

# North Carolina Supplemental Retirement Plans Fourth Quarter Performance Review

March 2015

# Agenda

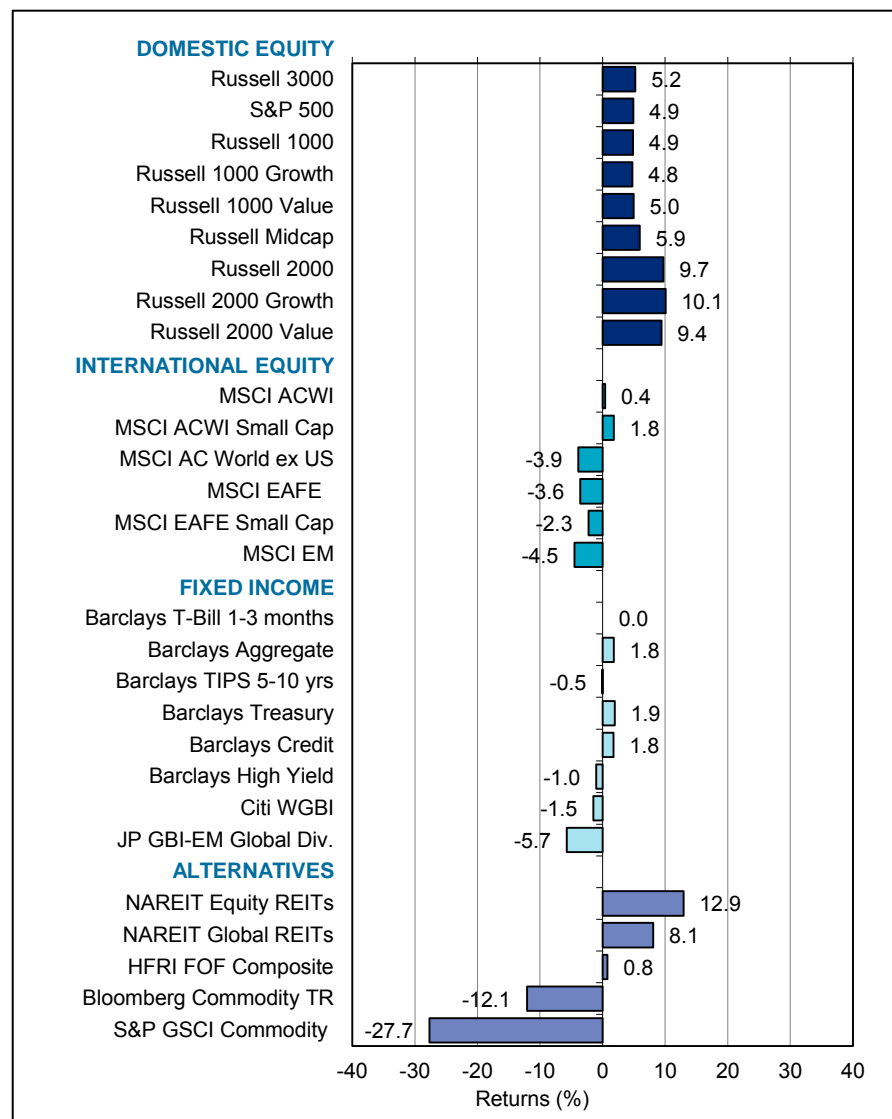
- Capital Markets Review
- Fourth Quarter Performance
- Appendix

# Capital Markets Review



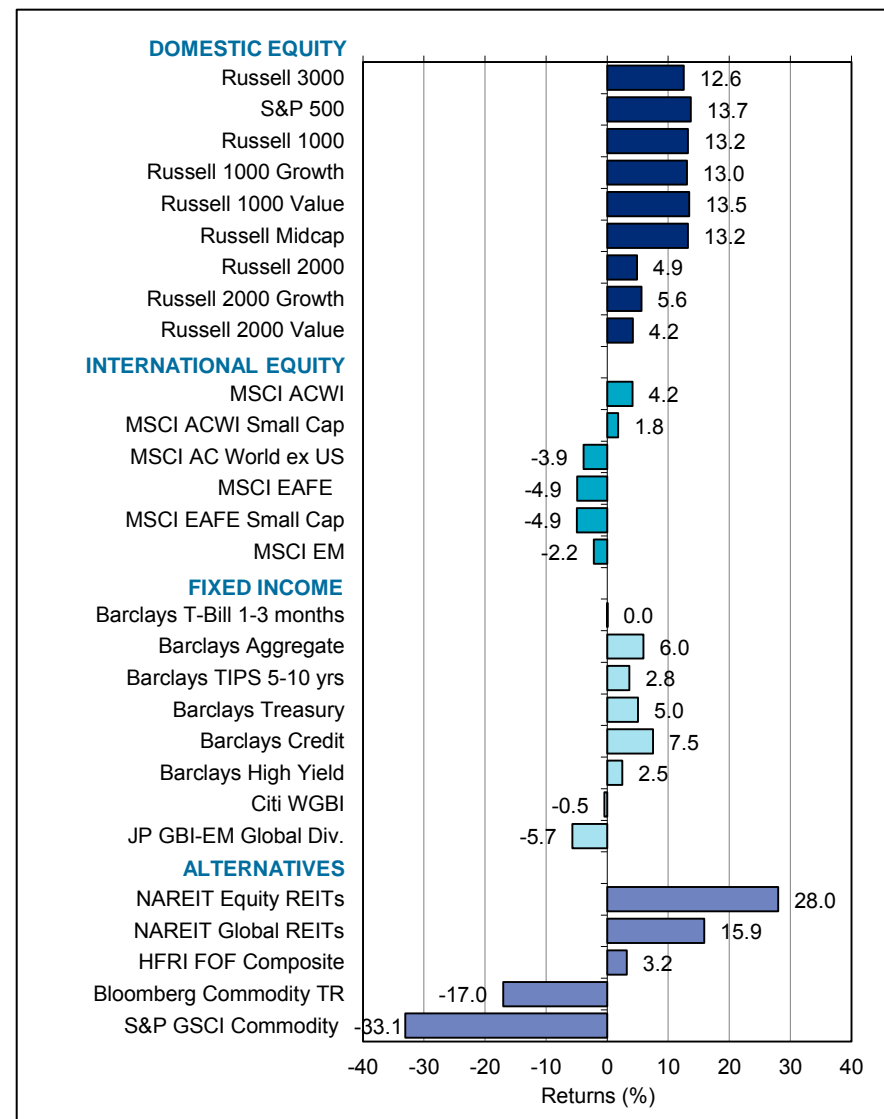
# Performance Summary: Quarter in Review

**Market Performance**  
Fourth Quarter 2014



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg

**Market Performance**  
YTD



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg

# Market Update (As of February 13, 2015)

Interest Rates	Current	Dec-14	Sep-14
Fed Funds Rate	0.0-0.25	0.0-0.25	0.0-0.25
3-Month T-Bill	0.08	0.04	0.02
10-Year Treasury	2.05	2.17	2.49
30-Year Treasury	2.65	2.75	3.20
10-Year TIPS	0.36	0.47	0.52
30-Year TIPS	0.82	0.84	1.08
Barclays High Yield OAS	4.57	4.83	4.24
3-Month LIBOR	0.26	0.26	0.24
Barclays Aggregate	2.16	2.25	2.36
Barclays Long Treasury	2.52	2.64	3.08
Barclays Long Corporate	4.31	4.43	4.64
Barclays Long Govt/Credit	3.65	3.78	4.10

Commodity Prices	Current	Dec-14	Sep-14
Gold	1226.5	1184.1	1210.5
Oil	52.78	53.27	91.16
Natural Gas	2.80	2.89	4.12

Currencies	Current	QTD	YTD	1 Year
Euro, in dollars	1.14	-5.9	-5.9	-16.8
U.K. Pound, in dollars	1.54	-1.1	-1.1	-7.6
Yen, per dollar	118.68	0.8	0.8	-14.0

Index Returns	Last Week	MTD	QTD	YTD	1 Year
DJ U.S. Total Stock Market	2.1	5.3	2.3	2.3	15.7
S&P 500	2.1	5.3	2.1	2.1	17.0
Dow-Jones Industrial Avg.	1.3	5.2	1.5	1.5	15.1
Russell 1000 Growth	2.6	5.4	3.8	3.8	17.1
Russell 1000 Value	1.6	5.2	1.0	1.0	15.9
Russell 2000	1.5	5.0	1.6	1.6	8.0
Russell 2000 Growth	2.2	5.4	3.0	3.0	8.9
Russell 2000 Value	0.8	4.6	0.2	0.2	7.2
MSCI ACWI Index	1.8	4.3	2.7	2.7	8.5
MSCI ACWI ex-US Index	1.4	3.3	3.2	3.2	1.3
MSCI EAFE	1.6	3.2	3.7	3.7	-0.1
MSCI EAFE Small Cap	1.7	3.4	3.5	3.5	-2.1
MSCI Emerging Markets	0.9	2.7	3.3	3.3	6.9
Barclays Aggregate	-0.2	-1.2	0.8	0.8	5.2
Barclays Long Treasury	-1.7	-5.9	2.2	2.2	22.1
Barclays Long Corporate	-1.1	-3.5	1.9	1.9	14.0
Barclays Long Govt/Credit	-1.3	-4.3	1.9	1.9	17.0
Dow-Jones Wilshire REIT	-0.2	-1.6	5.0	5.0	29.2
Bloomberg Commodity Index	1.8	3.6	0.1	0.1	-19.7
Alerian MLP Index	-0.8	2.8	-0.3	-0.3	2.2
S&P Natural Resources	2.9	8.4	4.4	4.4	-4.1

# Fourth Quarter Performance

# Manager Updates

- Mercer met with **Wellington** at their Boston headquarters to review the Opportunistic Growth strategy with portfolio manager Drew Shilling. We continue to believe a key strength of the strategy is Drew Shilling's investment acumen and experience within growth equities. The team also benefits from a deep analyst team dedicated to providing in depth fundamental research. We consider this a traditional growth strategy, and would expect it to perform well during up-trending growth markets. As a result of the meeting, Mercer maintained the "A" rating on the strategy.
- **Wedge** announced that Don Cleven, previously the lead portfolio manager for Lee Munder Capital Group's Mid Cap Value strategy, has officially joined Wedge as the lead on the firm's Small Cap Value team. We have a positive opinion of Cleven from his time at Lee Munder. We are not recommending any change to the "B+" rating on the strategy.
- **JPMorgan Asset Management** announced that Co-Head of Risk Management for Global Fixed Income, Currency & Commodities, Rene Noel, would retire at the end of the year. Vincent Kumaradjaja will take over as sole Head of Risk Management, operating primarily out of New York. Mercer does not recommend any rating changes as a result of this announcement.
- In December 2014, net outflows from **PIMCO's** Total Return fund totaled \$19.4 billion, bringing total fund redemptions in 2014 to \$105 billion. As of December 31, 2014, assets in the strategy were \$143.4 billion, which is less than half the fund's peak asset total, which was \$293 billion in April 2013. The Total Return outflows are in-line with our expectations. We expect outflows to continue in 2015, but at a slower pace.
- However, we have additional concerns regarding a separate development at **PIMCO**. In July 2014, Rahul Seksaria, TIPS portfolio manager, was charged by the Chicago Mercantile Exchange of violating rules related to his personal trading activity. As a result of the investigation, Mercer was informed that Seksaria has been terminated from PIMCO. During the investigation, Mihir Worah, CIO of Real Return and Asset Allocation, assumed responsibilities for the TIPS portfolio. While Seksaria's termination does not directly impact the Total Return Fund, and we believe Mihir Worah is a knowledgeable TIPS investor that is capable of handling additional portfolio manager responsibilities, we are mostly concerned this represents additional headline risk for the firm. After a year filled with CIO departures, an SEC investigation, and CME trading violations, it will be difficult for PIMCO to repair its reputation.

