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Section V:	State of North Carolina 457 Stable Value Fund Portfolio Review
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State of North Carolina Portfolio Review

August 15, 2013

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Galliard Capital Management

Fixed Income and Stable Value Specialists



Fixed Income and Stable Value Specialists

- | Currently managing \$83.9 Billion
- | 98 professionals on staff[^]
- | Second largest stable value manager*
- | Ranked 26th in overall institutional assets **
- | Ranked 13th largest active domestic fixed income manager *
- | Ranked 12th largest defined contribution manager **
- | Ranked 71st total worldwide institutional assets under management **

[^] Number of employees as of July 15, 2013

* *Pensions & Investments*, Largest Money Managers Report, May 28, 2012. The ranking is based on U.S. Institutional, tax-exempt assets in millions, as of December 31, 2011.

** *Pensions & Investments*, Largest Money Managers Report, May 27, 2013. The ranking is based on U.S. Institutional, tax-exempt assets managed internally in millions, as of December 31, 2012.

Our client focus and organizational stability have been the key to our long term success

Galliard Capital Management

Composition of Business*

Galliard Firm Assets
Under Management | **\$83.9**
billion

Assets Under Management (By Strategy):

- | Short Duration: \$35.7 Billion
- | Intermediate Core: \$14.2 Billion
- | Broad Market Core & Core Plus: \$2.8 Billion
- | Custom: \$31.2 Billion

Assets Under Management (By Plan Type):

- | Corporate Retirement/Benefit Plans: \$67.4 Billion
- | Public Entities: \$11.5 Billion
- | Operating Funds: \$2.5 Billion
- | Partnerships: \$1.7 Billion
- | Foundation/Endowments: \$458.9 Million
- | Taft Hartley: \$394.4 Million

Stable Value
Assets | **\$76.5**
billion

2012 Stable Value Summary

- | \$3.3 Billion new assets
- | 17 new clients

Representative Stable Value Clients:**

- | Archer Daniels Midland
- | AkzoNobel Inc.
- | National Oilwell Varco
- | Halliburton

We have successfully managed portfolios for a broad array of applications and clients

*As of 6/30/13

**Clients listed above include a sampling of Galliard's clients. Excludes those requesting confidentiality. Inclusion is not performance based nor does it represent any endorsement of Galliard's services by the client.

Galliard Capital Management

Organization Chart

Executive Management Team

Carrie Callahan
Managing Partner

John Caswell, CFA
Founding Managing Partner

Richard Merriam, CFA
Founding Managing Partner

Ajay Mirza, CFA
Managing Partner

Karl Tourville
Founding Managing Partner

Client Portfolio Management

Mike Norman
Partner

Laura Sell, CFA
Director

Leela Scattum
Partner

William Weber
Director

Erol Sonderegger, CFA
Principal

Robert Crandall
Associate Director

Andrew Apostol
Senior Director

Jennifer Hopper, CFA
Senior Associate

David Ferry
Senior Director

Will Moeller, CFA
Senior Associate

Nick Gage, CFA
Senior Director

Doug Rangel, CFA
Senior Associate

Tami Pearse-Byczek
Senior Director

Jordan Bewley
Associate

Taylor Benson
Director

Todd Copenhaver
Associate

Andrea Johnson, CFA
Director

Fixed Income Sector Teams

Credit

Richard Merriam, CFA
Founding Managing
Partner
Sector Head

Matt Bentley
Principal

Chad Callahan
Principal

Rene Hoogmoed, CFA
Principal

Brandon Kanz, CFA
Senior Director

John Kenley, CFA
Associate Director

Robert Barrett, CFA
Senior Associate

Structured Product

Ajay Mirza, CFA
Managing Partner
Sector Head

Matt Robertson, CFA
Senior Director

Mike Meerovich
Director

Marco Perzichilli
Director

John Hammar
Senior Associate

Gauri Jadhav
Senior Associate

Elizabeth Smithley
Associate

Kerry Nelson
Associate

Tyler Wadsworth
Associate

Portfolio Analysis & Support

Kristin Daniels, CPA
Director

Heather Goserud
Associate

Mark Otto
Associate Director

Jeff Hay
Associate

Brian Brooks
Senior Associate

Matt Heutinck
Associate

Rasaan Ellison
Senior Associate

Phil Kos
Associate

Christina Mosher
Senior Associate

Suthisa Krupinski
Associate

Carmen Rangel, CPA
Senior Associate

Leslie Laubach
Associate

Jason Skull
Senior Associate

Andrew McKessock
Associate

Jesse Ahlbrecht
Associate

Lily Sihavong
Associate

Scott Baber
Associate

Steve Swanson
Associate

Anna Cesar
Associate

Operations & Technology

Chad Foote
Senior Principal

Whitney O'Neil
Senior Associate

George Jones
Director

Stephanie Ripley
Senior Associate

Peter Anderson
Associate Director

Christopher Smith
Senior Associate

Elena Ketter
Associate Director

Troy Visnovec
Senior Associate

Marylynn Shapiro
Associate Director

Mike Bouska
Associate

Jennifer deFiebre
Senior Associate

Charles Head
Associate

Shawn Erwin
Senior Associate

Lee Jacobsen
Associate

Brian Heruth
Senior Associate

Alicia Tompkins
Associate

William Ingle
Senior Associate

Corey Weber
Associate

Deanna Moriarty
Senior Associate

Marketing & Client Support

Jane Marie Petty
Principal

Linh Buoen
Senior Associate

Michelle Boss
Associate

Mark Perzichilli
Associate

Sue Stachel
Director

Seth Mork
Senior Associate

Justin Chafe
Associate

Stacie Sandager
Associate

Jennifer Diadoo
Associate Director

Jennie Soucheray
Senior Associate

Fiona Donahoe
Associate

Jennifer Miller
Associate Director

Barb Thomas
Senior Associate

Geneva Hanvik
Associate

Andrea Bartz
Senior Associate

Jennifer Wedan
Senior Associate

Alison Johnson
Associate

Compliance & Risk Management

David Lui
Chief Compliance Officer
Principal

Jason Mitchell
Senior Associate

Paula Novick
Associate Director

Maya Pillai
Senior Associate

Eric Vercauteren
Associate Director

Brian Renelt
Senior Associate

Nicole Berger
Associate

Wells Fargo Resources

Human Resources

Legal Department

Trust Operations

Investment Mgmt

Technology

Compliance/Risk Mgmt

Economic Research

Credit Research

Finance

New in 2012

New in 2013

Stable Value Market Update

Wrap Capacity

Wrap Market Update

- | Much improvement in wrap capacity with 18 providers currently in the market
- | Currently, predominantly insurance companies providing new capacity, some of which require affiliate investment management
- | Wrap capacity from Bank of America and Natixis (who are exiting) is actively being replaced by new entrants and providers increasing their capacity
- | Galliard has available capacity with new and existing providers and is actively on-boarding new entrants*
 - Established providers increasing capacity
 - American General Life
 - ING
 - MetLife
 - New York Life
 - Prudential
 - Royal Bank of Canada
 - Recent entrants increasing capacity
 - Bank of Tokyo**
 - Mass Mutual
 - Reinsurance Group of America
 - TIAA-CREF
 - Providers expected to enter in the coming year
 - Lincoln Financial**
 - Nationwide Life

Galliard continues to successfully transition Stable Value Portfolios in this environment:

- | Generated over \$32 billion in new wrap capacity since 2008
- | Galliard has available capacity with new and existing providers and is continually active in on-boarding new providers for additional capacity
- | Galliard continues to generate capacity through customized solutions

Galliard's conservative approach, proven track record and strong relationships within the wrap market have allowed us to deliver client solutions in a challenging market

*As of 6/30/13

** Pending Galliard approval

Stable Value Market Update

Galliard Wrap Issuer Summary

As of June 2013:

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	Galliard	A+	A2
ING Life Ins. and Annuity Co.	Yes	Yes	SBIC	Galliard, ING, PIMCO, Dodge & Cox	A-	A3
MassMutual Life Ins. Co.	Yes	Yes	SAGIC	Babson	AA+	Aa2
Metropolitan Life Ins. Co.	Yes	Yes	SAGIC	Galliard, PIMCO	AA-	Aa3
Monumental Life Ins. Co.	Yes	Yes	SBIC	Galliard, PIMCO, Dodge & Cox	AA-	A1
New York Life	Yes	Yes	SBIC & SAGIC	New York Life	AA+	Aaa
Prudential Life Ins. Co	Yes	Yes	SBIC	Galliard, Prudential, Jennison	AA-	A2
RGA Reinsurance Company	Yes	Yes	SBIC	Galliard	AA-	A1
Royal Bank of Canada	Yes	Yes	SBIC	Galliard	AA-	Aa3
TIAA-CREF	Yes	Yes	SAGIC	TIAA-CREF	AA+	Aaa
State Street Bank and Trust Co.	No	No	SBIC	Galliard, PIMCO	AA-	Aa2
Pacific Life Ins. Co.	No	No	SBIC	Galliard, PIMCO	A+	A1
United of Omaha	No	No	SBIC	Galliard	A+	A1
Bank of America, N.A. - <i>exiting</i>	No	No	SBIC	Galliard	A	A3
Natixis Financial Products, Inc. - <i>exiting</i>	No	No	SBIC	Galliard, PIMCO	A	A2

*Providers accepting deposits on a case by case basis

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

***Within Galliard Strategies

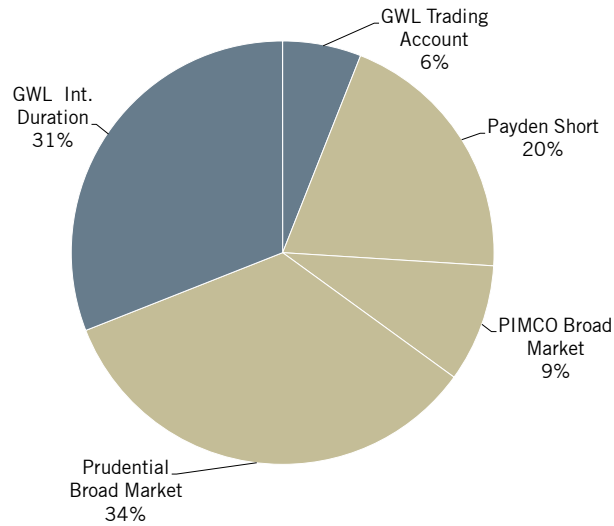
State of North Carolina Stable Value Funds

Transition Update

-
- 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
-
- January 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
-
- February 2011**
- 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
-
- March 2011**
- Transition 401(k) Plan's Prudential investment to intermediate duration collective trust
-
- July 2011**
- Moved from declared rate to actual portfolio returns
-
- 2012**
- Changed STIF to Wells Fargo Government Money Market
 - Finalize portfolio strategy recommendations
-
- 2013**
- Implementation of strategy recommendation changes
 - Secure wrap coverage for Payden & Rygal

State of North Carolina 401(k) Plan Transition Update

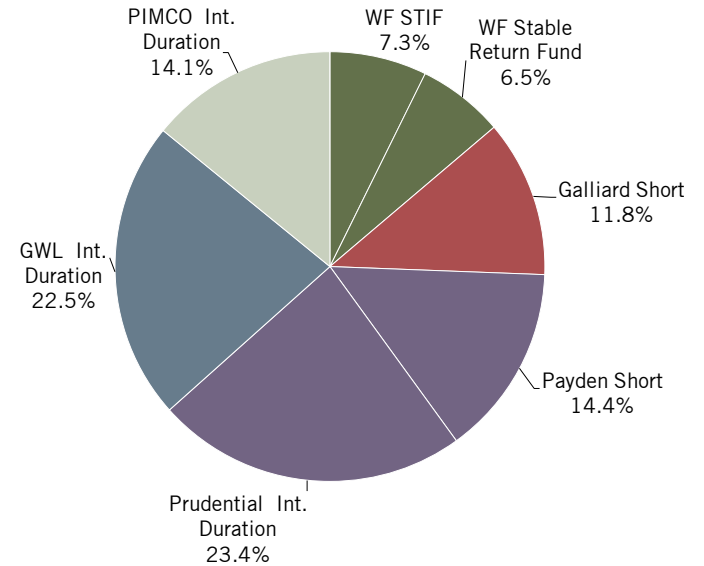
Initial Portfolio Allocation



= Prudential Wrap
 = Great West Life Wrap

Duration	3.1 years
Avg. Quality	AA
# of Managers	4
# of Wrappers	2

Portfolio Allocation 401(k) 6/30/13



= Liquidity Buffer = GWL
 = United of Omaha = MetLife
 = Prudential Wrap

Duration	3.21 years
Avg. Quality	AA
# of Managers	5
# of Wrappers	4

State of North Carolina Stable Value Funds

Proposed Reallocation

March 31, 2013 Allocation

Buffer

STIF - Wells Fargo Govt 7.0%

Reduce to 3%

Wells Fargo Stable Return Fund 6.5%

Short Duration

Prudential - Payden & Rygel 14.5%

New AGL Wrap

United of Omaha - Galliard 11.8%

Int. Duration

Prudential - Prudential 23.5%

Reduce to 15%

Great West - Great West 22.6%

Reduce to 20%

MetLife - PIMCO 14.1%

Reduce to 13%

New Manager

March 31, 2013 Allocation Statistics

of Wrap Issuers: 4

of Managers: 5

Maximum Wrap Exposure: 38%

Maximum Manager Exposure: 24%

Weighted Avg. Wrap Fee: 17 bp

Weighted Avg. SubAdvisory Fee: 8 bp

Proposed Reallocation

Buffer

STIF - Wells Fargo Govt 3.0%

Wells Fargo Stable Return Fund 7.0%

Short Duration

American General - Payden & Rygel 15.0%

United of Omaha - Galliard 12.0%

Int. Duration

Prudential - Prudential 15.0%

Great West - Great West 20.0%

MetLife - PIMCO 13.0%

Prudential - Jennison 15.0%

Proposed Reallocation Statistics

of Wrap Issuers: 5

of Managers: 6

Maximum Wrap Exposure: 30%

Maximum Manager Exposure: 20%

Weighted Avg. Wrap Fee: 18 bp

Weighted Avg. SubAdvisory Fee: 8 bp

State of North Carolina Stable Value Funds

Fee Summary

401(k) Plan Stable Value Fund

Benefit Responsive Wrap Fees

Great West Life	0.15%
Prudential (Weighted Avg.)	0.17%
MetLife	0.20%
United of Omaha	<u>0.25%</u>
Weighted Average Wrap Fee	0.17%

