Dallas Employees' Retirement Fund
Executive Summary of Performance
First Quarter 2016

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Capital Market Overview

The first quarter of 2016 began with markets extending the bear market begun in early December, as China's economic slowdown and slumping oil prices renewed fears of global recession. In fact, U.S. stocks as represented by the Wilshire 5000 Total Market Index briefly entered correction territory by falling -13.64% from a near-term high close on December 1, 2015 to its recent low close on February 11 (-11.01% year-to-date). Happily, U.S. stocks then staged a strong rally, surging 13.69% through the end of the quarter; economic data came in stronger than expected, crude oil prices managed to reverse course, and the Bank of Japan joined the European Central Bank in adopting a negative overnight interest rate policy, actually charging banks to hold cash with them. Real GDP growth continued to slow during the fourth quarter of 2015, expanding 1.4% annualized. Economic growth for the entire year was equal to 2.4%, the same growth rate as 2014. One concerning trend from 2015 is a weakening in business spending. Fixed investment has been slowing while businesses are being cautious about adding to inventory. However, solid jobs growth continued into the first quarter as total nonfarm employment increased an average of 228,000 jobs per month during the three months ending February 2016. The unemployment rate edged lower to 4.9% in February versus 5.0% for year-end 2015.Personal consumption remains strong and accounted for nearly all of the growth during the fourth quarter. Home prices have risen during a three month stretch with the S&P Case-Schiller 20-city Home Price Index up 2.5% for the three months ending January 2016. For the past 12 months, the index is up 5.8%. Consumer inflation was quite muted in January and February, but picked up noticeably in March thanks in part to the increase in oil prices; the Consumer Price Index, All Urban Consumers rose 0.68% in the first quarter. In the U.S., the yield curve fell sharply during the first quarter of 2016. The low point came in mid-February when the 10-Year Treasury hit 1.6%, 20 basis points higher than the historic low of 1.4% during the summer of 2012. Similar to 2012, the curve flattened with a minimum spread between the 10-Year and 2-Year Treasury of 0.95%. While a flat to inverted yield curve is thought to be a potential indication of a looming recession, the current period of a next-to-zero Fed Funds Rate makes such a signal less valuable – that is, the curve is unlikely to completely flatten with short rates pegged near zero. The 2012 and 2016 environments are the flattest the curve has been during the post-credit crisis era. The Federal Reserve adopted a more cautious stance at their March meeting. The Fed Funds Rate went unchanged while their median projection for year-end 2016 dropped to below 1%, which would translate to two rate increases at the current pace.

U.S. Equity Market

The U.S. stock market, represented by the Wilshire 5000 Total Market Index, was up for the first quarter of 2016 by 1.17%. As noted above, the market began the year in the midst of a broad selloff; the index fell -9% during the first dozen trading days. The market eventually rallied nearly 14% from its February 11 trough as concerns over the ways a weak global economy might affect the U.S. were met with sound economic data and aggressive action by some of the world's major central banks. Large capitalization stocks outperformed smaller shares with the Wilshire Large-Cap Index up 1.25% versus a gain of 0.85% for the Wilshire US Small-Cap Index. Larger shares were up for the past 12 months, as well, while the small cap index was down. The Wilshire US Micro-Cap Index was down -5.75% for the quarter and -13.52% for the past year. Growth stocks trailed value during the first quarter in both large- and small-cap spaces (Wilshire U.S. Large Growth, -1.68%; Wilshire U.S. Large Value, 3.67%; Wilshire U.S. Small Growth, -2.75%; Wilshire U.S. Small Value, 4.14%). Sector performance was mostly positive in the first

quarter except for the Financials and Health Care sectors, which returned -3.67% and -6.63%, respectively. The three best performing sectors were Utilities, Telecom Services and Consumer Staples, up 15.29%, 14.64% and 5.39%, respectively. Real estate-related stocks returned strong performance globally in the first quarter, rising above the striking volatility of other economic sectors (Wilshire U.S. Real Estate Securities Index, 5.30%; Wilshire Global Ex-US RESI, 5.67% in U.S. dollar terms). However, Master Limited Partnerships, which had enjoyed best-in-class performance among real asset-related stocks in recent periods, continued their slump into 2016, as many oil industry heavy-hitters announced plans to cut back on production and exploration spending, impacting infrastructure investment (Alerian MLP Index, -4.17%).

Fixed Income Market

U.S. Treasury yields plunged in the first half of the first quarter of 2016 as stock market volatility fed safe-haven trades into longer-term Treasuries. Ten-year Treasuries started the quarter yielding 2.27%, then steadily fell to 1.64% on February 11 before rising to 1.78% by March 31 as equities stabilized. The net drop in yields naturally benefited longer-dated bonds in relation to shorter paper (Barclays U.S. Treasury 1-3 Years, 0.90%; Barclays U.S. Treasury Long, 8.15%). Credit spreads widened in the first half of the quarter in short-lived risk-off trading, but subsequently tightened, boosting returns (Barclays U.S. Corporate Investment Grade, 3.97%). U.S. TIPS yielded strong returns in the quarter; despite uncertainty over Fed policy and stubbornly-low breakeven inflation statistics, investor outlook favored higher forecast inflation and increased exposure to inflation-linked bonds (Barclays U.S. TIPS, 4.46%). High yield bonds also returned relatively strong performance thanks to lower bond yields and a slight net tightening in credit spreads in this segment of the bond market, despite the volatility in equities (Barclays U.S. High Yield, 3.35%).

Non-U.S. Markets

The long decline in crude oil finally found a floor in February, providing a bit of upward support to highly-volatile global stock markets in the first quarter. Uncertainty over U.S. Fed policy led to weakness in the U.S. dollar, however, lifting returns on non-USD assets for U.S.-based investors. Nonetheless, the tale of the tape at quarter-end was one marked by losses in developed markets in local-currency terms (MSCI EAFE, net dividends, local, -6.52%) and smaller losses in U.S. dollar terms (MSCI EAFE, net, USD, -3.01%); exposure to emerging markets ameliorated losses somewhat (MSCI All Country World Ex-U.S. Index, net dividends: local, -4.05%; USD, -0.38%). Asia-Pacific region stocks yielded wildly varied results, with losses in Japan and China offset by bull markets in smaller countries such as Thailand and Indonesia (MSCI Pacific, net: local, -9.32%; USD, -3.79%). Europe's overall economic malaise has been compounded by intense anxiety over the upcoming vote in the U.K. regarding continued participation in the European Union (the June 23 "Brexit" referendum). Time will tell if the European Central Bank's recent adoption of accommodative monetary policy will succeed in steering the region's disparate economies into sustained recoveries (MSCI Europe, net: local, -4.92%; USD, -2.51%). Emerging market equities were able to avoid much of the downturn seen in developed market stocks this past quarter (MSCI Emerging Markets, net: local, 2.73%; USD, 5.71%). Lower interest rates worldwide helped drive good performance for non-dollar bonds in the first quarter, both in developed markets (Barclays Global Aggregate Ex-USD: USD-hedged, 3.51%; USD unhedged, 8.26%) and in emerging (Barclays Emerging Markets Local Currency Universal: USD-hedged, 2.06%; USD unhedged, 5.30%).

Summary of Index Returns

For Periods Ended March 31, 2016

	Quarter	One Year	Three Years	Five Years	Ten Years
Domestic Equity					
Standard & Poor's 500	1.35%	1.78%	11.83%	11.58%	7.01%
Wilshire 5000	1.17	0.23	11.26	11.01	6.95
Wilshire 4500	-0.14	-7.64	8.75	8.79	6.94
Wilshire Large Cap	1.25	1.26	11.64	11.32	7.03
Wilshire Small Cap	0.85	-8.19	7.99	8.54	7.00
Wilshire Micro Cap	-5.75	-13.52	6.26	6.61	3.51
Domestic Equity					
Wilshire Large Value	3.67%	3.86%	10.55%	11.19%	6.28%
Wilshire Large Growth	-1.68	-1.89	12.79	11.41	7.67
Wilshire Mid Value	6.50	0.99	10.46	11.12	7.53
Wilshire Mid Growth	-1.63	-11.66	8.37	7.43	7.51
Wilshire Small Value	4.14	-3.76	8.79	9.38	7.12
Wilshire Small Growth	-2.75	-12.87	7.09	7.55	6.78
International Equity					
MSCI All World ex U.S. (USD)	-0.38%	-9.19%	0.32%	0.31%	1.94%
MSCI All World ex U.S. (local currency)	-3.90	-9.43	5.96	5.46	2.77
MSCI EAFE	-3.01	-8.27	2.23	2.29	1.80
MSCI Europe	-2.51	-8.44	2.71	2.07	2.05
MSCI Pacific	-3.79	-7.95	1.27	2.81	1.32
MSCI Emerging Markets Index	5.71	-12.02	-4.50	-4.13	3.02
Domestic Fixed Income					
Barclays Aggregate Bond	3.03%	1.96%	2.50%	3.78%	4.90%
Barclays Credit	3.92	0.93	2.86	5.00	5.70
Barclays Mortgage	1.98	2.43	2.70	3.24	4.85
Barclays Treasury	3.20	2.39	2.13	3.59	4.64
Citigroup High Yield Cash Pay	3.30	-4.55	1.21	4.49	6.56
Barclays US TIPS	4.46	1.51	-0.71	3.02	4.62
91-Day Treasury Bill	0.07	0.12	0.07	0.08	1.15
International Fixed Income					
Citigroup Non-U.S. Gov. Bond	9.10%	7.74%	-0.16%	0.24%	3.97%
Citigroup World Gov. Bond	7.09	5.92	0.49	1.16	4.19
Citigroup Hedged Non-U.S. Gov.	4.16	3.45	5.16	5.46	4.81
Currency*					
Euro vs. $	4.90%	6.10%	-3.90%	-4.29%	-0.60%
Yen vs. $	7.03	6.70	-5.78	-5.91	0.49
Pound vs. $	-2.48	-3.18	-1.81	-2.16	-1.86
Real Estate					
Wilshire REIT Index	5.20%	4.76%	11.07%	12.11%	6.29%
Wilshire RESI	5.30	5.37	11.35	12.16	6.28
NCREIFC Property Index	2.21	11.84	11.91	11.93	7.61

*Positive values indicate dollar depreciation.

Total Fund Overview

Asset Class Performance

	Assets		Performance (%)					
	($Mil)	(%)	QTR	YTD	1-year	3-year	5-year	10-year
U.S. Equity	487.5	15.2	0.12	0.12	-1.70	10.55	10.28	6.47
International Equity	456.2	14.3	-0.83	-0.83	-6.41	2.08	2.24	2.81
Global Equity	149.9	4.7	-1.41	-1.41	-6.08	4.42	-.-	-.-
Global Low Volatility	344.9	10.8	6.23	6.23	-.-	-.-	-.-	-.-
Real Estate	419.7	13.1	2.64	2.64	7.94	11.70	11.75	5.50
Global Fixed Income	463.5	14.5	2.97	2.97	1.70	2.65	4.34	4.75
High Yield	400.0	12.5	2.67	2.67	-2.46	1.95	4.99	6.06
Public Real Assets	219.6	6.9	-5.59	-5.59	-34.51	-5.00	-.-	-.-
Private Equity	151.4	4.7	0.02	0.02	9.28	12.49	10.71	-.-
Cash Equivalents	22.7	0.7	0.05	0.05	0.11	0.07	0.08	-0.33
Total Fund	**3,198.3**	**97.4**	**1.25**	**1.25**	**-2.87**	**5.35**	**6.41**	**5.49**
Asset Allocation Policy			**2.40**	**2.40**	**-3.15**	**5.10**	**6.22**	**5.65**
Value Added vs Policy			*-1.15*	*-1.15*	*0.28*	*0.25*	*0.19*	*-0.16*
Actuarial Rate			2.00	8.25	8.25	8.25	8.25	8.25
Wilshire 5000 Index			1.17	1.17	0.23	11.26	11.01	6.95
S&P 500 Index			1.35	1.35	1.78	11.83	11.58	7.01
MSCI ACWI x-U.S. IMI Index			-0.23	-0.23	-8.08	0.76	0.58	2.19
MSCI EAFE Index			-3.01	-3.01	-8.27	2.23	2.29	1.80
Barclays Aggregate Bond Index			3.03	3.03	1.96	2.50	3.78	4.90
Citigroup High Yield Cash Pay			3.30	3.30	-4.55	1.21	4.49	6.56
Wilshire RE Securities Index			5.30	5.30	5.37	11.35	12.16	6.28
91-Day Treasury Bill			0.07	0.07	0.12	0.07	0.08	1.15

Total Fund Asset Growth

($Millions)	Beg. Mkt Value	Net Contrib.	Net Distrib.	Investment Fees	Investment Gain/Loss	End Mkt Value	Total Return
4Q12	2,949.6	20.2	55.7	2.3	73.5	2,985.2	2.43%
1Q13	2,985.2	18.3	56.8	3.4	179.4	3,122.7	5.92%
2Q13	3,122.7	22.3	59.0	3.2	8.1	3,091.0	0.15%
3Q13	3,091.0	18.0	58.2	3.4	151.2	3,198.6	4.76%
4Q13	3,198.6	24.1	57.2	3.3	169.8	3,332.1	5.22%
1Q14	3,332.1	26.1	62.0	4.3	76.3	3,368.2	2.21%
2Q14	3,368.2	25.4	58.8	3.9	148.0	3,479.0	4.26%
3Q14	3,479.0	22.6	62.0	2.5	(39.5)	3,397.5	-1.21%
4Q14	3,397.5	30.7	62.8	3.3	40.4	3,402.5	1.10%
1Q15	3,402.5	36.1	73.5	3.5	85.2	3,446.8	2.40%
2Q15	3,446.8	44.4	83.3	3.7	6.5	3,410.6	-0.09%
3Q15	3,410.6	29.6	69.6	3.4	(202.7)	3,164.5	-6.06%
4Q15	3,164.5	49.4	82.5	3.2	71.0	3,199.2	2.13%
1Q16	3,199.2	89.0	127.8	3.0	41.0	3,198.4	1.30%

- At the end of the first quarter of 2016, the Fund's market value was $3,198.4 million, which represented a decrease of $0.8 million in total net asset value over the previous quarter. The change in the Fund's value was driven by $89 million in net contributions and $41 million in investment gain/loss. Meanwhile, $127.8 million in net distributions and $3.0 million in investment management fees flowed out of the Fund.

