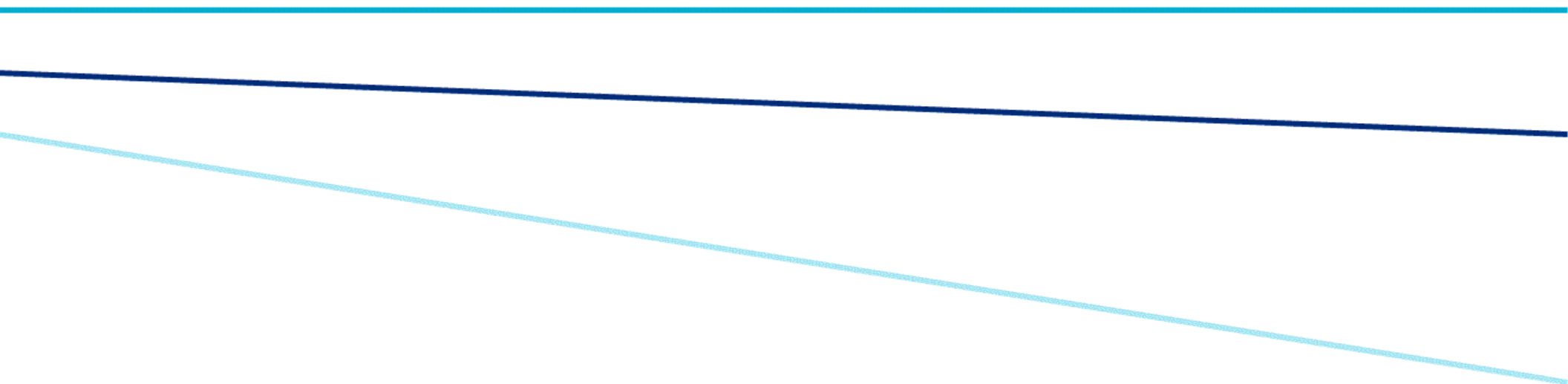


# North Carolina Supplemental Retirement Plans

## Investment Performance

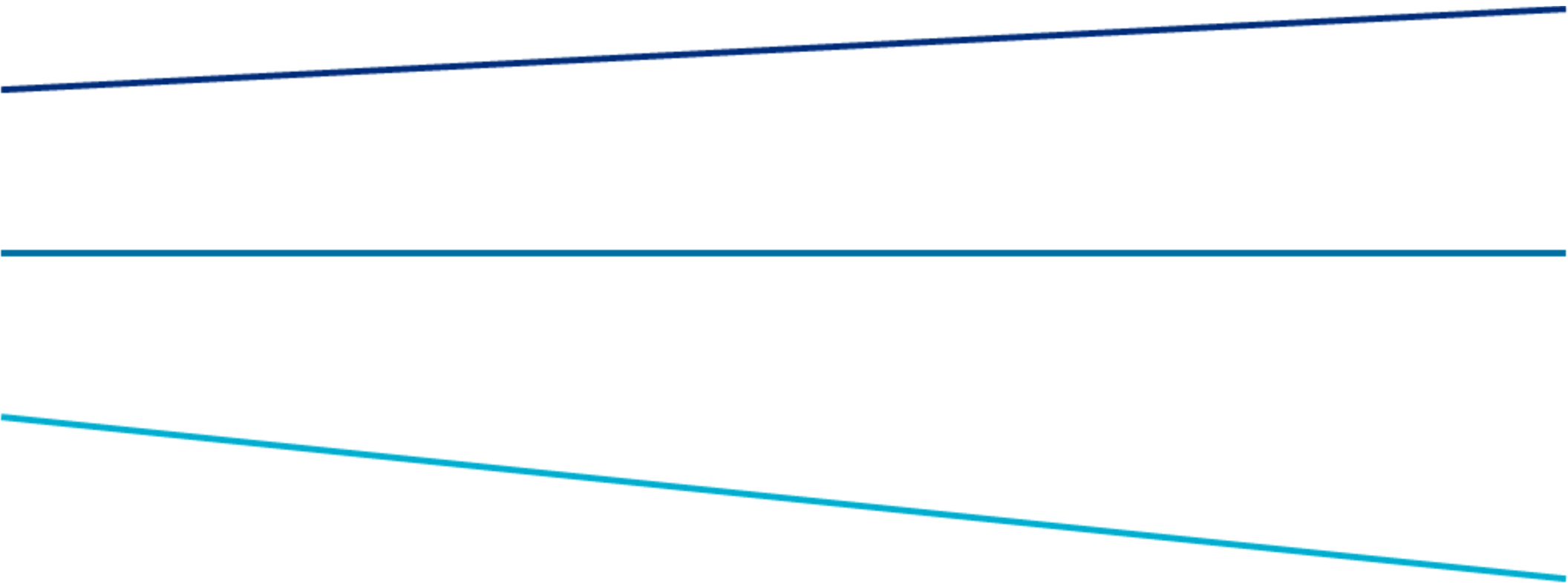
June 30, 2013



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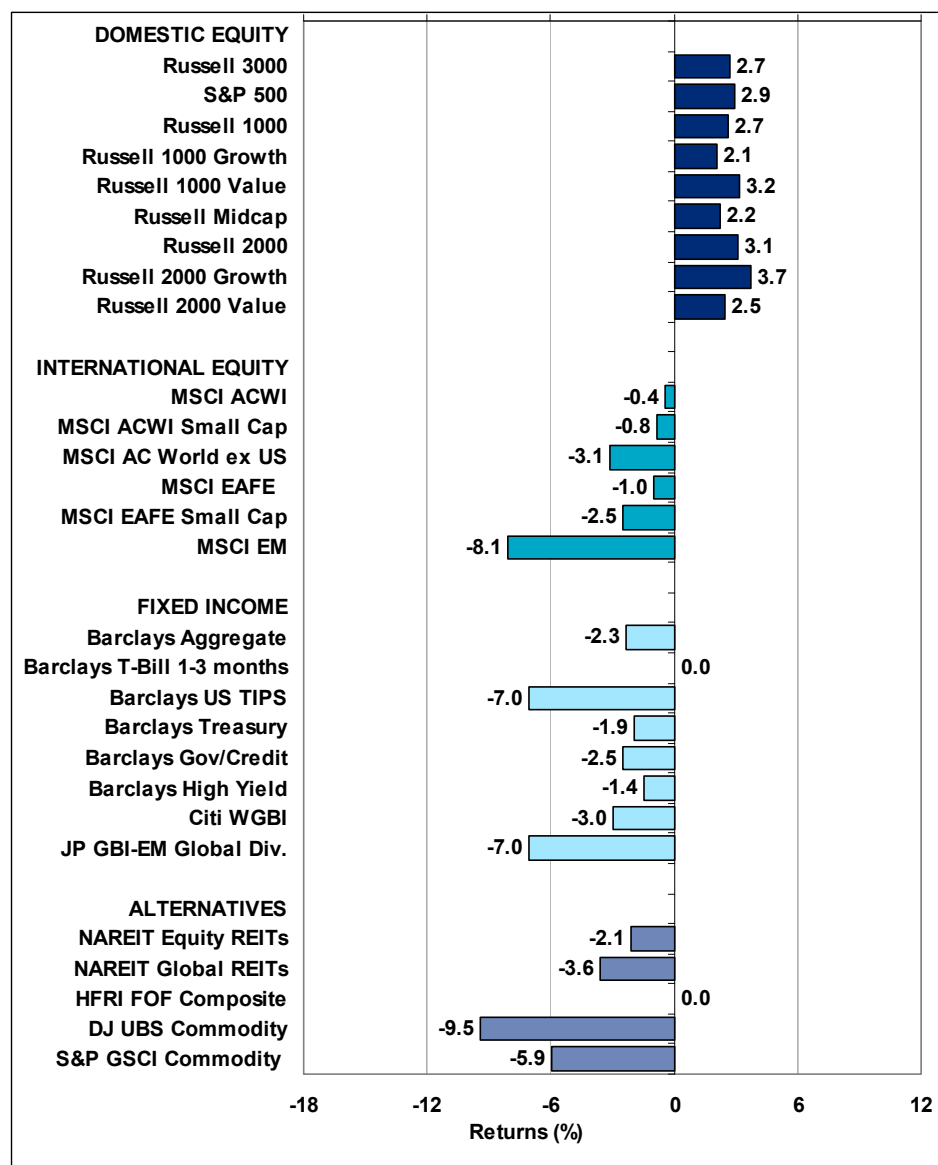
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6. Global Equity
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9. GoalMaker Portfolios
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# Capital Markets Commentary



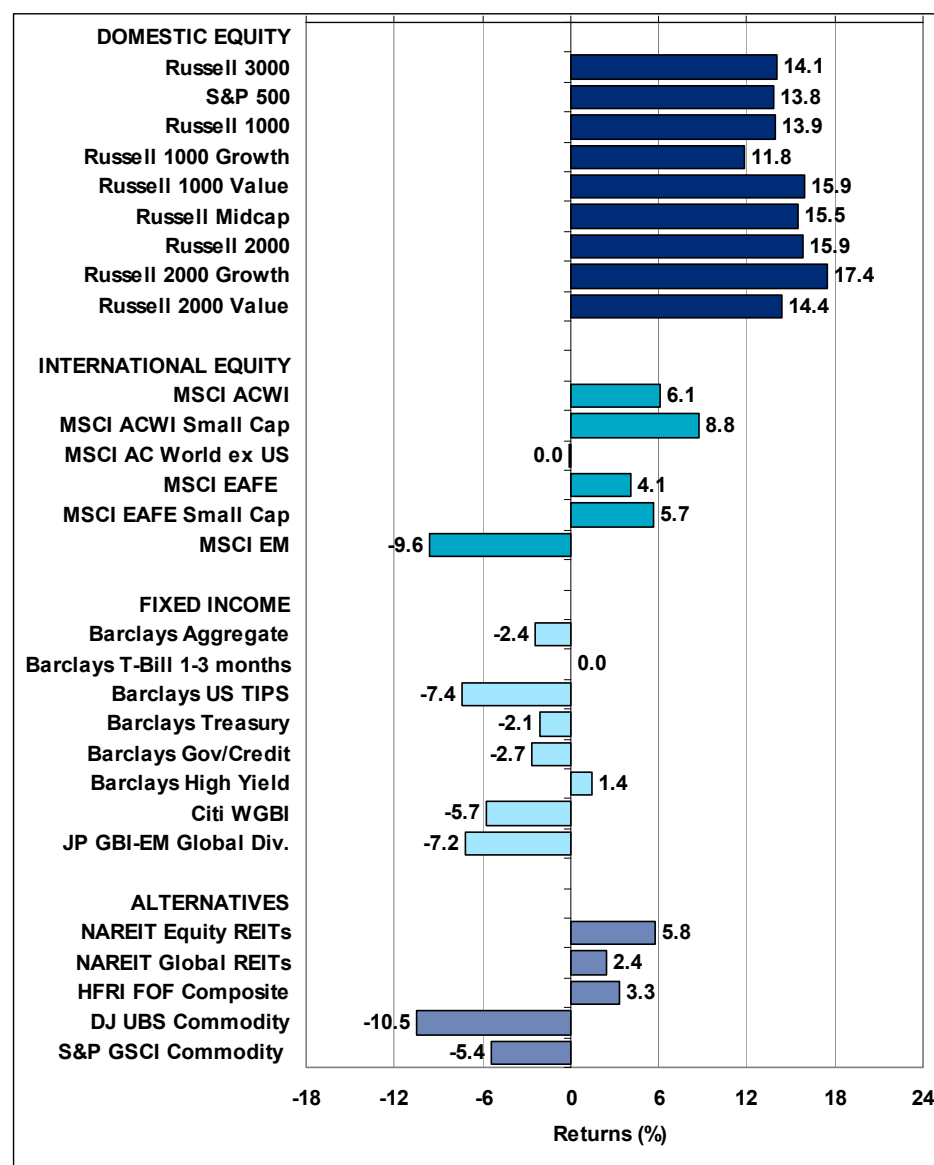
# Performance Summary: Quarter in Review

**Market Performance**  
Second Quarter 2013



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

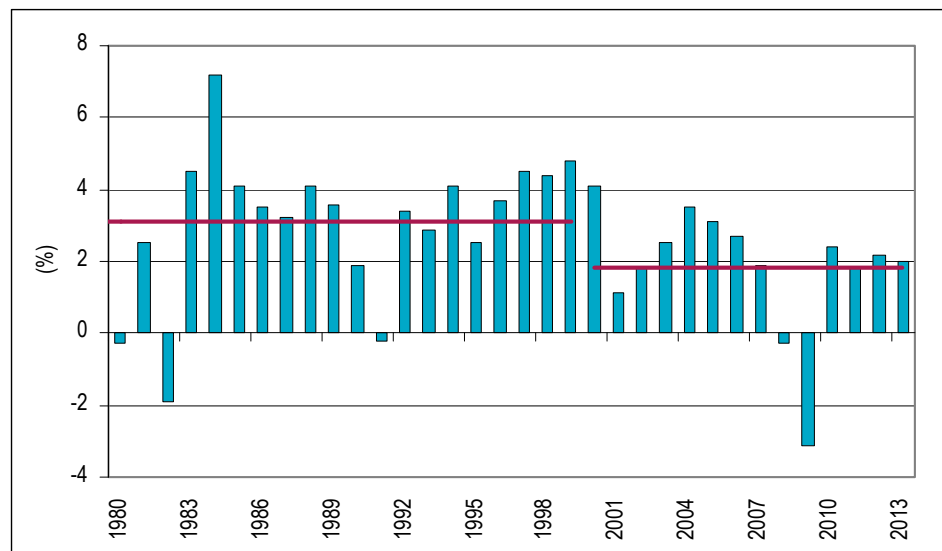
**Market Performance**  
YTD



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

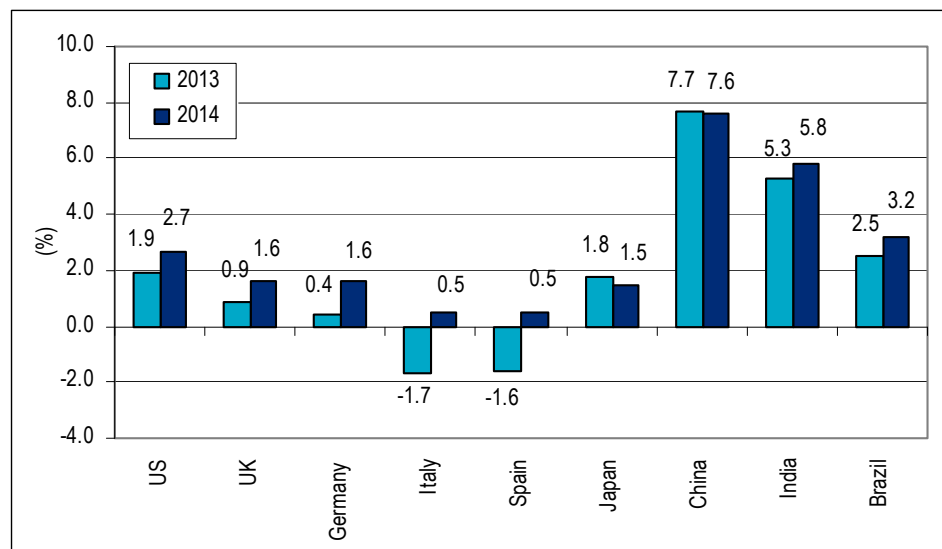
# Macro Environment: Economic Review

Annual GDP Growth



Source: Bureau of Economic Analysis

World Economic Growth  
(Projections as of June 2013)

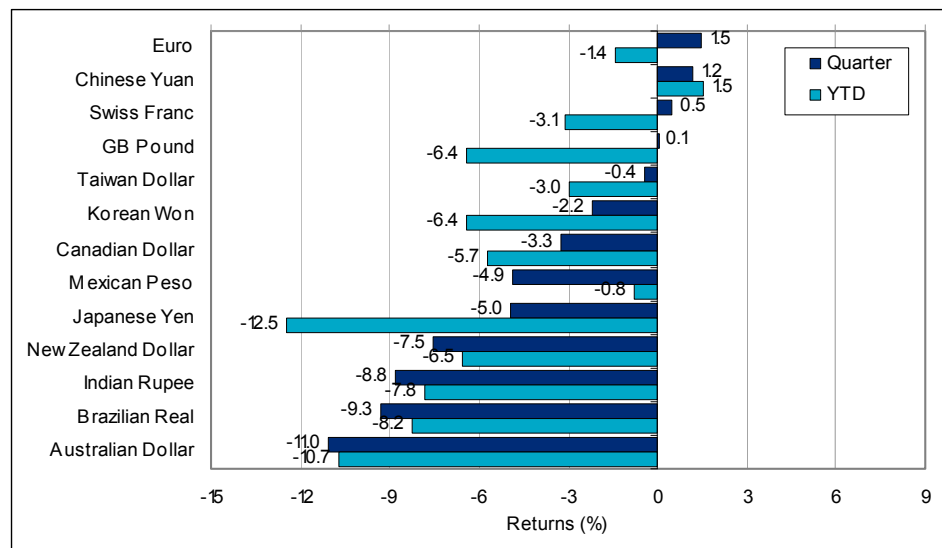


Source: Bloomberg

- Economic growth was weak in the first half of 2013, but was partially offset by positive developments in the private sector. Growth in the second half of the year should improve as the effects of fiscal tightening fade. The improvement in the job market is encouraging. The economy added an average of 196k jobs per month in the second quarter. The unemployment rate remained unchanged at 7.6% for the quarter as labor force participation inched up by 0.2%. Job gains have bolstered personal income, ahead 3.3% from a year ago (through May), providing support to consumer spending. The near-term growth outlook for the US appears solid, especially relative to the rest of the developed world. A recession appears very unlikely over the next twelve months.
- The Eurozone remains stuck in recession; however, a rise in the composite PMI suggests the economy could emerge from recession later this year. Still, the region is likely to struggle for some time and ongoing economic weaknesses could lead to political tensions. The outlook for Japan has improved. Stronger economic growth, improved business confidence and less deflation suggest the BOJ's and PM Abe's policies have gotten off to a good start.
- While the outlook for the developed world has improved marginally, economic data in emerging economies has deteriorated and the outlook remains weak. Chinese money market rates have recently risen reflecting the tightening bias of the PBOC and a desire to squeeze the shadow banking system. While this is a positive development for the long run, it has further dampened economic activity in the short run. In Brazil and India, the structural problems facing the economy and the unwillingness (or inability) of the authorities to enact reforms continue to hamper growth. Despite these short-term headwinds, the secular growth outlook for EM economies is bright due to their structural advantages.

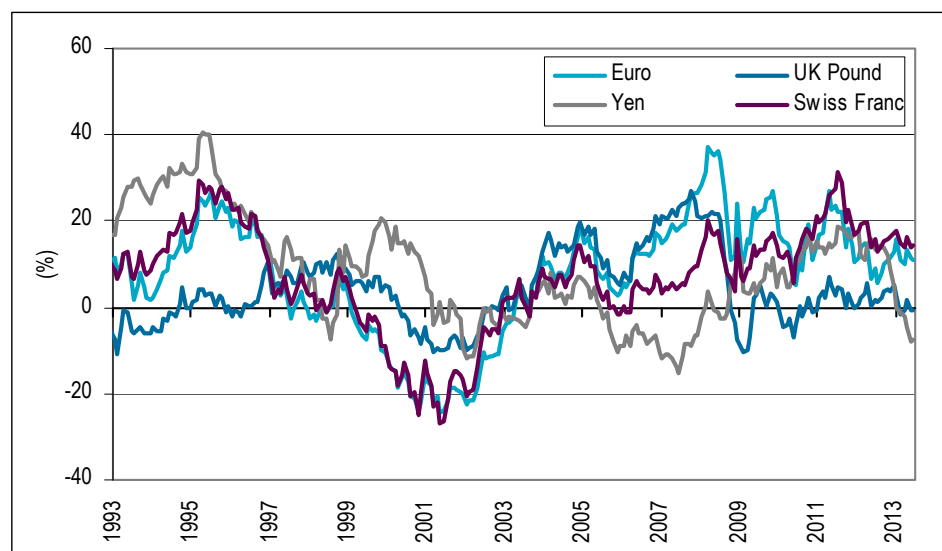
# Macro Environment: Currencies

Performance of Foreign Currencies versus the US Dollar



Source: Bloomberg

Currency Valuation versus US Dollar (Based on Relative PPP)

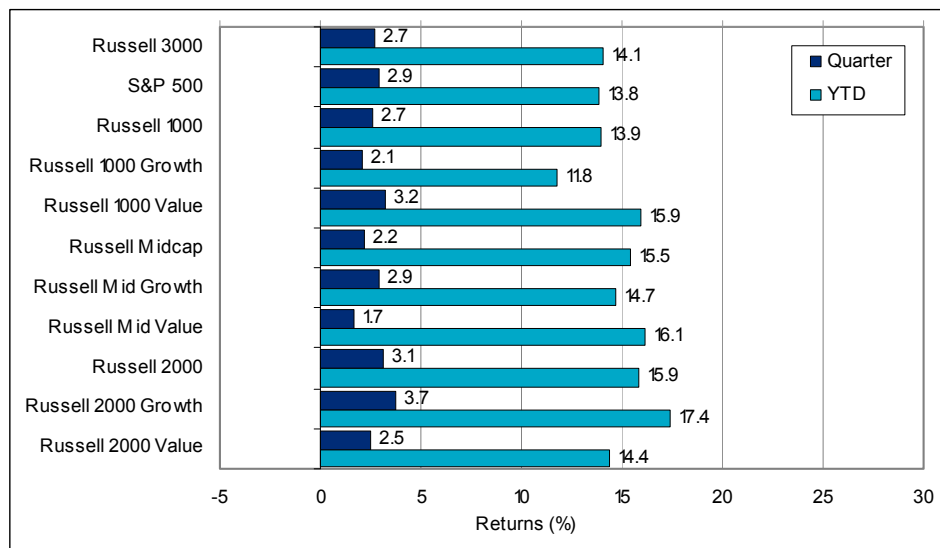


Source: Bloomberg

- On a trade-weighted basis, the dollar advanced by 0.2% in the second quarter. The yen continued its decline, losing another 5.0%, and the Australian dollar dropped 11%. Without significant negative news headlines, the euro appreciated 1.5%. Most major emerging market currencies experienced declines.
- Most developed foreign currencies seem expensive compared to the dollar based on relative purchasing power parity. While the US continues to run a current account deficit, the dollar could benefit from a favorable US economic outlook relative to most developed countries. Higher interest rates amidst the Fed's prospective tapering of QE3 could also boost the dollar.
- While the yen now trades at a discount to the dollar on relative purchasing power parity, the currency tends to move in long cycles, swinging from one valuation extreme to the other. Additionally, the BOJ continues to aggressively pursue a doubling in its monetary base, so the trend of yen weakness could continue over the medium-term. The euro will likely continue to be negatively affected by weak economic fundamentals, leaving it susceptible to declines.
- Emerging market currencies tumbled against the dollar in the second quarter due to growth concerns and speculation on the future course of Fed policy. Central banks have moved to tighter policies and increased interest rates to support their currencies; however, counter-cyclical policy could further depress growth rates. While the secular outlook for emerging market currencies is bright, they could continue to come under short-term pressure.

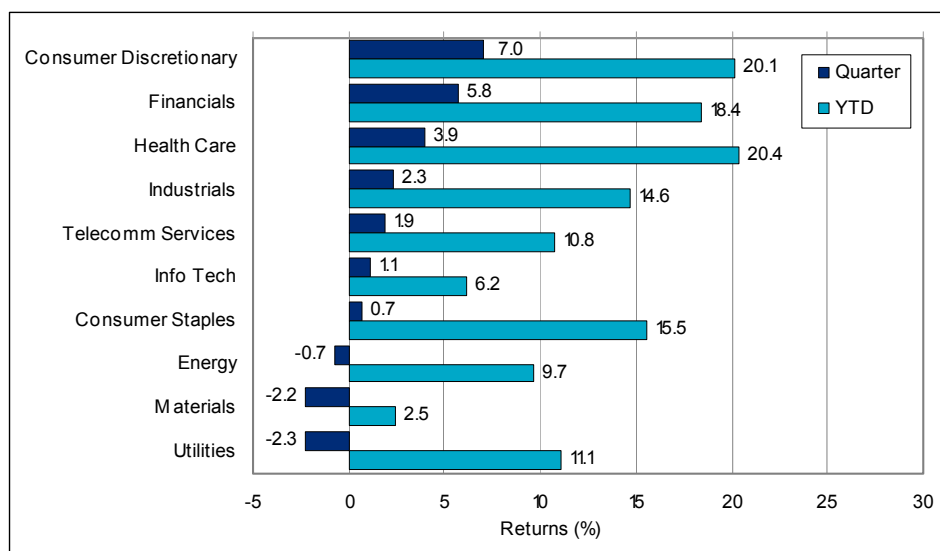
# Asset Class: US Equities – Style, Sector, Cap Performance

## Style and Capitalization Market Performance



Source: Standard & Poor's, Russell, Bloomberg

## Sector Performance



Source: Russell 1000 GICs Sector

## Broad Market

- Stocks shrugged off higher interest rates and posted solid gains with the Russell 3000 Index returning 2.7% for the quarter. For the year, the Russell 3000 index is up 14.1%.

## Market Cap

- Large Caps:** The S&P500 Index increased 2.9% in the second quarter and has returned 13.8% year-to-date. Large cap stocks have lagged mid cap and small cap stocks year-to-date.
- Mid Caps:** The Russell Midcap Index returned 2.2% in the second quarter and is now gaining 15.5% year-to-date.
- Small Caps:** Small cap stocks outperformed large and mid cap stocks as the Russell 2000 Index rose 3.1% year-to-date, small caps have jumped 15.9%, outperforming the S&P 500 by 210 basis points.

## Style

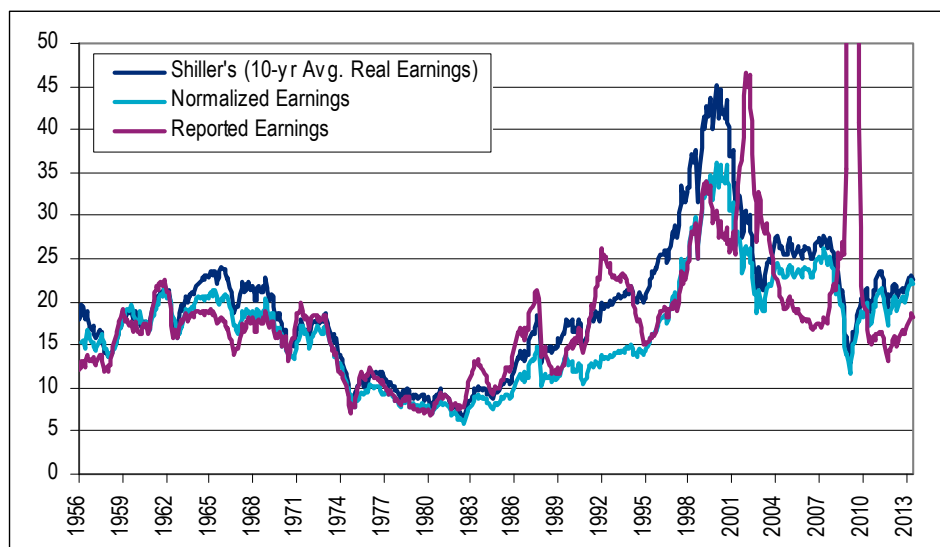
- Value vs. Growth:** Style performance was mixed in the second quarter. Large cap value stocks outperformed large cap growth stocks by 110 basis points, but growth outperformed value within small caps and mid caps by 120 basis points. Small cap growth was the best performing style, gaining 3.7% and is now up 17.4% year-to-date.

## Sector

- The utilities, materials, energy, consumer staples and information technology sectors were the laggards for the quarter, while the consumer discretionary, financials and health care sectors outperformed the broad market.

# Asset Class: US Equities – Valuation Review

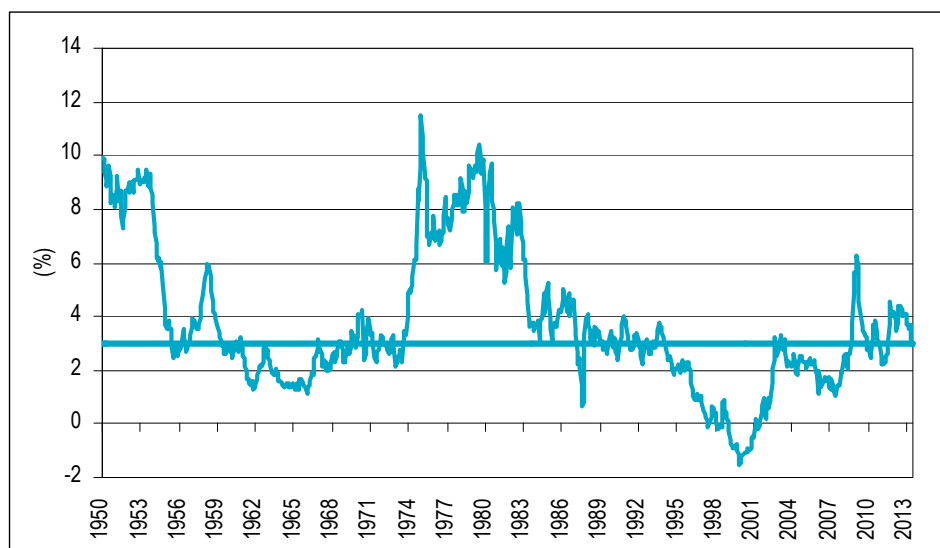
**S&P500 – P/E Ratio**



Source: S&P, Bloomberg, Mercer

**S&P500 – Estimated Equity Risk Premium<sup>1</sup>**

Versus Long-Term Treasuries



Source: S&P, Bloomberg, Mercer

- Valuations crept up during the quarter. The P/E ratio on trailing reported earnings advanced to 18.3, which is slightly above the 17.2 median since 1956. The reported P/E ratio is supported by historically high corporate profitability.
- While analysts have been revising their earnings per share estimates downward, they still expect a significant improvement in earnings growth in the second half of 2013. This may prove difficult as estimated revenue growth rates are well below estimated earnings growth rates. Since the financial crisis, US corporations have been extremely adept at controlling labor costs, which have aided margins. However, there are signs that this trend has played out, and corporate capital investment remains below trend, which may hurt long-term productivity and profit growth. While we expect profit margins to decline, absent a recession, they should remain above average for the intermediate-term.
- Cyclically-adjusted valuations, which adjust for high profit margins, remain uncomfortably high on an absolute basis. The P/E ratio based on normalized earnings stood at 22.0, which is above the historical median of 16.6 (since 1956), while the P/E based on average 10-year real earnings (Shiller's methodology) finished the quarter at 22.7 compared to a median of 18.9 (since 1956).
- With the rise in interest rates, the appeal of US equities relative to bonds has decreased. Based on the normalized P/E ratio of 22.0, the S&P 500 is priced to provide a real return of 4.0% to 4.5%. While this still compares favorably to yields on Treasuries and corporate bonds, we estimate that the equity risk premium over long-term Treasuries declined to 2.9% at quarter-end, in line with the historical average.

<sup>1</sup> Definitions:

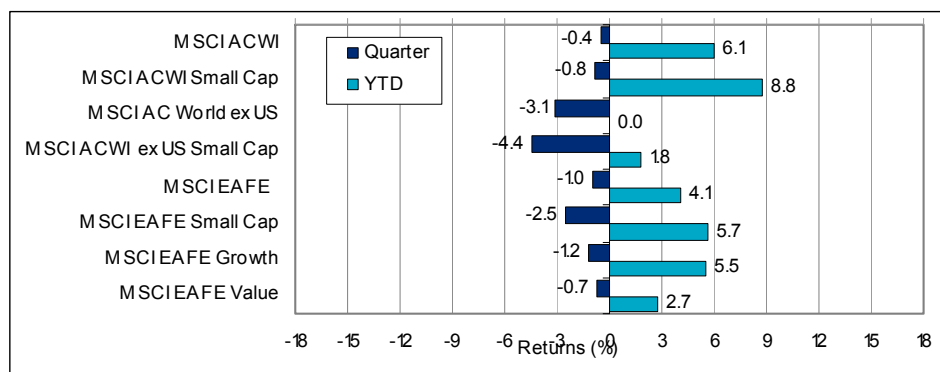
Shiller's P/E= Current S&P 500 price/average 10-year real earnings

Normalized P/E= Current S&P 500 price/(current trailing twelve month sales \* 6.6% profit margin)

Equity Risk Premium= Earnings yield (1/PE) minus the real yield on long-term Treasuries

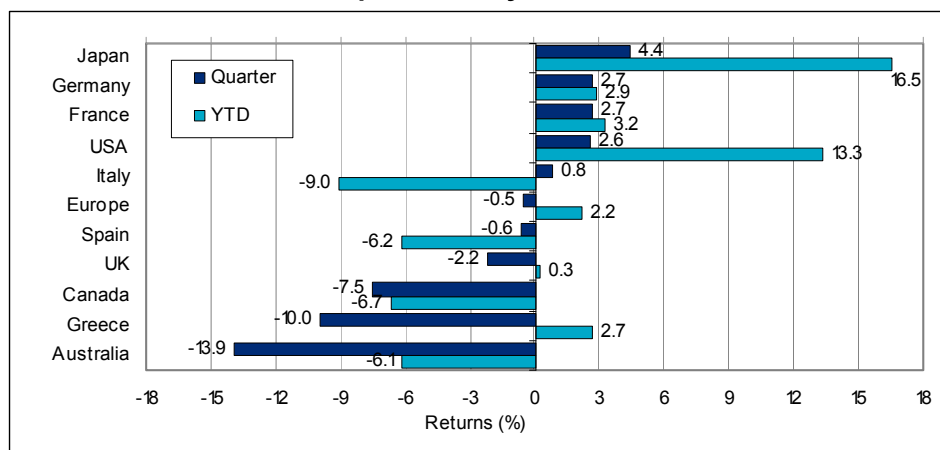
# Asset Class: International Equities – Performance Review

## International Equity Performance



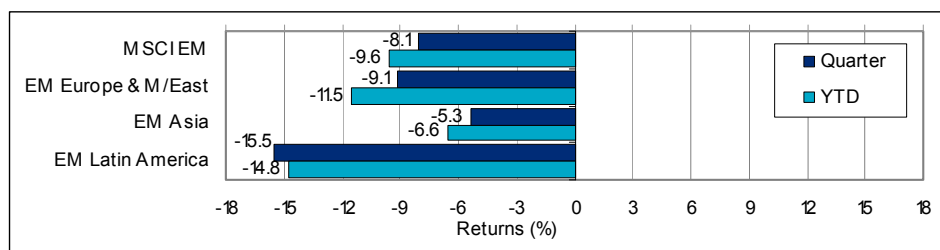
Source: MSCI, Bloomberg

## Developed Country Performance



Source: MSCI, Bloomberg

## Emerging Market Performance

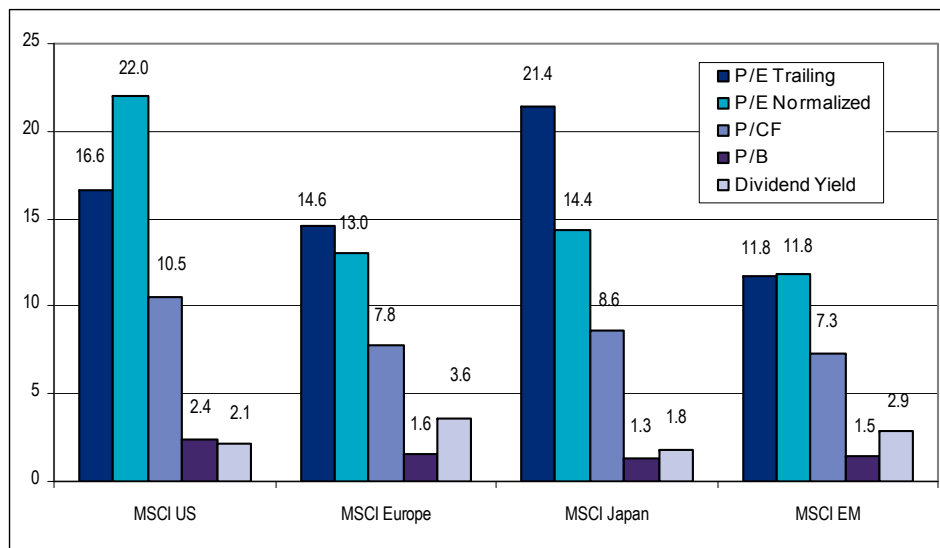


Source: MSCI, Bloomberg

- **International equities** lagged US equities for the quarter and emerging market stocks struggled. The MSCI ACWI-ex US Index shed 3.1% for the quarter and is flat year-to-date, trailing the Russell 3000 by 580 and 1,410 basis points, respectively.
- **International developed stocks** lost 1.0% for the quarter, but is up 4.1% year-to-date. European stocks declined 0.5% and are up just 2.2% year-to-date as the region continues to experience economic struggles. Japanese stocks continued to soar on the heels of the BOJ's stimulus efforts. Japanese stocks returned 4.4% in the second quarter and are up a solid 16.5% so far this year.
- **International small cap stocks** underperformed international developed large cap stocks by 130 basis points for the quarter. The MSCI EAFE Small Cap Index contracted 4.4% for the quarter, but have gained 1.8% year-to-date.
- **Emerging markets** fell sharply, reflecting slowing economies, signs of financial stress in China and political instability in Brazil and Turkey. The MSCI Emerging Markets Index fell 8.1% during the quarter and is down 9.6% year-to-date. Regionally, in the second quarter Asian stocks shed 5.3%, with Chinese equities losing 7.0%. European and Middle Eastern markets slid 9.1% for the quarter and are down 11.5% year-to-date. Latin American equities experienced a steep decline of 15.5% in the second quarter and have now fallen 14.8% year-to-date. The S&P 500 has outperformed emerging markets stocks by 234 percentage points (13.8 vs. -9.6) year-to-date.

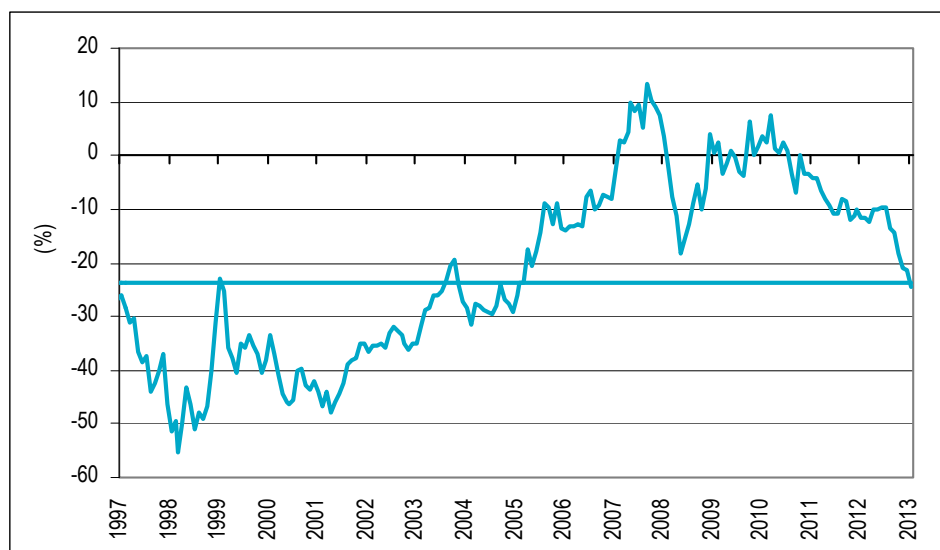
# Asset Class: International Equities – Valuation Review

Global Valuations



Source: MSCI, Bloomberg

Valuation of MSCI Emerging Markets to MSCI World  
(Based on Average of P/E, P/B and P/CF)

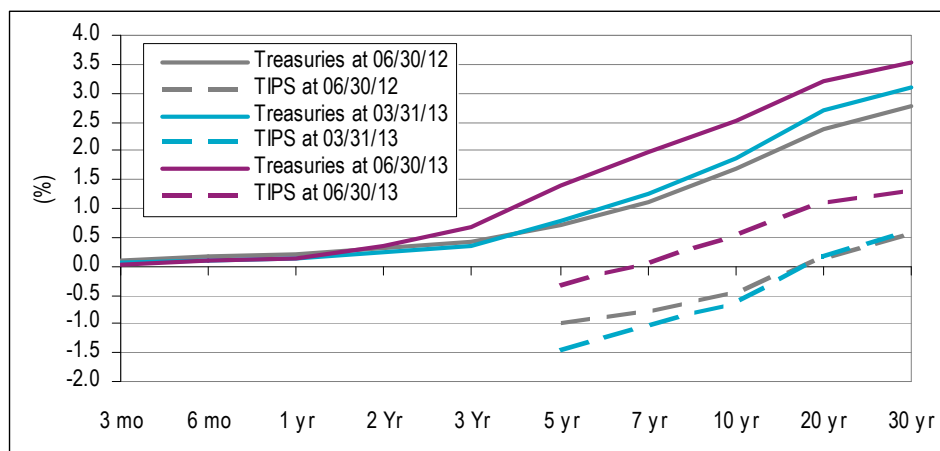


Source: MSCI, Bloomberg

- The recession has taken a toll on European earnings. However, corporations have increasingly turned to bond markets for financing, which should help reduce borrowing costs. The region could also emerge from recession later this year. European equities appear reasonably valued, trading at just 15x trailing earnings. Based on 10-year average real earnings, European stocks traded at a P/E of just 13, a 24% discount to their historical median and a 43% discount to US stocks (13% average).
- The steep decline in the yen coupled with potential structural reforms should be supportive of stocks and profitability. Profit margins have been consistently lower in Japan than elsewhere, and while there are some signs of improvement, it remains to be seen if recent policy changes can translate into improved competitiveness and governance. The valuation picture for Japanese stocks is mixed. Based on 10-year average real earnings, equities appear expensive due to poor historical profitability, trading at a P/E of 23.7. However, if margins can return to pre-crisis levels, stocks appear more reasonable at a P/E of 14.4.
- Softening macro conditions have weighed on EM equity performance. As growth has come in below expectations, profitability has taken a hit. Increases in labor costs and falling commodity prices are also weighing on profits. Earnings per share for EM firms have fallen by 4% over the last year and profit margins have compressed by 8%. Equities appear to be discounting weaker economic conditions and are very attractively valued in absolute and relative terms, trading below their historical averages and at a significant discount to developed stocks. For example, they traded at just 1.5x book value, their lowest level since March 2009 and a 22% discount to developed stocks. Based on its trailing P/E, EM stocks traded at a 21% discount to their historical average and a steep 30% discount to US stocks.

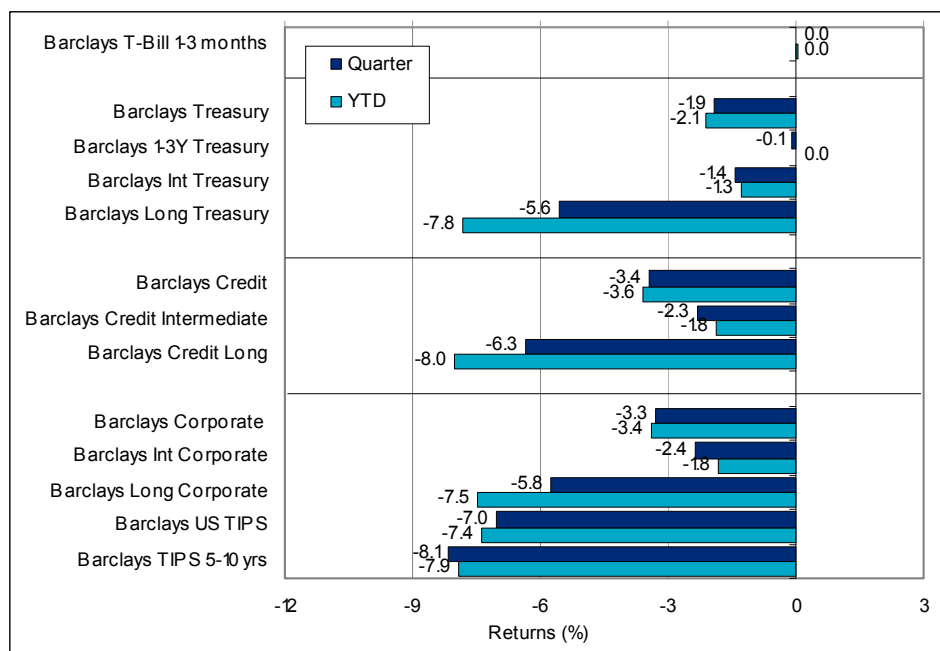
# Asset Class: Fixed Income – Interest Rates and Yield Curve

Treasury Yield Curve



Source: Federal Reserve

Bond Performance by Duration

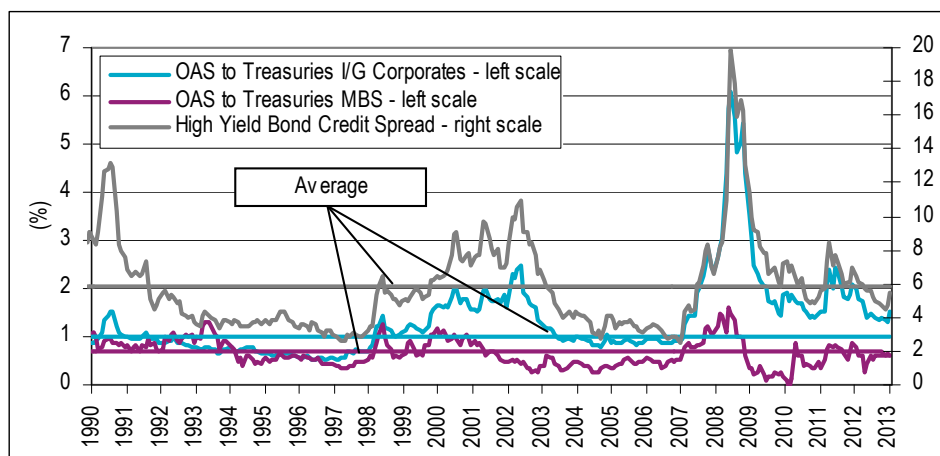


Source: Barclays, Bloomberg

- Interest rates spiked amidst relatively strong US economic data and indications the Fed may reduce asset purchases later in 2013 and end the QE program by mid 2014. The 10-year yield increased from 1.87% to 2.52%, its highest level since the third quarter 2011.
- Real yields on TIPS increased substantially and inflation breakeven rates declined. Five-year TIPS ended the quarter with a real yield of -0.4%, while 10-year TIPS yielded 0.5%, both over 110 basis points higher than at the start of the quarter. The real yield on 10-year TIPS turned positive, reaching its highest level since July 2011. The inflation breakeven rate on 10-year TIPS declined 52 basis points during the quarter to only 2.0%.
- The yield curve steepened during the quarter. Short term rates were close to unchanged; however, longer term yields, which are more heavily influenced by expectations regarding Fed tightening, moved upward.
- US Bonds** declined during the quarter with the Barclays Aggregate Index falling 2.3%.
- Long-Duration Bonds** posted heavy losses as the yield on the 20-year Treasury rose by 51 basis points. The Barclays Long Treasury Index fell 5.6% in the second quarter and has dropped 7.8% year-to-date.
- TIPS** fell a steep 7.1% as the real yield on 10-year TIPS rose from -0.6% to +0.5%. TIPS have underperformed Treasuries by 530 basis points year-to-date as 10-year inflation breakeven rates have fallen from 2.5% to 2.0%. The TIPS index also has a longer duration than the Treasury index.

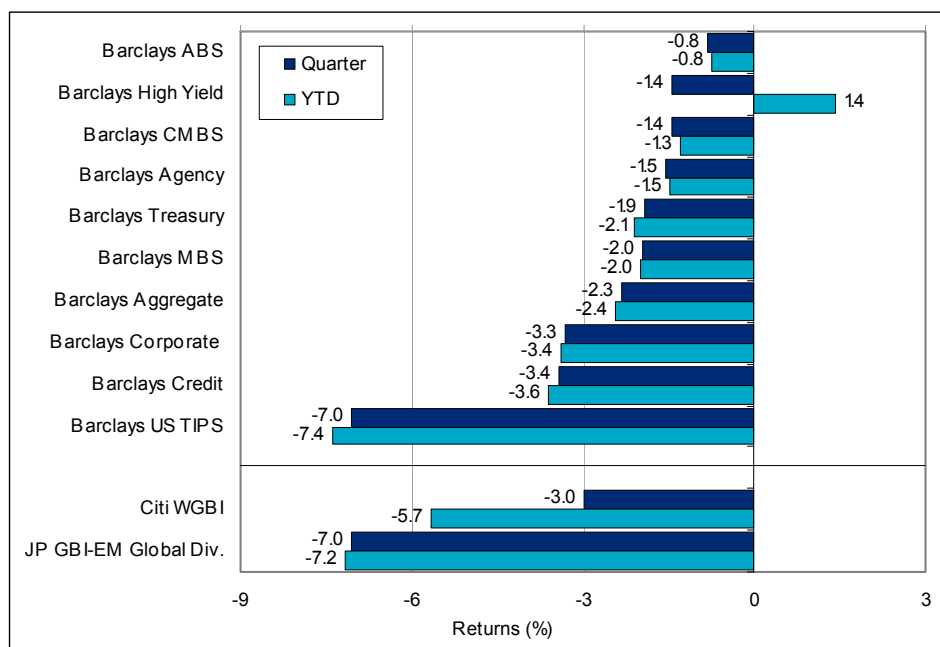
# Asset Class: Fixed Income – Credit and Non-US Bonds

## Credit Spreads



Source: Barclays

## Sector, Credit, and Global Bond Performance

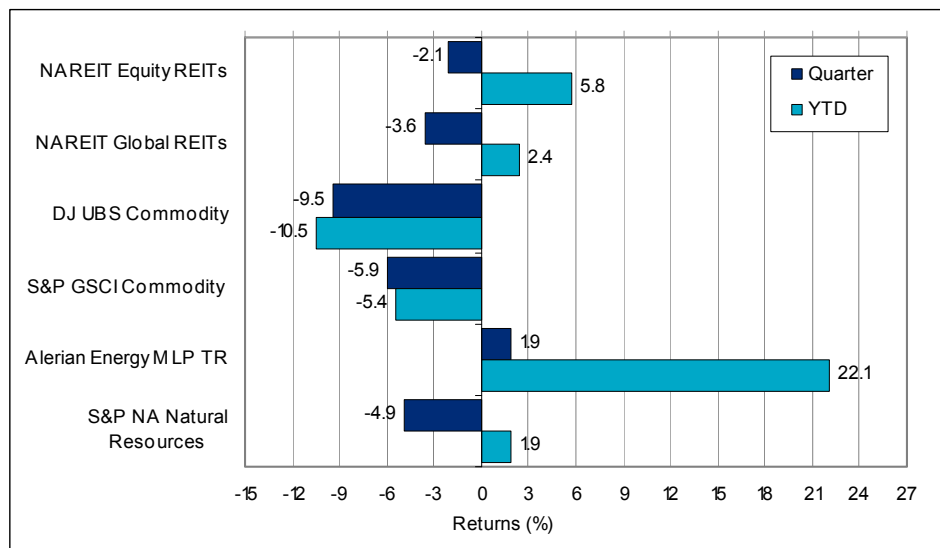


Source: Barclays, Citigroup, JP Morgan, Bloomberg

- The option-adjusted spread on I/G bonds rose by 13 basis points to 1.5%, which is above the historical average of 1.0%. Should the economy continue to recover and Treasury yields revert to the norm, corporate yields will likely follow, but credit spreads should decline, cushioning the impact. Corporate bond spreads are likely to be driven by other factors such as corporate profitability and leverage, and these should remain supportive for some time to come. The option-adjusted spread on HY bonds increased by 36 basis points to 4.9%, in line with the historical median. While there are signs that issuance quality has declined, the current default look remains favorable.
- US Treasuries** experienced losses as Treasury yields rose sharply. The Barclays Treasury Index lost 1.9% in the second quarter and is down 2.1% year-to-date. TIPS shed 7.0% during the quarter.
- US Corporate** bonds underperformed Treasuries for the quarter, declining 3.3%. The yield on the Barclays I/G Corporate index rebounded from record lows to 3.4%, a 59 basis points increase.
- US MBS** bonds shed 2.0%, lagging Treasuries as spreads widened, while **ABS, CMBS, and Agency** bonds outperformed Treasuries.
- High Yield** bonds held up relatively well, declining by a modest 1.4% and outperforming Treasuries by 50 basis points. The yield on junk bonds increased from 5.7% to 6.7%.
- Global Bonds** fell most as most currencies declined against the dollar. The Citigroup World Government Bond Index lost 3.0% in the second quarter and is down 5.7% year-to-date.
- Local Currency Emerging Market Debt** tumbled 7.0% as currencies fell relative to the dollar and interest rates increased.

# Asset Class: Alternatives – Performance Review

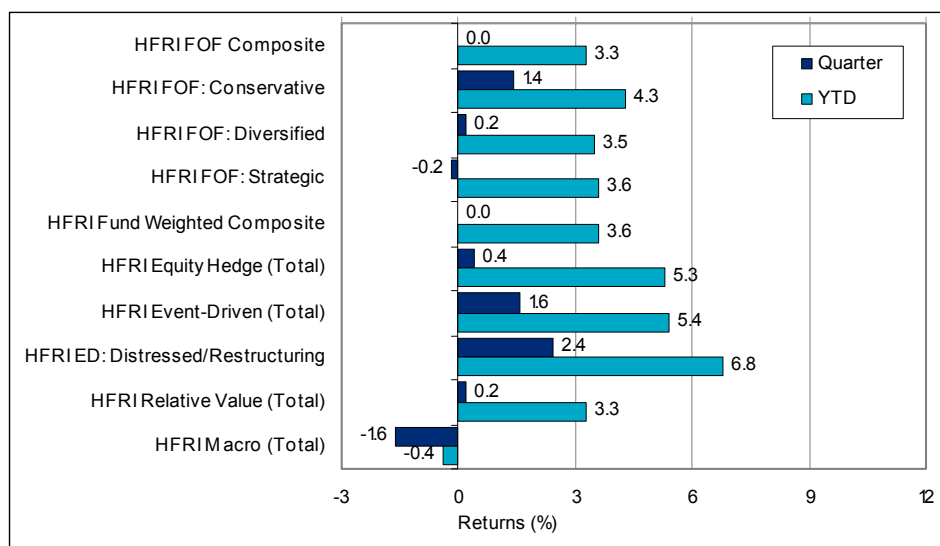
## Real Asset Performance



Source: NAREIT, Dow-Jones, UBS, Goldman Sachs

- **Global REITs** fell 3.6% in the second quarter, but are still up 2.4% year-to-date. US REITs have outperformed international REITs over both periods.
- **Commodities:** Commodities have posted heavy losses in 2013 due to growth concerns in China. The DJ Commodity Index declined 9.5% in the second quarter and has shed 10.5% year-to-date, while the S&P GSCI Index, which has a larger weighting to energy, has fallen 5.9% and 5.4% for the quarter and year-to-date periods, respectively.

## Hedge Fund Performance



Source: HFR

- **Hedge funds** outperformed both global equities and US bonds. The HFRI Fund of Funds Composite Index was flat for the second quarter, while the MSCI ACWI index fell 0.4% and the Barclays Aggregate index tumbled 2.3%. Year-to-date, hedge funds have trailed global equities, but outperformed bonds.

Macro strategies have struggled in recent periods, while the fund of funds conservative, event driven, and distressed/restructuring strategies posted better returns, benefiting from credit dislocations and fairly wide sector dispersion.

# Join Us September 10-12, 2013 in St. Louis, MO

## Mercer's Non-Profit Client Conference

National Day of Service Volunteer Events September 10

Conference September 11-12

Assessment of the macro-economic environment - interest rates, volatility and central bank policy

Asset class discussions – deep dive into private markets, hedge funds and other investment ideas

The impact on spending rates given the current low growth environment

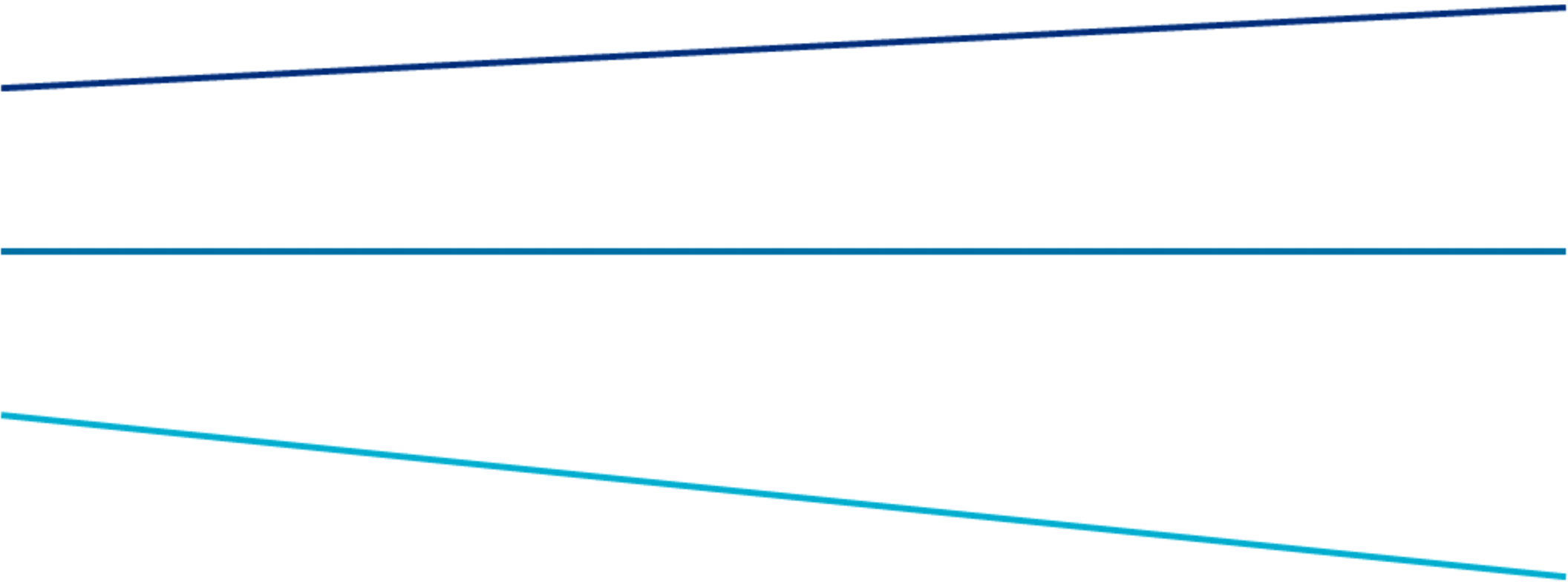
Other trends impacting your investment decisions - health care reform, the role of social media and the pressure for responsible investment ideas Governance structures, decision making styles

Networking outing to see the St. Louis Cardinals play at Busch Stadium

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# Executive Summary



## Executive Summary

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### Market Update

In the second quarter, the bond market took center stage as the Fed began to comment on when it might consider scaling back and eventually ending its third round of quantitative easing. Bond yields spiked across intermediate- and long-term maturities, the yield on the 5-year Treasury rose from 0.77% to 1.41%. The increase in bond yields was driven entirely by a jump in real yields as inflation breakeven rates declined. Equity markets experienced high volatility, but held up well overall, as the MSCI ACWI slipped 0.4% for the quarter. The revised first quarter GDP fell to 1.8%, which included a 0.9% drag from cuts in government spending due to sequestration. Consensus estimates for second quarter growth are less than 1.5%. Growth in the second half of the year may improve as effects of tightening fiscal policy fade. Private sector economic activity has been relatively strong, offsetting the negative effects of US government cuts. The unemployment rate remained at 7.6% at the end of the second quarter as the labor force participation inched up by 0.2%.

US equity markets shrugged off higher interest rates and posted solid gains with the Russell 3000 Index returning 2.7% and 14.1%, for the quarter and year-to-date, respectively. While earnings per share estimates have been revised downward, consensus among analysts expects a significant improvement in earnings growth in the second half of 2013. This may prove difficult as estimated revenue growth rates are well below estimated earnings growth rates. Since the financial crisis, US corporations have been extremely adept at controlling labor costs, which have aided margins. However, there are signs that this trend has played out, and corporate capital investment remains below trend, which may hurt long-term productivity and profit growth. While we expect profit margins to decline, absent a recession, they should remain above average for the intermediate-term. In the first quarter, within the US, investors preferred defensive sectors that offered a yield advantage over Treasuries; however, in the second quarter, cyclicals outperformed as investors sought to capture the benefits of improving economic conditions. The consumer discretionary, financials and health care sectors led the market. During the second quarter, smaller cap stocks outperformed their large and mid-cap counterparts. Style performance was mixed for the quarter as large cap value outperformed growth by 110 basis points, but growth outperformed value within small and mid-caps by 120 basis points.

International equities substantially lagged domestic equities for the quarter and for the year-to-date period. Economic weakness is causing political tensions, which could lead to a resurgence of volatility. In this environment, the MSCI ACWI ex-US fell 3.1% in the second quarter, while the MSCI EAFE Index returned -1.0%. The quarter's worst returning countries included Australia (-13.9%), New Zealand (-10.4%) and Greece (-10.0%), while Japan (4.4%) and the Netherlands (2.8%) were the best performing countries. Emerging markets fell sharply, reflecting slowing economies, sign of financial stress in China and political instability in Brazil and Turkey during the quarter. As a result, the MSCI EM Index was down 8.1% for the three-month period and 9.6% year-to-date. Regionally, Latin American stocks experienced a steep decline of 15.5% and European and Middle Eastern markets slid 9.1%. Softening macro conditions have weighed on emerging market performance as growth has come in below expectations, profitability has taken a hit. Increases in labor costs and falling commodity prices are also weighing on profits. Earnings per share have fallen over the last year and profit margins have compressed by 8%. Equities appear to be discounting weaker economic conditions and are trading below their historical valuation averages and at a significant discount to developed country stocks.

Within fixed income markets, the Fed provided guidance on when it might consider scaling back and eventually ending its third round of quantitative easing. This announcement combined with relatively strong US economic data caused interest rates to spike, particularly among intermediate and long-term maturities, as evidenced by a steepening of the yield curve. Real yields on TIPS increased substantially and inflation breakeven rates declined. Long duration bonds posted heavy losses (-5.6%) as the yield of the 20-year Treasury rose by 51 basis points. During the quarter, the yield on the 10-year Treasury rose from 1.87% to 2.52%, its highest level since the third quarter of 2011. Investment-grade bonds underperformed Treasuries, declining 3.3%, and spreads widened, which was likely attributable to illiquidity in the corporate bond market rather than an increase in credit risk. For the second quarter, the Barclays US Aggregate Index returned -2.3%, US Treasuries declined 1.9%, and the Barclays US TIPS Index was down 7.0% as real yields rose from -0.6% to +0.5%. Although the Barclays US High Yield Index fell 1.4% for the quarter, high yield bonds are the only area of the fixed income market with positive returns (1.4%) year-to-date. Emerging markets debt fell sharply (-7.0%) as well amid political instability and softening macro conditions.

## Executive Summary

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### Fund Performance & Manager Updates

#### Large Cap Passive

The NCSRP **Large Cap Passive Fund** gained 2.8% for the quarter, approximating the return of the S&P 500 Index. Over the trailing twelve months, the Fund was up 20.5%, tracking the S&P 500 Index within 10 basis points. The Large Cap Passive Fund consists of the BlackRock Equity Index portfolio.

*In June 2013, Mercer held a conference call with BlackRock to discuss their passive equity capabilities. As a result of this meeting, Mercer is maintaining the "Preferred Provider" rating on all of BlackRock's passive equity strategies. The full Research Note is provided under a separate cover.*

#### Large Cap Value

The **Large Cap Value Fund** returned 5.0% for the quarter, outperforming the Russell 1000 Value Index and ranking in the top quartile of its peer universe. The underlying managers exhibited mixed results during the quarter, with Hotchkis & Wiley's and Robeco's outperformance more than offsetting Wellington's underperformance. Over the trailing one- and three-year periods, the Large Cap Value Fund beat its benchmark and ranked in the top quartile of its peer group.

*In June 2013, Mercer met with Robeco Investment Management to discuss the Robeco Boston Partners Large Cap Value Equity strategy. In July 2013, Rabobank's sale of 90.01% of Robeco Group to ORIX Corporation was completed. Mercer views the completion of this sale as a positive development for Rabobank Investment Management. As a result, the "Watch (W)" designation was removed from Robeco's strategies, and Mercer is maintaining the Robeco BP Large Cap Value strategy's "A" rating. For further details, please refer to the full Research Note and News Item provided under a separate cover.*

#### Large Cap Growth

The **Large Cap Growth Fund** beat the Russell 1000 Growth Index by 50 basis points with a 2.6% return for the quarter, and placed in the top quartile of its peer group. While Sands underperformed over the quarter, both Wellington and Neuberger outperformed. Over the trailing one- and three-year periods, the Large Cap Growth Fund provided robust returns against its benchmark and ranked in the top quartile of its peer group.

*In May 2013, Sands Capital Management announced that effective June 1, 2013, Perry Williams, then co-portfolio manager for the Select Growth strategy and Global Consumer Sector Head, would step back from his role as co-portfolio manager for Select Growth and join the portfolio management team for the Global Growth Equity strategy. Williams' responsibilities in Select Growth were assumed by Michael Sramek, portfolio manager for the Focus strategies and Global Energy Sector Head. While there are certain issues that bear watching, Mercer does not expect this announcement to significantly impact the portfolios or investment process at Sands. As a result, we are not proposing any change to the Select Growth strategy's "A(T)" rating at this time. Further details regarding this event and Mercer's view can be found in the News Item provided under a separate cover.*

*In June 2013, Mercer met with Wellington Management Company to discuss their Opportunistic Growth strategy. As a result of this meeting, Mercer is maintaining the strategy's "A" rating. The full Research Note is provided under a separate cover.*

## Executive Summary

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### Mid/Small Cap Passive

The NCSRP **Mid/Small Cap Passive Fund** gained 2.3% for the quarter and matched the Russell 2500 Index. The Mid/Small Cap Passive Fund consists of the BlackRock Russell 2500 Index portfolio.

### Mid/Small Cap Value

The **Mid/Small Cap Value Fund** returned 1.5% during the quarter, matching the Russell 2500 Value Index and ranking in the bottom quartile of its peer universe. Hotchkis & Wiley's outperformance was not sufficient to offset EARNEST's and WEDGE's underperformance during the period. The Mid/Small Cap Value Fund led both its benchmark and peer group median by wide margins over the trailing one- and three-year periods.

### Mid/Small Cap Growth

The **Mid/Small Cap Growth Fund** underperformed the Russell 2500 Growth Index by 20 basis points with a 3.0% second-quarter return, but placed above the median of its peer group. While TimesSquare lagged during the quarter, Brown Advisory outperformed. The Mid/Small Cap Growth Fund produced top-third results against its peer group over both the one- and three-year periods, and was competitive against its benchmark.

### International Passive

The NCSRP **International Passive Fund** lost 3.1% over the second quarter and tracked the MSCI ACWI ex US within 20 basis points. Over the longer periods measured, the Fund performed within 100 basis points of the benchmark. The majority of the tracking error is due to fair value pricing issues affecting international securities. The International Passive Fund currently consists of the BlackRock ACWI ex US portfolio.

### International Equity

The **International Equity Fund** outpaced the MSCI ACWI ex US by 10 basis points with a -2.8% second-quarter return, but ranked in the bottom quartile of its peer universe. While Baillie Gifford underperformed during the quarter and Mondrian outperformed, both managers produced below-median results for the period. Over the trailing one-year period, the International Equity Fund lagged both its benchmark and peer group median. For the trailing three-year period, the Fund exceeded its benchmark and placed near the median of its peer group.

### Global Equity

The **Global Equity Fund** outpaced the MSCI All Country World Index over the recent quarter and placed in the top quartile of the Mercer Mutual Fund Global Equity Universe. Both Wellington and Arrowstreet outperformed their respective benchmarks during the quarter. Over the trailing one- and three-year periods, the Global Equity Fund produced strong results against both the benchmark and peer universe.

### Fixed Income Passive

The NCSRP **Fixed Income Passive Fund** returned -2.4% over the quarter, tracking the Barclays Aggregate Index within 10 basis points. Over the trailing twelve months, the Fund was down 0.7%, matching the return of the Barclays Aggregate Index. The Fixed Income Passive Fund consists of the BlackRock Debt Index portfolio.

## Executive Summary

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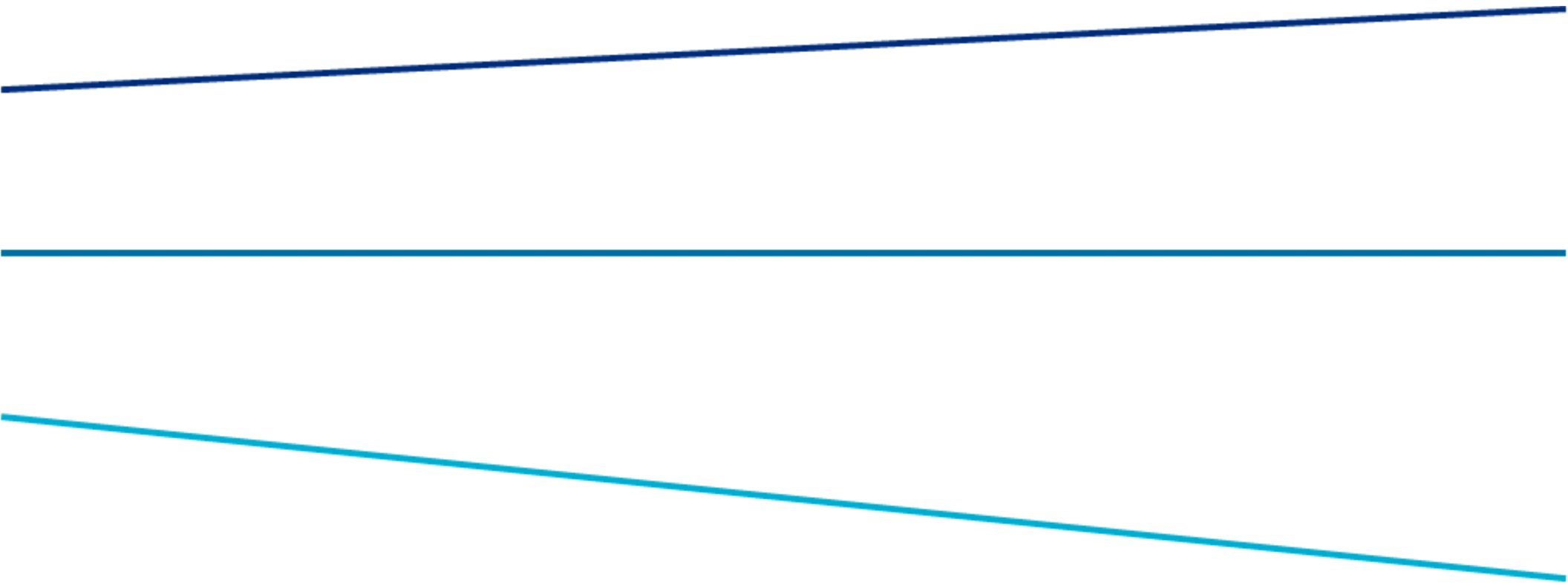
### Fixed Income

The **Fixed Income Fund** lost 3.0% over the quarter and lagged the Barclays Aggregate Index by 70 basis points. While JP Morgan outperformed for the quarter, PIMCO underperformed. The Fixed Income Fund exhibited strong results over all longer periods measured.

### Stable Value

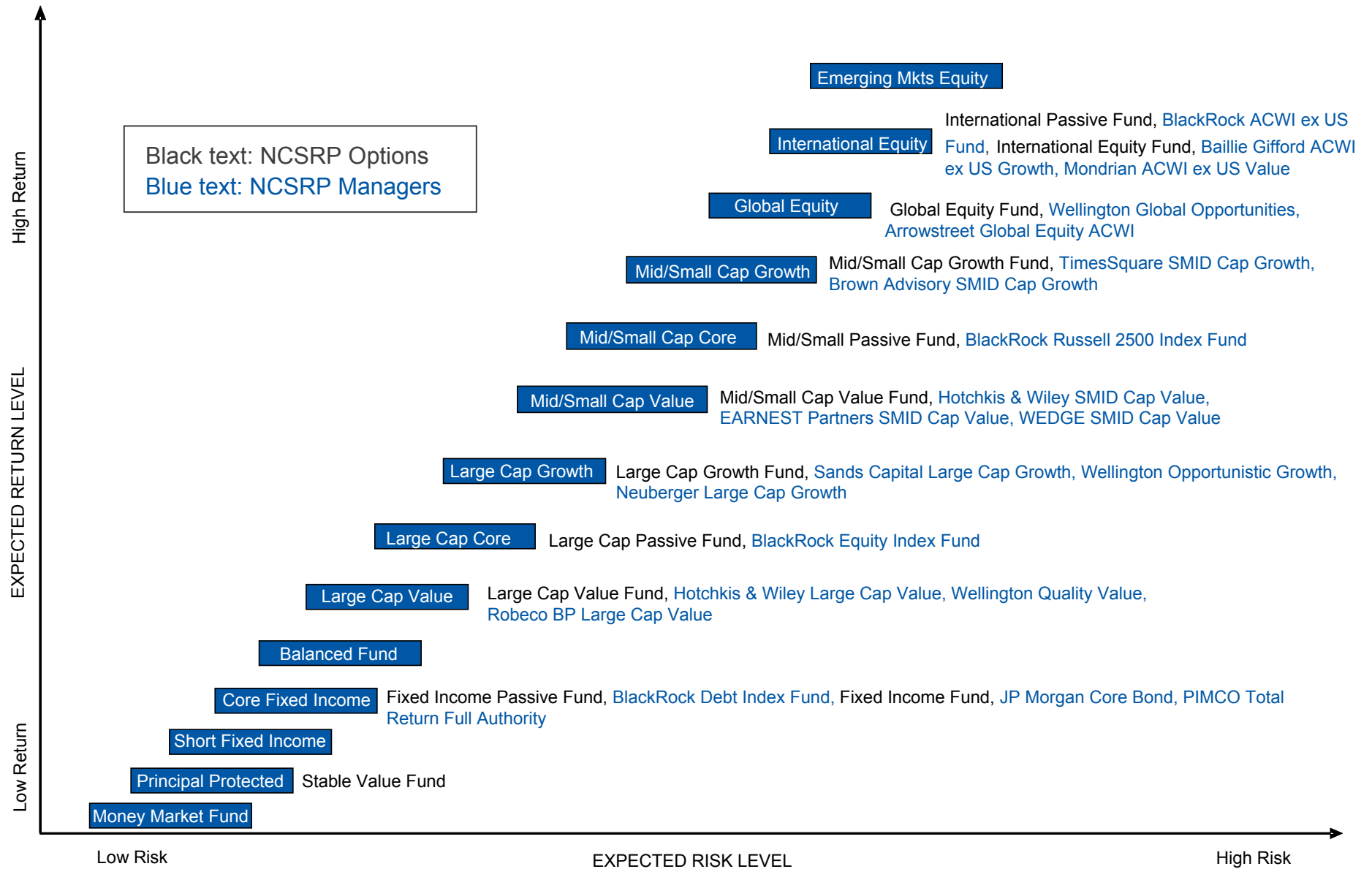
During the second quarter, the **Stable Value Fund** returned 0.6% and outperformed its benchmark by 30 basis points. As of June 30, 2013, the combined market-to-book ratio was 101.81% and the effective duration was 3.2 years. Over the trailing one- and three-year periods, the Fund exhibited strong performance relative to its benchmark.

# Total Plan



# Total Plan

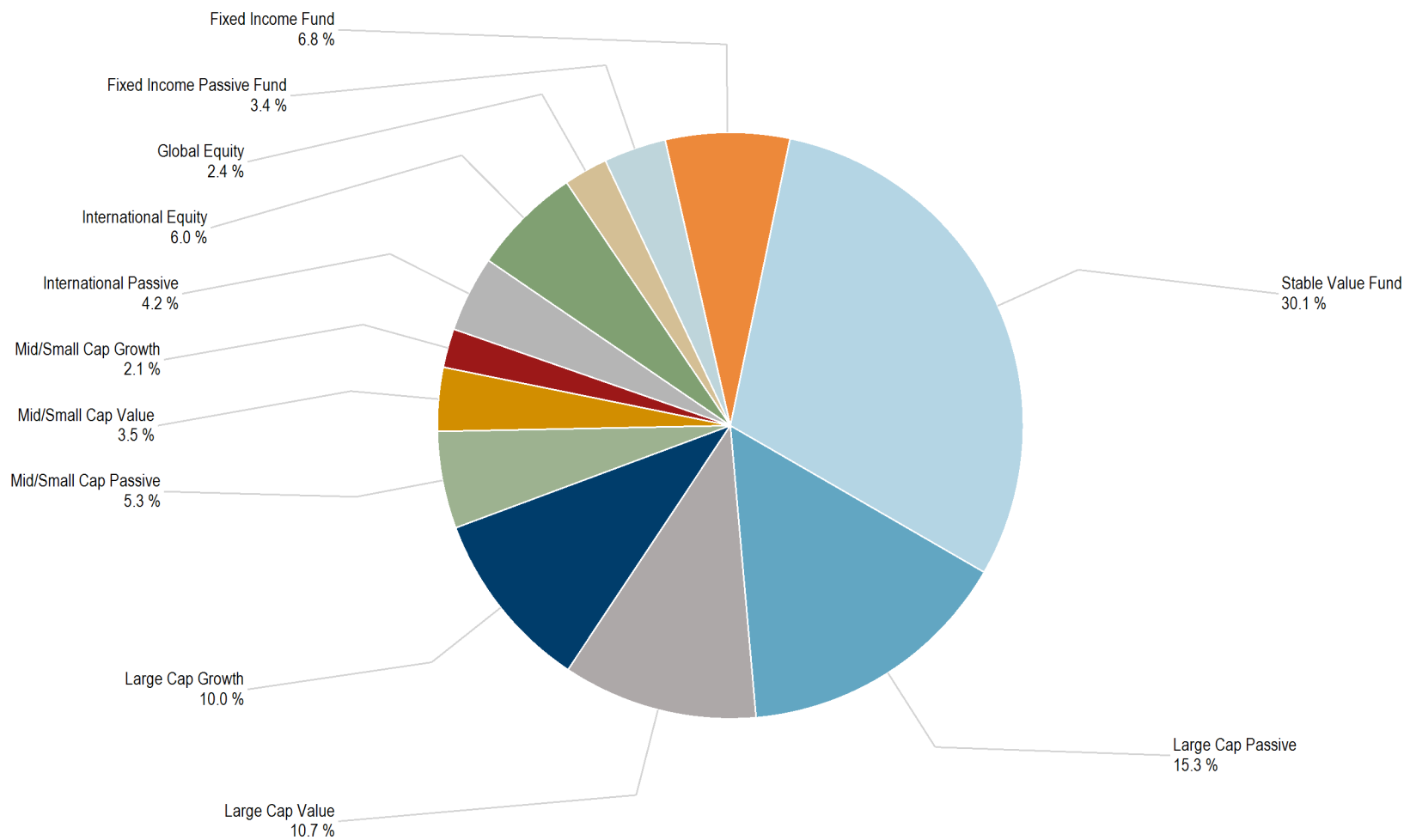
## Option Array







































































Total Plan

Asset Allocation

Current Fund Allocation



## Performance Scorecard

 = Outperformed or matched performance  = Underperformed  = Tracked	Mercer Rating*	1 Quarter		YTD		1 Year		3 Years		5 Years		Comments
I – Index U – Universe Median		I	U	I	U	I	U	I	U	I	U	
<b>Large Cap Passive Fund</b>			NA		NA		NA		NA	NA	NA	Closely tracked its benchmark over all time periods measured.
BlackRock Equity Index Fund	PP		NA		NA		NA		NA		NA	Closely tracked its benchmark over all time periods measured.
<b>Large Cap Value Fund</b>										NA	NA	Strong performance against the peer group. Top-quartile universe ranking over all time periods measured.
Hotchkis & Wiley Large Cap Value	B+ (T)											The manager focuses on strong fundamentals. Select financial issues drove outperformance during the quarter.
Wellington Quality Value	N											Select holdings among several cyclical sectors detracted value. Five-year composite results were strong.
Robeco BP Large Cap Value	A (W)											Security selection within every sector except utilities was a boon to relative performance over the second quarter. Longer-term composite performance remained robust.
<b>Large Cap Growth Fund</b>										NA	NA	Strong performance over longer time periods measured.
Sands Capital Large Cap Growth	A (T)											Three- and five-year results ranked at the top of the peer universe.

\* 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

✓ = Outperformed or matched performance ✗ = Underperformed T = Tracked	Mercer Rating*	1 Quarter		YTD		1 Year		3 Years		5 Years		Comments
I – Index U – Universe Median		I	U	I	U	I	U	I	U	I	U	
Wellington Opportunistic Growth	A	✓	✓	✓	✓	✓	✓	✗	✓	✗	✗	Significant overweight in consumer discretionary and strong overall security selection boosted relative results.
Neuberger Large Cap Growth	B+	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	Select health care and information technology holdings added value over the quarter.
<b>Mid/Small Cap Passive Fund</b>		T	NA	T	NA	T	NA	T	NA	NA	NA	Closely tracked its benchmark over all time periods measured.
BlackRock Russell 2500 Index Fund	PP	T	NA	T	NA	T	NA	T	NA	NA	NA	Closely tracked its benchmark over all time periods measured.
<b>Mid/Small Cap Value Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA	NA	Strong performance over all time periods measured.
Hotchkis & Wiley SMID Cap Value	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Hotchkis's deep value bias had even better absolute results in the SMID cap segment.
EARNEST Partners SMID Cap Value	B+	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	Select information technology holdings detracted value over the quarter. Longer-term results were more competitive.
WEDGE SMID Cap Value	A	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	Strong performance over longer time periods measured.
<b>Mid/Small Cap Growth Fund</b>		✗	✓	✗	✓	✓	✓	✗	✓	NA	NA	Modestly lagged benchmark over the second quarter, but produced strong results against peers over all time periods.

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## Performance Scorecard

<b>✓ = Outperformed or matched performance</b> <b>✗ = Underperformed</b> <b>T = Tracked</b>	Mercer Rating*	1 Quarter		YTD		1 Year		3 Years		5 Years		Comments
I – Index U – Universe Median		I	U	I	U	I	U	I	U	I	U	
TimesSquare SMID Cap Growth	A	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	Strong performance over longer time periods measured.
Brown Advisory	R	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	Modestly lagged benchmark year-to-date, but exhibited strong performance over all other periods measured.
<b>International Passive Fund</b>		T	NA	T	NA	T	NA	T	NA	NA	NA	Tracking error largely due to fair value pricing issues.
BlackRock ACWI ex US Fund	PP	T	NA	T	NA	T	NA	T	NA	T	NA	Tracking error largely due to fair value pricing issues.
<b>International Equity Fund</b>		✓	✗	✓	✗	✗	✗	✓	✗	NA	NA	Competitive results versus benchmark despite underperformance among peers.
Baillie Gifford ACWI ex US Growth	A	✗	✗	✗	✗	✓	✗	✓	✓	✓	✓	Select British, French, and Swiss holdings detracted relative value over the quarter. Strong performance over longer time periods measured.
Mondrian ACWI ex US Value	B+ (T)	✓	✗	✓	✗	✗	✗	✓	✗	✓	✗	Holdings in the developed markets and underweight exposure to weak materials added value.
<b>Global Equity Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA	NA	Strong results from both underlying managers contributed to outperformance at the fund level.
Wellington Global Opportunities	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Strong performance over all time periods measured.

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## Performance Scorecard

✓ = Outperformed or matched performance ✗ = Underperformed T = Tracked	Mercer Rating*	1 Quarter		YTD		1 Year		3 Years		5 Years		Comments
I – Index U – Universe Median		I	U	I	U	I	U	I	U	I	U	
Arrowstreet Global Equity ACWI	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Strong performance over all time periods measured.
<b>Fixed Income Passive Fund</b>		T	NA	T	NA	T	NA	NA	NA	NA	NA	Closely tracked its benchmark over all time periods measured.
BlackRock Debt Index Fund	N	T	NA	T	NA	T	NA	T	NA	T	NA	Closely tracked its benchmark over all time period measured.
<b>Fixed Income Fund</b>		✗	✗	✓	✗	✓	✗	✓	✗	NA	NA	Strong results from both managers have driven fund performance.
JP Morgan Core Bond	A	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	Strong mortgage selection drives outperformance.
PIMCO Total Return Full Authority	A	✗	✗	✗	✗	✓	✓	✓	✗	✓	✓	Holdings of inflation-linked bonds and a focus on intermediate maturities placed a drag on second-quarter results. Strong issue selection across a variety of sectors drives outperformance over the longer-term periods.
<b>Stable Value Fund</b>		✓	✓	✓	✓	✓	✓	✓	✓	NA	NA	Added value.