## Manager Updates (Continued)

- Additionally, on January 13, 2015, **PIMCO** announced that Saumil Parikh, managing director and member of the PIMCO Investment Committee, resigned from the firm. Parikh had broad portfolio management responsibilities which included the PIMCO Total Return Fund. Mercer views Parikh's resignation as further evidence that the organization has yet to stabilize despite management's attempts to retain key talent. It appeared Parikh was a rising star at PIMCO, as he was named a portfolio manager on the Unconstrained Bond Fund and co-wrote the firm's 2015 economic outlook report. Mercer maintained the "B" rating on the Total Return Strategy.
- Mercer met with **Baillie Gifford** at their Edinburgh headquarters to discuss their ACWI ex US Alpha strategy. Mercer continues to have a favorable view on the collaborative approach of the strategy as well as the stability of the firm and the investment team. The strategy continues to have a bias towards growth and quality stocks, and will be expected to perform best in markets where these qualities are in favor. As a result of the meeting, Mercer reaffirmed the "A" Rating.
- Mercer recently met with **Mondrian** to discuss their All Country World ex US Strategy. Mercer continues to have high conviction of the appealing investment philosophy, disciplined research and implementation process. As a result of the meeting, Mercer maintained the "A" rating on the strategy.
- **Arrowstreet** informed Mercer that Bruce Clarke stepped down as executive Chairman of the firm at the end of year. He will remain a partner of the firm and Chairman of the Board. This change means that Clark has retired as an active employee of Arrowstreet. Arrowstreet has planned for Clarke's retirement, as it was announced in early 2013. Clark's executive responsibilities have been transferred to Tony Ryan, who assumed the CEO role on January 1, 2014. Mercer is not recommending any changes to the "A" rating on the Global ACWI strategy.



# Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014		3 Years to 03/31/2014		5 Years to 12/31/2014
		I	U	I	U	I	U	I	U	I
<b>Large Cap Passive Fund (tracked within 20bps)</b>		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Equity Index Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
<b>Large Cap Value Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA
Hotchkis & Wiley Large Cap Value	A (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wellington Quality Value	N	✗	✗	✗	✗	✗	✗	✗	✗	✓
Robeco BP Large Cap Value	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Large Cap Growth Fund</b>		✓	✓	✓	✓	✗	✓	✓	✓	NA
Sands Capital Large Cap Growth	A (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wellington Opportunistic Growth	A	✓	✓	✓	✓	✗	✗	✗	✗	✓
Loomis Large Cap Growth	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓

<sup>1</sup> A check mark is given if the fund's/manager's standard deviation is within 150% of the benchmark's. For the International Equity Fund, the stated threshold is within 125%.

\* A Mercer rating signifies our opinion of a strategy's prospects for outperforming a suitable benchmark over a timeframe appropriate for that particular strategy. Strategies rated A are those assessed as having "above average" prospects of outperformance. Those rated B+ are those assessed as having "above average" prospects of outperformance, but which are qualified by at least one of the following: (1) There are other strategies that Mercer believes are more likely to achieve outperformance; (2) Mercer requires more evidence to support its assessment. Strategies rated B are those assessed as having "average" prospects of outperformance. Those rated C are those assessed as having "below average" prospects of outperformance. The R rating is applied in three situations: (1) Where Mercer has carried out some research, but has not completed its full investment strategy research process; (2) In product categories where Mercer does not maintain formal ratings, but where there are other strategies in which we have a higher degree of confidence; (3) Mercer has in the past carried out its full investment strategy research process, but we are no longer maintaining full research coverage on the strategy. If the rating shown is N, or if no rating is shown at all, this signifies that the strategy is not currently rated by Mercer. Some strategy ratings may carry a supplemental indicator, such as P (Provisional), Watch (W), or High Tracking Error (T). A Preferred Provider status is assigned to high-conviction strategies within product categories for which the primary goal is not outperformance of a benchmark (for example, passive strategies).

# Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014		3 Years to 03/31/2014		5 Years to 12/31/2014
		I	U	I	U	I	U	I	U	I
<b>Mid/Small Cap Passive Fund (tracked within 30 bps)</b>		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Russell 2500 Index Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
<b>Mid/Small Cap Value Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA
Hotchkis & Wiley SMID Cap Value	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
EARNEST Partners SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
WEDGE SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Mid/Small Cap Growth Fund</b>		✗	✓	✗	✓	✓	✓	✓	✓	NA
TimesSquare SMID Cap Growth	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brown Advisory	R	✗	✗	✗	✗	✗	✗	✓	✗	✓

<sup>1</sup> A check mark is given if the fund's/manager's standard deviation is within 150% of the benchmark's. For the International Equity Fund, the stated threshold is within 125%.

\* A Mercer rating signifies our opinion of a strategy's prospects for outperforming a suitable benchmark over a timeframe appropriate for that particular strategy. Strategies rated A are those assessed as having "above average" prospects of outperformance. Those rated B+ are those assessed as having "above average" prospects of outperformance, but which are qualified by at least one of the following: (1) There are other strategies that Mercer believes are more likely to achieve outperformance; (2) Mercer requires more evidence to support its assessment. Strategies rated B are those assessed as having "average" prospects of outperformance. Those rated C are those assessed as having "below average" prospects of outperformance. The R rating is applied in three situations: (1) Where Mercer has carried out some research, but has not completed its full investment strategy research process; (2) In product categories where Mercer does not maintain formal ratings, but where there are other strategies in which we have a higher degree of confidence; (3) Mercer has in the past carried out its full investment strategy research process, but we are no longer maintaining full research coverage on the strategy. If the rating shown is N, or if no rating is shown at all, this signifies that the strategy is not currently rated by Mercer. Some strategy ratings may carry a supplemental indicator, such as P (Provisional), Watch (W), or High Tracking Error (T). A Preferred Provider status is assigned to high-conviction strategies within product categories for which the primary goal is not outperformance of a benchmark (for example, passive strategies).

# Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014		3 Years to 03/31/2014		5 Years to 12/31/2014
		I	U	I	U	I	U	I	U	I
<b>International Passive Fund (tracked within 70 bps)</b>		✗	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock ACWI ex US Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
<b>International Equity Fund</b>		✓	✗	✗	✗	✓	✓	✓	✗	NA
Baillie Gifford ACWI ex US Growth	A	✓	✗	✓	✗	✓	✗	✓	✗	✓
Mondrian ACWI ex US Value	B+	✗	✗	✗	✗	✓	✗	✓	✗	✓
<b>Global Equity Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA
Wellington Global Opportunities	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
Arrowstreet Global Equity ACWI	A	✓	✓	✓	✓	✓	✓	✓	✓	✓

<sup>1</sup> A check mark is given if the fund's/manager's standard deviation is within 150% of the benchmark's. For the International Equity Fund, the stated threshold is within 125%.

\* A Mercer rating signifies our opinion of a strategy's prospects for outperforming a suitable benchmark over a timeframe appropriate for that particular strategy. Strategies rated A are those assessed as having "above average" prospects of outperformance. Those rated B+ are those assessed as having "above average" prospects of outperformance, but which are qualified by at least one of the following: (1) There are other strategies that Mercer believes are more likely to achieve outperformance; (2) Mercer requires more evidence to support its assessment. Strategies rated B are those assessed as having "average" prospects of outperformance. Those rated C are those assessed as having "below average" prospects of outperformance. The R rating is applied in three situations: (1) Where Mercer has carried out some research, but has not completed its full investment strategy research process; (2) In product categories where Mercer does not maintain formal ratings, but where there are other strategies in which we have a higher degree of confidence; (3) Mercer has in the past carried out its full investment strategy research process, but we are no longer maintaining full research coverage on the strategy. If the rating shown is N, or if no rating is shown at all, this signifies that the strategy is not currently rated by Mercer. Some strategy ratings may carry a supplemental indicator, such as P (Provisional), Watch (W), or High Tracking Error (T). A Preferred Provider status is assigned to high-conviction strategies within product categories for which the primary goal is not outperformance of a benchmark (for example, passive strategies).

# Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014		3 Years to 03/31/2014		5 Years to 12/31/2014
		I	U	I	U	I	U	I	U	I
<b>Inflation Responsive Fund</b>		NA	NA	NA	NA	NA	NA	NA	NA	NA
PIMCO Inflation Response-Multi Asset	B+ (W)	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Fixed Income Passive Fund (tracked within 25 bps)</b>		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Debt Index Fund	N	✓	NA	✓	NA	✓	NA	✓	NA	NA
<b>Fixed Income Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA
JP Morgan Core Bond	A	✓	✗	✓	✗	✓	✗	✓	✗	✓
Prudential Core Plus	A	✓	✓	✓	✓	✓	✗	✓	✓	✓
<b>Stable Value Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA

<sup>1</sup> A check mark is given if the fund's/manager's standard deviation is within 150% of the benchmark's. For the International Equity Fund, the stated threshold is within 125%.

\* A Mercer rating signifies our opinion of a strategy's prospects for outperforming a suitable benchmark over a timeframe appropriate for that particular strategy. Strategies rated A are those assessed as having "above average" prospects of outperformance. Those rated B+ are those assessed as having "above average" prospects of outperformance, but which are qualified by at least one of the following: (1) There are other strategies that Mercer believes are more likely to achieve outperformance; (2) Mercer requires more evidence to support its assessment. Strategies rated B are those assessed as having "average" prospects of outperformance. Those rated C are those assessed as having "below average" prospects of outperformance. The R rating is applied in three situations: (1) Where Mercer has carried out some research, but has not completed its full investment strategy research process; (2) In product categories where Mercer does not maintain formal ratings, but where there are other strategies in which we have a higher degree of confidence; (3) Mercer has in the past carried out its full investment strategy research process, but we are no longer maintaining full research coverage on the strategy. If the rating shown is N, or if no rating is shown at all, this signifies that the strategy is not currently rated by Mercer. Some strategy ratings may carry a supplemental indicator, such as P (Provisional), Watch (W), or High Tracking Error (T). A Preferred Provider status is assigned to high-conviction strategies within product categories for which the primary goal is not outperformance of a benchmark (for example, passive strategies).

# Watch List

Manager	Date Placed on Watch	Mercer Rating	Recommendation	Comments
Wellington Quality Value	3Q13	N	Replace with Delaware	<p>Wellington has underperformed the Russell 1000 Value and the peer group median over the nine most recent three-year rolling periods. The strategy continues to focus on high quality securities, which have held the portfolio back in the rising equity market.</p> <p>The Wellington Quality Value outperformed the Russell 1000 Value Index by 30 basis points over the fourth quarter. Over the trailing year, the Fund has slightly trailed the benchmark but has ranked in the top third of the peer group universe. Longer-term, the strategy has struggled to keep pace during growth markets and has only outperformed in 3 of the 5 down markets since inception in the North Carolina Large Cap Value Fund. Mercer has provided a large cap value search report under separate cover. Mercer feels that there are alternative candidates in the space that are a better fit within the Large Cap Value Fund.</p>
PIMCO Inflation-Responsive Multi Asset	Proposed 3Q14	B+ (W)	Maintain Watch Status	<p>Recent organizational changes at PIMCO and the appointment of portfolio manager Mihir Worah as co-portfolio manager of the Total Return Fund led to watch status of the Fund. Worah will have increased responsibilities, which will likely increase the responsibilities of his team members. Additionally, Worah will have to take on additional responsibility with the firing of TIPS portfolio manager Rahul Seksaria. We feel that the IRMAF team is very capable but Mercer will monitor how they adapt to the situation. The fund outperformed the index by 50 basis points during the fourth quarter and managed to rank in the top half of the peer group universe. Over the trailing year the fund has outperformed the benchmark by 40 basis points and ranked in the top decile among the diversified inflation hedge universe. Mercer recommends maintaining the watch status as we continue to monitor organizational developments at PIMCO.</p>

\* A Mercer rating signifies our opinion of a strategy's prospects for outperforming a suitable benchmark over a timeframe appropriate for that particular strategy. Strategies rated A are those assessed as having "above average" prospects of outperformance. Those rated B+ are those assessed as having "above average" prospects of outperformance, but which are qualified by at least one of the following: (1) There are other strategies that Mercer believes are more likely to achieve outperformance; (2) Mercer requires more evidence to support its assessment. Strategies rated B are those assessed as having "average" prospects of outperformance. Those rated C are those assessed as having "below average" prospects of outperformance. The R rating is applied in three situations: (1) Where Mercer has carried out some research, but has not completed its full investment strategy research process; (2) In product categories where Mercer does not maintain formal ratings, but where there are other strategies in which we have a higher degree of confidence; (3) Mercer has in the past carried out its full investment strategy research process, but we are no longer maintaining full research coverage on the strategy. If the rating shown is N, or if no rating is shown at all, this signifies that the strategy is not currently rated by Mercer. Some strategy ratings may carry a supplemental indicator, such as P (Provisional), Watch (W), or High Tracking Error (T). A Preferred Provider status is assigned to high-conviction strategies within product categories for which the primary goal is not outperformance of a benchmark (for example, passive strategies).

