Callan

March 31, 2015

Tucson Supplemental Retirement System

Investment Measurement Service Quarterly Review

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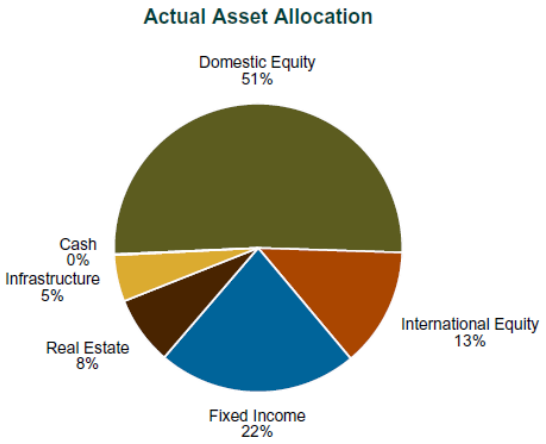
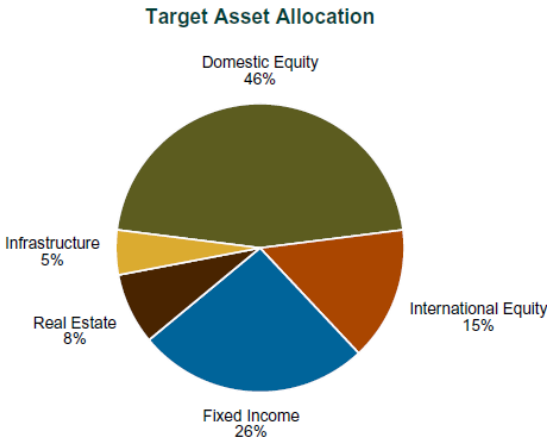
Tucson Supplemental Retirement System

Executive Summary for Period Ending March 31, 2015

Asset Allocation





Total Fund Performance

Returns for Periods Ended March 31, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 years
Total Fund Gross	2.23%	7.86%	12.14%	10.91%	7.23%
Total Fund Net	2.14%	7.39%	11.60%	10.34%	6.69%
Total Fund Benchmark*	2.21%	8.22%	10.58%	10.34%	7.04%

Fiscal Year Returns

	June 2014 - Mar. 2015	2014	2013	2012	2011
Total Fund Gross	3.85%	19.64%	14.84%	2.40%	23.19%
Total Fund Net	3.53%	19.11%	14.21%	1.82%	22.52%
Total Fund Benchmark*	4.20%	16.97%	12.87%	3.04%	22.53%

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Recent Developments

- NA

Organizational Issues

- In May 2015, T. Rowe Price announced that James Kennedy, Chief Executive Officer, President, and Chair of the firm's Management Committee will step down from his current positions at year-end and retire from the firm in April 2016. Kennedy has been with the firm for 38 years and served as CEO and President for nine years. William Stromberg will succeed Kennedy on January 1, 2016. Stromberg will additionally join the Board of Directors. Stromberg currently heads Global Equity and Global Equity Research and has been with the firm for 28 years.

- In January 2015, Causeway Capital Management announced the promotion of Ellen Lee as a fundamental portfolio manager, effective immediately. Lee will continue to maintain her research efforts in utilities, energy, industrials, and consumer discretionary sectors. Lee joined the firm in August 2007 as a research associate.

- In January 2015, Aberdeen Asset Management announced that Paul Atkinson, Philadelphia-based Head of North American Equities, will be leaving the firm and returning to Europe with his family, effective June 30, 2015. As a result, Ralph Bassett, Deputy Head of Northern American Equities, will assume head of the team. Bassett has been with the North American Equity team since 2006 and was appointed Deputy Head of the team by Atkinson in 2012.

Active Manager Performance

	Peer Group Ranking		
Fund	Last Year	Last 3 Years	Last 5 Years
PIMCO Stocks Plus	49	6	11
T. Rowe Price Large Cap Growth	59	14	[16]
Champlain Mid Cap	52	50	[46]
Pyramis Small Cap	29	19	20
Causeway International Value Equity	72	22	15
Aberdeen EAFE Plus	92	[98]	[69]
PIMCO Fixed Income	54	4	27
J.P. Morgan Strategic Property Fund	63	18	37
LaSalle Income and Growth Fund	96	94	98
JP Morgan Income and Growth Fund	44	8	1

** Brackets indicate actual performance linked with manager composite*

- Aberdeen EAFE Plus – This product invests in non-U.S. stocks Aberdeen believes are high quality and reasonably priced. The first full quarter for TSRS's investment with Aberdeen was the second quarter of 2013 and over that period Aberdeen has returned 7.0% per annum while the MSCI ACWI ex-U.S. benchmark returned 10.1%. This has been a noticeably difficult period of performance for Aberdeen though it is not inconsistent with their philosophy to protect in down markets at the expense of lower upside in rising equity markets. This is evident in Aberdeen's low volatility of return versus peers and portfolio positioning in sectors and companies that have historically exhibited more defensive characteristic such as consumer staples, industrials, and telecommunication. A period of less than three years is a short time-frame to examine an investment manager with a long-term view. Aberdeen's performance is shown on pages 63-64.

- LaSalle Income and Growth Fund - The Fund started in 2005, which was a very challenging vintage year as many closed-end real estate products launched at that time are now projecting negative life IRR's. This fund was designed to purchase properties that needed improvement such as leasing or physical upgrades. The portfolio purchased about 25 investments with 70% of assets in either apartment or office properties. LaSalle has sold the last property in the fund and is in the process of returning money to investors. As of 3/31/15, LaSalle's net IRR since inception for the portfolio is -5.5%. LaSalle's performance is shown on pages 77 & 78.

Tucson Supplemental Retirement System
Statement of Pension Investment Policy and Objectives
Quantitative Watchlist Criteria

- One-Year Performance (measured on a quarterly basis)

  1. Fixed Income and Open-End Real Estate Portfolios
     - Underperform benchmark by 2.0% and bottom 25% in peer group for two consecutive quarters.

       LaSalle fails this measure. The portfolio has sold its final investment and returning money to investors.

  2. Passively Managed Portfolios
     - Underperform benchmark by 0.5%

       None

  3. Actively Managed Equity Portfolios
     - Underperform benchmark by 5.0% and bottom 25% in peer group for two consecutive quarters.

       None

- Three-Year performance (annualized, measured on rolling quarterly basis)

  1. Actively Managed Portfolios
     - Underperform benchmark and bottom 60% in peer group for two consecutive quarters.

       Aberdeen EAFE Plus meets this criterion. As of 3/31/15, the three-year return for Aberdeen was 4.72% and ranked 98th percentile versus peer while the benchmark returned 6.40%. As of 12/31/14, the three-year return for Aberdeen was 7.46% and ranked 96th percentile versus peers while the benchmark returned 8.99%.

       LaSalle meets this criterion. As of 3/31/15, the three-year return for LaSalle was 4.78% and ranked 94th percentile versus peers while the benchmark returned 12.66%. As of 12/31/14, the three-year return for LaSalle was 4.16% and ranked 94th percentile versus peers while the benchmark returned 12.45%.

  2. Passively Managed Portfolios
     - Underperform benchmark by 0.3%

       None

*Steel River and Macquarie are infrastructure funds with no available peer group data.

Gordon Weightman, CFA
Vice President

Paul Erlendson
Senior Vice President

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Market Overview
Capital Markets Review

Callan

First Quarter 2015

Is There Really a "First-Quarter Effect"?

U.S. ECONOMY

2 PAGE

Real GDP came to a screeching halt, inching up by just 0.2% (annual rate), following moderating growth in the fourth quarter of 2014. The dollar's rise and oil price's plunge began to work through the U.S. economy.

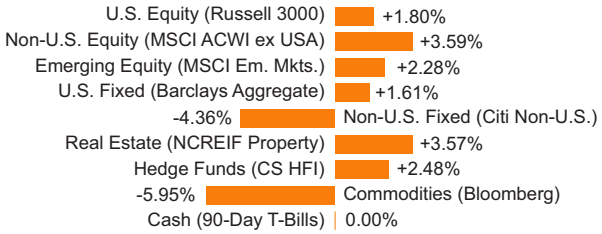
Strong Dollar, Weak Yields

FUND SPONSOR

4 PAGE

According to the **Callan Fund Sponsor Database**, all fund types enjoyed decent gains with corporate funds leading the way at the median (+2.50%). Taft-Hartley funds (+2.29) were the worst performers of the quarter.

Broad Market Quarterly Returns



Sources: Barclays, Citigroup, Credit Suisse Hedge Index, Merrill Lynch, MSCI, NCREIF, Russell Investment Group, S&P Dow Jones

Subdued Returns

U.S. EQUITY

6 PAGE

The first quarter's ups and downs resulted in only a slight net increase for U.S equities as represented by the **S&P 500 Index** (+0.95%). Large cap stocks trailed (**Russell 1000 Index**; +1.59%) and growth undoubtedly beat value (**Russell 1000 Growth Index**; +3.84% and **Russell 1000 Value Index**; -0.72%).

The Waiting Game

NON-U.S. EQUITY

9 PAGE

While volatile markets await a more solid reprieve from negative news, February gains lifted the **MSCI ACWI ex USA Index** (+3.59%). The developed **MSCI World ex USA Index** (+3.83%) beat the **MSCI Emerging Markets Index** (+2.28%) for the second straight quarter.

New Year's Rally

U.S. FIXED INCOME

12 PAGE

All sectors of the U.S. fixed income market, led by credit, posted positive returns and almost all gained over 1%. The **Barclays Aggregate Index** climbed 1.61% and the **Barclays Corporate High Yield Index** gained 2.52%.

How Low Can You Go?

NON-U.S. FIXED INCOME

15 PAGE

Currency effects and declining yield curves defined the world bond markets. The USD hedged **Citi Non-U.S. World Government Bond Index** increased 2.25%, beating its unhedged equivalent by 6.61%.

Indices Advance

REAL ESTATE

17 PAGE

The **NCREIF Property Index** gained 3.57%, recording a 1.24% income return and a 2.33% appreciation return. The **FTSE EPRA/NAREIT Developed REIT Index** (USD) climbed 4.17%.

A Choppy Launch

PRIVATE EQUITY

19 PAGE

Most private equity activity measures fell in the first quarter relative to the fourth quarter 2014's strong finish. Year-over-year, 2015's first quarter had strongly increased fundraising, a moderated new company investment pace, and a large drop in exit activity.

Think Global, Act Local

HEDGE FUNDS

20 PAGE

Diverging macro policies lead to disparate impacts. The **Credit Suisse Hedge Fund Index** advanced 2.48%. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** produced 2.23%.

DC Plans Wrap up a Respectable 2014

DEFINED CONTRIBUTION

21 PAGE

The **Callan DC Index™** rounded out 2014 with a respectable total return (+6.8%). However, the Index underperformed for the year compared to the average corporate DB plan (+7.7%).

Is There Really a "First-Quarter Effect"?

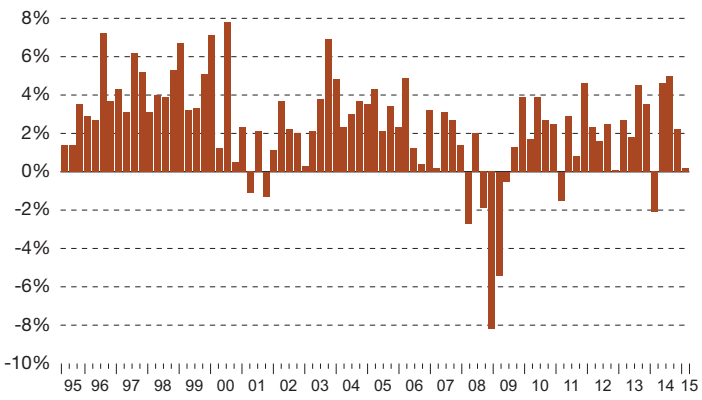
U.S. ECONOMY | Jay Kloepfer

Real GDP came to a screeching halt in the first quarter of 2015, inching up by just 0.2% (annual rate) following moderating growth in the fourth quarter of 2014. Last year, first-quarter growth actually fell 2.4%, surprising many observers, with the blame laid squarely at the feet of historically bad weather in the Northeast U.S., weaker growth in the global economy outside the U.S., and other "one-time factors." This year is no different, with more one-time factors blamed, another harsh winter in the Northeast, weaker global growth, along with a surging dollar cutting exports (and boosting imports, a negative in the GDP calculations), and the collapse in oil prices hitting investment spending.

How often can this phenomenon occur before we can no longer cite "one-time factors"? This weak first-quarter pattern also showed up in 2012. Wait a minute, there it is again in 2011, as well as 2010. Seasonality in economic activity has long vexed economists' measures of "true" GDP activity, and many sophisticated data collection and seasonal adjustment calculations have evolved to deal with it. When the seasonally adjusted data show a strong seasonal pattern, with sharp GDP slowdowns in five of the past six years in the same quarter, the results suggest either a change in the pattern to the seasonality of economic activity or problems in the collection and interpretation of the economic data. To be fair, expectations for first-quarter GDP growth had been brought down substantially as the monthly data came out, settling in at a consensus of 1.0% prior to the official data release. A further reading of the economic tea leaves from other sources suggests, just as it has in each of the past five years with first-quarter slowdowns, that the U.S. economy remains in reasonable shape, and that expectations for GDP growth for the calendar year 2015 remain in the 2.5% range.

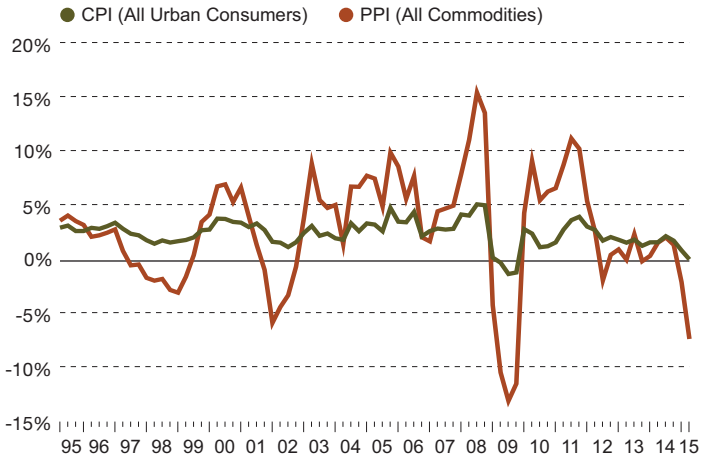
Two of this year's one-time factors—the rise in the dollar and the plunge in the price of oil—first showed up in the fourth quarter of 2014 but really began to work through the economy in the first quarter of 2015. Interestingly, the initial plunge in the price of oil generated an immediate boost to consumers' disposable

Quarterly Real GDP Growth (20 Years)



Source: Bureau of Economic Analysis

Inflation Year-Over-Year



Source: Bureau of Labor Statistics

incomes, akin to a tax cut, that has been estimated to be as large as $150 billion just in the U.S. In the fourth quarter, this oil price dividend overwhelmed the initial negative impact on drilling and production activity within the domestic oil industry. In the first quarter of 2015, drilling activity largely ceased. Oil wells and other mining activity are classified as non-residential structures, and investment in structures took a major hit, falling 23% and pulling total non-residential investment down by 3.4%. This decline in structures investment alone shaved 0.75% off GDP growth

for the quarter. The consumer impact from lower gasoline prices ($150 billion annually if the low prices held) appears to have been overshadowed in the first quarter of 2015, and in fact personal consumption expenditures slipped from a growth rate of 4.4% in the fourth quarter to 1.9%.

The weather impact showed up primarily in consumption, which slowed from a robust 4.4% gain in the fourth quarter to 1.9% growth in the first quarter of 2015, despite the gasoline price dividend. Consumer savings rose substantially in the quarter. If truly temporary, this boost to savings should help fuel consumer spending if it rolls out as delayed gratification later in the year. Net exports fell 7.2% in the first quarter, no doubt hit hard by the stronger dollar, and subtracted 1% from total GDP growth. Imports, which count as a negative in the GDP numbers, rose sharply in the fourth quarter of 2014 (+10.4%), fueled by lower dollar prices for imported goods and a buoyant consumer mood. The more somber consumer and the hibernation effect held import growth to just 1.8% in the first quarter of 2015; low oil prices also held down the value of imports.

The job market has been one of the brightest spots in the economy over the last two years, generating more than 200,000 new jobs for 12 straight months through February 2015. This streak was broken in March as employers added 126,000 jobs, still robust but less than half of February's gain. This break in the job market growth rate is consistent with other signals such as housing starts, consumer spending, and manufacturing activity that suggested a slowing of momentum in the U.S. economy as the first quarter unfolded. However, neither the job market nor these other broad indicators are at levels that signal danger for the U.S. economy, and these indicators fully support the notion that the halt in GDP growth may indeed be a result of one-time factors. The Fed has continued to reign in its outlook for U.S. GDP growth and to offer caution on the timing of interest rate increases; markets are now betting the next Fed move on interest rates may be pushed out to September or even December 2015.

The Long-Term View

Index	2015 1st Qtr	Periods ended December 31, 2014 Year	5 Yrs	10 Yrs	25 Yrs
U.S. Equity					
Russell 3000	1.80	12.56	15.63	7.94	9.78
S&P 500	0.95	13.69	15.45	7.67	9.62
Russell 2000	4.32	4.89	15.55	7.77	9.75
Non-U.S. Equity					
MSCI EAFE	4.88	-4.90	5.33	4.43	4.31
MSCI EM	2.28	-1.82	2.11	8.78	8.83
S&P Ex-U.S. Small Cap	4.43	-3.42	8.52	6.84	5.48
Fixed Income					
Barclays Aggregate	1.61	5.97	4.45	4.71	6.49
90-Day T-Bill	0.00	0.03	0.09	1.54	3.24
Barclays Long G/C	3.36	19.31	9.81	7.36	8.49
Citi Non-U.S. Govt	-4.36	-2.68	0.85	2.64	6.21
Real Estate					
NCREIF Property	3.57	11.82	12.13	8.38	7.61
FTSE NAREIT Equity	4.75	30.14	16.88	8.31	11.25
Alternatives					
CS Hedge Fund	2.48	4.13	5.88	5.82	-
Cambridge PE*	-	23.46	17.80	13.72	15.50
Bloomberg Commodity	-5.94	-17.01	-5.53	-1.86	-
Gold Spot Price	-0.08	-1.51	1.55	10.45	4.38
Inflation – CPI-U	0.56	0.76	1.69	2.12	2.52

*Private equity data is time-weighted return for period ended June 30, 2014.

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

Recent Quarterly Indicators

Economic Indicators	1Q15	4Q14	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13
Employment Cost–Total Compensation Growth	2.6%	2.2%	2.2%	2.0%	1.8%	2.0%	1.9%	1.9%
Nonfarm Business–Productivity Growth	-0.8%*	-2.2%	3.9%	2.9%	-4.7%	3.0%	3.4%	0.9%
GDP Growth	0.2%	2.2%	5.0%	4.6%	-2.1%	3.5%	4.5%	1.8%
Manufacturing Capacity Utilization	77.2%	77.8%	77.5%	77.1%	76.2%	76.4%	76.0%	75.9%
Consumer Sentiment Index (1966=100)	95.5	89.8	83.0	82.8	80.9	76.9	81.6	81.7

*Estimate

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

Strong Dollar, Weak Yields

FUND SPONSOR | Kevin Nagy

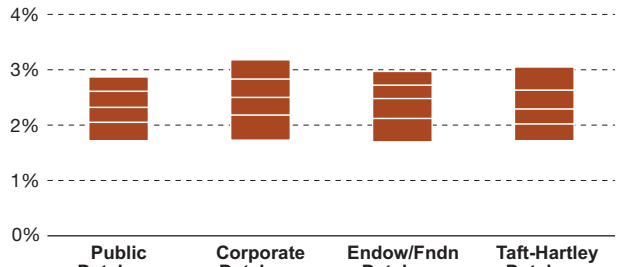
Most public markets enjoyed moderate to strong growth in the first quarter. A strong performance from Asia and the Pacific region plus the arrival of ECB quantitative easing helped push international equity ahead of U.S. equity for the first time since the second quarter of 2014 (**Russell 3000 Index**: +1.80%; **MSCI ACWI ex USA Index**: +3.59%). The story was reversed in the fixed income markets, with domestic bonds yielding positive gains compared to significant losses overseas, due mainly to the currency effect caused by the dollar's appreciation (**Barclays Aggregate Index**: +1.61%, **Citi Non-U.S. World Government Bond Index-Unhedged Index**: -4.36%).

As seen in the Callan Fund Sponsor Quarterly Returns chart, all fund types enjoyed decent gains. Corporate funds (+2.50%) led the way at the median while Taft-Hartley funds (+2.29%) were the worst performers of the quarter. The 10th percentile's performance displayed the widest dispersion, with corporate plans (+3.18%) again coming in first place and public funds (+2.87%) in last. At the low end, there was only 0.03% between the best and worst returns (corporate: +1.73%; endowments and foundations: +1.70%).

The differing performance among the fund types can be partially explained by asset allocations. Corporate funds benefitted from higher exposures to U.S. fixed income; in a similar vein, Taft-Hartley plans' minimal exposure to non-U.S. equity contributed to that group's underperformance. Public funds had the least dispersion between the top and bottom percentiles, while corporate funds had the widest, as some plans employ liability-driven investment (LDI) programs.

Over longer time periods, corporate funds won nearly every time (up +7.52%, +9.61%, and +7.08% for the trailing one-, five-, and ten-year time periods, respectively). Taft-Hartley funds beat corporates for the trailing three-year period, when they were up

Callan Fund Sponsor Quarterly Returns



	Public Database	Corporate Database	Endow/Fndn Database	Taft-Hartley Database
10th Percentile	2.87	3.18	2.97	3.05
25th Percentile	2.61	2.83	2.72	2.63
Median	2.32	2.50	2.48	2.29
75th Percentile	2.05	2.18	2.12	2.02
90th Percentile	1.72	1.73	1.70	1.72

Source: Callan

Database Median and Index Returns* for Periods ended March 31, 2015

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Public Database	**2.32**	**6.73**	**9.62**	**9.31**	**6.80**	**5.62**
Corporate Database	**2.50**	**7.52**	**9.73**	**9.61**	**7.08**	**5.67**
Endowments/Foundations Database	**2.48**	**5.77**	**9.23**	**8.74**	**6.68**	**5.57**
Taft-Hartley Database	**2.29**	**7.40**	**9.94**	**9.51**	**6.42**	**5.50**
Diversified Manager	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Asset Allocator Style	**1.37**	**11.39**	**12.40**	**10.47**	**7.01**	**6.41**
U.S. Balanced Database	**2.21**	**6.92**	**10.28**	**9.63**	**7.04**	**6.40**
Global Balanced Database	**2.06**	**5.44**	**7.37**	**7.32**	**6.86**	**6.48**
60% Russell 3000 + 40% Barclays Agg	1.72	9.68	11.05	10.87	7.41	5.53
60% MSCI World + 40% Barclays Glbl Agg	0.62	2.07	7.15	7.05	5.54	4.24

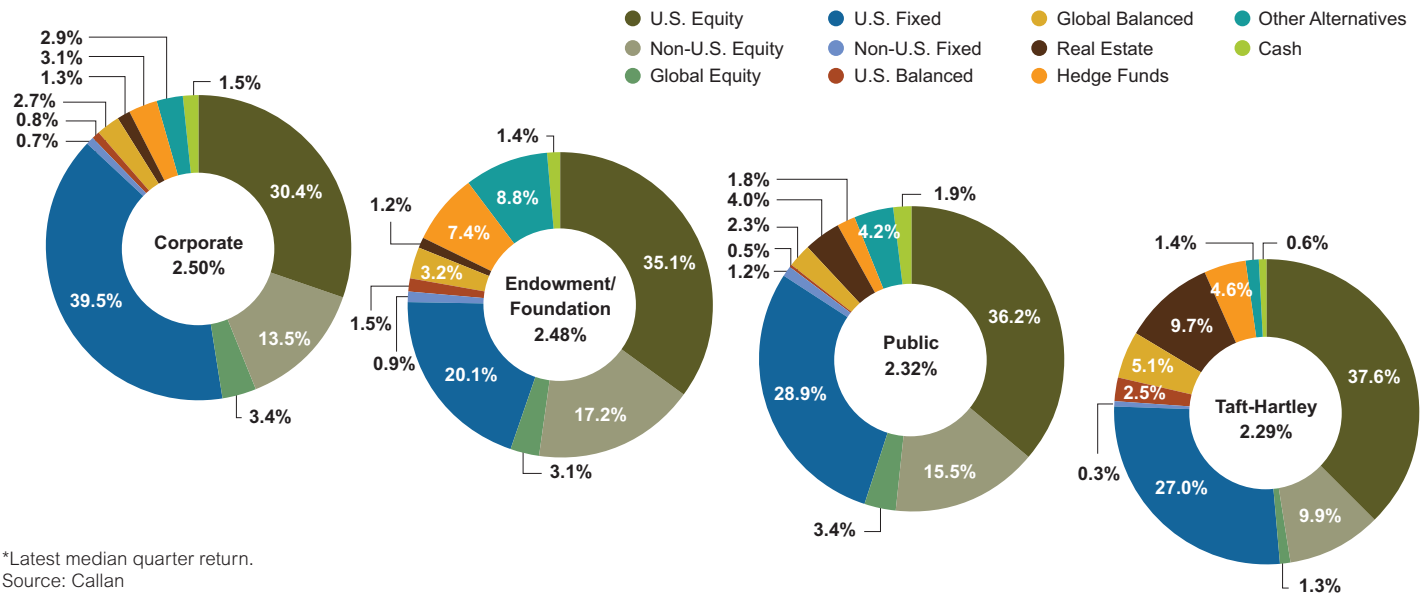
*Returns less than one year are not annualized.

Sources: Callan, Barclays, MSCI, Russell Investment Group

9.94%. Despite the strong three-year number, Taft-Hartley plans also had the weakest performance of the 10-year period, a still-solid 6.42%. Higher allocations to alternative investments have hurt endowments and foundations, which continue to be the worst performer over every period except the trailing 10 years.

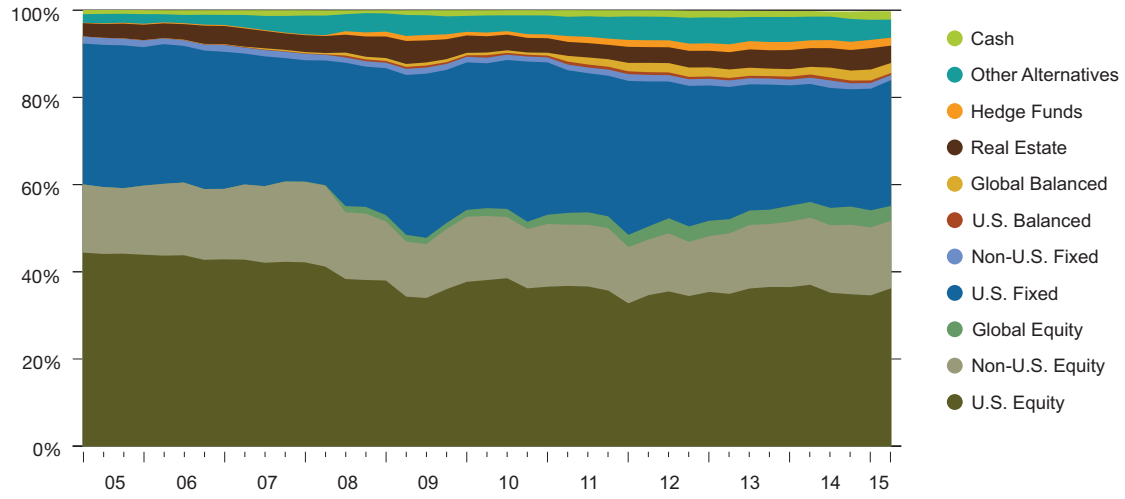
Of Callan's balanced manager groups, the 60% Russell 3000 + 40% Barclays Aggregate (+1.72%) outperformed the 60% MSCI World + 40% Barclays Global Aggregate benchmark (+0.62%). Once again U.S. allocations hold a lead over global in every time period. Callan's balanced manager groups mirrored this result as U.S. balanced managers enjoy a significant advantage over global balanced managers in almost every time period. The 10-year numbers are more favorable to global allocations, with only an 0.18% difference between U.S. and global.

Callan Fund Sponsor Average Asset Allocation



*Latest median quarter return.
Source: Callan

Callan Public Fund Database Average Asset Allocation (10 Years)



Source: Callan

Subdued Returns

U.S. EQUITY | Lauren Mathias, CFA

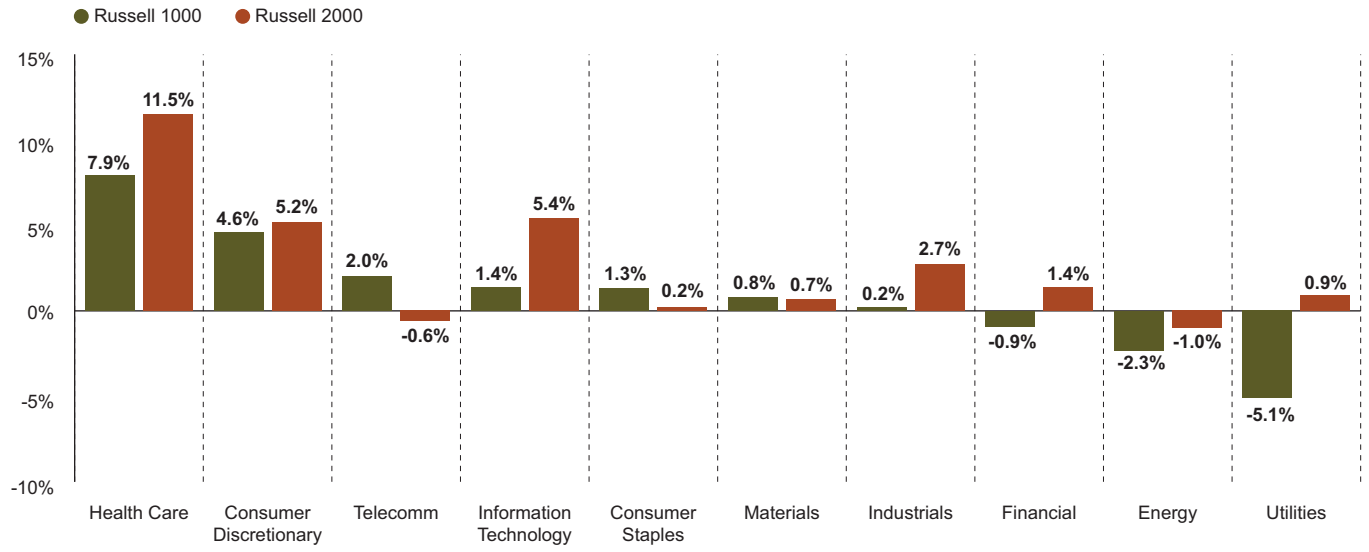
The first quarter's ups and downs resulted in only a slight net increase for U.S. equities as represented by the **S&P 500 Index** (+0.95%). The U.S. economy made some progress—an increase in jobs decreased unemployment (5.5%) and fourth-quarter GDP growth was confirmed at a modest 2.2%, albeit down from a 5.0% pace in the third quarter. Despite this, Fed Chair Janet Yellen remained conservative in her plan to raise interest rates, indicating it will be a slow process. The strengthening U.S. dollar challenged large multinationals while quantitative easing in Europe helped bolster economic growth abroad.

Though the broad U.S. equity market delivered subdued returns, areas of strength persisted. Growth did much better than value with the outperformance of momentum and quality factors and the underperformance of dividend yields. In the first quarter, investors preferred high-beta, high-growth, and smaller market capitalization companies. Volatility declined and as a result market participants took on more risk.

Growth sectors such as Health Care and Technology trumped value sectors including Financials, Telecommunications, and Utilities. Energy stocks were weak again on the heels of volatile oil prices. For active investment managers, sector positioning away from defensive areas and into cyclicals paid off. A preference for smaller, higher-growth and higher-beta stocks provided an additional tailwind.

Large cap stocks trailed this quarter (**Russell 1000 Index**: +1.59%) and growth trounced value (**Russell 1000 Growth Index**: +3.84%; **Russell 1000 Value Index**: -0.72%). Small (**Russell 2000 Index**: +4.32%) and mid cap (**Russell Mid Cap Index**: +3.95%) stocks reclaimed their performance advantage and small cap growth retained its lead on value. Small cap growth now beats small cap value in all annualized time periods of less than 10 years; beyond that value is on top. Micro cap could not maintain its strong fourth-quarter performance but still posted a positive return (**Russell Microcap Index**: +3.14%).

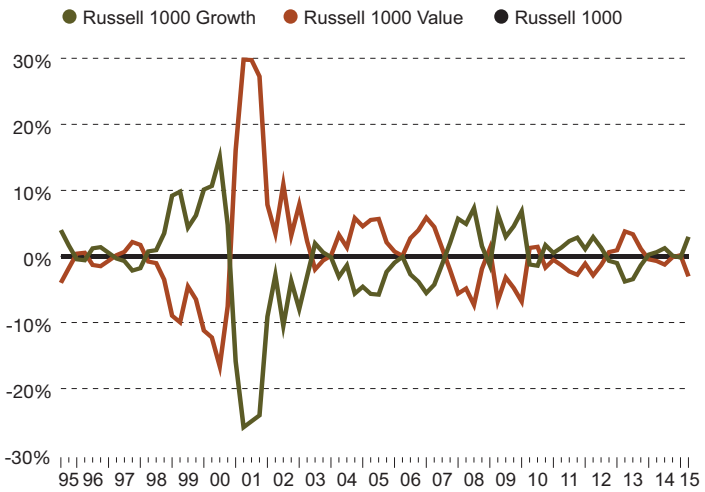
Economic Sector Quarterly Performance



Source: Russell Investment Group

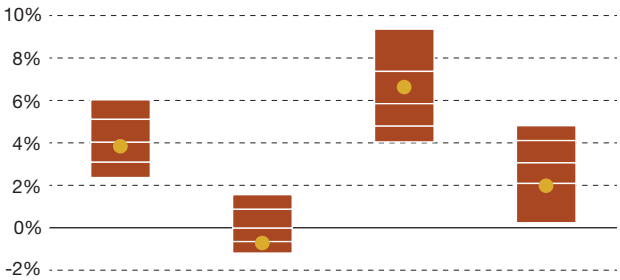
Small and large cap sectors exhibited much different quarterly results. Large cap Utilities declined substantially while Health Care—which was a positive contributor to both market caps—was much stronger in small cap. Utilities companies were punished as the expectations for rising interest rates continued. Merger and acquisition activity was prevalent in the Health Care sector and smaller cap companies benefitted. Energy was the only sector in which both small and large cap declined; weakening oil prices hurt oil services and exploration and production companies. Though large cap trailed small cap overall for the quarter, longer-term returns (one, three, and five years annualized) show large cap outpacing small.

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	6.03	1.56	9.36	4.81
25th Percentile	5.11	0.87	7.37	4.11
Median	4.03	-0.02	5.85	3.06
75th Percentile	3.09	-0.65	4.79	2.09
90th Percentile	2.37	-1.19	4.05	0.24
	R1000 Growth	R1000 Value	R2000 Growth	R2000 Value
Benchmark	3.84	-0.72	6.63	1.98

Sources: Callan, Russell Investment Group

U.S. Equity Index Characteristics as of March 31, 2015

	S&P 500	Rus 3000	Rus 1000	Rus Midcap	Rus 2500	Rus 2000
Cap Range Min ($mm)	1,800	3	149	149	3	3
Cap Range Max ($bn)	753.40	774.57	774.57	39.06	18.63	11.42
Number of Issues	502	3,016	1,036	841	2,506	1,980
% of Russell 3000	80%	100%	92%	29%	18%	8%
Wtd Avg Mkt Cap ($bn)	126.10	103.62	112.25	13.42	4.51	2.11
Price/Book Ratio	2.7	2.7	2.7	2.7	2.4	2.2
Forward P/E Ratio	16.9	17.5	17.3	19.5	20.2	21.3
Dividend Yield	2.0%	1.9%	1.9%	1.5%	1.4%	1.3%
5-Yr Earnings (forecasted)	10.6%	11.5%	11.2%	13.4%	14.6%	15.6%

Sources: Russell Investment Group, Standard & Poor's

Style Median and Index Returns* for Periods ended March 31, 2015

Large Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Large Cap Core Style	**1.50**	**13.57**	**16.72**	**14.96**	**8.71**	**5.22**
Large Cap Growth Style	**4.03**	**15.92**	**16.08**	**15.38**	**9.63**	**3.27**
Large Cap Value Style	**-0.02**	**9.40**	**16.55**	**14.00**	**7.78**	**7.84**
Aggressive Growth Style	**5.20**	**8.95**	**15.10**	**14.33**	**10.24**	**3.32**
Contrarian Style	**-0.16**	**10.08**	**16.34**	**13.64**	**8.17**	**9.48**
Yield-Oriented Style	**-0.17**	**9.09**	**14.13**	**13.56**	**8.48**	**8.77**
Russell 3000	1.80	12.37	16.43	14.71	8.38	4.63
Russell 1000	1.59	12.73	16.45	14.73	8.34	4.43
Russell 1000 Growth	3.84	16.09	16.34	15.63	9.36	1.99
Russell 1000 Value	-0.72	9.33	16.44	13.75	7.21	6.53
S&P Composite 1500	1.39	12.54	16.17	14.60	8.25	4.69
S&P 500	0.95	12.73	16.11	14.47	8.01	4.15
NYSE	1.14	6.02	12.95	12.49	7.84	6.11
Dow Jones Industrials	0.33	10.57	13.18	13.23	8.17	5.79
Mid Cap Equity	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Mid Cap Core Style	**5.24**	**14.57**	**19.04**	**17.71**	**10.74**	**9.81**
Mid Cap Growth Style	**6.14**	**12.88**	**15.52**	**15.96**	**10.77**	**6.10**
Mid Cap Value Style	**2.78**	**9.71**	**17.47**	**15.33**	**10.29**	**11.81**
Russell Midcap	3.95	13.68	18.10	16.16	10.02	8.49
S&P MidCap 400	5.31	12.19	17.03	15.72	10.32	9.16
Small Cap Equity	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Small Cap Core Style	**4.84**	**10.09**	**18.60**	**17.09**	**10.01**	**10.30**
Small Cap Growth Style	**5.85**	**8.13**	**17.35**	**16.80**	**10.83**	**5.42**
Small Cap Value Style	**3.06**	**7.82**	**16.95**	**15.13**	**9.57**	**12.57**
Russell 2000	4.32	8.21	16.27	14.57	8.82	7.19
S&P SmallCap 600	3.96	8.72	17.30	16.25	9.68	9.75
NASDAQ	3.79	18.12	18.19	16.81	10.53	1.31
Smid Cap Equity	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Smid Cap Broad Style	**6.17**	**11.38**	**16.59**	**15.99**	**10.45**	**10.08**
Smid Cap Growth Style	**6.61**	**11.14**	**16.43**	**16.48**	**10.43**	**8.32**
Smid Cap Value Style	**3.83**	**10.58**	**17.14**	**14.90**	**10.44**	**12.85**
Russell 2500	5.17	10.07	17.13	15.48	9.62	8.26
S&P 1000	4.91	11.15	17.13	15.89	10.10	9.32
Russell 3000 Sectors	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Consumer Discretionary	4.68	16.77	20.85	19.88	9.89	6.03
Consumer Staples	1.25	16.64	16.16	15.33	10.98	10.72
Energy	-2.24	-13.36	3.36	7.51	6.86	9.11
Financials	-0.67	10.52	16.79	10.83	1.82	3.79
Health Care	7.80	27.60	27.63	20.83	12.22	8.90
Industrials	0.40	7.90	17.28	15.09	8.67	7.35
Information Technology	1.68	17.29	13.97	14.66	10.04	-0.99
Materials	1.01	3.71	11.50	11.12	8.53	8.69
Telecommunications	1.90	4.00	11.30	12.61	7.59	-1.39
Utilities	-4.56	10.63	13.04	13.25	8.70	7.36

*Returns less than one year are not annualized.
Sources: Callan, Dow Jones & Company, Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market

The Waiting Game

NON-U.S. EQUITY | Matt Lai

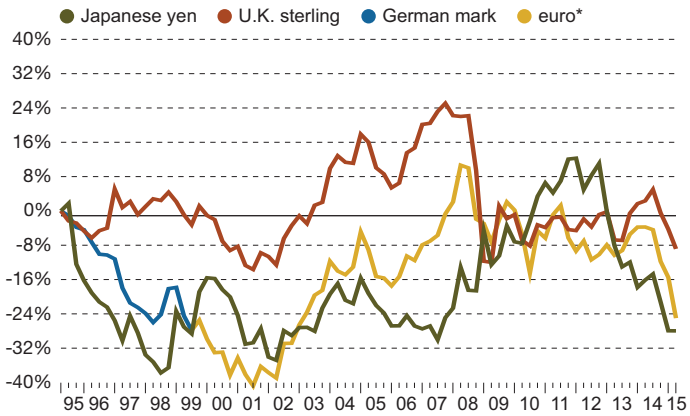
Markets across the globe shook off a historic oil slump to kick off the year in the black. Individual countries largely advanced in local terms, though pockets of economic unrest left a sharp sting in isolated markets. Foreign investors await the arrival of the elusive "recovery" that only the U.S. enjoys for now. Market volatility in January and March could not stop a largely ascendant February for the **MSCI ACWI ex USA Index**, which advanced 3.59% in the first quarter. A shuffle in Health Care sent stocks soaring (+10.63%); Utilities (-4.53%) and commodities-burdened Energy (-4.04%) were the only drag on non-U.S. sectors. Crude oil stayed low, ending March under $50/barrel.

The developed **MSCI World ex USA Index** (+3.83%) beat the **MSCI Emerging Markets Index** (+2.28%) for the second consecutive quarter. **MSCI ACWI ex USA Growth Index** (+4.89%) stocks far outpaced **MSCI ACWI ex USA Value** (+2.24%) counterparts once again. Small cap stocks provided a healthy boost (**MSCI ACWI ex USA Small Cap Index**: +4.01%). Canada (-6.04%) continued to smart from the oil slump and ended up as the largest drag on the developed world outside the U.S.

Europe supplied one of 2015's earliest economic headlines after a €1.1 trillion stimulus plan was unveiled to thwart deflation and reignite growth in the region (**MSCI Europe Index**: +3.45%). E.U. unemployment continued its marginal slide to 9.8% in February (from 9.9% at 2014's end), and the euro's 11% fall against the U.S. dollar saw retail soar (Consumer Discretionary: +8.21%). Advances in Health Care research boosted Denmark to the fore of the developed world (+15.82%). The U.K. (-0.96%) and Spain (-0.57%) were the only drags on the region, hampered mostly by a strong dollar and weak Utilities (European Utilities: -8.51%). The focus shifts to the U.K.'s parliamentary elections in May and to ongoing E.U. talks with emerging Greece (more below).

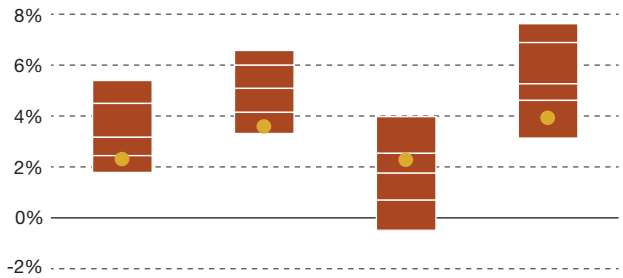
Keeping with the previous quarter, the **MSCI Pacific Index** trumped Europe with a strong gain of 7.61%. Japan (+10.21%) led the region, as fourth-quarter 2014 GDP grew 1.5% bucking two quarters of contraction. Only Japan's Energy names slid into the red (-0.66%), while consumer stocks soared (Consumer Discretionary: +10.52%; Consumer Staples: +16.43%). However, inflation continued to notch downward and unemployment rates remained volatile. Singapore dipped 1.91%.

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



*euro returns from 1Q99
Source: MSCI

Callan Style Group Quarterly Returns



	Global Eq Style	Non-U.S. Eq Style	Emg Mkts Style	Small Cap Style
10th Percentile	5.36	6.54	3.94	7.59
25th Percentile	4.46	5.96	2.50	6.85
Median	3.13	5.05	1.72	5.23
75th Percentile	2.41	4.11	0.66	4.58
90th Percentile	1.75	3.28	-0.52	3.10
	MSCI World	MSCI ACWI ex USA	MSCI Emg Mkts	MSCI ACWI ex USA SC
Benchmark	2.31	3.59	2.28	3.93

Sources: Callan, MSCI

EM Asia (+5.26%) carried the broad emerging category. Accelerating infrastructure projects and a raised GDP growth forecast (+6.7% in 2015) sent the Philippines (+10.18%) to first place. China advanced 8.12% on solid Information Technology performance (+32.32%) and robust factory activity in March. China's picture was slightly marred by ever-increasing housing vacancies as well as an anticipated GDP growth rate of 7% this year, continuing a worrisome decline. Russia (+18.61%) rebounded from a crushing fourth quarter as oil prices stabilized.

