



State of North Carolina

NOVEMBER 12, 2015

STATE OF NORTH CAROLINA

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SECTION I

GALLIARD CAPITAL MANAGEMENT

BUSINESS PROFILE AS OF 9/30/15

\$85.0 B
TOTAL AUM

\$75.9 B
STABLE VALUE AUM

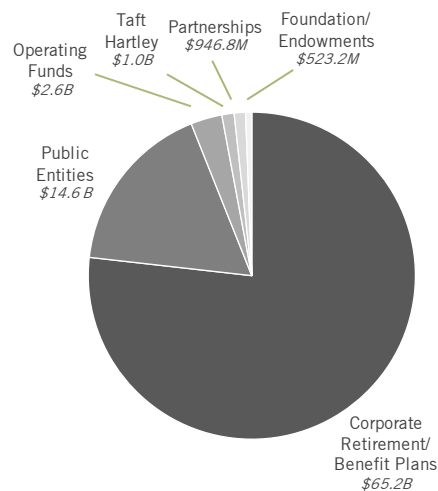
- **18** fortune 100 clients; **51** fortune 500 clients
- **118** stable value separate accounts

FIRM INITIATIVES & MARKET PERSPECTIVE

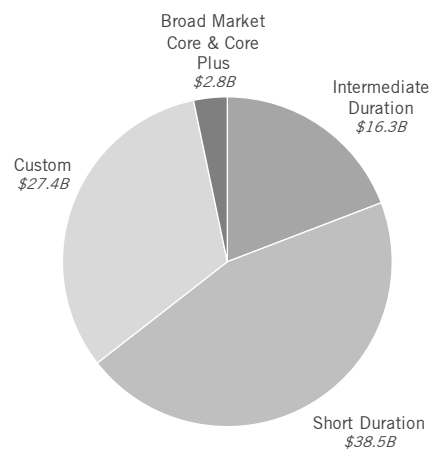
- Celebration of Galliard's **20th** Year Anniversary and recognition of firm accomplishments
- Stable value interest from new plan sponsor types such as **529** and **403(b)** plans
- Potential **stable value** opportunities with plan sponsors that have typically utilized money market funds as their **capital preservation** option
- Stable value participant cashflows flat to slightly negative
- Brand expansion of **long duration** fixed income product
- Development of **high-quality short duration fund** product

ASSETS UNDER MANAGEMENT

BY PLAN TYPE



BY STRATEGY



SECTION II

STABLE VALUE MARKET UPDATE

STABLE VALUE MARKET VIEW

	MARKET VIEW	GALLIARD POSITIONING
CONTRACT ISSUERS	<ul style="list-style-type: none"> Capacity continues to improve; current supply is greater than the demand 17 providers in the market currently issuing capacity (4 banks & 13 insurance companies) Issuers continue to be selective about the managers and portfolio strategies they are willing to wrap Contract issuers more flexible with respect to the investment guidelines More favorable/balanced approach to contract provisions Contract fees appear to have peaked 	<ul style="list-style-type: none"> Galliard has ample capacity and is conducting placements through competitive bid process Galliard has strong relationships with all major market participants Galliard continues to be a preferred manager Galliard has obtained broader investment latitude across issuers Negotiating to standardize more advantageous contract provisions Working with issuers to reduce fees
PORTFOLIO	<ul style="list-style-type: none"> Evidence of participant reallocation to riskier assets Economic data suggests increased likelihood of rising rates Reinvestment rates remain historically low 	<ul style="list-style-type: none"> Liquidity buffers well positioned to accommodate participant redemptions Maintaining portfolio durations between 2.5 to 3 years to be more responsive to rising rates Opportunistically seeking yield in high quality spread assets
REGULATORY/DC MARKET ENVIRONMENT	<ul style="list-style-type: none"> Dodd Frank stable value study yet to be completed SEC approved changes to money market mutual fund regulations; Expected implementation in 2016 DC plan design evolving to improve participant outcomes 	<ul style="list-style-type: none"> Existing contracts exempt; no detrimental impact expected Monitoring impact on liquidity vehicles used Leading industry efforts to ensure stable value meets plan sponsor needs

STABLE VALUE MARKET UPDATE

CONTRACT ISSUER SUMMARY

AS OF SEPTEMBER 2015

NAME	ACCEPTING DEPOSITS FROM NEW CLIENTS*	ACCEPTING DEPOSITS FROM EXISTING CLIENTS*	CONTRACT TYPE**	ASSET MANAGEMENT***	S&P CREDIT RATING	MOODY'S CREDIT RATING
AMERICAN GENERAL LIFE	Yes	Yes	SBIC	Dodge & Cox, Galliard, Payden & Rygel	A+	A2
MASSMUTUAL LIFE INS. CO.	Yes	Yes	SAGIC	Galliard, Babson	AA+	Aa2
METROPOLITAN LIFE INS. CO.	Yes	Yes	SAGIC	Galliard, PIMCO, Dodge & Cox, Loomis Sayles	AA-	Aa3
NATIONWIDE LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Dodge & Cox, PIMCO	A+	A1
NEW YORK LIFE INS. CO.**	Yes	Yes	SBIC & SAGIC	New York Life	AA+	Aaa
PACIFIC LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Loomis Sayles, PIMCO	A+	A1
PRUDENTIAL LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Prudential, Jennison	AA-	A1
RGA REINSURANCE CO.	Yes	Yes	SBIC	Galliard	AA-	A1
ROYAL BANK OF CANADA	Yes	Yes	SBIC	Galliard	AA-	Aa3
STATE STREET BANK AND TRUST CO.	Yes	Yes	SBIC	Galliard	AA-	A1
TIAA-CREF LIFE	Yes	Yes	SAGIC	TIAA-CREF	AA+	Aa1
TRANSAMERICA PREMIER LIFE INS. CO.****	Yes	Yes	SBIC	Galliard, PIMCO, Dodge & Cox	AA-	A1
VOYA RETIREMENT AND ANNUITY COMPANY****	Yes	Yes	SBIC	Galliard, Voya, PIMCO, Dodge & Cox, IR&M	A	A2

*Providers accepting deposits on a case by case basis

**Security Backed Investment Contract (SBIC) or Separate Account GIC (SAGIC)

***Managers typically utilized within Galliard Stable Value Solutions

****Previously known as Monumental Life and ING Life, respectively

SECTION III

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

RELATIONSHIP MILESTONES

DECEMBER 2010

- Galliard assumes oversight, daily valuations, and administration of stable value funds
- Transitioned custody of the 457 Plan Payden & Rygel portfolio to Wells Fargo

2011

- Changed 401(k) Plan's Prudential benchmark from Broad Market to Intermediate Aggregate
- Transitioned PIMCO to intermediate duration strategy wrapped by MetLife and increase allocation to 15% of assets
- Funded Galliard short duration strategy with United of Omaha Wrap
- Began termination of State Street securities lending program in the 401(k) Plan
- Transitioned 457 Plan's Prudential intermediate duration strategy to Galliard collective trust
- Liquidation of GWL trading account and funding of the Wells Fargo STIF and Wells Fargo SRF liquidity buffer
- Transitioned custody of the 401(k) Payden & Rygel portfolio to Wells Fargo
- New guidelines established for Payden short duration strategy
- Transition 401(k) Plan's Prudential investment to intermediate duration collective trust
- Moved from declared rate to actual portfolio returns

2012

- Changed STIF to Wells Fargo Government Money Market
- Finalize portfolio strategy recommendations

2013

- Secured wrap coverage for Payden & Rygel with American General Life
- Reduced exposure to PIMCO/Met Life to 13% target
- Allocated 15% to Jennison under Prudential wrap

2014

- Finalized Nationwide wrap contract to replace United of Omaha
- Reduced Great West Life allocation to target (20%)

2015

- Added Dodge & Cox as sub-advisor to both the 401(k) and 457 Plan's stable value funds, replacing PIMCO
- Facilitated closure of Great West Life open receivable

STATE OF NORTH CAROLINA EXPENSE DISCLOSURE

TOTAL ANNUAL OPERATING EXPENSES

Total Annual Operating Expenses are deducted directly from the Fund's net asset value and reduce the investment option's rate of return.

	401(k) Plan	401(k) Plan	457 Plan	457 Plan
Expense	Expense Ratio (as of 9/30/15)	Est. Annual Revenue	Expense Ratio (as of 9/30/15)	Est. Annual Revenue
Investment Management Fees paid to Galliard	0.073%	\$1,407,270	0.073%	\$289,091
Investment Management Fees paid to Non-Affiliated Investment Advisors	0.045%	\$875,604	0.047%	\$187,550
Investment Contract Fees ¹	0.169%	\$3,264,265	0.172%	\$682,417
Acquired Fund Fees ²	0.046%	\$881,256	0.042%	\$166,239
-Investment Contract Fees	0.015%	\$281,435	0.013%	\$50,300
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non- Affiliated Investment Advisors ³	0.031%	\$599,821	0.029%	\$115,939
12b-1 Distribution Fee	None	None	None	None
Other Expenses	0.104%	\$2,007,885	0.104%	\$412,474
Total Annual Fund Operating Expense⁴	0.437%	\$8,436,280	0.438%	\$1,737,771

¹These are fees paid to create and maintain the investments used by a stable value fund

²These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees

³Includes audit fees for the cost of producing a report by a qualified auditor

⁴Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV)

SECTION IV

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Book Value Performance								
Portfolio (net of all fees - NAV Level)***	0.15	0.48	1.39	1.85	2.01	2.46	---	2.41
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	0.77	1.03	1.06	1.08	---	1.08
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.39	1.15	1.54	1.57	1.59	2.86	1.59
3 Year Constant Maturity Treasury Yield	0.08	0.25	0.74	0.98	0.76	0.70	1.80	0.70
Market Value Benchmark								
Blended Benchmark****	0.48	0.74	1.35	2.13	1.25	1.93	3.61	1.97

Calendar Year Performance

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Book Value Performance					
Portfolio (net of all fees - NAV Level)***	1.80	2.15	2.75	3.27	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.04	1.08	1.12	1.11	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.55	1.58	1.62	1.61	1.64
3 Year Constant Maturity Treasury Yield	0.90	0.54	0.38	0.75	1.10
Market Value Benchmark					
Blended Benchmark****	2.69	-0.41	2.52	4.05	4.53
Market Indices					
Merrill Lynch 3 Month T-Bill	0.03	0.07	0.11	0.10	0.13
Consumer Price Index	0.76	1.62	2.26	2.96	1.50

*Returns for periods of less than one year are not annualized.

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

***Returns are net of all fees, including plan administrative reimbursement.

****10% BofAML 3 Month U.S. T-Bills, 30% Barclays 1-3 Yr U.S. Govt/Credit, 60% Barclays Intermediate U.S. Aggregate. This blended market value benchmark approximates the asset allocation target for the State of North Carolina Stable Value Fund. It is important to note that fundamental differences arise when comparing book value performance to a market index, especially when comparing performance for periods shorter than 10 years. Market value indices immediately reflect the gains/(losses) resulting from changing market interest rates while book value performance amortizes these gains/(losses).

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Third Quarter 2015

Portfolio Characteristics

Total Assets	\$1,930,658,556	Blended Yield (After fees)*	1.91%
Average Holdings Quality**	AA	Effective Duration	2.92 years
Number of Contract Issuers	5	Market/Book Value Ratio	101.54%

*Blended yield is after investment management fees, wrap fees and administration fees.

**The Average Holdings Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Average Holdings Quality shown represents an average quality of the underlying individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>09/30/2015</u>	<u>% of Portfolio</u> <u>06/30/2015</u>
Cash & Equivalents*	44,434,122	2.3	3.6
Stable Value Funds	146,027,009	7.6	6.5
Separate Account GICs	640,350,370	33.2	33.1
Intermediate Portfolio	640,350,370	33.2	33.1
Security Backed Investment Contracts	1,099,847,055	57.0	56.8
Short Portfolio	563,108,421	29.2	29.1
Intermediate Portfolio	536,738,634	27.8	27.7
Total	\$1,930,658,556	100.0%**	100.0%**

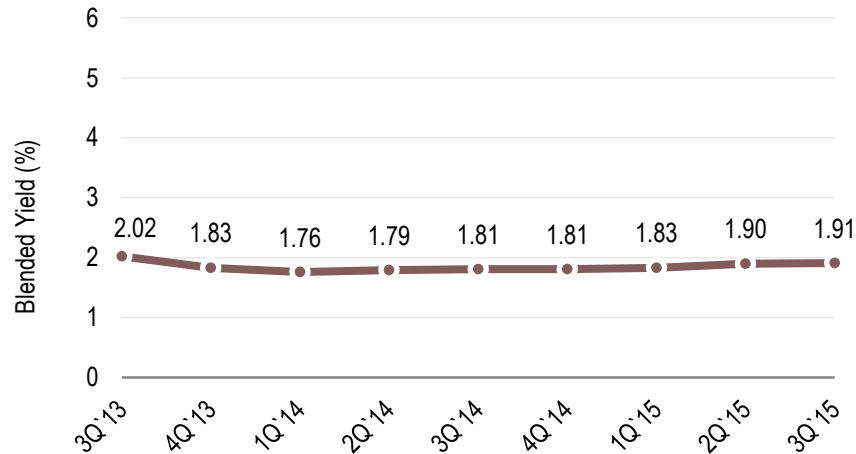
*Includes Receivables and Payables

**Total % of portfolio may not add to 100% due to rounding

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

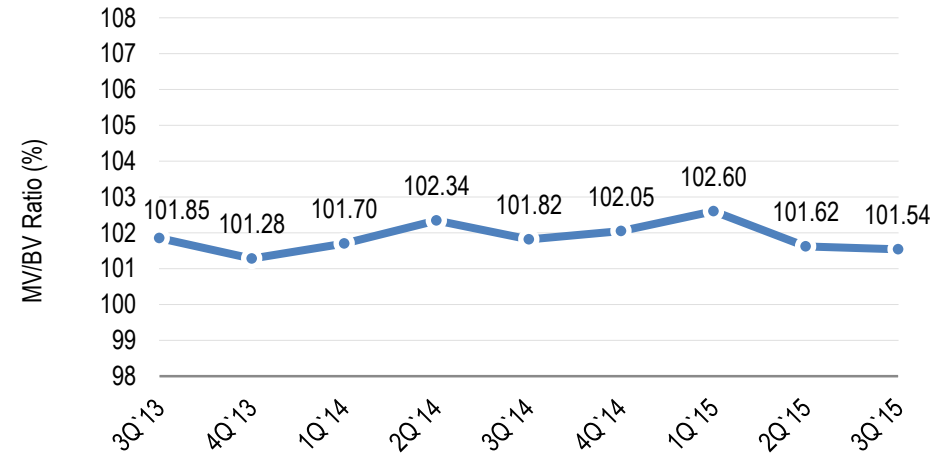
Third Quarter 2015

Historical Book Value Crediting Rate*

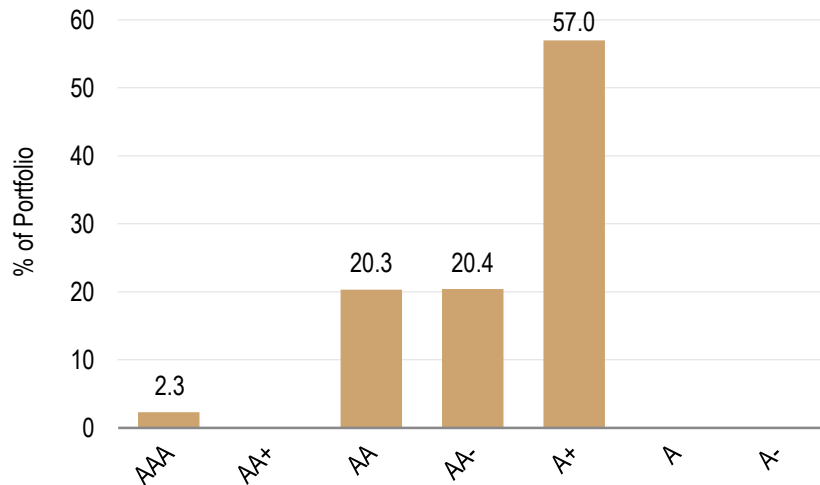


*As of quarter end. Blended yield is after investment management fees, wrap fees and administration fees.