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## Watch List

Manager	Date Placed on Watch	Mercer Rating*	Recommendation	Comments
Neuberger Large Cap Growth	4Q12	B+	Monitor	<p>The Neuberger Berman Large Cap Disciplined Growth strategy was placed on watch at the fourth quarter of 2012 meeting due to performance struggles over the recent four rolling three-year periods. Neuberger has historically produced solid results, even through the difficult market environment in calendar year 2008. However, since 2009, Neuberger has struggled.</p> <p>Two primary factors are believed to have driven the underperformance. The first is a series of changes in the portfolio management group, as it went from two decision makers to four, and in 2011 went back to two. It is expected that the smaller decision-making team will be more effective. The other cause of underperformance may have been the strong bull market rally, which favored more cyclical names than Neuberger generally holds.</p> <p>Mercer expects that market environments favoring lower quality and smaller cap names may present performance headwinds for Neuberger. The strategy's underperformance during the recent risk-on/risk-off environment is in line with that expectation, and we believe that performance should be strong in a more fundamentally-driven market environment.</p> <p>Performance has improved year to date and Neuberger ranked in the top third of its peer universe over the three- and six-month periods as of June 30, 2013. Mercer recommends continuing to closely monitor Neuberger for improved longer-term performance.</p>

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## Total Plan Fee Review

Funds and Sub-Advisors	Assets	Inv. Mgmt. Fee	Other Inv. Exp.*	R/K Fee	NC Budget**	Total Estimated Expense	Mercer Median Expense	Difference
<b>North Carolina Stable Value Fund</b>	<b>\$2,265,463,465</b>	<b>0.319%</b>	<b>0.000%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.440%</b>	0.47%	-0.03%
Galliard	\$2,265,463,465	0.319%	0.000%				0.47%	-0.15%
<b>North Carolina Fixed Income Passive Fund</b>	<b>\$259,479,872</b>	<b>0.070%</b>	<b>0.055%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.246%</b>	0.20%	0.05%
BlackRock	\$259,479,872	0.070%	0.055%				0.02%	0.05%
<b>North Carolina Fixed Income Fund</b>	<b>\$515,491,817</b>	<b>0.219%</b>	<b>0.076%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.416%</b>	0.53%	-0.11%
50% JP Morgan	\$259,777,404	0.188%	0.071%				0.23%	-0.04%
50% PIMCO	\$255,714,413	0.250%	0.081%				0.26%	-0.01%
<b>North Carolina Large Cap Passive Fund</b>	<b>\$1,150,267,810</b>	<b>0.025%</b>	<b>0.055%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.201%</b>	0.20%	0.00%
BlackRock	\$1,150,267,810	0.025%	0.055%				0.01%	0.02%
<b>North Carolina Large Cap Value Fund</b>	<b>\$809,773,032</b>	<b>0.378%</b>	<b>0.067%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.566%</b>	0.79%	-0.22%
33.3% Hotchkis & Wiley	\$277,896,999	0.500%	0.071%				0.43%	0.07%
33.3% Wellington Management Company	\$254,779,335	0.290%	0.072%				0.44%	-0.15%
33.3% Robeco BP	\$277,096,698	0.345%	0.058%				0.43%	-0.09%
<b>North Carolina Large Cap Growth Fund</b>	<b>\$752,392,484</b>	<b>0.378%</b>	<b>0.067%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.566%</b>	0.85%	-0.28%
33.3% Sands Capital Management	\$259,179,600	0.510%	0.071%				0.46%	0.05%
33.3% Wellington Management Company	\$253,817,394	0.350%	0.072%				0.46%	-0.11%
33.3% Neuberger Berman	\$239,395,490	0.275%	0.058%				0.47%	-0.19%
<b>North Carolina SMID Cap Passive Fund</b>	<b>\$402,995,751</b>	<b>0.050%</b>	<b>0.055%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.226%</b>	0.29%	-0.06%
BlackRock	\$402,995,751	0.050%	0.055%				0.02%	0.03%
<b>North Carolina SMID Value Fund</b>	<b>\$264,813,013</b>	<b>0.553%</b>	<b>0.066%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.741%</b>	1.00%	-0.26%
33.3% Hotchkis & Wiley	\$91,494,188	0.631%	0.071%				0.66%	-0.02%
33.3% EARNEST Partners	\$85,936,273	0.529%	0.071%				0.79%	-0.27%
33.3% WEDGE Capital Management	\$87,382,551	0.500%	0.057%				0.79%	-0.29%
<b>North Carolina SMID Growth Fund</b>	<b>\$161,246,436</b>	<b>0.765%</b>	<b>0.071%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.958%</b>	1.04%	-0.08%
50% TimesSquare Capital Management	\$80,822,387	0.962%	0.071%				0.81%	0.16%
50% Brown Advisory	\$80,424,049	0.569%	0.071%				0.86%	-0.29%
<b>North Carolina International Passive Fund</b>	<b>\$315,730,300</b>	<b>0.140%</b>	<b>0.055%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.316%</b>	0.40%	-0.08%
BlackRock	\$315,730,300	0.140%	0.055%				0.06%	0.08%
<b>North Carolina International Equity Fund</b>	<b>\$454,080,012</b>	<b>0.460%</b>	<b>0.119%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.700%</b>	1.04%	-0.34%
50% Baillie Gifford	\$223,987,525	0.456%	0.119%				0.57%	-0.11%
50% Mondrian Investment Partners	\$230,092,487	0.465%	0.119%				0.57%	-0.10%
<b>North Carolina Global Equity Fund</b>	<b>\$182,694,256</b>	<b>0.617%</b>	<b>0.092%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.830%</b>	1.08%	-0.25%
50% Wellington Management Company	\$93,747,441	0.500%	0.091%				0.63%	-0.13%
50% Arrowstreet	\$88,946,814	0.734%	0.093%				0.64%	0.09%
<b>Total</b>	<b>\$7,534,428,248</b>	<b>0.283%</b>	<b>0.048%</b>	<b>0.096%</b>	<b>0.025%</b>	<b>0.452%</b>	<b>0.563%</b>	

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

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

## Total Plan

### Performance Summary

	Current Market Value	Current Allocation	Ending June 30, 2013										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>Large Cap Passive</b>	<b>\$1,150,267,810</b>	<b>15.3%</b>	<b>2.8%</b>	<b>45</b>	<b>13.7%</b>	<b>43</b>	<b>20.5%</b>	<b>51</b>	<b>18.3%</b>	<b>23</b>	--	--	<b>20.3%</b>	<b>Mar-09</b>
S&P 500			2.9%	43	13.8%	41	20.6%	50	18.5%	21	7.0%	26	20.4%	Mar-09
Mercer Mutual Fund US Equity Large Cap Core Median			2.6%		13.4%		20.5%		16.9%		6.2%		18.8%	Mar-09
NCSRP BlackRock Equity Index	\$1,150,267,810	15.3%	2.9%	45	13.8%	72	20.6%	69	18.5%	73	--	--	20.5%	Mar-09
BlackRock Equity Index Strategy			2.9%	45	13.8%	72	20.6%	69	18.5%	73	7.1%	59	20.5%	Mar-09
S&P 500			2.9%	30	13.8%	57	20.6%	67	18.5%	77	7.0%	75	20.4%	Mar-09
Mercer Instl US Equity Large Cap Index Median			2.8%		13.8%		20.9%		18.6%		7.2%		20.7%	Mar-09
<b>Large Cap Value</b>	<b>\$809,773,032</b>	<b>10.7%</b>	<b>5.0%</b>	<b>18</b>	<b>17.4%</b>	<b>14</b>	<b>27.2%</b>	<b>22</b>	<b>18.7%</b>	<b>16</b>	--	--	<b>19.3%</b>	<b>Mar-09</b>
Russell 1000 Value			3.2%	70	15.9%	41	25.3%	37	18.5%	19	6.7%	40	21.3%	Mar-09
Mercer Mutual Fund US Equity Large Cap Value Median			3.8%		15.3%		24.4%		17.0%		6.2%		19.4%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	\$277,896,999	3.7%	6.4%	7	21.0%	3	31.9%	7	20.3%	13	--	--	25.8%	Mar-09
Hotchkis & Wiley Large Cap Value Strategy			6.3%	8	20.8%	5	31.6%	9	20.2%	14	9.3%	12	25.7%	Mar-09
Russell 1000 Value			3.2%	65	15.9%	48	25.3%	48	18.5%	48	6.7%	61	21.3%	Mar-09
Mercer Instl US Equity Large Cap Value Median			3.8%		15.8%		25.1%		18.4%		7.3%		20.6%	Mar-09
NCSRP Wellington Value Composite	\$254,779,335	3.4%	2.9%	77	14.0%	79	21.7%	78	17.2%	75	--	--	12.9%	Mar-09
NCSRP Wellington Quality Value			2.9%	77	14.0%	79	21.7%	78	17.2%	75	--	--	--	Mar-09
Wellington Quality Value Strategy			2.8%	78	14.0%	81	21.6%	80	17.2%	75	7.9%	33	19.8%	Mar-09
Russell 1000 Value			3.2%	65	15.9%	48	25.3%	48	18.5%	48	6.7%	61	21.3%	Mar-09
Mercer Instl US Equity Large Cap Value Median			3.8%		15.8%		25.1%		18.4%		7.3%		20.6%	Mar-09
NCSRP Robeco BP Large Cap Value	\$277,096,698	3.7%	6.0%	9	18.0%	18	29.7%	17	--	--	--	--	26.8%	Nov-11
Robeco BP Large Cap Value Strategy			5.8%	11	17.8%	22	29.4%	20	20.4%	11	10.2%	9	26.4%	Nov-11
Russell 1000 Value			3.2%	65	15.9%	48	25.3%	48	18.5%	48	6.7%	61	23.1%	Nov-11
Mercer Instl US Equity Large Cap Value Median			3.8%		15.8%		25.1%		18.4%		7.3%		--	Nov-11

## Total Plan

### Performance Summary

	Current Market Value	Current Allocation	Ending June 30, 2013										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>Large Cap Growth</b>	<b>\$752,392,484</b>	<b>10.0%</b>	<b>2.6%</b>	<b>22</b>	<b>11.5%</b>	<b>31</b>	<b>18.9%</b>	<b>20</b>	<b>19.9%</b>	<b>6</b>	--	--	<b>23.6%</b>	<b>Mar-09</b>
Russell 1000 Growth			2.1%	39	11.8%	26	17.1%	35	18.7%	14	7.5%	18	20.5%	Mar-09
Mercer Mutual Fund US Equity Large Cap Growth Median			1.8%		10.5%		16.2%		16.5%		5.5%		18.1%	Mar-09
NCSRP Sands Capital Large Cap Growth	\$259,179,600	3.4%	1.7%	62	9.2%	84	17.4%	51	23.9%	1	--	--	28.8%	Mar-09
Sands Capital Large Cap Growth Strategy			1.7%	64	9.1%	85	17.3%	52	23.8%	1	12.2%	2	28.7%	Mar-09
Russell 1000 Growth			2.1%	49	11.8%	43	17.1%	57	18.7%	32	7.5%	38	20.5%	Mar-09
Mercer Instl US Equity Large Cap Growth Median			2.0%		11.5%		17.5%		17.9%		6.8%		19.3%	Mar-09
NCSRP Wellington Opportunistic Growth	\$253,817,394	3.4%	3.3%	15	13.6%	14	25.0%	4	18.4%	40	--	--	20.7%	Mar-09
Wellington Opportunistic Growth Strategy			3.3%	15	13.7%	14	24.9%	4	18.2%	44	6.7%	51	20.7%	Mar-09
Russell 1000 Growth			2.1%	49	11.8%	43	17.1%	57	18.7%	32	7.5%	38	20.5%	Mar-09
Russell 3000 Growth			2.2%	43	12.2%	37	17.6%	50	18.8%	30	7.6%	36	20.8%	Mar-09
Mercer Instl US Equity Large Cap Growth Median			2.0%		11.5%		17.5%		17.9%		6.8%		19.3%	Mar-09
NCSRP Neuberger Large Cap Growth	\$239,395,490	3.2%	3.4%	13	12.8%	28	15.9%	71	--	--	--	--	14.4%	Oct-11
Neuberger Large Cap Growth Strategy			3.4%	12	12.9%	27	16.0%	71	15.4%	86	5.5%	74	13.8%	Oct-11
Russell 1000 Growth			2.1%	49	11.8%	43	17.1%	57	18.7%	32	7.5%	38	16.2%	Oct-11
Mercer Instl US Equity Large Cap Growth Median			2.0%		11.5%		17.5%		17.9%		6.8%		--	Oct-11
<b>Mid/Small Cap Passive</b>	<b>\$402,995,751</b>	<b>5.3%</b>	<b>2.3%</b>	<b>59</b>	<b>15.4%</b>	<b>48</b>	<b>25.6%</b>	<b>34</b>	<b>19.6%</b>	<b>28</b>	--	--	<b>24.6%</b>	<b>Mar-09</b>
Russell 2500			2.3%	58	15.4%	47	25.6%	34	19.6%	28	9.2%	34	24.6%	Mar-09
Mercer Mutual Fund US Equity Small+Mid Median			2.6%		15.2%		23.6%		18.1%		8.1%		22.8%	Mar-09
NCSRP BlackRock Russell 2500 Index Fund	\$402,995,751	5.3%	2.3%	67	15.5%	60	25.8%	50	19.7%	50	--	--	24.8%	Mar-09
BlackRock Russell 2500 Index Fund Strategy			2.3%	67	15.5%	60	25.8%	50	19.7%	50	--	--	24.8%	Mar-09
Russell 2500			2.3%	69	15.4%	61	25.6%	51	19.6%	53	9.2%	55	24.6%	Mar-09
Mercer Instl US Equity Small + Mid Cap Median			3.1%		16.2%		25.6%		19.7%		9.6%		24.6%	Mar-09

## Total Plan

### Performance Summary

	Current Market Value	Current Allocation	Ending June 30, 2013										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>Mid/Small Cap Value</b>	<b>\$264,813,013</b>	<b>3.5%</b>	<b>1.5%</b>	<b>78</b>	<b>16.1%</b>	<b>50</b>	<b>28.9%</b>	<b>32</b>	<b>21.1%</b>	<b>6</b>	--	--	<b>28.3%</b>	<b>Mar-09</b>
Russell 2500 Value			1.5%	78	15.1%	63	26.9%	49	18.9%	33	9.4%	47	24.4%	Mar-09
Mercer Mutual Fund US Equity Small+Mid Value Median			2.8%		16.0%		26.7%		18.3%		9.0%		23.8%	Mar-09
NCSRP Hotchkis & Wiley	\$91,494,188	1.2%	5.6%	5	24.4%	1	37.8%	1	26.4%	1	--	--	34.0%	Mar-09
Hotchkis & Wiley Value Strategy			5.7%	5	24.4%	1	37.9%	1	26.5%	1	17.1%	1	34.4%	Mar-09
Hotchkis Custom SMID Value Index			1.5%	59	15.1%	48	26.9%	36	18.8%	49	8.5%	70	25.4%	Mar-09
Mercer Instl US Equity SMID Value Median			2.0%		15.0%		25.9%		18.8%		9.3%		24.0%	Mar-09
NCSRP EARNEST Partners	\$85,936,273	1.1%	-0.2%	88	9.7%	91	24.5%	67	17.1%	73	--	--	22.2%	Mar-09
EARNEST Partners Value Strategy			-0.2%	89	9.9%	90	24.4%	68	18.2%	56	7.8%	77	23.3%	Mar-09
EARNEST Custom SMID Value Index			1.5%	59	15.1%	48	26.9%	36	18.0%	58	8.9%	64	23.2%	Mar-09
Mercer Instl US Equity SMID Value Median			2.0%		15.0%		25.9%		18.8%		9.3%		24.0%	Mar-09
NCSRP WEDGE SMID Cap Value	\$87,382,551	1.2%	-0.2%	87	15.2%	47	26.8%	38	--	--	--	--	--	Dec-11
WEDGE SMID Cap Value Strategy			-0.1%	84	15.4%	45	26.9%	34	19.8%	30	11.0%	34	23.8%	Dec-11
Russell 2500 Value			1.5%	59	15.1%	48	26.9%	36	18.9%	48	9.4%	50	23.3%	Dec-11
Mercer Instl US Equity SMID Value Median			2.0%		15.0%		25.9%		18.8%		9.3%		--	Dec-11
<b>Mid/Small Cap Growth</b>	<b>\$161,246,436</b>	<b>2.1%</b>	<b>3.0%</b>	<b>48</b>	<b>15.3%</b>	<b>46</b>	<b>24.9%</b>	<b>21</b>	<b>19.7%</b>	<b>31</b>	--	--	<b>23.3%</b>	<b>Mar-09</b>
Russell 2500 Growth			3.2%	47	15.8%	40	24.0%	27	20.2%	26	8.9%	31	24.9%	Mar-09
Mercer Mutual Fund US Equity Small+Mid Growth Median			2.9%		15.0%		21.3%		18.2%		7.4%		22.5%	Mar-09
NCSRP TimesSquare	\$80,822,387	1.1%	2.3%	74	16.0%	37	27.8%	20	21.4%	39	--	--	24.2%	Mar-09
TimesSquare SMID Growth			2.3%	74	16.0%	37	27.8%	20	--	--	--	--	--	Mar-09
TimesSquare Growth Strategy			2.2%	75	15.9%	39	27.8%	20	23.7%	18	12.9%	16	27.1%	Mar-09
TimesSquare Custom SMID Growth Index			3.2%	59	15.8%	41	24.0%	45	19.8%	59	7.8%	67	24.3%	Mar-09
Mercer Instl US Equity SMID Growth Median			3.7%		15.3%		22.9%		20.5%		9.0%		24.3%	Mar-09
NCSRP Brown Advisory	\$80,424,049	1.1%	4.3%	34	15.6%	43	24.1%	43	20.7%	41	--	--	24.7%	Mar-09
Brown Advisory Growth Strategy			4.4%	32	16.1%	36	24.8%	38	20.7%	41	10.0%	38	24.8%	Mar-09
Brown Custom SMID Growth Index			3.2%	59	15.8%	41	24.0%	45	19.9%	59	8.8%	52	24.1%	Mar-09
Mercer Instl US Equity SMID Growth Median			3.7%		15.3%		22.9%		20.5%		9.0%		24.3%	Mar-09

## Total Plan

### Performance Summary

	Current Market Value	Current Allocation	Ending June 30, 2013										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>International Passive</b>	<b>\$315,730,300</b>	<b>4.2%</b>	<b>-3.1%</b>	<b>71</b>	<b>-0.7%</b>	<b>86</b>	<b>13.3%</b>	<b>86</b>	<b>9.3%</b>	<b>62</b>	<b>--</b>	<b>--</b>	<b>15.1%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross			-2.9%	63	0.3%	76	14.1%	78	8.5%	74	-0.3%	21	15.0%	Mar-09
Mercer Mutual Fund World ex US/EAFE Equity Index Median			-1.6%		3.0%		17.8%		9.8%		-0.7%		14.2%	Mar-09
NCSRP BlackRock ACWI ex US Fund	\$315,730,300	4.2%	-3.0%	92	-0.6%	94	13.5%	99	8.9%	63	--	--	15.0%	Mar-09
BlackRock ACWI ex US Fund Strategy			-3.0%	92	-0.6%	94	13.5%	99	8.9%	63	-0.4%	52	15.0%	Mar-09
MSCI ACWI ex USA Gross			-2.9%	66	0.3%	77	14.1%	75	8.5%	73	-0.3%	50	15.0%	Mar-09
Mercer Instl World ex US/EAFE Equity Passive Median			-1.4%		3.4%		18.7%		10.0%		-0.3%		14.8%	Mar-09
<b>International Equity</b>	<b>\$454,080,012</b>	<b>6.0%</b>	<b>-2.8%</b>	<b>87</b>	<b>0.3%</b>	<b>85</b>	<b>13.2%</b>	<b>84</b>	<b>10.0%</b>	<b>52</b>	<b>--</b>	<b>--</b>	<b>14.9%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross			-2.9%	88	0.3%	85	14.1%	77	8.5%	75	-0.3%	56	15.0%	Mar-09
Mercer Mutual Fund World ex US/EAFE Equity Median			-0.8%		3.1%		17.2%		10.1%		0.0%		14.8%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	\$223,987,525	3.0%	-3.5%	94	0.1%	92	14.9%	83	11.7%	42	--	--	18.5%	Mar-09
Baillie Gifford ACWI ex US Growth Strategy			-3.5%	94	0.2%	92	15.0%	82	11.9%	38	1.6%	37	18.6%	Mar-09
MSCI ACWI ex USA Gross			-2.9%	90	0.3%	91	14.1%	90	8.5%	89	-0.3%	75	15.0%	Mar-09
MSCI AC Wld ex US Growth Gross			-2.8%	90	1.6%	81	14.7%	84	9.1%	84	-0.7%	81	14.9%	Mar-09
Mercer Instl World ex US/EAFE Equity Median			-0.5%		4.2%		18.6%		11.2%		1.0%		16.0%	Mar-09
NCSRP Mondrian ACWI ex US Value	\$230,092,487	3.1%	-1.3%	68	2.7%	68	13.9%	91	9.4%	80	--	--	13.3%	Mar-09
Mondrian ACWI ex US Value Strategy			-1.3%	67	2.9%	66	13.9%	91	9.7%	76	0.7%	56	13.6%	Mar-09
MSCI ACWI ex USA Gross			-2.9%	90	0.3%	91	14.1%	90	8.5%	89	-0.3%	75	15.0%	Mar-09
MSCI AC Wld Ex US Value Gross			-3.0%	91	-1.1%	96	13.5%	93	7.8%	92	0.0%	71	15.1%	Mar-09
Mercer Instl World ex US/EAFE Equity Median			-0.5%		4.2%		18.6%		11.2%		1.0%		16.0%	Mar-09
<b>Global Equity</b>	<b>\$182,694,256</b>	<b>2.4%</b>	<b>2.3%</b>	<b>23</b>	<b>10.6%</b>	<b>25</b>	<b>22.2%</b>	<b>21</b>	<b>14.5%</b>	<b>32</b>	<b>--</b>	<b>--</b>	<b>16.9%</b>	<b>Mar-09</b>
MSCI ACWI Gross			-0.2%	68	6.4%	68	17.2%	60	13.0%	53	2.9%	60	17.5%	Mar-09
Mercer Mutual Fund Global Equity Median			0.7%		8.3%		18.6%		13.2%		3.3%		17.5%	Mar-09
NCSRP Wellington Global Composite	\$93,747,441	1.2%	3.6%	9	12.0%	14	25.2%	14	16.3%	17	--	--	18.4%	Mar-09
NCSRP Wellington Global Opportunities			3.6%	9	12.0%	14	25.2%	14	--	--	--	--	--	Mar-09
Wellington Global Opportunities Strategy			3.7%	8	12.2%	13	25.4%	14	17.1%	11	6.1%	18	20.7%	Mar-09
MSCI ACWI Gross			-0.2%	67	6.4%	75	17.2%	72	13.0%	66	2.9%	62	17.5%	Mar-09
Mercer Instl Global Equity Median			0.7%		8.7%		19.8%		13.8%		3.6%		17.9%	Mar-09

## Total Plan

### Performance Summary

	Current Market Value	Current Allocation	Ending June 30, 2013										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
NCSRP Arrowstreet Global Equity ACWI	\$88,946,814	1.2%	1.6%	28	11.0%	20	21.4%	32	--	--	--	--	11.0%	Mar-12
Arrowstreet Global Equity ACWI			2.0%	23	11.4%	19	23.5%	20	14.7%	39	6.1%	17	12.4%	Mar-12
MSCI ACWI Gross			-0.2%	67	6.4%	75	17.2%	72	13.0%	66	2.9%	62	8.7%	Mar-12
Mercer Instl Global Equity Median			0.7%		8.7%		19.8%		13.8%		3.6%		10.3%	Mar-12
<b>Fixed Income Passive Fund</b>	<b>\$259,479,872</b>	<b>3.4%</b>	<b>-2.4%</b>	<b>50</b>	<b>-2.4%</b>	<b>63</b>	<b>-0.7%</b>	<b>90</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2.8%</b>	<b>Sep-10</b>
Barclays Aggregate			-2.3%	46	-2.4%	65	-0.7%	90	3.5%	63	5.2%	57	2.9%	Sep-10
Mercer Mutual Fund US Fixed Core Median			-2.4%		-2.0%		1.1%		4.1%		5.4%		3.3%	Sep-10
NCSRP BlackRock Debt Index Fund	\$259,479,872	3.4%	-2.3%	46	-2.3%	59	-0.5%	88	--	--	--	--	3.0%	Sep-10
BlackRock Debt Index Fund Strategy			-2.3%	46	-2.3%	59	-0.5%	88	3.6%	63	5.2%	56	2.9%	Sep-10
Barclays Aggregate			-2.3%	46	-2.4%	65	-0.7%	90	3.5%	63	5.2%	57	2.9%	Sep-10
Mercer Mutual Fund US Fixed Core Median			-2.4%		-2.0%		1.1%		4.1%		5.4%		--	Sep-10
<b>Fixed Income Fund</b>	<b>\$515,491,817</b>	<b>6.8%</b>	<b>-3.0%</b>	<b>80</b>	<b>-2.4%</b>	<b>63</b>	<b>0.8%</b>	<b>57</b>	<b>4.1%</b>	<b>51</b>	<b>--</b>	<b>--</b>	<b>6.3%</b>	<b>Mar-09</b>
Barclays Aggregate			-2.3%	46	-2.4%	65	-0.7%	90	3.5%	63	5.2%	57	5.1%	Mar-09
Mercer Mutual Fund US Fixed Core Median			-2.4%		-2.0%		1.1%		4.1%		5.4%		6.6%	Mar-09
NCSRP JP Morgan Core Bond	\$259,777,404	3.4%	-2.2%	28	-1.9%	32	0.4%	64	4.9%	39	--	--	6.1%	Mar-09
JP Morgan Core Bond Strategy			-2.0%	17	-1.8%	26	0.6%	57	4.7%	49	6.6%	40	6.6%	Mar-09
Barclays Aggregate			-2.3%	39	-2.4%	67	-0.7%	94	3.5%	94	5.2%	96	5.1%	Mar-09
Mercer Instl US Fixed Core Median			-2.4%		-2.2%		0.8%		4.6%		6.4%		7.1%	Mar-09
NCSRP PIMCO Total Return Full Authority	\$255,714,413	3.4%	-3.5%	99	-2.6%	81	1.9%	24	3.9%	81	--	--	7.1%	Mar-09
PIMCO Total Return Full Authority Strategy			-3.4%	99	-2.8%	88	1.5%	32	4.9%	38	7.5%	14	8.0%	Mar-09
Barclays Aggregate			-2.3%	39	-2.4%	67	-0.7%	94	3.5%	94	5.2%	96	5.1%	Mar-09
Mercer Instl US Fixed Core Median			-2.4%		-2.2%		0.8%		4.6%		6.4%		7.1%	Mar-09
<b>Stable Value Fund</b>	<b>\$2,265,463,465</b>	<b>30.1%</b>	<b>0.6%</b>	<b>26</b>	<b>1.2%</b>	<b>23</b>	<b>2.5%</b>	<b>10</b>	<b>3.0%</b>	<b>40</b>	<b>--</b>	<b>--</b>	<b>3.3%</b>	<b>Jun-09</b>
T-BILLS + 1%			0.3%	84	0.5%	84	1.1%	92	1.1%	99	1.2%	99	1.1%	Jun-09
Mercer Instl Stable Value Median			0.5%		1.0%		2.1%		3.0%		3.4%		3.2%	Jun-09

Fund returns reported net of fees. Manager returns report gross of fees.

## Total Plan

### Performance Summary

	Current Market Value	Current Allocation	Ending June 30, 2013										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>GoalMaker Funds</b>	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Conservative 0-5 Yrs</b>	\$265,504,366	3.5%	-0.3%	10	2.0%	74	5.8%	88	7.4%	86	--	--	7.9%	Jun-09
<i>C01 Benchmark</i>			-0.4%	12	1.7%	77	4.8%	89	5.4%	98	3.8%	79	5.9%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2015 Median</i>			-1.1%		2.7%		8.7%		9.6%		4.9%		10.5%	Jun-09
<b>Conservative 6-10 Yrs</b>	\$93,591,065	1.2%	-0.1%	8	3.0%	65	7.7%	77	8.7%	83	--	--	9.2%	Jun-09
<i>C02 Benchmark</i>			-0.3%	21	2.6%	72	6.6%	87	6.7%	96	4.1%	70	7.1%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2020 Median</i>			-0.9%		3.5%		10.2%		10.3%		4.7%		11.5%	Jun-09
<b>Conservative 11-15 Yrs</b>	\$62,383,346	0.8%	0.0%	21	4.6%	64	10.7%	76	10.5%	85	--	--	10.8%	Jun-09
<i>C03 Benchmark</i>			-0.1%	42	4.3%	70	9.8%	82	9.2%	99	4.8%	55	9.6%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2025 Median</i>			-0.4%		4.9%		12.3%		11.7%		4.9%		12.4%	Jun-09
<b>Conservative 16+ Yrs</b>	\$127,682,007	1.7%	0.4%	14	6.5%	36	14.3%	42	12.4%	50	--	--	12.7%	Jun-09
<i>C04 Benchmark</i>			0.2%	33	6.2%	42	13.5%	52	11.6%	71	5.0%	29	11.9%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2030 Median</i>			-0.1%		5.7%		13.5%		12.4%		4.5%		12.9%	Jun-09
<b>Moderate 0-5 Yrs</b>	\$300,434,403	4.0%	0.0%	5	3.6%	31	8.7%	50	9.1%	67	--	--	9.6%	Jun-09
<i>M01 Benchmark</i>			-0.2%	7	3.2%	36	7.8%	74	7.5%	85	4.3%	71	7.9%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2015 Median</i>			-1.1%		2.7%		8.7%		9.6%		4.9%		10.5%	Jun-09
<b>Moderate 6-10 Yrs</b>	\$261,452,188	3.5%	0.0%	6	4.6%	28	10.7%	47	10.1%	61	--	--	10.5%	Jun-09
<i>M02 Benchmark</i>			-0.1%	8	4.3%	35	9.8%	56	9.2%	76	4.8%	44	9.6%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2020 Median</i>			-0.9%		3.5%		10.2%		10.3%		4.7%		11.5%	Jun-09
<b>Moderate 11-15 Yrs</b>	\$250,897,828	3.3%	0.3%	7	5.8%	22	13.2%	31	11.9%	42	--	--	12.2%	Jun-09
<i>M03 Benchmark</i>			0.0%	20	5.5%	33	12.4%	46	10.9%	70	4.9%	41	11.2%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2025 Median</i>			-0.4%		4.9%		12.3%		11.7%		4.9%		12.4%	Jun-09
<b>Moderate 16+ Yrs</b>	\$470,211,136	6.2%	0.7%	9	7.8%	4	17.2%	2	13.8%	11	--	--	14.0%	Jun-09
<i>M04 Benchmark</i>			0.3%	19	7.5%	6	16.4%	4	13.3%	27	5.0%	34	13.5%	Jun-09
<i>Mercer Mutual Fund Lifecycle 2030 Median</i>			-0.1%		5.7%		13.5%		12.4%		4.5%		12.9%	Jun-09

## Total Plan

### Performance Summary

	Current Market Value	Current Allocation	Ending June 30, 2013										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>Aggressive 0-5 Yrs</b>	<b>\$124,359,973</b>	<b>1.7%</b>	<b>0.1%</b>	<b>4</b>	<b>4.9%</b>	<b>3</b>	<b>11.3%</b>	<b>4</b>	<b>11.1%</b>	<b>7</b>	--	--	<b>11.3%</b>	<b>Jun-09</b>
R01 Benchmark			-0.1%	5	4.5%	6	10.3%	20	9.6%	53	4.9%	53	10.0%	Jun-09
Mercer Mutual Fund Lifecycle 2015 Median			-1.1%		2.7%		8.7%		9.6%		4.9%		10.5%	Jun-09
<b>Aggressive 6-10 Yrs</b>	<b>\$160,370,695</b>	<b>2.1%</b>	<b>0.3%</b>	<b>5</b>	<b>5.8%</b>	<b>5</b>	<b>13.2%</b>	<b>2</b>	<b>12.2%</b>	<b>3</b>	--	--	<b>12.5%</b>	<b>Jun-09</b>
R02 Benchmark			0.0%	6	5.5%	7	12.4%	10	10.9%	42	4.9%	42	11.2%	Jun-09
Mercer Mutual Fund Lifecycle 2020 Median			-0.9%		3.5%		10.2%		10.3%		4.7%		11.5%	Jun-09
<b>Aggressive 11-15 Yrs</b>	<b>\$184,227,181</b>	<b>2.4%</b>	<b>0.6%</b>	<b>3</b>	<b>7.5%</b>	<b>2</b>	<b>16.3%</b>	<b>1</b>	<b>13.3%</b>	<b>5</b>	--	--	<b>13.5%</b>	<b>Jun-09</b>
R03 Benchmark			0.3%	7	7.2%	3	15.5%	2	12.8%	19	5.1%	32	13.1%	Jun-09
Mercer Mutual Fund Lifecycle 2025 Median			-0.4%		4.9%		12.3%		11.7%		4.9%		12.4%	Jun-09
<b>Aggressive 16+ Yrs</b>	<b>\$489,511,233</b>	<b>6.5%</b>	<b>1.0%</b>	<b>5</b>	<b>9.5%</b>	<b>1</b>	<b>20.2%</b>	<b>1</b>	<b>15.3%</b>	<b>1</b>	--	--	<b>15.3%</b>	<b>Jun-09</b>
R04 Benchmark			0.6%	9	9.2%	1	19.7%	1	15.2%	1	5.0%	30	15.3%	Jun-09
Mercer Mutual Fund Lifecycle 2030 Median			-0.1%		5.7%		13.5%		12.4%		4.5%		12.9%	Jun-09

## Total Plan

### Performance Summary - Net of Fees

	Current Market Value	Current Allocation	Ending June 30, 2013					Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Return	Since
<b>Large Cap Passive</b>	<b>\$1,150,267,810</b>	<b>15.3%</b>	<b>2.8%</b>	<b>13.7%</b>	<b>20.5%</b>	<b>18.3%</b>	<b>--</b>	<b>20.3%</b>	<b>Mar-09</b>
<i>S&amp;P 500</i>			2.9%	13.8%	20.6%	18.5%	7.0%	20.4%	Mar-09
NCSRP BlackRock Equity Index	\$1,150,267,810	15.3%	2.9%	13.8%	20.6%	18.4%	--	20.5%	Mar-09
<i>S&amp;P 500</i>			2.9%	13.8%	20.6%	18.5%	7.0%	20.4%	Mar-09
<b>Large Cap Value</b>	<b>\$809,773,032</b>	<b>10.7%</b>	<b>5.0%</b>	<b>17.4%</b>	<b>27.2%</b>	<b>18.7%</b>	<b>--</b>	<b>19.3%</b>	<b>Mar-09</b>
<i>Russell 1000 Value</i>			3.2%	15.9%	25.3%	18.5%	6.7%	21.3%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	\$277,896,999	3.7%	6.3%	20.7%	31.2%	19.7%	--	25.1%	Mar-09
<i>Russell 1000 Value</i>			3.2%	15.9%	25.3%	18.5%	6.7%	21.3%	Mar-09
NCSRP Wellington Value Composite	\$254,779,335	3.4%	2.8%	13.9%	21.4%	16.8%	--	12.6%	Mar-09
<i>Russell 1000 Value</i>			3.2%	15.9%	25.3%	18.5%	6.7%	21.3%	Mar-09
NCSRP Robeco BP Large Cap Value	\$277,096,698	3.7%	5.9%	17.8%	29.2%	--	--	26.3%	Nov-11
<i>Russell 1000 Value</i>			3.2%	15.9%	25.3%	18.5%	6.7%	23.1%	Nov-11
<b>Large Cap Growth</b>	<b>\$752,392,484</b>	<b>10.0%</b>	<b>2.6%</b>	<b>11.5%</b>	<b>18.9%</b>	<b>19.9%</b>	<b>--</b>	<b>23.6%</b>	<b>Mar-09</b>
<i>Russell 1000 Growth</i>			2.1%	11.8%	17.1%	18.7%	7.5%	20.5%	Mar-09
NCSRP Sands Capital Large Cap Growth	\$259,179,600	3.4%	1.6%	8.9%	16.8%	23.2%	--	28.2%	Mar-09
<i>Russell 1000 Growth</i>			2.1%	11.8%	17.1%	18.7%	7.5%	20.5%	Mar-09
NCSRP Wellington Opportunistic Growth	\$253,817,394	3.4%	3.2%	13.4%	24.6%	18.0%	--	20.3%	Mar-09
<i>Russell 1000 Growth</i>			2.1%	11.8%	17.1%	18.7%	7.5%	20.5%	Mar-09
<i>Russell 3000 Growth</i>			2.2%	12.2%	17.6%	18.8%	7.6%	20.8%	Mar-09
NCSRP Neuberger Large Cap Growth	\$239,395,490	3.2%	3.3%	12.6%	15.6%	--	--	14.1%	Oct-11
<i>Russell 1000 Growth</i>			2.1%	11.8%	17.1%	18.7%	7.5%	16.2%	Oct-11

## Total Plan

### Performance Summary - Net of Fees

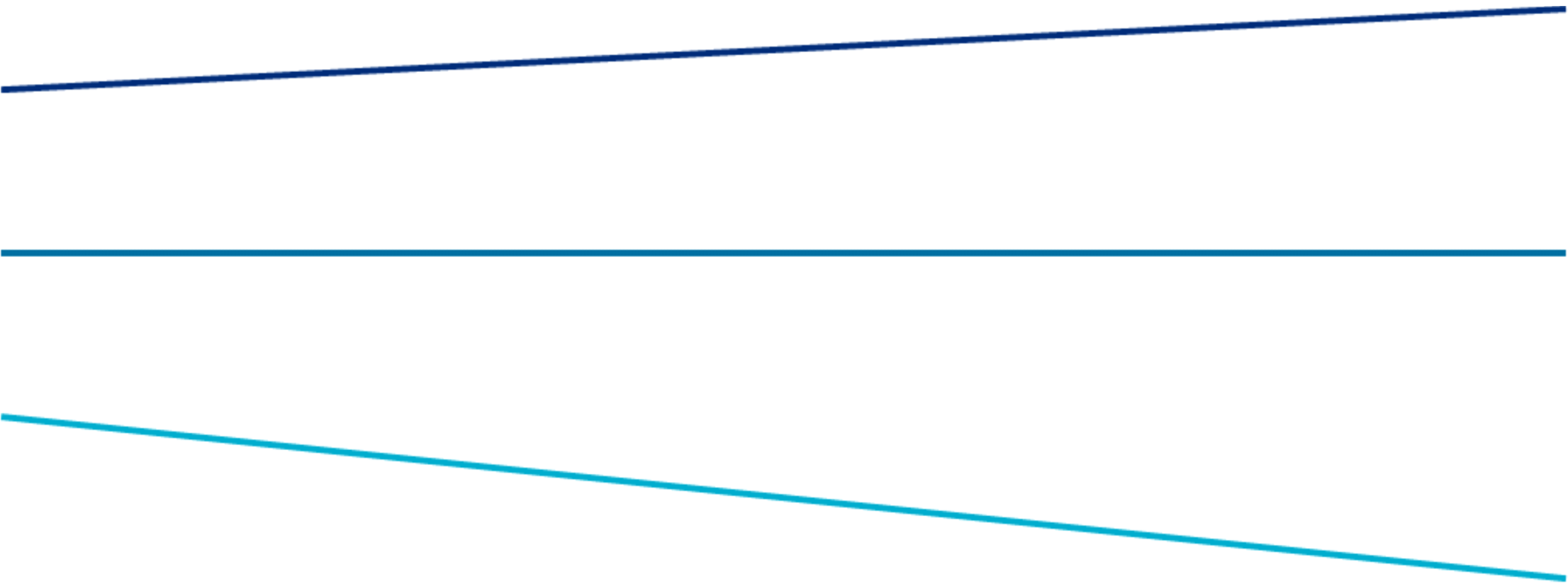
	Current Market Value	Current Allocation	Ending June 30, 2013					Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Return	Since
<b>Mid/Small Cap Passive</b>	<b>\$402,995,751</b>	<b>5.3%</b>	<b>2.3%</b>	<b>15.4%</b>	<b>25.6%</b>	<b>19.6%</b>	<b>--</b>	<b>24.6%</b>	<b>Mar-09</b>
<i>Russell 2500</i>			2.3%	15.4%	25.6%	19.6%	9.2%	24.6%	Mar-09
NCSRP BlackRock Russell 2500 Index Fund	\$402,995,751	5.3%	2.3%	15.5%	25.7%	19.7%	--	24.7%	Mar-09
<i>Russell 2500</i>			2.3%	15.4%	25.6%	19.6%	9.2%	24.6%	Mar-09
<b>Mid/Small Cap Value</b>	<b>\$264,813,013</b>	<b>3.5%</b>	<b>1.5%</b>	<b>16.1%</b>	<b>28.9%</b>	<b>21.1%</b>	<b>--</b>	<b>28.3%</b>	<b>Mar-09</b>
<i>Russell 2500 Value</i>			1.5%	15.1%	26.9%	18.9%	9.4%	23.3%	Dec-11
NCSRP Hotchkis & Wiley	\$91,494,188	1.2%	5.5%	24.1%	36.9%	25.6%	--	33.2%	Mar-09
<i>Hotchkis Custom SMID Value Index</i>			1.5%	15.1%	26.9%	18.8%	8.5%	25.4%	Mar-09
NCSRP EARNEST Partners	\$85,936,273	1.1%	-0.4%	9.3%	23.7%	16.4%	--	21.5%	Mar-09
<i>EARNEST Custom SMID Value Index</i>			1.5%	15.1%	26.9%	18.0%	8.9%	23.2%	Mar-09
NCSRP WEDGE SMID Cap Value	\$87,382,551	1.2%	-0.4%	14.8%	25.8%	--	--	--	Dec-11
<i>Russell 2500 Value</i>			1.5%	15.1%	26.9%	18.9%	9.4%	23.3%	Dec-11
<b>Mid/Small Cap Growth</b>	<b>\$161,246,436</b>	<b>2.1%</b>	<b>3.0%</b>	<b>15.3%</b>	<b>24.9%</b>	<b>19.7%</b>	<b>--</b>	<b>23.3%</b>	<b>Mar-09</b>
<i>Russell 2500 Growth</i>			3.2%	15.8%	24.0%	20.2%	8.9%	24.9%	Dec-11
NCSRP TimesSquare	\$80,822,387	1.1%	2.1%	15.5%	26.7%	20.4%	--	23.4%	Mar-09
<i>TimesSquare Custom SMID Growth Index</i>			3.2%	15.8%	24.0%	19.8%	7.8%	24.3%	Mar-09
NCSRP Brown Advisory	\$80,424,049	1.1%	4.1%	15.3%	23.5%	20.0%	--	24.1%	Mar-09
<i>Brown Custom SMID Growth Index</i>			3.2%	15.8%	24.0%	19.9%	8.8%	24.1%	Mar-09
<b>International Passive</b>	<b>\$315,730,300</b>	<b>4.2%</b>	<b>-3.1%</b>	<b>-0.7%</b>	<b>13.3%</b>	<b>9.3%</b>	<b>--</b>	<b>15.1%</b>	<b>Mar-09</b>
<i>MSCI ACWI ex USA Gross</i>			-2.9%	0.3%	14.1%	8.5%	-0.3%	15.0%	Mar-09
NCSRP BlackRock ACWI ex US Fund	\$315,730,300	4.2%	-3.0%	-0.7%	13.4%	8.8%	--	14.8%	Mar-09
<i>MSCI ACWI ex USA Gross</i>			-2.9%	0.3%	14.1%	8.5%	-0.3%	15.0%	Mar-09

## Total Plan

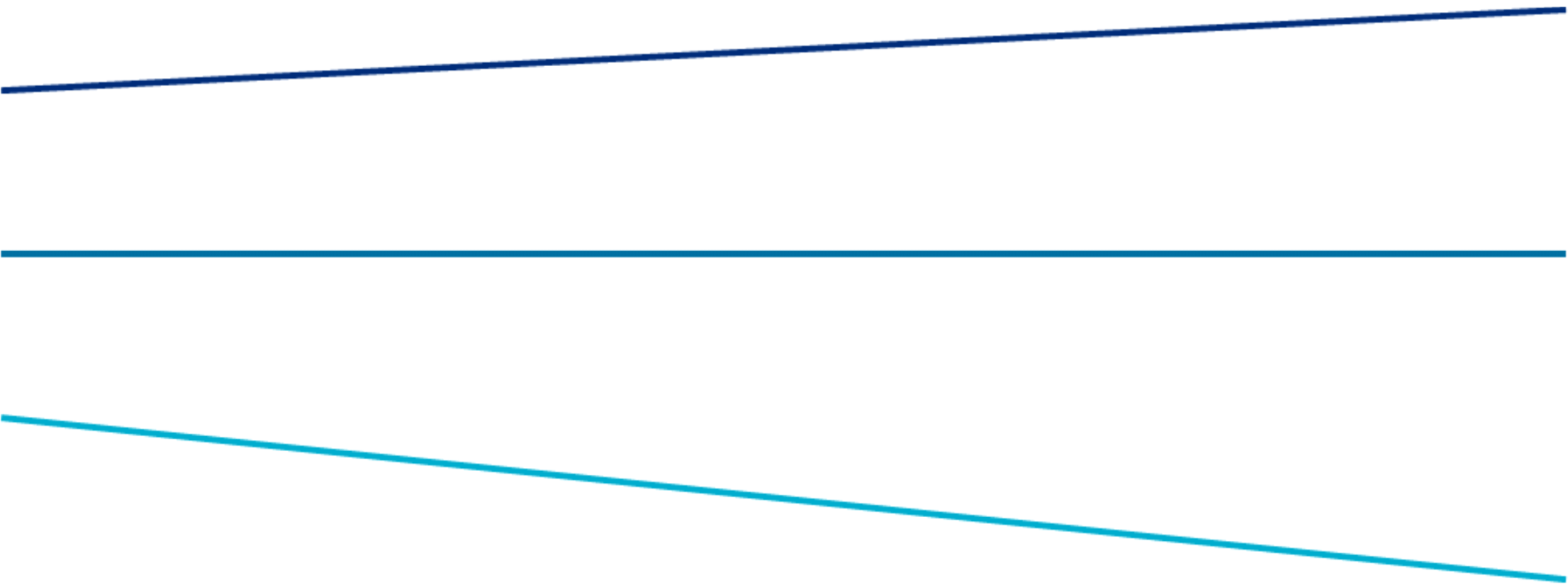
### Performance Summary - Net of Fees

	Current Market Value	Current Allocation	Ending June 30, 2013					Inception	
			3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Return	Since
<b>International Equity</b>	<b>\$454,080,012</b>	<b>6.0%</b>	<b>-2.8%</b>	<b>0.3%</b>	<b>13.2%</b>	<b>10.0%</b>	<b>--</b>	<b>14.9%</b>	<b>Mar-09</b>
MSCI ACWI ex USA Gross			-2.9%	0.3%	14.1%	8.5%	-0.3%	15.0%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	\$223,987,525	3.0%	-3.6%	-0.1%	14.4%	11.2%	--	17.9%	Mar-09
MSCI ACWI ex USA Gross			-2.9%	0.3%	14.1%	8.5%	-0.3%	15.0%	Mar-09
MSCI AC Wld ex US Growth Gross			-2.8%	1.6%	14.7%	9.1%	-0.7%	14.9%	Mar-09
NCSRP Mondrian ACWI ex US Value	\$230,092,487	3.1%	-1.4%	2.5%	13.4%	8.9%	--	12.8%	Mar-09
MSCI ACWI ex USA Gross			-2.9%	0.3%	14.1%	8.5%	-0.3%	15.0%	Mar-09
MSCI AC Wld Ex US Value Gross			-3.0%	-1.1%	13.5%	7.8%	0.0%	15.1%	Mar-09
<b>Global Equity</b>	<b>\$182,694,256</b>	<b>2.4%</b>	<b>2.3%</b>	<b>10.6%</b>	<b>22.2%</b>	<b>14.5%</b>	<b>--</b>	<b>16.9%</b>	<b>Mar-09</b>
MSCI ACWI Gross			-0.2%	6.4%	17.2%	13.0%	2.9%	17.5%	Mar-09
NCSRP Wellington Global Composite	\$93,747,441	1.2%	3.4%	11.7%	24.6%	15.7%	--	17.8%	Mar-09
MSCI ACWI Gross			-0.2%	6.4%	17.2%	13.0%	2.9%	17.5%	Mar-09
NCSRP Arrowstreet Global Equity ACWI	\$88,946,814	1.2%	1.5%	10.6%	20.6%	--	--	10.2%	Mar-12
MSCI ACWI Gross			-0.2%	6.4%	17.2%	13.0%	2.9%	8.7%	Mar-12
<b>Fixed Income Passive Fund</b>	<b>\$259,479,872</b>	<b>3.4%</b>	<b>-2.4%</b>	<b>-2.4%</b>	<b>-0.7%</b>	<b>--</b>	<b>--</b>	<b>2.8%</b>	<b>Sep-10</b>
Barclays Aggregate			-2.3%	-2.4%	-0.7%	3.5%	5.2%	2.9%	Sep-10
NCSRP BlackRock Debt Index Fund	\$259,479,872	3.4%	-2.4%	-2.4%	-0.6%	--	--	3.0%	Sep-10
Barclays Aggregate			-2.3%	-2.4%	-0.7%	3.5%	5.2%	2.9%	Sep-10
<b>Fixed Income Fund</b>	<b>\$515,491,817</b>	<b>6.8%</b>	<b>-3.0%</b>	<b>-2.4%</b>	<b>0.8%</b>	<b>4.1%</b>	<b>--</b>	<b>6.3%</b>	<b>Mar-09</b>
Barclays Aggregate			-2.3%	-2.4%	-0.7%	3.5%	5.2%	2.9%	Sep-10
NCSRP JP Morgan Core Bond	\$259,777,404	3.4%	-2.3%	-2.0%	0.2%	4.7%	--	5.9%	Mar-09
Barclays Aggregate			-2.3%	-2.4%	-0.7%	3.5%	5.2%	5.1%	Mar-09
NCSRP PIMCO Total Return Full Authority	\$255,714,413	3.4%	-3.6%	-2.7%	1.7%	3.7%	--	6.9%	Mar-09
Barclays Aggregate			-2.3%	-2.4%	-0.7%	3.5%	5.2%	5.1%	Mar-09

# US Equity



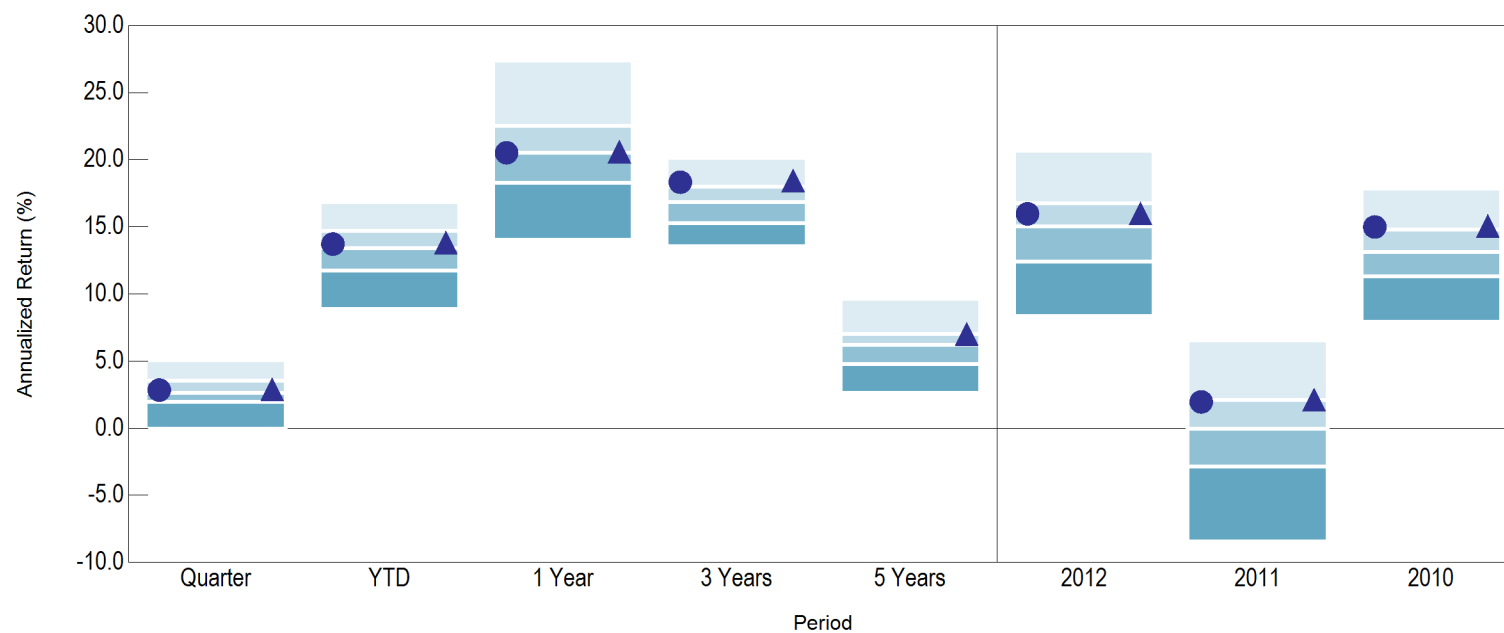
# Large Cap Passive



# Large Cap Passive

## Performance

Performance vs. Mercer Mutual Fund US Equity Large Cap Core  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	5.1		16.8		27.4		20.1		9.6		20.6		6.5		17.8	
25th Percentile	3.6		14.7		22.5		18.0		7.0		16.8		2.2		14.8	
Median	2.6		13.4		20.5		16.9		6.2		15.1		0.0		13.1	
75th Percentile	2.0		11.8		18.3		15.3		4.8		12.4		-2.9		11.3	
95th Percentile	0.0		8.9		14.0		13.6		2.6		8.4		-8.4		7.9	
# of Portfolios	291		288		282		264		251		284		309		315	
● Large Cap Passive	2.8	(45)	13.7	(43)	20.5	(51)	18.3	(23)	--	(--)	16.0	(40)	2.0	(28)	15.0	(22)
▲ S&P 500	2.9	(43)	13.8	(41)	20.6	(50)	18.5	(21)	7.0	(26)	16.0	(40)	2.1	(26)	15.1	(22)

## Manager Commentary

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<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>BlackRock - Equity Index (S&amp;P 500)</b>
<b>Benchmark</b>	<b>S&amp;P 500</b>

### Manager Philosophy and Process

The BlackRock Equity Index Fund seeks to capture the growth potential of large companies and achieve broad diversification with low costs by fully replicating the Standard & Poor's (S&P) 500 Index. As with all indexing strategies, the objective of the BlackRock Equity Index Fund is to track the performance of its benchmark, the S&P 500 Index. BlackRock's objective in managing the fund is to deliver a high quality and cost-effective index-based portfolio to institutional investors.

To manage the fund effectively, BlackRock focuses on three objectives: minimizing transaction costs, minimizing tracking error and minimizing risk. One of the ways they do this is by fully replicating the index within a cost-effective environment. Because these stocks are highly liquid, full replication can be achieved without incurring excessive costs. BlackRock also has extensive experience trading outside of the S&P 500 universe of the US equity market. This breadth allows BlackRock to capitalize on crossing opportunities which result in cost-savings when changes are made to the index and when clients rebalance their portfolios.

The BlackRock Equity Index Fund is monitored on a daily basis to ensure tracking of the Index. Trading occurs as often as necessary to reinvest dividends, tender proceeds, and accommodate changes in the composition of the S&P 500 Index. Typically, the fund has turnover of less than 5% annually. Cash tolerances are also monitored daily and are typically below 1% of the entire portfolio. Cash balances and dividend accruals are equitized with S&P 500 Index futures to minimize tracking error. The BlackRock Equity Index Fund participates in BlackRock's high-quality, risk-controlled securities lending program to earn additional income.

### Factual Performance Statement

The S&P 500 Index Fund returned 2.9% for the quarter and 20.6% for the one-year period, tracking its benchmark within 10 basis points.

# Manager Commentary

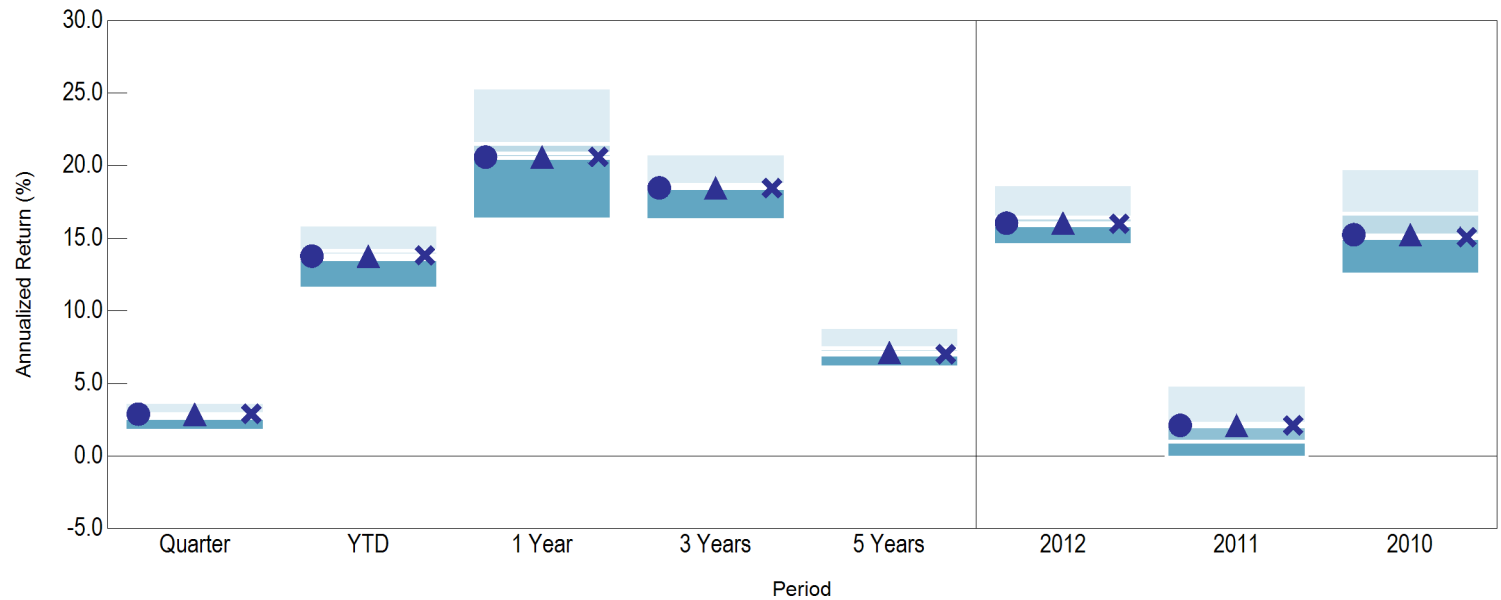
## Summary Data Points

**Mercer Rating:** Preferred Provider  
**Strategy AUM (\$B):** \$248.0 (as of 3/31/13)

# NCSRP BlackRock Equity Index

## Performance

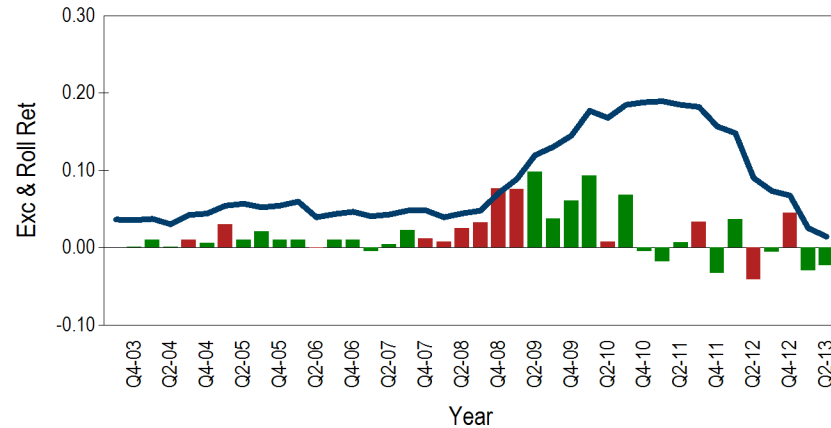
Performance vs. Mercer Instl US Equity Large Cap Index  
Ending June 30, 2013



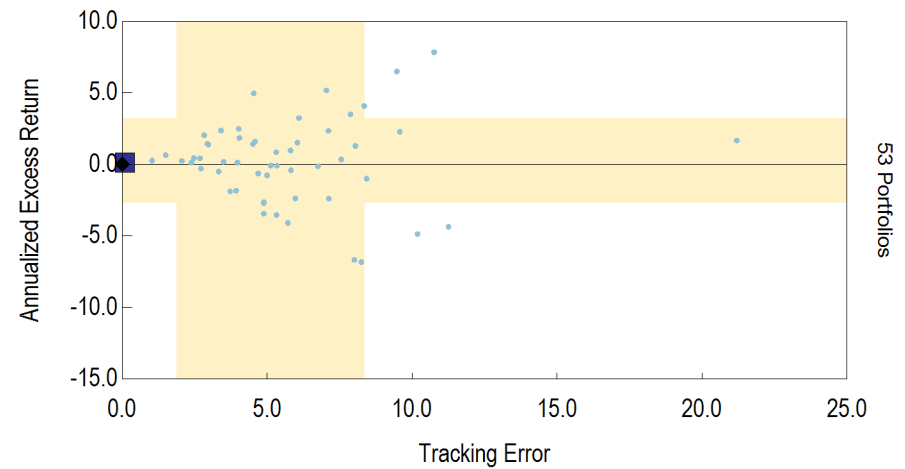
	Return (Rank)															
5th Percentile	3.7		15.9		25.4		20.8		8.9		18.7		4.9		19.8	
25th Percentile	2.9		14.2		21.5		18.7		7.5		16.5		2.2		16.7	
Median	2.8		13.8		20.9		18.6		7.2		16.1		2.1		15.2	
75th Percentile	2.6		13.6		20.5		18.5		7.0		15.9		1.0		15.0	
95th Percentile	1.8		11.6		16.3		16.3		6.1		14.5		-0.1		12.5	
# of Portfolios	79		79		74		67		61		84		91		81	
● NCSRP BlackRock Equity Index	2.9	(45)	13.8	(72)	20.6	(69)	18.5	(73)	--	(--)	16.0	(56)	2.1	(44)	15.2	(50)
▲ BlackRock Equity Index Strategy	2.9	(45)	13.8	(72)	20.6	(69)	18.5	(73)	7.1	(59)	16.0	(56)	2.1	(44)	15.2	(50)
✕ S&P 500	2.9	(30)	13.8	(57)	20.6	(67)	18.5	(77)	7.0	(75)	16.0	(63)	2.1	(44)	15.1	(69)

## BlackRock Equity Index Strategy

**Rolling 3 Year Excess Performance**  
BlackRock Equity Index Strategy vs. S&P 500 Index (Total Return)



**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013

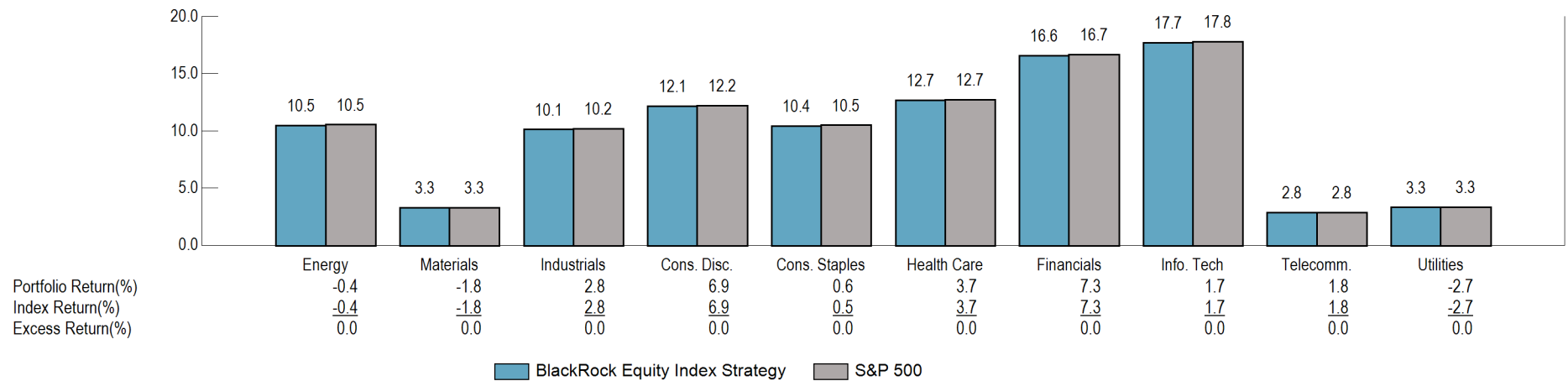


**Characteristics**  
as of June 30, 2013

PORTFOLIO CHARACTERISTICS	Portfolio	S&P 500
Price To Earnings	19.83	18.90
P/E Excluding Negative Earnings	20.02	19.08
P/E Median	18.98	18.78
Price To Book	3.59	3.39
Price To Book Median	2.72	2.74
Price To Cash Flow	11.78	11.50
Price To Sales	2.37	2.13
Dividend Yield (%)	2.19	2.18
Weighted Ave. Market Cap. (\$B)	102.69	102.69
Median Market Cap. (\$B)	14.56	14.56
Beta	1.00	1.00

## BlackRock Equity Index Strategy

Sector Allocation (%) vs S&P 500  
3 Months Ending June 30, 2013



### Top Returning Stocks

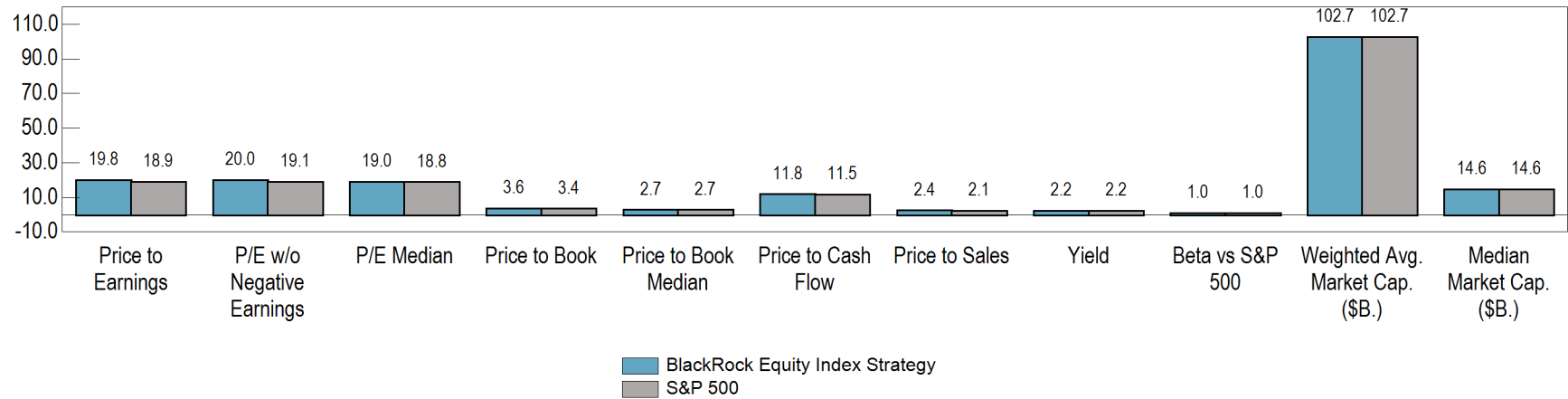
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
T-MOBILE US (TMUS)	0.00%		0.00%	125.39%
FIRST SOLAR (FSLR)	0.02%	0.02%	0.00%	66.21%
ADVANCED MICRO DEVC. (AMD)	0.02%	0.02%	0.00%	60.00%
GAMESTOP 'A' (GME)	0.03%	0.03%	0.00%	51.51%
MICRON TECHNOLOGY (MU)	0.10%	0.10%	0.00%	43.66%
ACTAVIS (ACT)	0.11%	0.11%	0.00%	37.03%
ELECTRONIC ARTS (EA)	0.05%	0.05%	0.00%	29.89%
MONSTER BEVERAGE (MNST)	0.06%	0.06%	0.00%	27.42%
AETNA (AET)	0.17%	0.17%	0.00%	24.72%
PRUDENTIAL FINL. (PRU)	0.24%	0.24%	0.00%	24.55%
<b>Total</b>	<b>0.80%</b>	<b>0.80%</b>		

### Bottom Returning Stocks

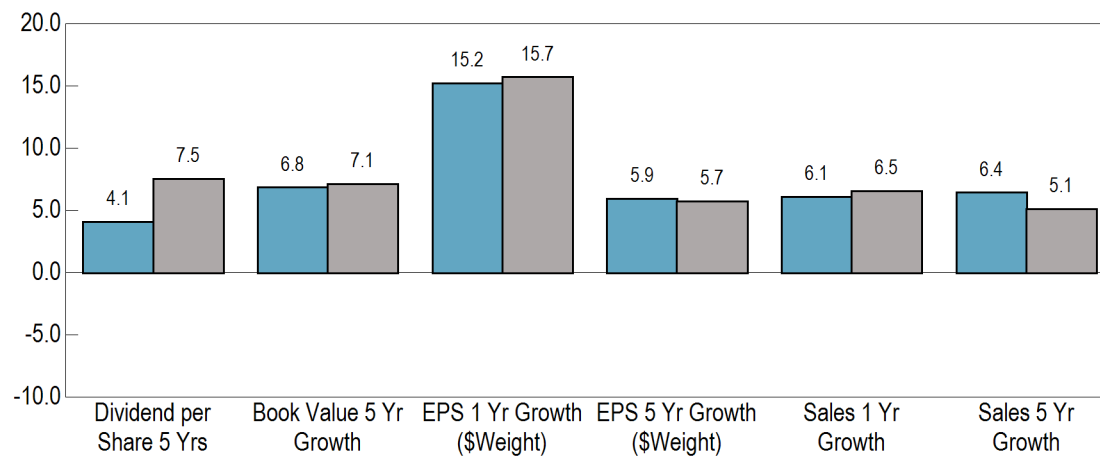
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
PEABODY ENERGY (BTU)	0.03%	0.03%	0.00%	-30.50%
NEWMONT MINING (NEM)	0.10%	0.10%	0.00%	-27.77%
IRON MNT. (IRM)	0.03%	0.03%	0.00%	-25.98%
ALLERGAN (AGN)	0.17%	0.17%	0.00%	-24.50%
F5 NETWORKS (FFIV)	0.04%	0.04%	0.00%	-22.77%
MARATHON PETROLEUM (MPC)	0.16%	0.16%	0.00%	-20.34%
CONSOL EN. (CNX)	0.04%	0.04%	0.00%	-19.18%
ADT (ADT)	0.06%	0.06%	0.00%	-18.34%
COGNIZANT TECH.SLTN.'A' (CTSH)	0.13%	0.13%	0.00%	-18.25%
EDWARDS LIFESCIENCES (EW)	0.05%	0.05%	0.00%	-18.21%
<b>Total</b>	<b>0.82%</b>	<b>0.83%</b>		

# BlackRock Equity Index Strategy

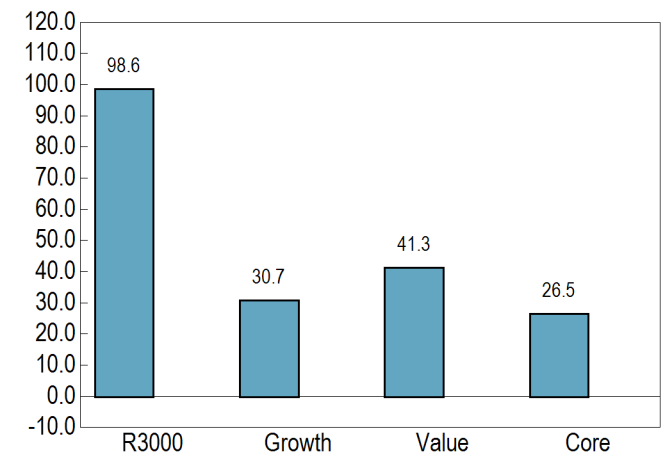
Portfolio Characteristics  
Ending June 30, 2013



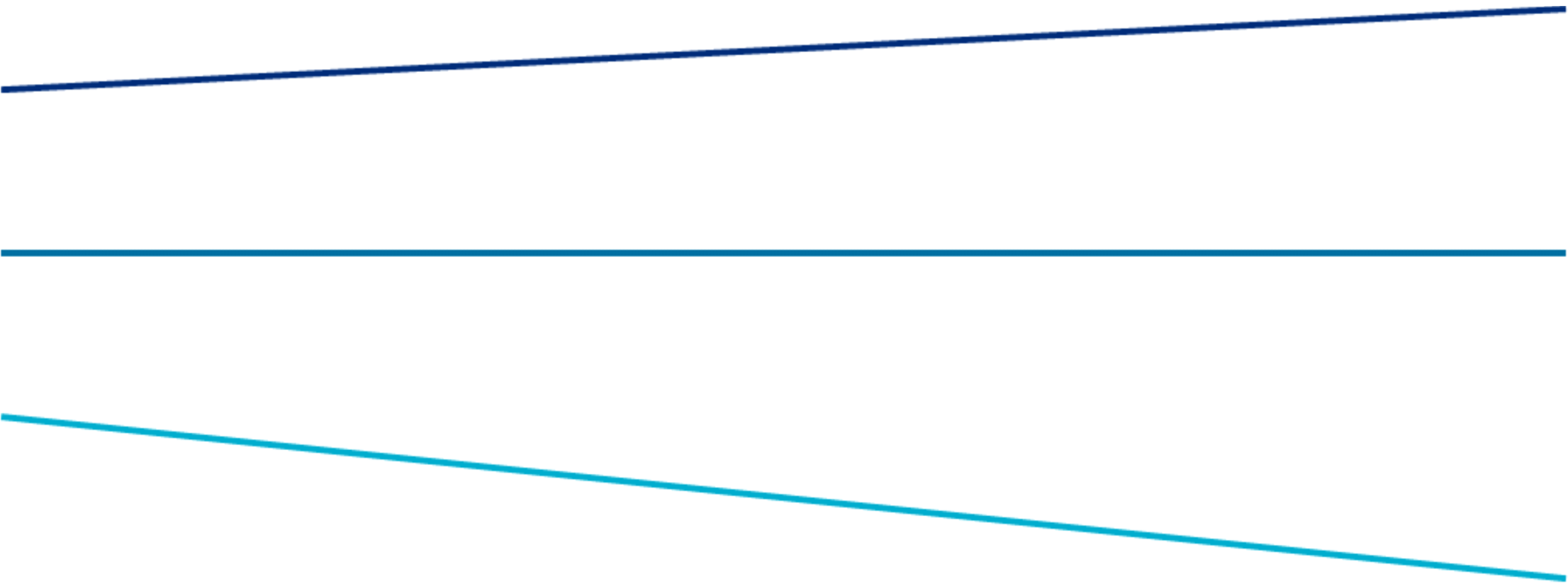
Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



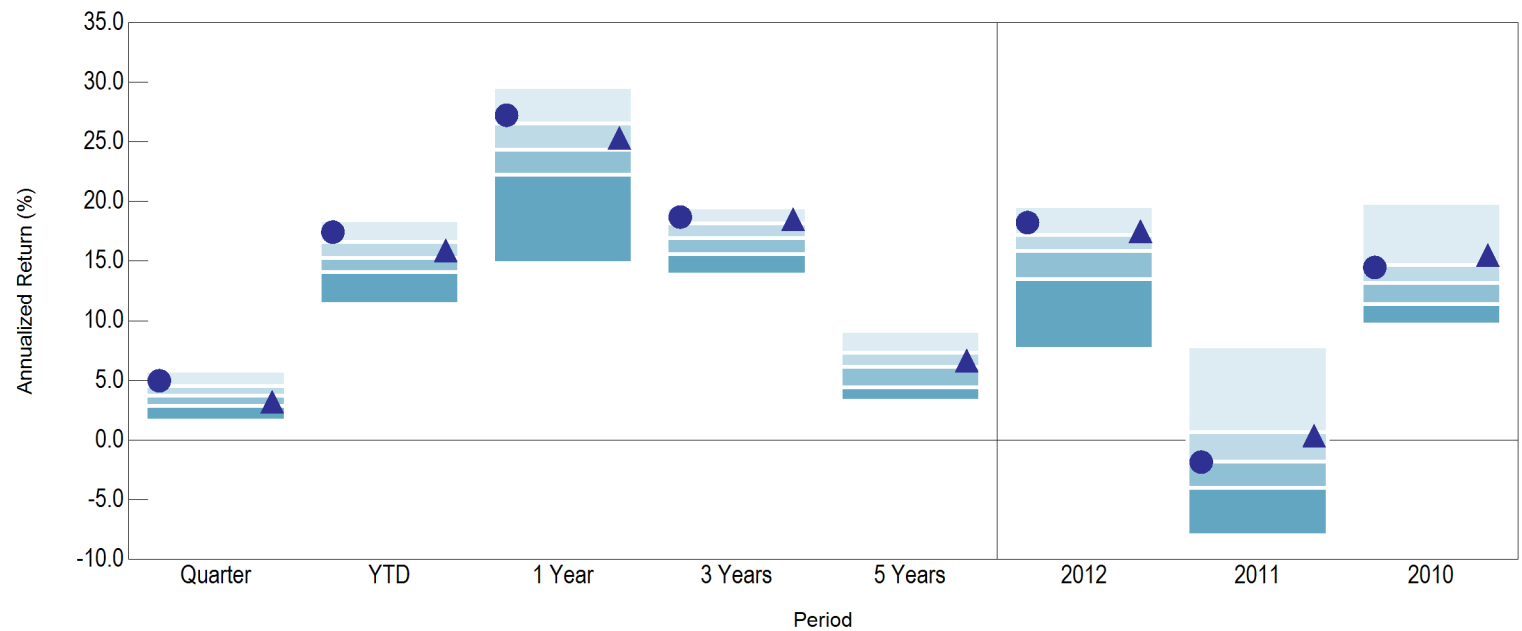
# Large Cap Value



# Large Cap Value

## Performance

Performance vs. Mercer Mutual Fund US Equity Large Cap Value  
Ending June 30, 2013



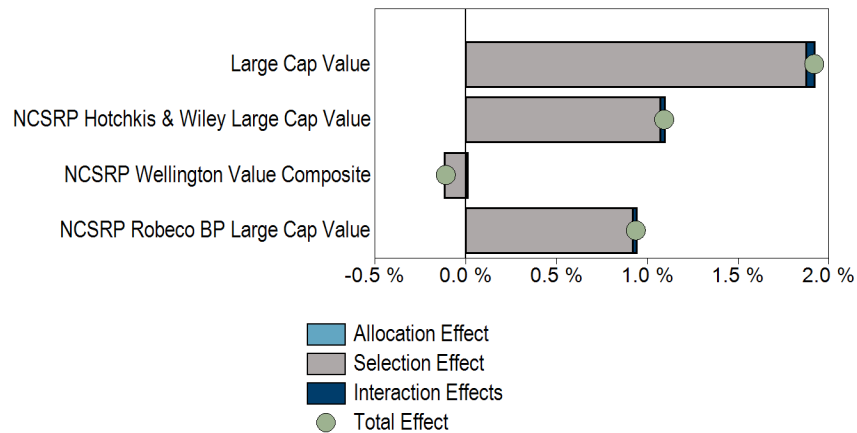
### Return (Rank)

	Quarter	YTD	1 Year	3 Years	5 Years	2012	2011	2010
5th Percentile	5.8	18.4	29.6	19.5	9.1	19.6	7.8	19.9
25th Percentile	4.5	16.6	26.6	18.2	7.3	17.2	0.7	14.7
Median	3.8	15.3	24.4	17.0	6.2	15.9	-1.8	13.2
75th Percentile	2.9	14.1	22.3	15.6	4.5	13.5	-4.0	11.4
95th Percentile	1.6	11.4	14.8	13.9	3.3	7.7	-8.0	9.7
# of Portfolios	125	122	118	104	98	117	132	125
Large Cap Value	5.0 (18)	17.4 (14)	27.2 (22)	18.7 (16)	-- (--)	18.2 (16)	-1.8 (52)	14.5 (30)
Russell 1000 Value	3.2 (70)	15.9 (41)	25.3 (37)	18.5 (19)	6.7 (40)	17.5 (24)	0.4 (29)	15.5 (17)

# Large Cap Value

## Attribution

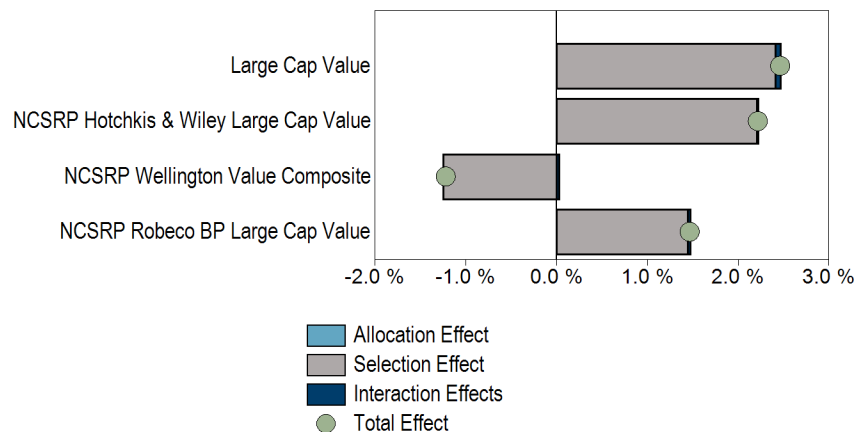
**Attribution Effects**  
3 Months Ending June 30, 2013



**Attribution Summary**  
3 Months Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Hotchkis & Wiley Large Cap Value	6.4%	3.2%	3.2%	1.1%	0.0%	0.0%	1.1%
NCSRP Wellington Value Composite	2.9%	3.2%	-0.3%	-0.1%	0.0%	0.0%	-0.1%
NCSRP Robeco BP Large Cap Value	6.0%	3.2%	2.8%	0.9%	0.0%	0.0%	0.9%
<b>Total</b>	<b>5.1%</b>	<b>3.2%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.9%</b>

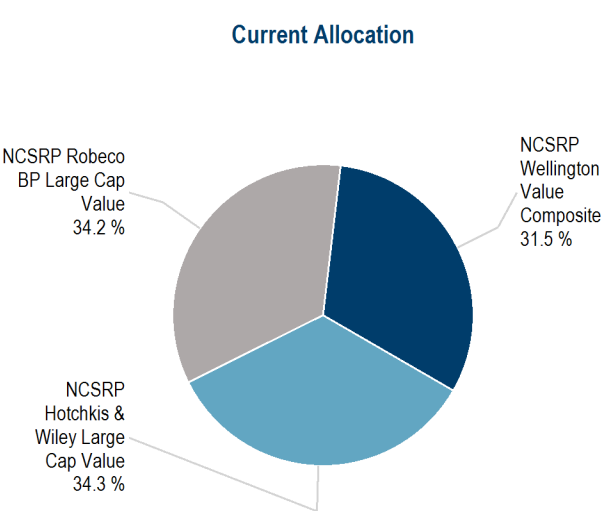
**Attribution Effects**  
1 Year Ending June 30, 2013



**Attribution Summary**  
1 Year Ending June 30, 2013

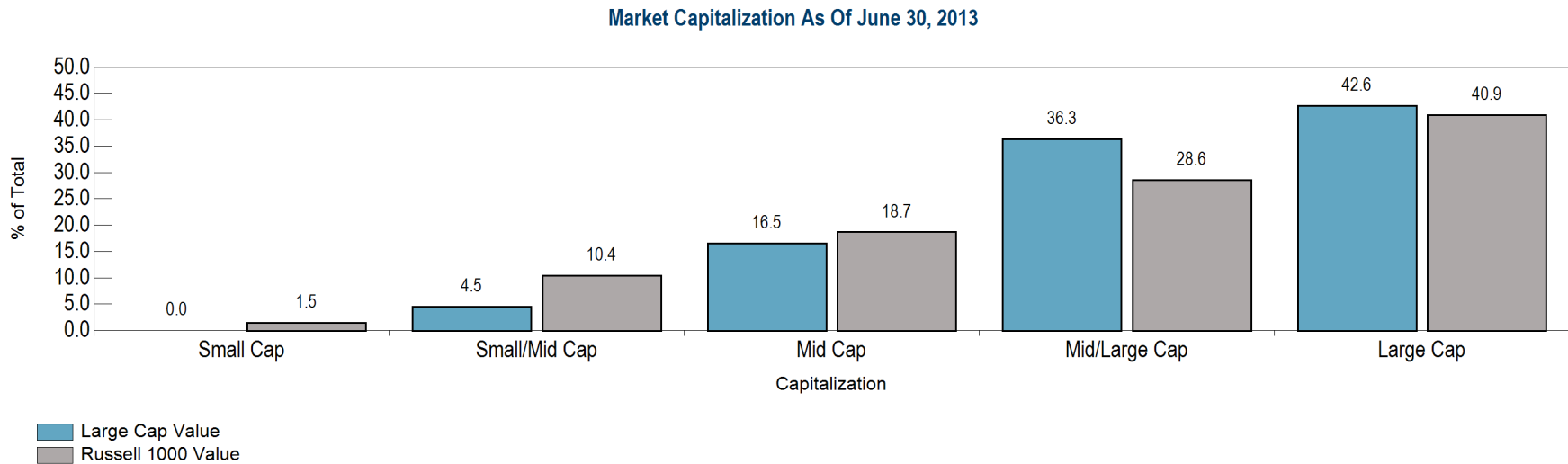
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Hotchkis & Wiley Large Cap Value	31.9%	25.3%	6.6%	2.2%	0.0%	0.0%	2.2%
NCSRP Wellington Value Composite	21.7%	25.3%	-3.6%	-1.2%	0.0%	0.0%	-1.2%
NCSRP Robeco BP Large Cap Value	29.7%	25.3%	4.4%	1.4%	0.0%	0.0%	1.5%
<b>Total</b>	<b>27.8%</b>	<b>25.3%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>2.5%</b>

# Large Cap Value



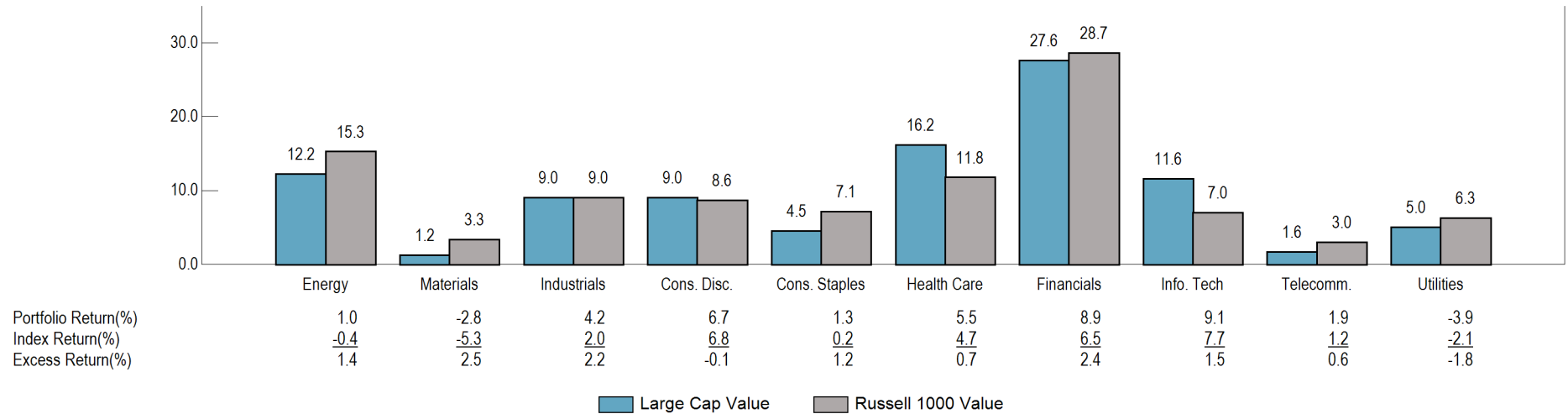
Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	182	696
Weighted Avg. Market Cap. (\$B)	93.41	93.50
Median Market Cap. (\$B)	30.44	5.62
Price To Earnings	17.25	17.23
Price To Book	2.35	2.06
Price To Sales	1.60	1.65
Return on Equity (%)	14.51	13.13
Yield (%)	2.40	2.36
Beta	1.06	1.00
R-Squared	0.98	1.00



## Large Cap Value

Sector Allocation (%) vs Russell 1000 Value



Top Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
ELECTRONIC ARTS (EA)	0.00%		0.00%	29.89%
AETNA (AET)	0.41%	0.28%	0.03%	24.72%
PRUDENTIAL FINL. (PRU)	0.26%	0.40%	-0.05%	24.55%
WELLPOINT (WLP)	0.61%	0.27%	0.07%	24.18%
SEAGATE TECH. (STX)	0.14%		0.05%	23.79%
HUMANA (HUM)	0.31%	0.16%	0.03%	22.49%
MAGNA INTL. (NYS) (MGA)	0.28%		0.11%	21.92%
MICROSOFT (MSFT)	2.37%		0.43%	21.59%
METLIFE (MET)	0.23%	0.46%	0.01%	21.17%
CHARLES SCHWAB (SCHW)	0.22%	0.27%	0.02%	20.43%
<b>Total</b>	<b>4.82%</b>	<b>1.85%</b>		

Bottom Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
BARRICK GOLD (C:ABX)	0.00%		-0.05%	-45.88%
CONSOL EN. (CNX)	0.00%		-0.02%	-19.18%
JOY GLOBAL (JOY)	0.00%		-0.03%	-18.20%
PETROBRAS PN (BR:POB)	0.00%		-0.01%	-16.45%
PHILLIPS 66 (PSX)	0.43%	0.43%	0.02%	-15.39%
ELI LILLY (LLY)	0.28%	0.38%	0.00%	-12.75%
ENCANA (C:ECA)	0.20%		-0.03%	-12.32%
INTERNATIONAL BUS.MCHS. (IBM)	0.28%		-0.03%	-9.99%
APPLE (AAPL)	0.00%		-0.01%	-9.82%
EATON VANCE NV. (EV)	0.00%		-0.01%	-9.67%
<b>Total</b>	<b>1.19%</b>	<b>0.81%</b>		

## Large Cap Value

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### Top Holdings Large Cap Value

	LCV Fund %	Hotchkis %	Wellington %	Robeco %	Index Weight%
JP MORGAN CHASE & CO.	3.57%	4.11%	3.39%	3.18%	2.37%
WELLS FARGO & CO	3.16%	2.02%	3.69%	3.83%	2.38%
CITIGROUP	2.67%	3.53%	1.00%	3.35%	1.66%
JOHNSON & JOHNSON	2.66%	2.64%	2.63%	2.70%	2.15%
EXXON MOBIL	2.38%		3.94%	3.33%	4.98%
MICROSOFT	2.37%	3.92%	0.98%	2.09%	
BANK OF AMERICA	2.33%	3.48%	1.59%	1.86%	1.63%
PFIZER	2.16%		3.29%	3.29%	2.21%
UNITEDHEALTH GP.	1.70%	2.67%	0.55%	1.77%	0.80%
CAPITAL ONE FINL.	1.64%	3.00%		1.79%	0.43%
<b>Total</b>	<b>24.64%</b>	<b>25.36%</b>	<b>21.06%</b>	<b>27.20%</b>	<b>18.61%</b>

## Manager Commentary

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<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Hotchkis and Wiley Capital Management - Large Cap Fundamental Value</b>
<b>Benchmark</b>	<b>Russell 1000 Value</b>

### Portfolio Managers / Team

George Davis  
Scott McBride  
Judd Peters

### Manager Philosophy and Process

#### Investment Style/Philosophy

HWCM takes a fundamental, bottom-up approach to value investing. The firm seeks to exploit mispriced securities by investing in undiscovered or out of favor companies. The firm focuses on stocks where its estimate of the intrinsic value of future cash flows exceeds the market price.

