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Section IV:	State of North Carolina 401(k) Stable Value Fund Portfolio Review
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Appendix:	Economic Update Professional Biographies

State of North Carolina

May 8, 2014

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Section I

Galliard Capital Management

Fixed Income and Stable Value Specialists



GALLIARD at a glance (as of 3/31/14)

Fixed Income and Stable Value Specialists

- | Currently managing \$86.8 Billion
- | 100+ professionals on staff
- | Ranked 26th in overall institutional assets *
- | Ranked 14th largest active domestic fixed income manager *
- | Ranked 12th largest defined contribution manager *
- | Ranked 71st total worldwide institutional assets under management *

* *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 | **\$86.8**
Billion

Assets Under Management (By Strategy):

- | Short Duration: \$36.9 Billion
- | Intermediate Core: \$14.6 Billion
- | Broad Market Core & Core Plus: \$2.8 Billion
- | Custom: \$32.4 Billion

Assets Under Management (By Plan Type):

- | Corporate Retirement/Benefit Plans: \$68.5 Billion
- | Public Entities: \$13.1 Billion
- | Operating Funds: \$2.8 Billion
- | Partnerships: \$1.4 Billion
- | Foundation/Endowments: \$496.0 Million
- | Taft Hartley: \$421.1 Million

Stable Value
Assets | **\$78.8**
Billion

2013 Stable Value Summary

- | \$937 Million new assets
- | 4 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 3/31/14

**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 & Service

Mike Norman Partner	Linh Buoen Associate Director
Leela Scattum Partner	Robert Crandall, CFA Associate Director
Erol Sonderegger, CFA Principal	Doug Rangel, CFA Associate Director
Andrew Apostol Senior Director	Jordan Bewley Senior Associate
Taylor Benson Senior Director	Michelle Boss Senior Associate
David Ferry Senior Director	Jennifer Hopper, CFA Senior Associate
Nick Gage, CFA Senior Director	Will Moeller, CFA Senior Associate
Andrea Johnson, CFA Director	Kaleigh Causey Associate
Laura Sell, CFA Director	Evan Hewitt Associate
William Weber Director	Steve Swanson Associate

Fixed Income Sector Teams

<i>Credit</i>	<i>Structured Product</i>
Richard Merriam, CFA Founding Managing Partner Sector Head	Ajay Mirza, CFA Managing Partner Sector Head
Matt Bentley Principal	Matt Robertson, CFA Senior Director
Chad Callahan Principal	Mike Meerovich Director
Rene Hoogmoed, CFA Principal	Marco Perzichilli Director
Brandon Kanz, CFA Senior Director	Gauri Jadhav Associate Director
John Kenley, CFA Director	John Hammar Senior Associate
Robert Barrett, CFA Associate Director	Elizabeth Smithley Senior Associate
	Tyler Wadsworth Senior Associate

Portfolio Analysis & Support

Rasaan Ellison Associate Director	Jeff Hay Associate
Mark Otto Associate Director	Matt Heutinck Associate
Carmen Rangel, CPA Associate Director	Adam Maatz Associate
Brian Brooks Senior Associate	Andrew McKessock Associate
Phil Kos Senior Associate	Ben Modica Associate
Suthisa Krupinski Senior Associate	Tim Noel Associate
Jason Skull Senior Associate	Lily Sihavong Associate
Jesse Ahlbrecht Associate	
Heather Goserud Associate	

Operations & Technology

Chad Foote Chief Operating Officer Senior Principal	Fiona Donahoe Senior Associate
Peter Anderson Director	Shawn Erwin Senior Associate
George Jones Director	Brian Heruth Senior Associate
Maryllynn Shapiro Director	Deanna Moriarty Senior Associate
Sue Stachel Director	Whitney O'Neil Senior Associate
Lisa Anderson Associate Director	Stephanie Ripley Senior Associate
Joe Atkinson Associate Director	Corey Weber Senior Associate
William Ingle Associate Director	Preston Ghizoni Associate
Elena Ketter Associate Director	Geneva Hanvik Associate
Gary Poon Associate Director	Charles Head Associate
Christopher Smith Associate Director	Lee Jacobsen Associate
Troy Visnovac Associate Director	Stacie Sandager Associate
Mike Bouska Senior Associate	
Jennifer deFiebre Senior Associate	

Marketing & Client Support

Jane Marie Petty Principal	Seth Mork Senior Associate	Mark Perzichilli Associate
Jennifer Miller Associate Director	Jennie Soucheray Senior Associate	Khonsavanh Phonsavanh Associate
Barb Thomas Associate Director	Justin Chafe Associate	Erick Tralle Associate
Jennifer Wedan Associate Director	Alison Johnson Associate	Jenny Wagner Associate
Scott Baber Senior Associate		

Contract Management & Administration

David Lui Principal	Christina Mosher Senior Associate
Kristin Daniels, CPA Senior Director	Nicole Berger Associate
Tami Pearse-Byczek Senior Director	Erica Bloudek Associate
Paula Novick Director	Leslie Laubach Associate
Eric Vercauteren Associate Director	

Compliance

Jennifer Lammers Chief Compliance Officer
Brian Renelt Senior Associate
Madonna Mochinski Associate

New in 2013

New in 2014

Wells Fargo Resources

Human Resources, Legal Department, Trust Operations, Investment Mgmt Technology, Compliance/Risk Mgmt, Economic Research, Credit Research, Finance



Section II

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 exiting providers is actively being replaced by new entrants and providers increasing their capacity; Galliard has replaced all Natixis contacts and expects to replace remaining Bank of America contracts by May 2014.
- | 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
 - Pacific Life
 - New York Life
 - Prudential
 - Royal Bank of Canada
 - Mass Mutual
 - Reinsurance Group of America
 - TIAA/ CREF Life
 - Recent entrants increasing capacity
 - Bank of Tokyo**
 - Nationwide Life
 - Providers expected to enter in the coming year
 - Lincoln Financial**

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

- | Generated over \$35 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 12/31/13

** Pending Galliard approval

Stable Value Market Update

Galliard Wrap Issuer Summary

As of February 2014:

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	Galliard, 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
Nationwide Life Insurance	Yes	Yes	SBIC	Galliard	A+	A1
New York Life	Yes	Yes	SBIC & SAGIC	New York Life	AA+	Aaa
Pacific Life Ins. Co.	Yes	Yes	SBIC	Galliard, PIMCO	A+	A1
Prudential Life Ins. Co	Yes	Yes	SBIC	Galliard, Prudential, Jennison	AA-	A1
Reinsurance Group of America	Yes	Yes	SBIC	Galliard	AA-	A1
Royal Bank of Canada	Yes	Yes	SBIC	Galliard	AA-	Aa3
TIAA-CREF Life	Yes	Yes	SAGIC	TIAA-CREF Life	AA+	Aaa
State Street Bank and Trust Co.	No	No	SBIC	Galliard, PIMCO	AA-	Aa2

*Providers accepting deposits on a case by case basis

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

***Managers typically utilized within Galliard Stable Value solutions



Section III

State of North Carolina Stable Value Funds

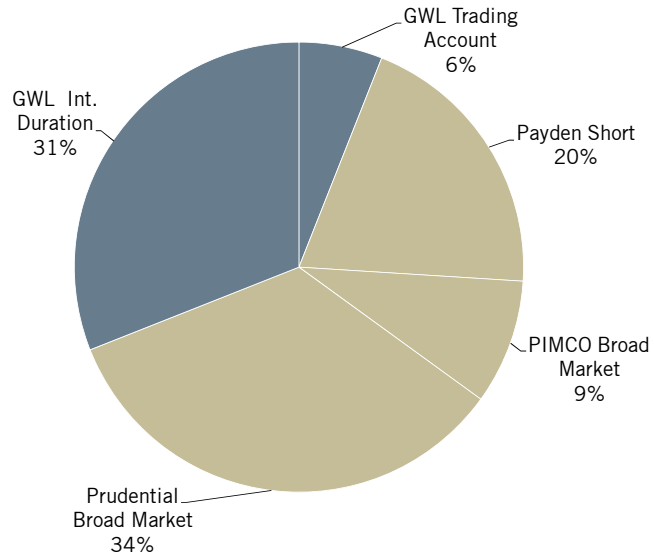
Transition Update

December 2010	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Transition 401(k) Plan's Prudential investment to intermediate duration collective trust
July 2011	<ul style="list-style-type: none"> - Moved from declared rate to actual portfolio returns
2012	<ul style="list-style-type: none"> - Changed STIF to Wells Fargo Government Money Market - Finalize portfolio strategy recommendations
2013	<ul style="list-style-type: none"> - Secured wrap coverage for Payden & Rygel with American General Life - Reduced exposure to PIMCO/Met Life to 13% target - Allocated 15% to Jennison under Prudential wrap
2014	<ul style="list-style-type: none"> - Reducing Great West Life to 20% target (date to be determined) - Finalize Nationwide wrap contract to replace United of Omaha

State of North Carolina 401(k) Plan

Transition Update

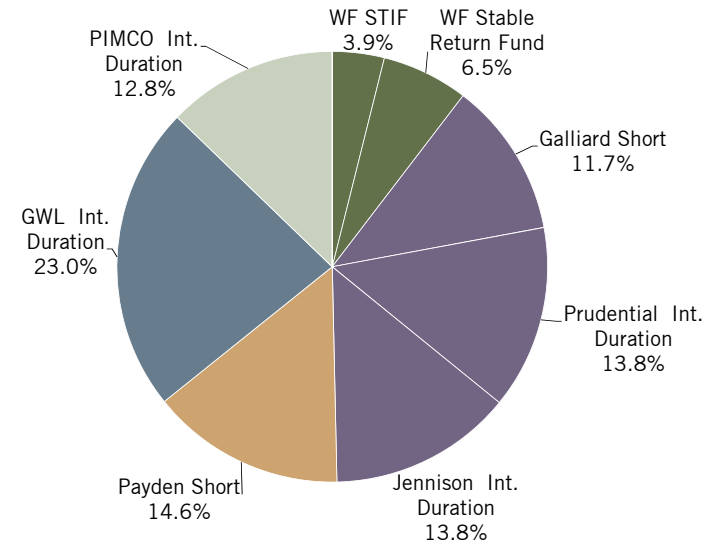
Initial Portfolio Allocation



= Prudential Wrap
 = Great West Life Wrap

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

Portfolio Allocation 401(k) 3/31/14



= Liquidity Buffer
 = Prudential Wrap
 = MetLife
 = AGL
 = GWL

Duration	3.12 years
Avg. Quality	AA+
# of Managers	6
# of Providers	4

State of North Carolina

Expense Disclosure

Total Annual Fund Operating Expenses

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

Expense	401(k) Plan	457 Plan
	Expense Ratio (as of 3/31/14)	Expense Ratio (as of 3/31/14)
Galliard Investment Management Fees	0.073%	0.073%
Subadvisor Management Fees	0.057%	0.059%
Investment Contract Fees	0.163%	0.165%
Acquired Fund Fees and Other Subadvisor Investment Management Expenses	0.045%	0.043%
-Investment Contract Fees	0.012%	0.012%
-Other Acquired Fund Fees and Subadvisor Investment Management Expenses	0.033%	0.032%
12b-1 Distribution Fee	None	None
Other Expenses*	0.104%	0.104%
Total Annual Fund Operating Expense**	0.443%	0.444%

*Other Expenses – Declined to 10.4 basis points effective 1/1/2014.

**Total Annual Fund Operating Expense will be reflected in the Fund's net asset value.



Section IV

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

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Book Value Performance							
Portfolio (net of all fees)	0.14	0.43	1.96	2.56	---	---	2.67
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	1.07	1.09	---	---	1.10
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.39	1.58	1.59	1.63	3.19	1.61
3 Year Constant Maturity Treasury Yield	0.07	0.19	0.64	0.53	0.82	2.17	0.58
Market Value Benchmark							
Blended Benchmark***	-0.21	0.79	0.23	2.19	3.14	3.53	1.88

Calendar Year Performance

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Book Value Performance					
Portfolio (net of all fees)	2.15	2.75	3.27	---	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.08	1.12	1.11	---	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.58	1.62	1.61	1.64	1.72
3 Year Constant Maturity Treasury Yield	0.54	0.38	0.75	1.10	1.43
Market Value Benchmark					
Blended Benchmark***	-0.41	2.52	4.05	4.53	5.03
Market Indices					
Merrill Lynch 3 Month T-Bill	0.07	0.11	0.10	0.13	0.21
Consumer Price Index	1.62	2.26	2.96	1.50	2.72

*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.