# Fee Review

Funds and Sub-Advisors	Assets	Inv. Mgmt. Fee	Other Inv. Exp. <sup>1</sup>	R/K Fee	NC Budget <sup>2</sup>	Total Estimated Expense (%)	Total Estimated Expense (\$) <sup>3</sup>	Mercer Median Expense	Difference
<b>North Carolina Stable Value Fund</b>	<b>\$2,298,335,428</b>	<b>0.339%</b>	<b>0.000%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.443%</b>	<b>\$10,181,626</b>	0.46%	-0.02%
Galliard	\$2,298,335,428	0.339%	0.000%				\$7,791,357	0.46%	-0.12%
<b>North Carolina Fixed Income Passive</b>	<b>\$345,733,696</b>	<b>0.020%</b>	<b>0.055%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.179%</b>	<b>\$618,863</b>	0.20%	-0.02%
BlackRock	\$345,733,696	0.020%	0.055%				\$69,147	0.02%	0.00%
<b>North Carolina Fixed Income Fund</b>	<b>\$572,921,349</b>	<b>0.163%</b>	<b>0.077%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.345%</b>	<b>\$1,975,820</b>	0.51%	-0.17%
50% JP Morgan	\$285,835,459	0.187%	0.073%				\$534,504	0.23%	-0.04%
50% Prudential	\$287,085,890	0.140%	0.082%				\$401,920	0.25%	-0.11%
<b>North Carolina Inflation Sensitive Fund</b>	<b>\$328,639,156</b>	<b>0.800%</b>	<b>0.061%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.965%</b>	<b>\$3,169,814</b>	0.89%	0.07%
PIMCO	\$328,639,156	0.800%	0.061%				\$2,629,113	0.89%	-0.09%
<b>North Carolina Large Cap Passive Fund</b>	<b>\$1,300,826,655</b>	<b>0.007%</b>	<b>0.055%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.166%</b>	<b>\$2,159,372</b>	0.20%	-0.03%
BlackRock	\$1,300,826,655	0.007%	0.055%				\$91,058	0.01%	0.00%
<b>North Carolina Large Cap Value Fund</b>	<b>\$935,875,900</b>	<b>0.377%</b>	<b>0.072%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.553%</b>	<b>\$5,174,912</b>	0.76%	-0.21%
33.3% Hotchkis & Wiley	\$317,856,574	0.500%	0.072%				\$1,589,283	0.43%	0.07%
33.3% Wellington Management Company	\$308,485,847	0.290%	0.073%				\$894,609	0.43%	-0.14%
33.3% Robeco BP	\$309,533,479	0.340%	0.072%				\$1,053,600	0.43%	-0.09%
<b>North Carolina Large Cap Growth Fund</b>	<b>\$884,388,743</b>	<b>0.420%</b>	<b>0.072%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.597%</b>	<b>\$5,275,776</b>	0.81%	-0.21%
33.3% Sands Capital Management	\$308,865,326	0.510%	0.072%				\$1,575,597	0.47%	0.05%
33.3% Wellington Management Company	\$286,563,761	0.350%	0.072%				\$1,002,973	0.47%	-0.12%
33.3% Loomis Sayles	\$288,959,656	0.400%	0.072%				\$1,156,879	0.47%	-0.07%
<b>North Carolina SMID Cap Passive Fund</b>	<b>\$219,727,898</b>	<b>0.007%</b>	<b>0.055%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.166%</b>	<b>\$364,748</b>	0.30%	-0.13%
BlackRock	\$219,727,898	0.007%	0.055%				\$15,381	0.02%	-0.01%
<b>North Carolina SMID Value Fund</b>	<b>\$460,193,026</b>	<b>0.615%</b>	<b>0.072%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.791%</b>	<b>\$3,640,992</b>	1.00%	-0.21%
33.3% Hotchkis & Wiley	\$153,031,192	0.578%	0.072%				\$885,156	0.61%	-0.04%
33.3% EARNST Partners	\$151,624,715	0.522%	0.072%				\$790,749	0.80%	-0.28%
33.3% WEDGE Capital Management	\$155,537,119	0.745%	0.072%				\$1,158,223	0.77%	-0.02%
<b>North Carolina SMID Growth Fund</b>	<b>\$329,855,222</b>	<b>0.687%</b>	<b>0.072%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.863%</b>	<b>\$2,847,259</b>	0.99%	-0.13%
50% TimesSquare Capital Management	\$167,693,378	0.810%	0.072%				\$1,357,700	0.76%	0.05%
50% Brown Advisory	\$162,161,844	0.564%	0.072%				\$914,864	0.80%	-0.24%
<b>North Carolina International Passive Fund</b>	<b>\$40,964,160</b>	<b>0.025%</b>	<b>0.055%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.184%</b>	<b>\$75,251</b>	0.39%	-0.21%
BlackRock	\$40,964,160	0.025%	0.055%				\$10,118	0.06%	-0.04%
<b>North Carolina International Equity Fund</b>	<b>\$536,538,768</b>	<b>0.451%</b>	<b>0.131%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.686%</b>	<b>\$3,680,527</b>	0.99%	-0.30%
50% Baillie Gifford	\$265,735,924	0.447%	0.130%				\$1,187,944	0.56%	-0.12%
50% Mondrian Investment Partners	\$270,802,844	0.455%	0.131%				\$1,233,211	0.56%	-0.11%
<b>North Carolina Global Equity Fund</b>	<b>\$730,473,710</b>	<b>0.549%</b>	<b>0.095%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.748%</b>	<b>\$5,461,003</b>	1.02%	-0.27%
50% Wellington Management Company	\$367,197,147	0.500%	0.095%				\$1,835,986	0.54%	-0.04%
50% Arrowstreet	\$363,276,563	0.598%	0.094%				\$2,173,021	0.54%	0.06%
<b>Total</b>	<b>\$8,984,473,712</b>	<b>0.337%</b>	<b>0.055%</b>	<b>0.079%</b>	<b>0.025%</b>	<b>0.497%</b>	<b>\$44,625,962</b>	<b>0.617%</b>	

<sup>1</sup>Includes the ongoing administration, legal, accounting, auditing, custody, NAV calculation, reporting, compliance, and other miscellaneous fund expenses associated with the separate account.

<sup>2</sup>The cost of the budget associated with the management of the Supplemental Retirement Plans, borne by each investment option in proportion to the pro-rate share of the applicable assets in that fund.

<sup>3</sup>Manager fee estimates reflect investment management fee only.

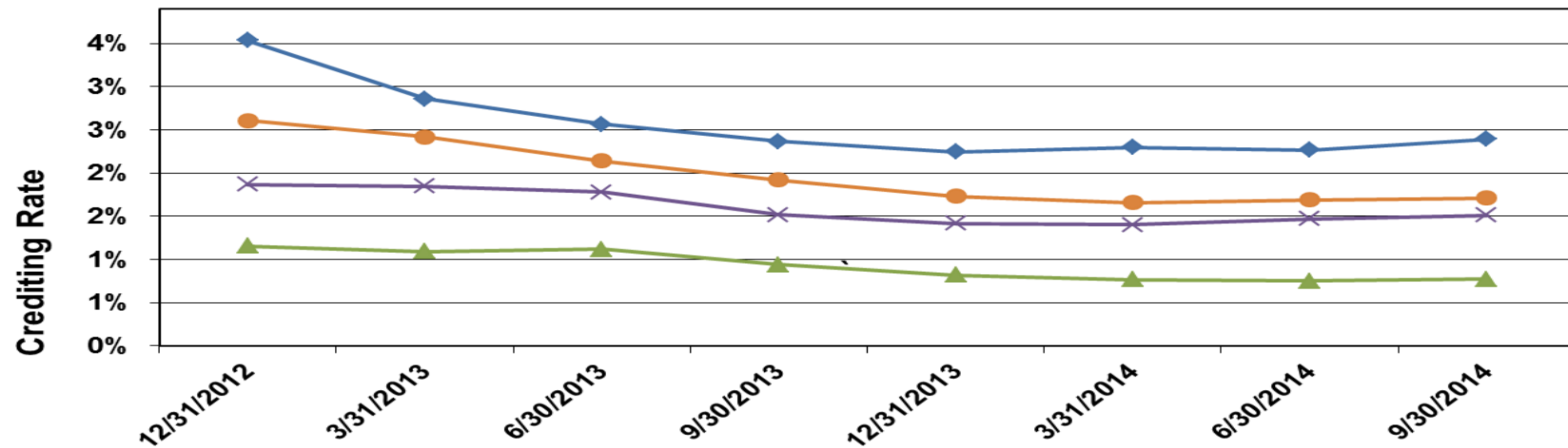
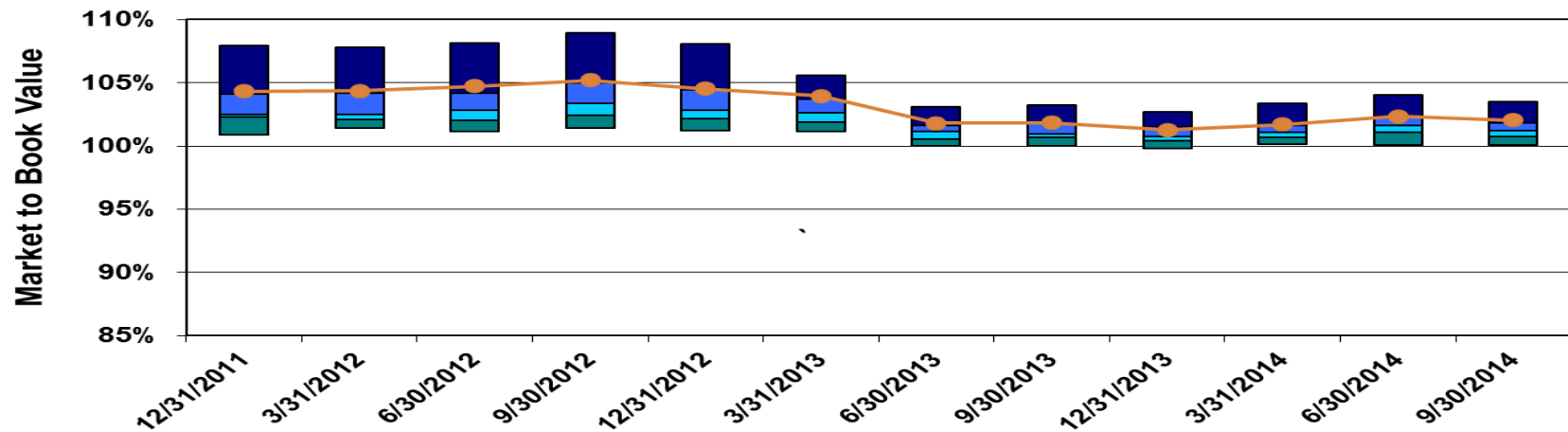