#### Investment Process

The process begins with a screen of stocks with market capitalizations greater than \$1 billion. Next, stocks are screened for adequate liquidity and traditional value characteristics and ranked according to a three-stage dividend discount model. Companies that look attractive are subject to further in-depth analysis. Analysts, who specialize by sector, refine the dividend discount model inputs by determining a company's normalized earnings power, which is used as the basis for security valuation. At weekly meetings the sector teams and Portfolio Coordinators actively debate the merits of each recommendation in relation to the portfolio's current composition and the relative value of alternate investments. The analysis includes the incorporation of a proprietary methodology that attempts to quantify macroeconomic risks associated with each purchase candidate on a standalone basis as well as the effect on the total portfolio. Although all team members are involved in these discussions, Portfolio Coordinators are responsible for all investment decisions.

As stocks approach intrinsic value and decline in relative attractiveness, they become candidates for sale. Other sell decisions may occur because of client diversification guidelines or because of deterioration in fundamentals. Turnover averages 30% annually.

A typical portfolio holds between 40 and 60 stocks with a maximum exposure of 5% to any one name. In addition, industry exposure is limited to 15% of portfolio assets.

## Manager Commentary

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### Current Positioning

- During the quarter, the allocations to the consumer discretionary and consumer staples sectors were decreased modestly and some of the strong performing financial holdings were trimmed back.
- The largest sector increases were in industrials where a new position in Stanley Black & Decker was established, and in information technology where a position in Oracle was added.
- Hotchkis & Wiley is finding attractive risk/return prospects across several sectors and continues to maintain an emphasis on financials, information technology and health care. They are finding less compelling opportunities in the commodity-tied sectors such as energy and materials.

### Quarterly Attribution

#### Positive Impact on Performance:

- Stock selection in the financials, health care and industrials sectors
- An overweight in information technology and an underweight in energy
- Individual contributors: Microsoft, American International Group, Capital One Financial

#### Negative Impact on Performance:

- A modest overweight and stock selection in the utilities sector
- Individual detractors: Exelon, Cummings, Public Service Enterprise Group

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Stock selection within the financials, health care, and industrials sectors
- An underweight in the energy sector and an overweight in the information technology and consumer discretionary sectors
- Individual contributors: Citigroup, H&R Block, Unum Group

#### Negative Impact on Performance:

- Stock selection in the consumer staples and information technology sectors
- Individual detractors: JC Penney, Exelon, Royal Dutch Shell

# Manager Commentary

## Responsible Investment ESG Comment

ESG3

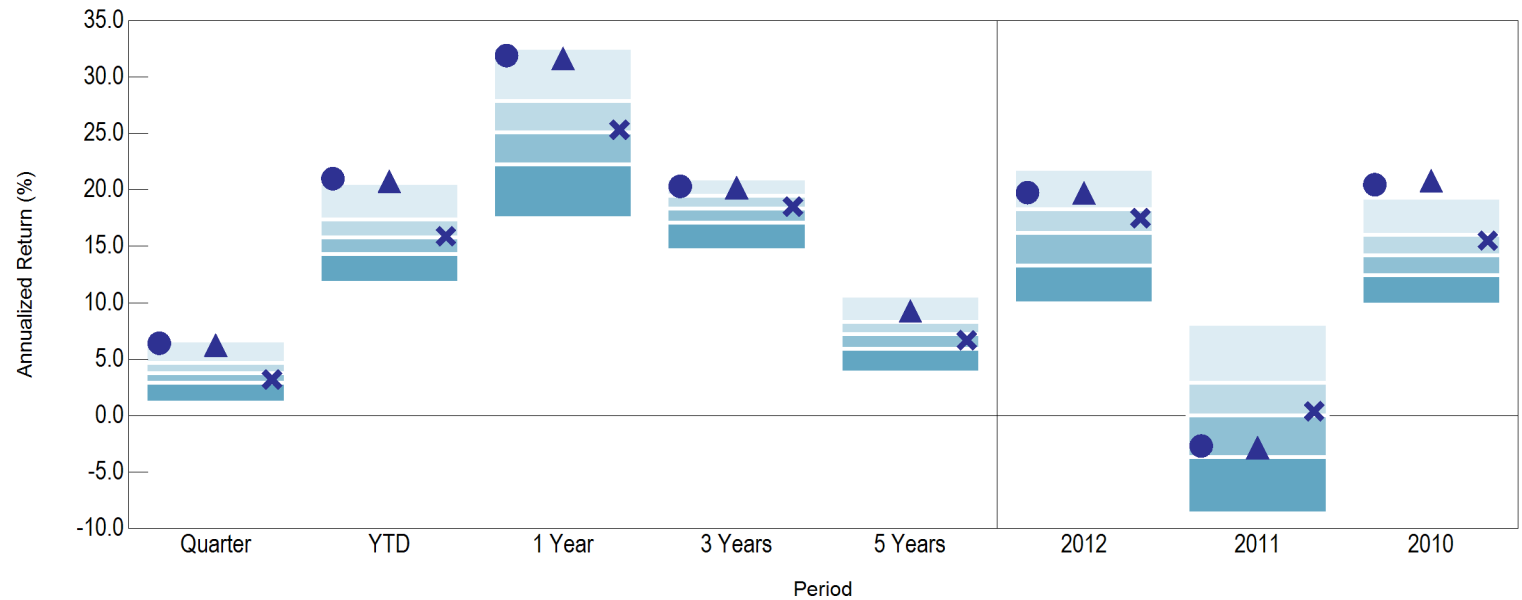
## Summary Data Points

**Mercer Rating:** B+(T)  
**Strategy AUM (\$B):** \$7.9

# NCSRP Hotchkis & Wiley Large Cap Value

## Performance

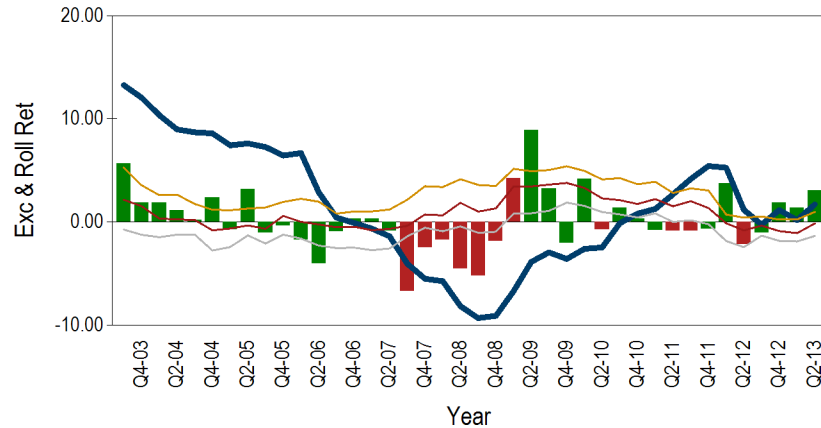
Performance vs. Mercer Instl US Equity Large Cap Value  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	6.7		20.6		32.6		21.0		10.6		21.8		8.1		19.3	
25th Percentile	4.7		17.4		27.9		19.5		8.3		18.3		2.9		16.0	
Median	3.8		15.8		25.1		18.4		7.3		16.2		0.0		14.2	
75th Percentile	2.9		14.3		22.3		17.1		6.0		13.3		-3.6		12.5	
95th Percentile	1.2		11.8		17.5		14.7		3.9		10.0		-8.6		9.9	
# of Portfolios	250		247		242		212		206		279		286		302	
● NCSRP Hotchkis & Wiley Large Cap Value	6.4	(7)	21.0	(3)	31.9	(7)	20.3	(13)	--	(--)	19.8	(14)	-2.7	(70)	20.5	(4)
▲ Hotchkis & Wiley Large Cap Value Strategy	6.3	(8)	20.8	(5)	31.6	(9)	20.2	(14)	9.3	(12)	19.7	(15)	-2.8	(71)	20.8	(2)
✕ Russell 1000 Value	3.2	(65)	15.9	(48)	25.3	(48)	18.5	(48)	6.7	(61)	17.5	(32)	0.4	(49)	15.5	(31)

# Hotchkis & Wiley Large Cap Value Strategy

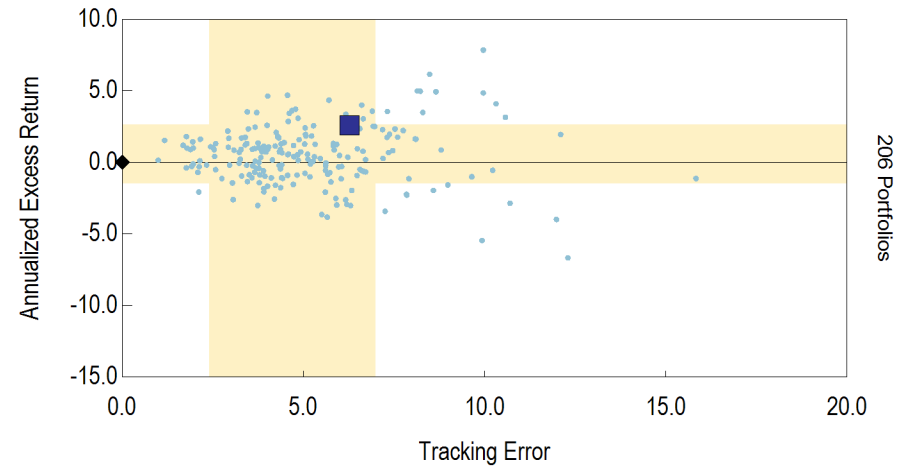
**Rolling 3 Year Excess Performance**  
Hotchkis & Wiley Large Cap Value Strategy vs. Russell 1000 Value



**Characteristics**  
as of June 30, 2013

	Portfolio	Russell 1000 Value
PORTFOLIO CHARACTERISTICS		
Price To Earnings	15.79	17.23
P/E Excluding Negative Earnings	16.61	17.56
P/E Median	14.69	17.76
Price To Book	1.88	2.06
Price To Book Median	1.80	1.94
Price To Cash Flow	8.61	9.80
Price To Sales	1.23	1.65
Dividend Yield (%)	2.57	2.36
Weighted Ave. Market Cap. (\$B)	84.02	93.50
Median Market Cap. (\$B)	24.58	5.62
Beta	1.08	1.00

**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013

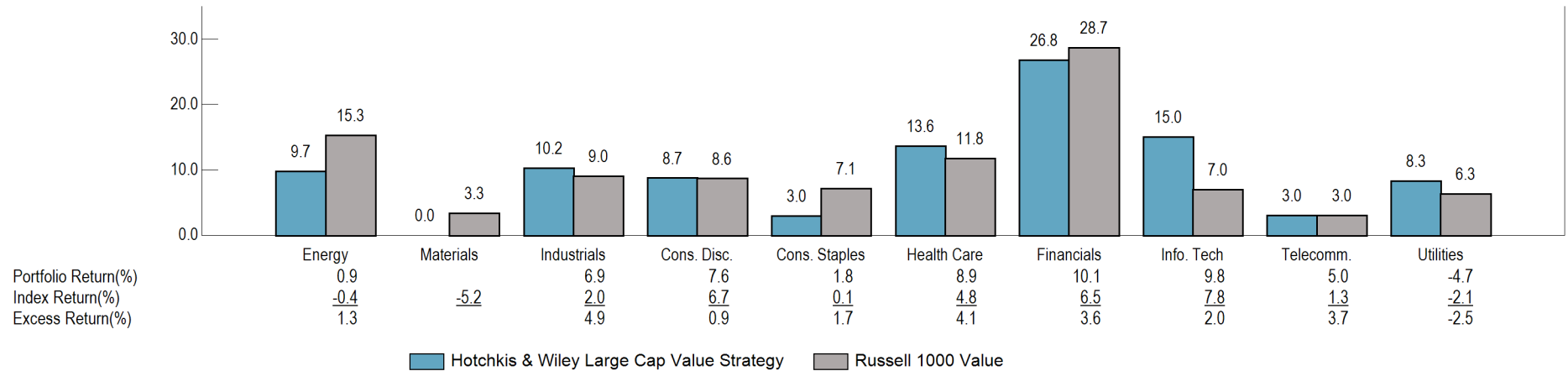


**Performance Attribution vs. Russell 1000 Value**  
Quarter Ending June 30, 2013

	Total			
	Effects		Attribution Effects	
		Selection	Allocation	Interaction
		Effect	Effect	Effects
Energy	0.34%	-0.09%	0.22%	0.20%
Materials	0.31%	--	0.31%	--
Industrials	0.53%	0.47%	0.05%	0.00%
Cons. Disc.	0.11%	-0.10%	0.04%	0.17%
Cons. Staples	0.20%	0.13%	0.12%	-0.05%
Health Care	0.54%	0.89%	0.02%	-0.37%
Financials	0.96%	1.01%	-0.02%	-0.03%
Info. Tech	0.64%	0.13%	0.37%	0.14%
Telecomm.	0.11%	0.00%	-0.01%	0.12%
Utilities	-0.31%	-0.16%	-0.11%	-0.04%
Cash	-0.05%	0.00%	0.00%	-0.05%
Unclassified	0.00%	--	0.00%	--
<b>Portfolio</b>	<b>3.38%</b>	<b>=</b>	<b>2.29%</b>	<b>+</b>
			<b>0.99%</b>	<b>+</b>
				<b>0.10%</b>

## Hotchkis & Wiley Large Cap Value Strategy

Sector Allocation (%) vs Russell 1000 Value  
3 Months Ending June 30, 2013



### Top Returning Stocks

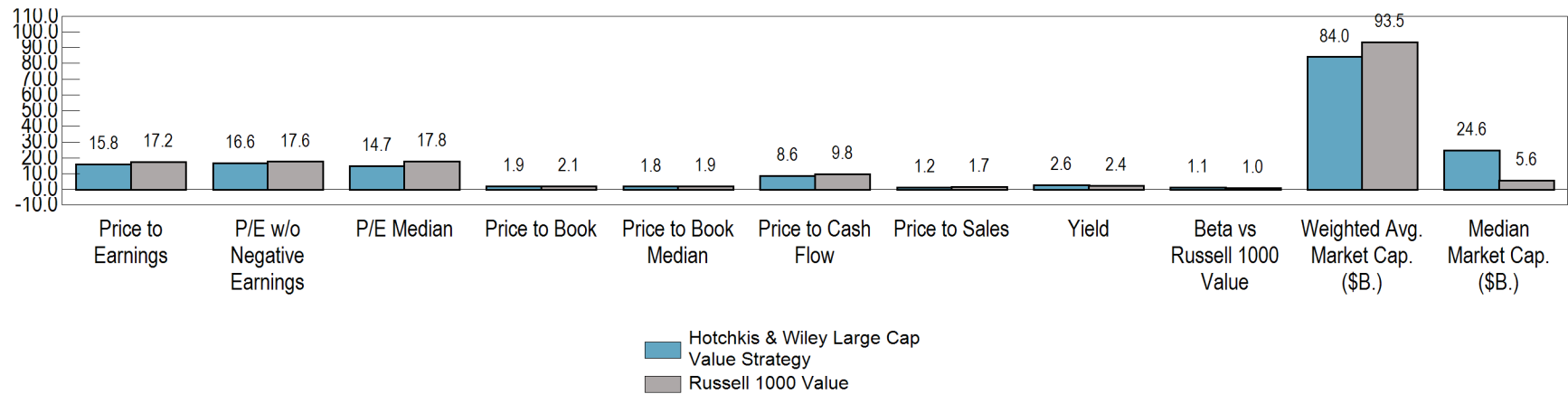
	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
AETNA (AET)	1.18%	0.28%	0.20%	24.72%
WELLPOINT (WLP)	1.78%	0.27%	0.31%	24.18%
MAGNA INTL. (NYS) (MGA)	0.80%		0.32%	21.92%
MICROSOFT (MSFT)	3.92%		0.76%	21.59%
METLIFE (MET)	0.00%		0.02%	21.17%
BOEING (BA)	1.54%	0.09%	0.26%	19.94%
NORTHROP GRUMMAN (NOC)	0.75%	0.23%	0.09%	18.93%
REGIONS FINL.NEW (RF)	0.52%	0.16%	0.10%	16.75%
AMERICAN INTL.GP. (AIG)	4.49%	0.34%	0.62%	15.15%
UNITEDHEALTH GP. (UNH)	2.67%	0.80%	0.20%	14.96%
<b>Total</b>	<b>17.66%</b>	<b>2.18%</b>		

### Bottom Returning Stocks

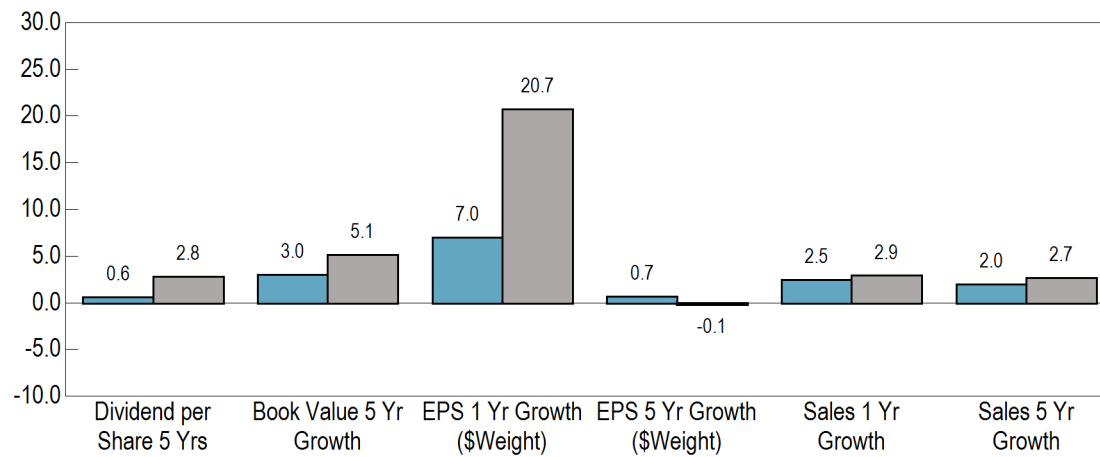
	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
ELI LILLY (LLY)	0.00%		0.02%	-12.75%
EXELON (EXC)	2.99%	0.31%	-0.24%	-9.65%
MONDELEZ INTERNATIONAL CL.A (MDLZ)	0.45%	0.57%	0.00%	-6.39%
CUMMINS (CMI)	2.00%		-0.08%	-5.95%
ASTRAZENECA SPN.ADR.1:1 (AZN)	1.47%		-0.04%	-5.36%
H&R BLOCK (HRB)	0.00%		-0.02%	-5.02%
MURPHY OIL (MUR)	1.49%	0.14%	-0.06%	-3.99%
PUB.SER.ENTER.GP. (PEG)	2.22%	0.19%	-0.09%	-3.83%
EDISON INTL. (EIX)	0.66%	0.18%	-0.03%	-3.61%
MANPOWERGROUP (MAN)	0.99%	0.05%	-0.03%	-2.60%
<b>Total</b>	<b>12.27%</b>	<b>1.45%</b>		

# Hotchkis & Wiley Large Cap Value Strategy

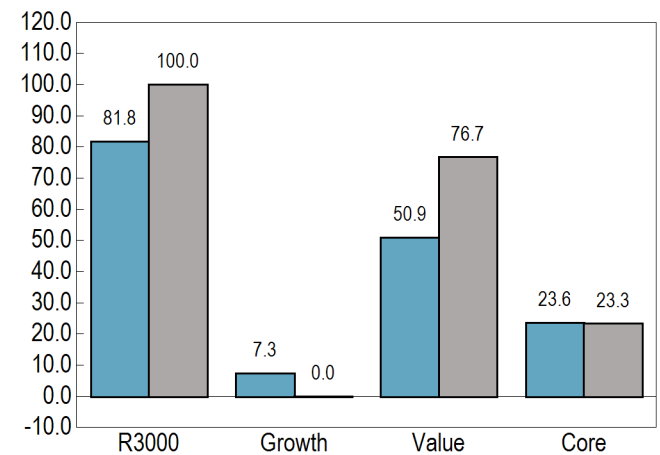
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



## Manager Commentary

---

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Wellington Management Company - Quality Value</b>
<b>Benchmark</b>	<b>Russell 1000 Value</b>

### Portfolio Managers / Team

Matthew G. Baker

### Manager Philosophy and Process

The Quality Value strategy seeks long-term total returns in excess of the Russell 1000 Value Index through a bottom-up stock selection process that utilizes Wellington Management Company's proprietary, fundamental research. The team's philosophy is based on the premise that investing in high-quality companies at attractive valuations offers a compelling reward to risk opportunity.

### Current Positioning

- The strategy is positioned in line with the firm's philosophy of owning quality companies.
- Wellington has significantly reduced exposure to the information technology sector over the second quarter.
- The strategy maintains its overweights in consumer staples and health care.

## Manager Commentary

---

### Quarterly Attribution

#### **Positive Impact on Performance:**

- Security selection within the financials, energy, and consumer staples sectors
- Underweight exposures to the energy and utilities sectors
- Individual contributors: Microsoft, Cardinal Health, General Dynamics

#### **Negative Impact on Performance:**

- Security selection within the health care, information technology, and consumer discretionary sectors
- Underweight position in the financials sector
- Individual detractors: Barrick Gold, IBM, EnCana

### Longer Period Attribution (annual)

#### **Positive Impact on Performance:**

- Underweight exposures to the utilities, materials, telecommunication services, and energy sectors
- Security selection within the financials sector

#### **Negative Impact on Performance:**

- Security selection within the energy, information technology, health care, and consumer discretionary sectors
- Underweight allocation to the financials sector

### Responsible Investment ESG Comment

No Rating Provided

## Manager Commentary

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### Summary Data Points

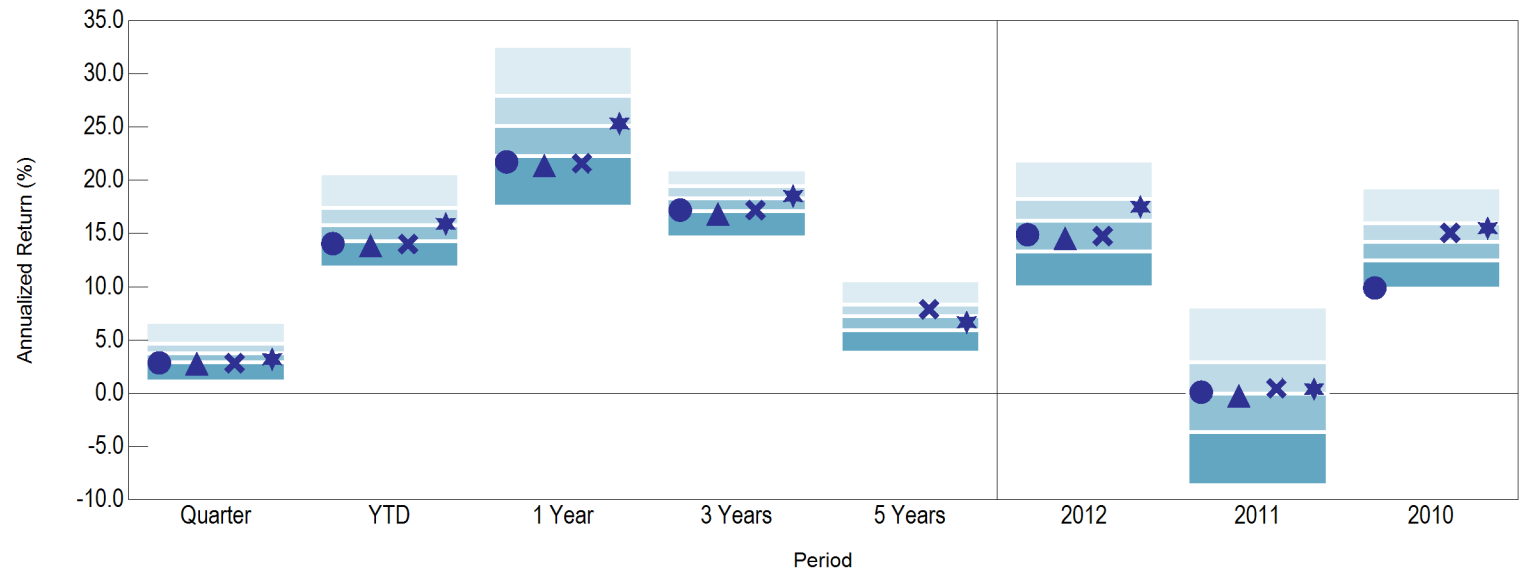
**Mercer Rating:** N

**Strategy AUM (\$B):** \$4.3 (as of 3/31/13)

# NCSRP Wellington Value Composite

## Performance

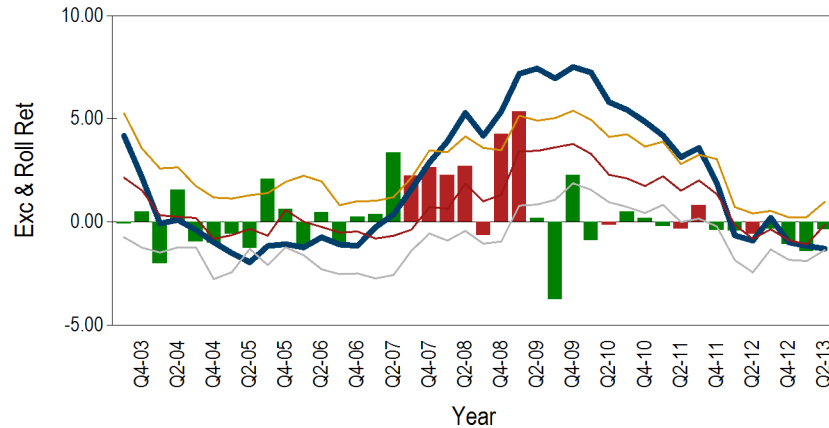
Performance vs. Mercer Instl US Equity Large Cap Value  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	6.7		20.6		32.6		21.0		10.6		21.8		8.1		19.3	
25th Percentile	4.7		17.4		27.9		19.5		8.3		18.3		2.9		16.0	
Median	3.8		15.8		25.1		18.4		7.3		16.2		0.0		14.2	
75th Percentile	2.9		14.3		22.3		17.1		6.0		13.3		-3.6		12.5	
95th Percentile	1.2		11.8		17.5		14.7		3.9		10.0		-8.6		9.9	
# of Portfolios	250		247		242		212		206		279		286		302	
● NCSRP Wellington Value Composite	2.9	(77)	14.0	(79)	21.7	(78)	17.2	(75)	--	(--)	14.9	(64)	0.1	(50)	9.9	(95)
▲ NCSRP Wellington Quality Value	2.8	(80)	13.9	(83)	21.4	(80)	16.8	(82)	--	(--)	14.6	(68)	-0.2	(54)	--	(--)
✕ Wellington Quality Value Strategy	2.8	(78)	14.0	(81)	21.6	(80)	17.2	(75)	7.9	(33)	14.8	(66)	0.5	(49)	15.1	(38)
★ Russell 1000 Value	3.2	(65)	15.9	(48)	25.3	(48)	18.5	(48)	6.7	(61)	17.5	(32)	0.4	(49)	15.5	(31)

# Wellington Quality Value Strategy

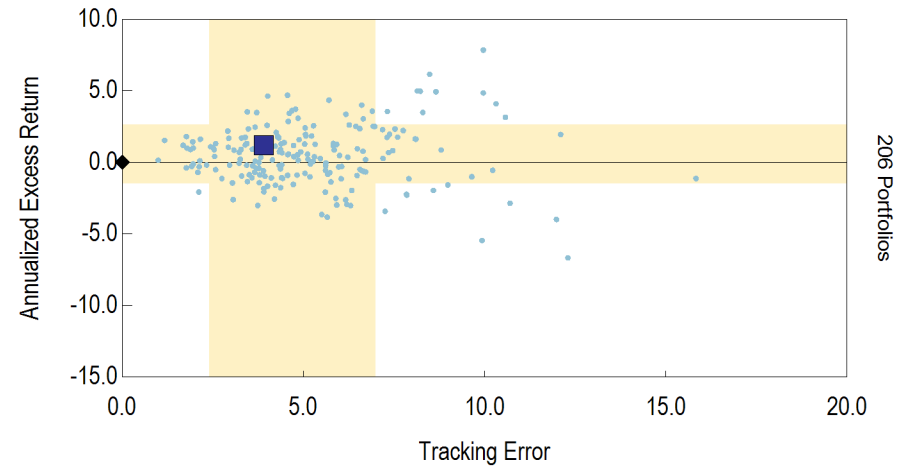
Rolling 3 Year Excess Performance  
Wellington Quality Value Strategy vs. Russell 1000 Value



Characteristics  
as of June 30, 2013

	Portfolio	Russell 1000 Value
PORTFOLIO CHARACTERISTICS		
Price To Earnings	19.02	17.23
P/E Excluding Negative Earnings	19.18	17.56
P/E Median	17.32	17.76
Price To Book	2.70	2.06
Price To Book Median	2.34	1.94
Price To Cash Flow	9.98	9.80
Price To Sales	1.86	1.65
Dividend Yield (%)	2.76	2.36
Weighted Ave. Market Cap. (\$B)	104.11	93.50
Median Market Cap. (\$B)	41.00	5.62
Beta	0.97	1.00

Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013

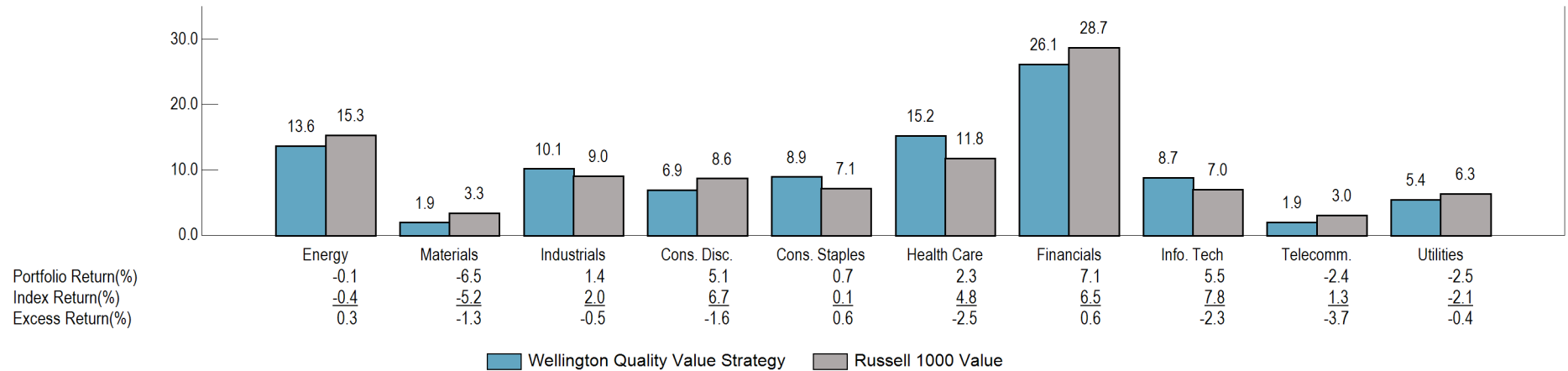


Performance Attribution vs. Russell 1000 Value  
Quarter Ending June 30, 2013

	Total Effects	Selection Effect	Allocation Effect	Interaction Effects
Energy	0.10%	0.23%	0.07%	-0.19%
Materials	0.08%	0.34%	0.11%	-0.37%
Industrials	-0.07%	-0.04%	-0.02%	-0.01%
Cons. Disc.	-0.15%	-0.13%	-0.03%	0.01%
Cons. Staples	-0.03%	0.08%	-0.09%	-0.02%
Health Care	-0.33%	-0.20%	0.04%	-0.17%
Financials	0.06%	0.18%	-0.10%	-0.02%
Info. Tech	-0.12%	-0.15%	0.08%	-0.05%
Telecomm.	-0.05%	-0.12%	0.03%	0.04%
Utilities	0.05%	-0.02%	0.07%	0.00%
Cash	-0.04%	0.00%	0.00%	-0.04%
Unclassified	0.00%	--	0.00%	--
<b>Portfolio</b>	<b>-0.49%</b>	<b>= 0.17%</b>	<b>+ 0.15%</b>	<b>+ -0.82%</b>

## Wellington Quality Value Strategy

Sector Allocation (%) vs Russell 1000 Value  
3 Months Ending June 30, 2013



### Top Returning Stocks

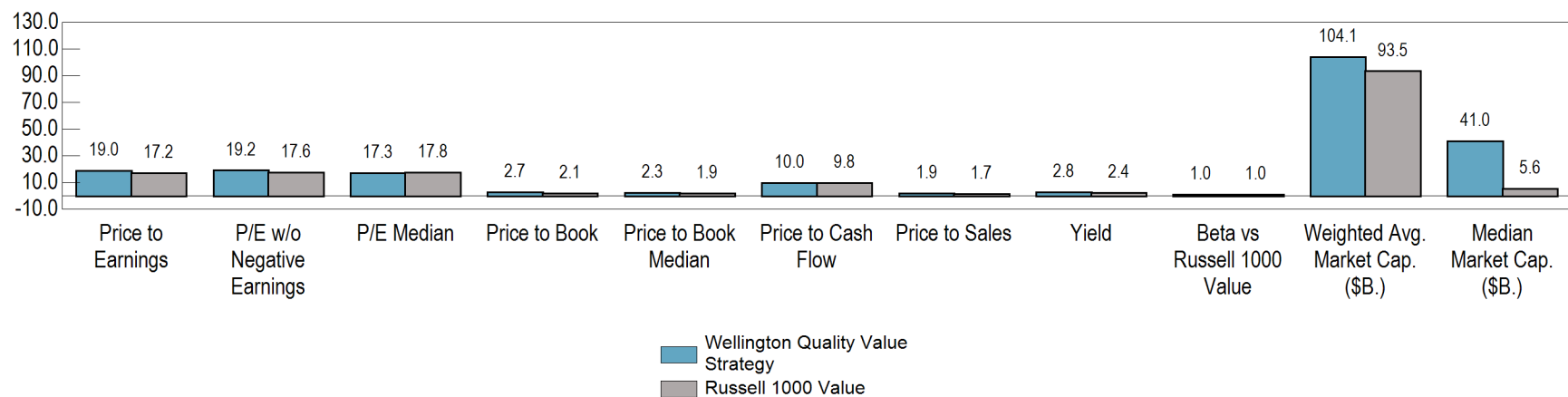
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
PRUDENTIAL FINL. (PRU)	0.82%	0.40%	0.01%	24.55%
MICROSOFT (MSFT)	0.98%		0.11%	21.59%
TIME WARNER CABLE (TWC)	0.00%		0.00%	17.89%
CISCO SYSTEMS (CSCO)	2.27%	1.53%	0.09%	17.40%
UNITEDHEALTH GP. (UNH)	0.55%	0.80%	-0.07%	14.96%
OCCIDENTAL PTL. (OXY)	1.48%	0.85%	0.09%	14.64%
CARDINAL HEALTH (CAH)	1.06%	0.09%	0.14%	14.13%
WELLS FARGO & CO (WFC)	3.69%	2.38%	0.13%	12.44%
INTEL (INTC)	0.93%	0.37%	0.05%	12.01%
GENERAL DYNAMICS (GD)	1.50%	0.29%	0.12%	11.99%
<b>Total</b>	<b>13.28%</b>	<b>6.72%</b>		

### Bottom Returning Stocks

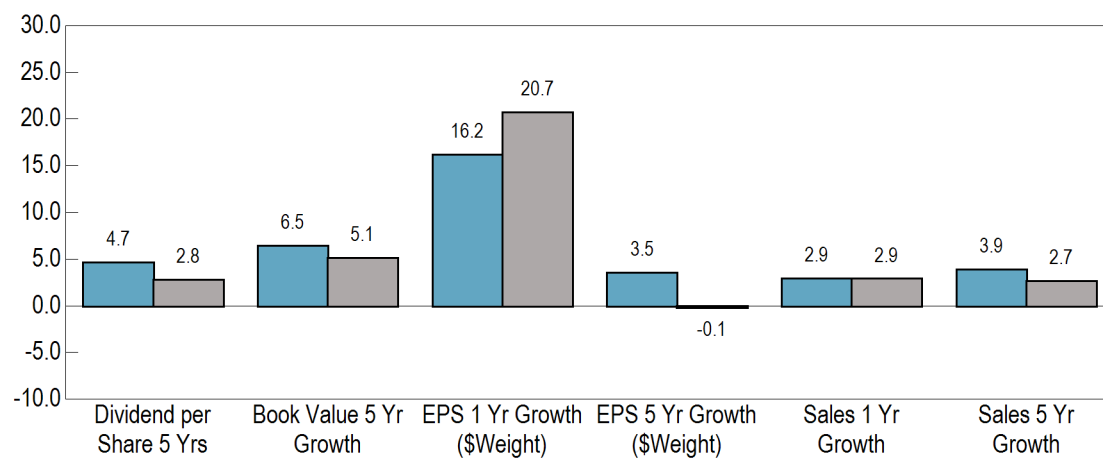
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
BARRICK GOLD (C:ABX)	0.00%		-0.16%	-45.88%
CONSOL EN. (CNX)	0.00%		-0.10%	-19.18%
JOY GLOBAL (JOY)	0.00%		-0.09%	-18.20%
PETROBRAS PN (BR:POB)	0.00%		-0.04%	-16.45%
ELI LILLY (LLY)	0.88%	0.38%	-0.08%	-12.75%
ENCANA (C:ECA)	0.64%		-0.09%	-12.32%
INTERNATIONAL BUS.MCHS. (IBM)	0.89%		-0.09%	-9.99%
EATON VANCE NV. (EV)	0.00%		-0.04%	-9.67%
EXELON (EXC)	0.92%	0.31%	-0.06%	-9.65%
CRH (DUB) (UKIR:CRGI)	0.49%		-0.05%	-8.59%
<b>Total</b>	<b>3.82%</b>	<b>0.69%</b>		

## Wellington Quality Value Strategy

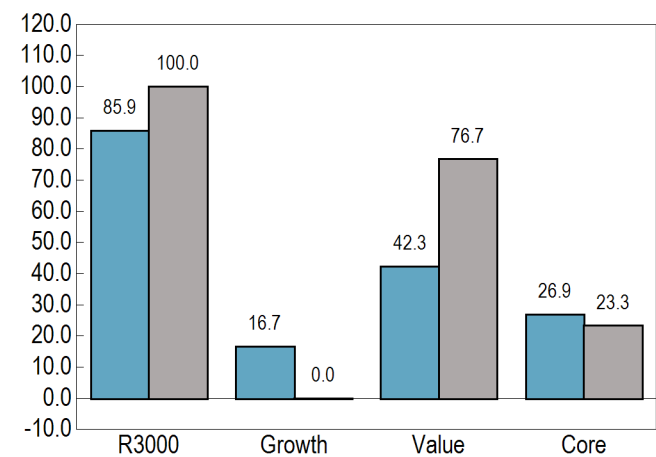
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Robeco Investment Management - Robeco BP Large Cap Value Equity</b>
<b>Benchmark</b>	<b>Russell 1000 Value</b>

### Portfolio Managers / Team

Mark Donovan  
David Pyle

### Manager Philosophy and Process

RBP's approach blends quantitative modeling with fundamental research in constructing equity portfolios using bottom-up, value-oriented stock selection. The three primary tenets of the firm's philosophy are a value discipline, intensive internal research, and risk aversion. The research focuses on finding stocks with attractive value characteristics, strong business fundamentals, and a catalyst for change.

RBP starts with a universe of stocks with a market capitalization of \$2 billion or more. The quantitative model ranks every stock in the universe using factors in three primary groupings: valuation, momentum, and fundamentals. Valuation factors account for 40% of the composite score and contain common valuation factors such as P/E, Price to Cash Flow, EV/EBITDA, ROE, and Cash Flow Yield. Momentum accounts for 40% of the composite score and contains such factors as Earnings Estimate Revisions, Short Interest, and Price Momentum. The fundamental group accounts for the remaining 20% and has factors that look at accrual changes, earnings quality, and profitability. The model ranks each stock on the composite score of 1 (best) to 10 (worst). The analysts then focus their fundamental research on stocks in the top three deciles for investment ideas. Fundamental research tries to identify a near-term positive catalyst that will drive the stock price. The research includes discussion with management, competitors, and customers, on-site visits, and a review of financial statements.

RBP sells a security when the target price is attained, fundamentals deteriorate, or business momentum declines.

Large Cap Value Equity portfolios hold between 75 and 100 securities. Individual securities are weighted between 0.5% and 5% of portfolio assets. RBP will not hold more than 5% of the outstanding shares of a company. Portfolio sector weightings result from the bottom-up stock selection process and are limited to 35% in any one sector. Cash is kept at a minimum, typically less than 5% of assets. Turnover averages 60% annually.

## Manager Commentary

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### Current Positioning

- Overweight consumer discretionary, financials, and health care sectors
- Underweight the energy, materials, utilities and telecommunications sectors
- Higher median market capitalization but average market capitalization is in line with the benchmark

### Quarterly Attribution

#### Positive Impact on Performance:

- Strong stock selection across all sectors except utilities
- Specific stock selections including holdings Occidental Petroleum, Omnicare, Microsoft and Gannett

#### Negative Impact on Performance:

- Weak results within the utilities sector
- Specific stock selections including Apple and Oracle, which were subsequently sold

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Strong stock selection across most sectors with consumer focused and industrials sectors leading the way
- Overweight allocation to the financials sector

#### Negative Impact on Performance:

- Weak results within the information technology and financials sectors

# Manager Commentary

## Responsible Investment ESG Comment

ESG3

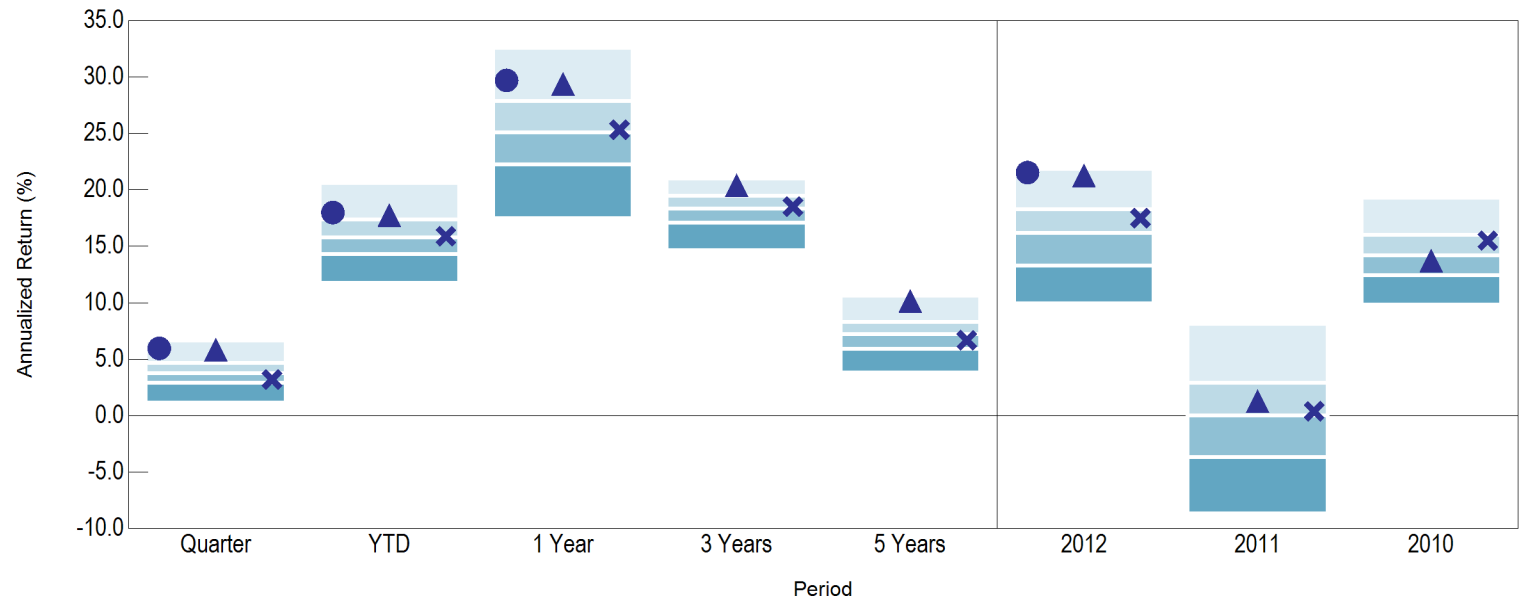
## Summary Data Points

**Mercer Rating:** A  
**Strategy AUM (\$B):** \$15.5

# NCSRP Robeco BP Large Cap Value

## Performance

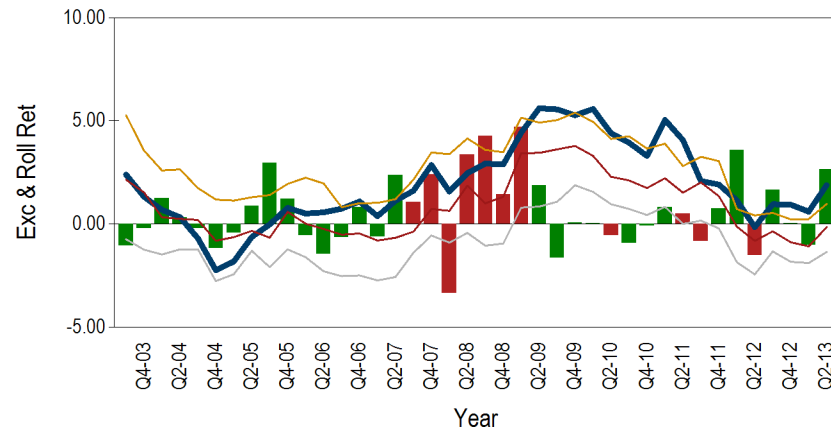
Performance vs. Mercer Instl US Equity Large Cap Value  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	6.7	20.6	32.6	21.0	10.6	21.8	8.1	19.3								
25th Percentile	4.7	17.4	27.9	19.5	8.3	18.3	2.9	16.0								
Median	3.8	15.8	25.1	18.4	7.3	16.2	0.0	14.2								
75th Percentile	2.9	14.3	22.3	17.1	6.0	13.3	-3.6	12.5								
95th Percentile	1.2	11.8	17.5	14.7	3.9	10.0	-8.6	9.9								
# of Portfolios	250	247	242	212	206	279	286	302								
● NCSRP Robeco BP Large Cap Value	6.0 (9)	18.0 (18)	29.7 (17)	-- (--)	-- (--)	21.5 (7)	-- (--)	-- (--)								
▲ Robeco BP Large Cap Value Strategy	5.8 (11)	17.8 (22)	29.4 (20)	20.4 (11)	10.2 (9)	21.3 (7)	1.3 (39)	13.7 (57)								
✕ Russell 1000 Value	3.2 (65)	15.9 (48)	25.3 (48)	18.5 (48)	6.7 (61)	17.5 (32)	0.4 (49)	15.5 (31)								

## Robeco BP Large Cap Value Strategy

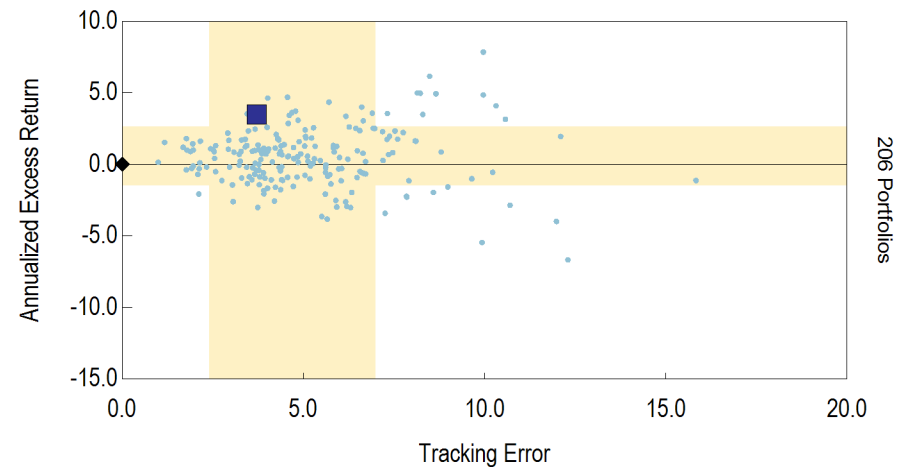
Rolling 3 Year Excess Performance  
Robeco BP Large Cap Value Strategy vs. Russell 1000 Value



Characteristics  
as of June 30, 2013

	Portfolio	Russell 1000 Value
PORTFOLIO CHARACTERISTICS		
Price To Earnings	17.07	17.23
P/E Excluding Negative Earnings	17.30	17.56
P/E Median	16.41	17.76
Price To Book	2.29	2.06
Price To Book Median	2.23	1.94
Price To Cash Flow	9.66	9.80
Price To Sales	1.63	1.65
Dividend Yield (%)	1.89	2.36
Weighted Ave. Market Cap. (\$B)	92.93	93.50
Median Market Cap. (\$B)	23.13	5.62
Beta	1.05	1.00

Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013

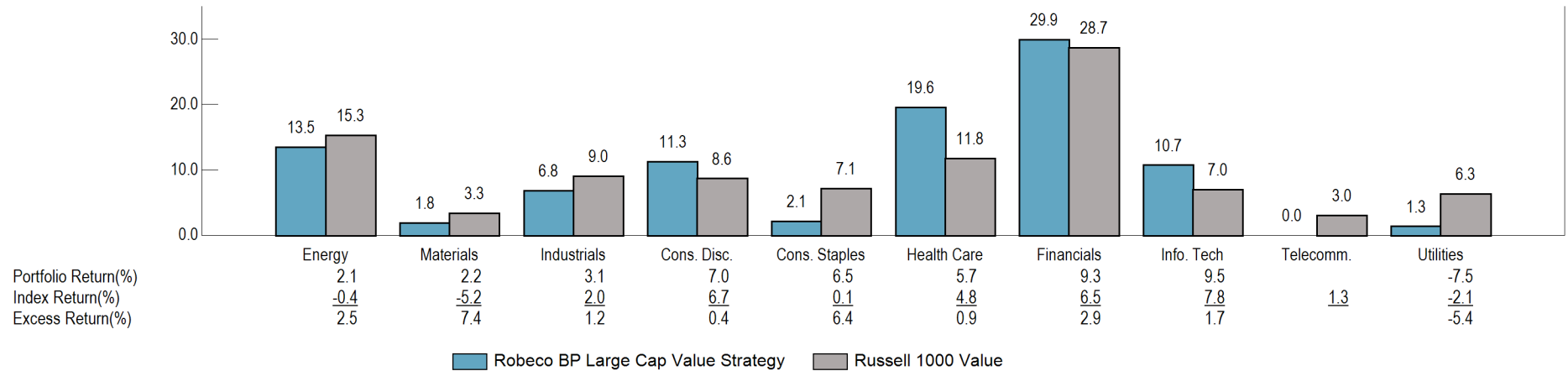


Performance Attribution vs. Russell 1000 Value  
Quarter Ending June 30, 2013

	Total Effects	Selection Effect	Allocation Effect	Interaction Effects
Energy	0.42%	0.45%	0.09%	-0.12%
Materials	0.28%	0.28%	0.16%	-0.16%
Industrials	0.09%	0.11%	0.00%	-0.02%
Cons. Disc.	0.12%	0.04%	0.13%	-0.05%
Cons. Staples	0.29%	0.48%	0.18%	-0.36%
Health Care	0.29%	0.11%	0.12%	0.06%
Financials	0.85%	0.80%	0.03%	0.01%
Info. Tech	0.34%	0.11%	0.21%	0.02%
Telecomm.	0.06%	--	0.06%	--
Utilities	0.09%	-0.34%	0.19%	0.24%
Cash	-0.05%	0.00%	0.00%	-0.05%
Unclassified	0.00%	--	0.00%	--
<b>Portfolio</b>	<b>2.77%</b>	<b>= 2.04%</b>	<b>+ 1.15%</b>	<b>+ -0.41%</b>

## Robeco BP Large Cap Value Strategy

Sector Allocation (%) vs Russell 1000 Value  
3 Months Ending June 30, 2013



### Top Returning Stocks

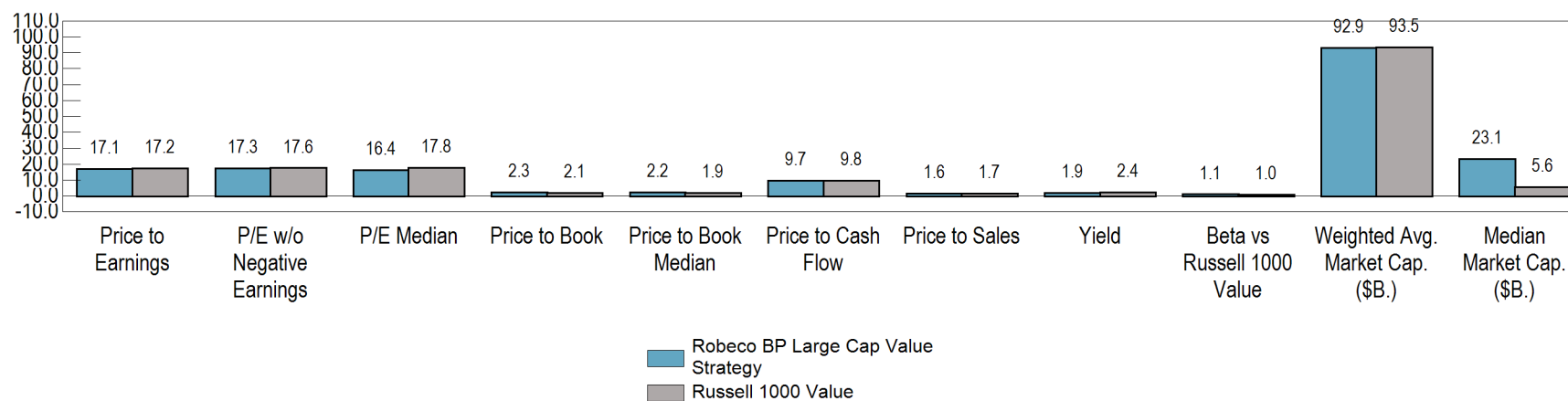
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
ELECTRONIC ARTS (EA)	0.00%		0.05%	29.89%
SEAGATE TECH. (STX)	0.41%		0.13%	23.79%
HUMANA (HUM)	0.91%	0.16%	0.15%	22.49%
MICROSOFT (MSFT)	2.09%		0.40%	21.59%
METLIFE (MET)	0.68%	0.46%	0.09%	21.17%
CHARLES SCHWAB (SCHW)	0.64%	0.27%	0.15%	20.43%
STAPLES (SPLS)	0.35%	0.13%	0.04%	19.16%
TIME WARNER CABLE (TWC)	0.77%		0.13%	17.89%
OMNICARE (OCR)	1.06%	0.06%	0.16%	17.52%
CISCO SYSTEMS (CSCO)	2.48%	1.53%	0.12%	17.40%
<b>Total</b>	<b>9.40%</b>	<b>2.61%</b>		

### Bottom Returning Stocks

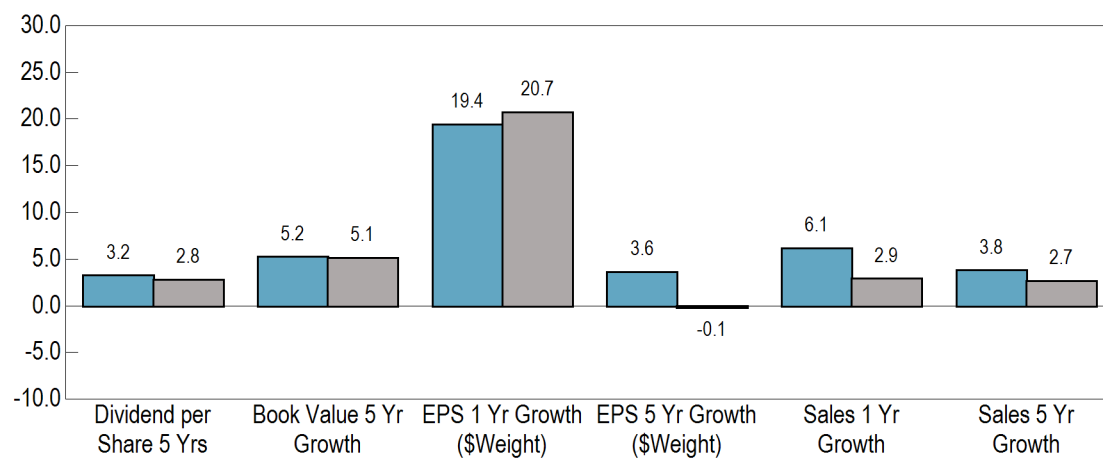
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
PHILLIPS 66 (PSX)	1.27%	0.43%	-0.09%	-15.39%
APPLE (AAPL)	0.00%		-0.04%	-9.82%
SYMANTEC (SYMC)	0.55%	0.18%	-0.04%	-8.30%
AMER.ELEC.PWR. (AEP)	0.53%	0.26%	-0.04%	-7.02%
COVIDIEN (COV)	1.02%	0.34%	-0.06%	-7.02%
CAMERON INTERNATIONAL (CAM)	0.00%		-0.02%	-6.20%
ORACLE (ORCL)	0.00%		-0.02%	-5.01%
EBAY (EBAY)	0.67%		-0.03%	-4.61%
TRAVELERS COS. (TRV)	0.46%	0.21%	-0.01%	-4.49%
AES (AES)	0.81%	0.09%	-0.02%	-4.33%
<b>Total</b>	<b>5.30%</b>	<b>1.51%</b>		

## Robeco BP Large Cap Value Strategy

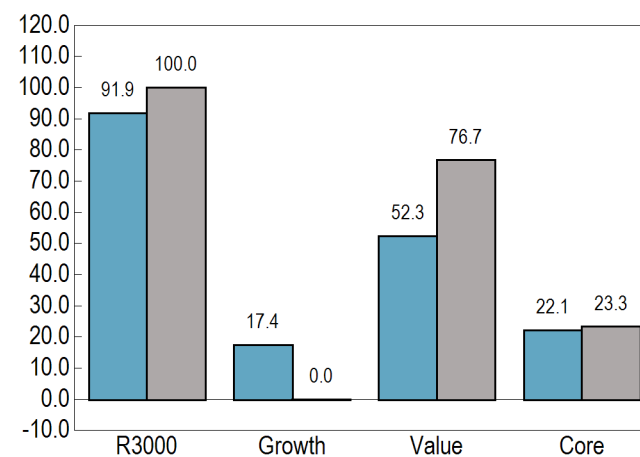
Portfolio Characteristics  
Ending June 30, 2013



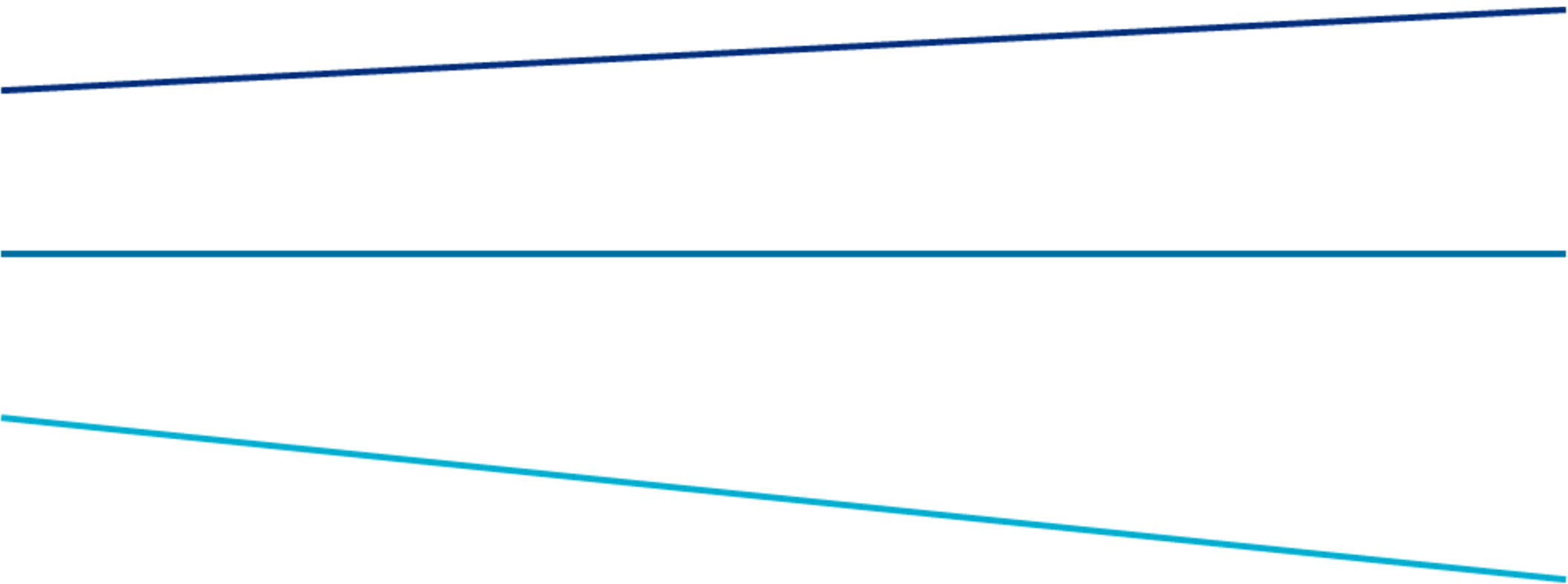
Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



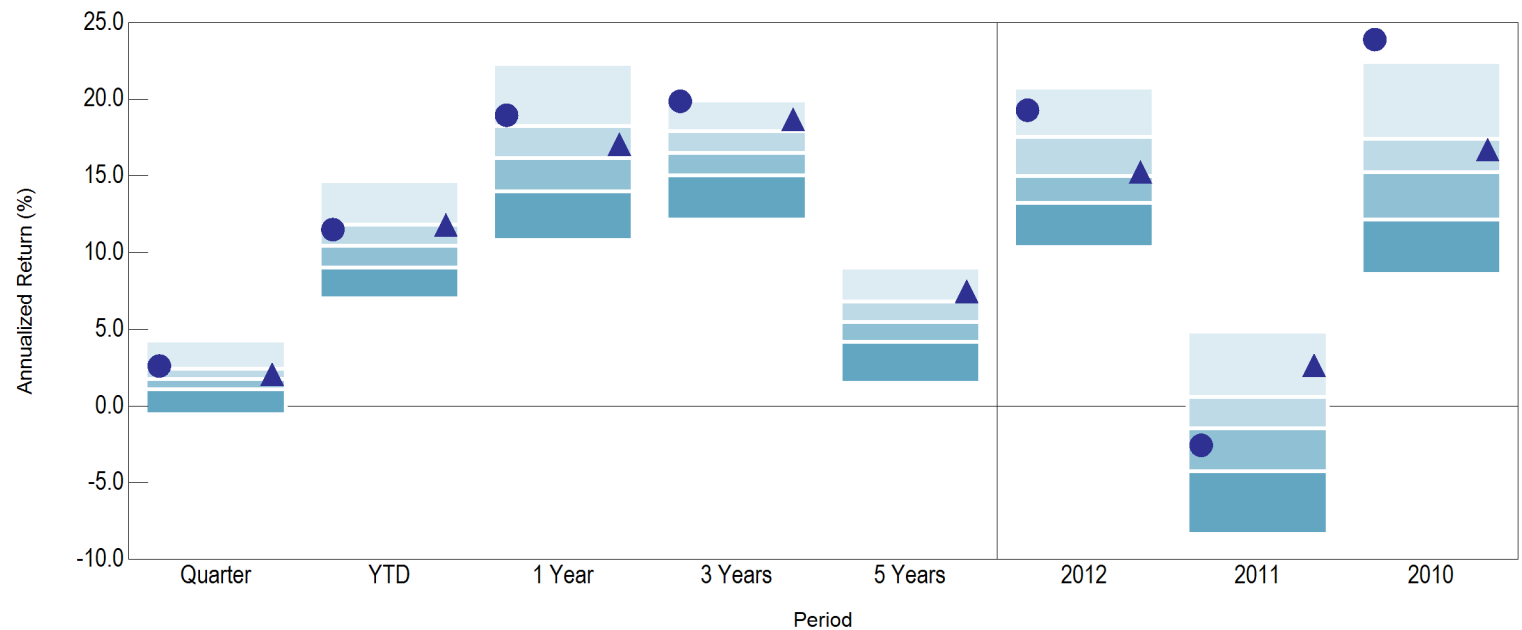
# Large Cap Growth



# Large Cap Growth

## Performance

Performance vs. Mercer Mutual Fund US Equity Large Cap Growth  
Ending June 30, 2013

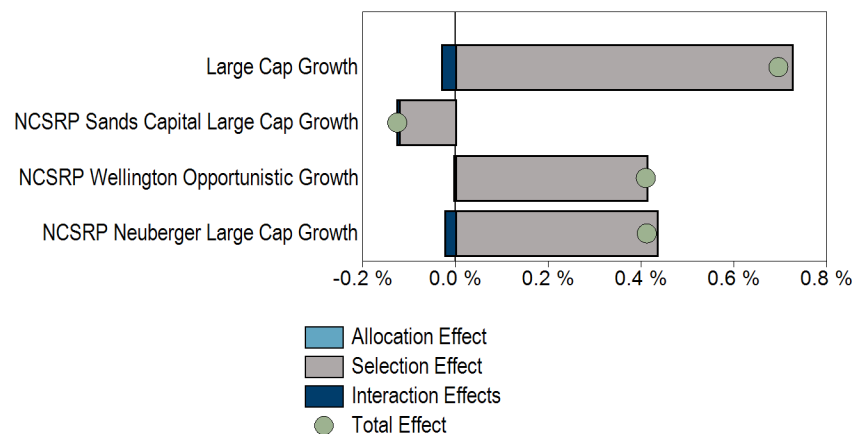


	Return (Rank)							
5th Percentile	4.2	14.6	22.3	19.9	9.0	20.7	4.8	22.4
25th Percentile	2.4	11.8	18.3	17.9	6.8	17.6	0.6	17.4
Median	1.8	10.5	16.2	16.5	5.5	15.0	-1.4	15.3
75th Percentile	1.1	9.0	14.0	15.1	4.2	13.3	-4.2	12.2
95th Percentile	-0.5	7.0	10.9	12.2	1.5	10.4	-8.3	8.6
# of Portfolios	197	196	191	167	160	191	200	234
● Large Cap Growth	2.6 (22)	11.5 (31)	18.9 (20)	19.9 (6)	-- (--)	19.3 (12)	-2.6 (63)	23.9 (3)
▲ Russell 1000 Growth	2.1 (39)	11.8 (26)	17.1 (35)	18.7 (14)	7.5 (18)	15.3 (48)	2.6 (11)	16.7 (33)

# Large Cap Growth

## Attribution

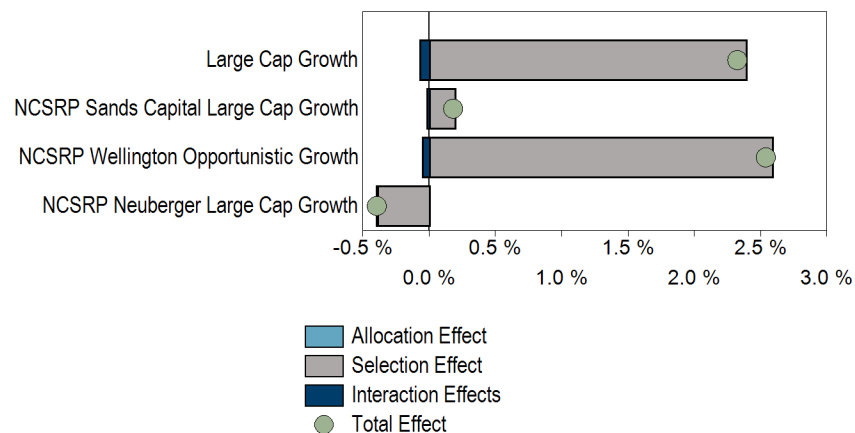
**Attribution Effects**  
3 Months Ending June 30, 2013



**Attribution Summary**  
3 Months Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Sands Capital Large Cap Growth	1.7%	2.1%	-0.4%	-0.1%	0.0%	0.0%	-0.1%
NCSRP Wellington Opportunistic Growth	3.3%	2.1%	1.2%	0.4%	0.0%	0.0%	0.4%
NCSRP Neuberger Large Cap Growth	3.4%	2.1%	1.3%	0.4%	0.0%	0.0%	0.4%
<b>Total</b>	<b>2.8%</b>	<b>2.1%</b>	<b>0.7%</b>	<b>0.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.7%</b>

**Attribution Effects**  
1 Year Ending June 30, 2013

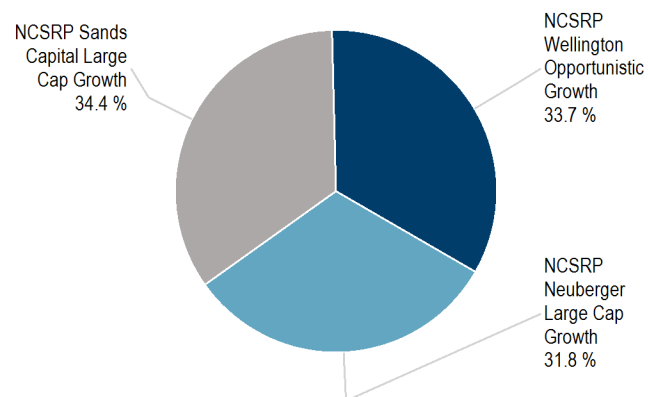


**Attribution Summary**  
1 Year Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Sands Capital Large Cap Growth	17.4%	17.1%	0.4%	0.2%	0.0%	0.0%	0.2%
NCSRP Wellington Opportunistic Growth	25.0%	17.1%	8.0%	2.6%	0.0%	0.0%	2.5%
NCSRP Neuberger Large Cap Growth	15.9%	17.1%	-1.1%	-0.4%	0.0%	0.0%	-0.4%
<b>Total</b>	<b>19.4%</b>	<b>17.1%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>2.3%</b>

# Large Cap Growth

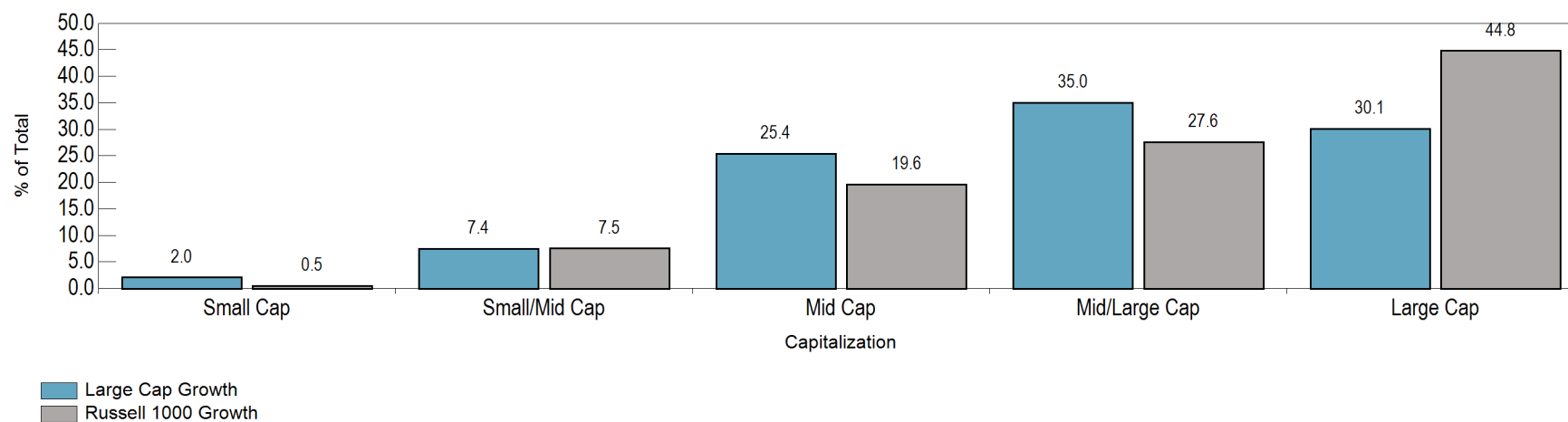
Current Allocation



Characteristics

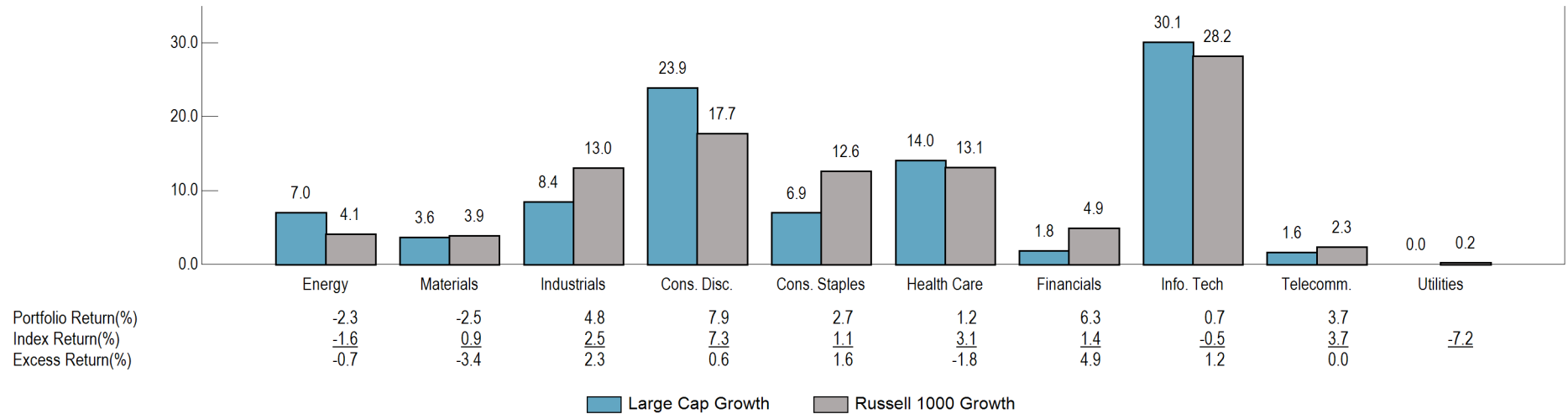
	Portfolio	Russell 1000 Growth
Number of Holdings	211	575
Weighted Avg. Market Cap. (\$B)	69.23	89.97
Median Market Cap. (\$B)	11.27	7.11
Price To Earnings	27.61	21.61
Price To Book	5.94	5.06
Price To Sales	4.24	3.02
Return on Equity (%)	20.19	23.91
Yield (%)	0.95	1.79
Beta	1.18	1.00
R-Squared	0.96	1.00

Market Capitalization As Of June 30, 2013



## Large Cap Growth

Sector Allocation (%) vs Russell 1000 Growth



Top Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
IROBOT (IRBT)	0.07%		0.01%	54.99%
WEB.COM GROUP (WWWV)	0.10%		0.03%	49.88%
VERTEX PHARMS. (VRTX)	0.79%	0.22%	0.25%	45.64%
BLOOMIN' BRANDS (BLMN)	0.09%		0.02%	39.31%
ILLUMINA (ILMN)	0.46%	0.12%	0.10%	38.64%
WAGeworks (WAGE)	0.10%		0.03%	37.63%
ACTAVIS (ACT)	0.18%	0.21%	0.00%	37.03%
FLEETMatics GROUP (FLT)	0.10%		0.02%	37.03%
GREEN MNT.CO.F.ROASTERS (GMC)	0.56%	0.11%	0.26%	32.52%
PANDORA MEDIA (P)	0.09%	0.02%	0.02%	29.94%
<b>Total</b>	<b>2.53%</b>	<b>0.68%</b>		

Bottom Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
LIVEPERSON (LPSN)	0.00%		-0.02%	-34.06%
PALO ALTO NETWORKS (PANW)	0.00%		-0.01%	-25.51%
ALLERGAN (AGN)	0.85%	0.33%	-0.37%	-24.50%
F5 NETWORKS (FFIV)	0.42%	0.07%	-0.16%	-22.77%
BRIGGS & STRATTON (BGG)	0.07%		-0.01%	-19.69%
CONSOL EN. (CNX)	0.08%		-0.02%	-19.18%
HEADWATERS (HW)	0.05%		-0.01%	-18.90%
PATTERSON UTI EN. (PTEN)	0.00%		-0.01%	-18.61%
ADT (ADT)	0.46%		-0.06%	-18.34%
EDWARDS LIFESCIENCES (EW)	0.53%	0.10%	-0.16%	-18.21%
<b>Total</b>	<b>2.46%</b>	<b>0.50%</b>		

## Large Cap Growth

---

### Top Holdings Large Cap Growth

	LCG Fund %	Sands %	Wellington %	Neuberger %	Index Weight%
GOOGLE 'A'	5.60%	8.46%	3.73%	4.48%	2.92%
VISA 'A'	3.42%	8.74%	1.21%		1.22%
AMAZON.COM	3.36%	7.87%		2.05%	1.29%
APPLE	2.37%		2.03%	5.28%	4.75%
PRICELINE.COM	2.18%	4.72%	1.65%		0.53%
BIOGEN IDEC	2.09%	3.28%	1.33%	1.59%	0.66%
ASML HLDG.ADR 1:1	2.03%	3.85%		2.22%	
SALESFORCE.COM	2.02%	5.88%			0.29%
STARBUCKS	1.92%	2.91%		2.88%	0.64%
CHIPOTLE MEXN.GRILL	1.67%	4.01%		0.90%	0.15%
<b>Total</b>	<b>26.66%</b>	<b>49.71%</b>	<b>9.95%</b>	<b>19.40%</b>	<b>12.45%</b>

## Manager Commentary

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<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Sands Capital Management - Select Growth Equity</b>
<b>Benchmark</b>	<b>Russell 1000 Growth</b>

### Portfolio Managers / Team

Frank Sands, Jr.  
Thomas Ricketts  
A. Michael Sramek

### Manager Philosophy and Process

#### Investment Style/Philosophy

Sands is a bottom-up, quality growth manager. The firm builds concentrated portfolios of leading companies, which are broadly diversified across a number of business lines. Sands essentially follows a buy and hold philosophy with extremely low turnover and low transaction costs. The long-term investment horizon allows the companies in the portfolio to realize long-term business opportunities that lead to shareholder wealth creation.

#### Investment Process

The process is bottom-up and fundamental in nature. The team's primary goal is to identify outstanding growth companies that lead and dominate attractive growth industries. Initial research looks for companies with above-average historical sales and earnings growth. Seven qualitative success factors are then analyzed to identify the leaders within each attractive business space. Sands believes companies can lead and dominate by creating growth drivers (new products/services and entering new markets), developing and anticipating industry trends, creating competitive barriers, gaining market share, building financial muscle and a strong business model, displaying superior management ability, and applying technology to add value. Fulfilling these criteria is the most important part of the investment research process, providing a powerful filter for locating high quality companies. Companies that pass the leaders screens are added to the Company Leader List, which typically contains 60 to 80 companies in 15 to 20 growing industries. Purchase candidates are selected from the Leader List and are expected to possess dominant leadership in an attractive growth business with the potential to deliver sustainable, long-term earnings growth.

Portfolios will hold up to 30 stocks. Individual positions are maintained between 1% and 10% of the total portfolio. Sands does not constrain the portfolio based on sector exposure. Average market capitalization, while not specifically managed, is expected to be in line with that of the S&P 500 Index.

## Manager Commentary

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### Current Positioning

- Sands process is driven by bottom up stock selection focused on growth. Sector weights are a byproduct of that selection. As of June 30, 2013, the strategy was more than 5 percentage points overweight relative to the index in the consumer discretionary, healthcare, information technology, and energy sectors.
- During the quarter, Sands sold Apple and Qualcomm due to Sands's perception that the businesses are maturing and its expectation of lower growth prospects going forward.
- During the quarter, Sands purchased Baidu, Splunk Inc, and Ulta Salon Cosmetics & Fragrance Inc.

### Quarterly Attribution

#### Positive Impact on Performance:

- Overweight allocation to the consumer discretionary sector
- Individual contributor: Google Inc.

#### Negative Impact on Performance:

- Overweight exposure to the energy sector
- Individual detractors: Salesforce.com, Allergan

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Overweight exposure to the health care sector
- Individual contributor: Visa Inc.

#### Negative Impact on Performance:

- Overweight position in the information technology sector
- Underweight allocation to producer durables
- Individual detractor: Apple Inc.

