

North Carolina Supplemental Retirement Plans Third Quarter Performance Review

December 2014

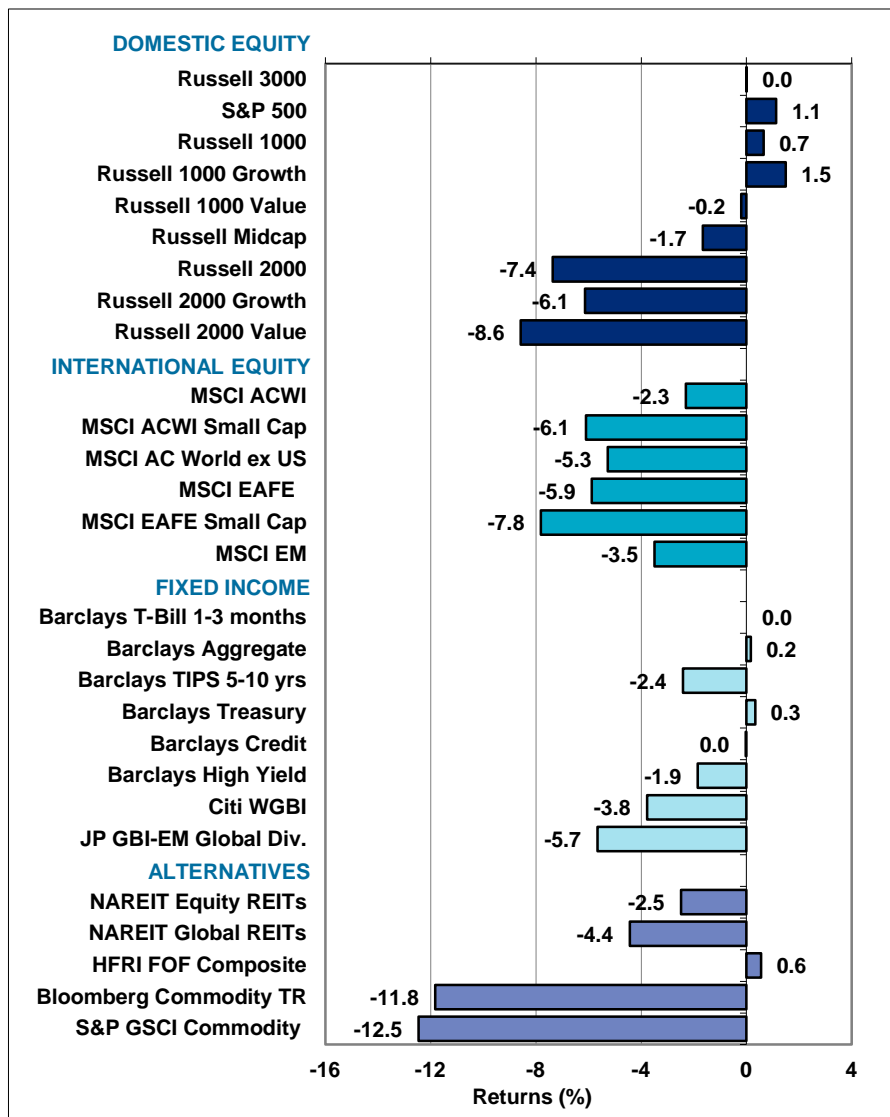
Agenda

- Capital Markets Review
- Third Quarter Performance
- Appendix

Capital Markets Review

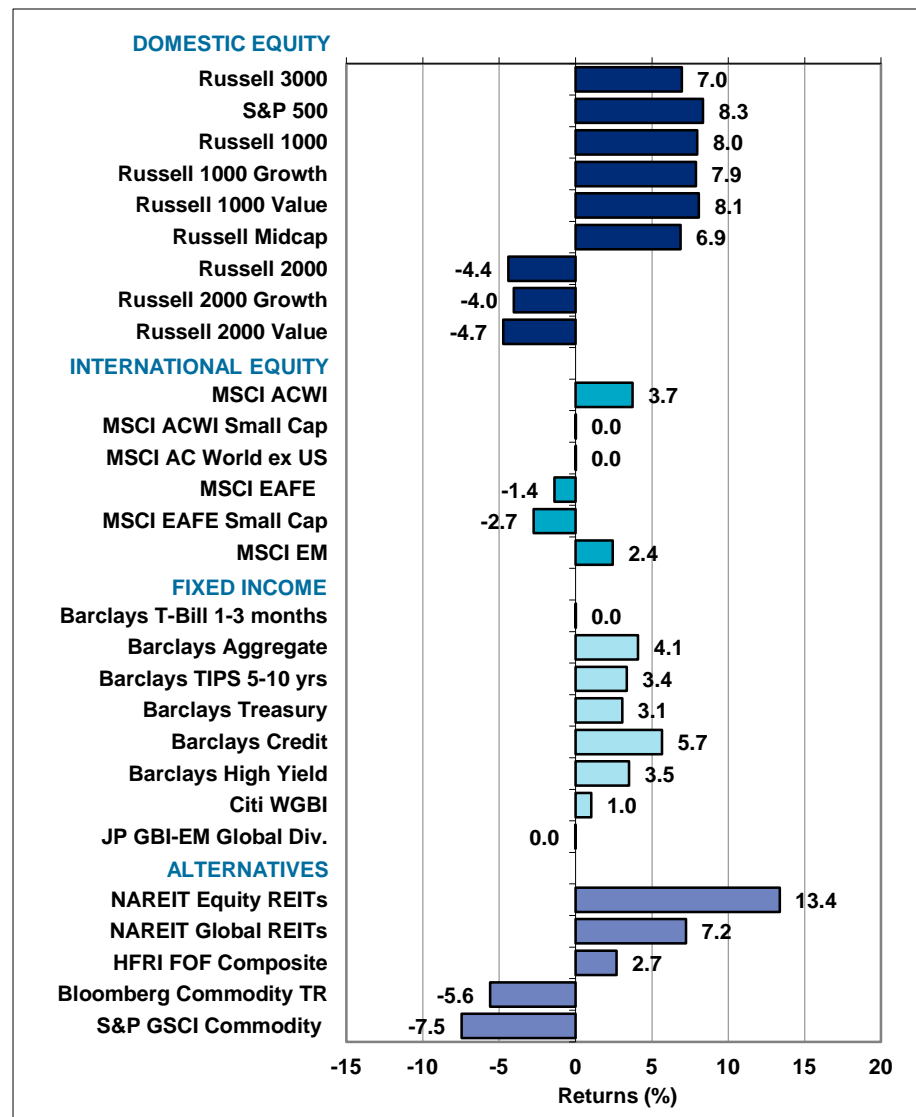
Performance Summary: Quarter in Review

Market Performance
Third Quarter 2014



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

Market Performance
YTD



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

Market Update (As of November 14, 2014)