Investment Management Fees

Payden & Rygel	0.14%
Prudential	0.06%
Great West Life	0.05%
PIMCO	<u>0.23%</u>
Weighted Average Management Fee	0.08%

Galliard Oversight & Management	0.07%
Wrap & Sub Advisory	0.25%
Admin Fee	0.12%
Total Fees	0.44%

457 Plan Stable Value Fund

Benefit Responsive Wrap Fees

Great West Life	0.15%
Prudential (Weighted Avg.)	0.17%
MetLife	0.20%
United of Omaha	<u>0.25%</u>
Weighted Average Wrap Fee	0.17%

Investment Management Fees

Payden & Rygel	0.14%
Prudential	0.06%
Great West Life	0.05%
PIMCO	<u>0.23%</u>
Weighted Average Management Fee	0.08%

Galliard Oversight & Management	0.07%
Wrap & Sub Advisory	0.26%
Admin Fee	0.12%
Total Fees	0.45%

*Excludes wrap, admin and subadvisory fees on the Wells Fargo Stable Return Fund that are netted from the yield.

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

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<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)	0.17	0.56	1.17	2.53	3.05	---	---	2.91
3 Year Constant Maturity Treasury Yield	0.05	0.11	0.21	0.38	0.58	0.97	2.29	0.55
91 Day T-bill + 150 bps	0.13	0.40	0.79	1.63	1.62	1.80	3.26	1.62

Calendar Year Performance

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Portfolio (net of all fees)	2.75	3.27	3.90	---	---
3 Year Constant Maturity Treasury Yield	0.38	0.75	1.10	1.43	2.19
91 Day T-bill + 150 bps	1.62	1.61	1.64	1.72	3.60

Market Indices

Merrill Lynch 3 Month T-Bill	0.11	0.10	0.13	0.21	2.06
Consumer Price Index	2.26	2.96	1.50	2.72	0.09

*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.

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

Second Quarter 2013

Portfolio Characteristics

Total Assets	\$1,871,800,865	Blended Yield (After fees)*	2.24%
Average Holdings Quality**	AA+	Effective Duration	3.21 years
Number of Contract Issuers	4	Market/Book Value Ratio	101.82%

*Blended yield is after investment management and wrap fees.

**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 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>06/30/2013</u>	<u>% of Portfolio</u> <u>03/31/2013</u>
Money Market*	136,759,233	7.3	7.0
Stable Value Funds	121,466,836	6.5	6.5
Insurance Separate Accounts	685,119,851	36.6	36.7
Intermediate Portfolio	685,119,851	36.6	36.7
Security Backed Contracts	928,454,945	49.6	49.8
Short Portfolio	490,464,922	26.2	26.4
Intermediate Portfolio	437,990,023	23.4	23.5
Total	\$1,871,800,865	100.0%**	100.0%**

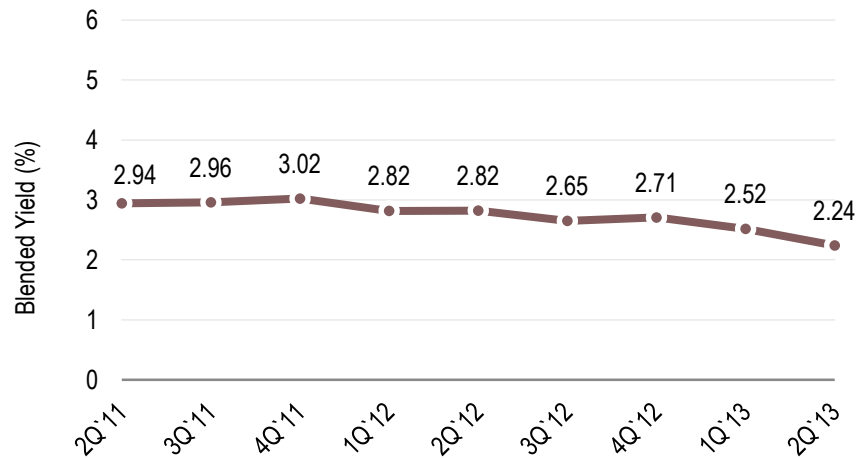
*Includes Receivables and Payables

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

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

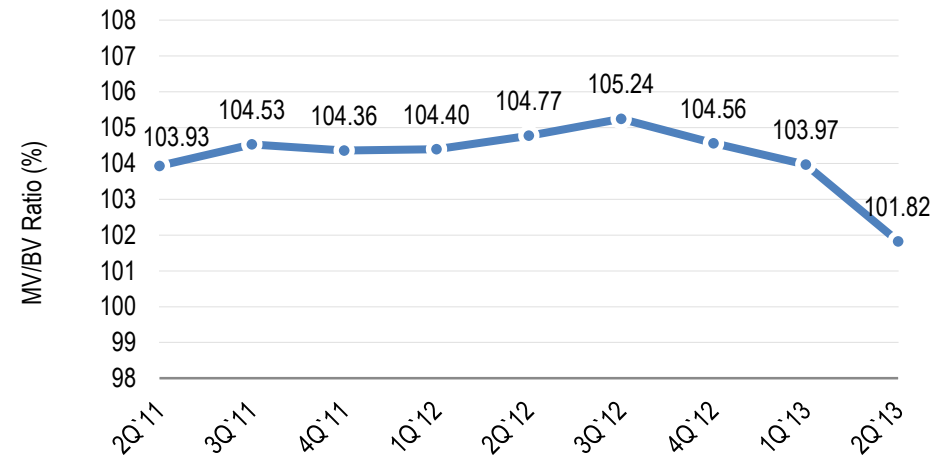
Second Quarter 2013

Historical Blended Yield*

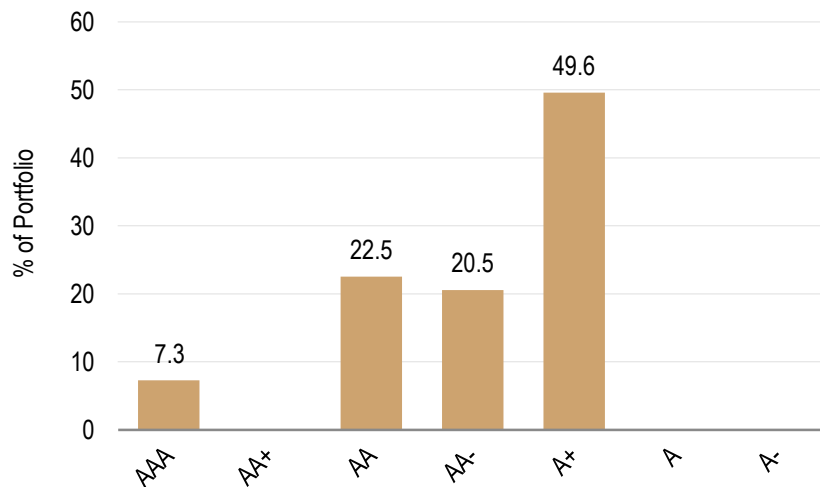


*As of quarter end. Blended yield is after investment management and wrap fees.

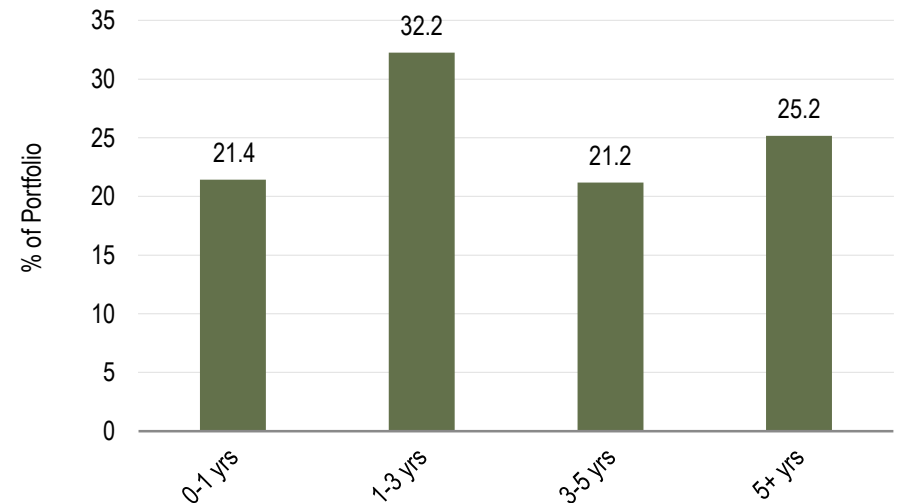
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



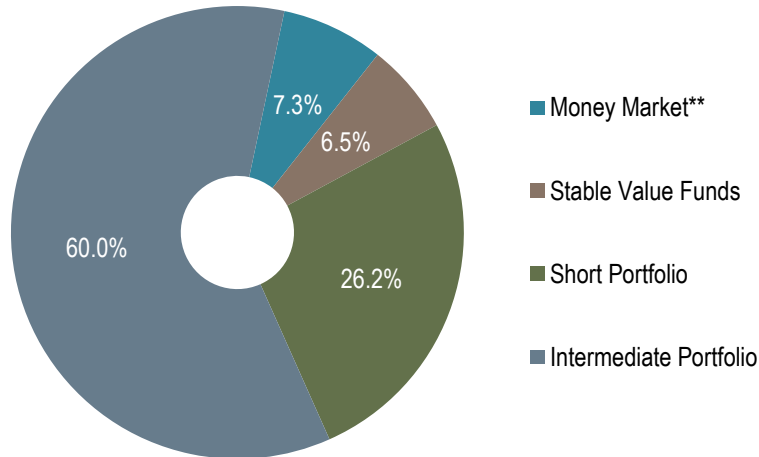
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**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

Second Quarter 2013

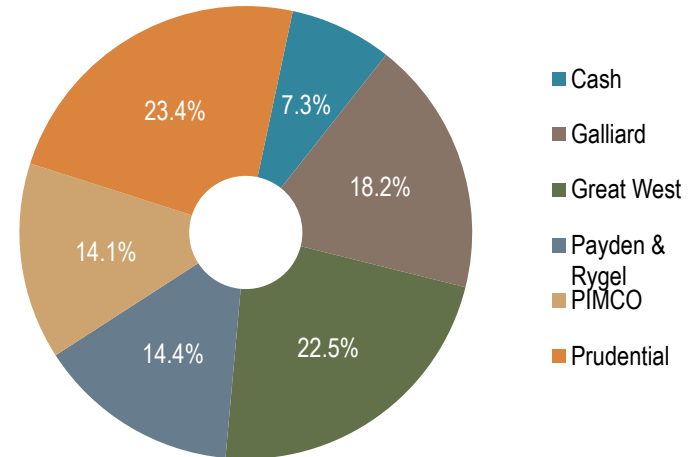
Portfolio Distribution*



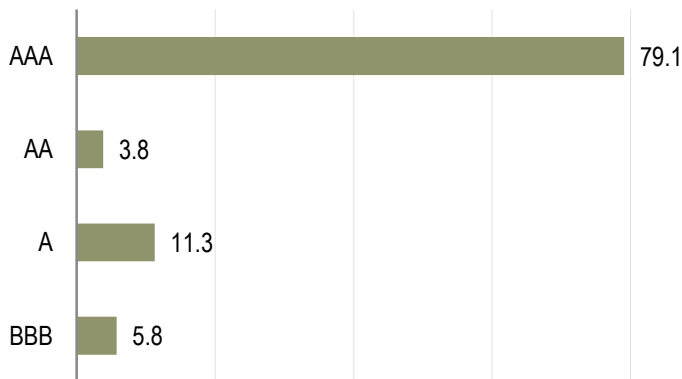
*Book value

**Includes Receivables and Payables

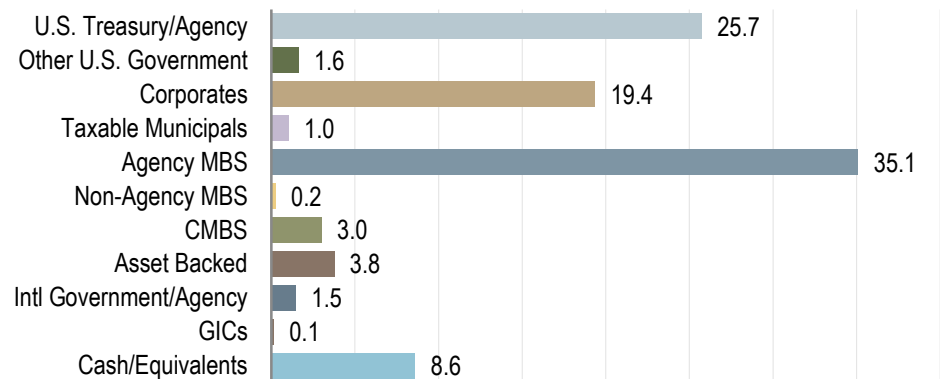
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



