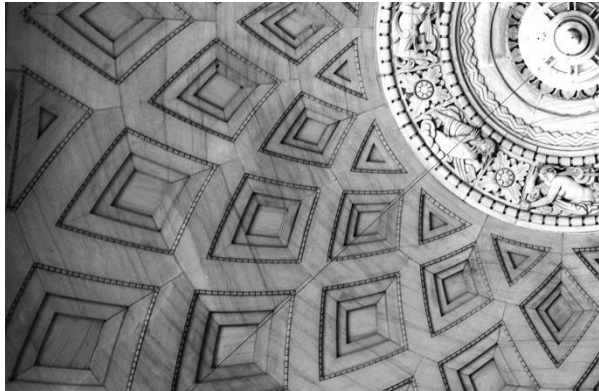




ARCHITECTS OF INVESTMENT SOLUTIONS



State of North Carolina

FEBRUARY 18, 2016

STATE OF NORTH CAROLINA

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SECTION I

GALLIARD CAPITAL MANAGEMENT

BUSINESS PROFILE AS OF 12/31/15

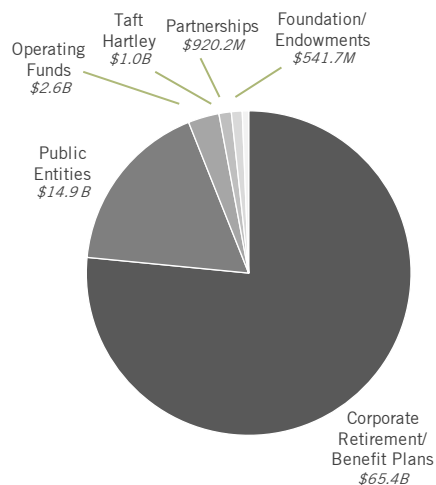
\$85.4 B
TOTAL AUM

\$76.0 B
STABLE VALUE AUM

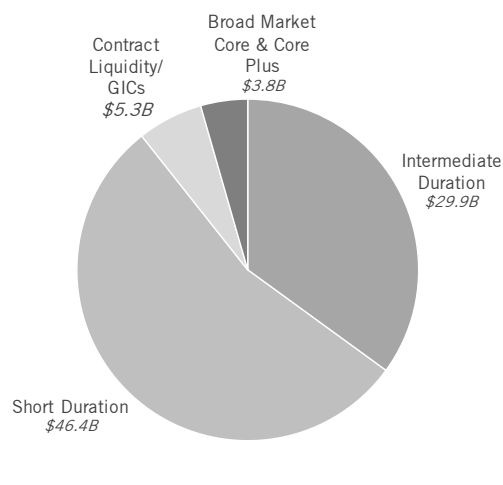
- **18** fortune 100 clients; **51** fortune 500 clients
- **116** stable value separate accounts

ASSETS UNDER MANAGEMENT

BY PLAN TYPE



BY STRATEGY*



*Assets included in Galliard's External Manager Program: Broad Market Core & Core Plus - \$879M, Intermediate Duration - \$13.4B, Short Duration - \$7.0B

FIRM INITIATIVES & MARKET PERSPECTIVE

- Potential **stable value** opportunities with plan sponsors that have typically utilized money market funds as their **capital preservation** option
- Stable value interest from new plan sponsor types such as **529** and **403(b)** plans
- Stable value participant cashflows have been positive with the recent market conditions
- Brand expansion of **long duration** fixed income product
- Development of **high-quality short duration fund** product

SECTION II

STABLE VALUE MARKET UPDATE

STABLE VALUE MARKET VIEW

	MARKET VIEW	GALLIARD POSITIONING
CONTRACT ISSUERS	<ul style="list-style-type: none"> 17 providers in the market currently issuing contracts (4 banks, 13 insurance companies) Supply of contract capacity is currently greater than market demand Issuers showing some flexibility with respect to the strategies they are willing to wrap Issuers more willing to accommodate changes to investment guidelines at the margins More favorable/balanced approach to contract provisions Contract fees appear to have peaked 	<ul style="list-style-type: none"> Maintaining strong relationships with all major market participants Utilizing market leverage to negotiate more favorable terms Continues to be a preferred manager Have obtained broader investment latitude across issuers Negotiating to standardize more advantageous contract provisions Have obtained fee concessions from higher cost issuers
PORTFOLIO	<ul style="list-style-type: none"> Participant cash flows have been flat to slightly positive since Q3 '15 due to market volatility Fed "liftoff" has begun but expectations are that future rate hikes will be gradual given mixed economic picture Reinvestment rates remain low, but spread volatility continues to create investment opportunities 	<ul style="list-style-type: none"> Reinvesting cash to maintain portfolio targets Managing portfolio durations between 2.5 to 3 years to be more responsive to rising rates Opportunistically seeking yield in high quality spread assets
REGULATORY/DC MARKET ENVIRONMENT	<ul style="list-style-type: none"> Dodd-Frank stable value study yet to be completed SEC changes to money market mutual fund regulations to be implemented in 2016 DC plan design evolving to improve participant outcomes 	<ul style="list-style-type: none"> Existing contracts exempt; no detrimental impact expected Seeing renewed interest in stable value as an alternative to money market funds Leading industry efforts to ensure stable value meets plan sponsor needs

STABLE VALUE MARKET UPDATE

CONTRACT ISSUER SUMMARY

AS OF DECEMBER 31, 2015

NAME	ACCEPTING DEPOSITS FROM NEW CLIENTS*	ACCEPTING DEPOSITS FROM EXISTING CLIENTS*	CONTRACT TYPE**	ASSET MANAGEMENT***	S&P CREDIT RATING	MOODY'S CREDIT RATING
AMERICAN GENERAL LIFE	Yes	Yes	SBIC	Dodge & Cox, Galliard, Payden & Rygel	A+	A2
MASSMUTUAL LIFE INS. CO.	Yes	Yes	SAGIC	Galliard, Babson	AA+	Aa2
METROPOLITAN LIFE INS. CO.	Yes	Yes	SAGIC	Galliard, PIMCO, Dodge & Cox, Loomis Sayles	AA-	Aa3
NATIONWIDE LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Dodge & Cox, PIMCO	A+	A1
NEW YORK LIFE INS. CO.**	Yes	Yes	SBIC & SAGIC	New York Life	AA+	Aaa
PACIFIC LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Loomis Sayles, PIMCO	A+	A1
PRUDENTIAL LIFE INS. CO.	Yes	Yes	SBIC	Galliard, Prudential, Jennison	AA-	A1
RGA REINSURANCE CO.	Yes	Yes	SBIC	Galliard	AA-	A1
ROYAL BANK OF CANADA	Yes	Yes	SBIC	Galliard	AA-	Aa3
STATE STREET BANK AND TRUST CO.	Yes	Yes	SBIC	Galliard	AA-	A1
TIAA-CREF LIFE	Yes	Yes	SAGIC	TIAA-CREF	AA+	Aa1
TRANSAMERICA PREMIER LIFE INS. CO.	Yes	Yes	SBIC	Galliard, PIMCO, Dodge & Cox	AA-	A1
VOYA RETIREMENT AND ANNUITY COMPANY	Yes	Yes	SBIC	Galliard, Voya, PIMCO, Dodge & Cox, IR&M	A	A2

*Providers accepting deposits on a case by case basis

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

***Managers typically utilized within Galliard Stable Value Solutions

SECTION III

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

RELATIONSHIP MILESTONES

DECEMBER 2010

- Galliard assumes oversight, daily valuations, and administration of stable value funds
- Transitioned custody of the 457 Plan Payden & Rygel portfolio to Wells Fargo

2011

- Changed 401(k) Plan's Prudential benchmark from Broad Market to Intermediate Aggregate
- Transitioned PIMCO to intermediate duration strategy wrapped by MetLife and increase allocation to 15% of assets
- Funded Galliard short duration strategy with United of Omaha Wrap
- Began termination of State Street securities lending program in the 401(k) Plan
- Transitioned 457 Plan's Prudential intermediate duration strategy to Galliard collective trust
- Liquidation of GWL trading account and funding of the Wells Fargo STIF and Wells Fargo SRF liquidity buffer
- Transitioned custody of the 401(k) Payden & Rygel portfolio to Wells Fargo
- New guidelines established for Payden short duration strategy
- Transition 401(k) Plan's Prudential investment to intermediate duration collective trust
- Moved from declared rate to actual portfolio returns

2012

- Changed STIF to Wells Fargo Government Money Market
- Finalize portfolio strategy recommendations

2013

- Secured wrap coverage for Payden & Rygel with American General Life
- Reduced exposure to PIMCO/Met Life to 13% target
- Allocated 15% to Jennison under Prudential wrap

2014

- Finalized Nationwide wrap contract to replace United of Omaha
- Reduced Great West Life allocation to target (20%)

2015

- Added Dodge & Cox as sub-advisor to both the 401(k) and 457 Plan's stable value funds, replacing PIMCO
- Facilitated closure of Great West Life open receivable
- Negotiated lower contract fees with American General Life

STATE OF NORTH CAROLINA EXPENSE DISCLOSURE

TOTAL ANNUAL OPERATING EXPENSES

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

	401(k) Plan	401(k) Plan	457 Plan	457 Plan
Expense	Expense Ratio (as of 12/31/15)	Est. Annual Revenue	Expense Ratio (as of 12/31/15)	Est. Annual Revenue
Investment Management Fees paid to Galliard	0.073%	\$1,418,529	0.073%	\$288,108
Investment Management Fees paid to Non-Affiliated Investment Advisors	0.045%	\$878,682	0.047%	\$187,903
Investment Contract Fees ¹	0.168%	\$3,282,805	0.173%	\$686,363
Acquired Fund Fees ²	0.049%	\$960,213	0.044%	\$172,257
-Investment Contract Fees	0.015%	\$295,530	0.013%	\$52,819
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non- Affiliated Investment Advisors ³	0.034%	\$664,683	0.030%	\$119,438
12b-1 Distribution Fee	None	None	None	None
Other Expenses	0.079%	\$1,539,412	0.079%	\$312,659
Total Annual Fund Operating Expense⁴	0.415%	\$8,079,641	0.416%	\$1,647,290

¹These are fees paid to create and maintain the investments used by a stable value fund

²These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees

³Includes audit fees for the cost of producing a report by a qualified auditor

⁴Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV)

SECTION IV

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Book Value Performance								
Portfolio (net of all fees - NAV Level)***	0.17	0.48	1.87	1.87	1.94	2.37	---	2.39
Merrill Lynch 3 Month T-Bill + 100 bps	0.12	0.28	1.06	1.06	1.06	1.08	---	1.08
Merrill Lynch 3 Month T-Bill + 150 bps	0.16	0.41	1.56	1.56	1.56	1.59	2.77	1.59
3 Year Constant Maturity Treasury Yield	0.11	0.28	1.03	1.03	0.82	0.72	1.72	0.72
Market Value Benchmark								
Blended Benchmark****	-0.18	-0.41	0.93	0.93	1.06	1.94	3.51	1.79

Calendar Year Performance

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Book Value Performance					
Portfolio (net of all fees - NAV Level)***	1.87	1.80	2.15	2.75	3.27
Merrill Lynch 3 Month T-Bill + 100 bps	1.06	1.04	1.08	1.12	1.11
Merrill Lynch 3 Month T-Bill + 150 bps	1.56	1.55	1.58	1.62	1.61
3 Year Constant Maturity Treasury Yield	1.03	0.90	0.54	0.38	0.75
Market Value Benchmark					
Blended Benchmark****	0.93	2.69	-0.41	2.52	4.05
Market Indices					
Merrill Lynch 3 Month T-Bill	0.05	0.03	0.07	0.11	0.10
Consumer Price Index	1.27	0.76	1.62	2.26	2.96

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

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

***Returns are net of all fees, including plan administrative reimbursement.

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

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

Fourth Quarter 2015

Portfolio Characteristics

Total Assets	\$1,948,623,056	Blended Yield (After fees)*	1.87%
Average Holdings Quality**	AA	Effective Duration	2.99 years
Number of Contract Issuers	5	Market/Book Value Ratio	100.70%

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

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

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>12/31/2015</u>	<u>% of Portfolio</u> <u>09/30/2015</u>
Cash & Equivalents*	51,649,169	2.7	2.3
Stable Value Funds	146,676,285	7.5	7.6
Separate Account GICs	644,273,232	33.1	33.2
Intermediate Portfolio	644,273,232	33.1	33.2
Security Backed Investment Contracts	1,106,024,370	56.8	57.0
Short Portfolio	565,619,765	29.0	29.2
Intermediate Portfolio	540,404,605	27.7	27.8
Total	\$1,948,623,056	100.0%**	100.0%**

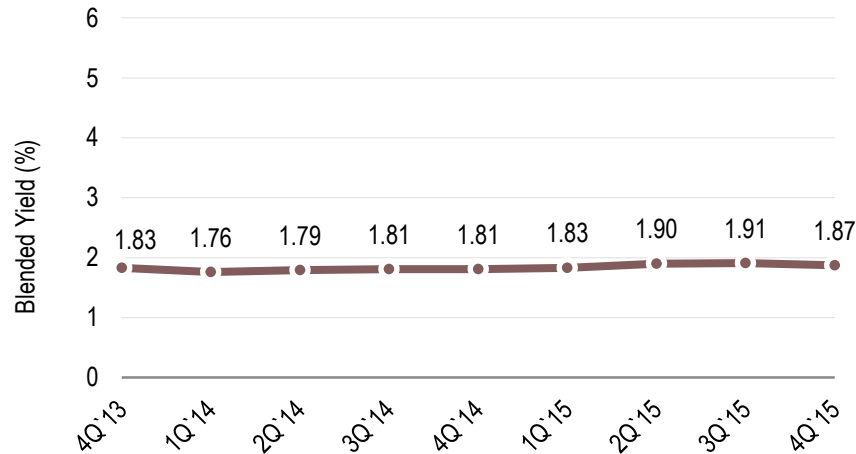
*Includes Receivables and Payables

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

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

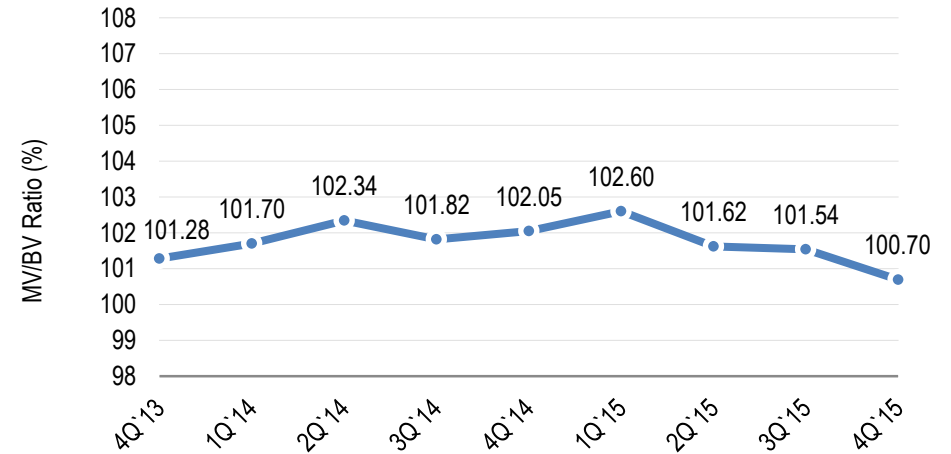
Fourth Quarter 2015

Historical Book Value Crediting Rate*

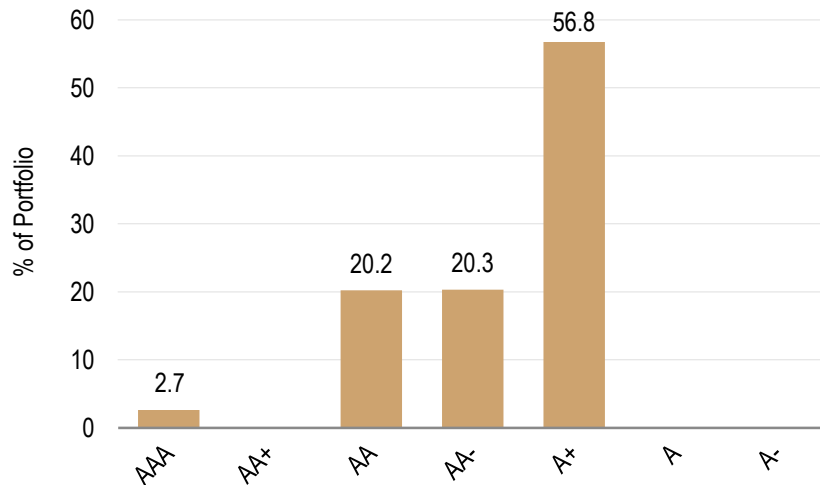


*As of quarter end. Blended yield is after investment management fees, wrap fees and administration fees.

