

HEALTH WEALTH CAREER

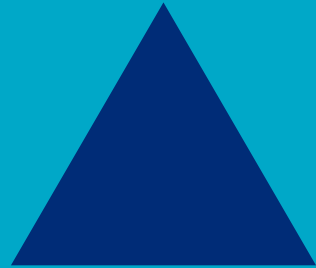
NORTH CAROLINA SUPPLEMENTAL RETIREMENT PLANS

FOURTH QUARTER PERFORMANCE REVIEW

A G E N D A

- Capital Markets Review
- Fourth Quarter Performance
- Appendix

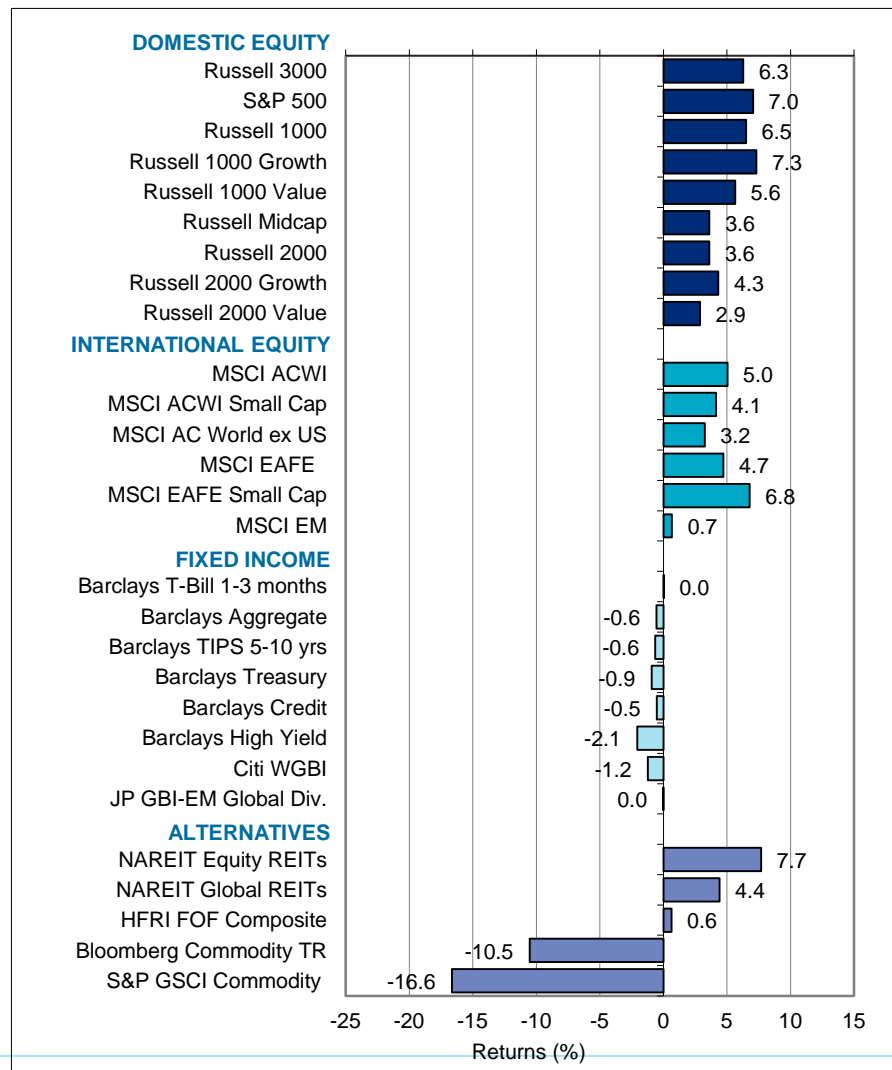
CAPITAL MARKETS REVIEW



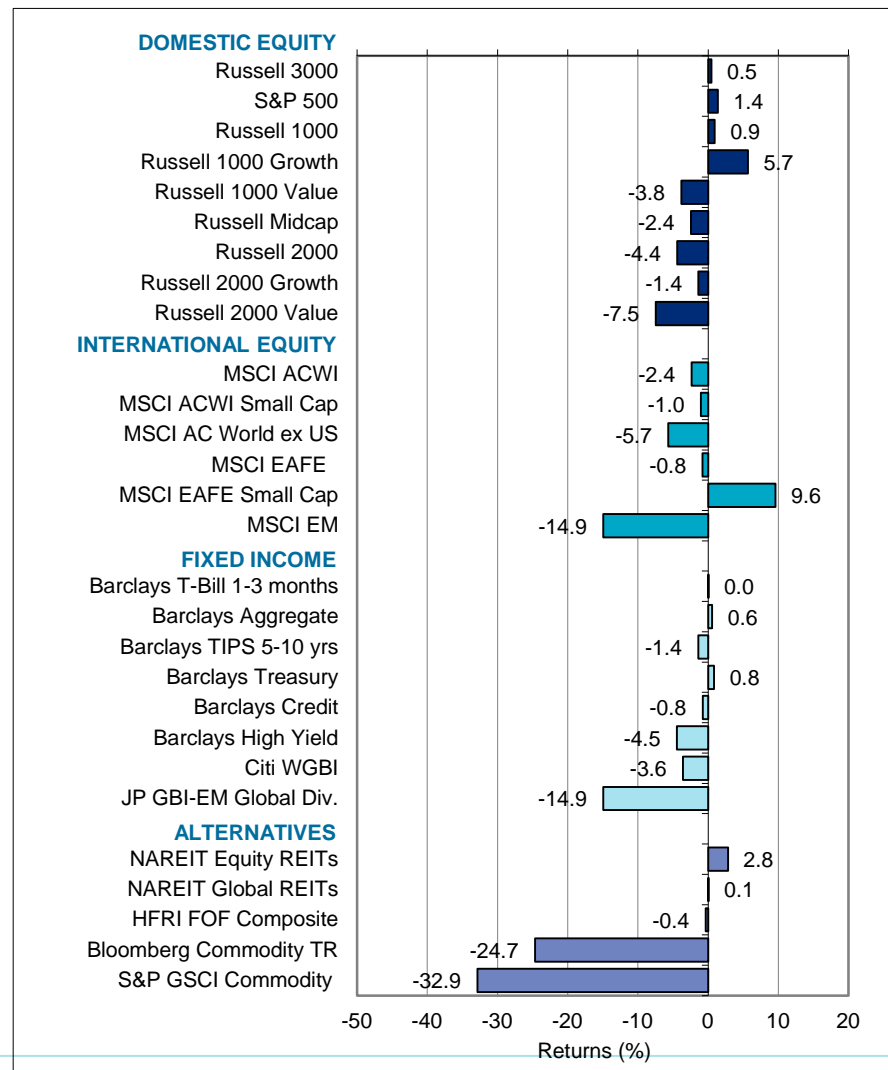
PERFORMANCE SUMMARY

QUARTER IN REVIEW

Market Performance Fourth Quarter 2015



Market Performance 2015



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

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

FOURTH QUARTER PERFORMANCE



NORTH CAROLINA SUPPLEMENTAL RETIREMENT PLANS INVESTMENT STRUCTURE

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

FUND REVIEW

FUND PERFORMANCE AS OF DECEMBER 31, 2015

Name	Market Value (\$m)	(%)									Inception	
			3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Large Cap Passive S&P 500	\$1,281.0	14.2%	7.0%	--	1.2%	--	14.9%	--	12.4%	--	17.3%	Mar-09
			7.0%	--	1.4%	--	15.1%	--	12.6%	--	17.4%	Mar-09
Large Cap Value Russell 1000 Value	\$860.1	9.5%	4.9%	58	-4.5%	64	13.3%	27	11.0%	26	15.4%	Mar-09
			5.6%	28	-3.8%	53	13.1%	32	11.3%	23	16.7%	Mar-09
Large Cap Growth Russell 1000 Growth	\$906.6	10.0%	9.6%	15	6.6%	40	16.6%	44	13.0%	36	20.4%	Mar-09
			7.3%	64	5.7%	50	16.8%	40	13.5%	29	18.5%	Mar-09
Mid/Small Cap Passive Russell 2500	\$216.4	2.4%	3.3%	--	-2.9%	--	12.4%	--	10.3%	--	18.4%	Mar-09
			3.3%	--	-2.9%	--	12.5%	--	10.3%	--	18.5%	Mar-09
Mid/Small Cap Value Russell 2500 Value	\$439.2	4.9%	2.3%	52	-7.1%	60	12.4%	23	11.3%	8	20.5%	Mar-09
			2.8%	44	-5.5%	39	10.5%	51	9.2%	35	17.4%	Mar-09
Mid/Small Cap Growth Russell 2500 Growth	\$343.5	3.8%	5.2%	14	1.9%	21	13.4%	40	11.3%	26	18.1%	Mar-09
			3.8%	35	-0.2%	36	14.5%	26	11.4%	25	19.5%	Mar-09
International Passive MSCI ACWI ex USA Gross	\$44.5	0.5%	2.6%	--	-5.6%	--	1.0%	--	0.9%	--	9.4%	Mar-09
			3.3%	--	-5.3%	--	1.9%	--	1.5%	--	10.1%	Mar-09
International Equity MSCI ACWI ex USA Gross	\$540.5	6.0%	3.6%	58	-3.6%	79	2.7%	76	3.0%	56	10.4%	Mar-09
			3.3%	65	-5.3%	86	1.9%	86	1.5%	81	10.1%	Mar-09
Global Equity MSCI ACWI Gross	\$768.3	8.5%	4.6%	49	0.0%	37	11.6%	16	8.7%	19	14.2%	Mar-09
			5.1%	37	-1.8%	57	8.3%	61	6.7%	57	13.6%	Mar-09
Inflation Responsive Fund PIMCO Inflation Response Index	\$344.0	3.8%	-1.1%	60	-6.6%	49	--	--	--	--	-3.6%	Sep-13
			-2.2%	92	-7.5%	65	-5.6%	90	-1.3%	99	-4.5%	Sep-13
Fixed Income Passive Fund Barclays Aggregate	\$373.4	4.1%	-0.6%	--	0.4%	--	1.3%	--	3.1%	--	2.7%	Sep-10
			-0.6%	--	0.6%	--	1.4%	--	3.2%	--	2.8%	Sep-10
Fixed Income Fund Barclays Aggregate	\$589.1	6.5%	-0.6%	62	0.8%	16	1.5%	26	3.5%	39	5.0%	Mar-09
			-0.6%	59	0.6%	26	1.4%	32	3.2%	49	4.2%	Mar-09
Stable Value Fund T-BILLS + 1%	\$2,344.4	25.9%	0.5%	57	1.9%	60	1.9%	69	2.4%	62	2.7%	Jun-09