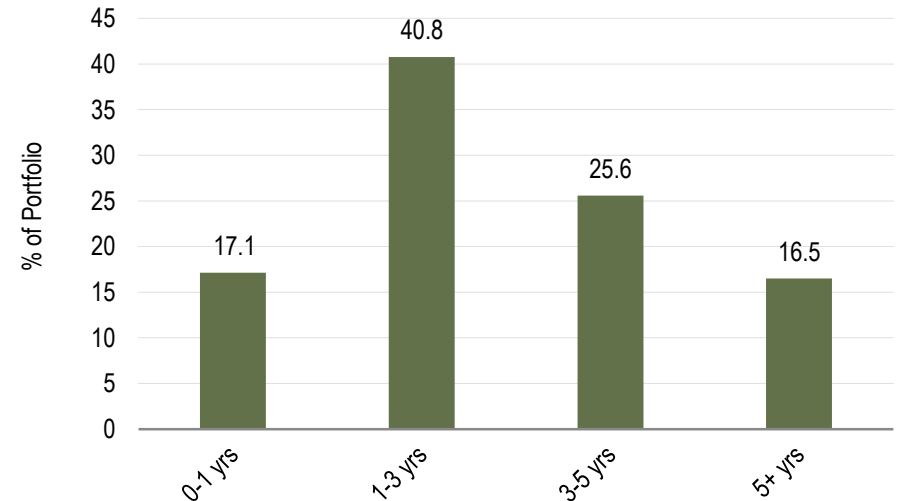
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



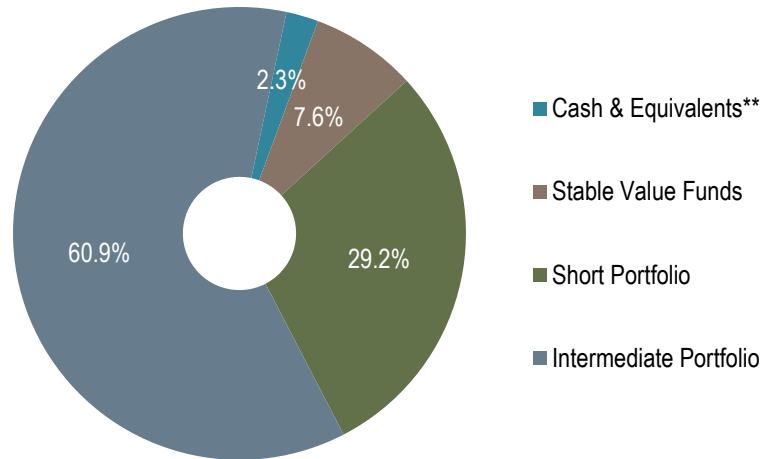
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Third Quarter 2015

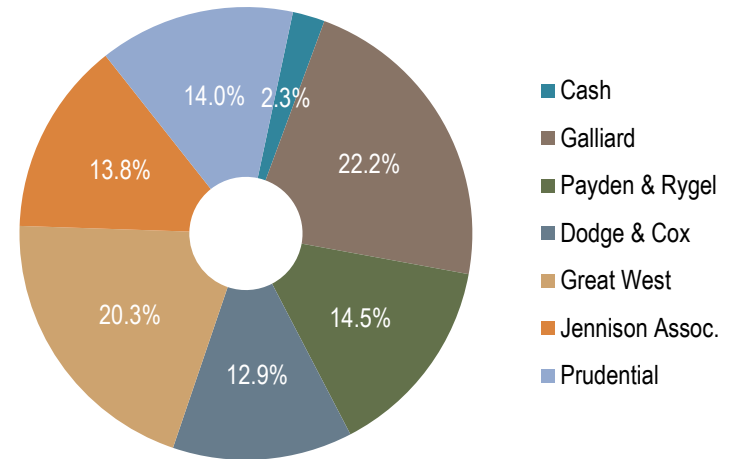
Portfolio Distribution*



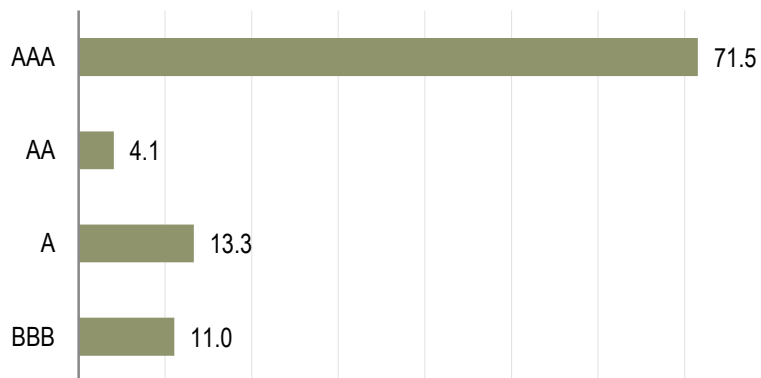
*Book value

**Includes Receivables and Payables

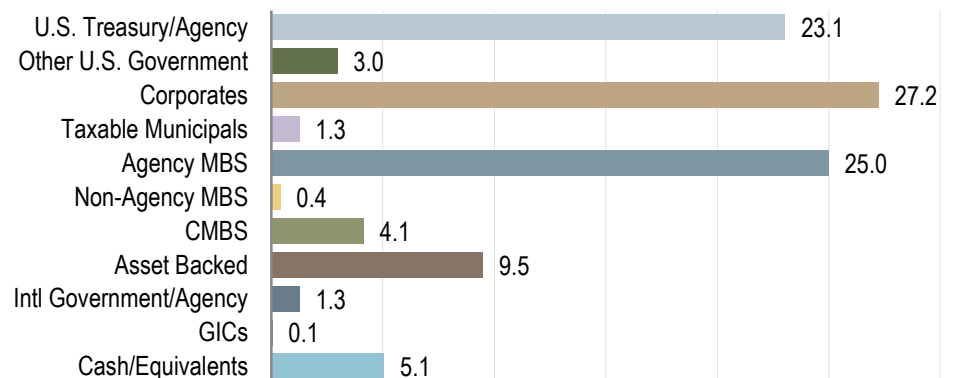
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



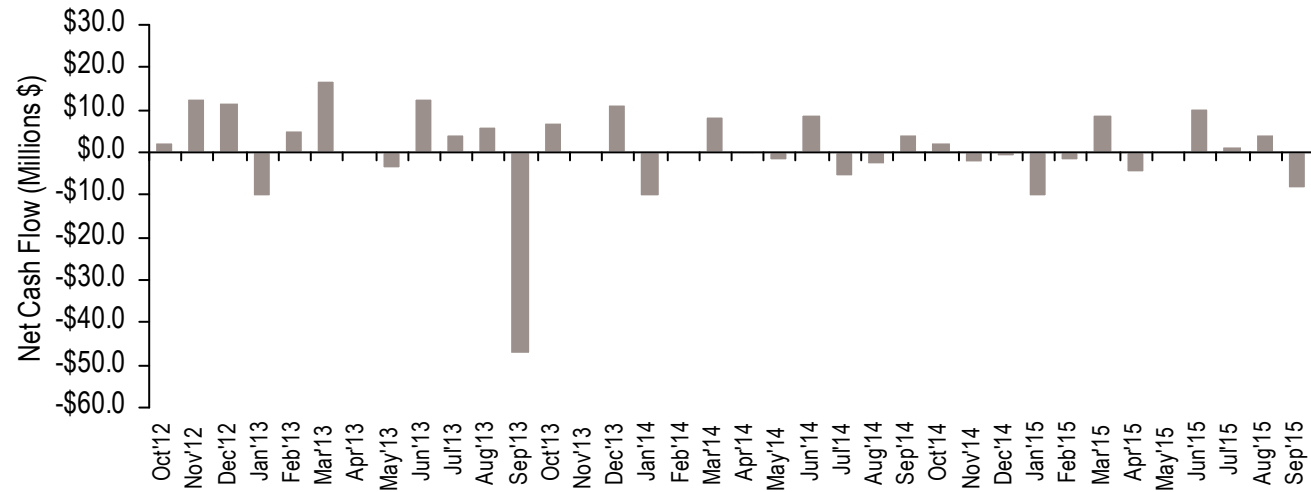
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Third Quarter 2015

Historical Cashflows



	YTD	2014	2013	2012	2011
Beginning Assets	\$1,904.2	\$1,870.9	\$1,829.1	\$1,702.4	\$1,594.4
Net Cash Flow (\$)*	\$0.0	-\$0.3	\$2.4	\$79.1	\$55.5
Net Cash Flow (%)	0.00%	-0.02%	0.13%	4.65%	3.48%
Estimated Investment Earnings	\$26.4	\$33.6	\$39.4	\$47.6	\$52.5
Ending Assets**	\$1,930.7	\$1,904.2	\$1,870.9	\$1,829.1	\$1,702.4

* Contributions, Withdrawals and Investment Transfers

**Cashflows may not net to final assets due to rounding

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MARKET VALUE 401(K) PLAN PERFORMANCE SUMMARY

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.08%	0.99%	1.03%	1.49%	2.20%	7/1/2009
Barclays U.S.1-3 Yr. Govt/Credit	<u>0.29%</u>	<u>1.19%</u>	<u>0.86%</u>	<u>1.04%</u>	<u>1.58%</u>	
	-0.21%	-0.20%	0.16%	0.45%	0.62%	
Galliard**	0.47%	1.71%	1.02%	1.64%	2.14%	1/1/2010
Barclays U.S.1-3 Yr. Government *	0.32%	1.20%	0.70%	0.79%	1.13%	
Barclays U.S.1-3 Yr. Gov't/Credit	<u>0.29%</u>	<u>1.19%</u>	<u>0.86%</u>	<u>1.04%</u>	<u>1.40%</u>	
	0.15%	0.51%	0.32%	0.85%	1.01%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	1.05%	3.03%	1.68%	2.81%	2.92%	8/1/2010
Barclays U.S.Intermediate Aggregate	<u>1.08%</u>	<u>2.95%</u>	<u>1.64%</u>	<u>2.69%</u>	<u>2.80%</u>	
	-0.03%	0.08%	0.04%	0.12%	0.12%	
Dodge & Cox	0.65%	-	-		-0.12%	5/1/2015
Barclays U.S.Intermediate Aggregate	<u>1.08%</u>	-	-		<u>0.41%</u>	
	-0.43%	-	-		-0.53%	
Great West Life	0.04%	1.96%	1.32%		2.25%	10/1/2011
Barclays U.S.Intermediate Aggregate (Ex BBB)	<u>1.23%</u>	<u>3.16%</u>	<u>1.59%</u>		<u>2.14%</u>	
	-1.19%	-1.20%	-0.26%		0.11%	
Jennison	0.91%	2.89%	1.44%	2.79%	2.96%	8/1/2010
Barclays U.S.Intermediate Govt/Credit	<u>0.95%</u>	<u>2.68%</u>	<u>1.45%</u>	<u>2.42%</u>	<u>2.67%</u>	
	-0.04%	0.21%	-0.01%	0.37%	0.29%	

*Index being shown for comparison purposes only, the fund is managed to a targeted duration.

**Returns shown are after investment management fees

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MANAGER-LEVEL CHARACTERISTICS – 401(K) PLAN

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate
Short Duration	Payden & Rygel	6/30/2015	\$ 278,658,948	\$ 280,577,586	100.7%	1.03%	1.47	1.26%
		9/30/2015	\$ 279,713,594	\$ 280,806,648	100.4%	1.13%	1.34	1.29%
			\$ 1,054,646	\$ 229,062	-0.3%	0.10%	(0.13)	0.03%
	Galliard	6/30/2015	\$ 281,955,963	\$ 285,429,883	101.2%	1.36%	1.95	1.78%
		9/30/2015	\$ 283,394,827	\$ 286,785,452	101.2%	1.40%	1.91	1.81%
			\$ 1,438,864	\$ 1,355,569	0.0%	0.04%	(0.04)	0.03%
Intermediate Duration	Prudential	6/30/2015	\$ 267,781,353	\$ 275,704,727	103.0%	1.76%	3.34	2.59%
		9/30/2015	\$ 269,781,527	\$ 278,584,389	103.3%	1.97%	3.81	2.51%
			\$ 2,000,174	\$ 2,879,662	0.3%	0.21%	0.47	-0.08%
	Dodge & Cox	6/30/2015	\$ 246,848,095	\$ 249,916,786	101.2%	2.13%	3.57	2.04%
		9/30/2015	\$ 248,211,920	\$ 251,530,194	101.3%	2.26%	3.61	2.21%
			\$ 1,363,825	\$ 1,613,408	0.1%	0.13%	0.04	0.17%
	Great West Life	6/30/2015	\$ 389,504,415	\$ 396,515,366	101.8%	2.29%	3.61	2.77%
		9/30/2015	\$ 392,138,450	\$ 396,491,763	101.1%	2.22%	3.41	2.71%
			\$ 2,634,035	\$ (23,603)	-0.7%	-0.07%	(0.20)	-0.06%
	Jennison	6/30/2015	\$ 265,391,207	\$ 273,243,859	103.0%	1.65%	4.01	2.59%
		9/30/2015	\$ 266,957,107	\$ 275,667,809	103.3%	1.63%	4.14	2.51%
			\$ 1,565,900	\$ 2,423,950	0.3%	-0.02%	0.13	-0.08%
Total Fund		6/30/2015	\$ 1,924,187,717	\$ 1,955,435,942	101.6%	1.67%	2.87	2.10%
		9/30/2015	\$ 1,930,658,556	\$ 1,960,327,385	101.5%	1.74%	2.92	2.11%
			\$ 6,470,839	\$ 4,891,443	-0.1%	0.07%	0.05	0.01%

Stable Value Portfolio Review - North Carolina 401(k) Stable Value Fund

Third Quarter 2015

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>9/30/2015</u>	<u>6/30/2015</u>	<u>9/30/2015</u>	<u>6/30/2015</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Nationwide Life Ins. Co.	A+	A+	A1	A1
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Solid capital levels
- Group diversity is a strength as only remaining insurer with leading positions in both Life and Property & Casualty
- Leading positions in most Life and Annuity products

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Strong positions in niche markets such as COLID/BOLI for non-qualified executive benefits
- Reliant on support from the parent company; the leading insurer in Canada which had strong 2014 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Has been declared a non-bank Systematically Important Financial Institution (SIFI) by the FSOC; but will fight the designation in court
- Capital ratios remain below average, but have improved slightly despite dividends to the holding company

Nationwide Life Ins. Co.