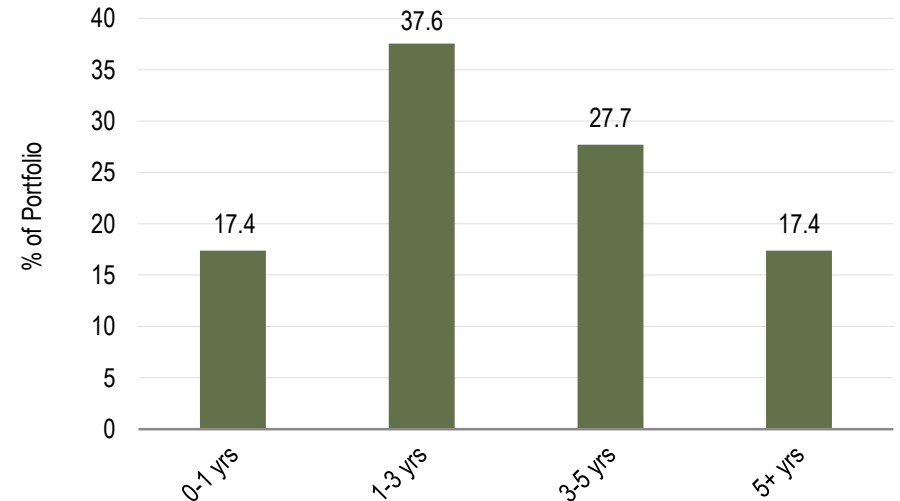
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



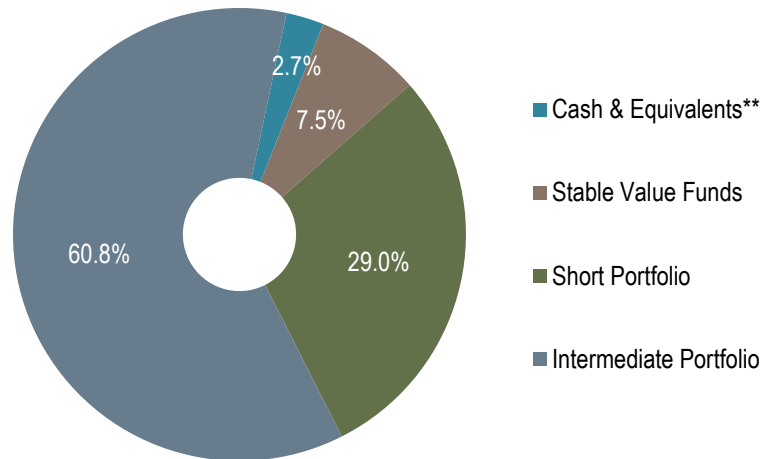
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

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

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

Fourth Quarter 2015

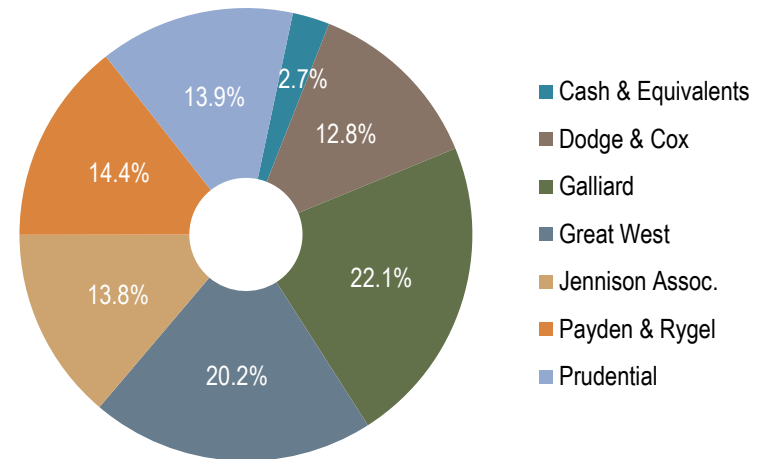
Portfolio Distribution*



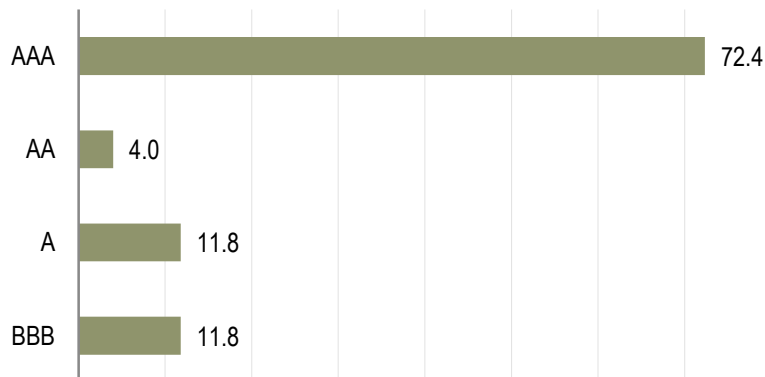
*Book value

**Includes Receivables and Payables

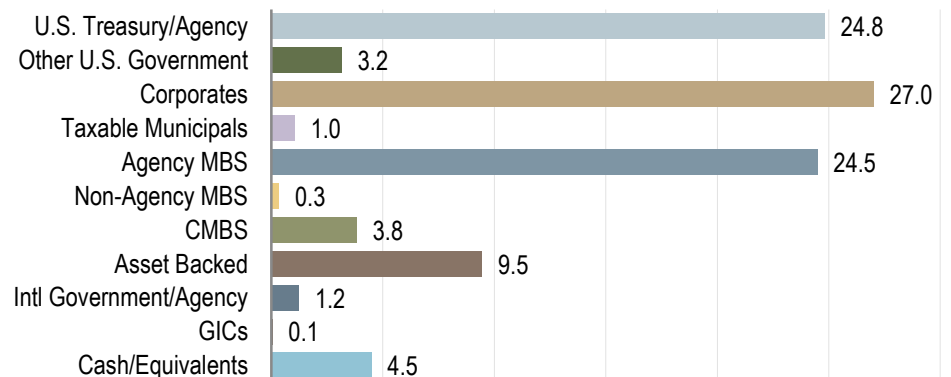
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



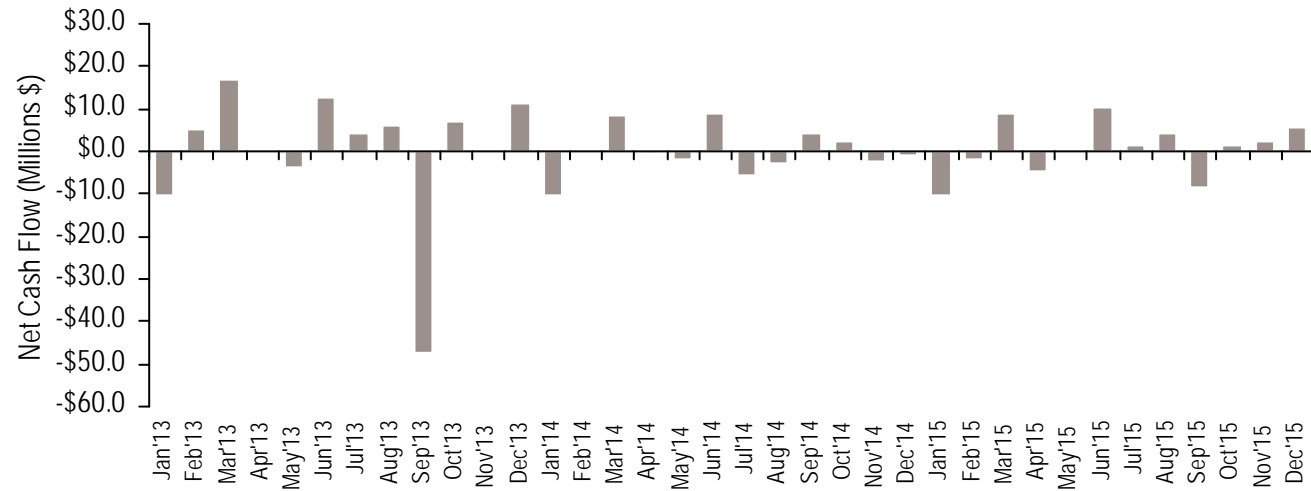
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.

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

Fourth Quarter 2015

Historical Cashflows



	2015	2014	2013	2012
Beginning Assets	\$1,904.2	\$1,870.9	\$1,829.1	\$1,702.4
Net Cash Flow (\$)*	\$8.8	-\$0.3	\$2.4	\$26.9
Net Cash Flow (%)	0.46%	-0.02%	0.13%	1.58%
Estimated Investment Earnings	\$35.7	\$33.6	\$39.4	\$99.8
Ending Assets**	\$1,948.6	\$1,904.2	\$1,870.9	\$1,829.1

* Contributions, Withdrawals and Investment Transfers

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

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MARKET VALUE 401(K) PLAN PERFORMANCE SUMMARY

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	-0.16%	0.69%	0.87%	1.48%	2.09%	7/1/2009
Barclays U.S.1-3 Yr. Govt/Credit	<u>-0.36%</u>	<u>0.65%</u>	<u>0.69%</u>	<u>0.98%</u>	<u>1.46%</u>	
	0.20%	0.03%	0.18%	0.50%	0.63%	
Galliard**	-0.28%	1.02%	0.85%	1.63%	2.00%	1/1/2010
Barclays U.S.1-3 Yr. Government *	<u>-0.43%</u>	<u>0.57%</u>	<u>0.53%</u>	<u>0.73%</u>	<u>1.01%</u>	
Barclays U.S.1-3 Yr. Gov't/Credit	<u>-0.36%</u>	<u>0.65%</u>	<u>0.69%</u>	<u>0.98%</u>	<u>1.28%</u>	
	0.15%	0.44%	0.32%	0.90%	0.99%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	-0.43%	1.34%	1.49%	2.86%	2.70%	8/1/2010
Barclays U.S.Intermediate Aggregate	<u>-0.51%</u>	<u>1.21%</u>	<u>1.41%</u>	<u>2.74%</u>	<u>2.57%</u>	
	0.07%	0.13%	0.07%	0.13%	0.13%	
Dodge & Cox	-0.12%	-	-	-	-0.24%	5/1/2015
Barclays U.S.Intermediate Aggregate	<u>-0.51%</u>	-	-	-	<u>-0.10%</u>	
	0.39%	-	-	-	<u>-0.14%</u>	
Great West Life***	-0.34%	1.70%	1.56%	-	2.31%	10/1/2011
Barclays U.S.Intermediate Aggregate (Ex BBB)	<u>-0.47%</u>	<u>1.37%</u>	<u>1.41%</u>	-	<u>1.90%</u>	
	0.13%	0.33%	0.16%	-	0.41%	
Jennison	-0.51%	1.06%	1.16%	2.88%	2.73%	8/1/2010
Barclays U.S.Intermediate Govt/Credit	<u>-0.69%</u>	<u>1.07%</u>	<u>1.10%</u>	<u>2.58%</u>	<u>2.41%</u>	
	0.18%	<u>-0.01%</u>	0.06%	0.30%	0.31%	

* Index being shown for comparison purposes only, the fund is managed to a targeted duration.

**Returns shown are after investment management fees

***August 2015 return was revised from -0.885% to 0.238% to remove impact of writing off a receivable. Performance shown is as provided by Great West.

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MANAGER-LEVEL CHARACTERISTICS – 401(K) PLAN

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate
Short Duration	Payden & Rygel	9/30/2015	\$ 279,713,594	\$ 280,806,648	100.4%	1.13%	1.34	1.29%
		12/31/2015	\$ 280,767,915	\$ 280,381,269	99.9%	1.47%	1.39	1.21%
			\$ 1,054,321	\$ (425,379)	-0.5%	0.34%	0.05	-0.08%
	Galliard	9/30/2015	\$ 283,394,827	\$ 286,785,452	101.2%	1.40%	1.91	1.81%
		12/31/2015	\$ 284,851,850	\$ 285,968,339	100.4%	1.73%	1.92	1.76%
			\$ 1,457,023	\$ (817,113)	-0.8%	0.33%	0.01	-0.05%
	Prudential	9/30/2015	\$ 269,781,527	\$ 278,584,389	103.3%	1.97%	3.81	2.51%
		12/31/2015	\$ 271,748,967	\$ 277,313,382	102.0%	2.28%	3.99	2.48%
			\$ 1,967,440	\$ (1,271,007)	-1.2%	0.31%	0.18	-0.03%
Intermediate Duration	Dodge & Cox	9/30/2015	\$ 248,211,920	\$ 251,530,194	101.3%	2.26%	3.61	2.21%
		12/31/2015	\$ 249,716,944	\$ 251,101,156	100.6%	2.53%	3.64	2.35%
			\$ 1,505,024	\$ (429,038)	-0.8%	0.27%	0.03	0.14%
	Great West Life	9/30/2015	\$ 392,138,450	\$ 396,491,763	101.1%	2.22%	3.41	2.71%
		12/31/2015	\$ 394,556,288	\$ 394,926,574	100.1%	2.51%	3.57	2.39%
			\$ 2,417,838	\$ (1,565,189)	-1.0%	0.29%	0.16	-0.32%
	Jennison	9/30/2015	\$ 266,957,107	\$ 275,667,809	103.3%	1.63%	4.14	2.51%
		12/31/2015	\$ 268,655,638	\$ 274,156,713	102.0%	1.84%	4.15	2.48%
			\$ 1,698,531	\$ (1,511,096)	-1.2%	0.21%	0.01	-0.03%
Total Fund		9/30/2015	\$ 1,930,658,556	\$ 1,960,327,385	101.5%	1.74%	2.92	2.11%
		12/31/2015	\$ 1,948,623,056	\$ 1,962,172,887	100.7%	2.00%	2.99	2.04%
			\$ 17,964,500	\$ 1,845,502	-0.8%	0.26%	0.07	-0.07%

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

Fourth Quarter 2015

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Nationwide Life Ins. Co.	A+	A+	A1	A1
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Solid capital levels
- Leading positions in most Life and Annuity products
- An activist investor is involved at the parent and is pushing for a separation of the Life and P&C operations. We do not think a separation is likely, but it would be a significant credit concern if it happened.

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Reliant on support from the parent company; the leading insurer in Canada which had strong 2014 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Has been declared a non-bank Systematically Important Financial Institution (SIFI) by the FSOC; but will fight the designation in court
- Capital ratios remain below average, but have improved slightly despite dividends to the holding company

Nationwide Life Ins. Co.

- Part of a leading mutual group that includes a leading P&C company
- Strong history of earnings

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Capital ratios are now average following a large captive reinsurance transaction, however the quality of the ratios was lowered by the transaction

The information contained herein reflects the views of Galliard Capital Management, Inc. & sources believed to be reliable by Galliard as of the date of publication. The views expressed here may change at any time subsequent to the date of publication. This publication is for informational purposes only.
For institutional investors only.

