

**ILLINOIS MUNICIPAL RETIREMENT FUND  
MINUTES OF  
REGULAR MEETING NO. 11-01  
JANUARY 28, 2011**

ILLINOIS MUNICIPAL RETIREMENT FUND

MEETING NO. 11-01

REGULAR MEETING

OF THE

BOARD OF TRUSTEES

The Regular Meeting of the Board of Trustees was held at 9:00 a.m., January 28, 2011, in the Fund Office at 2211 York Road, Suite 400, Oak Brook, Illinois.

Mr. Shoop presided as Chair and called the meeting to order.

Ms. Enright called the roll:

Present: Copper, Faklis, Henry, Shoop, Stafford, Thompson  
Absent: Piechocinski, Rademacher

Ms. Becker-Wold, Messrs. Dickenson and Ball from Callan Associates, Mr. Moss from Seyfarth Shaw LLP., a representative from Service Employees International Union (SEIU), and a representative from Loop Capital were also present.

(11-01-01 (Board of Trustees) The Executive Director reported that Gwen Henry, John Piechocinski, Marvin R. Shoop, Jr., and Sharon U. Thompson had subscribed to the constitutional oath of office that was filed in the Fund's records.

Ms. Rademacher entered the Board Meeting at 9:06 a.m.

(11-01-02) (Investment Manager Activities - Callan Associates) Mr. Dickinson gave the following report to the Board on the activities of IMRF's investment managers:

**Callan Associates Inc.  
Investment Measurement Service  
Monthly Review**

**Illinois Municipal Retirement Fund  
Monthly Performance Report  
December 31, 2010**

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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 2011 by Callan Associates Inc.



| Returns<br>for Periods Ended December 31, 2010 |            |                 |           |                 |                 |                  |
|--|------------|-----------------|-----------|-----------------|-----------------|------------------|
|  | Last Month | Year to<br>Date | Last Year | Last 3<br>Years | Last 5<br>Years | Last 10<br>Years |
| DJ:US Total Mkt Idx                            | 6.82       | 17.51           | 17.51     | (1.76)          | 3.00            | 2.55             |
| Russell 1000                                   | 6.68       | 16.10           | 16.10     | (2.37)          | 2.59            | 1.83             |
| Russell:Midcap Index                           | 6.92       | 25.47           | 25.47     | 1.05            | 4.66            | 6.54             |
| Russell 2000                                   | 7.94       | 26.85           | 26.85     | 2.22            | 4.47            | 6.33             |
| MSCI:ACWI ex US                                | 7.85       | 11.60           | 11.60     | (4.58)          | 5.29            | 5.97             |
| MSCI:EAFE US\$                                 | 8.10       | 7.75            | 7.75      | (7.02)          | 2.46            | 3.50             |
| MSCI:Emer Markets                              | 7.15       | 19.20           | 19.20     | (0.03)          | 13.11           | 16.23            |
| BC:Aggr Bd                                     | (1.08)     | 6.54            | 6.54      | 5.90            | 5.80            | 5.83             |
| NCREIF:Total Index                             | 1.27       | 12.29           | 12.29     | (4.42)          | 3.35            | 7.30             |
| NAREIT Composite Idx                           | 4.70       | 27.56           | 27.56     | 0.44            | 2.22            | 10.24            |

All markets, except fixed income, finished the year on a strong note. Equity markets seem to be responding to both the softening of bad news in the Eurozone and the steady stream of good news domestically. The employment situation in the U.S. is on the mend in several ways. First time unemployment applications are down, as is the unemployment rate, and planned layoffs are the lowest in ten years.

All segments within the domestic equity market were strongly positive with small caps in the lead again (7.9%), followed by mid caps (6.9%) and then large caps (6.7%). The MSCI EAFE Index was up 8.1% and the MSCI Emerging Markets Index gained 7.2%.

The bond market continues to show signs of weakness, losing 1.1%. This is the second month in a row in which the BC Aggregate Index was negative. For all other times periods in this report the BC Aggregate Index shows a solidly positive return.

Real estate markets were positive in December, capping off the second strong year in a row. In fact, almost all time periods in this report show positive returns for real estate.

\*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.

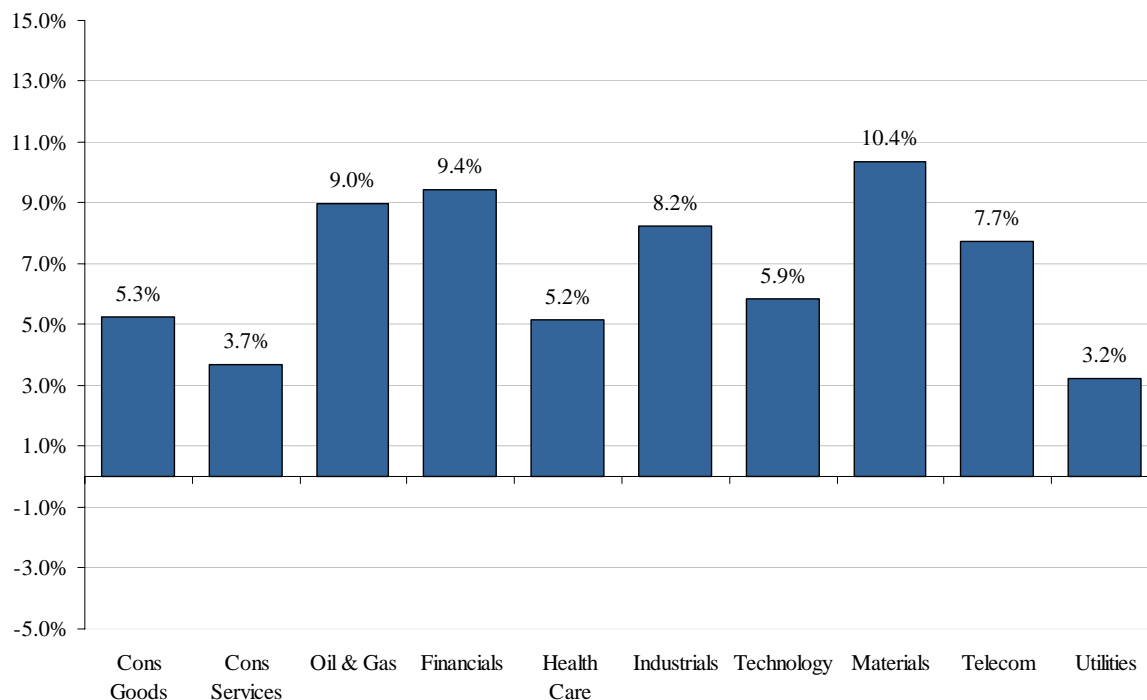
Returns  
for Periods Ended December 31, 2010

|                      | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|----------------------|------------|--------------|-----------|--------------|--------------|---------------|
| DJ:US Total Mkt Idx  | 6.82       | 17.51        | 17.51     | (1.76)       | 3.00         | 2.55          |
| Russell 1000         | 6.68       | 16.10        | 16.10     | (2.37)       | 2.59         | 1.83          |
| Russell:1000 Growth  | 5.51       | 16.71        | 16.71     | (0.47)       | 3.75         | 0.02          |
| Russell 1000 Value   | 7.89       | 15.51        | 15.51     | (4.42)       | 1.28         | 3.26          |
| Russell:Midcap Index | 6.92       | 25.47        | 25.47     | 1.05         | 4.66         | 6.54          |
| Russell 2000         | 7.94       | 26.85        | 26.85     | 2.22         | 4.47         | 6.33          |
| Russell:2000 Growth  | 7.59       | 29.09        | 29.09     | 2.18         | 5.30         | 3.78          |
| Russell:2000 Value   | 8.31       | 24.50        | 24.50     | 2.19         | 3.52         | 8.42          |

Domestic equities finished the year with a bang. The worst performing segment of the market, large cap growth, returned over 5.5% and the best performing segment, small cap value, returned 8.3%. While December returns were relatively even between each of the market segments shown above, a large divide can be seen in the one-year numbers. Small and mid caps had returns greater than 25% for the year, but large cap stocks only returned around 16%.

In terms of sector performance, Materials surged 10.4% in December, followed by Financials with a 9.4% gain. Utilities and Consumer Services both lagged, gaining 3.2% and 3.7%, respectively.

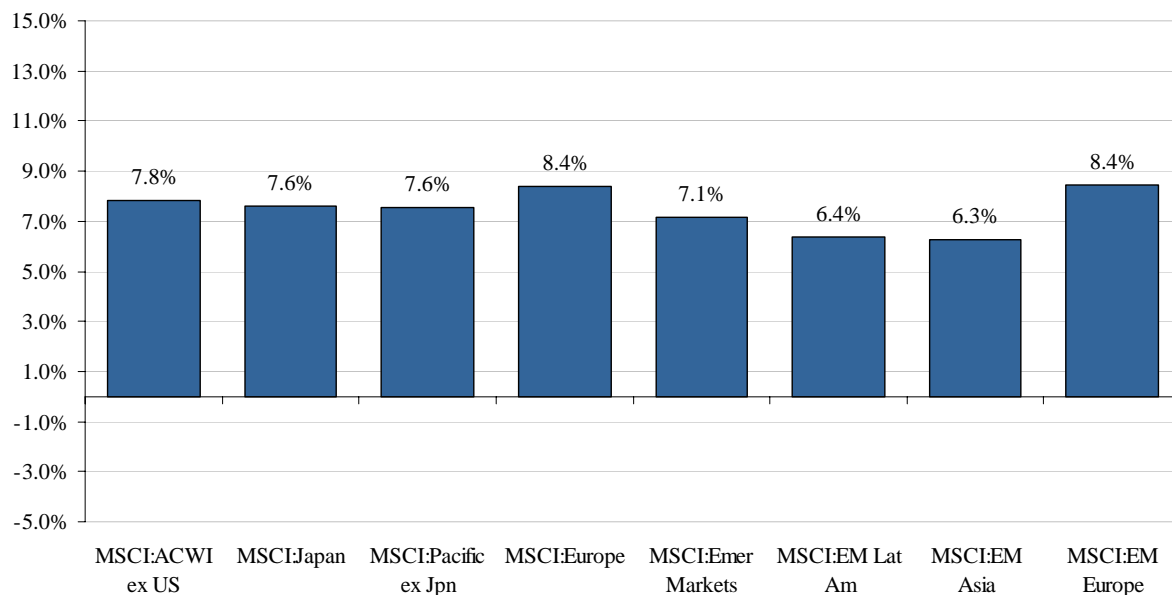
DJ US Total Stock Market Sector Returns



Returns  
for Periods Ended December 31, 2010

|                     | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---------------------|------------|--------------|-----------|--------------|--------------|---------------|
| MSCI:ACWI ex US     | 7.85       | 11.60        | 11.60     | (4.58)       | 5.29         | 5.97          |
| MSCI:ACWI ex US Gr  | 7.62       | 14.79        | 14.79     | (4.45)       | 5.59         | 4.71          |
| MSCI:ACW ex US Val  | 8.07       | 8.40         | 8.40      | (4.77)       | 4.92         | 7.13          |
| MSCI:EAFE US\$      | 8.10       | 7.75         | 7.75      | (7.02)       | 2.46         | 3.50          |
| MSCI:EAFE Hedged    | 4.77       | 2.84         | 2.84      | (9.96)       | (2.64)       | (1.81)        |
| MSCI:Emer Markets   | 7.15       | 19.20        | 19.20     | (0.03)       | 13.11        | 16.23         |
| S&P:Dev x US Sm Cap | 10.61      | 21.96        | 21.96     | (2.54)       | 5.16         | 9.28          |

Monthly Regional Returns



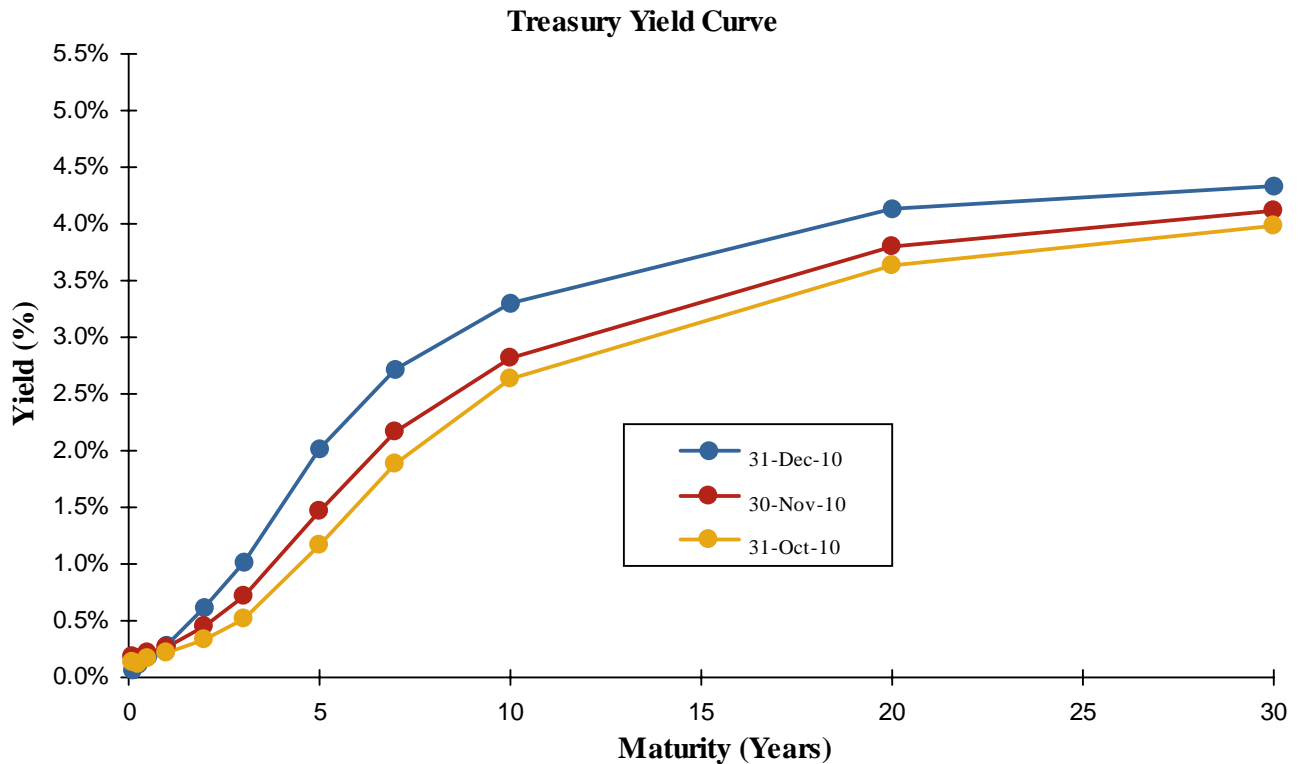
International equity markets surged in December, as worries over the euro and sovereign debt loads have subsided (or have at least been deferred). Developed markets (EAFE) gained 8.1% and emerging markets trailed slightly, up 7.2%. The dollar continued to show weakness as the unhedged version of the EAFE Index outperformed the hedged version by 3.3%.

Regional returns were clustered close together in December. The best performing region, European emerging markets, gained 8.4%, and the worst performing region, Asian emerging markets, gained 6.3%.

Value stocks outperformed growth stocks for the month but the opposite is true over the last one, three, and five years.

**Returns**  
for Periods Ended December 31, 2010

|                      | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|----------------------|------------|--------------|-----------|--------------|--------------|---------------|
| BC:Aggr Bd           | (1.08)     | 6.54         | 6.54      | 5.90         | 5.80         | 5.83          |
| BC:Govt Index        | (1.62)     | 5.52         | 5.52      | 5.07         | 5.45         | 5.42          |
| BC:Credit            | (1.01)     | 8.47         | 8.47      | 6.85         | 5.98         | 6.55          |
| BC:Mortgage Idx      | (0.55)     | 5.37         | 5.37      | 6.52         | 6.34         | 5.89          |
| BC:US TIPS Index     | (1.55)     | 6.31         | 6.31      | 4.97         | 5.33         | 7.03          |
| ML:High Yield CP Idx | 1.72       | 15.24        | 15.24     | 9.94         | 8.68         | 8.72          |
| 3 Month T-Bill       | 0.02       | 0.13         | 0.13      | 0.79         | 2.43         | 2.38          |



December was another tough month for the fixed income market, marking the second in a row of negative returns. The only segments to not have a negative return were high yields (1.7%) and cash (0.02%). TIPS and government securities were the worst performers, both losing 1.6%. The overall market, as measured by the BC Aggregate Bond Index, was down 1.1%. The Treasury yield curve steepened as yields on bonds with maturities of one year or more moved up and those with maturities of one year or less moved down.



Callan met with the following IMRF investment managers during the month:

Alliance Bernstein

Mackay Shields

Pyramis Management Trust Co.

GlobeFlex Capital, LP

Morgan Stanley Prime Property

Brandes Investment Partners

Northern Trust Investments, Inc.

### **Total Fund**

As of December 31, allocations to all asset classes are within 4% of their target allocations with exception of Real Estate, which has an actual allocation of 1.8% compared to a target of 6.0%. Funding of the recently hired real estate managers will bring the real estate allocation within the acceptable range over the next few months.

The Total Fund returned 4.26% for December, ahead of the Total Fund Benchmark by 29 basis points. For the fiscal year 2010, the Fund was up 13.59%, beating the benchmark by 85 basis points. Domestic and International Equity had strong absolute performance but slightly underperformed their respective benchmarks. Fixed Income had negative returns for the month but outperformed the BC Aggregate Index meaningfully. The best absolute returns, not counting alternative investments, came from International Equity, up 7.53 %, and the worst from Fixed Income, down 0.56%. Collectively, alternative investments were up 1.38%, well ahead of the benchmark.

### **US Equity**

Large Cap: The Fund's Large Cap Domestic Equity managers returned 6.33%, 35 basis points behind the Russell 1000. Growth managers collectively earned 4.90%, 61 basis points behind the Russell 1000 Growth Index. Value managers collectively earned 7.52%, 37 basis points behind the Russell 1000 Value Index. Dodge & Cox had the best performance among large cap managers at 7.66% and Sands had the worst performance at 3.06%.

Small Cap: The Small Cap portfolio earned 8.36% for the month compared to 7.94% for the Russell 2000. Small Cap Growth managers were up 8.69% with Pyramis posting the strongest monthly performance. Small Cap Value managers were up 8.63% with strongest performance turned in by DFA Small Cap. The Micro Cap segment gained 7.29% with best performance contributed by DFA Micro Cap.

### **International Equity**

Large Cap: International Large Cap managers returned 7.58% for the month, 25 basis points behind the MSCI ACW ex-US Index. Large Cap Growth was up 7.06% and Large Cap Value was up 7.21%. Arrowstreet, the large cap core manager, earned 8.04%, the best performance of any large cap international manager for the month..

### **International Small Cap and Emerging Markets**

The international small cap manager, William Blair, earned 7.06% trailing the index by 3.54%. The emerging markets portfolio managed by Genesis returned 7.17% during December, outperforming the MSCI Emerging Markets Index by 0.02%.

## **Domestic Fixed Income**

*Active Core:* The active core fixed income component returned -0.93%, beating the BC Aggregate by 15 basis points. The enhanced core portfolios outperformed its index for the month by 3 basis points.

*Core Plus:* The core plus managers collectively earned -0.73% compared to -1.08% for the BC Aggregate. Taplin turned in the best performance at -0.57% and Progress the worst at -1.33%.

*High Yield:* MacKay Shields and Pyramis together returned 2.01%, compared to 1.72% for the index. Pyramis was responsible for the relative outperformance with a return of 2.62%.

## **Real Estate**

Returns for both real estate funds and real estate indexes are estimated for monthly reporting purposes. Based on the current estimates, the opportunistic real estate funds did best in December with a return similar to the estimated return for the benchmark. Over the past year, Opportunistic real estate has had the strongest performance of any strategy with a 24.44% return. For the year, Core and Value added real estate had the lowest returns of any investment strategy other than timber with returns of 2.33% and 2.10% respectively.

## **Alternatives**

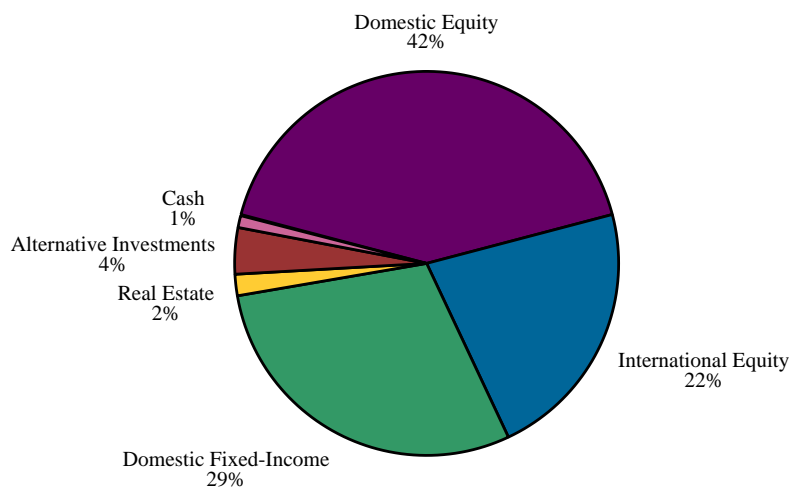
*Absolute Return:* The hedge fund-of-funds collectively returned 1.53% for the month, trailing the HRF Fund-of-Funds Index by 44 basis points but well ahead of the custom alternatives benchmark of 0.72%.

*Agriculture and Timberland:* The Agriculture portfolio returned 7.90%, significantly ahead of the benchmark return of 1.35%. The Timberland portfolio had an estimated return of 0% for month, well behind the blended benchmark.

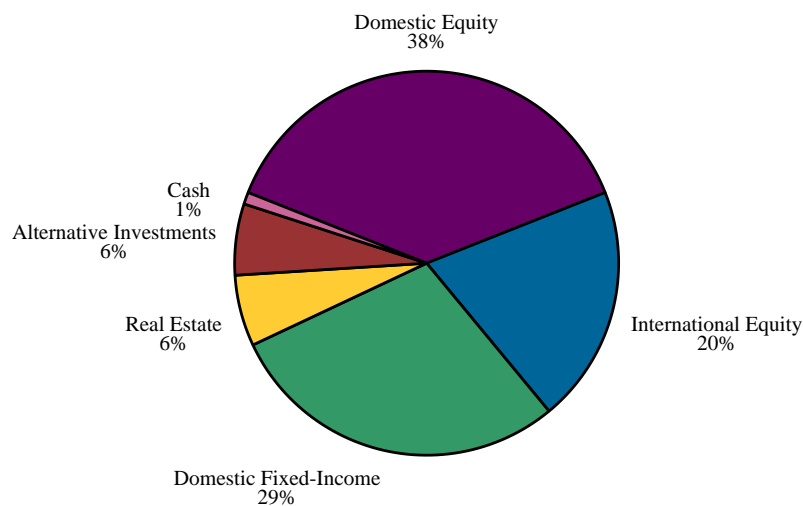
### Actual vs Target Asset Allocation

The first chart below shows the Funds asset allocation as of December 31, 2010. The second chart shows the Funds 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         | 10,471            | 41.8%          | 38.0%          | 3.8%               | 952                   |
| International Equity    | 5,527             | 22.1%          | 20.0%          | 2.1%               | 517                   |
| Domestic Fixed-Income   | 7,351             | 29.3%          | 29.0%          | 0.3%               | 87                    |
| Real Estate             | 463               | 1.8%           | 6.0%           | (4.2%)             | (1,040)               |
| Alternative Investments | 980               | 3.9%           | 6.0%           | (2.1%)             | (523)                 |
| Cash                    | 258               | 1.0%           | 1.0%           | 0.0%               | 8                     |
| <b>Total</b>            | <b>25,050</b>     | <b>100.0%</b>  | <b>100.0%</b>  |                    |                       |

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 December 31, 2010, with the distribution as of November 30, 2010.