# Fee Review

<b>North Carolina 401K Stable Value Total Annual Fund Operating Expenses</b>	<b>Expense Ratio</b>	<b>Per \$1000</b>
Investment Management fee paid to Galliard	0.073%	\$0.73
Investment Management fees paid to Non-Affiliated Investment Advisors	0.056%	\$0.56
Investment Contract Fees*	0.173%	\$1.73
Acquired Fund Fees**	0.048%	\$0.48
Investment Contract Fees	0.013%	\$0.13
Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors***	0.035%	\$0.35
12b-1 Distribution Fee	None	None
Other Expenses	0.104%	\$1.04
<b>Total Annual Fund Operating Expenses****</b>	<b>0.454%</b>	<b>\$4.54</b>

<b>North Carolina 457 Stable Value Total Annual Fund Operating Expenses</b>	<b>Expense Ratio</b>	<b>Per \$1000</b>
Investment Management fee paid to Galliard	0.073%	\$0.73
Investment Management fees paid to Non-Affiliated Investment Advisors	0.058%	\$0.58
Investment Contract Fees*	0.177%	\$1.77
Acquired Fund Fees**	0.044%	\$0.44
Investment Contract Fees	0.013%	\$0.13
Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors***	0.031%	\$0.31
12b-1 Distribution Fee	None	None
Other Expenses	0.104%	\$1.04
<b>Total Annual Fund Operating Expenses****</b>	<b>0.456%</b>	<b>\$4.56</b>

# Stable Value Review





# NORTH CAROLINA SUPPLEMENTAL RETIREMENT PLANS

## INVESTMENT STRUCTURE

Tier I Asset Allocation	Tier II Passive Core Options	Tier III Active Core Options	Tier IV Specialty Options
Goal Maker		<b>Stable Value Fund</b> Galliard Stable Value	
	<b>Fixed Income Passive</b> BlackRock Debt Index	<b>Fixed Income Fund</b> JP Morgan Core Bond Prudential Core Plus	
		<b>Inflation Responsive Fund</b> PIMCO IRMAF	
	<b>Large Cap Passive</b> BlackRock Equity Index	<b>Large Cap Value Fund</b> Hotchkis & Wiley Large Cap Value Wellington Quality Value Robeco BP Large Cap Value	
		<b>Large Cap Growth Fund</b> Sands Capital Large Cap Growth Wellington Opportunistic Growth Loomis Large Cap Growth	
	<b>Small/Mid Cap Equity</b> BlackRock Russell 2500 Index	<b>Small/Mid Cap Value Fund</b> Hotchkis & Wiley SMID Value Earnest Partners SMID Cap Value Wedge SMID Cap Value	
		<b>Small/Mid Cap Growth Fund</b> TimesSquare SMID Growth Brown Advisory SMID Growth	
		<b>Global Equity</b> Wellington Global Opportunities Arrowstreet Global Equity ACWI	
	<b>International Equity Passive</b> BlackRock ACWI ex US Index	<b>International Equity Fund</b> Baillie Gifford ACWI ex US Growth Mondrian ACWI ex US Value	

# Fund Review

## Fund Performance as of December 31, 2014

Name	Market Value (\$m)	(%)									Inception	
			3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>Large Cap Passive</b> S&P 500	<b>\$1,300.8</b>	<b>14.5%</b>	<b>4.9%</b>	--	<b>13.5%</b>	--	<b>20.2%</b>	--	<b>15.3%</b>	--	<b>20.3%</b>	<b>Mar-09</b>
			4.9%	--	13.7%	--	20.4%	--	15.5%	--	20.5%	Mar-09
<b>Large Cap Value</b> Russell 1000 Value	<b>\$935.9</b>	<b>10.4%</b>	<b>5.2%</b>	<b>14</b>	<b>12.7%</b>	<b>20</b>	<b>21.7%</b>	<b>16</b>	<b>15.1%</b>	<b>22</b>	<b>19.2%</b>	<b>Mar-09</b>
			5.0%	21	13.5%	13	20.9%	27	15.4%	19	20.7%	Mar-09
<b>Large Cap Growth</b> Russell 1000 Growth	<b>\$884.4</b>	<b>9.8%</b>	<b>4.7%</b>	<b>50</b>	<b>9.0%</b>	<b>69</b>	<b>21.0%</b>	<b>26</b>	<b>16.4%</b>	<b>11</b>	<b>22.9%</b>	<b>Mar-09</b>
			4.8%	47	13.0%	21	20.3%	40	15.8%	18	20.9%	Mar-09
<b>Mid/Small Cap Passive</b> Russell 2500	<b>\$219.7</b>	<b>2.4%</b>	<b>6.8%</b>	--	<b>7.0%</b>	--	<b>19.9%</b>	--	<b>16.3%</b>	--	<b>22.6%</b>	<b>Mar-09</b>
			6.8%	--	7.1%	--	20.0%	--	16.4%	--	22.7%	Mar-09
<b>Mid/Small Cap Value</b> Russell 2500 Value	<b>\$460.2</b>	<b>5.1%</b>	<b>6.8%</b>	<b>41</b>	<b>11.9%</b>	<b>8</b>	<b>23.5%</b>	<b>4</b>	<b>19.3%</b>	<b>2</b>	<b>26.1%</b>	<b>Mar-09</b>
			6.1%	52	7.1%	30	19.4%	42	15.5%	37	22.0%	Mar-09
<b>Mid/Small Cap Growth</b> Russell 2500 Growth	<b>\$329.9</b>	<b>3.7%</b>	<b>7.2%</b>	<b>49</b>	<b>1.4%</b>	<b>75</b>	<b>19.1%</b>	<b>38</b>	<b>15.7%</b>	<b>44</b>	<b>21.2%</b>	<b>Mar-09</b>
			7.5%	44	7.1%	29	20.5%	23	17.3%	20	23.3%	Mar-09
<b>International Passive</b> MSCI ACWI ex USA Gross	<b>\$41.0</b>	<b>0.5%</b>	<b>-4.5%</b>	--	<b>-4.5%</b>	--	<b>8.7%</b>	--	<b>4.2%</b>	--	<b>12.3%</b>	<b>Mar-09</b>
			-3.8%	--	-3.4%	--	9.5%	--	4.9%	--	13.0%	Mar-09
<b>International Equity</b> MSCI ACWI ex USA Gross	<b>\$536.5</b>	<b>6.0%</b>	<b>-1.7%</b>	<b>23</b>	<b>-2.1%</b>	<b>18</b>	<b>9.7%</b>	<b>68</b>	<b>5.5%</b>	<b>55</b>	<b>13.0%</b>	<b>Mar-09</b>
			-3.8%	60	-3.4%	28	9.5%	71	4.9%	66	13.0%	Mar-09
<b>Global Equity</b> MSCI ACWI Gross	<b>\$730.5</b>	<b>8.1%</b>	<b>2.3%</b>	<b>24</b>	<b>5.1%</b>	<b>26</b>	<b>18.2%</b>	<b>11</b>	<b>11.2%</b>	<b>28</b>	<b>16.8%</b>	<b>Mar-09</b>
			0.5%	57	4.7%	29	14.7%	49	9.7%	55	16.5%	Mar-09
<b>Inflation Responsive Fund</b> PIMCO Inflation Response Index	<b>\$328.6</b>	<b>3.7%</b>	<b>-1.9%</b>	<b>52</b>	<b>1.0%</b>	<b>52</b>	--	--	--	--	<b>-1.1%</b>	<b>Sep-13</b>
			-2.1%	60	-0.3%	60	-1.1%	90	2.7%	73	-2.0%	Sep-13
<b>Fixed Income Passive Fund</b> Barclays Aggregate	<b>\$345.7</b>	<b>3.8%</b>	<b>1.8%</b>	--	<b>5.9%</b>	--	<b>2.6%</b>	--	--	--	<b>3.2%</b>	<b>Sep-10</b>
			1.8%	--	6.0%	--	2.7%	--	4.4%	--	3.4%	Sep-10
<b>Fixed Income Fund</b> Barclays Aggregate	<b>\$285.8</b>	<b>6.4%</b>	<b>1.7%</b>	<b>11</b>	<b>5.2%</b>	<b>44</b>	<b>3.8%</b>	<b>38</b>	<b>4.8%</b>	<b>48</b>	<b>5.7%</b>	<b>Mar-09</b>
			1.8%	9	6.0%	25	2.7%	66	4.4%	56	4.9%	Mar-09
<b>Stable Value Fund</b> T-BILLS + 1%	<b>\$2,298.3</b>	<b>25.6%</b>	<b>0.5%</b>	<b>46</b>	<b>1.8%</b>	<b>51</b>	<b>2.2%</b>	<b>34</b>	<b>2.8%</b>	<b>53</b>	<b>2.9%</b>	<b>Jun-09</b>
			0.3%	99	1.0%	98	1.1%	99	1.1%	99	1.1%	Jun-09

# Fund Review

## GoalMaker Performance as of December 31, 2014

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
<b>Conservative 0-5 Yrs</b>	<b>1.4%</b>	<b>53</b>	<b>4.0%</b>	<b>77</b>	<b>6.1%</b>	<b>90</b>	<b>6.1%</b>	<b>93</b>
Conservative 0-5 Yrs Benchmark	1.3%	65	3.9%	86	5.3%	96	4.9%	99
<b>Conservative 6-10 Yrs</b>	<b>1.6%</b>	<b>54</b>	<b>4.1%</b>	<b>82</b>	<b>7.5%</b>	<b>86</b>	<b>7.1%</b>	<b>89</b>
Conservative 6-10 Yrs Benchmark	1.3%	74	4.1%	83	6.7%	90	5.8%	96
<b>Conservative 11-15 Yrs</b>	<b>2.0%</b>	<b>37</b>	<b>4.9%</b>	<b>72</b>	<b>10.0%</b>	<b>79</b>	<b>8.5%</b>	<b>79</b>
Conservative 11-15 Yrs Benchmark	1.7%	54	5.0%	70	9.4%	90	7.8%	99
<b>Conservative 16+ Yrs</b>	<b>2.2%</b>	<b>31</b>	<b>5.2%</b>	<b>67</b>	<b>12.7%</b>	<b>49</b>	<b>10.1%</b>	<b>48</b>
Conservative +16 Yrs Benchmark	1.9%	55	5.4%	60	12.1%	60	9.5%	61

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
<b>Moderate 0-5 Yrs</b>	<b>1.7%</b>	<b>31</b>	<b>4.3%</b>	<b>70</b>	<b>8.3%</b>	<b>74</b>	<b>7.5%</b>	<b>70</b>
Moderate 0-5 Yrs Benchmark	1.4%	51	4.3%	70	7.5%	78	6.5%	92
<b>Moderate 6-10 Yrs</b>	<b>2.0%</b>	<b>28</b>	<b>4.9%</b>	<b>60</b>	<b>10.0%</b>	<b>53</b>	<b>8.4%</b>	<b>46</b>
Moderate 6-10 Yrs Benchmark	1.7%	40	5.0%	57	9.4%	62	7.8%	68
<b>Moderate 11-15 Yrs</b>	<b>2.1%</b>	<b>29</b>	<b>5.0%</b>	<b>69</b>	<b>11.9%</b>	<b>36</b>	<b>9.6%</b>	<b>37</b>
Moderate 11-15 Yrs Benchmark	1.8%	49	5.2%	63	11.3%	65	8.9%	72
<b>Moderate 16+ Yrs</b>	<b>2.3%</b>	<b>25</b>	<b>5.1%</b>	<b>68</b>	<b>14.7%</b>	<b>14</b>	<b>11.1%</b>	<b>17</b>
Moderate +16 Yrs Benchmark	2.0%	52	5.4%	61	14.1%	17	10.6%	27

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
<b>Aggressive 0-5 Yrs</b>	<b>2.0%</b>	<b>16</b>	<b>5.0%</b>	<b>47</b>	<b>10.5%</b>	<b>19</b>	<b>8.9%</b>	<b>22</b>
Aggressive 0-5 Yrs Benchmark	1.8%	22	5.2%	40	9.8%	31	8.1%	46
<b>Aggressive 6-10 Yrs</b>	<b>2.1%</b>	<b>24</b>	<b>5.0%</b>	<b>56</b>	<b>11.9%</b>	<b>14</b>	<b>9.7%</b>	<b>15</b>
Aggressive 6-10 Yrs Benchmark	1.8%	38	5.2%	46	11.3%	28	8.9%	35
<b>Aggressive 11-15 Yrs</b>	<b>2.4%</b>	<b>19</b>	<b>5.2%</b>	<b>66</b>	<b>14.1%</b>	<b>3</b>	<b>10.7%</b>	<b>6</b>
Aggressive 11-15 Yrs Benchmark	2.0%	33	5.5%	56	13.5%	10	10.3%	21
<b>Aggressive 16+ Yrs</b>	<b>2.6%</b>	<b>18</b>	<b>5.2%</b>	<b>67</b>	<b>16.8%</b>	<b>1</b>	<b>12.1%</b>	<b>1</b>
Aggressive +16 Yrs Benchmark	2.2%	32	5.6%	54	16.4%	1	11.9%	1

- The GoalMaker Portfolios had competitive performance versus their benchmarks over the time periods evaluated ended December 31, 2014.