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

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

First Quarter 2014

Portfolio Characteristics

Total Assets	\$1,877,694,648	Blended Yield (After fees)*	1.76%
Average Holdings Quality**	AA+	Effective Duration	3.12 years
Number of Contract Issuers	4	Market/Book Value Ratio	101.70%

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

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

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>03/31/2014</u>	<u>% of Portfolio</u> <u>12/31/2013</u>
Money Market*	72,370,365	3.9	4.0
Stable Value Funds	122,893,547	6.5	6.5
Insurance Separate Accounts	671,566,741	35.8	35.7
Intermediate Portfolio	671,566,741	35.8	35.7
Security Backed Contracts	1,010,863,994	53.8	53.8
Short Portfolio	492,727,780	26.2	26.3
Intermediate Portfolio	518,136,214	27.6	27.5
Total	\$1,877,694,648	100.0%**	100.0%**

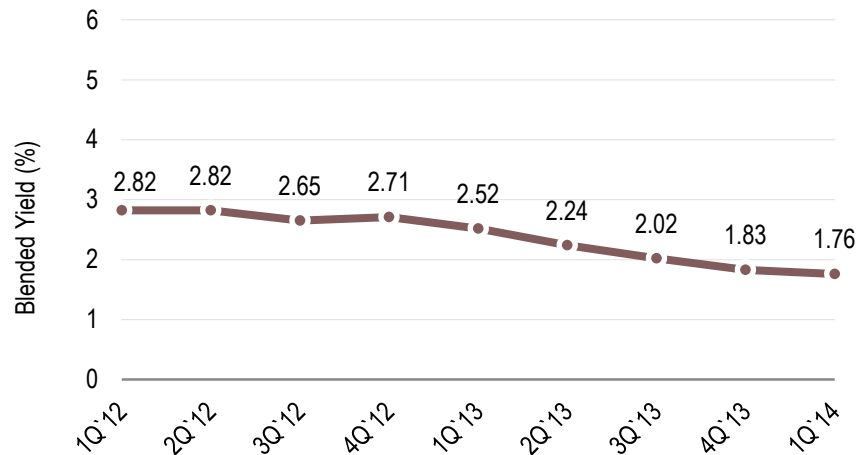
*Includes Receivables and Payables

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

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

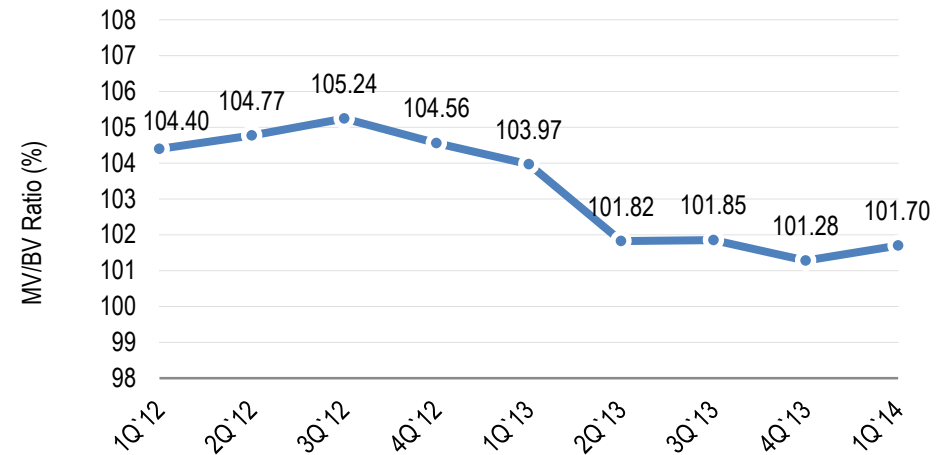
First Quarter 2014

Historical Book Value Crediting Rate*

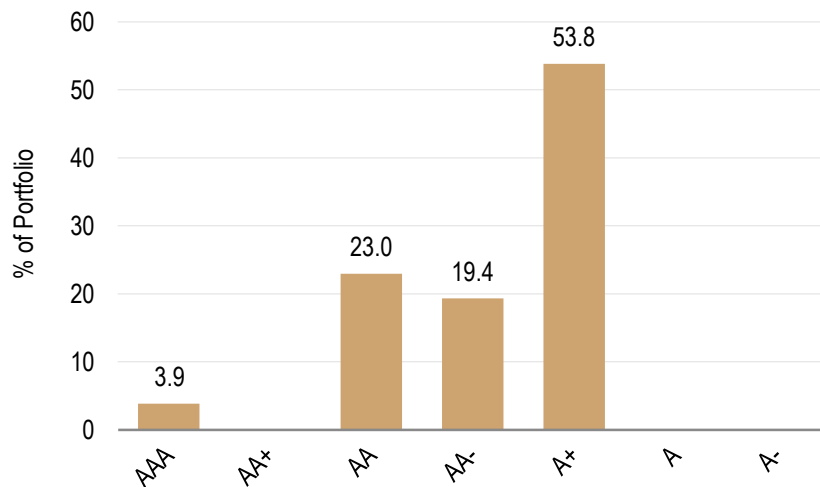


*Blended yield is after investment management fees, wrap fees and administration fees.

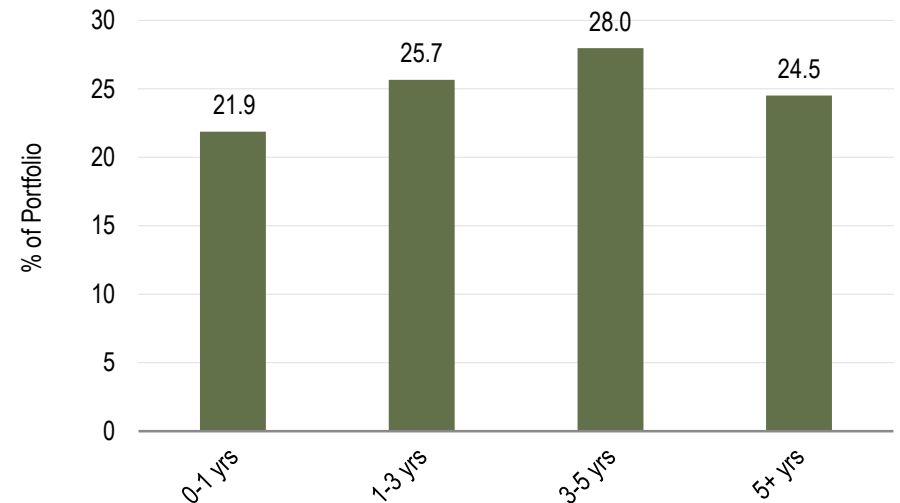
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



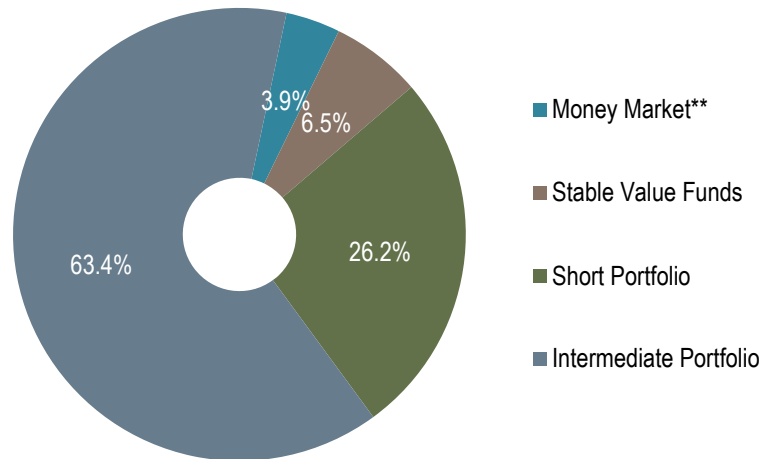
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

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

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

First Quarter 2014

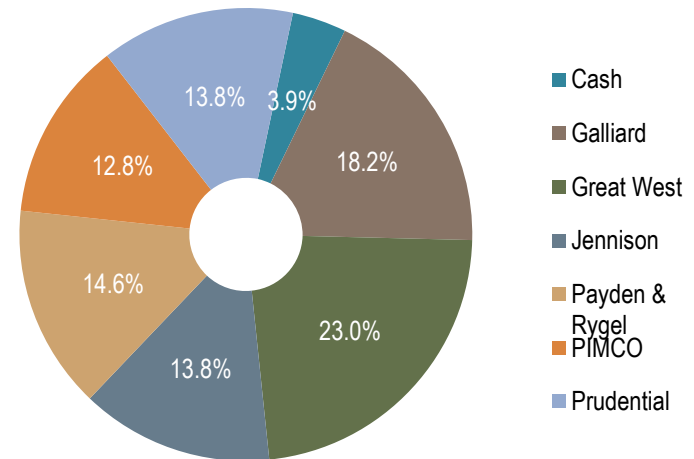
Portfolio Distribution*



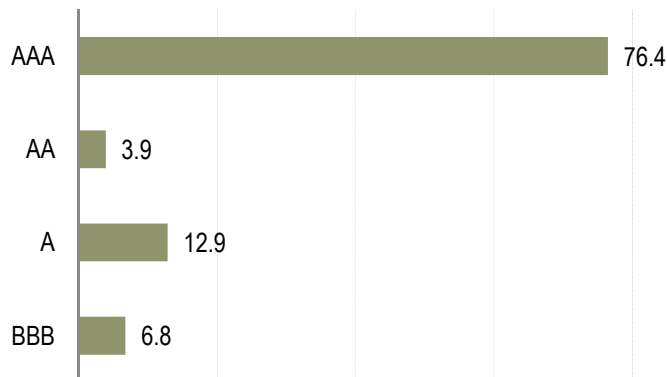
*Book value

**Includes Receivables and Payables

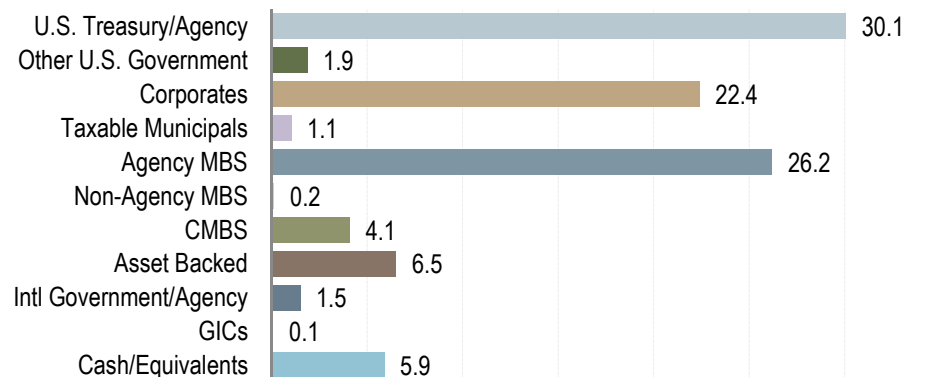
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



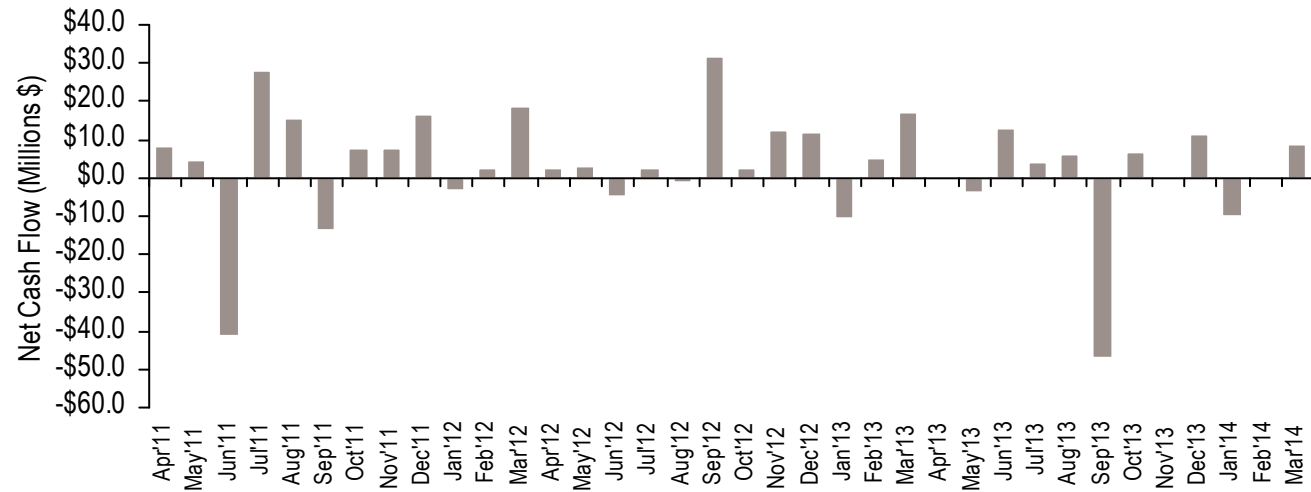
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

First Quarter 2014

Historical Cashflows



	YTD	2013	2012	2011	2010
Beginning Assets	\$1,870.9	\$1,829.1	\$1,702.4	\$1,594.4	\$1,446.1
Net Cash Flow (\$)*	-\$1.2	\$2.4	\$79.1	\$55.5	\$90.1
Net Cash Flow (%)	-0.06%	0.13%	4.65%	3.48%	6.23%
Estimated Investment Earnings	\$8.0	\$39.4	\$47.6	\$52.5	\$58.1
Ending Assets**	\$1,877.7	\$1,870.9	\$1,829.1	\$1,702.4	\$1,594.4