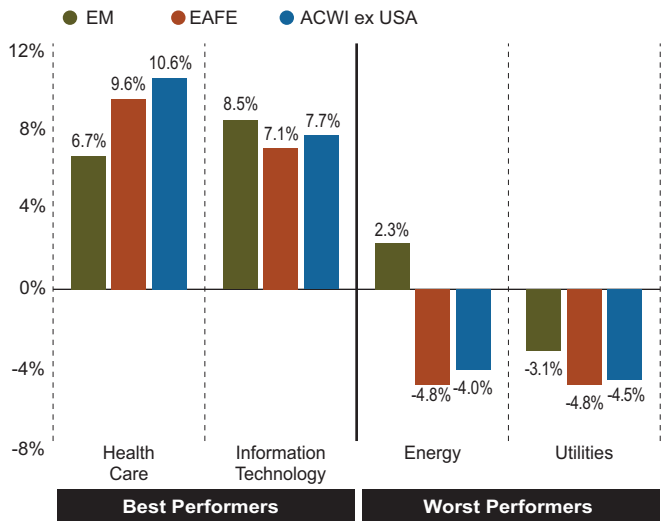
At the other end, Greece fell furthest (-29.32%) as Alexis Tsipras's anti-austerity Syriza party swept the nation's January elections. Soaring debt coupled with troubled talks with E.U. leadership cast further doubt on its future with the euro zone. Significant unrest over President Dilma Rousseff's involvement in the Petrobas scandal hurt Brazil (-14.57%), mirroring a restive **EM Latin America** (-9.49%). The **MSCI Frontier Markets Index** (-2.93%) echoed the burden of the strong dollar.

Quarterly Return Attribution for EAFE (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	3.09%	10.43%	-6.65%	7.30%
Austria	3.11%	16.17%	-11.24%	0.20%
Belgium	5.95%	19.37%	-11.24%	1.31%
Denmark	15.82%	30.92%	-11.53%	1.67%
Finland	2.49%	15.47%	-11.24%	0.87%
France	4.70%	17.96%	-11.24%	9.73%
Germany	8.28%	22.00%	-11.24%	9.52%
Hong Kong	6.00%	5.98%	0.02%	3.14%
Ireland	3.60%	16.73%	-11.24%	0.34%
Israel	8.95%	11.33%	-2.14%	0.60%
Italy	6.84%	20.37%	-11.24%	2.34%
Japan	10.21%	10.24%	-0.03%	22.23%
Netherlands	4.91%	18.20%	-11.24%	2.73%
New Zealand	-1.79%	2.36%	-4.06%	0.15%
Norway	2.28%	9.94%	-6.97%	0.63%
Portugal	7.27%	20.85%	-11.24%	0.15%
Singapore	-1.91%	1.47%	-3.40%	1.45%
Spain	-0.57%	12.02%	-11.24%	3.56%
Sweden	5.19%	15.88%	-9.23%	3.08%
Switzerland	4.74%	2.39%	2.30%	9.25%
U.K.	-0.96%	4.03%	-4.79%	19.76%

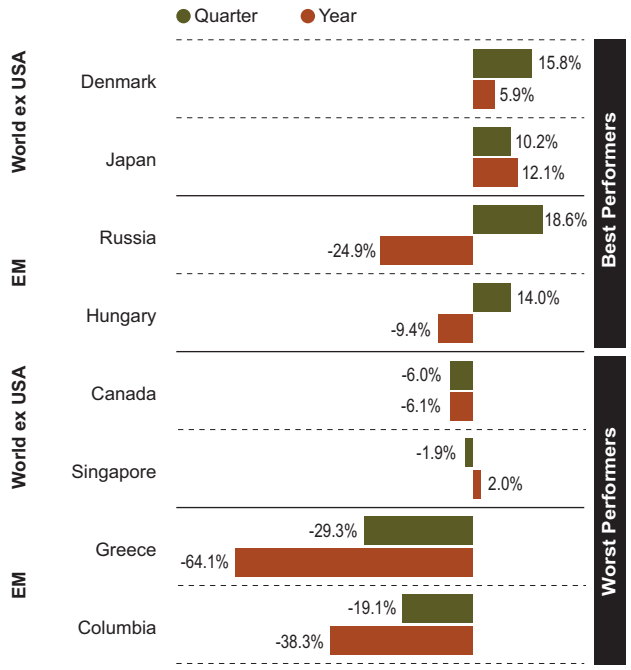
Sources: MSCI, Russell Investment Group, Standard & Poor's.

Quarterly Returns: Strong and Struggling Sectors



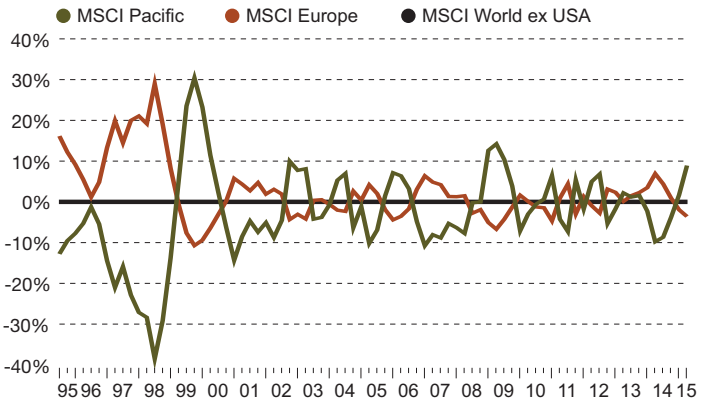
Source: MSCI

Quarterly and Annual Country Performance Snapshot



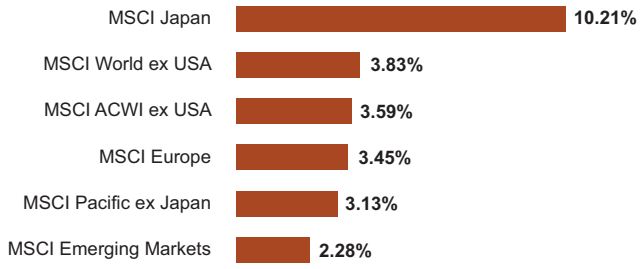
Source: MSCI

Rolling One-year Relative Returns (vs. MSCI World ex USA)



Source: MSCI

Regional Quarterly Performance (U.S. Dollar)



Source: MSCI

Style Median and Index Returns* for Periods ended March 31, 2015

Non-U.S. Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Non-U.S. Equity Style	**5.05**	**0.13**	**9.64**	**7.25**	**6.21**	**4.94**
MSCI EAFE	4.88	-0.92	9.02	6.16	4.95	2.88
MSCI EAFE (local)	10.85	17.74	16.62	9.07	6.07	2.33
MSCI ACWI ex USA	3.59	-0.57	6.89	5.29	5.93	3.89
MSCI ACWI ex USA Growth	4.89	2.09	7.52	6.11	6.30	2.18
MSCI ACWI ex USA Value	2.24	-3.26	6.20	4.42	5.82	5.72
Global Equity	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Global Equity Style	**3.13**	**6.70**	**13.11**	**10.59**	**7.51**	**5.10**
MSCI World	2.31	6.03	12.19	10.01	6.39	3.21
MSCI World (local)	4.86	13.98	15.59	11.27	6.73	2.91
MSCI ACWI	2.44	5.97	11.35	9.57	7.00	3.84
Regional Equity	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
MSCI Europe	3.45	-4.94	9.37	6.38	4.91	3.29
MSCI Europe (local)	11.60	14.72	15.12	8.96	6.52	2.59
MSCI Japan	10.21	12.06	9.36	5.87	3.54	-0.12
MSCI Japan (local)	10.24	30.49	23.98	11.29	4.73	0.92
MSCI Pacific ex Japan	3.13	-0.30	6.63	5.94	8.70	8.28
MSCI Pacific ex Japan (local)	7.97	13.52	13.94	8.12	8.39	6.66
Emerging/Frontier Markets	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Emerging Market Style	**1.72**	**0.93**	**1.48**	**2.68**	**9.34**	**8.72**
MSCI Emerging Markets	2.28	0.79	0.66	2.08	8.82	7.37
MSCI Emerging Markets (local)	4.94	11.31	6.82	5.91	10.46	8.68
MSCI Frontier Markets	-3.11	-3.62	10.37	5.08	2.27	--
Non-U.S. Small Cap Equity	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Non-U.S. Small Cap Style	**5.23**	**-1.95**	**12.37**	**11.20**	**8.71**	**7.72**
MSCI World ex USA Small Cap	4.03	-4.82	8.52	7.63	5.86	--
MSCI ACWI ex USA Small Cap	3.93	-3.60	7.39	6.52	6.93	6.60
MSCI Emerging Market Small Cap	3.59	1.06	3.48	2.64	9.98	8.17

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

New Year's Rally

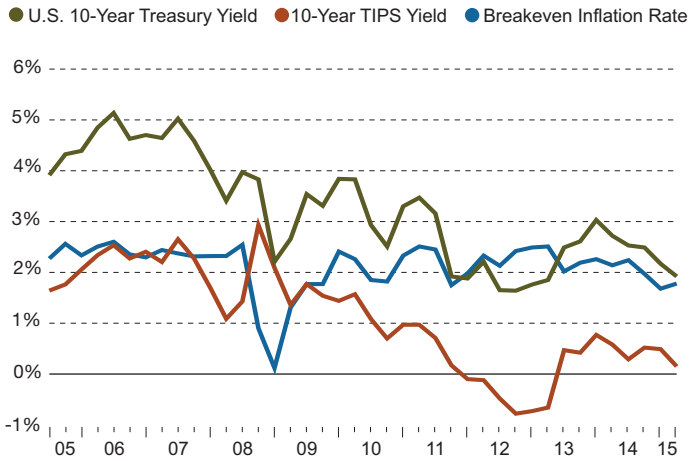
U.S. FIXED INCOME | Nathan Wong, CFA

The yield on the 10-year U.S. Treasury note declined for the fifth straight quarter as divergent central bank policies around the globe began to take hold. Long Treasuries again outperformed intermediate Treasuries as rates dropped. High yield credit spreads compressed more than investment grade credit spreads, which were largely unchanged during the quarter. The **Barclays Aggregate Index** climbed 1.61%.

At the end of March, more dovish comments from the Fed on raising the federal funds rate drove yields lower across the curve. The 2- to 30-year spread tightened from 2.08% at year-end to 1.98%. The short end of the curve declined the least with the two-year yield ending 11 bps lower. Returns increased moving farther out along the curve. The 30-year Treasury yield dropped 22 bps over the quarter and gained 5.05%.

Inflation-protected securities gained 1.4% as measured by the Barclays TIPS Index. The 10-year break-even inflation rate ended the quarter at 1.76%, a marginal increase from the end of 2014.

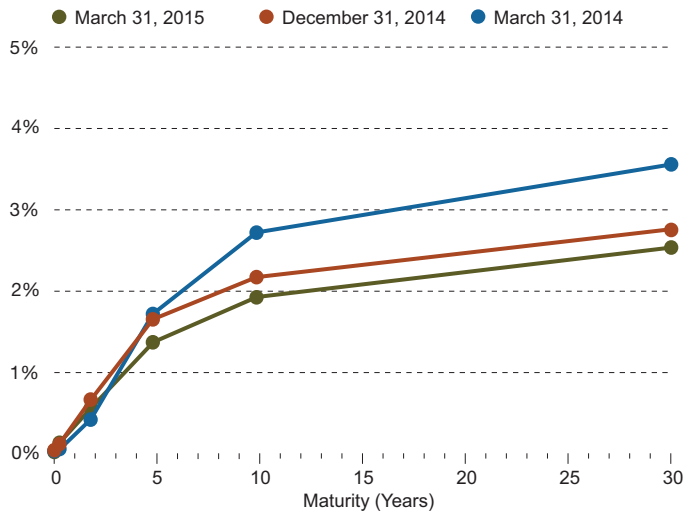
Historical 10-Year Yields



Source: Bloomberg

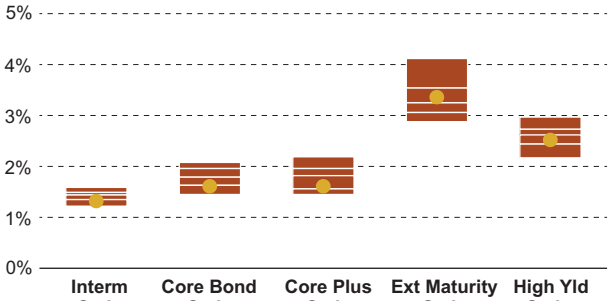
Corporate credit returns were strong across the rating spectrum. The **Barclays Corporate Index** returned 2.32%. Corporate issuance came at a blistering pace in the first quarter, setting an all-time record, as companies took advantage of the low rate environment. On a duration-adjusted basis,

U.S. Treasury Yield Curves



Source: Bloomberg

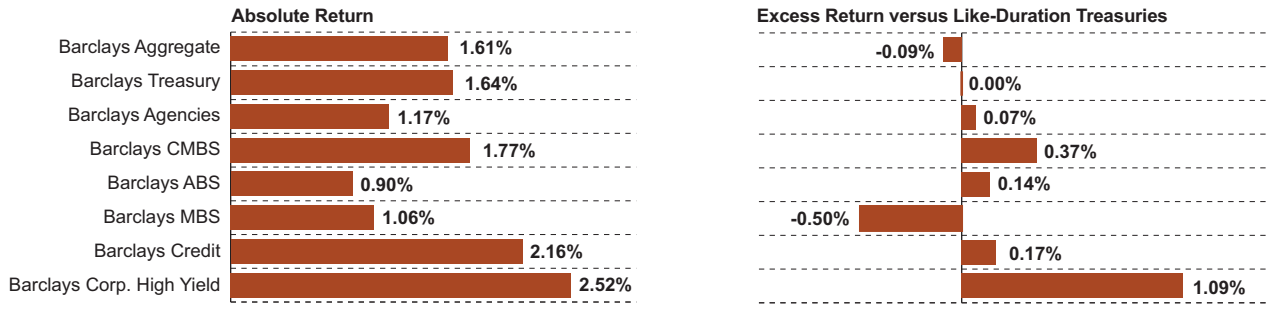
Callan Style Group Quarterly Returns



	Interm Style	Core Bond Style	Core Plus Style	Ext Maturity Style	High Yld Style
10th Percentile	1.59	2.08	2.19	4.12	2.97
25th Percentile	1.49	1.96	1.96	3.54	2.73
Median	1.44	1.79	1.82	3.25	2.62
75th Percentile	1.35	1.63	1.56	3.06	2.44
90th Percentile	1.22	1.45	1.45	2.88	2.17
	Barclays Interm Agg	**Barclays Agg**	**Barclays Agg**	**Barclays Long G/C**	**Barclays High Yld**
Benchmark	1.32	1.61	1.61	3.36	2.52

Sources: Barclays, Callan

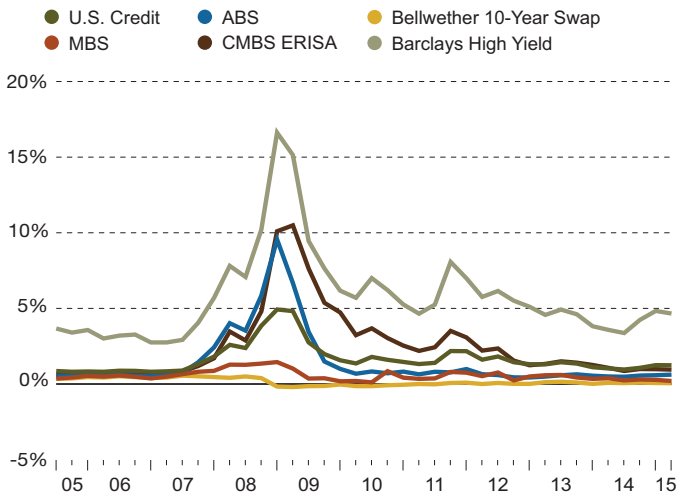
Fixed Income Index Quarterly Returns



Source: Barclays

Financials outperformed Industrials and Utilities. Although MBS gained 1.06%, volatility in the 10-year U.S. Treasury led to MBS underperformance of 50 bps against like-duration U.S. Treasuries. High yield bonds performed well as investors continued to search for yield. The **Barclays Corporate High Yield Index** rose 2.52%.

Effective Yield Over Treasuries



Source: Barclays

U.S. Fixed Income Index Characteristics as of March 31, 2015

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.06	5.45	7.72		100.00%
Barclays Govt/Credit	1.93	6.27	8.50	100.00%	69.34%
Intermediate	1.49	3.94	4.28	79.08%	54.83%
Long-Term	3.58	15.05	24.39	20.92%	14.51%
Barclays Govt	1.25	5.55	6.80	56.98%	39.51%
Barclays Credit	2.83	7.23	10.76	43.02%	29.83%
Barclays MBS	2.40	3.54	6.09		28.08%
Barclays ABS	1.36	2.53	2.71		0.55%
Barclays CMBS	2.15	4.47	4.99		1.96%
Barclays Corp High Yield	6.18	4.21	6.48		

Source: Barclays

Style Median and Index Returns* for Periods ended March 31, 2015

Broad Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Core Bond Style	**1.79**	**5.99**	**3.73**	**5.02**	**5.43**	**6.11**
Core Bond Plus Style	**1.82**	**5.70**	**4.41**	**5.77**	**5.86**	**6.71**
Barclays Aggregate	1.61	5.72	3.10	4.41	4.93	5.66
Barclays Govt/Credit	1.84	5.86	3.35	4.75	4.96	5.73
Barclays Govt	1.60	5.22	2.32	3.80	4.50	5.22
Barclays Credit	2.16	6.74	4.88	6.23	5.80	6.56
Citi Broad Investment Grade	1.62	5.70	3.10	4.41	5.03	5.73
Long-Term	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Extended Maturity Style	**3.25**	**15.22**	**8.36**	**10.66**	**8.14**	**8.49**
Barclays Long Govt/Credit	3.36	15.73	7.71	10.20	7.72	8.23
Barclays Long Govt	3.89	21.03	7.60	10.49	7.83	8.12
Barclays Long Credit	3.06	12.84	7.80	9.92	7.48	8.33
Citi Pension Discount Curve	4.83	20.86	10.82	14.14	9.35	10.72
Intermediate-Term	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Intermediate Style	**1.44**	**3.73**	**2.61**	**3.80**	**4.81**	**5.53**
Barclays Intermediate Aggregate	1.32	4.24	2.41	3.62	4.54	5.29
Barclays Intermediate Govt/Credit	1.45	3.58	2.31	3.52	4.34	5.12
Barclays Intermediate Govt	1.25	3.15	1.54	2.81	3.96	4.66
Barclays Intermediate Credit	1.77	4.30	3.73	4.88	5.19	5.96
Short-Term	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Defensive Style	**0.66**	**1.40**	**1.28**	**1.84**	**3.24**	**3.86**
Active Duration Style	**1.53**	**3.93**	**3.32**	**4.57**	**4.90**	**5.73**
Money Market Funds (net of fees)	0.00	0.01	0.01	0.01	1.38	1.70
ML Treasury 1–3-Year	0.52	1.00	0.67	1.02	2.62	3.28
90-Day Treasury Bills	0.00	0.03	0.07	0.09	1.49	1.92
High Yield	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
High Yield Style	**2.62**	**2.48**	**7.56**	**8.61**	**8.13**	**8.08**
Barclays Corporate High Yield	2.52	2.00	7.46	8.59	8.18	7.83
ML High Yield Master	2.53	1.98	7.42	8.38	7.96	7.77
Mortgage/Asset-Backed	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Mortgage Style	**1.19**	**5.84**	**3.17**	**4.58**	**5.18**	**5.97**
Barclays MBS	1.06	5.53	2.54	3.63	4.87	5.52
Barclays ABS	0.90	2.24	1.76	2.96	3.50	4.59
Barclays CMBS	1.77	4.35	3.94	6.33	5.56	6.64
Municipal	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Barclays Muni	1.01	6.62	4.05	5.11	4.85	5.42
Barclays Muni 1–10-Year	0.83	3.87	2.71	3.69	4.17	4.59
Barclays Muni 3-Year	0.41	1.30	1.35	1.96	3.09	3.53
TIPS	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Barclays TIPS Full Duration	1.42	3.11	0.63	4.29	4.55	6.29
Barclays TIPS 1-10 Year	1.20	1.08	-0.05	2.85	3.96	5.48

*Returns of less than one year are not annualized.

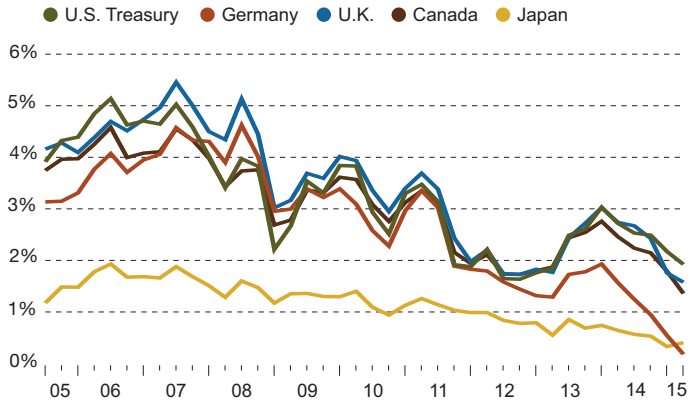
Sources: Barclays, Callan, Citigroup, Merrill Lynch

How Low Can You Go?

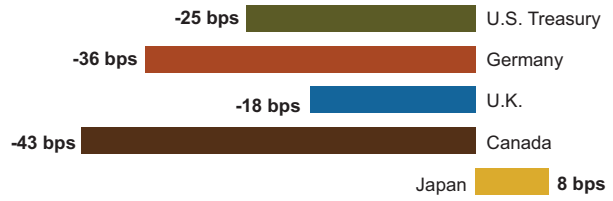
NON-U.S. FIXED INCOME | Kyle Fekete

Currency effects and declining yield curves defined the world's bond markets. U.S. dollar-denominated and dollar-hedged securities outperformed their local currency-denominated counterparts. The **Citi Non-U.S. World Government Bond Index (Hedged)** increased 2.25%, beating its unhedged equivalent (**Citi Non-U.S. World Government Bond Index: -4.36%)** by 6.61%. European bonds rallied in the wake of the ECB's quantitative easing announcement. However, the euro's 11% decline against the U.S. dollar offset gains in unhedged portfolios. The ECB announced on March 9 that it would purchase €1.1 trillion over the next 18 months, including sovereign and corporate bonds, in order to avert deflation and encourage lending. Rates around the globe continued their descent in spite of record low yields in many countries. German 10-year bunds, the euro zone's proxy for sovereign debt, declined 36 bps to end the quarter at 0.18%—1.76% below comparable U.S. Treasuries.

10-Year Global Government Bond Yields



Change in 10-Year Yields from 4Q14 to1Q15



Source: Bloomberg

The bond-buying program also spurred demand for peripheral bonds; Italian and Spanish 10-year bond yields declined 68 and 71 bps, respectively. The threat of a "Grexit" weighed on investor risk sentiment, but a last-minute agreement on a bridging loan provided a short-term resolution. Greek debt finished the quarter yielding 11.6%.

The Commonwealth provided investors with attractive spreads relative to other developed markets. The U.K. 10-year yield ended the quarter at 1.58% and the Bank of England held rates at a record low for the sixth consecutive year. Australia's benchmark 10-year yield ended at 2.32%; the yield spread above Treasuries has declined from 100 bps in the middle of last year to only 40 bps as of quarter end. With the goal of spurring

Quarterly Return Attribution for Non-U.S. Gov't Indices
(U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	-3.59%	3.28%	-6.65%	2.00%
Austria	-7.95%	3.71%	-11.24%	1.82%
Belgium	-6.95%	4.83%	-11.24%	2.93%
Canada	-5.43%	3.41%	-8.55%	2.57%
Denmark	-6.44%	5.76%	-11.53%	0.82%
Finland	-8.77%	2.79%	-11.24%	0.74%
France	-7.73%	3.96%	-11.24%	11.15%
Germany	-8.00%	3.66%	-11.24%	8.80%
Ireland	-8.48%	3.12%	-11.24%	0.97%
Italy	-6.18%	5.70%	-11.24%	11.34%
Japan	-0.56%	-0.54%	-0.03%	33.36%
Malaysia	-3.27%	2.45%	-5.59%	0.59%
Mexico	-1.99%	1.29%	-3.25%	1.24%
Netherlands	-7.89%	3.78%	-11.24%	3.03%
Norway	-6.52%	0.48%	-6.97%	0.31%
Poland	-5.05%	1.36%	-6.32%	0.69%
Singapore	-3.40%	0.00%	-3.40%	0.45%
South Africa	-1.36%	3.31%	-4.52%	0.62%
Spain	-7.74%	3.95%	-11.24%	6.18%
Sweden	-6.03%	3.52%	-9.23%	0.56%
Switzerland	4.41%	2.06%	2.30%	0.35%
U.K.	-2.56%	2.35%	-4.79%	9.47%

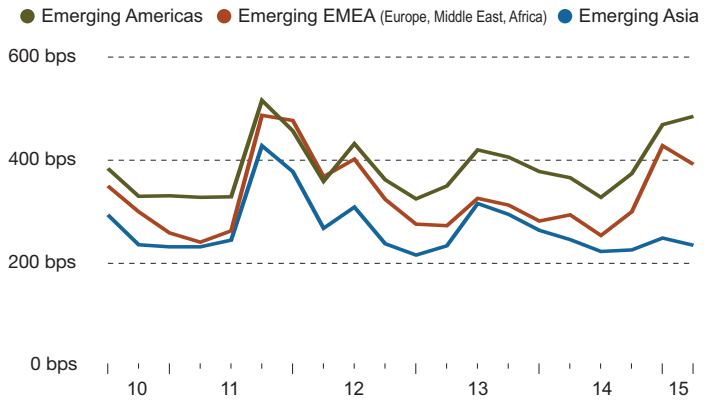
Source: Citigroup

growth, Australia cut its lending rate to a record low in February as the country's currency slid 7% against the U.S. dollar. The Canadian 10-year yield finished at 1.36%.

The Bank of Japan maintained the status quo with near-zero interest rates and continued debt purchases as revised fourth-quarter economic growth figures were too low to avoid contraction. The Japanese 10-year yield increased 8 bps to 0.41%.

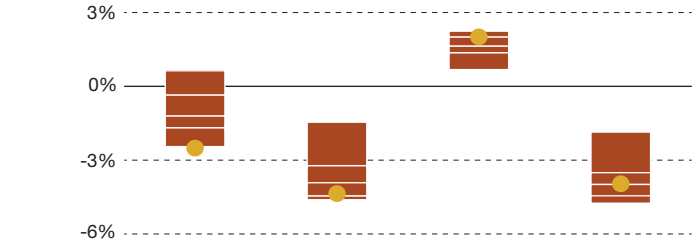
Within the emerging markets, the dollar-denominated **JPM EMBI Global Diversified Index** gained 2.01%, while the local currency **JPM GBI-EM Global Diversified Index** plummeted 3.96% due to overall weakness against the greenback. Russian bonds recovered despite downgrades from Moody's and Standard & Poor's at the beginning of the year. Russia's local currency-denominated bonds gained 15% but are still down more than 40% year-over-year. Fellow BRIC country Brazil experienced a deteriorating credit outlook. The country's local currency bonds fell 15%, hurt by a potential downgrade and a currency that slid 17% versus the U.S. dollar.

Emerging Spreads Over Developed (By Region)



Source: Barclays

Callan Style Group Quarterly Returns



	Global Fixed Style	Non-U.S. Fixed Style	Emerging Debt DB	Emerging Debt Local
10th Percentile	0.66	-1.43	2.27	-1.83
25th Percentile	-0.33	-3.20	2.03	-3.48
Median	-1.18	-3.89	1.66	-3.96
75th Percentile	-1.66	-4.43	1.39	-4.42
90th Percentile	-2.42	-4.58	0.71	-4.72
	Citi World Gov	Citi Non-U.S. World Gov	JPM EMBI Gl Div	JPM GBI-EM Gl Div
Benchmark	-2.51	-4.36	2.01	-3.96

Sources: Callan, Citigroup, JPMorgan Chase & Co.

Style Median and Index Returns* for Periods ended March 31, 2015

Global Fixed Income	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Global Style	**-1.18**	**-2.41**	**0.19**	**2.84**	**4.25**	**5.70**
Citi World Govt	-2.51	-5.50	-1.64	1.42	3.09	4.76
Citi World Govt (Local)	2.11	8.47	4.84	4.61	4.12	4.53
Barclays Global Aggregate	-1.92	-3.66	-0.21	2.31	3.61	5.05
Non-U.S. Fixed	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Non-U.S. Style	**-3.89**	**-8.96**	**-2.57**	**1.09**	**3.30**	**5.25**
Citi Non-U.S. World Govt	-4.36	-9.82	-3.32	0.38	2.51	4.42
Citi Non-U.S. World Govt (Local)	2.36	9.85	5.90	4.94	4.10	4.37
European Fixed	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Citi Euro Govt Bond	-7.42	-11.40	1.33	1.61	3.33	6.61
Citi Euro Govt Bond (Local)	4.31	11.67	8.21	6.03	5.13	5.67
Emerging Markets Fixed	**Quarter**	**Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
JPM EMBI Global Diversified	2.01	5.65	5.37	7.10	8.11	9.56
JPM GBI-EM Global Diversified	-3.96	-11.14	-3.86	0.73	6.25	--

*Returns less than one year are not annualized.
Sources: Callan, Citigroup, JPMorgan Chase

Indices Advance

REAL ESTATE | Jay Nayak

The **NCREIF Property Index** advanced 3.57% and recorded a 1.24% income return and a 2.33% appreciation return. The Index cash flow return was 0.87% for the quarter and 3.51% for the trailing four quarters. A preliminary query cited 118 asset trades in the quarter, representing $6.4 billion of overall transactional volume. This remains ahead of the $5.0 billion 10-year quarterly transaction average. The maximum quarterly transaction volume over the prior 10-year period was $8.7 billion in the second quarter of 2007.

Pricing growth continued to characterize asset trades as a preliminary query of value-weighted transactional capitalization rates showed a significant drop to 4.89%. This reflects the lowest recorded value of the measure since the inception of the Index. Over the course of the prior cycle, quarterly value-weighted transactional capitalization rates dipped to a low of 5.00% in the third quarter of 2007 and expanded to 8.42% in the third quarter of 2009. Appraisal capitalization rates declined to 4.73% during the first quarter of 2015. As markets peaked over the prior cycle, appraisal capitalization rates declined to a low of 4.89% in the third quarter of 2008.

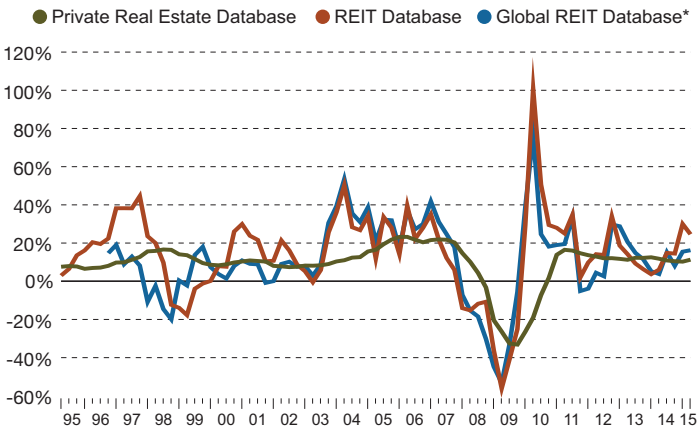
On a preliminary basis, the **NCREIF Open End Diversified Core Equity Index** produced a 3.40% total return, composed of a 1.19% income return and a 2.21% appreciation return. In the listed real estate market, the **FTSE EPRA/NAREIT Developed REIT Index (USD)** advanced 4.17% and domestic REITs, tracked by the **FTSE NAREIT Equity REITs Index**, gained 4.75%. Domestic REITs saw a failed acquisition attempt by Simon Property Group for Macerich, representing one of the larger potential transactions of large-scale domestic REITs. Additionally, Sears indicated that it would form a REIT comprising some of its store locations, which may present compelling redevelopment opportunities.

In the U.K., office rents have exceeded prior market peaks and value growth is broadening. This is not reflective of the retail sector where strong fundamentals exist and rental rates are on the upswing. Continental Europe's capitalization rates have compressed, while rental growth similar to the U.K.'s has not yet appeared.

In the Asia/Pacific region, well-positioned residential developers in China saw a mid-quarter rebound as expectations for continued property price cooling measures were expected to subside. Property stocks in Hong Kong are trading below average discount to net asset value levels, despite favorable fundamentals. Japanese REITs declined alongside modest reported investment activity from the Japanese government, while local developers meaningfully outperformed.

In the U.S., Self Storage (+9.16%) led sector performance for the quarter, followed by Residential (+7.87%) and Retail (+5.84%). Lodging/Resorts REITs lagged (-4.42%) as well as Health Care (+2.97%). Domestic REITs raised $22.1 billion during the first quarter following the completion of four initial public offerings that raised $932 million, 24 secondary offerings raising $11.1

Rolling One-Year Returns

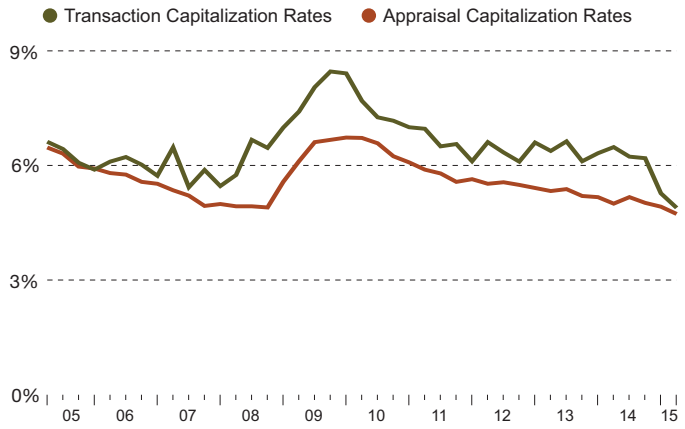


*Global REIT returns from 3Q96
Source: Callan

billion, three preferred equity offerings raising $1.4 billion, and 22 unsecured debt offerings raising $8.6 billion.

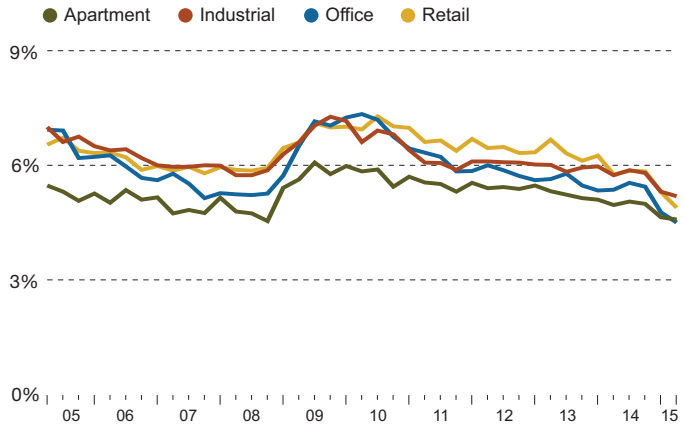
Commercial mortgage-backed securities issuance reached $27.0 billion in the first quarter of the year, ahead of the $25.2 billion of issuance volume from the quarter prior. Total issuance for the trailing twelve months was $100.7 billion, nearing rolling one-year issuance volumes not seen since 2005. Quarterly issuance volume between 2005 and 2007 ranged from $33.0 billion to a high of $73.6 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.

Callan Database Median and Index Returns* for Periods ended March 31, 2015

Private Real Estate	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Real Estate Database (net of fees)	**2.99**	**13.08**	**12.57**	**14.31**	**5.86**	**7.21**
NCREIF Property	3.57	12.72	11.47	12.75	8.39	8.97
NFI-ODCE (value wtd. net)	3.15	12.39	11.59	13.44	6.00	6.94
Public Real Estate						
REIT Database	**4.84**	**25.66**	**14.89**	**16.92**	**10.70**	**14.07**
FTSE NAREIT Equity	4.75	23.95	14.18	15.74	9.61	12.85
Global Real Estate						
Global REIT Database	**4.66**	**17.30**	**13.53**	**12.80**	**8.67**	**12.40**
FTSE EPRA/NAREIT Developed REIT	4.17	16.06	12.84	12.09	7.88	10.63

*Returns less than one year are not annualized.
All REIT returns are reported gross in USD.
Sources: Callan, NAREIT, NCREIF, The FTSE Group. NCREIF statistics are the product of direct queries and may not represent frozen statistics.

A Choppy Launch

PRIVATE EQUITY | Gary Robertson

Private Equity Analyst reports that first quarter fundraising totaled $56.2 billion in new commitments with 147 new partnerships formed. This represents a strong start to the year as it is up 41% from the first quarter of 2014, which totaled $40.0 billion with 173 partnerships formed. Given the larger dollar amount and smaller partnership count, it is evident that capital is flowing to larger funds.

According to *Buyouts* newsletter, the investment pace by funds into companies in the first quarter totaled 333 transactions, a fall from 455 deals in the first quarter of 2014. The announced aggregate dollar volume was $34.9 billion, up slightly from $30.8 billion a year ago. Eight deals with announced values of $1 billion or more closed in the quarter, notably the $9.2 billion Safeway and $8.8 billion PetSmart transactions.

According to the National Venture Capital Association, new investments in venture capital companies totaled $13.4 billion in 1,020 rounds of financing. The dollar volume and number of rounds both increased compared to the first quarter of 2014's $6.1 billion and 933 rounds.

Regarding exits, *Buyouts* reports that 114 private M&A exits of buyout-backed companies occurred during the first quarter of 2015, with 41 deals disclosing values totaling $33.3 billion. M&A exits count was down year-over-year from 147, but the announced value increased from $22.4 billion. There were also six buyout-backed IPOs that floated $1.1 billion, a decrease from the eight IPOs totaling $3.7 billion in the first quarter of 2014.

Funds Closed January 1 to March 31, 2015

Strategy	No. of Funds	Amt ($mm)	Percent
Venture Capital	48	7,000	12%
Buyouts	65	36,177	64%
Subordinated Debt	6	506	1%
Distressed Debt	6	7,649	14%
Secondary and Other	5	1,706	3%
Fund-of-funds	17	3,129	6%
Totals	**147**	**56,166**	**100%**

Source: Private Equity Analyst

Venture-backed M&A exits totaled 86 transactions, with 16 disclosing a total dollar volume of $2.1 billion. Exits declined from the first quarter of 2014, which had 114 deals with 31 announcing dollar values totaling $7.6 billion. There were 17 VC-backed IPOs in the first quarter with a combined float of $1.49 billion. For comparison, the first quarter of 2014 had 37 IPOs and total issuance of $3.4 billion.

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

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

Private Equity Performance Database (%) (Pooled Horizon IRRs through September 30, 2014*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	15 Years	20 Years
All Venture	2.1	24.2	15.2	14.9	9.8	9.5	27.4
Growth Equity	1.8	20.1	14.9	15.1	13.5	13.0	15.0
All Buyouts	-0.8	15.1	15.3	15.5	14.0	11.8	13.4
Mezzanine	2.6	12.5	13.1	12.1	11.0	8.3	10.2
Distressed	0.5	13.1	16.0	13.9	11.4	11.7	11.8
All Private Equity	**0.2**	**16.7**	**15.3**	**15.1**	**12.8**	**11.4**	**14.6**
S&P 500	1.1	19.7	23.0	15.7	8.1	4.9	9.6

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

Think Global, Act Local

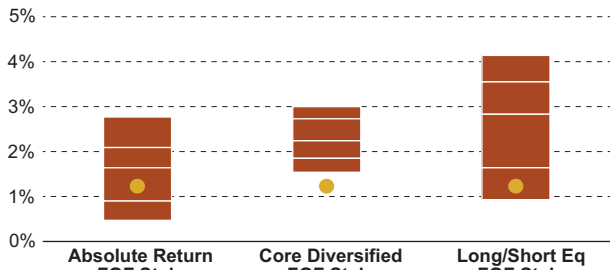
HEDGE FUNDS | Jim McKee

Changes create stress and require adjustments. The ECB finally launched its quantitative easing program in the first quarter, just as the Federal Reserve talked of raising rates. Markets reacted accordingly to this world of diverging monetary policies—with a "Grexit" twist. The dollar gained 11% against the euro. Foreign equities rallied in their local currencies while their U.S. counterparts paused, more or less.

This setting of monetary policy divergence enabled active managers to earn their fees, particularly with macro bets. As a proxy of unmanaged hedge fund interests without implementation costs, the **Credit Suisse Hedge Fund Index** (CS HFI) advanced 2.48% in the first quarter. Representing actual hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** produced 2.23%, net of all fees.

Within CS HFI, the best-performing strategy was *Managed Futures* (+7.32%). Also focused on top-down market calls, *Global Macro* gained 4.47%. Sorting through the fundamentals of macro winners and losers with a slight market tailwind, *Long/Short Equity* climbed 1.84% as the **S&P 500** rose 0.95%.

Callan Style Group Quarterly Returns



	Absolute Return FOF Style	Core Diversified FOF Style	Long/Short Eq FOF Style
10th Percentile	2.77	3.00	4.14
25th Percentile	2.09	2.73	3.55
Median	1.64	2.24	2.83
75th Percentile	0.90	1.85	1.64
90th Percentile	0.47	1.54	0.93
T-Bills + 5% ●	1.23	1.23	1.23

Sources: Callan, Merrill Lynch

Within Callan's Hedge Fund-of-Funds Database, market exposures marginally affected performance. Aided by modest equity tailwinds, the median *Callan Long/Short Equity FOF* (+2.83%) outpaced the *Callan Absolute Return FOF* (+1.64%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* gained 2.24%.

Database Median and Index Returns* for Periods ended March 31, 2015

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Hedge Fund-of-Funds Database	**2.23**	**4.51**	**6.42**	**5.01**	**4.83**	**5.83**
CS Hedge Fund Index	2.48	5.73	6.62	5.75	5.98	6.23
CS Equity Market Neutral	-2.47	-3.39	1.57	2.08	-1.44	1.75
CS Convertible Arbitrage	0.46	-3.59	2.50	4.12	4.40	5.87
CS Fixed Income Arbitrage	-0.15	2.10	5.28	6.44	3.70	4.81
CS Multi-Strategy	2.99	7.16	8.87	7.95	6.74	7.16
CS Distressed	0.26	-0.24	7.98	6.03	6.31	8.27
CS Risk Arbitrage	0.68	-1.37	1.64	1.91	3.84	4.36
CS Event Driven Multi-Strategy	2.14	0.47	7.71	4.78	6.59	7.45
CS Long/Short Equity	1.84	5.81	8.50	6.18	6.60	5.52
CS Dedicated Short Bias	-4.26	-5.69	-14.67	-13.66	-9.31	-5.98
CS Global Macro	4.47	8.38	4.98	6.71	7.92	10.20
CS Managed Futures	7.32	32.72	6.55	4.82	5.57	6.50
CS Emerging Markets	1.36	5.03	5.22	4.57	6.77	7.24

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

DC Plans Wrap up a Respectable 2014

DEFINED CONTRIBUTION | James O'Connor

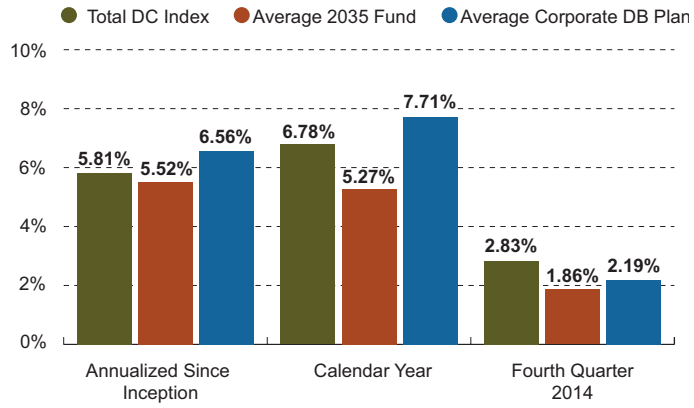
The Callan DC Index™ rounded out 2014 with a total return of 6.8%, an impressive showing relative to the typical 2035 target date fund (TDF), which gained 5.3% for the year. However, the Index underperformed for the year compared to the average corporate DB plan (+7.7%). This comes after a spectacular relative showing in 2013, when the Index beat the average DB plan by more than 7.5%. Weak TDF performance was one reason that DC plans lagged DB plans for the year—TDFs now account for 24% of the DC Index. DB plans have outperformed DC plans by 0.75% annualized since inception.

