.84%.

Quarterly Asset Growth

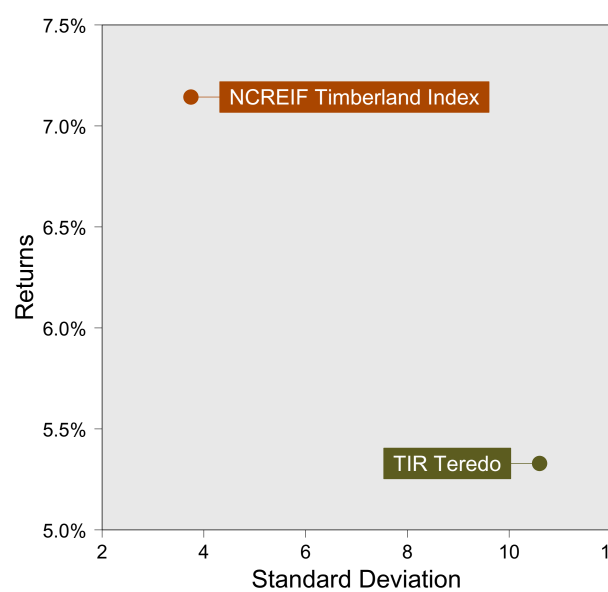
Beginning Market Value	$33,981,216
Net New Investment	$0
Investment Gains/(Losses)	$-1,977,123
Ending Market Value	$32,004,093



Relative Return vs NCREIF Timberland Index



Annualized Five Year Risk vs Return



TIR Springbank
Period Ended March 31, 2017

Investment Philosophy

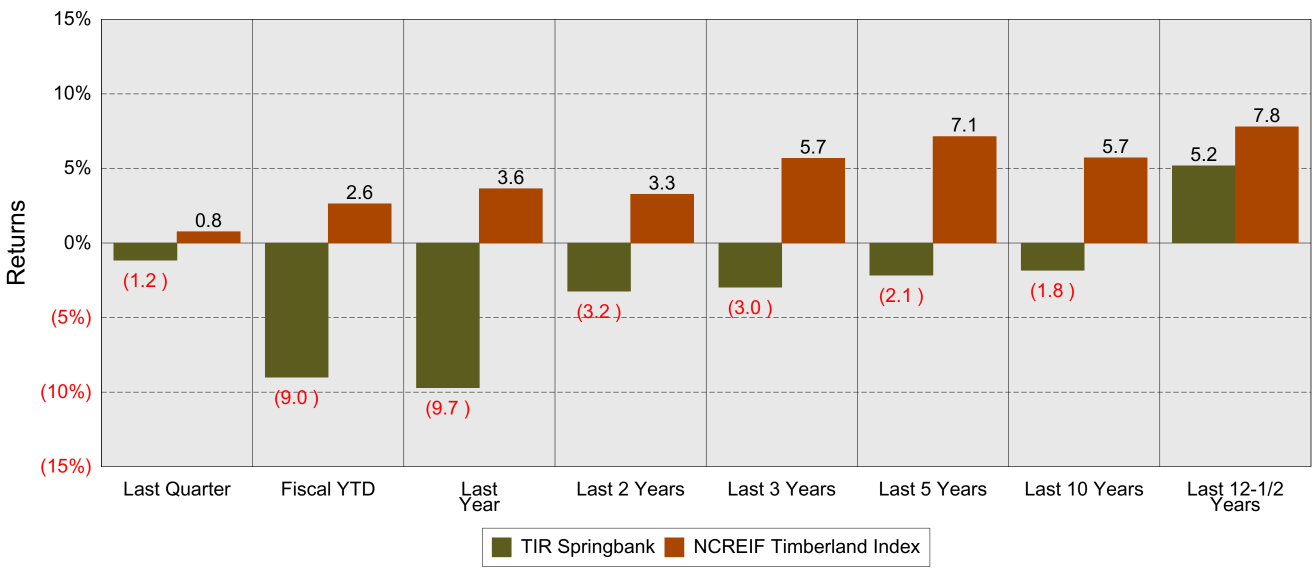
Springbank LLC - The investment objective of Springbank is to maximize long-term investment potential by means of the formation of a dedicated land management group, intensive timber management to increase timber production, the coordination of timber harvesting with land management activities and direct marketing and selective real estate partnerships.

Quarterly Summary and Highlights

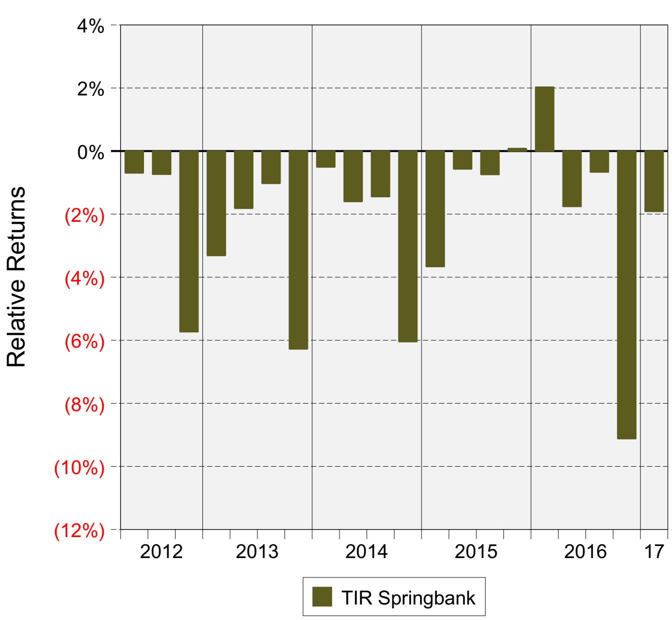
- TIR Springbank's portfolio underperformed the NCREIF Timberland Index by 1.92% for the quarter and underperformed the NCREIF Timberland Index for the year by 13.35%.

Quarterly Asset Growth

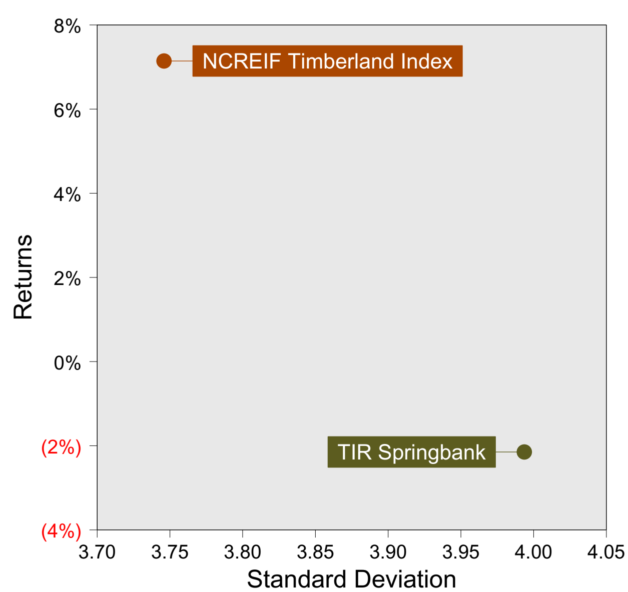
Beginning Market Value	$108,910,258
Net New Investment	$0
Investment Gains/(Losses)	$-1,254,834
Ending Market Value	$107,655,424



Relative Return vs NCREIF Timberland Index



Annualized Five Year Risk vs Return



JP Morgan Asian Infrastructure
Period Ended March 31, 2017

Investment Philosophy

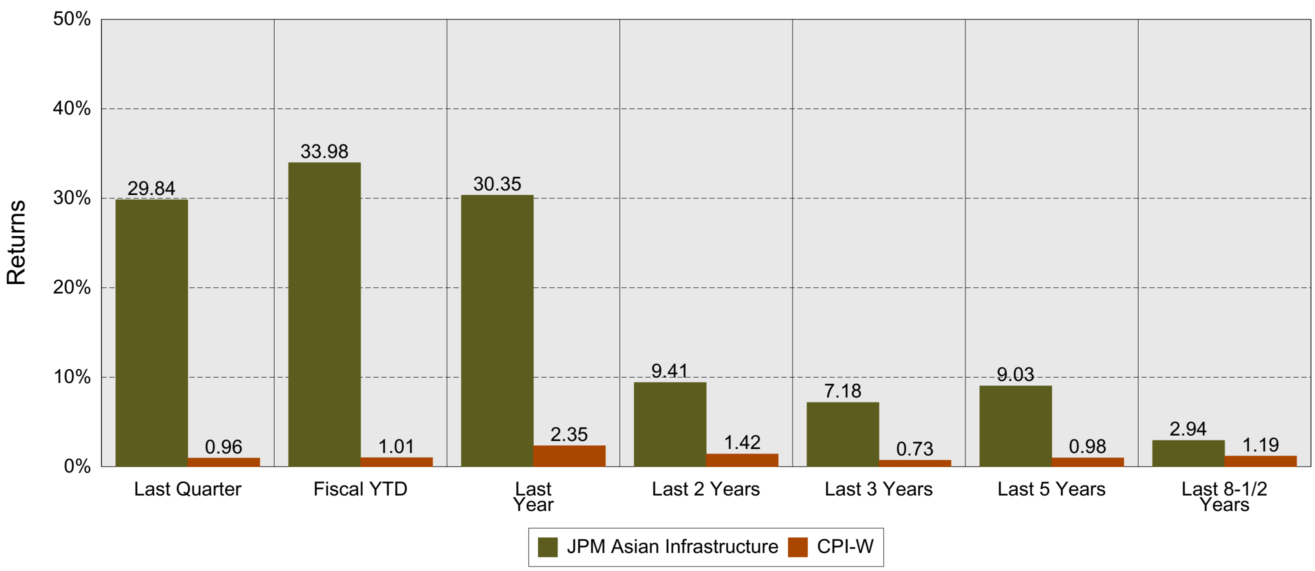
The JPMorgan Asian Infrastructure & Related Resources Opportunity ("AIRRO") Fund seeks to invest in infrastructure and related resources opportunities across the greater Asia Pacific region. The Fund seeks to invest in a broad range of assets, including: core infrastructure, power both from conventional and renewable sources, communications, water and waste-water, public works, urban development and other "social" infrastructure assets and related resources.

Quarterly Summary and Highlights

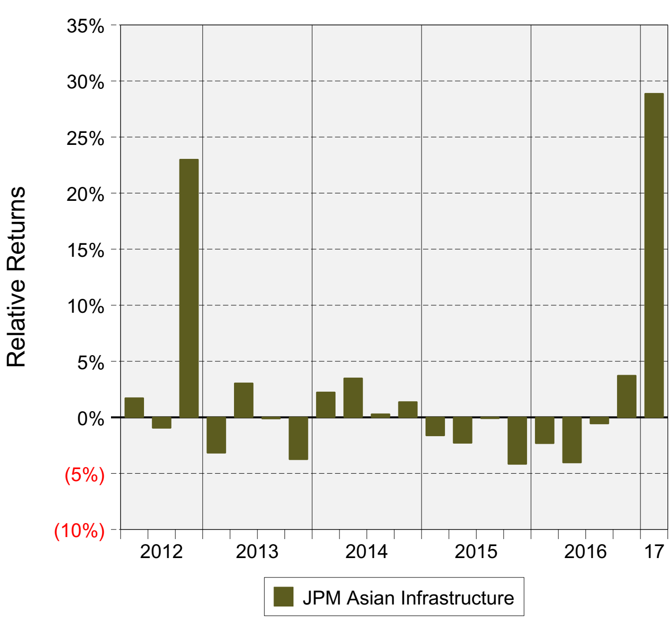
- JPM Asian Infrastructure's portfolio outperformed the CPI-W by 28.87% for the quarter and outperformed the CPI-W for the year by 28.00%.

Quarterly Asset Growth

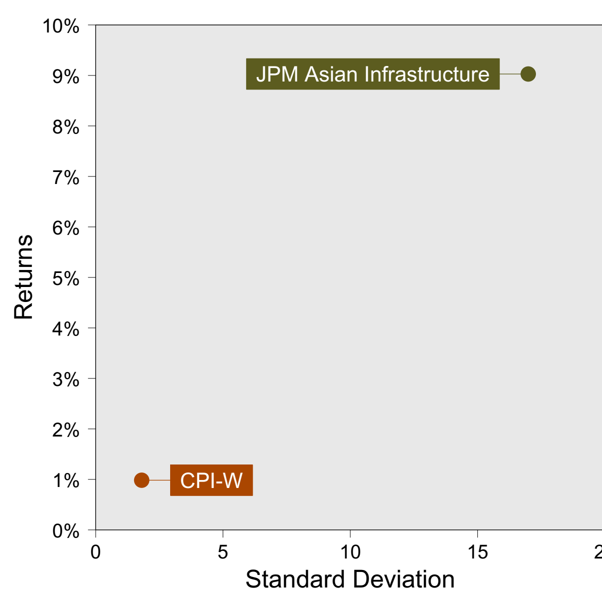
Beginning Market Value	$29,229,463
Net New Investment	$-11,402,272
Investment Gains/(Losses)	$5,506,339
Ending Market Value	$23,333,530



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



JPM Infrastructure Fund
Period Ended March 31, 2017

Investment Philosophy

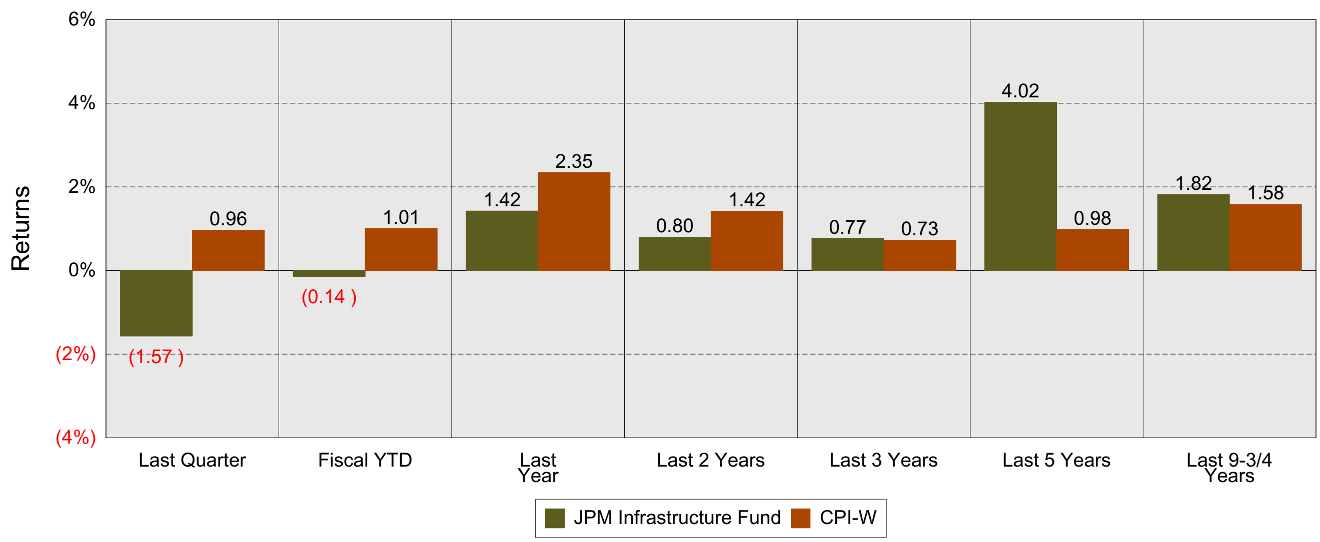
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas pipelines; electricity transmission and distribution facilities; contracted power generation assets; water distribution; waste-water collection and processing; railway lines and rapid rail links; and seaports and airports.

Quarterly Summary and Highlights

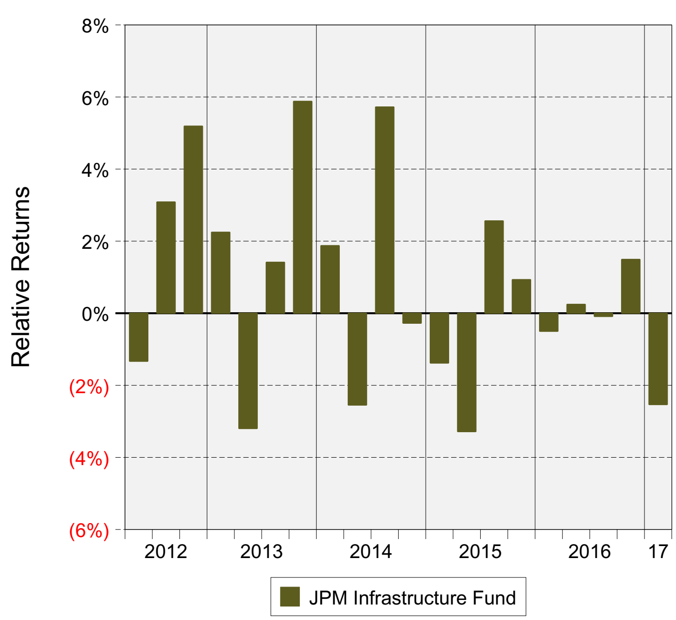
- JPM Infrastructure Fund's portfolio underperformed the CPI-W by 2.53% for the quarter and underperformed the CPI-W for the year by 0.92%.

Quarterly Asset Growth

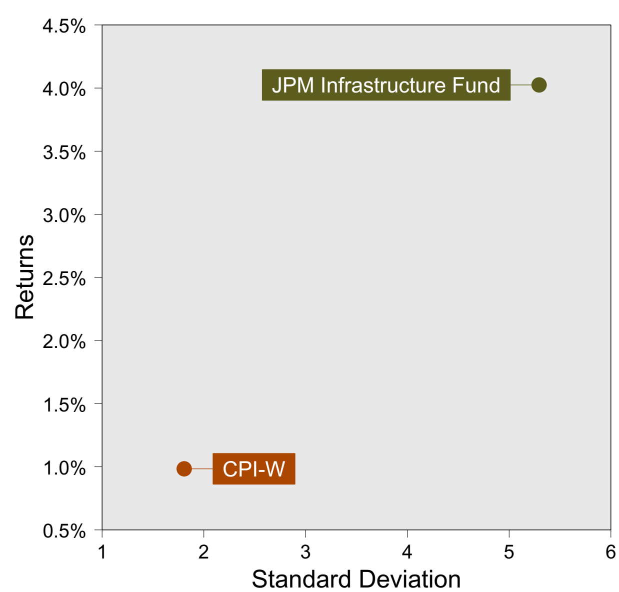
Beginning Market Value	$151,788,821
Net New Investment	$-54,650
Investment Gains/(Losses)	$-2,382,121
Ending Market Value	$149,352,050



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



Grosvenor Cust. Infrastructure
Period Ended March 31, 2017

Investment Philosophy

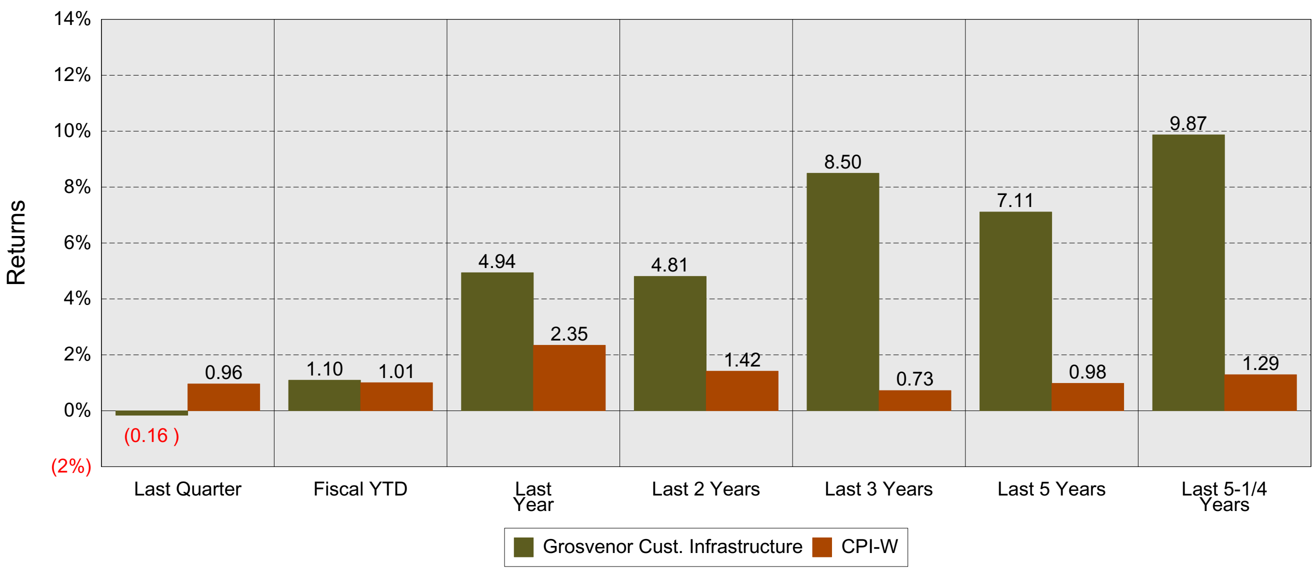
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified portfolio of primary core and core plus infrastructure funds (30%), co-investments (40%) and opportunistic secondary fund purchases (30%).

Quarterly Summary and Highlights

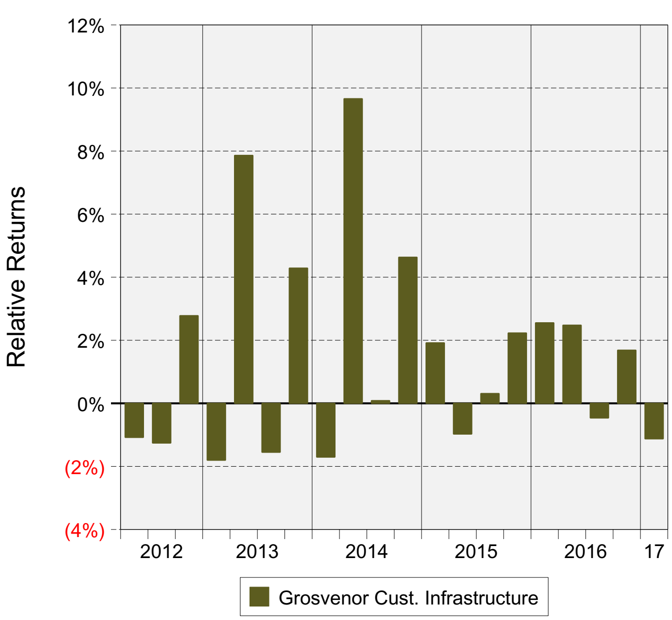
- Grosvenor Cust. Infrastructure's portfolio underperformed the CPI-W by 1.12% for the quarter and outperformed the CPI-W for the year by 2.60%.

Quarterly Asset Growth

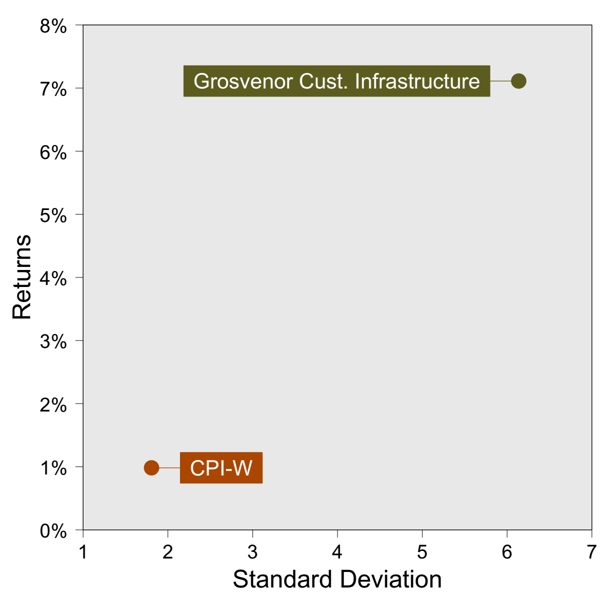
Beginning Market Value	$33,969,006
Net New Investment	$786,933
Investment Gains/(Losses)	$-56,136
Ending Market Value	$34,699,804



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



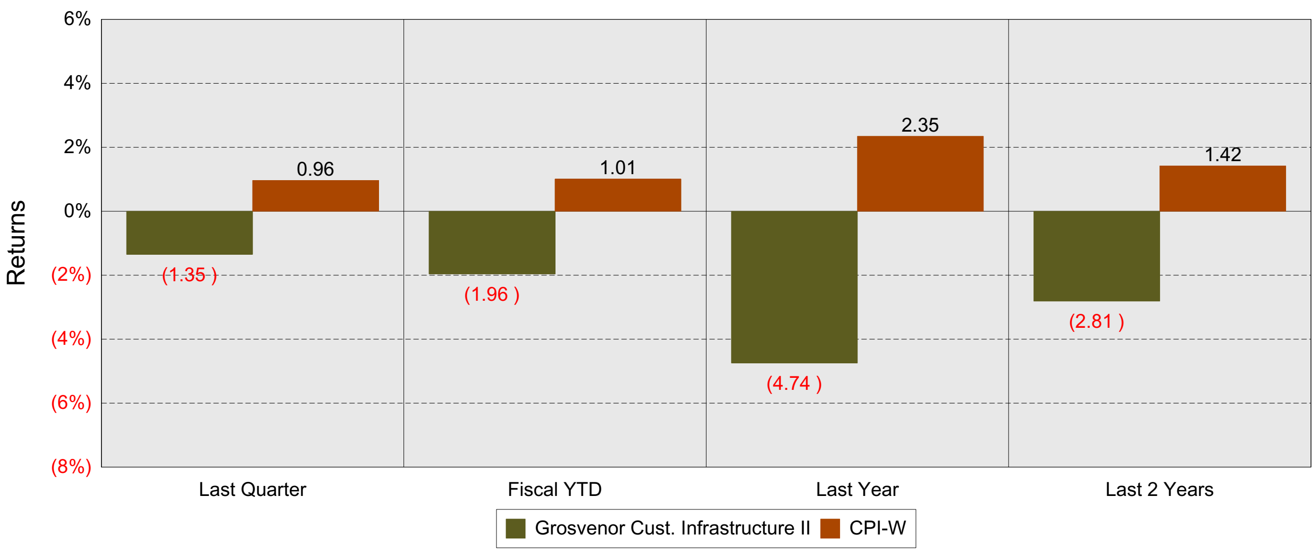
Grosvenor Cust. Infrastructure II
Period Ended March 31, 2017

Investment Philosophy
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified portfolio of primary core and core plus infrastructure funds (30%), co-investments (40%) and opportunistic secondary fund purchases (30%).

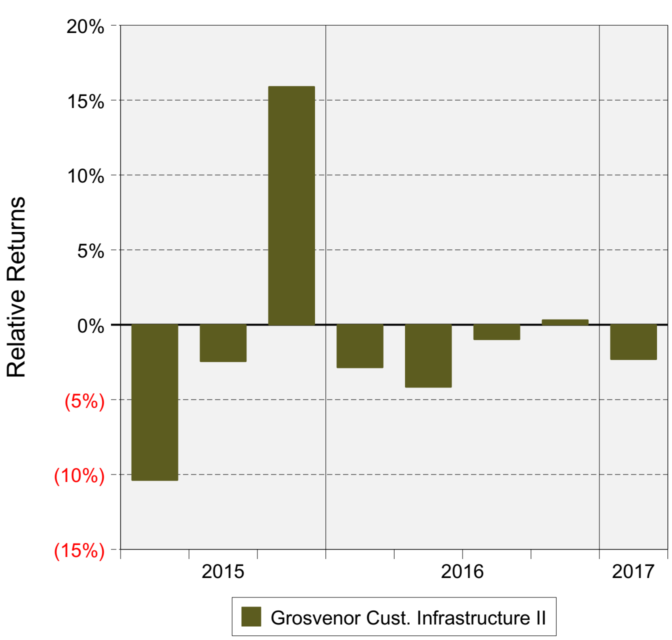
Quarterly Summary and Highlights
- Grosvenor Cust. Infrastructure II's portfolio underperformed the CPI-W by 2.31% for the quarter and underperformed the CPI-W for the year by 7.09%.

Quarterly Asset Growth

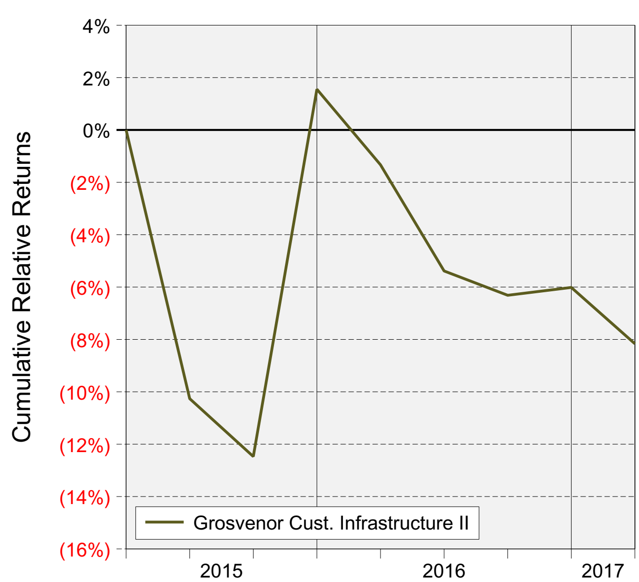
Beginning Market Value	$5,654,566
Net New Investment	$2,554,649
Investment Gains/(Losses)	$-101,519
Ending Market Value	$8,107,696



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



Research and Educational Programs

The Callan Institute provides both research to update clients on the latest industry trends and carefully structured educational programs to enhance the knowledge of industry professionals. Visit www.callan.com/library to see all of our publications, and www.callan.com/blog to view our blog "Perspectives." For more information contact Anna West at 415.974.5060 / institute@callan.com.

New Research from Callan's Experts

Smart Beta Is the Gateway Drug to Factor Investing | In this paper, a reprint from the *Journal of Portfolio Management*'s special issue on Factor Investing, author Eugene Podkaminer, CFA, of Callan's Capital Markets Research group describes the connection between alternative indices and more sophisticated risk premia strategies.

2017 National Conference: 'It's Private' | A summary of "It's Private: Real Estate Debt and Middle Market Direct Lending," a presentation from Callan experts Kristin Bradbury, Alex Browning, and Jay Nayak.

Capital Market Projections for 2017-2026 | Callan prepares capital market projections annually to help guide clients with their long-term strategic planning. We publish three pieces authored by the team that creates them: Jay Kloepfer, John Pirone, CFA, CAIA, and Jim Van Heuit. A **white paper** delves into the process and thinking behind the 2017 figures; a **Manifesto** outlines the reasons that Callan produces its annual capital market projections and the rigorous process behind it; and a "**charticle**" (chart+article) summarizes key figures from Callan's 2017 capital market projections.

It's a (Fiduciary) Trap! But You Don't Have to Fall In | Defined contribution (DC) plan sponsors often worry about landing in hot water for doing the wrong thing. However, many fiduciary issues crop up because plan sponsors have failed to take action. Author Lori Lucas, CFA, Callan's Defined Contribution Practice Leader, lists eight potential fiduciary traps and ways for plan sponsors to avoid falling into them in 2017.

The Callan Periodic Table of Investment Returns (Key Indices: 1997-2016) and Collection | The Periodic Table of Investment Returns depicts annual returns for 10 asset classes, ranked from best to worst performance for each calendar year. The Collection includes 10 additional versions, such as the indices relative to inflation, real estate, and hedge fund sub-strategies.

Periodicals

Real Assets Reporter, Winter/Spring 2017 | Avery Robinson, CAIA, explores how we developed our Real Estate Indicators. We also cover the latest on the real estate market, and share charts and tables on the long-term performance of various real assets.

Private Markets Trends, Winter 2017 | Gary Robertson provides an overview of the environment for private equity in 2016 and a look ahead at 2017. He sees continued liquidity in the private equity market, and writes that distributions will continue to benefit investors.

Hedge Fund Monitor, 4th Quarter 2016 | Jim McKee provides a view of the hedge fund industry and detailed quarterly performance. This quarter's cover story: "Alternative Facts and the Evolving Role of Hedge Funds."

DC Observer, 1st Quarter 2017 | Lori Lucas discusses the best approach to crafting, implementing, and maintaining an investment policy statement for defined contribution plans.

Market Pulse Flipbook, Fourth Quarter 2016 | A quarterly market reference guide covering investment and fund sponsor trends in the U.S. economy, U.S. and non-U.S. equities and fixed income, alternatives, and defined contribution.

Capital Market Review, 4th Quarter 2016 | A quarterly macroeconomic newsletter providing thoughtful insights on the economy and recent performance in equity, fixed income, alternatives, international, real estate, and other capital markets.

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: https://www.callan.com/education/CII/

'Why Diversify'

Our **June Regional Workshops,** June 27 in Atlanta and June 29 in San Francisco, will focus on diversification, which has turned out to be very expensive for U.S.-based investors, especially since the Global Financial Crisis. In this workshop, Callan experts Mark Andersen, Jay Kloepfer, and Brian Smith analyze diversification from multiple angles, answering the questions of whether investors erred in adopting diversified portfolios over the last 30 years, and what investors should do now.

Also mark your calendars for our **October Regional Workshops,** October 24 in New York and October 26 in Chicago.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@callan.com

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the "Callan College," provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next sessions are:

Introduction to Investments

San Francisco, July 25-26, 2017
Chicago, October 24-25, 2017

This program familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

The "Callan College" is equipped to customize a curriculum to meet the training and educational needs of a specific organization. These tailored sessions range from basic to advanced and can take place anywhere—even at your office.

Learn more at https://www.callan.com/education/college/ or contact Kathleen Cunnie: 415.274.3029 / cunnie@callan.com

Education: By the Numbers

500	Attendees (on average) of the Institute's annual National Conference	**50+**	Unique pieces of research the Institute generates each year
3,500	Total attendees of the "Callan College" since 1994	**1980**	Year the Callan Institute was founded

"We think the best way to learn something is to teach it. Entrusting client education to our consultants and specialists ensures that they have a total command of their subject matter. This is one reason why education and research have been cornerstones of our firm for more than 40 years."

Ron Peyton, Chairman and CEO

Callan

Quarterly List as of
March 31, 2017

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Manager Name
1607 Capital Partners, LLC
Aberdeen Asset Management PLC
Acadian Asset Management LLC
AEGON USA Investment Management
Affiliated Managers Group, Inc.
Alcentra
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
American Century Investments
Amundi Smith Breeden LLC
Angelo, Gordon & Co.
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management, LLC
Artisan Holdings
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Global Asset Management
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company
BTG Pactual
Cambiar Investors, LLC

Manager Name
Campbell Global, LLC
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Cavanal Hill Investment Management, Inc.
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbus Circle Investors
Cornerstone Capital Management
Cove Street Capital, LLC
Cramer Rosenthal McGlynn, LLC
Credit Suisse Asset Management
Crestline Investors, Inc.
DDJ Capital Management, LLC
D.E. Shaw Investment Management, L.L.C.
DePrince, Race & Zollo, Inc.
Deutsche Asset Management
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Mgmt. Co.
Eagle Asset Management, Inc.
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fidelity Management & Research
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Franklin Templeton
Franklin Templeton Institutional

Manager Name
Fred Alger Management, Inc.
Frost Investment Advisors, LLC
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GlobeFlex Capital, L.P.
GMO
Goldman Sachs Asset Management
Great Lakes Advisors, LLC
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Heitman LLC
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
Insight Investment Management Limited
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Ivy Investments
Janus Capital Management, LLC
Jensen Investment Management
Jobs Peak Advisors
J.P. Morgan Asset Management
Kayne Anderson Capital Advisors LP
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Man Investments Inc.
Manulife Asset Management
Macquarie Investment Management (formerly Delaware Investments)
McKinley Capital Management, LLC
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Neuberger Berman
Newton Investment Management (fka Newton Capital Management)
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management

Manager Name
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management
Opus Capital Management Inc.
O'Shaughnessy Asset Management, LLC
Pacific Investment Management Company
Peregrine Capital Management, Inc.
PGIM
PGIM Fixed Income
PineBridge Investments
Pioneer Investments
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA (Quantitative Management Associates)
RBC Global Asset Management
Regions Financial Corporation
Reinhart Partners, Inc.
RidgeWorth Capital Management, Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
Santa Barbara Asset Management
Santander Global Facilities
Schroder Investment Management North America Inc.
Smith, Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
Standard Life Investments Limited
Standish
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
The Boston Company Asset Management, LLC
The Hartford
The London Company
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management, Inc.
Voya Financial
Voya Investment Management (fka ING)
Waterton Associates L.L.C.
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company

Callan

March 31, 2017

North Dakota State Investment Board Insurance Trust

Investment Measurement Service Quarterly Review

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International Equity

Domestic Fixed Income

Diversified Real Assets

Real Estate

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Market Overview
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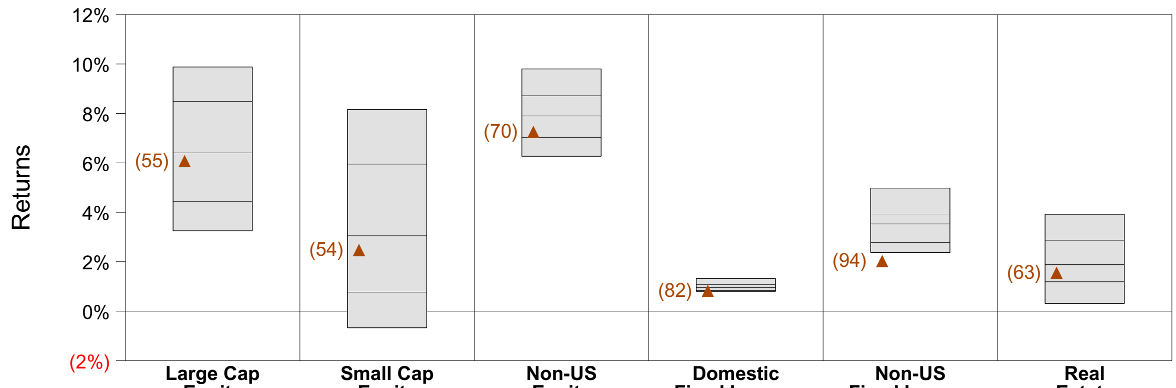
Market Overview

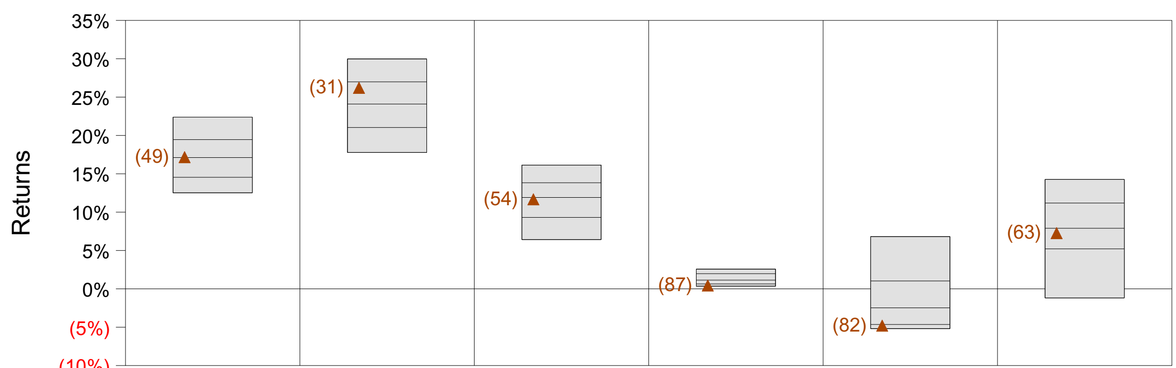
The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also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

Range of Separate Account Manager Returns by Asset Class
One Quarter Ended March 31, 2017



	Large Cap Equity vs S&P 500	Small Cap Equity vs Russell 2000	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Blmbg Aggr Bd	Non-US Fixed Income vs Citi Non-US Govt	Real Estate vs NCREIF Index
10th Percentile	9.88	8.16	9.80	1.32	4.98	3.92
25th Percentile	8.48	5.95	8.72	1.08	3.93	2.87
Median	6.40	3.05	7.90	0.95	3.53	1.88
75th Percentile	4.43	0.77	7.03	0.83	2.78	1.19
90th Percentile	3.25	(0.67)	6.27	0.80	2.37	0.31
Index ▲	6.07	2.47	7.25	0.82	2.02	1.55

Range of Separate Account Manager Returns by Asset Class
One Year Ended March 31, 2017



	Large Cap Equity vs S&P 500	Small Cap Equity vs Russell 2000	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Blmbg Aggr Bd	Non-US Fixed Income vs Citi Non-US Govt	Real Estate vs NCREIF Index
10th Percentile	22.39	29.98	16.13	2.57	6.81	14.27
25th Percentile	19.46	26.99	13.83	1.98	1.03	11.19
Median	17.12	24.10	11.91	1.14	(2.48)	7.90
75th Percentile	14.55	21.04	9.31	0.64	(4.64)	5.21
90th Percentile	12.52	17.78	6.42	0.34	(5.19)	(1.19)
Index ▲	17.17	26.22	11.67	0.44	(4.80)	7.27

Callan

First Quarter 2017

‘Hitch in Our Git-Along’?

ECONOMY

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GDP growth disappointed in the first quarter for the fourth straight year. But other measures such as consumer confidence held up during the quarter. The question is whether this is a hitch—or a problem with the GDP metric.

No Homefield Advantage

FUND SPONSOR

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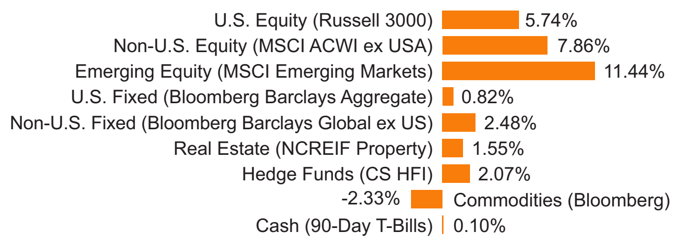
Strong equity results helped boost institutional funds. The median return for all fund types was +4.31%; endowments and foundations did best, jumping 4.58%. Taft-Hartley plans had the lowest return at +3.93%. The key difference was exposure to non-U.S. equities.

Broad Market Quarterly Returns



Sources: Bloomberg Barclays, Bloomberg, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group

Steady as She Goes

U.S. EQUITY

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The **S&P 500 Index** hit a high during the first quarter and ended with a 6.07% jump, continuing last year’s gains. But in a reversal from the previous quarter, small cap stocks fell behind large cap and growth overtook value.

Profits Trump Populism

NON-U.S. EQUITY

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Despite political turmoil in Europe and choppy growth in Asia, non-U.S. markets advanced in the first quarter. The dollar’s weakness bolstered returns for U.S. investors. Emerging markets outpaced their developed peers, and non-U.S. growth stocks bested their value counterparts.

Up, Up, and Away

U.S. FIXED INCOME

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Strong economic data and upbeat investors drove U.S. bond returns higher. High yield securities performed the best, but returns were up for all fixed income sectors. The Treasury yield curve flattened as short-term Treasuries rose while longer-term issues fell.

Separation Anxiety

NON-U.S. FIXED INCOME

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Sovereign debt performed strongly amid policy uncertainty in the European Union, and emerging market debt outperformed developed market debt for the third straight quarter. Returns were bolstered by the U.S. dollar’s broad-based decline against most currencies.

New Year, New Lows

REAL ESTATE

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The **NCREIF Property Index** turned in its worst performance (+1.55%) since 2010, while the **NCREIF Open End Diversified Core Equity Index** also set a new seven-year low (+1.77%). U.S. REITs underperformed global REITs, but still managed to generate positive returns.

On a Roll

PRIVATE EQUITY

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Private equity stayed healthy in the first quarter. Buyout M&A exits dropped significantly, while venture capital-backed M&A exits were mixed. Both buyout and VC-backed IPOs raised more money than in the previous quarter.

Dollops of Alpha with Beta

HEDGE FUNDS

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Most hedge fund strategies reported positive returns in the first quarter, amid a broad rally in global markets. The **Credit Suisse Hedge Fund Index** advanced 2.07% and the median manager in the **Callan Hedge Fund-of-Funds Database** appreciated 2.29%.

Eventful Year, but TDFs Still Rule

DEFINED CONTRIBUTION

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The Callan DC Index™ increased 7.99% during 2016, its best year since 2013. But it trailed the Age 45 Target Date Fund, which gained 8.59% in 2016. For the year, DC plan balances increased 8.31%, mostly attributable to market performance.

‘Hitch in Our Git-Along’?

ECONOMY | Jay Kloepfer

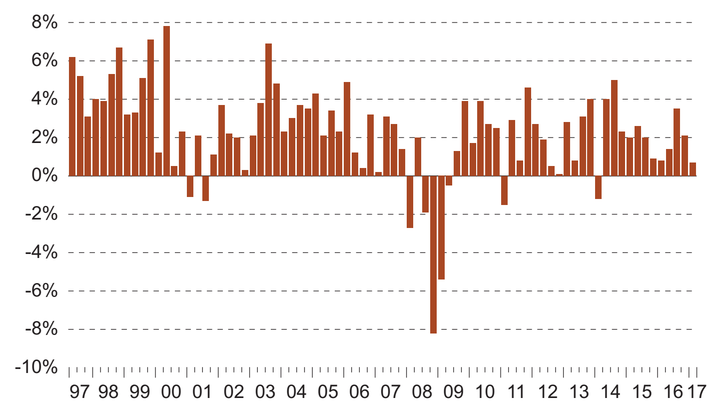
For the fourth year in a row, reported GDP growth disappointed in the first quarter, coming in at just 0.7%, down from a 2.1% rate in the fourth quarter. This paltry gain was the weakest in three years and was concentrated in consumer spending on autos and utilities (reflecting unseasonably warm weather in states with typically cold winters), a drop in defense spending, and a sharp slowdown in the accumulation of inventories. “Softer” measures of economic activity like consumer confidence and the ISM Report on Business, which records the forward-looking purchasing intentions of industry, held up through the first quarter, countering the weakening of GDP as the quarter unfolded. Business and consumer confidence rose after the U.S. presidential election, likely in anticipation of changes to policy and taxes, and without any reference to the strength of the underlying economy.

The question is whether we really have an annual “hitch in our git-along” each January, or is something else going on? Four years in a row with an unexpected drop in growth during the first quarter, which is then typically made up with an offsetting increase in the second quarter—although the GDP numbers are supposed to be seasonally adjusted—suggests perhaps a problem with this metric of evaluating the volume of our economic activity. GDP has come under increasing scrutiny as an outdated measure of the modern U.S. (and global) economy, predicated more on the flow of traditional goods and services, particularly agriculture and manufacturing. It may be very challenged to measure the output and economic impact of industries such as software, social media, and electronic commerce.

Inventory buildup usually signals confidence in the prospects for the economy. For several years prior to 2016, inventory “decumulation” was a clear drag on growth, as firms were reluctant to maintain output in the face of soft demand. The U.S. economy shifted toward inventory accumulation in the third and fourth quarters of 2016, only to reverse in the first quarter. That reversal subtracted almost 1% from GDP growth. Total personal consumption expenditures led broad economic growth in 2016, averaging gains of well over 3% during each of the last three quarters of the year, only to drop to just 0.3% growth during the first quarter.

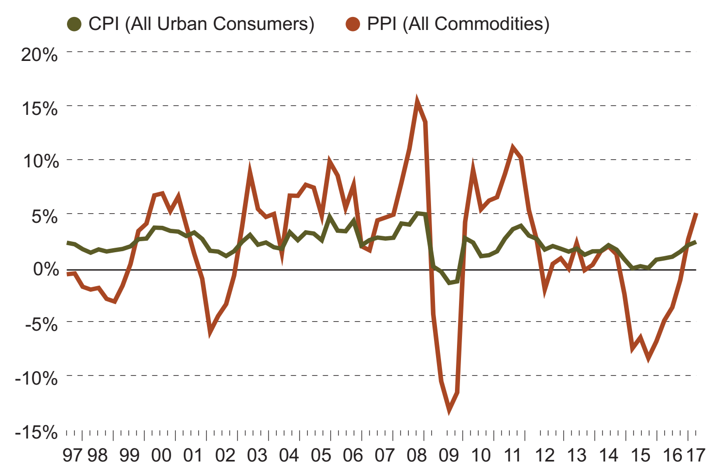
The U.S. job market enjoyed a robust 2016, adding 2.2 million new jobs. The economy entered 2017 with two strong months in January and February, adding more than 200,000 net new jobs each month, before the rate of job creation halved in March

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

to 98,000. Retail jobs took a serious hit in both February and March (seasonally adjusted), with the continuing advance of e-commerce challenging retail establishments, particularly shopping malls. Signs now point to further softness in the job market as the second quarter begins.

In spite of this potential softening, the unemployment rate dipped to 4.5% in March, the lowest in the current cycle, and many urban regions report very tight job markets, with unemployment rates as low as 2% to 3%. In response, the growth in average hourly earnings, which had been stuck in a narrow range below a 2% annual rate for five years following the Global Financial Crisis, rose above 2.5% annual growth during 2016 and continued at this rate through the first quarter.

The minutes of the past several Federal Reserve Open Market Committee meetings show a continuing split among members about whether or not an acceleration of inflation is a looming concern. The data suggest inflation remains low, and futures markets indicate expectations are still anchored at or below the Fed's long-term target of 2% for core inflation. While the Fed uses the consumption deflator in its targeting, the CPI is still a useful measure of price activity. The headline CPI All-Urban index rose 2.4% year-over-year through March, although the measure actually declined between February and March. The energy portion of the Index rose 10.9% over the last 12 months, even after a 3.2% drop in March, reflecting a return toward normal in energy prices after the sharp drop in 2015. The core measure of CPI—which excludes food and energy—rose 2.0% over the 12 months ended in March, the smallest 12-month increase since the end of 2015.

The Long-Term View

Index	2017 1st Qtr	Periods ended Dec. 31, 2016 Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	5.74	12.74	14.67	7.07	9.29
S&P 500	6.07	11.96	14.66	6.95	9.15
Russell 2000	2.47	21.31	14.46	7.07	9.69
Non-U.S. Equity					
MSCI EAFE	7.25	1.00	6.53	0.75	4.95
MSCI Emerging Markets	11.44	11.19	1.28	1.84	--
MSCI ACWI ex USA Small Cap	8.78	3.91	7.74	2.89	–
Fixed Income					
Bloomberg Barclays Agg	0.82	2.65	2.23	4.34	5.63
90-Day T-Bill	0.10	0.33	0.12	0.80	2.71
Bloomberg Barclays Long G/C	1.58	6.67	4.07	6.85	7.58
Bloomberg Barclays Gl Agg ex US	2.48	1.49	-1.39	2.44	4.73
Real Estate					
NCREIF Property	1.55	7.97	10.91	6.93	8.63
FTSE NAREIT Equity	1.16	8.52	12.01	5.08	11.13
Alternatives					
CS Hedge Fund	2.07	1.25	4.34	3.75	--
Cambridge PE*	–	9.17	13.05	10.59	15.53
Bloomberg Commodity	-2.33	11.77	-8.95	-5.57	2.55
Gold Spot Price	8.64	8.63	-5.97	6.08	4.82
Inflation – CPI-U	0.98	2.07	1.36	1.81	2.26

*Private equity returns show pooled horizon IRRs for periods ended September 30, 2016. Most recent quarterly data not available.

Sources: Bloomberg Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge, Bureau of Economic Analysis.

Recent Quarterly Economic Indicators

	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15
Employment Cost–Total Compensation Growth	2.4%	2.2%	2.3%	2.3%	1.9%	2.0%	2.0%	2.0%
Nonfarm Business–Productivity Growth	-0.6%*	1.3%	3.3%	-0.1%	-0.6%	-2.0%	1.8%	1.0%
GDP Growth	0.7%	2.1%	3.5%	1.4%	0.8%	0.9%	2.0%	2.6%
Manufacturing Capacity Utilization	75.4%	75.1%	74.9%	75.1%	75.4%	75.4%	75.7%	75.5%
Consumer Sentiment Index (1966=100)	97.2	93.2	90.3	92.4	91.5	91.3	90.8	94.2

*Estimate.

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, IHS Economics, Reuters/University of Michigan.

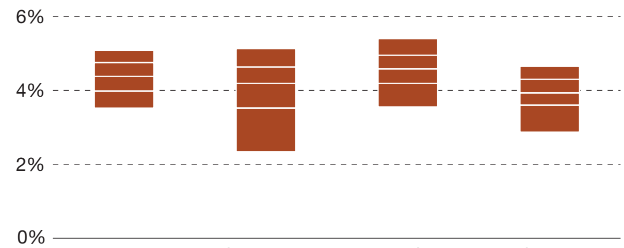
No Homefield Advantage

FUND SPONSOR | Kitty Lin

A post-election rally, higher interest rates, and political uncertainty in Europe and Asia left global markets unfazed as stocks and bonds rallied. Both U.S. and non-U.S. stocks delivered stellar returns in the first three months of 2017. That put some juice into the performance of institutional funds tracked by Callan, which did far better than they had in the last quarter of 2016.

The median return for all fund types for the first quarter clocked in at +4.31%, compared to only +0.65% in the fourth quarter. Endowment and foundation funds bested all other fund types and jumped 4.58%, while Taft-Hartley plans slipped in the ranks and had the lowest median return, up only 3.93%.

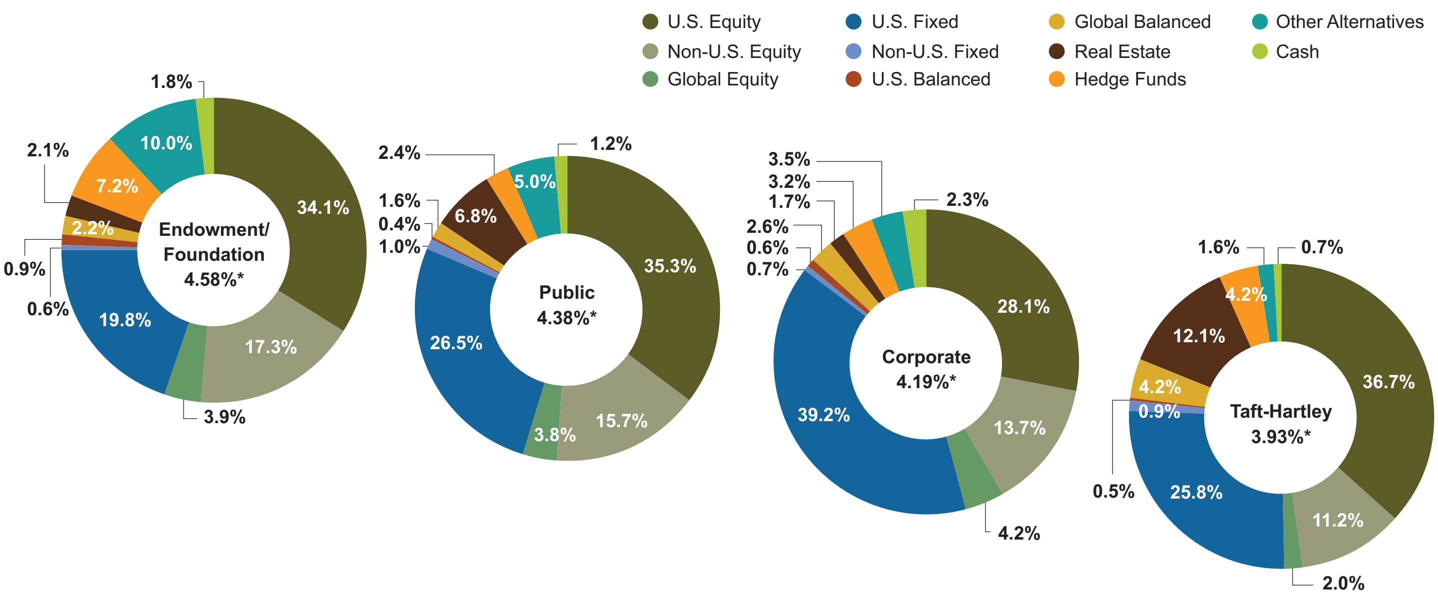
Callan Fund Sponsor Returns for the Quarter



	Public Database	Corporate Database	Endow/Fndn Database	Taft-Hartley Database
10th Percentile	5.08	5.13	5.40	4.65
25th Percentile	4.75	4.63	4.95	4.30
Median	4.38	4.19	4.58	3.93
75th Percentile	3.98	3.52	4.19	3.60
90th Percentile	3.52	2.34	3.55	2.87

Source: Callan

Callan Fund Sponsor Average Asset Allocation



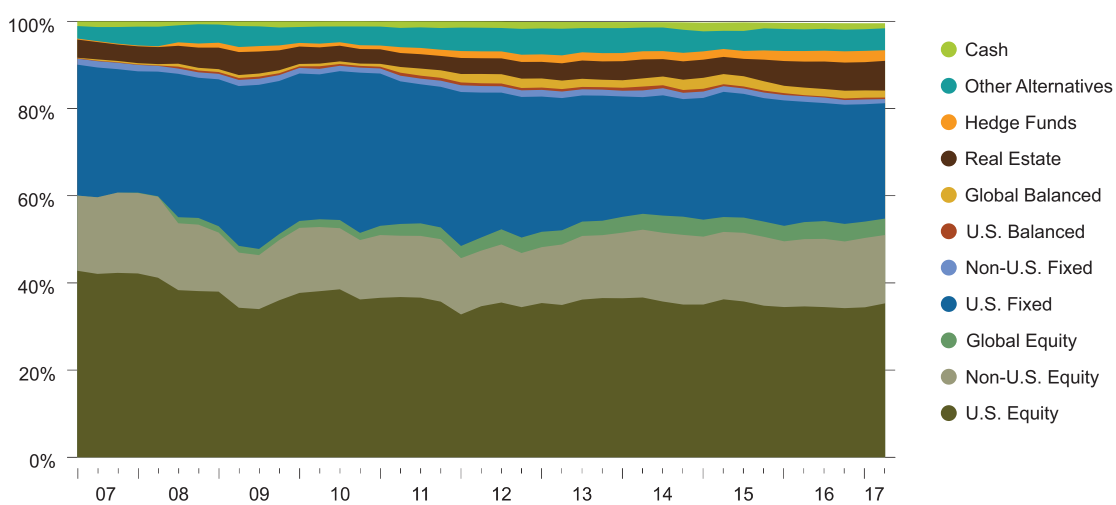
*Latest median quarter return.
Note: charts may not sum to 100% due to rounding.
Source: Callan

How funds did depended in large part on where they had their money. Endowment and foundation plans have the highest exposure to non-U.S. equity, which performed quite well despite an ousted South Korean president and an unpredictable French election. The **MSCI ACWI ex USA Index** rose 7.86%, the **MSCI EAFE Index** gained 7.25%, and the **MSCI Emerging Markets Index** jumped 11.44%.

On the other end of the spectrum, Taft-Hartley plans had the most exposure to U.S. equity and the lowest to non-U.S. and global equity. While U.S. equities delivered strong returns, they lagged their overseas counterparts; the **S&P 500 Index** surged 6.07% and the **Russell 1000 Index** rose 6.02%. Taft-Hartley plans had an average allocation of 11.2% to non-U.S. equity, which was the lowest of all fund types.

Although Taft-Hartley plans had the worst performance in the first quarter, they had the best returns over the last three (+5.99%) and five years (+8.22%) due to their home country bias in equities and the dominance of U.S. versus non-U.S. stocks. Endowment and foundation funds had the best performance in the first quarter (+4.58%) and last year (+11.32%).

Callan Public Fund Database Average Asset Allocation (10 Years)



Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance is no guarantee of future results. Reference to or inclusion in this report of any product, service, or entity should not be construed as a recommendation, approval, affiliation, or endorsement of such product, service, or entity by Callan.

Steady as She Goes

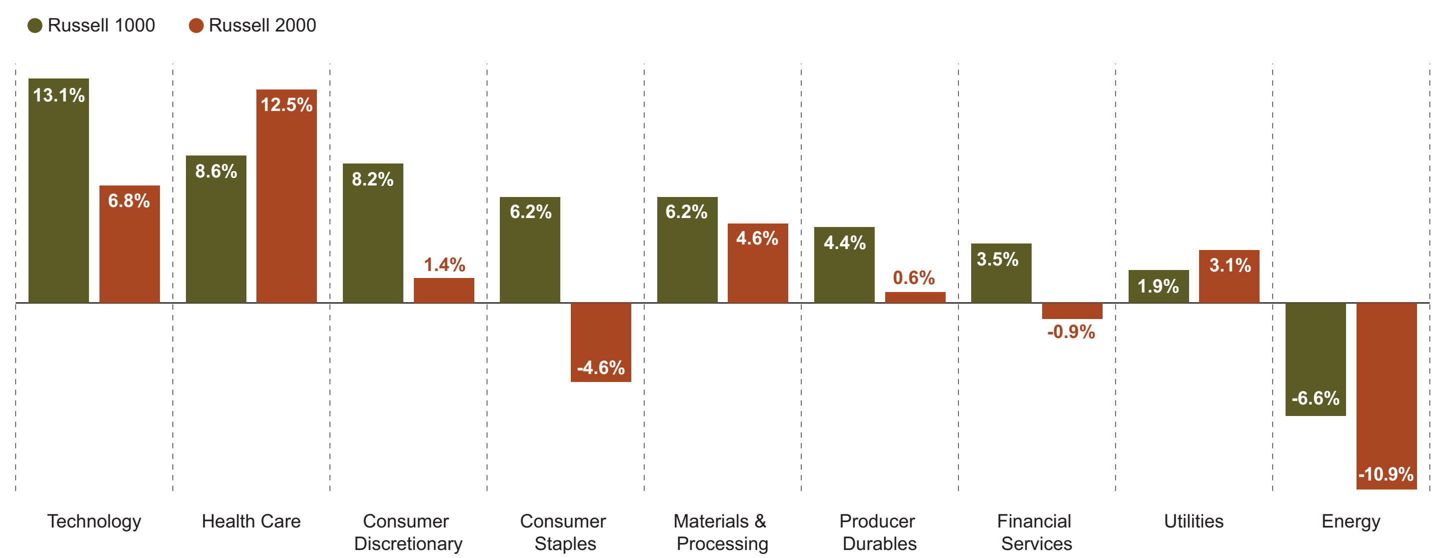
U.S. EQUITY | Lauren Mathias, CFA

Despite concerns over the Trump administration's ability to follow through on promises of lower taxes and decreased regulation, the market accelerated higher in the first quarter. The **S&P 500 Index** hit a peak (2,396) in March and notched a 6.07% gain over the full three-month period. But the quarter was marked by reversals from the previous one—small cap fell behind large cap (**Russell 2000 Index**: +2.47% vs. **Russell 1000 Index**: +6.03%) and growth overtook value (**Russell 1000 Growth Index**: +8.91% vs. **Russell 1000 Value Index**: +3.27%).

The broader U.S. economy reflected the market's optimism, and to no one's surprise the Fed raised rates a quarter-point in mid-March. Wages continued to grow, consumer confidence was up, inflation moved closer to the Fed's 2% target, and unemployment fell to 4.7%. Yet some headwinds persisted in the U.S., with slowing GDP growth (the fourth quarter trailed the third, 2.1% vs. 3.5%), and significant issues abroad: elections and Brexit in Europe, the Syrian war in the Middle East, and South Korea's presidential impeachment in Asia. Valuations in the U.S. remain high by various measures, but investors appear unfazed—for now.

Technology shares were especially strong; the FANG stocks—Facebook, Amazon, Netflix, and Google—hit record highs during the quarter. (Technically it should be the FANA stocks because Google is officially Alphabet—but FANG sounds better!) Micro and small cap companies ran out of steam after a strong 2016, while mid and large cap stocks charged ahead (**Russell Microcap Index**: +0.38%, Russell 2000 Index: +2.47%, **Russell Midcap Index**: +5.15%, and Russell 1000 Index: +6.03%). Value lost its lead over growth in all capitalizations (**Russell 2000 Value Index**: -0.13% vs. **Russell 2000 Growth Index**: +5.35%). The dispersion in style returns was broad across market capitalizations.

Economic Sector Quarterly Performance



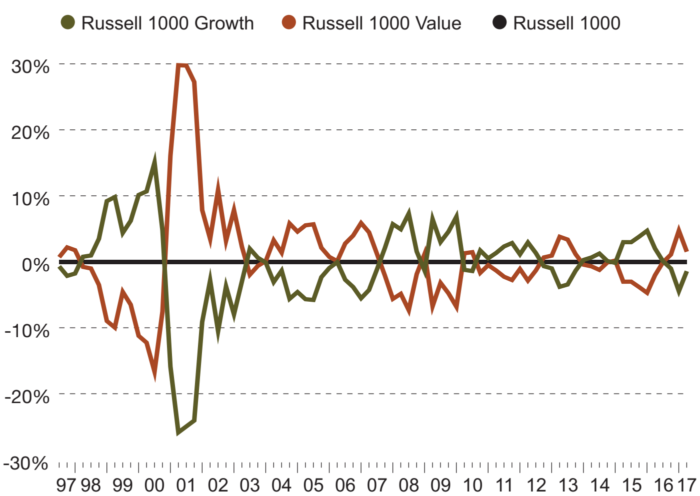
Source: Russell Investment Group

Note: As of the fourth quarter of 2015, the Capital Market Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS uses a four-tier system containing 11 sectors.

Reflecting the reversal in investor preference, the best-performing sectors in the S&P 500 Index during the quarter were growth-oriented; Technology (+12.57%) was No. 1, followed by Consumer Discretionary (+8.45%) and Health Care (+8.37%). After leading in the fourth quarter, Financials (+2.53%) and Energy (-6.68%) trailed the broad market in the first. Both Health Care and Financials traded on President Donald Trump's failure to amend the Affordable Care Act—Health Care stocks gained on the certainty of the status quo and Financials dropped on fear the administration may fall short on deregulation and tax reform as well. Energy was the worst-performing sector during the quarter as last year's agreement by the Organization of the Petroleum Exporting Countries (OPEC) has not reduced fears of oversupply or meaningfully increased the price of oil.

As the U.S. equity market powered on, valuations across indices traded at historically high levels—the S&P 500 Index NTM (next 12 months) P/E was 17.5x versus the 25-year average of 14x as of March 31, 2017. Correlation among stocks (measured by S&P 500 stocks) ended the quarter below average and at levels not seen in 10 years, a positive for active management. Volatility (as measured by the **CBOE Market Volatility Index**, or VIX) also tracked below its average, seemingly unfazed by geopolitical uncertainty.

Rolling One-Year Relative Returns (vs. Russell 1000)



Source: Russell Investment Group

Callan Style Group Quarterly Returns

	Large Cap Growth Style	Large Cap Value Style	Small Cap Growth Style	Small Cap Value Style
10th Percentile	11.70	4.96	9.38	2.35
25th Percentile	10.15	4.59	8.27	1.15
Median	9.19	3.77	6.75	0.37
75th Percentile	7.87	2.95	4.98	-1.08
90th Percentile	6.83	2.46	3.74	-1.78
	R1000 Growth	**R1000 Value**	**R2000 Growth**	**R2000 Value**
Benchmark	8.91	3.27	5.35	-0.13

Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of March 31, 2017

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Number of Issues	507	2,941	995	792	2,438	1,946
Wtd Avg Mkt Cap ($bn)	151.6	127.6	137.9	13.7	4.6	2.2
Price/Book Ratio	2.9	2.8	2.9	2.6	2.3	2.1
Forward P/E Ratio	17.7	18.2	18	19.3	20.4	21.1
Dividend Yield	2.0%	1.9%	2.0%	1.7%	1.5%	1.4%
5-Yr Earnings (forecasted)	12.6%	12.5%	12.5%	11.8%	11.8%	12.4%

Sources: Russell Investment Group, Standard & Poor's.

Profits Trump Populism

NON-U.S. EQUITY | Irina Sushch

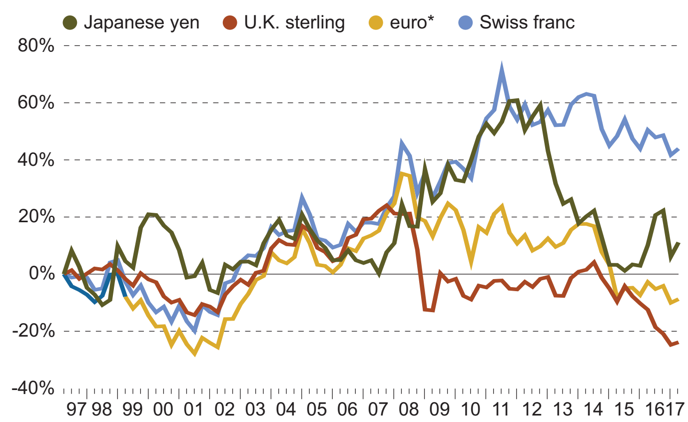
A flurry of political skirmishes and uneven growth in Asia failed to deter non-U.S. equity investors, and the "risk-on" theme of last year continued into 2017. The weak U.S. dollar also bolstered overseas returns for U.S. investors.

The **MSCI ACWI ex USA Index** jumped 7.86% during the quarter. All of its sectors were in the black, with the exception of Energy (-0.91%), which was hurt by falling oil prices. Economically sensitive sectors led the pack: Information Technology contributed 14.59% and Industrials added 9.48%. Defensive and cyclical sectors such as Telecommunications (+5.98%) and Real Estate (+6.72%) lagged.

Helped by a weaker dollar, emerging markets (**MSCI Emerging Markets Index**: +11.44%) outperformed their developed peers (**MSCI World ex USA Index**: +6.81% and **MSCI EAFE Index**: +7.25%). The **MSCI ACWI ex USA Growth Index** (+9.13%) resumed dominance over the **MSCI ACWI ex USA Value Index** (+6.68%). Small cap stocks also performed well (**MSCI ACWI ex USA Small Cap Index**: +8.78%).

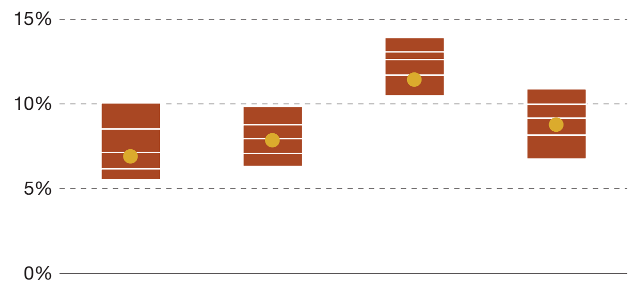
Politics continued to roil Europe. Most notably, British Prime Minister Theresa May triggered Article 50 of the Lisbon Treaty on March 29, giving the U.K. two years to negotiate an exit from the European Union. The negotiations are likely to be arduous, particularly concerning trade and immigration. And France's presidential elections weighed on investors during the quarter. (A runoff is slated for May. Marine Le Pen, the far right contender and opponent of the EU, finished second in the first round of voting but is widely expected to lose to Emmanuel Macron, a more centrist leader and supporter of the EU.) On the other hand, the economic outlook brightened in the euro zone. Inflation hit a four-year high (2%) in February. Fourth quarter GDP was 1.7% (year-over-year) and positive in each country except Greece (-1.2%). The **MSCI Europe Index** jumped 7.44% in the first quarter; all of the countries posted positive returns. Spain (+14.76%) and the Netherlands (+11.33%) contributed most, while Ireland (+3.75%) and Norway (+1.43%) lagged.

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



* German mark returns before 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



	Global Eq Style	Non-U.S. Eq Style	Emg Mkt Style	Non-U.S. SC Style
10th Percentile	10.01	9.80	13.87	10.84
25th Percentile	8.47	8.72	13.02	9.93
Median	7.09	7.90	12.57	9.11
75th Percentile	6.12	7.03	11.65	8.11
90th Percentile	5.47	6.27	10.43	6.70
	MSCI ACWI	**MSCI ACWI ex USA**	**MSCI Emg Mkts**	**MSCI ACWI ex USA SC**
Benchmark ●	6.91	7.86	11.44	8.78

Sources: Callan, MSCI

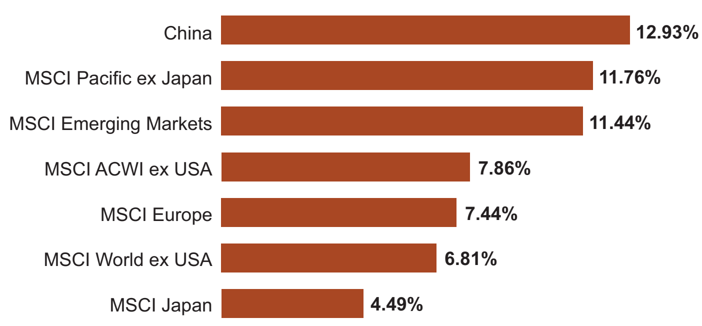
Information Technology (+12.89%) and Industrials (+10.39%) rallied, while Energy stocks (-3.10%) brought up the rear.

In Southeast Asia and the Pacific, Japan's economy grew at a meager (yet notably positive) annualized 1.2% in the fourth quarter. Industrial output and inflation rose and unemployment fell. But the stronger yen (+5%) dampened exporters' returns, and Japan ended the quarter up just 4.49%; only New Zealand

posted worse returns (+1.95%) in the region, owing to a faltering Materials sector (-19.33%). Singapore (+13.46%) and Hong Kong (+13.41%) fared best, thanks to thriving real estate markets. Australia advanced 10.98%, propped up by currency strength. The **MSCI Pacific Index** was up 6.92% and the **MSCI Pacific ex Japan Index** jumped 11.76%.

Emerging market returns were boosted by a weaker U.S. dollar, economic growth in China, and rising industrial metal prices. Poland (+17.75%) and India (+17.12%) were the top performers. The party of India's prime minister, Narendra Modi, won a key regional election despite an abrupt currency recall last year, and the central bank predicted strong economic growth for the next 12 months. Gains in IT stocks bolstered Korean returns. China, which makes up more than a quarter of the MSCI Emerging Markets Index, also experienced growth in its IT sector, as well as in Manufacturing and Real Estate. Its fourth quarter GDP came in at 6.8%, and China ended the quarter up 12.93%. Mexico was among the top performers (+16.03%) as the peso rebounded 9%. Russia (-4.61%) and Greece (-3.49%) were the region's poorest performers. Russia was hurt by falling oil prices, and Greece by negative GDP growth.

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

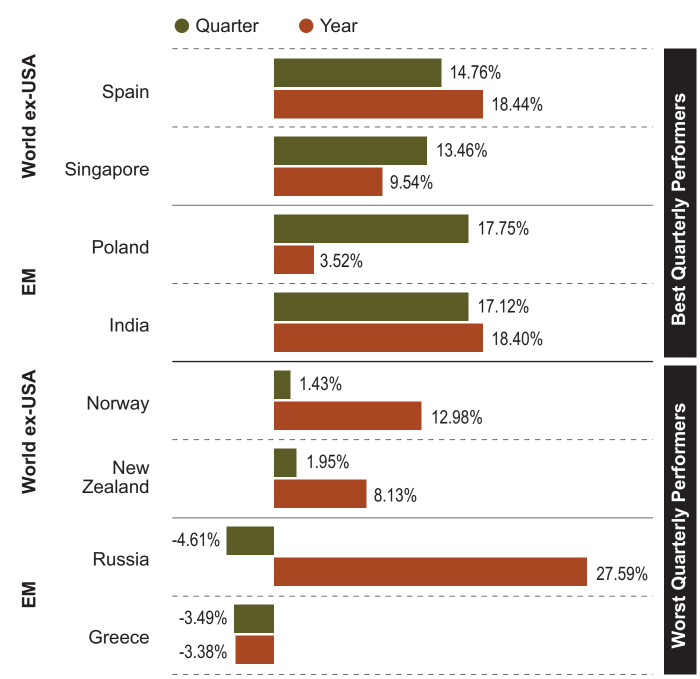
Quarterly Returns for Non-U.S. Developed Countries

Country	Equity Index (US$)	Equity Index (Local Currency)	Currency Return	Weight*
Australia	10.98%	5.34%	5.35%	5.30%
Austria	8.96%	7.45%	1.40%	0.14%
Belgium	5.13%	3.68%	1.40%	0.81%
Canada	2.51%	1.94%	0.55%	6.85%
Denmark	6.11%	4.65%	1.39%	1.14%
Finland	7.31%	5.83%	1.40%	0.67%
France	7.28%	5.80%	1.40%	7.10%
Germany	8.36%	6.87%	1.40%	6.62%
Hong Kong	13.41%	13.65%	-0.24%	2.44%
Ireland	3.75%	2.32%	1.40%	0.32%
Israel	5.53%	3.28%	6.01%	0.47%
Italy	6.17%	4.70%	1.40%	1.51%
Japan	4.49%	-0.17%	4.67%	16.29%
Netherlands	11.33%	9.92%	1.40%	2.41%
New Zealand	1.95%	1.69%	0.25%	0.12%
Norway	1.43%	1.21%	0.22%	0.44%
Portugal	8.25%	6.75%	1.40%	0.11%
Singapore	13.46%	9.79%	3.39%	0.92%
Spain	14.76%	13.18%	1.40%	2.34%
Sweden	9.46%	7.58%	1.75%	2.01%
Switzerland	8.34%	6.70%	1.54%	6.08%
U.K.	5.04%	3.80%	1.20%	12.44%

*Weight in the MSCI ACWI ex USA Index

Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly and Annual Country Performance Snapshot



Source: MSCI

Up, Up, and Away

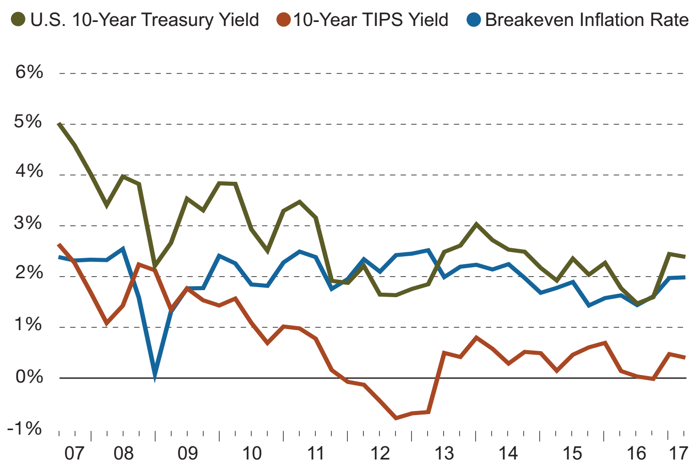
U.S. FIXED INCOME | Rufash Lama

During the first quarter, the U.S. bond market generated positive returns across the board due in part to strong economic data and upbeat investors compressing spreads. U.S. fourth quarter GDP grew at an annualized rate of 2.1%, consumer spending rose 3.5%, and the unemployment rate fell to 4.7%. High yield bonds performed best; the **Bloomberg Barclays High Yield Index** climbed 2.70% for the quarter.

The Fed increased rates by 25 basis points in March, to a range of 0.75% – 1.00%, as U.S. economic indicators continued to signal growth; two additional hikes are expected over the rest of the year. The Treasury yield curve flattened during the quarter as short-term Treasury yields rose while longer-term Treasury yields fell. Despite hitting an intra-quarter high of 2.62%, the benchmark 10-year Treasury note ended the quarter at 2.39%, 5 bps lower than the yield at the end of 2016. For the quarter, U.S. Treasuries returned 0.67%; long Treasuries (+1.40%) outperformed intermediate ones (+0.54%). TIPS were up 1.26% as expectations for future inflation rose. At the end of the quarter, the 10-year breakeven inflation rate, a market-based gauge of investors' expectations for future inflation, stood at 1.97%.

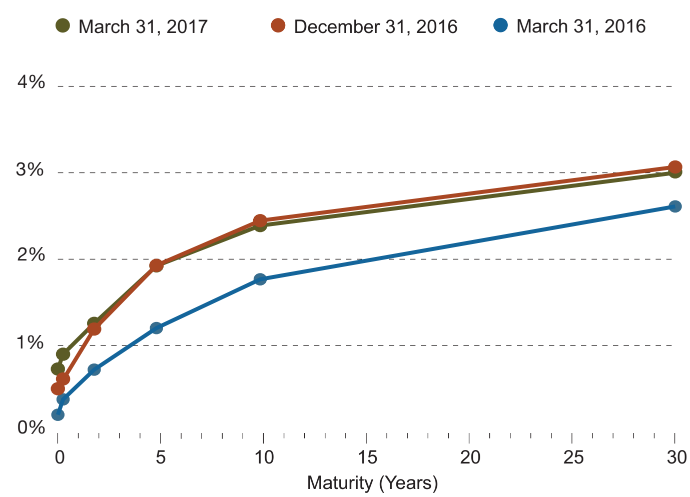
All fixed income sectors reported returns in the black as both the corporate credit market and the structured-debt market benefited from strong investor demand; the **Bloomberg Barclays U.S. Aggregate Bond Index** rose 0.82%. Issuance in the investment-grade primary market totaled $390 billion, easily surpassing the prior record of $357 billion in the second quarter

Historical 10-Year Yields



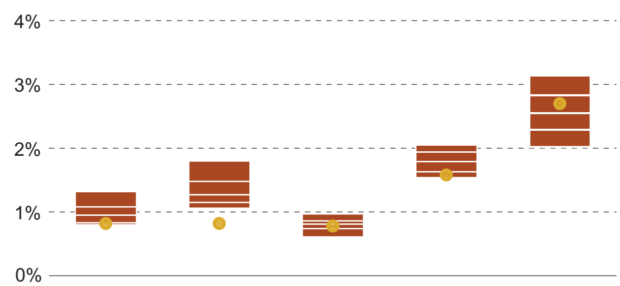
Source: Bloomberg

U.S. Treasury Yield Curves



Source: Bloomberg

Callan Style Group Quarterly Returns



	Core Bond Style	Core Plus Style	Interm Style	Ext Maturity G/C Style	High Yld Style
10th Percentile	1.32	1.80	0.97	2.05	3.14
25th Percentile	1.08	1.48	0.86	1.94	2.83
Median	0.95	1.27	0.81	1.79	2.55
75th Percentile	0.83	1.15	0.74	1.63	2.29
90th Percentile	0.80	1.06	0.61	1.54	2.02

	● Bloomberg Barclays Agg	Bloomberg Barclays Agg	Bloomberg Barclays Interm G/C	Bloomberg Barclays Long G/C	Bloomberg Barclays High Yld
Benchmark	0.82	0.82	0.78	1.58	2.70

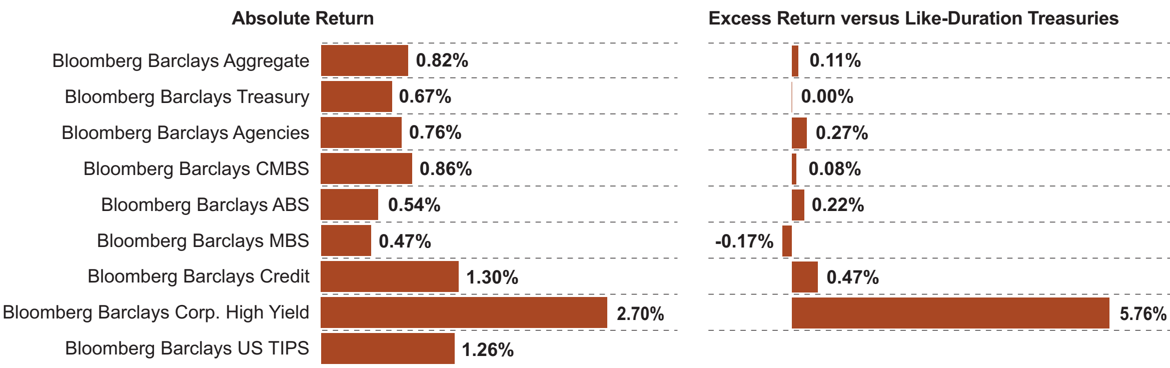
Source: Bloomberg Barclays, Callan

of 2015. Overall, spreads tightened and investor appetite for bonds remained strong despite the headwind of higher rates. High yield spreads over comparable Treasuries tightened by 26 bps and delivered the strongest return. Lower-rated bonds outperformed higher-rated issues; BBB-rated securities generated an excess return of 85 bps and outperformed AAA securities by 70 bps. ABS and investment-grade corporate spreads tightened by 5 bps and rose 1.22% and 0.54%, respectively.

Mortgage-backed securities (MBS) (+0.47%) underperformed duration-matched Treasuries by 17 bps. Commercial mortgage-backed securities (CMBS) rose 0.86% for the quarter and benefited from strong demand.

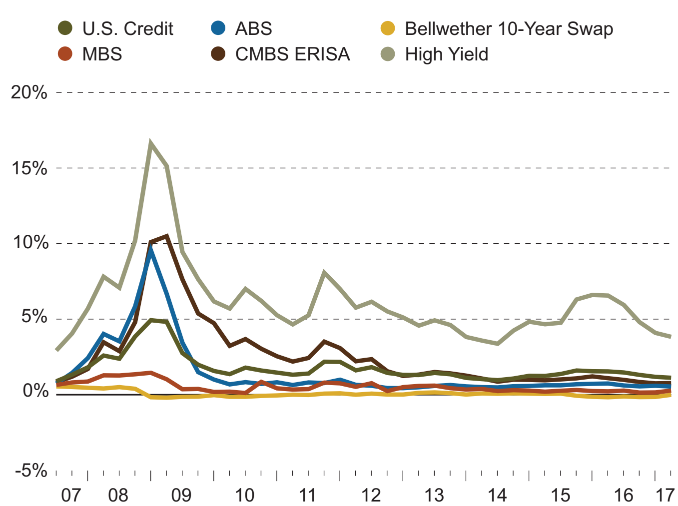
Municipal bonds also delivered a strong quarter as expectations for U.S. tax reform fell and new issuance remained light. The **Bloomberg Barclays Municipal Bond Index** jumped 1.58%.

Fixed Income Index Quarterly Returns



Source: Bloomberg Barclays

Effective Yield Over Treasuries



Source: Bloomberg Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2017

Bloomberg Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity
Bloomberg Barclays Aggregate	2.61	6.00	8.22
Bloomberg Barclays Universal	2.95	5.78	7.99
Bloomberg Barclays Gov/Credit	2.49	6.47	8.70
1-3 Year	1.50	1.94	2.00
Intermediate	2.10	4.06	4.41
Long-Term	3.88	15.15	24.19
Bloomberg Barclays Long Credit	4.51	13.71	23.76
Bloomberg Barclays Corp High Yield	5.84	4.03	6.24
Bloomberg Barclays TIPS	2.27	5.72	8.31
Bloomberg Barclays Municipal	2.46	6.40	12.85
1-5 Year	1.46	2.65	3.13
1-10 Year	1.86	4.03	5.77

Source: Bloomberg Barclays

Separation Anxiety

NON-U.S. FIXED INCOME | Kyle Fekete

Sovereign debt performed well in the first quarter amid political uncertainty about the future of the European Union (EU). Emerging market debt outperformed developed market debt for the third straight quarter as the **JPM GBI-EM Global Diversified Index** advanced 6.50% versus the **Bloomberg Barclays Global Aggregate ex-US Index**'s 2.48% gain. Returns were bolstered by the U.S. dollar's drop against most currencies.

European sovereign bond yields rose in the midst of critical elections and debate over the future of the EU. The safe-haven German 10-year bond yield climbed 12 basis points to 0.33%, steepening the yield curve to its highest since 2014. France's 10-year bonds sold off in the middle of the quarter as the markets priced in the risk of a potential victory by presidential candidate Marine Le Pen, who wants the French to vote on whether to leave the EU. The Italian 10-year yield jumped 50 bps to 2.32% as an air of political risk also loomed over Europe's third-largest economy.

The European Central Bank continued its stimulus efforts, extending its bond-buying program until December 2017 and maintaining interest rates near record lows. Yet there was renewed confidence in the region's economic health as a result of solid manufacturing data, strength in the region's labor market, and encouraging inflation news. The euro strengthened against the U.S. dollar, providing some headwind to the hedged Bloomberg Barclays Global Aggregate ex-US Index, which increased only slightly (+0.06%).

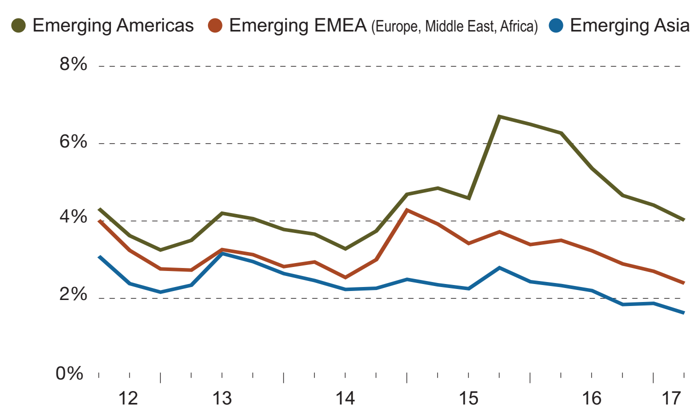
In the Asia-Pacific region, Japan's 10-year yield edged up 2 bps to 0.07%, in line with the Bank of Japan's goal of maintaining its yield at approximately zero. The Reserve Bank of Australia left rates unchanged despite rapid growth in household debt. The Australian 10-year yield declined 6 bps to 2.70%. Both countries' currencies advanced roughly 5% against the U.S. dollar.

Quarterly Returns for Non-U.S. Government Indices

Country	Country Debt*	Country Debt**	Currency Return	Weight***
Australia	6.66%	1.24%	5.35%	2.64%
Austria	0.60%	-0.80%	1.40%	1.75%
Belgium	-0.31%	-1.69%	1.40%	2.99%
Canada	1.05%	0.50%	0.55%	2.54%
Denmark	0.79%	-0.59%	1.39%	0.71%
Finland	0.65%	-0.75%	1.40%	0.74%
France	-0.92%	-2.29%	1.40%	11.85%
Germany	0.64%	-0.75%	1.40%	8.62%
Ireland	0.05%	-1.34%	1.40%	0.96%
Italy	-0.60%	-1.98%	1.40%	11.24%
Japan	4.15%	-0.50%	4.67%	33.21%
Malaysia	2.94%	1.56%	1.37%	0.50%
Mexico	13.62%	3.88%	9.38%	1.11%
Netherlands	0.50%	-0.90%	1.40%	2.75%
Norway	1.44%	1.22%	0.22%	0.33%
Poland	7.16%	1.71%	5.36%	0.81%
Singapore	5.69%	2.22%	3.39%	0.50%
South Africa	4.42%	2.38%	1.99%	0.66%
Spain	0.60%	-0.79%	1.40%	6.70%
Sweden	1.31%	-0.43%	1.75%	0.55%
Switzerland	1.07%	-0.46%	1.54%	0.23%
U.K.	2.85%	1.63%	1.20%	8.63%

*U.S. dollar-denominated.
**Local currency-denominated.
***Weight in the Citi Non-U.S. World Government Bond Index.
Source: Citigroup

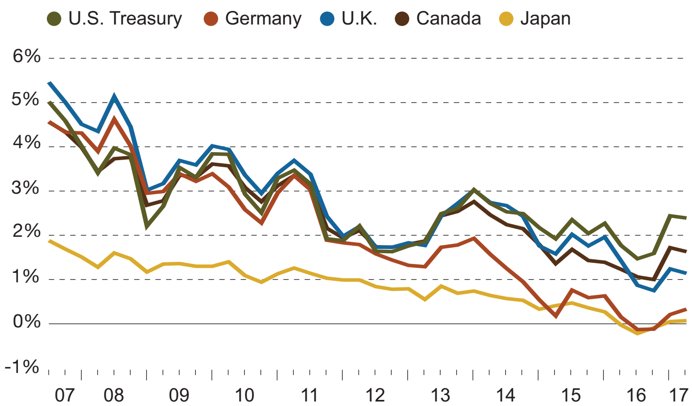
Emerging Spreads Over Developed (By Region)



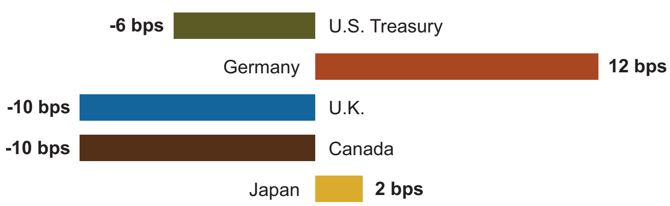
Source: Bloomberg Barclays

Emerging markets performed quite well. The U.S. dollar-denominated **JPM EMBI Global Diversified Index** rose 3.87%, and only three countries out of 65 posted negative returns for the quarter. Mexico, the most heavily weighted in the Index, was the strongest performer (+5.46%). Venezuela was the worst, falling 1.29%. Emerging market currencies also generally appreciated versus the U.S. dollar, accounting for the JPM GBI-EM Global Diversified Index's 6.50% rise. Argentina reentered the Index in February, and its debt posted the strongest return (+15.60%). Mexico (+13.60%) and Brazil (+9.69%) were also top performers, while Turkey (-0.68%) was the only country in the index to deliver a negative return.