Total Fund Attribution vs. Policy

Asset Class	Assets (%)		Policy (%)		Difference (%)		Total Fund Return Contribution (%)			
	Weight	Return	Weight	Return	Weight	Return	Actual Allocation	Interaction	Active Management	Total
U.S. Equity	14.8	0.12	15.0	1.17	-0.2	-1.06	-0.01	0.00	-0.16	-0.17
International Equity	13.9	-0.83	15.0	-0.23	-1.1	-0.60	0.00	0.01	-0.09	-0.09
Global Equity	4.6	-1.41	5.0	0.24	-0.4	-1.65	0.00	0.01	-0.08	-0.08
Global Low Volatility	10.2	6.23	10.0	5.88	0.2	0.35	0.01	0.00	0.03	0.04
Public REITs	5.6	3.91	5.0	5.30	0.6	-1.38	0.01	-0.01	-0.07	-0.06
Direct Core Real Estate	9.1	1.48	5.0	2.21	4.1	-0.73	-0.01	-0.03	-0.03	-0.08
Global Fixed Income	14.5	2.97	12.5	3.03	2.0	-0.07	-0.01	0.00	-0.01	-0.02
High Yield	13.1	2.67	15.0	3.30	-1.9	-0.64	0.00	0.03	-0.09	-0.07
Credit Opportunities	1.7	3.40	2.5	3.29	-0.8	0.12	-0.05	-0.02	0.00	-0.07
Public Real Assets	6.8	-5.59	10.0	-4.17	-3.2	-1.43	0.15	0.04	-0.14	0.05
Private Equity	4.7	0.02	5.0	9.74	-0.3	-9.72	-0.08	0.08	-0.66	-0.66
Cash Equivalents	1.1	0.05	0.0	0.07	1.1	-0.02	-0.05	0.00	0.00	-0.05
Monthly Linked Return	**100.0**	**1.15**	**100.0**	**2.40**		**-1.25**	**-0.04**	**0.09**	**-1.30**	**-1.25**
Trading/Hedging		*0.10*		*0.00*		*0.10*				***0.10***
Total		**1.25**		**2.40**		**-1.15**				**-1.15**

2.40	**Asset Allocation Policy**
-0.04	Actual/Tactical Asset Allocation
-1.30	Active Management
0.09	Interaction
0.10	Trading
1.25	**Total Fund Return**

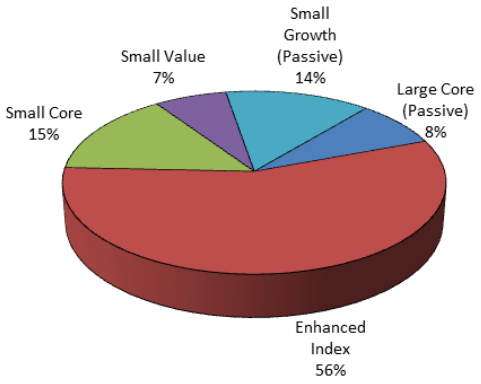
*Note: factors may not sum exactly to total return due to rounding.

The Total Fund attribution table, shown above, displays the return contribution of each asset class to the Total Fund's overall return. The attribution provides some insights as to whether tactical allocation and active management within asset classes helped or hurt performance during the quarter.

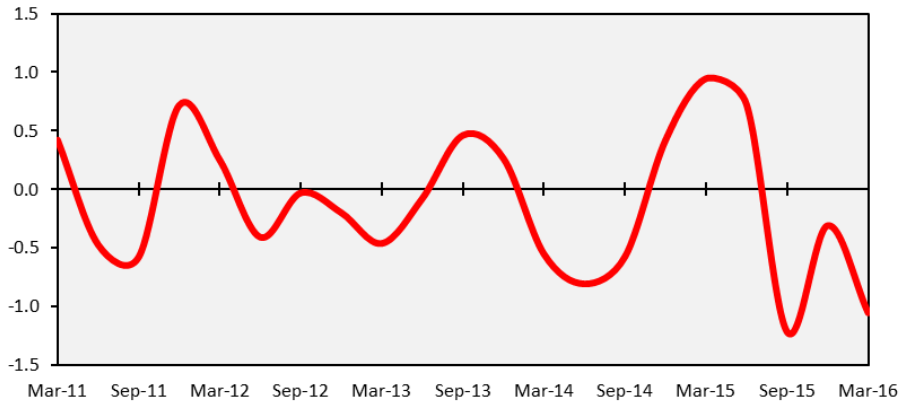
- ***Strategic Policy:*** The contribution to total return from each asset class, calculated as the percentage allocated to each asset class multiplied by the benchmark for that asset class.
- ***Actual Allocation:*** The return contribution during the quarter due to differences in the actual allocation from the policy allocation (i.e.: the actual allocation to U.S. equity was higher than the policy allocation). A positive number would indicate an overweight allocation benefited performance, and vice versa.
- ***Active Management:*** The return contribution from active management. This number would be positive if the asset class outperformed the designated policy index and vice versa (i.e.: the U.S. equity segment outperformed the policy index, the Wilshire 5000 Index, during the quarter and contributed positively to active management).
- ***Interaction:*** Captures the interaction of managers' performance and asset class weighting differences.
- ***Actual Return:*** The actual return of the asset classes if allocations to them were static during the quarter. These returns will not match exactly with the actual segment returns since asset class allocations change during the quarter due to market movement, cash flows, etc.

Domestic Equity Overview

Domestic Equity Structure



U.S. Equity Composite Quarterly Excess Return



Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total U.S. Equity	**$ 487.5**	**0.12**	**0.12**	**-1.70**	**10.55**	**10.28**	**6.47**
Custom Benchmark [1]		1.17	1.17	0.23	11.26	11.01	6.95
Value Added vs Benchmark		*-1.05*	*-1.05*	*-1.93*	*-0.71*	*-0.73*	*-0.48*
Enhanced Composite	**$ 274.7**	0.71	0.71	1.50	11.40	11.38	6.78
Small Cap Composite	**$ 172.7**	-1.10	-1.10	-7.17	8.91	7.36	5.30
Wilshire 5000 Index		1.17	1.17	0.23	11.26	11.01	6.95
S&P 500 Index		1.35	1.35	1.78	11.83	11.58	7.01
Russell 2000 Index		-1.52	-1.52	-9.76	6.84	7.20	5.26

Domestic Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Large Core - Passive								
Northern Trust S&P 500	**$ 40.1**	**1.38**	**1.38**	**1.91**	**11.88**	**11.63**	**9.44**	**Dec-94**
S&P 500 Index		1.35	1.35	1.78	11.83	11.58	9.38	Dec-94
Value Added vs Benchmark		*0.03*	*0.03*	*0.13*	*0.05*	*0.05*	*0.06*	
Enhanced Index								
INTECH	**$ 137.5**	**1.18**	**1.18**	**1.13**	**10.89**	**11.12**	**6.87**	**Mar-06**
S&P 500 Index + 1.5%		1.60	1.60	2.78	12.83	12.58	8.01	Mar-06
Value Added vs Objective		*-0.42*	*-0.42*	*-1.65*	*-1.94*	*-1.46*	*-1.14*	
S&P 500 Index		1.35	1.35	1.78	11.83	11.58	7.01	Mar-06
Value Added vs Benchmark		*-0.17*	*-0.17*	*-0.65*	*-0.94*	*-0.46*	*-0.14*	
Information Ratio				**-0.37**	**-0.70**	**-0.36**		
Sharpe Ratio				**0.07**	**0.98**	**0.92**		

[1] Domestic Equity Custom Benchmark: Wilshire 5000 Index (3q99 – Present); S&P 500 Index (1q90 – 2q99).

Domestic Equity Overview (Continued)

Domestic Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Enhanced Index								
T. Rowe Price	**$ 137.2**	**0.24**	**0.24**	**2.02**	**11.97**	**11.68**	**7.47**	**Mar-06**
S&P 500 Index + 1.5%		1.72	1.72	3.28	13.33	13.08	8.51	Mar-06
Value Added vs Objective		*-1.48*	*-1.48*	*-1.26*	*-1.36*	*-1.40*	*-1.04*	
S&P 500 Index		1.35	1.35	1.78	11.83	11.58	7.01	Mar-06
Value Added vs Benchmark		*-1.11*	*-1.11*	*0.24*	*0.14*	*0.10*	*0.46*	
Information Ratio				**0.19**	**0.14**	**0.09**		
Sharpe Ratio				**0.13**	**1.03**	**0.93**		
Small Core - Active								
Systematic Financial	**$ 72.1**	**1.70**	**1.70**	**-1.29**	**10.95**	**9.09**	**10.28**	**Jun-03**
Russell 2000 Index + 2%		-1.02	-1.02	-7.76	8.84	9.20	10.36	Jun-03
Value Added vs Objective		*2.72*	*2.72*	*6.47*	*2.11*	*-0.11*	*-0.08*	
Russell 2000 Index		-1.52	-1.52	-9.76	6.84	7.20	8.36	Jun-03
Value Added vs Benchmark		*3.22*	*3.22*	*8.47*	*4.11*	*1.89*	*1.92*	
Information Ratio				**2.86**	**1.07**	**0.51**		
Sharpe Ratio				**-0.09**	**0.77**	**0.54**		
Small Value - Active								
Channing Capital Management	**$ 33.4**	**0.21**	**0.21**	**-9.87**	**-.-**	**-.-**	**0.60**	**Oct-13**
Russell 2000 Value Index + 2%		2.20	2.20	-5.72	-.-	-.-	1.97	Oct-13
Value Added vs Objective		*-1.99*	*-1.99*	*-4.15*			*-1.37*	
Russell 2000 Value Index		1.70	1.70	-7.72	-.-	-.-	-0.03	Oct-13
Value Added vs Benchmark		*-1.49*	*-1.49*	*-2.15*			*0.63*	
Information Ratio				**-0.35**	**-.-**	**-.-**		
Sharpe Ratio				**-0.50**	**-.-**	**-.-**		
Small Growth - Passive								
Northern Trust Rusell 2000 Growt	**$ 67.3**	**-4.54**	**-4.54**	**-11.51**	**-.-**	**-.-**	**2.63**	**Sep-14**
Russell 2000 Growth Index		-4.68	-4.68	-11.84	-.-	-.-	2.29	Sep-14
Value Added vs Benchmark		*0.14*	*0.14*	*0.33*			*0.34*	

- The Fund's domestic equity composite generated a return of 0.1% (net of fees) during the first quarter of 2016, trailing the Wilshire 5000 Total Market Index which returned 1.17%. This quarter's underperformance was driven by INTECH (enhanced equity index), T Rowe Price (enhanced equity index) and Channing Capital Management (small-cap value) all of which trailed their respective benchmarks. T. Rowe Price was weighed down by stock selection issues, spread broadly across most market sectors. Similarly, Channing Capital also underperformed as a result of poor stock selection – but in this case, it was more confined to the financials and materials segments of the small-cap value market space. INTECH, the Fund's other enhanced equity index manager, also underperformed during the period largely due to its relative overweight allocation to the poorly performing health care sector. A lone bright spot for the period, Systematic Financial, the Fund's long-standing small-cap core manager (2003) performed well, besting the benchmark Russell 2000 Index by a strong margin. Meanwhile, the passively-managed index fund strategies both managed by Northern Trust (Large Core and Small Growth), continue to perform in line with expectations tracking the risk/return profile of their benchmarks. The domestic equity composite is currently underperforming against its benchmark over one-year (-193 bps), three-year (-71 bps periods), five-year (-73 bps), while slightly outperforming since inception (+8 bps) (12/89).