			0.3%	98	1.0%	99	1.0%	99	1.0%	99	1.1%	Jun-09

PERFORMANCE SCORECARD

	Mercer Rating	Return								Risk ¹	
		3 Years to 12/31/2015		3 Years to 09/30/2015		3 Years to 06/30/2015		3 Years to 03/31/2015		5 Years to 12/31/2015	
		I	U	I	U	I	U	I	U	I	
Large Cap Passive Fund (tracked within 20bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA	
BlackRock Equity Index Fund	A	✓	NA	✓	NA	✓	NA	✓	NA	NA	
Large Cap Value Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA	
Hotchkis & Wiley Large Cap Value	A (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Delaware Large Cap Value ²	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Robeco BP Large Cap Value	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Large Cap Growth Fund		✗	✓	✗	✓	✗	✗	✗	✗	NA	
Sands Capital Large Cap Growth	A (T) (P)	✓	✓	✗	✗	✓	✓	✓	✓	✓	
Wellington Opportunistic Growth	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Loomis Large Cap Growth ³	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓	

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

² Represents the Delaware Large Cap Growth Composite.

³ Represents the Loomis Large Cap Growth Composite.

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

PERFORMANCE SCORECARD

	Mercer Rating	Return								Risk ¹
		3 Years to 12/31/2015		3 Years to 09/30/2015		3 Years to 06/30/2015		3 Years to 03/31/2015		5 Years to 12/31/2015
		I	U	I	U	I	U	I	U	I
Mid/Small Cap Passive Fund (tracked within 30 bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Russell 2500 Index Fund	A	✓	NA	✓	NA	✓	NA	✓	NA	NA
Mid/Small Cap Value Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
Hotchkis & Wiley SMID Cap Value	B+ (T)	✓	✓	✓	✓	✓	✓	✓	✓	✓
EARNEST Partners SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
WEDGE SMID Cap Value	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mid/Small Cap Growth Fund		✗	✓	✗	✓	✗	✓	✗	✓	NA
TimesSquare SMID Cap Growth	A	✗	✗	✗	✓	✗	✓	✓	✓	✓
Brown Advisory	R	✓	✓	✗	✓	✗	✗	✗	✓	✓

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PERFORMANCE SCORECARD

	Mercer Rating	Return								Risk ¹
		3 Years to 12/31/2015		3 Years to 09/30/2015		3 Years to 06/30/2015		3 Years to 03/31/2015		5 Years to 12/31/2015
		I	U	I	U	I	U	I	U	I
International Passive Fund (tracked within 60 bps)		✗	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock ACWI ex US Fund	A	✗	NA	✓	NA	✓	NA	✓	NA	NA
International Equity Fund		✓	✗	✓	✗	✓	✗	✓	✗	NA
Baillie Gifford ACWI ex US Growth	A	✓	✗	✓	✗	✓	✗	✓	✗	✓
Mondrian ACWI ex US Value	B+	✓	✗	✓	✗	✓	✗	✓	✗	✓
Global Equity Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
Wellington Global Opportunities	B+	✓	✓	✓	✓	✓	✓	✓	✓	✓
Arrowstreet Global Equity ACWI	A	✓	✓	✓	✓	✓	✓	✓	✓	✓