Interest Rates			
	Current	Sep-14	Dec-13
Fed Funds Rate	0.0-0.25	0.0-0.25	0.0-0.25
3-Month T-Bill	0.01	0.02	0.04
10-Year Treasury	2.32	2.49	3.03
30-Year Treasury	3.05	3.20	3.97
10-Year TIPS	0.42	0.52	0.77
30-Year TIPS	0.98	1.08	1.63
Barclays High Yield OAS	4.29	4.24	3.82
3-Month LIBOR	0.23	0.24	0.25
Barclays Aggregate	2.26	2.36	2.49
Barclays Long Treasury	2.90	3.08	3.79
Barclays Long Corporate	4.57	4.64	5.21
Barclays Long Govt/Credit	3.97	4.10	4.75

Commodity Prices			
	Current	Sep-14	Dec-13
Gold	1185.6	1210.5	1202.3
Oil	75.82	91.16	98.42
Natural Gas	4.02	4.12	4.23

Currencies				
	Current	QTD	YTD	1 Year
Euro, in dollars	1.25	-0.9	-8.9	-7.0
U.K. Pound, in dollars	1.57	-3.4	-5.4	-2.5
Yen, per dollar	116.5	-5.7	-9.4	-14.0

Index Returns					
	Last Week	MTD	QTD	YTD	1 Year
DJ U.S. Total Stock Market	0.4	1.1	3.9	11.0	15.1
S&P 500	0.4	1.2	3.7	12.3	16.3
Dow-Jones Industrial Avg.	0.4	1.6	3.8	8.6	13.7
Russell 1000 Growth	0.8	1.2	3.9	12.1	16.4
Russell 1000 Value	0.1	1.1	3.4	11.7	15.3
Russell 2000	0.1	0.1	6.7	2.0	7.0
Russell 2000 Growth	0.3	0.0	6.2	1.9	7.0
Russell 2000 Value	-0.2	0.1	7.1	2.1	7.0
MSCI ACWI Index	0.6	0.3	1.0	4.8	7.9
MSCI ACWI ex-US Index	0.8	-0.6	-1.5	-1.5	0.9
MSCI EAFE	0.9	-0.1	-1.6	-3.0	0.0
MSCI EAFE Small Cap	0.6	-0.8	-2.8	-5.4	-1.9
MSCI Emerging Markets	0.3	-2.5	-1.3	1.1	2.3
Barclays Aggregate	0.0	0.1	1.0	5.2	4.6
Barclays Long Treasury	0.1	0.4	3.1	18.8	16.4
Barclays Long Corporate	-0.3	-0.5	1.4	12.8	14.6
Barclays Long Govt/Credit	-0.2	-0.1	2.1	15.3	15.4
Dow-Jones Wilshire REIT	-0.5	-0.6	10.0	26.2	23.2
DJ-UBS Commodity Index	-0.7	-0.7	-1.5	-7.0	-5.1
Alerian MLP Index	-0.6	0.4	-4.3	14.4	18.2
S&P Natural Resources	-1.4	-0.7	-6.1	-1.7	-1.1

Third Quarter Performance

Manager Updates

- Mercer met with **Hotchkis and Wiley** to discuss their Mid Cap Value strategy. Mercer continues to view the firm highly and believes the team has settled well into the sector team structure that was implemented in 2009. We believe the current sector structure fosters a healthy debate amongst team members and are still impressed with the cohesive, stable team. As a result of the meeting, Mercer maintained the “B+ (T)” rating on the strategy.
- Mercer recently learned that **TimeSquare’s** health care analyst, Weidong Huang, will be leaving the firm to launch a health care hedge fund at the end of 2014. We have a high regard for Huang’s research abilities and believe that his departure is a special situation, rather than an underlying issue at the firm. Mercer is not proposing any change to the “A (T)” rating.
- Mercer was informed that Don Cleven, lead portfolio manager of the Lee Munder Capital Group’s Mid Cap Value Strategy, would be joining **WEDGE** to replace Gary Cotler, after he left the firm earlier this year. We have had a positive opinion on Cleven from his time at Lee Munder, but this hire brings up some additional questions. Cleven covered healthcare, industrials and utilities at Lee Munder, while Cotler primarily covered capital goods and technology. We will reassess the “B+” rating once we have an opportunity to speak with WEDGE in depth.
- On September 26, 2014 Bill Gross, co-founder and CIO of **PIMCO**, resigned to join Janus Capital Management (Janus). Upon the news of Gross’s departure, that afternoon PIMCO announced Dan Ivascyn as the successor, holding the newly created title of Group CIO. Ivascyn was elevated from the pool of Deputy CIOs that PIMCO appointed following Mohammed El-Erian’s resignation earlier this year. In addition to responsibilities as Group CIO, Ivascyn continues to oversee the firm’s mortgage credit, alternatives and income strategies. According to PIMCO the departure is attributed to friction with senior management and differing viewpoints on the best direction to lead the firm going forward into the future.
- Scott Mather, Mark Kiesel and Mihir Worah, all carrying the title of CIO, were appointed as portfolio managers for the **Total Return Fund**. All three will act as Co-Portfolio Managers on the Fund, however, Mather will ultimately be in charge of making the day to day decisions. There are some concerns of significant and volatile withdrawals in the near to mid-term, as Gross was the first CIO and Chair of the Investment Committee since the firm’s founding. Gross was the lead portfolio manager, which could mean changes to the risk/reward profile of the Fund, and the potential for other changes at PIMCO including more personnel turnover. Mercer took the action of downgrading the Fund from an “A” rating, to a “B” rating, given the organizational changes. *We recommend replacing the PIMCO Total Return Fund as a result of the downgrade.*

Manager Updates (Continued)

