

North Carolina Supplemental Retirement Plans First Quarter Performance Review

June 2015

Agenda

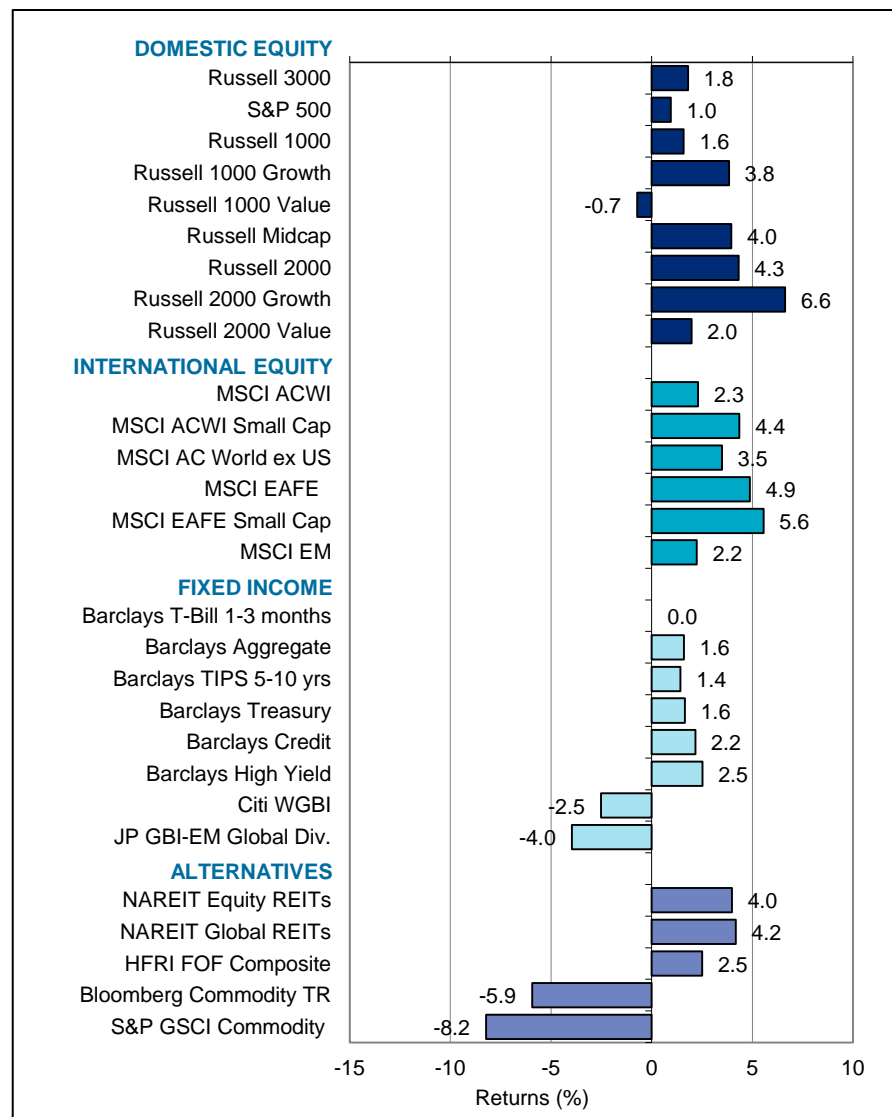
- Capital Markets Review
- First Quarter Performance
- Appendix

Capital Markets Review

The background of the slide is composed of three distinct horizontal bands of color. The top band is a dark navy blue, the middle band is a bright cyan, and the bottom band is a medium teal. A diagonal line separates the middle and bottom bands, sloping downwards from left to right.