* Contributions, Withdrawals and Investment Transfers

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

State of North Carolina Stable Value Funds

Market Value 401(k) Plan Performance Summary

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	0.32%	0.95%	1.85%		2.58%	7/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>0.23%</u>	<u>0.68%</u>	<u>1.18%</u>		<u>1.75%</u>	
	0.09%	0.27%	0.67%		0.83%	
Galliard**	0.53%	0.33%	1.79%		3.19%	1/1/2010
Barclays Capital 1-3 Yr. Government *	0.14%	0.39%	0.84%		2.79%	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>0.23%</u>	<u>0.68%</u>	<u>1.18%</u>		<u>1.75%</u>	
	0.39%	-0.06%	0.95%		0.40%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	1.23%	-0.01%	3.18%		2.82%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>1.20%</u>	<u>0.01%</u>	<u>3.04%</u>		<u>2.69%</u>	
	0.03%	-0.02%	0.14%		0.05%	
PIMCO	1.19%	-1.54%	3.16%		3.05%	2/1/2011
Barclays Capital Intermediate Aggregate	<u>1.20%</u>	<u>0.01%</u>	<u>3.04%</u>		<u>2.93%</u>	
	-0.01%	-1.55%	0.12%		0.12%	
Great West Life	1.16%	0.08%	3.11%		2.11%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	<u>1.10%</u>	<u>-0.15%</u>	<u>2.80%</u>		<u>1.52%</u>	
	0.06%	0.23%	0.31%		0.59%	
Jennison	1.52%	-0.26%	3.44%		2.97%	8/1/2010
Barclays Capital Intermediate Govt/Credit	<u>1.00%</u>	<u>-0.13%</u>	<u>3.13%</u>		<u>2.70%</u>	
	0.52%	-0.13%	0.31%		0.27%	

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

**Reflects performance of Galliard Short Duration Fund B through 2/28/14 at which time Fund B was consolidated.

State of North Carolina Stable Value Funds

Impact of Rising Market 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	12/31/2013	\$ 272,506,062	\$ 275,667,806	101.2%	0.83%	1.49	1.32%
		3/31/2014	<u>\$ 273,560,550</u>	<u>\$ 276,610,703</u>	<u>101.1%</u>	<u>0.82%</u>	<u>1.56</u>	<u>1.36%</u>
			\$ 1,054,488	\$ 942,897	0.0%	-0.01%	0.07	0.04%
	Galliard	12/31/2013	\$ 219,279,208	\$ 223,211,507	101.8%	1.24%	1.94	2.02%
		3/31/2014	<u>\$ 219,167,231</u>	<u>\$ 224,392,182</u>	<u>102.4%</u>	<u>1.20%</u>	<u>2.01</u>	<u>2.02%</u>
			\$ (111,977)	\$ 1,180,675	0.6%	-0.04%	0.07	0.00%
Intermediate Duration	Prudential	12/31/2013	\$ 258,273,841	\$ 262,905,425	101.8%	2.07%	4.12	2.02%
		3/31/2014	<u>\$ 259,949,649</u>	<u>\$ 266,146,853</u>	<u>102.4%</u>	<u>1.96%</u>	<u>4.10</u>	<u>2.02%</u>
			\$ 1,675,808	\$ 3,241,428	0.6%	-0.11%	(0.02)	0.00%
	PIMCO	12/31/2013	\$ 239,283,498	\$ 241,911,686	101.1%	2.33%	4.20	2.39%
		3/31/2014	<u>\$ 240,499,150</u>	<u>\$ 244,635,598</u>	<u>101.7%</u>	<u>1.98%</u>	<u>3.98</u>	<u>2.10%</u>
			\$ 1,215,652	\$ 2,723,912	0.6%	-0.35%	(0.22)	-0.29%
	Great West Life	12/31/2013	\$ 428,296,683	\$ 433,378,411	101.2%	2.45%	4.02	2.85%
		3/31/2014	<u>\$ 431,067,591</u>	<u>\$ 438,203,367</u>	<u>101.7%</u>	<u>2.30%</u>	<u>3.81</u>	<u>2.68%</u>
			\$ 2,770,908	\$ 4,824,956	0.5%	-0.15%	(0.21)	-0.17%
	Jennison	12/31/2013	\$ 255,865,956	\$ 260,454,359	101.8%	1.50%	3.87	2.02%
		3/31/2014	<u>\$ 258,186,565</u>	<u>\$ 264,341,738</u>	<u>102.4%</u>	<u>1.47%</u>	<u>3.97</u>	<u>2.02%</u>
			\$ 2,320,609	\$ 3,887,379	0.6%	-0.03%	0.10	0.00%
Total Fund		12/31/2013	\$ 1,870,879,345	\$ 1,894,903,290	101.3%	1.71%	3.16	2.04%
		3/31/2014	<u>\$ 1,877,694,648</u>	<u>\$ 1,909,594,353</u>	<u>101.7%</u>	<u>1.61%</u>	<u>3.12</u>	<u>1.97%</u>
			\$ 6,815,303	\$ 14,691,063	0.4%	-0.10%	(0.04)	-0.07%

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

First Quarter 2014

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>3/31/2014</u>	<u>12/31/2013</u>	<u>3/31/2014</u>	<u>12/31/2013</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Strong capital levels
- All life businesses except New York were consolidated into this subsidiary at year end 2012
- Leading positions in a diverse set of products

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Strong positions in niche markets
- 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
- Below average capital levels declined in 2013, though this is balanced by lock ups and penalties on most of their products
- 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

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

March 31, 2014

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)		-1,021,140	-1,021,140	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		73,391,505	73,391,505	100.0	3.9	0.01		0.10	AAA	Aaa	
Total Money Market			72,370,365	72,370,365	100.0	3.9	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		122,893,547	122,893,547	100.0	6.5	1.47		2.39	AA-	Aa3	
Total Stable Value Funds			122,893,547	122,893,547	100.0	6.5	1.47		2.39	AA-	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NH2	GreatWest Life Insurance Co.	Great West	431,067,591	438,203,367	101.7	23.0	2.68	N.S.M.	3.81	AA	Aa3	15.0
590994VM8	Metropolitan Life Ins. Co.	PIMCO	240,499,150	244,635,598	101.7	12.8	2.10	N.S.M.	3.98	AA-	Aa3	20.0
Total Intermediate Portfolio			671,566,741	682,838,964	101.7	35.8	2.47		3.87	AA	Aa3	
Total Insurance Separate Accounts			671,566,741	682,838,964	101.7	35.8	2.47		3.87	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
946996EE1	American General Life Ins. Co.	Payden & Rygel	273,560,550	276,610,703	101.1	14.6	1.36	N.S.M.	1.56	A+	A2	25.0
744999CV3	Prudential Ins. Co. of America	Galliard	219,167,231	224,392,182	102.4	11.7	2.02	N.S.M.	2.01	AA-	A1	17.0
Total Short Portfolio			492,727,780	501,002,884	101.7	26.2	1.65		1.76	A+	A2	
Intermediate Portfolio												
744999CV3	Prudential Ins. Co. of America	Jennison	258,186,565	264,341,738	102.4	13.8	2.02	N.S.M.	3.97	AA-	A1	17.0
744999CV3	Prudential Ins. Co. of America	Prudential	259,949,649	266,146,853	102.4	13.8	2.02	N.S.M.	4.10	AA-	A1	17.0
Total Intermediate Portfolio			518,136,214	530,488,591	102.4	27.6	2.02		4.03	AA-	A1	
Total Security Backed Contracts			1,010,863,994	1,031,491,476	102.0	53.8	1.84		2.92	AA-	A1	
Total Fund			1,877,694,648	1,909,594,353	101.7	100.0	1.97		3.12	AA-	A1	

*N.S.M. = No Stated Maturity

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

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.32	0.95	1.85	--	2.58
Benchmark***	0.23	0.68	1.18	1.95	1.75

*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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA+	Total Assets	\$276.6 million
Weighted Average Maturity	2.28 years	1.90 years	Number of Issues	222
Yield to Maturity	0.82%	0.57%	Weighted Coupon	1.40%
Effective Duration	1.56 years	1.85 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

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	28.5%	28.9%	72.9%
Other U.S. Government	2.6%	2.6%	0.0%
Taxable Municipal	2.8%	2.9%	0.9%
Corporates	44.3%	44.1%	19.1%
Asset Backed Securities (ABS)	9.4%	9.8%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	4.8%	4.5%	0.0%
Sovereign / Supranationals	7.1%	6.8%	7.1%
Cash / Equivalents	0.4%	0.4%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	52.4%	52.8%	76.2%
AA	7.8%	4.3%	6.4%
A	20.9%	23.0%	9.8%
BBB	18.9%	19.9%	7.6%
< 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 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

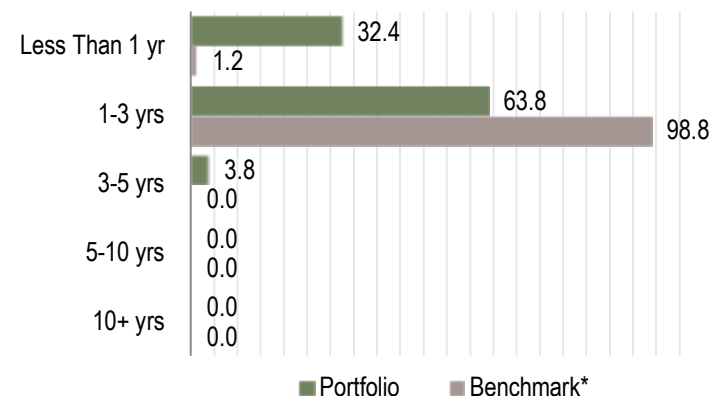
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

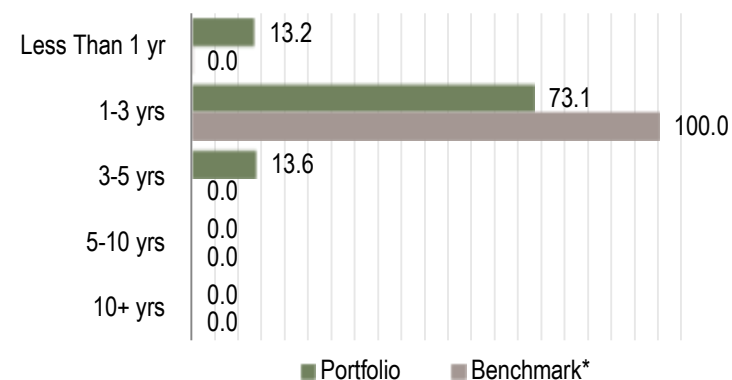
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	28.2%	32.4%	1.2%
1-3 yrs	66.8%	63.8%	98.8%
3-5 yrs	4.8%	3.8%	0.0%
5-10 yrs	0.2%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	7.8%	13.2%	0.0%
1-3 yrs	76.6%	73.1%	100.0%
3-5 yrs	14.9%	13.6%	0.0%
5-10 yrs	0.7%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays 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 - F

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<u>1 Mo</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.18	0.53	0.29	1.89	---	2.34
Barclay's 1-3 Year Govt/Credit	-0.09	0.23	0.68	1.18	1.95	1.53

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

**Galliard Performance Inception: January 01, 2010

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

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<i>1 Mo</i>	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.18	0.53	0.33	1.79	3.67	3.19
Benchmark***	-0.11	0.14	0.39	0.84	1.21	2.79

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

**Galliard Performance Inception: January 01, 2005

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

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AAA	Total Assets	\$12,660.4 million
Weighted Average Maturity	2.45 years	1.89 years	Number of Issues	1307
Yield to Maturity	1.20%	0.43%	Weighted Coupon	2.10%
Effective Duration	2.01 years	1.85 years	Estimated Annual Income	\$258.1 million

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

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

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

First Quarter 2014

Sector Distribution

	% of Portfolio 12/31/2013	% of Portfolio 03/31/2014	% of Benchmark* 03/31/2014
U.S. Government/Agency Debentures	6.5%	11.8%	100.0%
Other U.S. Government	4.3%	4.0%	0.0%
Taxable Municipal	2.1%	2.4%	0.0%
Corporates	17.3%	17.7%	0.0%
Asset Backed Securities (ABS)	16.3%	18.0%	0.0%
Commercial Mortgage Backed Securities (CMBS)	9.1%	8.3%	0.0%
Mortgage Backed Securities (MBS)	29.2%	27.1%	0.0%
Sovereign / Supranationals	0.4%	0.4%	0.0%
Cash / Equivalents	14.8%	10.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	% of Portfolio 03/31/2014
Bank of America Corp	0.6%
Royal Bank of Canada	0.6%
Goldman Sachs Group Inc/The	0.5%
JPMorgan Chase & Co	0.5%
BNP Paribas SA	0.5%
Total	2.7%**

Total entity exposure – includes all related entities

Quality Distribution***

	% of Portfolio 12/31/2013	% of Portfolio 03/31/2014	% of Benchmark* 03/31/2014
AAA	83.3%	82.6%	97.3%
AA	5.2%	6.1%	2.7%
A	11.0%	11.0%	0.0%
BBB	0.5%	0.4%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

**Column percentage may not add exactly due to rounding

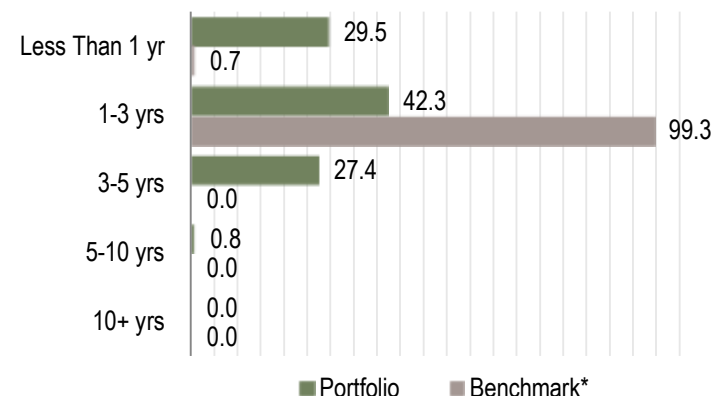
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