- Mercer has maintained the B+ (W) rating of the **PIMCO Inflation Response Multi Asset Strategy** (IRMAF), given the minimal impact of Bill Gross on this product. Mihir Worah, the portfolio manager of the IRMAF strategy, was also appointed as a co-portfolio manager of the Total Return Fund. We believe that Worah's new responsibilities will no doubt pull him away from IRMAF to some extent, leaving more responsibility in the hands of his team. We do believe that the team is capable but time will be needed to consider how they collectively adapt to the new situation. Mercer has provided a Diversified Inflation search report under separate cover to review alternative candidates for the North Carolina Inflation Responsive Fund. *We recommend adding the PIMCO IRMAF strategy to the Watch List.*
- Mercer was recently informed that Marc Seidner, formerly the head of GMO's Fixed Income team, will be re-joining **PIMCO** on November 12, 2014 as a Managing Director and CIO of Non-Traditional Assets. Seidner initially joined PIMCO in 2009, where he was head of fixed income, reporting to Mohammed El-Erian. After El-Erian resigned in early 2014, Seidner was asked to become a deputy CIO, requiring a five year commitment from PIMCO. Shortly after, Seidner resigned and joined GMO. Mercer is not suggesting any rating changes upon the news Seidner is re-joining PIMCO. While the firm is addressing turnover in constructive ways, we note that other concerns remain with the firm.
- **PIMCO** has disclosed that as of the end of October, the PIMCO Total Return Fund has \$170.9 billion in assets under management. While outflows decreased throughout the month, this means there have been more than \$50 billion (\$27.5 billion in October) in outflows from the Fund since Bill Gross' departure. Mercer continues to be concerned with the level of redemptions in the Total Return Fund, which were significant in October. Institutional clients may take longer to make retention/redemption decisions. Uncertainty surrounding redemptions may have a negative impact on portfolio construction, as the team needs to maintain a more liquid profile in order to meet these redemptions. Additionally, Mercer will not propose a rating change to the PIMCO Core Total Return strategies. We feel that the risk/reward profile of the strategies has changed and commingled vehicles will have a greater need for liquidity in the near to mid-term.

Performance Scorecard

	Mercer Rating	Return								Risk
		3 Years to 09/30/2014		3 Years to 06/30/2014		3 Years to 03/31/2014		3 Years to 12/31/2013		5 Years to 09/30/2014
		I	U	I	U	I	U	I	U	I
Large Cap Passive Fund (tracked within 20bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Equity Index Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
Large Cap Value Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
Hotchkis & Wiley Large Cap Value	A (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wellington Quality Value	N	✗	✗	✗	✗	✗	✗	✗	✗	✓
Robeco BP Large Cap Value	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Large Cap Growth Fund		✓	✓	✗	✓	✓	✓	✓	✓	NA
Sands Capital Large Cap Growth	A (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wellington Opportunistic Growth	A	✓	✓	✗	✗	✗	✗	✗	✗	✓
Loomis Large Cap Growth	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

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

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		3 Years to 09/30/2014		3 Years to 06/30/2014		3 Years to 03/31/2014		3 Years to 12/31/2013		5 Years to 09/30/2014	
		I	U	I	U	I	U	I	U	I	
Mid/Small Cap Passive Fund (tracked within 30 bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA	
BlackRock Russell 2500 Index Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA	
Mid/Small Cap Value Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA	
Hotchkis & Wiley SMID Cap Value	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓	
EARNEST Partners SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✗	✓	
WEDGE SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Mid/Small Cap Growth Fund		✗	✓	✓	✓	✓	✓	✗	✓	NA	
TimesSquare SMID Cap Growth	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Brown Advisory	R	✗	✗	✗	✗	✓	✗	✓	✗	✓	

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		I	U	I	U	I	U	I	U	I
International Passive Fund (tracked within 50 bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock ACWI ex US Fund	PP	✓	NA	✓	NA	✓	NA	✓	NA	NA
International Equity Fund		✗	✗	✓	✓	✓	✗	✓	✗	NA
Baillie Gifford ACWI ex US Growth	A	✓	✗	✓	✗	✓	✗	✓	✗	✓
Mondrian ACWI ex US Value	B+	✗	✗	✓	✗	✓	✗	✓	✗	✓
Global Equity Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
Wellington Global Opportunities	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
Arrowstreet Global Equity ACWI	A	✓	✓	✓	✓	✓	✓	✓	✓	✓

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

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Watch List

Manager	Date Placed on Watch	Mercer Rating	Recommendation	Comments
Wellington Quality Value	3Q13	N	Search for alternative candidates	Wellington has underperformed the Russell 1000 Value and the peer group median over the eight most recent three-year rolling periods. The strategy continues to focus on high quality securities, which have held the portfolio back in the rising equity market. The Wellington Quality Value strategy slightly outperformed the Russell 1000 Value Index over the third quarter. We would have expected the strategy to outperform by a wider margin, as quality characteristics were in favor by the market. Longer-term, the strategy has struggled to keep pace during growth markets and has only outperformed in 3 of the 5 down markets since inception in the North Carolina Large Cap Value Fund. Mercer created a comprehensive review of the strategy under separate cover.
PIMCO Inflation-Responsive Multi Asset	Proposed 3Q14	B+ (W)	Maintain Watch Status	After the recent organizational changes at PIMCO and the appointment of portfolio manager Mihir Worah as co-portfolio manager of the Total Return Fund, we believe the Inflation-Responsive Multi Asset Fund should be placed on watch. Worah will have more increased responsibilities, which will likely increase the responsibilities of his team members. We feel that the team is very capable but Mercer will monitor how they adapt to the situation. The Fund has outperformed the custom index over all time periods evaluated.
PIMCO Total Return Full Authority	Proposed 3Q14	B	Replace	We propose that the PIMCO Total Return Fund be replaced after the recent departure of co-founder and CIO Bill Gross. Gross was the lead portfolio manager of the fund, and his departure brings about uncertainty regarding the style and philosophy of the strategy. After the recent rating downgrade to a "B", we feel that there are other alternative candidates with better prospects of outperformance.