Domestic Equity Overview (Continued)

Northern Trust (Passive)

- Northern Trust manages a passive large-cap core equity portfolio for the Fund, which is designed to track the S&P 500 Index and replicate the performance of overall market. To date, the passive large-cap core portfolio is performing in line with expectations, matching the risk and return profile of the benchmark index and exhibiting very low tracking error over all time periods.

- Northern Trust also manages a passive small-cap growth portfolio for the Fund. Benchmarked against the Russell 2000 Growth Index, this portfolio gives the Fund exposure to the smaller-capitalization stocks whose earnings are expected to grow at an above-average rate relative to the market. As a passive investment, this portfolio seeks to replicate the performance of the overall small-cap growth universe of companies rather than relying on security selection to add value. To date, the small-cap growth portfolio is outperforming its benchmark index (33 bps) over the one year period.

INTECH (Enhanced)

- INTECH manages one of the Fund's two enhanced equity index portfolios. During the first quarter, the INTECH portfolio returned 1.2% (net of fees), lagging its benchmark index (S&P 500) which returned 1.4%. This quarter's results were driven by poor sector weighting along with poor stock selection in a few segments. The bulk of value detracted this quarter can be attributed to tactile sector weighting. The portfolio's relative overweight exposure to the poorly performing health care sector 18.8% vs 15.19% proved to be the single largest value detractor over the quarter. Likewise, underweight exposures to the telecom services and energy sectors further detracted value as these sectors provided positive returns for the period. Stock selection was most detractive in the consumer staples segment, where the portfolio's holdings gained 4.3% compared to 5.56% for the benchmark index. These holdings constituted a fair portion of the portfolio's total assets (clocking in at just over 10.5% to start the period) which meant that any return variance exhibited here would have a magnified effect at the total portfolio level, relative to other smaller segments within the portfolio. The portfolio's holdings also underperformed the benchmark within the industrials and energy segments. The INTECH portfolio is underperforming against its benchmark over all measured periods, including since inception (-14 bps) (3/06).

T. Rowe Price (Enhanced)

- T. Rowe Price manages the Fund's other enhanced equity index portfolio. The T. Rowe Price portfolio returned 0.2% (net of fees) during the first quarter, underperforming its benchmark index (S&P 500) which returned 1.4%; The T. Rowe Price portfolio also underperformed its performance objective (S&P 500 + 1.5%) which returned 1.7%. Poor stock selection was the primary driver of this quarter's results. Stock selection was weakest within the financials segment of the market, where the portfolio's holdings returned -8.2% compared to -5.2% in the benchmark index. Stock selection also meaningfully contributed to underperformance within the industrials, information technology, consumer discretionary and health care sectors. In total, stock selection was negative in eight of the ten economic sectors (the only sectors for which it was not negative were: energy and utilities). The portfolio's tactical underweight allocation to the telecom services sector which experienced very strong absolute returns over the period also served as a modest driver of underperformance. Historically, the portfolio's overall sector allocation does not deviate too broadly from the Standard & Poor's 500 (approximately +/- 1%) which means the bulk of the value-added will come from stock selection. The T. Rowe portfolio remains highly concentrated in large-capitalization stocks (with an average market cap of $132,861 million). The portfolio is currently outperforming against its benchmark over the one-year (+24 bps), three-year (+14 bps), five-year (+10 bps), and since inception periods (+46 bps) (3/06).

Domestic Equity Overview (Continued)

Systematic Financial (Small-Cap Core)

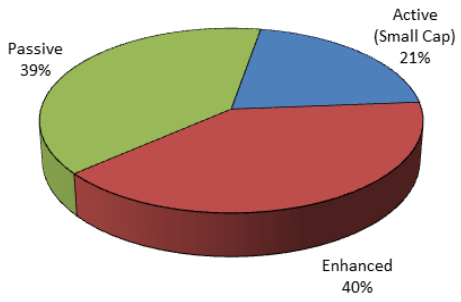
- Systematic Financial manages the Fund's small-cap core portfolio. The Systematic portfolio returned 1.7% (net of fees) during the first quarter, significantly outperforming its benchmark (Russell 2000) which returned -1.5%; The Systematic portfolio also outperformed against its performance objective (Russell 2000 + 2%) which returned -1.0%. Systematic bested its benchmark as a result of superb stock selection, which generated a significant amount of alpha primarily within the information technology and health care segments. In both areas the portfolio's holdings delivered positive returns that were more than twice as great as those seen in the benchmark. The portfolio's information technology sector holdings gained 4.8% (compared to -1.45% for the benchmark) while the healthcare sector holdings returned -7.8% (compared to -17.3% for the benchmark). Favorable stock selection was not limited to these segments alone, however. The portfolio's stock selection also contributed positive to return among its consumer discretionary, energy and materials holdings. In all, the cumulative effect of stock selection alone was to add a nominal +170 basis points against the benchmark. Stock selection did stumble a bit within the industrials segment, where the portfolio's holdings clearly lagged the benchmark (0.6% portfolio return vs. 4.6% benchmark return). Additionally, sector weighting was also a large driver of outperformance during the period. Much of this came from the portfolio's tactical underweight allocation to the health care sector, which was the market's weakest performing sector during the period (posting a -17.3% return). The portfolio's exposure to poorly performing health care stocks was over half that of the benchmark (8.0% vs. 16.5% weights). The Systematic portfolio continues to hold relatively cheaper (or undervalued) stocks when compared to benchmark, with a current average P/E ratio of 25.0 (Russell 2000 P/E ratio is 40.0). The portfolio also continues to exhibit a large historical overweight allocation to financials, albeit smaller in the most recent period, which accounts for around 28% of the portfolio's total net asset value compared to approximately 26% for the benchmark. The Systematic portfolio is outperforming against its benchmark over all extended periods including since inception (+192 bps) (9/03).

Channing Capital Management (Small-Cap Value)

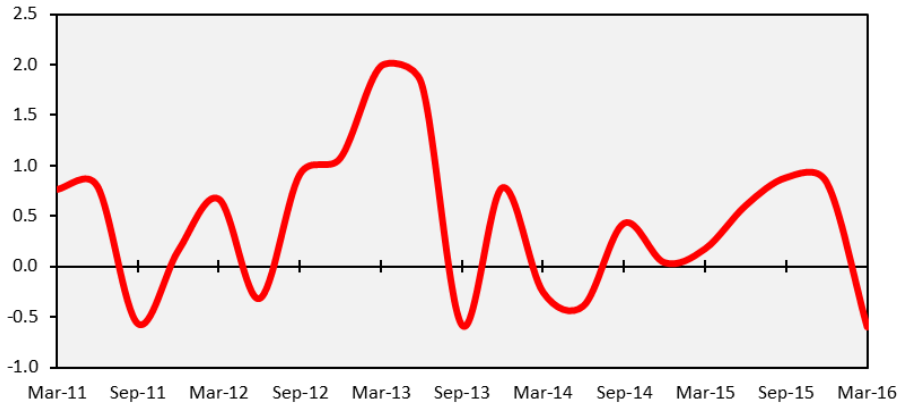
- Channing Capital manages the Fund's small-cap value portfolio. The Channing portfolio returned 0.2% (net of fees) during the first quarter, underperforming its benchmark (Russell 2000 Value) which returned 1.7%. Unfavorable stock selection weighed on the portfolio's ability to keep pace with the benchmark throughout the period. Particularly large losses were incurred within the financials, materials, and consumer discretionary sectors. The portfolio's financial holdings posted a loss of nearly -6.3%, whereas the benchmark saw a slight gain of 0.2%. Of the few positions within this market segment (fairly concentrated), four were among the top ten worst performers in the portfolio. Most notably, "Stifel Finl Corp", which return -30.12% for the period, was the single worst performer in the portfolio. Three additional sectors in the portfolio posted negative returns for the quarter while the corresponding benchmark's sector posted positive returns; consumer staples, consumer discretionary, and materials, in total, detracting around 190 bps in value. Broader sector weighting decisions had a positive impact on the portfolio (+57 bps), but nowhere near substantial enough to overcome the steep losses generated from stock selection. To date, the Channing portfolio is consistently positioned with an underweight allocation to the financial sector (28% portfolio weight vs. 43% benchmark weight) with significant overweight allocation to industrials (21% portfolio weight vs 12% benchmark weight). The Channing portfolio is currently underperforming against its benchmark for the one-year (-215 bps) period; but is outperforming the benchmark since inception (+63 bps) (12/13).

International Equity Overview

International Equity Structure



International Equity Composite Quarterly Excess Return



International Equity Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total International Equity	**$ 456.2**	**-0.83**	**-0.83**	**-6.41**	**2.08**	**2.24**	**2.81**
Custom Benchmark [1]		-0.23	-0.23	-8.08	0.76	0.58	2.16
Value Added vs Benchmark		*-0.60*	*-0.60*	*1.67*	*1.32*	*1.66*	*0.65*
MSCI ACWI x-US IMI (Net)		-0.23	-0.23	-8.08	0.76	0.58	2.19
MSCI ACWI x-US (Net)		-0.38	-0.38	-9.19	0.32	0.31	1.94
MSCI EAFE (Net)		-3.01	-3.01	-8.27	2.23	2.29	1.80
MSCI Emerging Markets		5.71	5.71	-12.02	-4.50	-4.13	3.02

International Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Int'l Small Cap - Active								
Acadian International	**$ 95.8**	**1.30**	**1.30**	**0.00**	**2.95**	**5.15**	**8.13**	**Mar-89**
Custom Benchmark + 2%		1.18	1.18	1.40	5.67	4.39	7.65	Mar-89
Value Added vs Objective		*0.12*	*0.12*	*-1.40*	*-2.72*	*0.76*	*0.48*	
Custom Benchmark		0.68	0.68	-0.60	3.67	2.39	5.65	Mar-89
Value Added vs Benchmark		*0.62*	*0.62*	*0.60*	*-0.72*	*2.76*	*2.48*	
Information Ratio				**0.27**	**-0.23**	**0.84**		
Sharpe Ratio				**-0.01**	**0.21**	**0.31**		

[2] International Equity Custom Benchmark: MSCI ACWI x-US IMI (2q10 – Present); MSCI ACWI x-US (1q99 – 1q10); Wilshire Non-US/Non-SA (2q96 – 4q98); MSCI EAFE (4q89 – 1q96)

[3] Acadian Custom Benchmark: MSCI ACWI x-US Small Cap (3q09 – Present); MSCI EAFE Small Cap (4q99 – 2q09); S&P/Citigroup Eur/Pac EMI Index (2q96 – 3q99); MSCI EAFE (2q89 – 1q96). Performance Objective: Custom Benchmark +2% (1q05 – Present); +1% (2q89 – 4q04).

International Equity Overview (Continued)

International Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Int'l Enhanced Index								
AQR Capital Management	**$ 182.1**	**-0.18**	**-0.18**	**-5.75**	**2.91**	**2.48**	**1.88**	**Mar-06**
Custom Benchmark + 1.5%		0.00	0.00	-7.69	1.82	1.81	2.55	Mar-06
Value Added vs Objective		*-0.18*	*-0.18*	*1.94*	*1.09*	*0.67*	*-0.67*	
Custom Benchmark		-0.38	-0.38	-9.19	0.32	0.31	1.05	Mar-06
Value Added vs Benchmark		*0.20*	*0.20*	*3.44*	*2.59*	*2.17*	*0.83*	
Information Ratio				**1.64**	**1.12**	**0.90**		
Sharpe Ratio				**-0.36**	**0.23**	**0.15**		
Int'l Active/Passive								
Baring International	**$ 178.3**	**-2.57**	**-2.57**	**-10.26**	**0.80**	**0.18**	**6.32**	**Mar-88**
Custom Benchmark + 2%		-0.06	-0.06	-7.94	1.57	1.56	5.99	Mar-88
Value Added vs Objective		*-2.51*	*-2.51*	*-2.32*	*-0.77*	*-1.38*	*0.33*	
Custom Benchmark		-0.38	-0.38	-9.19	0.32	0.31	4.74	Mar-88
Value Added vs Benchmark		*-2.19*	*-2.19*	*-1.07*	*0.48*	*-0.13*	*1.58*	
Information Ratio				**-0.70**	**0.25**	**-0.10**		
Sharpe Ratio				**-0.59**	**0.05**	**0.00**		

- The Fund's international equity composite returned -0.8% (net of fees) during the first quarter of 2016, underperforming the MSCI ACWI x-US Investable Market Index (IMI) which returned -0.2%. Two of the three segment's non-U.S. strategies managed to outperform against their respective benchmarks in what was generally a challenging market environment for international stocks (most major indexes trailed U.S. Large-caps). The Fund's international small cap equity index manager Acadian International was the strongest contributor to performance during the period, followed by the enhanced international equity indexed AQR Capital Management portfolio. Meanwhile, the active/passive Baring International portfolio significantly underperformed its benchmark, in turn, dragging down the return of the international equity composite as a whole. The international equity composite is outperforming against its benchmark for the one-year (+167 bps), three-year (+132 bps), five-year (+166 bps), and ten-year (+65 bps) periods, as well as since inception (+100 bps) (12/89).