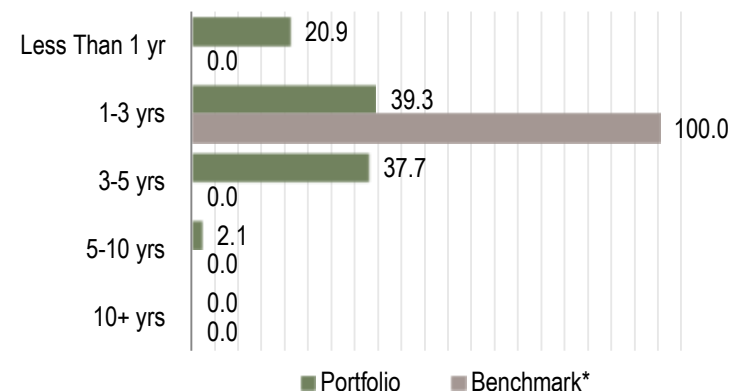
Duration Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	31.1%	29.5%	0.7%
1-3 yrs	41.4%	42.3%	99.3%
3-5 yrs	26.4%	27.4%	0.0%
5-10 yrs	1.2%	0.8%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	24.4%	20.9%	0.0%
1-3 yrs	37.1%	39.3%	100.0%
3-5 yrs	35.6%	37.7%	0.0%
5-10 yrs	2.9%	2.1%	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)

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.23	-0.01	3.18	--	2.82
Benchmark***	1.20	0.01	3.04	4.24	2.69

*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

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,004.7 million
Weighted Average Maturity	4.59 years	5.20 years	Number of Issues	1071
Yield to Maturity	1.96%	2.09%	Weighted Coupon	3.05%
Effective Duration	4.10 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)

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	38.7%	39.3%	39.8%
Other U.S. Government	0.0%	0.3%	0.0%
Taxable Municipal	0.3%	0.3%	0.6%
Corporates	22.1%	22.3%	18.7%
Asset Backed Securities (ABS)	0.4%	0.5%	0.5%
Commercial Mortgage Backed Securities (CMBS)	4.5%	4.3%	1.9%
Mortgage Backed Securities (MBS)	33.3%	31.7%	34.0%
Sovereign / Supranationals	0.6%	0.6%	4.4%
Cash / Equivalents	0.1%	0.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	75.9%	75.7%	77.2%
AA	3.4%	3.1%	4.5%
A	11.8%	11.6%	9.2%
BBB	8.9%	9.6%	9.1%
< 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

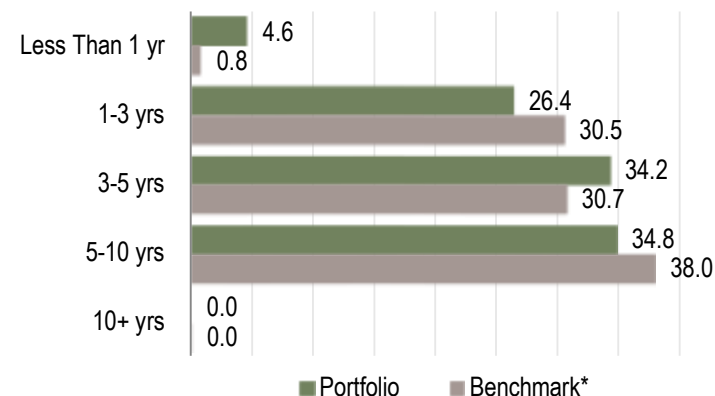
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

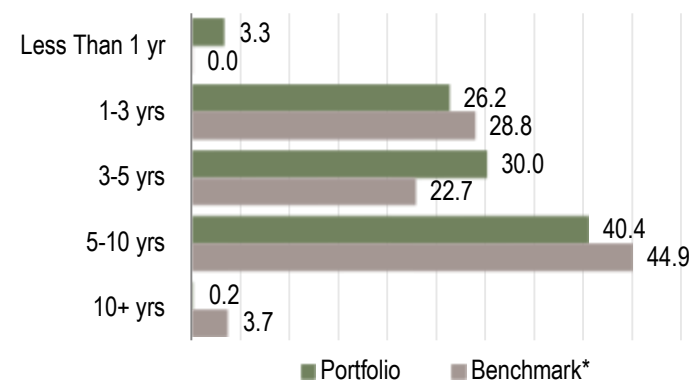
Duration Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	3.2%	4.6%	0.8%
1-3 yrs	27.4%	26.4%	30.5%
3-5 yrs	37.3%	34.2%	30.7%
5-10 yrs	32.1%	34.8%	38.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	1.5%	3.3%	0.0%
1-3 yrs	27.6%	26.2%	28.8%
3-5 yrs	31.0%	30.0%	22.7%
5-10 yrs	39.5%	40.4%	44.9%
10+ yrs	0.3%	0.2%	3.7%
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)

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.19	-1.54	3.16	--	3.05
Benchmark***	1.20	0.01	3.04	4.24	2.93

*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

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,332.1 million
Weighted Average Maturity	4.11 years	5.20 years	Number of Issues	199
Yield to Maturity	1.98%	2.09%	Weighted Coupon	1.87%
Effective Duration	3.98 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)

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	51.0%	63.9%	39.8%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.0%	1.1%	0.6%
Corporates	17.3%	16.0%	18.7%
Asset Backed Securities (ABS)	0.0%	0.0%	0.5%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.9%
Mortgage Backed Securities (MBS)	33.3%	27.9%	34.0%
Sovereign / Supranationals	1.7%	1.6%	4.4%
Cash / Equivalents	-4.2%	-10.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	80.1%	81.4%	77.2%
AA	3.1%	3.1%	4.5%
A	11.2%	11.2%	9.2%
BBB	5.6%	4.3%	9.1%
< 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

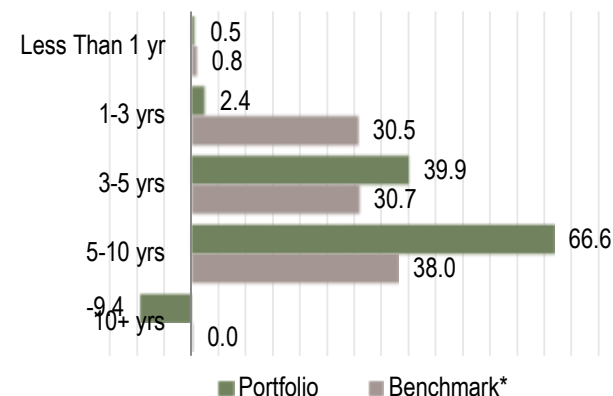
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

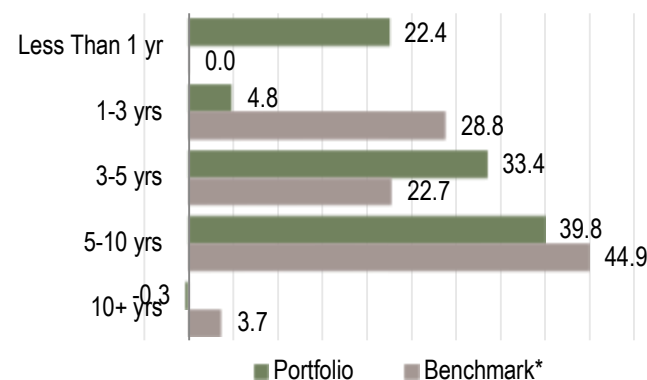
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	19.5%	0.5%	0.8%
1-3 yrs	6.3%	2.4%	30.5%
3-5 yrs	40.5%	39.9%	30.7%
5-10 yrs	37.3%	66.6%	38.0%
10+ yrs	-3.5%	-9.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	6.1%	22.4%	0.0%
1-3 yrs	7.4%	4.8%	28.8%
3-5 yrs	36.8%	33.4%	22.7%
5-10 yrs	14.7%	39.8%	44.9%
10+ yrs	34.9%	-0.3%	3.7%
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 401k - Great West ISA

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	1.16	0.08	3.11	--	2.11
Benchmark***	1.10	-0.15	2.80	3.82	1.52

*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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AAA	Total Assets	\$438.2 million
Weighted Average Maturity	5.02 years	5.19 years	Number of Issues	517
Yield to Maturity	2.30%	2.01%	Weighted Coupon	3.68%
Effective Duration	3.81 years	4.28 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

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	4.0%	3.8%	43.8%
Other U.S. Government	3.2%	3.2%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	18.1%	17.6%	11.9%
Asset Backed Securities (ABS)	6.0%	7.1%	0.6%
Commercial Mortgage Backed Securities (CMBS)	9.5%	9.4%	1.9%
Mortgage Backed Securities (MBS)	59.0%	58.1%	37.5%
Sovereign / Supranationals	0.0%	0.0%	3.7%
Cash / Equivalents	0.4%	0.8%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	81.7%	82.2%	84.9%
AA	4.9%	4.6%	4.9%
A	11.9%	11.8%	10.2%
BBB	1.5%	1.4%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*BarCap Interm Agg Ex Baa

**Column percentage may not add exactly due to rounding

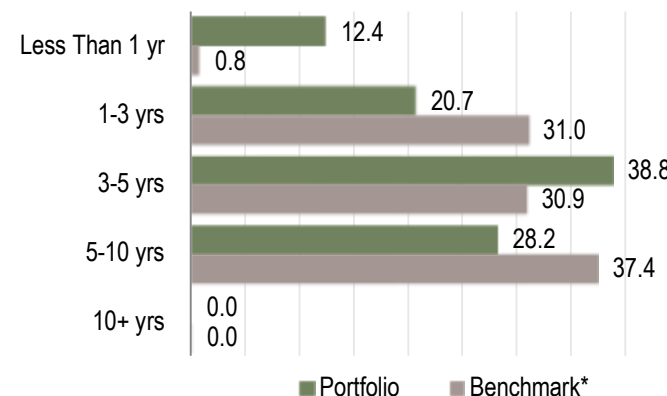
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

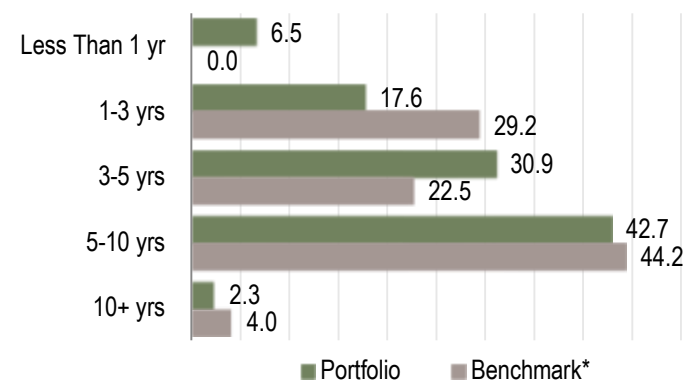
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	6.1%	12.4%	0.8%
1-3 yrs	21.3%	20.7%	31.0%
3-5 yrs	37.5%	38.8%	30.9%
5-10 yrs	35.1%	28.2%	37.4%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	3.3%	6.5%	0.0%
1-3 yrs	20.0%	17.6%	29.2%
3-5 yrs	27.0%	30.9%	22.5%
5-10 yrs	45.6%	42.7%	44.2%
10+ yrs	4.1%	2.3%	4.0%
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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Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

March 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<i>1 Mo</i>	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.13	1.52	-0.26	3.44	--	2.97
Benchmark***	-0.30	1.00	-0.13	3.13	4.18	2.70

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

**Performance Inception: August 01, 2010

***Barclays Capital Int Govt/Credit

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,703.1 million
Weighted Average Maturity	7.01 years	4.10 years	Number of Issues	183
Yield to Maturity	1.47%	1.56%	Weighted Coupon	1.95%
Effective Duration	3.97 years	3.79 years		

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

*Barclays Capital Int Govt/Credit

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

March 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	62.9%	64.2%	62.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.1%	0.1%	0.9%
Corporates	26.9%	24.8%	29.4%
Asset Backed Securities (ABS)	4.9%	5.5%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	1.8%	0.2%	0.0%
Sovereign / Supranationals	1.3%	1.2%	7.0%
Cash / Equivalents	2.2%	3.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	73.7%	75.7%	65.3%
AA	3.2%	2.3%	6.5%
A	13.8%	13.0%	14.2%
BBB	9.3%	9.0%	14.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays Capital Int Govt/Credit

**Column percentage may not add exactly due to rounding

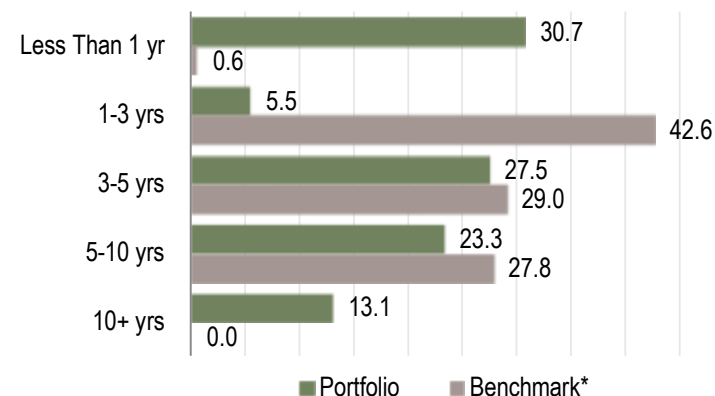
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