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PERFORMANCE SCORECARD

	Mercer Rating	Return								Risk ¹
		3 Years to 12/31/2015		3 Years to 09/30/2015		3 Years to 06/30/2015		3 Years to 03/31/2015		5 Years to 12/31/2015
		I	U	I	U	I	U	I	U	I
Inflation Responsive Fund		NA	NA	NA	NA	NA	NA	NA	NA	NA
PIMCO Inflation Response-Multi Asset ²	B+ (W)	✓	✗	✓	✗	✓	✗	✓	✗	NA
Fixed Income Passive Fund (tracked within 25 bps)		✓	NA	✓	NA	✓	NA	✓	NA	NA
BlackRock Debt Index Fund	A	✓	NA	✓	NA	✓	NA	✓	NA	NA
Fixed Income Fund		✓	✓	✓	✓	✓	✓	✓	✓	NA
JP Morgan Core Bond	A (P)	✓	✓	✓	✓	✓	✗	✓	✗	✓
Prudential Core Plus ³	A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stable Value Fund		✓	✗	✓	✗	✓	✓	✓	✓	NA

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

² Represents the PIMCO IRMAF composite.

³ Represents the Prudential Core Plus Composite.

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WATCH LIST

Manager	Date Placed on Watch	Mercer Rating*	Recommendation	Comments
PIMCO Inflation-Responsive Multi Asset	3Q14	B+ (W)	Maintain Watch Status	Organizational changes at PIMCO and the appointment of portfolio manager Mihir Worah as co-portfolio manager of the Total Return Fund led to watch status of the Fund. Worah will have increased responsibilities, which will likely increase the responsibilities of his team members. Additionally, Worah will have to take on additional responsibility with the firing of TIPS portfolio manager Rahul Seksaria. We feel that the IRMAF team is very capable but will continue to closely monitor how they adapt to the situation. The strategy outperformed the index by 110 basis points during the fourth quarter and ranked in the top half of the peer group universe. PIMCO benefited from being overweight REITs, which posted strong gains for the quarter, outpacing equities. Within commodities, PIMCO's overweight to platinum rather than gold was beneficial as well. The strategy has had no further changes in management and continues to grow assets. PIMCO continues to remain in the headlines, most recently with the story of former PM Bill Gross suing PIMCO over a breach of contract. We recommend maintain the watch list status, as PIMCO remains a headline risk.
Brown Small Cap Growth	2Q15	R	Maintain Watch Status	Brown seeks to find small capitalization securities that have above average growth, sound management, and favorable competitive positioning. Mercer has researched the strategy in the past and believed that the strategy had a few unique features. Brown will focus on valuation, and will wait for the price of a stock, in a company they think has good long term prospects, to come in before purchasing shares. Additionally, the firm will use its network of contacts in the venture capital, private equity, and private sector, in order to understand emerging trends and differentiated products and services. The strategy struggled in 2014, most notably in the health care sector. Brown was able to outperform their benchmark by 530 basis points during the quarter and outpaced the benchmark by 910 basis points over the trailing-year, which ranked at the top of our SMID Growth Universe. The strategy continues to have a sizeable underweight to the biotechnology and pharmaceutical sub-segment, although the strategy did benefit from holding a biotherapeutics company that was acquired during the quarter. A majority of the outperformance came from stock selection in the consumer discretionary sector, where brown focuses their attention on niche businesses featuring favorable secular dynamics. Additionally, Brown has benefited from having minimal exposure to the weaker performing energy sector. Longer-term, Brown has outperformed the Russell 2500 Index and ranked in the top half of the peer group universe.

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FEE REVIEW

A	B	C	D	E	F	G	H	I	J	
						C+D+E+F	B*G		G-I	
Funds and Sub-Advisors	Assets	Inv. Mgmt. Fee	Other Inv. Exp. ¹	R/K Fee	NC Budget ²	Total Estimated Expense (%)	Total Estimated Expense (\$) ³	Mercer Median Expense ⁴	Difference	
North Carolina Stable Value Fund	\$2,344,448,463	0.339%	0.000%	0.079%	0.025%	0.443%	\$10,385,907	0.44%	0.00%	G-I
Galliard	\$2,344,448,463	0.339%	0.000%				\$7,947,680	0.44%	-0.10%	C-I
North Carolina Fixed Income Passive Fund	\$373,381,615	0.020%	0.055%	0.079%	0.025%	0.179%	\$668,353	0.20%	-0.02%	
BlackRock	\$373,381,615	0.020%	0.055%				\$74,676	0.02%	0.00%	
North Carolina Fixed Income Fund	\$589,089,306	0.163%	0.069%	0.079%	0.025%	0.337%	\$1,983,368	0.50%	-0.16%	
50% JP Morgan	\$295,525,184	0.187%	0.068%				\$551,945	0.22%	-0.03%	
50% Prudential	\$293,564,122	0.140%	0.071%				\$410,990	0.25%	-0.11%	
North Carolina Inflation Sensitive Fund	\$343,950,492	0.690%	0.071%	0.079%	0.025%	0.865%	\$2,974,484	0.80%	0.06%	
PIMCO	\$343,950,492	0.690%	0.071%				\$2,373,258	0.80%	-0.11%	
North Carolina Large Cap Passive Fund	\$1,280,961,166	0.007%	0.055%	0.079%	0.025%	0.166%	\$2,126,396	0.20%	-0.03%	
BlackRock	\$1,280,961,166	0.007%	0.055%				\$89,667	0.01%	0.00%	
North Carolina Large Cap Value Fund	\$860,120,671	0.382%	0.068%	0.079%	0.025%	0.554%	\$4,762,517	0.71%	-0.16%	
33.3% Hotchkis & Wiley	\$282,703,363	0.500%	0.068%				\$1,413,517	0.44%	0.07%	
33.3% Delaware	\$293,145,648	0.302%	0.068%				\$886,291	0.43%	-0.13%	
33.3% Robeco BP	\$284,271,660	0.344%	0.068%				\$977,815	0.44%	-0.09%	
North Carolina Large Cap Growth Fund	\$906,613,307	0.419%	0.068%	0.079%	0.025%	0.591%	\$5,354,936	0.77%	-0.18%	
33.3% Sands Capital Management	\$305,852,888	0.513%	0.068%				\$1,569,741	0.47%	0.05%	
33.3% Wellington Management Company	\$292,000,678	0.350%	0.068%				\$1,022,002	0.60%	-0.25%	
33.3% Loomis Sayles	\$308,759,741	0.394%	0.068%				\$1,216,279	0.47%	-0.07%	
North Carolina SMID Cap Passive Fund	\$216,430,595	0.007%	0.055%	0.079%	0.025%	0.166%	\$359,275	0.26%	-0.09%	
BlackRock	\$216,430,595	0.007%	0.055%				\$15,150	0.02%	-0.01%	
North Carolina SMID Value Fund	\$439,166,417	0.619%	0.068%	0.079%	0.025%	0.790%	\$3,470,013	1.00%	-0.21%	
33.3% Hotchkis & Wiley	\$138,744,329	0.586%	0.068%				\$813,722	0.63%	-0.04%	
33.3% EARNEST Partners	\$149,252,133	0.520%	0.068%				\$776,529	0.74%	-0.22%	
33.3% WEDGE Capital Management	\$151,169,955	0.749%	0.068%				\$1,132,020	0.74%	0.01%	
North Carolina SMID Growth Fund	\$343,516,743	0.667%	0.068%	0.079%	0.025%	0.839%	\$2,882,420	0.99%	-0.15%	
50% TimesSquare Capital Management	\$164,525,626	0.766%	0.068%				\$1,260,613	0.76%	0.01%	
50% Brown Advisory	\$178,991,117	0.569%	0.068%				\$1,018,052	0.78%	-0.21%	
North Carolina International Passive Fund	\$44,483,087	0.025%	0.055%	0.079%	0.025%	0.184%	\$81,715	0.35%	-0.17%	
BlackRock	\$44,483,087	0.025%	0.055%				\$10,987	0.06%	-0.04%	
North Carolina International Equity Fund	\$540,451,113	0.451%	0.083%	0.079%	0.025%	0.638%	\$3,448,700	0.95%	-0.31%	
50% Baillie Gifford	\$271,954,451	0.446%	0.083%				\$1,212,818	0.55%	-0.10%	
50% Mondrian Investment Partners	\$268,496,662	0.456%	0.083%				\$1,223,987	0.55%	-0.09%	
North Carolina Global Equity Fund	\$768,270,551	0.549%	0.073%	0.079%	0.025%	0.725%	\$5,570,594	0.98%	-0.25%	
50% Wellington Management Company	\$396,441,390	0.500%	0.073%				\$1,982,207	0.53%	-0.03%	
50% Arrowstreet	\$371,829,161	0.597%	0.072%				\$2,220,060	0.53%	0.07%	
Total	\$9,050,883,525	0.334%	0.049%	0.079%	0.025%	0.487%	\$44,068,679	0.593%		