- Part of a leading mutual group that includes a leading P&C company
- Strong history of earnings
- Significant variable annuity hedging has resulted in volatile investment earnings

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Capital ratios are now average following a large captive reinsurance transaction, however the quality of the ratios was lowered by the transaction
- Reputation for being more aggressive than peers on investments and policies

The information contained herein reflects the views of Galliard Capital Management, Inc. & sources believed to be reliable by Galliard as of the date of publication. The views expressed here may change at any time subsequent to the date of publication. This publication is for informational purposes only.
For institutional investors only.

North Carolina 401(k) Stable Value Fund Portfolio Review

Portfolio Holdings

September 30, 2015

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Cash & Equivalents												
FUNDAVAIL	Cash Receivable / (Payable)		-1,120,221	-1,120,221	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		45,554,342	45,554,342	100.0	2.4	0.01		0.10	AAA	Aaa	
Total Cash & Equivalents			44,434,122	44,434,122	100.0	2.3	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		146,027,009	146,027,009	100.0	7.6	1.69		2.40	AA-	Aa3	
Total Stable Value Funds			146,027,009	146,027,009	100.0	7.6	1.69		2.40	AA-	Aa3	
Separate Account GICs												
Intermediate Portfolio												
391997NH2	GreatWest Life Insurance Co.	Great West	392,138,450	396,491,763	101.1	20.3	2.71	N.S.M.	3.41	AA	Aa3	15.0
590994VM8	Metropolitan Life Ins. Co.	Dodge & Cox	248,211,920	251,530,194	101.3	12.9	2.21	N.S.M.	3.61	AA-	Aa3	20.0
Total Intermediate Portfolio			640,350,370	648,021,957	101.2	33.2	2.52		3.49	AA	Aa3	
Total Separate Account GICs			640,350,370	648,021,957	101.2	33.2	2.52		3.49	AA	Aa3	
Security Backed Investment Contracts												
Short Portfolio												
946996EE1	American General Life Ins. Co.	Payden & Rygel	279,713,594	280,806,648	100.4	14.5	1.29	N.S.M.	1.34	A+	A2	22.0
896994GW4	Nationwide Life Ins. Co.	Galliard	283,394,827	286,785,452	101.2	14.7	1.81	N.S.M.	1.91	A+	A1	23.0
Total Short Portfolio			563,108,421	567,592,100	100.8	29.2	1.55		1.63	A+	A1	
Intermediate Portfolio												
744999CV3	Prudential Ins. Co. of America	Jennison Assoc.	266,957,107	275,667,809	103.3	13.8	2.51	N.S.M.	4.14	AA-	A1	17.0
744999CV3	Prudential Ins. Co. of America	Prudential	269,781,527	278,584,389	103.3	14.0	2.51	N.S.M.	3.81	AA-	A1	17.0
Total Intermediate Portfolio			536,738,634	554,252,198	103.3	27.8	2.51		3.97	AA-	A1	
Total Security Backed Investment Contracts			1,099,847,055	1,121,844,298	102.0	57.0	2.02		2.77	A+	A1	
Total Fund			1,930,658,556	1,960,327,385	101.5	100.0	2.11		2.92	AA-	A1	

*N.S.M. = No Stated Maturity

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.08	0.84	0.99	1.03	1.49	2.20
Benchmark***	0.29	1.02	1.19	0.86	1.04	1.58

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: July 01, 2009

***Barclays U.S. 1-3 Year Government/Credit Bond Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA+	Total Assets	\$280.8 million
Weighted Average Maturity	1.77 years	1.86 years	Number of Issues	236
Yield to Maturity	1.13%	0.95%	Weighted Coupon	1.31%
Effective Duration	1.34 years	1.80 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

Third Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	27.2%	28.7%	68.7%
Other U.S. Government	2.1%	2.0%	0.0%
Taxable Municipal	2.1%	2.1%	0.5%
Corporates	42.8%	43.2%	23.4%
Asset Backed Securities (ABS)	13.3%	12.5%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	3.1%	2.2%	0.0%
Sovereign / Supranationals	9.2%	8.2%	7.4%
Cash / Equivalents	0.3%	1.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	55.3%	54.0%	71.7%
AA	4.0%	4.3%	6.8%
A	23.3%	23.5%	12.6%
BBB	17.4%	18.2%	8.9%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

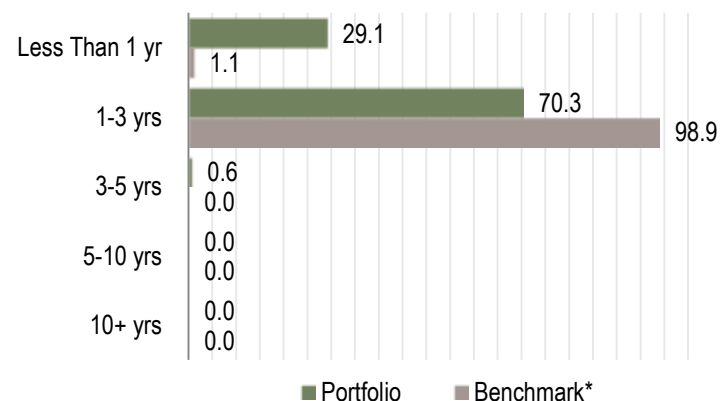
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 401k - Payden & Rygel

Third Quarter 2015

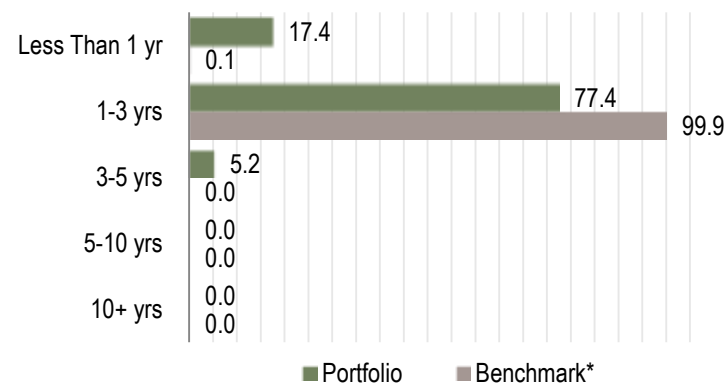
Duration Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	29.1%	29.1%	1.1%
1-3 yrs	69.8%	70.3%	98.9%
3-5 yrs	1.1%	0.6%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	14.9%	17.4%	0.1%
1-3 yrs	78.6%	77.4%	99.9%
3-5 yrs	6.5%	5.2%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review – Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	0.35	0.47	1.30	1.71	1.02	---	2.14
Barclay's 1-3 Year Govt/Credit	0.30	0.29	1.02	1.19	0.86	1.04	1.40

*Returns for periods of less than one year are not annualized.

**Galliard Performance Inception: January 01, 2010

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	1 Mo	3 Mos	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception**
Portfolio	0.35	0.47	1.30	1.71	1.02	1.73	3.01	2.96
Benchmark***	0.30	0.32	1.01	1.20	0.70	0.79	2.62	2.53

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Galliard Performance Inception: January 01, 2005

***Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AAA	Total Assets	\$13,489.1 million
Weighted Average Maturity	2.41 years	1.81 years	Number of Issues	1383
Yield to Maturity	1.40%	0.63%	Weighted Coupon	2.00%
Effective Duration	1.91 years	1.76 years	Estimated Annual Income	\$266.7 million

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	9.4%	14.2%	100.0%
Other U.S. Government	3.7%	4.1%	0.0%
Taxable Municipal	2.7%	2.8%	0.0%
Corporates	23.1%	23.6%	0.0%
Asset Backed Securities (ABS)	24.8%	24.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.1%	5.8%	0.0%
Mortgage Backed Securities (MBS)	23.1%	23.1%	0.0%
Sovereign / Supranationals	0.0%	0.0%	0.0%
Cash / Equivalents	7.0%	1.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio</i> <i>09/30/2015</i>
Citigroup Inc	0.7%
JPMorgan Chase & Co	0.6%
Bank of America Corp	0.6%
PNC Financial Services Group Inc	0.6%
US Bancorp/MN	0.6%
Total	3.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	76.4%	76.1%	96.0%
AA	8.3%	8.2%	4.0%
A	14.1%	14.5%	0.0%
BBB	1.2%	1.1%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

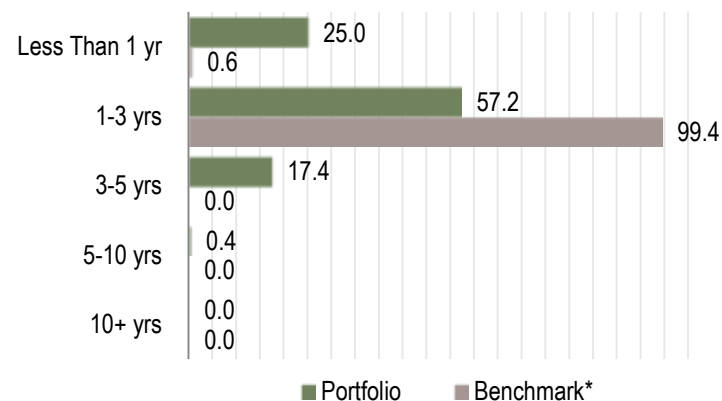
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

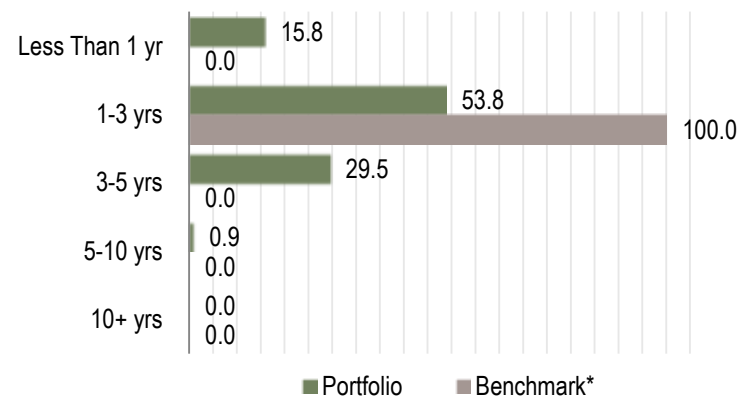
Duration Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	26.3%	25.0%	0.6%
1-3 yrs	54.6%	57.2%	99.4%
3-5 yrs	19.1%	17.4%	0.0%
5-10 yrs	0.0%	0.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	17.1%	15.8%	0.0%
1-3 yrs	52.6%	53.8%	100.0%
3-5 yrs	28.4%	29.5%	0.0%
5-10 yrs	1.9%	0.9%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	3 Mos	YTD	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.05	1.78	3.03	1.68	2.81	2.92
Benchmark***	1.08	1.73	2.95	1.64	2.69	2.80

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,404.0 million
Weighted Average Maturity	4.70 years	4.99 years	Number of Issues	976
Yield to Maturity	1.97%	2.01%	Weighted Coupon	3.03%
Effective Duration	3.81 years	3.96 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Third Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	33.8%	39.0%	39.7%
Other U.S. Government	1.2%	1.7%	0.7%
Taxable Municipal	0.2%	0.2%	0.4%
Corporates	17.9%	21.8%	19.5%
Asset Backed Securities (ABS)	0.3%	0.3%	0.7%
Commercial Mortgage Backed Securities (CMBS)	3.3%	3.0%	1.5%
Mortgage Backed Securities (MBS)	27.6%	33.1%	33.0%
Sovereign / Supranationals	0.6%	0.7%	4.5%
Cash / Equivalents	15.1%	0.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	80.7%	76.6%	76.9%
AA	1.8%	2.2%	4.0%
A	8.9%	10.3%	9.4%
BBB	8.7%	10.9%	9.7%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

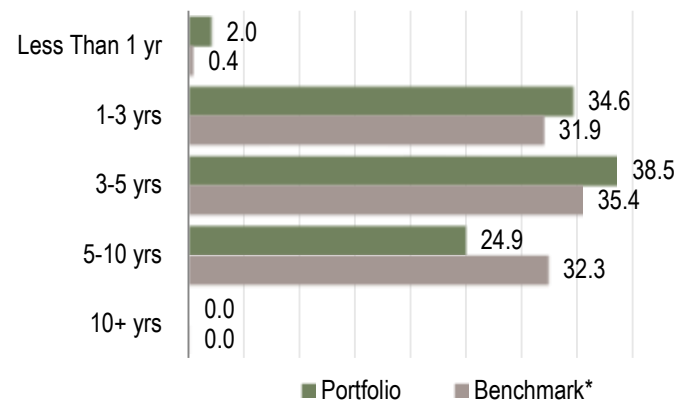
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Third Quarter 2015

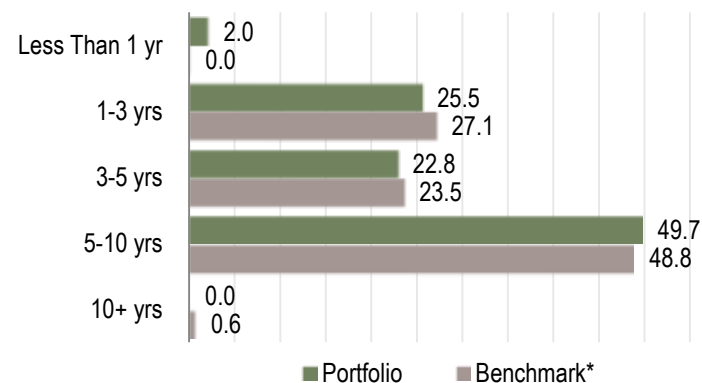
Duration Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	17.6%	2.0%	0.4%
1-3 yrs	24.4%	34.6%	31.9%
3-5 yrs	31.8%	38.5%	35.4%
5-10 yrs	26.2%	24.9%	32.3%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	17.6%	2.0%	0.0%
1-3 yrs	19.9%	25.5%	27.1%
3-5 yrs	20.1%	22.8%	23.5%
5-10 yrs	42.4%	49.7%	48.8%
10+ yrs	0.1%	0.0%	0.6%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.04	0.90	1.96	1.32	--	2.25
Benchmark***	1.23	1.85	3.16	1.59	2.56	2.14

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: October 01, 2011

***Barclays U.S. Intermediate Aggregate Bond Index A or Better

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$396.5 million
Weighted Average Maturity	4.90 years	4.96 years	Number of Issues	500
Yield to Maturity	2.22%	1.84%	Weighted Coupon	3.46%
Effective Duration	3.41 years	3.89 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