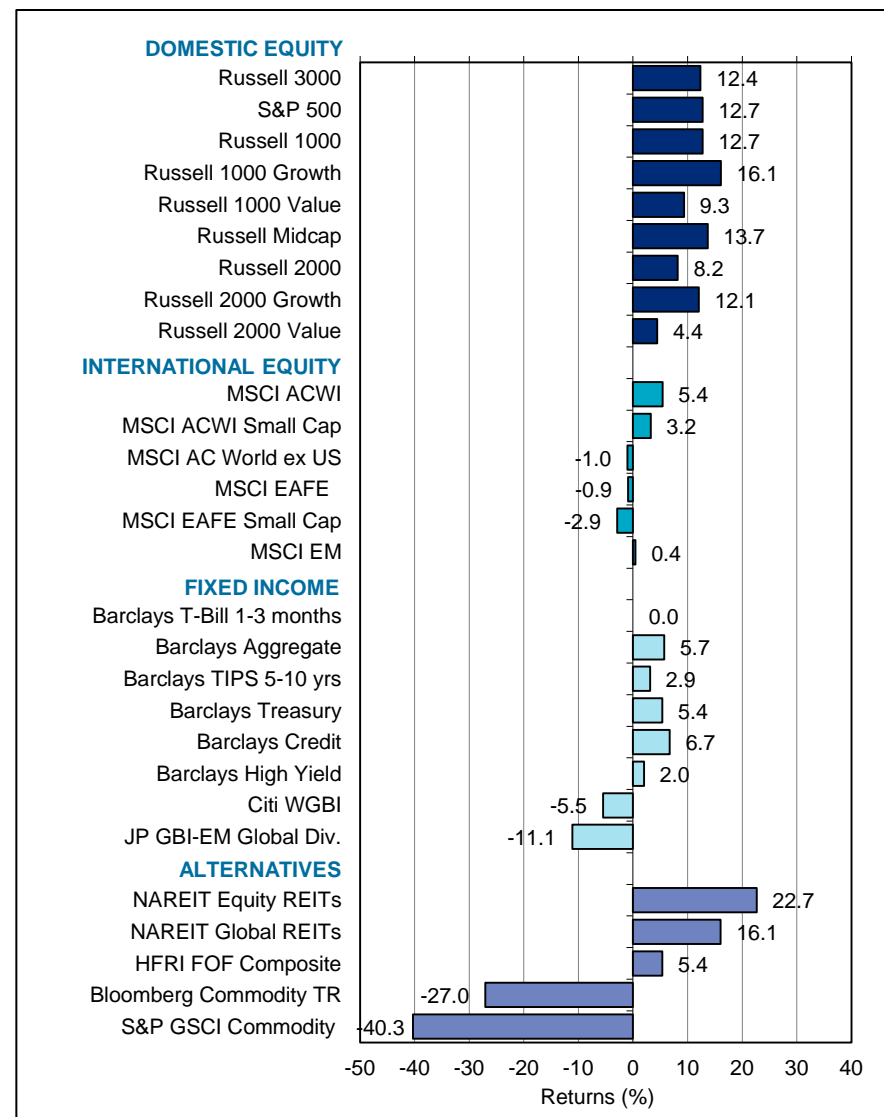
Performance Summary: Quarter in Review

Market Performance
First Quarter 2015



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

Market Performance
1 Year



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

First Quarter Performance

NORTH CAROLINA SUPPLEMENTAL RETIREMENT PLANS

INVESTMENT STRUCTURE

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

Fund Review

Fund Performance as of March 31, 2015

Name	Market Value (\$m)	(%)	Inception									
			3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Large Cap Passive S&P 500	\$1,308.2	14.5%	0.9%	--	12.5%	--	15.9%	--	14.3%	--	19.6%	Mar-09
			1.0%	--	12.7%	--	16.1%	--	14.5%	--	19.7%	Mar-09
Large Cap Value Russell 1000 Value	\$928.7	10.4%	0.0%	49	8.8%	42	16.7%	22	13.6%	25	18.3%	Mar-09
			-0.7%	78	9.3%	34	16.4%	24	13.8%	22	19.6%	Mar-09
Large Cap Growth Russell 1000 Growth	\$901.2	9.8%	2.8%	71	11.5%	85	15.0%	57	16.0%	15	22.4%	Mar-09
			3.8%	43	16.1%	30	16.3%	28	15.6%	20	20.7%	Mar-09
Mid/Small Cap Passive Russell 2500	\$232.9	2.4%	5.1%	--	10.0%	--	17.1%	--	15.4%	--	22.6%	Mar-09
			5.2%	--	10.1%	--	17.1%	--	15.5%	--	22.6%	Mar-09
Mid/Small Cap Value Russell 2500 Value	\$469.7	5.1%	3.0%	37	10.8%	11	18.6%	10	17.3%	2	25.5%	Mar-09
			3.0%	37	6.6%	43	16.3%	32	14.1%	38	21.6%	Mar-09
Mid/Small Cap Growth Russell 2500 Growth	\$339.4	3.7%	6.3%	44	9.0%	56	16.7%	32	15.4%	45	21.4%	Mar-09
			7.4%	21	13.8%	19	17.9%	16	17.0%	19	23.7%	Mar-09
International Passive MSCI ACWI ex USA Gross	\$44.5	0.5%	4.2%	--	-1.0%	--	6.4%	--	4.8%	--	12.5%	Mar-09
			3.6%	--	-0.6%	--	6.9%	--	5.3%	--	13.1%	Mar-09
International Equity MSCI ACWI ex USA Gross	\$558.0	6.0%	4.1%	72	0.1%	35	7.4%	67	6.4%	52	13.2%	Mar-09
			3.6%	82	-0.6%	41	6.9%	73	5.3%	71	13.1%	Mar-09
Global Equity MSCI ACWI Gross	\$757.0	8.1%	3.6%	35	9.5%	14	14.7%	12	11.3%	24	16.8%	Mar-09
			2.4%	63	6.0%	40	11.3%	53	9.6%	58	16.3%	Mar-09
Inflation Responsive Fund PIMCO Inflation Response Index	\$346.7	3.7%	1.0%	34	-1.8%	55	--	--	--	--	-0.3%	Sep-13
			-0.5%	89	-4.7%	89	-2.3%	90	2.5%	85	-2.0%	Sep-13
Fixed Income Passive Fund Barclays Aggregate	\$364.7	3.8%	1.6%	--	5.7%	--	3.0%	--	--	--	3.4%	Sep-10
			1.6%	--	5.7%	--	3.1%	--	4.4%	--	3.6%	Sep-10
Fixed Income Fund Barclays Aggregate	\$592.7	6.4%	2.0%	20	5.8%	21	3.8%	37	4.8%	44	5.8%	Mar-09
			1.6%	42	5.7%	22	3.1%	57	4.4%	55	5.0%	Mar-09
Stable Value Fund T-BILLS + 1%	\$2,304.3	25.6%	0.4%	63	1.8%	55	2.1%	46	2.7%	58	2.8%	Jun-09
			0.3%	93	1.0%	93	1.0%	99	1.1%	99	1.1%	Jun-09

Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 03/31/2015		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014		5 Years to 03/31/2015
		I	U	I	U	I	U	I	U	I
Large Cap Passive Fund (tracked within 20bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Equity Index Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
Large Cap Value Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
Hotchkis & Wiley Large Cap Value	A (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wellington Quality Value	N	✗	✗	✗	✗	✗	✗	✗	✗	✓
Robeco BP Large Cap Value	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Large Cap Growth Fund		✗	✗	✓	✓	✓	✓	✗	✓	NA
Sands Capital Large Cap Growth	A (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wellington Opportunistic Growth	A	✓	✓	✓	✓	✓	✓	✗	✗	✓
Loomis Large Cap Growth	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

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

Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 03/31/2015		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014		5 Years to 03/31/2015
		I	U	I	U	I	U	I	U	I
Mid/Small Cap Passive Fund (tracked within 30 bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Russell 2500 Index Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
Mid/Small Cap Value Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
Hotchkis & Wiley SMID Cap Value	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
EARNEST Partners SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
WEDGE SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mid/Small Cap Growth Fund		✗	✓	✗	✓	✗	✓	✓	✓	NA
TimesSquare SMID Cap Growth	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brown Advisory	R	✗	✓	✗	✗	✗	✗	✗	✗	✓

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Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 03/31/2015		3 Years to 12/31/2014		3 Years to 09/30/2014		3 Years to 06/30/2014		5 Years to 03/31/2015
		I	U	I	U	I	U	I	U	I
International Passive Fund (tracked within 60 bps)		✓	NA	✗	NA	✓	NA	✓	NA	NA
BlackRock ACWI ex US Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
International Equity Fund		✓	✗	✓	✗	✗	✗	✓	✓	NA
Baillie Gifford ACWI ex US Growth	A	✓	✗	✓	✗	✓	✗	✓	✗	✓
Mondrian ACWI ex US Value	B+	✓	✗	✗	✗	✗	✗	✓	✗	✓
Global Equity Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
Wellington Global Opportunities	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
Arrowstreet Global Equity ACWI	A	✓	✓	✓	✓	✓	✓	✓	✓	✓