Acadian (International Small-Cap)

- Acadian International manages the Fund's active small-cap international equity portfolio. During the first quarter the Acadian portfolio returned 1.3% (net of fees), outperforming against its benchmark (MSCI ACWI x-US Small Cap) which returned 0.7% for the period. The Acadian portfolio was aided by favorable sector weighting. Top-down sector weighting delivered the most benefit within the markets of China, South Africa and the United Kingdom; to a lesser degree, sector weighting was also a positive contributor in Thailand and India, among a few other country markets. Meanwhile, individual stock selection was most additive in China, Hong Kong, and South Africa. In each of the country markets, the portfolio's mix of holdings greatly outperformed the broader market. For example, in Hong Kong the portfolio's holdings gained 3.1% extending a substantial lead over the -7.1% return produced by the overall market. Much of the portfolio's aforementioned gains were eroded by the negative impact from stock selection decisions in other countries. In this regard, the biggest detractor was the Danish market; in which the portfolio

[4] Baring Custom Benchmark: MSCI ACWI x-US (2q02 – Present); PMSCI ACWI x-US (G) (3q01 – 1q02); MSCI ACWI x-US (2q99 – 2q01); Wilshire Non-US/Non-SA (2q96 – 1q99); MSCI EAFE (2q88 – 1q96) . Performance objective: Custom Benchmark + 2%.

[5] AQR Custom Benchmark: MSCI ACWI x-US (2q10 – Present); MSCI EAFE (1q06 – 1q10); Performance Objective: Custom Benchmark + 1.5%.

International Equity Overview (Continued)

holdings returned -24.8% versus a 2.4% gain for the benchmark. The portfolio incurred similar issues related broadly to its stock selection in Australia and Canada among others. As of quarter-end, the Acadian portfolio is outperforming against its benchmark for the one-year (+60 bps), five-year (+276 bps) as well as since inception (+248 bps) (3/89).

AQR Capital Management (International Enhanced)

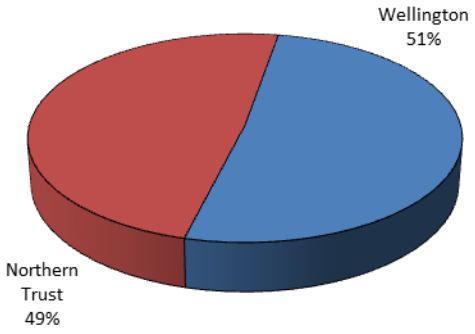
- AQR Capital manages the Fund's enhanced international equity portfolio. The AQR portfolio returned -0.2% (net of fees) during the first quarter, outperforming its benchmark (MSCI ACWI x-US) which returned -0.4%; The AQR portfolio also performed in-line with its performance objective (MSCI ACWI x-US + 2%) which returned -0.2%. This quarter's results were driven by strong individual stock selection. Stock selection contributed the most value in the markets of Japan, Hong Kong, and Australia (among some others). For example, the portfolios Australian holdings returned 8.2% for the period versus 2.4% for the benchmark. Strategic sector weighting in the Australian holdings also proved to be a notable contributor during the period making decisions in the Australian market the largest contributor to overall value during the quarter. Although, in total the cumulative effect from top-down sector weighting was detractive. A strategic underweighting to the Canadian and Brazilian markets proved costly in a reversal from the previous period. This coupled with a strategic overweighting to the poorly performing positions in the Italian market certainly mitigated many of the previously mentioned gains attributed to strong stock selection. The AQR portfolio is outperforming against its benchmark for one-year (+344 bps), three-year (+259 bps) and five-year (+217 bps) periods, as well as since inception (+83 bps) (03/06).

Baring (International Active/Passive)

- Baring International, the Fund's international equity large-cap manager, manages an active/passive portfolio. The objective is to actively manage the broad-based country and sector allocations, while passively managing security selection by investing in market indexes. During the first quarter, the Baring portfolio returned -2.6% (net of fees), underperforming its benchmark (MSCI ACWI x-US) which returned -0.4%. The Baring portfolio is currently outperforming against its custom benchmark since inception (+168 bps) (03/88).

Global Equity Overview

Global Equity Structure



Global Equity Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Global Equity	**$ 149.9**	**-1.41**	**-1.41**	**-6.08**	**4.42**	**-.-**	**-.-**
MSCI ACWI (Net)		0.24	0.24	-4.34	5.53	-.-	-.-
Value Added vs Index		*-1.65*	*-1.65*	*-1.74*	*-1.11*		
MSCI ACWI IMI (Net)		0.30	0.30	-4.36	5.59	5.24	4.25
MSCI ACWI (Net)		0.24	0.24	-4.34	5.53	5.22	4.07
MSCI World (Net)		-0.35	-0.35	-3.45	6.82	6.51	4.27

Global Equity Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Equity - Active								
Wellington	**$ 76.7**	**-3.10**	**-3.10**	**-4.12**	**9.79**	**-.-**	**12.85**	**Aug-12**
MSCI ACWI (Net) + 2%		0.73	0.73	-2.34	7.53	-.-	10.25	Aug-12
Value Added vs Objective		*-3.83*	*-3.83*	*-1.78*	*2.26*		*2.60*	
MSCI ACWI (Net)		0.24	0.24	-4.34	5.53	-.-	8.25	Aug-12
Value Added vs Benchmark		*-3.34*	*-3.34*	*0.22*	*4.26*		*4.60*	
Information Ratio				**0.07**	**1.13**	**-.-**		
Sharpe Ratio				**-0.26**	**0.76**	**-.-**		
Global Equity - Passive								
Northern Trust	**$ 73.0**	**0.41**	**0.41**	**-.-**	**-.-**	**-.-**	**5.46**	**Oct-15**
MSCI ACWI (Net)		0.30	0.30	-.-	-.-	-.-	5.22	Oct-15
Value Added vs Benchmark		*0.11*	*0.11*				*0.24*	

Global Equity Overview (Continued)

- Towards the end of the third quarter (2015), the Fund liquidated its investment in the Aberdeen Global Equity portfolio and moved the assets over to Northern Trust. Today, the global equity composite is comprised of an actively-managed strategy (with a U.S. bias relative to the benchmark) managed by Wellington. This strategy is complemented by a passively-managed strategy provided by Northern Trust. As of quarter-end, each strategy is allotted roughly half of the segment's total value (currently approaching $150 million). The Wellington portfolio fared poorly during the first quarter, underperforming against its benchmark index (MSCI ACWI) by a solid margin largely due to poor stock selection. The passively-managed Northern Trust strategy is performing in line with expectations, closely tracking the risk/return profile of the benchmark. The global equity composite is currently underperforming over all measured periods greater than the current quarter, including since inception (9/12).

Wellington (Active)

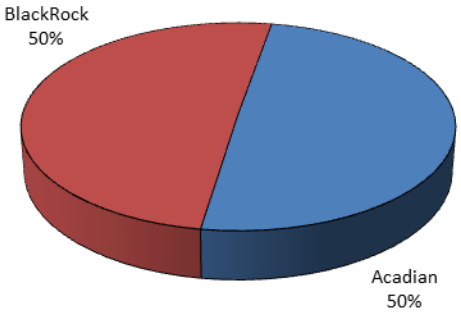
- Wellington manages the Fund's active global equity portfolio. During the first quarter, the Wellington portfolio returned -2.9% (net of fees), underperforming its benchmark (MSCI ACWI) which returned 0.2%. The Wellington portfolio is structured with a consistent overweight bias towards the home country market (U.S.). As a result, whatever happens domestically quarter-to-quarter is a powerful determinant of how the overall portfolio will fare in relation to the benchmark. To begin the period, the U.S. market comprised around 67% of the portfolio's total asset value, compared to 53% of the benchmark. Although the U.S. market generally outperformed against most developed and emerging markets abroad during the first quarter, the portfolios U.S. positions significantly underperformed the benchmark holdings (-4.44% for the portfolio vs. 0.88% for the benchmark) . As a result, the portfolio's persistent overweight exposure to the domestic economy (home country bias) was a strong detractor to return. Moreover, individual stock selection decisions within the U.S. market detracted value. The end result is that the portfolio's U.S. exposure was an overall detractor to return during the period. The portfolio's relative underweight exposure to the Canadian, Brazilian, and Taiwanese markets, which saw its performance rebound during the first quarter were also a drivers of underperformance – all countries were represented in the benchmark while absent in the portfolio's current allocation. The portfolio also lost some ground against the benchmark stemming from poor stock selection within its Chinese and British positions, where portfolio positions experienced returns of -9.6% and -11.5% respectively versus much more modest losses in the benchmark's positions. A few bright spots in a largely challenging quarter can be seen in the stock selection value-added in the German and Russian markets which posted strong absolute and relative returns during the period. Lastly, movements in foreign exchange markets had a cumulative negative impact on the portfolio during the period. The Wellington portfolio is outperforming for the one-year (+22bps) and three-year (+426bps), as well as since inception (+460 bps) (09/12).

Northern Trust (Passive)

- In early September (2015) the Fund added a new global equity manager to the segment. Managed by Northern Trust, this strategy gives the Fund broadly diversified exposure to global stocks via a passively managed investment vehicle, which will result in lower turnover and costs incurred. The Northern Trust global equity portfolio was funded with proceeds from the liquidated Aberdeen Global Equity portfolio. The new funded strategy has been quickly built up to size and by quarter-end represented nearly 50% of the segment's total value. After its first second quarter of performance, the Norther Trust portfolio is performing in line with expectations, modestly outperforming its benchmark index (MSCI ACWI) by +24 basis points since inception .

Global Low Volatility Equity Overview

Global Low Volatility Structure



Global Low Volatility Composite

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	10-year
		Performance					
Total Global Low Volatility	**$ 344.9**	**6.23**	**6.23**	**-.-**	**-.-**	**-.-**	**-.-**
MSCI ACWI Minimum Volatility (Net)		5.88	5.88	-.-	-.-	-.-	-.-
Value Added vs Index		*0.35*	*0.35*				
MSCI ACWI Minimum Volatility (Net)		5.88	5.88	4.65	8.09	9.85	7.41
MSCI World x-US Minimum Volatility (Net)		3.87	3.87	3.88	5.58	7.25	6.09
MSCI ACWI (Net)		0.24	0.24	-4.34	5.53	5.22	4.07

Global Equity Managers

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
		Performance (%)						
Global Low Volatility - Active								
Acadian Global Low Vol	**$ 171.4**	**6.44**	**6.44**	**-.-**	**-.-**	**-.-**	**5.95**	**Jun-15**
MSCI ACWI (Net) + 2%		0.73	0.73	-.-	-.-	-.-	-3.17	Jun-15
Value Added vs Objective		*5.71*	*5.71*				*9.12*	
MSCI ACWI (Net)		0.24	0.24	-.-	-.-	-.-	-4.67	Jun-15
Value Added vs Benchmark		*6.20*	*6.20*				*10.62*	
MSCI ACWI Min Vol (Net)		5.88	5.88	-.-	-.-	-.-	6.44	Jun-15
Information Ratio				**-.-**	**-.-**	**-.-**		
Sharpe Ratio				**-.-**	**-.-**	**-.-**		
Global Low Volatility - Passive								
BlackRock Global Low Vol	**$ 173.6**	**6.03**	**6.03**	**-.-**	**-.-**	**-.-**	**6.85**	**Jun-15**
MSCI ACWI Min Vol (Net)		5.88	5.88	-.-	-.-	-.-	6.44	Jun-15
Value Added vs Benchmark		*0.15*	*0.15*				*0.41*	

Global Low Volatility Equity Overview (Continued)

- In June of last year (2015), the Board elected to transfer assets from existing strategies elsewhere in the Fund into two new global low volatility equity portfolios. The first portfolio is actively-managed and run by Acadian. Its primary mandate is to provide the Fund with a better risk/return profile relative to the broad MSCI ACWI, its primary benchmark (the Acadian portfolio's performance is also measured against the MSCI ACWI Minimum Volatility as a secondary benchmark). The second portfolio is a passively-managed index fund provided through BlackRock. Taken together, both funds will add diversification benefits to the existing suite of public equity managers. After its third full quarter of performance within the Fund, the global low volatility equity composite is currently performing in-line the MSCI ACWI Minimum Volatility Index.