Third Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	1.2%	1.1%	43.9%
Other U.S. Government	6.5%	6.6%	0.8%
Taxable Municipal	0.0%	0.0%	0.5%
Corporates	14.3%	13.9%	12.1%
Asset Backed Securities (ABS)	6.9%	8.0%	0.7%
Commercial Mortgage Backed Securities (CMBS)	12.7%	12.1%	1.6%
Mortgage Backed Securities (MBS)	56.4%	57.0%	36.6%
Sovereign / Supranationals	0.0%	0.0%	3.9%
Cash / Equivalents	2.0%	1.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	85.4%	85.2%	85.2%
AA	4.4%	4.6%	4.4%
A	8.4%	7.9%	10.4%
BBB	1.9%	2.3%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

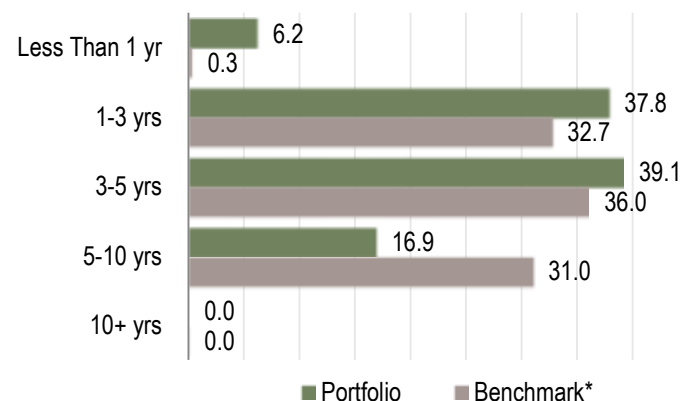
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 401k - Great West ISA

Third Quarter 2015

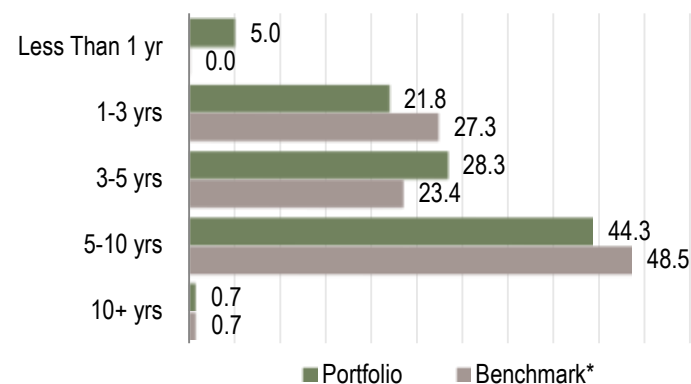
Duration Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	6.4%	6.2%	0.3%
1-3 yrs	32.9%	37.8%	32.7%
3-5 yrs	43.3%	39.1%	36.0%
5-10 yrs	17.4%	16.9%	31.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	5.0%	5.0%	0.0%
1-3 yrs	19.4%	21.8%	27.3%
3-5 yrs	29.8%	28.3%	23.4%
5-10 yrs	42.6%	44.3%	48.5%
10+ yrs	3.1%	0.7%	0.7%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

September 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	1 Mo	3 Mos	YTD	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	0.64	0.91	1.58	2.89	1.44	2.79	2.96
Benchmark***	0.67	0.95	1.77	2.68	1.45	2.42	2.67

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Government/Credit Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA	Total Assets	\$2,956.4 million
Weighted Average Maturity	7.30 years	4.20 years	Number of Issues	236
Yield to Maturity	1.63%	1.69%	Weighted Coupon	2.40%
Effective Duration	4.14 years	3.88 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

September 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	62.6%	59.6%	61.9%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.1%	0.0%	0.7%
Corporates	31.0%	34.0%	30.4%
Asset Backed Securities (ABS)	3.7%	2.7%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.1%	0.0%	0.0%
Mortgage Backed Securities (MBS)	0.0%	0.0%	0.0%
Sovereign / Supranationals	0.0%	0.0%	7.1%
Cash / Equivalents	2.6%	3.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	69.5%	66.5%	64.8%
AA	2.4%	2.5%	5.8%
A	15.7%	17.1%	14.4%
BBB	12.4%	13.8%	15.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

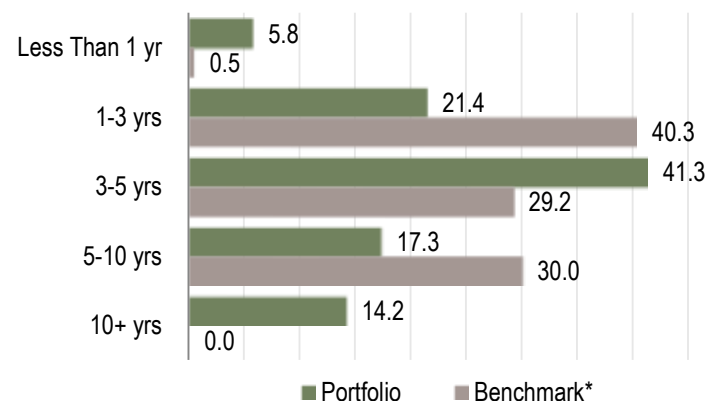
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

September 2015

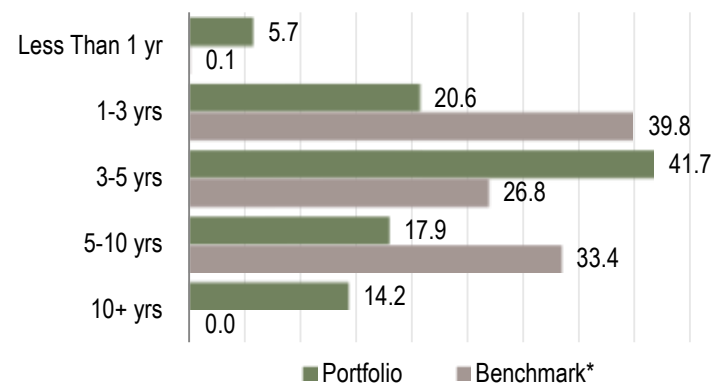
Duration Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	5.9%	5.8%	0.5%
1-3 yrs	26.0%	21.4%	40.3%
3-5 yrs	38.3%	41.3%	29.2%
5-10 yrs	17.5%	17.3%	30.0%
10+ yrs	12.4%	14.2%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	5.8%	5.7%	0.1%
1-3 yrs	25.0%	20.6%	39.8%
3-5 yrs	37.0%	41.7%	26.8%
5-10 yrs	19.8%	17.9%	33.4%
10+ yrs	12.4%	14.2%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

September 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	0.58	0.65	--	--	--	-0.16
Benchmark***	0.66	1.08	2.95	1.64	2.69	0.86

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: March 01, 2015

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA-	AA+	Total Assets	\$544.9 million
Weighted Average Maturity	4.72 years	4.99 years	Number of Issues	142
Yield to Maturity	2.26%	2.01%	Weighted Coupon	3.20%
Effective Duration	3.61 years	3.96 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

September 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	15.1%	12.3%	39.7%
Other U.S. Government	0.6%	0.6%	0.7%
Taxable Municipal	2.2%	2.3%	0.4%
Corporates	35.0%	39.9%	19.5%
Asset Backed Securities (ABS)	7.6%	8.0%	0.7%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.5%
Mortgage Backed Securities (MBS)	33.4%	32.9%	33.0%
Sovereign / Supranationals	0.0%	0.0%	4.5%
Cash / Equivalents	6.1%	3.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	62.8%	57.8%	76.9%
AA	0.3%	1.5%	4.0%
A	11.4%	10.9%	9.4%
BBB	25.4%	29.8%	9.7%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

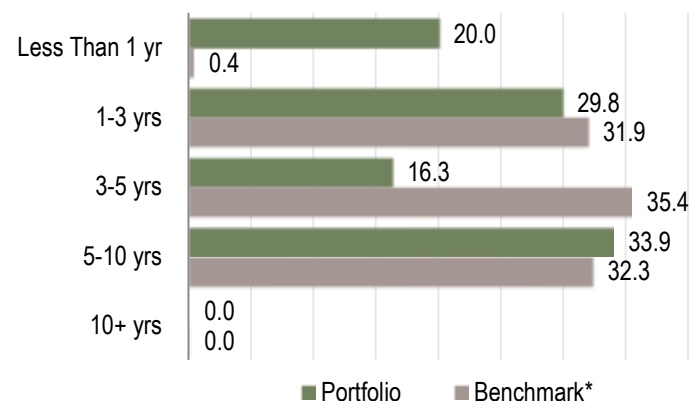
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

September 2015

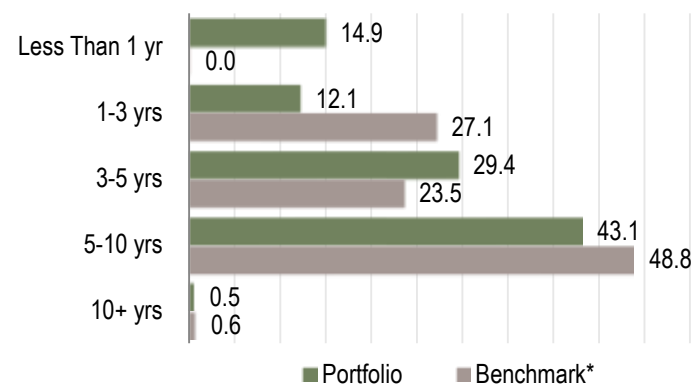
Duration Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	21.9%	20.0%	0.4%
1-3 yrs	26.9%	29.8%	31.9%
3-5 yrs	20.3%	16.3%	35.4%
5-10 yrs	31.0%	33.9%	32.3%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	16.0%	14.9%	0.0%
1-3 yrs	14.2%	12.1%	27.1%
3-5 yrs	24.8%	29.4%	23.5%
5-10 yrs	44.9%	43.1%	48.8%
10+ yrs	0.0%	0.5%	0.6%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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SECTION V

Stable Value Portfolio Review – North Carolina 457 Stable Value Fund

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

Book Value Performance	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Portfolio (net of all fees - NAV Level)***	0.15	0.47	1.40	1.87	2.02	2.48	---	2.43
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	0.77	1.03	1.06	1.08	---	1.08
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.39	1.15	1.54	1.57	1.59	2.86	1.59
3 Year Constant Maturity Treasury Yield	0.08	0.25	0.74	0.98	0.76	0.70	1.80	0.70
Market Value Benchmark								
Blended Benchmark****	0.48	0.74	1.35	2.13	1.25	1.93	3.61	1.97

Calendar Year Performance

Book Value Performance	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Portfolio (net of all fees - NAV Level)***	1.80	2.15	2.77	3.30	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.04	1.08	1.12	1.11	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.55	1.58	1.62	1.61	1.64
3 Year Constant Maturity Treasury Yield	0.90	0.54	0.38	0.75	1.10
Market Value Benchmark					
Blended Benchmark****	2.69	-0.41	2.52	4.05	4.53
Market Indices					
Merrill Lynch 3 Month T-Bill	0.03	0.07	0.11	0.10	0.13
Consumer Price Index	0.76	1.62	2.26	2.96	1.50

*Returns for periods of less than one year are not annualized.

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

***Returns are net of all fees, including plan administrative reimbursement

****10% BofAML 3 Month U.S. T-Bills, 30% Barclays 1-3 Yr U.S. Govt/Credit, 60% Barclays Intermediate U.S. Aggregate. This blended market value benchmark approximates the asset allocation target for the State of North Carolina Stable Value Fund. It is important to note that fundamental differences arise when comparing book value performance to a market index, especially when comparing performance for periods shorter than 10 years. Market value indices immediately reflect the gains/(losses) resulting from changing market interest rates while book value performance amortizes these gains/(losses).

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Third Quarter 2015

Portfolio Characteristics

Total Assets	\$396,609,673	Blended Yield (After fees)*	1.91%
Average Holdings Quality**	AA	Effective Duration	2.90 years
Number of Contract Issuers	5	Market/Book Value Ratio	101.78%

*Blended yield is after investment management fees, wrap fees and administration fees.

**The Average Holdings Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Average Holdings Quality shown represents an average quality of the underlying individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>09/30/2015</u>	<u>% of Portfolio</u> <u>06/30/2015</u>
Cash & Equivalents*	8,420,606	2.1	2.7
Stable Value Funds	26,099,106	6.6	6.5
Separate Account GICs	135,722,156	34.2	34.0
Intermediate Portfolio	135,722,156	34.2	34.0
Security Backed Investment Contracts	226,367,804	57.1	56.7
Short Portfolio	122,232,804	30.8	30.7
Intermediate Portfolio	104,135,000	26.3	26.1
Total	\$396,609,673	100.0%**	100.0%**

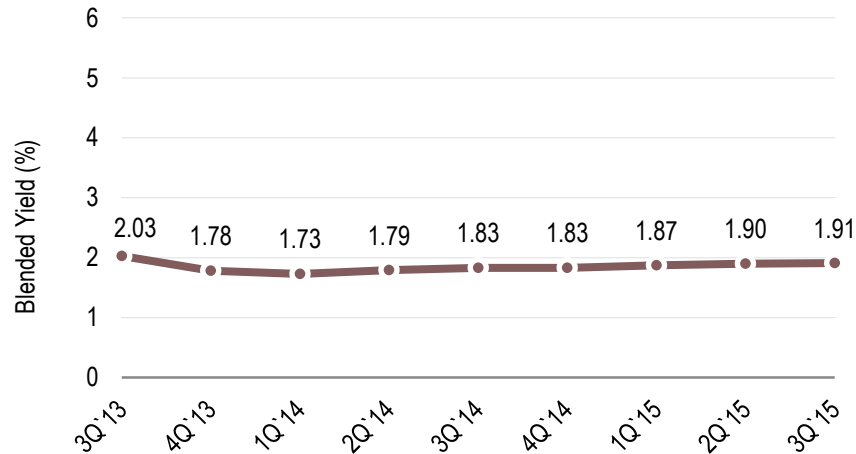
*Includes Receivables and Payables

**Total % of portfolio may not add to 100% due to rounding

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

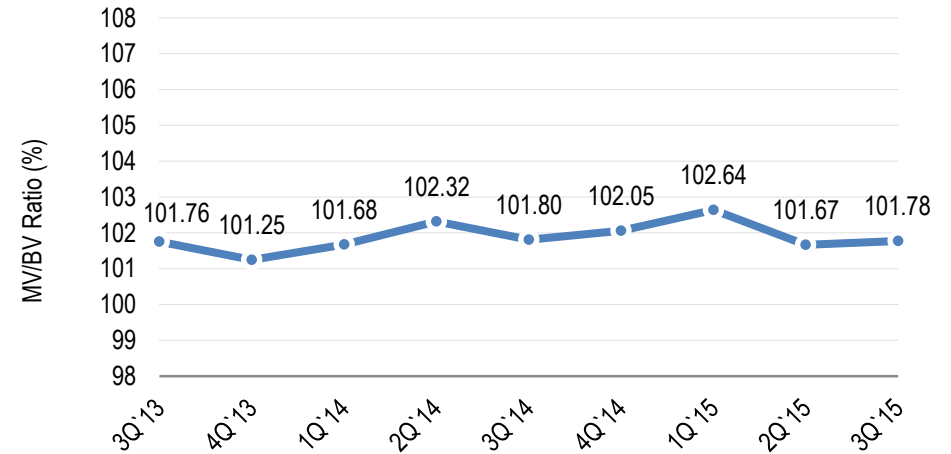
Third Quarter 2015

Historical Book Value Crediting Rate*

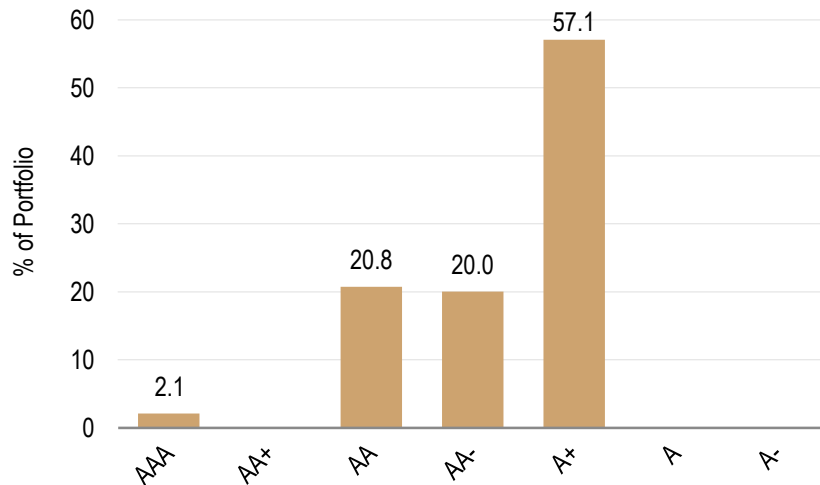


*As of quarter end. Blended yield is after investment management fees, wrap fees and administration fees.