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Performance Scorecard

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		I	U	I	U	I	U	I	U	I
Inflation Responsive Fund		NA	NA	NA	NA	NA	NA	NA	NA	NA
PIMCO Inflation Response-Multi Asset	B+ (W)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fixed Income Passive Fund (tracked within 25 bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Debt Index Fund	N	✓	NA	✓	NA	✓	NA	✓	NA	NA
Fixed Income Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
JP Morgan Core Bond	A	✓	✗	✓	✗	✓	✗	✓	✗	✓
Prudential Core Plus	A	✓	✓	✓	✓	✓	✓	✓	✗	✓
Stable Value Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA

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Watch List

Manager	Date Placed on Watch	Mercer Rating*	Recommendation	Comments
Wellington Quality Value	3Q13	N	Replace with Delaware	<p>Wellington has underperformed the Russell 1000 Value and the peer group median over the ten most recent three-year rolling periods. The strategy continues to focus on high quality securities, which have held the portfolio back in the rising equity market.</p> <p>The Wellington Quality Value outperformed the Russell 1000 Value Index by 100 basis points over the first quarter. Longer-term, the strategy has struggled to keep pace during growth markets and has only outperformed in 3 of the 5 down markets since inception in the North Carolina Large Cap Value Fund. Over the trailing three year period, the strategy has trailed the index by 150 basis points and ranked in the bottom quartile of the peer group universe.</p>
PIMCO Inflation-Responsive Multi Asset	Proposed 3Q14	B+ (W)	Maintain Watch Status	<p>Recent organizational changes at PIMCO and the appointment of portfolio manager Mihir Worah as co-portfolio manager of the Total Return Fund led to watch status of the Fund. Worah will have increased responsibilities, which will likely increase the responsibilities of his team members. Additionally, Worah will have to take on additional responsibility with the firing of TIPS portfolio manager Rahul Seksaria. We feel that the IRMAF team is very capable but Mercer will monitor how they adapt to the situation. The strategy outperformed the index by 170 basis points during the first quarter and managed to rank in the top third of the peer group universe. The strategy benefited from exposure to Italian and Spanish Inflation Linked bonds, as yields were supported by the start of quantitative easing. Additionally, the strategy benefited from its currency positioning, as PIMCO was long the dollar, which continued its appreciation in the first quarter. Over the trailing year the fund has outperformed the benchmark by 380 basis points and ranked in the top half of the diversified inflation hedge universe. Mercer recommends maintaining the watch status as we continue to monitor organizational developments at PIMCO.</p>

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Fee Review

Funds and Sub-Advisors	Assets	Inv. Mgmt. Fee	Other Inv. Exp. ¹	R/K Fee	NC Budget ²	Total Estimated Expense (%)	Total Estimated Expense (\$) ³	Mercer Median Expense ⁴	Difference
North Carolina Stable Value Fund	\$2,304,317,974	0.339%	0.000%	0.079%	0.025%	0.443%	\$10,208,129	0.46%	-0.02%
Galliard	\$2,304,317,974	0.339%	0.000%				\$7,811,638	0.46%	-0.12%
North Carolina Fixed Income Passive	\$364,684,160	0.020%	0.055%	0.079%	0.025%	0.179%	\$652,785	0.20%	-0.02%
BlackRock	\$364,684,160	0.020%	0.055%				\$72,937	0.02%	0.00%
North Carolina Fixed Income Fund	\$592,714,284	0.163%	0.069%	0.079%	0.025%	0.337%	\$1,995,622	0.50%	-0.16%
50% JP Morgan	\$294,812,277	0.187%	0.068%				\$550,662	0.23%	-0.04%
50% Prudential	\$297,902,007	0.140%	0.071%				\$417,063	0.25%	-0.11%
North Carolina Inflation Sensitive Fund	\$346,680,193	0.650%	0.071%	0.079%	0.025%	0.825%	\$2,859,418	0.88%	-0.06%
PIMCO	\$346,680,193	0.650%	0.071%				\$2,253,421	0.88%	-0.23%
North Carolina Large Cap Passive Fund	\$1,308,183,820	0.007%	0.055%	0.079%	0.025%	0.166%	\$2,171,585	0.20%	-0.03%
BlackRock	\$1,308,183,820	0.007%	0.055%				\$91,573	0.01%	0.00%
North Carolina Large Cap Value Fund	\$928,691,849	0.377%	0.068%	0.079%	0.025%	0.549%	\$5,093,916	0.76%	-0.21%
33.3% Hotchkis & Wiley	\$315,063,229	0.500%	0.068%				\$1,575,316	0.43%	0.07%
33.3% Wellington Management Company	\$306,604,170	0.290%	0.068%				\$889,152	0.43%	-0.14%
33.3% Robeco BP	\$307,024,450	0.341%	0.068%				\$1,046,073	0.43%	-0.09%
North Carolina Large Cap Growth Fund	\$901,238,223	0.419%	0.068%	0.079%	0.025%	0.591%	\$5,326,038	0.80%	-0.21%
33.3% Sands Capital Management	\$307,735,998	0.510%	0.068%				\$1,569,865	0.47%	0.05%
33.3% Wellington Management Company	\$297,503,204	0.350%	0.068%				\$1,041,261	0.64%	-0.29%
33.3% Loomis Sayles	\$295,999,021	0.398%	0.068%				\$1,177,997	0.47%	-0.07%
North Carolina SMID Cap Passive Fund	\$232,918,240	0.007%	0.055%	0.079%	0.025%	0.166%	\$386,644	0.28%	-0.11%
BlackRock	\$232,918,240	0.007%	0.055%				\$16,304	0.02%	-0.01%
North Carolina SMID Value Fund	\$469,700,850	0.614%	0.068%	0.079%	0.025%	0.785%	\$3,689,482	1.00%	-0.21%
33.3% Hotchkis & Wiley	\$152,154,262	0.579%	0.068%				\$880,771	0.62%	-0.04%
33.3% EARNEST Partners	\$158,635,157	0.521%	0.068%				\$826,858	0.80%	-0.28%
33.3% WEDGE Capital Management	\$158,911,431	0.742%	0.068%				\$1,178,469	0.75%	-0.01%
North Carolina SMID Growth Fund	\$339,444,284	0.686%	0.068%	0.079%	0.025%	0.858%	\$2,911,984	1.00%	-0.14%
50% TimesSquare Capital Management	\$170,824,555	0.809%	0.068%				\$1,381,184	0.76%	0.05%
50% Brown Advisory	\$168,619,729	0.564%	0.068%				\$951,010	0.80%	-0.23%
North Carolina International Passive Fund	\$44,466,022	0.025%	0.055%	0.079%	0.025%	0.184%	\$81,684	0.35%	-0.16%
BlackRock	\$44,466,022	0.025%	0.055%				\$10,983	0.06%	-0.04%
North Carolina International Equity Fund	\$557,998,942	0.449%	0.083%	0.079%	0.025%	0.636%	\$3,551,333	0.98%	-0.34%
50% Baillie Gifford	\$275,996,554	0.445%	0.083%				\$1,228,986	0.55%	-0.10%
50% Mondrian Investment Partners	\$282,002,388	0.453%	0.083%				\$1,278,010	0.55%	-0.10%
North Carolina Global Equity Fund	\$757,030,210	0.548%	0.073%	0.079%	0.025%	0.725%	\$5,488,376	1.00%	-0.28%
50% Wellington Management Company	\$383,699,469	0.500%	0.073%				\$1,918,497	0.54%	-0.04%
50% Arrowstreet	\$373,330,741	0.597%	0.072%				\$2,228,319	0.54%	0.06%
Total	\$9,148,069,052	0.332%	0.049%	0.079%	0.025%	0.486%	\$44,416,995	0.613%	