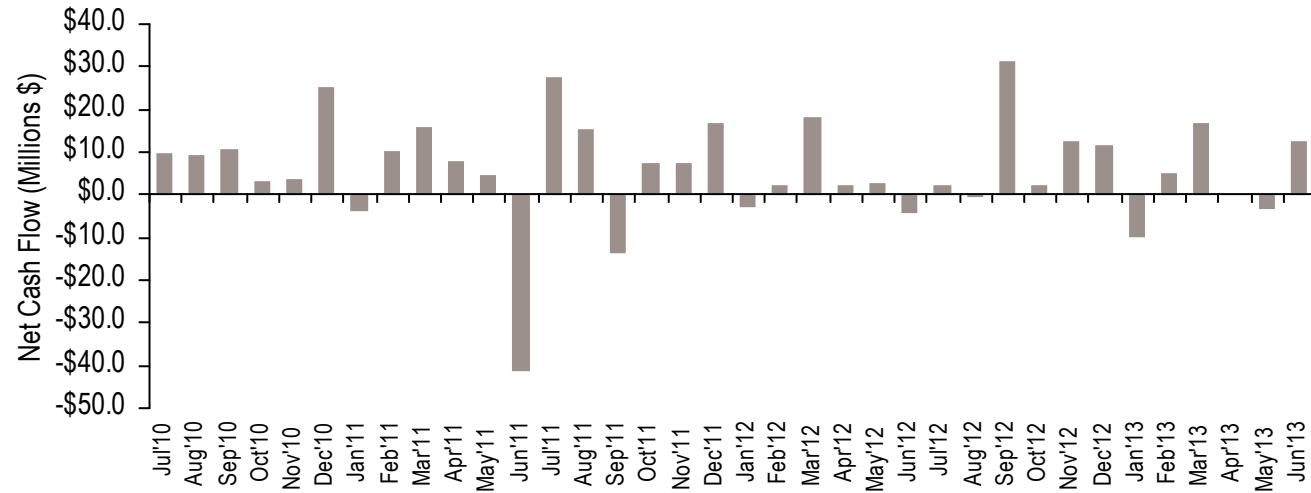
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

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

Second Quarter 2013

Historical Cashflows



	YTD	2012	2011	2010	2009***
Beginning Assets	\$1,829.1	\$1,702.4	\$1,594.4	\$1,446.1	\$1,384.6
Net Cash Flow (\$)*	\$21.2	\$79.1	\$55.5	\$90.1	\$32.7
Net Cash Flow (%)	1.16%	4.65%	3.48%	6.23%	2.36%
Estimated Investment Earnings	\$21.5	\$47.6	\$52.5	\$58.1	\$28.9
Ending Assets**	\$1,871.8	\$1,829.1	\$1,702.4	\$1,594.4	\$1,446.1

* Contributions, Withdrawals and Investment Transfers
 **Cashflows may not net to final assets due to rounding
 ***Beginning July 1, 2009

State of North Carolina Stable Value Funds

Impact of Rising Market Interest Rates - 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	3/31/2013	\$ 269,116,654	\$ 273,958,541	101.8%	0.72%	1.80	1.73%	
		6/30/2013	<u>\$ 270,329,526</u>	<u>\$ 273,106,238</u>	<u>101.0%</u>	<u>0.92%</u>	<u>1.74</u>	<u>1.61%</u>	
			\$ 1,212,872	\$ (852,303)	-0.8%	0.20%	(0.06)	-0.12%	
	Galliard	3/31/2013	\$ 218,971,442	\$ 223,732,406	102.2%	0.90%	1.85	2.04%	
		6/30/2013	<u>\$ 220,135,396</u>	<u>\$ 221,786,507</u>	<u>100.8%</u>	<u>1.33%</u>	<u>2.11</u>	<u>1.83%</u>	
			\$ 1,163,954	\$ (1,945,899)	-1.4%	0.43%	0.26	-0.21%	
Intermediate Duration	Prudential	3/31/2013	\$ 434,605,921	\$ 462,422,724	106.4%	1.37%	3.67	3.30%	
		6/30/2013	<u>\$ 437,990,023</u>	<u>\$ 453,498,747</u>	<u>103.5%</u>	<u>1.93%</u>	<u>4.06</u>	<u>3.01%</u>	
			\$ 3,384,102	\$ (8,923,977)	-2.9%	0.56%	0.39	-0.29%	
	PIMCO	3/31/2013	\$ 261,247,951	\$ 277,079,342	106.1%	1.70%	3.75	3.34%	
		6/30/2013	<u>\$ 263,167,576</u>	<u>\$ 268,856,059</u>	<u>102.2%</u>	<u>1.95%</u>	<u>4.29</u>	<u>2.98%</u>	
			\$ 1,919,625	\$ (8,223,283)	-3.9%	0.25%	0.54	-0.36%	
	Great West Life	3/31/2013	\$ 418,469,769	\$ 438,679,193	104.8%	2.27%	3.84	3.84%	
		6/30/2013	<u>\$ 421,952,275</u>	<u>\$ 430,425,073</u>	<u>102.0%</u>	<u>2.74%</u>	<u>4.47</u>	<u>3.38%</u>	
			\$ 3,482,506	\$ (8,254,120)	-2.8%	0.47%	0.63	-0.46%	
	Total Fund		3/31/2013	\$ 1,852,159,898	\$ 1,925,620,365	104.0%	1.41%	2.88	2.53%
			6/30/2013	<u>\$ 1,871,800,865</u>	<u>\$ 1,905,898,694</u>	<u>101.8%</u>	<u>1.76%</u>	<u>3.21</u>	<u>2.26%</u>
				\$ 19,640,967	\$ (19,721,671)	-2.1%	0.35%	0.33	-0.27%

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	-0.35%	1.14%	1.87%		2.61%	7/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>-0.12%</u>	<u>0.74%</u>	<u>1.25%</u>		<u>1.88%</u>	
	-0.23%	0.40%	0.62%		0.73%	
Galliard	-0.87%	0.53%	2.03%		2.58%	1/1/2010
Barclays Capital 1-3 Yr. Government *	<u>-0.11%</u>	<u>0.34%</u>	<u>0.86%</u>		<u>1.28%</u>	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>-0.12%</u>	<u>0.74%</u>	<u>1.25%</u>		<u>1.63%</u>	
	-0.76%	0.19%	1.17%		1.30%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	-1.91%	-0.13%			2.80%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>-1.78%</u>	<u>-0.12%</u>			<u>2.75%</u>	
	-0.13%	-0.01%			0.05%	
PIMCO	-2.93%	-1.03%			3.21%	2/1/2011
Barclays Capital Intermediate Aggregate	<u>-1.78%</u>	<u>-0.12%</u>			<u>3.08%</u>	
	-1.15%	-0.91%			0.13%	
Great West Life	-1.85%	-0.05%			1.85%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	<u>-1.70%</u>	<u>-0.38%</u>			<u>1.27%</u>	
	-0.15%	0.33%			0.58%	

* Index being shown for comparison purposes only, the fund is managed to a targeted duration.
Returns shown are after investment management fees

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

Second Quarter 2013

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>6/30/2013</u>	<u>3/31/2013</u>	<u>6/30/2013</u>	<u>3/31/2013</u>
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Prudential Ins. Co. of America	AA-	AA-	A2	A2
United of Omaha Life Ins. Co.	A+	A+	A1	A1

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
- Reliant on support from parent company; the leading insurer in Canada which had solid 2012 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Capital levels at this subsidiary remain below average
- Exited Fed oversight by shedding banking operations, though likely to be declared a non-bank SIFI

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Surplus continues to show solid growth
- Higher than industry average investment risk with exposure to commercial real estate, non-Agency CMOs, equities and high yield bonds

United of Omaha Life Ins. Co.

- Stable life product lines focusing on individual/group life & annuities
- Medicare Part N business continues to generate losses, which are being offset with a capital infusion and a planned reinsurance transaction
- Above average exposure to commercial and residential mortgage sectors

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

June 30, 2013

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)
Money Market												
FUNDAVAIL	Cash Receivable / (Payable)		-1,008,644	-1,008,644	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		137,767,877	137,767,877	100.0	7.4	0.01		0.10	AAA	Aaa	
Total Money Market			136,759,233	136,759,233	100.0	7.3	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		121,466,836	121,466,836	100.0	6.5	1.88		2.20	AA	Aa3	
Total Stable Value Funds			121,466,836	121,466,836	100.0	6.5	1.88		2.20	AA	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NH2	GreatWest Life Insurance Co.	Great West	421,952,275	430,425,073	102.0	22.5	3.38	N.S.M.	4.47	AA	Aa3	15.0
590994VM8	Metropolitan Life Ins. Co.	PIMCO	263,167,576	268,856,059	102.2	14.1	2.98	N.S.M.	4.29	AA-	Aa3	20.0
Total Intermediate Portfolio			685,119,851	699,281,132	102.1	36.6	3.23		4.40	AA	Aa3	
Total Insurance Separate Accounts			685,119,851	699,281,132	102.1	36.6	3.23		4.40	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
744999CK7	Prudential Ins. Co. of America	Payden & Rygel	270,329,526	273,106,238	101.0	14.4	1.61	N.S.M.	1.74	AA-	A2	21.0
907999UZ7	United of Omaha Life Ins. Co.	Galliard	220,135,396	221,786,507	100.8	11.8	1.83	N.S.M.	2.11	A+	A1	25.0
Total Short Portfolio			490,464,922	494,892,745	100.9	26.2	1.71		1.91	AA-	A2	
Intermediate Portfolio												
744999CV3	Prudential Ins. Co. of America	Prudential	437,990,023	453,498,747	103.5	23.4	3.01	N.S.M.	4.06	AA-	A2	15.0
Total Intermediate Portfolio			437,990,023	453,498,747	103.5	23.4	3.01		4.06	AA-	A2	
Total Security Backed Contracts			928,454,945	948,391,493	102.1	49.6	2.32		2.92	AA-	A2	
Total Fund			1,871,800,865	1,905,898,694	101.8	100.0	2.46		3.21	AA-	A1	

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

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.31	0.01	1.28	2.01	--	2.75
Benchmark***	-0.12	0.07	0.74	1.25	2.47	1.88

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

**Performance Inception: July 01, 2009

***Barclays Capital 1-3 Year Government/Credit Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA	AA+	Total Assets	\$273.1 million
Weighted Average Maturity	2.42 years	1.97 years	Number of Issues	192
Yield to Maturity	0.92%	0.60%	Weighted Coupon	1.46%
Effective Duration	1.74 years	1.91 years		

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

*Barclays Capital 1-3 Yr Govt/Credit

**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

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	35.6%	36.6%	75.1%
Other U.S. Government	2.0%	3.0%	0.0%
Taxable Municipal	0.8%	2.2%	0.9%
Corporates	40.9%	39.7%	18.3%
Asset Backed Securities (ABS)	5.3%	6.2%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	8.7%	5.8%	0.0%
Sovereign / Supranationals	6.5%	6.4%	5.7%
Cash / Equivalents	0.2%	0.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	58.0%	57.9%	76.9%
AA	2.6%	5.6%	6.5%
A	19.9%	18.1%	9.8%
BBB	19.5%	18.4%	6.8%
< 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 Capital 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

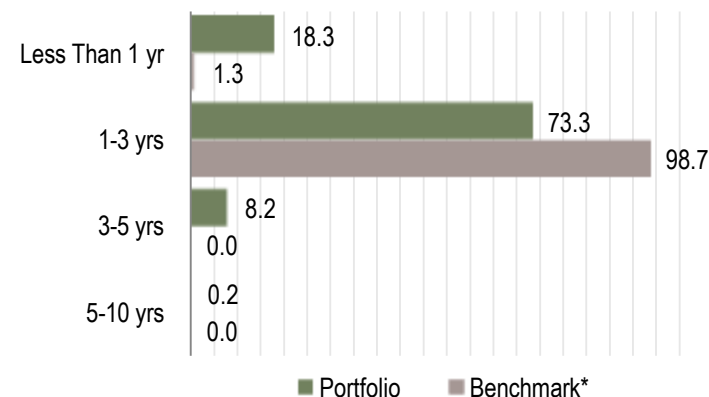
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

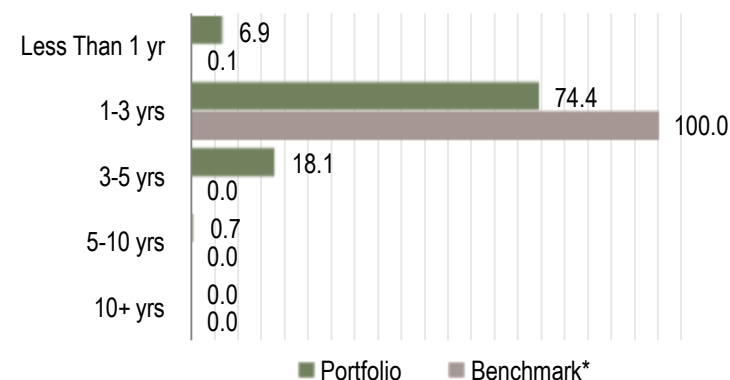
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	21.8%	18.3%	1.3%
1-3 yrs	68.2%	73.3%	98.7%
3-5 yrs	8.6%	8.2%	0.0%
5-10 yrs	1.4%	0.2%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	10.6%	6.9%	0.1%
1-3 yrs	72.9%	74.4%	100.0%
3-5 yrs	15.0%	18.1%	0.0%
5-10 yrs	1.4%	0.7%	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 Capital 1-3 Yr Govt/Credit