### Asset Distribution Across Investment Managers

|                                       | December 31, 2010       |               | November 30, 2010      |               |
|---------------------------------------|-------------------------|---------------|------------------------|---------------|
|                                       | Market Value            | Percent       | Market Value           | Percent       |
| <b>Domestic Equity</b>                | <b>\$10,470,556,395</b> | <b>41.80%</b> | <b>\$9,807,682,375</b> | <b>40.74%</b> |
| <b>Large Cap Growth</b>               |                         |               |                        |               |
| Alliance Bernstein                    | 516,645,206             | 2.06%         | 485,129,447            | 2.02%         |
| Holland                               | 511,734,339             | 2.04%         | 489,034,670            | 2.03%         |
| NTGI S&P 500 Growth Idx               | 1,187,846,705           | 4.74%         | 1,128,701,707          | 4.69%         |
| Sands                                 | 583,013,433             | 2.33%         | 565,719,873            | 2.35%         |
| <b>Large Cap Value</b>                |                         |               |                        |               |
| Dodge & Cox                           | 260,938,375             | 1.04%         | 242,364,193            | 1.01%         |
| Harris                                | 588,538,174             | 2.35%         | 554,780,950            | 2.30%         |
| LSV                                   | 488,451,405             | 1.95%         | 454,216,686            | 1.89%         |
| NTGI S&P 500 Value Idx                | 1,167,149,358           | 4.66%         | 1,078,579,903          | 4.48%         |
| <b>Large Cap Core</b>                 |                         |               |                        |               |
| Progress                              | 375,589,319             | 1.50%         | 354,441,190            | 1.47%         |
| NTGI MarketCap Index                  | 2,239,118,437           | 8.94%         | 2,095,974,086          | 8.71%         |
| NTGI MarketCap Index - NL             | 303,991,840             | 1.21%         | 284,585,083            | 1.18%         |
| <b>Small Cap Growth</b>               |                         |               |                        |               |
| Buford                                | 30,311,323              | 0.12%         | 28,310,602             | 0.12%         |
| Fortaleza                             | 21,737,832              | 0.09%         | 20,363,936             | 0.08%         |
| Frontier                              | 403,268,272             | 1.61%         | 371,439,058            | 1.54%         |
| Pyramis                               | 574,477,930             | 2.29%         | 527,377,854            | 2.19%         |
| <b>Small Cap Value</b>                |                         |               |                        |               |
| Dimensional Small Cap Value           | 244,133,347             | 0.97%         | 223,741,619            | 0.93%         |
| Inv. Counselors of Maryland           | 483,948,564             | 1.93%         | 446,467,968            | 1.85%         |
| <b>Micro Cap</b>                      |                         |               |                        |               |
| Ariel                                 | 55,583,987              | 0.22%         | 52,526,108             | 0.22%         |
| Ativo                                 | 28,970,718              | 0.12%         | 27,707,628             | 0.12%         |
| Dimensional Micro Cap                 | 127,495,621             | 0.51%         | 117,880,974            | 0.49%         |
| Wall Street                           | 277,612,209             | 1.11%         | 258,338,841            | 1.07%         |
| <b>International Equity</b>           | <b>\$5,527,042,255</b>  | <b>22.06%</b> | <b>\$5,140,118,140</b> | <b>21.35%</b> |
| <b>International Large Cap Growth</b> |                         |               |                        |               |
| Brown                                 | 142,507,621             | 0.57%         | 133,551,580            | 0.55%         |
| EARNEST Partners                      | 251,151,052             | 1.00%         | 235,045,818            | 0.98%         |
| GlobeFlex                             | 388,713,709             | 1.55%         | 360,383,718            | 1.50%         |
| McKinley                              | 298,676,059             | 1.19%         | 278,889,533            | 1.16%         |
| William Blair                         | 772,283,588             | 3.08%         | 723,264,222            | 3.00%         |
| <b>International Large Cap Value</b>  |                         |               |                        |               |
| Brandes                               | 639,037,994             | 2.55%         | 596,076,450            | 2.48%         |
| <b>International Large Cap Core</b>   |                         |               |                        |               |
| Arrowstreet                           | 391,626,822             | 1.56%         | 362,482,342            | 1.51%         |
| NTGI MSCI EAFE Index                  | 1,682,338,356           | 6.72%         | 1,556,131,387          | 6.46%         |
| NTGI MSCI EAFE Index - NL             | 313,052,138             | 1.25%         | 289,577,555            | 1.20%         |
| <b>International Small Cap</b>        |                         |               |                        |               |
| William Blair                         | 159,892,506             | 0.64%         | 149,344,441            | 0.62%         |
| AXA Rosenberg                         | 357,064                 | 0.00%         | 337,416                | 0.00%         |

William Blair International Small Cap Equity was funded August 6, 2010. AXA Rosenberg was liquidated on the same date. Ariel and Ativo were funded September 16, 2010 and September 14, 2010 respectively.



### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2010, with the distribution as of November 30, 2010.

#### Asset Distribution Across Investment Managers

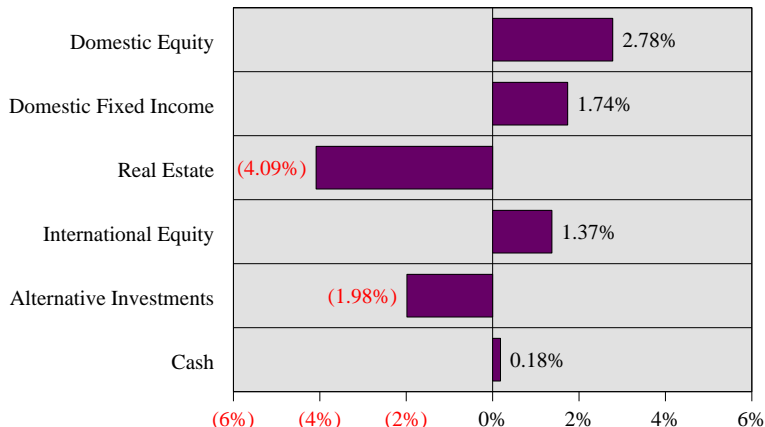
|                                  | December 31, 2010       |               | November 30, 2010       |               |
|----------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                  | Market Value            | Percent       | Market Value            | Percent       |
| <b>Emerging Markets</b>          |                         |               |                         |               |
| Genesis                          | 487,405,347             | 1.95%         | 455,033,678             | 1.89%         |
| <b>Domestic Fixed-Income</b>     | <b>\$7,351,103,122</b>  | <b>29.35%</b> | <b>\$7,392,276,144</b>  | <b>30.71%</b> |
| <b>Domestic Fixed Core</b>       |                         |               |                         |               |
| EARNEST Partners                 | 258,382,681             | 1.03%         | 261,252,271             | 1.09%         |
| Piedmont                         | 280,128,077             | 1.12%         | 282,299,419             | 1.17%         |
| BlackRock Enhanced               | 848,169,273             | 3.39%         | 857,134,222             | 3.56%         |
| NTGI BC Aggregate Index          | 1,740,366,888           | 6.95%         | 1,759,761,545           | 7.31%         |
| <b>Domestic Fixed Core Plus</b>  |                         |               |                         |               |
| BlackRock Core Plus              | 624,577,430             | 2.49%         | 629,509,905             | 2.61%         |
| LM Capital                       | 723,227,243             | 2.89%         | 727,837,817             | 3.02%         |
| Progress Fixed Income            | 374,295,973             | 1.49%         | 379,322,356             | 1.58%         |
| Taplin, Canida, & Habacht        | 701,605,041             | 2.80%         | 705,597,925             | 2.93%         |
| Western                          | 944,304,988             | 3.77%         | 950,356,113             | 3.95%         |
| <b>High Yield</b>                |                         |               |                         |               |
| MacKay Shields                   | 413,184,814             | 1.65%         | 407,635,131             | 1.69%         |
| Pyramis High Yield               | 442,860,715             | 1.77%         | 431,569,441             | 1.79%         |
| <b>Real Estate</b>               | <b>\$463,137,639</b>    | <b>1.85%</b>  | <b>\$458,380,840</b>    | <b>1.90%</b>  |
| <b>Real Estate Opportunistic</b> |                         |               |                         |               |
| Lazard Freres                    | 30,980,389              | 0.12%         | 30,980,389              | 0.13%         |
| Olympus Real Estate Fund II      | 1,182,547               | 0.00%         | 1,182,547               | 0.00%         |
| Security                         | 49,078,648              | 0.20%         | 47,928,549              | 0.20%         |
| Dune Real Estate Fund II         | 7,951,036               | 0.03%         | 5,651,036               | 0.02%         |
| <b>Real Estate Core</b>          |                         |               |                         |               |
| BlackRock Granite Fund           | 54,932,577              | 0.22%         | 54,932,577              | 0.23%         |
| Buckhead                         | 209,478,991             | 0.84%         | 209,478,992             | 0.87%         |
| Sentinel                         | 53,154,590              | 0.21%         | 53,154,590              | 0.22%         |
| <b>Real Estate Value Added</b>   |                         |               |                         |               |
| Rockwood                         | 12,431,664              | 0.05%         | 11,912,911              | 0.05%         |
| Rothschild                       | 17,262,550              | 0.07%         | 16,474,602              | 0.07%         |
| <b>Alternative Investments</b>   | <b>\$979,659,983</b>    | <b>3.91%</b>  | <b>\$964,982,376</b>    | <b>4.01%</b>  |
| <b>Absolute Return</b>           |                         |               |                         |               |
| Aurora                           | 140,406,086             | 0.56%         | 136,844,618             | 0.57%         |
| Grosvenor                        | 118,727,390             | 0.47%         | 117,102,726             | 0.49%         |
| Mesirow                          | 118,421,158             | 0.47%         | 117,903,640             | 0.49%         |
| <b>Private Equity</b>            |                         |               |                         |               |
| Abbott                           | 275,013,192             | 1.10%         | 280,081,732             | 1.16%         |
| Muller & Monroe ILPEFF           | 13,368,516              | 0.05%         | 13,523,056              | 0.06%         |
| Muller & Monroe MPEFF            | 12,379,843              | 0.05%         | 11,791,890              | 0.05%         |
| Pantheon                         | 153,220,361             | 0.61%         | 153,652,302             | 0.64%         |
| <b>Agriculture</b>               |                         |               |                         |               |
| Cozad/Westchester                | 86,797,778              | 0.35%         | 72,758,588              | 0.30%         |
| <b>Timberland</b>                |                         |               |                         |               |
| Forest Investment Assoc.         | 61,195,638              | 0.24%         | 61,195,638              | 0.25%         |
| <b>Cash</b>                      | <b>\$258,193,252</b>    | <b>1.03%</b>  | <b>\$310,555,907</b>    | <b>1.29%</b>  |
| <b>Total Fund</b>                | <b>\$25,049,692,645</b> | <b>100.0%</b> | <b>\$24,073,995,781</b> | <b>100.0%</b> |



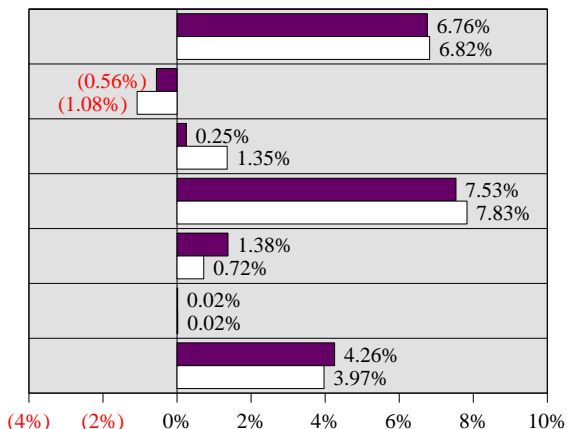
## Monthly Total Fund Relative Attribution - December 31, 2010

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.

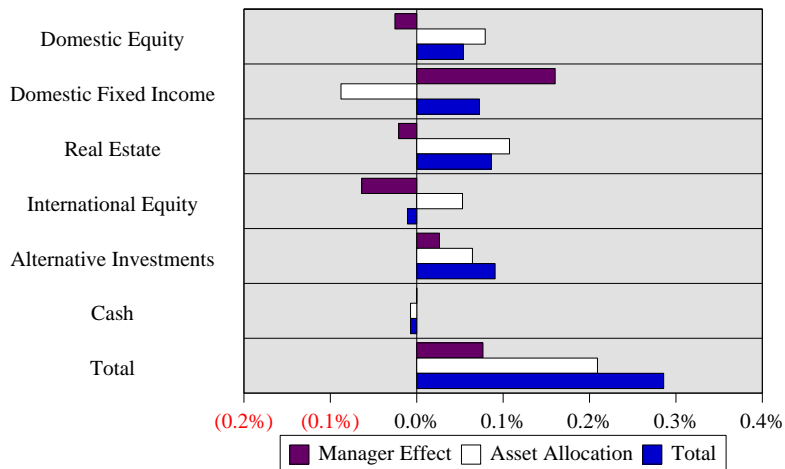
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Month ended December 31, 2010

| Asset Class             | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|---------------|----------------|------------------|-----------------------|
| Domestic Equity         | 41%                     | 38%                     | 6.76%         | 6.82%         | (0.03%)        | 0.08%            | 0.05%                 |
| Domestic Fixed Income   | 31%                     | 29%                     | (0.56%)       | (1.08%)       | 0.16%          | (0.09%)          | 0.07%                 |
| Real Estate             | 2%                      | 6%                      | 0.25%         | 1.35%         | (0.02%)        | 0.11%            | 0.09%                 |
| International Equity    | 21%                     | 20%                     | 7.53%         | 7.83%         | (0.06%)        | 0.05%            | (0.01%)               |
| Alternative Investments | 4%                      | 6%                      | 1.38%         | 0.72%         | 0.03%          | 0.06%            | 0.09%                 |
| Cash                    | 1%                      | 1%                      | 0.02%         | 0.02%         | (0.00%)        | (0.01%)          | (0.01%)               |

**Total**  $4.26\% = 3.97\% + 0.08\% + 0.21\%$

**0.29%**

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 December 31, 2010

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date |
|--|---------------|---------------------|--------------------|
| Domestic Equity (12/31/81)               | 6.76%         | 13.13%              | 18.92%             |
| DJ U.S. Total Stock Market Index         | 6.82%         | 11.67%              | 17.51%             |
| Domestic Equity - Net (12/31/04)         | 6.76%         | 13.07%              | 18.63%             |
| International Equity (08/31/86)          | 7.53%         | 7.00%               | 12.98%             |
| MSCI ACWI x US (Net)                     | 7.83%         | 7.20%               | 11.15%             |
| International Equity - Net (12/31/04)    | 7.53%         | 6.93%               | 12.68%             |
| Domestic Fixed-Income (12/31/81)         | (0.56%)       | (0.37%)             | 8.59%              |
| BC Aggregate Index                       | (1.08%)       | (1.30%)             | 6.54%              |
| Domestic Fixed-Inc. - Net (12/31/04)     | (0.56%)       | (0.40%)             | 8.43%              |
| Real Estate (04/30/85)                   | 0.25%         | 4.61%               | 6.03%              |
| Blended Benchmark**                      | 1.35%         | 4.11%               | 13.29%             |
| Real Estate - Net (12/31/04)             | 0.25%         | 4.61%               | 6.03%              |
| Alternative Investments (01/31/86)       | 1.38%         | 4.65%               | 9.56%              |
| Alternatives Custom Benchmark***         | 0.72%         | 2.18%               | 10.49%             |
| Alternative Investments - Net (12/31/04) | 1.38%         | 4.59%               | 9.29%              |
| Absolute Return (12/31/01)               | 1.53%         | 3.67%               | 5.96%              |
| HFR Fund-of-Funds Index                  | 1.97%         | 3.37%               | 5.46%              |
| Private Equity (01/31/86)                | 0.33%         | 5.54%               | 15.30%             |
| Alternatives Custom Benchmark***         | 0.72%         | 2.18%               | 10.49%             |
| Agriculture (09/30/97)                   | 7.90%         | 7.77%               | 2.68%              |
| Blended Benchmark**                      | 1.35%         | 4.11%               | 13.29%             |
| Timberland (09/30/92)                    | 0.00%         | (0.25%)             | (0.23%)            |
| Blended Benchmark**                      | 1.35%         | 4.11%               | 13.29%             |
| <b>Total Fund (12/31/81)</b>             | <b>4.26%</b>  | <b>6.87%</b>        | <b>13.59%</b>      |
| Total Fund Benchmark                     | 3.97%         | 5.84%               | 12.74%             |
| Total Fund - Net (12/31/04)              | 4.25%         | 6.82%               | 13.35%             |

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| Domestic Equity (12/31/81)               | (1.38%)              | 3.20%                | 3.04%                 | 11.41%             |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 11.06%             |
| Domestic Equity - Net (12/31/04)         | (1.62%)              | 2.95%                | -                     | 3.89%              |
| International Equity (08/31/86)          | (5.44%)              | 4.41%                | 6.16%                 | 8.57%              |
| MSCI ACWI x US (Net)                     | (5.03%)              | 4.82%                | 5.54%                 | -                  |
| International Equity - Net (12/31/04)    | (5.74%)              | 4.05%                | -                     | 6.20%              |
| Domestic Fixed-Income (12/31/81)         | 7.10%                | 6.51%                | 6.43%                 | 9.42%              |
| BC Aggregate Index                       | 5.90%                | 5.80%                | 5.83%                 | 9.01%              |
| Domestic Fixed-Inc. - Net (12/31/04)     | 6.98%                | 6.38%                | -                     | 5.75%              |
| Real Estate (04/30/85)                   | (8.33%)              | 1.00%                | 4.97%                 | 3.71%              |
| Blended Benchmark**                      | (3.42%)              | 2.52%                | 4.97%                 | 6.86%              |
| Real Estate - Net (12/31/04)             | (8.33%)              | 1.00%                | -                     | 2.52%              |
| Alternative Investments (01/31/86)       | (0.30%)              | 6.33%                | 2.78%                 | 11.35%             |
| Alternatives Custom Benchmark***         | 11.49%               | 11.70%               | 12.54%                | 14.01%             |
| Alternative Investments - Net (12/31/04) | (0.57%)              | 6.02%                | -                     | 7.99%              |
| Absolute Return (12/31/01)               | (0.96%)              | 4.00%                | -                     | 5.36%              |
| HFR Fund-of-Funds Index                  | (2.60%)              | 2.38%                | 4.12%                 | 4.27%              |
| Private Equity (01/31/86)                | (0.70%)              | 8.57%                | 2.77%                 | 13.36%             |
| Alternatives Custom Benchmark***         | 11.49%               | 11.70%               | 12.54%                | 14.01%             |
| Agriculture (09/30/97)                   | 0.89%                | 8.89%                | 6.51%                 | 5.85%              |
| Blended Benchmark**                      | (3.42%)              | 2.52%                | 4.97%                 | 5.55%              |
| Timberland (09/30/92)                    | 8.19%                | 5.64%                | 3.43%                 | 9.59%              |
| Blended Benchmark**                      | (3.42%)              | 2.52%                | 4.97%                 | 6.11%              |
| <b>Total Fund (12/31/81)</b>             | <b>2.07%</b>         | <b>5.62%</b>         | <b>5.37%</b>          | <b>10.32%</b>      |
| Total Fund Benchmark                     | 2.07%                | 5.39%                | 5.22%                 | -                  |
| Total Fund - Net (12/31/04)              | 1.86%                | 5.39%                | -                     | 5.90%              |

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 December 31, 2010

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date |
|--|---------------|---------------------|--------------------|
| <b>Large Cap Equity (12/31/81)</b>       | <b>6.33%</b>  | <b>11.54%</b>       | <b>16.15%</b>      |
| Russell 1000 Index                       | 6.68%         | 11.19%              | 16.10%             |
| <b>Large Cap Growth (12/31/81)</b>       | <b>4.90%</b>  | <b>12.26%</b>       | <b>16.45%</b>      |
| Alliance Bernstein (02/28/02)            | 6.50%         | 13.78%              | 9.77%              |
| LCG Blended Benchmark*                   | 5.51%         | 11.83%              | 16.71%             |
| Russell 1000 Growth Index                | 5.51%         | 11.83%              | 16.71%             |
| Alliance Bernstein - Net (12/31/04)      | 6.50%         | 13.70%              | 9.45%              |
| Holland (10/31/94)                       | 4.64%         | 9.90%               | 15.61%             |
| LCG Blended Benchmark*                   | 5.51%         | 11.83%              | 16.71%             |
| Russell 1000 Growth Index                | 5.51%         | 11.83%              | 16.71%             |
| Holland - Net (12/31/04)                 | 4.64%         | 9.84%               | 15.22%             |
| NTGI S&P 500 Growth Idx (07/31/01)       | 5.24%         | 11.02%              | 15.17%             |
| S&P/Citi 500 Growth Index                | 5.22%         | 11.02%              | 15.05%             |
| NTGI S&P 500 Growth Idx - Net (12/31/04) | 5.24%         | 11.02%              | 15.16%             |
| Sands (10/31/03)                         | 3.06%         | 15.72%              | 27.05%             |
| LCG Blended Benchmark*                   | 5.51%         | 11.83%              | 16.71%             |
| Russell 1000 Growth Index                | 5.51%         | 11.83%              | 16.71%             |
| Sands - Net (12/31/04)                   | 3.06%         | 15.64%              | 26.71%             |
| <b>Large Cap Value (09/30/82)</b>        | <b>7.52%</b>  | <b>10.56%</b>       | <b>14.63%</b>      |
| Dodge & Cox (08/31/03)                   | 7.66%         | 11.12%              | 13.62%             |
| LCV Blended Benchmark**                  | 7.89%         | 10.54%              | 15.51%             |
| Russell 1000 Value Index                 | 7.89%         | 10.54%              | 15.51%             |
| Dodge & Cox - Net (12/31/04)             | 7.66%         | 11.05%              | 13.34%             |
| Harris (01/31/01)                        | 6.08%         | 11.45%              | 14.69%             |
| LCV Blended Benchmark**                  | 7.89%         | 10.54%              | 15.51%             |
| Russell 1000 Value Index                 | 7.89%         | 10.54%              | 15.51%             |
| Harris - Net (12/31/04)                  | 6.08%         | 11.38%              | 14.41%             |
| LSV (01/31/03)                           | 7.54%         | 9.33%               | 13.80%             |
| LCV Blended Benchmark**                  | 7.89%         | 10.54%              | 15.51%             |
| Russell 1000 Value Index                 | 7.89%         | 10.54%              | 15.51%             |
| LSV - Net (12/31/04)                     | 7.54%         | 9.25%               | 13.48%             |
| NTGI S&P 500 Value Idx (07/31/99)        | 8.21%         | 10.52%              | 15.15%             |
| S&P/Citi 500 Value Index                 | 8.22%         | 10.51%              | 15.10%             |
| NTGI S&P 500 Value Idx - Net (12/31/04)  | 8.21%         | 10.52%              | 15.14%             |