10-Year Global Government Bond Yields

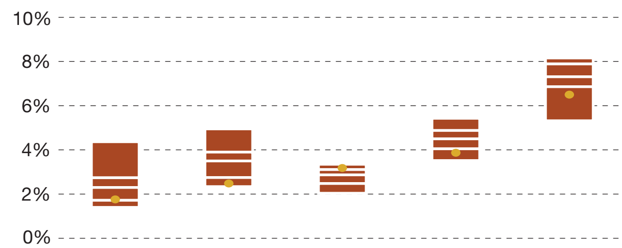


Change in 10-Year Yields from 4Q16 to 1Q17



Source: Bloomberg

Callan Style Group Quarterly Returns



	Global Fixed Style	Non-U.S. Fixed Style	Global High Yld Style	Em Debt Style (USD)	Em Debt Style (local)
10th Percentile	4.40	4.98	3.38	5.46	8.19
25th Percentile	2.77	3.93	3.14	4.91	7.92
Median	2.33	3.53	2.90	4.53	7.34
75th Percentile	1.75	2.78	2.51	4.08	6.89
90th Percentile	1.43	2.37	2.07	3.55	5.35
	Bloomberg Barclays GI Agg	**Bloomberg Barclays GI Agg ex US**	**Bloomberg Barclays GI High Yld**	**JPM EMBI Global Diversified**	**JPM GBI-EM Global Diversified**
Benchmark	1.76	2.48	3.18	3.87	6.50

Sources: Bloomberg Barclays, Callan, JPMorgan Chase

New Year, New Lows

REAL ESTATE | Kevin Nagy

The **NCREIF Property Index** advanced 1.55% during the first quarter (1.15% from income and 0.40% from appreciation). This was the lowest return since 2010, eclipsing the fourth quarter's mark of 1.73%. Appreciation fell for the eighth consecutive quarter and made up less than a third of total return.

Industrial (+2.83%) was the best-performing sector for the fourth consecutive quarter with Retail (+1.56%) and Apartments (+1.30%) also posting positive returns; Hotels (-0.16%) fared the worst and the was only property sector to fall during the quarter. All property sectors posted lower results than the previous quarter.

The West surpassed all other regions for the second quarter in a row, rising 1.96%; the East was the weakest, up only 0.95%. Transaction volume fell steeply to $6.6 billion, a 53% decline from last quarter's all-time high. This also represented a drop of 13% from the first quarter of 2016. Appraisal capitalization rates stayed mostly flat, increasing to 4.44%, 1 basis point above last quarter's all-time low of 4.43%. Transaction capitalization rates recovered from the precipitous decline of the fourth quarter and rose from 5.7% to 6.3%. The spread between appraisal and transactional rates increased to 183 bps.

Occupancy rates dropped slightly from the 15-year high in the fourth quarter to 92.96%. Apartment occupancy rates increased slightly while Industrial, Office, and Retail rates decreased.

The **NCREIF Open End Diversified Core Equity Index** rose 1.77%. This marked a 34 basis point decrease from the fourth quarter return of 2.11%, and was the lowest for the index since 2010. Income accounted for 1.06% of the return, moderating slightly; appreciation (+0.70%, with rounding accounting for the slight discrepancy) fell to a new seven-year low.

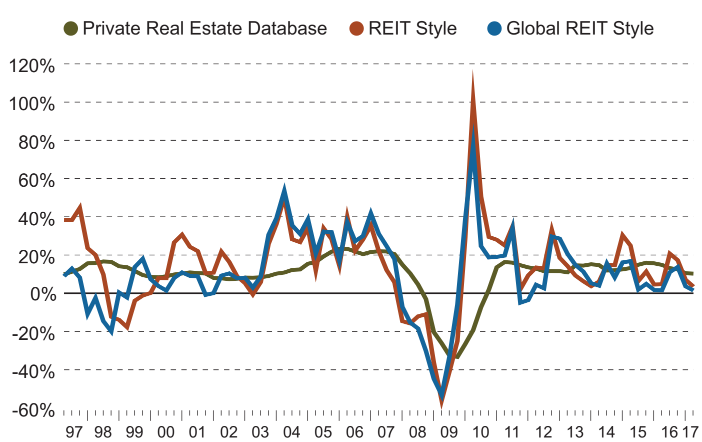
Global real estate investment trusts (REITs), tracked by the **FTSE EPRA/NAREIT Developed REIT Index** (USD), outperformed their U.S. counterparts and rose 2.29%. U.S. REITs, as measured by the **FTSE NAREIT Equity REITs Index**, gained 1.16% for the quarter.

*Index subreturns are calculated separately from index return and may not total.

In the U.S., REITs enjoyed two months of positive returns to start the quarter before giving some of the gains back with a poor showing in March. Retail (-4.75%) fared the worst, hurt by weak earnings results from large retailers and the fear of store closings because of the emergence of e-commerce. Hotel (-1.90%) and Self Storage (-1.42%) also did poorly. Health Care (+6.92%) recovered from a sharp decline in the fourth quarter on the back of the failure of the new administration to fulfill its promise to repeal the Affordable Care Act. Specialty (+13.23%), Timber (+12.85%), Infrastructure (+12.25%), and Data Centers (+11.45%) all experienced double-digit gains.

Europe, as represented by the **FTSE EPRA/NAREIT Europe Index**, bested the U.S. in both local currency and U.S. dollar terms, buoyed by a weakening greenback and improving economic data. Markets also reacted positively to the failure of populist politicians to gain power in the Netherlands. As in the U.S., Retail lagged the broader index as e-commerce continued to take market share from traditional retailers.

Rolling One-Year Returns

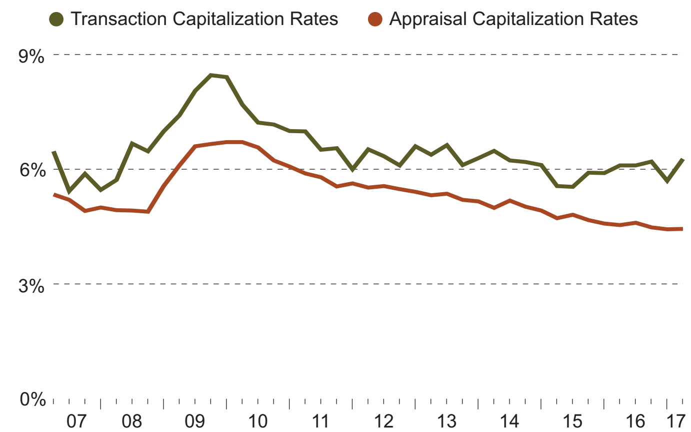


Source: Callan

The Asia-Pacific region beat all others with the **FTSE EPRA/NAREIT Asia Index** jumping 5.94% during the first quarter in U.S. dollar terms. Singapore and Hong Kong were the major winners, up 17.4% and 16.2%, respectively. In both countries this was mainly attributed to strong performance by their residential sectors.

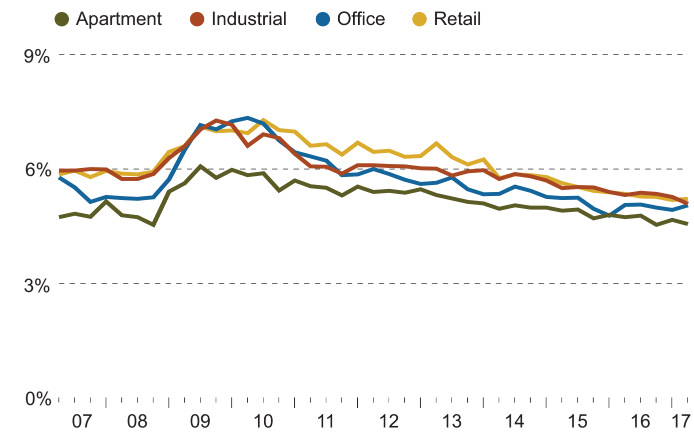
Commercial mortgage-backed securities (CMBS) issuance for the quarter was down sharply, by 58%, to $11.3 billion from the $26.9 billion in the fourth quarter of 2016. This represents a 42% decrease from the first quarter of 2016 ($19.4 billion).

NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF
Note: Transaction capitalization rate is equal weighted.

NCREIF Capitalization Rates by Property Type



Source: NCREIF
Note: Capitalization rates are appraisal-based.

On a Roll

PRIVATE EQUITY | Gary Robertson

New private equity partnership commitments totaled $80.0 billion in the first quarter, with 310 new partnerships formed, according to preliminary data from *Private Equity Analyst*. The number of partnerships jumped 75% from 177 in the first quarter of 2016, and the dollar volume rose 51% from $53.1 billion. KKR Americas Fund XII raised the most money in the quarter, $3.1 billion, and its final close of $13.9 billion exceeded its $12 billion target.

Investments by funds into companies totaled 379 deals, up 18% from 322 in the prior quarter, according to *Buyouts* newsletter. The announced total volume was $35.0 billion, up 24% from $28.3 billion in the fourth quarter. The $6.0 billion take-private of hospital staffing firm Team Health Holdings was the quarter's largest buyout. Nine deals with announced values of $1 billion or more closed in the quarter.

According to the National Venture Capital Association, new investments in VC companies totaled 1,808 rounds with $16.5 billion of announced value. The number of rounds fell by 5% from 1,898 in the fourth quarter, but disclosed value increased 15% from $14.3 billion.

Buyout M&A exits fell steeply; there were just 117 in the first quarter, down 25% from the prior quarter's 157, according to *Buyouts*. Announced deal value also dropped: 30 deals totaling $14.4 billion, off 47% from $27.0 billion in the fourth. Three buyout-backed IPOs in the first quarter raised an aggregate $2.4 billion. The number of IPOs was the same as the prior quarter, but the proceeds increased from $2.0 billion.

Venture-backed M&A exits totaled 132 and disclosed value hit $10.4 billion. The number of exits declined 19% but the dollar volume increased 53% from the fourth quarter, which had 162 sales totaling $6.8 billion. There were seven VC-backed IPOs in the first quarter with a combined float of $4 billion. The fourth quarter also had seven but they only raised $684 million.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

Funds Closed January 1 to March 31, 2017

Strategy	No. of Funds	Amt ($mm)	Percent
Venture Capital	145	7,505	9%
Buyouts	108	54,622	68%
Subordinated Debt	13	3,038	4%
Distressed Debt	7	4,526	6%
Secondary and Other	7	5,162	6%
Fund-of-funds	30	5,178	6%
Totals	**310**	**80,031**	**100%**

Source: Private Equity Analyst
Figures may not total due to rounding.

Private Equity Performance Database (%) (Pooled Horizon IRRs through September 30, 2016*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	3.33	3.35	17.77	14.78	10.51	6.72	20.92
Growth Equity	3.82	8.77	11.95	12.28	11.20	10.92	13.62
All Buyouts	3.91	11.48	11.97	13.68	10.41	12.96	12.60
Mezzanine	2.92	9.19	8.75	10.32	9.38	8.96	9.17
Distressed	4.22	7.72	7.30	11.93	9.42	10.71	10.67
All Private Equity	**3.80**	**9.08**	**12.24**	**13.41**	**10.37**	**11.06**	**13.23**
S&P 500	3.85	15.43	11.16	16.37	7.24	7.15	7.91
Russell 3000	4.40	14.96	10.44	16.36	7.37	7.61	8.03

Private equity returns are net of fees.
Sources: Standard & Poor's, Thomson Reuters/Cambridge
*Most recent data available at time of publication.

Note: Transaction count and dollar volume figures across all private equity measures are preliminary figures and are subject to update in subsequent versions of *Capital Market Review* and other Callan publications.

Dollops of Alpha with Beta

HEDGE FUNDS | Jim McKee

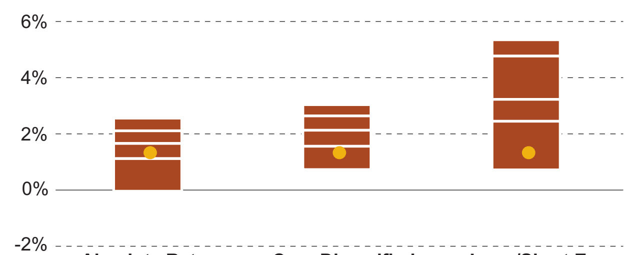
The U.S. economy moved steadily forward with revived animal spirits in the first quarter. Tangible evidence of growth and inflation emerged in the euro zone, soothing market worries globally. Amid geopolitical anxieties testing the Trump administration, the **S&P 500 Index** cleared 6.07% with very little market volatility. With more upbeat expectations abroad, **MSCI EAFE** climbed 7.25% while **MSCI Emerging Markets** soared 11.44%. After being beaten down in the prior quarter, the C**iti 10-Year Treasury** (+0.79%) held steady.

With global risk appetites encouraged by improving fundamentals, most hedge fund strategies generated positive returns. The **Credit Suisse Hedge Fund Index (CS HFI)**, a proxy of unmanaged hedge fund interests gross of fees, advanced 2.07%. Representing live hedge fund portfolios net of all fees, the median manager in the **Callan Hedge Fund-of-Funds Database** appreciated 2.29%.

Within CS HFI, *Long-Short Equity* (+3.46%) was particularly strong in the first quarter compared to 2016, even after adjusting for equity beta. Lack of market volatility and distinct trends left *Managed Futures* (-1.02%) and *Global Macro* (+0.24%) struggling.

Within the **Callan Hedge Fund-of-Funds Database**, market exposures differentiated performance. Supported by the stock market rallies around the globe, the median *Callan Long/Short Equity FOF* (+3.23%) outpaced the *Callan Absolute Return FOF* (+1.66%). With exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 2.13%.

Callan Style Group Quarterly Returns



	Absolute Return FOF Style	Core Diversified FOF Style	Long/Short Eq FOF Style
10th Percentile	2.56	3.04	5.35
25th Percentile	2.11	2.64	4.77
Median	1.66	2.13	3.23
75th Percentile	1.12	1.56	2.45
90th Percentile	-0.04	0.73	0.72
T-Bills + 5% ●	1.33	1.33	1.33

Sources: Callan, Merrill Lynch

Callan Database Median and Index Returns* for Periods ended March 31, 2017

	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	**2.29**	**2.29**	**8.04**	**2.00**	**4.66**	**3.24**	**4.83**
CS Hedge Fund Index	2.07	2.07	5.67	1.92	3.95	3.62	5.83
CS Equity Market Neutral	2.13	2.13	-2.19	-0.62	1.26	-2.99	0.55
CS Convertible Arbitrage	2.25	2.25	9.43	1.78	3.33	3.61	4.74
CS Fixed Income Arbitrage	2.32	2.32	8.02	3.15	4.64	3.43	4.23
CS Multi-Strategy	2.76	2.76	7.92	5.05	6.9	5.09	6.98
CS Distressed	2.23	2.23	10.91	0.82	5.28	3.75	6.94
CS Risk Arbitrage	1.21	1.21	4.94	1.78	2.33	3.18	3.74
CS Event-Driven Multi-Strategy	2.88	2.88	10.33	-1.48	3.53	3.4	6.11
CS Long/Short Equity	3.46	3.46	3.91	2.44	5.35	3.99	6.29
CS Global Macro	0.24	0.24	6.2	2.57	2.87	5.53	7.88
CS Managed Futures	-1.02	-1.02	-11.63	4.15	0.59	3.06	5.02
CS Emerging Markets	4.27	4.27	10.28	4.04	4.55	3.79	7.59

*Returns less than one year are not annualized. Sources: Callan, Credit Suisse.

Eventful Year, but TDFs Still Rule

DEFINED CONTRIBUTION | Tom Szkwarla

The Callan DC Index™ increased 7.99% during the wild year that was 2016, its best year since 2013. And the Index did not suffer a single negative quarter, ending with a fourth quarter return of 1.59%. But the Index trailed the average Age 45 Target Date Fund, which gained 8.59% in 2016.

For the year, DC plan balances increased 8.31%. Almost all of the growth is attributable to market performance. Inflows (participant and plan sponsor contributions) added only 32 basis points to total growth.

Turnover (i.e., net transfer activity levels within DC plans) in 2016 reached 2.31%, the highest since 2012.

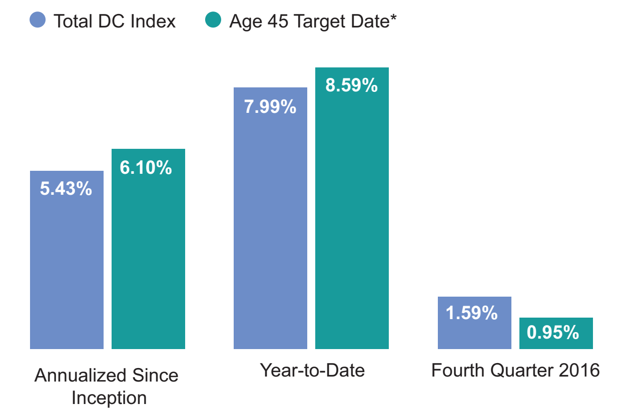
Last year, flows retreated from equities into stable value, money market, and domestic fixed income funds. As usual, TDFs dominated net inflows for the quarter and the year. For the year, roughly 61 cents of every dollar flowed to TDFs. The fourth quarter of 2016 saw a significant spike in TDF assets, increasing 1.3% from the third quarter to make up 29.0% of the average DC plan.

The Callan DC Index's equity allocation ended the quarter at 69%, below the equity allocation of the average Age 45 Target Date Fund (74%) but above the Index's historical average (67%).

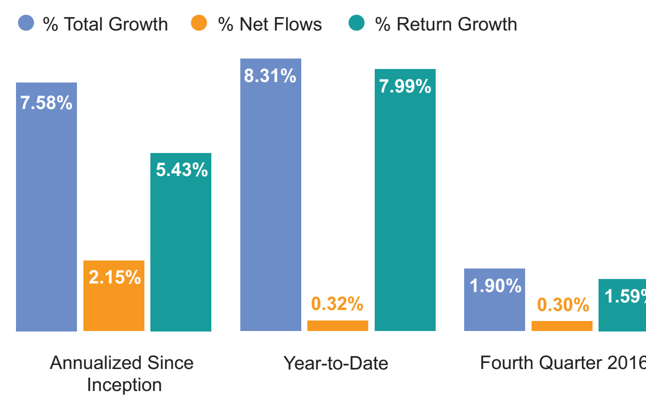
TDFs' dominance of the typical DC plan continues to grow. When TDFs are held within a DC plan, they now account for 35% of plan assets, up from 30% a year ago. The next largest plan holding, U.S. large cap equity funds, now account for 22.7% of plan assets. The fourth quarter of 2016 marks the highest level of TDF prevalence (91%) since the inception of the Callan DC Index™.

The Callan DC Index is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over $135 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.

Investment Performance



Growth Sources



Net Cash Flow Analysis (Fourth Quarter 2016)
(Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	68.47%
Stable Value	22.76%
U.S. Large Cap	-30.44%
Company Stock	-40.41%
Total Turnover**	**0.50%**

Data provided here is the most recent available at time of publication.
Source: Callan DC Index
Note: DC Index inception date is January 2006.

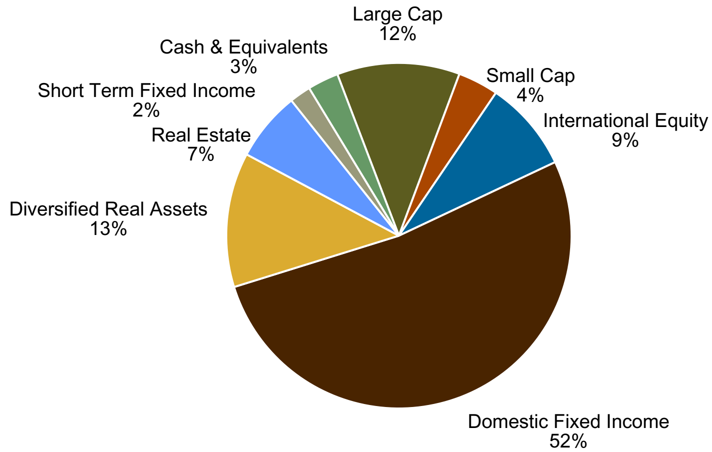
* The Age 45 Fund transitioned from the average 2030 TDF to the 2035 TDF in June 2013.

** Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

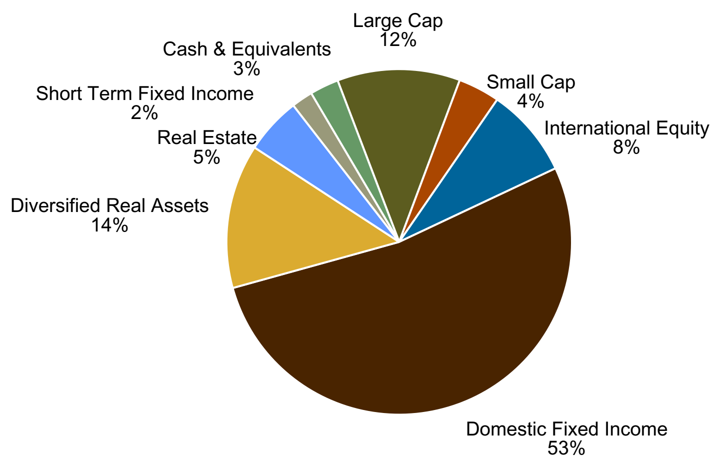
Actual vs Target Asset Allocation
As of March 31, 2017

The first chart below shows the Fund's asset allocation as of March 31, 2017. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



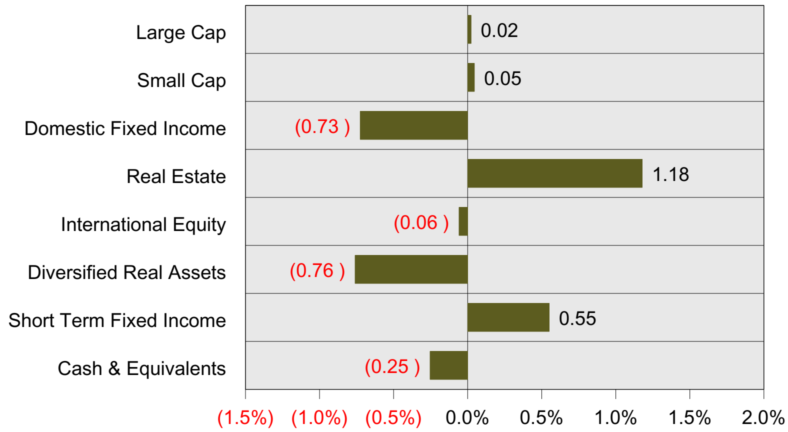
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap	241,086	11.5%	11.5%	0.0%	134
Small Cap	80,065	3.8%	3.9%	(0.1%)	(1,649)
International Equity	178,846	8.5%	8.4%	0.1%	2,847
Domestic Fixed Income	1,093,616	52.2%	52.7%	(0.5%)	(10,572)
Diversified Real Assets	263,869	12.6%	13.5%	(0.9%)	(18,987)
Real Estate	136,762	6.5%	5.3%	1.2%	25,715
Short Term Fixed Income	41,012	2.0%	2.0%	0.0%	(892)
Cash & Equivalents	59,976	2.9%	2.7%	0.2%	3,405
Total	2,095,234	100.0%	100.0%		

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

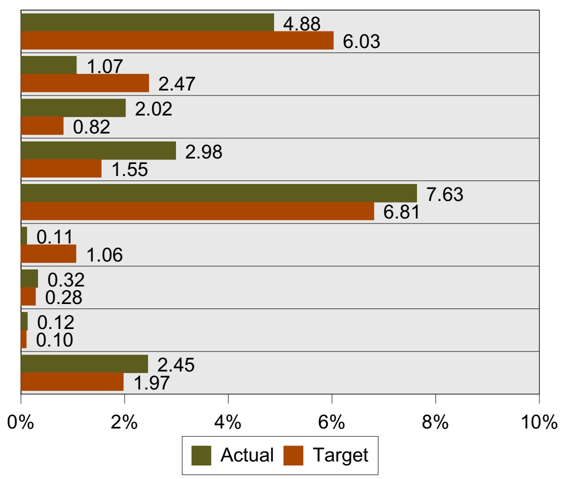
Quarterly Total Fund Relative Attribution - March 31, 2017

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

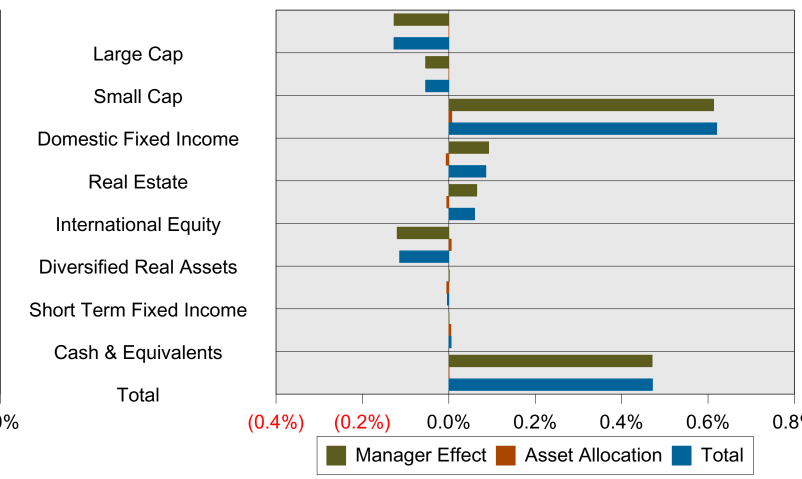
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2017

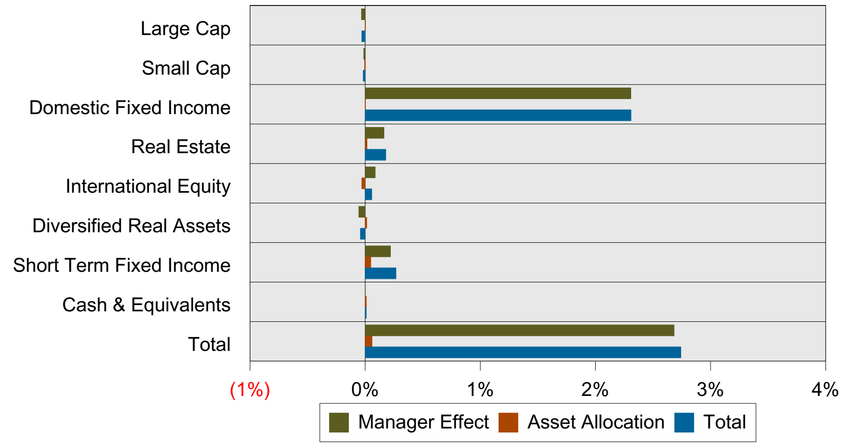
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	11%	11%	4.88%	6.03%	(0.13%)	(0.00%)	(0.13%)
Small Cap	4%	4%	1.07%	2.47%	(0.05%)	(0.00%)	(0.05%)
Domestic Fixed Income	51%	52%	2.02%	0.82%	0.61%	0.01%	0.62%
Real Estate	6%	5%	2.98%	1.55%	0.09%	(0.01%)	0.09%
International Equity	8%	8%	7.63%	6.81%	0.06%	(0.01%)	0.06%
Diversified Real Assets	13%	13%	0.11%	1.06%	(0.12%)	0.01%	(0.11%)
Short Term Fixed Income	5%	4%	0.32%	0.28%	0.00%	(0.01%)	(0.00%)
Cash & Equivalents	2%	2%	0.12%	0.10%	0.00%	0.00%	0.01%
Total			**2.45% =**	**1.97% +**	**0.47% +**	**0.00%**	**0.47%**

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

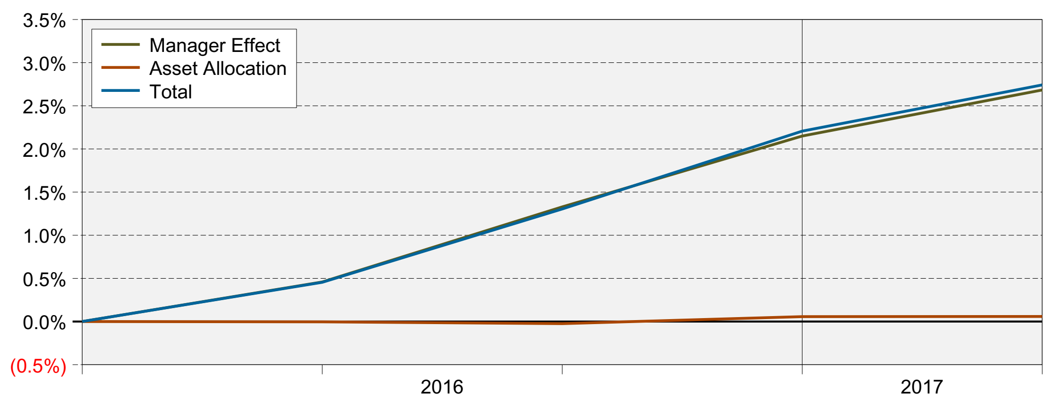
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	10%	17.04%	17.43%	(0.03%)	0.00%	(0.03%)
Small Cap	3%	3%	25.90%	26.22%	(0.01%)	(0.00%)	(0.02%)
Domestic Fixed Income	46%	47%	5.39%	0.44%	2.31%	0.00%	2.31%
Real Estate	6%	5%	10.18%	7.27%	0.16%	0.02%	0.18%
International Equity	7%	7%	12.82%	11.46%	0.09%	(0.03%)	0.06%
Diversified Real Assets	11%	12%	1.51%	1.86%	(0.06%)	0.01%	(0.04%)
Short Term Fixed Income	14%	13%	1.45%	0.25%	0.22%	0.05%	0.27%
Cash & Equivalents	2%	2%	0.32%	0.36%	(0.00%)	0.01%	0.01%
Total			**6.89% =**	**4.15% +**	**2.68% +**	**0.06%**	**2.74%**

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

Cumulative Total Fund Relative Attribution - March 31, 2017

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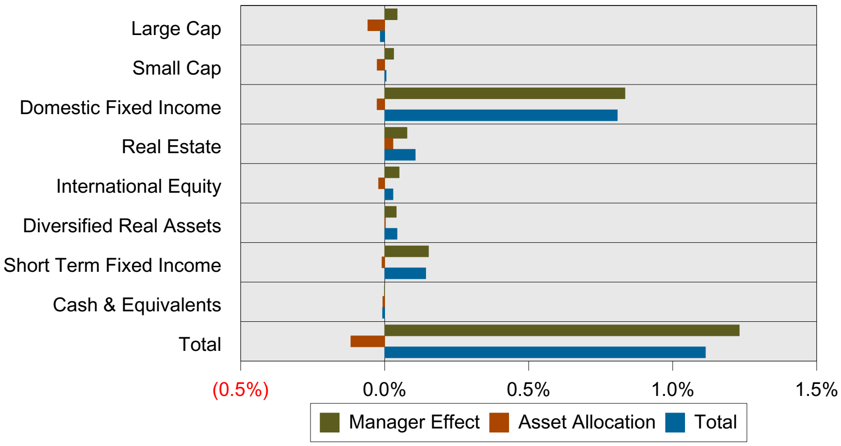
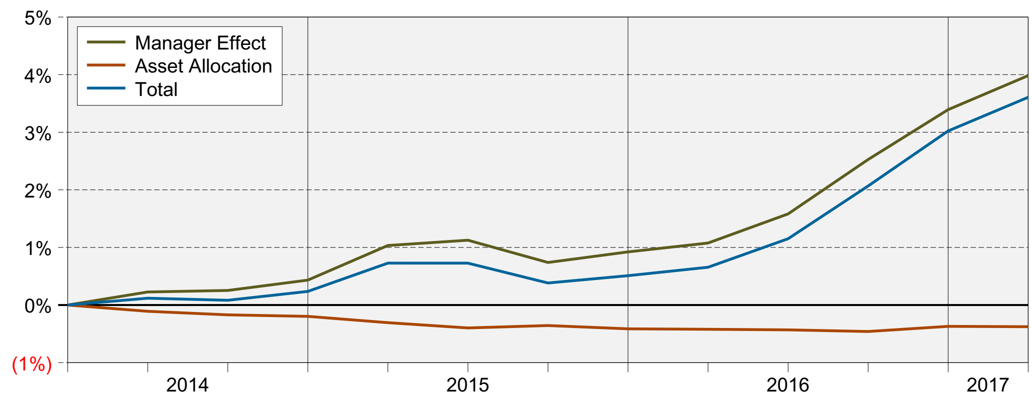
Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

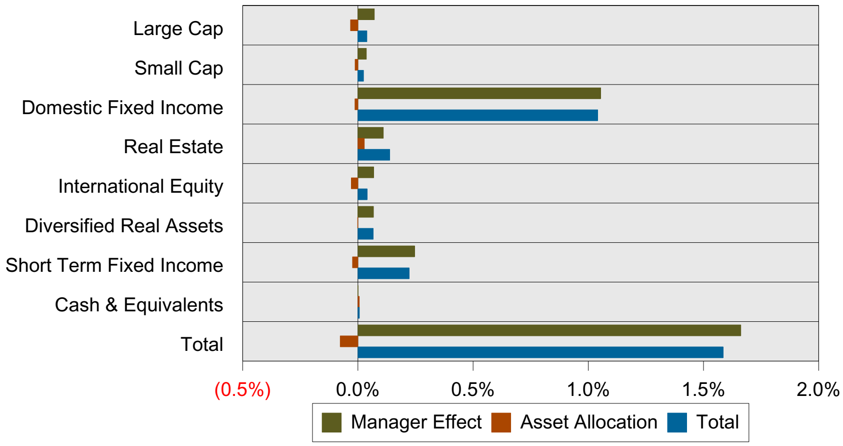
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	12%	12%	10.50%	9.99%	0.04%	(0.06%)	(0.02%)
Small Cap	4%	4%	8.23%	7.22%	0.03%	(0.03%)	0.00%
Domestic Fixed Income	41%	41%	4.60%	2.68%	0.83%	(0.03%)	0.81%
Real Estate	5%	5%	11.91%	10.58%	0.08%	0.03%	0.11%
International Equity	8%	9%	1.62%	0.43%	0.05%	(0.02%)	0.03%
Diversified Real Assets	10%	10%	2.05%	1.56%	0.04%	0.00%	0.04%
Short Term Fixed Income	17%	16%	1.59%	0.74%	0.15%	(0.01%)	0.14%
Cash & Equivalents	3%	2%	0.13%	0.17%	(0.00%)	(0.01%)	(0.01%)
Total			**4.46% =**	**3.35% +**	**1.23% +**	**(0.12%)**	**1.11%**

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

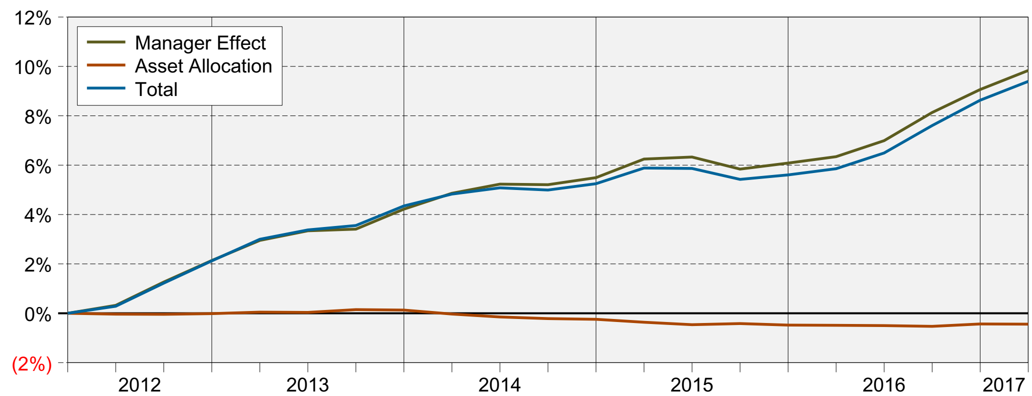
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

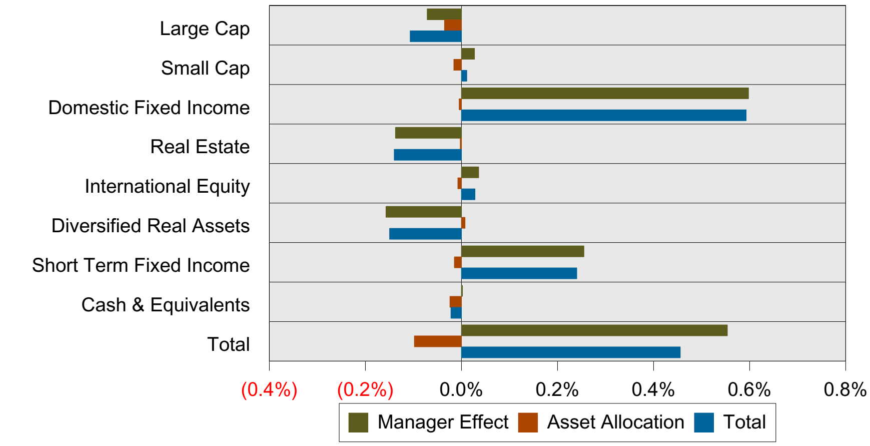
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	10%	14.32%	13.26%	0.07%	(0.03%)	0.04%
Small Cap	3%	3%	13.79%	12.35%	0.04%	(0.01%)	0.02%
Domestic Fixed Income	37%	37%	5.22%	2.34%	1.05%	(0.01%)	1.04%
Real Estate	5%	4%	13.36%	10.69%	0.11%	0.03%	0.14%
International Equity	7%	7%	7.33%	5.79%	0.07%	(0.03%)	0.04%
Diversified Real Assets	11%	11%	2.62%	1.87%	0.07%	(0.00%)	0.07%
Short Term Fixed Income	25%	25%	1.59%	0.65%	0.25%	(0.02%)	0.22%
Cash & Equivalents	3%	3%	0.15%	0.14%	0.00%	0.01%	0.01%
Total			**5.13% =**	**3.54% +**	**1.66% +**	**(0.08%)**	**1.59%**

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

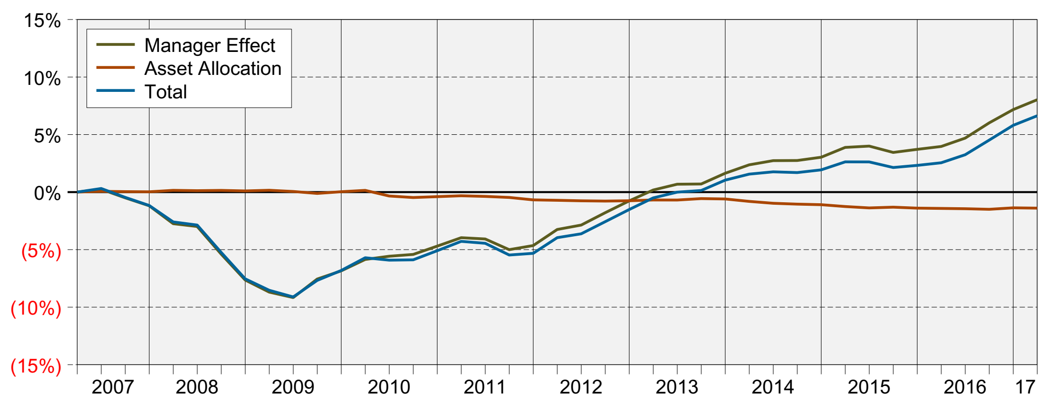
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Ten Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Ten Year Annualized Relative Attribution Effects

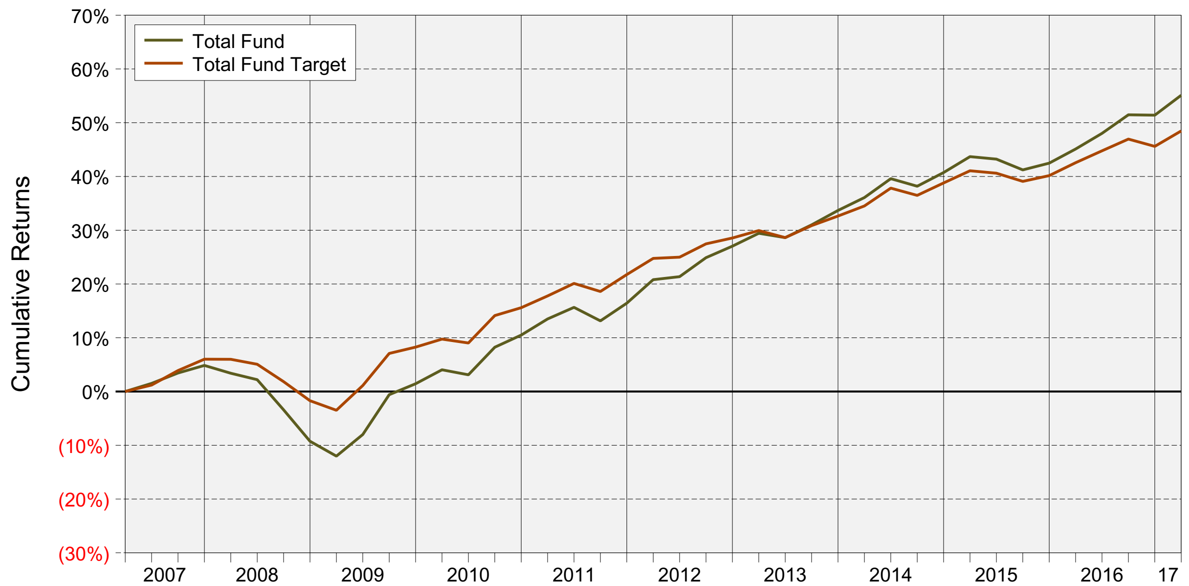
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap	10%	10%	6.98%	7.52%	(0.07%)	(0.04%)	(0.11%)
Small Cap	3%	3%	7.94%	7.12%	0.03%	(0.02%)	0.01%
Domestic Fixed Income	41%	41%	6.09%	4.27%	0.60%	(0.00%)	0.59%
Real Estate	5%	5%	3.25%	6.72%	(0.14%)	(0.00%)	(0.14%)
International Equity	7%	7%	1.55%	0.81%	0.04%	(0.01%)	0.03%
Diversified Real Assets	15%	15%	3.68%	4.24%	(0.16%)	0.01%	(0.15%)
Short Term Fixed Income	16%	16%	-	-	0.26%	(0.01%)	0.24%
Cash & Equivalents	3%	3%	0.73%	0.68%	0.00%	(0.02%)	(0.02%)
Total			**4.49% =**	**4.03% +**	**0.55% +**	**(0.10%)**	**0.46%**

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

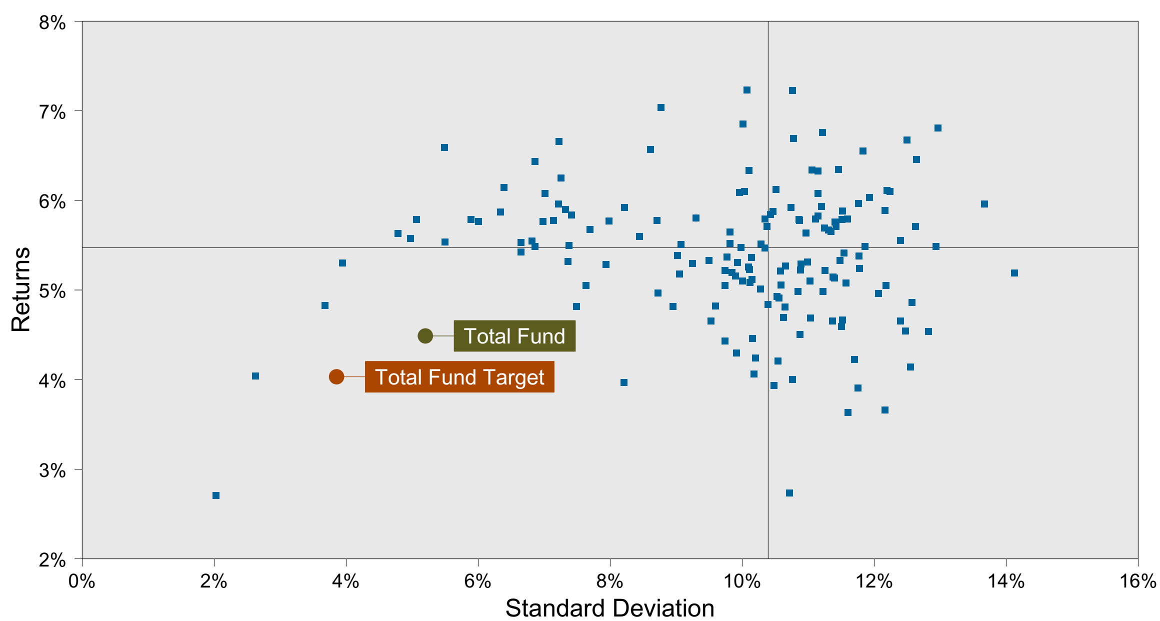
Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the CAI Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Ten Year Annualized Risk vs Return



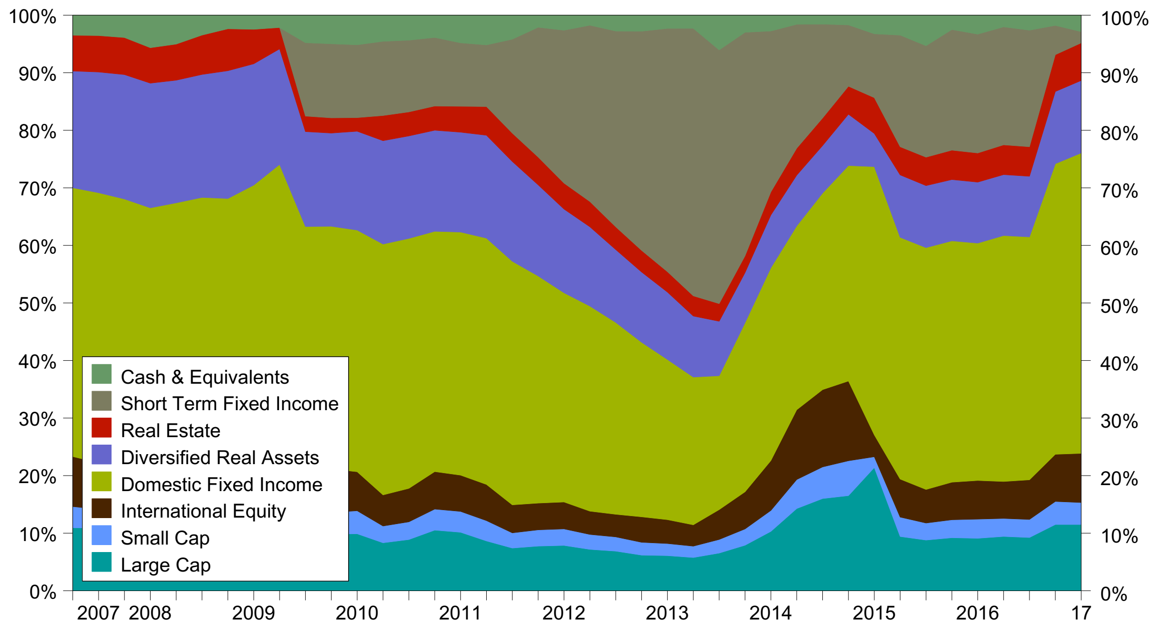
Squares represent membership of the CAI Public Fund Sponsor Database

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

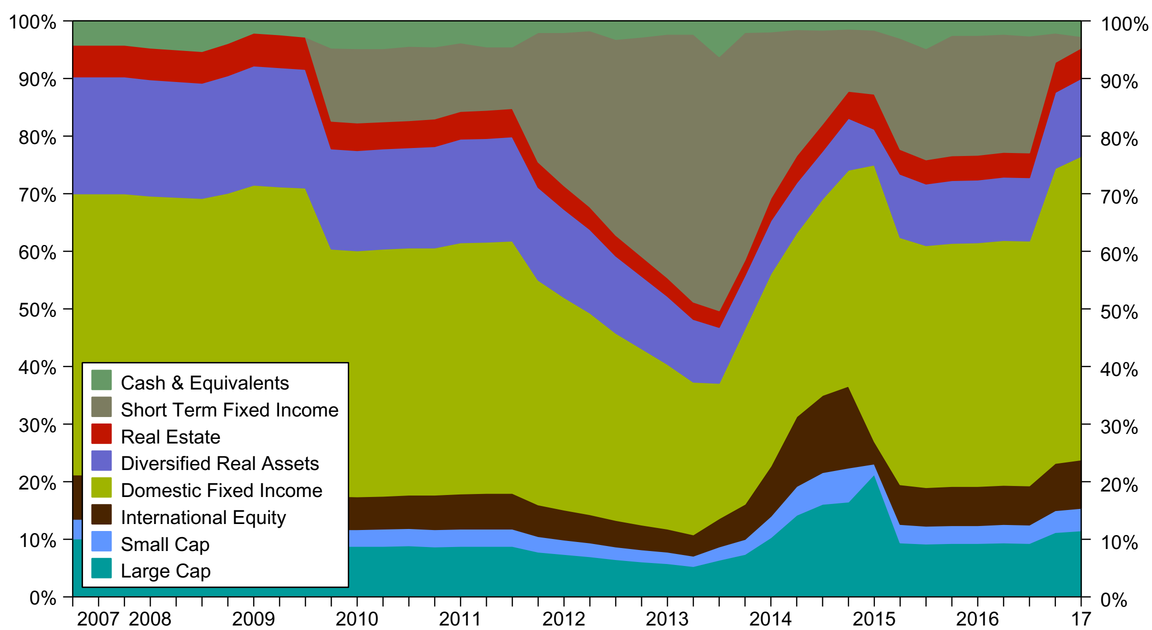
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

Actual Historical Asset Allocation



Target Historical Asset Allocation

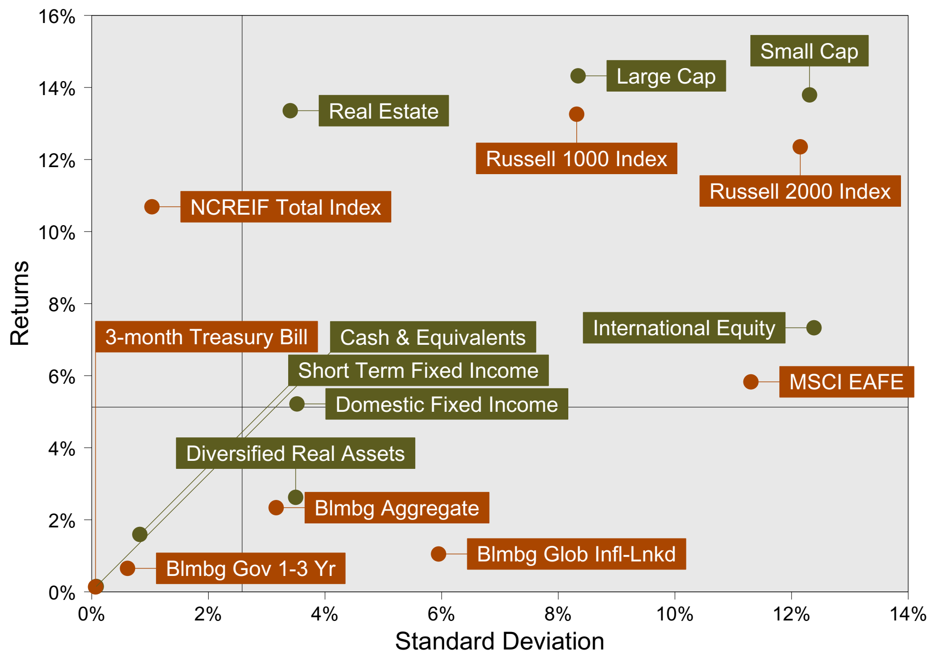


* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

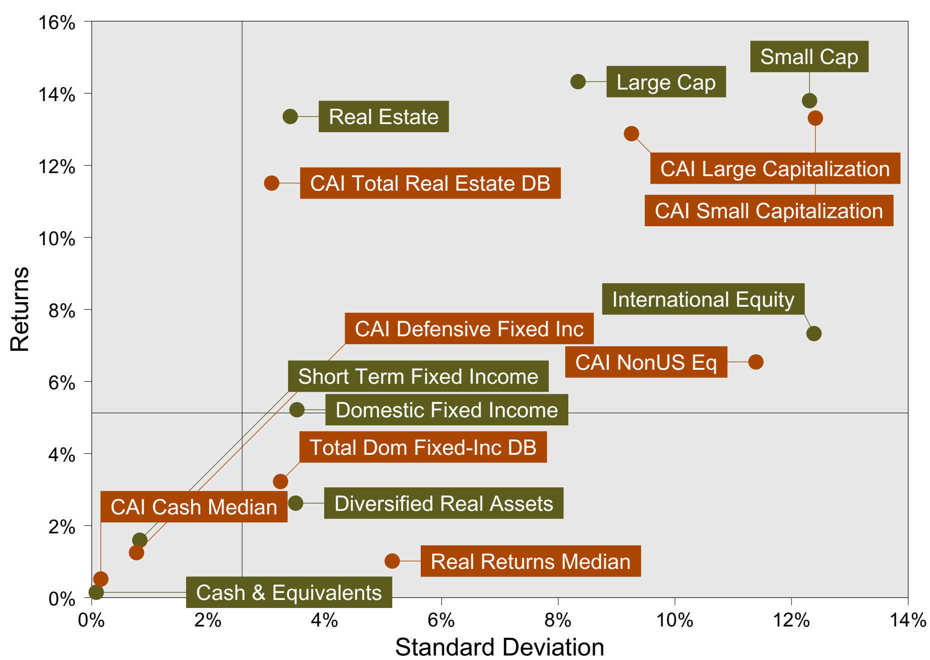
Asset Class Risk and Return

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

Five Year Annualized Risk vs Return
Asset Classes vs Benchmark Indices



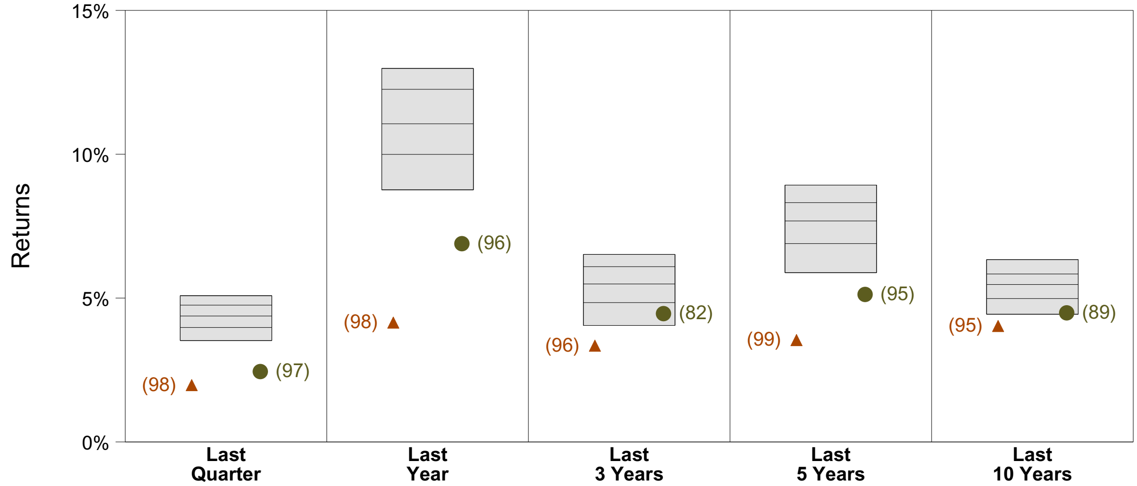
Five Year Annualized Risk vs Return
Asset Classes vs Asset Class Median



Total Fund Ranking

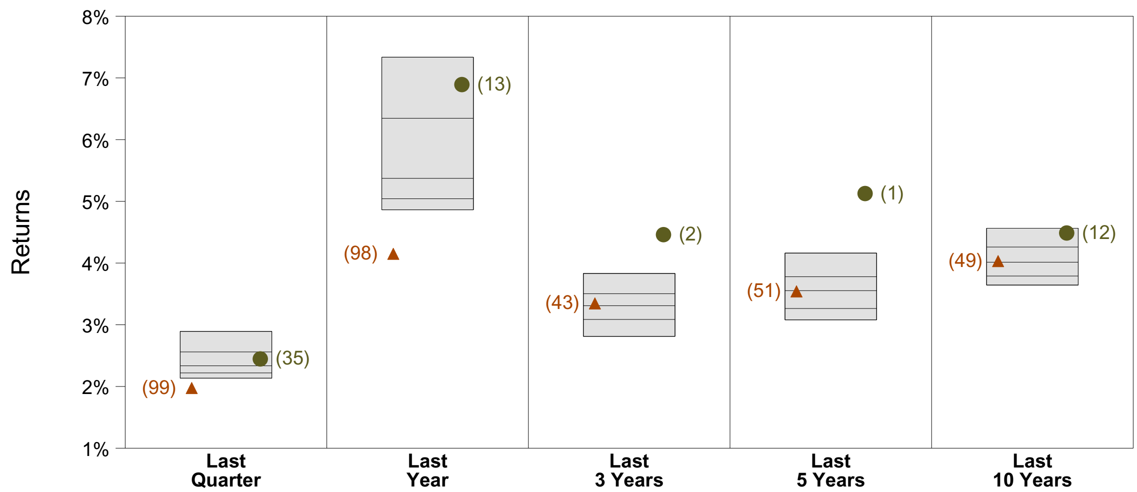
The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund Sponsor Database for periods ended March 31, 2017. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	5.08	12.98	6.52	8.93	6.34
25th Percentile	4.75	12.26	6.09	8.32	5.84
Median	4.38	11.06	5.49	7.68	5.47
75th Percentile	3.98	9.99	4.84	6.89	4.98
90th Percentile	3.52	8.76	4.05	5.88	4.44
Total Fund ●	2.45	6.89	4.46	5.13	4.49
Policy Target ▲	1.97	4.15	3.35	3.54	4.03

Asset Allocation Adjusted Ranking



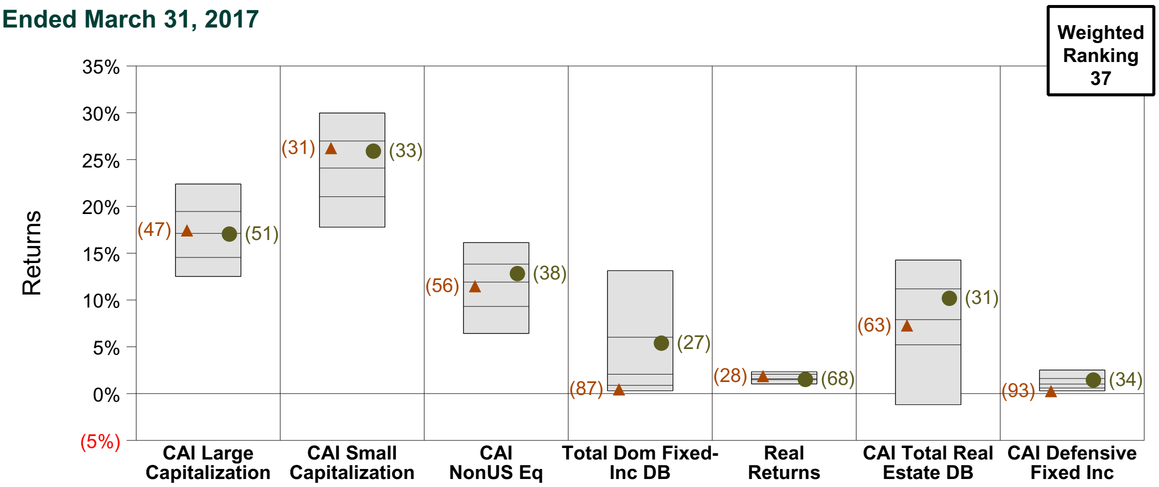
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	2.89	7.34	3.83	4.16	4.56
25th Percentile	2.56	6.35	3.50	3.78	4.26
Median	2.34	5.37	3.31	3.55	4.01
75th Percentile	2.22	5.04	3.09	3.26	3.79
90th Percentile	2.13	4.86	2.81	3.08	3.64
Total Fund ●	2.45	6.89	4.46	5.13	4.49
Policy Target ▲	1.97	4.15	3.35	3.54	4.03

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

Asset Class Rankings

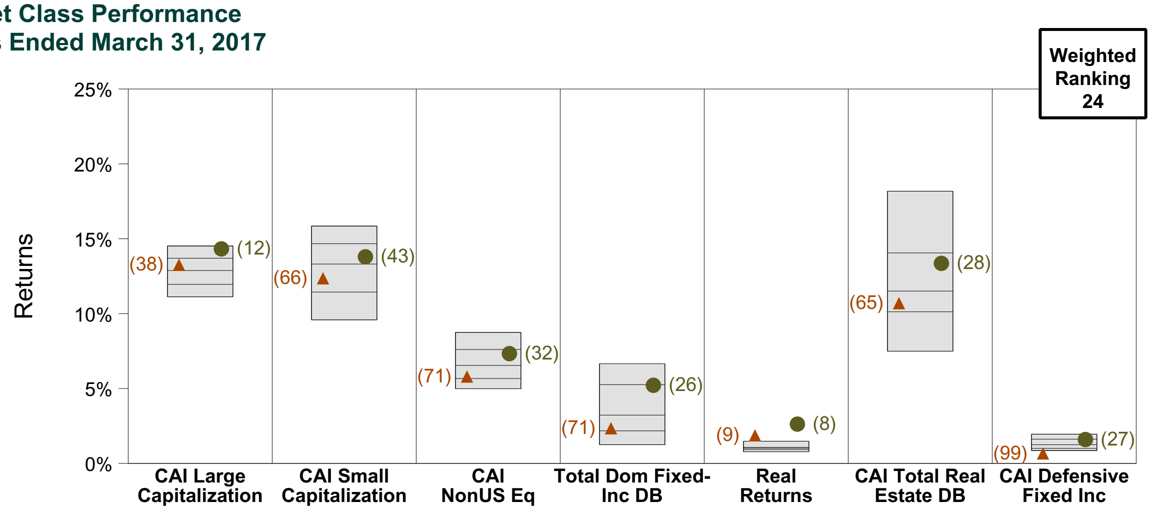
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Year Ended March 31, 2017



	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Defensive Fixed Inc
10th Percentile	22.39	29.98	16.13	13.13	2.34	14.27	2.52
25th Percentile	19.46	26.99	13.83	6.03	2.07	11.19	1.61
Median	17.12	24.10	11.91	2.07	1.58	7.90	1.02
75th Percentile	14.55	21.04	9.31	0.88	1.49	5.21	0.60
90th Percentile	12.52	17.78	6.42	0.30	1.03	(1.19)	0.30
Asset Class Composite ●	17.04	25.90	12.82	5.39	1.51	10.18	1.45
Composite Benchmark ▲	17.43	26.22	11.46	0.44	1.86	7.27	0.25

Total Asset Class Performance
Five Years Ended March 31, 2017



	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Defensive Fixed Inc
10th Percentile	14.52	15.85	8.75	6.65	1.48	18.17	1.95
25th Percentile	13.70	14.67	7.61	5.26	1.07	14.05	1.62
Median	12.88	13.31	6.54	3.22	1.02	11.51	1.25
75th Percentile	11.96	11.44	5.67	2.17	0.92	10.12	1.00
90th Percentile	11.12	9.58	4.99	1.25	0.78	7.49	0.86
Asset Class Composite ●	14.32	13.79	7.33	5.22	2.62	13.36	1.59
Composite Benchmark ▲	13.26	12.35	5.79	2.34	1.87	10.69	0.65

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	**$321,151,259**	**15.33%**	**$(17,136,474)**	**$12,375,606**	**$325,912,127**	**15.52%**
Large Cap	**$241,086,220**	**11.51%**	**$(12,112,114)**	**$11,517,481**	**$241,680,853**	**11.51%**
Parametric Clifton Large Cap	47,453,033	2.26%	(3,000,000)	2,715,072	47,737,961	2.27%
L.A. Capital Large Cap Growth	73,649,648	3.52%	(3,036,808)	4,653,427	72,033,028	3.43%
L.A. Capital Enhanced	47,251,677	2.26%	(3,016,104)	2,217,177	48,050,604	2.29%
LSV Large Cap Value	72,731,862	3.47%	(3,059,202)	1,931,804	73,859,259	3.52%
Small Cap	**$80,065,040**	**3.82%**	**$(5,024,359)**	**$858,125**	**$84,231,274**	**4.01%**
Parametric Clifton Small Cap	39,914,976	1.91%	(5,000,000)	984,029	43,930,947	2.09%
PIMCO RAE	40,150,063	1.92%	(24,359)	(125,904)	40,300,326	1.92%
International Equity	**$178,846,457**	**8.54%**	**$(6,140,106)**	**$12,931,126**	**$172,055,437**	**8.19%**
Capital Group	0	0.00%	(3,565)	3,450	115	0.00%
DFA Int'l Small Cap Value	18,396,616	0.88%	(2,000,000)	1,424,449	18,972,166	0.90%
LSV Intl Value	74,933,832	3.58%	(4,073,173)	4,998,111	74,008,894	3.52%
Vanguard Intl Explorer Fund	19,909,369	0.95%	0	1,857,176	18,052,193	0.86%
William Blair	65,606,640	3.13%	(63,368)	4,647,940	61,022,068	2.91%
Domestic Fixed Income	**$1,093,616,324**	**52.20%**	**$11,731,688**	**$21,447,012**	**$1,060,437,623**	**50.48%**
Declaration Total Return	82,398,045	3.93%	(59,121)	1,134,363	81,322,803	3.87%
PIMCO DiSCO II	92,360,066	4.41%	0	3,840,249	88,519,817	4.21%
PIMCO Bravo II Fund	54,769,318	2.61%	3,750,000	2,148,327	48,870,991	2.33%
Prudential	112,574,944	5.37%	2,927,635	2,026,628	107,620,681	5.12%
SSgA US Govt Credit Bd Idx	141,933,546	6.77%	4,488,274	1,336,085	136,109,187	6.48%
Wells Capital	304,986,490	14.56%	(273,702)	6,301,369	298,958,824	14.23%
Western Asset Management	304,593,914	14.54%	898,603	4,659,991	299,035,320	14.24%
Diversified Real Assets	**$263,869,133**	**12.59%**	**$25,092**	**$297,224**	**$263,546,817**	**12.55%**
Western Asset Management	111,255,799	5.31%	(37,361)	1,113,667	110,179,493	5.25%
JP Morgan Infrastructure	80,127,112	3.82%	(158,993)	(1,148,276)	81,434,382	3.88%
Eastern Timber Opportunities	55,136,330	2.63%	(172,068)	359,902	54,948,496	2.62%
Grosvenor Cust. Infrastructure	17,349,892	0.83%	393,514	(28,068)	16,984,446	0.81%
Real Estate	**$136,762,074**	**6.53%**	**$(1,584,211)**	**$3,989,819**	**$134,356,465**	**6.40%**
Invesco Core Real Estate	64,801,064	3.09%	(522,290)	1,605,988	63,717,366	3.03%
JP Morgan RE	71,961,010	3.43%	(1,061,921)	2,383,832	70,639,099	3.36%
Short Term Fixed Income	**$41,012,258**	**1.96%**	**$(66,189,838)**	**$274,852**	**$106,927,244**	**5.09%**
JP Morgan Short Term Bonds	41,010,924	1.96%	(30,123,170)	281,697	70,852,396	3.37%
Barings Short Term Bonds	1,334	0.00%	(36,066,668)	(6,845)	36,074,847	1.72%
Cash & Equivalents	**$59,976,385**	**2.86%**	**$22,569,215**	**$66,225**	**$37,340,945**	**1.78%**
Northern Trust Cash Account	34,890,458	1.67%	22,569,215	24,305	12,296,937	0.59%
Bank of ND	25,085,927	1.20%	0	41,919	25,044,008	1.19%
Securities Lending Income	**$0**	**0.00%**	**$(31,008)**	**$31,008**	**-**	**-**
Total Fund	**$2,095,233,890**	**100.0%**	**$(56,755,641)**	**$51,412,873**	**$2,100,576,658**	**100.0%**

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Equity					
Gross	3.89%	19.27%	9.89%	14.18%	7.23%
Net	3.85%	18.95%	9.63%	13.90%	6.86%
Large Cap Equity					
Gross	4.88%	17.04%	10.50%	14.32%	6.98%
Net	4.83%	16.79%	10.29%	14.10%	6.65%
Benchmark(1)	6.03%	17.43%	9.99%	13.26%	7.52%
Parametric Clifton Large Cap - Gross	6.00%	17.13%	10.80%	13.66%	-
Parametric Clifton Large Cap - Net	6.00%	16.91%	10.68%	13.53%	-
S&P 500 Index	6.07%	17.17%	10.37%	13.30%	7.51%
L.A. Capital - Gross	6.61%	14.04%	11.62%	14.11%	9.17%
L.A. Capital - Net	6.56%	13.81%	11.40%	13.89%	8.97%
Russell 1000 Growth Index	8.91%	15.76%	11.27%	13.32%	9.13%
L.A. Capital Enhanced - Gross	4.61%	16.53%	10.92%	14.18%	8.73%
L.A. Capital Enhanced - Net	4.57%	16.37%	10.77%	14.03%	8.57%
Russell 1000 Index	6.03%	17.43%	9.99%	13.26%	7.58%
LSV Asset Management - Gross	2.67%	20.26%	8.85%	14.96%	7.12%
LSV Asset Management - Net	2.59%	19.90%	8.53%	14.64%	6.81%
Russell 1000 Value Index	3.27%	19.22%	8.67%	13.13%	5.93%
Small Cap Equity					
Gross	1.07%	25.90%	8.23%	13.79%	7.94%
Net	1.04%	25.38%	7.84%	13.36%	7.43%
Russell 2000 Index	2.47%	26.22%	7.22%	12.35%	7.12%
Parametric Clifton Small Cap - Gross	2.38%	27.14%	8.56%	13.61%	-
Parametric Clifton SmallCap - Net	2.38%	26.47%	8.12%	13.15%	-
Russell 2000 Index	2.47%	26.22%	7.22%	12.35%	7.12%
PIMCO RAE - Gross	(0.31%)	24.47%	7.67%	13.79%	-
PIMCO RAE - Net	(0.37%)	24.16%	7.37%	13.41%	-
Russell 2000	2.47%	26.22%	7.22%	12.35%	7.12%
International Equity					
Gross	7.63%	12.82%	1.62%	7.33%	1.55%
Net	7.55%	12.49%	1.29%	6.96%	1.27%
Benchmark(2)	6.81%	11.46%	0.43%	5.79%	0.81%
DFA Intl Small Cap Value - Net	7.73%	17.30%	2.71%	9.78%	-
World ex US SC Va	6.80%	13.86%	1.77%	7.76%	2.79%
LSV Asset Management - Gross	6.99%	14.60%	2.19%	7.69%	0.59%
LSV Asset Management - Net	6.88%	14.16%	1.78%	7.24%	0.28%
Benchmark(3)	7.25%	11.67%	0.50%	5.83%	0.83%
Vanguard Intl Explorer Fund - Net	10.29%	10.56%	3.08%	8.75%	2.95%
BMI, EPAC, <$2 B	7.79%	11.92%	4.48%	8.46%	2.76%
William Blair - Gross	7.62%	-	-	-	-
William Blair - Net	7.51%	-	-	-	-
MSCI ACWI ex US	7.86%	13.13%	0.56%	4.36%	1.35%

(1) S&P 500 Index through 12/31/2011 and Russell 1000 Index thereafter.
(2) MSCI EAFE through 9/30/2000; 50% Hedged EAFE through 3/31/2011; MSCI EAFE again through 6/30/2016; MSCI World ex-US thereafter.
(3) MSCI EAFE through 9/30/2000; 50% Hedged EAFE through 3/31/2011; MSCI EAFE again thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Domestic Fixed Income					
Gross	2.02%	5.39%	4.60%	5.22%	6.09%
Net	1.97%	5.26%	4.47%	5.07%	5.91%
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.34%	4.27%
Declaration Total Return - Net	1.40%	5.16%	4.09%	-	-
Libor-3 Month	0.26%	0.84%	0.49%	0.42%	1.10%
PIMCO DiSCO II - Net	4.34%	14.64%	7.67%	13.47%	-
PIMCO Bravo II Fund - Net	4.40%	10.62%	11.74%	-	-
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.34%	4.27%
Prudential - Gross	1.88%	3.69%	4.00%	4.19%	6.15%
Prudential - Net	1.82%	3.41%	3.72%	3.94%	6.02%
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.34%	4.27%
Wells Capital - Gross	2.11%	6.77%	4.62%	5.22%	7.08%
Wells Capital - Net	2.02%	6.58%	4.43%	5.01%	6.86%
Blmbg Baa Credit 3%	1.72%	5.24%	3.72%	4.24%	6.14%
Western Asset - Gross	1.56%	3.56%	4.27%	4.13%	5.31%
Western Asset - Net	1.52%	3.42%	4.13%	3.98%	5.13%
Blmbg Aggregate	0.82%	0.44%	2.68%	2.34%	4.27%
SSgA US Govt Cr Bd Idx - Gross	0.96%	0.53%	2.70%	-	-
SSgA US Govt Cr Bd Idx - Net	0.95%	0.50%	2.66%	-	-
Blmbg Govt/Credit Bd	0.96%	0.54%	2.69%	2.46%	4.34%
Diversified Real Assets					
Gross	0.11%	1.51%	2.05%	2.62%	3.68%
Net	0.05%	1.21%	1.77%	2.33%	3.38%
Weighted Benchmark	1.06%	1.86%	1.56%	1.87%	4.24%
Western TIPS - Gross	1.01%	(0.43%)	0.65%	0.90%	3.23%
Western TIPS - Net	0.98%	(0.56%)	0.51%	0.75%	3.06%
Blmbg Glbl Inftn-Linked(1)	1.30%	0.53%	0.21%	1.05%	3.82%
JP Morgan Infrastructure - Gross	(1.41%)	2.24%	1.24%	4.74%	-
JP Morgan Infrastructure - Net	(1.57%)	1.40%	0.36%	3.77%	-
CPI-W	0.96%	2.35%	0.73%	0.98%	1.71%
Eastern Timber Opportunities - Net	0.66%	3.37%	4.56%	3.99%	-
NCREIF Timberland Index	0.76%	3.64%	5.67%	7.14%	5.71%
Grosvenor Cust. Infrastructure - Net	(0.16%)	4.94%	8.50%	7.11%	-
CPI-W	0.96%	2.35%	0.73%	0.98%	1.71%

(1) Blmbg US TIPS through 12/31/2009 and Blmbg Global Inflation-Linked thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

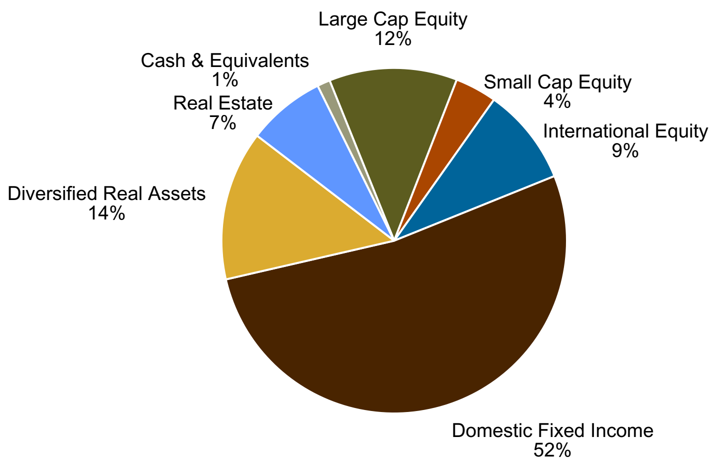
Returns for Periods Ended March 31, 2017

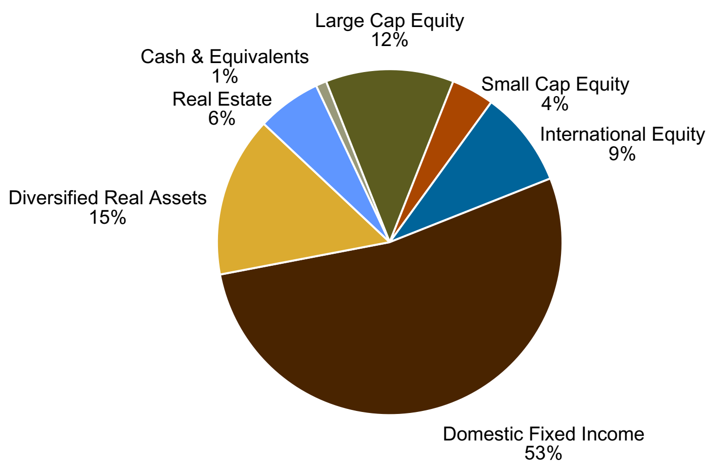
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Real Estate					
Gross	2.98%	10.18%	11.91%	13.36%	3.25%
Net	2.85%	9.42%	11.11%	12.42%	2.17%
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	6.72%
Invesco Core Real Estate - Gross	2.54%	10.38%	12.38%	-	-
Invesco Core Real Estate - Net	2.45%	10.00%	11.99%	-	-
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	6.72%
JP Morgan - Gross	3.38%	9.99%	11.64%	13.96%	3.52%
JP Morgan - Net	3.20%	8.90%	10.51%	12.71%	2.30%
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	6.72%
Short Term Fixed Income					
Gross	0.32%	1.45%	1.59%	1.59%	-
Net	0.14%	1.13%	1.38%	1.42%	-
Blmbg Gov 1-3 Yr	0.28%	0.25%	0.74%	0.65%	2.07%
JP Morgan Short Term Bds - Gross	0.45%	0.66%	1.11%	1.07%	-
JP Morgan Short Term Bds - Net	0.27%	0.43%	0.96%	0.94%	-
Blmbg Gov/Credit 1-3 Y	0.41%	0.71%	0.96%	0.93%	2.34%
Cash & Equivalents - Net	**0.12%**	**0.32%**	**0.13%**	**0.15%**	**0.73%**
Cash Account- Net	0.08%	0.23%	0.10%	0.13%	0.73%
Bank of ND - Net	0.17%	-	-	-	-
90 Day Treasury Bills	0.10%	0.36%	0.17%	0.14%	0.68%
Total Fund					
Gross	2.45%	6.89%	4.46%	5.13%	4.49%
Net	2.39%	6.67%	4.24%	4.91%	4.24%
Target*	1.97%	4.15%	3.35%	3.54%	4.03%

* Current Quarter Target = 52.7% Blmbg Aggregate, 13.5% NDSIB INS DRA Weighted Benchmark, 11.5% Russell 1000 Index, 8.4% MSCI World ex US, 5.3% NCREIF Total Index, 3.9% Russell 2000 Index, 2.7% 3-month Treasury Bill and 2.0% Blmbg Gov 1-3 Yr.

Actual vs Target Asset Allocation
As of March 31, 2017

The first chart below shows the Fund's asset allocation as of March 31, 2017. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.