**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 - B

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<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	-0.55	-0.87	-0.68	0.52	2.06	---	2.50
Barclay's 1-3 Year Govt/Credit	-0.14	-0.12	0.07	0.74	1.25	2.47	1.63

*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 - B

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<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	-0.55	-0.87	-0.68	0.52	2.06	--	2.50
Benchmark***	-0.07	-0.11	0.02	0.34	0.86	2.06	1.28

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

**Galliard Performance Inception: January 01, 2010

***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

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AAA	AAA	Total Assets	\$2,516.4 million
Weighted Average Maturity	2.55 years	1.94 years	Number of Issues	560
Yield to Maturity	1.33%	0.39%	Weighted Coupon	2.17%
Effective Duration	2.11 years	1.87 years	Estimated Annual Income	\$54.3 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 - B

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	13.7%	13.8%	100.0%
Other U.S. Government	6.4%	7.1%	0.0%
Taxable Municipal	2.3%	2.9%	0.0%
Corporates	14.0%	12.6%	0.0%
Asset Backed Securities (ABS)	16.5%	15.3%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.9%	6.6%	0.0%
Mortgage Backed Securities (MBS)	33.3%	34.0%	0.0%
Sovereign / Supranationals	0.8%	0.8%	0.0%
Cash / Equivalents	6.1%	6.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio</i> <i>06/30/2013</i>
General Electric Co	0.5%
JPMorgan Chase & Co	0.4%
Bank of Nova Scotia	0.4%
MidAmerican Energy Co	0.4%
HSBC Holdings PLC	0.4%
Total	2.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	85.7%	86.6%	96.6%
AA	6.5%	5.9%	3.4%
A	7.8%	7.5%	0.0%
BBB	0.0%	0.0%	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

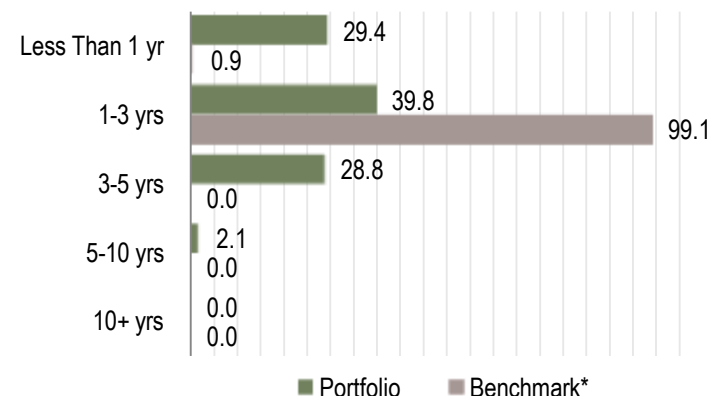
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

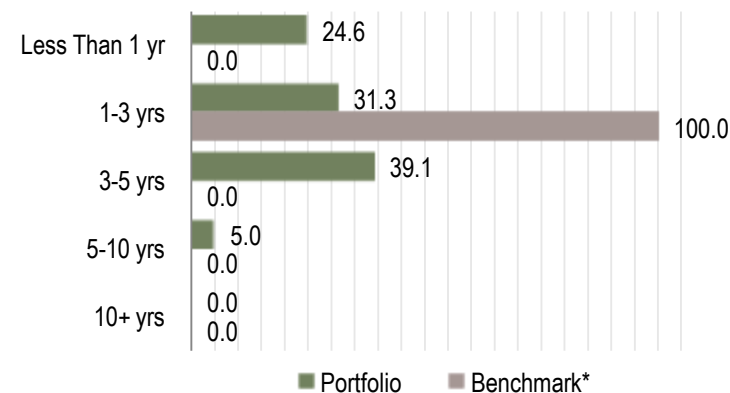
Duration Distribution

	<i>% of Portfolio</i> 03/31/2013	<i>% of Portfolio</i> 06/30/2013	<i>% of Benchmark*</i> 06/30/2013
0-1 yrs	29.8%	29.4%	0.9%
1-3 yrs	50.4%	39.8%	99.1%
3-5 yrs	18.3%	28.8%	0.0%
5-10 yrs	1.5%	2.1%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> 03/31/2013	<i>% of Portfolio</i> 06/30/2013	<i>% of Benchmark*</i> 06/30/2013
0-1 yrs	24.2%	24.6%	0.0%
1-3 yrs	37.8%	31.3%	100.0%
3-5 yrs	35.1%	39.1%	0.0%
5-10 yrs	2.8%	5.0%	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)

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-1.89	-1.72	-0.06	--	--	2.88
Benchmark***	-1.78	-1.63	-0.12	3.03	4.76	2.75

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

**Performance Inception: August 01, 2010

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,216.2 million
Weighted Average Maturity	4.62 years	5.17 years	Number of Issues	1064
Yield to Maturity	1.93%	2.07%	Weighted Coupon	3.12%
Effective Duration	4.06 years	4.31 years		

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

*Barclays Capital Intermediate Aggregate

**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)

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	41.2%	41.5%	41.5%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.3%	0.3%	0.6%
Corporates	21.7%	21.9%	17.9%
Asset Backed Securities (ABS)	0.3%	0.3%	0.5%
Commercial Mortgage Backed Securities (CMBS)	3.9%	3.8%	2.0%
Mortgage Backed Securities (MBS)	31.8%	31.6%	33.4%
Sovereign / Supranationals	0.6%	0.6%	4.1%
Cash / Equivalents	0.3%	0.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	76.6%	76.4%	77.6%
AA	3.1%	3.2%	4.6%
A	11.8%	11.8%	9.1%
BBB	8.6%	8.5%	8.6%
< 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 Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

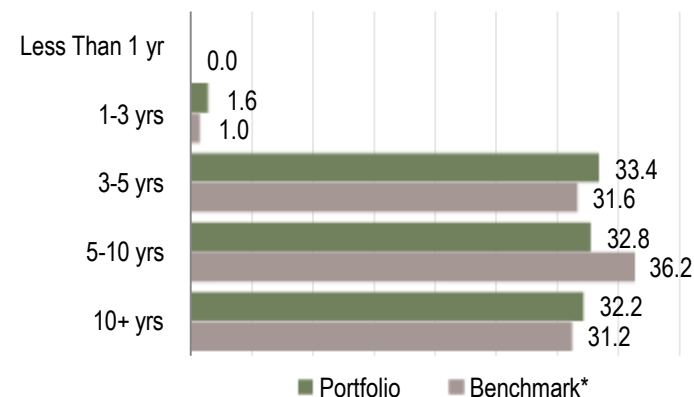
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

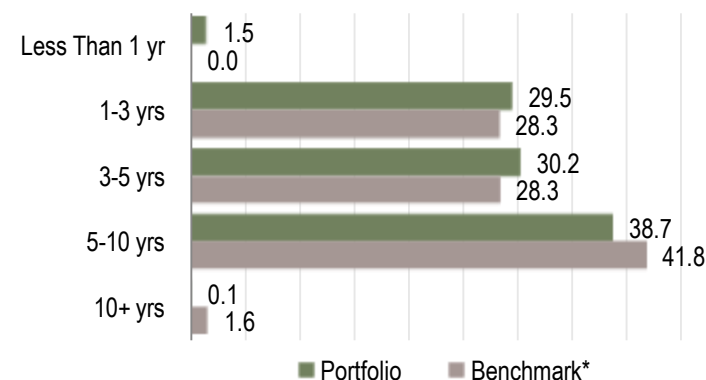
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	2.4%	1.6%	1.0%
1-3 yrs	39.5%	33.4%	31.6%
3-5 yrs	38.0%	32.8%	36.2%
5-10 yrs	20.1%	32.2%	31.2%
10+ yrs	0.0%		0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	2.2%	1.5%	0.0%
1-3 yrs	33.7%	29.5%	28.3%
3-5 yrs	33.7%	30.2%	28.3%
5-10 yrs	30.4%	38.7%	41.8%
10+ yrs	0.1%	0.1%	1.6%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-2.87	-2.74	-0.80	--	--	3.44
Benchmark***	-1.78	-1.63	-0.12	3.03	4.76	3.08

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

**Performance Inception: February 01, 2011

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA	AA+	Total Assets	\$980.6 million
Weighted Average Maturity	5.46 years	5.17 years	Number of Issues	269
Yield to Maturity	1.95%	2.07%	Weighted Coupon	3.05%
Effective Duration	4.29 years	4.31 years		

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

*Barclays Capital Intermediate Aggregate

**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 Acct 654 - Commingled (PIMCO)

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	41.7%	52.4%	41.5%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.3%	1.2%	0.6%
Corporates	14.4%	13.9%	17.9%
Asset Backed Securities (ABS)	0.0%	0.0%	0.5%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	2.0%
Mortgage Backed Securities (MBS)	37.9%	42.1%	33.4%
Sovereign / Supranationals	2.0%	1.9%	4.1%
Cash / Equivalents	2.7%	-11.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	82.3%	83.0%	77.6%
AA	2.6%	2.5%	4.6%
A	12.3%	12.3%	9.1%
BBB	2.9%	2.3%	8.6%
< 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 Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

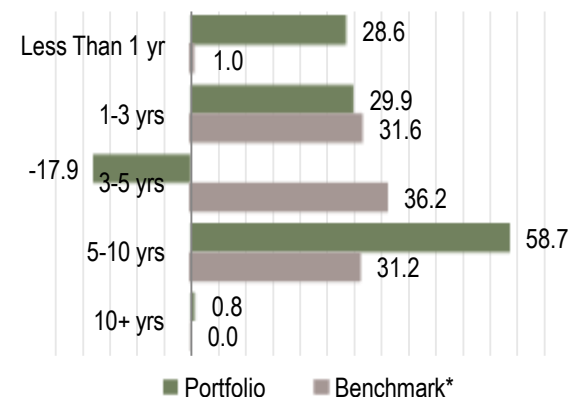
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

Second Quarter 2013

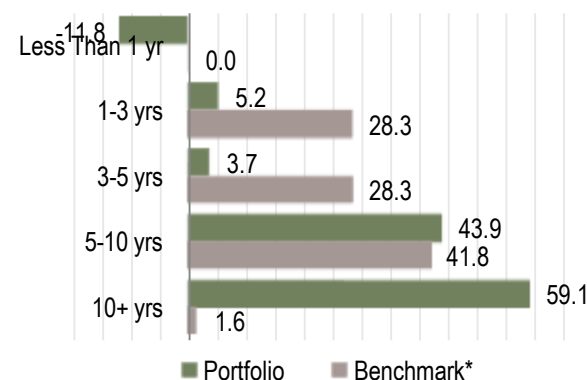
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	2.0%	28.6%	1.0%
1-3 yrs	14.1%	29.9%	31.6%
3-5 yrs	11.7%	-17.9%	36.2%
5-10 yrs	51.6%	58.7%	31.2%
10+ yrs	20.7%	0.8%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	28.3%	-11.8%	0.0%
1-3 yrs	29.3%	5.2%	28.3%
3-5 yrs	-1.7%	3.7%	28.3%
5-10 yrs	38.8%	43.9%	41.8%
10+ yrs	5.3%	59.1%	1.6%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays Capital Intermediate Aggregate

**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 - North Carolina 401k - Great West ISA

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-1.83	-1.74	0.00	--	--	1.90
Benchmark***	-1.70	-1.60	-0.38	2.78	4.51	1.27

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

**Performance Inception: October 01, 2011

***BarCap Interm Agg Ex Baa

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AAA	Total Assets	\$430.4 million
Weighted Average Maturity	5.81 years	5.10 years	Number of Issues	533
Yield to Maturity	2.74%	1.95%	Weighted Coupon	4.07%
Effective Duration	4.47 years	4.15 years		

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

*BarCap Interm Agg Ex Baa

**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

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	2.5%	3.3%	45.5%
Other U.S. Government	0.5%	0.5%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	18.2%	17.6%	11.5%
Asset Backed Securities (ABS)	1.8%	2.9%	0.5%
Commercial Mortgage Backed Securities (CMBS)	5.1%	4.6%	1.9%
Mortgage Backed Securities (MBS)	71.8%	69.7%	36.6%
Sovereign / Supranationals	0.0%	0.0%	3.4%
Cash / Equivalents	0.0%	1.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	81.4%	81.9%	84.9%
AA	4.2%	4.1%	5.1%
A	12.1%	11.9%	10.0%
BBB	2.1%	2.2%	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.