Acadian (Global Low Volatility – Active)

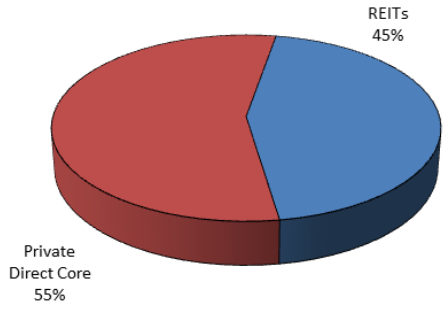
- Acadian manages the Fund's active global low volatility equity portfolio. The strategy was funded during June of 2015 and has just completed its third full quarter of performance within the Fund. During the first quarter, the Acadian portfolio returned 6.4% (net of fees). The portfolio's primary benchmark is the traditional cap-weighted MSCI All-Country World Index (ACWI). In addition, the portfolio is viewed in comparison to its secondary benchmark, the MSCI ACWI Minimum Volatility. During the quarter, the Acadian portfolio outperformed both the primary cap-weighted benchmark (0.2% return) and the reweighted minimum volatility benchmark (5.9%). Relative to the primary cap-weighted benchmark, the portfolio had much greater exposure to the lowest-volatility securities from within the opportunity set, which had a positive impact on the overall portfolio's performance. The portfolio also had underweight exposure (compared against the primary benchmark) to highest volatility securities, which was also a positive contributor during the period. This outperformance can be largely attributed to strong stock selection throughout the period. Security selection was most beneficial in the Japanese and Swiss markets, where collectively, they provided well over the majority of the total value added through stock selection. Notably, the Acadian portfolio has wide dispersion in it economic sector allocations as compared to the cap-weighted index, potentially leading to a higher degree of tracking error (this difference is reduced when comparing against the secondary minimum volatility benchmark). Lastly, the portfolio's gains were capped as a result of its country market allocations. Most notably, an underweight allocation to Canadian equities which rebounded from a disappointing fourth quarter served as a detractive force in the current period. Broader-based sector weighting decisions had little effect on the portfolio in the current period. The Acadian portfolio is currently outperforming its benchmark since inception (+1062 bps) (07/15). The portfolio has trailed its secondary minimum volatility benchmark since inception (-49 bps).

BlackRock (Global Low Volatility – Passive)

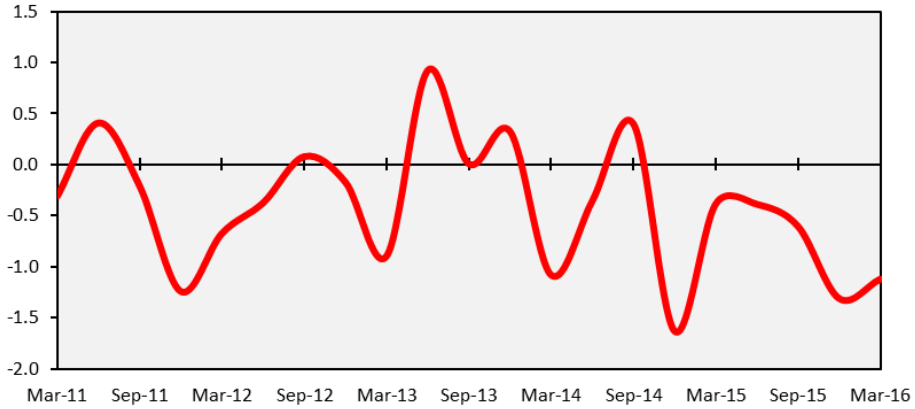
- BlackRock manages the Fund's passive global volatility equity strategy. Like Acadian above, this strategy is new within the Fund having been funded at the end of June 2015. The BlackRock portfolio is intended to provide a low-cost, highly diversified global equity investment strategy focused on minimizing volatility. The BlackRock portfolio is benchmark against the MSCI ACWI Minimum Volatility. To date, the portfolio continues to perform in line with expectations, closely tracking the risk profile of the benchmark index while modestly outperforming the benchmark (+41 bps) since inception.

Real Estate Overview

Real Estate Structure



Total Real Estate Composite Quarterly Excess Return



Real Estate Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Real Estate	**$ 419.7**	**2.64**	**2.64**	**7.94**	**11.70**	**11.75**	**5.50**
Custom Benchmark [1]		3.84	3.84	9.84	12.86	13.14	6.62
Value Added vs Benchmark		*-1.20*	*-1.20*	*-1.90*	*-1.16*	*-1.39*	*-1.12*
REIT Strategies	$ 188.0	3.91	3.91	2.87	11.38	11.60	5.66
Private Core Real Estate	$ 231.7	1.48	1.48	11.63	12.03	11.86	-.-
Wilshire Real Estate Securities Index		5.30	5.30	5.37	11.35	12.16	6.28
NCREIF Open Diversified Core Equity		2.21	2.21	13.69	13.64	13.26	6.36

Real Estate Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Real Estate Securities - Public								
Adelante Capital Management	**$ 92.9**	**3.68**	**3.68**	**2.13**	**12.02**	**12.25**	**11.01**	**Sep-01**
Wilshire Real Estate Securities + 1%		5.55	5.55	6.37	12.35	13.16	12.48	Sep-01
Value Added vs Objective		*-1.87*	*-1.87*	*-4.24*	*-0.33*	*-0.91*	*-1.47*	
Wilshire Real Estate Securities		5.30	5.30	5.37	11.35	12.16	11.48	Sep-01
Value Added vs Index		*-1.62*	*-1.62*	*-3.24*	*0.67*	*0.09*	*-0.47*	
Information Ratio				**-2.07**	**0.34**	**0.05**		
Sharpe Ratio				**0.12**	**0.80**	**0.77**		
Security Capital	**$ 95.0**	**4.14**	**4.14**	**3.60**	**10.73**	**10.94**	**11.22**	**Sep-01**
Wilshire Real Estate Securities + 1%		5.55	5.55	6.37	12.35	13.16	12.48	Sep-01
Value Added vs Objective		*-1.41*	*-1.41*	*-2.77*	*-1.62*	*-2.22*	*-1.26*	
Wilshire Real Estate Securities		5.30	5.30	5.37	11.35	12.16	11.48	Sep-01
Value Added vs Index		*-1.16*	*-1.16*	*-1.77*	*-0.62*	*-1.22*	*-0.26*	
Information Ratio				**-1.17**	**-0.51**	**-1.04**		
Sharpe Ratio				**0.19**	**0.66**	**0.65**		

[6] Real Estate Custom Benchmark: 50% Wilshire RESI / 50% NCREIF ODCE (1q11 – Present); Wilshire RESI (4q89 – 4q10).

Real Estate Overview (Continued)

Real Estate Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Direct Core Real Estate - Private								
Heitman America Real Estate Trust	**$ 124.0**	**2.31**	**2.31**	**13.68**	**12.94**	**12.47**	**13.03**	**Aug-10**
NCREIF Open-End Diversified Core		2.21	2.21	13.69	13.64	13.26	14.66	Aug-10
Value Added vs Index		*0.10*	*0.10*	*-0.01*	*-0.70*	*-0.79*	*-1.63*	
Invesco Core Real Estate USA	**$ 66.6**	**1.04**	**1.04**	**11.96**	**12.43**	**12.04**	**12.70**	**Aug-10**
NCREIF Open-End Diversified Core		2.21	2.21	13.69	13.64	13.26	14.26	Aug-10
Value Added vs Index		*-1.17*	*-1.17*	*-1.73*	*-1.21*	*-1.22*	*-1.56*	
Invesco II	**$ 41.1**	**0.06**	**0.06**	**2.49**	**-.-**	**-.-**	**-0.07**	**Oct-13**
NCREIF Open-End Diversified Core		2.21	2.21	13.69	-.-	-.-	13.72	Oct-13
Value Added vs Index		*-2.15*	*-2.15*	*-11.20*			*-13.79*	

- The Fund's total real estate composite is comprised of both public market real estate securities (REITs) and private investment in direct core real estate. The total segment returned 2.6% (net of fees) during the first quarter, underperforming its benchmark (split 50% Wilshire Real Estate Securities Index and 50% NCREIF Open-End Diversified Core Index) which returned 3.8%. On the public side, the Adelante portfolio trailed the Wilshire RESI mostly as a result of stock selection (confined large to the "other" segment of the market). Meanwhile, the companion strategy managed by Security Capital also underperformed the benchmark largely due to poor stock selection. The direct-investment core real estate strategies delivered positive returns during the current period, as well as over longer historical cumulative periods but failed as a group to outperform the benchmark in the current period. During the first quarter, the Heitman portfolio slightly outperformed relative to the NCREIF Open-End Diversified Core Index while the Invesco funds trailed the benchmark by a substantial margin. Currently, the Fund's total real estate composite is underperforming over all measured periods, including since inception (12/89).

Adelante Capital Management (REITs)

- Adelante Capital manages one of the Fund's two marketable real estate securities (REIT) portfolios. During the first quarter, the Adelante portfolio returned 3.7% (net of fees), underperforming its benchmark index (Wilshire Real Estate Securities) which returned 5.3%. The predominant driver of this quarter's underperformance was poor stock selection, the bulk of which was concentrated in the "other" segment. Here, the portfolio's holdings returned a combined 3.8% compared to 5.5% in the benchmark. Additionally, these holdings dwarf any other segment within the portfolio, comprising over 44% of total asset value (the next largest group of holdings in the portfolio, apartments, make up just shy of 19% of assets). Therefore, as a result of it massive size, any return differential within this group of holdings will have a strong impact at the total portfolio level. Indeed, the poor stock selection exhibited among the portfolio's "other" segment holdings was a strong detractor during the period. The portfolio's worst-performing holdings from within the "other" segment were: "Brookdale Sr. Living" (-14% return, 1.1% weight) and "Paramount Group Inc" (-11.4% return, 2.9% weight). Similarly, stock selection in the portfolio's second largest sector by weight was also negative returning 2.1% versus 4.1% for the benchmark. Top-down sector weighting was a slight contributor for the period. The portfolio had realized some benefit from its lack of exposure (1.8% weight) to the poor-performing diversified segment (which by comparison made up 4.5% of the benchmark); however, tactical overweighting to other segments of the market did not play out so well and largely negated those gains. The Adelante portfolio is currently outperforming its benchmark over the three-year (+67 bps) and five-year (+9 bps) periods; the portfolio is underperforming its benchmark since inception (09/01).

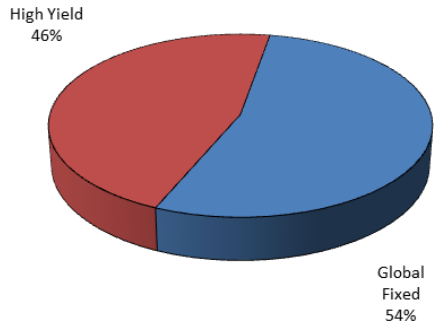
Real Estate Overview (Continued)

Security Capital (REITs)

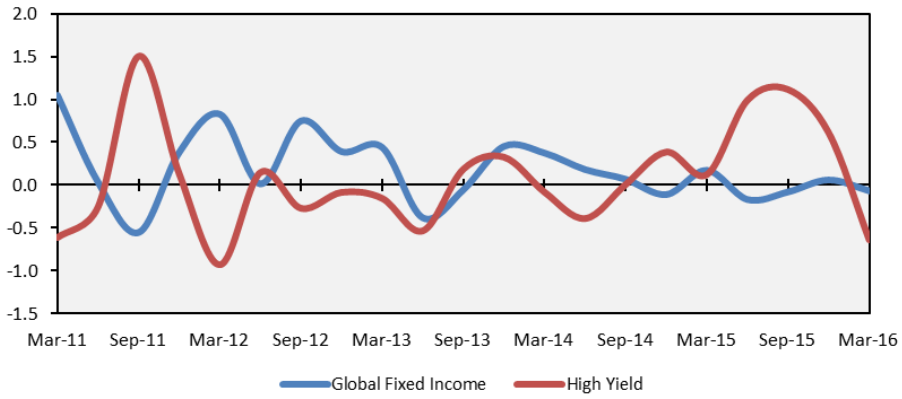
- Security Capital manages the Fund's other REIT portfolio. The Security portfolio returned 4.1% (net of fees) during the first quarter, underperforming its benchmark (Wilshire Real Estate Securities Index) which returned 5.3%. This quarter's results were driven by poor stock selection, which was primarily spread across three main market segments: regional retail, diversified, and "other". In each segment, the portfolio's mix of holdings delivered returns below that of the benchmark. The greatest return differential came from within the regional retail segment, where the portfolio's holdings gained 3.9% compared to 5.3% for the benchmark. Collectively, these three segments provide 58% of the portfolios total exposure. Of the previously mentioned sectors there were several positions that experienced negative returns amongst a relatively strong performing real estate segment. Most notably, "Taubman Ctrs Inc" (-6.4%), "Hcp Inc" (-13.4%), "Paramount Group Inc" (11.4%) experienced such returns. Top-down sector weighting decisions had a net negative impact during the period. Most of this was confined to the storage and local retail segments of the market. The portfolio was over 2% underweighted to the storage segment which was the strongest performing sector returning around 12% for period. In a similar scenario, the portfolio had an underweight exposure to the local retail segment (1.7% vs. 5.8% weights), which was also a strong performing sector in the market during the period (+8.1%); in both cases, the portfolio would have benefitted from increased exposure. The Security Capital portfolio is currently underperforming its benchmark over all measured periods greater than the current quarter, including since inception (09/01).