# Fund Review

## Manager Performance as of December 31, 2014

Name	Market Value										Inception	
	(\$m)	(%)	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
NCSRP BlackRock Equity Index	\$1,300.8	14.5%	4.9%	--	13.6%	--	20.4%	--	15.5%	--	20.5%	Mar-09
S&P 500			4.9%	--	13.7%	--	20.4%	--	15.5%	--	20.5%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	\$317.9	3.5%	5.0%	35	14.5%	20	24.6%	3	17.8%	3	24.6%	Mar-09
Russell 1000 Value			5.0%	35	13.5%	33	20.9%	47	15.4%	40	20.7%	Mar-09
NCSRP Wellington Value Composite	\$308.5	3.4%	5.3%	28	13.4%	33	18.8%	74	13.0%	90	14.2%	Mar-09
NCSRP Wellington Quality Value			5.3%	28	13.4%	33	18.8%	74	--	--	--	Jul-10
Wellington Quality Value Strategy			5.3%	26	13.5%	32	18.8%	75	14.1%	76	19.3%	Mar-09
Russell 1000 Value			5.0%	35	13.5%	33	20.9%	47	15.4%	40	20.7%	Mar-09
NCSRP Robeco BP Large Cap Value	\$309.5	3.4%	5.6%	17	11.9%	54	23.2%	16	--	--	23.1%	Nov-11
Robeco BP Large Cap Value Strategy			5.6%	17	11.9%	54	23.0%	18	16.5%	19	22.9%	Nov-11
Russell 1000 Value			5.0%	35	13.5%	33	20.9%	47	15.4%	40	21.1%	Nov-11
NCSRP Sands Capital Large Cap Growth	\$308.9	3.4%	3.8%	79	9.6%	76	25.1%	3	20.7%	1	28.4%	Mar-09
Russell 1000 Growth			4.8%	59	13.0%	37	20.3%	56	15.8%	38	20.9%	Mar-09
NCSRP Wellington Opportunistic Growth	\$286.6	3.2%	5.2%	45	8.7%	82	22.1%	24	15.2%	51	20.5%	Mar-09
Russell 1000 Growth			4.8%	59	13.0%	37	20.3%	56	15.8%	38	20.9%	Mar-09
Russell 3000 Growth			5.2%	47	12.4%	45	20.3%	57	15.9%	38	21.1%	Mar-09
NCSRP Loomis Large Cap Growth	\$289.0	3.2%	5.6%	32	--	--	--	--	--	--	9.1%	Aug-14
Loomis Large Cap Growth Strategy			5.6%	33	11.7%	55	22.1%	25	16.0%	37	9.1%	Aug-14
Russell 1000 Growth			4.8%	59	13.0%	37	20.3%	56	15.8%	38	8.0%	Aug-14
NCSRP BlackRock Russell 2500 Index Fund	\$219.7	2.4%	6.8%	--	7.1%	--	20.1%	--	16.5%	--	22.8%	Mar-09
Russell 2500			6.8%	--	7.1%	--	20.0%	--	16.4%	--	22.7%	Mar-09
NCSRP Hotchkis & Wiley	\$153.0	1.7%	4.9%	70	13.2%	5	29.2%	1	22.0%	1	30.2%	Mar-09
Hotchkis Custom SMID Value Index			6.1%	51	7.1%	48	19.4%	41	15.6%	56	22.7%	Mar-09
NCSRP EARNEST Partners	\$151.6	1.7%	6.1%	50	10.7%	15	20.4%	33	16.2%	43	21.9%	Mar-09
EARNEST Custom SMID Value Index			6.1%	51	7.1%	48	19.4%	41	14.9%	65	21.1%	Mar-09
NCSRP WEDGE SMID Cap Value	\$155.5	1.7%	9.9%	5	14.2%	3	23.3%	6	--	--	23.3%	Dec-11
WEDGE SMID Cap Value Strategy			9.9%	5	14.0%	4	23.3%	6	18.2%	13	23.3%	Dec-11
Russell 2500 Value			6.1%	51	7.1%	48	19.4%	41	15.5%	58	19.4%	Dec-11
NCSRP TimesSquare Composite	\$167.7	1.9%	5.8%	62	3.5%	67	21.8%	24	17.3%	45	22.5%	Mar-09
NCSRP TimesSquare SMID Growth			5.8%	62	3.5%	67	21.8%	24	--	--	--	Jul-11
TimesSquare Growth Strategy			5.8%	62	3.6%	65	21.9%	23	18.5%	24	24.6%	Mar-09
TimesSquare Custom SMID Growth Index			7.5%	35	7.1%	35	20.5%	36	16.7%	51	22.9%	Mar-09

# Fund Review

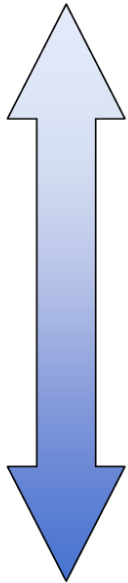
## Manager Performance as of December 31, 2014

Name	Market Value (\$m)	(%)	Inception									
			3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>NCSRP Brown Advisory</b>	<b>\$162.2</b>	<b>1.8%</b>	<b>9.0%</b>	<b>20</b>	<b>1.1%</b>	<b>83</b>	<b>18.3%</b>	<b>65</b>	<b>16.4%</b>	<b>52</b>	<b>22.2%</b>	<b>Mar-09</b>
Brown Custom SMID Growth Index			7.5%	35	7.1%	35	20.5%	36	17.0%	50	22.8%	Mar-09
<b>NCSRP BlackRock ACWI ex US Fund</b>	<b>\$41.0</b>	<b>0.5%</b>	<b>-4.4%</b>	<b>--</b>	<b>-4.3%</b>	<b>--</b>	<b>9.0%</b>	<b>--</b>	<b>4.5%</b>	<b>--</b>	<b>12.6%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross			-3.8%	--	-3.4%	--	9.5%	--	4.9%	--	13.0%	Mar-09
<b>NCSRP Baillie Gifford ACWI ex US Growth</b>	<b>\$265.7</b>	<b>3.0%</b>	<b>0.5%</b>	<b>6</b>	<b>-2.4%</b>	<b>31</b>	<b>11.8%</b>	<b>56</b>	<b>7.7%</b>	<b>36</b>	<b>16.0%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross			-3.8%	75	-3.4%	46	9.5%	88	4.9%	88	13.0%	Mar-09
MSCI AC Wld ex US Growth Gross			-2.3%	40	-2.3%	30	9.8%	84	5.5%	78	12.9%	Mar-09
<b>NCSRP Mondrian ACWI ex US Value</b>	<b>\$270.8</b>	<b>3.0%</b>	<b>-3.3%</b>	<b>65</b>	<b>-0.3%</b>	<b>15</b>	<b>9.0%</b>	<b>92</b>	<b>4.8%</b>	<b>89</b>	<b>11.9%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross			-3.8%	75	-3.4%	46	9.5%	88	4.9%	88	13.0%	Mar-09
MSCI AC Wld Ex US Value Gross			-5.4%	93	-4.6%	59	9.1%	91	4.2%	93	13.1%	Mar-09
<b>NCSRP Wellington Global Composite</b>	<b>\$367.2</b>	<b>4.1%</b>	<b>3.9%</b>	<b>10</b>	<b>6.2%</b>	<b>28</b>	<b>20.2%</b>	<b>5</b>	<b>12.7%</b>	<b>17</b>	<b>18.2%</b>	<b>Mar-09</b>
<b>NCSRP Wellington Global Opportunities</b>			<b>3.9%</b>	<b>10</b>	<b>6.2%</b>	<b>28</b>	<b>20.2%</b>	<b>5</b>	--	--	--	<b>Mar-09</b>
<b>Wellington Global Opportunities Strategy</b>			<b>4.1%</b>	<b>8</b>	<b>6.6%</b>	<b>26</b>	<b>20.5%</b>	<b>5</b>	<b>13.6%</b>	<b>9</b>	<b>20.0%</b>	<b>Mar-09</b>
MSCI ACWI Gross			0.5%	66	4.7%	46	14.7%	66	9.7%	63	16.5%	Mar-09
<b>NCSRP Arrowstreet Global Equity ACWI</b>	<b>\$363.3</b>	<b>4.0%</b>	<b>1.2%</b>	<b>50</b>	<b>5.6%</b>	<b>34</b>	--	--	--	--	<b>14.3%</b>	<b>Mar-12</b>
<b>Arrowstreet Global Equity ACWI Strategy</b>			<b>2.5%</b>	<b>25</b>	<b>8.6%</b>	<b>11</b>	<b>19.8%</b>	<b>6</b>	<b>13.0%</b>	<b>14</b>	<b>16.4%</b>	<b>Mar-12</b>
MSCI ACWI Gross			0.5%	66	4.7%	46	14.7%	66	9.7%	63	11.5%	Mar-12
<b>NCSRP PIMCO Inflation Response Multi-Asset</b>	<b>\$328.6</b>	<b>3.7%</b>	<b>-1.6%</b>	<b>46</b>	<b>2.0%</b>	<b>10</b>	--	--	--	--	<b>-0.1%</b>	<b>Sep-13</b>
<b>PIMCO Inflation Response Multi-Asset Strategy</b>			<b>-1.8%</b>	<b>51</b>	<b>1.6%</b>	<b>26</b>	<b>0.3%</b>	<b>76</b>	--	--	<b>-0.4%</b>	<b>Sep-13</b>
PIMCO Inflation Response Index			-2.1%	60	-0.3%	60	-1.1%	90	2.7%	73	-2.0%	Sep-13
Consumer Price Index			-1.4%	40	0.8%	53	1.3%	48	1.7%	99	0.2%	Sep-13
<b>NCSRP BlackRock Debt Index Fund</b>	<b>\$345.7</b>	<b>3.8%</b>	<b>1.8%</b>	<b>--</b>	<b>6.1%</b>	<b>--</b>	<b>2.7%</b>	<b>--</b>	--	--	<b>3.4%</b>	<b>Sep-10</b>
<b>BlackRock Debt Index Fund Strategy</b>			<b>1.8%</b>	<b>--</b>	<b>6.1%</b>	<b>--</b>	<b>2.7%</b>	<b>--</b>	<b>4.5%</b>	<b>--</b>	<b>3.4%</b>	<b>Sep-10</b>
Barclays Aggregate			1.8%	--	6.0%	--	2.7%	--	4.4%	--	3.4%	Sep-10
<b>NCSRP JP Morgan Core Bond</b>	<b>\$285.8</b>	<b>3.2%</b>	<b>1.6%</b>	<b>42</b>	<b>5.9%</b>	<b>59</b>	<b>3.5%</b>	<b>66</b>	<b>5.4%</b>	<b>52</b>	<b>5.7%</b>	<b>Mar-09</b>
Barclays Aggregate			1.8%	22	6.0%	58	2.7%	93	4.4%	94	4.9%	Mar-09
<b>NCSRP Prudential Core Plus</b>	<b>\$287.1</b>	<b>3.2%</b>	--	--	--	--	--	--	--	--	--	<b>Dec-14</b>
Barclays Aggregate			1.8%	22	6.0%	58	2.7%	93	4.4%	94	--	Dec-14