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

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

³Manager fee estimates reflect investment management fee only.

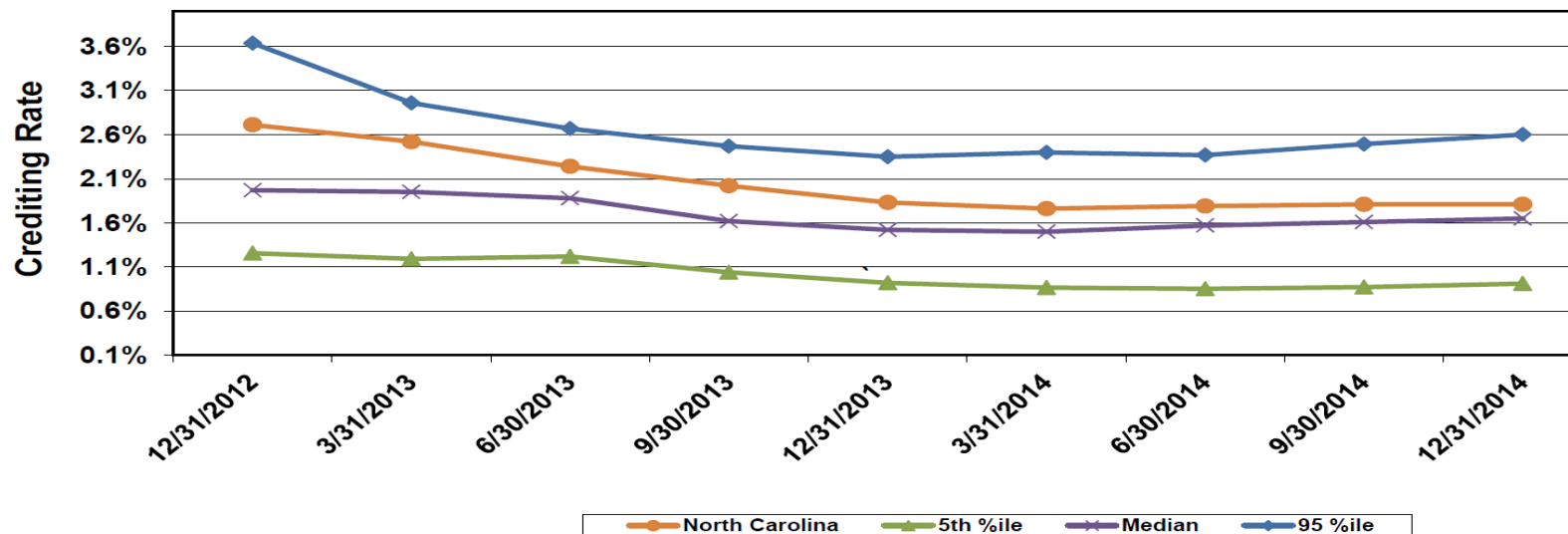
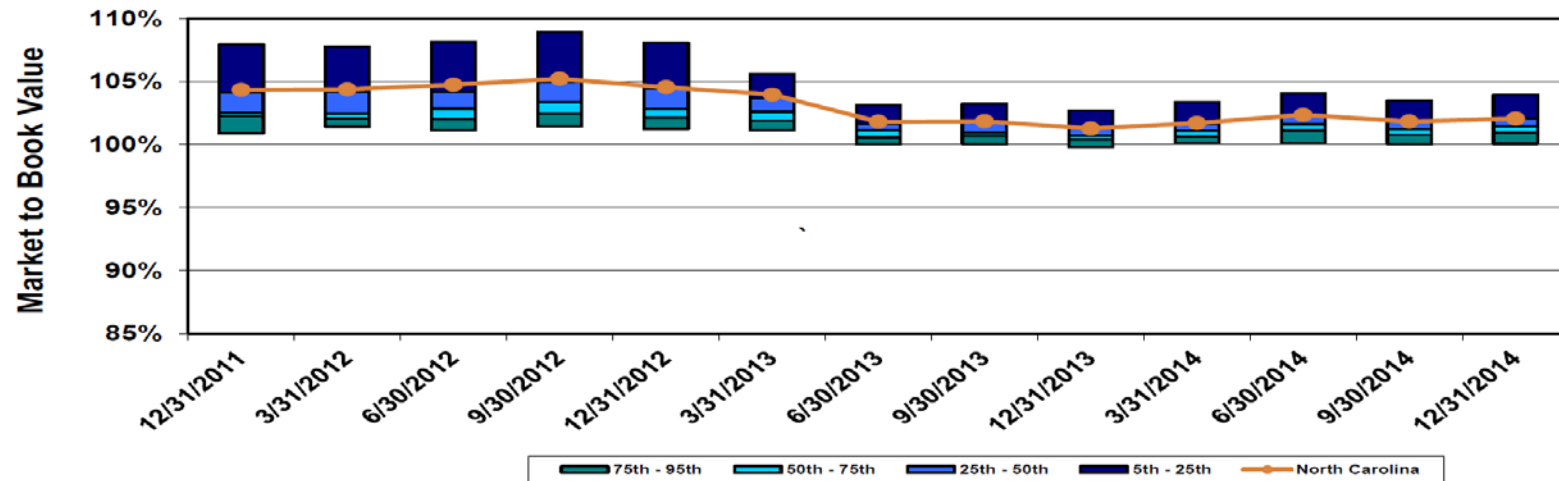
⁴Total Fund median expenses are compared against their respective Mercer Mutual Fund Institutional Universe, while the individual managers are compared to peers with the same vehicle and strategy assets.