*BarCap Interm Agg Ex Baa

**Column percentage may not add exactly due to rounding

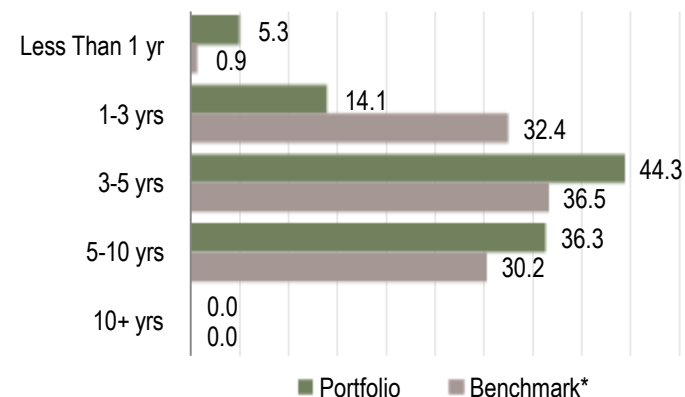
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

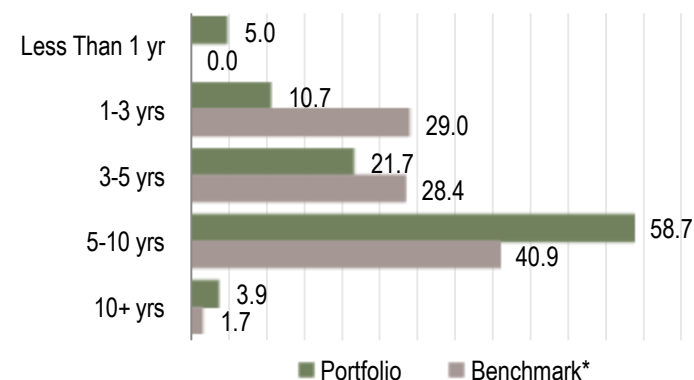
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	0.2%	5.3%	0.9%
1-3 yrs	5.8%	14.1%	32.4%
3-5 yrs	24.4%	44.3%	36.5%
5-10 yrs	69.3%	36.3%	30.2%
10+ yrs	0.3%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	4.5%	5.0%	0.0%
1-3 yrs	11.1%	10.7%	29.0%
3-5 yrs	29.5%	21.7%	28.4%
5-10 yrs	54.8%	58.7%	40.9%
10+ yrs	0.1%	3.9%	1.7%
Total	100.0%**	100.0%**	100.0%**



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

*BarCap Intern Agg Ex Baa

**Column percentage may not add exactly due to rounding

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Stable Value Portfolio Review – North Carolina 457 Stable Value Fund

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<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)	0.17	0.57	1.18	2.54	3.07	---	---	2.94
3 Year Constant Maturity Treasury Yield	0.05	0.11	0.21	0.38	0.58	0.97	2.29	0.55
91 Day T-bill + 150 bps	0.13	0.40	0.79	1.63	1.62	1.80	3.26	1.62

Calendar Year Performance

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Portfolio (net of all fees)	2.77	3.30	3.87	---	---
3 Year Constant Maturity Treasury Yield	0.38	0.75	1.10	1.43	2.19
91 Day T-bill + 150 bps	1.62	1.61	1.64	1.72	3.60

Market Indices

Merrill Lynch 3 Month T-Bill	0.11	0.10	0.13	0.21	2.06
Consumer Price Index	2.26	2.96	1.50	2.72	0.09

*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.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2013

Portfolio Characteristics

Total Assets	\$390,005,949	Blended Yield (After fees)*	2.27%
Average Holdings Quality**	AA+	Effective Duration	3.26 years
Number of Contract Issuers	4	Market/Book Value Ratio	101.75%

*Blended yield is after investment management and wrap fees.

**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 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>06/30/2013</u>	<u>% of Portfolio</u> <u>03/31/2013</u>
Money Market*	16,820,006	4.3	3.8
Stable Value Funds	25,171,992	6.5	6.5
Insurance Separate Accounts	147,095,749	37.7	37.9
Intermediate Portfolio	147,095,749	37.7	37.9
Security Backed Contracts	200,918,202	51.5	51.8
Short Portfolio	105,454,736	27.0	27.2
Intermediate Portfolio	95,463,466	24.5	24.6
Total	\$390,005,949	100.0%**	100.0%**

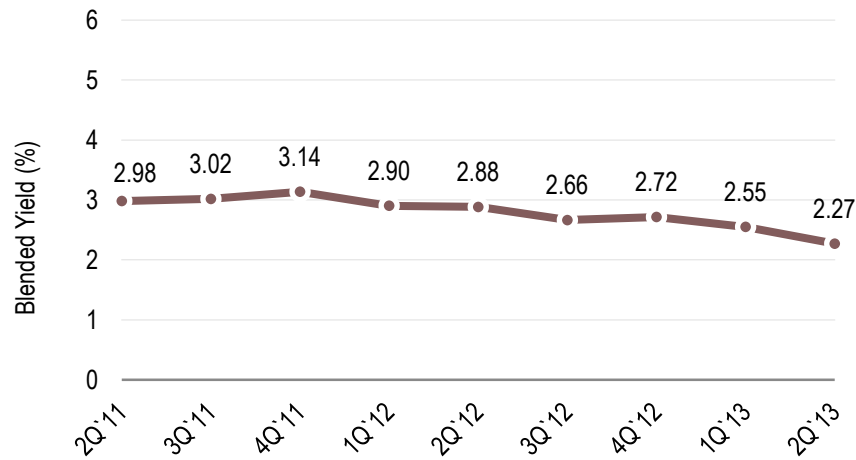
*Includes Receivables and Payables

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

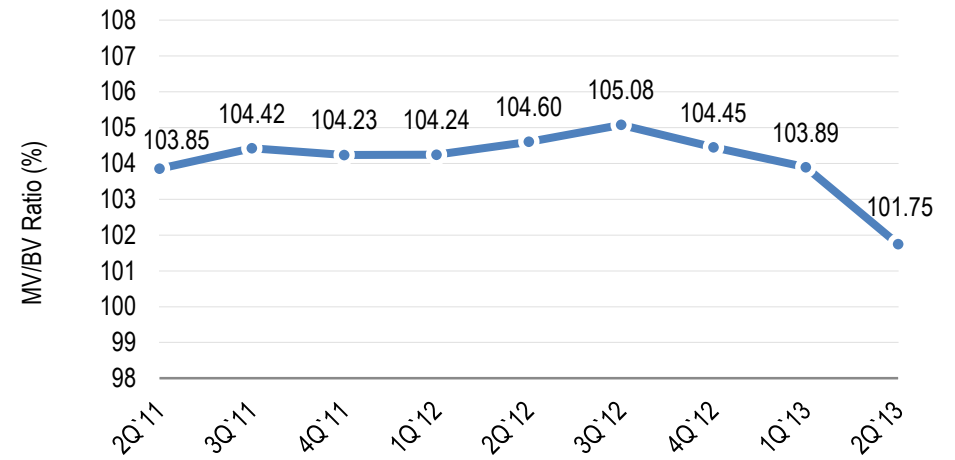
Second Quarter 2013

Historical Blended Yield*

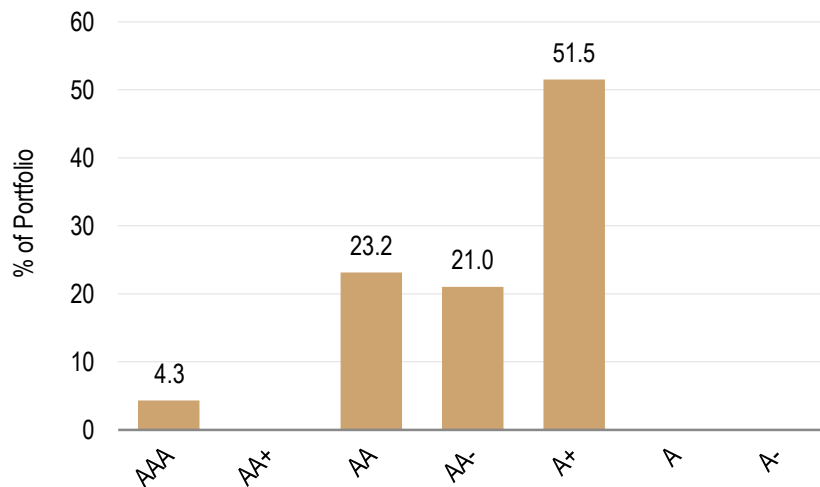


*As of quarter end. Blended yield is after investment management and wrap fees.

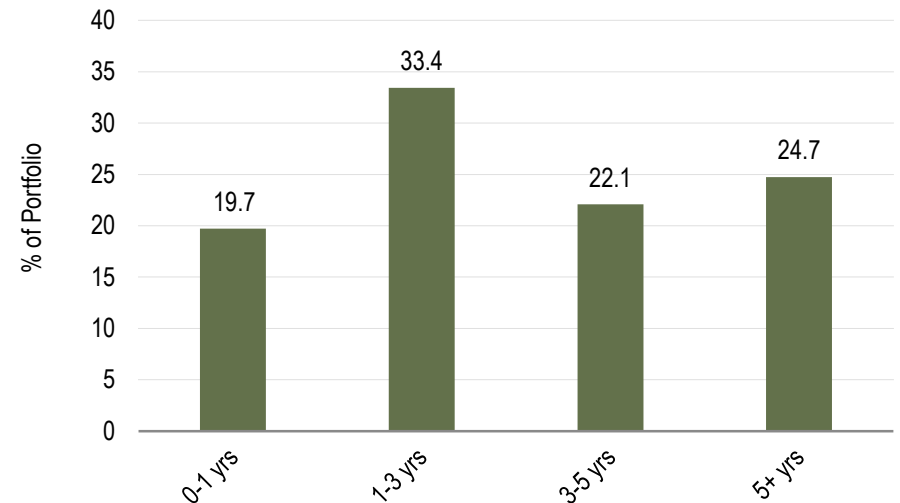
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



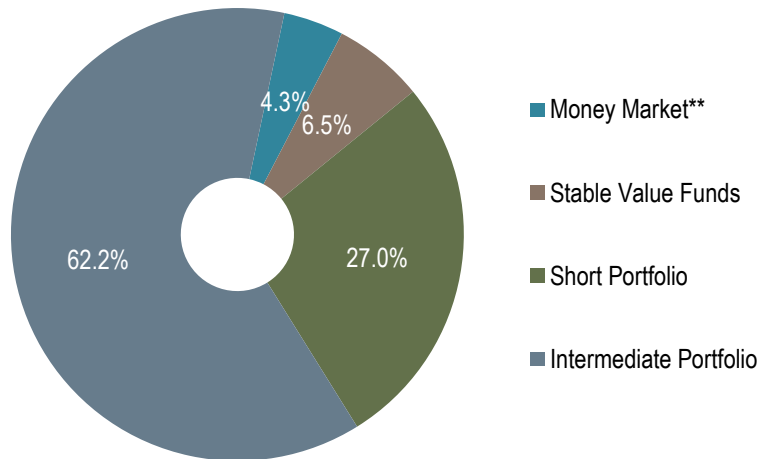
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

**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

Second Quarter 2013

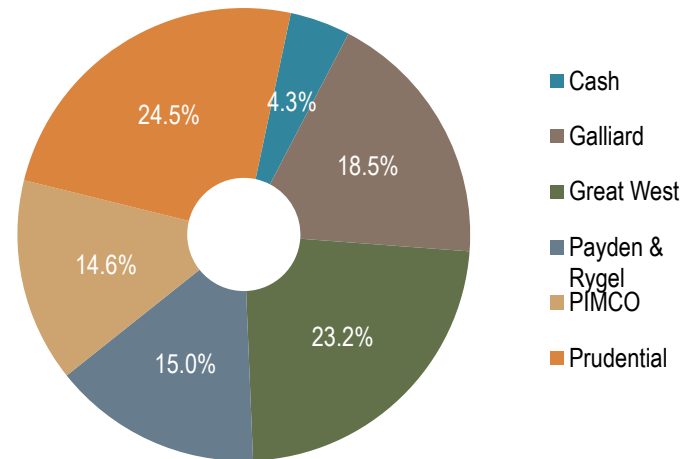
Portfolio Distribution*



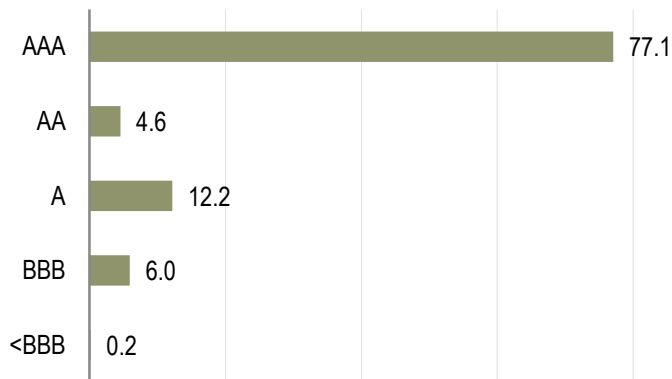
*Book value

**Includes Receivables and Payables

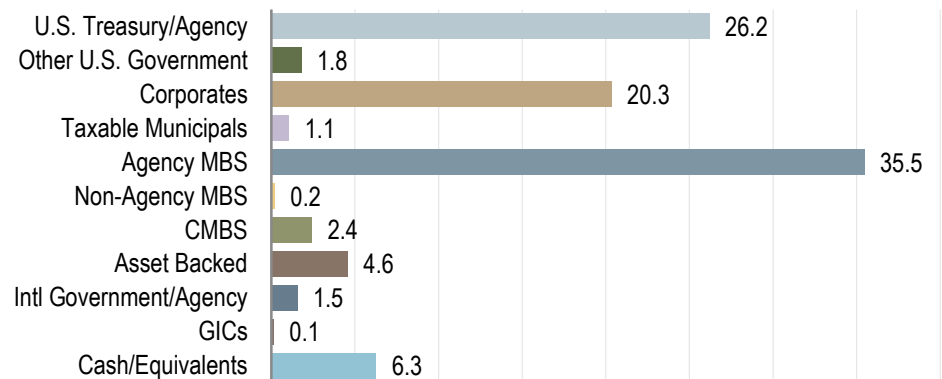
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