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Fee Review

Funds and Sub-Advisors	Assets	Inv. Mgmt. Fee	Other Inv. Exp. ¹	R/K Fee	NC Budget ²	Total Estimated Expense (%)	Total Estimated Expense (\$) ³	Mercer Median Expense	Difference
North Carolina Stable Value Fund	\$2,290,389,282	0.339%	0.000%	0.079%	0.025%	0.443%	\$10,146,425	0.46%	-0.02%
Galliard	\$2,290,389,282	0.339%	0.000%				\$7,764,420	0.46%	-0.12%
North Carolina Fixed Income Passive	\$335,465,838	0.020%	0.055%	0.079%	0.025%	0.179%	\$600,484	0.20%	-0.02%
BlackRock	\$335,465,838	0.020%	0.055%				\$67,093	0.02%	0.00%
North Carolina Fixed Income Fund	\$564,484,631	0.219%	0.077%	0.079%	0.025%	0.400%	\$2,257,468	0.52%	-0.12%
50% JP Morgan	\$281,886,565	0.187%	0.073%				\$527,396	0.23%	-0.04%
50% PIMCO	\$282,598,066	0.250%	0.082%				\$706,495	0.25%	0.00%
North Carolina Inflation Sensitive Fund	\$320,045,706	0.800%	0.061%	0.079%	0.025%	0.965%	\$3,086,928	0.86%	0.10%
PIMCO	\$320,045,706	0.800%	0.061%				\$2,560,366	0.86%	-0.06%
North Carolina Large Cap Passive Fund	\$1,238,906,859	0.007%	0.055%	0.079%	0.025%	0.166%	\$2,056,585	0.20%	-0.03%
BlackRock	\$1,238,906,859	0.007%	0.055%				\$86,723	0.01%	0.00%
North Carolina Large Cap Value Fund	\$898,442,516	0.377%	0.072%	0.079%	0.025%	0.554%	\$4,973,372	0.77%	-0.22%
33.3% Hotchkis & Wiley	\$306,101,550	0.500%	0.072%				\$1,530,508	0.43%	0.07%
33.3% Wellington Management Company	\$296,148,888	0.290%	0.073%				\$858,832	0.44%	-0.15%
33.3% Robeco BP	\$296,192,078	0.342%	0.072%				\$1,013,576	0.44%	-0.09%
North Carolina Large Cap Growth Fund	\$849,821,337	0.422%	0.072%	0.079%	0.025%	0.598%	\$5,083,373	0.81%	-0.21%
33.3% Sands Capital Management	\$299,621,568	0.510%	0.072%				\$1,528,671	0.47%	0.04%
33.3% Wellington Management Company	\$274,424,256	0.350%	0.072%				\$960,485	0.47%	-0.12%
33.3% Loomis Sayles	\$275,775,513	0.405%	0.072%				\$1,117,327	0.47%	-0.07%
North Carolina SMID Cap Passive Fund	\$206,158,515	0.007%	0.055%	0.079%	0.025%	0.166%	\$342,223	0.30%	-0.13%
BlackRock	\$206,158,515	0.007%	0.055%				\$14,431	0.02%	-0.01%
North Carolina SMID Value Fund	\$430,187,660	0.621%	0.072%	0.079%	0.025%	0.797%	\$3,430,236	1.00%	-0.20%
33.3% Hotchkis & Wiley	\$145,816,504	0.582%	0.072%				\$849,083	0.62%	-0.03%
33.3% EARNST Partners	\$142,855,777	0.522%	0.072%				\$745,542	0.81%	-0.29%
33.3% WEDGE Capital Management	\$141,515,379	0.759%	0.072%				\$1,074,092	0.76%	0.00%
North Carolina SMID Growth Fund	\$304,443,088	0.705%	0.072%	0.079%	0.025%	0.881%	\$2,682,869	1.00%	-0.12%
50% TimesSquare Capital Management	\$157,147,976	0.845%	0.072%				\$1,328,610	0.77%	0.08%
50% Brown Advisory	\$147,295,112	0.564%	0.072%				\$831,417	0.80%	-0.24%
North Carolina International Passive Fund	\$42,299,660	0.025%	0.055%	0.079%	0.025%	0.184%	\$77,704	0.38%	-0.19%
BlackRock	\$42,299,660	0.025%	0.055%				\$10,448	0.06%	-0.04%
North Carolina International Equity Fund	\$524,915,513	0.452%	0.131%	0.079%	0.025%	0.687%	\$3,606,464	1.00%	-0.31%
50% Baillie Gifford	\$254,842,152	0.449%	0.130%				\$1,144,369	0.56%	-0.11%
50% Mondrian Investment Partners	\$270,073,361	0.456%	0.131%				\$1,230,293	0.56%	-0.10%
North Carolina Global Equity Fund	\$703,115,730	0.550%	0.095%	0.079%	0.025%	0.748%	\$5,260,729	1.03%	-0.28%
50% Wellington Management Company	\$348,739,616	0.500%	0.095%				\$1,743,698	0.55%	-0.05%
50% Arrowstreet	\$354,376,114	0.599%	0.094%				\$2,124,069	0.54%	0.06%
Total	\$8,708,676,336	0.342%	0.055%	0.079%	0.025%	0.501%	\$43,604,860	0.618%	

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

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

³Manager fee estimates reflect investment management fee only.

Fee Review

North Carolina 401K Stable Value Total Annual Fund Operating Expenses	Expense Ratio	Per \$1000
Investment Management fee paid to Galliard	0.073%	\$0.73
Investment Management fees paid to Non-Affiliated Investment Advisors	0.057%	\$0.57
Investment Contract Fees*	0.170%	\$1.70
Acquired Fund Fees**	0.047%	\$0.47
Investment Contract Fees	0.012%	\$0.12
Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors***	0.034%	\$0.34
12b-1 Distribution Fee	None	None
Other Expenses	0.104%	\$1.04
Total Annual Fund Operating Expenses****	0.451%	\$4.51

North Carolina 457 Stable Value Total Annual Fund Operating Expenses	Expense Ratio	Per \$1000
Investment Management fee paid to Galliard	0.073%	\$0.73
Investment Management fees paid to Non-Affiliated Investment Advisors	0.059%	\$0.59
Investment Contract Fees*	0.173%	\$1.73
Acquired Fund Fees**	0.044%	\$0.44
Investment Contract Fees	0.012%	\$0.12
Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors***	0.031%	\$0.31
12b-1 Distribution Fee	None	None
Other Expenses	0.104%	\$1.04
Total Annual Fund Operating Expenses****	0.453%	\$4.53