\* 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Large Cap Equity (12/31/81)</b>       | <b>(2.42%)</b>       | <b>2.42%</b>         | <b>1.25%</b>          | <b>10.80%</b>      |
| Russell 1000 Index                       | (2.37%)              | 2.59%                | 1.83%                 | 11.26%             |
| <b>Large Cap Growth (12/31/81)</b>       | <b>0.35%</b>         | <b>3.51%</b>         | <b>(0.92%)</b>        | <b>11.33%</b>      |
| Alliance Bernstein (02/28/02)            | (3.63%)              | 0.96%                | -                     | 2.80%              |
| LCG Blended Benchmark*                   | (0.47%)              | 3.75%                | 1.07%                 | 3.15%              |
| Russell 1000 Growth Index                | (0.47%)              | 3.75%                | 0.02%                 | 3.34%              |
| Alliance Bernstein - Net (12/31/04)      | (3.92%)              | 0.66%                | -                     | 3.14%              |
| Holland (10/31/94)                       | 2.54%                | 4.83%                | 3.40%                 | 9.35%              |
| LCG Blended Benchmark*                   | (0.47%)              | 3.75%                | 1.07%                 | 8.31%              |
| Russell 1000 Growth Index                | (0.47%)              | 3.75%                | 0.02%                 | 7.28%              |
| Holland - Net (12/31/04)                 | 2.23%                | 4.55%                | -                     | 3.78%              |
| NTGI S&P 500 Growth Idx (07/31/01)       | (0.45%)              | 3.63%                | -                     | 2.40%              |
| S&P/Citi 500 Growth Index                | (0.50%)              | 3.60%                | 0.99%                 | 2.35%              |
| NTGI S&P 500 Growth Idx - Net (12/31/04) | (0.46%)              | 3.62%                | -                     | 3.69%              |
| Sands (10/31/03)                         | 4.02%                | 4.83%                | -                     | 8.34%              |
| LCG Blended Benchmark*                   | (0.47%)              | 3.75%                | 1.07%                 | 4.77%              |
| Russell 1000 Growth Index                | (0.47%)              | 3.75%                | 0.02%                 | 4.87%              |
| Sands - Net (12/31/04)                   | 3.73%                | 4.54%                | -                     | 5.56%              |
| <b>Large Cap Value (09/30/82)</b>        | <b>(5.10%)</b>       | <b>1.25%</b>         | <b>2.62%</b>          | <b>9.82%</b>       |
| Dodge & Cox (08/31/03)                   | (4.67%)              | 0.80%                | -                     | 6.20%              |
| LCV Blended Benchmark**                  | (4.42%)              | 1.28%                | 1.85%                 | 5.36%              |
| Russell 1000 Value Index                 | (4.42%)              | 1.28%                | 3.26%                 | 5.71%              |
| Dodge & Cox - Net (12/31/04)             | (4.90%)              | 0.55%                | -                     | 1.99%              |
| Harris (01/31/01)                        | (5.52%)              | 1.71%                | 4.93%                 | 4.86%              |
| LCV Blended Benchmark**                  | (4.42%)              | 1.28%                | 1.85%                 | 1.44%              |
| Russell 1000 Value Index                 | (4.42%)              | 1.28%                | 3.26%                 | 3.25%              |
| Harris - Net (12/31/04)                  | (5.76%)              | 1.46%                | -                     | 3.32%              |
| LSV (01/31/03)                           | (3.89%)              | 2.05%                | -                     | 9.36%              |
| LCV Blended Benchmark**                  | (4.42%)              | 1.28%                | 1.85%                 | 7.46%              |
| Russell 1000 Value Index                 | (4.42%)              | 1.28%                | 3.26%                 | 7.48%              |
| LSV - Net (12/31/04)                     | (4.18%)              | 1.76%                | -                     | 3.08%              |
| NTGI S&P 500 Value Idx (07/31/99)        | (5.34%)              | 0.91%                | 1.68%                 | 2.15%              |
| S&P/Citi 500 Value Index                 | (5.36%)              | 0.87%                | 1.65%                 | 2.15%              |
| NTGI S&P 500 Value Idx - Net (12/31/04)  | (5.35%)              | 0.90%                | -                     | 1.73%              |

\* 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 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 December 31, 2010

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date |
|--|---------------|---------------------|--------------------|
| <b>Large Cap Active Core (12/31/04)</b>  | <b>5.97%</b>  | <b>12.06%</b>       | <b>15.90%</b>      |
| Progress (01/31/05)                      | 5.97%         | 12.06%              | 15.90%             |
| DJ U.S. Total Stock Market Index         | 6.82%         | 11.67%              | 17.51%             |
| Progress - Net (01/31/05)                | 5.97%         | 11.90%              | 15.21%             |
| <b>Large Cap Passive Core (12/31/84)</b> | <b>6.83%</b>  | <b>11.66%</b>       | <b>17.33%</b>      |
| NTGI MarketCap Idx (01/31/85)            | 6.83%         | 11.66%              | 17.44%             |
| DJ U.S. Total Stock Market Index         | 6.82%         | 11.67%              | 17.51%             |
| NTGI MarketCap Idx - Net (12/31/04)      | 6.83%         | 11.66%              | 17.43%             |
| NTGI MarketCap Idx NL (06/30/09)         | 6.82%         | 11.66%              | 17.47%             |
| DJ U.S. Total Stock Market Index         | 6.82%         | 11.67%              | 17.51%             |
| NTGI MktCap NL - Net (06/30/09)          | 6.82%         | 11.66%              | 17.47%             |



### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Large Cap Active Core (12/31/04)</b>  | <b>(2.34%)</b>       | <b>2.92%</b>         | <b>-</b>              | <b>3.69%</b>       |
| Progress (01/31/05)                      | (2.34%)              | 2.92%                | -                     | 4.15%              |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 4.08%              |
| Progress - Net (01/31/05)                | (2.94%)              | 2.31%                | -                     | 3.54%              |
| <b>Large Cap Passive Core (12/31/84)</b> | <b>(2.09%)</b>       | <b>2.75%</b>         | <b>2.38%</b>          | <b>10.68%</b>      |
| NTGI MarketCap Idx (01/31/85)            | (2.06%)              | 2.77%                | 2.39%                 | 10.38%             |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 10.33%             |
| NTGI MarketCap Idx - Net (12/31/04)      | (2.06%)              | 2.76%                | -                     | 3.36%              |
| NTGI MarketCap Idx NL (06/30/09)         | -                    | -                    | -                     | 27.85%             |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 27.88%             |
| NTGI MktCap NL - Net (06/30/09)          | -                    | -                    | -                     | 27.85%             |



### 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 December 31, 2010

|  | <b>Last<br/>Month</b> | <b>Last<br/>3<br/>Months</b> | <b>Year<br/>to<br/>Date</b> |
|--|-----------------------|------------------------------|-----------------------------|
| <b>Small Cap Equity (06/30/88)</b>       | <b>8.36%</b>          | <b>19.32%</b>                | <b>30.76%</b>               |
| Russell 2000 Index                       | 7.94%                 | 16.25%                       | 26.85%                      |
| <b>Small Cap Growth (06/30/88)</b>       | <b>8.69%</b>          | <b>20.53%</b>                | <b>31.52%</b>               |
| Buford (10/31/06)                        | 7.07%                 | 17.40%                       | 28.61%                      |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Buford - Net (10/31/06)                  | 7.07%                 | 17.29%                       | 28.11%                      |
| Fortaleza (11/30/06)                     | 6.75%                 | 18.80%                       | 31.52%                      |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Fortaleza - Net (11/30/06)               | 6.75%                 | 18.67%                       | 30.91%                      |
| Frontier (07/31/88)                      | 8.57%                 | 20.13%                       | 30.96%                      |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Frontier - Net (12/31/04)                | 8.57%                 | 19.99%                       | 29.50%                      |
| Pyramis (07/31/88)                       | 8.93%                 | 21.04%                       | 32.00%                      |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Pyramis - Net (12/31/04)                 | 8.93%                 | 20.85%                       | 30.92%                      |
| <b>Small Cap Value (08/31/89)</b>        | <b>8.63%</b>          | <b>17.61%</b>                | <b>27.17%</b>               |
| DFA Small Cap Value (01/31/96)           | 9.11%                 | 19.34%                       | 34.46%                      |
| Russell 2000 Value Index                 | 8.31%                 | 15.36%                       | 24.50%                      |
| DFA Small Cap Value - Net (12/31/04)     | 9.11%                 | 19.20%                       | 33.81%                      |
| Inv. Counselors of Maryland (04/30/99)   | 8.39%                 | 16.76%                       | 23.78%                      |
| Russell 2000 Value Index                 | 8.31%                 | 15.36%                       | 24.50%                      |
| Inv. Couns. of Maryland - Net (12/31/04) | 8.39%                 | 16.65%                       | 23.10%                      |
| <b>Micro Cap (06/30/84)</b>              | <b>7.29%</b>          | <b>19.38%</b>                | <b>37.88%</b>               |
| Ariel (10/31/2010)                       | 5.81%                 | -                            | -                           |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Russell 2000 Index                       | 7.94%                 | 16.25%                       | 26.85%                      |
| Ariel - Net (10/31/10)                   | 5.81%                 | -                            | -                           |
| Ativo (09/30/10)                         | 4.55%                 | 12.67%                       | -                           |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Russell 2000 Index                       | 7.94%                 | 16.25%                       | 26.85%                      |
| Ativo - Net (09/30/10)                   | 4.55%                 | 12.67%                       | -                           |
| DFA Micro Cap (07/31/87)                 | 8.16%                 | 17.49%                       | 31.06%                      |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Russell 2000 Index                       | 7.94%                 | 16.25%                       | 26.85%                      |
| DFA Micro Cap - Net (12/31/04)           | 8.16%                 | 17.35%                       | 30.48%                      |
| Wall Street (07/31/90)                   | 7.48%                 | 23.40%                       | 46.14%                      |
| Russell 2000 Growth Index                | 7.59%                 | 17.11%                       | 29.09%                      |
| Russell 2000 Index                       | 7.94%                 | 16.25%                       | 26.85%                      |
| Wall Street - Net (12/31/04)             | 7.48%                 | 23.19%                       | 45.13%                      |

### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Small Cap Equity (06/30/88)</b>       | <b>3.97%</b>         | <b>7.30%</b>         | <b>10.29%</b>         | <b>12.80%</b>      |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 9.18%              |
| <b>Small Cap Growth (06/30/88)</b>       | <b>3.74%</b>         | <b>7.72%</b>         | <b>9.62%</b>          | <b>13.67%</b>      |
| Buford (10/31/06)                        | (5.04%)              | -                    | -                     | 2.68%              |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 3.25%              |
| Buford - Net (10/31/06)                  | (5.43%)              | -                    | -                     | 3.25%              |
| Fortaleza (11/30/06)                     | (3.36%)              | -                    | -                     | 1.61%              |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 3.25%              |
| Fortaleza - Net (11/30/06)               | (3.84%)              | -                    | -                     | 1.12%              |
| Frontier (07/31/88)                      | 7.26%                | 8.74%                | 8.76%                 | 13.91%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 7.16%              |
| Frontier - Net (12/31/04)                | 6.28%                | 7.93%                | -                     | 8.50%              |
| Pyramis (07/31/88)                       | 4.77%                | 8.62%                | 11.48%                | 14.25%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 7.16%              |
| Pyramis - Net (12/31/04)                 | 4.22%                | 7.97%                | -                     | 10.43%             |
| <b>Small Cap Value (08/31/89)</b>        | <b>3.66%</b>         | <b>6.12%</b>         | <b>11.60%</b>         | <b>12.42%</b>      |
| DFA Small Cap Value (01/31/96)           | 4.94%                | 5.25%                | 12.40%                | 13.21%             |
| Russell 2000 Value Index                 | 2.19%                | 3.52%                | 8.42%                 | 9.80%              |
| DFA Small Cap Value - Net (12/31/04)     | 4.36%                | 4.68%                | -                     | 5.43%              |
| Inv. Counselors of Maryland (04/30/99)   | 3.03%                | 6.59%                | 11.19%                | 11.85%             |
| Russell 2000 Value Index                 | 2.19%                | 3.52%                | 8.42%                 | 9.08%              |
| Inv. Couns. of Maryland - Net (12/31/04) | 2.44%                | 6.02%                | -                     | 6.01%              |
| <b>Micro Cap (06/30/84)</b>              | <b>(0.30%)</b>       | <b>3.33%</b>         | <b>6.19%</b>          | <b>12.31%</b>      |
| Ariel (10/31/10)                         | -                    | -                    | -                     | 5.11%              |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 12.28%             |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 11.68%             |
| Ariel - Net (10/31/10)                   | -                    | -                    | -                     | 5.11%              |
| Ativo (09/30/10)                         | -                    | -                    | -                     | 12.67%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 17.11%             |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 16.25%             |
| Ativo - Net (09/30/10)                   | -                    | -                    | -                     | 12.67%             |
| DFA Micro Cap (07/31/87)                 | 2.79%                | 4.14%                | 10.69%                | 11.07%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 6.13%              |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 8.37%              |
| DFA Micro Cap - Net (12/31/04)           | 2.29%                | 3.63%                | -                     | 4.05%              |
| Wall Street (07/31/90)                   | (0.46%)              | 3.69%                | 3.66%                 | 14.77%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 7.08%              |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 9.60%              |
| Wall Street - Net (12/31/04)             | (1.26%)              | 2.87%                | -                     | 5.17%              |



### 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 December 31, 2010

|   | Last Month   | Last 3 Months | Year to Date  |
|---|--------------|---------------|---------------|
| <b>Intl Large Cap Equity (08/31/86)</b> | <b>7.58%</b> | <b>6.85%</b>  | <b>11.70%</b> |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| <b>Intl Large Cap Growth (08/31/02)</b> | <b>7.06%</b> | <b>7.62%</b>  | <b>17.57%</b> |
| Brown (09/30/04)                        | 6.71%        | 4.83%         | 8.02%         |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| Brown - Net (12/31/04)                  | 6.71%        | 4.48%         | 7.48%         |
| EARNEST Partners (09/30/04)             | 6.85%        | 6.40%         | 18.55%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| EARNEST Partners - Net (12/31/04)       | 6.85%        | 6.35%         | 18.32%        |
| GlobeFlex (02/28/06)                    | 7.86%        | 7.93%         | 16.87%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| GlobeFlex - Net (02/28/06)              | 7.86%        | 7.82%         | 16.36%        |
| McKinley (02/28/06)                     | 7.09%        | 9.29%         | 14.04%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| McKinley - Net (02/28/06)               | 7.09%        | 9.16%         | 13.47%        |
| William Blair (09/30/02)                | 6.78%        | 7.76%         | 21.23%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| William Blair - Net (12/31/04)          | 6.78%        | 7.67%         | 20.80%        |
| <b>Intl Large Cap Value (09/30/95)</b>  | <b>7.21%</b> | <b>4.87%</b>  | <b>6.11%</b>  |
| Brandes (12/31/95)                      | 7.21%        | 4.87%         | 6.11%         |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Value                   | 8.07%        | 6.27%         | 8.40%         |
| Brandes - Net (12/31/04)                | 7.21%        | 4.82%         | 5.88%         |





### 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 December 31, 2010

|   | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|---|----------------------|----------------------|-----------------------|--------------------|
| <b>Intl Large Cap Equity (08/31/86)</b> | <b>(6.32%)</b>       | <b>3.69%</b>         | <b>4.76%</b>          | <b>8.54%</b>       |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | -                  |
| <b>Intl Large Cap Growth (08/31/02)</b> | <b>(5.94%)</b>       | <b>4.80%</b>         | -                     | <b>11.64%</b>      |
| Brown (09/30/04)                        | (4.28%)              | 5.39%                | -                     | 8.44%              |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 8.89%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 9.54%              |
| Brown - Net (12/31/04)                  | (4.61%)              | 5.09%                | -                     | 5.95%              |
| EARNEST Partners (09/30/04)             | 0.99%                | 13.01%               | -                     | 15.72%             |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 8.89%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 9.54%              |
| EARNEST Partners - Net (12/31/04)       | 0.59%                | 12.39%               | -                     | 13.19%             |
| GlobeFlex (02/28/06)                    | (7.17%)              | -                    | -                     | 2.43%              |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 3.60%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 4.53%              |
| GlobeFlex - Net (02/28/06)              | (7.62%)              | -                    | -                     | 1.96%              |
| McKinley (02/28/06)                     | (10.11%)             | -                    | -                     | 0.71%              |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 3.60%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 4.53%              |
| McKinley - Net (02/28/06)               | (10.58%)             | -                    | -                     | 0.22%              |
| William Blair (09/30/02)                | (5.57%)              | 4.45%                | -                     | 13.15%             |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 12.71%             |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 12.24%             |
| William Blair - Net (12/31/04)          | (5.94%)              | 4.03%                | -                     | 6.92%              |
| <b>Intl Large Cap Value (09/30/95)</b>  | <b>(6.73%)</b>       | <b>2.41%</b>         | <b>6.01%</b>          | <b>10.94%</b>      |
| Brandes (12/31/95)                      | (6.73%)              | 2.41%                | 6.01%                 | 11.15%             |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 6.30%              |
| MSCI ACWI ex-US Value                   | (4.77%)              | 4.92%                | 7.13%                 | -                  |
| Brandes - Net (12/31/04)                | (6.98%)              | 2.08%                | -                     | 3.61%              |

### 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 December 31, 2010

|  | Last Month   | Last 3 Months | Year to Date  |
|--|--------------|---------------|---------------|
| <b>Intl Large Cap Active Core (01/31/08)</b> | <b>8.04%</b> | <b>7.36%</b>  | <b>13.65%</b> |
| Arrowstreet (02/29/08)                       | 8.04%        | 7.36%         | 13.65%        |
| MSCI ACWI ex-US Index                        | 7.83%        | 7.20%         | 11.15%        |
| Arrowstreet - Net (02/29/08)                 | 8.04%        | 7.23%         | 13.11%        |
| <b>Intl Large Cap Pass. Core (12/31/99)</b>  | <b>8.11%</b> | <b>6.70%</b>  | <b>8.07%</b>  |
| NTGI MSCI EAFE Idx (01/31/00)                | 8.11%        | 6.71%         | 8.08%         |
| MSCI EAFE Index                              | 8.10%        | 6.61%         | 7.75%         |
| NTGI EAFE Idx - Net (12/31/04)               | 8.11%        | 6.71%         | 8.07%         |
| NTGI MSCI EAFE Idx NL (06/30/09)             | 8.11%        | 6.63%         | 7.98%         |
| MSCI EAFE Index                              | 8.10%        | 6.61%         | 7.75%         |
| NTGI EAFE Idx NL - Net (06/30/09)            | 8.11%        | 6.62%         | 7.91%         |
| <b>International Small Cap (11/30/05)</b>    | <b>7.06%</b> | <b>10.62%</b> | <b>17.68%</b> |
| William Blair (08/31/2010)                   | 7.06%        | 10.64%        | -             |
| S&P SmCap World ex-US Index                  | 10.61%       | 11.43%        | 21.96%        |
| William Blair - Net (08/31/2010)             | 7.06%        | 10.52%        | -             |
| <b>Emerging Markets (01/31/92)</b>           | <b>7.17%</b> | <b>7.36%</b>  | <b>25.72%</b> |
| Genesis (04/30/04)                           | 7.17%        | 7.36%         | 25.72%        |
| MSCI Emerging Markets Index                  | 7.15%        | 7.36%         | 19.20%        |
| Genesis - Net (12/31/04)                     | 7.12%        | 7.20%         | 24.96%        |

### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Intl Large Cap Active Core (01/31/08)</b> | <b>(0.76%)</b>       | -                    | -                     | <b>(0.78%)</b>     |
| Arrowstreet (02/29/08)                       | -                    | -                    | -                     | (0.81%)            |
| MSCI ACWI ex-US Index                        | (5.03%)              | 4.82%                | 5.54%                 | (2.83%)            |
| Arrowstreet - Net (02/29/08)                 | -                    | -                    | -                     | (1.26%)            |
| <b>Intl Large Cap Pass. Core (12/31/99)</b>  | <b>(6.62%)</b>       | <b>2.82%</b>         | <b>3.87%</b>          | <b>2.13%</b>       |
| NTGI MSCI EAFE Idx (01/31/00)                | (6.64%)              | 2.80%                | 3.86%                 | 2.75%              |
| MSCI EAFE Index                              | (7.02%)              | 2.46%                | 3.50%                 | 2.38%              |
| NTGI EAFE Idx - Net (12/31/04)               | (6.65%)              | 2.80%                | -                     | 4.58%              |
| NTGI MSCI EAFE Idx NL (06/30/09)             | -                    | -                    | -                     | 20.23%             |
| MSCI EAFE Index                              | (7.02%)              | 2.46%                | 3.50%                 | 20.05%             |
| NTGI EAFE Idx NL - Net (06/30/09)            | -                    | -                    | -                     | 20.17%             |
| <b>International Small Cap (11/30/05)</b>    | <b>(7.56%)</b>       | <b>0.74%</b>         | -                     | <b>1.50%</b>       |
| William Blair (08/31/2010)                   | -                    | -                    | -                     | 22.09%             |
| S&P SmCap World ex-US Index                  | (2.54%)              | 5.16%                | 9.28%                 | 24.19%             |
| William Blair - Net (08/31/2010)             | -                    | -                    | -                     | 21.96%             |
| <b>Emerging Markets (01/31/92)</b>           | <b>7.07%</b>         | <b>15.60%</b>        | <b>17.30%</b>         | <b>11.55%</b>      |
| Genesis (04/30/04)                           | 7.07%                | 15.64%               | -                     | 21.52%             |
| MSCI Emerging Markets Index                  | (0.03%)              | 13.11%               | 16.23%                | 18.58%             |
| Genesis - Net (04/30/04)                     | 6.41%                | 14.95%               | -                     | 18.45%             |



### 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 December 31, 2010

|  | Last<br>Month  | Last<br>3<br>Months | Year<br>to<br>Date |
|--|----------------|---------------------|--------------------|
| <b>Dom. Fixed Active Core (03/31/01)</b>   | <b>(0.93%)</b> | <b>(0.84%)</b>      | <b>7.64%</b>       |
| EARNEST Partners (04/30/05)                | (1.10%)        | (1.18%)             | 7.57%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| EARNEST Partners - Net (04/30/05)          | (1.10%)        | (1.23%)             | 7.34%              |
| Piedmont (05/31/05)                        | (0.77%)        | (0.52%)             | 8.69%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| Piedmont - Net (05/31/05)                  | (0.77%)        | (0.56%)             | 8.50%              |
| <b>Dom. Fixed Enhanced Core (03/31/00)</b> | <b>(1.05%)</b> | <b>(1.33%)</b>      | <b>7.11%</b>       |
| BlackRock Enhanced (04/30/00)              | (1.05%)        | (1.33%)             | 7.11%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| BlackRock Enhanced - Net (12/31/04)        | (1.05%)        | (1.34%)             | 7.01%              |
| <b>Dom. Fixed Passive Core (12/31/89)</b>  | <b>(1.10%)</b> | <b>(1.28%)</b>      | <b>6.60%</b>       |
| NTGI BC Agg. Index (01/31/90)              | (1.10%)        | (1.28%)             | 6.60%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| NTGI BC Agg. Index - Net (12/31/04)        | (1.10%)        | (1.28%)             | 6.59%              |



### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Dom. Fixed Active Core (03/31/01)</b>   | <b>6.23%</b>         | <b>5.78%</b>         | -                     | <b>5.16%</b>       |
| EARNEST Partners (04/30/05)                | 6.29%                | 5.89%                | -                     | 5.50%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.38%              |
| EARNEST Partners - Net (04/30/05)          | 6.06%                | 5.67%                | -                     | 5.29%              |
| Piedmont (05/31/05)                        | 5.94%                | 5.79%                | -                     | 5.20%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.26%              |
| Piedmont - Net (05/31/05)                  | 5.75%                | 5.56%                | -                     | 4.98%              |
| <b>Dom. Fixed Enhanced Core (03/31/00)</b> | <b>5.53%</b>         | <b>5.60%</b>         | <b>5.81%</b>          | <b>6.29%</b>       |
| BlackRock Enhanced (04/30/00)              | 5.53%                | 5.60%                | 5.81%                 | 6.35%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 6.36%              |
| BlackRock Enhanced - Net (12/31/04)        | 5.45%                | 5.53%                | -                     | 5.03%              |
| <b>Dom. Fixed Passive Core (12/31/89)</b>  | <b>5.70%</b>         | <b>5.69%</b>         | <b>5.80%</b>          | <b>6.99%</b>       |
| NTGI BC Agg. Index (01/31/90)              | 5.70%                | 5.69%                | 5.80%                 | 7.08%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 7.08%              |
| NTGI BC Agg. Index - Net (12/31/04)        | 5.69%                | 5.68%                | -                     | 5.13%              |

### 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 December 31, 2010

|  | Last<br>Month  | Last<br>3<br>Months | Year<br>to<br>Date |
|--|----------------|---------------------|--------------------|
| <b>Domestic Fixed Core Plus (12/31/81)</b> | <b>(0.73%)</b> | <b>(0.59%)</b>      | <b>9.05%</b>       |
| BlackRock Core Plus (03/31/07)             | (0.78%)        | (0.84%)             | 8.55%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| BlackRock Core Plus - Net (03/31/07)       | (0.78%)        | (0.85%)             | 8.48%              |
| LM Capital (04/30/05)                      | (0.63%)        | (0.81%)             | 7.74%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| LM Capital - Net (04/30/05)                | (0.63%)        | (0.85%)             | 7.57%              |
| Progress Fixed Income (12/31/05)           | (1.33%)        | (0.84%)             | 7.99%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| Progress Fixed Inc. - Net (12/31/05)       | (1.33%)        | (0.93%)             | 7.62%              |
| Taplin, Canida, Habacht (04/30/05)         | (0.57%)        | (0.51%)             | 7.61%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| Taplin, Canida, Hab. - Net (04/30/05)      | (0.57%)        | (0.54%)             | 7.47%              |
| Western (10/31/01)                         | (0.64%)        | (0.21%)             | 10.78%             |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| Western - Net (12/31/04)                   | (0.64%)        | (0.25%)             | 10.63%             |
| <b>High Yield (03/31/86)</b>               | <b>2.01%</b>   | <b>3.80%</b>        | <b>14.37%</b>      |
| MacKay Shields (10/31/00)                  | 1.36%          | 3.03%               | 13.29%             |
| ML High Yield Cash Pay Index               | 1.72%          | 2.98%               | 15.24%             |
| MacKay Shields - Net (12/31/04)            | 1.36%          | 2.94%               | 12.89%             |
| Pyramis (07/31/86)                         | 2.62%          | 4.53%               | 15.47%             |
| ML High Yield Cash Pay Index               | 1.72%          | 2.98%               | 15.24%             |
| Pyramis - Net (12/31/04)                   | 2.62%          | 4.45%               | 14.83%             |



### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Domestic Fixed Core Plus (12/31/81)</b> | <b>6.42%</b>         | <b>5.93%</b>         | <b>6.14%</b>          | <b>9.21%</b>       |
| BlackRock Core Plus (03/31/07)             | 6.20%                | -                    | -                     | 6.38%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 6.17%              |
| BlackRock Core Plus - Net (03/31/07)       | 6.15%                | -                    | -                     | 6.33%              |
| LM Capital (04/30/05)                      | 7.00%                | 6.66%                | -                     | 6.17%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.38%              |
| LM Capital - Net (04/30/05)                | 6.83%                | 6.48%                | -                     | 6.00%              |
| Progress Fixed Income (12/31/05)           | 6.56%                | 6.43%                | -                     | 6.43%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.80%              |
| Progress Fixed Inc. - Net (12/31/05)       | 6.19%                | 6.10%                | -                     | 6.10%              |
| Taplin, Canida, Habacht (04/30/05)         | 6.43%                | 5.79%                | -                     | 5.49%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.38%              |
| Taplin, Canida, Hab. - Net (04/30/05)      | 6.30%                | 5.66%                | -                     | 5.37%              |
| Western (10/31/01)                         | 6.55%                | 5.90%                | -                     | 6.12%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.21%              |
| Western - Net (12/31/04)                   | 6.40%                | 5.72%                | -                     | 5.33%              |
| <b>High Yield (03/31/86)</b>               | <b>10.30%</b>        | <b>8.99%</b>         | <b>10.58%</b>         | <b>10.45%</b>      |
| MacKay Shields (10/31/00)                  | 8.29%                | 7.94%                | 10.45%                | 10.17%             |
| ML High Yield Cash Pay Index               | 9.94%                | 8.68%                | 8.72%                 | 8.46%              |
| MacKay Shields - Net (12/31/04)            | 7.91%                | 7.59%                | -                     | 6.94%              |
| Pyramis (07/31/86)                         | 12.37%               | 10.07%               | 10.75%                | 10.25%             |
| ML High Yield Cash Pay Index               | 9.94%                | 8.68%                | 8.72%                 | 8.95%              |
| Pyramis - Net (12/31/04)                   | 12.02%               | 9.62%                | -                     | 8.69%              |

### Real Estate Returns

The table below details the rates of return for the fund's real estate opportunistic, real estate core, and real estate value added 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 December 31, 2010

|   | Last Month   | Last 3 Months | Year to Date  |
|---|--------------|---------------|---------------|
| <b>Real Estate Opportunistic (03/31/99)</b> | <b>1.32%</b> | <b>10.58%</b> | <b>24.44%</b> |
| Lazard Freres (07/31/98)                    | 0.00%        | 21.51%        | 27.14%        |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Olympus RE Fund II (05/31/98)               | 0.00%        | (0.75%)       | 0.07%         |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Security (10/31/97)                         | 2.40%        | 6.00%         | 24.47%        |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Dune Real Estate Fund II (01/31/09)         | 0.00%        | 1.38%         | 26.16%        |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| <b>Real Estate Core (03/31/99)</b>          | <b>0.00%</b> | <b>2.97%</b>  | <b>2.33%</b>  |
| BlackRock Granite Fund (07/31/07)           | 0.00%        | 0.06%         | (0.40%)       |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Buckhead (07/31/95)                         | 0.00%        | 3.32%         | (0.45%)       |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Sentinel (09/30/85)                         | 0.00%        | 6.17%         | 6.75%         |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| TA - Fund IX (04/30/10)                     | 0.00%        | 0.36%         | -             |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| <b>Real Estate Value Added (09/30/08)</b>   | <b>0.00%</b> | <b>5.93%</b>  | <b>2.10%</b>  |
| Rockwood (03/31/09)                         | 0.00%        | 9.88%         | (4.13%)       |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Rothschild (09/30/08)                       | 0.00%        | 3.91%         | 5.57%         |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |

Returns are reported net of fee for all real estate managers.

\* 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.



### Real Estate Returns

The table below details the rates of return for the fund's real estate opportunistic, real estate core, and real estate value added 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 December 31, 2010

|   | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|---|----------------------|----------------------|-----------------------|--------------------|
| <b>Real Estate Opportunistic (03/31/99)</b> | <b>(1.21%)</b>       | <b>5.11%</b>         | <b>9.64%</b>          | <b>8.91%</b>       |
| Lazard Freres (07/31/98)                    | 1.54%                | 10.46%               | 6.72%                 | 0.17%              |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.51%              |
| Olympus RE Fund II (05/31/98)               | (18.75%)             | (13.66%)             | (10.06%)              | (7.93%)            |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.52%              |
| Security (10/31/97)                         | 2.76%                | 7.76%                | 15.04%                | 14.37%             |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.54%              |
| Dune Real Estate Fund II (01/31/09)         | -                    | -                    | -                     | (23.85%)           |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | (1.24%)            |
| <b>Real Estate Core (03/31/99)</b>          | <b>(9.58%)</b>       | <b>0.31%</b>         | <b>4.23%</b>          | <b>4.83%</b>       |
| BlackRock Granite Fund (07/31/07)           | (20.06%)             | -                    | -                     | (16.60%)           |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | (1.33%)            |
| Buckhead (07/31/95)                         | (1.97%)              | 5.59%                | 8.88%                 | 9.96%              |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.83%              |
| Sentinel (09/30/85)                         | (13.48%)             | (4.08%)              | 2.03%                 | 3.78%              |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 6.84%              |
| TA - Fund IX (04/30/10)                     | -                    | -                    | -                     | (4.06%)            |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 10.90%             |
| <b>Real Estate Value Added (09/30/08)</b>   | <b>-</b>             | <b>-</b>             | <b>-</b>              | <b>(13.63%)</b>    |
| Rockwood (03/31/09)                         | -                    | -                    | -                     | (84.11%)           |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 1.42%              |
| Rothschild (09/30/08)                       | -                    | -                    | -                     | (4.17%)            |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | (5.67%)            |

Returns are reported net of fee for all real estate managers.

\* 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.



### Alternative Investments Return

The table below details the rates of return for the fund's absolute return, private equity, agriculture, and timberland 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 December 31, 2010

|                                     | Last Month   | Last 3 Months  | Year to Date   |
|-------------------------------------|--------------|----------------|----------------|
| <b>Absolute Return (12/31/01)</b>   | <b>1.53%</b> | <b>3.67%</b>   | <b>5.96%</b>   |
| Aurora (10/31/01)                   | 2.60%        | 3.98%          | 7.38%          |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| HFR Fund-of-Funds Index             | 1.97%        | 3.37%          | 5.46%          |
| Grosvenor (01/31/02)                | 1.39%        | 3.30%          | 7.02%          |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| HFR Fund-of-Funds Index             | 1.97%        | 3.37%          | 5.46%          |
| Mesirow (01/31/02)                  | 0.44%        | 3.69%          | 3.33%          |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| HFR Fund-of-Funds Index             | 1.97%        | 3.37%          | 5.46%          |
| <b>Private Equity (01/31/86)</b>    | <b>0.33%</b> | <b>5.54%</b>   | <b>15.30%</b>  |
| Abbott (06/30/87)                   | 0.69%        | 5.79%          | 13.01%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Abbott - Net (12/31/04)             | 0.69%        | 5.67%          | 12.45%         |
| Muller & Monroe ILPEFF (06/30/05)   | (0.01%)      | 0.93%          | 25.48%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Muller & Monroe MPEFF (04/30/08)    | (0.02%)      | 6.85%          | 16.68%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Pantheon (10/31/00)                 | (0.28%)      | 5.41%          | 18.77%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Pantheon - Net (12/31/04)           | (0.28%)      | 5.28%          | 18.18%         |
| <b>Agriculture (09/30/97)</b>       | <b>7.90%</b> | <b>7.77%</b>   | <b>2.68%</b>   |
| Cozad/Westchester (09/30/97)        | 7.90%        | 7.77%          | 2.68%          |
| Blended Benchmark**                 | 1.35%        | 4.11%          | 13.29%         |
| <b>Timberland (09/30/92)</b>        | <b>0.00%</b> | <b>(0.25%)</b> | <b>(0.23%)</b> |
| Forest Investment Assoc. (09/30/92) | 0.00%        | (0.25%)        | (0.23%)        |
| Blended Benchmark**                 | 1.35%        | 4.11%          | 13.29%         |

Returns are reported net of fee for all alternative investment managers with the exception of Abbott and Pantheon.  
\* 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%.

\*\* 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 quarterly, an estimate is used during the first two months of each quarter.

### Alternative Investments Return

The table below details the rates of return for the fund's absolute return, private equity, agriculture, and timberland 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 December 31, 2010

|                                     | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|-------------------------------------|----------------------|----------------------|-----------------------|--------------------|
| <b>Absolute Return (12/31/01)</b>   | <b>(0.96%)</b>       | <b>4.00%</b>         | <b>-</b>              | <b>5.36%</b>       |
| Aurora (10/31/01)                   | 0.36%                | 5.35%                | -                     | 7.02%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.32%             |
| HFR Fund-of-Funds Index             | (2.60%)              | 2.38%                | 4.12%                 | 4.35%              |
| Grosvenor (01/31/02)                | (1.00%)              | 3.50%                | -                     | 5.02%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.25%             |
| HFR Fund-of-Funds Index             | (2.60%)              | 2.38%                | 4.12%                 | 4.26%              |
| Mesirow (01/31/02)                  | (2.40%)              | 3.00%                | -                     | 5.11%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.25%             |
| HFR Fund-of-Funds Index             | (2.60%)              | 2.38%                | 4.12%                 | 4.26%              |
| <b>Private Equity (01/31/86)</b>    | <b>(0.70%)</b>       | <b>8.57%</b>         | <b>2.77%</b>          | <b>13.36%</b>      |
| Abbott (06/30/87)                   | (2.09%)              | 8.02%                | 2.63%                 | 14.51%             |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 13.95%             |
| Abbott - Net (12/31/04)             | (2.55%)              | 7.53%                | -                     | 10.57%             |
| Muller & Monroe ILPEFF (06/30/05)   | (3.53%)              | (5.58%)              | -                     | (13.76%)           |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 11.72%             |
| Muller & Monroe MPEFF (04/30/08)    | -                    | -                    | -                     | (6.63%)            |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 11.43%             |
| Pantheon (10/31/00)                 | 2.42%                | 9.83%                | 7.26%                 | 8.14%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.58%             |
| Pantheon - Net (12/31/04)           | 1.95%                | 9.28%                | -                     | 14.28%             |
| <b>Agriculture (09/30/97)</b>       | <b>0.89%</b>         | <b>8.89%</b>         | <b>6.51%</b>          | <b>5.85%</b>       |
| Cozad/Westchester (09/30/97)        | 0.89%                | 8.89%                | 6.51%                 | 5.85%              |
| Blended Benchmark**                 | (3.42%)              | 2.52%                | 4.97%                 | 5.55%              |
| <b>Timberland (09/30/92)</b>        | <b>8.19%</b>         | <b>5.64%</b>         | <b>3.43%</b>          | <b>9.59%</b>       |
| Forest Investment Assoc. (09/30/92) | 8.19%                | 5.64%                | 3.43%                 | 9.59%              |
| Blended Benchmark**                 | (3.42%)              | 2.52%                | 4.97%                 | 6.11%              |

Returns are reported net of fee for all alternative investment managers with the exception of Abbott and Pantheon.

\* 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%.

\*\* 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 quarterly, an estimate is used during the first two months of each quarter.

## Illinois Municipal Retirement Fund Manager Summary For Month Ending December 31, 2010

### Five Best Performing Portfolios vs. Benchmarks

| Manager                  | Year-to-Date Outperformance<br>(in % points) |
|--------------------------|--|
| Wall Street Associates   | 17.05  |
| Muller and Monroe ILPEFF | 14.99  |
| Lazard Freres            | 13.85  |
| Dune Capital Management  | 12.87  |
| Security Capital         | 11.17  |

### Five Worst Performing Portfolios vs. Benchmarks

| Manager                              | Year-to-Date Underperformance<br>(in % points) |
|--------------------------------------|--|
| Rockwood Capital                     | -17.42   |
| TA Associates - Buckhead             | -13.74   |
| BlackRock Granite                    | -13.69   |
| Forest Investment Associates         | -13.52   |
| Cozad/Westchester Agricultural Asset | -10.61   |

### Five Highest Returning Portfolios

| Manager                             | Year-to-Date Return<br>(in % points) |
|-------------------------------------|--------------------------------------|
| Wall Street Associates              | 46.14                                |
| Dimensional Fund Advisors SCV       | 34.46                                |
| Pyramis Global Advisors SC Equity   | 32.01                                |
| Fortaleza Asset Management          | 31.52                                |
| Dimensional Fund Advisors Micro Cap | 31.06                                |

### Five Lowest Returning Portfolios

| Manager                              | Year-to-Date Return<br>(in % points) |
|--------------------------------------|--------------------------------------|
| Rockwood Capital                     | -4.13                                |
| TA Associates - Buckhead             | -0.45                                |
| BlackRock Granite                    | -0.40                                |
| Forest Investment Associates         | -0.23                                |
| Cozad/Westchester Agricultural Asset | 2.68                                 |

Returns are shown gross of investment management fees with the exception of Real Estate and Alternative Investments (ex Abbott and Pantheon)

**Callan Associates Inc.  
Investment Measurement Service  
Monthly Review**

**Illinois Municipal Retirement Fund  
Monthly Performance Report  
December 31, 2010**

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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 2011 by Callan Associates Inc.

| Returns<br>for Periods Ended December 31, 2010 |            |                 |           |                 |                 |                  |
|--|------------|-----------------|-----------|-----------------|-----------------|------------------|
|  | Last Month | Year to<br>Date | Last Year | Last 3<br>Years | Last 5<br>Years | Last 10<br>Years |
| DJ:US Total Mkt Idx                            | 6.82       | 17.51           | 17.51     | (1.76)          | 3.00            | 2.55             |
| Russell 1000                                   | 6.68       | 16.10           | 16.10     | (2.37)          | 2.59            | 1.83             |
| Russell:Midcap Index                           | 6.92       | 25.47           | 25.47     | 1.05            | 4.66            | 6.54             |
| Russell 2000                                   | 7.94       | 26.85           | 26.85     | 2.22            | 4.47            | 6.33             |
| MSCI:ACWI ex US                                | 7.85       | 11.60           | 11.60     | (4.58)          | 5.29            | 5.97             |
| MSCI:EAFE US\$                                 | 8.10       | 7.75            | 7.75      | (7.02)          | 2.46            | 3.50             |
| MSCI:Emer Markets                              | 7.15       | 19.20           | 19.20     | (0.03)          | 13.11           | 16.23            |
| BC:Aggr Bd                                     | (1.08)     | 6.54            | 6.54      | 5.90            | 5.80            | 5.83             |
| NCREIF:Total Index                             | 1.27       | 12.29           | 12.29     | (4.42)          | 3.35            | 7.30             |
| NAREIT Composite Idx                           | 4.70       | 27.56           | 27.56     | 0.44            | 2.22            | 10.24            |

All markets, except fixed income, finished the year on a strong note. Equity markets seem to be responding to both the softening of bad news in the Eurozone and the steady stream of good news domestically. The employment situation in the U.S. is on the mend in several ways. First time unemployment applications are down, as is the unemployment rate, and planned layoffs are the lowest in ten years.

All segments within the domestic equity market were strongly positive with small caps in the lead again (7.9%), followed by mid caps (6.9%) and then large caps (6.7%). The MSCI EAFE Index was up 8.1% and the MSCI Emerging Markets Index gained 7.2%.

The bond market continues to show signs of weakness, losing 1.1%. This is the second month in a row in which the BC Aggregate Index was negative. For all other times periods in this report the BC Aggregate Index shows a solidly positive return.

Real estate markets were positive in December, capping off the second strong year in a row. In fact, almost all time periods in this report show positive returns for real estate.

\*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.

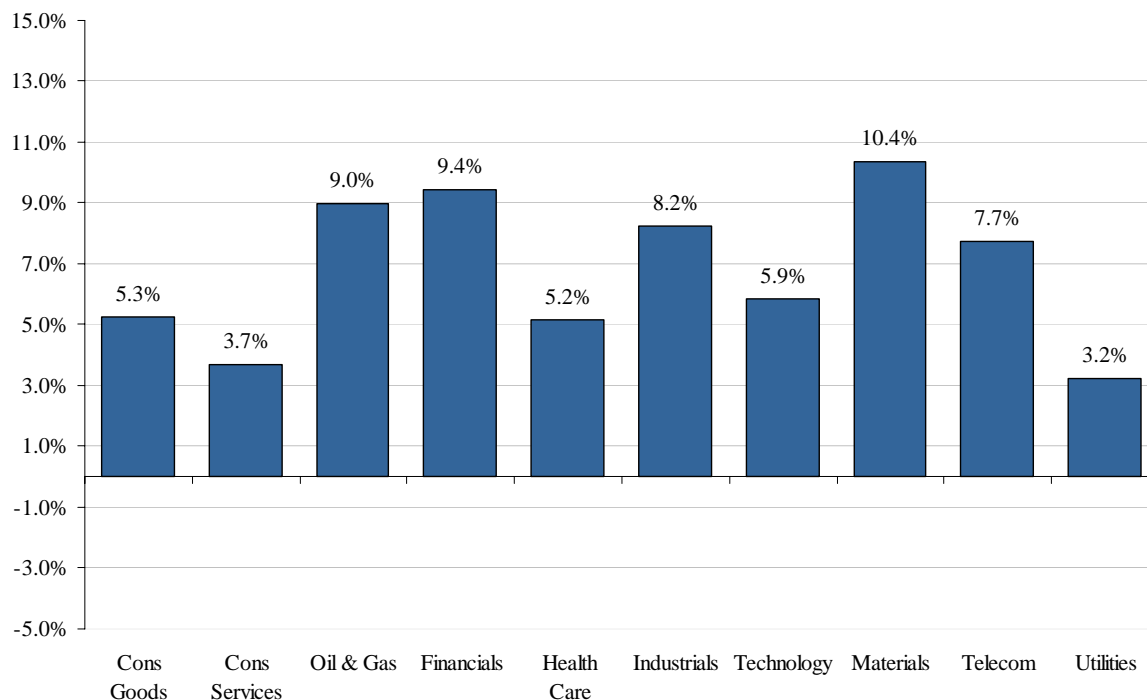
Returns  
for Periods Ended December 31, 2010

|                      | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|----------------------|------------|--------------|-----------|--------------|--------------|---------------|
| DJ:US Total Mkt Idx  | 6.82       | 17.51        | 17.51     | (1.76)       | 3.00         | 2.55          |
| Russell 1000         | 6.68       | 16.10        | 16.10     | (2.37)       | 2.59         | 1.83          |
| Russell:1000 Growth  | 5.51       | 16.71        | 16.71     | (0.47)       | 3.75         | 0.02          |
| Russell 1000 Value   | 7.89       | 15.51        | 15.51     | (4.42)       | 1.28         | 3.26          |
| Russell:Midcap Index | 6.92       | 25.47        | 25.47     | 1.05         | 4.66         | 6.54          |
| Russell 2000         | 7.94       | 26.85        | 26.85     | 2.22         | 4.47         | 6.33          |
| Russell:2000 Growth  | 7.59       | 29.09        | 29.09     | 2.18         | 5.30         | 3.78          |
| Russell:2000 Value   | 8.31       | 24.50        | 24.50     | 2.19         | 3.52         | 8.42          |

Domestic equities finished the year with a bang. The worst performing segment of the market, large cap growth, returned over 5.5% and the best performing segment, small cap value, returned 8.3%. While December returns were relatively even between each of the market segments shown above, a large divide can be seen in the one-year numbers. Small and mid caps had returns greater than 25% for the year, but large cap stocks only returned around 16%.

In terms of sector performance, Materials surged 10.4% in December, followed by Financials with a 9.4% gain. Utilities and Consumer Services both lagged, gaining 3.2% and 3.7%, respectively.

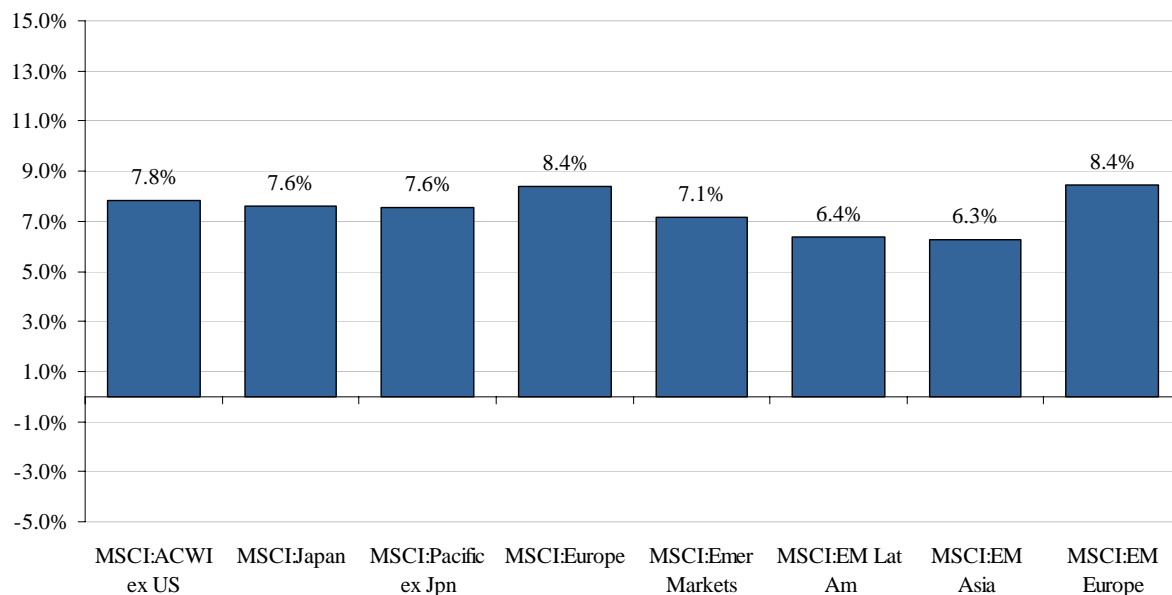
DJ US Total Stock Market Sector Returns



Returns  
for Periods Ended December 31, 2010

|                     | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---------------------|------------|--------------|-----------|--------------|--------------|---------------|
| MSCI:ACWI ex US     | 7.85       | 11.60        | 11.60     | (4.58)       | 5.29         | 5.97          |
| MSCI:ACWI ex US Gr  | 7.62       | 14.79        | 14.79     | (4.45)       | 5.59         | 4.71          |
| MSCI:ACW ex US Val  | 8.07       | 8.40         | 8.40      | (4.77)       | 4.92         | 7.13          |
| MSCI:EAFE US\$      | 8.10       | 7.75         | 7.75      | (7.02)       | 2.46         | 3.50          |
| MSCI:EAFE Hedged    | 4.77       | 2.84         | 2.84      | (9.96)       | (2.64)       | (1.81)        |
| MSCI:Emer Markets   | 7.15       | 19.20        | 19.20     | (0.03)       | 13.11        | 16.23         |
| S&P:Dev x US Sm Cap | 10.61      | 21.96        | 21.96     | (2.54)       | 5.16         | 9.28          |

Monthly Regional Returns



International equity markets surged in December, as worries over the euro and sovereign debt loads have subsided (or have at least been deferred). Developed markets (EAFE) gained 8.1% and emerging markets trailed slightly, up 7.2%. The dollar continued to show weakness as the unhedged version of the EAFE Index outperformed the hedged version by 3.3%.

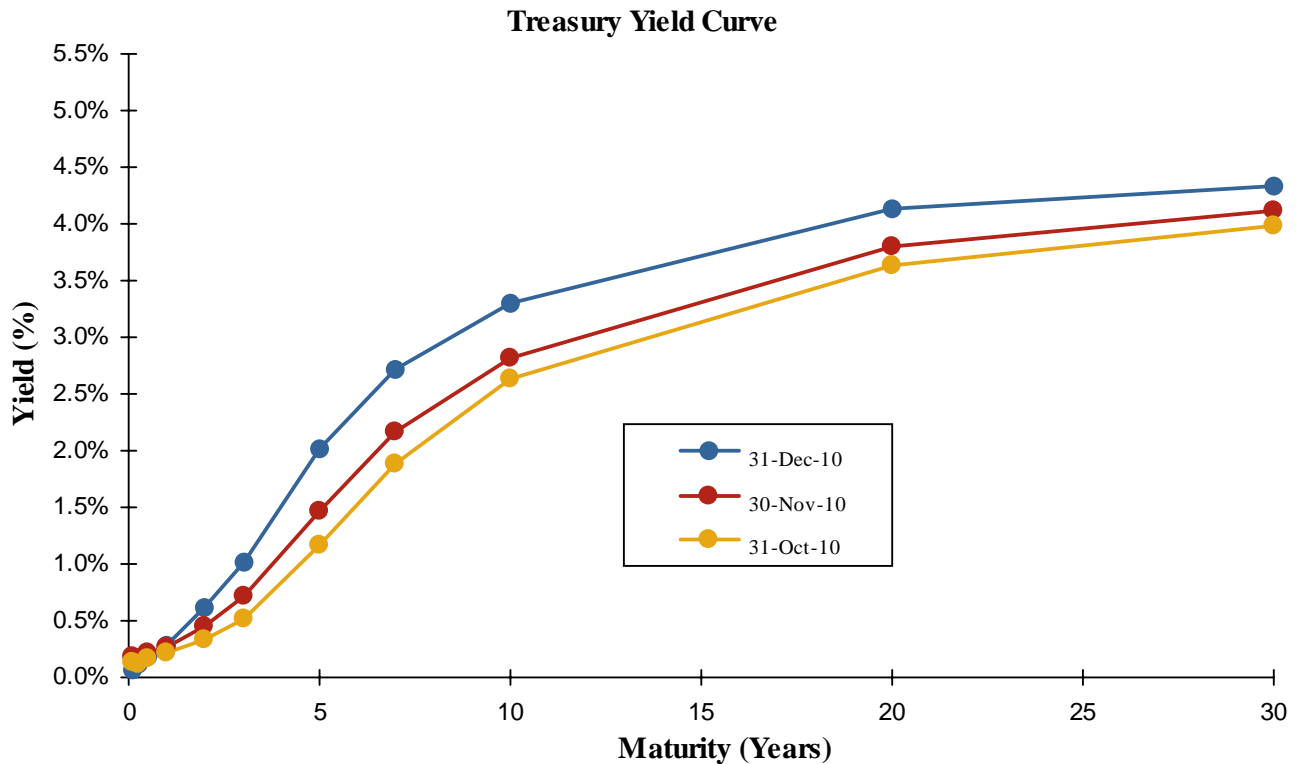
Regional returns were clustered close together in December. The best performing region, European emerging markets, gained 8.4%, and the worst performing region, Asian emerging markets, gained 6.3%.

Value stocks outperformed growth stocks for the month but the opposite is true over the last one, three, and five years.



**Returns**  
for Periods Ended December 31, 2010

|                      | Last Month | Year to Date | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|----------------------|------------|--------------|-----------|--------------|--------------|---------------|
| BC:Aggr Bd           | (1.08)     | 6.54         | 6.54      | 5.90         | 5.80         | 5.83          |
| BC:Govt Index        | (1.62)     | 5.52         | 5.52      | 5.07         | 5.45         | 5.42          |
| BC:Credit            | (1.01)     | 8.47         | 8.47      | 6.85         | 5.98         | 6.55          |
| BC:Mortgage Idx      | (0.55)     | 5.37         | 5.37      | 6.52         | 6.34         | 5.89          |
| BC:US TIPS Index     | (1.55)     | 6.31         | 6.31      | 4.97         | 5.33         | 7.03          |
| ML:High Yield CP Idx | 1.72       | 15.24        | 15.24     | 9.94         | 8.68         | 8.72          |
| 3 Month T-Bill       | 0.02       | 0.13         | 0.13      | 0.79         | 2.43         | 2.38          |



December was another tough month for the fixed income market, marking the second in a row of negative returns. The only segments to not have a negative return were high yields (1.7%) and cash (0.02%). TIPS and government securities were the worst performers, both losing 1.6%. The overall market, as measured by the BC Aggregate Bond Index, was down 1.1%. The Treasury yield curve steepened as yields on bonds with maturities of one year or more moved up and those with maturities of one year or less moved down.

Callan met with the following IMRF investment managers during the month:

Alliance Bernstein

Mackay Shields

Pyramis Management Trust Co.

GlobeFlex Capital, LP

Morgan Stanley Prime Property

Brandes Investment Partners

Northern Trust Investments, Inc.

### **Total Fund**

As of December 31, allocations to all asset classes are within 4% of their target allocations with exception of Real Estate, which has an actual allocation of 1.8% compared to a target of 6.0%. Funding of the recently hired real estate managers will bring the real estate allocation within the acceptable range over the next few months.

The Total Fund returned 4.26% for December, ahead of the Total Fund Benchmark by 29 basis points. For the fiscal year 2010, the Fund was up 13.59%, beating the benchmark by 85 basis points. Domestic and International Equity had strong absolute performance but slightly underperformed their respective benchmarks. Fixed Income had negative returns for the month but outperformed the BC Aggregate Index meaningfully. The best absolute returns, not counting alternative investments, came from International Equity, up 7.53 %, and the worst from Fixed Income, down 0.56%. Collectively, alternative investments were up 1.38%, well ahead of the benchmark.

### **US Equity**

Large Cap: The Fund's Large Cap Domestic Equity managers returned 6.33%, 35 basis points behind the Russell 1000. Growth managers collectively earned 4.90%, 61 basis points behind the Russell 1000 Growth Index. Value managers collectively earned 7.52%, 37 basis points behind the Russell 1000 Value Index. Dodge & Cox had the best performance among large cap managers at 7.66% and Sands had the worst performance at 3.06%.

Small Cap: The Small Cap portfolio earned 8.36% for the month compared to 7.94% for the Russell 2000. Small Cap Growth managers were up 8.69% with Pyramis posting the strongest monthly performance. Small Cap Value managers were up 8.63% with strongest performance turned in by DFA Small Cap. The Micro Cap segment gained 7.29% with best performance contributed by DFA Micro Cap.

### **International Equity**

Large Cap: International Large Cap managers returned 7.58% for the month, 25 basis points behind the MSCI ACW ex-US Index. Large Cap Growth was up 7.06% and Large Cap Value was up 7.21%. Arrowstreet, the large cap core manager, earned 8.04%, the best performance of any large cap international manager for the month..

### **International Small Cap and Emerging Markets**

The international small cap manager, William Blair, earned 7.06% trailing the index by 3.54%. The emerging markets portfolio managed by Genesis returned 7.17% during December, outperforming the MSCI Emerging Markets Index by 0.02%.

## **Domestic Fixed Income**

*Active Core:* The active core fixed income component returned -0.93%, beating the BC Aggregate by 15 basis points. The enhanced core portfolios outperformed its index for the month by 3 basis points.

*Core Plus:* The core plus managers collectively earned -0.73% compared to -1.08% for the BC Aggregate. Taplin turned in the best performance at -0.57% and Progress the worst at -1.33%.

*High Yield:* MacKay Shields and Pyramis together returned 2.01%, compared to 1.72% for the index. Pyramis was responsible for the relative outperformance with a return of 2.62%.

## **Real Estate**

Returns for both real estate funds and real estate indexes are estimated for monthly reporting purposes. Based on the current estimates, the opportunistic real estate funds did best in December with a return similar to the estimated return for the benchmark. Over the past year, Opportunistic real estate has had the strongest performance of any strategy with a 24.44% return. For the year, Core and Value added real estate had the lowest returns of any investment strategy other than timber with returns of 2.33% and 2.10% respectively.

## **Alternatives**

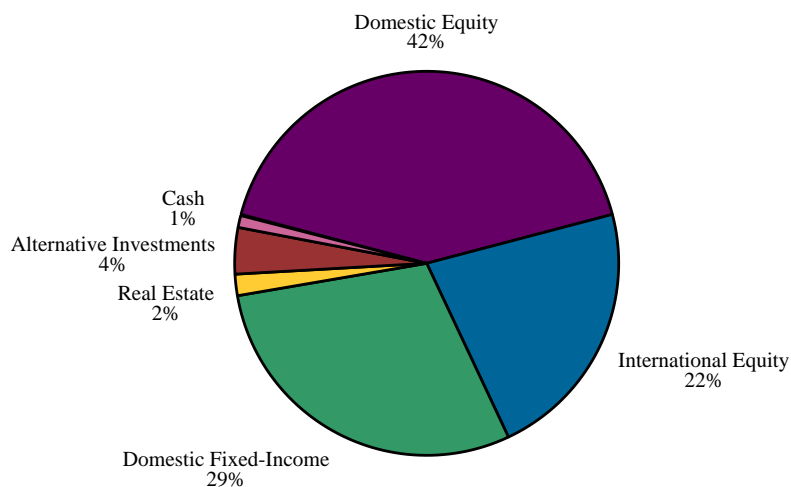
*Absolute Return:* The hedge fund-of-funds collectively returned 1.53% for the month, trailing the HRF Fund-of-Funds Index by 44 basis points but well ahead of the custom alternatives benchmark of 0.72%.

*Agriculture and Timberland:* The Agriculture portfolio returned 7.90%, significantly ahead of the benchmark return of 1.35%. The Timberland portfolio had an estimated return of 0% for month, well behind the blended benchmark.

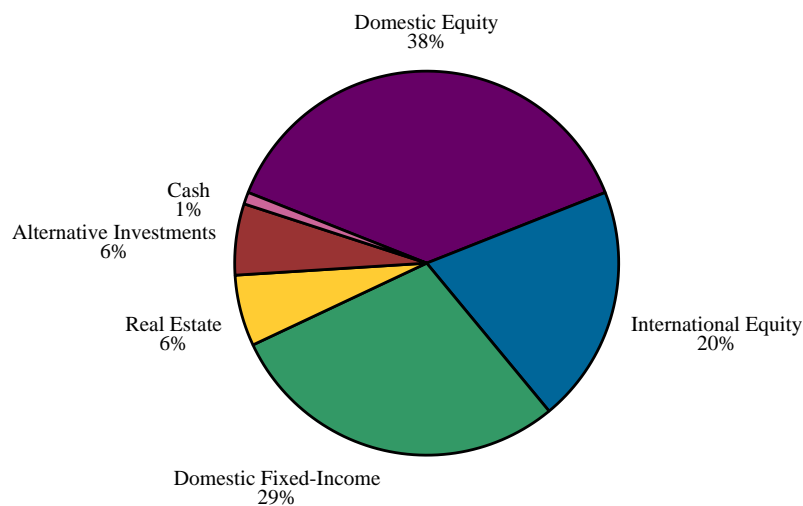
### Actual vs Target Asset Allocation

The first chart below shows the Funds asset allocation as of December 31, 2010. The second chart shows the Funds 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         | 10,471            | 41.8%          | 38.0%          | 3.8%               | 952                   |
| International Equity    | 5,527             | 22.1%          | 20.0%          | 2.1%               | 517                   |
| Domestic Fixed-Income   | 7,351             | 29.3%          | 29.0%          | 0.3%               | 87                    |
| Real Estate             | 463               | 1.8%           | 6.0%           | (4.2%)             | (1,040)               |
| Alternative Investments | 980               | 3.9%           | 6.0%           | (2.1%)             | (523)                 |
| Cash                    | 258               | 1.0%           | 1.0%           | 0.0%               | 8                     |
| <b>Total</b>            | <b>25,050</b>     | <b>100.0%</b>  | <b>100.0%</b>  |                    |                       |

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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.

01/28/11

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2010, with the distribution as of November 30, 2010.

### Asset Distribution Across Investment Managers

|                                       | December 31, 2010       |               | November 30, 2010      |               |
|---------------------------------------|-------------------------|---------------|------------------------|---------------|
|                                       | Market Value            | Percent       | Market Value           | Percent       |
| <b>Domestic Equity</b>                | <b>\$10,470,556,395</b> | <b>41.80%</b> | <b>\$9,807,682,375</b> | <b>40.74%</b> |
| <b>Large Cap Growth</b>               |                         |               |                        |               |
| Alliance Bernstein                    | 516,645,206             | 2.06%         | 485,129,447            | 2.02%         |
| Holland                               | 511,734,339             | 2.04%         | 489,034,670            | 2.03%         |
| NTGI S&P 500 Growth Idx               | 1,187,846,705           | 4.74%         | 1,128,701,707          | 4.69%         |
| Sands                                 | 583,013,433             | 2.33%         | 565,719,873            | 2.35%         |
| <b>Large Cap Value</b>                |                         |               |                        |               |
| Dodge & Cox                           | 260,938,375             | 1.04%         | 242,364,193            | 1.01%         |
| Harris                                | 588,538,174             | 2.35%         | 554,780,950            | 2.30%         |
| LSV                                   | 488,451,405             | 1.95%         | 454,216,686            | 1.89%         |
| NTGI S&P 500 Value Idx                | 1,167,149,358           | 4.66%         | 1,078,579,903          | 4.48%         |
| <b>Large Cap Core</b>                 |                         |               |                        |               |
| Progress                              | 375,589,319             | 1.50%         | 354,441,190            | 1.47%         |
| NTGI MarketCap Index                  | 2,239,118,437           | 8.94%         | 2,095,974,086          | 8.71%         |
| NTGI MarketCap Index - NL             | 303,991,840             | 1.21%         | 284,585,083            | 1.18%         |
| <b>Small Cap Growth</b>               |                         |               |                        |               |
| Buford                                | 30,311,323              | 0.12%         | 28,310,602             | 0.12%         |
| Fortaleza                             | 21,737,832              | 0.09%         | 20,363,936             | 0.08%         |
| Frontier                              | 403,268,272             | 1.61%         | 371,439,058            | 1.54%         |
| Pyramis                               | 574,477,930             | 2.29%         | 527,377,854            | 2.19%         |
| <b>Small Cap Value</b>                |                         |               |                        |               |
| Dimensional Small Cap Value           | 244,133,347             | 0.97%         | 223,741,619            | 0.93%         |
| Inv. Counselors of Maryland           | 483,948,564             | 1.93%         | 446,467,968            | 1.85%         |
| <b>Micro Cap</b>                      |                         |               |                        |               |
| Ariel                                 | 55,583,987              | 0.22%         | 52,526,108             | 0.22%         |
| Ativo                                 | 28,970,718              | 0.12%         | 27,707,628             | 0.12%         |
| Dimensional Micro Cap                 | 127,495,621             | 0.51%         | 117,880,974            | 0.49%         |
| Wall Street                           | 277,612,209             | 1.11%         | 258,338,841            | 1.07%         |
| <b>International Equity</b>           | <b>\$5,527,042,255</b>  | <b>22.06%</b> | <b>\$5,140,118,140</b> | <b>21.35%</b> |
| <b>International Large Cap Growth</b> |                         |               |                        |               |
| Brown                                 | 142,507,621             | 0.57%         | 133,551,580            | 0.55%         |
| EARNEST Partners                      | 251,151,052             | 1.00%         | 235,045,818            | 0.98%         |
| GlobeFlex                             | 388,713,709             | 1.55%         | 360,383,718            | 1.50%         |
| McKinley                              | 298,676,059             | 1.19%         | 278,889,533            | 1.16%         |
| William Blair                         | 772,283,588             | 3.08%         | 723,264,222            | 3.00%         |
| <b>International Large Cap Value</b>  |                         |               |                        |               |
| Brandes                               | 639,037,994             | 2.55%         | 596,076,450            | 2.48%         |
| <b>International Large Cap Core</b>   |                         |               |                        |               |
| Arrowstreet                           | 391,626,822             | 1.56%         | 362,482,342            | 1.51%         |
| NTGI MSCI EAFE Index                  | 1,682,338,356           | 6.72%         | 1,556,131,387          | 6.46%         |
| NTGI MSCI EAFE Index - NL             | 313,052,138             | 1.25%         | 289,577,555            | 1.20%         |
| <b>International Small Cap</b>        |                         |               |                        |               |
| William Blair                         | 159,892,506             | 0.64%         | 149,344,441            | 0.62%         |
| AXA Rosenberg                         | 357,064                 | 0.00%         | 337,416                | 0.00%         |

William Blair International Small Cap Equity was funded August 6, 2010. AXA Rosenberg was liquidated on the same date. Ariel and Ativo were funded September 16, 2010 and September 14, 2010 respectively.

### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2010, with the distribution as of November 30, 2010.

#### Asset Distribution Across Investment Managers

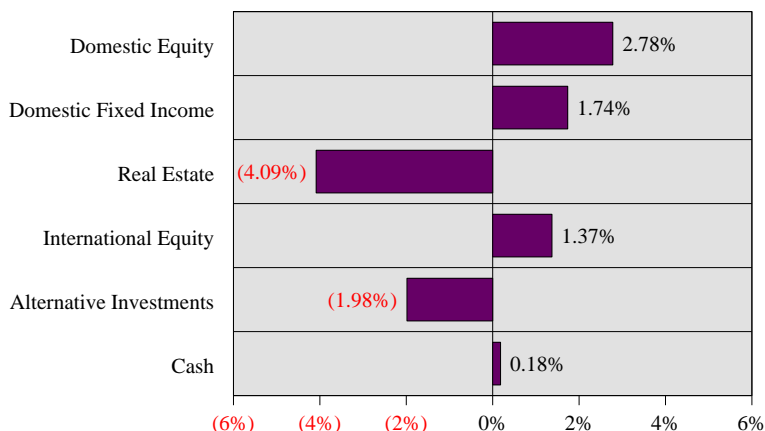
|                                  | December 31, 2010       |               | November 30, 2010       |               |
|----------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                  | Market Value            | Percent       | Market Value            | Percent       |
| <b>Emerging Markets</b>          |                         |               |                         |               |
| Genesis                          | 487,405,347             | 1.95%         | 455,033,678             | 1.89%         |
| <b>Domestic Fixed-Income</b>     | <b>\$7,351,103,122</b>  | <b>29.35%</b> | <b>\$7,392,276,144</b>  | <b>30.71%</b> |
| <b>Domestic Fixed Core</b>       |                         |               |                         |               |
| EARNEST Partners                 | 258,382,681             | 1.03%         | 261,252,271             | 1.09%         |
| Piedmont                         | 280,128,077             | 1.12%         | 282,299,419             | 1.17%         |
| BlackRock Enhanced               | 848,169,273             | 3.39%         | 857,134,222             | 3.56%         |
| NTGI BC Aggregate Index          | 1,740,366,888           | 6.95%         | 1,759,761,545           | 7.31%         |
| <b>Domestic Fixed Core Plus</b>  |                         |               |                         |               |
| BlackRock Core Plus              | 624,577,430             | 2.49%         | 629,509,905             | 2.61%         |
| LM Capital                       | 723,227,243             | 2.89%         | 727,837,817             | 3.02%         |
| Progress Fixed Income            | 374,295,973             | 1.49%         | 379,322,356             | 1.58%         |
| Taplin, Canida, & Habacht        | 701,605,041             | 2.80%         | 705,597,925             | 2.93%         |
| Western                          | 944,304,988             | 3.77%         | 950,356,113             | 3.95%         |
| <b>High Yield</b>                |                         |               |                         |               |
| MacKay Shields                   | 413,184,814             | 1.65%         | 407,635,131             | 1.69%         |
| Pyramis High Yield               | 442,860,715             | 1.77%         | 431,569,441             | 1.79%         |
| <b>Real Estate</b>               | <b>\$463,137,639</b>    | <b>1.85%</b>  | <b>\$458,380,840</b>    | <b>1.90%</b>  |
| <b>Real Estate Opportunistic</b> |                         |               |                         |               |
| Lazard Freres                    | 30,980,389              | 0.12%         | 30,980,389              | 0.13%         |
| Olympus Real Estate Fund II      | 1,182,547               | 0.00%         | 1,182,547               | 0.00%         |
| Security                         | 49,078,648              | 0.20%         | 47,928,549              | 0.20%         |
| Dune Real Estate Fund II         | 7,951,036               | 0.03%         | 5,651,036               | 0.02%         |
| <b>Real Estate Core</b>          |                         |               |                         |               |
| BlackRock Granite Fund           | 54,932,577              | 0.22%         | 54,932,577              | 0.23%         |
| Buckhead                         | 209,478,991             | 0.84%         | 209,478,992             | 0.87%         |
| Sentinel                         | 53,154,590              | 0.21%         | 53,154,590              | 0.22%         |
| <b>Real Estate Value Added</b>   |                         |               |                         |               |
| Rockwood                         | 12,431,664              | 0.05%         | 11,912,911              | 0.05%         |
| Rothschild                       | 17,262,550              | 0.07%         | 16,474,602              | 0.07%         |
| <b>Alternative Investments</b>   | <b>\$979,659,983</b>    | <b>3.91%</b>  | <b>\$964,982,376</b>    | <b>4.01%</b>  |
| <b>Absolute Return</b>           |                         |               |                         |               |
| Aurora                           | 140,406,086             | 0.56%         | 136,844,618             | 0.57%         |
| Grosvenor                        | 118,727,390             | 0.47%         | 117,102,726             | 0.49%         |
| Mesirow                          | 118,421,158             | 0.47%         | 117,903,640             | 0.49%         |
| <b>Private Equity</b>            |                         |               |                         |               |
| Abbott                           | 275,013,192             | 1.10%         | 280,081,732             | 1.16%         |
| Muller & Monroe ILPEFF           | 13,368,516              | 0.05%         | 13,523,056              | 0.06%         |
| Muller & Monroe MPEFF            | 12,379,843              | 0.05%         | 11,791,890              | 0.05%         |
| Pantheon                         | 153,220,361             | 0.61%         | 153,652,302             | 0.64%         |
| <b>Agriculture</b>               |                         |               |                         |               |
| Cozad/Westchester                | 86,797,778              | 0.35%         | 72,758,588              | 0.30%         |
| <b>Timberland</b>                |                         |               |                         |               |
| Forest Investment Assoc.         | 61,195,638              | 0.24%         | 61,195,638              | 0.25%         |
| <b>Cash</b>                      | <b>\$258,193,252</b>    | <b>1.03%</b>  | <b>\$310,555,907</b>    | <b>1.29%</b>  |
| <b>Total Fund</b>                | <b>\$25,049,692,645</b> | <b>100.0%</b> | <b>\$24,073,995,781</b> | <b>100.0%</b> |



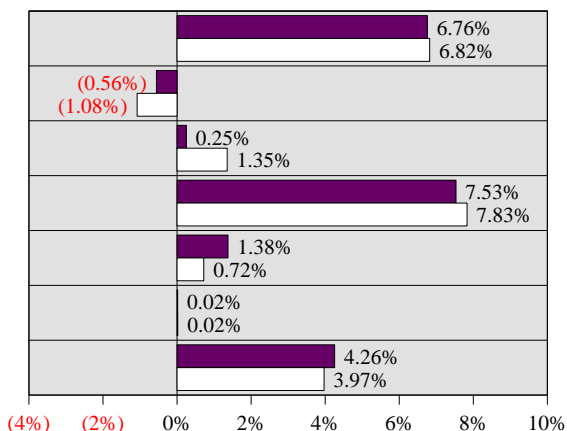
## Monthly Total Fund Relative Attribution - December 31, 2010

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.

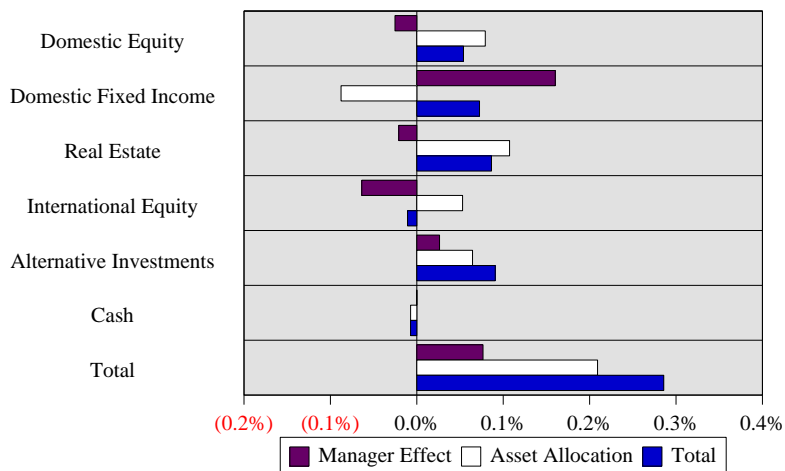
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Month ended December 31, 2010

| Asset Class             | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Asset Allocation | Total Relative Return |
|-------------------------|-------------------------|-------------------------|---------------|---------------|----------------|------------------|-----------------------|
| Domestic Equity         | 41%                     | 38%                     | 6.76%         | 6.82%         | (0.03%)        | 0.08%            | 0.05%                 |
| Domestic Fixed Income   | 31%                     | 29%                     | (0.56%)       | (1.08%)       | 0.16%          | (0.09%)          | 0.07%                 |
| Real Estate             | 2%                      | 6%                      | 0.25%         | 1.35%         | (0.02%)        | 0.11%            | 0.09%                 |
| International Equity    | 21%                     | 20%                     | 7.53%         | 7.83%         | (0.06%)        | 0.05%            | (0.01%)               |
| Alternative Investments | 4%                      | 6%                      | 1.38%         | 0.72%         | 0.03%          | 0.06%            | 0.09%                 |
| Cash                    | 1%                      | 1%                      | 0.02%         | 0.02%         | (0.00%)        | (0.01%)          | (0.01%)               |

**Total** **4.26% = 3.97% + 0.08% + 0.21%**

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 December 31, 2010

|  | Last Month   | Last 3 Months | Year to Date  |
|--|--------------|---------------|---------------|
| Domestic Equity (12/31/81)               | 6.76%        | 13.13%        | 18.92%        |
| DJ U.S. Total Stock Market Index         | 6.82%        | 11.67%        | 17.51%        |
| Domestic Equity - Net (12/31/04)         | 6.76%        | 13.07%        | 18.63%        |
| International Equity (08/31/86)          | 7.53%        | 7.00%         | 12.98%        |
| MSCI ACWI x US (Net)                     | 7.83%        | 7.20%         | 11.15%        |
| International Equity - Net (12/31/04)    | 7.53%        | 6.93%         | 12.68%        |
| Domestic Fixed-Income (12/31/81)         | (0.56%)      | (0.37%)       | 8.59%         |
| BC Aggregate Index                       | (1.08%)      | (1.30%)       | 6.54%         |
| Domestic Fixed-Inc. - Net (12/31/04)     | (0.56%)      | (0.40%)       | 8.43%         |
| Real Estate (04/30/85)                   | 0.25%        | 4.61%         | 6.03%         |
| Blended Benchmark**                      | 1.35%        | 4.11%         | 13.29%        |
| Real Estate - Net (12/31/04)             | 0.25%        | 4.61%         | 6.03%         |
| Alternative Investments (01/31/86)       | 1.38%        | 4.65%         | 9.56%         |
| Alternatives Custom Benchmark***         | 0.72%        | 2.18%         | 10.49%        |
| Alternative Investments - Net (12/31/04) | 1.38%        | 4.59%         | 9.29%         |
| Absolute Return (12/31/01)               | 1.53%        | 3.67%         | 5.96%         |
| HFR Fund-of-Funds Index                  | 1.97%        | 3.37%         | 5.46%         |
| Private Equity (01/31/86)                | 0.33%        | 5.54%         | 15.30%        |
| Alternatives Custom Benchmark***         | 0.72%        | 2.18%         | 10.49%        |
| Agriculture (09/30/97)                   | 7.90%        | 7.77%         | 2.68%         |
| Blended Benchmark**                      | 1.35%        | 4.11%         | 13.29%        |
| Timberland (09/30/92)                    | 0.00%        | (0.25%)       | (0.23%)       |
| Blended Benchmark**                      | 1.35%        | 4.11%         | 13.29%        |
| <b>Total Fund (12/31/81)</b>             | <b>4.26%</b> | <b>6.87%</b>  | <b>13.59%</b> |
| Total Fund Benchmark                     | 3.97%        | 5.84%         | 12.74%        |
| Total Fund - Net (12/31/04)              | 4.25%        | 6.82%         | 13.35%        |

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| Domestic Equity (12/31/81)               | (1.38%)              | 3.20%                | 3.04%                 | 11.41%             |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 11.06%             |
| Domestic Equity - Net (12/31/04)         | (1.62%)              | 2.95%                | -                     | 3.89%              |
| International Equity (08/31/86)          | (5.44%)              | 4.41%                | 6.16%                 | 8.57%              |
| MSCI ACWI x US (Net)                     | (5.03%)              | 4.82%                | 5.54%                 | -                  |
| International Equity - Net (12/31/04)    | (5.74%)              | 4.05%                | -                     | 6.20%              |
| Domestic Fixed-Income (12/31/81)         | 7.10%                | 6.51%                | 6.43%                 | 9.42%              |
| BC Aggregate Index                       | 5.90%                | 5.80%                | 5.83%                 | 9.01%              |
| Domestic Fixed-Inc. - Net (12/31/04)     | 6.98%                | 6.38%                | -                     | 5.75%              |
| Real Estate (04/30/85)                   | (8.33%)              | 1.00%                | 4.97%                 | 3.71%              |
| Blended Benchmark**                      | (3.42%)              | 2.52%                | 4.97%                 | 6.86%              |
| Real Estate - Net (12/31/04)             | (8.33%)              | 1.00%                | -                     | 2.52%              |
| Alternative Investments (01/31/86)       | (0.30%)              | 6.33%                | 2.78%                 | 11.35%             |
| Alternatives Custom Benchmark***         | 11.49%               | 11.70%               | 12.54%                | 14.01%             |
| Alternative Investments - Net (12/31/04) | (0.57%)              | 6.02%                | -                     | 7.99%              |
| Absolute Return (12/31/01)               | (0.96%)              | 4.00%                | -                     | 5.36%              |
| HFR Fund-of-Funds Index                  | (2.60%)              | 2.38%                | 4.12%                 | 4.27%              |
| Private Equity (01/31/86)                | (0.70%)              | 8.57%                | 2.77%                 | 13.36%             |
| Alternatives Custom Benchmark***         | 11.49%               | 11.70%               | 12.54%                | 14.01%             |
| Agriculture (09/30/97)                   | 0.89%                | 8.89%                | 6.51%                 | 5.85%              |
| Blended Benchmark**                      | (3.42%)              | 2.52%                | 4.97%                 | 5.55%              |
| Timberland (09/30/92)                    | 8.19%                | 5.64%                | 3.43%                 | 9.59%              |
| Blended Benchmark**                      | (3.42%)              | 2.52%                | 4.97%                 | 6.11%              |
| <b>Total Fund (12/31/81)</b>             | <b>2.07%</b>         | <b>5.62%</b>         | <b>5.37%</b>          | <b>10.32%</b>      |
| Total Fund Benchmark                     | 2.07%                | 5.39%                | 5.22%                 | -                  |
| Total Fund - Net (12/31/04)              | 1.86%                | 5.39%                | -                     | 5.90%              |

\* Current Month Target = 38.0% US Total Stock Market Idx, 29.0% BC 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 December 31, 2010

|  | Last Month   | Last 3 Months | Year to Date  |
|--|--------------|---------------|---------------|
| <b>Large Cap Equity (12/31/81)</b>       | <b>6.33%</b> | <b>11.54%</b> | <b>16.15%</b> |
| Russell 1000 Index                       | 6.68%        | 11.19%        | 16.10%        |
| <b>Large Cap Growth (12/31/81)</b>       | <b>4.90%</b> | <b>12.26%</b> | <b>16.45%</b> |
| Alliance Bernstein (02/28/02)            | 6.50%        | 13.78%        | 9.77%         |
| LCG Blended Benchmark*                   | 5.51%        | 11.83%        | 16.71%        |
| Russell 1000 Growth Index                | 5.51%        | 11.83%        | 16.71%        |
| Alliance Bernstein - Net (12/31/04)      | 6.50%        | 13.70%        | 9.45%         |
| Holland (10/31/94)                       | 4.64%        | 9.90%         | 15.61%        |
| LCG Blended Benchmark*                   | 5.51%        | 11.83%        | 16.71%        |
| Russell 1000 Growth Index                | 5.51%        | 11.83%        | 16.71%        |
| Holland - Net (12/31/04)                 | 4.64%        | 9.84%         | 15.22%        |
| NTGI S&P 500 Growth Idx (07/31/01)       | 5.24%        | 11.02%        | 15.17%        |
| S&P/Citi 500 Growth Index                | 5.22%        | 11.02%        | 15.05%        |
| NTGI S&P 500 Growth Idx - Net (12/31/04) | 5.24%        | 11.02%        | 15.16%        |
| Sands (10/31/03)                         | 3.06%        | 15.72%        | 27.05%        |
| LCG Blended Benchmark*                   | 5.51%        | 11.83%        | 16.71%        |
| Russell 1000 Growth Index                | 5.51%        | 11.83%        | 16.71%        |
| Sands - Net (12/31/04)                   | 3.06%        | 15.64%        | 26.71%        |
| <b>Large Cap Value (09/30/82)</b>        | <b>7.52%</b> | <b>10.56%</b> | <b>14.63%</b> |
| Dodge & Cox (08/31/03)                   | 7.66%        | 11.12%        | 13.62%        |
| LCV Blended Benchmark**                  | 7.89%        | 10.54%        | 15.51%        |
| Russell 1000 Value Index                 | 7.89%        | 10.54%        | 15.51%        |
| Dodge & Cox - Net (12/31/04)             | 7.66%        | 11.05%        | 13.34%        |
| Harris (01/31/01)                        | 6.08%        | 11.45%        | 14.69%        |
| LCV Blended Benchmark**                  | 7.89%        | 10.54%        | 15.51%        |
| Russell 1000 Value Index                 | 7.89%        | 10.54%        | 15.51%        |
| Harris - Net (12/31/04)                  | 6.08%        | 11.38%        | 14.41%        |
| LSV (01/31/03)                           | 7.54%        | 9.33%         | 13.80%        |
| LCV Blended Benchmark**                  | 7.89%        | 10.54%        | 15.51%        |
| Russell 1000 Value Index                 | 7.89%        | 10.54%        | 15.51%        |
| LSV - Net (12/31/04)                     | 7.54%        | 9.25%         | 13.48%        |
| NTGI S&P 500 Value Idx (07/31/99)        | 8.21%        | 10.52%        | 15.15%        |
| S&P/Citi 500 Value Index                 | 8.22%        | 10.51%        | 15.10%        |
| NTGI S&P 500 Value Idx - Net (12/31/04)  | 8.21%        | 10.52%        | 15.14%        |

\* 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Large Cap Equity (12/31/81)</b>       | <b>(2.42%)</b>       | <b>2.42%</b>         | <b>1.25%</b>          | <b>10.80%</b>      |
| Russell 1000 Index                       | (2.37%)              | 2.59%                | 1.83%                 | 11.26%             |
| <b>Large Cap Growth (12/31/81)</b>       | <b>0.35%</b>         | <b>3.51%</b>         | <b>(0.92%)</b>        | <b>11.33%</b>      |
| Alliance Bernstein (02/28/02)            | (3.63%)              | 0.96%                | -                     | 2.80%              |
| LCG Blended Benchmark*                   | (0.47%)              | 3.75%                | 1.07%                 | 3.15%              |
| Russell 1000 Growth Index                | (0.47%)              | 3.75%                | 0.02%                 | 3.34%              |
| Alliance Bernstein - Net (12/31/04)      | (3.92%)              | 0.66%                | -                     | 3.14%              |
| Holland (10/31/94)                       | 2.54%                | 4.83%                | 3.40%                 | 9.35%              |
| LCG Blended Benchmark*                   | (0.47%)              | 3.75%                | 1.07%                 | 8.31%              |
| Russell 1000 Growth Index                | (0.47%)              | 3.75%                | 0.02%                 | 7.28%              |
| Holland - Net (12/31/04)                 | 2.23%                | 4.55%                | -                     | 3.78%              |
| NTGI S&P 500 Growth Idx (07/31/01)       | (0.45%)              | 3.63%                | -                     | 2.40%              |
| S&P/Citi 500 Growth Index                | (0.50%)              | 3.60%                | 0.99%                 | 2.35%              |
| NTGI S&P 500 Growth Idx - Net (12/31/04) | (0.46%)              | 3.62%                | -                     | 3.69%              |
| Sands (10/31/03)                         | 4.02%                | 4.83%                | -                     | 8.34%              |
| LCG Blended Benchmark*                   | (0.47%)              | 3.75%                | 1.07%                 | 4.77%              |
| Russell 1000 Growth Index                | (0.47%)              | 3.75%                | 0.02%                 | 4.87%              |
| Sands - Net (12/31/04)                   | 3.73%                | 4.54%                | -                     | 5.56%              |
| <b>Large Cap Value (09/30/82)</b>        | <b>(5.10%)</b>       | <b>1.25%</b>         | <b>2.62%</b>          | <b>9.82%</b>       |
| Dodge & Cox (08/31/03)                   | (4.67%)              | 0.80%                | -                     | 6.20%              |
| LCV Blended Benchmark**                  | (4.42%)              | 1.28%                | 1.85%                 | 5.36%              |
| Russell 1000 Value Index                 | (4.42%)              | 1.28%                | 3.26%                 | 5.71%              |
| Dodge & Cox - Net (12/31/04)             | (4.90%)              | 0.55%                | -                     | 1.99%              |
| Harris (01/31/01)                        | (5.52%)              | 1.71%                | 4.93%                 | 4.86%              |
| LCV Blended Benchmark**                  | (4.42%)              | 1.28%                | 1.85%                 | 1.44%              |
| Russell 1000 Value Index                 | (4.42%)              | 1.28%                | 3.26%                 | 3.25%              |
| Harris - Net (12/31/04)                  | (5.76%)              | 1.46%                | -                     | 3.32%              |
| LSV (01/31/03)                           | (3.89%)              | 2.05%                | -                     | 9.36%              |
| LCV Blended Benchmark**                  | (4.42%)              | 1.28%                | 1.85%                 | 7.46%              |
| Russell 1000 Value Index                 | (4.42%)              | 1.28%                | 3.26%                 | 7.48%              |
| LSV - Net (12/31/04)                     | (4.18%)              | 1.76%                | -                     | 3.08%              |
| NTGI S&P 500 Value Idx (07/31/99)        | (5.34%)              | 0.91%                | 1.68%                 | 2.15%              |
| S&P/Citi 500 Value Index                 | (5.36%)              | 0.87%                | 1.65%                 | 2.15%              |
| NTGI S&P 500 Value Idx - Net (12/31/04)  | (5.35%)              | 0.90%                | -                     | 1.73%              |

\* 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 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 December 31, 2010

|  | Last<br>Month | Last<br>3<br>Months | Year<br>to<br>Date |
|--|---------------|---------------------|--------------------|
| <b>Large Cap Active Core (12/31/04)</b>  | <b>5.97%</b>  | <b>12.06%</b>       | <b>15.90%</b>      |
| Progress (01/31/05)                      | 5.97%         | 12.06%              | 15.90%             |
| DJ U.S. Total Stock Market Index         | 6.82%         | 11.67%              | 17.51%             |
| Progress - Net (01/31/05)                | 5.97%         | 11.90%              | 15.21%             |
| <b>Large Cap Passive Core (12/31/84)</b> | <b>6.83%</b>  | <b>11.66%</b>       | <b>17.33%</b>      |
| NTGI MarketCap Idx (01/31/85)            | 6.83%         | 11.66%              | 17.44%             |
| DJ U.S. Total Stock Market Index         | 6.82%         | 11.67%              | 17.51%             |
| NTGI MarketCap Idx - Net (12/31/04)      | 6.83%         | 11.66%              | 17.43%             |
| NTGI MarketCap Idx NL (06/30/09)         | 6.82%         | 11.66%              | 17.47%             |
| DJ U.S. Total Stock Market Index         | 6.82%         | 11.67%              | 17.51%             |
| NTGI MktCap NL - Net (06/30/09)          | 6.82%         | 11.66%              | 17.47%             |



### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Large Cap Active Core (12/31/04)</b>  | <b>(2.34%)</b>       | <b>2.92%</b>         | <b>-</b>              | <b>3.69%</b>       |
| Progress (01/31/05)                      | (2.34%)              | 2.92%                | -                     | 4.15%              |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 4.08%              |
| Progress - Net (01/31/05)                | (2.94%)              | 2.31%                | -                     | 3.54%              |
| <b>Large Cap Passive Core (12/31/84)</b> | <b>(2.09%)</b>       | <b>2.75%</b>         | <b>2.38%</b>          | <b>10.68%</b>      |
| NTGI MarketCap Idx (01/31/85)            | (2.06%)              | 2.77%                | 2.39%                 | 10.38%             |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 10.33%             |
| NTGI MarketCap Idx - Net (12/31/04)      | (2.06%)              | 2.76%                | -                     | 3.36%              |
| NTGI MarketCap Idx NL (06/30/09)         | -                    | -                    | -                     | 27.85%             |
| DJ U.S. Total Stock Market Index         | (1.76%)              | 3.00%                | 2.55%                 | 27.88%             |
| NTGI MktCap NL - Net (06/30/09)          | -                    | -                    | -                     | 27.85%             |



### 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 December 31, 2010

|  | Last Month   | Last 3 Months | Year to Date  |
|--|--------------|---------------|---------------|
| <b>Small Cap Equity (06/30/88)</b>       | <b>8.36%</b> | <b>19.32%</b> | <b>30.76%</b> |
| Russell 2000 Index                       | 7.94%        | 16.25%        | 26.85%        |
| <b>Small Cap Growth (06/30/88)</b>       | <b>8.69%</b> | <b>20.53%</b> | <b>31.52%</b> |
| Buford (10/31/06)                        | 7.07%        | 17.40%        | 28.61%        |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Buford - Net (10/31/06)                  | 7.07%        | 17.29%        | 28.11%        |
| Fortaleza (11/30/06)                     | 6.75%        | 18.80%        | 31.52%        |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Fortaleza - Net (11/30/06)               | 6.75%        | 18.67%        | 30.91%        |
| Frontier (07/31/88)                      | 8.57%        | 20.13%        | 30.96%        |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Frontier - Net (12/31/04)                | 8.57%        | 19.99%        | 29.50%        |
| Pyramis (07/31/88)                       | 8.93%        | 21.04%        | 32.00%        |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Pyramis - Net (12/31/04)                 | 8.93%        | 20.85%        | 30.92%        |
| <b>Small Cap Value (08/31/89)</b>        | <b>8.63%</b> | <b>17.61%</b> | <b>27.17%</b> |
| DFA Small Cap Value (01/31/96)           | 9.11%        | 19.34%        | 34.46%        |
| Russell 2000 Value Index                 | 8.31%        | 15.36%        | 24.50%        |
| DFA Small Cap Value - Net (12/31/04)     | 9.11%        | 19.20%        | 33.81%        |
| Inv. Counselors of Maryland (04/30/99)   | 8.39%        | 16.76%        | 23.78%        |
| Russell 2000 Value Index                 | 8.31%        | 15.36%        | 24.50%        |
| Inv. Couns. of Maryland - Net (12/31/04) | 8.39%        | 16.65%        | 23.10%        |
| <b>Micro Cap (06/30/84)</b>              | <b>7.29%</b> | <b>19.38%</b> | <b>37.88%</b> |
| Ariel (10/31/2010)                       | 5.81%        | -             | -             |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Russell 2000 Index                       | 7.94%        | 16.25%        | 26.85%        |
| Ariel - Net (10/31/10)                   | 5.81%        | -             | -             |
| Ativo (09/30/10)                         | 4.55%        | 12.67%        | -             |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Russell 2000 Index                       | 7.94%        | 16.25%        | 26.85%        |
| Ativo - Net (09/30/10)                   | 4.55%        | 12.67%        | -             |
| DFA Micro Cap (07/31/87)                 | 8.16%        | 17.49%        | 31.06%        |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Russell 2000 Index                       | 7.94%        | 16.25%        | 26.85%        |
| DFA Micro Cap - Net (12/31/04)           | 8.16%        | 17.35%        | 30.48%        |
| Wall Street (07/31/90)                   | 7.48%        | 23.40%        | 46.14%        |
| Russell 2000 Growth Index                | 7.59%        | 17.11%        | 29.09%        |
| Russell 2000 Index                       | 7.94%        | 16.25%        | 26.85%        |
| Wall Street - Net (12/31/04)             | 7.48%        | 23.19%        | 45.13%        |

### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Small Cap Equity (06/30/88)</b>       | <b>3.97%</b>         | <b>7.30%</b>         | <b>10.29%</b>         | <b>12.80%</b>      |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 9.18%              |
| <b>Small Cap Growth (06/30/88)</b>       | <b>3.74%</b>         | <b>7.72%</b>         | <b>9.62%</b>          | <b>13.67%</b>      |
| Buford (10/31/06)                        | (5.04%)              | -                    | -                     | 2.68%              |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 3.25%              |
| Buford - Net (10/31/06)                  | (5.43%)              | -                    | -                     | 3.25%              |
| Fortaleza (11/30/06)                     | (3.36%)              | -                    | -                     | 1.61%              |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 3.25%              |
| Fortaleza - Net (11/30/06)               | (3.84%)              | -                    | -                     | 1.12%              |
| Frontier (07/31/88)                      | 7.26%                | 8.74%                | 8.76%                 | 13.91%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 7.16%              |
| Frontier - Net (12/31/04)                | 6.28%                | 7.93%                | -                     | 8.50%              |
| Pyramis (07/31/88)                       | 4.77%                | 8.62%                | 11.48%                | 14.25%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 7.16%              |
| Pyramis - Net (12/31/04)                 | 4.22%                | 7.97%                | -                     | 10.43%             |
| <b>Small Cap Value (08/31/89)</b>        | <b>3.66%</b>         | <b>6.12%</b>         | <b>11.60%</b>         | <b>12.42%</b>      |
| DFA Small Cap Value (01/31/96)           | 4.94%                | 5.25%                | 12.40%                | 13.21%             |
| Russell 2000 Value Index                 | 2.19%                | 3.52%                | 8.42%                 | 9.80%              |
| DFA Small Cap Value - Net (12/31/04)     | 4.36%                | 4.68%                | -                     | 5.43%              |
| Inv. Counselors of Maryland (04/30/99)   | 3.03%                | 6.59%                | 11.19%                | 11.85%             |
| Russell 2000 Value Index                 | 2.19%                | 3.52%                | 8.42%                 | 9.08%              |
| Inv. Couns. of Maryland - Net (12/31/04) | 2.44%                | 6.02%                | -                     | 6.01%              |
| <b>Micro Cap (06/30/84)</b>              | <b>(0.30%)</b>       | <b>3.33%</b>         | <b>6.19%</b>          | <b>12.31%</b>      |
| Ariel (10/31/10)                         | -                    | -                    | -                     | 5.11%              |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 12.28%             |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 11.68%             |
| Ariel - Net (10/31/10)                   | -                    | -                    | -                     | 5.11%              |
| Ativo (09/30/10)                         | -                    | -                    | -                     | 12.67%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 17.11%             |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 16.25%             |
| Ativo - Net (09/30/10)                   | -                    | -                    | -                     | 12.67%             |
| DFA Micro Cap (07/31/87)                 | 2.79%                | 4.14%                | 10.69%                | 11.07%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 6.13%              |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 8.37%              |
| DFA Micro Cap - Net (12/31/04)           | 2.29%                | 3.63%                | -                     | 4.05%              |
| Wall Street (07/31/90)                   | (0.46%)              | 3.69%                | 3.66%                 | 14.77%             |
| Russell 2000 Growth Index                | 2.18%                | 5.30%                | 3.78%                 | 7.08%              |
| Russell 2000 Index                       | 2.22%                | 4.47%                | 6.33%                 | 9.60%              |
| Wall Street - Net (12/31/04)             | (1.26%)              | 2.87%                | -                     | 5.17%              |





### 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 December 31, 2010

|   | Last Month   | Last 3 Months | Year to Date  |
|---|--------------|---------------|---------------|
| <b>Intl Large Cap Equity (08/31/86)</b> | <b>7.58%</b> | <b>6.85%</b>  | <b>11.70%</b> |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| <b>Intl Large Cap Growth (08/31/02)</b> | <b>7.06%</b> | <b>7.62%</b>  | <b>17.57%</b> |
| Brown (09/30/04)                        | 6.71%        | 4.83%         | 8.02%         |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| Brown - Net (12/31/04)                  | 6.71%        | 4.48%         | 7.48%         |
| EARNEST Partners (09/30/04)             | 6.85%        | 6.40%         | 18.55%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| EARNEST Partners - Net (12/31/04)       | 6.85%        | 6.35%         | 18.32%        |
| GlobeFlex (02/28/06)                    | 7.86%        | 7.93%         | 16.87%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| GlobeFlex - Net (02/28/06)              | 7.86%        | 7.82%         | 16.36%        |
| McKinley (02/28/06)                     | 7.09%        | 9.29%         | 14.04%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| McKinley - Net (02/28/06)               | 7.09%        | 9.16%         | 13.47%        |
| William Blair (09/30/02)                | 6.78%        | 7.76%         | 21.23%        |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Growth                  | 7.62%        | 8.18%         | 14.79%        |
| William Blair - Net (12/31/04)          | 6.78%        | 7.67%         | 20.80%        |
| <b>Intl Large Cap Value (09/30/95)</b>  | <b>7.21%</b> | <b>4.87%</b>  | <b>6.11%</b>  |
| Brandes (12/31/95)                      | 7.21%        | 4.87%         | 6.11%         |
| MSCI ACWI ex-US Index                   | 7.83%        | 7.20%         | 11.15%        |
| MSCI ACWI ex-US Value                   | 8.07%        | 6.27%         | 8.40%         |
| Brandes - Net (12/31/04)                | 7.21%        | 4.82%         | 5.88%         |

### 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 December 31, 2010

|   | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|---|----------------------|----------------------|-----------------------|--------------------|
| <b>Intl Large Cap Equity (08/31/86)</b> | <b>(6.32%)</b>       | <b>3.69%</b>         | <b>4.76%</b>          | <b>8.54%</b>       |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | -                  |
| <b>Intl Large Cap Growth (08/31/02)</b> | <b>(5.94%)</b>       | <b>4.80%</b>         | -                     | <b>11.64%</b>      |
| Brown (09/30/04)                        | (4.28%)              | 5.39%                | -                     | 8.44%              |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 8.89%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 9.54%              |
| Brown - Net (12/31/04)                  | (4.61%)              | 5.09%                | -                     | 5.95%              |
| EARNEST Partners (09/30/04)             | 0.99%                | 13.01%               | -                     | 15.72%             |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 8.89%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 9.54%              |
| EARNEST Partners - Net (12/31/04)       | 0.59%                | 12.39%               | -                     | 13.19%             |
| GlobeFlex (02/28/06)                    | (7.17%)              | -                    | -                     | 2.43%              |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 3.60%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 4.53%              |
| GlobeFlex - Net (02/28/06)              | (7.62%)              | -                    | -                     | 1.96%              |
| McKinley (02/28/06)                     | (10.11%)             | -                    | -                     | 0.71%              |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 3.60%              |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 4.53%              |
| McKinley - Net (02/28/06)               | (10.58%)             | -                    | -                     | 0.22%              |
| William Blair (09/30/02)                | (5.57%)              | 4.45%                | -                     | 13.15%             |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 12.71%             |
| MSCI ACWI ex-US Growth                  | (4.45%)              | 5.59%                | 4.71%                 | 12.24%             |
| William Blair - Net (12/31/04)          | (5.94%)              | 4.03%                | -                     | 6.92%              |
| <b>Intl Large Cap Value (09/30/95)</b>  | <b>(6.73%)</b>       | <b>2.41%</b>         | <b>6.01%</b>          | <b>10.94%</b>      |
| Brandes (12/31/95)                      | (6.73%)              | 2.41%                | 6.01%                 | 11.15%             |
| MSCI ACWI ex-US Index                   | (5.03%)              | 4.82%                | 5.54%                 | 6.30%              |
| MSCI ACWI ex-US Value                   | (4.77%)              | 4.92%                | 7.13%                 | -                  |
| Brandes - Net (12/31/04)                | (6.98%)              | 2.08%                | -                     | 3.61%              |

### 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 December 31, 2010

|  | Last Month   | Last 3 Months | Year to Date  |
|--|--------------|---------------|---------------|
| <b>Intl Large Cap Active Core (01/31/08)</b> | <b>8.04%</b> | <b>7.36%</b>  | <b>13.65%</b> |
| Arrowstreet (02/29/08)                       | 8.04%        | 7.36%         | 13.65%        |
| MSCI ACWI ex-US Index                        | 7.83%        | 7.20%         | 11.15%        |
| Arrowstreet - Net (02/29/08)                 | 8.04%        | 7.23%         | 13.11%        |
| <b>Intl Large Cap Pass. Core (12/31/99)</b>  | <b>8.11%</b> | <b>6.70%</b>  | <b>8.07%</b>  |
| NTGI MSCI EAFE Idx (01/31/00)                | 8.11%        | 6.71%         | 8.08%         |
| MSCI EAFE Index                              | 8.10%        | 6.61%         | 7.75%         |
| NTGI EAFE Idx - Net (12/31/04)               | 8.11%        | 6.71%         | 8.07%         |
| NTGI MSCI EAFE Idx NL (06/30/09)             | 8.11%        | 6.63%         | 7.98%         |
| MSCI EAFE Index                              | 8.10%        | 6.61%         | 7.75%         |
| NTGI EAFE Idx NL - Net (06/30/09)            | 8.11%        | 6.62%         | 7.91%         |
| <b>International Small Cap (11/30/05)</b>    | <b>7.06%</b> | <b>10.62%</b> | <b>17.68%</b> |
| William Blair (08/31/2010)                   | 7.06%        | 10.64%        | -             |
| S&P SmCap World ex-US Index                  | 10.61%       | 11.43%        | 21.96%        |
| William Blair - Net (08/31/2010)             | 7.06%        | 10.52%        | -             |
| <b>Emerging Markets (01/31/92)</b>           | <b>7.17%</b> | <b>7.36%</b>  | <b>25.72%</b> |
| Genesis (04/30/04)                           | 7.17%        | 7.36%         | 25.72%        |
| MSCI Emerging Markets Index                  | 7.15%        | 7.36%         | 19.20%        |
| Genesis - Net (12/31/04)                     | 7.12%        | 7.20%         | 24.96%        |

### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Intl Large Cap Active Core (01/31/08)</b> | <b>(0.76%)</b>       | -                    | -                     | <b>(0.78%)</b>     |
| Arrowstreet (02/29/08)                       | -                    | -                    | -                     | (0.81%)            |
| MSCI ACWI ex-US Index                        | (5.03%)              | 4.82%                | 5.54%                 | (2.83%)            |
| Arrowstreet - Net (02/29/08)                 | -                    | -                    | -                     | (1.26%)            |
| <b>Intl Large Cap Pass. Core (12/31/99)</b>  | <b>(6.62%)</b>       | <b>2.82%</b>         | <b>3.87%</b>          | <b>2.13%</b>       |
| NTGI MSCI EAFE Idx (01/31/00)                | (6.64%)              | 2.80%                | 3.86%                 | 2.75%              |
| MSCI EAFE Index                              | (7.02%)              | 2.46%                | 3.50%                 | 2.38%              |
| NTGI EAFE Idx - Net (12/31/04)               | (6.65%)              | 2.80%                | -                     | 4.58%              |
| NTGI MSCI EAFE Idx NL (06/30/09)             | -                    | -                    | -                     | 20.23%             |
| MSCI EAFE Index                              | (7.02%)              | 2.46%                | 3.50%                 | 20.05%             |
| NTGI EAFE Idx NL - Net (06/30/09)            | -                    | -                    | -                     | 20.17%             |
| <b>International Small Cap (11/30/05)</b>    | <b>(7.56%)</b>       | <b>0.74%</b>         | -                     | <b>1.50%</b>       |
| William Blair (08/31/2010)                   | -                    | -                    | -                     | 22.09%             |
| S&P SmCap World ex-US Index                  | (2.54%)              | 5.16%                | 9.28%                 | 24.19%             |
| William Blair - Net (08/31/2010)             | -                    | -                    | -                     | 21.96%             |
| <b>Emerging Markets (01/31/92)</b>           | <b>7.07%</b>         | <b>15.60%</b>        | <b>17.30%</b>         | <b>11.55%</b>      |
| Genesis (04/30/04)                           | 7.07%                | 15.64%               | -                     | 21.52%             |
| MSCI Emerging Markets Index                  | (0.03%)              | 13.11%               | 16.23%                | 18.58%             |
| Genesis - Net (04/30/04)                     | 6.41%                | 14.95%               | -                     | 18.45%             |

### 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 December 31, 2010

|  | Last<br>Month  | Last<br>3<br>Months | Year<br>to<br>Date |
|--|----------------|---------------------|--------------------|
| <b>Dom. Fixed Active Core (03/31/01)</b>   | <b>(0.93%)</b> | <b>(0.84%)</b>      | <b>7.64%</b>       |
| EARNEST Partners (04/30/05)                | (1.10%)        | (1.18%)             | 7.57%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| EARNEST Partners - Net (04/30/05)          | (1.10%)        | (1.23%)             | 7.34%              |
| Piedmont (05/31/05)                        | (0.77%)        | (0.52%)             | 8.69%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| Piedmont - Net (05/31/05)                  | (0.77%)        | (0.56%)             | 8.50%              |
| <b>Dom. Fixed Enhanced Core (03/31/00)</b> | <b>(1.05%)</b> | <b>(1.33%)</b>      | <b>7.11%</b>       |
| BlackRock Enhanced (04/30/00)              | (1.05%)        | (1.33%)             | 7.11%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| BlackRock Enhanced - Net (12/31/04)        | (1.05%)        | (1.34%)             | 7.01%              |
| <b>Dom. Fixed Passive Core (12/31/89)</b>  | <b>(1.10%)</b> | <b>(1.28%)</b>      | <b>6.60%</b>       |
| NTGI BC Agg. Index (01/31/90)              | (1.10%)        | (1.28%)             | 6.60%              |
| BC Aggregate Index                         | (1.08%)        | (1.30%)             | 6.54%              |
| NTGI BC Agg. Index - Net (12/31/04)        | (1.10%)        | (1.28%)             | 6.59%              |



### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Dom. Fixed Active Core (03/31/01)</b>   | <b>6.23%</b>         | <b>5.78%</b>         | -                     | <b>5.16%</b>       |
| EARNEST Partners (04/30/05)                | 6.29%                | 5.89%                | -                     | 5.50%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.38%              |
| EARNEST Partners - Net (04/30/05)          | 6.06%                | 5.67%                | -                     | 5.29%              |
| Piedmont (05/31/05)                        | 5.94%                | 5.79%                | -                     | 5.20%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.26%              |
| Piedmont - Net (05/31/05)                  | 5.75%                | 5.56%                | -                     | 4.98%              |
| <b>Dom. Fixed Enhanced Core (03/31/00)</b> | <b>5.53%</b>         | <b>5.60%</b>         | <b>5.81%</b>          | <b>6.29%</b>       |
| BlackRock Enhanced (04/30/00)              | 5.53%                | 5.60%                | 5.81%                 | 6.35%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 6.36%              |
| BlackRock Enhanced - Net (12/31/04)        | 5.45%                | 5.53%                | -                     | 5.03%              |
| <b>Dom. Fixed Passive Core (12/31/89)</b>  | <b>5.70%</b>         | <b>5.69%</b>         | <b>5.80%</b>          | <b>6.99%</b>       |
| NTGI BC Agg. Index (01/31/90)              | 5.70%                | 5.69%                | 5.80%                 | 7.08%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 7.08%              |
| NTGI BC Agg. Index - Net (12/31/04)        | 5.69%                | 5.68%                | -                     | 5.13%              |



### 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 December 31, 2010

|  | Last Month     | Last 3 Months  | Year to Date  |
|--|----------------|----------------|---------------|
| <b>Domestic Fixed Core Plus (12/31/81)</b> | <b>(0.73%)</b> | <b>(0.59%)</b> | <b>9.05%</b>  |
| BlackRock Core Plus (03/31/07)             | (0.78%)        | (0.84%)        | 8.55%         |
| BC Aggregate Index                         | (1.08%)        | (1.30%)        | 6.54%         |
| BlackRock Core Plus - Net (03/31/07)       | (0.78%)        | (0.85%)        | 8.48%         |
| LM Capital (04/30/05)                      | (0.63%)        | (0.81%)        | 7.74%         |
| BC Aggregate Index                         | (1.08%)        | (1.30%)        | 6.54%         |
| LM Capital - Net (04/30/05)                | (0.63%)        | (0.85%)        | 7.57%         |
| Progress Fixed Income (12/31/05)           | (1.33%)        | (0.84%)        | 7.99%         |
| BC Aggregate Index                         | (1.08%)        | (1.30%)        | 6.54%         |
| Progress Fixed Inc. - Net (12/31/05)       | (1.33%)        | (0.93%)        | 7.62%         |
| Taplin, Canida, Habacht (04/30/05)         | (0.57%)        | (0.51%)        | 7.61%         |
| BC Aggregate Index                         | (1.08%)        | (1.30%)        | 6.54%         |
| Taplin, Canida, Hab. - Net (04/30/05)      | (0.57%)        | (0.54%)        | 7.47%         |
| Western (10/31/01)                         | (0.64%)        | (0.21%)        | 10.78%        |
| BC Aggregate Index                         | (1.08%)        | (1.30%)        | 6.54%         |
| Western - Net (12/31/04)                   | (0.64%)        | (0.25%)        | 10.63%        |
| <b>High Yield (03/31/86)</b>               | <b>2.01%</b>   | <b>3.80%</b>   | <b>14.37%</b> |
| MacKay Shields (10/31/00)                  | 1.36%          | 3.03%          | 13.29%        |
| ML High Yield Cash Pay Index               | 1.72%          | 2.98%          | 15.24%        |
| MacKay Shields - Net (12/31/04)            | 1.36%          | 2.94%          | 12.89%        |
| Pyramis (07/31/86)                         | 2.62%          | 4.53%          | 15.47%        |
| ML High Yield Cash Pay Index               | 1.72%          | 2.98%          | 15.24%        |
| Pyramis - Net (12/31/04)                   | 2.62%          | 4.45%          | 14.83%        |

### 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 December 31, 2010

|  | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|--|----------------------|----------------------|-----------------------|--------------------|
| <b>Domestic Fixed Core Plus (12/31/81)</b> | <b>6.42%</b>         | <b>5.93%</b>         | <b>6.14%</b>          | <b>9.21%</b>       |
| BlackRock Core Plus (03/31/07)             | 6.20%                | -                    | -                     | 6.38%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 6.17%              |
| BlackRock Core Plus - Net (03/31/07)       | 6.15%                | -                    | -                     | 6.33%              |
| LM Capital (04/30/05)                      | 7.00%                | 6.66%                | -                     | 6.17%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.38%              |
| LM Capital - Net (04/30/05)                | 6.83%                | 6.48%                | -                     | 6.00%              |
| Progress Fixed Income (12/31/05)           | 6.56%                | 6.43%                | -                     | 6.43%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.80%              |
| Progress Fixed Inc. - Net (12/31/05)       | 6.19%                | 6.10%                | -                     | 6.10%              |
| Taplin, Canida, Habacht (04/30/05)         | 6.43%                | 5.79%                | -                     | 5.49%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.38%              |
| Taplin, Canida, Hab. - Net (04/30/05)      | 6.30%                | 5.66%                | -                     | 5.37%              |
| Western (10/31/01)                         | 6.55%                | 5.90%                | -                     | 6.12%              |
| BC Aggregate Index                         | 5.90%                | 5.80%                | 5.83%                 | 5.21%              |
| Western - Net (12/31/04)                   | 6.40%                | 5.72%                | -                     | 5.33%              |
| <b>High Yield (03/31/86)</b>               | <b>10.30%</b>        | <b>8.99%</b>         | <b>10.58%</b>         | <b>10.45%</b>      |
| MacKay Shields (10/31/00)                  | 8.29%                | 7.94%                | 10.45%                | 10.17%             |
| ML High Yield Cash Pay Index               | 9.94%                | 8.68%                | 8.72%                 | 8.46%              |
| MacKay Shields - Net (12/31/04)            | 7.91%                | 7.59%                | -                     | 6.94%              |
| Pyramis (07/31/86)                         | 12.37%               | 10.07%               | 10.75%                | 10.25%             |
| ML High Yield Cash Pay Index               | 9.94%                | 8.68%                | 8.72%                 | 8.95%              |
| Pyramis - Net (12/31/04)                   | 12.02%               | 9.62%                | -                     | 8.69%              |





### Real Estate Returns

The table below details the rates of return for the fund's real estate opportunistic, real estate core, and real estate value added 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 December 31, 2010

|   | Last Month   | Last 3 Months | Year to Date  |
|---|--------------|---------------|---------------|
| <b>Real Estate Opportunistic (03/31/99)</b> | <b>1.32%</b> | <b>10.58%</b> | <b>24.44%</b> |
| Lazard Freres (07/31/98)                    | 0.00%        | 21.51%        | 27.14%        |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Olympus RE Fund II (05/31/98)               | 0.00%        | (0.75%)       | 0.07%         |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Security (10/31/97)                         | 2.40%        | 6.00%         | 24.47%        |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Dune Real Estate Fund II (01/31/09)         | 0.00%        | 1.38%         | 26.16%        |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| <b>Real Estate Core (03/31/99)</b>          | <b>0.00%</b> | <b>2.97%</b>  | <b>2.33%</b>  |
| BlackRock Granite Fund (07/31/07)           | 0.00%        | 0.06%         | (0.40%)       |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Buckhead (07/31/95)                         | 0.00%        | 3.32%         | (0.45%)       |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Sentinel (09/30/85)                         | 0.00%        | 6.17%         | 6.75%         |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| TA - Fund IX (04/30/10)                     | 0.00%        | 0.36%         | -             |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| <b>Real Estate Value Added (09/30/08)</b>   | <b>0.00%</b> | <b>5.93%</b>  | <b>2.10%</b>  |
| Rockwood (03/31/09)                         | 0.00%        | 9.88%         | (4.13%)       |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |
| Rothschild (09/30/08)                       | 0.00%        | 3.91%         | 5.57%         |
| Blended Benchmark*                          | 1.35%        | 4.11%         | 13.29%        |

Returns are reported net of fee for all real estate managers.

\* 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.



### Real Estate Returns

The table below details the rates of return for the fund's real estate opportunistic, real estate core, and real estate value added 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 December 31, 2010

|   | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|---|----------------------|----------------------|-----------------------|--------------------|
| <b>Real Estate Opportunistic (03/31/99)</b> | <b>(1.21%)</b>       | <b>5.11%</b>         | <b>9.64%</b>          | <b>8.91%</b>       |
| Lazard Freres (07/31/98)                    | 1.54%                | 10.46%               | 6.72%                 | 0.17%              |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.51%              |
| Olympus RE Fund II (05/31/98)               | (18.75%)             | (13.66%)             | (10.06%)              | (7.93%)            |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.52%              |
| Security (10/31/97)                         | 2.76%                | 7.76%                | 15.04%                | 14.37%             |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.54%              |
| Dune Real Estate Fund II (01/31/09)         | -                    | -                    | -                     | (23.85%)           |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | (1.24%)            |
| <b>Real Estate Core (03/31/99)</b>          | <b>(9.58%)</b>       | <b>0.31%</b>         | <b>4.23%</b>          | <b>4.83%</b>       |
| BlackRock Granite Fund (07/31/07)           | (20.06%)             | -                    | -                     | (16.60%)           |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | (1.33%)            |
| Buckhead (07/31/95)                         | (1.97%)              | 5.59%                | 8.88%                 | 9.96%              |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 5.83%              |
| Sentinel (09/30/85)                         | (13.48%)             | (4.08%)              | 2.03%                 | 3.78%              |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 6.84%              |
| TA - Fund IX (04/30/10)                     | -                    | -                    | -                     | (4.06%)            |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 10.90%             |
| <b>Real Estate Value Added (09/30/08)</b>   | <b>-</b>             | <b>-</b>             | <b>-</b>              | <b>(13.63%)</b>    |
| Rockwood (03/31/09)                         | -                    | -                    | -                     | (84.11%)           |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | 1.42%              |
| Rothschild (09/30/08)                       | -                    | -                    | -                     | (4.17%)            |
| Blended Benchmark*                          | (3.42%)              | 2.52%                | 4.97%                 | (5.67%)            |

Returns are reported net of fee for all real estate managers.

\* 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.



### Alternative Investments Return

The table below details the rates of return for the fund's absolute return, private equity, agriculture, and timberland 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 December 31, 2010

|                                     | Last Month   | Last 3 Months  | Year to Date   |
|-------------------------------------|--------------|----------------|----------------|
| <b>Absolute Return (12/31/01)</b>   | <b>1.53%</b> | <b>3.67%</b>   | <b>5.96%</b>   |
| Aurora (10/31/01)                   | 2.60%        | 3.98%          | 7.38%          |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| HFR Fund-of-Funds Index             | 1.97%        | 3.37%          | 5.46%          |
| Grosvenor (01/31/02)                | 1.39%        | 3.30%          | 7.02%          |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| HFR Fund-of-Funds Index             | 1.97%        | 3.37%          | 5.46%          |
| Mesirow (01/31/02)                  | 0.44%        | 3.69%          | 3.33%          |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| HFR Fund-of-Funds Index             | 1.97%        | 3.37%          | 5.46%          |
| <b>Private Equity (01/31/86)</b>    | <b>0.33%</b> | <b>5.54%</b>   | <b>15.30%</b>  |
| Abbott (06/30/87)                   | 0.69%        | 5.79%          | 13.01%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Abbott - Net (12/31/04)             | 0.69%        | 5.67%          | 12.45%         |
| Muller & Monroe ILPEFF (06/30/05)   | (0.01%)      | 0.93%          | 25.48%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Muller & Monroe MPEFF (04/30/08)    | (0.02%)      | 6.85%          | 16.68%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Pantheon (10/31/00)                 | (0.28%)      | 5.41%          | 18.77%         |
| Alternatives Custom Benchmark*      | 0.72%        | 2.18%          | 10.49%         |
| Pantheon - Net (12/31/04)           | (0.28%)      | 5.28%          | 18.18%         |
| <b>Agriculture (09/30/97)</b>       | <b>7.90%</b> | <b>7.77%</b>   | <b>2.68%</b>   |
| Cozad/Westchester (09/30/97)        | 7.90%        | 7.77%          | 2.68%          |
| Blended Benchmark**                 | 1.35%        | 4.11%          | 13.29%         |
| <b>Timberland (09/30/92)</b>        | <b>0.00%</b> | <b>(0.25%)</b> | <b>(0.23%)</b> |
| Forest Investment Assoc. (09/30/92) | 0.00%        | (0.25%)        | (0.23%)        |
| Blended Benchmark**                 | 1.35%        | 4.11%          | 13.29%         |

Returns are reported net of fee for all alternative investment managers with the exception of Abbott and Pantheon.  
\* 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%.

\*\* 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 quarterly, an estimate is used during the first two months of each quarter.

### Alternative Investments Return

The table below details the rates of return for the fund's absolute return, private equity, agriculture, and timberland 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 December 31, 2010

|                                     | Last<br>36<br>Months | Last<br>60<br>Months | Last<br>120<br>Months | Since<br>Inception |
|-------------------------------------|----------------------|----------------------|-----------------------|--------------------|
| <b>Absolute Return (12/31/01)</b>   | <b>(0.96%)</b>       | <b>4.00%</b>         | <b>-</b>              | <b>5.36%</b>       |
| Aurora (10/31/01)                   | 0.36%                | 5.35%                | -                     | 7.02%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.32%             |
| HFR Fund-of-Funds Index             | (2.60%)              | 2.38%                | 4.12%                 | 4.35%              |
| Grosvenor (01/31/02)                | (1.00%)              | 3.50%                | -                     | 5.02%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.25%             |
| HFR Fund-of-Funds Index             | (2.60%)              | 2.38%                | 4.12%                 | 4.26%              |
| Mesirow (01/31/02)                  | (2.40%)              | 3.00%                | -                     | 5.11%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.25%             |
| HFR Fund-of-Funds Index             | (2.60%)              | 2.38%                | 4.12%                 | 4.26%              |
| <b>Private Equity (01/31/86)</b>    | <b>(0.70%)</b>       | <b>8.57%</b>         | <b>2.77%</b>          | <b>13.36%</b>      |
| Abbott (06/30/87)                   | (2.09%)              | 8.02%                | 2.63%                 | 14.51%             |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 13.95%             |
| Abbott - Net (12/31/04)             | (2.55%)              | 7.53%                | -                     | 10.57%             |
| Muller & Monroe ILPEFF (06/30/05)   | (3.53%)              | (5.58%)              | -                     | (13.76%)           |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 11.72%             |
| Muller & Monroe MPEFF (04/30/08)    | -                    | -                    | -                     | (6.63%)            |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 11.43%             |
| Pantheon (10/31/00)                 | 2.42%                | 9.83%                | 7.26%                 | 8.14%              |
| Alternatives Custom Benchmark*      | 11.49%               | 11.70%               | 12.54%                | 12.58%             |
| Pantheon - Net (12/31/04)           | 1.95%                | 9.28%                | -                     | 14.28%             |
| <b>Agriculture (09/30/97)</b>       | <b>0.89%</b>         | <b>8.89%</b>         | <b>6.51%</b>          | <b>5.85%</b>       |
| Cozad/Westchester (09/30/97)        | 0.89%                | 8.89%                | 6.51%                 | 5.85%              |
| Blended Benchmark**                 | (3.42%)              | 2.52%                | 4.97%                 | 5.55%              |
| <b>Timberland (09/30/92)</b>        | <b>8.19%</b>         | <b>5.64%</b>         | <b>3.43%</b>          | <b>9.59%</b>       |
| Forest Investment Assoc. (09/30/92) | 8.19%                | 5.64%                | 3.43%                 | 9.59%              |
| Blended Benchmark**                 | (3.42%)              | 2.52%                | 4.97%                 | 6.11%              |

Returns are reported net of fee for all alternative investment managers with the exception of Abbott and Pantheon.

\* 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%.

\*\* 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 quarterly, an estimate is used during the first two months of each quarter.

## Illinois Municipal Retirement Fund Manager Summary For Month Ending December 31, 2010

### Five Best Performing Portfolios vs. Benchmarks

| Manager                  | Year-to-Date Outperformance<br>(in % points) |
|--------------------------|--|
| Wall Street Associates   | 17.05  |
| Muller and Monroe ILPEFF | 14.99  |
| Lazard Freres            | 13.85  |
| Dune Capital Management  | 12.87  |
| Security Capital         | 11.17  |

### Five Worst Performing Portfolios vs. Benchmarks

| Manager                              | Year-to-Date Underperformance<br>(in % points) |
|--------------------------------------|--|
| Rockwood Capital                     | -17.42   |
| TA Associates - Buckhead             | -13.74   |
| BlackRock Granite                    | -13.69   |
| Forest Investment Associates         | -13.52   |
| Cozad/Westchester Agricultural Asset | -10.61   |

### Five Highest Returning Portfolios

| Manager                             | Year-to-Date Return<br>(in % points) |
|-------------------------------------|--------------------------------------|
| Wall Street Associates              | 46.14                                |
| Dimensional Fund Advisors SCV       | 34.46                                |
| Pyramis Global Advisors SC Equity   | 32.01                                |
| Fortaleza Asset Management          | 31.52                                |
| Dimensional Fund Advisors Micro Cap | 31.06                                |

### Five Lowest Returning Portfolios

| Manager                              | Year-to-Date Return<br>(in % points) |
|--------------------------------------|--------------------------------------|
| Rockwood Capital                     | -4.13                                |
| TA Associates - Buckhead             | -0.45                                |
| BlackRock Granite                    | -0.40                                |
| Forest Investment Associates         | -0.23                                |
| Cozad/Westchester Agricultural Asset | 2.68                                 |

Returns are shown gross of investment management fees with the exception of Real Estate and Alternative Investments (ex Abbott and Pantheon)

(11-01-03) (Consent Agenda - Schedules A-S) The Chair presented the following Schedules for Board approval:

Schedules - Dated January 28, 2011

- 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 H - Final Administrative Action (Denial)
- Schedule P - Administrative Denial of Application for Past Service Credit.
- Schedule R - Prior Service - New Governmental Units
- Schedule S - Prior Service Adjustments

It was moved by Ms. Thompson, seconded by Ms. Henry to approve Schedules A-S.

Vote: Unanimous Voice Vote  
Absent: Piechocinski

(11-01-04) (Consent Agenda - Minutes of December 17, 2010 Board Meeting) The Chair presented the Minutes of the December 17, 2010 Board Meeting for Board approval.

It was moved by Ms. Henry seconded by Ms. Faklis to approve the Minutes of the December 17, 2010 Board Meeting.

Vote: Unanimous Voice Vote  
Absent: Piechocinski

(11-01-05) (Consent Agenda - Master Trustee Report) The Chair presented the Master Trustee Report for the month of November for Board approval.

It was moved by Ms. Faklis, seconded by Mr. Stafford, to approve the Master Trustee Report for the month of November.

Vote: Unanimous Voice Vote  
Absent: Piechocinski

(11-01-06) (Consent Agenda - Participation of New Unit of Government) The Chair presented for Board approval the following new unit of government requesting participation in IMRF for Board approval:

Participation of New Unit of Government (1)  
Bourbon Township  
County: Douglas  
2011 Rate: 9.48%  
Effective Participation Date: January 1, 2011  
Number of Employees: 3

It was moved by Ms. Faklis, seconded by Ms. Thompson to approve the participation of Bourbon Township in IMRF.

Vote: Unanimous Voice Vote  
Absent: Rademacher

(11-01-07) (Consent Agenda - Bids) The Chair presented the following three bids for Board approval:

Bids  
VMWare ESXi Enterprise License and Maintenance  
Approved Bidder: Sayers  
Approved Bid: \$6,462.78

Replacement Data Center Printers and Installation, Disposal of Old Printers and Ongoing Maintenance  
Approved Bidder: Konica/Minolta  
Approved Bid: \$124,484.00

Audio Visual Equipment for Boardroom  
Approved Bidder: AVI-SPL (Single Source)  
Approved Bid: \$19,382.02.

After questions and discussion, it was moved by Ms. Henry, seconded by Ms. Faklis, to approve the above bids.

Vote: Unanimous Voice Vote  
Absent: Piechocinski

(11-01-08) (Financial Reports) It was moved by Ms. Faklis, seconded by Ms. Henry to combine items A. through E. listed under Item 5. - Financial Reports, into one vote.

Vote: Unanimous Voice Vote  
Absent: Piechocinski

(11-01-09) (Financial Reports) The Chair presented the following financial reports for approval.

- Review of January Financial Reporting Package
- December Interim Financial Statements
- Impact of 2010 Year-To-Date Investment Income on Employer Reserves, Funding Status and Average Employer Contribution Rates
- Impact of 2011 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. Rademacher, seconded by Ms. Thompson, to approve the Financial Reports as presented.

Vote: Unanimous Voice Vote

Absent: Piechocinski

(11-01-10) (Appointment of 2011 Board Committees) The Chair proposed the following Committees for 2011:

**Audit Committee**

Gwen Henry, Chair  
Bill Stafford  
Martha Rademacher

**Benefit Review Committee**

Martha Rademacher, Chair  
Ruth Faklis  
Natalie Copper  
Marvin R. Shoop, Jr.

**Investment Committee**

Bill Stafford, Chair  
Sharon U. Thompson  
Gwen Henry  
John Piechocinski  
Natalie Copper  
Marvin R. Shoop, Jr.

**Legislative Committee**

Sharon U. Thompson, Chair  
Gwen Henry  
Ruth Faklis  
John Piechocinski  
Natalie Copper  
Marvin R. Shoop, Jr.

It was moved by Ms. Faklis, seconded by Ms. Henry, to approve the above 2011 Committees.

Vote: Unanimous Voice Vote

Absent: Piechocinski



(11-01-11) (Appointment to Ethics Commission) General Counsel noted it was in order for the Board to appoint a Board Member to the IMRF Ethics Commission for 2011.

The IMRF Ethics Commission is a three-person body established to investigate, conduct hearings and issue recommendations for disciplinary actions regarding violations of the IMRF Ethics Policy. The Commission is comprised of the Board President and the IMRF Internal Auditor, along with a third rotating member to be appointed by the Board each year.

General Counsel also requested that a conflict substitute for the third member appointed for 2011.

It was moved by Ms. Faklis, seconded by Ms. Henry, that Ms. Copper be appointed as the third member of the IMRF Ethics Commission and Ms. Rademacher be appointed as her conflict substitute of the IMRF Ethics Commission for 2011.

Vote: Unanimous Voice Vote  
Absent: None

(11-01-12) (Report of the Benefit Review Committee) The Chair of the Benefit Review Committee reported on the meeting held on January 27, 2011.

It was moved by Ms. Thompson, seconded by Ms. Faklis, to accept the following recommendations of the Benefit Review Committee:

- To concur with staff's determination that Robert Cronholm is not eligible to participate in IMRF based upon the duties of his position as "Administrator" for the Lockport Township Fire Protection District.
- To deny the application for temporary disability benefits filed by Admira Begic.
- To defer the disputed denial of past service application hearing of Brian Shahinian until the next scheduled Committee Meeting due to the lack of a Committee quorum. (Trustee Rademacher recused herself from this hearing due to a conflict of interest.)

Vote: Unanimous Voice Vote  
Absent: Piechocinski

Next, the Committee reviewed the informational memos and supporting materials with respect to the appeal from Kimberly Crawford. Since no Committee Member requested that the case be removed from this month's Schedule H, the case will remain on said Schedule.

(11-01-13) (Report of the Legislative Committee) The Chair of the Legislative Committee reported on the meeting held on January 21, 2011 via teleconference.

It was the consensus of the Committee to recommend that the Board oppose House Bill 146, which would limit all salary for pension calculation purposes for current IMRF participants.

Next, the Committee discussed the upcoming 2011 Springfield Drive-Down.

Lastly, the Executive Director noted the probability of additional legislation being introduced in this session of the General Assembly which purports to affect retirement benefits of active members.

After questions and discussion, it was moved by Ms. Thompson, seconded by Ms. Faklis, to approve the recommendations of the Legislative Committee.

Vote: Unanimous Voice  
Absent: Piechocinski

(11-01-14) (Legislative Update) The Legislative Liaison updated the Board on current legislative activity.

She stated the following IMRF-related legislation passed both chambers and was signed into law on December 30, 2010:

- SB 550 - trailer bill
- SB 3538 - created a second tier for Chicago and downstate police and fire plans and IMRF SLEP participants

The Legislative Liaison reported the 97<sup>th</sup> General Assembly was sworn in on January 12, 2011 and that one bill affecting IMRF has been introduced, HB 146 - limits all salary for pension calculation purposes for current participants in IMRF.

Discussion followed.

(11-01-15) (Litigation Update) The following is an update of the currently pending litigation:

**In Re: MARRIAGE OF CORBETT (New Case)**

**Summary:** Staff rejected a Qualified Illinois Domestic Relations Order("QILDRO") that was received by IMRF after a member's death.

**Pending:** A court hearing will be held on January 13, 2011, at which time the trial court will decide whether the proposed alternate payee is entitled to any portion of the member's death benefit.

**DICKENS vs. IMRF, et al.**

**Summary:** Board denied temporary disability benefit.

**Pending:** Plaintiff's brief is due to be filed no later than March 14, 2010.

**McBRIDE, et al. vs. ANDERSON, et al.**

**Summary:** A deceased member's children have sued the member's cousin, as well as IMRF, with respect to entitlement to the member's \$22,000+ lump sum death benefit.

**Pending:** We are awaiting receipt of an order requiring IMRF to pay the death benefit proceeds to the Clerk of the Court for disbursement, per a subsequent court order. IMRF has agreed to suspend payment of the death benefit until further order of the Court.

**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.

**Pending:** The case will now proceed to the discovery phase, with a possible trial sometime next year.

**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.

**Pending:** A status hearing date has been scheduled for January 14, 2011.

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

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

**Pending:** In all likelihood, a decision by the appellate court will be rendered during the first or second quarter of 2011.

(11-01-16) (Report of Executive Director)

**Investments**

The market value of the Fund's investment portfolio, including short-term investments, but excluding disposition costs, totaled \$24.0 billion on November 30, 2010. This was a decrease of \$167.0 million from the market value as of October 31, 2010.

Fixed income investments of \$1,115.6 million were made in November. The market value of fixed income investment managers totaled \$6,441.7 million. Domestic equity investments of \$148.2 million were made in November. The market value of domestic equity investment managers totaled \$9,807.8 million.

International equity investments of \$734.9 million were made in November. The market value of international equity investment managers totaled \$6,090.5 million.

The market value of real estate investment managers totaled \$423.1 million.

The market value of alternative investment managers totaled \$965.6 million.

The market value of cash equivalents totaled \$311.2 million.

#### **4<sup>th</sup> Quarter 2010 Goals Report**

The Executive Director updated the Board on the fourth Quarter 2010 goals and accomplishments, including IMRF's Strategic Goals, Operational Objectives and other projects.

#### **Quarterly Compliance Certification**

The Executive Director stated IMRF has been in compliance with the applicable Statutes and Regulations and the IMRF Ethics Code and Travel Policy during the 1<sup>st</sup> Quarter 2010.

#### **Representation of IMRF**

The Executive Director reviewed the meetings and conferences that he attended, as a representative of IMRF, since his December report.

#### **Actuarial Smoothing Technique**

The Chief Financial Officer reported that IMRF would offset its actuarial gains and losses for upcoming employer contributions rates.

(11-01-17) (Speaker Madigan Correspondence) The Executive Director and Board Members discussed correspondence sent to IMRF and to all local police and fire pension fund trustees by Speaker Madigan. The letter was dated December 30, 2010. It addressed benefit abuses in public pension systems.

After questions and discussion, it was moved by Ms. Faklis, seconded by Mr. Stafford, that the Executive Director prepare a letter in response to Speaker Madigan, and that the Board will review the Executive Director's response, then by consensus send the response to Speaker Madigan.

Vote: Unanimous Voice Vote

Absent: Piechocinski

(11-01-18) (Adjournment) It was moved by Ms. Henry, seconded by Ms. Thompson, to adjourn the Board Meeting at 11:00 a.m., to reconvene in the Fund offices, 2211 York Road, Suite 400, Oak Brook, Illinois, at 9:00 a.m. on February 25, 2011.

Vote: Unanimous Voice Vote  
Absent: Piechocinski

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date



**Schedules A, B, C, D, E, F, G, H, P, R 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.**