# Manager Commentary

## Responsible Investment ESG Comment

ESG4

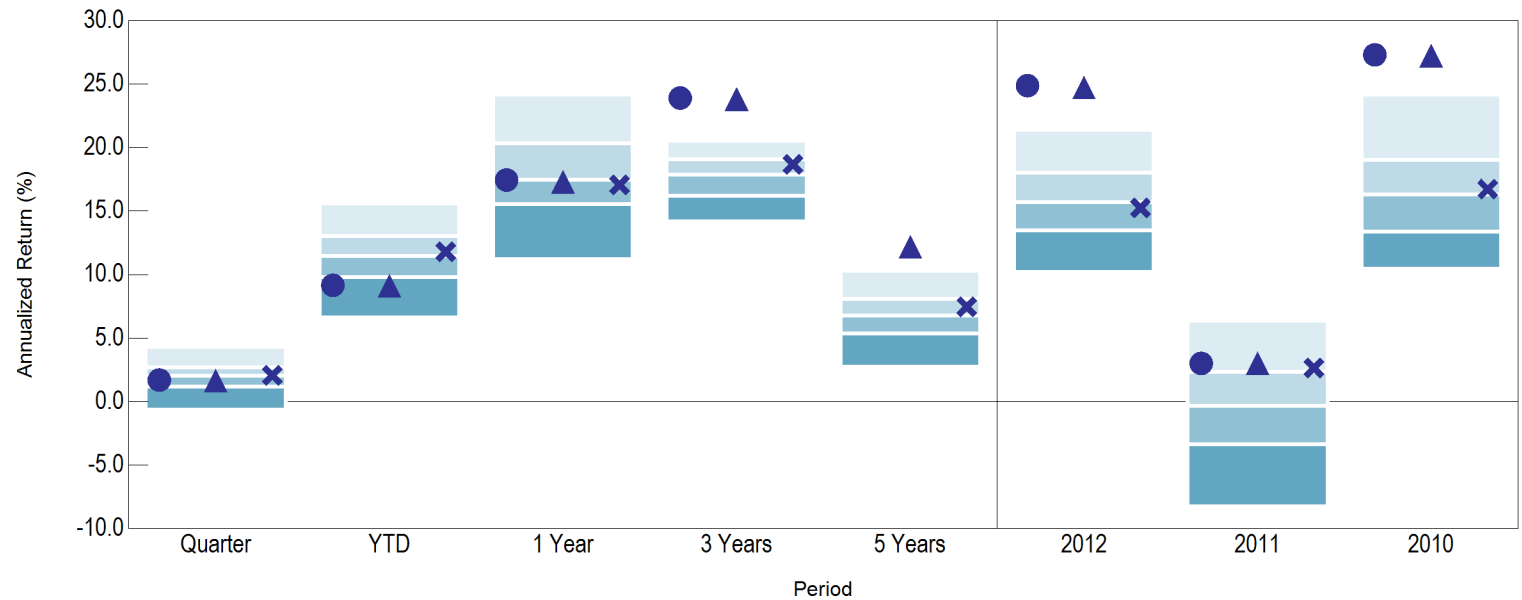
## Summary Data Points

**Mercer Rating:** A(T)  
**Strategy AUM (\$B):** \$25.7

# NCSRP Sands Capital Large Cap Growth

## Performance

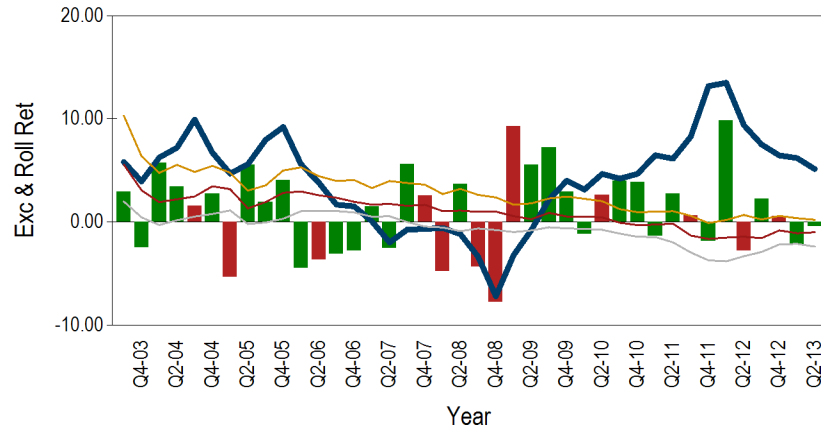
Performance vs. Mercer Instl US Equity Large Cap Growth  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	4.3		15.6		24.2		20.5		10.3		21.4		6.4		24.1	
25th Percentile	2.7		13.0		20.3		19.1		8.1		18.0		2.4		19.1	
Median	2.0		11.5		17.5		17.9		6.8		15.7		-0.3		16.3	
75th Percentile	1.2		9.8		15.6		16.2		5.4		13.5		-3.3		13.4	
95th Percentile	-0.6		6.6		11.2		14.2		2.8		10.2		-8.2		10.5	
# of Portfolios	218		216		209		178		169		249		251		271	
● NCSRP Sands Capital Large Cap Growth	1.7	(62)	9.2	(84)	17.4	(51)	23.9	(1)	--	(--)	24.9	(2)	3.0	(21)	27.3	(2)
▲ Sands Capital Large Cap Growth Strategy	1.7	(64)	9.1	(85)	17.3	(52)	23.8	(1)	12.2	(2)	24.7	(2)	3.0	(21)	27.2	(2)
✕ Russell 1000 Growth	2.1	(49)	11.8	(43)	17.1	(57)	18.7	(32)	7.5	(38)	15.3	(57)	2.6	(24)	16.7	(48)

## Sands Capital Large Cap Growth Strategy

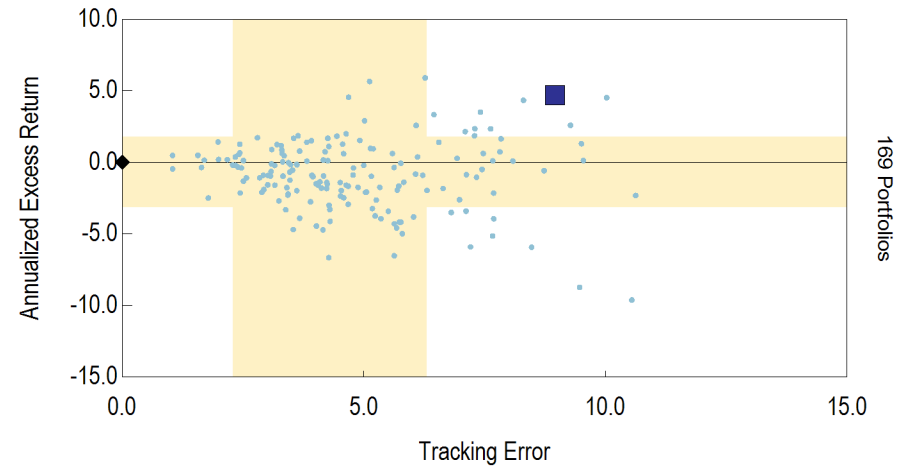
Rolling 3 Year Excess Performance  
Sands Capital Large Cap Growth Strategy vs. Russell 1000 Growth



Characteristics  
as of June 30, 2013

	Portfolio	Russell 1000 Growth
PORTFOLIO CHARACTERISTICS		
Price To Earnings	33.17	21.61
P/E Excluding Negative Earnings	33.17	21.64
P/E Median	29.25	20.89
Price To Book	7.54	5.06
Price To Book Median	6.18	3.83
Price To Cash Flow	24.30	13.52
Price To Sales	6.27	3.02
Dividend Yield (%)	0.43	1.79
Weighted Ave. Market Cap. (\$B)	60.90	89.97
Median Market Cap. (\$B)	24.97	7.11
Beta	1.19	1.00

Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013

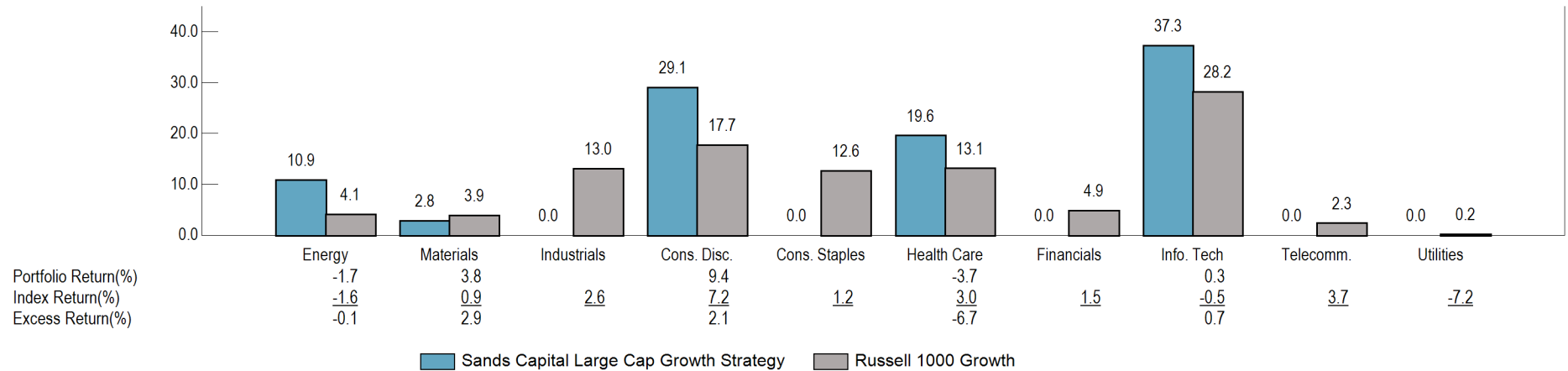


Performance Attribution vs. Russell 1000 Growth  
Quarter Ending June 30, 2013

	Total Effects	Selection Effect	Allocation Effect	Interaction Effects
Energy	-0.27%	0.00%	-0.26%	0.00%
Materials	0.09%	0.11%	0.01%	-0.03%
Industrials	-0.06%	--	-0.06%	--
Cons. Disc.	1.06%	0.35%	0.49%	0.21%
Cons. Staples	0.12%	--	0.12%	--
Health Care	-1.34%	-0.87%	0.08%	-0.55%
Financials	0.02%	--	0.02%	--
Info. Tech	0.03%	0.08%	-0.21%	0.15%
Telecomm.	-0.04%	--	-0.04%	--
Utilities	0.02%	--	0.02%	--
Cash	-0.08%	0.00%	0.00%	-0.08%
Unclassified	0.00%	--	0.00%	--
<b>Portfolio</b>	<b>-0.45%</b>	<b>= -0.33%</b>	<b>+ 0.17%</b>	<b>+ -0.29%</b>

## Sands Capital Large Cap Growth Strategy

Sector Allocation (%) vs Russell 1000 Growth  
3 Months Ending June 30, 2013



### Top Returning Stocks

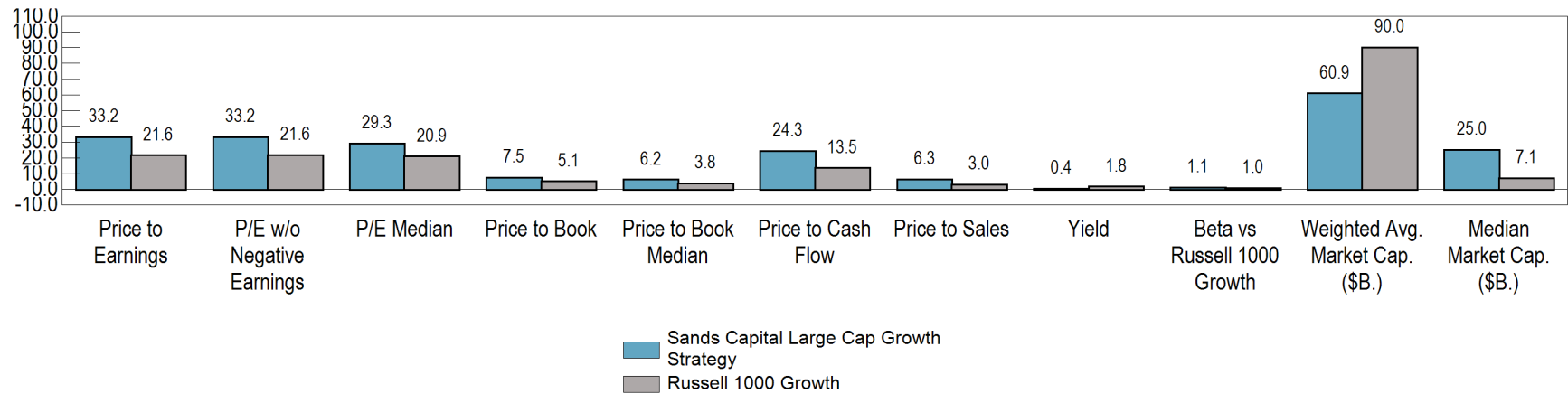
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
REGENERON PHARMS. (REGN)	2.78%	0.22%	0.29%	27.48%
ULTA SALON CO&FRA. (ULTA)	2.89%	0.08%	0.07%	23.16%
PRICELINE.COM (PCLN)	4.72%	0.53%	0.71%	20.13%
ASML HLDG.ADR 1:1 (ASML)	3.85%		0.59%	17.44%
SPLUNK (SPLK)	1.47%	0.01%	0.08%	15.81%
STARBUCKS (SBUX)	2.91%	0.64%	0.31%	15.42%
CHIPOTLE MEXN.GRILL (CMG)	4.01%	0.15%	0.42%	11.81%
BIOGEN IDEC (BIIB)	3.28%	0.66%	0.20%	11.72%
GOOGLE 'A' (GOOG)	8.46%	2.92%	0.59%	10.85%
NIKE 'B' (NKE)	4.10%	0.59%	0.22%	8.28%
<b>Total</b>	<b>38.45%</b>	<b>5.80%</b>		

### Bottom Returning Stocks

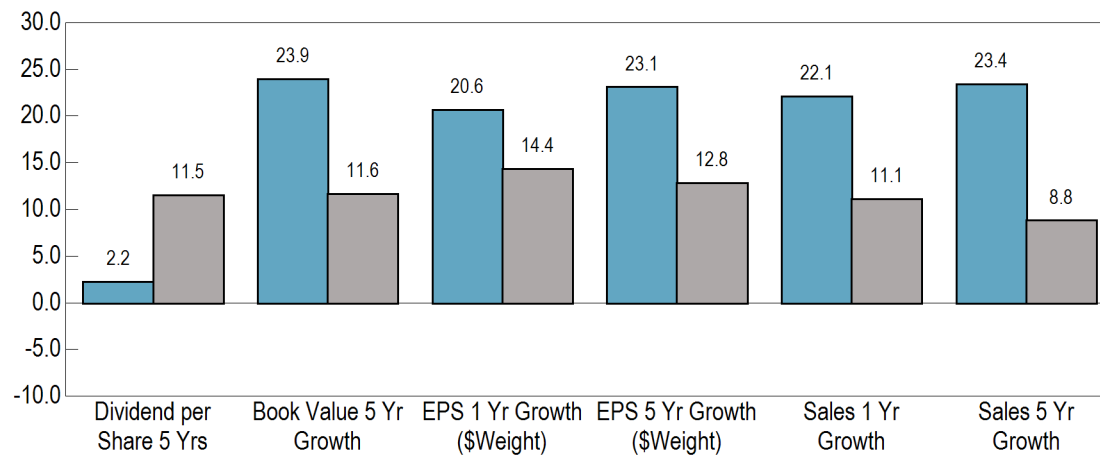
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
ALLERGAN (AGN)	2.47%	0.33%	-1.07%	-24.50%
F5 NETWORKS (FFIV)	1.21%	0.07%	-0.51%	-22.77%
SALESFORCE.COM (CRM)	5.88%	0.29%	-0.98%	-14.60%
ARM HDG.SPN.ADR 1:3 (ARMH)	2.40%		-0.41%	-14.22%
ATHENAHEALTH (ATHN)	1.08%		-0.16%	-12.69%
BIOMARIN PHARM. (BMRN)	1.72%	0.09%	-0.20%	-10.47%
APPLE (AAPL)	0.00%		0.37%	-9.82%
QUALCOMM (QCOM)	0.00%		-0.04%	-8.23%
LAS VEGAS SANDS (LVS)	2.57%	0.27%	-0.14%	-5.49%
SCHLUMBERGER (SLB)	3.48%	1.22%	-0.09%	-3.90%
<b>Total</b>	<b>20.81%</b>	<b>2.27%</b>		

## Sands Capital Large Cap Growth Strategy

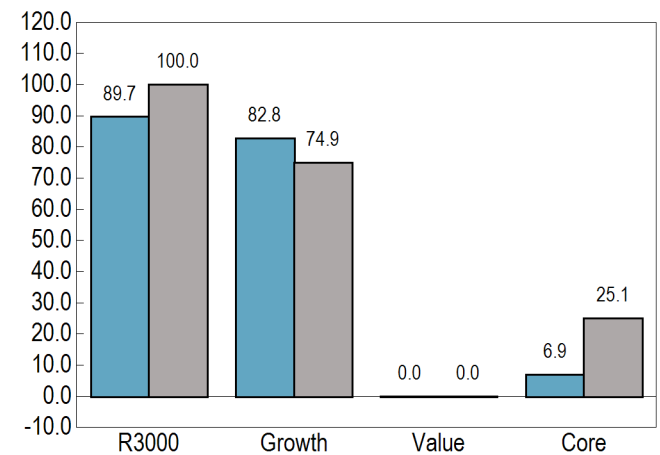
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Wellington Management Company - Opportunistic Growth</b>
<b>Benchmark</b>	<b>Russell 1000 Growth</b>

### Portfolio Managers / Team

Seth Abramowitz  
Mario Abularach  
Steven Angeli  
Nathan Keiffer  
Timothy Manning  
Stephen Mortimer  
Philip Ruedi  
Andrew Shilling  
Joseph Sicilian  
Jeffrey Wantman  
Mark Whitaker

### Manager Philosophy and Process

#### Investment Style/Philosophy

The investment objective of the Opportunistic Growth portfolio is to provide long-term, total returns above the growth indices by investing in the stocks of successful, growing companies across the U.S. market capitalization spectrum. Over the long-term, Wellington believes that companies that can sustain above average growth in earnings will outperform the growth indices and the market overall.

#### Investment Process

The investment process first screens all securities in the market for companies that have demonstrated above average revenue, cash flow, and EPS growth. Further research is then conducted to determine whether a sustainable growth advantage exists that will enable these companies to continue to grow faster than the Russell 1000 Growth Index and the market. Wellington seeks companies with at least one of the following sustainable growth characteristics:

- \* cost advantage: economies-of-scale, low cost producer, superior technology or business model
- \* customer advantage: unique product, market dominance
- \* competitive advantage: barriers to entry, large installed base

For each of these companies with a sustainable growth advantage, an in-depth fundamental review of the company's business model is conducted. Three primary factors are evaluated: high returns on capital, superior business management, and balance sheet quality. The team focuses on companies that generate strong free cash flow, require minimal capital to support the business, and have fully funded business models. The team requires the companies to have management teams that have demonstrated an ability to execute a business plan coupled with incentive systems that are aligned with shareholders.

After narrowing the universe to companies with superior business models and a durable sustainable advantage, Wellington tests the resulting fundamental picture against the company's stock valuation.

## Manager Commentary

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Finally, the team employs a discounted free cash flow model utilizing proprietary long-term revenue growth estimates, normalized operating margins, and capital requirements of the business to estimate the fair value for each company. On a daily basis, estimates of the fair value are compared with the current price to determine the upside potential for every stock on the focus list.

A stock is sold if fundamentals deteriorate or if it ranks within the bottom half of the valuation discipline list.

The final Opportunistic Growth portfolio is composed of roughly 80 to 130 stocks. Approximately 60% to 90% of the portfolio will be invested in stocks with a market capitalization over \$10 billion. While the portfolio is not managed to hard and fast constraints, up to 25% of the portfolio can be invested in mid cap securities and up to 20% in small cap securities. Sector weights are typically within 15% of the Russell 1000 Growth Index. Annual turnover averages 110%, and cash averages close to 5%.

### Current Positioning

- Overweight allocation to the consumer discretionary sector
- Underweight allocation to the consumer staples
- No exposure to telecommunications or utilities services

### Quarterly Attribution

#### Positive Impact on Performance:

- Overweight allocation to the consumer discretionary sector
- Security selection within the information technology and consumer staples sectors
- Individual contributors: Green Mountain Coffee Roasters, TRW Automotive, IBM

#### Negative Impact on Performance:

- Security selection within the health care, materials, and consumer discretionary sectors
- Individual detractors: Microsoft, Hologic, Edwards Lifesciences

## Manager Commentary

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### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Overweight allocations to the consumer discretionary and energy sectors
- Stock selection within the information technology, consumer staples, consumer discretionary, and financials sectors

#### Negative Impact on Performance:

- Stock selection within the health care sector

### Responsible Investment ESG Comment

ESG3 - The strategies have an investment style that expects to own companies for the long-term, rather than buy stocks for the short-term. Wellington believes that this style requires it to take seriously environmental, social, and governance standards in those investments to the extent that these factors influence intrinsic value. That influence is neither uniform nor static. At the same time, it is counterproductive to have hard rules about what constitutes those ESG aspects. The team applies a common sense approach to judge whether a company's standards are appropriate for inclusion in the portfolio, given its business valuation.

### Summary Data Points

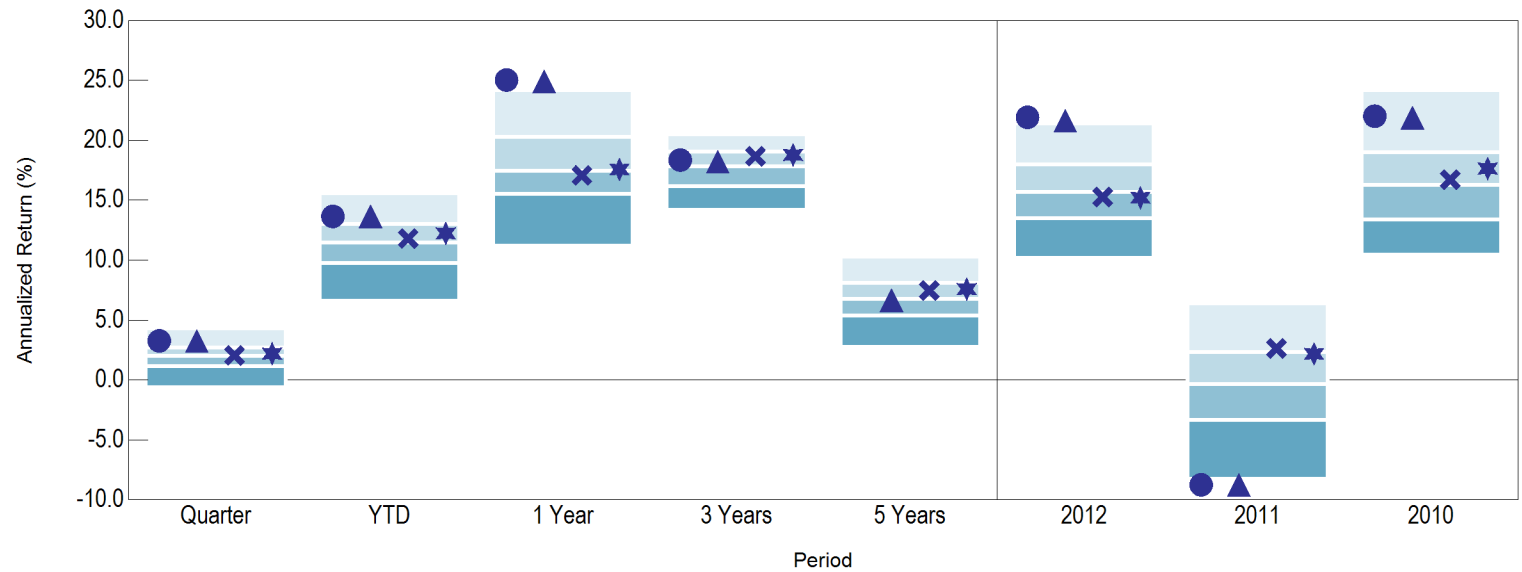
**Mercer Rating:** A

**Strategy AUM (\$B):** \$4.2 (as of 3/31/13)

# NCSRP Wellington Opportunistic Growth

## Performance

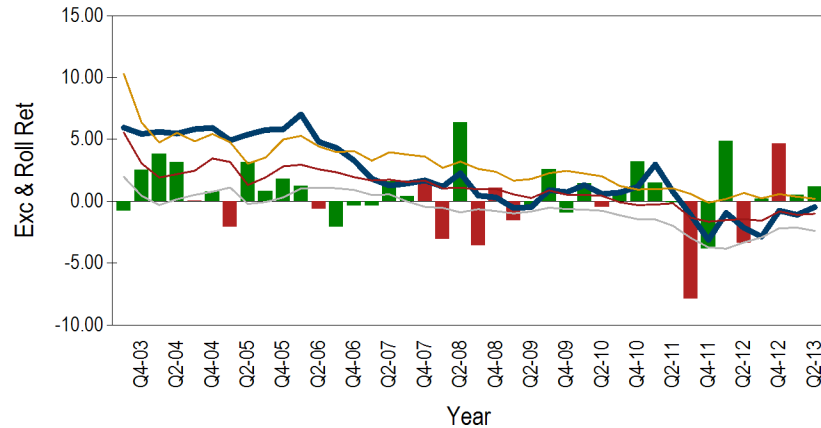
Performance vs. Mercer Instl US Equity Large Cap Growth  
Ending June 30, 2013



	Return (Rank)													
5th Percentile	4.3		15.6		24.2		20.5		10.3		21.4		6.4	
25th Percentile	2.7		13.0		20.3		19.1		8.1		18.0		2.4	
Median	2.0		11.5		17.5		17.9		6.8		15.7		-0.3	
75th Percentile	1.2		9.8		15.6		16.2		5.4		13.5		-3.3	
95th Percentile	-0.6		6.6		11.2		14.2		2.8		10.2		-8.2	
# of Portfolios	218		216		209		178		169		249		251	
● NCSRP Wellington Opportunistic Growth	3.3	(15)	13.6	(14)	25.0	(4)	18.4	(40)	--	(--)	21.9	(4)	-8.7	(97)
▲ Wellington Opportunistic Growth Strategy	3.3	(15)	13.7	(14)	24.9	(4)	18.2	(44)	6.7	(51)	21.6	(5)	-8.7	(97)
✕ Russell 1000 Growth	2.1	(49)	11.8	(43)	17.1	(57)	18.7	(32)	7.5	(38)	15.3	(57)	2.6	(24)
★ Russell 3000 Growth	2.2	(43)	12.2	(37)	17.6	(50)	18.8	(30)	7.6	(36)	15.2	(57)	2.2	(28)

# Wellington Opportunistic Growth Strategy

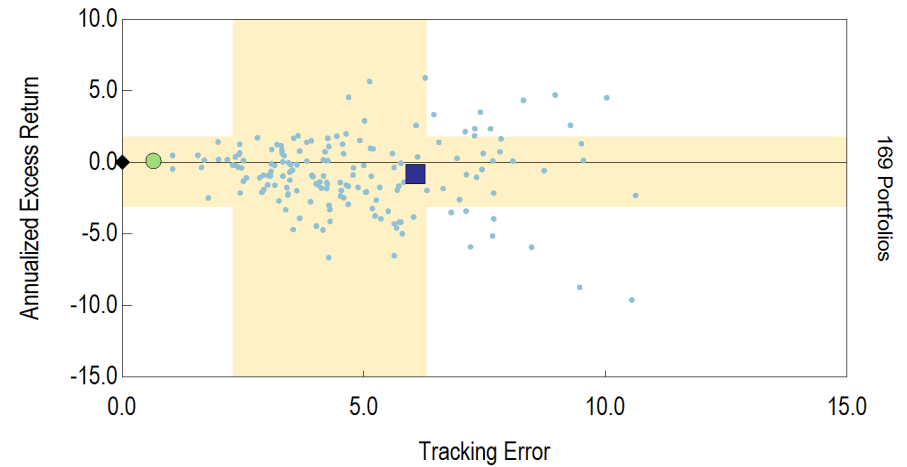
**Rolling 3 Year Excess Performance**  
Wellington Opportunistic Growth Strategy vs. Russell 1000 Growth



**Characteristics**  
as of June 30, 2013

	Portfolio	Russell 1000 Growth
<b>PORTFOLIO CHARACTERISTICS</b>		
Price To Earnings	25.00	21.61
P/E Excluding Negative Earnings	25.11	21.64
P/E Median	23.51	20.89
Price To Book	4.68	5.06
Price To Book Median	3.67	3.83
Price To Cash Flow	15.29	13.52
Price To Sales	3.32	3.02
Dividend Yield (%)	0.86	1.79
Weighted Ave. Market Cap. (\$B)	46.99	89.97
Median Market Cap. (\$B)	5.81	7.11
Beta	1.27	1.00

**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013

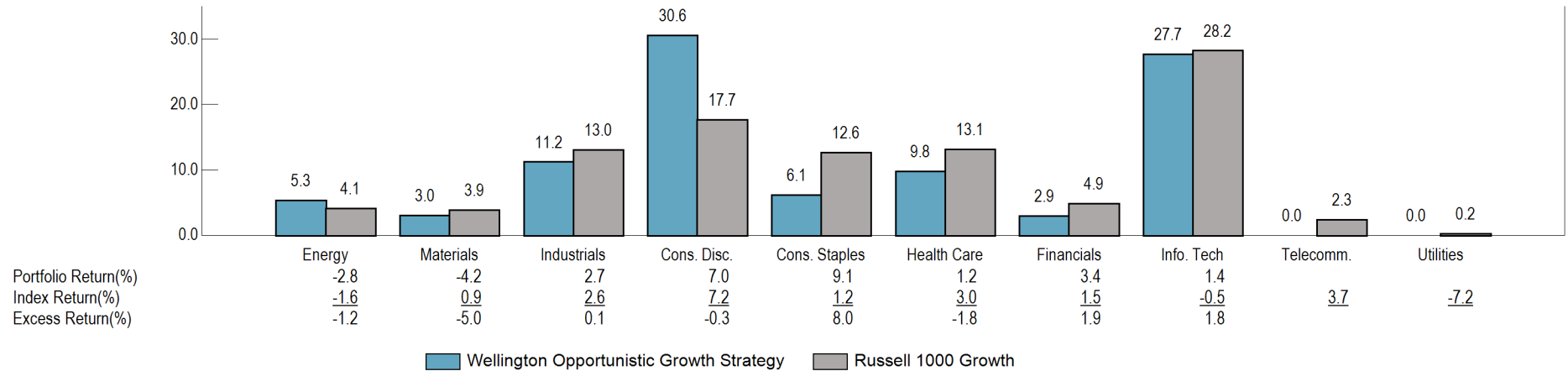


**Performance Attribution vs. Russell 1000 Growth**  
Quarter Ending June 30, 2013

	Total Effects		Selection Effect		Allocation Effect		Interaction Effects
Energy	-0.14%		-0.04%		-0.07%		-0.03%
Materials	-0.10%		-0.24%		0.02%		0.12%
Industrials	0.02%		-0.24%		0.00%		0.26%
Cons. Disc.	0.65%		-0.06%		0.71%		0.00%
Cons. Staples	0.54%		2.52%		0.09%		-2.08%
Health Care	-0.23%		-0.15%		-0.04%		-0.04%
Financials	0.05%		0.10%		0.01%		-0.06%
Info. Tech	0.48%		0.48%		0.01%		0.00%
Telecomm.	-0.04%		--		-0.04%		--
Utilities	0.02%		--		0.02%		--
Cash	-0.08%		0.00%		0.00%		-0.08%
Unclassified	0.01%		0.00%		0.00%		0.01%
<b>Portfolio</b>	<b>1.18%</b>	<b>=</b>	<b>2.37%</b>	<b>+</b>	<b>0.71%</b>	<b>+</b>	<b>-1.91%</b>

## Wellington Opportunistic Growth Strategy

Sector Allocation (%) vs Russell 1000 Growth  
3 Months Ending June 30, 2013



### Top Returning Stocks

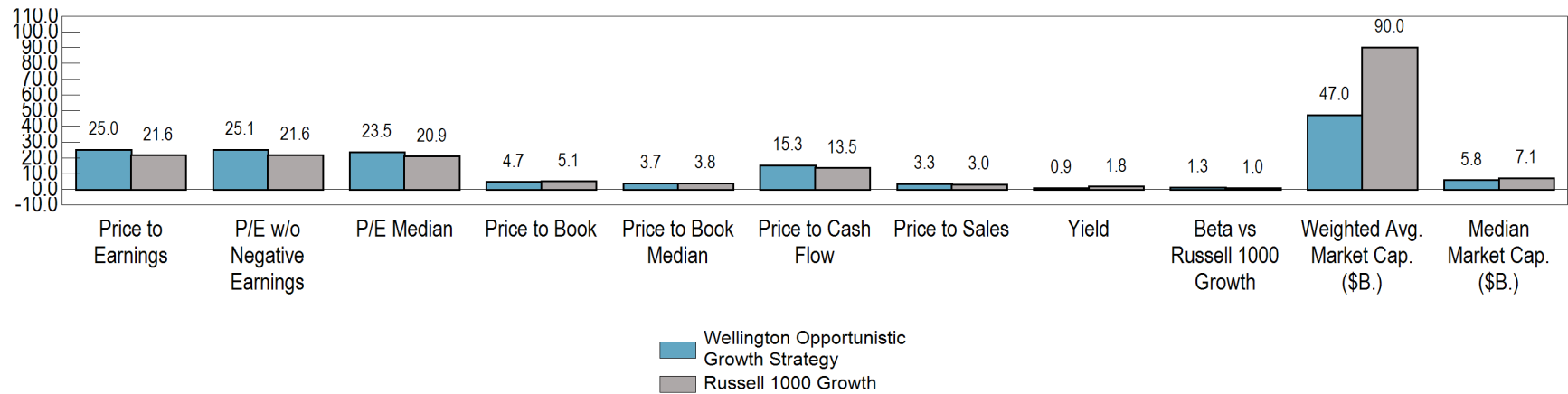
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
IROBOT (IRBT)	0.20%		0.03%	54.99%
WEB.COM GROUP (WWW)	0.30%		0.10%	49.88%
BLOOMIN' BRANDS (BLMN)	0.25%		0.06%	39.31%
ILLUMINA (ILMN)	0.29%	0.12%	-0.01%	38.64%
WAGeworks (WAGE)	0.29%		0.08%	37.63%
ACTAVIS (ACT)	0.53%	0.21%	0.11%	37.03%
FLEETMATICS GROUP (FLT)	0.30%		0.07%	37.03%
GREEN MNT.COF.ROASTERS (GMCR)	1.66%	0.11%	0.82%	32.52%
PANDORA MEDIA (P)	0.26%	0.02%	0.06%	29.94%
SALIX PHARMS. (SLXP)	0.22%	0.05%	0.04%	29.25%
<b>Total</b>	<b>4.30%</b>	<b>0.51%</b>		

### Bottom Returning Stocks

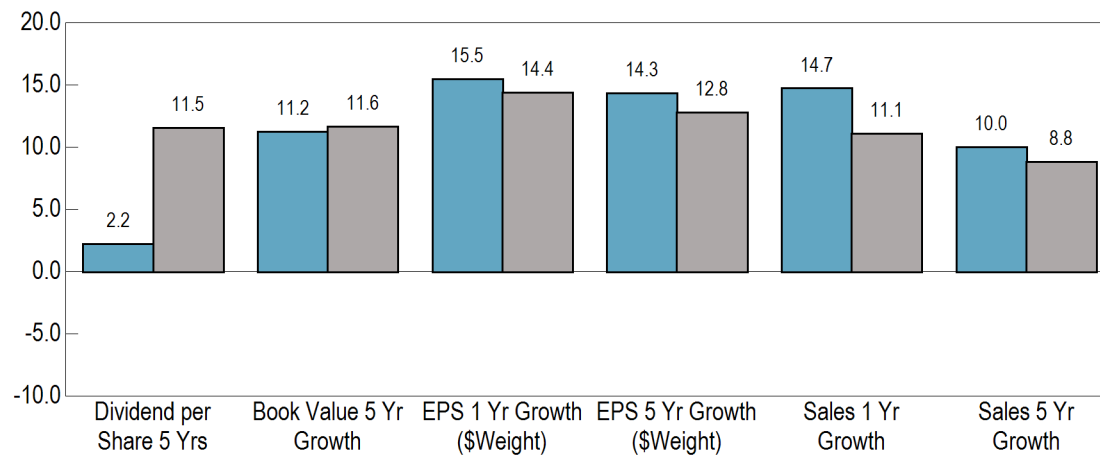
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
LIVEPERSON (LPSN)	0.00%		-0.05%	-34.06%
PALO ALTO NETWORKS (PANW)	0.00%		-0.03%	-25.51%
BRIGGS & STRATTON (BGG)	0.20%		-0.03%	-19.69%
CONSOL EN. (CNX)	0.25%		-0.06%	-19.18%
HEADWATERS (HW)	0.16%		-0.02%	-18.90%
PATTERSON UTI EN. (PTEN)	0.00%		-0.03%	-18.61%
EDWARDS LIFESCIENCES (EW)	0.00%		-0.16%	-18.21%
CITRIX SYS. (CTXS)	1.11%	0.14%	-0.13%	-16.34%
NVR (NVR)	0.36%	0.05%	-0.05%	-14.64%
HOLOGIC (HOLX)	0.74%		-0.20%	-14.60%
<b>Total</b>	<b>2.81%</b>	<b>0.20%</b>		

# Wellington Opportunistic Growth Strategy

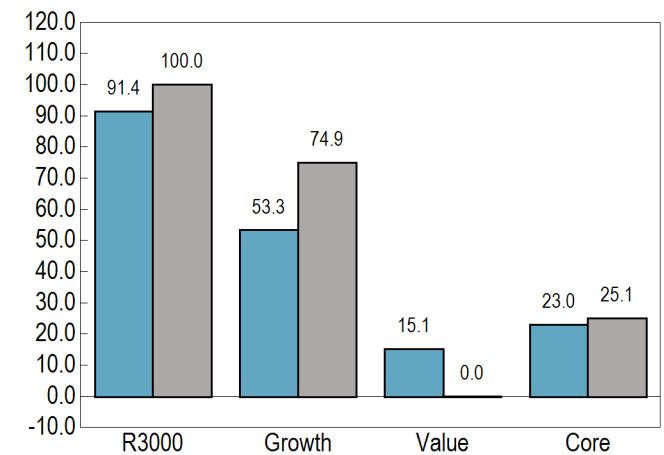
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Neuberger Berman - Large Cap Disciplined Growth</b>
<b>Benchmark</b>	<b>Russell 1000 Growth</b>

### Portfolio Managers / Team

Dan Rosenblatt  
John Barker

### Manager Philosophy and Process

The Large Cap Disciplined Growth team invests in companies with prospective accelerating growth metrics (earnings per share, cash flow, or number of subscribers) driven by an identifiable catalyst. The team seeks companies that have an experienced and accessible management team, ample liquidity, manageable leverage, and/or the ability to generate both free cash flow and operating income growth over time. The team believes companies with these qualities have the potential for price appreciation through earnings growth and an expanding valuation brought about by improved investor perception.

The initial step in the investment process is a simple quantitative screen to identify stocks with market-capitalizations above \$3 billion and daily dollar trading volume greater than \$100 million. Additionally, debt as a percent of total capitalization and price-to-earnings ratios for each respective industry group is considered. These screens typically yield approximately 400 companies. Fundamental analysis is then performed to identify potential catalysts that could accelerate growth at particular companies. This typically reduces the field to approximately 150 names. As a final step, the team will often meet with company management. The investment process typically produces five or six companies at any given time that meet the team's criteria. The portfolio consists of 50 to 70 holdings with no one single position exceeding the maximum of 5% or 1.5x the index weight at cost. Sector weights are restricted to fall between 50% and 150% relative to the benchmark sector (up to +/- 10% for smaller sectors). Cash is limited to 5%, ADRs are capped at 15%, and portfolio turnover averages 80%-100%.

### Current Positioning

- There were no major structural changes made during the quarter.
- Notable purchases included: Alliance Data Systems Corp (ADS); CVS Caremark Corp (CVS) a Lululemon Athletica (LULU).
- Major sells during the quarter include Joy Global (JOY), Chipotle Mexican Grill (CMG) and Allergan (AGN).

## Manager Commentary

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### Quarterly Attribution

#### **Positive Impact on Performance:**

- An overweight allocation to telecommunication services, an underweight to information technology, and an overweight to health care
- Stock selection within the health care, information technology and industrials sectors

#### **Negative Impact on Performance:**

- An underweight allocation to Consumer Discretionary and an overweight to Materials
- Stock selection within the Materials, Consumer Staples, and Utilities sectors

### Longer Period Attribution (annual)

#### **Positive Impact on Performance:**

- Allocation to the information technology and telecommunication services sectors
- Stock selection within the information technology sector

#### **Negative Impact on Performance:**

- Allocation to the consumer discretionary sector as well as cash
- Stock selection within the consumer discretionary, consumer staples, energy, health care, industrials and materials sectors

### Responsible Investment ESG Comment

ESG4 - Neuberger does not explicitly apply Environmental, Social, or Governance factors in its investment decision making process.

# Manager Commentary

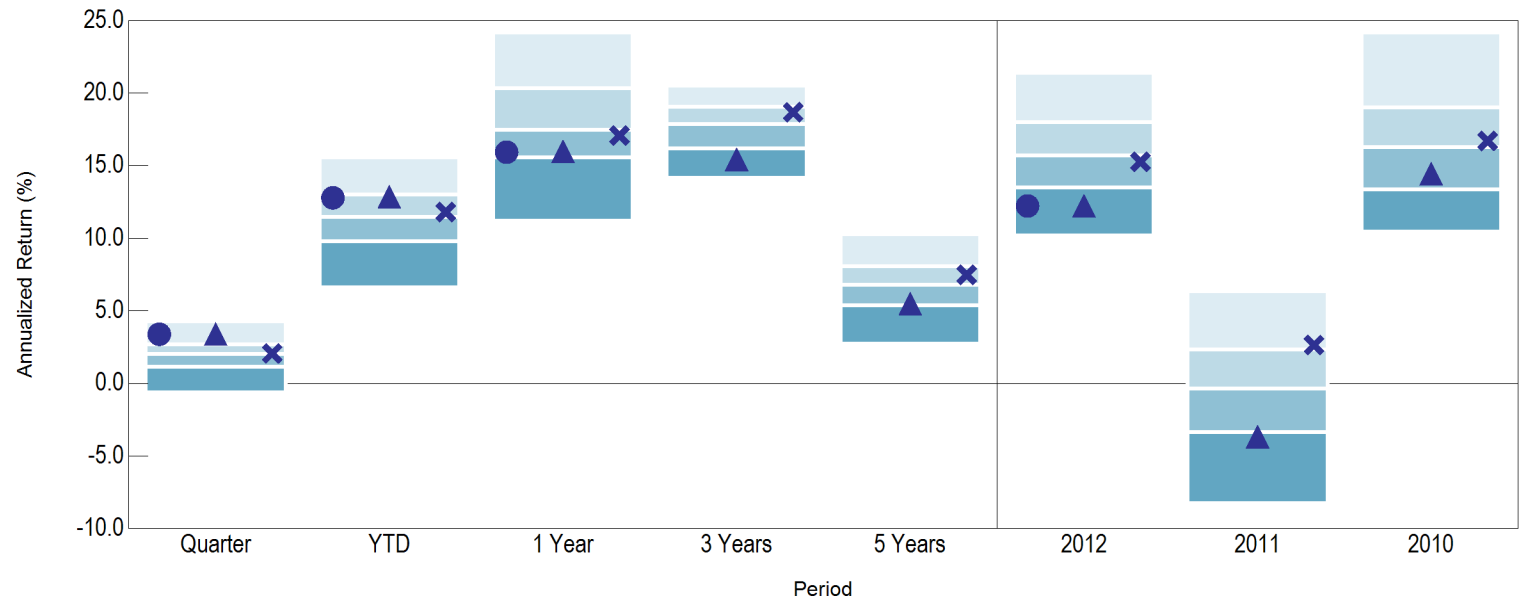
## Summary Data Points

**Mercer Rating:** B+  
**Strategy AUM (\$B):** \$8.3

# NCSRP Neuberger Large Cap Growth

## Performance

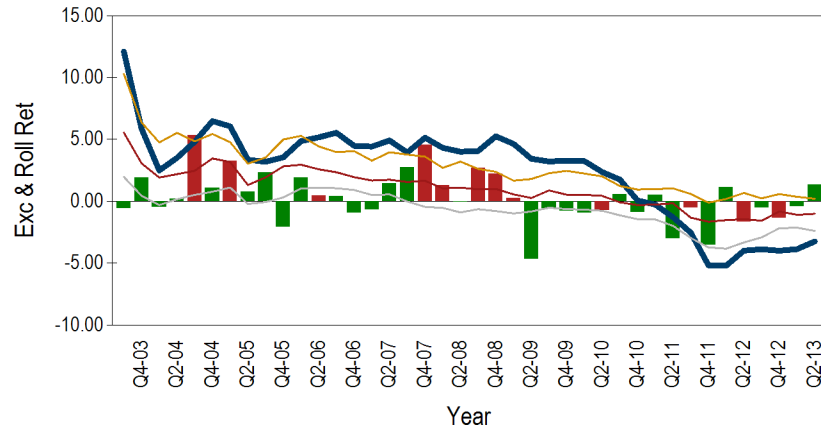
Performance vs. Mercer Instl US Equity Large Cap Growth  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	4.3	15.6	24.2	20.5	10.3	21.4	6.4	24.1								
25th Percentile	2.7	13.0	20.3	19.1	8.1	18.0	2.4	19.1								
Median	2.0	11.5	17.5	17.9	6.8	15.7	-0.3	16.3								
75th Percentile	1.2	9.8	15.6	16.2	5.4	13.5	-3.3	13.4								
95th Percentile	-0.6	6.6	11.2	14.2	2.8	10.2	-8.2	10.5								
# of Portfolios	218	216	209	178	169	249	251	271								
● NCSRP Neuberger Large Cap Growth	3.4	(13)	12.8	(28)	15.9	(71)	--	(--)	--	(--)	12.2	(88)	--	(--)	--	(--)
▲ Neuberger Large Cap Growth Strategy	3.4	(12)	12.9	(27)	16.0	(71)	15.4	(86)	5.5	(74)	12.2	(88)	-3.7	(79)	14.5	(66)
✕ Russell 1000 Growth	2.1	(49)	11.8	(43)	17.1	(57)	18.7	(32)	7.5	(38)	15.3	(57)	2.6	(24)	16.7	(48)

# Neuberger Large Cap Growth Strategy

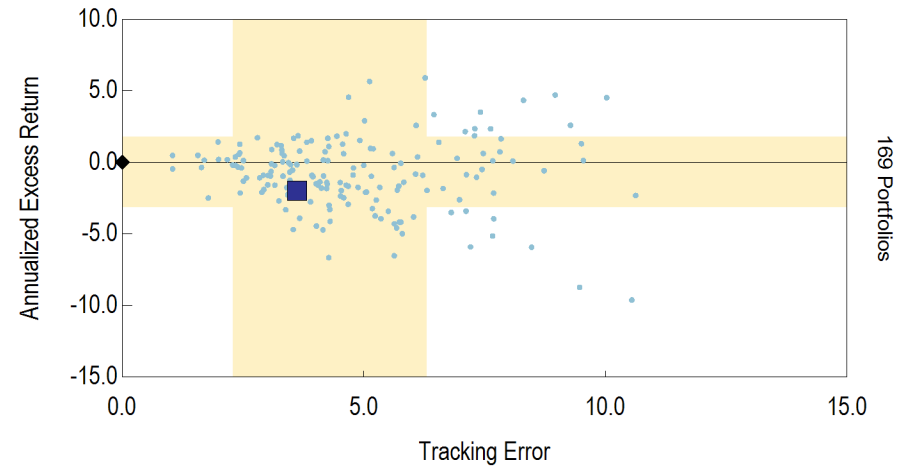
**Rolling 3 Year Excess Performance**  
Neuberger Large Cap Growth Strategy vs. Russell 1000 Growth



**Characteristics**  
as of June 30, 2013

	Portfolio	Russell 1000 Growth
<b>PORTFOLIO CHARACTERISTICS</b>		
Price To Earnings	24.99	21.61
P/E Excluding Negative Earnings	24.99	21.64
P/E Median	21.39	20.89
Price To Book	5.52	5.06
Price To Book Median	4.36	3.83
Price To Cash Flow	15.41	13.52
Price To Sales	3.27	3.02
Dividend Yield (%)	1.63	1.79
Weighted Ave. Market Cap. (\$B)	102.33	89.97
Median Market Cap. (\$B)	41.52	7.11
Beta	1.04	1.00

**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013

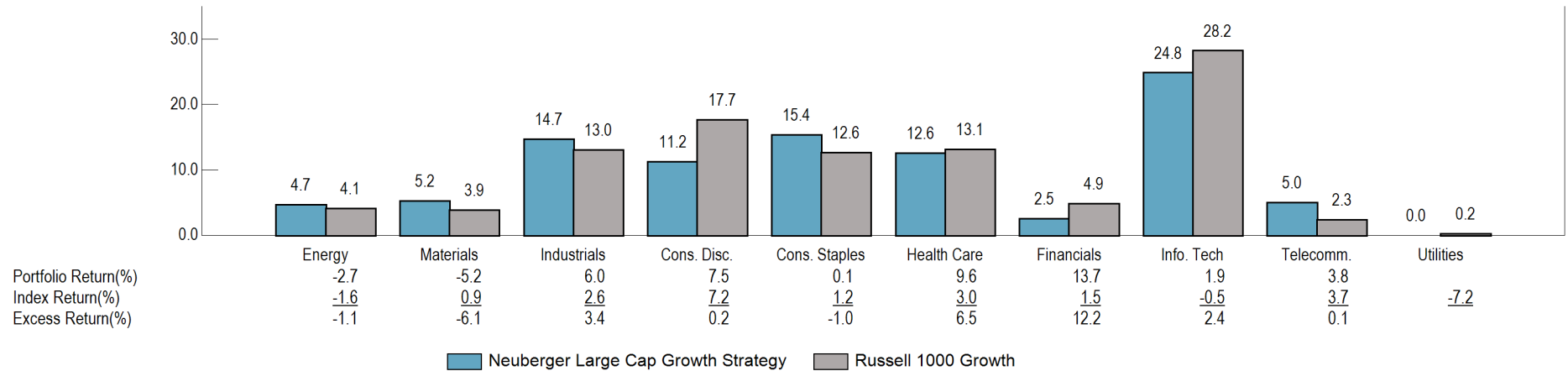


**Performance Attribution vs. Russell 1000 Growth**  
Quarter Ending June 30, 2013

	Total Effects	Selection Effect	Allocation Effect	Interaction Effects
Energy	-0.14%	-0.05%	-0.06%	-0.03%
Materials	-0.46%	-0.18%	-0.02%	-0.25%
Industrials	0.54%	0.44%	0.04%	0.05%
Cons. Disc.	-0.32%	0.04%	-0.34%	-0.02%
Cons. Staples	-0.13%	0.12%	0.02%	-0.27%
Health Care	1.02%	0.83%	0.05%	0.14%
Financials	0.33%	0.60%	0.03%	-0.30%
Info. Tech	0.67%	0.19%	0.11%	0.37%
Telecomm.	0.06%	0.00%	0.06%	0.00%
Utilities	0.02%	--	0.02%	--
Cash	-0.06%	0.00%	0.00%	-0.06%
Unclassified	0.00%	--	0.00%	--
<b>Portfolio</b>	<b>1.53%</b>	<b>= 1.99%</b>	<b>+ -0.11%</b>	<b>+ -0.35%</b>

## Neuberger Large Cap Growth Strategy

Sector Allocation (%) vs Russell 1000 Growth  
3 Months Ending June 30, 2013



### Top Returning Stocks

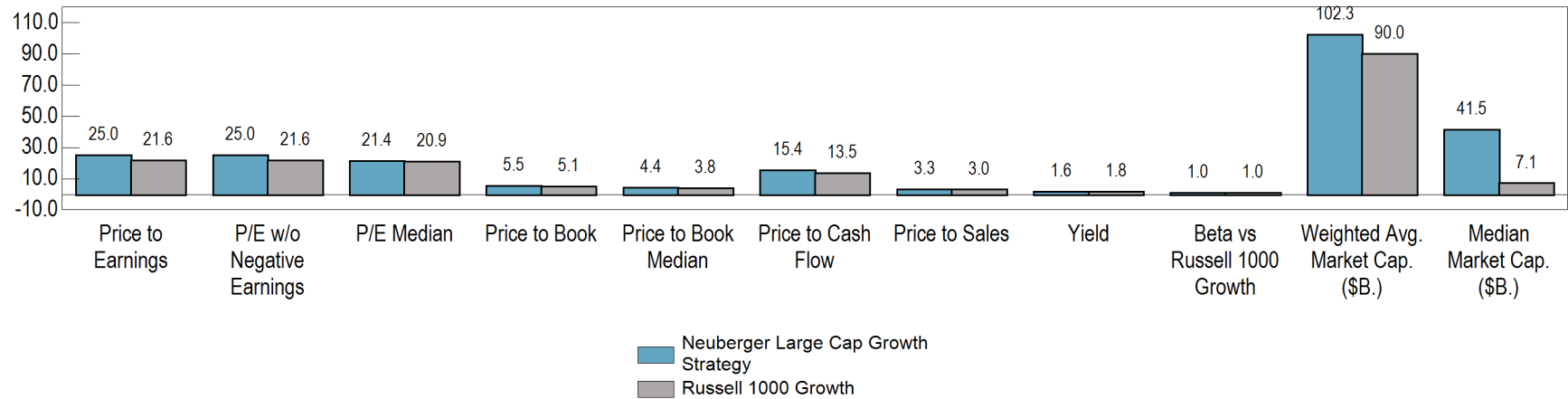
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
VERTEX PHARMS. (VRTX)	2.49%	0.22%	0.93%	45.64%
ILLUMINA (ILMN)	1.13%	0.12%	0.37%	38.64%
MICROSOFT (MSFT)	2.41%	3.33%	-0.16%	21.59%
BOEING (BA)	1.97%	0.89%	0.20%	19.94%
PREC.CASTPARTS (PCP)	2.45%	0.42%	0.34%	19.21%
ASML HLDG.ADR 1:1 (ASML)	2.22%		0.39%	17.44%
STARBUCKS (SBUX)	2.88%	0.64%	0.31%	15.42%
AMERICAN INTL.GP. (AIG)	1.23%		0.27%	15.15%
CHIPOTLE MEXN.GRILL (CMG)	0.90%	0.15%	0.12%	11.81%
BIOGEN IDEC (BIIB)	1.59%	0.66%	0.11%	11.72%
<b>Total</b>	<b>19.27%</b>	<b>6.42%</b>		

### Bottom Returning Stocks

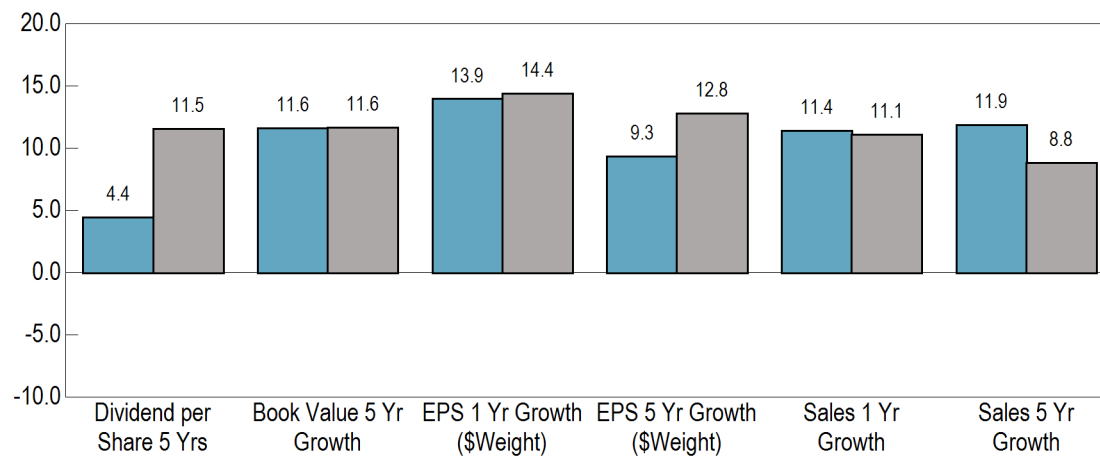
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
ALLERGAN (AGN)	0.00%		-0.10%	-24.50%
ADT (ADT)	1.45%		-0.19%	-18.34%
EDWARDS LIFESCIENCES (EW)	1.67%	0.10%	-0.36%	-18.21%
JOY GLOBAL (JOY)	0.00%		-0.14%	-18.20%
TERADATA (TDC)	0.00%		-0.04%	-14.15%
AGRIUM (NYS) (AGU)	1.27%		-0.18%	-10.30%
INTERNATIONAL BUS.MCHS. (IBM)	1.71%	2.67%	0.10%	-9.99%
APPLE (AAPL)	5.28%	4.75%	0.06%	-9.82%
QUALCOMM (QCOM)	0.00%		-0.05%	-8.23%
ANHEUSER-BUSCH INBEV SPN.ADR 1:1 (BUD)	2.06%		-0.15%	-7.27%
<b>Total</b>	<b>13.43%</b>	<b>7.52%</b>		

# Neuberger Large Cap Growth Strategy

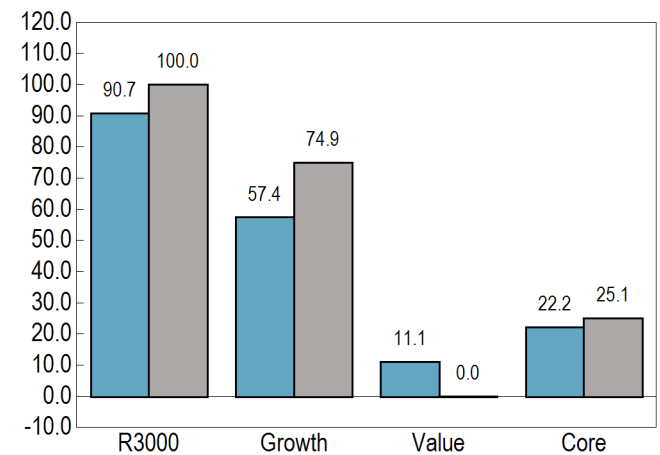
Portfolio Characteristics  
Ending June 30, 2013



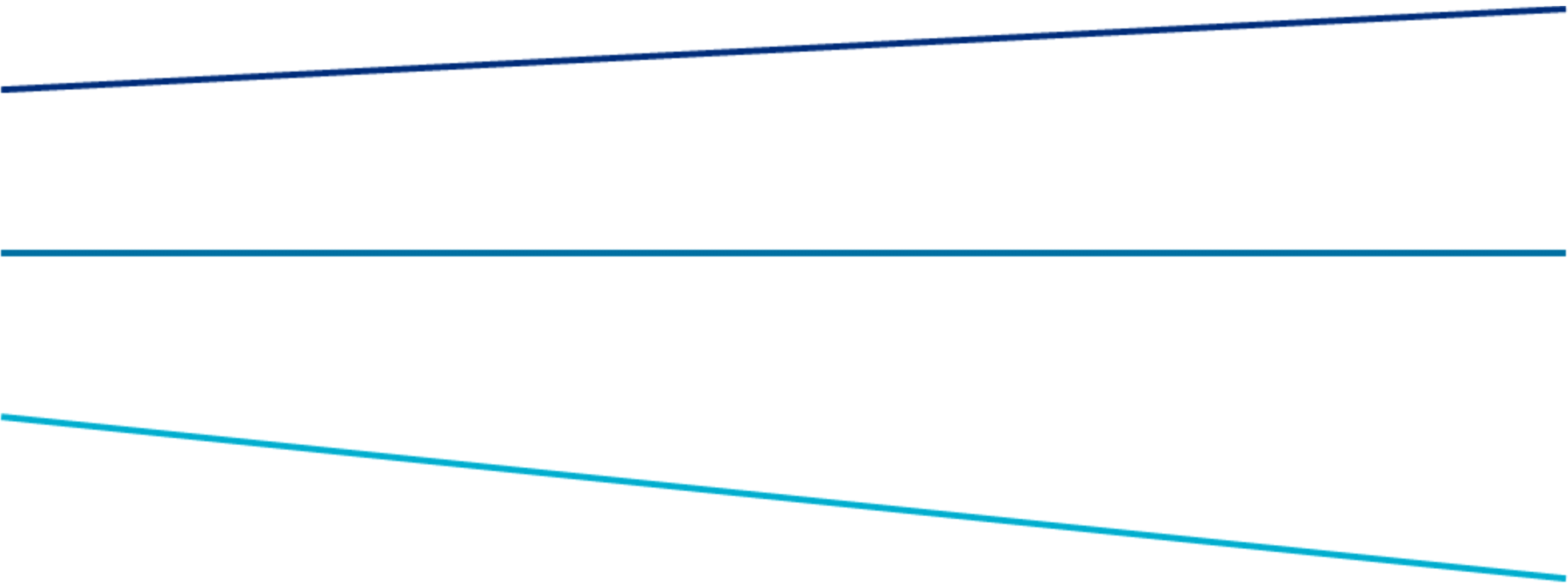
Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



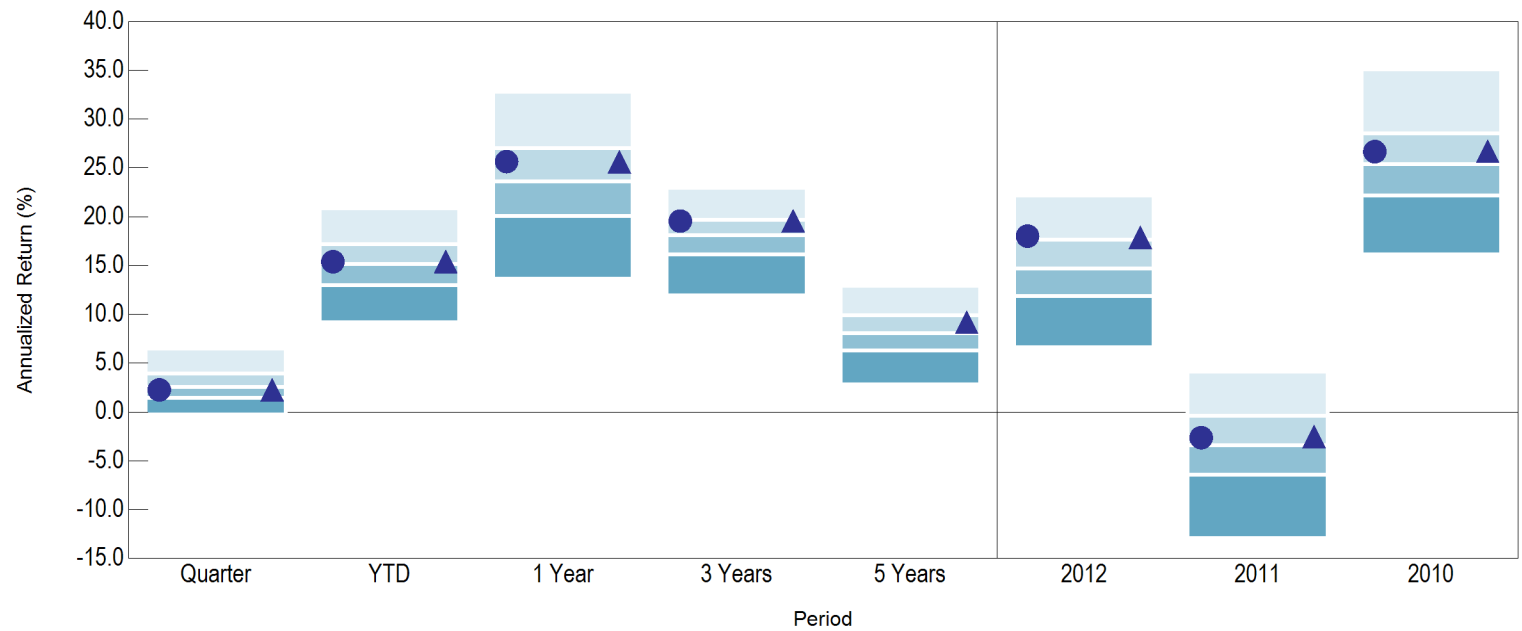
## Mid/Small Cap Passive



## Mid/Small Cap Passive

### Performance

Performance vs. Mercer Mutual Fund US Equity Small + Mid  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	6.5		20.8		32.8		22.9		12.9		22.2		4.1		35.1	
25th Percentile	4.0		17.2		27.1		19.7		9.9		17.7		-0.3		28.6	
Median	2.6		15.2		23.6		18.1		8.1		14.8		-3.4		25.4	
75th Percentile	1.5		13.1		20.1		16.2		6.3		11.9		-6.4		22.2	
95th Percentile	-0.2		9.2		13.7		12.0		2.9		6.7		-12.9		16.2	
# of Portfolios	767		762		751		680		635		750		729		780	
● Mid/Small Cap Passive	2.3	(59)	15.4	(48)	25.6	(34)	19.6	(28)	--	(--)	18.0	(23)	-2.6	(45)	26.7	(41)
▲ Russell 2500	2.3	(58)	15.4	(47)	25.6	(34)	19.6	(28)	9.2	(34)	17.9	(24)	-2.5	(44)	26.7	(40)

## Manager Commentary

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<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>BlackRock - Russell 2500 Index (BGI)</b>
<b>Benchmark</b>	<b>Russell 2500</b>

### Manager Philosophy and Process

Through its predecessor firm BGI, BlackRock utilizes a three-pronged philosophy across all of its index strategies. The investment philosophy of passive products at BlackRock is to replicate the index returns while minimizing transaction costs and tracking error of the product.

Due to the illiquid nature and high transaction costs involved in trading the smallest securities in the Russell 2500 Index, the Russell 2500 Index Fund is managed using an optimization technique. The optimization is based upon a risk model, and its goal is to create a fund that statistically reflects the respective index's characteristics. The optimization approach enables BlackRock to decrease transaction costs, and therefore to minimize negative tracking error.

Futures are used in the Russell 2500 Index Fund only to equitize dividends and other cash flows associated with the issuers that comprise the index. BlackRock has extensive experience in the use of futures, dating back to 1982. Futures are used solely for bona fide hedging purposes, and not for speculation or to conduct arbitrage between futures and the underlying Russell 2500 stocks.

### Factual Performance Statement

The fund returned 2.3% during the second quarter and 25.8% for the one-year period. The fund tracked its benchmark within 20 basis points over all periods measured.

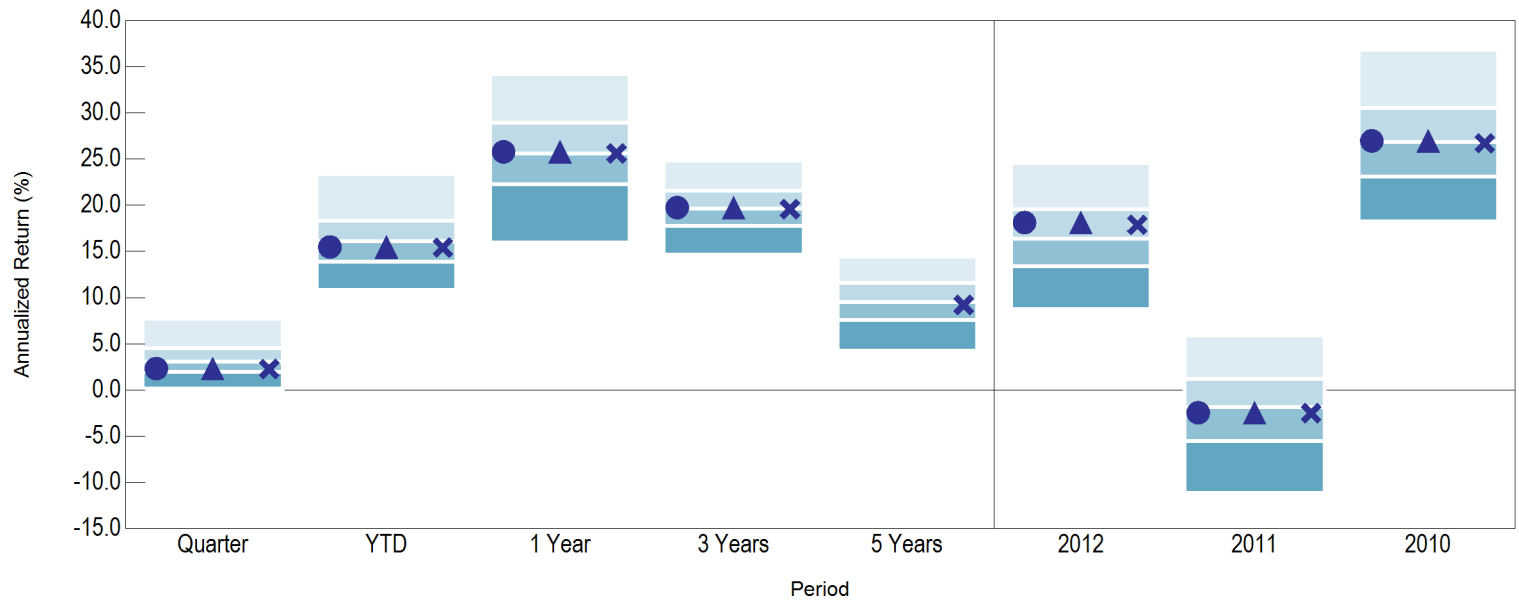
### Summary Data Points

**Mercer Rating:** Preferred Provider  
**Strategy AUM (\$B):** \$2.9 (as of 3/31/2013)

# NCSRP BlackRock Russell 2500 Index Fund

## Performance

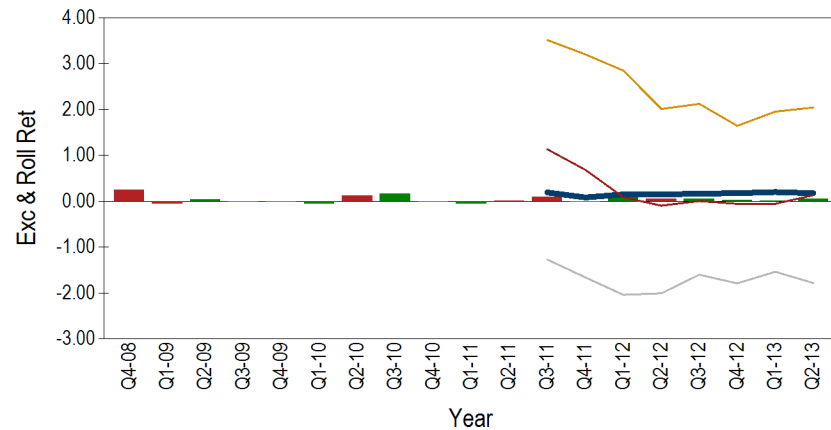
Performance vs. Mercer Instl US Equity Small + Mid Cap  
Ending June 30, 2013



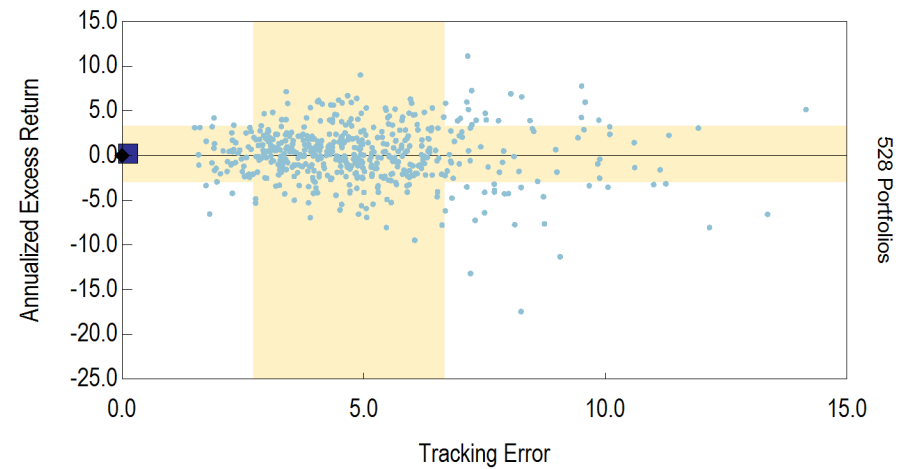
	Return (Rank)													
5th Percentile	7.7	23.4	34.1	24.8	14.4	24.5	5.9	36.8						
25th Percentile	4.6	18.3	28.9	21.6	11.6	19.6	1.3	30.6						
Median	3.1	16.2	25.6	19.7	9.6	16.4	-1.8	26.9						
75th Percentile	2.0	14.0	22.3	17.8	7.6	13.4	-5.5	23.2						
95th Percentile	0.2	10.8	16.0	14.7	4.3	8.8	-11.1	18.3						
# of Portfolios	644	633	605	528	513	701	706	746						
● NCSRP BlackRock Russell 2500 Index Fund	2.3 (67)	15.5 (60)	25.8 (50)	19.7 (50)	-- (--)	18.1 (36)	-2.5 (55)	27.0 (49)						
▲ BlackRock Russell 2500 Index Fund Strategy	2.3 (67)	15.5 (60)	25.8 (50)	19.7 (50)	-- (--)	18.1 (36)	-2.5 (55)	27.0 (49)						
✕ Russell 2500	2.3 (69)	15.4 (61)	25.6 (51)	19.6 (53)	9.2 (55)	17.9 (38)	-2.5 (55)	26.7 (52)						

## BlackRock Russell 2500 Index Fund Strategy

Rolling 3 Year Excess Performance  
BlackRock Russell 2500 Index Fund Strategy vs. Russell 2500



Annualized Excess Return vs. Tracking Error  
3 Years Ending June 30, 2013

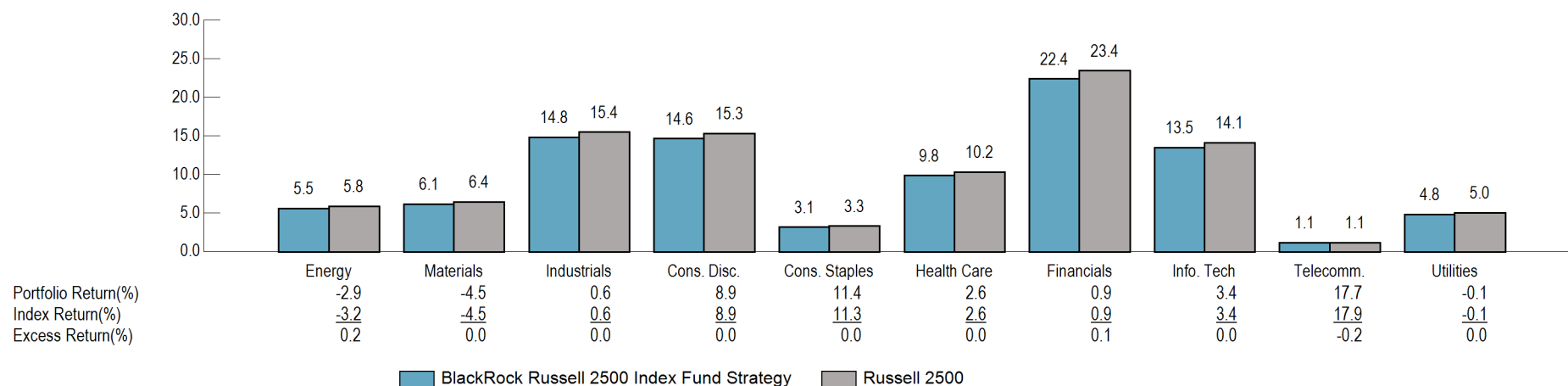


Characteristics  
as of June 30, 2013

	Portfolio	Russell 2500
PORTFOLIO CHARACTERISTICS		
Price To Earnings	22.78	21.70
P/E Excluding Negative Earnings	24.00	22.90
P/E Median	17.94	17.56
Price To Book	3.11	2.75
Price To Book Median	1.93	1.95
Price To Cash Flow	12.73	11.94
Price To Sales	2.52	2.15
Dividend Yield (%)	1.45	1.29
Weighted Ave. Market Cap. (\$B)	3.43	3.43
Median Market Cap. (\$B)	0.86	0.86
Beta	1.00	1.00

# BlackRock Russell 2500 Index Fund Strategy

Sector Allocation (%) vs Russell 2500  
3 Months Ending June 30, 2013



## Top Returning Stocks

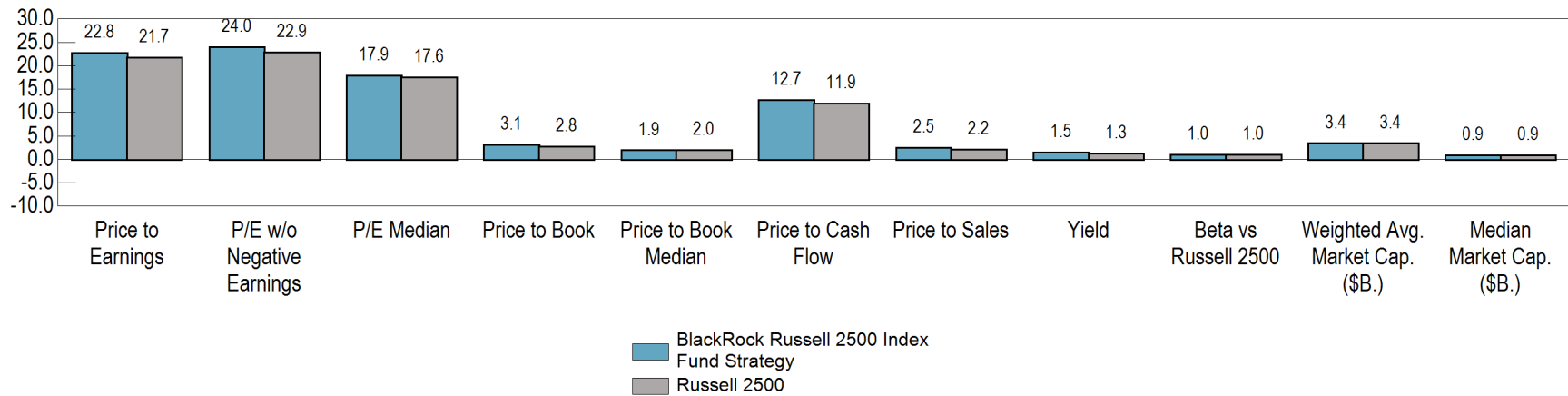
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
TESLA MOTORS (TSLA)	0.23%	0.24%	0.00%	183.35%
CLOVIS ONCOLOGY (CLVS)	0.03%	0.03%	0.01%	133.62%
OVERSTOCK COM (OSTK)	0.01%	0.01%	0.00%	128.90%
IMMUNOMEDICS (IMMU)	0.01%	0.01%	0.00%	125.73%
T-MOBILE US (TMUS)	0.00%		0.01%	125.39%
INTELIQUENT (IQNT)	0.00%	0.01%	0.00%	123.65%
RESTORATION HWRE.HLDG. (RH)	0.01%	0.01%	0.00%	114.29%
NATIONAL RESEARCH 'B' (NRCIB)	0.00%		0.00%	111.55%
VANDA PHARMACEUTICALS (VNDA)	0.01%	0.01%	0.00%	106.12%
NEXSTAR BCST.GP. (NXST)	0.01%	0.01%	0.00%	97.82%
<b>Total</b>	<b>0.32%</b>	<b>0.33%</b>		

## Bottom Returning Stocks

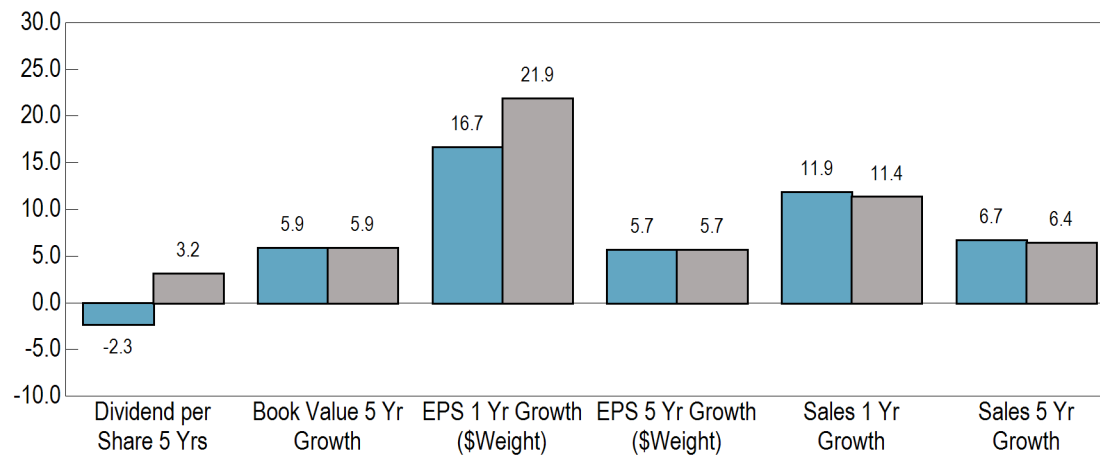
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
CENTRAL EUR.DISTRIBUTION (CEDCQ)	0.00%		0.00%	-98.84%
EXIDE TECHS. (XIDE)	0.00%		0.00%	-95.30%
ORCHARD SUPP.HWRE.STRS. CL.A (OSHWQ)	0.00%		0.00%	-92.42%
GOLDEN STAR RES. (ASE) (GSS)	0.00%	0.00%	0.00%	-73.75%
REVELT MINERALS (C:RVM)	0.00%		0.00%	-70.17%
INFINITY PHARMACEUTICALS (INFI)	0.01%	0.02%	0.00%	-66.59%
AVEO PHARMACEUTICALS (AVEO)	0.00%	0.00%	0.00%	-65.99%
WALTER ENERGY (WLT)	0.02%	0.02%	0.01%	-63.27%
ALLIED NEVADA GOLD (ANV)	0.02%	0.02%	0.01%	-60.63%
VISTA GOLD (C:VGZ)	0.00%		0.00%	-53.85%
<b>Total</b>	<b>0.06%</b>	<b>0.06%</b>		

## BlackRock Russell 2500 Index Fund Strategy

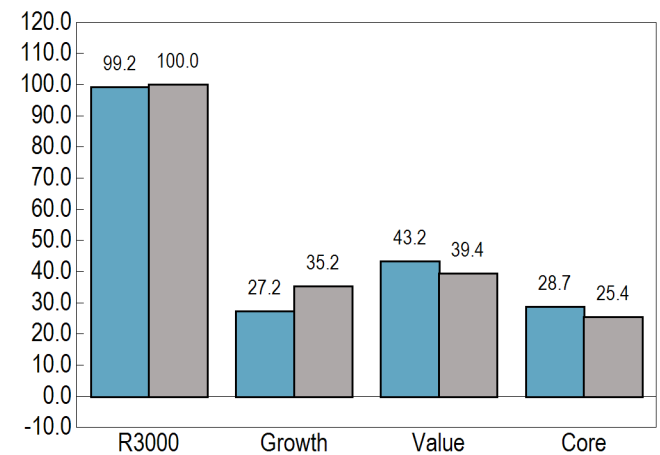
Portfolio Characteristics  
Ending June 30, 2013



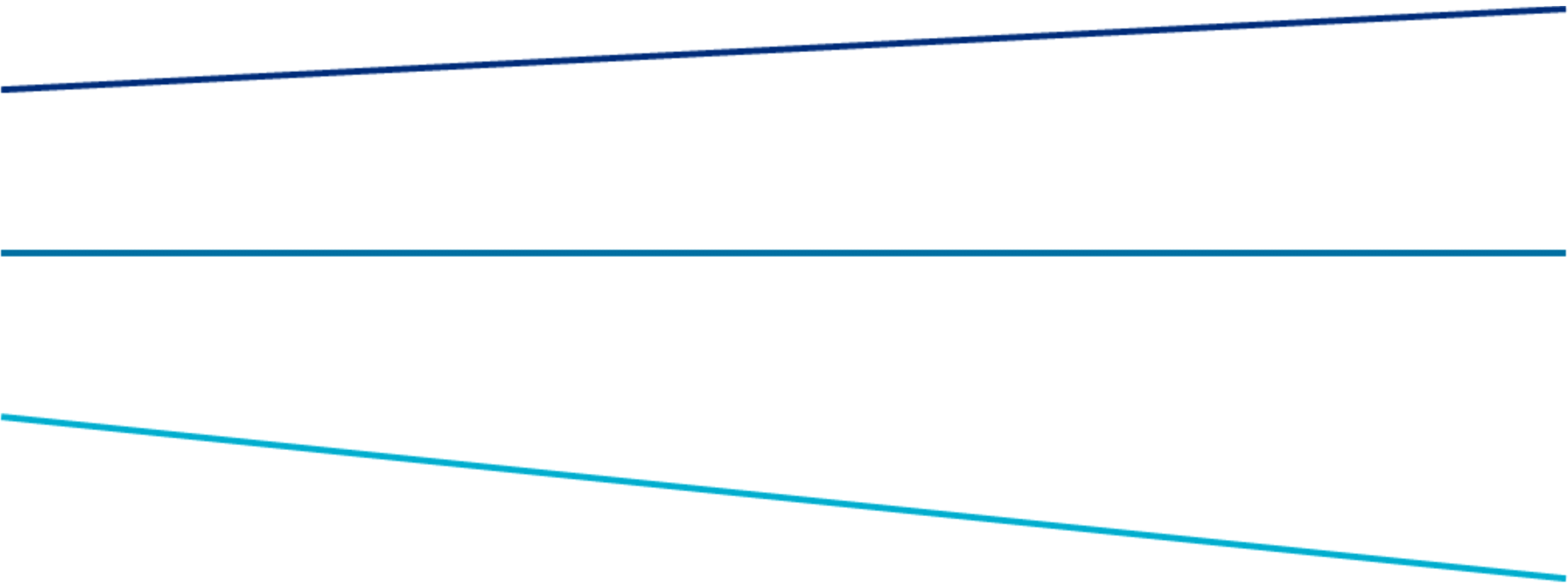
Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



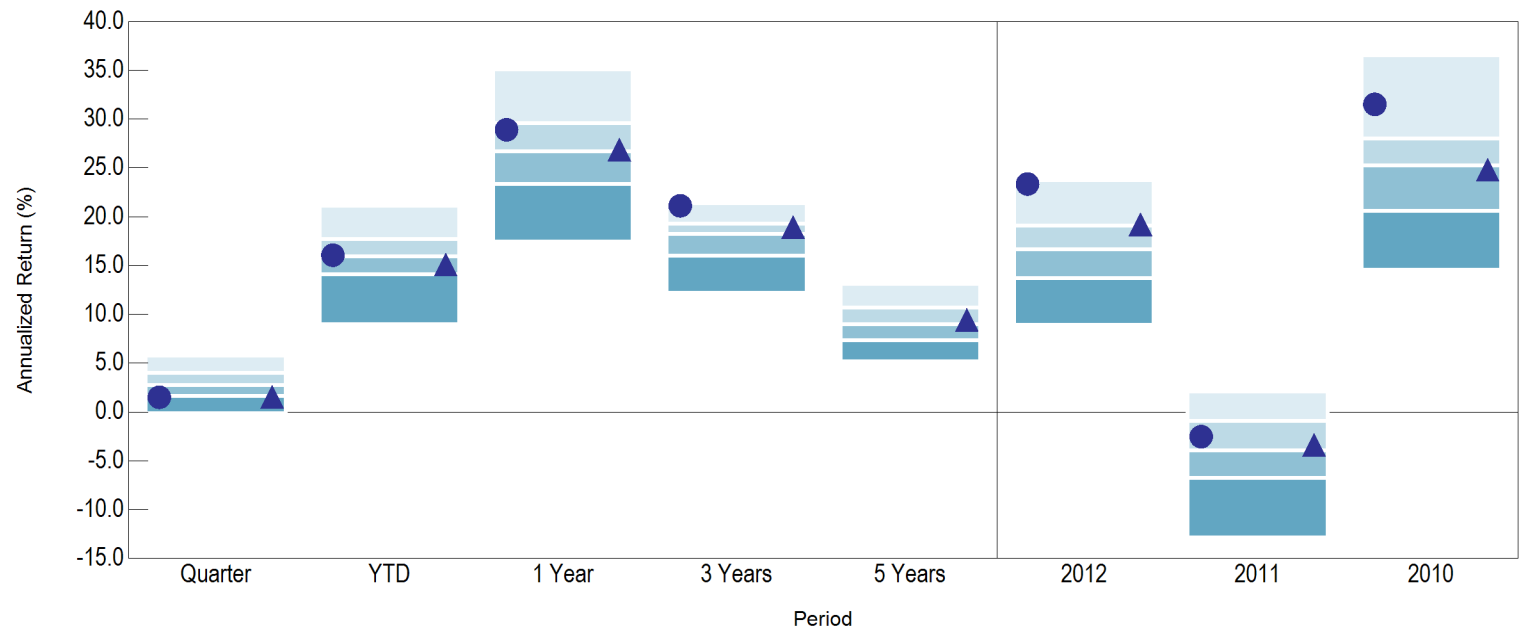
## Mid/Small Cap Value



## Mid/Small Cap Value

### Performance

Performance vs. Mercer Mutual Fund US Equity Small + Mid Value  
Ending June 30, 2013

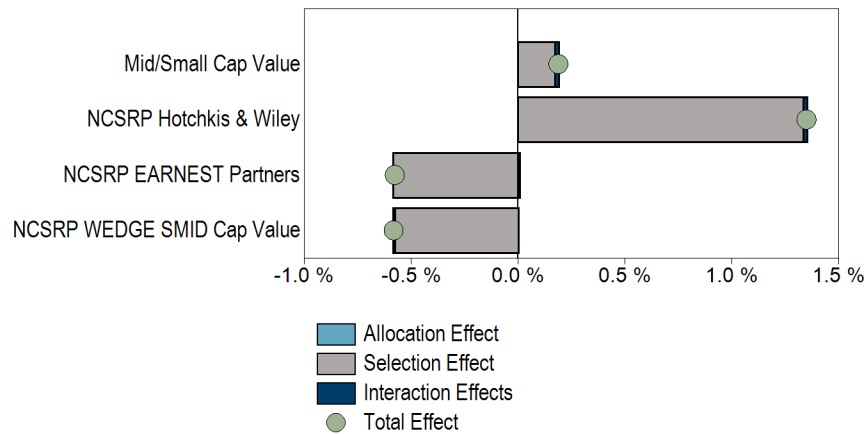


	Return (Rank)													
5th Percentile	5.7	21.1	35.1	21.4	13.1	23.7	2.1	36.5						
25th Percentile	4.0	17.7	29.6	19.3	10.7	19.1	-0.9	28.0						
Median	2.8	16.0	26.7	18.3	9.0	16.7	-3.9	25.3						
75th Percentile	1.7	14.1	23.4	16.0	7.4	13.8	-6.7	20.6						
95th Percentile	-0.1	9.0	17.5	12.2	5.2	9.0	-12.8	14.6						
# of Portfolios	154	150	147	124	115	138	156	130						
● Mid/Small Cap Value	1.5 (78)	16.1 (50)	28.9 (32)	21.1 (6)	-- (--)	23.3 (7)	-2.5 (39)	31.5 (12)						
▲ Russell 2500 Value	1.5 (78)	15.1 (63)	26.9 (49)	18.9 (33)	9.4 (47)	19.2 (24)	-3.4 (44)	24.8 (55)						

## Mid/Small Cap Value

### Attribution

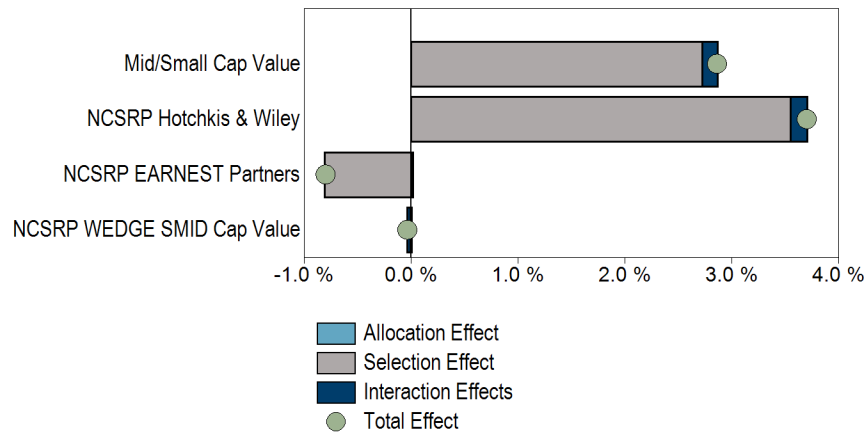
**Attribution Effects**  
3 Months Ending June 30, 2013



**Attribution Summary**  
3 Months Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Hotchkis & Wiley	5.6%	1.5%	4.1%	1.3%	0.0%	0.0%	1.3%
NCSRP EARNEST Partners	-0.2%	1.5%	-1.8%	-0.6%	0.0%	0.0%	-0.6%
NCSRP WEDGE SMID Cap Value	-0.2%	1.5%	-1.7%	-0.6%	0.0%	0.0%	-0.6%
<b>Total</b>	<b>1.7%</b>	<b>1.5%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.2%</b>

**Attribution Effects**  
1 Year Ending June 30, 2013

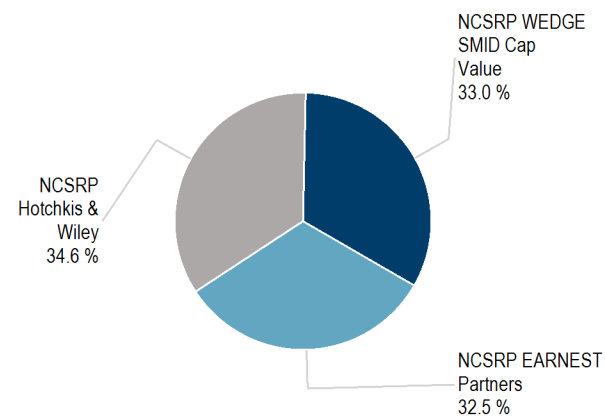


**Attribution Summary**  
1 Year Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Hotchkis & Wiley	37.8%	26.9%	10.9%	3.5%	0.0%	0.2%	3.7%
NCSRP EARNEST Partners	24.5%	26.9%	-2.4%	-0.8%	0.0%	0.0%	-0.8%
NCSRP WEDGE SMID Cap Value	26.8%	26.9%	-0.1%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>29.7%</b>	<b>26.9%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>2.9%</b>

# Mid/Small Cap Value

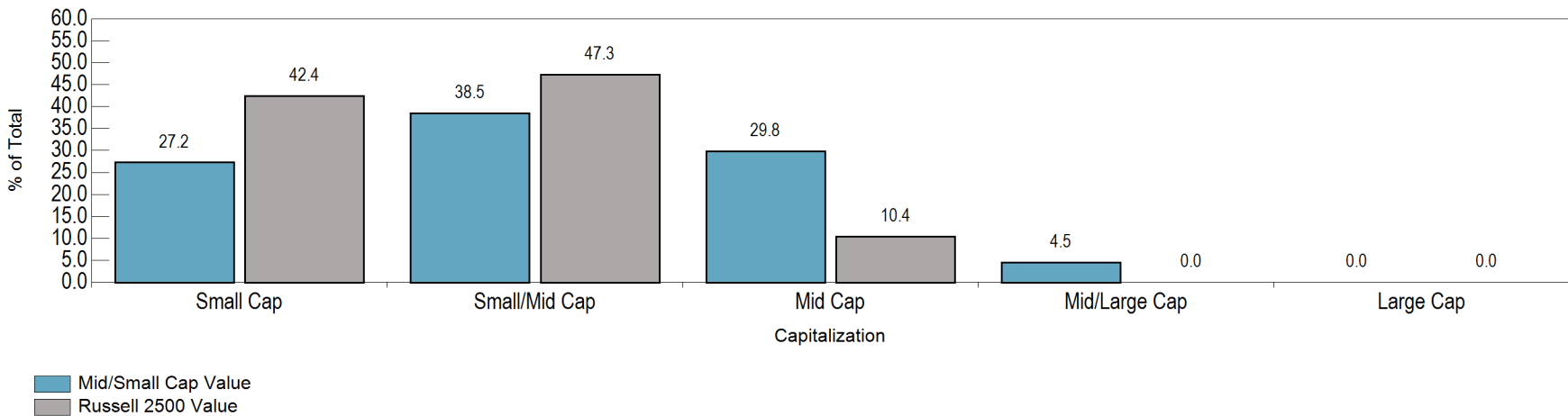
Current Allocation



Characteristics

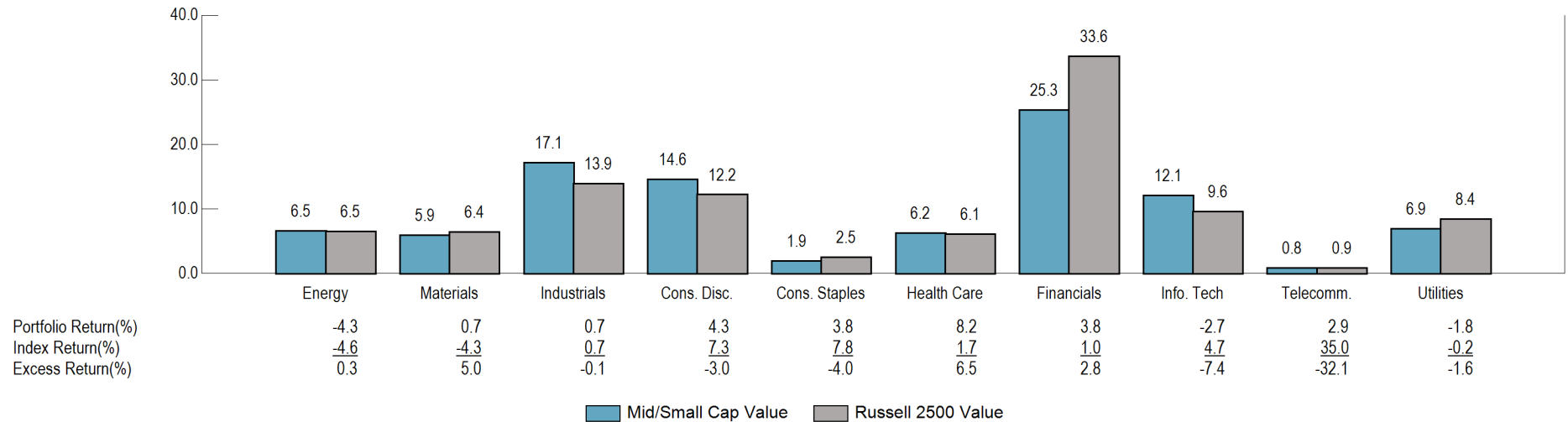
	Portfolio	Russell 2500 Value
Number of Holdings	249	1,763
Weighted Avg. Market Cap. (\$B)	6.32	3.31
Median Market Cap. (\$B)	2.83	0.76
Price To Earnings	17.71	18.30
Price To Book	2.46	1.82
Price To Sales	1.45	1.71
Return on Equity (%)	13.02	9.32
Yield (%)	1.67	1.77
Beta	1.17	1.00
R-Squared	0.97	1.00

Market Capitalization As Of June 30, 2013



## Mid/Small Cap Value

Sector Allocation (%) vs Russell 2500 Value



Top Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
CEC ENTM. (CEC)	0.13%		0.03%	26.05%
RUBY TUESDAY (RT)	0.12%	0.03%	0.02%	25.24%
AETNA (AET)	0.54%		0.12%	24.72%
BUCKEYE TECHNOLOGIES (BKI)	0.14%	0.03%	0.01%	23.97%
HUMANA (HUM)	0.76%		0.04%	22.49%
HEALTH MAN.ASSOCS. (HMA)	0.46%	0.23%	0.09%	22.14%
MAGNA INTL. (NYS) (MGA)	0.89%		0.19%	21.92%
GOODYEAR TIRE & RUB. (GT)	1.20%		0.18%	21.37%
STAPLES (SPLS)	0.63%		0.08%	19.16%
CENTENE (CNC)	0.78%		0.13%	19.12%
<b>Total</b>	<b>5.64%</b>	<b>0.29%</b>		

Bottom Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
EBIX (EBIX)	0.11%	0.00%	-0.10%	-42.91%
AXIALL (AXLL)	0.08%	0.03%	0.00%	-31.37%
AIR METHODS (AIRM)	0.39%		-0.11%	-29.81%
NAVISTAR INTL. (NAV)	0.12%	0.11%	0.00%	-19.70%
SWIFT ENERGY (SFY)	0.21%	0.03%	-0.04%	-19.04%
CYS INVESTMENTS (CYS)	0.19%	0.09%	0.00%	-18.69%
JOY GLOBAL (JOY)	0.34%		-0.08%	-18.20%
AUTODESK (ADSK)	0.43%		-0.09%	-17.72%
CRA INTL. (CRAI)	0.03%	0.01%	0.00%	-17.43%
VALASSIS COMMS. (VCI)	1.31%	0.02%	-0.27%	-16.63%
<b>Total</b>	<b>3.22%</b>	<b>0.30%</b>		

## Mid/Small Cap Value

---

### Top Holdings Mid/Small Cap Value

	SMIDV Fund %	Hotchkis %	EARNEST %	WEDGE %	Index Weight%
GREAT PLAINS EN.	1.50%	3.36%		1.02%	0.17%
KEYCORP	1.48%	2.06%	2.35%		
COBALT INTL.ENERGY	1.32%	3.81%			
VALASSIS COMMS.	1.31%	3.53%		0.26%	0.02%
SUNTRUST BANKS	1.30%	3.76%			
NRG ENERGY	1.25%	3.62%			0.48%
AMERICAN TOWER	1.23%		3.78%		
GOODYEAR TIRE & RUB.	1.20%	3.47%			
ARRIS GROUP	1.18%	3.43%			0.08%
CUMMINS	1.17%		3.62%		
<b>Total</b>	<b>12.94%</b>	<b>27.05%</b>	<b>9.75%</b>	<b>1.28%</b>	<b>0.75%</b>

## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Hotchkis and Wiley Capital Management - Mid-Cap Value</b>
<b>Benchmark</b>	<b>Russell 2500 Value</b>

### Portfolio Managers / Team

Stan Majcher  
George Davis

### Manager Philosophy and Process

The investment process employed is team-based utilizing primarily in-house, fundamental research. The investment research staff is organized by industry and sector and supports all of the accounts managed in each of HWCM's investment strategies. Portfolio coordinators for each strategy ensure that the best thinking of the investment team is reflected in the "target portfolios." Investment ideas for the portfolio are generated by the investment team. HWCM has identified the portfolio managers with the most significant responsibility for each Fund's portfolio.