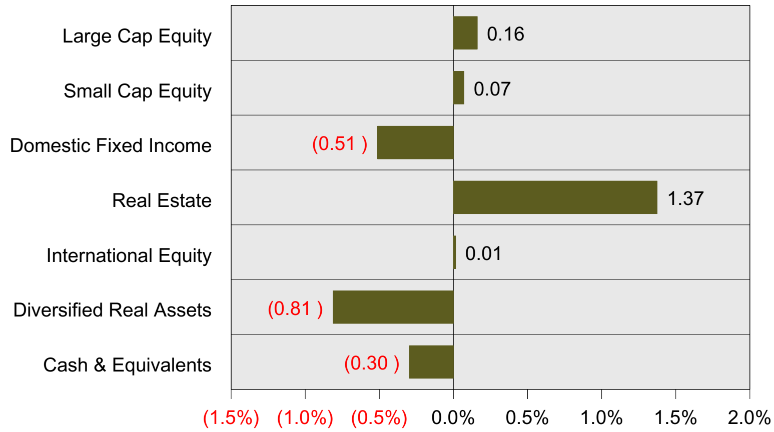
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap Equity	223,639	12.0%	12.0%	0.0%	94
Small Cap Equity	72,593	3.9%	4.0%	(0.1%)	(1,922)
International Equity	169,734	9.1%	9.0%	0.1%	2,075
Domestic Fixed Income	977,624	52.5%	53.0%	(0.5%)	(9,701)
Diversified Real Assets	259,947	14.0%	15.0%	(1.0%)	(19,484)
Real Estate	136,695	7.3%	6.0%	1.3%	24,922
Cash & Equivalents	22,645	1.2%	1.0%	0.2%	4,016
Total	1,862,876	100.0%	100.0%		

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

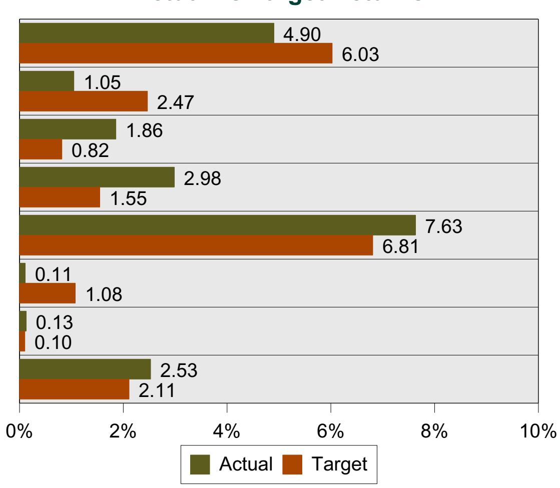
Quarterly Total Fund Relative Attribution - March 31, 2017

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

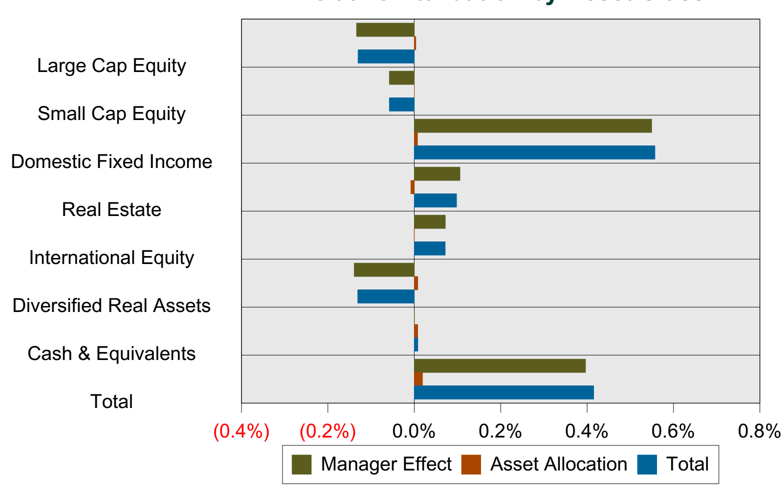
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2017

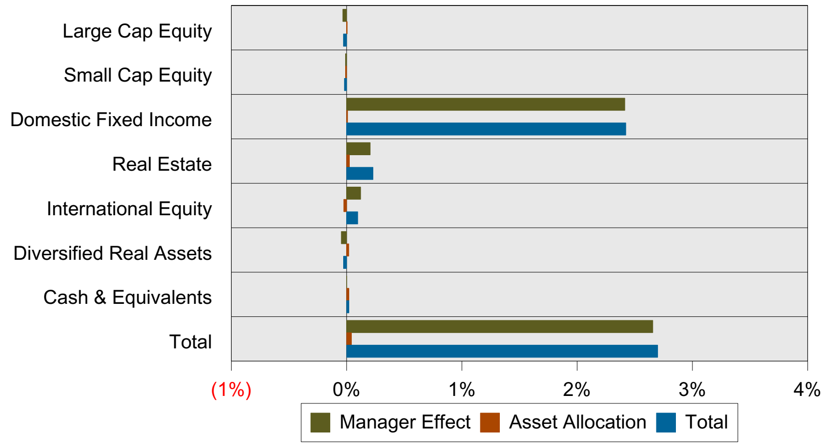
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	4.90%	6.03%	(0.13%)	0.00%	(0.13%)
Small Cap Equity	4%	4%	1.05%	2.47%	(0.06%)	(0.00%)	(0.06%)
Domestic Fixed Income	52%	53%	1.86%	0.82%	0.55%	0.01%	0.56%
Real Estate	7%	6%	2.98%	1.55%	0.11%	(0.01%)	0.10%
International Equity	9%	9%	7.63%	6.81%	0.07%	(0.00%)	0.07%
Diversified Real Assets	14%	15%	0.11%	1.08%	(0.14%)	0.01%	(0.13%)
Cash & Equivalents	1%	1%	0.13%	0.10%	0.00%	0.01%	0.01%
Total			**2.53% =**	**2.11% +**	**0.40% +**	**0.02%**	**0.42%**

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

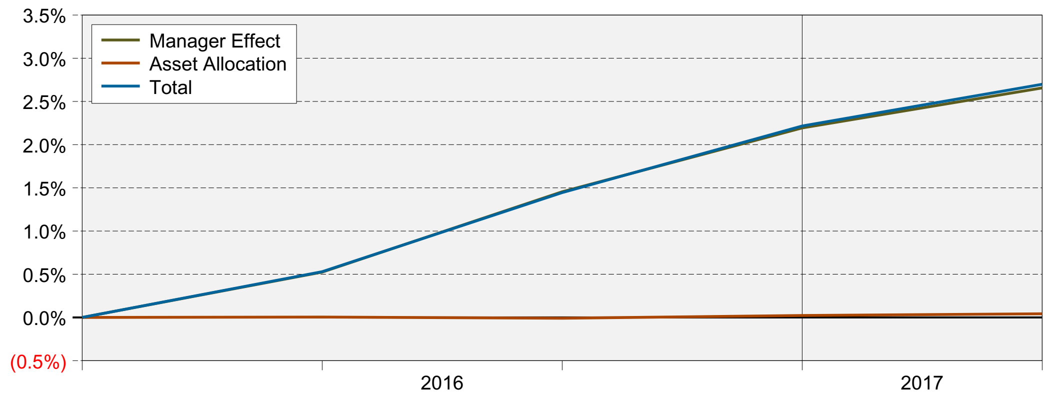
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

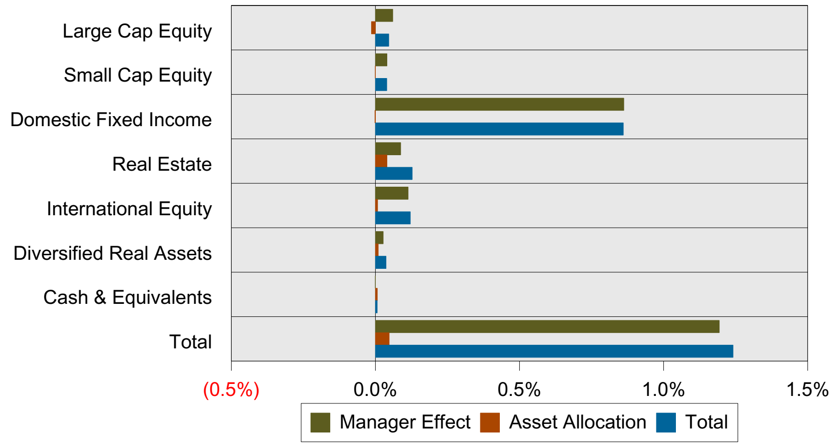
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	17.09%	17.43%	(0.03%)	0.01%	(0.03%)
Small Cap Equity	4%	4%	25.89%	26.22%	(0.01%)	(0.01%)	(0.02%)
Domestic Fixed Income	53%	53%	4.89%	0.44%	2.41%	0.01%	2.42%
Real Estate	7%	6%	10.18%	7.27%	0.20%	0.02%	0.23%
International Equity	9%	9%	12.82%	11.46%	0.12%	(0.03%)	0.10%
Diversified Real Assets	14%	15%	1.56%	1.89%	(0.05%)	0.02%	(0.03%)
Cash & Equivalents	1%	1%	0.32%	0.36%	(0.00%)	0.02%	0.02%
Total			**7.70% =**	**5.00% +**	**2.66% +**	**0.04%**	**2.70%**

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

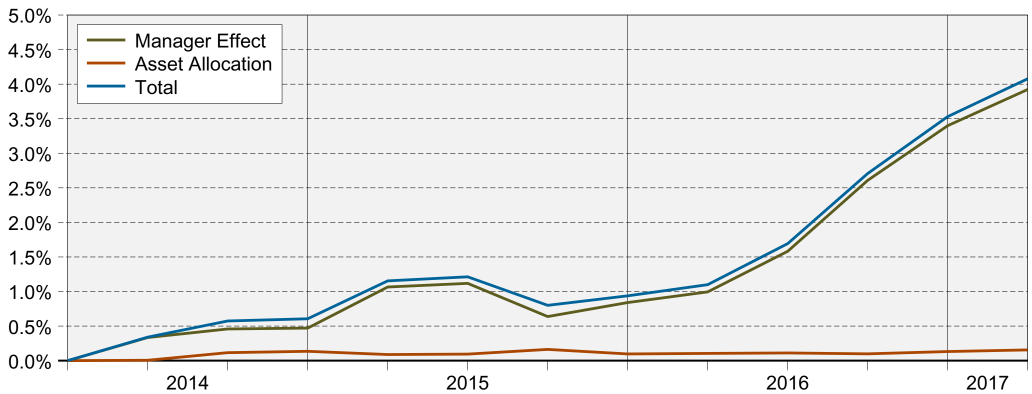
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

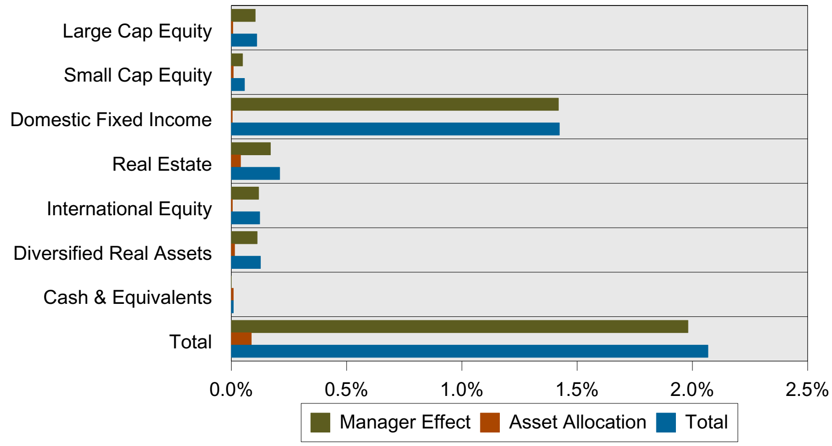
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	12%	12%	10.53%	9.99%	0.06%	(0.01%)	0.05%
Small Cap Equity	4%	4%	8.29%	7.22%	0.04%	(0.00%)	0.04%
Domestic Fixed Income	53%	53%	4.34%	2.68%	0.86%	(0.00%)	0.86%
Real Estate	7%	6%	11.91%	10.58%	0.09%	0.04%	0.13%
International Equity	9%	9%	1.62%	0.43%	0.11%	0.01%	0.12%
Diversified Real Assets	15%	16%	2.35%	2.24%	0.03%	0.01%	0.04%
Cash & Equivalents	1%	1%	0.13%	0.17%	(0.00%)	0.01%	0.01%
Total			**5.27% =**	**4.03% +**	**1.19% +**	**0.05%**	**1.24%**

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

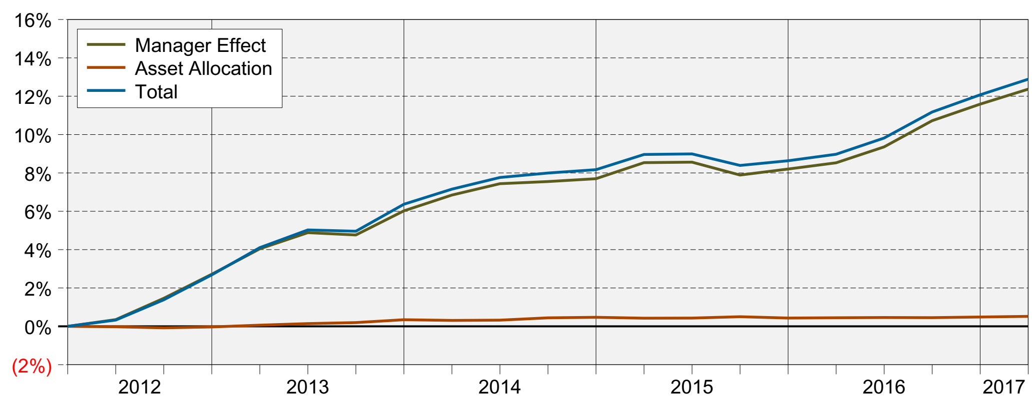
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

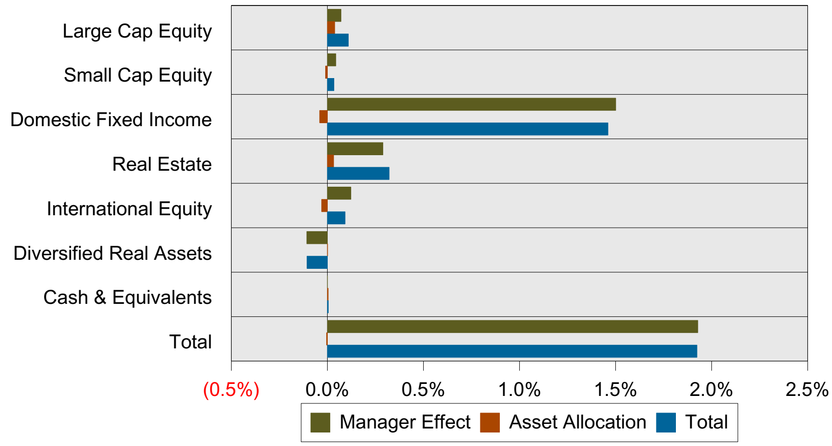
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	11%	14.30%	13.26%	0.10%	0.01%	0.11%
Small Cap Equity	4%	4%	13.81%	12.35%	0.05%	0.01%	0.06%
Domestic Fixed Income	52%	52%	5.06%	2.34%	1.42%	0.00%	1.42%
Real Estate	7%	6%	13.34%	10.69%	0.17%	0.04%	0.21%
International Equity	8%	8%	7.22%	5.79%	0.12%	0.00%	0.12%
Diversified Real Assets	18%	18%	2.81%	2.28%	0.11%	0.01%	0.13%
Cash & Equivalents	1%	1%	0.15%	0.14%	0.00%	0.01%	0.01%
Total			**6.70% =**	**4.63% +**	**1.98% +**	**0.09%**	**2.07%**

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

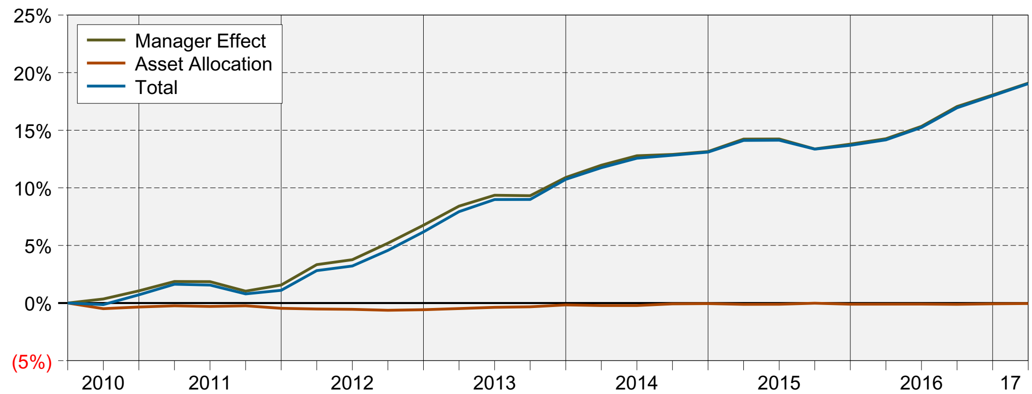
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Six and Three-Quarter Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects

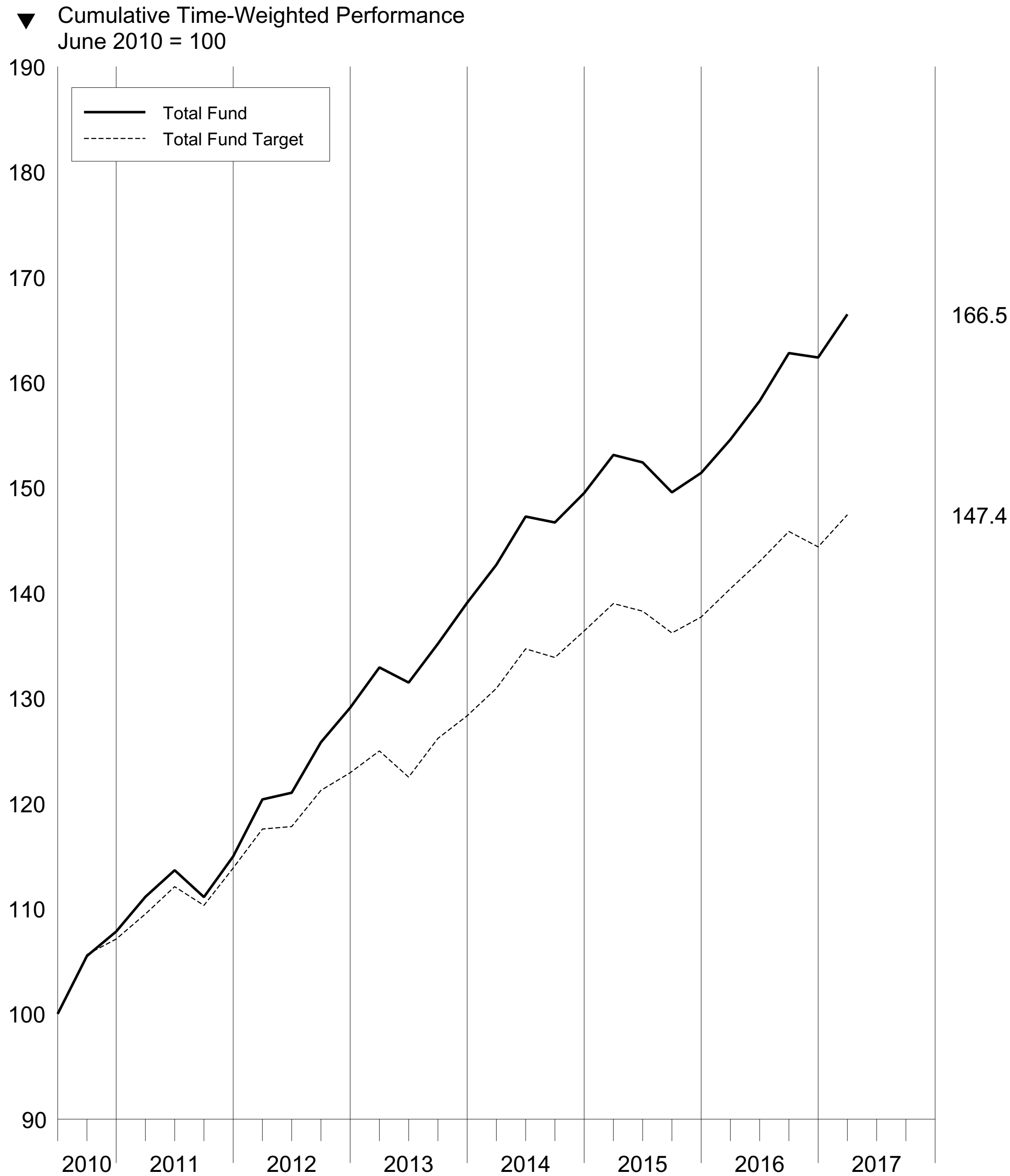


Six and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	11%	11%	16.21%	15.52%	0.07%	0.04%	0.11%
Small Cap Equity	4%	4%	15.83%	14.51%	0.04%	(0.01%)	0.03%
Domestic Fixed Income	52%	52%	5.95%	3.09%	1.50%	(0.04%)	1.46%
Real Estate	6%	6%	16.63%	11.75%	0.29%	0.03%	0.32%
International Equity	8%	8%	7.96%	6.39%	0.12%	(0.03%)	0.09%
Diversified Real Assets	19%	19%	4.00%	4.57%	(0.11%)	0.00%	(0.11%)
Cash & Equivalents	1%	1%	0.18%	0.13%	0.00%	0.00%	0.00%
Total			**7.84% =**	**5.92% +**	**1.93% +**	**(0.00%)**	**1.92%**

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

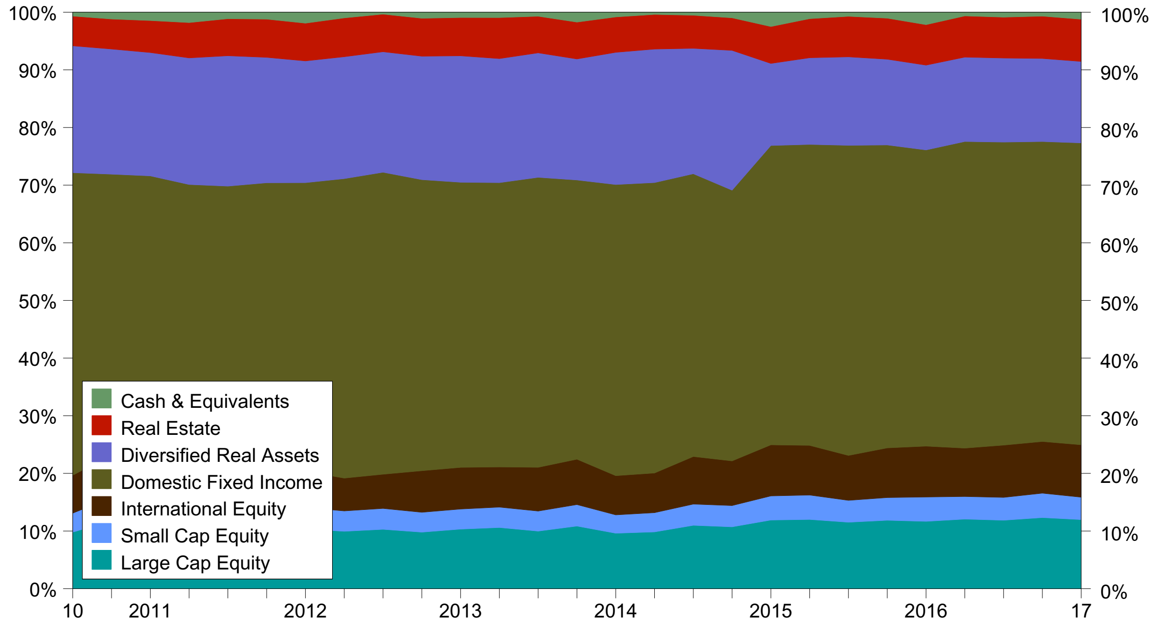
NDSIB - Workforce Safety & Insurance
Cumulative Results



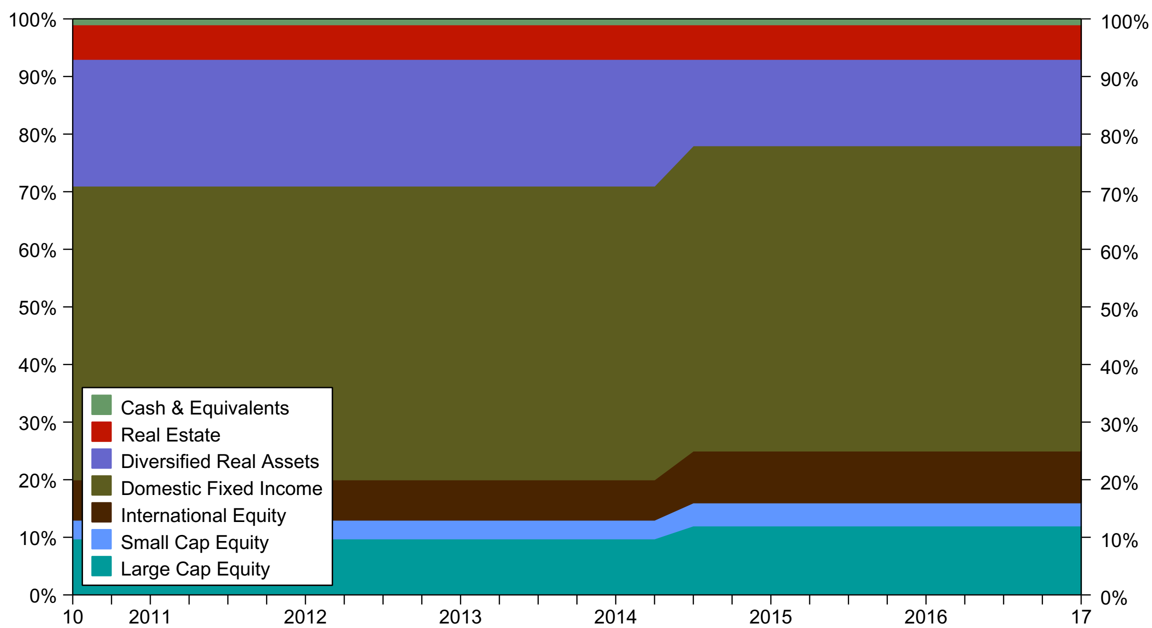
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

Actual Historical Asset Allocation



Target Historical Asset Allocation

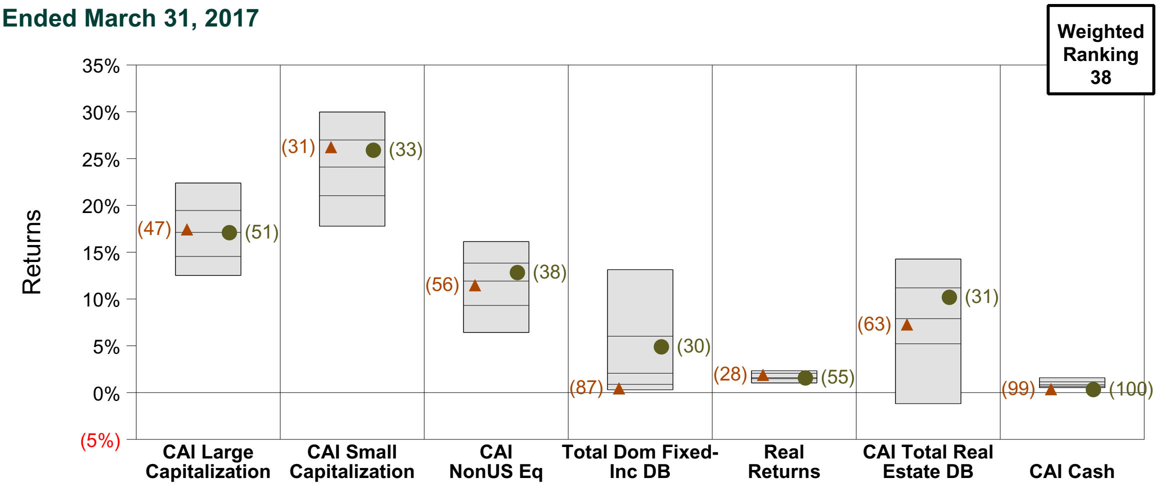


* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

Asset Class Rankings

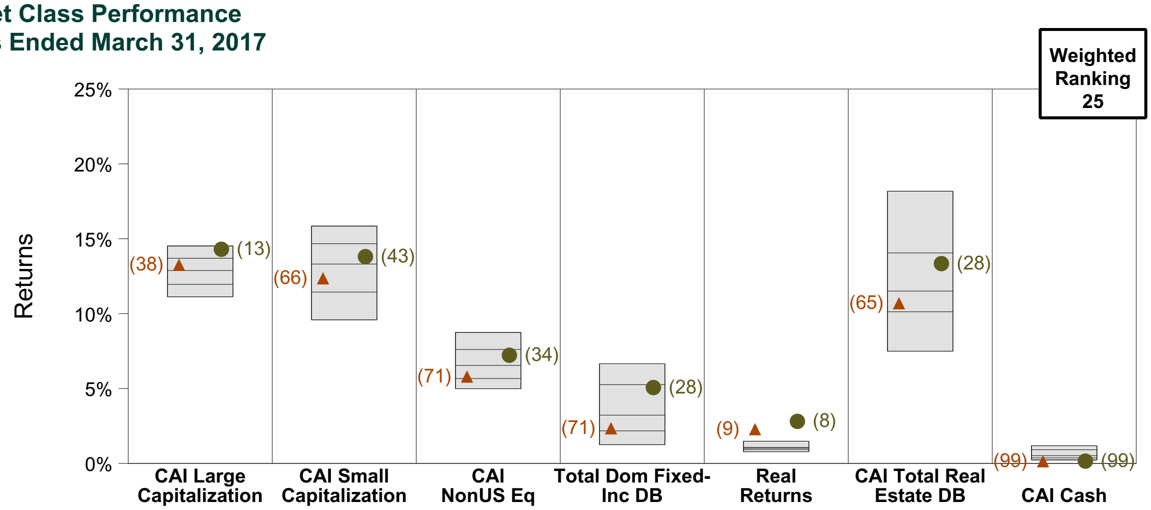
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Year Ended March 31, 2017



	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Cash
10th Percentile	22.39	29.98	16.13	13.13	2.34	14.27	1.58
25th Percentile	19.46	26.99	13.83	6.03	2.07	11.19	1.15
Median	17.12	24.10	11.91	2.07	1.58	7.90	0.83
75th Percentile	14.55	21.04	9.31	0.88	1.49	5.21	0.67
90th Percentile	12.52	17.78	6.42	0.30	1.03	(1.19)	0.53
Asset Class Composite ●	17.09	25.89	12.82	4.89	1.56	10.18	0.32
Composite Benchmark ▲	17.43	26.22	11.46	0.44	1.89	7.27	0.36

Total Asset Class Performance
Five Years Ended March 31, 2017



	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Cash
10th Percentile	14.52	15.85	8.75	6.65	1.48	18.17	1.18
25th Percentile	13.70	14.67	7.61	5.26	1.07	14.05	0.91
Median	12.88	13.31	6.54	3.22	1.02	11.51	0.52
75th Percentile	11.96	11.44	5.67	2.17	0.92	10.12	0.37
90th Percentile	11.12	9.58	4.99	1.25	0.78	7.49	0.23
Asset Class Composite ●	14.30	13.81	7.22	5.06	2.81	13.34	0.15
Composite Benchmark ▲	13.26	12.35	5.79	2.34	2.28	10.69	0.14

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund’s investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Large Cap Equity	$223,639,212	12.01%	$(12,553,750)	$10,728,015	$225,464,947	12.35%
Small Cap Equity	$72,593,231	3.90%	$(5,566,798)	$788,428	$77,371,601	4.24%
International Equity	$169,733,569	9.11%	$(6,614,169)	$12,309,665	$164,038,073	8.99%
Domestic Fixed Income	$977,623,644	52.48%	$8,587,671	$17,732,092	$951,303,882	52.12%
Diversified Real Assets	$259,947,247	13.95%	$(565,938)	$286,722	$260,226,463	14.26%
Real Estate	$136,694,690	7.34%	$(1,583,430)	$3,987,854	$134,290,267	7.36%
Cash & Equivalents	$22,644,781	1.22%	$10,212,028	$17,474	$12,415,279	0.68%
Securities Lending Income	$0	0.00%	$(28,601)	$28,601	-	-
Total Fund	$1,862,876,374	100.0%	$(8,112,987)	$45,878,850	$1,825,110,511	100.0%

PLEASE REFER TO PAGE 33 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Asset Class Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

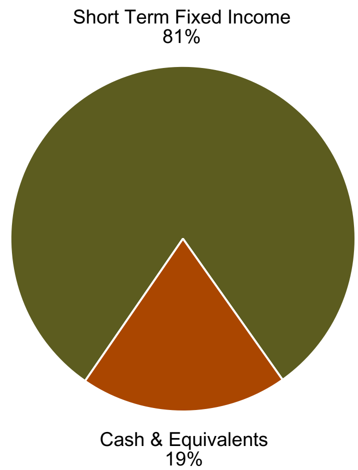
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
Large Cap Equity					
Gross	4.90%	17.09%	10.53%	14.30%	16.21%
Net	4.85%	16.84%	10.32%	14.08%	15.94%
Benchmark(1)	6.03%	17.43%	9.99%	13.26%	15.52%
Small Cap Equity					
Gross	1.05%	25.89%	8.29%	13.81%	15.83%
Net	1.02%	25.38%	7.90%	13.38%	15.23%
Russell 2000	2.47%	26.22%	7.22%	12.35%	14.51%
International Equity					
Gross	7.63%	12.82%	1.62%	7.22%	7.96%
Net	7.55%	12.49%	1.29%	6.86%	7.57%
Benchmark(2)	6.81%	11.46%	0.43%	5.79%	6.39%
Domestic Fixed Income					
Gross	1.86%	4.89%	4.34%	5.06%	5.95%
Net	1.81%	4.75%	4.20%	4.91%	5.78%
Blmbg Aggregate	0.82%	0.44%	2.68%	2.34%	3.09%
Diversified Real Assets					
Gross	0.11%	1.56%	2.35%	2.81%	4.00%
Net	0.05%	1.26%	2.04%	2.49%	3.65%
Weighted Benchmark	1.08%	1.89%	2.24%	2.28%	4.57%
Real Estate					
Gross	2.98%	10.18%	11.91%	13.34%	16.63%
Net	2.85%	9.42%	11.12%	12.42%	15.62%
NCREIF Total Index	1.55%	7.27%	10.58%	10.69%	11.75%
Cash & Equivalents - Net	**0.13%**	**0.32%**	**0.13%**	**0.15%**	**0.18%**
90 Day Treasury Bills	0.10%	0.36%	0.17%	0.14%	0.13%
Total Fund					
Gross	2.53%	7.70%	5.27%	6.70%	7.84%
Net	2.47%	7.45%	5.04%	6.43%	7.55%
Target*	2.11%	5.00%	4.03%	4.63%	5.92%

* Current Quarter Target = 53.0% Blmbg Aggregate, 15.0% NDSIB WSI DRA Weighted Benchmark, 12.0% Russell 1000 Index, 9.0% MSCI World ex US, 6.0% NCREIF Total Index, 4.0% Russell 2000 Index and 1.0% 3-month Treasury Bill.
(1) S&P 500 Index through 12/31/2011 and Russell 1000 Index thereafter.
(2) MSCI EAFE through 9/30/2000; 50% Hedged EAFE through 3/31/2011; MSCI EAFE again through 6/30/2016; MSCI World ex-US thereafter.
PLEASE REFER TO PAGE 34-36 FOR INVESTMENT MANAGER LEVEL RETURNS.

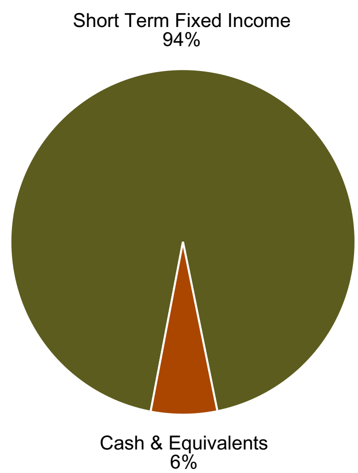
Actual vs Target Asset Allocation
As of March 31, 2017

The first chart below shows the Fund’s asset allocation as of March 31, 2017. The second chart shows the Fund’s target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



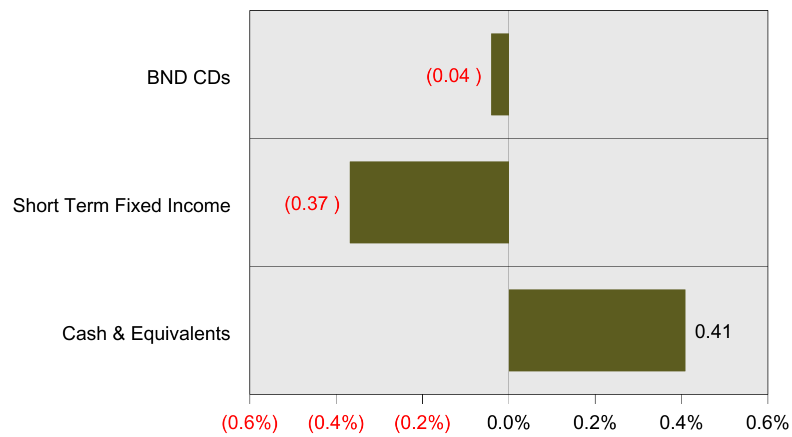
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Short Term Fixed Income	4,931	80.6%	93.8%	(13.2%)	(805)
Cash & Equivalents	1,184	19.4%	6.2%	13.2%	805
Total	6,115	100.0%	100.0%		

* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.

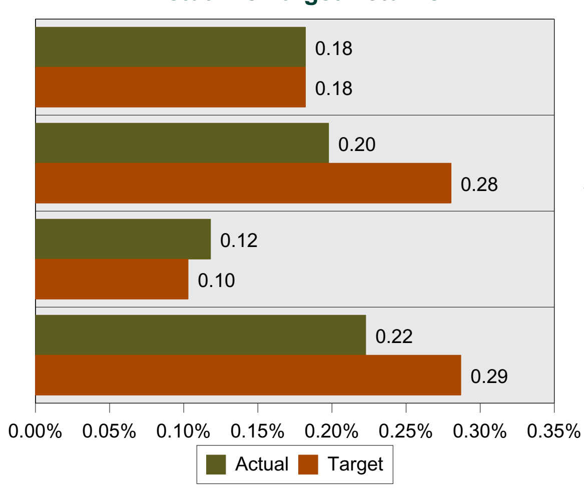
Quarterly Total Fund Relative Attribution - March 31, 2017

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

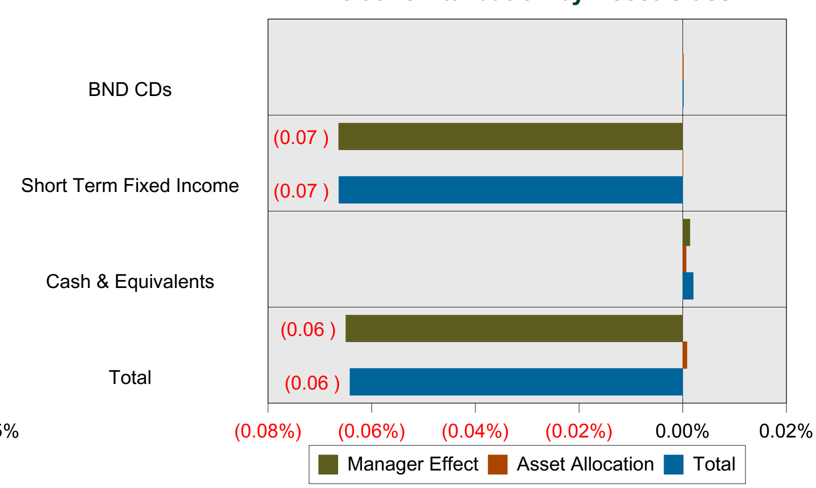
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2017

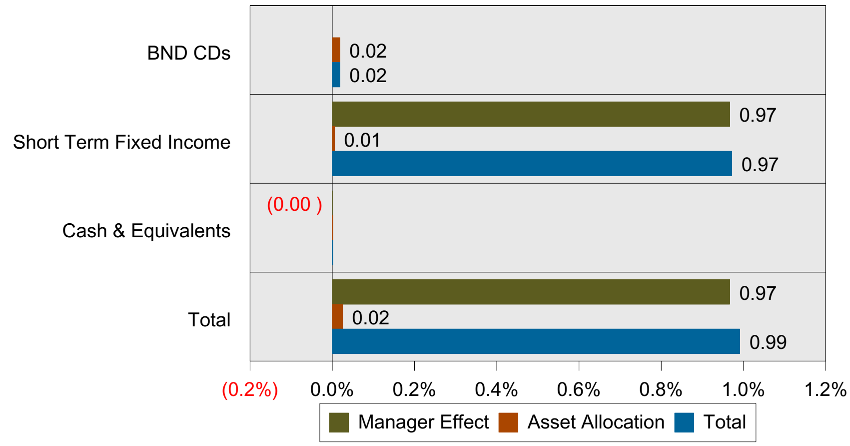
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	10%	10%	0.18%	0.18%	0.00%	0.00%	0.00%
Short Term Fixed Income	85%	85%	0.20%	0.28%	(0.07%)	0.00%	(0.07%)
Cash & Equivalents	5%	5%	0.12%	0.10%	0.00%	0.00%	0.00%
Total			**0.22% =**	**0.29% +**	**(0.06%) +**	**0.00%**	**(0.06%)**

* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.

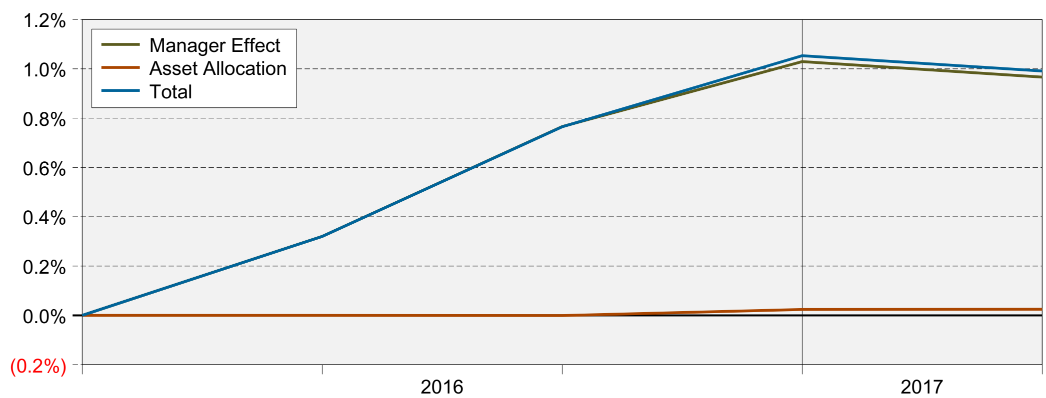
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

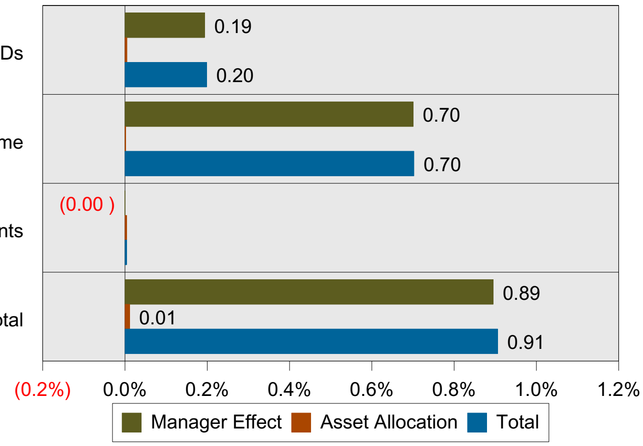
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	15%	15%	2.21%	2.21%	0.00%	0.02%	0.02%
Short Term Fixed Income	82%	82%	1.43%	0.25%	0.97%	0.01%	0.97%
Cash & Equivalents	3%	3%	0.31%	0.36%	(0.00%)	0.00%	0.00%
Total			**1.63% =**	**0.64% +**	**0.97% +**	**0.02%**	**0.99%**

* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.

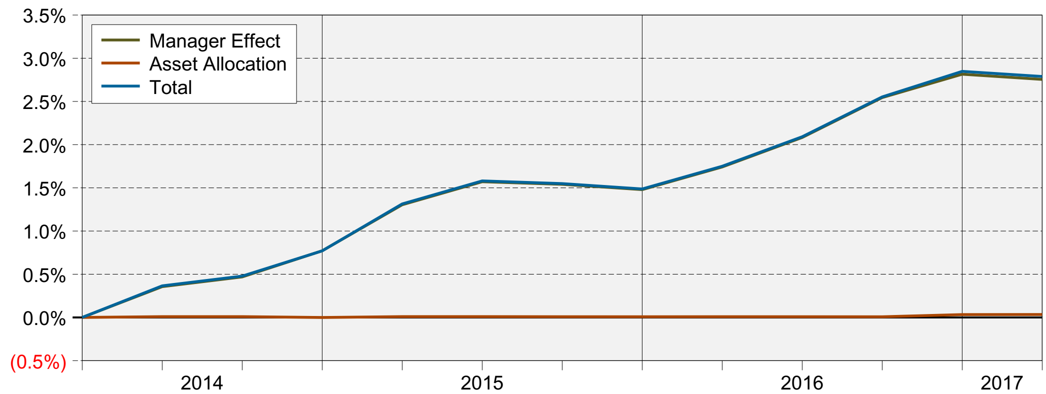
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

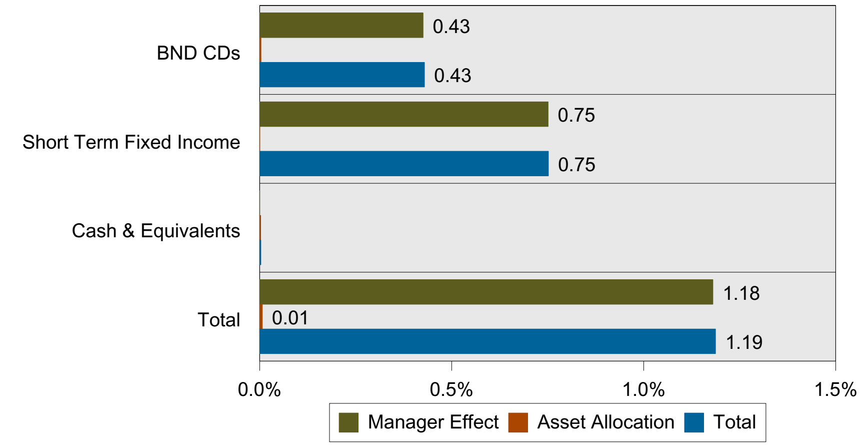
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	16%	16%	2.51%	1.40%	0.19%	0.00%	0.20%
Short Term Fixed Income	82%	82%	1.60%	0.74%	0.70%	0.00%	0.70%
Cash & Equivalents	2%	2%	0.13%	0.17%	(0.00%)	0.00%	0.00%
Total			**1.75% =**	**0.85% +**	**0.89% +**	**0.01%**	**0.91%**

* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.

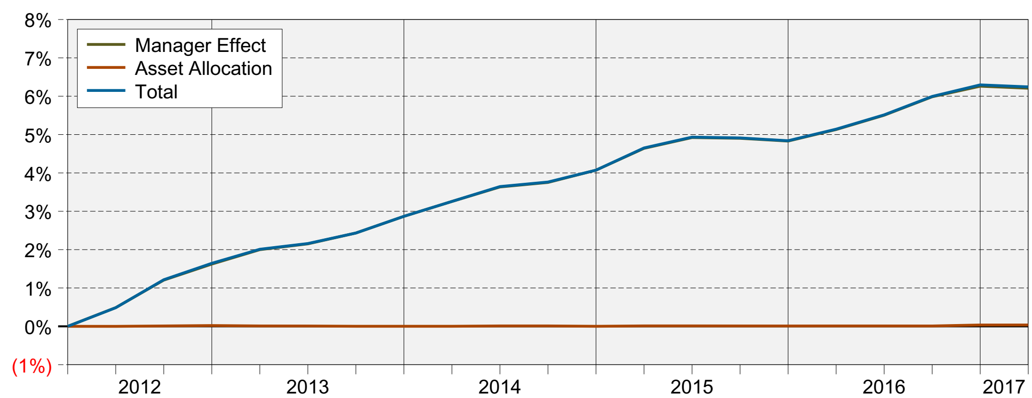
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

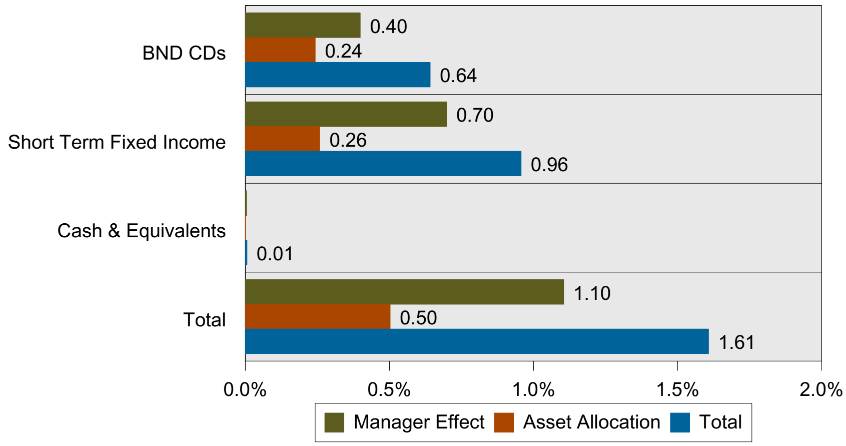
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	19%	19%	2.88%	0.87%	0.43%	0.00%	0.43%
Short Term Fixed Income	79%	79%	1.61%	0.65%	0.75%	0.00%	0.75%
Cash & Equivalents	2%	2%	0.15%	0.14%	0.00%	0.00%	0.00%
Total			**1.86% =**	**0.68% +**	**1.18% +**	**0.01%**	**1.19%**

* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.

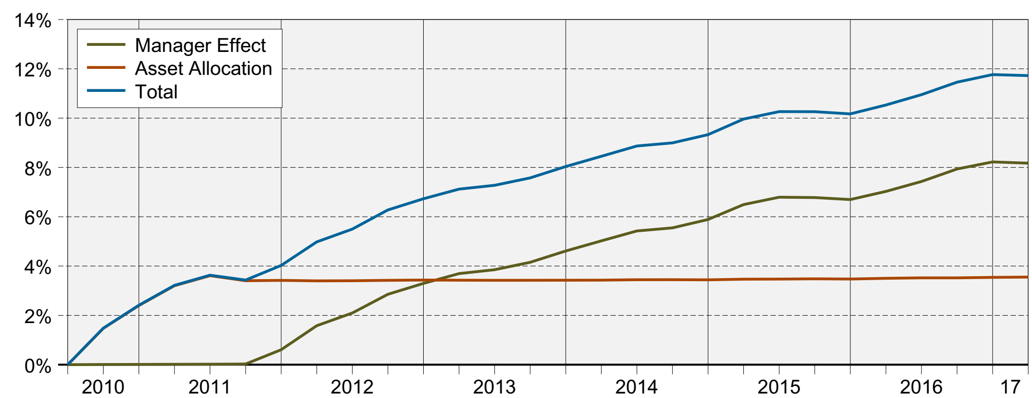
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Six and Three-Quarter Year Annualized Relative Attribution Effects



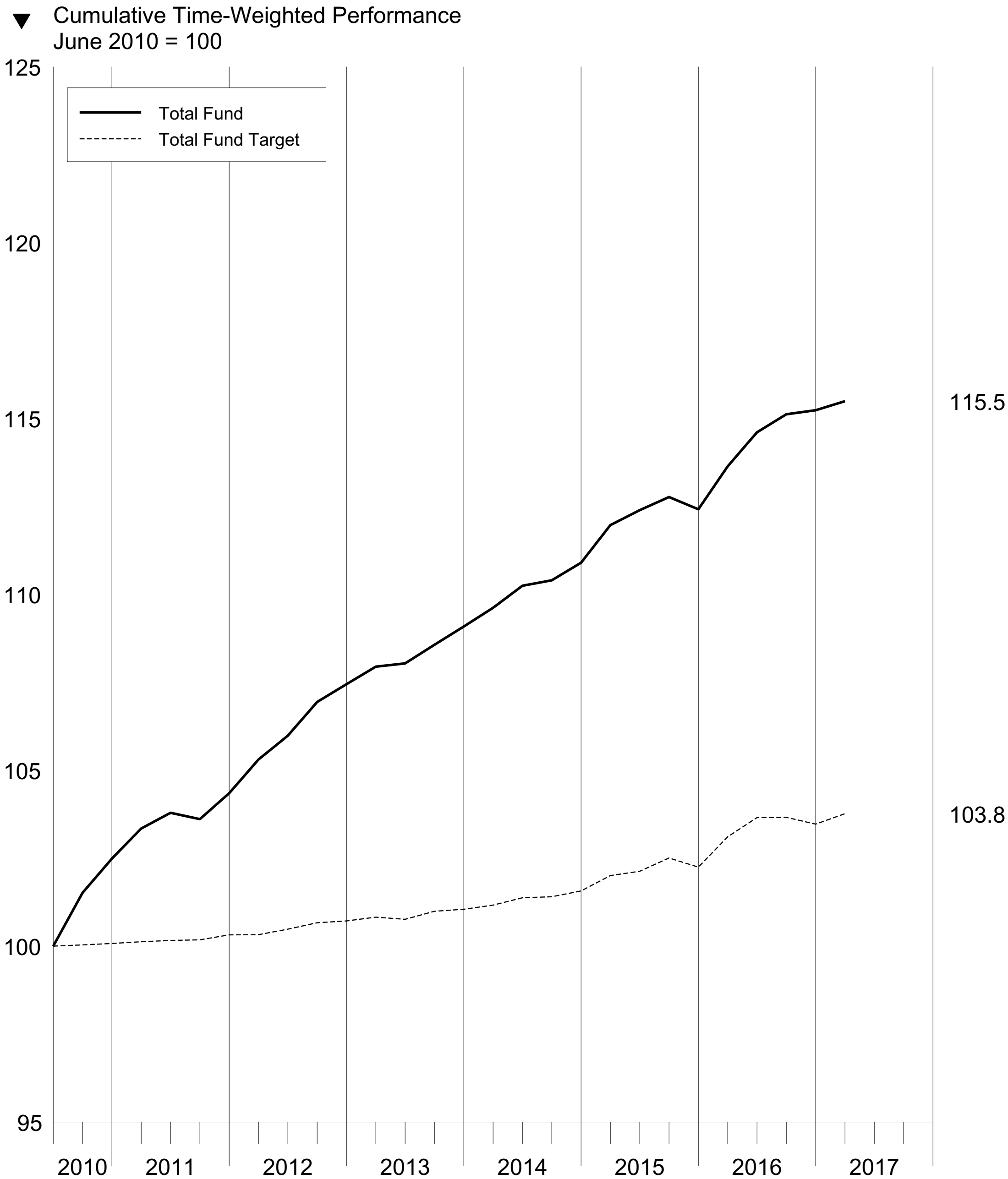
Cumulative Relative Attribution Effects



Six and Three-Quarter Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
BND CDs	22%	16%	3.28%	1.46%	0.40%	0.24%	0.64%
Short Term Fixed Income	74%	64%	1.87%	0.97%	0.70%	0.26%	0.96%
Cash & Equivalents	4%	20%	0.18%	0.13%	0.00%	0.00%	0.01%
Total			**2.16% =**	**0.55% +**	**1.10% +**	**0.50%**	**1.61%**

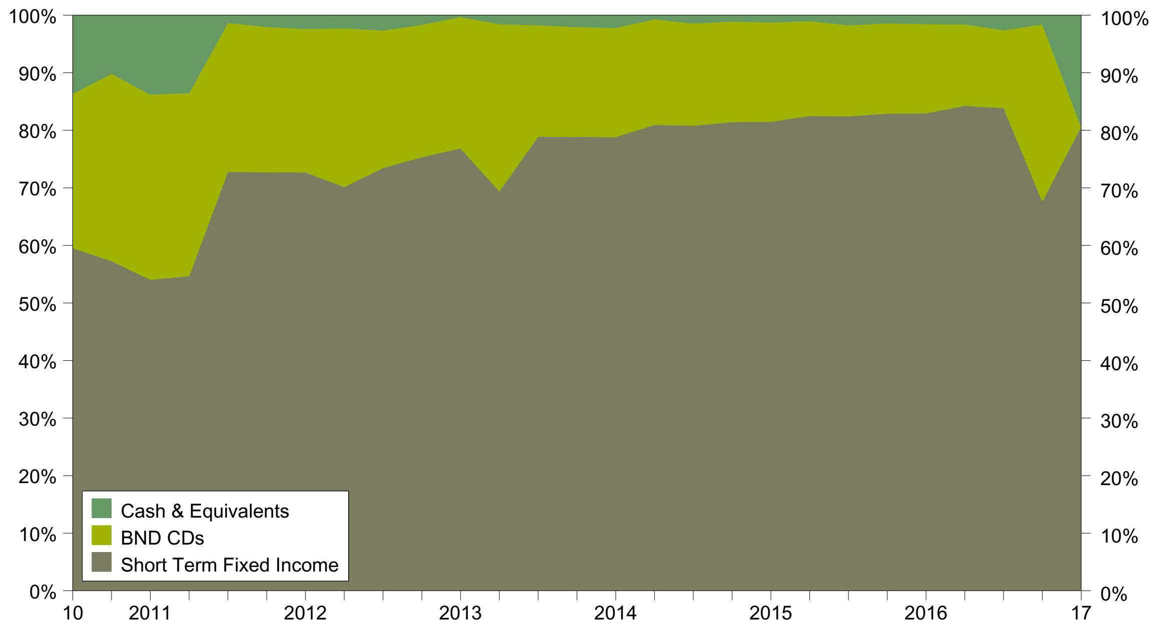
* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.


Cumulative Time-Weighted Performance
June 2010 = 100
125
120
115
110
105
100
95
Total Fund
Total Fund Target
115.5
103.8
2010
2011
2012
2013
2014
2015
2016
2017

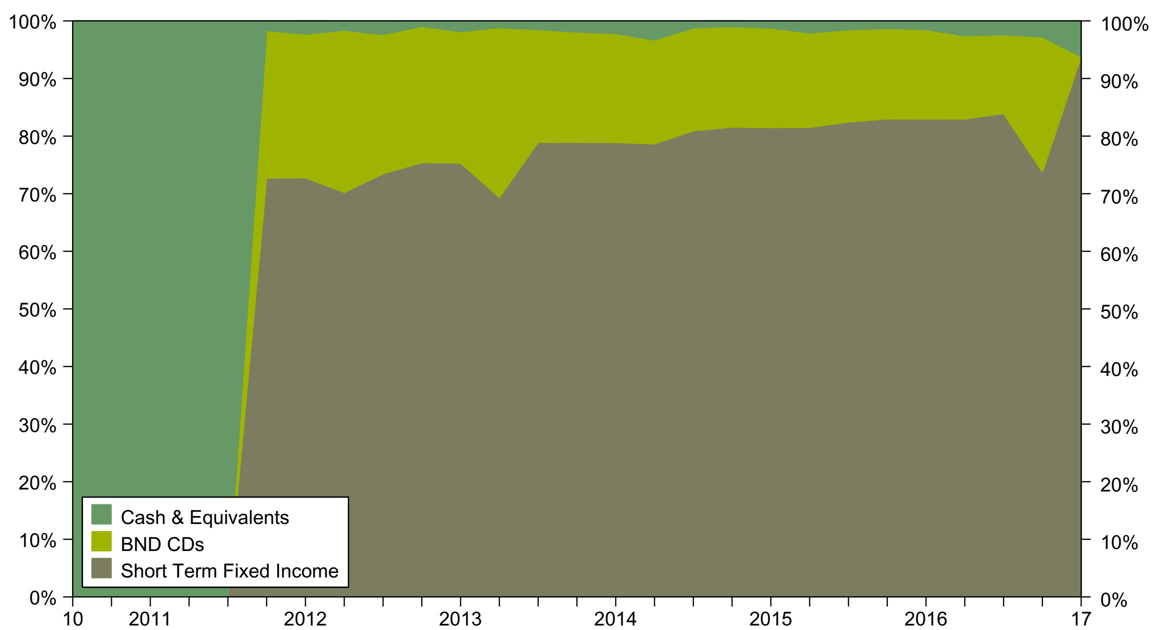
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

Actual Historical Asset Allocation



Target Historical Asset Allocation



* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Short Term Fixed Income	$4,930,889	80.64%	$(65,243,366)	$129,091	$70,045,163	67.65%
BND CDs	$0	0.00%	$(31,915,044)	$57,855	$31,857,189	30.77%
Cash & Equivalents	$1,183,995	19.36%	$(455,537)	$3,948	$1,635,585	1.58%
Securities Lending Income	$0	0.00%	$(232)	$232	-	-
Total Fund	$6,114,884	100.0%	$(97,614,179)	$191,126	$103,537,937	100.0%

PLEASE REFER TO PAGE 33 FOR INVESTMENT MANAGER LEVEL ASSET ALLOCATION.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 6-3/4 Years
Short Term Fixed Income					
Gross	0.20%	1.43%	1.60%	1.61%	1.87%
Net	(0.02%)	1.07%	1.39%	1.43%	1.71%
Blmbg Gov 1-3 Yr	0.28%	0.25%	0.74%	0.65%	0.78%
Cash & Equivalents - Net	**0.12%**	**0.31%**	**0.13%**	**0.15%**	**0.18%**
3-month Treasury Bill	0.10%	0.36%	0.17%	0.14%	0.13%
Total Fund					
Gross	0.22%	1.63%	1.75%	1.86%	2.16%
Net	0.03%	1.32%	1.58%	1.72%	2.04%
Target*	0.29%	0.64%	0.85%	0.68%	0.55%

* Current Quarter Target = 93.8% Blmbg Gov 1-3 Yr and 6.2% 3-month Treasury Bill.

PLEASE REFER TO PAGES 34-36 FOR INVESTMENT MANAGER LEVEL RETURNS.

Large Cap Equity
Period Ended March 31, 2017

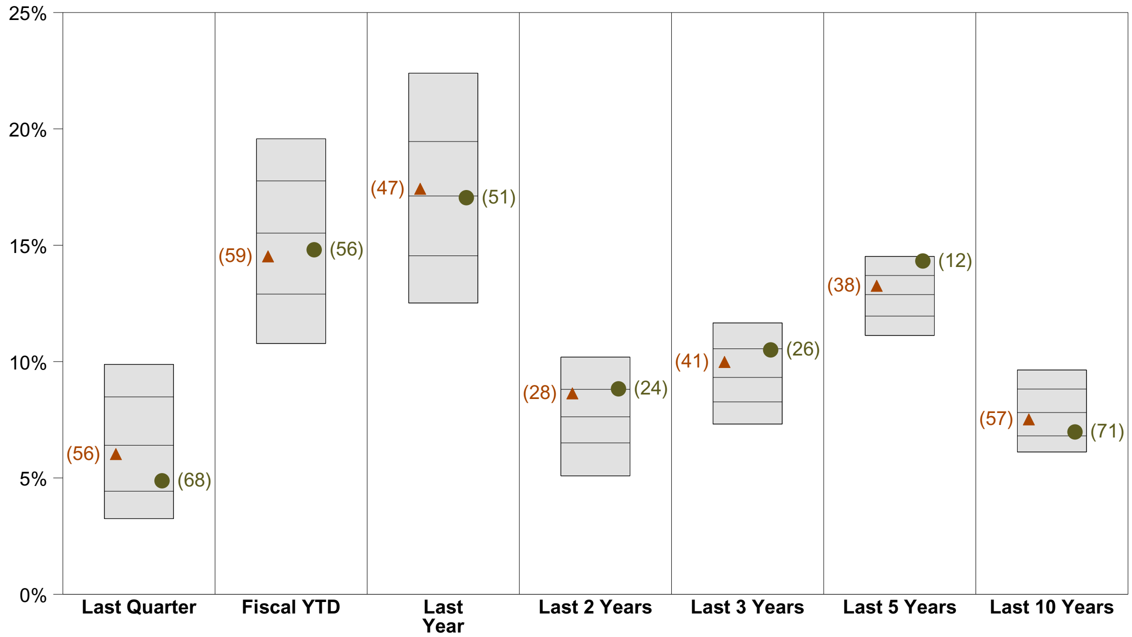
Quarterly Summary and Highlights

- Large Cap Equity's portfolio posted a 4.88% return for the quarter placing it in the 68 percentile of the CAI Large Capitalization group for the quarter and in the 51 percentile for the last year.
- Large Cap Equity's portfolio underperformed the Large Cap Equity Target by 1.15% for the quarter and underperformed the Large Cap Equity Target for the year by 0.38%.

Quarterly Asset Growth

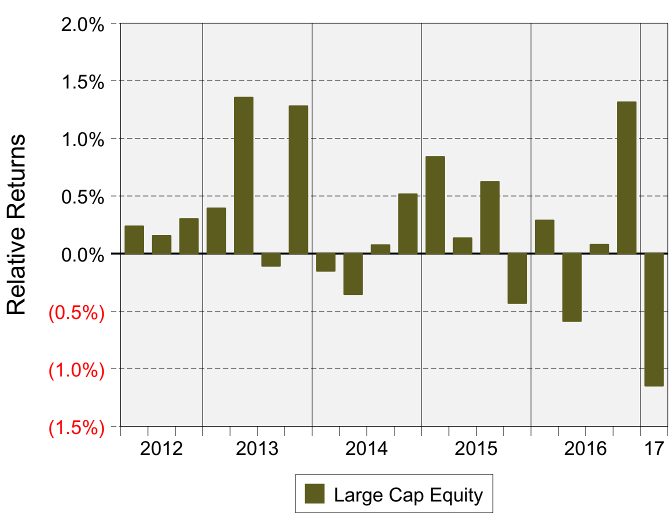
Beginning Market Value	$241,680,853
Net New Investment	$-12,112,114
Investment Gains/(Losses)	$11,517,481
Ending Market Value	$241,086,220

Performance vs CAI Large Capitalization (Gross)

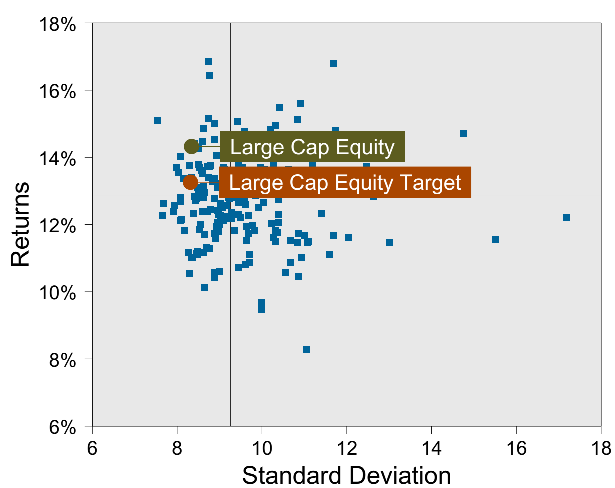


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	9.88	19.57	22.39	10.19	11.66	14.52	9.64
25th Percentile	8.48	17.76	19.46	8.81	10.55	13.70	8.82
Median	6.40	15.52	17.12	7.63	9.32	12.88	7.81
75th Percentile	4.43	12.90	14.55	6.51	8.27	11.96	6.81
90th Percentile	3.25	10.78	12.52	5.09	7.32	11.12	6.12
Large Cap Equity ●	4.88	14.81	17.04	8.83	10.50	14.32	6.98
Large Cap Equity Target ▲	6.03	14.52	17.43	8.64	9.99	13.26	7.52

Relative Return vs Large Cap Equity Target



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



Parametric Clifton Large Cap
Period Ended March 31, 2017

Investment Philosophy

Parametric Clifton utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

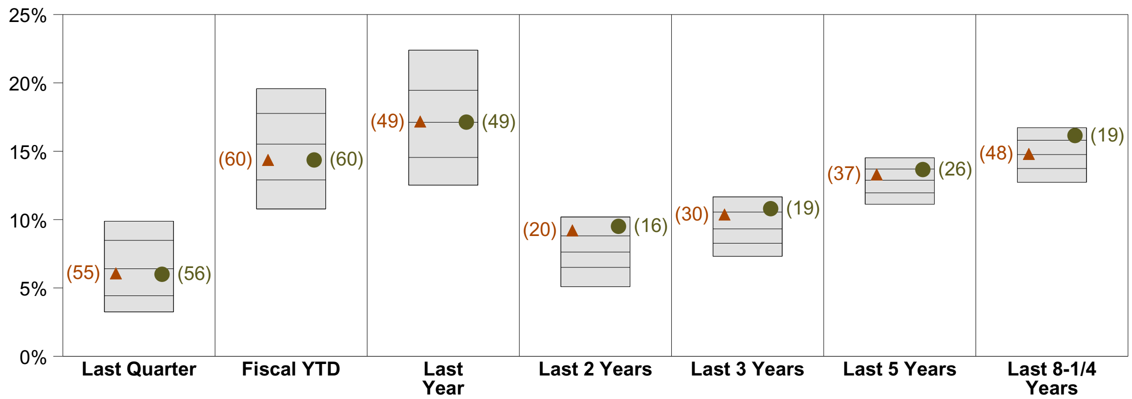
Quarterly Summary and Highlights

- Parametric Clifton Large Cap's portfolio posted a 6.00% return for the quarter placing it in the 56 percentile of the CAI Large Capitalization group for the quarter and in the 49 percentile for the last year.
- Parametric Clifton Large Cap's portfolio underperformed the S&P 500 Index by 0.07% for the quarter and underperformed the S&P 500 Index for the year by 0.04%.

Quarterly Asset Growth

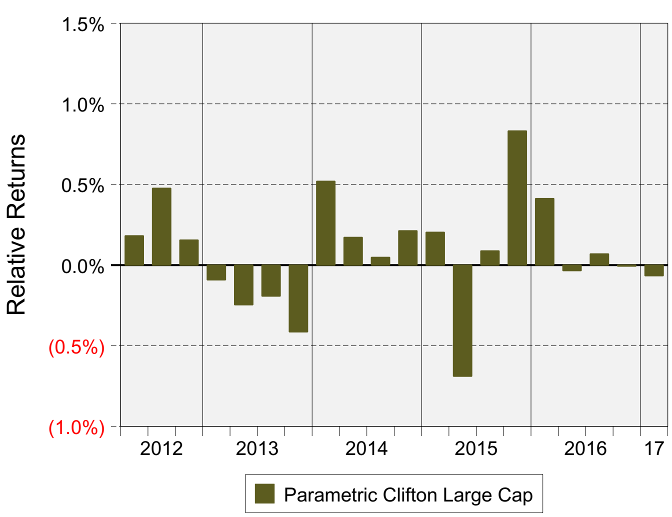
Beginning Market Value	$47,737,961
Net New Investment	$-3,000,000
Investment Gains/(Losses)	$2,715,072
Ending Market Value	$47,453,033

Performance vs CAI Large Capitalization (Gross)

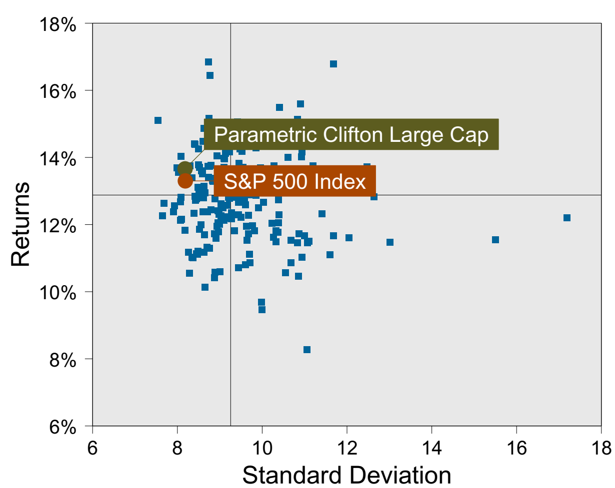


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-1/4 Years
10th Percentile	9.88	19.57	22.39	10.19	11.66	14.52	16.72
25th Percentile	8.48	17.76	19.46	8.81	10.55	13.70	15.80
Median	6.40	15.52	17.12	7.63	9.32	12.88	14.76
75th Percentile	4.43	12.90	14.55	6.51	8.27	11.96	13.74
90th Percentile	3.25	10.78	12.52	5.09	7.32	11.12	12.73
Parametric Clifton Large Cap ●	6.00	14.36	17.13	9.51	10.80	13.66	16.15
S&P 500 Index ▲	6.07	14.36	17.17	9.21	10.37	13.30	14.80

Relative Return vs S&P 500 Index



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



L.A. Capital
Period Ended March 31, 2017

Investment Philosophy

The LA Capital Structured portfolio is a large growth portfolio benchmarked to the Russell 1000 Growth Index. It is an active assignment meaning that it targets a 2% alpha and constrains its risk budget (tracking error) to 4% relative to the benchmark. LA Capital believes that investment results are driven by Investor Preferences and thus recognize that when preferences shift a different posture related to that factor is warranted.

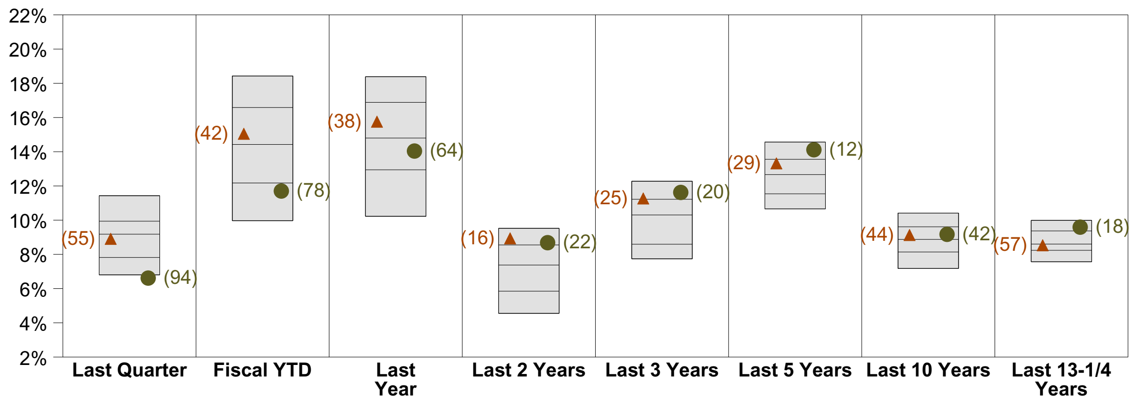
Quarterly Summary and Highlights

- L.A. Capital Large Cap Growth's portfolio posted a 6.61% return for the quarter placing it in the 94 percentile of the CAI Large Cap Growth group for the quarter and in the 64 percentile for the last year.
- L.A. Capital Large Cap Growth's portfolio underperformed the Russell 1000 Growth Index by 2.29% for the quarter and underperformed the Russell 1000 Growth Index for the year by 1.72%.

Quarterly Asset Growth

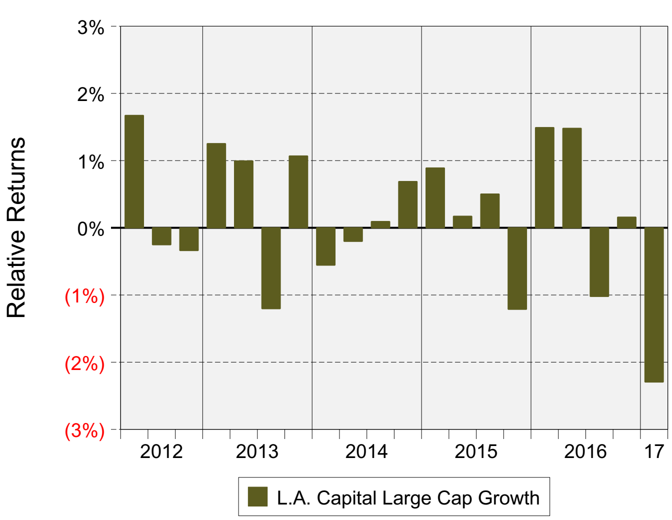
Beginning Market Value	$72,033,028
Net New Investment	$-3,036,808
Investment Gains/(Losses)	$4,653,427
Ending Market Value	$73,649,648

Performance vs CAI Large Cap Growth (Gross)

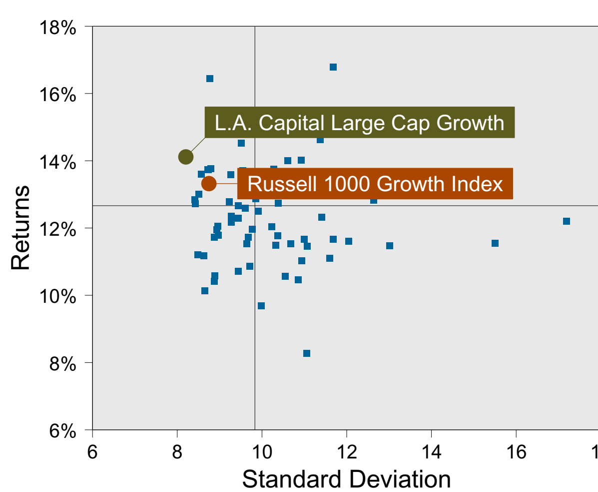


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 13-1/4 Years
10th Percentile	11.43	18.43	18.39	9.52	12.28	14.57	10.41	9.99
25th Percentile	9.94	16.59	16.89	8.55	11.22	13.56	9.61	9.37
Median	9.18	14.42	14.80	7.38	10.31	12.66	8.88	8.60
75th Percentile	7.82	12.17	12.94	5.85	8.59	11.54	8.14	8.24
90th Percentile	6.80	9.97	10.23	4.55	7.74	10.66	7.18	7.57
L.A. Capital Large Cap Growth ●	6.61	11.70	14.04	8.68	11.62	14.11	9.17	9.59
Russell 1000 Growth Index ▲	8.91	15.05	15.76	8.94	11.27	13.32	9.13	8.53

Relative Return vs Russell 1000 Growth Index



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



L.A. Capital Enhanced
Period Ended March 31, 2017

Investment Philosophy

The LA Capital Enhanced portfolio is a large core portfolio benchmarked to the Russell 1000 Index. Characterized as an enhanced index assignment, its objective is to track the benchmark with lower variability. The pension portfolio began in August of 2000 and the insurance portfolio was initiated in April of 2004. Since October of 2006 a small portion of each of the two core accounts was allocated into the Large Cap Alpha Fund with intent to add incremental alpha to the assignment given that the information ratio was expected to be higher.

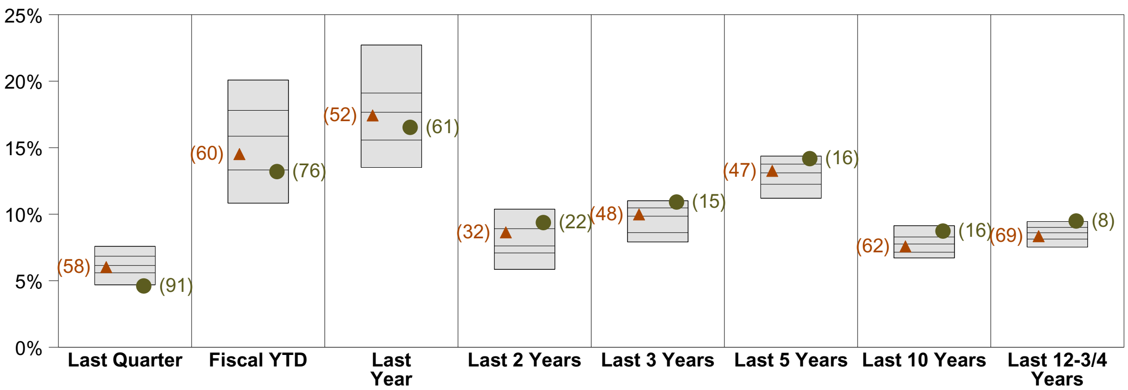
Quarterly Summary and Highlights

- L.A. Capital Enhanced's portfolio posted a 4.61% return for the quarter placing it in the 91 percentile of the CAI Large Cap Core group for the quarter and in the 61 percentile for the last year.
- L.A. Capital Enhanced's portfolio underperformed the Russell 1000 Index by 1.42% for the quarter and underperformed the Russell 1000 Index for the year by 0.90%.

Quarterly Asset Growth

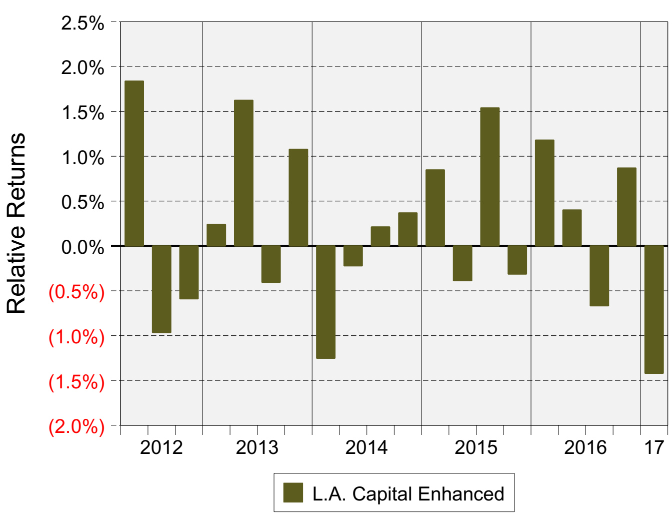
Beginning Market Value	$48,050,604
Net New Investment	$-3,016,104
Investment Gains/(Losses)	$2,217,177
Ending Market Value	$47,251,677

Performance vs CAI Large Cap Core (Gross)

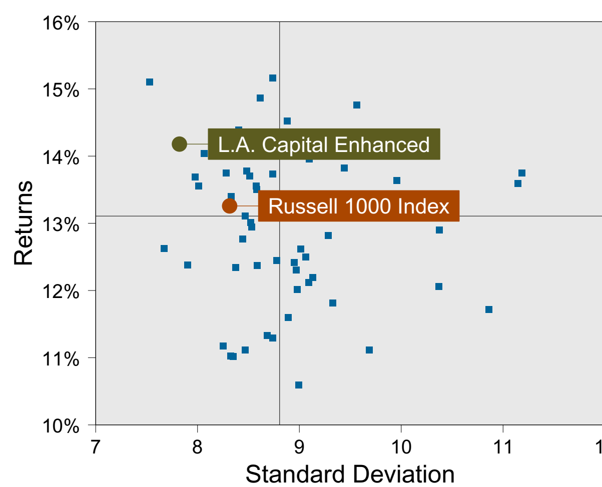


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 12-3/4 Years
10th Percentile	7.58	20.09	22.72	10.38	11.01	14.37	9.14	9.45
25th Percentile	6.84	17.80	19.11	8.91	10.47	13.76	8.29	9.01
Median	6.14	15.86	17.66	7.62	9.85	13.11	7.76	8.61
75th Percentile	5.59	13.33	15.57	7.09	8.61	12.25	7.14	8.13
90th Percentile	4.69	10.83	13.51	5.85	7.91	11.20	6.71	7.53
L.A. Capital Enhanced ●	4.61	13.20	16.53	9.37	10.92	14.18	8.73	9.49
Russell 1000 Index ▲	6.03	14.52	17.43	8.64	9.99	13.26	7.58	8.35

Relative Return vs Russell 1000 Index



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



LSV Asset Management
Period Ended March 31, 2017

Investment Philosophy

The objective of LSV Asset Management's Large Cap Value Equity (U.S.) strategy is to outperform the Russell 1000 Value by at least 200 basis points (gross of fees) per annum over a 3-5 year period with a tracking error of approximately 4%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 100 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested.

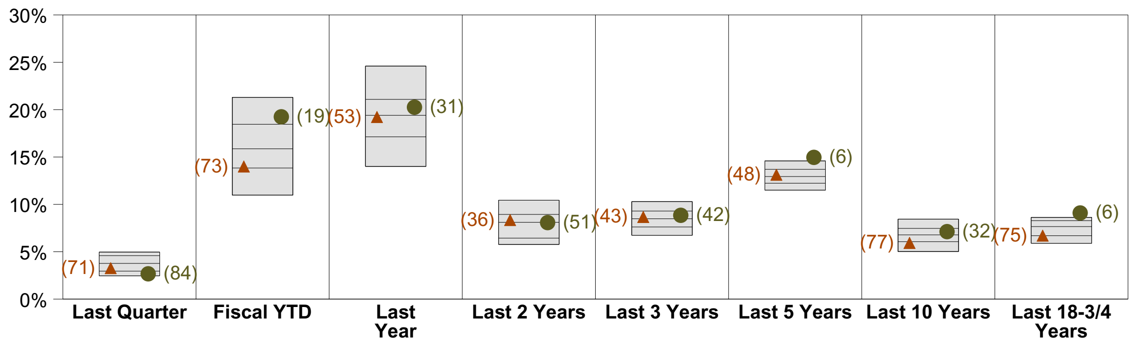
Quarterly Summary and Highlights

- LSV Large Cap Value's portfolio posted a 2.67% return for the quarter placing it in the 84 percentile of the CAI Large Cap Value group for the quarter and in the 31 percentile for the last year.
- LSV Large Cap Value's portfolio underperformed the Russell 1000 Value Index by 0.60% for the quarter and outperformed the Russell 1000 Value Index for the year by 1.03%.

Quarterly Asset Growth

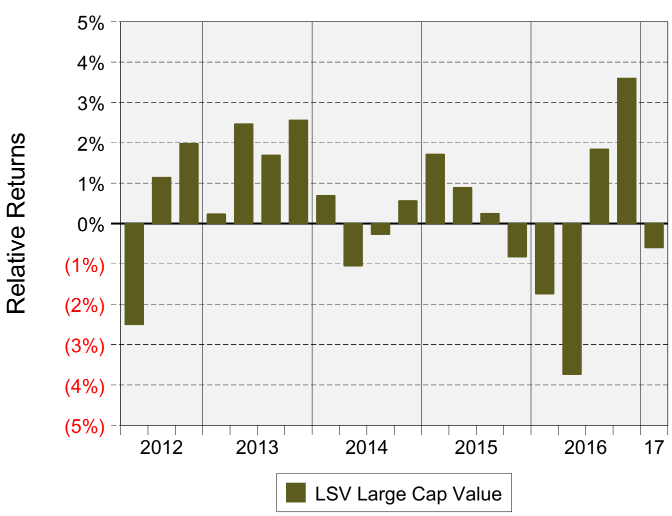
Beginning Market Value	$73,859,259
Net New Investment	$-3,059,202
Investment Gains/(Losses)	$1,931,804
Ending Market Value	$72,731,862

Performance vs CAI Large Cap Value (Gross)

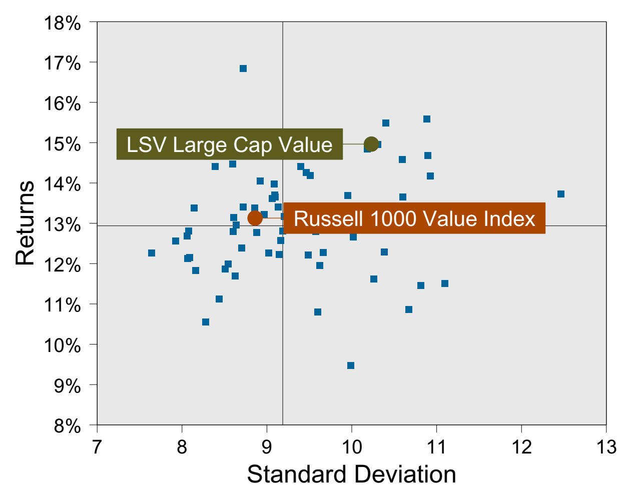


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 18-3/4 Years
10th Percentile	4.96	21.30	24.60	10.44	10.29	14.59	8.44	8.63
25th Percentile	4.59	18.46	21.09	8.94	9.30	13.70	7.47	8.28
Median	3.77	15.87	19.40	8.11	8.48	12.94	6.78	7.65
75th Percentile	2.95	13.84	17.13	6.44	7.62	12.24	6.06	6.69
90th Percentile	2.46	10.98	14.01	5.77	6.74	11.50	5.02	5.89
LSV Large Cap Value ●	2.67	19.24	20.26	8.08	8.85	14.96	7.12	9.09
Russell 1000 Value Index ▲	3.27	14.00	19.22	8.34	8.67	13.13	5.93	6.70

Relative Return vs Russell 1000 Value Index



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



Small Cap Equity
Period Ended March 31, 2017

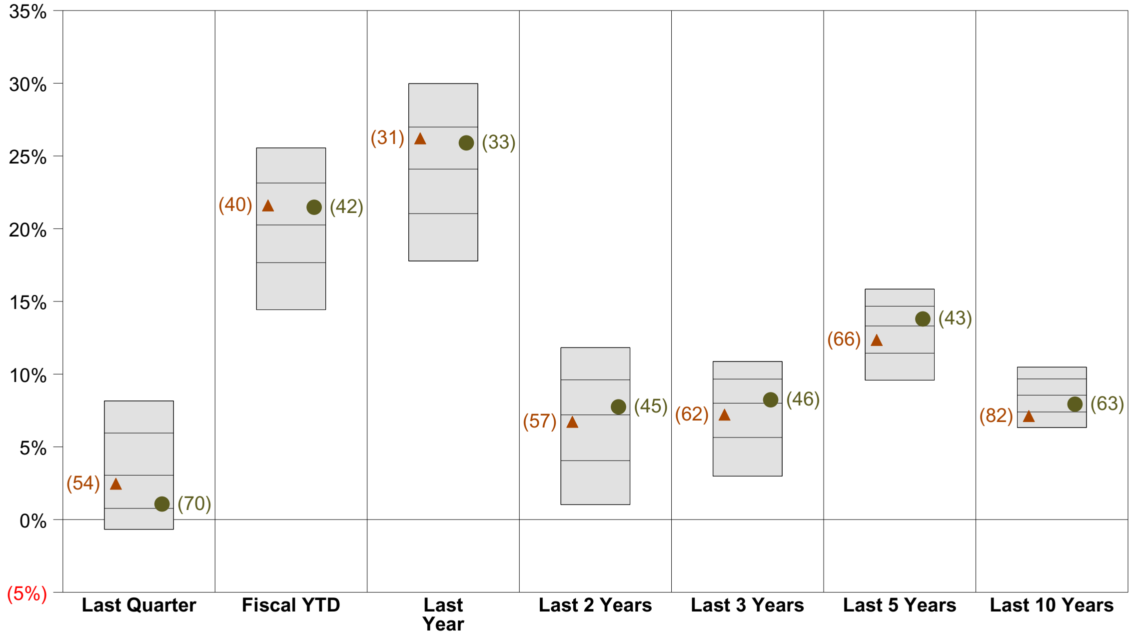
Quarterly Summary and Highlights

- Small Cap Equity's portfolio posted a 1.07% return for the quarter placing it in the 70 percentile of the CAI Small Capitalization group for the quarter and in the 33 percentile for the last year.
- Small Cap Equity's portfolio underperformed the Small Cap Equity Target by 1.40% for the quarter and underperformed the Small Cap Equity Target for the year by 0.32%.

Quarterly Asset Growth

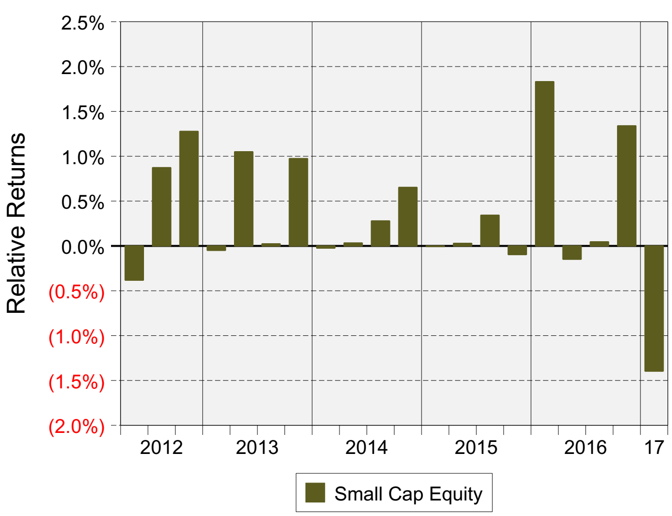
Beginning Market Value	$84,231,274
Net New Investment	$-5,024,359
Investment Gains/(Losses)	$858,125
Ending Market Value	$80,065,040

Performance vs CAI Small Capitalization (Gross)

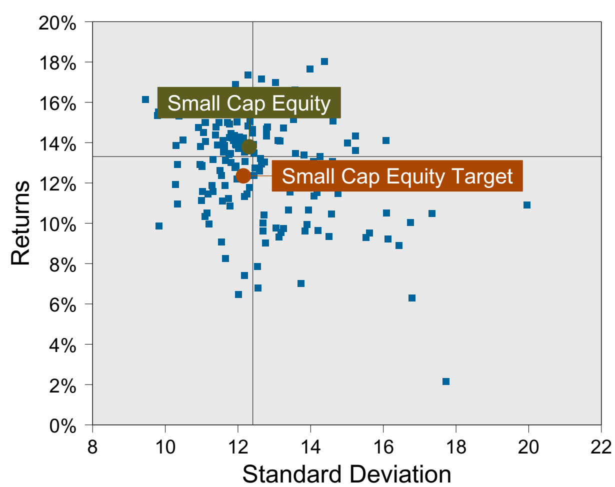


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	8.16	25.56	29.98	11.82	10.87	15.85	10.48
25th Percentile	5.95	23.14	26.99	9.61	9.66	14.67	9.67
Median	3.05	20.26	24.10	7.20	8.00	13.31	8.55
75th Percentile	0.77	17.67	21.04	4.05	5.65	11.44	7.40
90th Percentile	(0.67)	14.43	17.78	1.03	2.98	9.58	6.33
Small Cap Equity ●	1.07	21.47	25.90	7.75	8.23	13.79	7.94
Small Cap Equity Target ▲	2.47	21.60	26.22	6.72	7.22	12.35	7.12

Relative Return vs Small Cap Equity Target



CAI Small Capitalization (Gross)
Annualized Five Year Risk vs Return



Parametric Clifton SmallCap
Period Ended March 31, 2017

Investment Philosophy

Parametric Clifton utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

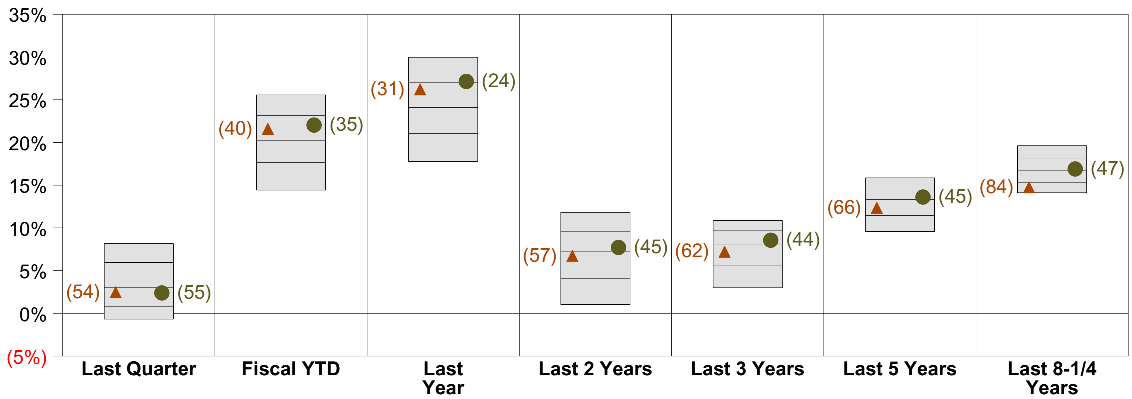
Quarterly Summary and Highlights

- Parametric Clifton SmallCap's portfolio posted a 2.38% return for the quarter placing it in the 55 percentile of the CAI Small Capitalization group for the quarter and in the 24 percentile for the last year.
- Parametric Clifton SmallCap's portfolio underperformed the Russell 2000 Index by 0.08% for the quarter and outperformed the Russell 2000 Index for the year by 0.92%.

Quarterly Asset Growth

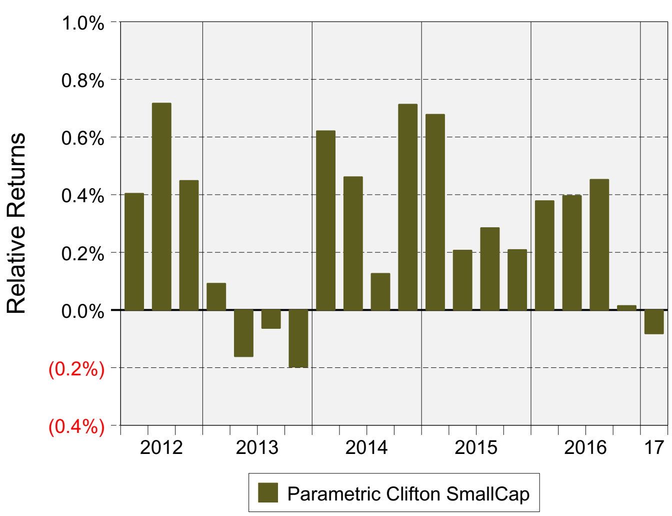
Beginning Market Value	$43,930,947
Net New Investment	$-5,000,000
Investment Gains/(Losses)	$984,029
Ending Market Value	$39,914,976

Performance vs CAI Small Capitalization (Gross)

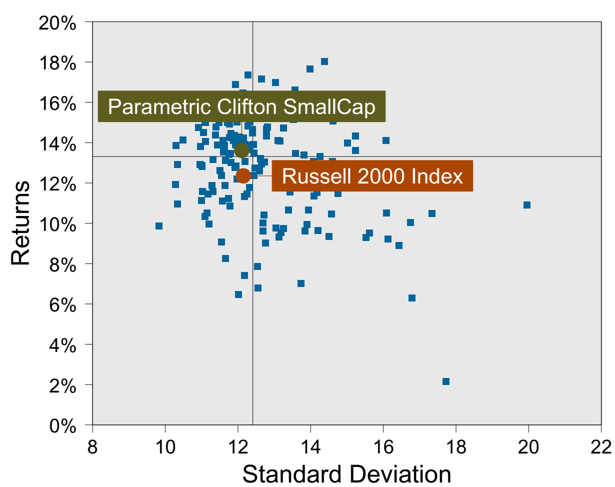


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8-1/4 Years
10th Percentile	8.16	25.56	29.98	11.82	10.87	15.85	19.61
25th Percentile	5.95	23.14	26.99	9.61	9.66	14.67	18.07
Median	3.05	20.26	24.10	7.20	8.00	13.31	16.68
75th Percentile	0.77	17.67	21.04	4.05	5.65	11.44	15.34
90th Percentile	(0.67)	14.43	17.78	1.03	2.98	9.58	14.11
Parametric Clifton SmallCap ●	2.38	22.03	27.14	7.71	8.56	13.61	16.89
Russell 2000 Index ▲	2.47	21.60	26.22	6.72	7.22	12.35	14.75

Relative Return vs Russell 2000 Index



CAI Small Capitalization (Gross) Annualized Five Year Risk vs Return



PIMCO RAE
Period Ended March 31, 2017

Investment Philosophy

Small company value equity portfolio utilizing the index strategy and philosophy described as the Enhanced RAFI US Small strategy which relies on portfolio weights derived from firm fundamentals (free cash flow, book equity value, total sales and gross dividend), instead of market capitalization. Additionally, the enhanced portfolio strategy uses a quality of earnings screening and a financial distress screening to augment portfolio returns and reduce portfolio volatility.

Quarterly Summary and Highlights

- PIMCO RAE's portfolio posted a (0.31)% return for the quarter placing it in the 87 percentile of the CAI Small Capitalization group for the quarter and in the 45 percentile for the last year.
- PIMCO RAE's portfolio underperformed the Russell 2000 Index by 2.78% for the quarter and underperformed the Russell 2000 Index for the year by 1.75%.