Fee Review

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

North Carolina 457 Stable Value Total Annual Fund Operating Expenses	Expense Ratio	Per \$1000
Investment Management fee paid to Galliard	0.073%	\$0.73
Investment Management fees paid to Non-Affiliated Investment Advisors	0.059%	\$0.59
Investment Contract Fees*	0.178%	\$1.78
Acquired Fund Fees**	0.043%	\$0.43
Investment Contract Fees	0.013%	\$0.13
Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors***	0.030%	\$0.30
12b-1 Distribution Fee	None	None
Other Expenses	0.104%	\$1.04
Total Annual Fund Operating Expenses****	0.457%	\$4.57

Stable Value Review



Fund Review

GoalMaker Performance as of March 31, 2015

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Conservative 0-5 Yrs	1.5%	86	4.5%	74	5.3%	94	5.9%	97
Conservative 0-5 Yrs Benchmark	1.4%	93	4.1%	82	4.7%	97	4.8%	99
Conservative 6-10 Yrs	1.8%	81	4.8%	79	6.4%	84	6.8%	91
Conservative 6-10 Yrs Benchmark	1.6%	85	4.5%	83	5.7%	91	5.7%	97
Conservative 11-15 Yrs	2.2%	71	5.8%	72	8.3%	78	8.2%	86
Conservative 11-15 Yrs Benchmark	2.0%	82	5.7%	72	7.9%	81	7.6%	99
Conservative 16+ Yrs	2.6%	42	6.4%	62	10.3%	46	9.7%	46
Conservative +16 Yrs Benchmark	2.4%	55	6.4%	62	9.9%	54	9.1%	67

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Moderate 0-5 Yrs	1.9%	59	5.1%	62	7.0%	70	7.2%	71
Moderate 0-5 Yrs Benchmark	1.8%	74	4.8%	69	6.4%	84	6.3%	95
Moderate 6-10 Yrs	2.2%	45	5.8%	53	8.3%	41	8.1%	50
Moderate 6-10 Yrs Benchmark	2.0%	61	5.7%	54	7.9%	61	7.6%	68
Moderate 11-15 Yrs	2.5%	34	6.2%	54	9.7%	41	9.3%	39
Moderate 11-15 Yrs Benchmark	2.3%	63	6.1%	57	9.3%	52	8.7%	76
Moderate 16+ Yrs	2.9%	19	6.7%	55	11.7%	9	10.7%	15
Moderate +16 Yrs Benchmark	2.7%	26	6.7%	53	11.4%	11	10.2%	26

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Aggressive 0-5 Yrs	2.2%	21	6.0%	30	8.7%	9	8.5%	17
Aggressive 0-5 Yrs Benchmark	2.1%	46	5.9%	38	8.2%	31	7.8%	43
Aggressive 6-10 Yrs	2.5%	21	6.2%	43	9.7%	5	9.3%	8
Aggressive 6-10 Yrs Benchmark	2.3%	35	6.1%	45	9.3%	19	8.7%	36
Aggressive 11-15 Yrs	2.8%	9	6.7%	40	11.4%	3	10.4%	6
Aggressive 11-15 Yrs Benchmark	2.7%	21	6.7%	39	11.0%	4	10.0%	14
Aggressive 16+ Yrs	3.3%	3	7.1%	41	13.3%	1	11.7%	1
Aggressive +16 Yrs Benchmark	3.1%	7	7.2%	39	13.1%	1	11.5%	1

- The GoalMaker Portfolios had competitive performance versus their benchmarks over the time periods evaluated ended March 31, 2015.