HWCM subscribes to a team-oriented, four-stage process.

1. Idea Generation
2. In-Depth Evaluation (Consisting of a company evaluation and risk assessment)
3. Recommendation
4. Portfolio Construction

### Current Positioning

- Significant overweight to consumer discretionary
- Notable underweights to financials and materials
- Concentrated portfolio with top ten holdings representing 32.4%

## Manager Commentary

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### Quarterly Attribution

#### **Positive Impact on Performance:**

- Positive stock selection in financials, health care, and industrials
- Overweight in consumer discretionary and underweight in materials

#### **Negative Impact on Performance:**

- Stock selection in information technology
- Lack of exposure to telecommunication services

### Longer Period Attribution (annual)

#### **Positive Impact on Performance:**

- Positive stock selection in financials, utilities, and health care
- Overweight in the consumer discretionary sector and an underweight in the utilities sector

#### **Negative Impact on Performance:**

- Stock selection in consumer staples and energy

### Responsible Investment ESG Comment

ESG3

# Manager Commentary

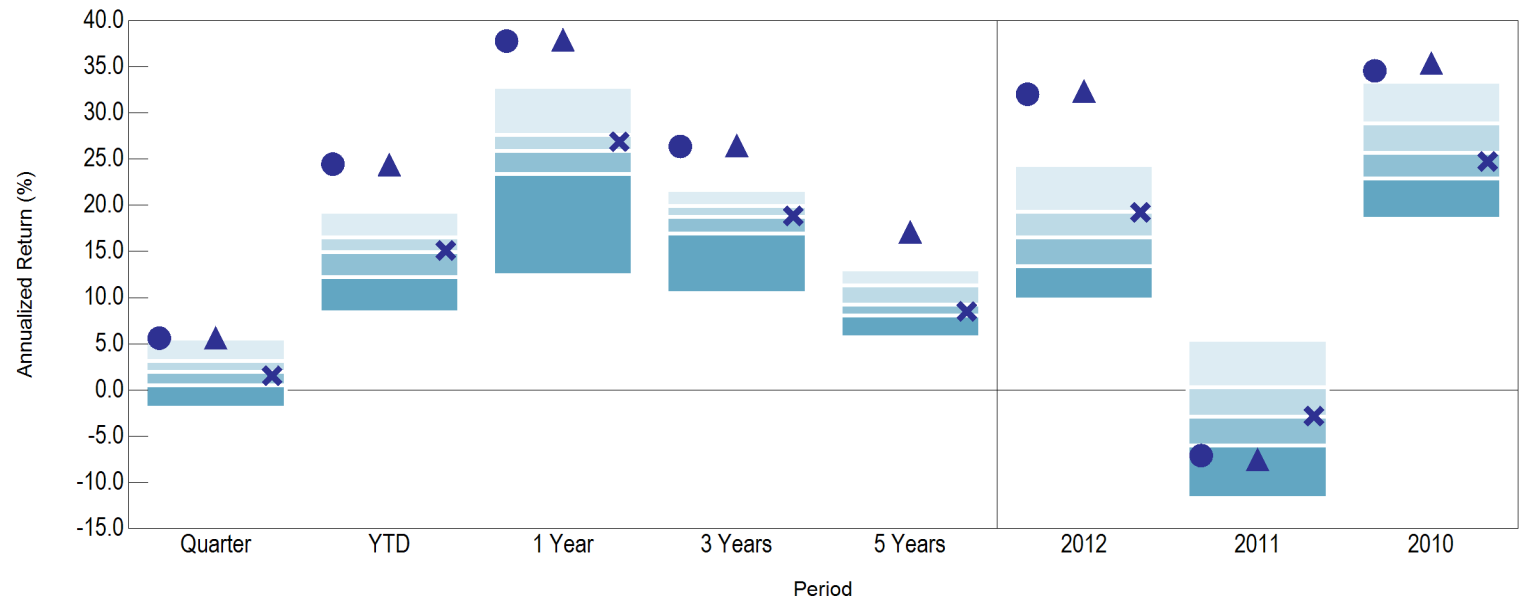
## Summary Data Points

**Mercer Rating:** B+(T)  
**Strategy AUM (\$B):** \$2.7

# NCSRP Hotchkis & Wiley

## Performance

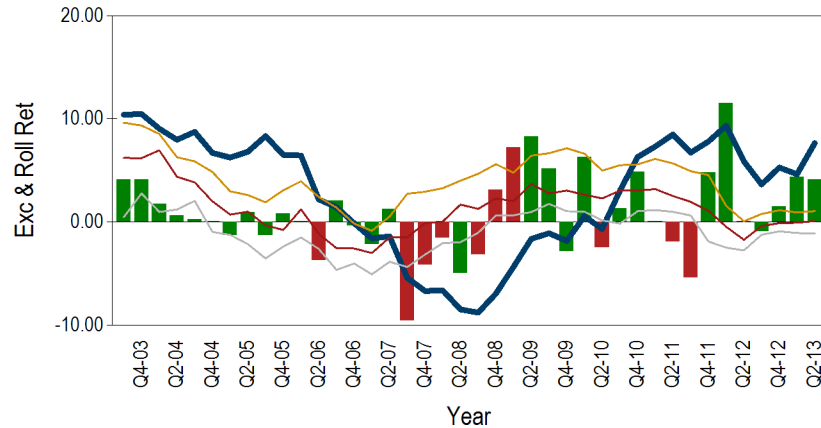
Performance vs. Mercer Instl US Equity SMID Value  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	5.6		19.2		32.8		21.6		13.0		24.3		5.4		33.4	
25th Percentile	3.2		16.6		27.7		20.0		11.3		19.3		0.3		28.9	
Median	2.0		15.0		25.9		18.8		9.3		16.6		-2.9		25.7	
75th Percentile	0.6		12.3		23.4		16.9		8.1		13.4		-6.0		23.0	
95th Percentile	-1.9		8.5		12.5		10.5		5.7		9.8		-11.6		18.6	
# of Portfolios	69		68		66		56		49		75		66		67	
● NCSRP Hotchkis & Wiley	5.6	(5)	24.4	(1)	37.8	(1)	26.4	(1)	--	(--)	32.0	(1)	-7.1	(77)	34.5	(3)
▲ Hotchkis & Wiley Value Strategy	5.7	(5)	24.4	(1)	37.9	(1)	26.5	(1)	17.1	(1)	32.4	(1)	-7.5	(82)	35.4	(3)
✕ Hotchkis Custom SMID Value Index	1.5	(59)	15.1	(48)	26.9	(36)	18.8	(49)	8.5	(70)	19.2	(26)	-2.8	(50)	24.8	(61)

# Hotchkis & Wiley Value Strategy

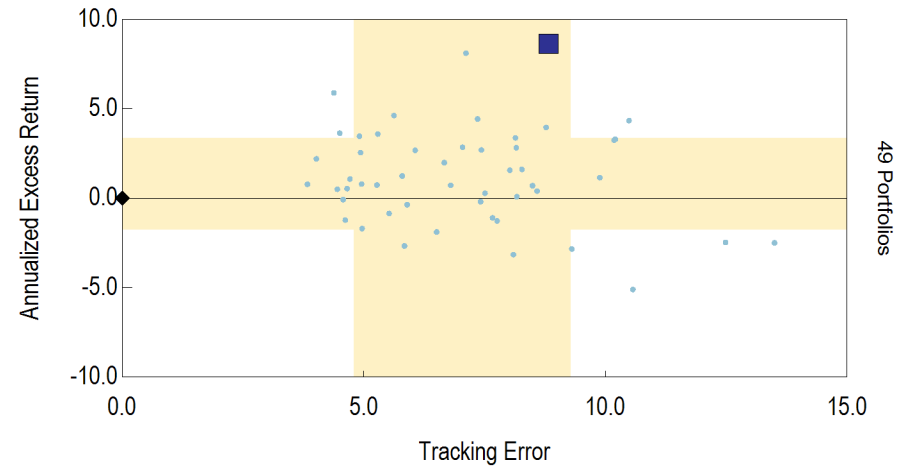
**Rolling 3 Year Excess Performance**  
Hotchkis & Wiley Value Strategy vs. Hotchkis Custom SMID Value Index



**Characteristics**  
as of June 30, 2013

	Portfolio	Russell 2500 Value
<b>PORTFOLIO CHARACTERISTICS</b>		
Price To Earnings	15.10	18.30
P/E Excluding Negative Earnings	15.17	19.58
P/E Median	13.28	15.98
Price To Book	1.94	1.82
Price To Book Median	1.68	1.56
Price To Cash Flow	7.24	9.94
Price To Sales	0.91	1.71
Dividend Yield (%)	1.54	1.77
Weighted Ave. Market Cap. (\$B)	7.35	3.31
Median Market Cap. (\$B)	5.59	0.76
Beta	1.29	1.00

**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013

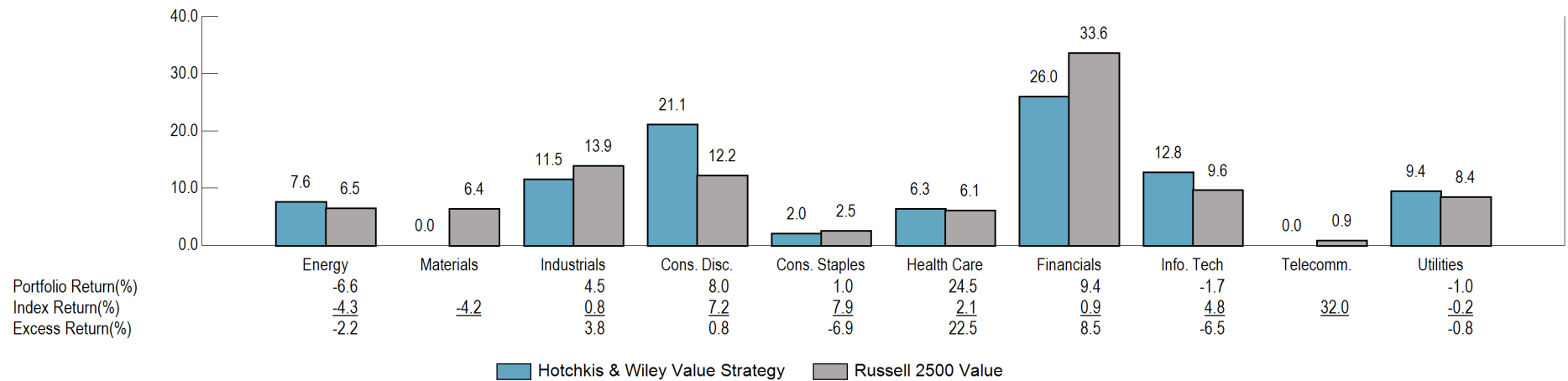


**Performance Attribution vs. Russell 2500 Value**  
Quarter Ending June 30, 2013

	Total Effects	Selection Effect	Allocation Effect	Interaction Effects
Energy	-0.29%	-0.19%	-0.03%	-0.07%
Materials	0.40%	--	0.40%	--
Industrials	0.49%	0.53%	0.06%	-0.09%
Cons. Disc.	0.67%	-0.08%	0.50%	0.25%
Cons. Staples	-0.16%	-0.16%	-0.02%	0.03%
Health Care	1.56%	1.28%	0.02%	0.26%
Financials	2.24%	2.86%	0.08%	-0.69%
Info. Tech	-0.69%	-0.62%	0.09%	-0.16%
Telecomm.	-0.28%	--	-0.28%	--
Utilities	-0.08%	-0.06%	0.00%	-0.01%
Cash	-0.03%	0.00%	0.00%	-0.03%
Unclassified	0.00%	--	0.00%	--
<b>Portfolio</b>	<b>3.82%</b>	<b>= 3.55%</b>	<b>+ 0.80%</b>	<b>+ -0.53%</b>

## Hotchkis & Wiley Value Strategy

Sector Allocation (%) vs Russell 2500 Value  
3 Months Ending June 30, 2013



### Top Returning Stocks

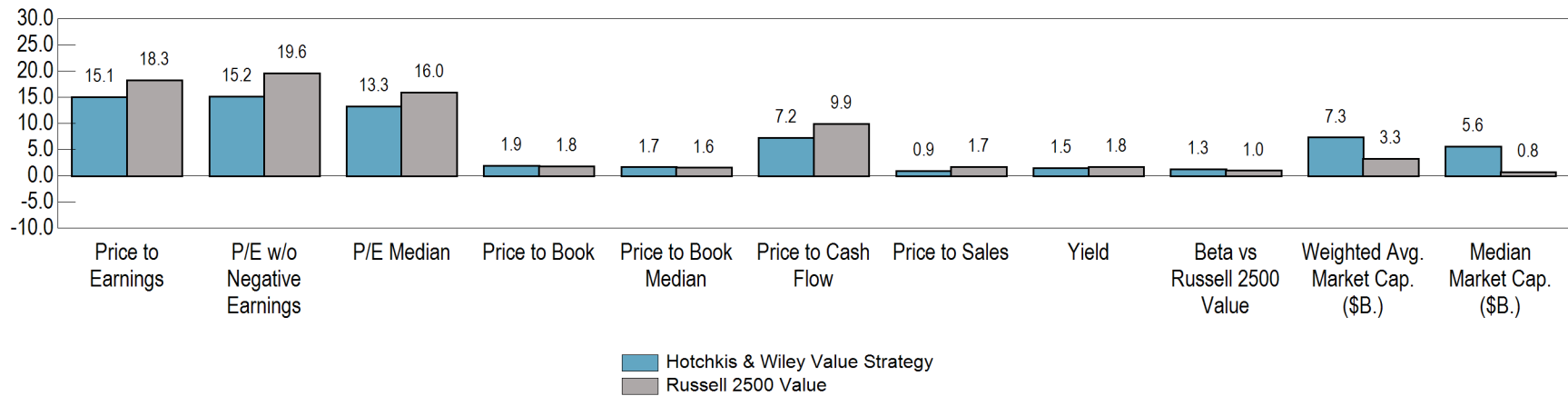
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
AETNA (AET)	1.58%		0.37%	24.72%
HUMANA (HUM)	2.19%		0.12%	22.49%
HEALTH MAN.ASSOCS. (HMA)	0.75%	0.23%	0.23%	22.14%
MAGNA INTL. (NYS) (MGA)	2.58%		0.57%	21.92%
GOODYEAR TIRE & RUB. (GT)	3.47%		0.54%	21.37%
STAPLES (SPLS)	1.82%		0.25%	19.16%
E*TRADE FINANCIAL (ETFC)	0.61%	0.20%	0.06%	18.21%
OMNICARE (OCR)	0.00%		0.33%	17.52%
REGIONS FINL.NEW (RF)	2.65%		0.50%	16.75%
ZIONS BANCORP. (ZION)	1.87%	0.30%	0.19%	15.89%
<b>Total</b>	<b>17.51%</b>	<b>0.73%</b>		

### Bottom Returning Stocks

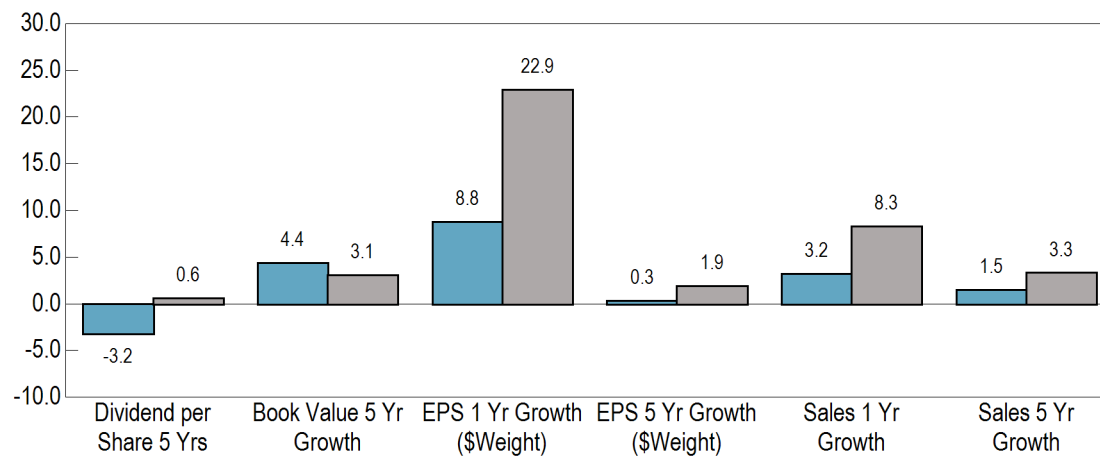
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
NAVISTAR INTL. (NAV)	0.35%	0.11%	-0.04%	-19.70%
VALASSIS COMMS. (VCI)	3.53%	0.02%	-0.75%	-16.63%
ARRIS GROUP (ARRS)	3.43%	0.08%	-0.48%	-16.42%
KOSMOS ENERGY (KOS)	2.87%		-0.31%	-10.09%
JETBLUE AIRWAYS (JBLU)	0.82%	0.08%	-0.06%	-8.84%
GEO GROUP (GEO)	0.00%		-0.01%	-8.55%
SYMANTEC (SYMC)	0.42%		-0.04%	-8.30%
PHH (PHH)	2.28%	0.06%	-0.14%	-7.19%
COBALT INTL.ENERGY (CIE)	3.81%		-0.25%	-5.78%
H&R BLOCK (HRB)	0.00%		-0.04%	-5.02%
<b>Total</b>	<b>17.52%</b>	<b>0.36%</b>		

## Hotchkis & Wiley Value Strategy

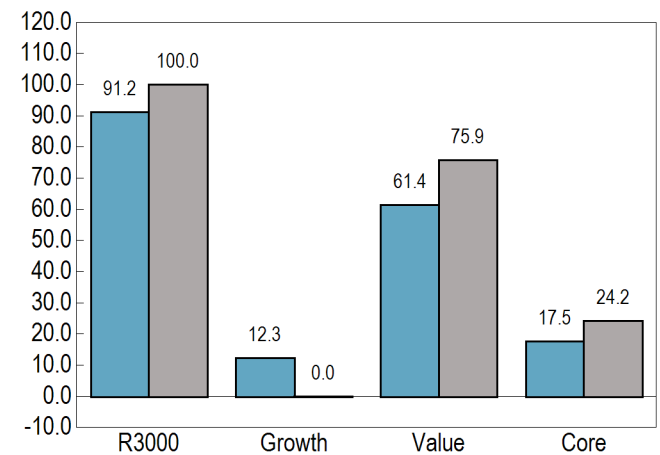
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



## Manager Commentary

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<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>EARNEST Partners - Domestic Small-Cap Value</b>
<b>Benchmark</b>	<b>Russell 2000 Value</b>

### Portfolio Managers / Team

Paul Viera

### Manager Philosophy and Process

#### Investment Style/Philosophy

EARNEST Partners is a fundamental, bottom-up investment manager. The firm employs a disciplined investment philosophy that is rooted in the premise that stock price returns follow identifiable patterns. Its approach seeks to identify what factors drive each stock's returns. EARNEST does not subscribe to a deep value dogma, but rather ends up with a value based portfolio as an outcome of the process.

#### Investment Process

The investment process begins an analysis of price return patterns of the universe of stocks within the Russell 2000 Value Index. In this step, the team seeks to isolate periods in which the stock outperformed its long-term historic pattern and when it underperformed. EARNEST believes six drivers are the source of returns: valuation measures, operating trends, market trends, growth measures, profitability measures, and macroeconomics. The Return Pattern Recognition (RPR) model seeks to identify what combination of factors (approximately 24 of them) is most predictive of return patterns for stocks across more than 30 industry clusters. The model serves as an idea generation tool and is not a driving element of the investment process. Attractive stocks that rank in the top quartile of the universe (approximately 150 names) are then subject to risk analysis to determine their contribution to overall portfolio risk. If the portfolio risk is acceptable, the team then conducts in-depth fundamental research, which incorporates assessing a company's competitive framework, evaluating management, scrutinizing financials, and analyzing the business environment to develop an investment thesis. The portfolio targets 60 names and turnover is approximately 30% per year. While there are no formal sector constraints, sector exposures are typically limited to twice the benchmark weight for larger sectors. Individual positions are limited to 5% of the portfolio.

## Manager Commentary

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### Current Positioning

- The strategy had an overweight allocation to the industrials (+8.5%), energy (+6.7%), health care (+3.6%), information technology (+1.3%), materials (+0.9%), telecommunication services (+2.2%), and utilities (+0.3%) sectors
- The portfolio had an underweight allocation to the financials (-17.6%) and consumer discretionary (-3.3%) sectors
- The portfolio had no exposure to the consumer staples sector

### Quarterly Attribution

#### Positive Impact on Performance:

- Overweight allocations to the telecommunication services and health care sectors
- Underweight allocation to the financials sector
- Stock selection within the energy and materials sectors
- Individual contributors: Scotts Miracle-Gro Company and Newpark Resources

#### Negative Impact on Performance:

- Overweight allocations to the energy and industrials sectors
- Underweight allocations to the consumer discretionary and consumer staples sectors
- Stock selection within the information technology sector
- Individual detractor: Global Payments

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Stock selection within the financials and health care sectors
- Individual contributors: Medical Properties Trust and Covance

#### Negative Impact on Performance:

- Overweight allocations to the health care and energy sectors
- Underweight allocation to the consumer discretionary sector

# Manager Commentary

## Responsible Investment ESG Comment

ESG4

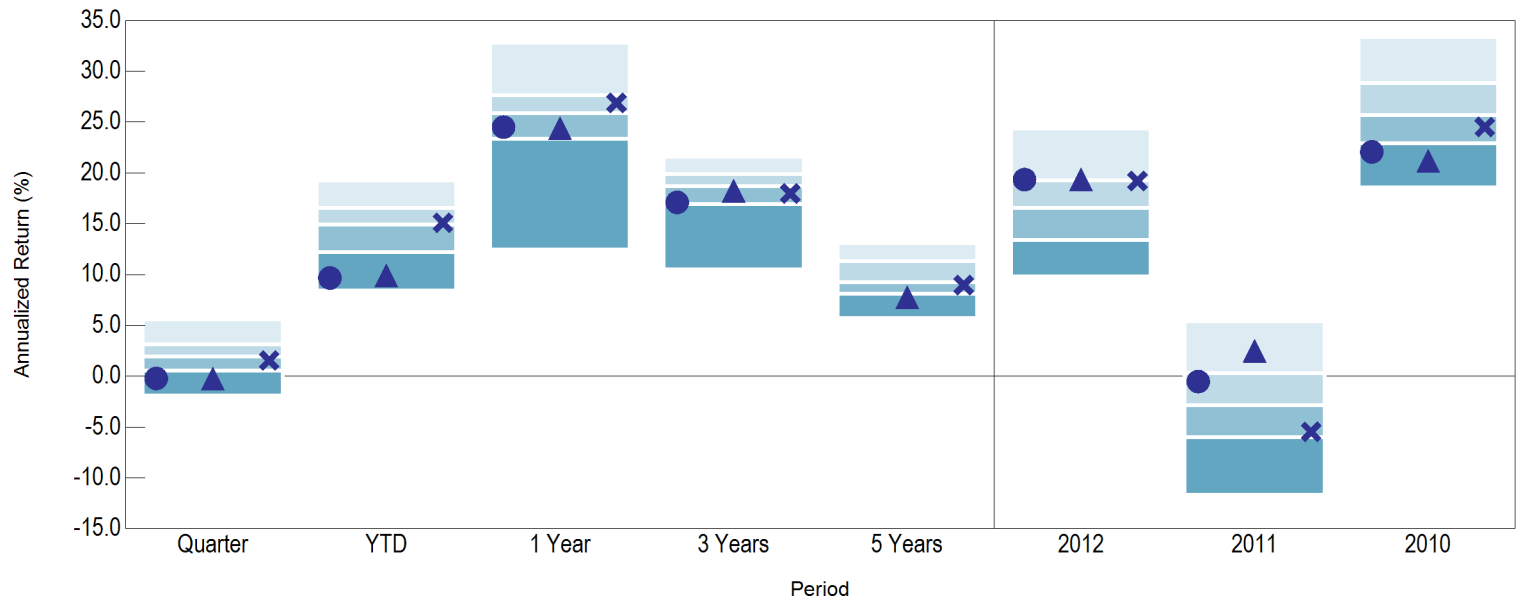
## Summary Data Points

**Mercer Rating:** B+  
**Strategy AUM (\$B):** \$3.2

# NCSRP EARNEST Partners

## Performance

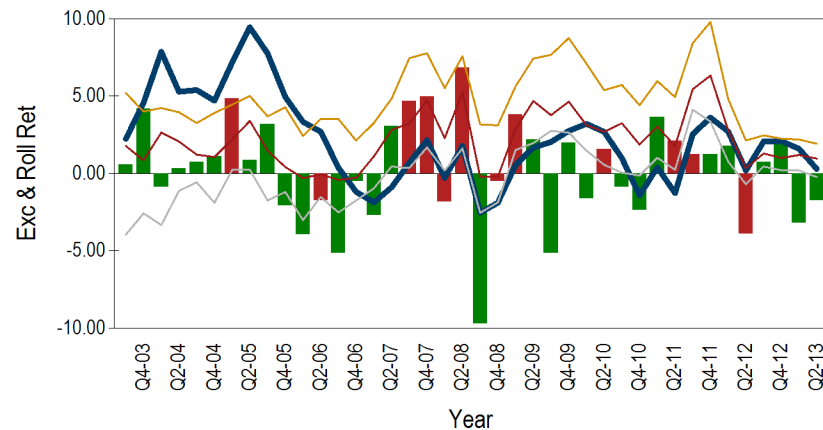
Performance vs. Mercer Instl US Equity SMID Value  
Ending June 30, 2013



	Return (Rank)													
5th Percentile	5.6	19.2	32.8	21.6	13.0	24.3	5.4	33.4						
25th Percentile	3.2	16.6	27.7	20.0	11.3	19.3	0.3	28.9						
Median	2.0	15.0	25.9	18.8	9.3	16.6	-2.9	25.7						
75th Percentile	0.6	12.3	23.4	16.9	8.1	13.4	-6.0	23.0						
95th Percentile	-1.9	8.5	12.5	10.5	5.7	9.8	-11.6	18.6						
# of Portfolios	69	68	66	56	49	75	66	67						
● NCSRP EARNEST Partners	-0.2 (88)	9.7 (91)	24.5 (67)	17.1 (73)	-- (--)	19.3 (24)	-0.5 (31)	22.1 (82)						
▲ EARNEST Partners Value Strategy	-0.2 (89)	9.9 (90)	24.4 (68)	18.2 (56)	7.8 (77)	19.4 (23)	2.5 (12)	21.2 (87)						
✕ EARNEST Custom SMID Value Index	1.5 (59)	15.1 (48)	26.9 (36)	18.0 (58)	8.9 (64)	19.2 (26)	-5.5 (71)	24.5 (63)						

## EARNEST Partners Value Strategy

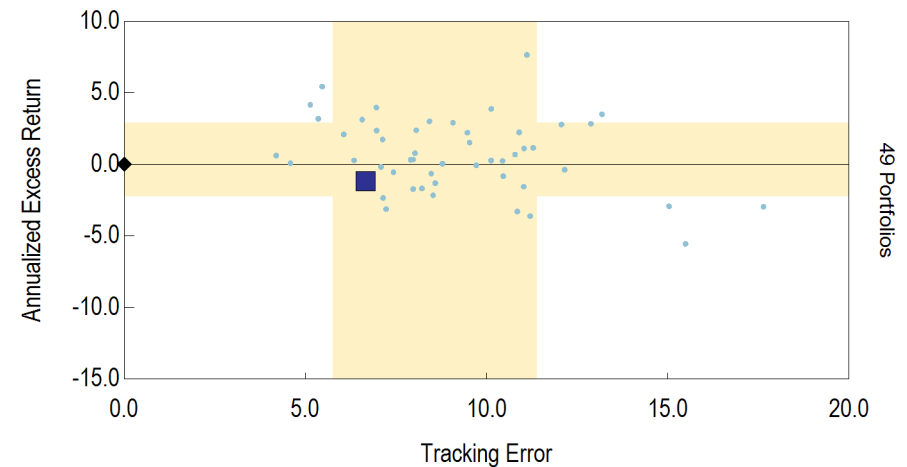
Rolling 3 Year Excess Performance  
EARNEST Partners Value Strategy vs. Earnest Custom SMID Value Index



Characteristics  
as of June 30, 2013

	Portfolio	Russell 2500 Value
PORTFOLIO CHARACTERISTICS		
Price To Earnings	19.71	18.30
P/E Excluding Negative Earnings	20.79	19.58
P/E Median	18.59	15.98
Price To Book	2.87	1.82
Price To Book Median	2.21	1.56
Price To Cash Flow	11.18	9.94
Price To Sales	1.83	1.71
Dividend Yield (%)	1.44	1.77
Weighted Ave. Market Cap. (\$B)	6.82	3.31
Median Market Cap. (\$B)	4.25	0.76
Beta	0.98	1.00

Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013

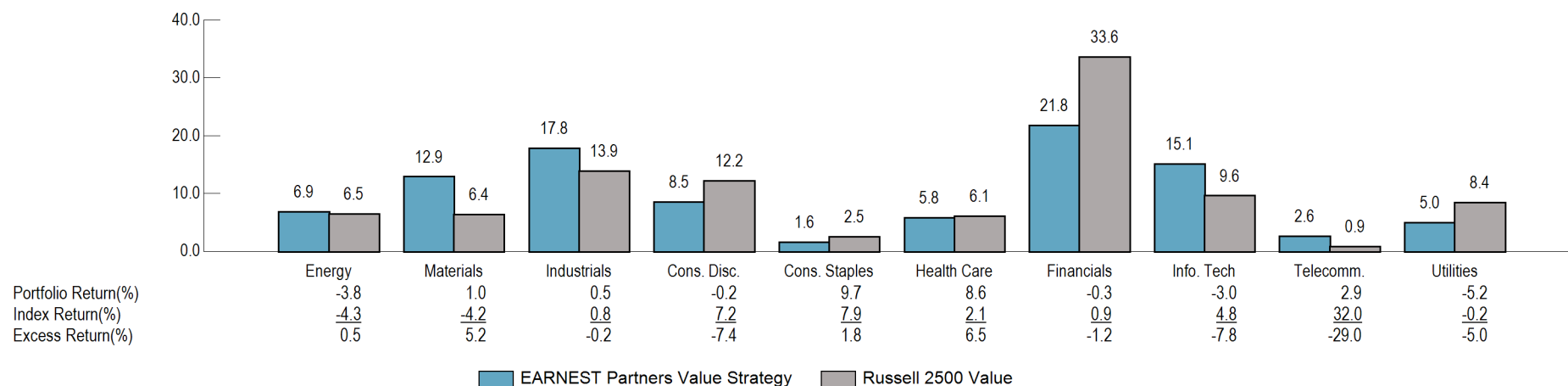


Performance Attribution vs. Russell 2500 Value  
Quarter Ending June 30, 2013

	Total Effects		Selection Effect		Allocation Effect		Interaction Effects
Energy	0.03%		0.03%		0.00%		0.00%
Materials	0.32%		0.36%		-0.36%		0.32%
Industrials	-0.06%		-0.03%		-0.03%		-0.01%
Cons. Disc.	-0.82%		-0.87%		-0.22%		0.27%
Cons. Staples	-0.03%		0.04%		-0.06%		-0.02%
Health Care	0.35%		0.39%		0.00%		-0.05%
Financials	-0.19%		-0.42%		0.08%		0.15%
Info. Tech	-1.06%		-0.73%		0.20%		-0.52%
Telecomm.	-0.25%		-0.27%		0.47%		-0.46%
Utilities	-0.19%		-0.39%		0.05%		0.15%
Cash	-0.05%		0.00%		0.00%		-0.05%
Unclassified	0.00%		--		0.00%		--
<b>Portfolio</b>	<b>-1.95%</b>	<b>=</b>	<b>-1.89%</b>	<b>+</b>	<b>0.14%</b>	<b>+</b>	<b>-0.20%</b>

## EARNEST Partners Value Strategy

Sector Allocation (%) vs Russell 2500 Value  
3 Months Ending June 30, 2013



### Top Returning Stocks

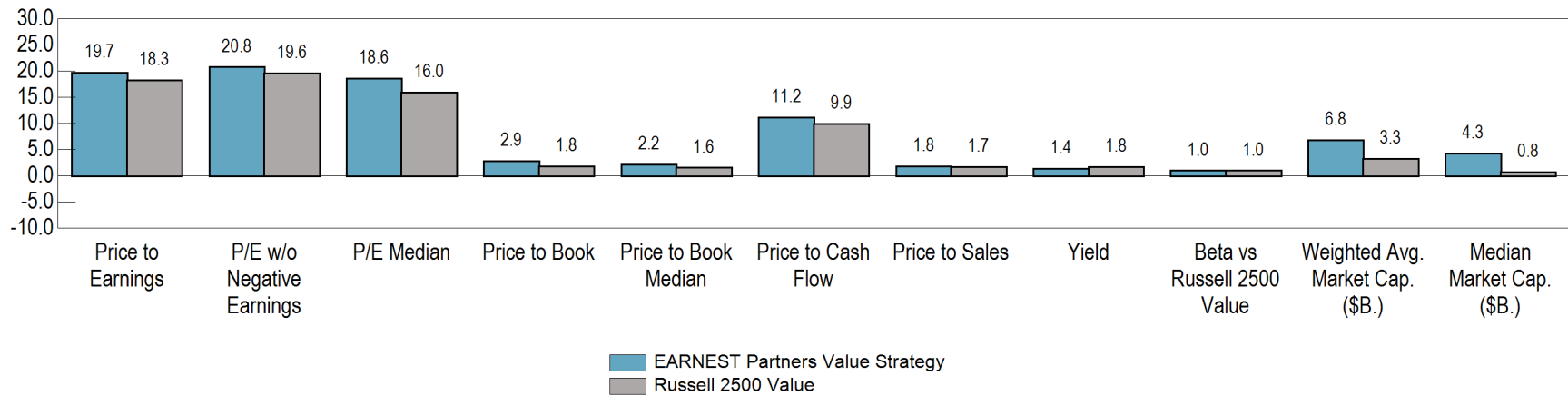
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
CENTENE (CNC)	2.39%		0.38%	19.12%
HEXCEL (HXL)	1.77%		0.23%	17.37%
REINSURANCE GROUP OF AM. (RGA)	1.95%	0.29%	0.23%	16.25%
FLEXTRONICS INTL. (FLEX)	1.26%		0.16%	14.50%
SCOTTS MIRACLE-GRO (SMG)	1.51%	0.01%	0.17%	12.48%
MOOG 'A' (MOGA)	1.63%	0.12%	0.17%	12.44%
KEYCORP (KEY)	2.35%		0.24%	11.42%
BORGWARNER (BWA)	3.35%		0.34%	11.39%
ASTORIA FINL. (AF)	0.98%	0.05%	0.08%	9.78%
UTD.NTRL.FOODS (UNFI)	1.57%		0.14%	9.74%
<b>Total</b>	<b>18.76%</b>	<b>0.47%</b>		

### Bottom Returning Stocks

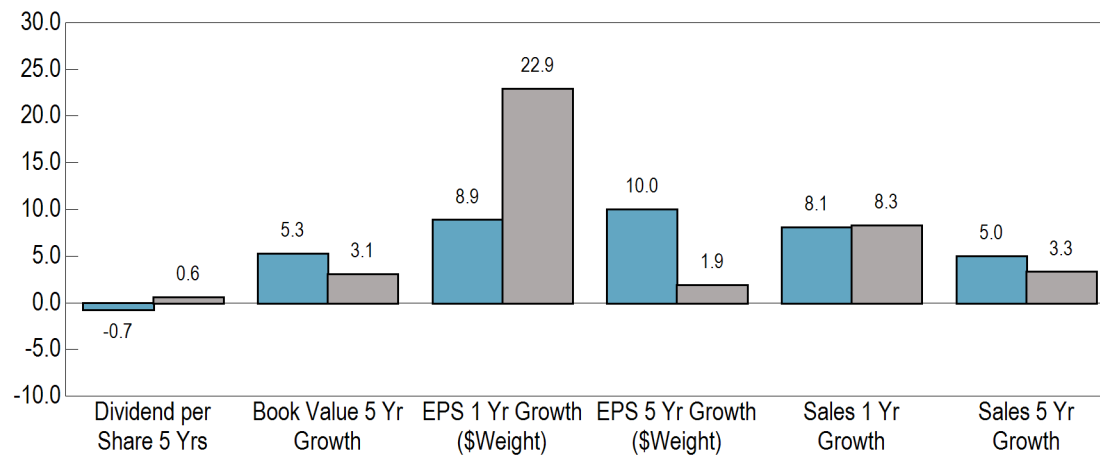
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
SWIFT ENERGY (SFY)	0.65%	0.03%	-0.15%	-19.04%
JOY GLOBAL (JOY)	1.03%		-0.23%	-18.20%
AUTODESK (ADSK)	1.34%		-0.29%	-17.72%
ALLEGHENY TECHS. (ATI)	1.17%	0.16%	-0.20%	-16.54%
ONEOK (OKE)	2.14%		-0.31%	-12.73%
D R HORTON (DHI)	2.27%	0.31%	-0.28%	-12.43%
FIRST POTOMAC REAL.TST. (FPO)	0.81%	0.04%	-0.10%	-11.09%
EATON VANCE NV. (EV)	1.62%		-0.17%	-9.67%
MEDICAL PROPS.TRUST (MPW)	1.47%	0.12%	-0.14%	-9.53%
WHITING PTL. (WLL)	1.14%		-0.12%	-9.34%
<b>Total</b>	<b>13.64%</b>	<b>0.66%</b>		

## EARNEST Partners Value Strategy

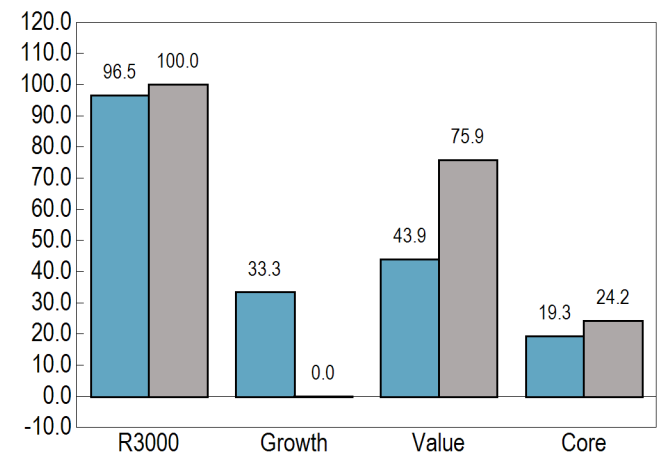
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>WEDGE Capital Management - Small/Mid Cap Value</b>
<b>Benchmark</b>	<b>Russell 2500 Value</b>

### Portfolio Managers / Team

Paul VeZolles  
Gary Cotler

### Manager Philosophy and Process

#### Investment Style/Philosophy

The firm's philosophy is based on the premise that value investing produces superior investment returns over time and that quantitative analysis can increase the probability of investment success. Through fundamental and quantitative processes, the team seeks stocks that meet its value and quality criteria.

#### Investment Process

The process begins with a universe of stocks within specific market cap guidelines (from \$1 billion to \$15 billion for Mid Cap Value, from \$250 million to \$2.5 billion for Small Cap Value, and from \$250 million to \$15 billion for Small/Mid Cap Value). WEDGE applies two proprietary models to narrow the initial universe of stocks. The fundamental value model sorts the eligible universe of stocks based on relative value, considering factors such as price/earnings ratios and dividend yield. The second model screens stocks based on relative financial quality, which includes factors such as profitability, leverage, and liquidity. Companies ranked in the top four deciles in the fundamental value model and in the top seven deciles of the financial quality model are candidates for fundamental research.

### Current Positioning

- At the end of the second quarter, the portfolio was underweight financials
- WEDGE also held a notable overweight position in the industrials sector
- The strategy had no exposure to the telecommunication services sector

## Manager Commentary

---

### Quarterly Attribution

#### **Positive Impact on Performance:**

- Security selection within the energy and materials sectors
- Individual contributors: Lincoln National, Life Technologies, Endurance Specialty Holdings

#### **Negative Impact on Performance:**

- Security selection within the information technology, industrials, and health care sectors
- Lack of exposure to the telecommunication services sector
- Individual detractors: Air Methods, Ebix, Computer Sciences

### Longer Period Attribution (annual)

#### **Positive Impact on Performance:**

- Security selection within the financials and health care sectors
- Overweight exposure to the consumer staples sector

#### **Negative Impact on Performance:**

- Security selection within the consumer staples, energy, and industrials sectors
- Lack of exposure to the telecommunication services sector

### Responsible Investment ESG Comment

ESG2

# Manager Commentary

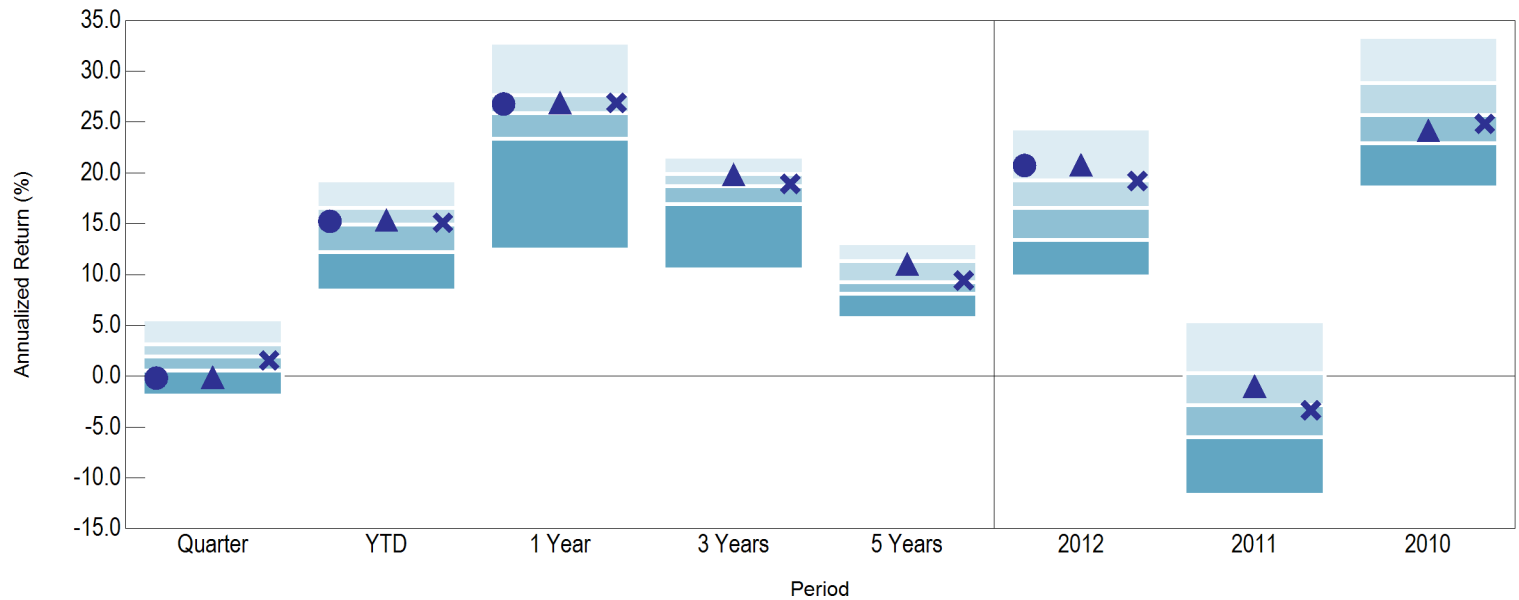
## Summary Data Points

**Mercer Rating:** A  
**Strategy AUM (\$B):** \$0.5 (as of 3/31/13)

# NCSRP WEDGE SMID Cap Value

## Performance

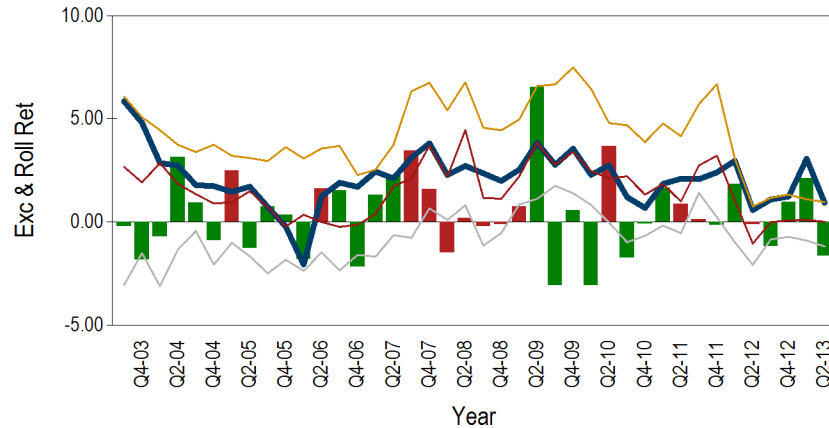
Performance vs. Mercer Instl US Equity SMID Value  
Ending June 30, 2013



	Return (Rank)															
5th Percentile	5.6	19.2	32.8	21.6	13.0	24.3	5.4	33.4								
25th Percentile	3.2	16.6	27.7	20.0	11.3	19.3	0.3	28.9								
Median	2.0	15.0	25.9	18.8	9.3	16.6	-2.9	25.7								
75th Percentile	0.6	12.3	23.4	16.9	8.1	13.4	-6.0	23.0								
95th Percentile	-1.9	8.5	12.5	10.5	5.7	9.8	-11.6	18.6								
# of Portfolios	69	68	66	56	49	75	66	67								
● NCSRP WEDGE SMID Cap Value	-0.2 (87)	15.2 (47)	26.8 (38)	-- (--)	-- (--)	20.7 (17)	-- (--)	-- (--)								
▲ WEDGE SMID Cap Value Strategy	-0.1 (84)	15.4 (45)	26.9 (34)	19.8 (30)	11.0 (34)	20.8 (17)	-1.0 (33)	24.2 (64)								
✕ Russell 2500 Value	1.5 (59)	15.1 (48)	26.9 (36)	18.9 (48)	9.4 (50)	19.2 (26)	-3.4 (57)	24.8 (61)								

## WEDGE SMID Cap Value Strategy

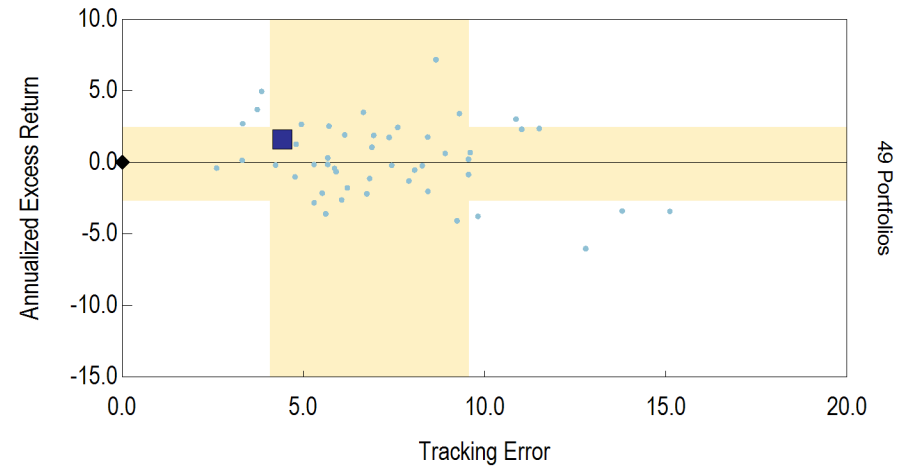
Rolling 3 Year Excess Performance  
WEDGE SMID Cap Value Strategy vs. Earnest Custom SMID Value Index



Characteristics  
as of June 30, 2013

	Portfolio	Russell 2500 Value
PORTFOLIO CHARACTERISTICS		
Price To Earnings	18.19	18.30
P/E Excluding Negative Earnings	18.78	19.58
P/E Median	15.65	15.98
Price To Book	2.21	1.82
Price To Book Median	1.71	1.56
Price To Cash Flow	8.62	9.94
Price To Sales	1.47	1.71
Dividend Yield (%)	2.04	1.77
Weighted Ave. Market Cap. (\$B)	4.74	3.31
Median Market Cap. (\$B)	1.93	0.76
Beta	1.01	1.00

Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013

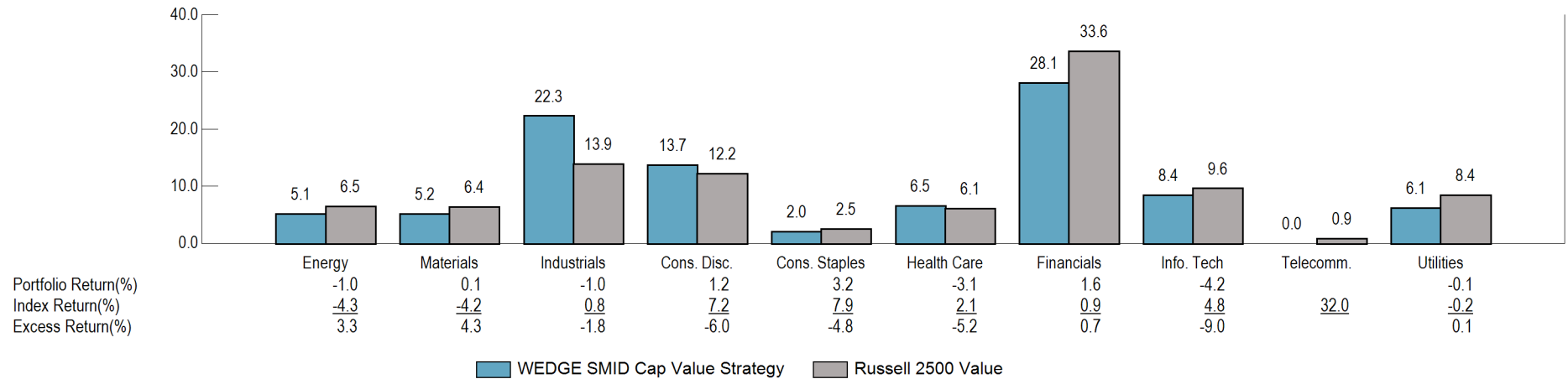


Performance Attribution vs. Russell 2500 Value  
Quarter Ending June 30, 2013

	Attribution Effects						
	Total		Selection		Allocation		Interaction
	Effects		Effect		Effect		Effects
Energy	0.29%		0.21%		0.15%		-0.07%
Materials	0.32%		0.29%		0.11%		-0.09%
Industrials	-0.47%		-0.24%		-0.08%		-0.15%
Cons. Disc.	-0.69%		-0.64%		0.13%		-0.18%
Cons. Staples	-0.12%		-0.11%		-0.03%		0.03%
Health Care	-0.32%		-0.32%		0.01%		-0.01%
Financials	0.22%		0.23%		0.02%		-0.04%
Info. Tech	-0.80%		-0.84%		-0.02%		0.07%
Telecomm.	-0.28%		--		-0.28%		--
Utilities	0.07%		0.02%		0.06%		-0.01%
Cash	-0.06%		0.00%		0.00%		-0.06%
Unclassified	0.00%		--		0.00%		--
Portfolio	-1.85%	=	-1.40%	+	0.07%	+	-0.52%

## WEDGE SMID Cap Value Strategy

Sector Allocation (%) vs Russell 2500 Value  
3 Months Ending June 30, 2013



### Top Returning Stocks

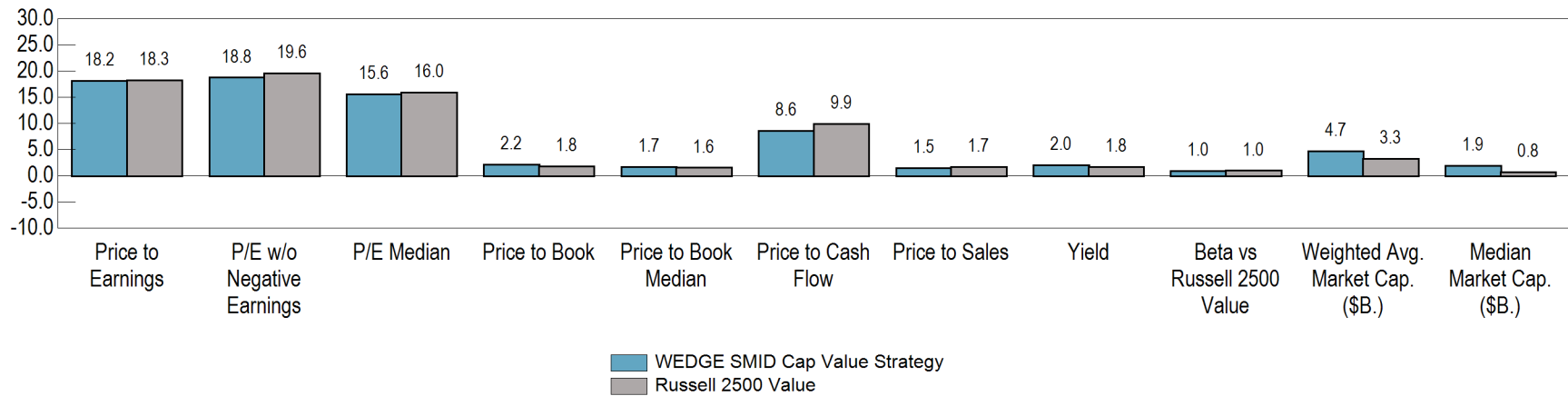
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
CEC ENTM. (CEC)	0.40%		0.08%	26.05%
RUBY TUESDAY (RT)	0.36%	0.03%	0.07%	25.24%
BUCKEYE TECHNOLOGIES (BKI)	0.43%	0.03%	0.05%	23.97%
HEALTH MAN.ASSOCS. (HMA)	0.60%	0.23%	0.07%	22.14%
NORTHROP GRUMMAN (NOC)	0.52%		0.08%	18.93%
OXFORD INDS. (OXM)	0.00%		0.04%	17.89%
LIFETIME FITNESS (LTM)	0.39%	0.01%	0.06%	17.13%
LEXMARK INTL. (LXX)	0.26%	0.11%	0.02%	16.95%
REINSURANCE GROUP OF AM. (RGA)	0.38%	0.29%	0.01%	16.25%
HERCULES TECH.GW.CAP. (HTGC)	0.25%	0.05%	0.03%	16.14%
<b>Total</b>	<b>3.60%</b>	<b>0.75%</b>		

### Bottom Returning Stocks

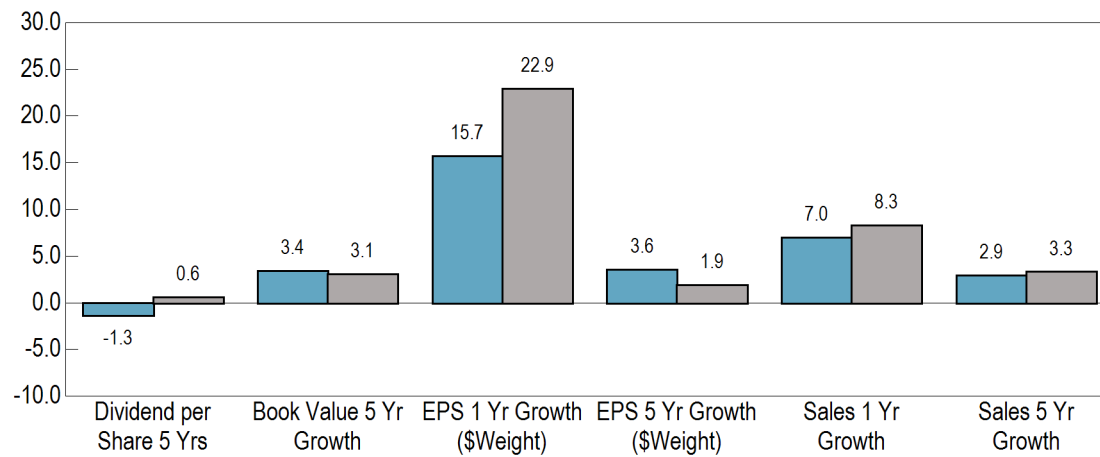
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
EBIX (EBIX)	0.34%	0.00%	-0.30%	-42.91%
AXIALL (AXLL)	0.25%	0.03%	-0.04%	-31.37%
AIR METHODS (AIRM)	1.19%		-0.31%	-29.81%
CYS INVESTMENTS (CYS)	0.57%	0.09%	-0.05%	-18.69%
CRA INTL. (CRAI)	0.10%	0.01%	-0.02%	-17.43%
VALASSIS COMMS. (VCI)	0.26%	0.02%	-0.05%	-16.63%
GENERAL CABLE (BGC)	0.98%	0.08%	-0.17%	-15.60%
INSIGHT ENTS. (NSIT)	0.27%	0.04%	-0.04%	-13.97%
BEL FUSE 'B' (BELFB)	0.06%	0.01%	-0.01%	-13.44%
MACK CALI REAL. (CLI)	0.10%	0.12%	0.00%	-13.04%
<b>Total</b>	<b>4.11%</b>	<b>0.41%</b>		

## WEDGE SMID Cap Value Strategy

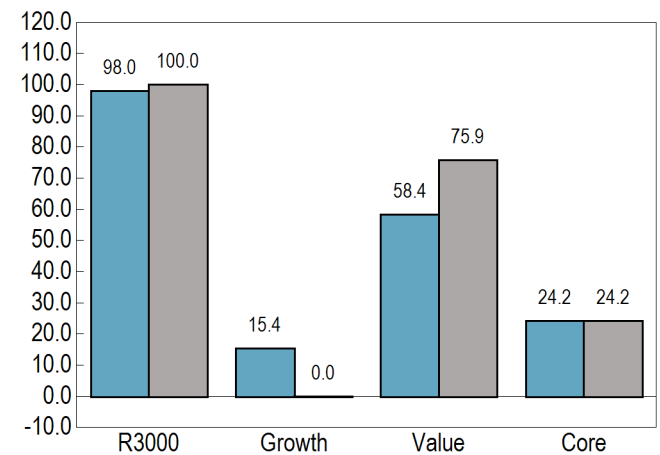
Portfolio Characteristics  
Ending June 30, 2013



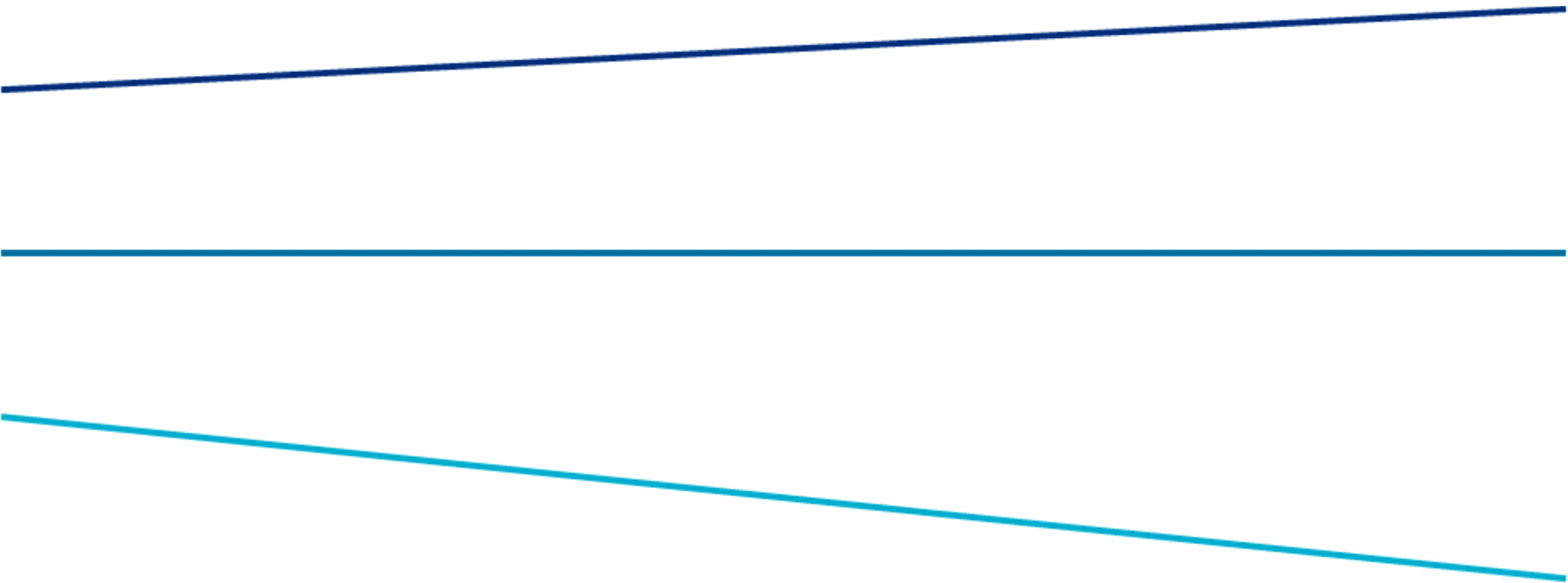
Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



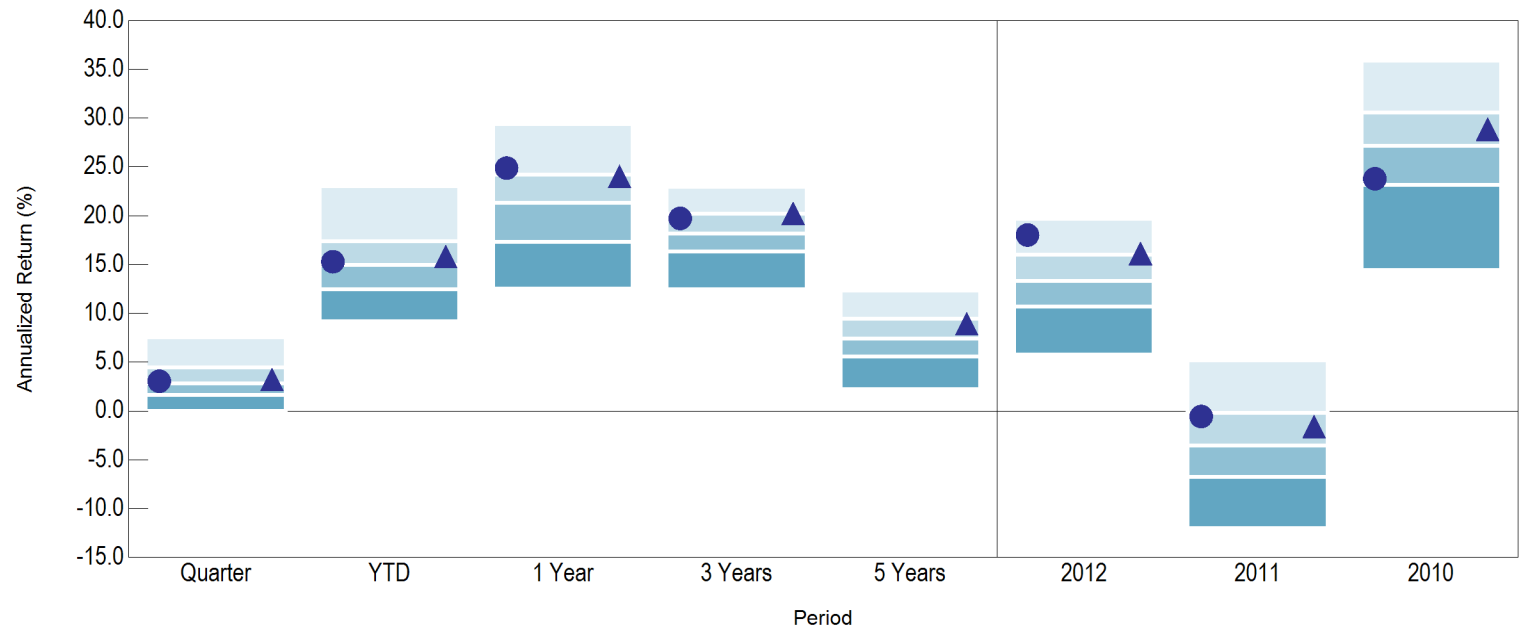
## Mid/Small Cap Growth



# Mid/Small Cap Growth

## Performance

Performance vs. Mercer Mutual Fund US Equity Small + Mid Growth  
Ending June 30, 2013

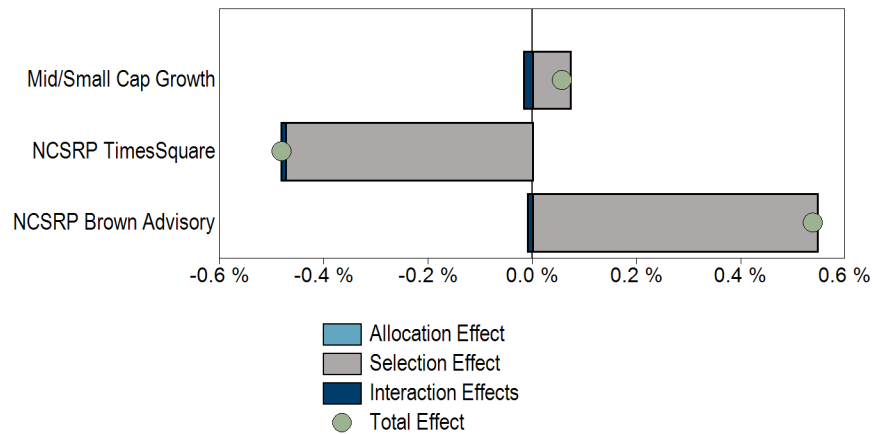


	Return (Rank)															
5th Percentile	7.5	23.0	29.3	22.9	12.3	19.7	5.2	35.9								
25th Percentile	4.5	17.4	24.2	20.2	9.5	16.0	-0.1	30.6								
Median	2.9	15.0	21.3	18.2	7.4	13.4	-3.5	27.2								
75th Percentile	1.7	12.5	17.4	16.4	5.6	10.8	-6.7	23.2								
95th Percentile	0.0	9.2	12.5	12.5	2.3	5.8	-12.0	14.5								
# of Portfolios	273	273	269	250	235	276	261	280								
● Mid/Small Cap Growth	3.0 (48)	15.3 (46)	24.9 (21)	19.7 (31)	-- (--)	18.0 (11)	-0.6 (28)	23.8 (72)								
▲ Russell 2500 Growth	3.2 (47)	15.8 (40)	24.0 (27)	20.2 (26)	8.9 (31)	16.1 (24)	-1.6 (36)	28.9 (36)								

## Mid/Small Cap Growth

### Attribution

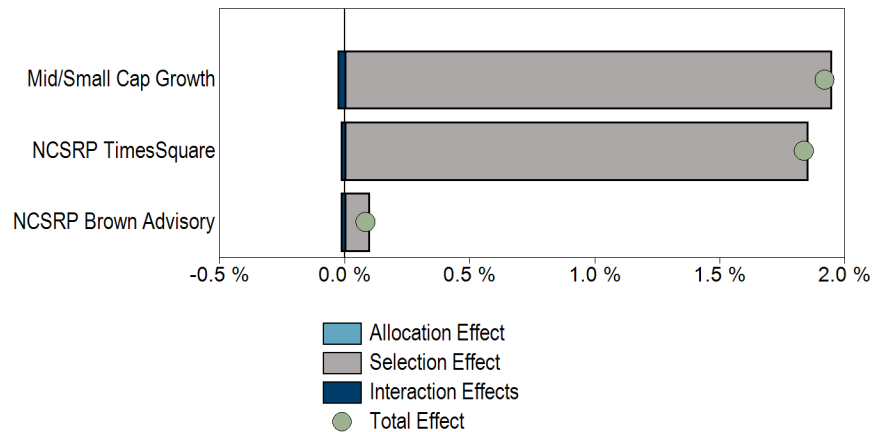
**Attribution Effects**  
3 Months Ending June 30, 2013



**Attribution Summary**  
3 Months Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP TimesSquare	2.3%	3.2%	-0.9%	-0.5%	0.0%	0.0%	-0.5%
NCSRP Brown Advisory	4.3%	3.2%	1.1%	0.5%	0.0%	0.0%	0.5%
<b>Total</b>	<b>3.3%</b>	<b>3.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>

**Attribution Effects**  
1 Year Ending June 30, 2013

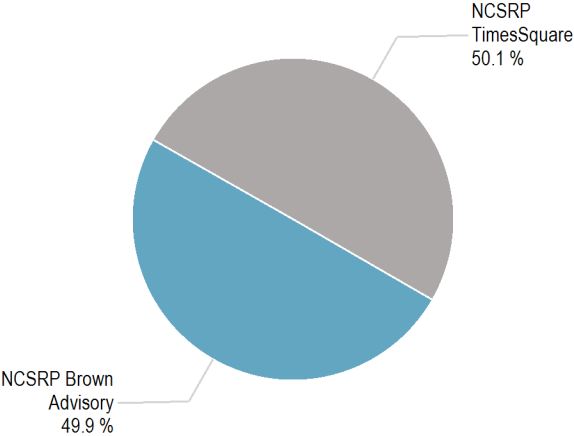


**Attribution Summary**  
1 Year Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP TimesSquare	27.8%	24.0%	3.8%	1.8%	0.0%	0.0%	1.8%
NCSRP Brown Advisory	24.1%	24.0%	0.1%	0.1%	0.0%	0.0%	0.1%
<b>Total</b>	<b>25.9%</b>	<b>24.0%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.9%</b>

# Mid/Small Cap Growth

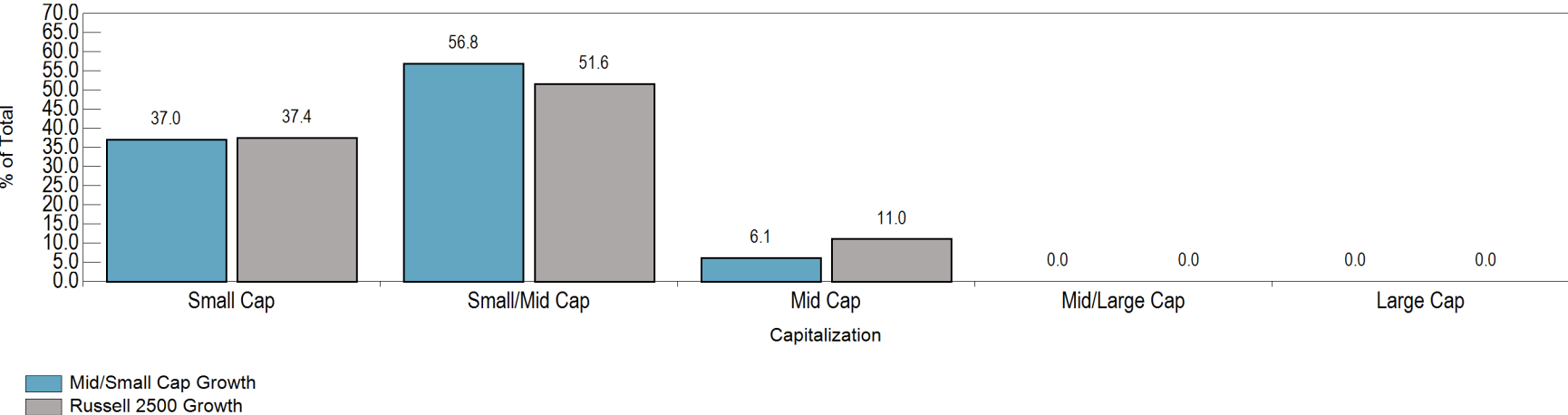
Current Allocation



Characteristics

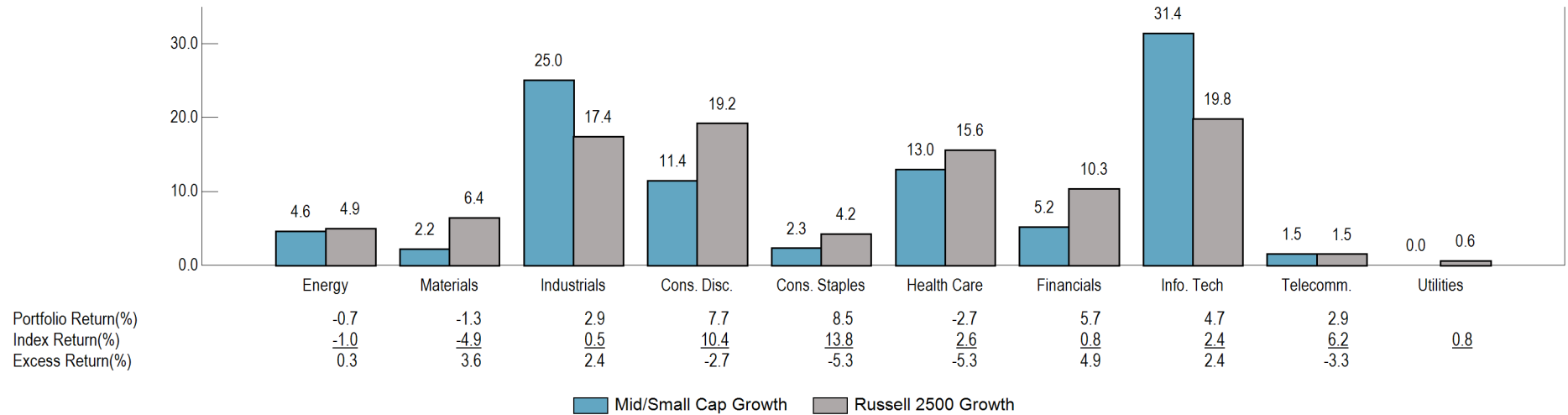
	Portfolio	Russell 2500 Growth
Number of Holdings	146	1,372
Weighted Avg. Market Cap. (\$B)	3.25	3.59
Median Market Cap. (\$B)	2.86	0.97
Price To Earnings	31.79	26.25
Price To Book	4.37	4.39
Price To Sales	3.02	2.77
Return on Equity (%)	13.54	18.01
Yield (%)	0.51	0.74
Beta	0.87	1.00
R-Squared	0.96	1.00

Market Capitalization As Of June 30, 2013



## Mid/Small Cap Growth

Sector Allocation (%) vs Russell 2500 Growth



Top Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
EXACTTARGET (ET)	1.64%	0.02%	0.43%	44.91%
VANGUARD HEALTH SYSTEMS (VHS)	0.00%		0.05%	39.48%
SALIX PHARMS. (SLXP)	0.55%	0.29%	0.08%	29.25%
GRAND CANYON EDUCATION (LOPE)	0.33%	0.09%	0.08%	26.94%
ADTRAN (ADTN)	0.36%	0.10%	0.03%	25.84%
MERCURY SYSTEMS (MRCY)	0.00%		0.04%	25.10%
HARMAN INTL.INDS. (HAR)	0.62%		0.12%	21.81%
MONRO MUFFLER BRAKE (MNRO)	0.16%	0.11%	0.10%	21.29%
ROADRUNNER TRSP.SYSTEMS (RRTS)	0.93%	0.02%	0.16%	21.04%
ALLEGIAN TRAVEL (ALGT)	0.46%	0.11%	0.07%	19.39%
<b>Total</b>	<b>5.05%</b>	<b>0.75%</b>		

Bottom Returning Stocks

	Portfolio	Index	Relative	
	Weight %	Weight %	Contribution %	Return %
SOLARWINDS (SWI)	0.48%	0.17%	-0.09%	-34.33%
REXNORD (RXN)	0.00%		-0.03%	-20.63%
REGAL BELOIT (RBC)	0.29%		-0.09%	-20.25%
VOLCANO (VOLC)	0.62%	0.07%	-0.14%	-18.55%
ENDOLOGIX (ELGX)	0.45%	0.05%	-0.06%	-17.77%
MRC GLOBAL (MRC)	0.59%	0.03%	-0.13%	-16.13%
HMS HDG. (HMSY)	0.52%	0.14%	-0.18%	-14.18%
ACCELRY (ACCL)	0.76%		-0.07%	-13.93%
TRIMBLE NAVIGATION (TRMB)	0.33%	0.47%	0.02%	-13.31%
CLEAN HARBORS (CLH)	0.81%	0.20%	-0.10%	-13.01%
<b>Total</b>	<b>4.86%</b>	<b>1.13%</b>		

## Mid/Small Cap Growth

---

### Top Holdings Mid/Small Cap Growth

	SMIDG Fund %	TimesSquare %	Brown %	Index Weight%
INTACT.INTELLIGENCE GP.	1.97%		3.96%	0.05%
INFORMATICA	1.69%	0.95%	2.43%	0.27%
COSTAR GP.	1.69%	1.52%	1.86%	0.26%
EXACTTARGET	1.64%		3.28%	0.02%
ULTIMATE SOFTWARE GP.	1.64%	1.64%	1.63%	0.24%
CORPORATE EXEC.BOARD	1.62%	1.45%	1.79%	0.15%
WASTE CONNECTIONS	1.62%		3.24%	0.02%
HOMEAWAY	1.52%	0.64%	2.41%	0.07%
UTI WORLDWIDE	1.52%	0.94%	2.10%	
BROADRIDGE FINL.SLTN.	1.51%	0.72%	2.30%	0.24%
<b>Total</b>	<b>16.42%</b>	<b>7.85%</b>	<b>25.00%</b>	<b>1.32%</b>

## Manager Commentary

---

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>TimesSquare Capital Management - SMID Cap Growth</b>
<b>Benchmark</b>	<b>Russell 2500 Growth</b>

### Portfolio Managers / Team

Grant Babyak

### Manager Philosophy and Process

#### Investment Style/Philosophy

TimesSquare Capital Management (TSCM) believes in detailed fundamental research and attempts to identify companies with exceptional management teams, superior business models, and consistent growth rates. Buy and sell decisions emphasize valuation, which distinguishes TSCM from growth managers that simply seek out companies with high expected growth rates.

#### Investment Process

TSCM's investable small-mid cap universe is defined by companies with market capitalizations between \$300 million and \$5 billion. The research process seeks to identify companies that have experienced, properly motivated management teams, distinct, sustainable competitive advantages within industry segments, and consistent top- and bottom-line growth rates. The working universe of small-mid cap stocks that meet those criteria is approximately 400 names. TSCM looks to purchase companies that have the potential to appreciate 25% to 50% over an 18-month period. The analysts primarily use PEG ratio analysis to evaluate the opportunity for appreciation relative to the current price. The team monitors each stock's current valuation versus its appreciation potential and target price. As a holding approaches its target price, it is re-evaluated to determine if it should be sold or a new target price can be justified. Holdings are also sold if the fundamental research recommendation cannot be supported. TSCM typically holds 90 to 120 names in the portfolio. Due to the high number of names, individual weights tend to be low. The team may over- or underweight sectors based on the fundamental research or outlook for the particular sector, but may not be more than twice the index weighting for major sectors. Turnover has historically averaged approximately 75% annually.

## Manager Commentary

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### Current Positioning

- Currently, the portfolio is most overweight to the information technology and industrials sectors
- The portfolio maintained its underweights to the consumer discretionary, health care, and materials sectors
- The top three holdings are SBA Communications, Renaissance Holdings, and Alliance Data Systems; combined, these account for 7.1% of the portfolio.

### Quarterly Attribution

#### Positive Impact on Performance:

- An overweight allocation to the telecommunication services sector
- An underweight allocation to the materials sector
- Stock selection within the financials sector

#### Negative Impact on Performance:

- An underweight allocation to the consumer discretionary and consumer staples sectors
- Stock selection within the consumer staples, energy, health care, industrials, information technology, and telecommunication services sectors

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- An overweight allocation to the industrials sector
- An underweight allocation to the health care, telecommunications services, and materials sectors
- Stock selection within the consumer discretionary, financials, health care, information technology, materials, and telecommunication services sectors

#### Negative Impact on Performance:

- An overweight allocation to the information technology sector
- An underweight allocation to the consumer discretionary sector
- Stock selection within the consumer staples, energy, and industrials sectors

## Manager Commentary

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### Responsible Investment ESG Comment

ESG4 - The team considers any obvious environmental, social and governance characteristics of a company that may affect the stock price. However, these factors are not explicit drivers of the research process.