Fixed Income Overview

Fixed Income Structure



Global Fixed Income and High Yield Quarterly Excess Return



Fixed Income Composites

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	10-year
		Performance					
Global Fixed Income	**$ 463.5**	**2.97**	**2.97**	**1.70**	**2.65**	**4.34**	**4.75**
Barclays Aggregate Bond Index		3.03	3.03	1.96	2.50	3.78	4.90
Value Added vs Benchmark		*-0.06*	*-0.06*	*-0.26*	*0.15*	*0.56*	*-0.15*
High Yield	**$ 400.0**	**2.67**	**2.67**	**-2.46**	**1.95**	**4.99**	**6.06**
Custom Benchmark [1]		3.30	3.30	-4.55	1.21	4.49	6.56
Value Added vs Benchmark		*-0.63*	*-0.63*	*2.09*	*0.74*	*0.50*	*-0.50*
Barclays Aggregate		3.03	3.03	1.96	2.50	3.78	4.90
Citigroup High Yield Cash Pay		3.30	3.30	-4.55	1.21	4.49	6.56
BofA ML High Yield Master II		3.25	3.25	-3.99	1.75	4.71	6.85

Global Fixed Income Managers

	Assets (Millions)	QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
		Performance (%)						
Global Fixed Income								
Advantus Capital Management	**$ 193.6**	**2.75**	**2.75**	**1.69**	**2.93**	**4.54**	**5.03**	**Apr-07**
Barclays Aggregate + 0.5%		3.16	3.16	2.46	3.00	4.28	5.41	Apr-07
Value Added vs Objective		*-0.41*	*-0.41*	*-0.77*	*-0.07*	*0.26*	*-0.38*	
Barclays Aggregate		3.03	3.03	1.96	2.50	3.78	4.91	Apr-07
Value Added vs Benchmark		*-0.28*	*-0.28*	*-0.27*	*0.43*	*0.76*	*0.12*	
Information Ratio				**-0.83**	**1.10**	**1.53**		
Sharpe Ratio				**0.68**	**0.96**	**1.64**		
Aberdeen	**$ 198.5**	**3.05**	**3.05**	**1.61**	**2.11**	**3.99**	**5.35**	**Apr-07**
Barclays Aggregate + 0.5%		3.16	3.16	2.46	3.00	4.28	5.19	Apr-07
Value Added vs Objective		*-0.11*	*-0.11*	*-0.85*	*-0.89*	*-0.29*	*0.16*	
Barclays Aggregate		3.03	3.03	1.96	2.50	3.78	4.69	Apr-07
Value Added vs Benchmark		*0.02*	*0.02*	*-0.35*	*-0.39*	*0.21*	*0.66*	
Information Ratio				**-0.46**	**-0.47**	**0.12**		
Sharpe Ratio				**0.45**	**0.59**	**1.28**		

[7] High Yield Custom Benchmark: Citigroup High Yield Cash Pay (4q99 – Present); Citigroup High Yield Composite Index (1q97 – 3q99).

Fixed Income Overview (Continued)

Global Fixed Income Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Global Fixed Income								
Garcia Hamilton	**$ 71.5**	**3.32**	**3.32**	**1.93**	**-.-**	**-.-**	**4.67**	**Oct-13**
Barclays Aggregate + 0.5%		3.16	3.16	2.46	-.-	-.-	4.03	Oct-13
Value Added vs Objective		*0.16*	*0.16*	*-0.53*			*0.64*	
Barclays Aggregate		3.03	3.03	1.96	-.-	-.-	3.53	Oct-13
Value Added vs Benchmark		*0.29*	*0.29*	*-0.03*			*1.14*	
Information Ratio				**-0.02**	**-.-**	**-.-**		
Sharpe Ratio				**0.56**	**-.-**	**-.-**		

- The Fund's global fixed income segment returned 2.97% (net of fees) during the first quarter of 2016, slightly outperforming the Barclays U.S. Aggregate Bond Index, which returned 3.03%. The segment is comprised of three actively managed strategies: (1) Advantus Capital Management, (2) Aberdeen Asset Management, and (3) Garcia Hamilton. During the period, the Advantus portfolio slightly underperformed the performance of the Barclays Aggregate while the Aberdeen portfolio managed to add a few basis points above the benchmark. However, the largest outperformer relative to the benchmark was Garcia Hamilton. While the segment's two long-standing portfolios, Advantus and Aberdeen (both with early 2007 inception dates) manage roughly the same level of assets for the Fund, the newer Garcia Hamilton portfolio (late 2013 inception) has a smaller mandate. Therefore, despite being this quarter's strongest performer, it does not have the ability to move the needle as much, so to speak, on account of its smaller size. The global fixed income composite is outperforming against the Barclays Aggregate over the three-year (+15 bps), and five-year (+56 bps) periods.

Advantus Capital Management (Core Fixed Income)

- Advantus Capital manages one of the Fund's three global fixed income portfolios. During the first quarter, the Advantus portfolio returned 2.8% (net of fees), underperforming its benchmark (Barclays Aggregate) which returned 3.0% for the quarter. The Advantus portfolio has a persistent and long-standing underweight allocation to government/agency securities (including Treasuries), which most recently made up only 16% of the portfolio compared to 42% for the benchmark. During the quarter U.S. Treasury securities returned 3.2% (as measured by the Barclays Capital U.S. Treasury Index), and generally as the time to maturity increased the total return earned by investors increased (the long component of the Barclays U.S. Treasury Index returned 8.2% for the period) during the period. With Treasury securities across all maturity buckets lagging the broader core fixed income market space, the portfolio's tactical underweight exposure here proved beneficial. Additionally, the portfolio had a slightly lower weighted-average credit quality (rating of A for the portfolio vs. AA for the benchmark). In the current market environment, investors are continuing to seek out opportunities to increase the yield of their fixed income portfolios. One way to do this is by moving down the quality spectrum, incrementally further away from the safest investment-grade securities. This has in turn increased the demand among this segment of the bond market, pushing prices higher and producing higher overall returns for investors. The portfolio had slightly higher exposure to long-dated bonds (those maturing in twenty-years or more) which comprised 17% of the portfolio versus 12% of the benchmark. This slight mismatch was a contributor during the period as returns rose with increasing time of maturity, in both sovereign and corporate debt. The Advantus portfolio is currently outperforming against its benchmark over the three-year (+43 bps), and five-year (+76 bps) periods as well as since inception (+12 bps) (06/07).

Fixed Income Overview (Continued)

Aberdeen (Core Fixed Income)

- Aberdeen (formerly Artio Global Investors) manages another of the Fund's global fixed income portfolios. During the first quarter the Aberdeen portfolio returned 3.05% (net of fees), matching the performance of its benchmark (Barclays Aggregate). The Aberdeen portfolio is similarly positioned as the Advantus portfolio in many respects, with substantial underweight exposure to government and agency bonds (25% portfolio weight vs. 42% benchmark weight). In the current market environment, U.S. Government debt (primarily Treasury securities) modestly lagged corporate paper within the core fixed income opportunity set (the Barclays U.S. Treasury Index returned 3.2% while the Barclays U.S. Corporate Index returned 4.0%). This theme remained largely consistent as the time to maturity increased. So, holding all else equal, the portfolio's greater relative exposure to corporate debt (conversely, less exposure to government debt) was a positive contributor during the period, not isolated to any one particular maturity bucket. The portfolio had a lower weighted-average credit quality (A), one notch below that of the benchmark (AA). This proved beneficial in the current macro environment as investors, in their search for higher yield opportunities, bid up the prices of lower quality securities. Although the portfolio had a lower overall credit quality, it was still well within the realm of investment grade debt – just slightly further down along the continuum, on an incremental discrete basis. Relative to the benchmark, the portfolio also had a greater proportion of its debt characterized by long maturities: bonds maturing in ten years or more comprised over 30% of the portfolio's total asset value, compared to just over 15% for the benchmark. This structural composition was a contributor for the portfolio, as within both corporate and sovereign segments of the markets, longer-term securities generally outperformed their more intermediate counterparts on a total return basis. The Aberdeen portfolio is outperforming against its benchmark over the five-year (+21 bps) period, as well as since inception (+66 bps) (06/07).

Garcia Hamilton (Core Fixed Income)

- Garcia Hamilton is the Fund's third global fixed income manager. During the first quarter, the portfolio returned 3.3% (net of fees), outperforming its benchmark index (Barclays Aggregate) which returned 3.0%. The Garcia Hamilton portfolio also outperformed its performance objective (Barclays Aggregate + 0.5%) which returned 3.2%. Unlike the two other strategies in the Fund's global fixed income segment (Advantus and Aberdeen), the Garcia Hamilton portfolio has typically maintained exposure to government and agency bonds (predominantly Treasuries) at a level that is greater than the benchmark. At the end of the quarter, these holdings comprised 46% of the portfolio compared to 42% for the benchmark. This sector allocation variance might initially appear to have a detracting impact on the overall portfolio, as U.S. Treasury securities moderately lagged the rest of the core fixed income market space (the Barclays U.S. Treasury Index returned 3.2% while the Barclays U.S. Corporate Index returned 4.0%). Yet, the portfolio had a much higher percentage of its assets with long-dated maturities: those maturing in twenty years or more made up nearly 36% of the portfolio versus only just over 12% for the benchmark. This structural composition proved to be a contributor during the period across most segments of the market, as total return increased as time to maturity increased. The credit quality of the portfolio (AA) closely matched that of the Barclays Aggregate (also AA), such that this was not a meaningful source of added or detracted value. The Garcia Hamilton portfolio is currently outperforming against its benchmark since inception (+114 bps) (12/13).

Fixed Income Overview (Continued)

High Yield Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
High Yield								
Oaktree Capital Management	**$ 200.7**	**3.37**	**3.37**	**-4.11**	**1.04**	**4.60**	**6.65**	**Dec-96**
Performance Objective		3.55	3.55	-3.55	2.21	5.49	7.63	Dec-96
Value Added vs Objective		*-0.18*	*-0.18*	*-0.56*	*-1.17*	*-0.89*	*-0.98*	
Custom Benchmark		3.30	3.30	-4.55	1.21	4.49	6.63	Dec-96
Value Added vs Benchmark		*0.07*	*0.07*	*0.44*	*-0.17*	*0.11*	*0.02*	
Information Ratio				**0.54**	**-0.24**	**0.09**		
Sharpe Ratio				**-0.55**	**0.16**	**0.72**		
BlackRock High Yield	**$ 199.4**	**1.97**	**1.97**	**-3.04**	**2.08**	**4.90**	**6.06**	**Sep-06**
Citigroup High Yield Cash Pay + 1%		3.55	3.55	-3.55	2.21	5.49	7.46	Sep-06
Value Added vs Objective		*-1.58*	*-1.58*	*0.51*	*-0.13*	*-0.59*	*-1.40*	
Citigroup High Yield Cash Pay		3.30	3.30	-4.55	1.21	4.49	6.46	Sep-06
Value Added vs Benchmark		*-1.33*	*-1.33*	*1.51*	*0.87*	*0.41*	*-0.40*	
Information Ratio				**0.45**	**0.42**	**0.24**		
Sharpe Ratio				**-0.47**	**0.36**	**0.82**		

- The high yield composite returned 2.7% (net of fees) during the first quarter, underperforming against the Citigroup High Yield Cash Pay Index which returned 3.3%. The bulk of the underperformance this period can be largely attributed to the composites BlackRock account which lagged the benchmark by a substantial margin. In a reversal of last quarter, the Oaktree portfolio fared better during the current period, and as a result helped mitigate some of the losses at the composite level. The composite is currently split equally between the two actively-managed strategies. The high yield composite is currently outperforming over the one-year (+209 bps), three-year (+74 bps), and five-year (+50 bps) periods, while the composite is underperforming over the since inception period (03/97).

Oaktree Capital Management (High Yield Fixed Income)

- Oaktree Capital manages one of the Fund's two high yield fixed income portfolios. The Oaktree portfolio returned -3.4% (net of fees) during the first quarter, outperforming its benchmark (Citigroup High Yield Cash Pay) which returned 3.3%. The non-investment grade fixed income market has just finished a challenging year in 2015, with dislocations in the energy and commodity sectors pushing prices lower and yields higher. The portfolio was able to gain ground against the benchmark this quarter in part due to good sector issue. A lower weighted-average credit quality (B) relative to the benchmark index (BB) was a contributor during the period. Amidst a search for yield in the non-investment grade market space in the current period, securities further down along the quality spectrum relatively outperformed those with higher ratings (the CCC-rated component of the Citigroup High Yield index returned 5.6% while the BB-rated component returned 3.2%). The portfolio is currently positioned with a slightly lower current yield, suggesting that the price performance of its bond holdings has been mildly more resilient to downwards pressures that the benchmark. Additionally, the portfolio maintains a slightly higher effective duration of its portfolio relative to the benchmark, as it has over the last couple of years; this indicates that the portfolio has greater price sensitivity to changes in interest rates. Given the prevailing low level or rates, it stands to reason that they are bound to head higher over some indeterminate period going forward. The Oaktree portfolio is currently

[8] Oaktree Capital Management Performance Objective: Citigroup High Yield Cash Pay + 1% (4q99 – Present); Citigroup High Yield Composite Index + 1% (2q97 – Present).

Fixed Income Overview (Continued)

outperforming over the one-year (+44 bps) and five-year (+11 bps) periods, as well as since inception (+2 bps) (03/97).