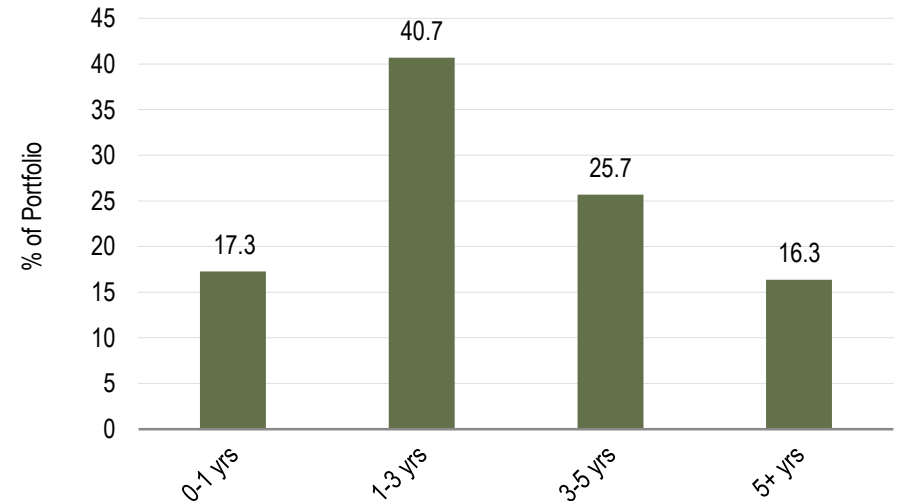
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



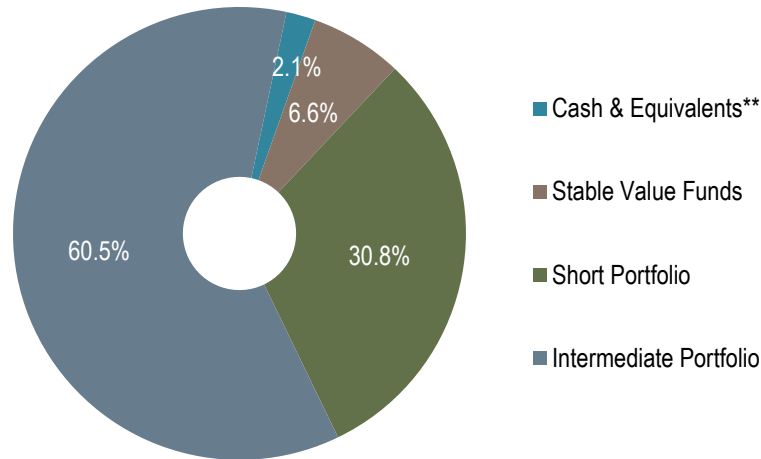
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**Total % of portfolio may not add to 100% due to rounding. Duration distribution of the externally managed portfolios is provided by the external manager.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Third Quarter 2015

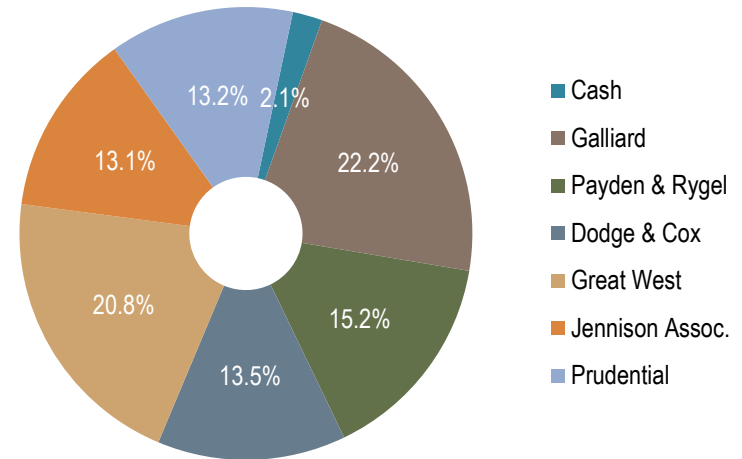
Portfolio Distribution*



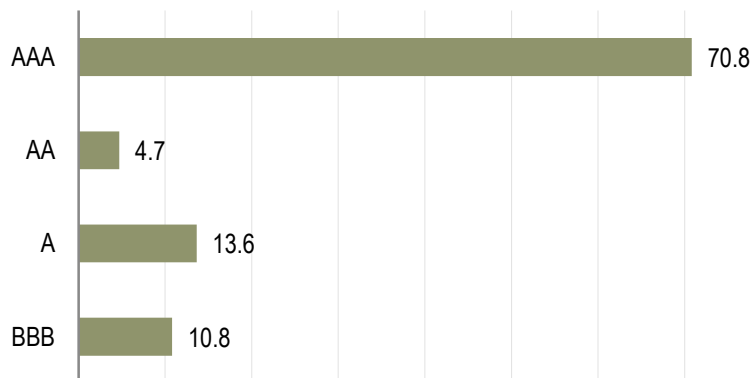
*Book value

**Includes Receivables and Payables

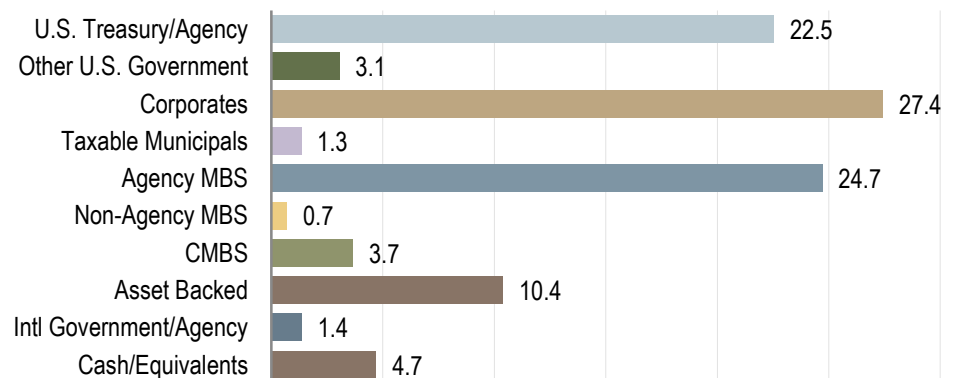
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



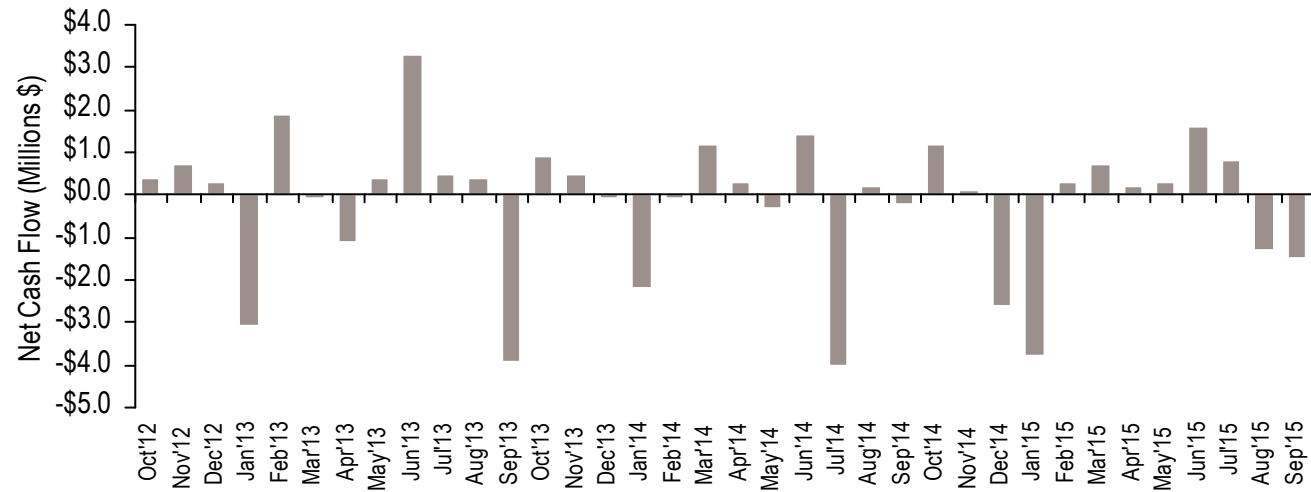
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Third Quarter 2015

Historical Cashflows



	YTD	2014	2013	2012	2011
Beginning Assets	\$393.8	\$392.0	\$384.1	\$368.8	\$343.5
Net Cash Flow (\$)*	-\$2.7	-\$5.2	-\$0.4	\$5.1	\$13.8
Net Cash Flow (%)	-0.69%	-1.33%	-0.10%	1.38%	4.02%
Estimated Investment Earnings	\$5.5	\$7.0	\$8.3	\$10.3	\$11.4
Ending Assets**	\$396.6	\$393.8	\$392.0	\$384.1	\$368.8

* Contributions, Withdrawals and Investment Transfers

**Cashflows may not net to final assets due to rounding

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MARKET VALUE 457PLAN PERFORMANCE SUMMARY

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.05%	0.95%	1.01%	1.47%	1.94%	8/1/2009
Barclays U.S.1-3 Yr. Govt/Credit	<u>0.29%</u>	<u>1.19%</u>	<u>0.86%</u>	<u>1.04%</u>	<u>1.52%</u>	
	-0.24%	-0.24%	0.15%		0.42%	
Galliard**	0.47%	1.71%	1.02%	1.64%	2.14%	1/1/2010
Barclays U.S.1-3 Yr. Government *	0.32%	1.20%	0.70%	0.79%	1.13%	
Barclays U.S.1-3 Yr. Gov't/Credit	<u>0.29%</u>	<u>1.19%</u>	<u>0.86%</u>	<u>1.04%</u>	<u>1.40%</u>	
	0.15%	0.51%	0.32%	0.85%	1.01%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	1.05%	3.03%	1.68%	2.81%	2.92%	8/1/2010
Barclays U.S.Intermediate Aggregate	<u>1.08%</u>	<u>2.95%</u>	<u>1.64%</u>	<u>2.69%</u>	<u>2.80%</u>	
	-0.03%	0.08%	0.04%	0.12%	0.12%	
Dodge & Cox	0.65%	-	-		-0.12%	5/1/2015
Barclays U.S.Intermediate Aggregate	<u>1.08%</u>	-	-		<u>0.41%</u>	
	-0.43%	-	-		-0.53%	
Great West Life	1.02%	2.89%	1.77%		2.43%	10/1/2011
Barclays U.S.Intermediate Aggregate (Ex BBB)	<u>1.23%</u>	<u>3.16%</u>	<u>1.59%</u>		<u>2.14%</u>	
	-0.21%	-0.27%	0.18%		0.29%	
Jennison	0.91%	2.89%	1.44%	2.79%	2.96%	8/1/2010
Barclays U.S.Intermediate Govt/Credit	<u>0.95%</u>	<u>2.68%</u>	<u>1.45%</u>	<u>2.42%</u>	<u>2.67%</u>	
	-0.04%	0.21%	-0.01%	0.37%	0.29%	

*Index being shown for comparison purposes only, the fund is managed to a targeted duration.

**Returns shown are after investment management fees

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MANAGER-LEVEL CHARACTERISTICS – 457 PLAN

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate
Short Duration	Payden & Rygel	6/30/2015	\$ 60,111,510	\$ 60,512,757	<u>100.7%</u>	<u>1.01%</u>	<u>1.41</u>	<u>1.26%</u>
		9/30/2015	\$ 60,337,029	\$ 60,544,526	<u>100.3%</u>	<u>1.11%</u>	<u>1.30</u>	<u>1.27%</u>
			\$ 225,519	\$ 31,769	-0.3%	0.10%	(0.11)	0.01%
	Galliard	6/30/2015	\$ 61,583,037	\$ 62,322,346	<u>101.2%</u>	<u>1.36%</u>	<u>1.95</u>	<u>1.77%</u>
		9/30/2015	\$ 61,895,775	\$ 62,618,328	<u>101.2%</u>	<u>1.40%</u>	<u>1.91</u>	<u>1.80%</u>
			\$ 312,738	\$ 295,982	0.0%	0.04%	(0.04)	0.03%
Intermediate Duration	Prudential	6/30/2015	\$ 51,916,260	\$ 53,661,482	<u>103.4%</u>	<u>1.76%</u>	<u>3.34</u>	<u>2.66%</u>
		9/30/2015	\$ 52,311,770	\$ 54,221,962	<u>103.7%</u>	<u>1.97%</u>	<u>3.81</u>	<u>2.57%</u>
			\$ 395,510	\$ 560,480	0.3%	0.21%	0.47	-0.09%
	Dodge & Cox	6/30/2015	\$ 53,107,258	\$ 53,812,468	<u>101.3%</u>	<u>2.13%</u>	<u>3.57</u>	<u>2.06%</u>
		9/30/2015	\$ 53,404,623	\$ 54,159,582	<u>101.4%</u>	<u>2.26%</u>	<u>3.61</u>	<u>2.24%</u>
			\$ 297,365	\$ 347,114	0.1%	0.13%	0.04	0.18%
	Great West Life	6/30/2015	\$ 81,782,666	\$ 83,066,487	<u>101.6%</u>	<u>2.32%</u>	<u>3.66</u>	<u>2.64%</u>
		9/30/2015	\$ 82,317,533	\$ 83,875,152	<u>101.9%</u>	<u>2.23%</u>	<u>3.43</u>	<u>2.62%</u>
			\$ 534,867	\$ 808,665	0.3%	-0.09%	(0.23)	-0.02%
	Jennison	6/30/2015	\$ 51,511,640	\$ 53,243,260	<u>103.4%</u>	<u>1.65%</u>	<u>4.01</u>	<u>2.66%</u>
		9/30/2015	\$ 51,823,230	\$ 53,715,582	<u>103.7%</u>	<u>1.63%</u>	<u>4.14</u>	<u>2.57%</u>
			\$ 311,590	\$ 472,322	0.3%	-0.02%	0.13	-0.09%
Total Fund		6/30/2015	\$ 396,777,097	\$ 403,383,526	<u>101.7%</u>	<u>1.69%</u>	<u>2.88</u>	<u>2.09%</u>
		9/30/2015	\$ 396,609,673	\$ 403,654,845	<u>101.8%</u>	<u>1.74%</u>	<u>2.90</u>	<u>2.10%</u>
			\$ (167,424)	\$ 271,319	0.1%	0.05%	0.02	0.01%

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Third Quarter 2015

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>9/30/2015</u>	<u>6/30/2015</u>	<u>9/30/2015</u>	<u>6/30/2015</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Nationwide Life Ins. Co.	A+	A+	A1	A1
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Solid capital levels
- Group diversity is a strength as only remaining insurer with leading positions in both Life and Property & Casualty
- Leading positions in most Life and Annuity products

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Strong positions in niche markets such as COLID/BOLI for non-qualified executive benefits
- Reliant on support from the parent company; the leading insurer in Canada which had strong 2014 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Has been declared a non-bank Systematically Important Financial Institution (SIFI) by the FSOC; but will fight the designation in court
- Capital ratios remain below average, but have improved slightly despite dividends to the holding company

Nationwide Life Ins. Co.