### Summary Data Points

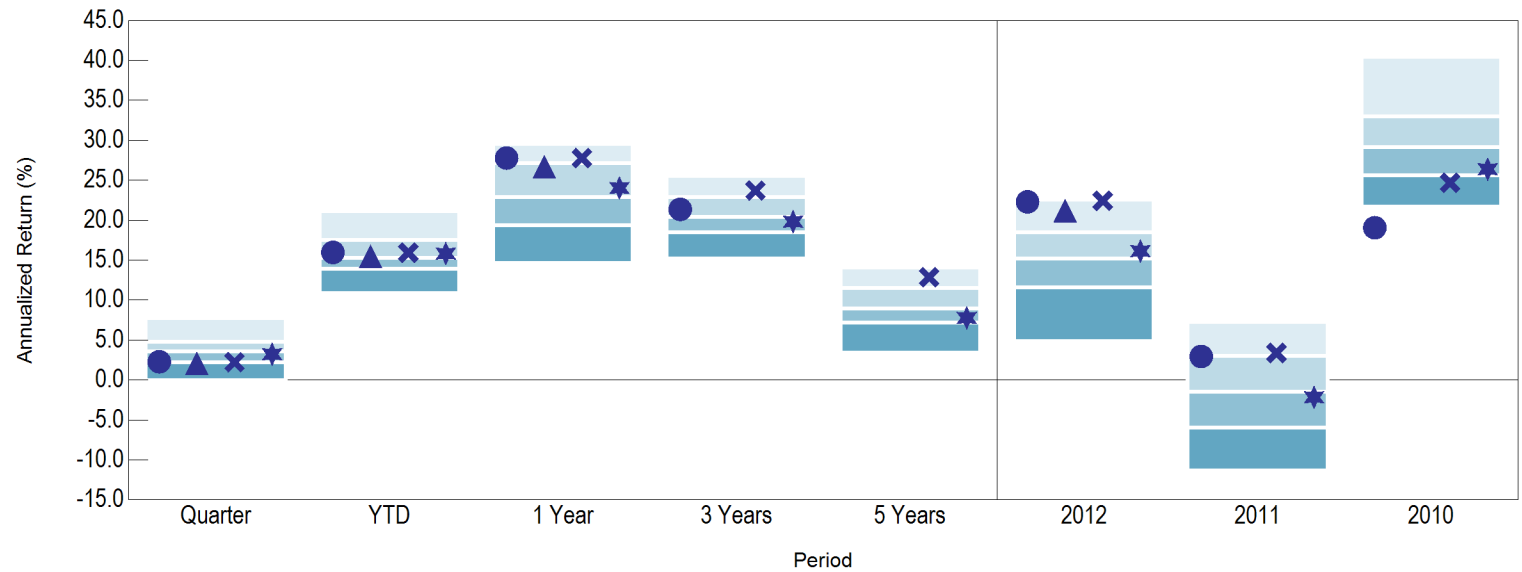
**Mercer Rating:** A

**Strategy AUM (\$B):** \$4.8

# NCSRP TimesSquare

## Performance

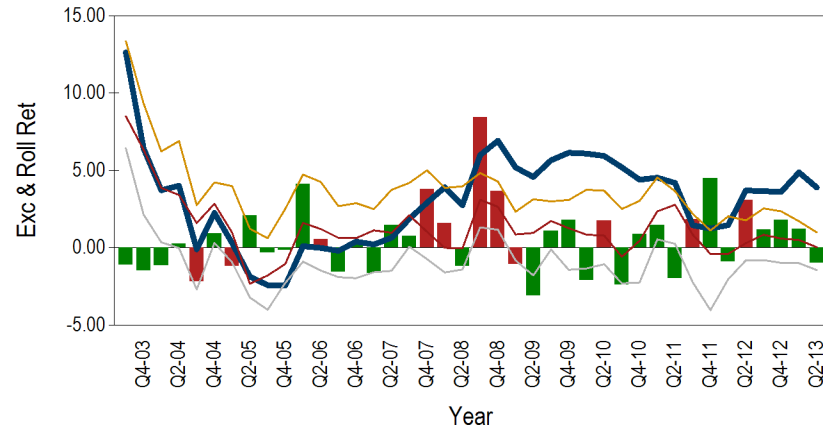
Performance vs. Mercer Instl US Equity SMID Growth  
Ending June 30, 2013



	Return (Rank)													
5th Percentile	7.7	21.1	29.5	25.5	14.0	22.5	7.3	40.4						
25th Percentile	4.8	17.6	27.2	22.9	11.6	18.5	3.1	33.0						
Median	3.7	15.3	22.9	20.5	9.0	15.3	-1.4	29.2						
75th Percentile	2.2	14.0	19.5	18.6	7.2	11.7	-5.9	25.7						
95th Percentile	0.0	11.0	14.7	15.2	3.5	4.9	-11.3	21.7						
# of Portfolios	53	53	51	48	45	65	78	82						
● NCSRP TimesSquare	2.3 (74)	16.0 (37)	27.8 (20)	21.4 (39)	-- (--)	22.3 (8)	2.9 (26)	19.1 (98)						
▲ TimesSquare SMID Growth	2.1 (82)	15.5 (46)	26.7 (29)	-- (--)	-- (--)	21.2 (11)	-- (--)	-- (--)						
✕ TimesSquare Growth Strategy	2.2 (75)	15.9 (39)	27.8 (20)	23.7 (18)	12.9 (16)	22.4 (7)	3.4 (23)	24.7 (81)						
★ TimesSquare Custom SMID Growth Index	3.2 (59)	15.8 (41)	24.0 (45)	19.8 (59)	7.8 (67)	16.1 (42)	-2.2 (59)	26.4 (72)						

# TimesSquare Growth Strategy

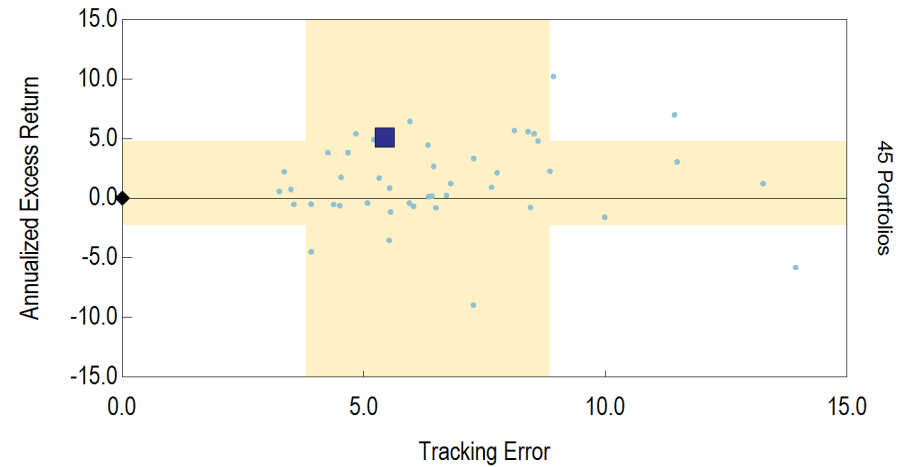
**Rolling 3 Year Excess Performance**  
TimesSquare Growth Strategy vs. TimesSquare Custom SMID Growth Index



**Characteristics**  
as of June 30, 2013

	Portfolio	Russell 2500 Growth
<b>PORTFOLIO CHARACTERISTICS</b>		
Price To Earnings	29.08	26.25
P/E Excluding Negative Earnings	29.59	26.87
P/E Median	23.59	19.75
Price To Book	4.49	4.39
Price To Book Median	3.43	3.02
Price To Cash Flow	15.74	14.73
Price To Sales	3.12	2.77
Dividend Yield (%)	0.65	0.74
Weighted Ave. Market Cap. (\$B)	3.64	3.59
Median Market Cap. (\$B)	3.01	0.97
Beta	0.95	1.00

**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013

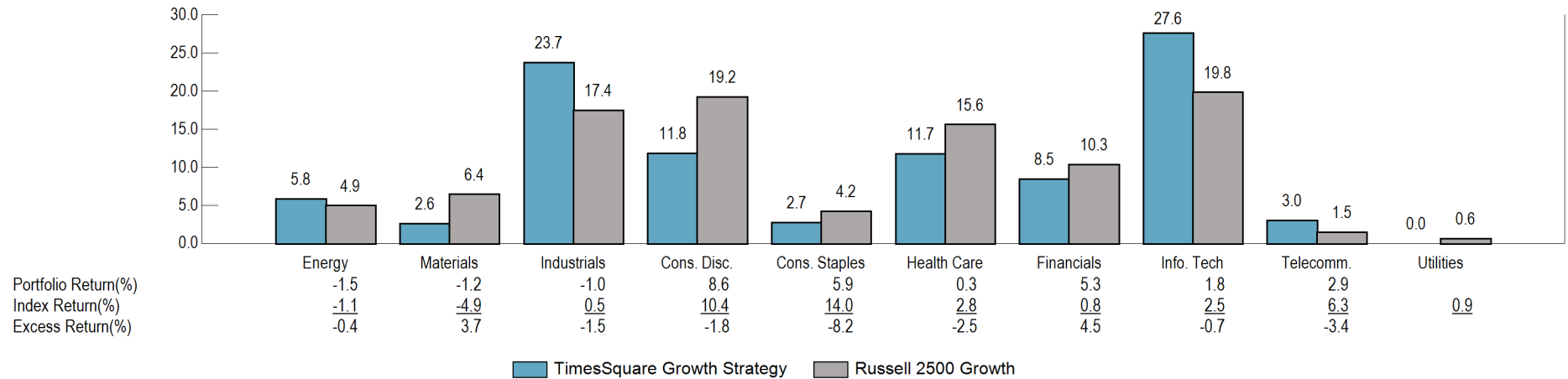


**Performance Attribution vs. Russell 2500 Growth**  
Quarter Ending June 30, 2013

	Attribution Effects						
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects			
Energy	-0.06%	-0.01%	-0.03%	-0.01%			
Materials	0.44%	0.26%	0.34%	-0.17%			
Industrials	-0.52%	-0.27%	-0.16%	-0.10%			
Cons. Disc.	-0.75%	-0.34%	-0.54%	0.13%			
Cons. Staples	-0.35%	-0.30%	-0.15%	0.11%			
Health Care	-0.30%	-0.39%	0.03%	0.06%			
Financials	0.44%	0.47%	0.03%	-0.06%			
Info. Tech	-0.22%	-0.23%	-0.04%	0.05%			
Telecomm.	-0.04%	-0.05%	0.06%	-0.05%			
Utilities	0.02%	--	0.02%	--			
Cash	-0.09%	0.00%	0.00%	-0.09%			
Unclassified	0.00%	--	0.00%	--			
Portfolio	-1.42%	=	-0.85%	+	-0.46%	+	-0.12%

## TimesSquare Growth Strategy

Sector Allocation (%) vs Russell 2500 Growth  
3 Months Ending June 30, 2013



### Top Returning Stocks

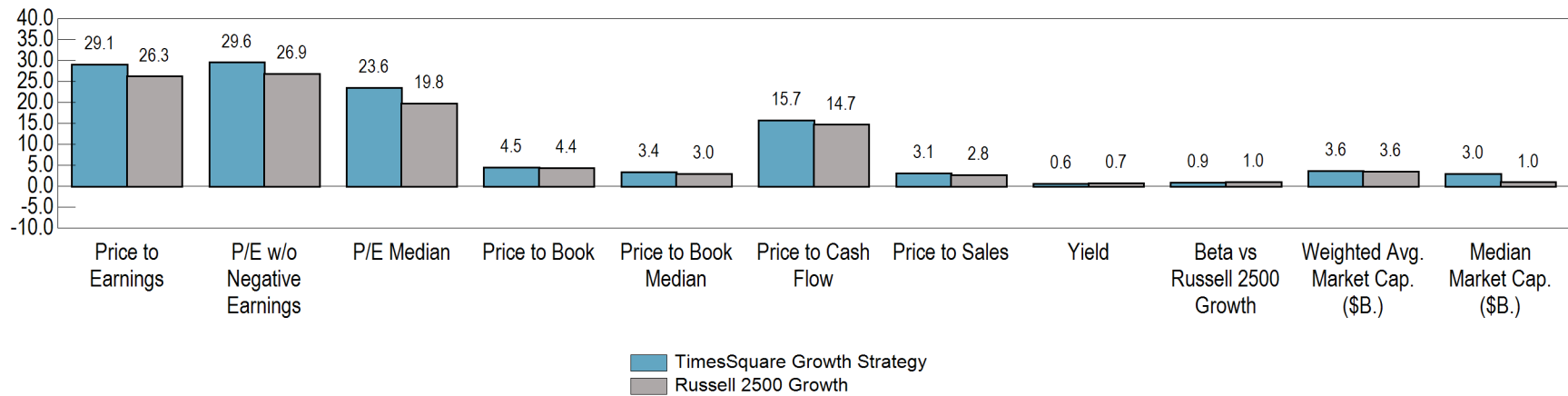
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
VANGUARD HEALTH SYSTEMS (VHS)	0.00%		0.12%	39.48%
SALIX PHARMS. (SLXP)	1.10%	0.29%	0.21%	29.25%
GRAND CANYON EDUCATION (LOPE)	0.66%	0.09%	0.18%	26.94%
ADTRAN (ADTN)	0.72%	0.10%	0.09%	25.84%
ALLEGiant TRAVEL (ALGT)	0.92%	0.11%	0.16%	19.39%
COSTAR GP. (CSGP)	1.52%	0.26%	0.24%	17.92%
MAGELLAN HLTH.SVS. (MGLN)	0.51%	0.01%	0.09%	17.89%
DUNKIN BRANDS GROUP (DNKN)	0.64%	0.22%	0.07%	16.65%
WEST (WSTC)	0.51%		0.08%	16.59%
VANTIV CLASS A (VNTV)	1.07%	0.07%	0.18%	16.26%
<b>Total</b>	<b>7.66%</b>	<b>1.16%</b>		

### Bottom Returning Stocks

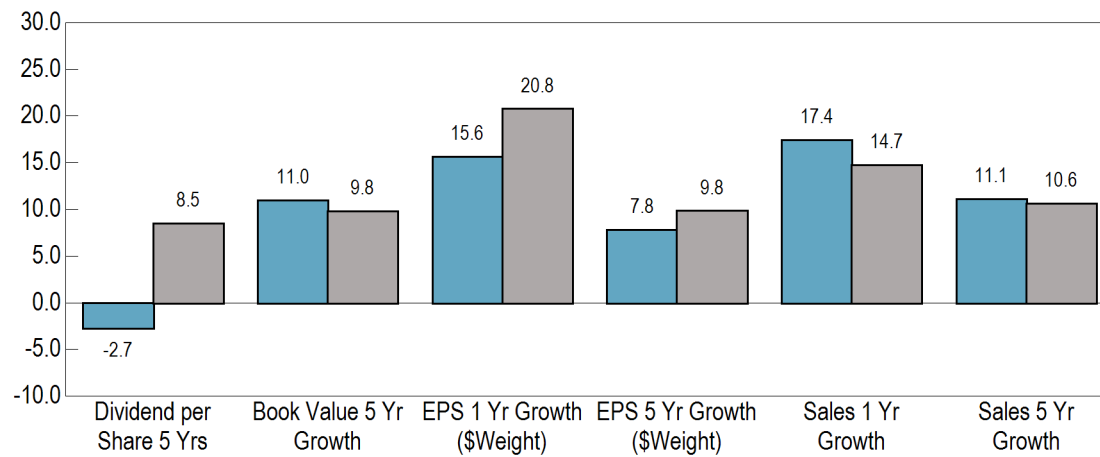
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
SOLARWINDS (SWI)	0.96%	0.17%	-0.27%	-34.33%
REXNORD (RXN)	0.00%		-0.07%	-20.63%
REGAL BELOIT (RBC)	0.57%		-0.17%	-20.25%
VOLCANO (VOLC)	0.36%	0.07%	-0.09%	-18.55%
MRC GLOBAL (MRC)	1.18%	0.03%	-0.25%	-16.13%
HMS HDG. (HMSY)	1.04%	0.14%	-0.12%	-14.18%
TRIMBLE NAVIGATION (TRMB)	0.67%	0.47%	-0.03%	-13.31%
CLEAN HARBORS (CLH)	1.63%	0.20%	-0.22%	-13.01%
MANITOWOC (MTW)	0.59%	0.13%	-0.06%	-12.89%
ROBERT HALF INTL. (RHI)	1.08%	0.34%	-0.08%	-11.06%
<b>Total</b>	<b>8.07%</b>	<b>1.55%</b>		

## TimesSquare Growth Strategy

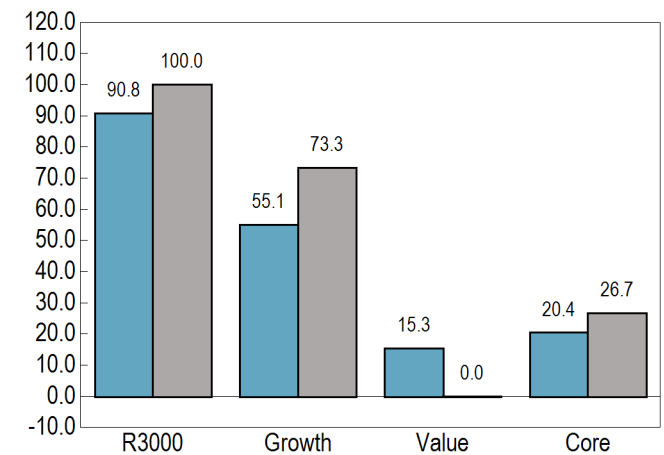
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



Russell Index Membership (% Equity)  
Ending June 30, 2013



## Manager Commentary

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<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Brown Investment Advisory &amp; Trust Company - Small-Cap Growth Equity</b>
<b>Benchmark</b>	<b>Russell 2000 Growth</b>

### Portfolio Managers / Team

Christopher A. Berrier  
Timothy W. Hathaway

### Manager Philosophy and Process

The strategy seeks to produce superior risk-adjusted returns through a concentrated portfolio of diversified, small-capitalization equity securities of above average growth, sound management, and favorable competitive positioning. The strategy invests primarily in the common stock of small domestic growth companies, those whose market capitalizations are generally less than \$4 billion at the time of purchase. The manager employs a long-term investment philosophy and is focused on business fundamentals.

### Current Positioning

- The portfolio's sector weightings are primarily an outcome of stock selection.
- At the end of the second quarter, the portfolio held notable overweights in industrials and information technology, and underweight positions in health care and financials

## Manager Commentary

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### Quarterly Attribution

#### Positive Impact on Performance:

- Security selection within the industrials and information technology sectors
- Underweight exposure to the materials sector
- Individual contributors: ExactTarget, Interactive Intelligence Group, Waste Connections

#### Negative Impact on Performance:

- Security selection within the health care sector
- Underweight allocation to the consumer discretionary sector
- Individual detractors: Volcano, Accelrys, United Rentals

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Security selection within the information technology, materials, and health care sectors
- Overweight exposure to the industrials sector

#### Negative Impact on Performance:

- Security selection within the energy and telecommunication services sectors
- Underweight allocation to the consumer discretionary sector

### Responsible Investment ESG Comment

ESG4

# Manager Commentary

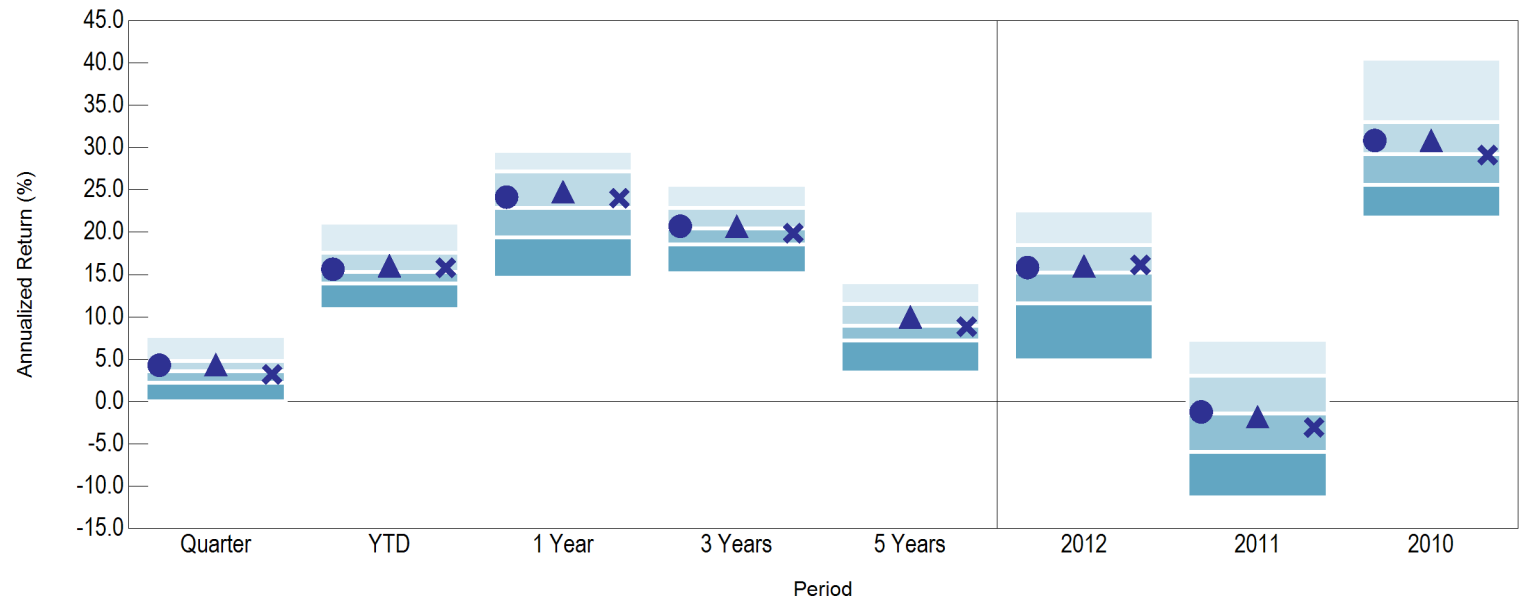
## Summary Data Points

**Mercer Rating:** R  
**Strategy AUM (\$B):** \$1.4

# NCSRP Brown Advisory

## Performance

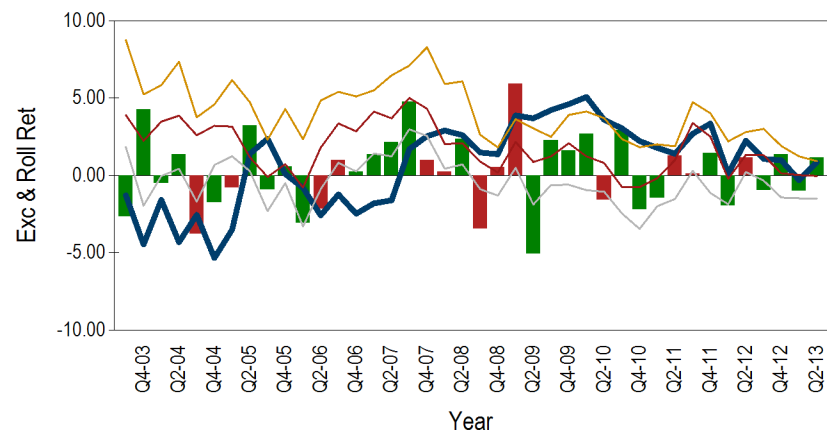
Performance vs. Mercer Instl US Equity SMID Growth  
Ending June 30, 2013



	Return (Rank)													
5th Percentile	7.7	21.1	29.5	25.5	14.0	22.5	7.3	40.4						
25th Percentile	4.8	17.6	27.2	22.9	11.6	18.5	3.1	33.0						
Median	3.7	15.3	22.9	20.5	9.0	15.3	-1.4	29.2						
75th Percentile	2.2	14.0	19.5	18.6	7.2	11.7	-5.9	25.7						
95th Percentile	0.0	11.0	14.7	15.2	3.5	4.9	-11.3	21.7						
# of Portfolios	53	53	51	48	45	65	78	82						
● NCSRP Brown Advisory	4.3 (34)	15.6 (43)	24.1 (43)	20.7 (41)	-- (--)	15.8 (44)	-1.2 (49)	30.8 (39)						
▲ Brown Advisory Growth Strategy	4.4 (32)	16.1 (36)	24.8 (38)	20.7 (41)	10.0 (38)	16.0 (42)	-1.8 (57)	30.9 (38)						
✕ Brown Custom SMID Growth Index	3.2 (59)	15.8 (41)	24.0 (45)	19.9 (59)	8.8 (52)	16.1 (42)	-3.1 (62)	29.1 (51)						

## Brown Advisory Growth Strategy

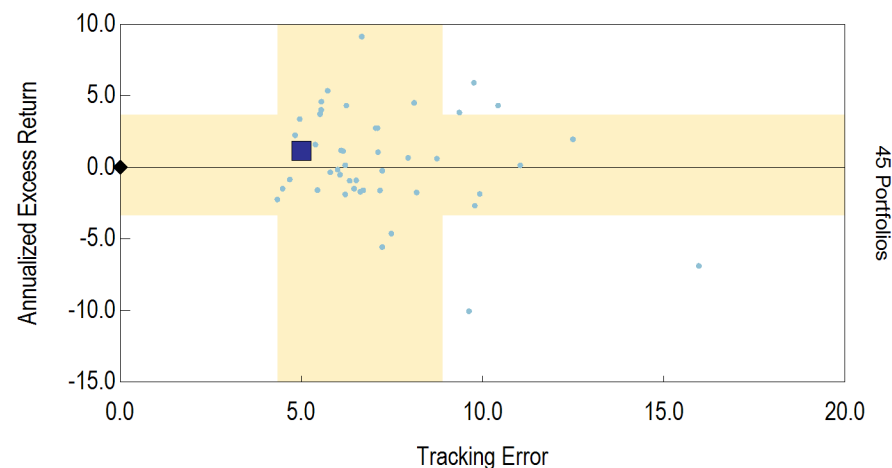
**Rolling 3 Year Excess Performance**  
Brown Advisory Growth Strategy vs. Brown Custom SMID Growth Index



**Characteristics**  
as of June 30, 2013

	Portfolio	Russell 2500 Growth
<b>PORTFOLIO CHARACTERISTICS</b>		
Price To Earnings	35.32	26.25
P/E Excluding Negative Earnings	36.06	26.87
P/E Median	26.74	19.75
Price To Book	4.09	4.39
Price To Book Median	3.20	3.02
Price To Cash Flow	19.93	14.73
Price To Sales	2.81	2.77
Dividend Yield (%)	0.37	0.74
Weighted Ave. Market Cap. (\$B)	2.85	3.59
Median Market Cap. (\$B)	2.49	0.97
Beta	0.97	1.00

**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013

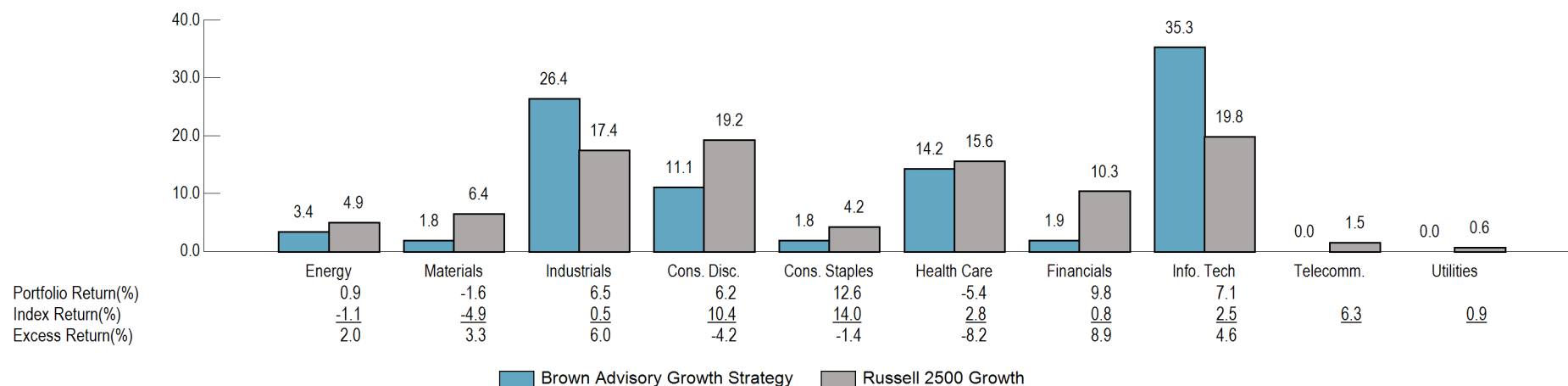


**Performance Attribution vs. Russell 2500 Growth**  
Quarter Ending June 30, 2013

	Total Effects	Selection Effect	Allocation Effect	Interaction Effects
Energy	0.14%	0.11%	0.10%	-0.07%
Materials	0.47%	0.24%	0.40%	-0.17%
Industrials	1.40%	1.07%	-0.18%	0.51%
Cons. Disc.	-0.99%	-0.71%	-0.55%	0.27%
Cons. Staples	-0.27%	-0.04%	-0.22%	-0.01%
Health Care	-1.31%	-1.38%	0.02%	0.04%
Financials	0.39%	0.96%	0.22%	-0.80%
Info. Tech	1.40%	0.97%	-0.14%	0.57%
Telecomm.	-0.04%	--	-0.04%	--
Utilities	0.02%	--	0.02%	--
Cash	-0.15%	0.00%	0.00%	-0.15%
Unclassified	0.00%	--	0.00%	--
<b>Portfolio</b>	<b>1.04%</b>	<b>= 1.22%</b>	<b>+ -0.38%</b>	<b>+ 0.20%</b>

## Brown Advisory Growth Strategy

Sector Allocation (%) vs Russell 2500 Growth  
3 Months Ending June 30, 2013



### Top Returning Stocks

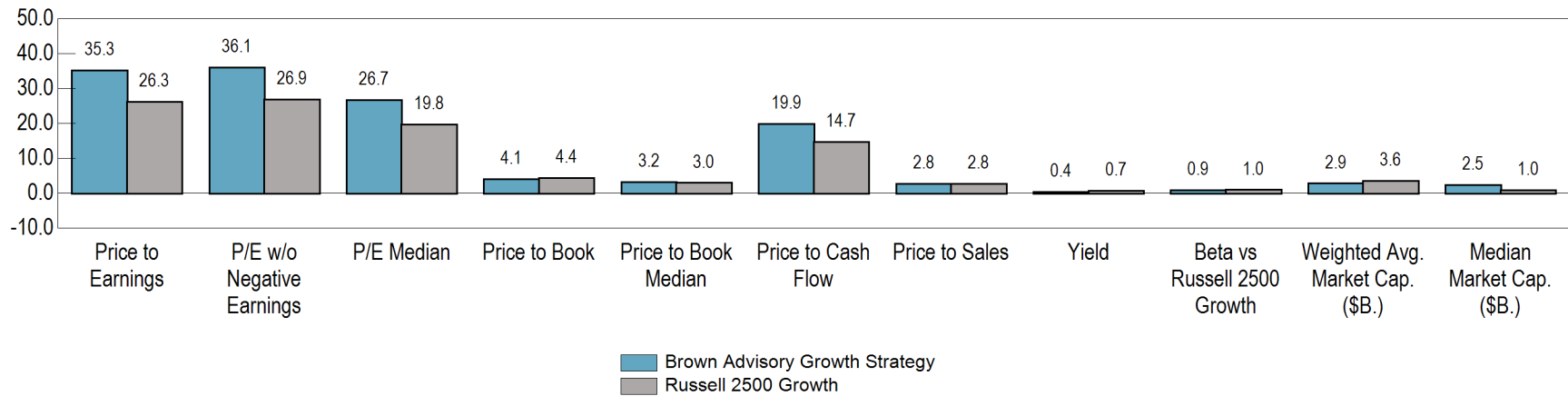
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
EXACTTARGET (ET)	3.28%	0.02%	0.88%	44.91%
MERCURY SYSTEMS (MRCY)	0.00%		0.07%	25.10%
HARMAN INTL.INDS. (HAR)	1.24%		0.23%	21.81%
MONRO MUFFLER BRAKE (MNRO)	0.32%	0.11%	0.23%	21.29%
ROADRUNNER TRSP.SYSTEMS (RRTS)	1.87%	0.02%	0.34%	21.04%
APPLIED MICRO CIRCUITS (AMCC)	1.15%		0.19%	18.60%
CONCUR TECHS. (CNQR)	0.99%	0.27%	0.12%	18.53%
PEGASYSTEMS (PEGA)	2.36%	0.04%	0.37%	18.05%
COSTAR GP. (CSGP)	1.86%	0.26%	0.26%	17.92%
HEXCEL (HXL)	1.37%	0.24%	0.17%	17.37%
<b>Total</b>	<b>14.44%</b>	<b>0.96%</b>		

### Bottom Returning Stocks

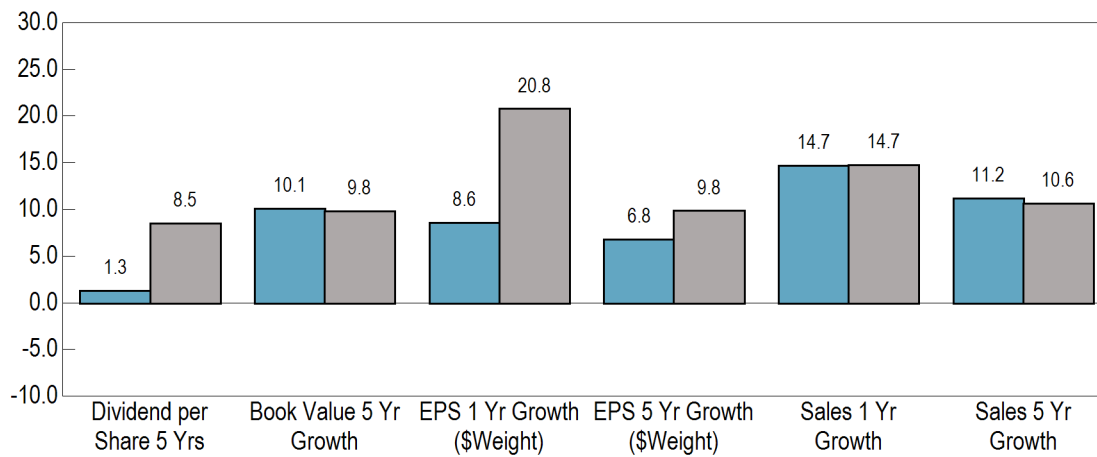
	Portfolio Weight %	Index Weight %	Relative Contribution %	Return %
VOLCANO (VOLC)	0.89%	0.07%	-0.19%	-18.55%
ENDOLOGIX (ELGX)	0.89%	0.05%	-0.14%	-17.77%
HMS HDG. (HMSY)	0.00%		-0.24%	-14.18%
ACCELRYX (ACCL)	1.53%		-0.14%	-13.93%
EXFO (C:EXF)	0.50%		-0.07%	-12.30%
SEATTLE GENETC. (SGEN)	1.29%	0.22%	-0.13%	-11.39%
CORELOGIC (CLGX)	1.86%		-0.19%	-10.40%
LANDSTAR SYSTEM (LSTR)	1.61%	0.17%	-0.16%	-9.79%
UNITED RENTALS (URI)	2.04%	0.34%	-0.18%	-9.21%
CAVIUM (CAVM)	0.86%	0.13%	-0.07%	-8.86%
<b>Total</b>	<b>11.47%</b>	<b>0.97%</b>		

## Brown Advisory Growth Strategy

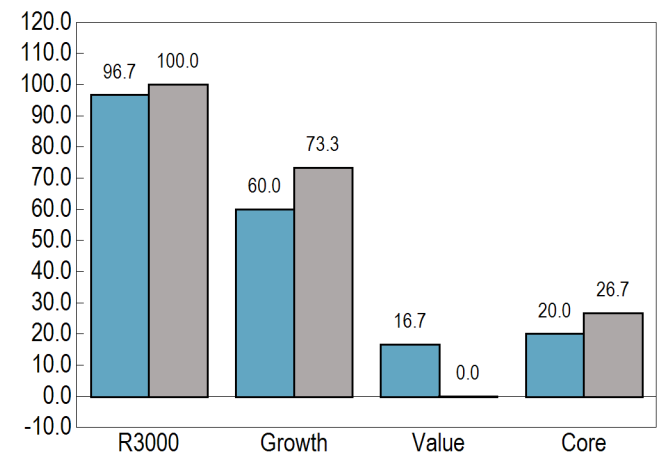
Portfolio Characteristics  
Ending June 30, 2013



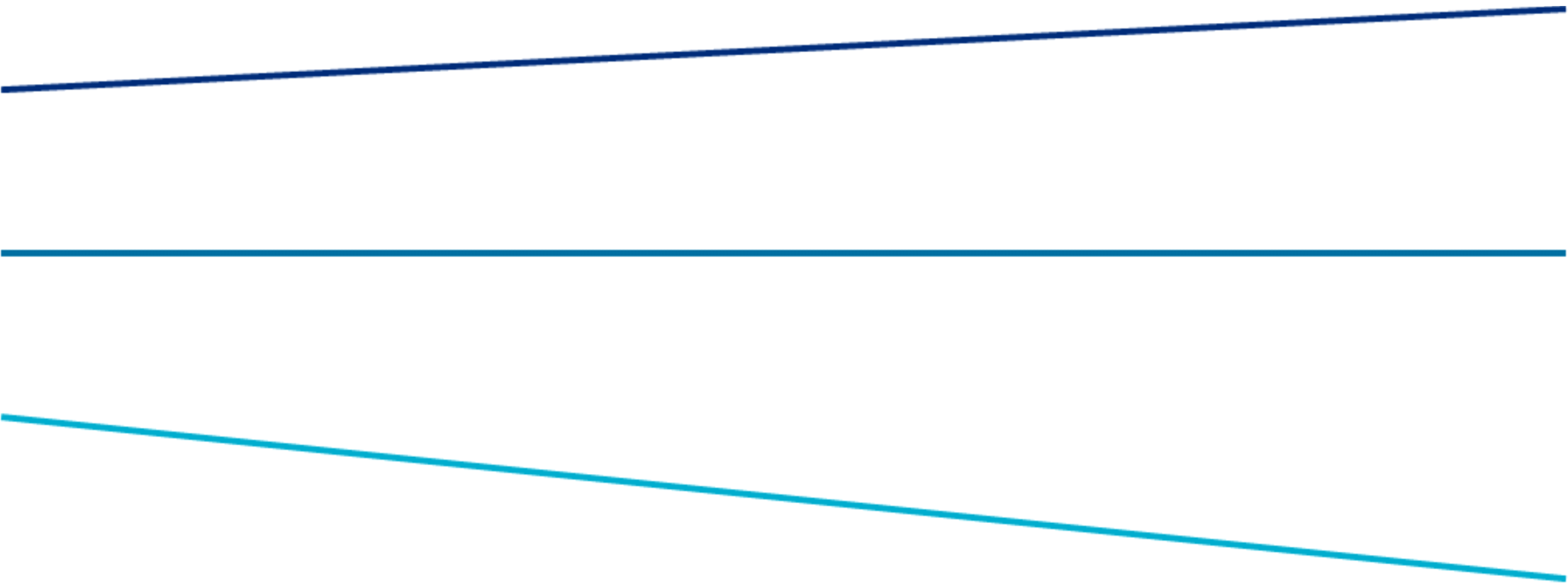
Historical Growth Measures  
Ending June 30, 2013



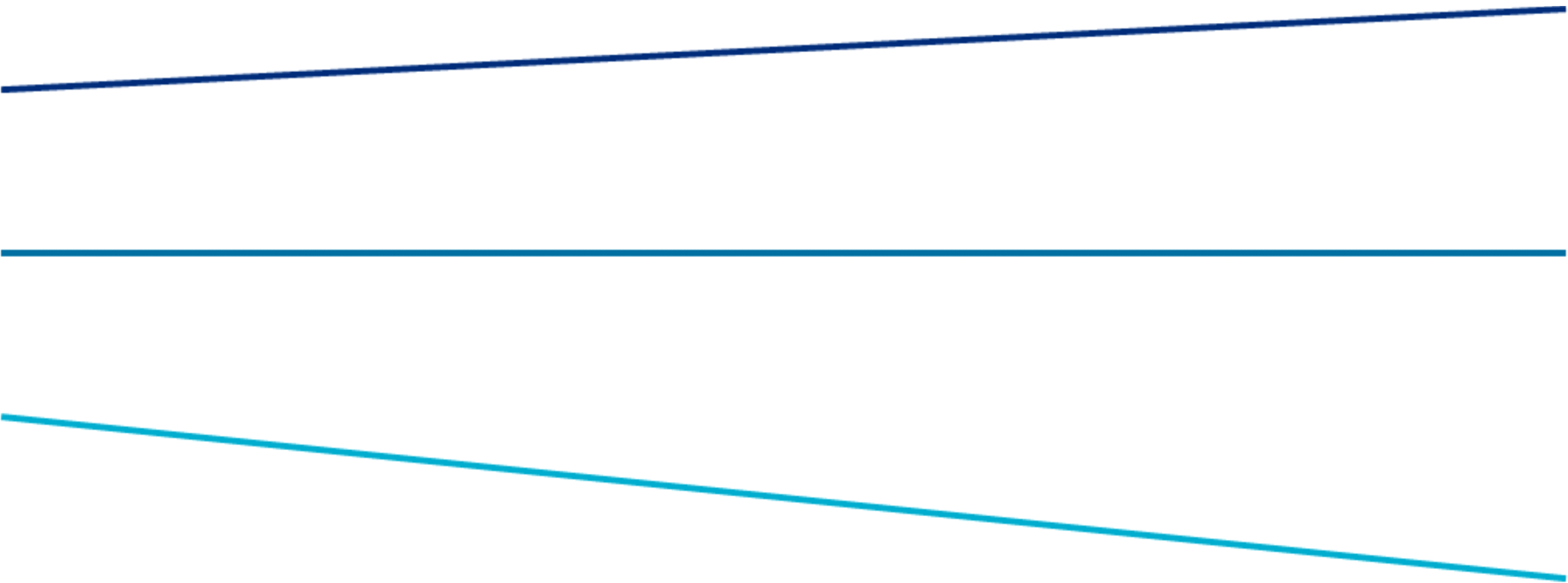
Russell Index Membership (% Equity)  
Ending June 30, 2013



# International Equity



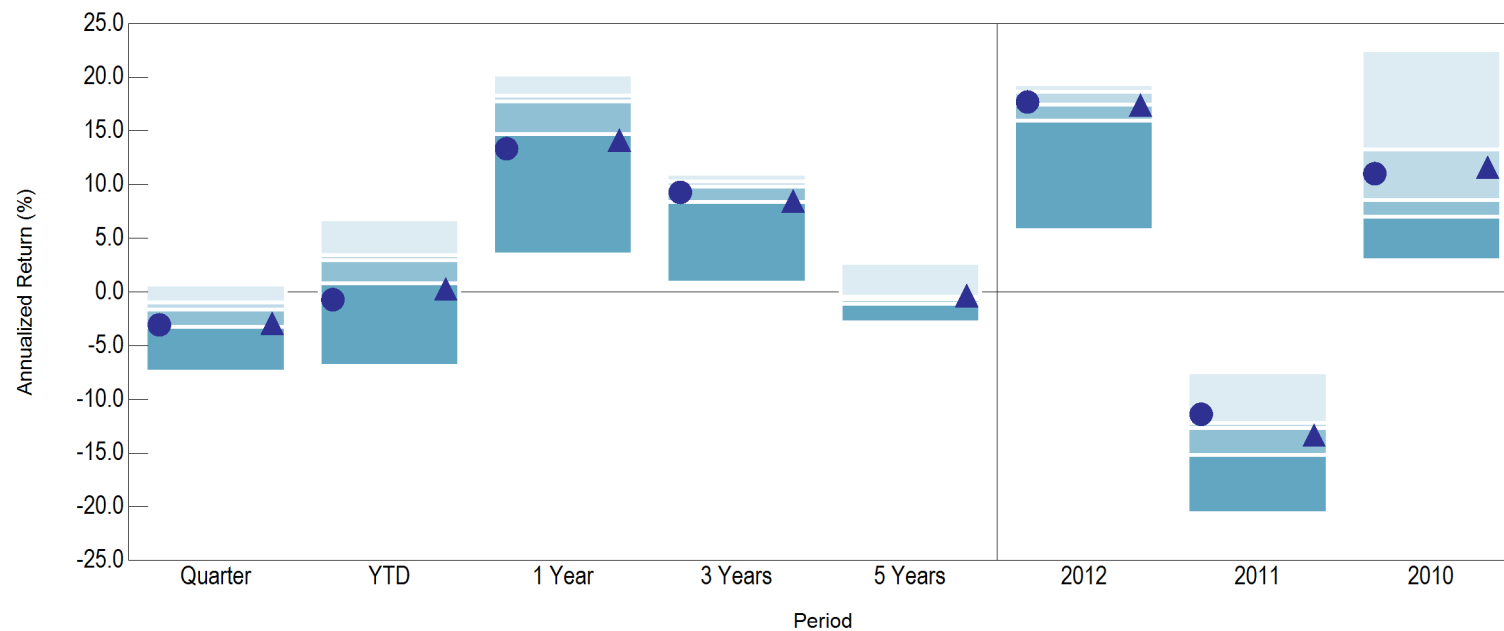
# International Passive



## International Passive

### Performance

Performance vs. Mercer Mutual Fund World ex US/EAFE Equity Index  
Ending June 30, 2013



	Return (Rank)							
5th Percentile	0.7	6.7	20.2	11.0	2.7	19.3	-7.5	22.5
25th Percentile	-0.9	3.5	18.3	10.3	-0.4	18.7	-12.2	13.3
Median	-1.6	3.0	17.8	9.8	-0.7	17.5	-12.7	8.6
75th Percentile	-3.2	0.8	14.8	8.4	-1.0	16.0	-15.1	7.1
95th Percentile	-7.4	-6.9	3.5	0.9	-2.8	5.8	-20.6	3.0
# of Portfolios	64	64	61	45	39	54	55	53
● International Passive	-3.1 (71)	-0.7 (86)	13.3 (86)	9.3 (62)	-- (--)	17.7 (46)	-11.4 (14)	11.0 (38)
▲ MSCI ACWI ex USA Gross	-2.9 (63)	0.3 (76)	14.1 (78)	8.5 (74)	-0.3 (21)	17.4 (54)	-13.3 (58)	11.6 (36)

## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>BlackRock - All Country World Index Fund ex-US (BGI)</b>
<b>Benchmark</b>	<b>MSCI All-Country World Index Free ex-US</b>

### Manager Philosophy and Process

The ACWI ex-US Fund is designed to replicate the total return of the Morgan Stanley Capital International (MSCI) All Country World ex-US Index (ACWI ex-US Index). The objective in managing the fund is to deliver a high quality and cost-effective index-based portfolio available to institutional investors.

To manage the fund effectively, BlackRock focuses on three objectives: minimizing transaction costs, minimizing tracking error, and minimizing risk. The ACWI ex-US Index defines the global equity asset class and covers 23 developed markets and 21 emerging markets. The index is constructed with a single, consistent methodology that eliminates the problem of double-counting countries often experienced by investors when they combine emerging and developed global strategies. BlackRock's modular country fund structure provides a flexible and straightforward means of implementing ACWI ex-US-based strategies that fit clients' specific weighting requirements. BlackRock considers a capitalization-weighted strategy as the starting point in implementing a global equity strategy.

### Factual Performance Statement

The fund returned -3.0% in the second quarter, compared to -2.9% for the MSCI ACWI ex-US index. Over the last year, the fund returned 13.5%, while the ACWI ex-US index gained 14.1%.

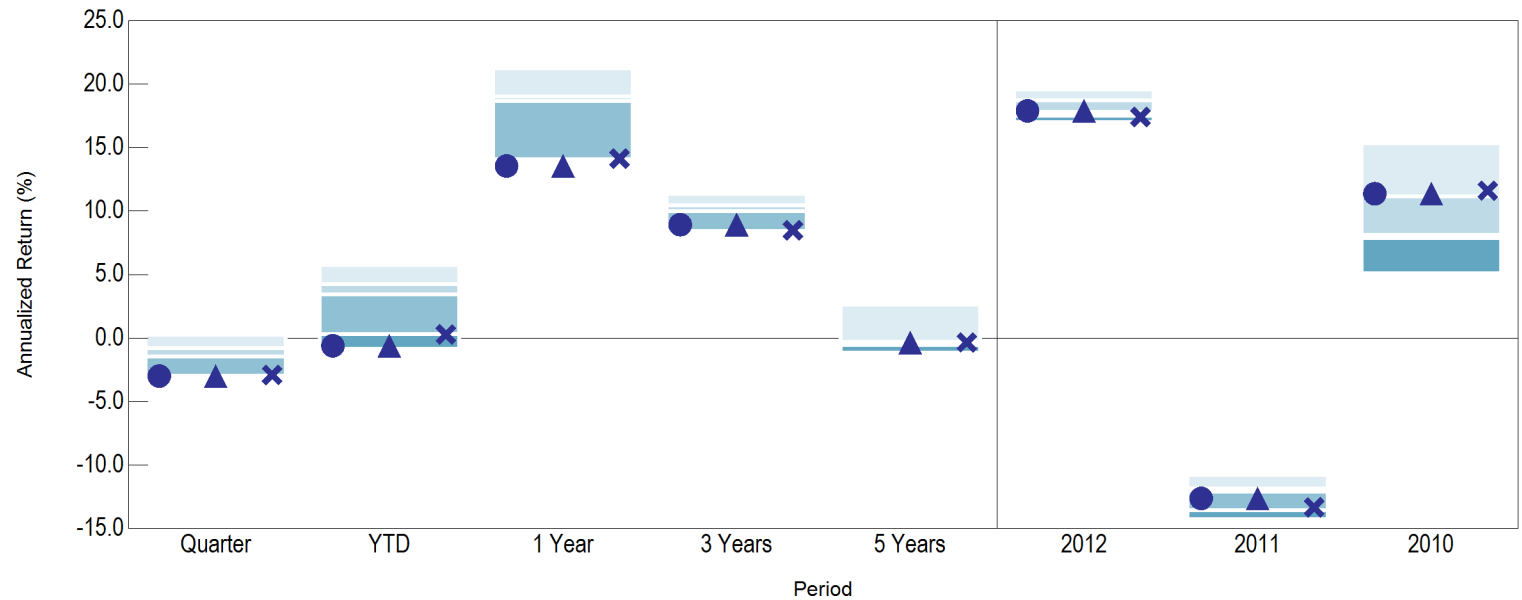
### Summary Data Points

**Mercer Rating:** Preferred Provider  
**Strategy AUM (\$B):** \$11.2

# NCSRP BlackRock ACWI ex US Fund

## Performance

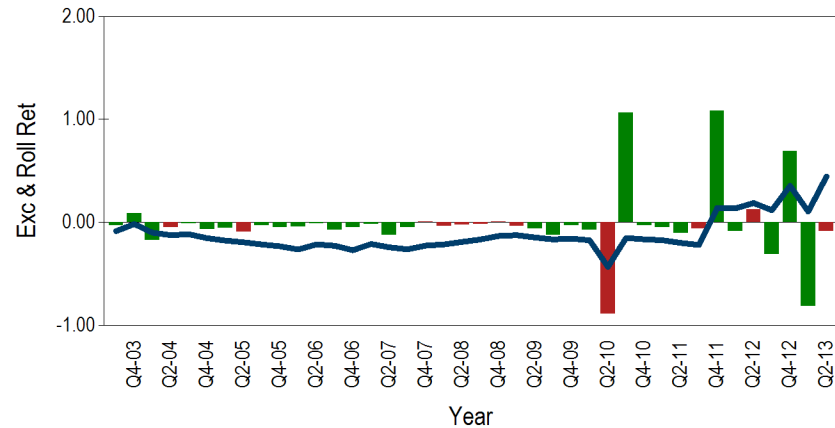
Performance vs. Mercer Instl World ex US/EAFE Equity Passive  
Ending June 30, 2013



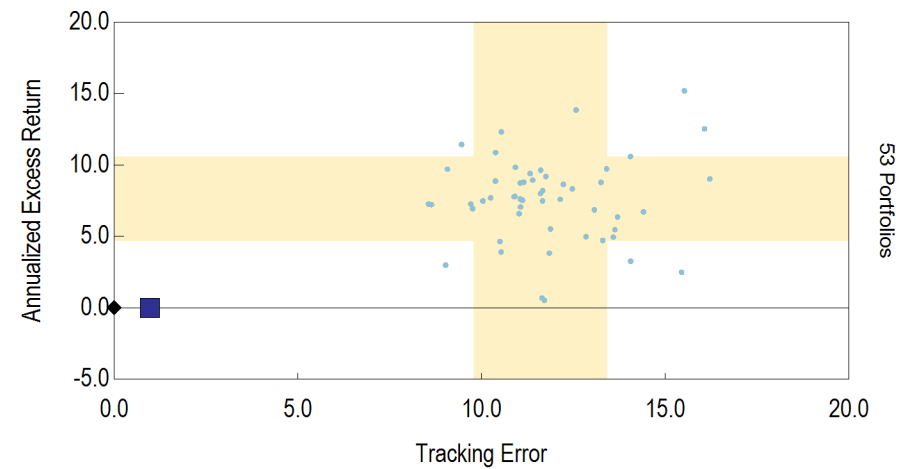
	Return (Rank)							
5th Percentile	0.2	5.7	21.2	11.3	2.6	19.6	-10.8	15.3
25th Percentile	-0.8	4.3	19.0	10.5	-0.2	18.7	-11.8	11.2
Median	-1.4	3.4	18.7	10.0	-0.3	17.8	-12.0	8.2
75th Percentile	-2.9	0.3	14.1	8.4	-0.5	17.5	-13.5	7.9
95th Percentile	-3.1	-0.8	13.8	8.3	-1.1	17.0	-14.2	5.2
# of Portfolios	19	19	18	16	14	18	18	15
● NCSRP BlackRock ACWI ex US Fund	-3.0 (92)	-0.6 (94)	13.5 (99)	8.9 (63)	-- (--)	17.9 (40)	-12.6 (57)	11.4 (12)
▲ BlackRock ACWI ex US Fund Strategy	-3.0 (92)	-0.6 (94)	13.5 (99)	8.9 (63)	-0.4 (52)	17.9 (40)	-12.6 (57)	11.4 (12)
✕ MSCI ACWI ex USA Gross	-2.9 (66)	0.3 (77)	14.1 (75)	8.5 (73)	-0.3 (50)	17.4 (79)	-13.3 (64)	11.6 (8)

## BlackRock ACWI ex US Fund Strategy

Rolling 3 Year Excess Performance  
BlackRock ACWI ex US Fund Strategy vs. MSCI AC World ex USA (Gross)



Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013



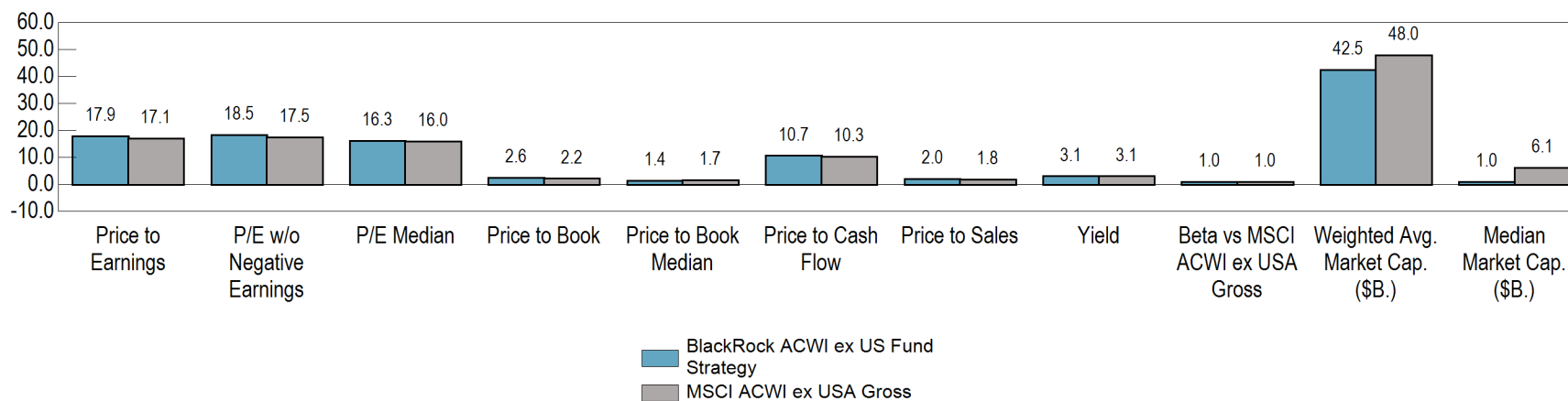
Characteristics  
as of June 30, 2013

	Portfolio	MSCI ACWI ex USA Gross
PORTFOLIO CHARACTERISTICS		
Price To Earnings	17.89	17.09
P/E Excluding Negative Earnings	18.45	17.50
P/E Median	16.29	16.04
Price To Book	2.60	2.20
Price To Book Median	1.40	1.71
Price To Cash Flow	10.66	10.25
Price To Sales	2.03	1.83
Dividend Yield (%)	3.06	3.07
Weighted Ave. Market Cap. (\$B)	42.47	48.02
Median Market Cap. (\$B)	0.99	6.13
Beta	1.02	1.00

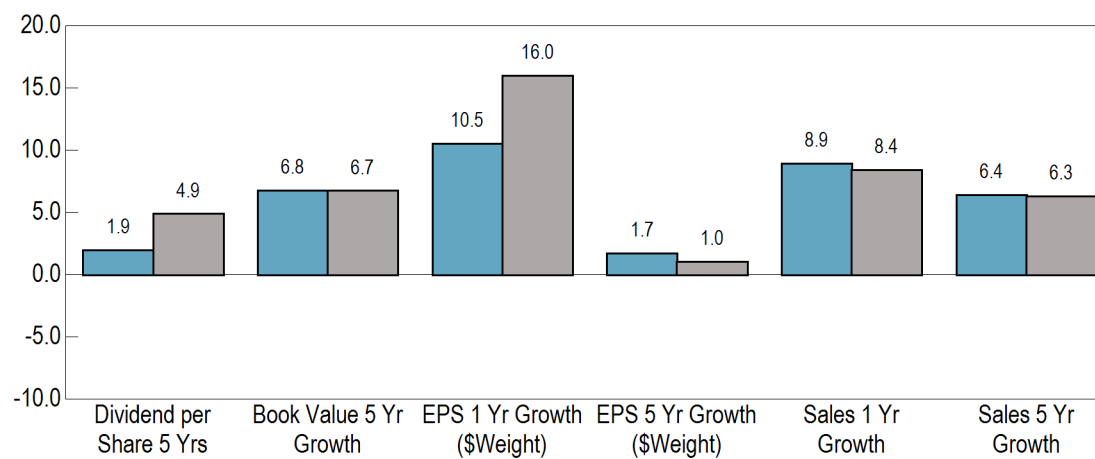
Mercer Investment Consulting, Inc.

## BlackRock ACWI ex US Fund Strategy

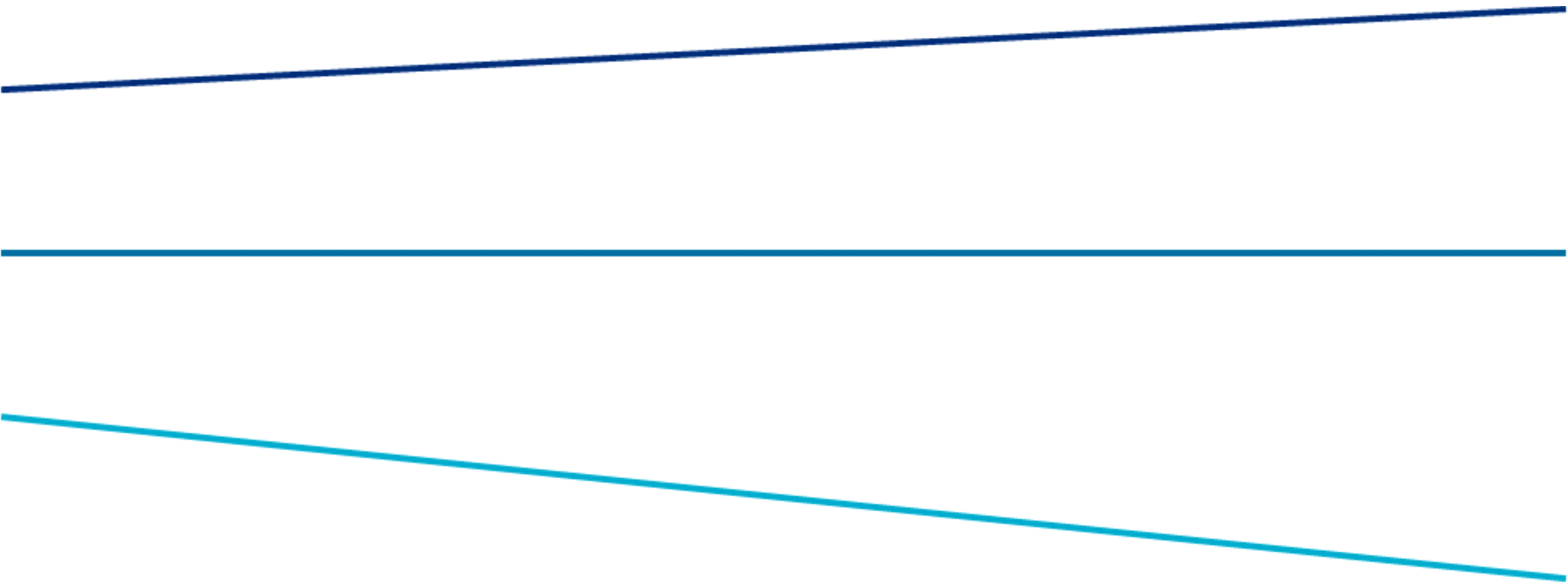
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



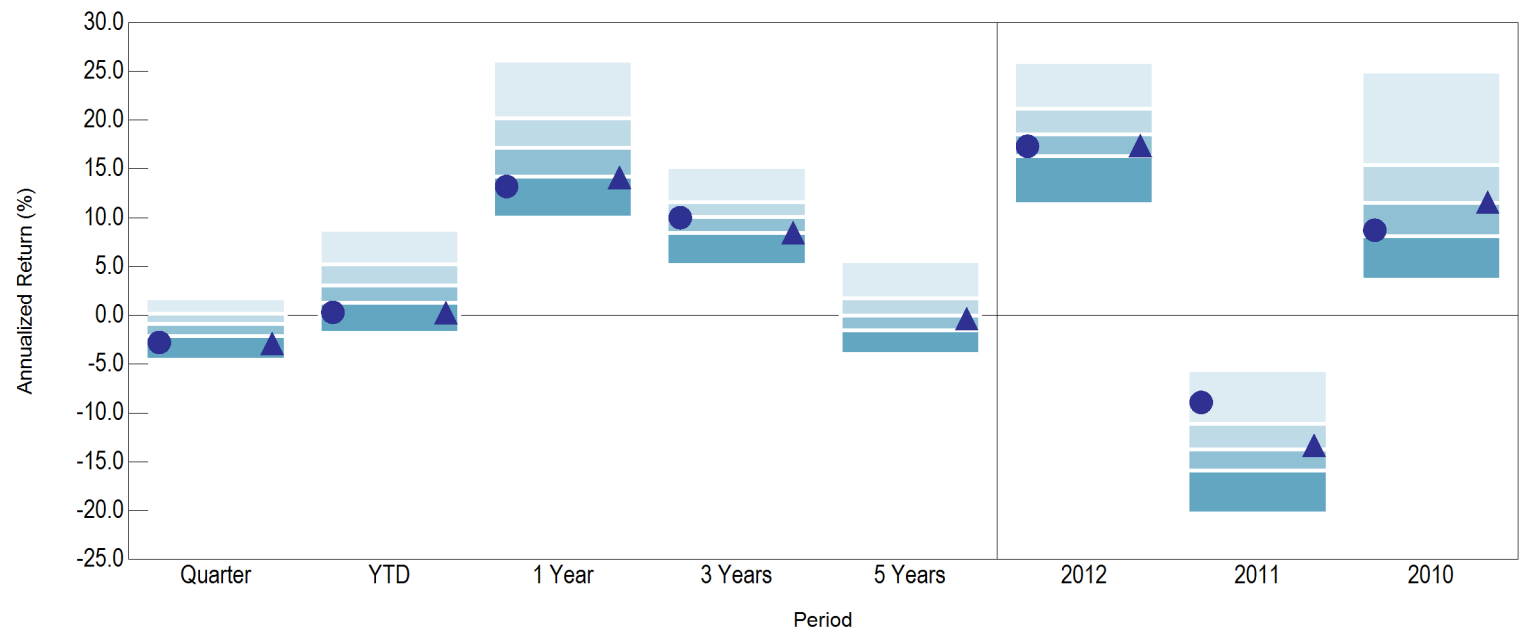
# International Equity



# International Equity

## Performance

Performance vs. Mercer Mutual Fund World ex US/EAFE Equity  
Ending June 30, 2013

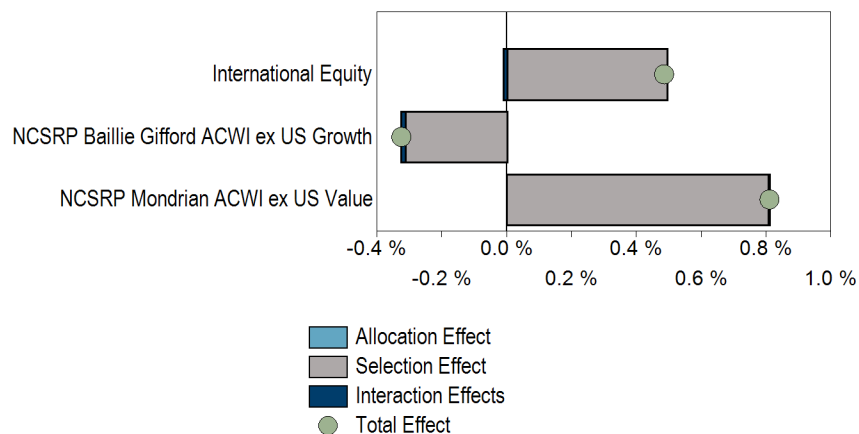


	Return (Rank)															
5th Percentile	1.7	8.7	26.1	15.2	5.5	25.9	-5.6	24.9								
25th Percentile	0.2	5.3	20.2	11.6	1.8	21.2	-11.1	15.4								
Median	-0.8	3.1	17.2	10.1	0.0	18.6	-13.7	11.6								
75th Percentile	-2.1	1.4	14.3	8.5	-1.5	16.3	-15.9	8.1								
95th Percentile	-4.5	-1.8	10.1	5.2	-3.9	11.4	-20.3	3.7								
# of Portfolios	428	423	408	356	325	400	404	402								
● International Equity	-2.8	(87)	0.3	(85)	13.2	(84)	10.0	(52)	--	(--)	17.3	(67)	-8.9	(13)	8.7	(71)
▲ MSCI ACWI ex USA Gross	-2.9	(88)	0.3	(85)	14.1	(77)	8.5	(75)	-0.3	(56)	17.4	(66)	-13.3	(46)	11.6	(50)

# International Equity

## Attribution

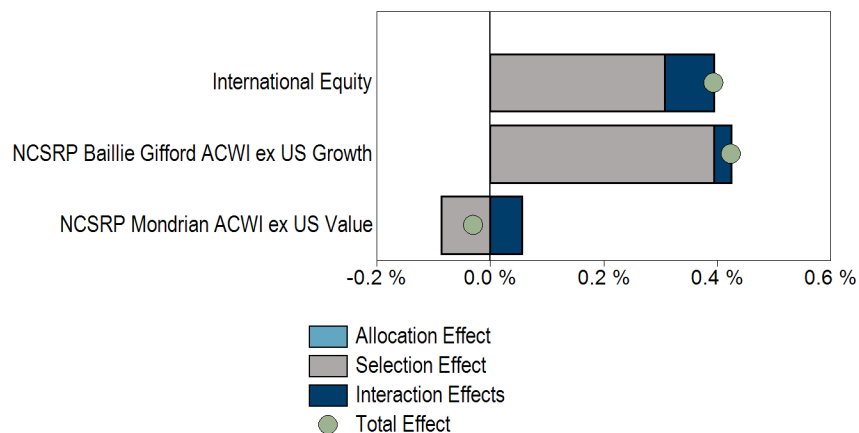
**Attribution Effects**  
3 Months Ending June 30, 2013



**Attribution Summary**  
3 Months Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Baillie Gifford ACWI ex US Growth	-3.5%	-2.9%	-0.6%	-0.3%	0.0%	0.0%	-0.3%
NCSRP Mondrian ACWI ex US Value	-1.3%	-2.9%	1.6%	0.8%	0.0%	0.0%	0.8%
<b>Total</b>	<b>-2.4%</b>	<b>-2.9%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.5%</b>

**Attribution Effects**  
1 Year Ending June 30, 2013

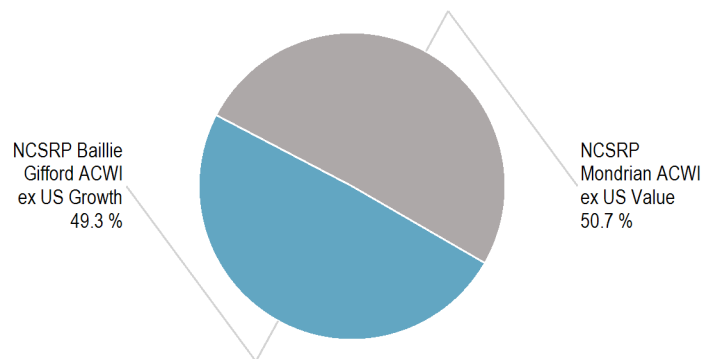


**Attribution Summary**  
1 Year Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Baillie Gifford ACWI ex US Growth	14.9%	14.1%	0.8%	0.4%	0.0%	0.0%	0.4%
NCSRP Mondrian ACWI ex US Value	13.9%	14.1%	-0.2%	-0.1%	0.0%	0.1%	0.0%
<b>Total</b>	<b>14.5%</b>	<b>14.1%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.4%</b>

## International Equity

### Current Allocation



### Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	162	1,823
Weighted Avg. Market Cap. (\$B)	46.09	48.02
Median Market Cap. (\$B)	18.33	6.13
Price To Earnings	19.26	17.09
Price To Book	3.34	2.20
Price To Sales	2.33	1.83
Return on Equity (%)	19.64	15.05
Yield (%)	3.23	3.07
Beta	0.92	1.00
R-Squared	0.97	1.00

### International Equity Performance Attribution Versus MSCI ACWI ex USA Gross - Quarter Ending June 30, 2013

	Returns and Ending Weights				Attribution Effects				
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
<b>Totals</b>									
Americas	-9.4%	-10.6%	8.1%	11.7%	0.2%	0.2%	0.4%	-0.3%	0.4%
Europe	-1.0%	-0.4%	53.4%	47.1%	-0.1%	0.2%	0.0%	-0.2%	-0.1%
Asia/Pacific	-3.3%	-3.0%	32.8%	38.8%	-0.1%	0.0%	0.5%	-0.5%	-0.1%
Other	-1.8%	-8.2%	4.9%	2.4%	0.3%	-0.1%	-0.1%	0.1%	0.2%
Cash	0.0%	--	0.8%	--	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>-2.5%</b>	<b>-2.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.8%</b>	<b>-0.9%</b>	<b>0.4%</b>

## International Equity

### Performance Attribution

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Europe									
Austria	--	-2.5%	0.0%	0.2%	--	0.0%	--	--	0.0%
Belgium	1.4%	-4.4%	0.3%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Czech Republic*	--	-6.5%	0.0%	0.1%	--	0.0%	--	--	0.0%
Denmark	-2.4%	-3.9%	1.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Finland	2.7%	1.3%	1.7%	0.5%	0.0%	0.1%	0.0%	0.0%	0.1%
France	2.0%	3.6%	7.3%	6.7%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Germany	10.6%	3.3%	5.0%	6.1%	0.4%	-0.1%	0.0%	-0.1%	0.2%
Greece	--	-8.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
Hungary*	--	13.1%	0.0%	0.1%	--	0.0%	--	--	0.0%
Ireland	23.3%	-1.6%	0.9%	0.2%	0.0%	0.0%	0.0%	0.1%	0.2%
Italy	-3.4%	1.3%	0.9%	1.4%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Netherlands	-2.2%	2.7%	4.9%	1.8%	-0.1%	0.2%	0.0%	-0.2%	-0.1%
Norway	-9.3%	-5.1%	0.7%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Poland*	--	-4.5%	0.0%	0.3%	--	0.0%	--	--	0.0%
Portugal	-4.9%	0.0%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia*	1.9%	-8.2%	1.6%	1.3%	0.1%	0.0%	0.1%	0.0%	0.1%
Spain	1.3%	0.0%	2.9%	2.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Sweden	-9.3%	-5.2%	2.6%	2.2%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Switzerland	-2.6%	0.1%	5.1%	6.5%	-0.2%	0.0%	0.0%	0.0%	-0.2%
United Kingdom	-4.0%	-2.2%	18.3%	15.3%	-0.3%	0.0%	0.0%	0.0%	-0.3%
Americas									
Brazil*	-16.3%	-17.2%	2.2%	2.5%	0.0%	0.1%	0.1%	-0.1%	0.1%
Canada	-5.7%	-7.3%	2.1%	7.2%	0.1%	0.2%	0.2%	-0.3%	0.3%
Chile*	-13.6%	-14.6%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	--	-13.1%	0.0%	0.3%	--	0.0%	--	--	0.0%
Mexico*	-10.9%	-10.8%	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Peru*	-21.6%	-27.4%	0.8%	0.1%	0.0%	-0.2%	0.0%	0.1%	-0.2%
United States	7.7%	2.6%	1.5%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
AsiaPacific									
Australia	-12.1%	-13.9%	3.7%	5.7%	0.1%	0.3%	0.3%	-0.3%	0.3%
China*	-8.3%	-6.5%	4.5%	4.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Hong Kong	-9.4%	-4.7%	1.4%	2.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%
India*	-9.1%	-5.5%	1.3%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	-9.8%	-5.8%	1.1%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	4.2%	4.4%	12.7%	16.0%	0.0%	-0.2%	0.2%	-0.2%	-0.2%
Korea*	-12.1%	-10.0%	2.7%	3.2%	-0.1%	0.0%	0.0%	0.0%	0.0%
Malaysia*	--	6.1%	0.0%	0.9%	--	-0.1%	--	--	-0.1%
New Zealand	--	-10.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
Philippines*	-4.3%	-8.2%	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	-1.1%	-6.3%	2.3%	1.2%	0.1%	0.0%	0.0%	0.1%	0.1%
Taiwan*	6.0%	1.6%	2.3%	2.6%	0.1%	0.0%	0.0%	0.0%	0.1%
Thailand*	-9.3%	-7.3%	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Other									
Egypt*	--	-7.3%	0.0%	0.1%	--	0.0%	--	--	0.0%
Israel	-0.4%	-3.7%	1.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco*	--	-2.7%	0.0%	0.0%	--	0.0%	--	--	0.0%
South Africa*	8.1%	-7.2%	1.7%	1.6%	0.2%	0.0%	0.0%	0.0%	0.3%
Turkey*	-12.2%	-15.3%	1.6%	0.4%	0.0%	-0.1%	-0.1%	0.1%	-0.1%
Other Countries*		0.0%	0.0%	0.0%					

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Totals									
Developed	-0.9%	-1.4%	77.0%	78.0%	-0.1%	0.6%	0.6%	-0.8%	0.3%
Emerging*	-7.7%	-7.9%	22.2%	22.0%	0.3%	-0.3%	0.2%	-0.1%	0.1%
Cash	0.0%	--	0.8%	--	0.0%	0.0%	0.0%	0.0%	0.0%

## International Equity

### Top Holdings International Equity

	Intl Fund %	Mondrian %	Baillie %	Index Weight%
TAIWAN SEMICON.MNFG.	1.92%	0.86%	3.01%	0.57%
UNITED OVERSEAS BANK	1.68%	1.73%	1.63%	0.12%
SAMSUNG ELECTRONICS	1.61%	0.80%	2.45%	0.81%
NOVARTIS 'R'	1.44%	2.85%		1.02%
DEUTSCHE TELEKOM	1.43%	2.81%		0.21%
TEVA PHARM.INDS.ADR 1:1	1.39%	2.73%		
NESTLE 'R'	1.37%		2.78%	1.32%
BP	1.35%	2.66%		0.83%
AHOLD KON.	1.33%	2.63%		0.09%
NASPERS	1.31%		2.66%	0.18%
<b>Total</b>	<b>14.83%</b>	<b>17.07%</b>	<b>12.53%</b>	<b>5.15%</b>

## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Baillie Gifford &amp; Company - ACWI ex US Alpha (+2-3%)</b>
<b>Benchmark</b>	<b>MSCI ACWI ex US</b>

### Portfolio Managers / Team

Gerald Smith

### Manager Philosophy and Process

A Portfolio Construction Group (PCG) steers the funds' overall strategy and oversees the stock selection process. The PCG comprises investors from each geographic investment department and an experienced client service director. The group takes full responsibility for the performance of the portfolio.

The PCG meets regularly to discuss the buy and sell ideas of its members from the regional teams, as well as their level of conviction in their continuing holdings. The process encourages portfolio integration and widens its focus to take account of more than regional concerns.

The PCG ensures that good ideas are fully implemented, insights shared and problems addressed. By concentrating the important decisions in a small group it produces portfolios which are more concentrated and less index aware.

The key features of the portfolio are:

- \* High quality growth stocks
- \* Integrated portfolio construction
- \* Concentrated portfolio of 80 - 110 stocks

### Current Positioning

- The portfolio is overweight the industrials and information technology sectors
- Underweight positions are held in financials, telecommunication services and health care
- There is an overweight to the UK and slight underweight to developed Asia

## Manager Commentary

### Quarterly Attribution

#### Positive Impact on Performance:

- Stock selection within emerging markets (notably Brazil) and North America
- Stock selection in consumer discretionary and industrials

#### Negative Impact on Performance:

- Stock selection in both Europe and the UK
- Underweight telecommunication services
- Stock selection in financials and energy

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Stock selection within emerging markets (notably Brazil and Russia) and the allocation to North America
- The overweight to industrials and underweight to utilities
- Stock selection in consumer discretionary and industrials

#### Negative Impact on Performance:

- Stock selection in both developed Asia and the UK
- Underweight and stock selection in health care and financials

### Responsible Investment ESG Comment

ESG3 - The firm is a signatory to the UN Principles for Responsible Investment, and both a governance review and a statement of the firm's compliance with the UK Stewardship Code is published on Baillie Gifford's website. Baillie Gifford has a dedicated corporate governance and ESG team. The governance team takes all voting decisions, and also draws on data from various voting agencies such as ISS. Although the firm has dedicated ESG resources, in our stock level discussions with portfolio managers it was not clear across the board that ESG consideration is an integral part of the investment process. We believe there is progress with respect to ESG integration and active ownership, but that this evidence of this in the day-to-day investment progress is more limited, albeit with signs for potential improvement.