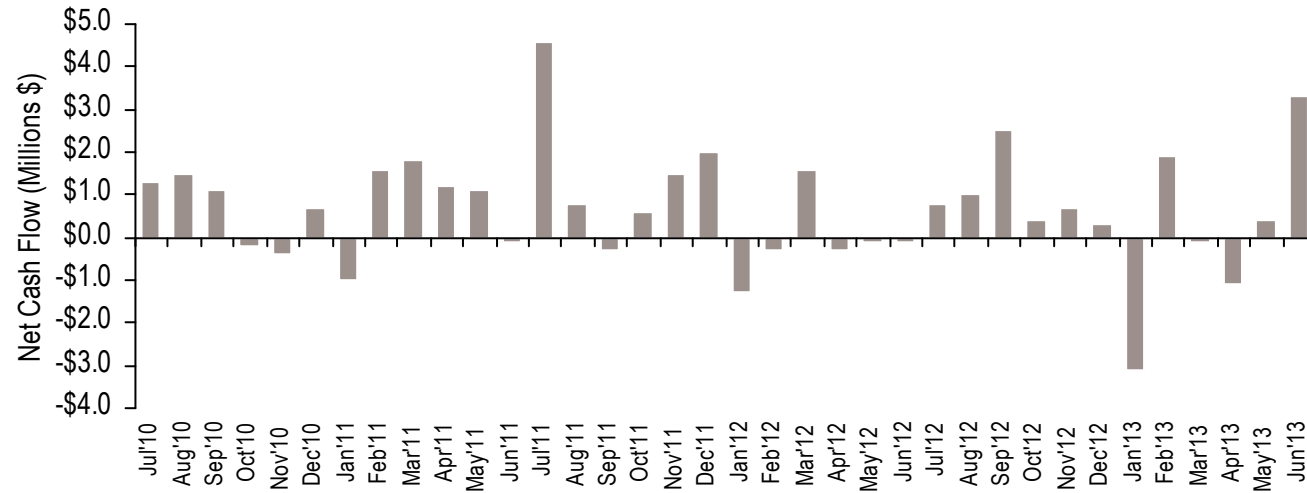
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2013

Historical Cashflows



	YTD	2012	2011	2010	2009***
Beginning Assets	\$384.1	\$368.8	\$343.5	\$324.7	\$319.1
Net Cash Flow (\$)*	\$1.3	\$5.1	\$13.8	\$6.0	-\$1.0
Net Cash Flow (%)	0.34%	1.38%	4.02%	1.85%	-0.31%
Estimated Investment Earnings	\$4.5	\$10.3	\$11.4	\$12.8	\$6.6
Ending Assets**	\$390.0	\$384.1	\$368.8	\$343.5	\$324.7

* Contributions, Withdrawals and Investment Transfers
 **Cashflows may not net to final assets due to rounding
 ***Beginning July 1, 2009

State of North Carolina Stable Value Funds

Impact of Rising Market Interest Rates - 457Plan

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate	
Short Duration	Payden & Rygel	3/31/2013	\$ 58,042,609	\$ 59,099,487	101.8%	0.72%	1.78	1.74%	
		6/30/2013	<u>\$ 58,308,481</u>	<u>\$ 58,905,461</u>	<u>101.0%</u>	<u>0.93%</u>	<u>1.80</u>	<u>1.64%</u>	
			\$ 265,872	\$ (194,026)	-0.8%	0.21%	0.02	-0.10%	
	Galliard	3/31/2013	\$ 46,898,494	\$ 47,904,952	102.1%	0.90%	1.85	2.02%	
		6/30/2013	<u>\$ 47,146,255</u>	<u>\$ 47,488,301</u>	<u>100.7%</u>	<u>1.33%</u>	<u>2.11</u>	<u>1.82%</u>	
			\$ 247,761	\$ (416,651)	-1.4%	0.43%	0.26	-0.20%	
Intermediate Duration	Prudential	3/31/2013	\$ 94,707,568	\$ 101,014,554	106.7%	1.37%	3.67	3.38%	
		6/30/2013	<u>\$ 95,463,466</u>	<u>\$ 99,065,144</u>	<u>103.8%</u>	<u>1.93%</u>	<u>4.06</u>	<u>3.09%</u>	
			\$ 755,898	\$ (1,949,410)	-2.9%	0.56%	0.39	-0.29%	
	PIMCO	3/31/2013	\$ 56,360,615	\$ 59,847,281	106.2%	1.70%	3.75	3.38%	
		6/30/2013	<u>\$ 56,780,245</u>	<u>\$ 58,071,177</u>	<u>102.3%</u>	<u>1.95%</u>	<u>4.29</u>	<u>3.02%</u>	
			\$ 419,630	\$ (1,776,104)	-3.9%	0.25%	0.54	-0.36%	
	Great West Life	3/31/2013	\$ 89,639,359	\$ 92,772,350	103.5%	2.24%	3.71	3.47%	
		6/30/2013	<u>\$ 90,315,505</u>	<u>\$ 91,289,556</u>	<u>101.1%</u>	<u>2.71%</u>	<u>4.19</u>	<u>3.06%</u>	
			\$ 676,146	\$ (1,482,794)	-2.4%	0.47%	0.48	-0.41%	
	Total Fund		3/31/2013	\$ 385,241,622	\$ 400,231,601	103.9%	1.45%	2.94	2.57%
			6/30/2013	<u>\$ 390,005,949</u>	<u>\$ 396,811,637</u>	<u>101.7%</u>	<u>1.81%</u>	<u>3.26</u>	<u>2.29%</u>
				\$ 4,764,327	\$ (3,419,964)	-2.1%	0.36%	0.32	-0.28%

State of North Carolina Stable Value Funds

Market Value 457 Plan Performance Summary

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	-0.36%	1.10%	1.85%		2.22%	8/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>-0.12%</u>	<u>0.74%</u>	<u>1.25%</u>		<u>1.79%</u>	
	-0.24%	0.36%	0.60%		0.43%	
Galliard	-0.87%	0.53%	2.03%		2.58%	1/1/2010
Barclays Capital 1-3 Yr. Government *	-0.11%	0.34%	0.86%		1.28%	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>-0.12%</u>	<u>0.74%</u>	<u>1.25%</u>		<u>1.63%</u>	
	-0.76%	0.19%	1.17%		1.30%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	-1.91%	-0.13%			2.80%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>-1.78%</u>	<u>-0.12%</u>			<u>2.75%</u>	
	-0.13%	-0.01%			0.05%	
PIMCO	-2.93%	-1.03%			3.21%	1/25/2011
Barclays Capital Intermediate Aggregate	<u>-1.78%</u>	<u>-0.12%</u>			<u>3.08%</u>	
	-1.15%	-0.91%			0.13%	
Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Great West Life	-1.56%	0.02%			1.65%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	<u>-1.70%</u>	<u>-0.38%</u>			<u>1.27%</u>	
	0.14%	0.40%			0.38%	

* Index being shown for comparison purposes only, the fund is managed to a targeted duration.
Returns shown are after investment management fees

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Second Quarter 2013

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>6/30/2013</u>	<u>3/31/2013</u>	<u>6/30/2013</u>	<u>3/31/2013</u>
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Prudential Ins. Co. of America	AA-	AA-	A2	A2
United of Omaha Life Ins. Co.	A+	A+	A1	A1

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
- Reliant on support from parent company; the leading insurer in Canada which had solid 2012 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Capital levels at this subsidiary remain below average
- Exited Fed oversight by shedding banking operations, though likely to be declared a non-bank SIFI

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Surplus continues to show solid growth
- Higher than industry average investment risk with exposure to commercial real estate, non-Agency CMOs, equities and high yield bonds

United of Omaha Life Ins. Co.

- Stable life product lines focusing on individual/group life & annuities
- Medicare Part N business continues to generate losses, which are being offset with a capital infusion and a planned reinsurance transaction
- Above average exposure to commercial and residential mortgage sectors

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

June 30, 2013

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)
Money Market												
FUNDAVAIL	Cash Receivable / (Payable)		-230,228	-230,228	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		17,050,234	17,050,234	100.0	4.4	0.01		0.10	AAA	Aaa	
Total Money Market			16,820,006	16,820,006	100.0	4.3	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		25,171,992	25,171,992	100.0	6.5	1.88		2.20	AA	Aa3	
Total Stable Value Funds			25,171,992	25,171,992	100.0	6.5	1.88		2.20	AA	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NC3	GreatWest Life Insurance Co.	Great West	90,315,505	91,289,556	101.1	23.2	3.06	N.S.M.	4.19	AA	Aa3	15.0
590994BY4	Metropolitan Life Ins. Co.	PIMCO	56,780,245	58,071,177	102.3	14.6	3.02	N.S.M.	4.29	AA-	Aa3	20.0
Total Intermediate Portfolio			147,095,749	149,360,733	101.5	37.7	3.04		4.23	AA	Aa3	
Total Insurance Separate Accounts			147,095,749	149,360,733	101.5	37.7	3.04		4.23	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
744999CD3	Prudential Ins. Co. of America	Payden & Rygel	58,308,481	58,905,461	101.0	15.0	1.64	N.S.M.	1.80	AA-	A2	21.0
907999UT1	United of Omaha Life Ins. Co.	Galliard	47,146,255	47,488,301	100.7	12.1	1.82	N.S.M.	2.11	A+	A1	25.0
Total Short Portfolio			105,454,736	106,393,763	100.9	27.0	1.72		1.94	AA-	A2	
Intermediate Portfolio												
744999CF8	Prudential Ins. Co. of America	Prudential	95,463,466	99,065,144	103.8	24.5	3.09	N.S.M.	4.06	AA-	A2	15.0
Total Intermediate Portfolio			95,463,466	99,065,144	103.8	24.5	3.09		4.06	AA-	A2	
Total Security Backed Contracts			200,918,202	205,458,906	102.3	51.5	2.37		2.95	AA-	A2	
Total Fund			390,005,949	396,811,637	101.7	100.0	2.49		3.26	AA-	A1	

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

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.33	-0.02	1.24	1.99	--	2.36
Benchmark***	-0.12	0.07	0.74	1.25	2.47	1.79

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

**Performance Inception: August 01, 2009

***Barclays Capital 1-3 Year Government/Credit Index

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA	AA+	Total Assets	\$58.9 million
Weighted Average Maturity	2.48 years	1.97 years	Number of Issues	172
Yield to Maturity	0.93%	0.60%	Weighted Coupon	1.43%
Effective Duration	1.80 years	1.91 years		

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

*Barclays Capital 1-3 Yr Govt/Credit

**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

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	36.1%	36.5%	75.1%
Other U.S. Government	2.0%	2.9%	0.0%
Taxable Municipal	0.8%	2.2%	0.9%
Corporates	39.1%	37.9%	18.3%
Asset Backed Securities (ABS)	6.2%	7.1%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	9.0%	6.2%	0.0%
Sovereign / Supranationals	6.6%	6.6%	5.7%
Cash / Equivalents	0.3%	0.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	59.4%	59.3%	76.9%
AA	2.0%	5.4%	6.5%
A	19.9%	17.7%	9.8%
BBB	18.7%	17.6%	6.8%
< 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 Capital 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

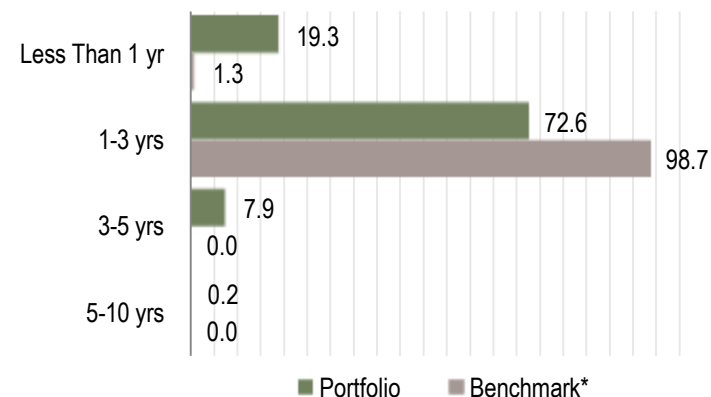
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

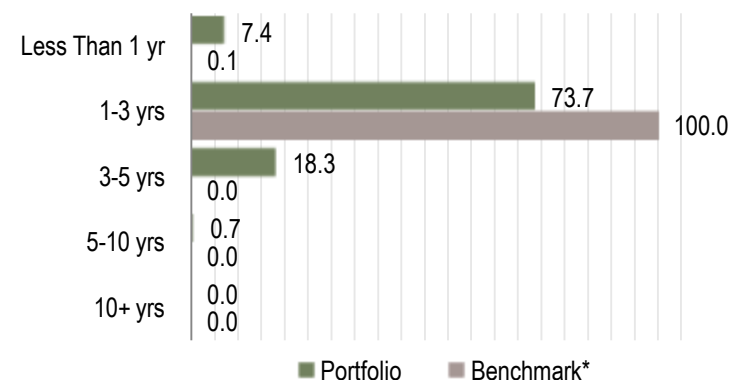
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	26.5%	19.3%	1.3%
1-3 yrs	63.9%	72.6%	98.7%
3-5 yrs	8.2%	7.9%	0.0%
5-10 yrs	1.4%	0.2%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	14.7%	7.4%	0.1%
1-3 yrs	69.2%	73.7%	100.0%
3-5 yrs	14.7%	18.3%	0.0%
5-10 yrs	1.4%	0.7%	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 Capital 1-3 Yr Govt/Credit

**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 - B

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<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	-0.55	-0.87	-0.68	0.52	2.06	---	2.50
Barclay's 1-3 Year Govt/Credit	-0.14	-0.12	0.07	0.74	1.25	2.47	1.63