- Part of a leading mutual group that includes a leading P&C company
- Strong history of earnings
- Significant variable annuity hedging has resulted in volatile investment earnings

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Capital ratios are now average following a large captive reinsurance transaction, however the quality of the ratios was lowered by the transaction
- Reputation for being more aggressive than peers on investments and policies

The information contained herein reflects the views of Galliard Capital Management, Inc. & sources believed to be reliable by Galliard as of the date of publication. The views expressed here may change at any time subsequent to the date of publication. This publication is for informational purposes only.
For institutional investors only.

North Carolina 457 Stable Value Fund Portfolio Review

Portfolio Holdings

September 30, 2015

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Cash & Equivalents												
FUNDAVAIL	Cash Receivable / (Payable)		-232,135	-232,135	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		8,652,741	8,652,741	100.0	2.2	0.01		0.10	AAA	Aaa	
Total Cash & Equivalents			8,420,606	8,420,606	100.0	2.1	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		26,099,106	26,099,106	100.0	6.6	1.69		2.40	AA-	Aa3	
Total Stable Value Funds			26,099,106	26,099,106	100.0	6.6	1.69		2.40	AA-	Aa3	
Separate Account GICs												
Intermediate Portfolio												
391997NC3	GreatWest Life Insurance Co.	Great West	82,317,533	83,875,152	101.9	20.8	2.62	N.S.M.	3.43	AA	Aa3	15.0
590994BY4	Metropolitan Life Ins. Co.	Dodge & Cox	53,404,623	54,159,582	101.4	13.5	2.24	N.S.M.	3.61	AA-	Aa3	20.0
Total Intermediate Portfolio			135,722,156	138,034,735	101.7	34.2	2.47		3.50	AA	Aa3	
Total Separate Account GICs			135,722,156	138,034,735	101.7	34.2	2.47		3.50	AA	Aa3	
Security Backed Investment Contracts												
Short Portfolio												
946996DV4	American General Life Ins. Co.	Payden & Rygel	60,337,029	60,544,526	100.3	15.2	1.27	N.S.M.	1.30	A+	A2	22.0
896994MP2	Nationwide Life Ins. Co.	Galliard	61,895,775	62,618,328	101.2	15.6	1.80	N.S.M.	1.91	A+	A1	23.0
Total Short Portfolio			122,232,804	123,162,854	100.8	30.8	1.54		1.61	A+	A1	
Intermediate Portfolio												
744999CF8	Prudential Ins. Co. of America	Jennison Assoc.	51,823,230	53,715,582	103.7	13.1	2.57	N.S.M.	4.14	AA-	A1	17.0
744999CF8	Prudential Ins. Co. of America	Prudential	52,311,770	54,221,962	103.7	13.2	2.57	N.S.M.	3.81	AA-	A1	17.0
Total Intermediate Portfolio			104,135,000	107,937,544	103.7	26.3	2.57		3.97	AA-	A1	
Total Security Backed Investment Contracts			226,367,804	231,100,397	102.1	57.1	2.01		2.70	A+	A1	
Total Fund			396,609,673	403,654,845	101.8	100.0	2.10		2.90	AA-	A1	

*N.S.M. = No Stated Maturity

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.05	0.80	0.95	1.01	1.47	1.94
Benchmark***	0.29	1.02	1.19	0.86	1.04	1.52

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2009

***Barclays U.S. 1-3 Year Government/Credit Bond Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA+	Total Assets	\$60.5 million
Weighted Average Maturity	1.77 years	1.86 years	Number of Issues	210
Yield to Maturity	1.11%	0.95%	Weighted Coupon	1.28%
Effective Duration	1.30 years	1.80 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

Third Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	27.4%	28.9%	68.7%
Other U.S. Government	2.0%	2.0%	0.0%
Taxable Municipal	2.5%	2.5%	0.5%
Corporates	41.5%	41.4%	23.4%
Asset Backed Securities (ABS)	13.7%	12.9%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	3.2%	2.4%	0.0%
Sovereign / Supranationals	9.4%	8.5%	7.4%
Cash / Equivalents	0.2%	1.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	55.9%	56.0%	71.7%
AA	4.3%	4.7%	6.8%
A	22.5%	21.9%	12.6%
BBB	17.3%	17.5%	8.9%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

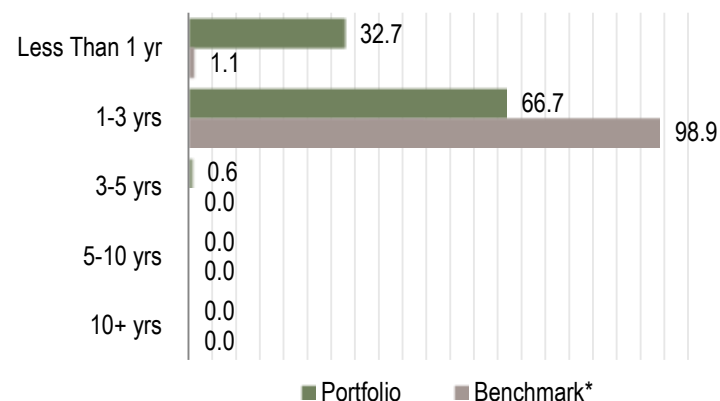
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 457 - Payden & Rygel

Third Quarter 2015

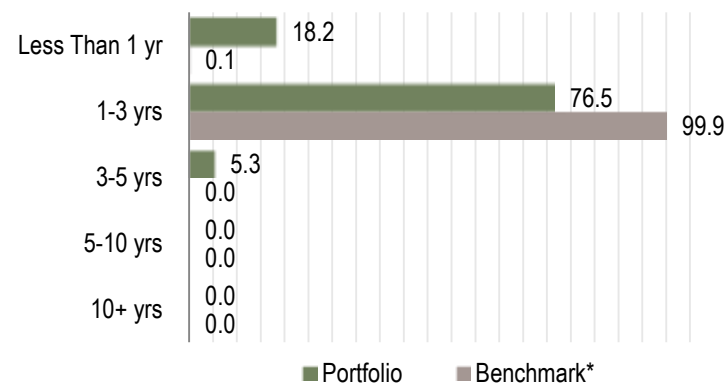
Duration Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	32.5%	32.7%	1.1%
1-3 yrs	66.4%	66.7%	98.9%
3-5 yrs	1.1%	0.6%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	15.7%	18.2%	0.1%
1-3 yrs	77.6%	76.5%	99.9%
3-5 yrs	6.8%	5.3%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review – Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	0.35	0.47	1.30	1.71	1.02	---	2.14
Barclay's 1-3 Year Govt/Credit	0.30	0.29	1.02	1.19	0.86	1.04	1.40

*Returns for periods of less than one year are not annualized.

**Galliard Performance Inception: January 01, 2010

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	1 Mo	3 Mos	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception**
Portfolio	0.35	0.47	1.30	1.71	1.02	1.73	3.01	2.96
Benchmark***	0.30	0.32	1.01	1.20	0.70	0.79	2.62	2.53

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Galliard Performance Inception: January 01, 2005

***Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AAA	Total Assets	\$13,489.1 million
Weighted Average Maturity	2.41 years	1.81 years	Number of Issues	1383
Yield to Maturity	1.40%	0.63%	Weighted Coupon	2.00%
Effective Duration	1.91 years	1.76 years	Estimated Annual Income	\$266.7 million

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

Sector Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
U.S. Government/Agency Debentures	9.4%	14.2%	100.0%
Other U.S. Government	3.7%	4.1%	0.0%
Taxable Municipal	2.7%	2.8%	0.0%
Corporates	23.1%	23.6%	0.0%
Asset Backed Securities (ABS)	24.8%	24.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.1%	5.8%	0.0%
Mortgage Backed Securities (MBS)	23.1%	23.1%	0.0%
Sovereign / Supranationals	0.0%	0.0%	0.0%
Cash / Equivalents	7.0%	1.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	% of Portfolio 09/30/2015
Citigroup Inc	0.7%
JPMorgan Chase & Co	0.6%
Bank of America Corp	0.6%
PNC Financial Services Group Inc	0.6%
US Bancorp/MN	0.6%
Total	3.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
AAA	76.4%	76.1%	96.0%
AA	8.3%	8.2%	4.0%
A	14.1%	14.5%	0.0%
BBB	1.2%	1.1%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

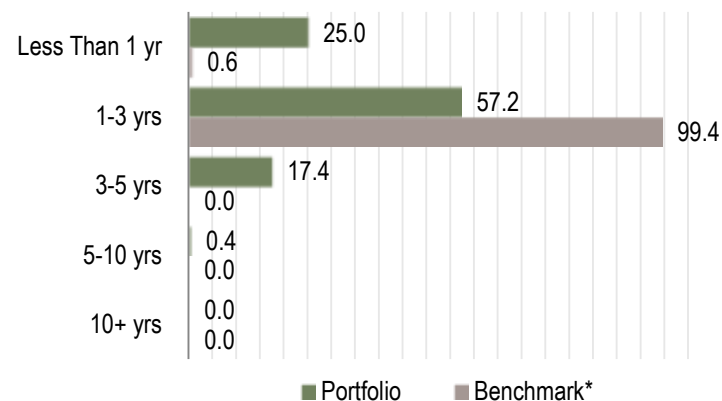
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

Third Quarter 2015

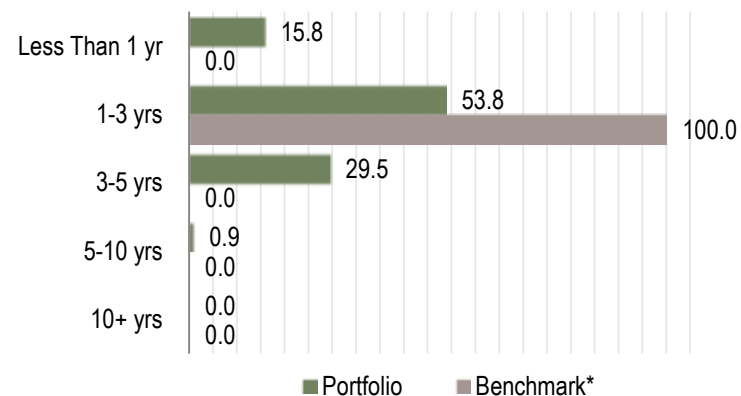
Duration Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	26.3%	25.0%	0.6%
1-3 yrs	54.6%	57.2%	99.4%
3-5 yrs	19.1%	17.4%	0.0%
5-10 yrs	0.0%	0.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	17.1%	15.8%	0.0%
1-3 yrs	52.6%	53.8%	100.0%
3-5 yrs	28.4%	29.5%	0.0%
5-10 yrs	1.9%	0.9%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



*Barclays Capital 1-3 Yr Government. Benchmark information shown is used for comparative purposes only. The fund is managed to a targeted duration of 2.0 years.

**Column percentage may not add exactly due to rounding

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	3 Mos	YTD	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.05	1.78	3.03	1.68	2.81	2.92
Benchmark***	1.08	1.73	2.95	1.64	2.69	2.80

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,404.0 million
Weighted Average Maturity	4.70 years	4.99 years	Number of Issues	976
Yield to Maturity	1.97%	2.01%	Weighted Coupon	3.03%
Effective Duration	3.81 years	3.96 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Third Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	33.8%	39.0%	39.7%
Other U.S. Government	1.2%	1.7%	0.7%
Taxable Municipal	0.2%	0.2%	0.4%
Corporates	17.9%	21.8%	19.5%
Asset Backed Securities (ABS)	0.3%	0.3%	0.7%
Commercial Mortgage Backed Securities (CMBS)	3.3%	3.0%	1.5%
Mortgage Backed Securities (MBS)	27.6%	33.1%	33.0%
Sovereign / Supranationals	0.6%	0.7%	4.5%
Cash / Equivalents	15.1%	0.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	80.7%	76.6%	76.9%
AA	1.8%	2.2%	4.0%
A	8.9%	10.3%	9.4%
BBB	8.7%	10.9%	9.7%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

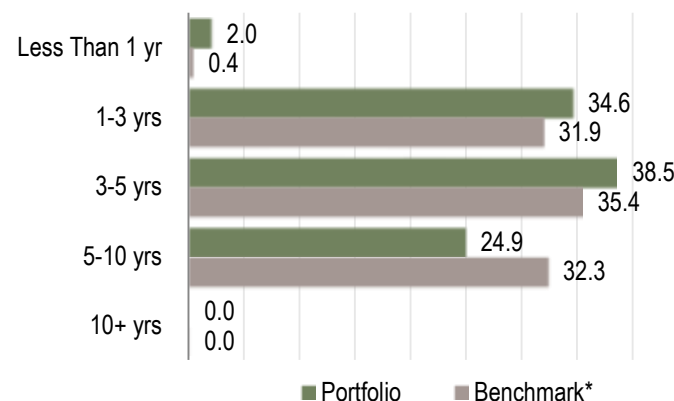
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund M (Prudential)