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

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

³Manager fee estimates reflect investment management fee only.

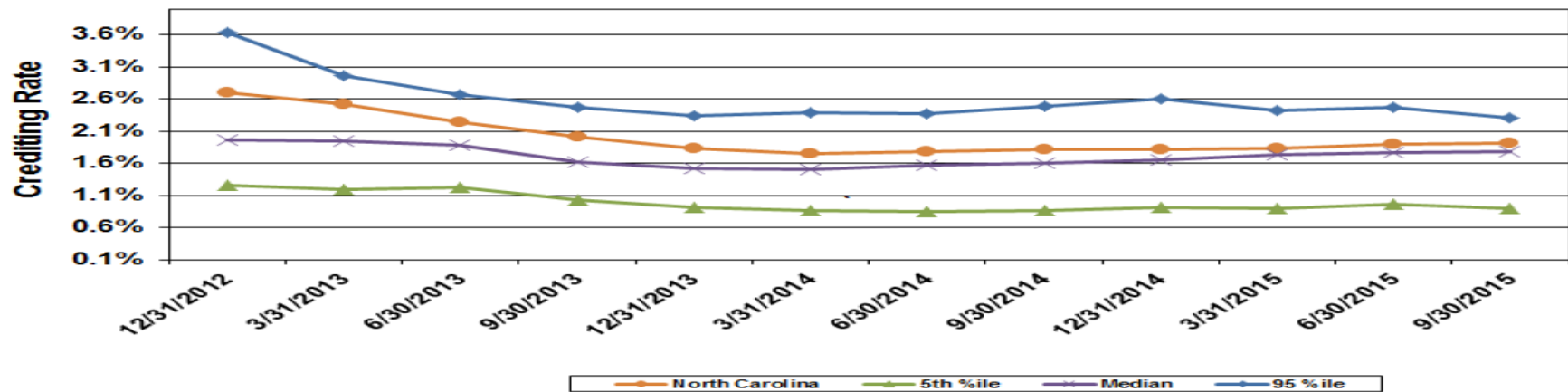
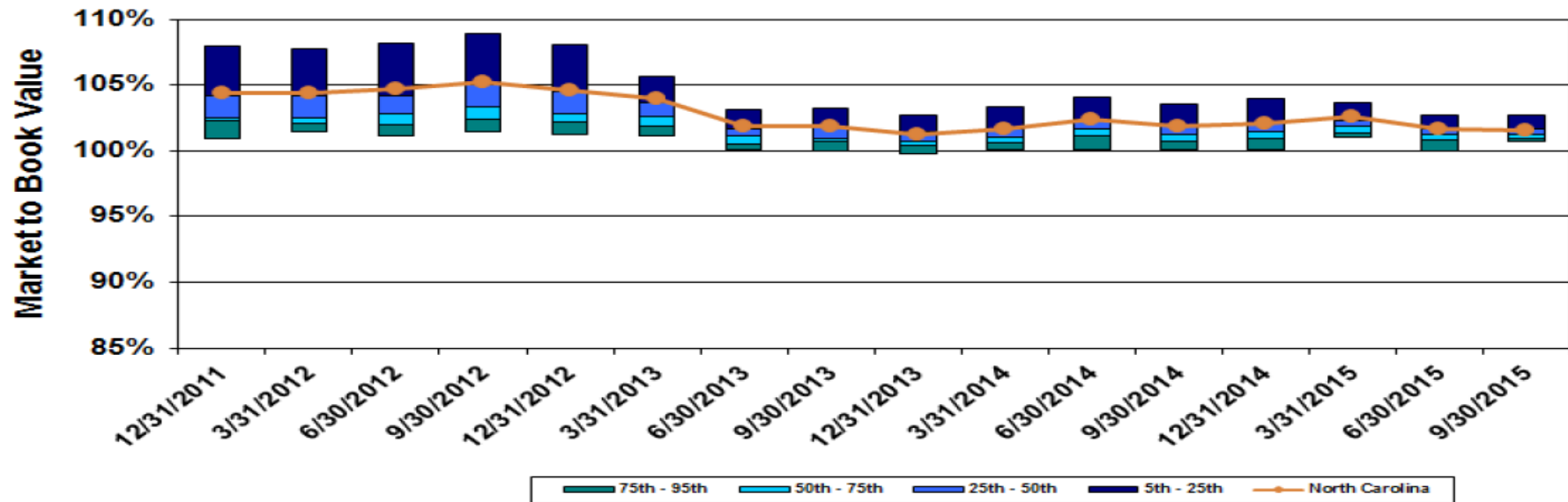
⁴Total Fund median expenses are compared against their respective Mercer Mutual Fund Institutional Universe, while the individual managers are compared to peers with the same vehicle and strategy assets.