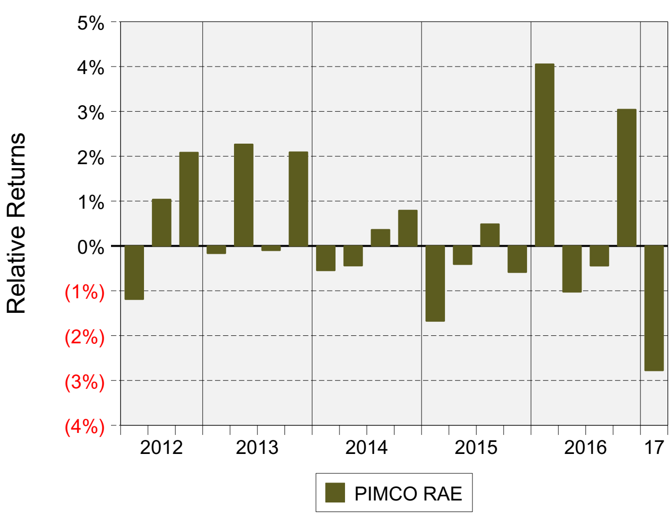
Quarterly Asset Growth

Beginning Market Value	$40,300,326
Net New Investment	$-24,359
Investment Gains/(Losses)	$-125,904
Ending Market Value	$40,150,063

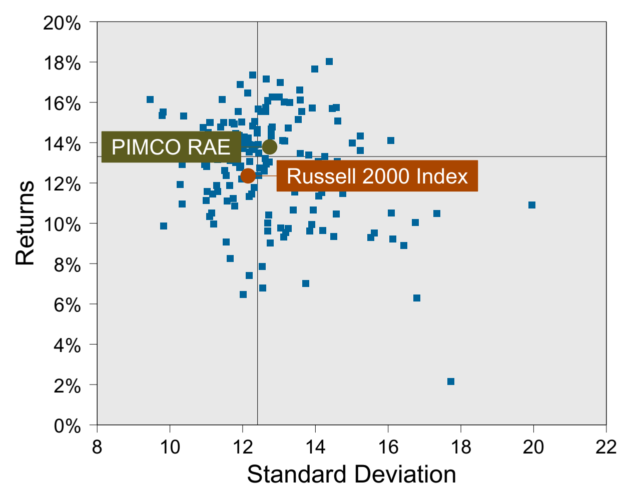
Performance vs CAI Small Capitalization (Gross)

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/2 Years
10th Percentile	8.16	25.56	29.98	11.82	10.87	15.85	10.55
25th Percentile	5.95	23.14	26.99	9.61	9.66	14.67	9.60
Median	3.05	20.26	24.10	7.20	8.00	13.31	8.58
75th Percentile	0.77	17.67	21.04	4.05	5.65	11.44	7.45
90th Percentile	(0.67)	14.43	17.78	1.03	2.98	9.58	6.25
PIMCO RAE ●	(0.31)	21.12	24.47	7.91	7.67	13.79	8.61
Russell 2000 Index ▲	2.47	21.60	26.22	6.72	7.22	12.35	7.38

Relative Return vs Russell 2000 Index



CAI Small Capitalization (Gross)
Annualized Five Year Risk vs Return



International Equity
Period Ended March 31, 2017

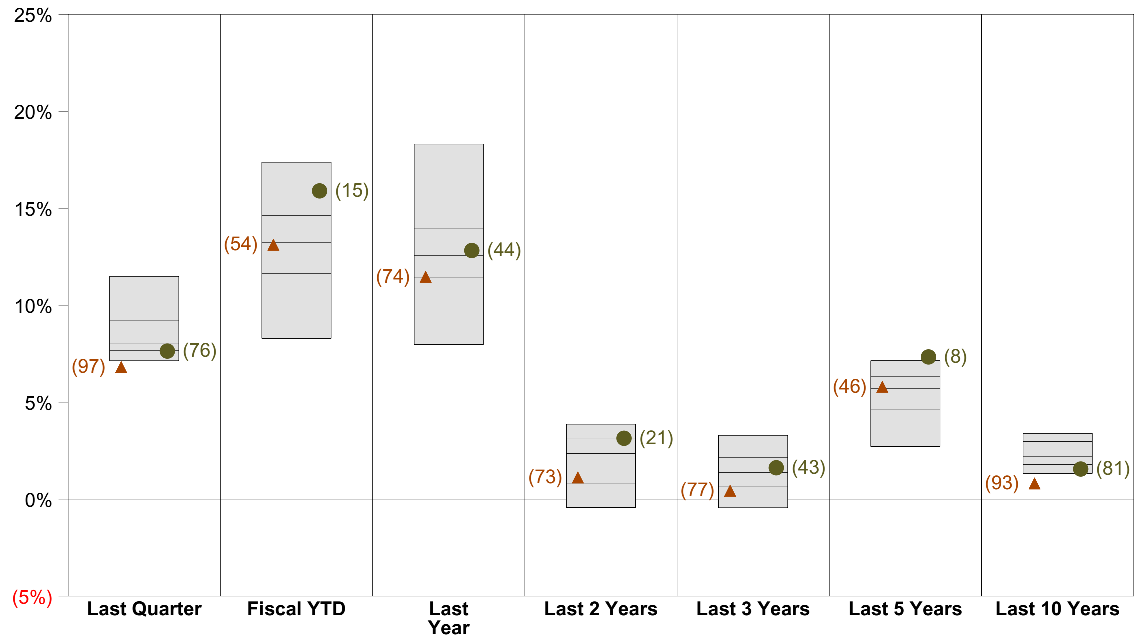
Quarterly Summary and Highlights

- International Equity's portfolio posted a 7.63% return for the quarter placing it in the 76 percentile of the Pub Pln-International Equity group for the quarter and in the 44 percentile for the last year.
- International Equity's portfolio outperformed the International Equity Target by 0.82% for the quarter and outperformed the International Equity Target for the year by 1.35%.

Quarterly Asset Growth

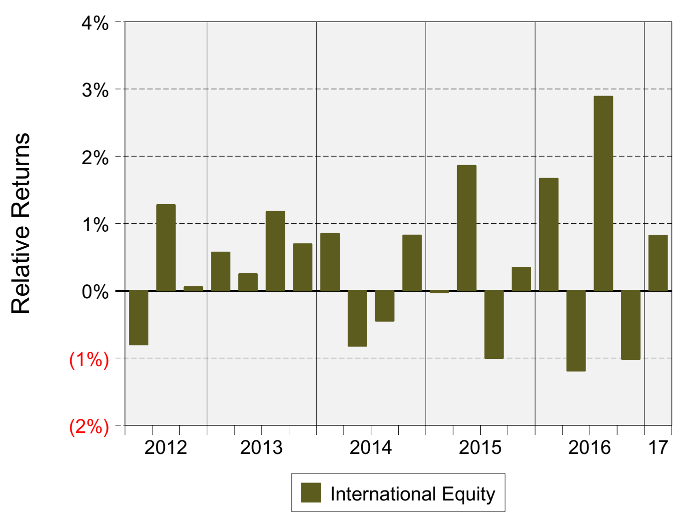
Beginning Market Value	$172,055,437
Net New Investment	$-6,140,106
Investment Gains/(Losses)	$12,931,126
Ending Market Value	$178,846,457

Performance vs Pub Pln- International Equity (Gross)

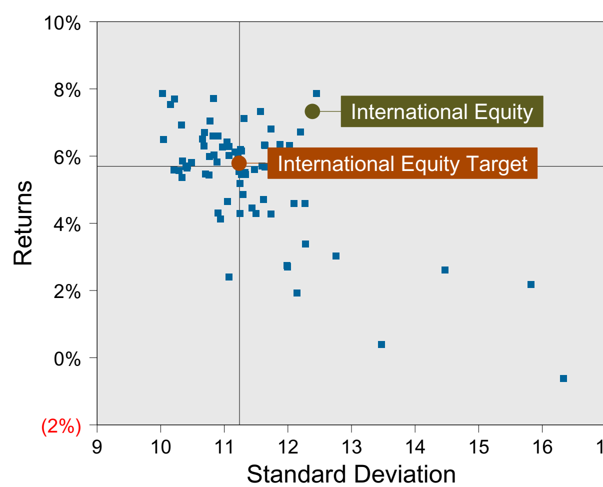


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	11.49	17.38	18.31	3.87	3.29	7.14	3.39
25th Percentile	9.19	14.63	13.93	3.10	2.14	6.33	2.97
Median	8.05	13.24	12.55	2.35	1.38	5.69	2.21
75th Percentile	7.67	11.64	11.41	0.82	0.63	4.64	1.78
90th Percentile	7.13	8.29	7.97	(0.43)	(0.45)	2.71	1.33
International Equity ●	7.63	15.89	12.82	3.14	1.62	7.33	1.55
International Equity Target ▲	6.81	13.12	11.46	1.12	0.43	5.79	0.81

Relative Return vs International Equity Target



Pub Pln- International Equity (Gross) Annualized Five Year Risk vs Return



DFA Intl Small Cap Value
Period Ended March 31, 2017

Investment Philosophy

The International Small Cap Value Portfolio invests in the stocks of small, non-US developed markets companies that Dimensional believes to be value stocks at the time of purchase. Specifically, it looks at companies that fall within the smallest 8-10% of each country's market capitalization, and who's shares have a high book value in relation to their market value (BtM). It does not invest in emerging markets.

Quarterly Summary and Highlights

- DFA Intl Small Cap Value's portfolio posted a 7.73% return for the quarter placing it in the 79 percentile of the CAI International Small Cap Mut Funds group for the quarter and in the 4 percentile for the last year.
- DFA Intl Small Cap Value's portfolio outperformed the World ex US SC Value by 0.93% for the quarter and outperformed the World ex US SC Value for the year by 3.44%.

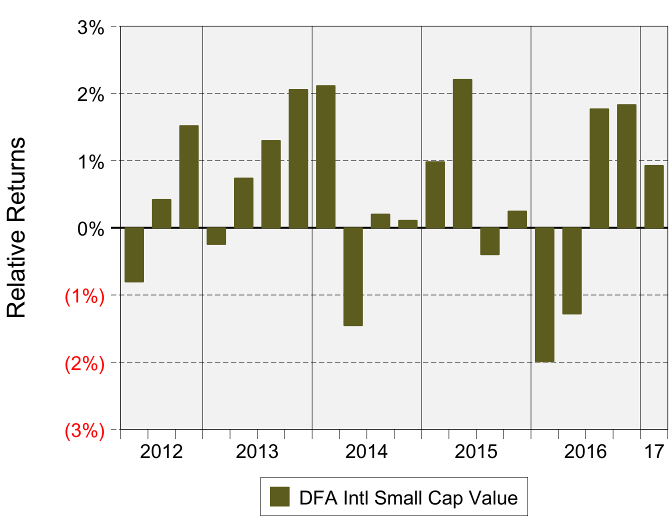
Quarterly Asset Growth

Beginning Market Value	$18,972,166
Net New Investment	$-2,000,000
Investment Gains/(Losses)	$1,424,449
Ending Market Value	$18,396,616

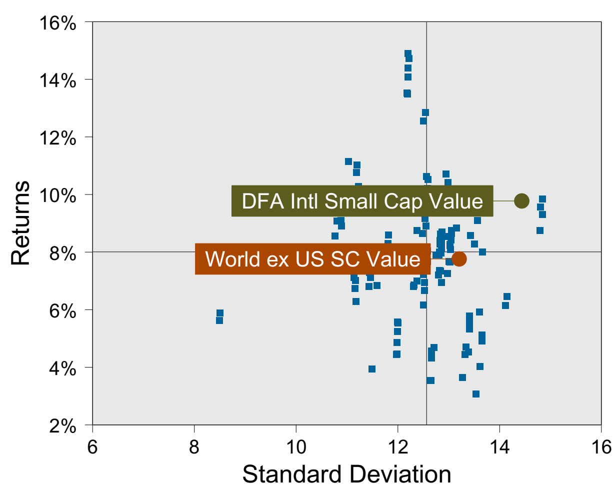
Performance vs CAI International Small Cap Mut Funds (Net)

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 9-1/4 Years
10th Percentile	10.67	15.90	15.43	7.99	5.45	10.62	5.67
25th Percentile	10.13	14.03	11.87	6.00	3.03	9.14	4.30
Median	9.05	11.63	8.97	4.06	1.64	8.01	2.85
75th Percentile	8.01	8.62	6.65	2.48	0.27	6.70	1.89
90th Percentile	6.51	6.26	4.88	0.74	(0.68)	4.57	1.08
DFA Intl Small Cap Value ●	7.73	21.13	17.30	7.51	2.71	9.78	4.30
World ex US SC Value ▲	6.80	16.04	13.86	5.96	1.77	7.76	3.58

Relative Return vs World ex US SC Value



CAI International Small Cap Mut Funds (Net) Annualized Five Year Risk vs Return



LSV Intl Value
Period Ended March 31, 2017

Investment Philosophy

The objective of LSV Asset Management's International Large Cap Value strategy is to outperform the MSCI EAFE Index by at least 250 basis points (gross of fees) per annum over an annualized 3-5 year period with a tracking error of approximately 5-6%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 150 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested. LSV weights countries at a neutral weight relative to the benchmark country weights. 50% of the portfolio is US dollar hedged. ***MSCI EAFE through 9/30/2000, 50% Hedged EAFE through 3/31/2011 and MSCI EAFE again thereafter.**

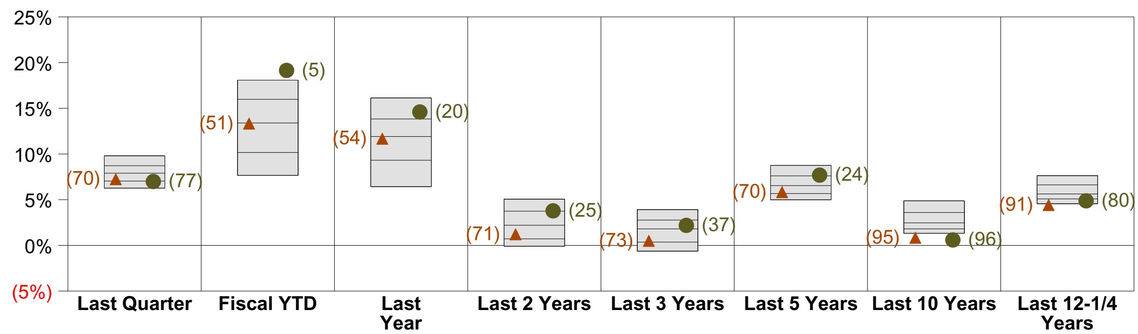
Quarterly Summary and Highlights

- LSV Intl Value's portfolio posted a 6.99% return for the quarter placing it in the 77 percentile of the CAI Non-US Equity group for the quarter and in the 20 percentile for the last year.
- LSV Intl Value's portfolio underperformed the Benchmark by 0.26% for the quarter and outperformed the Benchmark for the year by 2.92%.

Quarterly Asset Growth

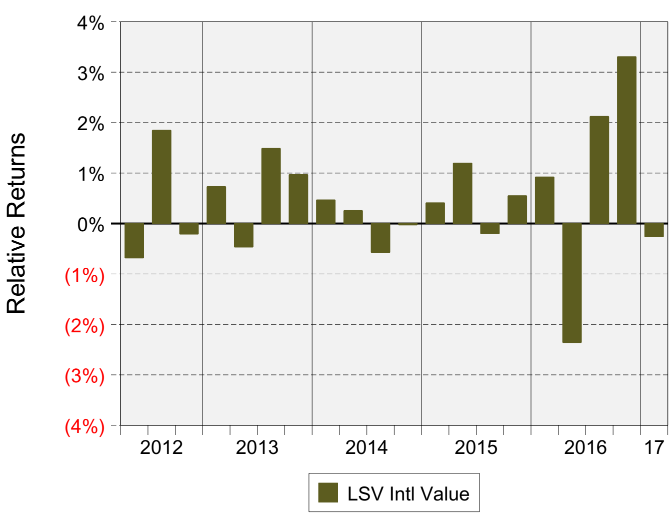
Beginning Market Value	$74,008,894
Net New Investment	$-4,073,173
Investment Gains/(Losses)	$4,998,111
Ending Market Value	$74,933,832

Performance vs CAI Non-US Equity (Gross)

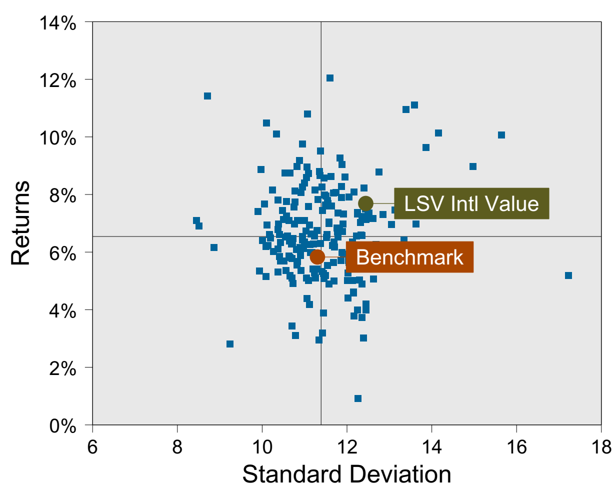


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 12-1/4 Years
10th Percentile	9.80	18.08	16.13	5.06	3.91	8.75	4.87	7.63
25th Percentile	8.72	15.98	13.83	3.74	2.77	7.61	3.60	6.62
Median	7.90	13.39	11.91	2.20	1.80	6.54	2.46	5.63
75th Percentile	7.03	10.17	9.31	0.71	0.36	5.67	1.81	5.09
90th Percentile	6.27	7.66	6.42	(0.10)	(0.63)	4.99	1.32	4.55
LSV Intl Value ●	6.99	19.15	14.60	3.78	2.19	7.69	0.59	4.87
Benchmark ▲	7.25	13.33	11.67	1.21	0.50	5.83	0.83	4.42

Relative Return vs Benchmark



CAI Non-US Equity (Gross)
Annualized Five Year Risk vs Return



Vanguard Intl Explorer Fund
Period Ended March 31, 2017

Investment Philosophy

Vanguard International Explorer Fund invests primarily in the equity securities of small-capitalization companies located outside the United States that the advisor believes offer the potential for long-term capital appreciation. The advisor considers, among other things, whether a company is likely to have above-average earnings growth, whether the company's securities are attractively valued, and whether the company has any proprietary advantages.

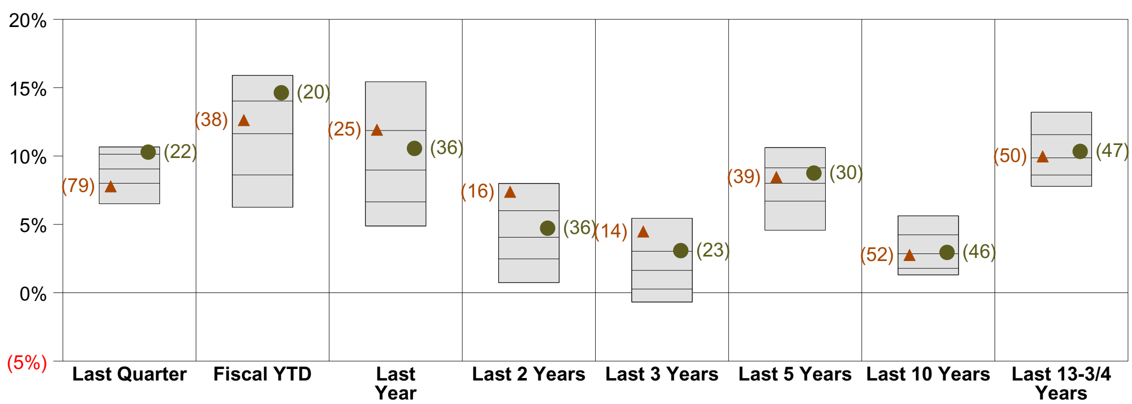
Quarterly Summary and Highlights

- Vanguard Intl Explorer Fund's portfolio posted a 10.29% return for the quarter placing it in the 22 percentile of the CAI International Small Cap Mut Funds group for the quarter and in the 36 percentile for the last year.
- Vanguard Intl Explorer Fund's portfolio outperformed the S&P BMI EPAC <$2 B by 2.50% for the quarter and underperformed the S&P BMI EPAC <$2 B for the year by 1.37%.

Quarterly Asset Growth

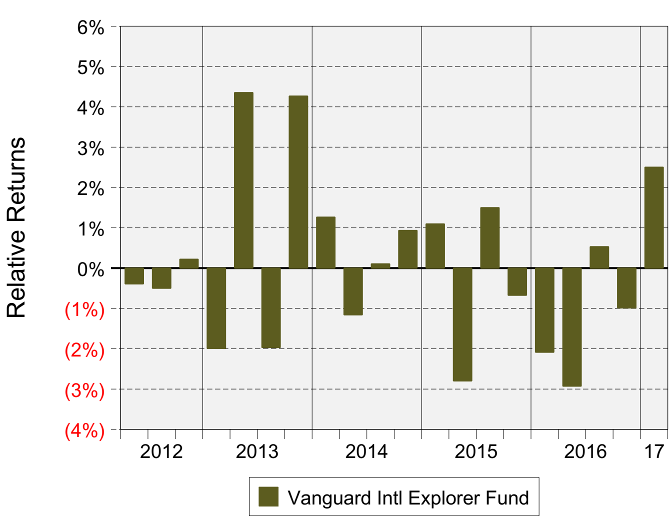
Beginning Market Value	$18,052,193
Net New Investment	$0
Investment Gains/(Losses)	$1,857,176
Ending Market Value	$19,909,369

Performance vs CAI International Small Cap Mut Funds (Net)

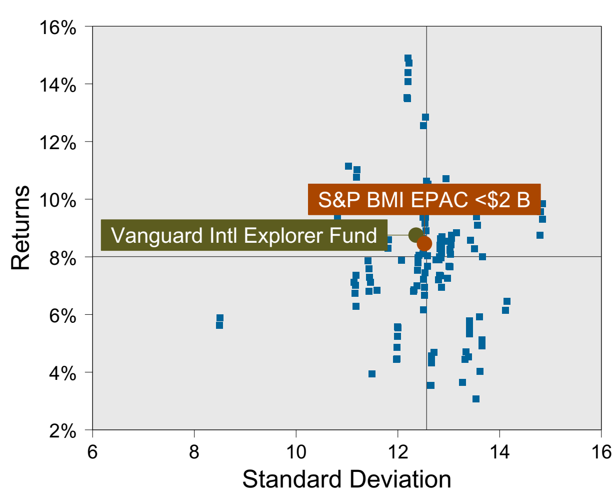


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 13-3/4 Years
10th Percentile	10.67	15.90	15.43	7.99	5.45	10.62	5.63	13.21
25th Percentile	10.13	14.03	11.87	6.00	3.03	9.14	4.24	11.57
Median	9.05	11.63	8.97	4.06	1.64	8.01	2.85	9.87
75th Percentile	8.01	8.62	6.65	2.48	0.27	6.70	1.79	8.61
90th Percentile	6.51	6.26	4.88	0.74	(0.68)	4.57	1.31	7.79
Vanguard Intl Explorer Fund ●	10.29	14.63	10.56	4.72	3.08	8.75	2.95	10.34
S&P BMI EPAC <$2 B ▲	7.79	12.63	11.92	7.39	4.48	8.46	2.76	9.97

Relative Return vs S&P BMI EPAC <$2 B



CAI International Small Cap Mut Funds (Net)
Annualized Five Year Risk vs Return



William Blair
Period Ended March 31, 2017

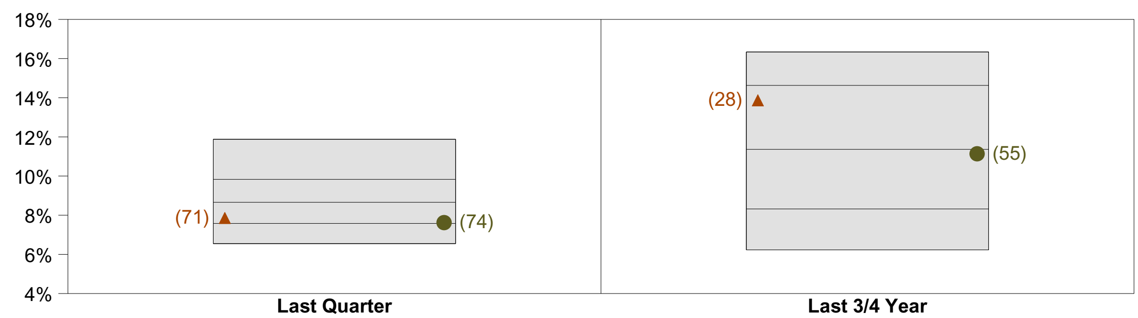
Investment Philosophy
One of the basic investment tenets of William Blair & Company has been its focus on quality growth companies. They believe that investing in quality growth companies will generate above average results with generally less risk than the market. This opportunity exists because they believe the market underestimates the durability and rate of growth in companies that have the following characteristics: strong management with a unique vision, competitive advantages that prolong the duration and size of earnings growth, and conservative financing. Internationally, they believe that this philosophy can be combined with strategic flexibility in managing geographic exposure, capitalization, sector emphasis, and relative growth and valuation at the portfolio level in order to provide an appropriate degree of adaptability to cyclical conditions.

Quarterly Summary and Highlights
- William Blair's portfolio posted a 7.62% return for the quarter placing it in the 74 percentile of the CAI Non-US All Country Growth Equity group for the quarter and in the 55 percentile for the last three-quarter year.
- William Blair's portfolio underperformed the MSCI ACWI ex US by 0.24% for the quarter and underperformed the MSCI ACWI ex US for the three-quarter year by 2.73%.

Quarterly Asset Growth

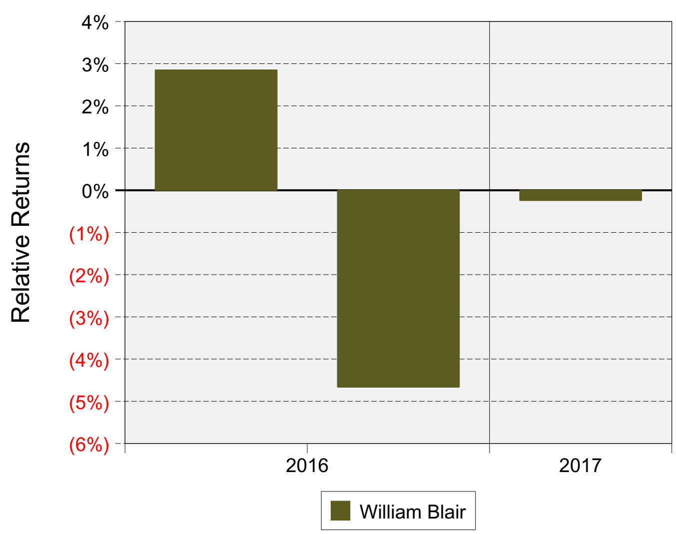
Beginning Market Value	$61,022,068
Net New Investment	$-63,368
Investment Gains/(Losses)	$4,647,940
Ending Market Value	$65,606,640

Performance vs CAI Non-US All Country Growth Equity (Gross)

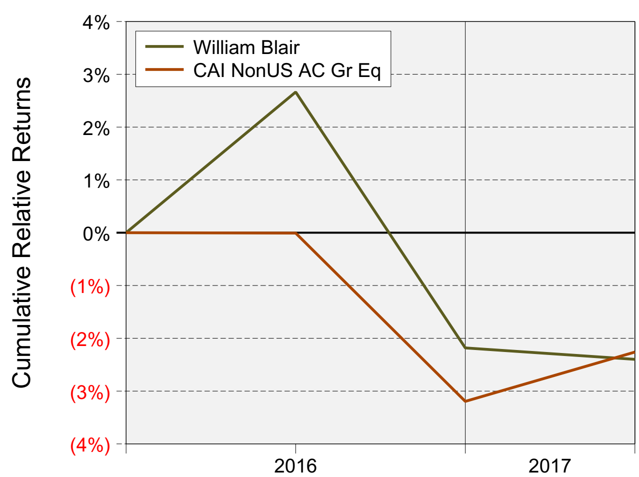


	Last Quarter	Last 3/4 Year
10th Percentile	11.88	16.34
25th Percentile	9.83	14.63
Median	8.66	11.36
75th Percentile	7.58	8.32
90th Percentile	6.55	6.23
William Blair ●	7.62	11.14
MSCI ACWI ex US ▲	7.86	13.87

Relative Return vs MSCI ACWI ex US



Cumulative Returns vs MSCI ACWI ex US



Domestic Fixed Income
Period Ended March 31, 2017

Quarterly Summary and Highlights

- Domestic Fixed Income's portfolio posted a 2.02% return for the quarter placing it in the 7 percentile of the Pub Pln- Domestic Fixed group for the quarter and in the 13 percentile for the last year.
- Domestic Fixed Income's portfolio outperformed the Domestic Fixed Inc. Target by 1.20% for the quarter and outperformed the Domestic Fixed Inc. Target for the year by 4.95%.

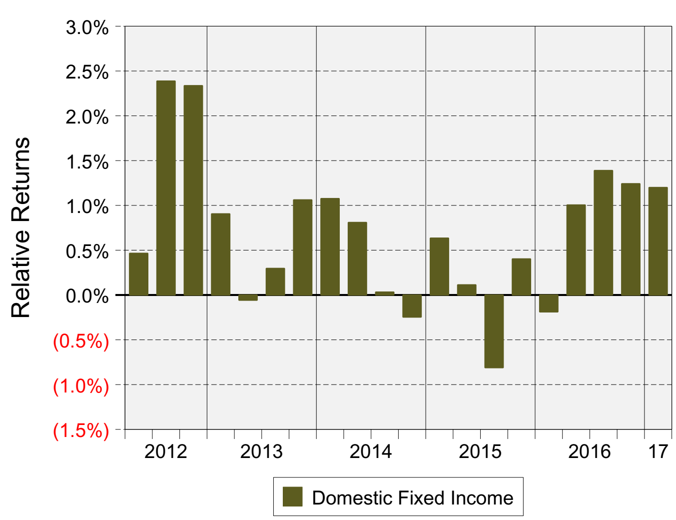
Quarterly Asset Growth

Beginning Market Value	$1,060,437,623
Net New Investment	$11,731,688
Investment Gains/(Losses)	$21,447,012
Ending Market Value	$1,093,616,324

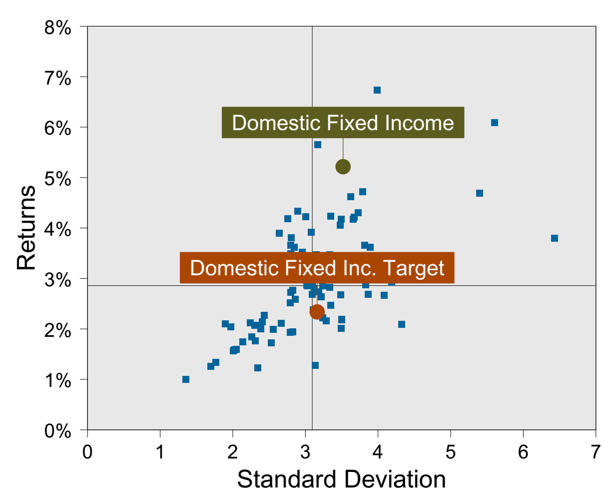
Performance vs Pub Pln- Domestic Fixed (Gross)

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	1.96	2.58	5.86	2.98	4.18	4.26	5.86
25th Percentile	1.55	1.24	4.16	2.51	3.34	3.62	5.16
Median	1.15	(0.29)	2.18	1.84	2.92	2.86	4.70
75th Percentile	0.90	(1.12)	0.64	1.36	2.35	2.12	3.92
90th Percentile	0.74	(1.47)	0.26	1.04	1.99	1.74	3.46
Domestic Fixed Income ●	2.02	2.10	5.39	3.42	4.60	5.22	6.09
Domestic Fixed Inc. Target ▲	0.82	(1.73)	0.44	1.20	2.68	2.34	4.27

Relative Return vs Domestic Fixed Inc. Target



Pub Pln- Domestic Fixed (Gross)
Annualized Five Year Risk vs Return



Declaration Total Return
Period Ended March 31, 2017

Investment Philosophy

The Fund's portfolio holdings consist primarily of RMBS issued by private sector companies (Non-Agency RMBS) and government agencies (Agency MBS) and CMBS issued by private sector companies. Agency MBS includes securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae). Portfolio holdings may range from short tenure senior classes to stressed issues or subordinated securities with substantial risk of non-payment and correspondingly higher yields. Smaller portfolio allocations may include consumer asset-backed securities (ABS), or other structured credit securities and corporate bonds. As a diversification strategy and a potential hedge to credit risk, the Fund may invest in securities which tend to benefit from slow mortgage prepayments and economic growth, such as interest only (IO) MBS.

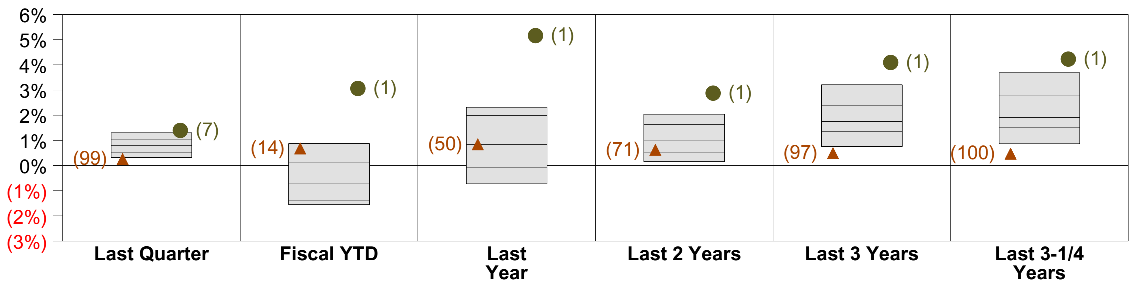
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a 1.40% return for the quarter placing it in the 7 percentile of the CAI Intermediate Fixed Income Mut Funds group for the quarter and in the 1 percentile for the last year.
- Declaration Total Return's portfolio outperformed the Libor-3 Month by 1.14% for the quarter and outperformed the Libor-3 Month for the year by 4.32%.

Quarterly Asset Growth

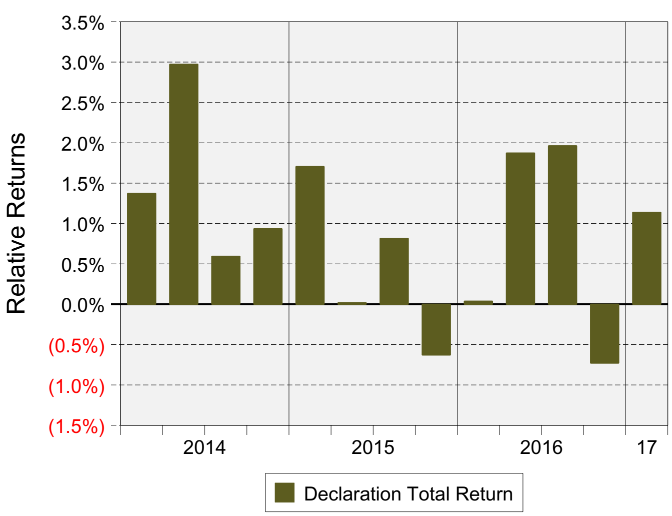
Beginning Market Value	$81,322,803
Net New Investment	$-59,121
Investment Gains/(Losses)	$1,134,363
Ending Market Value	$82,398,045

Performance vs CAI Intermediate Fixed Income Mut Funds (Net)

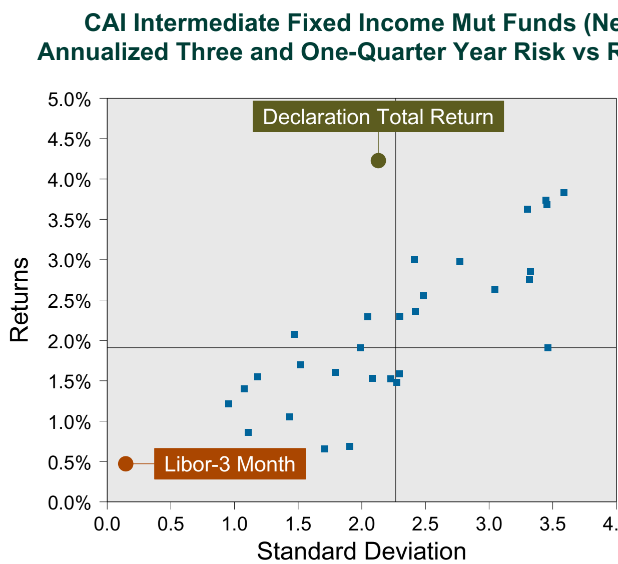


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.30	0.87	2.32	2.04	3.21	3.68
25th Percentile	1.05	0.10	1.99	1.63	2.37	2.80
Median	0.80	(0.70)	0.84	0.98	1.75	1.91
75th Percentile	0.51	(1.40)	(0.07)	0.50	1.34	1.50
90th Percentile	0.32	(1.56)	(0.73)	0.15	0.75	0.86
Declaration Total Return ●	1.40	3.06	5.16	2.87	4.09	4.23
Libor-3 Month ▲	0.26	0.68	0.84	0.62	0.49	0.47

Relative Return vs Libor-3 Month



CAI Intermediate Fixed Income Mut Funds (Net)
Annualized Three and One-Quarter Year Risk vs Return



PIMCO DiSCO II
Period Ended March 31, 2017

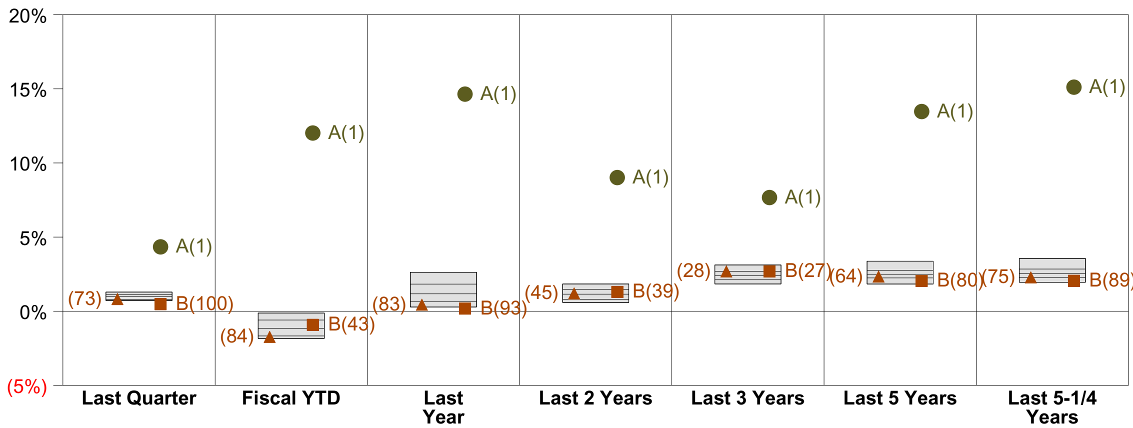
Investment Philosophy
The PIMCO Distressed Senior Credit Opportunities Fund is an opportunistic private-equity style Fund which seeks to provide investors enhanced returns principally through long-biased investments in undervalued senior and super senior structured credit securities that are expected to produce attractive levels of current income and that may also appreciate in value over the long term. The fund will look to capitalize on forced sales by liquidity constrained investors.

Quarterly Summary and Highlights
- PIMCO DiSCO II's portfolio posted a 4.34% return for the quarter placing it in the 1 percentile of the CAI Core Bond Mutual Funds group for the quarter and in the 1 percentile for the last year.
- PIMCO DiSCO II's portfolio outperformed the Blmbg Aggregate by 3.52% for the quarter and outperformed the Blmbg Aggregate for the year by 14.20%.

Quarterly Asset Growth

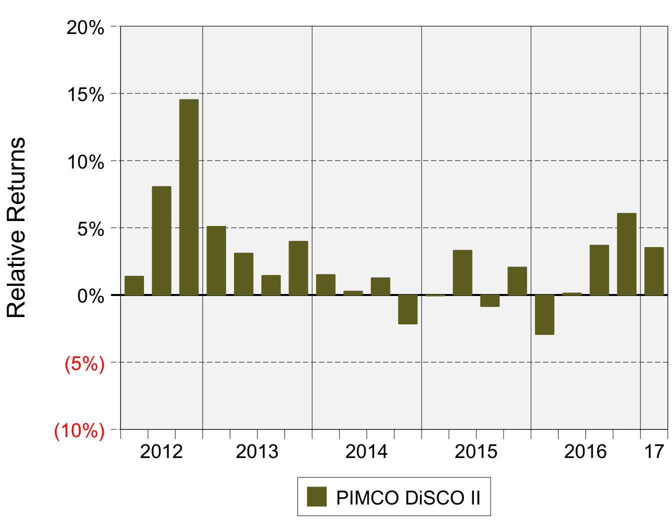
Beginning Market Value	$88,519,817
Net New Investment	$0
Investment Gains/(Losses)	$3,840,249
Ending Market Value	$92,360,066

Performance vs CAI Core Bond Mutual Funds (Net)

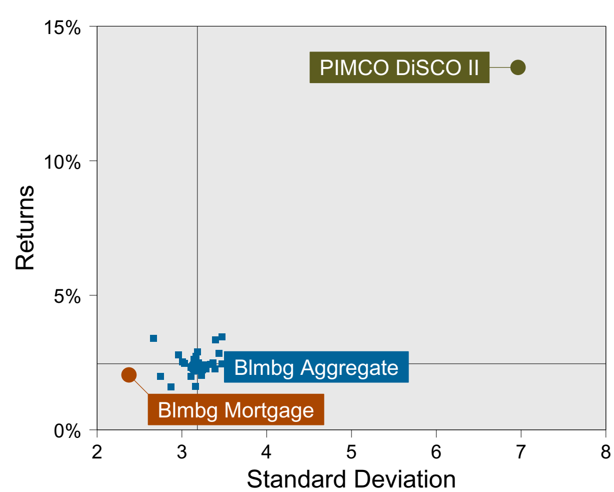


		Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/4 Years
10th Percentile		1.29	(0.12)	2.62	1.84	3.12	3.37	3.56
25th Percentile		1.13	(0.60)	1.83	1.47	2.69	2.76	2.84
Median		0.98	(1.16)	1.17	1.15	2.40	2.45	2.54
75th Percentile		0.80	(1.67)	0.63	0.80	2.16	2.25	2.27
90th Percentile		0.72	(1.84)	0.28	0.59	1.84	1.83	1.95
PIMCO DiSCO II	● A	4.34	12.02	14.64	9.01	7.67	13.47	15.11
Blmbg Mortgage	■ B	0.47	(0.92)	0.17	1.30	2.69	2.04	2.05
Blmbg Aggregate	▲	0.82	(1.73)	0.44	1.20	2.68	2.34	2.28

Relative Return vs Blmbg Aggregate



CAI Core Bond Mutual Funds (Net)
Annualized Five Year Risk vs Return



PIMCO Bravo II Fund
Period Ended March 31, 2017

Investment Philosophy

The BRAVO II Fund is a private equity style fund targeting an annualized IRR of 15-20% and multiple of 1.8-2x, net of fees and carried interest with an initial 5-year term. The fund will seek to capitalize on non-economic asset sale decisions by global financial institutions. The fund will have the flexibility to acquire attractively discounted, less liquid loans, structured credit and other assets tied to residential or commercial real estate markets in the U.S. and Europe.

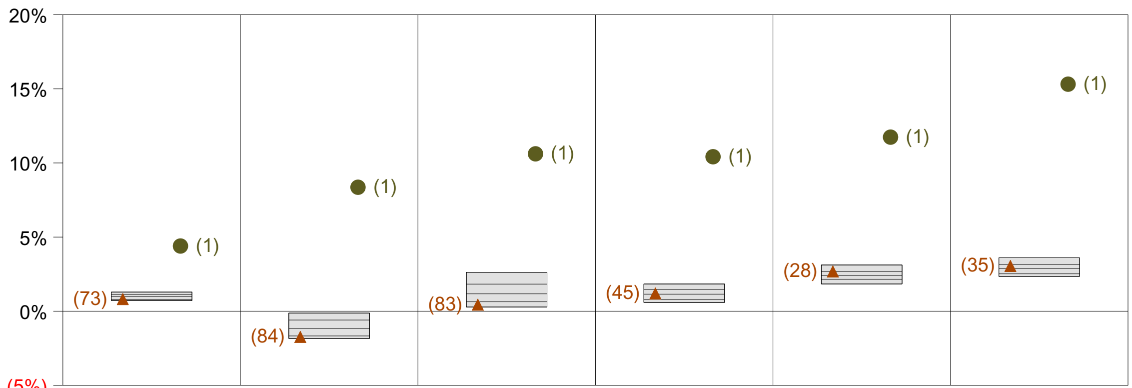
Quarterly Summary and Highlights

- PIMCO Bravo II Fund's portfolio posted a 4.40% return for the quarter placing it in the 1 percentile of the CAI Core Bond Mutual Funds group for the quarter and in the 1 percentile for the last year.
- PIMCO Bravo II Fund's portfolio outperformed the Blmbg Aggregate by 3.58% for the quarter and outperformed the Blmbg Aggregate for the year by 10.18%.

Quarterly Asset Growth

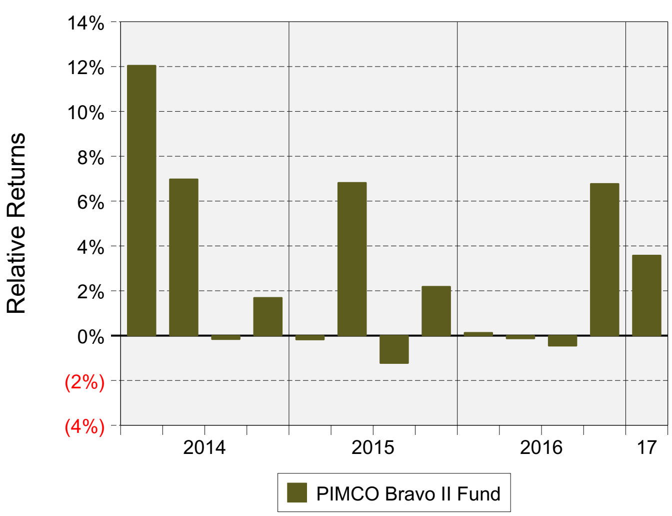
Beginning Market Value	$48,870,991
Net New Investment	$3,750,000
Investment Gains/(Losses)	$2,148,327
Ending Market Value	$54,769,318

Performance vs CAI Core Bond Mutual Funds (Net)

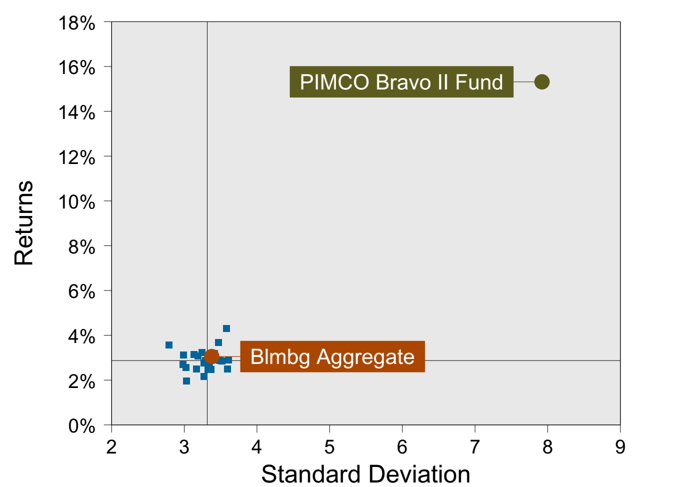


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.29	(0.12)	2.62	1.84	3.12	3.61
25th Percentile	1.13	(0.60)	1.83	1.47	2.69	3.14
Median	0.98	(1.16)	1.17	1.15	2.40	2.87
75th Percentile	0.80	(1.67)	0.63	0.80	2.16	2.52
90th Percentile	0.72	(1.84)	0.28	0.59	1.84	2.35
PIMCO Bravo II Fund ●	4.40	8.36	10.62	10.42	11.74	15.32
Blmbg Aggregate ▲	0.82	(1.73)	0.44	1.20	2.68	3.05

Relative Return vs Blmbg Aggregate



CAI Core Bond Mutual Funds (Net)
Annualized Three and One-Quarter Year Risk vs Return



Prudential
Period Ended March 31, 2017

Investment Philosophy

The core plus fixed income account is a multi-sector strategy that is diversified across a broad range of fixed income sectors, including Treasuries, agencies, mortgage-backed securities, structured product (asset-backed securities, commercial mortgage-backed securities), investment grade corporate bonds, high yield bonds, bank loans and international debt. The primary sources of excess return are sector allocation and security selection, with duration and yield curve less of a focus.

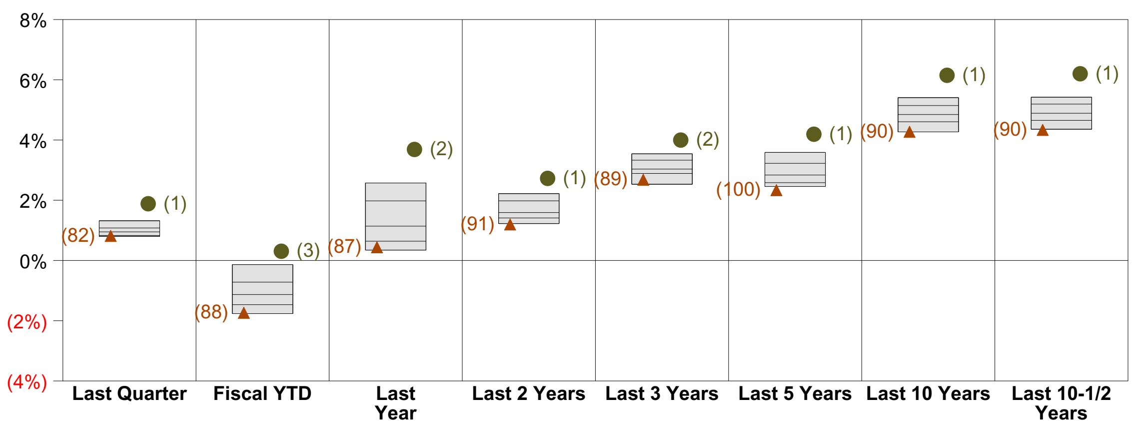
Quarterly Summary and Highlights

- Prudential's portfolio posted a 1.88% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 2 percentile for the last year.
- Prudential's portfolio outperformed the Blmbg Aggregate by 1.07% for the quarter and outperformed the Blmbg Aggregate for the year by 3.25%.

Quarterly Asset Growth

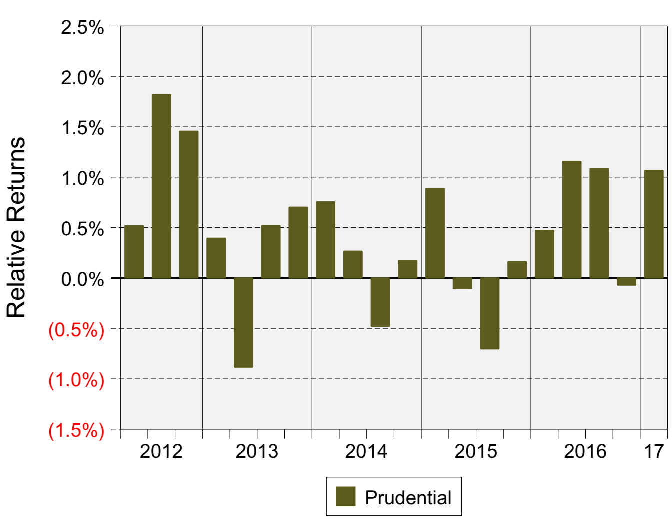
Beginning Market Value	$107,620,681
Net New Investment	$2,927,635
Investment Gains/(Losses)	$2,026,628
Ending Market Value	$112,574,944

Performance vs CAI Core Bond Fixed Income (Gross)

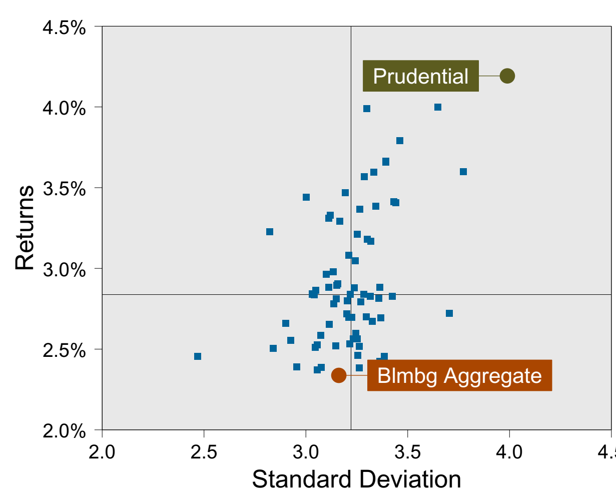


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 10-1/2 Years
10th Percentile	1.32	(0.14)	2.57	2.22	3.54	3.59	5.41	5.42
25th Percentile	1.08	(0.72)	1.98	1.98	3.33	3.23	5.15	5.19
Median	0.95	(1.13)	1.14	1.59	3.03	2.84	4.85	4.89
75th Percentile	0.83	(1.47)	0.64	1.41	2.89	2.58	4.61	4.65
90th Percentile	0.80	(1.76)	0.34	1.22	2.53	2.46	4.27	4.36
Prudential ●	1.88 (1)	0.31 (3)	3.69 (2)	2.73 (1)	4.00 (2)	4.19 (1)	6.15 (1)	6.20 (1)
Blmbg Aggregate ▲	0.82 (82)	(1.73) (88)	0.44 (87)	1.20 (91)	2.68 (89)	2.34 (100)	4.27 (90)	4.34 (90)

Relative Return vs Blmbg Aggregate



CAI Core Bond Fixed Income (Gross)
Annualized Five Year Risk vs Return



SSgA US Govt Cr Bd Index
Period Ended March 31, 2017

Investment Philosophy

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Government/Credit Bond Index over the long term.

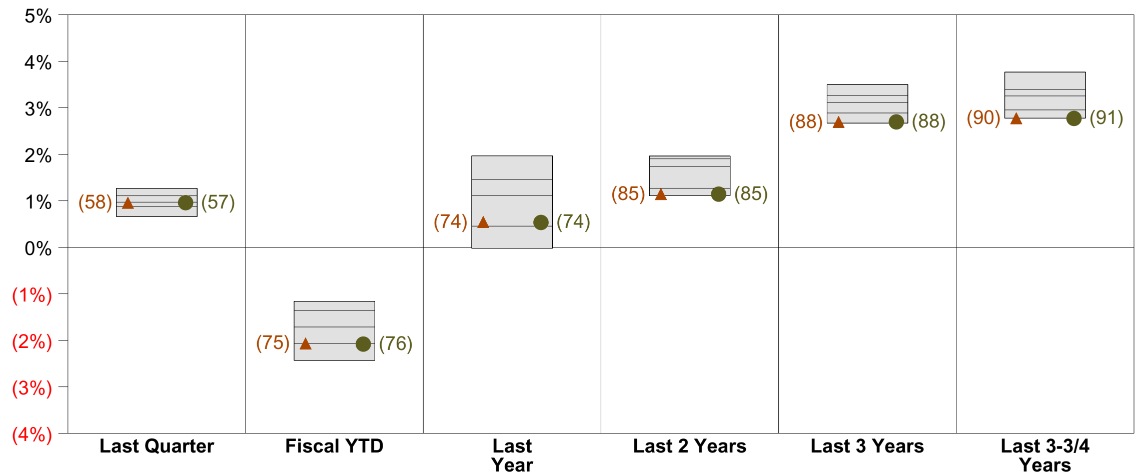
Quarterly Summary and Highlights

- SSgA US Govt Cr Bd Index's portfolio posted a 0.96% return for the quarter placing it in the 57 percentile of the CAI Government/Credit group for the quarter and in the 74 percentile for the last year.
- SSgA US Govt Cr Bd Index's portfolio outperformed the Blmbg Gov/Credit by 0.00% for the quarter and underperformed the Blmbg Gov/Credit for the year by 0.01%.

Quarterly Asset Growth

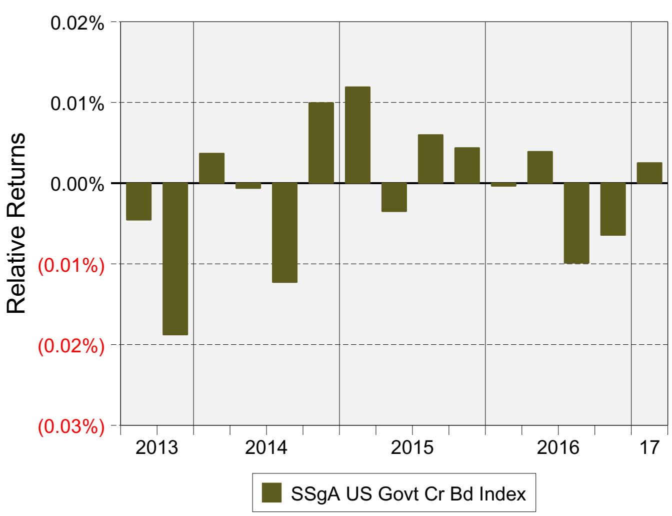
Beginning Market Value	$136,109,187
Net New Investment	$4,488,274
Investment Gains/(Losses)	$1,336,085
Ending Market Value	$141,933,546

Performance vs CAI Government/Credit (Gross)

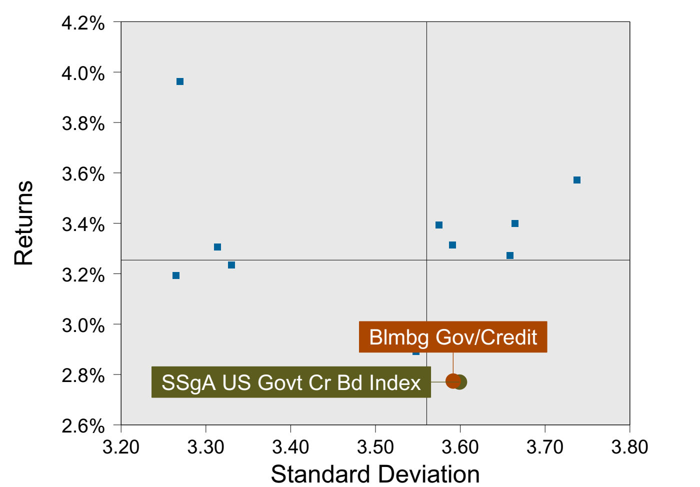


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-3/4 Years
10th Percentile	1.27	(1.16)	1.97	1.96	3.50	3.77
25th Percentile	1.11	(1.36)	1.45	1.90	3.26	3.39
Median	0.97	(1.71)	1.11	1.74	3.12	3.25
75th Percentile	0.88	(2.07)	0.45	1.27	2.89	2.95
90th Percentile	0.66	(2.43)	(0.02)	1.11	2.67	2.78
SSgA US Govt Cr Bd Index ●	0.96	(2.08)	0.53	1.14	2.70	2.77
Blmbg Gov/Credit ▲	0.96	(2.07)	0.54	1.14	2.69	2.77

Relative Return vs Blmbg Gov/Credit



CAI Government/Credit (Gross)
Annualized Three and Three-Quarter Year Risk vs Return



Wells Capital
Period Ended March 31, 2017

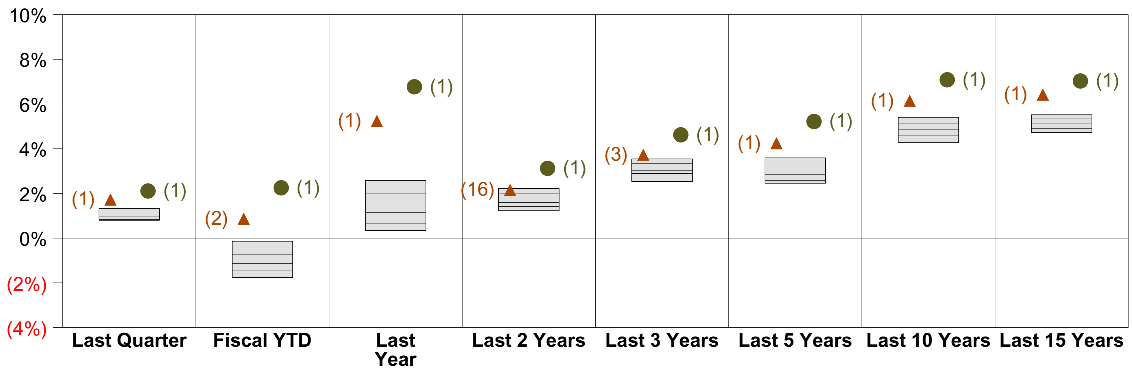
Investment Philosophy
The Medium Quality Credit fixed income strategy is designed to maximize total return from the high-grade corporate bond market while maintaining a strategic allocation to the BBB portion of the high yield market. The investment process for this fund starts with a "top-down" strategy. Security selection is determined by in-depth credit research, holding that in-depth knowledge of industries, companies, and their management teams can help identify credit trends that can lead to investment opportunities. Furthermore, a disciplined relative value framework is applied to help determine the optimal position to invest within an industry and within an individual issuer's capital structure.

Quarterly Summary and Highlights
- Wells Capital's portfolio posted a 2.11% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 1 percentile for the last year.
- Wells Capital's portfolio outperformed the Blmbg Baa Cred 3% Iss Cap by 0.39% for the quarter and outperformed the Blmbg Baa Cred 3% Iss Cap for the year by 1.53%.

Quarterly Asset Growth

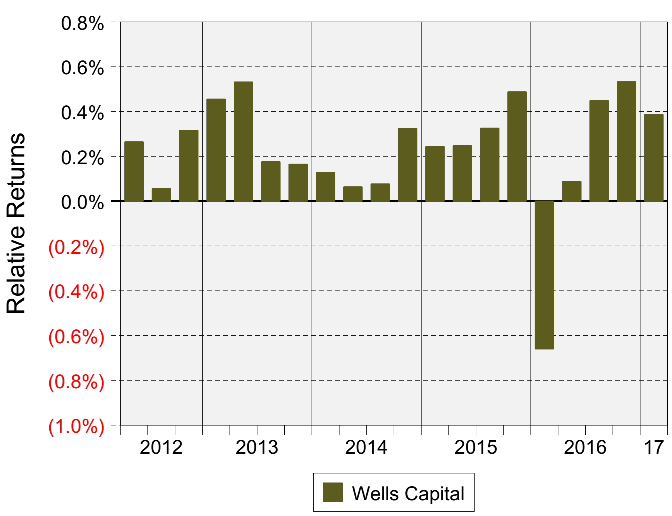
Beginning Market Value	$298,958,824
Net New Investment	$-273,702
Investment Gains/(Losses)	$6,301,369
Ending Market Value	$304,986,490

Performance vs CAI Core Bond Fixed Income (Gross)

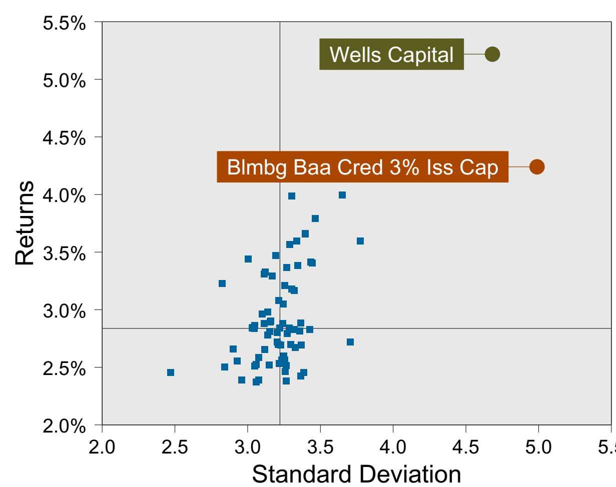


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
10th Percentile	1.32	(0.14)	2.57	2.22	3.54	3.59	5.41	5.52
25th Percentile	1.08	(0.72)	1.98	1.98	3.33	3.23	5.15	5.37
Median	0.95	(1.13)	1.14	1.59	3.03	2.84	4.85	5.11
75th Percentile	0.83	(1.47)	0.64	1.41	2.89	2.58	4.61	4.90
90th Percentile	0.80	(1.76)	0.34	1.22	2.53	2.46	4.27	4.72
Wells Capital ●	2.11	2.25	6.77	3.12	4.62	5.22	7.08	7.03
Blmbg Baa Cred 3% Iss Cap ▲	1.72	0.87	5.24	2.15	3.72	4.24	6.14	6.42

Relative Returns vs Blmbg Baa Cred 3% Iss Cap



CAI Core Bond Fixed Income (Gross) Annualized Five Year Risk vs Return



Western Asset Management Company
Period Ended March 31, 2017

Investment Philosophy
Western Asset designs this portfolio using all major fixed-income sectors with a bias towards non-Treasuries, especially corporate, mortgage-backed and asset-backed securities. Value can be added through sector rotation, issue selection, duration and term structure weighting.

Quarterly Summary and Highlights
- Western Asset's portfolio posted a 1.56% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 2 percentile for the last year.
- Western Asset's portfolio outperformed the Blmbg Aggregate by 0.74% for the quarter and outperformed the Blmbg Aggregate for the year by 3.12%.

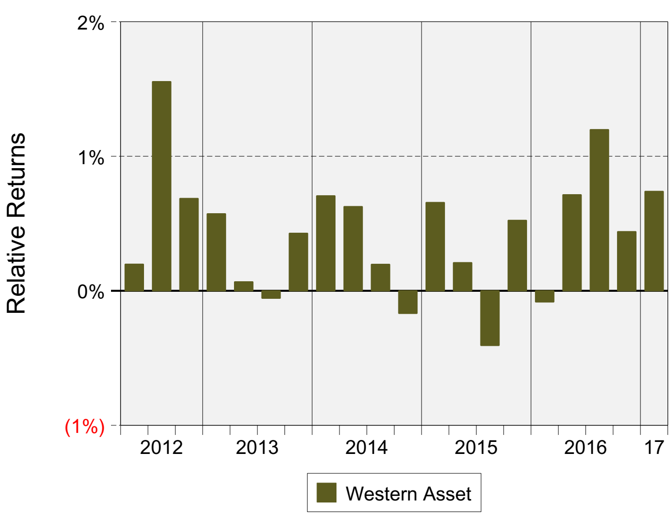
Quarterly Asset Growth

Beginning Market Value	$299,035,320
Net New Investment	$898,603
Investment Gains/(Losses)	$4,659,991
Ending Market Value	$304,593,914

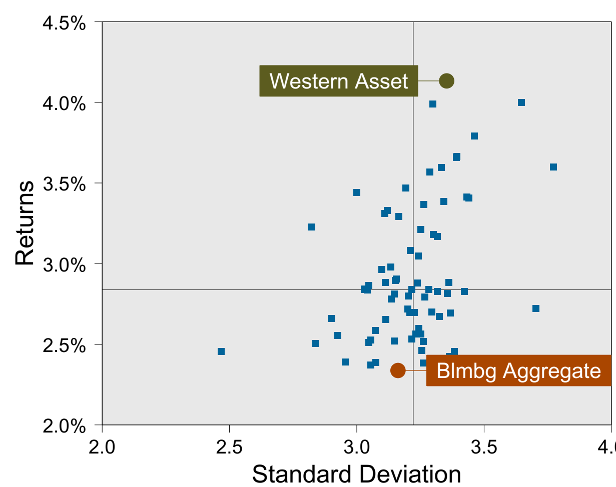
Performance vs CAI Core Bond Fixed Income (Gross)

	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 26-1/2 Years
10th Percentile	1.32	(0.14)	2.57	2.22	3.54	3.59	5.41	7.03
25th Percentile	1.08	(0.72)	1.98	1.98	3.33	3.23	5.15	6.77
Median	0.95	(1.13)	1.14	1.59	3.03	2.84	4.85	6.63
75th Percentile	0.83	(1.47)	0.64	1.41	2.89	2.58	4.61	6.47
90th Percentile	0.80	(1.76)	0.34	1.22	2.53	2.46	4.27	6.30
Western Asset ●	1.56	0.62	3.56	2.89	4.27	4.13	5.31	7.16
Blmbg Aggregate ▲	0.82	(1.73)	0.44	1.20	2.68	2.34	4.27	6.13

Relative Return vs Blmbg Aggregate



CAI Core Bond Fixed Income (Gross)
Annualized Five Year Risk vs Return



Western TIPS
Period Ended March 31, 2017

Investment Philosophy

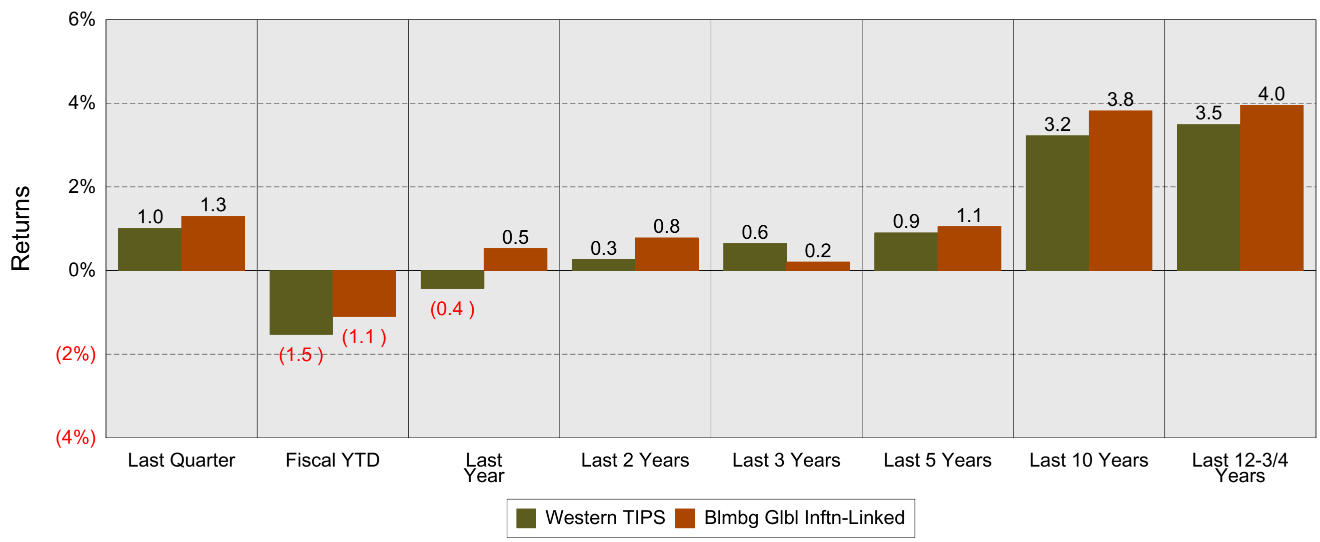
Western Asset's Global Inflation-Linked composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. Constructed primarily of inflation-indexed securities, these portfolios use diversified strategies in seeking to add value while minimizing risk. Value can be added through country selection, term structure, issue selection, duration management and currency management. **Bloomberg US TIPS through 12/31/2009 and Bloomberg Global Inflation-Linked thereafter.**

Quarterly Summary and Highlights

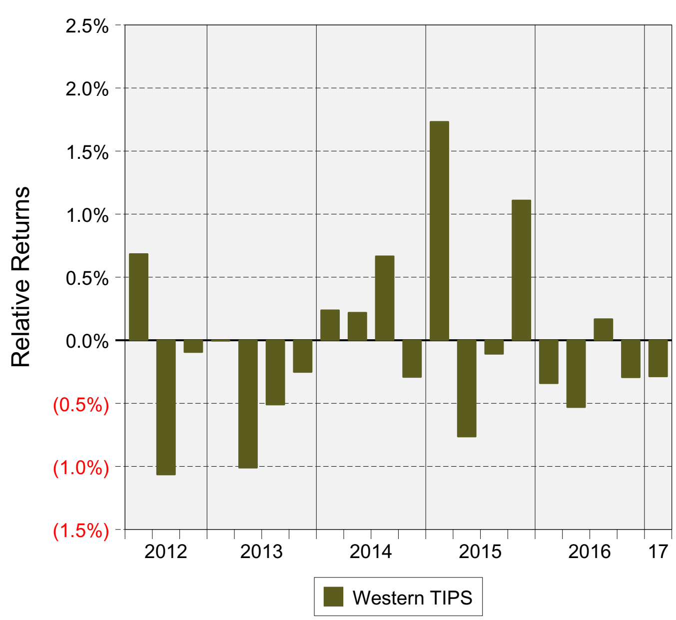
- Western TIPS's portfolio underperformed the Blmbg Glbl Inftn-Linked by 0.29% for the quarter and underperformed the Blmbg Glbl Inftn-Linked for the year by 0.96%.

Quarterly Asset Growth

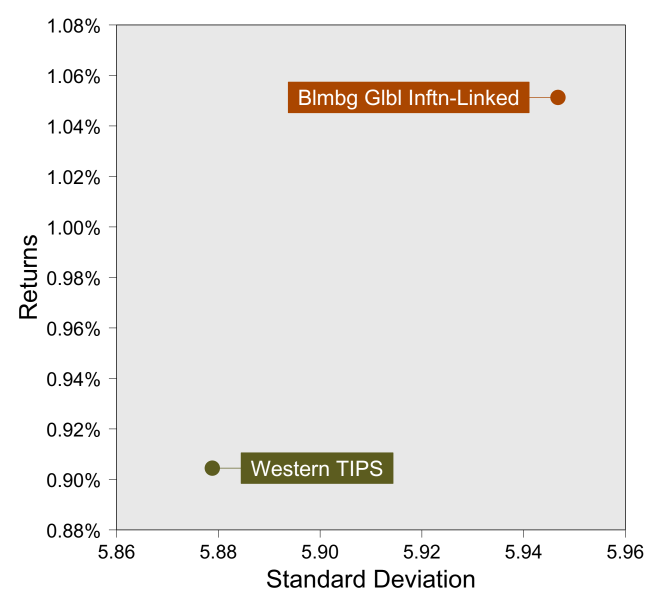
Beginning Market Value	$110,179,493
Net New Investment	$-37,361
Investment Gains/(Losses)	$1,113,667
Ending Market Value	$111,255,799



Relative Return vs Blmbg Glbl Inftn-Linked



Annualized Five Year Risk vs Return



Eastern Timber Opportunities
Period Ended March 31, 2017

Investment Philosophy

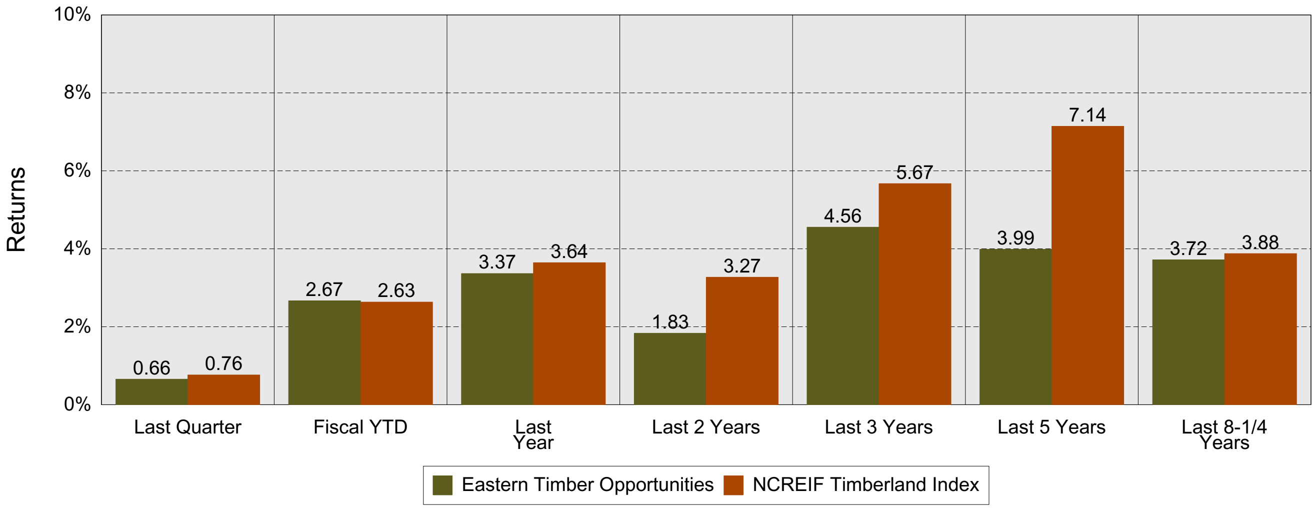
The investment objective of the Eastern Timberland Opportunities fund is to provide competitive timberland investment returns from Eastern US timberland investments by pursuing management strategies to increase timber production and land values through the investment term. TIR will maximize timber values within the portfolio with the application of intensive forest management techniques to accelerate the growth in timber volume and movement into higher value product categories. Additional value will be captured by realizing higher and better use opportunities for select timberland properties throughout the portfolio.

Quarterly Summary and Highlights

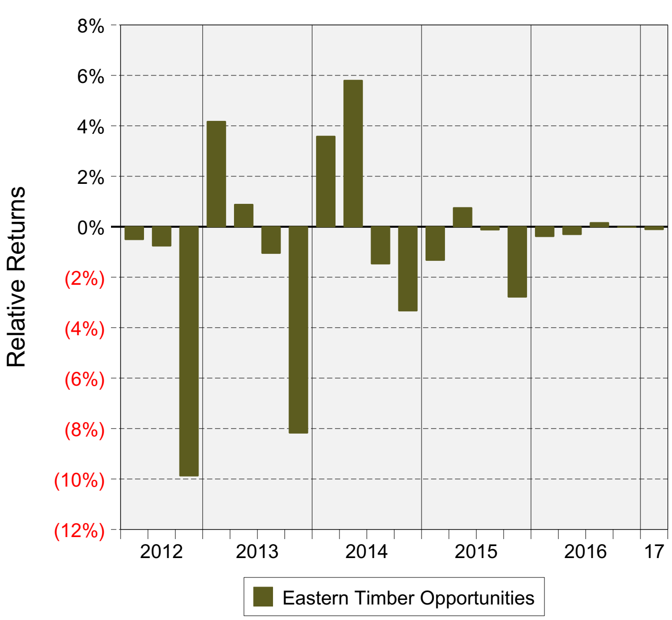
- Eastern Timber Opportunities's portfolio underperformed the NCREIF Timberland Index by 0.11% for the quarter and underperformed the NCREIF Timberland Index for the year by 0.28%.

Quarterly Asset Growth

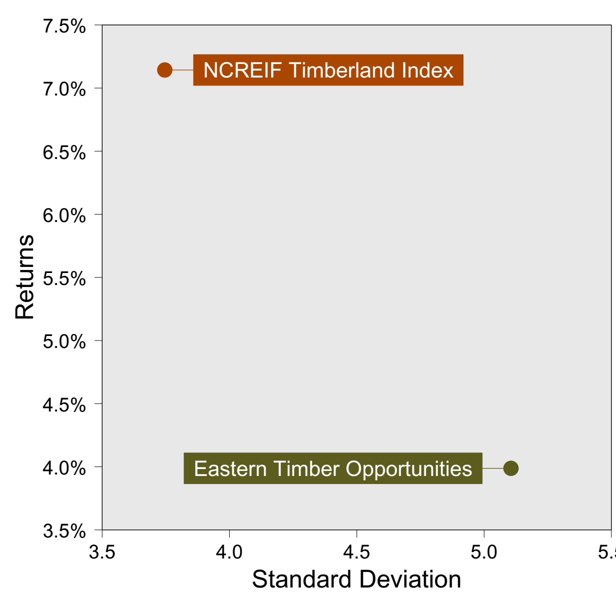
Beginning Market Value	$54,948,496
Net New Investment	$-172,068
Investment Gains/(Losses)	$359,902
Ending Market Value	$55,136,330



Relative Return vs NCREIF Timberland Index



Annualized Five Year Risk vs Return



JP Morgan Infrastructure
Period Ended March 31, 2017

Investment Philosophy

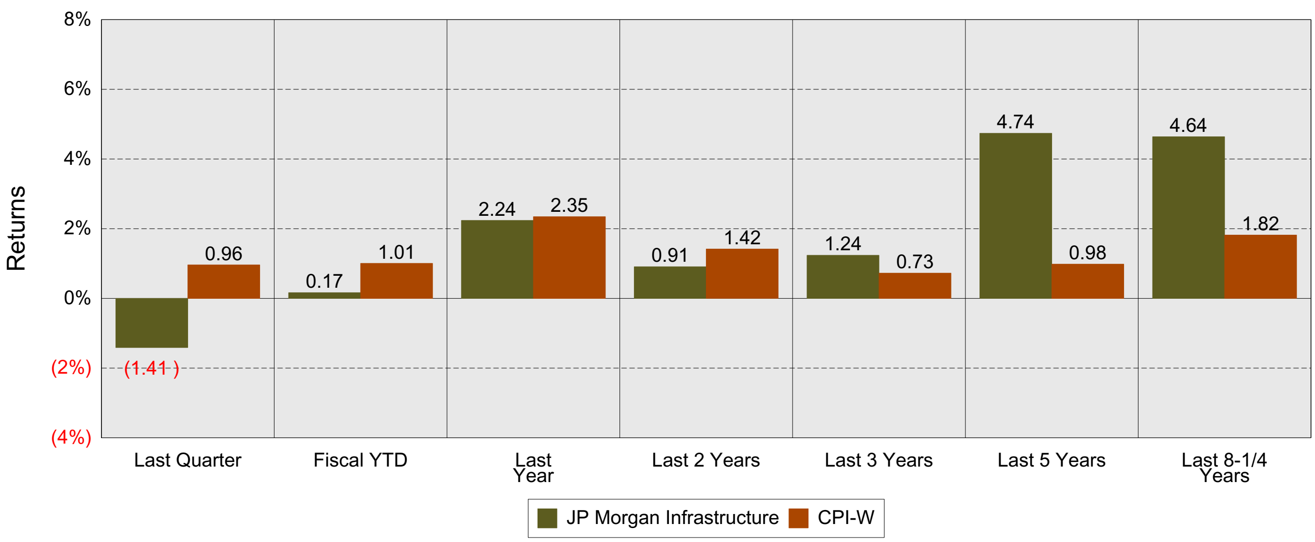
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas pipelines; electricity transmission and distribution facilities; contracted power generation assets; water distribution; waste-water collection and processing; railway lines and rapid rail links; and seaports and airports.

Quarterly Summary and Highlights

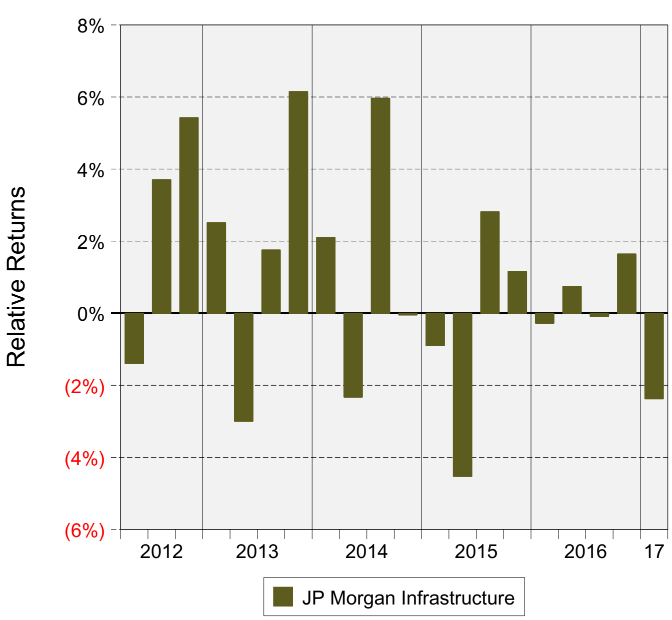
- JP Morgan Infrastructure's portfolio underperformed the CPI-W by 2.37% for the quarter and underperformed the CPI-W for the year by 0.11%.

Quarterly Asset Growth

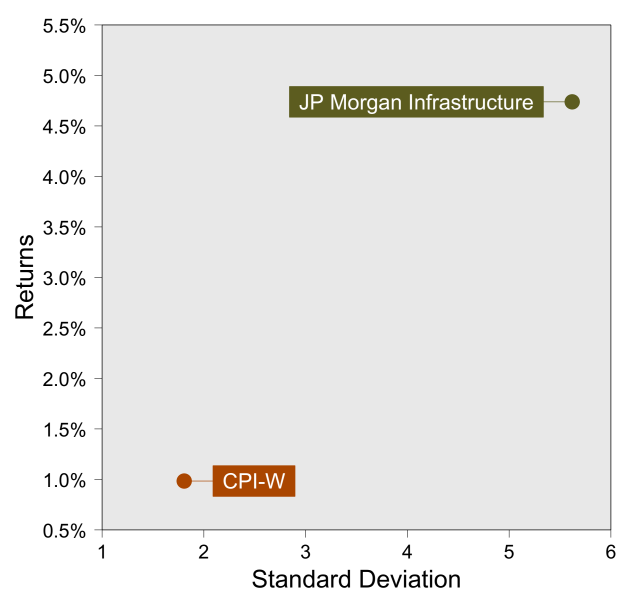
Beginning Market Value	$81,434,382
Net New Investment	$-158,993
Investment Gains/(Losses)	$-1,148,276
Ending Market Value	$80,127,112



Relative Return vs CPI-W



Annualized Five Year Risk vs Return



Grosvenor Cust. Infrastructure
Period Ended March 31, 2017

Investment Philosophy

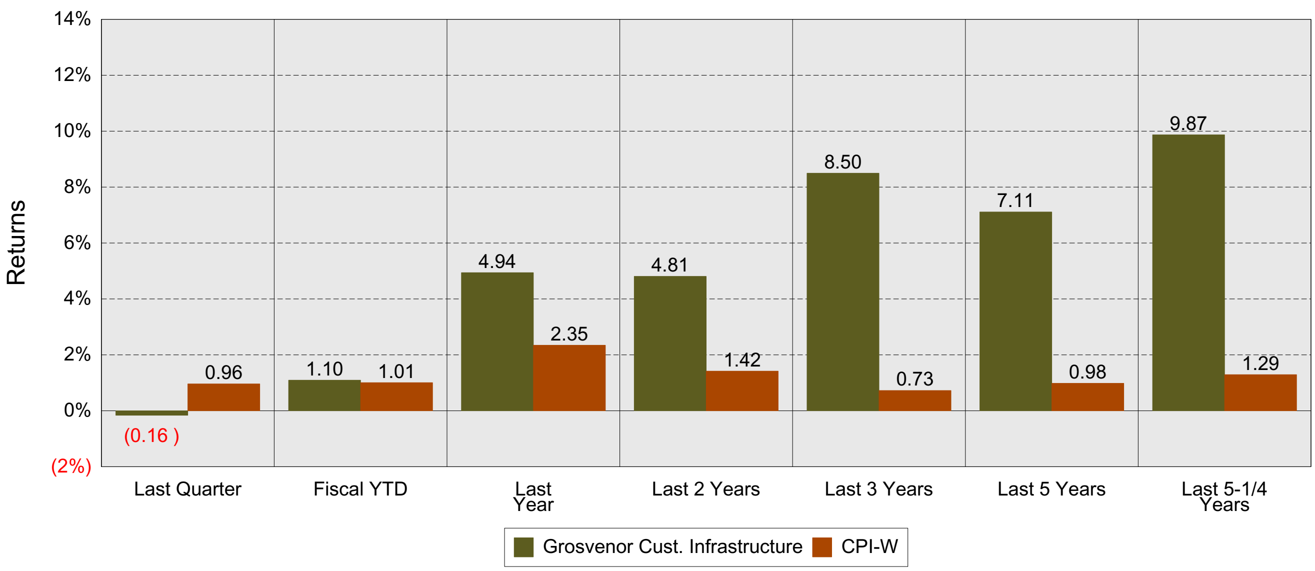
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified portfolio of primary core and core plus infrastructure funds (30%), co-investments (40%) and opportunistic secondary fund purchases (30%).

Quarterly Summary and Highlights

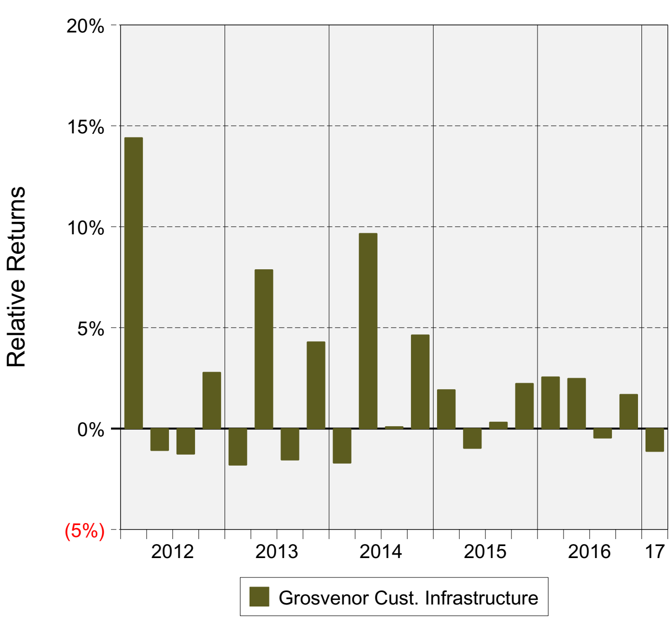
- Grosvenor Cust. Infrastructure's portfolio underperformed the CPI-W by 1.12% for the quarter and outperformed the CPI-W for the year by 2.59%.

Quarterly Asset Growth

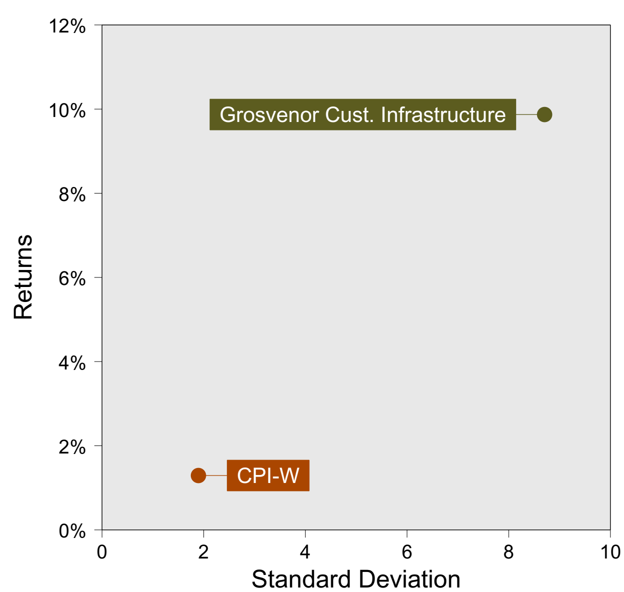
Beginning Market Value	$16,984,446
Net New Investment	$393,514
Investment Gains/(Losses)	$-28,068
Ending Market Value	$17,349,892



Relative Return vs CPI-W



Annualized Five and One-Quarter Year Risk vs Return



Real Estate
Period Ended March 31, 2017

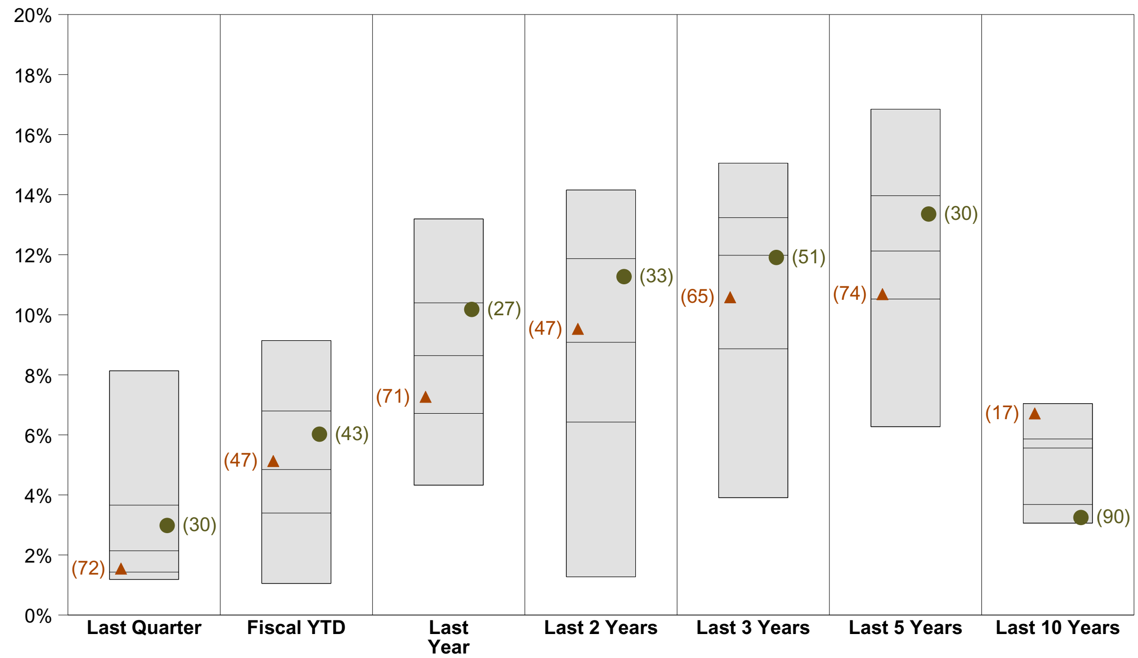
Quarterly Summary and Highlights

- Real Estate's portfolio posted a 2.98% return for the quarter placing it in the 30 percentile of the CAI Total Real Estate Database group for the quarter and in the 27 percentile for the last year.
- Real Estate's portfolio outperformed the NCREIF Total Index by 1.44% for the quarter and outperformed the NCREIF Total Index for the year by 2.91%.