North Carolina 401(k) Stable Value Fund Portfolio Review

Portfolio Holdings

December 31, 2015

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Cash & Equivalents												
FUNDAVAIL	Cash Receivable / (Payable)		-1,103,016	-1,103,016	100.0	-0.1	0.08		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		52,752,184	52,752,184	100.0	2.7	0.08		0.10	AAA	Aaa	
Total Cash & Equivalents			51,649,169	51,649,169	100.0	2.7	0.08		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		146,676,285	146,676,285	100.0	7.5	1.78		2.53	AA-	Aa3	
Total Stable Value Funds			146,676,285	146,676,285	100.0	7.5	1.78		2.53	AA-	Aa3	
Separate Account GICs												
Intermediate Portfolio												
391997NH2	GreatWest Life Insurance Co.	Great West	394,556,288	394,926,574	100.1	20.2	2.39	N.S.M.	3.57	AA	Aa3	15.0
590994VM8	Metropolitan Life Ins. Co.	Dodge & Cox	249,716,944	251,101,156	100.6	12.8	2.35	N.S.M.	3.64	AA-	Aa3	20.0
Total Intermediate Portfolio			644,273,232	646,027,731	100.3	33.1	2.37		3.60	AA	Aa3	
Total Separate Account GICs			644,273,232	646,027,731	100.3	33.1	2.37		3.60	AA	Aa3	
Security Backed Investment Contracts												
Short Portfolio												
946996EE1	American General Life Ins. Co.	Payden & Rygel	280,767,915	280,381,269	99.9	14.4	1.21	N.S.M.	1.39	A+	A2	22.0
896994GW4	Nationwide Life Ins. Co.	Galliard	284,851,850	285,968,339	100.4	14.6	1.76	N.S.M.	1.92	A+	A1	23.0
Total Short Portfolio			565,619,765	566,349,608	100.1	29.0	1.49		1.66	A+	A1	
Intermediate Portfolio												
744999CV3	Prudential Ins. Co. of America	Jennison Assoc.	268,655,638	274,156,713	102.0	13.8	2.48	N.S.M.	4.15	AA-	A1	17.0
744999CV3	Prudential Ins. Co. of America	Prudential	271,748,967	277,313,382	102.0	13.9	2.48	N.S.M.	3.99	AA-	A1	17.0
Total Intermediate Portfolio			540,404,605	551,470,095	102.0	27.7	2.48		4.07	AA-	A1	
Total Security Backed Investment Contracts			1,106,024,370	1,117,819,703	101.1	56.8	1.97		2.84	A+	A1	
Total Fund			1,948,623,056	1,962,172,887	100.7	100.0	2.04		2.99	AA-	A1	

*N.S.M. = No Stated Maturity

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.16	0.69	0.87	1.48	2.09
Benchmark***	-0.36	0.65	0.69	0.98	1.46

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

**Performance Inception: July 01, 2009

***Barclays U.S. 1-3 Year Government/Credit Bond Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA-	AA	Total Assets	\$280.4 million
Weighted Average Maturity	1.74 years	1.86 years	Number of Issues	241
Yield to Maturity	1.47%	1.35%	Weighted Coupon	1.33%
Effective Duration	1.39 years	1.81 years		

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

*Barclays U.S. 1-3 Year Government/Credit Bond Index

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

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

Fourth Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	28.7%	29.4%	68.5%
Other U.S. Government	2.0%	1.8%	0.0%
Taxable Municipal	2.1%	1.9%	0.5%
Corporates	43.2%	42.7%	23.9%
Asset Backed Securities (ABS)	12.5%	13.0%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	2.2%	2.0%	0.0%
Sovereign / Supranationals	8.2%	8.2%	7.1%
Cash / Equivalents	1.0%	1.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	54.0%	55.9%	71.7%
AA	4.3%	5.9%	7.0%
A	23.5%	19.6%	12.4%
BBB	18.2%	18.6%	9.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

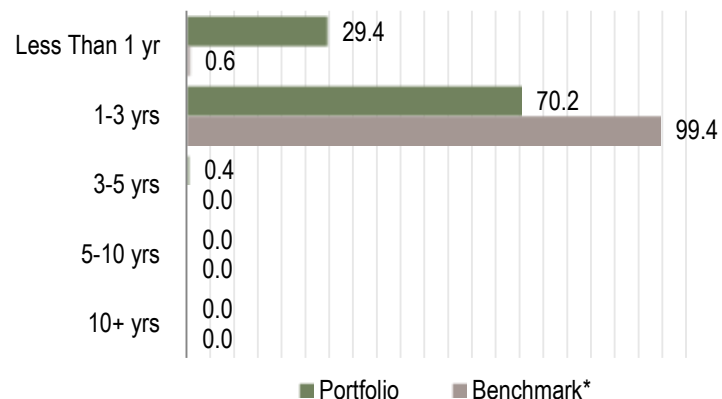
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

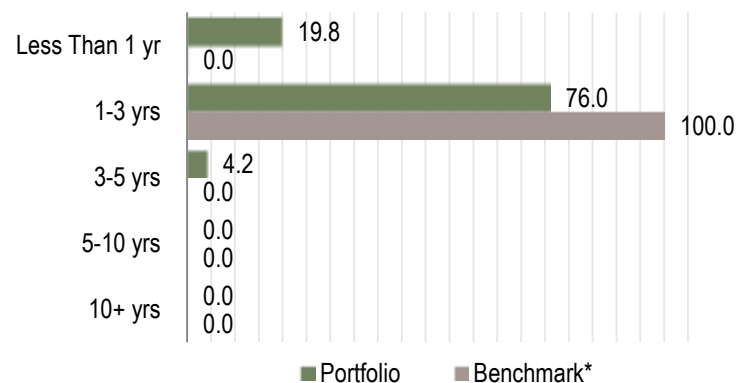
Duration Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	29.1%	29.4%	0.6%
1-3 yrs	70.3%	70.2%	99.4%
3-5 yrs	0.6%	0.4%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	17.4%	19.8%	0.0%
1-3 yrs	77.4%	76.0%	100.0%
3-5 yrs	5.2%	4.2%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.17	-0.28	1.02	1.02	0.85	---	2.00
Barclay's 1-3 Year Govt/Credit	-0.13	-0.36	0.65	0.65	0.69	0.98	1.28

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

**Galliard Performance Inception: January 01, 2010

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception**
Portfolio	-0.17	-0.28	1.02	0.86	1.65	2.91	2.87
Benchmark***	-0.10	-0.43	0.57	0.53	0.73	2.51	2.44

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

**Galliard Performance Inception: January 01, 2005

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

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AAA	Total Assets	\$13,433.6 million
Weighted Average Maturity	2.40 years	1.82 years	Number of Issues	1374
Yield to Maturity	1.73%	1.05%	Weighted Coupon	1.99%
Effective Duration	1.92 years	1.78 years	Estimated Annual Income	\$264.8 million

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

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

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

Fourth Quarter 2015

Sector Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
U.S. Government/Agency Debentures	14.2%	15.1%	100.0%
Other U.S. Government	4.1%	4.1%	0.0%
Taxable Municipal	2.8%	2.5%	0.0%
Corporates	23.6%	24.9%	0.0%
Asset Backed Securities (ABS)	24.8%	23.6%	0.0%
Commercial Mortgage Backed Securities (CMBS)	5.8%	5.8%	0.0%
Mortgage Backed Securities (MBS)	23.1%	21.8%	0.0%
Sovereign / Supranationals	0.0%	0.0%	0.0%
Cash / Equivalents	1.6%	2.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	<i>% of Portfolio 12/31/2015</i>
Citigroup Inc	0.8%
Bank of America Corp	0.8%
Westpac Banking Corp	0.7%
Royal Bank of Canada	0.6%
JPMorgan Chase & Co	0.6%
Total	3.5%**

Total entity exposure – includes all related entities

Quality Distribution***

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
AAA	76.1%	75.3%	96.1%
AA	8.2%	8.4%	3.9%
A	14.5%	13.5%	0.0%
BBB	1.1%	2.8%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

**Column percentage may not add exactly due to rounding

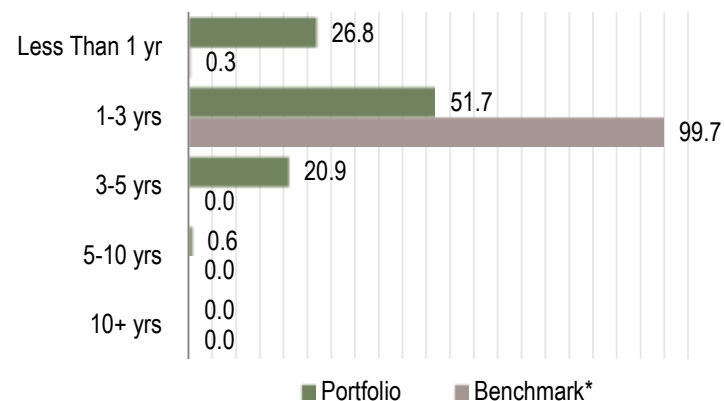
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

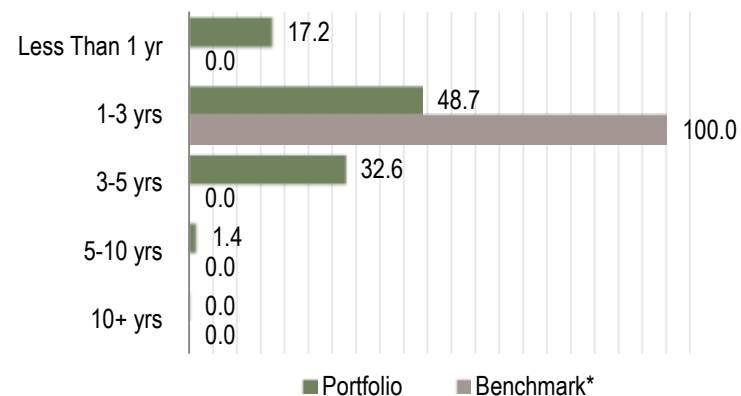
Duration Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	25.0%	26.8%	0.3%
1-3 yrs	57.2%	51.7%	99.7%
3-5 yrs	17.4%	20.9%	0.0%
5-10 yrs	0.4%	0.6%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	15.8%	17.2%	0.0%
1-3 yrs	53.8%	48.7%	100.0%
3-5 yrs	29.5%	32.6%	0.0%
5-10 yrs	0.9%	1.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

**Column percentage may not add exactly due to rounding

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.43	1.34	1.49	2.86	2.70
Benchmark***	-0.51	1.21	1.41	2.74	2.57

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

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,397.7 million
Weighted Average Maturity	4.92 years	5.09 years	Number of Issues	984
Yield to Maturity	2.28%	2.31%	Weighted Coupon	2.94%
Effective Duration	3.99 years	4.08 years		

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

*Barclays U.S. Intermediate Aggregate Bond Index

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

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

Fourth Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	39.0%	40.2%	39.3%
Other U.S. Government	1.7%	1.7%	0.7%
Taxable Municipal	0.2%	0.2%	0.4%
Corporates	21.8%	21.7%	19.6%
Asset Backed Securities (ABS)	0.3%	0.3%	0.7%
Commercial Mortgage Backed Securities (CMBS)	3.0%	3.2%	1.4%
Mortgage Backed Securities (MBS)	33.1%	31.9%	33.6%
Sovereign / Supranationals	0.7%	0.5%	4.2%
Cash / Equivalents	0.2%	0.4%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	76.6%	77.0%	77.1%
AA	2.2%	2.2%	4.0%
A	10.3%	9.3%	9.3%
BBB	10.9%	11.4%	9.6%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

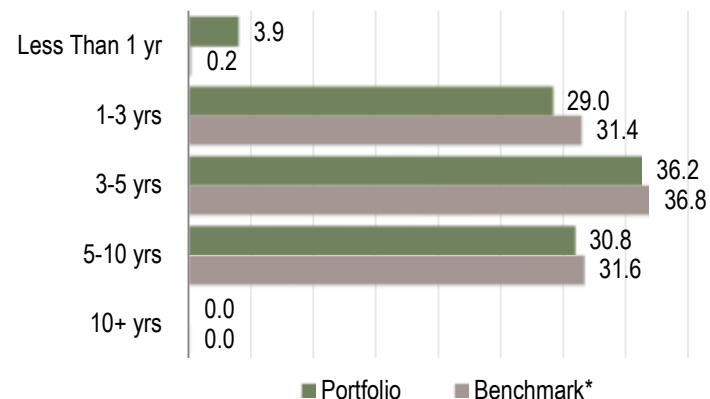
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

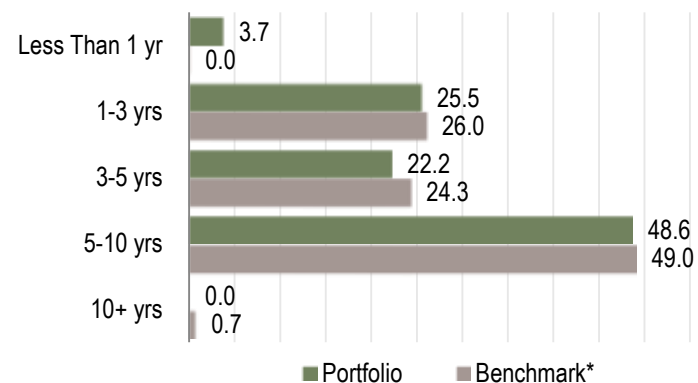
Duration Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	2.0%	3.9%	0.2%
1-3 yrs	34.6%	29.0%	31.4%
3-5 yrs	38.5%	36.2%	36.8%
5-10 yrs	24.9%	30.8%	31.6%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	2.0%	3.7%	0.0%
1-3 yrs	25.5%	25.5%	26.0%
3-5 yrs	22.8%	22.2%	24.3%
5-10 yrs	49.7%	48.6%	49.0%
10+ yrs	0.0%	0.0%	0.7%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.33	1.66	1.73	2.84	2.27
Benchmark***	-0.47	1.37	1.41	2.62	1.90

*Returns for periods of less than one year are not annualized. Returns shown are before fees. August 2015 return was revised from -0.885% to 0.238% to remove impact of writing off a receivable.

Performance shown is as provided by Great West.

**Performance Inception: October 01, 2011

***Barclays U.S. Intermediate Aggregate Bond Index A or Better

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$83.6 million
Weighted Average Maturity	4.74 years	5.08 years	Number of Issues	207
Yield to Maturity	2.48%	2.15%	Weighted Coupon	3.35%
Effective Duration	3.53 years	4.03 years		

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

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

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

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

Fourth Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	1.1%	1.1%	43.5%
Other U.S. Government	6.9%	7.8%	0.8%
Taxable Municipal	0.0%	0.0%	0.4%
Corporates	13.9%	14.1%	12.2%
Asset Backed Securities (ABS)	8.0%	8.8%	0.7%
Commercial Mortgage Backed Securities (CMBS)	12.1%	10.5%	1.5%
Mortgage Backed Securities (MBS)	56.8%	56.5%	37.2%
Sovereign / Supranationals	0.0%	0.0%	3.7%
Cash / Equivalents	1.2%	1.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	85.2%	85.6%	85.3%
AA	4.6%	3.1%	4.4%
A	7.9%	8.3%	10.2%
BBB	2.3%	2.9%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

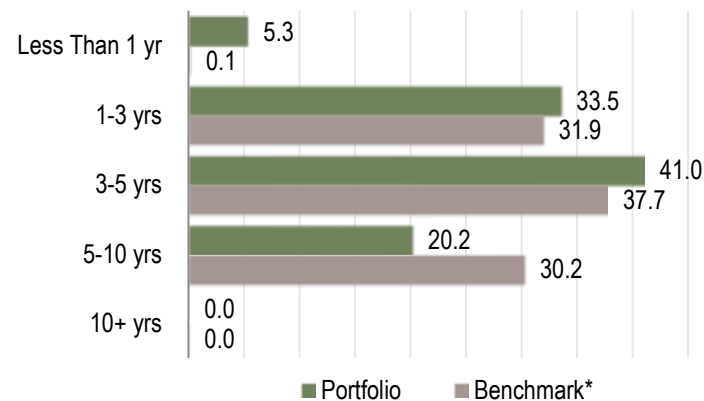
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

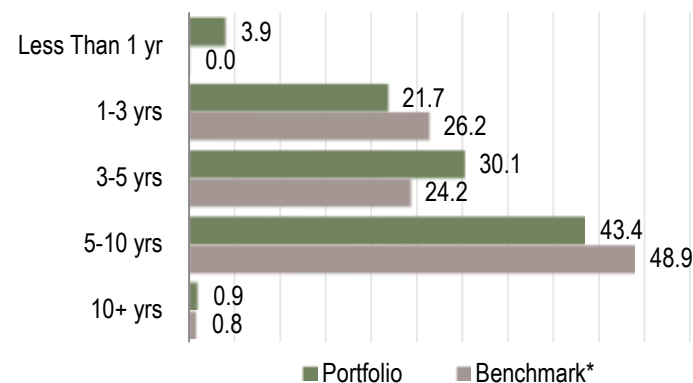
Duration Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	6.2%	5.3%	0.1%
1-3 yrs	37.8%	33.5%	31.9%
3-5 yrs	39.1%	41.0%	37.7%
5-10 yrs	16.9%	20.2%	30.2%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	5.0%	3.9%	0.0%
1-3 yrs	21.8%	21.7%	26.2%
3-5 yrs	28.3%	30.1%	24.2%
5-10 yrs	44.3%	43.4%	48.9%
10+ yrs	0.7%	0.9%	0.8%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