For the year ended December 31, 2014, DC plan balances grew by nearly 7%, driven almost exclusively by market returns. Inflows (participant and plan sponsor contributions) were modest for the year, adding a mere 15 basis points to total growth. Indeed, money flowed out of plans on a net basis during the last quarter, reducing total balance growth by four basis points. Still, since the Index's inception, plan sponsor and participant contributions have played an important role in the growth of balances. Approximately 30% of total growth in balances (+2.54% annualized) has been attributable to such net flows over the life of the Index.

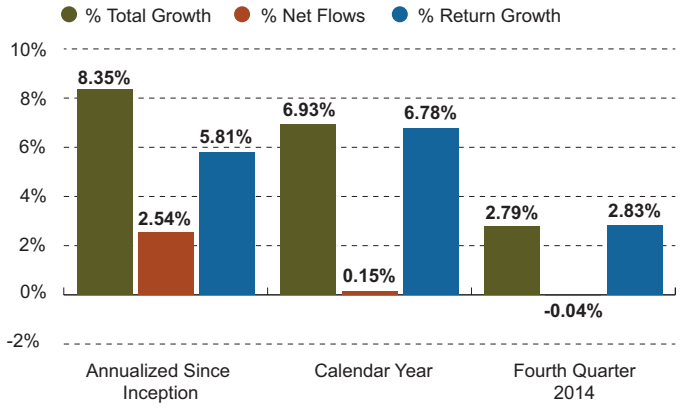
Turnover within the Index (i.e., net transfer activity) was below average for the quarter (+0.48%) and the year (+2.13%). Typical quarterly turnover is 0.68%, while typical annual turnover is 2.72%. As usual, TDFs experienced the greatest amount of activity by far, attracting 82 cents for every dollar of flows during the quarter and the year. Outflows came primarily from U.S. small/mid cap equity, stable value, and company stock for the quarter and the year. Interestingly, flows were not significant in non-U.S. equity despite these funds' weak performance for the year.

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 $140 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 2014)*
(Top Two and Bottom Two Asset Gatherers)

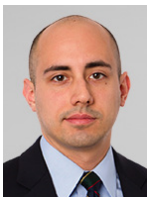
Asset Class	Flows as % of Total Net Flows
Target Date Funds	82.10%
U.S. Fixed Income	6.72%
U.S. Small/Mid Cap	-23.28%
Company Stock	-29.32%
Total Turnover[1]	**0.48%**

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

Source: Callan DC Index

*Notes: DC Index inception date is January 2006. DB plan performance is gross of fees. Data provided here is the most recent available at time of publication.

Authors



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The *Capital Market Review* is a quarterly macroeconomic indicator newsletter that provides thoughtful insights on the economy and recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

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Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional clients with creative, customized investment solutions that are uniquely backed by proprietary research, exclusive data, ongoing education and decision support. Today, Callan advises on more than $1.8 trillion in total assets, which makes us among the largest independently owned investment consulting firms in the U.S. We use a client-focused consulting model to serve public and private pension plan sponsors, endowments, foundations, operating funds, smaller investment consulting firms, investment managers, and financial intermediaries. For more information, please visit www.callan.com.

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The Callan Investments Institute, established in 1980, is a source of continuing education for those in the institutional investment community. The Institute conducts conferences and workshops and provides published research, surveys, and newsletters. The Institute strives to present the most timely and relevant research and education available so our clients and our associates stay abreast of important trends in the investments industry.

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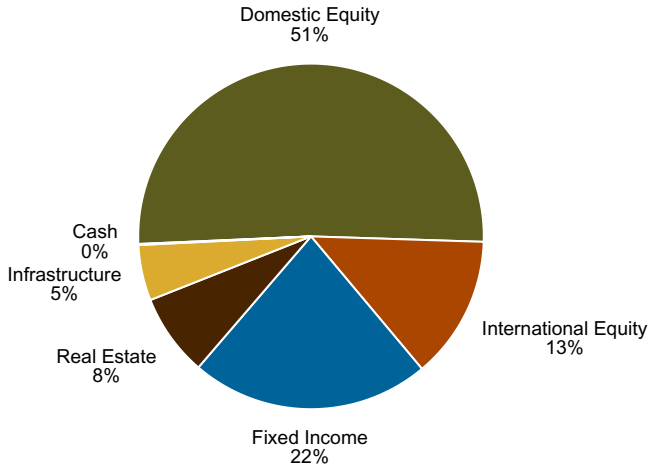
Total Fund

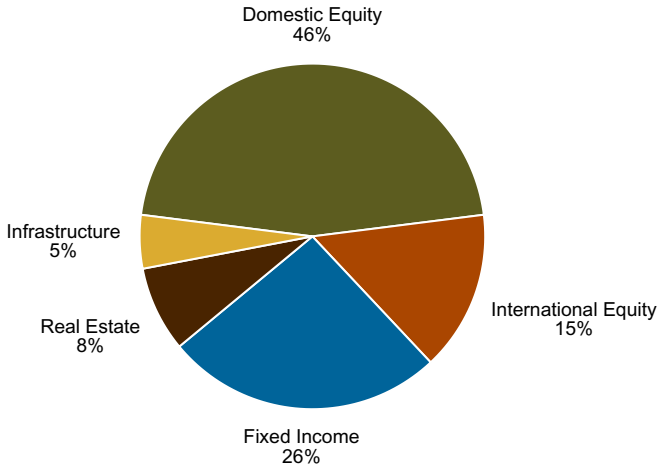
Actual vs Target Asset Allocation
As of March 31, 2015

The top left chart shows the Fund's asset allocation as of March 31, 2015. 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 Public Fund Sponsor Database.

Actual Asset Allocation

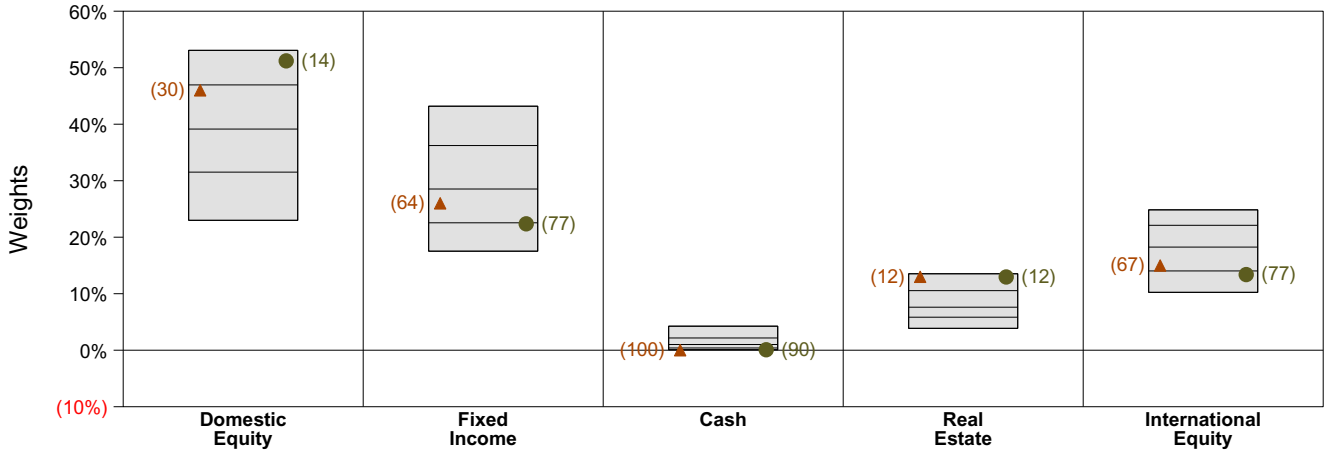


Target Asset Allocation



Asset Class	$000s Actual	Weight Actual	Target	Percent Difference	$000s Difference
Domestic Equity	378,857	51.2%	46.0%	5.2%	38,515
International Equity	99,025	13.4%	15.0%	(1.6%)	(11,956)
Fixed Income	165,488	22.4%	26.0%	(3.6%)	(26,879)
Real Estate	57,211	7.7%	8.0%	(0.3%)	(1,979)
Infrastructure	38,691	5.2%	5.0%	0.2%	1,697
Cash	603	0.1%	0.0%	0.1%	603
Total	739,874	100.0%	100.0%		

Asset Class Weights vs Public Fund Sponsor Database



	Domestic Equity	Fixed Income	Cash	Real Estate	International Equity
10th Percentile	53.07	43.18	4.25	13.53	24.84
25th Percentile	46.95	36.22	2.17	10.55	22.10
Median	39.14	28.53	1.01	7.61	18.25
75th Percentile	31.52	22.55	0.40	5.84	14.03
90th Percentile	22.99	17.52	0.09	3.87	10.24
Fund ●	51.21	22.37	0.08	12.96	13.38
Target ▲	46.00	26.00	0.00	13.00	15.00
% Group Invested	98.25%	97.66%	69.59%	45.03%	98.25%

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2015, with the distribution as of December 31, 2014. 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, 2015				December 31, 2014	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	**$378,856,614**	**51.21%**	**$(5,192,782)**	**$9,535,350**	**$374,514,046**	**51.36%**
Large Cap Equity	**$293,454,680**	**39.66%**	**$(5,031,607)**	**$5,412,514**	**$293,073,772**	**40.19%**
Alliance S&P Index	88,037,763	11.90%	(2,018,266)	781,332	89,274,697	12.24%
PIMCO StocksPLUS	42,900,637	5.80%	(1,500,000)	649,665	43,750,972	6.00%
BlackRock Russell 1000 Value	79,479,152	10.74%	(7,918)	(543,053)	80,030,123	10.97%
T. Rowe Price Large Cap Growth	83,037,127	11.22%	(1,505,423)	4,524,570	80,017,981	10.97%
Small/Mid Cap Equity	**$85,401,935**	**11.54%**	**$(161,175)**	**$4,122,835**	**$81,440,274**	**11.17%**
Champlain Mid Cap	42,063,864	5.69%	(87,258)	1,658,994	40,492,128	5.55%
Pyramis Small Cap	43,338,071	5.86%	(73,917)	2,463,842	40,948,146	5.62%
International Equity	**$99,024,895**	**13.38%**	**$(185,754)**	**$2,656,149**	**$96,554,501**	**13.24%**
Causeway International Value Equity	57,089,303	7.72%	(101,426)	2,189,513	55,001,216	7.54%
Aberdeen EAFE Plus	41,935,592	5.67%	(84,328)	466,636	41,553,285	5.70%
Fixed Income	**$165,487,869**	**22.37%**	**$(141,763)**	**$3,922,207**	**$161,707,425**	**22.17%**
BlackRock U.S. Debt Fund	62,494,700	8.45%	(8,428)	998,324	61,504,805	8.43%
PIMCO Fixed Income	102,993,169	13.92%	(133,335)	2,923,883	100,202,621	13.74%
Real Estate	**$57,210,984**	**7.73%**	**$(145,178)**	**$2,133,797**	**$55,222,364**	**7.57%**
JP Morgan Strategic Property Fund	40,861,805	5.52%	(96,115)	1,557,465	39,400,455	5.40%
LaSalle Income and Growth Fund	697,994	0.09%	0	17,757	680,237	0.09%
JP Morgan Income and Growth Fund	15,651,185	2.12%	(49,063)	558,575	15,141,673	2.08%
Infrastructure	**$38,690,544**	**5.23%**	**$(132,633)**	**$(2,028,400)**	**$40,851,577**	**5.60%**
Macquarie European Infrastructure	19,883,702	2.69%	(17,786)	(1,895,501)	21,796,989	2.99%
SteelRiver Infrastructure	18,806,842	2.54%	(114,846)	(132,900)	19,054,588	2.61%
Cash Composite	**$602,929**	**0.08%**	**$191,521**	**$0**	**$411,408**	**0.06%**
Cash	602,929	0.08%	191,521	0	411,408	0.06%
Total Plan	**$739,873,834**	**100.0%**	**$(5,606,589)**	**$16,219,102**	**$729,261,322**	**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, 2015. 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, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Gross of Fees					
Domestic Equity	**2.57%**	**12.45%**	**17.64%**	**15.46%**	**8.19%**
Total Domestic Equity Target (1)	1.88%	12.20%	16.37%	14.73%	8.40%
Large Cap Equity	**1.87%**	**12.62%**	**17.32%**	**15.00%**	**7.56%**
S&P 500 Index	0.95%	12.73%	16.11%	14.47%	8.01%
Alliance S&P Index	0.96%	12.70%	16.07%	14.40%	8.06%
PIMCO StocksPLUS	1.51%	13.32%	18.86%	16.89%	-
S&P 500 Index	0.95%	12.73%	16.11%	14.47%	8.01%
BlackRock Russell 1000 Value Index	(0.68%)	9.49%	16.52%	13.88%	7.36%
Russell 1000 Value Index	(0.72%)	9.33%	16.44%	13.75%	7.21%
T. Rowe Price Large Cap Growth	5.63%	15.17%	18.46%	17.21%	11.10%
Russell 1000 Growth Index	3.84%	16.09%	16.34%	15.63%	9.36%
Small/Mid Cap Equity U.S. Equity	**5.07%**	**11.84%**	**18.48%**	**17.01%**	**10.47%**
Russell 2500 Index	5.17%	10.07%	17.13%	15.48%	9.62%
Champlain Mid Cap	4.11%	12.02%	17.07%	16.16%	12.05%
Russell MidCap Index	3.95%	13.68%	18.10%	16.16%	10.02%
Pyramis Small Cap	6.03%	11.49%	19.78%	18.39%	11.98%
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%
International Equity	**2.75%**	**(2.52%)**	**8.07%**	**5.53%**	**5.45%**
MSCI ACWI x US (Net)	3.49%	(1.01%)	6.40%	4.82%	5.46%
Causeway International Value Equity	3.99%	(1.28%)	10.78%	9.05%	6.79%
MSCI EAFE Index	4.88%	(0.92%)	9.02%	6.16%	4.95%
Aberdeen EAFE Plus	1.12%	(4.15%)	4.72%	6.60%	7.88%
MSCI ACWI x US (Net)	3.49%	(1.01%)	6.40%	4.82%	5.46%
Fixed Income	**2.43%**	**5.75%**	**4.90%**	**5.43%**	**6.07%**
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
BlackRock U.S. Debt Fund	1.62%	5.93%	3.26%	4.56%	5.05%
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
PIMCO Fixed Income	2.92%	5.64%	5.90%	6.33%	6.78%
Custom Index (2)	1.96%	5.47%	4.94%	5.76%	6.08%

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. 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, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Gross of Fees					
Real Estate	**3.87%**	**12.50%**	**13.83%**	**14.26%**	**6.59%**
NFI-ODCE Value Weight Gr	3.39%	13.45%	12.66%	14.52%	6.99%
JP Morgan Strategic Property Fund	3.96%	12.87%	13.39%	14.54%	7.81%
NFI-ODCE Value Weight Gr	3.39%	13.45%	12.66%	14.52%	6.99%
LaSalle Income and Growth Fund	2.61%	1.96%	4.78%	2.21%	-
NFI-ODCE Value Weight Gr	3.39%	13.45%	12.66%	14.52%	6.99%
JP Morgan Income and Growth Fund	3.69%	12.14%	17.15%	19.88%	-
NFI-ODCE Value Weight Gr	3.39%	13.45%	12.66%	14.52%	6.99%
Infrastructure	**(4.97%)**	**(2.21%)**	**5.55%**	**6.26%**	**-**
CPI + 4%	1.47%	3.36%	4.70%	5.59%	6.06%
Macquarie European Infrastructure	(8.70%)	(13.89%)	4.99%	5.86%	-
SteelRiver Infrastructure	(0.70%)	13.94%	6.25%	6.61%	-
CPI + 4%	1.47%	3.36%	4.70%	5.59%	6.06%
Cash Composite	**0.00%**	**0.00%**	**0.02%**	**0.12%**	**1.64%**
Total Fund	**2.23%**	**7.86%**	**12.14%**	**10.91%**	**7.23%**
Total Fund Benchmark*	2.21%	8.22%	10.58%	10.34%	7.04%

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. 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.

	6/2014-3/2015	FY 2014	FY 2013	FY 2012	FY 2011
Gross of Fees					
Domestic Equity	**7.87%**	**26.67%**	**23.35%**	**2.92%**	**33.98%**
Total Domestic Equity Target (1)	7.00%	24.84%	21.70%	3.77%	32.56%
Large Cap Equity	**7.52%**	**27.15%**	**22.41%**	**3.48%**	**32.04%**
S&P 500 Index	7.12%	24.61%	20.60%	5.45%	30.69%
Alliance S&P Index	7.13%	24.50%	20.51%	5.48%	30.36%
PIMCO StocksPLUS	7.57%	27.61%	24.51%	5.80%	36.12%
S&P 500 Index	7.12%	24.61%	20.60%	5.45%	30.69%
BlackRock Russell 1000 Value Index	4.16%	23.88%	25.36%	3.07%	29.08%
Russell 1000 Value Index	4.02%	23.81%	25.32%	3.01%	28.94%
T. Rowe Price Large Cap Growth	11.30%	32.80%	20.37%	5.19%	35.07%
Russell 1000 Growth Index	10.42%	26.92%	17.07%	5.76%	35.01%
Small/Mid Cap Equity U.S. Equity	**9.10%**	**24.97%**	**26.35%**	**0.64%**	**41.67%**
Russell 2500 Index	6.28%	25.58%	25.61%	(2.29%)	39.28%
Champlain Mid Cap	7.29%	26.20%	22.88%	0.78%	36.29%
Russell MidCap Index	8.30%	26.85%	25.41%	(1.65%)	38.47%
Pyramis Small Cap	10.86%	23.59%	29.74%	0.44%	45.35%
Russell 2000 Index	6.04%	23.64%	24.21%	(2.08%)	37.41%
International Equity	**(5.80%)**	**21.26%**	**17.18%**	**(14.49%)**	**30.95%**
MSCI ACWI x US (Net)	(5.75%)	21.75%	13.63%	(14.57%)	29.73%
Causeway International Value Equity	(3.40%)	23.76%	22.07%	(10.83%)	35.68%
MSCI EAFE Index	(4.81%)	23.57%	18.62%	(13.83%)	30.36%
Aberdeen EAFE Plus	(8.89%)	18.20%	11.69%	(4.27%)	31.73%
MSCI ACWI x US (Net)	(5.75%)	21.75%	13.63%	(14.57%)	29.73%
Fixed Income	**2.52%**	**7.64%**	**1.84%**	**8.32%**	**4.66%**
Barclays Aggregate Index	3.60%	4.37%	(0.69%)	7.47%	3.90%
BlackRock U.S. Debt Fund	3.72%	4.49%	(0.48%)	7.55%	4.04%
Barclays Aggregate Index	3.60%	4.37%	(0.69%)	7.47%	3.90%
PIMCO Fixed Income	1.81%	9.60%	3.27%	9.56%	5.64%
Custom Index (2)	2.00%	8.48%	2.41%	7.63%	5.86%

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

Investment Manager Returns

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Gross of Fees					
Real Estate	**9.39%**	**13.27%**	**16.00%**	**11.63%**	**18.18%**
NFI-ODCE Value Weight Gr	10.22%	12.75%	12.17%	12.42%	20.48%
JP Morgan Strategic Property Fund	9.33%	14.08%	14.08%	12.00%	18.91%
NFI-ODCE Value Weight Gr	10.22%	12.75%	12.17%	12.42%	20.48%
LaSalle Income and Growth Fund	(1.91%)	10.87%	5.20%	(3.57%)	2.44%
NFI-ODCE Value Weight Gr	10.22%	12.75%	12.17%	12.42%	20.48%
JP Morgan Income and Growth Fund	10.36%	11.66%	25.49%	18.15%	33.69%
NFI-ODCE Value Weight Gr	10.22%	12.75%	12.17%	12.42%	20.48%
Infrastructure	**(7.63%)**	**16.31%**	**3.27%**	**5.68%**	**16.10%**
CPI + 4%	1.45%	6.05%	5.76%	5.58%	8.06%
Macquarie European Infrastructure	(15.32%)	14.63%	13.28%	0.54%	24.31%
SteelRiver Infrastructure	2.10%	18.46%	(7.19%)	13.03%	6.57%
CPI + 4%	1.45%	6.05%	5.76%	5.58%	8.06%
Cash Composite	**0.00%**	**0.00%**	**0.05%**	**0.03%**	**0.25%**
Total Fund	**3.85%**	**19.64%**	**14.84%**	**2.40%**	**23.19%**
Total Fund Benchmark*	4.20%	16.97%	12.87%	3.04%	22.53%

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. 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, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Net of Fees					
Domestic Equity	**2.53%**	**12.15%**	**17.25%**	**15.04%**	**7.79%**
Total Domestic Equity Target (1)	1.88%	12.20%	16.37%	14.73%	8.40%
Large Cap Equity	**1.87%**	**12.49%**	**17.14%**	**14.76%**	**7.30%**
S&P 500 Index	0.95%	12.73%	16.11%	14.47%	8.01%
Alliance S&P Index	0.96%	12.66%	16.03%	14.35%	8.01%
PIMCO StocksPLUS	1.51%	13.32%	18.57%	16.69%	-
S&P 500 Index	0.95%	12.73%	16.11%	14.47%	8.01%
BlackRock Russell 1000 Value Index	(0.69%)	9.45%	16.49%	13.86%	7.35%
Russell 1000 Value Index	(0.72%)	9.33%	16.44%	13.75%	7.21%
T. Rowe Price Large Cap Growth	5.63%	14.73%	17.92%	16.66%	10.56%
Russell 1000 Growth Index	3.84%	16.09%	16.34%	15.63%	9.36%
Small/Mid Cap Equity U.S. Equity	**4.87%**	**10.94%**	**17.55%**	**16.09%**	**9.62%**
Russell 2500 Index	5.17%	10.07%	17.13%	15.48%	9.62%
Champlain Mid Cap	3.88%	11.06%	16.09%	15.18%	11.11%
Russell MidCap Index	3.95%	13.68%	18.10%	16.16%	10.02%
Pyramis Small Cap	5.84%	10.67%	18.90%	17.52%	11.16%
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%
International Equity	**2.57%**	**(3.22%)**	**7.31%**	**4.74%**	**4.63%**
MSCI ACWI x US (Net)	3.49%	(1.01%)	6.40%	4.82%	5.46%
Causeway International Value Equity	3.82%	(1.92%)	10.07%	8.34%	6.09%
MSCI EAFE Index	4.88%	(0.92%)	9.02%	6.16%	4.95%
Aberdeen EAFE Plus	0.92%	(4.93%)	3.89%	5.76%	7.03%
MSCI ACWI x US (Net)	3.49%	(1.01%)	6.40%	4.82%	5.46%
Fixed Income	**2.35%**	**5.41%**	**4.56%**	**5.12%**	**5.79%**
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
BlackRock U.S. Debt Fund	1.62%	5.89%	3.23%	4.54%	5.04%
Barclays Aggregate Index	1.61%	5.72%	3.10%	4.41%	4.93%
PIMCO Fixed Income	2.80%	5.13%	5.38%	5.88%	6.37%
Custom Index (2)	1.96%	5.47%	4.94%	5.76%	6.08%

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. 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, 2015

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Net of Fees					
Real Estate	**3.60%**	**11.32%**	**12.59%**	**12.96%**	**5.36%**
NFI-ODCE Equal Weight Net	3.18%	12.37%	11.46%	13.34%	5.71%
JP Morgan Strategic Property Fund	3.71%	11.78%	12.29%	13.42%	6.75%
NFI-ODCE Equal Weight Net	3.18%	12.37%	11.46%	13.34%	5.71%
LaSalle Income and Growth Fund	2.61%	1.13%	3.83%	0.95%	-
NFI-ODCE Equal Weight Net	3.18%	12.37%	11.46%	13.34%	5.71%
JP Morgan Income and Growth Fund	3.36%	10.75%	15.51%	18.07%	-
NFI-ODCE Equal Weight Net	3.18%	12.37%	11.46%	13.34%	5.71%
Infrastructure	**(5.14%)**	**(3.15%)**	**4.32%**	**4.68%**	**-**
CPI + 4%	1.47%	3.36%	4.70%	5.59%	6.06%
Macquarie European Infrastructure	(8.74%)	(14.51%)	4.10%	4.49%	-
SteelRiver Infrastructure	(1.01%)	12.53%	4.58%	4.77%	-
CPI + 4%	1.47%	3.36%	4.70%	5.59%	6.06%
Cash Composite	**0.00%**	**(0.00%)**	**0.02%**	**0.12%**	**1.64%**
Total Fund	**2.14%**	**7.39%**	**11.60%**	**10.34%**	**6.69%**
Total Fund Benchmark*	2.21%	8.22%	10.58%	10.34%	7.04%

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. 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.

	6/2014-3/2015	FY 2014	FY 2013	FY 2012	FY 2011
Net of Fees					
Domestic Equity	**7.66%**	**26.30%**	**22.90%**	**2.50%**	**33.44%**
Total Domestic Equity Target (1)	7.00%	24.84%	21.70%	3.77%	32.56%
Large Cap Equity	**7.43%**	**26.95%**	**22.21%**	**3.21%**	**31.66%**
S&P 500 Index	7.12%	24.61%	20.60%	5.45%	30.69%
Alliance S&P Index	7.11%	24.45%	20.46%	5.43%	30.30%
PIMCO StocksPLUS	7.57%	27.61%	23.83%	5.56%	36.04%
S&P 500 Index	7.12%	24.61%	20.60%	5.45%	30.69%
BlackRock Russell 1000 Value Index	4.13%	23.83%	25.35%	3.07%	29.08%
Russell 1000 Value Index	4.02%	23.81%	25.32%	3.01%	28.94%
T. Rowe Price Large Cap Growth	11.02%	32.16%	19.79%	4.67%	34.41%
Russell 1000 Growth Index	10.42%	26.92%	17.07%	5.76%	35.01%
Small/Mid Cap Equity U.S. Equity	**8.45%**	**24.00%**	**25.36%**	**(0.16%)**	**40.57%**
Russell 2500 Index	6.28%	25.58%	25.61%	(2.29%)	39.28%
Champlain Mid Cap	6.60%	25.16%	21.86%	(0.08%)	35.17%
Russell MidCap Index	8.30%	26.85%	25.41%	(1.65%)	38.47%
Pyramis Small Cap	10.25%	22.70%	28.79%	(0.31%)	44.30%
Russell 2000 Index	6.04%	23.64%	24.21%	(2.08%)	37.41%
International Equity	**(6.31%)**	**20.41%**	**16.34%**	**(15.16%)**	**29.90%**
MSCI ACWI x US (Net)	(5.75%)	21.75%	13.63%	(14.57%)	29.73%
Causeway International Value Equity	(3.87%)	22.98%	21.27%	(11.43%)	34.80%
MSCI EAFE Index	(4.81%)	23.57%	18.62%	(13.83%)	30.36%
Aberdeen EAFE Plus	(9.45%)	17.28%	10.80%	(5.04%)	30.75%
MSCI ACWI x US (Net)	(5.75%)	21.75%	13.63%	(14.57%)	29.73%
Fixed Income	**2.28%**	**7.30%**	**1.51%**	**8.03%**	**4.42%**
Barclays Aggregate Index	3.60%	4.37%	(0.69%)	7.47%	3.90%
BlackRock U.S. Debt Fund	3.69%	4.43%	(0.49%)	7.55%	4.04%
Barclays Aggregate Index	3.60%	4.37%	(0.69%)	7.47%	3.90%
PIMCO Fixed Income	1.44%	9.07%	2.77%	9.15%	5.28%
Custom Index (2)	2.00%	8.48%	2.41%	7.63%	5.86%

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2015. 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.

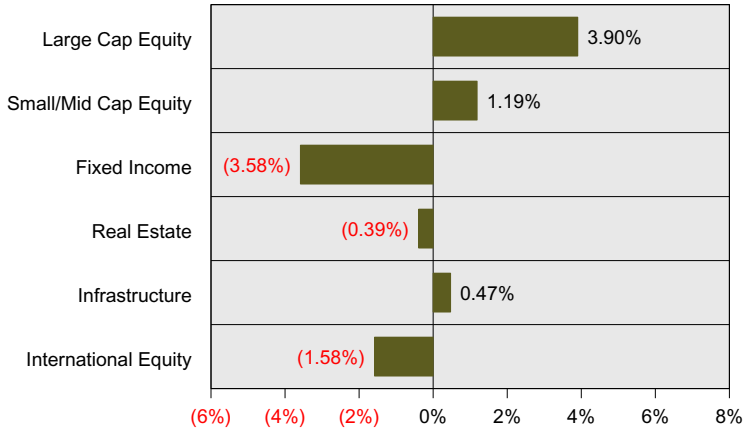
	6/2014-3/2015	FY 2014	FY 2013	FY 2012	FY 2011
Net of Fees					
Real Estate	**8.54%**	**12.03%**	**14.67%**	**10.34%**	**16.77%**
NFI-ODCE Equal Weight Net	9.59%	11.37%	10.80%	11.46%	19.33%
JP Morgan Strategic Property Fund	8.53%	12.98%	12.95%	10.90%	17.75%
NFI-ODCE Equal Weight Net	9.59%	11.37%	10.80%	11.46%	19.33%
LaSalle Income and Growth Fund	(2.24%)	10.18%	3.80%	(5.24%)	0.68%
NFI-ODCE Equal Weight Net	9.59%	11.37%	10.80%	11.46%	19.33%
JP Morgan Income and Growth Fund	9.33%	9.93%	23.54%	16.49%	31.44%
NFI-ODCE Equal Weight Net	9.59%	11.37%	10.80%	11.46%	19.33%
Infrastructure	**(7.97%)**	**15.32%**	**1.39%**	**3.61%**	**13.84%**
CPI + 4%	1.45%	6.05%	5.76%	5.58%	8.06%
Macquarie European Infrastructure	(15.44%)	14.11%	11.61%	(1.44%)	21.91%
SteelRiver Infrastructure	1.47%	16.80%	(9.28%)	10.85%	4.48%
CPI + 4%	1.45%	6.05%	5.76%	5.58%	8.06%
Cash Composite	**(0.00%)**	**0.00%**	**0.05%**	**0.03%**	**0.25%**
Total Fund	**3.53%**	**19.11%**	**14.21%**	**1.82%**	**22.52%**
Total Fund Benchmark*	4.20%	16.97%	12.87%	3.04%	22.53%

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

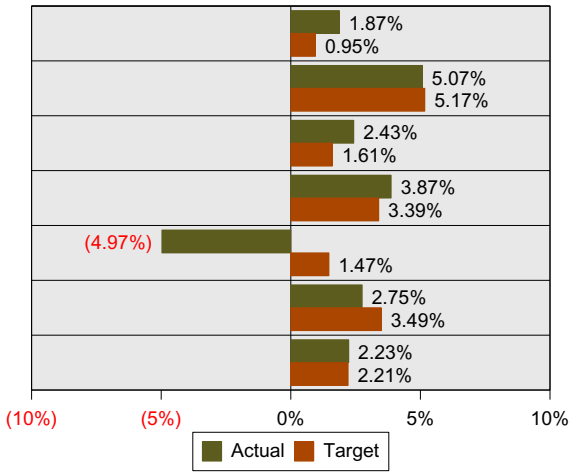
Quarterly Style Attribution - March 31, 2015

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: Style Allocation Effect and Manager Selection Effect. The Style Allocation Effect represents the excess return due to the actual total fund style allocation differing from the target style allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

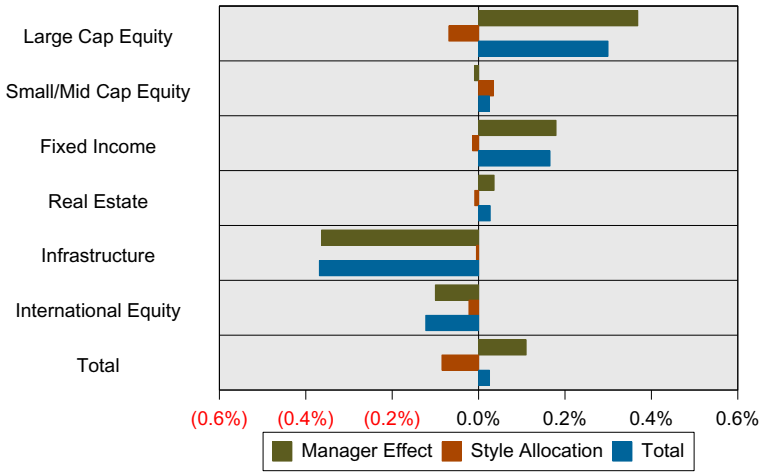
Style Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Style Class



Relative Attribution Effects for Quarter ended March 31, 2015

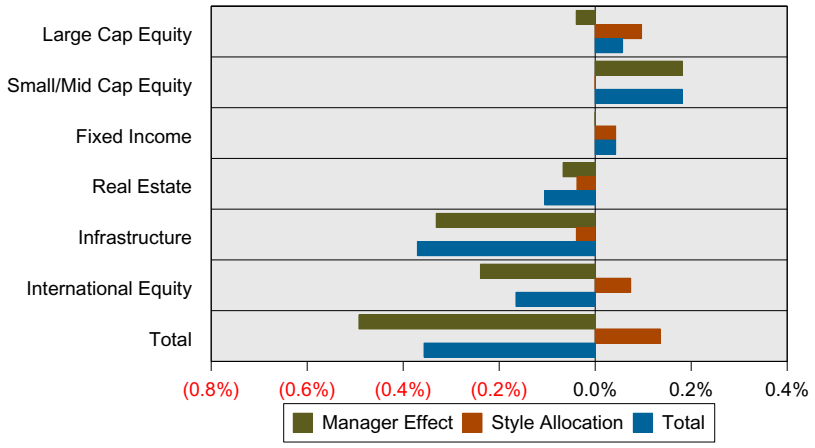
Style Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Style Allocation	Total Relative Return
Large Cap Equity	40%	36%	1.87%	0.95%	0.37%	(0.07%)	0.30%
Small/Mid Cap Equity	11%	10%	5.07%	5.17%	(0.01%)	0.03%	0.03%
Fixed Income	22%	26%	2.43%	1.61%	0.18%	(0.01%)	0.17%
Real Estate	8%	8%	3.87%	3.39%	0.04%	(0.01%)	0.03%
Infrastructure	5%	5%	(4.97%)	1.47%	(0.36%)	(0.01%)	(0.37%)
International Equity	13%	15%	2.75%	3.49%	(0.10%)	(0.02%)	(0.12%)
Total			**2.23%** =	**2.21%** +	**0.11%** +	**(0.08%)**	**0.03%**

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

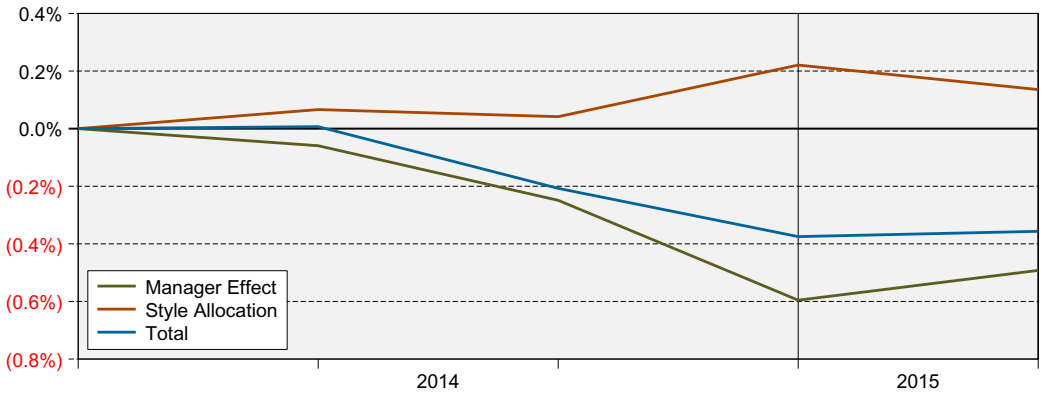
Cumulative Style Relative Attribution - March 31, 2015

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 style class. These relative attribution effects separate the cumulative sources of total fund excess return into Style Allocation Effect and Manager Selection Effect.

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

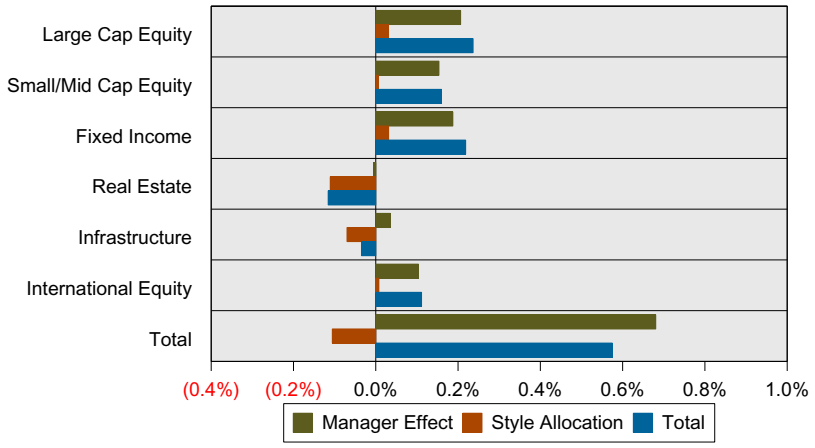
Style Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Style Allocation	Total Relative Return
Large Cap Equity	39%	36%	12.62%	12.73%	(0.04%)	0.10%	0.06%
Small/Mid Cap Equity	11%	10%	11.84%	10.07%	0.18%	0.00%	0.18%
Fixed Income	22%	26%	5.75%	5.72%	(0.00%)	0.04%	0.04%
Real Estate	8%	8%	12.50%	13.45%	(0.07%)	(0.04%)	(0.11%)
Infrastructure	6%	5%	(2.21%)	3.36%	(0.33%)	(0.04%)	(0.37%)
International Equity	14%	15%	(2.52%)	(1.01%)	(0.24%)	0.07%	(0.17%)
Total			**7.86% =**	**8.22% +**	**(0.49%) +**	**0.14%**	**(0.36%)**

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

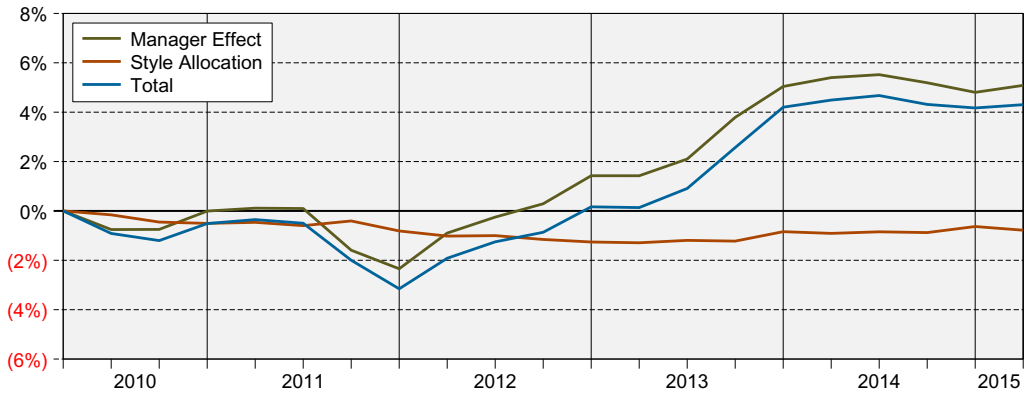
Cumulative Style Relative Attribution - March 31, 2015

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 style class. These relative attribution effects separate the cumulative sources of total fund excess return into Style Allocation Effect and Manager Selection Effect.

Five Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Five Year Annualized Relative Attribution Effects

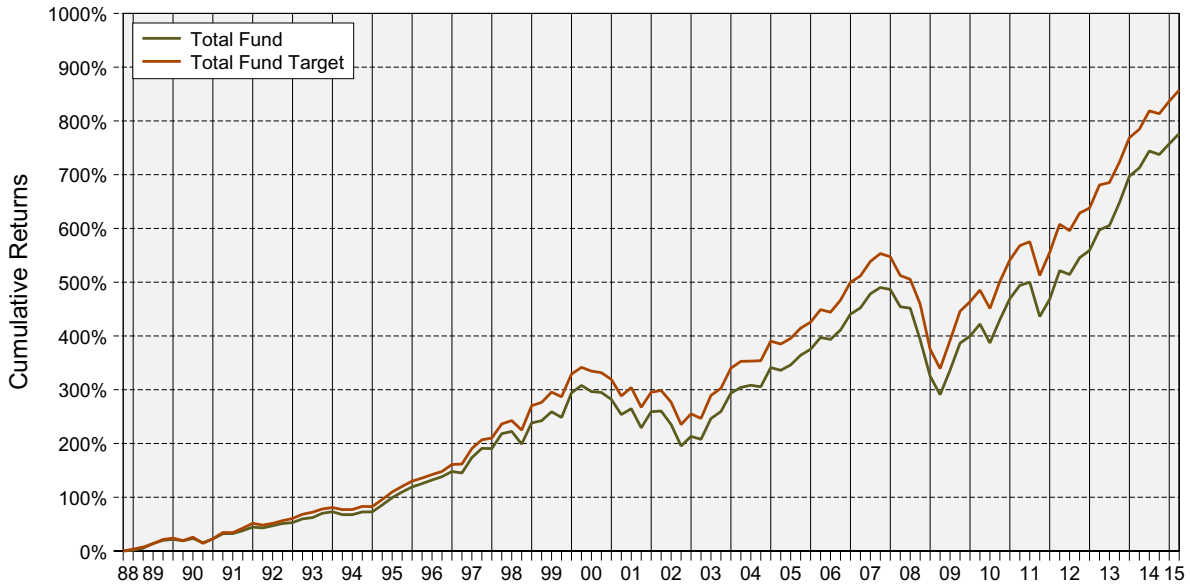
Style Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Style Allocation	Total Relative Return
Large Cap Equity	37%	36%	15.00%	14.47%	0.21%	0.03%	0.24%
Small/Mid Cap Equity	11%	10%	17.01%	15.48%	0.15%	0.01%	0.16%
Fixed Income	25%	26%	5.43%	4.63%	0.19%	0.03%	0.22%
Real Estate	7%	8%	14.26%	14.52%	(0.01%)	(0.11%)	(0.12%)
Infrastructure	6%	5%	6.26%	5.59%	0.04%	(0.07%)	(0.03%)
International Equity	14%	15%	5.53%	4.82%	0.10%	0.01%	0.11%
Total			**10.91%**	**= 10.34%**	**+ 0.68%**	**+ (0.11%)**	**0.57%**

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

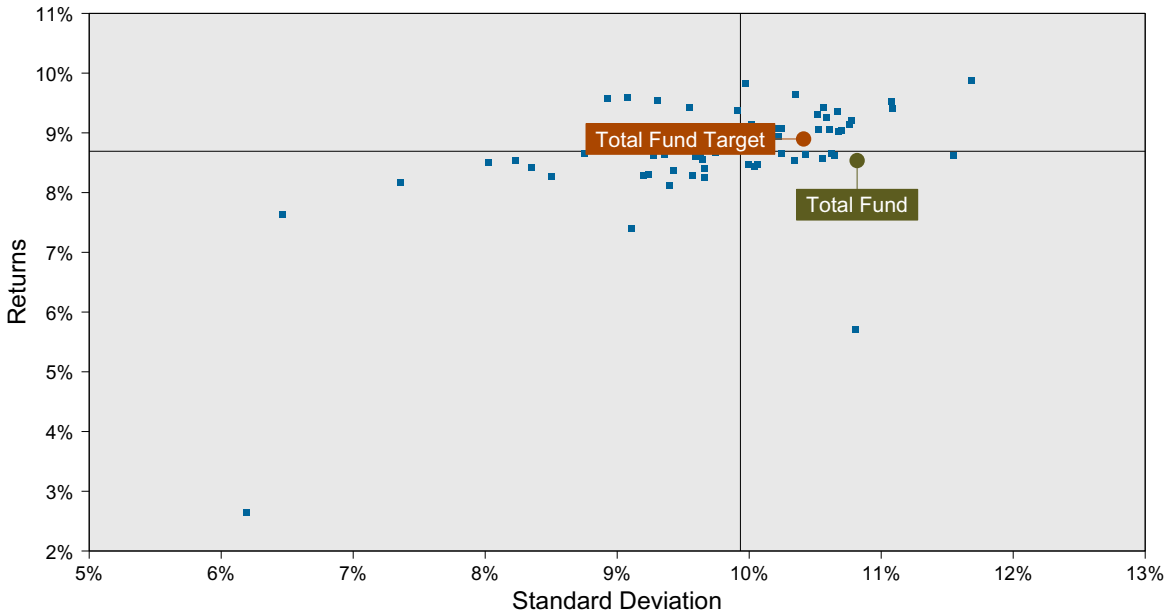
Cumulative Performance Relative to Target

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 Public Fund Sponsor Database.