Quarterly Asset Growth

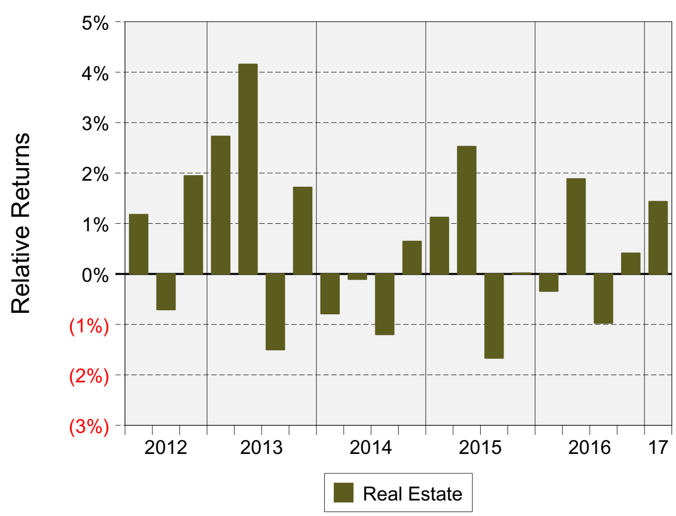
Beginning Market Value	$134,356,465
Net New Investment	$-1,584,211
Investment Gains/(Losses)	$3,989,819
Ending Market Value	$136,762,074

Performance vs CAI Total Real Estate Database (Gross)

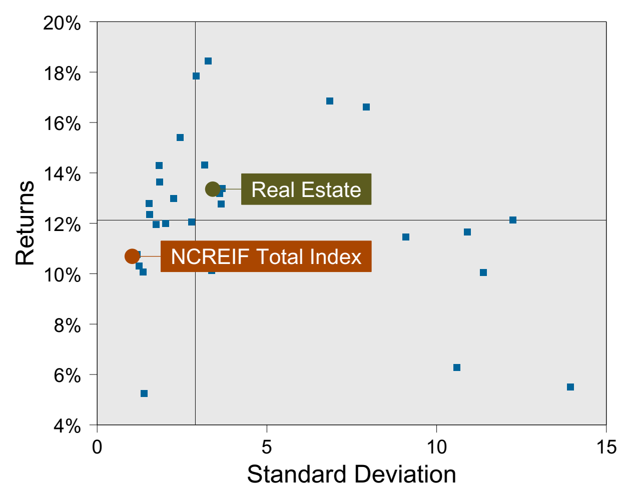


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	8.13	9.14	13.19	14.16	15.05	16.85	7.04
25th Percentile	3.66	6.79	10.40	11.87	13.23	13.97	5.86
Median	2.14	4.85	8.64	9.08	11.98	12.12	5.56
75th Percentile	1.43	3.40	6.71	6.43	8.87	10.52	3.68
90th Percentile	1.19	1.05	4.33	1.27	3.91	6.27	3.06
Real Estate ●	2.98	6.02	10.18	11.27	11.91	13.36	3.25
NCREIF Total Index ▲	1.55	5.13	7.27	9.53	10.58	10.69	6.72

Relative Return vs NCREIF Total Index



CAI Total Real Estate Database (Gross) Annualized Five Year Risk vs Return



Invesco Core Real Estate
Period Ended March 31, 2017

Investment Philosophy

IRE's investment philosophy is comprised of two fundamental principles: (1) maximize the predictability and consistency of investment returns and (2) minimize the risk of capital loss. This philosophy forms the cornerstone of the company's real estate investment philosophy.

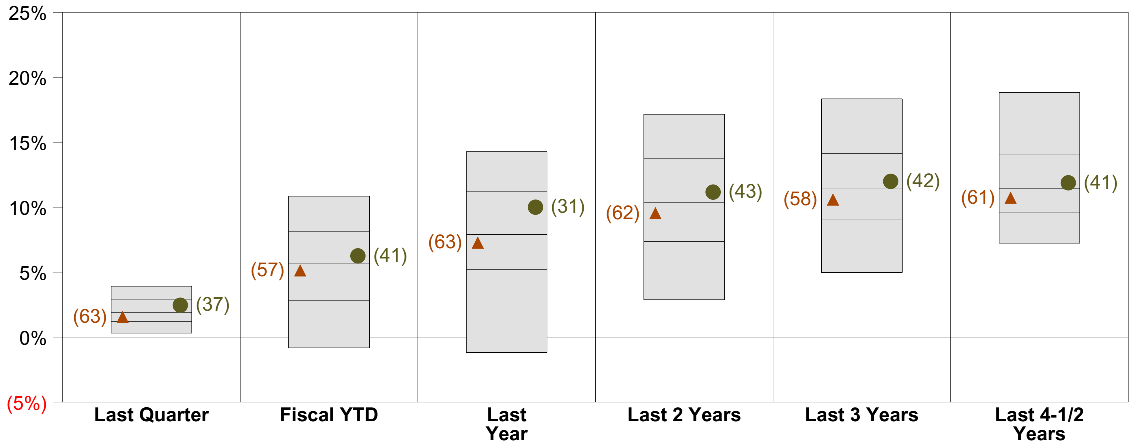
Quarterly Summary and Highlights

- Invesco Core Real Estate's portfolio posted a 2.45% return for the quarter placing it in the 37 percentile of the CAI Total Real Estate Database group for the quarter and in the 31 percentile for the last year.
- Invesco Core Real Estate's portfolio outperformed the NCREIF Total Index by 0.91% for the quarter and outperformed the NCREIF Total Index for the year by 2.73%.

Quarterly Asset Growth

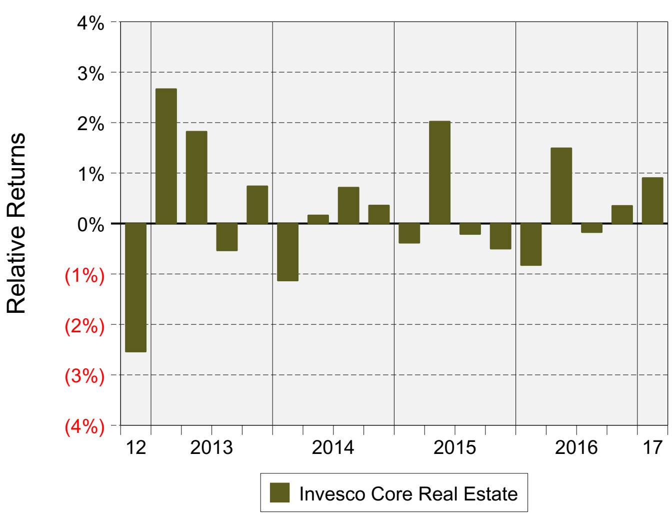
Beginning Market Value	$63,717,366
Net New Investment	$-467,292
Investment Gains/(Losses)	$1,550,990
Ending Market Value	$64,801,064

Performance vs CAI Total Real Estate Database (Net)

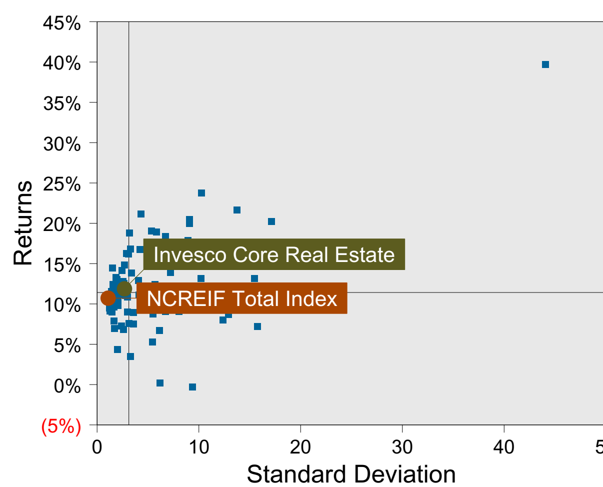


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 4-1/2 Years
10th Percentile	3.92	10.85	14.27	17.16	18.33	18.84
25th Percentile	2.87	8.11	11.19	13.73	14.14	14.02
Median	1.88	5.64	7.90	10.38	11.40	11.42
75th Percentile	1.19	2.80	5.21	7.35	9.02	9.56
90th Percentile	0.31	(0.83)	(1.19)	2.87	4.98	7.23
Invesco Core Real Estate ●	2.45	6.25	10.00	11.16	11.99	11.88
NCREIF Total Index ▲	1.55	5.13	7.27	9.53	10.58	10.72

Relative Return vs NCREIF Total Index



CAI Total Real Estate Database (Net)
Annualized Four and One-Half Year Risk vs Return



JP Morgan Real Estate
Period Ended March 31, 2017

Investment Philosophy

The J.P. Morgan U.S. Real Estate Income and Growth Fund seeks to construct and opportunistically manage a portfolio of core direct real estate investments, complemented by other real estate and real estate-related assets. The Fund pursues a broadly diversified absolute-return strategy and pursues all property investments on an opportunistic basis. The majority of the Fund's investments will be in direct core properties in the office, industrial, retail and residential sectors.

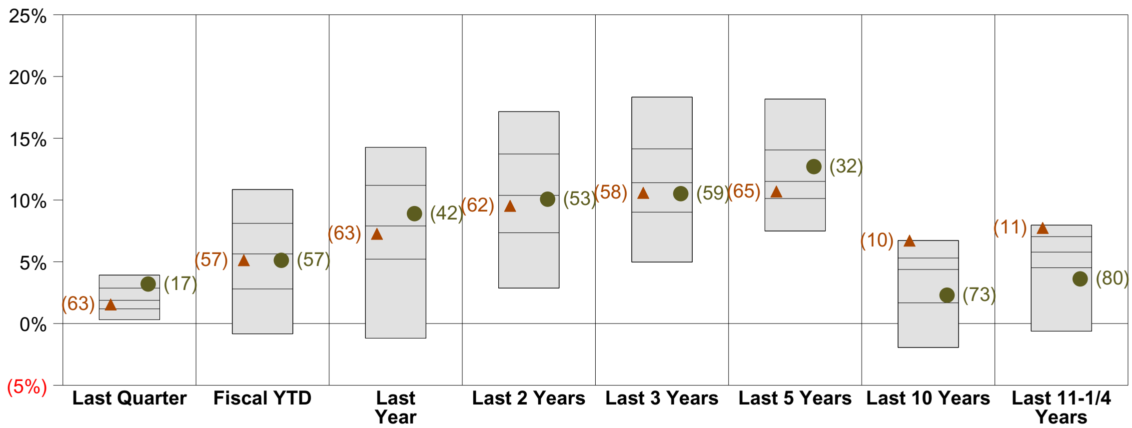
Quarterly Summary and Highlights

- JP Morgan Real Estate's portfolio posted a 3.20% return for the quarter placing it in the 17 percentile of the CAI Total Real Estate Database group for the quarter and in the 42 percentile for the last year.
- JP Morgan Real Estate's portfolio outperformed the NCREIF Total Index by 1.65% for the quarter and outperformed the NCREIF Total Index for the year by 1.63%.

Quarterly Asset Growth

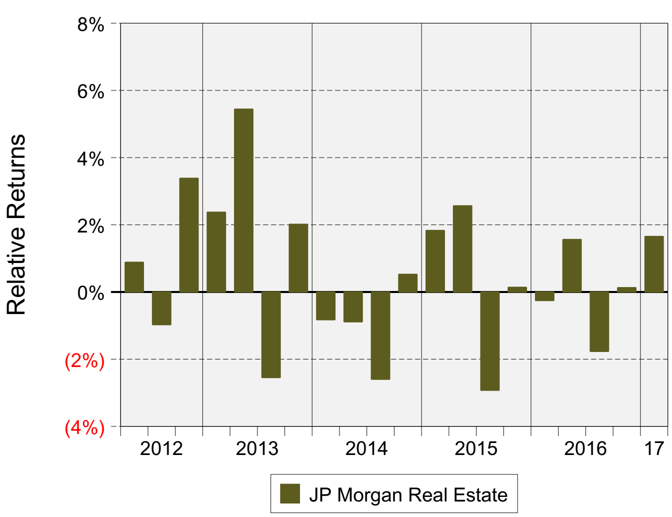
Beginning Market Value	$70,639,099
Net New Investment	$-937,548
Investment Gains/(Losses)	$2,259,459
Ending Market Value	$71,961,010

Performance vs CAI Total Real Estate Database (Net)

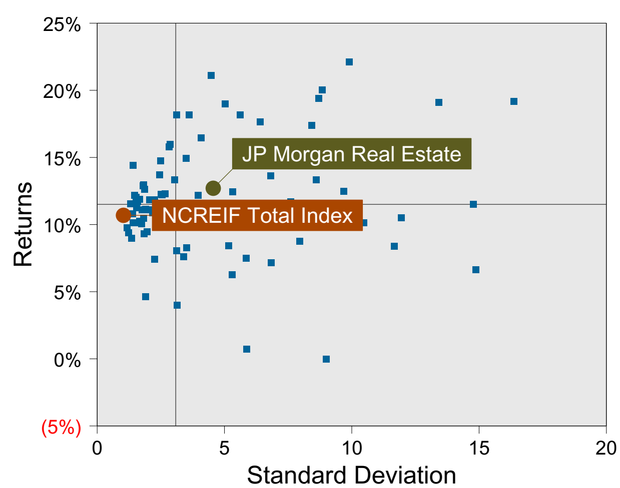


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 10 Years	Last 11-1/4 Years
10th Percentile	3.92	10.85	14.27	17.16	18.33	18.17	6.72	7.97
25th Percentile	2.87	8.11	11.19	13.73	14.14	14.05	5.30	7.04
Median	1.88	5.64	7.90	10.38	11.40	11.51	4.38	5.78
75th Percentile	1.19	2.80	5.21	7.35	9.02	10.12	1.68	4.52
90th Percentile	0.31	(0.83)	(1.19)	2.87	4.98	7.49	(1.94)	(0.62)
JP Morgan Real Estate ●	3.20	5.12	8.90	10.07	10.51	12.71	2.30	3.61
NCREIF Total Index ▲	1.55	5.13	7.27	9.53	10.58	10.69	6.72	7.74

Relative Return vs NCREIF Total Index



CAI Total Real Estate Database (Net)
Annualized Five Year Risk vs Return



Short Term Fixed Income
Period Ended March 31, 2017

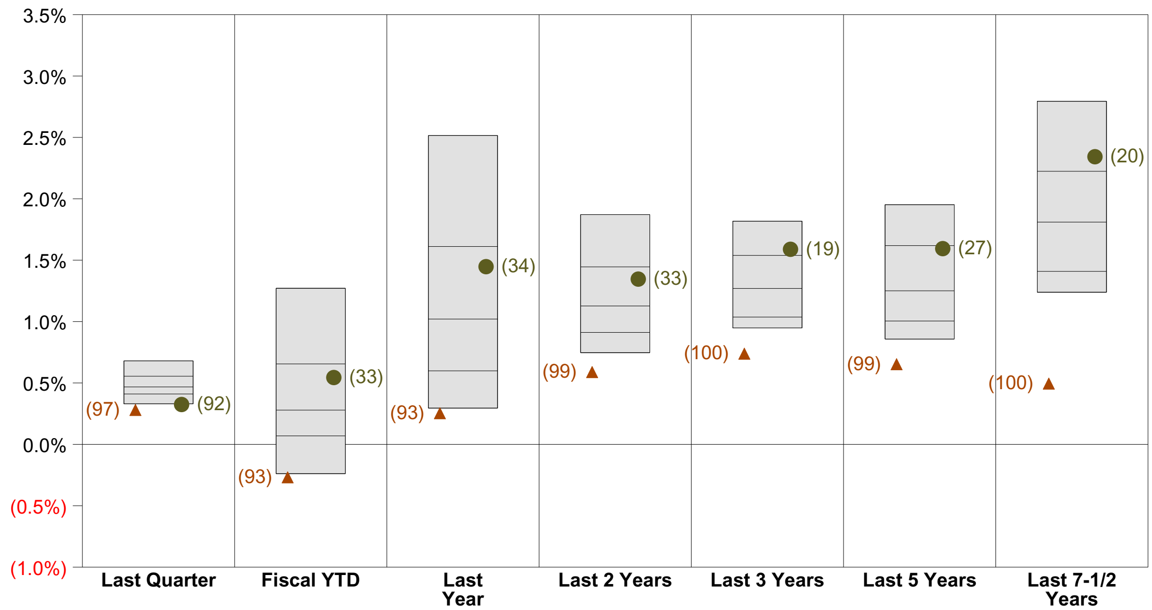
Quarterly Summary and Highlights

- Short Term Fixed Income's portfolio posted a 0.32% return for the quarter placing it in the 92 percentile of the CAI Defensive Fixed Income group for the quarter and in the 34 percentile for the last year.
- Short Term Fixed Income's portfolio outperformed the Short Term Fixed Target by 0.04% for the quarter and outperformed the Short Term Fixed Target for the year by 1.19%.

Quarterly Asset Growth

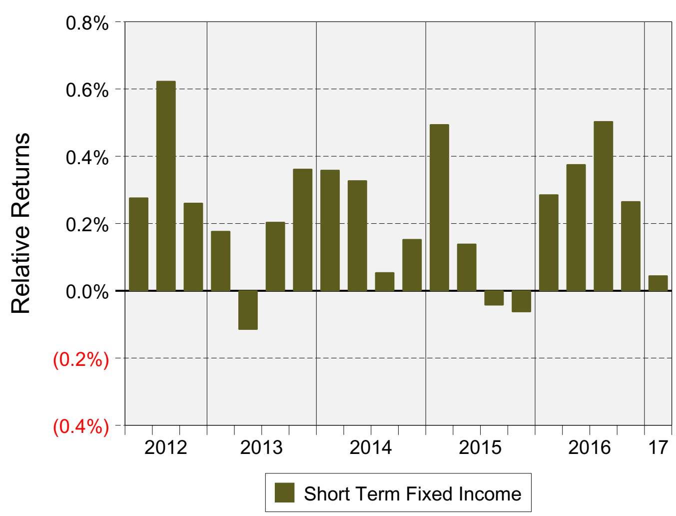
Beginning Market Value	$106,927,244
Net New Investment	$-66,189,838
Investment Gains/(Losses)	$274,852
Ending Market Value	$41,012,258

Performance vs CAI Defensive Fixed Income (Gross)

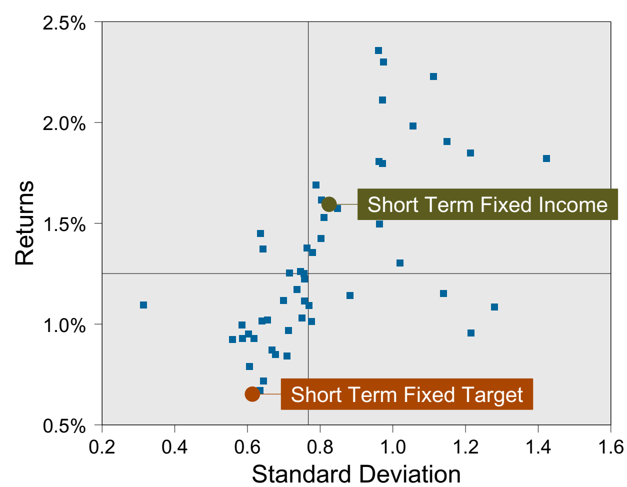


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7-1/2 Years
10th Percentile	0.68	1.27	2.52	1.87	1.82	1.95	2.79
25th Percentile	0.56	0.66	1.61	1.45	1.54	1.62	2.22
Median	0.47	0.28	1.02	1.13	1.27	1.25	1.81
75th Percentile	0.41	0.07	0.60	0.91	1.04	1.00	1.41
90th Percentile	0.33	(0.24)	0.30	0.75	0.95	0.86	1.24
Short Term Fixed Income ●	0.32	0.54	1.45	1.35	1.59	1.59	2.34
Short Term Fixed Target ▲	0.28	(0.27)	0.25	0.59	0.74	0.65	0.50

Relative Return vs Short Term Fixed Target



CAI Defensive Fixed Income (Gross)
Annualized Five Year Risk vs Return



JP Morgan Short Term Bonds
Period Ended March 31, 2017

Investment Philosophy

The investment objective of this account is to outperform the Barclays Capital 1-3 year Government/Credit Index while maintaining total return risk similar to that of the benchmark as measured over a market cycle. The weighted average effective duration of the portfolio will typically remain within +/- 30% of the benchmark.

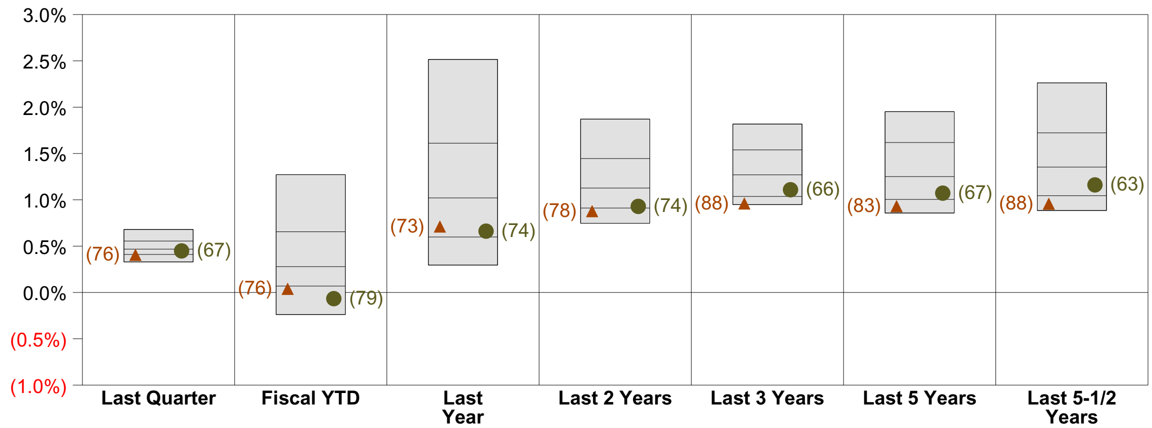
Quarterly Summary and Highlights

- JP Morgan Short Term Bonds's portfolio posted a 0.45% return for the quarter placing it in the 67 percentile of the CAI Defensive Fixed Income group for the quarter and in the 74 percentile for the last year.
- JP Morgan Short Term Bonds's portfolio outperformed the Blmbg Gov/Cred 1-3 Yr by 0.04% for the quarter and underperformed the Blmbg Gov/Cred 1-3 Yr for the year by 0.05%.

Quarterly Asset Growth

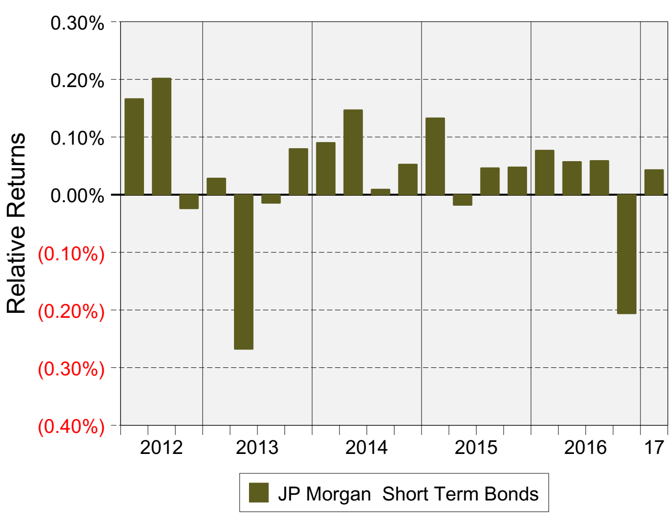
Beginning Market Value	$70,852,396
Net New Investment	$-30,123,170
Investment Gains/(Losses)	$281,697
Ending Market Value	$41,010,924

Performance vs CAI Defensive Fixed Income (Gross)

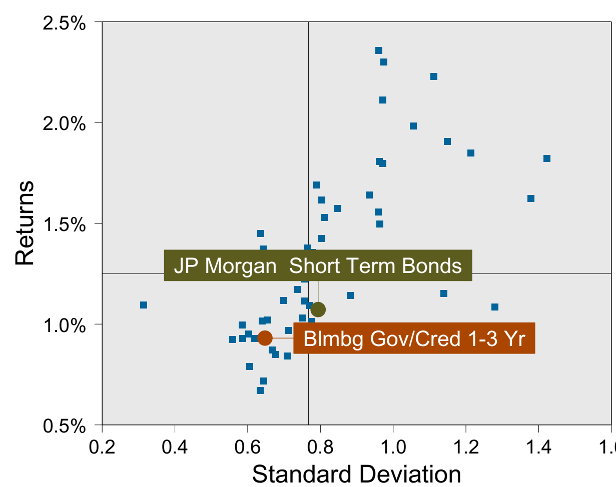


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 5-1/2 Years
10th Percentile	0.68	1.27	2.52	1.87	1.82	1.95	2.26
25th Percentile	0.56	0.66	1.61	1.45	1.54	1.62	1.72
Median	0.47	0.28	1.02	1.13	1.27	1.25	1.35
75th Percentile	0.41	0.07	0.60	0.91	1.04	1.00	1.04
90th Percentile	0.33	(0.24)	0.30	0.75	0.95	0.86	0.88
JP Morgan Short Term Bonds ●	0.45	(0.07)	0.66	0.93	1.11	1.07	1.16
Blmbg Gov/Cred 1-3 Yr ▲	0.41	0.04	0.71	0.88	0.96	0.93	0.96

Relative Return vs Blmbg Gov/Cred 1-3 Yr



CAI Defensive Fixed Income (Gross)
Annualized Five Year Risk vs Return



Research and Educational Programs

The Callan Institute provides both research to update clients on the latest industry trends and carefully structured educational programs to enhance the knowledge of industry professionals. Visit www.callan.com/library to see all of our publications, and www.callan.com/blog to view our blog "Perspectives." For more information contact Anna West at 415.974.5060 / institute@callan.com.

New Research from Callan's Experts

Smart Beta Is the Gateway Drug to Factor Investing | In this paper, a reprint from the *Journal of Portfolio Management*'s special issue on Factor Investing, author Eugene Podkaminer, CFA, of Callan's Capital Markets Research group describes the connection between alternative indices and more sophisticated risk premia strategies.

2017 National Conference: 'It's Private' | A summary of "It's Private: Real Estate Debt and Middle Market Direct Lending," a presentation from Callan experts Kristin Bradbury, Alex Browning, and Jay Nayak.

Capital Market Projections for 2017-2026 | Callan prepares capital market projections annually to help guide clients with their long-term strategic planning. We publish three pieces authored by the team that creates them: Jay Kloepfer, John Pirone, CFA, CAIA, and Jim Van Heuit. A **white paper** delves into the process and thinking behind the 2017 figures; a **Manifesto** outlines the reasons that Callan produces its annual capital market projections and the rigorous process behind it; and a "**charticle**" (chart+article) summarizes key figures from Callan's 2017 capital market projections.

It's a (Fiduciary) Trap! But You Don't Have to Fall In | Defined contribution (DC) plan sponsors often worry about landing in hot water for doing the wrong thing. However, many fiduciary issues crop up because plan sponsors have failed to take action. Author Lori Lucas, CFA, Callan's Defined Contribution Practice Leader, lists eight potential fiduciary traps and ways for plan sponsors to avoid falling into them in 2017.

The Callan Periodic Table of Investment Returns (Key Indices: 1997-2016) and Collection | The Periodic Table of Investment Returns depicts annual returns for 10 asset classes, ranked from best to worst performance for each calendar year. The Collection includes 10 additional versions, such as the indices relative to inflation, real estate, and hedge fund sub-strategies.

Periodicals

Real Assets Reporter, Winter/Spring 2017 | Avery Robinson, CAIA, explores how we developed our Real Estate Indicators. We also cover the latest on the real estate market, and share charts and tables on the long-term performance of various real assets.

Private Markets Trends, Winter 2017 | Gary Robertson provides an overview of the environment for private equity in 2016 and a look ahead at 2017. He sees continued liquidity in the private equity market, and writes that distributions will continue to benefit investors.

Hedge Fund Monitor, 4th Quarter 2016 | Jim McKee provides a view of the hedge fund industry and detailed quarterly performance. This quarter's cover story: "Alternative Facts and the Evolving Role of Hedge Funds."

DC Observer, 1st Quarter 2017 | Lori Lucas discusses the best approach to crafting, implementing, and maintaining an investment policy statement for defined contribution plans.

Market Pulse Flipbook, Fourth Quarter 2016 | A quarterly market reference guide covering investment and fund sponsor trends in the U.S. economy, U.S. and non-U.S. equities and fixed income, alternatives, and defined contribution.

Capital Market Review, 4th Quarter 2016 | A quarterly macroeconomic newsletter providing thoughtful insights on the economy and recent performance in equity, fixed income, alternatives, international, real estate, and other capital markets.

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: https://www.callan.com/education/CII/

'Why Diversify'

Our **June Regional Workshops,** June 27 in Atlanta and June 29 in San Francisco, will focus on diversification, which has turned out to be very expensive for U.S.-based investors, especially since the Global Financial Crisis. In this workshop, Callan experts Mark Andersen, Jay Kloepfer, and Brian Smith analyze diversification from multiple angles, answering the questions of whether investors erred in adopting diversified portfolios over the last 30 years, and what investors should do now.

Also mark your calendars for our **October Regional Workshops,** October 24 in New York and October 26 in Chicago.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@callan.com

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the "Callan College," provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next sessions are:

Introduction to Investments

San Francisco, July 25-26, 2017
Chicago, October 24-25, 2017

This program familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

The "Callan College" is equipped to customize a curriculum to meet the training and educational needs of a specific organization. These tailored sessions range from basic to advanced and can take place anywhere—even at your office.

Learn more at https://www.callan.com/education/college/ or contact Kathleen Cunnie: 415.274.3029 / cunnie@callan.com

Education: By the Numbers

500	Attendees (on average) of the Institute's annual National Conference	**50+**	Unique pieces of research the Institute generates each year
3,500	Total attendees of the "Callan College" since 1994	**1980**	Year the Callan Institute was founded

"We think the best way to learn something is to teach it. Entrusting client education to our consultants and specialists ensures that they have a total command of their subject matter. This is one reason why education and research have been cornerstones of our firm for more than 40 years."

Ron Peyton, Chairman and CEO

Callan

Quarterly List as of March 31, 2017

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Manager Name
1607 Capital Partners, LLC
Aberdeen Asset Management PLC
Acadian Asset Management LLC
AEGON USA Investment Management
Affiliated Managers Group, Inc.
Alcentra
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
American Century Investments
Amundi Smith Breeden LLC
Angelo, Gordon & Co.
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management, LLC
Artisan Holdings
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Global Asset Management
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company
BTG Pactual
Cambiar Investors, LLC

Manager Name
Campbell Global, LLC
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Cavanal Hill Investment Management, Inc.
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbus Circle Investors
Cornerstone Capital Management
Cove Street Capital, LLC
Cramer Rosenthal McGlynn, LLC
Credit Suisse Asset Management
Crestline Investors, Inc.
DDJ Capital Management, LLC
D.E. Shaw Investment Management, L.L.C.
DePrince, Race & Zollo, Inc.
Deutsche Asset Management
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Mgmt. Co.
Eagle Asset Management, Inc.
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fidelity Management & Research
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Franklin Templeton
Franklin Templeton Institutional

Manager Name
Fred Alger Management, Inc.
Frost Investment Advisors, LLC
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GlobeFlex Capital, L.P.
GMO
Goldman Sachs Asset Management
Great Lakes Advisors, LLC
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Heitman LLC
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
Insight Investment Management Limited
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Ivy Investments
Janus Capital Management, LLC
Jensen Investment Management
Jobs Peak Advisors
J.P. Morgan Asset Management
Kayne Anderson Capital Advisors LP
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Man Investments Inc.
Manulife Asset Management
Macquarie Investment Management (formerly Delaware Investments)
McKinley Capital Management, LLC
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Neuberger Berman
Newton Investment Management (fka Newton Capital Management)
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management

Manager Name
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management
Opus Capital Management Inc.
O'Shaughnessy Asset Management, LLC
Pacific Investment Management Company
Peregrine Capital Management, Inc.
PGIM
PGIM Fixed Income
PineBridge Investments
Pioneer Investments
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA (Quantitative Management Associates)
RBC Global Asset Management
Regions Financial Corporation
Reinhart Partners, Inc.
RidgeWorth Capital Management, Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
Santa Barbara Asset Management
Santander Global Facilities
Schroder Investment Management North America Inc.
Smith, Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
Standard Life Investments Limited
Standish
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
The Boston Company Asset Management, LLC
The Hartford
The London Company
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management, Inc.
Voya Financial
Voya Investment Management (fka ING)
Waterton Associates L.L.C.
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company

Callan

March 31, 2017

North Dakota State Investment Board Legacy Fund

Investment Measurement Service Quarterly Review

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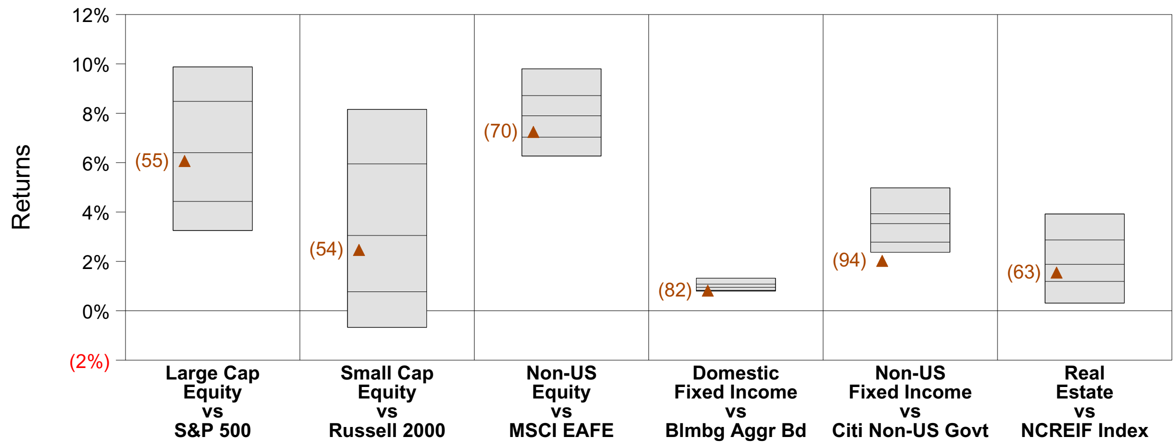
Market Overview
Active Management vs Index Returns

Market Overview

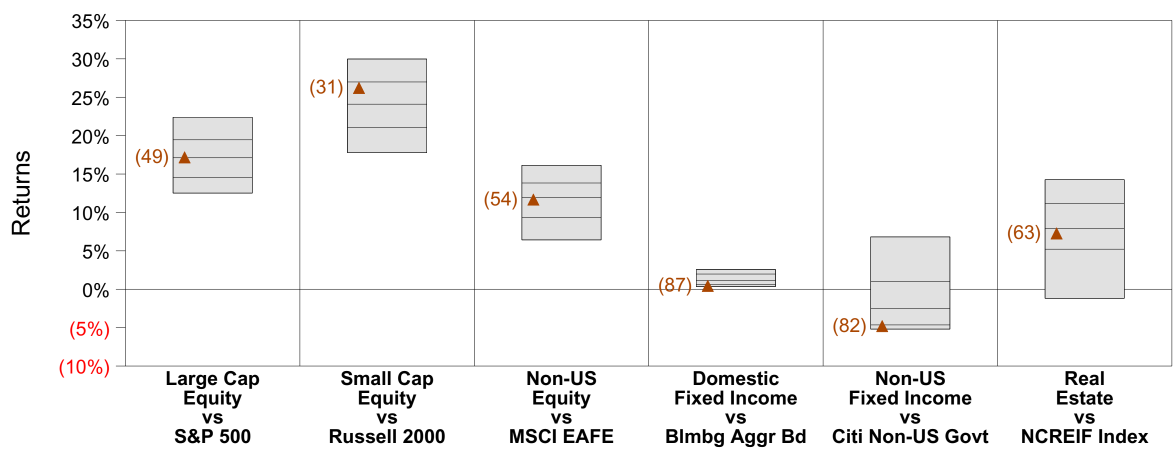
The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also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

Range of Separate Account Manager Returns by Asset Class
One Quarter Ended March 31, 2017



	Large Cap Equity vs S&P 500	Small Cap Equity vs Russell 2000	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Blmbg Aggr Bd	Non-US Fixed Income vs Citi Non-US Govt	Real Estate vs NCREIF Index
10th Percentile	9.88	8.16	9.80	1.32	4.98	3.92
25th Percentile	8.48	5.95	8.72	1.08	3.93	2.87
Median	6.40	3.05	7.90	0.95	3.53	1.88
75th Percentile	4.43	0.77	7.03	0.83	2.78	1.19
90th Percentile	3.25	(0.67)	6.27	0.80	2.37	0.31
Index ▲	6.07	2.47	7.25	0.82	2.02	1.55

Range of Separate Account Manager Returns by Asset Class
One Year Ended March 31, 2017



	Large Cap Equity vs S&P 500	Small Cap Equity vs Russell 2000	Non-US Equity vs MSCI EAFE	Domestic Fixed Income vs Blmbg Aggr Bd	Non-US Fixed Income vs Citi Non-US Govt	Real Estate vs NCREIF Index
10th Percentile	22.39	29.98	16.13	2.57	6.81	14.27
25th Percentile	19.46	26.99	13.83	1.98	1.03	11.19
Median	17.12	24.10	11.91	1.14	(2.48)	7.90
75th Percentile	14.55	21.04	9.31	0.64	(4.64)	5.21
90th Percentile	12.52	17.78	6.42	0.34	(5.19)	(1.19)
Index ▲	17.17	26.22	11.67	0.44	(4.80)	7.27

Callan

First Quarter 2017

'Hitch in Our Git-Along'?

ECONOMY

2 PAGE

GDP growth disappointed in the first quarter for the fourth straight year. But other measures such as consumer confidence held up during the quarter. The question is whether this is a hitch—or a problem with the GDP metric.

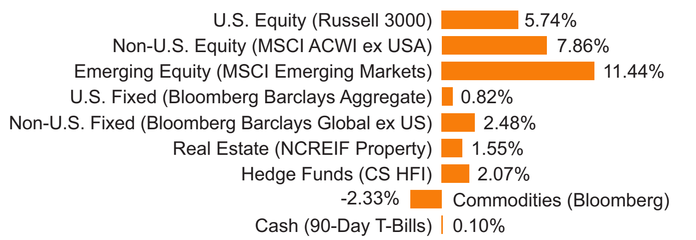
No Homefield Advantage

FUND SPONSOR

4 PAGE

Strong equity results helped boost institutional funds. The median return for all fund types was +4.31%; endowments and foundations did best, jumping 4.58%. Taft-Hartley plans had the lowest return at +3.93%. The key difference was exposure to non-U.S. equities.

Broad Market Quarterly Returns



Sources: Bloomberg Barclays, Bloomberg, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group

Steady as She Goes

U.S. EQUITY

6 PAGE

The **S&P 500 Index** hit a high during the first quarter and ended with a 6.07% jump, continuing last year's gains. But in a reversal from the previous quarter, small cap stocks fell behind large cap and growth overtook value.

Profits Trump Populism

NON-U.S. EQUITY

8 PAGE

Despite political turmoil in Europe and choppy growth in Asia, non-U.S. markets advanced in the first quarter. The dollar's weakness bolstered returns for U.S. investors. Emerging markets outpaced their developed peers, and non-U.S. growth stocks bested their value counterparts.

Up, Up, and Away

U.S. FIXED INCOME

10 PAGE

Strong economic data and upbeat investors drove U.S. bond returns higher. High yield securities performed the best, but returns were up for all fixed income sectors. The Treasury yield curve flattened as short-term Treasuries rose while longer-term issues fell.

Separation Anxiety

NON-U.S. FIXED INCOME

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Sovereign debt performed strongly amid policy uncertainty in the European Union, and emerging market debt outperformed developed market debt for the third straight quarter. Returns were bolstered by the U.S. dollar's broad-based decline against most currencies.

New Year, New Lows

REAL ESTATE

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The **NCREIF Property Index** turned in its worst performance (+1.55%) since 2010, while the **NCREIF Open End Diversified Core Equity Index** also set a new seven-year low (+1.77%). U.S. REITs underperformed global REITs, but still managed to generate positive returns.

On a Roll

PRIVATE EQUITY

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Private equity stayed healthy in the first quarter. Buyout M&A exits dropped significantly, while venture capital-backed M&A exits were mixed. Both buyout and VC-backed IPOs raised more money than in the previous quarter.

Dollops of Alpha with Beta

HEDGE FUNDS

17 PAGE

Most hedge fund strategies reported positive returns in the first quarter, amid a broad rally in global markets. The **Credit Suisse Hedge Fund Index** advanced 2.07% and the median manager in the **Callan Hedge Fund-of-Funds Database** appreciated 2.29%.

Eventful Year, but TDFs Still Rule

DEFINED CONTRIBUTION

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The Callan DC Index™ increased 7.99% during 2016, its best year since 2013. But it trailed the Age 45 Target Date Fund, which gained 8.59% in 2016. For the year, DC plan balances increased 8.31%, mostly attributable to market performance.

‘Hitch in Our Git-Along’?

ECONOMY | Jay Kloepfer

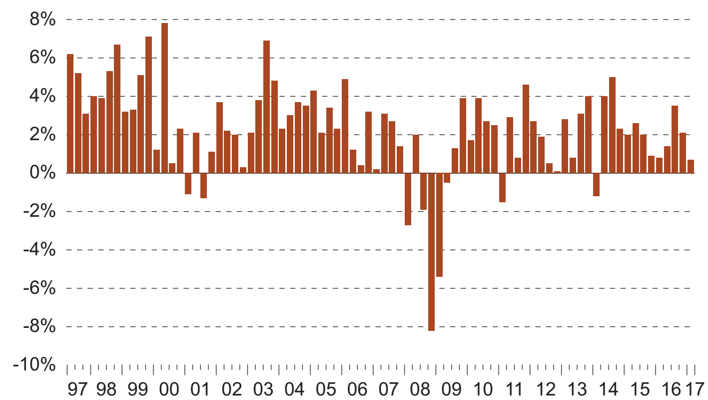
For the fourth year in a row, reported GDP growth disappointed in the first quarter, coming in at just 0.7%, down from a 2.1% rate in the fourth quarter. This paltry gain was the weakest in three years and was concentrated in consumer spending on autos and utilities (reflecting unseasonably warm weather in states with typically cold winters), a drop in defense spending, and a sharp slowdown in the accumulation of inventories. “Softer” measures of economic activity like consumer confidence and the ISM Report on Business, which records the forward-looking purchasing intentions of industry, held up through the first quarter, countering the weakening of GDP as the quarter unfolded. Business and consumer confidence rose after the U.S. presidential election, likely in anticipation of changes to policy and taxes, and without any reference to the strength of the underlying economy.

The question is whether we really have an annual “hitch in our git-along” each January, or is something else going on? Four years in a row with an unexpected drop in growth during the first quarter, which is then typically made up with an offsetting increase in the second quarter—although the GDP numbers are supposed to be seasonally adjusted—suggests perhaps a problem with this metric of evaluating the volume of our economic activity. GDP has come under increasing scrutiny as an outdated measure of the modern U.S. (and global) economy, predicated more on the flow of traditional goods and services, particularly agriculture and manufacturing. It may be very challenged to measure the output and economic impact of industries such as software, social media, and electronic commerce.

Inventory buildup usually signals confidence in the prospects for the economy. For several years prior to 2016, inventory “decumulation” was a clear drag on growth, as firms were reluctant to maintain output in the face of soft demand. The U.S. economy shifted toward inventory accumulation in the third and fourth quarters of 2016, only to reverse in the first quarter. That reversal subtracted almost 1% from GDP growth. Total personal consumption expenditures led broad economic growth in 2016, averaging gains of well over 3% during each of the last three quarters of the year, only to drop to just 0.3% growth during the first quarter.

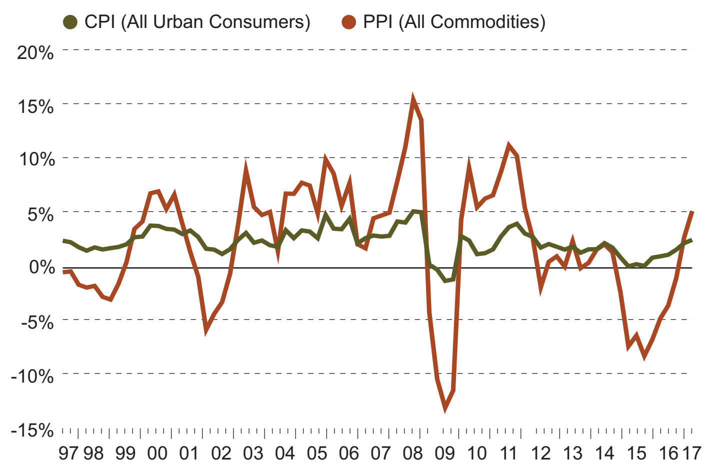
The U.S. job market enjoyed a robust 2016, adding 2.2 million new jobs. The economy entered 2017 with two strong months in January and February, adding more than 200,000 net new jobs each month, before the rate of job creation halved in March

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

to 98,000. Retail jobs took a serious hit in both February and March (seasonally adjusted), with the continuing advance of e-commerce challenging retail establishments, particularly shopping malls. Signs now point to further softness in the job market as the second quarter begins.

In spite of this potential softening, the unemployment rate dipped to 4.5% in March, the lowest in the current cycle, and many urban regions report very tight job markets, with unemployment rates as low as 2% to 3%. In response, the growth in average hourly earnings, which had been stuck in a narrow range below a 2% annual rate for five years following the Global Financial Crisis, rose above 2.5% annual growth during 2016 and continued at this rate through the first quarter.

The minutes of the past several Federal Reserve Open Market Committee meetings show a continuing split among members about whether or not an acceleration of inflation is a looming concern. The data suggest inflation remains low, and futures markets indicate expectations are still anchored at or below the Fed's long-term target of 2% for core inflation. While the Fed uses the consumption deflator in its targeting, the CPI is still a useful measure of price activity. The headline CPI All-Urban index rose 2.4% year-over-year through March, although the measure actually declined between February and March. The energy portion of the Index rose 10.9% over the last 12 months, even after a 3.2% drop in March, reflecting a return toward normal in energy prices after the sharp drop in 2015. The core measure of CPI—which excludes food and energy—rose 2.0% over the 12 months ended in March, the smallest 12-month increase since the end of 2015.

The Long-Term View

Index	2017 1st Qtr	Periods ended Dec. 31, 2016 Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	5.74	12.74	14.67	7.07	9.29
S&P 500	6.07	11.96	14.66	6.95	9.15
Russell 2000	2.47	21.31	14.46	7.07	9.69
Non-U.S. Equity					
MSCI EAFE	7.25	1.00	6.53	0.75	4.95
MSCI Emerging Markets	11.44	11.19	1.28	1.84	--
MSCI ACWI ex USA Small Cap	8.78	3.91	7.74	2.89	–
Fixed Income					
Bloomberg Barclays Agg	0.82	2.65	2.23	4.34	5.63
90-Day T-Bill	0.10	0.33	0.12	0.80	2.71
Bloomberg Barclays Long G/C	1.58	6.67	4.07	6.85	7.58
Bloomberg Barclays Gl Agg ex US	2.48	1.49	-1.39	2.44	4.73
Real Estate					
NCREIF Property	1.55	7.97	10.91	6.93	8.63
FTSE NAREIT Equity	1.16	8.52	12.01	5.08	11.13
Alternatives					
CS Hedge Fund	2.07	1.25	4.34	3.75	--
Cambridge PE*	–	9.17	13.05	10.59	15.53
Bloomberg Commodity	-2.33	11.77	-8.95	-5.57	2.55
Gold Spot Price	8.64	8.63	-5.97	6.08	4.82
Inflation – CPI-U	0.98	2.07	1.36	1.81	2.26

*Private equity returns show pooled horizon IRRs for periods ended September 30, 2016. Most recent quarterly data not available.
Sources: Bloomberg Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's, Thomson/Cambridge, Bureau of Economic Analysis.

Recent Quarterly Economic Indicators

	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15
Employment Cost–Total Compensation Growth	2.4%	2.2%	2.3%	2.3%	1.9%	2.0%	2.0%	2.0%
Nonfarm Business–Productivity Growth	-0.6%*	1.3%	3.3%	-0.1%	-0.6%	-2.0%	1.8%	1.0%
GDP Growth	0.7%	2.1%	3.5%	1.4%	0.8%	0.9%	2.0%	2.6%
Manufacturing Capacity Utilization	75.4%	75.1%	74.9%	75.1%	75.4%	75.4%	75.7%	75.5%
Consumer Sentiment Index (1966=100)	97.2	93.2	90.3	92.4	91.5	91.3	90.8	94.2

*Estimate.
Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, IHS Economics, Reuters/University of Michigan.

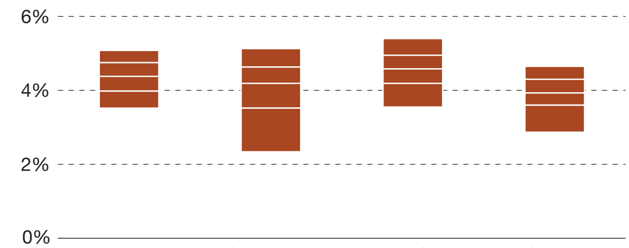
No Homefield Advantage

FUND SPONSOR | Kitty Lin

A post-election rally, higher interest rates, and political uncertainty in Europe and Asia left global markets unfazed as stocks and bonds rallied. Both U.S. and non-U.S. stocks delivered stellar returns in the first three months of 2017. That put some juice into the performance of institutional funds tracked by Callan, which did far better than they had in the last quarter of 2016.

The median return for all fund types for the first quarter clocked in at +4.31%, compared to only +0.65% in the fourth quarter. Endowment and foundation funds bested all other fund types and jumped 4.58%, while Taft-Hartley plans slipped in the ranks and had the lowest median return, up only 3.93%.

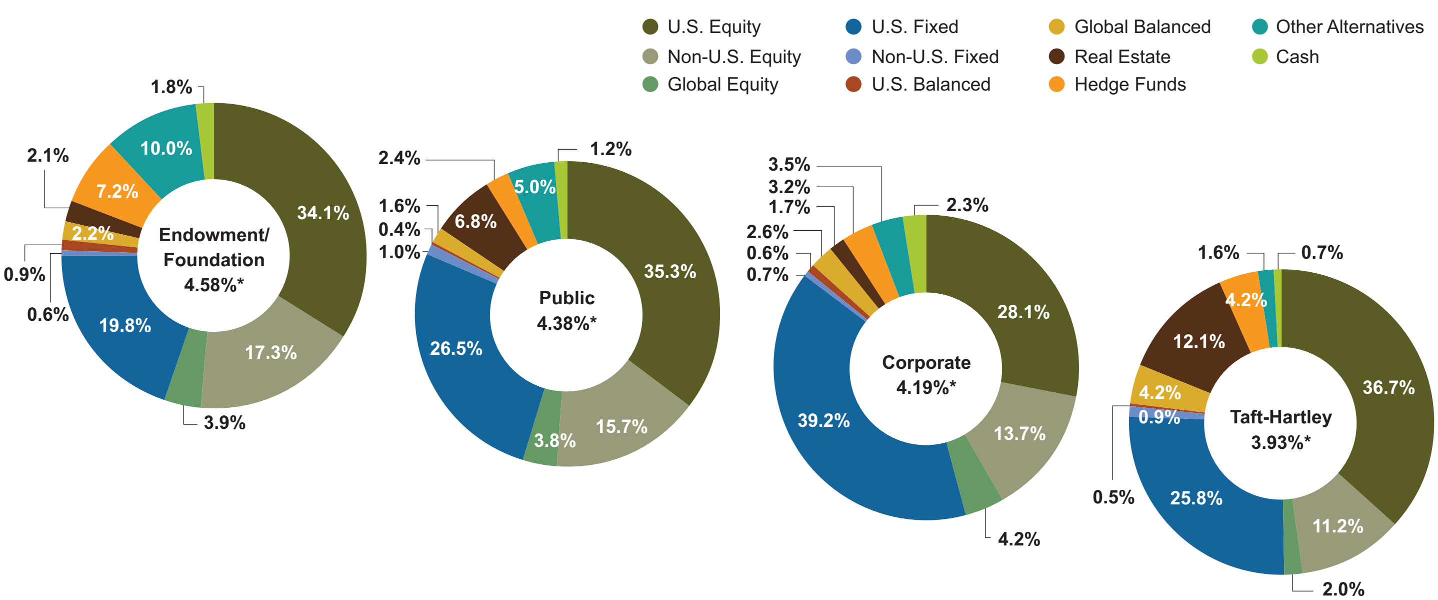
Callan Fund Sponsor Returns for the Quarter



	Public Database	Corporate Database	Endow/Fndn Database	Taft-Hartley Database
10th Percentile	5.08	5.13	5.40	4.65
25th Percentile	4.75	4.63	4.95	4.30
Median	4.38	4.19	4.58	3.93
75th Percentile	3.98	3.52	4.19	3.60
90th Percentile	3.52	2.34	3.55	2.87

Source: Callan

Callan Fund Sponsor Average Asset Allocation



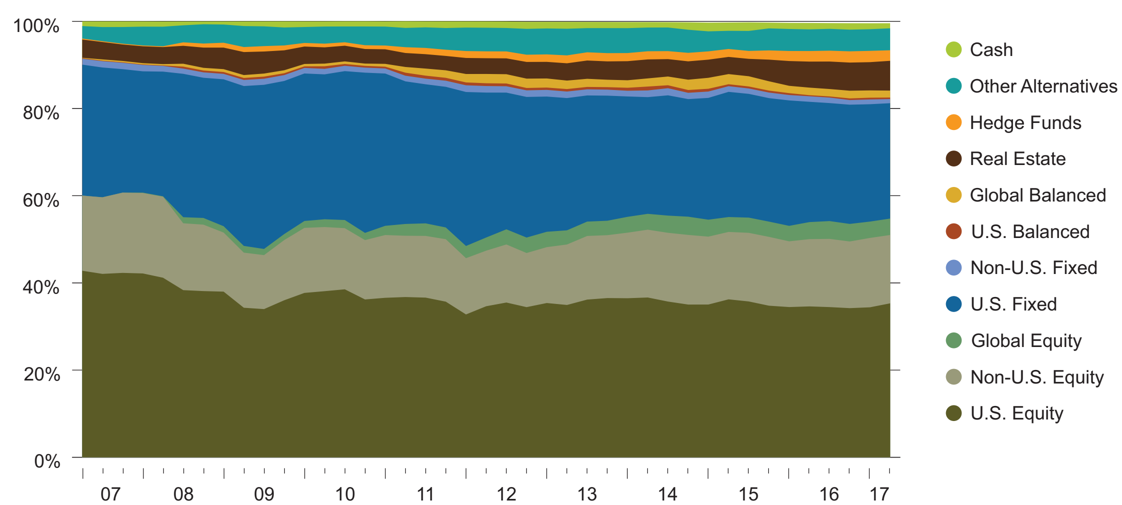
*Latest median quarter return.
Note: charts may not sum to 100% due to rounding.
Source: Callan

How funds did depended in large part on where they had their money. Endowment and foundation plans have the highest exposure to non-U.S. equity, which performed quite well despite an ousted South Korean president and an unpredictable French election. The **MSCI ACWI ex USA Index** rose 7.86%, the **MSCI EAFE Index** gained 7.25%, and the **MSCI Emerging Markets Index** jumped 11.44%.

On the other end of the spectrum, Taft-Hartley plans had the most exposure to U.S. equity and the lowest to non-U.S. and global equity. While U.S. equities delivered strong returns, they lagged their overseas counterparts; the **S&P 500 Index** surged 6.07% and the **Russell 1000 Index** rose 6.02%. Taft-Hartley plans had an average allocation of 11.2% to non-U.S. equity, which was the lowest of all fund types.

Although Taft-Hartley plans had the worst performance in the first quarter, they had the best returns over the last three (+5.99%) and five years (+8.22%) due to their home country bias in equities and the dominance of U.S. versus non-U.S. stocks. Endowment and foundation funds had the best performance in the first quarter (+4.58%) and last year (+11.32%).

Callan Public Fund Database Average Asset Allocation (10 Years)



Source: Callan. Callan's database includes the following groups: public defined benefit, corporate defined benefit, endowments/foundations, and Taft-Hartley plans. Approximately 10% to 15% of the database constituents are Callan's clients. All database group returns presented gross of fees. Past performance is no guarantee of future results. Reference to or inclusion in this report of any product, service, or entity should not be construed as a recommendation, approval, affiliation, or endorsement of such product, service, or entity by Callan.

Steady as She Goes

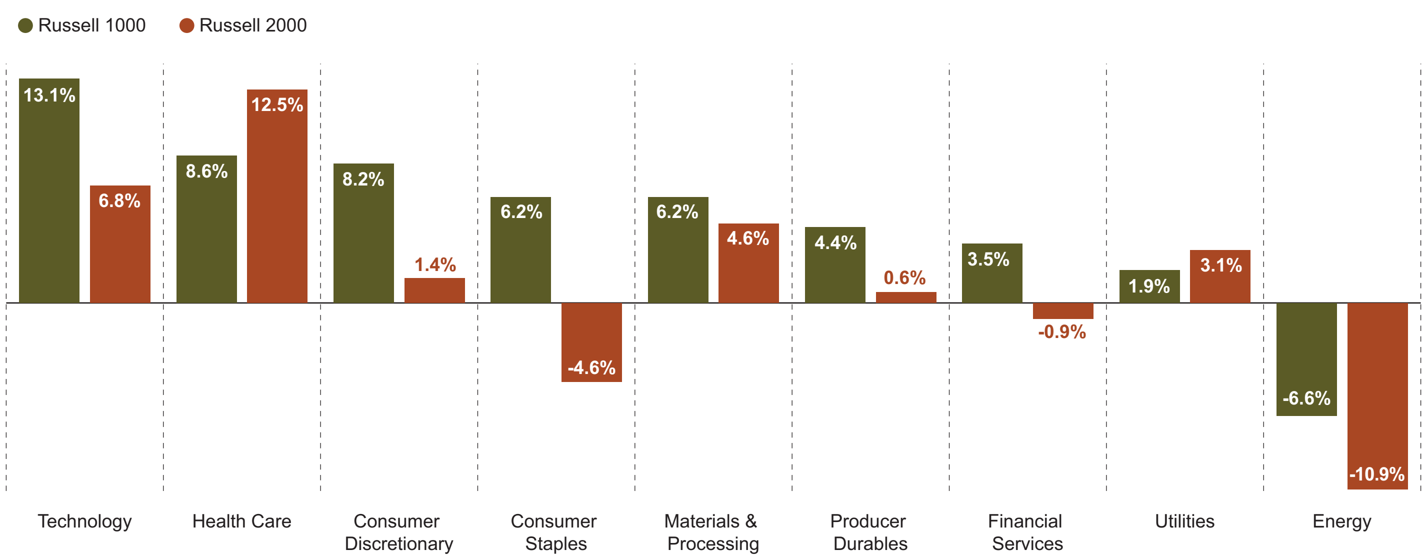
U.S. EQUITY | Lauren Mathias, CFA

Despite concerns over the Trump administration's ability to follow through on promises of lower taxes and decreased regulation, the market accelerated higher in the first quarter. The **S&P 500 Index** hit a peak (2,396) in March and notched a 6.07% gain over the full three-month period. But the quarter was marked by reversals from the previous one—small cap fell behind large cap (**Russell 2000 Index**: +2.47% vs. **Russell 1000 Index**: +6.03%) and growth overtook value (**Russell 1000 Growth Index**: +8.91% vs. **Russell 1000 Value Index**: +3.27%).

The broader U.S. economy reflected the market's optimism, and to no one's surprise the Fed raised rates a quarter-point in mid-March. Wages continued to grow, consumer confidence was up, inflation moved closer to the Fed's 2% target, and unemployment fell to 4.7%. Yet some headwinds persisted in the U.S., with slowing GDP growth (the fourth quarter trailed the third, 2.1% vs. 3.5%), and significant issues abroad: elections and Brexit in Europe, the Syrian war in the Middle East, and South Korea's presidential impeachment in Asia. Valuations in the U.S. remain high by various measures, but investors appear unfazed—for now.

Technology shares were especially strong; the FANG stocks—Facebook, Amazon, Netflix, and Google—hit record highs during the quarter. (Technically it should be the FANA stocks because Google is officially Alphabet—but FANG sounds better!) Micro and small cap companies ran out of steam after a strong 2016, while mid and large cap stocks charged ahead (**Russell Microcap Index**: +0.38%, Russell 2000 Index: +2.47%, **Russell Midcap Index**: +5.15%, and Russell 1000 Index: +6.03%). Value lost its lead over growth in all capitalizations (**Russell 2000 Value Index**: -0.13% vs. **Russell 2000 Growth Index**: +5.35%). The dispersion in style returns was broad across market capitalizations.

Economic Sector Quarterly Performance



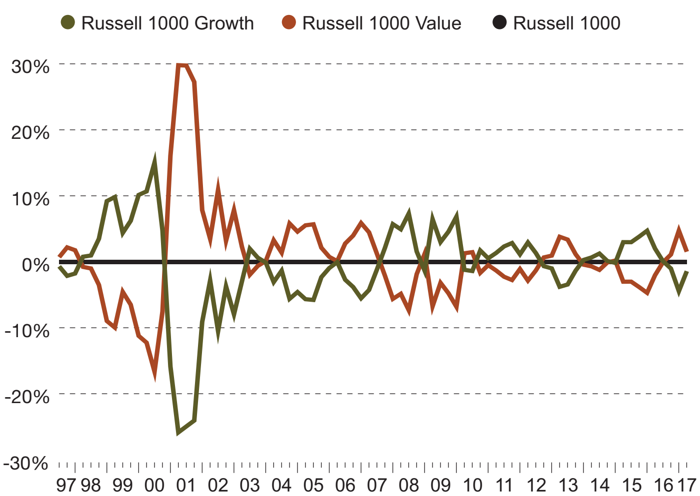
Source: Russell Investment Group

Note: As of the fourth quarter of 2015, the Capital Market Review reports sector-specific returns using the Russell Global Sectors (RGS) classification system rather than the Global Industry Classification Standard (GICS) system. RGS uses a three-tier classification system containing nine sectors; GICS uses a four-tier system containing 11 sectors.

Reflecting the reversal in investor preference, the best-performing sectors in the S&P 500 Index during the quarter were growth-oriented; Technology (+12.57%) was No. 1, followed by Consumer Discretionary (+8.45%) and Health Care (+8.37%). After leading in the fourth quarter, Financials (+2.53%) and Energy (-6.68%) trailed the broad market in the first. Both Health Care and Financials traded on President Donald Trump's failure to amend the Affordable Care Act—Health Care stocks gained on the certainty of the status quo and Financials dropped on fear the administration may fall short on deregulation and tax reform as well. Energy was the worst-performing sector during the quarter as last year's agreement by the Organization of the Petroleum Exporting Countries (OPEC) has not reduced fears of oversupply or meaningfully increased the price of oil.

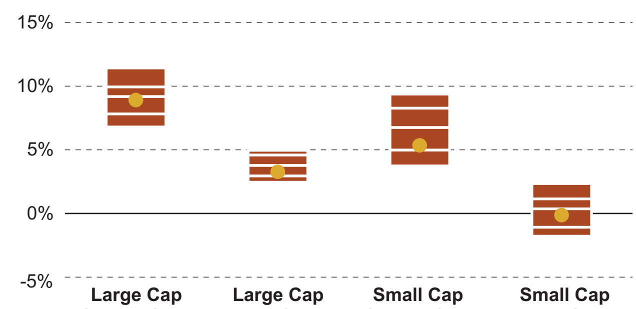
As the U.S. equity market powered on, valuations across indices traded at historically high levels—the S&P 500 Index NTM (next 12 months) P/E was 17.5x versus the 25-year average of 14x as of March 31, 2017. Correlation among stocks (measured by S&P 500 stocks) ended the quarter below average and at levels not seen in 10 years, a positive for active management. Volatility (as measured by the **CBOE Market Volatility Index**, or VIX) also tracked below its average, seemingly unfazed by geopolitical uncertainty.

Rolling One-Year Relative Returns (vs. Russell 1000)



Source: Russell Investment Group

Callan Style Group Quarterly Returns



	Large Cap Growth Style	Large Cap Value Style	Small Cap Growth Style	Small Cap Value Style
10th Percentile	11.43	4.96	9.38	2.35
25th Percentile	9.94	4.59	8.27	1.15
Median	9.18	3.77	6.75	0.37
75th Percentile	7.82	2.95	4.98	-1.08
90th Percentile	6.80	2.46	3.74	-1.78
	R1000 Growth	**R1000 Value**	**R2000 Growth**	**R2000 Value**
Benchmark	8.91	3.27	5.35	-0.13

Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of March 31, 2017

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Number of Issues	507	2,941	995	792	2,438	1,946
Wtd Avg Mkt Cap ($bn)	151.6	127.6	137.9	13.7	4.6	2.2
Price/Book Ratio	2.9	2.8	2.9	2.6	2.3	2.1
Forward P/E Ratio	17.7	18.2	18	19.3	20.4	21.1
Dividend Yield	2.0%	1.9%	2.0%	1.7%	1.5%	1.4%
5-Yr Earnings (forecasted)	12.6%	12.5%	12.5%	11.8%	11.8%	12.4%

Sources: Russell Investment Group, Standard & Poor's.

Profits Trump Populism

NON-U.S. EQUITY | Irina Sushch

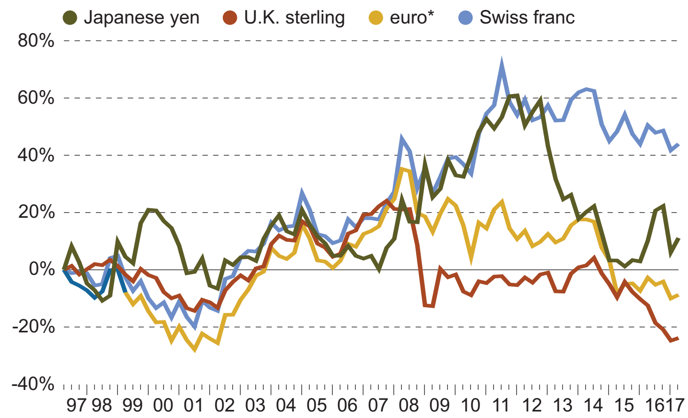
A flurry of political skirmishes and uneven growth in Asia failed to deter non-U.S. equity investors, and the "risk-on" theme of last year continued into 2017. The weak U.S. dollar also bolstered overseas returns for U.S. investors.

The **MSCI ACWI ex USA Index** jumped 7.86% during the quarter. All of its sectors were in the black, with the exception of Energy (-0.91%), which was hurt by falling oil prices. Economically sensitive sectors led the pack: Information Technology contributed 14.59% and Industrials added 9.48%. Defensive and cyclical sectors such as Telecommunications (+5.98%) and Real Estate (+6.72%) lagged.

Helped by a weaker dollar, emerging markets (**MSCI Emerging Markets Index**: +11.44%) outperformed their developed peers (**MSCI World ex USA Index**: +6.81% and **MSCI EAFE Index**: +7.25%). The **MSCI ACWI ex USA Growth Index** (+9.13%) resumed dominance over the **MSCI ACWI ex USA Value Index** (+6.68%). Small cap stocks also performed well (**MSCI ACWI ex USA Small Cap Index**: +8.78%).

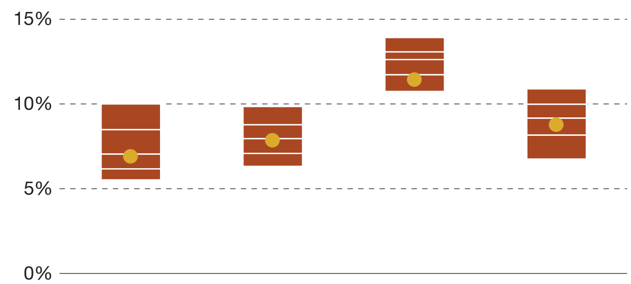
Politics continued to roil Europe. Most notably, British Prime Minister Theresa May triggered Article 50 of the Lisbon Treaty on March 29, giving the U.K. two years to negotiate an exit from the European Union. The negotiations are likely to be arduous, particularly concerning trade and immigration. And France's presidential elections weighed on investors during the quarter. (A runoff is slated for May. Marine Le Pen, the far right contender and opponent of the EU, finished second in the first round of voting but is widely expected to lose to Emmanuel Macron, a more centrist leader and supporter of the EU.) On the other hand, the economic outlook brightened in the euro zone. Inflation hit a four-year high (2%) in February. Fourth quarter GDP was 1.7% (year-over-year) and positive in each country except Greece (-1.2%). The **MSCI Europe Index** jumped 7.44% in the first quarter; all of the countries posted positive returns. Spain (+14.76%) and the Netherlands (+11.33%) contributed most, while Ireland (+3.75%) and Norway (+1.43%) lagged.

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



* German mark returns before 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



	Global Eq Style	Non-U.S. Eq Style	Emg Mkt Style	Non-U.S. SC Style
10th Percentile	9.95	9.80	13.87	10.84
25th Percentile	8.43	8.72	13.02	9.93
Median	6.99	7.90	12.57	9.11
75th Percentile	6.12	7.03	11.67	8.11
90th Percentile	5.47	6.27	10.69	6.70
	MSCI ACWI	**MSCI ACWI ex USA**	**MSCI Emg Mkts**	**MSCI ACWI ex USA SC**
Benchmark ●	6.91	7.86	11.44	8.78

Sources: Callan, MSCI

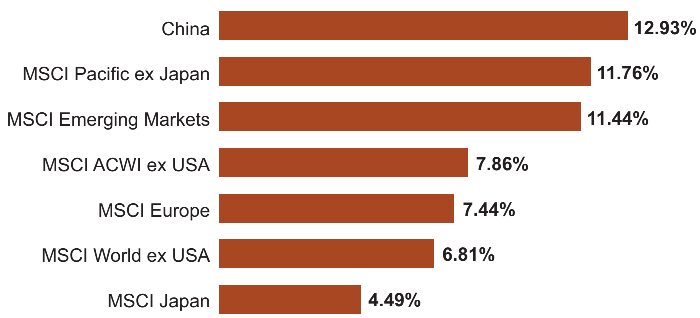
Information Technology (+12.89%) and Industrials (+10.39%) rallied, while Energy stocks (-3.10%) brought up the rear.

In Southeast Asia and the Pacific, Japan's economy grew at a meager (yet notably positive) annualized 1.2% in the fourth quarter. Industrial output and inflation rose and unemployment fell. But the stronger yen (+5%) dampened exporters' returns, and Japan ended the quarter up just 4.49%; only New Zealand

posted worse returns (+1.95%) in the region, owing to a faltering Materials sector (-19.33%). Singapore (+13.46%) and Hong Kong (+13.41%) fared best, thanks to thriving real estate markets. Australia advanced 10.98%, propped up by currency strength. The **MSCI Pacific Index** was up 6.92% and the **MSCI Pacific ex Japan Index** jumped 11.76%.

Emerging market returns were boosted by a weaker U.S. dollar, economic growth in China, and rising industrial metal prices. Poland (+17.75%) and India (+17.12%) were the top performers. The party of India's prime minister, Narendra Modi, won a key regional election despite an abrupt currency recall last year, and the central bank predicted strong economic growth for the next 12 months. Gains in IT stocks bolstered Korean returns. China, which makes up more than a quarter of the MSCI Emerging Markets Index, also experienced growth in its IT sector, as well as in Manufacturing and Real Estate. Its fourth quarter GDP came in at 6.8%, and China ended the quarter up 12.93%. Mexico was among the top performers (+16.03%) as the peso rebounded 9%. Russia (-4.61%) and Greece (-3.49%) were the region's poorest performers. Russia was hurt by falling oil prices, and Greece by negative GDP growth.

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

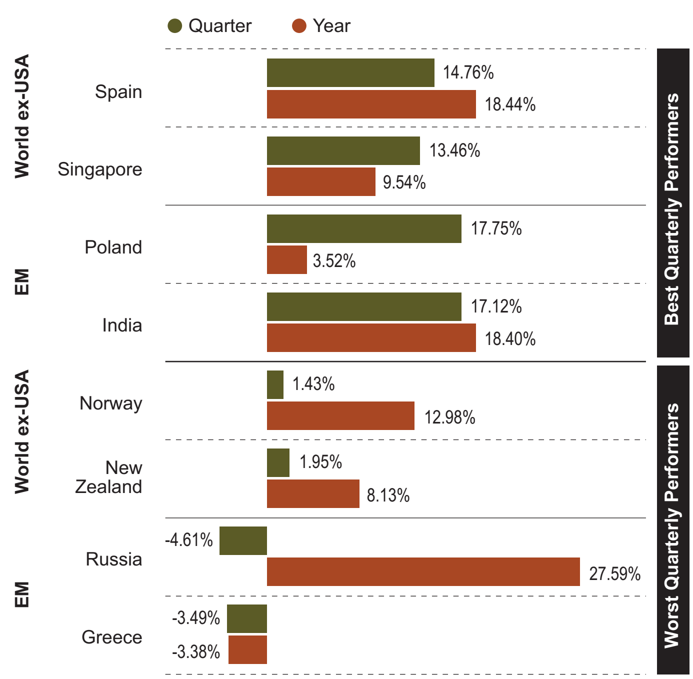
Quarterly Returns for Non-U.S. Developed Countries

Country	Equity Index (US$)	Equity Index (Local Currency)	Currency Return	Weight*
Australia	10.98%	5.34%	5.35%	5.30%
Austria	8.96%	7.45%	1.40%	0.14%
Belgium	5.13%	3.68%	1.40%	0.81%
Canada	2.51%	1.94%	0.55%	6.85%
Denmark	6.11%	4.65%	1.39%	1.14%
Finland	7.31%	5.83%	1.40%	0.67%
France	7.28%	5.80%	1.40%	7.10%
Germany	8.36%	6.87%	1.40%	6.62%
Hong Kong	13.41%	13.65%	-0.24%	2.44%
Ireland	3.75%	2.32%	1.40%	0.32%
Israel	5.53%	3.28%	6.01%	0.47%
Italy	6.17%	4.70%	1.40%	1.51%
Japan	4.49%	-0.17%	4.67%	16.29%
Netherlands	11.33%	9.92%	1.40%	2.41%
New Zealand	1.95%	1.69%	0.25%	0.12%
Norway	1.43%	1.21%	0.22%	0.44%
Portugal	8.25%	6.75%	1.40%	0.11%
Singapore	13.46%	9.79%	3.39%	0.92%
Spain	14.76%	13.18%	1.40%	2.34%
Sweden	9.46%	7.58%	1.75%	2.01%
Switzerland	8.34%	6.70%	1.54%	6.08%
U.K.	5.04%	3.80%	1.20%	12.44%

*Weight in the MSCI ACWI ex USA Index

Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly and Annual Country Performance Snapshot



Source: MSCI

Up, Up, and Away

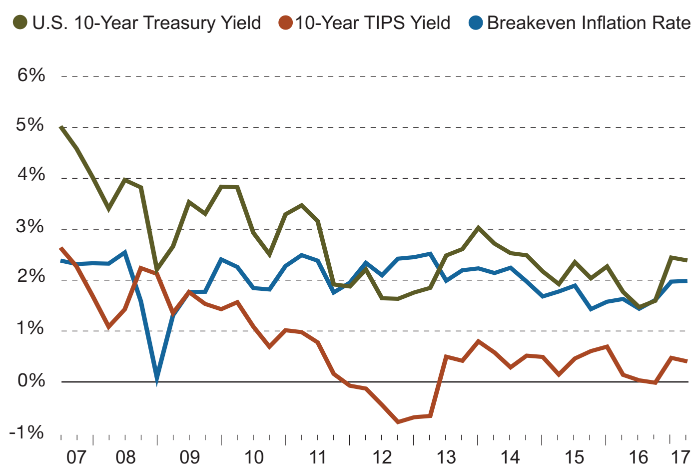
U.S. FIXED INCOME | Rufash Lama

During the first quarter, the U.S. bond market generated positive returns across the board due in part to strong economic data and upbeat investors compressing spreads. U.S. fourth quarter GDP grew at an annualized rate of 2.1%, consumer spending rose 3.5%, and the unemployment rate fell to 4.7%. High yield bonds performed best; the **Bloomberg Barclays High Yield Index** climbed 2.70% for the quarter.

The Fed increased rates by 25 basis points in March, to a range of 0.75% – 1.00%, as U.S. economic indicators continued to signal growth; two additional hikes are expected over the rest of the year. The Treasury yield curve flattened during the quarter as short-term Treasury yields rose while longer-term Treasury yields fell. Despite hitting an intra-quarter high of 2.62%, the benchmark 10-year Treasury note ended the quarter at 2.39%, 5 bps lower than the yield at the end of 2016. For the quarter, U.S. Treasuries returned 0.67%; long Treasuries (+1.40%) outperformed intermediate ones (+0.54%). TIPS were up 1.26% as expectations for future inflation rose. At the end of the quarter, the 10-year breakeven inflation rate, a market-based gauge of investors' expectations for future inflation, stood at 1.97%.

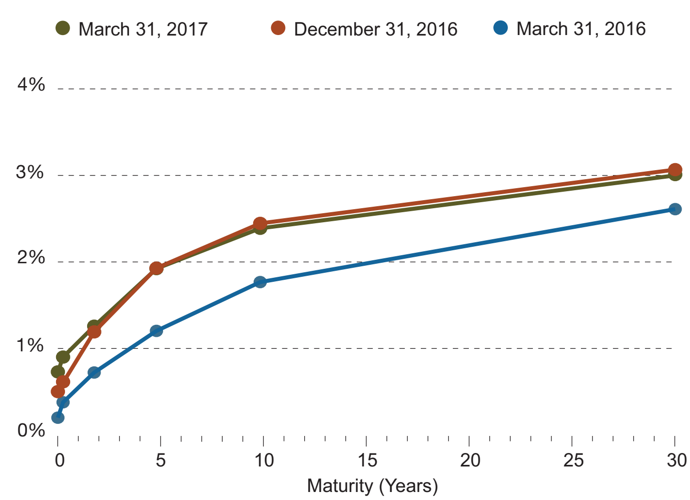
All fixed income sectors reported returns in the black as both the corporate credit market and the structured-debt market benefited from strong investor demand; the **Bloomberg Barclays U.S. Aggregate Bond Index** rose 0.82%. Issuance in the investment-grade primary market totaled $390 billion, easily surpassing the prior record of $357 billion in the second quarter

Historical 10-Year Yields



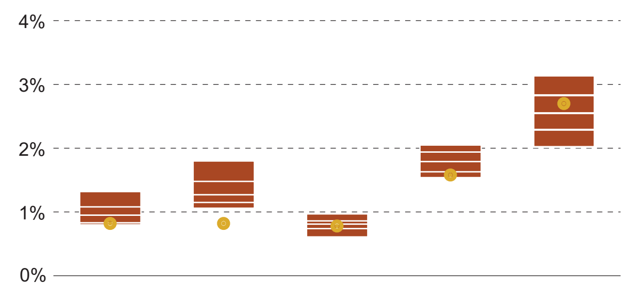
Source: Bloomberg

U.S. Treasury Yield Curves



Source: Bloomberg

Callan Style Group Quarterly Returns



	Core Bond Style	Core Plus Style	Interm Style	Ext Maturity G/C Style	High Yld Style
10th Percentile	1.32	1.80	0.97	2.05	3.14
25th Percentile	1.08	1.48	0.86	1.94	2.83
Median	0.95	1.27	0.81	1.79	2.55
75th Percentile	0.83	1.15	0.74	1.63	2.29
90th Percentile	0.80	1.06	0.61	1.54	2.02
	Bloomberg Barclays Agg	Bloomberg Barclays Agg	Bloomberg Barclays Interm G/C	Bloomberg Barclays Long G/C	Bloomberg Barclays High Yld
Benchmark	0.82	0.82	0.78	1.58	2.70

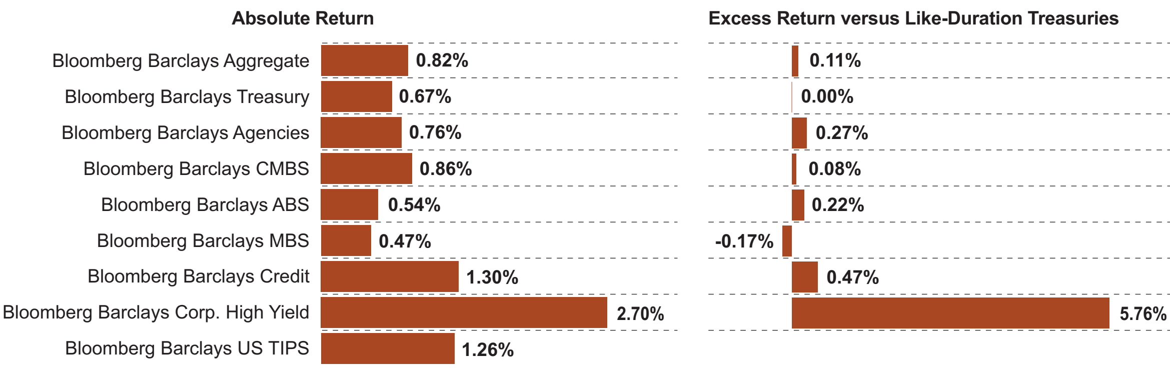
Source: Bloomberg Barclays, Callan

of 2015. Overall, spreads tightened and investor appetite for bonds remained strong despite the headwind of higher rates. High yield spreads over comparable Treasuries tightened by 26 bps and delivered the strongest return. Lower-rated bonds outperformed higher-rated issues; BBB-rated securities generated an excess return of 85 bps and outperformed AAA securities by 70 bps. ABS and investment-grade corporate spreads tightened by 5 bps and rose 1.22% and 0.54%, respectively.

Mortgage-backed securities (MBS) (+0.47%) underperformed duration-matched Treasuries by 17 bps. Commercial mortgage-backed securities (CMBS) rose 0.86% for the quarter and benefited from strong demand.

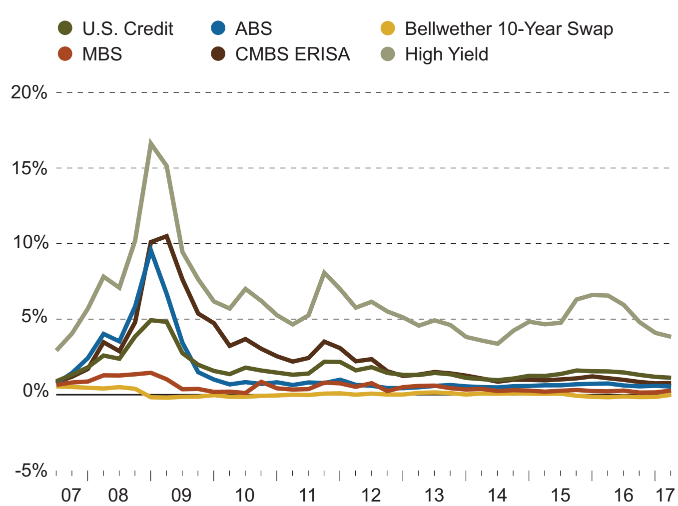
Municipal bonds also delivered a strong quarter as expectations for U.S. tax reform fell and new issuance remained light. The **Bloomberg Barclays Municipal Bond Index** jumped 1.58%.

Fixed Income Index Quarterly Returns



Source: Bloomberg Barclays

Effective Yield Over Treasuries



Source: Bloomberg Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2017

Bloomberg Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity
Bloomberg Barclays Aggregate	2.61	6.00	8.22
Bloomberg Barclays Universal	2.95	5.78	7.99
Bloomberg Barclays Gov/Credit	2.49	6.47	8.70
1-3 Year	1.50	1.94	2.00
Intermediate	2.10	4.06	4.41
Long-Term	3.88	15.15	24.19
Bloomberg Barclays Long Credit	4.51	13.71	23.76
Bloomberg Barclays Corp High Yield	5.84	4.03	6.24
Bloomberg Barclays TIPS	2.27	5.72	8.31
Bloomberg Barclays Municipal	2.46	6.40	12.85
1-5 Year	1.46	2.65	3.13
1-10 Year	1.86	4.03	5.77

Source: Bloomberg Barclays

Separation Anxiety

NON-U.S. FIXED INCOME | Kyle Fekete

Sovereign debt performed well in the first quarter amid political uncertainty about the future of the European Union (EU). Emerging market debt outperformed developed market debt for the third straight quarter as the **JPM GBI-EM Global Diversified Index** advanced 6.50% versus the **Bloomberg Barclays Global Aggregate ex-US Index**'s 2.48% gain. Returns were bolstered by the U.S. dollar's drop against most currencies.

European sovereign bond yields rose in the midst of critical elections and debate over the future of the EU. The safe-haven German 10-year bond yield climbed 12 basis points to 0.33%, steepening the yield curve to its highest since 2014. France's 10-year bonds sold off in the middle of the quarter as the markets priced in the risk of a potential victory by presidential candidate Marine Le Pen, who wants the French to vote on whether to leave the EU. The Italian 10-year yield jumped 50 bps to 2.32% as an air of political risk also loomed over Europe's third-largest economy.

The European Central Bank continued its stimulus efforts, extending its bond-buying program until December 2017 and maintaining interest rates near record lows. Yet there was renewed confidence in the region's economic health as a result of solid manufacturing data, strength in the region's labor market, and encouraging inflation news. The euro strengthened against the U.S. dollar, providing some headwind to the hedged Bloomberg Barclays Global Aggregate ex-US Index, which increased only slightly (+0.06%).

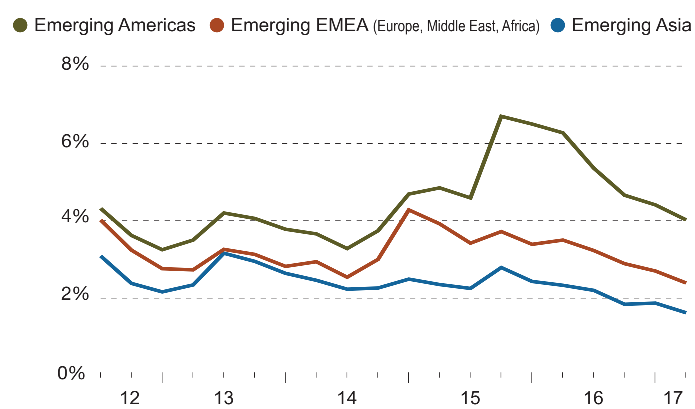
In the Asia-Pacific region, Japan's 10-year yield edged up 2 bps to 0.07%, in line with the Bank of Japan's goal of maintaining its yield at approximately zero. The Reserve Bank of Australia left rates unchanged despite rapid growth in household debt. The Australian 10-year yield declined 6 bps to 2.70%. Both countries' currencies advanced roughly 5% against the U.S. dollar.

Quarterly Returns for Non-U.S. Government Indices

Country	Country Debt*	Country Debt**	Currency Return	Weight***
Australia	6.66%	1.24%	5.35%	2.64%
Austria	0.60%	-0.80%	1.40%	1.75%
Belgium	-0.31%	-1.69%	1.40%	2.99%
Canada	1.05%	0.50%	0.55%	2.54%
Denmark	0.79%	-0.59%	1.39%	0.71%
Finland	0.65%	-0.75%	1.40%	0.74%
France	-0.92%	-2.29%	1.40%	11.85%
Germany	0.64%	-0.75%	1.40%	8.62%
Ireland	0.05%	-1.34%	1.40%	0.96%
Italy	-0.60%	-1.98%	1.40%	11.24%
Japan	4.15%	-0.50%	4.67%	33.21%
Malaysia	2.94%	1.56%	1.37%	0.50%
Mexico	13.62%	3.88%	9.38%	1.11%
Netherlands	0.50%	-0.90%	1.40%	2.75%
Norway	1.44%	1.22%	0.22%	0.33%
Poland	7.16%	1.71%	5.36%	0.81%
Singapore	5.69%	2.22%	3.39%	0.50%
South Africa	4.42%	2.38%	1.99%	0.66%
Spain	0.60%	-0.79%	1.40%	6.70%
Sweden	1.31%	-0.43%	1.75%	0.55%
Switzerland	1.07%	-0.46%	1.54%	0.23%
U.K.	2.85%	1.63%	1.20%	8.63%

*U.S. dollar-denominated.
**Local currency-denominated.
***Weight in the Citi Non-U.S. World Government Bond Index.
Source: Citigroup

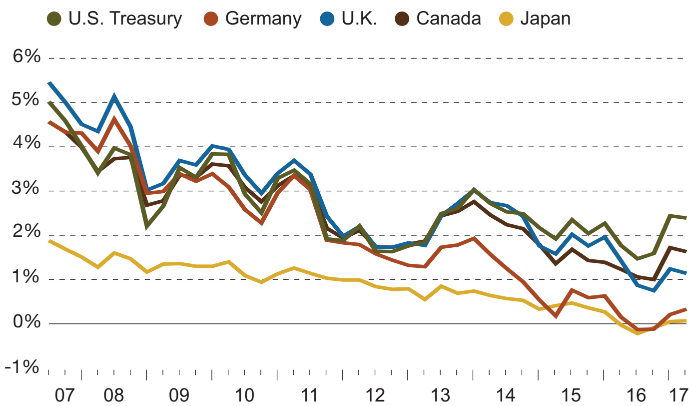
Emerging Spreads Over Developed (By Region)



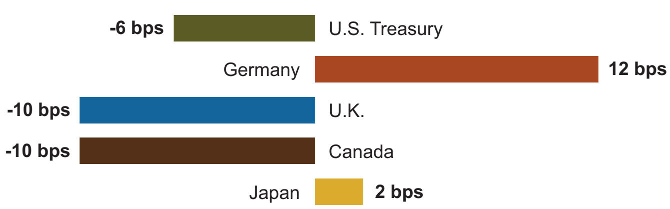
Source: Bloomberg Barclays

Emerging markets performed quite well. The U.S. dollar-denominated **JPM EMBI Global Diversified Index** rose 3.87%, and only three countries out of 65 posted negative returns for the quarter. Mexico, the most heavily weighted in the Index, was the strongest performer (+5.46%). Venezuela was the worst, falling 1.29%. Emerging market currencies also generally appreciated versus the U.S. dollar, accounting for the JPM GBI-EM Global Diversified Index's 6.50% rise. Argentina reentered the Index in February, and its debt posted the strongest return (+15.60%). Mexico (+13.60%) and Brazil (+9.69%) were also top performers, while Turkey (-0.68%) was the only country in the index to deliver a negative return.