FEE REVIEW

North Carolina 401K Stable Value Total Annual Fund Operating Expenses	Expense Ratio	Per \$1000
Investment Management fee paid to Galliard	0.073%	\$0.73
Investment Management fees paid to Non-Affiliated Investment Advisors	0.045%	\$0.45
Investment Contract Fees*	0.168%	\$1.68
Acquired Fund Fees**	0.049%	\$0.49
Investment Contract Fees	0.015%	\$0.15
Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors***	0.034%	\$0.34
12b-1 Distribution Fee	None	None
Other Expenses	0.079%	\$0.79
Total Annual Fund Operating Expenses****	0.415%	\$4.15

North Carolina 457 Stable Value Total Annual Fund Operating Expenses	Expense Ratio	Per \$1000
Investment Management fee paid to Galliard	0.073%	\$0.73
Investment Management fees paid to Non-Affiliated Investment Advisors	0.047%	\$0.47
Investment Contract Fees*	0.173%	\$1.73
Acquired Fund Fees**	0.044%	\$0.44
Investment Contract Fees	0.013%	\$0.13
Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors***	0.030%	\$0.30
12b-1 Distribution Fee	None	None
Other Expenses	0.079%	\$0.79
Total Annual Fund Operating Expenses****	0.416%	\$4.16

STABLE VALUE REVIEW



FUND REVIEW

GOALMAKER PERFORMANCE AS OF DECEMBER 31, 2015

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Conservative 0-5 Yrs	1.2%	83	0.8%	1	3.8%	82	4.4%	88
Conservative 0-5 Yrs Benchmark	1.1%	84	0.3%	1	3.4%	86	3.6%	96
Conservative 6-10 Yrs	1.7%	68	0.5%	4	4.7%	69	5.0%	72
Conservative 6-10 Yrs Benchmark	1.6%	72	0.1%	10	4.2%	75	4.2%	88
Conservative 11-15 Yrs	2.5%	63	0.0%	7	6.1%	72	6.0%	74
Conservative 11-15 Yrs Benchmark	2.4%	64	-0.4%	24	5.8%	73	5.5%	88
Conservative 16+ Yrs	3.4%	36	-0.6%	29	7.7%	44	7.0%	39
Conservative +16 Yrs Benchmark	3.3%	40	-0.9%	41	7.4%	52	6.6%	50

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Moderate 0-5 Yrs	2.0%	46	0.3%	1	5.1%	51	5.3%	59
Moderate 0-5 Yrs Benchmark	1.9%	53	-0.1%	11	4.7%	68	4.6%	85
Moderate 6-10 Yrs	2.5%	33	0.0%	11	6.1%	34	6.0%	35
Moderate 6-10 Yrs Benchmark	2.4%	35	-0.4%	26	5.8%	45	5.5%	53
Moderate 11-15 Yrs	3.2%	24	-0.4%	24	7.2%	32	6.7%	36
Moderate 11-15 Yrs Benchmark	3.1%	31	-0.8%	38	6.9%	48	6.2%	63
Moderate 16+ Yrs	4.0%	16	-1.2%	50	8.7%	13	7.6%	16
Moderate +16 Yrs Benchmark	4.0%	17	-1.5%	63	8.4%	22	7.2%	29

Name	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
Aggressive 0-5 Yrs	2.6%	1	0.0%	9	6.4%	5	6.2%	17
Aggressive 0-5 Yrs Benchmark	2.6%	7	-0.4%	18	6.1%	18	5.7%	38
Aggressive 6-10 Yrs	3.2%	1	-0.4%	28	7.2%	7	6.7%	19
Aggressive 6-10 Yrs Benchmark	3.1%	2	-0.8%	48	6.9%	17	6.2%	31
Aggressive 11-15 Yrs	3.8%	1	-0.9%	44	8.5%	4	7.4%	12
Aggressive 11-15 Yrs Benchmark	3.7%	1	-1.3%	62	8.1%	8	7.0%	26
Aggressive 16+ Yrs	4.7%	1	-1.8%	75	9.9%	2	8.2%	4
Aggressive +16 Yrs Benchmark	4.6%	1	-2.1%	87	9.6%	3	8.0%	10