Fund Review

Fund Performance as of September 30, 2014

Name	Market												Inception	
	Value (\$m)	(%)	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Large Cap Passive S&P 500	\$1,238.9	14.2%	1.1%	--	8.2%	--	19.5%	--	22.8%	--	15.6%	--	20.3%	Mar-09
			1.1%	--	8.3%	--	19.7%	--	23.0%	--	15.7%	--	20.4%	Mar-09
Large Cap Value Russell 1000 Value	\$898.4	10.3%	-0.2%	59	7.2%	46	17.7%	51	24.4%	27	14.7%	38	19.1%	Mar-09
			-0.2%	60	8.1%	16	18.9%	25	23.9%	34	15.3%	23	20.6%	Mar-09
Large Cap Growth Russell 1000 Growth	\$849.8	9.8%	1.2%	59	4.1%	77	14.1%	83	22.4%	33	17.3%	9	23.1%	Mar-09
			1.5%	49	7.9%	18	19.1%	22	22.4%	31	16.5%	17	20.9%	Mar-09
Mid/Small Cap Passive Russell 2500	\$206.2	2.4%	-5.4%	--	0.2%	--	8.8%	--	22.8%	--	15.9%	--	22.2%	Mar-09
			-5.3%	--	0.3%	--	9.0%	--	22.8%	--	16.0%	--	22.3%	Mar-09
Mid/Small Cap Value Russell 2500 Value	\$430.2	4.9%	-4.1%	26	4.8%	17	13.7%	17	27.9%	4	18.6%	2	26.0%	Mar-09
			-6.4%	56	1.0%	34	9.9%	37	22.8%	38	15.2%	33	21.8%	Mar-09
Mid/Small Cap Growth Russell 2500 Growth	\$304.4	3.5%	-4.3%	51	-5.4%	74	3.5%	63	22.2%	26	15.5%	40	20.7%	Mar-09
			-4.2%	51	-0.4%	39	8.0%	37	22.7%	22	16.8%	20	22.9%	Mar-09
International Passive MSCI ACWI ex USA Gross	\$42.3	0.5%	-5.3%	--	0.0%	--	4.7%	--	12.2%	--	6.0%	--	13.8%	Mar-09
			-5.2%	--	0.4%	--	5.2%	--	12.3%	--	6.5%	--	14.4%	Mar-09
International Equity MSCI ACWI ex USA Gross	\$524.9	6.0%	-6.1%	58	-0.4%	29	4.6%	47	12.2%	75	6.9%	54	14.0%	Mar-09
			-5.2%	33	0.4%	20	5.2%	36	12.3%	73	6.5%	61	14.4%	Mar-09
Global Equity MSCI ACWI Gross	\$703.1	8.1%	-2.1%	36	2.7%	39	11.9%	25	20.0%	17	12.1%	26	17.2%	Mar-09
			-2.2%	36	4.2%	21	11.9%	25	17.2%	49	10.6%	55	17.2%	Mar-09
Inflation Sensitive Fund PIMCO Inflation Response Index	\$320.0	3.7%	-4.9%	83	2.9%	20	0.5%	99	--	--	--	--	0.5%	Sep-13
			-5.0%	85	1.8%	48	-0.4%	99	0.4%	99	4.1%	59	-0.4%	Sep-13
Fixed Income Passive Fund Barclays Aggregate	\$335.5	3.9%	0.2%	--	4.1%	--	3.8%	--	2.3%	--	--	--	3.0%	Sep-10
			0.2%	--	4.1%	--	4.0%	--	2.4%	--	4.1%	--	3.1%	Sep-10
Fixed Income Fund Barclays Aggregate	\$564.5	6.5%	-0.1%	53	3.4%	53	3.4%	58	3.7%	42	4.6%	51	5.7%	Mar-09
			0.2%	21	4.1%	43	4.0%	52	2.4%	72	4.1%	63	4.8%	Mar-09
Stable Value Fund T-BILLS + 1%	\$2,290.4	26.3%	0.5%	41	1.3%	45	1.8%	42	2.3%	26	2.9%	49	2.9%	Jun-09
			0.3%	79	0.8%	91	1.0%	90	1.0%	99	1.1%	99	1.1%	Jun-09

Fund Review

GoalMaker Performance as of September 30, 2014

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Conservative 0-5 Yrs	-0.4%	7	4.6%	94	6.7%	91	6.3%	93
Conservative 0-5 Yrs Benchmark	-0.5%	8	4.6%	94	5.8%	94	5.0%	99
Conservative 6-10 Yrs	-0.7%	11	5.5%	94	8.3%	88	7.4%	90
Conservative 6-10 Yrs Benchmark	-0.8%	11	5.5%	94	7.5%	94	6.0%	98
Conservative 11-15 Yrs	-1.2%	20	7.1%	93	11.3%	89	8.9%	90
Conservative 11-15 Yrs Benchmark	-1.2%	20	7.5%	89	10.6%	98	8.0%	99
Conservative 16+ Yrs	-1.8%	63	8.7%	78	14.5%	57	10.5%	49
Conservative +16 Yrs Benchmark	-1.8%	57	9.2%	71	13.9%	66	9.8%	69

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Moderate 0-5 Yrs	-1.0%	19	6.0%	81	9.3%	72	7.8%	69
Moderate 0-5 Yrs Benchmark	-1.0%	19	6.1%	81	8.5%	79	6.6%	91
Moderate 6-10 Yrs	-1.2%	32	7.1%	74	11.3%	60	8.7%	57
Moderate 6-10 Yrs Benchmark	-1.2%	27	7.5%	69	10.6%	66	8.0%	74
Moderate 11-15 Yrs	-1.7%	64	8.3%	79	13.6%	40	10.1%	41
Moderate 11-15 Yrs Benchmark	-1.6%	62	8.7%	65	13.0%	67	9.3%	80
Moderate 16+ Yrs	-2.4%	83	9.7%	63	17.0%	5	11.6%	8
Moderate +16 Yrs Benchmark	-2.3%	78	10.3%	36	16.4%	12	11.1%	27

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Aggressive 0-5 Yrs	-1.3%	56	7.5%	53	11.9%	19	9.2%	14
Aggressive 0-5 Yrs Benchmark	-1.3%	55	7.8%	39	11.2%	29	8.3%	48
Aggressive 6-10 Yrs	-1.7%	79	8.3%	54	13.6%	15	10.2%	8
Aggressive 6-10 Yrs Benchmark	-1.6%	75	8.7%	30	13.0%	26	9.3%	40
Aggressive 11-15 Yrs	-2.2%	85	9.3%	52	16.3%	4	11.2%	6
Aggressive 11-15 Yrs Benchmark	-2.2%	84	9.9%	23	15.7%	7	10.7%	12
Aggressive 16+ Yrs	-3.0%	98	10.7%	28	19.5%	1	12.7%	1
Aggressive +16 Yrs Benchmark	-2.9%	97	11.5%	13	19.1%	1	12.5%	1

- The GoalMaker Portfolios had competitive performance versus their benchmarks over the time periods evaluated ended September 30, 2014.