*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 - B

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<i>1 Mo</i>	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.55	-0.87	-0.68	0.52	2.06	--	2.50
Benchmark***	-0.07	-0.11	0.02	0.34	0.86	2.06	1.28

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

**Galliard Performance Inception: January 01, 2010

***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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AAA	AAA	Total Assets	\$2,516.4 million
Weighted Average Maturity	2.55 years	1.94 years	Number of Issues	560
Yield to Maturity	1.33%	0.39%	Weighted Coupon	2.17%
Effective Duration	2.11 years	1.87 years	Estimated Annual Income	\$54.3 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 - B

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	13.7%	13.8%	100.0%
Other U.S. Government	6.4%	7.1%	0.0%
Taxable Municipal	2.3%	2.9%	0.0%
Corporates	14.0%	12.6%	0.0%
Asset Backed Securities (ABS)	16.5%	15.3%	0.0%
Commercial Mortgage Backed Securities (CMBS)	6.9%	6.6%	0.0%
Mortgage Backed Securities (MBS)	33.3%	34.0%	0.0%
Sovereign / Supranationals	0.8%	0.8%	0.0%
Cash / Equivalents	6.1%	6.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio</i> <i>06/30/2013</i>
General Electric Co	0.5%
JPMorgan Chase & Co	0.4%
Bank of Nova Scotia	0.4%
MidAmerican Energy Co	0.4%
HSBC Holdings PLC	0.4%
Total	2.1%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	85.7%	86.6%	96.6%
AA	6.5%	5.9%	3.4%
A	7.8%	7.5%	0.0%
BBB	0.0%	0.0%	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

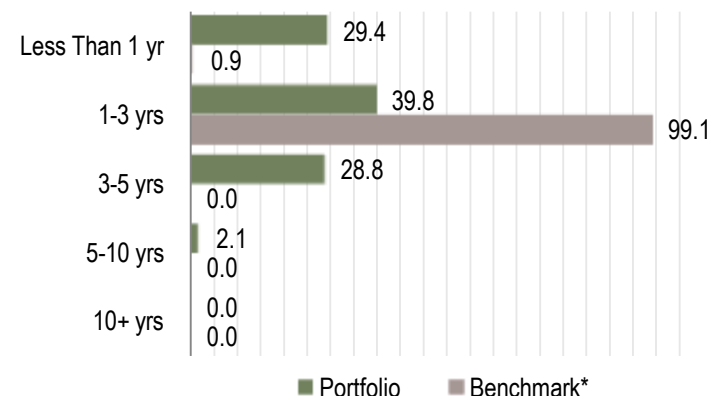
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

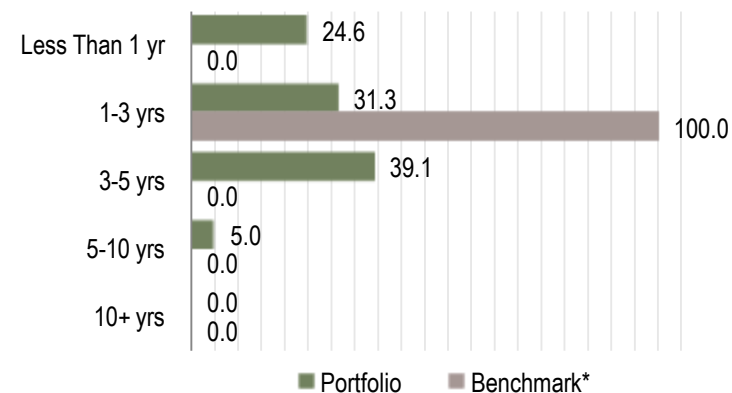
Duration Distribution

	<i>% of Portfolio</i> 03/31/2013	<i>% of Portfolio</i> 06/30/2013	<i>% of Benchmark*</i> 06/30/2013
0-1 yrs	29.8%	29.4%	0.9%
1-3 yrs	50.4%	39.8%	99.1%
3-5 yrs	18.3%	28.8%	0.0%
5-10 yrs	1.5%	2.1%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> 03/31/2013	<i>% of Portfolio</i> 06/30/2013	<i>% of Benchmark*</i> 06/30/2013
0-1 yrs	24.2%	24.6%	0.0%
1-3 yrs	37.8%	31.3%	100.0%
3-5 yrs	35.1%	39.1%	0.0%
5-10 yrs	2.8%	5.0%	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)

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-1.89	-1.72	-0.06	--	--	2.88
Benchmark***	-1.78	-1.63	-0.12	3.03	4.76	2.75

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

**Performance Inception: August 01, 2010

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,216.2 million
Weighted Average Maturity	4.62 years	5.17 years	Number of Issues	1064
Yield to Maturity	1.93%	2.07%	Weighted Coupon	3.12%
Effective Duration	4.06 years	4.31 years		

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

*Barclays Capital Intermediate Aggregate

**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)

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	41.2%	41.5%	41.5%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.3%	0.3%	0.6%
Corporates	21.7%	21.9%	17.9%
Asset Backed Securities (ABS)	0.3%	0.3%	0.5%
Commercial Mortgage Backed Securities (CMBS)	3.9%	3.8%	2.0%
Mortgage Backed Securities (MBS)	31.8%	31.6%	33.4%
Sovereign / Supranationals	0.6%	0.6%	4.1%
Cash / Equivalents	0.3%	0.1%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	76.6%	76.4%	77.6%
AA	3.1%	3.2%	4.6%
A	11.8%	11.8%	9.1%
BBB	8.6%	8.5%	8.6%
< 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 Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

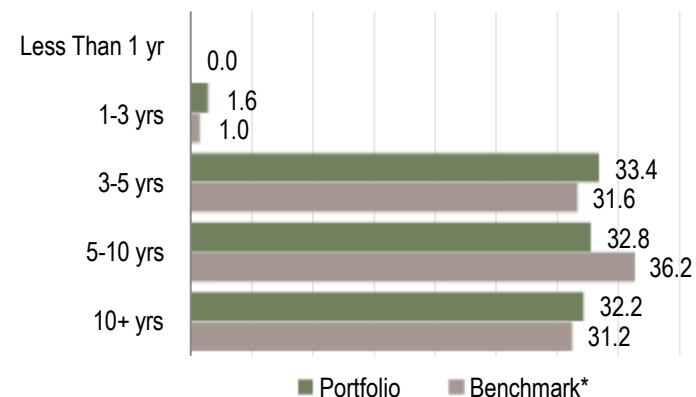
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

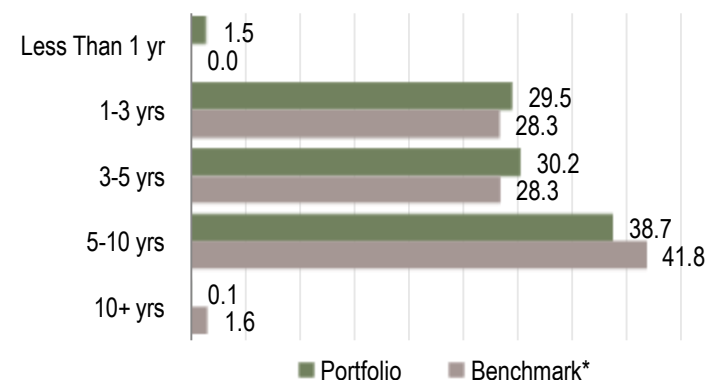
Duration Distribution

	<i>% of Portfolio</i> 03/31/2013	<i>% of Portfolio</i> 06/30/2013	<i>% of Benchmark*</i> 06/30/2013
0-1 yrs	2.4%	1.6%	1.0%
1-3 yrs	39.5%	33.4%	31.6%
3-5 yrs	38.0%	32.8%	36.2%
5-10 yrs	20.1%	32.2%	31.2%
10+ yrs	0.0%		0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> 03/31/2013	<i>% of Portfolio</i> 06/30/2013	<i>% of Benchmark*</i> 06/30/2013
0-1 yrs	2.2%	1.5%	0.0%
1-3 yrs	33.7%	29.5%	28.3%
3-5 yrs	33.7%	30.2%	28.3%
5-10 yrs	30.4%	38.7%	41.8%
10+ yrs	0.1%	0.1%	1.6%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<i>3 Mos</i>	<i>YTD</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-2.87	-2.74	-0.80	--	--	3.44
Benchmark***	-1.78	-1.63	-0.12	3.03	4.76	3.08

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

**Performance Inception: February 01, 2011

***Barclays Capital Intermediate Aggregate

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA	AA+	Total Assets	\$980.6 million
Weighted Average Maturity	5.46 years	5.17 years	Number of Issues	269
Yield to Maturity	1.95%	2.07%	Weighted Coupon	3.05%
Effective Duration	4.29 years	4.31 years		

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

*Barclays Capital Intermediate Aggregate

**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 Acct 654 - Commingled (PIMCO)

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	41.7%	52.4%	41.5%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.3%	1.2%	0.6%
Corporates	14.4%	13.9%	17.9%
Asset Backed Securities (ABS)	0.0%	0.0%	0.5%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	2.0%
Mortgage Backed Securities (MBS)	37.9%	42.1%	33.4%
Sovereign / Supranationals	2.0%	1.9%	4.1%
Cash / Equivalents	2.7%	-11.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	82.3%	83.0%	77.6%
AA	2.6%	2.5%	4.6%
A	12.3%	12.3%	9.1%
BBB	2.9%	2.3%	8.6%
< 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 Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

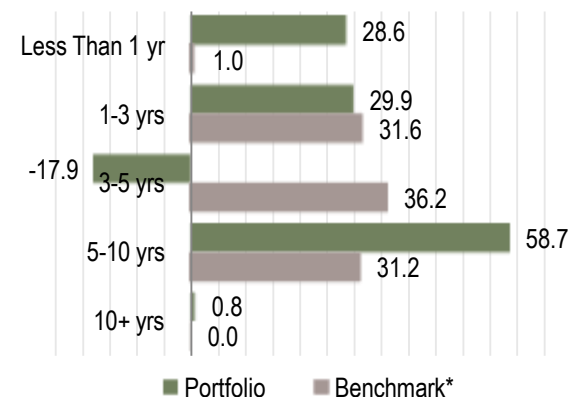
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - Metlife Separate Acct 654 - Commingled (PIMCO)

Second Quarter 2013

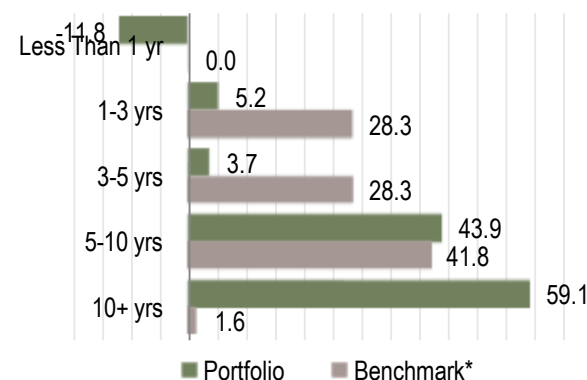
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	2.0%	28.6%	1.0%
1-3 yrs	14.1%	29.9%	31.6%
3-5 yrs	11.7%	-17.9%	36.2%
5-10 yrs	51.6%	58.7%	31.2%
10+ yrs	20.7%	0.8%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	28.3%	-11.8%	0.0%
1-3 yrs	29.3%	5.2%	28.3%
3-5 yrs	-1.7%	3.7%	28.3%
5-10 yrs	38.8%	43.9%	41.8%
10+ yrs	5.3%	59.1%	1.6%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays Capital Intermediate Aggregate

**Column percentage may not add exactly due to rounding

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

Second Quarter 2013

Annualized Investment Performance*

Periods Ending June 30, 2013

	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-1.55	-1.45	0.07	--	--	1.70
Benchmark***	-1.70	-1.60	-0.38	2.78	4.51	1.27

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

**Performance Inception: October 01, 2011

***BarCap Interm Agg Ex Baa

Portfolio Characteristics

	<u>Portfolio</u>	<u>Benchmark*</u>		<u>Portfolio</u>
Weighted Average Quality**	AA+	AAA	Total Assets	\$91.3 million
Weighted Average Maturity	5.36 years	5.10 years	Number of Issues	197
Yield to Maturity	2.71%	1.95%	Weighted Coupon	4.01%
Effective Duration	4.19 years	4.15 years		

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

*BarCap Interm Agg Ex Baa

**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 - Great West ISA

Second Quarter 2013

Sector Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
U.S. Government/Agency Debentures	0.0%	1.0%	45.5%
Other U.S. Government	1.1%	1.1%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	18.0%	20.3%	11.5%
Asset Backed Securities (ABS)	4.2%	5.4%	0.5%
Commercial Mortgage Backed Securities (CMBS)	1.9%	1.7%	1.9%
Mortgage Backed Securities (MBS)	72.9%	66.5%	36.6%
Sovereign / Supranationals	0.0%	0.0%	3.4%
Cash / Equivalents	1.9%	4.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
AAA	78.9%	75.3%	84.9%
AA	7.6%	6.9%	5.1%
A	10.7%	14.5%	10.0%
BBB	2.0%	2.5%	0.0%
< BBB	0.9%	0.8%	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.