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

December 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<i>1 Mo</i>	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.37	-0.51	1.06	1.16	2.88	2.72
Benchmark***	-0.33	-0.69	1.07	1.10	2.58	2.41

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

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Government/Credit Bond Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA	Total Assets	\$2,957.5 million
Weighted Average Maturity	7.29 years	4.23 years	Number of Issues	228
Yield to Maturity	1.84%	2.05%	Weighted Coupon	2.35%
Effective Duration	4.15 years	3.89 years		

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

*Barclays U.S. Intermediate Government/Credit Bond Index

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

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

December 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	59.6%	64.5%	61.8%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	34.0%	32.9%	30.9%
Asset Backed Securities (ABS)	2.7%	2.1%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	0.0%	0.0%	0.0%
Sovereign / Supranationals	0.0%	0.0%	6.7%
Cash / Equivalents	3.7%	0.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	66.8%	67.6%	64.8%
AA	2.6%	2.5%	6.0%
A	16.7%	15.3%	14.3%
BBB	13.9%	14.6%	15.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

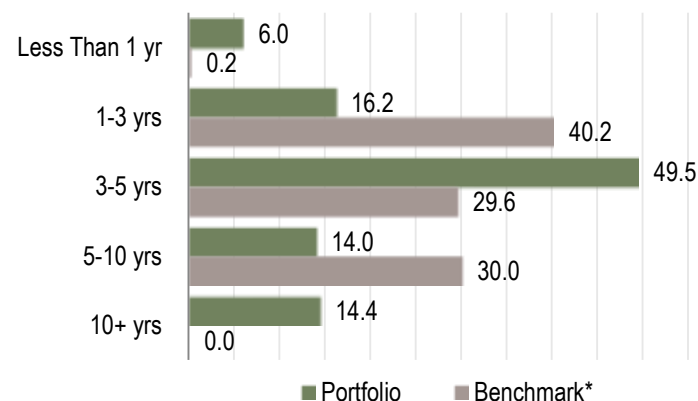
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

December 2015

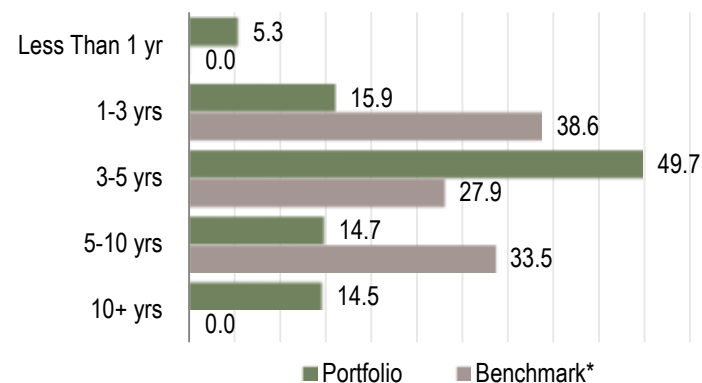
Duration Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	5.8%	6.0%	0.2%
1-3 yrs	21.4%	16.2%	40.2%
3-5 yrs	41.3%	49.5%	29.6%
5-10 yrs	17.3%	14.0%	30.0%
10+ yrs	14.2%	14.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	5.7%	5.3%	0.0%
1-3 yrs	20.6%	15.9%	38.6%
3-5 yrs	41.7%	49.7%	27.9%
5-10 yrs	17.9%	14.7%	33.5%
10+ yrs	14.2%	14.5%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

Fixed Income Portfolio Review - MetLife Separate Account 769/770/771 - Dodge & Cox

December 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	-0.32	-0.12	--	--	--	-0.28
Benchmark***	-0.24	-0.51	1.21	1.41	2.74	0.35

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

**Performance Inception: March 01, 2015

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA-	AA+	Total Assets	\$544.0 million
Weighted Average Maturity	4.74 years	5.09 years	Number of Issues	143
Yield to Maturity	2.53%	2.31%	Weighted Coupon	3.13%
Effective Duration	3.64 years	4.08 years		

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

*Barclays U.S. Intermediate Aggregate Bond Index

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

Fixed Income Portfolio Review - MetLife Separate Account 769/770/771 - Dodge & Cox

December 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	12.3%	17.2%	39.3%
Other U.S. Government	0.6%	0.6%	0.7%
Taxable Municipal	2.3%	1.4%	0.4%
Corporates	39.9%	38.4%	19.6%
Asset Backed Securities (ABS)	8.0%	7.9%	0.7%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.4%
Mortgage Backed Securities (MBS)	32.9%	33.1%	33.6%
Sovereign / Supranationals	0.0%	0.0%	4.2%
Cash / Equivalents	3.9%	1.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	57.8%	60.3%	77.1%
AA	1.5%	1.4%	4.0%
A	10.9%	7.7%	9.3%
BBB	29.8%	30.6%	9.6%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

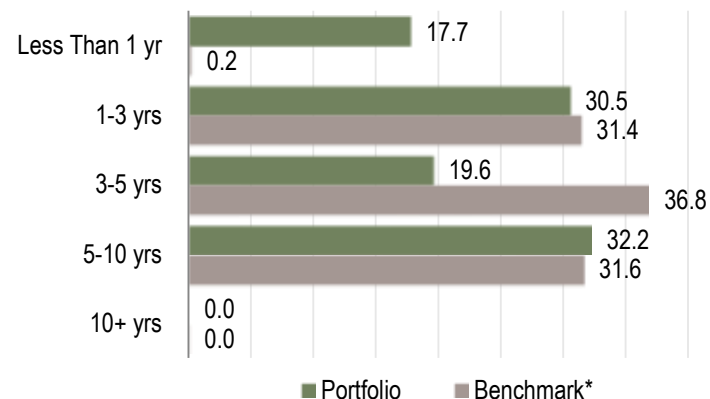
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - MetLife Separate Account 769/770/771 - Dodge & Cox

December 2015

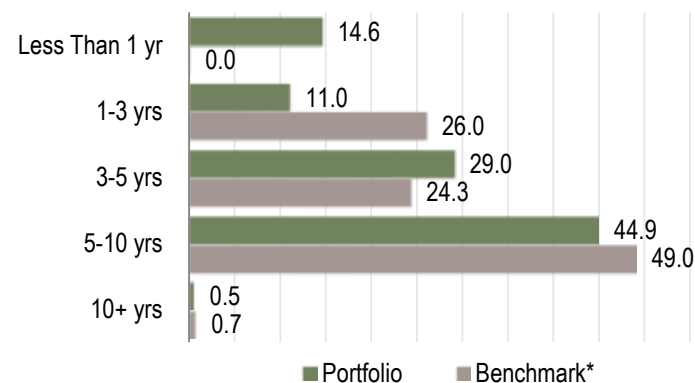
Duration Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	20.0%	17.7%	0.2%
1-3 yrs	29.8%	30.5%	31.4%
3-5 yrs	16.3%	19.6%	36.8%
5-10 yrs	33.9%	32.2%	31.6%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	14.9%	14.6%	0.0%
1-3 yrs	12.1%	11.0%	26.0%
3-5 yrs	29.4%	29.0%	24.3%
5-10 yrs	43.1%	44.9%	49.0%
10+ yrs	0.5%	0.5%	0.7%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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SECTION V

Stable Value Portfolio Review – North Carolina 457 Stable Value Fund

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

Book Value Performance	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>	<u>Since Inception**</u>
Portfolio (net of all fees - NAV Level)***	0.18	0.49	1.90	1.90	1.95	2.38	---	2.41
Merrill Lynch 3 Month T-Bill + 100 bps	0.12	0.28	1.06	1.06	1.06	1.08	---	1.08
Merrill Lynch 3 Month T-Bill + 150 bps	0.16	0.41	1.56	1.56	1.56	1.59	2.77	1.59
3 Year Constant Maturity Treasury Yield	0.11	0.28	1.03	1.03	0.82	0.72	1.72	0.72
Market Value Benchmark								
Blended Benchmark****	-0.18	-0.41	0.93	0.93	1.06	1.94	3.51	1.79

Calendar Year Performance

Book Value Performance	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Portfolio (net of all fees - NAV Level)***	1.90	1.80	2.15	2.77	3.30
Merrill Lynch 3 Month T-Bill + 100 bps	1.06	1.04	1.08	1.12	1.11
Merrill Lynch 3 Month T-Bill + 150 bps	1.56	1.55	1.58	1.62	1.61
3 Year Constant Maturity Treasury Yield	1.03	0.90	0.54	0.38	0.75
Market Value Benchmark					
Blended Benchmark****	0.93	2.69	-0.41	2.52	4.05
Market Indices					
Merrill Lynch 3 Month T-Bill	0.05	0.03	0.07	0.11	0.10
Consumer Price Index	1.27	0.76	1.62	2.26	2.96

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

**Galliard's management of this portfolio began December 1, 2010. Periods that exceed Galliard's tenure with the portfolio include Galliard performance linked with historical portfolio returns.

***Returns are net of all fees, including plan administrative reimbursement

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Fourth Quarter 2015

Portfolio Characteristics

Total Assets	\$395,771,504	Blended Yield (After fees)*	1.95%
Average Holdings Quality**	AA	Effective Duration	3.01 years
Number of Contract Issuers	5	Market/Book Value Ratio	100.92%

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

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

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>12/31/2015</u>	<u>% of Portfolio</u> <u>09/30/2015</u>
Cash & Equivalents*	5,314,064	1.3	2.1
Stable Value Funds	26,215,150	6.6	6.6
Separate Account GICs	136,600,433	34.5	34.2
Intermediate Portfolio	136,600,433	34.5	34.2
Security Backed Investment Contracts	227,641,856	57.5	57.1
Short Portfolio	122,769,033	31.0	30.8
Intermediate Portfolio	104,872,823	26.5	26.3
Total	\$395,771,504	100.0%**	100.0%**

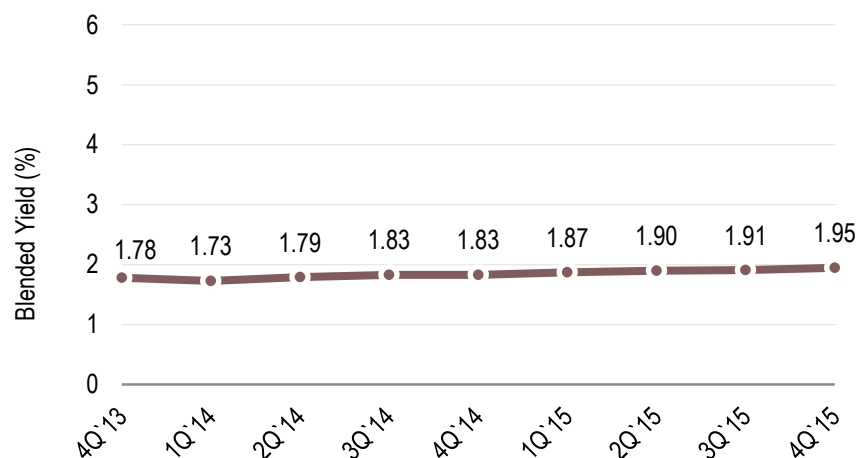
*Includes Receivables and Payables

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

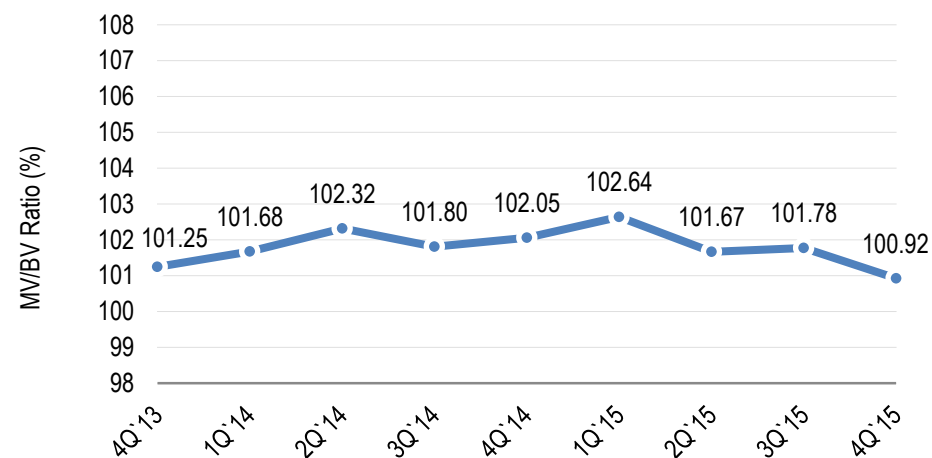
Fourth Quarter 2015

Historical Book Value Crediting Rate*

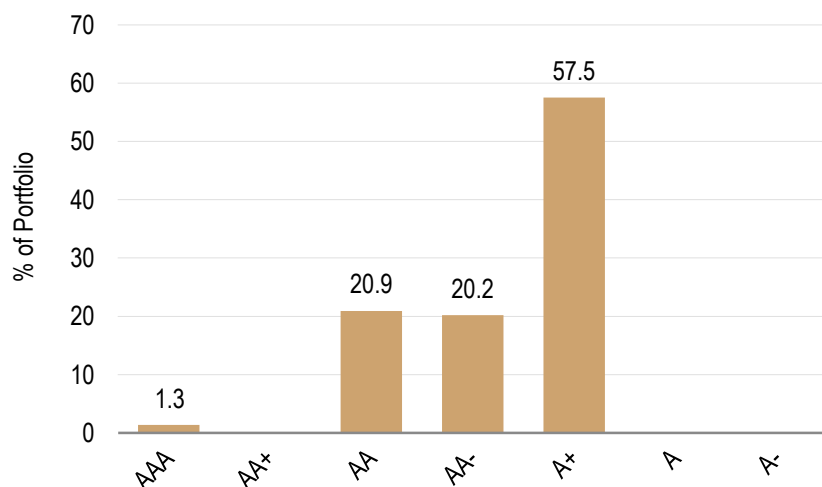


*As of quarter end. Blended yield is after investment management fees, wrap fees and administration fees.