Fund Review

Manager Performance as of September 30, 2014

Name	Market Value												Inception	
	(\$m)	(%)	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
NCSRP BlackRock Equity Index	\$1,238.9	14.2%	1.1%	--	8.3%	--	19.7%	--	23.0%	--	15.7%	--	20.5%	Mar-09
S&P 500			1.1%	--	8.3%	--	19.7%	--	23.0%	--	15.7%	--	20.4%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	\$306.1	3.5%	-0.4%	63	9.1%	20	19.7%	34	27.5%	7	17.2%	8	24.7%	Mar-09
Russell 1000 Value			-0.2%	57	8.1%	41	18.9%	43	23.9%	49	15.3%	51	20.6%	Mar-09
NCSRP Wellington Value Composite	\$296.1	3.4%	-0.1%	50	7.7%	47	17.9%	56	21.5%	80	12.9%	96	13.8%	Mar-09
NCSRP Wellington Quality Value			-0.1%	50	7.7%	47	17.9%	56	21.5%	80	--	--	--	Jul-10
Wellington Quality Value Strategy			0.0%	48	7.7%	47	17.9%	56	21.5%	81	14.4%	78	19.1%	Mar-09
Russell 1000 Value			-0.2%	57	8.1%	41	18.9%	43	23.9%	49	15.3%	51	20.6%	Mar-09
NCSRP Robeco BP Large Cap Value	\$296.2	3.4%	0.4%	33	6.0%	76	17.5%	61	--	--	--	--	23.0%	Nov-11
Robeco BP Large Cap Value Strategy			0.4%	33	5.9%	76	17.4%	65	26.1%	20	16.2%	30	22.8%	Nov-11
Russell 1000 Value			-0.2%	57	8.1%	41	18.9%	43	23.9%	49	15.3%	51	21.0%	Nov-11
NCSRP Sands Capital Large Cap Growth	\$299.6	3.4%	3.4%	6	5.5%	67	16.1%	77	27.0%	2	22.3%	1	29.0%	Mar-09
Russell 1000 Growth			1.5%	43	7.9%	35	19.1%	40	22.4%	51	16.5%	37	20.9%	Mar-09
NCSRP Wellington Opportunistic Growth	\$274.4	3.2%	-1.2%	96	3.3%	93	13.4%	95	22.7%	50	15.6%	54	20.4%	Mar-09
Russell 1000 Growth			1.5%	43	7.9%	35	19.1%	40	22.4%	51	16.5%	37	20.9%	Mar-09
Russell 3000 Growth			0.9%	63	6.9%	46	17.9%	54	22.4%	52	16.4%	39	21.0%	Mar-09
NCSRP Loomis Large Cap Growth	\$275.8	3.2%	--	--	--	--	--	--	--	--	--	--	3.3%	Aug-14
Loomis Large Cap Growth Strategy			1.2%	54	5.9%	63	18.0%	52	23.1%	41	17.4%	19	3.3%	Aug-14
Russell 1000 Growth			1.5%	43	7.9%	35	19.1%	40	22.4%	51	16.5%	37	3.1%	Aug-14
NCSRP BlackRock Russell 2500 Index Fund	\$206.2	2.4%	-5.3%	--	0.3%	--	9.0%	--	22.9%	--	16.1%	--	22.5%	Mar-09
Russell 2500			-5.3%	--	0.3%	--	9.0%	--	22.8%	--	16.0%	--	22.3%	Mar-09
NCSRP Hotchkis & Wiley	\$145.8	1.7%	-3.6%	16	7.9%	1	15.3%	7	35.3%	1	21.3%	2	30.6%	Mar-09
Hotchkis Custom SMID Value Index			-6.4%	81	1.0%	54	9.9%	54	22.8%	45	15.4%	53	22.5%	Mar-09
NCSRP EARNEST Partners	\$142.9	1.6%	-4.6%	38	4.3%	16	14.2%	10	24.4%	30	16.1%	42	21.7%	Mar-09
EARNEST Custom SMID Value Index			-6.4%	81	1.0%	54	9.9%	54	22.8%	45	14.4%	74	20.8%	Mar-09
NCSRP WEDGE SMID Cap Value	\$141.5	1.6%	-3.5%	15	3.8%	17	14.1%	11	--	--	--	--	21.4%	Dec-11
WEDGE SMID Cap Value Strategy			-3.5%	15	3.8%	17	14.1%	11	25.3%	14	17.2%	17	21.5%	Dec-11
Russell 2500 Value			-6.4%	81	1.0%	54	9.9%	54	22.8%	45	15.2%	56	18.8%	Dec-11
NCSRP TimesSquare Composite	\$157.1	1.8%	-3.3%	46	-2.2%	61	8.6%	37	26.3%	9	17.5%	34	22.3%	Mar-09
NCSRP TimesSquare SMID Growth			-3.3%	46	-2.2%	61	8.6%	37	26.3%	9	--	--	--	Jul-11
TimesSquare Growth Strategy			-3.3%	43	-2.1%	60	8.6%	36	26.4%	8	19.1%	21	24.5%	Mar-09
TimesSquare Custom SMID Growth Index			-4.2%	72	-0.4%	41	8.0%	42	22.7%	35	16.5%	52	22.4%	Mar-09