Fund Review

Manager Performance as of March 31, 2015

Name	Market Value		3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Inception	
	(\$m)	(%)									Return	Since
NCSRP BlackRock Equity Index	\$1,308.2	14.5%	1.0%	--	12.7%	--	16.1%	--	14.5%	--	19.8%	Mar-09
S&P 500			1.0%	--	12.7%	--	16.1%	--	14.5%	--	19.7%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	\$315.1	3.5%	0.1%	61	8.8%	66	19.0%	10	15.4%	16	23.5%	Mar-09
Russell 1000 Value			-0.7%	79	9.3%	56	16.4%	51	13.8%	55	19.6%	Mar-09
NCSRP Wellington Value Composite	\$306.6	3.4%	0.3%	54	10.5%	42	14.9%	75	12.4%	84	13.6%	Mar-09
NCSRP Wellington Quality Value			0.3%	54	10.5%	42	14.9%	75	--	--	--	Mar-09
Wellington Quality Value Strategy			0.3%	53	10.6%	41	14.9%	75	12.9%	76	18.5%	Mar-09
Russell 1000 Value			-0.7%	79	9.3%	56	16.4%	51	13.8%	55	19.6%	Mar-09
NCSRP Robeco BP Large Cap Value	\$307.0	3.4%	0.1%	60	8.9%	64	17.7%	25	--	--	21.2%	Nov-11
Robeco BP Large Cap Value Strategy			0.0%	62	8.8%	66	17.5%	29	15.0%	23	21.0%	Nov-11
Russell 1000 Value			-0.7%	79	9.3%	56	16.4%	51	13.8%	55	19.1%	Nov-11
NCSRP Sands Capital Large Cap Growth	\$307.7	3.4%	0.6%	97	9.5%	95	16.5%	46	20.1%	1	27.2%	Mar-09
Russell 1000 Growth			3.8%	51	16.1%	45	16.3%	49	15.6%	43	20.7%	Mar-09
NCSRP Wellington Opportunistic Growth	\$297.5	3.2%	4.8%	27	12.1%	84	16.8%	40	14.9%	54	20.5%	Mar-09
Russell 1000 Growth			3.8%	51	16.1%	45	16.3%	49	15.6%	43	20.7%	Mar-09
Russell 3000 Growth			4.0%	47	15.8%	50	16.4%	48	15.7%	42	20.9%	Mar-09
NCSRP Loomis Large Cap Growth	\$296.0	3.2%	3.5%	59	--	--	--	--	--	--	12.9%	Aug-14
Loomis Large Cap Growth Strategy			3.1%	66	15.0%	55	18.7%	16	16.0%	36	12.4%	Aug-14
Russell 1000 Growth			3.8%	51	16.1%	45	16.3%	49	15.6%	43	12.1%	Aug-14
NCSRP BlackRock Russell 2500 Index Fund	\$232.9	2.4%	5.2%	--	10.2%	--	17.2%	--	15.6%	--	22.8%	Mar-09
Russell 2500			5.2%	--	10.1%	--	17.1%	--	15.5%	--	22.6%	Mar-09
NCSRP Hotchkis & Wiley	\$152.2	1.7%	0.5%	86	7.6%	62	20.8%	6	18.6%	1	28.9%	Mar-09
Hotchkis Custom SMID Value Index			3.0%	69	6.6%	69	16.3%	52	14.2%	61	22.3%	Mar-09
NCSRP EARNEST Partners	\$158.6	1.7%	5.7%	11	12.4%	17	17.6%	29	15.6%	30	22.0%	Mar-09
EARNEST Custom SMID Value Index			3.0%	69	6.6%	69	16.3%	52	13.4%	71	20.7%	Mar-09
NCSRP WEDGE SMID Cap Value	\$158.9	1.7%	3.3%	65	14.8%	3	19.6%	9	--	--	22.5%	Dec-11
WEDGE SMID Cap Value Strategy			3.3%	65	14.6%	4	19.6%	9	17.5%	4	22.6%	Dec-11
Russell 2500 Value			3.0%	69	6.6%	69	16.3%	52	14.1%	63	18.9%	Dec-11
NCSRP TimesSquare Composite	\$170.8	1.9%	5.4%	83	10.2%	61	18.8%	23	17.0%	51	22.5%	Mar-09
NCSRP TimesSquare SMID Growth			5.4%	83	10.2%	61	18.8%	23	--	--	--	Mar-09
TimesSquare Growth Strategy			5.5%	81	10.4%	60	18.9%	22	18.5%	21	24.5%	Mar-09
TimesSquare Custom SMID Growth Index			7.4%	33	13.8%	27	17.9%	35	16.6%	53	23.3%	Mar-09

Fund Review

Manager Performance as of March 31, 2015

Name	Market Value		3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Inception	
	(\$m)	(%)									Return	Since
NCSRP Brown Advisory	\$168.6	1.8%	7.6%	31	9.6%	68	16.5%	47	15.9%	67	22.6%	Mar-09
Brown Custom SMID Growth Index			7.4%	33	13.8%	27	17.9%	35	16.9%	52	23.2%	Mar-09
NCSRP BlackRock ACWI ex US Fund	\$44.5	0.5%	4.2%	--	-0.8%	--	6.6%	--	5.0%	--	12.8%	Mar-09
MSCI ACWI ex USA Gross			3.6%	--	-0.6%	--	6.9%	--	5.3%	--	13.1%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	\$276.0	3.0%	4.1%	70	1.2%	38	8.6%	68	8.2%	35	16.1%	Mar-09
MSCI ACWI ex USA Gross			3.6%	82	-0.6%	61	6.9%	88	5.3%	92	13.1%	Mar-09
MSCI AC Wld ex US Growth Gross			4.9%	49	2.1%	25	7.5%	82	6.1%	79	13.2%	Mar-09
NCSRP Mondrian ACWI ex US Value	\$282.0	3.0%	4.3%	61	0.5%	48	7.7%	81	6.1%	78	12.2%	Mar-09
MSCI ACWI ex USA Gross			3.6%	82	-0.6%	61	6.9%	88	5.3%	92	13.1%	Mar-09
MSCI AC Wld Ex US Value Gross			2.2%	96	-3.3%	85	6.2%	93	4.4%	95	12.9%	Mar-09
NCSRP Wellington Global Composite	\$383.7	4.1%	4.6%	20	12.7%	7	16.9%	6	12.9%	16	18.2%	Mar-09
NCSRP Wellington Global Opportunities			4.6%	20	12.7%	7	16.9%	6	--	--	--	Mar-09
Wellington Global Opportunities Strategy			4.5%	21	13.0%	6	17.1%	5	13.5%	9	20.0%	Mar-09
MSCI ACWI Gross			2.4%	64	6.0%	51	11.3%	68	9.6%	67	16.3%	Mar-09
NCSRP Arrowstreet Global Equity ACWI	\$373.3	4.0%	2.9%	54	8.0%	31	14.1%	28	--	--	14.1%	Mar-12
Arrowstreet Global Equity ACWI Strategy			4.6%	19	11.3%	10	16.7%	7	13.4%	10	16.7%	Mar-12
MSCI ACWI Gross			2.4%	64	6.0%	51	11.3%	68	9.6%	67	11.3%	Mar-12
NCSRP PIMCO Inflation Response Multi-Asset	\$346.7	3.7%	1.2%	32	-0.9%	41	--	--	--	--	0.7%	Sep-13
PIMCO Inflation Response Multi-Asset Strategy			1.9%	26	-0.7%	38	-0.1%	76	--	--	0.9%	Sep-13
PIMCO Inflation Response Index			-0.5%	89	-4.7%	89	-2.3%	90	2.5%	85	-2.0%	Sep-13
Consumer Price Index			0.6%	39	-0.1%	23	1.0%	42	1.6%	99	0.6%	Sep-13
NCSRP BlackRock Debt Index Fund	\$364.7	3.8%	1.6%	--	5.9%	--	3.2%	--	--	--	3.6%	Sep-10
BlackRock Debt Index Fund Strategy			1.6%	--	5.8%	--	3.2%	--	4.5%	--	3.6%	Sep-10
Barclays Aggregate			1.6%	--	5.7%	--	3.1%	--	4.4%	--	3.6%	Sep-10
NCSRP JP Morgan Core Bond	\$294.8	3.2%	1.9%	29	6.1%	32	3.7%	65	5.4%	43	5.8%	Mar-09
Barclays Aggregate			1.6%	73	5.7%	54	3.1%	92	4.4%	94	5.0%	Mar-09
NCSRP Prudential Core Plus	\$297.9	3.2%	2.2%	12	--	--	--	--	--	--	2.2%	Dec-14
Barclays Aggregate			1.6%	73	5.7%	54	3.1%	92	4.4%	94	1.6%	Dec-14