# 403 (B) Review

# 403 (b) Structure

Conservative



Aggressive

Tier I Asset Allocation	Tier II Passive Core Options	Tier III Active Core Options	Tier IV Specialty Options
		<b>Stable Value</b> TIAA Stable Value	
	<b>Fixed Income Passive</b> Vanguard Short-Term Bond Index	<b>Fixed Income</b> JP Morgan Core Bond	<b>All Asset</b> PIMCO All Asset Fund
<b>Wells Fargo Target Date Funds</b>		<b>Diversified Inflation</b> PIMCO IRMAF	<b>Real Estate</b> TIAA-CREF Real Estate
	<b>Large Cap Passive</b> Vanguard 500 Index	<b>Large Cap Equity</b> Vanguard Windsor Fund TIAA-CREF Social Choice Equity Fund T. Rowe Price Growth and Income Fund	
	<b>Small/Mid Cap Equity</b> Vanguard Mid-Cap Index Vanguard Small-Cap Index		
	<b>International Equity Passive</b> Vanguard Total International Stock Index	<b>International Equity</b> AllianzGI NFJ International Value American Funds EuroPacific Growth Fund DFA International Small Company	

Mercer

# 403 (b) Watch List

## Management Summary – Watch List

Fund Name	Failing Objective	On Watch Since	Comments
PIMCO All Asset Fund	Organizational Instability	4Q 2014	With the recent organizational changes at PIMCO, we have downgraded the PIMCO All Asset Fund from an A (P) to a B+. The All Asset Fund performance is largely driven by the asset allocation ndriven by Research Affiliates LLC, not by PIMCO's active management views within the underlying funds. We still feel that the fund warrants increased monitoring given the recent instability at PIMCO.
PIMCO Inflation Response Multi-Asset Fund	Organizational Instability	4Q 2014	After the recent organizational changes at PIMCO and the appointment of portfolio manager Mihir Worah as co-portfolio manager of the Total Return Fund, we placed the Inflation-Responsive Multi Asset Fund should be placed on watch. Worah will have increased responsibilities, which will likely put more on the plates of his team members. We feel that the team is very capable but Mercer will monitor how they adapt to the situation.



# 403 (b) Performance Summary

Periods ending December 31, 2014

	% of Plan	3 Months	1 Year	3 Years	5 Years
<b>Tier I - Asset Allocation Funds</b>					
<b>Wells Fargo Advantage Dow Jones Tgt Today Fd R6</b>	1.2%	0.7%	3.6%	3.2%	4.5%
Dow Jones Global Target Today Index		0.8%	3.9%	3.6%	4.9%
Mercer MF Target-Date Income Universe Median		1.1%	3.9%	6.2%	6.3%
Fund Rank in Universe		79	71	98	88
<b>Wells Fargo Advantage Dow Jones Tgt 2020 Fund R6</b>	20.2%	1.1%	4.5%	7.3%	7.0%
Dow Jones Global Target 2020 Index		1.3%	4.8%	7.7%	7.4%
Mercer MF Target-Date 2020 Universe Median		1.7%	5.1%	10.1%	8.3%
Fund Rank in Universe		83	73	86	89
<b>Wells Fargo Advantage Dow Jones Tgt 2030 Fund R6</b>	11.9%	1.7%	5.1%	11.0%	9.2%
Dow Jones Global Target 2030 Index		1.9%	5.5%	11.4%	9.6%
Mercer MF Target-Date 2030 Universe Median		2.0%	5.7%	12.6%	9.9%
Fund Rank in Universe		65	68	77	66
<b>Wells Fargo Advantage Dow Jones Tgt 2040 Fund R6</b>	9.6%	2.1%	5.5%	13.8%	10.7%
Dow Jones Global Target 2040 Index		2.3%	6.1%	14.2%	11.1%
Mercer MF Target-Date 2040 Universe Median		2.1%	5.9%	13.9%	10.3%
Fund Rank in Universe		48	61	53	46
<b>Wells Fargo Advantage Dow Jones Tgt 2050 Fund R6</b>	2.0%	2.2%	5.7%	14.5%	11.0%
Dow Jones Global Target 2050 Index		2.5%	6.2%	14.9%	11.4%
Mercer MF Target-Date 2050+ Universe Median		2.1%	6.1%	14.9%	10.6%
Fund Rank in Universe		44	63	58	41
<b>Tier IIA - Passive Core Options</b>					
<b>Vanguard Short-Term Bond Index Fund Admiral</b>	6.0%	0.3%	1.3%	1.2%	2.1%
Vanguard Spliced Barclays 1-5 G/C Float Adj Idx		0.4%	1.4%	1.3%	2.2%
<b>Vanguard 500 Index Fund Admiral</b>	19.2%	4.9%	13.6%	20.4%	15.4%
S&P 500		4.9%	13.7%	20.4%	15.5%
<b>Vanguard Mid-Cap Index Fund Admiral</b>	3.5%	6.6%	13.8%	21.3%	17.0%
Vanguard Spliced Mid Cap Index		6.7%	13.8%	21.3%	17.1%
<b>Vanguard Small-Cap Index Fund Admiral</b>	2.9%	6.8%	7.5%	20.5%	16.9%
Vanguard Spliced Small Cap Index		6.8%	7.5%	20.5%	16.8%

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Tracked Benchmark    Universe Ranking: ■ 0% - 50% ■ 51% - 100%

Mercer

# 403 (b) Performance Summary

	% of Plan	3 Months	1 Year	3 Years	5 Years
<b>Vanguard Total International Stock Index Fund Adm</b>	3.3%	-4.2%	-4.2%	9.3%	NA
Vanguard Total International Composite Index		-3.8%	-3.4%	9.4%	4.4%
<b>Tier IIB - Active Core Options</b>					
<b>TIAA Stable Value</b>	5.5%	0.5%	2.0%	2.1%	2.3%
Citigroup 3-Month T Bill		0.0%	0.0%	0.0%	0.0%
<b>JPMorgan Core Bond Fund R6</b>	7.3%	1.5%	5.4%	3.0%	4.8%
Barclays US Aggregate		1.8%	6.0%	2.7%	4.5%
Mercer MF US Fixed Core Universe Median		0.9%	4.7%	3.4%	4.7%
Fund Rank in Universe		22	41	60	48
<b>PIMCO Inflation Response Multi-Asset Fund Inst</b>	0.0%	-1.8%	1.6%	0.3%	NA
PIMCO Inflation Response Multi-Asset Index		-2.1%	-0.3%	-1.1%	2.7%
Mercer MF Diversified Inflation Hedge Universe Median		-1.8%	1.1%	1.1%	3.2%
Fund Rank in Universe		50	25	75	NA
<b>Vanguard Windsor II Fund Admiral</b>	3.7%	3.6%	11.3%	19.3%	14.1%
Russell 1000 Value		5.0%	13.5%	20.9%	15.4%
Mercer MF US Equity Large Cap Value Universe Median		4.1%	10.9%	19.7%	13.9%
Fund Rank in Universe		59	42	55	44
<b>TIAA-CREF Social Choice Equity Fund Institutional</b>	0.0%	4.1%	11.2%	19.4%	14.6%
Russell 1000		4.9%	13.2%	20.6%	15.6%
Mercer MF US Equity Large Cap Core Universe Median		4.5%	11.6%	19.3%	13.8%
Fund Rank in Universe		62	54	46	34
<b>T Rowe Price Growth &amp; Income Fund</b>	0.5%	6.7%	12.9%	19.9%	14.4%
Russell 1000 Growth		4.8%	13.0%	20.3%	15.8%
Mercer MF US Equity Large Cap Growth Universe Median		4.6%	10.3%	19.7%	14.3%
Fund Rank in Universe		5	21	48	44
<b>AllianzGI NFJ International Value Fund Inst</b>	0.1%	-4.8%	-5.3%	8.5%	4.8%
MSCI AC Wid ex US		-3.8%	-3.4%	9.5%	4.9%
Mercer MF Intl Equity Large Cap Value Universe Median		-4.7%	-6.5%	9.7%	4.6%
Fund Rank in Universe		53	36	81	45
<b>DFA International Small Company Portfolio Inst</b>	0.0%	-4.2%	-6.3%	12.4%	8.3%
MSCI AC Wid ex US Small Cap		-3.9%	-3.7%	11.2%	7.2%
Mercer MF Intl Equity Small Cap Universe Median		-4.2%	-5.1%	12.6%	8.3%
Fund Rank in Universe		50	69	52	50

Fund: ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Tracked Benchmark    Universe Ranking: ■ 0% - 50% ■ 51% - 100%

Mercer

## 403 (b) Performance Summary

	% of Plan	3 Months	1 Year	3 Years	5 Years
<b>American Funds EuroPacific Growth Fund R-6</b>	0.3%	-1.6%	-2.3%	12.1%	6.0%
MSCI AC Wld ex US		-3.8%	-3.4%	9.5%	4.9%
Mercer MF Intl Equity Universe Median		-3.3%	-5.2%	10.7%	5.8%
Fund Rank in Universe		21	18	30	45
<b>Tier III – Speciality Options</b>					
<b>PIMCO All Asset Fund Institutional</b>	0.3%	-2.9%	0.8%	5.5%	6.4%
CPI USD + 500bp		-0.1%	5.8%	6.4%	6.8%
<b>TIAA Real Estate Account</b>	2.4%	3.7%	12.2%	10.9%	11.6%
NCREIF NFI ODCE		3.3%	12.4%	12.4%	13.9%

**Fund:** ■ Outperformed Benchmark ■ Underperformed Benchmark ■ Tracked Benchmark  
 **Universe Ranking:** ■ 0% - 50% ■ 51% - 100%

# Expense Analysis

## Investment Expense Analysis

Analysis reflects investment expenses only and does not include an evaluation of plan recordkeeping costs.