Fund Review

Manager Performance as of September 30, 2014

Name	Market Value												Inception	
	(\$m)	(%)	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
NCSRP Brown Advisory	\$147.3	1.7%	-4.9%	89	-7.3%	89	0.3%	90	20.3%	66	15.7%	70	21.4%	Mar-09
Brown Custom SMID Growth Index			-4.2%	72	-0.4%	41	8.0%	42	22.7%	35	16.2%	61	22.4%	Mar-09
NCSRP BlackRock ACWI ex US Fund	\$42.3	0.5%	-5.3%	--	0.2%	--	5.0%	--	12.4%	--	6.2%	--	14.1%	Mar-09
MSCI ACWI ex USA Gross			-5.2%	--	0.4%	--	5.2%	--	12.3%	--	6.5%	--	14.4%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	\$254.8	2.9%	-6.1%	75	-2.8%	81	2.4%	86	13.5%	73	8.9%	37	16.7%	Mar-09
MSCI ACWI ex USA GrossB			-5.2%	42	0.4%	29	5.2%	57	12.3%	90	6.5%	87	14.4%	Mar-09
MSCI AC Wld ex US Growth Gross			-4.8%	30	0.0%	37	4.6%	64	12.2%	90	7.1%	78	14.0%	Mar-09
NCSRP Mondrian ACWI ex US Value	\$270.1	3.1%	-5.9%	67	3.1%	6	8.3%	18	11.6%	95	6.5%	87	13.2%	Mar-09
MSCI ACWI ex USA Gross			-5.2%	42	0.4%	29	5.2%	57	12.3%	90	6.5%	87	14.4%	Mar-09
MSCI AC Wld Ex US Value Gross			-5.6%	53	0.8%	22	5.8%	49	12.4%	89	5.8%	92	14.9%	Mar-09
NCSRP Wellington Global Composite	\$348.7	4.0%	-1.9%	33	2.2%	67	11.8%	42	21.3%	10	13.2%	20	18.2%	Mar-09
NCSRP Wellington Global Opportunities			-1.9%	33	2.2%	67	11.8%	42	21.3%	10	--	--	--	Mar-09
Wellington Global Opportunities Strategy			-1.7%	29	2.4%	65	12.2%	37	21.5%	9	13.9%	11	20.1%	Mar-09
MSCI ACWI Gross			-2.2%	41	4.2%	36	11.9%	40	17.2%	62	10.6%	63	17.2%	Mar-09
NCSRP Arrowstreet Global Equity ACWI	\$354.4	4.1%	-2.1%	37	4.4%	33	13.6%	23	--	--	--	--	15.3%	Mar-12
Arrowstreet Global Equity ACWI Strategy			-2.0%	35	5.9%	14	16.2%	7	21.2%	11	13.8%	13	17.0%	Mar-12
MSCI ACWI Gross			-2.2%	41	4.2%	36	11.9%	40	17.2%	62	10.6%	63	12.4%	Mar-12
NCSRP PIMCO Inflation Response Multi-Asset	\$320.0	3.7%	-4.7%	81	3.6%	12	1.5%	77	--	--	--	--	1.5%	Sep-13
PIMCO Inflation Response Multi-Asset Strategy			-0.4%	1	8.9%	1	6.7%	4	3.5%	44	--	--	6.7%	Sep-13
PIMCO Inflation Response Index			-5.0%	85	1.8%	48	-0.4%	99	0.4%	99	4.1%	59	-0.4%	Sep-13
Consumer Price Index			-0.1%	1	2.1%	43	1.7%	73	1.6%	87	2.0%	99	1.7%	Sep-13
NCSRP BlackRock Debt Index Fund	\$335.5	3.9%	0.2%	--	4.3%	--	4.0%	--	2.5%	--	--	--	3.2%	Sep-10
BlackRock Debt Index Fund Strategy			0.2%	--	4.2%	--	4.0%	--	2.5%	--	4.2%	--	3.2%	Sep-10
Barclays Aggregate			0.2%	--	4.1%	--	4.0%	--	2.4%	--	4.1%	--	3.1%	Sep-10
NCSRP JP Morgan Core Bond	\$281.9	3.2%	0.4%	11	4.2%	68	4.2%	76	3.3%	70	5.3%	51	5.7%	Mar-09
Barclays Aggregate			0.2%	49	4.1%	75	4.0%	83	2.4%	92	4.1%	93	4.8%	Mar-09
NCSRP PIMCO Total Return Full Authority	\$282.6	3.2%	-0.4%	93	3.3%	93	3.4%	92	4.9%	25	4.8%	76	6.5%	Mar-09
Barclays Aggregate			0.2%	49	4.1%	75	4.0%	83	2.4%	92	4.1%	93	4.8%	Mar-09

Appendix

Net Performance as of September 30, 2014

	Ending September 30, 2014					Inception	
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Return	Since
Large Cap Passive	1.1%	8.2%	19.5%	22.8%	15.6%	20.3%	Mar-09
S&P 500	1.1%	8.3%	19.7%	23.0%	15.7%	20.4%	Mar-09
Mercer Mutual Fund US Equity Large Cap Core Median	0.5%	6.9%	17.7%	22.0%	14.1%	18.8%	Mar-09
NCSRP BlackRock Equity Index	1.1%	8.3%	19.7%	23.0%	15.7%	20.5%	Mar-09
S&P 500	1.1%	8.3%	19.7%	23.0%	15.7%	20.4%	Mar-09
Mercer Instl US Equity Large Cap Index Median	1.1%	8.2%	19.7%	23.0%	15.7%	20.7%	Mar-09
Large Cap Value	-0.2%	7.2%	17.7%	24.4%	14.7%	19.1%	Mar-09
Russell 1000 Value	-0.2%	8.1%	18.9%	23.9%	15.3%	20.6%	Mar-09
Mercer Mutual Fund US Equity Large Cap Value Median	-0.1%	7.0%	17.7%	22.9%	14.1%	19.2%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	-0.4%	9.1%	19.7%	27.5%	17.2%	24.7%	Mar-09
Russell 1000 Value	-0.2%	8.1%	18.9%	23.9%	15.3%	20.6%	Mar-09
Mercer Instl US Equity Large Cap Value Median	-0.1%	7.6%	18.3%	23.9%	15.3%	20.3%	Mar-09
NCSRP Wellington Value Composite	-0.1%	7.7%	17.9%	21.5%	12.9%	13.8%	Mar-09
Russell 1000 Value	-0.2%	8.1%	18.9%	23.9%	15.3%	20.6%	Mar-09
NCSRP Robeco BP Large Cap Value	0.4%	6.0%	17.5%	--	--	23.0%	Nov-11
Russell 1000 Value	-0.2%	8.1%	18.9%	23.9%	15.3%	21.0%	Nov-11
Large Cap Growth	1.2%	4.1%	14.1%	22.4%	17.3%	23.1%	Mar-09
Russell 1000 Growth	1.5%	7.9%	19.1%	22.4%	16.5%	20.9%	Mar-09
NCSRP Sands Capital Large Cap Growth	3.4%	5.5%	16.1%	27.0%	22.3%	29.0%	Mar-09
Russell 1000 Growth	1.5%	7.9%	19.1%	22.4%	16.5%	20.9%	Mar-09
NCSRP Wellington Opportunistic Growth	-1.2%	3.3%	13.4%	22.7%	15.6%	20.4%	Mar-09
Russell 1000 Growth	1.5%	7.9%	19.1%	22.4%	16.5%	20.9%	Mar-09
Russell 3000 Growth	0.9%	6.9%	17.9%	22.4%	16.4%	21.0%	Mar-09
NCSRP Loomis Large Cap Growth	--	--	--	--	--	3.4%	Oct-11
Russell 1000 Growth	1.5%	7.9%	19.1%	22.4%	16.5%	3.1%	Oct-11
Mid/Small Cap Passive	-5.4%	0.2%	8.8%	22.8%	15.9%	22.2%	Mar-09
Russell 2500	-5.3%	0.3%	9.0%	22.8%	16.0%	22.3%	Mar-09
NCSRP BlackRock Russell 2500 Index Fund	-5.3%	0.3%	9.0%	22.9%	16.1%	22.5%	Mar-09
Russell 2500	-5.3%	0.3%	9.0%	22.8%	16.0%	22.3%	Mar-09
Mid/Small Cap Value	-4.1%	4.8%	13.7%	27.9%	18.6%	26.0%	Mar-09
Russell 2500 Value	-6.4%	1.0%	9.9%	22.8%	15.2%	21.8%	Mar-09
NCSRP Hotchkis & Wiley	-3.6%	7.9%	15.3%	35.3%	21.3%	30.6%	Mar-09
Hotchkis Custom SMID Value Index	-6.4%	1.0%	9.9%	22.8%	15.4%	22.5%	Mar-09
NCSRP EARNEST Partners	-4.6%	4.3%	14.2%	24.4%	16.1%	21.7%	Mar-09
EARNEST Custom SMID Value Index	-6.4%	1.0%	9.9%	22.8%	14.4%	20.8%	Mar-09
NCSRP WEDGE SMID Cap Value	-3.5%	3.8%	14.1%	--	--	21.4%	Dec-11
Russell 2500 Value	-6.4%	1.0%	9.9%	22.8%	15.2%	18.8%	Dec-11
Mid/Small Cap Growth	-4.3%	-5.4%	3.5%	22.2%	15.5%	20.7%	Mar-09
Russell 2500 Growth	-4.2%	-0.4%	8.0%	22.7%	16.8%	22.9%	Mar-09