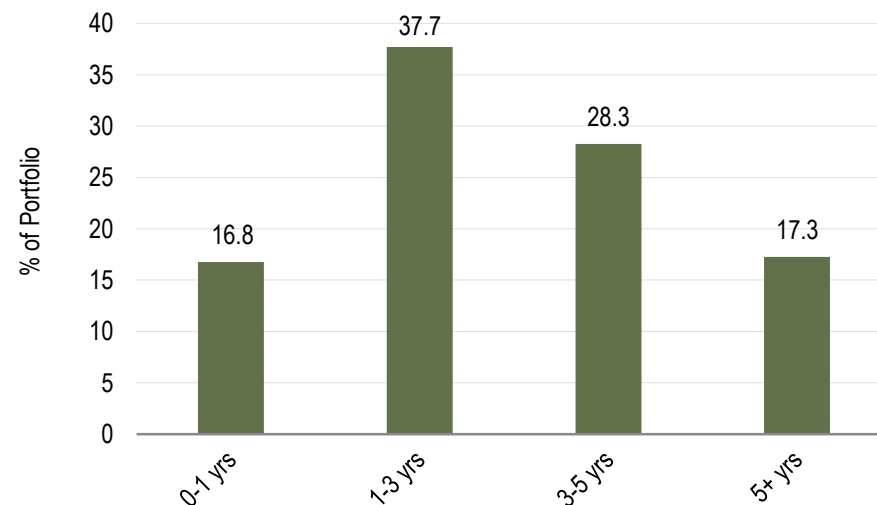
Market Value to Book Value Ratio*



Contract Quality Distribution*



Underlying Duration Distribution**



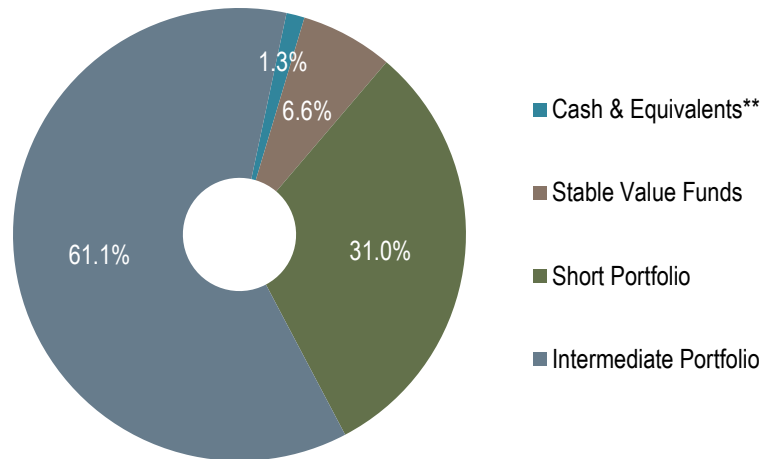
*Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

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

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Fourth Quarter 2015

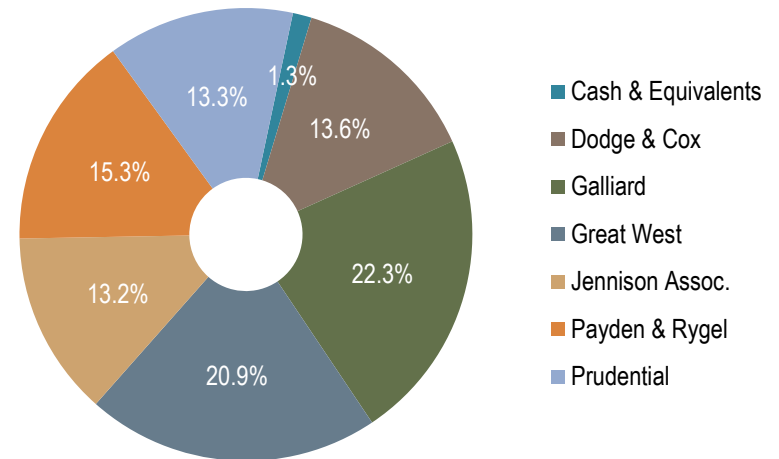
Portfolio Distribution*



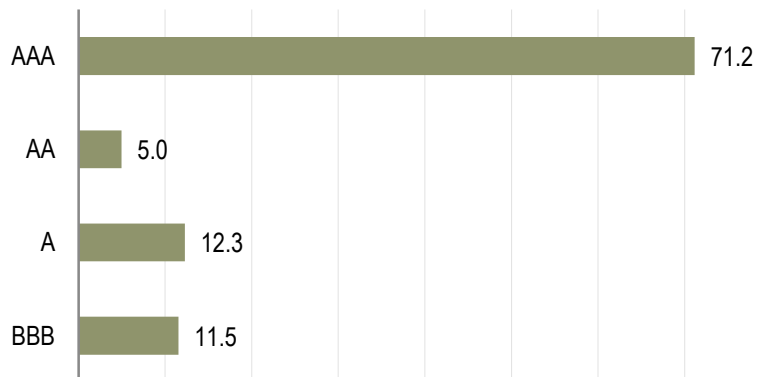
*Book value

**Includes Receivables and Payables

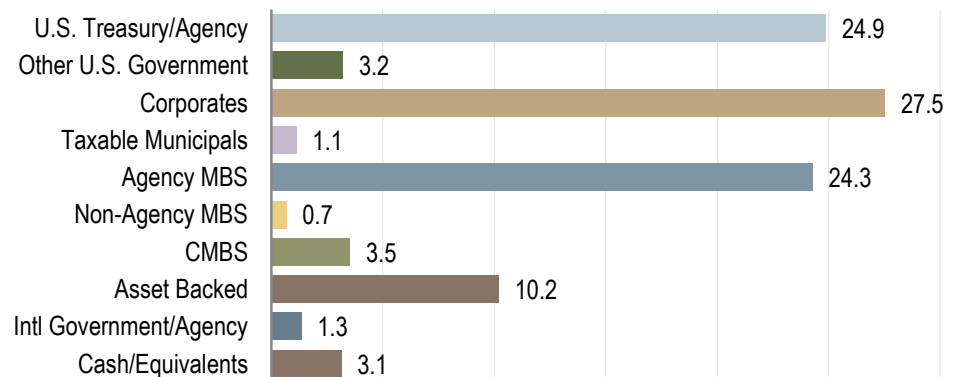
Manager Distribution*



Underlying Fixed Income Credit Quality*



Underlying Fixed Income Asset Allocation**



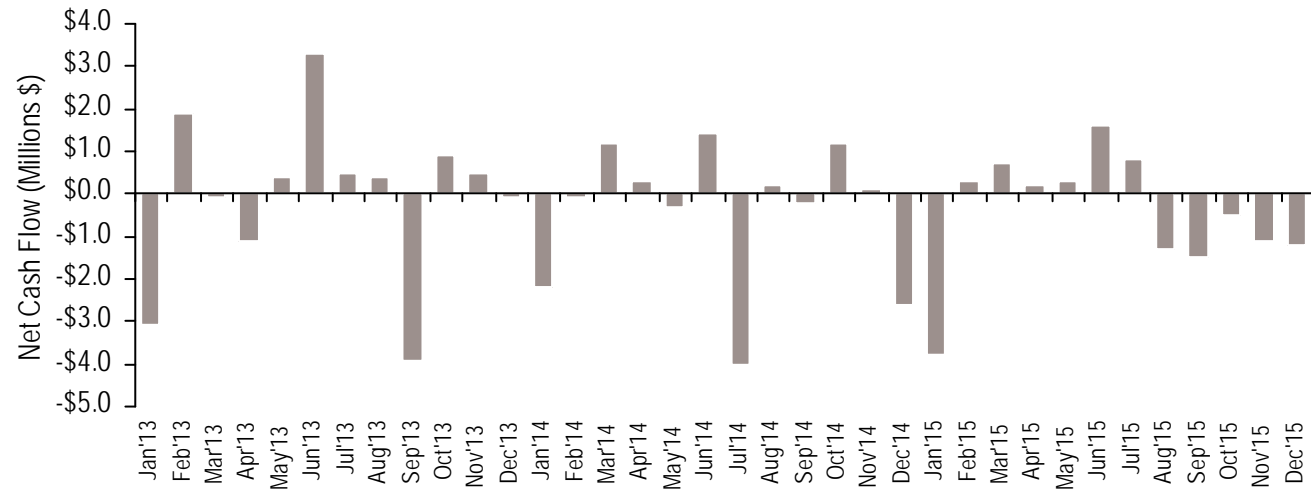
*Market value. Total % of portfolio may not add to 100% due to rounding. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. The external managers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

**Market value. Total % of portfolio may not add to 100% due to rounding. The external managers provide portfolio holdings, and the securities are classified using Galliard's analytics and methodology for maximum comparability across managers.

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Fourth Quarter 2015

Historical Cashflows



	2015	2014	2013	2012
Beginning Assets	\$393.8	\$392.0	\$384.1	\$368.8
Net Cash Flow (\$)*	-\$5.5	-\$5.2	-\$0.4	\$1.4
Net Cash Flow (%)	-1.40%	-1.33%	-0.10%	0.39%
Estimated Investment Earnings	\$7.4	\$7.0	\$8.3	\$13.9
Ending Assets**	\$395.8	\$393.8	\$392.0	\$384.1

* Contributions, Withdrawals and Investment Transfers

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

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MARKET VALUE 457PLAN PERFORMANCE SUMMARY

Short Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Payden & Rygel	-0.16%	0.64%	0.86%	1.47%	1.84%	8/1/2009
Barclays U.S.1-3 Yr. Govt/Credit	<u>-0.36%</u>	<u>0.65%</u>	<u>0.69%</u>	<u>0.98%</u>	<u>1.40%</u>	
	0.20%	-0.02%	0.17%	0.49%	0.44%	
Galliard**	-0.28%	1.02%	0.85%	1.63%	2.00%	1/1/2010
Barclays U.S.1-3 Yr. Government *	<u>-0.43%</u>	<u>0.57%</u>	<u>0.53%</u>	<u>0.73%</u>	<u>1.01%</u>	
Barclays U.S.1-3 Yr. Gov't/Credit	<u>-0.36%</u>	<u>0.65%</u>	<u>0.69%</u>	<u>0.98%</u>	<u>1.28%</u>	
	0.15%	0.44%	0.32%	0.90%	0.99%	

Intermediate Duration

Manager	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception
Prudential Investment Management	-0.43%	1.34%	1.49%	2.86%	2.70%	8/1/2010
Barclays U.S.Intermediate Aggregate	<u>-0.51%</u>	<u>1.21%</u>	<u>1.41%</u>	<u>2.74%</u>	<u>2.57%</u>	
	0.07%	0.13%	0.07%	0.13%	0.13%	
Dodge & Cox	-0.12%	-	-	-	-0.24%	5/1/2015
Barclays U.S.Intermediate Aggregate	<u>-0.51%</u>	-	-	-	<u>-0.10%</u>	
	0.39%	-	-	-	-0.14%	
Great West Life***	-0.33%	1.66%	1.73%	-	2.21%	10/1/2011
Barclays U.S.Intermediate Aggregate (Ex BBB)	<u>-0.47%</u>	<u>1.37%</u>	<u>1.41%</u>	-	<u>1.90%</u>	
	0.14%	0.29%	0.32%	-	0.30%	
Jennison	-0.51%	1.06%	1.16%	2.88%	2.73%	8/1/2010
Barclays U.S.Intermediate Govt/Credit	<u>-0.69%</u>	<u>1.07%</u>	<u>1.10%</u>	<u>2.58%</u>	<u>2.41%</u>	
	0.18%	-0.01%	0.06%	0.30%	0.31%	

* Index being shown for comparison purposes only, the fund is managed to a targeted duration.

**Returns shown are after investment management fees

***August 2015 return was revised from -0.885% to 0.238% to remove impact of writing off a receivable. Performance shown is as provided by Great West.

STATE OF NORTH CAROLINA STABLE VALUE FUNDS

MANAGER-LEVEL CHARACTERISTICS – 457 PLAN

Segment	Manager	Period	Book Value	Market Value	MV/BV Ratio	Market Value Yield	Duration (Years)	Book Value Crediting Rate
Short Duration	Payden & Rygel	9/30/2015	\$ 60,337,029	\$ 60,544,526	100.3%	1.11%	1.30	1.27%
		12/31/2015	\$ 60,558,208	\$ 60,447,432	99.8%	1.44%	1.52	1.16%
			\$ 221,179	\$ (97,094)	-0.5%	0.33%	0.22	-0.11%
	Galliard	9/30/2015	\$ 61,895,775	\$ 62,618,328	101.2%	1.40%	1.91	1.80%
		12/31/2015	\$ 62,210,826	\$ 62,439,915	100.4%	1.73%	1.92	1.74%
			\$ 315,051	\$ (178,413)	-0.8%	0.33%	0.01	-0.06%
	Prudential	9/30/2015	\$ 52,311,770	\$ 54,221,962	103.7%	1.97%	3.81	2.57%
		12/31/2015	\$ 52,706,633	\$ 53,974,581	102.4%	2.28%	3.99	2.58%
			\$ 394,863	\$ (247,381)	-1.2%	0.31%	0.18	0.01%
Intermediate Duration	Dodge & Cox	9/30/2015	\$ 53,404,623	\$ 54,159,582	101.4%	2.26%	3.61	2.24%
		12/31/2015	\$ 53,731,173	\$ 54,057,222	100.6%	2.53%	3.64	2.37%
			\$ 326,550	\$ (102,360)	-0.8%	0.27%	0.03	0.13%
	Great West Life	9/30/2015	\$ 82,317,533	\$ 83,875,152	101.9%	2.23%	3.43	2.62%
		12/31/2015	\$ 82,869,260	\$ 83,555,088	100.8%	2.48%	3.53	2.60%
			\$ 551,727	\$ (320,064)	-1.1%	0.25%	0.10	-0.02%
	Jennison	9/30/2015	\$ 51,823,230	\$ 53,715,582	103.7%	1.63%	4.14	2.57%
		12/31/2015	\$ 52,166,190	\$ 53,421,136	102.4%	1.84%	4.15	2.58%
			\$ 342,960	\$ (294,446)	-1.2%	0.21%	0.01	0.01%
	Total Fund	9/30/2015	\$ 396,609,673	\$ 403,654,845	101.8%	1.74%	2.90	2.10%
		12/31/2015	\$ 395,771,504	\$ 399,424,588	100.9%	2.02%	3.01	2.12%
			\$ (838,169)	\$ (4,230,257)	-0.9%	0.28%	0.11	0.02%

Stable Value Portfolio Review - North Carolina 457 Stable Value Fund

Fourth Quarter 2015

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>12/31/2015</u>	<u>9/30/2015</u>	<u>12/31/2015</u>	<u>9/30/2015</u>
American General Life Ins. Co.	A+	A+	A2	A2
GreatWest Life Insurance Co.	AA	AA	Aa3	Aa3
Metropolitan Life Ins. Co.	AA-	AA-	Aa3	Aa3
Nationwide Life Ins. Co.	A+	A+	A1	A1
Prudential Ins. Co. of America	AA-	AA-	A1	A1

American General Life Ins. Co.

- Solid capital levels
- Leading positions in most Life and Annuity products
- An activist investor is involved at the parent and is pushing for a separation of the Life and P&C operations. We do not think a separation is likely, but it would be a significant credit concern if it happened.

GreatWest Life Insurance Co.

- Aggressive dividend taking by the parent, combined with General Account growth, results in low capital levels and ratios
- Reliant on support from the parent company; the leading insurer in Canada which had strong 2014 results

Metropolitan Life Ins. Co.

- Largest U.S. life insurer by invested assets
- Has been declared a non-bank Systematically Important Financial Institution (SIFI) by the FSOC; but will fight the designation in court
- Capital ratios remain below average, but have improved slightly despite dividends to the holding company

Nationwide Life Ins. Co.

- Part of a leading mutual group that includes a leading P&C company
- Strong history of earnings

Prudential Ins. Co. of America

- A leading diversified U.S. life insurer
- Capital ratios are now average following a large captive reinsurance transaction, however the quality of the ratios was lowered by the transaction

The information contained herein reflects the views of Galliard Capital Management, Inc. & sources believed to be reliable by Galliard as of the date of publication. The views expressed here may change at any time subsequent to the date of publication. This publication is for informational purposes only.
For institutional investors only.