Appendix

Net Performance as of March 31, 2015

	Ending March 31, 2015				Inception	
	3 Mo	1 Yr	3 Yrs	5 Yrs	Return	Since
Large Cap Passive	0.9%	12.5%	15.9%	14.3%	19.6%	Mar-09
S&P 500	1.0%	12.7%	16.1%	14.5%	19.7%	Mar-09
NCSRP BlackRock Equity Index	1.0%	12.7%	16.1%	14.4%	19.7%	Mar-09
S&P 500	1.0%	12.7%	16.1%	14.5%	19.7%	Mar-09
Large Cap Value	0.0%	8.8%	16.7%	13.6%	18.3%	Mar-09
Russell 1000 Value	-0.7%	9.3%	16.4%	13.8%	19.6%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	-0.1%	8.2%	18.4%	14.9%	22.9%	Mar-09
Russell 1000 Value	-0.7%	9.3%	16.4%	13.8%	19.6%	Mar-09
NCSRP Wellington Value Composite	0.2%	10.2%	14.6%	12.1%	13.3%	Mar-09
Russell 1000 Value	-0.7%	9.3%	16.4%	13.8%	19.6%	Mar-09
NCSRP Robeco BP Large Cap Value	0.0%	8.5%	17.3%	--	20.8%	Nov-11
Russell 1000 Value	-0.7%	9.3%	16.4%	13.8%	19.1%	Nov-11
Large Cap Growth	2.8%	11.5%	15.0%	16.0%	22.4%	Mar-09
Russell 1000 Growth	3.8%	16.1%	16.3%	15.6%	20.7%	Mar-09
NCSRP Sands Capital Large Cap Growth	0.5%	8.9%	15.9%	19.4%	26.6%	Mar-09
Russell 1000 Growth	3.8%	16.1%	16.3%	15.6%	20.7%	Mar-09
NCSRP Wellington Opportunistic Growth	4.7%	11.7%	16.4%	14.5%	20.1%	Mar-09
Russell 1000 Growth	3.8%	16.1%	16.3%	15.6%	20.7%	Mar-09
Russell 3000 Growth	4.0%	15.8%	16.4%	15.7%	20.9%	Mar-09
NCSRP Loomis Large Cap Growth	3.4%	--	--	--	12.6%	Aug-14
Russell 1000 Growth	3.8%	16.1%	16.3%	15.6%	12.1%	Aug-14
Mid/Small Cap Passive	5.1%	10.0%	17.1%	15.4%	22.6%	Mar-09
Russell 2500	5.2%	10.1%	17.1%	15.5%	22.6%	Mar-09
NCSRP BlackRock Russell 2500 Index Fund	5.2%	10.2%	17.2%	15.6%	22.7%	Mar-09
Russell 2500	5.2%	10.1%	17.1%	15.5%	22.6%	Mar-09
Mid/Small Cap Value	3.0%	10.8%	18.6%	17.3%	25.5%	Mar-09
Russell 2500 Value	3.0%	6.6%	16.3%	14.1%	21.6%	Mar-09
NCSRP Hotchkis & Wiley	0.4%	6.9%	20.1%	17.9%	28.1%	Mar-09
Hotchkis Custom SMID Value Index	3.0%	6.6%	16.3%	14.2%	22.3%	Mar-09
NCSRP EARNEST Partners	5.6%	11.8%	17.0%	14.9%	21.4%	Mar-09
EARNEST Custom SMID Value Index	3.0%	6.6%	16.3%	13.4%	20.7%	Mar-09
NCSRP WEDGE SMID Cap Value	3.1%	13.9%	18.7%	--	21.6%	Dec-11
Russell 2500 Value	3.0%	6.6%	16.3%	14.1%	18.9%	Dec-11
Mid/Small Cap Growth	6.3%	9.0%	16.7%	15.4%	21.4%	Mar-09
Russell 2500 Growth	7.4%	13.8%	17.9%	17.0%	23.7%	Mar-09