March 2014

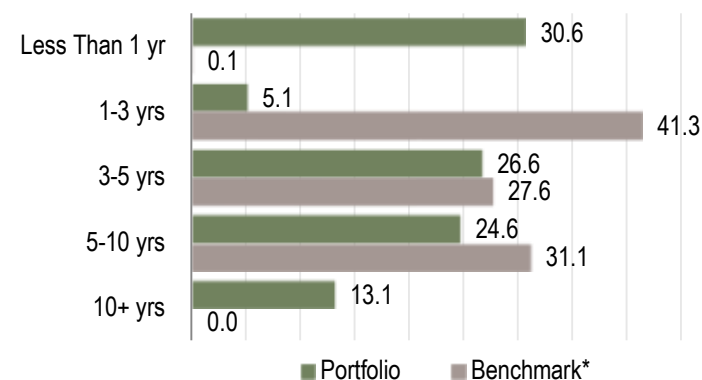
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	42.3%	30.7%	0.6%
1-3 yrs	5.5%	5.5%	42.6%
3-5 yrs	17.1%	27.5%	29.0%
5-10 yrs	22.1%	23.3%	27.8%
10+ yrs	13.0%	13.1%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	42.2%	30.6%	0.1%
1-3 yrs	3.8%	5.1%	41.3%
3-5 yrs	13.6%	26.6%	27.6%
5-10 yrs	27.3%	24.6%	31.1%
10+ yrs	13.1%	13.1%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays Capital Int Govt/Credit

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Section V

Stable Value Portfolio Review – North Carolina 457 Stable Value Fund

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

Book Value Performance	<u>1 Mo</u>	<u>3 Mos</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)	0.14	0.42	1.96	2.57	---	---	2.69
Merrill Lynch 3 Month T-Bill + 100 bps	0.09	0.26	1.07	1.09	---	---	1.10
Merrill Lynch 3 Month T-Bill + 150 bps	0.13	0.39	1.58	1.59	1.63	3.19	1.61
3 Year Constant Maturity Treasury Yield	0.07	0.19	0.64	0.53	0.82	2.17	0.58
Market Value Benchmark							
Blended Benchmark***	-0.21	0.79	0.23	2.19	3.14	3.53	1.88

Calendar Year Performance

Book Value Performance	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Portfolio (net of all fees)	2.15	2.77	3.30	---	---
Merrill Lynch 3 Month T-Bill + 100 bps	1.08	1.12	1.11	---	---
Merrill Lynch 3 Month T-Bill + 150 bps	1.58	1.62	1.61	1.64	1.72
3 Year Constant Maturity Treasury Yield	0.54	0.38	0.75	1.10	1.43
Market Value Benchmark					
Blended Benchmark***	-0.41	2.52	4.05	4.53	5.03
Market Indices					
Merrill Lynch 3 Month T-Bill	0.07	0.11	0.10	0.13	0.21
Consumer Price Index	1.62	2.26	2.96	1.50	2.72

*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.

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

First Quarter 2014

Portfolio Characteristics

Total Assets	\$392,556,658	Blended Yield (After fees)*	1.73%
Average Holdings Quality**	AA+	Effective Duration	3.11 years
Number of Contract Issuers	4	Market/Book Value Ratio	101.68%

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

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

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>03/31/2014</u>	<u>% of Portfolio</u> <u>12/31/2013</u>
Money Market*	13,068,121	3.3	3.7
Stable Value Funds	25,467,654	6.5	6.5
Insurance Separate Accounts	143,790,079	36.6	36.5
Intermediate Portfolio	143,790,079	36.6	36.5
Security Backed Contracts	210,230,804	53.6	53.4
Short Portfolio	105,823,632	27.0	26.9
Intermediate Portfolio	104,407,173	26.6	26.4
Total	\$392,556,658	100.0%**	100.0%**

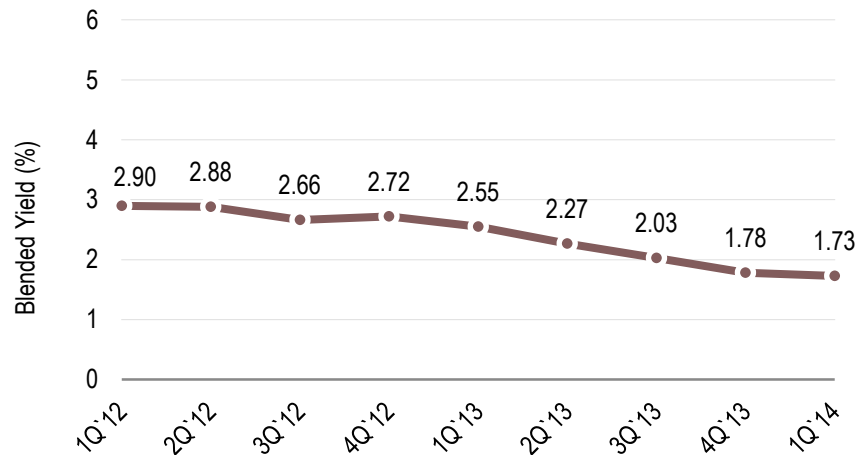
*Includes Receivables and Payables

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

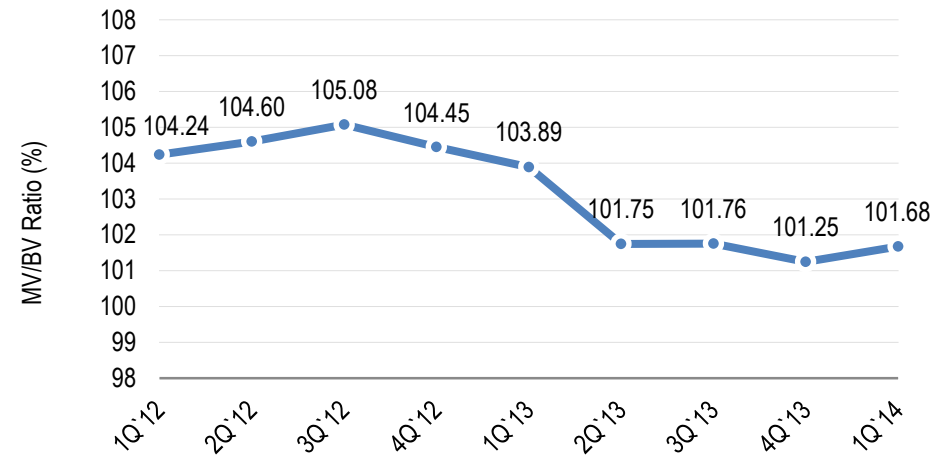
First Quarter 2014

Historical Book Value Crediting Rate*

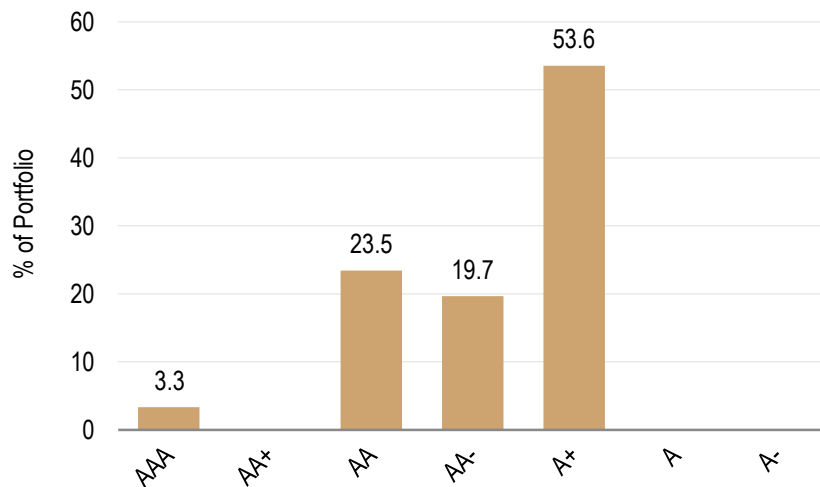


*Blended yield is after investment management fees, wrap fees and administration fees.

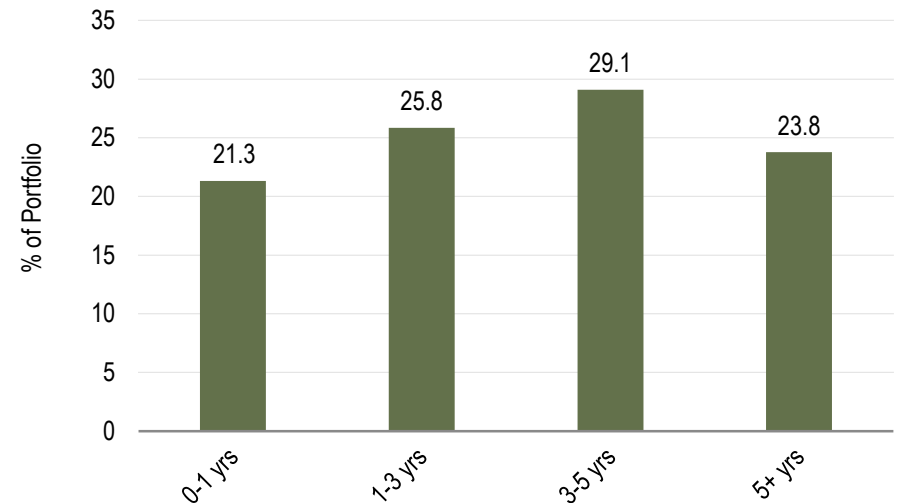
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



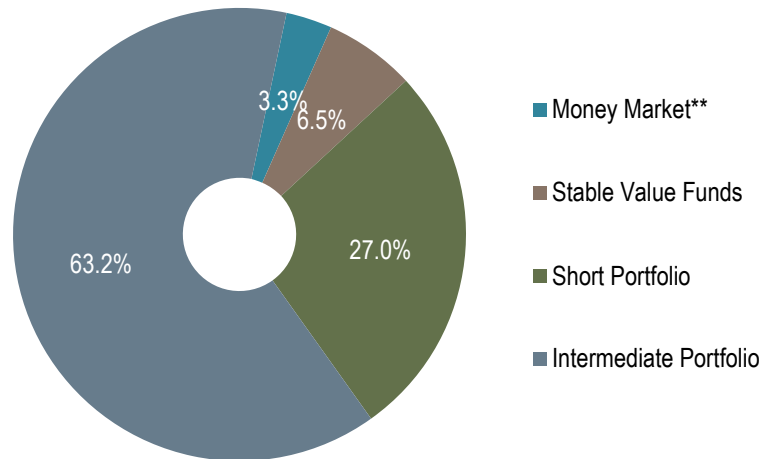
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

First Quarter 2014

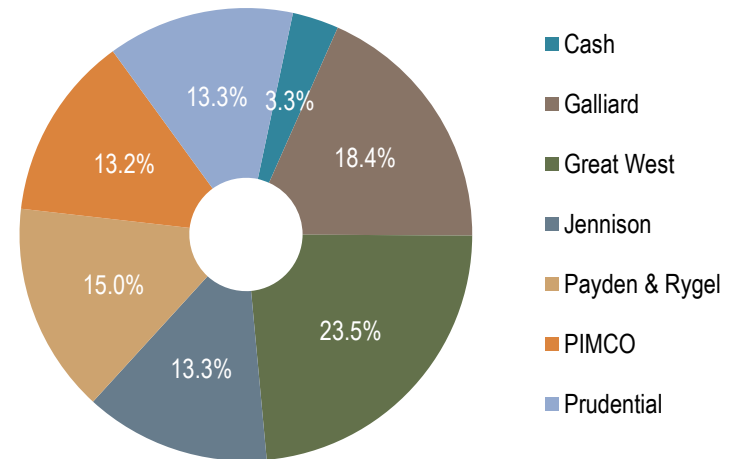
Portfolio Distribution*



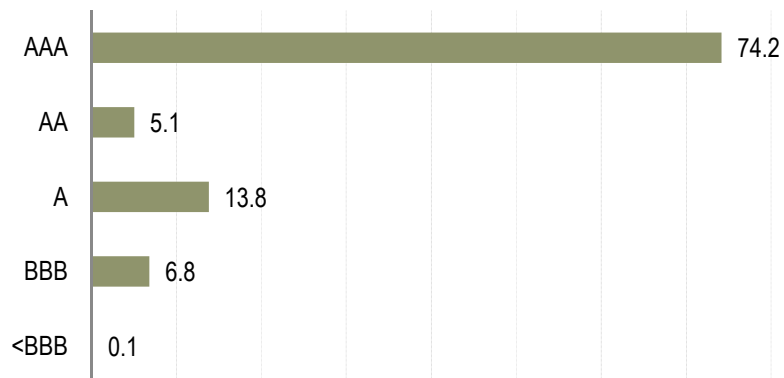
*Book value

**Includes Receivables and Payables

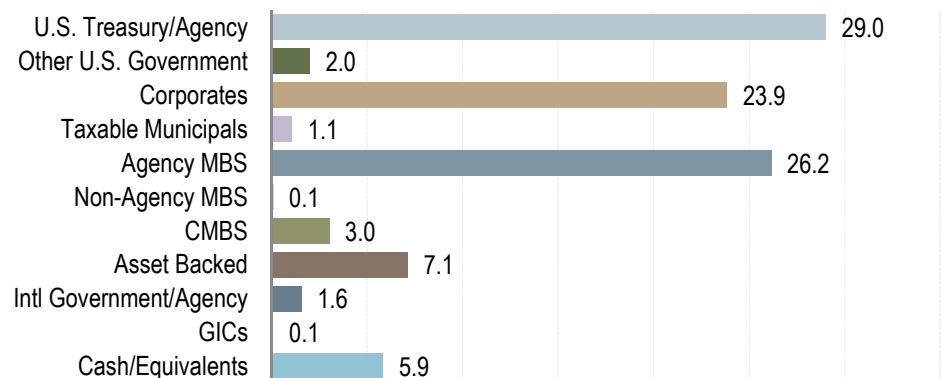
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