# Manager Commentary

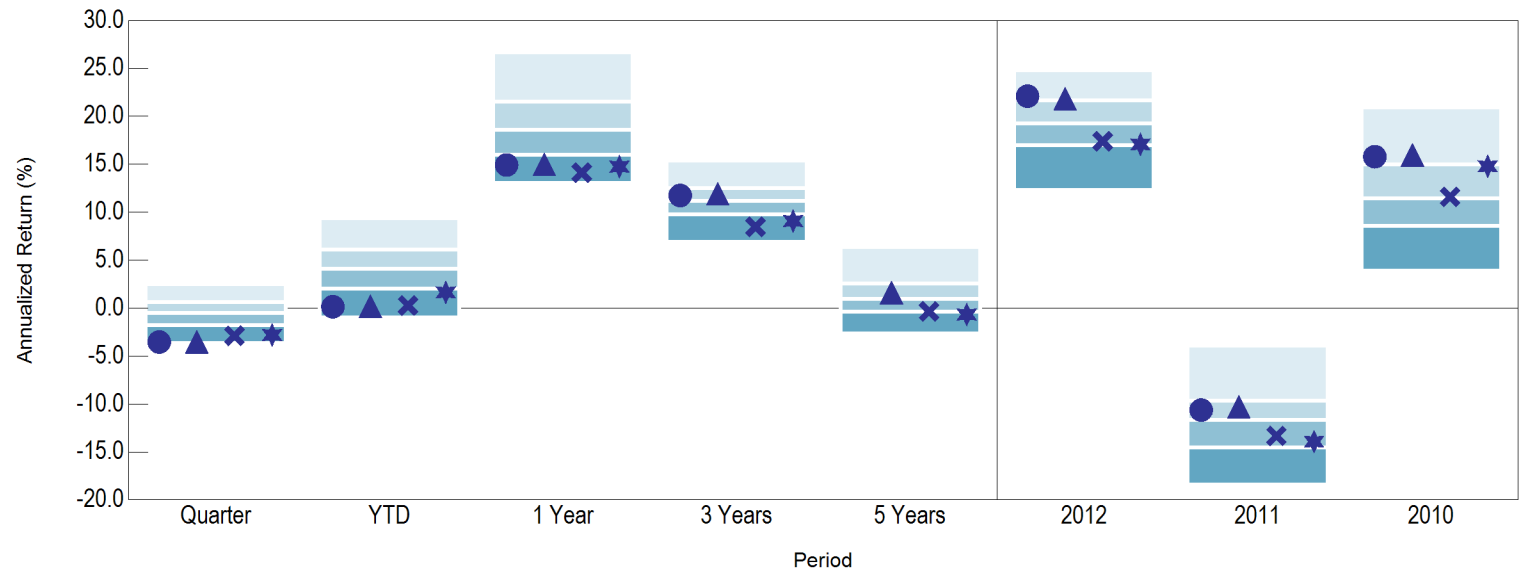
## Summary Data Points

**Mercer Rating:** A  
**Strategy AUM (\$B):** \$14.4

# NCSRP Baillie Gifford ACWI ex US Growth

## Performance

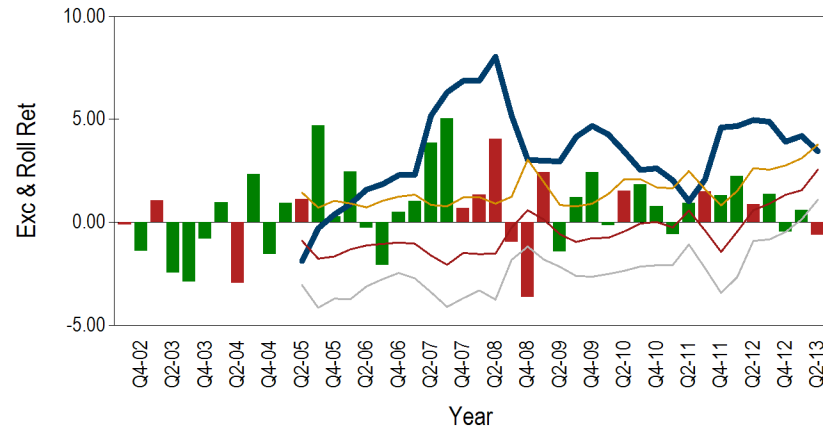
Performance vs. Mercer Instl World ex US/EAFE Equity  
Ending June 30, 2013



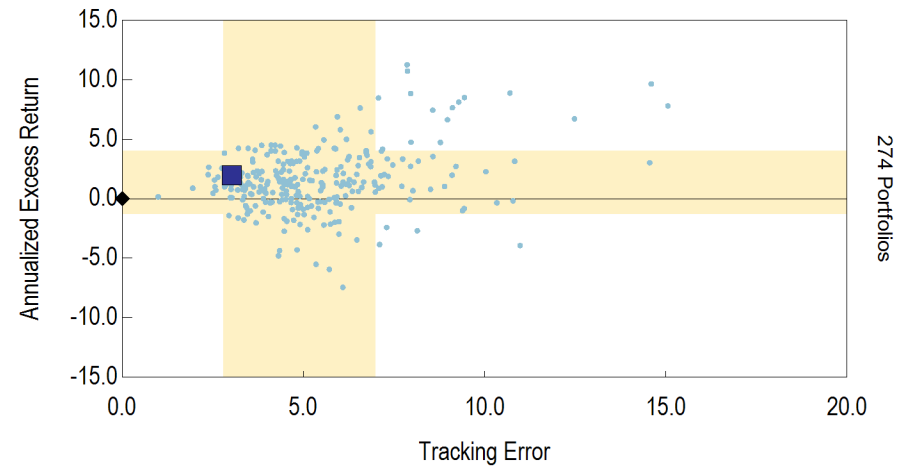
	Return (Rank)															
5th Percentile	2.5		9.4		26.6		15.3		6.3		24.7		-3.9		20.9	
25th Percentile	0.6		6.1		21.6		12.6		2.6		21.7		-9.6		15.0	
Median	-0.5		4.2		18.6		11.2		1.0		19.3		-11.6		11.5	
75th Percentile	-1.7		2.1		16.0		9.8		-0.3		17.0		-14.5		8.6	
95th Percentile	-3.6		-0.9		13.1		6.9		-2.6		12.4		-18.4		3.9	
# of Portfolios	358		351		333		287		274		366		357		373	
● NCSRP Baillie Gifford ACWI ex US Growth	-3.5	(94)	0.1	(92)	14.9	(83)	11.7	(42)	--	(--)	22.1	(22)	-10.6	(39)	15.8	(21)
▲ Baillie Gifford ACWI ex US Growth Strategy	-3.5	(94)	0.2	(92)	15.0	(82)	11.9	(38)	1.6	(37)	21.9	(24)	-10.3	(33)	16.0	(20)
✕ MSCI ACWI ex USA Gross	-2.9	(90)	0.3	(91)	14.1	(90)	8.5	(89)	-0.3	(75)	17.4	(70)	-13.3	(66)	11.6	(49)
★ MSCI AC Wld ex US Growth Gross	-2.8	(90)	1.6	(81)	14.7	(84)	9.1	(84)	-0.7	(81)	17.1	(75)	-13.9	(71)	14.8	(28)

## Baillie Gifford ACWI ex US Growth Strategy

**Rolling 3 Year Excess Performance**  
Baillie Gifford ACWI ex US Growth Strategy vs. MSCI AC World ex USA (Gross)



**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013



**International Equity Performance Attribution**  
Versus MSCI ACWI ex USA Gross - Quarter Ending June 30, 2013

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Totals</b>									
Americas	-4.0%	-10.6%	7.5%	11.7%	0.2%	0.5%	0.4%	-0.3%	0.9%
Europe	-3.2%	-0.4%	53.4%	47.1%	-1.2%	-0.4%	-0.1%	0.4%	-1.3%
Asia/Pacific	-4.3%	-3.0%	32.3%	38.8%	0.0%	-0.3%	0.6%	-0.6%	-0.4%
Other	1.3%	-8.2%	5.1%	2.4%	0.3%	-0.2%	-0.2%	0.5%	0.3%
Cash	0.0%	--	1.7%	--	0.0%	0.0%	0.0%	0.1%	0.1%
<b>Total</b>	<b>-3.3%</b>	<b>-2.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.7%</b>	<b>-0.4%</b>	<b>0.6%</b>	<b>0.1%</b>	<b>-0.4%</b>

## Baillie Gifford ACWI ex US Growth Strategy

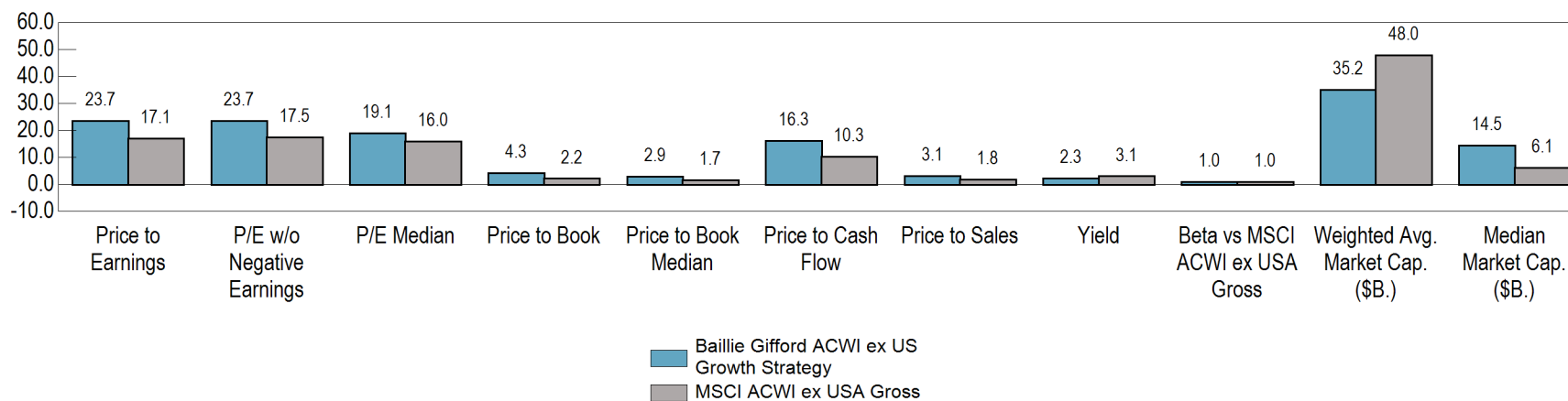
### International Equity Performance Attribution

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Europe									
Austria	--	-2.5%	0.0%	0.2%	--	0.0%	--	--	0.0%
Belgium	1.4%	-4.4%	0.6%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Czech Republic*	--	-6.5%	0.0%	0.1%	--	0.0%	--	--	0.0%
Denmark	-2.4%	-3.9%	2.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Finland	2.7%	1.3%	3.5%	0.5%	0.0%	0.1%	0.0%	0.0%	0.2%
France	-4.9%	3.6%	3.2%	6.7%	-0.5%	-0.2%	0.0%	0.3%	-0.5%
Germany	12.2%	3.3%	4.6%	6.1%	0.5%	-0.1%	0.0%	-0.1%	0.2%
Greece	--	-8.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
Hungary*	--	13.1%	0.0%	0.1%	--	0.0%	--	--	0.0%
Ireland	23.3%	-1.6%	1.8%	0.2%	0.0%	0.0%	0.0%	0.3%	0.3%
Italy	--	1.3%	0.0%	1.4%	--	-0.1%	--	--	-0.1%
Netherlands	-7.4%	2.7%	2.8%	1.8%	-0.2%	0.1%	0.0%	-0.1%	-0.2%
Norway	-9.3%	-5.1%	1.4%	0.6%	0.0%	0.0%	0.0%	0.0%	-0.1%
Poland*	--	-4.5%	0.0%	0.3%	--	0.0%	--	--	0.0%
Portugal	-4.9%	0.0%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia*	10.8%	-8.2%	2.3%	1.3%	0.2%	-0.1%	0.1%	0.1%	0.4%
Spain	-6.4%	0.0%	1.5%	2.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Sweden	-9.3%	-5.2%	5.2%	2.2%	-0.1%	-0.1%	-0.1%	0.0%	-0.3%
Switzerland	-6.9%	0.1%	2.8%	6.5%	-0.4%	-0.1%	0.0%	0.2%	-0.3%
United Kingdom	-6.2%	-2.2%	21.4%	15.3%	-0.6%	0.0%	0.0%	-0.2%	-0.8%
Americas									
Brazil*	-18.1%	-17.2%	1.1%	2.5%	0.0%	0.3%	0.2%	-0.2%	0.3%
Canada	-3.6%	-7.3%	3.1%	7.2%	0.3%	0.2%	0.1%	-0.3%	0.3%
Chile*	--	-14.6%	0.0%	0.4%	--	0.1%	--	--	0.1%
Colombia*	--	-13.1%	0.0%	0.3%	--	0.0%	--	--	0.0%
Mexico*	--	-10.8%	0.0%	1.2%	--	0.1%	--	--	0.1%
Peru*	-21.6%	-27.4%	1.0%	0.1%	0.0%	-0.3%	0.0%	0.1%	-0.2%
United States	12.0%	2.6%	2.3%	0.0%	0.0%	0.1%	0.0%	0.2%	0.3%

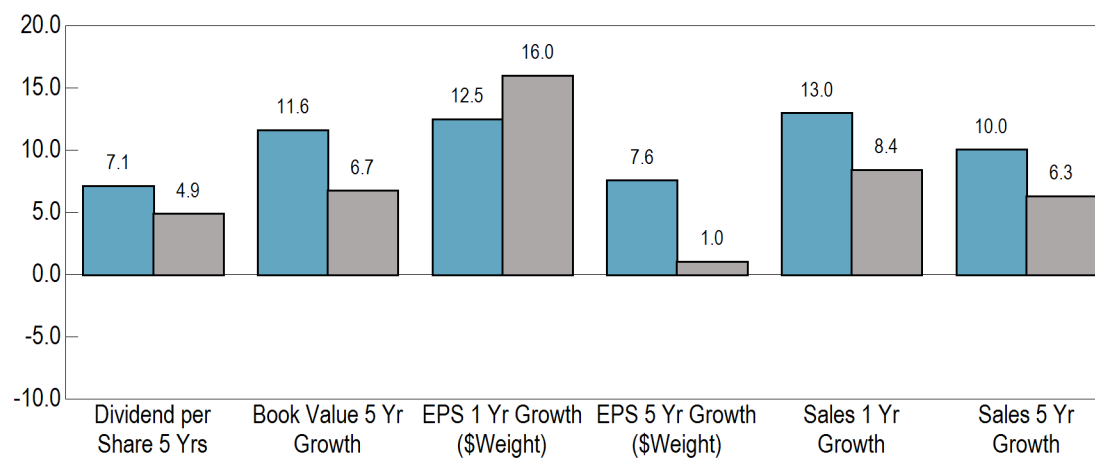
	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
AsiaPacific									
Australia	-12.3%	-13.9%	4.7%	5.7%	0.1%	0.2%	0.2%	-0.2%	0.2%
China*	-8.9%	-6.5%	5.4%	4.0%	-0.1%	-0.1%	0.0%	-0.1%	-0.2%
Hong Kong	-9.8%	-4.7%	2.3%	2.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%
India*	-18.4%	-5.5%	0.6%	1.5%	-0.2%	0.0%	0.1%	0.0%	-0.1%
Indonesia*	--	-5.8%	0.0%	0.7%	--	0.0%	--	--	0.0%
Japan	5.8%	4.4%	10.1%	16.0%	0.2%	-0.4%	0.4%	-0.5%	-0.3%
Korea*	-11.4%	-10.0%	3.9%	3.2%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Malaysia*	--	6.1%	0.0%	0.9%	--	-0.1%	--	--	-0.1%
New Zealand	--	-10.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
Philippines*	--	-8.2%	0.0%	0.2%	--	0.0%	--	--	0.0%
Singapore	-2.5%	-6.3%	1.6%	1.2%	0.1%	0.0%	0.0%	0.0%	0.1%
Taiwan*	5.0%	1.6%	3.7%	2.6%	0.1%	0.0%	0.0%	0.0%	0.2%
Thailand*	--	-7.3%	0.0%	0.6%	--	0.0%	--	--	0.0%
Other									
Egypt*	--	-7.3%	0.0%	0.1%	--	0.0%	--	--	0.0%
Israel	--	-3.7%	0.0%	0.4%	--	0.0%	--	--	0.0%
Morocco*	--	-2.7%	0.0%	0.0%	--	0.0%	--	--	0.0%
South Africa*	8.8%	-7.2%	3.5%	1.6%	0.3%	-0.1%	-0.2%	0.4%	0.4%
Turkey*	-13.0%	-15.3%	1.6%	0.4%	0.0%	-0.1%	-0.1%	0.1%	-0.1%
Other Countries*		0.0%	0.0%	0.0%					
	Returns and Ending Weights				Attribution Effects				
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
Totals									
Developed	-3.0%	-1.4%	75.2%	78.0%	-0.9%	-0.3%	0.5%	-0.5%	-1.2%
Emerging*	-4.7%	-7.9%	23.1%	22.0%	0.2%	-0.1%	0.1%	0.5%	0.7%
Cash	0.0%	--	1.7%	--	0.0%	0.0%	0.0%	0.1%	0.1%

## Baillie Gifford ACWI ex US Growth Strategy

Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



## Manager Commentary

Plan	North Carolina Supplemental Retirement Plans
Strategy	Mondrian Investment Partners - Focused All Countries World Ex-US Equity
Benchmark	MSCI ACW Ex-US Index

### Portfolio Managers / Team

Liz Desmond

### Manager Philosophy and Process

#### Investment Style/Philosophy

Mondrian is a long-term, value-oriented manager. Mondrian aims to add value through both top-down country allocation and bottom-up stock selection decisions. Over the long term, the manager expects stock selection to account for most of the excess return relative to the index. Mondrian favors countries, and securities within countries, offering the most attractive forecast real returns. These estimates are based on long-term forecasts of dividend payments discounted to present value (i.e. a dividend discount model approach).

#### Investment Process

Country level forecasts are derived from estimates of growth in output, earnings and cash earnings. Output forecasts are based primarily on long-term estimates of employment and productivity growth. Earnings growth is linked to forecast economic growth. Cash earnings are derived from corporate earnings on the basis that dividend payout ratios tend to revert to the mean over the long-run, subject to adjustments for anomalies, such as changes in fiscal policy. Finally, estimated cash earnings are adjusted to account for domestic inflation.

These forecasts are coupled with currency analysis. This is based mainly on studies of long-term purchasing power parity.

Return and currency forecasts are translated into a range of possible country allocations with the help of a proprietary optimization program. The final allocation decisions are taken by the Equity Strategy Committee (ESC). These decisions are not forced, in the sense that the ability to implement the allocation depends on the ability of the stock research teams to identify appropriate investment opportunities in their regions.

At the stock level, Mondrian carries out database screening on basic value criteria such as price/book, price/earnings, price/cash flow and dividend yield as well as liquidity factors, so that the research effort is focused on a small number of ideas which can add the greatest value.

*The Focused International strategy has a minimum market cap cut off of \$6.5bn. This is adjusted regularly to take into account a universe which accounts for 75%-80% of the capitalization of each country.*

Analysts then carry out intensive fundamental research on stocks which are considered of interest. The aim is to generate a real return forecast for each stock by discounting the expected dividends received over the long term. A consistent real discount rate is used across all markets to enable a global comparison. Analysts

## Manager Commentary

develop financial models using a three stage DDM approach, incorporating five years of detailed near term forecasts, five years of projections based on normalized assumptions, and ten years of "terminal" expectations. These projections are used to develop base, best and worst case forecasts of fair value. The analysts have a regional focus, although they also specialize by industry sector.

Company research is presented to other members of the relevant regional team for further discussion. The highest conviction ideas are then taken forward to the ESC. The committee conducts a "reality check" on the assumptions underpinning the valuation models and ensures that research meets Mondrian standards of quality and consistency. Strong ideas are added to the "approved core list" used as the basis for final stock selection.

Final buy and sell decisions are made by the ESC, and the group will also specify stock weight targets. Position sizes are based on strength of conviction and the ESC's qualitative assessment of the characteristics of each position.

### Current Positioning

- Mondrian believes that the Australian dollar has been and will continue to be weak, and maintains a low exposure position.
- The strategy continues to focus on companies that can deliver long term sustainable earnings and cash flow in a relatively low growth environment.
- The manager believes that more stable sectors such as health care and consumer staples are better suited for a period of more normal monetary policy.

### Quarterly Attribution

#### Positive Impact on Performance:

- Underweight exposure to the materials sector
- Underweight position in Canada
- Overweight allocation to the telecommunication services sector
- Security selection within the consumer staples sector, and in the UK, France, and Germany
- Individual contributors: Deutsche Telekom, Iberdrola

#### Negative Impact on Performance:

- Security selection within the telecommunication services, health care, and consumer discretionary sectors
- Overweight position in Peru
- Individual detractors: AMP, Takeda Pharmaceutical

## Manager Commentary

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Underweight position in Canada
- Security selection within the consumer staples sector and in the Netherlands
- Underweight exposure to the materials sector
- Overweight position in the euro

#### Negative Impact on Performance:

- Overweight position in Israel
- Underweight exposure to the financials sector
- Overweight allocation to the energy sector
- Security selection in Germany and Japan, and within the telecommunication services and health care sectors

### Responsible Investment ESG Comment

ESG3

### Summary Data Points

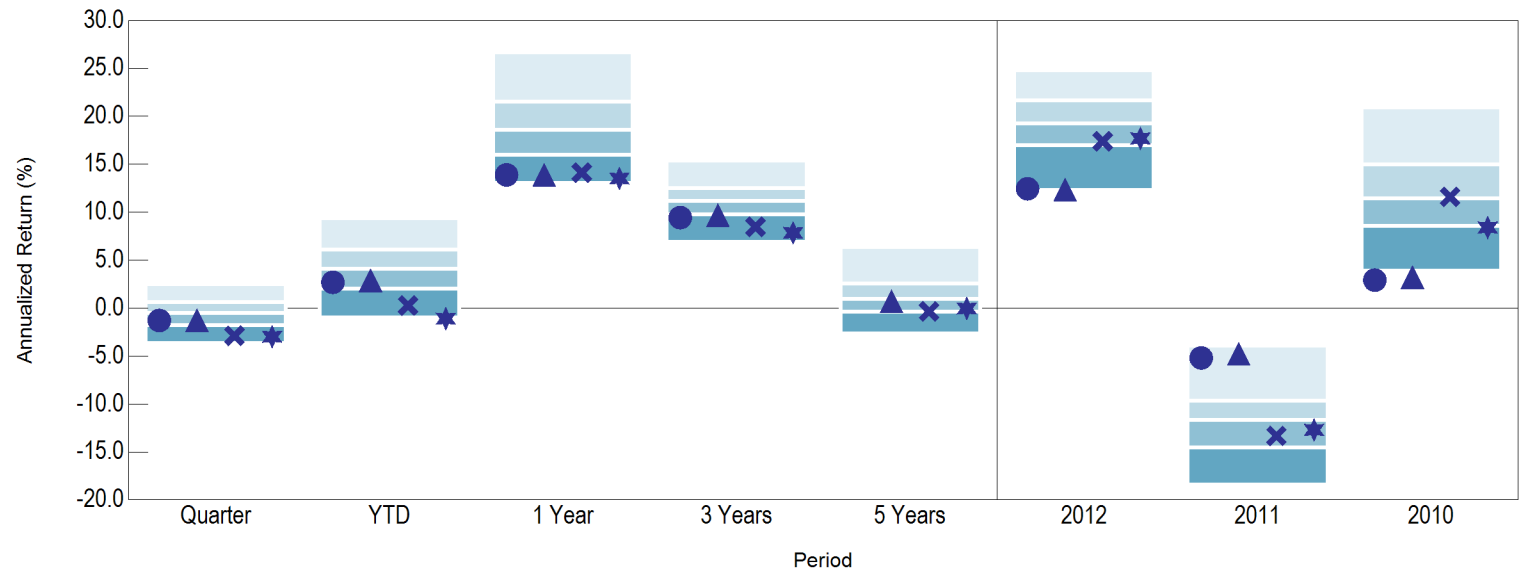
**Mercer Rating:** B+(T)

**Strategy AUM (\$B):** \$1.4 (as of 3/31/13)

# NCSRP Mondrian ACWI ex US Value

## Performance

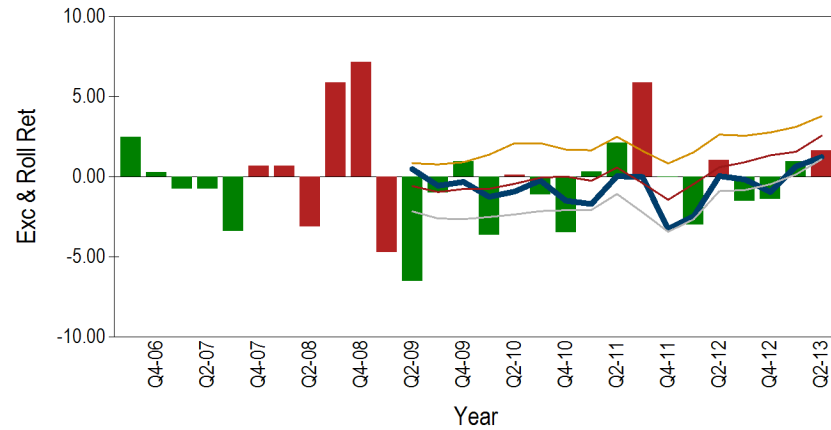
Performance vs. Mercer Instl World ex US/EAFE Equity  
Ending June 30, 2013



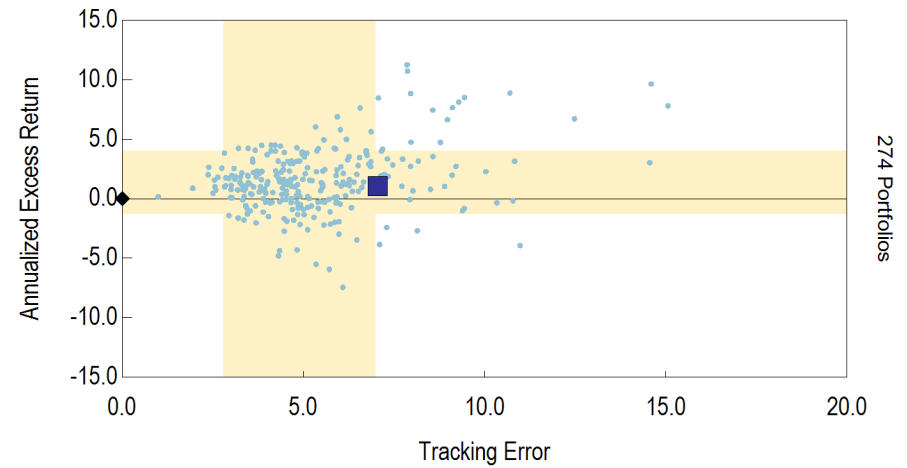
	Return (Rank)							
	Quarter	YTD	1 Year	3 Years	5 Years	2012	2011	2010
5th Percentile	2.5	9.4	26.6	15.3	6.3	24.7	-3.9	20.9
25th Percentile	0.6	6.1	21.6	12.6	2.6	21.7	-9.6	15.0
Median	-0.5	4.2	18.6	11.2	1.0	19.3	-11.6	11.5
75th Percentile	-1.7	2.1	16.0	9.8	-0.3	17.0	-14.5	8.6
95th Percentile	-3.6	-0.9	13.1	6.9	-2.6	12.4	-18.4	3.9
# of Portfolios	358	351	333	287	274	366	357	373
● NCSRP Mondrian ACWI ex US Value	-1.3 (68)	2.7 (68)	13.9 (91)	9.4 (80)	-- (--)	12.4 (95)	-5.2 (8)	2.9 (98)
▲ Mondrian ACWI ex US Value Strategy	-1.3 (67)	2.9 (66)	13.9 (91)	9.7 (76)	0.7 (56)	12.4 (96)	-4.8 (7)	3.2 (98)
✕ MSCI ACWI ex USA Gross	-2.9 (90)	0.3 (91)	14.1 (90)	8.5 (89)	-0.3 (75)	17.4 (70)	-13.3 (66)	11.6 (49)
★ MSCI AC Wld Ex US Value Gross	-3.0 (91)	-1.1 (96)	13.5 (93)	7.8 (92)	0.0 (71)	17.7 (68)	-12.7 (61)	8.4 (79)

## Mondrian ACWI ex US Value Strategy

Rolling 3 Year Excess Performance  
Mondrian ACWI ex US Value Strategy vs. MSCI AC World ex USA (Gross)



Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013



International Equity Performance Attribution  
Versus MSCI ACWI ex USA Gross - Quarter Ending June 30, 2013

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Totals</b>									
Americas	-13.5%	-10.6%	8.7%	11.7%	-0.3%	-0.1%	0.4%	0.0%	-0.1%
Europe	1.4%	-0.4%	53.3%	47.1%	0.6%	1.0%	0.2%	-0.3%	1.4%
Asia/Pacific	-2.3%	-3.0%	33.3%	38.8%	0.2%	0.4%	0.4%	-0.7%	0.3%
Other	-5.2%	-8.2%	4.6%	2.4%	0.1%	-0.1%	0.1%	-0.1%	0.0%
Cash	0.0%	--	--	--	0.0%	0.0%	0.0%	-0.1%	-0.1%
<b>Total</b>	<b>-1.3%</b>	<b>-2.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.5%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>-1.2%</b>	<b>1.6%</b>

## Mondrian ACWI ex US Value Strategy

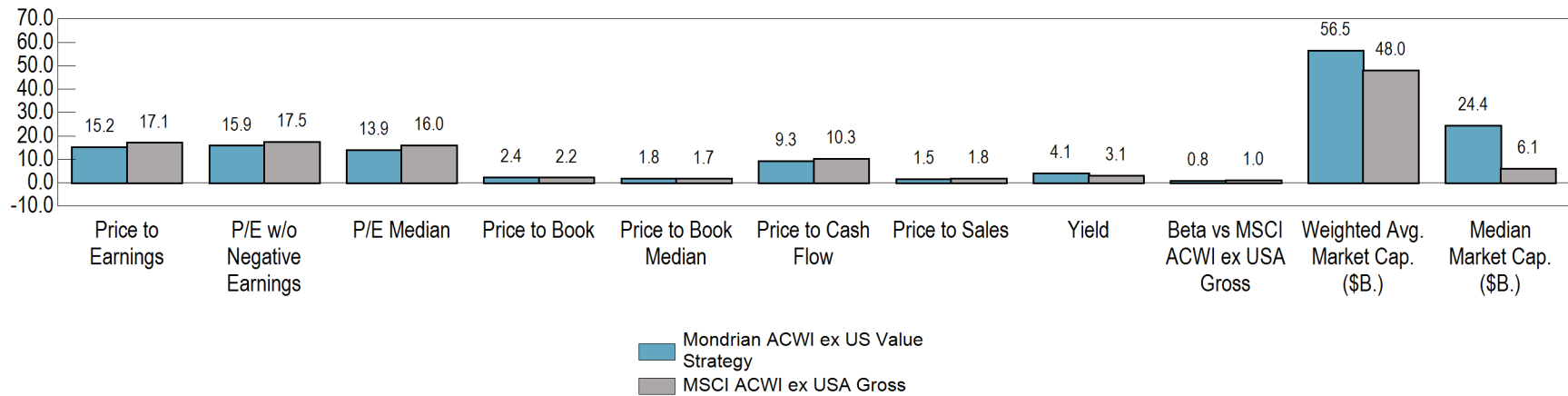
### International Equity Performance Attribution

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Europe									
Austria	--	-2.5%	0.0%	0.2%	--	0.0%	--	--	0.0%
Belgium	--	-4.4%	0.0%	0.8%	--	0.0%	--	--	0.0%
Czech Republic*	--	-6.5%	0.0%	0.1%	--	0.0%	--	--	0.0%
Denmark	--	-3.9%	0.0%	0.8%	--	0.0%	--	--	0.0%
Finland	--	1.3%	0.0%	0.5%	--	0.0%	--	--	0.0%
France	4.4%	3.6%	11.3%	6.7%	0.1%	0.4%	0.1%	0.0%	0.5%
Germany	9.5%	3.3%	5.5%	6.1%	0.5%	-0.1%	0.0%	-0.1%	0.3%
Greece	--	-8.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
Hungary*	--	13.1%	0.0%	0.1%	--	0.0%	--	--	0.0%
Ireland	--	-1.6%	0.0%	0.2%	--	0.0%	--	--	0.0%
Italy	-3.4%	1.3%	1.8%	1.4%	-0.1%	0.1%	0.0%	-0.1%	-0.1%
Netherlands	0.1%	2.7%	6.9%	1.8%	-0.1%	0.4%	0.1%	-0.3%	0.1%
Norway	--	-5.1%	0.0%	0.6%	--	0.0%	--	--	0.0%
Poland*	--	-4.5%	0.0%	0.3%	--	0.0%	--	--	0.0%
Portugal	--	0.0%	0.0%	0.1%	--	0.0%	--	--	0.0%
Russia*	-17.2%	-8.2%	0.9%	1.3%	-0.2%	0.0%	0.1%	0.0%	-0.1%
Spain	4.3%	0.0%	4.4%	2.0%	0.1%	0.1%	0.0%	0.1%	0.3%
Sweden	--	-5.2%	0.0%	2.2%	--	0.1%	--	--	0.1%
Switzerland	-0.7%	0.1%	7.4%	6.5%	-0.1%	0.0%	0.0%	0.0%	0.0%
United Kingdom	-0.7%	-2.2%	15.2%	15.3%	0.3%	0.0%	-0.1%	0.0%	0.3%
Americas									
Brazil*	-15.9%	-17.2%	3.3%	2.5%	0.1%	-0.2%	0.0%	0.0%	-0.1%
Canada	-11.3%	-7.3%	1.1%	7.2%	-0.4%	0.4%	0.3%	0.0%	0.3%
Chile*	-13.6%	-14.6%	0.6%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia*	--	-13.1%	0.0%	0.3%	--	0.0%	--	--	0.0%
Mexico*	-10.9%	-10.8%	2.3%	1.2%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Peru*	-21.6%	-27.4%	0.7%	0.1%	0.0%	-0.2%	0.0%	0.1%	-0.2%
United States	-3.1%	2.6%	0.8%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%

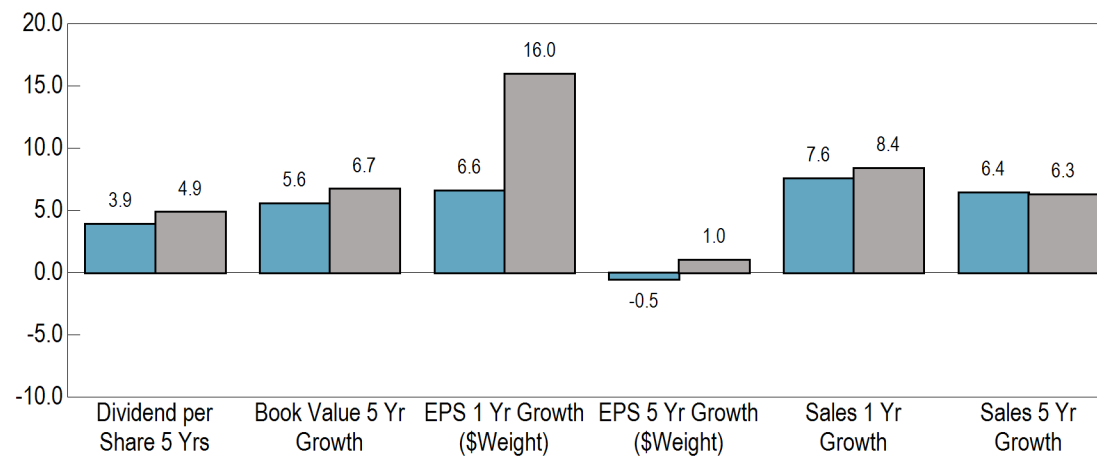
	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
AsiaPacific									
Australia	-11.6%	-13.9%	2.7%	5.7%	0.3%	0.5%	0.5%	-0.7%	0.6%
China*	-7.1%	-6.5%	3.6%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Hong Kong	-7.6%	-4.7%	0.6%	2.1%	-0.1%	0.0%	0.0%	0.1%	0.0%
India*	-5.6%	-5.5%	1.9%	1.5%	0.0%	0.0%	-0.1%	0.1%	0.0%
Indonesia*	-9.8%	-5.8%	2.2%	0.7%	0.0%	0.0%	0.0%	0.0%	-0.2%
Japan	3.5%	4.4%	15.2%	16.0%	-0.2%	0.0%	-0.1%	0.0%	-0.2%
Korea*	-13.4%	-10.0%	1.7%	3.2%	-0.1%	0.1%	0.1%	0.0%	0.0%
Malaysia*	--	6.1%	0.1%	0.9%	--	-0.1%	--	--	-0.1%
New Zealand	--	-10.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
Philippines*	-4.3%	-8.2%	0.6%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Singapore	-0.4%	-6.3%	2.9%	1.2%	0.1%	-0.1%	-0.1%	0.2%	0.2%
Taiwan*	10.2%	1.6%	0.9%	2.6%	0.3%	-0.1%	0.0%	-0.2%	0.0%
Thailand*	-9.3%	-7.3%	1.1%	0.6%	0.0%	0.0%	0.0%	0.0%	-0.1%
Other									
Egypt*	--	-7.3%	0.0%	0.1%	--	0.0%	--	--	0.0%
Israel	-0.4%	-3.7%	2.7%	0.4%	0.0%	0.0%	0.0%	0.1%	0.1%
Morocco*	--	-2.7%	0.0%	0.0%	--	0.0%	--	--	0.0%
South Africa*	-4.0%	-7.2%	0.0%	1.6%	0.0%	0.1%	0.2%	-0.2%	0.1%
Turkey*	-11.4%	-15.3%	1.6%	0.4%	0.0%	-0.2%	-0.1%	0.1%	-0.1%
Other Countries*		0.0%	0.0%	0.0%					
	Returns and Ending Weights				Attribution Effects				
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
Totals									
Developed	1.1%	-1.4%	78.7%	78.0%	0.5%	1.9%	0.8%	-0.7%	2.5%
Emerging*	-10.7%	-7.9%	21.3%	22.0%	0.0%	-0.7%	0.3%	-0.4%	-0.8%
Cash	0.0%	--	--	--	0.0%	0.0%	0.0%	-0.1%	-0.1%

## Mondrian ACWI ex US Value Strategy

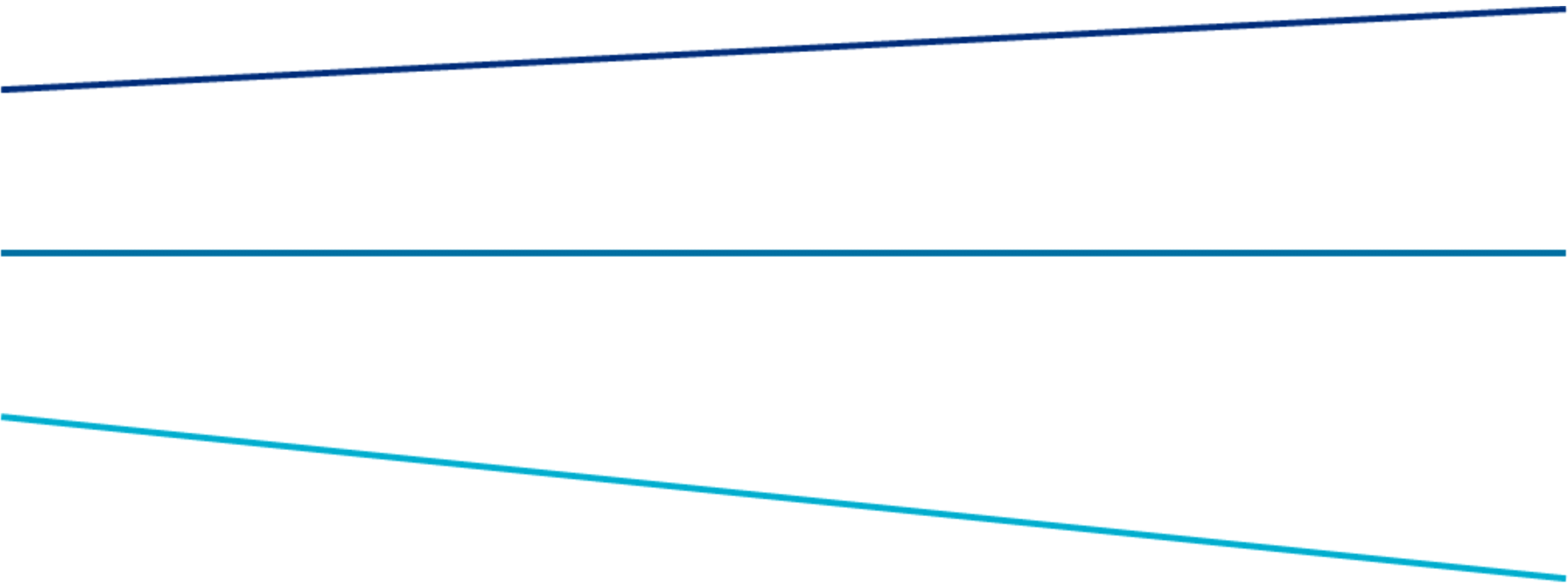
Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



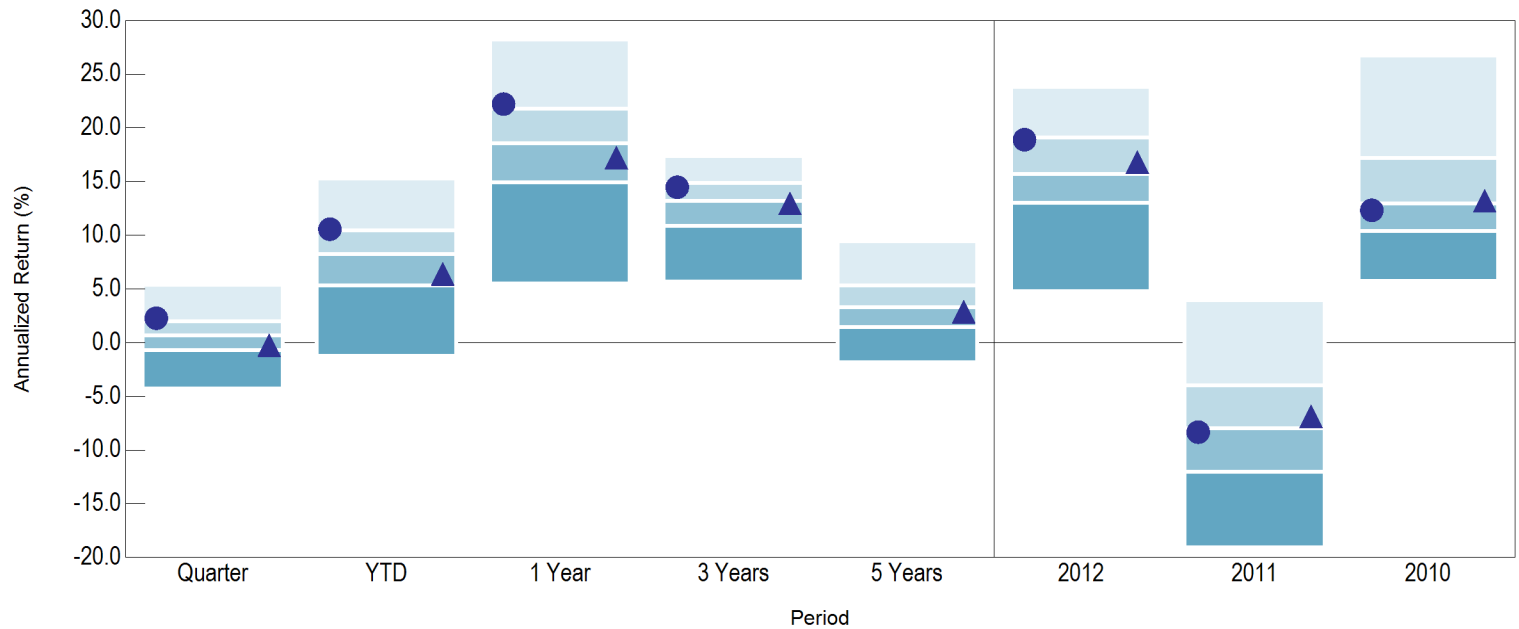
# Global Equity



# Global Equity

## Performance

Performance vs. Mercer Mutual Fund Global Equity  
Ending June 30, 2013

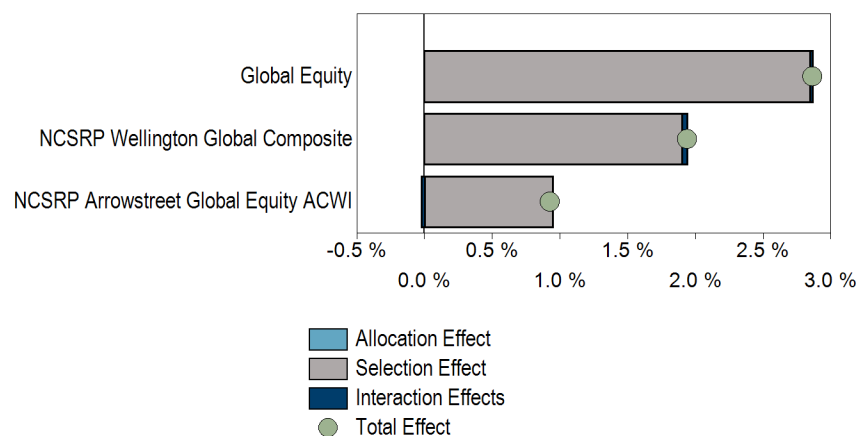


	Return (Rank)															
5th Percentile	5.4		15.3		28.2		17.4		9.4		23.8		3.9		26.7	
25th Percentile	2.0		10.5		21.8		14.9		5.4		19.1		-3.9		17.2	
Median	0.7		8.3		18.6		13.2		3.3		15.7		-7.9		13.0	
75th Percentile	-0.7		5.4		14.9		10.9		1.5		13.1		-12.0		10.4	
95th Percentile	-4.3		-1.2		5.5		5.7		-1.8		4.8		-19.0		5.8	
# of Portfolios	268		263		240		182		152		232		223		189	
● Global Equity	2.3	(23)	10.6	(25)	22.2	(21)	14.5	(32)	--	(--)	18.9	(27)	-8.3	(54)	12.3	(55)
▲ MSCI ACWI Gross	-0.2	(68)	6.4	(68)	17.2	(60)	13.0	(53)	2.9	(60)	16.8	(42)	-6.9	(43)	13.2	(48)

# Global Equity

## Attribution

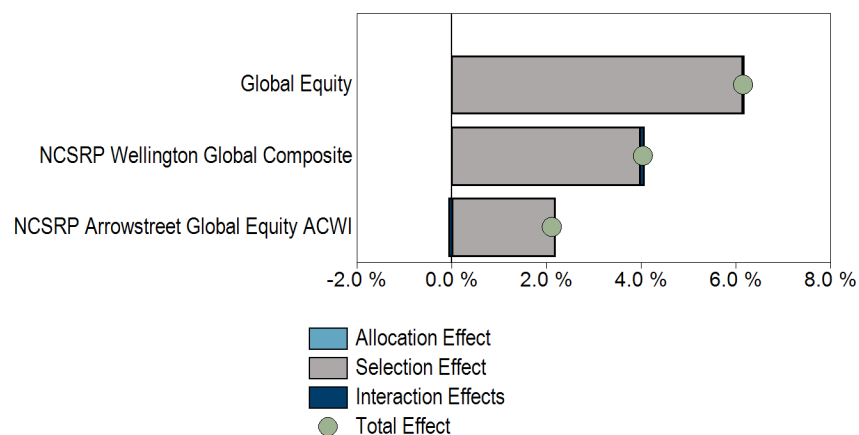
**Attribution Effects**  
**3 Months Ending June 30, 2013**



**Attribution Summary**  
**3 Months Ending June 30, 2013**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Wellington Global Composite	3.6%	-0.2%	3.8%	1.9%	0.0%	0.0%	1.9%
NCSRP Arrowstreet Global Equity ACWI	1.6%	-0.2%	1.9%	0.9%	0.0%	0.0%	0.9%
<b>Total</b>	<b>2.6%</b>	<b>-0.2%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.9%</b>

**Attribution Effects**  
**1 Year Ending June 30, 2013**

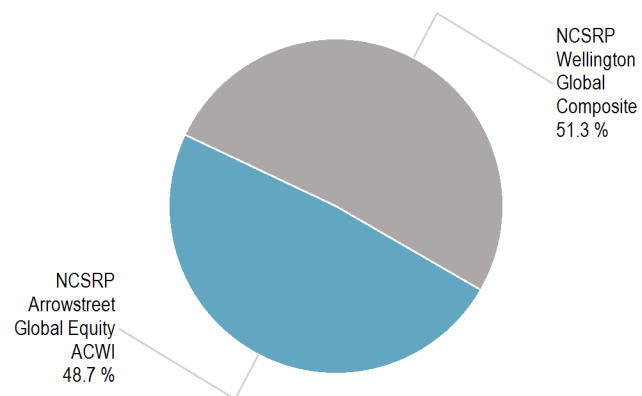


**Attribution Summary**  
**1 Year Ending June 30, 2013**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP Wellington Global Composite	25.2%	17.2%	8.0%	4.0%	0.0%	0.1%	4.0%
NCSRP Arrowstreet Global Equity ACWI	21.4%	17.2%	4.2%	2.2%	0.0%	-0.1%	2.1%
<b>Total</b>	<b>23.4%</b>	<b>17.2%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.1%</b>

## Global Equity

### Current Allocation



### Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	390	2,424
Weighted Avg. Market Cap. (\$B)	39.89	72.30
Median Market Cap. (\$B)	14.06	7.55
Price To Earnings	18.98	18.07
Price To Book	3.42	2.72
Price To Sales	2.39	2.04
Return on Equity (%)	18.68	16.50
Yield (%)	2.23	2.62
Beta	0.97	1.00
R-Squared	0.98	1.00

### International Equity Performance Attribution Versus MSCI ACWI Gross - Quarter Ending June 30, 2013

	Returns and Ending Weights				Attribution Effects				
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	Total Effects
<b>Totals</b>									
Americas	3.8%	1.1%	52.5%	54.6%	1.0%	0.5%	0.2%	-0.3%	1.3%
Europe	3.4%	-0.4%	26.5%	24.2%	0.9%	0.1%	0.1%	-0.1%	1.0%
Asia/Pacific	0.3%	-3.0%	18.4%	19.9%	0.1%	0.6%	0.1%	-0.2%	0.6%
Other	-12.4%	-8.2%	0.9%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	--	1.7%	--	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>2.8%</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.0%</b>	<b>1.1%</b>	<b>0.5%</b>	<b>-0.5%</b>	<b>3.0%</b>

# Global Equity

## Performance Attribution

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Europe									
Austria	-3.0%	-2.5%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Belgium	-8.0%	-4.4%	1.3%	0.4%	0.0%	0.0%	0.0%	0.0%	-0.1%
Czech Republic*	--	-6.5%	0.0%	0.0%	--	0.0%	--	--	0.0%
Denmark	-2.2%	-3.9%	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Finland	4.6%	1.3%	0.6%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
France	7.3%	3.6%	5.7%	3.5%	0.1%	0.1%	0.0%	0.1%	0.4%
Germany	5.3%	3.3%	2.5%	3.1%	0.1%	0.0%	0.0%	0.0%	0.1%
Greece	-13.9%	-8.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Hungary*	--	13.1%	0.0%	0.0%	--	0.0%	--	--	0.0%
Ireland	--	-1.6%	0.0%	0.1%	--	0.0%	--	--	0.0%
Italy	12.2%	1.3%	2.5%	0.7%	0.1%	0.0%	0.0%	0.2%	0.3%
Netherlands	9.3%	2.7%	0.3%	0.9%	0.1%	0.0%	0.0%	0.0%	0.0%
Norway	-1.1%	-5.1%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Poland*	-12.0%	-4.5%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Portugal	-22.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia*	-9.4%	-8.2%	1.6%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Spain	-1.1%	0.0%	1.6%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sweden	0.3%	-5.2%	0.6%	1.1%	0.1%	0.0%	0.0%	0.0%	0.1%
Switzerland	6.1%	0.1%	1.5%	3.3%	0.2%	0.0%	0.0%	-0.2%	0.0%
United Kingdom	2.2%	-2.2%	7.8%	7.9%	0.4%	0.0%	0.0%	-0.1%	0.3%
Americas									
Brazil*	-24.3%	-17.2%	0.5%	1.3%	-0.1%	0.1%	0.1%	0.0%	0.1%
Canada	-1.5%	-7.3%	0.9%	3.7%	0.2%	0.2%	0.1%	-0.3%	0.3%
Chile*	--	-14.6%	0.0%	0.2%	--	0.0%	--	--	0.0%
Colombia*	--	-13.1%	0.0%	0.1%	--	0.0%	--	--	0.0%
Mexico*	0.7%	-10.8%	0.3%	0.6%	0.1%	0.0%	0.0%	-0.1%	0.1%
Peru*	--	-27.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
United States	4.4%	2.8%	50.8%	48.6%	0.8%	0.0%	0.0%	0.0%	0.8%

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
AsiaPacific									
Australia	-7.5%	-13.9%	0.8%	2.9%	0.2%	0.3%	0.3%	-0.4%	0.4%
China*	-10.7%	-6.5%	1.1%	2.1%	-0.1%	0.1%	0.0%	0.0%	0.0%
Hong Kong	-3.2%	-4.7%	2.3%	1.1%	0.0%	-0.1%	0.0%	0.0%	0.0%
India*	-5.9%	-5.5%	0.1%	0.8%	0.0%	0.0%	0.1%	-0.1%	0.0%
Indonesia*	--	-5.8%	0.0%	0.4%	--	0.0%	--	--	0.0%
Japan	4.6%	4.4%	12.9%	8.2%	0.0%	0.1%	-0.3%	0.3%	0.1%
Korea*	-15.3%	-10.0%	0.4%	1.6%	-0.1%	0.2%	0.0%	0.0%	0.1%
Malaysia*	--	6.1%	0.0%	0.5%	--	0.0%	--	--	0.0%
New Zealand	--	-10.4%	0.1%	0.0%	--	0.0%	--	--	0.0%
Philippines*	--	-8.2%	0.0%	0.1%	--	0.0%	--	--	0.0%
Singapore	-10.6%	-6.3%	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Taiwan*	--	1.6%	0.0%	1.3%	--	0.0%	--	--	0.0%
Thailand*	-11.6%	-7.3%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Other									
Egypt*	--	-7.3%	0.0%	0.0%	--	0.0%	--	--	0.0%
Israel	--	-3.7%	0.1%	0.2%	--	0.0%	--	--	0.0%
Morocco*	--	-2.7%	0.0%	0.0%	--	0.0%	--	--	0.0%
South Africa*	-6.5%	-7.2%	0.0%	0.8%	0.0%	0.1%	0.1%	-0.1%	0.1%
Turkey*	-12.5%	-15.3%	0.8%	0.2%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Other Countries*		0.0%	0.0%	0.0%					

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Totals									
Developed	3.6%	0.9%	93.4%	88.7%	2.2%	0.6%	0.2%	-0.4%	2.6%
Emerging*	-12.8%	-7.9%	4.9%	11.3%	-0.2%	0.4%	0.3%	-0.2%	0.3%
Cash	0.0%	--	1.7%	--	0.0%	0.0%	0.0%	0.0%	0.0%

### Top Holdings Global Equity

	Global Fund %	Wellington %	Arrowstreet %	Index Weight%
PHILIP MORRIS INTL.	1.31%		2.69%	0.46%
AXA	1.31%	1.66%	0.93%	0.11%
ANHEUSER-BUSCH INBEV	1.24%	2.41%		0.23%
BNP PARIBAS	1.22%	1.45%	0.98%	0.17%
CISCO SYSTEMS	1.21%	1.45%	0.95%	0.42%
GLAXOSMITHKLINE SPN.ADR 1:2	1.16%		2.38%	
ELI LILLY	1.15%	1.23%	1.06%	0.16%
MAXIM INTEGRATED PRDS.	1.14%	1.55%	0.70%	0.03%
AMERICAN INTL.GP.	1.12%	1.65%	0.56%	0.20%
EMC	0.96%	1.54%	0.35%	0.16%
<b>Total</b>	<b>11.82%</b>	<b>12.95%</b>	<b>10.61%</b>	<b>1.94%</b>

## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Wellington Management Company - Global Opportunities (Choumenkovitch)</b>
<b>Benchmark</b>	<b>MSCI AC World</b>

### Portfolio Managers / Team

Nicolas Choumenkovitch  
Tara Connolly Stilwell

### Manager Philosophy and Process

#### Investment Style/Philosophy

The team applies a bottom-up, fundamental process to find companies with unique assets where opportunities to improve returns are misunderstood by the market place. Stock selection emphasizes cash flows and return on invested capital; it is often and most efficiently expressed through pure play companies, which exhibit high exposure to a specific investment insight. The approach is opportunistic, embracing ideas across the style spectrum; the strategy does not have a consistent style bias and holdings typically include growth and value ideas; hence, the strategy is most appropriately classified a core approach. The strategy is broadly diversified and benchmark sensitive. The strategy generally exhibits an active share of 80% or higher.

#### Investment Process

The team's universe of securities includes mid to large cap securities in the developed and emerging market economies with a minimum market capitalization of \$1 billion. Stocks with a market capitalization between \$10 billion and \$35 billion constitute prime hunting ground.

The team sources ideas from various places. Many ideas stem from the team's own research activities: reading, attending conferences and company meetings with management / competitors / suppliers, etc. In addition, the team leverages ideas from Wellington's global industry analysts. In the search for new ideas, the team thinks in terms of the global supply chain rather than by sector or industry.

In addition, Choumenkovitch - with support from Wellington's quantitative team - built and utilizes a rudimentary quantitative screen that identifies companies exhibiting characteristics that are of interest. The screens include cash flow statistics such as enterprise-value-to-free-cash-flows and other metrics. Screens are run on a monthly basis and the universe of names is generally stable; they may be run more often when markets are volatile.

All these activities focus on the identification of companies with underappreciated return on capital, with superior management that has demonstrated focus on creating shareholder value through effective generation and deployment of capital. The team emphasizes

- (i) Unique assets: patents, brands, superior natural resources, proprietary processes, human capital management;
- (ii) Pure plays: analyzing the supply chain for a focused component play within the larger end-result product/service.

## Manager Commentary

The team looks for improving returns, e.g., accelerating earnings growth or positive earnings surprises, and seeks to identify drivers of future earnings and cash flows not yet priced into the market. The goal is to identify companies with hidden, underappreciated and/or under-managed assets, both tangible and intangible, where management has a clear plan to improve the shareholder returns on these assets or where the team expects the company to benefit from a cyclical tailwind.

The team conducts replacement value calculations for holdings in the portfolio. Its analysis includes discounted cash flow calculations (DCF) on companies held in the portfolio, which allows the team to arrive at a price target. The DCF includes a detailed three year forecast, a broader forecast from years three to six, with a fade value for longer term history. This allows the team to identify a stock's discount to current market prices. The team does not set a specific price upside; the amount of discount required depends on the industry, market, etc.

The resulting portfolio is generally a combination of stocks with either improving or sustainable returns. The team evaluates the trade-off between a stock's price to its return and strives for better-than-market trade-off. The objective, for example is to identify stocks with a greater return measure (e.g. return-on-equity or return-on-invested-capital) that is trading at a lower multiple than the market.

### Current Positioning

- From a regional perspective, the portfolio remains overweight Europe, with a focus on companies with high quality assets that become undervalued as a result of concerns over the region's solvency and growth potential.
- Wellington is also overweight Japan.
- On a sector basis, the portfolio remains overweight the consumer discretionary and financials sectors, despite decreased exposures there.
- The manager increased its overweight to the health care sector through a new position in Celgene and an increased weighting to Merck.

### Quarterly Attribution

#### Positive Impact on Performance:

- Security selection within the financials sector
- Holdings in North America
- Underweight allocation to the materials sector
- Underweight exposure to the emerging markets
- Individual contributors: Ford Motor, Monster Beverage, AXA

#### Negative Impact on Performance:

- Security selection in the utilities sector
- Security selection in the emerging markets
- Individual detractors: SABESP, Maxim Integrated, Anheuser-Busch

## Manager Commentary

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### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Security selection within the financials, industrials, consumer discretionary, and information technology sectors
- Underweight exposures to the materials and energy sectors
- Overweight allocation to the consumer discretionary sector
- Holdings in North America

#### Negative Impact on Performance:

- Security selection within the consumer staples sector
- Holdings in the Developed Europe ex-UK region
- Selection in the emerging markets

### Responsible Investment ESG Comment

ESG4

### Summary Data Points

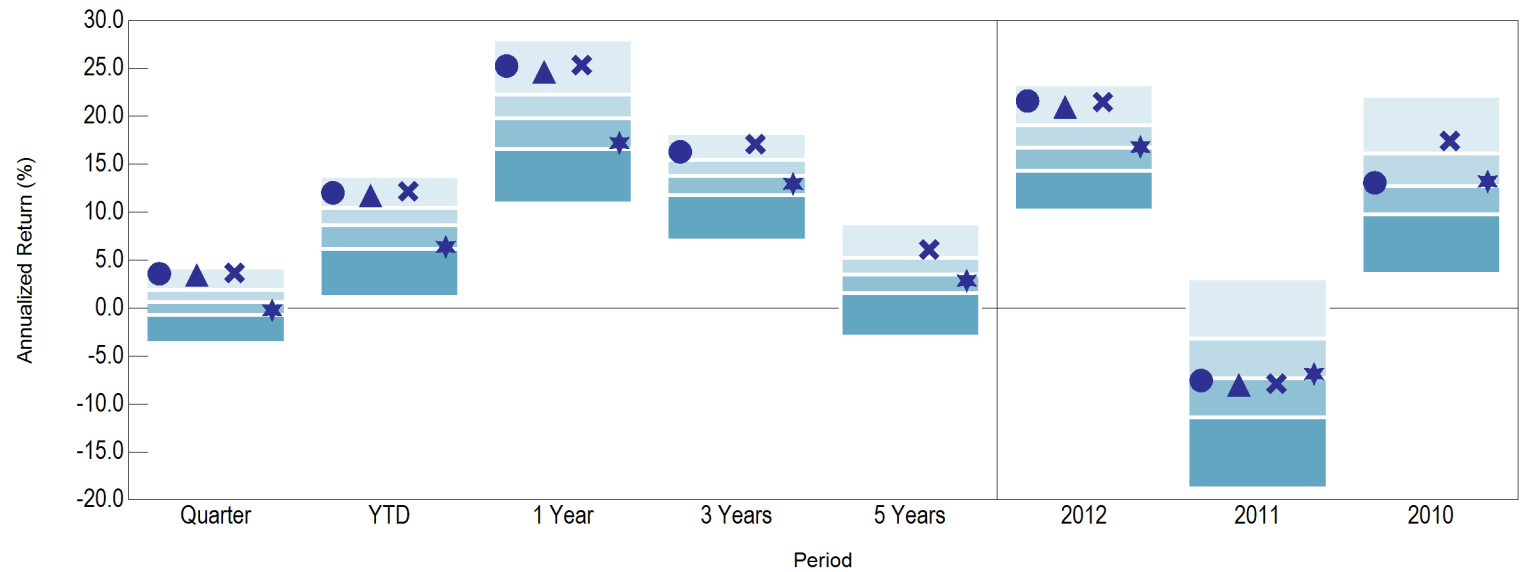
**Mercer Rating:** B+

**Strategy AUM (\$B):** \$3.3 (as of 3/31/13)

# NCSRP Wellington Global Composite

## Performance

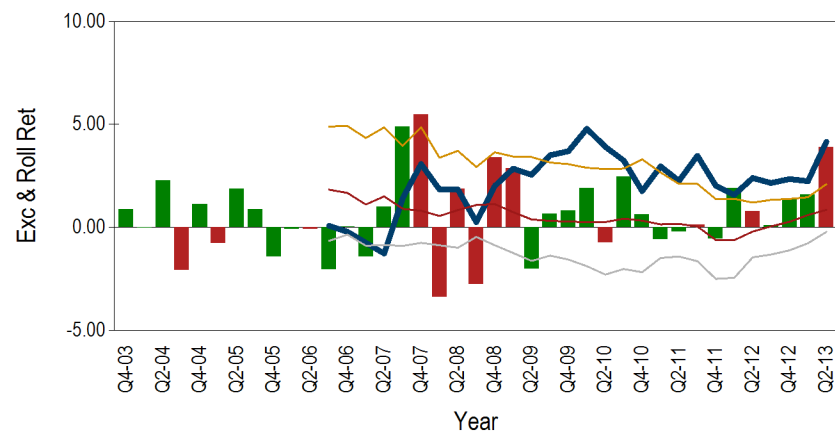
Performance vs. Mercer Instl Global Equity  
Ending June 30, 2013



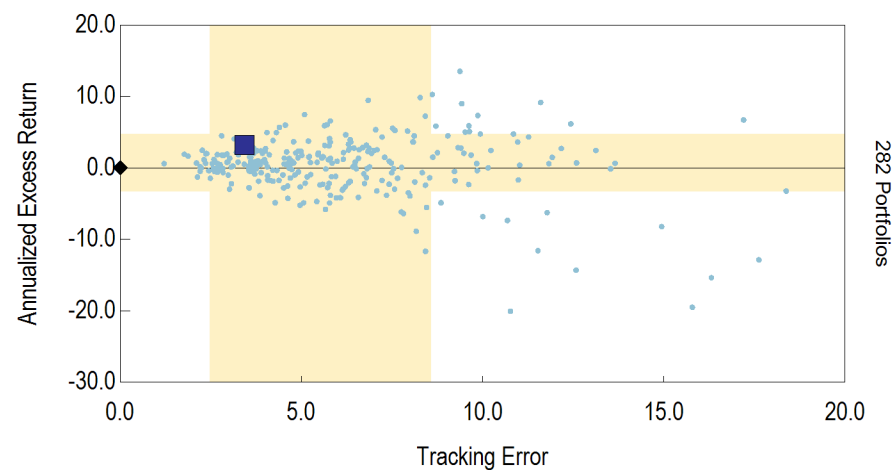
	Return (Rank)															
	Quarter		YTD		1 Year		3 Years		5 Years		2012		2011		2010	
5th Percentile	4.2		13.8		28.0		18.2		8.8		23.3		3.1		22.1	
25th Percentile	1.9		10.5		22.3		15.5		5.3		19.1		-3.2		16.2	
Median	0.7		8.7		19.8		13.8		3.6		16.8		-7.3		12.8	
75th Percentile	-0.7		6.2		16.7		11.8		1.6		14.3		-11.3		9.8	
95th Percentile	-3.6		1.2		10.9		7.1		-2.9		10.2		-18.8		3.6	
# of Portfolios	450		439		408		327		282		476		439		435	
● NCSRP Wellington Global Composite	3.6	(9)	12.0	(14)	25.2	(14)	16.3	(17)	--	(--)	21.6	(11)	-7.6	(53)	13.1	(47)
▲ NCSRP Wellington Global Opportunities	3.4	(9)	11.7	(15)	24.6	(16)	--	(--)	--	(--)	21.0	(14)	-8.0	(57)	--	(--)
✕ Wellington Global Opportunities Strategy	3.7	(8)	12.2	(13)	25.4	(14)	17.1	(11)	6.1	(18)	21.5	(11)	-7.9	(56)	17.4	(18)
★ MSCI ACWI Gross	-0.2	(67)	6.4	(75)	17.2	(72)	13.0	(66)	2.9	(62)	16.8	(50)	-6.9	(48)	13.2	(46)

# Wellington Global Opportunities Strategy

**Rolling 3 Year Excess Performance**  
Wellington Global Opportunities Strategy vs. MSCI AC World GD IX



**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013



**International Equity Performance Attribution**  
Versus MSCI ACWI Gross - Quarter Ending June 30, 2013

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Totals</b>									
Americas	4.1%	1.1%	57.3%	54.6%	1.1%	0.5%	0.2%	0.0%	1.7%
Europe	2.9%	-0.4%	25.0%	24.2%	0.4%	0.1%	0.1%	0.2%	0.8%
Asia/Pacific	1.1%	-3.0%	14.4%	19.9%	0.5%	0.4%	0.2%	-0.4%	0.7%
Other	--	-8.2%	0.0%	1.2%	--	0.1%	--	--	0.1%
Cash	0.0%	--	3.3%	--	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>3.2%</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.0%</b>	<b>1.1%</b>	<b>0.4%</b>	<b>-0.2%</b>	<b>3.4%</b>

## Wellington Global Opportunities Strategy

### International Equity Performance Attribution

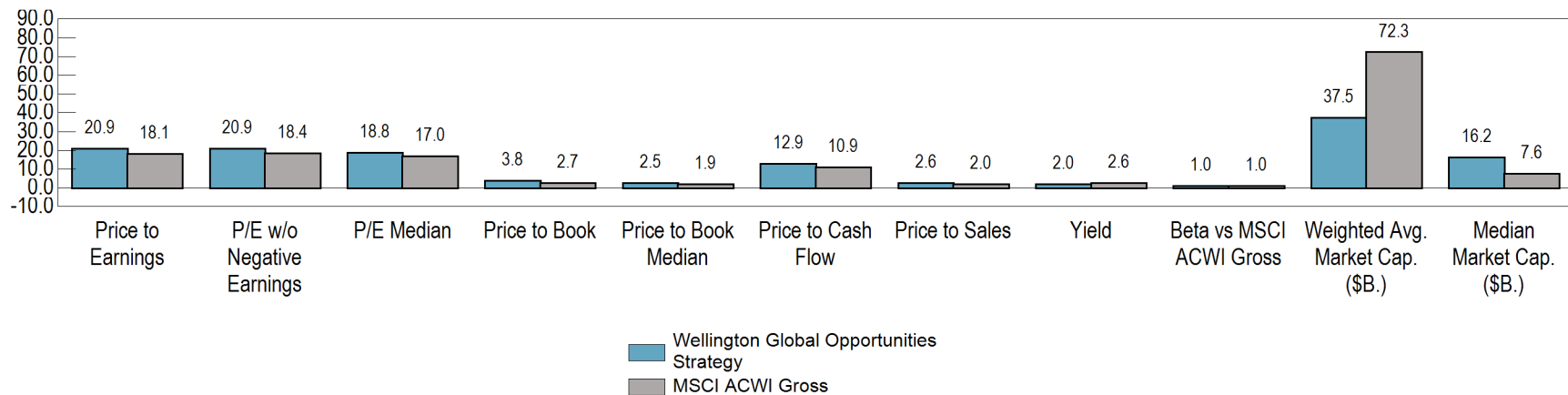
	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Europe									
Austria	--	-2.5%	0.0%	0.1%	--	0.0%	--	--	0.0%
Belgium	-8.8%	-4.4%	2.4%	0.4%	0.0%	-0.1%	0.0%	-0.1%	-0.2%
Czech Republic*	--	-6.5%	0.0%	0.0%	--	0.0%	--	--	0.0%
Denmark	--	-3.9%	0.0%	0.4%	--	0.0%	--	--	0.0%
Finland	0.7%	1.3%	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
France	6.6%	3.6%	6.8%	3.5%	0.1%	0.2%	0.1%	0.1%	0.4%
Germany	-2.9%	3.3%	2.4%	3.1%	-0.2%	-0.1%	0.0%	0.1%	-0.2%
Greece	--	-8.4%	0.0%	0.0%	--	0.0%	--	--	0.0%
Hungary*	--	13.1%	0.0%	0.0%	--	0.0%	--	--	0.0%
Ireland	--	-1.6%	0.0%	0.1%	--	0.0%	--	--	0.0%
Italy	16.7%	1.3%	2.5%	0.7%	0.1%	0.0%	0.0%	0.2%	0.4%
Netherlands	--	2.7%	0.0%	0.9%	--	0.0%	--	--	0.0%
Norway	--	-5.1%	0.0%	0.3%	--	0.0%	--	--	0.0%
Poland*	--	-4.5%	0.0%	0.2%	--	0.0%	--	--	0.0%
Portugal	--	0.0%	0.0%	0.1%	--	0.0%	--	--	0.0%
Russia*	--	-8.2%	0.0%	0.7%	--	0.1%	--	--	0.1%
Spain	-4.4%	0.0%	0.8%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sweden	-3.0%	-5.2%	0.8%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Switzerland	3.7%	0.1%	1.2%	3.3%	0.1%	0.0%	0.0%	-0.1%	0.0%
United Kingdom	1.7%	-2.2%	7.7%	7.9%	0.3%	0.0%	0.0%	0.0%	0.3%
Americas									
Brazil*	-29.3%	-17.2%	0.7%	1.3%	-0.2%	0.1%	0.0%	0.1%	0.0%
Canada	-1.3%	-7.3%	1.8%	3.7%	0.2%	0.1%	0.1%	-0.2%	0.2%
Chile*	--	-14.6%	0.0%	0.2%	--	0.0%	--	--	0.0%
Colombia*	--	-13.1%	0.0%	0.1%	--	0.0%	--	--	0.0%
Mexico*	0.7%	-10.8%	0.5%	0.6%	0.1%	0.0%	0.0%	0.0%	0.1%
Peru*	--	-27.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
United States	4.9%	2.8%	54.3%	48.6%	1.0%	0.1%	0.0%	0.1%	1.3%

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
AsiaPacific									
Australia	-6.6%	-13.9%	0.1%	2.9%	0.3%	0.3%	0.2%	-0.4%	0.4%
China*	-10.7%	-6.5%	2.2%	2.1%	-0.1%	0.0%	0.0%	0.0%	-0.1%
Hong Kong	2.6%	-4.7%	1.2%	1.1%	0.1%	0.0%	0.0%	0.0%	0.1%
India*	-5.9%	-5.5%	0.2%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia*	--	-5.8%	0.0%	0.4%	--	0.0%	--	--	0.0%
Japan	7.5%	4.4%	10.8%	8.2%	0.2%	-0.1%	-0.1%	0.1%	0.1%
Korea*	--	-10.0%	0.0%	1.6%	--	0.2%	--	--	0.2%
Malaysia*	--	6.1%	0.0%	0.5%	--	0.0%	--	--	0.0%
New Zealand	--	-10.4%	0.0%	0.0%	--	0.0%	--	--	0.0%
Philippines*	--	-8.2%	0.0%	0.1%	--	0.0%	--	--	0.0%
Singapore	--	-6.3%	0.0%	0.6%	--	0.0%	--	--	0.0%
Taiwan*	--	1.6%	0.0%	1.3%	--	0.0%	--	--	0.0%
Thailand*	--	-7.3%	0.0%	0.3%	--	0.0%	--	--	0.0%
Other									
Egypt*	--	-7.3%	0.0%	0.0%	--	0.0%	--	--	0.0%
Israel	--	-3.7%	0.0%	0.2%	--	0.0%	--	--	0.0%
Morocco*	--	-2.7%	0.0%	0.0%	--	0.0%	--	--	0.0%
South Africa*	--	-7.2%	0.0%	0.8%	--	0.1%	--	--	0.1%
Turkey*	--	-15.3%	0.0%	0.2%	--	0.0%	--	--	0.0%
Other Countries*		0.0%	0.0%	0.0%					

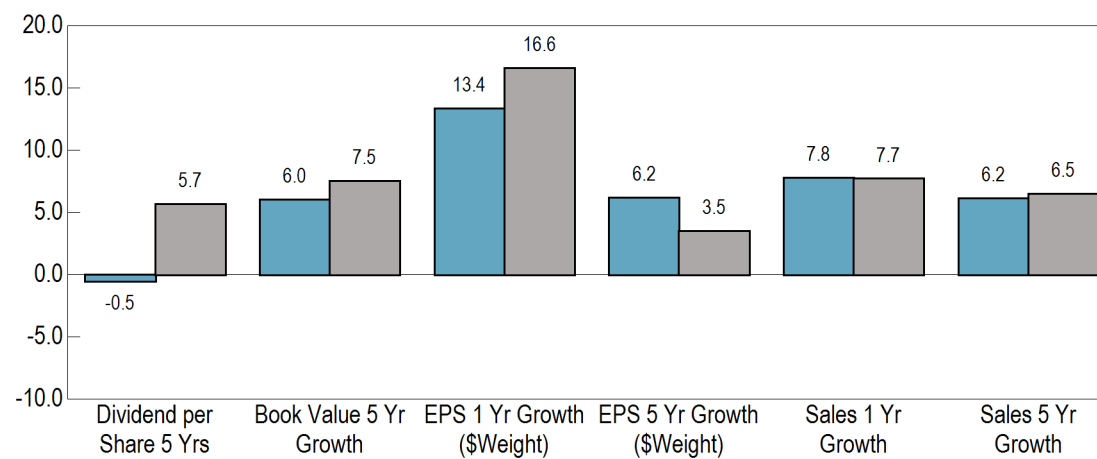
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	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Totals									
Developed	3.9%	0.9%	93.1%	88.7%	2.2%	0.5%	0.3%	-0.2%	2.9%
Emerging*	-11.4%	-7.9%	3.6%	11.3%	-0.2%	0.6%	0.1%	0.0%	0.4%
Cash	0.0%	--	3.3%	--	0.0%	0.0%	0.0%	0.0%	0.0%

## Wellington Global Opportunities Strategy

Portfolio Characteristics  
Ending June 30, 2013



Historical Growth Measures  
Ending June 30, 2013



## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Arrowstreet Capital - Global Equity - ACWI</b>
<b>Benchmark</b>	<b>MSCI ACWI</b>

### Portfolio Managers / Team

John Capeci  
Tuomo Vuolteenaho  
John Campbell

### Manager Philosophy and Process

#### Investment Style/Philosophy

Arrowstreet applies a quantitative process to build a portfolio with risk characteristics similar to the index. The firm believes it can profit by exploiting both behavioral and informational opportunities. Behavioral opportunities are created by the mistakes made by investors, including the tendency for investors to overreact, to herd, and to avoid regret. Informational opportunities stem from investors not fully exploiting information that is relevant to prices on a timely basis. Arrowstreet views this process as a core approach. We note that Arrowstreet's process often displays value characteristics although its performance does not behave in line with the value cycle.

#### Investment Process

Arrowstreet's investable universe consists of stocks in the reference index. For large cap strategies, stocks must have a minimum market capitalization of \$300 million. Arrowstreet's research quantitatively establishes a stock's return forecast. These derive from a diverse set of predictive signals (e.g., book yield, earnings yield, etc.) measured across two types of factor categories:

(a) A stock's own direct (idiosyncratic) characteristics;

(b) Indirect characteristics, which comprise various types of inter-company relationships. Most notably, securities operating in the same country, or the same sector, or the same country/sector basket are analyzed. Arrowstreet has also developed some indirect characteristics, also referred to as "expanded linkages", whereby it analyzes the relationship between companies that are not necessarily related on a country and/or sector basis.

Factors used to exploit opportunities include value, momentum, earnings revisions, and high frequency (i.e., factors based on short-term liquidity considerations). The portfolio attempts to avoid systematic biases towards any country or sector. Instead, Arrowstreet builds the portfolio to maximize the trade-off between a stock's expected return, its contribution to risk, and trading costs.

Like the purchase decision, Arrowstreet bases the sell decision on its forecast of expected returns and optimization. The model continuously evaluates stocks to determine their changing return and risk characteristics. It either sells a position entirely or scales it down over time, depending on how quickly the stock's attractiveness deteriorates and its contribution to the total risk of the portfolio.

## Manager Commentary

On average, the portfolio holds 175 to 275 securities, but the number of holdings is a residual so can sometimes fall outside this range. Annual turnover ranges between 90% and 140%. Sector deviations range +/- 15% around the benchmark weight, while country deviations range +/- 10%. In addition, the strategy has country/sector basket constraints ranging from +/- 5% around the index. Maximum stock positions range +/- 3% around the index weight for large cap names and +/- 2% for small cap names. Emerging markets exposure will deviate around the benchmark weight by +/- 10%. Arrowstreet fully invests cash. The default currency position is to hedge currency exposures neutral to the benchmark. Clients may customize the hedging policy. Active currency hedging services are offered via a separate overlay at the request of the client.

### Current Positioning

- During the second quarter, Arrowstreet decreased the portfolio's allocation to financials, resulting in a shift to being underweight from overweight the sector.
- In addition, the overweight to health care was increased and overweight to consumer discretionary was scaled back.
- On a country basis, Arrowstreet decreased its underweight exposure to Australia, and increased its overweight to Hong Kong.

### Quarterly Attribution

#### Positive Impact on Performance:

- Security selection in the developed markets
- An overweight to the developed regions at the expense of emerging markets
- Within the US, overweight exposure to the information technology sector
- Overweight allocations to the industrials and consumer discretionary sectors in Japan
- Underweight positions in the energy and financials sectors in China
- Individual contributors: Micron Technology, Warner Chilcott, DIRECTV

#### Negative Impact on Performance:

- Security selection in the emerging markets
- Overweight allocation to the financials sector in Hong Kong
- In Russia, overweight exposure to the energy sector
- Individual detractors: Valero Energy, Gazprom, HCA Holdings

## Manager Commentary

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Within the US, overweight exposure to the information technology sector along with underweight position in the energy sector
- Overweight allocation to the consumer discretionary, financials, and industrials sectors in Japan
- In China, underweight positions in the energy and financials sectors
- Overall security selection in the developed markets

#### Negative Impact on Performance:

- Security selection in the emerging markets
- Sector allocation decisions in Russia and Brazil
- Overweight exposure to the financials sector in Hong Kong
- In Italy, overweight positions in financials and telecommunication services

### Responsible Investment ESG Comment

ESG4 - Company-specific ESG issues are not currently factored into Arrowstreet's quantitative models. During 2010, Arrowstreet conducted research into the incorporation of social, environmental, and/or governance-related factors, but concluded this did not add value as any benefits are typically fully reflected in stock prices. We believe an ESG4 rating is appropriate.

### Summary Data Points

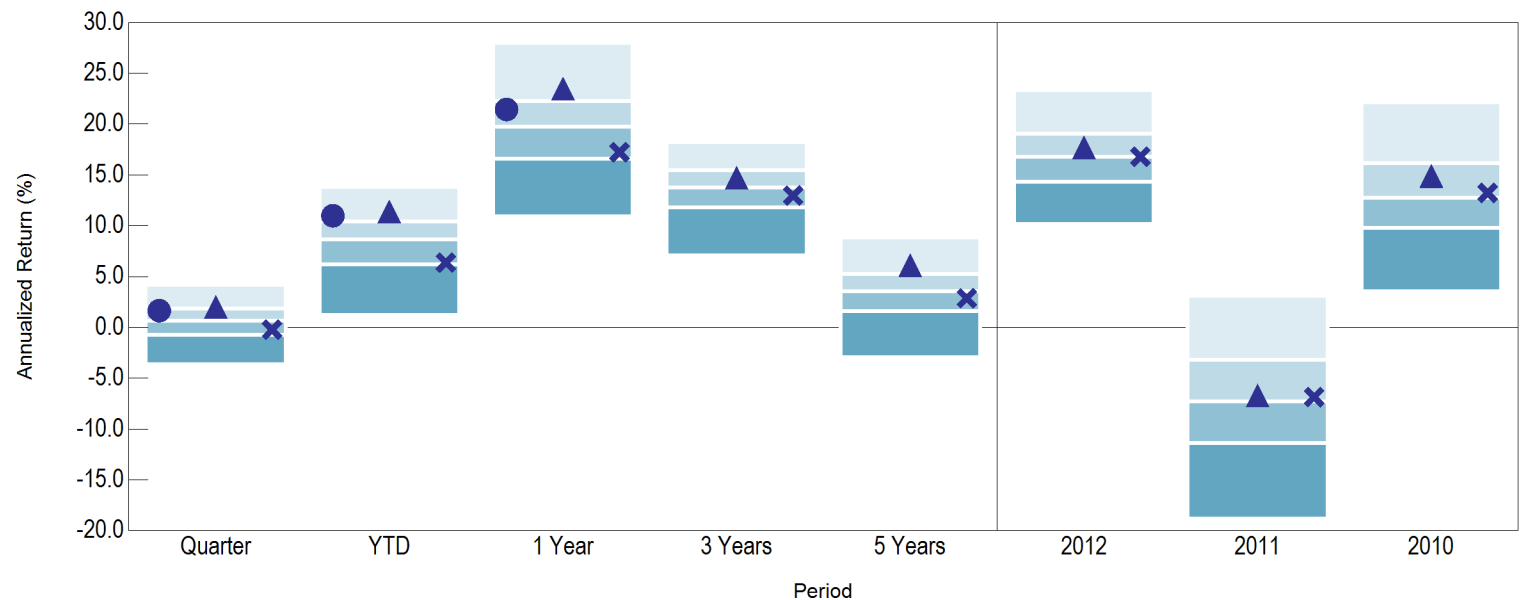
**Mercer Rating:** A

**Strategy AUM (\$B):** \$8.4 (as of 3/31/13)

# NCSRP Arrowstreet Global Equity ACWI

## Performance

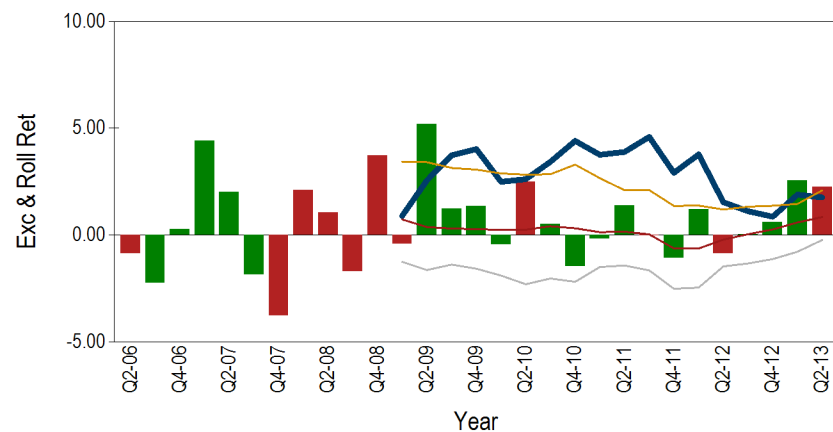
Performance vs. Mercer Instl Global Equity  
Ending June 30, 2013



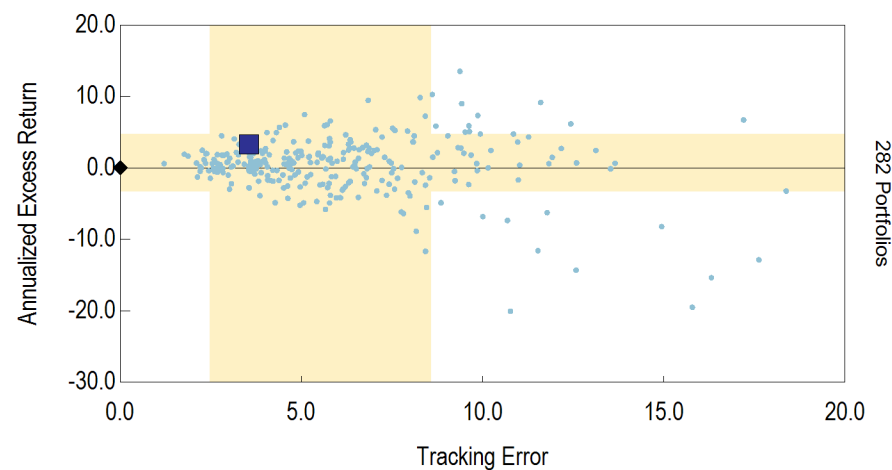
	Return (Rank)															
5th Percentile	4.2		13.8		28.0		18.2		8.8		23.3		3.1		22.1	
25th Percentile	1.9		10.5		22.3		15.5		5.3		19.1		-3.2		16.2	
Median	0.7		8.7		19.8		13.8		3.6		16.8		-7.3		12.8	
75th Percentile	-0.7		6.2		16.7		11.8		1.6		14.3		-11.3		9.8	
95th Percentile	-3.6		1.2		10.9		7.1		-2.9		10.2		-18.8		3.6	
# of Portfolios	450		439		408		327		282		476		439		435	
● NCSRP Arrowstreet Global Equity ACWI	1.6	(28)	11.0	(20)	21.4	(32)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Arrowstreet Global Equity ACWI	2.0	(23)	11.4	(19)	23.5	(20)	14.7	(39)	6.1	(17)	17.7	(42)	-6.7	(47)	14.9	(33)
✕ MSCI ACWI Gross	-0.2	(67)	6.4	(75)	17.2	(72)	13.0	(66)	2.9	(62)	16.8	(50)	-6.9	(48)	13.2	(46)

## Arrowstreet Global Equity ACWI Strategy

**Rolling 3 Year Excess Performance**  
Arrowstreet Global Equity ACWI Strategy vs. MSCI AC World GD IX



**Annualized Excess Return vs. Tracking Error**  
5 Years Ending June 30, 2013



**International Equity Performance Attribution**  
Versus MSCI ACWI Gross - Quarter Ending June 30, 2013

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
<b>Totals</b>									
Americas	3.5%	1.1%	47.5%	54.6%	0.7%	0.5%	0.2%	-0.4%	1.0%
Europe	3.8%	-0.4%	28.0%	24.2%	1.5%	0.0%	0.2%	-0.4%	1.2%
Asia/Pacific	-0.4%	-3.0%	22.7%	19.9%	-0.2%	0.8%	-0.2%	0.1%	0.4%
Other	-12.4%	-8.2%	1.8%	1.2%	0.0%	-0.1%	0.0%	0.1%	-0.1%
Cash	0.0%	--	--	--	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>2.3%</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.0%</b>	<b>1.1%</b>	<b>0.2%</b>	<b>-0.7%</b>	<b>2.5%</b>

## Arrowstreet Global Equity ACWI Strategy

### International Equity Performance Attribution

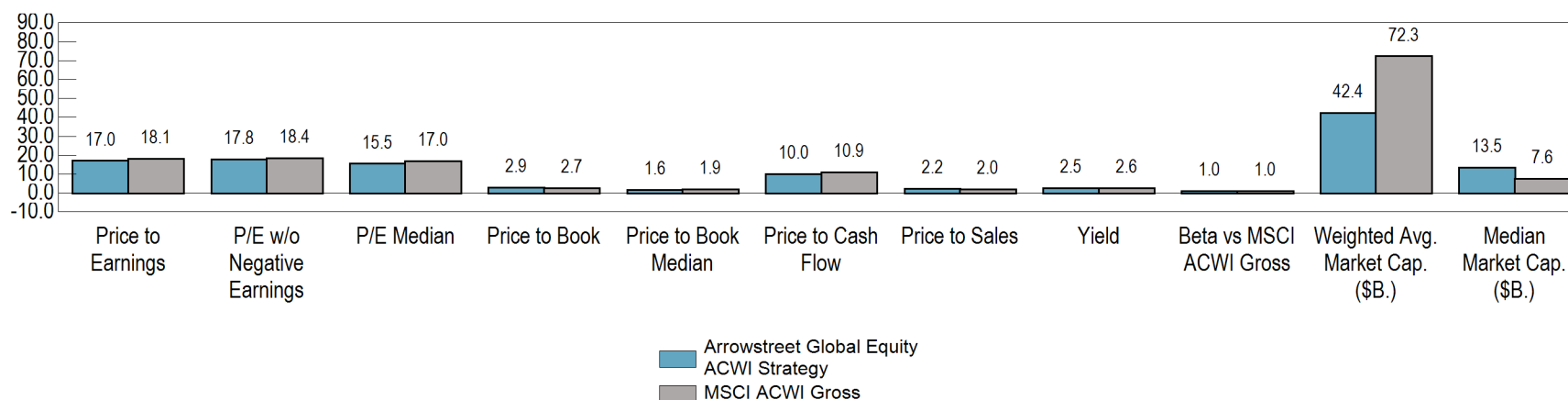
	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Europe									
Austria	-3.0%	-2.5%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Belgium	-4.4%	-4.4%	0.1%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Czech Republic*	--	-6.5%	0.0%	0.0%	--	0.0%	--	--	0.0%
Denmark	-2.2%	-3.9%	0.4%	0.4%	0.0%	0.0%	0.0%	-0.1%	0.0%
Finland	12.0%	1.3%	0.8%	0.3%	0.0%	0.0%	0.0%	0.0%	0.1%
France	9.0%	3.6%	4.5%	3.5%	0.2%	0.0%	0.0%	0.1%	0.3%
Germany	8.4%	3.3%	2.5%	3.1%	0.2%	0.1%	0.0%	0.1%	0.3%
Greece	-13.9%	-8.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Hungary*	--	13.1%	0.0%	0.0%	--	0.0%	--	--	0.0%
Ireland	--	-1.6%	0.0%	0.1%	--	0.0%	--	--	0.0%
Italy	7.9%	1.3%	2.5%	0.7%	0.1%	0.0%	0.0%	0.1%	0.1%
Netherlands	9.3%	2.7%	0.5%	0.9%	0.1%	0.0%	0.0%	0.0%	0.1%
Norway	-1.1%	-5.1%	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Poland*	-12.0%	-4.5%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Portugal	-22.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Russia*	-9.4%	-8.2%	3.2%	0.7%	0.0%	-0.1%	0.0%	-0.1%	-0.1%
Spain	-0.9%	0.0%	2.5%	1.0%	0.0%	-0.1%	0.0%	0.1%	-0.1%
Sweden	-1.8%	-5.2%	0.5%	1.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Switzerland	19.9%	0.1%	1.7%	3.3%	0.6%	0.0%	0.0%	-0.6%	0.1%
United Kingdom	2.7%	-2.2%	7.9%	7.9%	0.4%	0.0%	0.0%	-0.1%	0.4%
Americas									
Brazil*	-19.9%	-17.2%	0.3%	1.3%	0.0%	0.2%	0.1%	-0.1%	0.1%
Canada	-2.7%	-7.3%	0.1%	3.7%	0.2%	0.2%	0.1%	-0.3%	0.3%
Chile*	--	-14.6%	0.0%	0.2%	--	0.0%	--	--	0.0%
Colombia*	--	-13.1%	0.0%	0.1%	--	0.0%	--	--	0.0%
Mexico*	--	-10.8%	0.0%	0.6%	--	0.1%	--	--	0.1%
Peru*	--	-27.4%	0.0%	0.1%	--	0.0%	--	--	0.0%
United States	3.8%	2.8%	47.1%	48.6%	0.5%	-0.1%	0.0%	0.0%	0.4%

	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
AsiaPacific									
Australia	-16.1%	-13.9%	1.5%	2.9%	0.1%	0.3%	0.2%	-0.3%	0.3%
China*	--	-6.5%	0.0%	2.1%	--	0.1%	--	--	0.1%
Hong Kong	-7.0%	-4.7%	3.5%	1.1%	0.0%	-0.1%	0.0%	0.0%	-0.2%
India*	--	-5.5%	0.0%	0.8%	--	0.0%	--	--	0.0%
Indonesia*	--	-5.8%	0.0%	0.4%	--	0.0%	--	--	0.0%
Japan	2.7%	4.4%	15.1%	8.2%	-0.1%	0.4%	-0.4%	0.4%	0.2%
Korea*	-15.3%	-10.0%	0.8%	1.6%	-0.1%	0.1%	0.0%	0.0%	0.1%
Malaysia*	--	6.1%	0.0%	0.5%	--	0.0%	--	--	0.0%
New Zealand	--	-10.4%	0.2%	0.0%	--	0.0%	--	--	0.0%
Philippines*	--	-8.2%	0.0%	0.1%	--	0.0%	--	--	0.0%
Singapore	-10.6%	-6.3%	1.3%	0.6%	0.0%	-0.1%	0.0%	0.0%	-0.1%
Taiwan*	--	1.6%	0.0%	1.3%	--	0.0%	--	--	0.0%
Thailand*	-11.6%	-7.3%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	-0.1%
Other									
Egypt*	--	-7.3%	0.0%	0.0%	--	0.0%	--	--	0.0%
Israel	--	-3.7%	0.1%	0.2%	--	0.0%	--	--	0.0%
Morocco*	--	-2.7%	0.0%	0.0%	--	0.0%	--	--	0.0%
South Africa*	-6.5%	-7.2%	0.1%	0.8%	0.0%	0.1%	0.1%	-0.1%	0.1%
Turkey*	-12.5%	-15.3%	1.6%	0.2%	0.0%	-0.2%	-0.1%	0.1%	-0.2%
Other Countries*		0.0%	0.0%	0.0%					

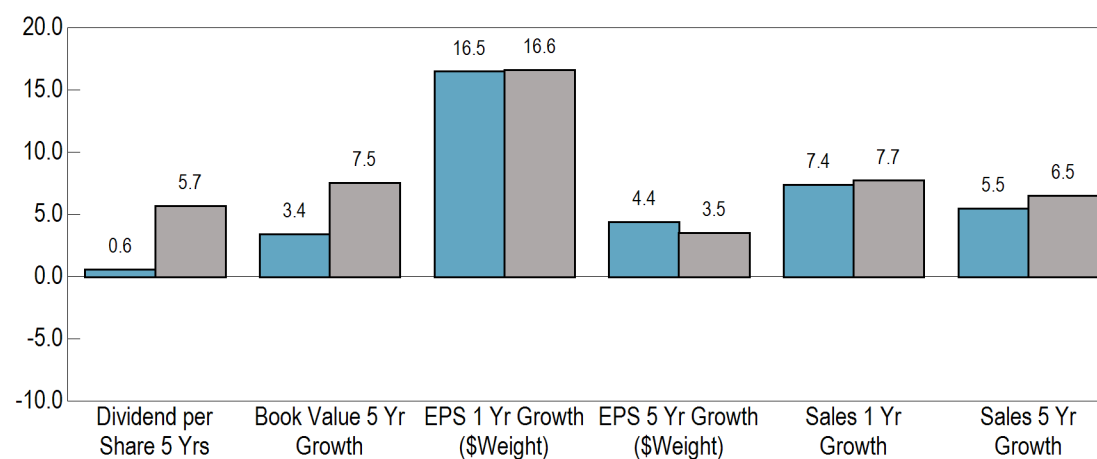
	Returns and Ending Weights				Attribution Effects				Total Effects
	Manager Return	Index Return	Manager Weight	Index Weight	Selection Effect	Allocation Effect	Currency Effect	Interaction Effect	
Totals									
Developed	3.3%	0.9%	93.7%	88.7%	2.2%	0.8%	0.0%	-0.6%	2.4%
Emerging*	-13.4%	-7.9%	6.3%	11.3%	-0.2%	0.3%	0.1%	-0.1%	0.2%
Cash	0.0%	--	--	--	0.0%	0.0%	0.0%	0.0%	0.0%

## Arrowstreet Global Equity ACWI Strategy

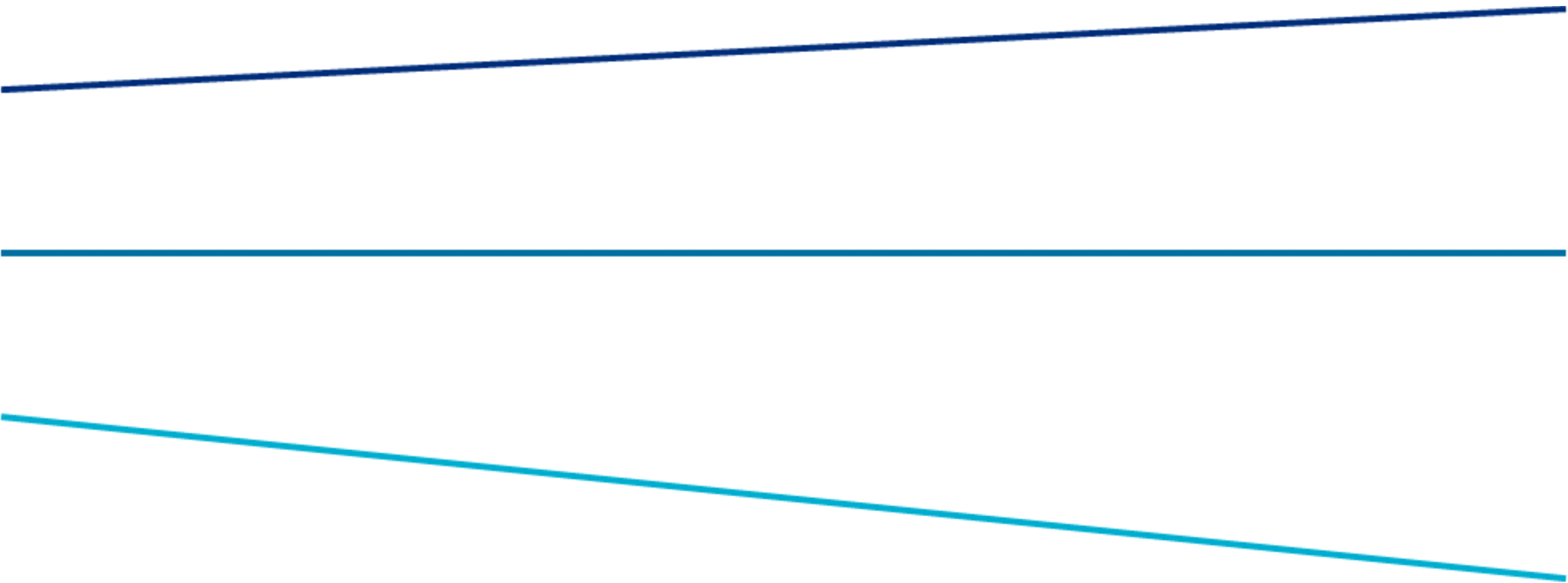
Portfolio Characteristics  
Ending June 30, 2013



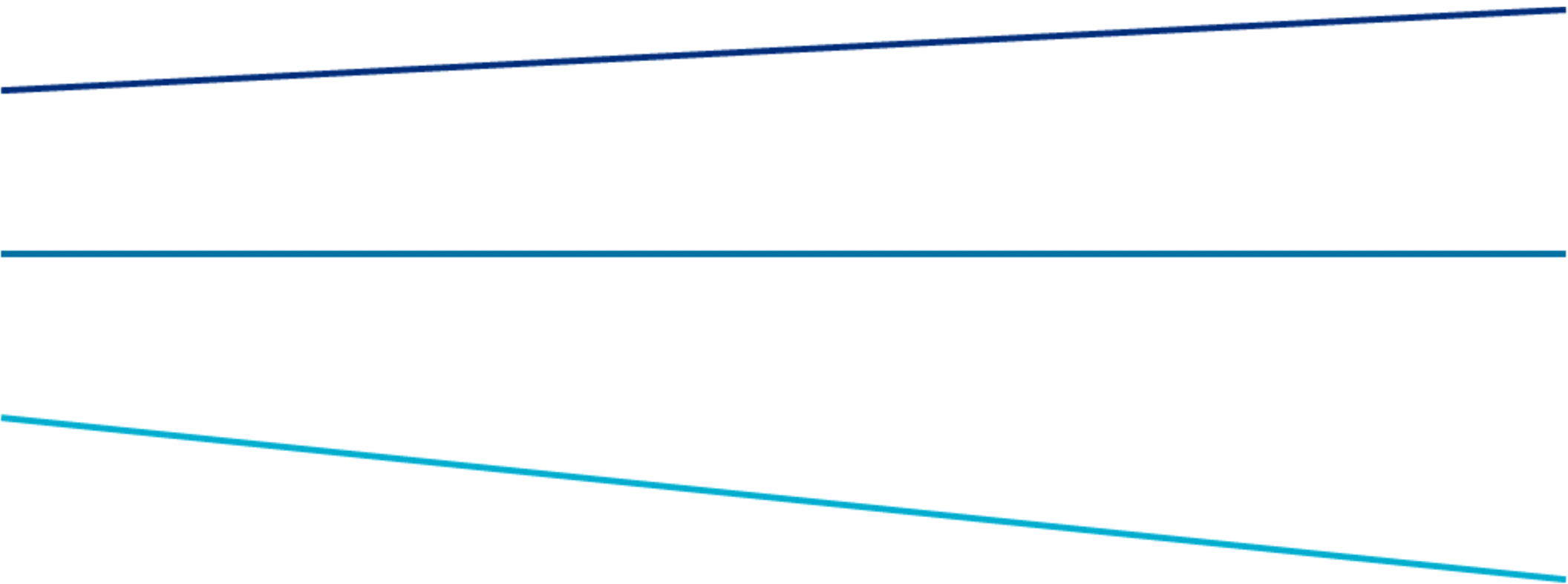
Historical Growth Measures  
Ending June 30, 2013



# US Fixed Income



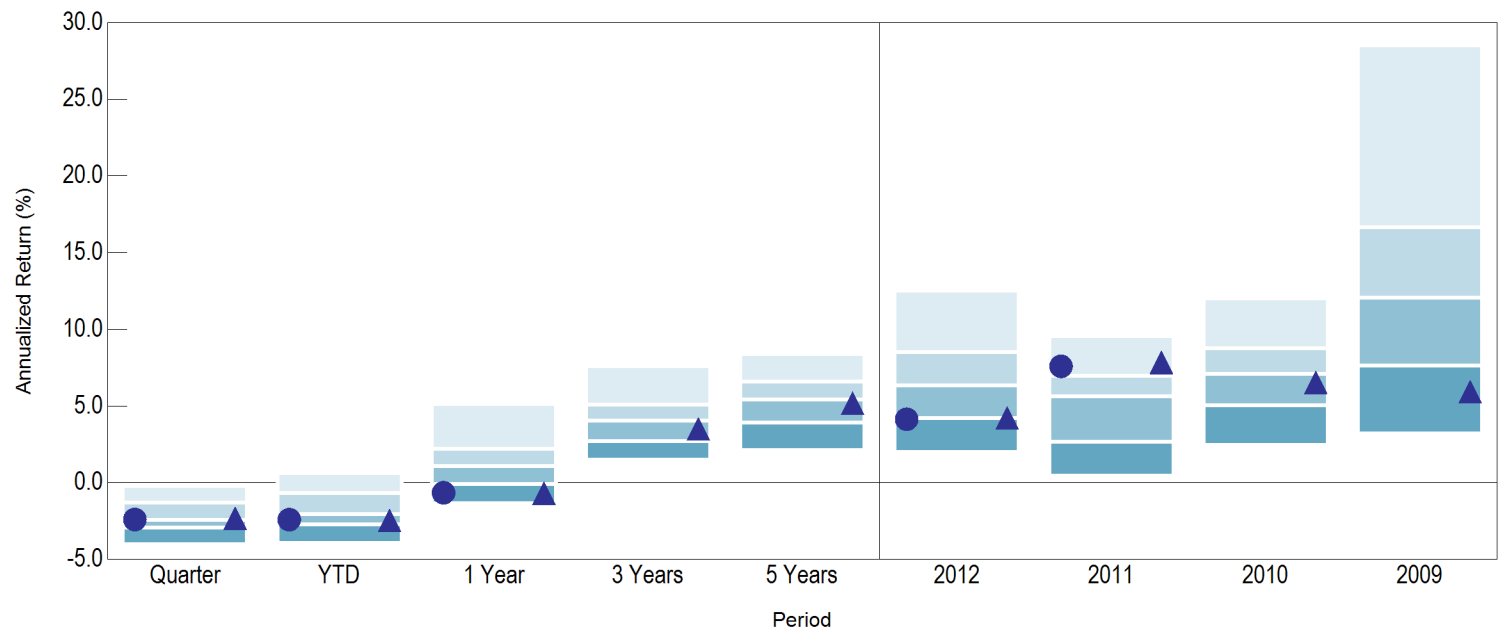
# US Fixed Income Passive



# Fixed Income Passive Fund

## Performance

Performance vs. Mercer Mutual Fund US Fixed Core  
Ending June 30, 2013



	Return (Rank)													
5th Percentile	-0.2	0.6	5.1	7.6	8.4	12.5	9.6	12.0	28.5					
25th Percentile	-1.3	-0.7	2.2	5.1	6.6	8.5	7.0	8.8	16.7					
Median	-2.4	-2.0	1.1	4.1	5.4	6.4	5.6	7.1	12.1					
75th Percentile	-2.9	-2.7	-0.1	2.7	3.9	4.3	2.7	5.1	7.6					
95th Percentile	-4.0	-3.9	-1.3	1.5	2.1	2.0	0.5	2.5	3.2					
# of Portfolios	396	396	384	346	325	383	395	400	410					
● Fixed Income Passive Fund	-2.4 (50)	-2.4 (63)	-0.7 (90)	-- (--)	-- (--)	4.1 (77)	7.6 (16)	-- (--)	-- (--)					
▲ Barclays Aggregate	-2.3 (46)	-2.4 (65)	-0.7 (90)	3.5 (63)	5.2 (57)	4.2 (76)	7.8 (12)	6.5 (58)	5.9 (85)					

## Manager Commentary

---

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>BlackRock - US Debt Index Fund (BGI)</b>
<b>Benchmark</b>	<b>Barclays Capital Aggregate</b>

### Manager Philosophy and Process

**Portfolio Construction:** The strategy seeks to track the return and risk characteristics of the Barclays Capital Aggregate Bond Index. The product is actually a superfund constructed of units of the following modular funds that each track a segment (subindex) of the Barclays Capital Aggregate Index: Intermediate Government, Long Government, Intermediate Credit, Long Credit, Mortgage-Backed, Asset-Backed, and Commercial Mortgage-Backed. Each modular fund employs a portfolio construction technique appropriate to the size, diversity, and liquidity of its benchmark. Each sector has unique liquidity and risk parameters. Some method of replicating the return and risk characteristics of each market segment is applied to the respective fund. Government bond and mortgage-backed funds employ nearly full replication, while the other funds utilize a stratified sampling approach.