Cumulative Returns Actual vs Target



Twenty-Six and One-Half Year Annualized Risk vs Return



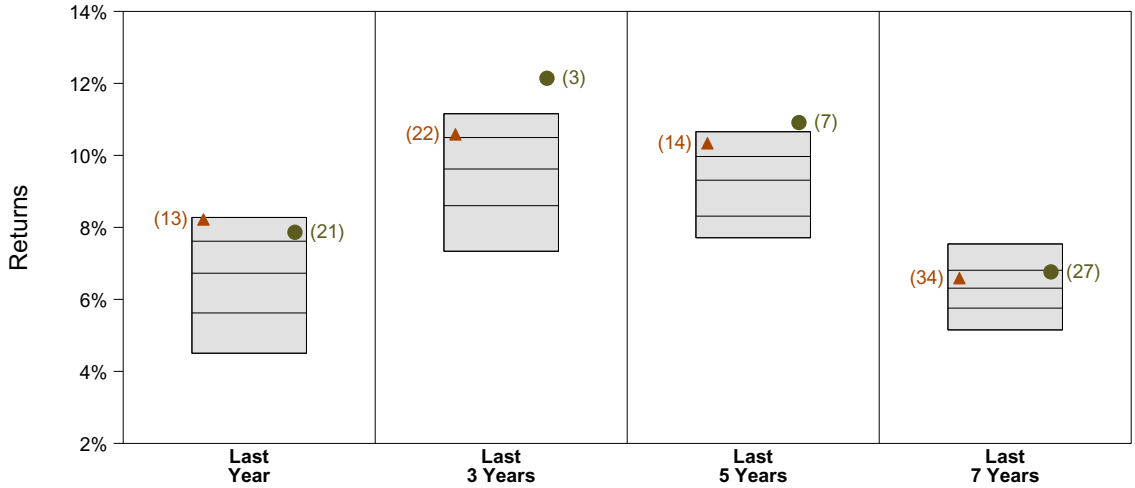
Squares represent membership of the Public Fund Sponsor Database

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Total Fund Ranking

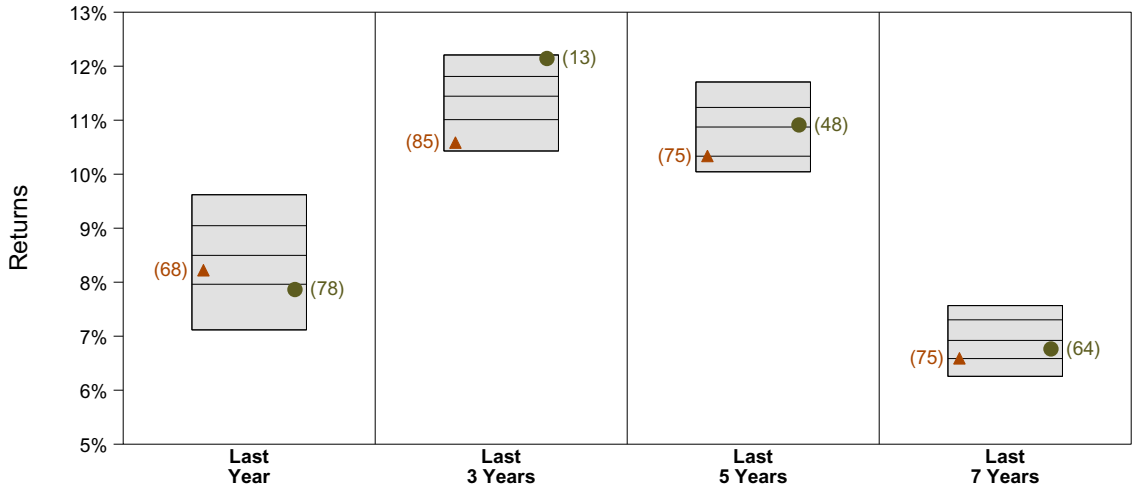
The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended March 31, 2015. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

Public Fund Sponsor Database



	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	8.28	11.16	10.66	7.54
25th Percentile	7.62	10.50	9.97	6.81
Median	6.73	9.62	9.31	6.31
75th Percentile	5.62	8.60	8.31	5.76
90th Percentile	4.50	7.34	7.71	5.15
Total Fund ●	7.86	12.14	10.91	6.76
Policy Target ▲	8.22	10.58	10.34	6.59

Asset Allocation Adjusted Ranking



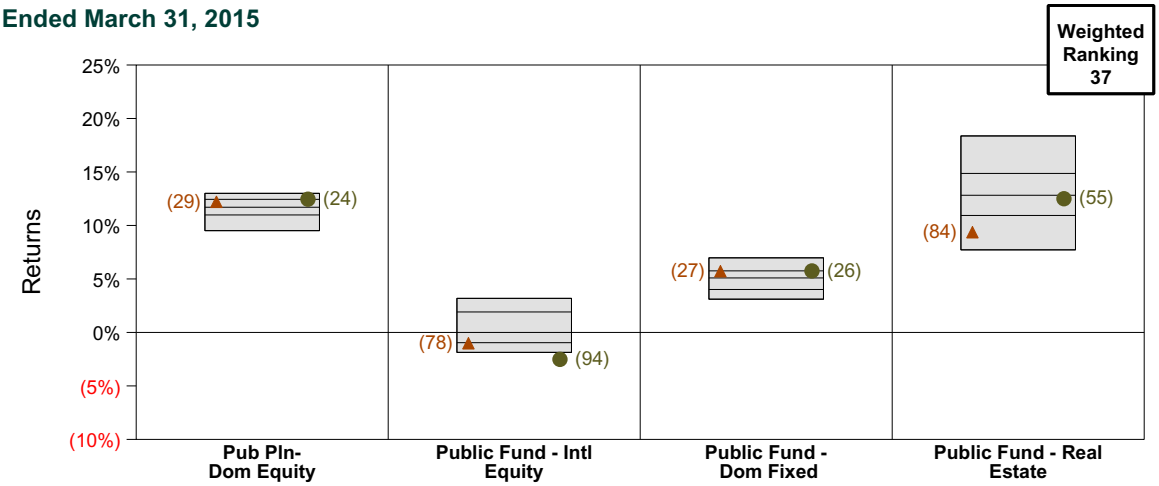
	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
10th Percentile	9.62	12.21	11.71	7.57
25th Percentile	9.05	11.81	11.24	7.30
Median	8.50	11.44	10.87	6.92
75th Percentile	7.96	11.01	10.33	6.59
90th Percentile	7.12	10.43	10.04	6.26
Total Fund ●	7.86	12.14	10.91	6.76
Policy Target ▲	8.22	10.58	10.34	6.59

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Asset Class Rankings

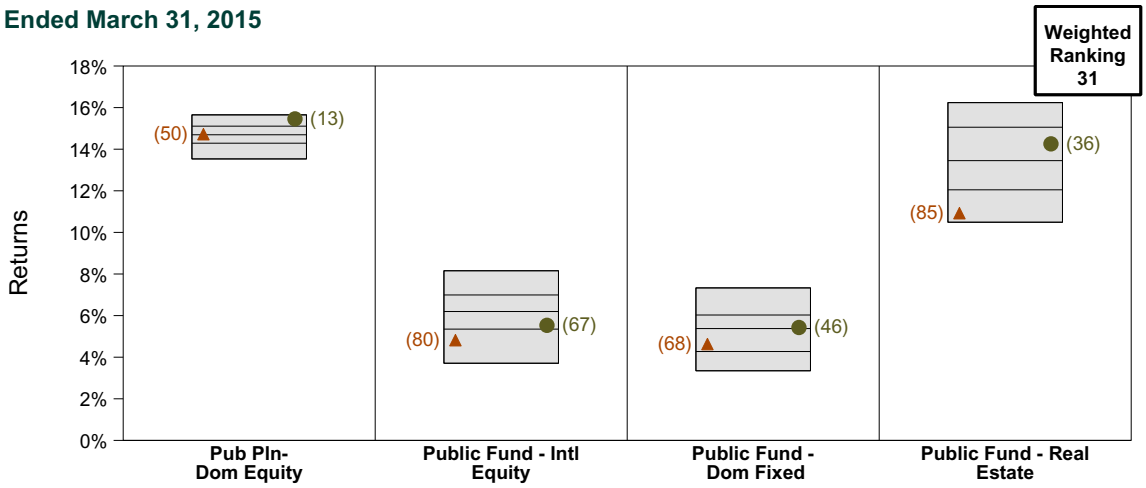
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used 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, 2015



	Pub Pln-Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed	Public Fund - Real Estate
10th Percentile	13.00	3.18	6.97	18.37
25th Percentile	12.44	1.91	5.76	14.86
Median	11.70	(0.00)	5.09	12.82
75th Percentile	10.98	(0.96)	4.01	10.94
90th Percentile	9.51	(1.87)	3.11	7.72
Asset Class Composite ●	12.45	(2.52)	5.75	12.50
Composite Benchmark ▲	12.21	(1.01)	5.72	9.37

Total Asset Class Performance
Five Years Ended March 31, 2015



	Pub Pln-Dom Equity	Public Fund - Intl Equity	Public Fund - Dom Fixed	Public Fund - Real Estate
10th Percentile	15.65	8.16	7.33	16.24
25th Percentile	15.11	6.99	6.03	15.06
Median	14.69	6.20	5.38	13.45
75th Percentile	14.29	5.35	4.27	12.05
90th Percentile	13.53	3.71	3.35	10.49
Asset Class Composite ●	15.46	5.53	5.43	14.26
Composite Benchmark ▲	14.72	4.82	4.63	10.92

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

Total Fund
Period Ended March 31, 2015

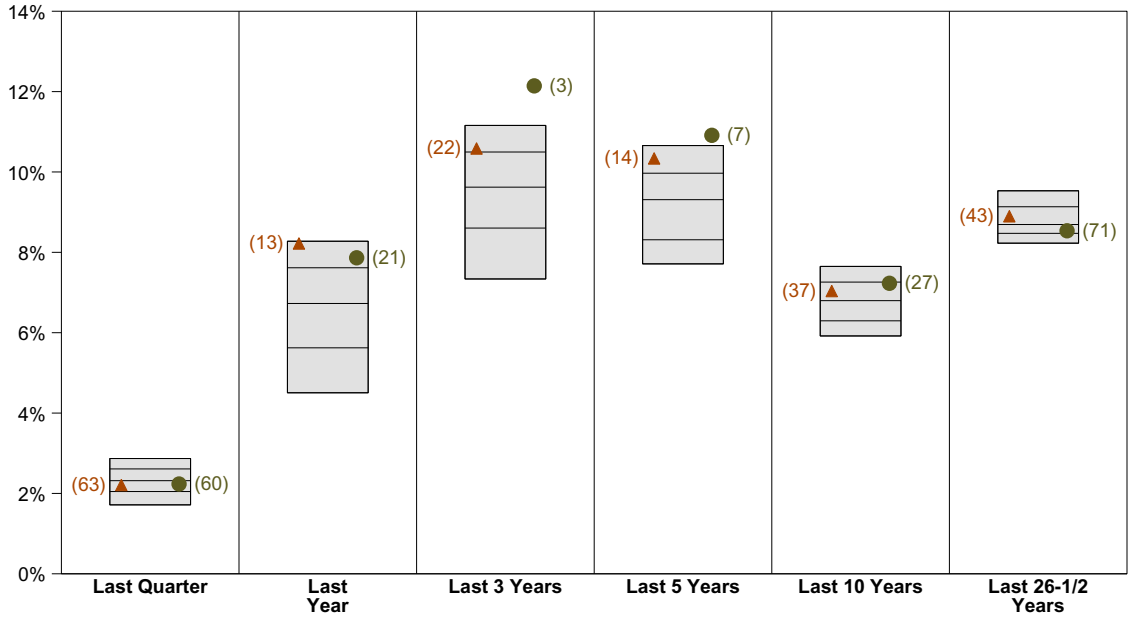
Investment Philosophy

The total fund return stream starts the third quarter of 1988.

Quarterly Summary and Highlights

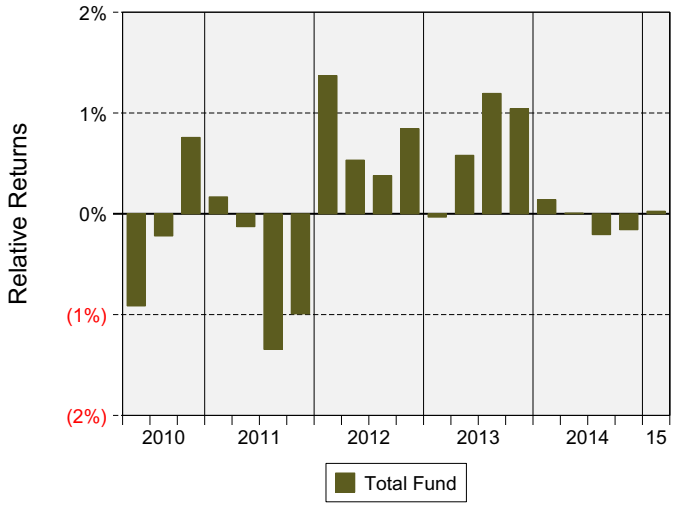
- Total Fund's portfolio posted a 2.23% return for the quarter placing it in the 60 percentile of the Public Fund Sponsor Database group for the quarter and in the 21 percentile for the last year.
- Total Fund's portfolio outperformed the Total Fund Benchmark by 0.03% for the quarter and underperformed the Total Fund Benchmark for the year by 0.36%.

Performance vs Public Fund Sponsor Database (Gross)

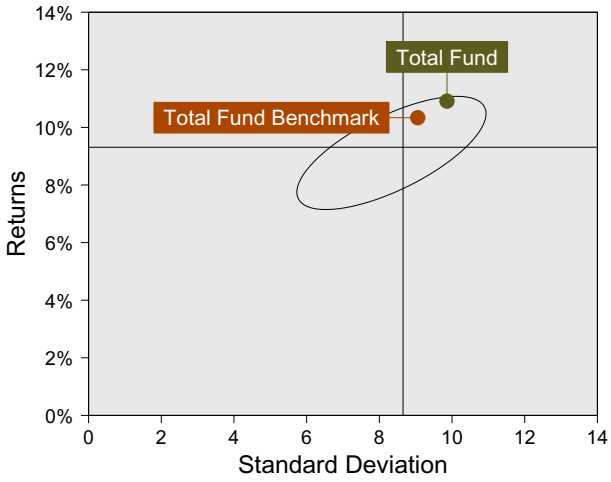


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 26-1/2 Years
10th Percentile	2.87	8.28	11.16	10.66	7.65	9.53
25th Percentile	2.61	7.62	10.50	9.97	7.26	9.13
Median	2.32	6.73	9.62	9.31	6.80	8.69
75th Percentile	2.05	5.62	8.60	8.31	6.30	8.47
90th Percentile	1.72	4.50	7.34	7.71	5.92	8.23
Total Fund ●	2.23	7.86	12.14	10.91	7.23	8.54
Total Fund Benchmark ▲	2.21	8.22	10.58	10.34	7.04	8.90

Relative Return vs Total Fund Benchmark



Public Fund Sponsor Database (Gross) Annualized Five Year Risk vs Return



Domestic Equity

Domestic Equity
Period Ended March 31, 2015

Investment Philosophy

The Total Domestic Equity target is currently composed of 78% S&P 500 Index and 22% Russell 2500 Index.

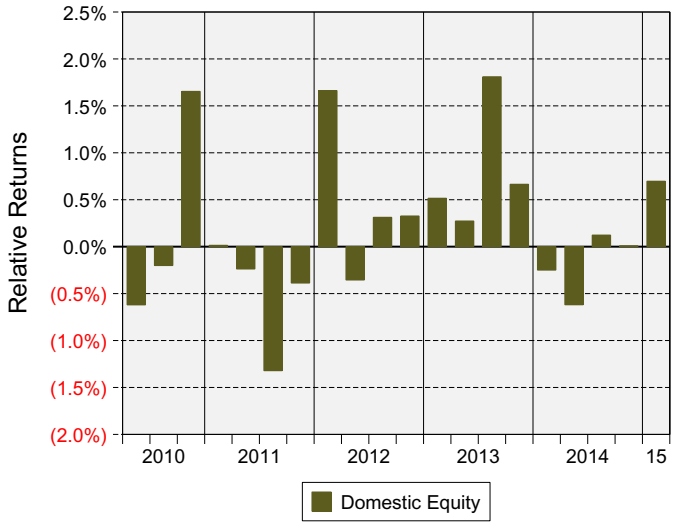
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 2.57% return for the quarter placing it in the 25 percentile of the Pub Pln- Domestic Equity group for the quarter and in the 24 percentile for the last year.
- Domestic Equity's portfolio outperformed the Total Domestic Equity Target by 0.70% for the quarter and outperformed the Total Domestic Equity Target for the year by 0.25%.

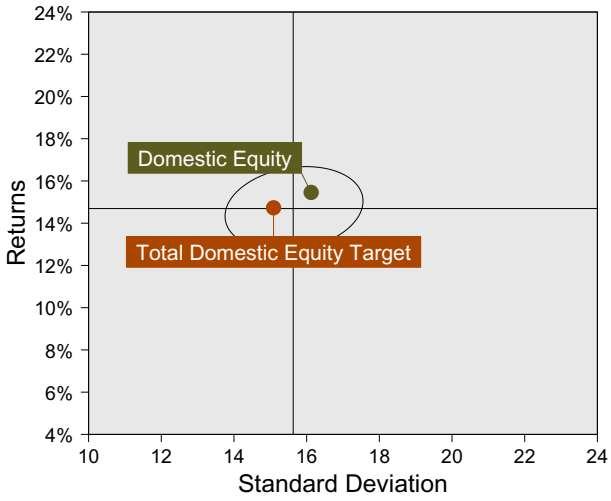
Performance vs Pub Pln- Domestic Equity (Gross)

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	3.19	13.00	17.06	15.65	9.24
25th Percentile	2.58	12.44	16.62	15.11	8.82
Median	2.26	11.70	16.25	14.69	8.46
75th Percentile	1.85	10.98	15.78	14.29	8.07
90th Percentile	1.54	9.51	14.86	13.53	7.78
Domestic Equity ●	2.57	12.45	17.64	15.46	8.19
Total Domestic Equity Target ▲	1.88	12.20	16.37	14.73	8.40

Relative Returns vs Total Domestic Equity Target



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

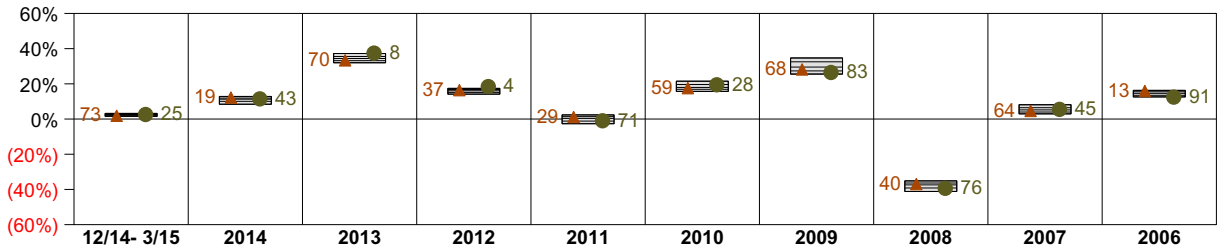


Domestic Equity
Return Analysis Summary

Return Analysis

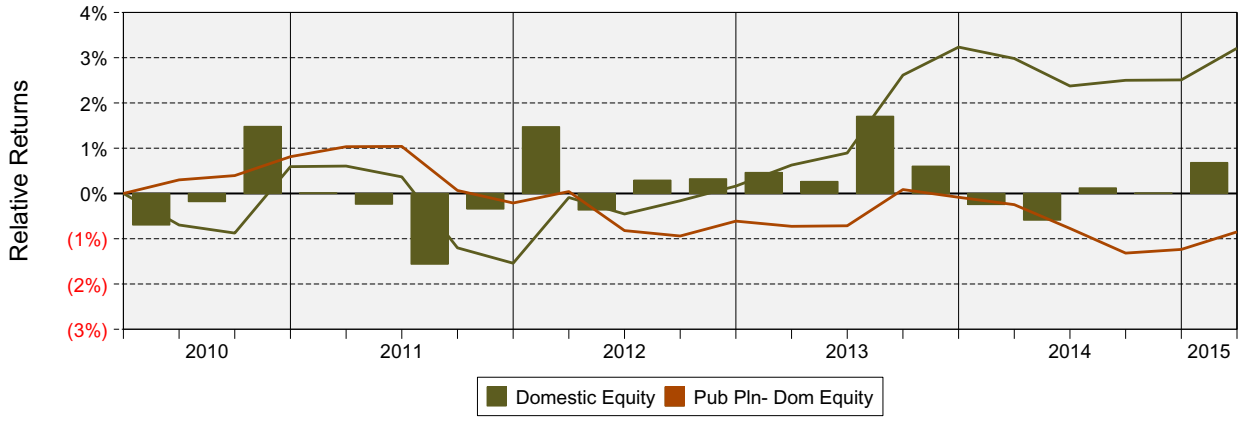
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Pub Pln- Domestic Equity (Gross)

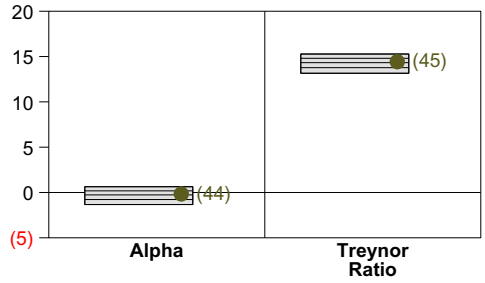


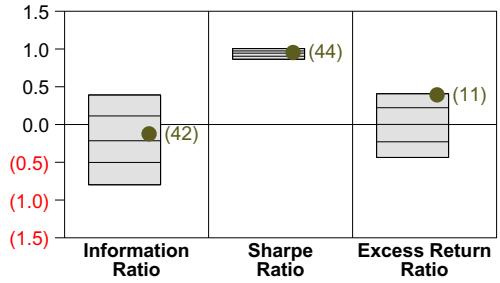
	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	3.19	12.83	37.22	17.42	2.34	21.50	34.70	(35.13)	8.11	16.29
25th Percentile	2.58	11.91	35.55	16.77	1.37	19.62	32.51	(36.35)	6.44	15.49
Median	2.26	11.29	34.39	16.07	0.36	17.95	29.53	(37.41)	5.20	14.60
75th Percentile	1.85	10.05	33.17	15.14	(1.16)	16.91	27.36	(39.16)	3.98	13.48
90th Percentile	1.54	8.41	31.98	14.15	(2.64)	15.72	25.55	(41.15)	2.96	12.58
Domestic Equity ●	2.57	11.46	37.46	18.44	(0.99)	19.45	26.46	(39.36)	5.48	12.46
Total Domestic Equity Target ▲	1.88	12.25	33.37	16.43	1.16	17.56	28.20	(36.92)	4.60	15.95

Cumulative and Quarterly Relative Return vs Total Domestic Equity Target



Risk Adjusted Return Measures vs Total Domestic Equity Target
Rankings Against Pub Pln- Domestic Equity (Gross)
Five Years Ended March 31, 2015





	Alpha	Treynor Ratio
10th Percentile	0.64	15.28
25th Percentile	0.18	14.81
Median	(0.26)	14.33
75th Percentile	(0.78)	13.77
90th Percentile	(1.33)	13.16
Domestic Equity ●	(0.16)	14.43

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.39	1.01	0.41
25th Percentile	0.11	0.97	0.22
Median	(0.22)	0.95	0.00
75th Percentile	(0.50)	0.90	(0.23)
90th Percentile	(0.80)	0.86	(0.44)
Domestic Equity ●	(0.12)	0.95	0.39

Alliance S&P Index
Period Ended March 31, 2015

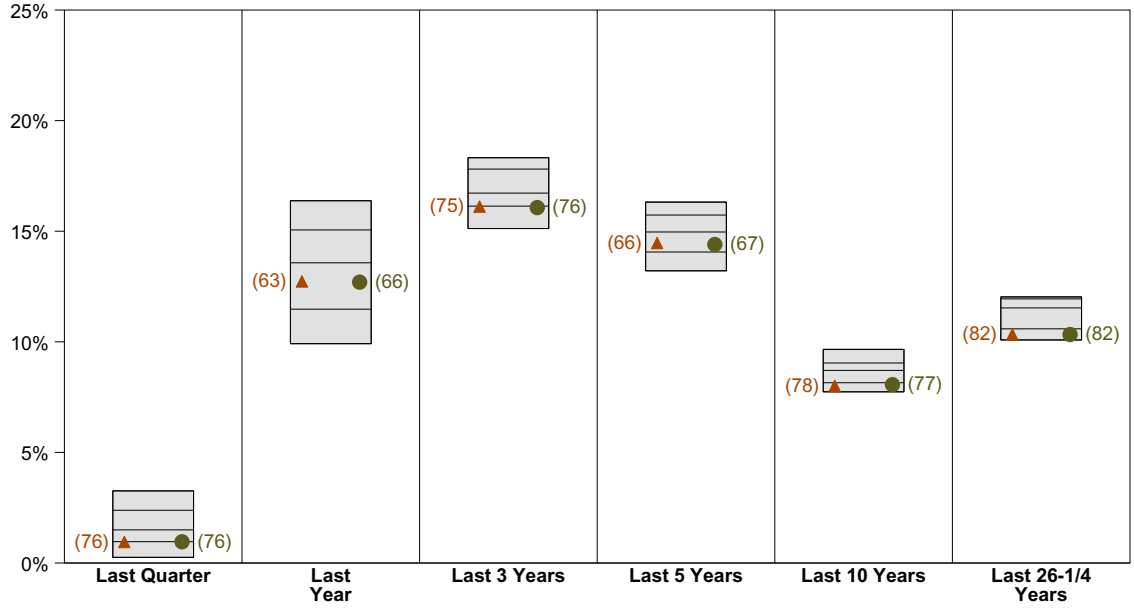
Investment Philosophy

Alliance uses a stratified sampling methodology and purchases a majority of the index stocks to replicate the Standard and Poor's 500. The product was funded during the third quarter of 1988.

Quarterly Summary and Highlights

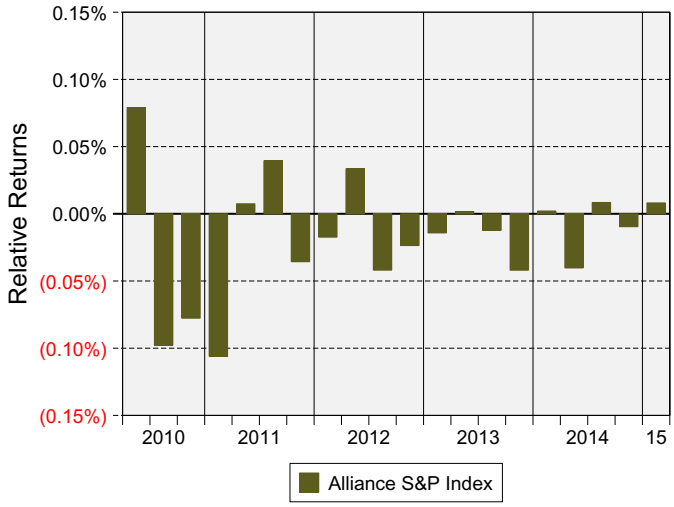
- Alliance S&P Index's portfolio posted a 0.96% return for the quarter placing it in the 76 percentile of the CAI Large Cap Core Style group for the quarter and in the 66 percentile for the last year.
- Alliance S&P Index's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.04%.

Performance vs CAI Large Cap Core Style (Gross)

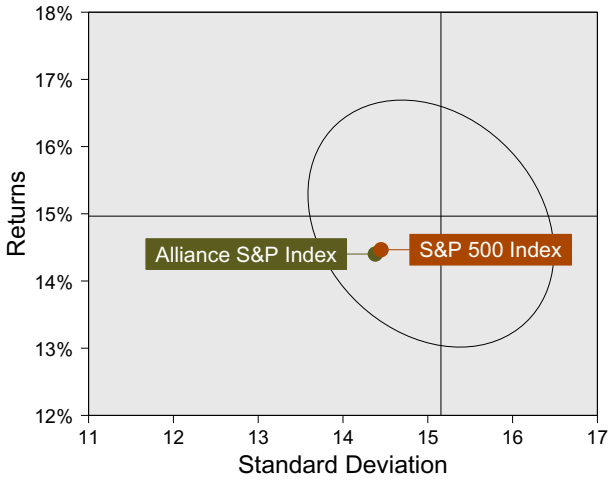


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 26-1/4 Years
10th Percentile	3.26	16.38	18.32	16.32	9.66	12.03
25th Percentile	2.38	15.06	17.81	15.73	9.04	11.94
Median	1.50	13.57	16.72	14.96	8.71	11.53
75th Percentile	0.96	11.48	16.13	14.06	8.15	10.59
90th Percentile	0.25	9.92	15.12	13.21	7.74	10.08
Alliance S&P Index ●	0.96	12.70	16.07	14.40	8.06	10.33
S&P 500 Index ▲	0.95	12.73	16.11	14.47	8.01	10.33

Relative Return vs S&P 500 Index



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

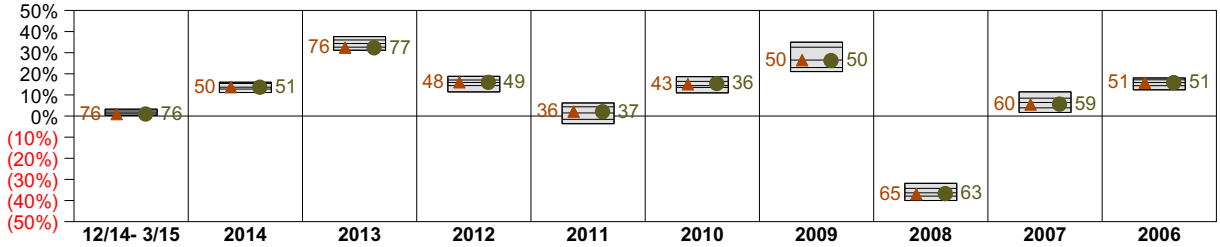


Alliance S&P Index
Return Analysis Summary

Return Analysis

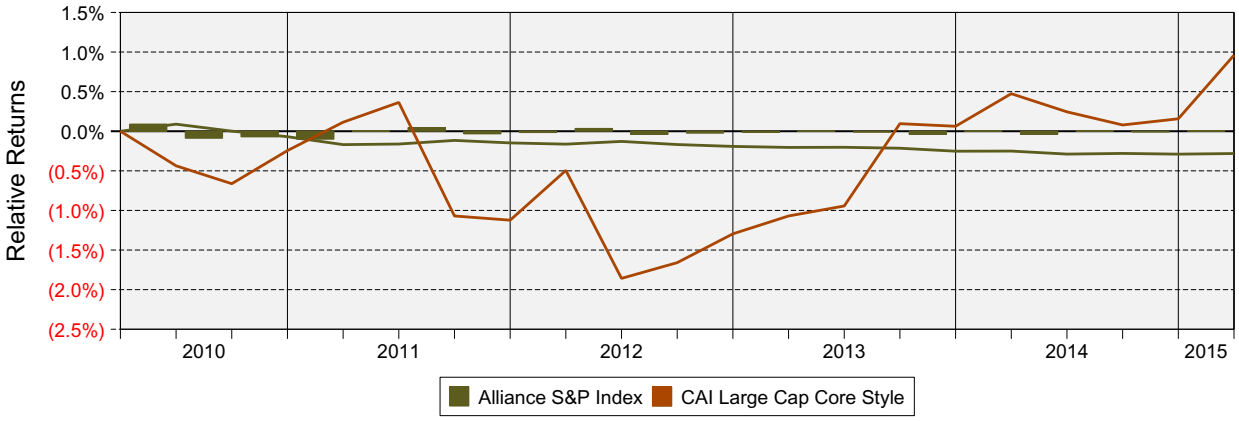
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Cap Core Style (Gross)

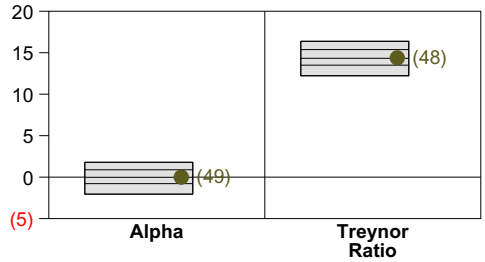


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	3.26	16.01	37.61	18.81	6.19	18.65	34.98	(31.85)	11.45	18.03
25th Percentile	2.38	15.42	36.03	17.06	4.37	16.40	32.58	(34.26)	8.46	17.16
Median	1.50	13.66	34.34	15.89	1.46	14.40	26.51	(36.36)	6.42	15.86
75th Percentile	0.96	12.78	32.61	14.42	(1.56)	13.55	22.96	(37.90)	3.87	14.39
90th Percentile	0.25	11.14	31.15	11.41	(3.63)	10.96	21.05	(40.00)	1.70	12.41
Alliance S&P Index ●	0.96	13.65	32.31	15.95	2.03	15.41	26.26	(36.73)	5.63	15.82
S&P 500 Index ▲	0.95	13.69	32.39	16.00	2.11	15.06	26.47	(37.00)	5.49	15.79

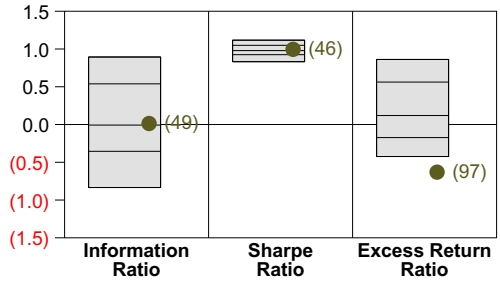
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Cap Core Style (Gross)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	1.79	16.38
25th Percentile	0.89	15.38
Median	(0.02)	14.33
75th Percentile	(0.78)	13.50
90th Percentile	(2.05)	12.22
Alliance S&P Index ●	0.00	14.38



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.89	1.12	0.86
25th Percentile	0.54	1.05	0.56
Median	(0.01)	0.98	0.12
75th Percentile	(0.35)	0.92	(0.17)
90th Percentile	(0.83)	0.83	(0.42)
Alliance S&P Index ●	0.01	1.00	(0.63)

PIMCO StocksPLUS
Period Ended March 31, 2015

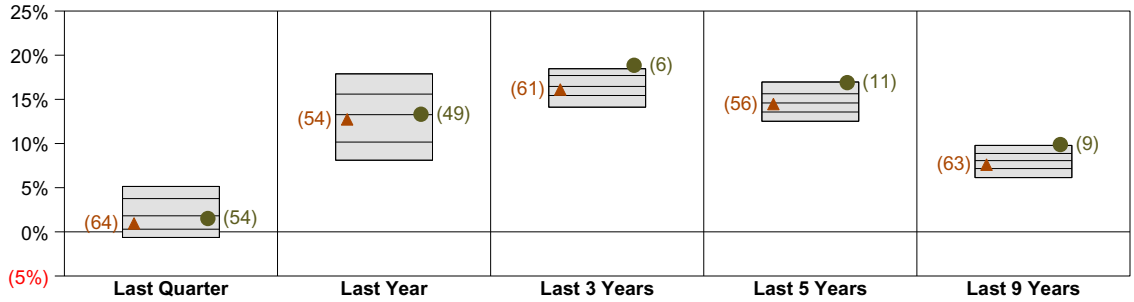
Investment Philosophy

PIMCO's StocksPLUS investment philosophy is based on the principal that stock index futures and swaps, when used as a non-leveraged vehicle for obtaining long-term equity exposure, offer an attractive means for enhancing equity market returns. The strategy seeks a longer time horizon of their investors relative to that of typical money market investors. This long time horizon allows PIMCO to use their fixed income and associated risk management skill set to seek out attractive yields relative to money market financing rates on a portion of the high quality fixed-income securities they use to back the futures contracts. Since they only require sufficient liquidity to meet a worst case margin outflow caused by a stock market decline, a portion of their fixed-income portfolio can be invested in somewhat less liquid, higher yielding securities. In addition, they generally take advantage of the typical upward slope of the short end of the yield curve by extending their duration to six months in most market environments and sometimes up to one year. PIMCO also feels that it is appropriate in most market environments to capture both the credit yield premium provided by holding a portion of the fixed-income portfolio in low duration corporate securities and the volatility yield premium provided by holding high quality mortgage securities. The product was funded during the first quarter of 2006.

Quarterly Summary and Highlights

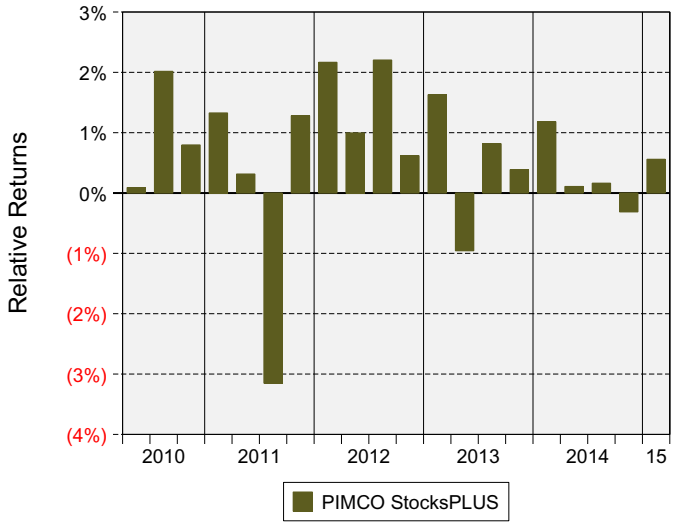
- PIMCO StocksPLUS's portfolio posted a 1.51% return for the quarter placing it in the 54 percentile of the CAI Large Capitalization Style group for the quarter and in the 49 percentile for the last year.
- PIMCO StocksPLUS's portfolio outperformed the S&P 500 Index by 0.56% for the quarter and outperformed the S&P 500 Index for the year by 0.58%.

Performance vs CAI Large Capitalization Style (Gross)

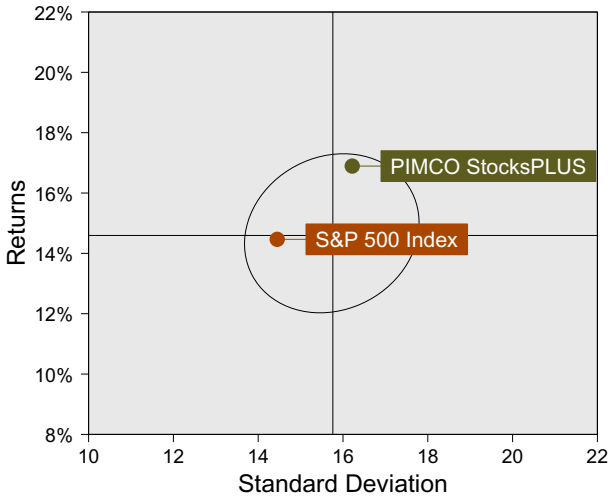


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 9 Years
10th Percentile	5.14	17.89	18.47	16.97	9.78
25th Percentile	3.77	15.59	17.70	15.64	8.87
Median	1.82	13.27	16.46	14.59	8.06
75th Percentile	0.30	10.16	15.44	13.57	7.16
90th Percentile	(0.64)	8.11	14.11	12.52	6.14
PIMCO StocksPLUS ●	1.51	13.32	18.86	16.89	9.88
S&P 500 Index ▲	0.95	12.73	16.11	14.47	7.61

Relative Return vs S&P 500 Index



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

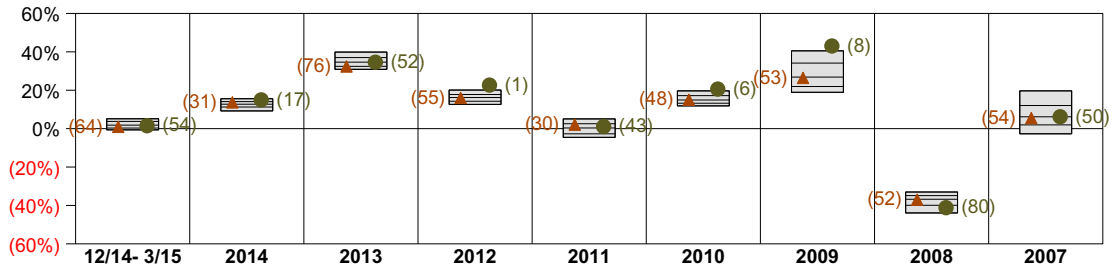


PIMCO StocksPLUS
Return Analysis Summary

Return Analysis

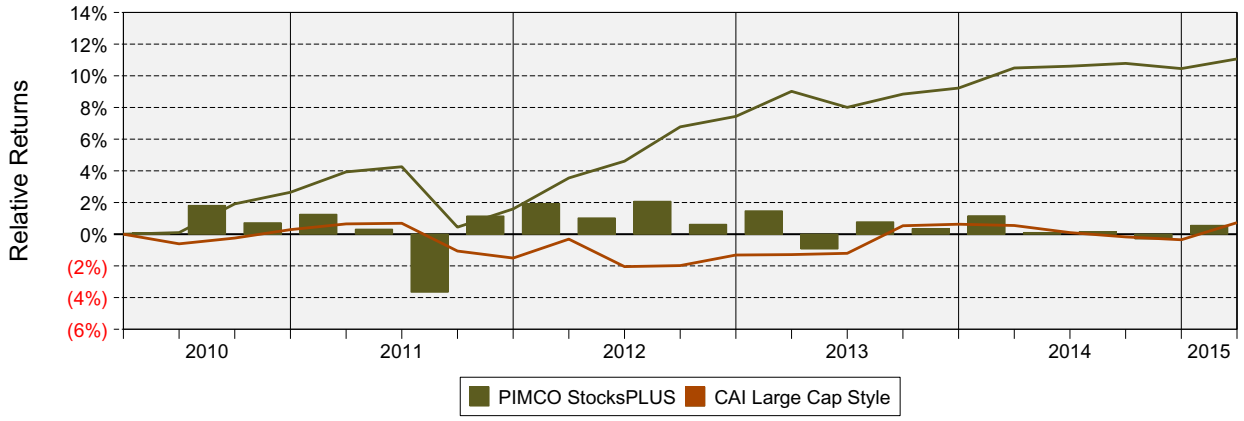
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Capitalization Style (Gross)

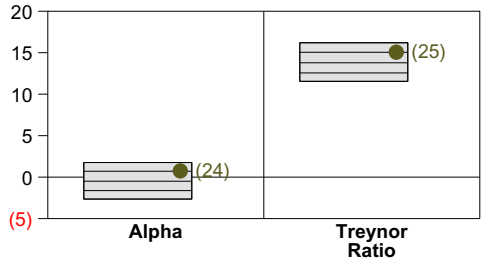


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007
10th Percentile	5.14	15.58	39.88	20.10	5.06	19.66	40.53	(33.01)	19.67
25th Percentile	3.77	14.09	37.01	17.78	2.56	17.19	34.14	(34.87)	12.04
Median	1.82	12.73	34.63	16.19	0.34	14.91	26.85	(36.77)	6.17
75th Percentile	0.30	11.27	32.45	14.26	(2.70)	13.23	21.94	(39.91)	1.96
90th Percentile	(0.64)	9.22	30.89	12.63	(4.54)	11.84	18.92	(43.92)	(2.70)
PIMCO StocksPLUS ●	1.51	14.97	34.59	22.68	1.07	20.60	43.04	(41.18)	6.19
S&P 500 Index ▲	0.95	13.69	32.39	16.00	2.11	15.06	26.47	(37.00)	5.49

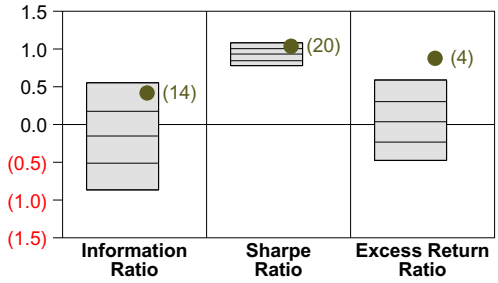
Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index
Rankings Against CAI Large Capitalization Style (Gross)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	1.76	16.20
25th Percentile	0.71	15.05
Median	(0.49)	13.78
75th Percentile	(1.62)	12.56
90th Percentile	(2.65)	11.55
PIMCO StocksPLUS ●	0.75	15.06



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.55	1.08	0.59
25th Percentile	0.18	1.00	0.30
Median	(0.15)	0.93	0.04
75th Percentile	(0.51)	0.84	(0.23)
90th Percentile	(0.87)	0.78	(0.48)
PIMCO StocksPLUS ●	0.42	1.04	0.88

BlackRock Russell 1000 Value
Period Ended March 31, 2015

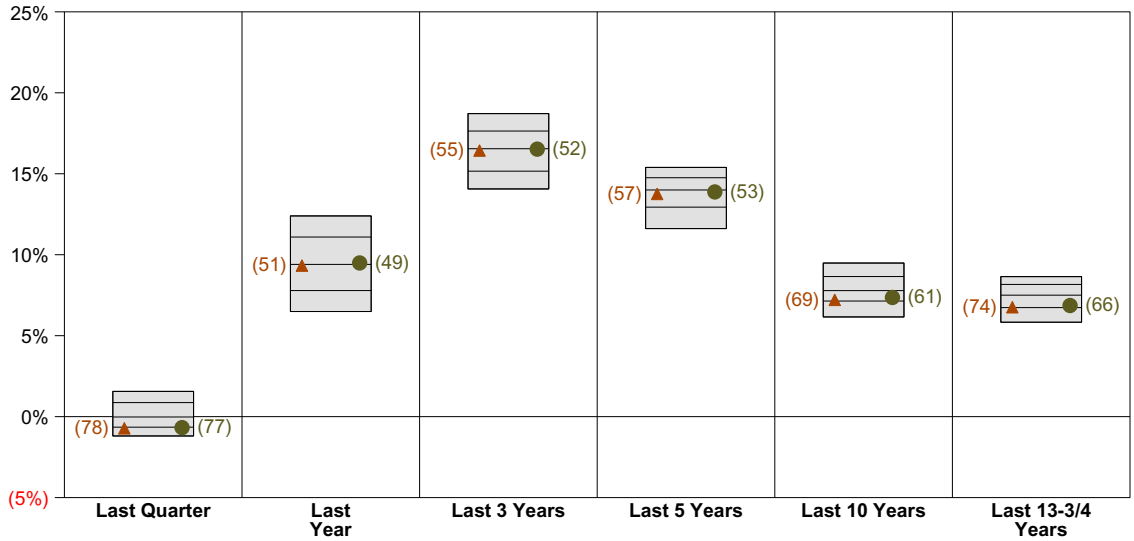
Investment Philosophy

The objective of the Russell 1000 Value Index Fund is to track the performance of its benchmark, the Russell 1000 Value Index. They seek to deliver a high quality and cost-effective index-based solution to institutional investors. The product was funded during the second quarter of 2001.