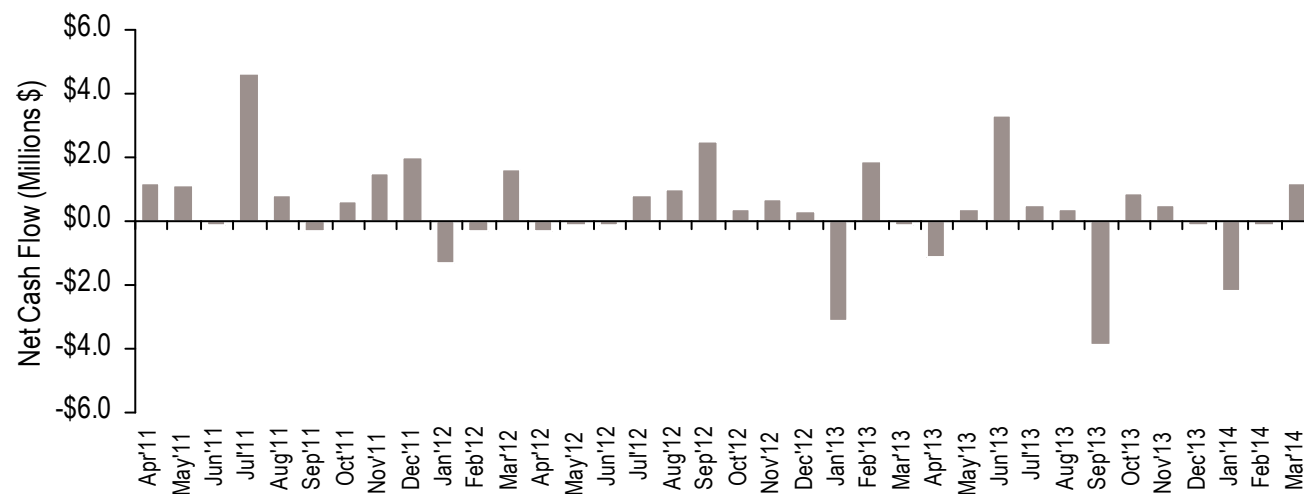
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

First Quarter 2014

Historical Cashflows



	YTD	2013	2012	2011	2010
Beginning Assets	\$392.0	\$384.1	\$368.8	\$343.5	\$324.7
Net Cash Flow (\$)*	-\$1.1	-\$0.4	\$5.1	\$13.8	\$6.0
Net Cash Flow (%)	-0.28%	-0.10%	1.38%	4.02%	1.85%
Estimated Investment Earnings	\$1.7	\$8.3	\$10.3	\$11.4	\$12.8
Ending Assets**	\$392.6	\$392.0	\$384.1	\$368.8	\$343.5

* Contributions, Withdrawals and Investment Transfers

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

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	0.34%	0.95%	1.84%		2.25%	8/1/2009
Barclays Capital 1-3 Yr. Govt/Credit	<u>0.23%</u>	<u>0.68%</u>	<u>1.18%</u>		<u>1.68%</u>	
	0.11%	0.36%	0.60%		0.43%	
Galliard	0.53%	0.33%	1.79%		3.19%	1/1/2010
Barclays Capital 1-3 Yr. Government *	0.14%	0.39%	0.84%		2.79%	
Barclays Capital 1-3 Yr. Gov't/Credit	<u>0.23%</u>	<u>0.68%</u>	<u>1.18%</u>		<u>1.68%</u>	
	0.39%	-0.06%	0.95%		0.40%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	1.23%	-0.01%	3.18%		2.82%	8/1/2010
Barclays Capital Intermediate Aggregate	<u>1.20%</u>	<u>0.01%</u>	<u>3.04%</u>		<u>2.69%</u>	
	0.03%	-0.02%	0.14%		0.05%	
PIMCO	1.19%	-1.54%	3.16%		3.05%	2/1/2011
Barclays Capital Intermediate Aggregate	<u>1.20%</u>	<u>0.01%</u>	<u>3.04%</u>		<u>2.93%</u>	
	-0.01%	-1.55%	0.12%		0.12%	
Great West Life	1.20%	0.52%	2.94%		2.03%	10/1/2011
Barclays Capital Intermediate Aggregate (Ex BBB)	<u>1.10%</u>	<u>-0.15%</u>	<u>2.80%</u>		<u>1.52%</u>	
	0.10%	0.67%	0.14%		0.51%	
Jennison	1.52%	-0.26%	3.44%		2.97%	8/1/2010
Barclays Capital Intermediate Govt/Credit	<u>1.00%</u>	<u>-0.13%</u>	<u>3.13%</u>		<u>2.70%</u>	
	0.52%	-0.13%	0.31%		0.27%	

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

**Reflects performance of Galliard Short Duration Fund B through 2/28/14 at which time Fund B was consolidated.

State of North Carolina Stable Value Funds

Impact of Rising Market Rates – 457 Plan

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate
Short Duration	Payden & Rygel	12/31/2013	\$ 58,777,964	\$ 59,460,185	101.2%	0.83%	1.48	1.33%
		3/31/2014	<u>\$ 59,006,827</u>	<u>\$ 59,660,699</u>	<u>101.1%</u>	<u>0.83%</u>	<u>1.52</u>	<u>1.37%</u>
			\$ 228,863	\$ 200,514	-0.1%	0.00%	0.04	0.04%
	Galliard	12/31/2013	\$ 46,827,043	\$ 47,793,418	102.1%	1.24%	1.94	2.10%
		3/31/2014	<u>\$ 46,816,805</u>	<u>\$ 48,046,221</u>	<u>102.6%</u>	<u>1.20%</u>	<u>2.01</u>	<u>2.10%</u>
			\$ (10,238)	\$ 252,803	0.6%	-0.04%	0.07	0.00%
	Prudential	12/31/2013	\$ 51,991,462	\$ 53,064,416	102.1%	2.07%	4.12	2.10%
		3/31/2014	<u>\$ 52,344,097</u>	<u>\$ 53,718,661</u>	<u>102.6%</u>	<u>1.96%</u>	<u>4.10</u>	<u>2.17%</u>
			\$ 352,635	\$ 654,245	0.6%	-0.11%	(0.02)	0.07%
Intermediate Duration	PIMCO	12/31/2013	\$ 51,458,287	\$ 52,083,825	101.2%	2.33%	4.20	2.41%
		3/31/2014	<u>\$ 51,723,420</u>	<u>\$ 52,670,315</u>	<u>101.8%</u>	<u>1.98%</u>	<u>3.98</u>	<u>2.13%</u>
			\$ 265,133	\$ 586,490	0.6%	-0.35%	(0.22)	-0.28%
	Great West Life	12/31/2013	\$ 91,535,780	\$ 92,016,541	100.5%	2.36%	3.99	2.48%
		3/31/2014	<u>\$ 92,066,659</u>	<u>\$ 93,074,343</u>	<u>101.1%</u>	<u>2.27%</u>	<u>3.76</u>	<u>2.40%</u>
			\$ 530,879	\$ 1,057,802	0.6%	-0.09%	(0.23)	-0.08%
	Jennison	12/31/2013	\$ 51,580,057	\$ 52,644,521	102.1%	1.50%	3.87	2.10%
		3/31/2014	<u>\$ 52,063,075</u>	<u>\$ 53,430,260</u>	<u>102.6%</u>	<u>1.47%</u>	<u>3.97</u>	<u>2.17%</u>
			\$ 483,018	\$ 785,739	0.6%	-0.03%	0.10	0.07%
Total Fund		12/31/2013	\$ 392,001,659	\$ 396,893,972	101.2%	1.70%	3.15	2.00%
		3/31/2014	<u>\$ 392,556,658</u>	<u>\$ 399,136,273</u>	<u>101.7%</u>	<u>1.61%</u>	<u>3.11</u>	<u>1.95%</u>
			\$ 554,999	\$ 2,242,301	0.4%	-0.09%	(0.04)	-0.05%

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

First Quarter 2014

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>3/31/2014</u>	<u>12/31/2013</u>	<u>3/31/2014</u>	<u>12/31/2013</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Strong capital levels
- All life businesses except New York were consolidated into this subsidiary at year end 2012
- Leading positions in a diverse set of products

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Strong positions in niche markets
- 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
- Below average capital levels declined in 2013, though this is balanced by lock ups and penalties on most of their products
- 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

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

March 31, 2014

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)		-230,300	-230,300	100.0	-0.1	0.01		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		13,298,421	13,298,421	100.0	3.4	0.01		0.10	AAA	Aaa	
Total Money Market			13,068,121	13,068,121	100.0	3.3	0.01		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		25,467,654	25,467,654	100.0	6.5	1.47		2.39	AA-	Aa3	
Total Stable Value Funds			25,467,654	25,467,654	100.0	6.5	1.47		2.39	AA-	Aa3	
Insurance Separate Accounts												
Intermediate Portfolio												
391997NC3	GreatWest Life Insurance Co.	Great West	92,066,659	93,074,343	101.1	23.5	2.40	N.S.M.	3.76	AA	Aa3	15.0
590994BY4	Metropolitan Life Ins. Co.	PIMCO	51,723,420	52,670,315	101.8	13.2	2.13	N.S.M.	3.98	AA-	Aa3	20.0
Total Intermediate Portfolio			143,790,079	145,744,658	101.4	36.6	2.30		3.84	AA	Aa3	
Total Insurance Separate Accounts			143,790,079	145,744,658	101.4	36.6	2.30		3.84	AA	Aa3	
Security Backed Contracts												
Short Portfolio												
946996DV4	American General Life Ins. Co.	Payden & Rygel	59,006,827	59,660,699	101.1	15.0	1.37	N.S.M.	1.52	A+	A2	25.0
744999CF8	Prudential Ins. Co. of America	Galliard	46,816,805	48,046,221	102.6	11.9	2.10	N.S.M.	2.01	AA-	A1	17.0
Total Short Portfolio			105,823,632	107,706,920	101.8	27.0	1.69		1.74	A+	A2	
Intermediate Portfolio												
744999CF8	Prudential Ins. Co. of America	Jennison	52,063,075	53,430,260	102.6	13.3	2.10	N.S.M.	3.97	AA-	A1	17.0
744999CF8	Prudential Ins. Co. of America	Prudential	52,344,097	53,718,661	102.6	13.3	2.10	N.S.M.	4.10	AA-	A1	17.0
Total Intermediate Portfolio			104,407,173	107,148,921	102.6	26.6	2.10		4.03	AA-	A1	
Total Security Backed Contracts			210,230,804	214,855,841	102.2	53.6	1.90		2.88	AA-	A1	
Total Fund			392,556,658	399,136,273	101.7	100.0	1.95		3.11	AA-	A1	

*N.S.M. = No Stated Maturity

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

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	0.34	0.95	1.84	--	2.25
Benchmark***	0.23	0.68	1.18	1.95	1.68

*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

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA+	Total Assets	\$59.7 million
Weighted Average Maturity	2.31 years	1.90 years	Number of Issues	197
Yield to Maturity	0.83%	0.57%	Weighted Coupon	1.45%
Effective Duration	1.52 years	1.85 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

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	29.4%	26.5%	72.9%
Other U.S. Government	2.6%	2.5%	0.0%
Taxable Municipal	2.9%	2.9%	0.9%
Corporates	41.6%	43.5%	19.1%
Asset Backed Securities (ABS)	10.3%	11.9%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	5.0%	4.7%	0.0%
Sovereign / Supranationals	7.4%	7.0%	7.1%
Cash / Equivalents	0.7%	0.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	54.6%	53.1%	76.2%
AA	8.0%	6.3%	6.4%
A	19.2%	21.3%	9.8%
BBB	18.2%	19.3%	7.6%
< 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 1-3 Yr Govt/Credit

**Column percentage may not add exactly due to rounding

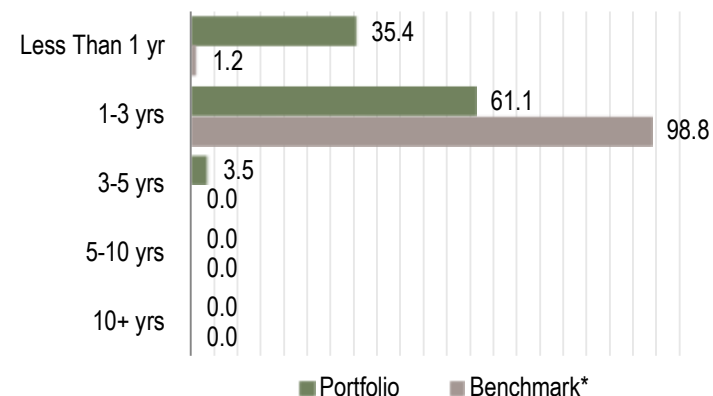
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