North Carolina 457 Stable Value Fund Portfolio Review

Portfolio Holdings

December 31, 2015

Asset ID	Security Description	Manager	Contract Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Yield (%)	Maturity*	Effective Duration (yrs)	S&P Rating	Moody's Rating	Wrap Fee (bps)
Cash & Equivalents												
FUNDAVAIL	Cash Receivable / (Payable)		-227,879	-227,879	100.0	-0.1	0.08		0.10	AAA	Aaa	
VP45600\$1	WF Adv Government Money Market		5,541,944	5,541,944	100.0	1.4	0.08		0.10	AAA	Aaa	
Total Cash & Equivalents			5,314,064	5,314,064	100.0	1.3	0.08		0.10	AAA	Aaa	
Stable Value Funds												
949907109	Wells Fargo Stable Return Fund G		26,215,150	26,215,150	100.0	6.6	1.78		2.53	AA-	Aa3	
Total Stable Value Funds			26,215,150	26,215,150	100.0	6.6	1.78		2.53	AA-	Aa3	
Separate Account GICs												
Intermediate Portfolio												
391997NC3	GreatWest Life Insurance Co.	Great West	82,869,260	83,555,088	100.8	20.9	2.60	N.S.M.	3.53	AA	Aa3	15.0
590994BY4	Metropolitan Life Ins. Co.	Dodge & Cox	53,731,173	54,057,222	100.6	13.6	2.37	N.S.M.	3.64	AA-	Aa3	20.0
Total Intermediate Portfolio			136,600,433	137,612,311	100.7	34.5	2.51		3.57	AA	Aa3	
Total Separate Account GICs			136,600,433	137,612,311	100.7	34.5	2.51		3.57	AA	Aa3	
Security Backed Investment Contracts												
Short Portfolio												
946996DV4	American General Life Ins. Co.	Payden & Rygel	60,558,208	60,447,432	99.8	15.3	1.16	N.S.M.	1.52	A+	A2	22.0
896994MP2	Nationwide Life Ins. Co.	Galliard	62,210,826	62,439,915	100.4	15.7	1.74	N.S.M.	1.92	A+	A1	23.0
Total Short Portfolio			122,769,033	122,887,347	100.1	31.0	1.45		1.72	A+	A1	
Intermediate Portfolio												
744999CF8	Prudential Ins. Co. of America	Jennison Assoc.	52,166,190	53,421,136	102.4	13.2	2.58	N.S.M.	4.15	AA-	A1	17.0
744999CF8	Prudential Ins. Co. of America	Prudential	52,706,633	53,974,581	102.4	13.3	2.58	N.S.M.	3.99	AA-	A1	17.0
Total Intermediate Portfolio			104,872,823	107,395,716	102.4	26.5	2.58		4.07	AA-	A1	
Total Security Backed Investment Contracts			227,641,856	230,283,063	101.2	57.5	1.97		2.80	A+	A1	
Total Fund			395,771,504	399,424,588	100.9	100.0	2.12		3.01	AA-	A1	

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.16	0.64	0.86	1.47	1.84
Benchmark***	-0.36	0.65	0.69	0.98	1.40

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

**Performance Inception: August 01, 2009

***Barclays U.S. 1-3 Year Government/Credit Bond Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA	AA	Total Assets	\$60.4 million
Weighted Average Maturity	1.71 years	1.86 years	Number of Issues	211
Yield to Maturity	1.44%	1.35%	Weighted Coupon	1.30%
Effective Duration	1.52 years	1.81 years		

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

*Barclays U.S. 1-3 Year Government/Credit Bond Index

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

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

Fourth Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	28.9%	31.6%	68.5%
Other U.S. Government	2.0%	1.8%	0.0%
Taxable Municipal	2.5%	2.2%	0.5%
Corporates	41.4%	40.0%	23.9%
Asset Backed Securities (ABS)	12.9%	13.4%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	2.4%	2.2%	0.0%
Sovereign / Supranationals	8.5%	8.4%	7.1%
Cash / Equivalents	1.5%	0.4%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	56.0%	57.9%	71.7%
AA	4.7%	6.1%	7.0%
A	21.9%	18.6%	12.4%
BBB	17.5%	17.4%	9.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

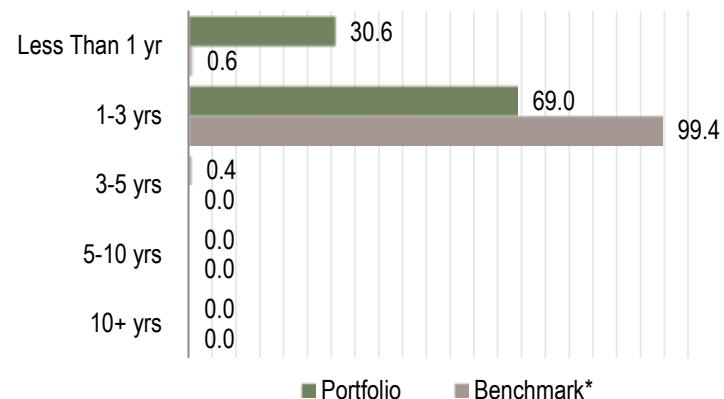
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

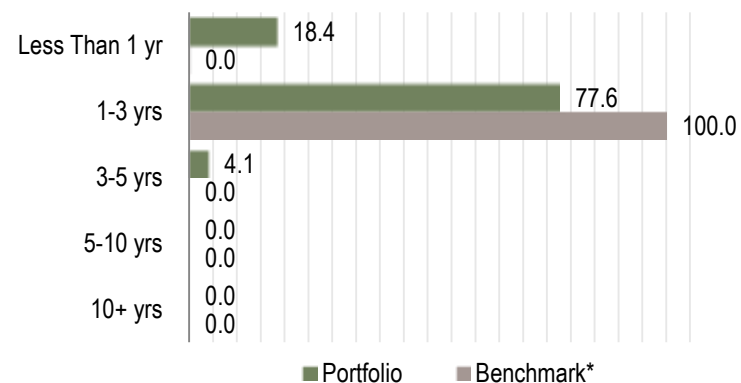
Duration Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	32.7%	30.6%	0.6%
1-3 yrs	66.7%	69.0%	99.4%
3-5 yrs	0.6%	0.4%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	18.2%	18.4%	0.0%
1-3 yrs	76.5%	77.6%	100.0%
3-5 yrs	5.3%	4.1%	0.0%
5-10 yrs	0.0%	0.0%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. 1-3 Year Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

Disclosure: Galliard Capital Management has exercised reasonable professional care in the preparation of this material. We cannot, however, guarantee the accuracy of all information contained herein.

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<u>1 Mo</u>	<u>3 Mos</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception**</u>
Portfolio	-0.17	-0.28	1.02	1.02	0.85	---	2.00
Barclay's 1-3 Year Govt/Credit	-0.13	-0.36	0.65	0.65	0.69	0.98	1.28

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

**Galliard Performance Inception: January 01, 2010

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception**
Portfolio	-0.17	-0.28	1.02	0.86	1.65	2.91	2.87
Benchmark***	-0.10	-0.43	0.57	0.53	0.73	2.51	2.44

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

**Galliard Performance Inception: January 01, 2005

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

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AAA	Total Assets	\$13,433.6 million
Weighted Average Maturity	2.40 years	1.82 years	Number of Issues	1374
Yield to Maturity	1.73%	1.05%	Weighted Coupon	1.99%
Effective Duration	1.92 years	1.78 years	Estimated Annual Income	\$264.8 million

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

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

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

Fourth Quarter 2015

Sector Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
U.S. Government/Agency Debentures	14.2%	15.1%	100.0%
Other U.S. Government	4.1%	4.1%	0.0%
Taxable Municipal	2.8%	2.5%	0.0%
Corporates	23.6%	24.9%	0.0%
Asset Backed Securities (ABS)	24.8%	23.6%	0.0%
Commercial Mortgage Backed Securities (CMBS)	5.8%	5.8%	0.0%
Mortgage Backed Securities (MBS)	23.1%	21.8%	0.0%
Sovereign / Supranationals	0.0%	0.0%	0.0%
Cash / Equivalents	1.6%	2.2%	0.0%
Total	100.0%**	100.0%**	100.0%**

Top 5 Credit Exposure

	% of Portfolio 12/31/2015
Citigroup Inc	0.8%
Bank of America Corp	0.8%
Westpac Banking Corp	0.7%
Royal Bank of Canada	0.6%
JPMorgan Chase & Co	0.6%
Total	3.5%**

Total entity exposure – includes all related entities

Quality Distribution***

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
AAA	76.1%	75.3%	96.1%
AA	8.2%	8.4%	3.9%
A	14.5%	13.5%	0.0%
BBB	1.1%	2.8%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

**Column percentage may not add exactly due to rounding

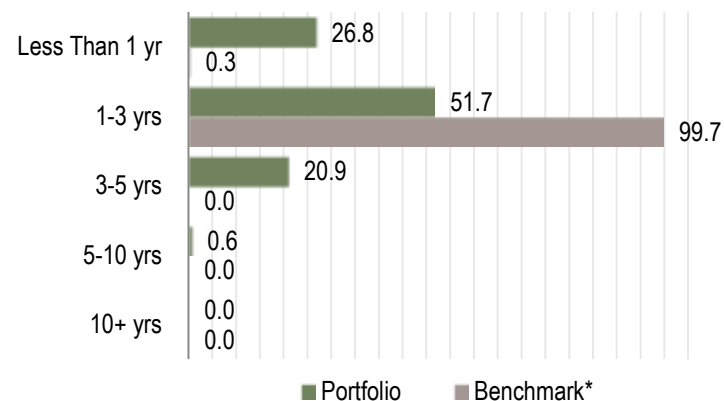
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

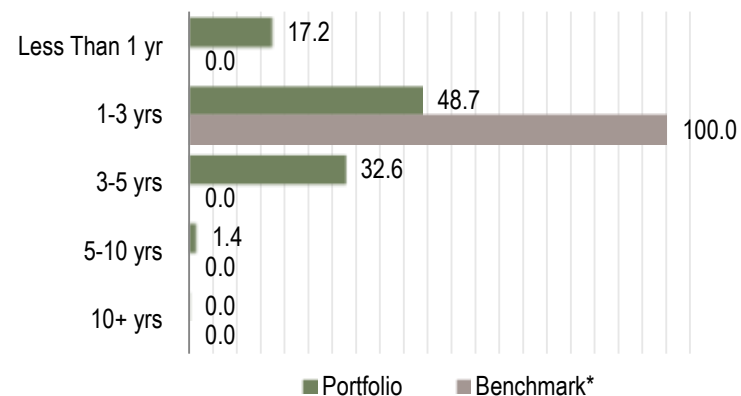
Duration Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	25.0%	26.8%	0.3%
1-3 yrs	57.2%	51.7%	99.7%
3-5 yrs	17.4%	20.9%	0.0%
5-10 yrs	0.4%	0.6%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	15.8%	17.2%	0.0%
1-3 yrs	53.8%	48.7%	100.0%
3-5 yrs	29.5%	32.6%	0.0%
5-10 yrs	0.9%	1.4%	0.0%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

**Column percentage may not add exactly due to rounding

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	-0.43	1.34	1.49	2.86	2.70
Benchmark***	-0.51	1.21	1.41	2.74	2.57

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

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA+	AA+	Total Assets	\$1,397.7 million
Weighted Average Maturity	4.92 years	5.09 years	Number of Issues	984
Yield to Maturity	2.28%	2.31%	Weighted Coupon	2.94%
Effective Duration	3.99 years	4.08 years		

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

*Barclays U.S. Intermediate Aggregate Bond Index

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

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

Fourth Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	39.0%	40.2%	39.3%
Other U.S. Government	1.7%	1.7%	0.7%
Taxable Municipal	0.2%	0.2%	0.4%
Corporates	21.8%	21.7%	19.6%
Asset Backed Securities (ABS)	0.3%	0.3%	0.7%
Commercial Mortgage Backed Securities (CMBS)	3.0%	3.2%	1.4%
Mortgage Backed Securities (MBS)	33.1%	31.9%	33.6%
Sovereign / Supranationals	0.7%	0.5%	4.2%
Cash / Equivalents	0.2%	0.4%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	76.6%	77.0%	77.1%
AA	2.2%	2.2%	4.0%
A	10.3%	9.3%	9.3%
BBB	10.9%	11.4%	9.6%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

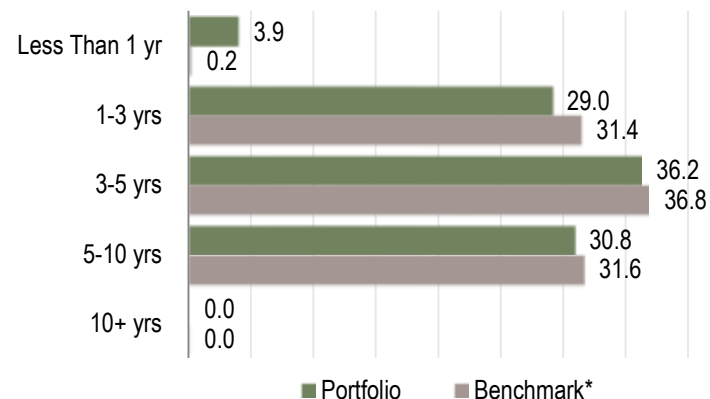
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

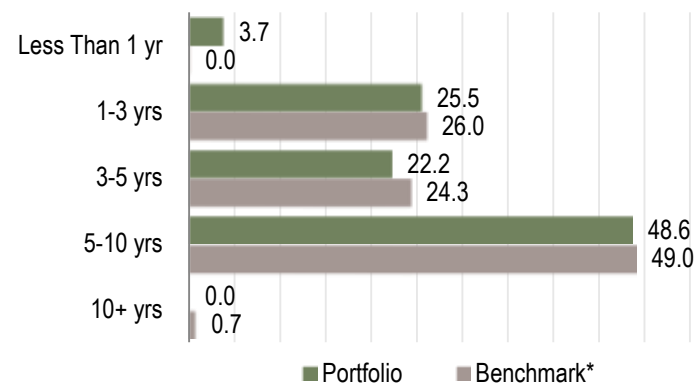
Duration Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	2.0%	3.9%	0.2%
1-3 yrs	34.6%	29.0%	31.4%
3-5 yrs	38.5%	36.2%	36.8%
5-10 yrs	24.9%	30.8%	31.6%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	2.0%	3.7%	0.0%
1-3 yrs	25.5%	25.5%	26.0%
3-5 yrs	22.8%	22.2%	24.3%
5-10 yrs	49.7%	48.6%	49.0%
10+ yrs	0.0%	0.0%	0.7%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

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

Fourth Quarter 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.33	1.66	1.73	2.84	2.27
Benchmark***	-0.47	1.37	1.41	2.62	1.90

*Returns for periods of less than one year are not annualized. Returns shown are before fees. August 2015 return was revised from -0.885% to 0.238% to remove impact of writing off a receivable.

Performance shown is as provided by Great West.

**Performance Inception: October 01, 2011

***Barclays U.S. Intermediate Aggregate Bond Index A or Better

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA+	Total Assets	\$83.6 million
Weighted Average Maturity	4.74 years	5.08 years	Number of Issues	207
Yield to Maturity	2.48%	2.15%	Weighted Coupon	3.35%
Effective Duration	3.53 years	4.03 years		

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

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

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

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

Fourth Quarter 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	1.0%	0.9%	43.5%
Other U.S. Government	7.0%	7.8%	0.8%
Taxable Municipal	0.0%	0.0%	0.4%
Corporates	15.4%	16.2%	12.2%
Asset Backed Securities (ABS)	10.9%	10.4%	0.7%
Commercial Mortgage Backed Securities (CMBS)	9.6%	8.7%	1.5%
Mortgage Backed Securities (MBS)	55.5%	54.2%	37.2%
Sovereign / Supranationals	0.0%	0.0%	3.7%
Cash / Equivalents	0.6%	1.7%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	81.0%	80.7%	85.3%
AA	7.2%	7.2%	4.4%
A	10.3%	10.5%	10.2%
BBB	1.4%	1.5%	0.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

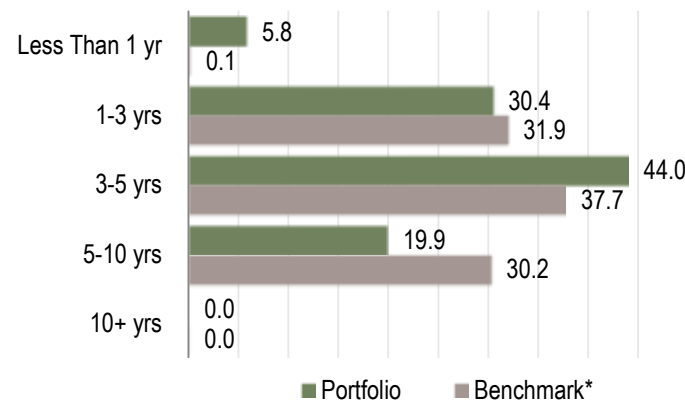
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