**Securities Lending:** The "A Series" (ERISA qualified assets) is eligible for securities lending, while the "B Series" (tax exempt, non-ERISA assets) is not. Controls used to manage risk include: rigorous credit screening of borrowers to determine capital adequacy, liquidity and operations efficiency; collateral requirements which govern receipt and monitoring of collateral received in lieu of securities borrowed; daily mark-to-market procedures to assure the value of the collateral continues to represent at least 102% of the value of the lent securities; and investment policy controls applied to the investment of cash received as collateral and record-keeping guidelines. Cash collateral is invested in a cash equivalents fund which in turn may be invested in specific short term funds, some of which utilize asset swaps, total return swaps, and arbitrage transactions. Securities lending income, after broker rebate and cash management fees, is split 50/50 between the firm and its clients. The income is credited to accounts at regular fund valuations and is reflected in the fund unit value.

**Use of Derivatives:** Derivatives are used exclusively to securitize cash generated from interest received on the portfolio.

### Factual Performance Statement

The Fund returned -2.3% and matched the benchmark return during the quarter. Over the year, the Fund lost 0.5% and tracked the benchmark within 20 basis points.

# Manager Commentary

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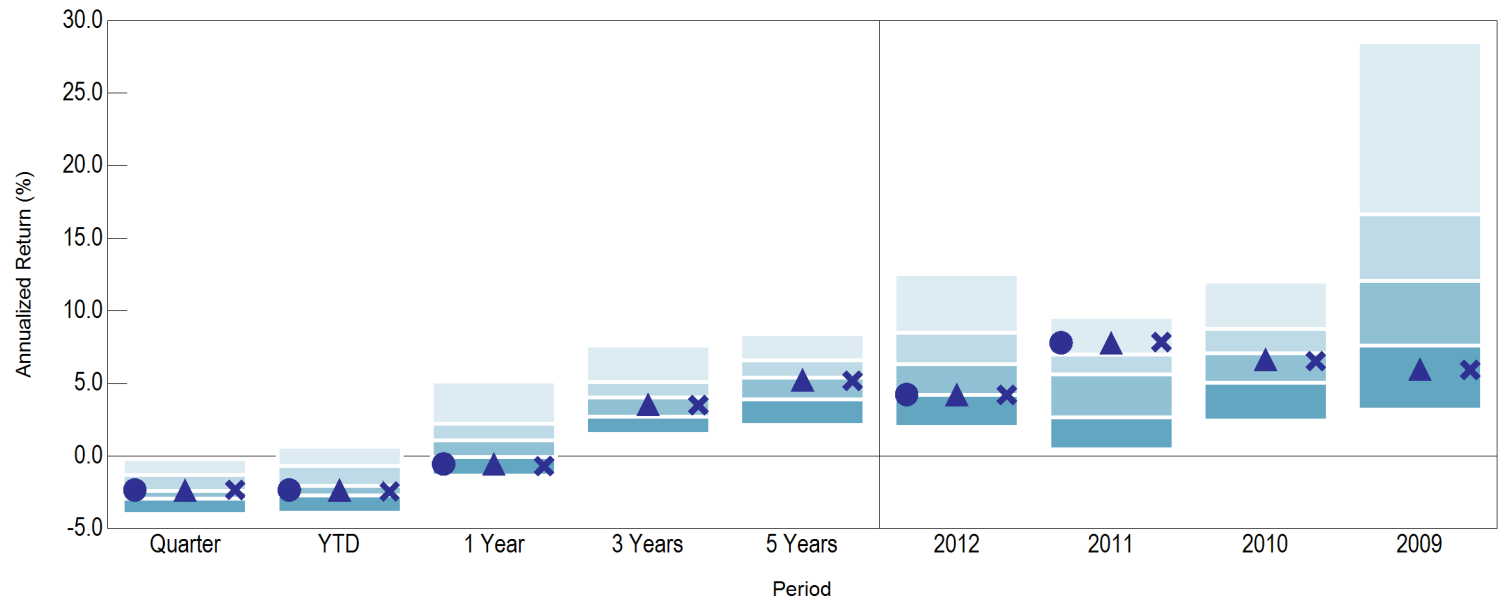
## Summary Data Points

**Mercer Rating:** N  
**Strategy AUM (\$B):** \$60.7

# NCSRP BlackRock Debt Index Fund

## Performance

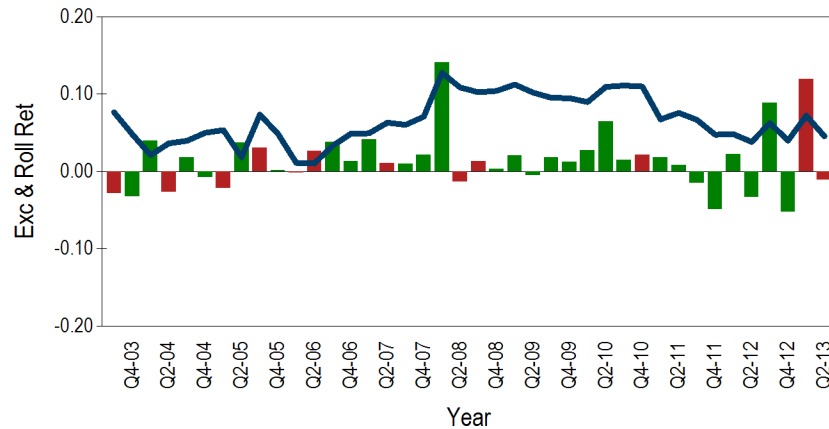
Performance vs. Mercer Mutual Fund US Fixed Core  
Ending June 30, 2013



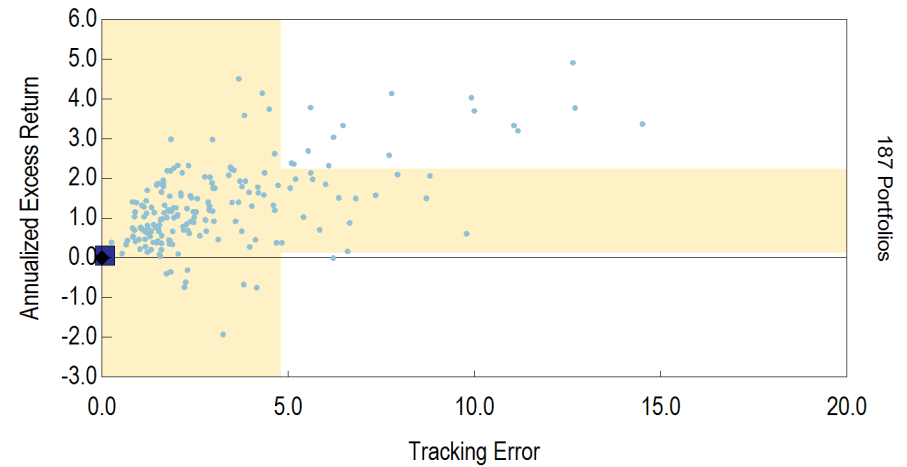
	Return (Rank)															
5th Percentile	-0.2		0.6		5.1		7.6		8.4		12.5		9.6		12.0	
25th Percentile	-1.3		-0.7		2.2		5.1		6.6		8.5		7.0		8.8	
Median	-2.4		-2.0		1.1		4.1		5.4		6.4		5.6		7.1	
75th Percentile	-2.9		-2.7		-0.1		2.7		3.9		4.3		2.7		5.1	
95th Percentile	-4.0		-3.9		-1.3		1.5		2.1		2.0		0.5		2.5	
# of Portfolios	396		396		384		346		325		383		395		400	
● NCSRP BlackRock Debt Index Fund	-2.3 (46)		-2.3 (59)		-0.5 (88)		-- (--)		-- (--)		4.2 (76)		7.8 (13)		-- (--)	
▲ BlackRock Debt Index Fund Strategy	-2.3 (46)		-2.3 (59)		-0.5 (88)		3.6 (63)		5.2 (56)		4.2 (76)		7.8 (13)		6.7 (56)	
✕ Barclays Aggregate	-2.3 (46)		-2.4 (65)		-0.7 (90)		3.5 (63)		5.2 (57)		4.2 (76)		7.8 (12)		6.5 (58)	

# BlackRock Debt Index Fund Strategy

Rolling 3 Year Excess Performance  
BlackRock Debt Index Fund Strategy vs. Barclays Capital Aggregate



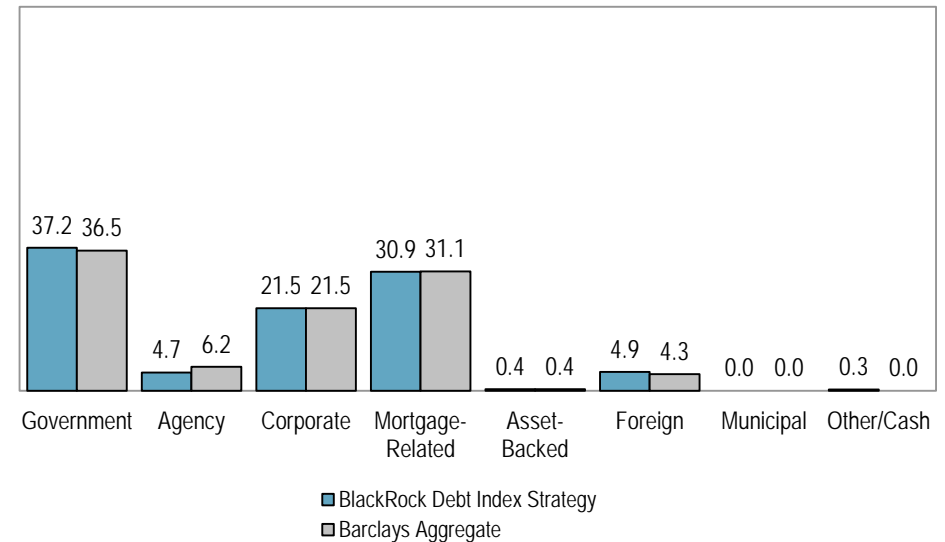
Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013



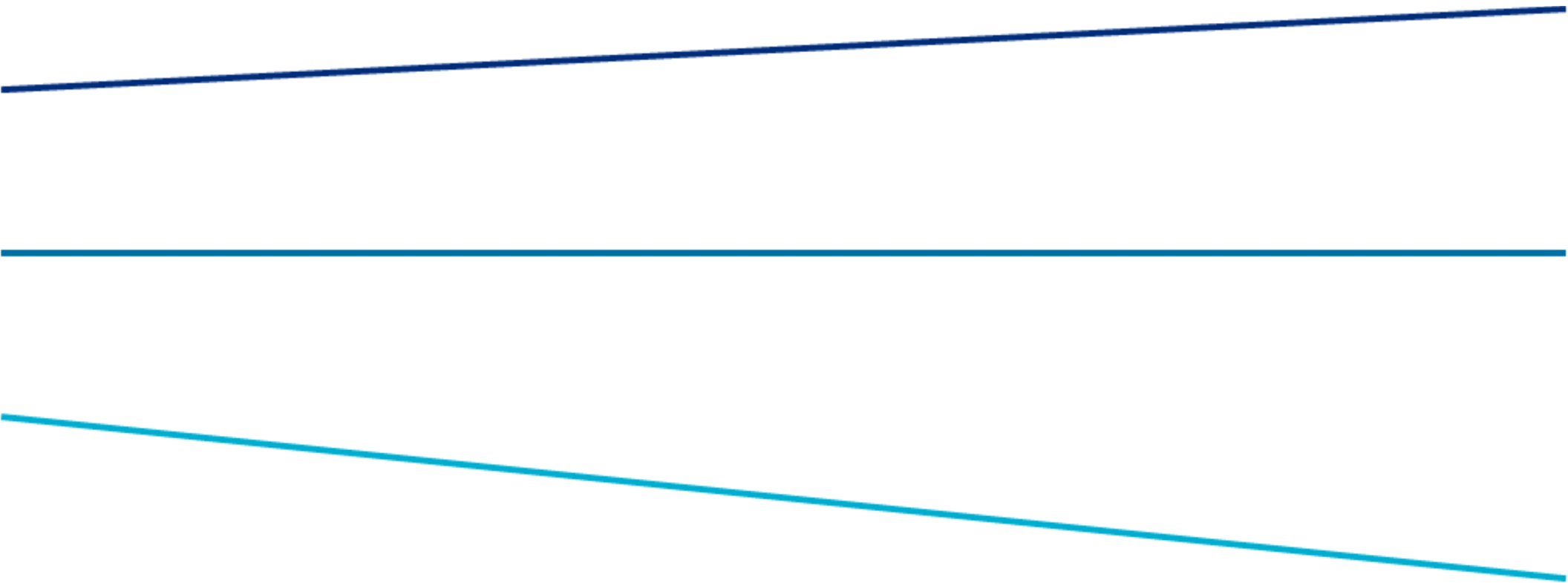
Characteristics  
as of June 30, 2013



Sectors  
as of June 30, 2013



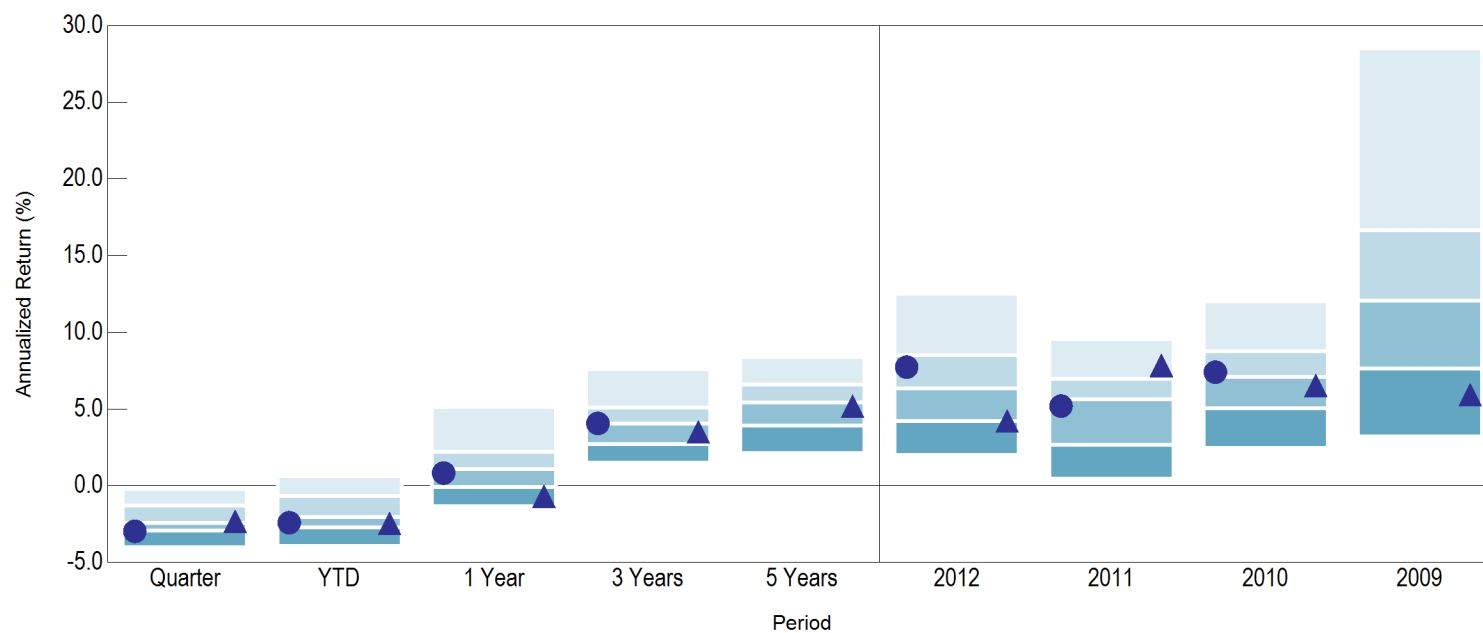
# US Fixed Income



# Fixed Income Fund

## Performance

Performance vs. Mercer Mutual Fund US Fixed Core  
Ending June 30, 2013

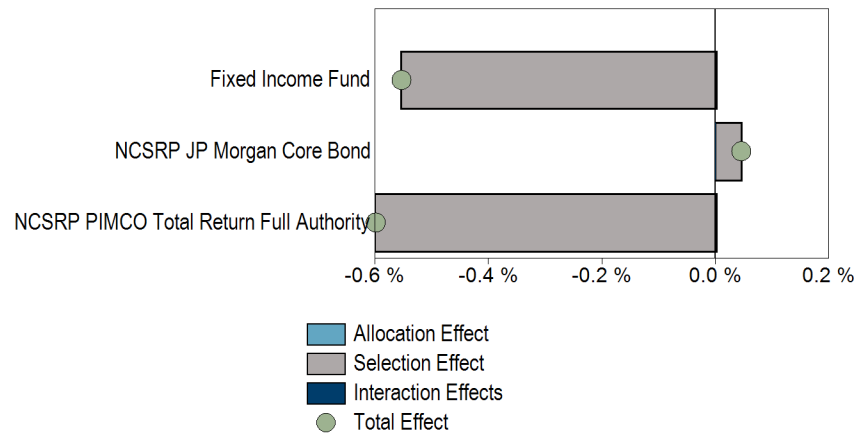


	Return (Rank)																	
5th Percentile	-0.2		0.6		5.1		7.6		8.4		12.5		9.6		12.0		28.5	
25th Percentile	-1.3		-0.7		2.2		5.1		6.6		8.5		7.0		8.8		16.7	
Median	-2.4		-2.0		1.1		4.1		5.4		6.4		5.6		7.1		12.1	
75th Percentile	-2.9		-2.7		-0.1		2.7		3.9		4.3		2.7		5.1		7.6	
95th Percentile	-4.0		-3.9		-1.3		1.5		2.1		2.0		0.5		2.5		3.2	
# of Portfolios	396		396		384		346		325		383		395		400		410	
● Fixed Income Fund	-3.0 (80)		-2.4 (63)		0.8 (57)		4.1 (51)		-- (--)		7.7 (34)		5.2 (57)		7.4 (45)		-- (--)	
▲ Barclays Aggregate	-2.3 (46)		-2.4 (65)		-0.7 (90)		3.5 (63)		5.2 (57)		4.2 (76)		7.8 (12)		6.5 (58)		5.9 (85)	

# Fixed Income Fund

## Attribution

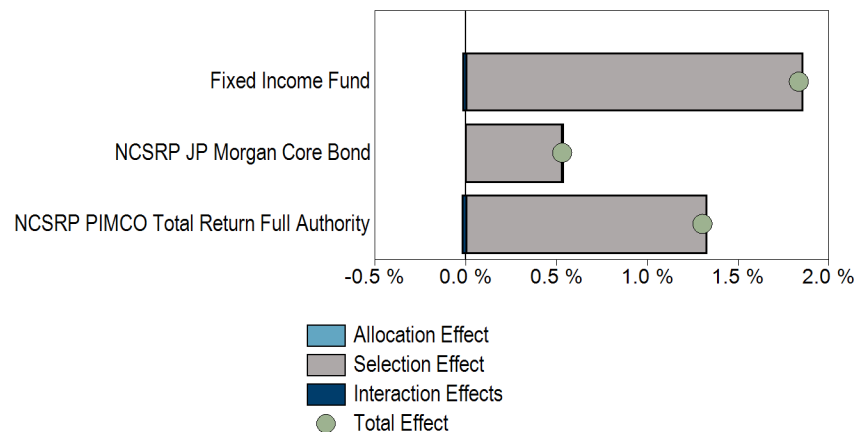
**Attribution Effects**  
3 Months Ending June 30, 2013



**Attribution Summary**  
3 Months Ending June 30, 2013

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP JP Morgan Core Bond	-2.2%	-2.3%	0.1%	0.0%	0.0%	0.0%	0.0%
NCSRP PIMCO Total Return Full Authority	-3.5%	-2.3%	-1.2%	-0.6%	0.0%	0.0%	-0.6%
<b>Total</b>	<b>-2.9%</b>	<b>-2.3%</b>	<b>-0.6%</b>	<b>-0.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-0.6%</b>

**Attribution Effects**  
1 Year Ending June 30, 2013

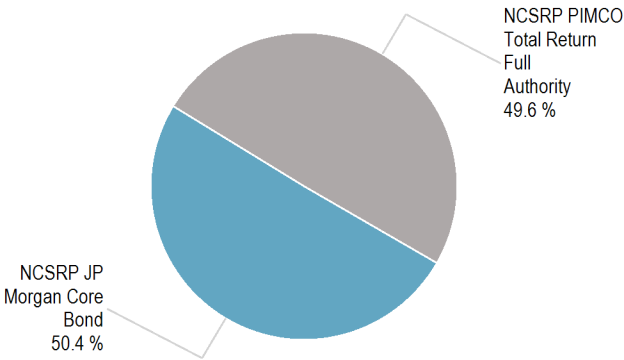


**Attribution Summary**  
1 Year Ending June 30, 2013

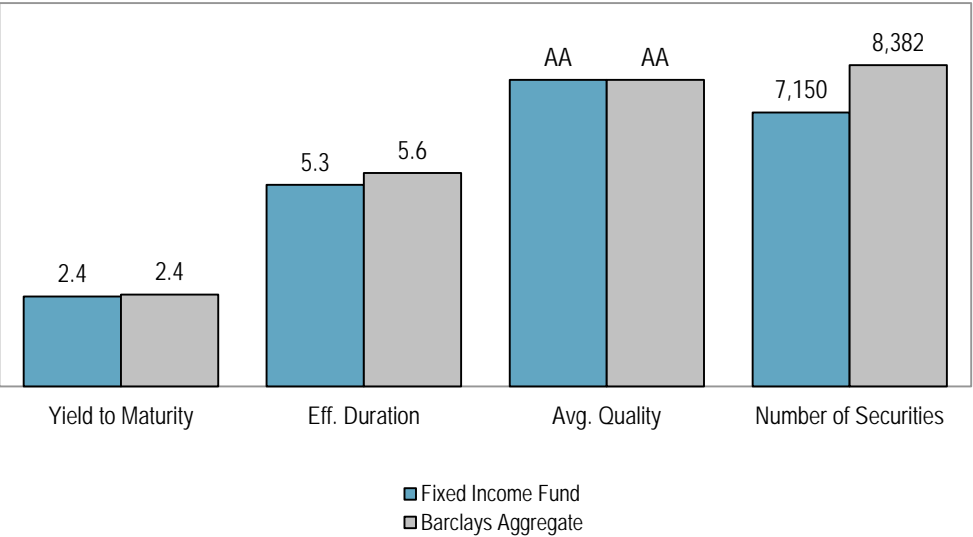
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
NCSRP JP Morgan Core Bond	0.4%	-0.7%	1.1%	0.5%	0.0%	0.0%	0.5%
NCSRP PIMCO Total Return Full Authority	1.9%	-0.7%	2.6%	1.3%	0.0%	0.0%	1.3%
<b>Total</b>	<b>1.1%</b>	<b>-0.7%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.8%</b>

# Fixed Income Fund

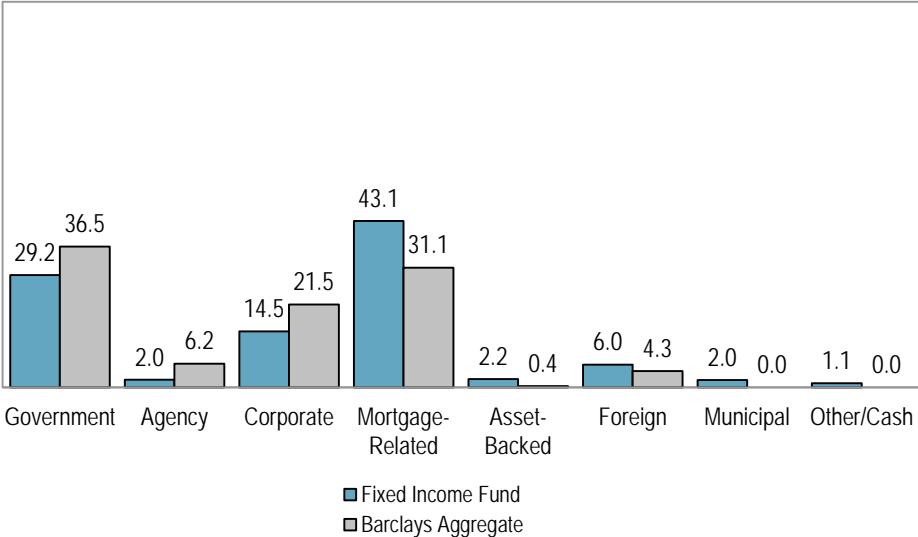
Current Allocation



Characteristics as of June 30, 2013



Sectors as of June 30, 2013



## Manager Commentary

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<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>JP Morgan Asset Management - Core Bond (Columbus)</b>
<b>Benchmark</b>	<b>Barclays Capital Aggregate</b>

### Portfolio Managers / Team

Doug Swanson

### Manager Philosophy and Process

JPMAM employs a value-oriented approach to fixed income management. Through its bottom-up process, the fixed income team identifies inefficiently priced securities. Yield curve management, with an emphasis on evaluating relative risk/reward relationships along the yield curve, is another important element of the firm's approach.

JPMAM uses duration management as a risk control tool. Its policy is to manage duration within 10% of the benchmark. Consistent with its value-oriented approach, JPMAM evaluates risk and reward relationships to identify value along the yield curve.

JPMAM's portfolio construction process is dictated by its bottom-up approach. However, portfolio managers maintain a consistent overweight to mortgage products and an underweight to the credit sector. The degree of the mortgage overweight strategy will vary with the firm's assessment of economic and industry factors as well as market supply/demand dynamics.

JPMAM uses a variety of quantitative techniques, including option-adjusted spread (OAS) analysis, to identify undervalued securities. Its portfolios consist of investment grade securities, with a majority invested in securities rated AAA. JPMAM continually monitors the portfolios, using quantitative valuation tools to identify securities that are fairly priced and overvalued. JPMAM will sell a security that becomes fairly valued, has an adverse change in fundamentals, or when a more attractive security with superior total return characteristics is identified.

In derivative enabled accounts, JPMAM will use swaps, futures, and CDS.

## Manager Commentary

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### Current Positioning

- The fund continues to have a slightly shorter duration posture versus the index.
- The fund sees opportunities in non-performing loan (NPL), re-performing loan (RPL), and auto ABS, as well as select intermediate duration issues in CMBS, non-agency RMBS, and ABS bonds as good value substitutes where appropriate.

### Quarterly Attribution

#### Positive Impact on Performance:

- Mortgage security selection
- Underweight credit sector
- Duration posture

#### Negative Impact on Performance:

- Underweight treasury sector
- Yield curve positioning

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Mortgage security selection
- Underweight treasury sector
- Duration posture

#### Negative Impact on Performance:

- Underweight credit sector
- Higher quality bias (underweight BBBs)

## Manager Commentary

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### Responsible Investment ESG Comment

ESG3 - The team performs proprietary credit research, but ESG factors cannot be considered an explicit driver of the investment philosophy and process

### Summary Data Points

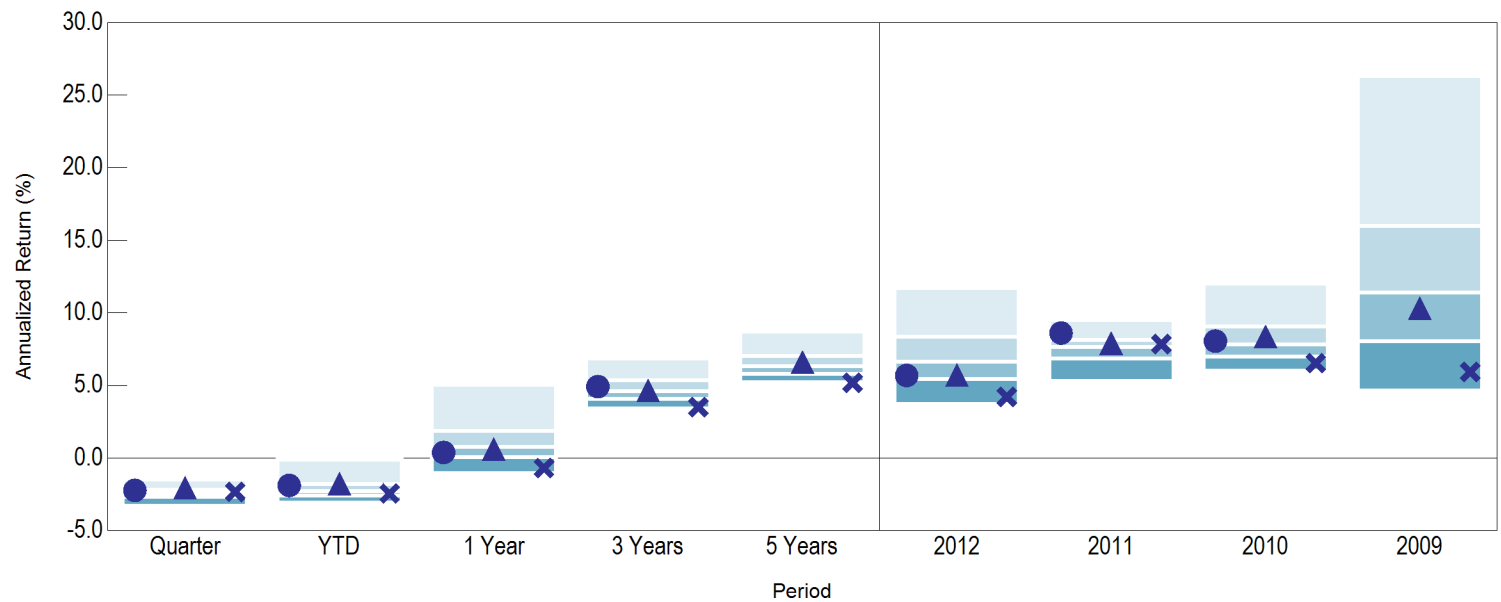
**Mercer Rating:** A

**Strategy AUM (\$B):** \$54.9

# NCSRP JP Morgan Core Bond

## Performance

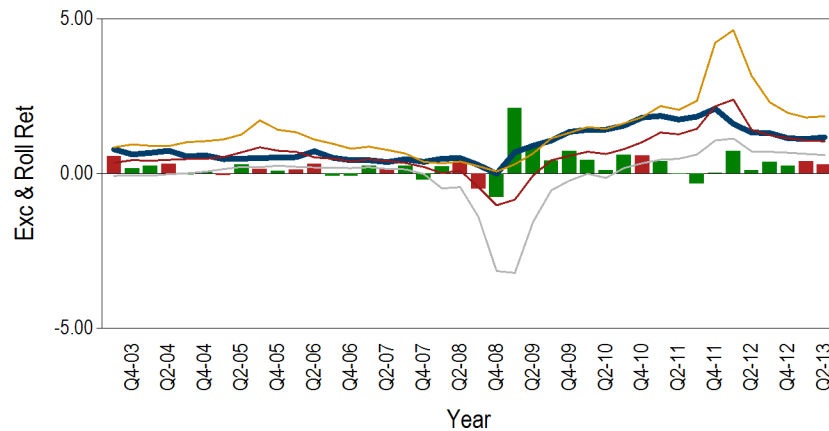
Performance vs. Mercer Instl US Fixed Core  
Ending June 30, 2013



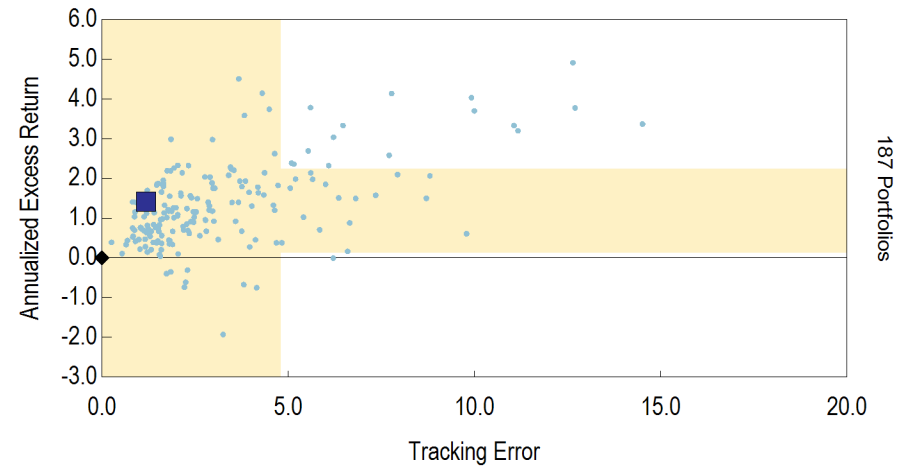
	Return (Rank)															
	Quarter	YTD	1 Year	3 Years	5 Years	2012	2011	2010	2009							
5th Percentile	-1.5	-0.1	5.0	6.8	8.7	11.7	9.5	12.0	26.3							
25th Percentile	-2.2	-1.8	1.9	5.4	7.1	8.4	8.2	9.1	16.0							
Median	-2.4	-2.2	0.8	4.6	6.4	6.7	7.7	7.8	11.4							
75th Percentile	-2.7	-2.5	0.1	4.1	5.8	5.5	6.9	7.0	8.1							
95th Percentile	-3.2	-3.0	-1.0	3.4	5.2	3.7	5.3	6.0	4.7							
# of Portfolios	226	225	215	191	187	284	272	303	267							
● NCSRP JP Morgan Core Bond	-2.2 (28)	-1.9 (32)	0.4 (64)	4.9 (39)	-- (--)	5.7 (71)	8.6 (15)	8.1 (46)	-- (--)							
▲ JP Morgan Core Bond Strategy	-2.0 (17)	-1.8 (26)	0.6 (57)	4.7 (49)	6.6 (40)	5.7 (70)	7.9 (38)	8.4 (37)	10.3 (60)							
✕ Barclays Aggregate	-2.3 (39)	-2.4 (67)	-0.7 (94)	3.5 (94)	5.2 (96)	4.2 (94)	7.8 (44)	6.5 (88)	5.9 (89)							

# JP Morgan Core Bond Strategy

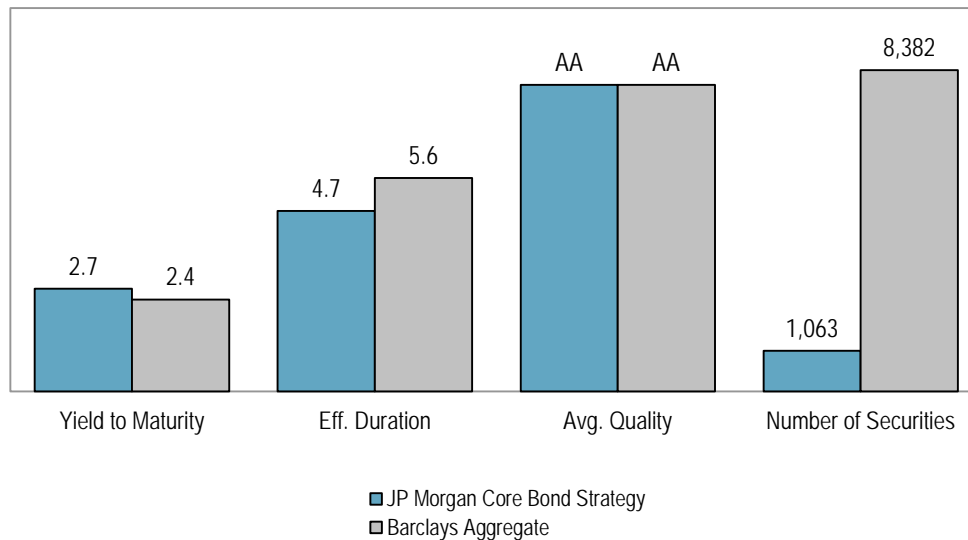
Rolling 3 Year Excess Performance  
JP Morgan Core Bond Strategy vs. Barclays Capital Aggregate



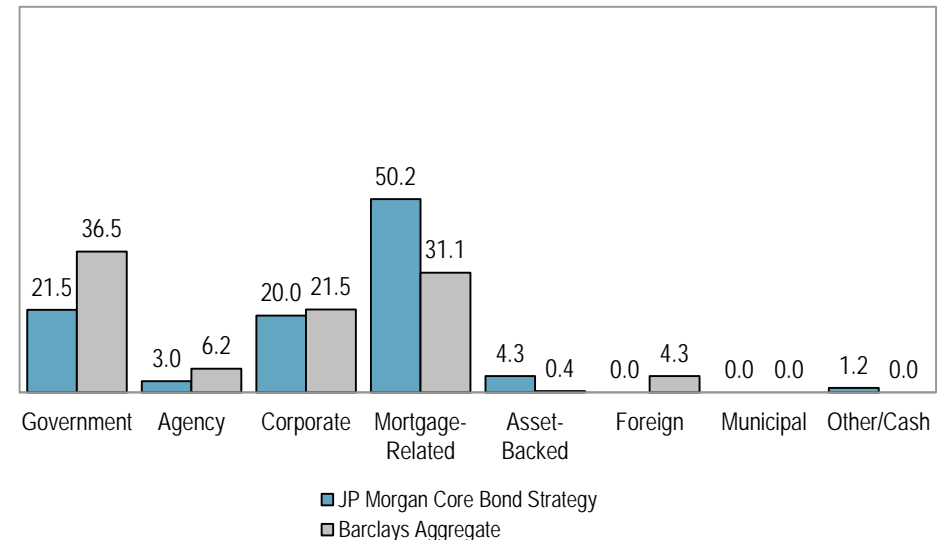
Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013



Characteristics  
as of June 30, 2013



Sectors  
as of June 30, 2013



## Manager Commentary

<b>Plan</b>	<b>North Carolina Supplemental Retirement Plans</b>
<b>Strategy</b>	<b>Pacific Investment Management Company - Core Plus - Total Return Full Authority</b>
<b>Benchmark</b>	<b>Barclays U.S. Aggregate Index</b>

### Portfolio Managers / Team

Bill Gross

### Manager Philosophy and Process

PIMCO's top-down, core approach to fixed income management is focused on long-term secular trends. The firm seeks to add alpha through multiple sources of active risk including duration, yield curve, country, currency, sector rotation and bottom-up security selection. PIMCO's portfolio construction and risk management efforts are designed to position the portfolio with exposure to a series of moderate risks, ensuring that no single trade idea or risk factor overwhelms the portfolio. Given its dynamic approach to active management, as well as its large size in certain cash markets, PIMCO relies heavily on derivative securities to implement its trade ideas.

PIMCO relies on its long-term secular outlook when determining portfolio duration. The firm develops its three-to-five-year secular outlook at annual strategy sessions. This outlook is fine-tuned quarterly. Portfolio duration is typically within 30% of the benchmark. PIMCO actively manages its yield curve positioning based on anticipated central bank actions and inflation expectations. The firm will invest opportunistically across global sovereign curves, and does not limit itself to U.S. interest rate exposure. PIMCO is a heavy user of futures and swaps to implement its duration and yield curve views.

PIMCO determines sector exposure based on its secular and cyclical outlooks. The firm will make significant shifts based on changes in relative valuations and spreads. Full discretion accounts may invest meaningfully (up to 30%) in non-dollar bonds and below-investment grade bonds (up to 15%).

PIMCO's credit analysts produce proprietary credit ratings and a risk rating (green, yellow, or red light designations). Green and yellow lights are the primary sources for security selection, based on a relative value assessment and recommendation from the credit analyst. The relative value analysis helps identify the most attractive issuers within an industry and bonds within a capital structure. This analysis is captured in a relative value matrix updated weekly by the trading desk and credit analysts. Within mortgages, PIMCO's proprietary mean reversion model is a primary tool to analyze coupon swaps, which is expected to be one of the firm's largest sources of alpha in the mortgage space given the firm's primary use of forward-settling TBA mortgages in lieu of specified pools. PIMCO has extensive proprietary analytics to evaluate the expected behavior and pricing of specific securities with embedded optionality.

PIMCO makes wide use of derivative instruments to tactically adjust the portfolio. The firm uses futures and credit default swaps as cash-market substitutes, options as a means to capitalize on changes in market volatility, and futures and swaps to adjust yield curve and duration posture. The firm will also invest in a variety of mortgage-backed derivatives based on an evaluation of prepayment and liquidity factors.

## Manager Commentary

### Current Positioning

- During June, there was a focus on maintaining an overweight to high quality duration from countries viewed as having the cleanest balance sheets (i.e., US, Canada, Australia, Brazil and Mexico).
- PIMCO continues to hold non Agency and commercial MBS as another source of yield.
- They are also retaining longer dated TIPS positions to protect against potentially higher long-term inflation.

### Quarterly Attribution

#### Positive Impact on Performance:

- An allocation to non-Agency mortgages, which benefited from the on-going housing recovery
- An underweight to corporate bonds, which underperformed Treasuries amid technical disruptions
- Security selection within Agency mortgage-backed securities (MBS) amid significant distinction in performance, with higher coupons outperforming

#### Negative Impact on Performance:

- Holdings of inflation-linked bonds as breakeven inflation levels narrowed amid reduced inflation expectations and technical factors
- A focus on intermediate maturities, which lagged longer-dated issues
- Modest local exposure to higher quality emerging market (EM) countries, such as Brazil and Mexico, as rates rose
- Modest exposure to select EM currencies, which depreciated relative to the US Dollar

### Longer Period Attribution (annual)

#### Positive Impact on Performance:

- Select exposure to non-Agency RMBS, as these securities rallied on the back of an improved housing outlook and recovering household sector
- Exposure to Investment Grade and select HY financials, as these bonds outperformed the broader credit market
- Tactical exposure to Italian and Spanish rates, as the ECB's accommodative stance allowed for an improvement in Eurozone sentiment and perceived creditworthiness

#### Negative Impact on Performance:

- Tactical exposure to EM Local rates, especially Brazil, as rates rose in the region

# Manager Commentary

## Responsible Investment ESG Comment

ESG3

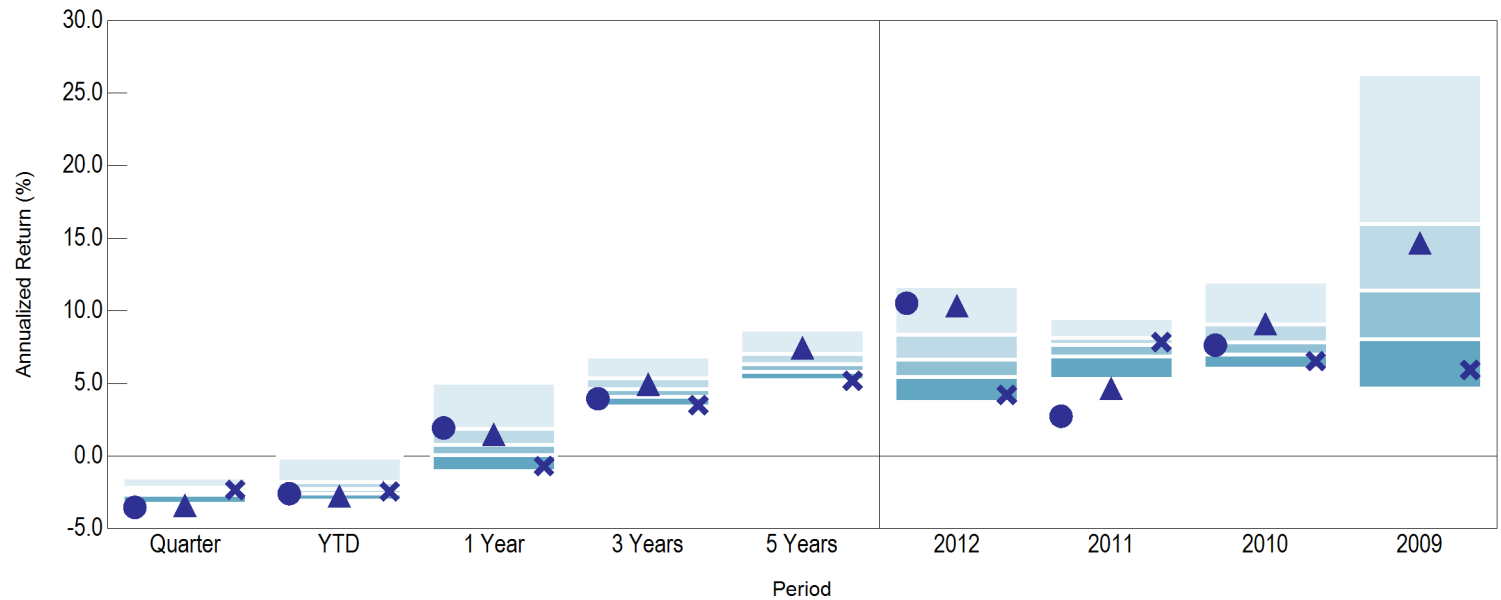
## Summary Data Points

**Mercer Rating:** A  
**Strategy AUM (\$B):** \$476.0

# NCSRP PIMCO Total Return Full Authority

## Performance

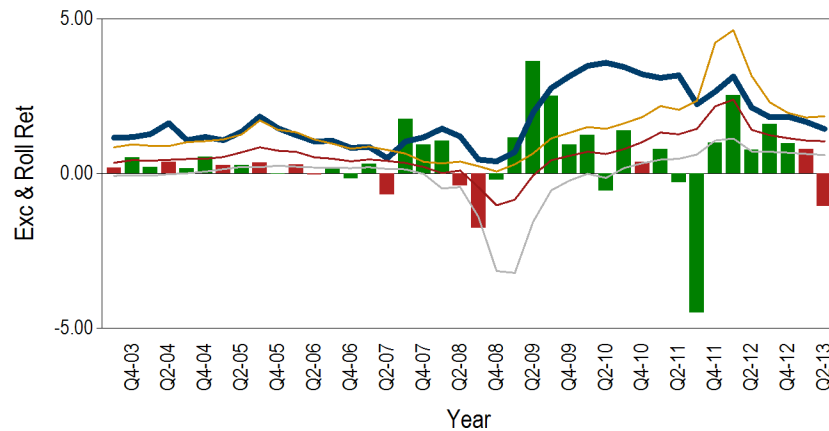
Performance vs. Mercer Instl US Fixed Core  
Ending June 30, 2013



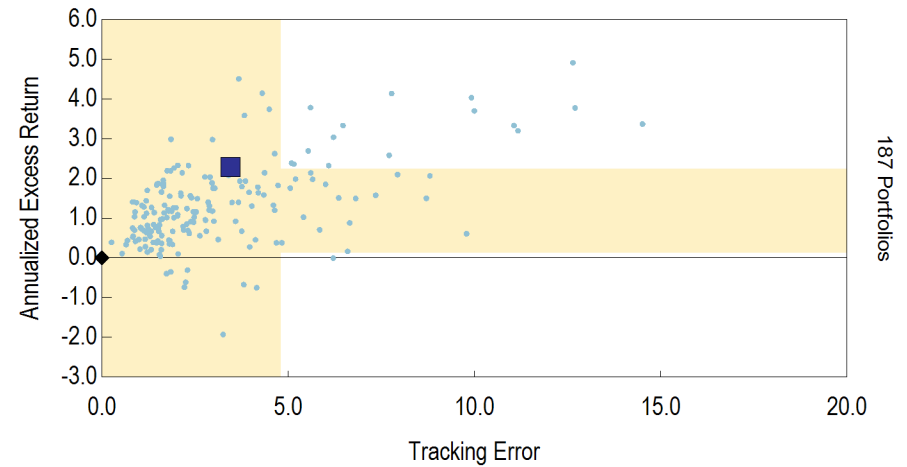
	Return (Rank)								
5th Percentile	-1.5	-0.1	5.0	6.8	8.7	11.7	9.5	12.0	26.3
25th Percentile	-2.2	-1.8	1.9	5.4	7.1	8.4	8.2	9.1	16.0
Median	-2.4	-2.2	0.8	4.6	6.4	6.7	7.7	7.8	11.4
75th Percentile	-2.7	-2.5	0.1	4.1	5.8	5.5	6.9	7.0	8.1
95th Percentile	-3.2	-3.0	-1.0	3.4	5.2	3.7	5.3	6.0	4.7
# of Portfolios	226	225	215	191	187	284	272	303	267
● NCSRP PIMCO Total Return Full Authority	-3.5 (99)	-2.6 (81)	1.9 (24)	3.9 (81)	-- (--)	10.5 (10)	2.7 (99)	7.6 (57)	-- (--)
▲ PIMCO Total Return Full Authority Strategy	-3.4 (99)	-2.8 (88)	1.5 (32)	4.9 (38)	7.5 (14)	10.4 (11)	4.7 (97)	9.1 (25)	14.7 (31)
✕ Barclays Aggregate	-2.3 (39)	-2.4 (67)	-0.7 (94)	3.5 (94)	5.2 (96)	4.2 (94)	7.8 (44)	6.5 (88)	5.9 (89)

# PIMCO Total Return Full Authority Strategy

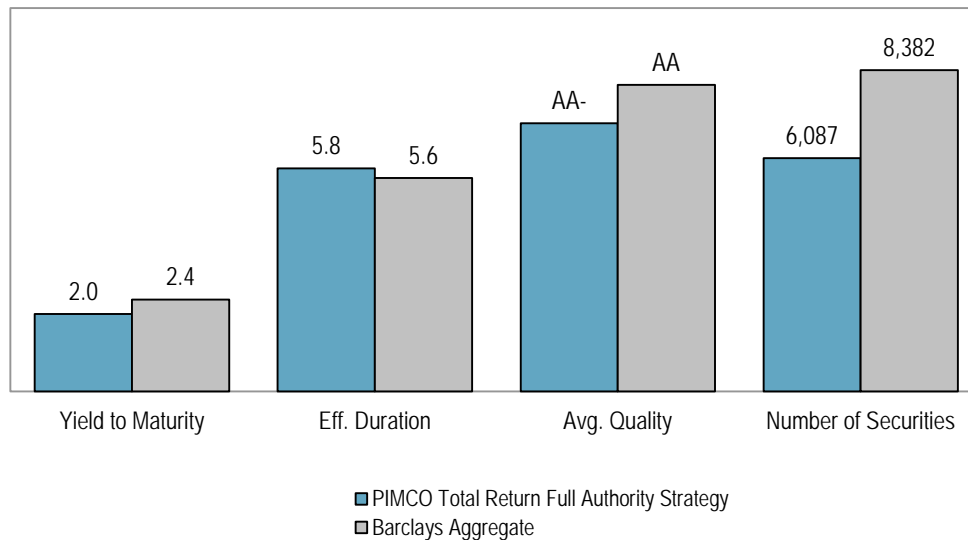
Rolling 3 Year Excess Performance  
PIMCO Total Return Full Authority Strategy vs. Barclays Capital Aggregate



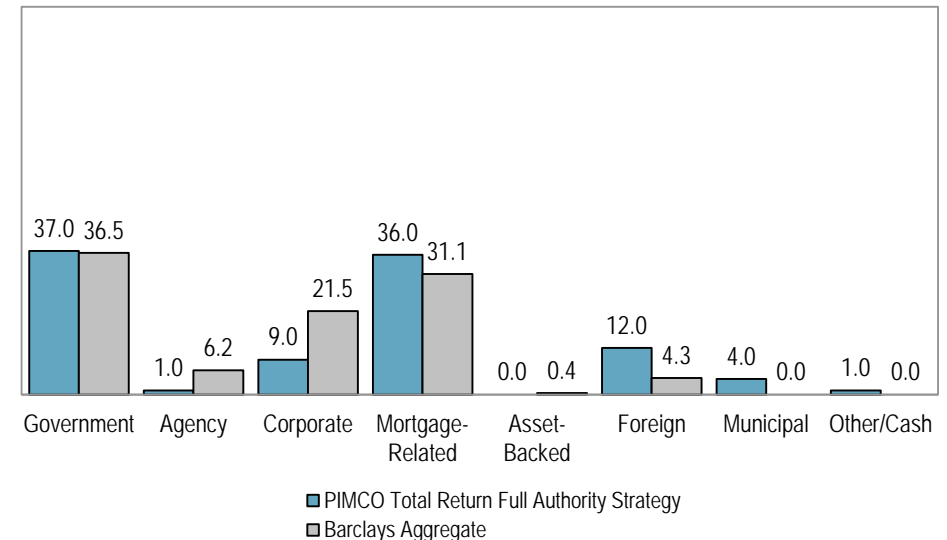
Annualized Excess Return vs. Tracking Error  
5 Years Ending June 30, 2013



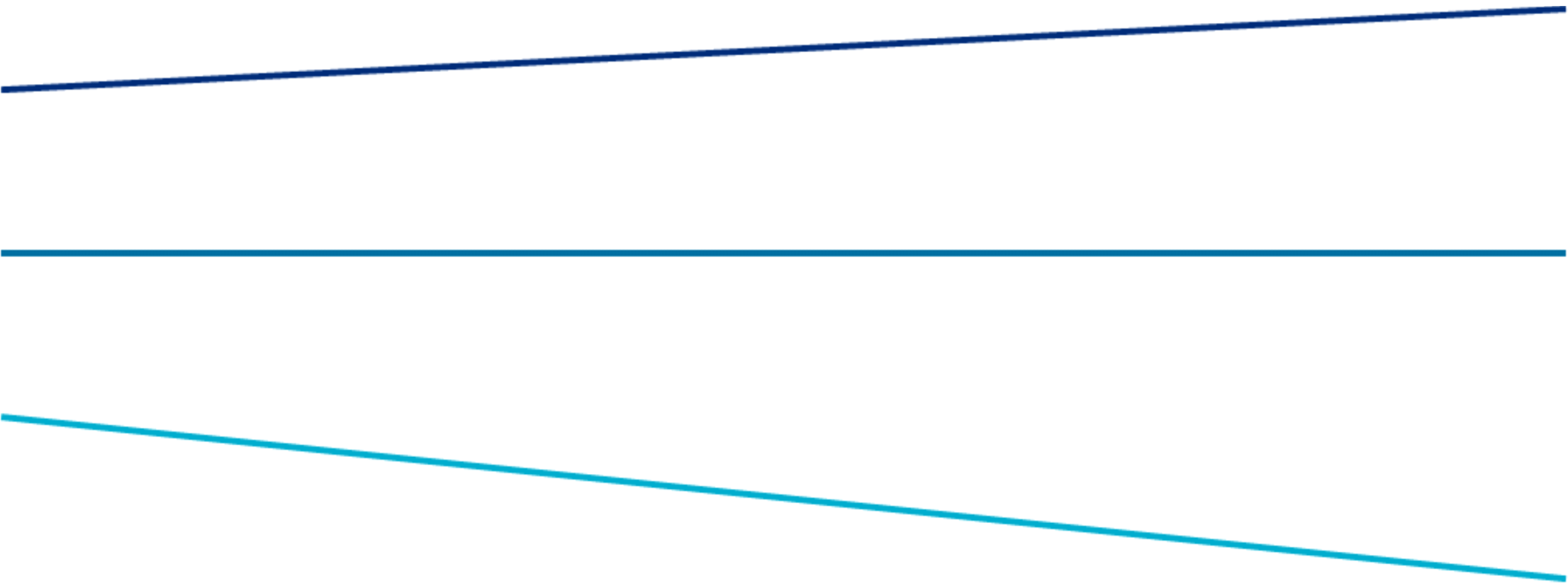
Characteristics  
as of June 30, 2013



Sectors  
as of June 30, 2013

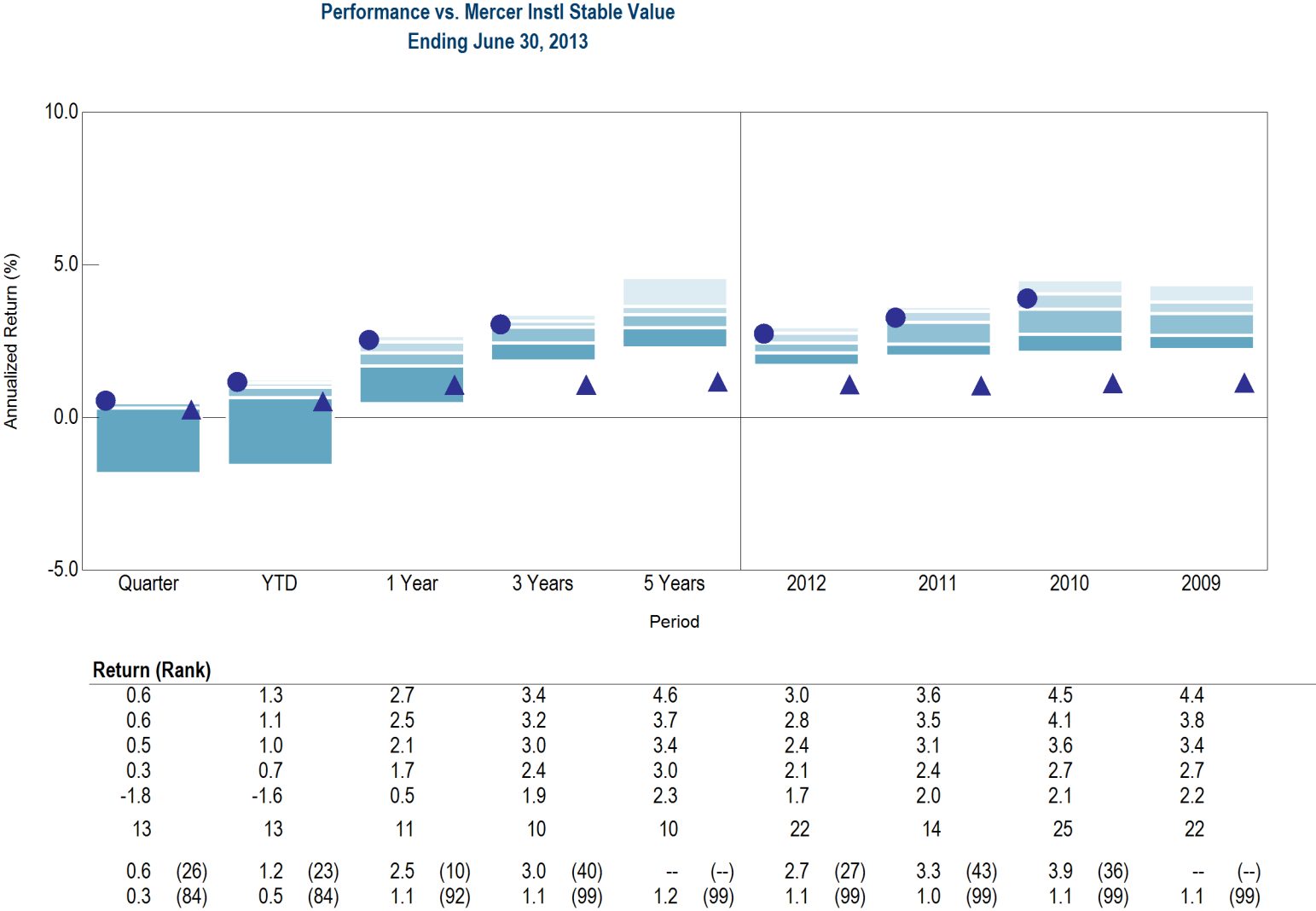


Stable Value



# Stable Value Fund

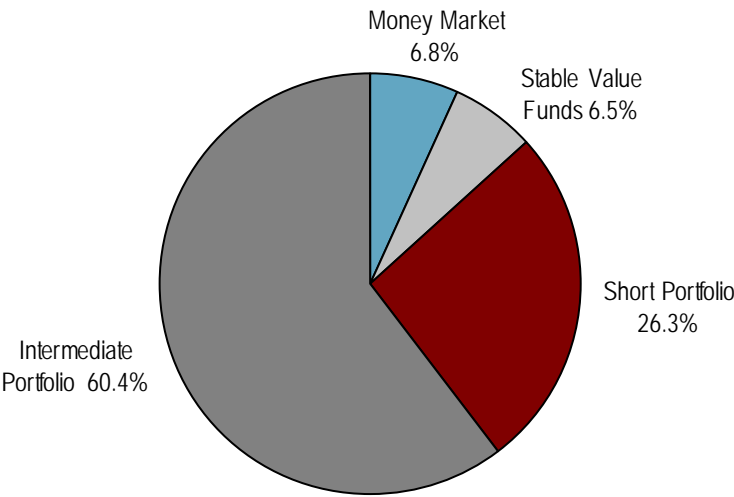
## Performance



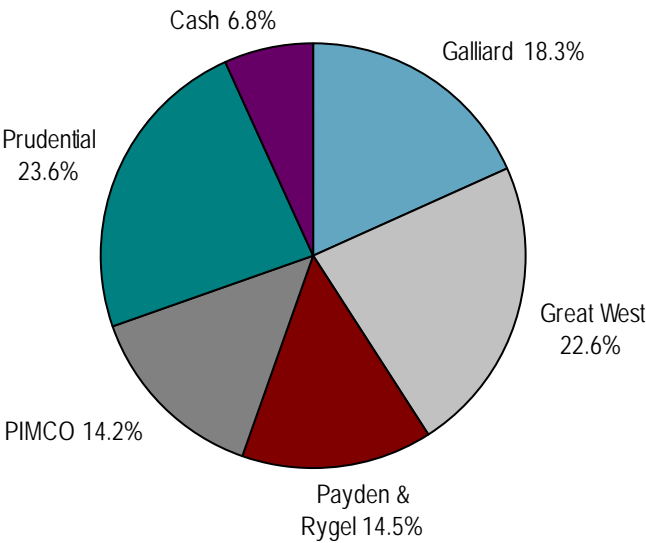
# Stable Value Fund

## Characteristics

Current Allocation by Strategy



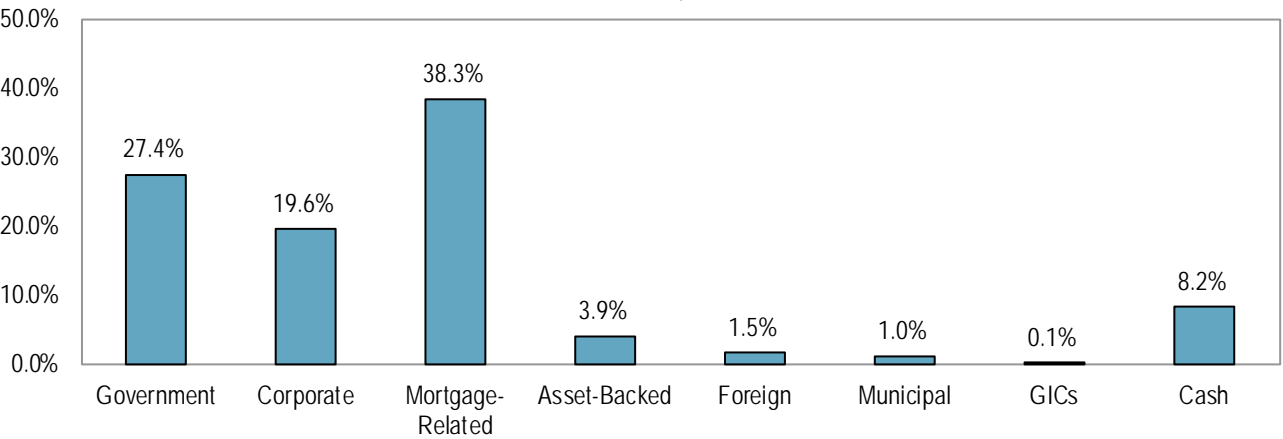
Current Allocation by Manager



Characteristics  
as of June 30, 2013

Stable Value Fund	
Market Value	\$2,265 Million
Average Quality	AA+
Blended Yield	2.2%
Effective Duration (Yrs)	3.2
MV/BV	101.81%

Sectors  
as of June 30, 2013



## Stable Value Fund

### Performance

Stable Value - 401(k)	QTR	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception
<b>Payden &amp; Rygel</b>	<b>-0.3</b>	<b>0.0</b>	<b>1.3</b>	<b>2.0</b>	--	<b>2.8</b>
Barclays 1-3 Year Government/Credit	-0.1	0.1	0.7	1.3	2.5	1.9
<b>Galliard Short High Quality Core</b>	<b>-0.9</b>	<b>-0.7</b>	<b>0.5</b>	<b>2.1</b>	--	<b>2.5</b>
Barclays 1-3 Year Government	-0.1	0.0	0.3	0.9	2.1	1.3
<b>Wells Fargo Fixed Income</b>	<b>-1.9</b>	<b>-1.7</b>	<b>-0.1</b>	--	--	<b>2.9</b>
Barclays Intermediate Aggregate	-1.8	-1.6	-0.1	3.0	4.8	2.8
<b>PIMCO Intermediate Fixed Income</b>	<b>-2.9</b>	<b>-2.7</b>	<b>-0.8</b>	--	--	<b>3.4</b>
Barclays Intermediate Aggregate	-1.8	-1.6	-0.1	3.0	4.8	4.3
<b>Great West</b>	<b>-1.8</b>	<b>-1.7</b>	<b>0.0</b>	--	--	<b>1.9</b>
Barclays Intermediate Aggregate ex-Baa	-1.7	-1.6	-0.4	2.8	4.5	1.3

Stable Value - 457	QTR	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception
<b>Payden &amp; Rygel</b>	<b>-0.3</b>	<b>0.0</b>	<b>1.2</b>	<b>2.0</b>	--	<b>2.4</b>
Barclays 1-3 Year Government/Credit	-0.1	0.1	0.7	1.3	2.5	1.8
<b>Galliard Short High Quality Core</b>	<b>-0.9</b>	<b>-0.7</b>	<b>0.5</b>	<b>2.1</b>	--	<b>2.5</b>
Barclays 1-3 Year Government	-0.1	0.0	0.3	0.9	2.1	1.3
<b>Wells Fargo Fixed Income</b>	<b>-1.9</b>	<b>-1.7</b>	<b>-0.1</b>	--	--	<b>2.9</b>
Barclays Intermediate Aggregate	-1.8	-1.6	-0.1	3.0	4.8	2.8
<b>PIMCO Intermediate Fixed Income</b>	<b>-2.9</b>	<b>-2.7</b>	<b>-0.8</b>	--	--	<b>3.4</b>
Barclays Intermediate Aggregate	-1.8	-1.6	-0.1	3.0	4.8	3.1
<b>Great West</b>	<b>-1.6</b>	<b>-1.5</b>	<b>0.1</b>	--	--	<b>1.7</b>
Barclays Intermediate Aggregate ex-Baa	-1.7	-1.6	-0.4	2.8	4.5	1.3

## Stable Value Fund

### Fees

#### 401(k) Plan Stable Value Fund

##### **Benefit Responsive Wrap Fees**

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

##### **Investment Management Fees**

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

**Galliard Oversight & Management** **0.07%**

**Fund Admin / Audit** **0.00%**

**Total Management & Wrap** **0.32%**

**Admin Fee** **0.12%**

**Total Fees** **0.44%**

#### 457 Plan Stable Value Fund

##### **Benefit Responsive Wrap Fees**

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

##### **Investment Management Fees**

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

**Galliard Oversight & Management** **0.07%**

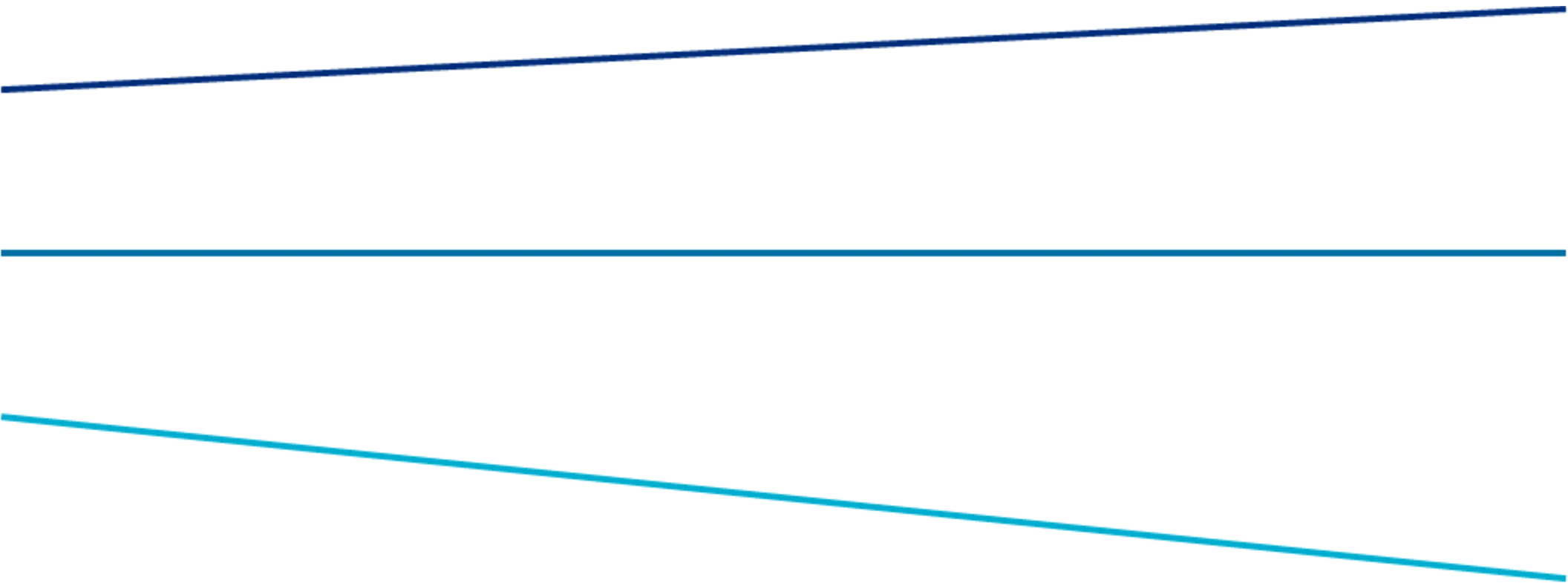
**Fund Admin / Audit** **0.00%**

**Total Management & Wrap** **0.33%**

**Admin Fee** **0.12%**

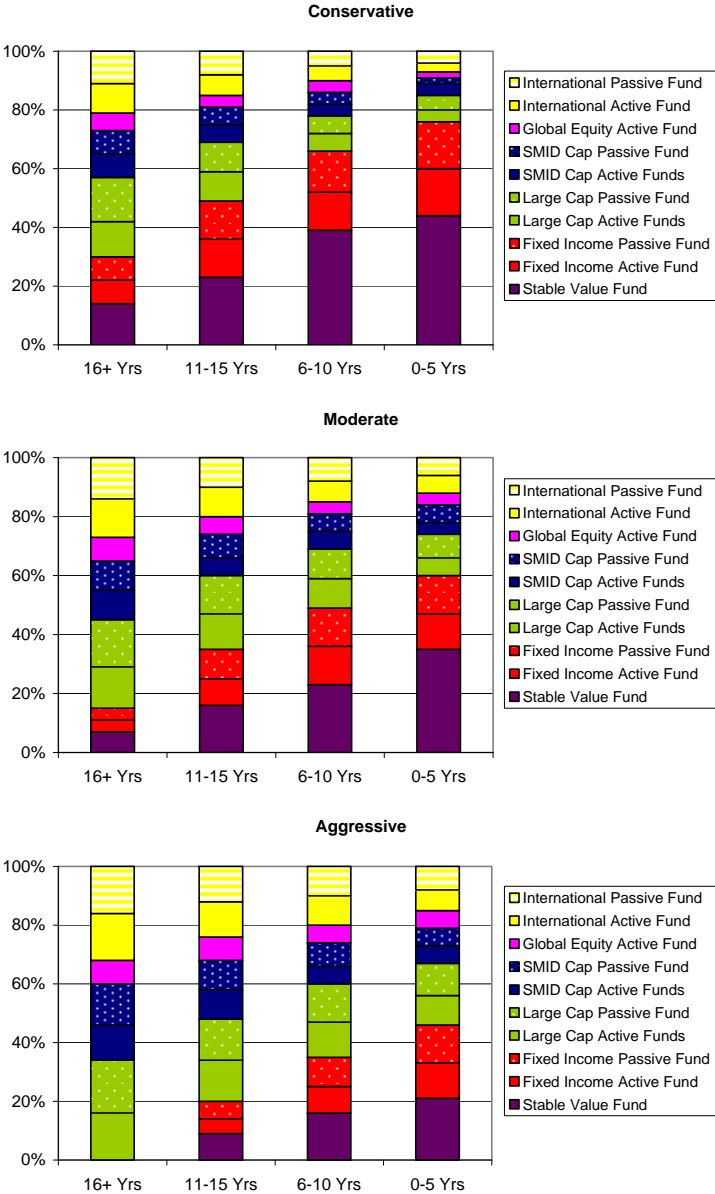
**Total Fees** **0.45%**

# GoalMaker Portfolios

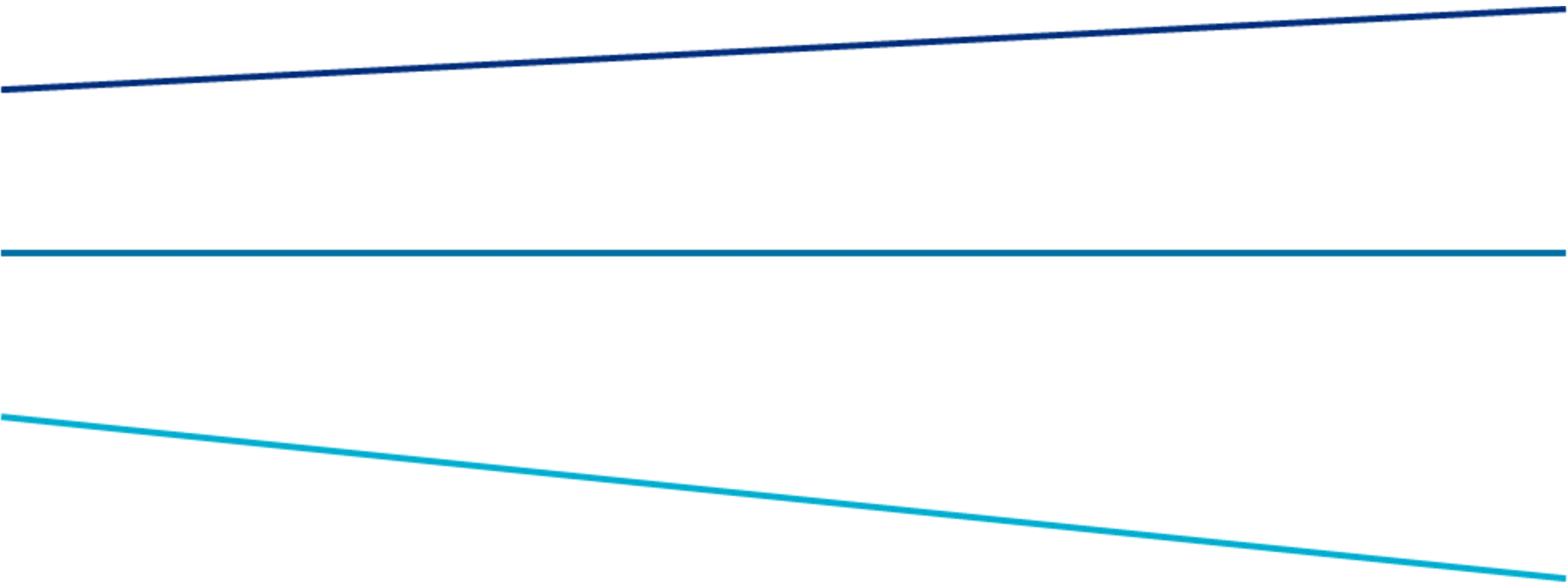


# GoalMaker Portfolios

## Asset Allocation



# Appendix



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

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

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