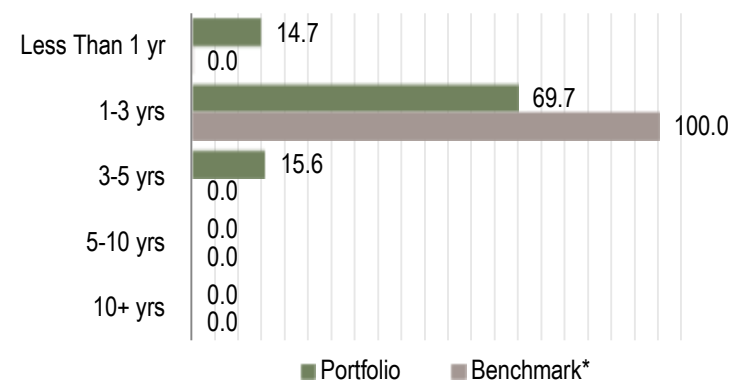
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	29.3%	35.4%	1.2%
1-3 yrs	66.2%	61.1%	98.8%
3-5 yrs	4.3%	3.5%	0.0%
5-10 yrs	0.2%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	8.0%	14.7%	0.0%
1-3 yrs	75.8%	69.7%	100.0%
3-5 yrs	15.5%	15.6%	0.0%
5-10 yrs	0.7%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays 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 - F

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	<u>1 Mo</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.18	0.53	0.29	1.89	---	2.34
Barclay's 1-3 Year Govt/Credit	-0.09	0.23	0.68	1.18	1.95	1.53

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

**Galliard Performance Inception: January 01, 2010

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

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	-0.18	0.53	0.33	1.79	3.67	3.19
Benchmark***	-0.11	0.14	0.39	0.84	1.21	2.79

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

**Galliard Performance Inception: January 01, 2005

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

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AAA	Total Assets	\$12,660.4 million
Weighted Average Maturity	2.45 years	1.89 years	Number of Issues	1307
Yield to Maturity	1.20%	0.43%	Weighted Coupon	2.10%
Effective Duration	2.01 years	1.85 years	Estimated Annual Income	\$258.1 million

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

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

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

First Quarter 2014

Sector Distribution

	% of Portfolio 12/31/2013	% of Portfolio 03/31/2014	% of Benchmark* 03/31/2014
U.S. Government/Agency Debentures	6.5%	11.8%	100.0%
Other U.S. Government	4.3%	4.0%	0.0%
Taxable Municipal	2.1%	2.4%	0.0%
Corporates	17.3%	17.7%	0.0%
Asset Backed Securities (ABS)	16.3%	18.0%	0.0%
Commercial Mortgage Backed Securities (CMBS)	9.1%	8.3%	0.0%
Mortgage Backed Securities (MBS)	29.2%	27.1%	0.0%
Sovereign / Supranationals	0.4%	0.4%	0.0%
Cash / Equivalents	14.8%	10.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	% of Portfolio 03/31/2014
Bank of America Corp	0.6%
Royal Bank of Canada	0.6%
Goldman Sachs Group Inc/The	0.5%
JPMorgan Chase & Co	0.5%
BNP Paribas SA	0.5%
Total	2.7%**

Total entity exposure – includes all related entities

Quality Distribution***

	% of Portfolio 12/31/2013	% of Portfolio 03/31/2014	% of Benchmark* 03/31/2014
AAA	83.3%	82.6%	97.3%
AA	5.2%	6.1%	2.7%
A	11.0%	11.0%	0.0%
BBB	0.5%	0.4%	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

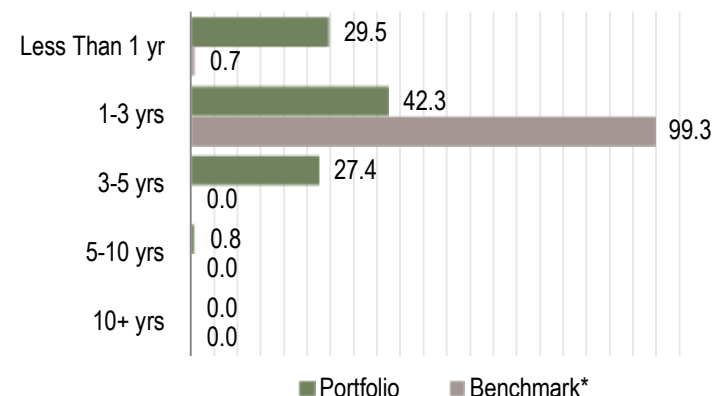
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Fixed Income Portfolio Review - Galliard Short High Quality Core Fixed Income Fund - F

First Quarter 2014

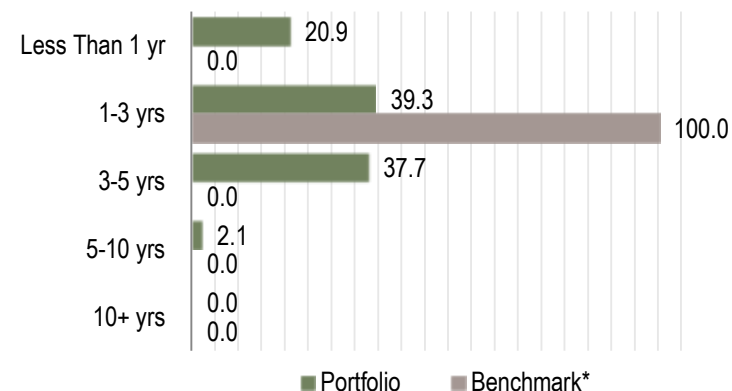
Duration Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	31.1%	29.5%	0.7%
1-3 yrs	41.4%	42.3%	99.3%
3-5 yrs	26.4%	27.4%	0.0%
5-10 yrs	1.2%	0.8%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	24.4%	20.9%	0.0%
1-3 yrs	37.1%	39.3%	100.0%
3-5 yrs	35.6%	37.7%	0.0%
5-10 yrs	2.9%	2.1%	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)

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.23	-0.01	3.18	--	2.82
Benchmark***	1.20	0.01	3.04	4.24	2.69

*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

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,004.7 million
Weighted Average Maturity	4.59 years	5.20 years	Number of Issues	1071
Yield to Maturity	1.96%	2.09%	Weighted Coupon	3.05%
Effective Duration	4.10 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)

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	38.7%	39.3%	39.8%
Other U.S. Government	0.0%	0.3%	0.0%
Taxable Municipal	0.3%	0.3%	0.6%
Corporates	22.1%	22.3%	18.7%
Asset Backed Securities (ABS)	0.4%	0.5%	0.5%
Commercial Mortgage Backed Securities (CMBS)	4.5%	4.3%	1.9%
Mortgage Backed Securities (MBS)	33.3%	31.7%	34.0%
Sovereign / Supranationals	0.6%	0.6%	4.4%
Cash / Equivalents	0.1%	0.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	75.9%	75.7%	77.2%
AA	3.4%	3.1%	4.5%
A	11.8%	11.6%	9.2%
BBB	8.9%	9.6%	9.1%
< 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

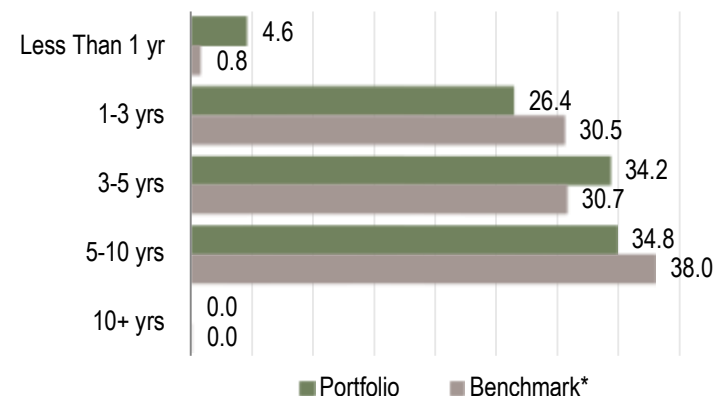
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

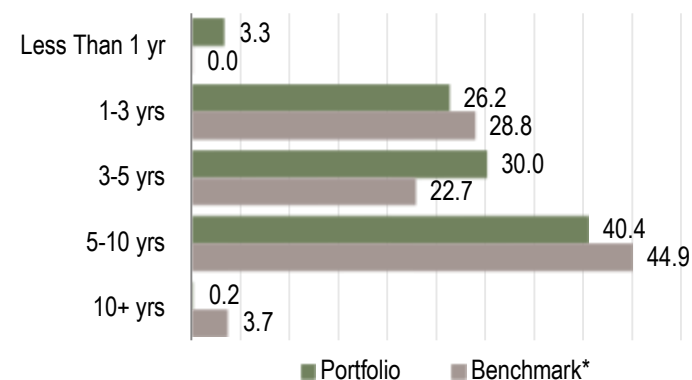
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	3.2%	4.6%	0.8%
1-3 yrs	27.4%	26.4%	30.5%
3-5 yrs	37.3%	34.2%	30.7%
5-10 yrs	32.1%	34.8%	38.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	1.5%	3.3%	0.0%
1-3 yrs	27.6%	26.2%	28.8%
3-5 yrs	31.0%	30.0%	22.7%
5-10 yrs	39.5%	40.4%	44.9%
10+ yrs	0.3%	0.2%	3.7%
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)

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.19	-1.54	3.16	--	3.05
Benchmark***	1.20	0.01	3.04	4.24	2.93

*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

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,332.1 million
Weighted Average Maturity	4.11 years	5.20 years	Number of Issues	199
Yield to Maturity	1.98%	2.09%	Weighted Coupon	1.87%
Effective Duration	3.98 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)

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	51.0%	63.9%	39.8%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	1.0%	1.1%	0.6%
Corporates	17.3%	16.0%	18.7%
Asset Backed Securities (ABS)	0.0%	0.0%	0.5%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.9%
Mortgage Backed Securities (MBS)	33.3%	27.9%	34.0%
Sovereign / Supranationals	1.7%	1.6%	4.4%
Cash / Equivalents	-4.2%	-10.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	80.1%	81.4%	77.2%
AA	3.1%	3.1%	4.5%
A	11.2%	11.2%	9.2%
BBB	5.6%	4.3%	9.1%
< 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

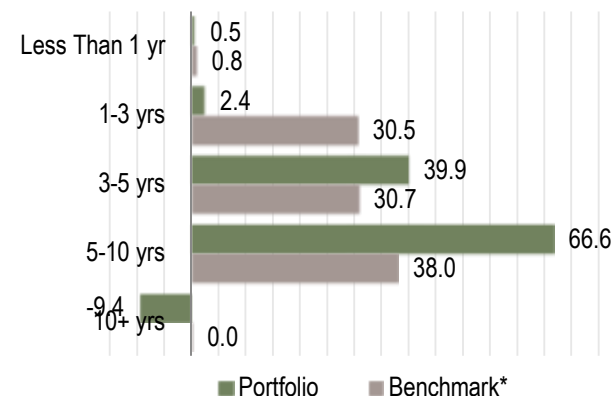
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

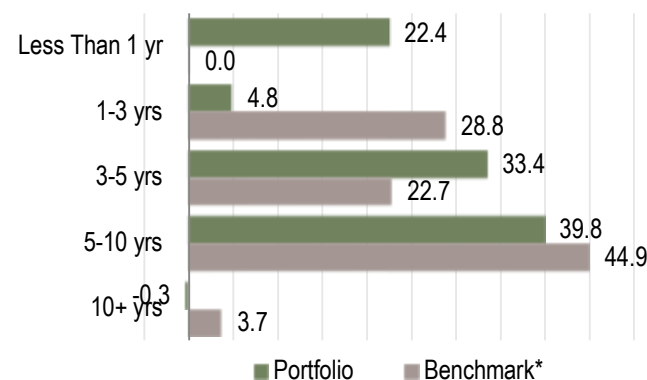
Duration Distribution

	% of Portfolio 12/31/2013	% of Portfolio 03/31/2014	% of Benchmark* 03/31/2014
0-1 yrs	19.5%	0.5%	0.8%
1-3 yrs	6.3%	2.4%	30.5%
3-5 yrs	40.5%	39.9%	30.7%
5-10 yrs	37.3%	66.6%	38.0%
10+ yrs	-3.5%	-9.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 12/31/2013	% of Portfolio 03/31/2014	% of Benchmark* 03/31/2014
0-1 yrs	6.1%	22.4%	0.0%
1-3 yrs	7.4%	4.8%	28.8%
3-5 yrs	36.8%	33.4%	22.7%
5-10 yrs	14.7%	39.8%	44.9%
10+ yrs	34.9%	-0.3%	3.7%
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

First Quarter 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	1.20	0.52	2.94	--	2.03
Benchmark***	1.10	-0.15	2.80	3.82	1.52

*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

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AAA	Total Assets	\$93.1 million
Weighted Average Maturity	4.78 years	5.19 years	Number of Issues	209
Yield to Maturity	2.27%	2.01%	Weighted Coupon	3.82%
Effective Duration	3.76 years	4.28 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

First Quarter 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	1.0%	1.2%	43.8%
Other U.S. Government	3.7%	3.6%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	24.2%	23.6%	11.9%
Asset Backed Securities (ABS)	6.8%	7.9%	0.6%
Commercial Mortgage Backed Securities (CMBS)	4.2%	4.6%	1.9%
Mortgage Backed Securities (MBS)	58.7%	56.4%	37.5%
Sovereign / Supranationals	0.0%	0.0%	3.7%
Cash / Equivalents	1.4%	2.6%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	72.0%	73.0%	84.9%
AA	8.2%	8.0%	4.9%
A	16.7%	16.5%	10.2%
BBB	2.4%	2.0%	0.0%
< BBB	0.7%	0.4%	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