Fourth Quarter 2015

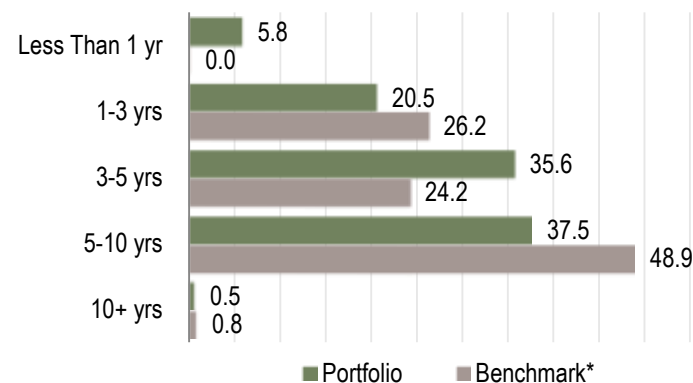
Duration Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	4.1%	5.8%	0.1%
1-3 yrs	37.3%	30.4%	31.9%
3-5 yrs	41.4%	44.0%	37.7%
5-10 yrs	17.2%	19.9%	30.2%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	% of Portfolio 09/30/2015	% of Portfolio 12/31/2015	% of Benchmark* 12/31/2015
0-1 yrs	4.2%	5.8%	0.0%
1-3 yrs	22.1%	20.5%	26.2%
3-5 yrs	36.9%	35.6%	24.2%
5-10 yrs	36.3%	37.5%	48.9%
10+ yrs	0.6%	0.5%	0.8%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Aggregate Bond Index A or Better

**Column percentage may not add exactly due to rounding

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

December 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	<i>1 Mo</i>	<i>3 Mos</i>	<i>1 Yr</i>	<i>3 Yr</i>	<i>5 Yr</i>	<i>Since Inception**</i>
Portfolio	-0.37	-0.51	1.06	1.16	2.88	2.72
Benchmark***	-0.33	-0.69	1.07	1.10	2.58	2.41

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

**Performance Inception: August 01, 2010

***Barclays U.S. Intermediate Government/Credit Bond Index

Portfolio Characteristics

	<i>Portfolio</i>	<i>Benchmark*</i>		<i>Portfolio</i>
Weighted Average Quality**	AA+	AA	Total Assets	\$2,957.5 million
Weighted Average Maturity	7.29 years	4.23 years	Number of Issues	228
Yield to Maturity	1.84%	2.05%	Weighted Coupon	2.35%
Effective Duration	4.15 years	3.89 years		

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

*Barclays U.S. Intermediate Government/Credit Bond Index

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

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

December 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	59.6%	64.5%	61.8%
Other U.S. Government	0.0%	0.0%	0.0%
Taxable Municipal	0.0%	0.0%	0.6%
Corporates	34.0%	32.9%	30.9%
Asset Backed Securities (ABS)	2.7%	2.1%	0.0%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	0.0%
Mortgage Backed Securities (MBS)	0.0%	0.0%	0.0%
Sovereign / Supranationals	0.0%	0.0%	6.7%
Cash / Equivalents	3.7%	0.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	66.8%	67.6%	64.8%
AA	2.6%	2.5%	6.0%
A	16.7%	15.3%	14.3%
BBB	13.9%	14.6%	15.0%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

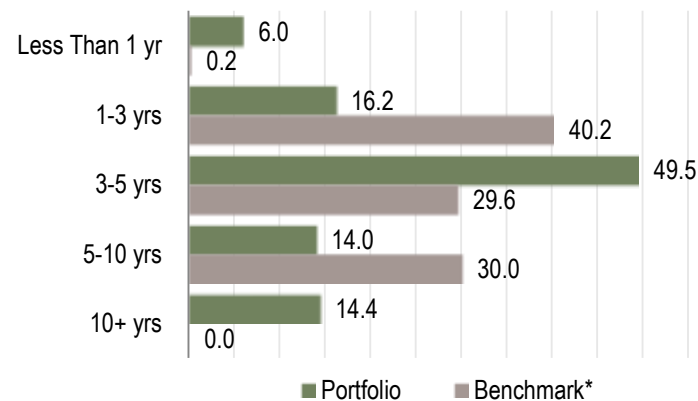
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

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

December 2015

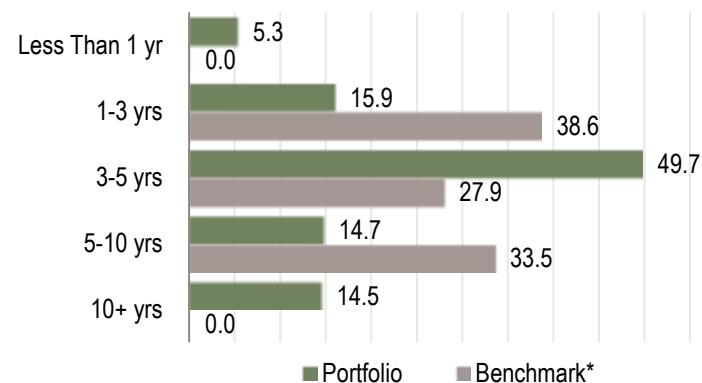
Duration Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	5.8%	6.0%	0.2%
1-3 yrs	21.4%	16.2%	40.2%
3-5 yrs	41.3%	49.5%	29.6%
5-10 yrs	17.3%	14.0%	30.0%
10+ yrs	14.2%	14.4%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	5.7%	5.3%	0.0%
1-3 yrs	20.6%	15.9%	38.6%
3-5 yrs	41.7%	49.7%	27.9%
5-10 yrs	17.9%	14.7%	33.5%
10+ yrs	14.2%	14.5%	0.0%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Government/Credit Bond Index

**Column percentage may not add exactly due to rounding

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Fixed Income Portfolio Review - MetLife Separate Account 769/770/771 - Dodge & Cox

December 2015

Annualized Investment Performance*

Periods Ending December 31, 2015

	1 Mo	3 Mos	1 Yr	3 Yr	5 Yr	Since Inception**
Portfolio	-0.32	-0.12	--	--	--	-0.28
Benchmark***	-0.24	-0.51	1.21	1.41	2.74	0.35

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

**Performance Inception: March 01, 2015

***Barclays U.S. Intermediate Aggregate Bond Index

Portfolio Characteristics

	Portfolio	Benchmark*		Portfolio
Weighted Average Quality**	AA-	AA+	Total Assets	\$544.0 million
Weighted Average Maturity	4.74 years	5.09 years	Number of Issues	143
Yield to Maturity	2.53%	2.31%	Weighted Coupon	3.13%
Effective Duration	3.64 years	4.08 years		

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

*Barclays U.S. Intermediate Aggregate Bond Index

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Fixed Income Portfolio Review - MetLife Separate Account 769/770/771 - Dodge & Cox

December 2015

Sector Distribution

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
U.S. Government/Agency Debentures	12.3%	17.2%	39.3%
Other U.S. Government	0.6%	0.6%	0.7%
Taxable Municipal	2.3%	1.4%	0.4%
Corporates	39.9%	38.4%	19.6%
Asset Backed Securities (ABS)	8.0%	7.9%	0.7%
Commercial Mortgage Backed Securities (CMBS)	0.0%	0.0%	1.4%
Mortgage Backed Securities (MBS)	32.9%	33.1%	33.6%
Sovereign / Supranationals	0.0%	0.0%	4.2%
Cash / Equivalents	3.9%	1.5%	0.0%
Total	100.0%**	100.0%**	100.0%**

Quality Distribution***

	<i>% of Portfolio</i> <i>09/30/2015</i>	<i>% of Portfolio</i> <i>12/31/2015</i>	<i>% of Benchmark*</i> <i>12/31/2015</i>
AAA	57.8%	60.3%	77.1%
AA	1.5%	1.4%	4.0%
A	10.9%	7.7%	9.3%
BBB	29.8%	30.6%	9.6%
< BBB	0.0%	0.0%	0.0%
NR/NA	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**

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

*Barclays U.S. Intermediate Aggregate Bond Index

**Column percentage may not add exactly due to rounding

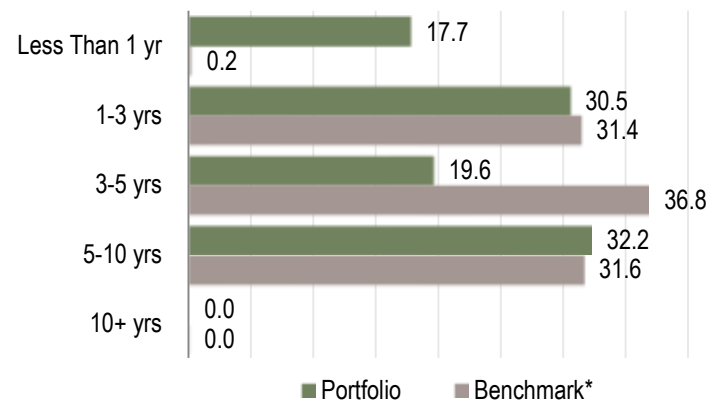
***The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

Fixed Income Portfolio Review - MetLife Separate Account 769/770/771 - Dodge & Cox

December 2015

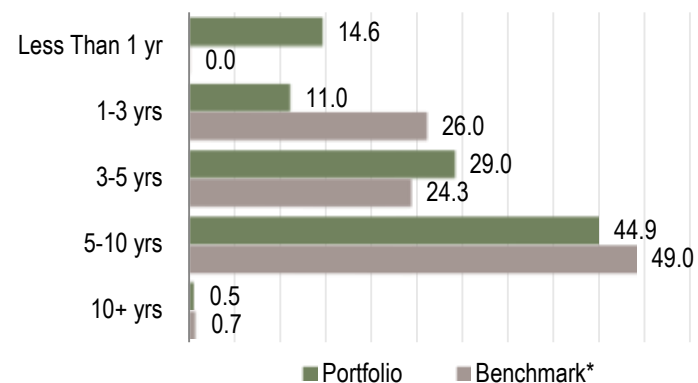
Duration Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	20.0%	17.7%	0.2%
1-3 yrs	29.8%	30.5%	31.4%
3-5 yrs	16.3%	19.6%	36.8%
5-10 yrs	33.9%	32.2%	31.6%
10+ yrs	0.0%	0.0%	0.0%
Total	100.0%**	100.0%**	100.0%**



Maturity Distribution

	<i>% of Portfolio 09/30/2015</i>	<i>% of Portfolio 12/31/2015</i>	<i>% of Benchmark* 12/31/2015</i>
0-1 yrs	14.9%	14.6%	0.0%
1-3 yrs	12.1%	11.0%	26.0%
3-5 yrs	29.4%	29.0%	24.3%
5-10 yrs	43.1%	44.9%	49.0%
10+ yrs	0.5%	0.5%	0.7%
Total	100.0%**	100.0%**	100.0%**



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

*Barclays U.S. Intermediate Aggregate Bond Index

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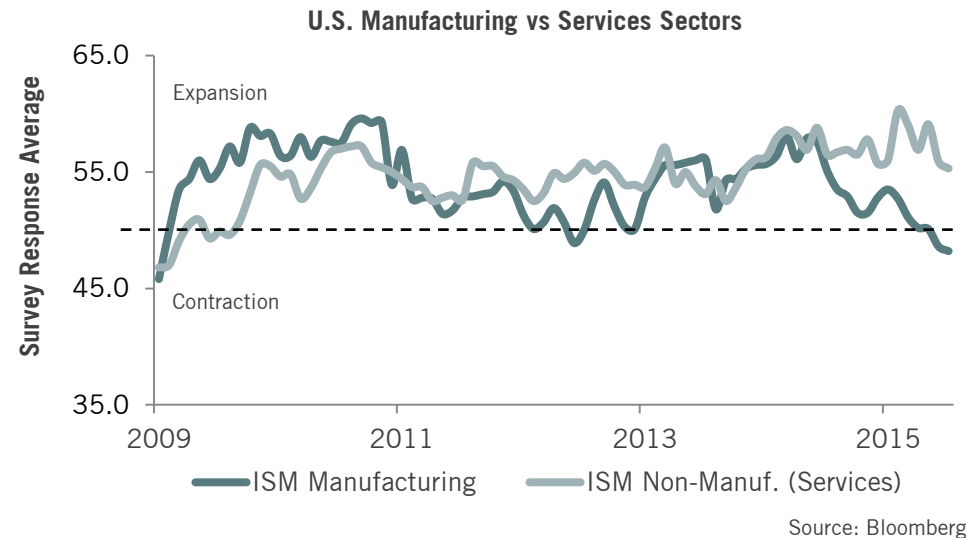
APPENDIX

MARKET REVIEW

FOURTH QUARTER 2015

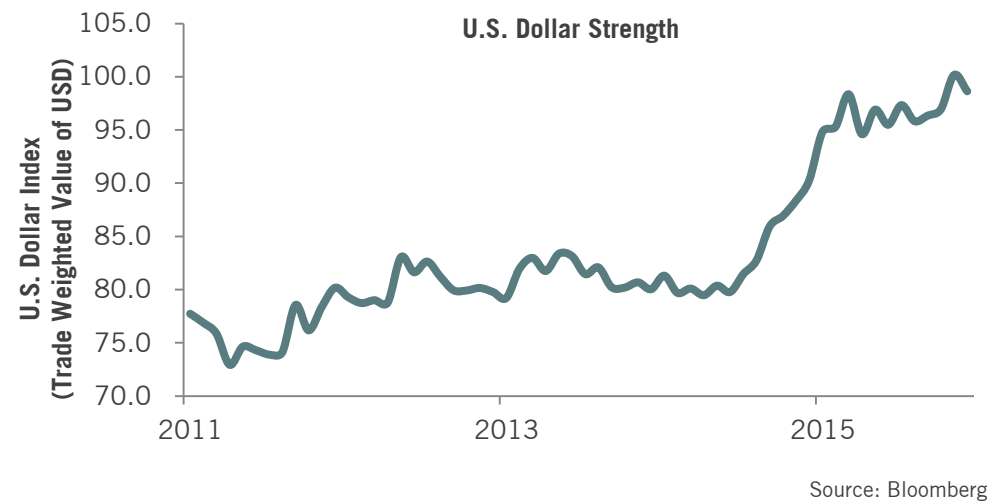
U.S. Economy Continues to Expand, Services Set Place

- U.S. Economic growth continued on a reasonably decent path in the second half of the year. U.S. GDP grew at a 2.0% annualized rate during the third quarter. Although growth appeared to have softened in the final quarter of 2015, the pace of hiring and final consumer demand has remained quite strong.
- U.S. consumer confidence remained near a cycle-high, with the Conference Board's Consumer Confidence Index at 96.5 in December.
- Readings from the Institute of Supply Management's (ISM) monthly activity survey highlight the divergence between the U.S. manufacturing and service sectors. The manufacturing composite fell to 48.2 in December (readings below 50 indicate contraction) while the services composite remained at a robust 55.3, consistent with growth in the 3% range.



Global Central Banks Stay Easy to Support Economies

- Outside of the U.S., central bankers in most other economic regions remain focused on policy easing and additional stimulus measures, trying to support growth and prevent backsliding into recession. Such policy accommodation has kept global yields low.
- Oil prices continued their slide during the quarter; West Texas Intermediate (WTI) crude broke through the \$34/barrel level for the first time since 2004. More broadly, natural gas, industrial metals and other key commodities all fell on the quarter as global growth prospects dimmed and, in particular, Chinese demand softened significantly.
- The U.S. dollar continued its move higher during the quarter as investors took cover from global market volatility. The relatively higher yields offered by U.S. Treasuries also kept demand strong.



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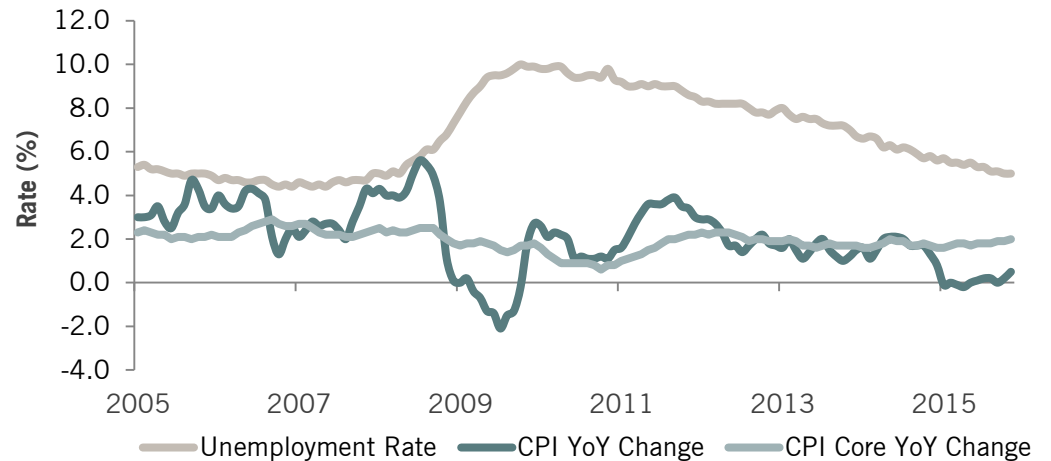
MARKET REVIEW

FOURTH QUARTER 2015

Fed “Lifts Off” with First Hike Since 2006

- Despite chatter early in the quarter that the Fed might pass on hiking rates at all in 2015, a string of strong employment reports and a stabilizing of global financial markets gave the Fed the window it needed to raise its policy rate in December for the first time since 2006.
- The U.S. economy added 2.6 million new jobs in 2015 as the unemployment rate declined to 5.0% from 5.6% at the start of the year.
- Low inflation, driven in part by significant declines in commodity prices and a stronger U.S. dollar, which makes imported goods less expensive, helped to keep consumer confidence at near-cycle highs during the quarter.