Quarterly Summary and Highlights

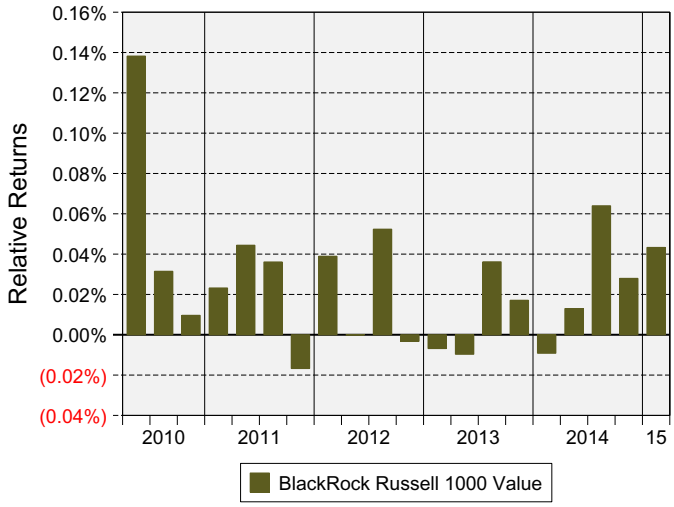
- BlackRock Russell 1000 Value's portfolio posted a (0.68)% return for the quarter placing it in the 77 percentile of the CAI Large Cap Value Style group for the quarter and in the 49 percentile for the last year.
- BlackRock Russell 1000 Value's portfolio outperformed the Russell 1000 Value Index by 0.04% for the quarter and outperformed the Russell 1000 Value Index for the year by 0.16%.

Performance vs CAI Large Cap Value Style (Gross)

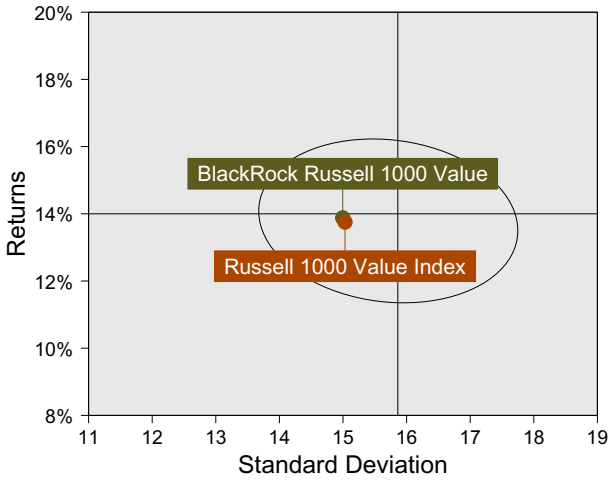


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 13-3/4 Years
10th Percentile	1.56	12.40	18.71	15.39	9.49	8.65
25th Percentile	0.87	11.09	17.64	14.76	8.65	8.17
Median	(0.02)	9.40	16.55	14.00	7.78	7.50
75th Percentile	(0.65)	7.79	15.16	12.94	7.14	6.73
90th Percentile	(1.19)	6.49	14.06	11.61	6.16	5.83
BlackRock Russell 1000 Value ●	(0.68)	9.49	16.52	13.88	7.36	6.86
Russell 1000 Value Index ▲	(0.72)	9.33	16.44	13.75	7.21	6.76

Relative Return vs Russell 1000 Value Index



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

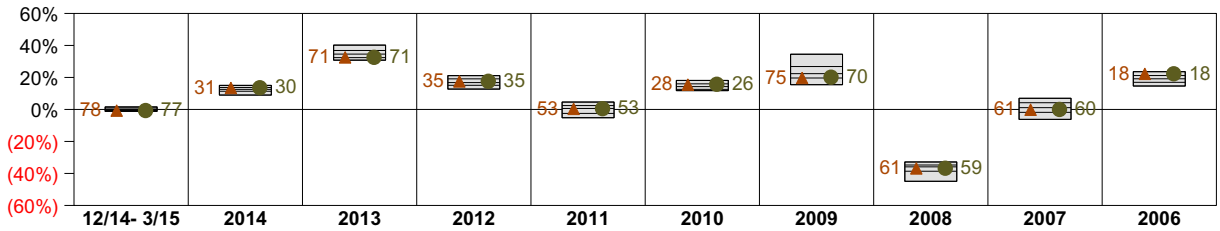


BlackRock Russell 1000 Value
Return Analysis Summary

Return Analysis

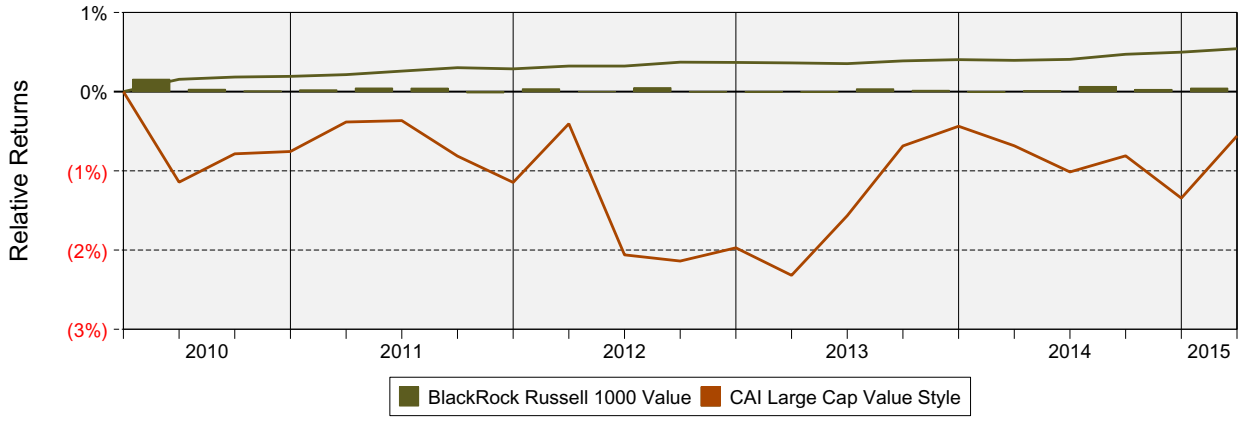
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Cap Value Style (Gross)

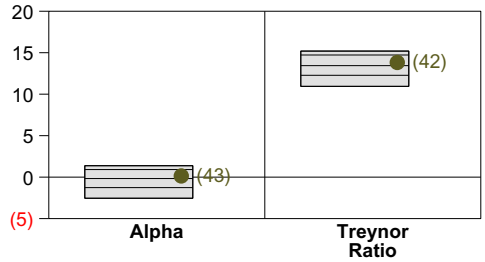


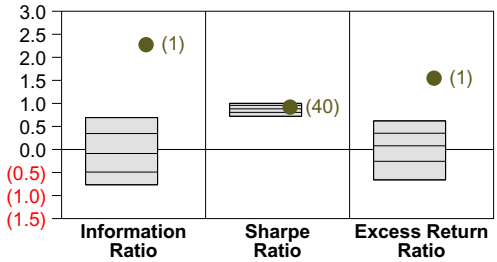
	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	1.56	15.03	40.19	21.13	4.62	18.13	34.50	(32.84)	6.97	23.59
25th Percentile	0.87	13.73	36.85	19.12	2.42	16.01	26.82	(34.74)	4.19	21.18
Median	(0.02)	12.54	34.59	16.78	0.61	14.27	22.37	(35.88)	1.12	19.15
75th Percentile	(0.65)	11.36	32.38	15.08	(2.48)	12.55	19.65	(38.61)	(1.81)	16.95
90th Percentile	(1.19)	8.98	30.80	12.71	(5.19)	11.75	15.46	(44.92)	(6.22)	14.63
BlackRock Russell 1000 Value ●	(0.68)	13.56	32.57	17.60	0.49	15.73	20.15	(36.74)	(0.00)	22.28
Russell 1000 Value Index ▲	(0.72)	13.45	32.53	17.51	0.39	15.51	19.69	(36.85)	(0.17)	22.25

Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



Risk Adjusted Return Measures vs Russell 1000 Value Index
Rankings Against CAI Large Cap Value Style (Gross)
Five Years Ended March 31, 2015





	Alpha	Treynor Ratio
10th Percentile	1.38	15.20
25th Percentile	0.91	14.72
Median	(0.17)	13.44
75th Percentile	(1.26)	12.28
90th Percentile	(2.55)	10.94
BlackRock Russell 1000 Value ●	0.14	13.82

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.69	1.00	0.62
25th Percentile	0.35	0.96	0.35
Median	(0.09)	0.88	0.08
75th Percentile	(0.49)	0.80	(0.26)
90th Percentile	(0.77)	0.72	(0.66)
BlackRock Russell 1000 Value ●	2.27	0.92	1.55

T. Rowe Price Large Cap Growth
Period Ended March 31, 2015

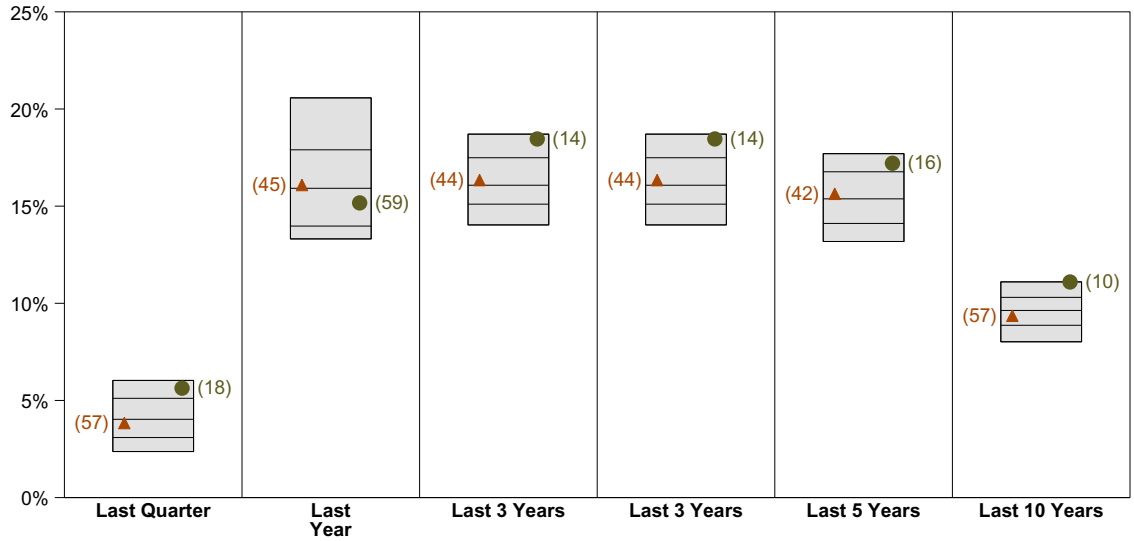
Investment Philosophy

The Large-Cap Growth Strategy is a fundamentally driven, active approach to large company growth investing. The investment philosophy is centered around the manager's belief that long-term growth in earnings and cash flow drive stockholder returns. The product was funded during the first quarter of 2012. Performance prior is that of the composite.

Quarterly Summary and Highlights

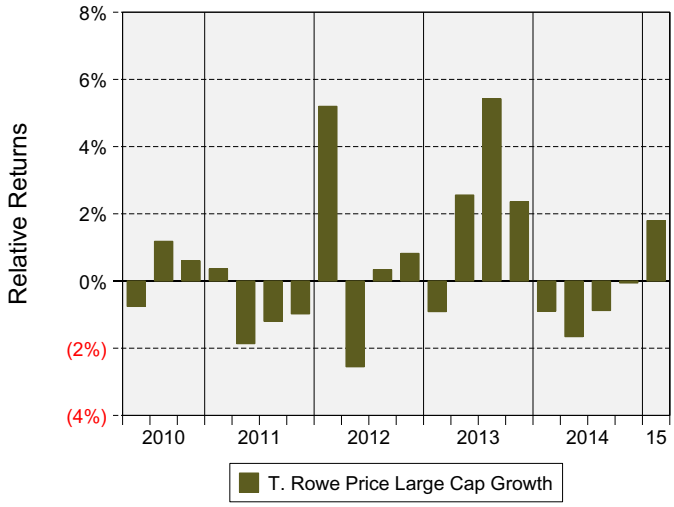
- T. Rowe Price Large Cap Growth's portfolio posted a 5.63% return for the quarter placing it in the 18 percentile of the CAI Large Cap Growth Style group for the quarter and in the 59 percentile for the last year.
- T. Rowe Price Large Cap Growth's portfolio outperformed the Russell 1000 Growth Index by 1.79% for the quarter and underperformed the Russell 1000 Growth Index for the year by 0.92%.

Performance vs CAI Large Cap Growth Style (Gross)

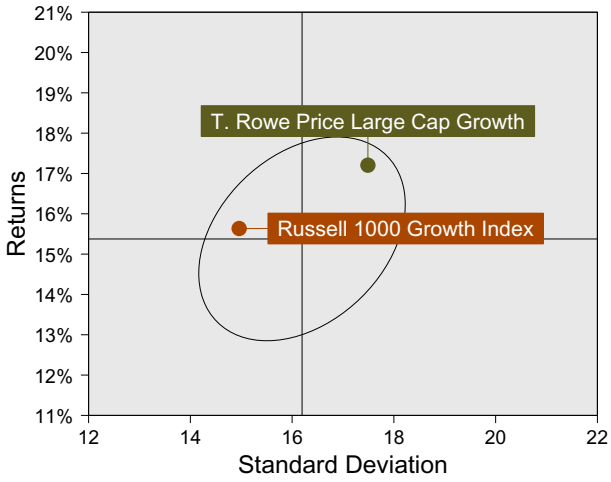


	Last Quarter	Last Year	Last 3 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	6.03	20.57	18.71	18.71	17.70	11.10
25th Percentile	5.11	17.90	17.49	17.49	16.77	10.31
Median	4.03	15.92	16.08	16.08	15.38	9.63
75th Percentile	3.09	13.97	15.10	15.10	14.11	8.87
90th Percentile	2.37	13.31	14.03	14.03	13.18	8.02
T. Rowe Price Large Cap Growth ●	5.63	15.17	18.46	18.46	17.21	11.10
Russell 1000 Growth Index ▲	3.84	16.09	16.34	16.34	15.63	9.36

Relative Return vs Russell 1000 Growth Index



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

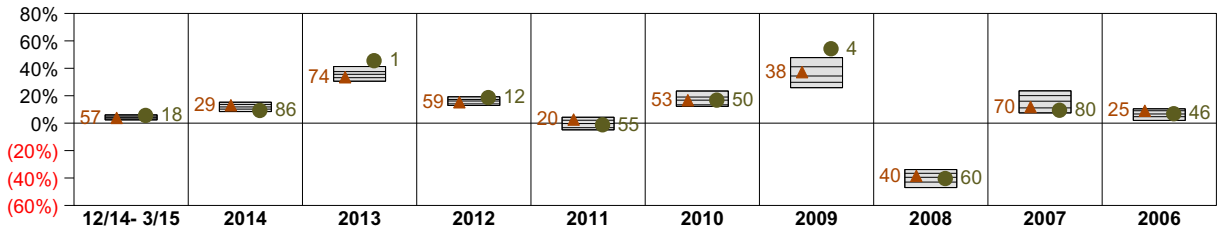


T. Rowe Price Large Cap Growth
Return Analysis Summary

Return Analysis

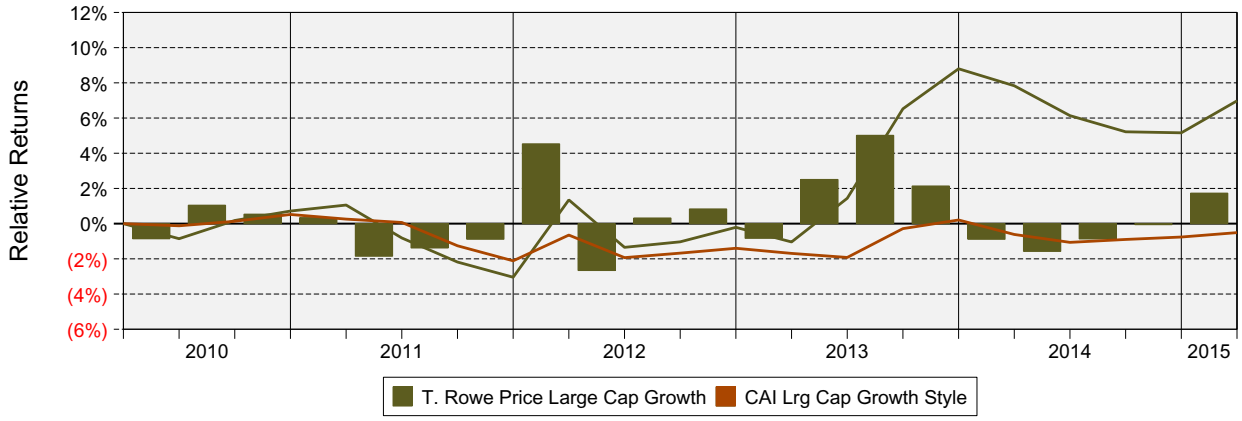
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Large Cap Growth Style (Gross)

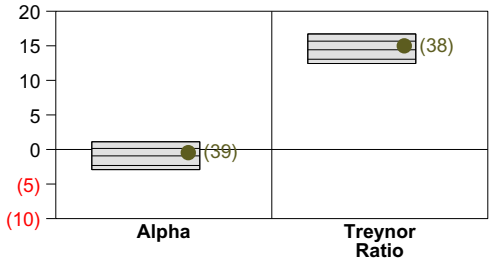


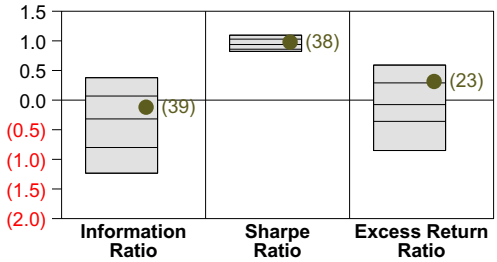
	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	6.03	15.27	41.28	19.23	4.31	23.44	47.80	(33.82)	23.57	10.47
25th Percentile	5.11	13.65	37.59	17.30	2.12	19.04	41.11	(36.57)	20.07	9.05
Median	4.03	11.83	35.60	16.14	(0.28)	16.77	34.39	(39.49)	16.01	6.70
75th Percentile	3.09	10.23	33.15	14.05	(3.30)	13.37	29.79	(42.96)	11.13	4.71
90th Percentile	2.37	8.44	30.57	12.87	(4.87)	12.24	25.86	(46.98)	7.46	2.00
T. Rowe Price Large Cap Growth ●	5.63	9.27	45.54	18.63	(1.19)	16.79	54.25	(40.39)	9.42	6.88
Russell 1000 Growth Index ▲	3.84	13.05	33.48	15.26	2.64	16.71	37.21	(38.44)	11.81	9.07

Cumulative and Quarterly Relative Return vs Russell 1000 Growth Index



Risk Adjusted Return Measures vs Russell 1000 Growth Index
Rankings Against CAI Large Cap Growth Style (Gross)
Five Years Ended March 31, 2015





	Alpha	Treynor Ratio
10th Percentile	1.12	16.72
25th Percentile	0.15	15.67
Median	(0.93)	14.42
75th Percentile	(2.32)	13.06
90th Percentile	(2.91)	12.44
T. Rowe Price Large Cap Growth ●	(0.46)	14.99

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.38	1.10	0.59
25th Percentile	0.07	1.03	0.29
Median	(0.32)	0.94	(0.08)
75th Percentile	(0.80)	0.86	(0.36)
90th Percentile	(1.23)	0.82	(0.85)
T. Rowe Price Large Cap Growth ●	(0.12)	0.98	0.31

Champlain Mid Cap
Period Ended March 31, 2015

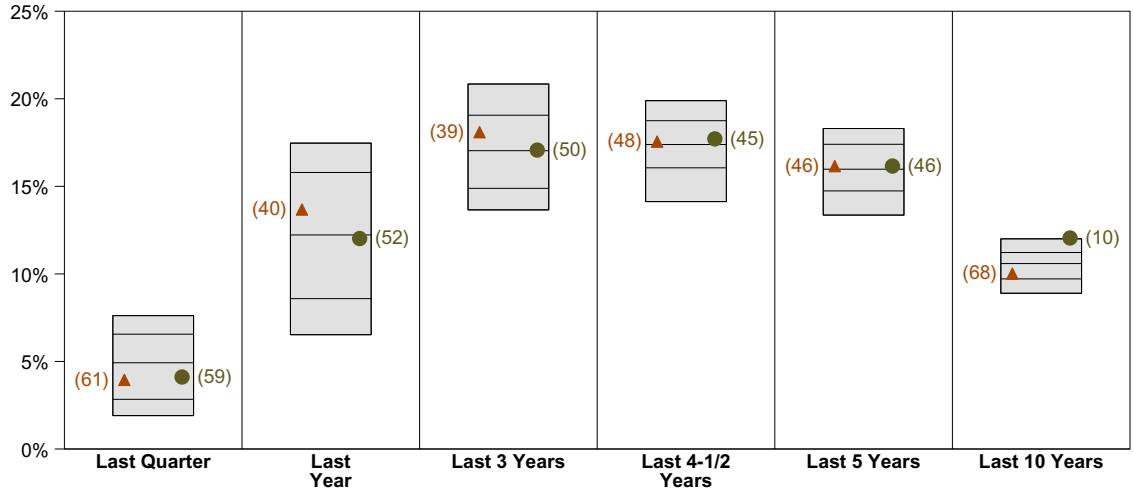
Investment Philosophy

Champlain Investment Partners believes buying the shares of superior businesses with credible and sincere managements at a discount to fair or intrinsic value gives investors several potential paths to wealth creation. First, the market may bid the shares to a premium over fair value. Second, management may grow the fair value over time at a faster rate than market appreciation. Third, the company may be bought by a larger company or private market investor. They are willing to sell over-priced stocks and harvest gains, reducing valuation risk. The product was funded during the third quarter of 2010. Performance prior is that of the composite.

Quarterly Summary and Highlights

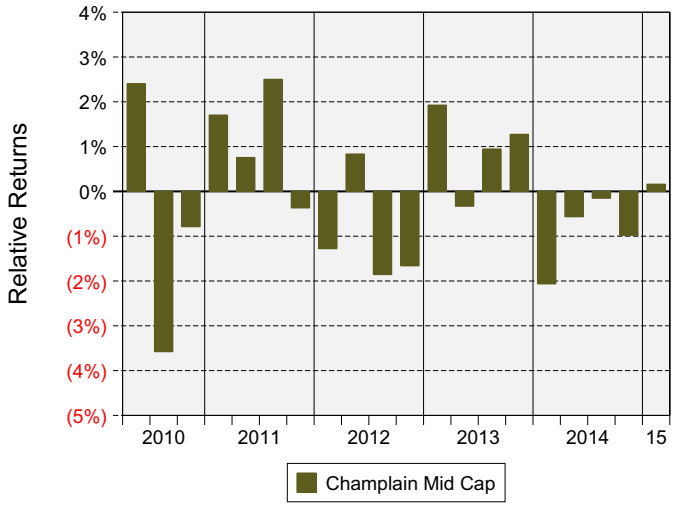
- Champlain Mid Cap's portfolio posted a 4.11% return for the quarter placing it in the 59 percentile of the CAI Mid Capitalization Style group for the quarter and in the 52 percentile for the last year.
- Champlain Mid Cap's portfolio outperformed the Russell MidCap Index by 0.16% for the quarter and underperformed the Russell MidCap Index for the year by 1.66%.

Performance vs CAI Mid Capitalization Style (Gross)

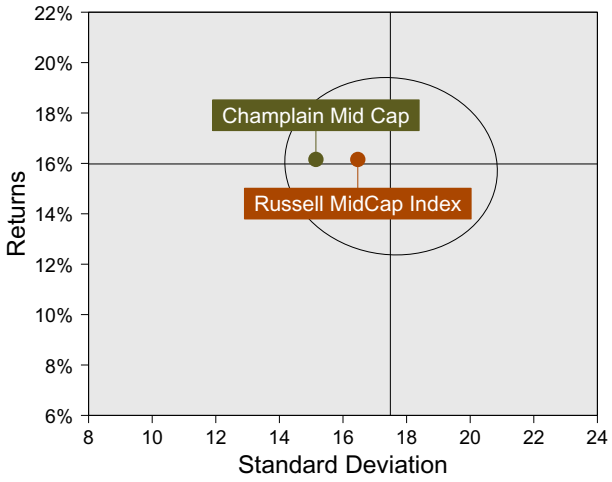


	Last Quarter	Last Year	Last 3 Years	Last 4-1/2 Years	Last 5 Years	Last 10 Years
10th Percentile	7.62	17.47	20.84	19.89	18.30	12.00
25th Percentile	6.56	15.79	19.06	18.75	17.40	11.22
Median	4.93	12.22	17.04	17.39	15.98	10.59
75th Percentile	2.84	8.59	14.89	16.06	14.74	9.72
90th Percentile	1.91	6.53	13.66	14.13	13.36	8.89
Champlain Mid Cap ●	4.11	12.02	17.07	17.71	16.16	12.05
Russell MidCap Index ▲	3.95	13.68	18.10	17.56	16.16	10.02

Relative Return vs Russell MidCap Index



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

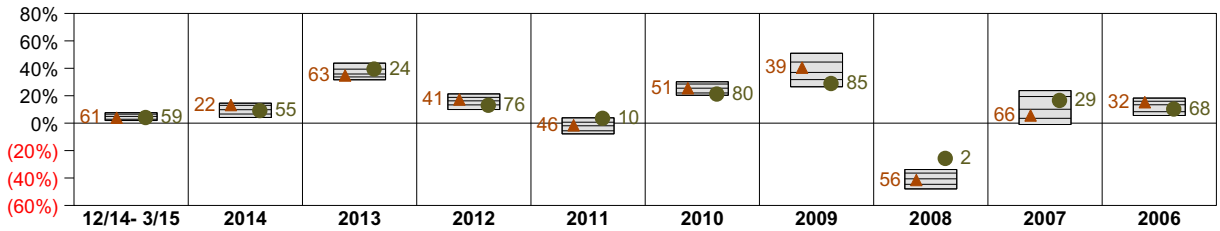


Champlain Mid Cap
Return Analysis Summary

Return Analysis

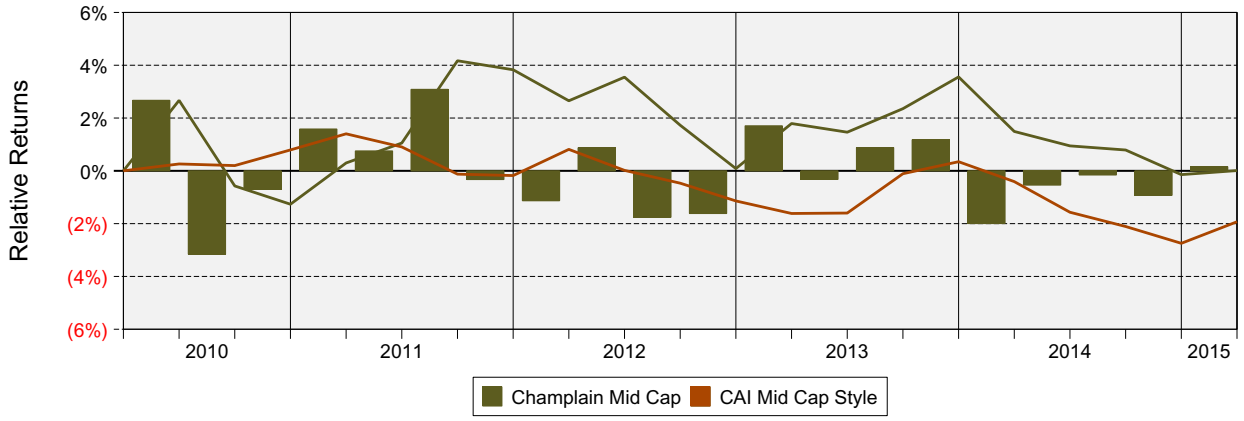
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Mid Capitalization Style (Gross)

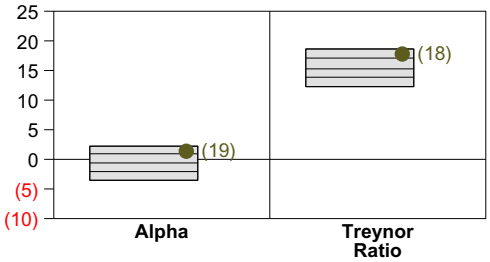


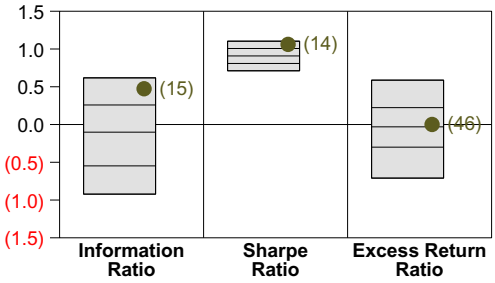
	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	7.62	14.56	43.76	21.34	3.90	30.19	50.98	(33.80)	23.76	18.29
25th Percentile	6.56	12.99	39.39	18.82	0.68	28.53	44.55	(36.42)	19.41	15.98
Median	4.93	9.80	35.84	16.26	(1.92)	25.49	36.99	(40.60)	10.13	13.40
75th Percentile	2.84	6.66	33.70	13.33	(5.57)	22.01	31.76	(44.60)	3.52	8.35
90th Percentile	1.91	4.16	31.61	9.94	(7.82)	20.32	26.52	(47.94)	(0.99)	5.59
Champlain Mid Cap ●	4.11	9.17	39.44	13.05	3.53	21.21	28.91	(25.71)	16.57	10.30
Russell MidCap Index ▲	3.95	13.22	34.76	17.28	(1.55)	25.48	40.48	(41.46)	5.60	15.26

Cumulative and Quarterly Relative Return vs Russell MidCap Index



Risk Adjusted Return Measures vs Russell MidCap Index
Rankings Against CAI Mid Capitalization Style (Gross)
Five Years Ended March 31, 2015





	Alpha	Treynor Ratio
10th Percentile	2.23	18.63
25th Percentile	0.94	17.09
Median	(0.61)	15.27
75th Percentile	(2.06)	13.86
90th Percentile	(3.53)	12.27
Champlain Mid Cap ●	1.37	17.78

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.62	1.10	0.59
25th Percentile	0.26	1.01	0.22
Median	(0.10)	0.91	(0.03)
75th Percentile	(0.55)	0.81	(0.30)
90th Percentile	(0.92)	0.71	(0.71)
Champlain Mid Cap ●	0.47	1.06	0.00

Pyramis Small Cap
Period Ended March 31, 2015

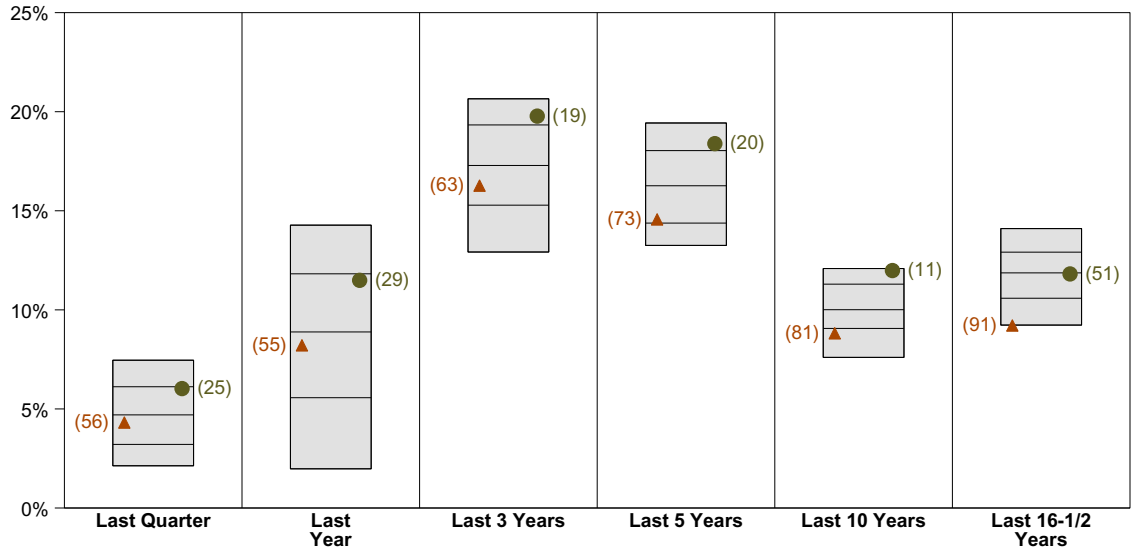
Investment Philosophy

Pyramis believes that pricing anomalies exist within the marketplace. The firm's objective is to exploit these inefficiencies and add value over the Russell 2000 Index using fundamental research to identify potential investment opportunities. The Pyramis Small Cap Core strategy seeks to build a balanced portfolio where returns will be driven by stock selection and not by systemic biases or exposures to market factors. The product was funded during the third quarter of 1998.

Quarterly Summary and Highlights

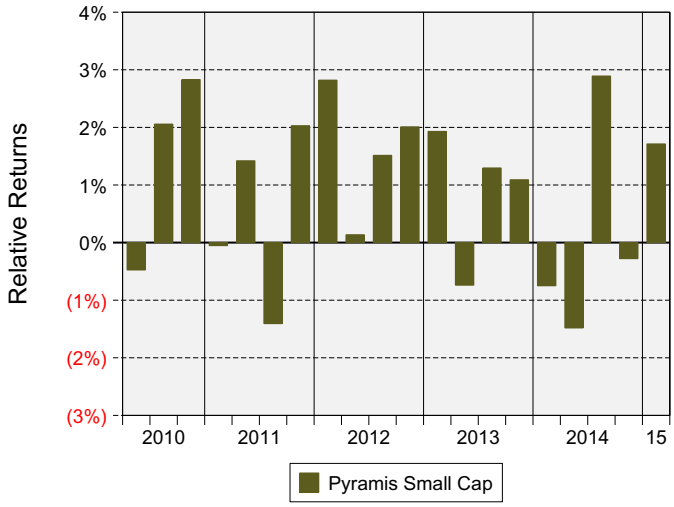
- Pyramis Small Cap's portfolio posted a 6.03% return for the quarter placing it in the 25 percentile of the CAI Small Capitalization Style group for the quarter and in the 29 percentile for the last year.
- Pyramis Small Cap's portfolio outperformed the Russell 2000 Index by 1.71% for the quarter and outperformed the Russell 2000 Index for the year by 3.28%.

Performance vs CAI Small Capitalization Style (Gross)

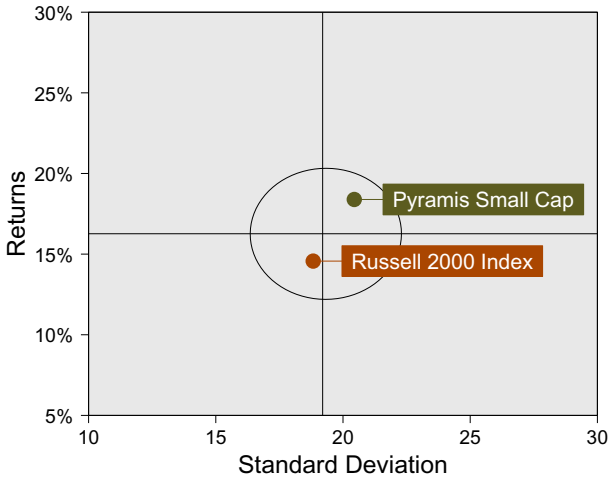


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 16-1/2 Years
10th Percentile	7.46	14.28	20.65	19.43	12.09	14.10
25th Percentile	6.12	11.82	19.33	18.04	11.30	12.91
Median	4.70	8.88	17.29	16.26	10.01	11.87
75th Percentile	3.21	5.57	15.28	14.38	9.06	10.59
90th Percentile	2.13	1.98	12.92	13.25	7.60	9.23
Pyramis Small Cap ●	6.03	11.49	19.78	18.39	11.98	11.81
Russell 2000 Index ▲	4.32	8.21	16.27	14.57	8.82	9.21

Relative Return vs Russell 2000 Index



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

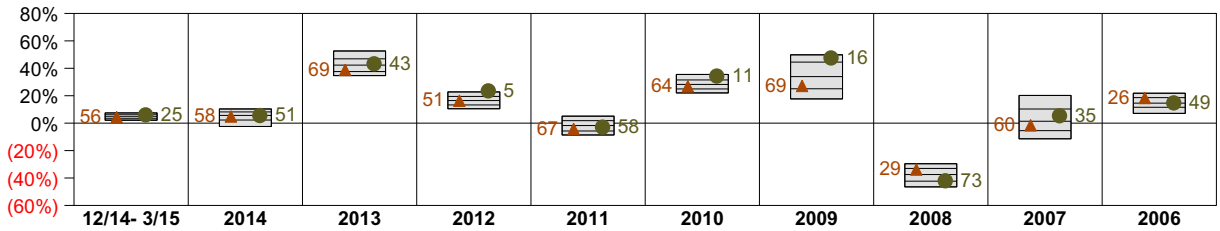


Pyramis Small Cap
Return Analysis Summary

Return Analysis

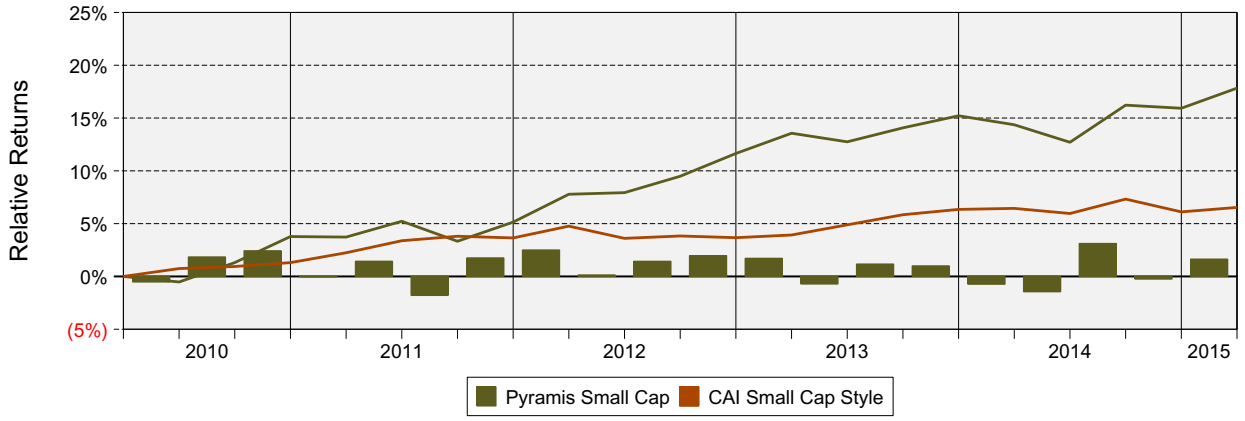
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Small Capitalization Style (Gross)

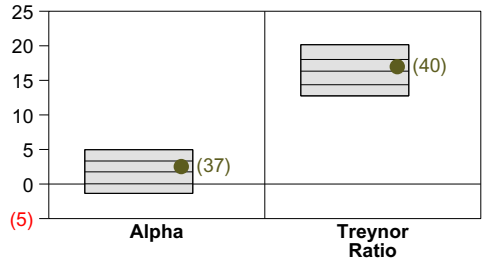


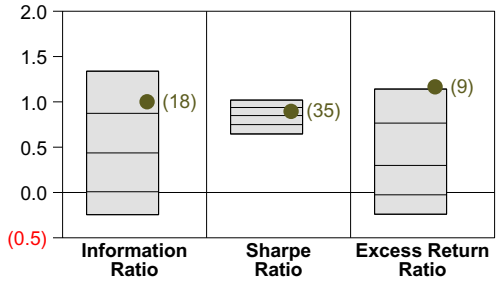
	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	7.46	10.36	52.61	22.77	5.11	35.51	49.83	(29.60)	20.21	21.82
25th Percentile	6.12	8.18	46.90	19.49	1.82	31.51	44.51	(33.01)	10.32	18.62
Median	4.70	5.65	42.33	16.47	(1.75)	28.25	33.93	(37.46)	1.39	14.59
75th Percentile	3.21	2.28	37.61	13.28	(5.70)	24.96	25.06	(42.30)	(5.47)	11.58
90th Percentile	2.13	(2.43)	34.67	10.51	(8.62)	22.04	17.68	(46.47)	(11.41)	7.13
Pyramis Small Cap ●	6.03	5.54	43.26	23.54	(2.91)	34.34	47.54	(42.02)	5.40	14.77
Russell 2000 Index ▲	4.32	4.89	38.82	16.35	(4.18)	26.85	27.17	(33.79)	(1.57)	18.37

Cumulative and Quarterly Relative Return vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index
Rankings Against CAI Small Capitalization Style (Gross)
Five Years Ended March 31, 2015





	Alpha	Treynor Ratio
10th Percentile	4.97	20.16
25th Percentile	3.33	18.02
Median	1.76	16.33
75th Percentile	0.03	14.37
90th Percentile	(1.35)	12.75
Pyramis Small Cap ●	2.53	16.98

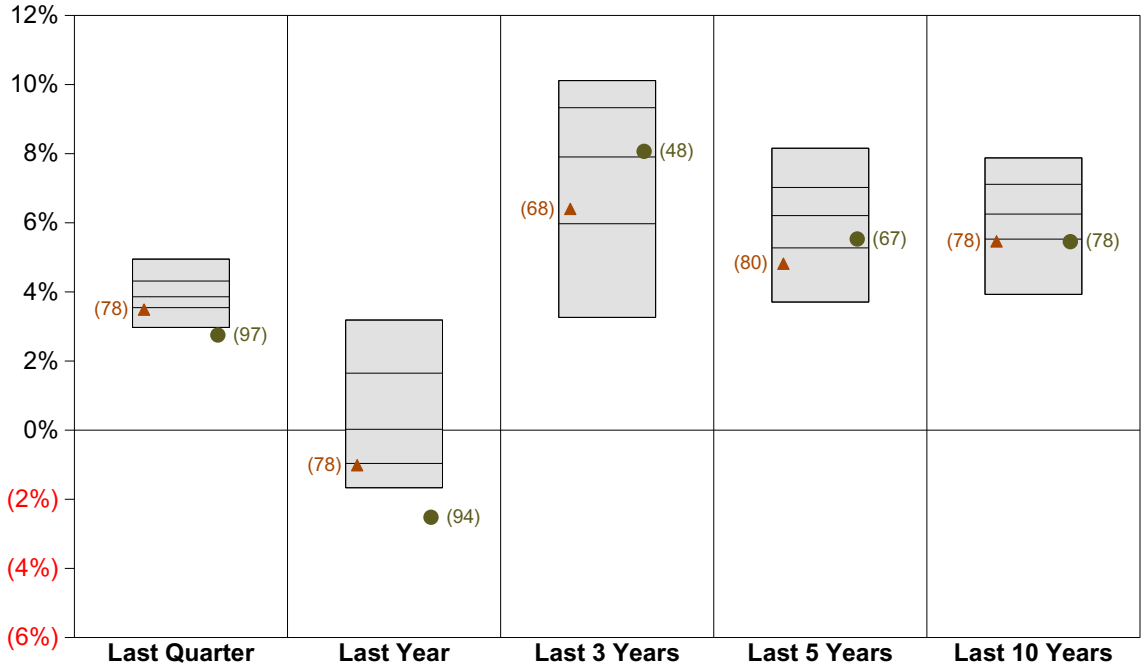
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.34	1.02	1.14
25th Percentile	0.87	0.94	0.77
Median	0.44	0.85	0.30
75th Percentile	0.01	0.75	(0.03)
90th Percentile	(0.24)	0.65	(0.24)
Pyramis Small Cap ●	1.00	0.90	1.17

International Equity
Period Ended March 31, 2015

Quarterly Summary and Highlights

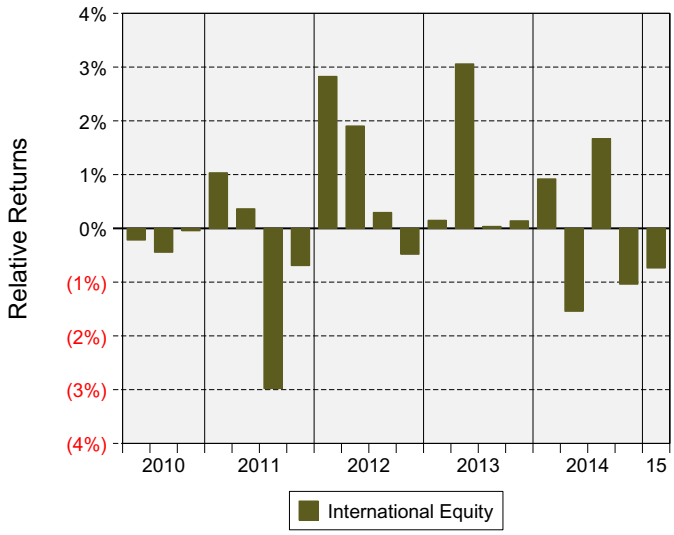
- International Equity's portfolio posted a 2.75% return for the quarter placing it in the 97 percentile of the Pub Pln- International Equity group for the quarter and in the 94 percentile for the last year.
- International Equity's portfolio underperformed the MSCI ACWI x US (Net) by 0.74% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 1.51%.