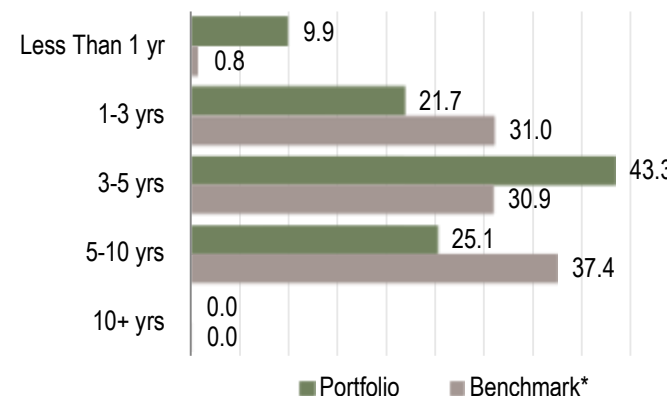
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

First Quarter 2014

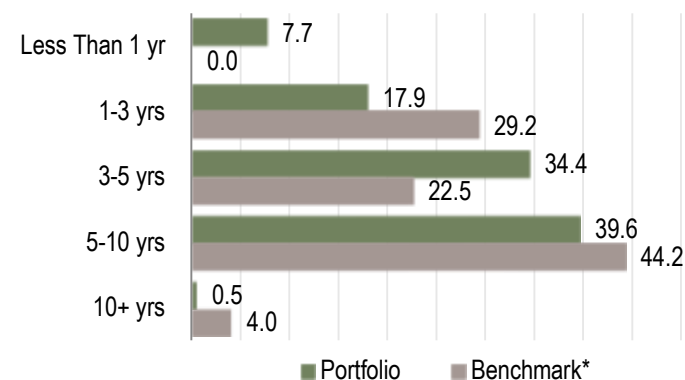
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	5.9%	9.9%	0.8%
1-3 yrs	19.7%	21.7%	31.0%
3-5 yrs	46.7%	43.3%	30.9%
5-10 yrs	27.7%	25.1%	37.4%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
0-1 yrs	3.5%	7.7%	0.0%
1-3 yrs	19.2%	17.9%	29.2%
3-5 yrs	32.1%	34.4%	22.5%
5-10 yrs	41.3%	39.6%	44.2%
10+ yrs	3.9%	0.5%	4.0%
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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Fixed Income Portfolio Review - Wells Fargo Fixed Income Fund N (Jennison)

March 2014

Annualized Investment Performance*

Periods Ending March 31, 2014

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	-0.13	1.52	-0.26	3.44	--	2.97
Benchmark***	-0.30	1.00	-0.13	3.13	4.18	2.70

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

**Performance Inception: August 01, 2010

***Barclays Capital Int Govt/Credit

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$2,703.1 million
Weighted Average Maturity	7.01 years	4.10 years	Number of Issues	183
Yield to Maturity	1.47%	1.56%	Weighted Coupon	1.95%
Effective Duration	3.97 years	3.79 years		

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

*Barclays Capital Int 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 - Wells Fargo Fixed Income Fund N (Jennison)

March 2014

Sector Distribution

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
U.S. Government/Agency Debentures	62.9%	64.2%	62.7%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.1%	0.1%	0.9%
Corporates	26.9%	24.8%	29.4%
Asset Backed Securities (ABS)	4.9%	5.5%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	1.8%	0.2%	0.0%
Sovereign / Supranationals	1.3%	1.2%	7.0%
Cash / Equivalents	2.2%	3.9%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>12/31/2013</i>	<i>% of Portfolio</i> <i>03/31/2014</i>	<i>% of Benchmark*</i> <i>03/31/2014</i>
AAA	73.7%	75.7%	65.3%
AA	3.2%	2.3%	6.5%
A	13.8%	13.0%	14.2%
BBB	9.3%	9.0%	14.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays Capital Int Govt/Credit

**Column percentage may not add exactly due to rounding

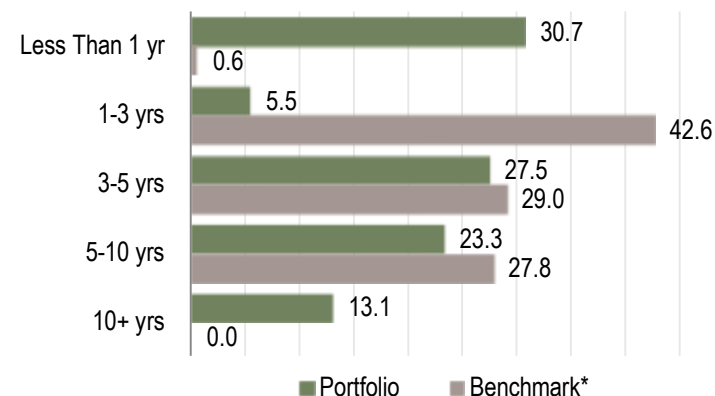
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

March 2014

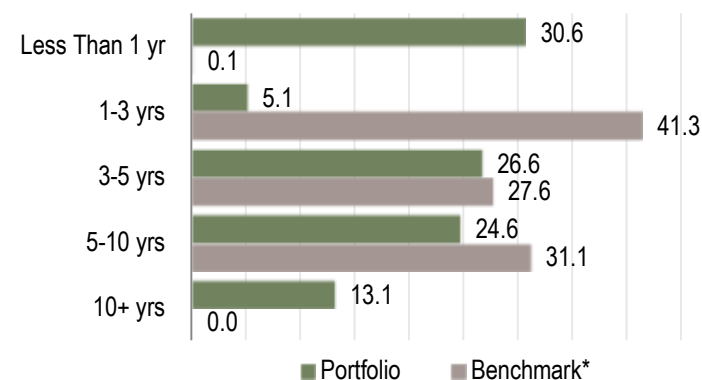
Duration Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	42.3%	30.7%	0.6%
1-3 yrs	5.5%	5.5%	42.6%
3-5 yrs	17.1%	27.5%	29.0%
5-10 yrs	22.1%	23.3%	27.8%
10+ yrs	13.0%	13.1%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 12/31/2013</i>	<i>% of Portfolio 03/31/2014</i>	<i>% of Benchmark* 03/31/2014</i>
0-1 yrs	42.2%	30.6%	0.1%
1-3 yrs	3.8%	5.1%	41.3%
3-5 yrs	13.6%	26.6%	27.6%
5-10 yrs	27.3%	24.6%	31.1%
10+ yrs	13.1%	13.1%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

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Appendix

Portfolio Strategy and Positioning

2014 Investment Outlook

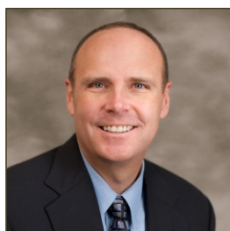
	Galliard View	Galliard Positioning
Duration	<ul style="list-style-type: none"> We expect the US to grow at a 2.5 – 3.0% pace, with some potential for overshoot Fed will continue taper purchases and hold policy rate at zero Inflation picture remains muted, with offsetting risks to higher or lower inflation Global developed economy continues to rebound; EM growth will be highly sensitive to central bank action 	<ul style="list-style-type: none"> Neutral duration positioning Cautious outlook on TIPS – expect continued price volatility Favor spread assets with adequate yield cushion over Treasuries
Yield Curve	<ul style="list-style-type: none"> Yield curve remains steep, partially due to distortions from Fed purchases and taper effects 3-7 year part of the curve looks attractive relative to 10-year 	<ul style="list-style-type: none"> Avoid 10-year Treasuries Swap spreads are very tight, avoid assets priced at tight levels to the swap curve Maintain small TIPS position in longer maturities
Sector		
Credit	<ul style="list-style-type: none"> Spreads are very tight for typical high quality issuers New issuance has been very strong, met with equally strong demand Seeing some signs of issuer credit metrics peaking 	<ul style="list-style-type: none"> Maintain MV% overweight, neutral spread duration Maintain underwriting discipline to avoid LBO and management risks Opportunistic trading at the margins
MBS	<ul style="list-style-type: none"> Taper impacts remain major topic for 2014 – should produce continued volatility Housing market improving, should filter down to increased supply 	<ul style="list-style-type: none"> Reduced underweight in passthroughs; favor 10/15-years and Hybrid ARMS Maintain focus on specified pools with more stable cashflows
CMBS/ABS	<ul style="list-style-type: none"> Consumer credit expanding, should result in strong supply of consumer ABS CMBS new issuance also growing as economy improves; underwriting standards are loosening – a trend to watch 	<ul style="list-style-type: none"> Continue to add short high-quality consumer ABS CMBS spreads are attractive versus high-quality corporates
US Gov't	<ul style="list-style-type: none"> Assets priced off of swap curve are rich on a Treasury spread basis 	<ul style="list-style-type: none"> Maintain overweight to sub-sectors with yield advantage to Treasuries Opportunistic trading at the margins

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

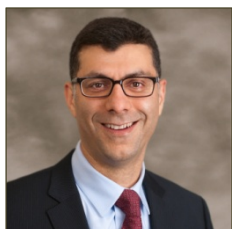
Karl is a Founding Partner and Chairman of Galliard's Management Committee. He is involved in client portfolio management, developing investment strategy and designing new products. Prior to co-founding Galliard, Karl was Director of Fixed Income for Norwest Investment Management. Karl is a past member 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

Mike is responsible for client administration. 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 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.

Professional Biographies



Leela J. Scattum

Partner

In her role as Head of Contract Strategy and Placements, Leela develops strategies that address and align the portfolios, investment guidelines and Plan risk profile with the demands of the current stable value environment, and works with the client portfolio analysts to implement those strategies. She began her investment career in 1992 and has been with Galliard since the firm's inception in mid 1995. Leela holds B.Sc. (Statistics) and B.Ed. (Education) degrees from the University of Bombay. She also completed her course work for the Master of Science degree in Applied Mathematics from the University of Bombay, and holds an MBA degree from the University of St. Thomas.



Chad M. Foote, CPA (inactive)

Chief Operating Officer

Senior Principal

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.

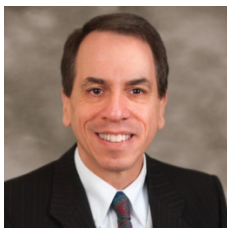


Jennifer Lammers

Chief Compliance Officer

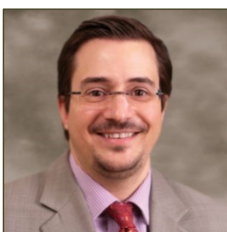
Jennifer is the Chief Compliance Officer at Galliard and is responsible for the firm's compliance program and regulatory matters. Prior to joining Galliard, Jennifer was Chief Financial Officer and Chief Compliance Officer for Fiduciary Counselling, Inc. and Chief Compliance Officer for both Clearwater Management Company and Clearwater Investment Trust. Before her duties at Fiduciary Counselling, Inc. and Clearwater, Jennifer was the Chief Compliance Officer at RiverSource Investments and RiverSource Funds (now Columbia Management and Columbia Funds.) Prior to working for RiverSource, Jennifer was Director of Finance and President of Tamarack Mutual Funds for Voyageur Asset Management. Jennifer has also managed an internal audit department for a Fortune 500 company and been the controller of a start-up company. She holds a B.S. from Brigham Young University and an M.B.A. from the University of Houston. She is also a certified public accountant.

Professional Biographies



David H. Lui
Principal

David is responsible for leading the contract negotiation team at Galliard. 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

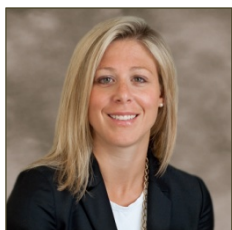
Erol leads Fixed Income Client Portfolio Management. Erol is a member of the Fixed Income Committee and provides input on investment strategy for both Fixed Income and Stable Value. Erol is also responsible for the external manager oversight program. Prior to joining Galliard, Erol was a Portfolio Manager 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. 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.



Andy C. Apostol
Senior Director

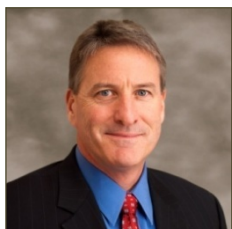
Andy is responsible for stable value client relationships and client portfolio management. Prior to joining Galliard, Andy was a Senior Vice President at Dwight Asset Management, overseeing fixed income and stable value portfolios. Prior to Dwight, Andy was a Senior Account Manager for INVESCO's fixed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

Professional Biographies



Taylor Benson
Senior Director

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.



David B. Ferry
Senior Director

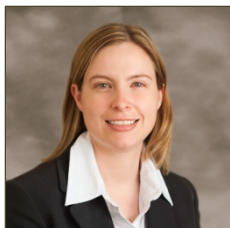
David is responsible for client and consultant relationship management. In this capacity, David works with current and prospective clients, as well as the consultants who serve them to develop strategy and to assure execution of client mandates. Prior to joining Galliard, David was a Senior Vice President 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

Nick is head of stable value separate account management. 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.

Professional Biographies



Andrea Johnson, CFA, CIPM
Director

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
Associate Director

As a part of the Client Portfolio Management team, Doug assists in the management of Galliard's fixed income and stable value portfolios. Doug is responsible for performance analysis on our trading desk and also works closely with the client services team. He has extensive experience in fixed income analytics and performance attribution. 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 Board of Pensions, Doug was a senior business analyst for RiverSource Investments on the structured assets investment team. Doug earned his BS in Business Management with an emphasis in Economics, from Greenville College, received his MBA from the University of St. Thomas and is a CFA Charterholder.