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

FUND REVIEW

MANAGER PERFORMANCE AS OF DECEMBER 31, 2015

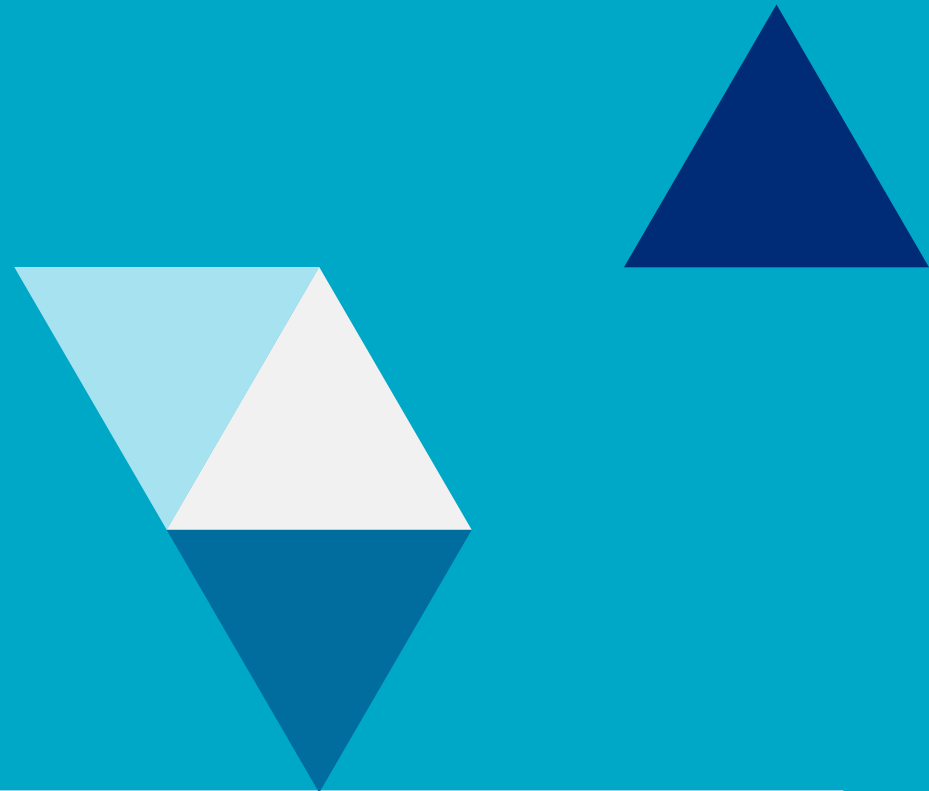
Name	Market Value		3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Inception	
	(\$m)	(%)									Return	Since
NCSRP BlackRock Equity Index	\$1,281.0	14.2%	7.0%	--	1.4%	--	15.1%	--	12.6%	--	17.5%	Mar-09
S&P 500			7.0%	--	1.4%	--	15.1%	--	12.6%	--	17.4%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	\$282.7	3.1%	2.9%	92	-7.0%	86	14.6%	31	11.9%	38	19.3%	Mar-09
Russell 1000 Value			5.6%	42	-3.8%	62	13.1%	64	11.3%	50	16.7%	Mar-09
NCSRP Delaware Large Cap Value	\$293.1	3.2%	7.4%	8	--	--	--	--	--	--	-4.2%	Jun-15
Delaware Large Cap Value Strategy			7.5%	6	0.3%	13	15.7%	13	14.5%	4	-3.8%	Jun-15
Russell 1000 Value			5.6%	42	-3.8%	62	13.1%	64	11.3%	50	-5.2%	Jun-15
NCSRP Robeco BP Large Cap Value	\$284.3	3.1%	4.8%	69	-4.0%	64	13.9%	43	--	--	15.8%	Nov-11
Robeco BP Large Cap Value Strategy			4.8%	69	-4.1%	64	13.7%	48	12.6%	24	15.7%	Nov-11
Russell 1000 Value			5.6%	42	-3.8%	62	13.1%	64	11.3%	50	14.4%	Nov-11
NCSRP Sands Capital Large Cap Growth	\$305.9	3.4%	11.5%	1	3.6%	64	17.5%	34	15.9%	6	24.4%	Mar-09
Russell 1000 Growth			7.3%	42	5.7%	42	16.8%	47	13.5%	39	18.5%	Mar-09
NCSRP Wellington Opportunistic Growth	\$292.0	3.2%	7.4%	41	6.6%	34	16.8%	48	12.1%	65	18.4%	Mar-09
Russell 1000 Growth			7.3%	42	5.7%	42	16.8%	47	13.5%	39	18.5%	Mar-09
Russell 3000 Growth			7.1%	44	5.1%	48	16.6%	50	13.3%	46	18.5%	Mar-09
NCSRP Loomis Large Cap Growth	\$308.8	3.4%	10.3%	4	11.7%	7	--	--	--	--	15.0%	Aug-14
Loomis Large Cap Growth Strategy			10.3%	4	11.0%	8	19.1%	12	15.4%	11	14.4%	Aug-14
Russell 1000 Growth			7.3%	42	5.7%	42	16.8%	47	13.5%	39	9.8%	Aug-14
NCSRP BlackRock Russell 2500 Index Fund	\$216.4	2.4%	3.4%	--	-2.7%	--	12.6%	--	10.4%	--	18.6%	Mar-09
Russell 2500			3.3%	--	-2.9%	--	12.5%	--	10.3%	--	18.5%	Mar-09
NCSRP Hotchkis & Wiley	\$138.7	1.5%	0.7%	88	-11.3%	93	13.2%	26	12.2%	10	23.0%	Mar-09
Hotchkis Custom SMID Value Index			2.8%	40	-5.5%	62	10.5%	70	9.4%	56	18.1%	Mar-09
NCSRP EARNEST Partners	\$149.3	1.6%	4.7%	15	-3.6%	45	12.1%	49	10.8%	29	17.8%	Mar-09
EARNEST Custom SMID Value Index			2.8%	40	-5.5%	62	10.5%	70	8.7%	66	16.7%	Mar-09
NCSRP WEDGE SMID Cap Value	\$151.2	1.7%	2.0%	49	-4.5%	50	14.0%	18	--	--	15.7%	Dec-11
WEDGE SMID Cap Value Strategy			2.0%	49	-4.5%	50	14.1%	17	12.2%	13	15.7%	Dec-11
Russell 2500 Value			2.8%	40	-5.5%	62	10.5%	70	9.2%	60	12.6%	Dec-11
NCSRP TimesSquare Composite	\$164.5	1.8%	1.8%	72	-3.3%	78	12.7%	69	12.5%	26	18.3%	Mar-09
NCSRP TimesSquare SMID Growth			1.8%	72	-3.3%	78	12.7%	69	--	--	--	Mar-09
TimesSquare Custom SMID Growth Index			3.8%	28	-0.2%	42	14.5%	31	11.3%	43	19.2%	Mar-09

FUND REVIEW

MANAGER PERFORMANCE AS OF DECEMBER 31, 2015

Name	Market Value		Inception									
	(\$m)	(%)	3 Mo	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
NCSRP Brown Advisory	\$179.0	2.0%	9.1%	1	8.9%	1	15.9%	16	12.2%	29	20.1%	Mar-09
Brown Custom SMID Growth Index			3.8%	28	-0.2%	42	14.5%	31	11.1%	45	19.1%	Mar-09
NCSRP BlackRock ACWI ex US Fund	\$44.5	0.5%	2.6%	--	-5.6%	--	1.2%	--	1.1%	--	9.7%	Mar-09
MSCI ACWI ex USA Gross			3.3%	--	-5.3%	--	1.9%	--	1.5%	--	10.1%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	\$272.0	3.0%	5.0%	43	-1.5%	72	4.1%	77	4.2%	58	13.2%	Mar-09
MSCI ACWI ex USA Gross			3.3%	79	-5.3%	93	1.9%	93	1.5%	92	10.1%	Mar-09
MSCI AC Wld ex US Growth Gross			5.0%	41	-0.9%	67	3.9%	80	2.5%	85	10.7%	Mar-09
NCSRP Mondrian ACWI ex US Value	\$268.5	3.0%	2.7%	87	-4.5%	91	3.2%	86	3.2%	76	9.3%	Mar-09
MSCI ACWI ex USA Gross			3.3%	79	-5.3%	93	1.9%	93	1.5%	92	10.1%	Mar-09
MSCI AC Wld Ex US Value Gross			1.5%	96	-9.6%	99	-0.1%	98	0.5%	97	9.4%	Mar-09
NCSRP Wellington Global Composite	\$396.4	4.4%	5.1%	51	3.4%	22	13.9%	10	10.7%	15	15.9%	Mar-09
NCSRP Wellington Global Opportunities			5.1%	51	3.4%	22	13.9%	10	10.7%	15	--	Mar-09
MSCI ACWI Gross			5.1%	51	-1.8%	72	8.3%	75	6.7%	72	13.6%	Mar-09
NCSRP Arrowstreet Global Equity ACWI	\$371.8	4.1%	4.3%	70	-2.1%	74	11.2%	39	--	--	9.7%	Mar-12
Arrowstreet Global Equity ACWI Strategy			5.0%	53	0.1%	53	13.5%	12	9.9%	20	11.8%	Mar-12
MSCI ACWI Gross			5.1%	51	-1.8%	72	8.3%	75	6.7%	72	7.7%	Mar-12
NCSRP PIMCO Inflation Response Multi-Asset	\$344.0	3.8%	-0.9%	47	-5.9%	36	--	--	--	--	-2.7%	Sep-13
PIMCO Inflation Response Multi-Asset Strategy			-1.1%	63	-6.8%	51	-4.9%	88	--	--	-3.3%	Sep-13
PIMCO Inflation Response Index			-2.2%	92	-7.5%	65	-5.6%	90	-1.3%	99	-4.5%	Sep-13
Consumer Price Index			-0.6%	41	0.7%	13	1.0%	16	1.5%	1	0.4%	Sep-13
NCSRP BlackRock Debt Index Fund	\$373.4	4.1%	-0.6%	--	0.6%	--	1.5%	--	3.3%	--	2.9%	Sep-10
Barclays Aggregate			-0.6%	--	0.6%	--	1.4%	--	3.2%	--	2.8%	Sep-10
NCSRP JP Morgan Core Bond	\$295.5	3.3%	-0.7%	81	1.7%	6	2.1%	24	4.1%	37	5.1%	Mar-09
Barclays Aggregate			-0.6%	66	0.6%	55	1.4%	77	3.2%	92	4.2%	Mar-09
NCSRP Prudential Core Plus	\$293.6	3.2%	-0.3%	27	0.5%	56	--	--	--	--	0.5%	Dec-14
Prudential Core Plus Strategy			-0.6%	70	0.4%	61	2.5%	10	5.2%	4	0.4%	Dec-14
Barclays Aggregate			-0.6%	66	0.6%	55	1.4%	77	3.2%	92	0.6%	Dec-14