Performance vs Pub Pln- International Equity (Gross)

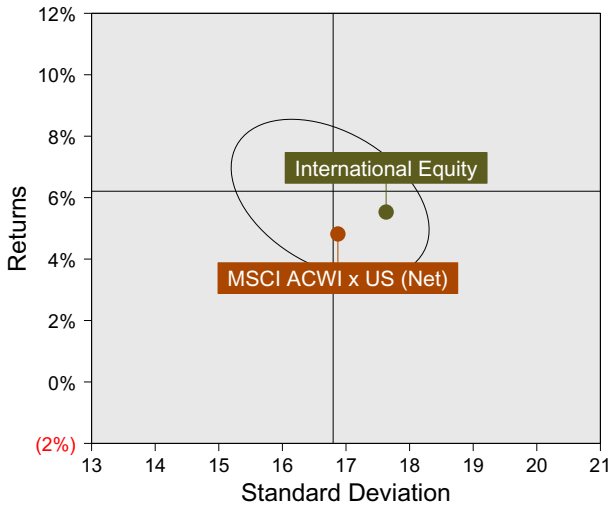


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	4.95	3.19	10.12	8.16	7.88
25th Percentile	4.31	1.65	9.33	7.02	7.11
Median	3.86	0.02	7.90	6.21	6.25
75th Percentile	3.55	(0.96)	5.97	5.27	5.53
90th Percentile	2.97	(1.67)	3.26	3.71	3.93
International Equity ●	2.75	(2.52)	8.07	5.53	5.45
MSCI ACWI x US (Net) ▲	3.49	(1.01)	6.40	4.82	5.46

Relative Return vs MSCI ACWI x US (Net)



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

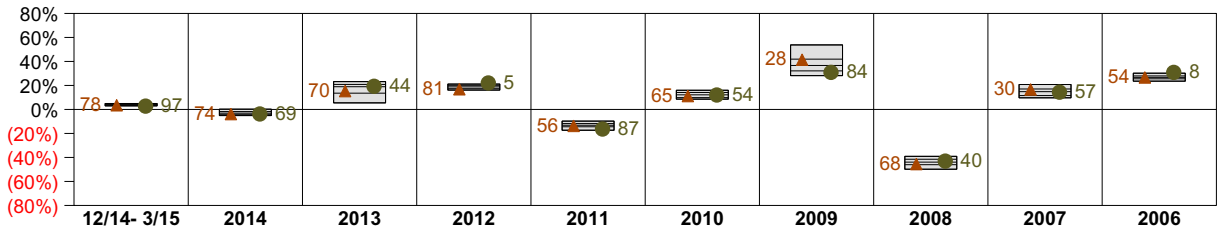


International Equity
Return Analysis Summary

Return Analysis

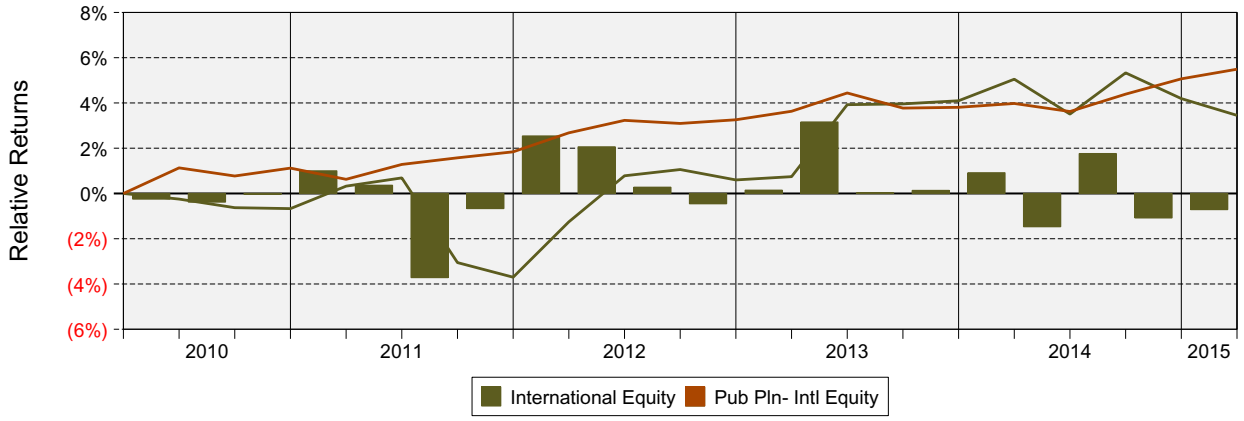
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Pub Pln- International Equity (Gross)

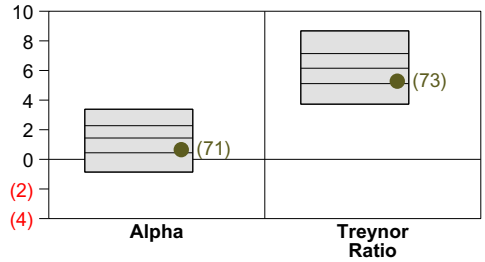


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	4.95	0.19	23.19	21.13	(9.73)	15.98	53.78	(39.09)	20.77	30.20
25th Percentile	4.31	(1.78)	20.84	20.09	(11.78)	14.14	41.91	(41.51)	17.05	27.93
Median	3.86	(3.09)	18.93	18.80	(13.18)	12.18	36.65	(43.92)	14.82	26.74
75th Percentile	3.55	(4.07)	13.56	17.29	(14.45)	9.84	32.13	(46.04)	11.57	25.54
90th Percentile	2.97	(5.12)	5.48	16.13	(17.33)	8.57	28.17	(49.83)	9.68	23.55
International Equity ●	2.75	(3.78)	19.30	22.05	(16.34)	12.02	30.89	(43.07)	14.37	30.86
MSCI ACWI x US (Net) ▲	3.49	(3.87)	15.29	16.83	(13.71)	11.15	41.45	(45.53)	16.65	26.65

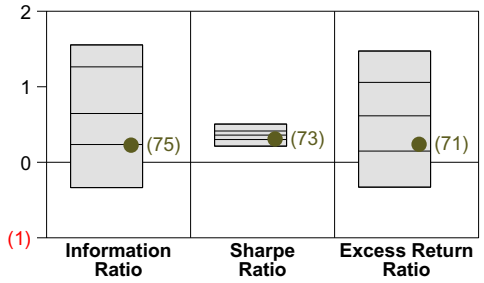
Cumulative and Quarterly Relative Return vs MSCI ACWI x US (Net)



Risk Adjusted Return Measures vs MSCI ACWI x US (Net)
Rankings Against Pub Pln- International Equity (Gross)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	3.38	8.68
25th Percentile	2.27	7.14
Median	1.44	6.15
75th Percentile	0.44	5.11
90th Percentile	(0.86)	3.73
International Equity ●	0.65	5.28



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.55	0.51	1.47
25th Percentile	1.26	0.41	1.06
Median	0.65	0.36	0.62
75th Percentile	0.24	0.30	0.15
90th Percentile	(0.34)	0.21	(0.33)
International Equity ●	0.23	0.31	0.24

Causeway International Value Equity
Period Ended March 31, 2015

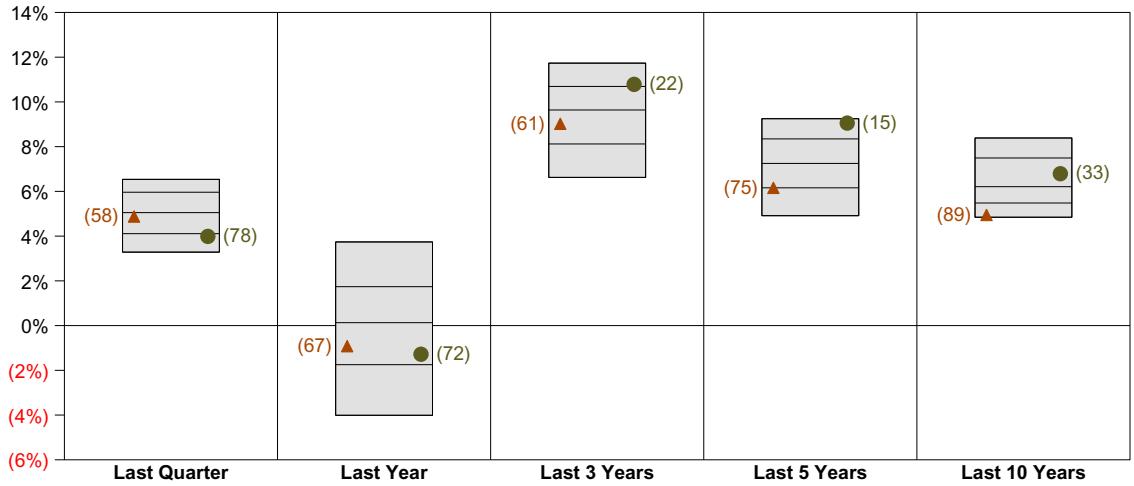
Investment Philosophy

Causeway Capital Management's International Value Equity team focuses on active investment management with a value-driven, bottom-up approach to stock selection. The team believes in managing equity portfolios using a disciplined approach with the goal of producing favorable long-term returns coupled with reduced downside volatility. Although the firm possesses dedicated emerging market capabilities which are quantitative in nature, research for this strategy is fundamentally focused. The product was funded during the first quarter of 2005.

Quarterly Summary and Highlights

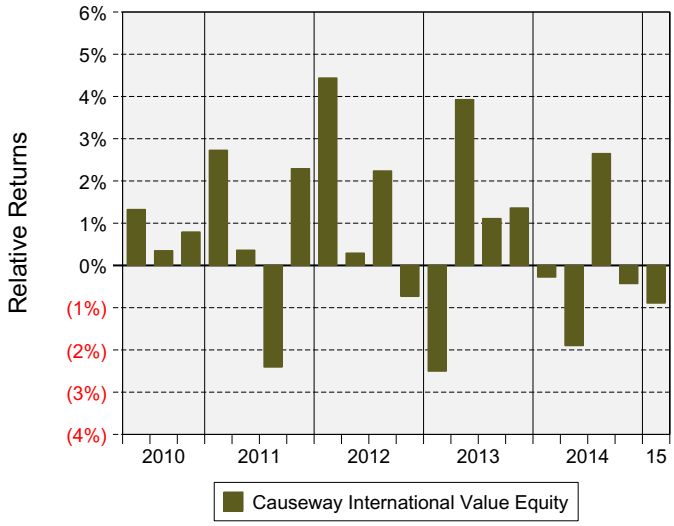
- Causeway International Value Equity's portfolio posted a 3.99% return for the quarter placing it in the 78 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 72 percentile for the last year.
- Causeway International Value Equity's portfolio underperformed the MSCI EAFE Index by 0.89% for the quarter and underperformed the MSCI EAFE Index for the year by 0.36%.

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

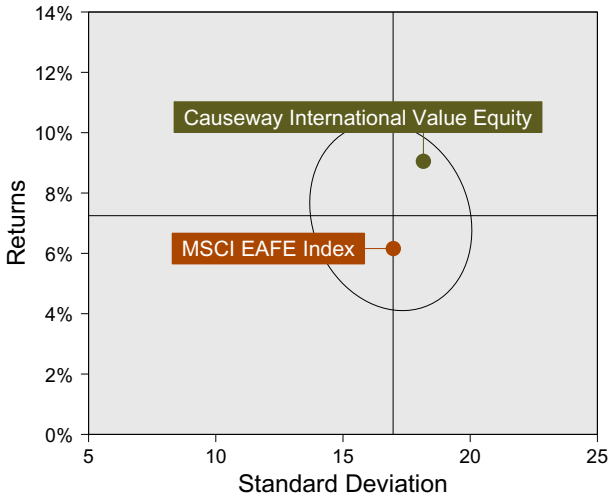


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	6.54	3.74	11.73	9.25	8.39
25th Percentile	5.96	1.74	10.69	8.35	7.49
Median	5.05	0.13	9.64	7.25	6.21
75th Percentile	4.11	(1.75)	8.12	6.16	5.48
90th Percentile	3.28	(4.01)	6.62	4.91	4.84
Causeway International Value Equity ●	3.99	(1.28)	10.78	9.05	6.79
MSCI EAFE Index ▲	4.88	(0.92)	9.02	6.16	4.95

Relative Return vs MSCI EAFE Index



CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

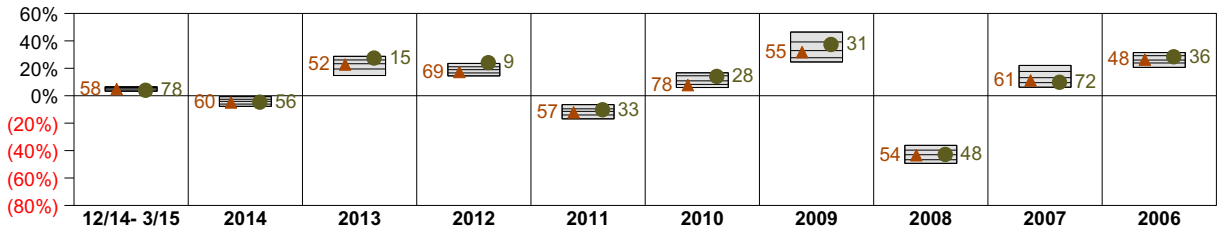


Causeway International Value Equity
Return Analysis Summary

Return Analysis

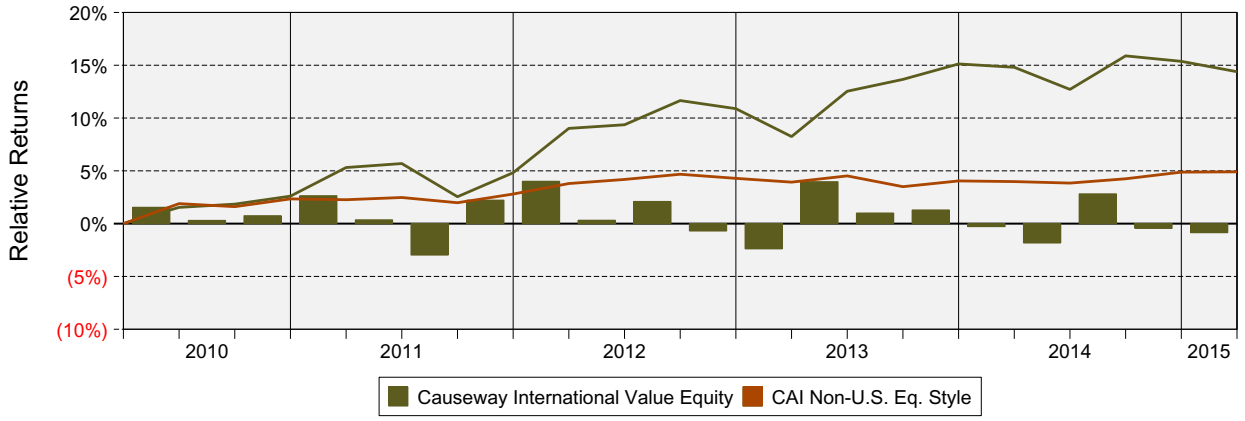
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

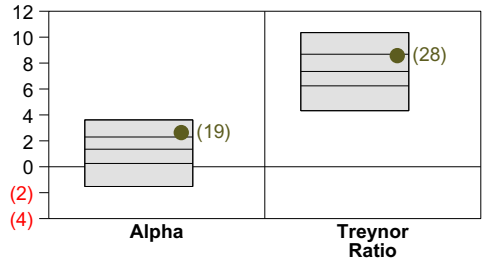


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	6.54	(0.67)	28.72	23.54	(6.48)	16.72	46.43	(36.19)	22.09	31.47
25th Percentile	5.96	(2.59)	26.08	21.12	(9.56)	14.53	39.21	(39.68)	17.70	29.21
Median	5.05	(4.12)	23.32	18.99	(11.40)	10.84	32.89	(43.02)	13.15	26.02
75th Percentile	4.11	(6.08)	19.49	16.61	(14.02)	8.27	27.71	(46.67)	9.54	23.87
90th Percentile	3.28	(7.74)	14.73	14.45	(16.87)	5.97	24.60	(49.33)	6.21	20.66
Causeway International Value Equity ●	3.99	(4.70)	27.47	24.10	(10.24)	14.06	37.35	(42.83)	9.82	28.40
MSCI EAFE Index ▲	4.88	(4.90)	22.78	17.32	(12.14)	7.75	31.78	(43.38)	11.17	26.34

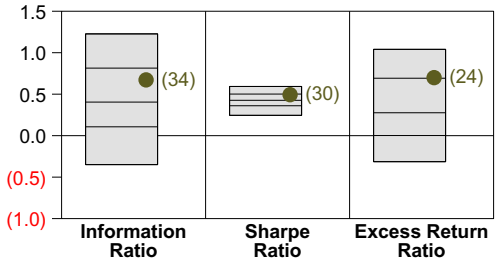
Cumulative and Quarterly Relative Return vs MSCI EAFE Index



Risk Adjusted Return Measures vs MSCI EAFE Index
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	3.62	10.35
25th Percentile	2.30	8.68
Median	1.35	7.35
75th Percentile	0.25	6.24
90th Percentile	(1.52)	4.33
Causeway International Value Equity ●	2.64	8.57



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.23	0.59	1.04
25th Percentile	0.81	0.50	0.69
Median	0.40	0.43	0.28
75th Percentile	0.11	0.36	0.00
90th Percentile	(0.35)	0.24	(0.31)
Causeway International Value Equity ●	0.67	0.49	0.70

Aberdeen EAFE Plus
Period Ended March 31, 2015

Investment Philosophy

Aberdeen believes that given the inefficiency of markets, superior long-term returns are achieved by identifying high quality stocks, buying them at reasonable/cheap prices, and ultimately investing in those securities for the long term. Absolute return is held to be of the utmost importance. The strategy is benchmark aware, but not benchmark driven. This benchmark stance is born from their belief that indices do not provide meaningful guidance to the prospects of a company or its inherent worth.

Quarterly Summary and Highlights

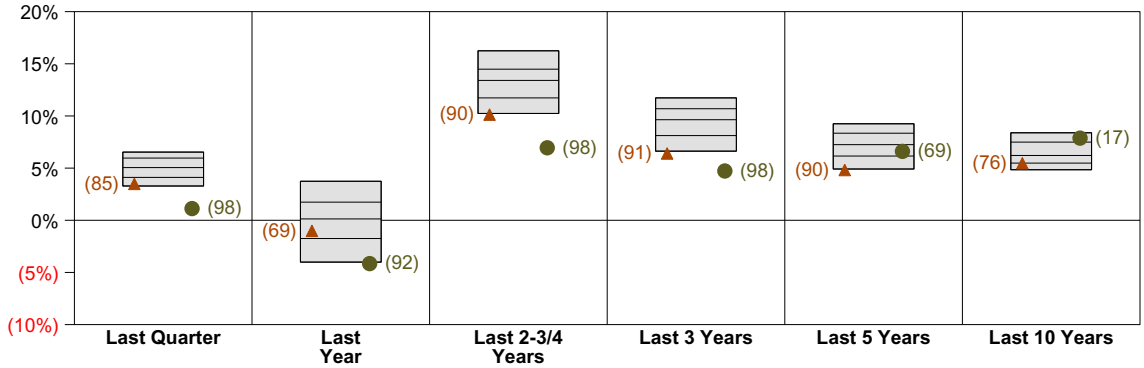
- Aberdeen EAFE Plus's portfolio posted a 1.12% return for the quarter placing it in the 98 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 92 percentile for the last year.
- Aberdeen EAFE Plus's portfolio underperformed the MSCI ACWI x US (Net) by 2.37% for the quarter and underperformed the MSCI ACWI x US (Net) for the year by 3.14%.

Quarterly Asset Growth

Beginning Market Value	$41,553,285
Net New Investment	$-84,328
Investment Gains/(Losses)	$466,636
Ending Market Value	$41,935,592

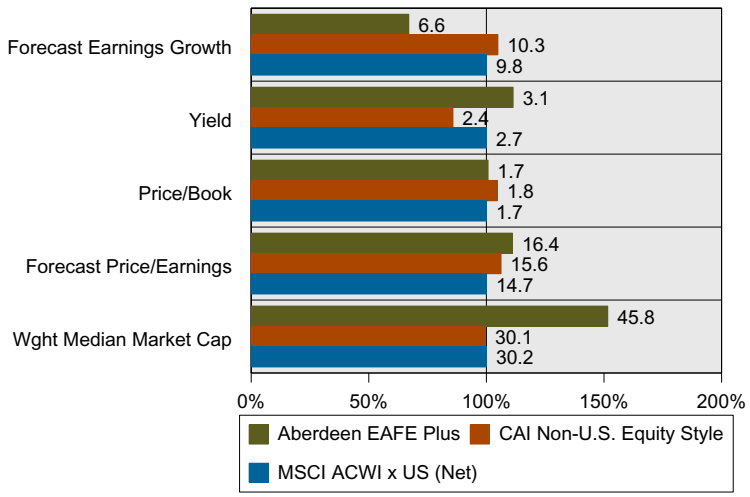
Percent Cash: 0.0%

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

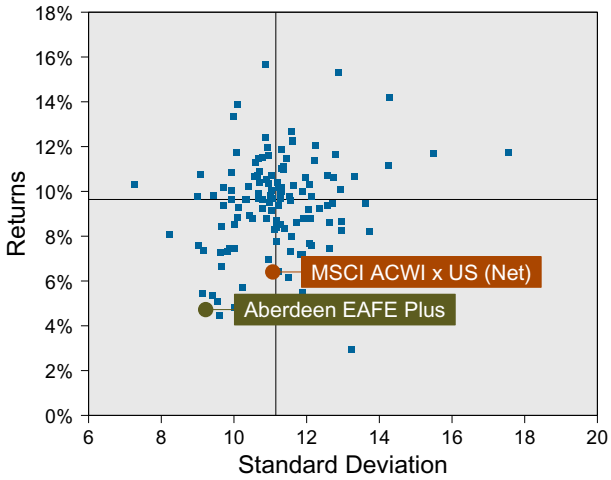


	Last Quarter	Last Year	Last 2-3/4 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	6.54	3.74	16.25	11.73	9.25	8.39
25th Percentile	5.96	1.74	14.48	10.69	8.35	7.49
Median	5.05	0.13	13.41	9.64	7.25	6.21
75th Percentile	4.11	(1.75)	11.73	8.12	6.16	5.48
90th Percentile	3.28	(4.01)	10.24	6.62	4.91	4.84
Aberdeen EAFE Plus ●	1.12	(4.15)	6.95	4.72	6.60	7.88
MSCI ACWI x US (Net) ▲	3.49	(1.01)	10.13	6.40	4.82	5.46

Portfolio Characteristics as a Percentage of the MSCI ACWI x US (Net)



CAI Non-U.S. Equity Style (Gross) Annualized Three Year Risk vs Return

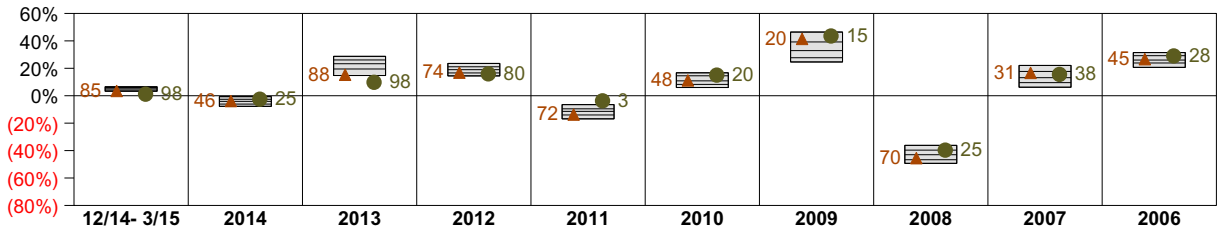


Aberdeen EAFE Plus
Return Analysis Summary

Return Analysis

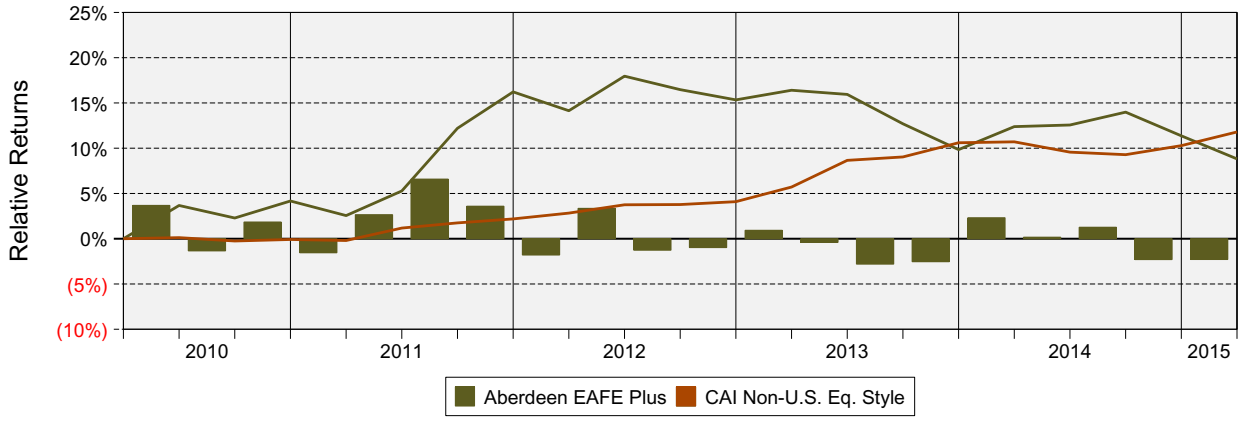
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

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

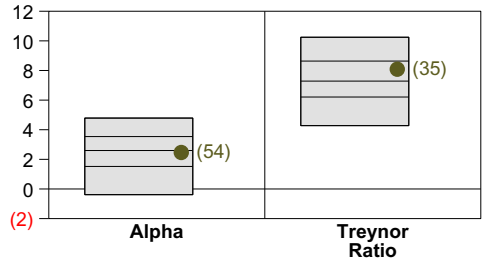


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	6.54	(0.67)	28.72	23.54	(6.48)	16.72	46.43	(36.19)	22.09	31.47
25th Percentile	5.96	(2.59)	26.08	21.12	(9.56)	14.53	39.21	(39.68)	17.70	29.21
Median	5.05	(4.12)	23.32	18.99	(11.40)	10.84	32.89	(43.02)	13.15	26.02
75th Percentile	4.11	(6.08)	19.49	16.61	(14.02)	8.27	27.71	(46.67)	9.54	23.87
90th Percentile	3.28	(7.74)	14.73	14.45	(16.87)	5.97	24.60	(49.33)	6.21	20.66
Aberdeen EAFE Plus ●	1.12	(2.53)	9.79	15.94	(3.72)	15.02	43.55	(39.68)	15.54	29.00
MSCI ACWI x US (Net) ▲	3.49	(3.87)	15.29	16.83	(13.71)	11.15	41.45	(45.53)	16.65	26.65

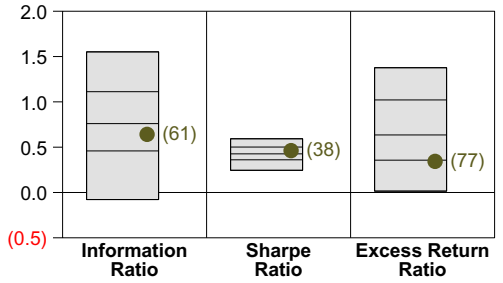
Cumulative and Quarterly Relative Return vs MSCI ACWI x US (Net)



Risk Adjusted Return Measures vs MSCI ACWI x US (Net)
Rankings Against CAI Non-U.S. Equity Style (Gross)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	4.79	10.25
25th Percentile	3.54	8.63
Median	2.60	7.28
75th Percentile	1.52	6.21
90th Percentile	(0.39)	4.28
Aberdeen EAFE Plus ●	2.46	8.09



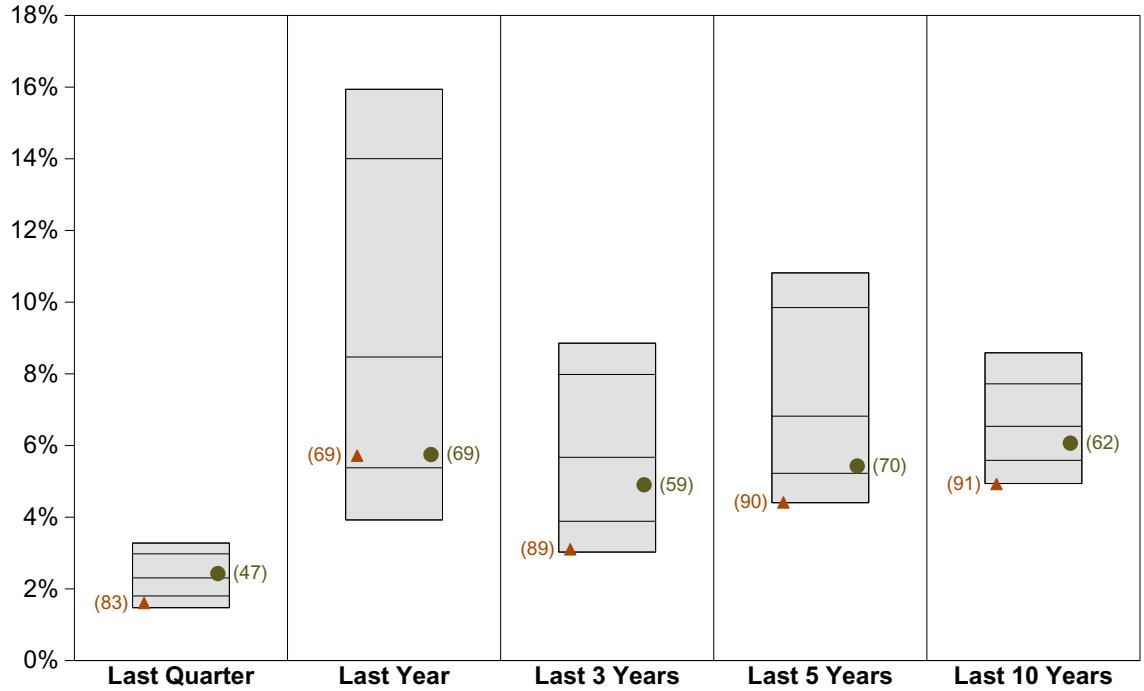
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.55	0.59	1.38
25th Percentile	1.11	0.50	1.02
Median	0.76	0.43	0.63
75th Percentile	0.46	0.36	0.36
90th Percentile	(0.08)	0.24	0.01
Aberdeen EAFE Plus ●	0.64	0.46	0.34

Fixed Income
Period Ended March 31, 2015

Quarterly Summary and Highlights

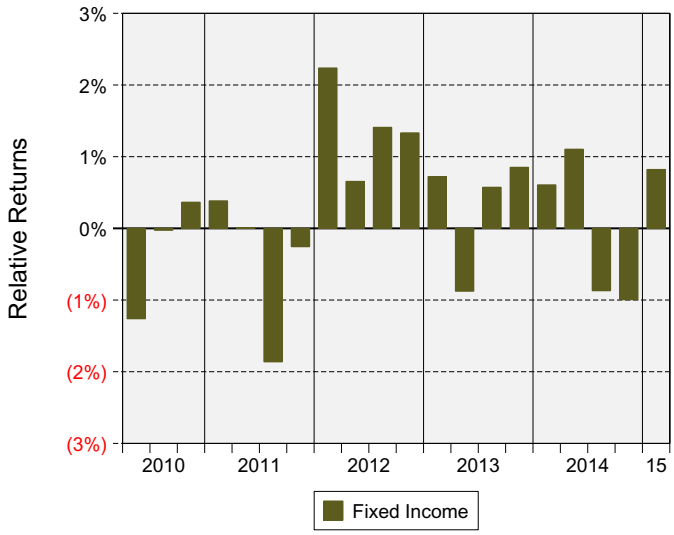
- Fixed Income's portfolio posted a 2.43% return for the quarter placing it in the 47 percentile of the Corp Pln- Domestic Fixed group for the quarter and in the 69 percentile for the last year.
- Fixed Income's portfolio outperformed the Barclays Aggregate Index by 0.82% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.03%.

Performance vs Corp Pln- Domestic Fixed (Gross)

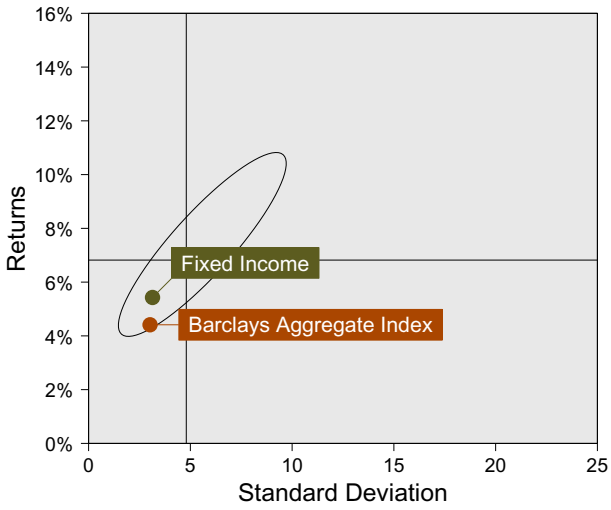


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	3.28	15.94	8.86	10.82	8.59
25th Percentile	2.98	14.00	7.98	9.85	7.72
Median	2.31	8.47	5.67	6.82	6.54
75th Percentile	1.80	5.38	3.89	5.23	5.59
90th Percentile	1.48	3.92	3.03	4.40	4.94
Fixed Income ●	2.43	5.75	4.90	5.43	6.07
Barclays Aggregate Index ▲	1.61	5.72	3.10	4.41	4.93

Relative Return vs Barclays Aggregate Index



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

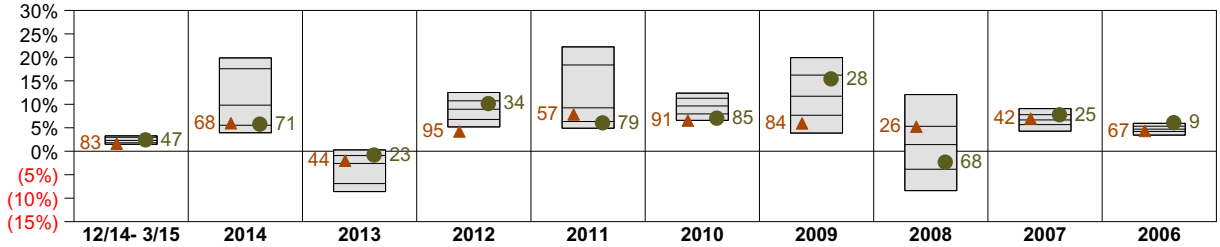


Fixed Income
Return Analysis Summary

Return Analysis

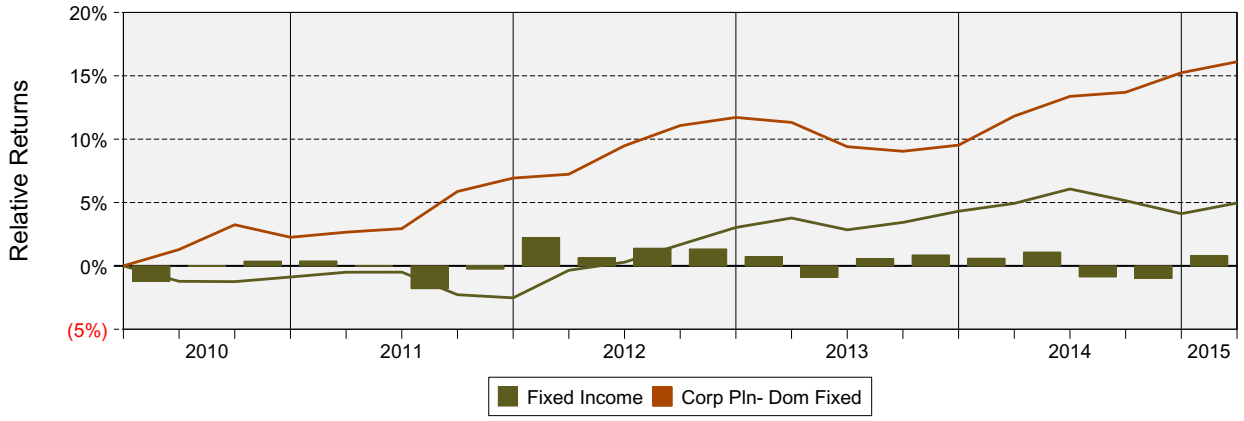
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Corp Pln- Domestic Fixed (Gross)

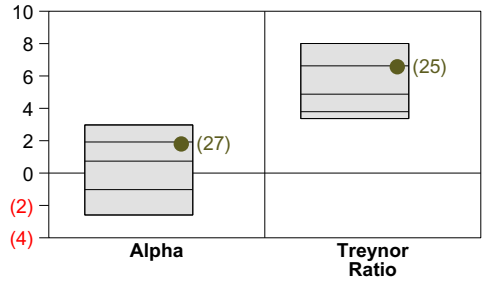


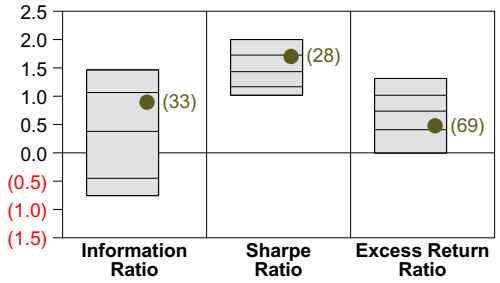
	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	3.28	19.89	0.28	12.52	22.24	12.37	19.95	12.07	9.08	5.95
25th Percentile	2.98	17.58	(0.92)	10.74	18.38	11.28	16.22	5.31	7.79	5.33
Median	2.31	9.82	(2.60)	8.95	9.25	9.65	11.72	1.41	6.67	4.70
75th Percentile	1.80	5.53	(6.89)	6.77	6.34	7.96	7.67	(3.84)	5.68	4.22
90th Percentile	1.48	3.93	(8.60)	5.18	4.90	6.57	3.87	(8.39)	4.27	3.44
Fixed Income ●	2.43	5.77	(0.81)	10.15	6.05	7.04	15.41	(2.32)	7.77	6.09
Barclays Aggregate Index ▲	1.61	5.97	(2.02)	4.21	7.84	6.54	5.93	5.24	6.97	4.33

Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



Risk Adjusted Return Measures vs Barclays Aggregate Index
Rankings Against Corp Pln- Domestic Fixed (Gross)
Five Years Ended March 31, 2015





	Alpha	Treynor Ratio
10th Percentile	2.97	8.01
25th Percentile	1.92	6.62
Median	0.74	4.87
75th Percentile	(1.02)	3.79
90th Percentile	(2.59)	3.37
Fixed Income ●	1.80	6.57

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.47	2.00	1.31
25th Percentile	1.06	1.73	1.02
Median	0.38	1.43	0.74
75th Percentile	(0.45)	1.17	0.41
90th Percentile	(0.76)	1.02	(0.00)
Fixed Income ●	0.89	1.70	0.48

BlackRock U.S. Debt Fund
Period Ended March 31, 2015

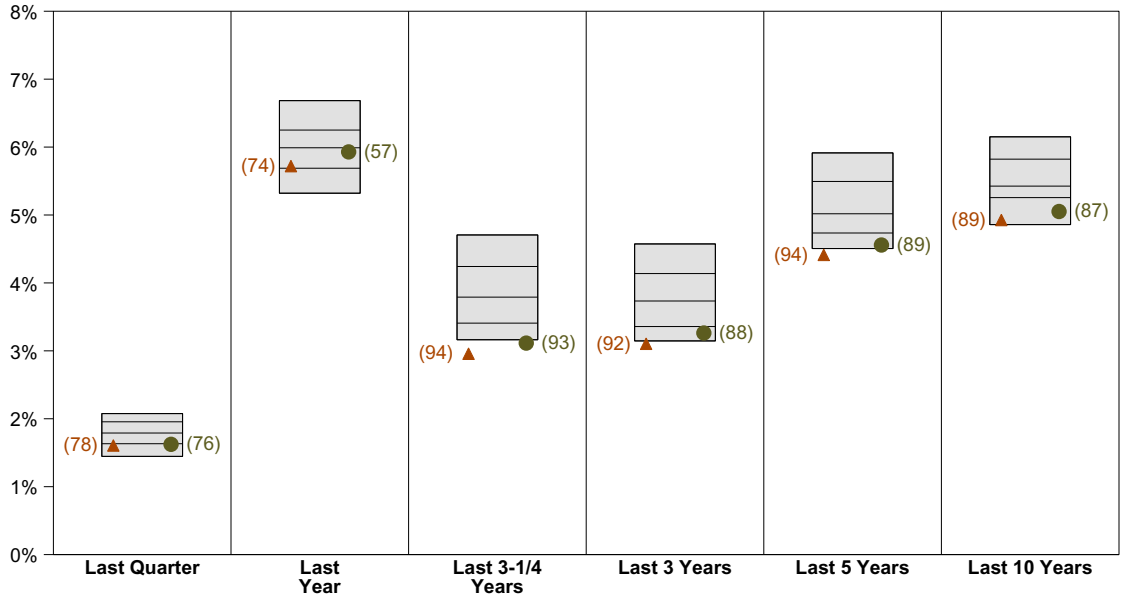
Investment Philosophy

The product was funded during the fourth quarter of 2011. Performance prior is that of the composite.