10-Year Global Government Bond Yields

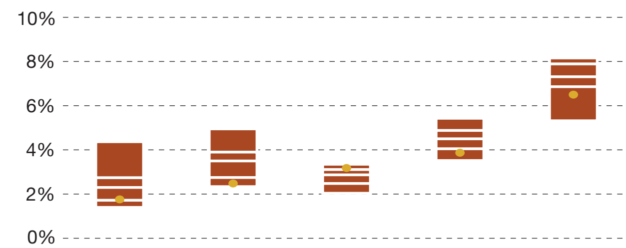


Change in 10-Year Yields from 4Q16 to 1Q17



Source: Bloomberg

Callan Style Group Quarterly Returns



	Global Fixed Style	Non-U.S. Fixed Style	Global High Yld Style	Em Debt Style (USD)	Em Debt Style (local)
10th Percentile	4.40	4.98	3.38	5.46	8.19
25th Percentile	2.77	3.93	3.14	4.91	7.92
Median	2.33	3.53	2.90	4.53	7.34
75th Percentile	1.75	2.78	2.51	4.08	6.89
90th Percentile	1.43	2.37	2.07	3.55	5.35
	Bloomberg Barclays Gl Agg	**Bloomberg Barclays Gl Agg ex US**	**Bloomberg Barclays Gl High Yld**	**JPM EMBI Global Diversified**	**JPM GBI-EM Global Diversified**
Benchmark ●	1.76	2.48	3.18	3.87	6.50

Sources: Bloomberg Barclays, Callan, JPMorgan Chase

New Year, New Lows

REAL ESTATE | Kevin Nagy

The **NCREIF Property Index** advanced 1.55% during the first quarter (1.15% from income and 0.40% from appreciation). This was the lowest return since 2010, eclipsing the fourth quarter's mark of 1.73%. Appreciation fell for the eighth consecutive quarter and made up less than a third of total return.

Industrial (+2.83%) was the best-performing sector for the fourth consecutive quarter with Retail (+1.56%) and Apartments (+1.30%) also posting positive returns; Hotels (-0.16%) fared the worst and the was only property sector to fall during the quarter. All property sectors posted lower results than the previous quarter.

The West surpassed all other regions for the second quarter in a row, rising 1.96%; the East was the weakest, up only 0.95%. Transaction volume fell steeply to $6.6 billion, a 53% decline from last quarter's all-time high. This also represented a drop of 13% from the first quarter of 2016. Appraisal capitalization rates stayed mostly flat, increasing to 4.44%, 1 basis point above last quarter's all-time low of 4.43%. Transaction capitalization rates recovered from the precipitous decline of the fourth quarter and rose from 5.7% to 6.3%. The spread between appraisal and transactional rates increased to 183 bps.

Occupancy rates dropped slightly from the 15-year high in the fourth quarter to 92.96%. Apartment occupancy rates increased slightly while Industrial, Office, and Retail rates decreased.

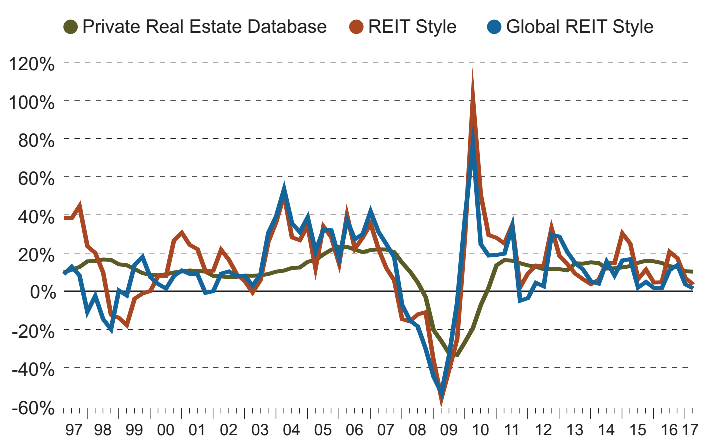
The **NCREIF Open End Diversified Core Equity Index** rose 1.54%. This marked a 34 basis point decrease from the fourth quarter return of 1.88%, and was the lowest for the index since 2010. Income accounted for 0.84% of the return, moderating slightly; appreciation (+0.71%, with rounding accounting for the slight discrepancy) fell to a new seven-year low.

Global real estate investment trusts (REITs), tracked by the **FTSE EPRA/NAREIT Developed REIT Index** (USD), outperformed their U.S. counterparts and rose 2.29%. U.S. REITs, as measured by the **FTSE NAREIT Equity REITs Index**, gained 1.16% for the quarter.

In the U.S., REITs enjoyed two months of positive returns to start the quarter before giving some of the gains back with a poor showing in March. Retail (-4.75%) fared the worst, hurt by weak earnings results from large retailers and the fear of store closings because of the emergence of e-commerce. Hotel (-1.90%) and Self Storage (-1.42%) also did poorly. Health Care (+6.92%) recovered from a sharp decline in the fourth quarter on the back of the failure of the new administration to fulfill its promise to repeal the Affordable Care Act. Specialty (+13.23%), Timber (+12.85%), Infrastructure (+12.25%), and Data Centers (+11.45%) all experienced double-digit gains.

Europe, as represented by the **FTSE EPRA/NAREIT Europe Index**, bested the U.S. in both local currency and U.S. dollar terms, buoyed by a weakening greenback and improving

Rolling One-Year Returns



Source: Callan

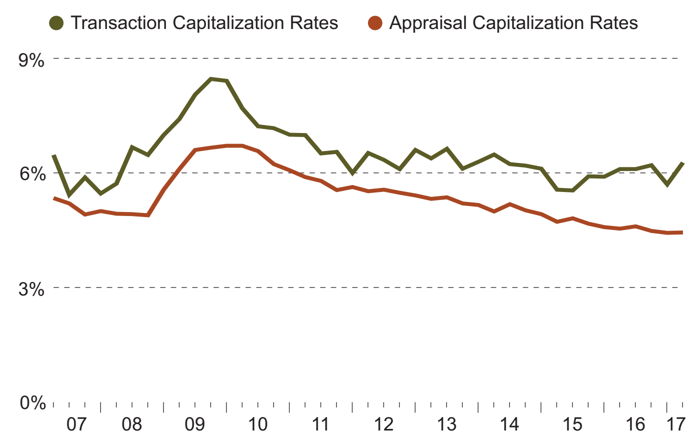
*Index subreturns are calculated separately from index return and may not total.

economic data. Markets also reacted positively to the failure of populist politicians to gain power in the Netherlands. As in the U.S., Retail lagged the broader index as e-commerce continued to take market share from traditional retailers.

The Asia-Pacific region beat all others with the **FTSE EPRA/NAREIT Asia Index** jumping 5.94% during the first quarter in U.S. dollar terms. Singapore and Hong Kong were the major winners, up 17.4% and 16.2%, respectively. In both countries this was mainly attributed to strong performance by their residential sectors.

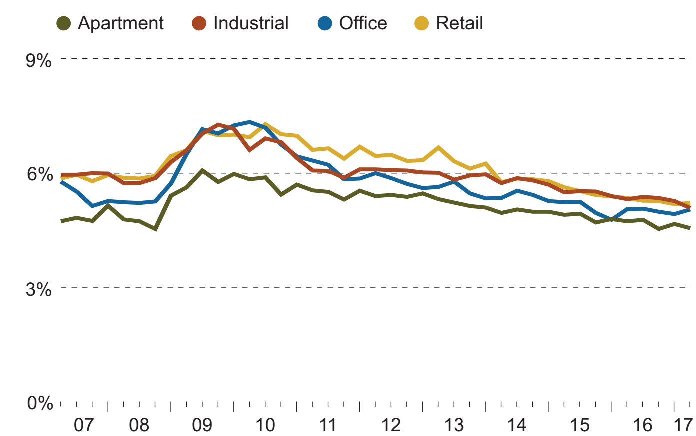
Commercial mortgage-backed securities (CMBS) issuance for the quarter was down sharply, by 58%, to $11.3 billion from the $26.9 billion in the fourth quarter of 2016. This represents a 42% decrease from the first quarter of 2016 ($19.4 billion).

NCREIF Transaction and Appraisal Capitalization Rates



Source: NCREIF
Note: Transaction capitalization rate is equal weighted.

NCREIF Capitalization Rates by Property Type



Source: NCREIF
Note: Capitalization rates are appraisal-based.

On a Roll

PRIVATE EQUITY | Gary Robertson

New private equity partnership commitments totaled $80.0 billion in the first quarter, with 310 new partnerships formed, according to preliminary data from *Private Equity Analyst*. The number of partnerships jumped 75% from 177 in the first quarter of 2016, and the dollar volume rose 51% from $53.1 billion. KKR Americas Fund XII raised the most money in the quarter, $3.1 billion, and its final close of $13.9 billion exceeded its $12 billion target.

Investments by funds into companies totaled 379 deals, up 18% from 322 in the prior quarter, according to *Buyouts* newsletter. The announced total volume was $35.0 billion, up 24% from $28.3 billion in the fourth quarter. The $6.0 billion take-private of hospital staffing firm Team Health Holdings was the quarter's largest buyout. Nine deals with announced values of $1 billion or more closed in the quarter.

According to the National Venture Capital Association, new investments in VC companies totaled 1,808 rounds with $16.5 billion of announced value. The number of rounds fell by 5% from 1,898 in the fourth quarter, but disclosed value increased 15% from $14.3 billion.

Buyout M&A exits fell steeply; there were just 117 in the first quarter, down 25% from the prior quarter's 157, according to *Buyouts*. Announced deal value also dropped: 30 deals totaling $14.4 billion, off 47% from $27.0 billion in the fourth. Three buyout-backed IPOs in the first quarter raised an aggregate $2.4 billion. The number of IPOs was the same as the prior quarter, but the proceeds increased from $2.0 billion.

Venture-backed M&A exits totaled 132 and disclosed value hit $10.4 billion. The number of exits declined 19% but the dollar volume increased 53% from the fourth quarter, which had 162 sales totaling $6.8 billion. There were seven VC-backed IPOs in the first quarter with a combined float of $4 billion. The fourth quarter also had seven but they only raised $684 million.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

Funds Closed January 1 to March 31, 2017

Strategy	No. of Funds	Amt ($mm)	Percent
Venture Capital	145	7,505	9%
Buyouts	108	54,622	68%
Subordinated Debt	13	3,038	4%
Distressed Debt	7	4,526	6%
Secondary and Other	7	5,162	6%
Fund-of-funds	30	5,178	6%
Totals	**310**	**80,031**	**100%**

Source: Private Equity Analyst
Figures may not total due to rounding.

Private Equity Performance Database (%) (Pooled Horizon IRRs through September 30, 2016*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	3.33	3.35	17.77	14.78	10.51	6.72	20.92
Growth Equity	3.82	8.77	11.95	12.28	11.20	10.92	13.62
All Buyouts	3.91	11.48	11.97	13.68	10.41	12.96	12.60
Mezzanine	2.92	9.19	8.75	10.32	9.38	8.96	9.17
Distressed	4.22	7.72	7.30	11.93	9.42	10.71	10.67
All Private Equity	**3.80**	**9.08**	**12.24**	**13.41**	**10.37**	**11.06**	**13.23**
S&P 500	3.85	15.43	11.16	16.37	7.24	7.15	7.91
Russell 3000	4.40	14.96	10.44	16.36	7.37	7.61	8.03

Private equity returns are net of fees.
Sources: Standard & Poor's, Thomson Reuters/Cambridge
*Most recent data available at time of publication.

Note: Transaction count and dollar volume figures across all private equity measures are preliminary figures and are subject to update in subsequent versions of *Capital Market Review* and other Callan publications.

Dollops of Alpha with Beta

HEDGE FUNDS | Jim McKee

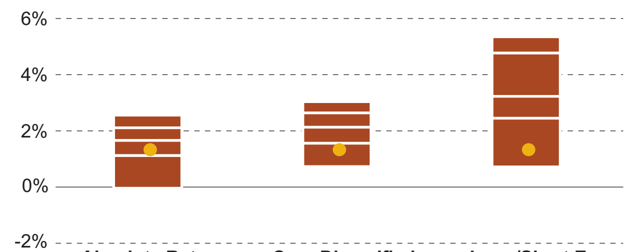
The U.S. economy moved steadily forward with revived animal spirits in the first quarter. Tangible evidence of growth and inflation emerged in the euro zone, soothing market worries globally. Amid geopolitical anxieties testing the Trump administration, the **S&P 500 Index** cleared 6.07% with very little market volatility. With more upbeat expectations abroad, **MSCI EAFE** climbed 7.25% while **MSCI Emerging Markets** soared 11.44%. After being beaten down in the prior quarter, the **Citi 10-Year Treasury** (+0.79%) held steady.

With global risk appetites encouraged by improving fundamentals, most hedge fund strategies generated positive returns. The **Credit Suisse Hedge Fund Index (CS HFI)**, a proxy of unmanaged hedge fund interests gross of fees, advanced 2.07%. Representing live hedge fund portfolios net of all fees, the median manager in the **Callan Hedge Fund-of-Funds Database** appreciated 2.29%.

Within CS HFI, *Long-Short Equity* (+3.46%) was particularly strong in the first quarter compared to 2016, even after adjusting for equity beta. Lack of market volatility and distinct trends left *Managed Futures* (-1.02%) and *Global Macro* (+0.24%) struggling.

Within the **Callan Hedge Fund-of-Funds Database**, market exposures differentiated performance. Supported by the stock market rallies around the globe, the median *Callan Long/Short Equity FOF* (+3.23%) outpaced the *Callan Absolute Return FOF* (+1.66%). With exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 2.13%.

Callan Style Group Quarterly Returns



	Absolute Return FOF Style	Core Diversified FOF Style	Long/Short Eq FOF Style
10th Percentile	2.56	3.04	5.35
25th Percentile	2.11	2.64	4.77
Median	1.66	2.13	3.23
75th Percentile	1.12	1.56	2.45
90th Percentile	-0.04	0.73	0.72
T-Bills + 5% ●	1.33	1.33	1.33

Sources: Callan, Merrill Lynch

Callan Database Median and Index Returns* for Periods ended March 31, 2017

	Quarter	YTD	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	**2.29**	**2.29**	**8.04**	**2.00**	**4.66**	**3.24**	**4.83**
CS Hedge Fund Index	2.07	2.07	5.67	1.92	3.95	3.62	5.83
CS Equity Market Neutral	2.13	2.13	-2.19	-0.62	1.26	-2.99	0.55
CS Convertible Arbitrage	2.25	2.25	9.43	1.78	3.33	3.61	4.74
CS Fixed Income Arbitrage	2.32	2.32	8.02	3.15	4.64	3.43	4.23
CS Multi-Strategy	2.76	2.76	7.92	5.05	6.9	5.09	6.98
CS Distressed	2.23	2.23	10.91	0.82	5.28	3.75	6.94
CS Risk Arbitrage	1.21	1.21	4.94	1.78	2.33	3.18	3.74
CS Event-Driven Multi-Strategy	2.88	2.88	10.33	-1.48	3.53	3.4	6.11
CS Long/Short Equity	3.46	3.46	3.91	2.44	5.35	3.99	6.29
CS Global Macro	0.24	0.24	6.2	2.57	2.87	5.53	7.88
CS Managed Futures	-1.02	-1.02	-11.63	4.15	0.59	3.06	5.02
CS Emerging Markets	4.27	4.27	10.28	4.04	4.55	3.79	7.59

*Returns less than one year are not annualized. Sources: Callan, Credit Suisse.

Eventful Year, but TDFs Still Rule

DEFINED CONTRIBUTION | Tom Szkwarla

The Callan DC Index™ increased 7.99% during the wild year that was 2016, its best year since 2013. And the Index did not suffer a single negative quarter, ending with a fourth quarter return of 1.59%. But the Index trailed the average Age 45 Target Date Fund, which gained 8.59% in 2016.

For the year, DC plan balances increased 8.31%. Almost all of the growth is attributable to market performance. Inflows (participant and plan sponsor contributions) added only 32 basis points to total growth.

Turnover (i.e., net transfer activity levels within DC plans) in 2016 reached 2.31%, the highest since 2012.

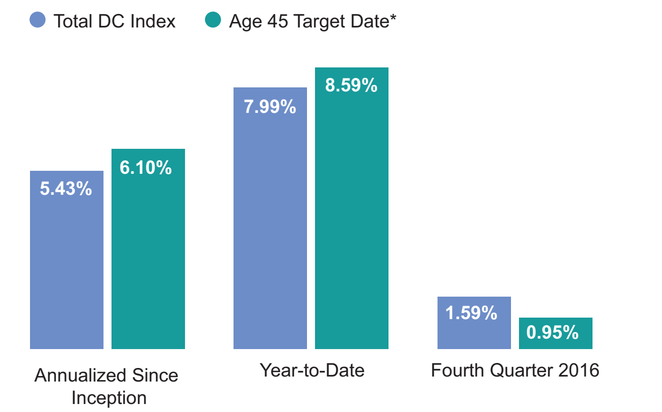
Last year, flows retreated from equities into stable value, money market, and domestic fixed income funds. As usual, TDFs dominated net inflows for the quarter and the year. For the year, roughly 61 cents of every dollar flowed to TDFs. The fourth quarter of 2016 saw a significant spike in TDF assets, increasing 1.3% from the third quarter to make up 29.0% of the average DC plan.

The Callan DC Index's equity allocation ended the quarter at 69%, below the equity allocation of the average Age 45 Target Date Fund (74%) but above the Index's historical average (67%).

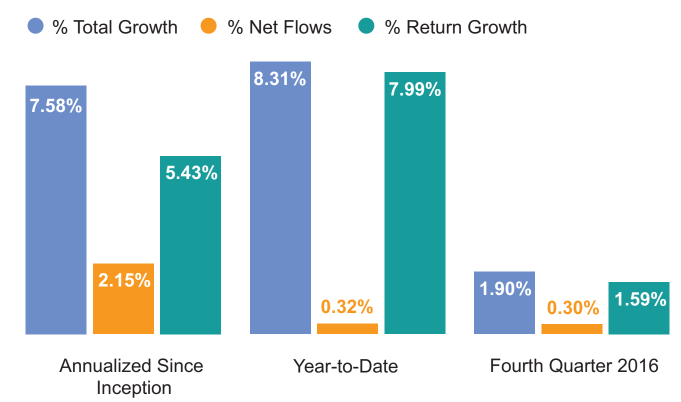
TDFs' dominance of the typical DC plan continues to grow. When TDFs are held within a DC plan, they now account for 35% of plan assets, up from 30% a year ago. The next largest plan holding, U.S. large cap equity funds, now account for 22.7% of plan assets. The fourth quarter of 2016 marks the highest level of TDF prevalence (91%) since the inception of the Callan DC Index™.

The Callan DC Index is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over $135 billion in assets. The Index is updated quarterly and is available on Callan's website, as is the quarterly DC Observer newsletter.

Investment Performance



Growth Sources



Net Cash Flow Analysis (Fourth Quarter 2016)
(Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	68.47%
Stable Value	22.76%
U.S. Large Cap	-30.44%
Company Stock	-40.41%
Total Turnover**	**0.50%**

Data provided here is the most recent available at time of publication.

Source: Callan DC Index

Note: DC Index inception date is January 2006.

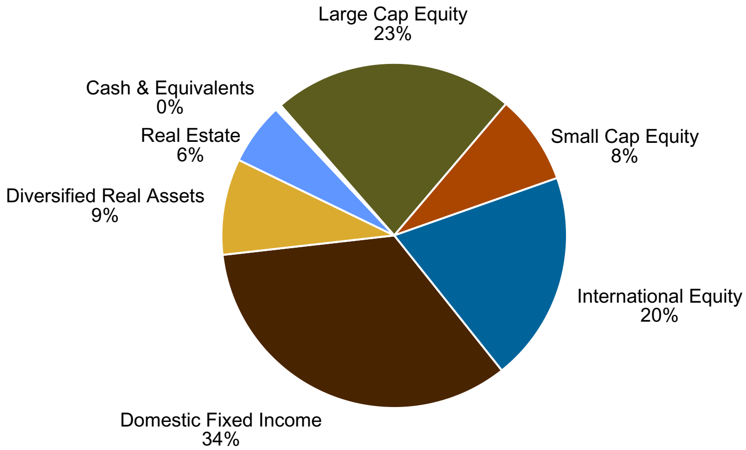
* The Age 45 Fund transitioned from the average 2030 TDF to the 2035 TDF in June 2013.

** Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

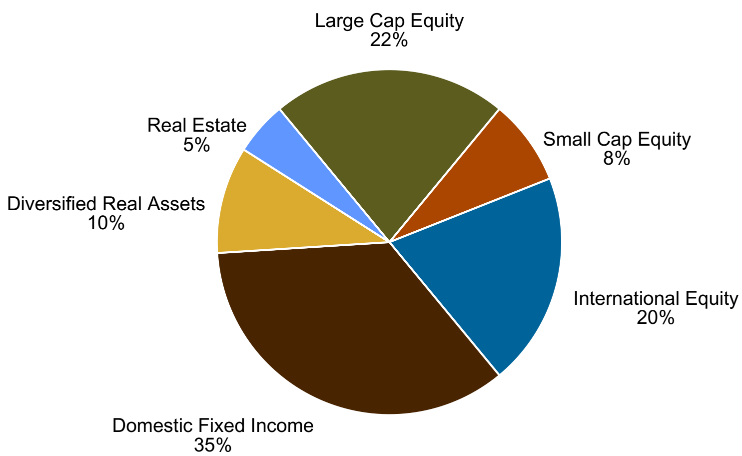
Actual vs Target Asset Allocation
As of March 31, 2017

The first chart below shows the Fund's asset allocation as of March 31, 2017. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation

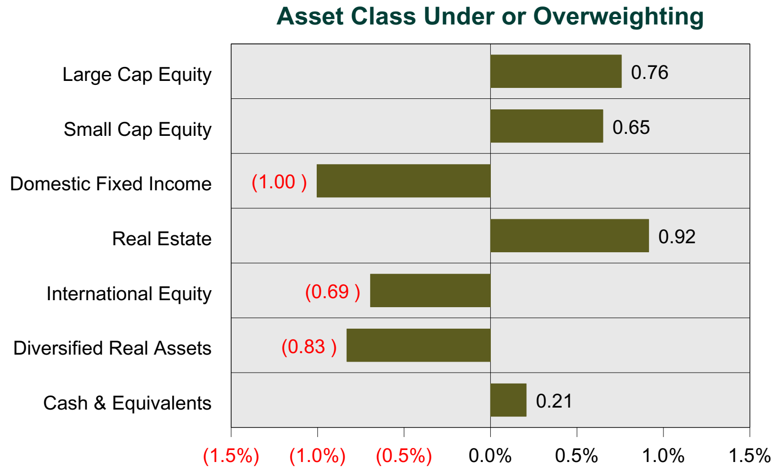


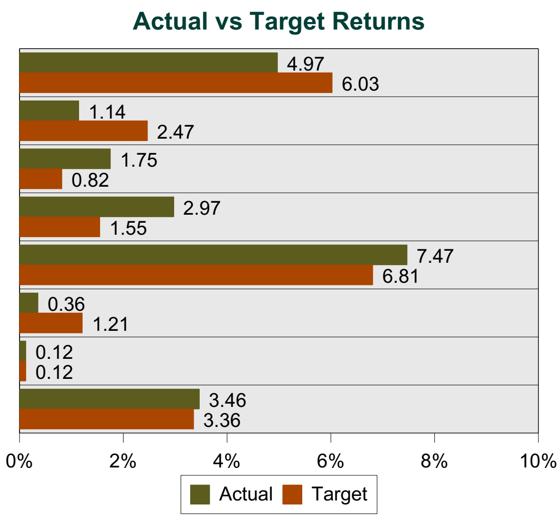
Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Large Cap Equity	1,003,268	22.6%	22.0%	0.6%	28,625
Small Cap Equity	373,687	8.4%	8.0%	0.4%	19,272
International Equity	874,864	19.7%	20.0%	(0.3%)	(11,175)
Domestic Fixed Income	1,503,998	33.9%	35.0%	(1.1%)	(46,571)
Diversified Real Assets	397,940	9.0%	10.0%	(1.0%)	(45,080)
Real Estate	258,430	5.8%	5.0%	0.8%	36,920
Cash & Equivalents	18,010	0.4%	0.0%	0.4%	18,010
Total	4,430,196	100.0%	100.0%		

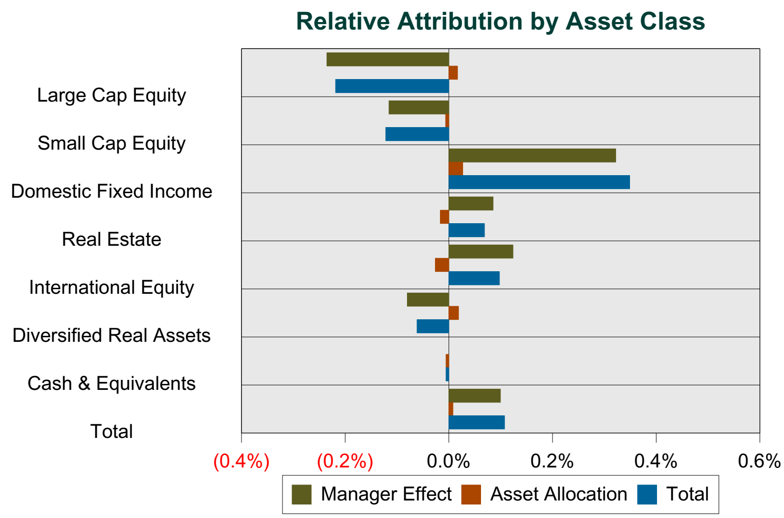
* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI EAFE, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

Quarterly Total Fund Relative Attribution - March 31, 2017

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.







Relative Attribution Effects for Quarter ended March 31, 2017

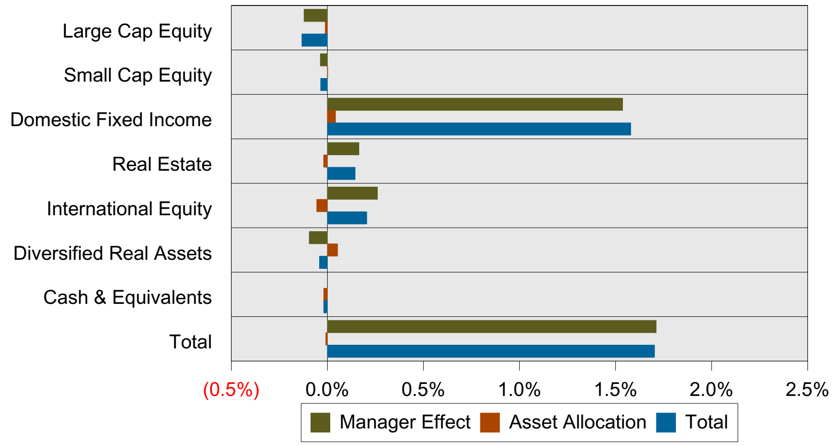
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	23%	22%	4.97%	6.03%	(0.24%)	0.02%	(0.22%)
Small Cap Equity	9%	8%	1.14%	2.47%	(0.12%)	(0.01%)	(0.12%)
Domestic Fixed Income	34%	35%	1.75%	0.82%	0.32%	0.03%	0.35%
Real Estate	6%	5%	2.97%	1.55%	0.09%	(0.02%)	0.07%
International Equity	19%	20%	7.47%	6.81%	0.12%	(0.03%)	0.10%
Diversified Real Assets	9%	10%	0.36%	1.21%	(0.08%)	0.02%	(0.06%)
Cash & Equivalents	0%	0%	0.12%	0.12%	0.00%	(0.01%)	(0.01%)
Total			**3.46% =**	**3.36% +**	**0.10% +**	**0.01%**	**0.11%**

* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI World ex US, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

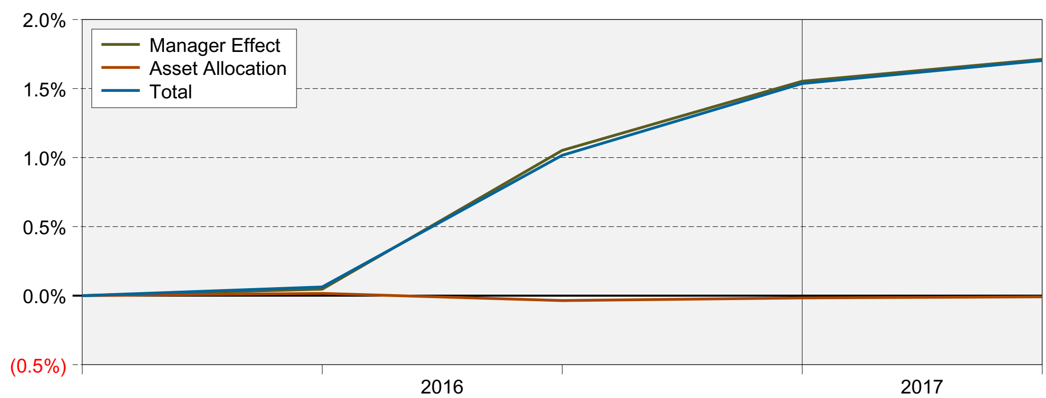
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

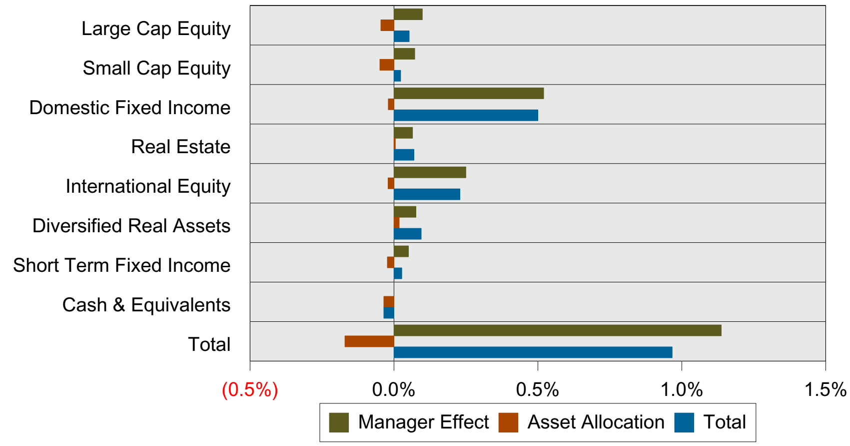
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	22%	22%	16.87%	17.43%	(0.12%)	(0.01%)	(0.13%)
Small Cap Equity	8%	8%	25.73%	26.22%	(0.04%)	0.00%	(0.04%)
Domestic Fixed Income	34%	35%	4.64%	0.44%	1.54%	0.04%	1.58%
Real Estate	6%	5%	10.17%	7.27%	0.16%	(0.02%)	0.14%
International Equity	19%	20%	12.74%	11.46%	0.26%	(0.06%)	0.20%
Diversified Real Assets	9%	10%	0.10%	1.01%	(0.09%)	0.05%	(0.04%)
Cash & Equivalents	0%	0%	0.32%	0.32%	0.00%	(0.02%)	(0.02%)
Total			**10.40% =**	**8.69% +**	**1.71% +**	**(0.01%)**	**1.70%**

* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI World ex US, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

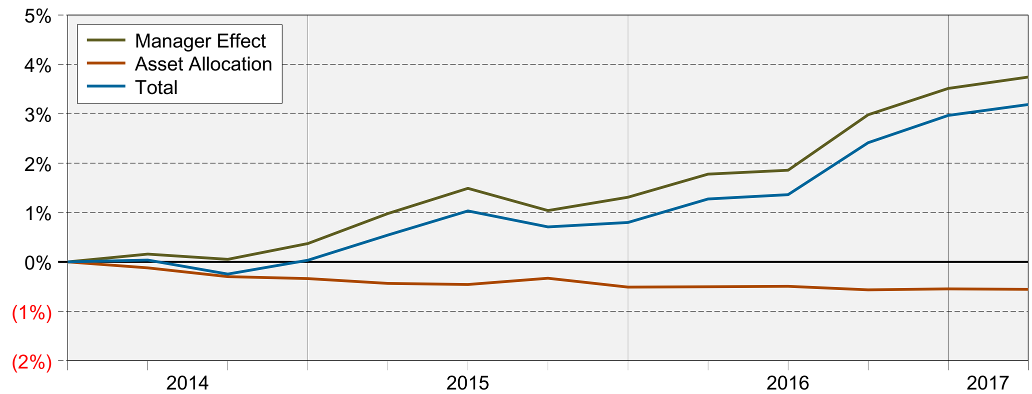
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

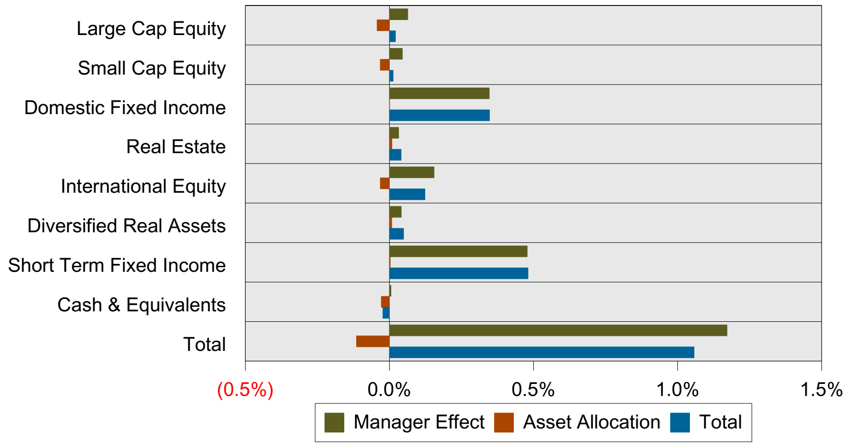
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	21%	22%	10.48%	9.99%	0.10%	(0.05%)	0.05%
Small Cap Equity	8%	8%	8.27%	7.22%	0.07%	(0.05%)	0.02%
Domestic Fixed Income	33%	33%	4.28%	2.68%	0.52%	(0.02%)	0.50%
Real Estate	6%	5%	11.91%	10.58%	0.06%	0.00%	0.07%
International Equity	19%	20%	1.54%	0.43%	0.25%	(0.02%)	0.23%
Diversified Real Assets	8%	8%	1.29%	0.44%	0.08%	0.02%	0.09%
Short Term Fixed Income	5%	4%	-	-	0.05%	(0.02%)	0.03%
Cash & Equivalents	0%	0%	0.13%	0.13%	0.00%	(0.04%)	(0.04%)
Total			**5.33% =**	**4.36% +**	**1.14% +**	**(0.17%)**	**0.97%**

* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI World ex US, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

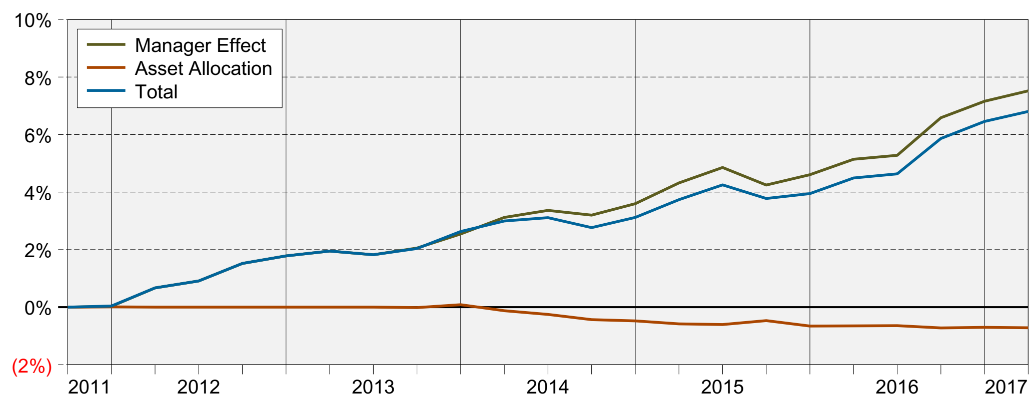
Cumulative Total Fund Relative Attribution - March 31, 2017

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

Five and One-Half Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five and One-Half Year Annualized Relative Attribution Effects

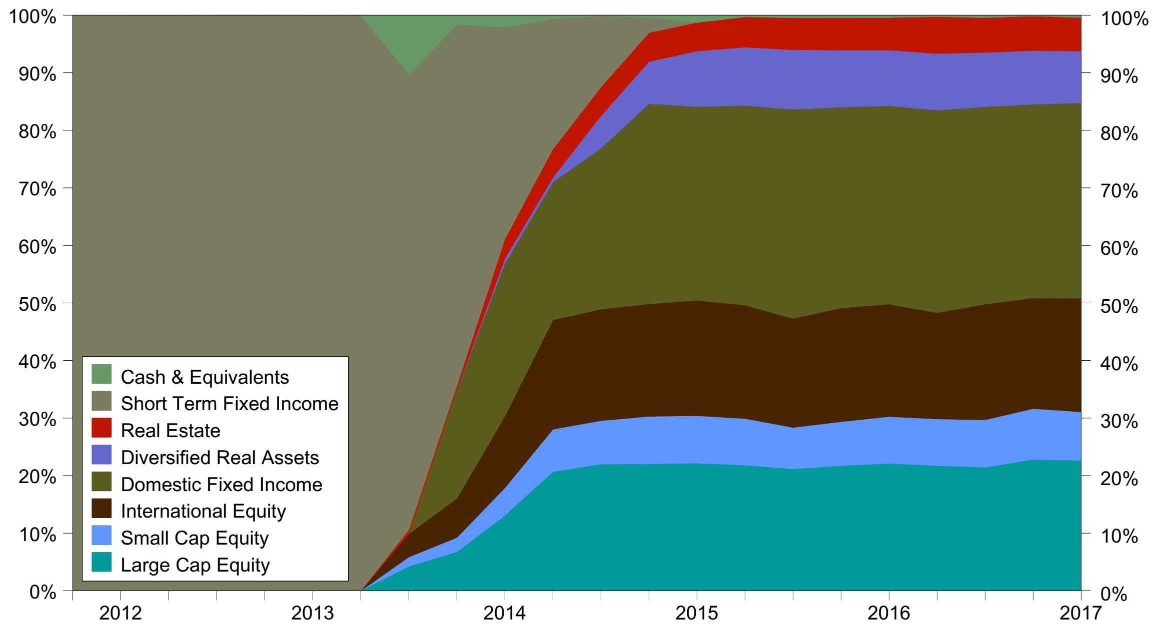
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	13%	13%	-	-	0.06%	(0.04%)	0.02%
Small Cap Equity	5%	5%	-	-	0.04%	(0.03%)	0.01%
Domestic Fixed Income	20%	20%	-	-	0.35%	0.00%	0.35%
Real Estate	3%	3%	-	-	0.03%	0.01%	0.04%
International Equity	11%	11%	-	-	0.15%	(0.03%)	0.12%
Diversified Real Assets	5%	5%	-	-	0.04%	0.01%	0.05%
Short Term Fixed Income	41%	41%	-	-	0.48%	0.00%	0.48%
Cash & Equivalents	4%	3%	0.14%	0.13%	0.01%	(0.03%)	(0.02%)
Total			**4.08% =**	**3.02% +**	**1.17% +**	**(0.11%)**	**1.06%**

* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI World ex US, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

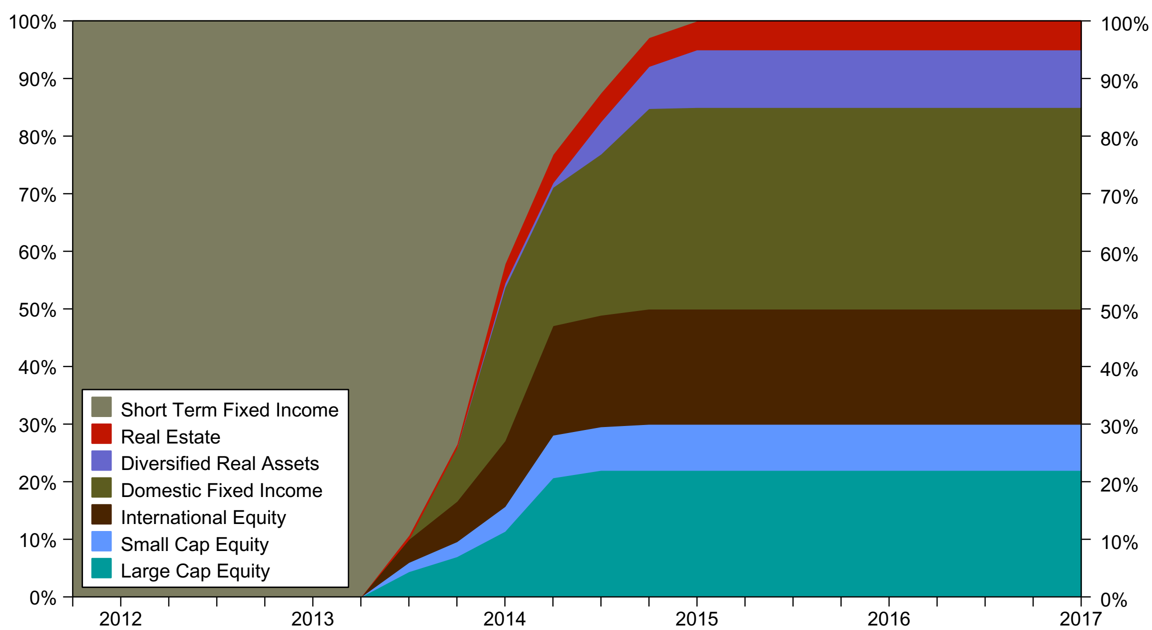
Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

Actual Historical Asset Allocation



Target Historical Asset Allocation

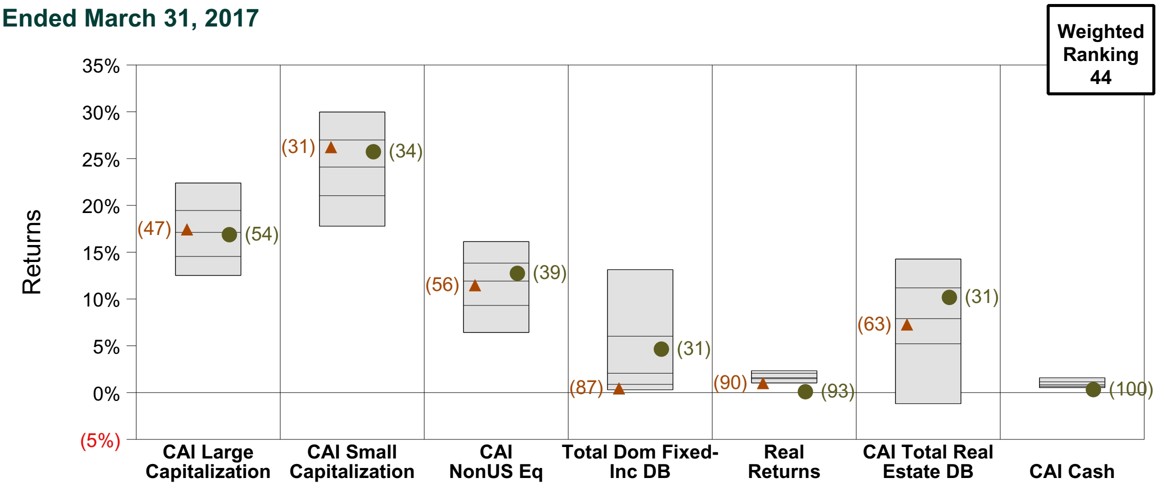


* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI World ex US, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

Asset Class Rankings

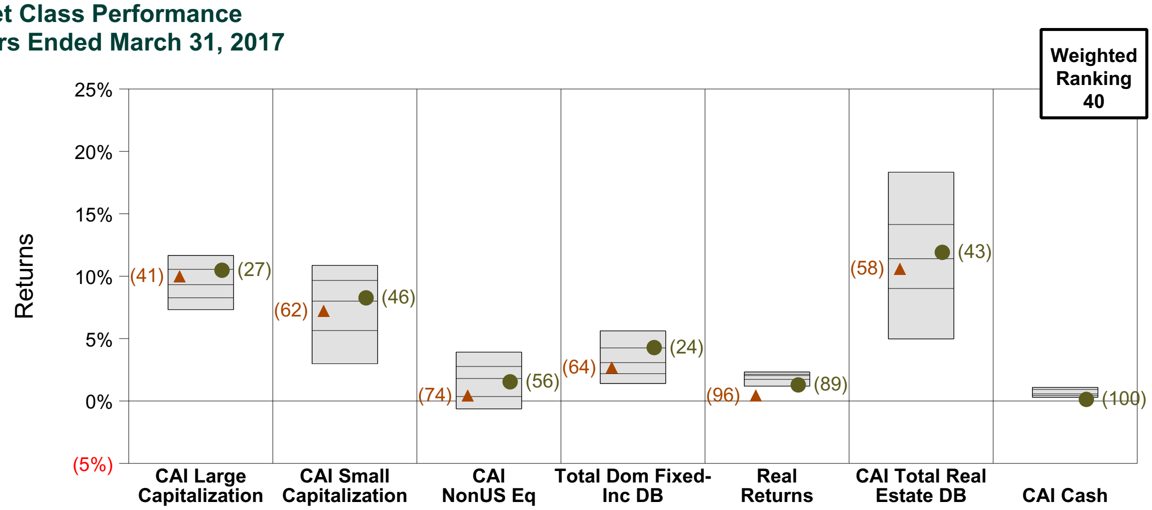
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used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

Total Asset Class Performance
One Year Ended March 31, 2017



	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Cash
10th Percentile	22.39	29.98	16.13	13.13	2.34	14.27	1.58
25th Percentile	19.46	26.99	13.83	6.03	2.07	11.19	1.15
Median	17.12	24.10	11.91	2.07	1.58	7.90	0.83
75th Percentile	14.55	21.04	9.31	0.88	1.49	5.21	0.67
90th Percentile	12.52	17.78	6.42	0.30	1.03	(1.19)	0.53
Asset Class Composite ●	16.87	25.73	12.74	4.64	0.10	10.17	0.32
Composite Benchmark ▲	17.43	26.22	11.46	0.44	1.01	7.27	-

Total Asset Class Performance
Three Years Ended March 31, 2017



	CAI Large Capitalization	CAI Small Capitalization	CAI NonUS Eq	Total Dom Fixed-Inc DB	Real Returns	CAI Total Real Estate DB	CAI Cash
10th Percentile	11.66	10.87	3.91	5.62	2.32	18.33	1.09
25th Percentile	10.55	9.66	2.77	4.25	2.14	14.14	0.93
Median	9.32	8.00	1.80	3.07	2.04	11.40	0.57
75th Percentile	8.27	5.65	0.36	2.19	1.73	9.02	0.43
90th Percentile	7.32	2.98	(0.63)	1.40	1.19	4.98	0.29
Asset Class Composite ●	10.48	8.27	1.54	4.28	1.29	11.91	0.13
Composite Benchmark ▲	9.99	7.22	0.43	2.68	0.44	10.58	-

* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI World ex US, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.

Asset Class Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2017, with the distribution as of December 31, 2016. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Class Allocation

	March 31, 2017				December 31, 2016	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	**$1,376,954,873**	**31.08%**	**$(525,499)**	**$51,751,613**	**$1,325,728,760**	**31.65%**
Large Cap Equity	**$1,003,267,690**	**22.65%**	**$(421,968)**	**$47,532,463**	**$956,157,195**	**22.82%**
L.A. Capital Enhanced	196,839,473	4.44%	(61,819)	8,352,079	188,549,213	4.50%
L.A. Capital Large Cap Growth	302,905,433	6.84%	(140,171)	18,978,016	284,067,588	6.78%
Parametric Clifton Large Cap	197,600,238	4.46%	0	11,189,767	186,410,471	4.45%
LSV Large Cap Value	305,922,547	6.91%	(219,977)	9,012,601	297,129,923	7.09%
Small Cap Equity	**$373,687,183**	**8.44%**	**$(103,532)**	**$4,219,149**	**$369,571,565**	**8.82%**
Parametric Clifton SmallCap	202,968,479	4.58%	0	4,754,454	198,214,025	4.73%
PIMCO RAE	170,718,704	3.85%	(103,532)	(535,304)	171,357,540	4.09%
International Equity	**$874,864,166**	**19.75%**	**$9,346,683**	**$60,194,289**	**$805,323,194**	**19.22%**
DFA Intl SmallCap Value	88,073,494	1.99%	0	6,318,596	81,754,898	1.95%
LSV Intl Value	359,775,443	8.12%	(332,551)	22,389,351	337,718,643	8.06%
Vanguard Intl Explorer Fund	84,856,108	1.92%	0	7,915,506	76,940,602	1.84%
William Blair	342,159,121	7.72%	9,679,234	23,570,836	308,909,051	7.37%
Domestic Fixed Income	**$1,503,997,511**	**33.95%**	**$68,303,375**	**$25,142,102**	**$1,410,552,034**	**33.67%**
BND CDs	76,848,822	1.73%	31,196,448	410,715	45,241,659	1.08%
Declaration Total Return	106,161,914	2.40%	(76,171)	1,461,516	104,776,569	2.50%
Prudential	166,335,326	3.75%	9,896,864	3,055,628	153,382,834	3.66%
SSgA US Govt Credit Bd Idx	200,217,994	4.52%	10,983,855	1,828,629	187,405,511	4.47%
Wells Capital	434,965,887	9.82%	(387,300)	8,821,407	426,531,780	10.18%
Western Asset Management	447,506,219	10.10%	14,855,546	6,635,180	426,015,493	10.17%
Pooled Fixed Income(1)	71,961,350	1.62%	1,834,134	2,929,027	67,198,188	1.60%
Diversified Real Assets	**$397,939,858**	**8.98%**	**$6,115,389**	**$1,396,470**	**$390,427,999**	**9.32%**
Western TIPS	290,148,344	6.55%	(97,571)	2,904,369	287,341,546	6.86%
JP Morgan Infrastructure	87,519,754	1.98%	(173,662)	(1,254,105)	88,947,522	2.12%
Grosvenor Cust. Infrastructure	20,271,760	0.46%	6,386,622	(253,794)	14,138,932	0.34%
Real Estate	**$258,429,652**	**5.83%**	**$(402,447)**	**$7,464,674**	**$251,367,424**	**6.00%**
Invesco Core Real Estate	124,801,870	2.82%	(105,919)	3,092,769	121,815,020	2.91%
JP Morgan RE Inc & Growth	133,627,782	3.02%	(296,528)	4,371,905	129,552,404	3.09%
Cash & Equivalents	**$18,009,792**	**0.41%**	**$12,060,766**	**$12,773**	**$5,936,253**	**0.14%**
Securities Lending Income	**$0**	**0.00%**	**$(125,204)**	**$125,204**	**-**	**-**
Total Fund	**$4,430,195,852**	**100.0%**	**$94,773,063**	**$146,087,126**	**$4,189,335,664**	**100.0%**

(1) Comprised of PIMCO DiSCO II and PIMCO Bravo II.

Investment Manager Returns

The table below details the rates of return for the Fund’s investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund’s accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5-1/2 Years
Domestic Equity				
Gross	3.90%	19.26%	9.95%	-
Net	3.86%	18.95%	9.69%	-
Large Cap Equity				
Gross	4.97%	16.87%	10.48%	-
Net	4.93%	16.61%	10.26%	-
Russell 1000 Index	6.03%	17.43%	9.99%	16.84%
L.A. Capital Enhanced - Gross	4.43%	15.94%	10.67%	-
L.A. Capital Enhanced - Net	4.40%	15.78%	10.52%	-
Russell 1000 Index	6.03%	17.43%	9.99%	16.84%
L.A. Capital LargeCap Growth - Gross	6.68%	13.47%	11.45%	-
L.A. Capital LargeCap Growth - Net	6.63%	13.24%	11.23%	-
Russell 1000 Growth Index	8.91%	15.76%	11.27%	16.99%
Parametric Clifton Large Cap - Gross	6.00%	17.00%	10.81%	-
Parametric Clifton Large Cap - Net	6.00%	16.72%	10.68%	-
S&P 500 Index	6.07%	17.17%	10.37%	16.81%
LSV Large Cap Value - Gross	3.03%	20.83%	9.04%	-
LSV Large Cap Value - Net	2.96%	20.48%	8.73%	-
Russell 1000 Value Index	3.27%	19.22%	8.67%	16.61%
Small Cap Equity				
Gross	1.14%	25.73%	8.27%	-
Net	1.11%	25.25%	7.89%	-
Russell 2000 Index	2.47%	26.22%	7.22%	16.57%
Parametric Clifton Small Cap - Gross	2.40%	26.79%	8.56%	-
Parametric Clifton Small Cap - Net	2.40%	26.16%	8.13%	-
Russell 2000 Index	2.47%	26.22%	7.22%	16.57%
PIMCO RAE - Gross	(0.31%)	24.49%	7.62%	-
PIMCO RAE - Net	(0.37%)	24.19%	7.31%	-
Russell 2000 Index	2.47%	26.22%	7.22%	16.57%
International Equity				
Gross	7.47%	12.74%	1.54%	-
Net	7.38%	12.43%	1.23%	-
Benchmark(1)	6.81%	11.46%	0.43%	7.88%
DFA Intl Small Cap Value	7.73%	17.30%	2.71%	-
World ex US SC Va	6.80%	13.86%	1.77%	9.86%
LSV Intl Value - Gross	6.63%	14.81%	2.34%	-
LSV Intl Value - Net	6.53%	14.38%	1.94%	-
MSCI EAFE Index	7.25%	11.67%	0.50%	7.92%
Vanguard Intl Explorer Fund	10.29%	10.56%	3.08%	-
BMI, EPAC, <$2 B	7.79%	11.92%	4.48%	10.07%
William Blair - Gross	7.61%	-	-	-
William Blair - Net	7.50%	-	-	-
MSCI ACWI ex US	7.86%	13.13%	0.56%	6.69%

(1) MSCI EAFE through 6/30/2016 and MSCI World ex-US thereafter.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2017. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5-1/2 Years
Domestic Fixed Income				
Gross	1.75%	4.64%	4.28%	-
Net	1.71%	4.51%	4.15%	-
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.39%
BND CDs - Net	0.63%	-	-	-
Declaration Total Return - Net	1.40%	5.16%	4.09%	-
Libor-3 Month	0.26%	0.84%	0.49%	0.44%
Prudential - Gross	1.97%	4.13%	4.23%	-
Prudential - Net	1.90%	3.86%	3.95%	-
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.39%
Wells Capital - Gross	2.07%	6.55%	4.59%	-
Wells Capital - Net	1.98%	6.36%	4.40%	-
Blmbg Baa Credit 3% In	1.72%	5.24%	3.72%	4.81%
Western Asset - Gross	1.55%	3.45%	4.11%	-
Western Asset - Net	1.51%	3.31%	3.97%	-
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.39%
SSgA US Govt Credit Bd Idx - Gross	0.96%	0.53%	2.70%	-
SSgA US Govt Credit Bd Idx - Net	0.95%	0.50%	2.66%	-
Blmbg Govt/Credit Bd	0.96%	0.54%	2.69%	2.47%
Pooled Fixed Income - Net(1)	4.34%	13.16%	-	-
Blmbg Aggregate Index	0.82%	0.44%	2.68%	2.39%
Diversified Real Assets				
Gross	0.36%	0.10%	1.29%	-
Net	0.30%	(0.18%)	1.07%	-
Weighted Benchmark	1.21%	1.01%	0.44%	-
Western Asset TIPS - Gross	1.01%	(0.43%)	0.60%	-
Western Asset TIPS - Net	0.98%	(0.56%)	0.47%	-
Blmbg Glbl Inftn-Lnked	1.30%	0.53%	0.21%	1.89%
JP Morgan Infrastructure - Gross	(1.41%)	2.16%	-	-
JP Morgan Infrastructure - Net	(1.57%)	1.38%	-	-
CPI-W	0.96%	2.35%	0.73%	1.11%
Grosvenor Cust. Infrastructure - Net	(1.35%)	(4.74%)	-	-
CPI-W	0.96%	2.35%	0.73%	1.11%
Real Estate				
Gross	2.97%	10.17%	11.91%	-
Net	2.84%	9.45%	11.14%	-
NCREIF Total Index	1.55%	7.27%	10.58%	10.77%
Invesco Core Real Estate - Gross	2.54%	10.38%	12.38%	-
Invesco Core Real Estate - Net	2.45%	10.00%	11.99%	-
NCREIF Total Index	1.55%	7.27%	10.58%	10.77%
JP Morgan RE Inc & Growth - Gross	3.38%	10.04%	11.67%	-
JP Morgan RE Inc & Growth - Net	3.20%	8.94%	10.55%	-
NCREIF Total Index	1.55%	7.27%	10.58%	10.77%
Cash & Equivalents - Net	**0.12%**	**0.32%**	**0.13%**	**0.14%**
90 Day Treasury Bills	0.10%	0.36%	0.17%	0.13%
Total Fund				
Gross	3.46%	10.40%	5.33%	4.08%
Net	3.41%	10.13%	5.08%	3.91%
Target*	3.36%	8.69%	4.36%	3.02%

* Current Quarter Target = 35.0% Blmbg Aggregate, 22.0% Russell 1000 Index, 20.0% MSCI World ex US, 10.0% NDSIB Legacy DRA Weighted Benchmark, 8.0% Russell 2000 Index and 5.0% NCREIF Total Index.
(1) Comprised of PIMCO DiSCO II and PIMCO Bravo II.

Domestic Equity
Period Ended March 31, 2017

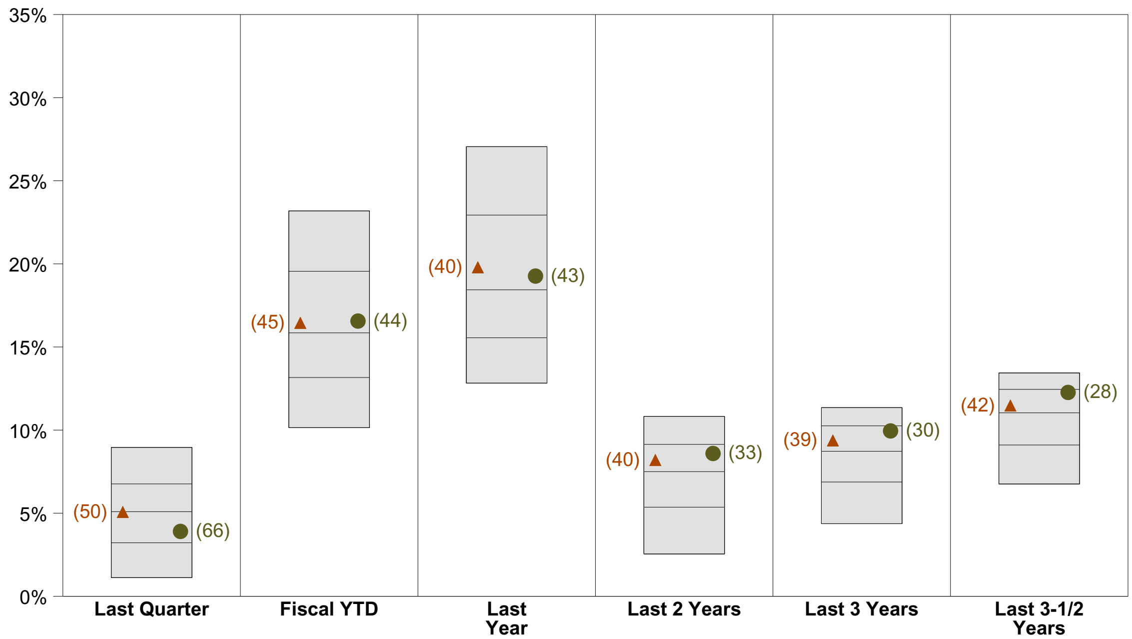
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 3.90% return for the quarter placing it in the 66 percentile of the Total Domestic Equity Database group for the quarter and in the 43 percentile for the last year.
- Domestic Equity's portfolio underperformed the Domestic Equity Target by 1.17% for the quarter and underperformed the Domestic Equity Target for the year by 0.53%.

Quarterly Asset Growth

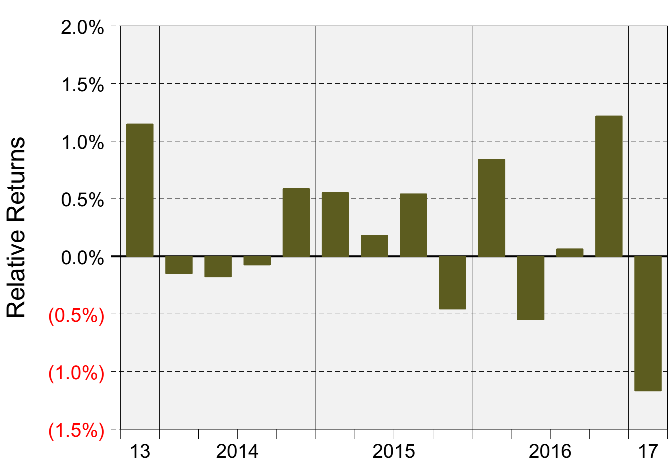
Beginning Market Value	$1,325,728,760
Net New Investment	$-525,499
Investment Gains/(Losses)	$51,751,613
Ending Market Value	$1,376,954,873

Performance vs Total Domestic Equity Database (Gross)

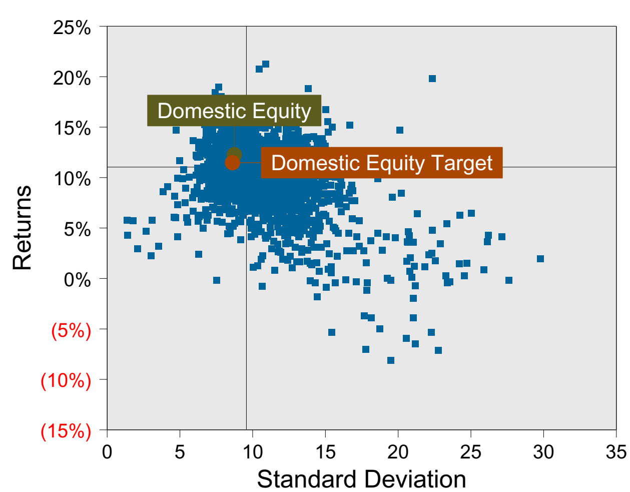


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	8.96	23.19	27.05	10.83	11.35	13.44
25th Percentile	6.76	19.55	22.94	9.14	10.25	12.45
Median	5.09	15.85	18.44	7.50	8.72	11.04
75th Percentile	3.22	13.16	15.55	5.36	6.88	9.10
90th Percentile	1.12	10.15	12.82	2.55	4.37	6.76
Domestic Equity ●	3.90	16.56	19.26	8.59	9.95	12.26
Domestic Equity Target ▲	5.07	16.45	19.79	8.20	9.37	11.48

Relative Return vs Domestic Equity Target



Total Domestic Equity Database (Gross)
Annualized Three and One-Half Year Risk vs Return



Parametric Clifton Large Cap
Period Ended March 31, 2017

Investment Philosophy

Parametric Clifton utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

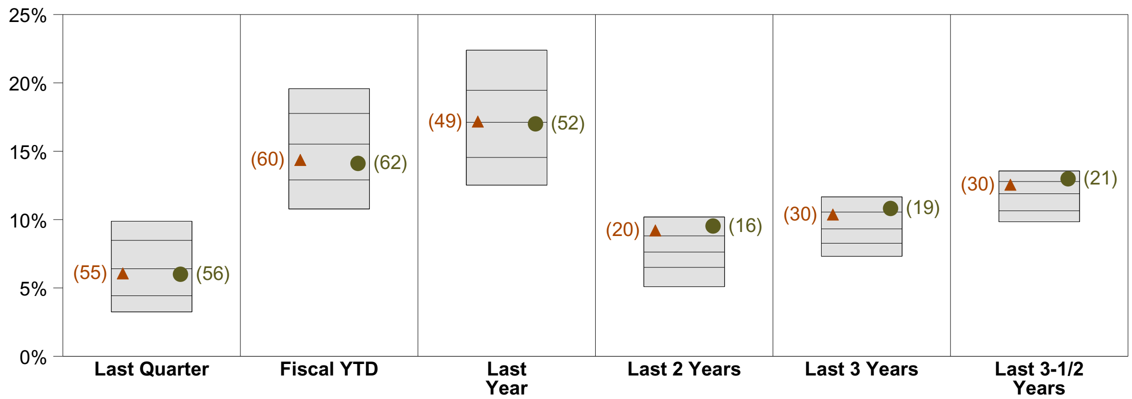
Quarterly Summary and Highlights

- Parametric Clifton Large Cap's portfolio posted a 6.00% return for the quarter placing it in the 56 percentile of the CAI Large Capitalization group for the quarter and in the 52 percentile for the last year.
- Parametric Clifton Large Cap's portfolio underperformed the S&P 500 Index by 0.06% for the quarter and underperformed the S&P 500 Index for the year by 0.17%.

Quarterly Asset Growth

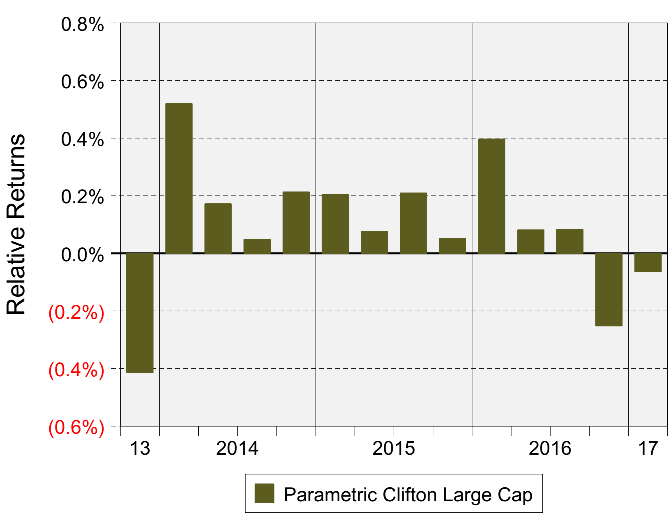
Beginning Market Value	$186,410,471
Net New Investment	$0
Investment Gains/(Losses)	$11,189,767
Ending Market Value	$197,600,238

Performance vs CAI Large Capitalization (Gross)

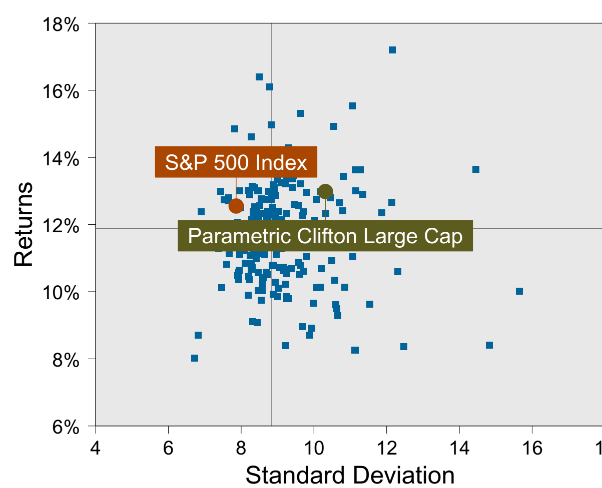


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	9.88	19.57	22.39	10.19	11.66	13.56
25th Percentile	8.48	17.76	19.46	8.81	10.55	12.79
Median	6.40	15.52	17.12	7.63	9.32	11.89
75th Percentile	4.43	12.90	14.55	6.51	8.27	10.64
90th Percentile	3.25	10.78	12.52	5.09	7.32	9.84
Parametric Clifton Large Cap ●	6.00	14.11	17.00	9.53	10.81	12.98
S&P 500 Index ▲	6.07	14.36	17.17	9.21	10.37	12.55

Relative Return vs S&P 500 Index



CAI Large Capitalization (Gross)
Annualized Three and One-Half Year Risk vs Return



L.A. Capital
Period Ended March 31, 2017

Investment Philosophy

The LA Capital Structured portfolio is a large growth portfolio benchmarked to the Russell 1000 Growth Index. It is an active assignment meaning that it targets a 2% alpha and constrains its risk budget (tracking error) to 4% relative to the benchmark. LA Capital believes that investment results are driven by Investor Preferences and thus recognize that when preferences shift a different posture related to that factor is warranted.

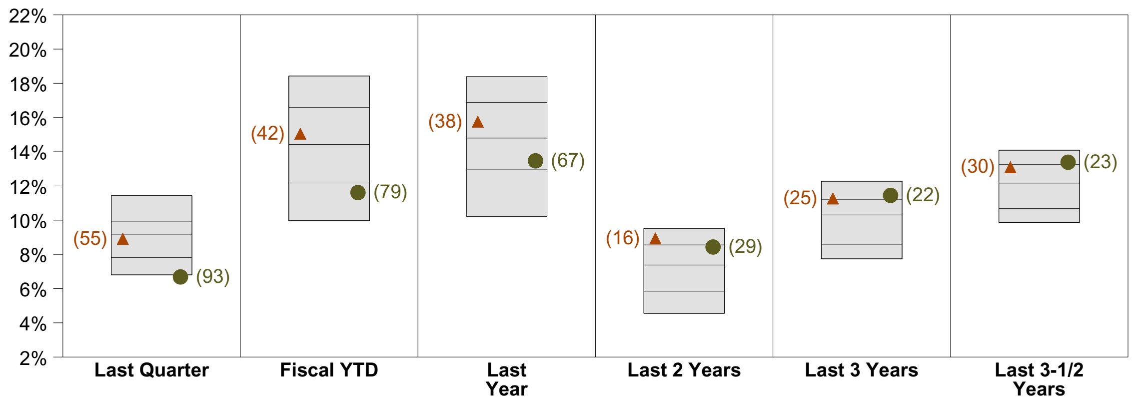
Quarterly Summary and Highlights

- L.A. Capital Large Cap Growth's portfolio posted a 6.68% return for the quarter placing it in the 93 percentile of the CAI Large Cap Growth group for the quarter and in the 67 percentile for the last year.
- L.A. Capital Large Cap Growth's portfolio underperformed the Russell 1000 Growth Index by 2.23% for the quarter and underperformed the Russell 1000 Growth Index for the year by 2.29%.

Quarterly Asset Growth

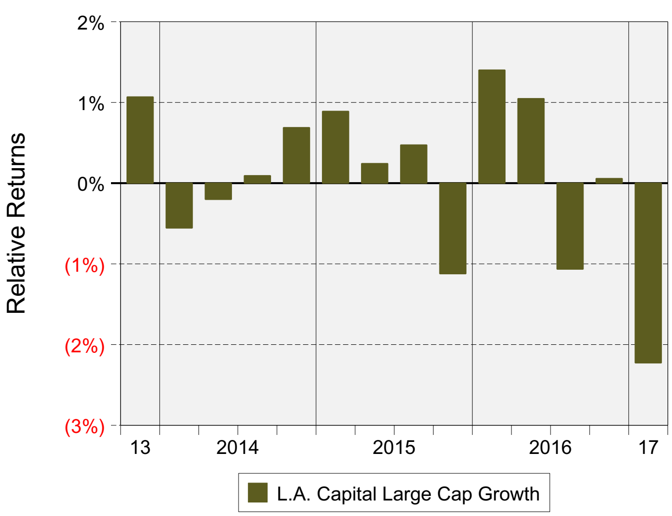
Beginning Market Value	$284,067,588
Net New Investment	$-140,171
Investment Gains/(Losses)	$18,978,016
Ending Market Value	$302,905,433

Performance vs CAI Large Cap Growth (Gross)

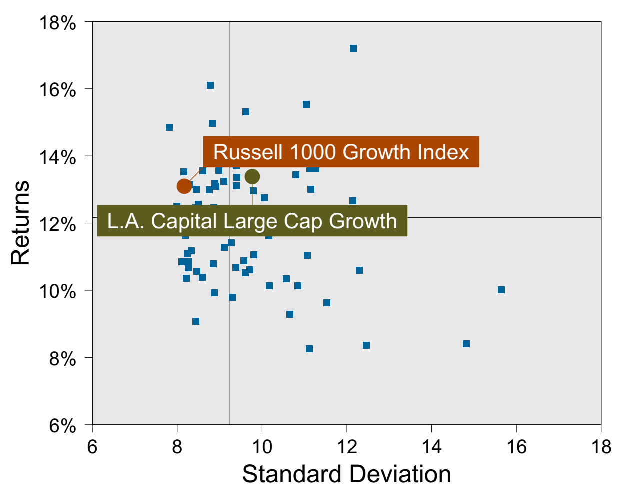


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	11.43	18.43	18.39	9.52	12.28	14.09
25th Percentile	9.94	16.59	16.89	8.55	11.22	13.25
Median	9.18	14.42	14.80	7.38	10.31	12.17
75th Percentile	7.82	12.17	12.94	5.85	8.59	10.68
90th Percentile	6.80	9.97	10.23	4.55	7.74	9.87
L.A. Capital Large Cap Growth ●	6.68	11.61	13.47	8.43	11.45	13.39
Russell 1000 Growth Index ▲	8.91	15.05	15.76	8.94	11.27	13.10

Relative Return vs Russell 1000 Growth Index



CAI Large Cap Growth (Gross)
Annualized Three and One-Half Year Risk vs Return



L.A. Capital Enhanced
Period Ended March 31, 2017

Investment Philosophy

The LA Capital Enhanced portfolio is a large core portfolio benchmarked to the Russell 1000 Index. Characterized as an enhanced index assignment, its objective is to track the benchmark with lower variability. The pension portfolio began in August of 2000 and the insurance portfolio was initiated in April of 2004. Since October of 2006 a small portion of each of the two core accounts was allocated into the Large Cap Alpha Fund with intent to add incremental alpha to the assignment given that the information ratio was expected to be higher.

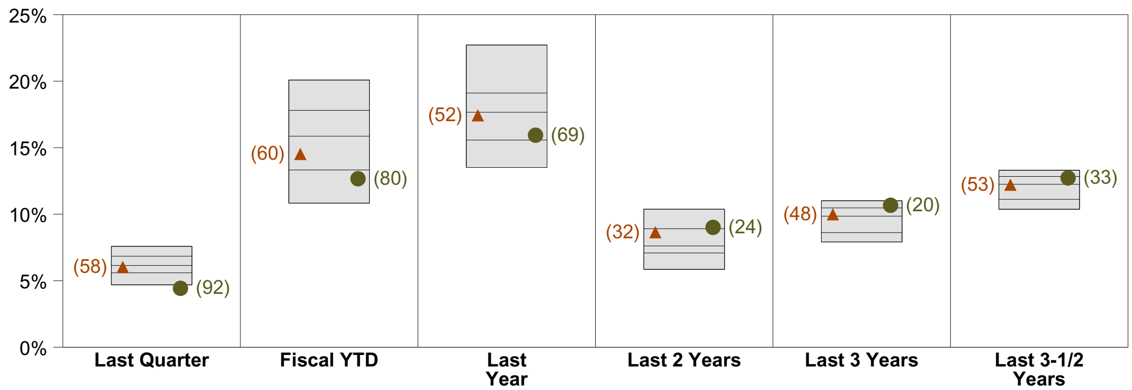
Quarterly Summary and Highlights

- L.A. Capital Enhanced's portfolio posted a 4.43% return for the quarter placing it in the 92 percentile of the CAI Large Cap Core group for the quarter and in the 69 percentile for the last year.
- L.A. Capital Enhanced's portfolio underperformed the Russell 1000 Index by 1.60% for the quarter and underperformed the Russell 1000 Index for the year by 1.49%.

Quarterly Asset Growth

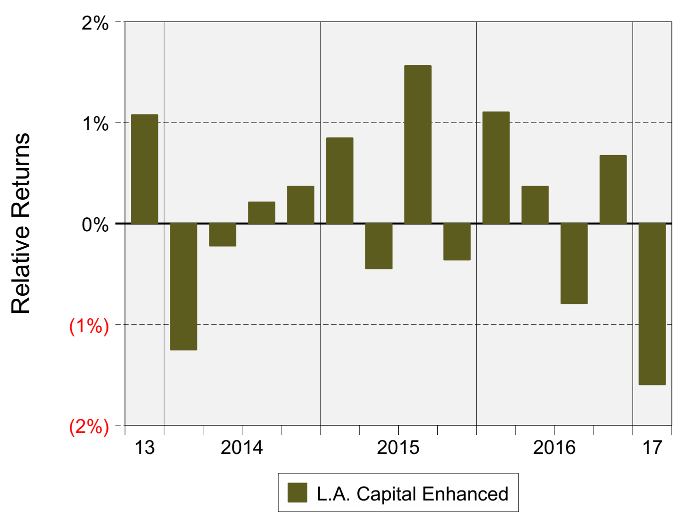
Beginning Market Value	$188,549,213
Net New Investment	$-61,819
Investment Gains/(Losses)	$8,352,079
Ending Market Value	$196,839,473

Performance vs CAI Large Cap Core (Gross)

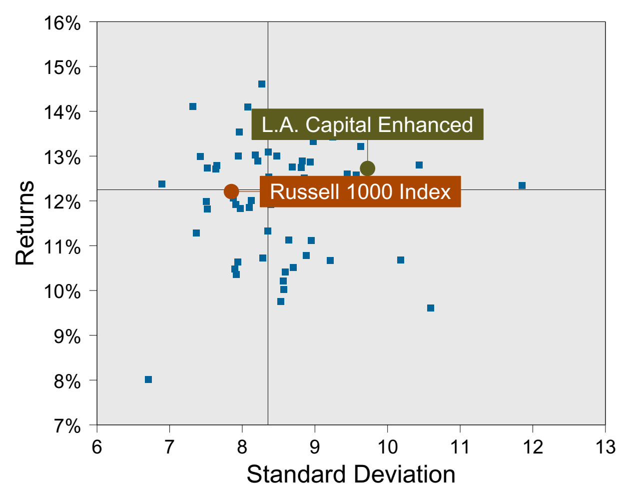


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	7.58	20.09	22.72	10.38	11.01	13.30
25th Percentile	6.84	17.80	19.11	8.91	10.47	12.84
Median	6.14	15.86	17.66	7.62	9.85	12.25
75th Percentile	5.59	13.33	15.57	7.09	8.61	11.12
90th Percentile	4.69	10.83	13.51	5.85	7.91	10.37
L.A. Capital Enhanced ●	4.43	12.67	15.94	9.01	10.67	12.72
Russell 1000 Index ▲	6.03	14.52	17.43	8.64	9.99	12.21

Relative Return vs Russell 1000 Index



CAI Large Cap Core (Gross)
Annualized Three and One-Half Year Risk vs Return



LSV Asset Management
Period Ended March 31, 2017

Investment Philosophy

The objective of LSV Asset Management's Large Cap Value Equity (U.S.) strategy is to outperform the Russell 1000 Value by at least 200 basis points (gross of fees) per annum over a 3-5 year period with a tracking error of approximately 4%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 100 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested.

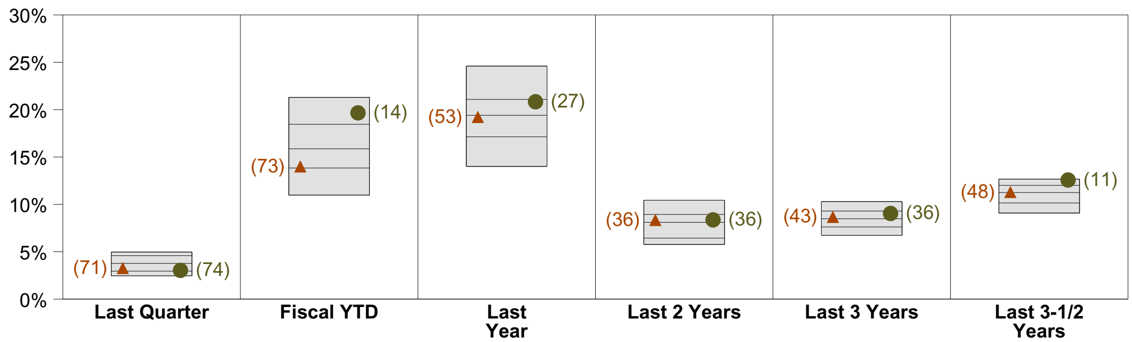
Quarterly Summary and Highlights

- LSV Large Cap Value's portfolio posted a 3.03% return for the quarter placing it in the 74 percentile of the CAI Large Cap Value group for the quarter and in the 27 percentile for the last year.
- LSV Large Cap Value's portfolio underperformed the Russell 1000 Value Index by 0.23% for the quarter and outperformed the Russell 1000 Value Index for the year by 1.61%.

Quarterly Asset Growth

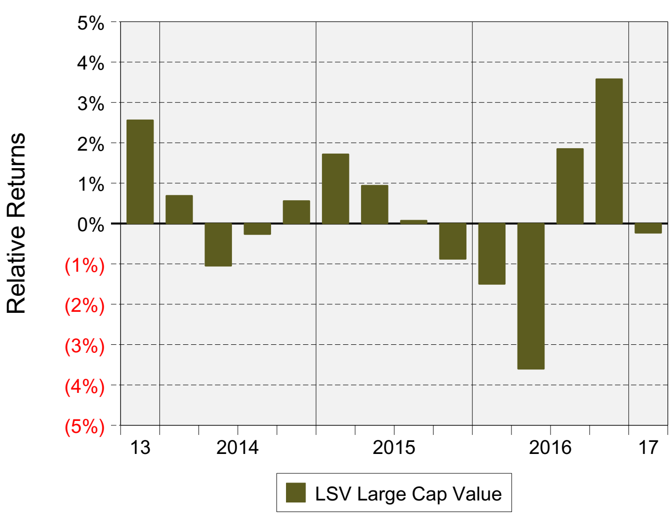
Beginning Market Value	$297,129,923
Net New Investment	$-219,977
Investment Gains/(Losses)	$9,012,601
Ending Market Value	$305,922,547

Performance vs CAI Large Cap Value (Gross)

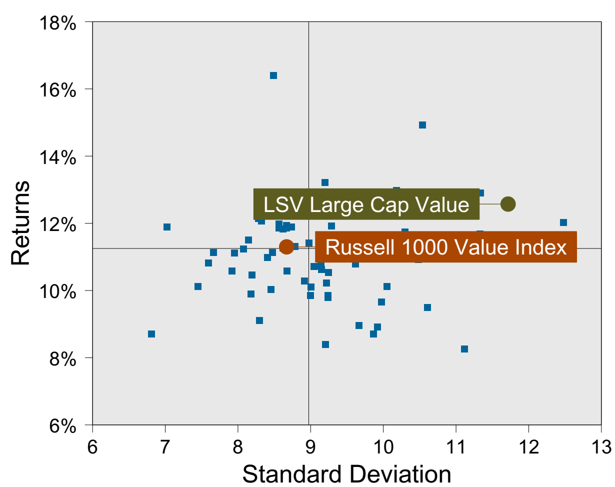


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	4.96	21.30	24.60	10.44	10.29	12.66
25th Percentile	4.59	18.46	21.09	8.94	9.30	12.01
Median	3.77	15.87	19.40	8.11	8.48	11.25
75th Percentile	2.95	13.84	17.13	6.44	7.62	10.15
90th Percentile	2.46	10.98	14.01	5.77	6.74	9.09
LSV Large Cap Value ●	3.03	19.66	20.83	8.36	9.04	12.57
Russell 1000 Value Index ▲	3.27	14.00	19.22	8.34	8.67	11.30

Relative Return vs Russell 1000 Value Index



CAI Large Cap Value (Gross)
Annualized Three and One-Half Year Risk vs Return



Parametric Clifton Small Cap
Period Ended March 31, 2017

Investment Philosophy

Parametric Clifton utilizes equity futures to gain benchmark exposure in constructing the portfolio it believes provides the greatest likelihood of outperforming the index. In this construction the underlying cash portfolio is invested in a liquid, high quality short duration fixed income portfolio. Over market cycles excess return generated by the short duration portfolio, when added to the performance of futures is expected to allow the strategy to achieve 0.50% to 1.00% of gross excess annual performance.

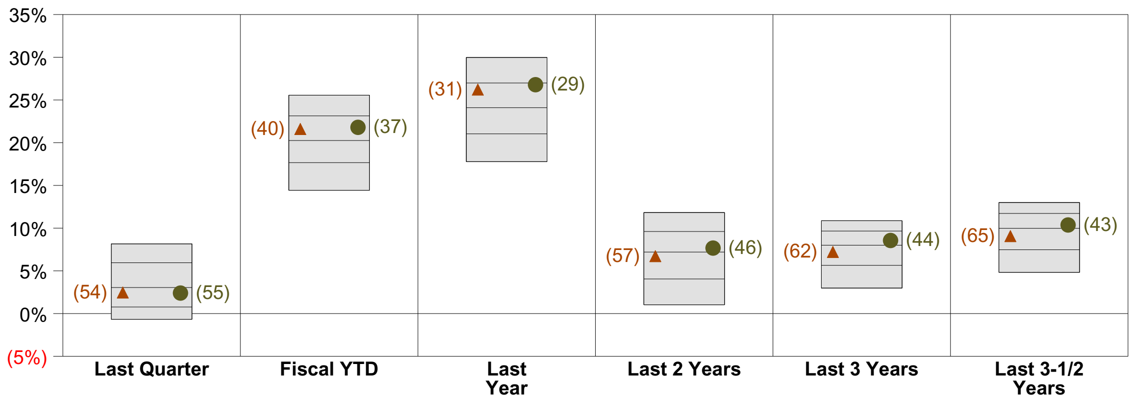
Quarterly Summary and Highlights

- Parametric Clifton Small Cap's portfolio posted a 2.40% return for the quarter placing it in the 55 percentile of the CAI Small Capitalization group for the quarter and in the 29 percentile for the last year.
- Parametric Clifton Small Cap's portfolio underperformed the Russell 2000 Index by 0.07% for the quarter and outperformed the Russell 2000 Index for the year by 0.57%.

Quarterly Asset Growth

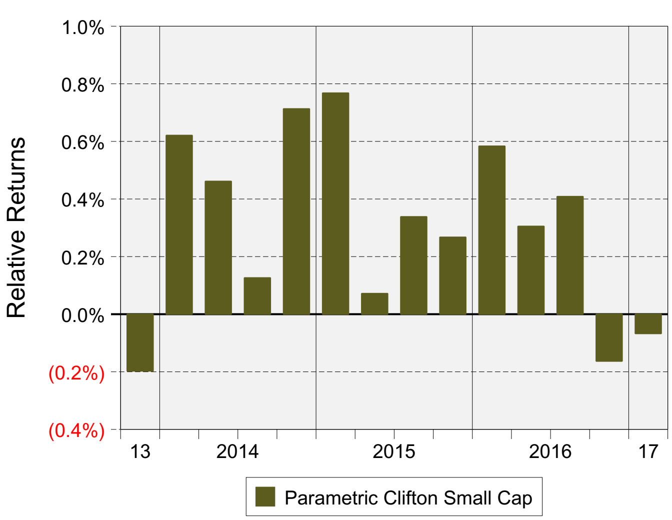
Beginning Market Value	$198,214,025
Net New Investment	$0
Investment Gains/(Losses)	$4,754,454
Ending Market Value	$202,968,479

Performance vs CAI Small Capitalization (Gross)

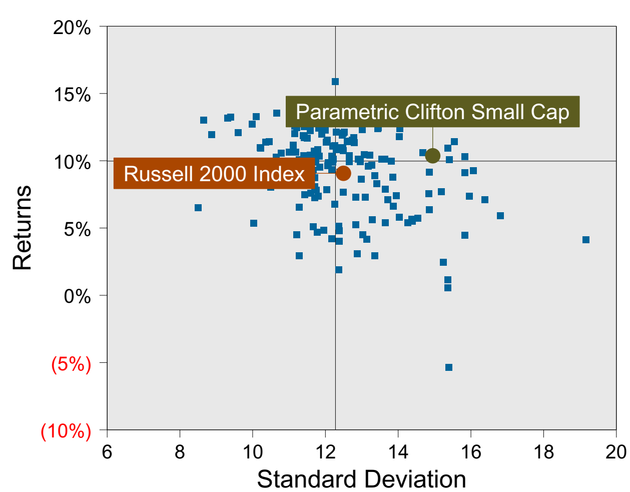


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	8.16	25.56	29.98	11.82	10.87	13.00
25th Percentile	5.95	23.14	26.99	9.61	9.66	11.72
Median	3.05	20.26	24.10	7.20	8.00	9.98
75th Percentile	0.77	17.67	21.04	4.05	5.65	7.47
90th Percentile	(0.67)	14.43	17.78	1.03	2.98	4.83
Parametric Clifton Small Cap ●	2.40	21.80	26.79	7.66	8.56	10.37
Russell 2000 Index ▲	2.47	21.60	26.22	6.72	7.22	9.07

Relative Return vs Russell 2000 Index



CAI Small Capitalization (Gross)
Annualized Three and One-Half Year Risk vs Return



PIMCO RAE
Period Ended March 31, 2017

Investment Philosophy

Small company value equity portfolio utilizing the index strategy and philosophy described as the Enhanced RAFI US Small strategy which relies on portfolio weights derived from firm fundamentals (free cash flow, book equity value, total sales and gross dividend), instead of market capitalization. Additionally, the enhanced portfolio strategy uses a quality of earnings screening and a financial distress screening to augment portfolio returns and reduce portfolio volatility.

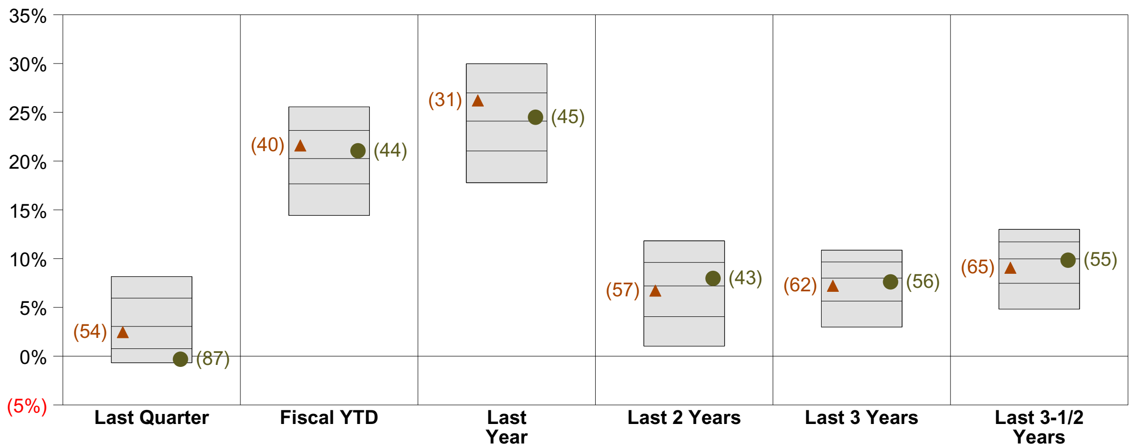
Quarterly Summary and Highlights

- PIMCO RAE's portfolio posted a (0.31)% return for the quarter placing it in the 87 percentile of the CAI Small Capitalization group for the quarter and in the 45 percentile for the last year.
- PIMCO RAE's portfolio underperformed the Russell 2000 Index by 2.78% for the quarter and underperformed the Russell 2000 Index for the year by 1.72%.