BlackRock (High Yield Fixed Income)

- BlackRock manages the Fund's other high yield fixed income portfolio. During the first quarter, the BlackRock portfolio returned 2.0%, underperforming its benchmark (Citigroup High Yield Cash Pay) which returned 3.3%. Despite a relatively strong quarter for the space overall, several of the portfolios holdings experienced double digit losses which eroded the strong performance of positions elsewhere in the portfolio. The portfolios relative underweight exposure to the hard hit energy sector over the past year has benefited the portfolio's performance on both an absolute and relative basis. In the current period however, several energy related names bounced back as oil rose off its lows, in turn, becoming a detracting force over the first three months of the year. The weighted-average credit quality of the portfolio (B) is one-notch below that of the benchmark (BB). This variance was a contributing force during the period, as investors bid up the prices of lower-rated securities in the non-investment-grade space ratings (the CCC-rated component of the Citigroup High Yield index returned 5.6% while the BB-rated component returned 3.2%). The portfolio is exhibiting a slightly lower current yield relative to the benchmark, which supports the idea behind better price performance of its holdings. Additionally, the effective duration of the portfolio sits moderately above that of the benchmark, pointing to increase price sensitivity to sudden changes in the prevailing interest rates. The BlackRock portfolio is currently outperforming over the one-year (+151 bps), three-year (+87 bps), and five-year (+41 bps) periods, while the portfolio is underperforming over the since inception period (09/06).

Private Equity Overview

Private Equity Composite

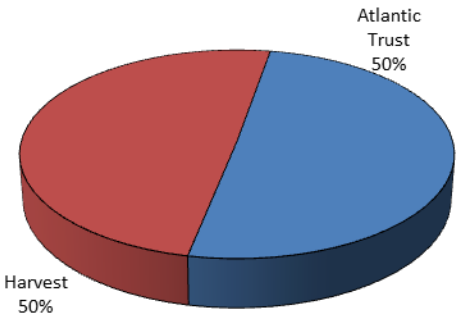
	Total Commitment	Cumulative Capital Called		Cumulative Distributions	Capital Balance	Multiple	Calculated IRR
Hamilton Lane Fund VII LP (Series A)	30,000,000	24,479,403	81.6%	8,430,690	24,107,955	1.33	11.4%
Hamilton Lane Fund VII LP (Series B)	20,000,000	17,642,586	88.2%	5,917,455	13,846,162	1.12	4.5%
Hamilton Lane Fund VII LP (Total)	*50,000,000*	*42,121,989*	84.2%	*14,348,145*	*37,954,117*	1.24	8.5%
Hamilton Lane Secondary Fund II LP	25,000,000	22,783,343	91.1%	24,118,060	4,929,196	1.27	10.5%
Hamilton Lane Secondary Fund III LP	30,000,000	17,732,318	59.1%	12,150,873	15,397,613	1.55	38.3%
Hamilton Lane Fund VIII LP (Global)	30,000,000	11,740,006	39.1%	1,859,379	12,659,646	1.24	10.0%
GCM-CFIG *	135,000,000	59,816,016	44.3%	1,016,325	76,699,777	1.30	11.1%
Fairview Capital III	40,000,000	1,574,968	3.9%	62,624	1,128,117	0.76	NM
Total Private Equity Program	**310,000,000**	**155,768,640**	**50.2%**	**53,555,406**	**151,428,585**	**1.32**	**12.85**

- Multiple calculation = (market value + distributions) / capital called
- Internal Rate of Return shown here is calculated by Wilshire based on cumulative cash flows and annualized since inception.

* Formerly Credit Suisse

Public Real Assets Overview

Fixed Income Structure



Public Real Assets Composite

	Assets (Millions)	Performance QTR	YTD	1-year	3-year	5-year	10-year
Total Public Real Assets	**$ 219.6**	**-5.59**	**-5.59**	**-34.51**	**-5.00**	**-.-**	**-.-**
Alerian MLP Index		-4.17	-4.17	-31.83	-10.32	-.-	-.-
Value Added vs Index		*-1.42*	*-1.42*	*-2.68*	*5.32*		
Alerian MLP Index		-4.17	-4.17	-31.83	-10.32	-0.56	7.66
S&P MLP Index		-6.33	-6.33	-37.21	-10.86	-0.88	6.90
Bloomberg Commodities Index		0.42	0.42	-19.56	-16.86	-14.14	-6.16

Managers

	Assets (Millions)	Performance (%) QTR	YTD	1-year	3-year	5-year	Since Inception	Inception Date
Public Real Assets								
Harvest Fund Advisors	**$ 110.8**	**-6.75**	**-6.75**	**-33.91**	**-5.25**	**-.-**	**3.83**	**Nov-11**
Alerian MLP Index + 1.5%		-3.79	-3.79	-30.33	-8.82	-.-	0.50	Nov-11
Value Added vs Objective		*-2.96*	*-2.96*	*-3.58*	*3.57*		*3.33*	
Alerian MLP Index		-4.17	-4.17	-31.83	-10.32	-.-	-1.00	Nov-11
Value Added vs Benchmark		*-2.58*	*-2.58*	*-2.08*	*5.07*		*4.83*	
Information Ratio				**-0.61**	**1.13**	**-.-**		
Sharpe Ratio				**-1.28**	**-0.28**	**-.-**		
Atlantic Trust CIBC	**$ 108.8**	**-4.39**	**-4.39**	**-35.11**	**-5.80**	**-.-**	**4.10**	**Nov-11**
Alerian MLP Index + 1.5%		-3.79	-3.79	-30.33	-8.82	-.-	-0.82	Nov-11
Value Added vs Objective		*-0.60*	*-0.60*	*-4.78*	*3.02*		*4.92*	
Alerian MLP Index		-4.17	-4.17	-31.83	-10.32	-.-	-2.32	Nov-11
Value Added vs Benchmark		*-0.22*	*-0.22*	*-3.28*	*4.52*		*6.42*	
Information Ratio				**-1.04**	**1.09**	**-.-**		
Sharpe Ratio				**-1.29**	**-0.31**	**-.-**		

Public Real Assets Overview (Continued)

- The Fund's Master Limited Partnership (MLP) program is comprised of two individual managers, Harvest Fund Advisors and Atlantic Trust (formerly Invesco), with the mandates essentially split evenly between the two. After several quarters of outperformance – driven by persistent strong stock selection and small measures of sector diversification – both the Harvest Fund Advisors and Atlantic Trust portfolios have struggled to keep pace with the broader market (as represented by the Alerian MLP Index) over more recent periods. There is now wide dispersion in returns not only among individual MLP stocks but also across different segments of the midstream market space. For example, many names saw their value plummet by nearly 30% in the first quarter alone, while others saw much more modest declines in the range of 0% to 5%, and still others gained in excess of 20-30%. It stands to reason that much of the stock price depreciation exhibited over the last year has become detached from underlying company fundamentals – this opens the door for a period of consolidation (M&A) if not attractive opportunities from a portfolio construction standpoint. Despite the challenging environment, both strategies continue to add significant value over longer historical periods. The MLP composite is currently outperforming over the three-year (+532 bps) periods, as well as since inception (+629 bps) (09/12).

Harvest Fund Advisors (MLPs)

- Harvest Fund Advisors manages one of the Fund's two MLP portfolios. During the first quarter the Harvest portfolio returned -6.8% (net of fees), underperforming its benchmark (MLP Alerian) which returned -4.2%. Since the Harvest portfolio typically has approximately anywhere from 96% to 100% of its value invested in energy sector MLPs, sector weighting has not historically been a meaningful source of added or detracted value. However, given the protracted depression in the energy market and high degrees of performance dispersion across different segments of the market, sector weighting is playing an increasingly important role. The portfolio suffered from its underweight exposure to utilities sector MLPs, which comprised less than 1% of the portfolio versus 2.7% of the benchmark. This segment of the MLP opportunity set significantly outperformed their energy segment counterparts (the utility sector of the portfolio returned 29.9% while the energy returned -6.5%). Additionally, the portfolio maintained small out-of-benchmark positions in the materials (less than 1% weight) and industrials (2.5% weight) segments of the MLP market space. Both of these segments underperformed the broader market – materials sector equity holdings lost -9.7% while industrials sector equity holdings saw decline a of -5.4% for the portfolio during the period. Stock selection was strong and ultimately a helped mitigate some of the losses during the period. The ongoing wide dispersion in performance among different midstream companies is at least partially driven by balance sheet strength – those carrying lest debt burden have been able to maintain dividend growth investors expect, which in turn helps to somewhat buoy the market price of the stock. Several of the portfolio's positions experienced returns of over 10% during the period offsetting some of the losses incurred elsewhere in the portfolio. The portfolio has lower current yield, but with the expectation of higher dividend growth over the five-year period. The Harvest Fund Advisors MLP portfolio continues to outperform against its benchmark for the three-year (+507 bps) period, as well as since inception (+483 bps) (12/11) but has fallen in the past few quarter, trailing over the one-year period (-208 bps).

Atlantic Trust (MLPs)

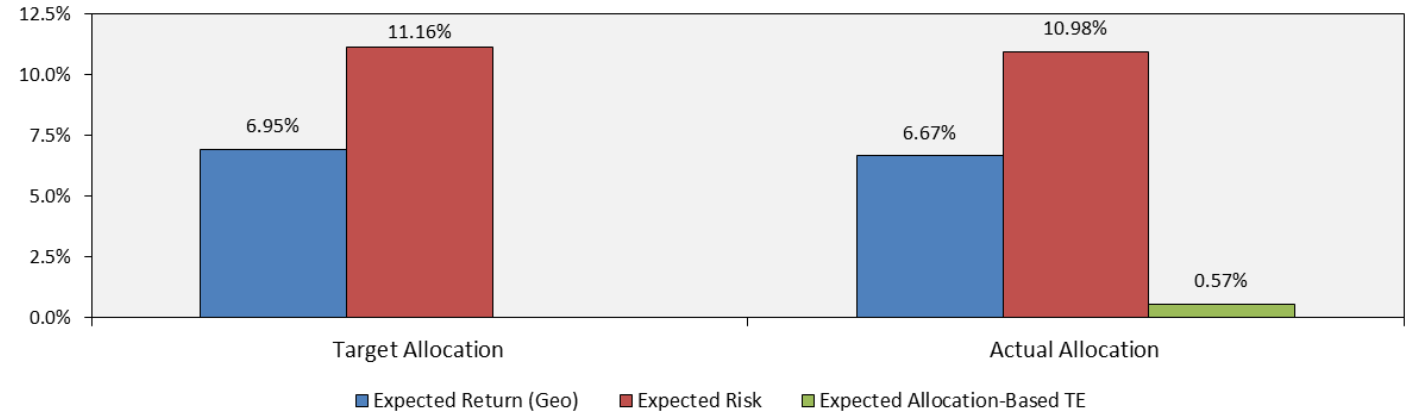
- Atlantic Trust CIBC (formerly Invesco) manages the Fund's other MLP portfolio. During the first quarter, the Atlantic Trust portfolio returned -4.4% (net of fees), underperforming its benchmark (Alerian MLP) which returned -4.2%. It is important to note that the Atlantic Trust portfolio (containing 32 stocks) is much more concentrated than the Harvest portfolio (54 stocks). As a result, many of its position sizes are relatively much larger and have a greater

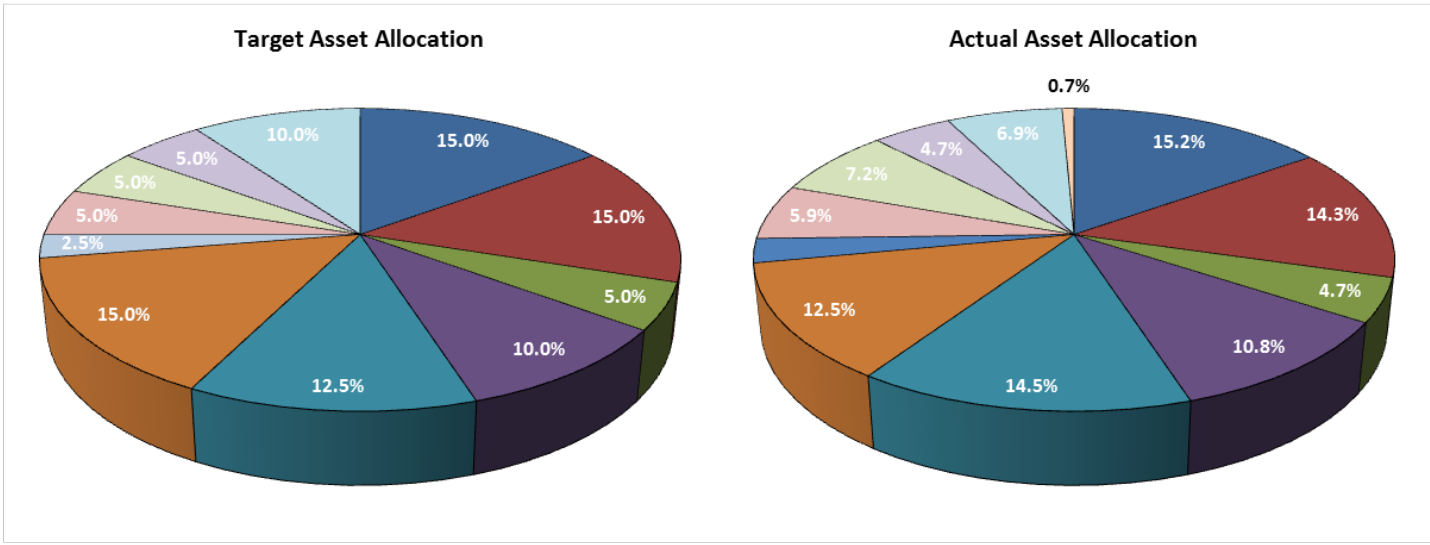
Public Real Assets Overview (Continued)