Third Quarter 2015

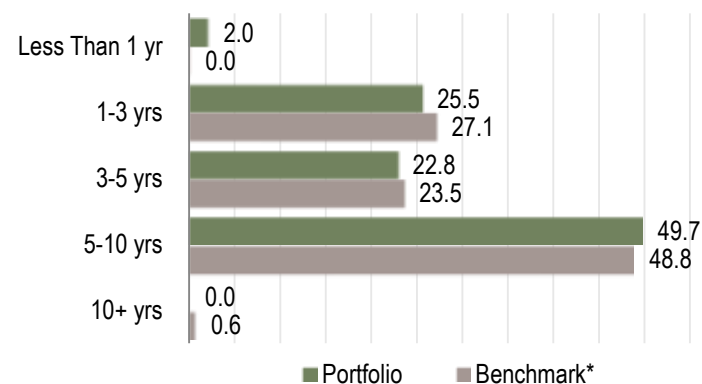
Duration Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	17.6%	2.0%	0.4%
1-3 yrs	24.4%	34.6%	31.9%
3-5 yrs	31.8%	38.5%	35.4%
5-10 yrs	26.2%	24.9%	32.3%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	17.6%	2.0%	0.0%
1-3 yrs	19.9%	25.5%	27.1%
3-5 yrs	20.1%	22.8%	23.5%
5-10 yrs	42.4%	49.7%	48.8%
10+ yrs	0.1%	0.0%	0.6%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

Third Quarter 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	3 Mos	YTD	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.02	2.00	3.17	1.86	--	2.50
Benchmark***	1.23	1.85	3.16	1.59	2.56	2.14

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: October 01, 2011

***Barclays U.S. Intermediate Aggregate Bond Index A or Better

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$83.9 million
Weighted Average Maturity	4.70 years	4.96 years	Number of Issues	202
Yield to Maturity	2.23%	1.84%	Weighted Coupon	3.40%
Effective Duration	3.43 years	3.89 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

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Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

Third Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	1.0%	1.0%	43.9%
Other U.S. Government	8.7%	7.0%	0.8%
Taxable Municipal	0.0%	0.0%	0.5%
Corporates	15.1%	15.4%	12.1%
Asset Backed Securities (ABS)	10.3%	10.9%	0.7%
Commercial Mortgage Backed Securities (CMBS)	9.9%	9.6%	1.6%
Mortgage Backed Securities (MBS)	53.9%	55.5%	36.6%
Sovereign / Supranationals	0.0%	0.0%	3.9%
Cash / Equivalents	1.0%	0.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	81.9%	81.0%	85.2%
AA	6.6%	7.2%	4.4%
A	10.2%	10.3%	10.4%
BBB	1.2%	1.4%	0.0%
< BBB	0.1%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

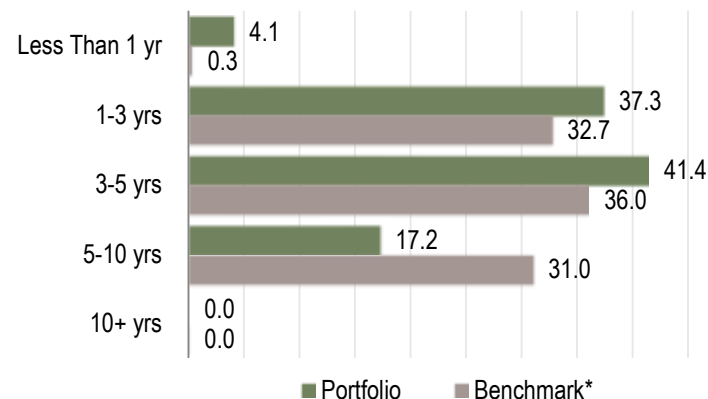
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - North Carolina 457 - Great West ISA

Third Quarter 2015

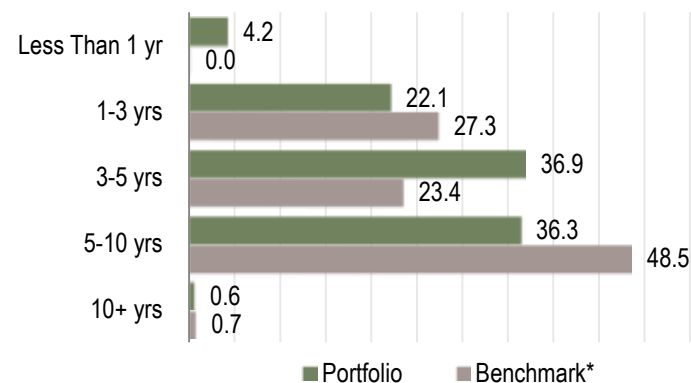
Duration Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	3.5%	4.1%	0.3%
1-3 yrs	32.6%	37.3%	32.7%
3-5 yrs	46.7%	41.4%	36.0%
5-10 yrs	17.2%	17.2%	31.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 06/30/2015	% of Portfolio 09/30/2015	% of Benchmark* 09/30/2015
0-1 yrs	2.5%	4.2%	0.0%
1-3 yrs	22.4%	22.1%	27.3%
3-5 yrs	36.3%	36.9%	23.4%
5-10 yrs	36.1%	36.3%	48.5%
10+ yrs	2.5%	0.6%	0.7%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

September 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	1 Mo	3 Mos	YTD	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	0.64	0.91	1.58	2.89	1.44	2.79	2.96
Benchmark***	0.67	0.95	1.77	2.68	1.45	2.42	2.67

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Government/Credit Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA	Total Assets	\$2,956.4 million
Weighted Average Maturity	7.30 years	4.20 years	Number of Issues	236
Yield to Maturity	1.63%	1.69%	Weighted Coupon	2.40%
Effective Duration	4.14 years	3.88 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

September 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	62.6%	59.6%	61.9%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.1%	0.0%	0.7%
Corporates	31.0%	34.0%	30.4%
Asset Backed Securities (ABS)	3.7%	2.7%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.1%	0.0%	0.0%
Mortgage Backed Securities (MBS)	0.0%	0.0%	0.0%
Sovereign / Supranationals	0.0%	0.0%	7.1%
Cash / Equivalents	2.6%	3.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	69.5%	66.5%	64.8%
AA	2.4%	2.5%	5.8%
A	15.7%	17.1%	14.4%
BBB	12.4%	13.8%	15.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

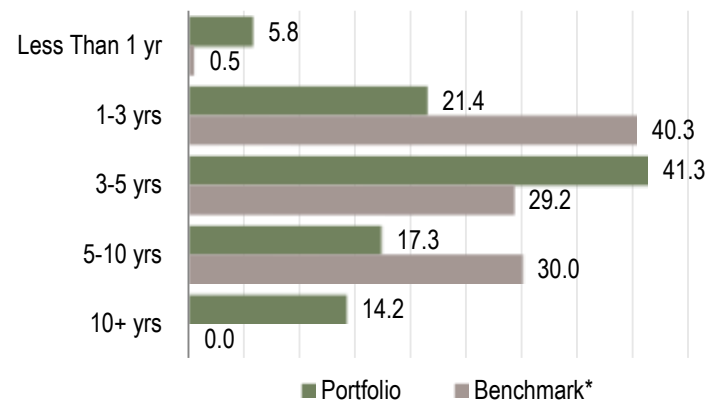
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

September 2015

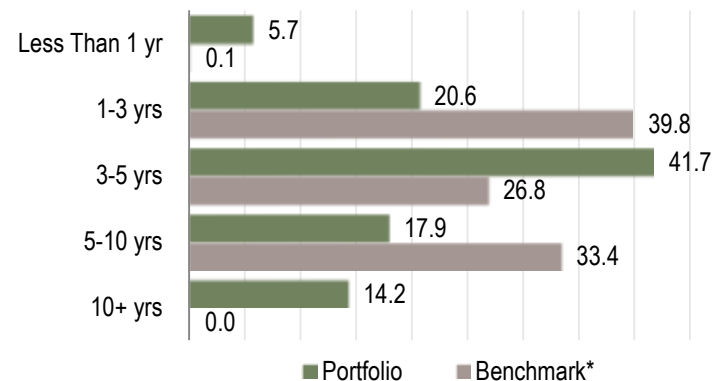
Duration Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	5.9%	5.8%	0.5%
1-3 yrs	26.0%	21.4%	40.3%
3-5 yrs	38.3%	41.3%	29.2%
5-10 yrs	17.5%	17.3%	30.0%
10+ yrs	12.4%	14.2%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	5.8%	5.7%	0.1%
1-3 yrs	25.0%	20.6%	39.8%
3-5 yrs	37.0%	41.7%	26.8%
5-10 yrs	19.8%	17.9%	33.4%
10+ yrs	12.4%	14.2%	0.0%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

September 2015

Annualized Investment Performance*

Periods Ending September 30, 2015

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	0.58	0.65	--	--	--	-0.16
Benchmark***	0.66	1.08	2.95	1.64	2.69	0.86

*Returns for periods of less than one year are not annualized. Returns shown are before fees.

**Performance Inception: March 01, 2015

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA-	AA+	Total Assets	\$544.9 million
Weighted Average Maturity	4.72 years	4.99 years	Number of Issues	142
Yield to Maturity	2.26%	2.01%	Weighted Coupon	3.20%
Effective Duration	3.61 years	3.96 years		

Portfolio characteristics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

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Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

September 2015

Sector Distribution

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
U.S. Government/Agency Debentures	15.1%	12.3%	39.7%
Other U.S. Government	0.6%	0.6%	0.7%
Taxable Municipal	2.2%	2.3%	0.4%
Corporates	35.0%	39.9%	19.5%
Asset Backed Securities (ABS)	7.6%	8.0%	0.7%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.5%
Mortgage Backed Securities (MBS)	33.4%	32.9%	33.0%
Sovereign / Supranationals	0.0%	0.0%	4.5%
Cash / Equivalents	6.1%	3.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>06/30/2015</i>	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Benchmark*</i> <i>09/30/2015</i>
AAA	62.8%	57.8%	76.9%
AA	0.3%	1.5%	4.0%
A	11.4%	10.9%	9.4%
BBB	25.4%	29.8%	9.7%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

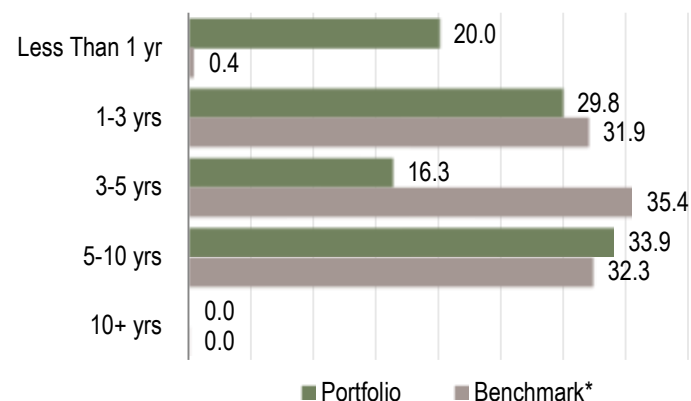
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Fixed Income Portfolio Review - MetLife Separate Account 769/770 - Dodge & Cox

September 2015

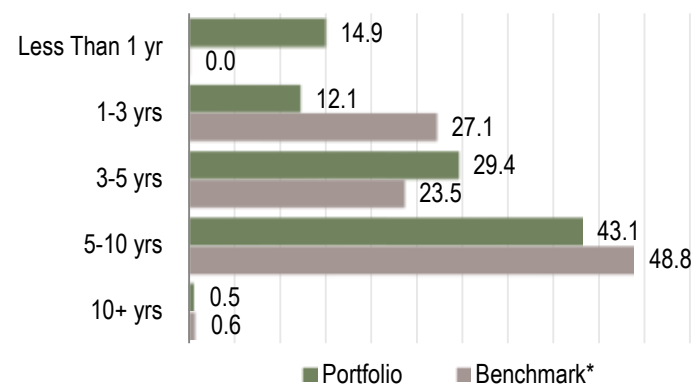
Duration Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	21.9%	20.0%	0.4%
1-3 yrs	26.9%	29.8%	31.9%
3-5 yrs	20.3%	16.3%	35.4%
5-10 yrs	31.0%	33.9%	32.3%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 06/30/2015</i>	<i>% of Portfolio 09/30/2015</i>	<i>% of Benchmark* 09/30/2015</i>
0-1 yrs	16.0%	14.9%	0.0%
1-3 yrs	14.2%	12.1%	27.1%
3-5 yrs	24.8%	29.4%	23.5%
5-10 yrs	44.9%	43.1%	48.8%
10+ yrs	0.0%	0.5%	0.6%
Total	100.0%**	100.0%**	100.0%**



Portfolio statistics are calculated by Galliard based on external manager supplied holdings.

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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APPENDIX

MARKET REVIEW

THIRD QUARTER 2015

Consumers Continue to Fuel the U.S. Economy

- The U.S. economy rebounded to a +3.9% pace in Q2, led by robust personal consumption figures, bringing 1H15 growth to +2.3%.
- Consumer confidence continues to be supported by a positive employment outlook, modest wage growth, and home price gains. The Conference Board's Consumer Confidence Index stood at 103.0 in September, near a cycle-high.
- The U.S. housing market continues to strengthen. The S&P/Case-Shiller U.S. National Home Price Index posted a gain of +4.7% for the year ended July 2015. New home sales rose to 552k annual units in August, while the inventory of unsold homes remains below the long-run average.



Signs of Slowdown Emerging Across the Globe

- While developed economies such as the U.S. and Europe saw continued modest expansion during the quarter, most emerging markets and commodity-focused economies saw conditions deteriorate further.
- A sharp slowdown in Chinese manufacturing output led the Chinese government to devalue its currency (the yuan) and contemplate further stimulus measures.
- J.P. Morgan's Global Manufacturing PMI survey was at 50.6 in September, barely in expansionary territory and the lowest reading since July 2013.
- The U.S. dollar held its gains from earlier in the year, despite dampened expectations for Fed policy rate hikes, as investors sought a safe haven from market volatility.



Source: Bloomberg

Source: Bloomberg

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MARKET REVIEW

THIRD QUARTER 2015

2015 Rate Lift-off Now Uncertain

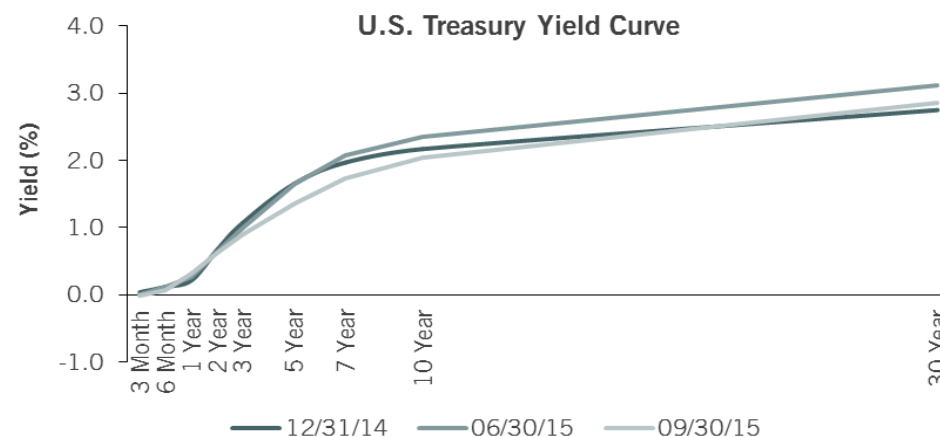
- Despite the trend of positive data leading into the September meeting, the Fed decided to keep its policy rate on hold, citing global growth concerns and an inflation rate still far below the Fed's target.
- After a robust July jobs number, hiring data cooled off over the remainder of the quarter. Adjusted for revisions, the economy added only 139K new jobs per month in August and September.
- Neither a change in inflation readings nor better visibility on the outlook for global growth seems likely over the next several months, suggesting the Fed could easily push liftoff into 2016.