	Ending March 31, 2015				Inception	
	3 Mo	1 Yr	3 Yrs	5 Yrs	Return	Since
NCSRP TimesSquare	5.2%	9.3%	17.8%	16.1%	21.6%	Mar-09
TimesSquare Custom SMID Growth Index	7.4%	13.8%	17.9%	16.6%	23.3%	Mar-09
NCSRP Brown Advisory	7.4%	9.0%	15.9%	15.2%	22.0%	Mar-09
Brown Custom SMID Growth Index	7.4%	13.8%	17.9%	16.9%	23.2%	Mar-09
International Passive	4.2%	-1.0%	6.4%	4.8%	12.5%	Mar-09
MSCI ACWI ex USA Gross	3.6%	-0.6%	6.9%	5.3%	13.1%	Mar-09
NCSRP BlackRock ACWI ex US Fund	4.2%	-0.8%	6.5%	4.9%	12.6%	Mar-09
MSCI ACWI ex USA Gross	3.6%	-0.6%	6.9%	5.3%	13.1%	Mar-09
International Equity	4.1%	0.1%	7.4%	6.4%	13.2%	Mar-09
MSCI ACWI ex USA Gross	3.6%	-0.6%	6.9%	5.3%	13.1%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	4.0%	0.7%	8.1%	7.7%	15.5%	Mar-09
MSCI ACWI ex USA Gross	3.6%	-0.6%	6.9%	5.3%	13.1%	Mar-09
MSCI AC Wid ex US Growth Gross	4.9%	2.1%	7.5%	6.1%	13.2%	Mar-09
NCSRP Mondrian ACWI ex US Value	4.2%	0.1%	7.2%	5.6%	11.6%	Mar-09
MSCI ACWI ex USA Gross	3.6%	-0.6%	6.9%	5.3%	13.1%	Mar-09
MSCI AC Wid Ex US Value Gross	2.2%	-3.3%	6.2%	4.4%	12.9%	Mar-09
Global Equity	3.6%	9.5%	14.7%	11.3%	16.8%	Mar-09
MSCI ACWI Gross	2.4%	6.0%	11.3%	9.6%	16.3%	Mar-09
NCSRP Wellington Global Composite	4.5%	12.2%	16.3%	12.4%	17.7%	Mar-09
MSCI ACWI Gross	2.4%	6.0%	11.3%	9.6%	16.3%	Mar-09
NCSRP Arrowstreet Global Equity ACWI	2.8%	7.3%	13.4%	--	13.4%	Mar-12
MSCI ACWI Gross	2.4%	6.0%	11.3%	9.6%	11.3%	Mar-12
Inflation Responsive Fund	1.0%	-1.8%	--	--	-0.3%	Sep-13
PIMCO Inflation Response Index	-0.5%	-4.7%	-2.3%	2.5%	-2.0%	Sep-13
NCSRP PIMCO Inflation Response Multi-Asset	1.0%	-1.7%	--	--	0.1%	Sep-13
PIMCO Inflation Response Index	-0.5%	-4.7%	-2.3%	2.5%	-2.0%	Sep-13
Fixed Income Passive Fund	1.6%	5.7%	3.0%	--	3.4%	Sep-10
Barclays Aggregate	1.6%	5.7%	3.1%	4.4%	3.6%	Sep-10
NCSRP BlackRock Debt Index Fund	1.6%	5.8%	3.1%	--	3.5%	Sep-10
Barclays Aggregate	1.6%	5.7%	3.1%	4.4%	3.6%	Sep-10
Fixed Income Fund	2.0%	5.8%	3.8%	4.8%	5.8%	Mar-09
Barclays Aggregate	1.6%	5.7%	3.1%	4.4%	5.0%	Mar-09
NCSRP JP Morgan Core Bond	1.9%	5.9%	3.6%	5.2%	5.6%	Mar-09
Barclays Aggregate	1.6%	5.7%	3.1%	4.4%	5.0%	Mar-09
NCSRP Prudential Core Plus	2.1%	--	--	--	2.1%	Dec-14
Barclays Aggregate	1.6%	5.7%	3.1%	4.4%	1.6%	Dec-14
Stable Value Fund	0.4%	1.8%	2.1%	2.7%	2.8%	Jun-09
T-BILLS + 1%	0.3%	1.0%	1.0%	1.1%	1.1%	Jun-09

Manager Updates

- Mercer met with **Sands** at their Washington D.C. headquarters to discuss the Select Growth Equity strategy. Mercer followed up with the Sands on the separation of roles between portfolio managers and sector heads. Additionally, we followed up with the launch of Sands Private Equity business, which we expect to benefit the public funds eventually. Sand's philosophy and process has remained unchanged and we continue to have faith in the skill and leadership of the Sands portfolio management team. As a result of the meeting, Mercer maintained the "A (T)" rating on the strategy.
- **Loomis** informed us that Deputy Chief Investment Officer David Waldman would assume executive oversight of the equity investment and research teams across the firm effective March 31, 2015. Loomis has been moving towards a model of dedicated product analysts for the equity investment teams. Currently, the equity analyst team is comprised of 24 dedicated analysts and eight central research analysts. Mercer is not recommending any changes following this announcement, as it validates our earlier thoughts that the equity division remains in a state of transition.
- **Loomis** announced that Robert Blanding, Chairman and CEO of Loomis Sayles, would step down as CEO but retain his role of Chairman. Current president and CFO Kevin Charleston will take on the role of CEO effective May 1, 2015. Mercer is not recommending any rating changes as a result of this announcement.
- Mercer met with **WEDGE** at their Charlotte, NC headquarters to discuss the SMID Cap Value strategy as part of our normal due diligence process. We wanted to see how the newly hired small cap value portfolio manager, Don Cleven, was adjusting to WEDGE and what changes to expect going forward. We found that Cleven will maintain a consistent investment style but will make a few minor changes to portfolio construction. Cleven expects to reduce the number of holdings from 125 down to around 100-110, with higher conviction names receiving larger weights in the portfolio. Additionally, Cleven said that this may lead to more flexibility in taking sector bets. We are comfortable with the changes that Cleven expects to make to the small cap strategy, as we believe they are only marginal enhancements. Mercer still has conviction in WEDGE's in-depth fundamental research, along with the consistent investment approach administered by the team. We maintained the "B+" rating as a result of the meeting.
- **TimesSquare** announced that Dr. David Ferreiro joined the firm as a Senior Research analyst covering the health care sector. He had nine years of experience as a Vice President at GMT Capital Corporation covering global health care stocks. We are not proposing any rating changes as a result of this announcement and have maintained the "B+" rating.

Manager Updates (Continued)

- Mercer met with **Prudential** to discuss their core-plus fixed income strategy. We believe that the experience of Prudential's investment team and a culture steeped in risk-management are key benefits of the strategy. We continue to have conviction in the cohesive team that has a notable amount of collaboration between portfolio managers and analysts. As a result of the meeting, Mercer maintained the "A" rating on the strategy.
- Paul McCulley, Chief Economist and Managing Director at **PIMCO**, announced he will resign from his role effective February 28, 2015. This departure does not come as a surprise as McCulley returned to PIMCO in May 2014 for the chance to "work side-by-side with Bill Gross." Though McCulley, only worked for the firm on a part time basis, and did not have Portfolio Manager responsibilities, he was a high profile employee, so it represents additional headline risk for the firm. The full News Item is attached.
- **PIMCO** announced that Joachim Fels will join the firm as a Managing Director and Global Economic Advisor. As a global economic advisor/strategist, Fels will assist in the formulation of PIMCO's economic outlook and broad portfolio strategy
- **PIMCO** announced that it would close two active equity strategies and that CIO Virginie Maisonneuve would depart the firm. One of the strategies was the Emerging Markets strategy managed by Maisonneuve. PIMCO has stated that the multi-asset funds have very little or no exposure to the equity funds that have been closed. The PIMCO IRMAF Fund had a 0% allocation to these strategies. Mercer maintained the "B+ (W)" rating on the IRMAF Fund.

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