Quarterly Summary and Highlights

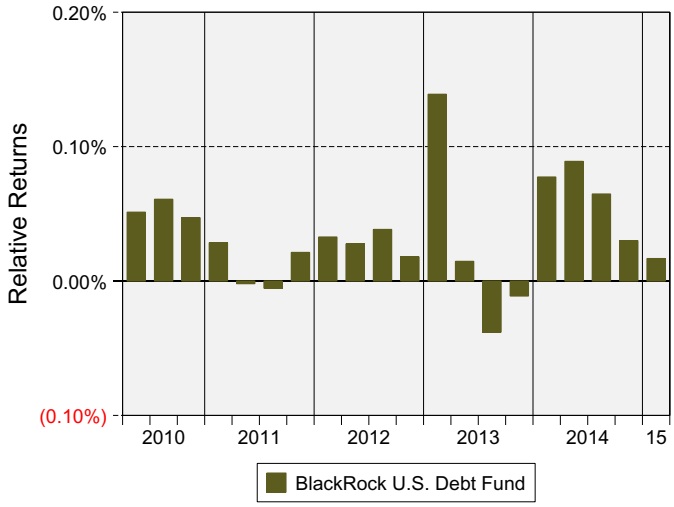
- BlackRock U.S. Debt Fund's portfolio posted a 1.62% return for the quarter placing it in the 76 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 57 percentile for the last year.
- BlackRock U.S. Debt Fund's portfolio outperformed the Barclays Aggregate Index by 0.02% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.21%.

Performance vs CAI Core Bond Fixed-Inc Style (Gross)

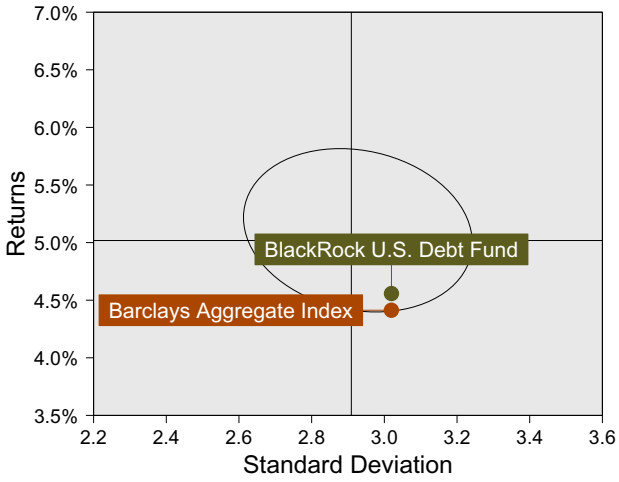


	Last Quarter	Last Year	Last 3-1/4 Years	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	2.08	6.68	4.71	4.57	5.91	6.15
25th Percentile	1.96	6.25	4.24	4.14	5.49	5.82
Median	1.79	5.99	3.79	3.73	5.02	5.43
75th Percentile	1.63	5.69	3.41	3.36	4.73	5.26
90th Percentile	1.45	5.32	3.16	3.15	4.51	4.86
BlackRock U.S. Debt Fund ●	1.62	5.93	3.11	3.26	4.56	5.05
Barclays Aggregate Index ▲	1.61	5.72	2.96	3.10	4.41	4.93

Relative Return vs Barclays Aggregate Index



CAI Core Bond Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return

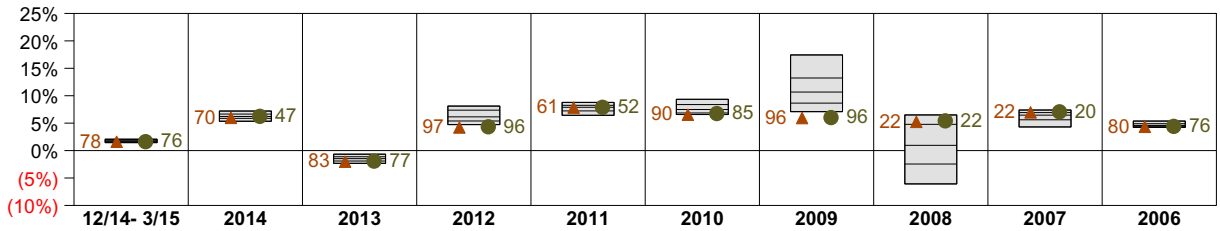


BlackRock U.S. Debt Fund
Return Analysis Summary

Return Analysis

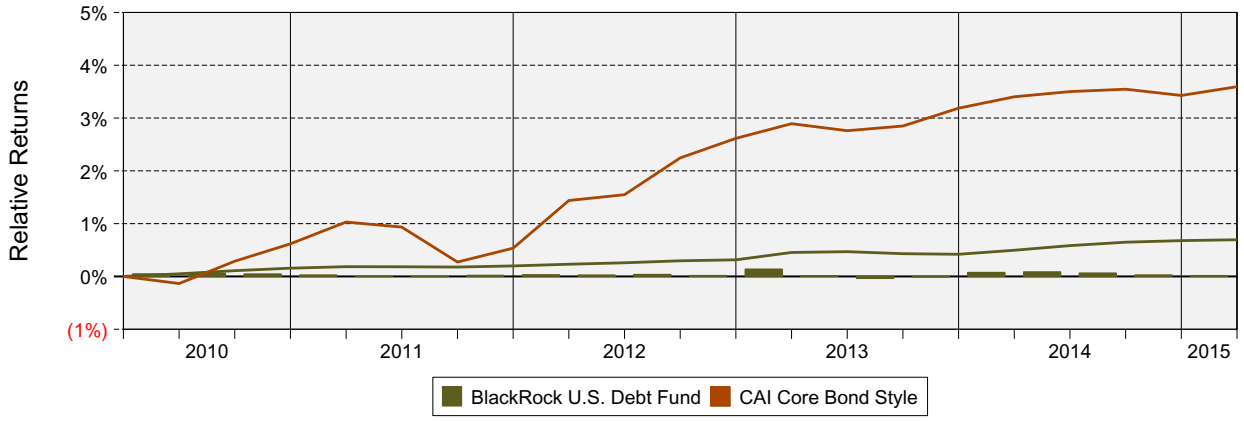
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Core Bond Fixed-Inc Style (Gross)

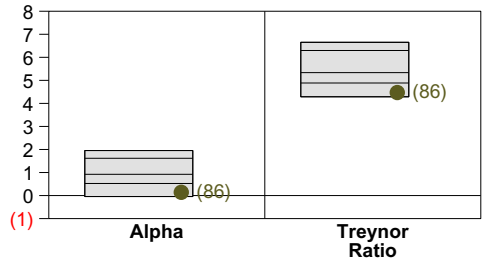


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	2.08	7.21	(0.66)	8.11	8.78	9.35	17.43	6.50	7.39	5.38
25th Percentile	1.96	6.66	(1.12)	7.37	8.25	8.39	13.23	4.78	6.93	4.90
Median	1.79	6.22	(1.47)	6.15	7.89	7.49	10.67	0.96	6.46	4.58
75th Percentile	1.63	5.88	(1.90)	5.40	7.24	6.86	8.65	(2.45)	5.61	4.42
90th Percentile	1.45	5.35	(2.33)	4.74	6.43	6.57	7.10	(6.08)	4.30	4.22
BlackRock U.S. Debt Fund ●	1.62	6.24	(1.92)	4.34	7.89	6.75	6.02	5.42	7.07	4.41
Barclays Aggregate Index ▲	1.61	5.97	(2.02)	4.21	7.84	6.54	5.93	5.24	6.97	4.33

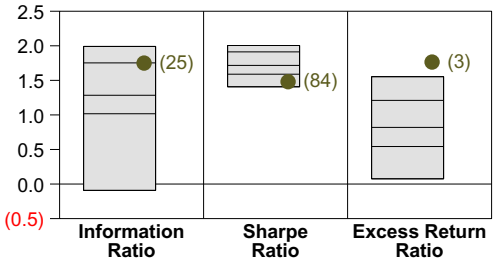
Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



Risk Adjusted Return Measures vs Barclays Aggregate Index
Rankings Against CAI Core Bond Fixed-Inc Style (Gross)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	1.95	6.65
25th Percentile	1.62	6.30
Median	0.92	5.34
75th Percentile	0.52	4.89
90th Percentile	(0.04)	4.29
BlackRock U.S. Debt Fund ●	0.14	4.47



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.99	2.00	1.55
25th Percentile	1.75	1.91	1.21
Median	1.28	1.72	0.82
75th Percentile	1.02	1.59	0.54
90th Percentile	(0.09)	1.41	0.08
BlackRock U.S. Debt Fund ●	1.75	1.48	1.76

PIMCO Fixed Income
Period Ended March 31, 2015

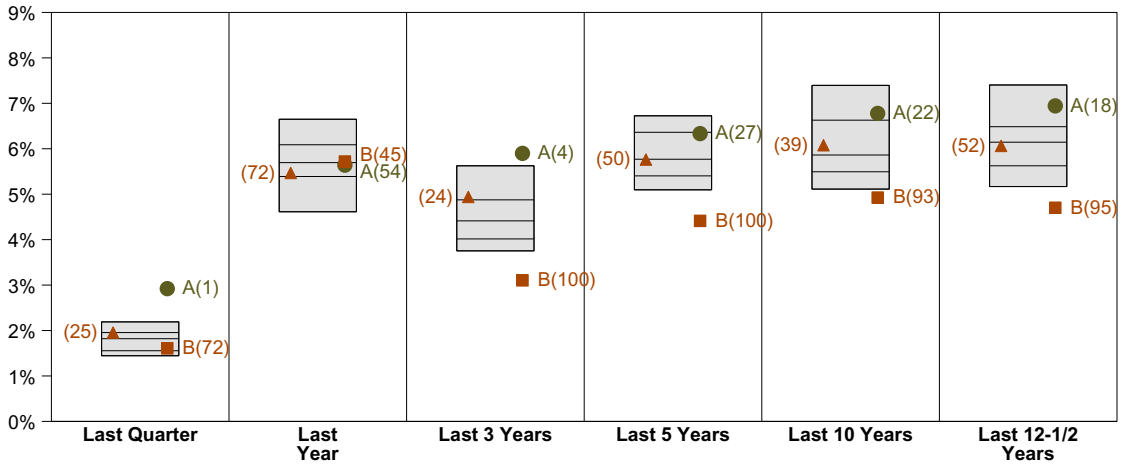
Investment Philosophy

PIMCO emphasizes adding value by rotating through the major sectors of the domestic and international bond markets. They also seek to enhance returns through duration management. The product was funded during the third quarter of 2002. The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

Quarterly Summary and Highlights

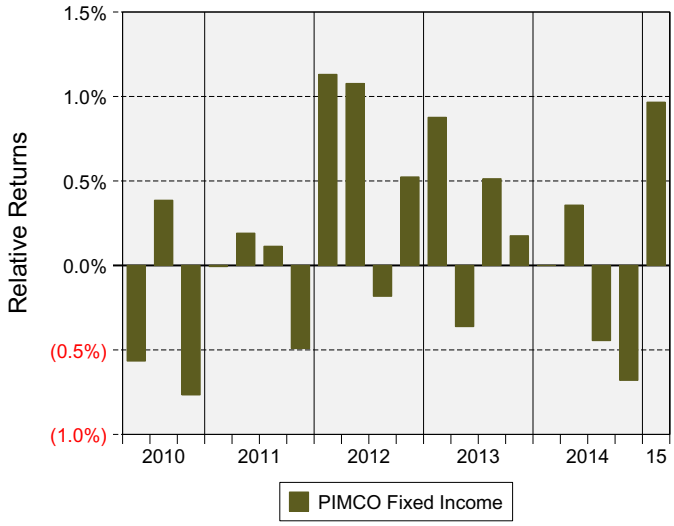
- PIMCO Fixed Income's portfolio posted a 2.92% return for the quarter placing it in the 1 percentile of the CAI Core Bond Plus Style group for the quarter and in the 54 percentile for the last year.
- PIMCO Fixed Income's portfolio outperformed the Custom Index by 0.97% for the quarter and outperformed the Custom Index for the year by 0.17%.

Performance vs CAI Core Bond Plus Style (Gross)

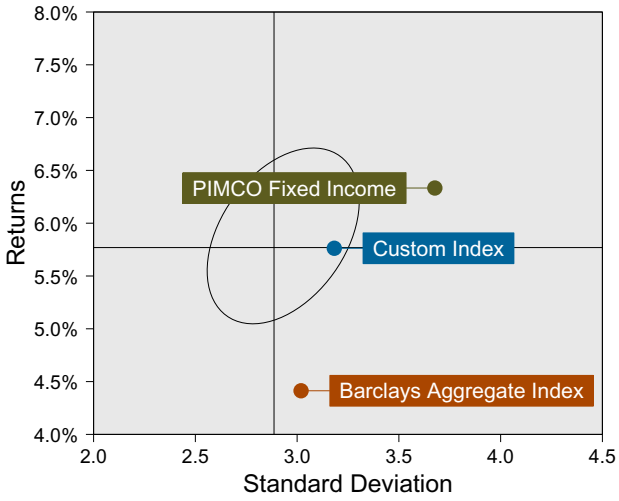


		Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 12-1/2 Years
10th Percentile		2.19	6.65	5.62	6.73	7.39	7.40
25th Percentile		1.96	6.09	4.88	6.36	6.63	6.49
Median		1.82	5.70	4.41	5.77	5.86	6.14
75th Percentile		1.56	5.39	4.02	5.40	5.49	5.63
90th Percentile		1.45	4.61	3.75	5.10	5.11	5.17
PIMCO Fixed Income	● A	2.92	5.64	5.90	6.33	6.78	6.94
Barclays Aggregate Index	■ B	1.61	5.72	3.10	4.41	4.93	4.70
Custom Index	▲	1.96	5.47	4.94	5.76	6.08	6.06

Relative Return vs Custom Index



CAI Core Bond Plus Style (Gross) Annualized Five Year Risk vs Return

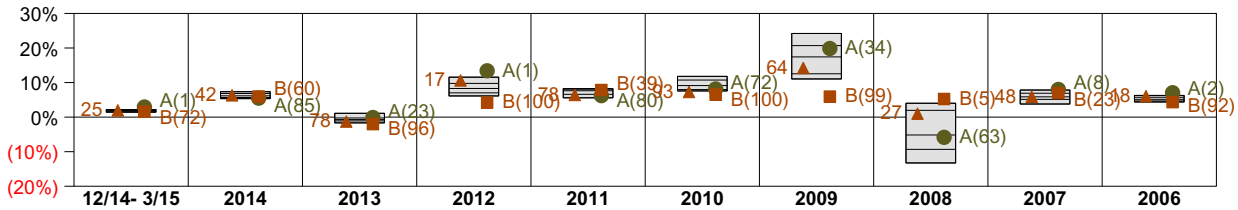


PIMCO Fixed Income
Return Analysis Summary

Return Analysis

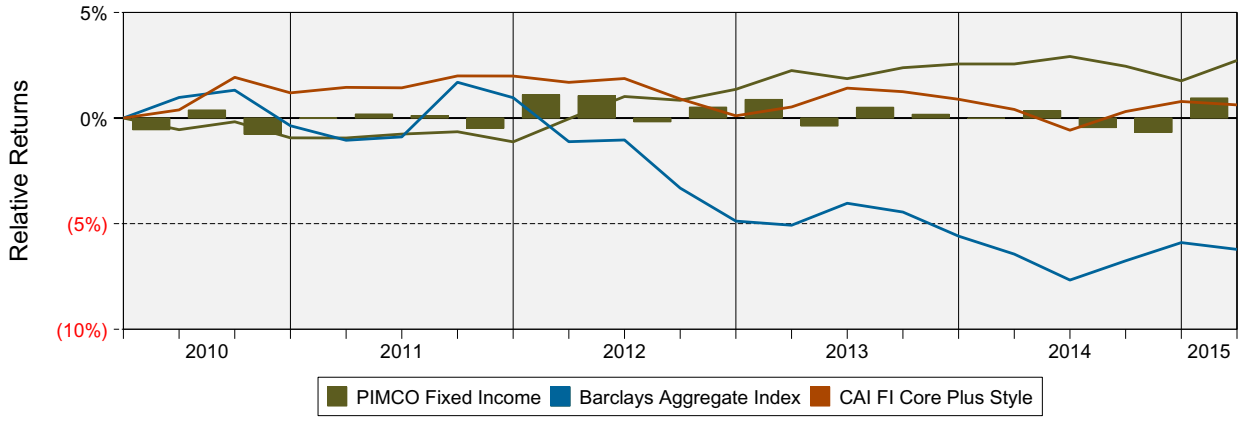
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Core Bond Plus Style (Gross)

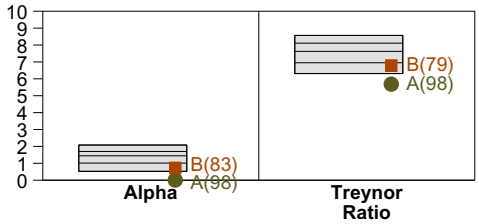


		12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile		2.19	7.35	1.11	11.56	8.23	11.79	24.21	4.01	7.84	6.28
25th Percentile		1.96	6.84	(0.25)	9.75	8.08	10.72	20.69	1.96	6.91	5.75
Median		1.82	6.16	(0.71)	8.29	7.63	9.13	17.42	(5.17)	5.87	5.15
75th Percentile		1.56	5.68	(1.10)	7.02	6.60	7.97	12.53	(9.33)	5.14	4.69
90th Percentile		1.45	5.35	(1.67)	6.13	5.59	7.58	11.04	(13.26)	3.79	4.39
PIMCO Fixed Income	● A	2.92	5.48	(0.12)	13.40	6.22	8.14	19.85	(5.85)	8.00	7.06
Barclays Aggregate Index	■ B	1.61	5.97	(2.02)	4.21	7.84	6.54	5.93	5.24	6.97	4.33
Custom Index	▲	1.96	6.31	(1.28)	10.62	6.42	7.28	14.24	1.00	5.89	6.06

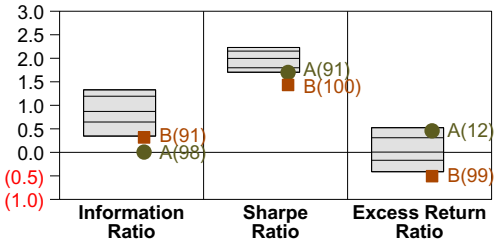
Cumulative and Quarterly Relative Return vs Custom Index



Risk Adjusted Return Measures vs Custom Index
Rankings Against CAI Core Bond Plus Style (Gross)
Five Years Ended March 31, 2015



		Alpha	Treynor Ratio
10th Percentile		2.08	8.57
25th Percentile		1.70	8.11
Median		1.44	7.62
75th Percentile		1.01	6.95
90th Percentile		0.52	6.31
PIMCO Fixed Income	● A	0.01	5.68
Barclays Aggregate Index	■ B	0.73	6.79



		Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile		1.33	2.23	0.52
25th Percentile		1.19	2.15	0.31
Median		0.87	2.00	0.01
75th Percentile		0.64	1.80	(0.17)
90th Percentile		0.35	1.70	(0.41)
PIMCO Fixed Income	● A	0.01	1.70	0.46
Barclays Aggregate Index	■ B	0.32	1.43	(0.51)

Real Estate

Real Estate
Period Ended March 31, 2015

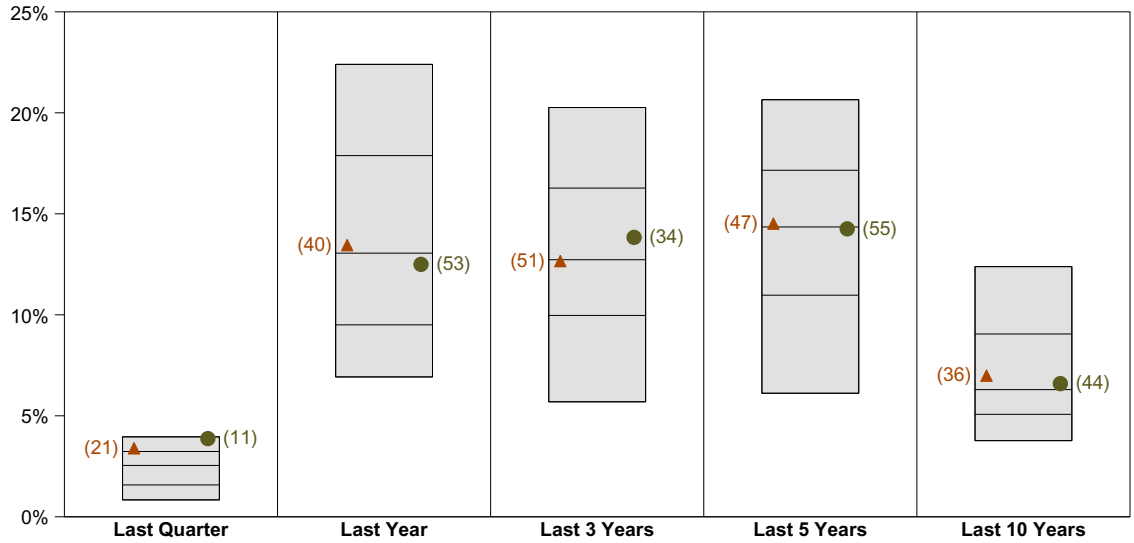
Investment Philosophy

The Total Real Estate Funds Database consists of both open and closed-end commingled funds as well as separate accounts managed by real estate firms. The returns represent the overall performance of institutional capital invested in real estate properties.

Quarterly Summary and Highlights

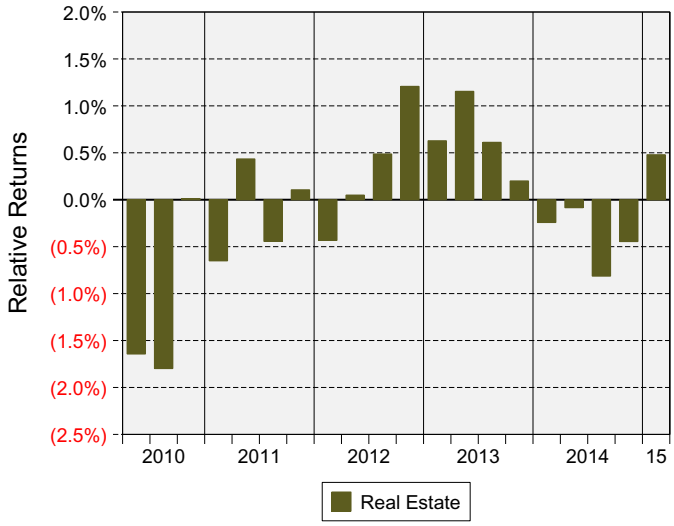
- Real Estate's portfolio posted a 3.87% return for the quarter placing it in the 11 percentile of the Total Real Estate DB group for the quarter and in the 53 percentile for the last year.
- Real Estate's portfolio outperformed the NFI-ODCE Value Weight Gr by 0.48% for the quarter and underperformed the NFI-ODCE Value Weight Gr for the year by 0.95%.

Performance vs Total Real Estate DB (Net)

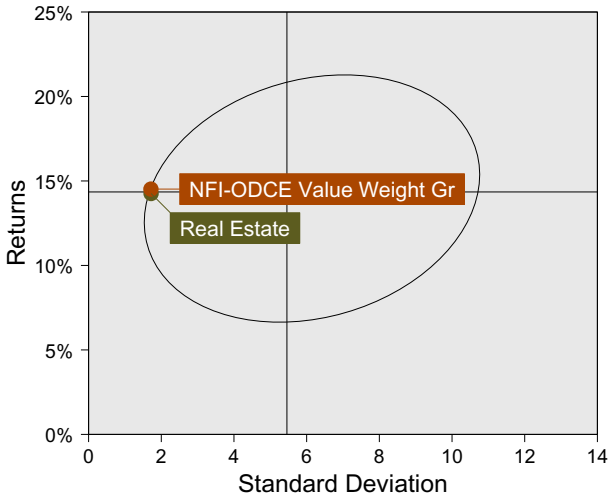


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
10th Percentile	3.96	22.40	20.26	20.65	12.39
25th Percentile	3.23	17.88	16.27	17.16	9.05
Median	2.54	13.05	12.73	14.35	6.30
75th Percentile	1.58	9.50	9.97	10.97	5.07
90th Percentile	0.84	6.92	5.69	6.12	3.77
Real Estate ●	3.87	12.50	13.83	14.26	6.59
NFI-ODCE Value Weight Gr ▲	3.39	13.45	12.66	14.52	6.99

Relative Return vs NFI-ODCE Value Weight Gr



Total Real Estate DB (Net) Annualized Five Year Risk vs Return

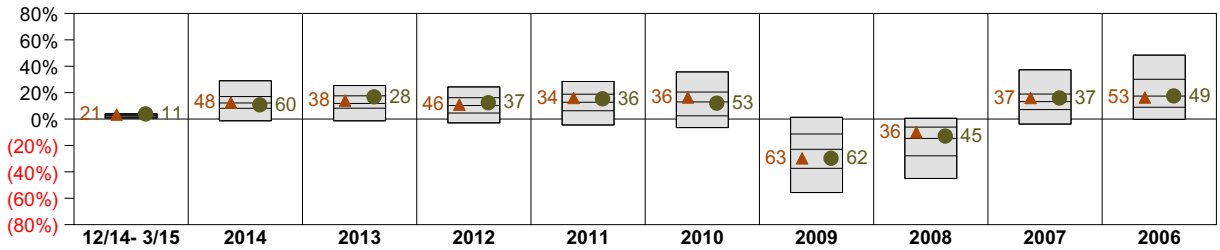


Real Estate
Return Analysis Summary

Return Analysis

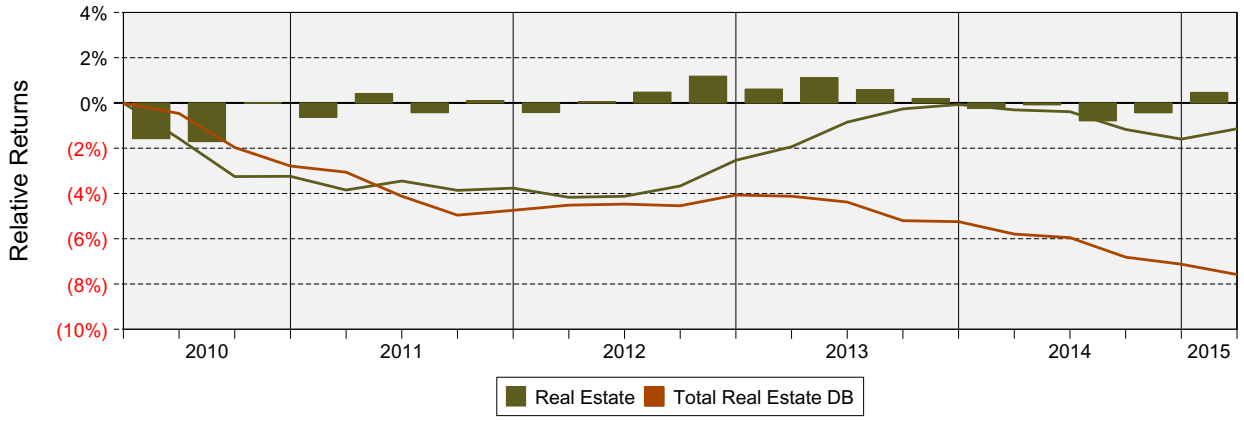
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Total Real Estate DB (Net)

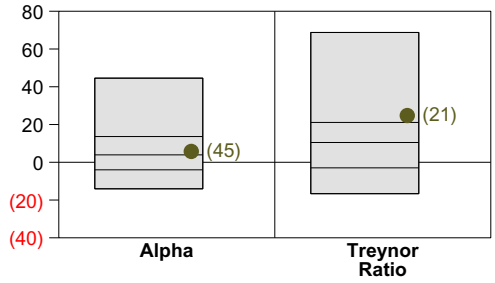


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	3.96	29.01	25.39	24.36	28.44	35.72	1.32	0.57	37.31	48.42
25th Percentile	3.23	17.03	17.58	16.16	18.81	20.46	(11.33)	(6.12)	18.93	30.12
Median	2.54	12.18	11.81	10.27	12.72	12.95	(22.94)	(14.69)	13.19	17.39
75th Percentile	1.58	8.11	8.23	4.55	6.28	2.45	(37.34)	(27.85)	7.15	8.92
90th Percentile	0.84	(1.34)	(1.36)	(2.91)	(4.52)	(6.49)	(55.68)	(45.01)	(3.83)	(0.24)
Real Estate ●	3.87	10.78	16.82	12.36	15.36	12.05	(29.69)	(12.89)	15.97	17.53
NFI-ODCE Value Weight Gross ▲	3.39	12.50	13.94	10.94	15.99	16.36	(29.76)	(10.01)	15.97	16.32

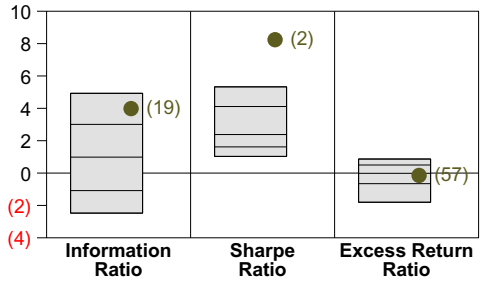
Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross



Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross
Rankings Against Total Real Estate DB (Net)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	44.56	68.76
25th Percentile	13.63	21.11
Median	3.93	10.47
75th Percentile	(4.00)	(2.95)
90th Percentile	(14.06)	(16.64)
Real Estate ●	5.74	24.74



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.93	5.33	0.87
25th Percentile	3.01	4.11	0.50
Median	0.99	2.38	(0.02)
75th Percentile	(1.08)	1.62	(0.65)
90th Percentile	(2.48)	1.03	(1.80)
Real Estate ●	3.98	8.24	(0.15)

JP Morgan Strategic Property Fund
Period Ended March 31, 2015

Investment Philosophy

Strategic Property Fund is an actively managed diversified, core, open-end commingled pension trust fund. It seeks an income-driven rate of return of 100 basis points over the NFI-ODCE Equal Weight Net Index over a full market cycle (three to five year horizon) through asset, geographic and sector selection and active asset management. The Fund invests in high quality stabilized assets with dominant competitive characteristics in markets with attractive demographics throughout the United States. The product was funded in the fourth quarter of 2008.

Quarterly Summary and Highlights

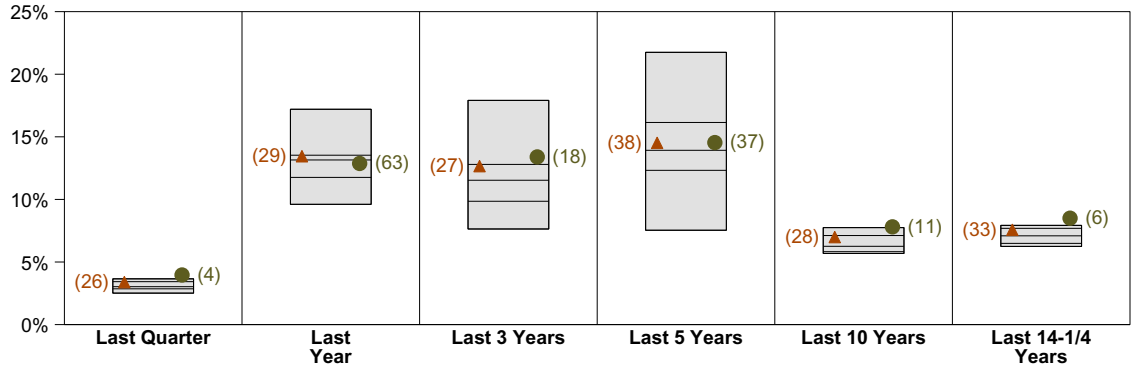
- JP Morgan Strategic Property Fund's portfolio posted a 3.96% return for the quarter placing it in the 4 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 63 percentile for the last year.
- JP Morgan Strategic Property Fund's portfolio outperformed the NFI-ODCE Value Weight Gross by 0.57% for the quarter and underperformed the NFI-ODCE Value Weight Gross for the year by 0.58%.

Quarterly Asset Growth

Beginning Market Value	$39,400,455
Net New Investment	$-96,115
Investment Gains/(Losses)	$1,557,465
Ending Market Value	$40,861,805

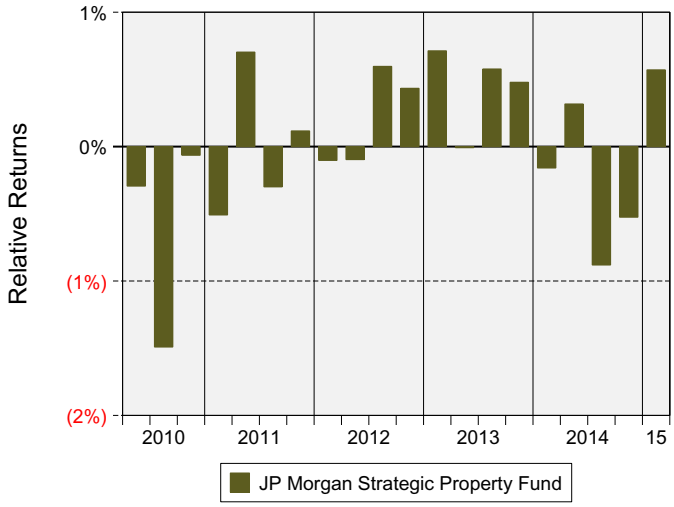
Percent Cash: 0.0%

Performance vs CAI Open-End Real Estate Funds (Net)

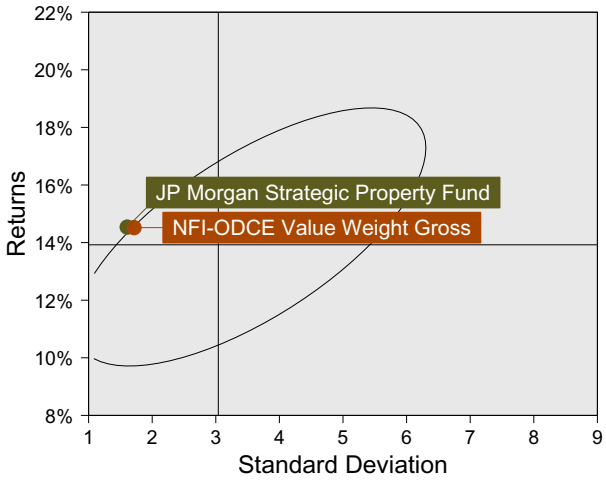


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 14-1/4 Years
10th Percentile	3.66	17.20	17.91	21.75	7.75	7.93
25th Percentile	3.43	13.53	12.80	16.15	7.12	7.69
Median	3.03	13.15	11.53	13.92	6.25	7.09
75th Percentile	2.86	11.76	9.85	12.32	5.82	6.49
90th Percentile	2.51	9.61	7.64	7.54	5.68	6.25
JP Morgan Strategic Property Fund ●	3.96	12.87	13.39	14.54	7.81	8.50
NFI-ODCE Value Weight Gross ▲	3.39	13.45	12.66	14.52	6.99	7.57

Relative Returns vs NFI-ODCE Value Weight Gross



CAI Open-End Real Estate Funds (Net) Annualized Five Year Risk vs Return

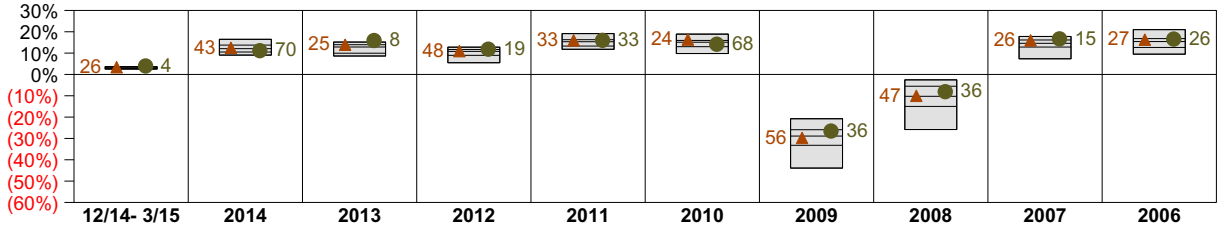


JP Morgan Strategic Property Fund
Return Analysis Summary

Return Analysis

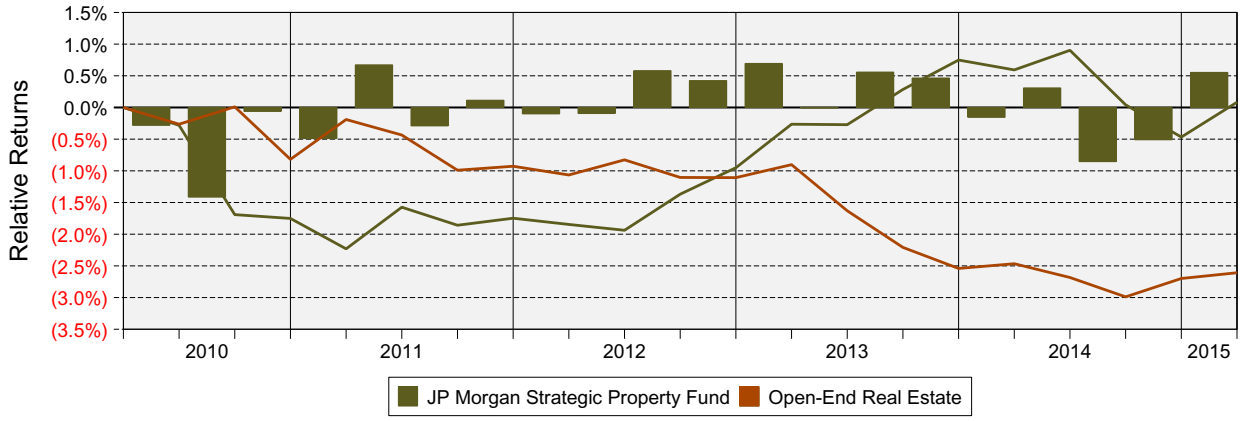
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs CAI Open-End Real Estate Funds (Net)

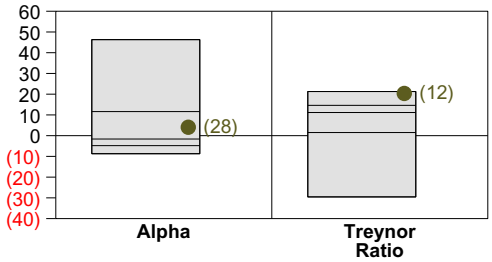


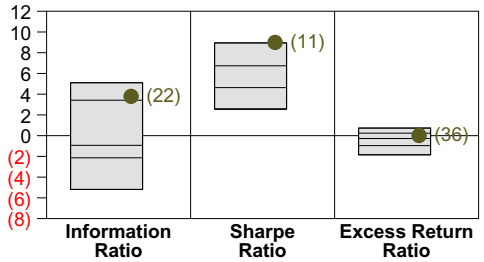
	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	3.66	16.47	15.18	12.79	19.15	18.90	(20.77)	(2.54)	17.80	21.01
25th Percentile	3.43	13.75	13.94	11.67	16.29	15.94	(25.92)	(5.53)	16.15	16.80
Median	3.03	12.09	12.87	10.80	15.33	15.09	(28.89)	(10.25)	14.59	15.41
75th Percentile	2.86	10.51	9.95	8.95	13.30	13.02	(33.22)	(14.99)	12.84	12.65
90th Percentile	2.51	9.07	8.64	5.49	11.79	9.80	(43.90)	(25.83)	7.34	9.50
JP Morgan Strategic Property Fund ●	3.96	11.14	15.90	11.84	15.99	14.16	(26.53)	(8.09)	16.67	16.59
NFI-ODCE Value Weight Gross ▲	3.39	12.50	13.94	10.94	15.99	16.36	(29.76)	(10.01)	15.97	16.32

Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross



Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross
Rankings Against CAI Open-End Real Estate Funds (Net)
Five Years Ended March 31, 2015





	Alpha	Treynor Ratio
10th Percentile	46.30	21.28
25th Percentile	11.61	14.62
Median	(1.63)	11.16
75th Percentile	(4.81)	1.50
90th Percentile	(8.71)	(29.54)
JP Morgan Strategic Property Fund ●	4.05	20.36

	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	5.11	8.95	0.73
25th Percentile	3.42	6.74	0.24
Median	(0.93)	4.63	(0.28)
75th Percentile	(2.13)	2.56	(0.96)
90th Percentile	(5.19)	2.56	(1.85)
JP Morgan Strategic Property Fund ●	3.79	8.99	0.01

LaSalle Income and Growth Fund
Period Ended March 31, 2015

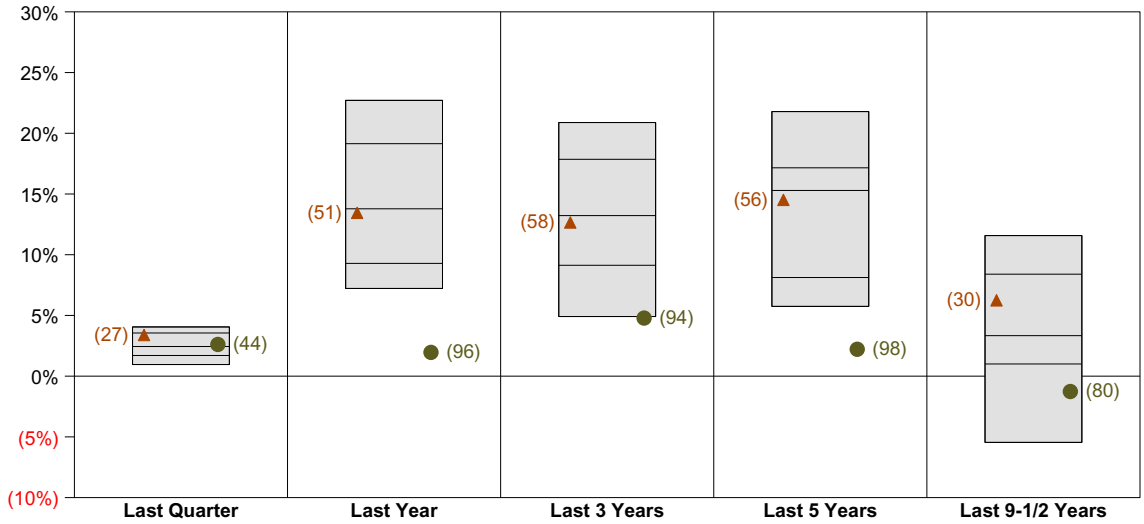
Investment Philosophy

LaSalle Income & Growth Fund IV is a closed-end, value-added commingled fund investing in the four major property types in the U.S. The Fund seeks to add value through renovation, redevelopment and repositioning of assets to core buyers. The product was funded in the third quarter of 2005.

Quarterly Summary and Highlights

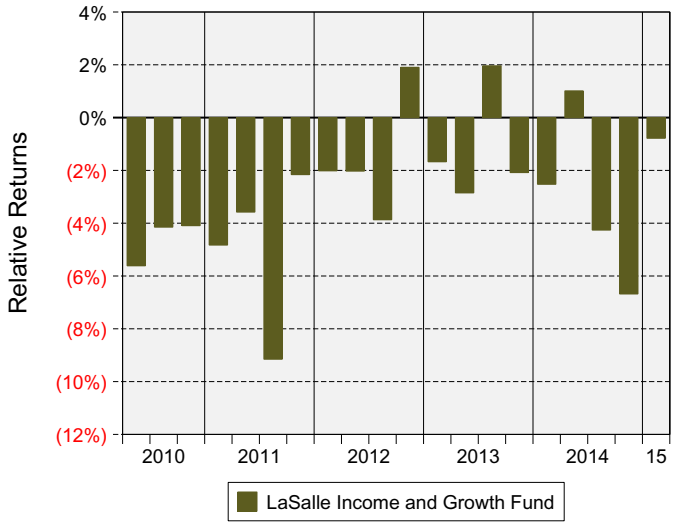
- LaSalle Income and Growth Fund's portfolio posted a 2.61% return for the quarter placing it in the 44 percentile of the Real Estate Value Added group for the quarter and in the 96 percentile for the last year.
- LaSalle Income and Growth Fund's portfolio underperformed the NFI-ODCE Value Weight Gross by 0.78% for the quarter and underperformed the NFI-ODCE Value Weight Gross for the year by 11.49%.