Source: Bloomberg

Equity Market Volatility Reverberated In Treasury Yields

- Treasury yields experienced a volatile quarter as global equity markets swooned and the Fed elected not to raise its policy rate at the September FOMC meeting.
- Yields fell across nearly all maturities during the quarter, with yields on the 7-10 year segment falling the most. The 10-year T-Note yield fell 31bps over Q3 to end the quarter at 2.04%.
- Despite a wild ride, longer-dated Treasury bond yields are little changed on the year. The 10-year Treasury yield is 13bps lower on the year, while the yield on the 30-year Long Bond is higher by 10bps.



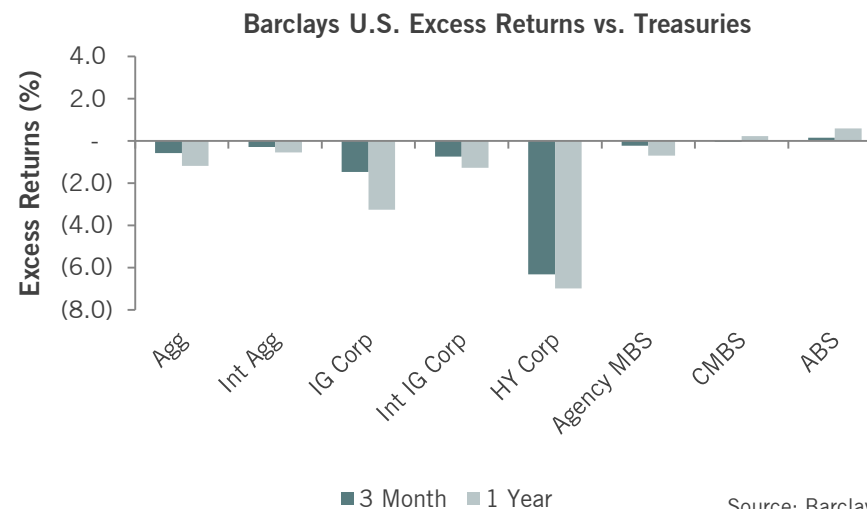
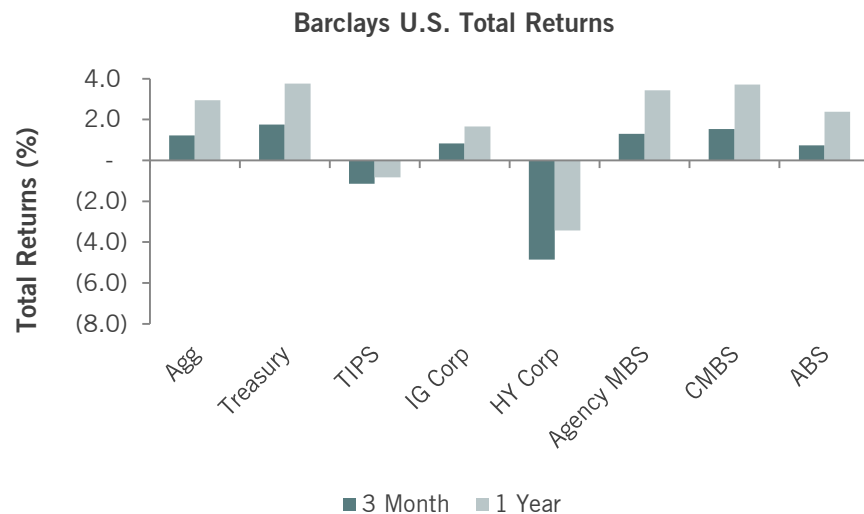
Source: Bloomberg

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MARKET REVIEW

THIRD QUARTER 2015

High Quality Bonds Rally, But Spread Sectors Lag Treasuries



Source: Barclays

- U.S. Treasury yields rallied during the third quarter. Total returns are modestly positive across the yield curve year-to-date with the exception of the 30-year segment where yields remain slightly higher than where they ended 2014. TIPS underperformed during the quarter as inflation expectations fell.
- Credit spreads widened during the quarter and most spread sectors underperformed U.S. Treasuries. Lower quality issuers underperformed higher quality names, and longer bonds underperformed shorter maturities. Investment grade corporates underperformed similar duration Treasuries by -146bps on the quarter and -326bps over the last 12 months. The Energy and Metals & Mining industries fared worst as fundamentals continued to deteriorate.
- High yield corporates fell sharply during the quarter as investors fled the sector amid concerns over the global growth outlook and deteriorating fundamentals in key sectors like Energy. High yield underperformed Treasuries by -631bp in Q3 and -698bp over the last 12 months.
- Agency MBS posted modestly negative results relative to Treasuries. On the plus side, the sector benefited from a flight-to-quality during the quarter. However, increased prepayment risk from lower interest rates put some pressure on valuations, particularly in higher coupons. MBS posted -22 bps and -70 bps of excess returns for the quarter and last 12 months, respectively.
- ABS spreads remained relatively range-bound during the quarter as this sector's high quality, shorter maturity profile remained a bit of a safe-haven for investors. Relative to Treasuries, ABS generated +16 bps of excess return in third quarter and +60 bps of excess return over the full year.
- CMBS was flat as modest spread widening ate into the sector's yield advantage over Treasuries. Relative to Treasuries, CMBS generated -5 bps of excess return on the quarter, but +23bps for the full year.

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MARKET REVIEW

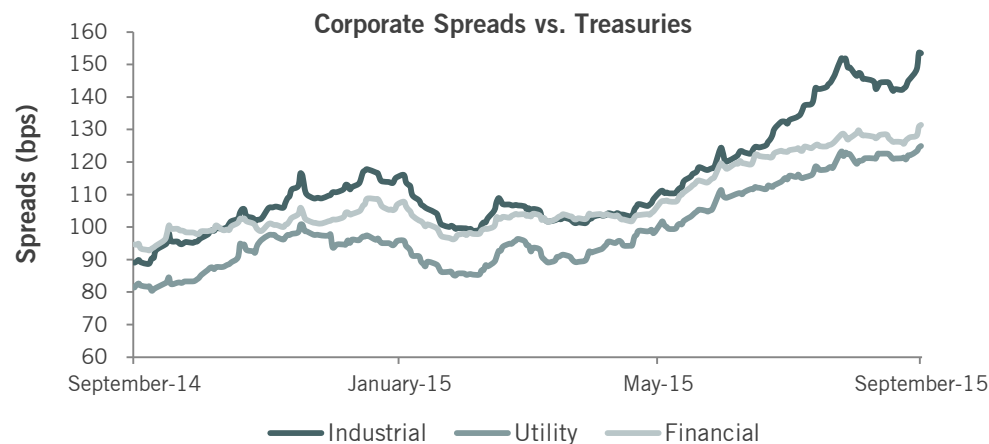
THIRD QUARTER 2015

Corporate Credit Under Pressure

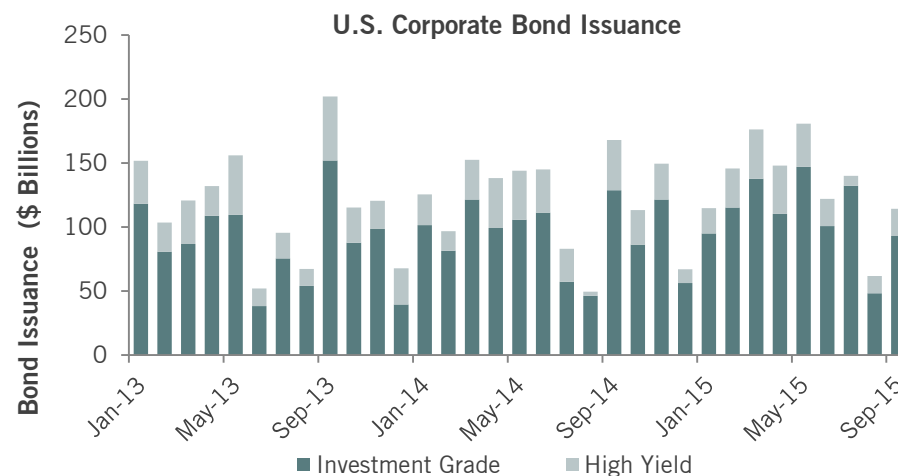
- An ugly cocktail of global growth concerns, uncertainty over the path of Fed policy, and spillover from weakness in the Energy and Metals & Mining sectors all combined to push credit spreads wider during the third quarter. At +169 bps, the U.S. Corporate Index OAS is at its widest level since September 2012.
- Volkswagen AG (VW) admitted to willfully violating U.S. EPA emission standards on 482,000 diesel-equipped vehicles sold in the U.S. VW will face recall and fix costs, fines, and civil lawsuits in the U.S. Worldwide, as many as 11 million vehicles may require a fix, which could bring total costs into the tens of billions of dollars. Five-year VW bond spreads have widened nearly 200 basis points, while other names in the sector have widened modestly in sympathy.
- Oil prices briefly dropped below \$40/bbl in late August, the lowest level in more than six years. Falling prices have put material pressure on the entire Energy sector, with drillers and suppliers feeling the most pressure. Excess returns in the Energy sector overall are -499bps year-to-date, versus -227bps for the Corporate Index overall.

Global Volatility Slows Down Corporate Issuance

- The spike in market volatility in August and September slowed the new issue machine as a number of issuers pulled deals from the market.
- High grade new issuance in 3Q15 was a healthy \$273 billion, as a busy July made up for an uncharacteristically slow September. Year-to-date new high grade corporate issuance now stands at \$985bn for the year; deal flow will need to return to normal soon for the current year to have a shot at surpassing 2014's total issuance figures.



Source: Barclays



Source: SIFMA

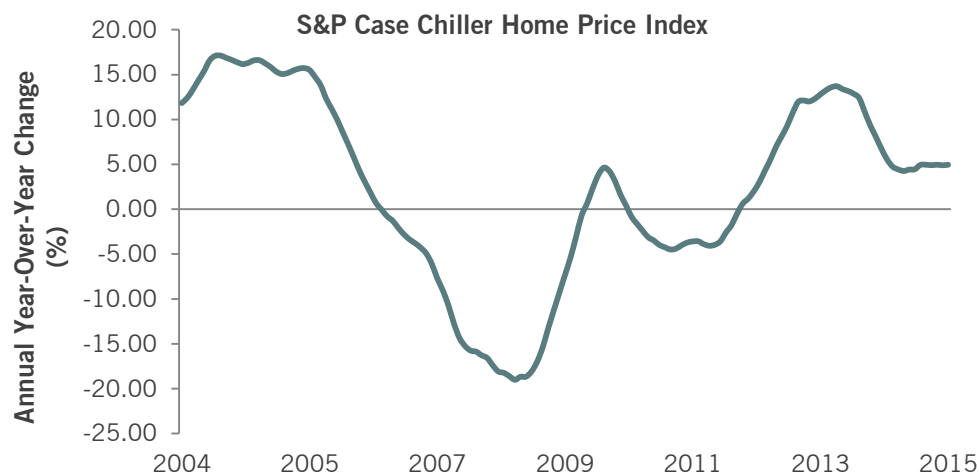
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MARKET REVIEW

THIRD QUARTER 2015

Steadily Improving Housing Data

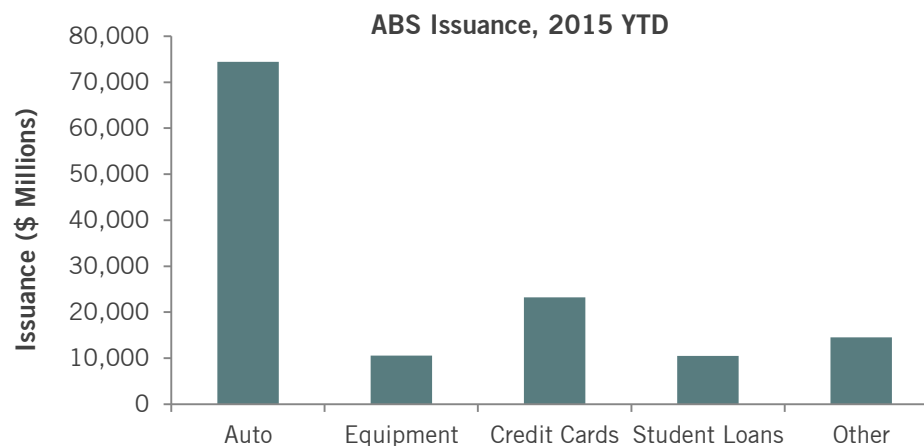
- The S&P Case-Shiller Home Price Index registered a 4.96% gain for the 12 months ended July 2015.
- Mortgage rates, as measured by the Freddie Mac Weekly Survey Rate, have been volatile intra-year but are essentially unchanged relative to where they started the year.
- Mortgage rates remain low, which should support increasing purchase activity. However, if wage growth remains muted, the pace of further home price appreciation may be more subdued.



Source: S&P/Dow Jones Indices

Strong Auto Sales, CRE Valuations Drive Issuance

- Amidst strong auto sales, ABS Auto issuance remains robust, with \$74.4 billion of supply through the third quarter versus \$69.8 billion through the same period last year.
- Away from Autos, however, market volatility has curtailed ABS new issue supply in other sectors. Year to date, total ABS new supply of \$133 billion is 10% lower than during the comparable period last year.
- The CMBS new issue market printed \$19.6 billion of supply in third quarter. Between Conduit and Single Asset/Single Borrower transactions, private label CMBS new supply in 2015 has reached nearly \$71 billion year-to-date, which is 7% more than the same period a year ago.
- Commercial real estate values continue to trend higher, supporting both existing deals and the new issue market.



Source: Moody's/RCA CPPI

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GALLIARD CAPITAL MANAGEMENT PROFESSIONALS

**William Weber***Senior Director*

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william.l.weber@galliard.com

Responsibilities

As a member of the Client Service and Stable Value Portfolio Management teams, William serves primarily as an Institutional Relationship Manager. He works with clients and their consultants to develop strategy and ensure expectations and objectives are met. In addition, William is a member of the Consultant Relations team, serving as a liaison between Galliard's investment professionals and clients to articulate portfolio and relationship goals. He also supports Galliard's Fund Direct business, working with advisors and trading partners to serve investors in the Wells Fargo Stable Return Fund and the Galliard Managed Income Fund.

Oversight Committees and Working Groups

External Manager Oversight Committee, Stable Value Strategy Working Group, Wrap Contract Review Committee

Experience

- Joined Galliard in 2009
- Previously a manager at PricewaterhouseCoopers, LLP

Education

B.S., Business, Finance, Accounting, Carlson School of Management at the University of Minnesota