Unemployment Rate vs. Inflation Rate

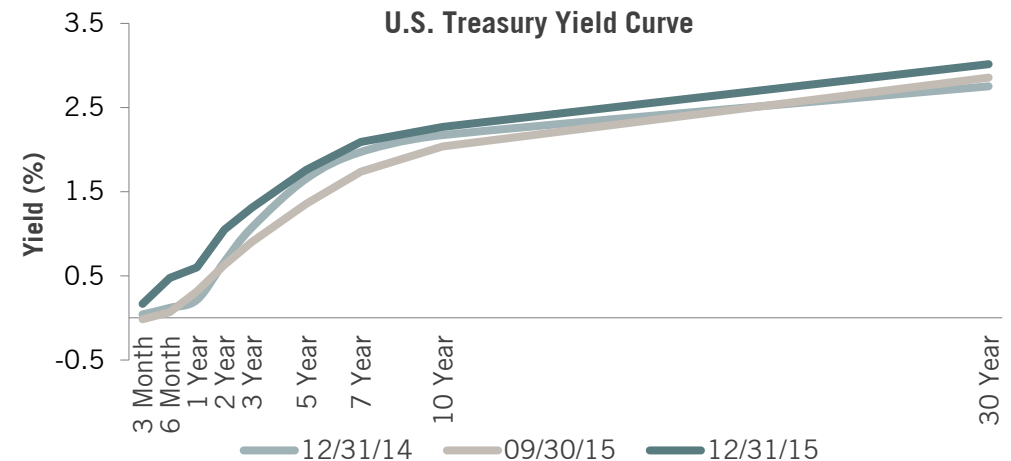


Source: Bloomberg

Fed Rate Rise Pushes Treasury Yields Higher

- Treasury yields moved higher across the yield curve during the quarter as investors priced-in the Fed’s December hike and the likelihood of 3-4 additional hikes in 2016.
- Looking back over a volatile year, yields on the 5-20 year segment of the yield curve ended the year within +/-10bps of where they started. Meanwhile, yields on shorter maturities (1-3 years) and the 30-year long bond were materially higher on the year.
- While the Fed’s official statement from its December meeting signaled expectations for a measured pace of tightening in 2016, the Fed also made clear that the pace of future tightening will be highly dependent on signs that inflation is rebounding from current low levels back towards the Fed’s desired target of 2%.

U.S. Treasury Yield Curve



Source: Bloomberg

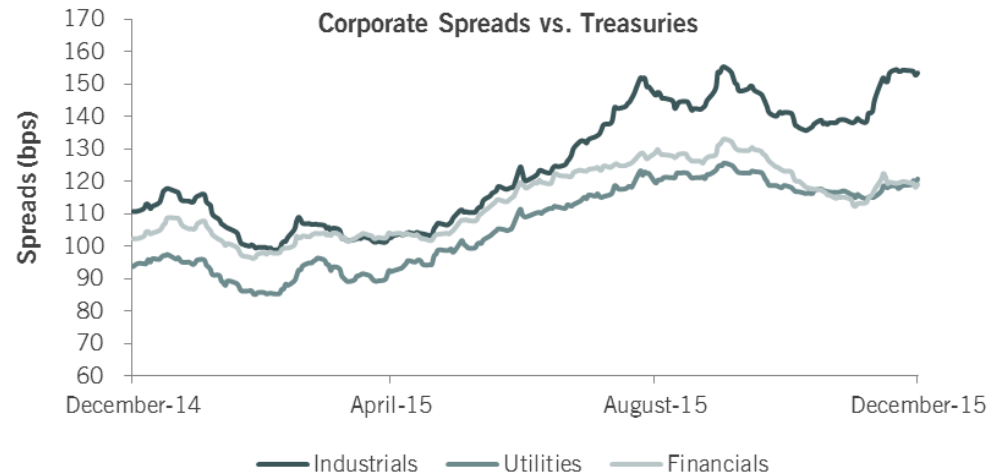
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MARKET REVIEW

FOURTH QUARTER 2015

Corporate Spreads Under Pressure, Financials Outperform

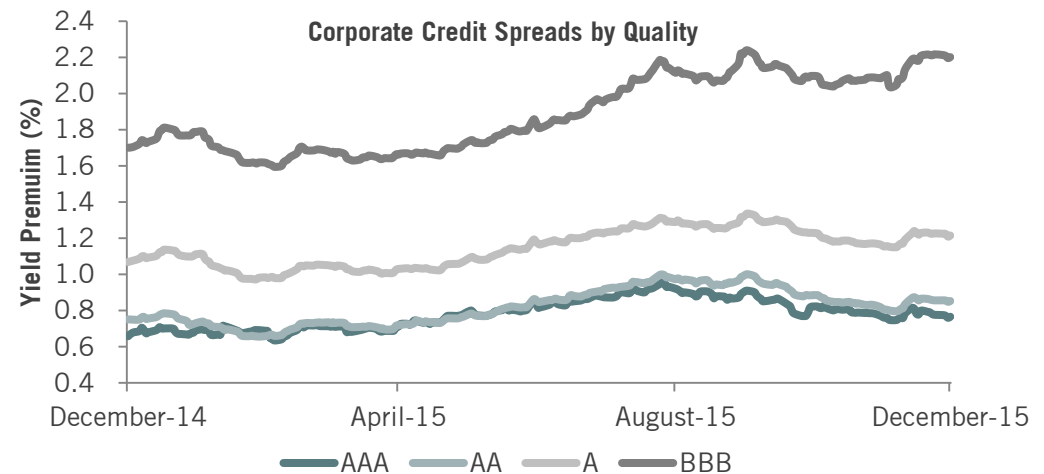
- Energy and Metals and Mining companies dominated the headlines during the quarter as the continued slump in commodity prices played havoc with companies' business models, leading to significant spread widening and expectations for widespread ratings downgrades.
- Commodity prices have been weak across the board, hurt by a combination of weakening marginal demand and global oversupply. Oil prices briefly dropped below \$34/bbl during the quarter, the lowest level in more than a decade.
- Financials were a relative bright spot on the year, as investors increasingly viewed the largest U.S. banks as well-capitalized and potential safe havens amidst a more challenging business and credit cycle within Industrials.



Source: Barclays

Quality Spreads Widen on Heightened Risk Aversion, Record New Issue Supply

- High grade new issuance in 4Q15 was a healthy \$260 billion, although that represented the lightest quarter of the year. New issuance set a record in 2015 as activity reached \$1.2 trillion, driven by record M&A activity, debt issuance used to fund share buybacks and dividend increases.
- The spread between BBB-rated and AA-rated issuers widened significantly over the course of 2015 as pressures emerged in energy-related sectors and debt-fueled M&A activity re-ignited credit concern, particularly among companies already operating with higher leverage.



Source: Barclays

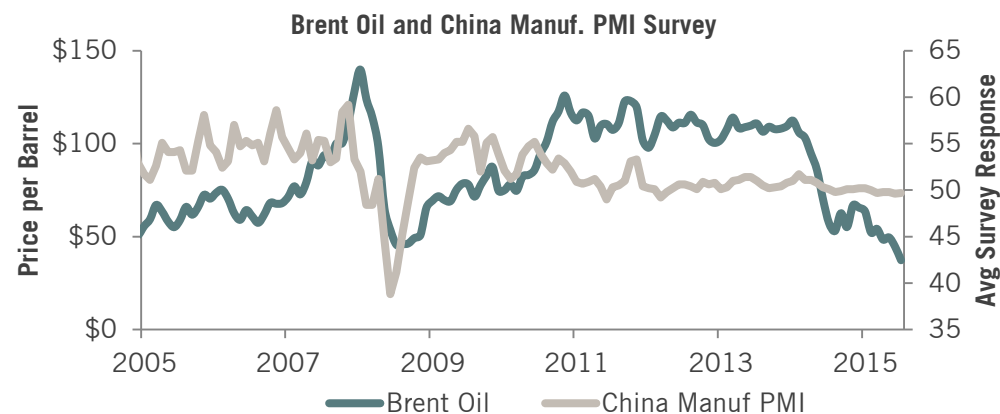
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MARKET REVIEW

FOURTH QUARTER 2015

M&A/Share Buybacks, China Slowdown and Oil Prices Ignite Credit Concerns

- Global M&A activity surpassed \$5.1 trillion deal value in 2015, besting 2014 by over \$1.5 trillion. Megadeals were consummated across nearly all sectors of the market (excluding financials), fueled by scarce top-line growth, higher stock prices and exceptionally low borrowing costs; record deal volume created significant new debt supply for the market to absorb.
- Share buybacks for the S&P totaled over \$566.1 billion on a trailing-twelve month basis through 3Q15, representing 64.6% of companies' net income over that period. Buybacks and dividend increases funded with debt have helped to push corporate debt ratios above the previous peak (2008-09 recession).
- Weaker results out of China – including manufacturing sector flirting with net contraction – caused a growth scare that rippled across global markets in August/September. Industrial commodities – and those companies which supply them – have been hit hard by demand contraction and oversupply. Miners and other basic industry companies were among the worst performers in 2015.
- Oil prices have fallen sharply on global oversupply concerns. The speed and depth of the decline in crude prices has put many producers into negative margin territory, forcing massive writedowns and, ultimately production cuts. Increasing leverage ratios, cash burn and an uncertain future path of prices have sparked a significant widening in credit spreads across the energy sector.



Source: Bloomberg

US Credit Index Top/Bottom 10 Excess Returns by Industry 1-Year Ended December 2015

Top 10	Excess Return	Bottom 10	Excess Return
Leisure	149	Metals	-1555
Airlines	144	Midstream	-1149
Tobacco	137	Oilfield Svcs	-996
Fin. Other	120	Indep Energy	-982
Fin Companies	80	Fgn Agency	-388
Banking	69	Restaurants	-347
Home Construct.	59	Sovereign	-344
Other Util	51	Media Entertain.	-329
Consumer Svcs	34	Cable Sat	-290
Environmental	23	Railroads	-215

Index Average: -169

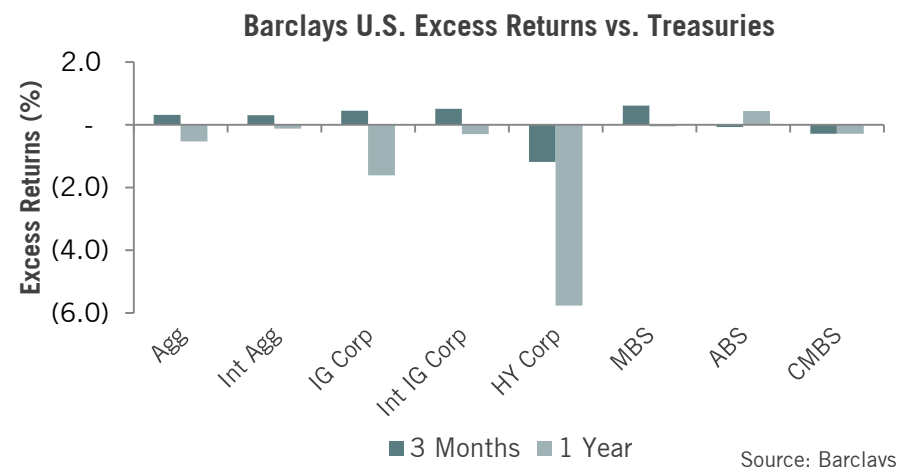
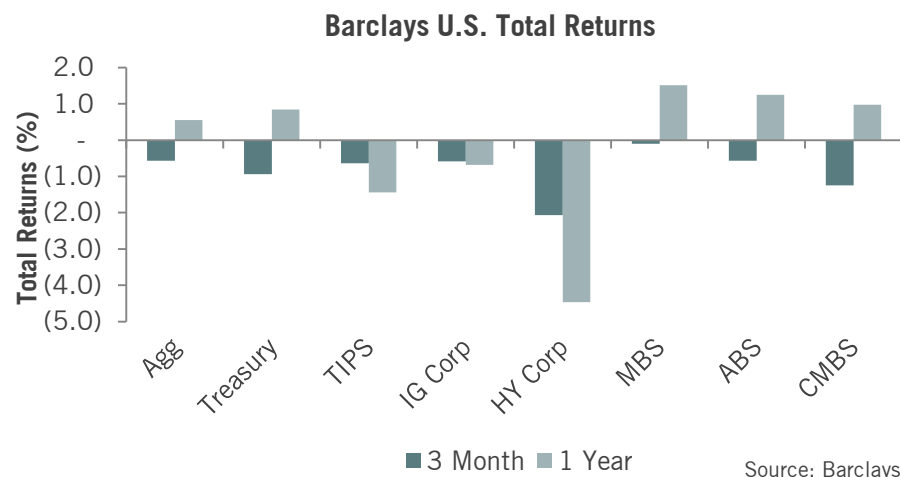
Source: Barclays

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MARKET REVIEW

FOURTH QUARTER 2015

Spread Sectors Post Mixed Performance for the Quarter, Most Sectors Negative on the Year



- U.S. Treasury yields increased across the curve during the fourth quarter as the Fed raised their interest rate. For the year, U.S. Treasury total returns were able to remain in positive territory with the exception of the 30-year segment. TIPS continued to underperform for the quarter and year as inflation remained subdued.
- Overall, corporate spreads were largely unchanged during the quarter. Higher quality issuers outperformed lower quality names, and shorter bonds outperformed longer maturities.
- Investment grade corporates underperformed similar duration Treasuries by -161bps on the year. Underperformance was driven by Energy and Metals & Mining industries, which underperformed similar duration U.S. Treasuries by -801bps and -1555bps, respectively, as commodity prices remained under pressure.
- High yield corporates continued their difficult year as investor selling pressure mounted. In particular, energy-related companies struggled with the slump in oil prices. High yield underperformed Treasuries by -119 bps in Q4 and -577 bps for the year.

- Agency MBS had a solid quarter generating +61 basis points of excess return performance as interest rate volatility calmed somewhat during the quarter. Over the full year, however, interest rate swings ate into the sector's yield advantage and the sector's performance basically matched the return on U.S. Treasuries.
- ABS generated excess returns of -7 bps for the quarter as record new issue supply swamped investors, despite generally strong demand. For the year, however, ABS generated positive excess returns of +44 bps, making it the best performing component of the securitized index in 2015, as the sector's high quality and shorter maturity profile garnered a safe-haven bid from investors.
- CMBS spreads widened during the quarter amid ample new issue supply, deteriorating underwriting standards on new deals and spillover from widening in corporate credit spreads. For the quarter and full year, the sector produced excess return of -28bps.

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GALLIARD CAPITAL MANAGEMENT PROFESSIONALS



William Weber
Senior Director
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Responsibilities

As a member of the Client Service and Stable Value Portfolio Management teams, William serves primarily as an Institutional Relationship Manager. He works with clients and their consultants to develop strategy and ensure expectations and objectives are met. In addition, William is a member of the Consultant Relations team, serving as a liaison between Galliard's investment professionals and clients to articulate portfolio and relationship goals. He also supports Galliard's Fund Direct business, working with advisors and trading partners to serve investors in the Wells Fargo Stable Return Fund and the Galliard Managed Income Fund.

Experience

- Joined Galliard in 2009
- Previously a manager at PricewaterhouseCoopers, LLP

Education

B.S., Business, Finance, Accounting, Carlson School of Management at the University of Minnesota