APPENDIX



NET PERFORMANCE AS OF DECEMBER 31, 2015

	Ending December 31, 2015					Inception
	3 Mo	1 Yr	3 Yrs	5 Yrs	Return	Since
Large Cap Passive	7.0%	1.2%	14.9%	12.4%	17.3%	Mar-09
S&P 500	7.0%	1.4%	15.1%	12.6%	17.4%	Mar-09
NCSRP BlackRock Equity Index	7.0%	1.4%	15.1%	12.5%	17.4%	Mar-09
S&P 500	7.0%	1.4%	15.1%	12.6%	17.4%	Mar-09
Large Cap Value	4.9%	-4.5%	13.3%	11.0%	15.4%	Mar-09
Russell 1000 Value	5.6%	-3.8%	13.1%	11.3%	16.7%	Mar-09
NCSRP Hotchkis & Wiley Large Cap Value	2.8%	-7.4%	14.0%	11.3%	18.7%	Mar-09
Russell 1000 Value	5.6%	-3.8%	13.1%	11.3%	16.7%	Mar-09
NCSRP Delaware Large Cap Value	7.3%	--	--	--	-4.4%	Jun-15
Russell 1000 Value	5.6%	-3.8%	13.1%	11.3%	-5.2%	Jun-15
NCSRP Robeco BP Large Cap Value	4.7%	-4.3%	13.5%	--	15.4%	Nov-11
Russell 1000 Value	5.6%	-3.8%	13.1%	11.3%	14.4%	Nov-11
Large Cap Growth	9.6%	6.6%	16.6%	13.0%	20.4%	Mar-09
Russell 1000 Growth	7.3%	5.7%	16.8%	13.5%	18.5%	Mar-09
NCSRP Sands Capital Large Cap Growth	11.4%	3.1%	16.9%	15.3%	23.8%	Mar-09
Russell 1000 Growth	7.3%	5.7%	16.8%	13.5%	18.5%	Mar-09
NCSRP Wellington Opportunistic Growth	7.3%	6.2%	16.4%	11.7%	17.9%	Mar-09
Russell 1000 Growth	7.3%	5.7%	16.8%	13.5%	18.5%	Mar-09
Russell 3000 Growth	7.1%	5.1%	16.6%	13.3%	18.5%	Mar-09
NCSRP Loomis Large Cap Growth	10.2%	11.3%	--	--	14.6%	Aug-14
Russell 1000 Growth	7.3%	5.7%	16.8%	13.5%	9.8%	Aug-14
Mid/Small Cap Passive	3.3%	-2.9%	12.4%	10.3%	18.4%	Mar-09
Russell 2500	3.3%	-2.9%	12.5%	10.3%	18.5%	Mar-09
NCSRP BlackRock Russell 2500 Index Fund	3.4%	-2.7%	12.5%	10.4%	18.6%	Mar-09
Russell 2500	3.3%	-2.9%	12.5%	10.3%	18.5%	Mar-09
Mid/Small Cap Value	2.3%	-7.1%	12.4%	11.3%	20.5%	Mar-09
Russell 2500 Value	2.8%	-5.5%	10.5%	9.2%	17.4%	Mar-09
NCSRP Hotchkis & Wiley	0.6%	-11.8%	12.5%	11.5%	22.3%	Mar-09
Hotchkis Custom SMID Value Index	2.8%	-5.5%	10.5%	9.4%	18.1%	Mar-09
NCSRP EARNEST Partners	4.6%	-4.1%	11.5%	10.2%	17.1%	Mar-09
EARNEST Custom SMID Value Index	2.8%	-5.5%	10.5%	8.7%	16.7%	Mar-09
NCSRP WEDGE SMID Cap Value	1.8%	-5.2%	13.2%	--	14.8%	Dec-11
Russell 2500 Value	2.8%	-5.5%	10.5%	9.2%	12.6%	Dec-11
Mid/Small Cap Growth	5.2%	1.9%	13.4%	11.3%	18.1%	Mar-09
Russell 2500 Growth	3.8%	-0.2%	14.5%	11.4%	19.5%	Mar-09