impact on the overall return. The portfolio failed to keep pace with its benchmark during the period primarily as a result of poor stock selection, which was confined to the energy segment (this is of course the dominant segment in the market space, comprising over 97% of the benchmark's total asset value). The portfolio's energy-focused MLP stocks generated a -5.7% loss for the period. This was driven at least in part by the fact that one of the portfolio's largest holdings (ranking fifth) was among its worst performers during the period: "Mlpx LP" (-23.2% return, 6.3% weight). Several other of the portfolio's holdings posted even greater losses – although, given that each comprised a much smaller weight within the portfolio, the detractive impact at the total portfolio level was somewhat lessened. However, collectively, the portfolio had five individual names – comprising 11.7% of the total portfolio value – each of which saw losses in excess of -20% during the current quarter alone. These include: "Energy Transfer Equity" (-46.2% loss), "Williams Cos" (-35% loss), "Ngl Energy Partners" (-27.7% loss), "Enlink Midstream Partners" (-24.9% loss) and the aforementioned "Mplx Lp" (-23.2% loss). The portfolio also lost value from its relative underweighting to the utilities segment which significantly outperformed the broader market over the period. Despite these detracting forces, the portfolio succeeded in retaining a mix of higher quality names from within this segment which allowed it to recoup some of the losses it experienced elsewhere in the portfolio. The portfolio has lower current yield, but with the expectation of slightly higher dividend growth over the five-year period. The Atlantic Trust MLP portfolio is outperforming against its benchmark for the three-year (+452) period, as well as since inception (+642) (12/11)

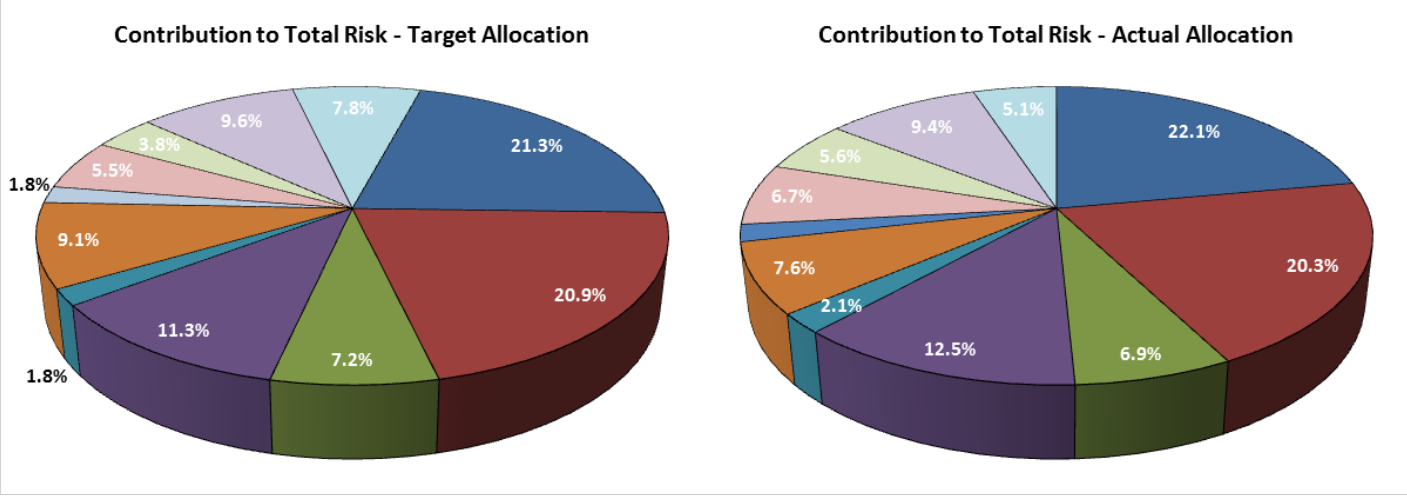
Appendix: Risk Analysis

Expected Return and Risk



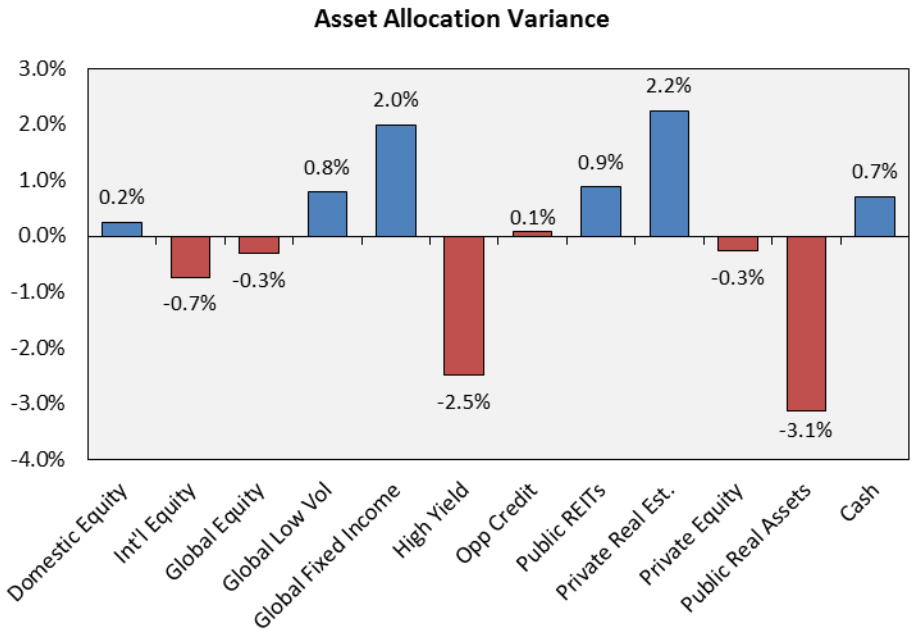


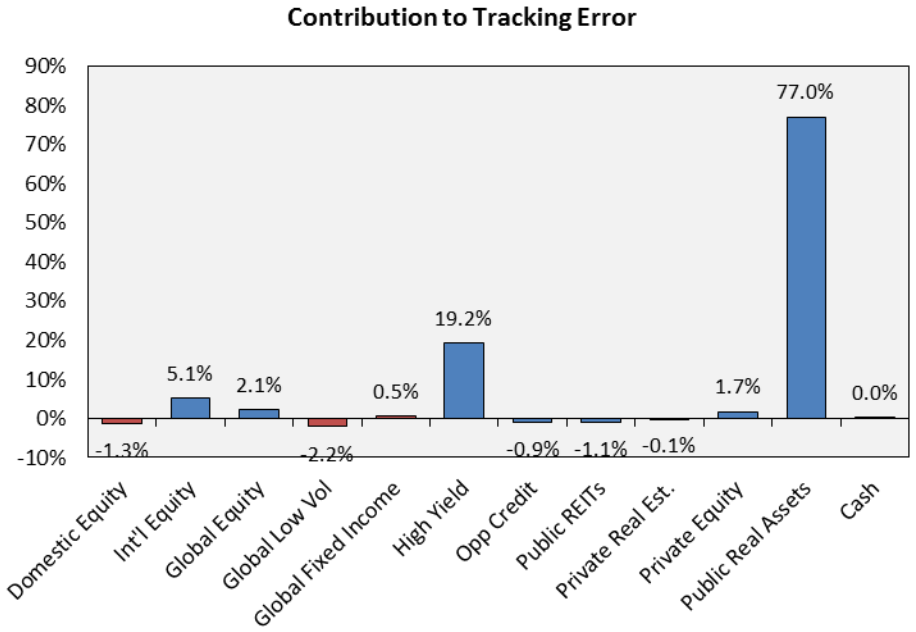
Domestic Equity | Int'l Equity | Global Equity | Global Low Vol | Global Fixed Income | High Yield
Opp Credit | Public REITs | Private Real Est. | Private Equity | Public Real Assets | Cash

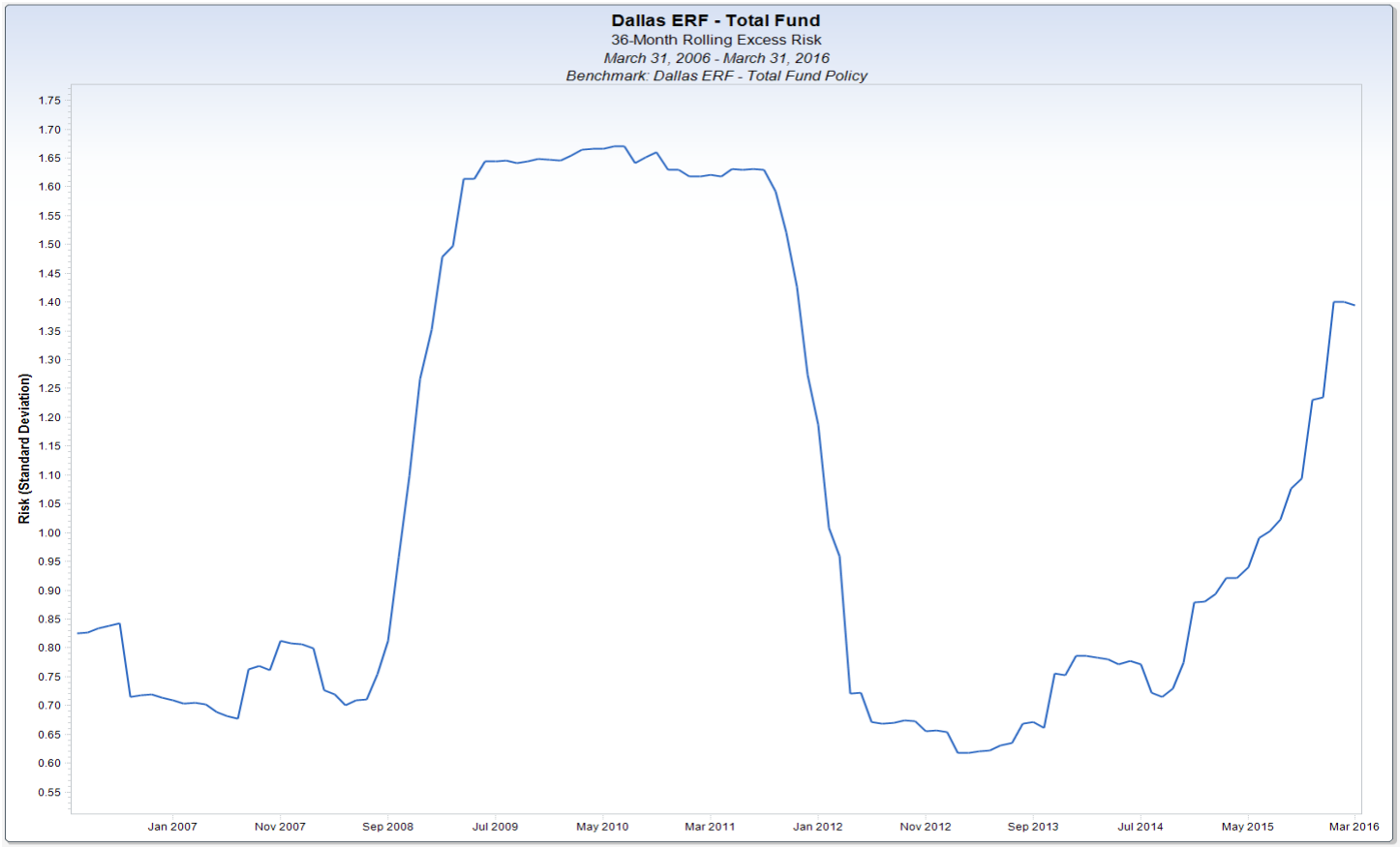


Domestic Equity | Int'l Equity | Global Equity | Global Low Vol | Global Fixed Income | High Yield
Opp Credit | Public REITs | Private Real Est. | Private Equity | Public Real Assets | Cash

Expected Return and Tracking Error based on Wilshire's Asset Assumptions





- The variance between the Fund's actual asset allocation and the target allocation is a source of tracking error for the Fund. This "asset allocation tracking error" is currently forecasted to be 0.57% (for the one-year period) at quarter-end. The Fund's public real assets segment is the by far the largest contributor to the overall tracking error. This is due to the fact that the public real asset currently sits over 3% underweight to its target allocation. The high yield segment also contributed towards tracking error. The domestic equity and global low volatility equity segments each had a marginally diversifying impact, dampening the Fund's overall tracking error.

- Below is a historical visualization of realized tracking error ("ex-post") for Dallas ERF over the preceding ten years: