

ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 12-06  
JUNE 22, 2012



ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 12-06

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., June 22, 2012, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Ms. Henry presided as Chair and called the meeting to order.

Ms. Enright called the roll:

Present: Stafford, Stulir, Thompson, Copper, Henry, Nannini, Piechocinski

Absent: None

Trustee Faklis was present via telephone.

Ms. Becker-Wold from Callan Associates, Mr. Moss from Seyfarth Shaw LLP., Ms. Nicholson from AonHewitt, Ms. Vazquez from CNR Consulting, Inc., Mr. Cherry from the Decatur Sanitary District and a representative from Loop Capital was also present.

(12-06-01) (Public Comments) Mr. Cherry, the Executive Director of the Decatur Sanitary District reviewed the District's Succession Plan and its interaction with IMRF's Early Retirement Incentive Program.

(12-06-02) (Monthly Manager Report) Ms. Becker-Wold gave the following report to the Board on the activities of IMRF's investment managers:

May 31, 2012



## Illinois Municipal Retirement Fund Monthly Performance Report

Investment Measurement Service  
Monthly Review

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The following report was prepared by Callan Associates Inc. ("CAI") using information from sources that include the following: fund trustee(s); fund custodian(s); investment manager(s); CAI computer software; CAI investment manager and fund sponsor database; third party data vendors; and other outside sources as directed by the client. CAI assumes no responsibility for the accuracy or completeness of the information provided, or methodologies employed, by any information providers external to CAI. Reasonable care has been taken to assure the accuracy of the CAI database and computer software. In preparing the following report, CAI has not reviewed the risks of individual security holdings or the compliance/non-compliance of individual security holdings with investment policies and guidelines of a fund sponsor, nor has it assumed any responsibility to do so. Copyright 2012 by Callan Associates Inc.

**Major Market Returns**

**Returns**

**for Periods Ended May 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	(6.20)	5.23	(1.77)	15.58	(0.52)	4.94
Russell:1000 Index	(6.15)	5.35	(1.23)	15.28	(0.75)	4.52
Russell:Midcap Index	(6.71)	5.01	(6.34)	18.48	0.04	7.40
Russell:2000 Index	(6.62)	3.37	(8.88)	16.47	(0.73)	5.94
MSCI:World US\$	(8.63)	0.78	(11.02)	8.99	(4.07)	4.00
MSCI:EAFE US\$	(11.48)	(3.79)	(20.48)	3.40	(7.34)	4.01
MSCI:Emer Markets	(11.16)	0.20	(20.06)	8.22	0.37	13.10
Barclays:Aggr Bd	0.90	2.33	7.12	7.12	6.72	5.72
NCREIF:Total Index	0.86	4.35	12.43	7.83	2.62	8.24
NAREIT Equity Index	(4.54)	8.80	3.39	28.39	(0.43)	10.02

The equity market sell-off continued at a furious pace in May as investors shunned any investments perceived as risky. The S&P 500 Index fell 6.0% and the MSCI EAFE Index was down 11.5%. Fortunately, fixed income, as represented by the Barclays Aggregate Bond Index, was up 0.9%.

May was filled with one negative economic event or announcement after another. First quarter GDP growth was revised down from 2.2% to 1.9%. This is significantly lower than the fourth quarter growth rate of 3.0%. Unemployment rose to 8.2%, but more importantly, the non-farm payroll report was very disappointing. The consensus estimate expected an increase of 150,000 jobs but the actual increase was a paltry 69,000. In a very broad reading of the future health of the economy, the Conference Board Leading Economic Index fell 0.1%.

The U.S. remains the best house on a bad block. Economists, politicians, and professional investors finally began to admit that Greece's exit from the Euro is now a very real possibility. In fact, there have been more than a few rumors that Europe's political leaders are now planning for that event. Unfortunately, the economic fire has not been contained within Greece alone. Spain has recently come out with the possibility of leaving the Euro if the European Central Bank does not assist them in obtaining financing at an acceptable rate.

\*Due to a lag in the reporting of NCREIF Property Index returns, the monthly return shown is deduced from the most recent quarterly return. This monthly return, when compounded over three months, equates to the quarterly return.

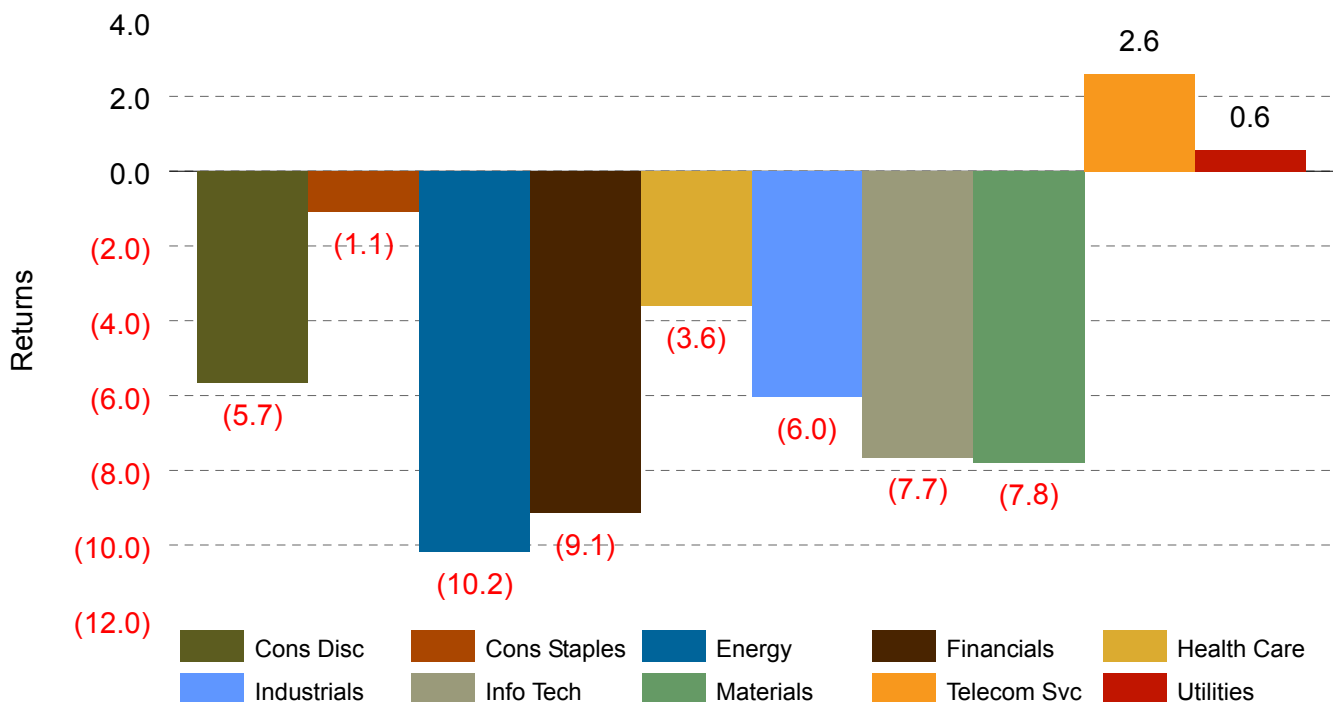
**Returns**  
**for Periods Ended May 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
DJ:US Total Mkt Ix	(6.20)	5.23	(1.77)	15.58	(0.52)	4.94
Russell:1000 Index	(6.15)	5.35	(1.23)	15.28	(0.75)	4.52
Russell:1000 Growth	(6.41)	7.17	1.49	16.89	2.01	4.72
Russell:1000 Value	(5.86)	3.54	(3.88)	13.66	(3.59)	4.15
Russell:Midcap Index	(6.71)	5.01	(6.34)	18.48	0.04	7.40
Russell:2000 Index	(6.62)	3.37	(8.88)	16.47	(0.73)	5.94
Russell:2000 Growth	(7.13)	3.48	(9.46)	17.37	0.86	5.91
Russell:2000 Value	(6.11)	3.26	(8.28)	15.48	(2.44)	5.76

With the exception of the defensive sectors, Telecoms and Utilities, all major segments of domestic equities were down in May, repeating April's poor performance. Mid caps had the worst performance with a decline of 6.7% (Russell Midcap Index). However, large cap (S&P 500 Index) and small cap (Russell 2000 Index) equities fared only slightly better, down 6.0 and 6.6%, respectively.

Value stocks outperformed growth stocks in both the large cap and small cap segments (Russell 1000 Value: -5.9%; Russell 1000 Growth: -6.4%; Russell 2000 Value: -6.1%; Russell 2000 Growth: -7.1%).

**S&P 500 Sector Returns for Month Ended May 31, 2012**



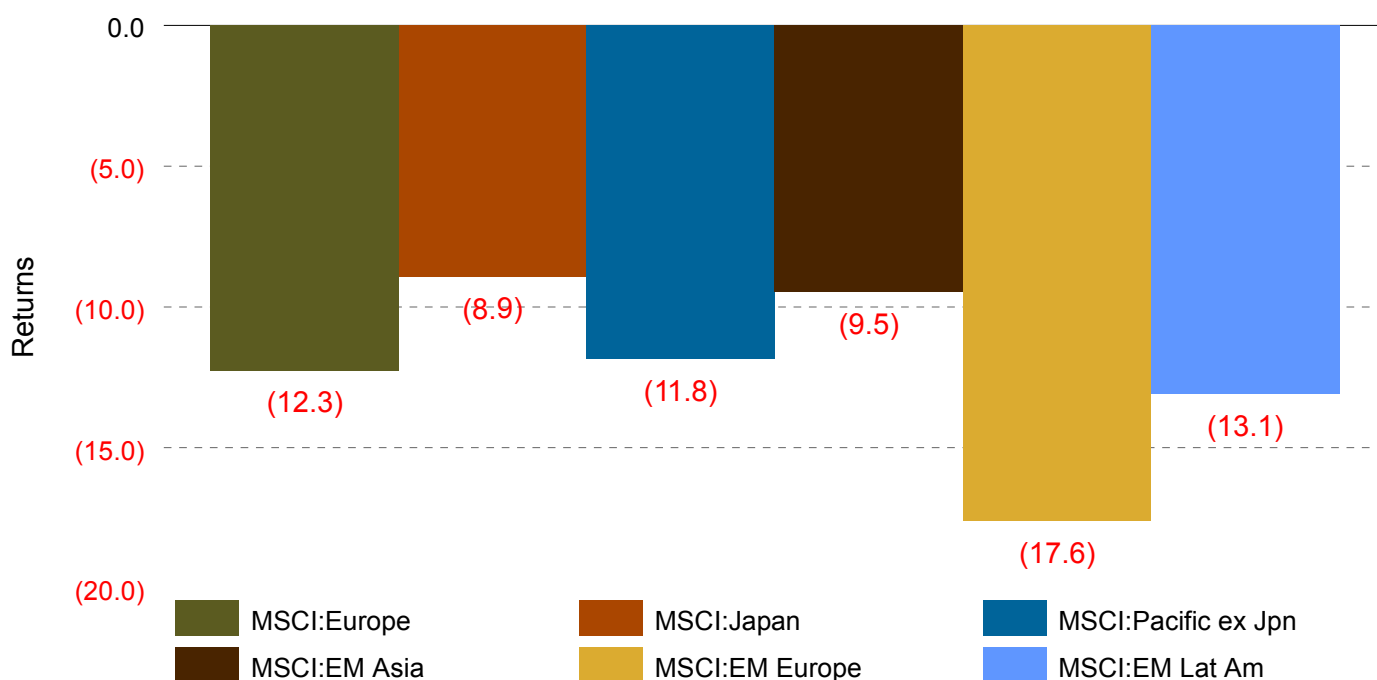
**Returns**  
**for Periods Ended May 31, 2012**

Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
MSCI:ACWI ex US	(11.25)	(2.66)	(20.11)	5.01	(5.12)	6.11
MSCI:ACWI ex US Gr	(11.03)	(1.02)	(19.03)	6.16	(4.27)	5.68
MSCI:ACW ex US Val	(11.49)	(4.30)	(21.21)	3.82	(6.01)	6.49
MSCI:EAFE US\$	(11.48)	(3.79)	(20.48)	3.40	(7.34)	4.01
MSCI:EAFE Hedged	(7.84)	(2.56)	(16.57)	(0.11)	(10.58)	(1.48)
MSCI:Emer Markets	(11.16)	0.20	(20.06)	8.22	0.37	13.10
S&P:Dev x US Sm Cap	(11.42)	(0.55)	(20.75)	8.55	(5.82)	8.13

International equity markets got hammered in May. Developed country stocks, as measured by the MSCI EAFE Index, lost 11.5%, bringing their year-to-date return to -3.8%. As compared to a basket of EAFE currencies, the dollar strengthened; the MSCI EAFE Hedged Index (-7.8%) outperformed MSCI EAFE Index (-11.5%). The MSCI Emerging Markets Index (-11.2%) declined at an ever quickening pace ending the month of May with a slightly positive year-to-date return of 0.2%.

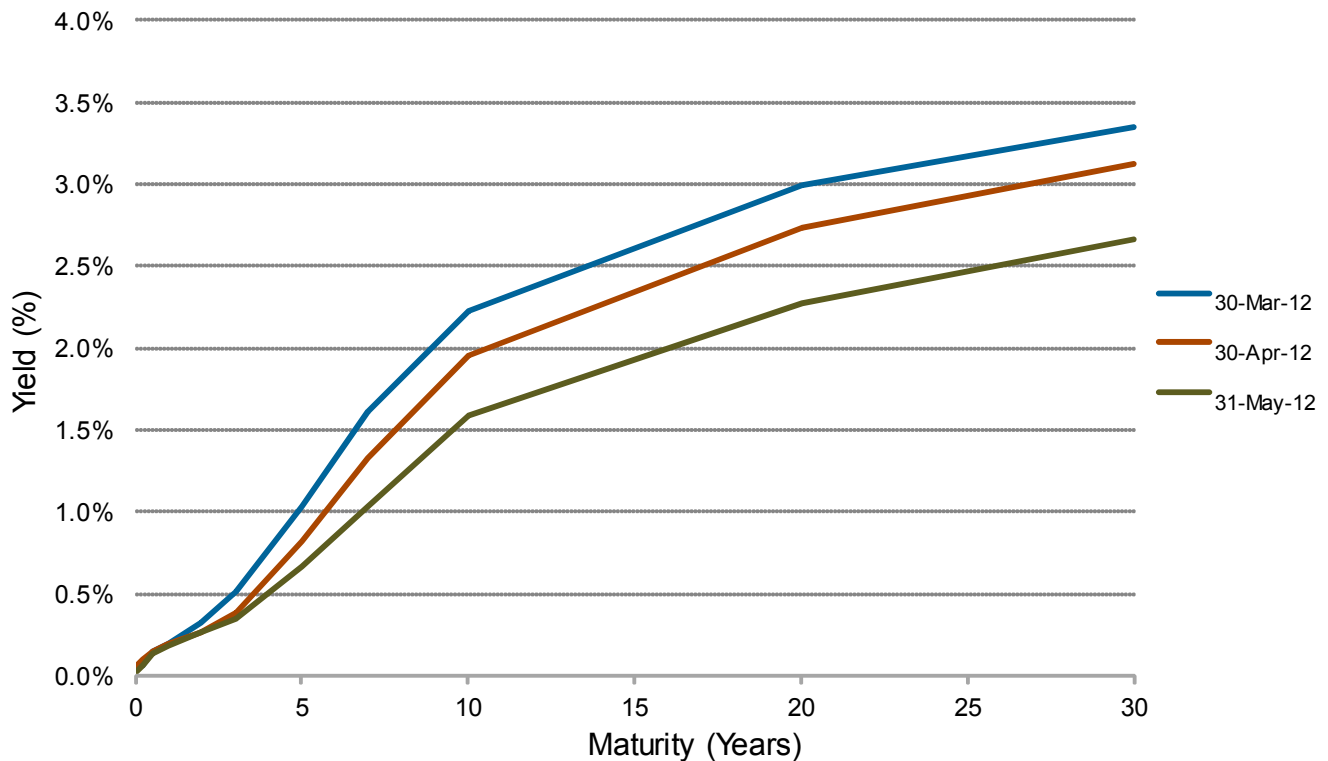
All regions were down sharply for the month, including the less volatile Japanese market (-8.9%). Emerging Markets Europe plummeted 17.6% followed by Emerging Markets Latin America (-13.1%).

**Regional Returns for Month Ended May 31, 2012**



Index	Last Month	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Barclays:Aggr Bd	0.90	2.33	7.12	7.12	6.72	5.72
Barclays:Govt Index	1.56	1.78	8.31	5.70	6.69	5.54
Barclays:Credit	0.68	4.10	8.28	10.81	7.40	6.52
Barclays:Mortgage Idx	0.32	1.54	4.95	5.40	6.55	5.47
Barclays:US TIPS Index	1.67	4.62	13.19	10.00	8.53	7.44
ML:High Yield CP Idx	(1.16)	4.89	3.48	16.37	7.27	8.74
3 Month T-Bill	0.01	0.03	0.05	0.12	1.06	1.88

**Treasury Yield Curve**



The yield curve continued to shift down in May, dropping significantly below the April. In fact, the yield on 30-year treasuries fell 45 basis points to 2.67%. The overall bond market, as represented by the BC Aggregate Bond Index, rose 0.9%. All sectors, except for high yield bonds, were positive. As was the case in April, the BC US TIPS Index and the BC Government Index appreciated the most (1.7% and 1.6%, respectively). High yield bonds fell 1.2% in May (ML High Yield Cash Pay Index).



## Executive Summary

### **Total Fund**

Total Fund assets at the end of May were \$25.5 billion, down from \$26.9 billion at the end of April. The Fund lost 4.99% for the month, lagging the benchmark by 0.72%. Domestic equity and fixed income lagged their respective benchmarks. Year-to-date the fund is up 3.17%.

Current policy states that when the actual allocations of the asset classes differ by more than four percentage points from their policy targets, a recommendation for rebalancing will be made to the Board of Trustees. As of May 31, all allocations were within the allowable range.

### **US Equity (41.8%, \$10.7 bln)**

Large Cap: In aggregate, the Fund's large cap managers declined 6.91% lagging the Russell 1000 Growth Index by 0.76%. Both the growth and value portfolios underperformed their respective benchmarks for the month. Growth managers lost 7.20% with Vision as the best performing active growth manager with a return of -5.73%. The Large Cap Value managers returned -7.02%, behind the Russell 1000 Value Index return by 1.16%. Dodge & Cox was the best performing manager in the group with a return of -6.76%. The Large Cap Core segment lost 7.38%, trailing the Russell 1000 index return of -6.15%.

Small Cap: The Small Cap portfolio was down 7.56%, behind the Russell 2000 index by 0.94%. Small Cap Growth fell 8.52% while Small Cap Value lost 6.87%. The Micro Cap segment declined 7.09% in May. Ariel was the best performing micro-cap manager, posting a small gain of 0.11% for the month.

### **International Equity (18.8%, \$4.8 billion)**

Large Cap: International fared worse than the U.S. with the IMRF International Large Cap managers losing 10.80%. This return was 56 basis points ahead of the MSCI ACW ex-U.S. Index. International Large Cap Growth lost 10.45% with William Blair as the best performing manager. International Large Cap Value fell 10.42% with Mondrian as the best performing manager. The International Large Cap Active Core Group returned -10.37% during May.

International Small Cap and Emerging Markets: International Small Cap did a little better than large cap with a loss of 9.19% outpacing the ACW Small-cap ex US Index return by 1.94%. The emerging markets portfolio, managed by Genesis, declined -11.05% during May, slightly better than the MSCI Emerging Markets Index.

## Executive Summary

### ***Domestic Fixed Income (31.6%, \$8.1 bln)***

The total fixed income portfolio posted a return of 0.62% as a flight to quality favored bonds for the month. Core outperformed core plus as investors sought high quality securities.

Active Core: The active core fixed income component returned 0.97%, outperforming the BC Aggregate Index by 7 basis points. The enhanced core portfolio rose 1.28%.

Core Plus: The core plus managers gained 0.72%, lagging the BC Aggregate by 18 basis points. BlackRock had the best monthly performance at 1.28%.

High Yield: The high yield component sank 1.16%, even with the ML High Yield Cash Pay Index. MacKay Shields, with their more conservative positioning, was the best performing with a return of -0.64%.

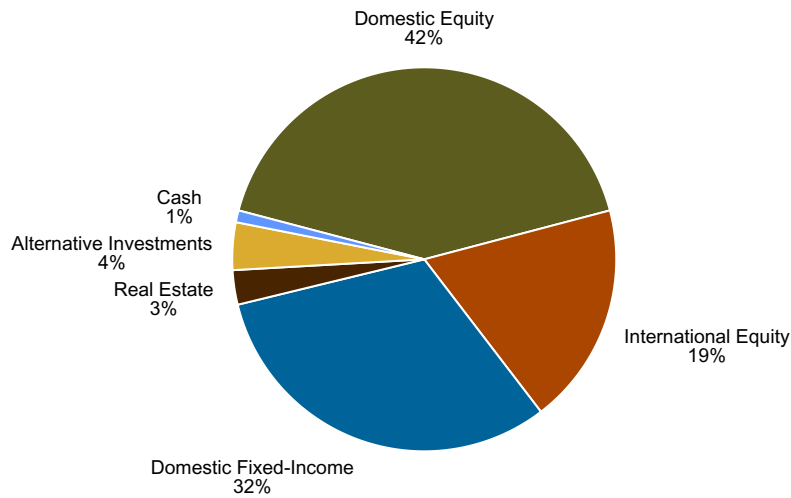
### ***Alternatives***

Performance for real estate, absolute return, private equity, agriculture and timberland are incomplete and/or lagged in the monthly reports so are not representative of current returns.

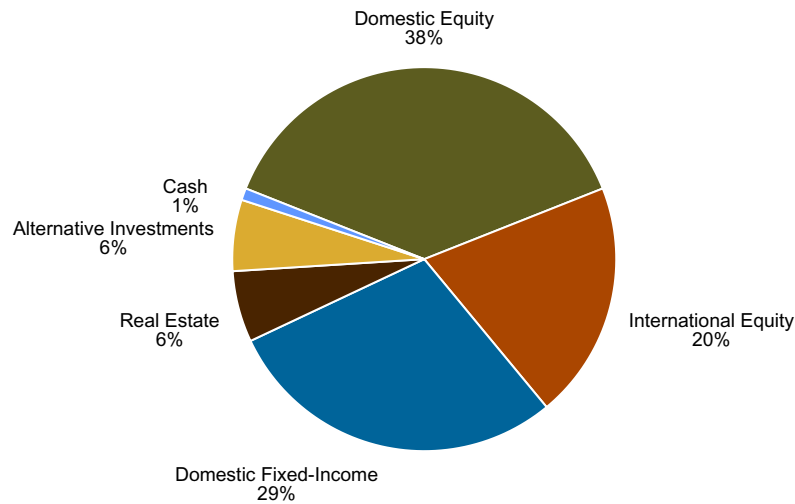
## Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of May 31, 2012. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

### Actual Asset Allocation



### Target Asset Allocation



Asset Class	\$Millions Actual	Percent Actual	Percent Target	Percent Difference	\$Millions Difference
Domestic Equity	10,654	41.8%	38.0%	3.8%	961
International Equity	4,782	18.7%	20.0%	(1.3%)	(319)
Domestic Fixed-Income	8,064	31.6%	29.0%	2.6%	667
Real Estate	737	2.9%	6.0%	(3.1%)	(794)
Alternative Investments	1,024	4.0%	6.0%	(2.0%)	(506)
Cash	247	1.0%	1.0%	0.0%	(9)
Total	25,508	100.0%	100.0%		

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of May 31, 2012, with the distribution as of April 30, 2012.

### Asset Distribution Across Investment Managers

	May 31, 2012		April 30, 2012	
	Market Value	Percent	Market Value	Percent
<b>Domestic Equity</b>	<b>\$10,654,274,814</b>	<b>41.77%</b>	<b>\$11,461,878,896</b>	<b>42.65%</b>
<b>Large Cap Growth</b>				
BlackRock LCG	552,081,192	2.16%	603,403,573	2.25%
Holland	718,725,330	2.82%	772,999,673	2.88%
NTGI S&P 500 Growth Idx	798,444,631	3.13%	844,597,255	3.14%
Sands	765,270,850	3.00%	834,270,108	3.10%
Vision	53,171,969	0.21%	56,403,616	0.21%
<b>Large Cap Value</b>				
Dodge & Cox	627,708,040	2.46%	673,393,832	2.51%
BMO	689,017,488	2.70%	739,872,834	2.75%
LSV	657,808,381	2.58%	713,648,147	2.66%
NTGI S&P 500 Value Idx	712,404,914	2.79%	763,209,643	2.84%
<b>Large Cap Core</b>				
Piedmont	127,356,459	0.50%	136,428,011	0.51%
Progress	410,360,148	1.61%	441,785,920	1.64%
NTGI MarketCap Index	2,008,119,928	7.87%	2,140,686,664	7.97%
<b>Small Cap Growth</b>				
Buford	857	0.00%	0	0.00%
Fortaleza	31,382,351	0.12%	33,813,755	0.13%
Frontier	469,325,882	1.84%	511,088,895	1.90%
Pyramis	481,839,207	1.89%	529,207,764	1.97%
<b>Small Cap Value</b>				
Channing	47,204,643	0.19%	50,588,702	0.19%
Dimensional Small Cap Value	399,682,033	1.57%	429,578,125	1.60%
Inv. Counselors of Maryland	475,498,062	1.86%	509,669,845	1.90%
Lombardia	100,069,615	0.39%	108,051,857	0.40%
<b>Micro Cap</b>				
Ariel	60,713,856	0.24%	60,640,810	0.23%
Ativo	27,380,333	0.11%	29,501,412	0.11%
Dimensional Micro Cap	177,538,825	0.70%	189,826,436	0.71%
Wall Street	263,169,824	1.03%	289,212,021	1.08%
<b>International Equity</b>	<b>\$4,782,179,914</b>	<b>18.75%</b>	<b>\$5,357,253,647</b>	<b>19.93%</b>
<b>International Large Cap Growth</b>				
EARNEST Partners	390,164,946	1.53%	436,316,047	1.62%
McKinley	579,241	0.00%	609,151	0.00%
William Blair	409,716,065	1.61%	456,936,982	1.70%
<b>International Large Cap Value</b>				
Brandes	339,911,882	1.33%	379,789,249	1.41%
Lombardia	4,221,019	0.02%	4,784,706	0.02%
Mondrian	351,784,225	1.38%	391,431,263	1.46%
Lazard	65,157,481	0.26%	73,597,041	0.27%
<b>International Large Cap Core</b>				
Arrowstreet	334,949,101	1.31%	376,391,834	1.40%
Brown	169,326,930	0.66%	188,207,669	0.70%
GlobeFlex	353,804,695	1.39%	392,768,338	1.46%
NTGI MSCI EAFE Index	1,665,983,792	6.53%	1,879,636,177	6.99%
<b>International Small Cap</b>				
AXA Rosenberg	58,393	0.00%	65,090	0.00%
Franklin Templeton	126,923,210	0.50%	140,070,941	0.52%
William Blair	148,744,430	0.58%	163,512,929	0.61%

Mondrian and Lombardia were funded 3/20/2012, Lazard was funded 3/21/2012.

Franklin Templeton Intl SC was funded 07/27/2011. BlackRock LCG was funded 07/12/2011. Vision was funded 06/17/2011.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of May 31, 2012, with the distribution as of April 30, 2012.

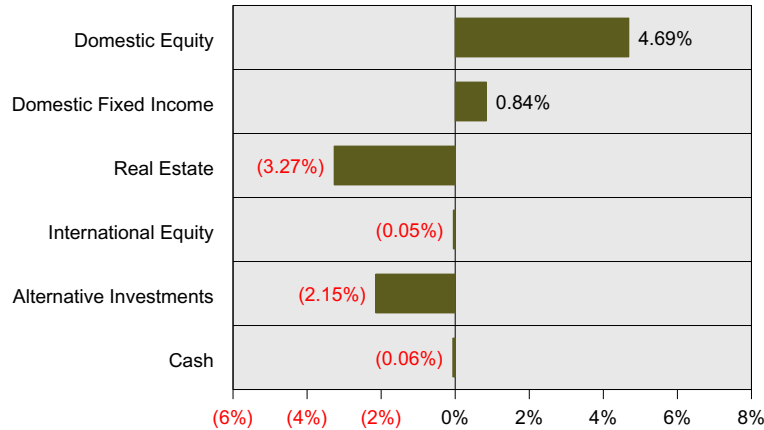
### Asset Distribution Across Investment Managers

	May 31, 2012		April 30, 2012	
	Market Value	Percent	Market Value	Percent
<b>Emerging Markets</b>				
Genesis	420,854,505	1.65%	473,136,230	1.76%
<b>Domestic Fixed-Income</b>	<b>\$8,064,414,281</b>	<b>31.62%</b>	<b>\$8,014,559,791</b>	<b>29.82%</b>
<b>Domestic Fixed Core</b>				
EARNEST Partners	525,116,074	2.06%	519,221,919	1.93%
Piedmont	515,686,825	2.02%	511,587,499	1.90%
BlackRock Enhanced	940,469,894	3.69%	928,571,168	3.46%
NTGI BC Aggregate Index	1,381,408,777	5.42%	1,369,045,517	5.09%
<b>Domestic Fixed Core Plus</b>				
BlackRock Core Plus	697,946,368	2.74%	689,118,035	2.56%
LM Capital	802,162,378	3.14%	798,520,297	2.97%
Progress Fixed Income	415,724,119	1.63%	412,666,647	1.54%
Taplin, Canida, & Habacht	784,196,237	3.07%	780,844,522	2.91%
Western	1,057,353,719	4.15%	1,049,504,296	3.91%
<b>High Yield</b>				
Mackay Shields	464,462,125	1.82%	467,460,067	1.74%
Pyramis High Yield	479,887,765	1.88%	488,019,824	1.82%
<b>Real Estate</b>	<b>\$736,687,073</b>	<b>2.89%</b>	<b>\$733,240,198</b>	<b>2.73%</b>
<b>Real Estate Opportunistic</b>				
Franklin Templeton EMREFF	15,689,391	0.06%	15,866,916	0.06%
Lazard Freres	6,345,359	0.02%	6,921,969	0.03%
Olympus Real Estate Fund II	1,139,957	0.00%	1,147,291	0.00%
Security	52,066,542	0.20%	51,490,386	0.19%
Dune Real Estate Fund II	33,719,519	0.13%	32,699,668	0.12%
<b>Real Estate Core</b>				
BlackRock Granite Fund	68,737,713	0.27%	68,737,713	0.26%
Buckhead	228,728,756	0.90%	228,728,756	0.85%
Cornerstone	81,735,173	0.32%	81,735,174	0.30%
INVESCO	80,992,606	0.32%	81,602,932	0.30%
Sentinel	27,284,440	0.11%	27,284,440	0.10%
<b>Real Estate Value Added</b>				
Cornerstone Fund VIII	17,686,538	0.07%	17,461,822	0.06%
Rockwood	34,743,815	0.14%	34,743,815	0.13%
Almanac Realty	37,061,202	0.15%	35,067,683	0.13%
TA Fund IX	50,756,062	0.20%	49,751,633	0.19%
<b>Alternative Investments</b>	<b>\$1,024,012,825</b>	<b>4.01%</b>	<b>\$1,035,538,900</b>	<b>3.85%</b>
<b>Absolute Return</b>				
Aurora	136,224,926	0.53%	139,087,888	0.52%
Grosvenor	118,001,537	0.46%	119,681,961	0.45%
Mesirow	119,885,232	0.47%	119,885,232	0.45%
<b>Private Equity</b>				
Abbott	282,804,503	1.11%	289,175,473	1.08%
Muller & Monroe ILPEFF	12,525,828	0.05%	12,649,486	0.05%
Muller & Monroe MPEFF	16,248,295	0.06%	16,929,491	0.06%
Pantheon	166,653,153	0.65%	166,841,840	0.62%
<b>Agriculture</b>				
Cozad/Westchester	106,245,893	0.42%	105,864,072	0.39%
<b>Timberland</b>				
Forest Investment Assoc.	65,397,972	0.26%	65,397,972	0.24%
<b>Cash</b>	<b>\$246,508,076</b>	<b>0.97%</b>	<b>\$271,527,649</b>	<b>1.01%</b>
<b>Total Fund</b>	<b>\$25,508,076,981</b>	<b>100.0%</b>	<b>\$26,873,999,080</b>	<b>100.0%</b>

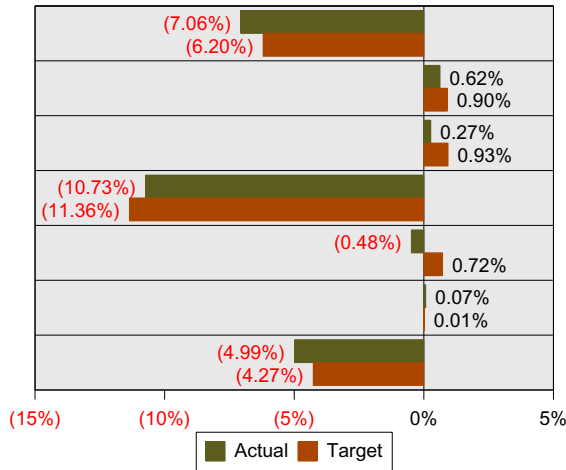
## Monthly Total Fund Relative Attribution - May 31, 2012

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

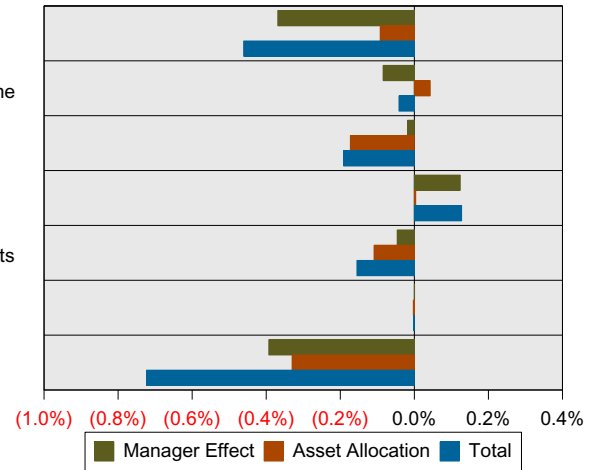
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Month ended May 31, 2012

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	43%	38%	(7.06%)	(6.20%)	(0.37%)	(0.09%)	(0.46%)
Domestic Fixed Income	30%	29%	0.62%	0.90%	(0.08%)	0.04%	(0.04%)
Real Estate	3%	6%	0.27%	0.93%	(0.02%)	(0.17%)	(0.19%)
International Equity	20%	20%	(10.73%)	(11.36%)	0.12%	0.00%	0.13%
Alternative Investments	4%	6%	(0.48%)	0.72%	(0.05%)	(0.11%)	(0.16%)
Cash	1%	1%	0.07%	0.01%	0.00%	(0.00%)	(0.00%)
<b>Total</b>			<b>(4.99%)</b>	<b>(4.27%)</b>	<b>(0.39%)</b>	<b>(0.33%)</b>	<b>(0.72%)</b>

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

## Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
Domestic Equity (12/31/81)	(7.06%)	(4.87%)	5.21%	(3.71%)
DJ U.S. Total Stock Market Index	(6.20%)	(3.92%)	5.23%	(1.77%)
Domestic Equity - Net (12/31/04)	(7.11%)	(4.93%)	5.08%	(3.97%)
International Equity (08/31/86)	(10.73%)	(12.38%)	(1.44%)	(18.31%)
MSCI ACWI x US (Net)	(11.36%)	(13.95%)	(2.95%)	(20.49%)
International Equity - Net (12/31/04)	(10.78%)	(12.43%)	(1.59%)	(18.56%)
Domestic Fixed-Income (12/31/81)	0.62%	1.34%	3.26%	6.96%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
Domestic Fixed-Inc. - Net (12/31/04)	0.60%	1.31%	3.18%	6.79%
Real Estate (04/30/85)	0.27%	3.75%	5.46%	12.85%
Blended Benchmark**	0.94%	2.84%	4.77%	13.43%
Real Estate - Net (12/31/04)	0.27%	3.75%	5.46%	12.85%
Alternative Investments (01/31/86)	(0.48%)	0.60%	3.08%	2.35%
Alternatives Custom Benchmark***	0.72%	2.18%	3.66%	9.00%
Alternative Investments - Net (12/31/04)	(0.54%)	0.32%	2.75%	1.91%
Absolute Return (12/31/01)	(1.20%)	0.12%	3.52%	(3.89%)
HFR Fund-of-Funds Index	(1.98%)	(2.19%)	1.05%	(5.68%)
Private Equity (01/31/86)	(0.17%)	1.94%	3.19%	5.18%
Alternatives Custom Benchmark***	0.72%	2.18%	3.66%	9.00%
Agriculture (09/30/97)	0.36%	(3.73%)	2.39%	12.39%
Blended Benchmark**	0.94%	2.84%	4.77%	13.43%
Timberland (09/30/92)	0.00%	0.97%	0.72%	3.77%
Blended Benchmark**	0.94%	2.84%	4.77%	13.43%
<b>Total Fund (12/31/81)</b>	<b>(4.99%)</b>	<b>(4.04%)</b>	<b>3.17%</b>	<b>(3.20%)</b>
Total Fund Benchmark	(4.27%)	(3.59%)	2.74%	(1.39%)
Total Fund - Net (12/31/04)	(5.03%)	(4.09%)	3.06%	(3.42%)

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

\*\* The Blended Benchmark is currently NPI + 1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. As the returns of the NPI are updated quarterly, an approximation of the Index is used during the first two months of each quarter.

\*\*\* The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.

## Asset Class Returns

The table below details the rates of return for the fund's asset class composites over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
Domestic Equity (12/31/81)	15.51%	(0.46%)	5.22%	10.98%
DJ U.S. Total Stock Market Index	15.58%	(0.52%)	4.94%	10.62%
Domestic Equity - Net (12/31/04)	15.23%	(0.71%)	-	3.64%
International Equity (08/31/86)	6.22%	(5.62%)	6.03%	7.45%
MSCI ACWI x US (Net)	4.56%	(5.55%)	5.66%	-
International Equity - Net (12/31/04)	5.92%	(5.91%)	-	2.86%
Domestic Fixed-Income (12/31/81)	9.79%	7.27%	6.54%	9.31%
BC Aggregate Index	7.12%	6.72%	5.72%	8.77%
Domestic Fixed-Inc. - Net (12/31/04)	9.63%	7.14%	-	6.02%
Real Estate (04/30/85)	3.92%	(1.46%)	5.13%	4.17%
Blended Benchmark**	8.83%	3.62%	5.98%	7.25%
Real Estate - Net (12/31/04)	3.92%	(1.46%)	-	4.41%
Alternative Investments (01/31/86)	7.88%	3.26%	7.02%	11.01%
Alternatives Custom Benchmark***	10.07%	10.84%	11.69%	13.74%
Alternative Investments - Net (12/31/04)	7.50%	2.97%	-	7.43%
Absolute Return (12/31/01)	4.90%	(0.03%)	4.43%	4.48%
HFR Fund-of-Funds Index	2.32%	(1.90%)	3.15%	3.30%
Private Equity (01/31/86)	11.67%	5.69%	9.00%	13.18%
Alternatives Custom Benchmark***	10.07%	10.84%	11.69%	13.74%
Agriculture (09/30/97)	4.87%	3.85%	7.10%	6.07%
Blended Benchmark**	8.83%	3.62%	5.98%	6.40%
Timberland (09/30/92)	1.53%	6.64%	4.64%	9.24%
Blended Benchmark**	8.83%	3.62%	5.98%	6.70%
<b>Total Fund (12/31/81)</b>	<b>10.98%</b>	<b>2.07%</b>	<b>6.36%</b>	<b>9.89%</b>
Total Fund Benchmark	10.47%	2.53%	6.11%	-
Total Fund - Net (12/31/04)	10.75%	1.86%	-	5.05%

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% Barclays Aggregate Index, 20.0% MSCI ACWI x US (Net), 6.0% NCREIF Total Index+1.0%, 6.0% 9% Annually and 1.0% 3-month Treasury Bill.

\*\* The Blended Benchmark is currently NPI + 1%. Returns prior to January 1, 2007, reflect those of the Consumer Price Index +5%. As the returns of the NPI are updated quarterly, an approximation of the Index is used during the first two months of each quarter.

\*\*\* The Alternatives Custom Benchmark is based on an annualized rate of return of 9.0%. Prior to July 1, 2010 the Benchmark was based on an annual return of 12.0%. Prior to 2004, the Benchmark was based on an annual return of 13.0%. Prior to 2003, it was based on an annual return of 15.0%.



## Large Cap Equity Returns

The table below details the rates of return for the fund's large cap growth and large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Large Cap Equity (12/31/81)</b>	<b>(6.91%)</b>	<b>(4.39%)</b>	<b>5.57%</b>	<b>(1.98%)</b>
Russell 1000 Index	(6.15%)	(3.77%)	5.35%	(1.23%)
<b>Large Cap Growth (12/31/81)</b>	<b>(7.20%)</b>	<b>(3.57%)</b>	<b>8.20%</b>	<b>1.72%</b>
BlackRock LCG (07/31/11)	(8.51%)	(5.82%)	5.09%	-
LCG Blended Benchmark*	(6.41%)	(3.49%)	7.17%	1.49%
Russell 1000 Growth Index	(6.41%)	(3.49%)	7.17%	1.49%
BlackRock LCG - Net (07/31/11)	(8.51%)	(5.90%)	4.91%	-
Holland (10/31/94)	(7.02%)	(3.84%)	6.77%	1.41%
LCG Blended Benchmark*	(6.41%)	(3.49%)	7.17%	1.49%
Russell 1000 Growth Index	(6.41%)	(3.49%)	7.17%	1.49%
Holland - Net (12/31/04)	(7.07%)	(3.89%)	6.65%	1.11%
NTGI S&P 500 Growth Idx (07/31/01)	(5.46%)	(2.46%)	6.09%	2.64%
S&P/Citi 500 Growth Index	(5.46%)	(2.44%)	6.10%	2.69%
NTGI S&P 500 Growth Idx - Net (12/31/04)	(5.46%)	(2.46%)	6.09%	2.63%
Sands (10/31/03)	(8.27%)	(2.82%)	14.45%	9.16%
LCG Blended Benchmark*	(6.41%)	(3.49%)	7.17%	1.49%
Russell 1000 Growth Index	(6.41%)	(3.49%)	7.17%	1.49%
Sands - Net (12/31/04)	(8.33%)	(2.88%)	14.31%	8.89%
Vision (06/30/2011)	(5.73%)	(3.10%)	8.58%	-
LCG Blended Benchmark*	(6.41%)	(3.49%)	7.17%	1.49%
Russell 1000 Growth Index	(6.41%)	(3.49%)	7.17%	1.49%
Vision - Net (06/30/2011)	(5.87%)	(3.24%)	8.26%	-
<b>Large Cap Value (09/30/82)</b>	<b>(7.02%)</b>	<b>(5.36%)</b>	<b>3.24%</b>	<b>(5.44%)</b>
Dodge & Cox (08/31/03)	(6.76%)	(5.22%)	4.28%	(7.31%)
LCV Blended Benchmark**	(5.86%)	(4.06%)	3.54%	(3.88%)
Russell 1000 Value Index	(5.86%)	(4.06%)	3.54%	(3.88%)
Dodge & Cox - Net (12/31/04)	(6.81%)	(5.27%)	4.17%	(7.50%)
BMO (01/31/01)	(6.87%)	(5.12%)	2.36%	(3.69%)
LCV Blended Benchmark**	(5.86%)	(4.06%)	3.54%	(3.88%)
Russell 1000 Value Index	(5.86%)	(4.06%)	3.54%	(3.88%)
BMO - Net (12/31/04)	(6.93%)	(5.23%)	2.25%	(3.93%)
LSV (01/31/03)	(7.82%)	(6.35%)	2.33%	(7.27%)
LCV Blended Benchmark**	(5.86%)	(4.06%)	3.54%	(3.88%)
Russell 1000 Value Index	(5.86%)	(4.06%)	3.54%	(3.88%)
LSV - Net (12/31/04)	(7.82%)	(6.41%)	2.19%	(7.53%)
NTGI S&P 500 Value Idx (07/31/99)	(6.66%)	(4.78%)	4.05%	(3.67%)
S&P/Citi 500 Value Index	(6.67%)	(4.81%)	4.03%	(3.71%)
NTGI S&P 500 Value Idx - Net (12/31/04)	(6.66%)	(4.78%)	4.05%	(3.68%)

\* The LCG Blended Benchmark is currently the Russell 1000 Growth Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Growth Index.

\*\* The LCV Blended Benchmark is currently the Russell 1000 Value Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Value Index.

## Large Cap Equity Returns

The table below details the rates of return for the fund's large cap growth and large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Equity (12/31/81)</b>	<b>15.10%</b>	<b>(0.63%)</b>	<b>4.61%</b>	<b>10.46%</b>
Russell 1000 Index	15.28%	(0.75%)	4.52%	10.81%
<b>Large Cap Growth (12/31/81)</b>	<b>17.10%</b>	<b>2.79%</b>	<b>5.03%</b>	<b>11.09%</b>
BlackRock LCG (07/31/11)	-	-	-	(4.85%)
LCG Blended Benchmark*	16.89%	2.01%	4.49%	4.00%
Russell 1000 Growth Index	16.89%	2.01%	4.72%	4.00%
BlackRock LCG - Net (07/31/11)	-	-	-	(5.01%)
Holland (10/31/94)	17.14%	3.84%	5.44%	9.27%
LCG Blended Benchmark*	16.89%	2.01%	4.49%	8.30%
Russell 1000 Growth Index	16.89%	2.01%	4.72%	7.36%
Holland - Net (12/31/04)	16.78%	3.55%	-	4.51%
LCG Blended Benchmark*	16.89%	2.01%	4.49%	4.83%
Russell 1000 Growth Index	16.89%	2.01%	4.72%	5.05%
NTGI S&P 500 Growth Idx (07/31/01)	16.41%	2.05%	4.53%	3.02%
S&P/Citi 500 Growth Index	16.37%	2.05%	4.51%	2.98%
NTGI S&P 500 Growth Idx - Net (12/31/04)	16.40%	2.05%	-	4.38%
S&P/Citi 500 Growth Index	16.37%	2.05%	4.51%	4.86%
Sands (10/31/03)	25.55%	7.80%	-	9.34%
LCG Blended Benchmark*	16.89%	2.01%	4.49%	5.61%
Russell 1000 Growth Index	16.89%	2.01%	4.72%	5.83%
Sands - Net (12/31/04)	25.22%	7.51%	-	6.68%
LCG Blended Benchmark*	16.89%	2.01%	4.49%	4.83%
Russell 1000 Growth Index	16.89%	2.01%	4.72%	5.05%
Vision (06/30/2011)	-	-	-	3.14%
LCG Blended Benchmark*	16.89%	2.01%	4.49%	2.96%
Russell 1000 Growth Index	16.89%	2.01%	4.72%	2.96%
Vision - Net (06/30/2011)	-	-	-	2.66%
<b>Large Cap Value (09/30/82)</b>	<b>12.79%</b>	<b>(3.72%)</b>	<b>4.14%</b>	<b>9.42%</b>
Dodge & Cox (08/31/03)	12.83%	(4.15%)	-	5.48%
LCV Blended Benchmark**	13.66%	(3.59%)	3.88%	5.14%
Russell 1000 Value Index	13.66%	(3.59%)	4.15%	5.36%
Dodge & Cox - Net (12/31/04)	12.57%	(4.37%)	-	1.70%
LCV Blended Benchmark**	13.66%	(3.59%)	3.88%	2.57%
Russell 1000 Value Index	13.66%	(3.59%)	4.15%	2.75%
BMO (01/31/01)	12.38%	(2.58%)	5.06%	4.85%
LCV Blended Benchmark**	13.66%	(3.59%)	3.88%	1.96%
Russell 1000 Value Index	13.66%	(3.59%)	4.15%	3.20%
BMO - Net (12/31/04)	12.12%	(2.81%)	-	3.43%
LCV Blended Benchmark**	13.66%	(3.59%)	3.88%	2.57%
Russell 1000 Value Index	13.66%	(3.59%)	4.15%	2.75%
LSV (01/31/03)	12.85%	(3.56%)	-	7.84%
LCV Blended Benchmark**	13.66%	(3.59%)	3.88%	6.36%
Russell 1000 Value Index	13.66%	(3.59%)	4.15%	6.41%
LSV - Net (12/31/04)	12.54%	(3.83%)	-	2.77%
LCV Blended Benchmark**	13.66%	(3.59%)	3.88%	2.57%
Russell 1000 Value Index	13.66%	(3.59%)	4.15%	2.75%
NTGI S&P 500 Value Idx (07/31/99)	13.41%	(3.93%)	3.66%	1.93%
S&P/Citi 500 Value Index	13.37%	(3.97%)	3.63%	1.93%
NTGI S&P 500 Value Idx - Net (12/31/04)	13.41%	(3.94%)	-	1.85%
S&P/Citi 500 Value Index	13.37%	(3.97%)	3.63%	2.25%

\* The LCG Blended Benchmark is currently the Russell 1000 Growth Index. Returns prior to January 1, 2006, reflect those the S&P 500/Citigroup Growth Index.

\*\* The LCV Blended Benchmark is currently the Russell 1000 Value Index. Returns prior to January 1, 2006, reflect those of the S&P 500/Citigroup Value Index.

## Large Cap Equity Returns

The table below details the rates of return for the fund's large cap core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Large Cap Active Core (12/31/04)</b>	<b>(7.38%)</b>	<b>(5.67%)</b>	<b>4.77%</b>	<b>(4.25%)</b>
Piedmont (05/31/11)	(6.65%)	(3.78%)	5.91%	(3.33%)
Russell 1000 Index	(6.15%)	(3.77%)	5.35%	(1.23%)
Piedmont - Net (05/31/11)	(6.65%)	(3.88%)	5.70%	(3.70%)
Progress (01/31/05)	(7.61%)	(6.25%)	4.42%	(4.54%)
DJ U.S. Total Stock Market Index	(6.20%)	(3.92%)	5.23%	(1.77%)
Progress - Net (01/31/05)	(7.76%)	(6.40%)	4.10%	(5.12%)
<b>Large Cap Passive Core (12/31/84)</b>	<b>(6.19%)</b>	<b>(3.90%)</b>	<b>5.25%</b>	<b>(1.69%)</b>
NTGI MarketCap Idx (01/31/85)	(6.19%)	(3.90%)	5.25%	(1.69%)
DJ U.S. Total Stock Market Index	(6.20%)	(3.92%)	5.23%	(1.77%)
NTGI MarketCap Idx - Net (12/31/04)	(6.19%)	(3.90%)	5.24%	(1.70%)

## Large Cap Equity Returns

The table below details the rates of return for the fund's large cap core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Large Cap Active Core (12/31/04)</b>	<b>14.15%</b>	<b>(0.85%)</b>	<b>-</b>	<b>3.51%</b>
Piedmont (05/31/11)	-	-	-	(3.33%)
Russell 1000 Index	15.28%	(0.75%)	4.52%	(1.23%)
Piedmont - Net (05/31/11)	-	-	-	(3.70%)
Progress (01/31/05)	13.96%	(0.95%)	-	3.48%
DJ U.S. Total Stock Market Index	15.58%	(0.52%)	4.94%	3.73%
Progress - Net (01/31/05)	13.30%	(1.55%)	-	2.87%
<b>Large Cap Passive Core (12/31/84)</b>	<b>15.71%</b>	<b>(0.73%)</b>	<b>4.80%</b>	<b>10.32%</b>
NTGI MarketCap Idx (01/31/85)	15.75%	(0.71%)	4.82%	10.36%
DJ U.S. Total Stock Market Index	15.58%	(0.52%)	4.94%	10.32%
NTGI MarketCap Idx - Net (12/31/04)	15.74%	(0.72%)	-	3.53%
DJ U.S. Total Stock Market Index	15.58%	(0.52%)	4.94%	4.18%

## Small Cap Equity Returns

The table below details the rates of return for the fund's small cap growth, small cap value, and micro cap managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Small Cap Equity (06/30/88)</b>	<b>(7.56%)</b>	<b>(6.36%)</b>	<b>4.08%</b>	<b>(8.77%)</b>
Russell 2000 Index	(6.62%)	(5.71%)	3.37%	(8.88%)
<b>Small Cap Growth (06/30/88)</b>	<b>(8.52%)</b>	<b>(7.93%)</b>	<b>3.25%</b>	<b>(11.50%)</b>
Fortaleza (11/30/06)	(7.19%)	(6.19%)	5.53%	(4.47%)
Russell 2000 Growth Index	(7.13%)	(6.80%)	3.48%	(9.46%)
Fortaleza - Net (11/30/06)	(7.31%)	(6.32%)	5.27%	(4.96%)
Frontier (07/31/88)	(8.17%)	(7.70%)	3.68%	(11.39%)
Russell 2000 Growth Index	(7.13%)	(6.80%)	3.48%	(9.46%)
Frontier - Net (12/31/04)	(8.29%)	(7.82%)	3.42%	(11.83%)
Pyramis (07/31/88)	(8.95%)	(8.33%)	2.66%	(12.01%)
Russell 2000 Growth Index	(7.13%)	(6.80%)	3.48%	(9.46%)
Pyramis - Net (12/31/04)	(9.07%)	(8.46%)	2.41%	(12.82%)
<b>Small Cap Value (08/31/89)</b>	<b>(6.87%)</b>	<b>(5.88%)</b>	<b>3.56%</b>	<b>(7.61%)</b>
Channing (06/30/11)	(6.69%)	(7.89%)	0.75%	-
Russell 2000 Value Index	(6.11%)	(4.60%)	3.26%	(8.28%)
Channing - Net (06/30/11)	(6.89%)	(8.09%)	0.35%	-
DFA Small Cap Value (01/31/96)	(6.96%)	(6.03%)	3.97%	(9.21%)
Russell 2000 Value Index	(6.11%)	(4.60%)	3.26%	(8.28%)
DFA Small Cap Value - Net (12/31/04)	(7.09%)	(6.16%)	3.71%	(9.62%)
Inv. Counselors of Maryland (04/30/99)	(6.70%)	(5.30%)	4.45%	(5.95%)
Russell 2000 Value Index	(6.11%)	(4.60%)	3.26%	(8.28%)
Inv. Couns. of Maryland - Net (12/31/04)	(6.80%)	(5.40%)	4.25%	(6.35%)
Lombardia (05/31/11)	(7.39%)	(7.06%)	(0.74%)	(7.67%)
Russell 2000 Value Index	(6.11%)	(4.60%)	3.26%	(8.28%)
Lombardia - Net (05/31/11)	(7.56%)	(7.23%)	(1.09%)	(8.23%)
<b>Micro Cap (06/30/84)</b>	<b>(7.09%)</b>	<b>(4.28%)</b>	<b>6.69%</b>	<b>(5.70%)</b>
Ariel (10/31/2010)	0.11%	3.80%	13.77%	3.17%
Russell 2000 Growth Index	(7.13%)	(6.80%)	3.48%	(9.46%)
Russell 2000 Index	(6.62%)	(5.71%)	3.37%	(8.88%)
Russell Microcap Index	(6.59%)	(4.24%)	6.15%	(9.20%)
Ariel - Net (10/31/10)	0.11%	3.58%	13.31%	2.29%
Ativo (09/30/10)	(7.16%)	(4.25%)	2.52%	(8.43%)
Russell 2000 Growth Index	(7.13%)	(6.80%)	3.48%	(9.46%)
Russell 2000 Index	(6.62%)	(5.71%)	3.37%	(8.88%)
Russell Microcap Index	(6.59%)	(4.24%)	6.15%	(9.20%)
Ativo - Net (09/30/10)	(7.16%)	(4.43%)	2.13%	(9.14%)
DFA Micro Cap (07/31/87)	(6.47%)	(4.53%)	3.82%	(5.72%)
Russell 2000 Growth Index	(7.13%)	(6.80%)	3.48%	(9.46%)
Russell 2000 Index	(6.62%)	(5.71%)	3.37%	(8.88%)
DFA Micro Cap - Net (12/31/04)	(6.60%)	(4.66%)	3.56%	(6.16%)
Wall Street (07/31/90)	(9.00%)	(5.80%)	7.59%	(7.21%)
Russell 2000 Growth Index	(7.13%)	(6.80%)	3.48%	(9.46%)
Russell 2000 Index	(6.62%)	(5.71%)	3.37%	(8.88%)
Wall Street - Net (12/31/04)	(9.00%)	(5.98%)	7.21%	(7.96%)

## Small Cap Equity Returns

The table below details the rates of return for the fund's small cap growth, small cap value, and micro cap managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Small Cap Equity (06/30/88)</b>	<b>17.71%</b>	<b>1.13%</b>	<b>8.47%</b>	<b>11.89%</b>
Russell 2000 Index	16.47%	(0.73%)	5.94%	8.85%
<b>Small Cap Growth (06/30/88)</b>	<b>16.43%</b>	<b>1.45%</b>	<b>8.21%</b>	<b>12.61%</b>
Fortaleza (11/30/06)	20.17%	0.73%	-	2.68%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	2.88%
Fortaleza - Net (11/30/06)	19.60%	0.24%	-	2.19%
Frontier (07/31/88)	15.89%	2.55%	7.98%	12.70%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	6.63%
Frontier - Net (12/31/04)	14.96%	1.73%	-	6.03%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	4.62%
Pyramis (07/31/88)	17.03%	2.15%	9.20%	13.19%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	6.63%
Pyramis - Net (12/31/04)	16.26%	1.53%	-	7.61%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	4.62%
<b>Small Cap Value (08/31/89)</b>	<b>17.87%</b>	<b>(0.25%)</b>	<b>8.04%</b>	<b>11.50%</b>
Channing (06/30/11)	-	-	-	(8.31%)
Russell 2000 Value Index	15.48%	(2.44%)	5.76%	(5.97%)
Channing - Net (06/30/11)	-	-	-	(8.96%)
DFA Small Cap Value (01/31/96)	20.07%	(1.33%)	8.53%	11.69%
Russell 2000 Value Index	15.48%	(2.44%)	5.76%	8.75%
DFA Small Cap Value - Net (12/31/04)	19.51%	(1.85%)	-	3.79%
Russell 2000 Value Index	15.48%	(2.44%)	5.76%	2.95%
Inv. Counselors of Maryland (04/30/99)	17.25%	0.50%	7.93%	11.20%
Russell 2000 Value Index	15.48%	(2.44%)	5.76%	8.52%
Inv. Couns. of Maryland - Net (12/31/04)	16.67%	(0.03%)	-	4.80%
Russell 2000 Value Index	15.48%	(2.44%)	5.76%	2.95%
Lombardia (05/31/11)	-	-	-	(7.67%)
Russell 2000 Value Index	15.48%	(2.44%)	5.76%	(8.28%)
Lombardia - Net (05/31/11)	-	-	-	(8.23%)
<b>Micro Cap (06/30/84)</b>	<b>20.88%</b>	<b>(0.79%)</b>	<b>6.74%</b>	<b>11.67%</b>
Ariel (10/31/10)	-	-	-	9.11%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	7.91%
Russell 2000 Index	16.47%	(0.73%)	5.94%	6.59%
Russell Microcap Index	15.42%	(3.59%)	5.06%	5.51%
Ariel - Net (10/31/10)	-	-	-	8.24%
Ativo (09/30/10)	-	-	-	3.87%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	10.25%
Russell 2000 Index	16.47%	(0.73%)	5.94%	8.84%
Russell Microcap Index	15.42%	(3.59%)	5.06%	8.74%
Ativo - Net (09/30/10)	-	-	-	3.12%
DFA Micro Cap (07/31/87)	18.29%	(0.33%)	7.79%	10.58%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	5.87%
Russell 2000 Index	16.47%	(0.73%)	5.94%	7.94%
DFA Micro Cap - Net (12/31/04)	17.73%	(0.82%)	-	3.27%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	4.62%
Russell 2000 Index	16.47%	(0.73%)	5.94%	3.85%
Wall Street (07/31/90)	23.13%	(0.51%)	6.13%	13.73%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	6.38%
Russell 2000 Index	16.47%	(0.73%)	5.94%	8.64%
Wall Street - Net (12/31/04)	22.21%	(1.29%)	-	3.99%
Russell 2000 Growth Index	17.37%	0.86%	5.91%	4.62%
Russell 2000 Index	16.47%	(0.73%)	5.94%	3.85%

## International Equity Returns

The table below details the rates of return for the fund's international large cap growth and international large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Intl Large Cap Equity (08/31/86)</b>	<b>(10.80%)</b>	<b>(12.69%)</b>	<b>(2.19%)</b>	<b>(18.87%)</b>
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
<b>Intl Large Cap Growth (08/31/02)</b>	<b>(10.45%)</b>	<b>(11.53%)</b>	<b>0.16%</b>	<b>(16.71%)</b>
EARNEST Partners (09/30/04)	(10.58%)	(13.85%)	(3.31%)	(19.89%)
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
MSCI ACWI ex-US Growth	(11.03%)	(12.15%)	(1.02%)	(19.03%)
EARNEST Partners - Net (12/31/04)	(10.62%)	(13.89%)	(3.84%)	(20.41%)
William Blair (09/30/02)	(10.33%)	(9.52%)	3.01%	(13.14%)
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
MSCI ACWI ex-US Growth	(11.03%)	(12.15%)	(1.02%)	(19.03%)
William Blair - Net (12/31/04)	(10.46%)	(9.65%)	2.68%	(13.50%)
<b>Intl Large Cap Value (09/30/95)</b>	<b>(10.42%)</b>	<b>(14.24%)</b>	<b>(5.45%)</b>	<b>(20.11%)</b>
Brandes (12/31/95)	(10.50%)	(14.98%)	(6.26%)	(20.80%)
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
MSCI ACWI ex-US Value	(11.49%)	(15.31%)	(4.30%)	(21.21%)
Brandes - Net (12/31/04)	(10.58%)	(15.05%)	(6.39%)	(21.00%)
Lombardia (3/31/12)	(11.78%)	-	-	-
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
MSCI ACWI ex-US Value	(11.49%)	(15.31%)	(4.30%)	(21.21%)
Lombardia - Net (3/31/12)	(11.80%)	(17.76%)	-	-
Mondrian (3/31/12)	(10.13%)	-	-	-
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
MSCI ACWI ex-US Value	(11.49%)	(15.31%)	(4.30%)	(21.21%)
Mondrian - Net (3/31/12)	(10.15%)	(13.73%)	-	-
Lazard (3/31/12)	(11.47%)	-	-	-
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
MSCI ACWI ex-US Value	(11.49%)	(15.31%)	(4.30%)	(21.21%)
Lazard - Net (3/31/12)	(11.47%)	(12.16%)	-	-

## International Equity Returns

The table below details the rates of return for the fund's international large cap growth and international large cap value managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Equity (08/31/86)</b>	<b>5.31%</b>	<b>(6.32%)</b>	<b>5.25%</b>	<b>7.40%</b>
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	-
<b>Intl Large Cap Growth (08/31/02)</b>	<b>7.97%</b>	<b>(5.13%)</b>	-	<b>8.31%</b>
EARNEST Partners (09/30/04)	9.44%	(0.23%)	-	10.96%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	5.11%
MSCI ACWI ex-US Growth	6.16%	(4.27%)	5.68%	5.83%
EARNEST Partners - Net (12/31/04)	8.85%	(0.71%)	-	8.27%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	3.44%
MSCI ACWI ex-US Growth	6.16%	(4.27%)	5.68%	4.22%
William Blair (09/30/02)	10.33%	(4.43%)	-	8.60%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	7.42%
MSCI ACWI ex-US Growth	6.16%	(4.27%)	5.68%	7.45%
William Blair - Net (12/31/04)	9.88%	(4.80%)	-	3.86%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	3.44%
MSCI ACWI ex-US Growth	6.16%	(4.27%)	5.68%	4.22%
<b>Intl Large Cap Value (09/30/95)</b>	<b>1.92%</b>	<b>(7.72%)</b>	<b>4.91%</b>	<b>8.84%</b>
Brandes (12/31/95)	1.63%	(7.88%)	4.82%	8.83%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	4.43%
MSCI ACWI ex-US Value	3.82%	(6.01%)	6.49%	-
Brandes - Net (12/31/04)	1.41%	(8.12%)	-	0.48%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	3.44%
MSCI ACWI ex-US Value	3.82%	(6.01%)	6.49%	3.56%
Lombardia (3/31/12)	-	-	-	(15.56%)
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	(12.76%)
MSCI ACWI ex-US Value	3.82%	(6.01%)	6.49%	(13.66%)
Lombardia - Net (3/31/12)	-	-	-	(17.76%)
Mondrian (3/31/12)	-	-	-	(12.56%)
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	(12.76%)
MSCI ACWI ex-US Value	3.82%	(6.01%)	6.49%	(13.66%)
Mondrian - Net (3/31/12)	-	-	-	(13.73%)
Lazard (3/31/12)	-	-	-	(11.81%)
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	(12.76%)
MSCI ACWI ex-US Value	3.82%	(6.01%)	6.49%	(13.66%)
Lazard - Net (3/31/12)	-	-	-	(12.16%)



## International Equity Returns

The table below details the rates of return for the fund's international large cap core, international small cap, and emerging markets managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>(10.37%)</b>	<b>(10.97%)</b>	<b>0.29%</b>	<b>(17.91%)</b>
Arrowstreet (02/29/08)	(11.01%)	(13.68%)	(3.10%)	(20.25%)
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
Arrowstreet - Net (02/29/08)	(11.13%)	(13.80%)	(3.34%)	(20.66%)
Brown (09/30/04)	(10.03%)	(9.32%)	3.08%	(17.45%)
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
Brown - Net (12/31/04)	(10.03%)	(9.37%)	2.96%	(17.83%)
GlobeFlex (02/28/06)	(9.92%)	(9.06%)	2.36%	(15.79%)
MSCI ACWI ex-US Index	(11.36%)	(13.95%)	(2.95%)	(20.49%)
GlobeFlex - Net (02/28/06)	(10.03%)	(9.17%)	2.13%	(16.17%)
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>(11.37%)</b>	<b>(13.38%)</b>	<b>(3.50%)</b>	<b>(20.11%)</b>
NTGI MSCI EAFE Idx (01/31/00)	(11.37%)	(13.38%)	(3.50%)	(20.11%)
MSCI EAFE Index	(11.48%)	(13.62%)	(3.79%)	(20.48%)
NTGI EAFE Idx - Net (12/31/04)	(11.37%)	(13.38%)	(3.50%)	(20.11%)
<b>International Small Cap (11/30/05)</b>	<b>(9.19%)</b>	<b>(7.60%)</b>	<b>4.96%</b>	<b>(14.76%)</b>
Franklin Templeton (07/31/11)	(9.39%)	(7.62%)	6.18%	-
ACWI Small Cap ex US	(11.13%)	(12.97%)	0.73%	(20.88%)
Franklin Templeton - Net (07/31/11)	(9.39%)	(7.62%)	5.98%	-
William Blair (08/31/10)	(9.03%)	(7.57%)	3.95%	(13.25%)
ACWI Small Cap ex US	(11.13%)	(12.97%)	0.73%	(20.88%)
Intl SC Blended Benchmark	(11.13%)	(12.97%)	0.73%	(20.88%)
William Blair - Net (08/31/10)	(9.23%)	(7.77%)	3.53%	(13.97%)
<b>Emerging Markets (01/31/92)</b>	<b>(11.05%)</b>	<b>(12.23%)</b>	<b>2.25%</b>	<b>(14.71%)</b>
Genesis (04/30/04)	(11.05%)	(12.23%)	2.25%	(14.71%)
MSCI Emerging Markets Index	(11.16%)	(15.12%)	0.20%	(20.06%)
Genesis - Net (12/31/04)	(11.05%)	(12.23%)	2.19%	(15.05%)

Brown and GlobeFlex moved to International Large Cap Active Core April 1, 2011.

Intl SC Blended Benchmark consists of the S&P Developed Ex-U.S. Small Cap Index through May 31, 2011 and the MSCI ACWI Ex-U.S. Small Cap Index thereafter.

## International Equity Returns

The table below details the rates of return for the fund's international large cap core, international small cap, and emerging markets managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Intl Large Cap Active Core (01/31/08)</b>	<b>7.75%</b>	-	-	<b>(3.33%)</b>
Arrowstreet (02/29/08)	6.69%	-	-	(4.05%)
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	(5.18%)
Arrowstreet - Net (02/29/08)	6.17%	-	-	(4.50%)
Brown (09/30/04)	6.32%	(4.74%)	-	5.78%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	5.11%
Brown - Net (12/31/04)	5.90%	(5.07%)	-	2.98%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	3.44%
GlobeFlex (02/28/06)	7.78%	(5.40%)	-	0.35%
MSCI ACWI ex-US Index	4.56%	(5.55%)	5.66%	(0.15%)
GlobeFlex - Net (02/28/06)	7.36%	(5.82%)	-	(0.11%)
<b>Intl Large Cap Pass. Core (12/31/99)</b>	<b>3.87%</b>	<b>(6.92%)</b>	<b>4.39%</b>	<b>0.57%</b>
NTGI MSCI EAFE Idx (01/31/00)	3.84%	(6.94%)	4.38%	0.56%
MSCI EAFE Index	3.40%	(7.34%)	4.01%	0.19%
NTGI EAFE Idx - Net (12/31/04)	3.83%	(6.95%)	-	1.44%
MSCI EAFE Index	3.40%	(7.34%)	4.01%	1.66%
<b>International Small Cap (11/30/05)</b>	<b>8.84%</b>	<b>(8.62%)</b>	-	<b>(0.17%)</b>
Franklin Templeton (07/31/11)	-	-	-	(14.93%)
ACWI Small Cap ex US	9.52%	(4.32%)	9.29%	(19.14%)
Franklin Templeton - Net (07/31/11)	-	-	-	(15.22%)
William Blair (08/31/10)	-	-	-	7.55%
ACWI Small Cap ex US	9.52%	(4.32%)	9.29%	1.28%
Intl SC Blended Benchmark	8.49%	(5.85%)	8.11%	3.07%
William Blair - Net (08/31/10)	-	-	-	4.22%
<b>Emerging Markets (01/31/92)</b>	<b>14.95%</b>	<b>4.06%</b>	<b>15.29%</b>	<b>9.90%</b>
Genesis (04/30/04)	14.95%	4.06%	-	14.49%
MSCI Emerging Markets Index	8.22%	0.37%	13.10%	11.00%
Genesis - Net (12/31/04)	14.32%	3.47%	-	12.28%
MSCI Emerging Markets Index	8.22%	0.37%	13.10%	10.68%

Brown and GlobeFlex moved to International Large Cap Active Core April 1, 2011.

Intl SC Blended Benchmark consists of the S&P Developed Ex-U.S. Small Cap Index through May 31, 2011 and the MSCI ACWI Ex-U.S. Small Cap Index thereafter.

## Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	<b>Last Month</b>	<b>Last 3 Months</b>	<b>Year to Date</b>	<b>Last 12 Months</b>
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>0.97%</b>	<b>1.74%</b>	<b>3.23%</b>	<b>7.93%</b>
EARNEST Partners (04/30/05)	1.14%	1.84%	3.22%	8.62%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
EARNEST Partners - Net (04/30/05)	1.08%	1.78%	3.12%	8.40%
Piedmont (05/31/05)	0.80%	1.64%	3.24%	7.25%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
Piedmont - Net (05/31/05)	0.80%	1.60%	3.16%	7.08%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>1.28%</b>	<b>1.31%</b>	<b>2.55%</b>	<b>7.08%</b>
BlackRock Enhanced (04/30/00)	1.28%	1.31%	2.55%	7.08%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
BlackRock Enhanced - Net (12/31/04)	1.28%	1.29%	2.51%	7.01%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>0.90%</b>	<b>1.53%</b>	<b>2.39%</b>	<b>7.21%</b>
NTGI BC Agg. Index (01/31/90)	0.90%	1.53%	2.39%	7.21%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
NTGI BC Agg. Index - Net (12/31/04)	0.90%	1.53%	2.38%	7.21%

## Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Dom. Fixed Active Core (03/31/01)</b>	<b>9.00%</b>	<b>6.82%</b>	<b>5.28%</b>	<b>5.49%</b>
EARNEST Partners (04/30/05)	8.71%	7.05%	-	6.21%
BC Aggregate Index	7.12%	6.72%	5.72%	5.88%
EARNEST Partners - Net (04/30/05)	8.49%	6.83%	-	6.00%
Piedmont (05/31/05)	8.83%	6.64%	-	5.64%
BC Aggregate Index	7.12%	6.72%	5.72%	5.75%
Piedmont - Net (05/31/05)	8.65%	6.45%	-	5.42%
<b>Dom. Fixed Enhanced Core (03/31/00)</b>	<b>8.09%</b>	<b>6.61%</b>	<b>5.72%</b>	<b>6.39%</b>
BlackRock Enhanced (04/30/00)	8.09%	6.61%	5.72%	6.44%
BC Aggregate Index	7.12%	6.72%	5.72%	6.39%
BlackRock Enhanced - Net (12/31/04)	8.01%	6.54%	-	5.43%
BC Aggregate Index	7.12%	6.72%	5.72%	5.67%
<b>Dom. Fixed Passive Core (12/31/89)</b>	<b>7.36%</b>	<b>6.59%</b>	<b>5.69%</b>	<b>6.98%</b>
NTGI BC Agg. Index (01/31/90)	7.36%	6.59%	5.69%	7.01%
BC Aggregate Index	7.12%	6.72%	5.72%	7.00%
NTGI BC Agg. Index - Net (12/31/04)	7.35%	6.58%	-	5.46%
BC Aggregate Index	7.12%	6.72%	5.72%	5.67%

## Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core plus and high yield managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last Month	Last 3 Months	Year to Date	Last 12 Months
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>0.72%</b>	<b>1.50%</b>	<b>3.32%</b>	<b>7.32%</b>
BlackRock Core Plus (03/31/07)	1.28%	1.97%	3.13%	7.86%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
BlackRock Core Plus - Net (03/31/07)	1.28%	1.96%	3.10%	7.70%
LM Capital (04/30/05)	0.46%	1.22%	2.86%	6.90%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
LM Capital - Net (04/30/05)	0.42%	1.18%	2.77%	6.73%
Progress Fixed Income (12/31/05)	0.74%	1.19%	2.94%	6.80%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
Progress Fixed Inc. - Net (12/31/05)	0.65%	1.10%	2.76%	6.42%
Taplin, Canida, Habacht (04/30/05)	0.43%	1.22%	3.64%	7.01%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
Taplin, Canida, Hab. - Net (04/30/05)	0.40%	1.19%	3.58%	6.87%
Western (10/31/01)	0.75%	1.73%	3.72%	7.74%
BC Aggregate Index	0.90%	1.46%	2.33%	7.12%
Western - Net (12/31/04)	0.71%	1.69%	3.65%	7.59%
<b>High Yield (03/31/86)</b>	<b>(1.16%)</b>	<b>0.04%</b>	<b>5.05%</b>	<b>3.81%</b>
MacKay Shields (10/31/00)	(0.64%)	0.45%	4.95%	6.66%
ML High Yield Cash Pay Index	(1.16%)	(0.25%)	4.89%	3.48%
MacKay Shields - Net (12/31/04)	(0.64%)	0.45%	4.77%	6.39%
Pyramis (07/31/86)	(1.67%)	(0.36%)	5.16%	1.19%
ML High Yield Cash Pay Index	(1.16%)	(0.25%)	4.89%	3.48%
Pyramis - Net (12/31/04)	(1.75%)	(0.44%)	4.83%	0.62%

## Domestic Fixed-Income Returns

The table below details the rates of return for the fund's domestic fixed core plus and high yield managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns for Periods Ended May 31, 2012

	Last 36 Months	Last 60 Months	Last 120 Months	Since Inception
<b>Domestic Fixed Core Plus (12/31/81)</b>	<b>10.03%</b>	<b>6.83%</b>	<b>6.20%</b>	<b>9.12%</b>
BlackRock Core Plus (03/31/07)	9.46%	7.19%	-	6.75%
BC Aggregate Index	7.12%	6.72%	5.72%	6.35%
BlackRock Core Plus - Net (03/31/07)	9.37%	7.11%	-	6.68%
LM Capital (04/30/05)	8.65%	7.32%	-	6.46%
BC Aggregate Index	7.12%	6.72%	5.72%	5.88%
LM Capital - Net (04/30/05)	8.47%	7.15%	-	6.29%
Progress Fixed Income (12/31/05)	8.26%	7.15%	-	6.70%
BC Aggregate Index	7.12%	6.72%	5.72%	6.18%
Progress Fixed Inc. - Net (12/31/05)	7.89%	6.78%	-	6.36%
Taplin, Canida, Habacht (04/30/05)	9.27%	6.86%	-	5.95%
BC Aggregate Index	7.12%	6.72%	5.72%	5.88%
Taplin, Canida, Hab. - Net (04/30/05)	9.12%	6.73%	-	5.86%
Western (10/31/01)	12.02%	6.55%	6.69%	6.67%
BC Aggregate Index	7.12%	6.72%	5.72%	5.64%
Western - Net (12/31/04)	11.86%	6.40%	-	5.80%
BC Aggregate Index	7.12%	6.72%	5.72%	5.67%
<b>High Yield (03/31/86)</b>	<b>17.60%</b>	<b>7.70%</b>	<b>10.34%</b>	<b>10.23%</b>
Mackay Shields (10/31/00)	15.68%	7.09%	10.23%	9.85%
ML High Yield Cash Pay Index	16.37%	7.27%	8.74%	7.90%
Mackay Shields - Net (12/31/04)	15.29%	6.72%	-	7.11%
ML High Yield Cash Pay Index	16.37%	7.27%	8.74%	7.61%
Pyramis (07/31/86)	19.63%	8.35%	10.46%	9.97%
ML High Yield Cash Pay Index	16.37%	7.27%	8.74%	8.74%
Pyramis - Net (12/31/04)	19.06%	7.94%	-	7.94%
ML High Yield Cash Pay Index	16.37%	7.27%	8.74%	7.61%

Taplin, Canida, & Habacht moved to Core Plus October 1, 2010.

## Manager Summary

**Five Best Performing Portfolios vs. Benchmarks**

Manager	Year-to-Date Outperformance (in % points)	Since Inception Outperformance (in % points)	
Ariel	10.31	1.20	(10/31/10)
Sands	7.28	3.73	(10/31/03)
Brown	6.03	0.67	(09/30/04)
Brandes	6.00	4.40	(12/31/95)
William Blair	5.90	1.18	(09/30/02)

**Five Worst Performing Portfolios vs. Benchmarks**

Manager	Year-to-Date Underperformance (in % points)	Since Inception Underperformance (in % points)	
Lombardia Small Cap	-4.00	0.61	(05/31/11)
Channing	-2.51	-2.34	(06/30/11)
BlackRock LCG	-2.08	-8.85	(07/31/11)
LSV Asset Management	-1.21	1.48	(01/31/03)
BMO Asset Management	-0.97	2.89	(01/31/01)

**Five Highest Returning Portfolios**

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Sands	14.45	9.34	(10/31/03)
Ariel	13.79	9.11	(10/31/10)
Vision	8.58	3.14	(07/31/11)
Wall Street	7.60	13.73	(07/31/90)
Holland	6.77	9.27	(06/30/11)

**Five Lowest Returning Portfolios**

Manager	Year-to-Date Return (in % points)	Since Inception Return (in % points)	
Northern Trust EAFE	-3.50	0.56	(01/31/00)
EARNEST International	-3.31	10.96	(09/30/04)
Arrowstreet	-3.13	-4.05	(01/31/08)
Lombardia Small Cap	-0.74	-7.67	(05/31/11)
Channing	0.75	-8.31	(06/30/11)

Returns are shown gross of investment management fees.

Excludes Real Estate and Alternative Investments portfolios.

(12-06-03) (Consent Agenda) The Chair presented an agenda consisting of a Consent Agenda. The following items remained on the Consent Agenda since no Board member asked for their removal.

Approval of Minutes

Regular Meeting #12-05-18

Schedules - Dated June 22, 2012

- Schedule A - Benefit award listing of retirement, temporary disability, death benefits, and refund of employee contributions processed during the preceding calendar month under Article 7 of the Illinois Pension Code.
- Schedule B - Adjustment of Benefit Awards showing adjustments required in benefit awards and the reasons therefore.
- Schedule C - Benefit Cancellations.
- Schedule D - Expiration of Temporary Disability Benefits terminated under the provisions of Section 7-147 of the Illinois Pension Code.
- Schedule E - Total and Permanent Disability Benefit Awards recommended by the Fund's medical consultants as provided by Section 7-150 of the Illinois Pension Code.
- Schedule F - Benefits Terminated.
- Schedule G - Administrative Benefit Denials.
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule S - Prior Service Adjustments

Administration - Master Trustee Report

The Master Trustee Report for the month of April was prepared by The Northern Trust Company.

Participation of Instrumentalities (1)

South Macoupin Association for Special Education  
2012 Employer Rate: 10.53%  
Effective Participation Date: July 1, 2012  
Number of Employees: 12

Bids (4)

Legal Counsel/Modernization Vendor RFP and Contract  
Approved Bidder: Ice Miller, LLP



Three Fujitsu FI-6240Z Scanners with Three Year Advanced Exchange Warranty  
Approved Bidder: Software House, Inc.  
Approved Bid: \$5,946.00

HP Quality Center Additional Licenses + Support  
Approved Bidder: Software House, Inc.  
Approved Bid: \$19,370.00

IMRF Pre-Retirement Binders  
Approved Bidder: Marquardt Printing  
Approved Bid: \$8,000.00

It was moved by Ms. Thompson, seconded by Mr. Copper, to approve the items on the Consent Agenda.

Vote: Unanimous Voice Vote  
Absent: None

(12-06-04) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of June Financial Reporting Package
- April Interim Financial Statements
- Impact of 2012 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates
- Schedule T - Report of Expenditures

It was moved by Ms. Thompson, seconded by Mr. Stulir, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote  
Absent: None

(12-06-05) (Report of the Benefit Review Committee) The Vice-Chair of the Benefit Review Committee reported on the meeting held on June 21, 2012 .

After discussion, it was moved by Ms. Copper, seconded by Mr. Piechocinski, to accept the following recommendations of the Benefit Review Committee:

- To defer making a recommendation at this time regarding the Total and Permanent Disability Claim filed by Cynthia Hildebrand, and that staff, and if necessary Dr. Miller, review the additional reports and refer this matter back to the Committee if such review(s) do not change staff's original determination.
- To defer making a recommendation at this time regarding the Temporary Disability Claim filed by Janet Doherty, and that staff, and if necessary Dr. Miller, review the additional reports and refer this matter back to the Committee if such review(s) do not change staff's original determination.
- To uphold staff's determination that Deborah J. Cox forfeited her pension under Section 7-219 and adopt the proposed findings and conclusions presented by staff.

- To overturn staff's recommendation regarding IMRF eligibility of the South Lyons Township Sanitary District and, due to confusion related to what is required for these trustees to fulfill their duties, to recommend that the current trustees document what is required to adequately fulfill the responsibilities of the position of trustee, excluding voluntary work undertaken beyond what the position requires.

Vote: Unanimous Voice Vote  
Absent: None

(12-06-06) (Report of the Investment Committee) The Chair of the Investment Committee reported on the meeting held on June 21, 2012.

The Investment Consultant presented an educational overview of hedge fund investing, including hedge fund performance, strategies, risk management, and the implementation of a hedge fund program. (Thirty minutes of continuing education credits were earned by attendees.)

The Chief Investment Officer presented an evaluation of the allocations, fees, investment strategies and performance of IMRF's three hedge fund managers (Aurora, Grosvenor and Mesirow), and recommended the following:

- that the number of fund-of-funds managers in the Hedge Fund Portfolio be reduced by fully redeeming from Mesirow-Manager Fund, Ltd., and Grosvenor Institutional Partners, L.P. (approximately \$119 million for each manager);
- that the structure of IMRF's investment with Aurora Investment Management be changed from a commingled fund-of-funds to a separate account fund-of-funds by fully redeeming from Aurora Limited Partnership (approximately \$139 million) and establishing a separate account fund-of-funds with a \$500 million mandate (the approximate \$125 million difference between existing hedge fund allocations and the \$500 million mandate will be funded from cash reserves and/or the NTI Index Funds), pending satisfactory negotiation of terms and structure; and,
- that staff be authorized to complete all documentation necessary to execute these recommendations.

Next, the Chief Investment Officer presented an overview of IMRF's private equity investment program, and recommended that staff be granted approval to undertake a request for proposal (RFP) for a MFPDOB private equity manager.

It was the consensus of the Investment Committee to recommend the Board approve the above recommendations.

After discussion, it was moved by Mr. Stafford, seconded by Mr. Nannini, to approve the recommendations of the Investment Committee.

Vote: Unanimous Voice Vote  
Absent: None

(12-06-07) (Legislative Wrap-Up) The Legislative Liaison presented a wrap-up to the Board on IMRF legislation that was passed during the 2012 General Assembly spring session.

The Legislative Liaison reported the following IMRF-related legislation had passed out of both Houses and will become effective upon the Governor's signature:

- HB 4622 - includes the Board's 2012 legislative agenda.
- HB 3474 - allows participation in IMRF by the non-certified employees of the Philip J. Rock Center and School.
- HB 3969 - makes two changes: (1) when a member of GARS receives a reciprocal pension and his/her FRE is higher than the highest salary used by GARS, requires the increased cost of the proportional GARS benefit to be paid by the employer participating in the reciprocal system; (2) would also allow certain GARS participants to opt in to the earnings limitations on reciprocal benefits.
- HJRCA 49 - proposes to amend the Illinois Constitution to require legislation or ordinances that change pension benefits (except for salary increases) to receive a 60% majority in order to pass.

Lastly, she noted for the remainder of 2012, a short summer session is likely to be scheduled to address pension reform.

Questions and discussion followed.

(12-06-08) (Litigation Update) The following is an update of the currently pending litigation:

**STEVENS vs. VILLAGE OF OAK BROOK, et al.**

**Summary:** An IMRF annuitant has filed suit against his former employer seeking a determination that he is entitled to Omitted Service credits for the years 1980 through 2000. The employer had previously determined that the member was not entitled to establish such credits for the period in question.

**Status:** Cross appeals filed with the Second District Appellate Court.

**VRAKAS, et al. v. COUNTY OF WILL, et al.**

**Summary:** Fifty-eight (58) full-time correctional deputies, sergeants and lieutenants have sued Will County seeking a determination that they were "sheriff's law enforcement employees" with respect to their pre-December 1, 2005 enrollments, as such, in IMRF.

**Status:** Argument on summary judgment was held. Judge has not issued a ruling. Settlement seems probable. Discussions are ongoing.

**WABASH COUNTY, ILLINOIS vs. IMRF, et al.**

**Summary:** Board dismissed an employer's "Request for Correction of Records".

**Status:** Status was held before Judge Wheaton on June 1, 2012. The County was instructed to follow the procedures for administrative review, including the filing of a complaint. Status is set for September 7, 2012.

**BOARD OF ED. OF JOLIET TOWNSHIP H.S. DIST. 204, et. al. v. IMRF, et.al.**

**Summary:** This is an administrative review of a return to work case regarding three administrative employees of the District who went back to work for the District after their respective retirements.

**Status:** Case has settled. Agreement to be entered on June 22, 2012.

**IMRF v. DIANE WILLIAMS-EASTERN, et al.**

**Summary:** This is an interpleader action filed by IMRF asking the court to determine to whom and in what amounts the death benefits of Robert Eastern Jr. should be paid.

**Status:** Motion to withdraw allowed. Secondary beneficiaries given 21 days to find counsel. Status set for July 2, 2012.

**JOSEPH PRAZEN v. IMRF**

**Summary:** This is an administrative review action involving an ERI return to work situation.

**Status:** Appellate brief was timely filed. Oral argument is scheduled for early August.

**LIARAKOS V. IMRF**

**Summary:** Appeal of denial of total and permanent disability.

**Status:** Plaintiff's brief was due on June 11, 2012. Defendants' response is due August 13, 2012 and matter is set for hearing on September 25, 2012.

**IN RE TRIBUNE CO, ET AL. , THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF TRIBUNE CO, ET AL. VS. FITZSIMONS, ET AL.**

**Summary:** The unsecured creditors in the Tribune bankruptcy have sued investors who sold their Tribune stock at the time of the buyout.

**Status:** IMRF has joined with other public plans and is using a shared counsel (Ice Miller LLP).

**BURGER v. IMRF (12 MR 127)**

**Summary:** Appeal of denial of total and permanent disability.

**Status:** Status set for July 26, 2012 at 9 am in McHenry County.

(12-06-09) (Report of the Executive Director) The Executive Director alerted the Board to an upcoming meeting with the Editorial Board of the Daily Herald.

(12-06-10) (Trustee Forum) The Chair reported that the following Trustee is requesting authorization from the Board for the following conference:

Jeffrey A. Stulir                    "Asset Allocation and Emerging Managers West Summit"  
Opal Financial Group  
October 10-11, 2012  
Las Vegas, NV

It was moved by Ms. Thompson seconded by Ms. Copper, to approve the above Trustee request.

Vote:    Unanimous Voice Vote  
Absent: None

(12-06-11) (Executive Session) It was moved by Mr. Stafford, seconded by Ms. Copper to go in to Executive Session as the full Board to discuss a personnel matter pursuant to Section 2(c)(1) of the Open Meetings Act.

Vote:    Unanimous Voice Vote  
Absent:    None

The full Board reconvened the Board Meeting.

(12-06-11) (Adjournment) It was the consensus of the Board to adjourn the Board Meeting at 10:25 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on July 27, 2012.

Vote:    Unanimous Voice Vote  
Absent: None

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

Schedules A, B, C, D, E, F, G, P and S are omitted from this copy of Minutes. These schedules are identical to schedules attached to Minutes distributed to Board of Trustees prior to meeting.