Performance vs Real Estate Value Added (Net)

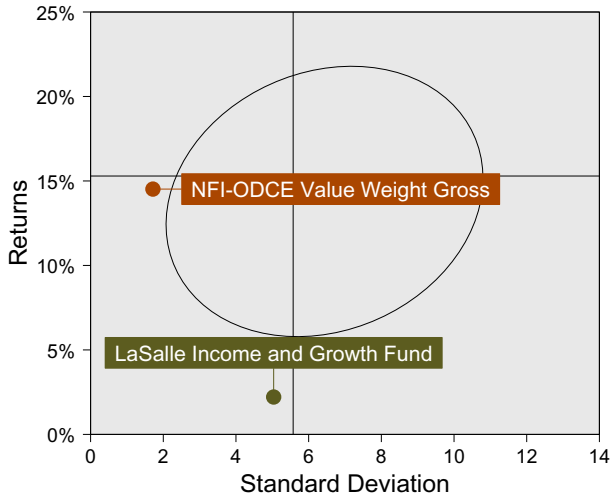


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 9-1/2 Years
10th Percentile	4.05	22.71	20.89	21.79	11.58
25th Percentile	3.56	19.14	17.86	17.16	8.40
Median	2.44	13.78	13.22	15.29	3.34
75th Percentile	1.70	9.29	9.13	8.12	1.00
90th Percentile	0.96	7.22	4.91	5.74	(5.46)
LaSalle Income and Growth Fund ●	2.61	1.96	4.78	2.21	(1.27)
NFI-ODCE Value Weight Gross ▲	3.39	13.45	12.66	14.52	6.25

Relative Returns vs NFI-ODCE Value Weight Gross



Real Estate Value Added (Net) Annualized Five Year Risk vs Return

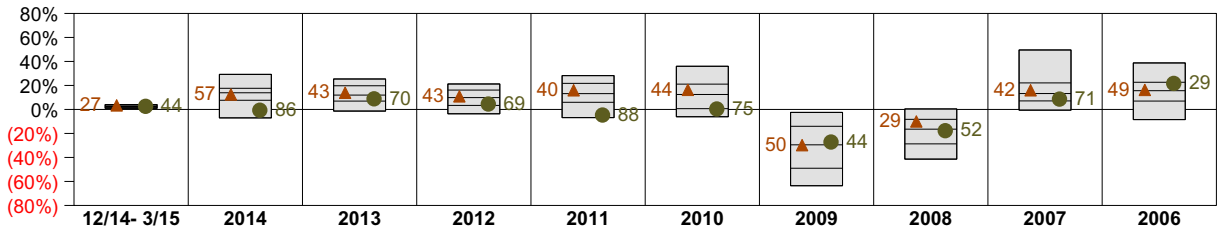


LaSalle Income and Growth Fund
Return Analysis Summary

Return Analysis

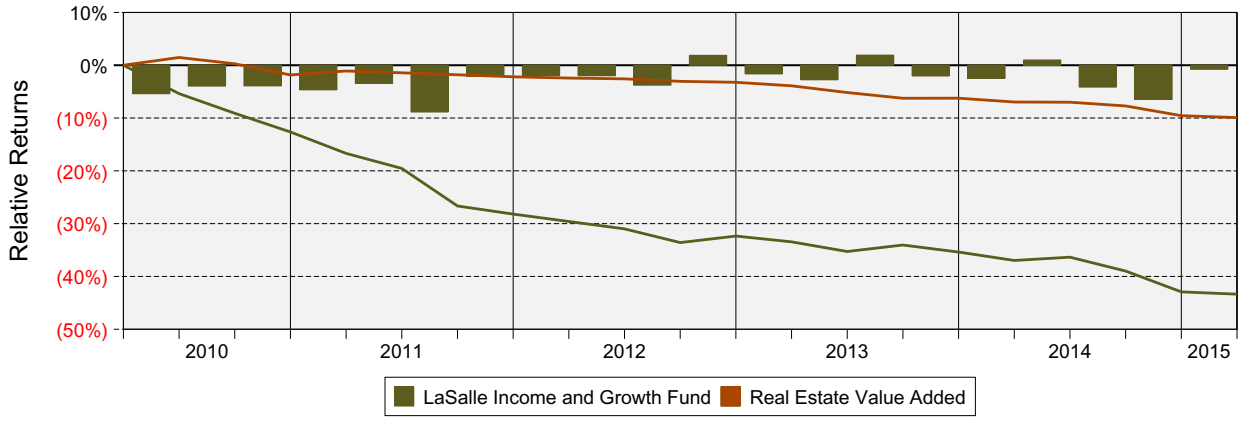
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Real Estate Value Added (Net)

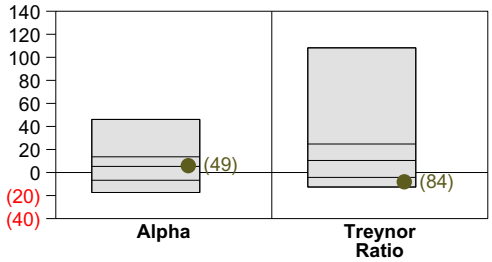


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	4.05	29.22	25.39	21.21	28.18	35.97	(2.46)	0.39	49.55	38.76
25th Percentile	3.56	17.62	19.74	16.13	21.74	21.08	(14.05)	(8.25)	22.12	22.64
Median	2.44	13.88	11.96	9.86	13.17	12.46	(29.48)	(16.45)	13.24	15.62
75th Percentile	1.70	7.66	6.95	3.37	5.96	0.63	(49.00)	(28.69)	7.11	6.98
90th Percentile	0.96	(7.04)	(1.36)	(3.62)	(6.82)	(6.08)	(63.57)	(41.40)	(0.58)	(8.46)
LaSalle Income and Growth Fund ●	2.61	(0.64)	8.84	4.51	(4.66)	0.39	(27.16)	(17.72)	8.62	21.69
NFI-ODCE Value Weight Gross ▲	3.39	12.50	13.94	10.94	15.99	16.36	(29.76)	(10.01)	15.97	16.32

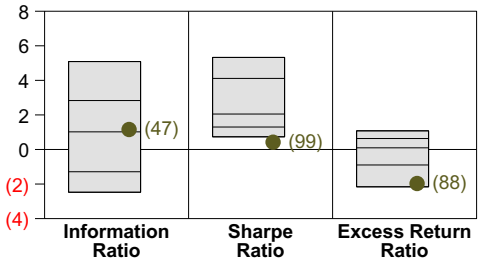
Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross



Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross
Rankings Against Real Estate Value Added (Net)
Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	46.09	108.24
25th Percentile	13.63	24.74
Median	5.31	10.47
75th Percentile	(6.71)	(4.23)
90th Percentile	(17.35)	(12.59)
LaSalle Income and Growth Fund ●	5.96	(8.09)



	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	5.09	5.33	1.08
25th Percentile	2.83	4.11	0.63
Median	1.02	2.05	0.10
75th Percentile	(1.29)	1.30	(0.90)
90th Percentile	(2.48)	0.73	(2.16)
LaSalle Income and Growth Fund ●	1.16	0.42	(1.97)

JP Morgan Income and Growth Fund
Period Ended March 31, 2015

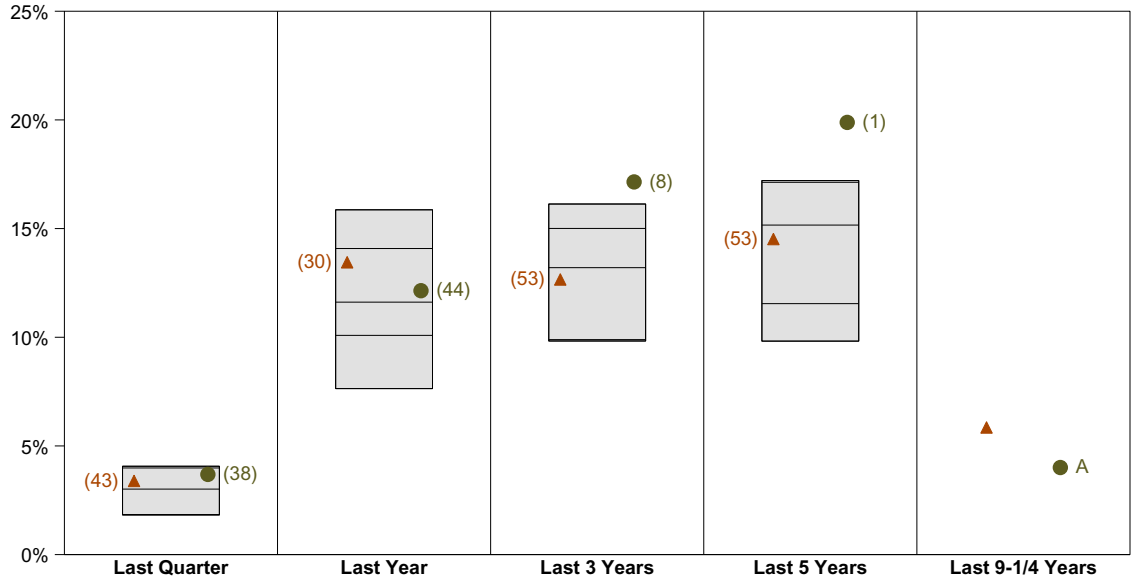
Investment Philosophy

The product was funded in the fourth quarter of 2005.

Quarterly Summary and Highlights

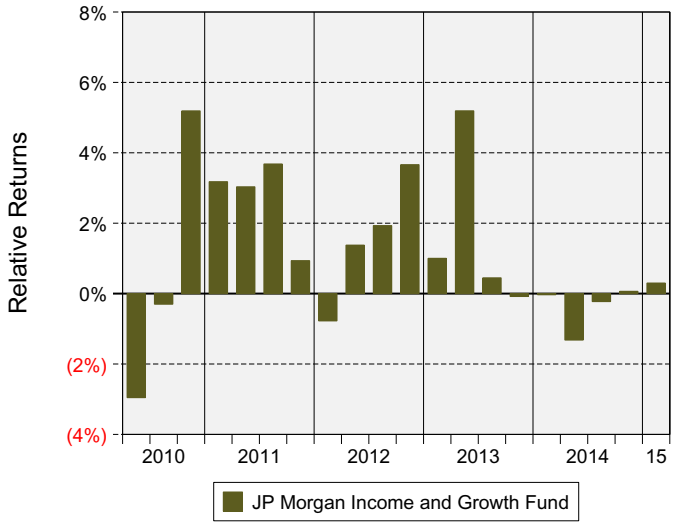
- JP Morgan Income and Growth Fund's portfolio posted a 3.69% return for the quarter placing it in the 38 percentile of the Real Estate Value Added Open End Funds group for the quarter and in the 44 percentile for the last year.
- JP Morgan Income and Growth Fund's portfolio outperformed the NFI-ODCE Value Weight Gross by 0.30% for the quarter and underperformed the NFI-ODCE Value Weight Gross for the year by 1.31%.

Performance vs Real Estate Value Added Open End Funds (Net)

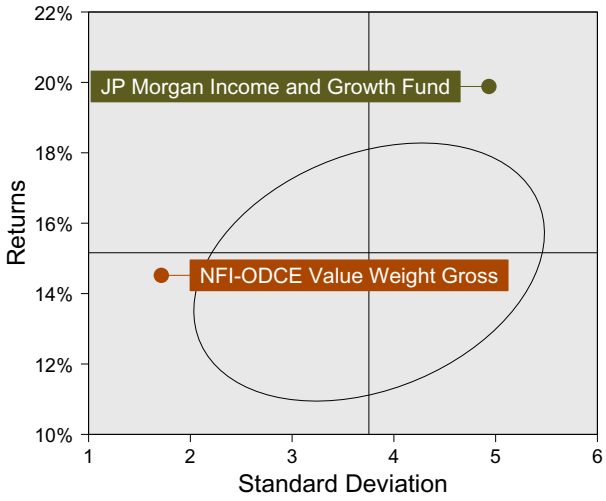


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 9-1/4 Years
10th Percentile	4.06	15.86	16.13	17.21	-
25th Percentile	3.99	14.08	15.01	17.13	-
Median	3.01	11.62	13.20	15.16	-
75th Percentile	1.84	10.09	9.89	11.55	-
90th Percentile	1.82	7.64	9.83	9.82	-
JP Morgan Income and Growth Fund ●	3.69	12.14	17.15	19.88	4.01
NFI-ODCE Value Weight Gross ▲	3.39	13.45	12.66	14.52	5.85

Relative Returns vs NFI-ODCE Value Weight Gross



Real Estate Value Added Open End Funds (Net) Annualized Five Year Risk vs Return

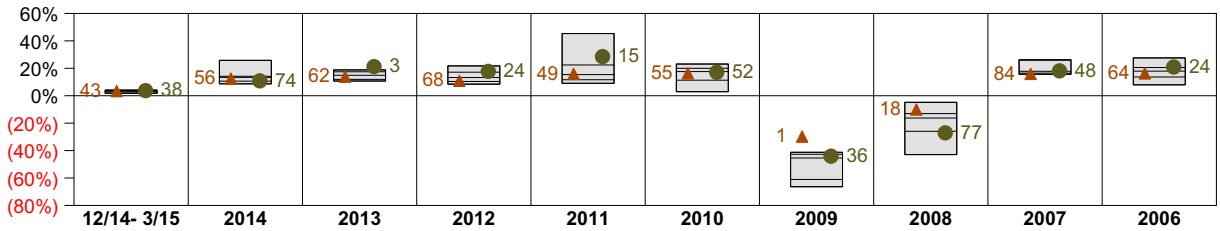


JPM Income and Growth Fund
Return Analysis Summary

Return Analysis

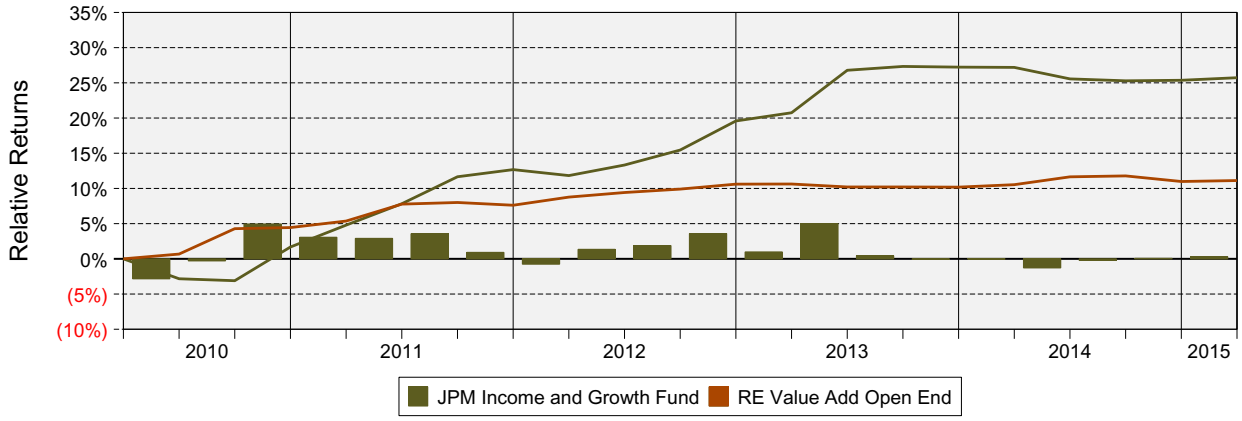
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

Performance vs Real Estate Value Added Open End Funds (Net)

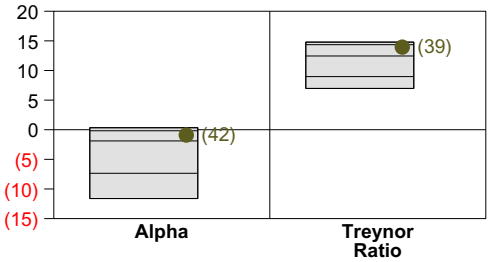


	12/14- 3/15	2014	2013	2012	2011	2010	2009	2008	2007	2006
10th Percentile	4.06	25.79	18.81	21.75	45.34	23.11	(41.24)	(4.81)	26.17	27.58
25th Percentile	3.99	14.19	17.45	17.17	22.42	20.00	(42.72)	(13.03)	25.97	20.55
Median	3.01	13.38	14.92	13.28	15.42	17.62	(45.40)	(16.25)	17.80	17.92
75th Percentile	1.84	10.63	11.90	10.39	11.66	11.32	(61.06)	(25.95)	16.47	13.67
90th Percentile	1.82	8.67	10.70	8.43	9.06	2.94	(66.35)	(42.95)	15.61	7.95
JPM Income and Growth Fund ●	3.69	10.85	21.23	17.74	28.52	17.11	(44.09)	(27.07)	18.11	20.93
NFI-ODCE Value Weight Gross ▲	3.39	12.50	13.94	10.94	15.99	16.36	(29.76)	(10.01)	15.97	16.32

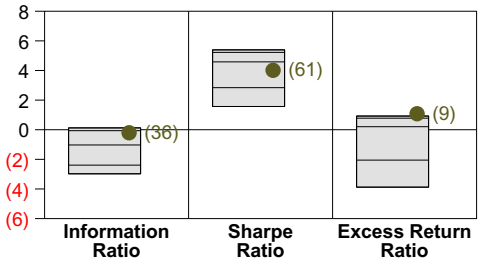
Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross



Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross Rankings Against Real Estate Value Added Open End Funds (Net) Five Years Ended March 31, 2015



	Alpha	Treynor Ratio
10th Percentile	0.34	14.79
25th Percentile	(0.17)	14.36
Median	(1.89)	12.45
75th Percentile	(7.35)	8.97
90th Percentile	(11.61)	6.97
JPM Income and Growth Fund ●	(0.90)	13.94



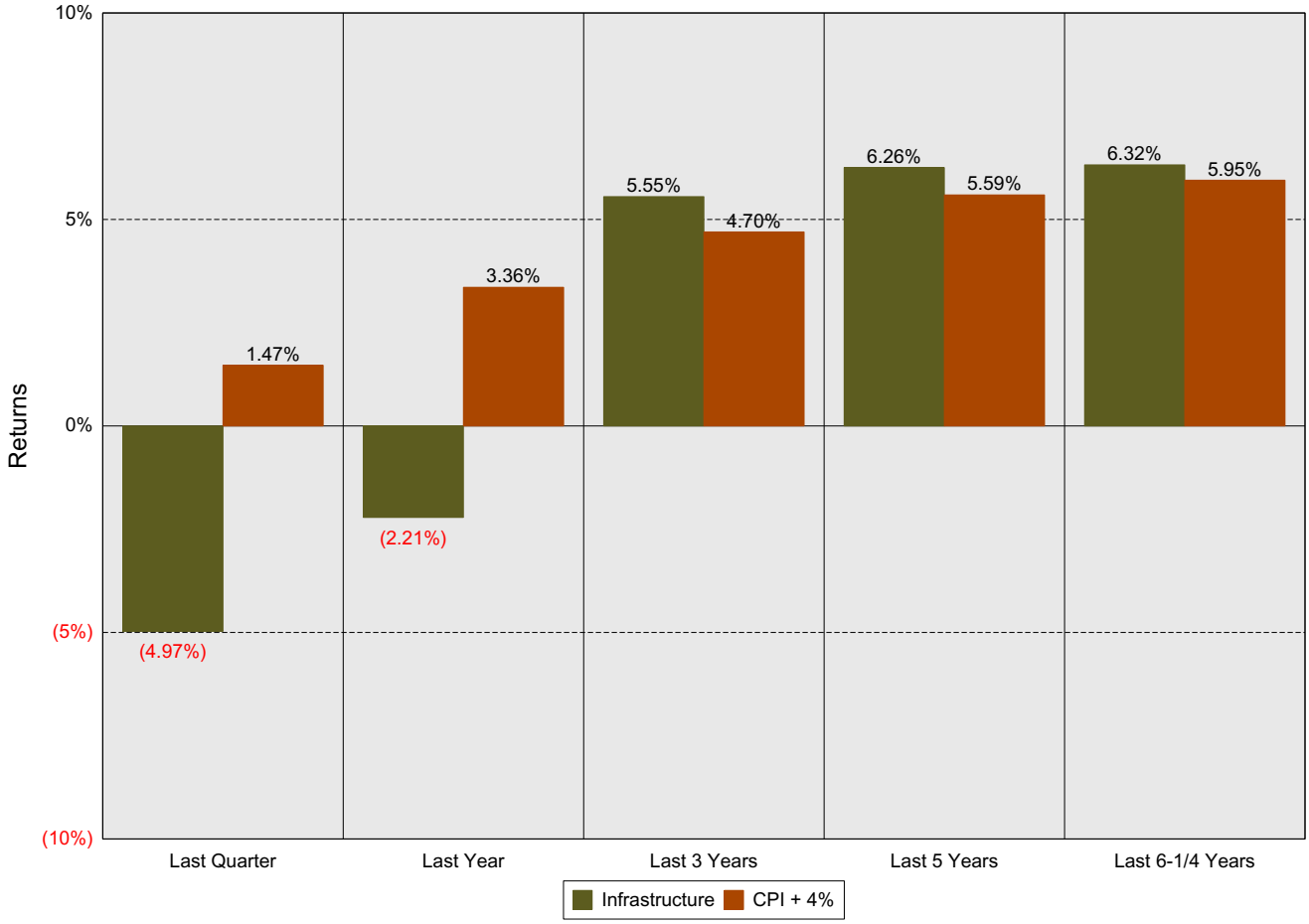
	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	0.13	5.39	0.92
25th Percentile	(0.06)	5.22	0.78
Median	(1.03)	4.58	0.20
75th Percentile	(2.39)	2.84	(2.05)
90th Percentile	(2.98)	1.57	(3.88)
JPM Income and Growth Fund ●	(0.20)	4.01	1.08

Infrastructure

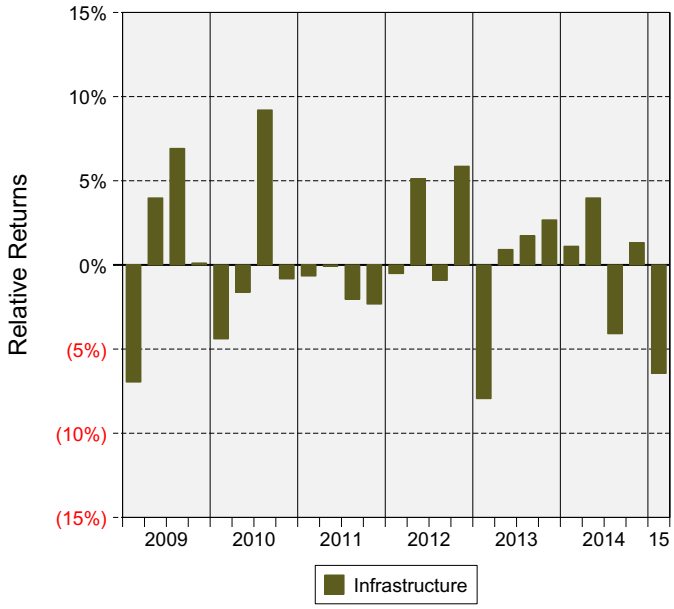
Infrastructure
Period Ended March 31, 2015

Quarterly Summary and Highlights

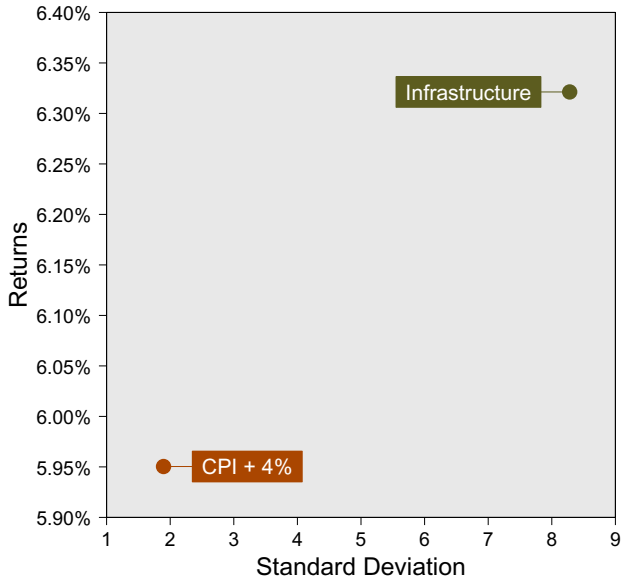
- Infrastructure's portfolio underperformed the CPI + 4% by 6.44% for the quarter and underperformed the CPI + 4% for the year by 5.57%.



Relative Return vs CPI + 4%



Annualized Six and One-Quarter Year Risk vs Return



Macquarie European Infrastructure
Period Ended March 31, 2015

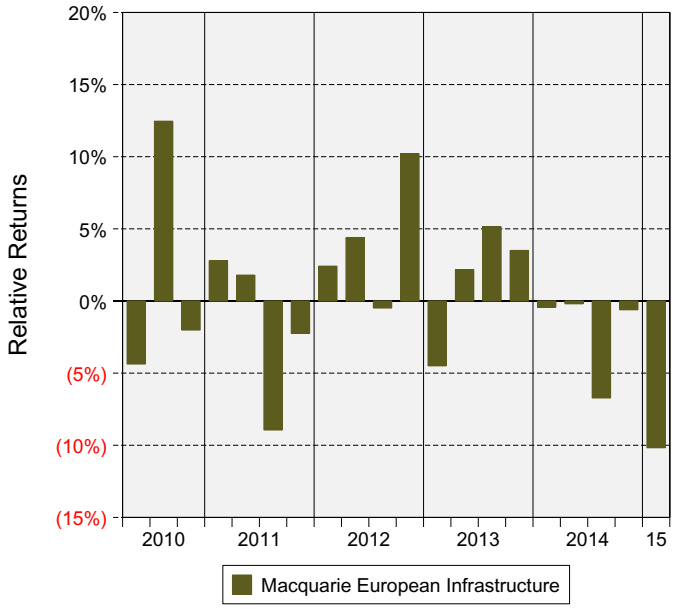
Investment Philosophy

The product was funded in the fourth quarter of 2008.

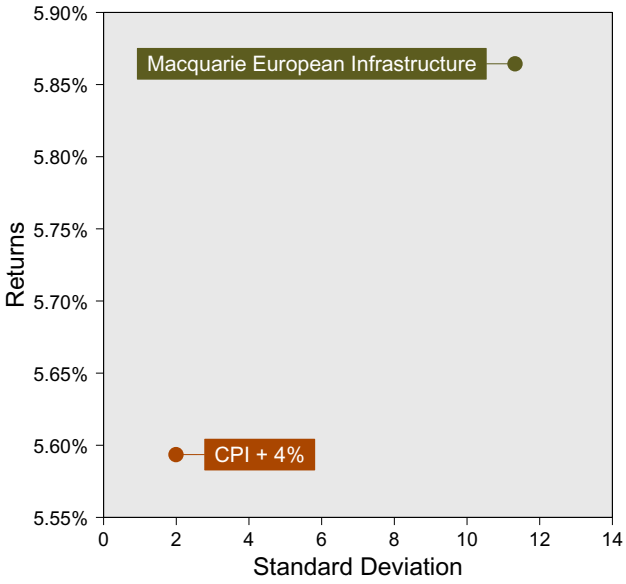
Quarterly Summary and Highlights

- Macquarie European Infrastructure's portfolio underperformed the CPI + 4% by 10.17% for the quarter and underperformed the CPI + 4% for the year by 17.25%.

Relative Return vs CPI + 4%



Annualized Five Year Risk vs Return



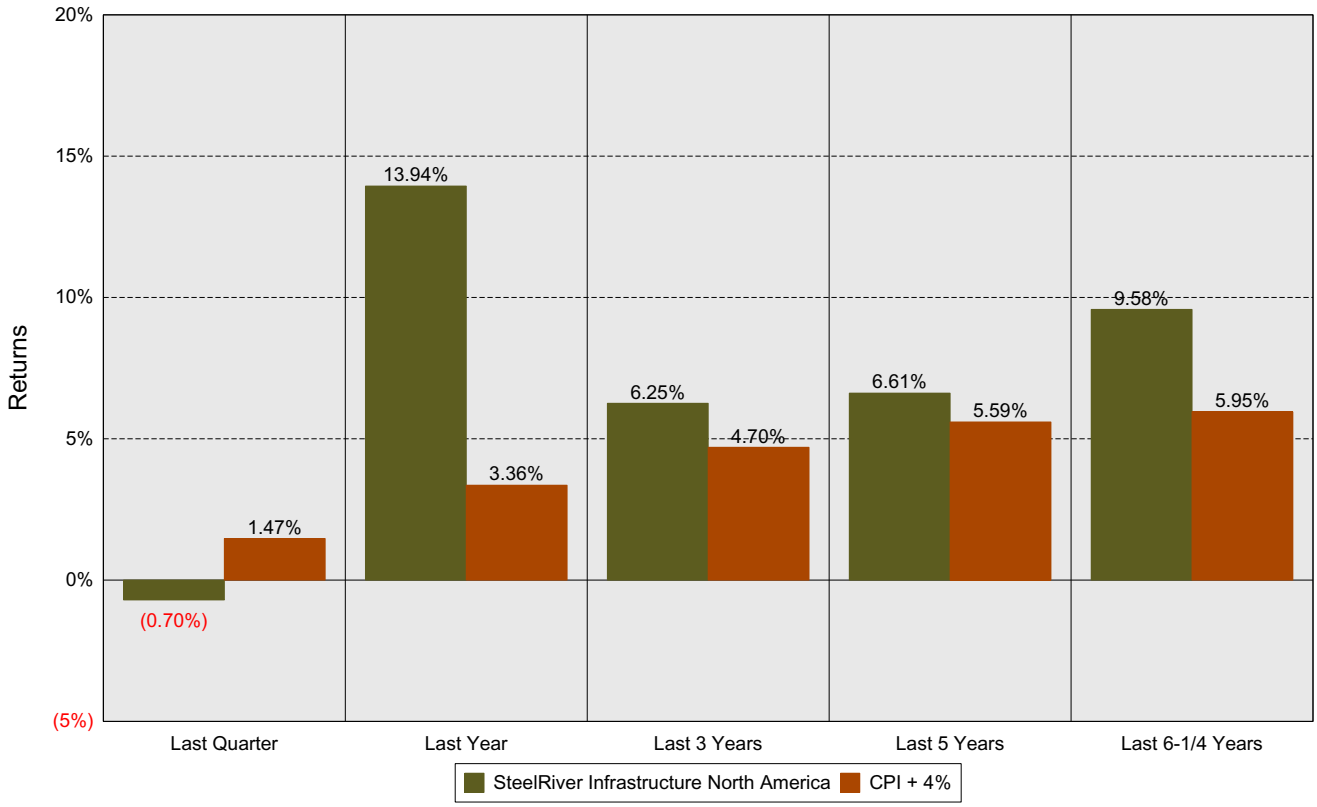
SteelRiver Infrastructure North America
Period Ended March 31, 2015

Investment Philosophy

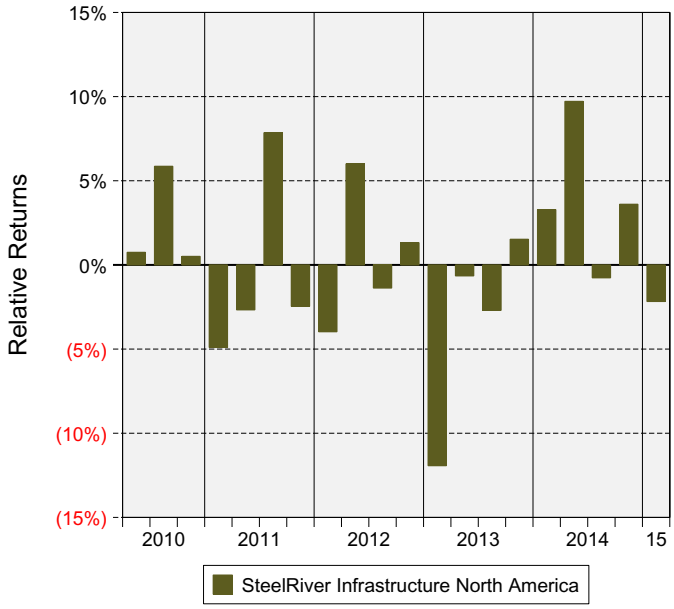
The product was funded in the fourth quarter of 2008.

Quarterly Summary and Highlights

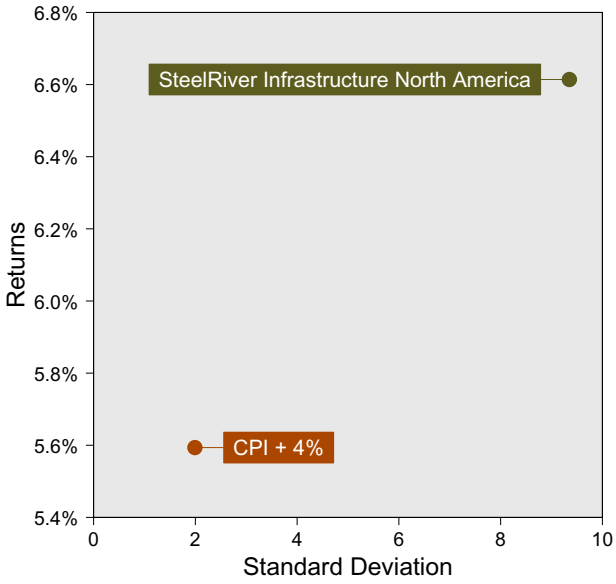
- SteelRiver Infrastructure North America's portfolio underperformed the CPI + 4% by 2.17% for the quarter and outperformed the CPI + 4% for the year by 10.58%.



Relative Return vs CPI + 4%



Annualized Five Year Risk vs Return

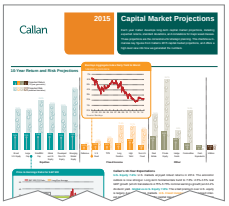


Callan Research/Education

Research and Educational Programs

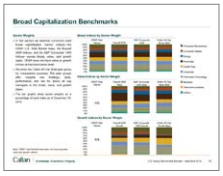
The Callan Investments Institute provides research that keeps clients updated on the latest industry trends while helping them learn through carefully structured educational programs. Below are the Institute's recent publications—all of which can be found at www.callan.com/research.

White Papers



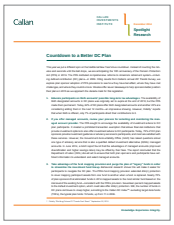
2015 Capital Market Projections Charticle

Callan's latest charticle offers a high-level view into how we generate our cap market projection numbers. These projections incorporate advanced quantitative modeling as well as qualitative feedback and the economic expertise of Callan's consulting professionals. Our 2015 numbers reflect our optimism for the economy, for inflation, and for the capital markets.



Global Equity Benchmark Review: Year-end 9/30/2014

This report compares the coverage, characteristics, and risk and return data of more than 40 global equity indices from FTSE, MSCI, and Russell alongside Callan's active manager style groups. Statistics include: portfolio characteristics, sector and country weights, style analysis and Z-scores, risk and return, etc.



Countdown to a Better DC Plan

Citing results from Callan's annual DC Trends Survey, we explore plan sponsor adoption of PPA provisions to see how they have benefited, where they have met challenges, and where they could do more. We also offer seven takeaways to help sponsors better position their plans in 2015 as we approach the decade mark for this legislation.

Emerging Managers: Small Firms with Big Ideas

In this interview, Callan's Uvan Tseng and Lauren Mathias discuss trends and issues in the emerging manager arena. (Also see our related video: "Manager Trends: Emerging Managers and Minority, Women, and Disabled-owned Firms.")

Quarterly Publications

***DC Observer* & Callan DC Index™:** A quarterly newsletter that offers Callan's observations on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

***Capital Market Review*:** A quarterly macroeconomic indicator newsletter that provides thoughtful insights on the economy as well as recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

***Hedge Fund Monitor*:** A quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

***Private Markets Trends*:** A seasonal newsletter that discusses the market environment, recent events, performance, and other issues involving private equity.

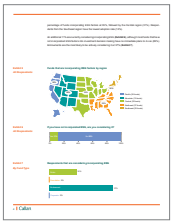
Quarterly Data: The *Market Pulse* reference guide covers the U.S. economy and investment trends in domestic and international equities and fixed income, and alternatives. Our *Inside Callan's Database* report provides performance information gathered from Callan's proprietary database, allowing you to compare your funds with your peers.

Real Assets Reporter: A recurring newsletter that offers Callan's data and insights on real estate and other real asset investment topics.

Surveys

2015 Defined Contribution Survey

This annual survey presents findings from the past year, such as: Around 10% of DC plan sponsors replaced their target date fund/balanced manager in 2014; Plans that offer potentially lower-cost investment vehicles, such as a collective trust, notably increased in 2014; In 2015 the high priorities for sponsors include participant communication, fund/manager due diligence, compliance, and plan fees.



ESG Interest and Implementation Survey

Callan conducted a brief survey to assess the status of ESG, including responsible and sustainable investment strategies and SRI, in the U.S. institutional market. We collected responses from 211 U.S. funds representing approximately $1.4 trillion in assets.

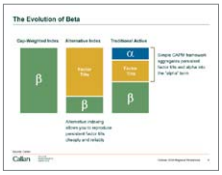
2014 Investment Management Fee Survey

This survey captures institutional investment management fee payment practices and trends. We supplemented survey data (from 72 fund sponsors, $859 billion in assets and 211 investment managers, $15 trillion in AUM) with information from Callan's proprietary databases to establish the trends observed in this report. Callan conducted similar surveys in 2004, 2006, 2009, and 2011.

Events

Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our "Event Summaries" and downloading the actual presentation slides from our website. Our most recent programs:

The **2015 National Conference Summary** features a synopsis of our speakers: Bowles & Simpson, Maddy Dychtwald, Gary Locke, Daniel Pink, and the 2015 Capital Markets Panel. The Summary also reviews our four workshops: retirement in America, active share, DC plan fee landscape, and endowments/foundations. Slide-decks of the conference workshops are also available on our website.



Our **October 2014 Regional Workshop**, The Education of Beta, discussed the growing popularity of alternative index strategies. We covered the origins and theories behind these indices, investor implementation choices, and an overview of the smart beta industry focusing on the range of products and future trends. This workshop summary write-up will give you a great synopsis of what our three presenters (Andy Iseri, Jay Kloepfer, and Mike Swinney) covered.

Upcoming Educational Programs

Please join us at our June 2015 Regional Workshops where we will discuss how recent and pending regulatory and legislative developments are shaping the DC landscape, and how plan sponsors approach their plans. We will show the current environment's impact on usage and implementation of everything from target date funds, alternative investments, company stock, etc. Learn what the future may hold for participants as well as the industry, as sponsor position their plans in light of these fiduciary challenges.

Fiduciary Tidal Wave: Navigating DC's Uncharted Waters
Facilitators:
Rod Bare, Chicago Fund Sponsor Consulting
Lori Lucas, CFA, Defined Contribution Consulting
Uvan Tseng, CFA, San Francisco Fund Sponsor Consulting
Joined by Callan's Chicago/Denver/San Francisco Office Consultants

June 17, 2015 in Chicago
June 18, 2015 in San Francisco
Workshop is from 9am to 11am

Our research can be found at www.callan.com/research or feel free to contact us for hard copies.

For more information about research or educational events, please contact Ray Combs or Gina Falsetto at institute@callan.com or 415-974-5060.

The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the 2015 dates.

An Introduction to Investments

July 21-22, 2015 in San Francisco
October 27-28, 2015 in Chicago

This one-and-one-half-day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The session will familiarize fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices.

Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment session structures. The session includes:

- A description of the different parties involved in the investment management process, including their roles and responsibilities
- A brief outline of the types and characteristics of different plans (e.g.,defined benefit, defined contribution, endowments, foundations, operating funds)
- An introduction to fiduciary issues as they pertain to fund management and oversight
- An overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment sessions

Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. These sessions are tailored to meet the training and educational needs of the participants, whether you are a plan sponsor or you provide services to institutional tax-exempt plans. Past customized "Callan College" sessions have covered topics such as: custody, industry trends, sales and marketing, client service, international, fixed income, and managing the RFP process. Instruction can be tailored to be basic or advanced.

For more information please contact Kathleen Cunnie, at 415.274.3029 or cunnie@callan.com.

Disclosures

Callan

Quarterly List as of March 31, 2015

List of Managers That Do Business with Callan Associates Inc.

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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management	Y	Y
Acadian Asset Management, Inc.	Y	
Advisory Research	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors U.S. LLC	Y	Y
Allianz Life Insurance Company of North America		Y
Altrinsic Global Advisors, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
Apollo Global Management	Y	
AQR Capital Management	Y	
Ares Management	Y	
Ariel Investments	Y	
Aristotle Capital Management	Y	
Aronson + Johnson + Ortiz	Y	
Artisan Holdings		Y
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	Y
Baird Advisors	Y	Y
Bank of America		Y
Baring Asset Management	Y	
Baron Capital Management	Y	
BlackRock	Y	
BMO Asset Management	Y	
BNP Paribas Investment Partners	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y

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Manager Name	Educational Services	Consulting Services
Boston Partners	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Investments, LLC (fka ClearBridge Advisors)	Y	
Cohen & Steers	Y	Y
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Corbin Capital Partners	Y	
Cornerstone Investment Partners, LLC	Y	
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council		Y
Credit Suisse Asset Management	Y	
Crestline Investors	Y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Deutsche Asset & Wealth Management	Y	Y
Diamond Hill Investments	Y	
Donald Smith & Co., Inc.	Y	
DSM Capital Partners		Y
Duff & Phelps Investment Mgmt.	Y	Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Epoch Investment Partners	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fir Tree Partners	Y	
First Eagle Investment Management	Y	
First State Investments	Y	
Fisher Investments	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	

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Manager Name	Educational Services	Consulting Services
Fuller & Thaler Asset Management	Y	
GAM (USA) Inc.	Y	
Garcia Hamilton & Associates	Y	
GE Asset Management	Y	Y
Geneva Capital Management	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management	Y	Y
GMO (fka Grantham, Mayo, Van Otterloo & Co., LLC)	Y	
Great Lakes Advisors, Inc.		Y
The Guardian Life Insurance Company of America		Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
The Hampshire Companies	Y	
Harbor Capital		Y
Hartford Funds	Y	
Hartford Investment Management Co.	Y	Y
Heightman Capital Management Corporation		Y
Henderson Global Investors	Y	Y
Hotchkis & Wiley	Y	
HSBC Global Asset Management	Y	
Income Research & Management	Y	
Insight Investment Management		Y
Institutional Capital LLC	Y	
INTECH Investment Management	Y	
Invesco	Y	Y
Investec Asset Management	Y	
Jacobs Levy Equity Management		Y
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.M. Hartwell	Y	
J.P. Morgan Asset Management	Y	Y
KeyCorp		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Legal & General Investment Management America	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
The London Company	Y	
Longview Partners	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	

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Manager Name	Educational Services	Consulting Services
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Man Investments	Y	
Manulife Asset Management	Y	
Martin Currie	Y	
Marvin & Palmer Associates, Inc.	Y	
MFS Investment Management	Y	Y
MidFirst Bank		Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management LP	Y	
Mountain Lake Investment Management LLC		Y
MUFG Union Bank, N.A.		Y
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Newton Capital Management	Y	
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Nuveen Investments Institutional Services Group LLC	Y	
Old Mutual Asset Management	Y	Y
OppenheimerFunds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Paradigm Asset Management	Y	
Parametric Portfolio Associates	Y	
Peregrine Capital Management, Inc.	Y	Y
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)	Y	
Pinnacle Asset Management	Y	
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Polen Capital Management	Y	
Principal Financial Group		Y
Principal Global Investors	Y	Y
Private Advisors	Y	
Prudential Fixed Income Management	Y	
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y

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Manager Name	Educational Services	Consulting Services
Research Affiliates		Y
Regions Financial Corporation		Y
RCM		Y
Rothschild Asset Management, Inc.	Y	Y
RS Investments	Y	
Russell Investment Management	Y	
Sankaty Advisors, LLC	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scout Investments	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	Y	
Select Equity Group	Y	
Smith Affiliated Capital Corporation	Y	
Smith Graham and Company		Y
Smith Group Asset Management		Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.	Y	Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
UBS	Y	Y
USAA Real Estate Company	Y	
Van Eck	Y	
Victory Capital Management Inc.	Y	
Vontobel Asset Management	Y	
Voya Investment Management	Y	Y
Vulcan Value Partners, LLC		Y
Waddell & Reed Asset Management Group	Y	Y
WCM Investment Management	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y

CLIENT: Tucson Supplemental Retirement System		REPORT TYPE: SUM
ORGID: 10170	REPORT ID: 408	REPORT DATE: Mar 31, 2015

CONSULTANT	OFFICE	MAILING DUE DATE
Gordie Weightman	CO	May 21 2015

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CLIENT: Tucson Supplemental Retirement System

Mr. Allan Bentkowski
Finance Manager
Tucson Supplemental Retirement System
255 W. Alameda Street 5-West
Tucson, AZ 85701

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