Fund	Style	Fund Balance	Estimated Fund Expense	Fund Net Expense Ratio	Median Net Expense Ratio*	Net Expense Diff	Total Expense Ratio (Admin Fee added)
Wells Fargo Advantage Dow Jones Tgt Today Fd R6	Target-Date	\$11,393	\$34	0.30%	0.16%	0.14%	0.79%
Wells Fargo Advantage Dow Jones Tgt 2020 Fund R6	Target-Date	\$186,665	\$653	0.35%	0.17%	0.18%	0.84%
Wells Fargo Advantage Dow Jones Tgt 2030 Fund R6	Target-Date	\$109,690	\$395	0.36%	0.17%	0.19%	0.85%
Wells Fargo Advantage Dow Jones Tgt 2040 Fund R6	Target-Date	\$88,953	\$329	0.37%	0.17%	0.20%	0.86%
Wells Fargo Advantage Dow Jones Tgt 2050 Fund R6	Target-Date	\$18,200	\$67	0.37%	0.17%	0.20%	0.86%
Vanguard Short-Term Bond Index Fund Admiral	US Fixed	\$55,260	\$55	0.10%	0.20%	-0.10%	0.59%
Vanguard 500 Index Fund Admiral	US Large Cap Equity	\$176,598	\$88	0.05%	0.20%	-0.15%	0.54%
Vanguard Mid-Cap Index Fund Admiral	US Mid Cap Equity	\$31,889	\$32	0.10%	0.25%	-0.15%	0.59%
Vanguard Small-Cap Index Fund Admiral	US Small Cap Equity	\$26,657	\$27	0.10%	0.30%	-0.20%	0.59%
Vanguard Total International Stock Index Fund Adm	International Equity	\$30,814	\$43	0.14%	0.00%	0.14%	0.63%
TIAA Stable Value	Other	\$50,993	\$173	0.34%	0.46%	-0.12%	0.39%
JPMorgan Core Bond Fund R6	US Fixed	\$67,184	\$275	0.41%	0.51%	-0.10%	0.90%
PIMCO Inflation Response Multi-Asset Fund Inst	Balanced	\$0	\$0	0.90%	0.89%	0.01%	1.39%
PIMCO All Asset Fund Institutional	Balanced	\$2,710	\$24	0.89%	0.94%	-0.05%	1.38%
Vanguard Windsor II Fund Admiral	US Large Cap Equity	\$33,786	\$95	0.28%	0.76%	-0.48%	0.77%
TIAA-CREF Social Choice Equity Fund Institutional	US Large Cap Equity	\$78	\$0	0.19%	0.78%	-0.59%	0.68%
T Rowe Price Growth & Income Fund	US Large Cap Equity	\$5,037	\$35	0.69%	0.81%	-0.12%	1.03%
AllianzGI NFJ International Value Fund Inst	International Equity	\$662	\$6	0.93%	0.99%	-0.06%	1.32%
DFA International Small Company Portfolio Inst	International Equity	\$71	\$0	0.56%	1.20%	-0.64%	1.05%
American Funds EuroPacific Growth Fund R-6	International Equity	\$2,933	\$15	0.50%	0.99%	-0.49%	0.99%
TIAA Real Estate Account	Real Estate	\$22,291	\$201	0.90%	0.99%	-0.09%	1.15%
<b>Total</b>		<b>\$921,864</b>	<b>\$2,548</b>	<b>0.28%</b>	<b>0.27%</b>	<b>0.01%</b>	<b>0.74%</b>

# Appendix

# Net Performance as of December 31, 2014

	Ending December 31, 2014				Inception	
	3 Mo	1 Yr	3 Yrs	5 Yrs	Return	Since
<b>Large Cap Passive</b>	<b>4.9%</b>	<b>13.5%</b>	<b>20.2%</b>	<b>15.3%</b>	<b>20.3%</b>	<b>Mar-09</b>
S&P 500	4.9%	13.7%	20.4%	15.5%	20.5%	Mar-09
NCSRP BlackRock Equity Index S&P 500	4.9%	13.6%	20.4%	15.5%	20.5%	Mar-09
	4.9%	13.7%	20.4%	15.5%	20.5%	Mar-09
<b>Large Cap Value</b>	<b>5.2%</b>	<b>12.7%</b>	<b>21.7%</b>	<b>15.1%</b>	<b>19.2%</b>	<b>Mar-09</b>
Russell 1000 Value	5.0%	13.5%	20.9%	15.4%	20.7%	Mar-09
Mercer Mutual Fund US Equity Large Cap Value Median	4.1%	10.9%	19.7%	13.9%	19.1%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value Russell 1000 Value	<b>4.8%</b>	<b>13.9%</b>	<b>24.0%</b>	<b>17.2%</b>	<b>24.0%</b>	Mar-09
	5.0%	13.5%	20.9%	15.4%	20.7%	Mar-09
NCSRP Wellington Value Composite Russell 1000 Value	<b>5.2%</b>	<b>13.1%</b>	<b>18.5%</b>	<b>12.7%</b>	<b>13.9%</b>	Mar-09
	5.0%	13.5%	20.9%	15.4%	20.7%	Mar-09
NCSRP Robeco BP Large Cap Value Russell 1000 Value	<b>5.5%</b>	<b>11.6%</b>	<b>22.8%</b>	--	<b>22.7%</b>	Nov-11
	5.0%	13.5%	20.9%	15.4%	21.1%	Nov-11
<b>Large Cap Growth</b>	<b>4.7%</b>	<b>9.0%</b>	<b>21.0%</b>	<b>16.4%</b>	<b>22.9%</b>	<b>Mar-09</b>
Russell 1000 Growth	4.8%	13.0%	20.3%	15.8%	20.9%	Mar-09
NCSRP Sands Capital Large Cap Growth Russell 1000 Growth	<b>3.7%</b>	<b>9.0%</b>	<b>24.4%</b>	<b>20.1%</b>	<b>27.8%</b>	Mar-09
	4.8%	13.0%	20.3%	15.8%	20.9%	Mar-09
NCSRP Wellington Opportunistic Growth Russell 1000 Growth	<b>5.1%</b>	<b>8.3%</b>	<b>21.7%</b>	<b>14.8%</b>	<b>20.1%</b>	Mar-09
	4.8%	13.0%	20.3%	15.8%	20.9%	Mar-09
Russell 3000 Growth	5.2%	12.4%	20.3%	15.9%	21.1%	Mar-09
NCSRP Loomis Large Cap Growth Russell 1000 Growth	<b>5.4%</b>	--	--	--	<b>8.9%</b>	Aug-14
	4.8%	13.0%	20.3%	15.8%	8.0%	Aug-14
<b>Mid/Small Cap Passive</b>	<b>6.8%</b>	<b>7.0%</b>	<b>19.9%</b>	<b>16.3%</b>	<b>22.6%</b>	<b>Mar-09</b>
Russell 2500	6.8%	7.1%	20.0%	16.4%	22.7%	Mar-09
NCSRP BlackRock Russell 2500 Index Fund Russell 2500	6.8%	7.1%	20.0%	16.4%	22.7%	Mar-09
	6.8%	7.1%	20.0%	16.4%	22.7%	Mar-09
<b>Mid/Small Cap Value</b>	<b>6.8%</b>	<b>11.9%</b>	<b>23.5%</b>	<b>19.3%</b>	<b>26.1%</b>	<b>Mar-09</b>
Russell 2500 Value	6.1%	7.1%	19.4%	15.5%	22.0%	Mar-09
NCSRP Hotchkis & Wiley Hotchkis Custom SMID Value Index	<b>4.8%</b>	<b>12.5%</b>	<b>28.4%</b>	<b>21.2%</b>	<b>29.4%</b>	Mar-09
	6.1%	7.1%	19.4%	15.6%	22.7%	Mar-09
NCSRP EARNST Partners EARNST Custom SMID Value Index	<b>6.0%</b>	<b>10.1%</b>	<b>19.7%</b>	<b>15.5%</b>	<b>21.2%</b>	Mar-09
	6.1%	7.1%	19.4%	14.9%	21.1%	Mar-09
NCSRP WEDGE SMID Cap Value Russell 2500 Value	<b>9.7%</b>	<b>13.3%</b>	<b>22.4%</b>	--	<b>22.4%</b>	Dec-11
	6.1%	7.1%	19.4%	15.5%	19.4%	Dec-11
<b>Mid/Small Cap Growth</b>	<b>7.2%</b>	<b>1.4%</b>	<b>19.1%</b>	<b>15.7%</b>	<b>21.2%</b>	<b>Mar-09</b>
Russell 2500 Growth	7.5%	7.1%	20.5%	17.3%	23.3%	Mar-09

	Ending December 31, 2014				Inception	
	3 Mo	1 Yr	3 Yrs	5 Yrs	Return	Since
NCSRP TimesSquare TimesSquare Custom SMID Growth Index	<b>5.6%</b>	<b>2.6%</b>	<b>20.8%</b>	<b>16.3%</b>	<b>21.6%</b>	Mar-09
	7.5%	7.1%	20.5%	16.7%	22.9%	Mar-09
NCSRP Brown Advisory Brown Custom SMID Growth Index	<b>8.9%</b>	<b>0.5%</b>	<b>17.6%</b>	<b>15.8%</b>	<b>21.5%</b>	Mar-09
	7.5%	7.1%	20.5%	17.0%	22.8%	Mar-09
<b>International Passive</b>	<b>-4.5%</b>	<b>-4.5%</b>	<b>8.7%</b>	<b>4.2%</b>	<b>12.3%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross	-3.8%	-3.4%	9.5%	4.9%	13.0%	Mar-09
NCSRP BlackRock ACWI ex US Fund MSCI ACWI ex USA Gross	-4.4%	-4.3%	8.9%	4.4%	12.4%	Mar-09
	-3.8%	-3.4%	9.5%	4.9%	13.0%	Mar-09
<b>International Equity</b>	<b>-1.7%</b>	<b>-2.1%</b>	<b>9.7%</b>	<b>5.5%</b>	<b>13.0%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross	-3.8%	-3.4%	9.5%	4.9%	13.0%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth MSCI ACWI ex USA Gross	<b>0.4%</b>	<b>-2.8%</b>	<b>11.3%</b>	<b>7.1%</b>	<b>15.5%</b>	Mar-09
	-3.8%	-3.4%	9.5%	4.9%	13.0%	Mar-09
MSCI AC Wild ex US Growth Gross	-2.3%	-2.3%	9.8%	5.5%	12.9%	Mar-09
NCSRP Mondrian ACWI ex US Value MSCI ACWI ex USA Gross	<b>-3.4%</b>	<b>-0.8%</b>	<b>8.5%</b>	<b>4.3%</b>	<b>11.4%</b>	Mar-09
	-3.8%	-3.4%	9.5%	4.9%	13.0%	Mar-09
MSCI AC Wild Ex US Value Gross	-5.4%	-4.6%	9.1%	4.2%	13.1%	Mar-09
<b>Global Equity</b>	<b>2.3%</b>	<b>5.1%</b>	<b>18.2%</b>	<b>11.2%</b>	<b>16.8%</b>	<b>Mar-09</b>
MSCI ACWI Gross	0.5%	4.7%	14.7%	9.7%	16.5%	Mar-09
NCSRP Wellington Global Composite MSCI ACWI Gross	<b>3.8%</b>	<b>5.7%</b>	<b>19.6%</b>	<b>12.1%</b>	<b>17.6%</b>	Mar-09
	0.5%	4.7%	14.7%	9.7%	16.5%	Mar-09
NCSRP Arrowstreet Global Equity ACWI MSCI ACWI Gross	<b>1.0%</b>	<b>5.0%</b>	--	--	<b>13.6%</b>	Mar-12
	0.5%	4.7%	14.7%	9.7%	11.5%	Mar-12
<b>Inflation Responsive Fund</b>	<b>-1.9%</b>	<b>1.0%</b>	--	--	<b>-1.1%</b>	<b>Sep-13</b>
PIMCO Inflation Response Index	-2.1%	-0.3%	-1.1%	2.7%	-2.0%	Sep-13
NCSRP PIMCO Inflation Response Multi-Asset PIMCO Inflation Response Index	<b>-1.8%</b>	<b>1.3%</b>	--	--	<b>-0.7%</b>	Sep-13
	-2.1%	-0.3%	-1.1%	2.7%	-2.0%	Sep-13
<b>Fixed Income Passive Fund</b>	<b>1.8%</b>	<b>5.9%</b>	<b>2.6%</b>	--	<b>3.2%</b>	<b>Sep-10</b>
Barclays Aggregate	1.8%	6.0%	2.7%	4.4%	3.4%	Sep-10
NCSRP BlackRock Debt Index Fund Barclays Aggregate	1.8%	6.1%	2.7%	--	3.4%	Sep-10
	1.8%	6.0%	2.7%	4.4%	3.4%	Sep-10
<b>Fixed Income Fund</b>	<b>1.7%</b>	<b>5.2%</b>	<b>3.8%</b>	<b>4.8%</b>	<b>5.7%</b>	<b>Mar-09</b>
Barclays Aggregate	1.8%	6.0%	2.7%	4.4%	4.9%	Mar-09
NCSRP JP Morgan Core Bond Barclays Aggregate	<b>1.6%</b>	<b>5.7%</b>	<b>3.3%</b>	<b>5.2%</b>	<b>5.5%</b>	Mar-09
	1.8%	6.0%	2.7%	4.4%	4.9%	Mar-09
NCSRP Prudential Core Plus Barclays Aggregate	--	--	--	--	--	Dec-14
	1.8%	6.0%	2.7%	4.4%	--	Dec-14
<b>Stable Value Fund</b>	<b>0.5%</b>	<b>1.8%</b>	<b>2.2%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>Jun-09</b>
T-BILLS + 1%	0.3%	1.0%	1.1%	1.1%	1.1%	Jun-09

# Disclaimer

## Important Notices

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

© 2015 Mercer LLC. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance does not guarantee future results. Mercer's ratings do not constitute individualized investment advice.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend.