	Ending September 30, 2014					Inception	
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Return	Since
NCSRP TimesSquare	-3.3%	-2.2%	8.6%	26.3%	17.5%	22.3%	Mar-09
TimesSquare Custom SMID Growth Index	-4.2%	-0.4%	8.0%	22.7%	16.5%	22.4%	Mar-09
NCSRP Brown Advisory	-4.9%	-7.3%	0.3%	20.3%	15.7%	21.4%	Mar-09
Brown Custom SMID Growth Index	-4.2%	-0.4%	8.0%	22.7%	16.2%	22.4%	Mar-09
International Passive	-5.3%	0.0%	4.7%	12.2%	6.0%	13.8%	Mar-09
MSCI ACWI ex USA Gross	-5.2%	0.4%	5.2%	12.3%	6.5%	14.4%	Mar-09
NCSRP BlackRock ACWI ex US Fund	-5.3%	0.2%	5.0%	12.4%	6.2%	14.1%	Mar-09
MSCI ACWI ex USA Gross	-5.2%	0.4%	5.2%	12.3%	6.5%	14.4%	Mar-09
International Equity	-6.1%	-0.4%	4.6%	12.2%	6.9%	14.0%	Mar-09
MSCI ACWI ex USA Gross	-5.2%	0.4%	5.2%	12.3%	6.5%	14.4%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	-6.1%	-2.8%	2.4%	13.5%	8.9%	16.7%	Mar-09
MSCI ACWI ex USA Gross	-5.2%	0.4%	5.2%	12.3%	6.5%	14.4%	Mar-09
MSCI AC Wld ex US Growth Gross	-4.8%	0.0%	4.6%	12.2%	7.1%	14.0%	Mar-09
NCSRP Mondrian ACWI ex US Value	-5.9%	3.1%	8.3%	11.6%	6.5%	13.2%	Mar-09
MSCI ACWI ex USA Gross	-5.2%	0.4%	5.2%	12.3%	6.5%	14.4%	Mar-09
MSCI AC Wld Ex US Value Gross	-5.6%	0.8%	5.8%	12.4%	5.8%	14.9%	Mar-09
Global Equity	-2.1%	2.7%	11.9%	20.0%	12.1%	17.2%	Mar-09
MSCI ACWI Gross	-2.2%	4.2%	11.9%	17.2%	10.6%	17.2%	Mar-09
NCSRP Wellington Global Composite	-1.9%	2.2%	11.8%	21.3%	13.2%	18.2%	Mar-09
MSCI ACWI Gross	-2.2%	4.2%	11.9%	17.2%	10.6%	17.2%	Mar-09
NCSRP Arrowstreet Global Equity ACWI	-2.1%	4.4%	13.6%	--	--	15.3%	Mar-12
MSCI ACWI Gross	-2.2%	4.2%	11.9%	17.2%	10.6%	12.4%	Mar-12
Fixed Income Passive Fund	0.2%	4.1%	3.8%	2.3%	--	3.0%	Sep-10
Barclays Aggregate	0.2%	4.1%	4.0%	2.4%	4.1%	3.1%	Sep-10
NCSRP BlackRock Debt Index Fund	0.2%	4.3%	4.0%	2.5%	--	3.2%	Sep-10
Barclays Aggregate	0.2%	4.1%	4.0%	2.4%	4.1%	3.1%	Sep-10
Fixed Income Fund	-0.1%	3.4%	3.4%	3.7%	4.6%	5.7%	Mar-09
Barclays Aggregate	0.2%	4.1%	4.0%	2.4%	4.1%	4.8%	Mar-09
NCSRP JP Morgan Core Bond	0.4%	4.2%	4.2%	3.3%	5.3%	5.7%	Mar-09
Barclays Aggregate	0.2%	4.1%	4.0%	2.4%	4.1%	4.8%	Mar-09
NCSRP PIMCO Total Return Full Authority	-0.4%	3.3%	3.4%	4.9%	4.8%	6.5%	Mar-09
Barclays Aggregate	0.2%	4.1%	4.0%	2.4%	4.1%	4.8%	Mar-09
Stable Value Fund	0.5%	1.3%	1.8%	2.3%	2.9%	2.9%	Jun-09
T-BILLS + 1%	0.3%	0.8%	1.0%	1.0%	1.1%	1.1%	Jun-09

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