Quarterly Asset Growth

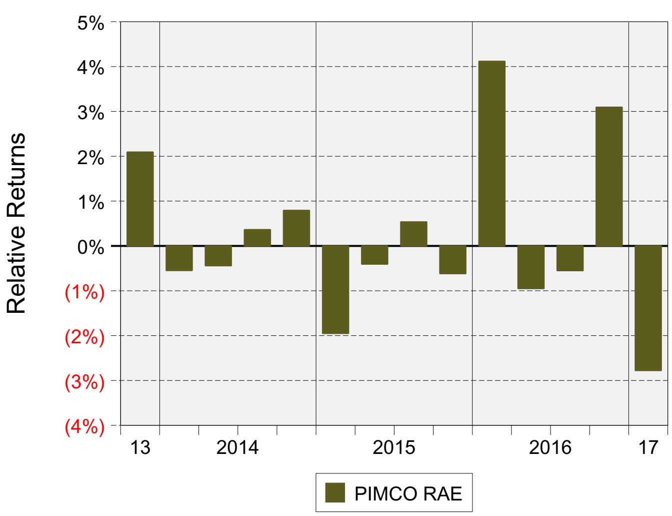
Beginning Market Value	$171,357,540
Net New Investment	$-103,532
Investment Gains/(Losses)	$-535,304
Ending Market Value	$170,718,704

Performance vs CAI Small Capitalization (Gross)

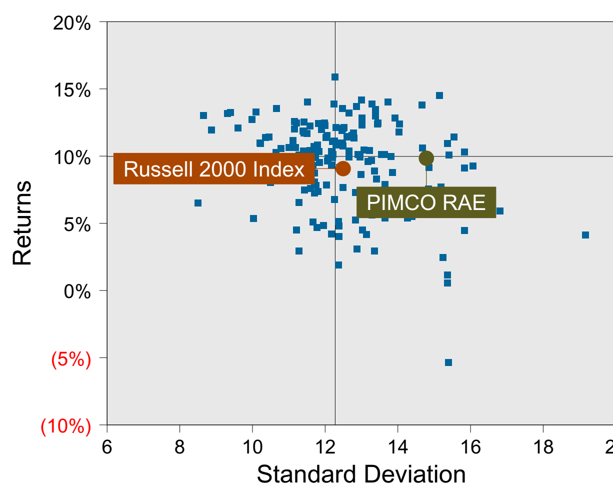


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	8.16	25.56	29.98	11.82	10.87	13.00
25th Percentile	5.95	23.14	26.99	9.61	9.66	11.72
Median	3.05	20.26	24.10	7.20	8.00	9.98
75th Percentile	0.77	17.67	21.04	4.05	5.65	7.47
90th Percentile	(0.67)	14.43	17.78	1.03	2.98	4.83
PIMCO RAE ●	(0.31)	21.06	24.49	7.97	7.62	9.84
Russell 2000 Index ▲	2.47	21.60	26.22	6.72	7.22	9.07

Relative Return vs Russell 2000 Index



CAI Small Capitalization (Gross)
Annualized Three and One-Half Year Risk vs Return



International Equity
Period Ended March 31, 2017

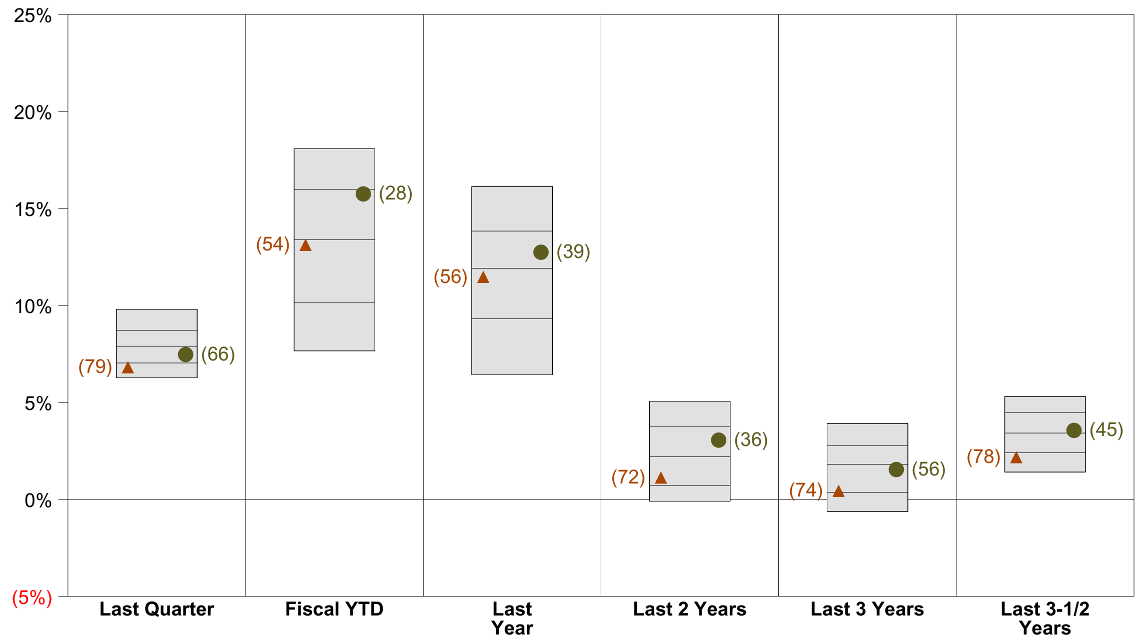
Quarterly Summary and Highlights

- International Equity's portfolio posted a 7.47% return for the quarter placing it in the 66 percentile of the CAI Non-US Equity group for the quarter and in the 39 percentile for the last year.
- International Equity's portfolio outperformed the International Equity Target by 0.66% for the quarter and outperformed the International Equity Target for the year by 1.28%.

Quarterly Asset Growth

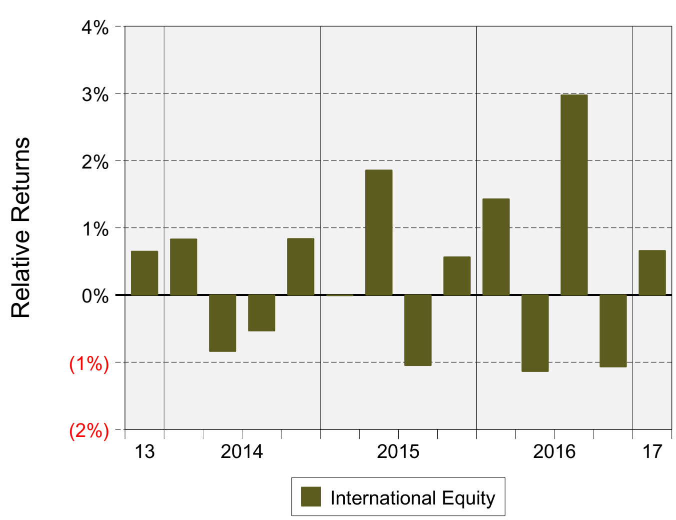
Beginning Market Value	$805,323,194
Net New Investment	$9,346,683
Investment Gains/(Losses)	$60,194,289
Ending Market Value	$874,864,166

Performance vs CAI Non-US Equity (Gross)

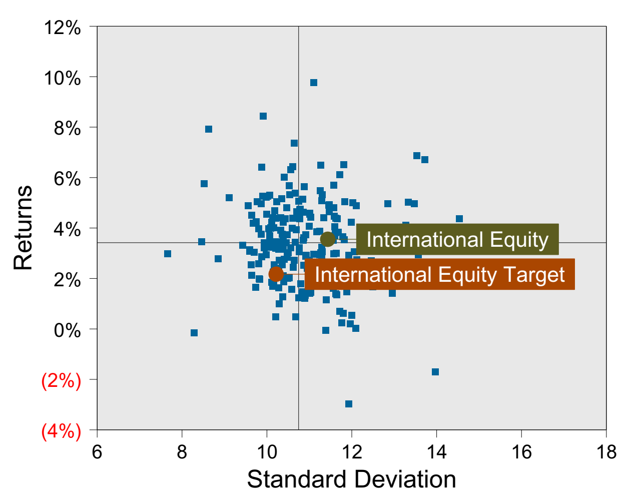


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	9.80	18.08	16.13	5.06	3.91	5.30
25th Percentile	8.72	15.98	13.83	3.74	2.77	4.47
Median	7.90	13.39	11.91	2.20	1.80	3.42
75th Percentile	7.03	10.17	9.31	0.71	0.36	2.40
90th Percentile	6.27	7.66	6.42	(0.10)	(0.63)	1.41
International Equity ●	7.47	15.75	12.74	3.05	1.54	3.55
International Equity Target ▲	6.81	13.12	11.46	1.12	0.43	2.17

Relative Return vs International Equity Target



CAI Non-US Equity (Gross)
Annualized Three and One-Half Year Risk vs Return



DFA Intl Small Cap Value
Period Ended March 31, 2017

Investment Philosophy

The International Small Cap Value Portfolio invests in the stocks of small, non-US developed markets companies that Dimensional believes to be value stocks at the time of purchase. Specifically, it looks at companies that fall within the smallest 8-10% of each country's market capitalization, and who's shares have a high book value in relation to their market value (BtM). It does not invest in emerging markets.

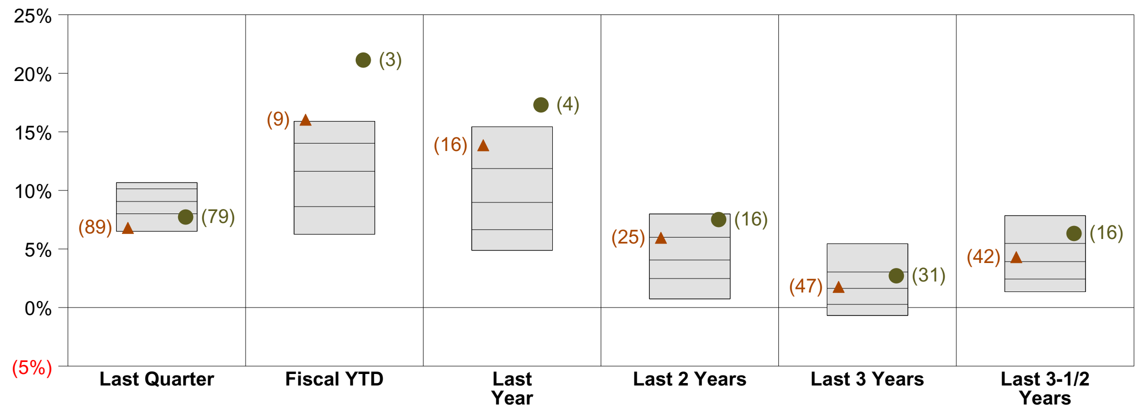
Quarterly Summary and Highlights

- DFA Intl Small Cap Value's portfolio posted a 7.73% return for the quarter placing it in the 79 percentile of the CAI International Small Cap Mut Funds group for the quarter and in the 4 percentile for the last year.
- DFA Intl Small Cap Value's portfolio outperformed the World ex US SC Value by 0.93% for the quarter and outperformed the World ex US SC Value for the year by 3.44%.

Quarterly Asset Growth

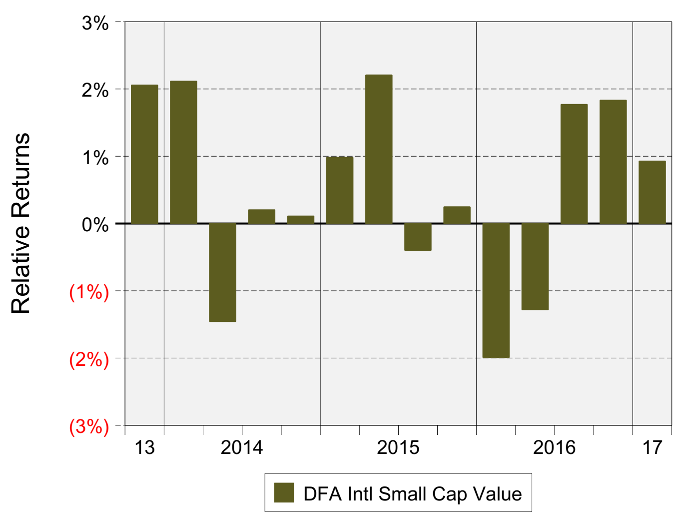
Beginning Market Value	$81,754,898
Net New Investment	$0
Investment Gains/(Losses)	$6,318,596
Ending Market Value	$88,073,494

Performance vs CAI International Small Cap Mut Funds (Net)

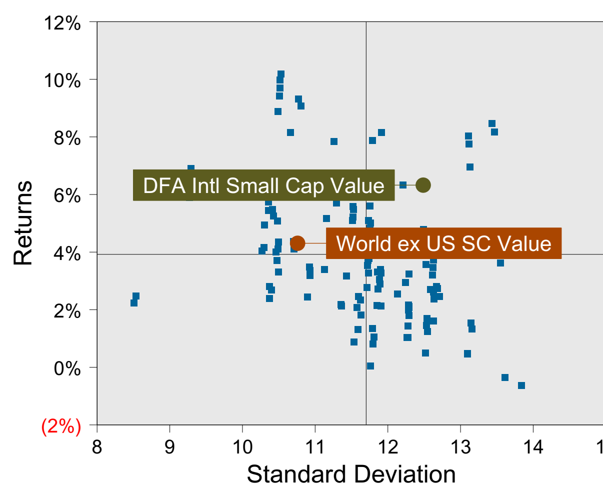


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	10.67	15.90	15.43	7.99	5.45	7.85
25th Percentile	10.13	14.03	11.87	6.00	3.03	5.47
Median	9.05	11.63	8.97	4.06	1.64	3.92
75th Percentile	8.01	8.62	6.65	2.48	0.27	2.43
90th Percentile	6.51	6.26	4.88	0.74	(0.68)	1.35
DFA Intl Small Cap Value ●	7.73	21.13	17.30	7.51	2.71	6.32
World ex US SC Value ▲	6.80	16.04	13.86	5.96	1.77	4.31

Relative Return vs World ex US SC Value



CAI International Small Cap Mut Funds (Net)
Annualized Three and One-Half Year Risk vs Return



LSV Intl Value
Period Ended March 31, 2017

Investment Philosophy

The objective of LSV Asset Management's International Large Cap Value strategy is to outperform the MSCI EAFE Index by at least 250 basis points (gross of fees) per annum over an annualized 3-5 year period with a tracking error of approximately 5-6%. Their stock selection process is a quantitative approach that ranks a broad universe of stocks on a combination of value and momentum factors and seeks to invest approximately 150 stocks in the most attractive securities possible within strict risk parameters to control the portfolio's tracking error relative to the benchmark. The resulting portfolio is broadly diversified across industry groups and fully invested. LSV weights countries at a neutral weight relative to the benchmark country weights. 50% of the portfolio is US dollar hedged.

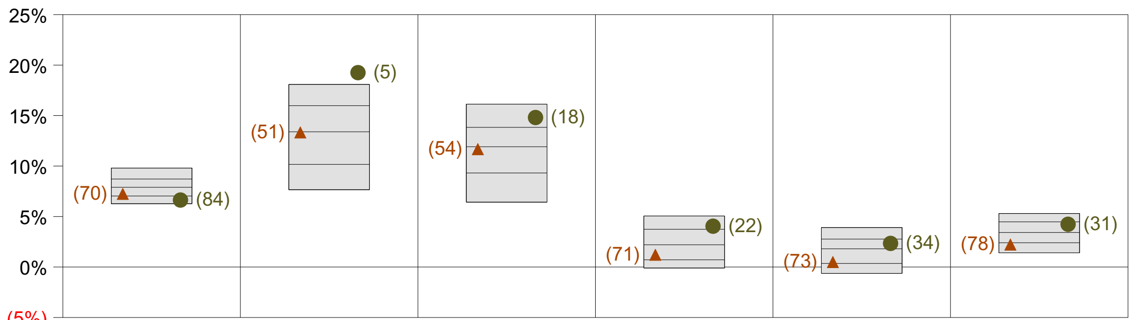
Quarterly Summary and Highlights

- LSV Intl Value's portfolio posted a 6.63% return for the quarter placing it in the 84 percentile of the CAI Non-US Equity group for the quarter and in the 18 percentile for the last year.
- LSV Intl Value's portfolio underperformed the MSCI EAFE by 0.61% for the quarter and outperformed the MSCI EAFE for the year by 3.13%.

Quarterly Asset Growth

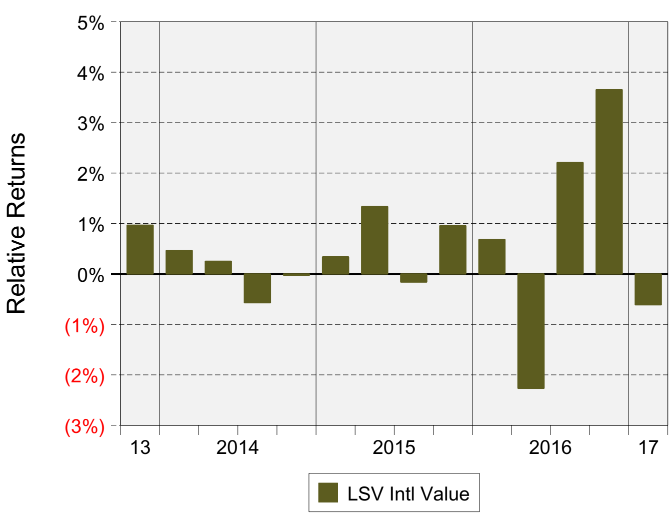
Beginning Market Value	$337,718,643
Net New Investment	$-332,551
Investment Gains/(Losses)	$22,389,351
Ending Market Value	$359,775,443

Performance vs CAI Non-US Equity (Gross)

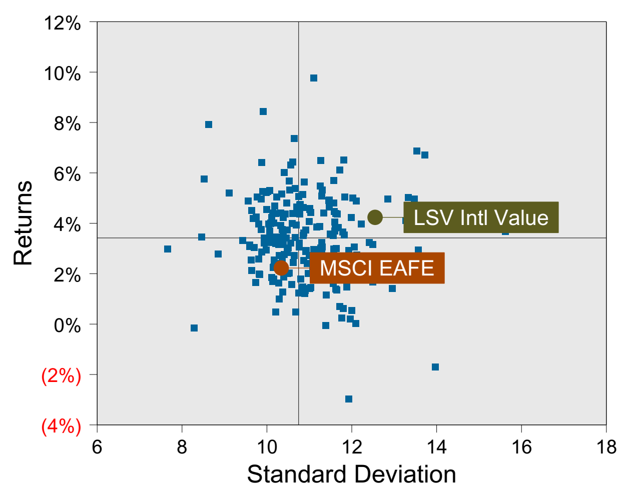


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	9.80	18.08	16.13	5.06	3.91	5.30
25th Percentile	8.72	15.98	13.83	3.74	2.77	4.47
Median	7.90	13.39	11.91	2.20	1.80	3.42
75th Percentile	7.03	10.17	9.31	0.71	0.36	2.40
90th Percentile	6.27	7.66	6.42	(0.10)	(0.63)	1.41
LSV Intl Value ●	6.63	19.25	14.81	4.04	2.34	4.24
MSCI EAFE ▲	7.25	13.33	11.67	1.21	0.50	2.22

Relative Return vs MSCI EAFE



CAI Non-US Equity (Gross)
Annualized Three and One-Half Year Risk vs Return



Vanguard Intl Explorer Fund
Period Ended March 31, 2017

Investment Philosophy

Vanguard International Explorer Fund invests primarily in the equity securities of small-capitalization companies located outside the United States that the advisor believes offer the potential for long-term capital appreciation. The advisor considers, among other things, whether a company is likely to have above-average earnings growth, whether the company's securities are attractively valued, and whether the company has any proprietary advantages.

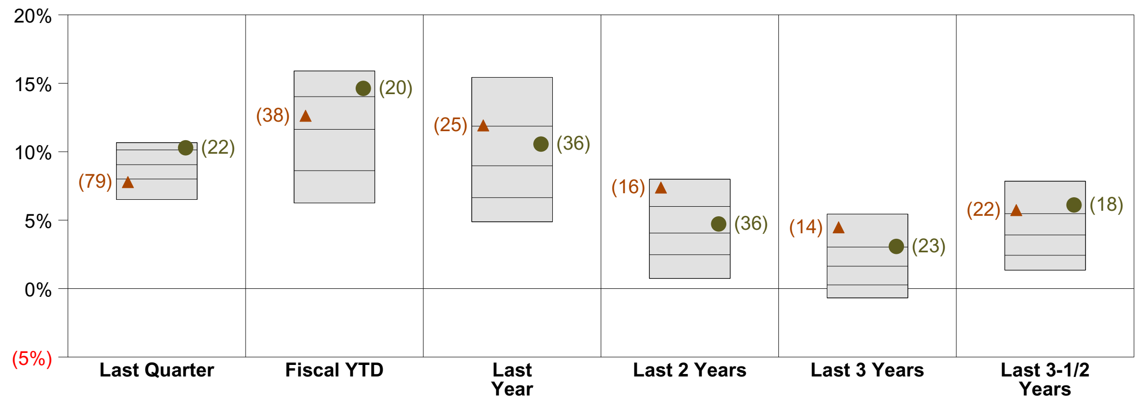
Quarterly Summary and Highlights

- Vanguard Intl Explorer Fund's portfolio posted a 10.29% return for the quarter placing it in the 22 percentile of the CAI International Small Cap Mut Funds group for the quarter and in the 36 percentile for the last year.
- Vanguard Intl Explorer Fund's portfolio outperformed the S&P BMI EPAC <$2 B by 2.50% for the quarter and underperformed the S&P BMI EPAC <$2 B for the year by 1.37%.

Quarterly Asset Growth

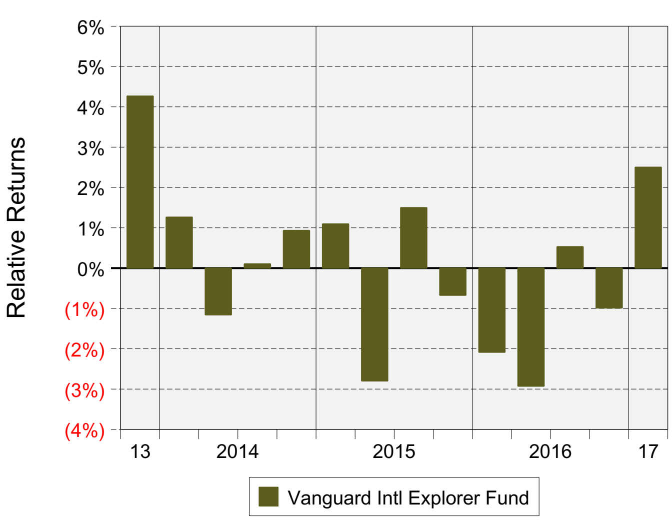
Beginning Market Value	$76,940,602
Net New Investment	$0
Investment Gains/(Losses)	$7,915,506
Ending Market Value	$84,856,108

Performance vs CAI International Small Cap Mut Funds (Net)

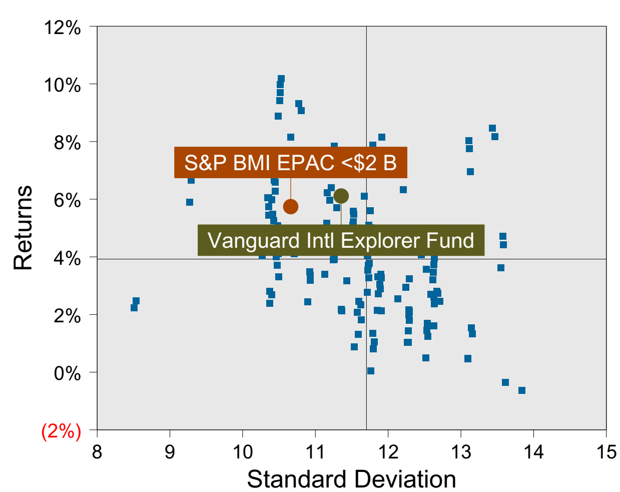


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	10.67	15.90	15.43	7.99	5.45	7.85
25th Percentile	10.13	14.03	11.87	6.00	3.03	5.47
Median	9.05	11.63	8.97	4.06	1.64	3.92
75th Percentile	8.01	8.62	6.65	2.48	0.27	2.43
90th Percentile	6.51	6.26	4.88	0.74	(0.68)	1.35
Vanguard Intl Explorer Fund ●	10.29	14.63	10.56	4.72	3.08	6.11
S&P BMI EPAC <$2 B ▲	7.79	12.63	11.92	7.39	4.48	5.74

Relative Return vs S&P BMI EPAC <$2 B



CAI International Small Cap Mut Funds (Net)
Annualized Three and One-Half Year Risk vs Return



William Blair
Period Ended March 31, 2017

Investment Philosophy

One of the basic investment tenets of William Blair & Company has been its focus on quality growth companies. They believe that investing in quality growth companies will generate above average results with generally less risk than the market. This opportunity exists because they believe the market underestimates the durability and rate of growth in companies that have the following characteristics: strong management with a unique vision, competitive advantages that prolong the duration and size of earnings growth, and conservative financing. Internationally, they believe that this philosophy can be combined with strategic flexibility in managing geographic exposure, capitalization, sector emphasis, and relative growth and valuation at the portfolio level in order to provide an appropriate degree of adaptability to cyclical conditions.

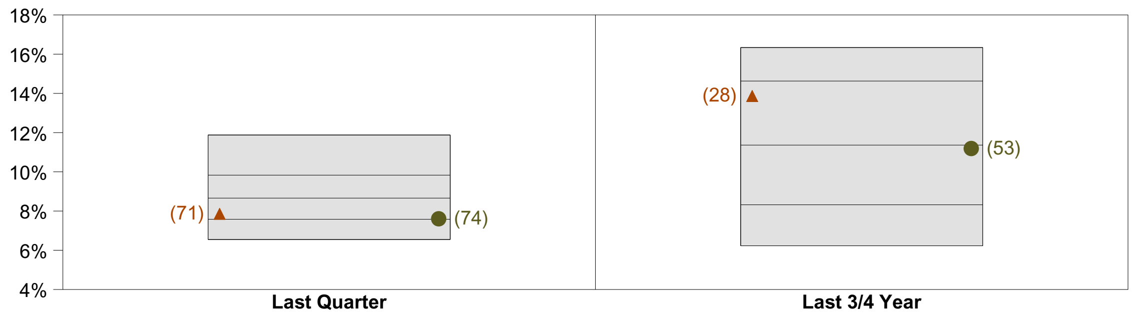
Quarterly Summary and Highlights

- William Blair's portfolio posted a 7.61% return for the quarter placing it in the 74 percentile of the CAI Non-US All Country Growth Equity group for the quarter and in the 53 percentile for the last three-quarter year.
- William Blair's portfolio underperformed the MSCI ACWI ex US by 0.25% for the quarter and underperformed the MSCI ACWI ex US for the three-quarter year by 2.68%.

Quarterly Asset Growth

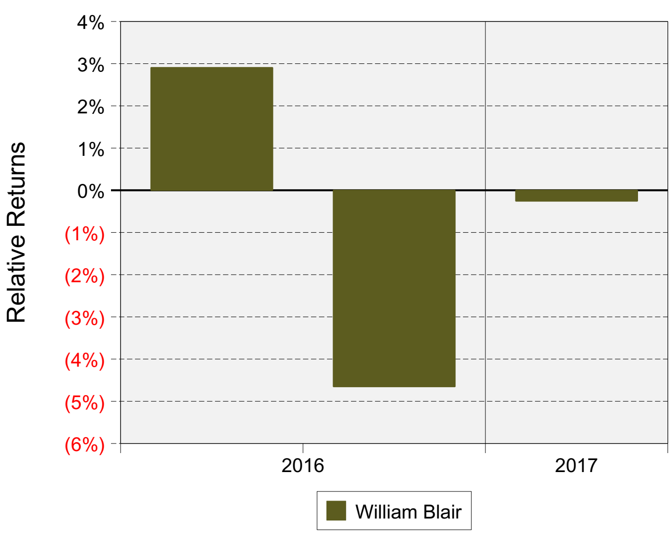
Beginning Market Value	$308,909,051
Net New Investment	$9,679,234
Investment Gains/(Losses)	$23,570,836
Ending Market Value	$342,159,121

Performance vs CAI Non-US All Country Growth Equity (Gross)

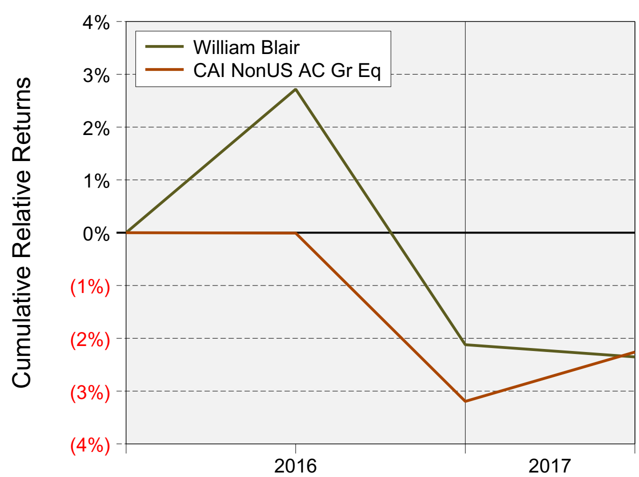


	Last Quarter	Last 3/4 Year
10th Percentile	11.88	16.34
25th Percentile	9.83	14.63
Median	8.66	11.36
75th Percentile	7.58	8.32
90th Percentile	6.55	6.23
William Blair ●	7.61	11.19
MSCI ACWI ex US ▲	7.86	13.87

Relative Return vs MSCI ACWI ex US



Cumulative Returns vs MSCI ACWI ex US



Domestic Fixed Income
Period Ended March 31, 2017

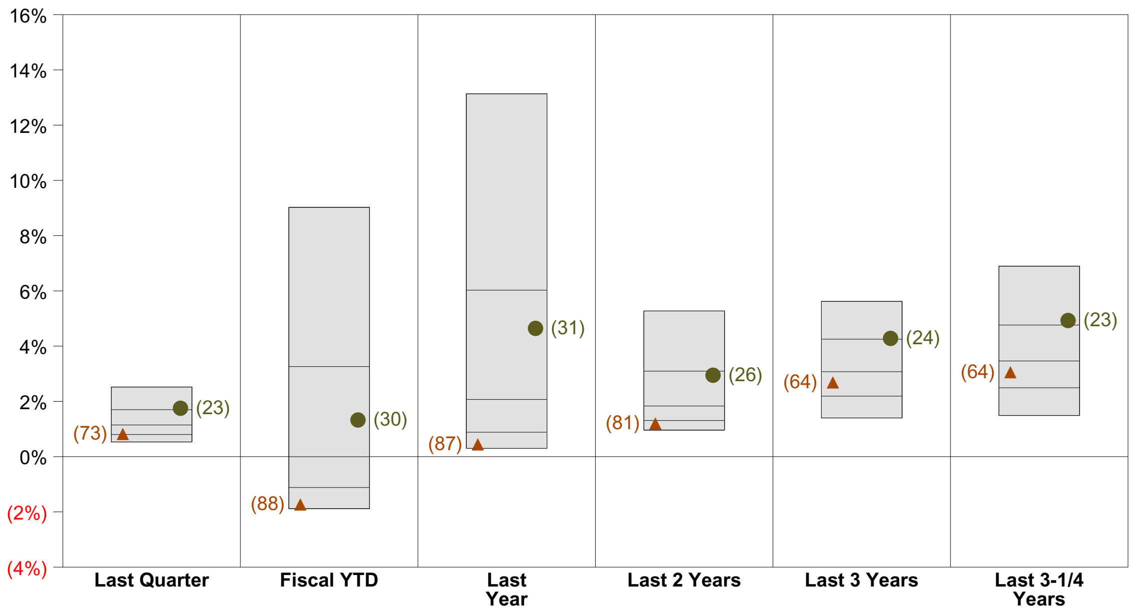
Quarterly Summary and Highlights

- Domestic Fixed Income's portfolio posted a 1.75% return for the quarter placing it in the 23 percentile of the Total Domestic Fixed-Inc Database group for the quarter and in the 31 percentile for the last year.
- Domestic Fixed Income's portfolio outperformed the Domestic Fixed Income Target by 0.94% for the quarter and outperformed the Domestic Fixed Income Target for the year by 4.20%.

Quarterly Asset Growth

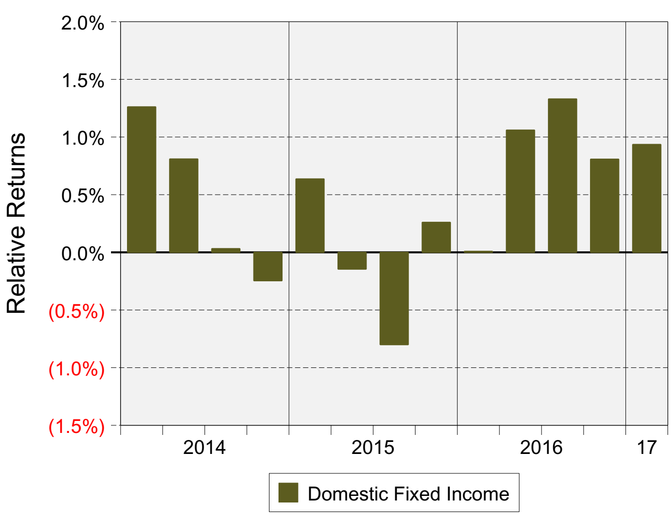
Beginning Market Value	$1,410,552,034
Net New Investment	$68,303,375
Investment Gains/(Losses)	$25,142,102
Ending Market Value	$1,503,997,511

Performance vs Total Domestic Fixed-Inc Database (Gross)

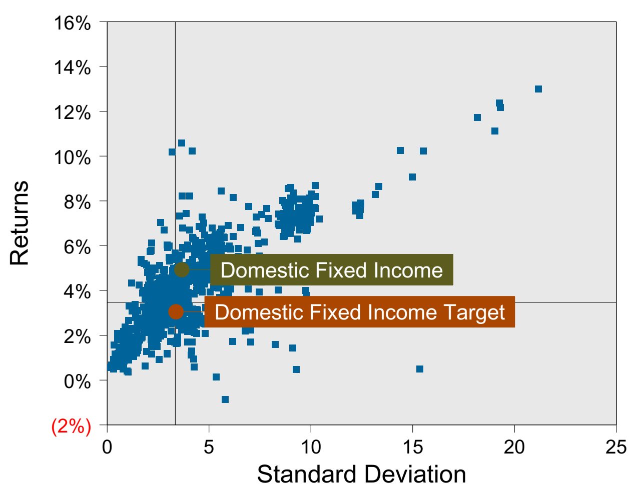


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	2.52	9.02	13.13	5.27	5.62	6.90
25th Percentile	1.70	3.26	6.03	3.09	4.25	4.76
Median	1.15	(0.00)	2.07	1.83	3.07	3.46
75th Percentile	0.80	(1.12)	0.88	1.31	2.19	2.49
90th Percentile	0.53	(1.88)	0.30	0.96	1.40	1.49
Domestic Fixed Income ●	1.75	1.33	4.64	2.95	4.28	4.93
Domestic Fixed Income Target ▲	0.82	(1.73)	0.44	1.20	2.68	3.05

Relative Returns vs Domestic Fixed Income Target



Total Domestic Fixed-Inc Database (Gross) Annualized Three and One-Quarter Year Risk vs Return



Declaration Total Return
Period Ended March 31, 2017

Investment Philosophy

The Fund's portfolio holdings consist primarily of RMBS issued by private sector companies (Non-Agency RMBS) and government agencies (Agency MBS) and CMBS issued by private sector companies. Agency MBS includes securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae). Portfolio holdings may range from short tenure senior classes to stressed issues or subordinated securities with substantial risk of non-payment and correspondingly higher yields. Smaller portfolio allocations may include consumer asset-backed securities (ABS), or other structured credit securities and corporate bonds. As a diversification strategy and a potential hedge to credit risk, the Fund may invest in securities which tend to benefit from slow mortgage prepayments and economic growth, such as interest only (IO) MBS.

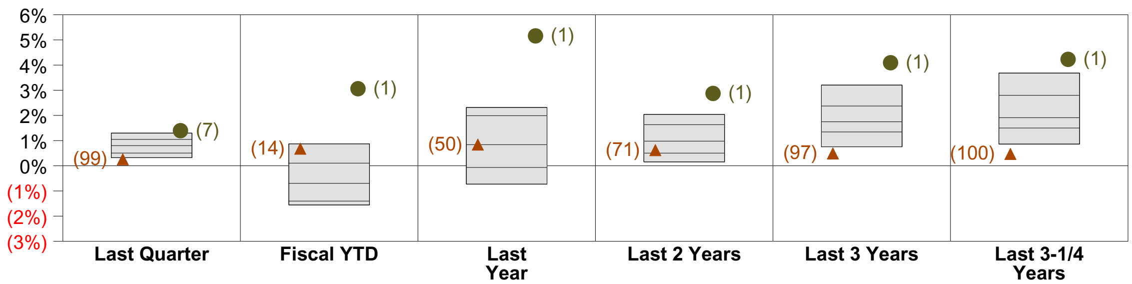
Quarterly Summary and Highlights

- Declaration Total Return's portfolio posted a 1.40% return for the quarter placing it in the 7 percentile of the CAI Intermediate Fixed Income Mut Funds group for the quarter and in the 1 percentile for the last year.
- Declaration Total Return's portfolio outperformed the Libor-3 Month by 1.14% for the quarter and outperformed the Libor-3 Month for the year by 4.32%.

Quarterly Asset Growth

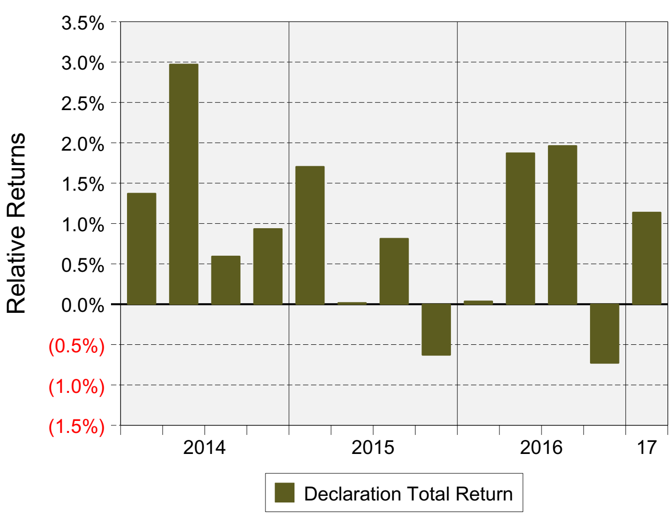
Beginning Market Value	$104,776,569
Net New Investment	$-76,171
Investment Gains/(Losses)	$1,461,516
Ending Market Value	$106,161,914

Performance vs CAI Intermediate Fixed Income Mut Funds (Net)

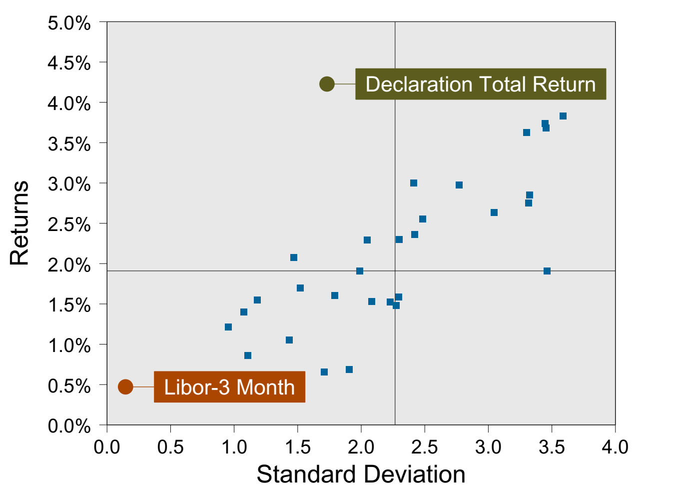


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.30	0.87	2.32	2.04	3.21	3.68
25th Percentile	1.05	0.10	1.99	1.63	2.37	2.80
Median	0.80	(0.70)	0.84	0.98	1.75	1.91
75th Percentile	0.51	(1.40)	(0.07)	0.50	1.34	1.50
90th Percentile	0.32	(1.56)	(0.73)	0.15	0.75	0.86
Declaration Total Return ●	1.40	3.06	5.16	2.87	4.09	4.23
Libor-3 Month ▲	0.26	0.68	0.84	0.62	0.49	0.47

Relative Return vs Libor-3 Month



CAI Intermediate Fixed Income Mut Funds (Net)
Annualized Three and One-Quarter Year Risk vs Return



Prudential
Period Ended March 31, 2017

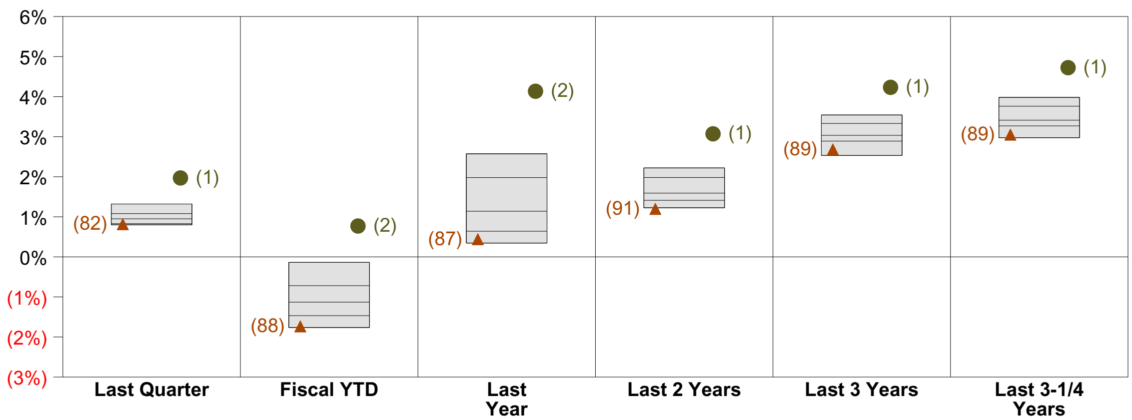
Investment Philosophy
The core plus fixed income account is a multi-sector strategy that is diversified across a broad range of fixed income sectors, including Treasuries, agencies, mortgage-backed securities, structured product (asset-backed securities, commercial mortgage-backed securities), investment grade corporate bonds, high yield bonds, bank loans and international debt. The primary sources of excess return are sector allocation and security selection, with duration and yield curve less of a focus.

Quarterly Summary and Highlights
- Prudential's portfolio posted a 1.97% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 2 percentile for the last year.
- Prudential's portfolio outperformed the Blmbg Aggregate by 1.15% for the quarter and outperformed the Blmbg Aggregate for the year by 3.69%.

Quarterly Asset Growth

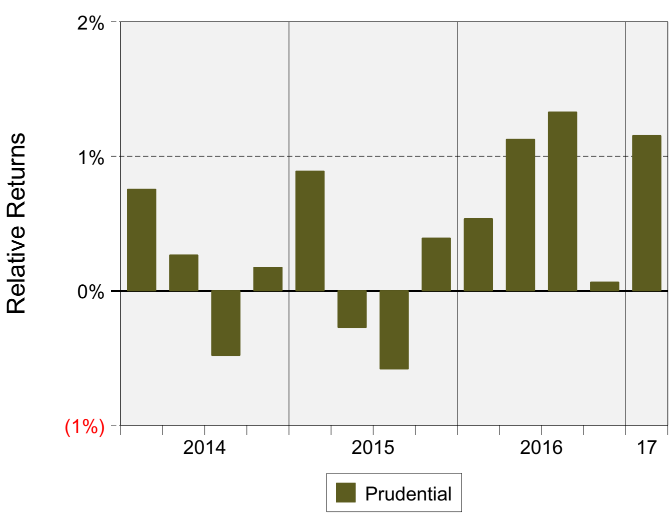
Beginning Market Value	$153,382,834
Net New Investment	$9,896,864
Investment Gains/(Losses)	$3,055,628
Ending Market Value	$166,335,326

Performance vs CAI Core Bond Fixed Income (Gross)

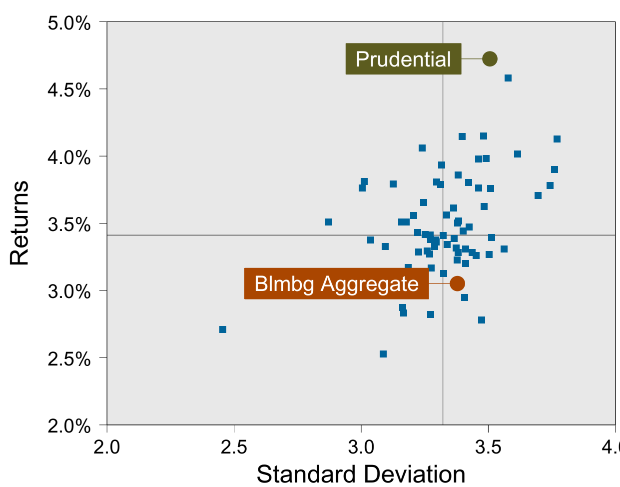


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.32	(0.14)	2.57	2.22	3.54	3.98
25th Percentile	1.08	(0.72)	1.98	1.98	3.33	3.76
Median	0.95	(1.13)	1.14	1.59	3.03	3.41
75th Percentile	0.83	(1.47)	0.64	1.41	2.89	3.27
90th Percentile	0.80	(1.76)	0.34	1.22	2.53	2.97
Prudential ●	1.97	0.77	4.13	3.07	4.23	4.72
Blmbg Aggregate ▲	0.82	(1.73)	0.44	1.20	2.68	3.05

Relative Return vs Blmbg Aggregate



CAI Core Bond Fixed Income (Gross)
Annualized Three and One-Quarter Year Risk vs Return



SSgA US Govt Credit Bd Idx
Period Ended March 31, 2017

Investment Philosophy

The Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Government/Credit Bond Index over the long term.

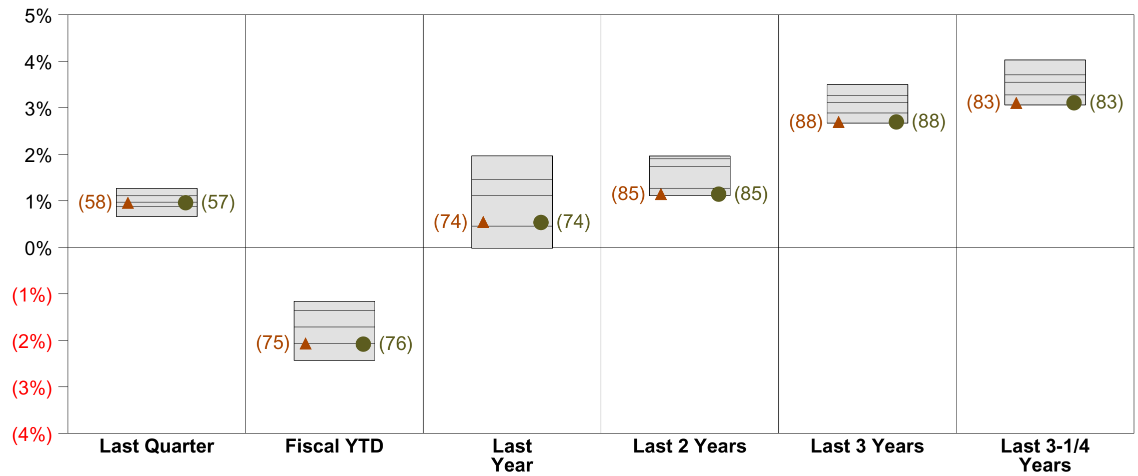
Quarterly Summary and Highlights

- SSgA US Govt Credit Bd Idx's portfolio posted a 0.96% return for the quarter placing it in the 57 percentile of the CAI Government/Credit group for the quarter and in the 74 percentile for the last year.
- SSgA US Govt Credit Bd Idx's portfolio outperformed the Blmbg Gov/Credit by 0.00% for the quarter and underperformed the Blmbg Gov/Credit for the year by 0.01%.

Quarterly Asset Growth

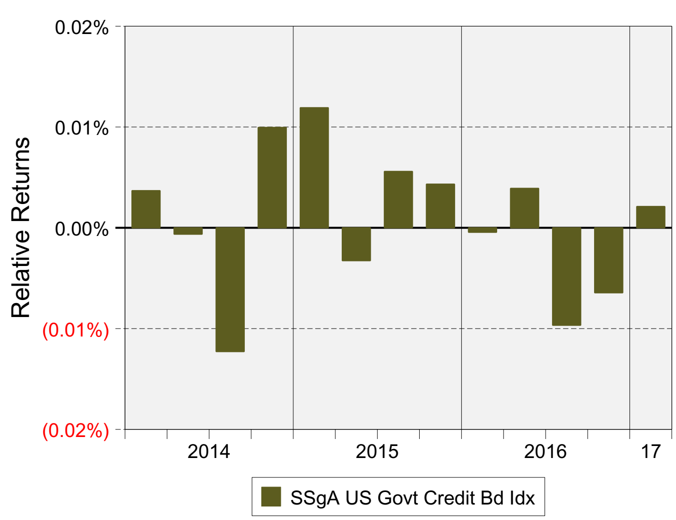
Beginning Market Value	$187,405,511
Net New Investment	$10,983,855
Investment Gains/(Losses)	$1,828,629
Ending Market Value	$200,217,994

Performance vs CAI Government/Credit (Gross)

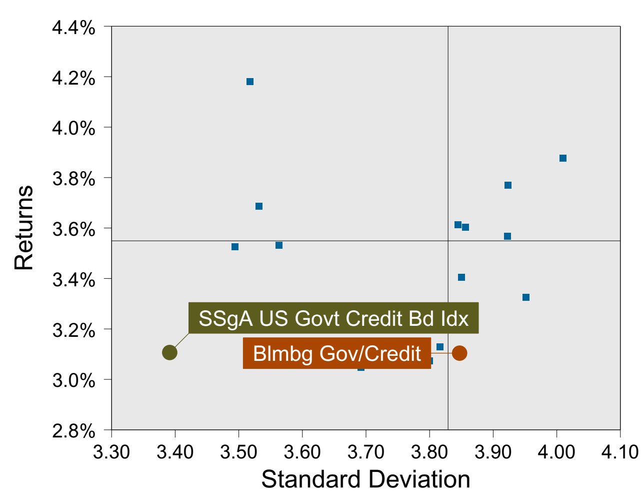


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.27	(1.16)	1.97	1.96	3.50	4.03
25th Percentile	1.11	(1.36)	1.45	1.90	3.26	3.71
Median	0.97	(1.71)	1.11	1.74	3.12	3.55
75th Percentile	0.88	(2.07)	0.45	1.27	2.89	3.28
90th Percentile	0.66	(2.43)	(0.02)	1.11	2.67	3.06
SSgA US Govt Credit Bd Idx ●	0.96	(2.08)	0.53	1.14	2.70	3.11
Blmbg Gov/Credit ▲	0.96	(2.07)	0.54	1.14	2.69	3.10

Relative Return vs Blmbg Gov/Credit



CAI Government/Credit (Gross)
Annualized Three and One-Quarter Year Risk vs Return



Wells Capital
Period Ended March 31, 2017

Investment Philosophy

The Medium Quality Credit fixed income strategy is designed to maximize total return from the high-grade corporate bond market while maintaining a strategic allocation to the BBB portion of the high yield market. The investment process for this fund starts with a "top-down" strategy. Security selection is determined by in-depth credit research, holding that in-depth knowledge of industries, companies, and their management teams can help identify credit trends that can lead to investment opportunities. Furthermore, a disciplined relative value framework is applied to help determine the optimal position to invest within an industry and within an individual issuer’s capital structure.

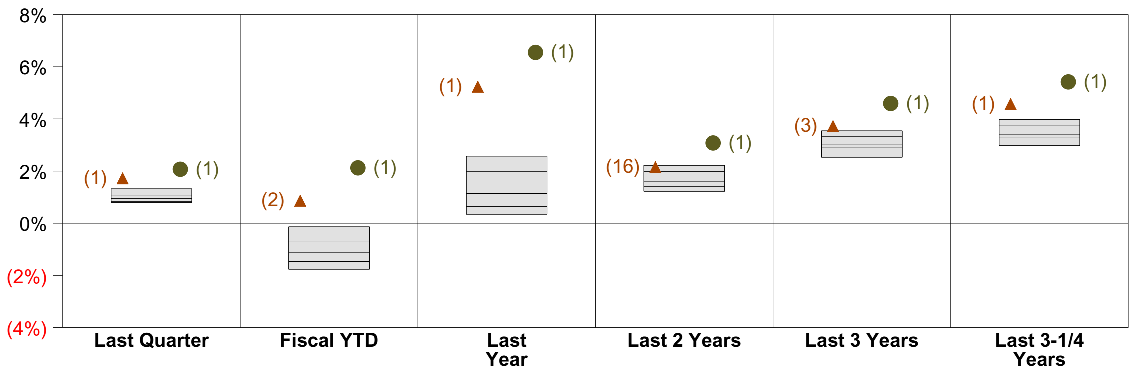
Quarterly Summary and Highlights

- Wells Capital’s portfolio posted a 2.07% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 1 percentile for the last year.
- Wells Capital’s portfolio outperformed the Blmbg Baa Cred 3% Iss Cap by 0.35% for the quarter and outperformed the Blmbg Baa Cred 3% Iss Cap for the year by 1.31%.

Quarterly Asset Growth

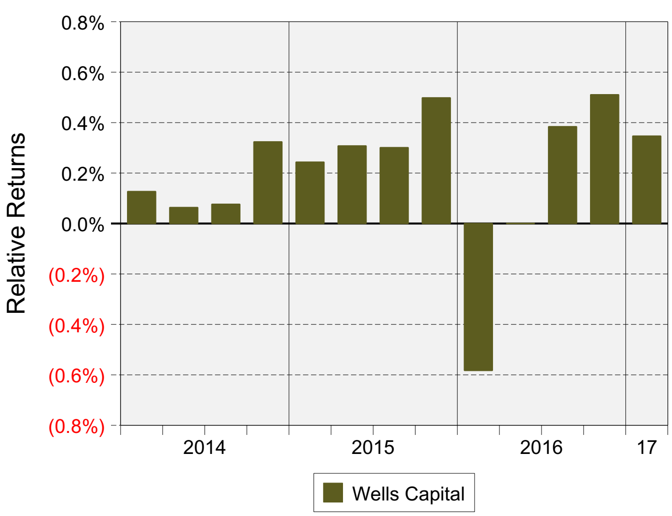
Beginning Market Value	$426,531,780
Net New Investment	$-387,300
Investment Gains/(Losses)	$8,821,407
Ending Market Value	$434,965,887

Performance vs CAI Core Bond Fixed Income (Gross)

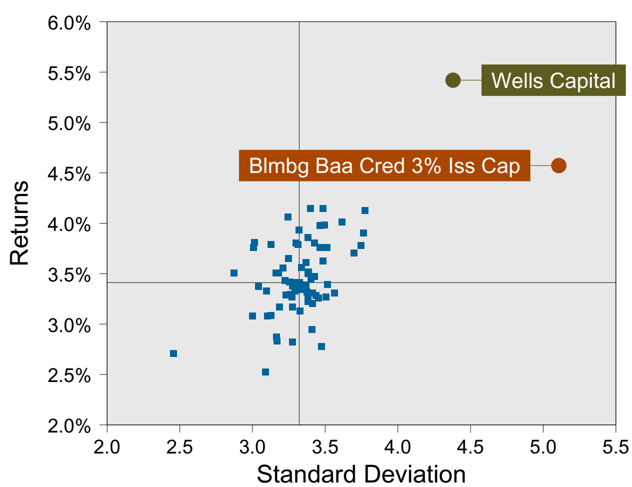


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.32	(0.14)	2.57	2.22	3.54	3.98
25th Percentile	1.08	(0.72)	1.98	1.98	3.33	3.76
Median	0.95	(1.13)	1.14	1.59	3.03	3.41
75th Percentile	0.83	(1.47)	0.64	1.41	2.89	3.27
90th Percentile	0.80	(1.76)	0.34	1.22	2.53	2.97
Wells Capital ●	2.07	2.12	6.55	3.08	4.59	5.42
Blmbg Baa Cred 3% Iss Cap ▲	1.72	0.87	5.24	2.15	3.72	4.57

Relative Returns vs Blmbg Baa Cred 3% Iss Cap



CAI Core Bond Fixed Income (Gross) Annualized Three and One-Quarter Year Risk vs Return



Western Asset Management Company
Period Ended March 31, 2017

Investment Philosophy

Western Asset designs this portfolio using all major fixed-income sectors with a bias towards non-Treasuries, especially corporate, mortgage-backed and asset-backed securities. Value can be added through sector rotation, issue selection, duration and term structure weighting.

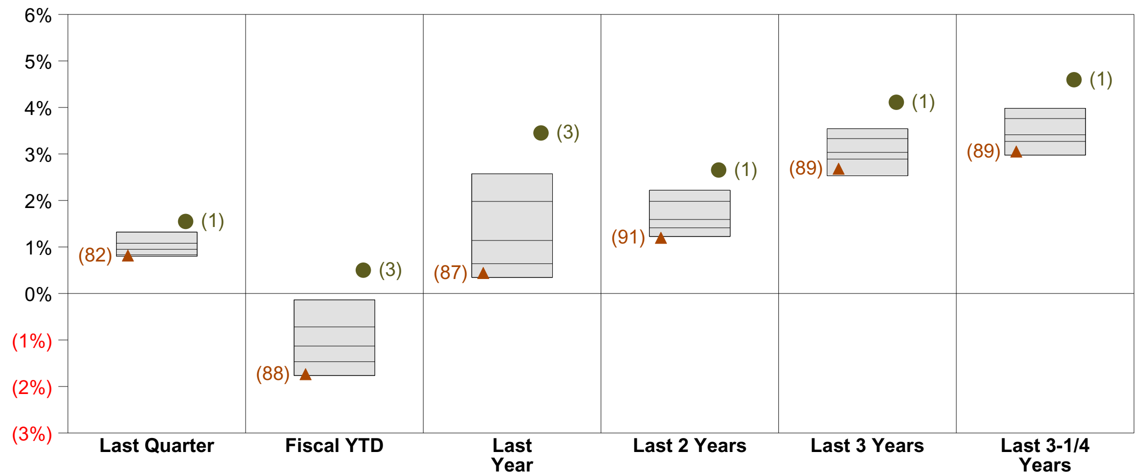
Quarterly Summary and Highlights

- Western Asset's portfolio posted a 1.55% return for the quarter placing it in the 1 percentile of the CAI Core Bond Fixed Income group for the quarter and in the 3 percentile for the last year.
- Western Asset's portfolio outperformed the Blmbg Aggregate by 0.73% for the quarter and outperformed the Blmbg Aggregate for the year by 3.01%.

Quarterly Asset Growth

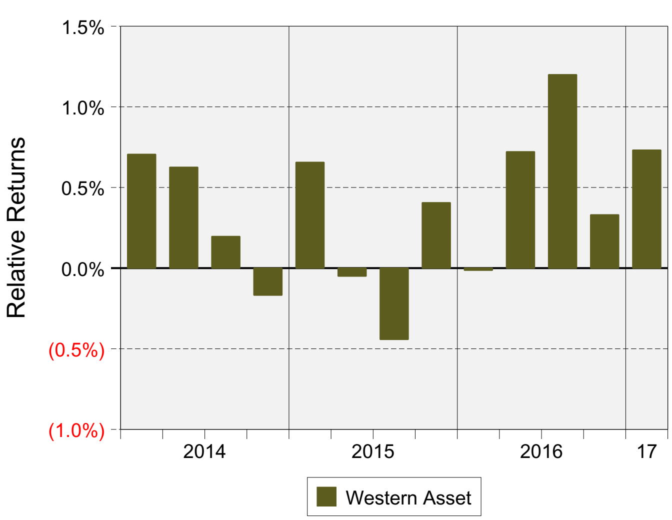
Beginning Market Value	$426,015,493
Net New Investment	$14,855,546
Investment Gains/(Losses)	$6,635,180
Ending Market Value	$447,506,219

Performance vs CAI Core Bond Fixed Income (Gross)

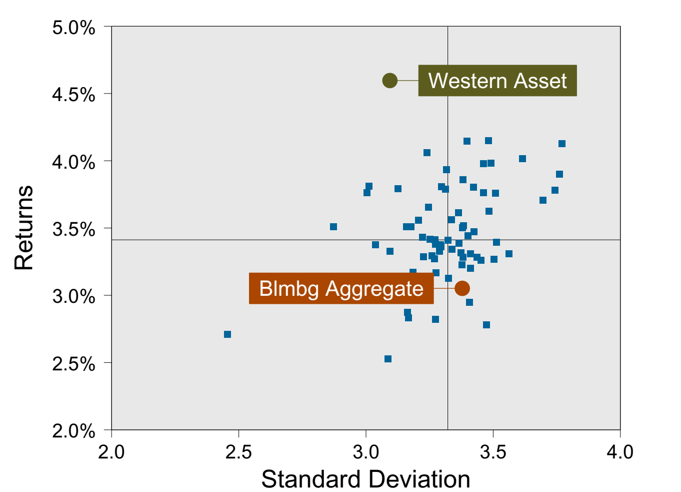


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/4 Years
10th Percentile	1.32	(0.14)	2.57	2.22	3.54	3.98
25th Percentile	1.08	(0.72)	1.98	1.98	3.33	3.76
Median	0.95	(1.13)	1.14	1.59	3.03	3.41
75th Percentile	0.83	(1.47)	0.64	1.41	2.89	3.27
90th Percentile	0.80	(1.76)	0.34	1.22	2.53	2.97
Western Asset ●	1.55	0.50	3.45	2.65	4.11	4.60
Blmbg Aggregate ▲	0.82	(1.73)	0.44	1.20	2.68	3.05

Relative Return vs Blmbg Aggregate



CAI Core Bond Fixed Income (Gross)
Annualized Three and One-Quarter Year Risk vs Return



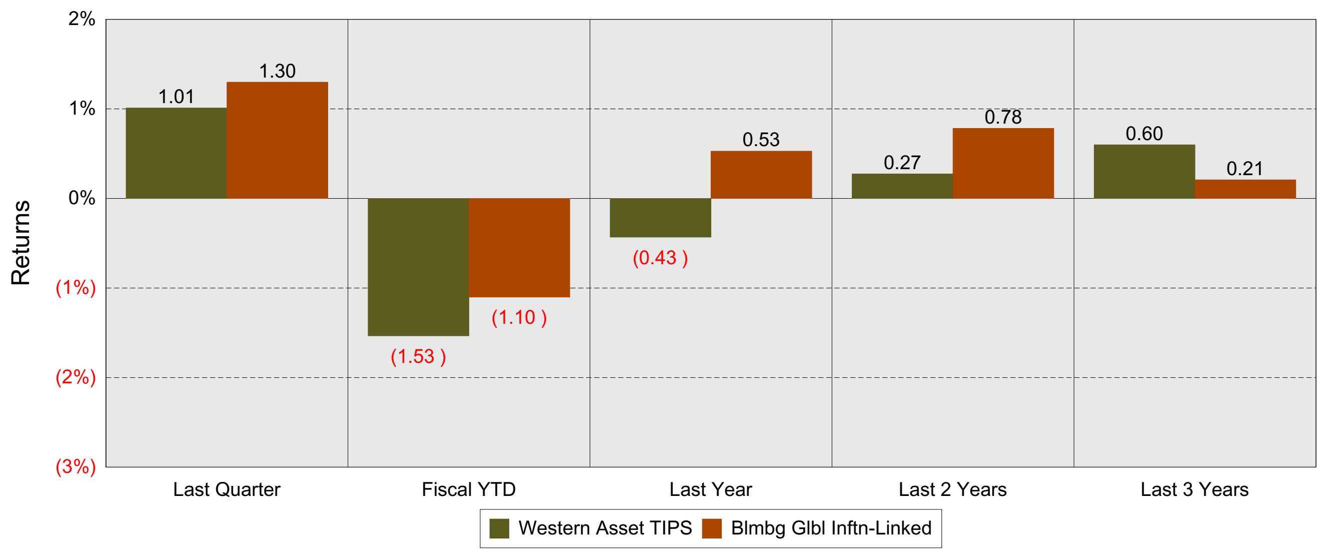
Western Asset TIPS
Period Ended March 31, 2017

Investment Philosophy
Western Asset's Global Inflation-Linked composite includes portfolios that employ an active, team-managed investment approach around a long-term, value-oriented investment philosophy. Constructed primarily of inflation-indexed securities, these portfolios use diversified strategies in seeking to add value while minimizing risk. Value can be added through country selection, term structure, issue selection, duration management and currency management.

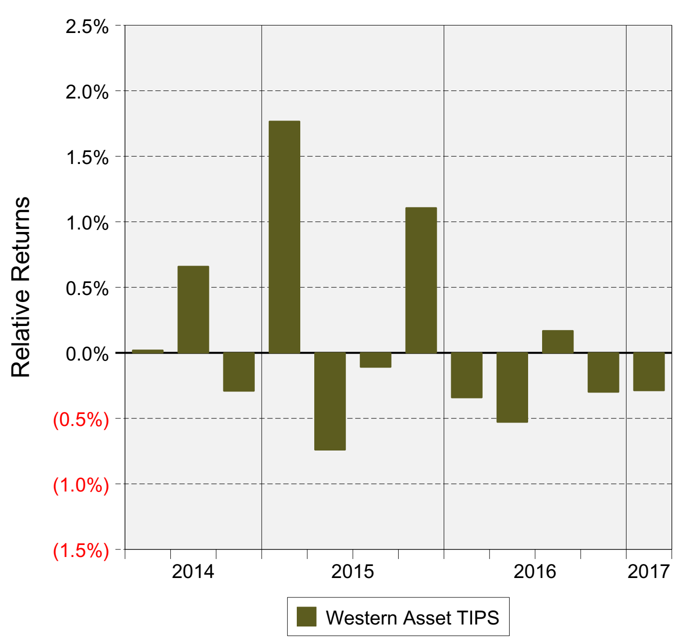
Quarterly Summary and Highlights
- Western Asset TIPS's portfolio underperformed the Blmbg Glbl Inftn-Linked by 0.29% for the quarter and underperformed the Blmbg Glbl Inftn-Linked for the year by 0.96%.

Quarterly Asset Growth

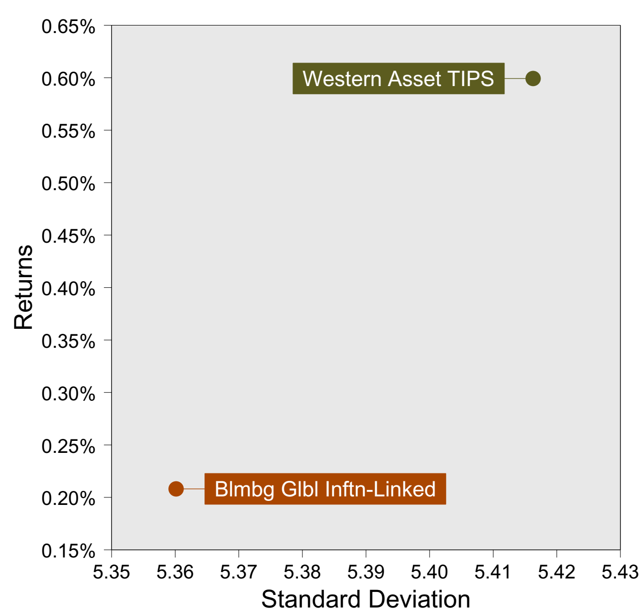
Beginning Market Value	$287,341,546
Net New Investment	$-97,571
Investment Gains/(Losses)	$2,904,369
Ending Market Value	$290,148,344



Relative Return vs Blmbg Glbl Inftn-Linked



Annualized Three Year Risk vs Return



JP Morgan Infrastructure
Period Ended March 31, 2017

Investment Philosophy

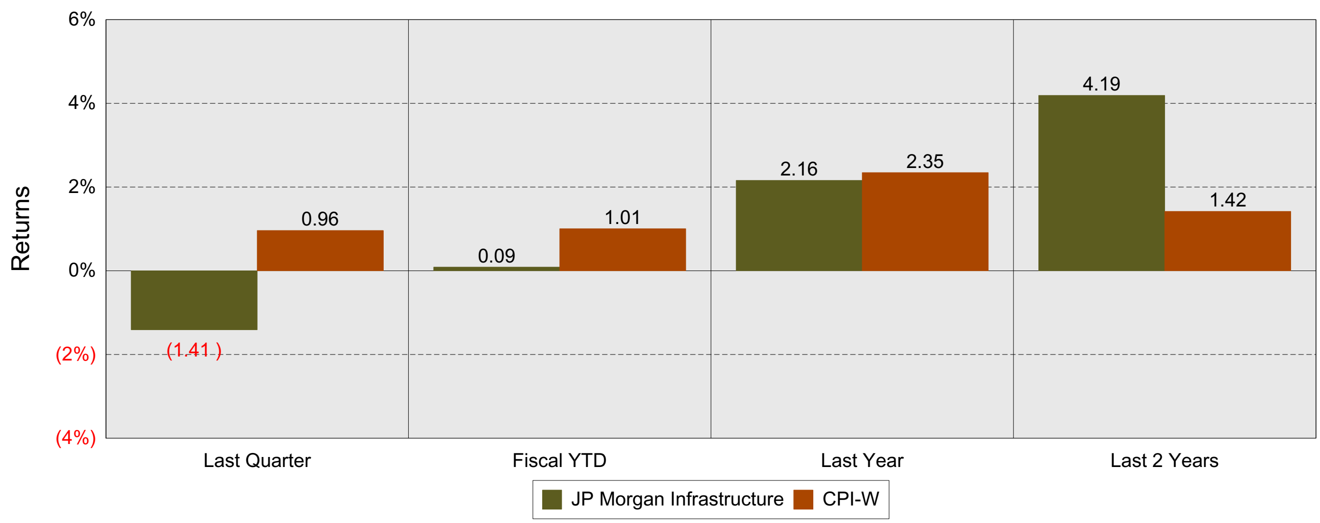
The only open-ended private commingled infrastructure fund in the U.S, the JPMorgan Infrastructure Investments Fund invests in stabilized assets in OECD countries with selected value-added opportunities, across infrastructure industry sub-sectors, including: toll roads, bridges and tunnels; oil and gas pipelines; electricity transmission and distribution facilities; contracted power generation assets; water distribution; waste-water collection and processing; railway lines and rapid rail links; and seaports and airports.

Quarterly Summary and Highlights

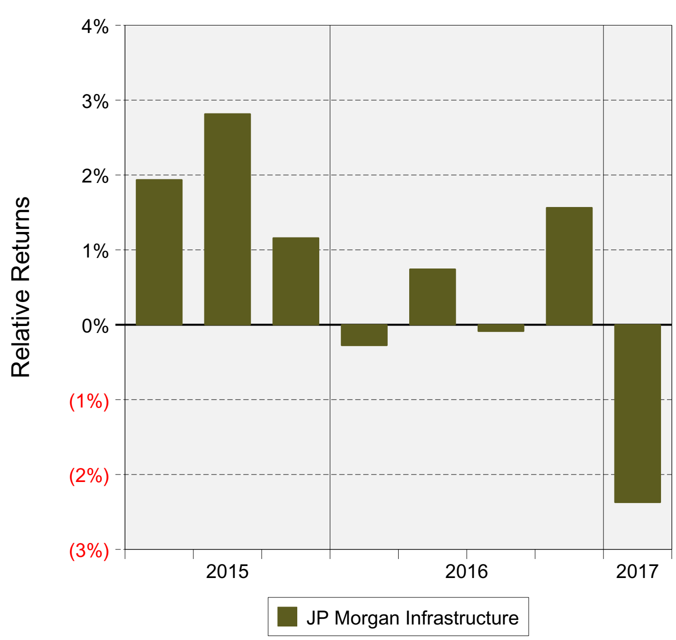
- JP Morgan Infrastructure's portfolio underperformed the CPI-W by 2.37% for the quarter and underperformed the CPI-W for the year by 0.19%.

Quarterly Asset Growth

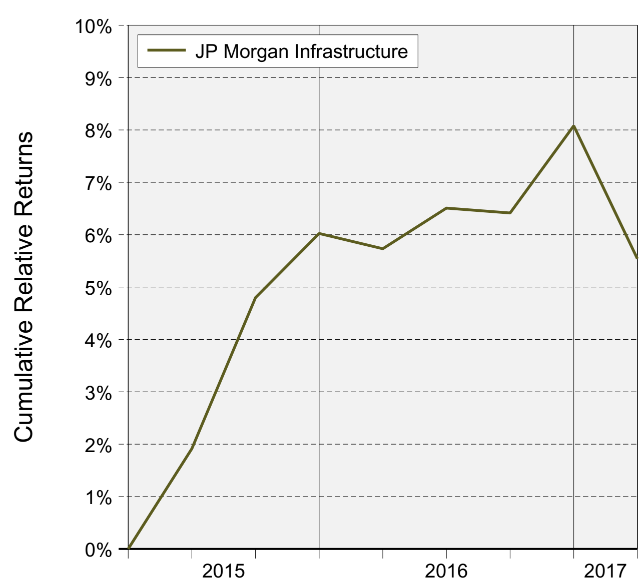
Beginning Market Value	$88,947,522
Net New Investment	$-173,662
Investment Gains/(Losses)	$-1,254,105
Ending Market Value	$87,519,754



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



Grosvenor Cust. Infrastructure
Period Ended March 31, 2017

Investment Philosophy

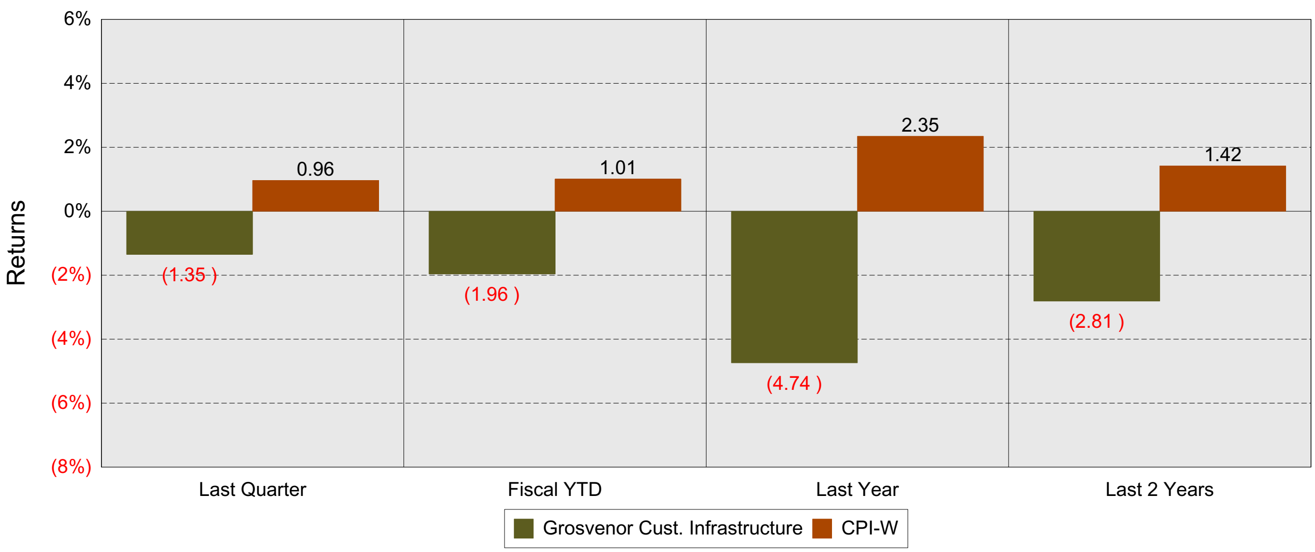
The Customized Infrastructure Strategies LP is a commingled fund focused on providing a comprehensive, diversified solution for investors looking to access the infrastructure asset class. The Fund seeks to generate stable, long-term yield and attractive risk-adjusted returns by investing in a diversified portfolio of primary core and core plus infrastructure funds (30%), co-investments (40%) and opportunistic secondary fund purchases (30%).

Quarterly Summary and Highlights

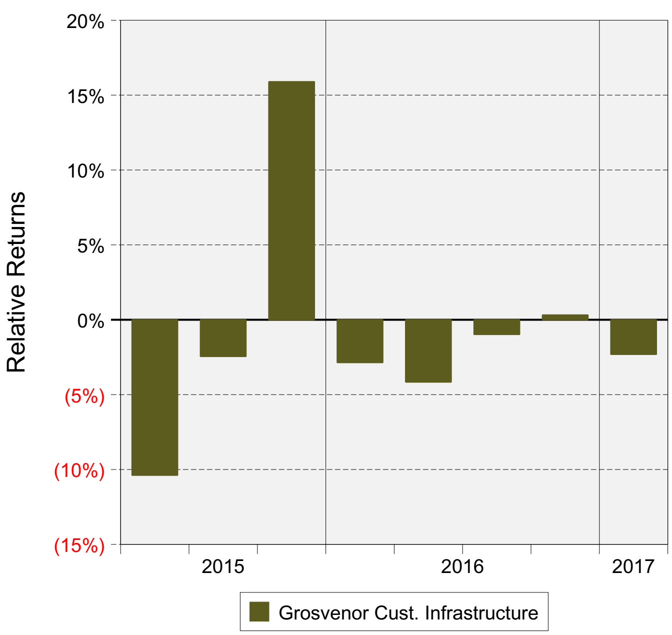
- Grosvenor Cust. Infrastructure's portfolio underperformed the CPI-W by 2.31% for the quarter and underperformed the CPI-W for the year by 7.09%.

Quarterly Asset Growth

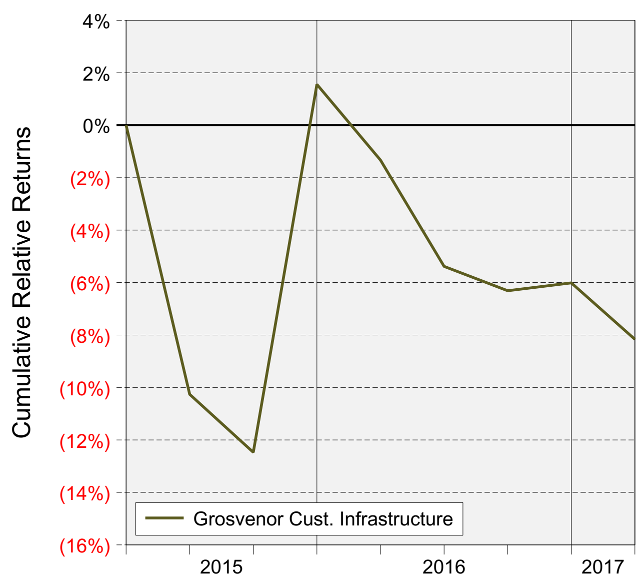
Beginning Market Value	$14,138,932
Net New Investment	$6,386,622
Investment Gains/(Losses)	$-253,794
Ending Market Value	$20,271,760



Relative Return vs CPI-W



Cumulative Returns vs CPI-W



Invesco Core Real Estate
Period Ended March 31, 2017

Investment Philosophy

IRE's investment philosophy is comprised of two fundamental principles: (1) maximize the predictability and consistency of investment returns and (2) minimize the risk of capital loss. This philosophy forms the cornerstone of the company's real estate investment philosophy.

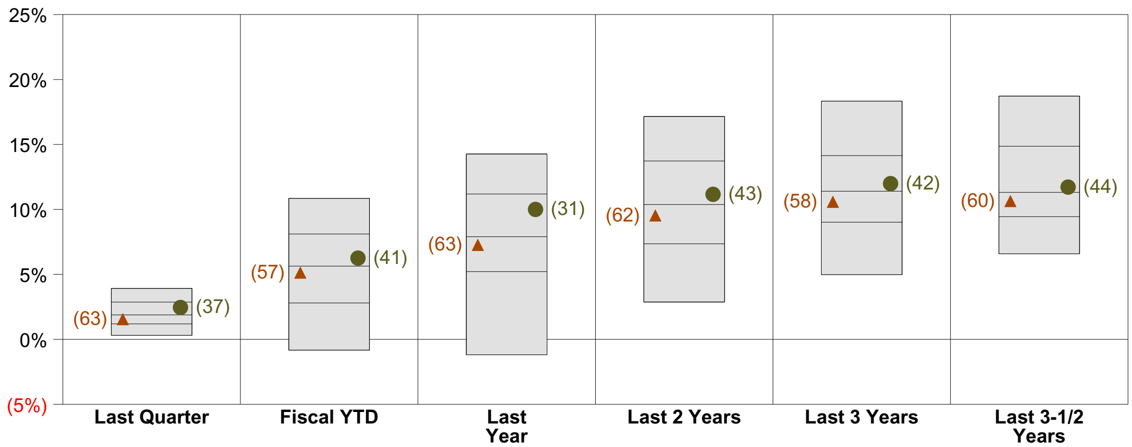
Quarterly Summary and Highlights

- Invesco Core Real Estate's portfolio posted a 2.45% return for the quarter placing it in the 37 percentile of the CAI Total Real Estate Database group for the quarter and in the 31 percentile for the last year.
- Invesco Core Real Estate's portfolio outperformed the NCREIF Total Index by 0.91% for the quarter and outperformed the NCREIF Total Index for the year by 2.73%.

Quarterly Asset Growth

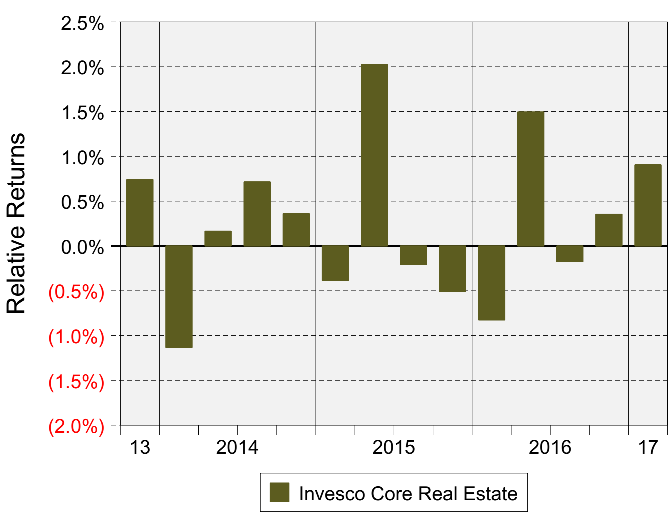
Beginning Market Value	$121,815,020
Net New Investment	$-105,919
Investment Gains/(Losses)	$3,092,769
Ending Market Value	$124,801,870

Performance vs CAI Total Real Estate Database (Net)

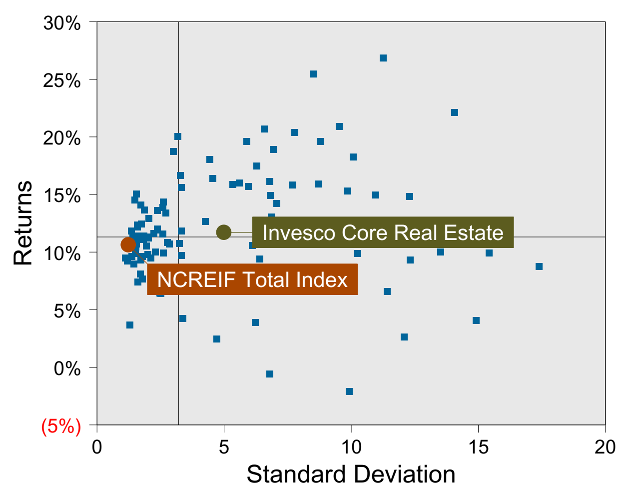


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	3.92	10.85	14.27	17.16	18.33	18.72
25th Percentile	2.87	8.11	11.19	13.73	14.14	14.87
Median	1.88	5.64	7.90	10.38	11.40	11.31
75th Percentile	1.19	2.80	5.21	7.35	9.02	9.44
90th Percentile	0.31	(0.83)	(1.19)	2.87	4.98	6.58
Invesco Core Real Estate ●	2.45	6.25	10.00	11.16	11.99	11.72
NCREIF Total Index ▲	1.55	5.13	7.27	9.53	10.58	10.64

Relative Return vs NCREIF Total Index



CAI Total Real Estate Database (Net)
Annualized Three and One-Half Year Risk vs Return



JP Morgan RE Inc & Growth
Period Ended March 31, 2017

Investment Philosophy

The J.P. Morgan U.S. Real Estate Income and Growth Fund seeks to construct and opportunistically manage a portfolio of core direct real estate investments, complemented by other real estate and real estate-related assets. The Fund pursues a broadly diversified absolute-return strategy and pursues all property investments on an opportunistic basis. The majority of the Fund's investments will be in direct core properties in the office, industrial, retail and residential sectors.

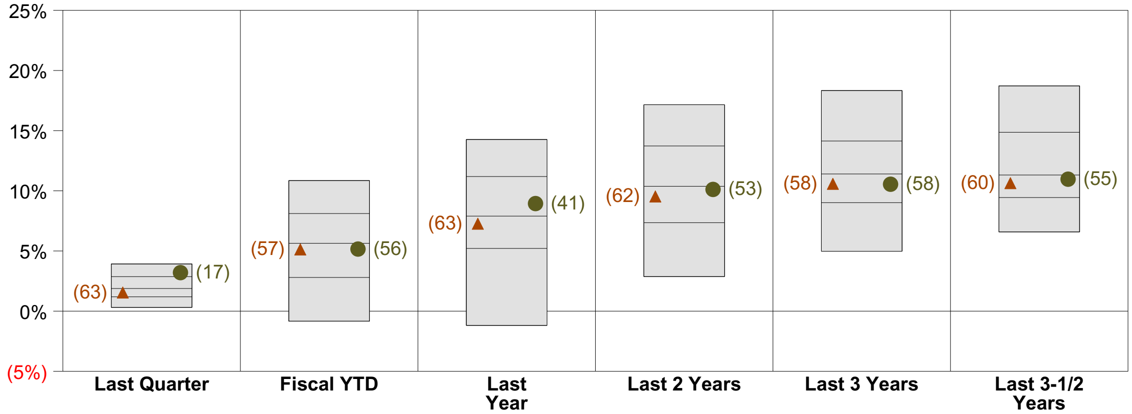
Quarterly Summary and Highlights

- JP Morgan RE Inc & Growth's portfolio posted a 3.20% return for the quarter placing it in the 17 percentile of the CAI Total Real Estate Database group for the quarter and in the 41 percentile for the last year.
- JP Morgan RE Inc & Growth's portfolio outperformed the NCREIF Total Index by 1.65% for the quarter and outperformed the NCREIF Total Index for the year by 1.67%.

Quarterly Asset Growth

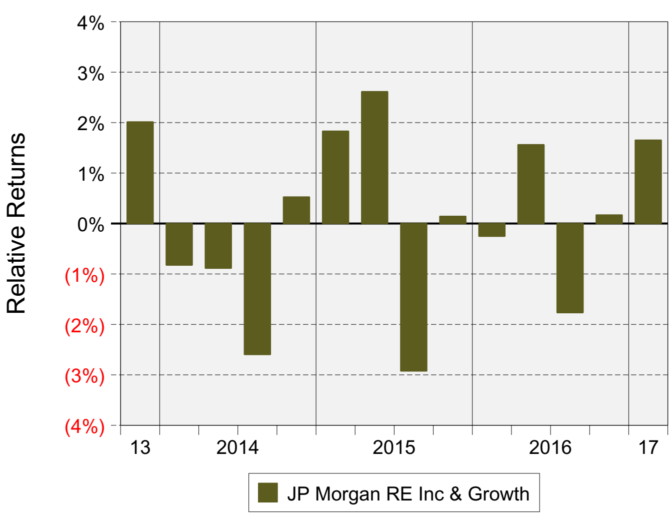
Beginning Market Value	$129,552,404
Net New Investment	$-68,733
Investment Gains/(Losses)	$4,144,111
Ending Market Value	$133,627,782

Performance vs CAI Total Real Estate Database (Net)

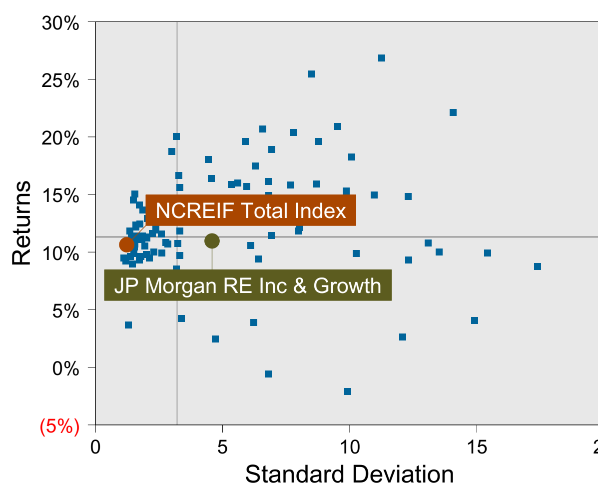


	Last Quarter	Fiscal YTD	Last Year	Last 2 Years	Last 3 Years	Last 3-1/2 Years
10th Percentile	3.92	10.85	14.27	17.16	18.33	18.72
25th Percentile	2.87	8.11	11.19	13.73	14.14	14.87
Median	1.88	5.64	7.90	10.38	11.40	11.31
75th Percentile	1.19	2.80	5.21	7.35	9.02	9.44
90th Percentile	0.31	(0.83)	(1.19)	2.87	4.98	6.58
JP Morgan RE Inc & Growth ●	3.20	5.16	8.94	10.12	10.55	10.97
NCREIF Total Index ▲	1.55	5.13	7.27	9.53	10.58	10.64

Relative Return vs NCREIF Total Index



CAI Total Real Estate Database (Net)
Annualized Three and One-Half Year Risk vs Return



Research and Educational Programs

The Callan Institute provides both research to update clients on the latest industry trends and carefully structured educational programs to enhance the knowledge of industry professionals. Visit www.callan.com/library to see all of our publications, and www.callan.com/blog to view our blog "Perspectives." For more information contact Anna West at 415.974.5060 / institute@callan.com.

New Research from Callan's Experts

Smart Beta Is the Gateway Drug to Factor Investing | In this paper, a reprint from the *Journal of Portfolio Management*'s special issue on Factor Investing, author Eugene Podkaminer, CFA, of Callan's Capital Markets Research group describes the connection between alternative indices and more sophisticated risk premia strategies.

2017 National Conference: 'It's Private' | A summary of "It's Private: Real Estate Debt and Middle Market Direct Lending," a presentation from Callan experts Kristin Bradbury, Alex Browning, and Jay Nayak.