For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see [www.mercer.com/conflictsofinterest](http://www.mercer.com/conflictsofinterest).

**Mercer universes:** Mercer's universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors.

The value of your investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments, such as securities issued by small capitalization, foreign and emerging market issuers, real property, and illiquid, leveraged or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

Returns for periods greater than one year are annualized. Returns are calculated net of investment management fees, unless noted as gross of fees.

Style analysis graph time periods may differ reflecting the length of performance history available.

**THE FOLLOWING PROVISIONS APPLY TO DATA OR OTHER SERVICES PROVIDED BY THE FOLLOWING COMPANIES:** Where "End User" appears before the Vendor name, a direct end-user license with the Vendor is required to receive some indices. You are responsible for ensuring you have in place all such licenses as are required by Vendors.

**BARCLAYS:** © Barclays Bank PLC 2014. This data is provided by Barclays Bank PLC. Barclays Bank PLC and its affiliated companies accept no liability for the accuracy, timeliness or completeness of such data which is provided "as is." All warranties in relation to such data are hereby extended to the fullest extent permitted under applicable law.

**BARCLAYS CAPITAL:** The Barclays Indices are a proprietary product of Barclays. Barclays shall maintain exclusive ownership of and rights to the Barclays Indices and that inclusion of the Barclays Indices in this Service shall not be construed to vest in the subscriber any rights with respect to the Indices. The subscriber agrees that it will not remove any copyright notice or other notification or trade name or marks of Barclays that may appear in the Barclays Indices and that any reproduction and/or distribution of the Barclays Indices (if authorized) shall contain such notices and/or marks.

**BLOOMBERG L.P.:** © 2015 Bloomberg L.P. All rights reserved. BLOOMBERG, BLOOMBERG PROFESSIONAL, BLOOMBERG FINANCIAL MARKETS, BLOOMBERG NEWS, BLOOMBERG TRADEMARK, BLOOMBERG BONDTRADER, AND BLOOMBERG TELEVISION are trademarks and service marks of Bloomberg L.P. a Delaware Limited Partnership.

# Disclaimer

## Important Notices

**BNY Mellon Asset Servicing:** Source: © 2015 BNY Mellon Performance Risk and Analytics, LLC. All Rights Reserved.

**CITIGROUP GLOBAL MARKETS (formerly SALOMON SMITH BARNEY):** Smith Barney<sup>sm</sup> and Citigroup Global Equity Index<sup>sm</sup> are service marks of Citigroup Inc. "BECAUSE ACCURACY COUNTS®" is a registered service mark of Citigroup Inc. FloatWatch® is a trade mark of Citigroup Inc. Citigroup Global Equity Index System<sup>sm</sup>, Citigroup Broad Market Index<sup>sm</sup>, Citigroup Primary Market Index<sup>sm</sup>, Citigroup Extended Market Index<sup>sm</sup>, Citigroup Cap-Range Index<sup>sm</sup>, Citigroup Internet Index (NIX)<sup>sm</sup>, Citigroup Style Indices (Growth/Value)<sup>sm</sup>, Citigroup Property Index<sup>sm</sup> are service marks of Citigroup Inc. ©2014 Citigroup Inc All rights reserved. Any unauthorized use, duplication or disclosure is prohibited by law and may result in prosecution. Citigroup, including its parent, subsidiaries and/or affiliates ("the Firm"), usually makes a market in the securities discussed or recommended in its report and may sell to or buy from customers, as principal, securities discussed or recommended in its report. The Firm or employees preparing its report may have a position in securities or options of any company discussed or recommended in its report. An employee of the Firm may be a director of a company discussed or recommended in its report. The Firm may perform or solicit investment banking or other services from any company discussed or recommended in its report. Securities recommended, offered, or sold by SSB: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources SSB believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute SSB's judgment as of the date of the report and are subject to change without notice. Its report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Its report does not take into account the investment objectives or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision.

**CREDIT SUISSE FIRST BOSTON LLC. (CSFB):** Copyright © 1996 – 2015 Credit Suisse First Boston LLC and/or its affiliate companies. All rights reserved.

**DataStream:** Source: ThomsonReuters Datastream

**Dow Jones:** The Dow Jones Indexes<sup>SM</sup> are proprietary to and distributed by Dow Jones & Company, Inc. and have been licensed for use. All content of Dow Jones Indexes<sup>SM</sup> © 2014 is proprietary to Dow Jones & Company, Inc.

**"End User" FTSE™:** is a trade mark of the London Stock Exchange PLC and The Financial Times Limited and is used by FTSE International Limited under license. Russell Investment Group Europe Ltd is licensed by FTSE International Limited to distribute FTSE Advanced Service and other FTSE indices. FTSE shall not be responsible for any error or omission in FTSE data. All copyright and database rights in FTSE products belong to FTSE or its licensors. Redistribution of the data comprising the FTSE products is not permitted. You agree to comply with any restrictions or conditions imposed upon the use, access, or storage of the data as may be notified to you by FTSE or Russell/Mellon Europe Ltd. You are not permitted to receive the FTSE Advanced Service unless you have a separate agreement with FTSE. "FTSE™", "FT-SE™" and "Footsie™" are trade marks of London Stock Exchange PLC and The Financial Times Limited and are used by FTSE International Limited under license.

The FTSE Private Investor Indices are owned and calculated by FTSE International and are produced in association with APCIMS (Association of Private Client Investment Managers and Stockbrokers). © FTSE International Limited 2015

The UK Value and Growth Indices are owned and calculated by FTSE International Limited in association with Russell Investment Group. © FTSE International Limited 2014.

**RUSSELL INVESTMENT GROUP:** Russell Investment Group is the source and owner of certain of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a user presentation of the data. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof. Returns and security data for the Russell indices are provided by Mellon Analytical Solutions. Russell indices are trademarks/service marks of the Russell Investment Group. Russell® is a trademark of the Russell Investment Group.

**HFR:** Source: Hedge Fund Research, Inc., © HFR, Inc. 2015, [www.hedgefundresearch.com](http://www.hedgefundresearch.com)

**JPMORGAN:** The JPMorgan EMBI Index (i) is protected by copyright and JPMorgan claims trade secret rights, (ii) is and shall remain the sole property of JPMorgan, and (iii) title and full ownership in the JPMorgan EMBI Index is reserved to and shall remain with JPMorgan. All proprietary and intellectual property rights of any nature, including patents, copyrights, trademarks and trade secrets regarding the JPMorgan EMBI Index, and any and all parts, copies, modifications, enhancements and derivative works are owned by, and shall remain the property of JPMorgan and its affiliates. The JPMorgan EMBI Index and related materials and software were developed, compiled, prepared and arranged by JPMorgan through expenditure of substantial time, effort and money and constitute valuable intellectual property and trade secrets of JPMorgan. The JPMorgan EMBI Index shall not be used in a manner that would infringe the property rights of JPMorgan or others or violate the laws, tariffs, or regulations of any country.



# Disclaimer

## Important Notices

**LIPPER:** Performance data was supplied by Lipper, A Thomson Reuters Company, subject to the following: Copyright 2015 © Thomson Reuters. All rights reserved. Any copying, republication or redistribution of Lipper Information, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the Information, or for any actions taken in reliance thereon. Lipper performance data is total return, and is preliminary and subject to revision. The data contained herein has been obtained from company reports, financial reporting services, periodicals, and other resources believed to be reasonable. Although carefully verified, data on compilations is not guaranteed by Lipper Inc. - A Reuters Company and may be incomplete. No offer or solicitations to buy or sell any of the securities herein is being made by Lipper. Portions of the information contained in this report was derived by Mercer using Content supplied by Lipper, A Thomson Reuters Company.

**MERRILL LYNCH:** *The Merrill Lynch Indices are used with permission. Copyright 2014, Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. The Merrill Lynch Indices may not be copied, used, or distributed without Merrill Lynch's prior written approval.*

This Product is not sponsored, endorsed, sold or promoted by Merrill Lynch. Merrill Lynch makes no guarantees, representations or warranties of any kind, express or implied, to any person, including, without limitation, any member of the public regarding the use of the Indices in the Product, the advisability of investing in securities generally or of the ability of the Index to track any market performance. Merrill Lynch's only relationship to Mellon Analytical Solutions or any other person or entity in respect to this Product is limited to the licensing of the Merrill Lynch Indices, which are determined, composed, and calculated by Merrill Lynch without regard to Mellon Analytical Solutions or this Product. Merrill Lynch retains exclusive ownership of the Indices and the programs and trademarks used in connection with the Indices. Merrill Lynch has no obligation to take the needs of Mellon Analytical Solutions or the purchasers, investors or participants in the Product into consideration in determining, composing or calculating the Indices, nor shall Merrill Lynch have any obligation to continue to calculate or provide the Indices in the future. Merrill Lynch may, in its absolute discretion and without prior notice, revise or terminate the Indices at any time. IN NO EVENT SHALL MERRILL LYNCH OR ANY OF ITS PARTNERS, AFFILIATES, EMPLOYEES, OFFICERS, DIRECTORS OR AGENTS HAVE ANY LIABILITY TO ANY PERSON OR ENTITY FOR ANY INDIRECT, PUNITIVE, SPECIAL, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS.

**MOODY'S INVESTORS SERVICE:** Moody's © Copyright 2014, Moody's Investors Service, Inc. ("Moody's"). Moody's ratings ("Ratings") are proprietary to Moody's or its affiliates and are protected by copyright and other intellectual property laws. Ratings are licensed to Distributor by Moody's. RATINGS MAY NOT BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. Moody's® is a registered trademark of Moody's Investors Service, Inc.

**MSCI®:** Portions of this report are copyright MSCI 2014. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages. MSCI is a registered trademark of MSCI, Inc.

**NAREIT:** NAREIT® is the exclusive registered mark of the National Association of Real Estate Investment Trusts.

**NCREIF:** All NCREIF Data - Copyright by the National Council of Real Estate Investment Fiduciaries. This information is proprietary and may not be reported in whole or in part without written permission.

**STANDARD & POOR'S:** Standard & Poor's information contained in this document is subject to change without notice. Standard & Poor's cannot guarantee the accuracy, adequacy or completeness of the information and is not responsible for any errors or omissions or for results obtained from use of such information. Standard & Poor's makes no warranties or merchantability or fitness for a particular purpose. In no event shall Standard & Poor's be liable for direct, indirect or incidental, special or consequential damages from the information here regardless or whether such damages were foreseen or unforeseen.

**WILSHIRE ASSOCIATES:** Copyright © 2015 Wilshire Associates Incorporated.