*BarCap Interm Agg Ex Baa

**Column percentage may not add exactly due to rounding

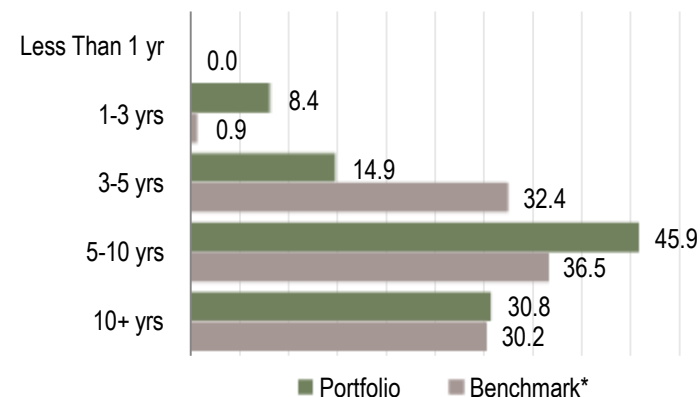
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Second Quarter 2013

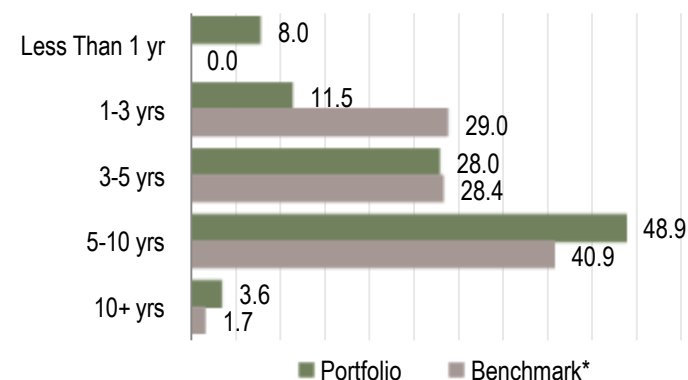
Duration Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	0.6%	8.4%	0.9%
1-3 yrs	7.5%	14.9%	32.4%
3-5 yrs	30.9%	45.9%	36.5%
5-10 yrs	61.0%	30.8%	30.2%
10+ yrs	0.0%		0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>03/31/2013</i>	<i>% of Portfolio</i> <i>06/30/2013</i>	<i>% of Benchmark*</i> <i>06/30/2013</i>
0-1 yrs	5.9%	8.0%	0.0%
1-3 yrs	15.0%	11.5%	29.0%
3-5 yrs	35.1%	28.0%	28.4%
5-10 yrs	44.0%	48.9%	40.9%
10+ yrs	0.0%	3.6%	1.7%
Total	100.0%**	100.0%**	100.0%**



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

*BarCap Interim Agg Ex Baa

**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.

Portfolio Strategy and Positioning

Economic and Market Outlook

Economic Outlook

- | The economy seems to be weathering the fiscal drag from the Budget Sequester reasonably well. Despite a slower start to the year, economic growth in the U.S. has picked up momentum and we expect the economy will expand at a 2-3% pace this year, with some chance that growth surprises to the upside
- | Consumer confidence has improved materially, bolstered by the improved job market, significant stock market gains and a stabilizing housing market. The labor market still has significant slack, however; high un/underemployment serve as a reminder that there are still significant imbalances holding back the recovery
- | Heavily supported by low interest rates and streamlined refinancing programs, the US housing market continues to heal. Year-over-year, homes prices nationally rose at a double-digit pace for the first time since 2006. Existing home sales have recovered, and new home construction is gradually improving
- | Looking globally, Europe's recession appears to be deepening, and there are new calls for a policy change away from austerity to help revive growth. Japan's new government, led by the LDP's Shinzo Abe, announced a massive asset purchase program (QE) designed to stoke nominal growth and move inflation to +2.0% from -0.9% y-o-y today
- | The Federal Reserve has maintained its asset purchase program and near-zero policy rates in response to growth and inflation remaining below target. In his recent public appearances, Chairman Bernanke has rattled markets with the possibility of tapering purchases this year if growth remains strong. We believe that the Fed is "testing" its exit strategy from QE but will remain very data dependant and will continue QE unless data remains strong

Anticipated Portfolio Strategy

- | Maintain neutral duration positioning versus benchmark
- | Corporate bonds have cheapened somewhat recently and we are seeing more opportunities in secondary markets; taxable municipal bonds still offer good value relative to other spread sectors and we continue to add stable, high quality issuers
- | Structured Government securities and ABS Student Loan ABS remain attractive; MBS experienced some volatility in May with the back-up in rates and Fed QE chatter. We remain cautious in this sector, favoring extension-protected stories
- | We recently reduced our TIPS position given the breakdown in market inflation expectations; we continue to hold a smaller position as a portfolio diversifier

The information contained herein reflects the views of Galliard Capital Management, Inc. and sources believed to be reliable by Galliard as of the date of presentation. No representation or warranty is made concerning the accuracy of any data and there is no guarantee that any projection, opinion, or forecast herein will be realized. The views expressed may change at any time. This presentation is for information purposes only; it is not investment advice or a recommendation for a particular security strategy or investment product.063013-1.

Professional Biographies



John R. Caswell, CFA
Founding Managing Partner

John is a Founding Partner and Chairman of Galliard's Fixed Income Committee. He is responsible for overseeing investment policy and strategy formulation. Prior to co-founding Galliard, John was Chief Investment Officer of Norwest Investment Management. John began his investment career in 1975 and holds a BBA degree in Finance and an MBA degree in Finance from the University of Iowa. He has authored and collaborated on many articles and chapters on fixed income and stable value investment management.



Richard J. Merriam, CFA
Founding Managing Partner

Richard is a Founding Partner and Galliard's Chief Investment Strategist. In this role, he is responsible for asset selection and strategy formulation for the firm's portfolios. He also serves as Corporate Sector Head. Prior to co-founding Galliard, Richard was Chief Investment Officer of Insight Investment Management. He began his investment career in 1985 and holds BA degrees in Economics and English from the University of Michigan and an MBA degree in Finance from the University of Minnesota.



Karl P. Tourville
Founding Managing Partner

Karl is a Founding Partner and Chairman of Galliard's Management Committee. He is involved in client portfolio management, developing investment strategy and designing new products. Karl is a past member of the Board of Directors of the Stable Value Investment Association and has authored and collaborated on many articles and chapters on fixed income and stable value investment management. He holds a BA in Economics and an MBA in Finance from the University of St. Thomas.

Professional Biographies



Carrie A. Callahan
Managing Partner

Carrie is a Managing Partner at Galliard Capital Management and directs client service and consultant relations for the firm. Prior to joining Galliard, Carrie was a Group Vice President in consultant relations at Trusco Capital. Prior to Trusco, Carrie was a Senior Vice President for SunTrust Banks where she was responsible for bundled 401K sales and high net worth relationship management. She began her career in investment management, institutional sales and consultant relations in 1991. Carrie holds a BA in economics from the University of Central Florida. She sits on the Investment Committee for the University of Central Florida Foundation.



Ajay Mirza, CFA
Managing Partner

Ajay is a Managing Partner and serves as Structured Securities Sector Head. Prior to joining Galliard, Ajay was a mortgage backed securities analyst with Insight Investment Management. He also served as a research analyst at Lehman Brothers, where he worked on the mortgage backed securities trading desk. Ajay holds a BE in Instrumentation from the Birla Institute of Technology (India), an MA in Economics from Tulane University, and a MBA from the University of Minnesota. Ajay began his investment career in 1994 and has been with Galliard since the firm's inception.



Michael D. Norman
Partner
Portfolio Management

Mike is responsible for client and consultant relationship management. In this capacity, Mike works with current and prospective clients, as well as the consultants who serve them, to develop strategy and to assure execution of client mandates. Prior to joining Galliard, Mike served as a Securities Lending Trader and Trust Officer with Norwest Bank. Mike began his investment career in 1993 and has been involved in the stable value industry since 1996. Mike also served on the Stable Value Investment Association's (SVIA) Board of Directors from 2003 – 2006 along with a number of other boards and associations. Mike holds a BA from the University of Notre Dame and an MBA from the University of Minnesota.



Leela J. Scattum
Partner
Portfolio Management

Leela is involved in the management of Galliard's stable value portfolios. Leela began her investment career in 1992 and has been with Galliard since the firm's inception. She holds B.Sc. (Statistics) and B.Ed. (Education) degrees from the University of Bombay. She also completed her course work for Master of Science degree in Applied Mathematics from the University of Bombay, and holds an MBA degree from the University of St. Thomas.

Professional Biographies



Chad M. Foote, CPA (inactive)
*Senior Principal
Investment Operations
and Accounting*

As Chief Operating Officer of Galliard, Chad is responsible for accounting operations and the implementation of new technology and business initiatives. Chad holds a CPA (inactive) and a CISA (inactive). Before joining Galliard, Chad was the head of risk management at Alliance Financial Services. He also served as a Director at PricewaterhouseCoopers consulting on financial operations and risk management practices, and was a Compliance Officer for First American Funds. Chad holds a BS in Management from the University of Minnesota's Carlson School of Management.



David H. Lui
*Principal
Chief Compliance Officer*

David is the Chief Compliance Officer at Galliard and is responsible for leading our contract negotiation team. Prior to joining Galliard, David was the Chief Compliance Officer of FAF Advisors and First American Funds. Previously, David was Chief Compliance Officer of Franklin Advisers and Chief Compliance Counsel for Charles Schwab in San Francisco. David earned his B.A. in history from Brown University in Providence, Rhode Island, and a J.D. from the University of California, Hastings college of Law, in San Francisco. He has been admitted to practice law in both California and Minnesota. He is a past Chairman of the Board of Directors of the National Society of Compliance Professionals and is a nationally recognized speaker in compliance issues. David has more than 20 years of experience in compliance and investment law.



Erol D. Sonderegger, CFA
*Principal
Portfolio Management*

Erol leads Fixed Income Client Portfolio Management. Erol is a member of the Fixed Income Committee and provides input on investment strategy for both Fixed Income and Stable Value. Erol is also responsible for the external manager oversight program and is a named portfolio manager for the Wells Fargo Stable Return Fund and the Wells Fargo Managed Income Fund. Prior to joining Galliard, Erol was a Portfolio Manager with RiverSource Investments and was a member of their Fixed Income Strategy Committee. Erol's portfolio management experience at RiverSource included co-managing a number of fixed income and balanced investment products. He also has extensive experience in fixed income analytics and performance attribution. Prior to working at RiverSource, Erol was an investment analyst for the Minnesota State Board of Investments. Erol earned his BA in International Business, with a concentration in Finance, from George Washington University in Washington D.C. and is a CFA Charterholder.

Professional Biographies



Andy C. Apostol
*Senior Director
Client Services*

Andy is responsible for stable value client relationships and client portfolio management. Prior to joining Galliard, Andy was a Senior Vice President at Dwight Asset Management, overseeing fixed income and stable value portfolios. Prior to Dwight, Andy was a Senior Account Manager for INVESCO's fixed income and stable value business. Andy earned his B.S. in Business Administration from the University of Oregon.



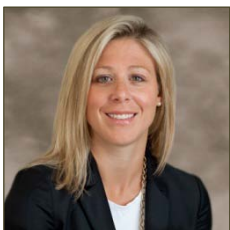
David B. Ferry
*Senior Director
Client Services*

David is responsible for client and consultant relationship management. In this capacity, David works with current and prospective clients, as well as the consultants who serve them to develop strategy and to assure execution of client mandates. Prior to joining Galliard, David was a Senior Vice President with SunGard Wealth Management, managing sales and relationships for the SunGard platform. He earned his BS in Business and his MBA in Finance from the University of Minnesota.



Nick Gage, CFA
*Senior Director
Client Services
Portfolio Management*

Nick is responsible for analysis of Galliard's stable value and fixed income portfolios and is a member of the portfolio management team responsible for Galliard's stable value products. Prior to joining Galliard, Nick served as a Senior Investment Analyst for Wells Fargo Institutional Asset Advisors, where he provided investment manager due diligence and asset allocation analysis for defined contribution and defined benefit plans. Nick is currently serving as a member of the Stable Value Investment Association's Board of Directors. Nick holds a BS in Economics from Vanderbilt University.



Taylor Benson
*Director
Client Service &
Consultant Relations*

Taylor is responsible for client service and consultant relationship management. Prior to joining Galliard, Taylor was an Investment Consultant at Segal Advisors for defined benefit and defined contribution plans. Prior to Segal, Taylor was a client service associate for Legg Mason & Co., where she was responsible for servicing the Western Asset Management's Institutional Mutual Fund clients. She began her career as a business analyst for Hewitt Associates. Taylor holds a BS in Finance from Providence College.

Professional Biographies



Andrea Johnson, CFA, CIPM
Director
Portfolio Management

As a part of the Client Portfolio Management team, Andrea assists in the management of Galliard's fixed income and stable value portfolios. Andrea also contributes to firm investment communication pieces and works closely with the client services team. Prior to joining Galliard in 2005, Andrea served as an Investment Sales Associate and Brokerage Settlement Specialist with Marshall & Ilsley Corporation, where she prepared portfolio reviews, provided support in creating financial and asset allocation plans and ensured proper execution of trades. Andrea holds a BA in Economics and Spanish from Ripon College.



Doug Rangel, CFA
Senior Associate
Portfolio Management

As a senior investment associate at Galliard, Doug is responsible for performance analysis on our trading desk as well as day-to-day account management support. Prior to joining Galliard, Doug was a senior investment analyst for the ELCA Board of Pensions where he was responsible for a range of investment analysis including the Board's socially-oriented investment initiatives. Prior to working at the ELCA Board of Pensions, Doug was a senior business analyst for RiverSource Investments. Doug earned his BS in Business Management with an emphasis in Economics, from Greenville College and received his MBA from the University of St. Thomas.