	Ending December 31, 2015					Inception
	3 Mo	1 Yr	3 Yrs	5 Yrs	Return	Since
NCSRP TimesSquare	1.6%	-4.0%	11.8%	11.6%	17.4%	Mar-09
TimesSquare Custom SMID Growth Index	3.8%	-0.2%	14.5%	11.3%	19.2%	Mar-09
NCSRP Brown Advisory	9.0%	8.3%	15.2%	11.6%	19.4%	Mar-09
Brown Custom SMID Growth Index	3.8%	-0.2%	14.5%	11.1%	19.1%	Mar-09
International Passive	2.6%	-5.6%	1.0%	0.9%	9.4%	Mar-09
MSCI ACWI ex USA Gross	3.3%	-5.3%	1.9%	1.5%	10.1%	Mar-09
NCSRP BlackRock ACWI ex US Fund	2.6%	-5.6%	1.1%	1.0%	9.6%	Mar-09
MSCI ACWI ex USA Gross	3.3%	-5.3%	1.9%	1.5%	10.1%	Mar-09
International Equity	3.6%	-3.6%	2.7%	3.0%	10.4%	Mar-09
MSCI ACWI ex USA Gross	3.3%	-5.3%	1.9%	1.5%	10.1%	Mar-09
NCSRP Baillie Gifford ACWI ex US Growth	4.9%	-1.9%	3.6%	3.8%	12.7%	Mar-09
MSCI ACWI ex USA Gross	3.3%	-5.3%	1.9%	1.5%	10.1%	Mar-09
MSCI AC Wld ex US Growth Gross	5.0%	-0.9%	3.9%	2.5%	10.7%	Mar-09
NCSRP Mondrian ACWI ex US Value	2.6%	-4.9%	2.8%	2.8%	8.8%	Mar-09
MSCI ACWI ex USA Gross	3.3%	-5.3%	1.9%	1.5%	10.1%	Mar-09
MSCI AC Wld Ex US Value Gross	1.5%	-9.6%	-0.1%	0.5%	9.4%	Mar-09
Global Equity	4.6%	0.0%	11.6%	8.7%	14.2%	Mar-09
MSCI ACWI Gross	5.1%	-1.8%	8.3%	6.7%	13.6%	Mar-09
NCSRP Wellington Global Composite	5.0%	2.9%	13.3%	10.1%	15.3%	Mar-09
MSCI ACWI Gross	5.1%	-1.8%	8.3%	6.7%	13.6%	Mar-09
NCSRP Arrowstreet Global Equity ACWI	4.2%	-2.7%	10.6%	--	9.0%	Mar-12
MSCI ACWI Gross	5.1%	-1.8%	8.3%	6.7%	7.7%	Mar-12
Inflation Responsive Fund	-1.1%	-6.6%	--	--	-3.6%	Sep-13
PIMCO Inflation Response Index	-2.2%	-7.5%	-5.6%	-1.3%	-4.5%	Sep-13
NCSRP PIMCO Inflation Response Multi-Asset	-1.1%	-6.5%	--	--	-3.3%	Sep-13
PIMCO Inflation Response Index	-2.2%	-7.5%	-5.6%	-1.3%	-4.5%	Sep-13
Fixed Income Passive Fund	-0.6%	0.4%	1.3%	3.1%	2.7%	Sep-10
Barclays Aggregate	-0.6%	0.6%	1.4%	3.2%	2.8%	Sep-10
NCSRP BlackRock Debt Index Fund	-0.6%	0.6%	1.5%	3.2%	2.8%	Sep-10
Barclays Aggregate	-0.6%	0.6%	1.4%	3.2%	2.8%	Sep-10
Fixed Income Fund	-0.6%	0.8%	1.5%	3.5%	5.0%	Mar-09
Barclays Aggregate	-0.6%	0.6%	1.4%	3.2%	4.2%	Mar-09
NCSRP JP Morgan Core Bond	-0.7%	1.5%	1.9%	3.9%	4.9%	Mar-09
Barclays Aggregate	-0.6%	0.6%	1.4%	3.2%	4.2%	Mar-09
NCSRP Prudential Core Plus	-0.4%	0.3%	--	--	0.3%	Dec-14
Barclays Aggregate	-0.6%	0.6%	1.4%	3.2%	0.6%	Dec-14
Stable Value Fund	0.5%	1.9%	1.9%	2.4%	2.7%	Jun-09
T-BILLS + 1%	0.3%	1.0%	1.0%	1.0%	1.1%	Jun-09

MANAGER UPDATES

- **Baillie Gifford** announced that beginning January 1, 2016, they will bear all the costs of external research themselves, rather than pass it on to clients via brokerage commissions. Clients will only pay execution commissions now. We are not recommend any rating changes as a result of this announcement.
- Mercer met with **Baillie Gifford** to discuss their ACWI ex US strategy. There were no significant changes in terms of the teams involved or the investment processes, and we continue to have conviction in the investment team. We reaffirmed the “A” rating as a result of the meeting.
- **Delaware Investments** announced that they intend to acquire New York City based Bennett Lawrence Management, which will become Delaware’s seventh boutique equity team. BLM manages approximately \$330 million across US All, Mid and Small Cap Growth Strategies. We are not recommending any change to our view on Delaware at the organizational or domestic equity strategy levels as a result of the acquisition. Delaware has been actively engaged in a search for a growth team since the spinoff of Jackson Square Partners.
- Mercer met with **Delaware** to review their Large Cap Value Focus strategy. We continue to believe the strength of the strategy is a tenured, cohesive, and stable investment team led by Ty Nutt and their rigorous application of their investment discipline. As a result of the meeting, Mercer reaffirmed the “A” rating.
- Mercer met with **Earnest** at their Atlanta headquarters to discuss their SMID Value strategy. We believe that Earnest continues to have strong idea generation in the mid and small capitalization segments and we continue to have confidence in the team, although believe that the single team structure utilized by Earnest introduces inefficiencies and lessens accountability. Additionally, the large size of the team located in multiple geographies can be a hinderance to effective decision making. As a result of the meeting, we maintained the “B+” rating on the strategy.
- Mercer met with **Hotchkis and Wiley** at their Los Angeles headquarters to discuss their Large Cap Fundamental Value strategy. We continue to view the thorough fundamental research, collaborative culture, and team stability positively. We believe the sector team based approach fosters strong debate amongst new team members and adds an additional layer of accountability. As a result of the meeting, Mercer retained the “A (T)” rating.

MANAGER UPDATES (CONTINUED)

- **Sands Capital Management** announced several changes that impact the firm's Select Growth Equity strategy:

Summary of Announced Changes:

- Thomas Ricketts – Executive Managing Director, Senior Portfolio Manager/Research Analyst for the firm's Select Growth Equity strategy – intends to leave the firm effective June 30, 2016.
 - Sands indicated the pending departure was initiated by Ricketts in order to pursue personal interests. Additionally, the firm indicated that Ricketts' ownership in Sands will be repurchased over the course of the next 2-3 years and redistributed to others within the firm over time.
- Effective immediately, Wesley Johnston – Life Sciences Sector Head and Senior Research Analyst – has been promoted to Portfolio Manager on the Select Growth Equity team: he will manage the strategy alongside Frank Sands, Jr. (CEO/CIO), A. Michael Sramek (Managing Director, Senior Portfolio Manager) and Ricketts until his departure in June.
- Sands also indicated that Perry Williams – Director of Research, Executive Managing Director and Senior Portfolio Manager of the firm's Global Growth Strategy – has been promoted to President of Sands. Furthermore, David Kluger – Executive Managing Director, Client Relations and a member of the Executive Management Team, will be departing Sands on January 31, 2016 due to family considerations. Luke Iglehart, Director – Consultant Relations, will assume the role of Managing Director – Client and Consultant Relations upon Kluger's departure. Although **Sands** embraces a team approach to its investment strategies – inclusive of Select Growth Equity – the firm has undergone several strategic re-alignments over recent years (e.g., re-assignment of Research Sector Heads and Portfolio Manager responsibilities). While the firm's team approach should lead to a smooth transition regarding recent changes – as well as Ricketts' pending departure – the recent series of re-alignments raises our level of concern, particularly regarding the firm's Select Growth Strategy. We intend to meet with the firm in February 2016 to further discuss Ricketts' pending departure, as well as revisit other recent re-alignments. Thus, we recommend that a provisional rating (P) be assigned to Sands' Select Growth Equity strategy until we conduct our forthcoming on-site meeting.
- **Wellington** previously announced that the US Securities and Exchange Commission started an investigation into Wellingtons US affiliate, Wellington Management Company, with regard to the handling of material non-public information. Recently, Wellington informed us that the SEC concluded their investigation and does not intend to recommend any enforcement action against the firm.

APPENDIX - DISCLOSURES

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