Capital Market Projections for 2017-2026 | Callan prepares capital market projections annually to help guide clients with their long-term strategic planning. We publish three pieces authored by the team that creates them: Jay Kloepfer, John Pirone, CFA, CAIA, and Jim Van Heuit. A **white paper** delves into the process and thinking behind the 2017 figures; a **Manifesto** outlines the reasons that Callan produces its annual capital market projections and the rigorous process behind it; and a "**charticle**" (chart+article) summarizes key figures from Callan's 2017 capital market projections.

It's a (Fiduciary) Trap! But You Don't Have to Fall In | Defined contribution (DC) plan sponsors often worry about landing in hot water for doing the wrong thing. However, many fiduciary issues crop up because plan sponsors have failed to take action. Author Lori Lucas, CFA, Callan's Defined Contribution Practice Leader, lists eight potential fiduciary traps and ways for plan sponsors to avoid falling into them in 2017.

The Callan Periodic Table of Investment Returns (Key Indices: 1997-2016) and Collection | The Periodic Table of Investment Returns depicts annual returns for 10 asset classes, ranked from best to worst performance for each calendar year. The Collection includes 10 additional versions, such as the indices relative to inflation, real estate, and hedge fund sub-strategies.

Periodicals

Real Assets Reporter, Winter/Spring 2017 | Avery Robinson, CAIA, explores how we developed our Real Estate Indicators. We also cover the latest on the real estate market, and share charts and tables on the long-term performance of various real assets.

Private Markets Trends, Winter 2017 | Gary Robertson provides an overview of the environment for private equity in 2016 and a look ahead at 2017. He sees continued liquidity in the private equity market, and writes that distributions will continue to benefit investors.

Hedge Fund Monitor, 4th Quarter 2016 | Jim McKee provides a view of the hedge fund industry and detailed quarterly performance. This quarter's cover story: "Alternative Facts and the Evolving Role of Hedge Funds."

DC Observer, 1st Quarter 2017 | Lori Lucas discusses the best approach to crafting, implementing, and maintaining an investment policy statement for defined contribution plans.

Market Pulse Flipbook, Fourth Quarter 2016 | A quarterly market reference guide covering investment and fund sponsor trends in the U.S. economy, U.S. and non-U.S. equities and fixed income, alternatives, and defined contribution.

Capital Market Review, 4th Quarter 2016 | A quarterly macroeconomic newsletter providing thoughtful insights on the economy and recent performance in equity, fixed income, alternatives, international, real estate, and other capital markets.

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: https://www.callan.com/education/CII/

'Why Diversify'

Our **June Regional Workshops,** June 27 in Atlanta and June 29 in San Francisco, will focus on diversification, which has turned out to be very expensive for U.S.-based investors, especially since the Global Financial Crisis. In this workshop, Callan experts Mark Andersen, Jay Kloepfer, and Brian Smith analyze diversification from multiple angles, answering the questions of whether investors erred in adopting diversified portfolios over the last 30 years, and what investors should do now.

Also mark your calendars for our **October Regional Workshops,** October 24 in New York and October 26 in Chicago.

For more information about events, please contact Barb Gerraty: 415.274.3093 / gerraty@callan.com

The Center for Investment Training Educational Sessions

The Center for Investment Training, better known as the "Callan College," provides a foundation of knowledge for industry professionals who are involved in the investment decision-making process. It was founded in 1994 to provide clients and non-clients alike with basic- to intermediate-level instruction. Our next sessions are:

Introduction to Investments

San Francisco, July 25-26, 2017
Chicago, October 24-25, 2017

This program familiarizes fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals who have less than two years of experience with asset-management oversight and/or support responsibilities. Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

The "Callan College" is equipped to customize a curriculum to meet the training and educational needs of a specific organization. These tailored sessions range from basic to advanced and can take place anywhere—even at your office.

Learn more at https://www.callan.com/education/college/ or contact Kathleen Cunnie: 415.274.3029 / cunnie@callan.com

Education: By the Numbers

500	Attendees (on average) of the Institute's annual National Conference	50+	Unique pieces of research the Institute generates each year
3,500	Total attendees of the "Callan College" since 1994	1980	Year the Callan Institute was founded

"We think the best way to learn something is to teach it. Entrusting client education to our consultants and specialists ensures that they have a total command of their subject matter. This is one reason why education and research have been cornerstones of our firm for more than 40 years."

Ron Peyton, Chairman and CEO

Callan

Quarterly List as of
March 31, 2017

List of Callan's Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor and disclose potential conflicts on an on-going basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Manager Name
1607 Capital Partners, LLC
Aberdeen Asset Management PLC
Acadian Asset Management LLC
AEGON USA Investment Management
Affiliated Managers Group, Inc.
Alcentra
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
American Century Investments
Amundi Smith Breeden LLC
Angelo, Gordon & Co.
Apollo Global Management
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management, LLC
Artisan Holdings
Atlanta Capital Management Co., LLC
Aviva Investors Americas
AXA Investment Managers
Baillie Gifford Overseas Limited
Baird Advisors
Bank of America
Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BlackRock
BMO Global Asset Management
BNP Paribas Investment Partners
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brown Brothers Harriman & Company
BTG Pactual
Cambiar Investors, LLC

Manager Name
Campbell Global, LLC
Capital Group
CastleArk Management, LLC
Causeway Capital Management
Cavanal Hill Investment Management, Inc.
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Management Investment Advisers, LLC
Columbus Circle Investors
Cornerstone Capital Management
Cove Street Capital, LLC
Cramer Rosenthal McGlynn, LLC
Credit Suisse Asset Management
Crestline Investors, Inc.
DDJ Capital Management, LLC
D.E. Shaw Investment Management, L.L.C.
DePrince, Race & Zollo, Inc.
Deutsche Asset Management
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Mgmt. Co.
Eagle Asset Management, Inc.
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fidelity Management & Research
Fiera Capital Corporation
First Eagle Investment Management, LLC
First Hawaiian Bank Wealth Management Division
Fisher Investments
Franklin Templeton
Franklin Templeton Institutional

AGENDA ITEM III.D.

TO: State Investment Board

FROM: Dave Hunter

DATE: May 25, 2017

SUBJECT: **Class Action Claims Filing Review**

The SIB previously approved RIO's recommendation to engage a class action claims monitoring firm to review our historical U.S. activity. Financial Recovery Technologies (FRT) completed this review in May and confirmed that our existing custodian, Northern Trust, provided our clients an excellent overall service for U.S. cases.

In summary, FRT review identified approximately $411,000 of "missed claims", "disputed claims" or potentially recoverable "transition claims" over the past 8.25 years (from January 1, 2009 to March 31, 2017). This equates to roughly $50,000 of incremental cash flow per year ($411,000 divided by 8.25 years = $49,818) before fees.

In comparison, Northern Trust recovered over $2.43 million in recoveries for our SIB clients during the last 5.25 years after fees. This equates to $460,000/year of additional cash flow noting that Northern Trust earned approximately $5,000/year for this service.

FRT has offered to provide U.S. and Global claims filing service on either a fixed fee or contingency basis. FRT has also offered to provide antitrust claims monitoring on a contingency fee. After a presentation by FRT representative John Menard, RIO will discuss the proposal (which may require an executive session) and make a recommendation for consideration by the SIB.

In summary, Northern Trust has done an excellent job for us in the U.S. and we believe that our global claims filing recovery rate may be increased by engaging a firm such as FRT to provide a comprehensive class action claims monitoring service in the future. RIO notes that Northern Trust does not currently offer international class action claims filing (but recently identified two preferred partners to offer this service in the future).

FINANCIAL RECOVERY TECHNOLOGIES

Best in Class Recoveries

NORTH DAKOTA STATE INVESTMENT BOARD

MAY 26, 2017

Class Action Market Evolution

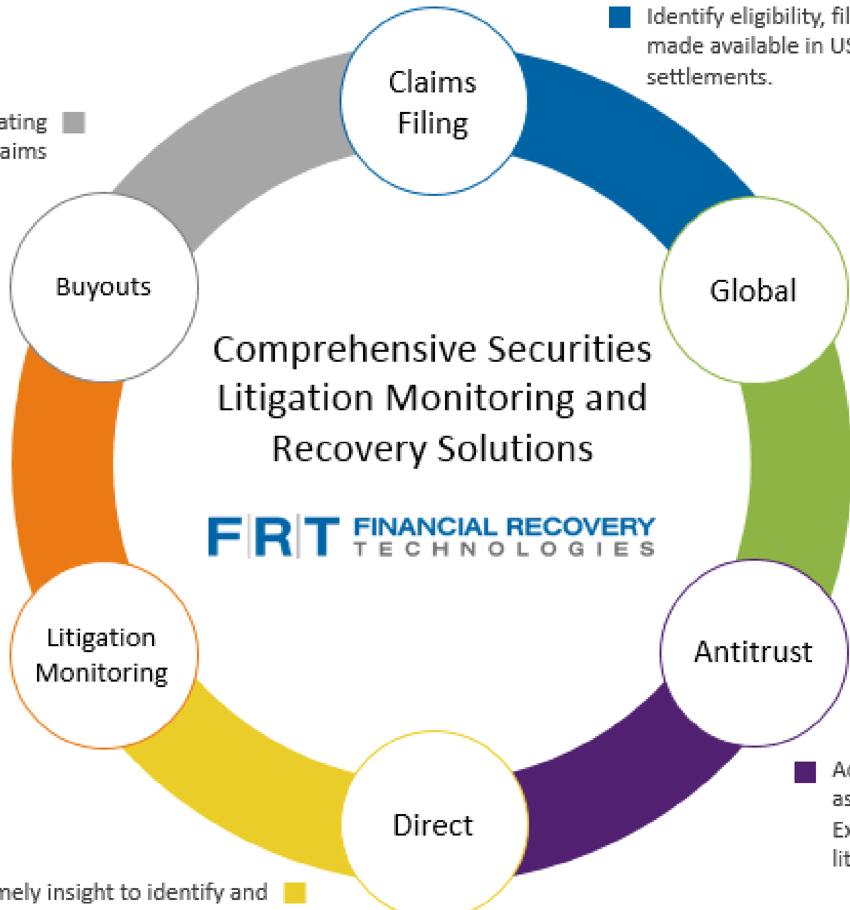
The world of class actions has evolved dramatically over the last five years requiring investors to upgrade their existing governance, controls, and protocols:

- Demand for improved corporate governance and transparency has never been higher. Class actions is not immune.
- Class action “type” activity has increased exponentially
  - Morrison (2010) has led to the growth of active jurisdictions and global group litigations (VW, Toshiba, Tesco, Treasury Wine Estates)
  - Antitrust settlements (CDS, LIBOR, FOREX) are on the rise
  - Appraisal and Direct litigations are increasing (Dell, Petrobras . . .)
- Legacy systems and bespoke manual processes have not kept up with the evolving landscape and can’t handle today’s data requirements
  - Enhanced filing capabilities and pre-filing analysis
  - Claims administrators make mistakes
  - Dynamic reporting and portfolio monitoring

FRT'S SOLUTIONS & SERVICES

Comprehensive Monitoring and Claims Filing Services

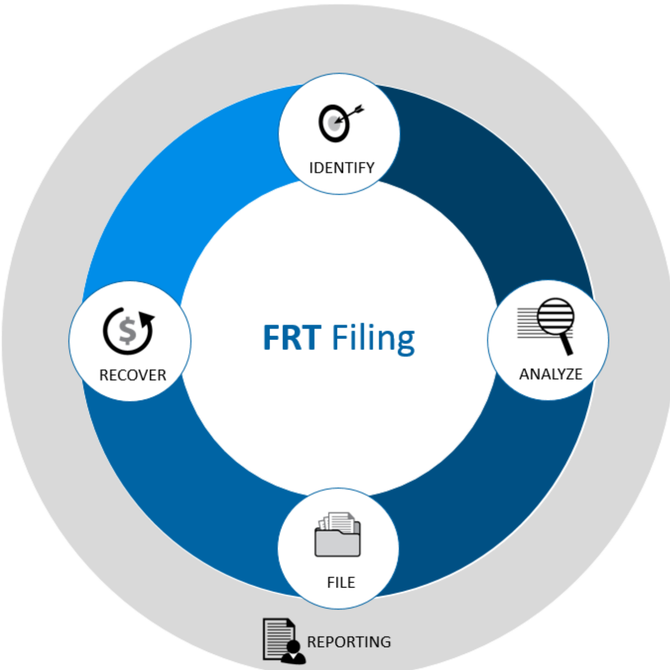
Corporate governance solutions to address the growing complexities of the global securities class action landscape.



- **Claims Filing:** Identify eligibility, file claims and collect funds made available in US securities class action settlements.
- **Global:** Identify and monitor non-U.S. securities litigation to make timely participation decisions
- **Antitrust:** Access insight and case participation assistance into Antitrust, Commodity Exchange Act and other non-securities litigations.
- **Direct:** Access timely insight to identify and participate in strategic opt-out, direct action litigation and appraisal rights opportunities.
- **Litigation Monitoring:** Access real-time securities class action information to make independent, timely participation and lead-plaintiff decisions.
- **Buyouts:** Quantify the value of a liquidating fund's class action claims

FRT Securities Class Action Filing

Identify eligibility, file claims, and recover funds from securities class action settlements



1. **Identify:** FRT proactively scours industry data sources to identify all cases and to ensure that every possible filing can be made.

2. **Analyze:** We analyze and match your trading history against our proprietary database to ensure that all relevant matches are evaluated against open class action cases and that filings are properly prepared

3. **File:** Prepare and submit filings to claims administrators and conduct pre-filing analysis on behalf of customers.

4. **Recover** funds, verify accuracy and remit funds to client

5. **Report:** FRT provides detailed distribution reports that provide a complete accounting and audit trail

Class Action Claims Filing

FRT Class Action Claims Filing, our core service, helps over 500 institutional investors identify eligibility, file claims and collect funds made available in securities class action settlements.

Features	Benefits
• Identification of eligibility in all securities class action settlements, including trading and recognized loss calculation	• Assurance your firm is not missing any cases
• Pre-Filing Analytics and Claims filing for all eligible accounts before the deadline	• Insight into how much each of your firm's claims may be worth
• Constant communication with claims administrators	• Knowledgeable Account Manager provides insight into cases and claims to resolve any issues that may arise
• Payment reconciliation on every case that disburses	• Ensure your firm recovers everything for which its eligible
• Frequent reporting on all eligibility, claim filing and recovery activity	• Visibility and an audit trail of the entire lifecycle of a claim

Client Service is Our Priority

Working with FRT

All clients receive a dedicated client service resource, allowing us to tailor our service to each clients unique needs. Your Account Manager is responsible for the following:

- Coordinated with Northern Trust to onboard your holdings and transactions information and subsequently will ensure we schedule regular data refreshes.
- Manages the data normalization process with our operations staff
- Act as your liaison between FRT's expert legal team and claims administrators as well as facilitate access to senior management
- Be single point of contact for all questions, assist with customizing and defining all your reporting requirements (monthly/quarterly/ad-hoc)

North Dakota State Investment Board Global Litigation Review

Non-US Litigation Summary as of 5/4/2017 — North Dakota State Investment Board

Summary

	Eligible	Current Non-US Activity
Non-US Cases	40	161
Jurisdictions	AU, CH, DE, GB, JP, NL, PT	AU, BE, BR, CA, CH, DE, DK, ES, FR, GB, IT, JP, LU, NL, NZ, PT, SP, TW

Trends in Global Opt-In Litigation and Settlements

2017 YTD: 33 Cases across 8 different jurisdictions

- Increasingly sophisticated class action regimes outside U.S. and Canada
- # Case organizers ↑
- # Dutch Foundations ↑
- Complexity of participation calculus
  - Divergent loss calculations
  - Local methodologies always evolving
  - Covered Instruments
- Pressure on funders' fees ↑
- Alternative fee and funding arrangements

Trends in Antitrust Class Actions

- Reliance on partial defendant data to project Recognized Loss
- Complex modeling to estimate artificial inflation to price or spread
- Online admin portals with estimated transactions and preliminary damages
- Non-U.S. competition-based direct claims (UK, AU, CAN)
- Rise of Dutch Foundations

Different laws impacting the investment community in different ways with unique processes for recovery resulting in investor challenges to data/damages and claims submission

Antitrust Settlement Pipeline Snapshot

FRT is tracking 60+ cases that will impact institutional investors

Forex $2 billion

- Alleged scheme among banks to rig the foreign exchange market, affecting the prices of a variety of FX instruments to the detriment of FX traders
- 9 out of 16 defendants have settled including Bank of America, Barclays, BNP Paribas, Citigroup, Goldman Sachs, HSBC, JP Morgan, RBS, and UBS.

Euribor $139 million

- Alleged fixing the Euro Interbank Offered Rate(Euribor), the benchmark rate used to price and settle futures contracts traded on the NYSE LIFFE exchange, and OTC instruments including interest rate swaps and other Euro-dominated instruments
- To date, Barclays and HSBC have agreed to settle. 15 defendants remain in litigation.

Gold Price Fixing $60 million

- Alleged scheme among banks to manipulate market prices for gold as well as the various financial instruments pegged to gold
- Deutsche Bank is the only bank to settle thus far. Nearly half a dozen banks have yet to settle.

Why FRT?

The world of class actions has evolved dramatically over the last five years requiring investors to evaluate their existing governance, controls, and protocols. FRT's comprehensive suite meets our customers' needs with deep domain expertise, client-centric products, actionable intelligence, powered by the most robust, reliable and resilient technology.

Innovation

- **Disruptive tech business** with a proven track record of being first to market with comprehensive coverage of Global, Antitrust, and Appraisal Rights cases
- **As the industry has evolved, so has FRT**. We've experienced over 50% growth for the past three years and are the leaders in class action recovery with over 70 employees, 550+ clients.

Expertise

- **Unbiased information, analytics and consultative services** to help you make informed decisions, reduce risk and drive Alpha.
- **Dedicated in-house legal and research teams** built to lift hours and hours of work into actionable information and comprehensive alerts.
- **Domain experts in the rising litigations of Global and Antitrust opportunities** – tracking 65 Antitrust cases, 200+ Global cases across every relevant jurisdiction

Technology

- **Purpose-built technology that automates back-end processes** such as claims identification, filing, and recovery and allows us to concentrate our expertise on value-added services
- **Pre- and post-analysis** to automatically calculate recognized loss and reconcile payments with filing options to maximize client returns
- **Continuous investment in our Information Security** – tried and tested by our clients including the largest custodial banks, hedge funds, and pension funds

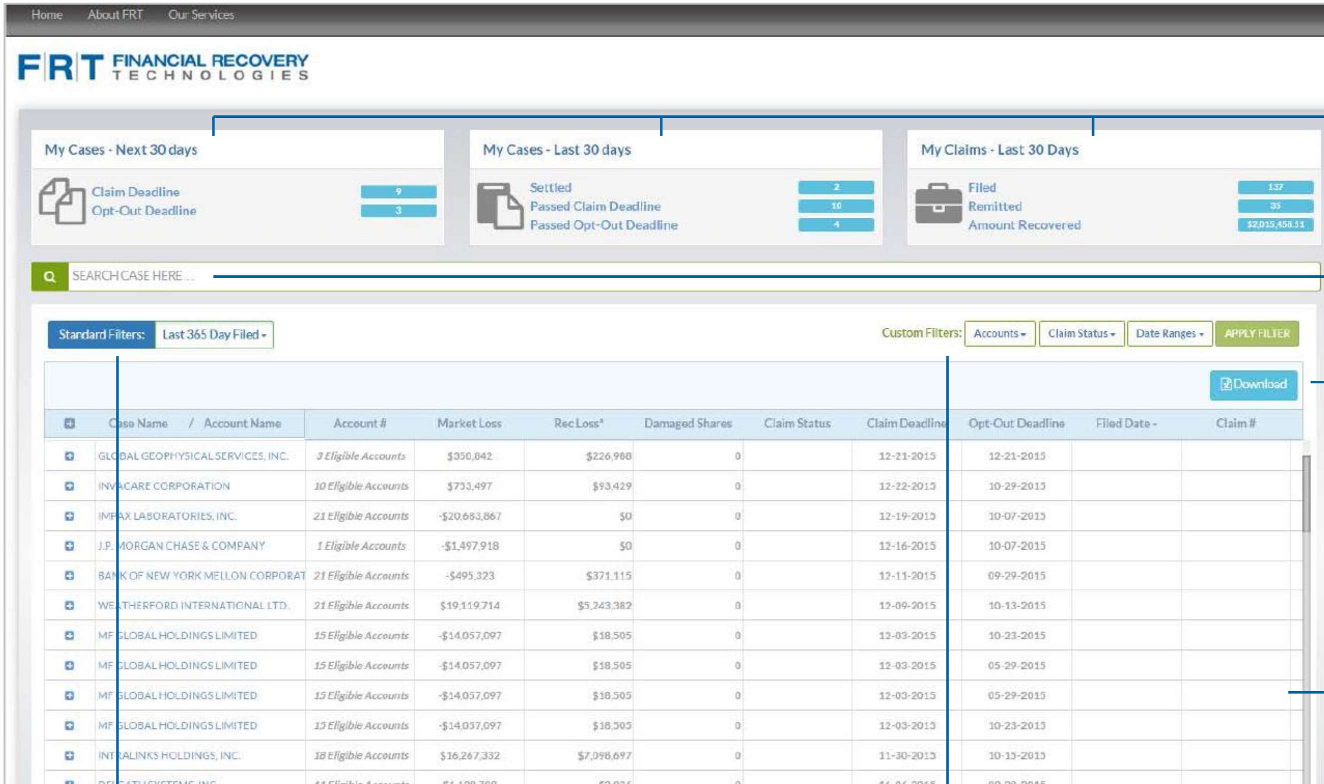
World-Class Service & Operations

- Seasoned leadership team in the financial services industry
- World-Class Service team of 29 client service and operations individuals dedicated to claims filing and recoveries

APPENDIX

FRT Client Portal

Eligibility, Filing, Recovery (EFR)



The Dashboard gives you a quick look into what has happened in your eligible cases and claims within the past 30 days and what to be aware of in the next 30 days.

The Case Search Bar allows you to look up information about any case in our database. Start typing the name of the case or defendant and results matching your entry will appear.

Download whatever data is currently being returned in the grid into a CSV file by selecting the Download button.

The data grid displays information about cases and claims as they stand today. You can expand the Case Row to show your eligible accounts for that case.

Select from a dropdown of **Standard Filters** that return information most frequently asked for including upcoming deadlines, recent settlements, filing and remittance activity, and all cases with eligible accounts.

Define your own **Custom Filters** for specific queries based on eligibility of certain accounts, return claims of a given status, and even specify date ranges for when something has settled, been filed, or remitted.

The Class Action Landscape

- Over 3,000 settled or pending securities class actions over the past 10 years
- Over 300 new cases filed in 2016
- Roughly 150-250 new settlements and 150-250 prior case disbursements each year
- Probability of a company being a target in a given year is 4.2% (221/5,209)
  - Investor with 25 stocks in portfolio is highly likely to have at least one claim per year
  - Large cap stock portfolios have increased frequently
- Over $55B in total settlement dollars have been made available to investors (2007-2016)
- Aggregate annual settlement amount has ranged from $2.7B-11.6B (2007-2016)
- Average settlement amount grew 36% in 2016
- Average settlement size as a percentage of investor losses has ranged from 0.6%-18.4% (1996-2016)

Source: *Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review,* NERA Economic Consulting, January 2017

FRT Global Alerts

FRT FINANCIAL RECOVERY TECHNOLOGIES

FRT Global: Update Alert
April 15, 2016

UPDATED ALERT: GLOBAL OPT-IN OPPORTUNITY

Date of Alert	**April 15, 2016**
Company	**Volkswagen AG (VW)**
Jurisdiction	**Germany, Netherlands**
Exchange	**German and other European exchanges**
Industry	**Automotive**
Claim	**Securities fraud and misrepresentation**

	Jurisdiction Risk[1] Low		High
Costs	✓		
Anonymity		✓	
Discovery		✓	

Summary of Matter

FRT previously alerted you to the 8 efforts being organized against VW in Germany and the Netherlands. The purpose of this Alert is to update you on their progress and participation deadlines, the expansion of covered securities by DRRT, and to highlight the benefits of Dutch Foundation involvement should you wish to participate in this low-risk, low-effort potential settlement vehicle, regardless of your loss size.

Updated Participation Deadlines*

Effort	Old Deadline	New Deadline
DRRT	2/29/2016	5/30/2016
Quinn Emanuel/Bentham	3/18/2016	"As soon as possible"
Rotter	3/31/2016	4/30/2016
Deminor	3/25/2016	"Registration Open"
TISAB	2/29/2016	5/30/2016
Nieding + Barth	9/18/2016	9/18/2016
Labaton Sucharow	"Earlier is better"	5/30/2016
Bernstein Litowitz	"Earlier is better"	5/30/2016

**Note: the deadlines set by each of the organizers above are a function of their respective legal strategies and German Law considerations related to limitation periods for certain trading activity.*

Updated Securities Covered in DRRT Action

DRRT filed an initial complaint on March 14, 2016 covering VW equity securities, and plans to file a second group complaint by September 17, 2016. This second complaint will cover a larger number of affected securities, including certain VW debt and derivatives, as well as shares of Audi AG. Upon request, FRT can update your loss calculations for these additional securities.

Foundation Participation

Joining a Dutch Foundation – being proposed by Labaton Sucharow and Bernstein Litowitz – requires little in terms of risk and effort on the part of joining members. Dutch Foundations are organized for the primary purpose of global resolution of claims through the Court of Appeals in Amsterdam.

Securities Information

Ticker: VOW

CUSIP/ISIN:
DE0007664005 (common)
DE0007664039 (preferred)
Additional securities covered by DRRT action (discussed below)

Relevant Parties

See the Comparison Chart and Participation deadlines in the Summary of Matter section

Participation Requirements

See the Comparison Chart and Participation deadlines in the Summary of Matter section

Next Steps

This Alert and attached Comparison Chart is being provided to assist you in making an informed decision regarding your participation in these matters.

Upon request, FRT will provide your trading data – anonymously and without disclosure of your identity – to any or all of these organizers for further evaluation of your losses and potential claims.

Receive notifications of strategic direct action opportunities likely to result in significant recovery relative to passive claims filing

Quickly access high level case information including name of case, settlement amount, court in which the case is proceeding, and the legal theories under which the claim is being brought.

Jurisdiction Risk: Assess country-specific litigation risks relevant to institutional investors.

- Costs – out of pocket risk for the client joining non-us action
- Anonymity – public exposure of clients name and participation
- Discovery – documentation or testimony requirement

Summary of Matter: Access high level case information including name of case, court in which the case is proceeding, the legal theories under which the claim is being brought, and eligibility requirements.

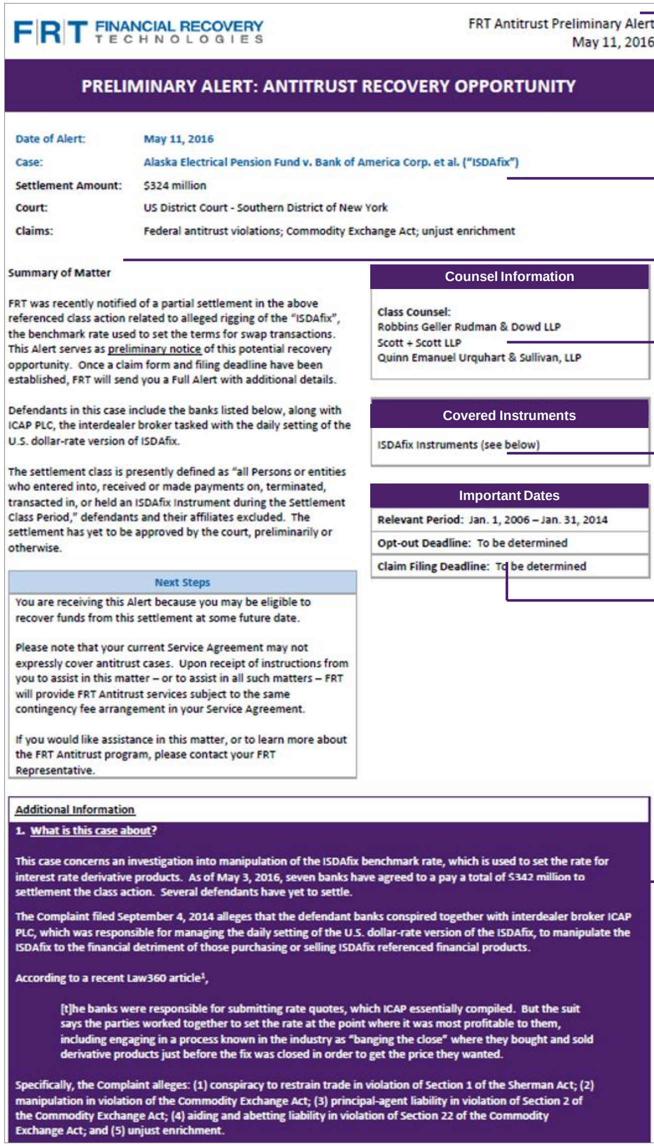
Securities Information: View relevant security identifiers including ticker, ISIN and CUSIP to help identify recovery opportunities and quickly determine eligibility for recovery

Relevant Parties: View partners involved to quickly scan for known counsel to help understand the strength of the case, known claims administrator, 3rd party data providers for preliminary assessment purposes, and litigation funders and investment recovery firms.

Participation Requirements: Understand what documentation and supporting trading data are required for participation

Next Steps: Quickly understand any steps that you may need to take if your firm decides to pursue the global opportunity

FRT Antitrust Alerts



FRT FINANCIAL RECOVERY TECHNOLOGIES

FRT Antitrust Preliminary Alert
May 11, 2016

PRELIMINARY ALERT: ANTITRUST RECOVERY OPPORTUNITY

Date of Alert:	May 11, 2016
Case:	Alaska Electrical Pension Fund v. Bank of America Corp. et al. ("ISDAfix")
Settlement Amount:	$324 million
Court:	US District Court - Southern District of New York
Claims:	Federal antitrust violations; Commodity Exchange Act; unjust enrichment

Summary of Matter

FRT was recently notified of a partial settlement in the above referenced class action related to alleged rigging of the "ISDAfix", the benchmark rate used to set the terms for swap transactions. This Alert serves as preliminary notice of this potential recovery opportunity. Once a claim form and filing deadline have been established, FRT will send you a Full Alert with additional details.

Defendants in this case include the banks listed below, along with ICAP PLC, the interdealer broker tasked with the daily setting of the U.S. dollar-rate version of ISDAfix.

The settlement class is presently defined as "all Persons or entities who entered into, received or made payments on, terminated, transacted in, or held an ISDAfix Instrument during the Settlement Class Period," defendants and their affiliates excluded. The settlement has yet to be approved by the court, preliminarily or otherwise.

Next Steps

You are receiving this Alert because you may be eligible to recover funds from this settlement at some future date.

Please note that your current Service Agreement may not expressly cover antitrust cases. Upon receipt of instructions from you to assist in this matter – or to assist in all such matters – FRT will provide FRT Antitrust services subject to the same contingency fee arrangement in your Service Agreement.

If you would like assistance in this matter, or to learn more about the FRT Antitrust program, please contact your FRT Representative.

Counsel Information

Class Counsel:
Robbins Geller Rudman & Dowd LLP
Scott + Scott LLP
Quinn Emanuel Urquhart & Sullivan, LLP

Covered Instruments

ISDAfix Instruments (see below)

Important Dates

Relevant Period: Jan. 1, 2006 – Jan. 31, 2014
Opt-out Deadline: To be determined
Claim Filing Deadline: To be determined

Additional Information

1. **What is this case about?**

This case concerns an investigation into manipulation of the ISDAfix benchmark rate, which is used to set the rate for interest rate derivative products. As of May 3, 2016, seven banks have agreed to a pay a total of $342 million to settlement the class action. Several defendants have yet to settle.

The Complaint filed September 4, 2014 alleges that the defendant banks conspired together with interdealer broker ICAP PLC, which was responsible for managing the daily setting of the U.S. dollar-rate version of the ISDAfix, to manipulate the ISDAfix to the financial detriment of those purchasing or selling ISDAfix referenced financial products.

According to a recent Law360 article[1],

> [t]he banks were responsible for submitting rate quotes, which ICAP essentially compiled. But the suit says the parties worked together to set the rate at the point where it was most profitable to them, including engaging in a process known in the industry as "banging the close" where they bought and sold derivative products just before the fix was closed in order to get the price they wanted.

Specifically, the Complaint alleges: (1) conspiracy to restrain trade in violation of Section 1 of the Sherman Act; (2) manipulation in violation of the Commodity Exchange Act; (3) principal-agent liability in violation of Section 2 of the Commodity Exchange Act; (4) aiding and abetting liability in violation of Section 22 of the Commodity Exchange Act; and (5) unjust enrichment.

Receive notifications when new cases are added and significant milestones are reached:

- **Preliminary Alerts**: Alert clients that the case has settled and recovery opportunities will be forthcoming.
- **Full Alerts**: Alert clients that the recovery opportunity is available, plan of distribution has been finalized and client should consider taking some sort of action.

Quickly access high level case information including name of case, settlement amount, court in which the case is proceeding, and the legal theories under which the claim is being brought.

Summary of Matter: Provides additional details on the type of notice, known case information and details about the class definition.

Counsel Information: View partners involved to quickly scan for known counsel to help understand the strength of the case, known claims administrator, and 3rd party data providers for preliminary assessment purposes.

Covered Instruments: Determine which instruments are included within the recovery opportunity. Antitrust cases often involve complex financial instruments or contracts not tied to a security identifier, therefore it's critical to understand the covered instruments to determine eligibility for recovery and weight the costs / benefits of getting involved.

Important Dates: View relevant periods for trades in covered instruments, opt-out deadlines for firms with outsized losses and claims filing and data submission deadlines for recovery opportunities.

Additional Information: Supplementing the summary of matter, FRT provides in-depth case information including allegations involved, defendant parties, and case status. In addition, this section provides a comprehensive FAQ of all relevant and known information for assessing eligibility, potential for recovery, potential recovery amount, and ways in which FRT can facilitate in the recovery process.

Ten Largest Settlements

Settlement Name	Settlement Amount
Enron Corporation	$7,242,000,000
WorldCom, Inc.	$6,196,000,000
Cendant Corporation	$3,692000,000
Tyco International Ltd.	$3,200,000,000
AOL Time Warner, Inc.	$2,650,000,000
Bank Of America/Merrill Lynch	$2,425,000,000
Household International, Inc.	$1,577,000,000
Nortel Networks Corp. (I)	$1,143,500,000
Royal Ahold Corporation	$1,100,000,000
Nortel Networks Corp. (II)	$1,074,000,000

Contact Us

FINANCIAL RECOVERY TECHNOLOGIES

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Manager Name
Fred Alger Management, Inc.
Frost Investment Advisors, LLC
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
GlobeFlex Capital, L.P.
GMO
Goldman Sachs Asset Management
Great Lakes Advisors, LLC
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Hartford Funds
Hartford Investment Management Co.
Heitman LLC
Henderson Global Investors
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Income Research + Management, Inc.
Insight Investment Management Limited
INTECH Investment Management, LLC
Invesco
Investec Asset Management
Ivy Investments
Janus Capital Management, LLC
Jensen Investment Management
Jobs Peak Advisors
J.P. Morgan Asset Management
Kayne Anderson Capital Advisors LP
KeyCorp
Lazard Asset Management
Legal & General Investment Management America
Lincoln National Corporation
LMCG Investments, LLC
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
Man Investments Inc.
Manulife Asset Management
Macquarie Investment Management (formerly Delaware Investments)
McKinley Capital Management, LLC
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
MUFG Union Bank, N.A.
Neuberger Berman
Newton Investment Management (fka Newton Capital Management)
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management

Manager Name
Nuveen Investments, Inc.
OFI Global Asset Management
Old Mutual Asset Management
Opus Capital Management Inc.
O'Shaughnessy Asset Management, LLC
Pacific Investment Management Company
Peregrine Capital Management, Inc.
PGIM
PGIM Fixed Income
PineBridge Investments
Pioneer Investments
PNC Capital Advisors, LLC
Principal Global Investors
Private Advisors, LLC
Putnam Investments, LLC
QMA (Quantitative Management Associates)
RBC Global Asset Management
Regions Financial Corporation
Reinhart Partners, Inc.
RidgeWorth Capital Management, Inc.
Rockefeller & Co., Inc.
Rothschild Asset Management, Inc.
Russell Investments
Santa Barbara Asset Management
Santander Global Facilities
Schroder Investment Management North America Inc.
Smith, Graham & Co. Investment Advisors, L.P.
Smith Group Asset Management
Standard Life Investments Limited
Standish
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
T. Rowe Price Associates, Inc.
Taplin, Canida & Habacht
The Boston Company Asset Management, LLC
The Hartford
The London Company
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tri-Star Trust Bank
UBS Asset Management
Van Eck Global
Versus Capital Group
Victory Capital Management Inc.
Vontobel Asset Management, Inc.
Voya Financial
Voya Investment Management (fka ING)
Waterton Associates L.L.C.
WCM Investment Management
WEDGE Capital Management
Wellington Management Company, LLP
Wells Capital Management
Western Asset Management Company
William Blair & Company

AGENDA ITEM III.E.

BOARD ACCEPTANCE REQUESTED

TO: State Investment Board

FROM: Dave Hunter

DATE: May 19, 2017

SUBJECT: **PERS, Job Service and City of Grand Forks Park District – Recommended Investment Policy Statement Changes**

RIO requests the SIB accept investment policy statement changes recently approved by the boards which oversee the plans for PERS, Job Service and City of Grand Forks Park District.

On May 17, 2017, the PERS board approved the recommendation of RIO, SEI and Gabriel Roeder Smith & Company (GRS) to de-risk the Job Service pension plan by reducing equities to 30% (from 40%) and increasing fixed income to 70% (from 60%). This recommendation was made by RIO and SEI due to the Job Service plan being closed with a funded ratio in excess of 143% assuming a discount rate of 6.0% (or 157% assuming a discount rate of 7.0%). PERS staff was instrumental in moving this de-risking strategy forward noting that they engaged their actuarial consulting firm (GRS) to review the overall recommendation and impact on the plan's funded ratio. In a PERS investment sub-committee in mid-May, GRS confirmed the reasonableness of this proposed de-risking strategy. SEI was also instrumental in analyzing this change by proposing the specific asset allocation policy which was approved by the PERS board on May 17, 2017.

Job Service

Asset Class	Current	Portfolio A
US Managed Volatility Equity	24.0	18.0
Global Managed Volatility Equity	16.0	12.0
Total Equity	**40.0**	**30.0**
US High Yield	3.0	3.0
Emerging Markets Debt	3.0	3.0
Core Fixed Income	19.0	23.0
Limited Duration Fixed Income	19.0	22.0
Diversified Short Term Fixed Income	10.0	12.0
Short Term Corporate Fixed Income	6.0	7.0
Total Fixed Income	**60.0**	**70.0**
Portfolio Metric (Net of Fees)		
Expected Return (Short Term)	5.0	4.6
Expected Return (Equilibrium)	7.0	6.7
Standard Deviation	7.5	6.4
Risk of Loss (5^{th} percentile-Short Term)	-6.6	-5.4

On April 27, 2017, the PERS board approved a reduction in the actuarial rate of return to 7.75% from 8.00%. RIO supports this 0.25% reduction noting that it is consistent with the actuarial rate of return adopted by TFFR in the prior year given that they have similar asset allocation policies. There are no other changes recommended to the PERS investment policy statement or asset allocation at this time. PERS current asset allocation is 58% equity, 23% fixed income and 19% real assets. For comparison, TFFR's asset allocation is 58% equity, 23% fixed income and 18% real assets and 1% cash.

On May 2, 2017, the City of Grand Forks Park District board approved a change in the Global Real Asset Allocation in which Infrastructure was increased to 7% (from 5%) and Timber was decreased to 3% (from 5%). RIO recommends this change given that the SIB is not committing any new capital to the timber sector such that our timber investment is effectively in a liquidation mode. In contrast, SIB clients continue to commit new capital to infrastructure. As such, this sector aligns the City of Grand Forks Park District real asset allocation with our other SIB clients with a timber allocation.

Based on the above factors, RIO requests the SIB accept the client board approved investment policy statements changes as highlighted below:

1. **Job Service - Reduce equity to 30% (from 40%) and increase fixed income to 70% (from 60%) as detailed in SEI and RIO's staff recommendation;**

2. **PERS Main Plan – Reduce actuarial assumed rate of return to 7.75% from 8.00%; and**

3. **City of Grand Forks Park District – Revise the 10% allocation to Global Real Assets by increasing infrastructure to 7% (from 5%) and reducing timber to 3% (from 5%).**

RETIREMENT PLAN FOR EMPLOYEES OF JOB SERVICE NORTH DAKOTA
INVESTMENT POLICY STATEMENT

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

The Retirement Plan for the Employees of Job Service North Dakota (Plan) is a defined benefit retirement plan for the eligible employees hired before October 1, 1980. There have been no new entrants to the plan since October 1, 1980. The plan provides retirement benefits, disability benefits and survivor benefits consistent with the written Plan document. Until October 1, 1993, annuities were purchased from the Travelers for retirees, since that date retiree benefits are paid from Plan assets. Annual cost of living adjustments for all Plan pensioners including annuitants with the Travelers are paid from Plan assets. The NDPERS Board (the Board) is the Plan Administrator and administers the Plan in accord with Chapter 52-11 of the North Dakota Century Code.

Job Service North Dakota as the employer contributes 4% of the active participant's salary as a contribution 'on behalf of the employee' and the active participants pay 3% of their salary into Plan assets.

Each year the Plan has an actuarial valuation performed. The current actuarial assumed rate of return on assets is **6.5%**.

2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-01, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with the Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

3. DELEGATION OF AUTHORITY

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).

2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:

   a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
   b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
   c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.

3. Guidelines for the selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).

4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

4. INVESTMENT GOALS

The investment objectives of the Plan have been established by the Plan's Administrator upon consideration of its strategic objectives and a comprehensive review of current and projected financial requirements.

Objective #1: To maintain a level of surplus sufficient to eliminate the need for future contributions;

Objective #2: To achieve a rate of return which exceeds the rate of inflation, as measured by the Consumer Price index (CPI), by 3.0 or more percentage points per year (based on current actuarial assumptions of 7.0% return and 2-to-3% inflation), over a complete market cycle; and

Objective #3: As a secondary objective, to maximize the Plan's surplus to increase future benefit payments.

5. INVESTMENT PERFORMANCE OBJECTIVE

The NDPERS Board will seek to make investments that generate sufficient return to meet the goals outlined in this policy. The objectives established in this section are in accordance with the fiduciary requirement in federal and state law.

It is in the best interest of NDPERS and its beneficiaries that performance objectives be established for the total Fund. It is clearly understood these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Statement of Investment Goals, Objectives and Policies.

a) The funds rate of return, over the long term should equal that of the policy portfolio which is comprised of policy weights of appropriate asset class benchmarks as set by the SIB.

b) The annual standard deviation of total returns for the Fund should not materially exceed that of the policy portfolio by more than 15%.

c) Over 5-year and longer periods the fund should match or exceed the expected rate of return projected in the most recent asset/liability study without exceeding the expected risk for the period as measured by standard deviation by more than 15%.

6. ASSET ALLOCATION

The NDPERS Board as plan Administrator establishes the asset allocation of the Fund, with input from consultants and SIB staff. The current asset allocation is based upon the asset/liability study completed by SEI Consultants in **2016**. That study provided an appraisal of current cash flow projections and estimates of the investment returns likely to be achieved by the various asset classes.

In recognition of the Plan's objectives, projected financial status, and capital market expectations, the following asset allocation options were deemed appropriate for the Fund:

Domestic Equity - 18%
Global Equity - 12%
U.S. High Yield Bonds - 3%
Emerging Markets Debt - 3%
Core Fixed Income - 23%
Limited Duration Fixed Income - 22%
Diversified Short Term Fixed Income - 12%
Short Term Corporate Fixed Income - 7 %

Rebalancing of the Fund to this target allocation will be done in accordance with the SIB's rebalancing policy, but not less than annually.

7. RESTRICTIONS

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.

b. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.

c. All assets will be held in custody by the SIB's master custodian or such other custodians as are acceptable to the SIB.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

d. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

Economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

e. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

(1) The cost does not exceed the fair market value at the time of investment.

(2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

(3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.

(4) The safeguards and diversity that a prudent investor would adhere to are present.

8. INTERNAL CONTROLS

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

9. EVALUATION

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A review of fund progress and its asset allocation strategy.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.

____	____
J. Sparb Collins **Plan Administrator and Trustee** **Retirement Plan for Employees of** **Job Service North Dakota**	**David Hunter** **Executive Director** **North Dakota Retirement and Investment Office**
Date:_____________________________________	Date:_____________________________________

STATEMENT OF
INVESTMENT GOALS, OBJECTIVES AND POLICIES
FOR THE PARK DISTRICT OF THE CITY OF GRAND FORKS, NORTH DAKOTA PENSION PLAN

INVESTMENT POLICY STATEMENT

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

The Park District of the City of Grand Forks, North Dakota Pension Plan (the “Plan”) is a cost-sharing public employee pension plan operated by The Park District of the City of Grand Forks, North Dakota (the “District”) which serves as the Plan Administrator (“Administrator”) and Plan Sponsor (“Sponsor”). All employees are required to participate in the Plan. Some participants have elected to cease benefit accruals under the Plan as of January, 1, 2010 and to participate in the North Dakota Public Employees Retirement System (“NDPERS”) pension plan. All future hires after December 31, 2009, will be required to participate in the NDPERS plan. The investment assets of the Plan are held within the Plan Fund (“Fund”).

Benefit provisions are established by the Park Board (“Board”) of the Sponsor. The employers contribute such amounts as necessary to provide the promised benefits. The contribution amounts are determined by the annual actuarial valuation report and approved by the Board.

2. FUND GOALS

The plan benefits are financed through both employer and employee contributions and the investment earnings on assets held in the Fund. The Board recognizes that a sound investment program is essential to meet the pension obligations.

As a result, the Fund goals are to:

- Improve the Plan’s funding status to protect and sustain current and future benefits.
- Minimize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid substantial volatility in required contribution rates and fluctuations in the Plan’s funding status.
- Accumulate a funding surplus to provide increases in retiree annuity payments to preserve the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the District’s financial performance. These goals affect the Fund’s investment strategies and often represent conflicting goals. For example, minimizing the long-term funding costs implies a less conservative investment program, whereas dampening the volatility of contributions and avoiding large swings in the funding status implies a more conservative investment program. The Board places greater emphasis on the strategy of improving the funding status and reducing the contributions that must be made to the Fund, as it is most consistent with the long-term goal of conserving money to apply to other important projects.

3. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

The Board has entered into a contract with the SIB for investment services as allowed under NDCC 21-10-06. The Board is responsible for establishing policies on investment goals and asset allocation of the Fund. The SIB is charged with implementing these policies and investing the assets of the Fund in the manner provided in NDCC 21-10-07, the prudent investor rule. Under this rule, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The Fund must be invested exclusively for the benefit of the members and their beneficiaries in accordance with this investment policy.

Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, who must establish written policies for the operation of the investment program, consistent with this investment policy.

The SIB may delegate investment responsibility to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory, not advisory.

At the discretion of the SIB, the Fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, keeping, and terminating money managers. SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.

The SIB will implement changes to this policy as promptly as is prudent.

4. RISK TOLERANCE

The Board is unwilling to undertake investment strategies that might jeopardize the ability of the Fund to finance the pension benefits promised to plan participants. However, funding the pension promise in an economical manner is critical to the Board's ability to continue to provide pension benefits to plan participants. Thus, the Board actively seeks to lower the cost of funding the plan's pension obligations by taking on risk for which it expects to be compensated over the long term. The Board understands that a prudent investment approach to risk taking can result in periods of under-performance for the Fund in which the funding status may decline. These periods, in turn, can lead to higher required contribution rates. Nevertheless, the Board believes that such an approach, prudently implemented, best serves the long-run interests of the District and, therefore, of plan participants.

5. INVESTMENT OBJECTIVES

The Board's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

1. The fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.
2. The fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.
3. The risk-adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

6. POLICY ASSET MIX

Benefit payments are projected to occur over a long period of time. This allows the Board to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates. After consideration of all the inputs and a discussion of its own collective risk tolerance, the Board approves the appropriate policy asset mix for the Fund.

Asset Class	Policy Target(%)
Global Equity	65
Domestic Equity	45
Large	40
Small	5
International Equity	15
Developed	12
Emerging	3
Private Equity	5
Global Fixed Income	25
Domestic Fixed	25
Investment Grade	25
Global Real Assets	10
Infrastructure	**7**
Timber	**3**

While the Board recognizes fluctuations in market values will lead to short-term deviations from policy targets, the Board does not intend to engage in tactical asset allocation. Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy, but not less than annually.

7. RESTRICTIONS

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
b. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
c. No transaction shall be made which threatens the tax exempt status of the Fund.
d. All assets will be held in custody by the SIB's master custodian or such other custodians as are acceptable to the SIB.
e. No unhedged short sales or speculative margin purchases shall be made.

f. Social investing is prohibited unless it meets the exclusive benefit rule, and it can be substantiated that the investment provides an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

   For the purpose of this document, social investing is defined as the consideration of socially responsible criteria in the investment or commitment of public fund money for the purpose of obtaining an effect other than a maximized return to the Fund.

g. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

   For the purpose of this document economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

   Also, for the purpose of this document, the Exclusive Benefit Rule is met if the following four conditions are satisfied:

   (1) The cost does not exceed the fair market value at the time of investment.
   (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
   (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
   (4) The safeguards and diversity that a prudent investor would adhere to are present.

   Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

8. INTERNAL CONTROLS

A system of internal controls must be in place by the SIB to prevent losses of public funds arising from fraud or employee error. Such controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for investment manager selection and monitoring. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

9. EVALUATION AND REVIEW

Investment management of the Fund will be evaluated against the Fund's investment objectives. Emphasis will be placed on five year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.

Performance reports will be provided to the Board periodically, but not less than annually. Such reports will include asset returns and allocation data as well as information regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including, but not limited to:

1. A list of the advisory services managing investments for the SIB.
2. A list of investments at market value, compared to previous reporting period, of each account managed by each advisory service.
3. Earnings, percentage earned, and change in market value of each account's investments.

4. Comparison of the performance of each account managed by each advisory service to other accounts under the SIB's control and to generally accepted market indicators.
5. All material legal or legislative proceedings affecting the SIB.
6. Compliance with this investment policy statement.

Trustee for the Park District of the City of Grand Forks, North Dakota Pension Plan	David J. Hunter Executive Director/CIO Retirement and Investment Office
By: ________________________________	________________________________
Date: ______________________________	Date: ____________________________

Approved by the Park District of the
City of Grand Forks - May 2, 2017

Approved by the SIB -

ND STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING

Thursday May 25, 2017 – 3:00 PM
Peace Garden Room, North Dakota State Capitol
600 E Boulevard Ave, Bismarck, ND 58505

AGENDA

1. Call to Order and Approval of Agenda – Chair (committee action) (5 minutes)

2. Approval of February 23, 2017 Minutes – Chair (committee action) (5 minutes)

3. Presentation of July 1, 2016 to June 30, 2017 Fiscal Year Financial Audit Scope and Approach and Final GASB 68 Schedule Audit Report – CliftonLarsonAllen (committee action)(60 minutes)

4. 2016 - 2017 Third Quarter Audit Activities Report – Terra Miller Bowley (committee action)(10 minutes)

5. 2017-2018 Audit Services Workplan, Budgeted Hours, Employer Risk Assessment, and TFFR Employer Audit Plan – Terra Miller Bowley (committee action)(45 minutes)

6. Fraud Hotline – Terra Miller Bowley (information)(5 minutes)

7. Audit Services TFFR Board Education – Terra Miller Bowley (information)(5 minutes)

8. 2017-2018 SIB Audit Committee Meeting Schedule – Terra Miller Bowley (committee action)(5 minutes)

9. 2017-2018 SIB Audit Committee Membership – Terra Miller Bowley (information)(5 minutes)

10. Other – Next SIB Audit Committee Meeting

    PENDING APPROVAL
    North Dakota State Capitol Building
    Thursday September 22, 2017 - 1:00 PM
    Peace Garden Room

11. Adjournment

Any individual requiring an auxiliary aid or service should contact the Retirement and Investment Office at (701) 328-9885 at least (3) days prior to the scheduled meeting.

STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
FEBRUARY 23, 2017, MEETING

COMMITTEE MEMBERS PRESENT:	Rebecca Dorwart, Chair Mike Gessner, TFFR Board (TLCF) Mike Sandal, PERS Board Cindy Ternes, Workforce Safety & Insurance Josh Wiens, External Representative
STAFF PRESENT:	Bonnie Heit, Assist to the Audit Committee David Hunter, ED/CIO Fay Kopp, Dep ED/CRO Terra Miller Bowley, Suprv Audit Services Dottie Thorsen, Internal Auditor
GUESTS:	Jan Murtha, Attorney General's Office

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 3:00 p.m. on Thursday, February 13, 2017, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. SANDAL AND CARRIED ON A VOICE VOTE TO APPROVE THE AGENDA FOR THE FEBRUARY 23, 2017, MEETING AS DISTRIBUTED.

AYES: MR. SANDAL, MS. TERNES, MR. WIENS, MR. GESSNER, AND MS. DORWART
NAYS: NONE
MOTION CARRIED

MINUTES:

IT WAS MOVED BY MR. SANDAL AND SECONDED BY MR. WIENS AND CARRIED ON A VOICE VOTE TO ACCEPT THE NOVEMBER 17, 2016, MINUTES AS AMENDED.

AYES: MR. GESSNER, MR. SANDAL, MS. TERNES, MR. WIENS, AND MS. DORWART
NAYS: NONE
MOTION CARRIED

AUDIT ACTIVITIES REPORT:

Ms. Miller Bowley reviewed activities of the Audit Division for the period of October 1, 2016 – December 31, 2016.

As of February 23, 2017, 17 employer audits were completed with three more estimated to be closed within the next 30 days. Ms. Miller Bowley stated a 100 percent audit is currently being done on Ft. Yates and will likely encompass three fiscal years.

Ms. Miller Bowley indicated the Audit Division is currently in the fourth audit cycle, which commenced on May 23, 2016, and is estimated to be completed in 7-8 years if 20-25 audits are completed per year.

The TFFR File Maintenance Audit was completed for the first quarter of fiscal year 2017 and no exceptions were noted.

An organization wide RIO employee survey was administered in December 2016 to provide employees the opportunity to evaluate the effectiveness of the Executive Director/CIO in the areas of leadership, communications, and valuing employees. This survey is in conjunction with the annual Executive Limitations Audit.

Ms. Miller Bowley also stated Audit Services continues to pursue networking and professional development opportunities via the IIA’s local chapter, Central Nodak.

Discussion followed on employers who have reoccurring reporting discrepancies.

IT WAS MOVED BY MR. WIENS AND SECONDED BY MS. TERNES AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE OCTOBER 1, 2016 – DECEMBER 31, 2016, AUDIT ACTIVITIES REPORT.

AYES: MS. TERNES, MR. WIENS, MR. SANDAL, MR. GESSNER, AND MS. DORWART
NAYS: NONE
MOTION CARRIED

EXECUTIVE LIMITATIONS AUDIT:

Ms. Miller Bowley stated the Executive Limitations Audit for the period of January 1, 2016 through December 31, 2016, has been completed. On an annual basis Audit Services completes an annual review of the Executive Director/CIO’s level of compliance with SIB Governance Manual Executive Limitation policies A1-A11.

Audit Services review found the Executive Director/CIO was in compliance with the policies.

IT WAS MOVED BY MR. SANDAL AND SECONDED BY MR. WIENS AND CARRIED BY A VOICE VOTE TO ACCEPT THE EXECUTIVE LIMITATIONS AUDIT FOR THE 2016 CALENDAR YEAR.

AYES: MR. GESSNER, MR. WIENS, MR. SANDAL, MS.TERNES, AND MS. DORWART
NAYS: NONE
MOTION CARRIED

GASB 68 SCHEDULE AUDIT:

Ms. Miller Bowley informed the Committee CliftonLarsonAllen has concluded their audit of the GASB 68 schedules. The final audit report was issued in December 2016. CliftonLarsonAllen will be in attendance at the Audit Committee’s May 25, 2017, meeting to present the results of the audit as well as the audit scope and approach for the upcoming financial audit of RIO for fiscal year July 1, 2016 to June 30, 2017.

TFFR EMPLOYER AUDITING:

Ms. Miller Bowley requested Ms. Jan Murtha, RIO legal counsel, to clarify N.D.C.C. §15-39.1-23 as far as options available to TFFR to encourage participating employers to improve accuracy in reporting and implement audit recommendations.

Ms. Murtha is under the opinion, based on the information provided to her, and review of the applicable statutory authority and TFFR policies, that the current enforcement tools available to TFFR could be utilized more frequently. Ms. Murtha recommended that the TFFR Board engage in a more proactive use of these existing tools prior to seeking statutory authority for additional enforcement options. Ms. Murtha suggested the following in response to Ms. Miller Bowley's concerns on behalf of the SIB Audit committee:

- Review and consider amendments to Policies C-8 and C-9 of the TFFR Program Manual to provide additional clarity regarding TFFR's reporting expectations for employers;
- Review and consider amendments to Policies C-8 and C-9 of the TFFR Program Manual to provide additional clarity regarding the circumstances under which penalties will be assessed;
- Review the process by which a civil money penalty and the restriction on the disbursement of state funds is applied and consider elaborating on this process in policy or administrative rule.

Discussion followed on the above recommendations. Ms. Dorwart suggested RIO personnel discuss the recommendations by legal counsel, put a plan together, and report back to the Audit Committee.

ANNUAL MEETINGS WITH RIO STAFF:

On an annual basis or at the will of the Chair, the Audit Committee may elect to meet with RIO's Management and or Supervisor of Audit Services separately and out of the presence of the independent auditors to discuss/review any concerns regarding the audit program at RIO per the Audit Committee Charter.

The Audit Committee elected to meet with Mr. Hunter and Ms. Kopp. The meeting began at 3:50 pm and concluded at 4:08 pm.

The Audit Committee elected to meet with Ms. Miller Bowley and Ms. Thorsen. The meeting began at 4:10 pm and concluded at 4:45 pm.

The Audit Committee appreciated the discussion with staff and felt it was beneficial to talk about issues and what are the priorities. The Audit Committee felt TFFR policies as currently applied under N.D.C.C. §15-39.1-23 need to be expanded in order for RIO's Audit Division to be effective. The Audit Committee left it up to RIO personnel to discuss the issues and put a plan together that works for them and the Governing bodies. The Audit Committee felt Ms. Miller Bowley and Ms. Thorsen continue to do a wonderful job.

OTHER:

The next Audit Committee meeting is scheduled for Thursday, May 25, 2017, at 3:00 pm at the State Capitol, Peace Garden Room.

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 4:50 p.m.

Respectfully Submitted:

____
Ms. Rebecca Dorwart, Chair
SIB Audit Committee

____
Bonnie Heit
Assistant to the Audit Committee

Performance Evaluation
Mr. David Hunter, Executive Director/Chief Investment Officer
May 25, 2017

Evaluation Process:

In compliance with the State Investment Board (SIB) Governance Policy, a performance evaluation of the Executive Director/Chief Investment Officer was conducted. A survey instrument was completed by each of the members of the SIB. The instrument was designed to evaluate compliance with the SIB Governance Ends Policy and Executive Limitations Policies, focusing on board meetings, board relations, office operations, investment programs and program operations, public/legislative relations, and professional skills and development. The instrument used the following three-point scale: 1- Does Not Meet Expectations, 2-Meets Expectations, and 3 - Exceeds Expectations.) In addition to the survey, the performance evaluation included a review of the Executive Limitations Audit Report Calendar Year 2016, the ED/CIO Effectiveness Survey Results Calendar Year 2016, the RIO Financial Audit Fiscal Year Ended 06/31/2016, and the Quarterly Monitoring Reports. Mr. Hunter also completed a self-assessment of his performance for consideration.

On April 18 the Executive Review Committee reviewed the results of the survey and discussed areas of strength and developmental opportunities. The results and subsequent discussion form the basis for the formal evaluation, which will be reviewed with Mr. Hunter. The evaluation will be presented to the SIB for final approval at the May 26 SIB Board Meeting.

Findings and Conclusions:

- All members of the SIB completed the evaluation survey.
    - Of the eleven board members responding to the 29 questions, the results were as follows:
        - "Meets Expectations" or "Exceeds Expectations" comprised 98.4% (312 of 317) of the responses.
        - "Does Not Meet Expectations" comprised 0.6% (2 of 317) of the responses.
        - "Not Applicable" comprised 1% (3 of 317) of the responses.
    - The composite score improved from 2.06 in 2015 to 2.24 in 2016.
    - Board members were particularly pleased with the appropriateness of information provided to the SIB, the positive work environment Mr. Hunter fosters, and the effectiveness with which Mr. Hunter advises, monitors and reports on the performance of investments.

- All eighteen employees participated in the ED/CIO Effectiveness Survey Results for Calendar Year 2016, resulting in the following:
    - Employees continue to provide the ED/CIO with high marks with regards to leadership.

- Employees are confident in the ED/CIO and overwhelmingly believe that he demonstrates integrity, sets an example for others, shows genuine concern for staff, and treats everyone with respect.
- Communication within the office is an area of mixed findings. While the majority of responses (74%) were positive in their ratings of intra-office communication, a number of the responses (26%) indicated a need for improvement.

- Thirteen of the fourteen SIB Customer boards responded to the Client Satisfaction Survey, resulting in the following:
    - Clients assigned an overall rating of 3.6 on a 4-point scale. This is comparable to the previous year's overall rating of 3.7 on a 4-point scale.
    - Comments received were very positive and complimentary.
    - Two responses requested a faster turn-around time on reports.

- Investment Performance
    - Every SIB client generated positive excess returns for the five years ending 12/31/16. These returns were achieved in a risk controlled framework through the prudent use of active management.
    - Investment management fees have been reduced from .65% in FY 2013 to .42% in FY 2016. This translates into over $20 million in annual savings.
    - Under Mr. Hunter's leadership, the RIO staff continue to closely monitor all investments to provide the SIB with strategic recommendations based upon careful due diligence in a timely manner.

In summary, this evaluation has reinforced our perception that Mr. Hunter's performance is exceptional. He has solid credibility among those with whom he interacts. His strong communication skills foster understanding among the SIB board members, clients, legislators, and other stakeholders, which creates an environment where positive decisions are made and fiduciary responsibilities are accomplished.

Mr. Hunter is cognizant of and committed to areas that need continued attention and improvement. In particular, he will continue to find methods to improve intra-office communication, increase transparency, work to improve cyber-security and continue to build upon his success in working with the legislature.

[signature] May 25, 2017

Mr. David Hunter, State Investment Board ED/CIO — Date

Yvonne M. Smith 5/25/17

Ms. Yvonne M. Smith, Executive Review Committee Chair — Date

CODE OF CONDUCT FOR MEMBERS OF A PENSION SCHEME GOVERNING BODY

CFA Institute

CFA Institute

CODE OF CONDUCT FOR MEMBERS OF A PENSION SCHEME GOVERNING BODY

CFA Institute is the global association of investment professionals that sets the standards for professional excellence. We are a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community.

Our mission is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

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Contents

Preamble

The conduct of those who govern **pension schemes**[1] significantly impacts the lives of millions of people around the world who are dependent on pensions for their retirement income. Consequently, it is critical that **pension plans**, also known as systems, schemes, or funds, are overseen by a strong, well-functioning **governing body** in accordance with fundamental ethical principles of honesty, integrity, independence, fairness, openness, and competence.

Codes of conduct addressing professional activities are standard practice for many successful investment firms and have become increasingly common among public and private pension schemes. Such codes are established to improve the performance of schemes sponsored by private enterprise and public pension schemes alike. Just as there is no one-size-fits-all governance structure for investment firms, there is no single governance structure that can be universally applied to pension schemes. Varying goals, restrictions, political environments, market conditions, manager/**trustee** competencies, regulatory schemes, and many other factors will affect the appropriate governance structure for any pension scheme.

This *Code of Conduct for Members of a Pension Scheme Governing Body* (the code) represents best practice for members of the pension governing body when complying with their duties to the pension scheme. Whether public or private, each pension scheme board that adopts the code will demonstrate its commitment to serving the best interests of **participants** and **beneficiaries**.

The code provides guidance to those *individuals* overseeing the management of the scheme regarding their individual duties and responsibilities and is not meant to replace the overall policies and procedures established for the governance of the pension scheme. However, to reflect best ethical practice, incorporating the fundamental ethical principles embodied in this code will enhance those policies and procedures.

Depending on the nature and type of pension scheme, members of the governing body may have responsibility for overseeing the administration of benefits as well as the scheme's investment decision-making process. All of the principles outlined in this code apply equally to the officials' duties in each of these roles.

[1]Bold indicates terms defined in Appendix A.

For the purposes of this document, pension plans, systems, and funds are referred to collectively as "plans" or "schemes" and the individuals who serve on the governing body of the plans, schemes, or funds are referred to as "trustees."

Code of Conduct

Pension trustees

1. Act in good faith and in the best interest of the scheme participants and beneficiaries.
2. Act with prudence and reasonable care.
3. Act with skill, competence, and diligence.
4. Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty.
5. Abide by all applicable laws, rules, and regulations, including the terms of the scheme documents.
6. Deal fairly, objectively, and impartially with all participants and beneficiaries.
7. Take actions that are consistent with the established mission of the scheme and the policies that support that mission.
8. Review on a regular basis the efficiency and effectiveness of the scheme's success in meeting its goals, including assessing the performance and actions of scheme service providers, such as investment managers, consultants, and actuaries.
9. Maintain confidentiality of scheme, participant, and beneficiary information.
10. Communicate with participants, beneficiaries, and supervisory authorities in a timely, accurate, and transparent manner.

Code of Conduct Guidance

1. Act in good faith and in the best interest of the scheme participants and beneficiaries.

The overriding objective of the pension scheme is to serve as a secure source of retirement income. Pension scheme trustees have a primary duty to act for the benefit of the scheme participants and beneficiaries. Trustees comply with this duty by striving to safeguard and grow the assets of the pension scheme to provide maximum benefit to the scheme participants and beneficiaries.

To act in the participants' and beneficiaries' best interest, an effective trustee will

- Consider the different types of beneficiaries relevant to each pension scheme, including **deferred beneficiaries** and pensioners. Trustees often engage in a delicate balancing act of taking sufficient risk to generate long-term returns high enough to support real benefit increases for active participants who will become future beneficiaries while avoiding a level of risk that jeopardizes the safety of the payments to existing pensioners.
- Place the benefit of the scheme participants and beneficiaries above that of the **sponsor** of the pension scheme even if the trustee is employed by or appointed to the board of the pension scheme by the scheme's sponsor.
- Consider whether the position of the scheme is enhanced by any investment or action and will not be swayed by other considerations, such as the interests of the employer sponsor of the pension or other external institutions (e.g., trade unions or political parties).

However, trustees who exclusively seek to enhance the position of participants and beneficiaries cannot discount additional considerations, such as the effect of the trustees' decisions on the financial health and viability of the scheme sponsor or their impact on scheme investments.

In carrying out their responsibilities, effective trustees will

- Consider the additional objectives of ensuring an adequate match between plan assets and liabilities, maintaining stable funding costs over time, keeping management costs down, and paying benefits upon the death, disability, retirement, or other special circumstances of plan members.

- Carry out the scheme activities in a way that does not impose an unnecessary financial burden on the plan sponsor and serves the interests of plan members well but without excessive burden to the plan sponsor.

- Consider the position of other stakeholders when carrying out their duties to the fund. If appropriate under applicable law, it is acceptable for a trustee to consider the impact that the investment of scheme assets may have—for example, creating jobs or stimulating industry in the local area—so long as the interests of the participants and beneficiaries remain paramount.

- Consider all relevant risk and value factors deemed appropriate when designing the scheme's investment strategy. In addition to typical financial measures, these factors may include environmental, social, and corporate governance issues.

2. Act with prudence and reasonable care.

Effective trustees will exhibit the care and prudence necessary to meet their obligations to pension scheme participants and beneficiaries. The exercise of prudence requires acting with the appropriate levels of care, skill, and diligence that a person acting in a like capacity and familiar with such matters would use under the same circumstances.

In the context of serving as a trustee, prudence requires

- Acting in a judicious manner to avoid harming scheme participants and beneficiaries.

- Acting in good faith, without improper motive or purpose.

- Exercising power and discretion consistently.

- Following the investment parameters set forth by the scheme documents and applicable regulation.

- Having appropriate knowledge of and skill in balancing risk and return by seeking appropriate levels of diversification.

Pension schemes typically employ experts to advise, direct, and implement the decisions of their trustees. Both internal staff and **external consultants** are retained for this purpose. These "designees" thereby partner with the trustees in carrying out the responsibilities set forth in this code. However, external third-party service providers and professional consultants may have less accountability or vested interest in the outcome of actions resulting from their advice.

Trustees can rely on external third-party service providers and professional consultants provided that the trustees have made reasonable and diligent effort to

- Determine that the service providers act with appropriate skill, competence, and diligence.
- Determine that third-party experts are independent and free of conflicts of interest and have the proper incentives to act in the best interests of the fund participants.
- Ensure that the designees' decisions have a reasonable and adequate basis and that the decision process is adequately documented.

Trustees may also consider

- Appointing expert trustees.
- Hiring internal staff with investment expertise who may act as an internal consultant.
- Developing an internal investment team to manage the fund directly.

However, although the delegation of certain trustee responsibilities to experts is a prudent option, the trustees retain the ultimate fiduciary duty and responsibility to monitor the experts and to ensure that the delegated responsibilities are carried out appropriately.

3. Act with skill, competence, and diligence.

Skill and diligence require trustees to be knowledgeable about the matters and duties with which they have been entrusted. Ignorance of a situation or an improper course of action on matters for which the trustee is responsible or should at least be aware is a violation of this code. Improper or ill-advised decisions can be costly to the pension scheme and detrimental to the scheme's participants and beneficiaries. Prior to taking action on behalf of the scheme, effective trustees and/or their designees analyze the potential investment opportunities and act only after undertaking due diligence to ensure they have sufficient knowledge about specific investments or strategies.

Effective trustees will have knowledge and understanding of

- Trust and pension laws.
- Pension scheme funding and liabilities.
- The policies of the scheme.
- The strategies in which the scheme is investing.
- Investment research and will consider the assumptions used—such as risks, inflation, and rates of return—as well as the thoroughness of the analysis performed, the timeliness and completeness of the information, and the objectivity and independence of the source.
- The basic structure and function of the selected investments and securities in which the scheme invests.
- How investments and securities are traded, their liquidity, and any other risks (including counterparty risk).

The level of such analysis will depend on the investment style and strategy employed by the scheme. Certain types of investments, such as hedge funds, private equity, or more sophisticated derivative instruments, necessitate more thorough investigation and understanding than do fundamental investments, such as straightforward and transparent equity, fixed-income, or mutual fund products. Trustees may seek appropriate expert or professional guidance if they believe themselves lacking the expertise necessary to make an informed decision.

Trustees should not act—or fail to act—for the beneficiaries if lacking appropriate understanding or knowledge.

- Trustees are expected to take any training or educational opportunities necessary to ensure that their level of knowledge and understanding about pensions and investments remains current.
- Incumbent trustees and the pension scheme sponsor have a responsibility to ensure that new trustees receive proper training and education to fulfill their duties.

4. Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty.

Effective trustees endeavor to avoid actual and potential conflicts of interest between their work with the pension scheme and other personal or outside interests. Conflicts of interest are many and varied, but the interests of pension scheme participants and beneficiaries are paramount.

Effective trustees

- Strive to avoid even the appearance of impropriety. Outside duties or responsibilities should not influence decisions because the trustee acts primarily for the beneficiaries and participants of the scheme.
- Take great care to put their duties to the pension scheme before their loyalty to the sponsoring entity that appointed them (such as a company plan sponsor or labor union).
- Do not solicit political contributions from service providers to the fund, either personally or on behalf of another.
- Do not allow political interests, philosophy, or political party loyalty to influence decisions made on behalf of the scheme.

- Do not put themselves in a position where their interests and the interests of the pension scheme conflict. Trustees who also are pension scheme participants or beneficiaries should take precautions to avoid any personal profit at the expense of the scheme.

- Do not use the prestige or influence of their position for private gain or advantage.

- Avoid any employment or contractual relationship with, or any interest in, firms that provide services to the pension scheme.

- Are not involved in any retention or termination decisions of such firms or otherwise vote on matters related to the trustees' firms.

- Refuse any gift or benefit that could reasonably be expected to affect their independence, objectivity, or loyalty.

- Do not receive or accept, directly or indirectly, any gift, service, favor, entertainment, or any other thing of value from anyone currently engaged by or seeking business from the pension scheme if it could reasonably be expected to influence a decision or be considered a reward. The governing body should establish a written policy limiting the acceptance of gifts and entertainment in a variety of contexts.

- Refuse to accept gifts or entertainment of more than a minimal value from service providers, consultants, potential investment targets, or other business partners. Pension scheme governing bodies should define what the minimum value is and should consult applicable regulations, which may help establish limits as well. The governing body should also create a reporting mechanism for disclosure of gifts and consider creating limits (e.g., amount per time period, per vendor) for accepting gifts and prohibit the acceptance of any cash gifts.

To the extent conflicts may not be avoided, effective trustees recognize and take appropriate measures to deal with and manage the conflict, such as

- Disclosing all real or perceived conflicts of interests.

- Abstaining from a vote or excluding themselves from any deliberations in which they are in direct conflict.

- Ensuring that the pension scheme has procedures in place to manage and disclose any such conflicts. Policies should be appropriate to the circumstances and level of control that the trustees have over trading decisions of the fund.

- Documenting and disclosing to the pension scheme the acceptance of any gift or entertainment.

The overriding principle is that trustees should act in the best interests of the participants of the pension scheme and disclose any conflicts of interest.

The personal and business relationships that are built among the trustees or between trustees and outside experts, such as **investment managers**, are an intangible asset to be leveraged for the benefit of the scheme. The scheme should adopt policies to prohibit former trustees from using information gained about the scheme or relationships with incumbent trustees, investment managers, or other experts for personal benefit.

5. Abide by all applicable laws, rules, and regulations, including the terms of the scheme documents.

The pension scheme governing body, having been vested with the power to manage and administer the pension scheme, is responsible for ensuring adherence to the terms of the arrangement, statutes, bylaws, contract, trust instrument, or other associated governing documents. As a general matter, pension schemes operate in a complex, varied, and rapidly changing regulatory environment. Generally, trustees are not expected to master the nuances of technical, complex law or become experts in compliance with pension regulation.

Effective trustees

- Consult with professional advisers retained by the scheme to provide technical expertise on applicable law and regulation.
- Regularly investigate and ensure that the pension scheme has adopted and updated compliance policies and procedures designed to maintain compliance with laws and regulations that govern the pension scheme.
- Report any suspected illegal, unethical, or financial irregularities to the appropriate parties, including the scheme's internal auditor.

Policies and procedures are critical tools to ensure that pension schemes meet their legal and ethical requirements. Specific policies and procedures of the pension scheme supplement the fundamental principle-based ethical concepts embodied in this code. Documented compliance procedures will assist trustees in fulfilling the responsibilities enumerated in this code.

6. Deal fairly, objectively, and impartially with all participants and beneficiaries.

To maintain the trust that beneficiaries of the pension scheme place in them, trustees deal with all scheme participants and beneficiaries in a fair and objective manner. Effective trustees do not give preferential treatment to beneficiaries within a particular class of members or otherwise favor one class over the others. Many schemes have different types of participants: **active members** who are making contributions and accruing benefits, deferred members who have left employment but have not transferred their assets and will draw future benefits when reaching retirement age, and **retirees**, including spouses of deceased members, who are currently drawing retirement benefits. Effective trustees balance the interests of all types of members, treating each category of member fairly.

7. Take actions that are consistent with the established mission of the scheme and the policies that support that mission.

Effective trustees develop and implement comprehensive written investment policies that set forth the mission, beliefs, and strategic investment plans that guide the investment decisions of the scheme (the "policies").

Trustees

- Draft written policies that include a discussion of risk tolerances, return objectives, liquidity requirements, liabilities, tax considerations, and any legal, regulatory, or other unique circumstances.
- Review and approve the scheme's investment policies as necessary, but at least annually, to ensure that the policies remain current.

- Only take investment actions that are consistent with the stated objectives and constraints of these established scheme policies.
- Consider the suitability of investments given the needs of the pension scheme, its future (or projected) liabilities, risk tolerance, and diversification goals.
- Select investment options within the context of the stated mandates or strategies and appropriate asset allocation.
- Establish policy frameworks within which to allocate risk for both asset mix policy risk and active risk as well as frameworks within which to monitor performance of the asset mix policies and the risk of the overall pension fund.
- Work to achieve the proper investment blend to reflect the sometimes competing interests among the different classes of scheme members while focusing on long-term stability and growth.
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8. Review on a regular basis the efficiency and effectiveness of the scheme's success in meeting its goals, including assessing the performance and actions of scheme service providers, such as investment managers, consultants, and actuaries.

Effective trustees have the knowledge and understanding to critically review and verify the performance of the scheme's investment managers.

Trustees

- Develop disciplined decision rules for hiring, firing, and retaining investment managers that foster a long-term investment focus and are consistent with the scheme's investment policy statement. Hiring and firing decisions should be made by considering well-reasoned criteria that may include performance, organizational or operational strength, personnel quality, and other considerations.

- Ensure that the investment entity managing scheme assets employs qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.
- Ensure that investment managers and consultants retained by the scheme adopt and comply with adequate compliance and professional standards.
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10. Communicate with participants, beneficiaries, and supervisory authorities in a timely, accurate, and transparent manner.

Full and fair disclosure of relevant information is a fundamental ethical principle of capital markets and the investment services industry. Developing and maintaining clear, timely, and thorough communication practices is critical to providing high-quality financial services to scheme participants and beneficiaries.

Trustees have a responsibility to

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Appendix A. Definitions

Active member. See **Participants**.

Beneficiaries. Those persons who are no longer making contributions to the pension scheme but who are receiving benefits.

Deferred member or **Beneficiary.** Those persons who are eligible for benefits in the future but who are no longer making contributions.

External consultant. An individual or entity outside the pension plan retained to provide professional services to the plan, including assisting the plan in selecting investment managers.

Governing body. The group of persons or legal entity responsible for managing and safeguarding the assets of the pension scheme.

Investment manager. An individual or entity retained by the pension scheme to invest the assets of the plan.

Participants. Those persons who are participating in the pension scheme by making contributions but who are not yet receiving benefits.

Pension plan or **Pension scheme.** An arrangement whereby a public or private employer, such as a corporation, labor union, or government agency, provides income through deferred compensation to its employees after retirement.

Plan sponsor. The entity that establishes the pension scheme and employs the members of the scheme.

Retirees. Those persons who are receiving pension benefits from the scheme.

Trustee. An individual who serves on the governing body of a pension plan, scheme, or fund.

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The Code of Conduct for Members of a Pension Scheme Governing Body (the code) is a joint effort to develop and promote a code of professional conduct for individuals who sit on the governing bodies of pension funds. The CFA Institute Centre for Financial Market Integrity invited representatives from a number of industry organizations to participate in a working group that guided the creation of the initial draft of the code. We are grateful to the following groups who contributed to the working group's efforts: the Council of Institutional Investors (United States), the National Association of Pension Funds (United Kingdom), the Dutch Association of Industry-wide Pension Funds, the Swiss Pension Funds Association, the Hong Kong Retirement Schemes Association, and the Organisation for Economic Co-operation and Development. We are also thankful for the efforts of individuals and organizations who reviewed the document and sent in their contributions during the public comment period.

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CODE OF CONDUCT FOR MEMBERS OF A PENSION SCHEME GOVERNING BODY

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CFA Institute is the global association of investment professionals that sets the standards for professional excellence. We are a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community.

Our mission is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

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Preamble

The conduct of those who govern **pension schemes**[1] significantly impacts the lives of millions of people around the world who are dependent on pensions for their retirement income. Consequently, it is critical that **pension plans**, also known as systems, schemes, or funds, are overseen by a strong, well-functioning **governing body** in accordance with fundamental ethical principles of honesty, integrity, independence, fairness, openness, and competence.

Codes of conduct addressing professional activities are standard practice for many successful investment firms and have become increasingly common among public and private pension schemes. Such codes are established to improve the performance of schemes sponsored by private enterprise and public pension schemes alike. Just as there is no one-size-fits-all governance structure for investment firms, there is no single governance structure that can be universally applied to pension schemes. Varying goals, restrictions, political environments, market conditions, manager/**trustee** competencies, regulatory schemes, and many other factors will affect the appropriate governance structure for any pension scheme.

This *Code of Conduct for Members of a Pension Scheme Governing Body* (the code) represents best practice for members of the pension governing body when complying with their duties to the pension scheme. Whether public or private, each pension scheme board that adopts the code will demonstrate its commitment to serving the best interests of **participants** and **beneficiaries**.

The code provides guidance to those *individuals* overseeing the management of the scheme regarding their individual duties and responsibilities and is not meant to replace the overall policies and procedures established for the governance of the pension scheme. However, to reflect best ethical practice, incorporating the fundamental ethical principles embodied in this code will enhance those policies and procedures.

Depending on the nature and type of pension scheme, members of the governing body may have responsibility for overseeing the administration of benefits as well as the scheme's investment decision-making process. All of the principles outlined in this code apply equally to the officials' duties in each of these roles.

[1]Bold indicates terms defined in Appendix A.

For the purposes of this document, pension plans, systems, and funds are referred to collectively as “plans” or “schemes” and the individuals who serve on the governing body of the plans, schemes, or funds are referred to as “trustees.”

Code of Conduct

Pension trustees

1. Act in good faith and in the best interest of the scheme participants and beneficiaries.

2. Act with prudence and reasonable care.

3. Act with skill, competence, and diligence.

4. Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect their loyalty.

5. Abide by all applicable laws, rules, and regulations, including the terms of the scheme documents.

6. Deal fairly, objectively, and impartially with all participants and beneficiaries.

7. Take actions that are consistent with the established mission of the scheme and the policies that support that mission.

8. Review on a regular basis the efficiency and effectiveness of the scheme's success in meeting its goals, including assessing the performance and actions of scheme service providers, such as investment managers, consultants, and actuaries.

9. Maintain confidentiality of scheme, participant, and beneficiary information.

10. Communicate with participants, beneficiaries, and supervisory authorities in a timely, accurate, and transparent manner.

Code of Conduct Guidance

1. Act in good faith and in the best interest of the scheme participants and beneficiaries.

The overriding objective of the pension scheme is to serve as a secure source of retirement income. Pension scheme trustees have a primary duty to act for the benefit of the scheme participants and beneficiaries. Trustees comply with this duty by striving to safeguard and grow the assets of the pension scheme to provide maximum benefit to the scheme participants and beneficiaries.

To act in the participants' and beneficiaries' best interest, an effective trustee will

- Consider the different types of beneficiaries relevant to each pension scheme, including **deferred beneficiaries** and pensioners. Trustees often engage in a delicate balancing act of taking sufficient risk to generate long-term returns high enough to support real benefit increases for active participants who will become future beneficiaries while avoiding a level of risk that jeopardizes the safety of the payments to existing pensioners.
- Place the benefit of the scheme participants and beneficiaries above that of the **sponsor** of the pension scheme even if the trustee is employed by or appointed to the board of the pension scheme by the scheme's sponsor.
- Consider whether the position of the scheme is enhanced by any investment or action and will not be swayed by other considerations, such as the interests of the employer sponsor of the pension or other external institutions (e.g., trade unions or political parties).

However, trustees who exclusively seek to enhance the position of participants and beneficiaries cannot discount additional considerations, such as the effect of the trustees' decisions on the financial health and viability of the scheme sponsor or their impact on scheme investments.

In carrying out their responsibilities, effective trustees will

- Consider the additional objectives of ensuring an adequate match between plan assets and liabilities, maintaining stable funding costs over time, keeping management costs down, and paying benefits upon the death, disability, retirement, or other special circumstances of plan members.

- Carry out the scheme activities in a way that does not impose an unnecessary financial burden on the plan sponsor and serves the interests of plan members well but without excessive burden to the plan sponsor.

- Consider the position of other stakeholders when carrying out their duties to the fund. If appropriate under applicable law, it is acceptable for a trustee to consider the impact that the investment of scheme assets may have—for example, creating jobs or stimulating industry in the local area—so long as the interests of the participants and beneficiaries remain paramount.

- Consider all relevant risk and value factors deemed appropriate when designing the scheme's investment strategy. In addition to typical financial measures, these factors may include environmental, social, and corporate governance issues.

2. Act with prudence and reasonable care.

Effective trustees will exhibit the care and prudence necessary to meet their obligations to pension scheme participants and beneficiaries. The exercise of prudence requires acting with the appropriate levels of care, skill, and diligence that a person acting in a like capacity and familiar with such matters would use under the same circumstances.

In the context of serving as a trustee, prudence requires

- Acting in a judicious manner to avoid harming scheme participants and beneficiaries.

- Acting in good faith, without improper motive or purpose.

- Exercising power and discretion consistently.

- Following the investment parameters set forth by the scheme documents and applicable regulation.

- Having appropriate knowledge of and skill in balancing risk and return by seeking appropriate levels of diversification.

Pension schemes typically employ experts to advise, direct, and implement the decisions of their trustees. Both internal staff and **external consultants** are retained for this purpose. These "designees" thereby partner with the trustees in carrying out the responsibilities set forth in this code. However, external third-party service providers and professional consultants may have less accountability or vested interest in the outcome of actions resulting from their advice.

Trustees can rely on external third-party service providers and professional consultants provided that the trustees have made reasonable and diligent effort to

- Determine that the service providers act with appropriate skill, competence, and diligence.
- Determine that third-party experts are independent and free of conflicts of interest and have the proper incentives to act in the best interests of the fund participants.
- Ensure that the designees' decisions have a reasonable and adequate basis and that the decision process is adequately documented.

Trustees may also consider

- Appointing expert trustees.
- Hiring internal staff with investment expertise who may act as an internal consultant.
- Developing an internal investment team to manage the fund directly.

However, although the delegation of certain trustee responsibilities to experts is a prudent option, the trustees retain the ultimate fiduciary duty and responsibility to monitor the experts and to ensure that the delegated responsibilities are carried out appropriately.

3. Act with skill, competence, and diligence.

Skill and diligence require trustees to be knowledgeable about the matters and duties with which they have been entrusted. Ignorance of a situation or an improper course of action on matters for which the trustee is responsible or should at least be aware is a violation of this code. Improper or ill-advised decisions can be costly to the pension scheme and detrimental to the scheme's participants and beneficiaries. Prior to taking action on behalf of the scheme, effective trustees and/or their designees analyze the potential investment opportunities and act only after undertaking due diligence to ensure they have sufficient knowledge about specific investments or strategies.

Effective trustees will have knowledge and understanding of

- Trust and pension laws.
- Pension scheme funding and liabilities.
- The policies of the scheme.
- The strategies in which the scheme is investing.
- Investment research and will consider the assumptions used—such as risks, inflation, and rates of return—as well as the thoroughness of the analysis performed, the timeliness and completeness of the information, and the objectivity and independence of the source.
- The basic structure and function of the selected investments and securities in which the scheme invests.
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Investment manager. An individual or entity retained by the pension scheme to invest the assets of the plan.

Participants. Those persons who are participating in the pension scheme by making contributions but who are not yet receiving benefits.

Pension plan or **Pension scheme.** An arrangement whereby a public or private employer, such as a corporation, labor union, or government agency, provides income through deferred compensation to its employees after retirement.

Plan sponsor. The entity that establishes the pension scheme and employs the members of the scheme.

Retirees. Those persons who are receiving pension benefits from the scheme.

Trustee. An individual who serves on the governing body of a pension plan, scheme, or fund.

CFA Institute

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CFA INSTITUTE CENTRE FOR FINANCIAL MARKET INTEGRITY

The Code of Conduct for Members of a Pension Scheme Governing Body (the code) is a joint effort to develop and promote a code of professional conduct for individuals who sit on the governing bodies of pension funds. The CFA Institute Centre for Financial Market Integrity invited representatives from a number of industry organizations to participate in a working group that guided the creation of the initial draft of the code. We are grateful to the following groups who contributed to the working group's efforts: the Council of Institutional Investors (United States), the National Association of Pension Funds (United Kingdom), the Dutch Association of Industry-wide Pension Funds, the Swiss Pension Funds Association, the Hong Kong Retirement Schemes Association, and the Organisation for Economic Co-operation and Development. We are also thankful for the efforts of individuals and organizations who reviewed the document and sent in their contributions during the public comment period.

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AGENDA ITEM IV.D.

INFORMATIONAL

TO:	State Investment Board
FROM:	Dave Hunter
DATE:	May 19, 2017
SUBJECT:	**Callan College Onsite – July 28, 2017**

Callan College will be held at Bismarck State College Energy Center – Room #335 from 8:30 am to 2:00 pm on Friday, July 28th. The proposed agenda is as follows:

8:30 - 8:45	Introduction and Welcome Remarks
8:45 - 9:45	Capital Market Theory
9:45 - 10:00	Break
10:00 - 11:00	Asset Allocation
11:00 - 12:00	Role of the Fiduciary and Investment Policy Statements
12:00 - 12:45	Lunch - Hosted by Callan Associates *Guest Speaker - Jena Gullo, Executive Director, MSA United Way*
12:45 – 2:00	Fixed Income Manager Interviews (if necessary)

Callan College is divided into three major segments: Capital Market Theory; Asset Allocation; and Fiduciary Practices. The session is intended to provide fund sponsor trustees and staff with an understanding of functional investment theory, terminology, and best practices. It is designed for individuals who are relatively new to investment oversight responsibilities.

Participants will gain a fundamental understanding of the basics behind Capital Market Theory, Asset Allocation, and their role as fiduciaries including their purpose within the structure of investment programs. The session includes:

- An overview of capital market theory, characteristics of various asset classes and the processes by which fiduciaries implement their investment decisions;
- A review of asset allocation and how risk and return objectives are analyzed within the framework of promised benefits and funding responsibilities; and
- An introduction to fiduciary issues as they pertain to fund management and oversight.

Section Descriptions:

Capital Market Theory – The objective of this section is to demystify investment terminology, explain key investment fundamentals, provide sound basis for investment decisions, and discuss how institutional clients apply theory in their board rooms. This course will examine the quantitative tools used in asset allocation, style analysis, manager structure, manager search, investment policy, and performance measurement.

Asset Allocation – The objection of this section is to provide an overview of asset/liability modeling from the standpoint of the plan sponsor, investment manager, and consultant. Callan will delve into why it is important, when sponsors review their allocations and how the review takes place. Integral to this discussion is a description on how capital market assumptions; efficient portfolios (the efficient frontier), correlation, and diversification play a role in creating asset mix alternatives. The trade-off between risk and return is examined in detail. We define risk tolerance, return need and demonstrate how sponsors and consultants select the appropriate mix.

The Role of the Fiduciary – The objective of this section is to define the role of the fiduciary. We do this by tracing the history of fiduciary conduct and describing the appropriate activities of persons responsible for the assets of others. We examine the various laws and concepts governing the activities of fiduciaries and translate these concepts into practical guidelines. We explore and describe the differences among different plan types and the laws governing each.